

- **Excluding the effect of the terrorist attacks of 11 September the results for the first nine months of 2001 fulfilled Hannover Re's expectations**
- **Good prospects for 2002**

Hannover, 31 January 2002: Hannover Re's results for the first nine months of 2001 would have been positive, had it not been for the terrorist attacks in the United States on 11 September 2001. Excluding this extraordinary impact, Hannover Re would have achieved a profit after tax of EUR 30 million, or EUR 1.04 per share, in the third quarter of 2001. Because of these events, however, the third quarter profit after tax decreased by EUR 234 million, or EUR -7.92 per share, to EUR -204 million, or EUR -6.88 per share.

The profit after tax of the first nine months 2001, excluding the losses of 11 September, fulfilled Hannover Re's expectations. It amounted to EUR 149 million, or EUR 5.04 per share. Including the losses from the terrorist attacks the after-tax result amounts to EUR -85 million, or EUR -2.87 per share.

The impact of 11 September affected only property and casualty reinsurance. On the basis of information available to date, the net loss from this event remains unchanged at approximately EUR 400 million before and EUR 234 million after tax. These losses have been fully accounted for in the third quarter. "Based on our current assessment we do not foresee any further charges due to this catastrophe", emphasised Wilhelm Zeller, Chairman of the Executive Board. The losses from the terrorist attacks resulted, however, in a negative profit contribution of this business unit in the amount of EUR 156 million. "Leaving aside these extraordinary influences, property and casualty reinsurance would have fulfilled our expectations for the first nine months with a profit contribution of EUR 78 million", explained Mr. Zeller. The combined ratio for this time period was 125%. Excluding the losses from the terrorist attacks it would have been 104%.

Business in life and health reinsurance continued to develop as planned. "We will be able again to achieve our growth and profit targets for this year", stated Mr. Zeller.

Due to the successfully initiated expansion of program business to Europe and the excellent competitive positioning of Hannover Re's US subsidiaries, the gross premium income in this business unit continued to rise sharply. Furthermore, the new business, generated at markedly higher rates, enabled

Hannover Re to increase the retention ratio. Both of these factors resulted in a favourable development of the profit contribution.

Additionally, positive developments can be reported about financial reinsurance. "The demand for alternative reinsurance products has been rising steadily, so that premium volume and investment income are – after only nine months – already above the total figure for the previous year", emphasised Mr. Zeller.

Total investments at EUR 11 billion are 11% higher than the previous year. The net investment income (EUR 711 million) is a reflection of the difficult market environment. The ordinary income rose largely due to an increased investment volume, although the lower interest rate level led to a reduction in the average yield. The declining profits from the disposal of investments are a reflection of the state of the capital markets in the reporting period.

Overall, therefore, the pre-tax result before minority interests was EUR -124 million and the after-tax result was EUR -85 million, or EUR -2.87 per share. "Even though the net result for the first nine months is negative as a result of the September 11 losses, we are anticipating a break-even result for the whole business year 2001", stated Mr. Zeller.

The Company describes the prospects for the coming year as very positive. The 2002 renewal season has brought about substantial rate increases and improvements in terms and conditions on numerous reinsurance markets. "We are currently in one of the hardest reinsurance markets since decades. Following the successful capital increase in December last year, we are strongly positioned in the market. We were able to disproportionately exploit the opportunities presented by the market and to significantly expand our market share" according to Mr. Zeller. Assuming normal conditions in regard to major loss incidence and conditions of the capital market, Hannover Re therefore anticipates a very good result for the year 2002.

For further information, please contact Ralf Arndt (tel. +49/511/56 04-15 00; fax +49/511/56 04-16 48, e-mail ralf.arndt@hannover-re.com).

Hannover Re, with gross premiums of EUR 8.3 bn. in 2000, is the fifth-largest reinsurance group in the world. It transacts all lines of property/casualty, life/health and financial/finite-risk reinsurance as well as program business. It maintains business relations with more than 2,000 insurance companies in over 100 countries. Its worldwide network consists of more than 100 subsidiaries, branch and representative offices in 19 countries. The American rating agencies Standard & Poor's and A.M. Best have awarded Hannover Re a rating of AA ("Very Strong") and A+ ("Superior"), respectively.

SEGMENTS: 1 - 9/2001

in m. €	Property/Casualty R/I		Life/Health R/I		Financial R/I		Program Biz		Total	
	1 - 9 2001	2000	1 - 9 2001	2000	1 - 9 2001	2000	1 - 9 2001	2000	1 - 9 2001	2000
Gross written premiums	2,744	3,385	1,635	2,091	1,152	870	1,813	1,974	7,344	8,320
Change in GWP	-	29.5%	-	(5.8%)	-	71.1%	-	44.8%	-	24.1%
Net premiums earned	1,938	2,524	1,242	1,592	757	801	355	293	4,291	5,210
Underwriting result	(473)	(206)	(145)	(122)	(193)	(114)	21	(7)	(789)	(449)
Net investment income	264	472	186	204	239	168	22	25	711	869
Operating result before other expenses	(209)	266	41	83	47	54	44	17	(77)	419
Other income and expenses*	(21)	(46)	(7)	(52)	(2)	(3)	(17)	(15)	(47)	(115)
Pre-tax result	(230)	220	34	31	45	51	27	3	(124)	304
Taxes	75	109	(13)	28	(5)	(4)	(12)	(3)	45	129
Minority interest	0	(62)	(0)	(5)	(6)	(6)	(0)	4	(6)	(68)
Net income	(156)	267	21	54	35	41	15	3	(85)	365

* e.g. interest for hybrid capital, goodwill write-off, general overhead expenses

INTERIM REPORT

3/2001

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hannover **re**



KEY FIGURES*of the Hannover Re Group*

<i>in EUR million</i>	<i>30.9.2001</i>	<i>31.12.2000</i>
Gross written premiums	7 344.5	8 320.5
Net premiums earned	4 290.7	5 210.2
Net underwriting result	(788.8)	(449.2)
Net investment income	711.4	868.7
Profit or loss on ordinary activities	77.4	419.5
Net income/net loss	(84.7)	364.9
Investments	11 296.9	10 200.5
Total stockholders' equity	1 431.6	1 573.4
Net underwriting provisions	15 442.8	12 953.3
Earnings per share in EUR	(2.87)	12.38*
Retention	63.8%	63.7%
Loss ratio**	104.3%	90.1%
Expense ratio**	16.9%	18.7%
Combined ratio**	121.2%	108.8%

* Dilution due to payment of outstanding amounts on subscribed share capital

** Excluding life and health reinsurance and on the basis of net premiums earned

Dear shareholders, Ladies and Gentlemen,

After we began last year to document our business development in quarterly reports, we are now submitting a report on the first three quarters of 2001. Since this is our first nine-month report, comparative figures from previous years are not available.

The results for this interim report would have been positive for the first nine months of the business year 2001, had it not been for the terrorist attacks in the United States on 11 September 2001. Excluding this extraordinary impact Hannover Re would have achieved a profit after tax of EUR 30 million, or EUR 1.04 per share, in the third quarter of 2001. Because of these events, however, the third-quarter profit after tax decreased by EUR 234 million, or EUR -7.92 per share, to EUR -204 million, or EUR -6.88 per share.

The profit after tax of the first nine months 2001, excluding the losses of 11 September, fulfilled our expectations. It amounted to EUR 149 million, or EUR 5.04 per share. Including the losses from the terrorist attacks the after-tax result amounts to EUR -85 million, or EUR -2.87 per share.

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Business in life and health reinsurance continued to develop as planned. We will be able again to achieve our growth and profit targets for this year.

Due to the successfully initiated expansion of program business to Europe and the excellent competitive positioning of our US subsidiaries, the gross premium income in this business unit continued to rise sharply. Furthermore, the new business, generated at markedly higher rates, enabled us to increase the retention ratio. Both of these factors resulted in a favourable development of the profit contribution.

Additionally, positive developments can be reported about financial reinsurance. The demand for alternative reinsurance products has been rising steadily, so that premium volume and investment income are – after only nine months – already above the total figure for the previous year.

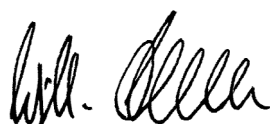
Total investments at EUR 11 billion are 11% higher than the previous year. The net investment income (EUR 711 million) is a reflection of the difficult market environment. The ordinary income rose largely due to an increased investment volume, although the lower interest rate level led to a reduction in the average yield. The declining profits from the disposal of investments are a reflection of the state of the capital markets in the reporting period.

Overall, therefore the pre-tax result before minority interests was EUR -124 million and the after-tax result was EUR -85 million, or EUR -2.87 per share. Even though the net result for the first nine months is negative as a result of the September 11 losses, we are anticipating a break-even result for the whole business year 2001.

The prospects for the coming year are very positive. The 2002 renewal season has brought about substantial rate increases and improvements in terms and conditions on numerous reinsurance markets. We are currently in one of the hardest reinsurance markets since decades. Following the successful capital increase in December last year, we are strongly positioned in the market. We were able to disproportionately exploit the opportunities presented by the market and to significantly expand our market share. Assuming normal conditions in regard to major loss incidence and conditions of the capital market, we anticipate therefore a very good result for the year 2002.

On this confident note I would like to thank you, also on behalf of my colleagues on the Executive Board, for your trust in our company. We remain committed to living up to this confidence, and we shall strive to increase the value of your company on a sustainable basis – not least by optimally exploiting the opportunities offered by the current favourable market conditions.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'W. Zeller', written in a cursive style.

Wilhelm Zeller
Chairman of the Executive Board

Financial calendar 2002

31 January 2002	Interim report 3/2001
.....	
25 April 2002	Press conference on the annual results 2001
.....	
26 April 2002	Analysts meeting in Frankfurt
.....	
26 April 2002	Analysts meeting in London
.....	
24 May 2002	Annual General Meeting Beginning 10:30 a.m.
.....	
24 May 2002	Interim report 1/2002
.....	

<i>Assets</i> <i>Figures in EUR thousand</i>	<i>30.9.2001</i>	<i>31.12.2000</i>
Fixed-income securities – held to maturity	278 898	267 031
Fixed-income securities – available for sale	7 611 941	6 518 580
Fixed-income securities – trading	41 471	40 869
Equity securities – available for sale	1 072 276	1 593 969
Real estate	225 119	228 540
Other invested assets	708 948	593 415
Short-term investments	736 765	475 849
Total investments without cash	10 675 418	9 718 253
Cash	621 434	482 262
Total investments and cash	11 296 852	10 200 515
Prepaid reinsurance premiums	1 001 370	823 915
Reinsurance recoverables on benefit reserve	279 129	254 696
Reinsurance recoverables on unpaid claims	4 961 559	3 532 690
Reinsurance recoverables on other reserves	10 665	6 392
Deferred acquisition costs	933 048	714 427
Accounts receivable	2 835 068	3 296 030
Funds held by ceding companies	5 918 674	3 995 706
Goodwill	259 529	266 066
Other assets	210 699	275 591
Accrued interest and rent	179 254	131 574
	27 885 847	23 497 602

Liabilities

Figures in EUR thousand

30.9.2001 31.12.2000

Loss and loss adjustment expense reserve	15 823 424	12 782 710
Policy benefits for life and health contracts	3 396 145	3 043 573
Unearned premium reserve	2 315 478	1 608 381
Provision for contingent commission	116 202	114 243
Other technical provisions	44 285	22 117
Reinsurance payable	1 176 301	1 378 184
Funds held under reinsurance treaties	1 214 528	817 609
Contract deposits	144 741	109 773
Minorities	274 093	294 134
Other liabilities	251 640	307 740
Taxes	131 676	171 955
Provision for deferred taxes	666 226	741 102
Notes payable	781 917	415 105
Surplus debenture	117 597	117 597
Total liabilities	26 454 253	21 924 223
Stockholders' equity		
Common stock	75 493	75 493
Nominal value 75 493 Authorised capital 20 767		
Additional paid-in capital	201 794	201 794
Cumulative comprehensive income		
Unrealised appreciation/depreciation of investments, net of deferred taxes	6 413	71 413
Cumulative foreign currency conversion adjustment, net of deferred taxes	68 159	(8 800)
Other changes in cumulative comprehensive income	(2 484)	864
Total comprehensive income	72 088	63 477
Treasury stock	–	–
Retained earnings		
Beginning of period	1 232 615	900 630
Net income/net loss	(84 675)	364 880
Dividend paid	(86 461)	(80 426)
Other changes	20 740	47 531
	1 082 219	1 232 615
Total stockholders' equity	1 431 594	1 573 379
	27 885 847	23 497 602

CONSOLIDATED STATEMENT OF INCOME*for the first nine months 2001*

<i>Figures in EUR thousand</i>	<i>1.1.-30.9.2001</i>	<i>1.1.-31.12.2000</i>
Gross written premiums	7 344 458	8 320 493
Ceded written premiums	2 656 967	3 016 514
Change in gross unearned premiums	(551 238)	(216 922)
Change in ceded unearned premiums	154 490	123 127
Net premiums earned	4 290 743	5 210 184
Ordinary investment income	696 235	798 947
Realised gains on investments	107 066	251 168
Realised losses on investments	80 927	70 524
Unrealised gains and losses on investments	18 178	(4 402)
Other investment expenses	29 178	106 509
Net investment income	711 374	868 680
Other technical income	3 762	18 704
Total revenues	5 005 879	6 097 568
Claims and claims expenses	3 929 977	4 467 863
Change in policy benefits for life and health contracts	250 905	37 494
Commission and brokerage	682 618	903 946
Other acquisition costs	9 769	17 627
Other technical expenses	63 644	71 468
Administrative expenses	146 376	179 675
Total technical expenses	5 083 289	5 678 073
Profit or loss on ordinary activities	(77 410)	419 495
Amortisation of goodwill	10 453	11 679
Other income/expenses	(36 061)	(103 540)
Net income before taxes	(123 924)	304 276
Taxes	45 409	129 025
Minority interest	(6 160)	(68 421)
Net income/net loss	(84 675)	364 880

Figures in EUR thousand

1.1.-30.9.2001 1.1.-31.12.2000

Other comprehensive income		
Net unrealised appreciation/depreciation of investments	(65 000)	22 680
Cumulative foreign currency conversion adjustments	76 959	(27 937)
Other comprehensive income	(3 348)	(2 091)
Net comprehensive income	(76 064)	357 532

SEGMENTAL REPORT as at 30 September 2001

Segmental statement of income

<i>Figures in EUR thousand</i>	<i>Property/ casualty reinsurance 1.1.-30.9.2001</i>	<i>Property/ casualty reinsurance 1.1.-31.12.2000</i>	<i>Life/ health reinsurance 1.1.-30.9.2001</i>	<i>Life/ health reinsurance 1.1.-31.12.2000</i>
Gross written premiums	2 744 494	3 385 386	1 634 795	2 090 506
Net premiums earned	1 937 649	2 524 439	1 241 504	1 592 297
Claims and claims expenses	1 970 725	2 033 826	749 865	1 209 010
Change in policy benefits for life and health contracts	–	–	(250 905)	(37 494)
Commission and brokerage and other technical expenses	367 486	625 844	349 915	424 602
Other technical income	3 493	4 323	269	13 949
Investment income	263 576	471 930	186 244	204 347
Administrative expenses	75 517	75 444	35 935	56 869
Net technical and investment income	(209 010)	265 578	41 397	82 618
Other expenses	21 104	45 851	7 016	51 720
Net income before tax	(230 114)	219 727	34 381	30 898
Taxes	(74 570)	(108 729)	12 551	(27 658)
Minority interest	24	(61 943)	(372)	(4 624)
Net income/net loss	(155 520)	266 513	21 458	53 932

<i>Program business</i>	<i>Program business</i>	<i>Financial reinsurance</i>	<i>Financial reinsurance</i>	<i>Total</i>	<i>Total</i>
<i>1.1.-30.9.2001</i>	<i>1.1.-31.12.2000</i>	<i>1.1.-30.9.2001</i>	<i>1.1.-31.12.2000</i>	<i>1.1.-30.9.2001</i>	<i>1.1.-31.12.2000</i>
1 812 853	1 974 407	1 152 316	870 194	7 344 458	8 320 493
354 504	292 699	757 086	800 749	4 290 743	5 210 184
275 316	261 809	934 071	963 218	3 929 977	4 467 863
-	-	-	-	(250 905)	(37 494)
26 127	(4 365)	12 503	(53 040)	756 031	993 041
-	-	-	432	3 762	18 704
22 331	24 682	239 223	167 721	711 374	868 680
31 847	42 686	3 077	4 676	146 376	179 675
43 545	17 251	46 658	54 048	(77 410)	419 495
16 779	14 650	1 615	2 998	46 514	115 219
26 766	2 601	45 043	51 050	(123 924)	304 276
12 075	3 394	4 535	3 968	(45 409)	(129 025)
(100)	3 902	(5 712)	(5 756)	(6 160)	(68 421)
14 591	3 109	34 796	41 326	(84 675)	364 880

The amortised cost and the unrealised gains and losses on the portfolio of investments classified as held to maturity were as follows:

<i>Figures in EUR thousand</i>	<i>Cost or amortised cost</i>	<i>Unrealised gains</i>	<i>Unrealised losses</i>	<i>Fair value</i>
Investments held to maturity as at 30.9.2001				
Fixed-income securities				
US Treasury Notes	31 852	1 917	–	33 769
Other foreign government debt securities	2 207	88	–	2 295
Corporate securities	178 405	12 064	173	190 296
Asset-backed securities	56 019	4 707	–	60 726
Other securities	10 415	378	39	10 754
Total	278 898	19 154	212	297 840
Investments held to maturity as at 31.12.2000				
Fixed-income securities				
US Treasury Notes	33 730	806	–	34 536
Other foreign government debt securities	2 188	22	–	2 210
Corporate securities	168 386	6 551	437	174 500
Asset-backed securities	55 986	3 369	–	59 355
Other securities	6 741	22	–	6 763
Total	267 031	10 770	437	277 364

The amortised cost and the unrealised gains and losses on the portfolios of investments classified as available for sale were as follows:

<i>Figures in EUR thousand</i>	<i>Cost or amortised cost</i>	<i>— Unrealised gains</i>	<i>— losses</i>	<i>Fair value</i>
Investments available for sale as at 30.9.2001				
Fixed-income securities				
Government debt securities of EU member states	974 591	30 963	535	1 005 019
US Treasury Notes	1 071 748	60 293	610	1 131 431
Other foreign government debt securities	294 686	10 483	2 963	302 206
Corporate securities	3 096 986	112 305	39 562	3 169 729
Asset-backed securities	853 072	24 717	15 514	862 275
From investment funds	911 093	30 763	–	941 856
Other securities	192 068	7 907	550	199 425
	7 394 244	277 431	59 734	7 611 941
Dividend-bearing securities				
Equities	319 368	25 002	36 382	307 988
From investment funds	1 032 647	–	268 359	764 288
Other dividend-bearing securities	–	–	–	–
	1 352 015	25 002	304 741	1 072 276
Short-term investments	736 763	2	–	736 765
Total	9 483 022	302 435	364 475	9 420 982
Investments available for sale as at 31.12.2000				
Fixed-income securities				
Government debt securities of EU member states	756 390	18 464	403	774 451
US Treasury Notes	1 016 210	27 891	1 467	1 042 634
Other foreign government debt securities	327 667	4 380	2 287	329 760
Corporate securities	2 643 204	47 773	34 101	2 656 876
Asset-backed securities	707 007	9 979	7 831	709 155
From investment funds	911 061	11 803	–	922 864
Other securities	81 004	2 756	920	82 840
	6 442 543	123 046	47 009	6 518 580
Dividend-bearing securities				
Equities	477 143	71 117	22 402	525 858
From investment funds	1 097 088	463	37 476	1 060 075
Other dividend-bearing securities	4 255	3 781	–	8 036
	1 578 486	75 361	59 878	1 593 969
Short-term investments	475 850	–	1	475 849
Total	8 496 879	198 407	106 888	8 588 398

The amortised cost and the unrealised gains and losses on the portfolios of investments classified as trading were as follows:

<i>Figures in EUR thousand</i>	<i>Cost or amortised cost</i>	<i>— Unrealised —</i> <i>gains losses</i>		<i>Fair value</i>
Trading as at 30.9.2001				
Fixed-income securities				
Corporate securities	45 429	—	3 958	41 471
Total	45 429	—	3 958	41 471
Trading as at 31.12.2000				
Fixed-income securities				
Corporate securities	45 251	—	4 382	40 869
Total	45 251	—	4 382	40 869

The contractual maturities of the fixed-income securities in the held-to-maturity portfolio, available-for-sale portfolio and trading portfolio were as follows as at the balance sheets dates of 30 September 2001 and of 31 December 2000:

<i>Figures in EUR thousand</i>	<i>— 30.9.2001 —</i>		<i>— 31.12.2000 —</i>	
	<i>Cost or amortised cost</i>	<i>Estimated fair value</i>	<i>Cost or amortised cost</i>	<i>Estimated fair value</i>
Held to maturity				
Due in one year	5 364	5 384	13 623	13 640
Due after one through five years	181 740	193 549	162 949	167 962
Due after five years through ten years	87 726	94 617	84 007	89 010
Due after ten years	4 068	4 290	6 452	6 752
Total	278 898	297 840	267 031	277 364
Available for sale				
Due in one year	827 170	824 435	920 887	907 266
Due after one through five years	3 014 306	3 124 966	2 720 974	2 779 964
Due after five years through ten years	1 985 305	2 048 420	1 350 009	1 371 195
Due after ten years	1 567 463	1 614 120	1 450 673	1 460 155
Total	7 394 244	7 611 941	6 442 543	6 518 580
Trading				
Due after five years through ten years	45 429	41 471	45 251	40 869
Total	45 429	41 471	45 251	40 869

The actual maturities may in individual cases diverge from the contractual maturities because borrowers may have the right to call or prepay obligations with or without penalty.

The following table shows the investment income:

<i>Figures in EUR thousand</i>	<i>30.9.2001</i>	<i>31.12.2000</i>
Real estate	17 055	22 204
Dividends	28 309	82 408
Ordinary investment income on fixed-income securities	343 516	433 745
Other income	307 355	260 590
Ordinary investment income	669 235	798 947
Realised gains on investments	107 066	251 168
Realised losses from investments	80 927	70 524
Unrealised gains and losses	18 178	(4 402)
Other investment expenses	29 178	106 509
Total investment income	711 374	868 680