

HANNOVER FINANCE, INC.
CONSOLIDATED BALANCE SHEET - IFRS BASIS
JUNE 30, 2017 vs PRIOR YEAR END
\$000's unless otherwise indicated
Package Results

	<u>6/30/2017</u>	<u>12/31/2016</u>	<u>Increase (Decrease)</u>	<u>%</u>
ASSETS				
Fixed income securities	8,181	5,997	2,184	36.4%
Equity securities	(0)	(0)	-	0.0%
Other invested assets	151,753	160,217	(8,464)	-5.3%
Short-term inv incl interest	-	-	-	#DIV/0!
Cash and cash equivalents	495	334	161	48.3%
Total cash and investments	<u>160,429</u>	<u>166,548</u>	(6,118)	-3.7%
Agent's balances	-	-	-	0.0%
Reinsurance recoverable - paid losses	-	-	-	0.0%
Reinsurance recoverable - unpaid losses	-	-	-	0.0%
Prepaid reinsurance	-	-	-	0.0%
Funds withheld by reinsurers	-	-	-	0.0%
Deferred acquisition costs, net	-	-	-	0.0%
Accrued investment income	-	-	-	0.0%
Federal income tax receivable	448	616	(168)	-27.2%
Deferred tax assets, net	3,897	4,065	(167)	-4.1%
Fixed assets	(0)	(0)	-	0.0%
Goodwill and intangible assets	(0)	(0)	-	0.0%
Other receivables	0	0	-	0.0%
Total assets	<u>164,775</u>	<u>171,229</u>	(6,454)	-3.8%
LIABILITIES				
Unpaid loss and loss adj expenses	-	-	-	0.0%
Unearned premium reserves	-	-	-	0.0%
Reinsurance balances payable	-	-	-	0.0%
Funds withheld under reins treaties	-	-	-	0.0%
Other amts withheld for others	-	-	-	0.0%
Debt	-	-	-	0.0%
Derivative FMV	-	-	-	0.0%
Derivative accrued interest	-	-	-	0.0%
Accrued expenses	-	-	-	0.0%
Federal income taxes payable	-	-	-	#DIV/0!
Other liabilities	423	7,777	(7,354)	-94.6%
Total liabilities	<u>423</u>	<u>7,777</u>	(7,354)	-94.6%
Common stock	-	-	-	0.0%
Preferred stock	-	-	-	#DIV/0!
Additional paid-in capital	733,898	733,898	-	0.0%
Accumulated OCI	498	268	229	85.6%
Retained earnings	(570,044)	(570,715)	671	-0.1%
Total stockholder's equity	<u>164,352</u>	<u>163,451</u>	900	0.6%
Total liabilities and stockholder's equity	<u>164,775</u>	<u>171,229</u>	(6,454)	-3.8%
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HANNOVER FINANCE, INC.
CONSOLIDATED BALANCE SHEET - IFRS BASIS
JUNE 30, 2017 vs PRIOR QUARTER
(000's)

Package Results

	<u>6/30/2017</u>	<u>3/31/2017</u>	<u>Increase (Decrease)</u>	<u>%</u>
ASSETS				
Fixed income securities	8,181	3,497	4,684	133.9%
Equity securities	(0)	(0)	-	0.0%
Other invested assets	151,753	155,430	(3,677)	-2.4%
Short-term inv incl interest	-	-	-	#DIV/0!
Cash and cash equivalents	495	1,336	(841)	-62.9%
Total cash and investments	<u>160,429</u>	<u>160,263</u>	166	0.1%
Agents' balances	-	-	-	0.0%
Reinsurance recoverable - paid losses	-	-	-	0.0%
Reinsurance recoverable - unpaid losses	-	-	-	0.0%
Prepaid reinsurance	-	-	-	0.0%
Funds withheld by reinsurers	-	-	-	0.0%
Deferred acquisition costs, net	-	-	-	0.0%
Accrued investment income	-	-	-	0
Federal income tax receivable	448	456	(8)	-1.7%
Deferred tax assets, net	3,897	3,879	19	0.5%
Fixed assets	(0)	(0)	-	0.0%
Goodwill and intangible assets	(0)	(0)	-	0.0%
Other receivables	0	0	-	0.0%
Total assets	<u><u>164,775</u></u>	<u><u>164,598</u></u>	176	0.1%
LIABILITIES				
Unpaid loss and loss adj expenses	-	-	-	0.0%
Unearned premium reserves	-	-	-	0.0%
Reinsurance balances payable	-	-	-	0.0%
Funds withheld under reins treaties	-	-	-	0.0%
Other amts withheld for others	-	-	-	0.0%
Debt	-	-	-	0.0%
Derivative FMV	-	-	-	0.0%
Derivative accrued interest	-	-	-	0.0%
Accrued expenses	-	-	-	0.0%
Federal income taxes payable	-	-	-	#DIV/0!
Other liabilities	423	505	(82)	-16.2%
Total liabilities	<u>423</u>	<u>505</u>	(82)	-16.2%
Common stock	-	-	-	0.0%
Preferred stock	-	-	-	#DIV/0!
Additional paid-in capital	733,898	733,898	-	0.0%
Accumulated OCI	498	452	45	10.0%
Retained earnings	(570,044)	(570,257)	213	0.0%
Total stockholder's equity	<u>164,352</u>	<u>164,093</u>	258	0.2%
Total liabilities and stockholder's equity	<u><u>164,775</u></u>	<u><u>164,598</u></u>	176	0.1%

HANNOVER FINANCE, INC.
CONSOLIDATED INCOME STATEMENT - IFRS BASIS
JUNE 30, 2017 YTD vs. PRIOR QUARTER YTD
(000's)

Package Results

	YTD 6/30/2017	YTD 3/31/2017	Increase (Decrease)	%
Gross written premium	-	-	-	0.0%
Net earned premium	-	-	-	0.0%
Gross incurred losses and loss adj expenses	-	-	-	0.0%
Net incurred losses and loss adj expenses	-	-	-	0.0%
Commissions - gross	-	-	-	0.0%
Commissions - net	-	-	-	0.0%
Fee income	-	-	-	0.0%
Premium tax, assessments and fees	-	-	-	0.0%
Other underwriting expenses	-	-	-	0.0%
Change in DAC	-	-	-	0.0%
Change in deferred fee income	-	-	-	0.0%
Net underwriting expenses	-	-	-	0.0%
Net underwriting result	-	-	-	0.0%
Gross investment income	3,631	2,045	1,586	77.5%
Unrealized (gains) losses - surplus notes	-	-	-	0.0%
Other investment expenses	6	6	0	2.4%
Realized capital gains (losses)	-	-	-	#DIV/0!
Net investment result	3,625	2,039	1,585	77.7%
Interest expense	-	-	-	0.0%
Depreciation and amortization	-	-	-	#DIV/0!
Write-offs and other	2,592	1,335	(1,257)	94.2%
Total other income (loss)	(2,592)	(1,335)	1,257	94.2%
Net income (loss) before FIT	1,033	705	328	46.6%
Federal income taxes (benefit)	362	247	115	46.6%
Net income (loss) before discontinued ops.	671	458	213	46.5%
Net income from discontinued operations	-	-	-	-
Net income (loss) after discontinued ops.	671	458	-	-

HANNOVER FINANCE, INC.
CONSOLIDATED INCOME STATEMENT - IFRS BASIS
JUNE 30, 2017 vs PRIOR YEAR TO DATE
\$000's unless otherwise indicated
Package Results

	YTD 6/30/2017	YTD 12/31/2016	Increase (Decrease)	%
Gross written premium	-	-	-	#DIV/0!
Net earned premium	-	-	-	#DIV/0!
Gross incurred losses and loss adj expenses	-	-	-	#DIV/0!
Net incurred losses and loss adj expenses	-	-	-	#DIV/0!
Commissions - gross	-	-	-	#DIV/0!
Commissions - net	-	-	-	#DIV/0!
Fee income	-	-	-	#DIV/0!
Premium tax, assessments and fees	-	-	-	#DIV/0!
Other underwriting expenses	-	-	-	#DIV/0!
Change in DAC	-	-	-	#DIV/0!
Change in deferred fee income	-	-	-	#DIV/0!
Net underwriting expenses	-	-	-	#DIV/0!
Net underwriting result	-	-	-	#DIV/0!
Gross investment income	3,631	11,961	(8,330)	-69.6%
Unrealized (gains) losses - surplus notes	-	-	-	#DIV/0!
Other investment expenses	6	132	(126)	-95.4%
Realized capital gains (losses)	-	4,649	(4,649)	-100.0%
Net investment result	3,625	16,479	(12,854)	-78.0%
Interest expense	-	-	-	#DIV/0!
Depreciation and amortization	-	-	-	#DIV/0!
Write-offs and other	2,592	4,747	2,155	-45.4%
Total other income (loss)	(2,592)	(4,747)	(2,155)	-45.4%
Net income (loss) before FIT	1,033	11,732	(10,699)	-91.2%
Federal income taxes (benefit)	362	4,115	(3,753)	100.0%
Net income (loss) before discontinued ops.	671	7,617	(6,946)	-91.2%
Net income from discontinued operations	-	-	-	0.0%
Net income (loss) after discontinued ops.	671	7,617		

