

Deutsche Rück

Dependable reinsurance cover – our core competence

A+ Deutsche Rück is one of the few medium-sized reinsurers in Germany with great financial strength and a stable credit rating. Standard & Poor's once again affirmed the "A+" rating with a stable outlook on Deutsche Rück in August 2019 (Research Update). The rating reflects the agency's view of Deutsche Rück's very strong financial risk profile and its extremely strong capitalization.

Market position

Deutsche Rückversicherung AG can look back on a successful 2018 financial year. We further consolidated our market position in Germany, Austria and Central and Eastern Europe – in the German-speaking market as one of the leading reinsurers. In 2018 Deutsche Rück's gross premiums added up to about € 856 million.

Market strategy

Deutsche Rück concentrates its underwriting activities primarily on the German-speaking market, in which it has been active since its foundation, as well as on the European markets. The company is a professional and competent partner in all matters relevant to non-life and life reinsurance. Deutsche Rück provides consistent underwriting and tailor-made solutions, which are geared towards the regional requirements of its target markets and specific clients' needs throughout Europe. For its shareholding cedants, the public insurers, Deutsche Rück acts as the leading reinsurer.

Our distinct expertise and client orientation, as well as outstanding creditworthiness and consistent market behaviour have made Deutsche Rück one of the most avidly sought partners in Europe today.

Expertise and Client advisory

Our thoughts and actions are geared to primary insurers. We develop specialist, individually tailored offers and exact concepts for our clients. Our partnership with them is based on service and dialogue. We ensure swift and efficient decision-making processes in keeping with the regional requirements of our target markets, rather than being guided by abstract global corporate objectives.

Proficient, experienced and dedicated staff with market expertise plus a lean organizational structure enable us to fulfill our clients' wishes and requirements swiftly, in a flexible and focused manner. Our clients benefit from the know-how of our actuaries from market segments and from Central Underwriting Management. The actuarial services range from in-depth analysis of portfolio, premium and claims development all the way to comprehensive portfolio analysis and the production of optimal cover concepts. Our geoscientific analyses help our clients assess the loss potentials in their natural-hazard portfolios, and adequately shape any risk transfer that may be necessary. Thanks to the close collaboration between geoscientists, actuaries and market managers, we can offer responsible and prudent support to our clients.

Continuity and Consistency

Deutsche Rück has stood for stable and sustainable partnership as well as continuity in client relationships for almost 70 years. This policy has yielded excellent results for our clients and shareholders. As a quality-oriented service reinsurer, we strive to reconcile clients' cover needs with our own results objectives over time.

Our stable shareholding structure and solid capital base mean that our underwriting decisions are

unaffected by short-term changes in the market climate. This enables us to answer the needs of our clients with a greater degree of flexibility and allows us longer-term perspectives.

Reinsurance portfolio

Deutsche Rück writes reinsurance business primarily in its domestic market of Germany and in neighbouring German-speaking countries. To improve the geographical diversification of risk, this territory has been extended to include Eastern European markets.

PORTFOLIO STRUCTURE 2018 by net premiums



■	28.1 %	Fire/BI/EC
■	21.8 %	Homeowners' comprehensive/windstorm insurances
■	16.6 %	Motor insurance
■	14.7 %	Other lines of insurance
■	8.7 %	Liability insurance
■	6.8 %	Life insurance
■	3.3 %	Accident insurance

PORTFOLIO by class of business	2018		2017	
	gross*	net	gross	net
in €m				
Fire/BI/EC	280.9	135.5	288.2	138.4
Homeowners' comprehensive/windstorm insurances	285.4	105.2	274.2	101.7
Motor insurance	84.4	80.1	77.0	73.9
Other lines of insurance	76.7	70.5	215.6	78.3
Liability insurance	40.7	41.8	38.7	38.6
Life insurance	72.3	32.8	56.0	26.2
Accident insurance	15.6	15.9	12.7	12.7
Total	855.9	481.8	962.4	469.8

*Decline of gross premiums due to restructuring of an insurance class in other lines of insurance.



What sets Deutsche Rück apart? You can depend on us completely: thanks to our durably stable creditworthiness, systematic underwriting policy and consistent market behaviour.

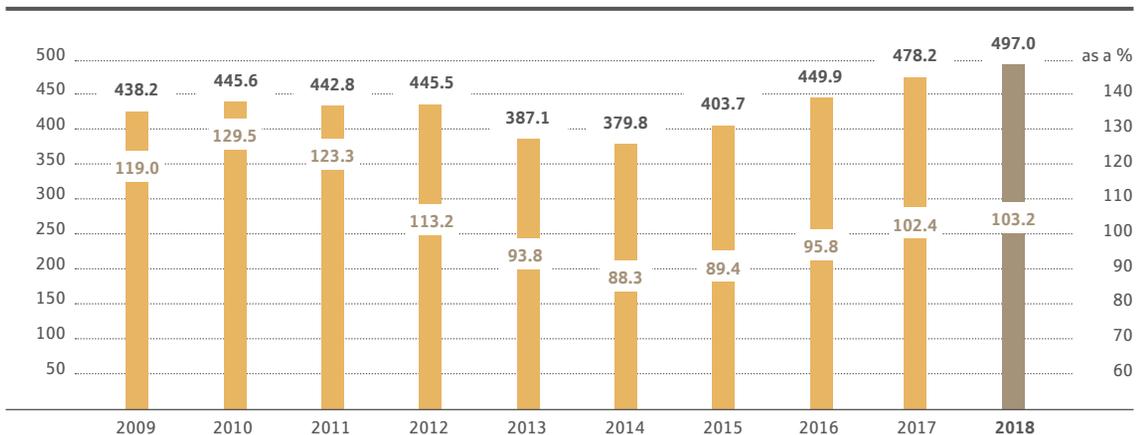
Besides our business with our shareholder cedants, mainly consisting of property insurance risks, roughly a third of our business comes from relationships with clients outside our shareholder group. Here, our focus lies on optimising the diversification of our lines to include casualty lines. Although these risks are almost exclusively retained, there is an extensive retrocession programme for shareholder property business. A substantial proportion of the business accepted from our cedants is transferred back to them via retrocession. This enables regionally focussed

companies to achieve a cross-regional spread of risks. The remaining retrocession requirement arises from the acceptance of risk peaks in shareholder windstorm/natural hazards business along with the further diversification of reinsurance risks to include the European market.

Performance and capital base

Equity and other securities developed as follows:

DEVELOPMENT OF EQUITY* 2009 – 2018
in €m

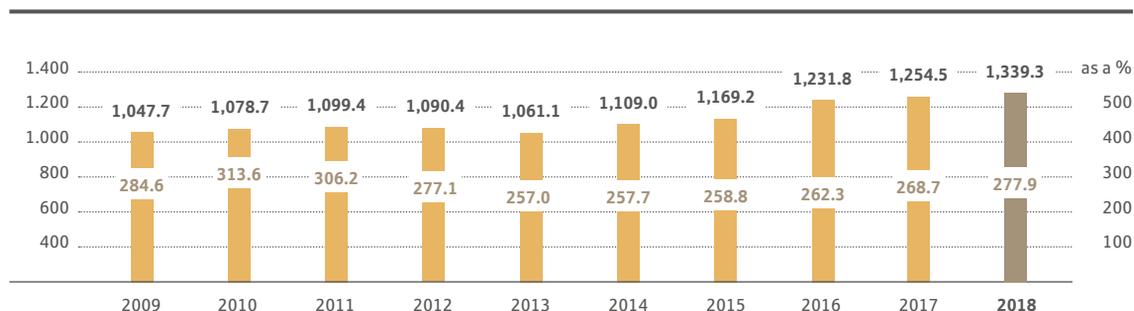


*Equity capital after appropriation of profit, profit-sharing rights outstanding and equalization reserves

■ as a % of net premiums earned

DEVELOPMENT OF SECURITIES* 2009 – 2018

in €m



*Equity capital plus provisions for future policy benefits and outstanding claims

■ as a % of net premiums earned

Deutsche Rück pursues a selective, profit-oriented underwriting policy that places profit before growth. The company's strategy is to be available to cedants as a partner offering a high level of security over

the long term. To this end, Deutsche Rück enjoys an above-average solvency ratio and excellent financial strength.

OVERVIEW – KEY FIGURES SOLVENCY II

in €m

	2018	2017
Total assets	2,106.0	2,049.5
Total liabilities	1,334.6	1,355.0
Eligible own funds (tier 1)	768.4	691.5
Eligible own funds (tier 2)	61.2	60.2
= Total available own funds	829.7	751.7
SCR	354.6	336.0
Ratio of eligible own funds to SCR	234.0 %	224.0 %
MCR	122.2	118.4
Ratio of eligible own funds to MCR	649.0 %	604.0 %



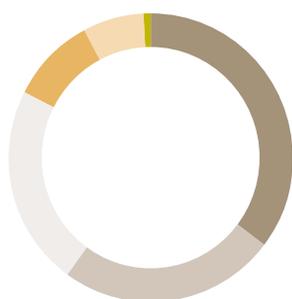
Stability and solidity are the cornerstones of our business philosophy. They form the basis for our reliability in long-term risk partnerships.

Investment policy

Deutsche Rück's portfolio structure is reflected in the composition of our investment portfolio. We pursue conservative, broadly diversified capital investment with the aim of investing the assets for liquidity and security as well as good returns. Based on security principles, we attach particular importance to the selection of issuers with good credit ratings, while keeping an eye on the even distribution of individual risks. We added an appropriate share of tangible fixed assets to our portfolio at an early stage, to

ensure that we could continue to generate stable income in a low interest rate environment. Our main focus is on the principle of maintaining liquidity in order to assure the rapid settlement of claims specifically required in property insurance. If necessary, funds from capital investments can be provided any time. In 2018 the book value of capital investments including deposits retained added up to € 1,321.0 million while valuation reserves came to € 195.1 million.

INVESTMENT STRUCTURE AS AT 31 DECEMBER 2018



- 35.5 % Registered bonds, notes receivable and loans (including land charge claims)
- 24.5 % Shares, interests or shares in investment assets and other variable-yield securities
- 22.6 % Investments in affiliated companies and shareholdings
- 9.7 % Fixed-interest securities
- 6.9 % Deposits retained
- 0.8 % Deposits with banks

Business framework

Deutsche Rückversicherung Aktiengesellschaft was founded in 1951. In keeping with our Articles of Association, we provide reinsurance cover for all classes of insurance. Our company is authorised to engage in all business and take all measures deemed conducive to achieving its object. Like all reinsurance companies, Deutsche Rück is subject to control by the German Federal Financial Supervisory Authority (BaFin).

We are based in the Federal Republic of Germany, with the associated underlying legal, economic and political conditions. Reinsurance activities and capital flows are not obstructed. There are no restrictions on freedom of investment and freedom in transferring claims payments and investment income.

Deutsche Rück is wholly owned by public insurance companies. The shares are widely spread, so that no single shareholder holds a majority. Deutsche Rück's Board of Executive Directors is made up of three people. The Board's members, which are appointed by the Supervisory Board, manage the company's business and represent it. The shareholders' representatives on the Supervisory Board are members of the Boards of Executive Directors of public insurance companies.

Deutsche Rück. Reliable reinsurance.

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