Deutsche Rück
Group

Deutsche Rückversicherung Group

2022

GROUP ANNUAL REPORT

Deutsche Rückversicherung Group

ANNUAL REPORT 2022

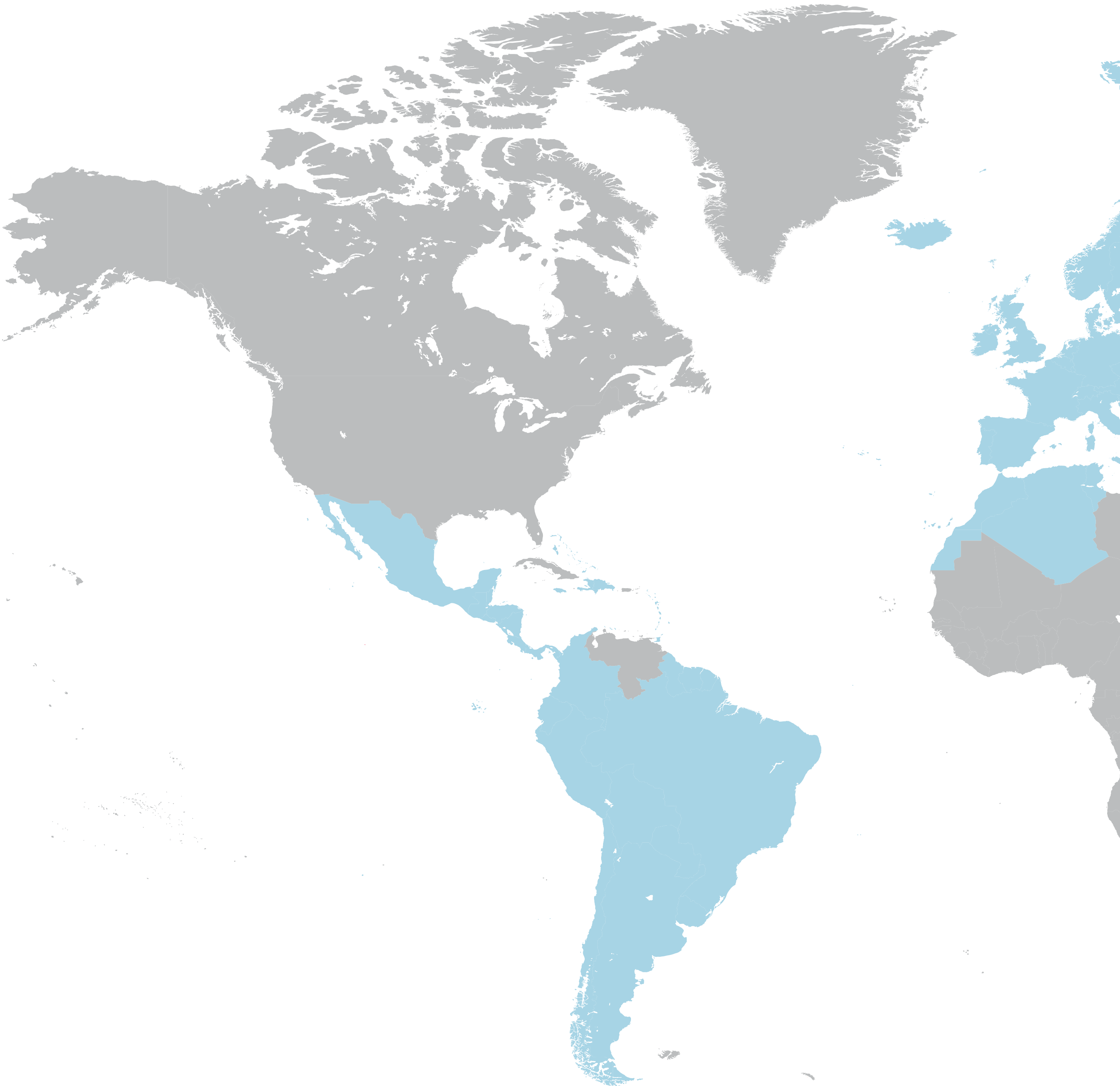
Gross premiums written
€1,508.3 m

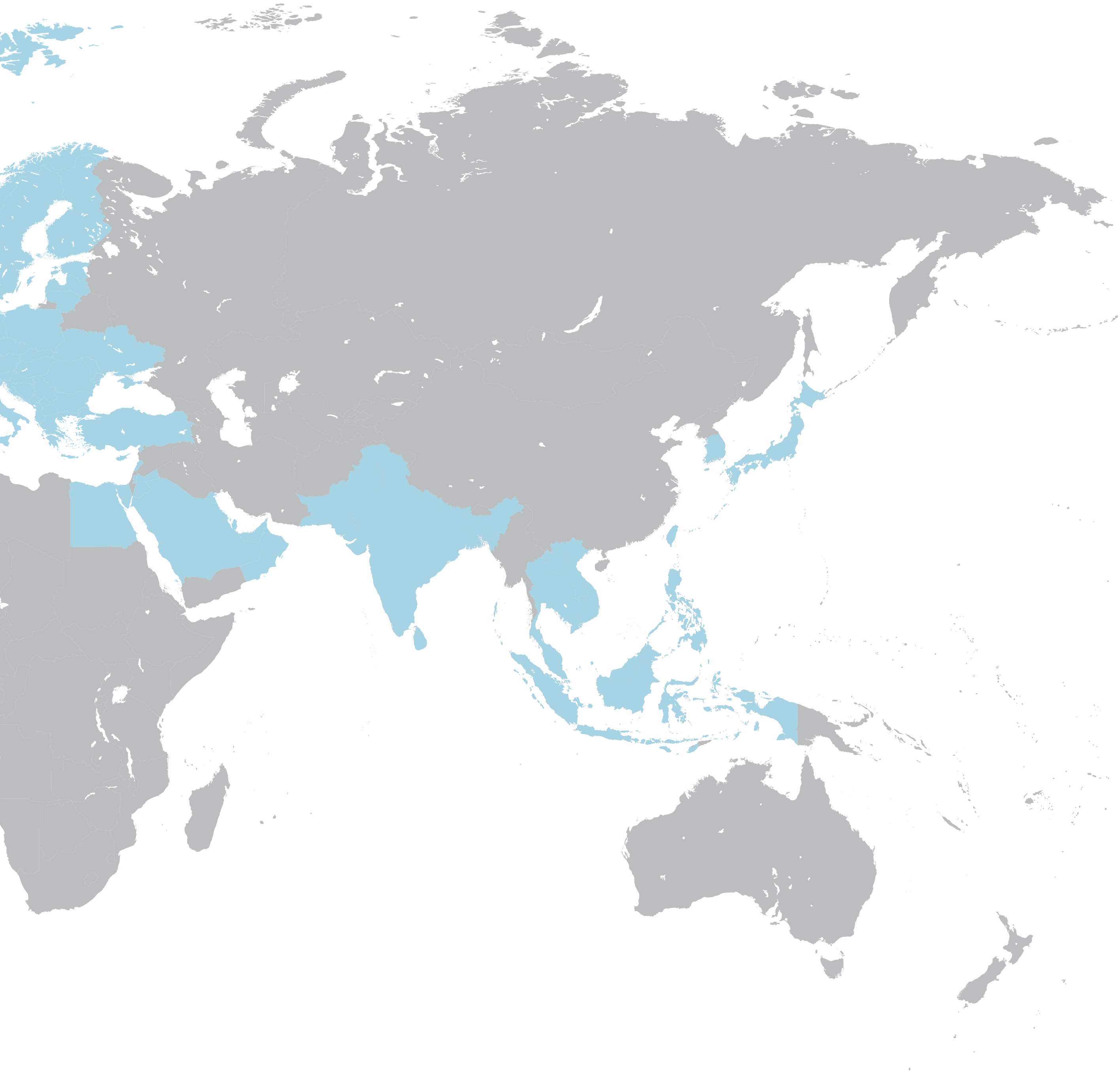
Securities
€2,464.9 m
incl. equalisation reserves, net provisions for outstanding claims and for future policy benefits

Operating result before tax
€15.7 m

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

Our markets in 2022





Key figures of the Deutsche Rück Group

FINANCIAL YEARS in €m	2022	2021	2020	2019	2018
Gross premiums written	1,508.3	1,392.7	1,213.3	1,107.9	1,108.4
Net premiums earned	1,026.8	920.3	780.7	736.2	728.8
Net loss ratio (as % of net premiums earned)	62.2	73.2	63.4	68.1	65.3
Expense ratio – net (as % of net premiums earned)	28.3	27.7	32.7	33.5	31.7
Combined ratio – net (as % of net premiums earned)	90.8	101.1	95.9	101.1	97.2
Underwriting result – net (after change to the equalisation reserves)	–9.7	–48.0	–41.4	–21.0	–9.4
Result of general business	25.4	58.8	51.7	46.0	87.7
Operating result before tax	15.7	10.8	10.2	25.0	78.2
(as % of net premiums earned)	1.5	1.2	1.3	3.4	10.7
Net profit for the year after tax	10.5	3.5	9.7	13.5	56.0
(as % of net premiums earned)	1.0	0.4	1.2	1.8	7.7
Investments incl. deposits retained	2,598.9	2,466.2	2,291.7	2,177.4	1,998.2
(as % of net premiums earned)	253.1	268.0	293.5	295.8	274.2
Current average interest rates as % (total excl. deposits retained as %)	3.3	2.8	2.6	2.3	2.7
Net technical provisions (excl. equalisation reserves)	1,741.9	1,653.0	1,560.1	1,497.0	1,448.7
(as % of net premiums earned)	169.6	179.6	199.8	203.3	198.8
Security (before appropriation of profit)	849.4	774.7	758.0	639.2	604.1
(as % of net premiums earned)	82.7	84.2	97.1	86.8	82.9
thereof: **Balance sheet equity (before appropriation of profit)**	318.0	310.2	306.5	300.8	280.8
(as % of net premiums earned)	31.0	33.7	39.3	40.9	38.5
Hybrid capital	121.8	121.8	121.8	61.8	61.8
(as % of net premiums earned)	11.9	13.2	15.6	8.4	8.5
Equalisation reserves	409.6	342.8	329.7	276.7	261.5
(as % of net premiums earned)	39.9	37.3	42.2	37.6	35.9

Contents

Board of Executive Directors

Frank Schaar, Chief Executive Officer
Achim Bosch
Michael Rohde

From left: Achim Bosch, Frank Schaar (Chief Executive Officer), Michael Rohde.
Photograph from 2019.

Group Management Report

Group Management Report

BASIS OF THE GROUP

The Deutsche Rück Group is a multi-line reinsurer concentrating on property/casualty insurance. Its biggest market is Germany. The Deutsche Rück Group is also expanding its position in European and selected international markets. We place an emphasis on sustainable, long-term business partnerships. The rating agency Standard & Poor's regularly awards the Deutsche Rück Group an "A+" rating, acknowledging the Group's stable long-term financial standing and systematic underwriting policy.

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's overall economic situation in 2022 was shaped by the consequences of the war in Ukraine and the rise in energy prices. At the same time, materials and supply shortages intensified. Prices for some goods, such as food, increased massively. Skills shortages also acted as a brake on the German economy, as did the ongoing COVID-19 pandemic, although the pandemic subsided over the course of the year. Nevertheless, the Federal Office of Statistics calculates that Germany's gross domestic product grew by 1.9 %. In the previous year it had risen by 2.6 % due to the economic recovery following the slump caused by the pandemic. Compared with 2019, the year before the pandemic began, GDP was up 0.7 % in 2022.

Following a recovery in almost all economic sectors in the previous year, the development of individual areas of the economy varied widely in 2022. The services sector in particular benefited from the lifting of almost all protective measures in connection with the pandemic. Other service industries, including the creative and entertainment sectors, recorded significant growth of 6.3 % in their economic output. The transport and hospitality sectors also benefited from the lifting of restrictions and recorded growth of 4.0 %, resulting in a substantial increase in economic output for trade, transport and hospitality. However, gross value added declined in the trade sector. In the construction industry, materials and skills shortages, high construction costs and progressively worsening financing conditions led to a sharp drop of 2.3 %. The massive rise in energy prices, ongoing restrictions on the availability of primary products and disruptions to international supply chains also curbed economic output in manufacturing, which grew by only 0.2 % year on year.

Private consumer spending provided the biggest boost to the German economy in 2022, growing by 4.6 % year on year and thus almost returning to the level reached in 2019. Government spending recorded a moderate increase of 1.1 %, following two years in which it was heavily influenced by the pandemic. The government spent considerably more on accommodation and provisions for the many asylum seekers from Ukraine, but was able to reduce spending to combat the pandemic.

Gross investment in construction fell by 1.6 % in 2022, due to shortages of building materials and skilled workers. High construction prices and rising interest on construction loans led to the cancellation of orders for commercial and private construction projects, intensifying the negative trend. Foreign trade increased further despite massive price increases, with Germany exporting 3.2 % more goods and services than in the previous year. At the same time, imports were up 6.7 %.

Employment reached its highest ever level in Germany in 2022. According to the Federal Office of Statistics, the number of people in employment rose by 1.3 % to 45.6 million. In particular, more people were employed in jobs that are subject to social security contributions and in the service sector. At the same time, figures from the Federal Employment Agency show that the number of people registered as unemployed declined further to an average of 2.4 million in 2022. The unemployment rate fell by 0.4 percentage points to 5.3 %.

Government budgets showed a financing deficit of €101.6 billion at the end of 2022, a reduction of almost €33 billion compared with 2021. Although the discontinuation of pandemic-related measures relieved pressure on the national budget, the energy crisis resulting from Russia’s war of aggression in Ukraine led to new burdens.

The global economy did not recover any further in 2022 following the slump caused by the pandemic and generally weakened over the course of the year, due to high energy prices, high inflationary pressure and significant uncertainty. Industrial production benefited from the easing of supply bottlenecks, and activity continued to normalise in economic sectors that were particularly affected by the pandemic. While production recovered in China, which was still suffering in the spring as a result of restrictions due to the pandemic, and tensions in worldwide logistics networks eased considerably, manufacturers were able to work through the backlog of orders that had accumulated over the previous months. In contrast, high inflationary pressure acted as a brake, with global trade initially increasing noticeably before more recently losing momentum.

The euro zone economy continued to expand significantly despite the impact of the war in Ukraine, although it has recently lost steam. The sanctions imposed by western countries and the EU following Russia’s invasion of Ukraine have led to the exclusion of Russia as an economic and trading partner. Lead indicators of business and consumer confidence recorded significant drops in the euro zone from the beginning of the year onwards. However, overall economic growth was solid in Central and Eastern European countries such as Poland (4.0 %) and the Czech Republic (2.5 %).

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 then slowed considerably in 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 %. Social, economic and political crises are factors that continue to hinder economic growth. In line with global development, inflation accelerated significantly in Latin America in 2022 to an average of 8.7 % in South American countries, 7.7 % in Central America and Mexico and 7.4 % in the Caribbean.

Consumer prices also rose 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), albeit to a much lesser extent than in more advanced economies such as the EU. The GCC countries are continuing to invest in the development of a green economy and want to play a leading role in the energy transition.

The Moroccan economy remained the strongest and most stable in North Africa, thanks to industry and tourism. By contrast, the Algerian economy remained very isolated, with very weak development despite exceptionally 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’s economies are growing faster than any other region in the world and have recovered following the pandemic with strong growth rates. The Chinese economy remained under pressure in 2022 due to the pandemic, but has progressively recovered from the drop in production caused by widespread lockdowns. In India, where overall economic production had suffered due to a historic heatwave, GDP grew again strongly. Production also increased substantially in most other emerging countries in Asia.

Developments in the insurance market

According to initial projections by the German Insurance Association (GDV), premium income for the German insurance industry fell by 0.7 % to €224.3 billion across all lines of business, having grown by 1.7 % in the previous year. 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 4.0 % at €80.4 billion. Total claims expenditure fell by 5.6 % to €59.9 billion. The reasons why there was only a moderate reduction in expenditure compared with 2021, a year of record losses, included high inflation. This was reflected in almost all lines of property and casualty insurance, for example through rising costs for replacement car parts or higher prices for building materials.

While motor insurance recorded only slight growth of 1.0 %, there was strong growth in premium income in homeowners' comprehensive insurance (8.0 %) and property insurance for industry, trade and agriculture (9.5 %). Premium income also grew strongly in transit and aviation insurance (+12 %) and in credit, fidelity and fidelity guarantee insurance (+9.5 %).

In life insurance including pension schemes and pension funds, total premium income (excluding provisions for premium refunds) fell sharply by 6.0 % to €97.1 billion. While business with regular premiums grew slightly by 0.6 %, there was a significant drop of 17.6 % in business with lump-sum premiums. On one hand, the normalisation of interest rates meant that there were once again more investment options; on the other hand, many people invested less money in their pensions, as inflation had pushed up living costs.

Premium income of private health insurers rose by 3.1 % to €46.8 billion in 2022. Of this sum, €41.7 billion related to private health insurance (+1.8 %) and €5.1 billion to private long-term care insurance (+14.7 %). Insurance benefits paid out totalled €33.1 billion, representing an increase of 3.8 %.

Prices for primary insurance increased in Western European insurance markets. Insurers raised their prices significantly in Nordic countries in particular, due to large losses in the previous year, especially in the commercial sector, low interest rates and inflation risk. In the UK, we noticed a new focus on appropriate pricing in motor insurance, accompanied by some substantial increases in premiums. Insurers in several Western European countries were affected by losses resulting from natural catastrophes. Snow caused damage in Spain, while Sweden experienced floods, Switzerland had hailstorms, and flooding led to claims in Germany, Belgium, Luxembourg and the Netherlands. This prompted insurers in the affected countries to raise prices for direct insurance for catastrophe risks.

An average claims year is currently anticipated for Central and Eastern European markets. In 2022, there were no major individual losses or significant losses due to natural hazards.

Latin American insurance markets have proved extremely robust in the pandemic, confirming that their growth dynamic is sustainable. In 2022, the insurance industry once again had greater momentum than overall economic growth, with estimated real premium growth of 4.2 %. At the same time, 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.

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. Combined with an improvement in the geopolitical situation, this boosted growth in the region's insurance and reinsurance markets.

In North Africa, the stability of the Moroccan economy is benefiting the insurance sector, which is continuing to develop profitably. In Algeria, on the other hand, growth in the economy, and thus also in the insurance sector, is very weak. The Tunisian insurance market, like the country's economy, is suffering as a result of political instability.

Capital market trends

Early 2022 was dominated by hopes that the COVID-19 pandemic was nearing its end. Global capital markets remained largely stable, even though risks remained. This changed when Russia began its war of aggression against Ukraine on 24 February 2022. Concerns about the energy supply, with Russian natural gas having previously been cheaply available, caused virtually all energy providers to put their prices up. A combination of an abundant supply of liquidity from central banks, pressure on energy prices and additional supply problems led to sharp rises in consumer prices over the course of the year. In response to this, leading central banks ended their policy of low interest rates, resulting in several interest rate hikes. The US Federal Reserve Bank raised its base rate for the first time in March and by the end of the year had raised it to 4.5 % – a year-on-year increase of 4.25 percentage points. The European Central Bank followed suit in July with the first hike in its deposit rate, which it then raised to 2.0 % by the end of the year, representing a year-on-year increase of 2.5 percentage points.

Prices fell on global stock markets during the year. Following a stable start in the first few weeks, Germany's DAX index plummeted, reaching an annual low of 11,975 points at the end of September. It then recovered to a large extent in the fourth quarter and closed the year at 13,923 points, losing 12.4 % 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 lost 19.4 % year on year, ending the year at 3,839 points, while the Dow Jones EuroStoxx 50 fell 11.7 % to 3,793 points.

The yield on ten-year US treasuries rose from 1.51 % to 3.87 % as a result of interest rate hikes and the inflationary environment. The return on ten-year German government bonds also increased significantly. Having stood at around –0.18 % and thus in negative territory at the beginning of the year, it climbed to 2.57 % by the end of the year.

The external value of the euro declined against the US dollar in net terms. Having begun the year at around USD 1.14, the euro fell below parity during the year before recovering in the fourth quarter to approximately USD 1.07. Commodities prices rose significantly in the first half of 2022, but by the end of the year had fallen again in some cases. The price of crude oil, which had stood at around USD 78 per barrel of Brent at the beginning of the year, initially climbed to over USD 120 per barrel and closed the year at around USD 86 per barrel – an increase of nearly 11 % over the year as a whole. The gold price initially rose to over USD 2,000 per fine ounce before falling again slightly. Over the course of the year, it dropped from USD 1,829 to USD 1,824 per fine ounce and thus remained virtually unchanged in net terms.

BUSINESS PERFORMANCE AND RESULTS OF OPERATIONS

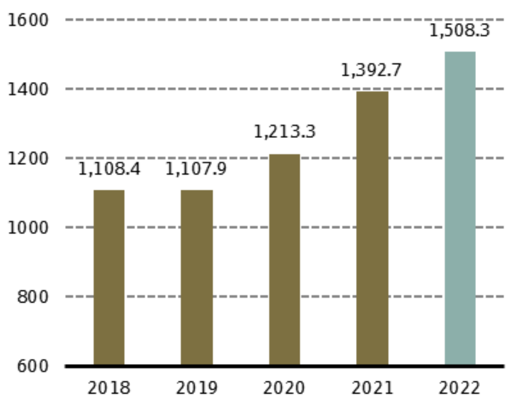
Technical business

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.

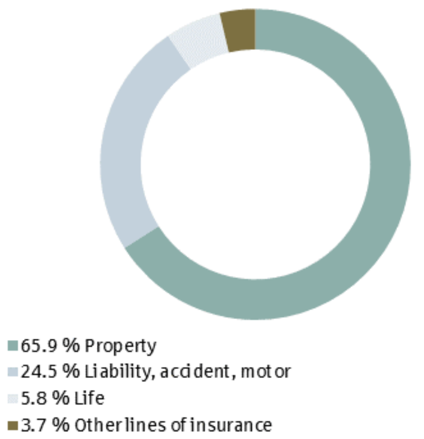
Premium income

PREMIUM INCOME BY CLASS OF BUSINESS FOR 2022	Gross premiums written		Net premiums earned	
		Difference to 2021		Difference to 2021
	in €'000	in %	in €'000	in %
Property	994,148	+ 12.8	570,847	+ 20.8
Liability, accident, motor	370,229	+ 4.2	356,793	+ 2.4
Life	87,935	– 2.2	50,184	+ 32.9
Other lines of insurance	56,011	– 15.3	48,969	– 20.6
Total	**1,508,323**	**+ 8.3**	**1,026,792**	**+ 11.6**

DEVELOPMENT OF GPE 2018 – 2022
in €m



PORTFOLIO STRUCTURE 2022
Share in gross premiums in %



Gross premiums written in the Group grew once again in the 2022 financial year, rising by €115,666K or 8.3 % from €1,392,658K in the previous year to €1,508,323K in the year under review. The strongest premium growth was recorded in the property insurance segment and specifically in fire business. Growth in liability, accident and motor insurance business was much lower than in the previous year. Other lines of insurance, which mainly comprise the residual credit business that is being wound up, reported a further decline in premiums owing to cancellation premiums. Premium income in life reinsurance was also down in the year under review, following growth in the previous year.

Premiums for our retrocessions increased by €6,861K or 1.5 % to €470,415K in the year under review.

Net premiums earned for own account rose by €108,805K or 11.7 % to €1,037,909K. **Net premiums earned** were up €106,474K or 11.6 % at €1,026,792K.

In **property business**, which accounts for almost two thirds of our total gross premiums, premium income grew by €112,937K or 12.8 % from €881,211K to €994,148K. Fire business accounted for the largest share of this growth, with additional income of €50,259K. With the exception of the burglary and hail 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 Rück AG is retroceded, this meant that premiums earned for own account came to €570,847K, up €98,407K (+20.8 %) 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 €370,229K in the year under review, up €14,810K or 4.2 % on the previous year. While motor insurance business recorded growth in premiums of €15,904K or 6.1 % to €275,106K, premiums in liability insurance fell by €2,540K or 3.5 % to €71,065K. The accident line achieved additional income of €1,446K or 6.4 %, bringing the total to €24,058K. Since liability, accident and motor insurance business is predominantly retained for own account, net premiums earned were only marginally lower than gross premiums, at €356,792K.

Life reinsurance recorded a decline in gross premiums of €1,988K or 2.2 % to €87,935K. This drop was due to cancellation premiums in connection with the winding-up of residual credit business. On the other hand, client relationships in German market business generated significant premium growth. Net premiums earned were up €12,427K year on year at €50,184K.

Other lines of insurance were still feeling the effects of the restructuring of residual credit business in the year under review in the form of cancellation premiums. Gross premiums declined by €10,094K or 15.3 % year on year to €56,011K. Net premiums earned for own account fell by €12,678K to €48,969K.

Claims expenditure

Storm BERND, coupled with a higher number of fire claims, had led to a very high gross claims burden in the Deutsche Rück Group in 2021. However, gross claims expenditure was down significantly year on year. Following a gross burden of €1,132,059K in the previous year, claims expenditure declined by €138,167K to €993,892K in the year under review. The **gross loss ratio** fell accordingly from 80.2 % to 66.2 %. Through our retrocession scheme, which is geared towards property business, we were able to significantly reduce gross claims expenditure in the affected lines. Our retrocession instruments provided total relief of €355,011K in the year under review (previous year: €458,712K). This left a claims burden for own account of €638,881K, down €34,466K compared with the previous year's claims expenditure of €673,347K. In relation to net premiums earned, the **net loss ratio** fell by 11.0 percentage points from 73.2 % to 62.2 %.

Natural hazard lines experienced further major losses in the year under review, although the resulting claims burden was considerably lower than in the previous year. The biggest event was the winter storm series YLENIA–ZEYNEP–ANTONIA (also known as DUDLEY, EUNICE and FRANKLIN), with a gross claims burden of €109,231K. In the homeowners' comprehensive insurance and windstorm lines, the gross claims burden was down by €38,053K. Claims expenditure for own account fell by €12,867K year on year. In fire business, on the other hand, gross claims expenditure increased by €26,012K or 9.4 % to €304,429K. As many losses in this line were retained for own account, there was a larger change in the claims burden for own account than in the gross claims burden. Net claims expenditure in the fire line rose by €41,324K or 22.1 % to €228,574K. In total, gross claims expenditure in **property business** fell by €71,898K or 9.0 % to €728,501K. The gross loss ratio fell sharply from 90.7 % in the previous year to 73.8 % in the year under review. Claims expenditure for own account increased significantly. However, the loss ratio for own account declined from 77.0 % to 71.3 % as a result of higher net premiums earned.

In **liability, accident and motor insurance business**, the gross claims burden fell by €82,490K from €275,027K in the previous year to €192,537K in the year under review. This substantial drop was mainly due to developments in motor liability insurance business. Gross claims expenditure was down €60,194K year on year. The claims burden in liability business also fell by €18,554K, while in other motor insurance it was down by €3,544K. Gross claims expenditure in accident insurance declined slightly year on year. In liability, accident and motor insurance business, the gross loss ratio fell by 24.9 percentage points from 77.9 % to 53.0 %. 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 53.4 %.

Net claims expenditure in **life insurance business** was slightly lower than in the previous year. The net loss ratio improved from 13.6 % to 9.5 %.

In **other lines of insurance**, which mainly comprise the residual credit business, claims expenditure for own account fell year on year (€–1,668K). In relation to lower net premiums earned, however, the net loss ratio rose from 62.7 % to 75.6 %.

The net loss ratio for non-life business as a whole dropped by 10.8 percentage points from 75.7 % to 64.9 %.

Operating expenses

The 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 €406,358K to €433,910K in the year under review. However, expenses declined on the retrocession side. Net expenses for insurance operations increased from €257,506K to €293,770K. The **net expense ratio** across all lines of business rose from 27.7 % to 28.3 %.

Other technical expenses

As well as fire protection tax, changes in other provisions are consolidated under this item. Both fire protection tax and the decline in other provisions in the life insurance line led to a significant reduction in expenses in the year under review. In total, other technical expenses declined by €8,811K to €14,370K.

Technical result

Following a loss of €34,921K in the previous year, the net technical account before changes to equalisation reserves closed the year under review with a profit of €57,103K. A sum of €66,764K 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 2022 with a much smaller loss of €9,661K (previous year: loss of €48,033K).

Non-technical business

Investment income

Investment income developed as follows in the year under review: dividends from participating interests grew by €9,150K, while proportional profit contributions from associated companies were also up by €6,714K year on year.

Income from other investments grew slightly by €910K to a total of €53,719K. Thanks to rising interest rates, income from time deposits and term money increased year on year. Income from bearer bonds and other fixed-interest securities and from deposits retained also rose slightly compared with the previous year. In the other asset classes, income remained at the same level as in the previous year.

The balance of write-backs and write-downs came to €–71,803K in the year under review and was almost entirely due to write-downs on investments. Write-downs due to impairment that was expected to be permanent were carried out on fixed assets in the amount of €19,314K, as well as additional write-downs for impairment that was not expected to be permanent in the amount of €52,895K, which offset the recognition of charges.

The balance of gains and losses on the disposal of investments was positive, at €25,182K. Along with the sale of a participating interest in real estate, planned sales in connection with the restructuring of a portfolio to take account of ESG issues contributed to this in particular.

In total, the Deutsche Rück Group generated investment income of €34,590K for the 2022 financial year, well below the previous year's figure of €65,625K. After deduction of interest income on technical provisions of €1,471K, €33,119K remained (previous year: €64,538K).

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

Other non-technical result

As expected, the balance of other income and other expenses was €–7,709K in the year under review (previous year: €–5,714K). Other income declined due to lower exchange rate gains. The increase in other expenses was due to exchange rate losses, which were partially offset by a drop in interest charges.

The non-technical account closed the year under review with a profit of €25,410K (previous year: €58,824K).

The operating result before tax increased by €4,958K year on year to €15,749K. This was due to a significant improvement in the technical result to €–9,661K (previous year: €–48,033K) and a decline in investment income to €33,119K.

Net profit for the year and balance sheet profit

Taxes on income came to €4,839K in the year under review, below the previous year's figure. As well as the higher result, differences in the amounts shown for claims provisions, pension provisions and investments in the accounts prepared for tax purposes at Deutsche Rück AG had a significant impact on the basis of assessment for tax purposes.

The net profit for the year after tax came to €10,524K in the year under review (previous year: €3,522K). Taking into account the profit carried forward of €41,953K and minority interests in the profit for the year (€5,587K), as well as the profit carried forward (€6,958K), a total consolidated balance sheet profit of €65,022K was achieved for the year under review (previous year: €51,686K).

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 82.7 % as at the balance sheet date (previous year: 79.4 %). The equity and liabilities side is dominated by net technical provisions, with a share of 72.7 % (previous year: 67.6 %).

Assets

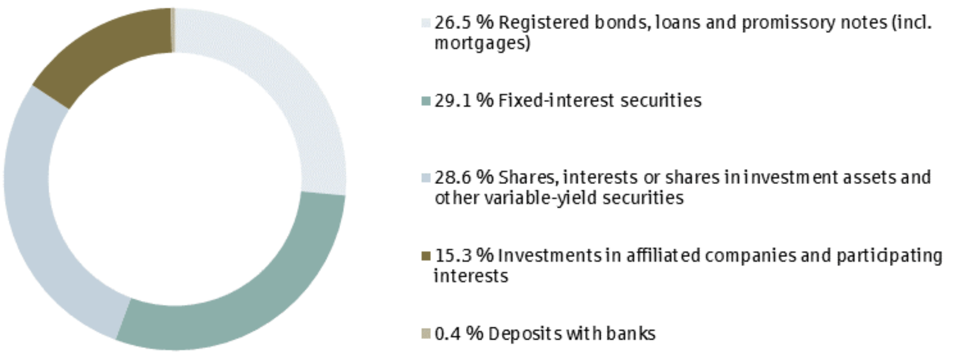
Investments excluding deposits retained increased by €102,437K to €2,447,152K in the year under review.

The asset class "shares in affiliated companies and participating interests" recorded the highest growth of €46,026K, due to payments into new and existing participating interests. There was also growth of €35,399K in the asset class "shares, interests or shares in investment assets and other variable-yield securities" and €24,818K in the asset class "fixed-interest securities". In contrast, the asset class "registered bonds, loans and promissory notes (including mortgages)" recorded a slight decline of €3,814K.

INVESTMENT PORTFOLIO STRUCTURE	2022		2021	
	in €'000	in %	in €'000	in %
Shares in affiliated companies and participating interests	374,716	15.3	328,691	14.0
Shares, interests or shares in investment assets and other variable-yield securities	700,651	28.6	665,252	28.4
Fixed-interest securities	713,328	29.1	688,510	29.4
Registered bonds, loans and promissory notes (incl. mortgages)	647,947	26.5	651,761	27.8
Deposits with banks	10,510	0.4	10,501	0.4
Total	**2,447,152**	**100.0**	**2,344,715**	**100.0**

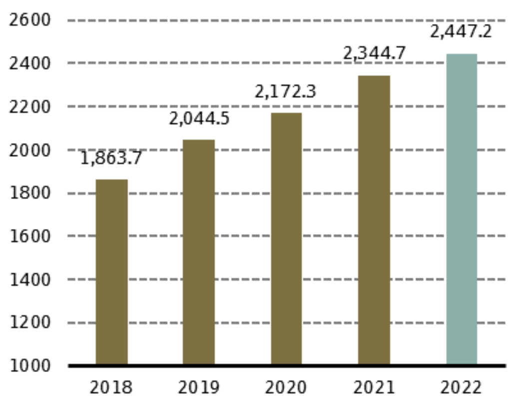
INVESTMENT STRUCTURE AS AT 31 DECEMBER 2022

in %



INVESTMENT PERFORMANCE 2018 – 2022

in €m



Receivables and other assets declined by €128,889K to a total of €345,004K in the year under review. This change was mainly due to a reduction of €84,233K in accounts receivable from reinsurance business and a drop of €59,783K in cash at banks. In contrast, other receivables increased by €15,265K to €57,992K.

Liabilities and shareholders' equity

Balance sheet equity increased by a total of €7,854K in the year under review to €318,019K.

Retained earnings attributable to the Deutsche Rück Group fell to €160,792K after an addition of €857K, due to exchange rate effects of €1,483K.

The balance sheet profit increased by €13,336K to €65,022K, including profit carried forward of €51,685K. This increase takes into account the proportional profit for the year attributable to Deutsche Rückversicherung AG of €16,111K, the dividend payment of €3,000K and losses from currency translation in the amount of €400K.

Minority interests declined by €4,856K to €43,388K. Reasons for this drop included the dividend payment of €1,582K and losses attributable to minority interests in the amount of €5,587K. This was offset by positive effects from currency translation in the amount of €2,312K.

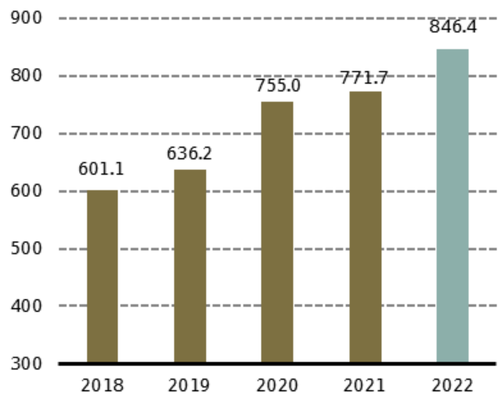
Hybrid capital (subordinated liabilities) remained unchanged at €121,750K.

Equalisation reserves and similar provisions were strengthened in the year under review with a substantial addition of €66,764K, bringing them to a total of €409,597K.

Taking into account the balance sheet profit after appropriation of profit (dividend of €3,000K), our equity capital came to €846,366K in the year under review, up €74,618K compared with the previous year. In relation to the net premiums earned, this equates to a ratio of 82.4 % (previous year: 83.9 %).

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.

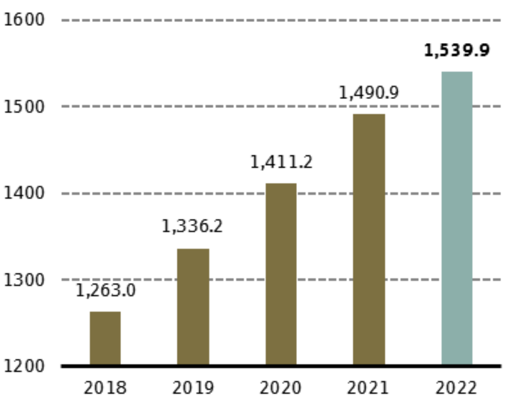
DEVELOPMENT OF SECURITY 2018–2022
in €m



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

Net technical provisions grew by €155,662K to €2,151,494K in the year under review. At €1,539,889K, the majority of net provisions related to claims provisions (net).

DEVELOPMENT OF CLAIMS PROVISIONS 2018–2022
in €m



Other liabilities fell significantly year on year by €163,136K to €288,518K. In particular, accounts payable on reinsurance business contributed to this decline, with a drop of €153,448K. Liabilities to banks, which include cash collateral received in the course of collateral management, were also down by €13,140K, while other liabilities increased by €3,452K to €35,118K.

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 Deutsche Rück, 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 in particular aim 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.

Deutsche Rück 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 2022 financial year was marked by a significant increase in net premiums earned. The sum of net claims expenditure and net expenses for insurance operations is almost the same as the previous year's total for these two expense items. The technical account therefore closed with a high profit, following a loss in the previous year, which was due in large part to storm BERND. However, the positive result led to a large addition to equalisation reserves and similar provisions. Our investments generated lower income than in the previous year, owing to a large volume of write-downs. The operating result before tax showed a higher profit than in the previous year. After deduction of taxes on income, the net profit for the year had almost tripled compared with 2021.

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 2022.

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 and 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 2022). 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 2022. 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.

Adequate risk management is in place for **terrorism losses**. 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 appropriate and 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 such extraordinary events 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 adequate 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 %	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Loss ratios as % of earned premiums	64.9	75.7	63.9	69.2	66.0	66.9	66.0	69.6	75.3	86.1
Run-off results as % of provision for outstanding claims	3.6	–0.4	0.3	–1.5	11.7	9.1	9.3	13.1	6.4	15.4

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 adequate 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	–148.6
A35: Equities –35 %	–87.4
RA25: Equities –20 %, annuities +100 bp	–130.6
Nikkei crash: Equities –25.6 %, annuities +150 bp	–190.7
2000/01 stock market crash: Equities –42.1 %, annuities –100 bp	–46.6
2008 financial crisis: Equities –42 %, annuities +100 bp	–203.9
Russia crisis: Equities –22.5 %, annuities –60 bp	–20.4

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 89.1 %, the majority of all carrying amounts in direct investments (mean: 88.7 %) have a rating of “AAA to A–”, while 10.4 % (mean: 10.9 %) have been assigned ratings of “BBB+ to BBB–” and only 0.5 % (mean: 0.4 %) 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 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 the light of their respective equity resources.

Choice of reinsurers (retrocessionaires)

Credit risks due to retrocession stem from receivables due from reinsurers and cedants. To minimise 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 this 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 various risk categories listed above in particular.

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.

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 ensures 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.

Russia/Ukraine conflict

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. 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 gas/energy crisis, the potential revival of coronavirus measures and disruptions to supply chains.

Inflation

There has been a significant rise in inflation during the course of 2022. The main reasons for this are supply chain bottlenecks and higher raw material and energy prices.

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 high 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 and Latin America and from 2023 will expand in Asia. We provide reinsurance cover for many different lines of insurance. We attach particular importance to long-term client relationships 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 2023”, which takes account of both short-term developments and long-term trends.

We have been holding intensive talks for several years with major clients, especially in industrial fire business, and believe that it will be necessary for these to continue in order to further limit loss risks. We see an opportunity here to further stabilise the quality of our portfolio in proportional reinsurance business. However, developments on financial markets and hedge transactions in conjunction with natural catastrophes remain fraught with uncertainty.

As a medium-sized reinsurer, the Deutsche Rück Group has sufficient 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.

We were once again affected by losses due to natural hazards in the last financial year, albeit to a lesser extent than in the previous year. 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 strengthening our company’s assets on a lasting basis in the current financial year.

FORECAST REPORT

COMPARISON OF FORECAST AND ACTUAL DEVELOPMENTS IN 2022

Our expectation of a drop in premiums from the group of public insurers due to various effects proved correct. Although other existing client relationships generated higher premium income, this group as a whole did not achieve any growth.

The anticipated premium growth occurred in fire insurance business (including the extended coverage and business interruption lines), with a net increase of €64,604K. As net claims expenditure in this segment rose by only €39,385K, the segment's result improved significantly.

We had also anticipated risk-commensurate premium growth in natural hazards business in 2022, most of which was expected to come from business with public insurers. This segment, in which development of claims is very volatile, recorded an increase in premiums and a drop in claims expenditure in the year under review.

In liability, accident and motor insurance business, which is underwritten mainly with cedants outside the group of public insurers, we had expected gross premium volume to remain stable in 2022. However, net premiums were up by 3.8 %, while we were also pleased with developments on the expenses side. The net loss burden was down 28.4 % compared with the previous year.

We had anticipated a drop in premium income in life insurance in 2022, due to the restructuring of residual credit business. This was true of gross premium income, which declined by 2.2 %. However, premiums earned for own account grew by 36.7 %.

On the whole, our expectation of strong growth in premiums was fulfilled, with an increase of €115,666K. We recorded premium growth both in European markets and in our new markets outside Europe. In the second year after the expansion of our business to countries in the Middle East, our premium volume in the region totalled €29,014K, a year-on-year increase of 68.4 %.

Our entry to the Latin American market was delayed owing to regulatory formalities. In our first financial year, we achieved premium income of €12,512K.

We had expected gross premium volume for 2022 to be up slightly compared with the previous year's income. We actually recorded premium growth of €115,666K or 8.3 %, a large proportion of which came from our new markets outside Europe. Following a high claims burden in the 2021 financial year, we had expected this to return to normal in 2022 and thus anticipated that the level of claims would be considerably lower. Although net claims expenditure was down year on year, the drop in claims due to fire and natural hazards was not as large as expected. We were pleased to note that the technical account before changes to the equalisation reserves and similar provisions closed the year with a profit of €57,104K. An addition of €66,764K was made to equalisation reserves and similar provisions, which significantly strengthened the Group's assets.

Investment income for 2022 was expected to be well below the previous year's figure. This assumption proved well-founded, with investment income falling by €31,419K.

FORECAST FOR 2023

General economic development

The economic environment in Germany is of particular importance to our company. As a result of the war in Ukraine, the energy crisis is putting a severe strain on the German economy. At the same time, high energy prices are pushing up inflation and thus reducing the purchasing power of private households. However, economic prospects improved again slightly in the fourth quarter of 2022. Wholesale prices for gas and electricity have fallen significantly, although they are still high. The German government is also hoping to relieve pressure on private households and businesses by offering aid packages. The Kiel Institute for the World Economy (IfW) expects inflation to be considerably lower this financial year, at 5.4 %, and predicts that it will drop to 2.2 % in 2024. Although real disposable incomes, and consequently private consumer spending, are also set to decline in 2023, the IfW forecasts that the reduction will be smaller than initially anticipated. German GDP is therefore expected to record only slight growth of 0.3 % in 2023, followed by somewhat stronger growth of 1.3 % in 2024.

The euro zone as a whole is on the verge of recession. Inflation due to high energy prices, rising interest rates and the sluggish momentum of the global economy mean that a phase of economic weakness can be expected for 2023. The IfW forecasts a slight rise of 0.6 % in gross domestic product for the euro zone in 2023 and growth of 1.5 % in 2024.

In view of the weak economic prospects, the situation on the European labour market is expected to deteriorate again. The IfW predicts that the unemployment rate in the euro zone will rise to 7.4 % by 2024. At the same time, it expects the inflation rate for 2023 to be high, but considerably lower than in 2022, at 5.7 %. If energy prices fall further by 2024, inflation could also fall again significantly to 2.6 %.

The global economy did not recover any further in 2022 following the slump caused by the pandemic and generally weakened over the course of the year, due to high energy prices, high inflationary pressure and significant uncertainty. According to the IfW's forecast, high financing costs are likely to curb investment and consumption, among other factors. For the major advanced economies in particular, the IfW anticipates a phase of weak economic growth of only 2.2 % in 2023 and 3.2 % in 2024, despite government support measures.

A significant economic slowdown is also predicted for Central and Eastern European countries, not least due to high energy costs. None of the countries in this region are expected to record growth rates significantly above 1 % in 2023.

In Latin America, real growth in GDP is once again expected to be below the long-term average in 2023. Estimates by the United Nations (CEPAL) assume real growth of 1.3 % for Latin America and the Caribbean this year. The main reason cited is waning economic momentum in the region's main sales markets, such as the USA, the European Union and, above all, China.

In the Middle East, the oil industry will benefit from rising demand for crude oil, as the Chinese economy in particular is recovering following the end of the lockdowns imposed due to the pandemic, while embargoes against Russian oil and gas are continuing. However, a weak global economy could curb demand. Other economic sectors such as tourism will continue to recover at the same time. The GCC countries are expected to record growth of 3.6 % in 2023, while the inflation rate is expected to be 2.7 %, well below the inflation rates for the euro zone.

Asia's economies are growing faster than any other region in the world. According to a forecast by the International Monetary Fund (IMF), they will continue this development with growth of 4.3 % in 2023.

Insurance industry

Overall conditions for insurers remain difficult in the current financial year, due to the war in Ukraine and its consequences for the global economy, but especially due to ongoing inflation. Nevertheless, German insurers expect premium growth of around 3 % across all lines of business in the current financial year, following a drop of 0.7 % in the previous year. The German Insurance Association (GDV) expects premiums to remain stable in life insurance, despite the uncertain environment. Developments in interest rates are likely to boost life insurance business, while curbing overall economic development. Two contradictory trends are also anticipated in property and casualty insurance. On one hand, the sector expects inflation to lead to a further rise in premiums and in the amounts insured. At the same time, intense competition and the difficult financial situation of many households are expected to dampen premium growth. Overall, composite insurers anticipate premium growth of 6 %, while private health insurers expect premiums to increase by 3.5 %.

Along with high inflation, market conditions in Western European countries will continue to be shaped by climate risks. The trend towards higher reinsurance premiums and ongoing inflation will prompt primary insurers to raise insurance premiums.

Significant premium increases are also anticipated in all original lines of business in Central and Eastern European markets. However, real premium growth could remain at a low single-digit percentage if high inflation rates persist.

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, economic diversification and investment in alternative energy production are also boosting growth in insurance and reinsurance markets. Primary insurers are expected to make significant adjustments to premiums as a result of the general hardening of the reinsurance market and a decline in capacity for natural hazard risks.

In many countries in South Asia, South-East Asia and East Asia, insurance markets have developed positively in the wake of the strong economic upturn following the pandemic. The energy crisis and rising consumer prices could act as a brake on the economy and on the development of insurance markets.

Reinsurance industry

The global trend towards higher reinsurance premiums is continuing. The worldwide market has hardened significantly in recent years, and this is expected to continue in Western European countries in the current financial year. The same applies to Central and Eastern European markets. In Eastern Europe, the war in Ukraine in particular is having an adverse impact on business activities.

Conditions are also hardening significantly in Latin American reinsurance markets. This is due to the higher loss burden in recent years and a reduction in reinsurance capacity, particularly for contracts that are exposed to natural catastrophes, combined with increased demand resulting from natural growth and higher inflation expectations. We expect these extensive improvements in trading conditions to continue in 2023.

Reinsurance markets are also hardening noticeably in North African countries, a trend that is expected to continue in 2023.

We will underwrite business in markets in South Asia, East Asia and South-East Asia for the first time in 2023 and anticipate an overall improvement in margins for reinsurers in these countries, in the context of a hardening market, including in the property lines, high prices for natural catastrophe risks and high inflation.

Our strategy, which is geared towards the long term, provides for the geographical expansion of our business into markets outside Europe. The aim is to develop profit-oriented business relationships with cedants that mainly insure classic property and liability business.

Deutsche Rück Group

Premium income from the German market will continue to account for the largest share of the Deutsche Rück Group's overall business in 2023. As a reinsurer with a long-term approach that focuses mainly on German-speaking countries, we are continuing to concentrate on profit-oriented underwriting.

We expect premium income from the group of public insurers to grow by around 12 % in the non-life segment. However, non-life business outside the group of public insurers is set to record much higher premium growth of around 31 %.

Owing to high claims burdens in fire and natural hazards business in the last financial year, we expect an improvement in conditions this year with premiums that are commensurate with risk. At the time of writing this report, we expect our technical result to be shaped by a lower overall claims burden. Although our result may be affected by unexpectedly large losses due to natural hazards, our retrocession instruments will provide relief here. Withdrawals from our equalisation reserves, to which ample funds have been allocated, may also offer some relief.

The public insurers set up an internal pool for claims due to natural catastrophes last year. This will in future absorb potential claims burdens from a public insurer following an extreme natural hazard event that is concentrated in one region and exceeds the existing reinsurance cover. The pool is based on joint claims settlement and has a capacity of up to €0.5 billion. The cover concept is organised via Deutsche Rück with the mutual involvement of all public insurers.

In liability, accident and motor insurance business, which is underwritten mainly with cedants outside the group of public insurers, we expect gross premium volume to remain stable in 2023. By setting up IBNR reserves, we will build up sufficient security for possible future burdens in these lines of business, which have a long claims settlement process.

We expect a further drop in premium income in life insurance in 2023, due to the winding-up of residual credit business.

European market

We continue to selectively underwrite business that meets our requirements in terms of margins in European markets. The hardening of the markets has already had an impact in the current financial year. We expect premium income from the Austrian market and from our client relationships in Central and Eastern Europe to be significantly higher year on year. We anticipate strong premium growth in business with Western European clients, particularly in the UK and the Netherlands.

Middle East

Our strategy, which is geared towards the long term, provides for the geographical expansion of our business into further markets outside Europe. As a first step, we began to develop business relationships in the Middle East two years ago. We significantly surpassed our targets in the first two years of operation and expect premium volume for 2023 to increase by almost two-thirds compared with the previous year.

Latin America

After obtaining the necessary approvals, we successfully concluded our first contracts in selected countries in Latin America last year and closed the year with a technical profit. Our target clients are the many smaller and medium-sized insurance companies that operate locally or nationally. We expect to achieve premium growth of over 30 % in 2023.

Asia

As part of our further geographical expansion, we have been establishing business relationships in selected Asian markets since 2022 and will achieve our first underwriting results from these in the current financial year.

Overall business

We expect gross premium income for 2023 to be significantly higher than the previous year's income. This growth will come from all markets. Only in life insurance business will the winding-up of residual credit business have a negative impact on development, with a further drop in premiums forecast for this business in 2023. As a large proportion of this business is retroceded, however, we expect premiums for own account to increase. The claims burden for the last financial year was down significantly compared with the previous year. We anticipate a further slight drop in the level of claims in 2023. 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, which ensures that our result for own account remains calculable at all times.

After investment income for 2022 was affected by large write-downs, we expect investment income for the current financial year to be considerably higher.

Overall, we expect the net profit for the year to be slightly higher than in the previous year.

No significant changes are anticipated in net assets or in the financial position. However, the risk situation is particularly difficult this year. Many factors, including higher inflation, the crisis on the energy market, disruptions to supply chains and the ongoing war in Ukraine, are putting a strain on the global economy and its development. In this context, the assumptions made are subject to very high levels of uncertainty.

Düsseldorf, 15 March 2023

Board of Executive Directors

Consolidated Financial Statements

Consolidated Financial Statements

CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2022

ASSETS in €	2022		2021	
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	1,683,861		1,428,791	
		1,683,861		**1,428,791**
B. Investments				
I. Investments in affiliated companies and participating interests				
1. Shares in affiliated companies	12,000		12,000	
2. Participating interests	203,108,247		181,072,222	
3. Loans to companies in which a participating interest is held	464,471		287,639	
4. Shareholdings in associated companies	170,931,483		147,218,736	
5. Loans to associated companies	200,000		100,000	
	374,716,202		328,690,597	
II. Other investments				
1. Shares, interests or shares in investment assets and other variable-yield securities	700,651,392		665,252,120	
2. Bearer bonds and other fixed-interest securities	713,327,803		688,509,851	
3. Receivables from mortgages, land charge and annuity land charge claims	355,912,877		350,361,775	
4. Other loans				
a) Registered bonds	157,976,119		148,934,759	
b) Loans and promissory notes	134,057,659		152,464,340	
	292,033,778		301,399,099	
5. Deposits with banks	10,509,546		10,501,139	
	2,072,435,396		2,016,023,984	
III. Deposits retained on assumed reinsurance business	151,758,837		121,479,707	
		2,598,910,435		**2,466,194,288**
C. Receivables				
I. Accounts receivable on reinsurance business	145,420,793		229,654,127	
thereof participating interests: €1,016 (2021: €1,016)				
II. Other receivables	57,991,921		42,726,777	
thereof participating interests: €7,511,685 (2021: €10,145,966)				
		203,412,714		**272,380,903**
D. Other assets				
I. Tangible assets and inventories	489,946		627,445	
II. Cash at banks, cheques and cash in hand	141,101,750		200,885,178	
		141,591,696		**201,512,623**
E. Deferred items				
I. Accrued interest and rent	12,249,292		11,800,317	
II. Other deferred items	1,350,101		598,298	
		13,599,393		**12,398,616**
Total assets		**2,959,198,099**		**2,953,915,220**

EQUITY AND LIABILITIES in €	2022		2021	
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	8,177,023		7,320,286	
2. Other retained earnings	152,614,645		154,097,697	
	160,791,668		161,417,983	
IV. Consolidated balance sheet profit	65,021,665		51,685,704	
V. Minority interests	43,388,039		48,243,914	
		318,018,985		**310,165,215**
B. Subordinated liabilities		**121,750,000**		**121,750,000**
C. Technical provisions				
I. Unearned premiums				
1. Gross amount	98,907,101		91,158,861	
2. less: share for retroceded business	32,110,512		36,024,702	
	66,796,589		55,134,159	
II. Provision for future policy benefits				
1. Gross amount	105,413,572		81,039,569	
2. less: share for retroceded business	29,732,147		31,475,513	
	75,681,425		49,564,056	
III. Provision for outstanding claims				
1. Gross amount	1,964,442,156		1,819,963,355	
2. less: share for retroceded business	424,553,597		329,052,421	
	1,539,888,559		1,490,910,934	
IV. Provision for premium refunds				
1. Gross amount	1,791,977		2,142,096	
2. less: share for retroceded business	462,245		785,258	
	1,329,732		1,356,838	
V. Equalisation reserves and similar provisions	409,596,831		342,832,431	
VI. Other technical provisions				
1. Gross amount	59,265,706		56,762,881	
2. less: share for retroceded business	1,064,731		729,396	
	58,200,975		56,033,484	
		2,151,494,111		**1,995,831,902**
D. Other accrued liabilities				
I. Provision for employees' pensions and similar commitments	39,112,157		34,702,041	
II. Tax provisions	300,000		650,847	
III. Other provisions	9,103,495		6,545,451	
		48,515,652		**41,898,338**
E. Deposits retained on retroceded business		**30,370,216**		**32,027,065**
F. Other liabilities				
I. Accounts payable on reinsurance business	250,709,275		404,157,547	
thereof accounts due to companies in which a participating interest is held: €29,086,776 (2021: €183,496,008)				
II. Liabilities to banks	2,690,107		15,830,000	
III. Other liabilities	35,118,167		31,665,923	
thereof accounts due to companies in which a participating interest is held: €187,454 (2021: €163,120)				
thereof from taxes: €223,180 (2021: €134,602)				
		288,517,549		**451,653,471**
G. Deferred items		**531,585**		**589,229**
Total equity and liabilities		**2,959,198,099**		**2,953,915,220**

CONSOLIDATED INCOME STATEMENT
FOR THE PERIOD FROM 1 JANUARY 2022 TO 31 DECEMBER 2022

ITEMS in €	2022		2021	
I. Technical account				
1. Premiums earned for own account				
a) Gross premiums written	1,508,323,233		1,392,657,634	
b) Retroceded premiums	470,414,718		463,554,179	
	1,037,908,515		**929,103,454**	
c) Change in gross unearned premiums	–7,202,358		18,226,168	
d) Change in retroceded share of unearned premiums	3,914,191		27,011,619	
	–11,116,549		**–8,785,450**	
		1,026,791,966		**920,318,004**
2. Interest on technical provisions for own account		**1,219,320**		**868,277**
3. Other underwriting income for own account		**3,803,351**		**364,262**
4. Claims incurred for own account				
a) Payments for insured events				
aa) Gross amount	846,065,114		1,033,145,361	
bb) Retroceded amount	259,537,428		430,674,287	
	586,527,686		**602,471,074**	
b) Change in provision for outstanding claims				
aa) Gross amount	147,826,563		98,913,775	
bb) Retroceded amount	95,473,570		28,038,074	
	52,352,992		**70,875,701**	
		638,880,678		**673,346,775**
5. Change in other technical provisions for own account				
a) Net provisions for future policy benefits	–25,974,592		–3,158,603	
b) Other net technical provisions	–854,285		522,038	
		–26,828,877		**–2,636,565**
6. Expenses for premium refunds for own account		**861,545**		**–199,220**
7. Operating expenses for own account				
a) Gross operating expenses	433,910,100		406,358,302	
b) less: commissions and profit commissions received on retroceded business	140,139,985		148,852,124	
		293,770,114		**257,506,178**
8. Other underwriting expenses for own account		**14,369,778**		**23,180,794**
9. Subtotal		**57,103,643**		**–34,920,549**
10. Change in equalisation reserves and similar provisions		**–66,764,401**		**–13,112,734**
11. Underwriting result for own account		**–9,660,757**		**–48,033,282**

ITEMS in €	2022		2021	
Amount brought forward (Technical result for own account):		**–9,660,757**		**–48,033,282**
II. Non-technical account				
1. Investment income				
a) Dividends from participating interests	22,274,596		13,124,865	
b) Income from associated companies	10,522,785		3,808,443	
c) Income from other investments				
aa) Income from other investments	53,718,598		52,808,907	
d) Income from write-backs	406,057		2,449,957	
e) Realised gains on the disposal of investments	26,495,837		11,751,785	
		113,417,873		**83,943,957**
2. Investment expenses				
a) Management expenses, interest charges, and other expenses on investments	5,305,607		5,586,555	
b) Write-downs on investments	72,208,813		12,044,895	
c) Realised losses on the disposal of investments	1,313,938		687,355	
		78,828,357		**18,318,806**
3. Interest income on technical provisions		**1,470,850**		**1,087,021**
		33,118,666		**64,538,131**
4. Other income	2,247,572		3,441,339	
5. Other expenses	9,956,343		9,155,004	
		–7,708,772		**–5,713,665**
6. Operating result before tax		**15,749,137**		**10,791,183**
7. Taxes on income	4,838,649		6,916,376	
8. Other taxes	386,568		352,620	
		5,225,217		**7,268,996**
9. Profit for the year		**10,523,920**		**3,522,186**
10. Minority interests in profit/loss for the year		**5,586,809**		**693,197**
11. Profit/loss brought forward from previous year		**41,953,148**		**42,670,125**
12. Minority interests in the loss brought forward from previous year		**6,957,789**		**4,800,196**
13. Consolidated balance sheet profit		**65,021,665**		**51,685,704**

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS’ EQUITY AS AT 31 DECEMBER 2022

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 €7,854K in the year under review to €318,019K.

Gains from currency translation in the amount of €1,912K and the profit for the year of €10,524K were offset by dividends of €4,582K.

	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									
in € '000	Ordinary shares	in accordance with Section 272 (2) No. 1–3 HGB	Legal reserve	Other retained earnings	Total										
As at 31 Dec. 2021	**25,000**	**23,818**	**7,320**	**150,297**	**157,618**	**181,436**	**3,799**	**51,685**	**0**	**261,920**	**30,983**	**17,261**	**0**	**48,244**	**310,165**
Allocation to/withdrawal from reserves			857		857	857		–857		0				0	0
Dividends paid					0	0		–3,000		–3,000	–1,582			–1,582	–4,582
Currency translation					0	0	–1,483	1,083		–400		2,312		2,312	1,912
Other changes					0	0				0				0	0
Consolidated net profit/loss for the year					0	0			16,111	16,111			–5,587	–5,587	10,524
As at 31 Dec. 2022	**25,000**	**23,818**	**8,177**	**150,297**	**158,475**	**182,293**	**2,316**	**48,911**	**16,111**	**274,631**	**29,401**	**19,573**	**–5,587**	**43,388**	**318,019**

CONSOLIDATED CASH FLOW STATEMENT FOR THE 2022 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 2022 financial year, it dropped from €200,885K to €141,102K at year-end.

Operating activities resulted in a cash outflow of €60,587K in the year under review.

The cash inflow from the increase in net technical provisions and in deposits retained and accounts receivable was offset by high cash outflows from the decline in deposits retained and accounts payable and the increase in other receivables. The other balance sheet items, which include investments in particular, also show a cash outflow of €153,947K. In contrast, non-cash expenses had a positive effect on cash flow.

The cash outflow from investment activities came to €–477K, below the previous year’s figure of €–790K, and reflects investment in tangible and intangible assets. The cash flow from investment activities is not material to the change in cash and cash equivalents at the Deutsche Rück Group.

As in the previous year, the cash flow from financing activities comprised dividend payments by Group companies.

CONSOLIDATED CASH FLOW STATEMENT

in € '000

		2022	2021
	Result for the period (profit/loss for the year incl. minority interests)	10,524	3,522
+/–	Net increase/decrease in technical provisions	124,937	78,433
–/+	Increase/decrease in deposits retained and accounts receivable	56,216	–185,212
+/–	Increase/decrease in deposits retained and accounts payable	–160,100	241,539
–/+	Increase/decrease in other receivables	–15,193	–5,441
+/–	Increase/decrease in other liabilities	1,829	561
+/–	Change in other balance sheet items not related to investment or financing activities	–154,958	–154,990
+/–	Other income/expenses without impact on cash flow and adjustments to the result for the period	119,421	18,988
–/+	Gain/loss on the disposal of investments and tangible and intangible assets	–25,203	–10,436
+/–	Income tax expense/income	4,839	6,916
–/+	Income tax paid	–22,899	1,744
=	**Cash flow from operating activities**	**–60,587**	**–4,376**
+	Inflows from disposal of tangible assets	52	1
–	Outflows for investment in tangible assets	159	313
–	Outflows for investment in intangible assets	370	478
=	**Cash flow from investment activities**	**–477**	**–790**
–	Dividends paid to shareholders in the parent company	3,000	3,000
–	Dividends paid to other shareholders	1,582	0
=	**Cash flow from financing activities**	**–4,582**	**–3,000**
	Change in cash and cash equivalents with an impact on cash flow	–65,646	–8,166
+/–	Changes in cash and cash equivalents due to exchange rates and valuation	5,863	5,874
+	Cash and cash equivalents at the beginning of the period	200,885	203,177
=	**Cash and cash equivalents at the end of the period**	**141,102**	**200,885**

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	303,471.6	46,246.0	30 Sept. 2022
Deutsche Rückversicherung Switzerland Ltd, Zurich	71.25	203,016.3	6,977.4	31 Dec. 2022
Subsidiaries not consolidated (Section 296 (2) German Commercial Code (HGB))				
DRVB GP S.à r.l., Senningerberg	100.00	12	0	30 Sept. 2022

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 Invest Beteiligungs GmbH, Düsseldorf	50.00	20,657.6	–24.3	31 Dec. 2022
Hansapark 2 GmbH & Co. KG, Düsseldorf	50.00	29,430.4	1,860.3	31 Dec. 2022
Hansapark Verwaltungs GmbH & Co. KG, Düsseldorf	50.00	26,814.2	13,982.7	31 Dec. 2022
Immobiliengesellschaft Burstah Hamburg GmbH & Co. KG, Düsseldorf	50.00	12,585.6	394.1	31 Dec. 2022
Lintgasse 14 GmbH, Cologne	50.00	4,182.3	13.3	31 Dec. 2022
Objekt Aachen, Großkölnstraße GmbH, Düsseldorf	50.00	11,419.0	–80.0	31 Dec. 2022
Objekt Karlsruhe Kaiserstraße GmbH, Düsseldorf	50.00	13,428.1	210.4	31 Dec. 2022
Objekt Leipzig Katharinenstraße GmbH, Düsseldorf	50.00	1,819.4	477.8	31 Dec. 2022
VonWerth Grundbesitz GmbH, Cologne	50.00	384.1	–128.8	31 Dec. 2022
Ecosenergy Zweite Betriebsgesellschaft mbH & Co. KG, Nordhorn	44.44	14,577.1	600.4	31 Oct. 2021
DC Values Karl-Marx GmbH & Co. KG, Grünwald	40.00	8,185.0	109.9	31 Dec. 2021
DC Values MKH GmbH & Co. KG, Grünwald	40.00	7,547.5	302.8	31 Dec. 2021
DRVB Wohnen Beteiligungs-GmbH, Düsseldorf	40.00	604.1	56.5	31 Dec. 2022
Objekt Düsseldorf An der Kaserne GmbH & Co. KG, Düsseldorf	40.00	11,546.5	321.1	31 Dec. 2022
Objekt Düsseldorf Couvenstraße GmbH & Co. KG, Düsseldorf	40.00	6,344.2	196.4	31 Dec. 2022
Objekt Leipzig Nordstraße GmbH, Düsseldorf	40.00	4,183.6	260.9	31 Dec. 2022
Objekte Nürnberg GmbH & Co. KG, Düsseldorf	40.00	10,382.6	3,062.9	31 Dec. 2022
"Steindamm-Ensemble" Verwaltungs GmbH, Hamburg	40.00	16,669.4	663.3	31 Dec. 2021
Objekt Minoritenstraße Köln GmbH & Co. KG, Düsseldorf	37.96	5,207.1	453.1	31 Dec. 2022
Rockstone Ulmen 22 GmbH, Oststeinbeck	37.50	–969.8	307.6	31 Dec. 2021
Tremonia Ostenhellweg GmbH & Co. KG, Hamburg	35.00	13,509.0	300.0	31 Dec. 2021
RFR 1. THA 70 – 74 GmbH, Frankfurt am Main	31.00	63,160.3	721.9	31 Dec. 2021
RFR 2. THA 70 – 74 GmbH, Frankfurt am Main	31.00	77,780.9	707.7	31 Dec. 2021
MAGNUM EST Digital Health GmbH, Berlin	28.83	–1,104.8	–1,349.2	31 Dec. 2021
ASPF II Beteiligungs GmbH & Co. KG, Munich	20.00	283.2	–8.3	31 Dec. 2021
MBS Beteiligungs GmbH, Frankfurt am Main 1)	16.67	33,623.1	654.0	31 Dec. 2021
Associated companies not consolidated (Section 311 (2) German Commercial Code (HGB))				
Hansapark Verwaltungs GmbH, Düsseldorf	50.00	131.9	2.2	31 Dec. 2022
OEV Equity Trust GmbH, Düsseldorf	50.00	788.0	–156.6	31 Dec. 2022
Reha Assist Deutschland GmbH, Arnsberg	26.00	71.3	–2.1	31 Dec. 2021

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 2022 financial year in accordance with the revaluation method:

- "Steindamm-Ensemble" Verwaltungs GmbH
  Difference: €12,817K
- Rockstone Ulmen 22 GmbH
  Difference: €354K

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 €24,698K. This included goodwill of €1,327K. 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 €8,056K, investment fund units totalling €687,595K and bearer bonds worth €708,778K 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 2022. 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 18,715K	Micro-hedge	Risk of change in value Currency risk US dollar (USD)	USD 8,134K EUR 7,626K
Bearer bonds and other fixed-interest securities Carrying amount: EUR 60,492K	Micro-hedge	Risk of change in value Currency risk Danish krone (DKK)	DKK 449,499K EUR 60,445K

As at the balance sheet date, risks of a change in value (currency risks) with a total volume of €68,071K 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 2022.

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 1.78 % (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 €2,492K (previous year: €3,406K) 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 2022, the pension provision totals €160K 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 1.44 % 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 2022 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	1,429	1	371	0	0	117	1,684
Sum A.	**1,429**	**1**	**371**	**0**	**0**	**117**	**1,684**
B.I. Investments in affiliated companies and participating interests							
1. Shares in affiliated companies	12	0	0	0	0	0	12
2. Loans to affiliated companies	0	0	20,000	20,000	0	0	0
3. Participating interests	181,072	0	61,084	34,153	0	4,896	203,108
4. Loans to companies in which a participating interest is held	288	0	20,264	20,087	0	0	464
5. Shareholdings in associated companies	147,219	0	35,692	11,278	0	702	170,931
6. Loans to associated companies	100	0	100	0	0	0	200
Sum B.I.	**328,691**	**0**	**137,141**	**85,517**	**0**	**5,598**	**374,716**
Total	**330,120**	**1**	**137,512**	**85,517**	**0**	**5,714**	**376,401**

Disclosures in accordance with Section 314 No. 10 of the German Commercial Code (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	8,733	8,347	387
Participating interests	32,428	28,623	3,804
Loans to associated companies	200	194	6
Shares, interests or shares in investment assets and other variable-yield securities	20,849	18,553	2,295
Bearer bonds and other fixed-interest securities	176,067	148,241	27,825
Receivables from mortgages, land charge and annuity land charge claims	346,813	339,735	7,078
Registered bonds	147,076	124,959	22,117
Loans and promissory notes	105,058	98,153	6,905
Total	**837,223**	**766,805**	**70,417**

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 of the German Commercial Code (HGB)

As at 31 December 2022, 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 2022
Mixed fund	456,402	379,943	76,459	1,273

Remaining terms of receivables

There are accounts receivable with a remaining term of more than one year totalling €2,199K. All other receivables have a remaining term of less than one year.

Deferred items

Premiums on registered bonds totalled €71K as at the balance sheet date (previous year: €76K).

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 €65,022K includes a consolidated profit carry forward of €41,953K. Changes in equity are shown in the consolidated statement of changes in shareholders' equity in accordance with DRS 22.

OTHER PROVISIONS

in €'000	2022	2021
a) Provisions to cover expenses related to preparation of the annual financial statements	524	446
b) Provisions related to human resources	5,035	4,814
c) Provisions for other administration costs	3,544	1,285
Total	**9,103**	**6,545**

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 €532K as at the balance sheet date (previous year: €589K).

NOTES TO THE CONSOLIDATED INCOME STATEMENT

GROSS PREMIUMS WRITTEN

in €'000	2022	2021
Property and casualty business	1,420,388	1,302,735
Life insurance business	87,935	89,923
Total	**1,508,323**	**1,392,658**

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 2.0 % (previous year: 4.7 %) of gross earned premiums and a net profit of 5.1 % (previous year: 0.2 %) of net earned premiums.

PERSONNEL EXPENSES

in €'000		2022	2021
1.	Wages and salaries	20,105	18,269
2.	Social security contributions and employee assistance expenses	2,744	2,390
3.	Expenses for employees' pensions	5,945	4,740
Total		**28,794**	**25,399**

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 €19,314K (previous year: €11,200K). Write-downs were also carried out on financial assets in the amount of €52,895K owing to impairments that were not expected to be permanent (previous year: €94K).

Other income

Other income includes exchange rate gains amounting to €1,263K (previous year: €1,547K).

Other expenses

Interest allocated to provisions for employees' pensions, semi-retirement and long-service award expenses comes to €669K (previous year: €739K). Exchange rate losses of €1,985K (previous year: €619K) were recorded.

OTHER DISCLOSURES

The Group employed an average of 175 staff in the 2022 financial year, of whom 70 were female and 105 male.

Members of the Supervisory Board received total remuneration of €178,455 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 €1,232,867.

Total remuneration for former members of the Board of Executive Directors and their surviving dependants came to €525,749. Provisions recognised in this regard amount to €9,963,464.

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.

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 €187,148K and shares or units in investment funds totalling €62,388K.

From the investment portfolio, commitments in the amount of €201,443K 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 25 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 €–10,349K.

As at the balance sheet date, there are four optional purchase obligations (short put options) arising from two registered bonds issued by the IBRD (World Bank), each of which amounts to €5,000K, with interest rates of 2.26 % and 2.40 % respectively and terms up to 6 July 2037 and 16 February 2038 respectively. There are also 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 have a combined market value of €–1,876K, €–1,776K and €–3,945K 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.

We plan to purchase further shares in a non-listed company up to 31 May 2024. Two convertible loans (nominal value of €100K in each case) have been granted in connection with this, each of which includes an embedded US purchase option for us. In both cases, this involves a separable derivative financial instrument that is not recognised at fair value. Owing to the structure of the options (variable strike of 80 % of pre-money valuation in the funding round), their fair values lie within a range of €0 to €20K. The options cannot give rise to any balance sheet obligations, as the fair values are not negative.

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 €13,283K. The interest rates are between 2.85 % and 9.50 %.

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 €214K were paid or set aside for the Group’s statutory auditor, Ernst & Young GmbH, for the 2022 financial year. Of this sum, €208K relates to the audits of the consolidated and annual financial statements and solvency overviews and €6K to other certification services.

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

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. The devastating earthquake in Turkey and Syria on 6 February 2023 caused a large number of deaths and injuries and destroyed many buildings. We do not expect our business relationship in the Turkish market to give rise to a direct claims burden, as we have not underwritten any business in the affected lines.

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 €4,275K 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	3,000
Transfers to retained earnings	0
Carry forward to new account	1,275

Düsseldorf, 15 March 2023

Deutsche Rückversicherung Aktiengesellschaft

Board of Executive Directors

Schaar Bosch 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 2022, 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 2022 to 31 December 2022, 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 2022 to 31 December 2022.

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 2022 and of its results of operations for the financial year from 1 January 2022 to 31 December 2022, 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 requirements. 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 2022 to 31 December 2022. 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 in principle 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 27 April 2022. The Supervisory Board instructed us on 30 May 2022 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).

Responsible auditor

The auditor responsible for the audit is Dr Markus Horstkötter.

Cologne, 17 April 2023

Ernst & Young GmbH
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.

There were no changes to the composition of the bodies during the year under review.

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 four meetings were held in the 2022 financial year.

At these meetings, the Supervisory Board received and discussed verbal and written reports from the Board of Executive Directors. 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 and Latin America. The Supervisory Board approved plans to expand the company's business into selected Asian markets in 2022. Finally, the ownership structure was rearranged in view of the current situation with regard to participating interests.

Adoption of the consolidated financial statements
The Supervisory Board elected the auditor for the 2022 audit. The actual audit order was placed by the Chairman of the Supervisory Board. The consolidated financial statements and Group management report for the 2022 financial year were audited by Ernst & Young GmbH, 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.

On behalf of all members of the Supervisory Board, I 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.

Düsseldorf, 17 April 2023

Prof. Dr Frank Walthes
Chairman

COMPANY DETAILS

Published by
Deutsche Rückversicherung Aktiengesellschaft

Hansaallee 177, 40549 Düsseldorf, Germany
Phone +49 211. 4554-01
info@deutscherueck.de
www.deutscherueck.com

Translation
BBi (Scotland) Ltd, Glasgow, UK

Picture credits
Ralf Berndt

DEUTSCHE RÜCKVERSICHERUNG GROUP

Hansaallee 177
40549 Düsseldorf
Germany
Phone +49 211 4554-01
info@deutscherueck.de
www.deutscherueck.com