

# Consolidated balance sheet

<b>Assets</b> in EUR thousand	Notes	<b>31.12.2011</b>	31.12.2010
Fixed-income securities – held to maturity	5.1	4,156,089	3,028,018
Fixed-income securities – loans and receivables	5.1	3,524,735	2,314,429
Fixed-income securities – available for sale	5.1	17,328,911	15,877,634
Fixed-income securities – at fair value through profit or loss	5.1	161,130	217,597
Equity securities – available for sale	5.1	40,387	536,755
Other financial assets – at fair value through profit or loss	5.1	21,026	54,756
Real estate and real estate funds	5.1	525,097	394,087
Investments in associated companies	5.1	127,554	127,644
Other invested assets	5.1	931,421	841,896
Short-term investments	5.1	1,017,886	1,570,502
Cash		506,963	447,753
<b>Total investments and cash under own management</b>		<b>28,341,199</b>	<b>25,411,071</b>
Funds withheld	5.2	13,232,054	11,920,725
Contract deposits	5.3	109,719	715,353
<b>Total investments</b>		<b>41,682,972</b>	<b>38,047,149</b>
Reinsurance recoverables on unpaid claims	5.7	1,550,587	1,025,332
Reinsurance recoverables on benefit reserve	5.7	380,714	347,069
Prepaid reinsurance premium	5.7	91,823	83,224
Reinsurance recoverables on other technical reserves	5.7	7,810	1,831
Deferred acquisition costs	5.4	1,926,570	1,834,496
Accounts receivable	5.4	3,139,327	2,841,303
Goodwill	5.5	59,289	45,773
Deferred tax assets	6.5	682,888	622,136
Other assets	5.6	336,650	336,443
Accrued interest and rent		5,931	11,182
Assets held for sale	5.1, 4.4	2,391	1,529,355
<b>Total assets</b>		<b>49,866,952</b>	<b>46,725,293</b>

<b>Liabilities</b> in EUR thousand	Notes	<b>31.12.2011</b>	31.12.2010
Loss and loss adjustment expense reserve	5.7	20,767,317	18,065,395
Benefit reserves	5.7	10,309,066	8,939,190
Unearned premium reserve	5.7	2,215,864	1,910,422
Other technical provisions	5.7	207,262	184,528
Funds withheld	5.8	644,587	1,187,723
Contract deposits	5.9	5,008,193	4,704,267
Reinsurance payable		733,348	733,473
Provisions for pensions	5.10	88,299	81,657
Taxes	6.5	185,015	286,394
Deferred tax liabilities	6.5	1,723,265	1,632,527
Other liabilities	5.11	443,671	443,932
Long-term debt and subordinated capital	5.12	1,934,410	2,056,797
Liabilities related to assets held for sale		–	1,381,120
<b>Total liabilities</b>		<b>44,260,297</b>	<b>41,607,425</b>
Shareholders' equity			
Common shares	5.13	120,597	120,597
Nominal value: 120,597			
Conditional capital: 60,299	5.13		
Additional paid-in capital		724,562	724,562
<b>Common shares and additional paid-in capital</b>		<b>845,159</b>	<b>845,159</b>
Cumulative other comprehensive income			
Unrealised gains and losses on investments		453,115	372,094
Cumulative foreign currency translation adjustment		11,559	(52,954)
Other changes in cumulative other comprehensive income		(18,553)	(6,450)
<b>Total other comprehensive income</b>		<b>446,121</b>	<b>312,690</b>
Retained earnings		3,679,351	3,351,116
<b>Equity attributable to shareholders of Hannover Re</b>		<b>4,970,631</b>	<b>4,508,965</b>
Non-controlling interests		636,024	608,903
<b>Total shareholders' equity</b>		<b>5,606,655</b>	<b>5,117,868</b>
<b>Total liabilities</b>		<b>49,866,952</b>	<b>46,725,293</b>

# Consolidated statement of income 2011

Figures in EUR thousand	Notes	1.1.–31.12.2011	1.1.–31.12.2010 <sup>1</sup>
Gross written premium	6.1	12,096,113	11,428,717
Ceded written premium		1,069,745	1,127,465
Change in gross unearned premium		(269,189)	(287,536)
Change in ceded unearned premium		(5,668)	33,300
<b>Net premium earned</b>		<b>10,751,511</b>	<b>10,047,016</b>
Ordinary investment income	6.2	966,171	880,521
Profit/loss from investments in associated companies	6.2	3,088	3,857
Realised gains and losses on investments	6.2	179,560	162,003
Unrealised gains and losses on investments	6.2	(38,795)	(39,893)
Total depreciation, impairments and appreciation of investments	6.2	(5,801)	(3,448)
Other investment expenses	6.2	70,322	67,409
<b>Net income from investments under own management</b>		<b>1,045,503</b>	<b>942,527</b>
Income/expense on funds withheld and contract deposits	6.2	338,538	316,368
<b>Net investment income</b>		<b>1,384,041</b>	<b>1,258,895</b>
Other technical income	6.3	8,841	16,845
<b>Total revenues</b>		<b>12,144,393</b>	<b>11,322,756</b>
Claims and claims expenses	6.3	8,029,895	7,008,055
Change in benefit reserves	6.3	621,460	652,711
Commission and brokerage, change in deferred acquisition costs	6.3	2,336,128	2,257,948
Other acquisition costs		10,675	5,302
Other technical expenses	6.3	8,954	44,183
Administrative expenses	6.3	289,063	280,720
<b>Total technical expenses</b>		<b>11,296,175</b>	<b>10,248,919</b>
Other income and expenses	6.4	(6,801)	104,020
<b>Operating profit/loss (EBIT)</b>		<b>841,417</b>	<b>1,177,857</b>
Interest on hybrid capital	5.12	99,169	89,323
<b>Net income before taxes</b>		<b>742,248</b>	<b>1,088,534</b>
Taxes	6.5	65,460	257,629
<b>Net income</b>		<b>676,488</b>	<b>830,905</b>
thereof			
Non-controlling interest in profit and loss		70,815	82,015
<b>Group net income</b>		<b>605,973</b>	<b>748,890</b>
<b>Earnings per share</b>			
Basic earnings per share		5.02	6.21
Diluted earnings per share		5.02	6.21

1 Adjusted on the basis of IAS 1

# Consolidated statement of comprehensive income 2011

Figures in EUR thousand	1.1.–31.12.2011	1.1.–31.12.2010
<b>Net income</b>	676,788	830,905
Unrealised gains and losses on investments		
Gains (losses) recognised directly in equity	257,798	353,614
Transferred to the consolidated statement of income	(138,484)	(184,823)
Tax income (expense)	(34,919)	(28,933)
	<b>84,395</b>	<b>139,858</b>
Currency translation		
Gains (losses) recognised directly in equity	46,970	183,883
Transferred to the consolidated statement of income	23,098	3,863
Tax income (expense)	(5,383)	(10,911)
	<b>64,685</b>	<b>176,835</b>
Changes from the measurement of associated companies		
Gains (losses) recognised directly in equity	(3,101)	(2,643)
	<b>(3,101)</b>	<b>(2,643)</b>
Other changes		
Gains (losses) recognised directly in equity	(25,464)	(4,240)
Tax income (expense)	7,477	2,517
	<b>(17,987)</b>	<b>(1,723)</b>
Total income and expense recognised directly in equity		
Gains (losses) recognised directly in equity	276,203	530,614
Transferred to the consolidated statement of income	(115,386)	(180,960)
Tax income (expense)	(32,825)	(37,327)
	<b>127,992</b>	<b>312,327</b>
<b>Total recognised income and expense</b>	<b>804,780</b>	<b>1,143,232</b>
thereof:		
Attributable to non-controlling interests	65,376	94,200
Attributable to shareholders of Hannover Re	739,404	1,049,032

# Consolidated statement of changes in shareholders' equity 2011

Figures in EUR thousand	Common shares	Additional paid-in capital	Other reserves (cumulative other comprehensive income)			Retained earnings	Non-controlling interests	Shareholders' equity
			Currency translation	Unrealised gains/ losses	Other			
<b>Balance as at 1.1.2010</b>	<b>120,597</b>	<b>724,562</b>	<b>(224,084)</b>	<b>241,569</b>	<b>(4,728)</b>	<b>2,856,529</b>	<b>542,112</b>	<b>4,256,557</b>
Changes in ownership interest with no change of control status	-	-	26	(235)	-	(756)	7,204	6,239
Changes in the consolidated group	-	-	-	-	-	-	(23)	(23)
Capital increases/ additions	-	-	-	-	-	-	62	62
Capital repayments	-	-	-	-	-	-	(3,920)	(3,920)
Acquisition/disposal of treasury shares	-	-	-	-	-	(293)	-	(293)
Total income and expense recognised after tax	-	-	171,104	130,760	(1,722)	748,890	94,200	1,143,232
Dividends paid	-	-	-	-	-	(253,254)	(30,732)	(283,986)
<b>Balance as at 31.12.2010</b>	<b>120,597</b>	<b>724,562</b>	<b>(52,954)</b>	<b>372,094</b>	<b>(6,450)</b>	<b>3,351,116</b>	<b>608,903</b>	<b>5,117,868</b>
<b>Balance as at 1.1.2011</b>	<b>120,597</b>	<b>724,562</b>	<b>(52,954)</b>	<b>372,094</b>	<b>(6,450)</b>	<b>3,351,116</b>	<b>608,903</b>	<b>5,117,868</b>
Changes in ownership interest with no change of control status	-	-	-	-	-	15	179	194
Changes in the consolidated group	-	-	-	-	-	-	15	15
Capital increases/ additions	-	-	-	-	-	-	30	30
Capital repayments	-	-	-	-	-	-	(8)	(8)
Acquisition/disposal of treasury shares	-	-	-	-	-	(380)	-	(380)
Total income and expense recognised after tax	-	-	64,513	81,021	(12,103)	605,973	65,376	804,780
Dividends paid	-	-	-	-	-	(277,373)	(38,471)	(315,844)
<b>Balance as at 31.12.2011</b>	<b>120,597</b>	<b>724,562</b>	<b>11,559</b>	<b>453,115</b>	<b>(18,553)</b>	<b>3,679,351</b>	<b>636,024</b>	<b>5,606,655</b>

# Consolidated cash flow statement 2011

The reporting on cash flows within the Group is based on IAS 7 “Statement of Cash Flows”. In addition, we observed the principles set out in German Accounting Standard No. 2 (DRS 2) of the German Accounting Standards Board regarding the preparation of cash flow statements, which were supplemented by the requirements of DRS 2-20 that apply specifically to

insurance enterprises. In accordance with the recommendation of the German Accounting Standards Board for insurance enterprises, we adopted the indirect method of presentation. The amounts taken into consideration are limited to cash and cash equivalents shown under the balance sheet item “Cash”.

Figures in EUR thousand	1.1.–31.12.2011	1.1.–31.12.2010
<b>I. Cash flow from operating activities</b>		
Net income	676,788	830,905
Appreciation/depreciation	8,125	(33,692)
Net realised gains and losses on investments	(179,560)	(162,003)
Amortisation of investments	52,488	18,701
Changes in funds withheld	(1,632,756)	(949,562)
Net changes in contract deposits	828,891	373,791
Changes in prepaid reinsurance premium (net)	274,857	252,107
Changes in tax assets/provisions for taxes	(88,173)	100,484
Changes in benefit reserve (net)	1,119,973	352,955
Changes in claims reserves (net)	1,782,089	925,798
Changes in deferred acquisition costs	(75,477)	127,681
Changes in other technical provisions	17,384	19,138
Changes in clearing balances	(268,688)	(110,474)
Changes in other assets and liabilities (net)	6,921	(64,561)
<b>Cash flow from operating activities</b>	<b>2,522,862</b>	<b>1,681,268</b>

Figures in EUR thousand	1.1.–31.12.2011	1.1.–31.12.2010
<b>II. Cash flow from investing activities</b>		
Fixed-income securities – held to maturity		
Maturities	305,222	21,611
Purchases	(57,819)	–
Fixed-income securities – loans and receivables		
Maturities, sales	595,645	904,068
Purchases	(1,751,879)	(517,804)
Fixed-income securities – available for sale		
Maturities, sales	8,306,715	8,376,705
Purchases	(10,465,318)	(9,878,959)
Fixed-income securities – at fair value through profit or loss		
Maturities, sales	78,924	55,650
Purchases	(35,793)	(6,198)
Equity securities – available for sale		
Sales	730,689	32,550
Purchases	(281,014)	(518,415)
Other financial assets – at fair value through profit or loss		
Sales	468	962
Other invested assets		
Sales	95,050	60,314
Purchases	(162,155)	(112,964)
Affiliated companies and participating interests		
Sales	140,765	182
Purchases	(20,856)	(6,903)
Real estate and real estate funds		
Sales	37,868	915
Purchases	(148,431)	(163,502)
Short-term investments		
Changes	608,113	(244,454)
Other changes (net)	(17,447)	2,521
<b>Cash flow from investing activities</b>	<b>(2,041,253)</b>	<b>(1,993,721)</b>

Figures in EUR thousand	1.1.–31.12.2011	1.1.–31.12.2010
<b>III. Cash flow from financing activities</b>		
Contribution from capital measures	(4,080)	(2,736)
Acquisition/disposal of treasury shares	(380)	(293)
Structural change without loss of control	194	6,522
Dividends paid	(315,844)	(283,986)
Proceeds from long-term debts	31,056	566,533
Repayment of long-term debts	(160,812)	(2,694)
<b>Cash flow from financing activities</b>	<b>(449,866)</b>	<b>283,346</b>
<b>IV. Exchange rate differences on cash</b>	<b>(7)</b>	<b>46,922</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>475,227</b>	<b>457,412</b>
thereof cash and cash equivalents of disposal groups: 27,474		
<b>Change in cash and cash equivalents (I.+II.+III.+IV.)</b>	<b>31,736</b>	<b>17,815</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>506,963</b>	<b>475,227</b>
Income taxes	2,514	(147,966)
Interest paid	(37,184)	(103,468)



# Consolidated segmental report

Segmentation of assets in EUR thousand	Non-life reinsurance	
	31.12.2011	31.12.2010
<b>Assets</b>		
Held to maturity	3,704,836	2,724,546
Loans and receivables	3,486,857	2,259,375
Available for sale	11,707,340	11,725,861
At fair value through profit or loss	118,327	152,028
Other invested assets	1,554,528	1,330,693
Short-term investments	638,128	1,259,804
Cash	385,531	325,518
<b>Total investments and cash under own management</b>	<b>21,595,547</b>	<b>19,777,825</b>
Funds withheld	836,170	695,709
Contract deposits	–	–
<b>Total investments</b>	<b>22,431,717</b>	<b>20,473,534</b>
Reinsurance recoverables on unpaid claims	1,352,406	859,533
Reinsurance recoverables on benefit reserve	–	–
Prepaid reinsurance premium	89,109	81,256
Reinsurance recoverables on other reserves	4,239	422
Deferred acquisition costs	458,651	362,080
Accounts receivable	1,977,106	1,805,883
Other assets in the segment	1,469,312	1,262,674
Assets held for sale	2,391	1,529,355
<b>Total assets</b>	<b>27,784,931</b>	<b>26,374,737</b>
<b>Segmentation of technical and other liabilities in EUR thousand</b>		
<b>Liabilities</b>		
Loss and loss adjustment expense reserve	18,030,010	15,634,491
Benefit reserve	–	–
Unearned premium reserve	2,110,289	1,812,861
Provisions for contingent commissions	145,915	130,726
Funds withheld	313,851	218,084
Contract deposits	96,611	102,109
Reinsurance payable	446,301	456,496
Long-term liabilities	202,823	187,690
Other liabilities in the segment	1,544,215	1,564,020
Liabilities related to assets held for sale	–	1,381,120
<b>Total liabilities</b>	<b>22,890,015</b>	<b>21,487,597</b>

Life/health reinsurance		Consolidation		Total	
31.12.2011	31.12.2010	31.12.2011	31.12.2010	31.12.2011	31.12.2010
199,846	3,528	251,407	299,944	4,156,089	3,028,018
27,560	44,735	10,318	10,319	3,524,735	2,314,429
5,355,477	4,409,009	306,481	279,519	17,369,298	16,414,389
40,346	91,888	23,483	28,437	182,156	272,353
27,041	32,813	2,503	121	1,584,072	1,363,627
339,662	273,051	40,096	37,647	1,017,886	1,570,502
118,835	120,176	2,597	2,059	506,963	447,753
<b>6,108,767</b>	<b>4,975,200</b>	<b>636,885</b>	<b>658,046</b>	<b>28,341,199</b>	<b>25,411,071</b>
12,395,934	11,225,065	(50)	(49)	13,232,054	11,920,725
109,719	715,353	-	-	109,719	715,353
<b>18,614,420</b>	<b>16,915,618</b>	<b>636,835</b>	<b>657,997</b>	<b>41,682,972</b>	<b>38,047,149</b>
199,332	165,938	(1,151)	(139)	1,550,587	1,025,332
380,714	347,069	-	-	380,714	347,069
2,802	3,755	(88)	(1,787)	91,823	83,224
3,571	1,409	-	-	7,810	1,831
1,467,915	1,472,416	4	-	1,926,570	1,834,496
1,162,401	1,035,542	(180)	(122)	3,139,327	2,841,303
467,140	507,199	(851,694)	(754,339)	1,084,758	1,015,534
-	-	-	-	2,391	1,529,355
<b>22,298,295</b>	<b>20,448,946</b>	<b>(216,274)</b>	<b>(98,390)</b>	<b>49,866,952</b>	<b>46,725,293</b>
2,738,458	2,431,045	(1,151)	(141)	20,767,317	18,065,395
10,309,149	8,941,021	(83)	(1,831)	10,309,066	8,939,190
105,575	97,561	-	-	2,215,864	1,910,422
61,347	53,802	-	-	207,262	184,528
330,736	969,639	-	-	644,587	1,187,723
4,911,582	4,602,158	-	-	5,008,193	4,704,267
287,692	277,817	(645)	(840)	733,348	733,473
-	-	1,731,587	1,869,107	1,934,410	2,056,797
1,730,456	1,579,525	(834,421)	(699,035)	2,440,250	2,444,510
-	-	-	-	-	1,381,120
<b>20,474,995</b>	<b>18,952,568</b>	<b>895,287</b>	<b>1,167,260</b>	<b>44,260,297</b>	<b>41,607,425</b>

# Consolidated segmental report

Segmental statement of income in EUR thousand	Non-life reinsurance	
	1.1.–31.12.2011	1.1.–31.12.2010
Gross written premium	6,825,522	6,339,285
thereof		
From insurance business with other segments	–	–
From insurance business with external third parties	6,825,522	6,339,285
Net premium earned	5,960,764	5,393,884
Net investment income	845,426	721,225
thereof		
Deposit interest and expenses	14,239	12,200
Claims and claims expenses	4,701,962	3,873,129
Change in benefit reserve	–	–
Commission and brokerage, change in deferred acquisition costs and other technical income/expenses	1,367,299	1,273,906
Administrative expenses	160,223	164,498
Other income and expenses	22,553	75,984
<b>Operating profit/loss (EBIT)</b>	<b>599,259</b>	<b>879,560</b>
Interest on hybrid capital	–	–
<b>Net income before taxes</b>	<b>599,259</b>	<b>879,560</b>
Taxes	77,618	220,363
<b>Net income</b>	<b>521,641</b>	<b>659,197</b>
thereof		
Non-controlling interest in profit or loss	66,051	78,201
<b>Group net income</b>	<b>455,590</b>	<b>580,996</b>

Life/health reinsurance		Consolidation		Total	
1.1.–31.12.2011	1.1.–31.12.2010	1.1.–31.12.2011	1.1.–31.12.2010 <sup>1</sup>	1.1.–31.12.2011	1.1.–31.12.2010 <sup>1</sup>
5,270,137	5,090,123	454	(691)	12,096,113	11,428,717
(454)	691	454	(691)	–	–
5,270,591	5,089,432	–	–	12,096,113	11,428,717
4,788,893	4,653,910	1,854	(778)	10,751,511	10,047,016
512,616	508,243	25,999	29,427	1,384,041	1,258,895
324,299	304,168	–	–	338,538	316,368
3,328,609	3,135,785	(676)	(859)	8,029,895	7,008,055
619,713	653,496	1,747	(785)	621,460	652,711
985,803	1,022,800	(6,186)	(6,118)	2,346,916	2,290,588
130,568	118,698	(1,728)	(2,476)	289,063	280,720
(19,170)	52,979	(10,184)	(24,943)	(6,801)	104,020
<b>217,646</b>	<b>284,353</b>	<b>24,512</b>	<b>13,944</b>	<b>841,417</b>	<b>1,177,857</b>
–	–	99,169	89,323	99,169	89,323
<b>217,646</b>	<b>284,353</b>	<b>(74,657)</b>	<b>(75,379)</b>	<b>742,248</b>	<b>1,088,534</b>
30,626	60,914	(42,784)	(23,648)	65,460	257,629
<b>187,020</b>	<b>223,439</b>	<b>(31,873)</b>	<b>(51,731)</b>	<b>676,788</b>	<b>830,905</b>
4,764	3,814	–	–	70,815	82,015
<b>182,256</b>	<b>219,625</b>	<b>(31,873)</b>	<b>(51,731)</b>	<b>605,973</b>	<b>748,890</b>

1 Adjusted on the basis of IAS 1