

Consolidated financial statements



Consolidated balance sheet as at 31 December 2012	110
Consolidated statement of income 2012	112
Consolidated statement of comprehensive income 2012	113
Consolidated statement of changes in shareholders' equity 2012	114
Consolidated cash flow statement 2012	116
Notes to the consolidated financial statements 2012	119

Consolidated balance sheet as at 31 December 2012

Assets in EUR thousand	Notes	31.12.2012	31.12.2011
Fixed-income securities – held to maturity	6.1	3,605,956	4,156,089
Fixed-income securities – loans and receivables	6.1	3,415,187	3,524,735
Fixed-income securities – available for sale	6.1	21,782,072	17,328,911
Fixed-income securities – at fair value through profit or loss	6.1	147,413	161,130
Equity securities – available for sale	6.1	29,246	40,387
Other financial assets – at fair value through profit or loss	6.1	60,835	21,026
Real estate and real estate funds	6.1	647,961	525,097
Investments in associated companies	6.1	133,017	127,554
Other invested assets	6.1	970,798	931,421
Short-term investments	6.1	509,718	1,017,886
Cash	6.1	572,188	506,963
Total investments and cash under own management		31,874,391	28,341,199
Funds withheld	6.2	14,627,847	13,232,054
Contract deposits	6.3	123,258	109,719
Total investments		46,625,496	41,682,972
Reinsurance recoverables on unpaid claims	6.7	1,538,215	1,550,587
Reinsurance recoverables on benefit reserve	6.7	507,257	380,714
Prepaid reinsurance premium	6.7	138,373	91,823
Reinsurance recoverables on other technical reserves	6.7	2,611	7,810
Deferred acquisition costs	6.4	1,841,279	1,926,570
Accounts receivable	6.4	3,065,664	3,139,327
Goodwill	6.5	59,099	59,289
Deferred tax assets	7.5	620,493	682,888
Other assets	6.6	402,655	336,650
Accrued interest and rent		4,238	5,931
Assets held for sale	6.1	6,333	2,391
Total assets		54,811,713	49,866,952

Liabilities in EUR thousand	Notes	31.12.2012	31.12.2011
Loss and loss adjustment expense reserve	6.7	21,610,698	20,767,317
Benefit reserve	6.7	10,974,570	10,309,066
Unearned premium reserve	6.7	2,339,809	2,215,864
Other technical provisions	6.7	214,219	207,262
Funds withheld	6.8	821,060	644,587
Contract deposits	6.9	5,797,884	5,008,193
Reinsurance payable		1,121,409	733,348
Provisions for pensions	6.10	86,464	88,299
Taxes	7.5	237,552	185,015
Deferred tax liabilities	7.5	1,972,373	1,723,265
Other liabilities	6.11	494,604	443,671
Long-term debt and subordinated capital	6.12	2,400,791	1,934,410
Total liabilities		48,071,433	44,260,297
Shareholders' equity			
Common shares	6.13	120,597	120,597
Nominal value: 120,597			
Conditional capital: 60,299	6.13		
Additional paid-in capital		724,562	724,562
Common shares and additional paid-in capital		845,159	845,159
Cumulative other comprehensive income			
Unrealised gains and losses on investments		987,918	453,115
Cumulative foreign currency translation adjustment		(16,216)	11,559
Changes from hedging instruments		(9,455)	–
Other changes in cumulative other comprehensive income		(27,211)	(18,553)
Total other comprehensive income		935,036	446,121
Retained earnings		4,275,613	3,679,351
Equity attributable to shareholders of Hannover Re		6,055,808	4,970,631
Non-controlling interests	6.13	684,472	636,024
Total shareholders' equity		6,740,280	5,606,655
Total liabilities		54,811,713	49,866,952

Consolidated statement of income 2012

in EUR thousand	Notes	1.1.–31.12.2012	1.1.–31.12.2011
Gross written premium	7.1	13,774,244	12,096,113
Ceded written premium		1,407,851	1,069,745
Change in gross unearned premium		(146,108)	(269,189)
Change in ceded unearned premium		58,957	(5,668)
Net premium earned		12,279,242	10,751,511
Ordinary investment income	7.2	1,088,409	966,171
Profit/loss from investments in associated companies	7.2	10,415	3,088
Realised gains and losses on investments	7.2	227,508	179,560
Unrealised gains and losses on investments	7.2	89,268	(38,795)
Total depreciation, impairments and appreciation of investments	7.2	19,067	(5,801)
Other investment expenses	7.2	96,369	70,322
Net income from investments under own management		1,300,164	1,045,503
Income/expense on funds withheld and contract deposits	7.2	355,486	338,538
Net investment income		1,655,650	1,384,041
Other technical income	7.3	1,455	8,841
Total revenues		13,936,347	12,144,393
Claims and claims expenses	7.3	8,853,346	8,029,895
Change in benefit reserves	7.3	529,283	621,460
Commission and brokerage, change in deferred acquisition costs	7.3	2,649,693	2,336,128
Other acquisition costs		17,353	10,675
Other technical expenses	7.3	4,575	8,954
Administrative expenses	7.3	310,790	289,063
Total technical expenses		12,365,040	11,296,175
Other income and expenses	7.4	(164,844)	(6,801)
Operating profit/loss (EBIT)		1,406,463	841,417
Interest on hybrid capital	6.12	104,511	99,169
Net income before taxes		1,301,952	742,248
Taxes	7.5	368,229	65,460
Net income		933,723	676,788
thereof			
Non-controlling interest in profit and loss		75,411	70,815
Group net income		858,312	605,973
Earnings per share (in EUR)	8.5		
Basic earnings per share		7.12	5.02
Diluted earnings per share		7.12	5.02

Consolidated statement of comprehensive income 2012

in EUR thousand	1.1.–31.12.2012	1.1.–31.12.2011
Net income	933,723	676,788
Unrealised gains and losses on investments		
Gains (losses) recognised directly in equity	944,864	257,798
Transferred to the consolidated statement of income	(156,920)	(138,484)
Tax income (expense)	(218,330)	(34,919)
	569,614	84,395
Currency translation		
Gains (losses) recognised directly in equity	(32,428)	46,970
Transferred to the consolidated statement of income	–	23,098
Tax income (expense)	2,807	(5,383)
	(29,621)	64,685
Changes from hedging instruments		
Gains (losses) recognised directly in equity	(13,890)	–
Tax income (expense)	4,435	–
	(9,455)	–
Changes from the measurement of associated companies		
Gains (losses) recognised directly in equity	4,806	(3,101)
	4,806	(3,101)
Other changes		
Gains (losses) recognised directly in equity	(12,429)	(25,464)
Tax income (expense)	3,771	7,477
	(8,658)	(17,987)
Total income and expense recognised directly in equity		
Gains (losses) recognised directly in equity	890,923	276,203
Transferred to the consolidated statement of income	(156,920)	(115,386)
Tax income (expense)	(207,317)	(32,825)
	526,686	127,992
Total recognised income and expense	1,460,409	804,780
thereof:		
Attributable to non-controlling interests	107,280	65,376
Attributable to shareholders of Hannover Re	1,353,129	739,404

Consolidated statement of changes in shareholders' equity 2012

in EUR thousand	Common shares	Additional paid-in capital	Other reserves (cumulative other comprehensive income)	
			Unrealised gains/losses	Currency translation
Balance as at 1.1.2011	120,597	724,562	372,094	(52,954)
Changes in ownership interest with no change of control status	-	-	-	-
Changes in the consolidated group	-	-	-	-
Capital increases/additions	-	-	-	-
Capital repayments	-	-	-	-
Acquisition/disposal of treasury shares	-	-	-	-
Total income and expense recognised directly in equity	-	-	81,021	64,513
Net income	-	-	-	-
Dividends paid	-	-	-	-
Balance as at 31.12.2011	120,597	724,562	453,115	11,559
Balance as at 1.1.2012	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 in equity	-	-	540,670	(27,740)
Other changes recognised outside income ¹	-	-	(5,717)	-
Net income	-	-	-	-
Dividends paid	-	-	-	-
Balance as at 31.12.2012	120,597	724,562	987,918	(16,216)

¹ See Section 3.1 "Changes in accounting policies"

Continuation: Other reserves (cumulative other comprehensive income)		Retained earnings	Equity attributable to shareholders of Hannover Re	Non-controlling interests	Total shareholders' equity
Hedging instruments	Other				
-	(6,450)	3,351,116	4,508,965	608,903	5,117,868
-	-	15	15	179	194
-	-	-	-	15	15
-	-	-	-	30	30
-	-	-	-	(8)	(8)
-	-	(380)	(380)	-	(380)
-	(12,103)	-	133,431	(5,439)	127,992
-	-	605,973	605,973	70,815	676,788
-	-	(277,373)	(277,373)	(38,471)	(315,844)
-	(18,553)	3,679,351	4,970,631	636,024	5,606,655
-	(18,553)	3,679,351	4,970,631	636,024	5,606,655
-	-	(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)	(8,658)	-	494,817	31,869	526,686
-	-	5,717	-	-	-
-	-	858,312	858,312	75,411	933,723
-	-	(253,254)	(253,254)	(68,740)	(321,994)
(9,455)	(27,211)	4,275,613	6,055,808	684,472	6,740,280

Consolidated cash flow statement 2012

in EUR thousand	1.1.–31.12.2012	1.1.–31.12.2011
I. Cash flow from operating activities		
Net income	933,723	676,788
Appreciation/depreciation	51,861	8,125
Net realised gains and losses on investments	(227,508)	(179,560)
Net unrealised gains and losses on investments	(89,268)	38,795
Amortisation of investments	75,002	52,488
Changes in funds withheld	(1,184,267)	(1,632,756)
Net changes in contract deposits	787,965	828,891
Changes in prepaid reinsurance premium (net)	87,280	274,857
Changes in tax assets/provisions for taxes	161,154	(88,173)
Changes in benefit reserve (net)	485,498	1,119,973
Changes in claims reserves (net)	960,198	1,782,089
Changes in deferred acquisition costs	79,805	(75,477)
Changes in other technical provisions	15,385	17,384
Changes in clearing balances	436,653	(268,688)
Changes in other assets and liabilities (net)	63,681	(31,874)
Cash flow from operating activities	2,637,162	2,522,862

in EUR thousand	1.1.–31.12.2012	1.1.–31.12.2011
II. Cash flow from investing activities		
Fixed-income securities – held to maturity		
Maturities	508,246	305,222
Purchases	–	(57,819)
Fixed-income securities – loans and receivables		
Maturities, sales	335,939	595,645
Purchases	(229,982)	(1,751,879)
Fixed-income securities – available for sale		
Maturities, sales	9,082,887	8,306,715
Purchases	(12,815,691)	(10,465,318)
Fixed-income securities – at fair value through profit or loss		
Maturities, sales	45,226	78,924
Purchases	(20,982)	(35,793)
Equity securities – available for sale		
Sales	17,220	730,689
Purchases	(1,996)	(281,014)
Other financial assets – at fair value through profit or loss		
Sales	2,071	468
Other invested assets		
Sales	180,259	95,050
Purchases	(188,416)	(162,155)
Affiliated companies and participating interests		
Sales	79	140,765
Purchases	(5,883)	(20,856)
Real estate and real estate funds		
Sales	232,894	37,868
Purchases	(315,107)	(148,431)
Short-term investments		
Changes	499,466	608,113
Other changes (net)	(39,097)	(17,447)
Cash flow from investing activities	(2,712,867)	(2,041,253)

in EUR thousand	1.1.–31.12.2012	1.1.–31.12.2011
III. Cash flow from financing activities		
Contribution from capital measures	15,633	30
Payment on capital measures	(8,307)	(4,110)
Acquisition/disposal of treasury shares	(363)	(380)
Structural change without loss of control	66	194
Dividends paid	(321,994)	(315,844)
Proceeds from long-term debts	588,575	31,056
Repayment of long-term debts	(125,243)	(160,812)
Cash flow from financing activities	148,367	(449,866)
IV. Exchange rate differences on cash	(7,437)	(7)
Cash and cash equivalents at the beginning of the period	506,963	475,227¹
Change in cash and cash equivalents (I. + II. + III. + IV.)	65,225	31,736
Cash and cash equivalents at the end of the period	572,188	506,963
Supplementary information on the cash flow statement²		
Income taxes paid	(226,263)	(97,503)
Dividend receipts ³	84,196	35,901
Interest received	1,395,741	1,191,214
Interest paid	(133,900)	(132,483)

¹ Thereof cash and cash equivalents of EUR 27,474 thousand of the companies of Clarendon Insurance Group, Inc., Wilmington, recognised as a disposal group

² 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 107,543 thousand (EUR 107,964 thousand) to the cash flow from financing activities and in an amount of EUR 26,357 thousand (EUR 24,519 thousand) to the cash flow from operating activities.

³ Including dividend-like profit participations from investment funds