somewhat different

Quarterly Statement as at 31 March 2019

hannover re®

Key figures

in EUR million	2019 1.1. – 31.3.	2019 +/– previous year	2018 1.1. – 31.3.	2018 31.12.
Results				
Gross written premium	6,373.3	+19.2%	5,345.0	
Net premium earned	4,610.8	+15.3%	3,999.3	
Net underwriting result [1]	75.1	-21.6%	95.8	
Net investment income	398.9	+1.9%	391.5	
Operating profit (EBIT)	450.0	+3.7%	433.9	
Group net income	293.7	+7.4%	273.4	
Balance sheet				
Policyholders´ surplus	12,099.6	+9.6%		11,035.1
Equity attributable to shareholders of Hannover Rück SE	9,851.3	+12.2%		8,776.8
Non-controlling interests	754.8	-1.4%		765.2
Hybrid capital	1,493.4	+0.0%		1,493.1
Investments (excl. funds withheld by ceding companies)	44,782.7	+6.1%		42,197.3
Total assets	67,785.2	+5.1%		64,508.6
Share				
Earnings per share (basic and diluted) in EUR	2.43	+7.4%	2.27	
Book value per share in EUR	81.69	+12.2%	69.27	72.78
Share price at the end of the period in EUR	128.00	+8.8%	110.90	117.70
Market capitalisation at the end of the period	15,436.4	+8.8%	13,374.2	14,194.3
Ratios				
Combined ratio (property and casualty reinsurance) [2]	95.7%		95.9%	
Large losses as percentage of net premium earned (property and casualty reinsurance) [3]	2.0%		3.0%	
Retention	90.4%		91.3%	
Return on investment (excl. funds withheld by ceding companies) [4]	3.0%		3.4%	
EBIT margin [5]	9.8%		10.8%	
Return on equity (after tax)	12.6%		13.0%	

[1] Including funds withheld

[2] 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

[3] Excluding effects from ModCo derivatives

[4] 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 2019

Business development

- IFRS shareholders' equity increased by more than EUR 1 billion
- Return on equity of 12.6% clearly above minimum target
- Investment income in line with expectations
- Group net income rises by 7.4% in the first quarter to EUR 293.7 million

The first quarter of the 2019 financial year passed off successfully for Hannover Re. On the Group level, shareholders' equity grew by more than EUR 1 billion, while at the same time the return on equity remained clearly above our minimum target. In property and casualty reinsurance, the 1 January treaty renewals started the year off on a positive note, both in terms of premium income and on the earnings side. In life and health reinsurance, the early months of the year showed a good development thanks to improved results in US mortality business and pleasing demand from Asia. Investment income also played a part in the successful start to the new financial year.

All in all, we increased our Group net income by 7.4% to EUR 293.7 million (previous year: EUR 273.4 million). Based on the numbers for the first quarter, we are confirming our targets for the full 2019 financial year.

The renewals as at 1 January 2019 in property and casualty reinsurance put us in optimistic mood for the year as a whole. We appreciably boosted our premium volume in property and casualty reinsurance by 22.8% in the first three months. The quarterly result for the business group fell by 6.7% to EUR 219.0 million (EUR 234.8 million). In life and health reinsurance we enjoyed healthy profitability, assisted in part by last year's recaptures of unprofitable treaties in the legacy US mortality portfolio. The quarterly result for the business group improved sharply by 73.2% to EUR 88.5 million (EUR 51.1 million).

Gross written premium on the Group level climbed by 19.2% as at 31 March 2019 to EUR 6.4 billion (EUR 5.3 billion); growth would have reached 16.1% at constant exchange rates. The level of retained premium was slightly lower than in the previous year's comparable period at 90.4% (91.3%). Net premium earned rose by 15.3% to EUR 4.6 billion (EUR 4.0 billion); adjusted for exchange rate effects, growth of 12.7% would have been booked.

Bearing in mind the protracted challenging climate, we are satisfied with the development of our investments. The portfolio of assets under own management recorded further growth to reach EUR 44.8 billion (31 December 2018: EUR 42.2 billion). Based on slightly higher ordinary income from fixed-income securities, good earnings on real estate and private equity as well as increased income from funds withheld and contract deposits, we generated investment income of EUR 398.9 million that came in slightly above the comparable period (EUR 391.5 million); in view of the diminished return on our fixed-income holdings and lower net realised gains, this performance can be considered broadly satisfactory. Investment income from assets under own management decreased marginally to EUR 328.3 million (EUR 332.8 million). The resulting annualised average return (excluding effects from ModCo derivatives) thus stood at a very pleasing 3.0%. This is above the minimum target of 2.8% that we have set for the full twelve months.

The operating profit (EBIT) for the Hannover Re Group grew by 3.7% to EUR 450.0 million (EUR 433.9 million). Group net income in the first three months of the year improved by 7.4% to EUR 293.7 million (EUR 273.4 million). Earnings per share amounted to EUR 2.43 (EUR 2.27).

Shareholders' equity increased by 12.2% or EUR 1.1 billion as at 31 March 2019 to EUR 9.9 billion (31 December 2018: EUR 8.8 billion). The annualised return on equity amounted to 12.6% (31 December 2018: 12.2%) and continues to exceed our minimum target of 900 basis points above the risk-free interest rate, which we have defined as the five-year average return on ten-year German government bonds. The book value per share stood at EUR 81.69 (31 December 2018: EUR 72.78).

Results of operations, financial position and net assets

Property and casualty reinsurance

- Market environment remains highly competitive
- Underwriting result including interest on funds withheld and contract deposits up by 25.3%
- Combined ratio improves to 95.7%
- Segment result declines slightly owing to lower investment income

Property and casualty reinsurance markets around the world continue to be dominated by an excess supply of capacity for the coverage of risks. The considerable windstorm and fire losses of the past year did little to change this situation. At the same time, capacities from the ILS (insurance-linked securities) market again put prices and conditions under sustained pressure in the early months of the year. The market environment in which Hannover Re is operating thus remains challenging.

As an opposing effect, we are seeing stronger demand in some parts of Asia and North America as well as for the reinsurance of cyber risks, in some specialty lines and for structured reinsurance covers.

We are looking ahead with optimism to the full financial year in property and casualty reinsurance based on the treaty renewals as at 1 January 2019: we boosted our premium volume in traditional property and casualty reinsurance by 15.4% – adjusted for exchange rate effects – to EUR 6,406 million (EUR 5,551 million). Roughly two-thirds of the traditional property and casualty reinsurance portfolio (excluding facultative reinsurance, ILS activities and structured reinsurance) was up for renewal.

In contrast to the situation just one year ago, alternative capital providers for the transfer of insurance risks to the capital market took a somewhat more restrained approach in the 1 January 2019 renewal season. Reinsurance prices were on the whole commensurate with the risks in the year's opening round of treaty renegotiations, and we secured modestly improved conditions. As one of the world's leading reinsurers, we continued to benefit from our very good financial strength and higher demand overall. Particularly attractive opportunities to grow the portfolio opened up in Asia, North America and Germany.

The gross written premium in property and casualty reinsurance surged by 22.8% to EUR 4.4 billion (EUR 3.6 billion). The increase thus comfortably exceeded our growth target of 3% to 5%. At constant exchange rates, growth would have come in at 19.4%. The level of retained premium climbed to 91.9% (91.6%). Net premium earned rose by 20.8% to EUR 2.9 billion (EUR 2.4 billion); adjusted for exchange rate effects, it would have grown by 18.0%.

Major losses in the first quarter were moderate. The largest individual losses for our company were the flooding in Australia and winter storm Eberhard in Germany. In total, the net strain from large losses in the first quarter amounted to EUR 59.0 million (EUR 73.4 million). This figure is significantly lower than our large loss expectation for the first quarter of EUR 175 million. In the course of the first quarter we received additional loss advices from our customers for Typhoon Jebi in Japan from the past year; this effect somewhat mitigated what was again a very positive run-off overall of the loss reserves from prior years. The combined ratio improved slightly to 95.7% (95.9%) and is thus within our expected target corridor of 97% or lower. The underwriting result for total property and casualty reinsurance including interest on funds withheld and contract deposits increased by 25.3% to EUR 124.8 million (EUR 99.6 million).

The investment income booked for property and casualty reinsurance from assets under own management reached EUR 223.4 million (EUR 260.1 million).

The operating profit (EBIT) for property and casualty reinsurance was almost on a par with the previous year at EUR 334.4 million (EUR 338.9 million). The EBIT margin thus amounted to 11.4% (14.0%) and surpassed the minimum target of 10%. Net income for the business group contracted by 6.7% to EUR 219.0 million (EUR 234.8 million).

Key figures for property and casualty reinsurance

in EUR million	2019		2018
	1.1. – 31.3.	+/– previous year	1.1. – 31.3.
Gross written premium	4,394.5	+22.8%	3,578.7
Net premium earned	2,930.2	+20.8%	2,424.9
Underwriting result [1]	124.8	+25.3%	99.6
Net investment income	235.6	-12.1%	268.0
Operating result (EBIT)	334.4	-1.3%	338.9
Group net income	219.0	-6.7%	234.8
Earnings per share in EUR	1.82	-6.7%	1.95
EBIT margin [2]	11.4%		14.0%
Combined ratio [1]	95.7%		95.9%
Retention	91.9%		91.6%

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

Life and health reinsurance

- Gross premium increases by 12.0% in line with expectations
- Vigorous growth recorded for reinsurance solutions in Asia
- Generally favourable risk experience in US mortality business
- Segment result improves on previous year by 73.2%

After the exceptional strains associated with the termination of loss-making treaties in the previous year, the result in property and casualty reinsurance improved substantially thanks to lower losses.

In the United States our mortality solutions business played a major part in the favourable performance with a better-than-expected operating profit. Treaty recaptures in the legacy US mortality portfolio were higher than anticipated, however, as a consequence of which the premium income fell slightly short of our expectations. US financial solutions business also contributed to profitability, as anticipated.

In Latin America we got off to a good start in the current year with the renewal of all treaties.

The first quarter in Asia was shaped by growth in markets such as China and Hong Kong that exceeded our expectations. In China and Korea we are seeing sustained brisk demand in the growing market for critical illness reinsurance, while particularly in China customers are also increasingly calling for structured reinsurance solutions designed to deliver solvency relief. Furthermore, promising demand for financial solutions covers has begun to emerge in India. In Australia, on the other hand, an elevated claims experience in disability business took a toll on the underwriting result.

Encouraging demand in business involving protection against longevity risks was evident as the year got underway in markets such as the United Kingdom, Germany, Canada and Ireland. Over the course of the financial year this is likely to be reflected concretely in the formation of treaty relationships.

In addition, we have observed growing interest worldwide in protection for the longevity components of products that can be categorised as “immediate needs” and “equity release”. What is involved here, on the one hand, is the reinsurance of biometric risks resulting from products that – put simply – cover an immediate insurance need, while equity release enables older homeowners to release cash from the value of their property to pay a single or regular premium. As a further factor, new solvency regulations are on the verge of being rolled out in some Asian markets – a move that we also expect will spur demand for coverage concepts to protect against longevity risks.

In February we successfully launched our online platform “hr | equarium”, an exclusive marketplace intended primarily to enable insurtechs to offer their innovative solutions to our customers. Many of our clients and insurtechs all around the world have already registered on the platform. It is our hope that this systematic networking between digital innovators and established insurance players on a global scale will foster sustainable and profitable partnerships and enhance the perception of Hannover Re as a driver of innovation in the insurance market.

Gross premium income in life and health reinsurance increased by 12.0% as at 31 March 2019 to EUR 2.0 billion (EUR 1.8 billion). Adjusted for exchange rate effects, growth of 9.6% would have been booked. Net premium earned climbed by 6.7% to EUR 1.7 billion (EUR 1.6 billion). The increase would have been 4.6% at constant exchange rates. Our retention of 87.0% was slightly below the previous year's level (90.7%).

Investment income from our assets under own management improved by 44.6% to EUR 104.1 million (EUR 71.9 million).

The operating result (EBIT) rose by 21.3% to EUR 116.3 million (EUR 95.9 million). The profit contribution made by life and health reinsurance to Group net income grew by a pleasing 73.2% to EUR 88.5 million (EUR 51.1 million).

Key figures for life and health reinsurance

in EUR million	2019		2018
	1.1. – 31.3.	+/– previous year	1.1. – 31.3.
Gross written premium	1,978.8	+12.0%	1,766.2
Net premium earned	1,680.6	+6.7%	1,574.4
Investment income	162.5	+32.4%	122.8
Operating result (EBIT)	116.3	+21.3%	95.9
Net income after tax	88.5	+73.2%	51.1
Earnings per share in EUR	0.73	+73.2%	0.42
Retention	87.0%		90.7%
EBIT margin[1]	6.9%		6.1%

[1] Operating result (EBIT)/net premium earned

Investments

- High-quality diversified investment portfolio maintained
- Ordinary investment income above previous year's level
- Net investment income shows pleasing stability
- Return on investment beats guidance at 3.0%

Faced with numerous geopolitical and economic policy issues, the investment climate in the reporting period remained turbulent and lacking in any clear direction. Particularly on what are for our company the important fixed-income markets, credit spreads for corporate bonds saw very marked declines in some instances on what was still a thoroughly low level overall. Interest rate declines were also recorded on euro bonds in longer maturities – and indeed in the area of US dollar and sterling bonds. Negative returns can be observed again on the euro side to a broader extent as far as the ten-year maturity point.

The signs of uncertainty among policymakers as well as indications of softening fundamentals were reflected in increased volatility overall on markets. The more cautious approach adopted by central banks similarly highlighted the fact that markets still lack stability. The prevailing sense of uncertainty was exacerbated by the surprising disarray which still surrounds the United Kingdom's withdrawal from the European Union despite what was already a lengthy preparatory phase. Private equity markets nevertheless enjoyed very positive sentiment in the period under review and played an appreciable part in the attainment of our goals.

Owing to the decline in interest rates and risk premiums, the net unrealised gains in our fixed-income portfolio as at 31 March 2019 rose sharply to EUR 1,043.4 million (31 December 2018: EUR 318.1 million). Our portfolio of assets under own management grew to EUR 44.8 billion (31 December 2018: EUR 42.2 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 was left virtually unchanged year-on-year at 4.9 (4.8).

Ordinary investment income excluding interest on funds withheld and contract deposits amounted to EUR 323.2 million as at 31 March 2019, a level modestly higher than in the comparable period (EUR 315.8 million). Particularly bearing in mind the continued low interest rates, it is highly gratifying that we were able to slightly increase the ordinary income from fixed-income securities year-on-year and again supplement it with strong earnings from private equity and real estate. Interest on funds withheld and contract deposits climbed to EUR 70.6 million (EUR 58.7 million).

Impairments of altogether just EUR 17.4 million (EUR 11.0 million) were taken. Of this amount, EUR 6.7 million (EUR 2.8 million) was attributable to alternative investments. The depreciation taken on directly held real estate was slightly higher at EUR 9.4 million (EUR 8.2 million), a reflection of our ongoing growing involvement in this area. The net balance of gains realised on disposals stood at EUR 22.3 million (EUR 48.8 million) and can be attributed primarily to regrouping moves as part of regular portfolio maintenance and to the sale of a real estate investment.

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 gains of EUR 5.3 million (losses of EUR 4.8 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 27.4 million. This contrasted with unrealised gains of EUR 6.1 million in the corresponding period of the previous year.

Overall, we generated net investment income of EUR 398.9 million that was marginally higher than in the comparable period (EUR 391.5 million) and entirely within our range of expectations. Income from assets under own management accounted for EUR 328.3 million (EUR 332.8 million), producing an annualised average return (excluding effects from ModCo derivatives) of 3.0%. This also puts us well on track to achieve our expected target of at least 2.8% for the full year.

Investment income

in EUR million	2019		2018
	1.1. – 31.3.	+/– previous year	1.1. – 31.3.
Ordinary investment income [1]	323.2	+2.3%	315.8
Result from participations in associated companies	3.1	+143.7%	1.3
Realised gains/losses	22.3	-54.4%	48.8
Depreciation, amortisation, impairments [2]	17.4	+57.9%	11.0
Change in fair value of financial instruments [3]	27.4		6.1
Investment expenses	30.3	+7.4%	28.2
Net investment income from assets under own management	328.3	-1.3%	332.8
Net investment income from funds withheld	70.6	+20.3%	58.7
Total investment income	**398.9**	**+1.9%**	**391.5**

1 Excluding 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	78.1	12,278.5	58.0	4,121.0	1.2	147.9	61.5	1,973.3
AA	12.6	1,971.6	26.1	1,859.2	13.9	1,707.5	23.7	760.3
A	4.9	764.2	7.7	545.9	30.9	3,801.8	10.6	339.8
BBB	2.8	442.2	1.3	93.9	45.6	5,619.2	3.3	104.4
< BBB	1.6	245.6	6.9	493.6	8.4	1,037.1	0.9	27.7
Total	**100.0**	**15,702.1**	**100.0**	**7,113.6**	**100.0**	**12,313.5**	**100.0**	**3,205.5**

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

Outlook

- Gross premium growth on the Group level expected in the single-digit percentage range
- Targeted return on investment of at least 2.8% for assets under own management
- Life and health reinsurance boosts profitability after elimination of significant strains from treaty recaptures
- Group net income guidance in the order of EUR 1.1 billion confirmed

The intensely competitive climate shaping global reinsurance markets remains undiminished. For the current 2019 financial year we nevertheless anticipate a good overall result and expect to achieve our targets. In view of developments both in property and casualty and in life and health reinsurance, we are looking to book single-digit percentage growth in gross premium for our total business – based on constant exchange rates.

In view of the outcome of the treaty renewals in property and casualty reinsurance as at 1 January 2019, we anticipate significant currency-adjusted growth at largely stable conditions. We shall continue to adhere to our selective underwriting policy, under which for the most part we only write business that meets our margin requirements.

Following the successful treaty renewals in property and casualty reinsurance as at 1 January 2019, the 1 April treaty renewals similarily passed off very favourably. It is at this time of the year that business in Japan is traditionally renewed and treaties are also renegotiated – albeit on a lesser scale – for Australia and New Zealand, Asian markets and North America. In Japan rates improved markedly in the wake of previous natural catastrophe losses. This led to sometimes considerable increases in reinsurance prices for non-proportional catastrophe business. Hannover Re substantially boosted its premium volume in this area while maintaining broadly stable exposures. In the Indian market, too, premium income increased appreciably. The renewal of part of our North American business proved highly gratifying for our company, a continuation of the trend seen in the 1 January renewals. Prices and conditions in catastrophe business gave grounds for satisfaction: rates here generally firmed up, with increases running into double-digit percentages attainable under loss-impacted programmes. The total premium volume booked from the round of treaty renewals as at 1 April 2019 increased by 6.6%.

In 2019, as already announced in November of last year, we raised our net major loss budget for the first time in three years; it now stands at EUR 875 million after EUR 825 million in the prior years. This adjustment reflects the growth in the underlying business. The targeted EBIT margin for property and casualty reinsurance is at least 10%. We are aiming for a combined ratio here of no more than 97%.

In life and health reinsurance we expect to generate moderate premium growth in the financial year on a currency-adjusted basis. On the earnings side, the steps taken to optimise our US mortality portfolio should continue to have favourable effects on profitability in the current year. Due to the elimination of the previous year's strain resulting from treaty recaptures, EBIT in life and health reinsurance should grow substantially in the 2019 financial year and comfortably beat the minimum 5% EBIT growth defined as our strategic target. We continue to aim for a value of new business of at least EUR 220 million per year.

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 portfolio. 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 the current financial year we are targeting a return on investment of at least 2.8%.

For the second quarter we anticipate positive income of almost EUR 100 million from the release of hidden reserves. This is due to a reorganisation of the shareholder structure of Viridium Group – under which the interest held by Hannover Rück SE remained largely unchanged – that became necessary in connection with the acquisition of Generali Lebensversicherung AG by Viridium.

Group net income for the current financial year is expected to be in the order of EUR 1.1 billion. This is subject to the premise that the burden of major losses does not significantly exceed the budgeted level of EUR 875 million (2018: EUR 825 million) and that there are no exceptional distortions on capital markets.

Hannover Re envisages an unchanged payout ratio for the ordinary dividend in the range of 35% to 45% of its IFRS Group net income. If the comfortable level of capitalisation remains unchanged and Group net income is in the range of expectations, the ordinary dividend will be supplemented by payment of a special dividend.

As already reported, the Supervisory Board of Hannover Rück SE appointed Jean-Jacques Henchoz as a member of the Executive Board with effect from 1 April 2019. He was most recently responsible for both life and non-life reinsurance business in the region Europe, Middle East and Africa at a major reinsurer. At the end of the Annual General Meeting on 8 May 2019 Jean-Jacques Henchoz will succeed Ulrich Wallin as Chief Executive Officer of Hannover Re. At the same time, Ulrich Wallin will retire in accordance with the company's statutes after his extremely successful service to Hannover Re.

Consolidated balance sheet as at 31 March 2019

Assets in EUR thousand	31.3.2019	31.12.2018
Fixed-income securities – held to maturity	250,101	249,943
Fixed-income securities – loans and receivables	2,436,374	2,398,950
Fixed-income securities – available for sale	35,089,567	33,239,685
Fixed-income securities – at fair value through profit or loss	558,683	559,750
Equity securities – available for sale	30,995	28,729
Other financial assets – at fair value through profit or loss	200,264	190,759
Investment property	1,737,475	1,684,932
Real estate funds	473,116	433,899
Investments in associated companies	219,875	110,545
Other invested assets	2,024,219	1,805,281
Short-term investments	510,688	421,950
Cash and cash equivalents	1,251,376	1,072,915
Total investments and cash under own management	**44,782,733**	**42,197,338**
Funds withheld	11,067,639	10,691,768
Contract deposits	199,507	172,873
Total investments	**56,049,879**	**53,061,979**
Reinsurance recoverables on unpaid claims	2,108,255	2,084,630
Reinsurance recoverables on benefit reserve	827,168	909,056
Prepaid reinsurance premium	164,583	93,678
Reinsurance recoverables on other technical reserves	10,080	7,170
Deferred acquisition costs	2,602,732	2,155,820
Accounts receivable	4,850,865	3,975,778
Goodwill	87,765	85,588
Deferred tax assets	434,075	454,608
Other assets	636,912	629,420
Accrued interest and rent	12,882	11,726
Assets held for sale	–	1,039,184
Total assets	**67,785,196**	**64,508,637**

Liabilities in EUR thousand	31.3.2019	31.12.2018
Loss and loss adjustment expense reserve	31,104,607	28,758,575
Benefit reserve	9,084,616	9,184,356
Unearned premium reserve	4,969,174	3,166,964
Other technical provisions	605,690	575,996
Funds withheld	925,872	969,261
Contract deposits	3,519,442	3,611,654
Reinsurance payable	1,286,202	1,156,231
Provisions for pensions	191,825	182,291
Taxes	260,646	244,093
Deferred tax liabilities	1,905,142	1,700,082
Other liabilities	758,423	612,093
Long-term debt and notes payable	2,567,388	2,558,884
Liabilities related to assets held for sale	–	2,246,129
Total liabilities	**57,179,027**	**54,966,609**
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	946,669	346,509
Cumulative foreign currency translation adjustment	384,739	201,369
Changes from hedging instruments	(2,118)	(3,160)
Other changes in cumulative other comprehensive income	(58,707)	(53,364)
Total other comprehensive income	**1,270,583**	**491,354**
Retained earnings	7,735,593	7,440,278
Equity attributable to shareholders of Hannover Rück SE	**9,851,335**	**8,776,791**
Non-controlling interests	754,834	765,237
Total shareholders' equity	**10,606,169**	**9,542,028**
Total liabilities	67,785,196	64,508,637

Consolidated statement of income as at 31 March 2019

in EUR thousand	1.1. – 31.3.2019	1.1. – 31.3.2018
Gross written premium	6,373,297	5,344,961
Ceded written premium	611,883	466,256
Change in gross unearned premium	(1,218,962)	(940,509)
Change in ceded unearned premium	68,325	61,082
Net premium earned	**4,610,777**	**3,999,278**
Ordinary investment income	323,222	315,802
Profit/loss from investments in associated companies	3,079	1,263
Realised gains and losses on investments	22,280	48,844
Change in fair value of financial instruments	27,391	6,062
Total depreciation, impairments and appreciation of investments	17,398	11,019
Other investment expenses	30,293	28,193
Net income from investments under own management	**328,281**	**332,759**
Income/expense on funds withheld and contract deposits	70,623	58,705
Net investment income	**398,904**	**391,464**
Other technical income	150	21
Total revenues	**5,009,831**	**4,390,763**
Claims and claims expenses	3,356,305	2,954,221
Change in benefit reserves	(16,740)	(24,193)
Commission and brokerage, change in deferred acquisition costs	1,153,517	917,434
Other acquisition costs	1,392	5,841
Other technical expenses	–	1,081
Administrative expenses	111,945	107,798
Total technical expenses	**4,606,419**	**3,962,182**
Other income	301,047	205,730
Other expenses	254,414	200,414
Other income/expenses	46,633	5,316
Operating profit/loss (EBIT)	**450,045**	**433,897**
Financing costs	20,948	17,721
Net income before taxes	**429,097**	**416,176**
Taxes	114,237	116,805
Net income	**314,860**	**299,371**
thereof		
Non-controlling interest in profit and loss	21,207	25,961
Group net income	**293,653**	**273,410**
Earnings per share (in EUR)		
Basic earnings per share	2.43	2.27
Diluted earnings per share	2.43	2.27

Consolidated statement of comprehensive income as at 31 March 2019

in EUR thousand	1.1. – 31.3.2019	1.1. – 31.3.2018
Net income	**314,860**	**299,371**
Not reclassifiable to the consolidated statement of income		
Actuarial gains and losses		
Gains (losses) recognised directly in equity	(9,485)	221
Tax income (expense)	3,089	(65)
	(6,396)	**156**
Changes from the measurement of associated companies		
Gains (losses) recognised directly in equity	(50)	–
	(50)	**–**
Income and expense recognised directly in equity that cannot be reclassified		
Gains (losses) recognised directly in equity	(9,535)	221
Tax income (expense)	3,089	(65)
	(6,446)	**156**
Reclassifiable to the consolidated statement of income		
Unrealised gains and losses on investments		
Gains (losses) recognised directly in equity	789,166	(366,489)
Transferred to the consolidated statement of income	12,097	(44,319)
Tax income (expense)	(182,481)	96,669
	618,782	**(314,139)**
Currency translation		
Gains (losses) recognised directly in equity	197,423	(167,591)
Transferred to the consolidated statement of income	4,645	–
Tax income (expense)	(17,076)	15,165
	184,992	**(152,426)**
Changes from the measurement of associated companies		
Gains (losses) recognised directly in equity	1,547	1
	1,547	**1**
Changes from hedging instruments		
Gains (losses) recognised directly in equity	1,917	1,922
Tax income (expense)	(840)	(268)
	1,077	**1,654**
Reclassifiable income and expense recognised directly in equity		
Gains (losses) recognised directly in equity	990,053	(532,157)
Transferred to the consolidated statement of income	16,742	(44,319)
Tax income (expense)	(200,397)	111,566
	806,398	**(464,910)**
Total income and expense recognised directly in equity		
Gains (losses) recognised directly in equity	980,518	(531,936)
Transferred to the consolidated statement of income	16,742	(44,319)
Tax income (expense)	(197,308)	111,501
	799,952	**(464,754)**
Total recognised income and expense	**1,114,812**	**(165,383)**
thereof		
Attributable to non-controlling interests	42,396	9,504
Attributable to shareholders of Hannover Rück SE	1,072,416	(174,887)

Consolidated segment report as at 31 March 2019

Segmentation of assets

in EUR thousand	Property and casualty reinsurance 31.3.2019	Property and casualty reinsurance 31.12.2018
Assets		
Fixed-income securities – held to maturity	198,737	198,596
Fixed-income securities – loans and receivables	2,385,520	2,349,266
Fixed-income securities – available for sale	26,037,940	24,689,122
Equity securities – available for sale	30,995	28,729
Financial assets at fair value through profit or loss	70,185	94,333
Other invested assets	4,052,639	3,735,054
Short-term investments	277,893	262,068
Cash and cash equivalents	927,737	734,942
Total investments and cash under own management	**33,981,646**	**32,092,110**
Funds withheld	2,466,631	1,931,254
Contract deposits	2,430	2,180
Total investments	**36,450,707**	**34,025,544**
Reinsurance recoverables on unpaid claims	1,906,225	1,903,289
Reinsurance recoverables on benefit reserve	–	–
Prepaid reinsurance premium	164,243	93,614
Reinsurance recoverables on other reserves	511	543
Deferred acquisition costs	1,190,827	774,751
Accounts receivable	3,498,372	2,689,084
Other assets in the segment	1,748,044	1,781,317
Assets held for sale	–	1,041,043
Total assets	**44,958,929**	**42,309,185**

Segmentation of liabilities

in EUR thousand		
Liabilities		
Loss and loss adjustment expense reserve	26,670,547	24,542,826
Benefit reserve	–	–
Unearned premium reserve	4,667,894	2,915,904
Provisions for contingent commissions	305,984	300,093
Funds withheld	337,331	389,754
Contract deposits	73,944	71,607
Reinsurance payable	920,328	772,313
Long-term debt and notes payable	331,219	323,235
Other liabilities in the segment	1,982,530	1,718,949
Liabilities related to assets held for sale	–	2,246,129
Total liabilities	**35,289,777**	**33,280,810**

Life and health reinsurance		Consolidation		Total	
31.3.2019	31.12.2018	31.3.2019	31.12.2018	31.3.2019	31.12.2018
51,364	51,347	–	–	250,101	249,943
35,583	34,635	15,271	15,049	2,436,374	2,398,950
9,040,857	8,531,051	10,770	19,512	35,089,567	33,239,685
–	–	–	–	30,995	28,729
688,762	656,176	–	–	758,947	750,509
368,941	263,917	33,105	35,686	4,454,685	4,034,657
231,810	159,867	985	15	510,688	421,950
318,336	333,031	5,303	4,942	1,251,376	1,072,915
10,735,653	**10,030,024**	**65,434**	**75,204**	**44,782,733**	**42,197,338**
8,601,008	8,760,514	–	–	11,067,639	10,691,768
197,077	170,693	–	–	199,507	172,873
19,533,738	**18,961,231**	**65,434**	**75,204**	**56,049,879**	**53,061,979**
202,030	181,341	–	–	2,108,255	2,084,630
827,168	909,056	–	–	827,168	909,056
340	64	–	–	164,583	93,678
9,569	6,627	–	–	10,080	7,170
1,411,905	1,381,069	–	–	2,602,732	2,155,820
1,352,835	1,287,072	(342)	(378)	4,850,865	3,975,778
531,499	565,346	(1,107,909)	(1,165,321)	1,171,634	1,181,342
–	–	–	(1,859)	–	1,039,184
23,869,084	23,291,806	(1,042,817)	(1,092,354)	67,785,196	64,508,637

4,434,060	4,215,749	–	–	31,104,607	28,758,575
9,084,616	9,184,356	–	–	9,084,616	9,184,356
301,280	251,060	–	–	4,969,174	3,166,964
299,706	275,903	–	–	605,690	575,996
588,541	579,507	–	–	925,872	969,261
3,445,498	3,540,047	–	–	3,519,442	3,611,654
365,874	383,918	–	–	1,286,202	1,156,231
–	–	2,236,169	2,235,649	2,567,388	2,558,884
2,205,425	2,192,760	(1,071,919)	(1,173,150)	3,116,036	2,738,559
–	–	–	–	–	2,246,129
20,725,000	20,623,300	1,164,250	1,062,499	57,179,027	54,966,609

Segment statement of income

in EUR thousand	Property and casualty reinsurance 1.1. – 31.3.2019	Property and casualty reinsurance 1.1. – 31.3.2018
Gross written premium	4,394,464	3,578,731
Net premium earned	2,930,210	2,424,861
Net investment income	235,596	267,994
thereof		
Change in fair value of financial instruments	(1,194)	(69)
Total depreciation, impairments and appreciation of investments	17,259	11,011
Income/expense on funds withheld and contract deposits	12,153	7,874
Claims and claims expenses	1,940,671	1,655,542
Change in benefit reserve	–	–
Commission and brokerage, change in deferred acquisition costs and other technical income/expenses	826,466	622,814
Administrative expenses	50,399	54,749
Other income/expenses	(13,863)	(20,861)
Operating profit/loss (EBIT)	**334,407**	338,889
Financing costs	542	–
Net income before taxes	**333,865**	338,889
Taxes	94,625	78,853
Net income	**239,240**	260,036
thereof		
Non-controlling interest in profit or loss	20,205	25,210
Group net income	**219,035**	**234,826**

Life and health reinsurance		Consolidation		Total	
1.1. – 31.3.2019	1.1. – 31.3.2018	1.1. – 31.3.2019	1.1. – 31.3.2018	1.1. – 31.3.2019	1.1. – 31.3.2018
1,978,833	1,766,230	–	–	6,373,297	5,344,961
1,680,567	1,574,380	–	37	4,610,777	3,999,278
162,529	122,774	779	696	398,904	391,464
28,585	6,246	–	(115)	27,391	6,062
139	8	–	–	17,398	11,019
58,470	50,831	–	–	70,623	58,705
1,415,634	1,298,679	–	–	3,356,305	2,954,221
(16,740)	(24,193)	–	–	(16,740)	(24,193)
328,293	301,521	–	–	1,154,759	924,335
61,420	52,976	126	73	111,945	107,798
61,838	27,753	(1,342)	(1,576)	46,633	5,316
116,327	**95,924**	**(689)**	**(916)**	**450,045**	**433,897**
391	–	20,015	17,721	20,948	17,721
115,936	**95,924**	**(20,704)**	**(18,637)**	**429,097**	**416,176**
26,431	44,075	(6,819)	(6,123)	114,237	116,805
89,505	**51,849**	**(13,885)**	**(12,514)**	**314,860**	**299,371**
1,002	751	–	–	21,207	25,961
88,503	51,098	(13,885)	(12,514)	293,653	273,410

Consolidated cash flow statement as at 31 March 2019

in EUR thousand	1.1. – 31.3.2019	1.1. – 31.3.2018
I. Cash flow from operating activities		
Net income	314,860	299,371
Appreciation/depreciation	15,490	13,768
Net realised gains and losses on investments	(22,280)	(48,844)
Change in fair value of financial instruments (through profit or loss)	(27,391)	(6,062)
Realised gains and losses on deconsolidation	(6,298)	(2,575)
Amortisation of investments	3,421	(136)
Changes in funds withheld	(126,373)	(394,216)
Net changes in contract deposits	(163,633)	(13,630)
Changes in prepaid reinsurance premium (net)	1,150,637	879,426
Changes in tax assets/provisions for taxes	58,390	46,774
Changes in benefit reserve (net)	(298,215)	9,030
Changes in claims reserves (net)	407,559	275,846
Changes in deferred acquisition costs	(243,600)	(213,681)
Changes in other technical provisions	16,976	12,341
Changes in clearing balances	(436,211)	(424,881)
Changes in other assets and liabilities (net)	65,388	194,903
Cash flow from operating activities	**708,720**	**627,434**
II. Cash flow from investing activities	**(585,008)**	**(1,143,050)**
III. Cash flow from financing activities	**(50,898)**	**742,044**
IV. Exchange rate differences on cash	**27,053**	**(13,873)**
Cash and cash equivalents at the beginning of the period	**1,151,509**	**835,706**
thereof cash and cash equivalents of the disposal group: 78,594		
Change in cash and cash equivalents (I. + II. + III. + IV.)	**99,867**	**212,555**
Cash and cash equivalents at the end of the period	**1,251,376**	**1,048,261**
Supplementary information on the cash flow statement[1]		
Income taxes paid (on balance)	(59,715)	(65,335)
Dividend receipts[2]	45,491	47,690
Interest received	388,647	380,913
Interest paid	(75,733)	(59,082)

[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

Other information

The present document is a quarterly statement pursuant to Section 51a of the Exchange Rules for the Frankfurter Wertpapierbörse (BörsO FWB). It was drawn up according to International Financial Reporting Standards (IFRS), but does not constitute an interim financial report as defined by IAS 34 "Interim Financial Reporting" or a financial statement as defined by IAS 1 "Presentation of Financial Statements".

The accounting policies are essentially the same as those applied in the consolidated annual financial statement as at 31 December 2018. New accounting standards or amendments to existing standards that were applied for the first time in the 2019 financial year are discussed below:

IFRS 16 "Leases" establishes new principles for, in particular, accounting by lessees. As a general rule, a lease liability is to be recognised for all leases. At the same time the lessee shall recognise a right to use the underlying asset. Accounting by lessors remains virtually unchanged in comparison with existing practice, according to which each lease is classified either as a finance lease or as an operating lease. Hannover Re is applying the standard using a modified retrospective approach and recognising the cumulative effect of application of the standard in retained earnings as at 1 January 2019. The figures for the previous year are therefore not restated. As at 1 January 2019 rights of use and lease liabilities were recognised in an amount of EUR 91.1 million. After allowance for deferred taxes on income, application of the standard led to an increase in retained earnings of EUR 2.1 million.

Furthermore, a number of other amendments to existing standards and interpretations were issued with no significant implications for the consolidated financial statement:

- Annual Improvements to IFRS Standards 2015–2017 Cycle
- Amendments to IAS 19: Plan Amendment, Curtailment or Settlement
- Amendments to IAS 28: Long-term Interests in Associates and Joint Ventures
- IFRIC Interpretation 23 Uncertainty over Income Tax Treatments

Hannover Re is exercising the temporary exemption from applying IFRS 9 "Financial Instruments" that is available to companies whose activities are predominantly connected with insurance.

With economic effect from 1 January 2019 HDI Global SE acquired 50.2% of the shares in HDI Global Specialty SE (formerly: International Insurance Company of Hannover SE) for a purchase price of EUR 107.2 million. All shares in International Insurance Company of Hannover SE were held by Hannover Rück SE. Deconsolidation of the company gave rise to income of EUR 6.3 million in the first quarter of 2019. The remaining shares are included at equity in the consolidated financial statement.

The financial statement was released for publication by a resolution of the Executive Board on 3 May 2019.

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