Quarterly Statement as at 31 March 2017

Business development

- Pleasing Group net income of EUR 264.8 million
- Good underwriting result in property and casualty reinsurance
- Life and health reinsurance develops in line with expectations
- Investment income outperforms anticipated returns

We are satisfied with the development of our business in the first quarter of 2017 despite continued challenging general conditions associated with the prevailing soft market phase and the current low interest rate environment. Our Group net income reached a pleasing EUR 264.8 million. Both business groups, namely Property & Casualty and Life & Health reinsurance, as well as our investments played a part in this result, thereby establishing a good point of departure for achieving our year-end targets.

Gross written premium in total business climbed by 6.6% to EUR 4.5 billion (previous year: EUR 4.3 billion) as at 31 March 2017. At constant exchange rates growth would have come in at 5.9%. This figure is in line with our guidance for the full financial year. The level of retained premium was higher than in the previous year's comparable period at 89.6% (89.0%). Net premium earned increased by 5.4% to EUR 3.7 billion (EUR 3.5 billion); adjusted for exchange rate effects, growth of 4.3% would have been booked.

In view of the challenging climate we are thoroughly satisfied with the performance of our investments. After the appreciable increase in 2016, our portfolio of assets under own management recorded further modest growth to reach EUR 42.0 billion (31 December 2016: EUR 41.8 billion). It is highly gratifying to note that ordinary investment income rose by 18.9% year-on-year – despite the diminished return on our fixed-income securities – to EUR 319.1 million (EUR 268.5 million). This reflects above all the quite considerable income booked for the first quarter from private equity and real estate.

Interest on funds withheld and contract deposits decreased to EUR 72.9 million (EUR 83.5 million). Net realised gains were lower than in the comparable period at EUR 24.1 million (EUR 43.6 million). Our financial assets measured at fair value through profit or loss gave rise to net gains of EUR 10.9 million (EUR 10.5 million) in the period under review. The impairments taken in the reporting period were again very minimal. Income from investments under own management grew by 13.2% to EUR 320.0 million (EUR 282.7 million) as at 31 March 2017. Despite reduced realised gains we were thus able to more than make up for the difficult interest rate environment, principally through stronger income from alternative investments.

The operating profit (EBIT) for the Hannover Re Group totalled EUR 399.9 million (EUR 406.7 million). Group net income fell marginally short of the previous year's figure at EUR 264.8 million (EUR 271.2 million). Earnings per share amounted to EUR 2.20 (EUR 2.25).

Shareholders' equity grew by 3.6% as at 31 March 2017 to EUR 9.3 billion (31 December 2016: EUR 9.0 billion). The annualised return on equity remained on an attractive level at 11.6% (31 December 2016: 13.7%). The book value per share stood at EUR 77.26 (31 December 2016: EUR 74.61).