Deutsche Rück
Group

Deutsche Rückversicherung Group

2023

GROUP ANNUAL REPORT

Deutsche Rückversicherung Group

ANNUAL REPORT 2023

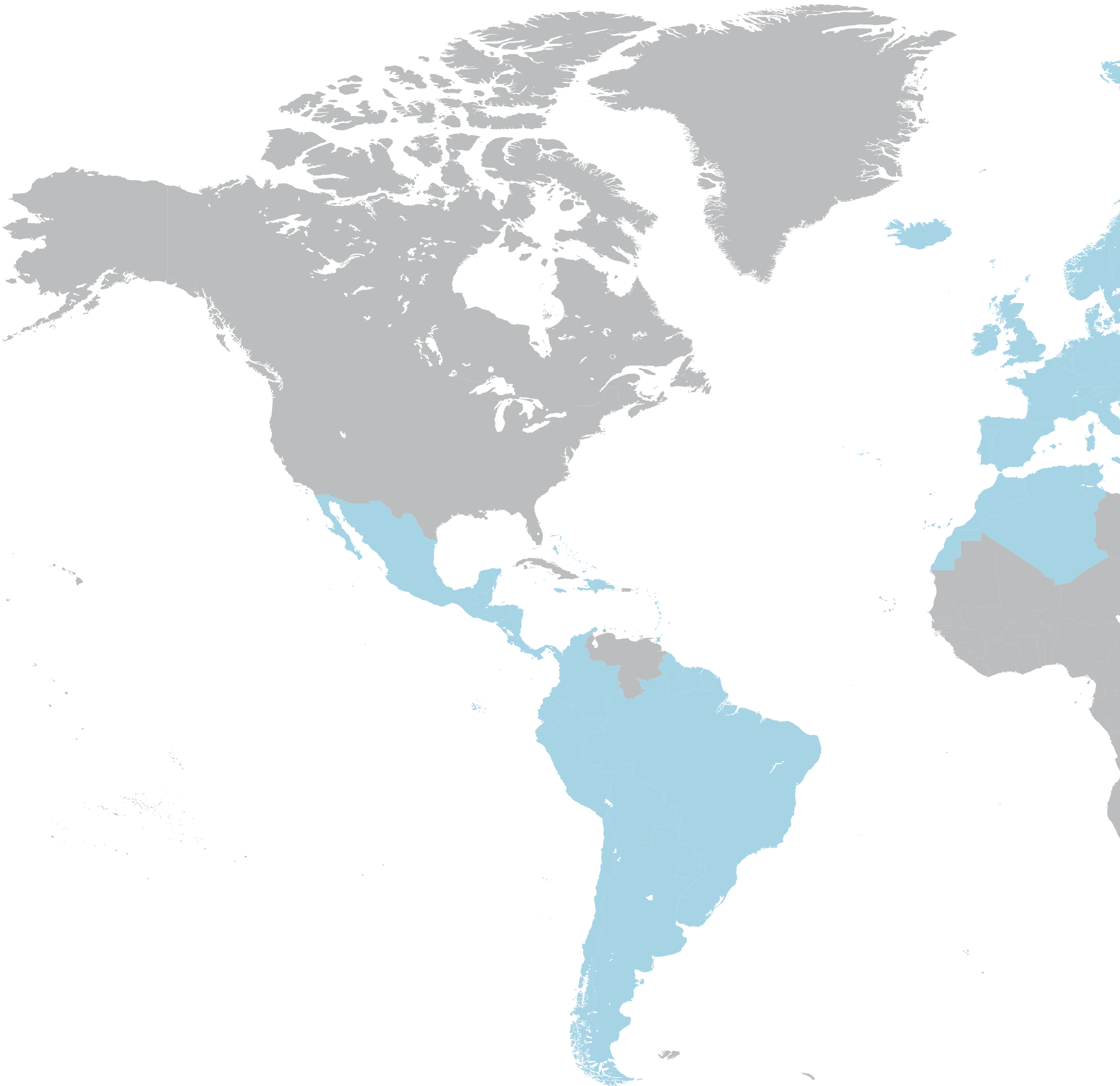
Gross premiums written
€1,762.0 m

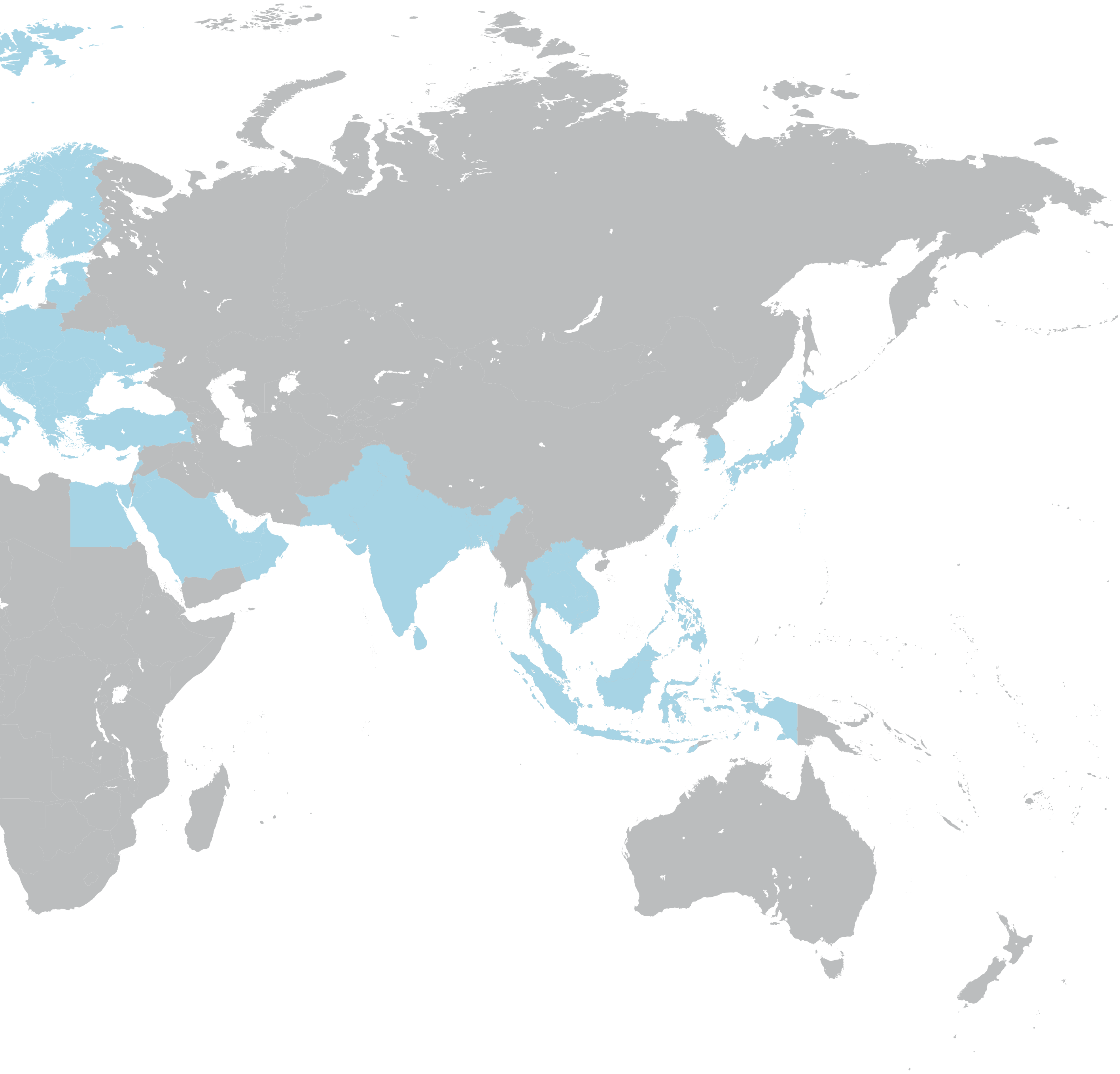
Securities
€2,783.0 m
incl. equalisation reserves, net provisions
for outstanding claims and for future policy benefits

Operating result
before tax
€12.0 m

STANDARD & POOR'S
Interactive Rating
very good financial
performance
A+

Our markets in 2023





Key figures of the Deutsche Rück Group

FINANCIAL YEARS in €m	2023	2022	2021	2020	2019
Gross premiums written	1,762.0	1,508.3	1,392.7	1,213.3	1,107.9
Net premiums earned	1,214.9	1,026.8	920.3	780.7	736.2
Net loss ratio (as % of net premiums earned)	70.6	62.2	73.2	63.4	68.1
Expense ratio – net (as % of net premiums earned)	28.7	28.3	27.7	32.7	33.5
Combined ratio – net (as % of net premiums earned)	99.6	90.8	101.1	95.9	101.1
Underwriting result – net (after change to the equalisation reserves)	–67.9	–9.7	–48.0	–41.4	–21.0
Result of general business	79.9	25.4	58.8	51.7	46.0
Operating result before tax	12.0	15.7	10.8	10.2	25.0
(as % of net premiums earned)	1.0	1.5	1.2	1.3	3.4
Net profit for the year after tax	12.0	10.5	3.5	9.7	13.5
(as % of net premiums earned)	1.0	1.0	0.4	1.2	1.8
Investments incl. deposits retained	2,994.6	2,598.9	2,466.2	2,291.7	2,177.4
(as % of net premiums earned)	246.5	253.1	268.0	293.5	295.8
Current average interest rates as % (total excl. deposits retained as %)	2.8	3.3	2.8	2.6	2.3
Net technical provisions (excl. equalisation reserves)	2,035.8	1,741.9	1,653.0	1,560.1	1,497.0
(as % of net premiums earned)	167.6	169.6	179.6	199.8	203.3
Security (before appropriation of profit)	891.1	849.4	774.7	758.0	639.2
(as % of net premiums earned)	73.3	82.7	84.2	97.1	86.8
thereof: **Balance sheet equity** (before appropriation of profit)	329.5	318.0	310.2	306.5	300.8
(as % of net premiums earned)	27.1	31.0	33.7	39.3	40.9
Hybrid capital	121.8	121.8	121.8	121.8	61.8
(as % of net premiums earned)	10.0	11.9	13.2	15.6	8.4
Equalisation reserves	439.8	409.6	342.8	329.7	276.7
(as % of net premiums earned)	36.2	39.9	37.3	42.2	37.6

Contents

Board of Executive Directors

Frank Schaar, Chief Executive Officer
Achim Bosch
Caren Büning (since 1 January 2024)
Michael Rohde

From left: Achim Bosch, Frank Schaar (Chief Executive Officer), Caren Büning, Michael Rohde.

Group Management Report

Group Management Report

BASIS OF THE GROUP

The Deutsche Rück Group is a multi-line reinsurer concentrating on property/casualty insurance. While the Group's biggest market is still Germany, the Deutsche Rück Group is also expanding its position in European and selected international markets. In recent years it has begun underwriting standard property and casualty business in Latin America and the Middle East, and since 2022 it has added markets in South, South-East and East Asia. In the 2024 financial year, it will now also expand its life reinsurance business to markets in the Middle East and North Africa. We place an emphasis on sustainable, long-term business partnerships. The rating agency Standard & Poor's regularly confirms its rating of "A+" for Deutsche Rück, acknowledging the company's solid, sustainable capital base, systematic underwriting policy and strong competitive position.

The company runs its business from the head office of Deutsche Rückversicherung AG in Düsseldorf and the site of its subsidiary Deutsche Rückversicherung Switzerland Ltd (DR Swiss) in Zurich.

The Group's annual report presents the reinsurance business of the companies Deutsche Rückversicherung AG in Düsseldorf and Deutsche Rückversicherung Switzerland Ltd (DR Swiss) in Zurich, which, as the risk carriers, form the basis for business management. The consolidated balance sheet shows the two risk carriers as one economic unit.

ECONOMIC REPORT

OVERALL ECONOMIC AND SECTOR-SPECIFIC CONDITIONS

Economy and labour market

Germany

The recovery of the German economy did not continue in 2023. Ongoing high prices at all levels of the economy curbed economic growth, while domestic and foreign demand fell and rising interest rates led to unfavourable financing conditions. Gross domestic product declined by 0.3 %, according to calculations by the Federal Office of Statistics. In the previous year it had grown by 1.8 %. Compared with 2019, the year before the pandemic began, GDP was up 0.7 % in 2023.

As in the previous year, development varied between individual economic sectors. Economic output in the manufacturing industry fell by a total of 2.0 % due to much lower production in the area of energy supply. In contrast, the construction industry recorded slight growth of 0.2 %, even though high construction costs, skills shortages and, above all, progressively worsening financing conditions continued to hinder development. Most service sectors further expanded their economic activities and thus continued to shore up the economy. However, growth was considerably weaker than in the previous two years. While the information and communication sector achieved the strongest growth of 2.6 %, activity declined by 1.0 % in trade, transport and hospitality. This was mainly due to significant drops in wholesale and retail trading.

Although the annual average inflation rate fell slightly to 5.9 %, having stood at 6.9 % in the previous year, it remained high. Food prices in particular increased significantly in 2023, causing private consumer spending, which had provided the biggest boost to the German economy in the previous year, to fall by 0.8 %. There was a particularly sharp drop in consumer spending on durable goods such as furniture and household appliances. Government spending also fell for the first time in almost 20 years (–1.7 %), largely due to the discontinuation of state-funded measures in connection with the pandemic.

Gross investment in construction fell by 2.1 % in 2023, with high construction prices and a noticeable increase in interest on construction loans curbing home building in particular. Subdued global economic development, among other factors, led to a drop in foreign trade as well. Imports (–3.0 %) fell more sharply than exports (–1.8 %), which meant that the positive trade balance bolstered GDP.

The number of people in employment reached a new historic high in 2023, climbing 0.7 % to 45.9 million according to the Federal Office of Statistics. That meant more people were employed in Germany than at any time since German reunification in 1990. However, the rise in employment was much smaller than in the previous year, occurred almost entirely in the service sectors and was solely due to an increase in employment of foreign nationals. At the same time, figures from the Federal Employment Agency show that the number of people registered as unemployed rose to an average of 2.6 million in 2023. The unemployment rate thus increased slightly by 0.4 percentage points to 5.7 %.

Government budgets showed a financing deficit of €82.7 billion at the end of 2023, a reduction of almost €14 billion compared with 2022. In particular, the German government significantly reduced its financing deficit. Although substantial payments for the gas and electricity price brake put a strain on the national budget, spending to combat the COVID-19 pandemic had largely stopped. The main burden on local authority budgets was increased expenditure for the large number of refugees. The German state had a deficit ratio of 2.0 %, which was considerably lower than in the previous three years and was thus once again below the European benchmark of 3.0 % in accordance with the Stability and Growth Pact.

World

The global economy expanded only moderately in 2023, having already slowed considerably in the previous year. Although inflation is now falling rapidly, the Kiel Institute for the World Economy believes that there are still no signs of an economic revival. Global industrial production remained weak, while global trade declined year on year. In advanced economies, high levels of uncertainty about overall economic conditions are currently curbing development, while fiscal stimulus measures have simultaneously ended. At the same time, economic momentum in China remains subdued owing to structural problems. Unemployment is set to rise slightly in advanced economies, but will remain at a historically low level. Inflation is falling again.

Europe

Having already lost momentum towards the end of the previous year, the euro zone economy virtually stagnated in 2023. In the context of volatile macroeconomic and geopolitical conditions, growth in GDP in the euro zone slowed to 0.5 %.

Central and Eastern European economies were also initially unable to continue their recovery and growth following restrictions due to the pandemic and the effects of the war in Ukraine. Even large economies such as Poland experienced an economic slowdown (0.5 %), following growth of 5.5 % in the previous year.

Latin America

After Latin America suffered one of the worst recessions in its history in 2020 as a result of the pandemic, the region experienced a strong countermovement in 2021 with growth of 6.6 %. This recovery has slowed considerably since 2022. According to the United Nations Economic Commission for Latin America and the Caribbean (CEPAL), average real growth in Latin American GDP dropped to 3.7 % in 2022 and 2.2 % in 2023. This diminishing growth was accompanied by falling average inflation in Latin America. Having stood at 8.2 % in 2022, the average inflation rate is estimated to have been 3.8 % in 2023.

Middle East

In Middle Eastern countries, especially the six countries on the Gulf Cooperation Council (GCC) (Bahrain, Qatar, Kuwait, Oman, Saudi Arabia and the United Arab Emirates), economic diversification and the development of non-oil sectors had a positive impact on the creation of job opportunities. The growth of 1 % recorded in 2023 was primarily due to reduced activity in the oil sector as a result of gradual production cuts by oil-exporting nations and the global economic slowdown. However, the decline in the oil sector was more than offset by non-oil sectors, which are expected to have grown by 3.9 % in 2023. This development was bolstered by sustained private consumer spending, strategic investment in fixed assets and favourable fiscal policy.

North Africa

The Moroccan economy remains the strongest and most stable in North Africa, thanks to the availability of labour at moderate costs, well-developed transport infrastructure, industry and tourism. The government is pursuing a plan of making Morocco a production centre for green hydrogen. At the same time, the country is aiming to establish itself as a nearshoring location for future industries. GDP grew by 2.4 % in 2023, almost twice as strongly as in the previous year. By contrast, the Algerian economy remained very isolated, with very weak development despite high income from fossil energy sources. Tunisia continues to suffer from political instability, leading to high inflation, a lack of confidence among international investors and restraint among tourists, who are vital to the economy.

Asia
Asia's economies remained an important engine of global growth in 2023, despite grappling with a shift in global demand from goods towards services and tighter monetary policy. The International Monetary Fund (IMF) forecasts growth of 4.6 % for the region in 2023, compared with 3.9 % in the previous year.

Developments in the insurance market
Germany
Following a slight decline in the previous year, premium income of German insurers rose again slightly across all lines of business by 0.6 % to €224.7 billion, according to initial projections by the German Insurance Association (GDV). While premiums in life insurance declined further, property and casualty insurance and private health insurance once again recorded premium growth.

Premium income in property and casualty insurance was up 6.7 % at €84.5 billion in 2023. However, total claims expenditure increased by 12.7 % to €65.4 billion, a much higher level of growth than in premiums. In motor insurance alone, higher prices due to inflation, coupled with only a small increase in average premiums, led to a technical loss of around €2.9 billion. At the end of the year, the Christmas floods in northern and central Germany resulted in insured losses of €200 million, according to initial estimates by the GDV.

In life insurance including pension schemes and pension funds, total premium income (excluding provisions for premium refunds) fell sharply by 5.2 % to €92.0 billion. The difficult overall economic situation, combined with weak growth in real wages, put a strain on business. While business with regular premiums developed robustly, business with lump-sum premiums experienced a further decline.

Premiums in private health insurance were up 2.3 % at €48.2 billion. Of this sum, €42.6 billion related to private health insurance (+1.3 %) and €5.6 billion to private long-term care insurance (+10.3 %). Insurance benefits paid out rose significantly to €36.4 billion, representing an increase of 9.1 %.

Europe
Western European insurance markets faced significant challenges in 2023 due to high inflation and an accumulation of major losses due to natural catastrophes. Italy alone was affected by floods, landslides, forest fires, storms and hail. Severe storms in northern Italy in July led to insurance claims totalling €2.2 billion. Motor insurance premiums rose significantly in the UK over the course of the year, generating higher premium income for reinsurers.

Central and Eastern European markets achieved solid growth. In particular, insurers here have managed to offset the impact of inflationary developments through corresponding premium increases across the board, so that loss ratios are likely to be close to the long-term average overall. The latest figures show premium growth of 9.4 % in Poland and 14.5 % in Hungary.

Latin America

Latin American insurance markets have proved extremely robust in the pandemic, confirming that their growth dynamic is sustainable. In the last two years, we again observed stronger momentum in the insurance sector than in the economy as a whole. Demand for insurance products is continuing to grow among Latin America's middle classes, leading to a continual rise in penetration of the insurance market. As a result of the higher loss burden in recent years, the provision of reinsurance capacity has declined, particularly in the case of natural catastrophe risks. Quantitative and qualitative conditions hardened considerably in Latin American reinsurance markets, due to an increase in demand resulting from natural growth and higher inflation expectations.

Middle East

The GCC countries in the Middle East continued to invest in economic diversification and the sustainable development of renewable energies, to reduce their dependence on the oil market. Together with sustained private consumer spending and favourable fiscal policy, this boosted growth in the region's insurance and reinsurance markets.

North Africa

In North Africa, the earthquake in Morocco in September 2023 led to a significant improvement in reinsurance conditions, as well as a substantial increase in capacity on these markets. In Algeria, on the other hand, growth in the economy, and thus also in the insurance sector, remains very weak. The Tunisian insurance market, like the country's economy, is suffering as a result of political instability.

Asia

The realisation that it is becoming increasingly difficult to predict financial volatility, for example due to inflation and climate change, is currently having an impact on insurance markets in Asia. Insurers and reinsurers are experiencing significant growth in the property insurance sector in Asia, driven by investment in infrastructure projects and rising demand for natural catastrophe cover and new property insurance solutions.

Capital market trends

The US Federal Reserve Bank and the European Central Bank (ECB) continued their interest rate hike cycle in 2023. Having already raised its base rate by 4.25 percentage points to 4.50 % in the previous year, the US central bank then raised it by a further 100 basis points to 5.50 % by the end of 2023. The ECB had been more cautious with its interest rate hikes in 2022, resulting in a more substantial increase of 200 basis points to 4.00 % in 2023. While central banks' restrictive monetary policy helped to dampen inflation, inflation rates are still above the central banks' targets.

Global stock markets recorded net price gains. Following a good start in the first half of the year, concerns about economic development led to increased volatility in the second half. This was further exacerbated when the conflict in the Gaza Strip flared up again in early October. By the end of the year, however, robust economic data and hopes that interest rates would soon be cut prevailed, leading to a rise in prices. Germany's DAX index gained 20.3 % in net terms over the year as a whole. Other market-leading stock market indices such as the US S&P 500 index and the European Dow Jones EuroStoxx 50 performed similarly. The S&P 500 climbed 24.2 % year on year, ending the year at 4,769 points, while the Dow Jones EuroStoxx 50 gained 19.2 % to 4,521 points.

The yield on ten-year US Treasuries initially rose as a result of interest rate hikes and the inflationary environment, peaking at almost 5.00 % in mid-October. However, the yield at the end of the year was unchanged in net terms from the beginning of the year at 3.87 %, driven by hopes of interest rate cuts. The return on ten-year German government bonds also increased significantly to begin with, reaching 2.97 % in the autumn, before ending the year at 2.02 %, 0.55 percentage points below its level at the start of the year.

The external value of the euro increased against the US dollar in net terms. Having begun the year at around USD 1.07, the euro stood at USD 1.10 at the end of the year following significant fluctuations. Commodities prices recorded substantial gains in the second half of 2023 in the wake of the conflict in the Middle East, but by the end of the year had fallen again in some cases. The price of crude oil, which had stood at around USD 86 per barrel of Brent at the beginning of the year, initially climbed to over USD 96 per barrel and closed the year at around USD 77 per barrel – a drop of about 10 % over the year as a whole. The gold price temporarily came under pressure, falling almost as low as USD 1,800 per fine ounce, but ultimately rose in net terms. Over the course of the year, it increased from USD 1,824 to USD 2,062 per fine ounce, a net gain of around 13 %.

BUSINESS PERFORMANCE AND RESULTS OF OPERATIONS

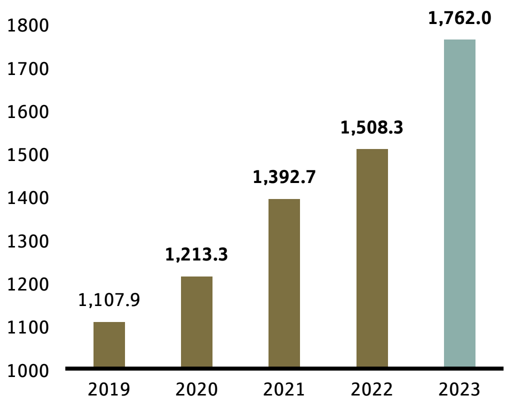
Technical business

The Deutsche Rück Group's earnings depend on premium income, the combined ratio, the technical result and investment income. These are regarded as the most important performance indicators and are explained below.

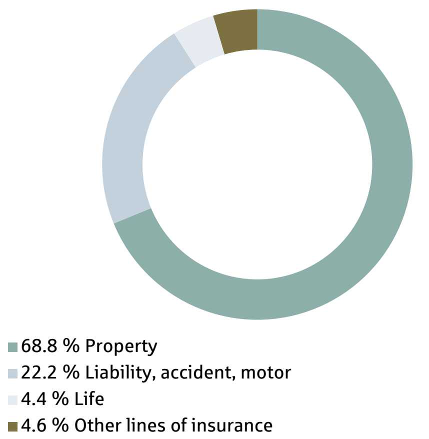
Premium income

PREMIUM INCOME BY CLASS OF BUSINESS FOR 2023	Gross premiums written		Net premiums earned	
		Difference to 2022		Difference to 2022
	in €'000	in %	in €'000	in %
Property	1,212,858	+ 22.0	707,144	+ 23.9
Liability, accident, motor	391,982	+ 5.9	383,554	+ 7.5
Life	76,791	– 12.7	57,530	+ 14.6
Other lines of insurance	80,377	+ 43.5	66,632	+ 36.1
Total	**1,762,008**	**+ 16.8**	**1,214,860**	**+ 18.3**

DEVELOPMENT OF GPE 2019 – 2023
in €m



PORTFOLIO STRUCTURE 2023
Share in gross premiums in %



Gross premiums written in the Deutsche Rück Group grew again in the 2023 financial year, rising by €253,685K or 16.8 % from €1,508,323K in the previous year to €1,762,008K in the year under review. The property insurance segment recorded the strongest premium growth, while liability, accident and motor insurance business and other lines of insurance also reported a rise in gross premiums. Gross premium income in life reinsurance declined in the year under review.

Premiums for our retrocessions increased by €61,739K or 13.1 % to €532,154K in the year under review.

Net premiums earned for own account rose by €191,946K or 18.5 % to €1,229,854K. **Net premiums earned** were up €188,068K or 18.3 % at €1,214,860K.

In **property business**, which accounts for over two thirds of our total gross premiums, premium income grew by €218,710K or 22.0 % from €994,148K to €1,212,858K. The bulk of this growth came from fire business (fire/BI/EC), with additional income of €93,636K, and natural hazards business (homeowners' comprehensive insurance/windstorm lines), with growth of €89,448K. With the exception of the home contents, burglary and mains water damage lines, which recorded a drop in premiums, gross premiums were also up year on year in all other property insurance lines. As a large portion of the property portfolio of Deutsche Rückversicherung AG is retroceded, this meant that premiums earned for own account came to €707,144K, up €136,298K (+23.9 %) on the previous year's volume.

Gross premium income in **liability, accident and motor insurance business**, the second-largest segment in our portfolio, came to €391,982K in the year under review, up €21,753K or 5.9 % on the previous year. Premiums in liability insurance grew by €9,717K or 13.7 % to €71,065K, followed by motor insurance business with premium growth of €9,191K or 3.3 % to €284,297K and the accident insurance line with growth of €2,845K or 11.8 % to €26,903K. Since liability, accident and motor insurance business is predominantly retained for own account, net premiums earned were only slightly lower than gross premiums, at €383,554K.

In **other lines of insurance**, the effects of the restructuring of residual credit business in the form of cancellation premiums, particularly in the health insurance line, were reduced in the year under review. Gross premiums rose by €24,366K or 43.5 % year on year to €80,377K. Net premiums earned for own account grew by €17,663K to €66,632K.

Life reinsurance recorded a decline in gross premiums of €11,144K or 12.7 % to €76,791K, due to residual credit business assumed. In contrast, client relationships in market business generated premium growth. Net premiums earned, to which residual credit business is of minor importance, were up €7,346K year on year at €57,530K.

Claims expenditure
The winter storm series YLENIA–ZEYNEP–ANTONIA (also known as DUDLEY, EUNICE and FRANKLIN), coupled with a higher number of fire claims, had led to a high gross claims burden for the Deutsche Rück Group in 2022. Gross claims expenditure increased by €94,105K from €993,892K to €1,087,997K in the year under review, largely due to claims in the liability, accident and motor insurance and fire lines. However, the **gross loss ratio** fell from 66.2 % to 62.4 % owing to strong premium growth. Through our retrocession scheme, which is geared towards property business, we were able to reduce gross claims expenditure in the affected lines. Our retrocession instruments provided total relief of €230,682K in the year under review, significantly less than the previous year's figure of €355,011K. This left a claims burden for own account of €857,315K, up €218,434K compared with the previous year's claims expenditure of €638,881K. In relation to net premiums earned, the net loss ratio rose by 8.4 percentage points from 62.2 % to 70.6 %.

In natural hazard lines, the number of major losses was much higher than in the previous year, although the total gross claims burden was down significantly year on year. The largest gross losses related to the summer storms KAY, LAMBERT and DENIS, storms TISNA and UNAI and hurricane OTIS, with total claims of €80,636K.

The number of major losses increased significantly in the fire lines, with many claims being retained for own account.

In **property business**, gross claims expenditure fell by a total of €17,345K to €711,156K. Although our retrocession scheme provided relief of €194,295K, this was less than in the previous year, leaving a significantly higher claims burden for own account in property business.

In **liability, accident and motor insurance business**, the gross claims burden rose by €137,936K from €192,537K in the previous year to €330,473K in the year under review. This increase was mainly attributable to motor insurance business. Gross claims expenditure was up by €122,760K compared with the previous year. The claims burden in liability business also increased by €13,718K. Gross claims expenditure in accident insurance was up slightly year on year. The gross loss ratio in liability, accident and motor insurance business rose by 31.2 percentage points from 53.0 % to 84.3 %. Since a large proportion of this business is retained for own account, this also roughly reflects the development in business for own account, with a net loss ratio of 81.1 %.

In **other lines of insurance**, which mainly comprise the residual credit business, gross losses declined by €26,138K. Claims expenditure for own account fell by €16,684K year on year, as retrocession provided less relief. In relation to higher net premiums earned, the net loss ratio declined from 75.6 % to 30.5 %.

The net loss ratio for non-life business as a whole rose by 8.4 percentage points from 64.9 % to 73.3 %.

Net claims expenditure in **life insurance business** came to €8,964K in the year under review, up €4,199K year on year. The net loss ratio increased from 9.5 % to 15.6 %.

Operating expenses

Ongoing strong premium growth led to a rise in operating expenses, although they did not increase to the same extent as premiums, as in many cases they depend on the development of claims. Gross expenditure increased from €433,910K to €497,852K in the year under review. Expenses increased less strongly on the retrocession side, with net expenses for insurance operations rising from €293,770K to €352,493K. The **net expense ratio** across all lines of business rose slightly from 28.3 % to 28.7 %.

Other technical expenses

As well as fire protection tax, changes in other provisions are consolidated under this item. Both fire protection tax and the increase in other provisions in property business led to a rise in expenses in the year under review. In total, other technical expenses increased by €5,892K to €20,262K.

Technical result

Following a profit of €57,104K in the previous year, the net technical account before changes to equalisation reserves closed the year under review with a loss of €37,740K. A sum of €30,167K was allocated to equalisation reserves and similar provisions in the year under review.

The technical account after the change in equalisation reserves and similar provisions closed 2023 with a significantly larger loss of €67,907K (previous year: loss of €9,661K).

Non-technical business

Investment income

Investment income developed as follows in the year under review: dividends from participating interests fell by €11,314K, while proportional profit contributions from associated companies also declined by €6,390K year on year.

In contrast, income from other investments grew by €10,353K to a total of €64,071K. Thanks to higher interest rates, income from time deposits and term money increased by €2,959K year on year. Bearer bonds and other fixed-interest securities also generated much higher income than in the previous year (€+4,127K), as did land charge claims (€+3,445K). The difference in interest rates between the currency areas of the euro and Swiss franc led to an improvement of €2,051K in income from currency forwards. Income from other loans (€–732K) and investment fund units (€–1,797K) declined, while the other asset classes remained at the same level as in the previous year.

The balance of write-backs and write-downs came to €–12,878K in the year under review and was mainly influenced by write-backs on interest-bearing investments and write-downs on participating interests, investment fund units and bearer bonds. Write-downs due to impairment that was expected to be permanent were carried out on fixed assets in the amount of €12,933K, as well as additional write-downs for impairment that was not expected to be permanent in the amount of €26,112K, which offset the recognition of charges.

The balance of gains and losses on the disposal of investments was positive, at €22,785K. Along with the planned sale of two associated property companies, price gains from the sale of shares and participating interests in companies in connection with the optimisation of the portfolio contributed to this.

In total, the Deutsche Rück Group generated investment income of €83,332K for the 2023 financial year, well above the previous year's figure of €34,590K. After deduction of interest income on technical provisions of €1,404K, €81,927K remained (previous year: €33,119K).

Overall, the Group's current average interest yield, which takes into account not only regular income but also regular expenses, amounted to 2.8 % (previous year: 3.3 %).

Other non-technical result

As expected, the balance of other income and other expenses was €–2,019K in the year under review (previous year: €–7,709K). Other income more than tripled due to higher exchange rate gains and higher interest on cash at banks, while other expenses changed only slightly compared with the previous year.

The non-technical account closed the year under review with a profit of €79,907K (previous year: €25,410K).

The operating result before tax declined by €3,748K year on year to €12,001K. This was due to a drop in the technical result to €–67,907K (previous year: €–9,661K) and the positive development of investment income after interest income on technical provisions, which amounted to €81,927K (previous year: €33,119K).

Net profit for the year and balance sheet profit

Having totalled €5,225K in the previous year, tax expenses fell sharply by €5,194K to €31K in the 2023 financial year. Along with the lower result, differences in the amounts shown for claims provisions, pension provisions and investments in the accounts prepared for tax purposes, as well as tax-free income, influenced this development.

The net profit for the year after tax came to €11,970K in the year under review (previous year: €10,524K). Taking into account the profit carried forward of €46,861K and minority interests in the profit for the year (€–1,368K) and the profit carried forward (€14,435K), a total consolidated balance sheet profit of €71,897K was achieved for the year under review (previous year: €65,022K).

NET ASSETS AND FINANCIAL POSITION

Net assets are influenced by the insurance business. Investments excluding deposits retained predominate on the assets side of the balance sheet, with a share in the Group's total assets of 84.7 % as at the balance sheet date (previous year: 82.7 %). The equity and liabilities side is dominated by net technical provisions, with a share of 75.1 % (previous year: 72.7 %).

Assets

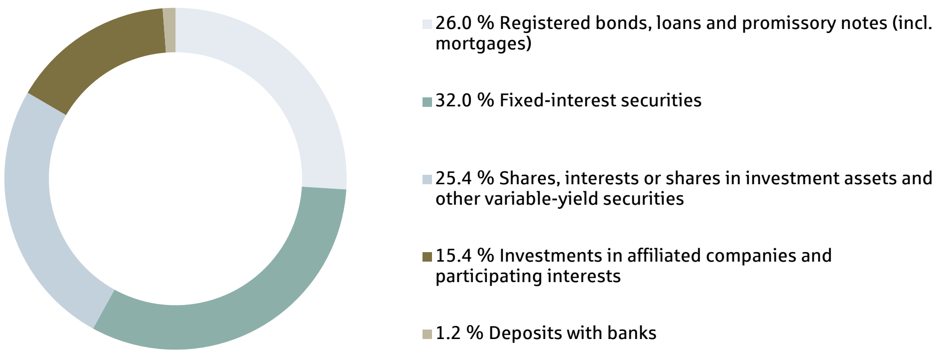
Investments excluding deposits retained increased by €346,571K to €2,793,723K in the year under review.

Portfolios grew in all asset classes. The asset class "fixed-interest securities" recorded the strongest growth of €180,854K, followed by the asset class "registered bonds, loans and promissory notes (including land charge claims)" with growth of €77,745K. In both asset classes, we were able to take advantage of higher interest rates when making new investments. The asset class "shares in affiliated companies and participating interests" also grew by €56,275K.

INVESTMENT PORTFOLIO STRUCTURE	2023		2022	
	in €'000	in %	in €'000	in %
Shares in affiliated companies and participating interests	430,991	15.4	374,716	15.3
Shares, interests or shares in investment assets and other variable-yield securities	709,734	25.4	700,651	28.6
Fixed-interest securities	894,182	32.0	713,328	29.1
Registered bonds, loans and promissory notes (incl. mortgages)	725,692	26.0	647,947	26.5
Deposits with banks	33,124	1.2	10,510	0.4
Total	**2,793,723**	**100.0**	**2,447,152**	**100.0**

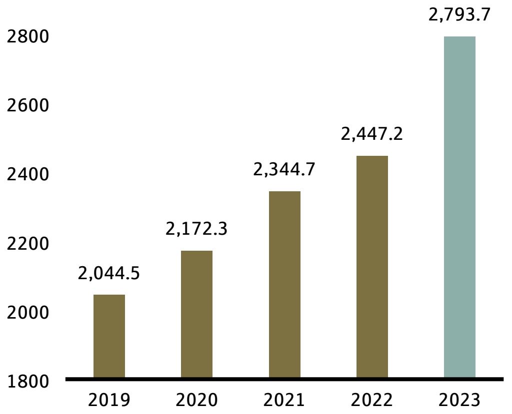
INVESTMENT STRUCTURE AS AT 31 DECEMBER 2023

in %



INVESTMENT PERFORMANCE 2019 – 2023

in €m



Receivables and other assets declined by €63,491K to a total of €281,513K in the year under review. This change was mainly due to a reduction of €60,480K in cash at banks. Receivables, consisting of accounts receivable from reinsurance business and other receivables, declined slightly by €2,991K to €200,422K.

Liabilities and shareholders' equity

Balance sheet equity increased by a total of €11,526K to €329,545K in the year under review.

Retained earnings attributable to the Deutsche Rück Group grew to €162,116K, due to an addition of €979K and exchange rate effects of €347K.

The balance sheet profit increased by €6,875K to €71,897K, including profit carried forward of €65,022K. This increase reflects the proportional profit for the year attributable to Deutsche Rückversicherung AG of €10,602K, the dividend payment of €3,000K and positive effects from currency translation in the amount of €599K.

Minority interests increased by €3,325K to €46,713K. Dividend payments of €1,635K to minority interests were offset by profits attributable to these minority interests in the amount of €1,368K and positive effects from currency translation in the amount of €3,592K.

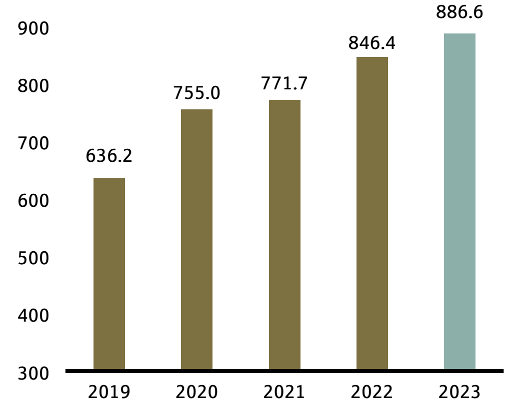
Hybrid capital (subordinated liabilities) remained unchanged at €121,750K.

Equalisation reserves and similar provisions totalled €439,763K in the year under review following an addition of €30,167K.

Taking into account the balance sheet profit after appropriation of profit (dividend of €4,500K), our equity capital came to €886,558K in the year under review, up €40,192K compared with the previous year. In relation to the net premiums earned, this equates to a ratio of 73.0 % (previous year: 82.4 %).

The rating agency Standard & Poor's says that the Deutsche Rück Group has a strong capital base at AAA level and a sound financial standing.

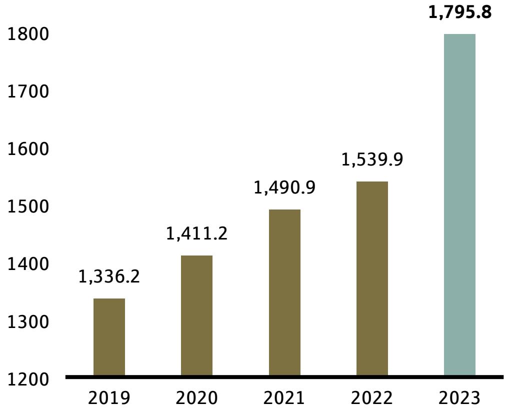
DEVELOPMENT OF SECURITY 2019 – 2023
in €m



Balance sheet equity (after appropriation of profit), profit-sharing rights outstanding and equalisation reserves

Net technical provisions grew by €324,092K to €2,475,586K in the year under review. At €1,795,845K, the majority of net provisions related to claims provisions (net).

DEVELOPMENT OF CLAIMS PROVISIONS 2019 – 2023
in €m



Other liabilities increased slightly year on year by €4,898K to €293,415K. In particular, accounts payable on reinsurance business contributed to this increase with a rise of €22,682K. Liabilities to banks, which include cash collateral received in the course of collateral management, were also up by €2,540K, while other liabilities fell by €20,325K to €14,794K.

Financial and liquidity position

Our active liquidity management aims to ensure that our payment obligations are fulfilled at all times. Incoming and outgoing payment flows, mainly from reinsurance business and investments, are taken into account in financial planning. We also counter risks arising from unforeseeable liquidity requirements by ensuring that our investments have a balanced maturity structure. This ensured that we were able to meet our payment obligations at all times in the last financial year and will continue to do so in future.

For further detailed information about the liquidity situation, please refer to the comments on the cash flow statement.

Rating: A+

The rating agency Standard & Poor’s once again confirmed its rating of “A+” and maintained its outlook of “stable” for the Deutsche Rück Group. Standard & Poor’s reports that the Deutsche Rück Group has a sustainable, solid capital base at “AAA” level, a strong competitive position and a secure earnings position. This is supported by risk-commensurate underwriting and an effective retrocession structure.

The rating agency also praised the Deutsche Rück Group’s strategy of further expanding its international business, citing this as another strength. Standard & Poor’s sees this as a driver of growth that will also diversify the portfolio. With this in mind, Standard & Poor’s expects the Deutsche Rück Group’s business performance to remain positive and its capitalisation to develop positively.

Sustainable investment

Sustainability criteria play a strategically important part in the management of our investments, simply because of our long-term business model as a reinsurer. At the Deutsche Rück Group, we are also aware of our responsibility to the environment and society and therefore take sustainable investment very seriously. To that end, we have integrated relevant environmental, social and governance issues (ESG criteria) into our investment processes.

We promote sustainable initiatives as a member and supporter, cooperating with other investors from the financial sector. The investors’ initiative PRI (Principles for Responsible Investment), which we signed up to in 2019, serves as a framework for sustainable action in the field of investment. PRI is a globally recognised financial initiative for responsible investment created as a spin-off from the UN partner organisations Global Compact and UNEPFI. The six principles of PRI form the basis of our guidelines for responsible investment.

We are aiming to ensure that our investments are greenhouse gas-neutral by 2045. We have committed ourselves to the target set out in the Paris Agreement of limiting global warming to well below two degrees Celsius compared with pre-industrial levels and gradually bringing the flows of funds into line with climate targets. We are already actively reducing the proportion of fossil fuels in our portfolios with the aid of exclusion criteria.

Our approach to sustainable investment management and our ESG targets are set out in writing in our sustainability strategy for investments and are revised and continuously refined in an annual review process.

We seek to drive forward sustainable development in various sectors through impact investments. As well as generating a return, these investments must aim, in particular, to have a positive social and/or environmental impact that is measurable and must report in a transparent manner on the achievement of these objectives. This also includes investments in new technologies, renewable energies and natural capital.

To ensure their continuous expansion, we have incorporated a target quota for impact investments into our asset allocation, which will increase each year. When evaluating the impact of an investment, we consider regulatory guidelines, market standards and our own assessments.

The Deutsche Rück Group also aims to actively influence companies' sustainability decisions through engagement and by exercising its voting rights as part of "active ownership". As an active investor, we want to lead by example and encourage the companies we invest in to take a sustainable approach. Practising "active ownership" is therefore an important component of our commitment to sustainable investment.

The ESG compliance of our real estate portfolio is assessed based on the ECORE initiative (ESG Circle of Real Estate). We signed up to the ECORE initiative in 2020 and actively participate in various work groups within it. The members of the initiative have developed an ESG scoring standard to make sustainability in real estate portfolios transparent, measurable and comparable. This forms the basis for continuous optimisation with a view to making properties carbon-neutral.

OVERALL STATEMENT ON THE GROUP'S ECONOMIC POSITION

For the Deutsche Rück Group, the 2023 financial year was marked by a huge increase in gross premiums. The Deutsche Rück Group's premiums for own account grew by 18.5 %. A higher claims burden and an increase in expenses for insurance operations led to a loss in the technical account. Another large addition to equalisation reserves and similar provisions enabled us to further strengthen our assets.

Investment income was up significantly year on year, due to developments in stock markets and interest rates as well as gains on the disposal of properties. The operating result before tax showed a smaller profit than in the previous year. After deduction of taxes on income, which were substantially reduced in the year under review, the net profit for the year was higher than in the previous year.

The Deutsche Rück Group once again strengthened its assets on a lasting basis, which is reflected in its strong capital base at AAA level. The rating agency Standard & Poor's once again awarded us a rating of "A+" with a stable outlook in 2023.

RISK REPORT

RISK MANAGEMENT: STRATEGIC FRAMEWORK

The risk strategy, which is derived from the business strategy, defines the risks that are considered acceptable in the course of normal business activities and documents the level of risk tolerance stipulated by the Board of Executive Directors, which is reviewed annually. This is based on the company's risk-bearing capacity and on fundamental strategic considerations.

RISK MANAGEMENT PROCESS: AN INTEGRAL COMPONENT OF BUSINESS OPERATIONS

Identification of risks and risk management organisation

Identification of risks is organised on a decentralised basis in the Deutsche Rück Group and is the responsibility of the individual companies. The results are centrally compiled by the Risk Management department. Risks are assessed according to the possible size of claims and probability of occurrence; those that have a major impact on the Group's net assets, financial position and results of operations are documented in the risk report.

Measurement and evaluation of risks

The core task of risk management is to analyse the overall risk situation on a regular basis from different risk perspectives. The most important element is the internal risk model underlying our risk management and optimisation. Two other risk perspectives are considered in addition to the internal risk model, so that model and parameter risks can also be minimised. These are:

- Rating
- Balance sheet result (German Commercial Code)

Multi-year projection and forecasts of key risk indicators and analyses of the development of the risk situation from different risk perspectives are regularly summarised in a risk report. As well as key risk indicators at the level of the company as a whole, material risks relating to underwriting and investment are managed through additional processes. Risk management is based on the budget process, retrocession and strategic asset allocation of investments. The monthly Investment Committee meetings and their reports constitute central elements of the investment risk management process. Ad hoc reporting is in place for exceptional developments concerning major and accumulation losses in the property classes and on the capital market. In addition, the reported major losses are summarised each month in comparison with the same period of the preceding year.

Investment strategy

Investment strategy in the Group is based on the respective strategic asset allocation at the individual companies, in collaboration with the relevant company organs.

RISK REPORTING AND RISK TRANSPARENCY

Risk report and ORSA report

In the risk report, Deutsche Rück reports to the Board of Executive Directors and Supervisory Board on the overall risk situation and on exposures to potential individual risks. The reporting process is based on meetings of the Supervisory Board (three ordinary meetings in 2023). In its current edition, the report ensures the transparency of the risk situation of Deutsche Rückversicherung AG, Deutsche Rückversicherung Switzerland Ltd (DR Swiss), the Deutsche Rück Group and the Deutsche Rückversicherung regulatory group of companies on the basis of the aforementioned risk perspectives. In particular, the risk report takes account of the development of key risk indicators over time, as well as of the drivers of change and the effects of risk management measures.

The ORSA reports for Deutsche Rückversicherung AG and the Deutsche Rückversicherung regulatory group of companies were submitted to BaFin in December 2023. They document the results of the entire risk management process and assess them in the context of corporate planning for the next three years. The required content of the ORSA reports is specified by the regulatory authority, and the reports are a fundamental component of the regulatory Solvency II process.

Risk information system

The risk information system supports the integrated risk management process and promotes risk transparency as well as the risk culture in the company. The risk management organisation and results of risk workshops are documented in the risk information system. The person in charge, the risk-specific analysis and control methods and various scenarios, together with the probability of occurrence and the associated impact in gross and net terms, are documented for each identified individual risk. Risks are calculated in relation to the company's equity capital using risk matrices, to analyse their potential threat to the limits specified in the risk strategy. Risk analysis and risk control documents relating to individual corporate units are also incorporated into the system. The risk information system is available to all employees for research purposes.

RISK CONTROL FUNCTIONS AS PART OF THE RISK MANAGEMENT PROCESS

The following functions play a major part in the risk controlling process at our company:

Supervisory boards

The reinsurance companies in the Deutsche Rück Group have two supervisory boards: the Supervisory Board of Deutsche Rück and the Board of Directors of DR Swiss in accordance with the monistic management structure pursuant to the Swiss Code of Obligations. Within the framework of internal ORSA and risk reports, the Supervisory Board ensures that appropriate systems, methods and processes have been set up for implementing the risk strategy and assesses the reports on the company's risk exposure that are submitted to the Supervisory Board. The Supervisory Board is responsible both for Deutsche Rück and for the Group as a whole.

Board of Executive Directors

The Board of Executive Directors has overall responsibility for risk management, which includes the establishment of an early warning system. It defines the risk strategy and monitors the risk profile on an ongoing basis.

Risk management function (RMF)

The RMF is responsible for risk management at Deutsche Rück. It is assigned to the Risk Management department (RM) and reports directly to management. At the level of the Deutsche Rück Group, the RMF is responsible for developing and implementing strategies, methods, processes and reporting procedures that are necessary in order to continuously identify, measure, monitor, manage and report on potential risks or risks that have been entered into, on an individual and aggregate basis, as well as their interdependencies. It is generally responsible for monitoring the risk management system and identifies possible weaknesses, reports on these to the Board of Executive Directors and develops proposals for improvements. In particular, the RMF is responsible for all processes that are relevant to risk, such as the ORSA process and risk reporting.

Central Underwriting Management (CUM)

At the Düsseldorf site, CUM is responsible for operational management of underwriting in non-life business and thus for the ongoing development of operational recommendations for action with respect to utilisation of the budget, diversification and profitability. CUM develops the rating instruments, particularly NatCat assessment models, and formulates the underwriting guidelines. The results of its work are incorporated into the internal non-life risk model (RATech), which measures premium risks and catastrophe risks, and the results of its risk analyses serve as the basis for the company's main management instruments.

Underwriting Committee (UWC)

The Underwriting Committee in Düsseldorf and Zurich gives advice in defined cases on the procedure to be adopted for major business transactions when decisions are required on underwriting. The UWC is made up of managers from the Market, Underwriting and Controlling units and from the RMF.

Controlling

The Controlling department is responsible for the Group-wide management and controlling process. The management of the company as a whole in accordance with commercial law and our values is based on this process, supported by the rating process. The management parameters that are relevant to the company as a whole are monitored and analysed as part of this. The department also develops the central systems that form the basis for the necessary analyses.

Actuarial Reserve Services (actuarial function)

The actuarial function is directly subordinate to the Board of Executive Directors in performing its duties and reports directly to it. Actuarial Reserve Services is responsible for the economic evaluation of the Deutsche Rück Group's claims provisions. It develops and defines appropriate analytical tools and undertakes the evaluation processes, taking into account the double-checking principle.

Compliance function

As part of the Legal and Compliance department, the compliance function is responsible for monitoring Group-wide compliance with the statutory regulations governing the company's business operations. Compliance with the law forms the basis of all the Group companies' business activities.

Internal Auditing

The internal auditing function carries out regular checks in the business units, verifying the structures and processes, adherence to internal regulations and legal provisions, as well as the correct nature of the workflows. It performs its tasks autonomously and is process-independent and risk-oriented. It reports directly to management. The company makes use of external expertise in individual cases when conducting audits.

SIGNIFICANT RISKS

Risks can in principle arise in all areas, functions and processes. We structure risks in five different risk categories:

1. Non-life reinsurance risks
2. Life reinsurance risks
3. Investment and credit risks
4. Operational risks
5. Other risks

1. Non-life reinsurance risks

The **premium/claims risk** is the risk that costs or benefits due could turn out to be higher than was assumed when the premiums were calculated.

The **reserve risk** describes the risk that emerges when the provision for outstanding claims is not adequate, as losses incurred are not yet known or insufficient reserves have been set up to cover known losses. Reserves may have been calculated with insufficient allowance or no allowance at all for extraordinary events resulting in exceptionally high loss frequencies or amounts.

The **retrocession risk** refers to the risk that the retrocession scheme may be inadequate or may not be appropriately structured to cover the majority of claims in the case of an extreme event. Such an event may be an extreme individual loss, an accumulation loss made up of a large number of small claims or a combination of the two.

Natural hazard/accumulation risks, such as windstorms, floods, earthquakes or hail, pose the greatest risks to the Deutsche Rück Group. Risk exposure in this area is therefore actively managed as part of the underwriting and retrocession process. The Group companies have developed internal risk models for optimum analysis of risks.

Terrorism losses are taken into account in our risk management. A threat to the survival of the company as a result of extreme events is virtually ruled out, due to the high degree of diversification within the portfolio and the comparatively small risk coverage.

2. Life reinsurance risks

Biometric risks are of major importance in life insurance. We are guided not only by our own analyses and statistical evaluations, but also by the accounting principles of our cedants and the probability tables of the German Association of Actuaries (DAV). A review of the mortality and disability tables currently used may lead to the need for additional reserves in the future. In our estimation, the extent of our reserves is adequate and contains a sufficient safety margin for the future.

The **premium/claims risk** is the risk that costs or benefits due could turn out to be higher than was assumed when the premiums were calculated. Claims payment calculations may have made insufficient allowance or no allowance at all for extraordinary events such as accumulation losses or terrorist attacks.

The term **reserve risk** refers to the risk that the reserves set up may not suffice to settle all claims.

Interest rate guarantee risks and lapse risks are merely of secondary importance to the Deutsche Rück Group as a reinsurance company. The interest rate guarantee risk does not apply, as the Group only shares in mortality and disability risks, but not in the cedants' investment risk. The lapse risk is taken into account through appropriate cancellation clauses in the quotation and in the terms of the treaty. In this way, the impact on the technical result is limited, even in the event of negative deviations from the expected development.

Tools for limiting risks

The Deutsche Rück Group applies various tools to control and limit risks in life and non-life reinsurance. The most important tools are summarised below:

Underwriting guidelines and limits

Underwriting guidelines specify exactly which responsible unit may underwrite which reinsurance treaties and up to which amounts throughout the Group. The underwriting guidelines also stipulate that the double-checking principle must be applied throughout. Limits of indemnity are also specified and monitored regularly. Moreover, ongoing profitability measurements and accumulation checks ensure that risks remain manageable.

Retrocession

This is an essential tool for limiting risks. The Deutsche Rück Group has effective retrocession cover, with a special emphasis on covering major and accumulation losses. Based on extensive analyses and a retrocession scheme tailored to our individual needs, we ensure on one hand that there is always sufficient cover for extreme events and on the other that the costs of retrocession remain economical.

Monitoring technical provisions

Provisions for uncertain liabilities stemming from obligations assumed are regularly checked by Actuarial Reserve Services using recognised actuarial methods. The run-off is monitored on an ongoing basis.

Loss ratios and run-off results

The results of systematic control and monitoring of technical risks are documented in the table of loss ratios and run-off results. It shows the corresponding ratios for own account in non-life reinsurance business over the last ten years.

NET NON-LIFE LOSS RATIOS AND RUN-OFF RESULTS

in %	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Loss ratios as % of earned premiums	73.3	64.9	75.7	63.9	69.2	66.0	66.9	66.0	69.6	75.3
Run-off results as % of provision for outstanding claims	–2.1	3.6	–0.4	0.3	–1.5	11.7	9.1	9.3	13.1	6.4

3. Investment and credit risks

The investment and retrocession of insurance transactions gives rise to the following investment and credit risks:

Market price risks: These can arise from potential losses due to unfavourable changes in market prices, particularly on the equity, real estate and interest rate markets. In economic terms, changes in interest rates affect not only the assets side but also the liabilities side of the balance sheet. Any mismatch between the maturity structures of assets and liabilities gives rise to an economic risk.

Credit and creditworthiness risks: The value of existing receivables may go down as a result of changes in the assessment of the creditworthiness of issuers or contractual partners. Besides credit risks resulting from the purchase of investments, the risk of default by retrocessionaires also plays an important part.

Liquidity risks: Untimely inflows and outflows of liquidity may make unscheduled disposals of investments necessary. Depending on how tradable the various investments are, this can lead to opportunity costs of varying magnitude due to reductions in price and/or to losses.

Currency risks: Changes in exchange rates may lead to losses due to mismatches between investments and technical obligations with respect to underwriting. Even if an investment strategy based on matching maturities is followed, risks may still exist as a result of misjudgements with regard to the level of claims provisions.

Tools for controlling and monitoring investment and credit risks

Our investment management is based on the principles of profitability combined with a high level of security. Along with the necessary distribution of risk, adequate liquidity of investments must be maintained at all times. These principles are monitored by means of ongoing reporting with regular valuation of portfolios. Our portfolio managers work in accordance with investment guidelines that are regularly reviewed and adjusted to the changing environment.

Stress tests and value-at-risk analyses for assessing market risks

We measure market price risks for annuity portfolios and equities using stress tests that simulate the effects of unexpected fluctuations in the market. As well as stress tests that are prescribed by the regulator, Group companies analyse historic events and map their development on their current investment portfolio. In addition, market risks for all assets and all liabilities that are subject to market risks are assessed and managed by means of value-at-risk analyses based on an economic scenario generator.

STRESS SCENARIO

in €'000	Change in market value
R10: Annuities +200 bp	–174.1
A35: Equities –35 %	–139.1
RA25: Equities –20 %, annuities +100 bp	–166.4
Nikkei crash: Equities –25.6 %, annuities +150 bp	–216.8
2000/01 stock market crash: Equities –42.1 %, annuities –100 bp	–31.9
2008 financial crisis: Equities –42 %, annuities +100 bp	–227.0
Russia crisis: Equities –22.5 %, annuities –60 bp	–6.9

Deutsche Rück invests in real estate through its own real estate companies or participating interests in real estate funds. Risks can arise in connection with these investments due to negative changes in value. Such changes may be due to the specific characteristics of an individual property or to a general decline in prices on the real estate market. We counter these risks with a broadly diversified investment strategy. This includes a clear focus on sustainable locations in metropolitan areas and on classic types of use such as office, commercial and residential buildings. Strategic portfolio planning and portfolio management are controlled internally by our own employees. Professional real estate partners are responsible for local implementation in individual properties.

Minimum rating for the containment of credit risks

For fixed-income investments, the company carries out a credit assessment of the issuers/issues – based on ratings from recognised rating agencies, for example – and its own additional assessment of their creditworthiness. If no external rating information is available, the company calculates its own internal rating based on suitable documents or existing hedge tools, such as available cover funds or guarantee and warranty commitments. The minimum limit for new direct investments is generally a rating of “A-” according to Standard & Poor’s. The weighted average rating for interest-bearing investments held directly, calculated with Moody’s factors (WARF), is “A”. The “lowest rating principle” is applied here, whereby the lowest of all the available credit ratings from recognised rating agencies is regularly used. At 90.2 %, the majority of all carrying amounts in direct investments (mean: 90.1 %) have a rating of “AAA to A–”, while 8.4 % (mean: 8.6 %) have been assigned ratings of “BBB+ to BBB–” and only 1.4 % (mean: 1.3 %) are in the non-investment grade range. The fact that our average rating has remained stable for years shows that we are able to keep the quality of our portfolio high despite the long-term prevalence of low interest rates. Issuer risks are also widely spread. At the same time, we take into account upper limits for each issuer, which we monitor and adjust on an ongoing basis in light of their respective equity resources.

Choice of reinsurers (retrocessionaires)
Credit risks due to retrocession stem from receivables due from reinsurers and cedants. To reduce these risks, we select and monitor reinsurers on the basis of their current ratings and other criteria.

Liquidity planning
We counter risks arising from unforeseeable liquidity requirements by ensuring a balanced maturity structure for our investments. Anticipated inflows and outflows of liquidity are reflected in ongoing investment planning.

Investment policy
Falling interest rates lead to increases in the market value of fixed-income securities, while rising interest rates lead to a decline in their market value. The high proportion of fixed-income securities in its portfolio means that the Deutsche Rück Group is in principle exposed to investment risk. By adjusting the management of investment maturities to liabilities, we can hold securities until they mature and thereby avoid balance sheet losses.

4. Operational risks
Operational risks are risks in business systems or processes that are caused by human conduct or technical failure or that are due to external influences. Operational risks exist in the following areas:

- IT security
- Losses due to natural catastrophes/business interruption
- Organisation
- Breaches of legal regulations
- Offences against property
- Human resources
- Pension obligations
- Process risks

Operational risks are not generally offset by earnings opportunities. The principle of risk avoidance therefore takes priority. For unavoidable risks, measures are taken where possible to reduce the probability of occurrence or the extent of potential losses.

5. Other risks
Strategic risks
Inadequate business policy decisions can give rise to strategic risks that may jeopardise the continuation of business operations in the long term. Fundamental business policy decisions are reached in consultation with the supervisory bodies as required by the Articles of Association. Key strategic risks and issues are identified during an annual meeting of the Board of Executive Directors including first-tier management.

Reputation risk

This term refers to the risk of impairment of the company’s image in the eyes of clients, the general public, shareholders or other stakeholders.

Emerging risks

Emerging risks are new risks that arise or changing risks that are difficult to quantify and can have a significant impact on the company.

Sustainability risk

Sustainability risks concern events or conditions relating to environmental, social or governance issues whose occurrence could have actual or potential negative effects on the value of investments or liabilities. Due to the effects of climate change or other transitory risks, sustainability risks may occur in the various risk categories listed above in particular. With regard to transitory risks, one particular risk is that countermeasures introduced by governments or on the basis of legal regulations to halt the advance of climate change, such as an increase in carbon prices, could lead to a decline in the value of shares and bonds, especially those of companies with a focus on fossil fuels. In terms of physical risks, there is a risk that climate change could lead to an increase in the frequency and intensity of natural catastrophes (storms, hail, floods, heavy rainfall) with further consequences. Depending on the geographical location of properties, impairment may need to be recognised based on the increased physical risk and losses sustained.

Instruments for controlling other risks

To control reputation risk, all contact with the media is managed centrally through the Communications and Press Relations department, which acts in close consultation with the CEO of Deutsche Rück and the Chairman of the Board of Directors of DR Swiss. Principles for communication in standard situations and crises have been implemented in order to optimise communication processes and prepare communications in the event of a crisis. Media reports are also monitored each working day so that any reports capable of damaging the company’s reputation can be identified and countermeasures can be initiated. To manage sustainability risks, we have defined a portfolio of investments that are to be wound down as they do not meet current sustainability requirements. This portfolio will be gradually reduced and monitored. In addition, we ensure that property investments are broadly diversified in geographical terms and are in good locations. In underwriting, the fact that most reinsurance treaties have a term of one year enables us to make annual adjustments to portfolios.

SUMMARY OF THE RISK SITUATION

The paragraphs above describe a closely meshed system of controls that the Deutsche Rück Group has developed to manage risks that could potentially have a major impact on the net assets, financial position and results of operations. For the purposes of an overall assessment, however, the risks associated with a business operation must always be weighed up against the opportunities it presents. Our risk management system is intended to ensure efficient and effective control of the risks to our companies and to the Group as a whole. Based on current findings, we cannot detect any risks capable of jeopardising the survival of any Group company or of the Group as a whole or of causing major or lasting impairment of the net assets, financial position and results of operations.

Geopolitical conflicts

Russian troops began invading Ukraine on 24 February 2022. This led to the gradual imposition of wide-ranging packages of sanctions and to volatility on capital markets. The conflict continued in 2023. In addition, the conflict in the Middle East has escalated to a new level since 7 October 2023.

In view of ongoing increased uncertainty and global dependencies, there is a particular risk of further fluctuations on the capital markets and negative effects on overall economic conditions. There is also an increased risk of an indiscriminate cyber attack.

Furthermore, there are heightened uncertainties and interactions affecting market, credit and operational risks due to inflation, the potential revival of coronavirus measures and disruptions to supply chains.

Inflation

Inflation increased significantly during the course of 2022, due in particular to bottlenecks in supply chains and higher raw material and energy prices. The inflation rate for 2023 was lower than in the previous year, but remained at a comparatively high level.

For the Deutsche Rück Group, an increase in inflation essentially leads to growth in the volume of business (premiums and claims) and a rise in expected payments for insurance claims. The extent of this rise depends on the line of business concerned, among other factors, and may differ from inflation as measured based on the change in the consumer price index or other rates of inflation. The inflation rate recorded as at the balance sheet date is adequately reflected in technical provisions. Given the quality of the reserves in the form of unrealised gains on technical provisions and in view of expected developments in inflation, the adequacy of our reserves will continue to be guaranteed.

OPPORTUNITIES REPORT

The area in which the Deutsche Rück Group operates includes German-speaking markets, European markets and selected non-European markets, in which the Group is constantly expanding its position. It most recently expanded in the Middle East, Latin America and Asia. We provide stable and lasting reinsurance cover for many different lines of insurance, which enables us to diversify our portfolio in geographical terms and to ensure better balancing of risks. We attach particular importance to client relationships that are based on partnership and to gradually expanding these connections on a sustainable basis.

This means that opportunities and risks for our business are correspondingly diverse. We provide a forecast for the development of our business based on realistic assumptions about general conditions in the section “Forecast for 2024”, which takes account of both short-term developments and long-term trends.

Developments on financial markets and hedge transactions in conjunction with natural catastrophes and fire remain fraught with uncertainty.

As a medium-sized reinsurer, the Deutsche Rück Group has the flexibility and stability to not only react to unforeseen developments, but to seize them as an opportunity for the company. The value of our business model, which is based on long-term relations – with an approach based on continuity, ensuring that the burden balances out over time, and with terms and conditions commensurate with risk – is most clearly evident in years with an extremely high claims burden.

In the long term, we expect to see an increase in weather-related natural catastrophes and the resultant claims burden. We are therefore constantly refining our risk management and adjusting our risk models. As well as needs-based insurance concepts, however, increasing weather-related risks also call for appropriate and sustainable sociopolitical measures. Technological developments with regard to the use of renewable energies and increasing digitalisation in all economic sectors entail new risks, but also, more importantly, create new opportunities for our business.

In liability, accident and motor insurance business, we are focusing our business activities mainly on motor insurance, to help diversify our portfolio. We are also concentrating on widening our expertise, to strengthen our position as a reliable and competent partner in markets outside German-speaking countries.

Our high level of security is accorded high priority for our business (see the report on our financial strength rating). Overall, we believe we will have a good chance of further strengthening our company’s assets on a lasting basis in the current financial year.

FORECAST REPORT

COMPARISON OF FORECAST AND ACTUAL DEVELOPMENTS IN 2023

As expected, premium income from the German market once again accounted for the largest share of the Deutsche Rück Group's overall business in the last financial year. We continued to focus on profit-oriented underwriting.

We had anticipated growth of around 12 % in premium income from the group of public insurers in the non-life segment for the 2023 financial year. This assumption was exceeded with an increase of about 16 %. Growth in non-life business outside the group of public insurers also surpassed our forecast of around 31 %, coming in at approximately 38 %.

The claims burden in the year under review was considerably higher than in the previous year, contrary to our expectations of a lower claims burden, and had a significant impact on the technical result. While gross claims expenditure fell in property business, many claims were retained for own account, which meant that the relief provided by our retrocession scheme was lower than in the previous year. Driven by motor insurance business, the gross claims burden in liability, accident and motor insurance business was also up significantly year on year. Overall, our equalisation reserves did not provide any relief. An addition of €30,167K was made in the year under review, following an addition of €66,764K in the previous year.

Liability, accident and motor insurance business, for which we had forecast stable premium growth in the 2023 financial year, recorded growth of 5.9 %. Once again, we built up sufficient security for possible future burdens in these lines of business, which have a long claims settlement process, by setting up IBNR reserves.

As expected, we recorded a further decline of 12.7 % in premium income in life insurance in the last financial year, due to residual credit business. By contrast, our market business achieved premium growth.

We had expected a significant increase in premium income from business with our Western European clients, particularly in the UK and the Netherlands. Our performance in the 2023 financial year was in line with our assumptions with substantial premium growth of around 23 %, about 60 % of which came from the two above-mentioned countries, as expected.

We had anticipated strong growth from business relationships in the Middle East, with premium income expected to increase by almost two-thirds year on year. As in our first two years of operation in the region, we surpassed our own expectations in the last financial year with growth of almost 75 % in premium income.

We had hoped to achieve premium growth of over 30 % in our business in selected Latin American countries in the 2023 financial year. We fulfilled this expectation with our target clients, the many smaller and medium-sized insurance companies that operate locally or nationally, and achieved premium growth of more than 40 %.

We significantly exceeded our expectation of achieving our first underwriting results from our new business relationships in selected Asian markets in the 2023 financial year.

Our gross premium income grew by 16.8 % to €1,762,008K in the 2023 financial year, confirming our expectation of significantly higher premium income. As expected, premium growth came from all markets. In life insurance business, gross premium income declined due to residual credit business, as forecast. After retrocession, premiums for own account rose as expected to €56,128K (+8.7 %).

Gross claims expenditure increased by 9.5 % to €1,087,997K in the 2023 financial year (previous year: €993,892K). However, the gross loss ratio dropped slightly as expected from 66.2 % in the previous year to 62.4 %, due to higher premium income. We recorded a higher number of major losses in natural hazard lines. The largest gross losses related to the summer storms KAY, LAMBERT and DENIS, storms TISNA and UNAI and hurricane OTIS. There was also a significant increase in major losses in the fire lines. As expected, our retrocession instruments, which are geared towards these burdens, kept the claims burden for own account limited. Nevertheless, the net loss ratio for own account rose to 70.6 % (previous year: 62.2 %).

Following investment income of €33,119K in 2022, which was affected by large write-downs, we had anticipated a significantly higher figure for the 2023 financial year, and achieved this objective with investment income of €81,927K. This higher result was due in particular to larger write-backs and smaller write-downs compared with the previous year.

Overall, we had expected our net profit for the year to be up slightly on the previous year's figure of €10,524K. Net profit for the 2023 financial year amounted to €11,970K (+13.7 %), a significant increase on the previous year.

FORECAST FOR 2024

General economic development

The economic environment in Germany is of particular importance to our company. After the German economy contracted by 0.3 % in 2023, the Kiel Institute for the World Economy (IfW) expects economic output to grow again in the current year, although the economy is unlikely to gain significant momentum. Strong growth in real disposable income is expected to boost private consumer spending. However, the interest rate reversal will continue to place a strain on the construction sector, while it is unlikely that any major impetus will come from the global economy. At the same time, the Federal Constitutional Court's verdict on the supplementary budget for 2021 means that budget consolidation is likely to curb economic expansion. The IfW forecasts growth in GDP of 0.9 % in 2024 and 1.2 % in 2025. It expects inflation to fall again and estimates that it could average 2.3 % in 2024 and just 1.8 % in 2025. The IfW also predicts that weak economic development will lead to a rise in the unemployment rate, although demographic change and widespread skills shortages are expected to counteract this trend.

The euro zone economy, though currently weak, could gradually gain momentum again over the course of 2024. On one hand, real wages are growing due to strong wage dynamics while inflation is simultaneously falling, which is set to stimulate consumer spending. On the other hand, financing conditions are expected to improve as a result of the anticipated easing of monetary policy. Nevertheless, the IfW once again predicts very weak growth in GDP of 0.8 % for the current year, followed by an acceleration in economic development in 2025 with growth of 1.5 %.

With economic prospects remaining weak, the situation on the European labour market is not expected to improve significantly for the time being. The IfW predicts that the unemployment rate will remain stable at 6.5 % in 2024 and will only begin to fall in 2025, when there will be a slight drop to 6.2 %. At the same time, inflation in the euro zone is expected to fall again rapidly to an average of 2.2 % in 2024 and 1.9 % in 2025.

There are currently no signs of a revival in the global economy either. Many disruptive factors have disappeared, with raw material and energy prices having fallen significantly, which has led to a marked reduction in inflation. At the same time, real wages are rising as inflation eases and remuneration increases, while supply shortages are no longer having an unusually severe impact on economic activity. However, uncertainty remains high for businesses and consumers, with geopolitical factors such as the new and ongoing military conflicts in Ukraine and the Middle East and the economic dispute between the USA and China as well as unclear and inconsistent economic policy in Europe and uncertainties over US domestic policy curbing investment and consumption. For the major advanced economies in particular, the IfW still anticipates a phase of weak economic growth of only 1.3 % in 2024 and 1.9 % in 2025.

Central and Eastern European countries have experienced a significant economic slowdown in the course of European and global economic development, with some countries even recording a drop in GDP. Growth rates are expected to be slightly positive again in 2024.

In Latin America, real growth in GDP is once again expected to be below the long-term average in 2024. Estimates by the United Nations (CEPAL) assume real growth of 1.9 % for Latin America and the Caribbean this year, although it should be pointed out that there are regional differences in growth dynamics. While growth rates of 2.7 % are forecast for Mexico and Central America, the Caribbean is expected to achieve growth of 2.6 % and South America is expected to record growth of just 1.4 %. We also anticipate an increased risk of macroeconomic instability in South America.

Stable, robust economic development is expected in the Middle East, especially in the countries on the Gulf Cooperation Council (GCC). The GCC countries are set to achieve solid economic growth by global standards of 3.7 % in 2024, with an inflation rate of 2.3 %.

Despite growing geopolitical risks and the faltering Chinese economy, Asia’s economies are once again expected to grow more strongly than any other region in the world in 2024. Inflation will continue to fall in many countries. This region therefore remains a key factor in the revival of the global economy.

Insurance industry

The German insurance industry is cautiously optimistic for the current financial year. With nominal wages rising and inflation easing, the sector expects slight growth in premiums. Insurers predict premium growth of 3.8 % across all lines of business for the current financial year, following a slight increase of 0.6 % in the previous year. The German Insurance Association (GDV) expects an improvement in the environment for life insurance. Higher interest rates and an increase in surplus participations are making products more attractive. As a result, the decline is expected to end this year and premiums are expected to remain stable. In property and casualty insurance, motor insurance in particular is expected to experience catch-up effects and an increase in repair costs. The industry forecasts premium growth of 7.7 %.

Market conditions in Western European countries will continue to be shaped by climate risks. Primary insurers are expected to raise insurance premiums further. British and Italian non-life insurers will benefit the most from rising premium rates in 2024. With returns on investment increasing, the profitability of the insurance sector is set to improve despite market conditions remaining difficult in 2024.

Central and Eastern European markets are achieving solid growth. After insurers managed to offset the impact of inflationary developments through premium increases across the board, growth is expected to continue in all markets in 2024.

Latin America is expected to experience a significant increase in demand for insurance, particularly for products to protect against the financial consequences of natural catastrophes, but also in life and health insurance. In line with the trend over the last few years, growth rates in the Latin American insurance industry are expected to be considerably higher than both the level of growth in the economy as a whole and the growth rates in insurance markets in developed countries. We also anticipate that the price increases we have observed this year, particularly in natural catastrophe insurance, will provide further strong momentum for premium growth in the region's insurance markets.

In the GCC countries in the Middle East, investment in alternative energy production is also boosting growth in insurance and reinsurance markets. The insurance market in Saudi Arabia is expected to receive an additional boost from massive infrastructure developments and reforms in the tourist industry.

In many countries in South Asia, South-East Asia and East Asia, insurance markets have also developed positively as a result of ongoing economic growth. The available capacity is expected to increase in 2024, owing to a rise in demand and attractive conditions. The relatively low level of market penetration suggests that there is still significant potential.

Reinsurance industry

The global reinsurance market continues to harden. Western European markets have experienced significant hardening in recent years, which is set to continue in the current financial year, partly as a result of large losses due to natural catastrophes. Primary insurers have already increased their retentions considerably in markets such as France and Belgium, which have been affected by catastrophes in the last few years. Retentions are now also expected to increase further in those markets that suffered massive natural catastrophes in 2023, such as Italy.

In Central and Eastern Europe, solid growth in primary insurance markets is expected to be reflected in the reinsurance market. A disciplined approach on reinsurance markets means that rates are expected to remain at a profitable level.

We expect conditions to harden further on Latin American reinsurance markets in 2024, starting from an already high level. Along with ongoing structural factors such as the higher loss burden in recent years, a reduction in reinsurance capacity, particularly for contracts that are exposed to natural catastrophes, and increased demand resulting from natural growth and higher inflation expectations, we expect the loss burden from hurricane OTIS, which hit Mexico in October 2023, to lead to further improvements in trading conditions.

Growth in reinsurance markets is expected to continue in the Middle East. Reinsurance markets are hardening noticeably in North African countries, which is likely to continue in 2024.

In markets in South Asia, East Asia and South-East Asia, discussions are increasingly focusing on ways to ensure that the consequences of climate change and crises resulting from inflation remain calculable in future. Reinsurance markets play a vital role in providing compensation for the resulting claims and support initiatives by primary insurers in which policyholders are offered incentives to reduce risks and positive measures are rewarded. On the whole, we remain confident that these markets will continue to be profitable.

Deutsche Rück Group

Non-life insurance

The Deutsche Rück Group's premium income from the German and European market will continue to account for the largest share of overall business in 2024. As a reinsurance group with a long-term approach that focuses mainly on Europe, we are continuing to concentrate on results-oriented underwriting. Our strategy, which is geared towards the long term, also provides for the expansion of our business in markets outside Europe.

The bulk of our business continues to come from public insurers. Overall, we expect an increase in the premium volume from the group of public insurers of about 13 % year on year, due to strong growth in proportional property business. We expect premium income from clients outside the group of public insurers to grow by around 7 %.

At the time of writing this report, we expect to achieve a higher technical profit, based on an improvement in our combined ratio. Although this may be affected by unexpectedly large losses due to natural hazards and fire, our retrocession instruments will provide relief here. Withdrawals from our equalisation reserves, to which ample funds have been allocated, may also offer some relief.

In liability, accident and motor insurance business, which is underwritten mainly with cedants outside the group of public insurers, we expect premium volume to increase significantly in 2024. We will continue to build up sufficient security for possible future burdens in these lines of business, which have a long claims settlement process, by setting up IBNR reserves in the current financial year.

European market
We continue to underwrite business that meets our requirements in terms of margins in European markets. Continuing high demand for reinsurance capacity will help us in this process. We expect premium income from the Austrian market and from our client relationships in Central and Eastern Europe to increase significantly overall. We anticipate moderate growth in premium income in Western European markets, with strong premium growth in the UK in particular.

Middle East
Our aim is to develop results-oriented business relationships with cedants that mainly insure classic property and liability business. We once again significantly exceeded our targets in the 2023 financial year and anticipate further strong premium growth in 2024.

Latin America
We see further potential for expansion in selected Latin American countries, where we have already had some encouraging success with acquisitions. Our target clients are the many smaller and medium-sized insurance companies that operate regionally or nationally. We are anticipating a substantial increase in premium volume in the current financial year.

Asia
We developed business relationships in selected Asian markets in 2023 and achieved our first underwriting results. We are anticipating strong growth in premiums in the current financial year.

Life insurance
We expect slight growth in gross premium income in life insurance for 2024, based on our internationalisation strategy and our associated entry to markets in the Middle East and North Africa. Our business plan includes the underwriting of biometric risks in growth markets as a retrocessionaire.

Overall business

We anticipate a significant increase in gross premium income for the current financial year as a result of growth in all market segments. On the expenses side, we expect an improvement in the claims situation after retrocession following a high claims burden in the last financial year and a corresponding increase in expenses for insurance operations due to growth in business. Based on these predicted developments, we expect our technical result to improve significantly in 2024. Losses due to natural hazards, the frequency and amount of which are difficult to calculate, may affect the gross technical result. We limit the general exposure of our property insurance portfolio through retrocession instruments geared specifically towards these burdens and by setting up adequate reserves based on up-to-date information, which ensures that our result for own account remains calculable at all times.

Investment income for the 2023 financial year was shaped in particular by one-off effects due to gains on the disposal of investments and write-backs. Without these one-off effects, we expect investment income for the current financial year to be considerably lower than in the previous year.

Overall, we expect the net profit for the year to be at the same level as in the 2023 financial year.

No significant changes are anticipated in net assets or in the financial position. Some factors, particularly the ongoing war in Ukraine and the conflict in the Middle East, are placing a strain on the global economy and its development. In this context, the assumptions made are subject to some uncertainty.

Düsseldorf, 10 April 2024

Board of Executive Directors

Consolidated Financial Statements

Consolidated Financial Statements

CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2023

ASSETS in €	2023		2022	
A. Intangible assets				
I. Concessions, industrial property rights and similar rights and assets, as well as licences to such rights and assets, that have been acquired in return for a fee	2,671,767		1,683,861	
		2,671,767		**1,683,861**
B. Investments				
I. Investments in affiliated companies and participating interests				
1. Shares in affiliated companies	12,000		12,000	
2. Participating interests	248,520,928		203,108,247	
3. Loans to companies in which a participating interest is held	493,471		464,471	
4. Shareholdings in associated companies	173,438,369		170,931,483	
5. Loans to associated companies	8,526,060		200,000	
	430,990,828		374,716,202	
II. Other investments				
1. Shares, interests or shares in investment assets and other variable-yield securities	709,734,104		700,651,392	
2. Bearer bonds and other fixed-interest securities	894,182,144		713,327,803	
3. Receivables from mortgages, land charge and annuity land charge claims	441,065,355		355,912,877	
4. Other loans				
a) Registered bonds	171,119,490		157,976,119	
b) Loans and promissory notes	113,506,981		134,057,659	
	284,626,470		292,033,778	
5. Deposits with banks	33,124,114		10,509,546	
	2,362,732,187		2,072,435,396	
III. Deposits retained on assumed reinsurance business	200,918,818		151,758,837	
		2,994,641,832		**2,598,910,435**
C. Receivables				
I. Accounts receivable on reinsurance business	146,664,715		145,420,793	
thereof participating interests: €1,016 (2022: €1,016)				
II. Other receivables	53,757,427		57,991,921	
thereof participating interests: €3,777,003 (2022: €7,511,685)				
		200,422,142		**203,412,714**
D. Other assets				
I. Tangible assets and inventories	469,302		489,946	
II. Cash at banks, cheques and cash in hand	80,621,522		141,101,750	
		81,090,824		**141,591,696**
E. Deferred items				
I. Accrued interest and rent	17,498,105		12,249,292	
II. Other deferred items	992,660		1,350,101	
		18,490,765		**13,599,393**
Total assets		**3,297,317,331**		**2,959,198,099**

EQUITY AND LIABILITIES in €	2023		2022	
A. Shareholders' equity				
I. Issued capital	25,000,000		25,000,000	
II. Capital reserve	23,817,613		23,817,613	
III. Retained earnings				
1. Legal reserve	9,155,641		8,177,023	
2. Other retained earnings	152,960,794		152,614,645	
	162,116,435		160,791,668	
IV. Consolidated balance sheet profit	71,897,319		65,021,665	
V. Minority interests	46,713,137		43,388,039	
		329,544,504		**318,018,985**
B. Subordinated liabilities		**121,750,000**		**121,750,000**
C. Technical provisions				
I. Unearned premiums				
1. Gross amount	115,675,969		98,907,101	
2. less: share for retroceded business	34,341,009		32,110,512	
	81,334,960		66,796,589	
II. Provision for future policy benefits				
1. Gross amount	127,819,238		105,413,572	
2. less: share for retroceded business	27,252,493		29,732,147	
	100,566,745		75,681,425	
III. Provision for outstanding claims				
1. Gross amount	2,201,091,392		1,964,442,156	
2. less: share for retroceded business	405,246,481		424,553,597	
	1,795,844,911		1,539,888,559	
IV. Provision for premium refunds				
1. Gross amount	1,454,796		1,791,977	
2. less: share for retroceded business	372,130		462,245	
	1,082,666		1,329,732	
V. Equalisation reserves and similar provisions	439,763,392		409,596,831	
VI. Other technical provisions				
1. Gross amount	56,993,333		59,265,706	
2. less: share for retroceded business	0		1,064,731	
	56,993,333		58,200,975	
		2,475,586,008		**2,151,494,111**
D. Other accrued liabilities				
I. Provision for employees' pensions and similar commitments	40,354,547		39,112,157	
II. Tax provisions	965,325		300,000	
III. Other provisions	7,003,400		9,103,495	
		48,323,272		**48,515,652**
E. Deposits retained on retroceded business		**27,867,980**		**30,370,216**
F. Other liabilities				
I. Accounts payable on reinsurance business	273,391,685		250,709,275	
thereof accounts due to companies in which a participating interest is held: €27,696,117 (2022: €29,086,776)				
II. Liabilities to banks	5,230,000		2,690,107	
III. Other liabilities	14,793,560		35,118,167	
thereof accounts due to companies in which a participating interest is held: €190,220 (2022: €187,454)				
thereof from taxes: €155,121 (2022: €223,180)				
		293,415,245		**288,517,549**
G. Deferred items		**830,322**		**531,585**
Total equity and liabilities		**3,297,317,331**		**2,959,198,099**

CONSOLIDATED INCOME STATEMENT
FOR THE PERIOD FROM 1 JANUARY 2023 TO 31 DECEMBER 2023

ITEMS in €	2023		2022	
I. Technical account				
1. Premiums earned for own account				
a) Gross premiums written	1,762,008,293		1,508,323,233	
b) Retroceded premiums	532,154,208		470,414,718	
	1,229,854,085		**1,037,908,515**	
c) Change in gross unearned premiums	–17,224,208		–7,202,358	
d) Change in retroceded share of unearned premiums	–2,230,497		3,914,191	
	–14,993,711		**–11,116,549**	
		1,214,860,375		**1,026,791,966**
2. Interest on technical provisions for own account		**1,219,909**		**1,219,320**
3. Other underwriting income for own account		**294,915**		**3,803,351**
4. Claims incurred for own account				
a) Payments for insured events				
aa) Gross amount	851,364,957		846,065,114	
bb) Retroceded amount	249,989,757		259,537,428	
	601,375,200		**586,527,686**	
b) Change in provision for outstanding claims				
aa) Gross amount	236,632,018		147,826,563	
bb) Retroceded amount	–19,307,419		95,473,570	
	255,939,437		**52,352,992**	
		857,314,637		**638,880,678**
5. Change in other technical provisions for own account				
a) Net provisions for future policy benefits	–24,722,199		–25,974,592	
b) Other net technical provisions	438,794		–854,285	
		–24,283,405		**–26,828,877**
6. Expenses for premium refunds for own account		**–237,540**		**861,545**
7. Operating expenses for own account				
a) Gross operating expenses	497,851,781		433,910,100	
b) less: commissions and profit commissions received on retroceded business	145,358,594		140,139,985	
		352,493,187		**293,770,114**
8. Other underwriting expenses for own account		**20,261,719**		**14,369,778**
9. Subtotal		**–37,740,208**		**57,103,643**
10. Change in equalisation reserves and similar provisions		**–30,166,561**		**–66,764,401**
11. Underwriting result for own account		**–67,906,769**		**–9,660,757**

ITEMS in €	2023		2022	
Amount brought forward (Technical result for own account):		**–67,906,769**		**–9,660,757**
II. Non-technical account				
1. Investment income				
a) Dividends from participating interests	10,960,524		22,274,596	
b) Income from associated companies	4,132,800		10,522,785	
c) Income from other investments				
aa) Income from other investments	64,071,343		53,718,598	
d) Income from write-backs	26,167,349		406,057	
e) Realised gains on the disposal of investments	23,421,989		26,495,837	
		128,754,005		**113,417,873**
2. Investment expenses				
a) Management expenses, interest charges, and other expenses on investments	5,740,256		5,305,607	
b) Write-downs on investments	39,044,924		72,208,813	
c) Realised losses on the disposal of investments	637,091		1,313,938	
		45,422,271		**78,828,357**
3. Interest income on technical provisions		**1,404,801**		**1,470,850**
		81,926,933		**33,118,666**
4. Other income	8,158,882		2,247,572	
5. Other expenses	10,178,332		9,956,343	
		–2,019,450		**–7,708,772**
6. Operating result before tax		**12,000,714**		**15,749,137**
7. Taxes on income	–346,316		4,838,649	
8. Other taxes	377,223		386,568	
		30,907		**5,225,217**
9. Profit for the year		**11,969,807**		**10,523,920**
10. Minority interests in profit/loss for the year		**–1,368,365**		**5,586,809**
11. Profit/loss brought forward from previous year		**46,860,990**		**41,953,148**
12. Minority interests in the profit/loss brought forward from previous year		**14,434,886**		**6,957,789**
13. Consolidated balance sheet profit		**71,897,319**		**65,021,665**

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY AS AT 31 DECEMBER 2023

The consolidated statement of changes in shareholders' equity has been drawn up in accordance with the provisions of German Accounting Standard No. 22 – Group Equity – (DRS 22).

Group equity increased by €11,526K to €329,545K in the year under review.

Dividends of €4,635K were offset by an increase in the difference in equity due to currency translation and the profit for the year of €11,970K.

in € '000	Equity of the parent company										Non-controlling interests				Group equity
	(Corrected) issued capital	Reserves					Difference in equity due to currency translation	Profit carried forward	Consolidated net profit/loss for the year attributable to the parent company	Total	Non-controlling interests before difference in equity due to currency translation and net profit for the year	Difference in equity due to currency translation attributable to non-controlling interests	Profit/loss attributable to non-controlling interests	Total	Total
	Issued capital	Capital reserves	Retained earnings			Total									
	Ordinary shares	in accordance with section 272(2) No. 1–3 HGB	Legal reserve	Other retained earnings	Total										
As at 31 Dec. 2022	**25,000**	**23,818**	**8,177**	**150,297**	**158,475**	**182,293**	**2,316**	**65,022**	**0**	**274,631**	**23,815**	**19,573**	**0**	**43,388**	**318,019**
Allocation to/withdrawal from reserves			979		979	979		–979		0				0	0
Dividends paid					0	0		–3,000		–3,000	–1,635			–1,635	–4,635
Currency translation					0	0	347	252		599		3,592		3,592	4,191
Other changes					0	0				0				0	0
Consolidated net profit/loss for the year					0	0			10,602	10,602			1,368	1,368	11,970
As at 31 Dec. 2023	**25,000**	**23,818**	**9,156**	**150,297**	**159,454**	**183,272**	**2,663**	**61,295**	**10,602**	**282,831**	**22,180**	**23,165**	**1,368**	**46,713**	**329,545**

CONSOLIDATED CASH FLOW STATEMENT FOR THE 2023 FINANCIAL YEAR

Cash flow reporting for the Deutsche Rück Group is based on the provisions of German Accounting Standard No. 21 – Cash Flow Statements – (DRS 21). The Group has exercised its right to use the indirect method to calculate cash flow from operating activities. Only the direct method was used to show payment flows relating to investment and financing activities. The specific features of cash flow statements for insurance companies were taken into account.

The cash fund (cash and cash equivalents) corresponds to balance sheet item "D. II. Cash at banks, cheques and cash in hand". In the 2023 financial year, it dropped by €60,480K to €80,622K at year-end.

Operating activities resulted in a cash outflow of €58,373K in the year under review.

Cash inflows from the increase in net technical provisions, the increase in deposits retained and accounts payable and the drop in other receivables were offset by cash outflows from the increase in deposits retained and accounts receivable and the decrease in other liabilities. The Deutsche Rück Group recorded a cash outflow of €330,055K for other balance sheet items, which include investments in particular. This stood in contrast to positive effects on cash flow from non-cash expenses.

Investment activities are of minor importance to cash flow at the Deutsche Rück Group and, as in the previous year, reflect investment in tangible and intangible assets.

As in the previous year, dividend payments by Group companies led to a cash outflow from financing activities.

CONSOLIDATED CASH FLOW STATEMENT in € '000		2023	2022
	Result for the period (profit/loss for the year incl. minority interests)	11,970	10,524
+/–	Net increase/decrease in technical provisions	282,304	124,937
–/+	Increase/decrease in deposits retained and accounts receivable	–46,371	56,216
+/–	Increase/decrease in deposits retained and accounts payable	13,226	–160,100
–/+	Increase/decrease in other receivables	4,426	–15,193
+/–	Increase/decrease in other liabilities	–24,198	1,829
+/–	Change in other balance sheet items not related to investment or financing activities	–330,055	–154,958
+/–	Other income/expenses without impact on cash flow and adjustments to the result for the period	56,777	119,421
–/+	Gain/loss on the disposal of investments and tangible and intangible assets	–22,838	–25,203
+/–	Income tax expense/income	–346	4,839
–/+	Income tax paid	–3,268	–22,899
=	**Cash flow from operating activities**	**–58,373**	**–60,587**
+	Inflows from disposal of tangible assets	67	52
–	Outflows for investment in tangible assets	228	159
–	Outflows for investment in intangible assets	1,090	370
=	**Cash flow from investment activities**	**–1,251**	**–477**
–	Dividends paid to shareholders in the parent company	3,000	3,000
–	Dividends paid to other shareholders	1,635	1,582
=	**Cash flow from financing activities**	**–4,635**	**–4,582**
	Change in cash and cash equivalents with an impact on cash flow	–64,259	–65,646
+/–	Changes in cash and cash equivalents due to exchange rates and valuation	3,779	5,863
+	Cash and cash equivalents at the beginning of the period	141,102	200,885
=	**Cash and cash equivalents at the end of the period**	**80,622**	**141,102**

Notes to the Consolidated Financial Statements

GENERAL INFORMATION ON CONTENT AND LAYOUT OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements have been prepared in accordance with the provisions of the German Commercial Code (*Handelsgesetzbuch*, HGB), the German Regulation on the Accounting of Insurance Undertakings (*Verordnung über die Rechnungslegung von Versicherungsunternehmen*, RechVersV), the German Act on the Supervision of Insurance Undertakings (*Gesetz über die Beaufsichtigung der Versicherungsunternehmen*, VAG) and the German Stock Corporation Act (*Aktiengesetz*, AktG). The provisions of German Accounting Standards (DRS) have been observed.

Deutsche Rückversicherung AG has its head office in Düsseldorf and is registered with the district court of Düsseldorf under the number HRB 24729.

The figures in the consolidated financial statements are shown in thousands of euros (€K) for better clarity. In this presentation, commercial rounding may mean that the sum of individual figures differs from subtotals or final totals.

CONSOLIDATION

Scope of consolidation

Along with the parent company Deutsche Rückversicherung AG (Deutsche Rück), the consolidated financial statements include the following companies:

COMPANY NAME AND REGISTERED HEAD OFFICE	Share in equity in %	Shareholders' equity in €'000	Result in €'000	Financial statements as at
Subsidiaries fully consolidated				
DR Sachwerte SCS SICAV-RAIF, Senningerberg	100.00	347,011.9	1,492.4	30 Sept. 2023
Deutsche Rückversicherung Switzerland Ltd, Zurich	71.25	209,798.7	–118.9	31 Dec. 2023
Subsidiaries not consolidated (section 296(2) HGB)				
DRVB GP S.à r.l., Senningerberg	100.00	12	0	30 Sept. 2023

COMPANY NAME AND REGISTERED HEAD OFFICE	Share in equity in %	Shareholders' equity in €'000	Result in €'000	Financial statements as at
Associated companies consolidated at equity				
DRVB G 6 - 10 GmbH, Düsseldorf	50.00	3,023.7	–1.3	31 Dec. 2023
DRVB Invest Beteiligungs GmbH, Düsseldorf	50.00	20,434.6	–223.0	31 Dec. 2023
Hansapark 2 GmbH & Co. KG, Düsseldorf	50.00	53,423.5	1,858.9	31 Dec. 2023
Hansapark Verwaltungs GmbH & Co. KG, Düsseldorf	50.00	16,115.9	1,489.4	31 Dec. 2023
Immobiliengesellschaft Burstah Hamburg GmbH & Co. KG, Düsseldorf	50.00	13,000.1	418.8	31 Dec. 2023
Lintgasse 14 GmbH, Cologne	50.00	3,626.6	–625.7	31 Dec. 2023
Objekt Aachen, Großkölnstraße GmbH, Düsseldorf	50.00	18,745.9	–173.1	31 Dec. 2023
Objekt Karlsruhe Kaiserstraße GmbH, Düsseldorf	50.00	13,729.0	300.9	31 Dec. 2023
Objekt Leipzig Katharinenstraße GmbH, Düsseldorf	50.00	9,199.1	379.7	31 Dec. 2023
VonWerth Grundbesitz GmbH, Cologne	50.00	307.2	–76.9	31 Dec. 2023
Ecosenergy Zweite Betriebsgesellschaft mbH & Co. KG, Nordhorn	44.44	15,403.4	1,751.9	31 Oct. 2022
DC Values Karl-Marx GmbH & Co. KG, Grünwald	40.00	9,646.7	–38.3	31 Dec. 2022
DC Values MKH GmbH & Co. KG, Grünwald	40.00	7,616.0	428.6	31 Dec. 2022
DRVB Wohnen Beteiligungs-GmbH, Düsseldorf	40.00	599.8	–4.3	31 Dec. 2023
Objekt Düsseldorf An der Kaserne GmbH & Co. KG, Düsseldorf	40.00	11,831.4	288.5	31 Dec. 2023
Objekt Düsseldorf Couvenstraße GmbH & Co. KG, Düsseldorf	40.00	6,546.0	201.8	31 Dec. 2023
Objekt Leipzig Nordstraße GmbH, Düsseldorf	40.00	3,796.0	–787.6	31 Dec. 2023
Objekte Nürnberg GmbH & Co. KG, Düsseldorf	40.00	9,237.3	688.9	31 Dec. 2023
"Steindamm-Ensemble" Verwaltungs GmbH, Hamburg	40.00	2,522.7	1,130.8	31 Dec. 2022
RFR Invest 6 GmbH, Frankfurt am Main	39.00	6,005.4	–2.9	31 Dec. 2022
RFR Invest 7 GmbH, Frankfurt am Main	39.00	6,007.6	–2.7	31 Dec. 2022
RFR Invest 8 GmbH, Frankfurt am Main	39.00	6,007.6	–2.7	31 Dec. 2022
Objekt Minoritenstraße Köln GmbH & Co. KG, Düsseldorf	37.96	5,705.0	497.9	31 Dec. 2023
Rockstone Ulmen 22 GmbH, Oststeinbeck	37.50	14,769.0	142.0	31 Dec. 2022
Tremonia Ostenhellweg GmbH & Co. KG, Hamburg	35.00	13,509.0	2,248.4	31 Dec. 2022
MAGNUM EST Digital Health GmbH, Berlin	24.49	–2,350.4	–1,245.6	31 Dec. 2022
MBS Beteiligungs GmbH, Frankfurt am Main 1)	16.67	34,218.4	595.3	31 Dec. 2022
Associated companies not consolidated (section 311(2) HGB)				
Hansapark Verwaltungs GmbH, Düsseldorf	50.00	1,133.4	1.5	31 Dec. 2023
OEV Equity Trust GmbH, Düsseldorf	50.00	790.9	2.9	31 Dec. 2023

1) Associated company owing to material influence through joint venture agreement

The companies listed as "subsidiaries not consolidated" are not included in the consolidated financial statements in accordance with section 296(2) HGB. Likewise, the provisions of sections 311(1) and 312 HGB are not applied to associated companies not consolidated in accordance with section 311(2) HGB. These companies are not material to providing a true and fair view of the Deutsche Rück Group's net assets, financial position and results of operations, either individually or collectively.

The associated companies listed below were included in the consolidated financial statements for the first time at equity in the 2023 financial year in accordance with the revaluation method:

- DRVB G 6-10 GmbH
  Difference: €2K
- RFR Invest 6 GmbH
  Difference: €1K
- RFR Invest 7 GmbH
  Difference: €1K
- RFR Invest 8 GmbH
  Difference: €1K

For companies included at equity, the differences between the carrying amount and the equity of the associated companies as at the balance sheet date came to €23,057K. This included goodwill of €255K. There were no mandatory disclosures with regard to associated companies with a material influence on the Deutsche Rück Group's net assets, financial position and results of operations in the year under review.

Consolidation principles

Except for the companies listed below, the balance sheet date of all companies included in the consolidated financial statements is 31 December.

DR Sachwerte SCS SICAV-RAIF prepares its annual financial statements as at 30 September. An interim statement as at 31 December is drawn up for the consolidated financial statements. Ecosenergy Zweite Betriebsgesellschaft mbH & Co. KG prepares its annual financial statements as at 31 October.

The annual financial statements of the included companies Deutsche Rückversicherung Switzerland Ltd (DR Swiss) and DR Sachwerte SCS have in each case been transferred to financial statements that comply with German accounting regulations in the Deutsche Rück Group. Balance sheet items and valuations at DR Swiss have been transferred in accordance with special regulations for foreign insurance companies, in line with sections 300(2) and 308(2) HGB. The financial statements of DR Swiss, which are in foreign currency, have been converted using the modified reporting date method pursuant to section 308a HGB.

For the first-time consolidation of DR Swiss and Hansapark Verwaltungs GmbH & Co. KG, which took place before 1 January 2010, capital consolidation in accordance with the book value method was maintained in line with art. 66(3) sentence 4 of the Introductory Act to the German Commercial Code (*Einführungsgesetz zum Handelsgesetzbuch*, EGHGB).

First-time consolidation of all other affiliated and associated companies after 31 December 2009 was based on the revaluation method. Equity has been recognised at the fair value corresponding to the fair value of the assets, liabilities, deferred items and special items to be included in the consolidated financial statements. Any differences arising from first-time consolidation have been recognised as goodwill. Depreciation takes place over an expected useful life of five years.

Associated companies are recognised in the consolidated financial statements at equity at their carrying amount, as permitted by sections 311(1) and 312(1) HGB. Participating interests and balancing items are recognised based on their valuations at the time of acquiring the shares. Any measurement methods that diverge from those used in the consolidated financial statements are not adjusted.

The shares held by other shareholders in DR Swiss are shown separately under equity capital in accordance with section 307(1) HGB. The other shareholders participate in the net profit or loss for the year and the profit or loss carry forward of DR Swiss in proportion to their stakes in the company.

All intercompany receivables and payables, income, expenses and cash flows are eliminated in full upon consolidation.

ACCOUNTING PRINCIPLES

Intangible assets
Intangible assets acquired in return for a fee are recognised at acquisition cost and amortised on a straight-line basis over their expected useful life.

Investments
Any shares in affiliated companies and associated companies that have not been included in the consolidated financial statements, as permitted by section 296(2) HGB or section 311(2) HGB, as well as the other participating interests, are valued as fixed assets in accordance with the mitigated lowest value principle pursuant to section 341b(1) HGB in conjunction with section 253(3) sentence 5 HGB. Write-downs are made for any impairments that are expected to be permanent.

Loans to companies in which a participating interest is held are recognised as fixed assets in accordance with section 341b(1) HGB, and the difference between acquisition cost and repayment amount is amortised using the effective interest rate method in accordance with section 341c(3) HGB.

Information on the recognition of shareholdings in associated companies is included in the notes on consolidation principles.

Shares, interests or shares in investment assets and other variable-yield securities and bearer bonds and other fixed-interest securities are valued in accordance with the rules on current assets pursuant to section 341b(2) HGB in conjunction with section 253(4) HGB. If these investments are intended to serve the company’s business operations on an ongoing basis, they will be valued in accordance with the rules on fixed assets pursuant to section 341b(2) second half-sentence HGB in conjunction with section

253(3) sentence 5 and 6 HGB. Shares worth €7,290K, investment fund units totalling €763,426K and bearer bonds worth €872,307K are allocated to fixed assets.

Receivables from mortgages and land charge claims comprise loans that are secured through land charges, which are recognised in the balance sheet at the cost of acquisition less any repayments made in accordance with the rules on fixed assets pursuant to section 341b(1) sentence 2 HGB. Any differences between acquisition cost and repayment amount are amortised using the effective interest rate method in accordance with section 341c(3) HGB. In the event of impairment that is expected to be permanent, for example owing to default risks, these receivables are recognised at fair value in accordance with section 253(3) sentence 5 HGB.

Registered bonds are recognised in the balance sheet at par value in accordance with the rules on fixed assets as required by section 341c(1) HGB, while redemption premiums and discounts are spread over the term of the bond as deferred items on the assets and liabilities side in proportion to the capital.

Loans and promissory notes and other loans are valued as fixed assets at acquisition cost in accordance with section 341b(1) HGB. Any differences between acquisition cost and repayment amount are amortised using the effective interest rate method in accordance with section 341c(3) HGB.

Due regard is given to the requirement to reverse write-downs where the reasons for them no longer exist in accordance with section 253(5) HGB.

Deposits with banks and deposits retained on assumed reinsurance business are reported at their nominal amounts.

Receivables

Accounts receivable from reinsurance business and other receivables are carried at their nominal value less any appropriate provisions for doubtful debts or write-downs.

Other assets

Property, plant and equipment are recognised at cost and depreciated over their expected useful lives. Minor-value assets with a value of between €250 and €800 are written off in full in the year of purchase, in accordance with the limits that have applied since 1 January 2018 (between €150 and €410 until 31 December 2017).

Cash at banks and cash in hand are recognised at nominal value.

Deferred items

Accrued interest and rent, which is recognised at nominal value, relates to the year under review but was not yet due as at 31 December 2023. Accrued premiums on registered bonds are spread over the term of the bond.

Valuation units

Together with the associated underlying transactions, hedging transactions conducted by Deutsche Rück are accounted for as a valuation unit in accordance with section 254 HGB in conjunction with IDW

RS HFA 35 (Comments on Accounting of the Main Technical Committee of the Institute of Public Auditors in Germany (Institut der Wirtschaftsprüfer) – No. 35). According to these regulations, assets, liabilities, pending transactions or transactions forecast to be highly probable ("underlying transactions") are pooled together with primary or derivative financial instruments ("hedging transactions") and designated as valuation units for accounting purposes, so as to offset the opposing changes in fair value from the incidence of comparable risks.

When accounting for valuation units in accordance with the provisions of section 254 HGB, unrealised losses resulting from hedged risks in relation to components (individual transactions) of the valuation unit are not recognised if these losses can be offset by unrealised profits in the same amount arising from other components (transactions) of the valuation unit. This applies to the extent that and for the period in which opposing changes in fair value arising from the underlying and hedging transactions offset each other with respect to the hedged risk.

Accordingly, the Deutsche Rück Group calculates the changes in fair value of underlying and hedging transactions for each valuation unit as at the balance sheet date. When doing so, a distinction is made between changes in fair value for hedged risks and changes in fair value for risks that are not hedged. The changes in fair value for hedged risks (effective part) are offset using the net hedge presentation method and are not recognised in the financial statements. Any unrealised profit that arises from the ineffective part in relation to the hedged risk will not be taken into account. If any loss results from the ineffective part in relation to the hedged risk, a corresponding provision is booked. Changes in fair value that are not attributable to hedged risks are reported without being netted in accordance with the general accounting policies applied to the underlying transactions.

The formation of a hedging relationship (valuation unit) is documented. This documentation will include the purpose of the hedge, the type of risk to be hedged and objective of the hedge, and key contractual data for the underlying transaction and hedging instrument. In addition, the documentation will indicate that the hedging instrument is objectively appropriate for hedging the specified risk at the time the hedging relationship is initiated and during its existence, and that it is therefore expected to be effective (prospective effectiveness).

Both the prospective assessment of effectiveness of the hedging relationship and the retrospective determination of effectiveness of the valuation unit are performed by comparing the underlying and hedging transactions with respect to the key terms and parameters relevant to the valuation (the critical terms match method). As at the balance sheet date, the Deutsche Rück Group has solely created micro-hedges for the purposes of hedging exchange rate fluctuations, whereby the underlying and hedging transactions are in principle subject to the same risk (currency risk), and changes in fair value to this effect are fully offset in the amount of the hedged risk. These micro-hedges are created permanently or for the remaining term to maturity of the underlying transactions. The opposing changes in fair value in the underlying transactions and hedging instruments fully offset each other during the financial year and are also expected to fully offset each other in the future.

Currency risk is hedged by buying forward contracts of corresponding currencies (currency forwards). The interest effect from these currency forwards does not form part of the valuation units and in each case is reported separately on a pro rata basis over the term of the currency forward in the income statement. Since the terms of the underlying transactions and currency forwards (hedging instruments) do not match, as the currency forwards approach maturity further currency forwards are concluded on a rolling basis. If currency forwards are renewed, any resulting cash flows are disclosed as an adjustment item on the balance sheet without being taken through the income statement, or are offset with the carrying value of the underlying transaction.

Balance sheet item	Type of valuation unit	Hedged risk	Amount of hedged risks
Participating interests Carrying amount: EUR 25,274K	Micro-hedge	Risk of change in value Currency risk US dollar (USD)	USD 17,736K EUR 16,071K
Bearer bonds and other fixed-interest securities Carrying amount: EUR 57,807K	Micro-hedge	Risk of change in value Currency risk Danish krone (DKK)	DKK 435,201K EUR 58,394K

As at the balance sheet date, risks of a change in value (currency risks) with a total volume of €74,465K have been hedged using valuation units.

Deferred tax assets

Corresponding tax burdens and tax reliefs have been calculated for temporary differences between the accounts prepared for financial reporting purposes and those prepared for tax purposes. Overall, netting the two results in an excess of deferred tax assets, due predominantly to the determination of the claims provision, reinvested income from investment funds and the valuation of pension provisions. An average tax rate of 31.225 % was applied for calculating deferred taxes in the year under review. The Group has exercised its right pursuant to section 274(1) sentence 2 HGB and opted to waive recognition of deferred tax assets in the balance sheet. There were likewise no deferred taxes resulting from application of section 306 HGB to be recognised in the consolidated financial statements as at 31 December 2023.

Subordinated liabilities

Subordinated liabilities are made up entirely of subordinated registered bonds with a fixed-interest period until 31 October 2026. These are recognised at their settlement amount.

Technical provisions

The technical provisions (unearned premiums, provisions for outstanding claims, provisions for future policy benefits and other technical provisions) were generally recognised in accordance with the instructions of the cedants. Where instructions were not given, provisions were estimated on the basis of the contractual terms and business to date. Appropriate provisions were also established for claims burdens expected in the future. The retrocessionaires' shares were determined in accordance with the contractual agreements.

The equalisation reserves and similar provisions have been set up in accordance with section 341h HGB, taking into account the permissible maximum amounts in accordance with sections 29 et seq. RechVersV.

Provision for employees' pensions and similar commitments
Provisions for pensions and similar obligations have been established in accordance with actuarial principles using the projected unit credit method. Annual salary increases are taken into account at 2.75 % p.a. and pension rises at 2.10 % and 1.00 % p.a. The biometric accounting principles were obtained from the Heubeck mortality tables 2018G. Provisions were discounted at the average market interest rate of 1.82 % (average ten-year interest rate) based on an assumed remaining term of 15 years as at the balance sheet date, as permitted by exercising the option pursuant to section 253(2) sentence 2 HGB.

In accordance with section 253(6) HGB, amounts of €545K (previous year: €2,492K) are blocked from dividend payouts in the separate financial statements of the parent company Deutsche Rückversicherung AG; these are offset by adequate retained earnings of €150,030K.

The employee-financed pension obligations resulting from salary waivers are based on individual commitments. Capital-based pension obligations relate to a securities-based pension commitment, where the insured persons have an unlimited and irrevocable right to the maturity benefits, including the allocated profit shares. The current policy reserve of the associated congruent reinsurance coverage constitutes a plan asset as defined by section 246(2) HGB and is offset against pension obligations. As at 31 December 2023, the pension provision totals €152K before offsetting against the claim arising from reinsurance in the same amount.

Tax provisions and other provisions
Tax provisions and other provisions are valued in accordance with section 253(1) sentence 2 HGB at the amount expected to be required for settlement of the obligation, applying reasonable commercial judgement. Provisions with a remaining term of more than one year are discounted at the average market interest rate for the last seven financial years as appropriate for their term, in accordance with section 253(2) sentence 1 HGB.

The provisions for semi-retirement obligations and for long-service award expenses are calculated in accordance with actuarial principles using an interest rate of 1.74 % and an assumed annual salary increase of 2.75 %. The calculations are based on the Heubeck mortality tables 2018G.

Liabilities
Deposits retained on retroceded business and accounts payable from reinsurance business are recognised at the amounts shown in the reinsurers' statements of account. Liabilities to banks and other liabilities are shown at their settlement amounts. Liabilities to banks arise in the course of collateral management due to cash collateral received for forward purchases, which must be repaid by the time the transactions mature at the latest.

Deferred items

Deferred items on the liabilities side are measured at nominal value. Any discounts that are included are spread over the term.

Foreign currencies

With the exception of shares in affiliated companies, foreign currency asset and liability items are converted into euros using the relevant mean spot exchange rates at the balance sheet date. Income and expense items are converted into euros, the reporting currency, using the average exchange rates for the year.

NOTES TO THE CONSOLIDATED BALANCE SHEET

DEVELOPMENT OF ASSET ITEMS A. AND B.I. IN THE 2023 FINANCIAL YEAR in €'000	Carrying amount (previous year)	Changes in the exchange rate	Additions	Disposals	Write-backs	Write-downs	Carrying amount for financial year
Asset items							
A. Intangible assets							
1. Concessions, industrial property rights and similar rights and assets, as well as licences to such rights and assets, that have been acquired in return for a fee	1,684	2	1,092	0	0	106	2,672
Sum A.	**1,684**	**2**	**1,092**	**0**	**0**	**106**	**2,672**
B.I. Investments in affiliated companies and participating interests							
1. Shares in affiliated companies	12	0	0	0	0	0	12
2. Participating interests	203,108	0	64,405	8,892	2,028	12,128	248,521
3. Loans to companies in which a participating interest is held	464	0	29	0	0	0	493
4. Shareholdings in associated companies	170,931	0	36,616	30,038	0	4,071	173,438
5. Loans to associated companies	200	0	8,526	200	0	0	8,526
Sum B.I.	**374,716**	**0**	**109,576**	**39,130**	**2,028**	**16,199**	**430,991**
Total	**376,400**	**2**	**110,668**	**39,130**	**2,028**	**16,305**	**433,663**

Disclosures in accordance with section 314 No. 10 HGB

FINANCIAL INSTRUMENTS CLASSED AS FINANCIAL ASSETS THAT ARE RECOGNISED AT MORE THAN THEIR FAIR VALUE in €'000	Carrying amount	Fair value	Unrealised loss
Shareholdings in associated companies	15,928	15,623	305
Participating interests	22,653	21,227	1,426
Loans to associated companies	200	194	6
Shares, interests or shares in investment assets and other variable-yield securities	1,044	1,005	39
Bearer bonds and other fixed-interest securities	95,631	86,615	9,016
Receivables from mortgages, land charge and annuity land charge claims	262,861	257,795	5,065
Registered bonds	130,219	112,444	17,775
Loans and promissory notes	74,136	68,418	5,718
Total	**602,672**	**563,322**	**39,350**

Since the intention is to hold these financial instruments until final maturity and on the basis of market assessments for these financial instruments, the Deutsche Rück Group anticipates that this impairment will merely be of a temporary nature. As such, no write-down due to permanent impairment has been recognised.

Disclosures in accordance with section 314(1) No. 18 HGB

As at 31 December 2023, the Deutsche Rück Group holds more than 10 % of the units in a domestic investment fund in accordance with section 314 sentence 1 No. 18 HGB. There are no restrictions on the option to return the units on any day.

in €'000	Fair value	Carrying amount	Unrealised gains	Dividend received in 2023
Mixed fund	475,290	379,943	95,347	4,470

Remaining terms of receivables

There are accounts receivable with a remaining term of more than one year totalling €439K. All other receivables have a remaining term of less than one year.

Deferred items

Premiums on registered bonds totalled €72K as at the balance sheet date (previous year: €71K).

Shareholders' equity

The issued capital of the parent company Deutsche Rück totals €25,000K and is made up of 488,958 no-par-value shares. The consolidated balance sheet profit of €71,897K includes a consolidated profit carry forward of €46,861K. Changes in equity are shown in the consolidated statement of changes in shareholders' equity in accordance with DRS 22.

OTHER PROVISIONS in €'000	2023	2022
a) Provisions to cover expenses related to preparation of the annual financial statements	467	524
b) Provisions related to human resources	5,456	5,035
c) Provisions for other administration costs	1,080	3,544
Total	**7,003**	**9,103**

Other liabilities

There are no liabilities with a term of more than five years and no liabilities that are secured through liens or similar rights. All other liabilities have a term to maturity of less than one year.

Deferred items

Discounts on registered bonds totalled €830K as at the balance sheet date (previous year: €532K).

NOTES TO THE CONSOLIDATED INCOME STATEMENT

GROSS PREMIUMS WRITTEN in €'000	2023	2022
Property and casualty business	1,685,217	1,420,388
Life insurance business	76,791	87,935
Total	**1,762,008**	**1,508,323**

Technical interest income for own account

Technical interest income transfers the interest income listed in section 38 RechVersV to the technical income statement and is calculated from the 2.25 % interest allocated to the annuity provision and the deposit interest on the deposit for provisions for future policy benefits.

Claims expenditure for own account

Releases to the provision for outstanding claims assumed from the previous year generated a gross profit of 1.6 % (previous year: 2.0 %) of gross earned premiums and a net loss of 2.4 % (previous year: profit of 5.1 %) of net earned premiums.

PERSONNEL EXPENSES

in €'000		2023	2022
1.	Wages and salaries	22,357	20,105
2.	Social security contributions and employee assistance expenses	2,906	2,744
3.	Expenses for employees' pensions	2,886	5,945
Total		**28,149**	**28,794**

Write-downs in accordance with section 253(3) sentence 5 and 6

Unscheduled write-downs on fixed assets owing to impairment that was expected to be permanent were carried out in the year under review in the amount of €12,933K (previous year: €19,314K). Write-downs were also carried out on financial assets in the amount of €26,112K owing to impairments that were not expected to be permanent (previous year: €52,895K).

Other income

Other income includes exchange rate gains amounting to €5,887K (previous year: €1,263K).

Other expenses

Interest allocated to provisions for employees' pensions, semi-retirement and long-service award expenses comes to €718K (previous year: €669K). Exchange rate losses of €2,278K (previous year: €1,985K) were recorded.

OTHER DISCLOSURES

The Group employed an average of 183 staff in the 2023 financial year, of whom 77 were female and 106 male.

Members of the Supervisory Board received total remuneration of €180,200 for performing their duties at the parent company and the subsidiaries in the year under review, while the Board of Executive Directors received total remuneration of €1,382,084.

Total remuneration for former members of the Board of Executive Directors and their surviving dependants came to €516,716. Provisions recognised in this regard amount to €9,574,602.

Contingent liabilities and commitments

As a member of the German Pharmaceutical Reinsurance Association (Pharma-Rückversicherungs-Gemeinschaft), we are required to assume the benefit obligations of any other member of the pool if one of them drops out. Our obligation applies in relation to our quota share. Similar obligations exist as a result of our membership of the German Nuclear Reactor Insurance Association (Deutsche Kernreaktor-Versicherungsgemeinschaft, DKVG). The public insurers provide the public insurers' solidarity pool for risks arising from terrorist attacks with annual capacity of a total of €250,000K, which will be borne jointly if necessary. Deutsche Rück will have to assume a contingent liability of up to €25,000K from this solidarity pool if required.

Due to our membership of VöV Rückversicherung KöR, we are liable for the company's liabilities up to the level of non-paid-up share capital of €184K. We estimate that the probability of occurrence is extremely low.

There is a joint and several debt service guarantee (surety) for the payment of interest and/or capital repayment (debt service) for a loan of €3,200K taken out by an associated company. We estimate that the probability of a claim being made under this surety is low.

Deutsche Rück has assumed a directly enforceable surety in the amount of €6,900K for the fulfilment of obligations of an associated company arising from a general contractor agreement relating to the construction of the "Twin Cubes" building project.

Other financial commitments

There are payment obligations relating to open commitments to associated companies in the amount of €402K, participating interests in the amount of €183,450K and shares or units in investment funds totalling €57,062K.

From the investment portfolio, commitments in the amount of €182,973K existed as at the balance sheet date in relation to forward purchases of promissory notes, registered securities and bearer bonds with interest rates of between 0.5 % and 5.116 % and terms to maturity of between less than one and 24 years. Forward purchases are measured using the cost of carry. Taking into account the market value of the underlying instruments at the balance sheet date, the total fair value of the forward purchases is €752K.

The following optional purchase obligations (short put options) exist as at the balance sheet date:

- Three optional purchase obligations arising from a registered bond issued by the IBRD (World Bank), each of which amounts to €5,000K, with interest of 2.26 % and a term up to 6 July 2037.
- Four optional purchase obligations arising from a registered bond issued by the IBRD (World Bank), each of which amounts to €5,000K, with interest of 2.40 % and a term up to 16 February 2038.
- Five optional purchase obligations arising from a registered bond issued by NRW Bank, each of which amounts to €6,000K, with interest of 2.35 % and a term of 30 years in each case.

The purchase obligations listed above have a combined market value of €−677K, €−777K and €−3,780K respectively based on the shifted Libor market model.

It is only necessary to recognise provisions for anticipated losses from pending transactions if there is an impairment to the underlying instrument and this is expected to be permanent. Since the underlying instruments relating to the forward purchases and purchase obligations are measured in accordance with section 341b(1) HGB and thus according to the regulations governing fixed assets, accounting risks do not arise if a permanent impairment to the underlying instrument is deemed unlikely. Consequently, it is not necessary in this instance to create a provision for anticipated losses from pending transactions.

Deutsche Rück has granted loans secured by land charges in the last four financial years, which have not yet been fully disbursed. The outstanding payments are linked to progress with construction of the properties serving as security. The total loan amounts still to be disbursed come to €52,207K. The interest rates are between 2.85 % and 12.00 %.

Further disclosures
There are no contingent liabilities, including pledges and assignments as security as well as liabilities resulting from the issue of bills of exchange and cheques, that are not clearly recognisable from the consolidated financial statements.

Total fees in the amount of €231K were paid or set aside for the Group’s statutory auditor, EY GmbH & Co. KG, for the 2023 financial year. Of this sum, €224K relates to the audits of the consolidated and annual financial statements and solvency overviews and €7K to other certification services.

Cover requirements in accordance with Solvency II were once again fulfilled in the year under review.

The German act implementing Council Directive (EU) 2022/2523 on ensuring a global minimum level of taxation and other accompanying measures (*Gesetz zur Umsetzung der Richtlinie (EU) 2022/2523 des Rates zur Gewährleistung einer globalen Mindestbesteuerung und weiterer Begleitmaßnahmen*, MinBestRL-UmsG) was published on 27 December 2023 and entered into force the following day. The provisions of the act will apply for the first time to financial years beginning after 30 December 2023. The Deutsche Rück Group does not anticipate any additional tax burden from the application of the act, other than administrative expenses for compliance.

Events after the balance sheet date

At the time of reporting, there are no discernible developments that could have a significant and lasting negative impact on the Deutsche Rück Group's net assets, financial position or results of operations.

No other significant events have occurred that could adversely affect our company's net assets, financial position and results of operations.

Proposal for the appropriation of the profit

The parent company proposes to the Annual General Meeting that the balance sheet profit of €6,014K shown in the separate financial statements be used as follows:

PROPOSAL FOR APPROPRIATION OF THE BALANCE SHEET PROFIT in €'000	
12 % dividend on the paid-up share capital	4,500
Transfers to retained earnings	0
Carry forward to new account	1,514

Düsseldorf, 10 April 2024

Deutsche Rückversicherung Aktiengesellschaft

Board of Executive Directors

Schaar Bosch Büning Rohde

Independent auditor's report

To Deutsche Rückversicherung AG, Düsseldorf

NOTE ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS AND GROUP MANAGEMENT REPORT

Audit opinion
We have audited the consolidated financial statements of Deutsche Rückversicherung AG, Düsseldorf, and its subsidiaries (the Group), comprising the consolidated balance sheet as at 31 December 2023, the consolidated income statement, the consolidated statement of changes in shareholders' equity and the consolidated cash flow statement for the financial year from 1 January 2023 to 31 December 2023, and the notes to the consolidated financial statements, including the presentation of accounting principles. We have also audited the Group management report of Deutsche Rückversicherung AG for the financial year from 1 January 2023 to 31 December 2023.

In our opinion, based on the findings of our audit,

- the enclosed consolidated financial statements comply with the provisions of German commercial law as applicable to insurance companies in all key respects and give a true and fair view, in accordance with German generally accepted accounting standards, of the Group's net assets and financial position as at 31 December 2023 and of its results of operations for the financial year from 1 January 2023 to 31 December 2023, and
- the enclosed Group management report gives a true and fair overall view of the Group's position. In all key respects, this Group management report is consistent with the consolidated financial statements, complies with the provisions of German law and accurately presents the opportunities and risks associated with future development.

In accordance with section 322(3) sentence 1 HGB, we declare that our audit has not led to any reservations with regard to the correctness of the consolidated financial statements and the Group management report.

Basis for our audit opinion
We have conducted our audit of the consolidated financial statements and the Group management report in accordance with section 317 HGB and Regulation (EU) No. 537/2014 on audits, taking into account generally accepted German standards for auditing financial statements as promulgated by the Institute of Public Auditors in Germany (Institut der Wirtschaftsprüfer – IDW). Our responsibility in accordance with these regulations and standards is described in more detail in the section "Auditor's responsibility for auditing the consolidated financial statements and the Group management report" within our auditor's report. We are independent of the Group companies in accordance with the provisions of European law and German commercial law as well as German rules of professional conduct, and have fulfilled the rest of our professional duties under German law in accordance with these require-

ments. We also declare, in accordance with article 10(2) sub-paragraph f) of Regulation (EU) No. 537/2014, that we have not provided any prohibited services not related to auditing in accordance with article 5(1) of Regulation (EU) No. 537/2014. We believe that the audit evidence we have obtained provides an adequate and appropriate basis for our audit opinion with regard to the consolidated financial statements and the Group management report.

Facts of particular importance in the audit of the consolidated financial statements
Facts of particular importance in the audit are those facts that, based on our judgement, were the most relevant in our audit of the consolidated financial statements for the financial year from 1 January 2023 to 31 December 2023. These facts have been taken into account in connection with our audit of the consolidated financial statements as a whole and in forming our audit opinion; we shall not provide a separate audit opinion on these facts.

We shall describe the facts that we consider to be of particular importance in our audit below.

Assessment of partial provisions for known and unknown claims included in gross provisions for outstanding claims
Reasons for classification as facts that are of particular importance in the audit
Gross provisions for outstanding claims essentially comprise partial provisions for known and unknown claims, which are valued in accordance with the provisions of section 341g HGB.

Gross partial provisions for known claims are generally valued on the basis of the cedants' instructions. If no instructions are available from cedants at the time of preparing the consolidated financial statements, the amount of provisions will be estimated for each contract. These estimates are then replaced with the reported figures upon receipt of the actual statements of account in the following year. The difference between the estimate and the actual statement of account results in an adjustment effect (true-up), which is recognised in income in the following year.

The Group's legal representatives estimate the gross partial provision for unknown claims based on past experience using actuarial methods.

This is a fact that is of particular importance in the audit, as the calculation of partial provisions for known and unknown claims included in gross provisions for outstanding claims is based to a large extent on estimates and assumptions and there is therefore a risk that the calculated figures may be inadequate, both overall and in the individual lines of insurance, and may not comply with the special principle of prudence in accordance with section 341g HGB. Furthermore, partial provisions for known and unknown claims included in gross provisions for outstanding claims account for a large proportion of total assets.

Our approach in the audit

As part of our audit of the financial statements, we examined the process used to record the cedants' statements of account and the procedures, methods and control mechanisms that are applied there. By tracing the processing of individual cedants' statements of account, we investigated the reinsurance settlement process as far as its presentation in the consolidated financial statements and tested the main controls for effectiveness. These controls relate to both the completeness of reinsurance settlements and the correct valuation of partial provisions for known claims. In addition, we traced the estimates for the year under review and the true-up for the previous year in each case, both overall and at the level of individual lines of business and individual cedants. In the event of significant deviations, we carried out interviews with the persons entrusted with the matter and conducted audits of the individual cases in order to analyse the main factors driving the deviations in estimates.

The purpose of our audit of the calculation of gross provisions for unknown IBNR claims was to assess the underlying procedures and methods to determine whether they are appropriate for ensuring that the amount of provisions is calculated correctly. By carrying out our own actuarial analyses and calculations, we traced whether the parameters on which estimates of IBNR reserves were based had been derived in a way that was comprehensible and whether adequate provisions had been recognised.

To assess whether adequate gross provisions have been calculated for known and unknown claims, we also calculated our own claims projections based on mathematical/statistical methods for the four largest lines/types of insurance. We compared the best estimate we had calculated with the partial provisions recognised for known and unknown claims and on this basis judged that the partial provisions included in gross provisions were adequate overall.

We also assessed whether, based on current knowledge, the partial provisions for known and unknown claims included in gross provisions for outstanding claims in previous years were adequate overall to cover the claims that actually occurred and thus to obtain indications that past estimates were adequate (target/actual comparison).

In the course of our audit we made use of our own specialists with actuarial expertise.

Our audit procedures did not give rise to any reservations with regard to the valuation of the partial provisions for known and unknown claims included in gross provisions.

Reference to associated disclosures
Information about the valuation of partial provisions for known and unknown claims included in gross provisions for outstanding claims is provided in the “Accounting principles” section of the notes.

Other information
The Supervisory Board is responsible for the Report of the Supervisory Board. The legal representatives are otherwise responsible for other information. Other information includes the following components of the annual report, of which we obtained a copy prior to issuing this auditor’s report:

- the Report of the Supervisory Board and
- the key figures shown before the contents of the annual report, as well as the information on markets

but not the consolidated financial statements, not the disclosures in the management report included in the audit of the contents and not our associated auditor’s report.

Our audit opinion on the consolidated financial statements and the Group management report does not extend to other information, and we are therefore not providing an audit opinion or any other form of audit conclusion on this information.

As part of our audit, we have a responsibility to read the other information and to determine whether the other information

- reveals significant discrepancies in relation to the consolidated financial statements, the Group management report or the findings of our audit or
- appears to be presented in any other way that is significantly incorrect.

If we conclude on the basis of the work we have carried out that this other information is presented in a way that is significantly incorrect, we have a duty to report this fact. We have nothing to report in this regard.

Responsibility of the legal representatives and the Supervisory Board for the consolidated financial statements and the Group management report
The legal representatives are responsible for preparing the consolidated financial statements, which must comply in all key respects with the provisions of German commercial law that apply to insurance companies, and are responsible for ensuring that the consolidated financial statements give a true and fair view of the Group’s net assets, financial position and results of operations in accordance with German generally accepted accounting standards. Furthermore, the legal representatives are responsible for the internal checks that they have deemed necessary, in accordance with German generally accepted accounting standards, to ensure that it is possible to prepare consolidated financial statements that are free from any material misstatements due to either fraud (i.e. manipulation of accounts or misappropriation of assets) or error.

When preparing the consolidated financial statements, the legal representatives are responsible for assessing the Group's ability to continue its activities. Moreover, they have a responsibility to disclose any facts in connection with the continuation of the company's activities where relevant. They also have a responsibility to draw up the accounts on the basis of the going concern principle, unless actual or legal conditions prevent this.

In addition, the legal representatives are responsible for preparing the Group management report, which must give a true and fair overall view of the Group's situation and in all key respects must be consistent with the consolidated financial statements, comply with German legal regulations and accurately present the opportunities and risks associated with future development. The legal representatives are also responsible for the precautions and measures (systems) that they have deemed necessary in order to enable a Group management report to be prepared in accordance with the applicable German legal regulations and to be able to provide adequate and suitable evidence for the statements made in the Group management report.

The Supervisory Board is responsible for overseeing the Group's accounting process for the preparation of the consolidated financial statements and the Group management report.

Auditor's responsibility for auditing the consolidated financial statements and the Group management report

Our aim is to obtain sufficient certainty as to whether the consolidated financial statements as a whole are free from material misstatements due to either fraud or error, and whether the Group management report as a whole gives a true and fair view of the Group's situation and in all key respects is consistent with the consolidated financial statements and the findings of our audit, complies with German legal regulations and accurately presents the opportunities and risks associated with future development, and to issue an auditor's report containing our audit opinion on the consolidated financial statements and the Group management report.

Sufficient certainty means a high degree of certainty, but does not guarantee that an audit conducted in accordance with section 317 HGB and Regulation (EU) No. 537/2014 on audits, taking into account generally accepted German standards for auditing financial statements as promulgated by the Institute of Public Auditors in Germany (Institut der Wirtschaftsprüfer – IDW), will always reveal any material misstatement. Misstatements can result from fraud or error and are regarded as material if they could reasonably be expected to influence, either individually or collectively, economic decisions made on the basis of these consolidated financial statements and this Group management report by the recipients.

We exercise discretion during the audit and maintain a basic critical stance. We also

- identify and assess the risks of material misstatements in the consolidated financial statements and the Group management report due to either fraud or error, plan and implement audit procedures in response to these risks and obtain adequate and appropriate audit evidence to serve as the basis for our audit opinion. The risk that material misstatements will not be discovered is higher in the case of those resulting from fraud than in the case of those resulting from error, as fraud can include collusion, forgery, intentional omissions, misleading representations and the invalidation of internal checks;

- gain an understanding of the internal control system that is relevant to the audit of the consolidated financial statements and the precautions and measures that are relevant to the audit of the Group management report, in order to plan audit procedures that are appropriate under the given circumstances, but not with the aim of issuing an audit opinion on the effectiveness of these systems;
- assess the appropriateness of the accounting methods applied by the legal representatives and the validity of the estimates presented by the legal representatives and associated disclosures;
- draw conclusions about the appropriateness of the going concern principle applied by the legal representatives and, on the basis of the audit evidence obtained, about whether there is any significant uncertainty in connection with events or circumstances that could raise significant doubts about the Group's ability to continue its activities. If we conclude that there is significant uncertainty, we have an obligation to draw attention in our auditor's report to the associated disclosures in the consolidated financial statements and the Group management report or, if these disclosures are inadequate, to amend our respective audit opinion. We draw our conclusions on the basis of the audit evidence we have obtained up to the date of our auditor's report. However, future events or circumstances may mean that the Group is no longer able to continue its activities;
- assess the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and assess whether the consolidated financial statements present the underlying business transactions and events in such a way that the consolidated financial statements give a true and fair view of the Group's net assets, financial position and results of operations in accordance with German generally accepted accounting standards;
- obtain adequate and appropriate audit evidence for the companies' accounting information or for business activities within the Group, in order to submit audit opinions on the consolidated financial statements and the Group management report. We are responsible for issuing instructions regarding the audit of the consolidated financial statements and for conducting and supervising the audit. We are solely responsible for our audit opinion;
- assess whether the Group management report is consistent with the consolidated financial statements and whether it complies with the law, and assess the view it presents of the Group's situation;
- conduct audit procedures with respect to the forward-looking statements presented by the legal representatives in the Group management report. On the basis of adequate and appropriate audit evidence, we trace in particular the key assumptions underlying the forward-looking statements made by the legal representatives and assess whether the forward-looking statements have been appropriately derived from these assumptions. We do not provide a separate audit opinion on the forward-looking statements or the underlying assumptions. There is a substantial and unavoidable risk that future events could deviate significantly from the forward-looking statements.

We discuss the planned scope and schedule of the audit with the parties responsible for supervision, as well as the key findings of the audit, including any deficiencies in the internal control system that we discover during our audit.

We submit a declaration to the parties responsible for supervision stating that we have complied with the relevant requirements with regard to independence, and discuss with them all relationships and other circumstances that can reasonably be expected to have an impact on our independence and the precautions we have taken in this regard.

Of the facts we have discussed with the parties responsible for supervision, we determine those that were the most significant in the audit of the consolidated financial statements for the current reporting period and that therefore constitute particularly important audit facts. We describe these facts in our auditor's report, unless laws or other legal regulations prevent these facts from being publicly disclosed.

Other statutory and legal requirements

Other disclosures in accordance with article 10 of Regulation (EU) No. 537/2014 on audits

We were elected as the auditor for the consolidated financial statements at the Annual General Meeting on 17 April 2023. The Supervisory Board instructed us on 28 August 2023 to perform an audit. We have acted as the auditor of the consolidated financial statements of Deutsche Rückversicherung AG every year since 2019.

We declare that the audit opinions contained in this auditor's report are consistent with the additional report to the Audit Committee in accordance with article 11 of Regulation (EU) No. 537/2014 on audits (audit report).

In addition to the audit of the consolidated financial statements, we provided the following services to the audited company that are not stated in the consolidated financial statements or the management report:

- Certificates for foreign regulatory authorities.

Responsible auditor

The auditor responsible for the audit is Dr Markus Horstkötter.

Cologne, 26 April 2024

EY GmbH & Co. KG
Wirtschaftsprüfungsgesellschaft

Dr Horstkötter	Offizier
Wirtschaftsprüfer (Certified public accountant)	Wirtschaftsprüfer (Certified public accountant)

Report of the Supervisory Board

Obligations, committees and appointments
The Supervisory Board monitored and advised the Board of Executive Directors in its management of the company, exercising the responsibilities incumbent upon it in accordance with statutory regulations, the Articles of Association and the rules of procedure.

Knud Maywald resigned his seat on the Supervisory Board with effect from 30 June 2023 and has thus left the Supervisory Board. Marc Knackstedt, Öffentliche Versicherungen Braunschweig, was elected as his successor at the Annual General Meeting on 13 July 2023 in accordance with the Articles of Association.

Caren Büning was appointed to the Board of Executive Directors with effect from 1 January 2024. The new schedule of responsibilities was adopted with immediate effect.

Collaboration with the Board of Executive Directors
The Board of Executive Directors informed the Supervisory Board regularly and comprehensively of the Group's position and development. A total of three meetings were held in the 2023 financial year.

At these meetings, the Supervisory Board received and discussed verbal and written reports from the Board of Executive Directors and adopted the applicable resolutions. The Supervisory Board was kept abreast of business developments and the Group's position in written quarterly reports from the Board of Executive Directors in accordance with section 90 AktG. Business developments at the main subsidiaries were also considered.

In addition, the Chief Executive Officer informed the Chairman of the Supervisory Board of all major developments, forthcoming decisions and the companies' risk position outside these meetings.

Detailed explanations of the companies' economic position and development were provided at meetings of the Supervisory Board. Regular reports focused above all on the companies' corporate planning and anticipated results, their risk situation and risk management, as well as their financial situation. Furthermore, the Supervisory Board received updates on the internationalisation strategy that was adopted in the 2019 financial year, with a special focus on the company's business performance in the new markets of the Middle East, Latin America and Asia. The Supervisory Board approved plans to expand the company's life reinsurance business into the markets of the Middle East/Maghreb in 2023. Finally, the IT strategy was presented to the Supervisory Board after being revised by the Board of Executive Directors and the report by the Governance Committee was presented to the Audit Committee.

Adoption of the consolidated financial statements

The Supervisory Board elected the auditor for the 2023 audit. The actual audit order was placed by the Chairman of the Supervisory Board following the resolution adopted at the Annual General Meeting. The consolidated financial statements and Group management report for the 2023 financial year were audited by EY GmbH & Co. KG, Wirtschaftsprüfungsgesellschaft, Cologne, and did not give rise to any objections; an unqualified auditor’s opinion was thus issued. The auditors attended the balance sheet meeting held by the Supervisory Board and reported on the key results of their audit.

Following the definitive result of the checks conducted by the Supervisory Board, and after discussing both the consolidated financial statements and the Group management report, the Supervisory Board has no further comments to make on the auditor’s report.

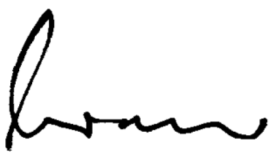
The Supervisory Board concurs with the auditor’s findings and approves the consolidated financial statements prepared by the Board of Executive Directors.

Overall, the quality of the audit was rated as positive. All reportable points in accordance with section 171 AktG were disclosed, and the requirements for re-election of the auditor were checked and confirmed.

The Supervisory Board would like to thank the Board of Executive Directors and all employees of the Deutsche Rück Group for their close collaboration with the supervisory bodies and their great dedication in promoting the companies’ successful further development.

Zurich, 2 May 2024

On behalf of the Supervisory Board



Prof. Dr Frank Walthes
Chairman

COMPANY DETAILS

Published by
Deutsche Rückversicherung Aktiengesellschaft

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Translation
BBi (Scotland) Ltd, Glasgow, UK

Picture credits
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