



## Hannover Rück SE

*(a European Company (Societas Europaea – SE) incorporated in Hannover,  
Federal Republic of Germany)*

**€ 750,000,000 1.125 per cent. Notes due 2028**

**ISIN XS1808482746, Common Code 180848274, WKN A2LQ42**

**Issue price: 99.195 per cent.**

Hannover Rück SE (the "**Issuer**") will issue on or about 18 April 2018 (the "**Issue Date**") € 750,000,000 1.125 per cent. Notes due 2028 (the "**Notes**") in the denomination of € 100,000 each.

The Notes will be governed by the laws of the Federal Republic of Germany ("**Germany**").

The Notes will be redeemed at par on 18 April 2028. The Notes will bear interest from and including the Issue Date to, but excluding 18 April 2028 (the "**Maturity Date**") at a rate of 1.125 per cent. *per annum*, payable annually in arrear on 18 April of each year (each such date, an "**Interest Payment Date**"), commencing on 18 April 2019.

Unless previously redeemed or repurchased and cancelled, the Notes will be redeemed at par on the Maturity Date.

The Notes will be represented by a Global Note (as defined in the section Terms and Conditions of the Notes) without interest coupons.

This prospectus in respect of the Notes (the "**Prospectus**") constitutes a prospectus within the meaning of Article 5.3 of Directive 2003/71/EC of the European Parliament and of the Council of 4 November 2003 (as amended, *inter alia*, by Directive 2014/51/EU) (the "**Prospectus Directive**"). This Prospectus will be published in electronic form together with all documents incorporated by reference on the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)).

This Prospectus has been approved by the *Commission de Surveillance du Secteur Financier*, Luxembourg ("**CSSF**") in its capacity as competent authority under the Luxembourg Act dated 10 July 2005 relating to prospectuses for securities (*Loi du 10 juillet 2005 relative aux prospectus pour valeurs mobilières*, the "**Luxembourg Prospectus Law**"). By approving this Prospectus, the CSSF gives no undertaking as to the economic and financial opportuneness of the transaction and the quality or solvency of the Issuer in line with the provisions of article 7 (7) of the Luxembourg Prospectus Law. The Issuer may request CSSF to provide competent authorities in other host Member States within the European Economic Area with a certificate of approval attesting that the Prospectus has been drawn up in accordance with the Luxembourg Prospectus Law.

Application has been made to the Luxembourg Stock Exchange for the Notes to be listed on the official list of the Luxembourg Stock Exchange (the "**Official List**") and to be admitted to trading on the Luxembourg Stock Exchange's regulated market "Bourse de Luxembourg", appearing on the list of regulated markets issued by the European Commission. The Luxembourg Stock Exchange's regulated market is a regulated market for the purposes of Directive 2014/65/EU (as amended, "**MiFID II**").

The Notes have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "**Securities Act**") and subject to certain exceptions, the Notes may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons.

Prospective purchasers of the Notes should ensure that they understand the nature of the Notes and the extent of their exposure to risks and that they consider the suitability of the Notes as an investment in the light of their own circumstances and financial condition. Investing in the Notes involves certain risks. Please review the section entitled "*Risk Factors*" beginning on page 5 of this Prospectus.

### Joint Lead Managers

ABN AMRO Bank

BNP PARIBAS

Deutsche Bank

UniCredit Bank

### Co-Lead Manager

Landesbank Baden-Württemberg

## RESPONSIBILITY STATEMENT

The Issuer with its registered office in Germany accepts responsibility for the information contained in this Prospectus and hereby declares that, having taken all reasonable care to ensure that such is the case, the information contained in this Prospectus is, to the best of its knowledge, in accordance with the facts and contains no omission likely to affect its import.

The Issuer further confirms that (i) this Prospectus contains all relevant information with respect to the Issuer (also "**Hannover Re**") and its consolidated subsidiaries taken as a whole (the "**Hannover Re Group**" or the "**Group**") and to the Notes which is material in the context of the issue and the offering of the Notes, including all relevant information which, according to the particular nature of the Issuer and of the Notes is necessary to enable investors and their investment advisers to make an informed assessment of the assets and liabilities, financial position, profits and losses, and prospects of the Issuer and the Hannover Re Group and of the rights attached to the Notes; (ii) the statements contained in this Prospectus relating to the Issuer, the Hannover Re Group and the Notes are in every material respect true and accurate and not misleading; (iii) there are no other facts in relation to the Issuer, the Hannover Re Group or the Notes the omission of which would, in the context of the issue and offering of the Notes, make any statement in the Prospectus misleading in any material respect; and (iv) reasonable enquiries have been made by the Issuer to ascertain such facts and to verify the accuracy of all such information and statements.

## NOTICE

No person is authorised to give any information or to make any representation other than those contained in this Prospectus and, if given or made, such information or representation must not be relied upon as having been authorised by or on behalf of the Issuer or ABN AMRO Bank N.V., BNP Paribas, Deutsche Bank AG, London Branch and UniCredit Bank AG (together, the "**Joint Lead Managers**") and Landesbank Baden-Württemberg (the "**Co-Lead Manager**" and together with the Joint Lead Managers, the "**Managers**").

This Prospectus should be read and understood in conjunction with any supplement hereto and with all documents incorporated herein or therein by reference.

This Prospectus contains certain forward-looking statements, including statements using the words "believes", "anticipates", "intends", "expects" or other similar terms. This applies in particular to statements under the caption "*General Information on the Issuer and the Hannover Re Group*" and statements elsewhere in this Prospectus relating to, among other things, the future financial performance, plans and expectations regarding developments in the business of the Hannover Re Group. These forward-looking statements are subject to a number of risks, uncertainties, assumptions and other factors that may cause the actual results, including the financial position and profitability of the Hannover Re Group, to be materially different from or worse than those expressed or implied by these forward-looking statements. The Issuer does not assume any obligation to update such forward-looking statements and to adapt them to future events or developments.

Each investor contemplating purchasing any Notes should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer. This Prospectus does not constitute an offer of Notes or an invitation by or on behalf of the Issuer or the Managers to purchase any Notes. Neither this Prospectus nor any other information supplied in connection with the Notes should be considered as a recommendation by the Issuer or the Managers to a recipient hereof and thereof that such recipient should purchase any Notes.

This Prospectus reflects the status as at its date. The offering, sale and delivery of the Notes and the distribution of the Prospectus may not be taken as an implication that the information contained herein is accurate and complete subsequent to the date hereof or that there has been no adverse change in the financial condition of the Issuer since the date hereof.

To the extent permitted by the laws of any relevant jurisdiction, neither any Manager nor any of its respective affiliates nor any other person mentioned in the Prospectus, except for the Issuer, accepts responsibility for the accuracy and completeness of the information contained in this Prospectus or any other document incorporated by reference and accordingly, and to the extent permitted by the laws of any relevant jurisdiction, none of these persons accept any

responsibility for the accuracy and completeness of the information contained in any of these documents. The Managers have not independently verified any such information and accept no responsibility for the accuracy thereof.

This Prospectus does not constitute, and may not be used for the purposes of, an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation.

The distribution of this Prospectus and the offering, sale and delivery of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Prospectus comes are required to inform themselves about and to observe any such restrictions. For a description of the restrictions see "Subscription and Sale of the Notes – Selling Restrictions". In particular, the Notes have not been and will not be registered under the Securities Act and are subject to United States tax law requirements. Subject to certain exceptions, the Notes may not be offered, sold or delivered within the United States of America or to U.S. persons as defined in Regulation S under the Securities Act ("**Regulation S**").

Solely for the purposes of each manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in MiFID II; and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the manufacturers' target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturers' target market assessment) and determining appropriate distribution channels.

The legally binding language of this Prospectus is English. Any part of the Prospectus in German language constitutes a translation, except for the Terms and Conditions in respect of which German is the legally binding language.

In this Prospectus, all references to "€", "EUR" or "Euro" are to the currency introduced at the start of the third stage of the European economic and monetary union, and as defined in Article 2 of Council Regulation (EC) No. 974/98 of 3 May 1998 on the introduction of the Euro, as amended.

IN CONNECTION WITH THE ISSUE OF THE NOTES, DEUTSCHE BANK AG, LONDON BRANCH (THE "**STABILISING MANAGER**") (OR ANY PERSON ACTING ON BEHALF OF ANY STABILISING MANAGER) MAY OVER-ALLOT NOTES OR EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE MARKET PRICE OF THE NOTES AT A LEVEL HIGHER THAN THAT WHICH MIGHT OTHERWISE PREVAIL. HOWEVER, STABILISATION MAY NOT NECESSARILY OCCUR. ANY STABILISATION ACTION MAY BEGIN ON OR AFTER THE DATE ON WHICH ADEQUATE PUBLIC DISCLOSURE OF THE TERMS OF THE OFFER OF THE NOTES IS MADE AND, IF BEGUN, MAY CEASE AT ANY TIME, BUT IT MUST END NO LATER THAN THE EARLIER OF 30 DAYS AFTER THE ISSUE DATE OF THE NOTES AND 60 DAYS AFTER THE DATE OF THE ALLOTMENT OF THE NOTES. ANY STABILISATION ACTION OR OVER-ALLOTMENT MUST BE CONDUCTED BY THE STABILISING MANAGER (OR ANY PERSON ACTING ON BEHALF OF THE STABILISING MANAGER) IN ACCORDANCE WITH ALL APPLICABLE LAWS AND RULES.

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## **RISK FACTORS**

*The Issuer believes that the following factors may affect its ability to fulfil its obligations under the Notes. Factors which the Issuer believes may be material for the purpose of assessing the market risks associated with the Notes are also described below. All of these factors are contingencies which may or may not occur and the Issuer is not in a position to express a view on the likelihood or the extent of any such contingency occurring. Additional risks not currently known to the Issuer or the Hannover Re Group that are now immaterial may result in material risks in the future.*

*The Issuer believes that the factors described below represent the principal risks inherent in investing in the Notes, but the Issuer may be unable to pay interest, principal or other amounts on or in connection with the Notes for other reasons than those described below, and the Issuer does not represent that the statements below are exhaustive. Prospective investors should also read the detailed information set out elsewhere in this Prospectus (including any documents incorporated by reference herein) and reach their own views prior to making any investment decision.*

*Words and expressions defined in the "Terms and Conditions of the Notes" below shall have the same meanings in this section.*

### **Risks relating to the Issuer and the Hannover Re Group**

Set out below are risks associated with the Issuer and the Hannover Re Group which may have a material impact on its business operations and/or the level and volatility of its profitability, and therefore its ability to perform its obligations under the Notes, including:

#### **Hannover Re Group's business-related risks**

##### ***Business relations with primary insurers***

Within the scope of its reinsurance business, the Hannover Re Group underwrites the business of primary insurers, which means that facts and circumstances in the insurers' environment may also indirectly influence the Hannover Re Group. These circumstances include, in particular, the risk that insurers may write less business – as a result of which a smaller volume is also reinsured –, the risk that insurers may write business, the quality of which is incorrectly assessed by the Hannover Re Group as more favourable than it actually is, and the risk that the credit status of insurers may develop worse than the Hannover Re Group had anticipated at the time when the reinsurance treaties in question were written. The materialisation of each of these individual circumstances could detrimentally affect the assets, financial position and net income of the Hannover Re Group.

In life and health reinsurance, a particular risk arises because some capital investment portfolios are not directly under the control of the reinsurer. This applies to certain U.S. life insurance policies ("modified coinsurance"). Under these contracts, the cedant retains securities in a securities account that secure the risks that it has ceded to the reinsurer. Payments to the reinsurer are rendered only at a later point in time and contain a portion of the gross premium collected from the cedant and the income on the securities. Accordingly, the Hannover Re Group has to rely on third parties for the proper administration of the related investment portfolio. In such circumstances, it is common for the reinsurer to mitigate this risk by having agreed investment guidelines with the cedant which specify the risk limits to which the underlying portfolio is to be managed to. Changes in the value of such investment portfolios can detrimentally influence the net income of the Hannover Re Group.

##### ***Business relations with retrocessionaires and counterparty risks***

The Hannover Re Group systematically uses retrocessions and protection covers or transfers risks from reinsurance business to the capital markets to smooth results and optimise its net income; in this context it attaches considerable importance to the quality and credit status of its retrocessionaires or the providers of a security. The assets, financial position and net income of the Hannover Re Group could therefore be adversely affected if the market conditions for retrocession deteriorate to the detriment of reinsurers in the future, if certain protection covers – especially catastrophe

excess of loss covers – are no longer available or if individual retrocessionaires should become unable or unwilling to pay.

The Hannover Re Group has monetary and securities claims under numerous transactions against retrocessionaires, ceding companies, brokers and other debtors. An economic downturn, negative developments of capital markets, a decline in real estate values and several other comparable influencing factors may lead to an increased default by debtors (counterparty risk). This increased default would mean that value adjustments above and beyond the extent already covered by provisions would have to be made on assets of the Hannover Re Group; this could have a detrimental effect on the assets, financial position and net income of the Hannover Re Group.

#### ***Risks from insurance and reinsurance contracts, failure to identify material risks***

The business conducted by the Hannover Re Group is founded on the deliberate assumption of risks through the conclusion of insurance and reinsurance contracts. The Hannover Re Group constantly assesses and monitors these risks and reviews their probability of occurrence. This also includes ongoing monitoring of legal, demographic, macroeconomic and environmental developments being outside the influence of the Hannover Re Group. As a general principle, the Hannover Re Group concludes insurance contracts only if the premiums (including the investment income generated from these premiums) are sufficient in view of the underlying risk and it establishes actuarially determined provisions for the occurrence of claims.

Furthermore, the Hannover Re Group makes use of risk quantification models based on simplified assumptions that cannot fully reflect actual circumstances. If the premiums calculated upon contract closing do not suffice to fund the resulting losses, if the premium calculations are based on inaccurate assumptions, if the companies belonging to the Hannover Re Group fail to (fully) identify or correctly evaluate developments, if unexpected developments occur on the claims side or if retrocessionaires with which the Hannover Re Group has, for its part, reinsured risks default on payment, this could detrimentally affect the assets, financial position and net income of the Hannover Re Group.

#### ***Cyclical business***

Non-life reinsurance is essentially a cyclical business. The same is true to a lesser extent of life reinsurance. The cycles in the reinsurance business are periods characterised by intense price competition and less restrictive underwriting standards followed by periods of higher premium rates and more selective underwriting standards. This means that the business volume of the Hannover Re Group does not develop in a linear manner. In past years the volume of reinsurance business has therefore been subject to considerable fluctuations, which can be attributed to a broad range of factors. These factors, which cannot always be foreseen and/or influenced, include *inter alia* competition among reinsurers, the frequency and scale of catastrophic events, the availability of reinsurance capacities, the volatility of capital markets, the occurrence of new risks (for example as a result of new technologies) and the general economic conditions. Furthermore, these factors have also brought about changes in treaty conditions and hence profit margins in the past. A slowdown or decline in the business development could detrimentally affect the assets, financial position or net income of the Hannover Re Group.

#### ***Loss of distribution network via intermediaries***

The Hannover Re Group markets its insurance products to a substantial extent through a network of intermediaries, like reinsurance brokers or MGAs (managing general agencies). Its commercial success therefore depends on its ability to retain a sufficient number of qualified, reliable and successful distribution intermediaries. Hannover Re Group's business volume could materially decline if its distribution strategy is unsuccessful or if its relationship with its distributors deteriorates. Failure to maintain or expand certain distribution relationships could lead to a decline in Hannover Re Group's business, as could the acquisition of Hannover Re Group's distribution partners by a third party who does not intend to maintain the same level of cooperation with Hannover Re and may adversely affect Hannover Re Group's business volume and though adversely affect the assets, financial position and net income of the Issuer and of the Hannover Re Group.

### ***Loss of a number of key clients***

At the moment, the Hannover Re Group is not materially dependent on one single client but the Hannover Re Group works with large cedants which generate a high volume of premiums. If the Hannover Re Group loses a certain number of important customers, for example because competing reinsurance companies or new competing market entrants such as hedge funds or other financial sponsors make better offers to these customers or because the customers forgo insurance protection or increasingly obtain coverage from their own internal insurance companies, it could have a detrimental effect on the assets, financial position and net income of the Hannover Re Group.

### ***Competition***

Overall, competition has increased in recent years in the reinsurance markets, especially as a result of market entry by new competitors, a general high availability of capital and thus capacities and as a result of large customers attempting to bear standard risks themselves or cover them through their own captive insurance companies. A continuation of this trend could reduce the volume of reinsurance and premiums in this segment. The competitiveness of the Hannover Re Group is influenced by numerous factors. They include, *inter alia*, the Hannover Re Group's financial strength, rating, experience, local presence and reputation, the quality of its client relationships, the type, scope and conditions of its offered products and services, the efficiency of its receivables management as well as its ability to respond appropriately to changing customer requirements and the behaviour of its competitors. The Hannover Re Group constantly monitors changing customer requirements and the behaviour of its competitors, and it adjusts its range of products and services accordingly. Should, however, the Hannover Re Group be unable to respond appropriately to new developments, this could detrimentally affect the assets, financial position and net income of the Hannover Re Group.

### ***Information by ceding companies***

The Hannover Re Group systematically covers risk underwritten by primary insurers and reinsurers. In deciding on whether such reinsurance or retrocession agreements are entered into and which technical provisions are to be provided the Hannover Re Group relies on the provision of correct and sufficient risk information by the respective ceding company. Should the Hannover Re Group, on the basis of incorrect or incomplete information, wrongfully assess the covered risks, this may result in additional expenses. Even if the Hannover Re Group would have recourse claims against the ceding company it cannot be assured that these claims are fully valuable and enforceable. Inaccurate or inadequate information could result in the underwriting of unprofitable or loss-making reinsurance or retrocession contracts, which, if it occurs on a significant scale, could detrimentally affect the Hannover Re Group's assets, financial position and net income.

### ***Uncertainties about impact of new International Financial Reporting Standards (IFRS)***

IFRS 4 "Insurance Contracts" applicable for the accounting of insurance contracts as at the date of this Prospectus is a transitional provision which remains in place until the International Accounting Standards Board ("**IASB**") has adopted a finalised standard regarding the valuation of insurance contracts. IFRS 4 currently permits the retention of previously applied accounting rules. The Hannover Re Group has made use of this option and currently accounts for technical insurance line items in the consolidated financial statements in accordance with U.S. GAAP as at time of initial application of IFRS on 1 January 2005 – provided IFRS 4 contains no special provisions to the contrary.

On 18 May 2017 the IASB issued IFRS 17 "Insurance Contracts" which provides for a transition period of three years for application of the new accounting rules. The IASB agreed that an entity would apply IFRS 17 for annual periods beginning on or after 1 January 2021. IFRS 17 is based on a measurement model consisting of four components: Expected present value of future cash flows, discounted time value of money, risk adjustment for cash flow uncertainties and a contractual service margin (profitability that the entity expects the contract to generate). According to IFRS 17, the valuation of insurance contracts will be made in the future on the basis of the components above. The first three components must be determined and recalculated anew as at the date of the financial statements on the basis of the then current valuation factors by discounting the expected future cash flows under the insurance contract. The contractual service margin is amortised and adjusted for changes in cash flows and risk margins related to future coverage and services. Changes in valuation criteria, such as the discount rate, could cause material changes in valuation, which on the one hand would be reflected directly in the Group's statement of other comprehensive income and on the other hand would - regarding other

changes - (e.g. risk adjustment for cash flow uncertainties) be reflected directly in the Group's statement of profit and loss, which could cause the Group's revenues and equity capital to be substantially more volatile. This increase in volatility might lead to various disadvantages for the Hannover Re Group, above all an increase in the cost of capital and a corresponding decrease in the share price. It might also be necessary to account for the capital investments used to cover the technical insurance reserves at the fair market value pursuant to IFRS 9 in order to avoid an "accounting mismatch". Adjustments in the structure of the insurance and reinsurance products offered by the Hannover Re Group and the structuring of the premiums could also be necessary. Changes in the valuation of insurance contracts could also impose substantial new demands on the internal data processing and accounting systems and could lead to significant additional strain on various group functions within the Hannover Re Group. A change in the accounting rules could also prove challenging to the management of the Issuer, because key numbers in Group's reporting prior to the change would no longer be completely comparable with the corresponding key numbers after the change is implemented.

The IASB has also developed new rules for accounting and valuing financial instruments. IFRS 9 "Financial Instruments", which was published on 24 July 2014, supersedes the existing guidance in IAS 39 "Financial Instruments: Recognition and Measurement". IFRS 9 contains revised guidance for the classification and measurement of financial instruments, including a new model for impairing financial assets that provides for expected credit losses, and the new general hedge accounting requirements. It also takes over the existing guidance on recognising and derecognising financial instruments from IAS 39. IFRS 9 is effective for annual periods beginning on or after 1 January 2018. However, the IASB has issued amendments to IFRS 4 "Application of IFRS 9 and IFRS 4", which allow certain insurance companies to postpone the obligatory application of IFRS 9 until 2021. Due to the major significance of IFRS 9, the Group set up a project to examine the impact of the standard on the consolidated financial statements and to take the necessary steps towards implementation. However, it is already evident that the new classification requirements will affect the accounting for financial assets in the Hannover Re Group.

The IASB issued its amendments to IFRS 4 "Application of IFRS 9 and IFRS 4" in September 2016. The adjustments relate to the initial application of IFRS 9 for insurers. Without these amendments, the various dates of coming into force for IFRS 9 and the new standard for insurance contracts will lead to increased volatility in the results and duplicated transition expenses during a transition period. The amendments propose two optional solutions. The Group chose the option to postpone the initial application of IFRS 9. As a result, it is permitted to continue applying IAS 39 instead of IFRS 9 for the financial years that begin prior to 1 January 2021. The amendment, which is not yet endorsed by the EU, must be applied to financial years beginning on or after 1 January 2018. As with the IFRS 17 standard discussed above, these changes could lead to an increase in the volatility of the Group results. In addition, the changes could place additional demands on the existing IT infrastructure and products as well as processes within the Hannover Re Group. Each material change in the accounting rules applicable to insurance companies could also require products and premium structures in the reinsurance business of the Hannover Re Group to be adapted, and could cause additional costs.

#### ***Technical provisions and actuarial appraisals of reinsured risks***

The Hannover Re Group calculates the amount of technical provisions that are to be established for insured events in accordance with relevant actuarial methods that reflect assumptions and empirical values. The level of provisions constituted is regularly adjusted in the context of normal run-off with the aid of the latest information available to management. The adequacy of the provisions initially constituted and subsequently adjusted as necessary cannot be assured. These actuarial calculations are based on past experience with similar policies, forecasts regarding the future, and actuarial models (for example, mortality, longevity and morbidity models and lapse assumptions used to calculate premiums and reserves in respect of life reinsurance coverage). Over time, these assumptions could prove to be inaccurate and might therefore necessitate additional expenditures. Despite efforts to minimise such risk, deviations can occur if data is interpreted incorrectly or external factors outside the influence of the Hannover Re Group change. A price determination which appropriately reflects the previously mentioned risk is also complicated in the property and casualty reinsurance due to the increasing complexity and long-term nature of the run-off. In the insurance and reinsurance market this was demonstrated in the past, for example, by claims connected with asbestos and claims from the attack on the World Trade Center. If, on the basis of the actual future development – especially with respect to risks that have currently not even been recognised as such – or as a consequence of the inaccurate selection or application of methods to calculate the



constituted provisions, the Hannover Re Group were to be compelled to increase the provisions or if the liabilities of the Hannover Re Group in connection with the events that it has insured were to be higher than the constituted provisions, this could detrimentally affect the assets, financial position and net income of the Hannover Re Group.

### ***Asset management performance***

The premiums and the capital position of the Hannover Re Group are invested to a large extent in different types of assets. Thereby, the Hannover Re Group pursues a defined investment policy, which focuses on required liquidity of assets, adequate issuer diversification as well as on asset liability management measures in terms of duration, currencies and risk budgeting. It may, however, not be excluded that performance fluctuations or inadequate decision making related to the selection of assets and the respective trading activities or other misconducts occur (including wilful breaches of mandatory law and/or investment guidelines of the Hannover Re Group). This could result in losses to the investment portfolio and in a divergence to the value of the liabilities from the (re)insurance business detrimentally affecting the Hannover Re Group's assets, financial position and net income.

### ***Recruiting and retaining of qualified staff***

The Hannover Re Group is to a significant extent dependent on qualified executives and personnel. The Hannover Re Group's success has depended and will continue to depend on recruiting and retaining qualified employees. In the event that the Hannover Re Group experiences high rates of employee turnover, it is also possible that the Hannover Re Group may not be able to recruit new employees from the labor market immediately and that this may result in additional costs. The loss of qualified employees or ongoing difficulties in the hiring of suitable employees could lead to a situation in which the Hannover Re Group cannot successfully implement key decisions, measures and developments, which would adversely affect the business operations of the Hannover Re Group.

### ***Rating of the Issuer***

The business result of the Hannover Re Group is influenced by its ability to acquire new insurance business at advantageous conditions, to expand existing profitable business relationships and to raise capital on the financial markets. Of particular significance to this ability is the evaluation of the financial strength and creditworthiness and hence also indirectly of the competitiveness of the Hannover Re Group and its individual companies by specialised agencies (hereinafter referred to as its "rating"). The most important rating for the Hannover Re Group is the Insurer Financial Strength Rating, which evaluates the financial strength of the Issuer on the basis of the factors that are relevant to policyholders and ceding companies. These factors include, most notably, the capital adequacy, market positioning, risk management and earnings outlook.

The current Insurer Financial Strength Rating for the Issuer from Standard & Poor's Credit Market Services Europe Limited, branch office Germany ("**S&P**") is "AA-" ("Very strong", stable outlook), while that of A.M. Best Europe - Rating Services Limited ("**A.M. Best**") is "A+" ("Superior", stable outlook).<sup>1</sup> Rating agencies review their ratings and assessment methods continuously and could downgrade the Issuer's ratings, whether on the basis of changes in the results of operations and financial condition of the Issuer, of the Hannover Re Group or as a result of changes in the assessment of the reinsurance industry. A downgrade in the rating can have significant adverse implications for the conditions of new and existing business, impair competitiveness, limit access to the capital markets and increase the costs of financing for the Issuer. In addition, a downgrade can result in the materialisation of new or accelerated maturity of existing liabilities that are contingent upon maintenance of a particular rating. Each downgrade of the rating could therefore detrimentally affect the assets, financial position and net income of the Hannover Re Group.

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<sup>1</sup> The office issuing and elaborating the rating was a registered branch of S&P and A.M. Best each of which is, to the Issuer's belief, registered in accordance with Regulation (EC) No 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies (see "List of registered and certified credit rating agencies" which can be accessed under [www.esma.europa.eu](http://www.esma.europa.eu)).

## **Risks arising from Financial Markets**

Global economic conditions also affect the value of the investment portfolio managed by the Hannover Re Group. Economic downturns often lead to a decline in value for investments in securities (in particular stocks), real estate and real estate funds. Furthermore, since the Hannover Re Group has invested a substantial portion of its investment portfolio in fixed income securities, the returns the Hannover Re Group generates have been adversely affected by the current very low level of interest rates.

### ***Impact from stock market volatilities***

Equity risks derive from the possibility of unfavourable changes in the value of equities, equity derivatives or equity index derivatives in our portfolio. Their relevance to our portfolio, however, sharply decreased in 2017 as companies belonging to the Hannover Re Group liquidated their holdings of non-strategic listed equities and equity funds at the end of the third quarter responding to the hurricane events in the Caribbean and the United States as well as the earthquakes in Mexico. In this way the Hannover Re Group not only has made use of the favorable state of the market, but also reduced its general risk position and freed up capital for potential risk reallocations. As at 31 December 2017 the total exposure of listed equity securities amounts to merely EUR 37.4 million. Besides that, Hannover Re Group held investments in various kinds of alternative investments totaling EUR 1,507.6 million as per the same date. Unlisted equities (Private Equity) count for roughly a half of this exposure. Although these investments are not as directly related to stock markets as listed equities, there is a certain degree of influence from stock market movements on them. However, changes in fair value here tend to be prompted less by general market conditions but more by entity-specific assessments. The risks are associated principally with the business model and profitability and less so with the interest rate component in the consideration of cash flow forecasts. If Hannover Re sees corrections to the current valuation levels of listed equities, it is ready to enter the market on a moderate scale. Therefore, stock market volatility could have a detrimental effect on the assets, financial position and net income of the Hannover Re Group.

### ***Impact from exchange rate fluctuations***

The Hannover Re Group writes (re)insurance business worldwide in numerous international currencies and prepares annual and interim financial statements in Euro, as a consequence of which the Group is exposed to exchange rate fluctuations. As a result, the Hannover Re Group is subject to certain currency exchange risks.

Currency transaction risks arise primarily if there is a currency mismatch between liabilities and investments. The Hannover Re Group reduces the resulting currency risks through the use of matching currency coverage as much as possible as well as derivative financial instruments. This does not, however, make definitive hedging possible, and an exchange rate risk, especially with respect to the Euro/U.S. dollar exchange rate, consequently remains.

In addition to currency transaction risks, the Hannover Re Group is subject to currency translation risks due to the fact that the financial statements of some of its foreign subsidiaries, associated companies, special purpose entities and special funds, are prepared in non-euro currencies, the most important of which are the U.S. Dollar, the British Pound, the Australian Dollar, the Canadian Dollar and the South African Rand. Furthermore, the Hannover Re Group receives dividends, profit transfers and interest payments from its foreign subsidiaries, associated companies, special purpose entities and special funds, partly in currencies other than Euro.

Adverse changes in the exchange rates used to convert a foreign currency into Euro can therefore have a detrimental effect on the assets, financial position and net income of the Hannover Re Group.

### ***Impacts from interest rate fluctuations and sustained low interest rates***

In past years fluctuations in the level of both short- and long-term interest rates have influenced the amount of gains and losses on securities held among the Hannover Re Group's financial assets as well as the point in time when such gains or losses were realised. The majority of the Hannover Re Group's holdings are invested in fixed-income securities; the bulk of which are denominated in Euro and U.S. Dollar. An increase in the interest rate level could therefore reduce the market price of the financial assets. If the market price were to fall below amortised cost for a sustained period, this could have

to be written down to fair value with a charge recognised in income – which could have a detrimental effect on the assets, financial position and net income of the Hannover Re Group.

Risks may also arise from a protracted period of low interest level in the international financial markets which might affect the asset management performance. Should the current low level of interest rates be sustained or decline even further, this may adversely affect the assets, financial position and net income of the Hannover Re Group.

Additionally, the assets and liabilities of the Hannover Re Group are not necessarily fully matched in terms of interest rate duration. Therefore, definitive hedging remains somewhat impossible and an interest rate risk consequently remains (also on equity-backing securities). A change in interest rates may accordingly have a detrimental effect on the economic or general capitalization of the Group.

#### ***Impacts from credit, default and credit spread risks***

As part of its business, companies belonging to the Hannover Re Group acquire a large number of receivables and recoverables against counterparties, especially cedents, retrocessionaires, insurance brokers, financial institutions and intermediaries. Third parties that owe the Hannover Re Group companies money, securities or other assets may not pay or perform under their obligations. These parties include the issuers whose securities the Hannover Re Group companies hold, borrowers under loans made, trading counterparties, counterparties under swaps, credit default and other derivative contracts, clearing agents, exchanges, clearing houses and other financial intermediaries. If obligors of the Hannover Re Group companies experience financial difficulty and cannot or do not pay the full amounts owed to it, the Hannover Re Group would be exposed to risks of financial losses and a possible downgrading of its credit rating, and might be required to write down or write off certain assets. In addition, with respect to secured or covered transactions, the Hannover Re Group companies' credit risk may be exacerbated when the collateral held by those transactions cannot be realised or is liquidated at prices not sufficient to recover the full amount of the loan, reinsurance recoverable or derivative exposure.

As a result, defaults by one or more of these parties on their obligations to the Hannover Re Group companies due to bankruptcy, lack of liquidity, downturns in the economy or real estate values, operational failure or other reasons, or even rumours about potential defaults by one or more of these parties or regarding the financial services industry generally, could lead to market value losses or defaults harming the Hannover Re Group companies.

Credit spread risks are another important factor for Hannover Re Group's fixed-income security holdings. Credit spread refers to the difference in the rate of interest between a risk-bearing security and a risk-free security of the same tenor and currency. Market changes in these risk premiums lead to changes in the market value of the corresponding securities in a manner analogous to changes in prevailing interest rates. An increase in credit spreads beyond the expected figures could give rise to higher default probabilities for bonds, causing basic own funds to decline. If the future spreads realised – and, therefore, the probability of defaults – differ from a long-term target figure, this would have an impact on net investment income.

The Hannover Re Group companies also have exposure to a number of financial institutions and other corporates in the form of unsecured debt instruments, loans, derivative transactions and equity investments. Although Hannover Re Group's investment guidelines are designed to limit undue concentrations of risk, the Hannover Re Group could become significantly exposed to a particular counterparty if its investment managers fail to comply with the Group's investment guidelines or if those guidelines prove to be inadequate. In addition, a feared or actual deterioration in the credit of one or more counterparties, such as a major bank, could lead to write downs for a large number of other market participants. Existing protection schemes, such as the deposit insurance fund (Einlagensicherungsfonds) of the Federal Association of German Banks could turn out to be insufficient to avoid or compensate for losses of payments. General economic uncertainty and volatility in the capital markets could intensify these risks going forward. If a significant amount of its investments become impaired for any reason, the Hannover Re Group would be required to write down the value of these investments, which could materially and adversely affect Hannover Re Group's business, results of operations and financial condition.

### ***Insufficiency or non-availability of retrocession or alternative protection cover***

Decisions about which insured risks are transferred and which risks are retained by Hannover Re are made by Hannover Re on the basis of a large number of criteria. These include the risk strategy set by the Issuer's board of management, the type and level of the underwritten risks, the individual business segment's ability to bear risks, the availability and the terms of retrocession and alternative protection cover. If the assumptions and forecasts used as a basis for this decision differ from the actual circumstances and developments, there is a risk of an inadequate protection through retrocession or other protection cover.

In addition, disruptions in the retrocession markets could prevent Hannover Re from being able to transfer underwritten risks to the extent desired or on acceptable terms. The business, results of operations and financial condition of Hannover Re could be adversely affected if the availability of certain retrocession coverage is substantially reduced or if individual retrocessionaires become unable or unwilling to pay.

### ***Effectiveness and adequacy of Hannover Re's hedging of financial risks***

Hannover Re and some of its subsidiaries use derivative financial instruments to hedge against various risks, especially risks involving changes in currency exchange rates, interest rates, inflation, and market prices. However, there is no guarantee that these hedging strategies will be sufficient to protect the Hannover Re Group against such risks. Furthermore, the counterparty to a derivatives contract could default on its obligations, for example, because its assets or financial position have deteriorated or because it has transferred the underlying risk and corresponding derivative contracts to other market participants and these market participants fail to make payments. Adverse changes in the derivatives market could result in Hannover Re being unable to purchase derivatives in the future to a sufficient degree or at reasonable terms. The occurrence of any of the risks set out above could have a material adverse effect on the business, results of operations and financial condition of the Hannover Re Group.

### ***Deterioration in market conditions in the capital markets***

The Issuer and certain subsidiaries have financed their operations in the past to a significant extent by issuing various hybrid bonds and other financial instruments, including equity, and have also hedged risks from their reinsurance business using capital market instruments (for example, by issuing catastrophe bonds under which the payment at the end of the term depends on whether and to which extent certain catastrophe-related losses have occurred). The success of such transactions depends on a large number of factors, especially general market conditions, the general availability of capital and liquidity, perceptions of counterparty risk generally and in particular with respect to banks and financial services providers, including insurance companies, trading volumes, the ratings of the Issuer and the general view by market participants of the economic prospects of the Hannover Re Group as well as the reinsurance industry in general. These factors have become increasingly volatile and hard to predict. There is no guarantee that the Issuer will be able to raise additional funds on a timely basis, on attractive terms or at all. If the Issuer is unable to raise such funds, it could suffer a material adverse effect on its business, net income and financial condition.

### ***Financing arrangements impose restrictions on Hannover Re Group's business***

Financing arrangements of companies of the Hannover Re Group contain variable interest rates that may increase and lead to higher borrowing costs for the Hannover Re Group if Issuer's credit ratings deteriorate. In addition, some Issuer's financing arrangements contain customary covenants that restrict or limit, among other things, Issuer's freedom to dispose of, merge or create security interests in its assets. In some cases, lenders have also been granted the right to terminate the respective loan agreement upon the occurrence of a change of control (for example, if Talanx AG ceases to directly or indirectly hold more than 25 per cent. of the voting shares of the Issuer or ceases to have the power to appoint more than 50 per cent. of the shareholder representatives of the Issuer's supervisory board (the "**Supervisory Board**"), or if another person not directly or indirectly controlled by Talanx AG gains the power to direct the management and policies of the Issuer). Investors should be aware that in case of such a change of control they do not have a right of early redemption. Several of Hannover Re's financing agreements also provide that the lenders may terminate those agreements if the Issuer fails to pay interest or principal when due (subject to a number of qualifications and exceptions). If lenders under these

financing arrangements rely on such provisions to call the amounts owed by the Issuer prior to maturity, it could have material adverse effects on Hannover Re Group's business, financial position and net income.

### ***Impacts from other market risks***

The Hannover Re Group has a significant real estate portfolio in form of direct and fund investments. The market value of these holdings is exposed to changes in real estate market prices and volatility.

Additionally, the Hannover Re Group holds exposures in private equity markets to a larger extent. Those portfolios are also exposed to changes in market prices and volatility based on market conditions.

Most of these assets are recorded at fair value. There is no assurance that losses on the market value or impairments to the carrying value of these assets would not materially and adversely affect the Hannover Re Group's assets, financial position and net income.

### ***Illiquidity of the investment portfolio***

The Hannover Re Group is exposed to liquidity risks, i.e. the risk of being unable to convert investments and other assets into cash in a timely manner in order to meet its financial obligations when they become due. Liquidity risks have increased in recent years during the global financial and economic crisis and the sovereign debt crisis. These developments have led to a general reassessment of the risks of loss for certain asset classes previously considered to be secure and have reduced liquidity in markets for certain investments. In addition, various open end real estate funds had to be closed in recent years as they had insufficient liquidity to meet the demands of investors who sought to redeem their investments following the decline in real estate prices in many markets. Furthermore, many asset classes have experienced increased volatility in prices in recent years. While the Hannover Re Group tries to mitigate its liquidity risk by way of a conservative investment strategy focusing on liquid securities, there can be no guarantee that the Hannover Re Group will not experience difficulties in trying to liquidate assets or to do so on reasonable terms. It may not be possible to sell holdings in a timely manner or on reasonable terms or to close open positions (or to do so only with price markdowns) due to the illiquidity of the capital markets, in which case this could detrimentally affect the Hannover Re Group's assets, financial position and net income.

### **Risks from the environment and geopolitical situation**

#### ***Economic, political, sovereign debt crisis and other risks***

The Hannover Re Group has been and may continue to be affected by the economic development of the global economy in general and global capital markets in particular. In Europe there is a considerable uncertainty concerning the economic trend since the development of the global economy will depend heavily on how the debt crisis in the Eurozone is handled.

Beginning in 2008 with the subprime mortgage crisis and the collapse of the Lehman Brothers investment bank in the United States, global financial markets experienced severe disruptions, resulting in significant negative impacts on the global economy. A global economic downturn affected essentially all regions and all business sectors in 2008 and 2009, while the following years were characterised by signs of a global economic recovery, as well as by increasing concerns about excess levels of debt, especially in Europe and the United States. Significant economic stagnation in certain countries in the Eurozone, in part due to the effects of the sovereign debt crisis and corresponding austerity measures in these markets, has added to these concerns. In general, the global economy has remained volatile and could be further negatively affected by many factors, including but not limited to rising national debts, investor concerns about the cohesion of and disruptions within the Eurozone (for example due to unforeseen political developments), inadequate liquidity, volatility in the capital markets, lower consumer spending, higher inflation, political instability, negative or unstable economic or political developments in certain emerging markets, monetary policy in the major developed nations, terrorism or natural disasters. Also, a lacking consistent European approach to address the current refugee crisis as well as a looming banking crisis in Italy indicated by weak asset quality and the need to raise new capital with potential negative effects on markets is contributing to this uncertainty. The sovereign debt-related difficulties in several eurozone countries continue together with the risk of contagion to other more stable countries, particularly France and Germany.

In many countries since 2008, programmes for the recapitalisation of distressed financial institutions and economic stimulus have significantly increased expenditures, while slower or negative real economic growth and large increases in unemployment have substantially decreased tax revenues, with the result that national debts in many countries, especially in the United States and in many European countries, have increased substantially. In most member countries of the European Economic and Monetary Union, the level of sovereign debt exceeds the limit (60 per cent. of gross domestic product) established by the Treaty of Maastricht, while sovereign debt in some countries (e.g. Greece and Italy) exceeds 100 per cent. of gross domestic product. Risk premiums for bonds issued by these countries have increased significantly.

This sovereign debt crisis has created various risks for the the Hannover Re Group. In particular, there could be a default or forced write-down in the value of government bonds. The Hannover Re Group's investment portfolio is exposed to risks from these issuers as a result of its holdings of local government, covered and financial bonds. German government bonds could also lose substantial value in light of the substantial potential liability of Germany under existing and future bail-out measures. With respect to the Eurozone, indirect consequences of a default by one or more countries could include the expulsion or voluntary withdrawal of one or more countries from the Eurozone or a disorderly break-up of the Eurozone, either of which could significantly disrupt financial markets and possibly trigger another global recession. In case of realization of risks associated with the sovereign debt crisis which may crystallise in future could have a lasting impact of the assets, financial position and net income of the Hannover Re Group.

The Eurozone sovereign debt crisis could also undermine the capitalisation of banks and other financial services providers, including European banks in whose securities the Hannover Re Group has significant investments. Regulatory measures designed to avoid the undercapitalisation of banks (such as mandatory swaps of bank debt into bank common equity) could exacerbate these risks for the Hannover Re Group, for example by converting relatively liquid bonds into relatively illiquid common equity of a troubled bank. In addition to writing down the value of such investments, the Hannover Re Group could lose its claims on ongoing interest and participations in profits, for example in the case of profit sharing rights and silent participations.

One specific risk scenario to consider is the future development after the Brexit referendum. Financial markets, especially on the equity side, have significantly recovered since the "leave" vote. Nevertheless, market movements will be highly dependent on the negotiations between Britain and the EU whose outcome is still very uncertain. As negotiations may take one year or more, markets might be confronted with a prolonged period of uncertainty, which can lead to sporadically occurring adverse market developments depending on the status of negotiations. There are several unfavorable outcomes that might trigger or accelerate adverse market movements. For example, the outcome of negotiations may negatively affect the economy in Britain or that of its European trade partners and may severely impact the rules for the financial industry in London. Conversely, the final result may be seen as an incentive for other European countries to follow the British example, in which case there might be spill-over effects to other countries. The occurrence of such adverse scenarios or another adverse event might result in higher levels of financial market volatility, especially in the equity and foreign exchange markets, lower interest rates due to monetary policy response, increased challenges in the banking sector, including bank run scenarios, where large number of customers withdraw their deposits, as well as bond impairments and increased bond spreads due to a flight to quality and other difficult to predict spill-over effects. Since the Hannover Re Group has parts of its business and investment exposures in countries that might be affected by a contagion of the sovereign debt crisis, especially in Italy and Spain, the occurrence of any such adverse scenarios would most likely have unforeseeable adverse impacts on the Hannover Re Group's business and financial position.

The further developments in the Eurozone may have a negative effect on the assets, financial position and net income of the Hannover Re Group.

Further, while the economic development in most of the emerging markets had been stable in recent years, at the beginning of 2016, emerging markets had concerns about the Chinese economy and the continued slide in commodities prices. However, the recovery in commodities prices, a stabilisation in China and global support through financial policies led to an increasing stabilisation there as the year progressed. As the Hannover Re Group operates in a number of emerging markets and needs to hold corresponding assets in order to cover liabilities in local currencies it is therefore exposed to both general business risk as well as investment risks in the respective markets.

### ***Changes in political and legal framework***

As an internationally operating reinsurance group, the Hannover Re Group is active in many countries. The Hannover Re Group is subject to the political and legal framework in each of these countries and relies to a certain extent on the cooperation and reliability of public authorities (e.g. insurance supervisory authorities) and local business partner (e.g. distributors). Moreover, in several markets there is a risk of political and economic instability. Embargoes and international sanctions against certain countries also pose risks for Hannover Re Group's international activities. Hannover Re has addressed these risks by issuing a code of conduct and implementing a sanctions guideline which is being rolled-out within the Hannover Re Group. In the event of violations of embargoes or international sanctions, Hannover Re could face legal consequences (for example, fines) or reputational damage. There is also a general risk of detrimental changes to the regulatory and legal framework in these jurisdictions. If any of the risks mentioned above materialises this could detrimentally affect the Hannover Re Group's assets, financial position and net income.

### ***Terrorist attacks and other geopolitical risks***

Geopolitical risks have increased worldwide since the terror attacks on the United States on 11 September 2001, especially the risks of terrorist attacks and potential military responses to them, as well as risks created by political tensions between countries. The Hannover Re Group, as many other reinsurance companies, tried to exclude terror risks from their insurance terms, or considerably increased the premiums for the insurance of these risks. However, the potential of terror risks materialising could not be completely eliminated by these measures. While, on the one hand, an exclusion of liability was not possible with respect to all insurance contracts, consequential damage caused by terror attacks such as fire may, on the other hand, still give rise to claims brought against companies of the Hannover Re Group by policyholders. Another risk is that potential future terror attacks might not be clearly identifiable as such or that there is at least no proof of a terror attack having occurred. If, in these cases, the limits or exclusions provided for in the insurance contracts cannot be enforced, this would result in increased claim expenditure. The Hannover Re Group cannot definitely assess the consequences that future terror attacks may have on its business activities. Increased political risks and risks resulting from potential future terrorist attacks may have an adverse effect on the Hannover Re Group's assets, financial position and net income.

Furthermore, geopolitical risks have increased, in particular in the Middle East and the growing tension between Russia and the United States as well as other western countries. In case of an escalation to global scale it may also lead to an impact on global financial markets and thereby affect Hannover Re Group's portfolio negatively even without direct exposure to the originating region.

### ***Catastrophic events***

Both natural catastrophes and man-made disasters are partially covered by insurance policies in the non-life and life/health (re)insurance written by the Hannover Re Group. Such catastrophic events include, among other things, windstorms and hailstorms, floods, earthquakes, major fires, cold spells, factory explosions, and insurrections. Neither catastrophes as such nor the scale of loss and damage caused by such events can be foreseen. Even though the Hannover Re Group monitors the aggregate risk with respect to catastrophic events in each geographical region, catastrophe-related damage and claims can lead to extraordinarily high losses. Should the scale of catastrophe losses increase in the coming years relative to the multi-year average, this could have a corresponding detrimental effect on the assets, financial position and net income of the Hannover Re Group.

### **Legal, regulatory and tax-related risks**

#### ***Legal risks***

The business of the Hannover Re Group is subject to detailed and extensive laws and regulations. In most of the jurisdictions, in which the companies of the Hannover Re Group operate, the conduct of insurance and reinsurance business requires approvals and licences granted by courts, public and other authorities following an audit and licensing process. In this context, the Hannover Re Group is confronted with a broad diversity of risks that are indivisibly connected with entrepreneurial activities and which manifest themselves differently in the individual business groups and

geographical regions and which are subject to local legal requirements. Compliance with laws and regulations may give rise to costs or otherwise adversely affect the business of the Hannover Re Group. Restructuring and additional expenses can result from changes in local laws and regulations governing insurance and reinsurance business, labour law, the social security and pension systems, financial services, taxation or securities products and transactions. In some countries changes may also be introduced with retroactive effect. Any of the above could also lead to increased regulatory supervision, affect Hannover Re Group's ability to attract and retain customers, impair access to the capital markets or have other adverse effects on the Hannover Re Group in ways that are not predictable.

### ***Legal disputes***

On the basis of their activities as reinsurers and primary insurers, the companies belonging to the Hannover Re Group are involved in legal and arbitration proceedings both as complainant and respondent in various jurisdictions. Legal disputes also exist on account of differences of opinion with public authorities, especially tax authorities, and with employees. The outcome of such proceedings cannot be determined in advance. If adversely determined, these proceedings could detrimentally affect the assets, financial position and net income of the Hannover Re Group.

Outcomes less favourable for companies of the Hannover Re Group than expected, significant new disputes or proceedings, or substantial delays in existing disputes or proceedings could have a material adverse effect on business, financial condition and net income of operations of the Hannover Re Group.

### ***Risks due to regulatory changes and developments***

Risks due to regulatory changes and developments include risks associated with the application of the new insurance regulatory framework in the European Economic Area (commonly referred to as "**Solvency II**"), similar systems contemplated and/or introduced in other areas of the world and the efforts by the Financial Stability Board and the International Association of Insurance Supervisors to implement a global capital standard.

National and international efforts continue to avoid a repeat of the financial crisis of 2008 by monitoring financial markets and their institutions more effectively. Hence, regulation and oversight over insurance companies as well as capital requirements have become stricter. On the global level the discussion about systemically important financial institutions and insurance companies might have major consequences. Companies, which are considered to have a systemic impact in case of their failure, would have to bear the burden of additional (quantitative and qualitative) supervisory requirements, in particular regarding capital requirements. With effect from 1 January 2016 the new Solvency II framework based on Directive 2009/138/EC as amended (the "**Solvency II Directive**") introduced new regulatory requirements as to own funds, the calculation of technical provisions, valuation of assets and liabilities, governance structure as well as regulatory reporting. The Solvency II Directive and national legislation implementing the Solvency II requirements are supplemented by the Commission Delegated Regulation (EU) 2015/35 which is accompanied by technical standards, supervisory guidelines and recommendations.

There is a risk that under Solvency II instruments issued by companies belonging to the Hannover Re Group will not or will cease to be (fully or partly) eligible as own funds and that total own funds will not be sufficient to comply with the increased capital requirements under Solvency II. This might result in replacing existing instruments and/or issuing additional instruments or otherwise raising capital eligible as own funds. There is a risk that refinancing existing debt or raising additional capital would be expensive, difficult or impossible to obtain on adequate terms, which could have a material adverse effect on the Hannover Re Group, including its business, results of operations and financial condition.

In the event of a failure by companies belonging to the Hannover Re Group to meet regulatory capital requirements, regulators have broad authority to take various regulatory actions including limiting or prohibiting the writing of new business, prohibiting payment of dividends or interest payments, and/or putting a company into insolvency proceedings or administration. A breach of regulatory capital requirements or a reduction of solvency ratios may result in the Issuer injecting new capital into its subsidiaries. Regulatory restrictions can reduce the Issuer's ability to move capital within the Hannover Re Group which in turn can adversely affect the liquidity and financial position of the Issuer and the Hannover Re Group. Under the Solvency II regime the powers of intervention of the supervisory authority with respect to



reinsurance companies like the Issuer are extended and, in particular, allow for a restriction on all payments (including, payments under the Notes) at an earlier stage of a potential crisis.

To assess its solvency capital requirements under the Solvency II regime the Hannover Re Group has developed and implemented an internal model covering all risk categories.<sup>2</sup> This internal model was approved by the German Federal Financial Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht*, "**BaFin**"). The model is under regular review by BaFin and future requirements may lead not only to additional costs for modifying the internal model, but also to negative effects on the Hannover Re Group's capital adequacy and/or solvency ratio.

Any changes and developments of the regulatory regime may detrimentally affect the assets, financial position and net income of the Issuer and of the Hannover Re Group.

### ***Changes in certain tax laws and tax liabilities***

At various locations the Hannover Re Group benefits generally or in relation to certain products from favourable tax provisions; this applies, for example, to Ireland and Bermuda. Should these advantageous tax provisions cease to apply, or their interpretation and application by the tax courts and the practice of the tax authorities change in the future or if taxation in the countries in which Hannover Re companies operate otherwise changes adversely (for example as a result of external tax audits with outcomes detrimental to the Hannover Re Group), or if Hannover Re Group's companies choose unfavourable tax structures when developing its products or fails to optimise tax arrangements (also in relation to its acquisitions and divestments), this could have a detrimental effect on the assets, financial position and net income of the Hannover Re Group.

Significant additional tax liabilities may arise from estimates that turn out to be inaccurate when accounting for tax provisions, tax refund claims or tax reserves and when adjusting the value of deferred tax items.

In the United States, the "Tax Cuts and Jobs Act" was signed into law on 22 December 2017. The legislation significantly changes how in particular multinational enterprises are taxed. In particular, the Base Erosion and Anti-Abuse Tax (BEAT), which may prevent certain deductions of specified payments to a foreign related person, may apply to the Hannover Re Group.

The Group manages risk and capital by selectively retaining business in risk accumulation and aggregation points where diversification and risk management techniques can be used most efficiently. The aggregation points for the Group's North America Life business have traditionally been Ireland and Germany, but in light of Hannover Life Reassurance Company of America (Bermuda) Ltd. ("**HLRA Bermuda**")'s significant growth coupled with U.S. tax reform, the Group is seeking to change the jurisdiction of this aggregation point to Bermuda. The Hannover Re Group has initiated the increase of the capitalisation of HLRA Bermuda and moves a significant portion of U.S. sourced inforce business into HLRA Bermuda in 2018. HLRA Bermuda has elected to be treated as a US corporation for tax purposes and is subject to corporate income tax in the USA. Internal restructurings within the Hannover Re Group can subject Hannover Re to unanticipated tax problems. Whenever the Hannover Re Group takes such or comparable measures, it tries to carefully assess the tax consequences in advance and to choose the most tax efficient alternative available. However, tax authorities could classify certain restructuring measures in a manner which results in additional tax liabilities or the loss of other tax benefits for the Hannover Re Group.

The occurrence of any of the risks set out above could have a material adverse effect on the business, results of operations and financial condition of the Issuer and of the Hannover Re Group.

### **Other material risks**

#### ***Operational Risks***

Operational risks refer to the risk of losses occurring because of the inadequacy or failure of internal processes or as a result of events triggered by employee-related, system-induced or external factors. Internal operational risks can include

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<sup>2</sup> Sub-group model pursuant to Section 349 VAG (Article 308(b)(16) of the Solvency II Directive 2009/138/EC).

the risk of employee misconduct, including violations of Hannover Re Group's own guidelines, applicable laws or regulations (for example in handling confidential information, processing payments, executing investment strategies, handling client assets, and underwriting or transferring risks in the reinsurance business), as well as risks relating to on-the-job safety and security.

Third parties can create operational risks for the Hannover Re Group companies through poor performance of contracted services or criminal or other intentional misconduct, including theft, misappropriation, fraud, money laundering, sabotage, corporate espionage, arson or similar crimes. Operational risks resulting from external events include, for example, the risk that operations are interrupted due to infrastructure failures (for example, a blockage of important traffic routes or outages of power, water or heat), or as a result of natural disasters, fires or epidemics. Changes in the legal environment can also lead to operational risks.

Operational risks are monitored primarily by way of appropriate process management. These risk potentials are evaluated on the basis of expert assessments, the plausibility of which is verified by central risk management. Because of the broad spectrum of operational risks, the realisation of one of these risks could have a detrimental effect on the assets, financial position and net income of the the Hannover Re Group.

### ***Emerging Risks***

The term "emerging risks" is used in the insurance industry to refer to previously unknown risks that could cause substantial future losses and, therefore, are of major concern to insurance and reinsurance companies. Unlike traditional risks, emerging risks are difficult to analyse because they often exist as a hidden risk. Insurance premiums for emerging risks are difficult to calculate due to lack of historical data about or experience with such risks or their consequences. The hallmark of emerging risks (such as in the field of nanotechnology, climate change, disruption of critical infrastructure, cyber or pandemics) is that the content of such risks cannot as yet be reliably assessed – especially with respect to Hannover Re Group's treaty portfolio. Such risks evolve gradually from weak signals to unmistakable tendencies. Presently, the consequences of potential, worldwide climate change is considered an emerging risk. There are a wide scientific consensus and a growing public concern that globally increasing emissions of greenhouse gases, especially carbon dioxide, are causing an increase in the average worldwide surface temperatures. This increase in average temperatures could increase the frequency of hurricanes, floods, droughts, forest fires, and could cause sea levels to rise due to the melting of the polar ice caps.

The Hannover Re Group aims to detect, assess, steer and monitor these risks through a process involving experts from the relevant fields of knowledge. Despite its efforts at early identification and continuous monitoring of emerging risks, Hannover Re cannot guarantee that it will be able to identify all emerging risks and implement measures to avoid or minimise claims exposure to them. Defects and inadequacies in the identification and response to emerging risks could lead to unforeseen damages, furthermore the realisation of one or several of these risks could have a detrimental effect on the assets, financial position and net income of the Hannover Re Group.

### ***Risks from its own and third-party IT-systems***

The Hannover Re Group's ability to keep its business operating depends *inter alia* on the proper and efficient operation of its computer and data-processing and telecommunications systems. Since computer and data-processing systems are susceptible to malfunctions and interruptions (e.g. interruptions of power supply, computer viruses and a range of other hardware, software and network problems), it cannot be excluded that such malfunctions or interruptions will occur in the future despite the adoption of comprehensive protective and back-up measures. Furthermore, regular maintenance of the IT systems is required, for example when changing software or migrating processes following the acquisition of companies or business units. If done incorrectly, such maintenance can also lead to failures, problems and delays.

A significant or large-scale malfunction or interruption of one or more of the Hannover Re Group's computer or data-processing systems could adversely affect its ability to keep its operations running efficiently. If a malfunction results in a wider or sustained disruption to the Hannover Re Group's business, this could have detrimental effect on the assets, financial position and net income of the Hannover Re Group.

Like others, the Hannover Re Group could be targeted by external cyber attacks. The Hannover Re Group has strived to put effective controls in place to avoid any data manipulation or corruption, although it cannot completely be ruled out that a cyber attack might, in the future, be successful and steal, manipulate, or corrupt data. In such a case, the Hannover Re Group may face a combination of claims from affected customers, regulatory investigations, and loss of reputation.

The Hannover Re Group accumulates, stores and uses in its operating business data which is sensitive and/or protected by data protection laws in the countries in which it operates. Although the Hannover Re Group takes precautions to protect data in accordance with applicable laws, it is possible that there may be leakages in the future. Loss or leakage of sensitive data or violation of data protection laws may result in fines and loss of reputation, which could have a material adverse effect on Hannover Re Group's business and cash flows, financial condition and results of operations.

#### ***Payment obligations resulting from past divestments***

Hannover Re directly or indirectly holds a portfolio of more than 100 subsidiaries and affiliated companies (see also "*Organisational Structure*"). Besides acquisitions (see "*Expectations from Acquisitions*") certain divestments are carried out from time to time. Under applicable sale and purchase agreements the Hannover Re Group may have made representations and warranties for the benefit of the purchaser. In case of a breach of these representations and warranties payment obligations could arise, which could have an adverse effect on the assets, financial position and net income of the Hannover Re Group.

#### ***Inflation risks***

In connection with the ongoing sovereign debt crisis in Europe and the United States of America and the corresponding monetary policies of the central banks, there are significant uncertainties on the future development of inflation rates. An increase in the inflation rate can lead to losses in the investment portfolio and a decrease in the net income, because the market value of fixed interest investments normally decreases as the higher inflation rate normally causes an increase in the market interest rate. Additionally, higher inflation rates could result in unexpectedly increased losses or respectively loss payments – especially in long term reinsurance contracts.

If any of the risks mentioned above materialises this could detrimentally affect the Hannover Re Group's assets, financial position and net income.

#### ***Risk management system***

The Hannover Re Group maintains complex risk management systems. These systems define the Group's risk strategy, the allocation of tasks and responsibilities within the risk management process and the continuing identification, documentation, assessment, reporting and the measurement to control and manage risks. Despite the implementation of group wide risk management guidelines, the occurrence of errors or interruptions of these systems may not be excluded. It cannot be assured that data and assumptions used in the risk modules correctly indicate in every respect the future market development and the risks arising thereof for the Hannover Re Group's business and investment portfolio. Human error or disregard of applicable standards in the identification, assessment and handling of relevant risk information and the disclosure of this information to the relevant decision makers, can result in a failure to recognise, assess or address material risks in a timely manner.

Since 2008 the Hannover Re Group is in an ongoing review process with BaFin for the approval of its internal capital model in the light of Solvency II requirements. While in 2015 the internal model was initially approved by BaFin without the Operational Risk modul, as of March 2018 the internal model is approved by BaFin for all risk modules on solo- and group-basis for the Issuer and of the Hannover Re Group, respectively. All parts of the internal model are under regular review by BaFin. Moreover, the risk management system is also subject to the regular rating process with rating agencies.

If the Hannover Re Group's risk control and risk management systems do not sufficiently reflect material risks or should the handling of risks not be sufficient, this could detrimentally affect the Hannover Re Group's assets, financial position and net income.

### ***Expectations from acquisitions***

Hannover Re Group's acquisitions of other companies are based on factors and conditions to be taken into account that are partially or entirely beyond Hannover Re Group's control. Such factors and conditions influence the business results of the acquired companies and may have an adverse impact on the business results. Therefore, the expectations of the Hannover Re Group connected with acquisitions may not be met, the benefits of acquisitions can be materially different from the expectations and expected synergies can be materially smaller or realised later than expected. In sum, there is a risk the book value of such acquisitions, including but not limited to any goodwill, has to be written off in the future. Key challenges in acquisitions include integrating the IT systems and harmonising the corporate cultures. For investments in foreign countries, important factors to take into account additionally include market conditions and the legal, political and cultural circumstances. The process of integrating an acquired company or business can be complex and costly and can create unforeseen operating difficulties and expenditures. Acquisitions also carry legal risks, for example if the warranties agreed with a seller are not sufficient to cover all acquisition risks.

Hannover Re has acquired numerous businesses and has made strategic minority investments and could do so again in the future. The latest major acquisition of the UK holding company Argenta Holdings Limited, which owns the companies Argenta Syndicate Management Ltd. and Argenta Private Capital Ltd. as well as a *pro rata* share of the Lloyd's syndicate Argenta Syndicate 2121, was completed effective 20 July 2017.

### ***Regulatory analysis and stress test risks***

In order to assess the level of capital in the insurance sector, the national and supra-national regulatory authorities (such as the EIOPA and IAIS planned from 2021 on) periodically require solvency calculations and conduct stress tests where they examine the effects of various adverse scenarios on insurers (for example a strong downturn in the interest rates). In the event that Hannover Re's results in such a calculation or test are worse than those of its competitors and these results become known, this could also have adverse effects on Hannover Re's financing costs, customer demand for Hannover Re Group's insurance and reinsurance products and Hannover Re's reputation. Furthermore, regulatory authorities could use a poor result by Hannover Re in such calculations or tests as a basis on which to take regulatory measures, which could have adverse effects for Hannover Re. If any of the risks above occurs, this could materially and adversely affect Hannover Re's business, net income and financial position, or ability to pay dividends.

### ***Business and reputational risk from compliance irregularities***

In light of the large number of regulations, provisions and standards of conduct with which the Hannover Re Group must comply in various countries, there is an inherent risk of liability due to actual or alleged violations of such norms, which may also lead to regulatory bodies investigating Hannover Re Group's business with potential financial and/or reputational risks being associated therewith. The Group tries to minimise this risk by means of comprehensive compliance programmes but these compliance programmes may fail to prevent such violations. Hannover Re may suffer reputational risks from actual or alleged violations of its various legal duties. This as well as the occurrence of any of the risks set out above could have a material adverse effect on the business, net income and financial position of the Hannover Re Group.

## **Risks relating to the Notes**

An investment in the Notes involves certain risks associated with the characteristics of the Notes. Such risks could result in principal or interest not being paid on time or at all by the Issuer and/or a material impairment of the market price of the Notes. The following is a description of risk factors in relation to the Notes.

### ***Notes may not be a suitable investment for all investors***

Each potential investor in the Notes must determine the suitability of such investment in light of its own circumstances. The Notes are only suitable for sophisticated investors. In particular, each potential investor should:

- (i) have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference in this Prospectus;

- (ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation and the investment(s) it is considering, an investment in the Notes and the impact the Notes will have on its overall investment portfolio;
- (iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including where principal or interest is payable in one or more currencies, or where the currency for principal or interest payments is different from the potential investor's currency;
- (iv) understand thoroughly the terms of the Notes and be familiar with the behaviour of any relevant indices and financial markets;
- (v) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks; and
- (vi) know that it might be impossible to dispose of the Notes for a substantial period of time, if at all.

***Long-term securities, Risk of Early Redemption***

The Notes will be redeemed on 18 April 2028, unless they have been previously redeemed. The Issuer is under no obligation to redeem the Notes at any time before this date. The holders of the Notes (each a "Noteholder") have no right to call for their redemption except following the occurrence of an Event of Default (as further described in the Terms and Conditions of the Notes), in particular the holders of the Notes have no right to call for early redemption in case of a change of control. At the Issuer's option, the Notes may be redeemed pursuant to the Terms and Conditions of the Notes early in certain circumstances. In the event that the Issuer exercises the option to call and redeem the Notes, the Noteholders might suffer a lower than expected yield and might not be able to reinvest the funds on the same terms.

Prospective investors should be aware that they may be required to bear the financial risk of an investment in the Notes for a long period and may not recover their investment before the end of this period.

In particular, with respect to the Clean-Up Event, there is no obligation under the Terms and Conditions of the Notes for the Issuer to inform investors if and when the threshold of 20 per cent. or less of the initial aggregate principal amount of the Notes remaining outstanding has been reached or is about to be reached, and the Issuer's right to redeem will exist notwithstanding that immediately prior to the serving of a notice in respect of the exercise of the Clean-Up Event, the Notes may have been trading significantly above par, thus potentially resulting in a loss of capital invested.

***The Notes will be structurally subordinated to indebtedness of the subsidiaries of the Issuer***

The Notes will not be guaranteed by any of the subsidiaries of the Issuer. In the event of a liquidation, winding-up or dissolution or a bankruptcy, administration, reorganisation, insolvency, receivership or similar proceeding of any subsidiary of the Issuer, such subsidiary will pay the holders of its own debt (including holders of third-party debt which such subsidiaries have guaranteed) before they would be able to distribute any of their assets to the Issuer. As a result, the Issuer may not have sufficient assets to make payments on the Notes, respectively.

***The Notes will be effectively subordinated to Issuer's debt to the extent such debt is secured by assets or guarantees by subsidiaries of the Issuer that are not also securing the Notes***

The Notes will be effectively subordinated to the Issuer's debt to the extent such debt is secured by assets or by guarantees of subsidiaries of the Issuer that are not also securing the Notes. Although the Terms and Conditions require the Issuer to secure the Notes equally if it provides security for the benefit of Capital Market Indebtedness (as defined in the Terms and Conditions), the requirement to provide equal security to the Notes is subject to a number of significant exceptions and carve-outs as set out in detail in the Terms and Conditions included in this Prospectus. To the extent the Issuer or any of its subsidiaries provides security interest over their assets for the benefit of other debt without also securing the Notes, the Notes will be effectively junior to such debt to the extent of such assets. The same applies to debt incurred by the Issuer or any other member of the Hannover Re Group, which is guaranteed by a subsidiary of the Issuer. In each case, holders of (present or future) secured or guaranteed debt of the Issuer may recover disproportionately more on their claims

than the Noteholders in an insolvency, bankruptcy or similar proceeding. The Issuer may not have sufficient assets remaining to make payments under the Notes.

***In case of certain events of default, the Notes will only be redeemable if Noteholders of at least 10 per cent. of the aggregate principal amount of the Notes then outstanding declare the Notes due and payable. Such declaration of acceleration might be rescinded by majority resolution of the Noteholders***

The Terms and Conditions provide that, in case of certain events of default, any notice declaring the Notes due and payable shall become effective only when the Principal Paying Agent has received such default notices from Noteholders representing at least 10 per cent. of the aggregate principal amount of the Notes then outstanding. Under the SchVG, even if a default notice is given by a sufficient number of Noteholders, it could be rescinded by majority resolution within three months. A simple majority of votes would be sufficient for a resolution on the rescission of such acceleration but, in any case, more Noteholders would have to consent to a rescission than have delivered default notices. Noteholders should be aware that, as a result, they may not be able to accelerate their Notes upon the occurrence of certain events of default, unless the required quorum of Noteholders with respect to the Notes delivers default notices and such acceleration is not rescinded by majority resolution of the Noteholders.

***Risk of a partial or total failure of the Issuer to make interest and/or redemption payments***

Any person who purchases the Notes is relying on the creditworthiness of the Issuer and has no rights against any other person. Noteholders are subject to the risk of a partial or total failure of the Issuer to make interest and/or redemption payments that the Issuer is obliged to make under the Notes. A materialisation of the credit risk (for example, because of the materialisation of any of the risks regarding the Issuer and/or the Hannover Re Group) may result in partial or total failure of the Issuer to make interest and/or redemption payments under the Notes.

***No limitation on issuing further debt***

The Issuer has not entered into any restrictive covenants in connection with the issuance of the Notes regarding its ability to incur additional indebtedness ranking pari passu with or senior to the obligations under or in connection with the Notes. The incurrence of any such additional indebtedness may reduce the amount recoverable by Noteholders in the event of insolvency or liquidation of the Issuer. In addition, under the Notes, the Issuer will not be restricted from issuing or repurchasing its other securities. Noteholders will not be protected under the terms of the Notes in the event of a highly leveraged transaction, a reorganisation or a restructuring, merger or similar transaction that may adversely affect the Noteholders.

***Liquidity risk***

There is currently no secondary market for the Notes. Application has been made for the Notes to be admitted to trading on the EU-regulated market segment of the Luxembourg Stock Exchange and to be listed on the Official List of the Luxembourg Stock Exchange. There can, however, be no assurance that a liquid secondary market for the Notes will develop or, if it does develop, that it will continue. In an illiquid market, an investor may not be able to sell his Notes at any time at fair market prices. The possibility to sell the Notes might additionally be restricted by country specific reasons.

***Fixed Rate Notes***

The Notes bear interest at a fixed rate. A holder of a fixed interest rate note is exposed to the risk that the price of such note may fall because of changes in the market interest rate. While the nominal interest rate of a fixed interest rate note is fixed during the life of such note, the current interest rate on the capital market (market interest rate) typically changes on a daily basis. As the market interest rate changes, the price of such note changes in the opposite direction. If the market interest rate increases, the price of such note typically decreases, until the yield of such note is approximately equal to the market interest rate. If the market interest rate decreases, the price of a fixed interest rate note typically increases, until the yield of such note is approximately equal to the market interest rate. Noteholders should be aware that movements of the market interest rate can adversely affect the market price of the Notes and can lead to losses for the Noteholders if they sell their Notes.

***Ratings of the Notes, if any, may not reflect all associated risk and may be subject to change at all times***

The Notes are expected to be assigned credit rating rated by S&P. This rating may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time. The rating agency may also change its methodology for rating securities with features similar to the Notes in the future. If the rating agency was to change its practice for rating such securities in the future and the rating of the Notes was to be subsequently lowered, this may have a negative impact on the trading price of the Notes.

***Currency Risk in relation to the Notes***

The Notes are denominated in Euro. If such currency represents a foreign currency to a Noteholder, such Noteholder is particularly exposed to the risk of changes in currency exchange rates which may affect the yield of such Notes measured in the Noteholder's currency. Changes in currency exchange rates result from various factors such as macroeconomic factors, speculative transactions and interventions by central banks and governments.

In addition, government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable currency exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal.

***Because the Global Notes are held by or on behalf of Euroclear and Clearstream, Luxembourg, investors will have to rely on their procedures for transfer, payment and communication with the Issuer.***

The Notes will be represented by one or more Global Notes. Such Global Notes will be kept in custody by a common safekeeper on behalf of Euroclear and Clearstream, Luxembourg. Investors will not be entitled to receive definitive Notes. Euroclear and Clearstream, Luxembourg will maintain records of the beneficial interests in the Global Notes. While the Notes are represented by one or more Global Notes, investors will be able to trade their beneficial interests only through Euroclear and Clearstream, Luxembourg and the Issuer will discharge its payment obligations under the Notes by making payments to the common safekeeper for Euroclear and Clearstream, Luxembourg for distribution to their account holders. A holder of a beneficial interest in a Global Note must rely on the procedures of Euroclear and Clearstream, Luxembourg to receive payments under the Notes. The Issuer has no responsibility or liability for the records relating to, or payments made in respect of beneficial interests in the Global Notes.

***Risks in connection with the application of the German Act on Issues of Debt Securities (Gesetz über Schuldverschreibungen aus Gesamtemissionen)***

Since the Terms and Conditions of the Notes provide for meetings of Noteholders or the taking of votes without a meeting, the Terms and Conditions of the Notes may be amended by majority resolution of the Noteholders and a Noteholder is subject to the risk of being outvoted by a majority resolution of the Noteholders. The rules pertaining to resolutions of Noteholders are set out in the German Act on Issues of Debt Securities (*Gesetz über Schuldverschreibungen aus Gesamtemissionen* – "SchVG") and are largely mandatory. Pursuant to the SchVG the relevant majority for Noteholders' resolutions is generally based on votes cast, rather than on the aggregate principal amount of the Notes outstanding, therefore, any such resolution may effectively be passed with the consent of less than a majority of the aggregate principal amount of the Notes outstanding. As such majority resolution is binding on all Noteholders, certain rights of a Noteholder against the Issuer under the Terms and Conditions of the Notes may be amended or reduced or even cancelled. Any such majority resolution will even be binding on Noteholders, who have declared their claims arising from the Notes due and payable based on the occurrence of an event of default, but who have not received payment from the Issuer prior to the amendment taking effect.

Since the Terms and Conditions of the Notes provide that the Noteholders are entitled to appoint a Noteholders' Representative by a majority resolution of such Noteholders, it is possible that a Noteholder may be deprived of its individual right to pursue and enforce its rights under the Terms and Conditions of the Notes against the Issuer, such right passing to the Noteholders' Representative who is then exclusively responsible to claim and enforce the rights of all the Noteholders.

### ***The market value of the Notes could decrease if the creditworthiness of the Hannover Re Group worsens***

The market value of the Notes is, amongst others, influenced by a change in the creditworthiness (or the perception thereof) of the Issuer and by the credit rating of the Issuer and a number of other factors including, but not limited to, economic and political events in Germany or elsewhere, factors affecting the capital markets in general and the stock exchanges on which the Notes are traded, market interest, rate of return and the price at which a Noteholder can sell the Notes might be considerably below the issue price or the purchase price paid by such Noteholder.

If the likelihood that the Issuer will be in a position to fully perform all obligations under the Notes when they fall due decreases, for example, because of the materialisation of any of the risks regarding the Issuer and/or the Hannover Re Group, the market value of the Notes will suffer. In addition, even if the likelihood that the Issuer will be in position to fully perform all obligations under the Notes when they fall due actually has not decreased, market participants could nevertheless have a different perception. Market participants may in particular have a different perception if market participants' estimation of the creditworthiness of corporate debtors in general or debtors operating in the same business as the Hannover Re Group adversely change. If any of these risks occurs, third parties would only be willing to purchase Notes for a lower price than before the materialisation of mentioned risk. Under these circumstances, the market value of the Notes is likely to decrease.

### ***Market volatility and other factors***

The trading market for debt securities may be volatile and may be adversely impacted by many events. The market for debt securities is influenced by economic and market conditions in Germany and, to varying degrees, by market conditions, interest rates, currency exchange rates and inflation rates in other European and other industrialised countries. There can be no assurance that events in Germany, Europe or elsewhere will not cause market volatility or that such volatility will not adversely affect the price of the Notes or that economic and market conditions will not have any other adverse effect.

### ***Transaction costs***

Transaction costs reduce the yield an investor will realise on the investment in the Notes. When Notes are purchased, several types of incidental costs (including transaction fees and commissions) are incurred and will have to be paid by the buyer in addition to the then current market price. Similarly, when a Noteholder sells any Notes, such incidental costs will reduce the actual price the Noteholder will receive for each Note sold. These incidental costs may significantly reduce or even exclude the profit potential of an investment in the Notes. For instance, credit institutions as a rule charge their clients for own commissions which are either fixed minimum commissions or pro-rata commissions depending on the order value. To the extent that additional – domestic or foreign – parties are involved in the execution of an order, including but not limited to domestic managers or brokers in foreign markets, Noteholders must take into account that they may also be charged for the brokerage fees, commissions and other fees and expenses of such parties (third party costs).

In addition to such costs directly related to the purchase of Notes (direct costs), Noteholders must also take into account any follow-up costs (such as custody fees). Investors should inform themselves about any additional costs incurred in connection with the purchase, custody or sale of the Notes before investing in the Notes.

### ***Margin lending***

Margin lending, where it is permitted, can materially increase the risk to a Noteholder of non-performance of the Notes. If a loan is used to finance the acquisition of the Notes and the Notes subsequently go into default, or if the trading price diminishes significantly, the Noteholder not only has to face a potential loss on its investment, but it will also have to repay the loan and pay interest thereon. This may significantly increase the risk of a loss. Investors should not assume that they will be able to repay the loan or pay interest thereon from the profits of a transaction. Instead, investors should assess their financial situation prior to an investment in the Notes, as to whether they are able to pay interest on the loan, or to repay the loan on demand, even if they may suffer losses on such investment in the Notes.



### ***Special Investment Risks- U.S. Foreign Account Tax Compliance Withholding***

Pursuant to the foreign account tax compliance provisions of the Hiring Incentives to Restore Employment Act of 2010 ("FATCA"), the Issuer and other non-U.S. financial institutions through which payments on the Notes are made may be required to withhold U.S. tax at a rate of 30 per cent. on all, or a portion of, payments made after 31 December 2018 in respect of (i) any Notes issued or materially modified after the date on which the final regulations applicable to "foreign passthru payments" are filed in the Federal Register and (ii) any Notes which are treated as equity for U.S. federal tax purposes, whenever issued.

Whilst the Notes are in global form and held within Euroclear or Clearstream, Luxembourg (together, the "ICSDs"), in all but the most remote circumstances, it is not expected that FATCA will affect the amount of any payment received by the ICSDs (see TAXATION - U.S. Foreign Account Tax Compliance Withholding). However, FATCA may affect payments made to custodians or intermediaries in the subsequent payment chain leading to the ultimate investor if any such custodian or intermediary generally is unable to receive payments free of FATCA withholding. It also may affect payment to any ultimate investor that is a financial institution that is not entitled to receive payments free of withholding under FATCA, or payment to an ultimate investor that fails to provide its broker (or other custodian or intermediary from which it receives payment) with any information, forms, other documentation or consents that may be necessary for the payments to be made free of FATCA withholding. Investors should choose the custodians or intermediaries with care (to ensure each is compliant with FATCA or other laws or agreements related to FATCA), provide each custodian or intermediary with any information, forms, other documentation or consents that may be necessary for such custodian or intermediary to make a payment free of FATCA withholding. The Issuer's obligations under the Notes are discharged once it has made payment to, or to the order of the ICSDs and the Issuer has therefore no responsibility for any amount thereafter transmitted through the ICSDs and custodians or intermediaries. Further, foreign financial institutions in a jurisdiction which has entered into an intergovernmental agreement with the United States (an "IGA") are generally not expected to be required to withhold under FATCA or an IGA (or any law implementing an IGA) from payments they make.

If an amount in respect of U.S. withholding tax were to be deducted or withheld from interest, principal or other payments on the Notes as a result of FATCA, none of the Issuer, any paying agent or any other person would, pursuant to the Terms and Conditions of the Notes be required to pay additional amounts as a result of the deduction or withholding. As a result, investors may receive less interest or principal than expected.

### ***Financial Transaction Tax***

On 14 February 2013, the EU Commission adopted a proposal for a Council Directive (the "**Draft Directive**") on a common financial transaction tax ("**FTT**"). According to the Draft Directive, the FTT shall be implemented in eleven EU Member States (Austria, Belgium, Estonia, France, Germany, Greece, Italy, Portugal, Spain, Slovakia and Slovenia). However, Estonia has since stated that it will not participate.

The proposed FTT has very broad scope and could, if introduced, apply to certain dealings in the Notes (including secondary market transactions) in certain circumstances. The issuance and subscription of Notes should, however, be exempt.

The FTT remains subject to negotiation between EU Member States and was (and most probably will be) the subject of legal challenge. It may still be adopted and be altered prior to its adoption, the timing of which remains unclear. Moreover, once any directive has been adopted (the "**Directive**"), it will need to be implemented into the respective domestic laws of the participating EU Member States and the domestic provisions implementing the Directive might deviate from the Directive itself. Finally, additional EU Member States may decide to participate. The recently published coalition agreement (dated 7 February 2018) of the German governing parties of CDU and SPD comprises the intent to implement a "*substantial*" FTT "*in the European context*". However, there is no indication as to whether, when and in what form such a legislative proposal of FTT will be implemented. Prospective Noteholders should consult their own tax advisers in relation to the consequences of the FTT associated with subscribing for, purchasing, holding and disposing of the Notes.

## TERMS AND CONDITIONS OF THE NOTES

### Anleihebedingungen

*Diese Anleihebedingungen sind in deutscher Sprache abgefasst und mit einer Übersetzung in die englische Sprache versehen. Der deutsche Wortlaut ist allein rechtsverbindlich. Die englische Übersetzung dient nur zur Information.*

#### § 1

##### Definitionen

"**Anleihegläubiger**" hat die in § 2(4) festgelegte Bedeutung.

Ein "**Clean-Up-Ereignis**" tritt ein, wenn die Emittentin oder eine Tochtergesellschaft der Emittentin zu irgendeiner Zeit Schuldverschreibungen in einem Gesamtnennbetrag von 80 % oder mehr des ursprünglich begebenen Gesamtnennbetrages der Schuldverschreibungen erworben hat, und der Gesamtnennbetrag der Schuldverschreibungen in der Globalurkunde um diesen Prozentsatz reduziert wurde.

"**Clearingsystem**" hat die in § 2(3) festgelegte Bedeutung.

"**Dauer-Globalurkunde**" hat die in § 2(2) festgelegte Bedeutung.

"**Depotbank**" bezeichnet ein Bank- oder sonstiges Finanzinstitut, bei dem der Anleihegläubiger Schuldverschreibungen im Depot verwahren lässt und das ein Konto bei dem Clearingsystem hat, einschließlich des Clearingsystems.

"**Emittentin**" ist die Hannover Rück SE.

"**Endfälligkeitstag**" ist der 18. April 2028.

"**Festgelegter Nennbetrag**" hat die in § 2(1) festgelegte Bedeutung.

"**Geschäftstag**" bezeichnet einen Tag (außer einem Samstag oder Sonntag), (i) an dem das Clearingsystem geöffnet ist, um Zahlungen abzuwickeln, und (ii) der ein TARGET-Geschäftstag ist.

"**Globalurkunde**" hat die in § 2(2) festgelegte Bedeutung.

Ein "**Gross-Up-Ereignis**" tritt ein, wenn der Emittentin ein Gutachten einer anerkannten Anwaltskanzlei vorliegt (und die Emittentin der

### Terms and Conditions

*These Terms and Conditions are written in the German language and provided with an English language translation. The German text will be the only legally binding version. The English language translation is provided for convenience only.*

#### § 1

##### Definitions

"**Noteholder**" has the meaning set out in § 2(4).

A "**Clean-Up Event**" will occur if at any time the Issuer or any subsidiary of the Issuer has purchased Notes equal to or in excess of 80 per cent. of the aggregate principal amount of the Notes initially issued and the aggregate principal amount Notes is reduced by this percentage in the global note accordingly.

"**Clearing System**" has the meaning set out in § 2(3).

"**Permanent Global Note**" has the meaning set out in § 2(2).

"**Custodian**" means any bank or other financial institution with which the Noteholder maintains a securities account in respect of any Notes and having an account maintained with the Clearing System, including the Clearing System.

"**Issuer**" means Hannover Rück SE.

"**Final Maturity Date**" means 18 April 2028.

"**Principal Amount**" has the meaning set out in § 2(1).

"**Business Day**" means a day which is a day (other than a Saturday or a Sunday) on which (i) the Clearing System is open to settle payments and (ii) which is a TARGET Business Day.

"**Global Note**" has the meaning set out in § 2(2).

A "**Gross-Up Event**" will occur if an opinion of a recognised law firm has been delivered to the Issuer (and the Issuer has provided the Principal Paying Agent

Hauptzahlstelle eine Kopie davon überlässt), aus dem hervorgeht, dass die Emittentin aufgrund einer an oder nach dem Tag der Begebung der Schuldverschreibungen in Kraft tretenden Änderung oder Klarstellung der Gesetze, Verordnungen oder sonstigen Vorschriften des Staates, in dem die Emittentin steuerlich ansässig ist, einer seiner Gebietskörperschaften oder einer seiner zur Erhebung von Steuern berechtigten Behörden oder sonstigen Stellen (einschließlich des Falles, dass die betreffende Änderung oder Klarstellung rückwirkend Anwendung findet), oder aufgrund einer Änderung der Auslegung oder Anwendung, oder aufgrund einer erstmaligen Auslegung oder Anwendung dieser Gesetze, Verordnungen oder sonstigen Vorschriften durch eine gesetzgebende Körperschaft, ein Gericht oder eine Behörde (einschließlich des Erlasses von Gesetzen sowie der Bekanntmachung von Entscheidungen eines Gerichts oder einer Behörde) verpflichtet ist oder verpflichtet sein wird, Zusätzliche Beträge gemäß § 7 auf die Schuldverschreibungen zu zahlen, und die Emittentin diese Verpflichtung nicht abwenden kann, indem sie Maßnahmen ergreift, die sie nach Treu und Glauben für zumutbar und angemessen hält.

**"Hauptzahlstelle"** hat die in § 10(1) festgelegte Bedeutung.

**"Neue Emittentin"** hat die in § 14(1) festgelegte Bedeutung.

**"Qualifizierte Mehrheit"** hat die in § 13(2) festgelegte Bedeutung.

**"Schuldverschreibungen"** hat die in § 2(1) festgelegte Bedeutung.

**"Steuern"** hat die in § 7 festgelegte Bedeutung.

**"Vorläufige Globalurkunde"** hat die in § 2(2) festgelegte Bedeutung.

**"Zahlstellen"** hat die in § 10(1) festgelegte Bedeutung.

**"Zinslaufbeginn"** ist 18. April 2018.

**"Zinszahlungstag"** bezeichnet 18. April eines jeden Jahres, erstmals den 18. April 2019.

**"Zusätzliche Beträge"** hat die in § 7 festgelegte Bedeutung.

with a copy thereof) stating that, as a result of any change in, or amendment or clarification to, the laws, regulations or other rules of the Issuer's country of domicile for tax purposes, any of its political subdivisions or any authority or any other agency of or in such country having power to tax (including in case any such change, amendment or clarification has retroactive effect), or as a result of any change in, or amendment or clarification to, the interpretation or application, or as a result of any interpretation or application made for the first time, of any such laws, regulations or other rules by any legislative body, court or authority (including the enactment of any legislation and the publication of any decision of any court or authority), which change or amendment becomes effective on or after the date of issue of the Notes, the Issuer has or will become obliged to pay Additional Amounts pursuant to § 7 on the Notes, and that obligation cannot be avoided by the Issuer taking such measures it (acting in good faith) deems reasonable and appropriate.

**"Principal Paying Agent"** has the meaning set out in § 10(1).

**"New Issuer"** has the meaning set out in § 14(1).

**"Qualified Majority"** has the meaning set out in § 13(2).

**"Notes"** has the meaning set out in § 2(1).

**"Taxes"** has the meaning set out in § 7.

**"Temporary Global Note"** has the meaning set out in § 2(2).

**"Paying Agents"** has the meaning set out in § 10(1).

**"Interest Commencement Date"** means 18 April 2018.

**"Interest Payment Date"** means 18 April in each year, commencing on 18 April 2019.

**"Additional Amounts"** has the meaning set out in § 7.

## § 2

### Verbriefung und Nennbetrag

(1) Form und Nennbetrag.

Die Emittentin begibt auf den Inhaber lautende festverzinsliche Schuldverschreibungen (die "**Schuldverschreibungen**") im festgelegten Nennbetrag von je € 100.000 (der "**Festgelegte Nennbetrag**") und im Gesamtnennbetrag (vorbehaltlich § 2(3)) von € 750.000.000.

(2) Globalurkunden und Austausch.

Die Schuldverschreibungen werden zunächst in einer vorläufigen Globalinhaberschuldverschreibung (die "**Vorläufige Globalurkunde**") ohne Zinsscheine verbrieft. Die Vorläufige Globalurkunde wird insgesamt oder teilweise nicht vor Ablauf von 40 Tagen nach dem Tag der Begebung der Schuldverschreibungen, gegen Vorlage einer Bestätigung über das Nichtbestehen U.S.-amerikanischen wirtschaftlichen Eigentums (*beneficial ownership*) an den Schuldverschreibungen nach U.S.-amerikanischen Steuerrecht gegen eine dauerhafte Globalinhaberschuldverschreibung (die "**Dauer-Globalurkunde**" und, gemeinsam mit der Vorläufigen Globalurkunde, jeweils eine "**Globalurkunde**") ohne Zinsscheine unentgeltlich ausgetauscht. Zahlungen auf eine Vorläufige Globalurkunde erfolgen nur nach Vorlage einer solchen Bestätigung. Einzelurkunden oder Zinsscheine werden nicht ausgegeben.

(3) Clearingsystem

Die Globalurkunde, die die Schuldverschreibung verbrieft, wird von einem oder für das Clearingsystem verwahrt. "**Clearingsystem**" bezeichnet Clearstream Banking, S.A., 42 Avenue JF Kennedy, 1855 Luxemburg, Großherzogtum Luxemburg, ("**CBL**") und Euroclear Bank SA/NV, Boulevard du Roi Albert II, 1210 Brussels, Belgien, ("**Euroclear**") (CBL und Euroclear jeweils ein "**ICSD**" und zusammen die "**ICSDs**") sowie jeder Funktionsnachfolger.

## § 2

### Form and Denomination

(1) Form and Denomination.

The Issuer issues fixed rate bearer notes (the "**Notes**") in a denomination of € 100,000 each (the "**Principal Amount**") in the aggregate principal amount (subject to § 2(3)) of € 750,000,000.

(2) Global Notes and Exchange.

The Notes will initially be represented by a temporary global bearer note (the "**Temporary Global Note**") without coupons. The Temporary Global Note will be exchangeable, in whole or in part and free of charge, for a permanent global bearer Note (the "**Permanent Global Note**" and, together with the Temporary Global Note, each a "**Global Note**") without coupons not earlier than 40 days after the date of issue of the Notes upon certification as to non-U.S. beneficial ownership as required by U.S. tax law. Payments on a Temporary Global Note will only be made after presentation of such certification. No definitive Notes or interest coupons will be issued.

(3) Clearing System.

The Global Note representing the Notes will be kept in custody by or on behalf of the Clearing System. "**Clearing System**" means Clearstream Banking, S.A., 42 Avenue JF Kennedy, 1855 Luxembourg, Grand Duchy of Luxembourg, ("**CBL**") and Euroclear Bank SA/NV, Boulevard du Roi Albert II, 1210 Brussels, Belgium, ("**Euroclear**") (CBL and Euroclear each an "**ICSD**" and together the "**ICSDs**") and any successor in such capacity.

Die Schuldverschreibungen werden in Form einer New Global Note ("NGN") ausgegeben und von einem Common Safekeeper im Namen beider ICSDs verwahrt.

Der Gesamtnennbetrag der durch die Globalurkunde verbrieften Schuldverschreibungen entspricht dem jeweils in den Registern beider ICSDs eingetragenen Gesamtbetrag. Die Register der ICSDs (unter denen die Register zu verstehen sind, die jeder ICSD für seine Kunden über den Betrag ihres Anteils an den Schuldverschreibungen führt) sind maßgeblicher Nachweis des Gesamtnennbetrages der durch die Globalurkunde verbrieften Schuldverschreibungen, und eine für zu diesem Zweck von einem ICSD jeweils ausgestellte Bescheinigung mit dem Betrag der so verbrieften Schuldverschreibungen ist maßgebliche Bescheinigung des Inhalts des Registers des betreffenden ICSD zu dem fraglichen Zeitpunkt.

Bei jeder Tilgung oder einer Zinszahlung auf die durch die Globalurkunde verbrieften Schuldverschreibungen bzw. beim Kauf und der Entwertung der durch die Globalurkunde verbrieften Schuldverschreibungen stellt die Emittentin sicher, dass die Einzelheiten der Rückzahlung, Zahlung oder des Kaufs und der Entwertung bezüglich der Globalurkunde entsprechend in die Unterlagen der ICSDs eingetragen werden, und dass nach dieser Eintragung vom Gesamtnennbetrag der in die Register der ICSDs aufgenommenen und durch die Globalurkunde verbrieften Schuldverschreibungen der Gesamtnennbetrag der zurückgekauften bzw. gekauften und entwerteten Schuldverschreibungen abgezogen wird.

Bei Austausch nur eines Teils von Schuldverschreibungen, die durch eine vorläufige Globalurkunde verbrieft sind, wird die Emittentin sicherstellen, dass die Einzelheiten dieses Austauschs entsprechend in die Register der ICSDs aufgenommen werden.

(4) Den Inhabern von Schuldverschreibungen ("Anleihegläubiger") stehen Miteigentumsanteile oder vergleichbare andere

The Notes are issued in new global note ("NGN") form and are kept in custody by a common safekeeper on behalf of both ICSDs.

The aggregate principal amount of Notes represented by the global note shall be the aggregate amount from time to time entered in the records of both ICSDs. The records of the ICSDs (which expression means the records that each ICSD holds for its customers which reflect the amount of such customer's interest in the Notes) shall be conclusive evidence of the aggregate principal amount of Notes represented by the global note and, for these purposes, a statement issued by a ICSD stating the amount of Notes so represented at any time shall be conclusive evidence of the records of the relevant ICSD at that time.

On any redemption or payment of interest being made in respect of, or purchase and cancellation of, any of the Notes represented by the global note the Issuer shall procure that details of any redemption, payment or purchase and cancellation (as the case may be) in respect of the global note shall be entered accordingly in the records of the ICSDs and, upon any such entry being made, the aggregate principal amount of the Notes recorded in the records of the ICSDs and represented by the global note shall be reduced by the aggregate principal amount of the Notes so redeemed or purchased and cancelled.

On an exchange of a portion only of the Notes represented by a Temporary Global Note, the Issuer shall procure that details of such exchange shall be entered accordingly in the records of the ICSDs.

(4) The holders of Notes ("Noteholders") are entitled to co-ownership interests or other comparable rights in the Global Note which are

Rechte an der Globalurkunde zu, die nach Maßgabe des anwendbaren Rechts und der Regeln und Bestimmungen des Clearingsystems übertragen werden können.

### § 3 Status

(1) Status der Schuldverschreibungen.

Die Schuldverschreibungen begründen nicht besicherte und nicht nachrangige Verbindlichkeiten der Emittentin, die untereinander und mit allen anderen nicht besicherten und nicht nachrangigen Verbindlichkeiten der Emittentin zumindest gleichrangig sind, soweit diesen Verbindlichkeiten nicht durch zwingende gesetzliche Bestimmungen ein Vorrang eingeräumt wird.

(2) Negativverklärung.

Die Emittentin verpflichtet sich, solange die Schuldverschreibungen ausstehen, jedoch nur bis zu dem Zeitpunkt, an dem alle nach den Anleihebedingungen zahlbaren Beträge an das Clearingsystem gezahlt worden sind, für Kapitalmarktverbindlichkeiten, einschließlich dafür übernommener Garantien und sonstiger Gewährleistungen, keine dinglichen Sicherheiten ("**dingliche Sicherheiten**") an ihren derzeitigen oder zukünftigen Vermögensgegenständen zu bestellen oder aufrechtzuerhalten, sofern nicht die Verpflichtungen der Emittentin aus den Schuldverschreibungen zugleich oder zuvor gleichrangig und anteilig an einer solchen Sicherheit teilhaben, oder diesbezüglich eine dingliche Sicherheit zu im Wesentlichen gleichen Bedingungen gewährt wird.

Die Verpflichtung nach dem vorhergehenden Satz besteht jedoch nicht für solche Sicherheiten, die (i) gesetzlich vorgeschrieben sind oder (ii) im Zusammenhang mit staatlichen Genehmigungen verlangt werden. Eine nach dem ersten Satz zu leistende Sicherheit kann auch gegenüber einem Treuhänder der Anleihegläubiger bestellt werden.

"**Kapitalmarktverbindlichkeit**" ist jede gegenwärtige oder zukünftige Verbindlichkeit

transferable in accordance with applicable law and the rules and regulations of the Clearing System.

### § 3 Status

(1) Status of the Notes.

The obligations under the Notes constitute unsecured and unsubordinated obligations of the Issuer which rank pari passu among themselves and at least pari passu with all other unsecured and unsubordinated obligations of the Issuer, unless such obligations are accorded priority under mandatory provisions of statutory law.

(2) Negative pledge.

The Issuer hereby undertakes, as long as any of the Notes is outstanding, but only up to the time at which all amounts payable under the Terms and Conditions have been paid to the Clearing System, not to create or permit to subsist, any mortgage, charge, pledge, lien or other encumbrance in rem (*dingliche Sicherheit*) ("**Security in Rem**") upon any or all of its present or future assets for any Capital Market Indebtedness, including any guarantees or other indemnities assumed in respect thereof, unless, at the same time or prior thereto, the Issuer's obligations under the Notes are secured equally and rateably therewith or benefit from a Security in Rem in substantially identical terms thereto, as the case may be.

The undertaking pursuant to the preceding sentence shall not apply to a security (i) which is mandatory according to applicable laws, or (ii) which is required as a prerequisite for governmental approvals. Any security which is to be provided pursuant to the first sentence may also be provided to a trustee on behalf of the Noteholders.

"**Capital Market Indebtedness**" means any indebtedness, present or future, of the Issuer or

der Emittentin oder eines Dritten in der Form von oder verbrieft durch Schuldverschreibungen oder ähnliche Wertpapiere mit einer ursprünglichen Laufzeit von mehr als einem Jahr, die an einer Börse oder an einem anderen Wertpapiermarkt gehandelt werden können.

#### **§ 4 Zinsen**

(1) Zinssatz.

Die Schuldverschreibungen werden ab dem Zinslaufbeginn (einschließlich) bezogen auf den Festgelegten Nennbetrag mit jährlich 1,125 % verzinst. Zinsen sind nachträglich an jedem Zinszahlungstag zahlbar.

(2) Zinsberechnung

Sind Zinsen für einen Zeitraum zu berechnen, der kürzer als eine Zinsperiode ist oder einer Zinsperiode entspricht, so werden die Zinsen auf der Grundlage der tatsächlichen Anzahl der Tage in dem jeweiligen Zeitraum ab dem ersten Tag des jeweiligen Zeitraums (einschließlich) bis zu dem letzten Tag des jeweiligen Zeitraums (ausschließlich) berechnet, geteilt durch die Anzahl der Tage in der Zinsperiode, in die der jeweilige Zeitraum fällt (einschließlich des ersten Tages der betroffenen Zinsperiode, aber ausschließlich des letzten Tages der betroffenen Zinsperiode).

"**Zinsperiode**" bezeichnet jeden Zeitraum ab dem Zinslaufbeginn (einschließlich) bis zum ersten Zinszahlungstag (ausschließlich) und nachfolgend ab jedem Zinszahlungstag (einschließlich) bis zu dem jeweils nächstfolgenden Zinszahlungstag (ausschließlich).

(3) Ende der Verzinsung und Verzugszinsen.

Die Verzinsung der Schuldverschreibungen endet mit Ablauf des Tages, der dem Tag vorausgeht, an dem sie zur Rückzahlung fällig werden, oder, sollte die Emittentin eine solche Zahlung aus diesen Schuldverschreibungen bei Fälligkeit nicht leisten, mit Beginn des Tages der tatsächlichen Zahlung. Der in einem

any third party in the form of or represented by bonds, notes or similar securities with an original maturity of more than one year, which are or are capable of being traded on any stock exchange or over-the-counter securities market.

#### **§ 4 Interest**

(1) Rate of Interest.

From and including the Interest Commencement Date the Notes bear interest on their Principal Amount at the rate of 1.125 per cent. *per annum*. Interest is payable in arrear on each Interest Payment Date.

(2) Interest Calculation

Where interest is to be calculated in respect of a period which is shorter than or equal to an Interest Period, the interest will be calculated on the basis of the actual number of days elapsed in the relevant period, from, and including, the first date in the relevant period to, but excluding, the last date of the relevant period, divided by the actual number of days in the Interest Period in which the relevant period falls (including the first such day of the relevant Interest Period but excluding the last day of the relevant Interest Period).

"**Interest Period**" means each period from and including the Interest Commencement Date to but excluding the first Interest Payment Date and thereafter from and including each Interest Payment Date to but excluding the next following Fixed Interest Payment Date.

(3) End of interest accrual and default interest.

The Notes shall cease to bear interest from the end of the day preceding the day they are due for redemption or, in case the Issuer fails to make any such redemption payment under the Notes when due, from the beginning of the day on which such payment is made. In such case, the applicable rate of interest shall be

solchen Fall anzuwendende Zinssatz richtet sich nach den gesetzlichen Bestimmungen.

## § 5

### Rückzahlung und Rückkauf

- (1) Rückzahlung bei Endfälligkeit.  
Soweit nicht bereits zuvor zurückgezahlt oder zurückgekauft und eingezogen, werden die Schuldverschreibungen am Endfälligkeitstag zum Festgelegten Nennbetrag zuzüglich aufgelaufener Zinsen zurückgezahlt.
- (2) Rückkauf.  
Die Emittentin oder jede ihrer Tochtergesellschaften kann jederzeit Schuldverschreibungen auf dem freien Markt oder anderweitig sowie zu jedem beliebigen Preis erwerben. Derartig erworbene Schuldverschreibungen können eingezogen, gehalten oder wieder veräußert werden.
- (3) Rückzahlung nach Wahl der Emittentin.  
Die Emittentin ist berechtigt, die Schuldverschreibungen (insgesamt und nicht nur teilweise) an jedem Tag während des Zeitraums ab dem 18. Januar 2028 (einschließlich) bis zum Endfälligkeitstag (ausschließlich) durch Erklärung gemäß § 5(5) zum Festgelegten Nennbetrag zuzüglich aufgelaufener Zinsen zurückzuzahlen.
- (4) Rückzahlung nach Eintritt eines Gross-Up-Ereignisses oder eines Clean-Up-Ereignisses.  
Wenn ein Gross-Up-Ereignis oder ein Clean-Up-Ereignis eintritt, ist die Emittentin berechtigt, die Schuldverschreibungen jederzeit (insgesamt und nicht nur teilweise) durch Kündigungserklärung gemäß § 5(5) mit Wirkung zu dem in der Kündigungserklärung für die Rückzahlung festgelegten Tag zur vorzeitigen Rückzahlung zu kündigen. Wenn die Emittentin ihr Kündigungsrecht gemäß Satz 1 ausübt, ist die Emittentin verpflichtet, die Schuldverschreibungen an dem in der Kündigungserklärung festgelegten Rückzahlungstag zum Festgelegten Nennbetrag zuzüglich aufgelaufener Zinsen zurückzuzahlen.

determined pursuant to the applicable statutory provisions.

## § 5

### Redemption and Repurchase

- (1) Redemption at Maturity.  
To the extent not previously redeemed or repurchased and cancelled, the Notes will be redeemed at their Principal Amount plus accrued interest on the Final Maturity Date.
- (2) Repurchase.  
The Issuer or any of its subsidiaries may at any time purchase Notes in the open market or otherwise and at any price. Such acquired Notes may be cancelled, held or resold.
- (3) Redemption at the Option of the Issuer.  
The Issuer may, upon giving notice in accordance with § 5(5) call the Notes for redemption (in whole but not in part) at their Principal Amount plus accrued interest on each day during the the period from and including 18 January 2028 to but excluding the Final Maturity Date.
- (4) Redemption following a Gross-Up Event or a Clean-Up Event.  
If a Gross-Up Event or a Clean-Up Event occurs, the Issuer may, on giving a notice of redemption in accordance with § 5(5), call the Notes for early redemption (in whole but not in part) at any time with effect as of the date fixed for redemption in the notice of redemption. If the Issuer exercises its call right in accordance with sentence 1, the Issuer shall redeem the Notes at their Principal Amount plus accrued interest on the redemption date specified in the notice of redemption.



Im Falle eines Gross-Up-Ereignisses darf eine solche Kündigungserklärung nicht früher als 90 Tage vor dem Tag abgegeben werden, an dem die Emittentin erstmals verpflichtet wäre, Zusätzliche Beträge gemäß § 7 zu zahlen, falls eine Zahlung auf die Schuldverschreibung dann fällig würde.

(5) Kündigungserklärung.

Die Emittentin kann ein Recht zur Rückzahlung gemäß § 5(3) und § 5(4) durch eine Kündigungserklärung an die Anleihegläubiger gemäß § 12 unter Einhaltung einer Frist von nicht weniger als 30 und nicht mehr als 60 Tagen ausüben. Die Kündigungserklärung hat in den Fällen des § 5(4) diejenigen Tatsachen zu enthalten, auf welche die Emittentin ihr Recht zur Kündigung stützt, und den für die Rückzahlung festgelegten Tag zu bezeichnen.

**§ 6  
Zahlungen**

- (1) (a) Die Emittentin verpflichtet sich, Kapital und Zinsen auf die Schuldverschreibungen bei Fälligkeit in Euro zu zahlen. Die Zahlung von Kapital und Zinsen erfolgt über die Hauptzahlstelle zur Weiterleitung an das Clearingsystem oder nach dessen Weisung zur Gutschrift für die jeweiligen Kontoinhaber.

Die Zahlung von Zinsen auf Schuldverschreibungen, die durch eine Vorläufige Globalurkunde verbrieft sind, erfolgt nach ordnungsgemäßem Nachweis gemäß § 2(2).

- (b) Sämtliche Zahlungen stehen in allen Fällen unter dem Vorbehalt geltender steuerlicher und sonstiger gesetzlicher Vorschriften, Richtlinien, Verordnungen oder Verträge, denen sich die Emittentin, die Hauptzahlstelle oder eine Zahlstelle unterworfen haben. Die Emittentin, die Hauptzahlstelle oder eine Zahlstelle ist nicht für irgendwelche Steuern oder Abgaben gleich welcher Art verantwortlich, die aufgrund solcher gesetzlichen Vorschriften, Richtlinien,

In the case of a Gross-Up Event, no such notice of redemption may be given earlier than 90 days prior to the earliest date on which the Issuer would be for the first time obliged to pay the Additional Amounts pursuant to § 7 if a payment in respect of the Notes were then due.

(5) Notice of redemption.

The Issuer will give not less than 30 nor more than 60 days' notice to the Noteholders in accordance with § 12 of any redemption pursuant to § 5(3) and § 5(4). In the case of § 5(4) such notice of redemption will set forth the underlying facts of the Issuer's right to redemption and specify the date fixed for redemption.

**§ 6  
Payments**

- (1) (a) The Issuer undertakes to pay, as and when due, principal and interest on the Notes in euro. Payment of principal and interest on the Notes will be made through the Principal Paying Agent for on-payment to the Clearing System or to its order for credit to the respective account holders.

Payment of interest on Notes represented by a Temporary Global Note shall be made, upon due certification as provided in § 2(2).

- (b) All payments will be subject in all cases to any applicable fiscal and other laws, directives, regulations or agreements to which the Issuer, the Principal Paying Agent or any Paying Agent, as the case may be, agree to be subject and neither the Issuer, the Principal Paying Agent nor any other Paying Agent will be liable for any taxes or duties of whatever nature imposed or levied by such laws, regulations, directives or agreements, but without prejudice to the provisions of

Verordnungen oder Verträge auferlegt oder erhoben werden. Dies berührt jedoch nicht die Bestimmungen von § 7. Den Anleihegläubigern werden keine Kosten oder Gebühren in Bezug auf diese Zahlungen auferlegt.

- (c) Die Emittentin wird durch Leistung der Zahlung an das Clearingsystem oder an dessen Order von ihrer Zahlungspflicht befreit.
- (2) Falls ein Fälligkeitstag für die Zahlung von Kapital und/oder Zinsen kein Geschäftstag ist, erfolgt die Zahlung erst am nächstfolgenden Geschäftstag. Die Anleihegläubiger sind nicht berechtigt, Zinsen oder eine andere Entschädigung wegen eines solchen Zahlungsaufschubs zu verlangen.
- (3) Bezugnahmen in diesen Anleihebedingungen auf Kapital und Zinsen schließen, soweit anwendbar, sämtliche gemäß § 7 zahlbaren Zusätzlichen Beträge (wie dort definiert) ein.

#### § 7 Besteuerung

Sämtliche Zahlungen von Kapital und Zinsen in Bezug auf die Schuldverschreibungen werden ohne Einbehalt oder Abzug von Steuern, Abgaben, Festsetzungen oder behördlicher Gebühren jedweder Art geleistet ("**Steuern**"), die von dem Staat, in dem die Emittentin steuerlich ansässig ist, oder eine seiner Gebietskörperschaften oder Behörden mit der Befugnis zur Erhebung von Steuern auferlegt, erhoben, eingezogen, einbehalten oder festgesetzt werden, sofern nicht die Emittentin kraft Gesetzes oder einer sonstigen Rechtsvorschrift zu einem solchen Einbehalt oder Abzug verpflichtet ist. Sofern die Emittentin zu einem solchen Einbehalt oder Abzug verpflichtet ist, wird die Emittentin zusätzliche Beträge (die "**Zusätzlichen Beträge**") an die Anleihegläubiger zahlen, so dass die Anleihegläubiger die Beträge erhalten, die sie ohne den betreffenden Einbehalt oder Abzug erhalten hätten. Solche Zusätzlichen Beträge sind jedoch nicht zahlbar wegen solcher Steuern in Bezug auf Schuldverschreibungen,

- (a) die von einer als Depotbank oder Inkassobeauftragter des Anleihegläubigers handelnden Person oder sonst auf andere Weise

§ 7. No commission or expenses shall be charged to the Noteholders in respect of such payments.

- (c) The Issuer shall be discharged by payment to, or to the order of, the Clearing System.
- (2) If the due date for any payment of principal and/or interest is not a Business Day, payment will be effected only on the next Business Day. The Noteholders will have no right to claim payment of any interest or other indemnity in respect of such delay in payment.
- (3) References in these Terms and Conditions to principal and interest on the Notes include, to the extent applicable, all Additional Amounts payable pursuant to § 7 (as therein defined).

#### § 7 Taxation

All payments of principal and interest in respect of the Notes will be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatever nature ("**Taxes**") imposed, levied, collected, withheld or assessed by the Issuer's country of domicile for tax purposes or any political subdivision or any authority or any agency of or in the Issuer's country of domicile for tax purposes that has power to tax, unless the Issuer is compelled by law to make such withholding or deduction. If the Issuer is required to make such withholding or deduction, the Issuer will pay such additional amounts (the "**Additional Amounts**") to the Noteholders as the Noteholders would have received if no such withholding or deduction had been required, except that no such Additional Amounts will be payable for any such Taxes in respect of any Note:

- (a) which are payable by any person acting as custodian bank or collecting agent on behalf of a Noteholder, or otherwise in any manner which

zu entrichten sind als dadurch, dass die Emittentin aus den von ihr zu leistenden Zahlungen von Kapital oder Zinsen einen Abzug oder Einbehalt vornimmt; oder

- (b) die wegen einer gegenwärtigen oder früheren persönlichen oder geschäftlichen Beziehung des Anleihegläubigers zu dem Staat, in dem die Emittentin steuerlich ansässig ist, zu zahlen sind, und nicht allein deshalb, weil Zahlungen auf die Schuldverschreibungen aus Quellen in dem Staat, in dem die Emittentin steuerlich ansässig ist, stammen (oder für Zwecke der Besteuerung so behandelt werden) oder dort besichert sind; oder
- (c) die aufgrund (i) einer Richtlinie oder Verordnung der Europäischen Union betreffend die Besteuerung von Zinserträgen oder (ii) einer zwischenstaatlichen Vereinbarung über deren Besteuerung, an der der Staat, in dem die Emittentin steuerlich ansässig ist, oder die Europäische Union beteiligt ist, oder (iii) einer gesetzlichen Vorschrift, die diese Richtlinie, Verordnung oder Vereinbarung umsetzt oder befolgt, abzuziehen oder einzubehalten sind; oder
- (d) die aufgrund einer Rechtsänderung zu zahlen sind, welche später als 30 Tage nach Fälligkeit der betreffenden Zahlung oder, wenn dies später erfolgt, ordnungsgemäßer Bereitstellung aller fälligen Beträge und einer diesbezüglichen Bekanntmachung gemäß § 12 wirksam wird.

Die Emittentin ist keinesfalls verpflichtet, zusätzliche Beträge in Bezug auf einen Einbehalt oder Abzug von Beträgen zu zahlen, die gemäß Sections 1471 bis 1474 des U.S. Internal Revenue Code (in der jeweils geltenden Fassung oder gemäß Nachfolgebestimmungen), gemäß zwischenstaatlicher Abkommen, gemäß den in einer anderen Rechtsordnung in Zusammenhang mit diesen Bestimmungen erlassenen Durchführungsvorschriften oder gemäß mit dem Internal Revenue Service geschlossenen Verträgen von der Emittentin, der jeweiligen Zahlstelle oder einem anderen Beteiligten abgezogen oder einbehalten wurden ("FATCA-Steuerabzug") oder Anleger in Bezug auf einen FATCA-Steuerabzug schadlos zu halten.

does not constitute a deduction or withholding by the Issuer from payments of principal or interest made by it; or

- (b) which are payable by reason of the Noteholder having, or having had, some personal or business connection with the Issuer's country of domicile for tax purposes and not merely by reason of the fact that payments in respect of the Notes are, or for purposes of taxation are deemed to be, derived from sources in, or are secured in, the Issuer's country of domicile for tax purposes; or
- (c) which are deducted or withheld pursuant to (i) any European Union directive or regulation concerning the taxation of interest income, or (ii) any international treaty or understanding relating to such taxation and to which the Issuer's country of domicile for tax purposes or the European Union is a party, or (iii) any provision of law implementing, or complying with, or introduced to conform with, such directive, regulation, treaty or understanding; or
- (d) which are payable by reason of a change in law that becomes effective more than 30 days after the relevant payment becomes due, or is duly provided for and notice thereof is published in accordance with § 12, whichever occurs later.

In any event, the Issuer will have no obligation to pay additional amounts deducted or withheld by the Issuer, the relevant Paying Agent or any other party ("**FATCA Withholding**") in relation to any withholding or deduction of any amounts required by the rules of U.S. Internal Revenue Code Sections 1471 through 1474 (or any amended or successor provisions), pursuant to any inter-governmental agreement, or implementing legislation adopted by another jurisdiction in connection with these provisions, or pursuant to any agreement with the U.S. Internal Revenue Service or indemnify any investor in relation to any FATCA Withholding.

## § 8

### **Vorlegungsfrist, Verjährung**

Die Vorlegungsfrist der Schuldverschreibungen wird auf zehn Jahre reduziert. Die Verjährungsfrist für Ansprüche aus den Schuldverschreibungen, die innerhalb der Vorlegungsfrist zur Zahlung vorgelegt wurden, beträgt zwei Jahre von dem Ende der betreffenden Vorlegungsfrist an.

## § 9

### **Kündigungsgründe für die Anleihegläubiger**

#### (1) Kündigungsgründe.

Jeder Anleihegläubiger ist berechtigt, seine Schuldverschreibung zu kündigen und deren sofortige Rückzahlung zu ihrem Rückzahlungsbetrag zuzüglich (etwaiger) bis zum Tage der Rückzahlung aufgelaufener Zinsen zu verlangen, falls:

- (a) die Emittentin Kapital oder Zinsen nicht innerhalb von 30 Tagen nach dem betreffenden Fälligkeitstag zahlt; oder
- (b) die Emittentin die ordnungsgemäße Erfüllung einer anderen Verpflichtung aus den Schuldverschreibungen unterlässt und diese Unterlassung länger als 30 Tage fort dauert, nachdem die Hauptzahlstelle hierüber eine Benachrichtigung von einem Anleihegläubiger erhalten hat; oder
- (c) die Emittentin ihre Zahlungsunfähigkeit allgemein bekannt gibt oder ihre Zahlungen einstellt; oder
- (d) ein Gericht ein Insolvenzverfahren gegen die Emittentin eröffnet; oder
- (e) die Emittentin ihre Geschäftstätigkeit ganz oder überwiegend einstellt; oder
- (f) die Emittentin alle ihre Vermögenswerte oder den wesentlichen Teil ihrer Vermögenswerte veräußert oder anderweitig abgibt und dadurch (i) den Wert ihres Vermögens wesentlich vermindert und (ii) es dadurch wahrscheinlich wird, dass die Emittentin ihre Zahlungsverpflichtungen

## § 8

### **Presentation Period, Prescription**

The period for presentation of the Notes will be reduced to 10 years. The period of limitation for claims under the Notes presented during the period for presentation will be two years calculated from the expiration of the relevant presentation period.

## § 9

### **Events of Default**

#### (1) Events of default.

Each Noteholder shall be entitled to declare his Notes due and demand immediate redemption thereof at their Principal Amount plus accrued interest to the date of repayment, in the event that

- (a) the Issuer fails to pay principal or interest within 30 days from the relevant due date; or
- (b) the Issuer fails duly to perform any other obligation arising from the Notes and such failure continues unremedied for more than 30 days after the Principal Paying Agent has received notice thereof from a Noteholder; or
- (c) the Issuer announces its inability to meet its financial obligations generally or ceases its payments; or
- (d) a court opens insolvency proceedings against the Issuer; or
- (e) the Issuer ceases all or substantially all of its business operations; or
- (f) the Issuer sells or disposes all of its assets or the substantial part thereof and (i) as a result thereof diminishes considerably the value of its assets and (ii) for this reason it becomes likely that the Issuer may not fulfil its payment obligations against the Noteholders; or

gegenüber den Gläubigern nicht mehr erfüllen kann; oder

- (g) die Emittentin in Liquidation tritt, es sei denn, dies geschieht im Zusammenhang mit einer Verschmelzung oder einer anderen Form des Zusammenschlusses mit einer anderen Gesellschaft oder im Zusammenhang mit einer Umwandlung und diese Gesellschaft übernimmt alle Verpflichtungen, die die Emittentin im Zusammenhang mit diesen Schuldverschreibungen eingegangen ist.

Das Kündigungsrecht erlischt, falls der Kündigungsgrund vor Ausübung des Rechts geheilt wurde.

- (2) Quorum.

In den Fällen des § 9(1)(b) wird eine Kündigung, sofern nicht bei deren Eingang zugleich einer der in § 9(1)(a) und (1)(c) bis (f) bezeichneten Kündigungsgründe vorliegt, erst wirksam, wenn bei der Hauptzahlstelle Kündigungserklärungen von Gläubigern von Schuldverschreibungen im Gesamtnennbetrag von mindestens 1/10 der dann ausstehenden Schuldverschreibungen eingegangen sind.

- (3) Erklärung.

Eine Erklärung, einschließlich einer Kündigung der Schuldverschreibungen gemäß § 9(1) ist in Textform (z.B. E-Mail oder Fax) oder schriftlich in deutscher oder englischer Sprache abzugeben und an die bezeichnete Geschäftsstelle der Hauptzahlstelle zu schicken.

## § 10 Zahlstellen

- (1) Bestellung.

Die Emittentin hat Deutsche Bank Aktiengesellschaft als Hauptzahlstelle in Bezug auf die Schuldverschreibungen (die "**Hauptzahlstelle**") und gemeinsam mit jeder etwaigen von der Emittentin nach § 10(2) bestellten zusätzlichen Zahlstelle, die

- (g) the Issuer goes into liquidation unless this is done in connection with a merger or other form of combination with another company or in connection with a reorganisation and such other or new company assumes all obligations contracted by the Issuer in connection with the Notes.

The right to declare Notes due shall terminate if the situation giving rise to it has been cured before the right is exercised.

- (2) Quorum.

In the events specified in § 9(1)(b) any notice declaring Notes due shall, unless at the time such notice is received any of the events specified in § 9(1)(a) and (1)(c) through (f) entitling Noteholders to declare their Notes due has occurred, become effective only when the Principal Paying Agent has received such notices from the Noteholders of at least one-tenth in aggregate principal amount of Notes then outstanding.

- (3) Notice.

Any notice, including any notice declaring Notes due, in accordance with § 9(1) shall be made by means of a declaration in text format (*Textform*, e.g. email or fax) or in written form in the German or English language sent to the specified office of the Principal Paying Agent.

## § 10 Paying Agents

- (1) Appointment.

The Issuer has appointed Deutsche Bank Aktiengesellschaft as principal paying agent (the "**Principal Paying Agent**" and, together with any additional paying agent appointed by the Issuer in accordance with § 10(2), the "**Paying Agents**", and each a "**Paying Agent**") with respect to the Notes.

"Zahlstellen", und jede eine "Zahlstelle") bestellt.

(2) Änderung oder Beendigung der Bestellung.

Die Emittentin wird dafür sorgen, dass stets eine Hauptzahlstelle vorhanden ist. Die Emittentin ist berechtigt, andere international anerkannte Banken als Zahlstelle zu bestellen. Die Emittentin ist weiterhin berechtigt, die Bestellung einer Bank zur Zahlstelle zu beenden. Im Falle einer solchen Beendigung oder falls die bestellte Zahlstelle nicht mehr als Zahlstelle tätig werden kann oder will, bestellt die Emittentin eine andere international anerkannte Bank als Zahlstelle. Eine solche Bestellung oder Beendigung der Bestellung ist unverzüglich gemäß § 12 oder, falls dies nicht möglich sein sollte, durch eine öffentliche Bekanntmachung in sonstiger geeigneter Weise bekannt zu machen.

(3) Status der beauftragten Stellen.

Die Zahlstellen handeln ausschließlich als Vertreter der Emittentin und übernehmen keine Verpflichtungen gegenüber den Anleihegläubigern; es wird kein Vertrags-, Auftrags- oder Treuhandverhältnis zwischen ihnen und den Anleihegläubigern begründet. Die Zahlstellen sind von den Beschränkungen des § 181 des Bürgerlichen Gesetzbuchs befreit.

### § 11

#### Weitere Emissionen

Die Emittentin kann ohne Zustimmung der Anleihegläubiger weitere Schuldverschreibungen begeben, die in jeder Hinsicht (gegebenfalls mit Ausnahme des Tages der Begebung, des Verzinsungsbeginns und/oder des Ausgabepreises) die gleichen Bedingungen wie die Schuldverschreibungen dieser Anleihe haben und die zusammen mit den Schuldverschreibungen dieser Anleihe eine einheitliche Emission bilden. Der Begriff "Schuldverschreibungen" umfasst im Fall einer solchen weiteren Begebung auch solche zusätzlich begebenen Schuldverschreibungen.

(2) Variation or Termination of Appointment.

The Issuer will procure that there will at all times be a Principal Paying Agent. The Issuer is entitled to appoint other banks of international standing as Paying Agents. Furthermore, the Issuer is entitled to terminate the appointment of any Paying Agent. In the event of such termination or such Paying Agent being unable or unwilling to continue to act as Paying Agent, the Issuer will appoint another bank of international standing as Paying Agent. Such appointment or termination will be published without undue delay in accordance with § 12, or, should this not be possible, be published in another appropriate manner.

(3) Status of the Agents.

The Paying Agents act solely as agents of the Issuer and do not assume any obligations towards or relationship of contract, agency or trust for or with any of the Noteholders. The Paying Agents are exempt from the restrictions of § 181 of the German Civil Code (*Bürgerliches Gesetzbuch*).

### § 11

#### Further Issues

The Issuer may from time to time, without the consent of the Noteholders, create and issue further notes having the same terms and conditions as the Notes in all respects (or in all respects except for the issue date, the interest commencement date and/or the issue price) so as to form a single series with the Notes. The term "Notes" shall, in the event of such further issue, also comprise such further notes.

**§ 12**  
**Bekanntmachungen**

- (1) Alle Bekanntmachungen, die die Schuldverschreibungen betreffen, werden im Bundesanzeiger und (solange die Schuldverschreibungen am geregelten Markt der Luxemburger Wertpapierbörse notiert sind) auf der Internet-Seite der Luxemburger Börse unter [www.bourse.lu](http://www.bourse.lu) veröffentlicht. Für das Datum und die Rechtswirksamkeit sämtlicher Bekanntmachungen ist die erste Veröffentlichung maßgeblich.
- (2) Die Emittentin ist darüber hinaus berechtigt, alle die Schuldverschreibungen betreffenden Mitteilungen an das Clearingsystem zur Weiterleitung an die Anleihegläubiger zu übermitteln. Jede derartige Mitteilung gilt am fünften Tag nach dem Tag der Mitteilung an das Clearingsystem als den Anleihegläubigern mitgeteilt.

**§ 13**  
**Änderung der Anleihebedingungen durch  
Beschluss der Anleihegläubiger; Gemeinsamer  
Vertreter**

- (1) Die Emittentin kann mit den Anleihegläubigern Änderungen der Anleihebedingungen oder sonstige Maßnahmen durch Mehrheitsbeschluss der Anleihegläubiger nach Maßgabe der §§ 5 ff. des Gesetzes über Schuldverschreibungen aus Gesamtemissionen ("**SchVG**") in seiner jeweils geltenden Fassung beschließen.  
  
Eine Änderung der Anleihebedingungen ohne Zustimmung der Emittentin scheidet aus. Die Anleihegläubiger können insbesondere einer Änderung wesentlicher Inhalte der Anleihebedingungen, einschließlich der in § 5 Absatz 3 SchVG vorgesehenen Maßnahmen durch Beschlüsse mit den in dem nachstehenden § 13(2) genannten Mehrheiten zustimmen. Ein ordnungsgemäß gefasster Mehrheitsbeschluss ist für alle Anleihegläubiger gleichermaßen verbindlich.
- (2) Vorbehaltlich des nachstehenden Satzes und der Erreichung der erforderlichen Beschlussfähigkeit, beschließen die

**§ 12**  
**Notices**

- (1) All notices regarding the Notes will be published in the Federal Gazette (*Bundesanzeiger*) (to the extent required) and (so long as the Notes are listed on the regulated market of the Luxembourg Stock Exchange) on the website of the Luxembourg Stock Exchange on [www.bourse.lu](http://www.bourse.lu). Any notice will become effective for all purposes on the date of the first such publication.
- (2) In addition the Issuer will be entitled to deliver all notices concerning the Notes to the Clearing System for communication by the Clearing System to the Noteholders. Any such notice shall be deemed to have been given to the Noteholders on the fifth day after the date on which the said notice was given to the Clearing System.

**§ 13**  
**Amendments to the Terms and Conditions by  
resolution of the Noteholders; Joint Representative**

- (1) The Issuer may agree with the Noteholders on amendments to the Terms and Conditions or on other matters by virtue of a majority resolution of the Noteholders pursuant to § 5 et seqq. of the German Act on Issues of Debt Securities (*Gesetz über Schuldverschreibungen aus Gesamtemissionen – "SchVG"*), as amended from time to time.  
  
There will be no amendment of the Terms and Conditions without the Issuer's consent. In particular, the Noteholders may consent to amendments which materially change the substance of the Terms and Conditions, including such measures as provided for under § 5 paragraph 3 SchVG by resolutions passed by such majority of the votes of the Noteholders as stated under § 13(2) below. A duly passed majority resolution shall be binding equally upon all Noteholders.
- (2) Except as provided by the following sentence and provided that the quorum requirements are being met, the Noteholders may pass resolutions

Anleihegläubiger mit der einfachen Mehrheit der an der Abstimmung teilnehmenden Stimmrechte. Beschlüsse, durch welche der wesentliche Inhalt der Anleihebedingungen, insbesondere in den Fällen des § 5 Absatz 3 Nr. 1 bis 9 SchVG, geändert wird oder sonstige wesentliche Maßnahmen beschlossen werden, bedürfen zu ihrer Wirksamkeit einer Mehrheit von mindestens 75 % der an der Abstimmung teilnehmenden Stimmrechte (eine "Qualifizierte Mehrheit").

(3) Die Anleihegläubiger können Beschlüsse in einer Gläubigerversammlung gemäß §§ 5 ff. SchVG oder im Wege einer Abstimmung ohne Versammlung gemäß § 18 und § 5 ff. SchVG fassen.

(a) Die Teilnahme an der Gläubigerversammlung und die Ausübung der Stimmrechte sind von einer vorherigen Anmeldung der Anleihegläubiger abhängig. Die Anmeldung muss unter der in der Bekanntmachung der Einberufung mitgeteilten Adresse spätestens an dem dritten Tag vor der Gläubigerversammlung zugehen. Mit der Anmeldung müssen die Anleihegläubiger ihre Berechtigung zur Teilnahme an der Abstimmung durch einen in Textform erstellten besonderen Nachweis der Depotbank und durch Vorlage eines Sperrvermerks der Depotbank, aus dem hervorgeht, dass die betreffenden Schuldverschreibungen ab dem Tag der Absendung der Anmeldung (einschließlich) bis zum angegebenen Ende der Gläubigerversammlung (einschließlich) nicht übertragbar sind, nachweisen.

(b) Zusammen mit der Stimmabgabe müssen die Anleihegläubiger ihre Berechtigung zur Teilnahme an der Abstimmung ohne Versammlung durch einen in Textform erstellten besonderen Nachweis der Depotbank und durch Vorlage eines Sperrvermerks der Depotbank, aus dem hervorgeht, dass die

by simple majority of the voting rights participating in the vote. Resolutions which materially change the substance of the Terms and Conditions, in particular in the cases of § 5 paragraph 3 numbers 1 through 9 SchVG, or relating to material other matters may only be passed by a majority of at least 75 per cent. of the voting rights participating in the vote (a "Qualified Majority").

(3) The Noteholders can pass resolutions in a meeting (*Gläubigerversammlung*) in accordance with § 5 et seqq. SchVG or by means of a vote without a meeting (*Abstimmung ohne Versammlung*) in accordance with § 18 and § 5 et seqq. SchVG.

(a) Attendance at the meeting and exercise of voting rights is subject to the Noteholders' registration. The registration must be received at the address stated in the convening notice no later than the third day preceding the meeting. As part of the registration, Noteholders must provide evidence of their eligibility to participate in the vote by means of a special confirmation of the Custodian in text form and by submission of a blocking instruction by the Custodian stating that the relevant Notes are not transferable from and including the day such registration has been sent until and including the stated end of the meeting.

(b) Together with casting their vote, Noteholders must provide evidence of their eligibility to participate in the vote without a meeting by means of a special confirmation of the Custodian in text form and by submission of a blocking instruction by the Custodian stating that the relevant Notes are not transferable



betreffenden Schuldverschreibungen ab dem Tag der Stimmabgabe (einschließlich) bis zum letzten Tag des Abstimmungszeitraums (einschließlich) nicht übertragbar sind, nachweisen.

- (4) Wird für die Gläubigerversammlung gemäß § 13(3)(a) oder die Abstimmung ohne Versammlung gemäß § 13(3)(b) die mangelnde Beschlussfähigkeit festgestellt, kann – im Falle der Gläubigerversammlung – der Vorsitzende eine zweite Versammlung im Sinne von § 15 Absatz 3 Satz 2 SchVG und – im Falle der Abstimmung ohne Versammlung – der Abstimmungsleiter eine zweite Versammlung im Sinne von § 15 Absatz 3 Satz 3 SchVG einberufen. Die Teilnahme an der zweiten Versammlung und die Ausübung der Stimmrechte sind von einer vorherigen Anmeldung der Anleihegläubiger abhängig. Für die Anmeldung der Anleihegläubiger zu einer zweiten Versammlung gelten die Bestimmungen des § 13(3)(a) entsprechend.
- (5) Die Anleihegläubiger können durch Mehrheitsbeschluss die Bestellung oder Abberufung eines gemeinsamen Vertreters (der "**Gemeinsame Vertreter**"), die Aufgaben und Befugnisse des Gemeinsamen Vertreters, die Übertragung von Rechten der Anleihegläubiger auf den Gemeinsamen Vertreter und eine Beschränkung der Haftung des Gemeinsamen Vertreters bestimmen. Die Bestellung eines Gemeinsamen Vertreters bedarf einer Qualifizierten Mehrheit, wenn er ermächtigt werden soll, Änderungen des wesentlichen Inhalts der Anleihebedingungen oder sonstigen wesentlichen Maßnahmen gemäß § 13(2) zuzustimmen.
- (6) Bekanntmachungen betreffend diesen § 13 erfolgen ausschließlich gemäß den Bestimmungen des SchVG.
- (7) Im Fall einer Schuldnerersetzung gemäß § 14(1) gilt § 13 entsprechend für die Änderung der Garantie gemäß § 14(1)(d), und Änderungen der Anleihebedingungen und dieser Garantie sind nur mit Zustimmung der Neuen Emittentin und der Hannover Rück SE als Garantin zulässig.

from and including the day such vote has been cast until and including the day the voting period ends.

- (4) If it is ascertained that no quorum exists for the meeting pursuant to § 13(3)(a) or the vote without a meeting pursuant to § 13(3)(b), in case of a meeting the chairman (*Vorsitzender*) may convene a second meeting in accordance with § 15 paragraph 3 sentence 2 SchVG or in case of a vote without a meeting the scrutineer (*Abstimmungsleiter*) may convene a second meeting within the meaning of § 15 paragraph 3 sentence 3 SchVG. Attendance at the second meeting and exercise of voting rights is subject to the Noteholders' registration. The provisions set out in § 13(3)(a) shall apply *mutatis mutandis* to Noteholders' registration for a second meeting.
- (5) The Noteholders may by majority resolution provide for the appointment or dismissal of a holders' representative (the "**Noteholders' Representative**"), the duties and responsibilities and the powers of such Noteholders' Representative, the transfer of the rights of the Noteholders to the Noteholders' Representative and a limitation of liability of the Noteholders' Representative. Appointment of a Noteholders' Representative may only be passed by a Qualified Majority if such Noteholders' Representative is to be authorised to consent, in accordance with § 13(2) hereof, to a material change in the substance of the Terms and Conditions or other material matters.
- (6) Any notices concerning this § 13 shall be made exclusively pursuant to the provisions of the SchVG.
- (7) In the event of a substitution pursuant to § 14(1), § 13 shall apply *mutatis mutandis* for an amendment of the guarantee pursuant to § 14(1)(d), and the Terms and Conditions and such guarantee may only be amended with the consent of the New Issuer and Hannover Rück SE as guarantor.

**§ 14**  
**Ersetzung**

(1) Ersetzung.

Die Emittentin ist jederzeit berechtigt, ohne Zustimmung der Anleihegläubiger eine andere Gesellschaft (soweit es sich bei dieser Gesellschaft nicht um ein Versicherungsunternehmen handelt), die direkt oder indirekt von der Emittentin kontrolliert wird, als neue Emittentin für alle sich aus oder im Zusammenhang mit den Schuldverschreibungen ergebenden Verpflichtungen mit schuldbefreiender Wirkung für die Emittentin an die Stelle der Emittentin zu setzen (die "**Neue Emittentin**"), sofern

- (a) die Neue Emittentin sämtliche Verpflichtungen der Emittentin aus oder im Zusammenhang mit den Schuldverschreibungen übernimmt und, sofern eine Zustellung an die Neue Emittentin außerhalb der Bundesrepublik Deutschland erfolgen müsste, einen Zustellungsbevollmächtigten in der Bundesrepublik Deutschland bestellt; und
- (b) die Emittentin und die Neue Emittentin sämtliche für die Schuldnerersetzung und die Erfüllung der Verpflichtungen aus oder im Zusammenhang mit den Schuldverschreibungen erforderlichen Genehmigungen erhalten haben; und
- (c) die Neue Emittentin in der Lage ist, sämtliche zur Erfüllung der aufgrund der Schuldverschreibungen bestehenden Zahlungsverpflichtungen erforderlichen Beträge in Euro an das Clearingsystem zu zahlen, und zwar ohne Abzug oder Einbehalt von Steuern oder sonstigen Abgaben jedweder Art, die von dem Land (oder den Ländern), in dem (in denen) die Neue Emittentin ihren Sitz oder Steuersitz hat, auferlegt, erhoben oder eingezogen werden; und

**§ 14**  
**Substitution**

(1) Substitution.

The Issuer may at any time, without the consent of the Noteholders, substitute for itself any other company (other than an insurance undertaking) which is directly or indirectly controlled by the Issuer, as new issuer (the "**New Issuer**") in respect of all obligations arising under or in connection with the Notes with the effect of releasing the Issuer of all such obligations, if:

- (a) the New Issuer assumes any and all obligations of the Issuer arising under or in connection with the Notes and, if service of process vis-à-vis the New Issuer would have to be effected outside the Federal Republic of Germany, appoints a process agent within the Federal Republic of Germany; and
- (b) the Issuer and the New Issuer have obtained all authorisations and approvals necessary for the substitution and the fulfilment of the obligations arising under or in connection with the Notes; and
- (c) the New Issuer is in the position to pay to the Clearing System in euro and without deducting or withholding any taxes or other duties of whatever nature imposed, levied or deducted by the country (or countries) in which the New Issuer has its domicile or tax residence all amounts required for the performance of the payment obligations arising from or in connection with the Notes; and

- (d) die Emittentin unwiderruflich die Verpflichtungen der Neuen Emittentin aus den Schuldverschreibungen zu Bedingungen garantiert, die sicherstellen, dass jeder Anleihegläubiger wirtschaftlich mindestens so gestellt wird, wie er ohne die Ersetzung stehen würde.
- (d) the Issuer irrevocably guarantees such obligations of the New Issuer under the Notes on terms which ensure that each Noteholder will be put in an economic position that is at least as favourable as that which would have existed if the substitution had not taken place.
- (2) Bezugnahmen.
- (2) References.
- Klarstellend sei erwähnt, dass dies nur gilt, soweit sich nicht aus Sinn und Zweck der jeweiligen Bedingung ergibt, dass die Bezugnahme entweder weiterhin nur auf die Hannover Rück SE erfolgen soll, oder dass die Bezugnahme auf die Neue Emittentin und gleichzeitig auch auf die Hannover Rück SE, im Hinblick auf deren Verpflichtungen aus der Garantie gemäß § 14(1)(d), erfolgen soll (Gross-Up-Ereignis, Clean-Up-Ereignis und Besteuerung).
- For the avoidance of doubt this shall apply only to the extent that the meaning and purpose of the relevant condition requires that the relevant reference shall continue to be a reference only to Hannover Rück SE, or that the reference shall be to the New Issuer and Hannover Rück SE, in relation to its obligations under the guarantee pursuant to § 14(1)(d), at the same time (Gross-Up Event, Clean-up Event and Taxation).
- Im Fall einer Schuldnerersetzung gilt jede Bezugnahme auf die Bundesrepublik Deutschland (außer in § 14(1)(a) und § 15) als eine solche auf den Staat, in welchem die Neue Emittentin steuerlich ansässig ist, soweit sich aus Satz 2 nichts anderes ergibt.
- In the event of a substitution any reference to the Federal Republic of Germany (except in § 14(1)(a) and § 15) shall be a reference to the New Issuer's country of domicile for tax purposes, unless sentence 2 provides otherwise.
- (3) Bekanntmachung und Wirksamwerden der Ersetzung.
- (3) Notice and Effectiveness of Substitution.
- Die Ersetzung der Emittentin ist gemäß § 12 bekanntzumachen. Mit der Bekanntmachung der Ersetzung wird die Ersetzung wirksam und die Emittentin und im Fall einer wiederholten Anwendung dieses § 14 jede frühere Neue Emittentin von ihren sämtlichen Verpflichtungen aus den Schuldverschreibungen frei. Im Fall einer solchen Schuldnerersetzung werden die Wertpapierbörsen informiert, an denen die Schuldverschreibungen zu diesem Zeitpunkt auf Veranlassung der Emittentin notiert sind.
- Notice of any substitution of the Issuer shall be given by notice in accordance with § 12. Upon such publication, the substitution shall become effective, and the Issuer and in the event of a repeated application of this § 14, any previous New Issuer shall be discharged from any and all obligations under the Notes. In the case of such substitution, the stock exchange(s), if any, on which the Notes are then listed will be notified.
- (4) Nach einer Ersetzung gemäß diesem § 14 kann jede Neue Emittentin durch Bekanntmachung nach § 12 ohne Zustimmung der Anleihegläubiger die Ersetzung entsprechend rückgängig machen.
- (4) Following a substitution pursuant to this § 14 any New Issuer may, after giving notice in accordance with § 12 and without the consent of the Noteholders, reverse the substitution.

**§ 15**  
**Schlussbestimmungen**

- (1) Anzuwendendes Recht.
- Form und Inhalt der Schuldverschreibungen sowie alle sich daraus ergebenden Rechte und Pflichten bestimmen sich nach dem Recht der Bundesrepublik Deutschland.
- (2) Gerichtsstand.
- Ausschließlicher Gerichtsstand für alle Rechtsstreitigkeiten aus den in diesen Anleihebedingungen geregelten Angelegenheiten ist, soweit gesetzlich zulässig und vorbehaltlich eines zwingenden Gerichtsstandes für besondere Rechtsstreitigkeiten im Zusammenhang mit dem SchVG, Frankfurt am Main, Bundesrepublik Deutschland. Die Emittentin verzichtet unwiderruflich darauf, gegenwärtig oder zukünftig gegen die Gerichte in Frankfurt am Main als Forum für Rechtsstreitigkeiten Einwände zu erheben, und versichert, keines der Gerichte in Frankfurt am Main als ungelegenes oder unangemessenes Forum zu bezeichnen.
- (3) Erfüllungsort.
- Erfüllungsort ist Frankfurt am Main, Bundesrepublik Deutschland.
- (4) Geltendmachung von Rechten.
- Jeder Anleihegläubiger ist berechtigt, in jedem Rechtsstreit gegen die Emittentin oder in jedem Rechtsstreit, in dem der Gläubiger und die Emittentin Partei sind, seine Rechte aus diesen Schuldverschreibungen im eigenen Namen geltend zu machen gegen Vorlage:
- (i) einer Bescheinigung der Depotbank, die (A) den vollen Namen und die volle Anschrift des Anleihegläubigers bezeichnet, (B) den gesamten Nennbetrag von Schuldverschreibungen angibt, die am Ausstellungstag dieser Bescheinigung den bei dieser Depotbank bestehenden Depots dieses Anleihegläubigers gutgeschrieben sind und (C) bestätigt, dass die Depotbank dem Clearingsystem und der

**§ 15**  
**Final Provisions**

- (1) Applicable Law.
- The form and the content of the Notes as well as all the rights and duties arising therefrom are governed by, and construed in accordance with, the laws of the Federal Republic of Germany.
- (2) Place of Jurisdiction.
- To the extent legally permissible and subject to any exclusive court of venue for specific legal proceedings in connection with the SchVG, exclusive place of jurisdiction for all proceedings arising from matters provided for in these Terms and Conditions will be Frankfurt am Main, Federal Republic of Germany. The Issuer irrevocably waives any objection which they might now or hereafter have to the courts of Frankfurt am Main being nominated as the forum to hear and determine any proceedings and to settle any disputes, and agrees not to claim that any of those courts is not a convenient or appropriate forum.
- (3) Place of Performance.
- Place of performance will be Frankfurt am Main, Federal Republic of Germany.
- (4) Enforcement of Rights.
- Any Noteholder may in any proceedings against the Issuer or to which the Noteholder and the Issuer are parties protect and enforce in his own name his rights arising under his Notes on the basis of:
- (i) a certificate issued by his Custodian (A) stating the full name and address of the Noteholder, (B) specifying an aggregate principal amount of Notes credited on the date of such statement to such Noteholder's securities account(s) maintained with his Custodian and (C) confirming that his Custodian has given a written notice to the Clearing System and the Principal Paying Agent containing the information specified in

Hauptzahlstelle eine schriftliche Mitteilung gemacht hat, die die Angaben gemäß (A) und (B) enthält und Bestätigungsvermerke des Clearingsystems sowie des betroffenen Kontoinhabers bei dem Clearingsystem trägt sowie

- (ii) einer von einem Vertretungsberechtigten des Clearingsystems oder der Hauptzahlstelle beglaubigten Ablichtung der Globalurkunde; oder
- (iii) eines anderen, in Rechtsstreitigkeiten in dem Land der Geltendmachung zulässigen Beweismittels.

### **§ 16 Sprache**

Diese Anleihebedingungen sind in deutscher Sprache abgefasst und mit einer Übersetzung in die englische Sprache versehen. Der deutsche Wortlaut ist allein rechtsverbindlich. Die englische Übersetzung dient nur zur Information.

(A) and (B) and bearing acknowledgements of the Clearing System and the relevant account holder in the Clearing System and

- (ii) a copy of the Global Note relating to the Notes, certified as being a true copy by a duly authorised officer of the Clearing System or the Principal Paying Agent; or
- (iii) any other means of evidence permitted in legal proceedings in the country of enforcement.

### **§ 16 Language**

These Terms and Conditions are written in the German language and provided with an English language translation. The German text will be the only legally binding version. The English language translation is provided for convenience only.

## **USE OF PROCEEDS**

In connection with the offering of the Notes, the Issuer will receive net proceeds of approximately EUR 742,650,000. The Issuer intends to use the net proceeds for general corporate purposes of the Hannover Re Group, including to support growth of the business of the Hannover Re Group in life and health reinsurance.

## GENERAL INFORMATION ON THE ISSUER AND THE HANNOVER RE GROUP

### Overview

The Hannover Re Group, with a gross premium of more than EUR 17 billion as at 31 December 2017, is the third-largest reinsurer in the world (source: Best's Special Report, Global Reinsurance – Segment Review September 2017, page 8). It transacts all lines of property & casualty and life & health reinsurance and is present on all continents with around 3,300 staff.

### *Incorporation, Corporate Seat, Duration, Corporate Purpose and Regulation*

The Issuer was incorporated as a stock corporation under German law on 6 June 1966 in Bochum under the name "Aktiengesellschaft für Transport und Rückversicherung". The founders of the Issuer were Feuerschadenverband Rheinisch Westfälischer Zechen V.a.G., Haftpflichtverband der Deutschen Industrie V.a.G., Haftpflicht Unterstützungs Kasse kraftfahrender Beamter Deutschlands a.G., Schadensschutzverband GmbH and Westfalen Bank AG. The major shareholders of the Issuer, namely Feuerschadenverband Rheinisch Westfälischer Zechen V.a.G. and Haftpflichtverband der Deutschen Industrie V.a.G., later merged to form HDI Haftpflichtverband der Deutschen Industrie V.a.G. ("**HDI**"), which now indirectly holds the shares of the Issuer through Talanx Aktiengesellschaft ("**Talanx AG**").

Hannover Rück SE is a European Company (Societas Europaea, SE) operating under the laws of Germany and registered under its legal name "Hannover Rück SE" in the commercial register at the local court (*Amtsgericht*) in Hannover under the entry number HRB 6778 and conducts its business in Germany, amongst others, under the commercial name "Hannover Re". The registered office of the Issuer is at Karl-Wiechert-Allee 50, 30625 Hannover, Germany, telephone number +49 511 5604-0. The corporate purpose of the Issuer, as stated in its articles of association (*Satzung*) (the "**Articles**"), is to pursue activities in the reinsurance business. The Issuer may also transact in other insurance business.

Copies of the Articles in German language are publicly available from the Commercial Register in Hannover.

The Issuer is established for an unlimited period of time.

The annual general meeting of shareholders (*Jahreshauptversammlung*, the "**AGM**") of the Issuer has approved on 3 May 2012 the resolution of the executive board (*Vorstand*) of the Issuer (the "**Executive Board**") to transform the company into a European public limited company (*Societas Europaea, SE*). The transformation into an SE took place on 19 March 2013.

The legal form of an SE enables the company to relocate its registered office within the European Union.

Announcements of the Issuer are published electronically in German Federal Gazette (*Bundesanzeiger*).

### *Share Capital and Shares*

#### *Share Capital*

On 31 December 2017, the issued share capital of the Issuer totals EUR 120,597,134.00, consisting of 120,597,134 ordinary registered no-par-value shares (*Stückaktien*). All shares are fully paid up and have the same voting rights.

#### *Shares*

The major shareholder Talanx AG currently holds approximately 50.2 per cent. of the issued share capital of the Issuer. The remaining approximately 49.8 per cent. are held in free float. The shares of the Issuer are listed for trading on all German stock exchanges; in Frankfurt am Main and Hannover on the regulated market. The AGM takes place at least once a year and passes resolutions with respect to the allocation and distribution of profits and the ratification of responsibilities of the Executive Board and the supervisory board (*Aufsichtsrat*) of the Issuer (the "**Supervisory Board**"). The AGM shall take place within the first six months after the conclusion of the financial year and is called by the Executive Board. To attend and vote, shareholders must be registered in the share register of the Issuer and give advanced notice of their intention to attend and vote. At the AGM each share shall have one vote.

The announcement of the AGM must be published electronically in the Federal Gazette of Germany (*Bundesanzeiger*).

### ***Material Contracts***

The Issuer has not entered into any material contracts other than in the ordinary course of business which could result in the Issuer being in an obligation or entitlement that is material to the Issuer's ability to meet its obligations to Noteholders under the Notes.

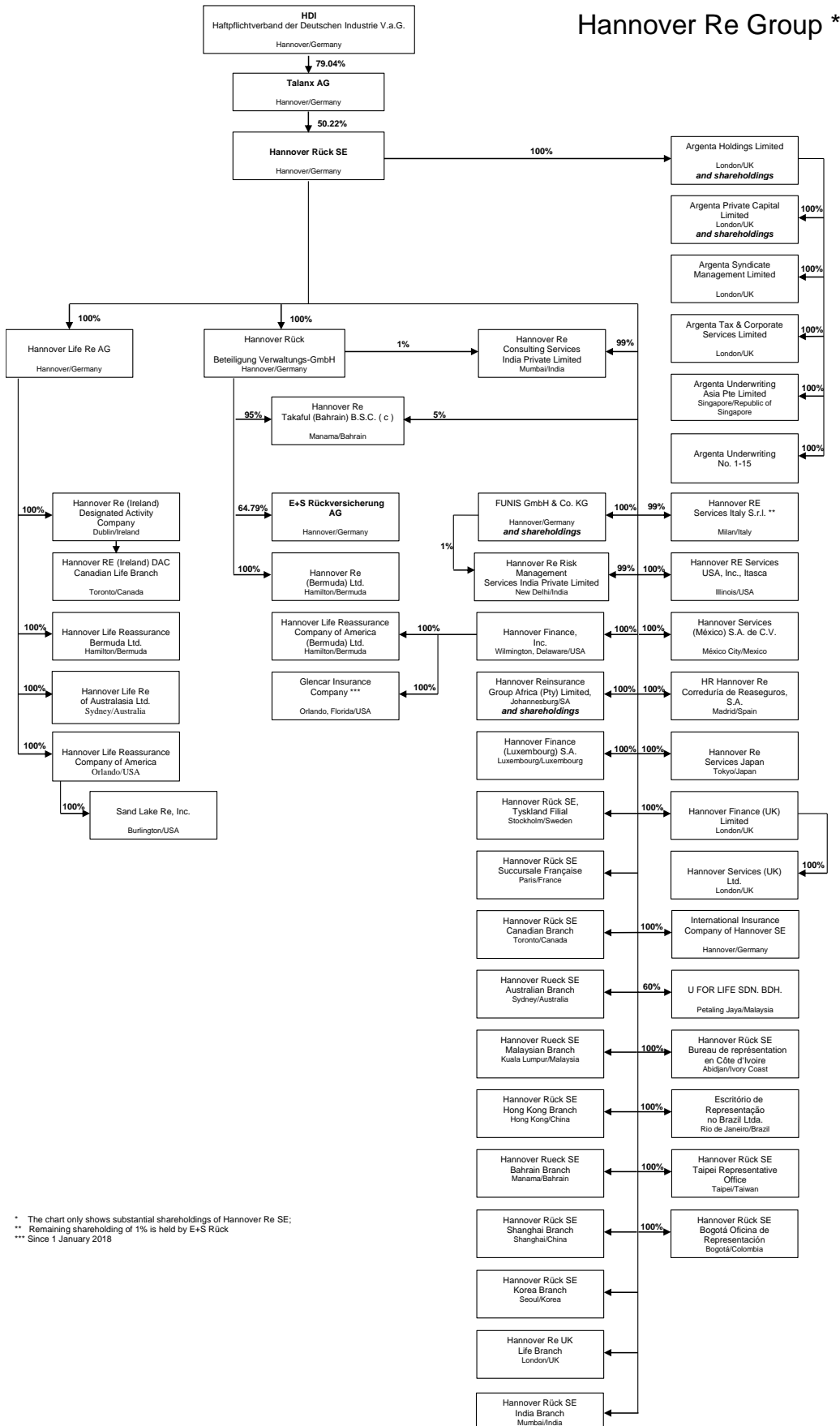
### ***Organisational Structure***

The Issuer is the parent company of the Hannover Re Group. The consolidated financial statements for the financial year 2017 include 16 (in 2016: 21) German and 98 (in 2016: 65) foreign companies. Two (in 2016: two) German and five (in 2016: four) foreign associated companies were consolidated using the equity method.

The Issuer conducts its own reinsurance business and also operates as a holding company, performing management and control functions within the Hannover Re Group. As of 31 December 2017, total assets of the Hannover Re Group amounted to EUR 61.2 billion. As of 31 December 2017, the Hannover Re Group globally employed a total of 3,251 employees, consisting of 1,385 in Germany, 488 in South Africa, 290 in the U.S., 434 in the UK and Ireland and 654 in other countries.



The following chart gives an overview of the substantial shareholdings of the Hannover Re Group as at 31 December 2017:



As at 31 December 2017, the major operating subsidiaries of the Issuer were:

*E+S Rückversicherung AG, Hannover/Germany ("**E+S Rück**")*

E+S Rück is a 64.79 per cent. owned subsidiary of the Issuer. The majority of the remaining shares are held by eight German mutual insurance companies. Within the Hannover Re Group, E+S Rück is exclusively responsible for the German business and operates in both property and casualty reinsurance as well as life and health reinsurance segments.

*Hannover Life Reassurance Company of America, Orlando/USA*

Hannover Life Reassurance Company of America is one of the largest foreign operational risk carriers within the Hannover Re Group, serving mainly the U.S. market. Its focus is on designing custom solutions for clients in the Life and Health reinsurance market.

On 3 March 2014 Hannover Life Reassurance Company of America (Bermuda) Ltd. was incorporated as a 100 per cent. subsidiary of Hannover Life Reassurance Company of America.

*Hannover Re (Bermuda) Ltd., Hamilton/Bermuda ("**HR Bermuda**")*

HR Bermuda in Hamilton/Bermuda was established in 2001 and is a wholly owned subsidiary of the Issuer. HR Bermuda participates in various excess of loss property catastrophe reinsurance contracts.

HR Bermuda was formed to be the centre of excellence within the Hannover Re Group for the writing of property catastrophe business. By setting up the company in the Bermuda market Hannover secured its presence in one of the most active reinsurance environments.

*Hannover Re (Ireland) Designated Activity Company, Dublin/Ireland ("**HRI**")*

The company is the Group's sole reinsurer in Ireland and writes both Life and P&C business. The Life business largely focuses on two key areas: Conventional Reinsurance includes individual term life business with a regional focus on the United Kingdom and the United States. Financial Solution business includes deficit account financing and block assumption transactions mainly in the U.S. market. Significant parts of the U.S. Life business have been transferred from HRI to HLRA Bermuda in the first quarter of 2018.

The Non-Life business specifically focuses on the North American and British Isles markets. Structured treaty reinsurance transactions enable the coverage to be tailored to the individual needs of the clients. The major lines of business are general and automobile liability, professional indemnity, workers compensation and property.

*Hannover Life Reassurance Company of America (Bermuda) Ltd. ("**HLRA Bermuda**")*

HLRA Bermuda was established 2014 (as a Class C Long-Term Insurance Company under the Bermuda Insurance Act 1978) to assume insurance risk in alternative forms, including capital markets instruments, and transform the risk into traditional reinsurance contracts for retrocession back to Group affiliates. HLRA Bermuda is treated as a U.S. corporation under Section 953(d) of the U.S. Tax Code for purposes of imposing U.S. tax. Its role has expanded to support Health and Special Risk business and will continue to expand over the course of 2018 to also include Mortality Solutions traditional life business.

*Other operating subsidiaries of the Hannover Re Group include:*

Hannover Life Re of Australasia Ltd., Sydney/Australia

International Insurance Company of Hannover SE, Hannover/Germany

Hannover Life Reassurance Bermuda Ltd., Hamilton/Bermuda

Hannover ReTakaful B.S.C. (c), Manama/Bahrain

Hannover Reinsurance Group Africa (Pty) Ltd., Johannesburg/South Africa

Argenta Holdings Limited, London/UK

## **Business Overview**

### ***Property & Casualty reinsurance***

The Hannover Re Group writes virtually all classes of property & casualty reinsurance on a global scale. Accounting for more than half of gross premium income, property & casualty reinsurance remains Hannover Re Group's largest and most important business group. The Hannover Re Group has a strategic-growth target in property & casualty reinsurance of 3 to 5 per cent. on a multi year basis and is also guided by active cycle management according to which business is expanded if the rate situation is favourable and the portfolio is scaled back if prices are inadequate.

The Hannover Re Group splits its portfolio into three sections: target markets, specialty lines and global reinsurance.

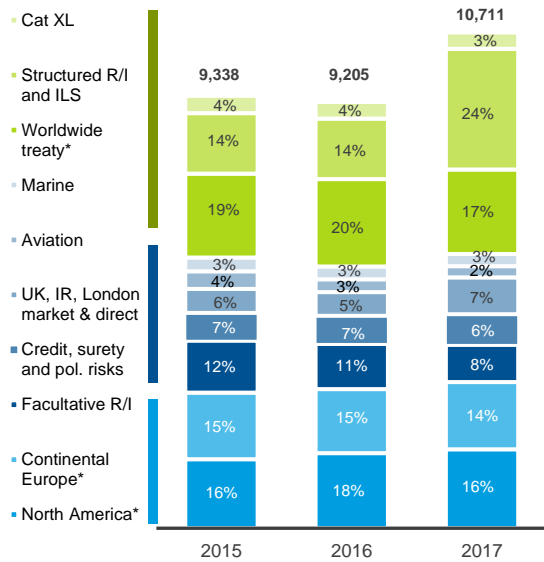
The Hannover Re Group considers Continental Europe and North America to be target markets. As at 31 December 2017 they accounted for around 30 per cent. of the Hannover Re Group's gross premium volume in property & casualty reinsurance. Germany is the third-largest property & casualty reinsurance market in the world (source: Swiss Re Sigma Study No. 3/2017 World insurance in 2016, page 52). The German market is served by the Issuer's subsidiary E+S Rück which continues to rank as one of the leading providers in Germany. The North American (re)insurance market is the world's largest single market (source: Swiss Re Sigma Study No. 3/2017 World insurance in 2016, page 52) and currently the most important for Hannover Re Group's portfolio.

The specialty lines segment includes marine and aviation business, credit, surety and political risks, the UK, Ireland, London Market and direct business as well as facultative reinsurance.

The Hannover Re Group combines all markets worldwide under global reinsurance, with the exception of the target markets of Continental Europe and North America and the specialty lines. The global reinsurance business also encompasses a number of specialised areas such as worldwide catastrophe business, agricultural risks and Sharia-compliant retakaful business as well as the structures reinsurance business and ILS (Insurance Linked Securities).

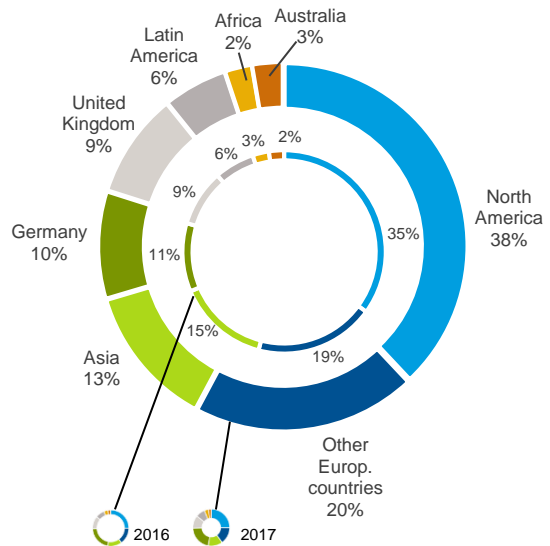
The following charts provide an overview of the split of non-life segment gross written premium ("GWP") (split within divisions as well as a regional split) for the respective financial years:

**GWP split by line of business** in m. EUR



\* All lines of business except those stated separately

**GWP split by regions**



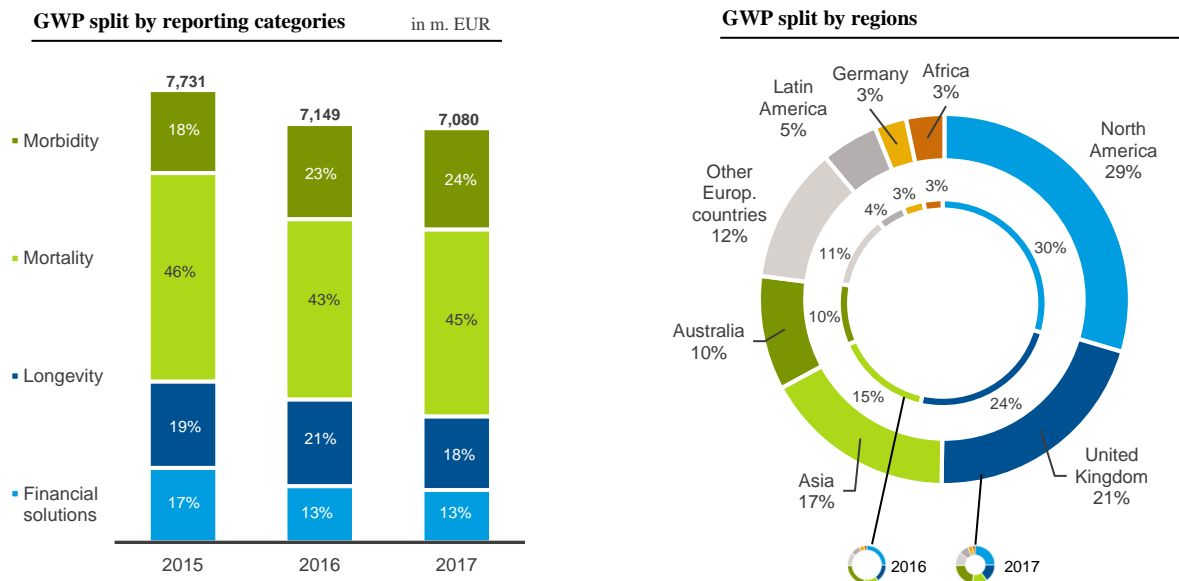
### Life & Health reinsurance

Life & health reinsurance is a strategic growth segment for the Hannover Re Group.

In this business group the Hannover Re Group structures its customer relationships as long-term partnerships with the goal of designing needs-oriented solutions to its clients' individual problems.

Life reinsurance is reported by dividing the business into Financial Solutions and Risk Solutions. Further differentiation is made between Longevity, Mortality and Morbidity under the umbrella of Risk Solutions.

The following charts provide an overview of the split of life and health GWP (split within strategic pillars as well as a regional split) for the respective financial years:



### Business development overview

The 2017 financial year for the (re)insurance industry was dominated by an exceptionally large volume of natural catastrophe losses. Hurricanes Harvey, Irma and Maria as well as numerous other natural disasters led to a historically high level of insured losses well in excess of USD 100 billion, with corresponding strains for Hannover Re. In what was still a challenging market environment, the company enjoyed good business opportunities in the year under review. Against this backdrop, the gross premium volume increased by 8.8 per cent. to EUR 17.8 billion (2016: EUR 16.4 billion); adjusted for exchange rate effects, it has grown by 11.2 per cent. The level of retained premium rose slightly to 90.5 per cent. (2016: 89.3 per cent.). Net premium earned climbed 8.5 per cent. to EUR 15.6 billion (2016: EUR 14.4 billion).

The operating profit (EBIT) contracted to EUR 1,364.4 million (2016: EUR 1,689.3 million). In view of unusually high expenditure from natural catastrophes, which was well above the calculated large loss budget, the result was helped by exceptionally good investment income and the release of reserves constituted for loss events of prior years that were no longer required. Group net income came in at EUR 958.6 million (2016: EUR 1,171.2 million) and thus surpassed the guidance, which had been revised to around EUR 800 million in the third quarter of 2017. Earnings per share amounted to EUR 7.95 (2016: EUR 9.71).

The shareholders' equity of the Issuer was slightly lower than in the previous year. It amounted to EUR 8.5 billion as at 31 December 2017 (2016: EUR 9.0 billion). This decrease can be attributed principally to exchange rate movements and thus has no influence whatsoever on the company's risk-carrying capacity. The book value per share reached EUR 70.72 (2016: EUR 74.61). The return on equity was positive at 10.9 per cent. (2016: 13.7 per cent.) and hence beat the stated minimum target. The total policyholders' surplus (including non-controlling interests and hybrid capital) amounted to EUR 10.8 billion (2016: EUR 11.2 billion).

### Property & Casualty reinsurance

The situation in property and casualty reinsurance was little changed in the year under review. The competitive state of the market initially continued unabated; reinsurance capacity was still substantially in excess of demand. Additional capacities from the insurance linked securities (ILS) market added to the sustained pressure on prices and conditions. Nevertheless, profitable business opportunities also opened up in the various rounds of treaty renewals.

Against this backdrop gross premium rose by 16.4 per cent. to EUR 10.7 billion (2016: EUR 9.2 billion). At constant exchange rates growth would have reached 18.7 per cent. It thus clearly surpassed Hannover Re's expectations.

After a moderate loss experience in the first half of the year, the third quarter was dominated by three severe hurricanes as well as other natural catastrophe events. Altogether, the net expenditure on large losses incurred by Hannover Re stood at EUR 1,127.3 million, compared to EUR 626.6 million in the comparable period in 2016. As anticipated, the combined ratio of 99.8 per cent. (2016: 93.7 per cent.) was higher than our targeted maximum figure of 96 per cent.

Investment income from assets under own management in property and casualty reinsurance. It increased by 35.9 per cent. to EUR 1,191.5 million (2016: EUR 876.9 million), a reflection of – among other things – the positive effect from the disposal of Hannover Re's equity portfolio.

The underwriting result in property and casualty reinsurance, fell of EUR -2.3 million short of the previous year (2016: EUR 479.1 million) due to catastrophe losses. The operating profit (EBIT) as at 31 December 2017 reached a level of EUR 1,120.2 million (2016: EUR 1,340.3 million) due to the positive investment income. Group net income contracted by 11.8 per cent. to EUR 837.3 million (2016: EUR 949.9 million).

### ***Life & Health reinsurance***

The business performance in life and health reinsurance was shaped by both positive and negative developments.

The financial solutions business further increased its profit contribution. The development of the U.S. mortality business was less satisfying – and in particular with the portfolio assumed in 2009, which continues to show a mortality in excess of expectations. In addition, Hannover Re booked a non-recurring negative effect of around EUR 45 million. This one-time charge was attributable to the recapture of a reinsurance treaty in order to avoid higher losses over the long term.

Gross premium income in life and health reinsurance contracted marginally by 1.0 per cent. and was on a par with the previous year at EUR 7.1 billion (2016: EUR 7.1 billion).

Investment income declined by 12.3 per cent. in the year under review to EUR 560.6 million (2016: EUR 638.9 million). The decrease was due to reduced interest on funds withheld and contract deposits. Of the total investment income, EUR 343.5 million (2016: EUR 330.8 million) was attributable to assets under own management and the remaining EUR 217.1 million (2016: EUR 308.1 million) to securities deposited with ceding companies.

The operating profit (EBIT) fell by 28.6 per cent. to EUR 245.2 million (2016: EUR 343.3 million) due to the situation described above in U.S. mortality business and the one-off effect. The Group net income booked for our Life & Health reinsurance business group totalled EUR 172.6 million (2016: EUR 252.9 million).

### ***Competition***

As one of the worldwide leading reinsurers, the Hannover Re Group competes with reinsurance companies in all regions of the world. The Issuer believes that the main competitors for the Hannover Re Group are Munich Re, Swiss Re, SCOR and several Lloyd's syndicates (source: A.M. Best, Best's Review, September 2017, page 34).

### ***Investments***

The portfolio of investments under own management amounted to EUR 40.1 billion at the end of 2017, a level lower than as per 31 December 2016 (EUR 41.8 billion). This decline primarily reflects exchange rate effects – especially the strength of the Euro against the U.S. Dollar. These were offset to some extent by the positive operating cash flow. In response to the challenging interest rate environment Hannover Re had already taken steps in 2016 to adjust the allocation of its investments to individual classes of securities such that companies belonging to the Hannover Re Group further enlarged the holdings of fixed-income securities rated BBB or lower while at the same time increasing the proportion of government bonds in its portfolio. In this way increased liquidity of the portfolio has been achieved and generated continued stable returns, while maintaining the overall risk level of our fixed-income portfolio virtually unchanged. Such regrouping process has been continued in the year under review. In addition, the Hannover Re Group reduced the proportion of covered bonds.

At the end of the third quarter in response to the hurricane events in the United States and the Caribbean as well as the earthquakes in Mexico holdings of non-strategic listed equities and equity funds have been liquidated. In so doing, the

Hannover Re Group took advantage of the favourable state of the market, reduced our general risk position and freed up capital for possible risk allocations. The Hannover Re Group also further increased slightly the share attributable to real estate as part of the strategic expansion of this asset category. In all other asset classes only minimal changes in the context of regular portfolio maintenance have been made.

To optimise its real estate portfolio the Hannover Re Group acquired and sold several properties mainly in the office sector. Target geographic regions include the USA, Central and Eastern Europe, Germany and Asia. The real estate allocation in the Hannover Re Group consequently rose 2017 slightly compared to the previous year. As at the end of the year under review the Hannover Re Group companies held a total amount of EUR 1.8 billion (2016: EUR 1.7 billion) in short-term investments and cash. Funds withheld amounted to EUR 10.9 billion (2016: EUR 11.8 billion).

Despite the low level of interest rates, ordinary investment income excluding interest on funds withheld and contract deposits surpassed the previous year (2016: EUR 1,162.0 million) at EUR 1,289.0 million. Net realised gains on investments as at 31 December 2017 increased sharply from EUR 206.3 million to EUR 377.1 million. This can be attributed in large measure to the liquidation of our equity portfolio.

Impairments and depreciation totalling EUR 71.9 million (2016: EUR 76.3 million) were taken. The impairments were attributable in an amount of EUR 15.6 million (2016: EUR 0.0 million) to two real estate properties in the United States. Equities accounted for an amount of EUR 3.7 million (2016: EUR 30.1 million). Impairments of EUR 8.4 million (2016: EUR 11.7 million) were recognised on alternative investments. The write-downs taken on fixed-income securities amounted to just EUR 0.3 million (2016: EUR 0.7 million). Impairments were also taken on our portfolio of strategic participation investments in an amount of EUR 10.4 million (2016: EUR 1.9 million). Scheduled depreciation on directly held real estate rose to EUR 31.0 million (2016: EUR 28.9 million), a reflection of the further increase in our involvement in this sector. These write-downs contrasted with write-ups of EUR 0.9 million (2016: EUR 0.3 million).

Thus, income from assets under own management climbed 26.3 per cent. to EUR 1,539.0 million (2016: EUR 1,218.3 million). The resulting annual return amounted to 3.8 per cent. (2016: 3.0 per cent.). The Hannover Re Group had forecasted a level of 2.7 per cent. and subsequently revised this target higher to 3.0 per cent. in November 2017. This performance can be attributed first and foremost to the substantial gains realised on the liquidation of the portfolio of non-strategic listed equities, but was also made possible by the substantial ordinary investment income booked from private equity and real estate funds, which came in higher than anticipated.

Investment income including interest on funds withheld and contract deposits rose to EUR 1,773.9 million (2016: EUR 1,550.4 million), an increase of 14.4 per cent. relative to the previous year. Thereof, interest on funds withheld and contract deposits totalled in 2017 EUR 234.9 million (2016: EUR 332.1 million).

### **Alternative Performance Measures**

The Hannover Re Group uses, throughout its financial publications, alternative performance measures (APMs) in addition to the figures which are prepared in accordance with IFRS. The Hannover Re Group believes that these measures provide useful information to investors and enhance the understanding of the results of the Hannover Re Group. These financial measures are designed to measure performance, growth, profit generation and capital efficiency.

Investors should consider that similarly titled APMs reported by other companies may be calculated differently. For that reason, the comparability of APMs across companies might be limited.

In accordance with the guidelines of the European Securities and Markets Authority (ESMA), the following information is given in regard to the above mentioned alternative performance measures:

- Definition of the APM, its use and limitations on the usefulness.
- Reconciliation of the APM to the most directly reconcilable line item, subtotal or total presented in the financial statements.

The APMs should be viewed as complementary to, rather than a substitute for, the figures determined according to IFRS.

This Prospectus contains references to the following major alternative performance measures:

### ***Level of Retained Premium***

Level of Retained Premium = (Gross Written Premium - Ceded Written Premium) / Gross Written Premium

This ratio indicates the portion of accepted risks (measured by premium) which a reinsurer does not retrocede, i.e. that it carries net.

### ***Book value per share***

Book value per share = Shareholders' equity per end of period / number of ordinary shares per end of period

Should the company decide to dissolve, the book value per share indicates the Euro value remaining for shareholders after all assets are liquidated and all debtors are paid per share.

This measure is used to illustrate the per share value of a company based on its equity available to common shareholders. It is one of the Group's key operational management metrics.

### ***Return on equity***

Return on equity = Group net income excluding non-controlling interest / average equity attributable to shareholders of the Issuer at end of respective period and at end of previous period

The return on equity ratio or ROE is a profitability ratio that measures the ability of a firm to generate profits from its shareholders investments. It is thus one of the Group's key operational management metrics.

### ***Policyholders' surplus***

Policyholders' surplus = Equity attributable to shareholders of Hannover Re + Non-controlling interests + Hybrid capital

Hybrid Capital is a debt structure which because of its subordination bears the character of both debt and equity.

Policyholders' surplus is one major indicator of a reinsurance company's financial health. The amount of money remaining after reinsurers liabilities are subtracted from its assets. It acts as a financial cushion above and beyond reserves, protecting policyholders against an unexpected or catastrophic situation.

### ***Investment income from assets under own management***

Generally, investment income from assets under own management contains all interest payments, dividends, capital gains collected upon the sale of a security or other assets, and any other profit made through an investment vehicle of any kind except interests on funds withheld and contract deposits allocated to the Property & Casualty segment.

### ***Resulting annual return***

Resulting annual return = Net investment income excluding interest income on funds withheld and contract deposits and profit on investment contracts / average assets under own management

Average assets under own management is calculated as the arithmetic average of the total investments and cash under own management at end of respective period and at end of previous period. The resulting annual return is used to evaluate the efficiency of a company's investments. In addition to the underwriting result, the result of investment is decisive for the operating profit and so is one of the Group's key operational management metrics.

### ***Litigation and Proceedings***

Within the scope of their ordinary business activities the companies of the Hannover Re Group are involved in judicial and extra-judicial proceedings in Germany and abroad both as plaintiffs or petitioners and as defendants or respondents, in their capacity as reinsurance and insurance companies, taxpayers and employers, respectively. It is not feasible to predict or determine the ultimate outcome of these proceedings. The Issuer, however, does not believe that the outcome of these pending or threatened proceedings from ordinary business activities will have significant effects on the financial



position or profitability of the Hannover Re Group, after consideration of any applicable reserves, in such a way that the ability to perform the obligations under the Notes would be materially adversely affected.

## Management

### *Executive Board*

The Executive Board consists of seven members. As at the date of this Prospectus the members and their respective responsibilities are:

Name	Position	Principal Outside Activity
Ulrich Wallin	Chairman; Compliance; Controlling; Corporate Communications; Corporate Development; Human Resources Management; Internal Auditing; Innovation Management; Risk Management	Member of the Board of Management of Talanx AG, Hannover /Germany
Sven Althoff	Specialty Lines Worldwide (Marine, Aviation, Credit, Surety and Political Risks, United Kingdom, Ireland, London Market and Direct Business, Facultative Reinsurance)	Member of the board of directors of Apollo Syndicate Management Limited, London/UK
Claude Chèvre	Life and Health Reinsurance (Longevity Solutions, Africa, Asia, Australia/New Zealand, Latin America, Western and Southern Europe), Longevity Solutions	None
Jürgen Gräber	Coordination of Property & Casualty Business Group; Quotations; Retrocessions; Global Reinsurance (Catastrophe XL (Cat XL), Structured Reinsurance and Insurance-Linked Securities, worldwide Treaty Reinsurance)	None
Dr. Klaus Miller	Life & Health Reinsurance (North America, Northern, Eastern and Central Europe, United Kingdom/Ireland)	None
Dr. Michael Pickel	Group Legal Services; Run-Off Solutions; Target Markets in Property & Casualty Reinsurance (North America, Continental Europe)	Member of the Supervisory Board Delvag Luftversicherungs-AG, Cologne/Germany
Roland Vogel	Investment and Collateral Management; Facility Management; Finance and Accounting; Information Technology;	Member of the board of directors of Meribel Midco Limited, St. Helier/Jersey Member of the board of directors of Meribel Topco Limited, St. Helier/Jersey

Name	Position	Principal Outside Activity
		Deputy Chairman of the supervisory board of Talanx Asset Management GmbH, Cologne/Germany

The Issuer has not been notified and has otherwise not been informed by any of the members of the Executive Board named above about any potential conflicts of interest between the obligations of the persons towards the Issuer and their own interests or other obligations.

The business address of the members of the Executive Board is Karl-Wiechert-Allee 50, 30625 Hannover, Germany.

### ***Supervisory Board***

As at the date of this Prospectus the following individuals are members of the Supervisory Board:

Name	Position within Supervisory Board	Principal Outside Activity
Herbert K. Haas	Chairman	Chairman of the Board of Management of Talanx AG, Hannover/Germany
		Chairman of the Board of Management of HDI Haftpflichtverband der Deutschen Industrie V.a.G., Hannover/Germany
		Chairman of the Supervisory Board of E+S Rückversicherung AG, Hannover/Germany
		Chairman of the Supervisory Board of Talanx International AG, Hannover/Germany
		Chairman of the Supervisory Board of Talanx Systeme AG, Hannover/Germany
		Member of the Advisory Board of Norddeutsche Landesbank Girozentrale, Hannover/Germany
Dr. Immo Querner	Member	Member of the Board of Management of Talanx AG, Hannover/Germany
		Member of the Board of Management of HDI Haftpflichtverband der Deutschen Industrie V.a.G., Hannover/Germany
		Chairman of the Supervisory Board of Talanx Asset Management GmbH, Cologne/Germany
		Chairman of the Administrative Board of Talanx Finanz (Luxembourg) S.A., Luxembourg
		Deputy Chairman of the Supervisory Board of Ampega Investment GmbH, Cologne/Germany

		Deputy Chairman of the Supervisory Board of Talanx Immobilien Management GmbH, Cologne/Germany
		Deputy Chairman of the Supervisory Board of Talanx Reinsurance Broker GmbH, Hannover/Germany
		Deputy Chairman of the Supervisory Board of Talanx Service AG, Hannover/Germany
		Member of the Supervisory Board of BÖAG Börsen AG, Hannover/Germany
		Member of the Supervisory Board of Caplantic GmbH, Hannover/Germany
		Member of the Supervisory Board of E+S Rückversicherung AG, Hannover/Germany
		Member of the Supervisory Board of Talanx International AG, Hannover/Germany
		Member of the Supervisory Board of Talanx Systeme AG, Hannover/Germany
		Member of the Supervisory Board of Tertia Handelsbeteiligungsgesellschaft mbH, Cologne/Germany
		Member of the Stock Exchange Council Frankfurter Wertpapierbörse (Deutsche Börse AG), Frankfurt am Main/Germany
		Member of the Board of Directors of Talanx Re (Ireland) Limited, Dublin/Ireland
Wolf-Dieter Baumgartl	Member	Former Chairman of the Board of Management of Talanx AG and HDI Haftpflichtverband der Deutschen Industrie V.a.G., Hannover/Germany
		Chairman of the Supervisory Board of Talanx AG, Hannover/Germany
		Chairman of the Supervisory Board of HDI Haftpflichtverband der Deutschen Industrie V.a.G., Hannover/Germany
		Member of the Administrative Board of HDI Assicurazioni S.p.A., Rome/Italy
Frauke Heitmüller	Member	None
Ass. jur. Otto Müller	Member	None
Dr. Andrea Pollak	Member	Independent Management Consultant

		Chairwoman of the Supervisory Board of Kuchen-Peter Backwaren GmbH, Hagenbrunn/Austria
		Deputy Chairwoman of the Supervisory Board of Fronius International GmbH, Pettenbach/Austria
Maike Sielaff	Member	None
Dr. Klaus Sturany	Deputy Chairman	Former Member of the Executive Board of RWE AG, Essen/Germany
		Member of the Supervisory Board of Bayer AG, Leverkusen/Germany
Dr. Erhard Schipporeit	Member	Chairman of the Supervisory Board of Innogy SE, Essen/Germany
		Member of the Supervisory Board of BDO AG, Hamburg/Germany
		Member of the Supervisory Board of Deutsche Börse AG, Frankfurt am Main/Germany
		Member of the Supervisory Board of Fuchs Petrolub SE, Mannheim/Germany
		Member of the Supervisory Board of HDI Haftpflichtverband der Deutschen Industrie V.a.G., Hannover/Germany
		Member of the Supervisory Board of RWE AG, Essen/Germany
		Member of the Supervisory Board of SAP SE, Walldorf/Germany
		Member of the Supervisory Board of Talanx AG, Hannover/Germany

The Issuer has not been notified and has otherwise not been informed by any of the members of the Supervisory Board named above about any potential conflicts of interest between the obligations of the persons towards the Issuer and their own interests or other obligations.

### ***Share Ownership***

Members of the Supervisory Board and Executive Board and their spouses or registered partners and first-degree relatives hold less than 1 per cent. of the issued shares. As at 31 December 2017, the total holding amounted to 4,681 shares. As at 31 December 2017 active members of the Executive Board had at their disposal a total of 293 granted, but not yet exercised stock appreciation rights out of the existing virtual stock option plan.

### **Financial Year**

The financial year of the Issuer is the calendar year.

### **Auditors**

Until 31 December 2017, the auditors of the Issuer and the consolidated financial statements of the Hannover Re Group were KPMG AG Wirtschaftsprüfungsgesellschaft, Osterstr. 40, 30159 Hannover, Germany ("**KPMG AG**"). KPMG AG

is a member of the German Chamber of Auditors (*Wirtschaftsprüferkammer*). The financial statements of the Issuer as at 31 December 2016 as well as at 31 December 2017 and the consolidated financial statements of the Hannover Re Group as at 31 December 2016 as well as at 31 December 2017 were audited by KPMG AG and KPMG AG has in each case issued an unqualified auditors' opinion.

In the Supervisory Board meeting of the Issuer on 8 March 2018, PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, Fuhrberger Straße 5, 30625 Hannover, Germany, has been appointed to audit the consolidated financial statements of the Issuer for the year ended 31 December 2018.

#### **Recent Developments since 31 December 2017**

The changes in tax legislation approved by the US administration at the end of 2017 entered into force on 1 January 2018. These provide for new tax regulations that have considerable financial implications for the subsidiaries operating in the United States. It is unlikely that any appreciable negative effects on income will be incurred as a result.

#### **Significant Changes**

There has been no significant change in the financial or trading position of the Issuer since 31 December 2017.

#### **Trend Information**

There has been no material adverse change in the prospects of the Issuer since 31 December 2017.

## TAXATION

The following is a general overview of certain tax considerations relating to the purchasing, holding and disposing of Notes. It does not purport to be a complete analysis of all tax considerations relating to the Notes. In particular, this discussion does not consider any specific facts or circumstances that may apply to a particular Noteholder. The discussions that follow for each jurisdiction are based upon the applicable laws in force and their interpretation on the date of this Prospectus. These tax laws and interpretations are subject to change that may occur after such date, even with retroactive effect.

The information contained in this section is limited to taxation issues and prospective investors should not apply any information set out below to other areas, including (but not limited to) the legality of transactions involving the Notes.

Prospective Noteholders should consult their own tax advisers as to the particular tax consequences of subscribing, purchasing, holding and disposing the Notes, including the application and effect of any federal, state or local taxes, under the tax laws of Germany and the Grand Duchy of Luxembourg and each country of which they are residents or citizens.

### U.S. Foreign Account Tax Compliance Withholding

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, commonly known as FATCA, a "foreign financial institution" may be required to withhold on certain payments it makes ("foreign passthru payments") to U.S. taxable persons that fail to meet certain certification, reporting, or related requirements. A number of jurisdictions (including Germany) have entered into, or have agreed in substance to intergovernmental agreements with the United States to implement FATCA ("IGAs"), which modify the way in which FATCA applies in their jurisdictions. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as the Notes, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, such withholding would not apply to foreign passthru payments prior to 1 January 2019. Noteholders should consult their own tax advisors regarding how these rules may apply to their investment in the Notes. In the event any withholding would be required pursuant to FATCA or an IGA with respect to payments on the Notes, the Issuer will not be required to pay additional amounts as a result of the withholding.

### Taxation in Germany

The following general overview does not consider all aspects of income taxation in Germany that may be relevant to a Noteholder of the Notes in the light of the Noteholder's particular circumstances and income tax situation. This general overview is based on German tax laws and regulations, all as currently in effect and all subject to change at any time, possibly with retroactive effect.

#### German residents holding the Notes as private assets

##### *Taxation of income from the Notes*

If the Notes are held as private assets (*Privatvermögen*) by an individual investor whose residence or habitual abode is in Germany, payments of interest under the Notes are generally taxed as investment income (*Einkünfte aus Kapitalvermögen*) at a 25 per cent. flat tax (*Abgeltungsteuer*) (plus a 5.5 per cent. solidarity surcharge (*Solidaritätszuschlag*) thereon and, if applicable to the individual investor, church tax (*Kirchensteuer*)).

The same applies to capital gains from the sale or redemption of the Notes. The capital gain is generally determined as the difference between the proceeds from the sale or redemption of the Notes and the acquisition costs. Expenses directly and factually related (*unmittelbarer sachlicher Zusammenhang*) to the sale or redemption are taken into account in computing the taxable capital gain. Otherwise the deduction of related expenses for tax purposes is not permitted.

Please note that the recently published coalition agreement (dated 7 February 2018) of the governing parties of CDU and SPD as a result of the negotiations for the creation of a new German federal government comprises the intent to reform

the flat tax regime. Interest income (or rather income deemed as such) of investors holding the Notes as private assets may no longer be subject to the flat tax regime but taxed at individual progressive income tax rates of up to 45 per cent. (plus a 5.5 per cent. solidarity surcharge thereon and, if applicable to the individual investor, church tax). In that regard the offset of losses might be also modified. Furthermore, the solidarity surcharge shall be abolished in stages. Applicable tax rates may also change. The effective outcome of these announcements can currently not be foreseen.

The flat tax is generally collected by way of withholding (see subsequent paragraph – Withholding tax) and the tax withheld shall generally satisfy the individual investor's tax liability with respect to the Notes. If, however, no or not sufficient tax was withheld (e.g. in case there is no Domestic Paying Agent as defined in the subsequent paragraph – Withholding Tax), the investor will have to include the income received with respect to the Notes in its income tax return. The flat tax will then be collected by way of tax assessment. The investor may also opt for inclusion of investment income in its income tax return if the aggregated amount of tax withheld on investment income during the year exceeded the investor's aggregated flat tax liability on investment income (e.g. because of available losses carried forward or foreign tax credits). If the investor's individual income tax rate on all taxable income including the investment income determined by generally applicable individual progressive tax rates is lower than 25 per cent., the investor may opt to be taxed at individual progressive tax rates with respect to its investment income.

Capital losses from the sale or redemption of the Notes held as private assets should generally be tax-recognised irrespective of the holding period of the Notes. According to the view of German tax authorities losses suffered upon a bad debt loss (Forderungsausfall) and a waiver of a receivable (Forderungsverzicht) (to the extent the waiver does not qualify as a hidden contribution) shall, in general, not be deductible for tax purposes. With respect to a bad debt loss the German Federal Tax Court has recently rejected the view of German tax authorities. With respect to a (voluntary) waiver of receivable a lower German fiscal court confirmed the view of German tax authorities in a final decision. Furthermore, capital losses might not be recognised by the German tax authorities if the Notes are sold or redeemed at a market price, which is lower than the transaction costs or if the level of transaction costs is restricted because of a mutual agreement that the transaction costs are calculated by subtracting a certain amount from the sales price. This view has however been challenged in 2014 by a final judgement of a German lower fiscal court. Any tax-recognised capital losses may not be used to offset other income like employment or business income but may only be offset against investment income. Capital losses not utilised in one annual assessment period may be carried forward into subsequent assessment periods but may not be carried back into preceding assessment periods.

Individual investors are entitled to a saver's lump sum tax allowance (Sparer-Pauschbetrag) for investment income of EUR 801 per year (EUR 1,602 for jointly assessed husband and wife). The saver's lump sum tax allowance is considered for purposes of the withholding tax (see subsequent paragraph – Withholding tax) if the investor has filed a withholding tax exemption request (Freistellungsauftrag) with the respective Domestic Paying Agent (as defined below). The deduction of related expenses for tax purposes is not possible.

### ***Withholding tax***

If the Notes are kept or administered in a domestic securities deposit account by a German credit or financial services institution (Kredit- oder Finanzdienstleistungsinstitut) (or by a German branch of a foreign credit or financial services institution), or by a German securities trading business (Wertpapierhandelsunternehmen) or a German securities trading bank (Wertpapierhandelsbank) (each a "Domestic Paying Agent") which pays or credits the interest, a 25 per cent. withholding tax, plus a 5.5 per cent. solidarity surcharge thereon, resulting in a total withholding tax charge of 26.375 per cent., is levied on the interest payments. The applicable withholding tax rate is in excess of the aforementioned rate if church tax applies and is collected for the individual investor by way of withholding which is provided for as a standard procedure unless the Noteholder of the Notes has filed a blocking notice (Sperrvermerk) with the German Federal Central Tax Office (Bundeszentralamt für Steuern).

Capital gains from the sale (including the redemption) of the Notes are also subject to the 25 per cent. withholding tax, plus a 5.5 per cent. solidarity surcharge thereon, if the Notes are kept or administered by a Domestic Paying Agent effecting the sale or redemption from the time of their acquisition. If the Notes were sold or redeemed after being transferred to a securities deposit account with a Domestic Paying Agent, 25 per cent. withholding tax (plus solidarity

surcharge thereon) would be levied on 30 per cent. of the proceeds from the sale or the redemption, as the case may be, unless the investor or the previous depository bank was able and allowed to prove evidence for the investor's actual acquisition costs to the Domestic Paying Agent. The applicable withholding tax rate is in excess of the aforementioned rate if church tax applies and is collected for the individual investor by way of withholding which is provided for as a standard procedure unless the Noteholder of the Notes has filed a blocking notice (*Sperrvermerk*) with the German Federal Central Tax Office (*Bundeszentralamt für Steuern*).

## **German resident investors holding the Notes as business assets**

### ***Taxation of income from the Notes***

If the Notes are held as business assets (*Betriebsvermögen*) by an individual or corporate investor which is tax resident in Germany (i.e. a corporation with its statutory seat or place of management in Germany), interest income and capital gains from the Notes are subject to personal income tax at individual progressive rates or corporate income tax (plus a 5.5 per cent. solidarity surcharge thereon and church tax, if applicable) and, in general, trade tax. The effective trade tax rate depends on the applicable trade tax factor (*Gewerbsteuer-Hebesatz*) of the relevant municipality where the business is located. In case of individual investors the trade tax may, however, be partially or fully creditable against the investor's personal income tax liability depending on the applicable trade tax factor and the investor's particular circumstances. Losses from the disposal or redemption of the Notes will generally be tax-recognised and may generally be offset against other income subject to certain limitations.

### ***Withholding tax***

If the Notes are kept or administered by a Domestic Paying Agent which pays or credits the interest, a 25 per cent. withholding tax, plus a 5.5 per cent. solidarity surcharge thereon, resulting in a total withholding tax charge of 26.375 per cent., is generally levied on the interest payments. The applicable withholding tax rate is in excess of the aforementioned rate if church tax applies and is collected for the individual investor by way of withholding which is provided for as a standard procedure unless the Noteholder of the Notes has filed a blocking notice (*Sperrvermerk*) with the German Federal Central Tax Office (*Bundeszentralamt für Steuern*).

No withholding is generally required on capital gains from the disposal or redemption of the Notes which is derived by German resident corporate investors and, upon application, by individual investors holding the Notes as assets of a German business, subject to certain requirements.

Any capital losses incurred from the disposal or redemption of the Notes will not be taken into account for withholding tax purposes. If withholding tax is levied, the withholding tax does not satisfy the investor's personal or corporate income tax liability with respect to the Notes. The income from the Notes will have to be included in the investor's personal or corporate income tax return. Any German withholding tax (including surcharges) is generally fully creditable against the investor's personal or corporate income tax liability or refundable, as the case may be.

## **Non-German resident Noteholders**

Income derived from the Notes by Noteholders who are not tax resident in Germany is in general not subject to German income taxation, and no withholding tax shall be withheld, unless (i) the Notes are held as business assets of a German permanent establishment of the investor or by a permanent German representative of the investor or (ii) the income derived from the Notes does otherwise constitute German source income (such as income derived from Notes that are secured by German real estate or vessels subject to certain exceptions or income from the letting and leasing of certain property located in Germany).

If the income derived from the Notes is subject to German taxation according to (i) to (ii) above, the income is subject to German income taxation and withholding tax similar to that described above for German resident Noteholders. Under certain circumstances, foreign investors may benefit from tax reductions or tax exemptions under applicable double tax treaties (*Doppelbesteuerungsabkommen*) entered into with Germany.



## **Inheritance and gift tax**

The transfer of Notes to another person by way of gift or inheritance is subject to German gift or inheritance tax, respectively, if *inter alia*

- (i) the testator, the donor, the heir, the donee or any other acquirer had his residence, habitual abode or, in case of a corporation, association of persons (*Personenvereinigung*) or asset pool (*Vermögensmasse*), has its seat or place of management in Germany at the time of the transfer of property,
- (ii) except as provided under (i), the testator's or donor's Notes belong to a business asset attributable to a permanent establishment or a permanent representative in Germany.

Special regulations apply to certain German expatriates.

Prospective investors are urged to consult with their tax advisor to determine the particular inheritance or gift tax consequences in light of their particular circumstances.

## **Other taxes**

The purchase, sale or other disposal of Notes does not give rise to capital transfer tax, value added tax, stamp duties or similar taxes or charges in Germany. However, under certain circumstances entrepreneurs may choose liability to value added tax with regard to the sale of Notes which would otherwise be tax exempt. Net wealth tax (*Vermögensteuer*) is, at present, not levied in Germany.

## **Taxation in the Grand Duchy of Luxembourg**

The comments below do not relate to any form of Luxembourg taxation other than taxation withheld at source with respect to the Notes.

### **Withholding tax and self-applied tax**

Under Luxembourg tax law currently in effect and subject to the exception below, there is no Luxembourg withholding tax on payments of interest (including accrued but unpaid interest) or repayments of principal.

In accordance with the law of 23 December 2005, as amended, on the introduction of a withholding tax on certain interest payments on savings income, interest on Notes paid by Luxembourg paying agents to or to the benefit of Luxembourg resident individual beneficial owners are currently subject to a 20 per cent. withholding tax. Responsibility for withholding such tax will be assumed by the Luxembourg paying agent.

Furthermore, Luxembourg resident individuals, acting in the framework of their private wealth, can opt to self-declare and pay a 20 per cent. tax on interest payments made by paying agents located in an EU Member State other than Luxembourg or a Member State of the European Economic Area other than an EU Member State.

## SUBSCRIPTION AND SALE OF THE NOTES

### General

Pursuant to a subscription agreement dated 13 April 2018 (the "**Subscription Agreement**") among the Issuer and the Managers, the Issuer has agreed to sell to the Managers, and the Managers have agreed, subject to certain customary closing conditions, to purchase, the Notes on 18 April 2018. The Issuer has furthermore agreed to pay certain fees to the Managers and to reimburse the Managers for certain expenses incurred in connection with the issue of the Notes.

The Subscription Agreement provides that the Managers under certain circumstances will be entitled to terminate the Subscription Agreement. In such event, no Notes will be delivered to investors. Furthermore, the Issuer has agreed to indemnify the Managers against certain liabilities in connection with the offer and sale of the Notes.

Certain of the Managers and their affiliates may be customers of, borrowers from or creditors of Hannover Re and its affiliates. In addition, certain Managers and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform services for Hannover Re and its affiliates in the ordinary course of business. In particular, in the ordinary course of their business activities, the Managers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of Hannover Re or its affiliates. Certain of the Managers or their affiliates that have a lending relationship with Hannover Re routinely hedge their credit exposure to Hannover Re consistent with their customary risk management policies. Typically, such Managers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities, including potentially the Notes issued. Any such positions could adversely affect future trading prices of the Notes. The Managers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

There are no interests of natural and legal persons involved in the issue, including conflicting ones, that are material to the issue.

### Selling Restrictions

#### General

Each Manager has acknowledged that other than explicitly mentioned in this Prospectus no action is taken or will be taken by the Issuer in any jurisdiction that would permit a public offering of the Notes, or possession or distribution of any offering material relating to them, in any jurisdiction where action for that purpose is required.

Each Manager has represented and agreed that it will comply with all applicable laws and regulations in each jurisdiction in which it purchases, offers, sells or delivers Notes or has in its possession or distributes any offering material relating to them.

#### European Economic Area

Each Manager has represented, warranted and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes to any retail investor in the European Economic Area. For the purposes of this provision the expression retail investor means a person who is one (or more) of the following:

- (i) a retail client as defined in point (11) of Article 4(1) of MiFID II (as amended); or
- (ii) a customer within the meaning of Directive 2002/92/EC, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II.

### **United States of America and its territories**

The Notes have not been and will not be registered under the Securities Act, and may not be offered or sold within the United States or to, or to the account of benefit of, U.S. persons except in transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S.

The Notes are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by the U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986 and regulations thereunder.

Each Manager has represented and agreed that except as permitted by the Subscription Agreement, it has not offered, sold or delivered and will not offer, sell or deliver any Notes (i) as part of their distribution and any time or (ii) otherwise until 40 days after the later of the commencement of the offering and the Issue Date, within the United States or to, for the account of benefit of, U.S. persons, and will have sent to each dealer to which it sells the Notes and any related guarantee during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S.

In addition, until 40 days after the commencement of the offering of the Notes, an offer or sale of the Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act.

### **United Kingdom**

Each Manager has represented, warranted and agreed that:

- (a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000 (the "FSMA")) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer, and
- (b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom.

## GENERAL INFORMATION

1. **Authorisations:** The creation and issue of the Notes has been authorised by a resolution of the Executive Board of the Issuer on 26 June 2017, of the chief financial officer (*Finanzvorstand*) on 12 April 2018, of the Supervisory Board of the Issuer on 12 February 2018 and of the Finance and Audit Committee (*Finanz- und Prüfungsausschuss*) of the Supervisory Board on 28 March 2018.
2. **Expenses of the Issue:** The total expenses related to the admission to trading of the Notes are expected to amount to EUR 20,000.
3. **Clearing Systems:** Payments and transfers of the Notes will be settled through Euroclear Bank SA/NV, 1 Boulevard du Roi Albert II, B-1210 Brussels, Belgium and Clearstream Banking, S.A., 42 Avenue JF Kennedy, L-1855 Luxembourg.

The Notes have the following securities codes:

ISIN: XS1808482746

Common Code: 180848274

German Securities Code (WKN): A2LQ42

4. **Eurosystem eligibility:** It is intended that the Notes are to be held in a manner which will allow Eurosystem eligibility which means that the Notes are intended upon issue to be deposited with a common safekeeper.

This does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria.

5. **Luxembourg Listing and Admission to Trading:** Application has been made to the Luxembourg Stock Exchange for the Notes to be admitted to the Official List and to be admitted to trading on the Luxembourg Stock Exchange's regulated market.
6. **Notices to Noteholders:** For so long as the Notes are listed on the Luxembourg Stock Exchange, all notices to the Noteholders regarding the Notes shall be published on the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)). The Issuer will be entitled to deliver all notices concerning the Notes to the Clearing System for communication by the Clearing System to the Holders.
7. **Documents on Display:** For so long as any Note is outstanding, copies of the following documents may be inspected in physical form during normal business hours at the registered office of the Issuer:
  - (a) the Articles of the Issuer;
  - (b) this Prospectus and any supplement thereto; and
  - (c) the documents specified in the section "Documents incorporated by Reference" below.

The Prospectus will be published on the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)).

8. **Yield:** For the investors, the yield of the Notes is 1.211 per cent. *per annum*, calculated on the basis of the Issue Price. Such yield is calculated in accordance with the ICMA (International Capital Markets Association) Method. The ICMA method determines the effective interest rate on notes by taking into account accrued interest on a daily basis.
9. **Rating of the Issuer:** The Issuer has received the following ratings from S&P and A.M. Best:  
S&P Issuer credit rating: AA-, stable outlook<sup>3</sup>

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<sup>3</sup> S&P defines "AA-" as follows: An obligor rated 'AA' has very strong capacity to meet its financial commitments. It differs from the highest-rated obligors only to a small degree. S&P rating scale for the long-term issuer credit ratings consists of the

S&P Financial strength rating: AA-, "very strong", stable outlook<sup>4</sup>

A.M. Best Issuer credit rating: aa, stable outlook<sup>5</sup>

A.M. Best Financial strength rating: A+ ("Superior"), stable outlook<sup>6</sup>

The Notes are expected to be rated "AA-" by S&P.<sup>7</sup>

Standard & Poor's and A.M. Best are established in the European Community and are registered under Regulation (EC) No 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies, as amended (the "CRA Regulation")<sup>8</sup>.

Investors in the Notes should be aware that a credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time.

10. **Legal Entity Identifier:** The LEI of Hannover Re is 529900KIN5BE45V5KB18.

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following categories: "AAA", "AA", "A", "BBB", "BB", "B", "CCC", "CC" (in descending order). Ratings from "AA" to "CCC" may be modified by the addition of a plus (+) or minus (-) sign to show relative standing within the major rating categories. A stable outlook means that a rating is not likely to change.

<sup>4</sup> S&P defines "AA" as follows: An obligor rated 'AA' has very strong financial security characteristics, differing only slightly from those rated higher. S&P rating scale for insurer financial strength ratings consists of the following categories: "AAA", "AA", "A", "BBB", "BB", "B", "CCC", "CC" (in descending order). Ratings from "AA" to "CCC" may be modified by the addition of a plus (+) or minus (-) sign to show relative standing within the major rating categories. A stable outlook means that a rating is not likely to change.

<sup>5</sup> A.M. Best defines "aa" as follows: Assigned to entities that have, in A.M. Best's opinion, a superior ability to meet their ongoing senior financial obligations. A.M. Best rating scale for the long-term credit ratings consists of the following categories: "aaa", "aa", "a" to "cc". In addition, the scale provides for the ratings "c" (Poor), "d" (In Default or a Bankruptcy Petition or a similar action has been filed and made public), "e" (Under Regulatory Supervision), "f" (In Liquidation) and "s" (Suspended). Ratings from "aa" to "ccc" may be enhanced with "+" (plus) or "-" (minus) to indicate whether credit quality is near the top or bottom of a category. A stable outlook means that the issuer is experiencing stable financial and market trends and that there is a low likelihood the issuer's rating will change over an intermediate period.

<sup>6</sup> A.M. Best defines "A+" as follows: Assigned to insurance companies that have, in A.M. Best's opinion, a superior ability to meet their ongoing insurance obligations. A.M. Best rating scale for insurer financial strength ratings consists of the following categories: "A+", "A" to "C". In addition, the scale provides for the ratings "D" (Poor), "E" (Under Regulatory Supervision), "F" (In Liquidation) and "S" (Suspended). Ratings from "A+" to "C" include a rating notch with either a second plus "+" or a minus "-" to reflect a gradation of financial strength within the category.

<sup>7</sup> S&P defines "AA-" as follows: An obligation rated 'AA' differs from the highest-rated obligations only to a small degree. The obligor's capacity to meet its financial commitments on the obligation is very strong. S&P rating scale for the long-term issue credit ratings consists of the following categories: "AAA", "AA", "A", "BBB", "BB", "B", "CCC", "CC" (in descending order). Ratings from "AA" to "CCC" may be modified by the addition of a plus (+) or minus (-) sign to show relative standing within the major rating categories.

<sup>8</sup> The European Securities and Markets Authority publishes on its website (<https://www.esma.europa.eu/supervision/credit-rating-agencies/risk>) a list of credit rating agencies registered in accordance with the CRA Regulation. That list is updated within five working days following the adoption of a decision under Article 16, 17 or 20 CRA Regulation. The European Commission shall publish that updated list in the Official Journal of the European Union within 30 days following such update.

## DOCUMENTS INCORPORATED BY REFERENCE

The pages specified below of the following documents which have previously been published or are published simultaneously with this Prospectus and which have been filed with the CSSF are incorporated by reference into this Prospectus: (i) the audited Annual Report of the Hannover Re Group for the fiscal year ended 31 December 2017 (the "**2017 Fiscal Year**") and (ii) the audited Annual Report of the Hannover Re Group for the fiscal year ended 31 December 2016 (the "**2016 Fiscal Year**"), each containing the English language translation of the respective German language consolidated financial statements of the Issuer and of the German language auditor's report (*Bestätigungsvermerk*) in respect thereof.

- (1) Extracted from: Hannover Re Group – Audited Annual Report 2017
  - Consolidated balance sheet as at 31 December 2017 ..... pages 146-147
  - Consolidated statement of income 2017 ..... page 148
  - Consolidated statement of comprehensive income 2017 ..... page 149
  - Consolidated statement of changes in shareholders' equity  
2017 ..... pages 150-151
  - Consolidated cash flow statement 2017 ..... pages 152-154
  - Notes to the consolidated financial statements ..... pages 156-248
  - Auditor's report<sup>9</sup> ..... page 250-256
- (2) Extracted from: Hannover Re Group – Audited Annual Report 2016
  - Consolidated balance sheet as at 31 December 2016 ..... pages 134-135
  - Consolidated statement of income for 2016 ..... page 136
  - Consolidated statement of comprehensive income for 2016 ..... page 137
  - Consolidated statement of changes in shareholders' equity for  
2016 ..... pages 138-139
  - Consolidated cash flow statement for 2016 ..... pages 140-142
  - Notes to the consolidated financial statements ..... pages 144-235
  - Auditor's report<sup>10</sup> ..... page 236

All of these pages shall be deemed to be incorporated in by reference, and to form part of, this Prospectus.

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<sup>9</sup> The auditor's report, prepared in accordance with Section 322 German Commercial Code (*Handelsgesetzbuch*), refers to the complete consolidated financial statements in German language, comprising the consolidated balance sheet, consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of changes in shareholders' equity, consolidated cash flow statement and notes to the consolidated financial statements together with the combined management report of the company and the group for the business year from 1 January to 31 December 2017. The combined management report is not included in the Prospectus.

<sup>10</sup> The auditor's report, prepared in accordance with Section 322 German Commercial Code (*Handelsgesetzbuch*), refers to the complete consolidated financial statements in German language, comprising the consolidated balance sheet, consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of changes in shareholders' equity, consolidated cash flow statement and notes to the consolidated financial statements together with the combined management report of the company and the group for the business year from 1 January to 31 December 2016. The combined management report is not included in the Prospectus.

The non-incorporated parts of such documents, i.e. the pages not listed in the table above, are either not relevant for the investor or covered elsewhere in the Prospectus pursuant to Article 28.4 of the Commission Regulation (EC) 809/2004.

Copies of documents incorporated by reference in this Prospectus may be obtained (without charge) from the registered office of the Issuer and the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)).

**Issuer**

**Hannover Rück SE**  
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