somewhat different

Quarterly Statement as at 31 March 2018

hannover re®

Key figures

in EUR million	2018		2017	
	1.1. – 31.3.	+/– previous year	1.1. – 31.3.[1]	31.12.
Results				
Gross written premium	5,345.0	+17.6%	4,546.6	
Net premium earned	3,999.3	+7.0%	3,738.1	
Net underwriting result	37.1		(23.4)	
Net investment income	391.5	-0.4%	392.9	
Operating profit (EBIT)	433.9	+8.5%	399.9	
Group net income	273.4	+3.3%	264.8	
Balance sheet				
Policyholders´ surplus	10,559.8	-2.0%		10,778.5
Equity attributable to shareholders of Hannover Rück SE	8,353.6	-2.1%		8,528.5
Non-controlling interests	714.0	-5.8%		758.1
Hybrid capital	1,492.3	0.0%		1,492.0
Investments (excl. funds withheld by ceding companies)	40,446.4	+1.0%		40,057.5
Total assets	62,542.3	+2.2%		61,196.8
Share				
Earnings per share (basic and diluted) in EUR	2.27	+3.3%	2.20	
Book value per share in EUR	69.27	-2.1%	77.26	70.72
Share price at the end of the period in EUR	110.90	+5.7%	108.15	104.90
Market capitalisation at the end of the period	13,374.2	+5.7%	13,042.6	12,650.6
Ratios				
Combined ratio (property and casualty reinsurance)[2]	95.9%		95.6%	
Large losses as percentage of net premium earned (property and casualty reinsurance)[3]	3.0%		6.2%	
Retention	91.3%		89.6%	
Return on investment (excl. funds withheld by ceding companies)[4]	3.4%		3.0%	
EBIT margin[5]	10.8%		10.7%	
Return on equity (after tax)	13.0%		11.6%	

1 Restated pursuant to IAS 8
2 Including funds withheld
3 Hannover Re Group´s net share for natural catastrophes and other major losses in excess of EUR 10 million gross as a percentage of net premium earned
4 Excluding effects from ModCo derivatives
5 Operating result (EBIT) / net premium earned

Contents

The present document is a quarterly statement pursuant to Section 51a of the Exchange Rules for the Frankfurter Wertpapierbörse. For further information please see the section "Other information" on page 19 of this document.

Quarterly Statement as at 31 March 2018

Business development

- Pleasing Group net income for the first quarter
- Operating profit (EBIT) rises by 8.5%
- Significant growth of 27.1% in property and casualty reinsurance
- Life and health reinsurance delivers very good operating result
- Investment income clearly beats our expectations

Even though the insurance industry continues to face numerous challenges in the current financial year, the situation in international property and casualty reinsurance has nevertheless improved overall. After four years of declining reinsurance rates, the large losses of the past year ushered in the first broad-ranging price increases or at least stable prices. Yet the supply of reinsurance capacity still exceeds demand – both in traditional reinsurance and through alternative sources of capital.

All in all, we are satisfied with our total business for the first quarter of 2018. Both business groups, namely Property & Casualty and Life & Health reinsurance, as well as our investments performed well and delivered a good profit contribution that puts us on track to achieve our goals for the current financial year.

Gross written premium in total business climbed by 17.6% to EUR 5.3 billion (previous year: EUR 4.5 billion) as at 31 March 2018; at constant exchange rates growth would have come in at 27.5%. The level of retained premium was higher than in the previous year's comparable period (89.6%) at 91.3%. Net premium earned increased by 7.0% to EUR 4.0 billion (EUR 3.7 billion); adjusted for exchange rate effects, growth of 16.1% would have been booked.

Given that the general climate remains challenging, we are satisfied with the development of our investments: the portfolio of assets under own management grew to EUR 40.4 billion (31 December 2017: EUR 40.1 billion). It is pleasing to note that ordinary investment income remained virtually stable year-on-year at EUR 315.8 million (EUR 319.1 million). This is especially true of the return on our fixed-income securities, although the income booked from private equity and real estate is also on the level of the previous year.

Interest on funds withheld and contract deposits contracted to EUR 58.7 million (EUR 72.9 million). Net realised gains amounted to EUR 48.8 million (EUR 24.1 million). Our financial assets measured at fair value through profit or loss gave rise to net gains of EUR 6.1 million (EUR 10.9 million) in the period under review. The impairments taken in the reporting period were again only very minimal. Income from investments under own management increased by 4.0% to EUR 332.8 million (EUR 320.0 million) as at 31 March 2018.

The operating profit (EBIT) for the Hannover Re Group climbed by 8.5% to EUR 433.9 million (EUR 399.9 million) and thus grew at a somewhat stronger pace than net premium earned. Group net income rose by 3.3% to EUR 273.4 million (EUR 264.8 million). Earnings per share reached EUR 2.27 (EUR 2.20).

Shareholders' equity decreased by 2.1% to EUR 8.4 billion (31 December 2017: EUR 8.5 billion) as at 31 March 2018 due to reduced valuation reserves. The annualised return on equity amounted to 13.0% (31 December 2017: 10.9%) and continues to exceed our minimum target of 900 basis points above the risk-free interest rate. The book value per share stood at EUR 69.27 (31 December 2017: EUR 70.72).

Results of operations, financial position and net assets

Property and casualty reinsurance

- Improved general environment in property and casualty reinsurance
- Very healthy growth in both traditional and structured reinsurance
- Moderate large loss expenditure in the first quarter

The treaty renewals in property and casualty reinsurance as at 1 January 2018 passed off successfully for Hannover Re. In an improved general environment the premium volume in traditional property and casualty reinsurance was boosted by 12.7%. Conditions in the 1 January 2018 renewals were crucially shaped by the very substantial natural catastrophe losses of 2017, which heavily impacted the results booked by reinsurers. The premium level was raised after several years of declining reinsurance prices. Under loss-affected programmes the rate increases reached double-digit percentages in some instances; overall, though, they remained on the moderate side owing to the continued excess supply of capacity. For reinsurance programmes that had not suffered losses – even those from less loss-impacted regions – it was generally possible to obtain a premium at least on the level of the previous year, and in some cases even modest premium increases were attainable.

In the course of the treaty negotiations Hannover Re was able to secure necessary price increases, expand strategic cooperations and increase its shares, hence leading to considerable growth. The increases were particularly marked in Asia as well as the United Kingdom and London Market. Attractive opportunities to expand the portfolio also opened up in North America, the Caribbean, Eastern Europe and in the area of cyber covers. We also enjoyed significant growth in Asia-Pacific markets. Large-volume transactions written in China and Australia enabled us to substantially enlarge the premium volume in these markets. Demand for reinsurance solutions offering solvency relief in the area of structured reinsurance was once again highly gratifying, as a consequence of which here too an appreciable premium increase was generated.

Reflecting these developments, gross premium for our Property & Casualty reinsurance business group rose by a pleasing 27.1% to EUR 3.6 billion (EUR 2.8 billion). Growth would have been as strong as 38.8% at constant exchange rates. The level of retained premium climbed to 91.6% (88.6%). Net premium earned increased by 12.0% to EUR 2.4 billion (EUR 2.2 billion); adjusted for exchange rate effects, it would have grown by 22.4%.

The major loss situation in the first quarter was moderate. The largest single loss for our company was Cyclone “Friederike”, which caused extensive damage in Germany and a number of other European countries. The resulting net strain for our account was in the order of EUR 31.5 million. Net expenditure on major losses in the first quarter totalled EUR 73.4 million (EUR 133.7 million), a figure well below our budgeted amount of EUR 167 million for the first quarter. The combined ratio stood at 95.9% (95.6%) and was thus within our expected target corridor of less than 96%. The underwriting result for total property and casualty reinsurance rose modestly to EUR 91.8 million (EUR 90.7 million).

The investment income booked for property and casualty reinsurance from assets under own management improved on what was already an exceptionally good performance in the comparable period by a further 9.2% to reach EUR 260.1 million (EUR 238.2 million).

The operating profit (EBIT) for property and casualty reinsurance as at 31 March 2018 increased by 9.4% to EUR 338.9 million (EUR 309.8 million). The EBIT margin reached 14.0% (14.3%), comfortably beating the minimum target of 10%. Group net income grew by 9.0% to EUR 234.8 million (EUR 215.4 million). Earnings per share came in at EUR 1.95 (EUR 1.79).

Key figures for property and casualty reinsurance

in EUR million	2018		2017
	1.1.–31.3.	+/– previous year	1.1.–31.3.
Gross written premium	3,578.7	+27.1%	2,814.7
Net premium earned	2,424.9	+12.0%	2,165.7
Underwriting result	91.8	+1.2%	90.7
Net investment income	268.0	+10.1%	243.4
Operating result (EBIT)	338.9	+9.4%	309.8
Group net income	234.8	+9.0%	215.4
Earnings per share in EUR	1.95	+9.0%	1.79
EBIT margin [1]	14.0%		14.3%
Combined ratio [2]	95.9%		95.6%
Retention	91.6%		88.6%

[1] Operating result (EBIT)/net premium earned
[2] Including funds withheld

Life and health reinsurance

- Currency-adjusted gross premium beats strategic target
- Business development in line with our expectations
- Financial solutions business delivers another very good result

Life and health reinsurance developed in line with our expectations in the period under review. In Germany, in particular, run-off portfolios in respect of which no new business is written have come sharply into focus for primary insurance companies. As a consequence of the underlying high interest returns widely promised in past years under the insurance contracts and the associated requirements imposed by supervisory authorities, life and annuity insurance portfolios – some of which are very large in volume – are proving an increasing drag on the balance sheets of primary insurers. For some time now specialised run-off companies have become established on the market in response to this turn of events. The foundation of their business model involves consolidating a large number of insurance portfolios so as to structure their administration more efficiently than would be possible for the individual insurer.

The German market was also affected by the sustained decline in new business, with only disability insurance able to generate any growth. Demand for Solvency II-oriented covers was still overlaid by a need for financing assistance for the supplementary reserves that have to be set aside for life products offering guaranteed returns in excess of the official interest rate ("Zinszusatzreserve"). The high capital ratios required by the regulator in this connection continue to put a strain on the solvency position of primary insurers. We were successful in generating new business in this area.

Our US financial solutions business as well as our health and special risk portfolio fared well in the period under review, as we had anticipated. US mortality business performed somewhat better than recently expected. Owing to the poor experience of certain legacy portfolios relating principally to the underwriting years up until 2004, we had undertaken a re-evaluation of the expected mortality for these portfolios.

In Asia and Africa as well as in the Middle East and Scandinavian markets our life and health reinsurance business developed favourably overall.

Our clients attach increasing significance to advances in the field of automated underwriting. Demand remained strong in the quarter just ended and the feedback from already existing customers has been thoroughly positive. In Australia our subsidiary has embarked on a joint venture with a local pension fund. The goal of the cooperation is to create a holistic process that can seamlessly capture all the phases of the traditional application process, in unchangeable form and real time, from the initial underwriting to the settlement of potential claims. The use of blockchain technology is being evaluated for this purpose. This will mark an important step forward in the future of automated underwriting.

Gross premium of EUR 1.8 billion (EUR 1.7 billion) was generated in life and health reinsurance as at 31 March 2018, equivalent to an increase of 2.0%. The increase would have been 9.2% adjusted for exchange rate effects. The level of retained premium decreased marginally to 90.7% (91.3%). Net premium earned consequently remained on the level of the previous year at EUR 1.6 billion (EUR 1.6 billion). At constant exchange rates, growth of 7.4% would have been booked.

Investment income from our assets under own management fell by 10.7% to EUR 71.9 million (EUR 80.6 million). Income from securities held for our account by ceding companies fell short of the previous year's level at EUR 50.8 million (EUR 67.7 million).

The operating result (EBIT) improved by 6.9% to EUR 95.9 million (EUR 89.8 million). Group net income as at 31 March 2018 contracted by 15.7% to EUR 51.1 million (EUR 60.6 million) owing to higher tax payments in connection with the tax reform in the United States. Earnings per share came in at EUR 0.42 (EUR 0.50).

Key figures for life and health reinsurance

in EUR million	2018		2017[1]
	1.1.–31.3.	+/– previous year	1.1.–31.3.
Gross written premium	1,766.2	+2.0%	1,731.9
Net premium earned	1,574.4	+0.1%	1,572.3
Investment income	122.8	-17.2%	148.3
Operating result (EBIT)	95.9	+6.9%	89.8
Net income after tax	51.1	-15.7%	60.6
Earnings per share in EUR	0.42	-15.7%	0.50
Retention	90.7%		91.3%
EBIT margin[2]	6.1%		5.7%

1 Restated pursuant to IAS 8
2 Operating result (EBIT)/net premium earned

Investments

- High-quality diversified investment portfolio maintained
- Ordinary investment income virtually on a par with the previous year
- Return on investment ahead of expectations at 3.3%

Despite a wide range of geopolitical and economic policy issues the investment climate in the period under review was relatively stable, even though the expectation of higher interest rates as a consequence of rising inflation was reflected in stock market corrections around the world in February, at times with elevated volatility. In the area of fixed-income securities the dominant factor overall was a continued low interest rate level. An exception here was once again the US dollar side, which recorded further appreciable rate increases. Sterling bonds also posted sharp interest rate rises across all maturities, whereas euro bonds have scarcely seen any changes since the start of the year. Negative returns can still be observed here well into the medium maturity segment.

Credit spreads on European and US corporate bonds showed modest increases in virtually all rating classes in the first quarter of the year, although they remain at historically low levels owing to the declines of recent years. In this respect it is important to monitor from what levels the potential for funding companies becomes more restricted. Overall, while the unrealised gains on our fixed-income securities as at 31 March 2018 fell to EUR 624.4 million (EUR 1,021.5 million), we benefit greatly from the higher interest rates and credit spreads when it comes to new investments and the reinvestment of assets. Our portfolio of assets under own management grew modestly to EUR 40.4 billion (31 December 2017: EUR 40.1 billion). We scarcely changed the allocation of our assets to the individual classes of securities in the first quarter. The modified duration of our portfolio of fixed-income securities remained unchanged year-on-year at 4.8 (4.8).

Ordinary investment income excluding interest on funds withheld and contract deposits amounted to EUR 315.8 million as at 31 March 2018, a level on a par with the comparable period (EUR 319.1 million). Particularly bearing in mind the continued low interest rates, it is highly gratifying that we were able to maintain the ordinary income from fixed-income securities on a stable level year-on-year while also booking strong earnings from private equity and real estate that were on a par with the previous year. Interest on funds withheld and contract deposits retreated to EUR 58.7 million (EUR 72.9 million).

Impairments of altogether just EUR 11.0 million (EUR 10.9 million) were taken. Of this amount, EUR 2.8 million (EUR 1.0 million) was attributable to alternative investments. Scheduled depreciation on directly held real estate increased marginally to EUR 8.2 million (EUR 7.4 million), a reflection of our ongoing growing involvement in this area. The impairments were not opposed by any write-ups (EUR 0.0 million). The net balance of gains realised on disposals stood at EUR 48.8 million (EUR 24.1 million)

We recognise a derivative for the credit risk associated with special life reinsurance treaties (ModCo) under which securities deposits are held by cedants for our account; the performance of this derivative in the period under review gave rise to unrealised losses of EUR 4.8 million (gain of EUR 1.3 million) recognised in investment income. In economic terms we assume a neutral development for this item over time, and hence the volatility that can occur in specific quarters provides no insight into the actual business development. Altogether, the unrealised gains in our assets recognised at fair value through profit or loss amounted to EUR 6.1 million. This contrasted with unrealised gains of EUR 10.9 million in the corresponding period of the previous year. Despite diminished returns from funds withheld and contract deposits we generated very healthy investment income. The key drivers were stable ordinary income from fixed-income securities as well as very good earnings from real estate and private equity and higher net realised gains. The net investment income of EUR 391.5 million was on the level of the comparable period (EUR 392.9 million). Income from assets under own management accounted for an amount of EUR 332.8 million (EUR 320.0 million), producing an annualised average return (including effects from ModCo derivatives) of 3.3%. We are thus well on course to achieve our expected target of 2.7% for the full year.

Net investment income

in EUR million	2018		2017
	1.1.–31.3.	+/– previous year	1.1.–31.3.
Ordinary investment income[1]	315.8	-1.0%	319.1
Result from participations in associated companies	1.3	-71.2%	4.4
Realised gains/losses	48.8	+102.8%	24.1
Depreciation, amortisation, impairments[2]	11.0	+1.4%	10.9
Change in fair value of financial instruments[3]	6.1	-44.6%	10.9
Investment expenses	28.2	+2.0%	27.6
Net investment income from assets under own management	332.8	+4.0%	320.0
Net investment income from funds withheld and contract deposits	58.7	-19.5%	72.9
Total investment income	**391.5**	**-0.4%**	**392.9**

[1] Excluding income and expenses on funds withheld and contract deposits
[2] Including depreciation/impairments on real estate
[3] Portfolio at fair value through profit or loss and trading

Rating structure of our fixed-income securities[1]

Rating classes	Government bonds		Securities issued by semi-governmental entities[2]		Corporate bonds		Covered bonds/asset-backed securities	
	in %	in EUR million	in %	in EUR million	in %	in EUR million	in %	in EUR million
AAA	78.6	10,254.1	64.1	4,468.1	1.1	130.7	67.3	2,009.8
AA	11.7	1,531.5	23.7	1,650.4	14.5	1,669.8	17.2	515.2
A	5.3	686.0	6.0	413.4	33.5	3,855.2	6.4	192.5
BBB	2.5	322.5	1.5	106.8	43.1	4,949.3	6.7	198.8
< BBB	1.9	243.9	4.7	326.8	7.8	895.3	2.4	72.6
Total	**100.0**	**13,038.0**	**100.0**	**6,965.6**	**100.0**	**11,500.2**	**100.0**	**2,988.9**

[1] Securities held through investment funds are recognised pro rata with their corresponding individual ratings.
[2] Including government-guaranteed corporate bonds

Outlook

- Positive business prospects for 2018
- Gross premium in total business expected to grow by more than 10%
- Targeted return on investment of 2.7% for assets under own management
- Group net income forecast to exceed EUR 1 billion

For the current financial year we anticipate a very good overall result for the Hannover Re Group. In view of developments both in property and casualty and in life and health reinsurance, we expect to book growth of more than 10% in gross premium for our total business – based on constant exchange rates.

Following the successful treaty renewals in property and casualty reinsurance as at 1 January 2018, we are similarly satisfied with the outcome of the treaty renewals as at 1 April. It is at this time of the year that business in Japan is traditionally renewed and treaties also come up for renewal – albeit on a lesser scale – in Australia and New Zealand, Asian markets and North America. In Japan previous losses led to improved conditions for liability treaties. However, in view of the fact that we renewed a large-volume treaty – as planned – with a smaller written share, the premium declined slightly. The intensely competitive environment in Korea prompted us to reduce our shares. In the Indian market, too, the fierce competition is undiminished; we scaled back our involvement here in some instances, but were also able to acquire additional business relationships, as a consequence of which the premium volume in India remained stable overall. In the area of agricultural risks we enjoyed pleasing growth.

The renewal of part of our North American business passed off highly satisfactorily for our company. Conditions in property business were stable and we obtained rate increases under loss-impacted programmes, enabling us to modestly expand our portfolio. Casualty business was more competitive. In keeping with our conservative underwriting approach, we slightly reduced our exposure here.

The total premium volume booked from the treaty renewals as at 1 April 2018 increased by 10.3%.

Based on unchanged exchange rates, we expect to surpass our strategic growth target of 3% to 5% for our total property and casualty reinsurance business. This will be driven in part by stronger demand in structured reinsurance. In light of the prevailing market conditions in property and casualty reinsurance, we anticipate a good underwriting result. This is contingent on large loss expenditure remaining with the envisaged budget. We are aiming for a combined ratio of less than 96%. The targeted EBIT margin for property and casualty reinsurance is at least 10%.

In the Life & Health reinsurance business group we anticipate promising opportunities on the international markets. Gross premium income is expected to show average annual, currency-adjusted growth of between 3% and 5% over a three-year period. In this context large-volume treaties can have significant implications and substantially influence the business volume in a specific period. In terms of EBIT, we are forecasting an annual growth rate of at least 5%. It remains our expectation that the value of new business for the full financial year will be in excess of EUR 220 million.

With regard to our IVC targets – which we use to map economic value creation –, we are aiming for at least 2% xRoCA in property and casualty reinsurance and at least 2% xRoCA in life and health reinsurance.

The expected positive cash flow that we generate from the technical account and our investments should – subject to stable exchange rates and yield levels – lead to further growth in our asset portfolios. In the area of fixed-income securities we continue to emphasise the high quality and diversification of our portfolio. Overall, the primary focus will remain on stability while maintaining an adequate risk/return ratio that will enable us to respond flexibly to general developments and emerging opportunities. For 2018 we are targeting a return on investment of at least 2.7%.

Hannover Re expects to generate Group net income of more than EUR 1 billion in 2018. This is subject to the premise that the burden of major losses does not significantly exceed the budgeted level of EUR 825 million and that there are no exceptional distortions on capital markets.

As far as the dividend for the current financial year is concerned, Hannover Re envisages a payout ratio in the range of 35% to 40% of its IFRS Group net income. If the comfortable level of capitalisation remains unchanged, this ratio may increase in light of capital management considerations.

Consolidated balance sheet as at 31 March 2018

Assets in EUR thousand	**31.3.2018**	31.12.2017
Fixed-income securities – held to maturity	299,395	336,182
Fixed-income securities – loans and receivables	2,451,230	2,455,164
Fixed-income securities – available for sale	31,534,062	31,281,908
Fixed-income securities – at fair value through profit or loss	208,018	212,042
Equity securities – available for sale	37,533	37,520
Other financial assets – at fair value through profit or loss	102,109	88,832
Real estate and real estate funds	1,936,991	1,968,702
Investments in associated companies	122,122	121,075
Other invested assets	1,702,854	1,761,678
Short-term investments	1,003,788	958,669
Cash and cash equivalents	1,048,261	835,706
Total investments and cash under own management	**40,446,363**	**40,057,478**
Funds withheld	10,996,870	10,735,012
Contract deposits	176,784	167,854
Total investments	**51,620,017**	**50,960,344**
Reinsurance recoverables on unpaid claims	1,589,995	1,651,335
Reinsurance recoverables on benefit reserve	946,329	959,533
Prepaid reinsurance premium	154,962	96,402
Reinsurance recoverables on other technical reserves	7,979	7,301
Deferred acquisition costs	2,400,496	2,228,246
Accounts receivable	4,269,507	3,821,124
Goodwill	95,684	91,692
Deferred tax assets	523,011	466,564
Other assets	923,725	904,253
Accrued interest and rent	10,598	10,052
Total assets	**62,542,303**	**61,196,846**

Liabilities in EUR thousand	31.3.2018	31.12.2017
Loss and loss adjustment expense reserve	28,181,176	28,378,545
Benefit reserve	8,951,458	8,977,946
Unearned premium reserve	4,418,543	3,541,194
Other technical provisions	404,661	394,460
Funds withheld	886,738	974,786
Contract deposits	3,888,676	3,949,207
Reinsurance payable	1,064,295	980,241
Provisions for pensions	178,788	177,786
Taxes	360,698	319,845
Deferred tax liabilities	1,796,953	1,819,867
Other liabilities	1,556,610	654,338
Long-term debt and subordinated capital	1,786,151	1,742,073
Total liabilities	**53,474,747**	**51,910,288**
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	519,150	818,350
Cumulative foreign currency translation adjustment	(213,453)	(62,548)
Changes from hedging instruments	(4,638)	(6,292)
Other changes in cumulative other comprehensive income	(50,444)	(50,598)
Total other comprehensive income	**250,615**	**698,912**
Retained earnings	7,257,817	6,984,407
Equity attributable to shareholders of Hannover Rück SE	**8,353,591**	**8,528,478**
Non-controlling interests	713,965	758,080
Total shareholders' equity	**9,067,556**	**9,286,558**
Total liabilities and shareholders' equity	**62,542,303**	**61,196,846**

Consolidated statement of income as at 31 March 2018

in EUR thousand	1.1.–31.3.2018	1.1.–31.3.2017[1]
Gross written premium	5,344,961	4,546,619
Ceded written premium	466,256	471,080
Change in gross unearned premium	(940,509)	(394,413)
Change in ceded unearned premium	61,082	56,966
Net premium earned	**3,999,278**	**3,738,092**
Ordinary investment income	315,802	319,089
Profit/loss from investments in associated companies	1,263	4,388
Realised gains and losses on investments	48,844	24,083
Change in fair value of financial instruments	6,062	10,945
Total depreciation, impairments and appreciation of investments	11,019	10,865
Other investment expenses	28,193	27,650
Net income from investments under own management	**332,759**	**319,990**
Income/expense on funds withheld and contract deposits	58,705	72,890
Net investment income	**391,464**	**392,880**
Other technical income	21	808
Total revenues	**4,390,763**	**4,131,780**
Claims and claims expenses	2,954,221	2,862,447
Change in benefit reserves	(24,193)	(37,047)
Commission and brokerage, change in deferred acquisition costs	917,434	827,325
Other acquisition costs	5,841	8,242
Other technical expenses	1,081	841
Administrative expenses	107,798	100,504
Total technical expenses	**3,962,182**	**3,762,312**
Other income and expenses	5,316	30,410
Operating profit/loss (EBIT)	**433,897**	**399,878**
Interest on hybrid capital	17,721	17,708
Net income before taxes	**416,176**	**382,170**
Taxes	116,805	95,785
Net income	**299,371**	**286,385**
thereof		
Non-controlling interest in profit and loss	25,961	21,584
Group net income	**273,410**	**264,801**
Earnings per share (in EUR)		
Basic earnings per share	2.27	2.20
Diluted earnings per share	2.27	2.20

[1] Restated pursuant to IAS 8

Consolidated statement of comprehensive income as at 31 March 2018

in EUR thousand	1.1.–31.3.2018	1.1.–31.3.2017
Net income	**299,371**	**286,385**
Not reclassifiable to the consolidated statement of income		
Actuarial gains and losses		
Gains (losses) recognised directly in equity	221	(1,056)
Tax income (expense)	(65)	337
	156	**(719)**
Income and expense recognised directly in equity that cannot be reclassified		
Gains (losses) recognised directly in equity	221	(1,056)
Tax income (expense)	(65)	337
	156	**(719)**
Reclassifiable to the consolidated statement of income		
Unrealised gains and losses on investments		
Gains (losses) recognised directly in equity	(366,489)	131,002
Transferred to the consolidated statement of income	(44,319)	(20,042)
Tax income (expense)	96,669	(3,718)
	(314,139)	**107,242**
Currency translation		
Gains (losses) recognised directly in equity	(167,591)	(54,255)
Tax income (expense)	15,165	128
	(152,426)	**(54,127)**
Changes from the measurement of associated companies		
Gains (losses) recognised directly in equity	1	2
	1	**2**
Changes from hedging instruments		
Gains (losses) recognised directly in equity	1,922	5,386
Tax income (expense)	(268)	(377)
	1,654	**5,009**
Reclassifiable income and expense recognised directly in equity		
Gains (losses) recognised directly in equity	(532,157)	82,135
Transferred to the consolidated statement of income	(44,319)	(20,042)
Tax income (expense)	111,566	(3,967)
	(464,910)	**58,126**
Total income and expense recognised directly in equity		
Gains (losses) recognised directly in equity	(531,936)	81,079
Transferred to the consolidated statement of income	(44,319)	(20,042)
Tax income (expense)	111,501	(3,630)
	(464,754)	**57,407**
Total recognised income and expense	**(165,383)**	**343,792**
thereof		
Attributable to non-controlling interests	9,504	24,141
Attributable to shareholders of Hannover Rück SE	(174,887)	319,651

Group segment report as at 31 March 2018

Segmentation of assets

	Property and casualty reinsurance	
in EUR thousand	31.3.2018	31.12.2017
Assets		
Fixed-income securities – held to maturity	227,582	259,284
Fixed-income securities – loans and receivables	2,415,202	2,417,894
Fixed-income securities – available for sale	22,830,421	23,662,710
Equity securities – available for sale	37,533	37,520
Financial assets at fair value through profit or loss	63,010	56,652
Other invested assets	3,528,749	3,612,795
Short-term investments	385,001	342,744
Cash and cash equivalents	765,140	610,585
Total investments and cash under own management	**30,252,638**	**31,000,184**
Funds withheld	1,918,167	1,636,993
Contract deposits	(119)	(121)
Total investments	**32,170,686**	**32,637,056**
Reinsurance recoverables on unpaid claims	1,379,689	1,443,869
Reinsurance recoverables on benefit reserve	–	–
Prepaid reinsurance premium	154,943	96,383
Reinsurance recoverables on other reserves	593	1,269
Deferred acquisition costs	1,050,485	841,911
Accounts receivable	2,878,556	2,458,038
Other assets in the segment	2,386,818	1,351,426
Total assets	**40,021,770**	**38,829,952**

Segmentation of liabilities

in EUR thousand		
Liabilities		
Loss and loss adjustment expense reserve	24,028,828	24,130,443
Benefit reserve	–	–
Unearned premium reserve	4,184,038	3,332,083
Provisions for contingent commissions	167,538	162,620
Funds withheld	337,972	400,290
Contract deposits	71,623	72,056
Reinsurance payable	540,008	512,372
Long-term liabilities	293,893	250,122
Other liabilities in the segment	1,960,851	1,948,148
Total liabilities	**31,584,751**	**30,808,134**

Life and health reinsurance		Consolidation		Total	
31.3.2018	31.12.2017	31.3.2018	31.12.2017	31.3.2018	31.12.2017
71,813	71,898	–	5,000	299,395	336,182
36,028	37,270	–	–	2,451,230	2,455,164
8,693,585	7,617,113	10,056	2,085	31,534,062	31,281,908
–	–	–	–	37,533	37,520
247,330	244,222	(213)	–	310,127	300,874
189,204	189,441	44,014	49,219	3,761,967	3,851,455
618,787	615,925	–	–	1,003,788	958,669
271,844	213,065	11,277	12,056	1,048,261	835,706
10,128,591	**8,988,934**	**65,134**	**68,360**	**40,446,363**	**40,057,478**
9,078,703	9,098,019	–	–	10,996,870	10,735,012
176,903	167,975	–	–	176,784	167,854
19,384,197	**18,254,928**	**65,134**	**68,360**	**51,620,017**	**50,960,344**
210,500	207,660	(194)	(194)	1,589,995	1,651,335
946,329	959,533	–	–	946,329	959,533
129	19	(110)	–	154,962	96,402
7,386	6,032	–	–	7,979	7,301
1,350,011	1,386,335	–	–	2,400,496	2,228,246
1,391,422	1,363,610	(471)	(524)	4,269,507	3,821,124
838,130	792,297	(1,671,930)	(671,162)	1,553,018	1,472,561
24,128,104	**22,970,414**	**(1,607,571)**	**(603,520)**	**62,542,303**	**61,196,846**

4,152,542	4,248,296	(194)	(194)	28,181,176	28,378,545
8,951,458	8,977,946	–	–	8,951,458	8,977,946
234,505	209,111	–	–	4,418,543	3,541,194
237,123	231,840	–	–	404,661	394,460
548,766	574,496	–	–	886,738	974,786
3,817,053	3,877,151	–	–	3,888,676	3,949,207
524,287	467,869	–	–	1,064,295	980,241
–	–	1,492,258	1,491,951	1,786,151	1,742,073
3,580,375	1,705,864	(1,648,177)	(682,176)	3,893,049	2,971,836
22,046,109	**20,292,573**	**(156,113)**	**809,581**	**53,474,747**	**51,910,288**

Segment statement of income

in EUR thousand	Property and casualty reinsurance 1.1.–31.3.2018	Property and casualty reinsurance 1.1.–31.3.2017
Gross written premium	3,578,731	2,814,721
thereof		
From insurance business with other segments	–	–
From insurance business with external third parties	3,578,731	2,814,721
Net premium earned	2,424,861	2,165,747
Net investment income	267,994	243,388
thereof		
Change in fair value of financial instruments	(69)	554
Total depreciation, impairments and appreciation of investments	11,011	10,857
Income/expense on funds withheld and contract deposits	7,874	5,156
Claims and claims expenses	1,655,542	1,472,695
Change in benefit reserve	–	–
Commission and brokerage, change in deferred acquisition costs and other technical income/expenses	622,814	553,618
Administrative expenses	54,749	48,762
Other income and expenses	(20,861)	(24,252)
Operating profit/loss (EBIT)	**338,889**	**309,808**
Interest on hybrid capital	–	–
Net income before taxes	**338,889**	**309,808**
Taxes	78,853	76,561
Net income	**260,036**	**233,247**
thereof		
Non-controlling interest in profit or loss	25,210	17,881
Group net income	**234,826**	**215,366**

[1] Restated pursuant to IAS 8

Life and health reinsurance		Consolidation		Total	
1.1.–31.3.2018	1.1.–31.3.2017 [1]	1.1.–31.3.2018	1.1.–31.3.2017	1.1.–31.3.2018	1.1.–31.3.2017 [1]
1,766,230	1,731,898	–	–	5,344,961	4,546,619
–	–	–	–	–	–
1,766,230	1,731,898	–	–	5,344,961	4,546,619
1,574,380	1,572,303	37	42	3,999,278	3,738,092
122,774	148,324	696	1,168	391,464	392,880
6,246	10,440	(115)	(49)	6,062	10,945
8	8	–	–	11,019	10,865
50,831	67,734	–	–	58,705	72,890
1,298,679	1,389,752	–	–	2,954,221	2,862,447
(24,193)	(37,047)	–	–	(24,193)	(37,047)
301,521	281,982	–	–	924,335	835,600
52,976	51,656	73	86	107,798	100,504
27,753	55,487	(1,576)	(825)	5,316	30,410
95,924	**89,771**	**(916)**	**299**	**433,897**	**399,878**
–	–	17,721	17,708	17,721	17,708
95,924	**89,771**	**(18,637)**	**(17,409)**	**416,176**	**382,170**
44,075	25,466	(6,123)	(6,242)	116,805	95,785
51,849	**64,305**	**(12,514)**	**(11,167)**	**299,371**	**286,385**
751	3,703	–	–	25,961	21,584
51,098	**60,602**	**(12,514)**	**(11,167)**	**273,410**	**264,801**

Consolidated cash flow statement as at 31 March 2018

in EUR thousand	1.1.–31.3.2018	1.1.–31.3.2017[1]
I. Cash flow from operating activities		
Net income	299,371	286,385
Appreciation/depreciation	13,768	1,374
Net realised gains and losses on investments	(48,844)	(24,083)
Change in fair value of financial instruments (through profit or loss)	(6,062)	(10,945)
Realised gains and losses on deconsolidation	(2,575)	–
Amortisation of investments	(136)	13,396
Changes in funds withheld	(394,216)	(444,377)
Net changes in contract deposits	(13,630)	117,997
Changes in prepaid reinsurance premium (net)	879,426	337,259
Changes in tax assets/provisions for taxes	46,774	45,022
Changes in benefit reserve (net)	9,030	47,985
Changes in claims reserves (net)	275,846	307,640
Changes in deferred acquisition costs	(213,681)	(13,575)
Changes in other technical provisions	12,341	9,516
Changes in clearing balances	(424,881)	(424,978)
Changes in other assets and liabilities (net)	194,903	140,501
Cash flow from operating activities	**627,434**	**389,117**
II. Cash flow from investing activities	**(1,143,050)**	**(98,170)**
III. Cash flow from financing activities	**742,044**	**(84,583)**
IV. Exchange rate differences on cash	**(13,873)**	**(4,546)**
Cash and cash equivalents at the beginning of the period	**835,706**	**848,667**
Change in cash and cash equivalents (I.+II.+III.+IV.)	**212,555**	**201,818**
Cash and cash equivalents at the end of the period	**1,048,261**	**1,050,485**
Supplementary information on the cash flow statement[2]		
Income taxes paid (on balance)	(65,335)	(56,993)
Dividend receipts[3]	47,690	54,309
Interest received	380,913	414,069
Interest paid	(59,082)	(62,188)

1 Restated pursuant to IAS 8
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

Other information

The present document is a quarterly statement pursuant to Section 51a of the Exchange Rules for the Frankfurter Wertpapierbörse (BörsO FWB). The consolidated balance sheet, consolidated statement of income, consolidated statement of comprehensive income and consolidated cash flow statement were drawn up according to the International Financial Reporting Standards (IFRS) that are to be used within the European Union and released for publication by a resolution of the Executive Board on 24 April 2018. The accounting policies were the same as those applied in the preceding consolidated annual financial statement. Changes that were necessary in specific justified cases are reported separately.

On 18 April 2018 Hannover Rück SE placed a senior unsecured bond with a nominal value of EUR 750.0 million on the capital market. The bond has a final maturity of 10 years and carries a fixed coupon of 1.125% p.a.

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