

Consolidated financial statements



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Consolidated balance sheet as at 31 December 2016

N01

Assets in EUR thousand	Notes	31.12.2016	31.12.2015 ¹
Fixed-income securities – held to maturity	6.1	484,955	1,007,665
Fixed-income securities – loans and receivables	6.1	2,563,594	2,869,865
Fixed-income securities – available for sale	6.1	32,182,173	29,616,448
Fixed-income securities – at fair value through profit or loss	6.1	239,917	108,982
Equity securities – available for sale	6.1	905,307	452,108
Other financial assets – at fair value through profit or loss	6.1	57,665	39,602
Real estate and real estate funds	6.1	1,792,919	1,673,958
Investments in associated companies	6.1	114,633	128,008
Other invested assets	6.1	1,764,678	1,544,533
Short-term investments	6.1	838,987	1,084,739
Cash and cash equivalents	6.1	848,667	820,995
Total investments and cash under own management		41,793,495	39,346,903
Funds withheld	6.2	11,673,259	13,801,845
Contract deposits	6.3	170,505	188,604
Total investments		53,637,259	53,337,352
Reinsurance recoverables on unpaid claims	6.7	1,506,292	1,395,281
Reinsurance recoverables on benefit reserve	6.7	1,189,420	1,367,173
Prepaid reinsurance premium	6.7	134,927	164,023
Reinsurance recoverables on other technical reserves	6.7	12,231	8,687
Deferred acquisition costs	6.4	2,198,089	2,094,671
Accounts receivable	6.4	3,678,030	3,665,937
Goodwill	6.5	64,609	60,244
Deferred tax assets	7.5	408,292	433,500
Other assets	6.6	674,389	680,543
Accrued interest and rent		9,978	7,527
Assets held for sale		15,086	–
Total assets		63,528,602	63,214,938

¹ Adjusted pursuant to IAS 8 (cf. section 3.1 of the notes)

Liabilities in EUR thousand	Notes	31.12.2016	31.12.2015
Loss and loss adjustment expense reserve	6.7	28,129,418	26,556,388
Benefit reserve	6.7	10,289,854	12,206,699
Unearned premium reserve	6.7	3,340,651	3,159,363
Other technical provisions	6.7	362,390	325,528
Funds withheld	6.8	1,234,073	1,265,035
Contract deposits	6.9	4,298,343	4,682,484
Reinsurance payable		1,216,036	1,390,006
Provisions for pensions	6.10	180,680	150,299
Taxes	7.5	409,023	271,674
Deferred tax liabilities	7.5	1,842,973	1,932,722
Other liabilities	6.11	680,396	698,933
Long-term debt and subordinated capital	6.12	1,804,218	1,798,337
Total liabilities		53,788,055	54,437,468
Shareholders' equity			
Common shares	6.13	120,597	120,597
Nominal value: 120,597			
Conditional capital: 60,299	6.13		
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		904,196	712,001
Cumulative foreign currency translation adjustment		680,082	509,189
Changes from hedging instruments		(6,703)	(1,217)
Other changes in cumulative other comprehensive income		(53,778)	(36,571)
Total other comprehensive income		1,523,797	1,183,402
Retained earnings		6,628,274	6,039,783
Equity attributable to shareholders of Hannover Rück SE		8,997,230	8,068,344
Non-controlling interests	6.14	743,317	709,126
Total shareholders' equity		9,740,547	8,777,470
Total liabilities		63,528,602	63,214,938

Consolidated statement of income 2016

N02

in EUR thousand	Notes	1.1.–31.12.2016	1.1.–31.12.2015
Gross written premium	7.1	16,353,622	17,068,663
Ceded written premium		1,749,624	2,219,094
Change in gross unearned premium		(156,575)	(259,834)
Change in ceded unearned premium		(29,808)	3,307
Net premium earned		14,417,615	14,593,042
Ordinary investment income	7.2	1,161,976	1,253,443
Profit/loss from investments in associated companies	7.2	9,101	19,169
Realised gains and losses on investments	7.2	206,296	135,847
Change in fair value of financial instruments	7.2	26,066	901
Total depreciation, impairments and appreciation of investments	7.2	76,028	38,098
Other investment expenses	7.2	109,140	101,202
Net income from investments under own management		1,218,271	1,270,060
Income/expense on funds withheld and contract deposits	7.2	332,149	395,033
Net investment income		1,550,420	1,665,093
Other technical income	7.3	470	1,290
Total revenues		15,968,505	16,259,425
Claims and claims expenses	7.3	10,811,325	11,075,407
Change in benefit reserves	7.3	80,512	101,157
Commission and brokerage, change in deferred acquisition costs	7.3	2,988,479	2,918,429
Other acquisition costs		16,292	5,652
Other technical expenses	7.3	3,997	1,348
Administrative expenses	7.3	401,545	398,512
Total technical expenses		14,302,150	14,500,505
Other income and expenses	7.4	22,993	(3,684)
Operating profit/loss (EBIT)		1,689,348	1,755,236
Interest on hybrid capital	6.12	71,693	84,316
Net income before taxes		1,617,655	1,670,920
Taxes	7.5	391,229	456,207
Net income		1,226,426	1,214,713
thereof			
Non-controlling interest in profit and loss	6.14	55,197	63,988
Group net income		1,171,229	1,150,725
Earnings per share (in EUR)	8.5		
Basic earnings per share		9.71	9.54
Diluted earnings per share		9.71	9.54

Consolidated statement of comprehensive income 2016

N03

in EUR thousand	1.1.–31.12.2016	1.1.–31.12.2015
Net income	1,226,426	1,214,713
Not reclassifiable to the consolidated statement of income		
Actuarial gains and losses		
Gains (losses) recognised directly in equity	(27,889)	18,997
Tax income (expense)	9,101	(5,721)
	(18,788)	13,276
Income and expense recognised directly in equity that cannot be reclassified		
Gains (losses) recognised directly in equity	(27,889)	18,997
Tax income (expense)	9,101	(5,721)
	(18,788)	13,276
Reclassifiable to the consolidated statement of income		
Unrealised gains and losses on investments		
Gains (losses) recognised directly in equity	382,225	(481,349)
Transferred to the consolidated statement of income	(163,222)	(162,990)
Tax income (expense)	741	164,008
	219,744	(480,331)
Currency translation		
Gains (losses) recognised directly in equity	179,194	339,324
Tax income (expense)	(5,365)	(13,672)
	173,829	325,652
Changes from the measurement of associated companies		
Gains (losses) recognised directly in equity	(7,836)	2,831
Transferred to the consolidated statement of income	(1,251)	(424)
	(9,087)	2,407
Changes from hedging instruments		
Gains (losses) recognised directly in equity	(5,825)	9,420
Tax income (expense)	295	(1,819)
	(5,530)	7,601
Reclassifiable income and expense recognised directly in equity		
Gains (losses) recognised directly in equity	547,758	(129,774)
Transferred to the consolidated statement of income	(164,473)	(163,414)
Tax income (expense)	(4,329)	148,517
	378,956	(144,671)
Total income and expense recognised directly in equity		
Gains (losses) recognised directly in equity	519,869	(110,777)
Transferred to the consolidated statement of income	(164,473)	(163,414)
Tax income (expense)	4,772	142,796
	360,168	(131,395)
Total recognised income and expense	1,586,594	1,083,318
thereof		
Attributable to non-controlling interests	75,079	51,864
Attributable to shareholders of Hannover Rück SE	1,511,515	1,031,454

Consolidated statement of changes in shareholders' equity 2016

N04

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 ownership interest with no change of control status	-	-	-	-
Changes in the consolidated group	-	-	-	-
Capital increases/additions	-	-	-	-
Capital repayments	-	-	-	-
Acquisition/disposal of treasury shares	-	-	-	-
Total income and expense recognised directly in equity	-	-	(457,254)	318,735
Net income	-	-	-	-
Dividends paid	-	-	-	-
Balance as at 31.12.2015	120,597	724,562	712,001	509,189
Balance as at 1.1.2016	120,597	724,562	712,001	509,189
Changes in ownership interest with no change of control status	-	-	-	109
Capital increases/additions	-	-	-	-
Capital repayments	-	-	-	-
Acquisition/disposal of treasury shares	-	-	-	-
Total income and expense recognised in equity	-	-	192,195	170,784
Net income	-	-	-	-
Dividends paid	-	-	-	-
Balance as at 31.12.2016	120,597	724,562	904,196	680,082

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
–	–	(1,320)	(1,320)	(1,189)	(2,509)
–	–	–	–	966	966
–	–	–	–	189	189
–	–	–	–	(9)	(9)
–	–	(10)	(10)	–	(10)
7,531	11,717	–	(119,271)	(12,124)	(131,395)
–	–	1,150,725	1,150,725	63,988	1,214,713
–	–	(512,538)	(512,538)	(44,897)	(557,435)
(1,217)	(36,571)	6,039,783	8,068,344	709,126	8,777,470
(1,217)	(36,571)	6,039,783	8,068,344	709,126	8,777,470
–	–	(9,889)	(9,780)	(980)	(10,760)
–	–	–	–	210	210
–	–	–	–	(1)	(1)
–	–	(13)	(13)	–	(13)
(5,486)	(17,207)	–	340,286	19,882	360,168
–	–	1,171,229	1,171,229	55,197	1,226,426
–	–	(572,836)	(572,836)	(40,117)	(612,953)
(6,703)	(53,778)	6,628,274	8,997,230	743,317	9,740,547

Consolidated cash flow statement 2016

N05

in EUR thousand	1.1.–31.12.2016	1.1.–31.12.2015
I. Cash flow from operating activities		
Net income	1,226,426	1,214,713
Appreciation/depreciation	105,358	64,493
Net realised gains and losses on investments	(206,296)	(135,847)
Change in fair value of financial instruments (through profit or loss)	(26,066)	(901)
Realised gains and losses on deconsolidation	(1,995)	(835)
Income from the recognition of negative goodwill	(10,543)	–
Amortisation of investments	74,224	96,540
Changes in funds withheld	1,592,162	3,454,332
Net changes in contract deposits	(404,033)	(1,923,135)
Changes in prepaid reinsurance premium (net)	182,385	256,527
Changes in tax assets/provisions for taxes	88,078	159,250
Changes in benefit reserve (net)	(1,120,740)	(958,105)
Changes in claims reserves (net)	1,123,269	1,229,670
Changes in deferred acquisition costs	(89,149)	(97,673)
Changes in other technical provisions	20,254	(9,106)
Changes in clearing balances	(161,164)	(97,390)
Changes in other assets and liabilities (net)	(60,887)	(147,658)
Cash flow from operating activities	2,331,283	3,104,875

in EUR thousand	1.1.–31.12.2016	1.1.–31.12.2015 ¹
II. Cash flow from investing activities		
Fixed-income securities – held to maturity		
Maturities	504,293	1,184,382
Fixed-income securities – loans and receivables		
Maturities, sales	533,319	358,350
Purchases	(224,906)	(153,057)
Fixed-income securities – available for sale		
Maturities, sales	10,744,087	10,400,105
Purchases	(12,721,891)	(12,362,146)
Fixed-income securities – at fair value through profit or loss		
Maturities, sales	53,995	20,211
Purchases	(185,375)	(58,570)
Equity securities – available for sale		
Sales	132,636	5,284
Purchases	(504,713)	(402,902)
Other financial assets – at fair value through profit or loss		
Sales	30,025	74,043
Purchases	(16,064)	(33,312)
Other invested assets		
Sales	260,882	183,271
Purchases	(385,936)	(379,296)
Affiliated companies and participating interests		
Sales	41,068	59,723
Purchases	(76,217)	(28,453)
Real estate and real estate funds		
Sales	79,428	104,414
Purchases	(204,044)	(458,294)
Short-term investments		
Changes	255,823	(590,536)
Other changes (net)	(27,960)	(30,771)
Cash flow from investing activities	(1,711,550)	(2,107,554)

¹ Adjusted pursuant to IAS 8 (cf. section 3.1 of the notes)

in EUR thousand	1.1.–31.12.2016	1.1.–31.12.2015 ¹
III. Cash flow from financing activities		
Contribution from capital measures	7,762	4,007
Payment on capital measures	(20,048)	(3,604)
Structural change without loss of control	141	(2,509)
Dividends paid	(612,953)	(557,435)
Proceeds from long-term debts	226	23,400
Repayment of long-term debts	(2,028)	(518,642)
Other changes (net)	(13)	(10)
Cash flow from financing activities	(626,913)	(1,054,793)
IV. Exchange rate differences on cash	34,852	23,964
Cash and cash equivalents at the beginning of the period	820,995	854,503
Change in cash and cash equivalents (I. + II. + III. + IV.)	27,672	(33,508)
Cash and cash equivalents at the end of the period	848,667	820,995
Supplementary information on the cash flow statement²		
Income taxes paid (on balance)	(271,440)	(311,241)
Dividend receipts ³	151,914	162,612
Interest received	1,543,699	1,509,625
Interest paid	(253,533)	(182,910)

¹ Adjusted pursuant to IAS 8 (cf. section 3.1 of the notes)

² The income taxes paid, dividend receipts as well as interest received and paid are included entirely in the cash flow from operating activities.

³ Including dividend-like profit participations from investment funds