

Consolidated financial statements



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Consolidated balance sheet as at 31 December 2013

Assets in EUR thousand	Notes	31.12.2013	31.12.2012 ¹	1.1.2012 ¹
Fixed-income securities – held to maturity	6.1	2,666,787	3,605,956	4,156,089
Fixed-income securities – loans and receivables	6.1	3,209,100	3,415,187	3,524,735
Fixed-income securities – available for sale	6.1	22,409,892	21,782,072	17,328,911
Fixed-income securities – at fair value through profit or loss	6.1	36,061	147,413	161,130
Equity securities – available for sale	6.1	28,980	29,246	40,387
Other financial assets – at fair value through profit or loss	6.1	70,082	60,835	21,026
Real estate and real estate funds	6.1	1,094,563	647,961	525,097
Investments in associated companies	6.1	144,489	133,017	127,554
Other invested assets	6.1	1,023,214	970,798	931,421
Short-term investments	6.1	549,138	509,718	1,017,886
Cash	6.1	642,936	572,188	506,963
Total investments and cash under own management		31,875,242	31,874,391	28,341,199
Funds withheld	6.2	14,267,831	14,627,847	13,232,054
Contract deposits	6.3	75,541	123,258	109,719
Total investments		46,218,614	46,625,496	41,682,972
Reinsurance recoverables on unpaid claims	6.7	1,403,804	1,538,215	1,550,587
Reinsurance recoverables on benefit reserve	6.7	344,154	507,257	380,714
Prepaid reinsurance premium	6.7	139,039	138,373	91,823
Reinsurance recoverables on other technical reserves	6.7	6,893	2,611	7,810
Deferred acquisition costs	6.4	1,672,398	1,841,279	1,926,570
Accounts receivable	6.4	2,945,685	3,065,664	3,139,327
Goodwill	6.5	57,070	59,099	59,289
Deferred tax assets	7.5	508,841	620,456	683,194
Other assets	6.6	603,627	402,655	336,650
Accrued interest and rent		4,193	4,238	5,931
Assets held for sale	6.1	11,226	6,333	2,391
Total assets		53,915,544	54,811,676	49,867,258

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

Liabilities in EUR thousand	Notes	31.12.2013	31.12.2012 ¹	1.1.2012 ¹
Loss and loss adjustment expense reserve	6.7	21,666,932	21,610,698	20,767,317
Benefit reserve	6.7	10,631,451	10,974,570	10,309,066
Unearned premium reserve	6.7	2,405,497	2,339,809	2,215,864
Other technical provisions	6.7	269,571	214,219	207,262
Funds withheld	6.8	648,026	821,060	644,587
Contract deposits	6.9	5,569,932	5,797,884	5,008,193
Reinsurance payable		1,071,654	1,121,409	733,348
Provisions for pensions	6.10	116,412	126,156	95,250
Taxes	7.5	222,795	237,552	185,015
Deferred tax liabilities	7.5	1,712,392	1,960,073	1,721,961
Other liabilities	6.11	605,895	493,311	441,825
Long-term debt and subordinated capital	6.12	2,464,960	2,400,791	1,934,410
Total liabilities		47,385,517	48,097,532	44,264,098
Shareholders' equity				
Common shares	6.13	120,597	120,597	120,597
Nominal value: 120,597 Conditional capital: 60,299	6.13			
Additional paid-in capital		724,562	724,562	724,562
Common shares and additional paid-in capital		845,159	845,159	845,159
Cumulative other comprehensive income				
Unrealised gains and losses on investments		533,745	987,918	453,115
Cumulative foreign currency translation adjustment		(246,279)	(16,119)	11,559
Changes from hedging instruments		(9,455)	(9,455)	–
Other changes in cumulative other comprehensive income		(16,452)	(24,417)	(4,159)
Total other comprehensive income		261,559	937,927	460,515
Retained earnings		4,781,718	4,249,386	3,661,844
Equity attributable to shareholders of Hannover Rück SE		5,888,436	6,032,472	4,967,518
Non-controlling interests	6.13	641,591	681,672	635,642
Total shareholders' equity		6,530,027	6,714,144	5,603,160
Total liabilities		53,915,544	54,811,676	49,867,258

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

Consolidated statement of income 2013

in EUR thousand	Notes	1.1.–31.12.2013	1.1.–31.12.2012 ¹
Gross written premium	7.1	13,963,409	13,774,244
Ceded written premium		1,542,921	1,407,851
Change in gross unearned premium		(203,238)	(146,108)
Change in ceded unearned premium		9,414	58,957
Net premium earned		12,226,664	12,279,242
Ordinary investment income	7.2	1,041,318	1,088,409
Profit/loss from investments in associated companies	7.2	12,536	10,415
Realised gains and losses on investments	7.2	144,151	227,508
Change in fair value of financial instruments	7.2	(27,136)	89,268
Total depreciation, impairments and appreciation of investments	7.2	19,098	19,067
Other investment expenses	7.2	97,309	96,369
Net income from investments under own management		1,054,462	1,300,164
Income/expense on funds withheld and contract deposits	7.2	357,348	355,486
Net investment income		1,411,810	1,655,650
Other technical income	7.3	1,907	1,455
Total revenues		13,640,381	13,936,347
Claims and claims expenses	7.3	9,127,546	8,865,928
Change in benefit reserves	7.3	146,691	529,283
Commission and brokerage, change in deferred acquisition costs	7.3	2,690,173	2,649,693
Other acquisition costs		5,608	17,353
Other technical expenses	7.3	7,874	4,575
Administrative expenses	7.3	333,674	310,790
Total technical expenses		12,311,566	12,377,622
Other income and expenses	7.4	(99,753)	(164,820)
Operating profit/loss (EBIT)		1,229,062	1,393,905
Interest on hybrid capital	6.12	126,670	104,511
Net income before taxes		1,102,392	1,289,394
Taxes	7.5	163,143	364,405
Net income		939,249	924,989
thereof			
Non-controlling interest in profit and loss		43,782	75,397
Group net income		895,467	849,592
Earnings per share (in EUR)	8.5		
Basic earnings per share		7.43	7.04
Diluted earnings per share		7.43	7.04

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

Consolidated statement of comprehensive income 2013

in EUR thousand	1.1.–31.12.2013	1.1.–31.12.2012 ¹
Net income	939,249	924,989
Not reclassifiable to the consolidated statement of income		
Actuarial gains and losses		
Gains (losses) recognised directly in equity	13,106	(33,315)
Tax income (expense)	(4,203)	10,660
	8,903	(22,655)
Income and expense recognised directly in equity that cannot be reclassified		
Gains (losses) recognised directly in equity	13,106	(33,315)
Tax income (expense)	(4,203)	10,660
	8,903	(22,655)
Reclassifiable to the consolidated statement of income		
Unrealised gains and losses on investments		
Gains (losses) recognised directly in equity	(536,739)	944,864
Transferred to the consolidated statement of income	(118,169)	(156,920)
Tax income (expense)	181,079	(218,330)
	(473,829)	569,614
Currency translation		
Gains (losses) recognised directly in equity	(269,180)	(32,338)
Transferred to the consolidated statement of income	(5,507)	–
Tax income (expense)	40,930	2,807
	(233,757)	(29,531)
Changes from the measurement of associated companies		
Gains (losses) recognised directly in equity	1,712	4,806
	1,712	4,806
Changes from hedging instruments		
Gains (losses) recognised directly in equity	–	(13,890)
Tax income (expense)	–	4,435
	–	(9,455)
Reclassifiable income and expense recognised directly in equity		
Gains (losses) recognised directly in equity	(804,207)	903,442
Transferred to the consolidated statement of income	(123,676)	(156,920)
Tax income (expense)	222,009	(211,088)
	(705,874)	535,434
Total income and expense recognised directly in equity		
Gains (losses) recognised directly in equity	(791,101)	870,127
Transferred to the consolidated statement of income	(123,676)	(156,920)
Tax income (expense)	217,806	(200,428)
	(696,971)	512,779
Total recognised income and expense	242,278	1,437,768
thereof:		
Attributable to non-controlling interests	23,179	104,862
Attributable to shareholders of Hannover Rück SE	219,099	1,332,906

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

Consolidated statement of changes in shareholders' equity 2013

in EUR thousand	Common shares	Additional paid-in capital	Other reserves (cumulative other comprehensive income)	
			Unrealised gains/losses	Currency translation
Balance as at 1.1.2012	120,597	724,562	453,115	11,559
Adjusted on the basis of IAS 8 ¹	–	–	–	–
Balance as at 1.1.2012 (adjusted)	120,597	724,562	453,115	11,559
Changes in ownership interest with no change of control status	–	–	(150)	(35)
Changes in the consolidated group	–	–	–	–
Capital increases/additions	–	–	–	–
Capital repayments	–	–	–	–
Acquisition/disposal of treasury shares	–	–	–	–
Total income and expense recognised directly in equity ¹	–	–	540,670	(27,643)
Other changes recognised outside income	–	–	(5,717)	–
Net income ¹	–	–	–	–
Dividends paid	–	–	–	–
Balance as at 31.12.2012	120,597	724,562	987,918	(16,119)
Balance as at 1.1.2013	120,597	724,562	987,918	(16,119)
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 in equity	–	–	(454,173)	(230,160)
Net income	–	–	–	–
Dividends paid	–	–	–	–
Balance as at 31.12.2013	120,597	724,562	533,745	(246,279)

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

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				
–	(18,553)	3,679,351	4,970,631	636,024	5,606,655
–	14,394	(17,507)	(3,113)	(382)	(3,495)
–	(4,159)	3,661,844	4,967,518	635,642	5,603,160
–	–	(1,434)	(1,619)	1,685	66
–	–	(12,716)	(12,716)	1,026	(11,690)
–	–	–	–	13,586	13,586
–	–	–	–	(6,389)	(6,389)
–	–	(363)	(363)	–	(363)
(9,455)	(20,258)	–	483,314	29,465	512,779
–	–	5,717	–	–	–
–	–	849,592	849,592	75,397	924,989
–	–	(253,254)	(253,254)	(68,740)	(321,994)
(9,455)	(24,417)	4,249,386	6,032,472	681,672	6,714,144
(9,455)	(24,417)	4,249,386	6,032,472	681,672	6,714,144
–	–	(1,349)	(1,349)	1,426	77
–	–	–	–	(14,265)	(14,265)
–	–	–	–	115	115
–	–	–	–	(2,043)	(2,043)
–	–	5	5	–	5
–	7,965	–	(676,368)	(20,603)	(696,971)
–	–	895,467	895,467	43,782	939,249
–	–	(361,791)	(361,791)	(48,493)	(410,284)
(9,455)	(16,452)	4,781,718	5,888,436	641,591	6,530,027

Consolidated cash flow statement 2013

in EUR thousand	1.1.–31.12.2013	1.1.–31.12.2012 ¹
I. Cash flow from operating activities		
Net income	939,249	924,989
Appreciation/depreciation	30,622	51,861
Net realised gains and losses on investments	(144,151)	(227,508)
Change in fair value of financial instruments	27,136	(89,268)
Realised gains and losses on deconsolidation	(6,661)	–
Income from the recognition of negative goodwill	(173)	–
Amortisation of investments	98,146	75,002
Changes in funds withheld	(70,492)	(1,184,267)
Net changes in contract deposits	(78,143)	787,965
Changes in prepaid reinsurance premium (net)	193,824	87,280
Changes in tax assets/provisions for taxes	(89,114)	157,329
Changes in benefit reserve (net)	75,705	485,498
Changes in claims reserves (net)	1,118,155	972,780
Changes in deferred acquisition costs	67,431	79,805
Changes in other technical provisions	70,075	15,385
Changes in clearing balances	(106,432)	436,653
Changes in other assets and liabilities (net)	100,319	63,658
Cash flow from operating activities	2,225,496	2,637,162

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

in EUR thousand	1.1.–31.12.2013	1.1.–31.12.2012
II. Cash flow from investing activities		
Fixed-income securities – held to maturity		
Maturities	912,993	508,246
Purchases	(46,980)	–
Fixed-income securities – loans and receivables		
Maturities, sales	462,581	335,939
Purchases	(283,585)	(229,982)
Fixed-income securities – available for sale		
Maturities, sales	8,220,723	9,082,887
Purchases	(10,519,496)	(12,815,691)
Fixed-income securities – at fair value through profit or loss		
Maturities, sales	79,646	45,226
Purchases	(12,074)	(20,982)
Equity securities – available for sale		
Maturities	15,432	17,220
Sales	(12,302)	(1,996)
Other financial assets – at fair value through profit or loss		
Maturities	4,481	2,071
Sales	(92)	–
Other invested assets		
Maturities	131,650	180,259
Sales	(172,207)	(188,416)
Affiliated companies and participating interests		
Maturities	22,514	79
Sales	(3,105)	(5,883)
Real estate and real estate funds		
Maturities	55,963	232,894
Sales	(508,308)	(315,107)
Short-term investments		
Changes	(74,218)	499,466
Other changes (net)	(35,134)	(39,097)
Cash flow from investing activities	(1,761,518)	(2,712,867)

in EUR thousand	1.1.–31.12.2013	1.1.–31.12.2012
III. Cash flow from financing activities		
Contribution from capital measures	1,920	15,633
Payment on capital measures	(6,096)	(8,307)
Structural change without loss of control	77	66
Dividends paid	(410,284)	(321,994)
Proceeds from long-term debts	77,405	588,575
Repayment of long-term debts	(10,705)	(125,243)
Acquisition/disposal of treasury shares	5	(363)
Cash flow from financing activities	(347,678)	148,367
IV. Exchange rate differences on cash	(41,719)	(7,437)
Cash and cash equivalents at the beginning of the period	572,188	506,963
Change in cash and cash equivalents (I. + II. + III. + IV.)	74,581	65,225
Changes in the consolidated group	(3,833)	–
Cash and cash equivalents at the end of the period	642,936	572,188
Supplementary information on the cash flow statement ¹		
Income taxes paid (on balance)	(278,326)	(235,783)
Dividend receipts ²	60,673	70,748
Interest received	1,457,912	1,399,204
Interest paid	(168,701)	(168,235)

¹ In the year under review the supplementary information on the cash flow statement was expanded to include dividend receipts as well as a breakdown of interest received and paid. The figures for the previous year were recalculated in this context. The income taxes as well as dividend receipts and interest received are included entirely in the cash flow from operating activities. The interest paid is attributable in an amount of EUR 120,929 thousand (EUR 122,770 thousand) to the cash flow from financing activities and in an amount of EUR 47,772 thousand (EUR 45,465 thousand) to the cash flow from operating activities.

² Including dividend-like profit participations from investment funds