

Solvency and Financial Condition Report (SFCR)

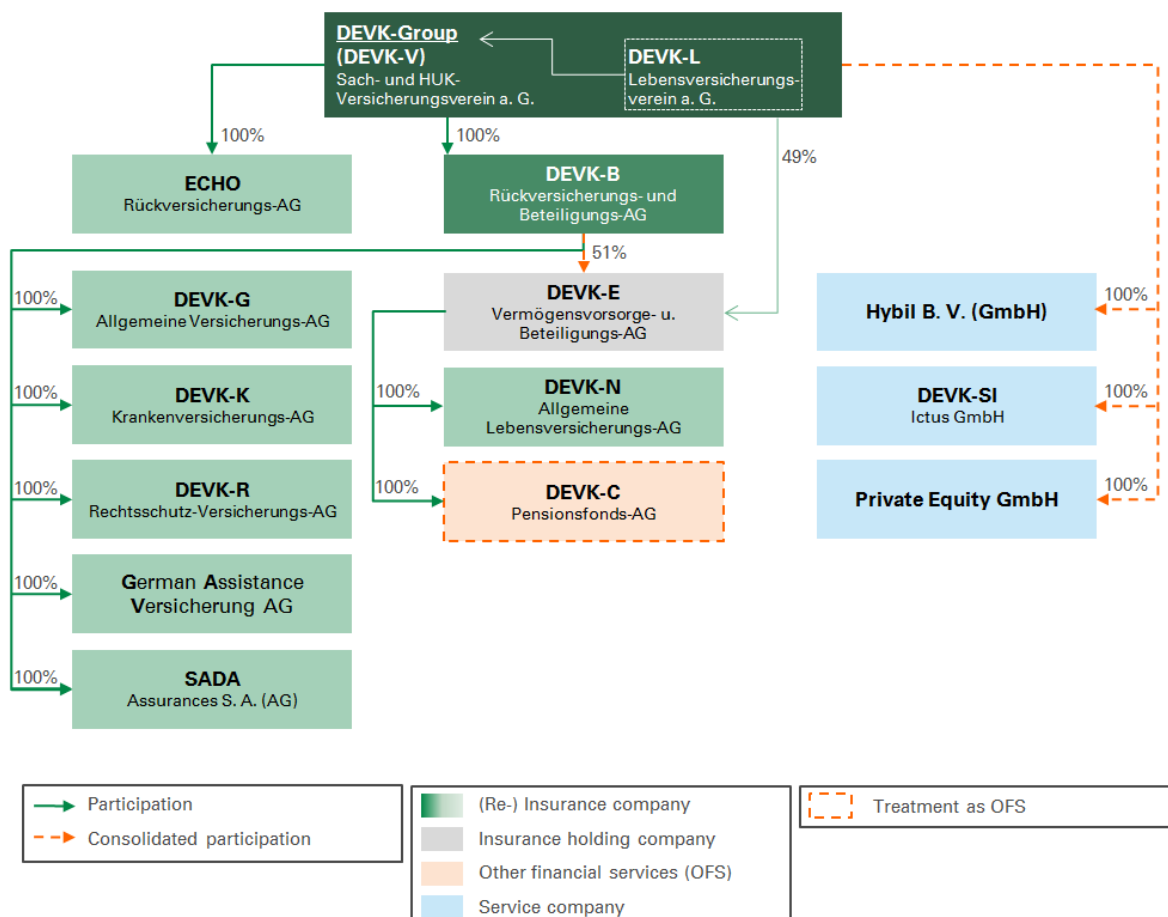
A Introduction

DEVK Rückversicherungs- und Beteiligungs-AG is an active unlisted stock corporation. The registered office of the company is Cologne. The company is registered in the Commercial Register of the Cologne District Court.

The supervisory authority for DEVK Rückversicherungs- und Beteiligungs-AG is the Bundesanstalt für Finanzdienstleistungsaufsicht (BaFin), headquartered in 53117 Bonn, Graurheindorfer Str. 108.

KPMG in 50674 Cologne, Barbarossaplatz 1 a, is the appointed auditor for DEVK Rückversicherungs- und Beteiligungs-AG both for local GAAP and Solvency II. Their audit did not reveal any irregularities.

DEVK Rückversicherungs- und Beteiligungs-AG is part of the DEVK-Group with the parent company being DEVK Deutsche Eisenbahnversicherung Sach- und HUK-Versicherungsverein a.G.



The company's exclusive insurance purpose is to provide reinsurance for the insurance operations undertaken in various segments and types of non-life, accident, health and life insurance. Reinsurance is provided for both affiliated and non-Group companies.

The company also acquires and holds participating interests. As the intermediary holding company within the DEVK Sach- und HUK-Versicherungskonzern, it manages the Group's other insurance companies as well as various participating interests.

B Capital Management

The Solvency ratio (SCR ratio) is calculated from the eligible own funds divided by the solvency capital requirement (SCR). The Solvency ratio amounted to 382.4% as at December 31, 2017.

	2017	2016
Eligible own funds to cover SCR	2.608,3	2.585,1
SCR	682,1	656,5
SCR ratio	382,4%	393,8%
Eligible own funds to cover MCR	2.554,9	2.527,8
MCR	170,5	164,1
MCR ratio	1498,2%	1540,2%

all figures in millions of euros

According to tier classes, the eligible own funds were as follows:

	2017	2016
Tier 1:	2.554,9	2.527,8
Tier 2:	-	-
Tier 3:	53,4	57,2

all figures in millions of euros

To cover the solvency capital requirement, Tier 1 and Tier 3 own funds were established. Only Tier 1 capital was used to cover the minimum capital requirement.

The balance sheet of DEVK Rückversicherungs- und Beteiligungs-AG as at December 31, 2017 was prepared as a fair value balance sheet according to the principles of Solvency II.

According to Solvency II, the balance sheet is as follows:

	Assets	Solvency II 2017	Local GAAP 2017
1	Intangible assets	-	1,5
2	Deferred tax assets	343,0	-
3	Pension benefit surplus	-	-
4	Property, plant & equipment held for own use	0,1	0,1
5	Investments	3.390,5	1.948,8
	Property (other than own use)	-	-
	Participations	2.103,4	831,3
	Equities	118,0	70,2
	Bonds	881,7	806,3
	Investment funds	264,8	223,1
	Derivates	-	-
	Other investments	22,7	17,8
6	Assets held for unit-linked funds	-	-
7	Mortgages and loans made	105,6	105,6
8	Reinsurance recoverables	28,3	74,0
9	Cash deposits to cedants	239,5	239,5
10	Intermediaries and insurance recoverables	24,5	19,7
11	Receivables (trade, not insurance)	279,1	279,1
12	Amounts due in respect of called but unpaid capital	-	-
13	Cash and cash equivalents	-	-
14	Any other assets	1,1	14,2
	Total assets	4.411,8	2.682,5

all figures in millions of euros

	Liabilities	Solvency II 2017	Local GAAP 2017
1	Gross technical provisions	488,2	610,2
2	Other technical provisions	-	136,1
3	Provisions other than technical provisions	67,3	67,5
4	Pension benefit obligations	827,8	583,8
5	Cash deposits from reinsurers	-	-
6	Deferred tax liabilities	289,6	-
7	Derivates	0,3	0,1
8	Amounts owed to credit institutions	-	-
9	Financial liabilities other than amounts owed to credit institutions	-	-
10	Intermediaries and insurance liabilities	111,9	-
11	Reinsurance liabilities	3,4	110,5
12	Liabilities (trade, not insurance)	0,2	0,2
13	Subordinated liabilities	-	-
14	Any other liabilities	4,8	5,0
	Total liabilities	1.793,5	1.513,4
	<i>Assets less liabilities</i>	<i>2.618,3</i>	<i>1.169,1</i>
	Total	4.411,8	2.682,5

all figures in millions of euros

The accounting and valuation of the local GAAP balance sheet is carried out in accordance with the principles of the German Commercial Code. The assessment principles of the delegated regulation 2015/35 are the basis for the determination of the Solvency II balance sheet.

Information regarding the individual balance sheet items is provided in euro. Investments denominated in foreign currencies are included in the fair value calculation at the exchange rate at year-end.

The stated fair values of investments include the respective market value and any accrued interest on the shares (dirty price).

SCR per risk module

The composition of the total SCRs is shown in the following table in the individual categories:

Risk category	SCR 2017	SCR 2016
Mortality risk	3,2	3,2
Longevity risk	0,0	0,0
Disability morbidity risk	3,5	2,5
Lapse risk	-	-
Revision risk	0,0	0,0
Expense risk	0,0	0,0
CAT risk	4,8	4,6
Diversification life underwriting risk	-3,3	-2,9
Life underwriting risk	8,2	7,4
Mortality risk (similar to life technique)	-	-
Longevity risk (similar to life technique)	0,3	0,3
Disability morbidity risk (similar to life technique)	-	-
Lapse risk (similar to life technique)	-	-
Revision risk (similar to life technique)	-	-
Expense risk (similar to life technique)	0,0	0,0
Premium risk (similar to non-life technique)	8,5	8,4
Reserve risk (similar to non-life technique)	8,7	7,2
Lapse risk (similar to non-life technique)	3,2	3,1
CAT risk	31,3	29,6
Diversification health underwriting risk	-13,8	-12,8
Health underwriting risk	38,2	35,8
Premium risk	72,8	75,1
Reserve risk	48,9	41,5
Lapse risk	10,2	7,7
CAT risk	145,5	118,3
Diversification non-life underwriting risk	-76,8	-67,7
Non-Life underwriting risk	200,6	174,9

Risk category	SCR 2017	SCR 2016
Interest rate risk	57,4	55,4
Spread risk	76,4	60,9
Equity risk	566,1	541,4
Concentration risk	10,0	15,7
Property risk	33,0	39,0
Currency risk	32,7	32,7
Diversification market risk	-84,2	-87,0
Market risk	691,4	658,1
Type 1 counterparties	16,3	39,8
Type 2 counterparties	-	-
Diversification counterparty default risk	-	-
Counterparty default risk	16,3	39,8
Diversification Basic risk	-170,6	-168,0
Basic SCR	784,1	748,0
Loss absorbing capacity of deferred taxes	-116,2	-104,3
Operational risk	14,2	12,9
SCR	682,1	656,5

all figures in millions of euros

For DEVK Rückversicherungs- und Beteiligungs-AG, the largest single risk was market risk and within this category the equity risk, which is dominated by the risk arising from investments in other DEVK companies (volume: approximately € 2,103 million). The unequal distribution of the risk types led to a relatively low diversification effect of € 84.2 million. The cat risk (€ 145.5 million) was the largest single risk within the underwriting risk, mainly as a result of the acquired cat exposure.

No simplifications have been used in accordance with the implementing regulation Solvency II. The company does not apply the volatility adjustment, nor the transitional deduction referred to

in article 308b of Directive 2009/138/EC. The company has not certified any undertaking specific parameters (USP) for the calculations.

There are no discernible developments that could lead to a significant impairment of the company's net assets, financial position and results of operations and thus jeopardise its continuing existence.