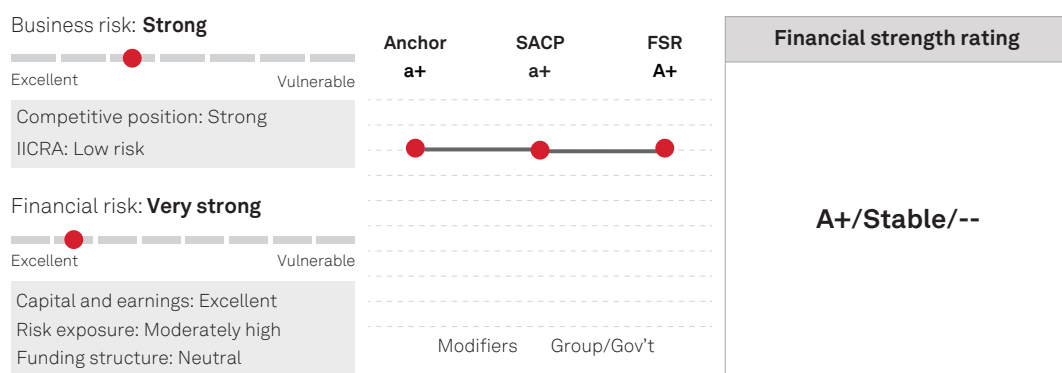


Deutsche Rueck Group

October 16, 2025

This report does not constitute a rating action.



FSR--Financial strength rating. ICR--Issuer credit rating. IICRA--Insurance industry and country risk assessment. SACP--Stand-alone credit profile.

Credit Highlights

Overview

Key strengths

The group's competitive standing, driven by its recognized position as a preferred provider of property reinsurance services to the German public law insurance (PLI) sector.

Resilient capital buffers at the 99.99% confidence level in our risk-based capital adequacy model, coupled with sound solvency.

A diverse portfolio across the property and casualty (P&C) reinsurance business and an ongoing expansion strategy outside Germany and Europe.

Key risks

Natural catastrophes pose a risk, potentially causing volatility in the company's capital and earnings performance.

Limited geographic and product diversification compared with higher-rated peers within the reinsurance sector

We believe Deutsche Rueck (DR) will maintain its unique competitive position as the main property and casualty reinsurer for the German PLI sector. The group is aiming to further enhance its role as a risk management provider for PLI companies by increasingly offering risk management solutions on top of its existing function as a risk pooling and diversification enabler. As another step in its evolution, DR is aiming to further expand its business diversification outside the PLI sector, mainly in international markets. This additional diversification should enable the group to have a more balanced portfolio over time, reducing potential business and earnings

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concentration, although we believe that its competitive strength in its international target markets is less prominent than in Germany.

Capitalization will remain a key strength, supported by DR's underwriting discipline and conservative reserving strategy. DR's financial risk profile is supported by its robust capital adequacy, which we believe is a key rating strength. We think DR's relatively conservative asset allocation, solid reserving strategy, and prudent underwriting practices will continue to support its capital adequacy comfortably above the highest confidence level of 99.99% in 2025-2026.

We choose the higher anchor of 'a+' to reflect that DR plays a significant strategic role as a provider of diversification and risk-management know-how to public law insurers in Germany.

DR's strategic position in the PLI sector is a key advantage in terms of business generation, network effects, and capital support in a potential stress scenario.

Outlook

The stable outlook reflects our view that the group will maintain its excellent capital and earnings over the next two years, benefitting from prudent reserving and sound profits from its PLI and other business.

Downside scenario

We could lower the ratings on DR's core subsidiaries if:

- The group discloses weaker underlying profitability than we forecast in our base case over a sustained period; or
- We believe the group's capital and earnings volatility could increase, for example because of rising net exposure to natural catastrophes.

Upside scenario

We see a positive rating action as remote at this stage, given DR's more limited diversification outside the German reinsurance market than that of higher-rated peers.

Assumptions

- We expect real GDP growth for the Eurozone to improve to 1.1% in 2025 and 2026, followed by 1.4% for 2027. Similarly, inflation is expected to be around 2.1% for 2025 followed by 1.8%-1.9% for 2026-2027.
- Real GDP growth for Germany is expected to be around 0.2% for 2025 followed by a further improvement to 1.1% for 2026 and 1.6% for 2027. Inflation for Germany is expected to be around 2.2%, 1.8%, and 2.1% for 2025, 2026, and 2027 respectively.
- Average 10-year bond yield of 3.1% in 2025, followed by a further recovery to 3.2% over 2026-2027 for the Eurozone. For Germany, 10-year bond yield is expected to be around 2.6% for 2025, followed by 2.7% for both 2026 and 2027.

Deutsche Rueck--Key Metrics

	2026f	2025f	2024	2023	2022
S&P Global Ratings capital adequacy	99.99%	99.99%	99.99%	99.99%	Excellent

Deutsche Rueck--Key Metrics

	2026f	2025f	2024	2023	2022
Gross premium written (mil. €)	>2,300	~2,200	2,085	1,762	1,508
EBIT	>20	>20	25.7	15.4	19.1
EBIT adjusted*	>30	>30	108.7	37.2	67.4
Net income (mil. €)	12-15	12-15	14.5	12.0	10.5
Return on shareholders' equity (%)	3-5	3-5	4.3	3.7	3.4
Return on revenue (%)	>5	>5	7.3	2.9	6.1
Return on assets (%)	>2	>2	3.1	1.2	2.3
P/C: net combined ratio (%)	95-97	93-95	93.7	101.1	92.1
P/C: loss ratio (%)	N/A	N/A	66.2	73.3	65.0
P/C: expense ratio (%)	N/A	N/A	27.5	27.9	27.0
EBIT fixed-charge coverage (x)	>10	>10	32.1	11.0	20.1
Financial leverage (%)	<35	<35	26.3	27.0	27.7
Financial obligations / EBIT (x)	>4	>4	4.7	7.9	6.4
Net investment yield (%)	~2.8	~2.8	3.1	2.7	3.2

f--S&P Global Ratings forecast. *EBIT adjusted is including equalization reserve (post tax). N/A--Not applicable.

Business Risk Profile

We expect DR will maintain its strong competitive position as the leading reinsurer within the German PLI sector. Building upon its current strengths, the updated strategic cycle aims to further expand the group's role as a provider of risk management solutions for the PLI sector. Simultaneously, the group will continue to cautiously expand its international diversification within defined target markets, utilizing its operating entities, Deutsche Rückversicherung AG (DR AG) and Deutsche Rückversicherung Schweiz (DR Swiss), to support growth.

The group continues to successfully expand into the Middle East, Latin America, and Asia, although currently growing from a small base. This additional diversification should enable the group to have a more balanced portfolio over time, reducing potential business and earnings concentration. For 2024, DR reported gross written premiums of €2.1 billion, up 18.3% compared with 2023. For 2025, we expect gross premiums to increase to about €2.2 billion, leading to net premiums of €1.5 billion. About 50% of these net premiums are expected to be generated in Germany, with the remaining stemming from international markets, mainly North, West, and South Europe and Central and Eastern Europe. We believe that DR is on a cautious expansionary path, although we view its competitive strength in its international markets as less prominent than in its domestic market.

Regarding profitability, DR reported a net income of €14.5 million and a combined ratio (CR) of 93.7% for 2024, compared with €12.0 million and a CR of 101.1% in 2023. This improvement was primarily driven by fewer large losses, disciplined underwriting, and favorable pricing conditions. In our base-case scenario for 2025, we believe the group is well-positioned to post a combined (loss and expense) ratio at the lower end of the 93%-95% range we forecast, with net income of €12 million-€15 million. This strong performance is expected to be supported by a continued favorable large loss experience. Furthermore, we do not anticipate DR's performance will materially deviate from that of its peers operating in similar geographies and business lines.

Financial Risk Profile

DR's financial risk profile is supported by its robust capital adequacy, which we believe is a key ratings strength. We believe DR's relatively conservative asset allocation, solid reserving strategy, and prudent underwriting practices will continue to support the group's capital.

In our base-case scenario, we believe the group's capital adequacy will stay comfortably above the highest confidence level of 99.99% in 2025-2026. This is supported by a sound group Solvency II ratio of 229% based on 2024 figures. DR's risk appetite and exposures are lower than those of most of its global reinsurance peers, despite its exposure to potential capital and earnings volatility via natural catastrophe risks. In our opinion, DR also benefits from its ability to share risks with the PLI sector and raise funds in the form of equity and hybrid capital from its PLI shareholders, if needed.

DR has a diverse investment portfolio, with more than 50% of investments being in highly rated bonds. However, the group has built, over time, a meaningful exposure to less liquid assets such as real estate and private equity amounting about 30% of investments.

The group has demonstrated its access to the financial markets by issuing a €62 million hybrid in 2016 and another €60 million hybrid through its subsidiary Deutsche Rueckversicherung Schweiz AG at the end of 2020. We understand that the hybrid issued by Deutsche Rueckversicherung AG, which has a reported fixed interest rate period until Oct. 31, 2026, has been privately placed within the PLI sector, and we do not have any refinancing concerns. However, given the group's reduced need for external financing when compared to large reinsurers, it has a somewhat limited track record of raising funds in the capital markets, in our opinion.

Other Credit Considerations

Governance

Our assessment of DR's management and governance practices are based on our generally positive opinion of the group's strategic positioning, financial management, and organizational effectiveness. The recent change of CEO was cautiously planned well ahead of time, and we consider that the replacement illustrates the group's stability and consistent strategy. We do not expect any material change in the group's general strategic direction that could affect the ratings following the internal succession related to the CEO position.

Liquidity

The group's liquidity profile is sound thanks to its various liquid sources such as premium income, its favorable liability profile, and liquid asset portfolio. The group can generate recurring cash flows from its operations.

Environmental, social, and governance

Environmental factors are a moderately negative consideration in our credit rating analysis of DR. DR's property reinsurance exposure can generate losses in cases of extreme weather and natural catastrophes, which can lead to capital and earnings volatility. Climate change can increase the number of extreme weather events, elevating claims. However, the group's option to reprice its catastrophe contracts annually should mitigate the potential increase in claims from natural catastrophes, in part due to climate change.

Accounting considerations

Both DR Group and DRAG report according to German generally accepted accounting principles (GAAP), whereas DR Swiss' financial statements are prepared under Swiss GAAP. Our analysis is based mainly on the consolidated accounts. DR Group has a conservative approach to its accounting.

In our assessment of earnings, we take into account internal figures on ultimate loss and combined ratios after reviewing the group's reserves. We also adjust EBIT/EBITDA for movements in equalization reserves for our analysis of fixed-charge coverage to better compare it with global reinsurers.

Rating Component Scores

Business Risk Profile	Strong
Competitive position	Strong
IICRA	Low risk
Financial Risk Profile	Very Strong
Capital and earnings	Excellent
Risk exposure	Moderately high
Funding structure	Neutral
Anchor	a+
Modifiers	
Governance	Neutral
Liquidity	Exceptional
Comparable rating analysis	0
Current Credit Rating	
Local currency financial strength rating	A+/Stable/--
Foreign currency financial strength rating	--
Local currency issuer credit rating	A+/Stable/--
Foreign currency issuer credit rating	--

Related Criteria

- [General Criteria: Hybrid Capital: Methodology And Assumptions](#), Oct. 13, 2025
- [Criteria | Insurance | General: Insurer Risk-Based Capital Adequacy--Methodology And Assumptions](#), Nov. 15, 2023
- [General Criteria: Environmental, Social, And Governance Principles In Credit Ratings](#), Oct. 10, 2021
- [Criteria | Insurance | General: Insurers Rating Methodology](#), July 1, 2019
- [General Criteria: Group Rating Methodology](#), July 1, 2019
- [General Criteria: Principles Of Credit Ratings](#), Feb. 16, 2011

Ratings Detail (as of October 16, 2025)*

Operating Companies Covered By This Report

Deutsche Rueckversicherung AG

Ratings Detail (as of October 16, 2025)*

Financial Strength Rating	
Local Currency	A+/Stable/--
Issuer Credit Rating	
Local Currency	A+/Stable/--
Deutsche Rueckversicherung Schweiz AG	
Financial Strength Rating	
Local Currency	A+/Stable/--
Issuer Credit Rating	
Local Currency	A+/Stable/--
Domicile	Germany

*Unless otherwise noted, all ratings in this report are global scale ratings. S&P Global Ratings' credit ratings on the global scale are comparable across countries. S&P Global Ratings' credit ratings on a national scale are relative to obligors or obligations within that specific country. Issue and debt ratings could include debt guaranteed by another entity, and rated debt that an entity guarantees.

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