Consolidated financial statements

Consolidated balance sheet as at 30 June 2016

Assets in EUR thousand	30.6.2016	31.12.2015
Fixed-income securities – held to maturity	652,150	1,007,665
Fixed-income securities – loans and receivables	2,819,395	2,869,865
Fixed-income securities – available for sale	30,195,423	29,616,448
Fixed-income securities – at fair value through profit or loss	101,229	108,982
Equity securities – available for sale	829,202	452,108
Other financial assets – at fair value through profit or loss	41,435	39,602
Real estate and real estate funds	1,668,774	1,673,958
Investments in associated companies	115,781	128,008
Other invested assets	1,512,515	1,544,533
Short-term investments	813,178	1,113,130
Cash and cash equivalents	1,004,942	792,604
Total investments and cash under own management	**39,754,024**	**39,346,903**
Funds withheld	12,710,089	13,801,845
Contract deposits	209,666	188,604
Total investments	**52,673,779**	**53,337,352**
Reinsurance recoverables on unpaid claims	1,513,226	1,395,281
Reinsurance recoverables on benefit reserve	997,168	1,367,173
Prepaid reinsurance premium	209,382	164,023
Reinsurance recoverables on other technical reserves	3,044	8,687
Deferred acquisition costs	2,017,978	2,094,671
Accounts receivable	3,799,222	3,665,937
Goodwill	63,809	60,244
Deferred tax assets	357,208	433,500
Other assets	673,994	680,543
Accrued interest and rent	8,889	7,527
Total assets	**62,317,699**	**63,214,938**

Liabilities in EUR thousand	30.6.2016	31.12.2015
Loss and loss adjustment expense reserve	26,846,594	26,556,388
Benefit reserve	11,504,421	12,206,699
Unearned premium reserve	3,429,786	3,159,363
Other technical provisions	294,678	325,528
Funds withheld	581,262	1,265,035
Contract deposits	4,250,780	4,682,484
Reinsurance payable	1,341,439	1,390,006
Provisions for pensions	188,534	150,299
Taxes	214,830	271,674
Deferred tax liabilities	2,102,285	1,932,722
Other liabilities	632,165	698,933
Long-term debt and subordinated capital	1,794,559	1,798,337
Total liabilities	**53,181,333**	**54,437,468**
Shareholders' equity		
Common shares	120,597	120,597
Nominal value: 120,597 Conditional capital: 60,299		
Additional paid-in capital	724,562	724,562
Common shares and additional paid-in capital	**845,159**	**845,159**
Cumulative other comprehensive income		
Unrealised gains and losses on investments	1,310,590	712,001
Cumulative foreign currency translation adjustment	386,663	509,189
Changes from hedging instruments	(6,315)	(1,217)
Other changes in cumulative other comprehensive income	(58,155)	(36,571)
Total other comprehensive income	**1,632,783**	**1,183,402**
Retained earnings	5,943,319	6,039,783
Equity attributable to shareholders of Hannover Rück SE	**8,421,261**	**8,068,344**
Non-controlling interests	715,105	709,126
Total shareholders' equity	**9,136,366**	**8,777,470**
Total liabilities and shareholders´ equity	**62,317,699**	**63,214,938**

Consolidated statement of income as at 30 June 2016

in EUR thousand	1.4.–30.6.2016	1.1.–30.6.2016	1.4.–30.6.2015	1.1.–30.6.2015
Gross written premium	4,020,205	8,283,791	4,186,311	8,586,536
Ceded written premium	377,774	848,580	501,398	1,004,296
Change in gross unearned premium	(13,282)	(316,951)	(105,622)	(618,181)
Change in ceded unearned premium	(4,505)	48,402	8,215	55,297
Net premium earned	**3,624,644**	**7,166,662**	**3,587,506**	**7,019,356**
Ordinary investment income	299,563	568,026	286,453	598,678
Profit/loss from investments in associated companies	987	1,652	2,118	4,619
Realised gains and losses on investments	35,950	79,528	21,646	66,644
Change in fair value of financial instruments	10,072	20,539	9,013	(1,625)
Total depreciation, impairments and appreciation of investments	34,317	48,080	6,526	14,712
Other investment expenses	25,765	52,480	28,010	52,265
Net income from investments under own management	**286,490**	**569,185**	**284,694**	**601,339**
Income/expense on funds withheld and contract deposits	92,057	175,607	98,418	197,427
Net investment income	**378,547**	**744,792**	**383,112**	**798,766**
Other technical income	22	226	436	1,025
Total revenues	**4,003,213**	**7,911,680**	**3,971,054**	**7,819,147**
Claims and claims expenses	2,636,051	5,317,352	2,710,539	5,423,386
Change in benefit reserves	180,363	155,519	40,556	(810)
Commission and brokerage, change in deferred acquisition costs	733,455	1,484,117	760,027	1,422,810
Other acquisition costs	3,212	7,048	858	2,220
Other technical expenses	446	788	180	2,225
Administrative expenses	109,859	204,765	109,454	210,438
Total technical expenses	**3,663,386**	**7,169,589**	**3,621,614**	**7,060,269**
Other income and expenses	(1,292)	3,114	10,949	30,509
Operating profit (EBIT)	**338,535**	**745,205**	**360,389**	**789,387**
Interest on hybrid capital	18,058	35,905	23,456	48,453
Net income before taxes	**320,477**	**709,300**	**336,933**	**740,934**
Taxes	92,894	194,855	58,486	184,162
Net income	**227,583**	**514,445**	**278,447**	**556,772**
thereof				
Non-controlling interest in profit and loss	12,688	28,373	26,255	24,869
Group net income	**214,895**	**486,072**	**252,192**	**531,903**
Earnings per share (in EUR)				
Basic earnings per share	1.78	4.03	2.09	4.41
Diluted earnings per share	1.78	4.03	2.09	4.41

Consolidated statement of comprehensive income as at 30 June 2016

in EUR thousand	1.4.– 30.6.2016	1.1.– 30.6.2016	1.4.– 30.6.2015	1.1.– 30.6.2015
Net income	**227,583**	**514,445**	**278,447**	**556,772**
Not reclassifiable to the consolidated statement of income				
Actuarial gains and losses				
Gains (losses) recognised directly in equity	(12,798)	(35,284)	37,839	19,513
Tax income (expense)	4,177	11,512	(12,118)	(6,275)
	(8,621)	**(23,772)**	**25,721**	**13,238**
Income and expense recognised directly in equity that cannot be reclassified				
Gains (losses) recognised directly in equity	(12,798)	(35,284)	37,839	19,513
Tax income (expense)	4,177	11,512	(12,118)	(6,275)
	(8,621)	**(23,772)**	**25,721**	**13,238**
Reclassifiable to the consolidated statement of income				
Unrealised gains and losses on investments				
Gains (losses) recognised directly in equity	448,492	888,548	(629,703)	(266,320)
Transferred to the consolidated statement of income	(6,992)	(48,112)	(37,167)	(83,324)
Tax income (expense)	(119,581)	(219,610)	201,650	96,381
	321,919	**620,826**	**(465,220)**	**(253,263)**
Currency translation				
Gains (losses) recognised directly in equity	120,604	(126,441)	(187,709)	362,652
Transferred to the consolidated statement of income	–	–	–	–
Tax income (expense)	(2,455)	2,749	15,832	(27,743)
	118,149	**(123,692)**	**(171,877)**	**334,909**
Changes from the measurement of associated companies				
Gains (losses) recognised directly in equity	2	2	(4)	388
Transferred to the consolidated statement of income	–	(1,251)	–	(424)
	2	**(1,249)**	**(4)**	**(36)**
Changes from hedging instruments				
Gains (losses) recognised directly in equity	(580)	(5,902)	(1,621)	2,200
Tax income (expense)	241	761	336	(884)
	(339)	**(5,141)**	**(1,285)**	**1,316**
Reclassifiable income and expense recognised directly in equity				
Gains (losses) recognised directly in equity	568,518	756,207	(819,037)	98,920
Transferred to the consolidated statement of income	(6,992)	(49,363)	(37,167)	(83,748)
Tax income (expense)	(121,795)	(216,100)	217,818	67,754
	439,731	**490,744**	**(638,386)**	**82,926**
Total income and expense recognised directly in equity				
Gains (losses) recognised directly in equity	555,720	720,923	(781,198)	118,433
Transferred to the consolidated statement of income	(6,992)	(49,363)	(37,167)	(83,748)
Tax income (expense)	(117,618)	(204,588)	205,700	61,479
	431,110	**466,972**	**(612,665)**	**96,164**
Total recognised income and expense	**658,693**	**981,417**	**(334,218)**	**652,936**
thereof				
Attributable to non-controlling interests	26,662	46,074	4,811	18,548
Attributable to shareholders of Hannover Rück SE	632,031	935,343	(339,029)	634,388

Consolidated statement of changes in shareholders' equity as at 30 June 2016

in EUR thousand	Common shares	Additional paid-in capital	Other reserves (cumulative other comprehensive income)	
			Unrealised gains/losses	Currency translation
Balance as at 1.1.2015	**120,597**	**724,562**	**1,169,255**	**190,454**
Changes in the consolidated group	–	–	–	–
Capital increase/additions	–	–	–	–
Acquisition/disposal of treasury shares	–	–	–	–
Total income and expense recognised directly in equity	–	–	(240,176)	329,442
Net income	–	–	–	–
Dividends paid	–	–	–	–
Balance as at 30.6.2015	**120,597**	**724,562**	**929,079**	**519,896**
Balance as at 1.1.2016	**120,597**	**724,562**	**712,001**	**509,189**
Changes in ownership interest with no change of control status	–	–	–	110
Acquisition/disposal of treasury shares	–	–	–	–
Total income and expense recognised directly in equity	–	–	598,589	(122,636)
Net income	–	–	–	–
Dividends paid	–	–	–	–
Balance as at 30.6.2016	**120,597**	**724,562**	**1,310,590**	**386,663**

	Continuation: Other reserves (cumulative other comprehensive income)		Retained earnings	Equity attributable to shareholders of Hannover Rück SE	Non-controlling interests	Total shareholders' equity
	Hedging instruments	Other				
	(8,748)	**(48,288)**	**5,402,926**	**7,550,758**	**702,202**	**8,252,960**
	–	–	–	–	(56)	(56)
	–	–	–	–	58	58
	–	–	(10)	(10)	–	(10)
	1,274	11,945	–	102,485	(6,321)	96,164
	–	–	531,903	531,903	24,869	556,772
	–	–	(512,538)	(512,538)	(43,395)	(555,933)
	(7,474)	**(36,343)**	**5,422,281**	**7,672,598**	**677,357**	**8,349,955**
	(1,217)	**(36,571)**	**6,039,783**	**8,068,344**	**709,126**	**8,777,470**
	–	–	(9,687)	(9,577)	(1,337)	(10,914)
	–	–	(13)	(13)	–	(13)
	(5,098)	(21,584)	–	449,271	17,701	466,972
	–	–	486,072	486,072	28,373	514,445
	–	–	(572,836)	(572,836)	(38,758)	(611,594)
	(6,315)	**(58,155)**	**5,943,319**	**8,421,261**	**715,105**	**9,136,366**

Consolidated cash flow statement as at 30 June 2016

in EUR thousand	1.1.–30.6.2016	1.1.–30.6.2015
I. Cash flow from operating activities		
Net income	514,445	556,772
Appreciation/depreciation	71,454	21,357
Net realised gains and losses on investments	(79,528)	(66,644)
Change in fair value of financial instruments (through profit or loss)	(20,539)	1,625
Realised gains and losses on deconsolidation	(1,404)	(424)
Income from the recognition of negative goodwill	(8,595)	–
Amortisation of investments	40,730	54,982
Changes in funds withheld	(141,771)	(838,937)
Net changes in contract deposits	(379,225)	563,128
Changes in prepaid reinsurance premium (net)	271,029	562,403
Changes in tax assets/provisions for taxes	40,911	29,154
Changes in benefit reserve (net)	284,727	(23,908)
Changes in claims reserves (net)	479,425	750,266
Changes in deferred acquisition costs	31,235	(101,880)
Changes in other technical provisions	(24,909)	(15,538)
Changes in clearing balances	(234,255)	(533,933)
Changes in other assets and liabilities (net)	(96,729)	(109,979)
Cash flow from operating activities	**747,001**	**848,444**

in EUR thousand	1.1.–30.6.2016	1.1.–30.6.2015
II. Cash flow from investing activities		
Fixed-income securities – held to maturity		
Maturities	338,632	515,198
Purchases	–	–
Fixed-income securities – loans and receivables		
Maturities, sales	75,380	111,213
Purchases	(36,836)	(97,001)
Fixed-income securities – available for sale		
Maturities, sales	5,354,187	5,036,713
Purchases	(5,530,034)	(5,211,552)
Fixed-income securities – at fair value through profit or loss		
Maturities, sales	16,765	18,358
Purchases	(10,688)	(36,354)
Equity securities – available for sale		
Sales	23,087	3,467
Purchases	(409,650)	(4,038)
Other financial assets – at fair value through profit or loss		
Sales	26,637	47,228
Purchases	(10,445)	(10,982)
Other invested assets		
Sales	167,148	89,933
Purchases	(159,760)	(146,588)
Affiliated companies and participating interests		
Sales	13,685	111
Purchases	(28,128)	(11,224)
Real estate and real estate funds		
Sales	37,261	41,546
Purchases	(45,098)	(94,300)
Short-term investments		
Changes	279,512	62,342
Other changes (net)	(9,970)	(13,781)
Cash flow from investing activities	**91,685**	**300,289**

in EUR thousand	1.1.–30.6.2016	1.1.–30.6.2015
III. Cash flow from financing activities		
Contribution from capital measures	2,191	663
Payment on capital measures	(10,024)	(459)
Structural change without loss of control	11	–
Dividends paid	(611,594)	(555,933)
Proceeds from long-term debts	121	23,035
Repayment of long-term debts	(995)	(517,425)
Other changes	(13)	(10)
Cash flow from financing activities	**(620,303)**	**(1,050,129)**
IV. Exchange rate differences on cash	**(6,045)**	**21,302**
Cash and cash equivalents at the beginning of the period	**792,604**	**772,882**
Change in cash and cash equivalents (I.+II.+III.+IV.)	**212,338**	**119,906**
Cash and cash equivalents at the end of the period	1,004,942	892,788
Supplementary information on the cash flow statement [1]		
Income taxes paid (on balance)	(152,301)	(142,457)
Dividend receipts [2]	67,236	39,108
Interest received	746,684	755,703
Interest paid	(100,169)	(87,124)

[1] The income taxes paid, dividend receipts as well as interest received and paid are included entirely in the cash flow from operating activities.
[2] Including dividend-like profit participations from investment funds

Notes to the consolidated financial statements as at 30 June 2016

Notes

1. General reporting principles

Hannover Rück SE and its subsidiaries (collectively referred to as the "Hannover Re Group" or "Hannover Re") are 50.2% (rounded) owned by Talanx AG and included in its consolidated financial statement. Talanx AG is majority-owned by HDI Haftpflichtverband der Deutschen Industrie V.a.G. (HDI). Hannover Re is obliged to prepare a consolidated financial statement and group management report in accordance with § 290 German Commercial Code (HGB). Furthermore, HDI is required by §§ 341 i et seq. German Commercial Code (HGB) to prepare consolidated annual accounts that include the annual financial statements of Hannover Rück SE and its subsidiaries. Hannover Rück SE is a European Company, Societas Europaea (SE), and its registered office is located at Karl-Wiechert-Allee 50, 30625 Hannover, Germany.

The consolidated financial statement of Hannover Re was drawn up in compliance with the International Financial Reporting Standards (IFRS) that are to be used within the European Union. This also applies to all figures provided in this report for previous periods.

As provided for by IAS 34, in our preparation of the consolidated quarterly financial statement, consisting of the consolidated balance sheet, consolidated statement of income, consolidated statement of comprehensive income, consolidated cash flow statement, consolidated statement of changes in shareholders' equity and selected explanatory notes, we draw on estimates and assumptions to a greater extent than is the case with the annual financial reporting. This can have implications for items in the balance sheet and the statement of income as well as for other financial obligations. Although the estimates are always based on realistic premises, they are of course subject to uncertainties that may be reflected accordingly in the result. Losses from natural disasters and other catastrophic losses impact the result of the reporting period in which they occur. Furthermore, belatedly reported claims for major loss events can also lead to substantial fluctuations in individual quarterly results. Gains and losses on the disposal of investments are accounted for in the quarter in which the investments are sold.

The present consolidated quarterly financial statement was prepared by the Executive Board on 25 July 2016 and released for publication.

2. Accounting principles including major accounting policies

The quarterly accounts of the consolidated companies included in the consolidated financial statement were drawn up as at 30 June 2016.

The consolidated quarterly financial report was compiled in accordance with IAS 34 "Interim Financial Reporting". Consequently, the accounting policies adopted in the period under review were the same as those applied in the preceding consolidated annual financial statement; changes made in specific justified cases pursuant to IAS 8 are reported separately in the section entitled "Changes in accounting policies". For more details of the accounting policies please see the Group annual financial report for the previous year.

All standards adopted by the IASB as at 30 June 2016 with binding effect for the period under review have been observed in the consolidated financial statement.

Key exchange rates

The individual companies' statements of income prepared in the national currencies are converted into euro at the average rates of exchange and transferred to the consolidated financial statement. The conversion of foreign currency items in the balance sheets of the individual companies and the transfer of these items to the consolidated financial statement are effected at the mean rates of exchange on the balance sheet date.

Key exchange rates

1 EUR corresponds to:	30.6.2016	31.12.2015	1.1.–30.6.2016	1.1.–30.6.2015
	Mean rate of exchange on the balance sheet date		Average rate of exchange	
AUD	1.4926	1.4981	1.5092	1.4416
BHD	0.4190	0.4122	0.4188	0.4244
CAD	1.4381	1.5158	1.4743	1.3876
CNY	7.3798	7.0970	7.2688	7.0014
GBP	0.8273	0.7381	0.7786	0.7349
HKD	8.6165	8.4692	8.6295	8.7251
KRW	1,278.9400	1,281.5964	1,306.6650	1,235.9627
MYR	4.4784	4.6929	4.5392	4.0869
SEK	9.4287	9.1938	9.2837	9.3342
USD	1.1105	1.0927	1.1113	1.1253
ZAR	16.5036	16.8447	16.9829	13.3789

3. Consolidated companies and consolidation principles

Capital consolidation

The capital consolidation is carried out according to the requirements of IFRS 10 "Consolidated Financial Statements" on the basis of a consistent consolidation model for all entities that identifies control as the single basis for verifying the consolidation requirement, irrespective of whether control is substantiated in company law, contractually or economically. Group companies are consolidated from the point in time when Hannover Re gains control over them. Control exists if Hannover Re directly or indirectly has decision-making power over a Group company on the basis of voting rights or other rights, if it has exposure or rights to positive and negative variable returns from its involvement with the Group company and if it can use its power to influence these returns. All of these criteria must be met. Other circumstances may also give rise to control, for example the existence of a principal-agent relationship. In this case a party outside the Group with decision-making powers (agent) acts for Hannover Re, but does not control the company since it merely exercises decision-making powers that have been delegated by Hannover Re (principal). In the context of their operational activities some companies belonging to the Hannover Re Group enter into business relations with structured entities that are also to be examined in accordance with IFRS 10 in conjunction with IFRS 12 with an eye to their implications for consolidation. Structured entities are entities designed in such a way that voting or similar rights are not the dominant factor in deciding who controls the entity, such as when any voting rights relate to administrative tasks only and the relevant activities are directed by means of contractual arrangements. Consolidation decisions are reviewed as necessary and at least once a year. Group companies are consolidated until the Hannover Re Group loses control over them. The accounting policies of Group companies are adjusted, where necessary, in order to ensure consistent application of the Hannover Re Group's accounting policies. The capital consolidation is based on the acquisition method. In the context of the acquisition method the acquisition costs, measured at the fair value of the consideration rendered by the parent company on the acquisition date, are netted with the proportionate shareholders' equity of the subsidiary at the time when it is first included in the consolidated financial statement after the revaluation of all assets and liabilities. After recognition of all acquired intangible assets that in accordance with IFRS 3 "Business Combinations" are to be accounted for separately from goodwill, the difference between the revalued shareholders' equity of the subsidiary and the purchase price is recognised as goodwill. Under IFRS 3 scheduled amortisation is not taken on goodwill. Instead, impairment is taken where necessary on the basis of annual impairment tests. Immaterial and negative goodwill are recognised in the statement of income in the year of their occurrence. Costs associated with acquisition are expensed.

Companies over which Hannover Re is able to exercise a significant influence are consolidated as associated companies using the equity method of accounting with the proportion of the shareholders' equity attributable to the Group. A significant influence is presumed to exist if a company belonging to the Hannover Re Group directly or indirectly holds at least 20% – but no more than 50% – of the voting rights. We also derive evidence of significant influence over an associated company from representation on a governing body of such company, participation in its policy-making processes – e. g. with respect to dividends or other distributions –, the existence of material inter-company transactions, the possibility of interchanging managerial personnel or the provision of key technical information for the company. Income from investments in associated companies is recognised separately in the consolidated statement of income.

Non-controlling interests in shareholders' equity are reported separately within Group shareholders' equity in accordance with IAS 1 "Presentation of Financial Statements". The non-controlling interest in profit or loss, which forms part of net income and is shown separately after net income as a "thereof" note, amounted to EUR 28.4 million (EUR 24.9 million) as at 30 June 2016.

For further details we would refer to the relevant information in the Group annual financial report as at 31 December 2015.

Consolidation of business transactions within the Group

Receivables and liabilities between the companies included in the consolidated financial statement are offset against each other. Profits and expenses from business transactions within the Group are also eliminated.

Transactions between a disposal group and the continuing operations of the Group are similarly eliminated in accordance with IFRS 10.

Major acquisitions and new formations

On 10 May 2016 Hannover Rück acquired all the shares in the company Congregational and General Insurance Company Plc. (CGI), Bradford / United Kingdom, through its subsidiary International Insurance Company of Hannover SE, Hannover. The purchase price of the shares amounted to EUR 11.3 million. Along with the company, Hannover Re also acquired its 25% stake in Integra Insurance Solutions Limited, Bradford / United Kingdom. In total, therefore, Hannover Re holds all the shares through various subsidiaries.

The business was included in the consolidated financial statement for the first time as at 1 May 2016. For the purposes of initial consolidation and in accordance with appropriate measurement methods, the fair values of the acquired assets and assumed liabilities were to some extent established on the basis of assumptions and estimations.

The business was therefore included in the consolidated financial statement on a provisional basis, using the best available information as at the balance sheet date. New information that becomes known in future reporting periods may, however, necessitate adjustments.

The assets and liabilities of the acquired business as at the date of initial consolidation are as follows:

Assets and liabilities of the acquired business

in EUR thousand	1.5.2016
Assets	
Fixed-income securities – available for sale	4,845
Equity securities – available for sale	1,116
Investments in associated companies	12,638
Cash and cash equivalents	2,629
Reinsurance recoverables on unpaid claims	2,733
Prepaid reinsurance premium	3,313
Deferred acquisition costs	1,395
Accounts receivable	2,903
Deferred tax assets	666
Other assets	2,583
Accrued interest and rent	112
	34,933
Liabilities	
Loss and loss adjustment expense reserve	4,408
Unearned premium reserve	4,926
Reinsurance payable	2,047
Provisions for pensions	2,486
Other liabilities	1,163
	15,030
Net assets	**19,903**

In view of the fact that the fair values of the recognised, identifiable assets, liabilities and contingent commitments exceed the acquisition costs associated with the transaction, the capital consolidation gave rise to negative goodwill of EUR 8.6 million which was recognised immediately in income in accordance with the requirements of IFRS 3.34. This non-recurring effect from the transaction was accounted for as at 30 June 2016 in the consolidated statement of income under other operating income. The negative goodwill resulted primarily from the limitation of the revaluation of the assumed pension provisions to the amount that was to be recognised in accordance with IAS 19 as required by IFRS 3.26. It is similarly the case that adjustments to the recognised negative goodwill may be necessary in future reporting periods as a consequence of updated information about the fair values of the acquired assets and assumed liabilities and in connection with recognition of the incidental costs of the transaction, the amount of which had still to be established at the date of initial consolidation.

The gross written premium of the assumed business from the date of initial consolidation until the balance sheet date amounted to EUR 1.8 million. For the same period net income of EUR 0.1 million was booked from the assumed business. This does not include the other operating income resulting from reversal of the negative goodwill.

Effective 8 January 2016 Funis GmbH & Co. KG ("Funis"), a wholly owned subsidiary of Hannover Rück SE, increased its interest in the share capital of Glencar Underwriting Managers Inc., Chicago, USA ("Glencar"), from 49% to 100% and thereby acquired control of the company. Glencar, which had previously been included at equity in the consolidated financial statements, was therefore consolidated as a subsidiary from the first quarter of 2016 onwards. Derecognition of the assets and liabilities and measurement of the previous shares at fair value gave rise to an expense of EUR 0.7 million that was recognised in investment income. In addition, cumulative other comprehensive income from currency translation amounting to EUR 1.2 million was realised. A purchase price of EUR 5.6 million was paid for the acquisition of the remaining shares. In the context of the purchase price allocation, the calculation of the fair values of acquired assets and assumed liabilities undertaken for the purposes of initial consolidation gave rise to goodwill of EUR 5.4 million.

Major disposals and retirements

Following the sale of the property that it held and repatriation of the capital in the previous year, Oval Office Grundstücks GmbH, Hannover, ceased its business operations. The company is expected to be liquidated in the further course of the year under review. For this reason, the measurement of the company at equity was discontinued on materiality grounds with effect from the first quarter of 2016 and since then the company has been recognised as a participating interest at amortised cost. The expense resulting from deconsolidation was in a negligible amount.

4. Group segment report

Segmentation of assets

	Property and casualty reinsurance	
in EUR thousand	30.6.2016	31.12.2015
Assets		
Fixed-income securities – held to maturity	476,419	810,256
Fixed-income securities – loans and receivables	2,777,597	2,807,317
Fixed-income securities – available for sale	22,360,656	21,779,850
Equity securities – available for sale	829,202	452,108
Financial assets at fair value through profit or loss	102,876	110,836
Other invested assets	3,161,898	3,236,748
Short-term investments	377,970	273,208
Cash and cash equivalents	611,870	609,914
Total investments and cash under own management	**30,698,488**	**30,080,237**
Funds withheld	1,132,712	1,284,958
Contract deposits	1,734	497
Total investments	**31,832,934**	**31,365,692**
Reinsurance recoverables on unpaid claims	1,206,327	1,070,380
Reinsurance recoverables on benefit reserve	–	–
Prepaid reinsurance premium	208,062	162,529
Reinsurance recoverables on other reserves	557	6,860
Deferred acquisition costs	701,986	696,406
Accounts receivable	2,329,191	2,167,691
Other assets in the segment	1,395,077	1,334,802
Total assets	**37,674,134**	**36,804,360**

Segmentation of liabilities

in EUR thousand		
Liabilities		
Loss and loss adjustment expense reserve	23,056,624	22,822,777
Benefit reserve	–	–
Unearned premium reserve	3,265,504	3,019,217
Provisions for contingent commissions	100,804	119,668
Funds withheld	427,373	425,360
Contract deposits	890	4,448
Reinsurance payable	574,267	655,157
Long-term liabilities	303,921	308,484
Other liabilities in the segment	2,129,775	2,135,696
Total liabilities	**29,859,158**	**29,490,807**

Life and health reinsurance		Consolidation		Total	
30.6.2016	31.12.2015	30.6.2016	31.12.2015	30.6.2016	31.12.2015
151,899	163,890	23,832	33,519	652,150	1,007,665
41,798	62,548	–	–	2,819,395	2,869,865
7,719,105	7,598,153	115,662	238,445	30,195,423	29,616,448
–	–	–	–	829,202	452,108
39,788	37,748	–	–	142,664	148,584
94,681	109,574	40,491	177	3,297,070	3,346,499
435,208	839,122	–	800	813,178	1,113,130
393,534	177,537	(462)	5,153	1,004,942	792,604
8,876,013	**8,988,572**	**179,523**	**278,094**	**39,754,024**	**39,346,903**
11,577,377	12,516,887	–	–	12,710,089	13,801,845
207,932	188,107	–	–	209,666	188,604
20,661,322	**21,693,566**	**179,523**	**278,094**	**52,673,779**	**53,337,352**
307,093	325,515	(194)	(614)	1,513,226	1,395,281
997,168	1,367,173	–	–	997,168	1,367,173
1,398	1,517	(78)	(23)	209,382	164,023
2,487	1,827	–	–	3,044	8,687
1,315,992	1,398,264	–	1	2,017,978	2,094,671
1,470,082	1,498,436	(51)	(190)	3,799,222	3,665,937
710,866	675,435	(1,002,043)	(828,423)	1,103,900	1,181,814
25,466,408	**26,961,733**	**(822,843)**	**(551,155)**	**62,317,699**	**63,214,938**

3,790,164	3,734,225	(194)	(614)	26,846,594	26,556,388
11,504,424	12,206,721	(3)	(22)	11,504,421	12,206,699
164,282	140,146	–	–	3,429,786	3,159,363
193,874	205,860	–	–	294,678	325,528
153,889	839,675	–	–	581,262	1,265,035
4,249,890	4,678,036	–	–	4,250,780	4,682,484
766,895	735,027	277	(178)	1,341,439	1,390,006
–	–	1,490,638	1,489,853	1,794,559	1,798,337
2,006,986	1,747,491	(998,947)	(829,559)	3,137,814	3,053,628
22,830,404	**24,287,181**	**491,771**	**659,480**	**53,181,333**	**54,437,468**

Notes

Segment statement of income

in EUR thousand	Property and casualty reinsurance 1.1.–30.6.2016	Property and casualty reinsurance 1.1.–30.6.2015
Gross written premium	4,627,380	4,972,221
thereof		
From insurance business with other segments	–	–
From insurance business with external third parties	4,627,380	4,972,221
Net premium earned	3,838,427	3,894,160
Net investment income	416,075	425,189
thereof		
Change in fair value of financial instruments	(646)	(338)
Total depreciation, impairments and appreciation of investments	48,065	12,332
Income/expense on funds withheld and contract deposits	11,556	10,144
Claims and claims expenses	2,603,777	2,722,852
Change in benefit reserve	–	–
Commission and brokerage, change in deferred acquisition costs and other technical income/expenses	963,066	892,548
Administrative expenses	105,154	107,845
Other income and expenses	(21,571)	(12,425)
Operating profit/loss (EBIT)	**560,934**	**583,679**
Interest on hybrid capital	–	–
Net income before taxes	**560,934**	**583,679**
Taxes	158,700	141,608
Net income	**402,234**	**442,071**
thereof		
Non-controlling interest in profit or loss	26,060	23,644
Group net income	**376,174**	**418,427**

The segment information shown here is based on the same principles as those applied in the consolidated financial statement as at 31 December 2015. It follows the system used for internal reporting purposes, on the basis of which the full Executive Board regularly evaluates the performance of segments and decides on the allocation of resources to them. The "Consolidation" column includes not only the elimination of cross-segment transactions but also, more significantly, companies whose business operations cannot be unambiguously allocated to property and casualty reinsurance or life and health reinsurance. These are principally the service and financing companies belonging to the Group. Since the performance indicators used to steer the segments correspond to the system according to which the consolidated financial statement is prepared, a separate reconciliation of the segment results with the Group result is not provided. We would also refer to the relevant information in the Group annual financial report as at 31 December 2015.

Both Glencar Underwriting Managers Inc., Chicago, USA – which was consolidated for the first time in the first half of 2016 – and Oval Office Grundstücks GmbH, Hannover – which was deconsolidated – are allocated to the property and casualty reinsurance segment.

Life and health reinsurance		Consolidation		Total	
1.1.–30.6.2016	1.1.–30.6.2015	1.1.–30.6.2016	1.1.–30.6.2015	1.1.–30.6.2016	1.1.–30.6.2015
3,656,359	3,614,530	52	(215)	8,283,791	8,586,536
(52)	215	52	(215)	–	–
3,656,411	3,614,315	–	–	8,283,791	8,586,536
3,328,133	3,124,759	102	437	7,166,662	7,019,356
322,157	366,675	6,560	6,902	744,792	798,766
21,185	(1,352)	–	65	20,539	(1,625)
15	15	–	2,365	48,080	14,712
164,051	187,283	–	–	175,607	197,427
2,713,388	2,700,534	187	–	5,317,352	5,423,386
155,500	(814)	19	4	155,519	(810)
528,659	533,682	2	–	1,491,727	1,426,230
99,580	102,420	31	173	204,765	210,438
25,971	44,432	(1,286)	(1,498)	3,114	30,509
179,134	**200,044**	**5,137**	**5,664**	**745,205**	**789,387**
–	–	35,905	48,453	35,905	48,453
179,134	**200,044**	**(30,768)**	**(42,789)**	**709,300**	**740,934**
46,222	53,210	(10,067)	(10,656)	194,855	184,162
132,912	**146,834**	**(20,701)**	**(32,133)**	**514,445**	**556,772**
2,313	1,225	–	–	28,373	24,869
130,599	145,609	(20,701)	(32,133)	486,072	531,903

Notes

5. Notes on the individual items of the balance sheet

5.1 Investments under own management

Investments are classified and measured in accordance with IAS 39 "Financial Instruments: Recognition and Measurement". Hannover Re classifies investments according to the following categories: held-to-maturity, loans and receivables, financial assets at fair value through profit or loss and available-for-sale. The allocation and measurement of investments are determined by the investment intent.

The investments under own management also encompass investments in associated companies, real estate and real estate funds (also includes: investment property), other invested assets, short-term investments as well as cash and cash equivalents.

Real estate which is held for sale as defined by IFRS 5 is recognised separately in the consolidated balance sheet. Intentions to sell are substantiated by individual real estate market conditions and specific property circumstances, taking into consideration current and future opportunity/risk profiles.

For further details we would refer to the relevant information in the Group annual financial report as at 31 December 2015.

The following table shows the regional origin of the investments under own management.

Investments

in EUR thousand	30.6.2016	31.12.2015
Regional origin		
Germany	7,313,463	7,039,131
United Kingdom	2,769,632	2,959,291
France	1,528,160	1,605,671
Other	6,532,974	6,763,836
Europe	**18,144,229**	**18,367,929**
USA	13,136,410	12,525,280
Other	1,744,504	1,613,473
North America	**14,880,914**	**14,138,753**
Asia	2,260,368	2,429,402
Australia	2,318,240	2,352,170
Australasia	**4,578,608**	**4,781,572**
Africa	354,649	334,691
Other	1,795,624	1,723,958
Total	**39,754,024**	**39,346,903**

Maturities of the fixed-income and variable-yield securities

in EUR thousand	30.6.2016		31.12.2015	
	Amortised cost [1]	Fair value	Amortised cost [1]	Fair value
Held to maturity				
due in one year	294,029	298,356	516,518	523,403
due after one through two years	56,951	58,747	142,835	147,242
due after two through three years	47,205	49,737	92,480	96,765
due after three through four years	34,217	37,824	28,933	31,692
due after four through five years	87,715	101,684	35,024	40,966
due after five through ten years	131,083	155,277	190,907	219,086
due after more than ten years	950	301	968	323
Total	**652,150**	**701,926**	**1,007,665**	**1,059,477**
Loans and receivables				
due in one year	578,943	585,437	411,608	422,774
due after one through two years	63,942	66,117	280,642	289,989
due after two through three years	155,657	164,212	152,075	159,589
due after three through four years	240,769	265,278	200,139	219,242
due after four through five years	229,574	251,824	220,728	243,500
due after five through ten years	1,075,419	1,294,670	898,664	1,035,482
due after more than ten years	475,091	599,564	706,009	858,523
Total	**2,819,395**	**3,227,102**	**2,869,865**	**3,229,099**
Available for sale				
due in one year [2]	4,294,992	4,305,906	4,088,058	4,096,488
due after one through two years	3,881,069	3,928,748	3,889,262	3,915,448
due after two through three years	3,369,822	3,438,124	3,803,539	3,827,843
due after three through four years	3,360,888	3,475,772	2,572,827	2,624,891
due after four through five years	3,430,195	3,613,719	3,829,675	3,915,469
due after five through ten years	9,010,828	9,553,586	9,449,584	9,659,645
due after more than ten years	3,203,721	3,697,688	3,253,590	3,482,398
Total	**30,551,515**	**32,013,543**	**30,886,535**	**31,522,182**
Financial assets at fair value through profit or loss				
due in one year	18,710	18,710	13,703	13,703
due after one through two years	37,233	37,233	19,027	19,027
due after two through three years	8,377	8,377	53,432	53,432
due after three through four years	16,770	16,770	19,841	19,841
due after four through five years	–	–	2,979	2,979
due after five through ten years	–	–	–	–
due after more than ten years	20,139	20,139	–	–
Total	**101,229**	**101,229**	**108,982**	**108,982**

[1] Including accrued interest

[2] Including short-term investments and cash

Notes

Amortised cost, unrealised gains and losses and accrued interest on the portfolio of investments classified as held to maturity as well as their fair value

in EUR thousand	30.6.2016				
	Amortised cost including accrued interest	thereof accrued interest	Unrealised gains	Unrealised losses	Fair value
Investments held to maturity					
Fixed-income securities					
Government debt securities of EU member states	74,845	1,361	1,970	–	76,815
US Treasury notes	17,945	184	42	–	17,987
Other foreign government debt securities	–	–	–	–	–
Debt securities issued by semi-governmental entities	128,038	1,938	5,409	–	133,447
Corporate securities	91,829	1,477	10,393	59	102,163
Covered bonds/asset-backed securities	339,493	7,454	32,670	649	371,514
Total	**652,150**	**12,414**	**50,484**	**708**	**701,926**

Amortised cost, unrealised gains and losses and accrued interest on the portfolio of investments classified as held to maturity as well as their fair value

in EUR thousand	31.12.2015				
	Amortised cost including accrued interest	thereof accrued interest	Unrealised gains	Unrealised losses	Fair value
Investments held to maturity					
Fixed-income securities					
Government debt securities of EU member states	163,206	4,126	2,395	7	165,594
US Treasury notes	82,688	646	139	–	82,827
Other foreign government debt securities	20,074	65	65	–	20,139
Debt securities issued by semi-governmental entities	219,019	4,317	6,503	–	225,522
Corporate securities	92,070	1,521	7,635	81	99,624
Covered bonds/asset-backed securities	430,608	9,255	35,808	645	465,771
Total	**1,007,665**	**19,930**	**52,545**	**733**	**1,059,477**

Amortised cost, unrealised gains and losses and accrued interest on loans and receivables as well as their fair value

in EUR thousand	30.6.2016				
	Amortised cost including accrued interest	thereof accrued interest	Unrealised gains	Unrealised losses	Fair value
Loans and receivables					
Debt securities issued by semi-governmental entities	1,584,983	25,929	272,314	–	1,857,297
Corporate securities	464,344	7,824	19,255	2,698	480,901
Covered bonds / asset-backed securities	770,068	16,587	118,836	–	888,904
Total	**2,819,395**	**50,340**	**410,405**	**2,698**	**3,227,102**

Amortised cost, unrealised gains and losses and accrued interest on loans and receivables as well as their fair value

in EUR thousand	31.12.2015				
	Amortised cost including accrued interest	thereof accrued interest	Unrealised gains	Unrealised losses	Fair value
Loans and receivables					
Debt securities issued by semi-governmental entities	1,595,127	26,617	243,934	1	1,839,060
Corporate securities	468,607	5,906	18,604	4,732	482,479
Covered bonds / asset-backed securities	806,131	12,968	101,457	28	907,560
Total	**2,869,865**	**45,491**	**363,995**	**4,761**	**3,229,099**

Amortised cost, unrealised gains and losses and accrued interest on the portfolio of investments classified as available for sale as well as their fair value

in EUR thousand	30.6.2016				
	Amortised cost including accrued interest	thereof accrued interest	Unrealised gains	Unrealised losses	Fair value
Available for sale					
Fixed-income securities					
Government debt securities of EU member states	2,146,897	18,188	222,176	2	2,369,071
US Treasury notes	5,911,671	14,234	112,735	49	6,024,357
Other foreign government debt securities	2,167,403	19,230	55,400	10,770	2,212,033
Debt securities issued by semi-governmental entities	4,798,773	37,142	365,910	491	5,164,192
Corporate securities	11,091,749	125,782	549,147	26,003	11,614,893
Covered bonds/asset-backed securities	2,496,558	20,476	177,125	18,381	2,655,302
Investment funds	120,344	–	35,445	214	155,575
	28,733,395	**235,052**	**1,517,938**	**55,910**	**30,195,423**
Equity securities					
Shares	511,903	–	42,041	12,423	541,521
Investment funds	263,430	–	29,176	4,925	287,681
	775,333	**–**	**71,217**	**17,348**	**829,202**
Short-term investments	813,178	2,324	–	–	813,178
Total	**30,321,906**	**237,376**	**1,589,155**	**73,258**	**31,837,803**

Amortised cost, unrealised gains and losses and accrued interest on the portfolio of investments classified as available for sale as well as their fair value

in EUR thousand	31.12.2015				
	Amortised cost including accrued interest	thereof accrued interest	Unrealised gains	Unrealised losses	Fair value
Available for sale					
Fixed-income securities					
Government debt securities of EU member states	2,394,804	19,460	135,191	3,849	2,526,146
US Treasury notes	5,382,835	12,699	13,566	32,877	5,363,524
Other foreign government debt securities	2,148,576	18,299	25,602	38,766	2,135,412
Debt securities issued by semi-governmental entities	4,436,469	41,568	236,064	11,728	4,660,805
Corporate securities	11,911,422	140,011	320,712	168,280	12,063,854
Covered bonds / asset-backed securities	2,599,092	27,919	147,909	19,549	2,727,452
Investment funds	107,603	–	33,096	1,444	139,255
	28,980,801	**259,956**	**912,140**	**276,493**	**29,616,448**
Equity securities					
Shares	290,609	–	26,733	4,979	312,363
Investment funds	125,744	–	14,001	–	139,745
	416,353	**–**	**40,734**	**4,979**	**452,108**
Short-term investments	1,113,130	1,585	–	–	1,113,130
Total	**30,510,284**	**261,541**	**952,874**	**281,472**	**31,181,686**

Fair value of financial assets at fair value through profit or loss before and after accrued interest as well as accrued interest on such financial assets

in EUR thousand	30.6.2016	31.12.2015	30.6.2016	31.12.2015	30.6.2016	31.12.2015
	Fair value before accrued interest		Accrued interest		Fair value	
Financial assets at fair value through profit or loss						
Fixed-income securities						
Corporate securities	101,229	108,566	–	416	101,229	108,982
Covered bonds / asset-backed securities	–	–	–	–	–	–
	101,229	**108,566**	**–**	**416**	**101,229**	**108,982**
Other financial assets						
Derivatives	41,435	39,602	–	–	41,435	39,602
	41,435	**39,602**	**–**	**–**	**41,435**	**39,602**
Total	**142,664**	**148,168**	**–**	**416**	**142,664**	**148,584**

Information on fair values and fair value hierarchy

The methods and models set out below are used to establish the fair value of financial instruments on the assets and liabilities side of the balance sheet. The fair value of a financial instrument corresponds in principle to the amount that Hannover Re would receive or pay if it were to sell or settle the said financial instrument on the balance sheet date. Insofar as market prices are listed on markets for financial instruments, their bid price is used. In other cases the fair values are established on the basis of the market conditions prevailing on the balance sheet date for financial assets with similar credit rating, duration and return characteristics or using recognised models of mathematical finance. Hannover Re uses a number of different valuation models for this purpose. The details are set out in the following table.

Valuation models

Financial instrument	Parameter	Pricing model
Fixed-income securities		
Unlisted plain vanilla bonds, interest rate swaps	Interest rate curve	Present value method
Unlisted structured bonds	Interest rate curve, volatility surfaces	Hull-White, Black-Karasinski, LIBOR market model etc.
Unlisted ABS/MBS, CDO/CLO	Risk premiums, default rates, prepayment speed and recovery rates	Present value method
Other invested assets		
Unlisted equities and equity investments	Acquisition cost, cash flows, EBIT multiples, as applicable book value	Capitalised earnings method, discounted cash flow method, multiple-based approaches
Private equity funds, private equity real estate funds	Audited net asset values (NAV)	Net asset value method
Unlisted bond, equity and real estate funds	Audited net asset values (NAV)	Net asset value method
Other financial assets – at fair value through profit or loss		
Currency forwards	Interest rate curves, spot and forward rates	Interest parity model
Inflation swaps	Inflation swap rates (Consumer Price Index), historical index fixings, interest rate curve	Present value method with seasonality adjustment
OTC stock options, OTC stock index options	Listing of the underlying share, implicit volatilities, money-market interest rate, dividend yield	Black-Scholes
Insurance derivatives	Fair values, actuarial parameters, interest rate curve	Present value method

Fair value hierarchy

For the purposes of the disclosure requirements pursuant to IFRS 13 “Fair Value Measurement”, it is necessary to assign financial assets and liabilities to a three-level fair value hierarchy.

The fair value hierarchy, which reflects characteristics of the price data and inputs used for measurement purposes, is structured as follows:

- Level 1: Assets or liabilities measured at (unadjusted) prices quoted directly in active and liquid markets.
- Level 2: Assets or liabilities which are measured using observable market data and are not allocable to level 1. Measurement is based, in particular, on prices for comparable assets and liabilities that are traded on active markets, prices on markets that are not considered active as well as inputs derived from such prices or market data.
- Level 3: Assets or liabilities that cannot be measured or can only be partially measured using observable market inputs. The measurement of such instruments draws principally on valuation models and methods.

If input factors from different levels are used to measure a financial instrument, the level of the lowest input factor material to measurement is determinative.

The operational units responsible for coordinating and documenting measurement are organisationally separate from the operational units that enter into investment risks. All relevant valuation processes and valuation methods are documented. Decisions on fundamental valuation issues are taken by a valuation committee that meets monthly.

In the current reporting period, as in the comparable period of the previous year, no financial assets or liabilities had to be reclassified to a different level of the fair value hierarchy.

The following table shows the breakdown of financial assets and liabilities recognised at fair value into the three-level fair value hierarchy.

Fair value hierarchy of financial assets and liabilities recognised at fair value

in EUR thousand	30.6.2016			
	Level 1	Level 2	Level 3	Total
Fixed-income securities	44,827	30,251,825	–	30,296,652
Equity securities	829,193	–	9	829,202
Other financial assets	–	41,435	–	41,435
Real estate and real estate funds	–	–	386,097	386,097
Other invested assets	–	–	1,437,204	1,437,204
Short-term investments	813,178	–	–	813,178
Other assets	–	–	–	–
Total financial assets	**1,687,198**	**30,293,260**	**1,823,310**	**33,803,768**
Other liabilities	–	23,887	163,210	187,097
Total financial liabilities	**–**	**23,887**	**163,210**	**187,097**

Fair value hierarchy of financial assets and liabilities recognised at fair value

in EUR thousand	31.12.2015			
	Level 1	Level 2	Level 3	Total
Fixed-income securities	34,077	29,691,353	–	29,725,430
Equity securities	452,098	–	10	452,108
Other financial assets	–	39,602	–	39,602
Real estate and real estate funds	–	–	371,254	371,254
Other invested assets	–	–	1,475,415	1,475,415
Short-term investments	1,113,130	–	–	1,113,130
Other assets	–	1,999	–	1,999
Total financial assets	**1,599,305**	**29,732,954**	**1,846,679**	**33,178,938**
Other liabilities	–	13,860	156,144	170,004
Total financial liabilities	**–**	**13,860**	**156,144**	**170,004**

The following table provides a reconciliation of the fair values of financial assets and liabilities included in level 3 at the beginning of the period with the fair values as at the balance sheet date.

Movements in level 3 financial assets and liabilities recognised at fair value

in EUR thousand	1.1.–30.6.2016				
	Fixed-income securities	Equities, equity funds and other variable-yield securities	Real estate and real estate funds	Other invested assets	Other liabilities
Net book value at 1 January of the year under review	**–**	**10**	**371,254**	**1,475,415**	**156,144**
Currency translation at 1 January of the year under review	–	(1)	(2,482)	(13,651)	(2,503)
Net book value after currency translation	**–**	**9**	**368,772**	**1,461,764**	**153,641**
Income and expenses					
recognised in the statement of income	–	–	–	26,455	(11,158)
recognised directly in shareholders' equity	–	–	12,528	(43,328)	–
Purchases	–	–	41,255	159,671	20,720
Sales	–	–	36,451	166,657	–
Settlements	–	–	–	–	–
Transfers to level 3	–	–	–	–	–
Transfers from level 3	–	–	–	–	–
Currency translation at 30 June of the year under review	–	–	(7)	(701)	7
Closing balance at 30 June of the year under review	**–**	**9**	**386,097**	**1,437,204**	**163,210**

Movements in level 3 financial assets and liabilities recognised at fair value

in EUR thousand	1.1.–30.6.2015				
	Fixed-income securities	Equities, equity funds and other variable-yield securities	Real estate and real estate funds	Other invested assets	Other liabilities
Net book value at 1 January of the year under review	**522**	**8**	**320,956**	**1,258,903**	**136,486**
Currency translation at 1 January of the year under review	46	1	13,890	69,805	12,102
Net book value after currency translation	**568**	**9**	**334,846**	**1,328,708**	**148,588**
Income and expenses					
recognised in the statement of income	–	–	(308)	7,622	641
recognised directly in shareholders' equity	–	–	(9,478)	(13,374)	–
Purchases	–	–	91,455	137,096	36,957
Sales	–	–	40,907	93,304	34,516
Settlements	567	–	–	–	–
Transfers to level 3	–	–	–	–	–
Transfers from level 3	–	–	–	–	–
Currency translation at 30 June of the year under review	(1)	–	(27)	(999)	25
Closing balance at 30 June of the year under review	**–**	**9**	**375,581**	**1,365,749**	**151,695**

The breakdown of income and expenses recognised in the statement of income in the period in connection with financial assets and liabilities assigned to level 3 is as follows.

Income and expenses from level 3 financial assets and liabilities recognised at fair value

in EUR thousand	1.1.–30.6.2016		
	Real estate and real estate funds	Other invested assets	Other liabilities
Total in the period under review			
Ordinary investment income	–	130	–
Realised gains and losses on investments	–	30,665	–
Change in fair value of financial instruments	–	4,255	11,158
Total depreciation, impairments and appreciation of investments	–	(8,595)	–
Thereof attributable to financial instruments included in the portfolio at 30 June			
Ordinary investment income	–	130	–
Change in fair value of financial instruments	–	4,864	11,158
Total depreciation, impairments and appreciation of investments	–	(8,595)	–

Income and expenses from level 3 financial assets and liabilities recognised at fair value

in EUR thousand	1.1.–30.6.2015		
	Real estate and real estate funds	Other invested assets	Other liabilities
Total in the period under review			
Change in fair value of financial instruments	–	8,875	(641)
Total depreciation, impairments and appreciation of investments	(308)	(1,253)	–
Thereof attributable to financial instruments included in the portfolio at 30 June			
Change in fair value of financial instruments	–	8,875	3,313
Total depreciation, impairments and appreciation of investments	(308)	(1,253)	–

If models are used to measure financial assets and liabilities included in level 3 under which the adoption of alternative inputs leads to a material change in fair value, IFRS 13 requires disclosure of the effects of these alternative assumptions. Of the financial assets included in level 3 with fair values of altogether EUR 1,823.3 million (EUR 1,846.7 million) as at the balance sheet date, Hannover Re measures financial assets with a volume of EUR 1,721.7 million (EUR 1,767.3 million) using the net asset value method, in respect of which alternative inputs within the meaning of the standard cannot reasonably be established. The remaining financial assets included in level 3 with a volume of EUR 101.6 million (EUR 79.4 million) relate in very large part to acquired life insurance policies, the valuation of which is based on technical parameters. Derivative financial instruments in connection with the reinsurance business were recognised under the other liabilities included in level 3 in the year under review. Their performance is dependent upon the risk experience of an underlying group of primary insurance contracts with statutory reserving requirements. The application of alternative inputs and assumptions has no material effect on the consolidated financial statement.

5.2 Debt and subordinated capital

Hannover Re recognised altogether three (three) subordinated bonds with an amortised cost of EUR 1,490.6 million (EUR 1,489.9 million) as at the balance sheet date. The subordinated debts from the 2010 and 2012 financial years in amounts of EUR 500.0 million each were placed on the European capital market through Hannover Finance (Luxembourg) S.A. The fair value of the aforementioned bonds as at 30 June 2016 was EUR 1,173.8 million (EUR 1,177.8 million).

A further subordinated debt from the 2014 financial year with a volume of EUR 500.0 million, the fair value of which was EUR 497.5 million (EUR 506.6 million), was issued by Hannover Rück SE and similarly placed on the European capital market.

For further information on these bonds please see the previous year's Group annual financial report.

5.3 Shareholders' equity, non-controlling interests and treasury shares

Shareholders' equity is shown as a separate component of the financial statement in accordance with IAS 1 "Presentation of Financial Statements" and subject to IAS 32 "Financial Instruments: Disclosure and Presentation" in conjunction with IAS 39 "Financial Instruments: Recognition and Measurement". The change in shareholders' equity comprises not only the net income deriving from the statement of income but also the changes in the value of asset and liability items not recognised in the statement of income.

The common shares (share capital of Hannover Rück SE) amount to EUR 120,597,134.00. They are divided into 120,597,134 voting and dividend-bearing registered ordinary shares in the form of no-par shares. The shares are paid in in full. Each share carries an equal voting right and an equal dividend entitlement.

Non-controlling interests in the shareholders' equity of the subsidiaries amounted to EUR 715.1 million (EUR 709.1 million) as at the balance sheet date. They were principally attributable to non-controlling interests in the shareholders' equity of E+S Rückversicherung AG in an amount of EUR 677.8 million (EUR 667.1 million).

Conditional capital of up to EUR 60,299 thousand is available. It can be used to grant shares to holders of bonds and/or profit-sharing rights with conversion rights and warrants or conversion obligations and has a time limit of 9 May 2021.

In addition, authorised capital of up to EUR 60,299 thousand is available with a time limit of 9 May 2021. The subscription right of shareholders may be excluded with the consent of the Supervisory Board under certain conditions.

The Executive Board is further authorised, with the consent of the Supervisory Board, to use an amount of up to EUR 1,000 thousand of the existing authorised capital to issue employee shares.

The Annual General Meeting of Hannover Rück SE resolved on 10 May 2016 to distribute a gross dividend of EUR 4.75 per share, altogether EUR 572.8 million (EUR 512.5 million), for the 2015 financial year. The distribution is comprised of a dividend of EUR 3.25 per share and a special dividend of EUR 1.50 per share.

IAS 1 requires separate disclosure of treasury shares in shareholders' equity. As part of this year's employee share option plan Hannover Rück SE acquired altogether 16,413 (12,922) treasury shares during the second quarter of 2016 and delivered them to eligible employees at preferential conditions. These shares are blocked until 31 May 2020. This transaction resulted in an expense of EUR 0.4 million (EUR 0.3 million), which was recognised under personnel expenditure, as well as a negligible change in retained earnings recognised in equity. The company was no longer in possession of treasury shares as at 30 June 2016.

The increase in the other reserves arising out of currency translation, which is recognised in equity, was attributable in an amount of EUR 4.5 million (30 June 2015: EUR 24.9 million) to the translation of long-term debt or loans with no maturity date extended to Group companies and branches abroad.

6. Notes on the individual items of the statement of income

6.1 Gross written premium

Gross written premium

in EUR thousand	1.1.–30.6.2016	1.1.–30.6.2015
Regional origin		
Germany	741,832	836,711
United Kingdom	1,404,837	1,438,651
France	364,934	352,740
Other	986,303	992,778
Europe	**3,497,906**	**3,620,880**
USA	2,147,798	1,991,330
Other	365,899	401,668
North America	**2,513,697**	**2,392,998**
Asia	1,190,351	1,342,953
Australia	419,788	530,838
Australasia	**1,610,139**	**1,873,791**
Africa	228,009	248,160
Other	434,040	450,707
Total	8,283,791	8,586,536

6.2 Investment income

Investment income

in EUR thousand	1.1.–30.6.2016	1.1.–30.6.2015
Income from real estate	64,758	58,252
Dividends	18,376	1,112
Interest income	473,117	503,637
Other investment income	11,775	35,677
Ordinary investment income	**568,026**	**598,678**
Profit or loss on shares in associated companies	1,652	4,619
Realised gains on investments	138,830	116,597
Realised losses on investments	59,302	49,953
Change in fair value of financial instruments	20,539	(1,625)
Impairments on real estate	13,992	11,094
Impairments on equity securities	24,821	–
Impairments on fixed-income securities	672	2,365
Impairments on participating interests and other financial assets	8,595	1,253
Other investment expenses	52,480	52,265
Net income from assets under own management	**569,185**	**601,339**
Interest income on funds withheld and contract deposits	233,295	255,206
Interest expense on funds withheld and contract deposits	57,688	57,779
Total investment income	744,792	798,766

The impairments totalling EUR 34.1 million (EUR 3.9 million) were attributable in an amount of EUR 24.8 million (EUR 0.0 million) to equities and equity funds because their fair values fell either significantly (i. e. by at least 20%) or for a prolonged period (i. e. for at least nine months) below acquisition cost. Impairments of EUR 8.6 million (EUR 1.3 million) were taken in the area of alternative investments. These were attributable exclusively to private equity investments. An impairment of just EUR 0.7 million (EUR 2.4 million) was recognised in the area of fixed-income securities. No investments in the real estate sector were considered to be impaired (EUR 0.3 million).

As in the previous year, these write-downs were not opposed by any write-ups made on investments that had been written down in previous periods. The portfolio did not contain any overdue, unadjusted assets as at the balance sheet date since overdue securities are written down immediately.

Interest income on investments

in EUR thousand	1.1.–30.6.2016	1.1.–30.06.2015
Fixed-income securities – held to maturity	14,714	36,204
Fixed-income securities – loans and receivables	50,892	53,503
Fixed-income securities – available for sale	396,821	402,463
Financial assets – at fair value through profit or loss	1,817	1,461
Other	8,873	10,006
Total	**473,117**	**503,637**

7. Other notes

7.1 Derivative financial instruments and financial guarantees

Hannover Re holds derivative financial instruments to hedge interest rate risks from loans connected with the financing of real estate; these gave rise to recognition of other liabilities in an amount of EUR 5.0 million (EUR 3.6 million) and other financial assets at fair value through profit or loss of EUR 0.0 million (EUR 0.1 million).

Hannover Re's portfolio contained derivative financial instruments as at the balance sheet date in the form of forward exchange transactions taken out to hedge currency risks. These transactions gave rise to recognition of other liabilities in an amount of EUR 12.2 million (EUR 3.1 million) and other financial assets at fair value through profit or loss in an amount of EUR 6.5 million (EUR 15.0 million). The decrease in equity from hedging instruments recognised directly in equity pursuant to IAS 39 in an amount of EUR 3.6 million derived solely from the forward exchange transactions taken out to hedge currency risks from long-term investments in foreign operations. These hedging instruments resulted in the recognition of other liabilities in an amount of EUR 3.5 million. Ineffective components of the hedge were recognised in profit or loss under other investment income in an amount of EUR 0.5 million.

In order to hedge the risk of share price changes in connection with the stock appreciation rights granted under the share award plan, Hannover Re took out hedges in 2014 in the form of so-called equity swaps. The fair value of these instruments amounted to EUR 0.8 million as at the balance sheet date and was recognised under other liabilities (EUR 2.0 million recognised under other financial assets at fair value through profit or loss). The hedge gave rise to a decrease in equity from hedging instruments recognised directly in equity in an amount of EUR 2.3 million (increase in equity from hedging instruments recognised directly in equity in an amount of EUR 2.8 million); ineffective components of the hedge were recognised in a minimal amount under other investment expenses.

The net changes in the fair value of the aforementioned instruments resulted in a charge of EUR 7.7 million (EUR 3.8 million) to the result of the period under review.

Derivative financial instruments in connection with reinsurance

Certain reinsurance treaties meet criteria which require application of the prescriptions in IFRS 4 governing embedded derivatives. These accounting regulations require that derivatives embedded in reinsurance contracts be separated from the underlying insurance contract ("host contract") according to the conditions specified in IFRS 4 and IAS 39 and recognised separately at fair value in accordance with IAS 39. Fluctuations in the fair value of the derivative components are to be recognised in income in subsequent periods.

On this basis Hannover Re recognised under financial assets at fair value through profit or loss derivatives in connection with the reinsurance business that were separated from the underlying transaction and measured at fair value in an amount of EUR 35.0 million as at the balance sheet date (EUR 24.5 million).

In addition, derivatives in connection with the reinsurance business were recognised under other liabilities in an amount of EUR 169.9 million (EUR 163.3 million) as at the balance sheet date.

Of this amount, EUR 163.2 million (EUR 156.1 million) is attributable to a number of transactions in the Life & Health reinsurance business group that are to be classified as derivative financial instruments. Under these transactions Hannover Re companies offer their contracting parties coverage for risks from possible future payment obligations arising out of hedging instruments. The payment obligations result from contractually defined events and relate to the development of an underlying group of primary insurance contracts with statutory reserving requirements. The contracts are to be classified and recognised as stand-alone credit derivatives pursuant to IAS 39. These instruments gave rise to an improvement in investment income of EUR 11.2 million (EUR 7.3 million).

Of the derivatives carried on the assets side, fair values of EUR 21.2 million (EUR 23.2 million) were attributable as at the balance sheet date to derivatives embedded in "modified coinsurance" and "coinsurance funds withheld" (ModCo) reinsurance treaties.

Within the scope of the accounting of ModCo reinsurance treaties, under which securities deposits are held by the ceding companies and payments rendered on the basis of the income from certain securities of the ceding company, the interest-rate risk elements are clearly and closely related to the underlying reinsurance arrangements. Embedded derivatives consequently result solely from the credit risk of the underlying securities portfolio. Hannover Re calculates the fair value of the embedded derivatives in ModCo treaties using the market information available on the valuation date on the basis of a "credit spread" method. Under this method the derivative is valued at zero on the date when the contract commences and its value then fluctuates over time according to changes in the credit spreads of the securities.

The ModCo derivatives gave rise to a charge to investment income of EUR 1.6 million (EUR 6.4 million) in the period under review.

Financial guarantees

Structured transactions were entered into in the Life & Health reinsurance business group in order to finance statutory reserves (so-called Triple-X or AXXX reserves) of US ceding companies. In each case such structures necessitated the involvement of a special purpose entity. The special purpose entities carry extreme mortality risks securitised by the cedants above a contractually defined retention and transfer these risks by way of a fixed/floating swap to a member company of the Hannover Re Group. The total amount of the contractually agreed capacities of the transactions is equivalent to EUR 3,487.6 million (EUR 3,544.4 million); an amount equivalent to EUR 2,534.3 million (EUR 2,483.4 million) had been taken up as at the balance sheet date. The variable payments to the special purpose entities that are guaranteed by the Hannover Re Group cover their payment obligations. Under some of the transactions the payments resulting from the swaps in the event of a claim are reimbursed by the parent companies of the cedants by way of compensation agreements. In this case the reimbursement claims from the compensation agreements are to be capitalised separately from and up to the amount of the provision.

Under IAS 39 these transactions are to be recognised at fair value as financial guarantees. To this end Hannover Re uses the net method, according to which the present value of the agreed fixed swap premiums is netted with the present value of the guarantee commitment. The fair value on initial recognition therefore amounted to zero. The higher of the fair value and the amount carried as a provision on the liabilities side pursuant to IAS 37 is recognised at the point in time when utilisation is considered probable. This was not the case as at the balance sheet date.

7.2 Related party disclosures

IAS 24 "Related Party Disclosures" defines related parties as group entities of a common parent, associated entities, legal entities under the influence of key management personnel and the key management personnel of the entity itself. Transactions between Hannover Rück SE and its subsidiaries, which are to be regarded as related parties, were eliminated through consolidation and are therefore not discussed in the notes to the consolidated financial statement. In the period under review the following significant business relations existed with related parties.

Talanx AG holds an unchanged majority interest of 50.22% in Hannover Rück SE. For its part, HDI-Haftpflichtverband der Deutschen Industrie Versicherungsverein auf Gegenseitigkeit, Hannover, (HDI), holds a stake of 79.0% in Talanx AG and therefore indirectly holds 39.7% (rounded) of the voting rights in Hannover Rück SE.

The business relationship between Hannover Rück SE and its subsidiary E+S Rückversicherung AG is based on a cooperation agreement. A retrocession by Hannover Rück SE to E+S Rückversicherung AG exists in property and casualty reinsurance. Exclusive responsibility rests with E+S Rückversicherung AG for German business and with Hannover Rück SE for international markets.

Companies belonging to the Talanx Group granted the Hannover Re Group insurance protection inter alia in the areas of public liability, building, contractors all risks, group accident and business travel insurance. Divisions of Talanx AG also performed services for us in the areas of taxes and general administration.

Talanx Reinsurance Broker AG grants Hannover Rück SE and E+S Rückversicherung AG a preferential position as reinsurers of cedants within the Talanx Group. In addition, Hannover Rück SE and E+S Rückversicherung AG are able to participate in the protection covers on the retention of Group cedants and share in the protection afforded by them. In certain circumstances Hannover Rück SE and E+S Rückversicherung AG are obliged to assume unplaced shares of the reinsurance of Group cedants from Talanx Reinsurance Broker AG.

The Hannover Re Group provides reinsurance protection for the HDI Group. To this extent, numerous underwriting business relations exist with related parties in Germany and abroad which are not included in Hannover Re's consolidation. This includes business both assumed and ceded at usual market conditions.

The reinsurance relationships with related parties in the period under review are shown with their total amounts in the following table.

Business assumed and ceded in Germany and abroad

in EUR thousand	1.1.–30.6.2016		1.1.–30.6.2015	
	Premium	Underwriting result	Premium	Underwriting result
Business assumed				
Property and casualty reinsurance	273,164	14,332	298,156	(31,197)
Life and health reinsurance	71,872	9,688	73,253	11,937
	345,036	**24,020**	**371,409**	**(19,260)**
Business ceded				
Property and casualty reinsurance	(5,992)	(3,425)	(6,539)	1,601
Life and health reinsurance	(11,653)	(6,421)	(31,469)	(6,190)
	(17,645)	**(9,846)**	**(38,008)**	**(4,589)**
Total	327,391	14,174	333,401	(23,849)

Within the contractually agreed framework Talanx Asset Management GmbH performs investment and asset management services for Hannover Rück SE and some of its subsidiaries. Assets in special funds are managed by Ampega Investment GmbH. Talanx Immobilien Management GmbH performs services for Hannover Re under a number of management contracts.

In the context of a bond issue by Talanx AG the Group companies Hannover Rück SE and E+S Rückversicherung AG invested in a nominal amount of EUR 47.0 million in the issued bearer debt, which has a coupon of 3.125%. The carrying amount of the instrument, which is recognised under fixed-income securities held to maturity, was EUR 47.5 million (EUR 48.3 million) including accrued interest of EUR 0.5 million (EUR 1.3 million).

HDI Lebensversicherung AG, Cologne, participated in a nominal amount of EUR 50.0 million in the subordinated bond issued by Hannover Rück SE in September 2014 with a coupon of 3.375%.

7.3 Staff

The average number of staff employed at the companies included in the consolidated financial statement of the Hannover Re Group was 2,573 during the period under review (average in 2015: 2,553).

As at the balance sheet date altogether 2,577 (2,568) staff were employed by the Hannover Re Group, with 1,341 (1,337) employed in Germany and 1,236 (1,231) working for the consolidated Group companies abroad.

7.4 Earnings per share

Calculation of the earnings per share

	1.1.–30.6.2016	1.1.–30.6.2015
Group net income in EUR thousand	486,072	531,903
Weighted average of issued shares	120,596,860	120,596,920
Basic earnings per share in EUR	4.03	4.41
Diluted earnings per share in EUR	4.03	4.41

The earnings per share is calculated by dividing the net income attributable to the shareholders of Hannover Rück SE by the weighted average number of shares outstanding within the period under review.

Neither in the period under review nor in the previous reporting period were there any dilutive effects.

The weighted average number of issued shares was slightly below the number of shares outstanding as at the balance sheet date. On the basis of this year's employee share option plan Hannover Rück SE acquired treasury shares in the course of the second quarter of 2016 and sold them to eligible employees at a later date. The weighted average number of shares does not include 16,413 (12,922) treasury shares pro rata temporis for the duration of the holding period. For further details please see our comments in Section 5.3 "Shareholders' equity, non-controlling interests and treasury shares".

There were no other extraordinary components of income which should have been recognised or disclosed separately in the calculation of the earnings per share.

The earnings per share could potentially be diluted in future through the issue of shares or subscription rights from the authorised or conditional capital.

7.5 Contingent liabilities and commitments

Hannover Rück SE has secured by subordinated guarantee the subordinated debts issued by Hannover Finance (Luxembourg) S.A. in the 2010 and 2012 financial years in amounts of EUR 500.0 million each.

The guarantees given by Hannover Rück SE for the subordinated debts attach if the issuer fails to render payments due under the bonds. The guarantees cover the relevant bond volumes as well as interest due until the repayment dates. Given the fact that interest on the bonds is partly dependent on the capital market rates applicable at the interest payment dates (floating rates), the maximum undiscounted amounts that can be called cannot be estimated with sufficient accuracy. Hannover Rück SE does not have any rights of recourse outside the Group with respect to the guarantee payments.

As security for technical liabilities to our US clients, we have established two trust accounts (master trust and supplemental trust) in the United States. They amounted to EUR 3,525.2 million (EUR 3,511.5 million) and EUR 40.5 million (EUR 27.2 million) respectively as at the balance sheet date. The securities held in the trust accounts are shown as available-for-sale investments. In addition, we furnished further collateral to ceding companies in an amount of EUR 1,567.5 million (EUR 1,810.3 million) in the form of so-called "single trust funds". This amount includes a sum equivalent to EUR 1,260.8 million (EUR 1,281.2 million) which was furnished by investors as security for potential reinsurance obligations from ILS transactions.

As part of our business activities we hold collateral available outside the United States in various blocked custody accounts and trust accounts, the total amount of which in relation to the Group's major companies was EUR 2,953.2 million (EUR 2,775.8 million) as at the balance sheet date.

The securities held in the blocked custody accounts and trust accounts are recognised predominantly as available-for-sale investments.

As security for our technical liabilities, various financial institutions have furnished sureties for our company in the form of letters of credit. The total amount as at the balance sheet date was EUR 1,276.5 million (EUR 1,335.2 million). In a departure from the previous year, this figure does not include letters of credit in an amount of EUR 1,090.4 million (EUR 1,729.4 million) provided in favour of Group companies.

In addition, we put up own investments with a book value of EUR 52.3 million (EUR 57.9 million) as collateral for existing derivative transactions. We received collateral with a fair value of EUR 5.9 million (EUR 6.9 million) for existing derivative transactions.

As collateral for commitments in connection with participating interests in real estate companies and real estate transactions the usual collateral under such transactions has been furnished to various banks, the amount of which totalled EUR 583.5 million (EUR 592.7 million) as at the balance sheet date.

Outstanding capital commitments with respect to alternative investments exist on the part of the Group in an amount of EUR 885.6 million (EUR 837.1 million). These primarily involve as yet unfulfilled payment obligations from investment commitments given to private equity funds and venture capital firms.

The application of tax regulations may not have been resolved at the time when tax items are brought to account. The calculation of tax refund claims and tax liabilities is based on what we consider to be the regulations most likely to be applied in each case. The revenue authorities may, however, take a differing view, as a consequence of which additional tax liabilities could arise in the future.

Hannover Rück SE enters into contingent liabilities as part of its normal business operations. A number of reinsurance treaties concluded by Group companies with outside third parties include letters of comfort, guarantees or novation agreements under which Hannover Rück SE guarantees the liabilities of the subsidiary in question or enters into the rights and obligations of the subsidiary under the treaties if particular constellations materialise.

Hannover, 2 August 2016

Executive Board

Wallin Althoff Chèvre Gräber

Dr. Miller Dr. Pickel Vogel

Review report by the independent auditors

To Hannover Rück SE, Hannover

We have reviewed the condensed consolidated interim financial statements – comprising the consolidated balance sheet, consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in shareholders' equity, consolidated cash flow statement and the notes to the consolidated financial statements – together with the interim Group management report of Hannover Rück SE, Hannover, for the period from 1 January to 30 June 2016, which are components of the half-yearly financial report pursuant to § 37w of the German Securities Trading Act (WpHG). The preparation of the condensed consolidated interim financial statements in accordance with the IFRS applicable to interim financial reporting as adopted by the EU and of the interim management report for the Group in accordance with the provisions of the German Securities Trading Act applicable to interim group management reports is the responsibility of the parent company's Board of Management. Our responsibility is to issue a review report on the condensed consolidated interim financial statements and on the interim management report for the Group based on our review.

We conducted our review of the condensed consolidated interim financial statements and the interim management report for the Group in accordance with German generally accepted standards for the review of financial statements promulgated by the Institute of Public Auditors in Germany (Institut der Wirtschaftsprüfer – IDW). Those standards require that we plan and perform the review so that we can preclude through critical evaluation, with moderate assurance, that the condensed consolidated interim financial statements have not been prepared, in all material respects, in accordance with the IFRS applicable to interim financial reporting as adopted by the EU and that the interim management report for the Group has not been prepared, in all material respects, in accordance with the provisions of the German Securities Trading Act applicable to interim group management reports. A review is limited primarily to inquiries of company personnel and analytical procedures and thus provides less assurance than an audit. Since, in accordance with our mandate, we have not performed a financial statement audit, we cannot express an audit opinion.

Based on our review, no matters have come to our attention that cause us to presume that the condensed consolidated interim financial statements have not been prepared, in all material respects, in accordance with the IFRS applicable to interim financial reporting as adopted by the EU or that the interim management report for the Group has not been pre- pared, in all material respects, in accordance with the provisions of the German Securities Trading Act applicable to interim group management reports.

Hannover, 2 August 2016

KPMG AG
Wirtschaftsprüfungsgesellschaft

Möller Wirtschaftsprüfer	Bock Wirtschaftsprüfer

Responsibility statement

To the best of our knowledge, and in accordance with the applicable reporting principles for interim financial reporting, the interim consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the interim management report of the Group includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group for the remaining months of the financial year.

Hannover, 2 August 2016

Executive Board

Wallin Althoff Chèvre Gräber

Dr. Miller Dr. Pickel Vogel

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