Annual Report 2011

DEVK Deutsche Eisenbahn Versicherung
Sach- und HUK-Versicherungsverein a.G.
Betriebliche Sozialeinrichtung der Deutschen Bahn

DEVK Rückversicherungs- und Beteiligungs-Aktiengesellschaft

DEVK Allgemeine Versicherungs-Aktiengesellschaft

DEVK Deutsche Eisenbahn Versicherung
Sach- und HUK-Versicherungsverein a.G.
Betriebliche Sozialeinrichtung der Deutschen Bahn
Group

DEVK
VERSICHERUNGEN

Business performance 1948/49 to 2011

in Sach-/HUKR- and health insurance division of DEVK Versicherungen

Year	Portlio (in 000s)						Premiums (in € m)
	Motor	Non-life[1]	Liability	Accident[2]	Legal expenses	Health[3]	
1948/49	–	283	–	–	–	–	0,6
1954	–	450	242	37	–	–	1,7
1960	24	558	532	83	–	–	7,3
1965	196	629	651	94	–	–	23,6
1970	293	700	752	128	–	–	47,0
1975	509	819	913	201	–	–	130,8
1976	568	852	937	215	–	–	151,5
1977	625	882	947	231	–	–	182,3
1978	669	912	912	249	–	–	203,6
1979	699	948	926	276	–	–	233,6
1980	715	1,003	937	304	2	–	244,6
1981	710	1,052	954	306	65	–	262,0
1982	720	1,084	961	326	85	–	277,2
1983	740	1,135	969	340	101	–	298,6
1984	760	1,182	972	356	123	–	321,7
1985	782	1,227	992	369	141	–	351,7
1986	810	1,292	1,009	380	161	–	371,0
1987	845	1,370	1,019	394	183	–	404,7
1988	883	1,476	1,033	412	204	–	449,4
1989	923	1,569	1,049	434	223	–	488,6
1990	959	1,632	1,115	453	245	–	517,2
1991	1,269	1,740	1,183	490	278	–	592,9
1992	1,333	1,880	1,259	518	309	–	663,7
1993	1,437	1,988	1,314	547	346	–	753,2
1994	1,518	2,072	1,353	569	377	31	877,7
1995	1,635	2,155	1,388	585	403	158	953,3
1996	1,775	2,228	1,439	861	433	252	981,9
1997	1,872	2,289	1,467	879	457	362	1,019,3
1998	1,940	2,333	1,498	886	480	457	1,041,9
1999	1,971	2,370	1,514	880	504	515	1,065,1
2000	1,978	2,406	1,530	872	530	581	1,111,6
2001	2,013	2,435	1,535	864	550	630	1,158,2
2002	2,060	2,480	1,544	868	575	685	1,222,1
2003	2,107	2,527	1,554	877	596	717	1,273,1
2004	2,193	2,562	1,572	879	621	747	1,329,6
2005	2,235	2,586	1,584	889	650	777	1,349,1
2006	2,282	2,612	1,604	912	678	826	1,363,5
2007	2,293	2,636	1,616	950	702	885	1,383,6
2008	2,465	2,673	1,634	988	724	967	1,394,2
2009	2,617	2,730	1,658	1,022	754	1,041	1,566,2
2010	2,741	2,563	1,689	1,068	781	1,100	1,594,9
2011	**2,755**	**2,584**	**1,715**	**1,105**	**800**	**1,150**	**1,679,8**

[1] Amended calculation method from 2011 onwards, previous year adjusted

[2] From 1996 onwards including motor vehicle accident

[3] No. of policyholders

Financial year 2011

Abbreviations

ABS	Asset-backed securities
AG	Aktiengesellschaft (German public limited company)
AGG	German Anti-Discrimination Act
AktG	German Stock Corporations Act
AltZertG	German Pension Contracts Certification Act
a. ment.	Above-mentioned
ann.	Annually
a.o.	Among others
a.p.	As per
approx.	Approximately
a.s.i.	As specified in
BaFin	German Financial Supervisory Authority
BGH	German Federal Court of Justice
BilMoG	German Act on Modernisation of Accounting Regulations
BMF	German Federal Finance Ministry
bn	Billions
ca	Circa
CHF	Swiss francs
DAV	Association of German Actuaries Retired
DAX	German Share Index
DCF	Discounted Cash Flow
DeckRV	Regulation concerning accounting principles for premium reserves
defin.	Definitive
Dr	Doctor
DRS	German Accounting Standards
ECB	European Central Bank
ECJ	European Court of Justice
EDP	Electronic data processing – IT
EEC	European Economic Community
e.g.	For example
EGHGB	Introductory Act to the German Commercial Code
EStG	German Income Tax Act
etc.	Et cetera
fem.	Female
f.o.a.	For own account (net of reinsurance – cf. Council Directive 91/674/EEC (Richtlinie 91/674/EWG)
GDV	German Insurance Association
GmbH	German private limited company
GwG	German Money-Laundering Act
HGB	German Commercial Code
i.c.w.	In conjunction with
IDW	Institute of Public Auditors in Germany
If nec.	If necessary
incl.	Including
i. ret.	In retirement
KonTraG	German Control and Transparency in Business Act
KWG	German Banking Act
LAG	German State Labour Court
m	Million(s)
m.	Male
max.	Maximum
mon.	Monthly
Mot. veh.	Motor vehicle
mut.	Mutual
No.	Number
NRW	North Rhine-Westphalia
n.v.	New version
OLG	German Higher Regional Court/Court of Appeal
o.o.	In our opinion
o.v.	Old version
p.a.	Per annum
Para.	Paragraph
PEP	Politically Exposed Person(s)
Prof.	Professor
p.s.g.	Pay scale group(s)
p.s.n.	Pay scale number
PublG	German Company Disclosure Act
RechVersV	German Regulation on Accounting in the Insurance Sector
reg. assoc.	Registered association (e.V.)
resp.	Respectively
Ret.	Retired
RPR	Reserve for premium refund (RfB)
VAG	German Insurance Undertakings Supervision Act
VVaG	Mutual insurance company
VVG	German Insurance Contracts Act
WpHG	German Securities Trading Act
WSG	German Act to Strengthen Competition in Statutory Health Insurance
ZZR	Additional interest reserve
000s	Thousand(s)zum Beispiel

Company bodies

Board of Members

Helmut Diener
Marktredwitz
Chairman of the Board of Members

Wolfgang Aßheuer
Dortmund
(until 10 June 2011)

Wilhelm Bahndorf
Obernburg am Main

Heinz Bodammer
Friedrichshafen

Peter Bolsinger
Linden

Jörgen Boße
Loddin

Steffen Bosecker
Dresden

Jürgen Brügmann
Essen

Holger Conrad
Zahna-Elster

Gabriele Dengler
Mainz

Hans-Jürgen Dorneau
Oerlinghausen

Gerhard Ehrentraut
Thannhausen

Bernhard Elz
Worms
(from 1 August 2011)

Rolf Frieling
Drensteinfurt
(from 1 July 2011)

Heinz Fuhrmann
Neu-Anspach

Johann Gebhardt
Markt Erlbach

Franz-Josef Groß
Kindsbach

Claus-Dieter Haas
Ettlingen

Dieter Häfke
Duisburg

Rolf Hellmann
Lustadt

Frank Helms
Bad Salzungen

Jörg Hensel
Hamm

Helmut Heutz
Erkelenz

Berthold Hillebrand
Kassel

Jürgen Hoffmann
Herten

Hans-Peter Hurth
Kornwestheim
(from 1 July 2011)

Ralf Ingwersen
Hamburg

Jessica Irle
Frankfurt am Main

Manfred John
Stadtbergen
(ab 1. Juli 2011)

Klaus Just
Forst (Lausitz)

Axel Kleich
Leipzig

Heinrich Klumpe
Wallenhorst

Hanka Knoche
Idstein

Dr Siegfried Krause
Berlin

Axel Kroll
Langgöns

Günter Leckel
Bad Endorf

Manfred Leuthel
Nuremberg

Bernd Maderner
Niefern-Öschelbronn

Heidemarie Mähler
Erfurt

Dr med. Ludwig Mandelartz
Aachen

Uwe Matthias
Bremervörde
(until 10 June 2011)

Heinz-Werner Milde
Gronau

Hans-Joachim Möller
Aschersleben

Wolfgang Müller
Gau-Bischofsheim

Marlies Pellny
Düsseldorf

Dieter Pielhop
Wietzen

Beate Rache
Neu Wulmstorf

Christian Respondek
Münster
(until 10 June 2011)

Ernst Richardt
Ronshausen

Uwe Rosenberger
Hagen

Georg Santmann
Greven
(from 1 July 2011)

Hartmut Schaefer
Lutherstadt Eisleben

Klaus-Peter Schölzke
Görlitz

Alfred Schumann
Biebertal

Jens Schwarz
Chemnitz

Heino Seeger
Hausham

Martin Selig
Ulm
(from 1 July 2011)

Albert Spiegl
Eichenau
(until 10 June 2011)

Peter Tröge
Engstingen

Richard Weisser
Puschendorf

Bernd Wernsdörfer
Würzburg

Thorsten Weske
Germersheim

Torsten Westphal
Berlin

Albert Wiegand
Fulda
(until 31 July 2011)

Otto Wilhelm
Penzberg

Joachim Ziekau
Stendal

Supervisory Board

Alexander Kirchner
Runkel
Chairman
Chairman of the Eisenbahn- und Verkehrsgewerkschaft (EVG) (Railway and Transport Union)

Günter Kirchheim
Essen
First Deputy Chairman
Chairman of the Deutsche Bahn AG Group Works Council
Chairman of the Deutsche Bahn AG European Works Council
Chairman of the DB Netz AG General Works Council

Helmut Petermann *
Essen
Second Deputy Chairman
Chairman of the General Works Council, DEVK Versicherungen

Dr. rer. nat. Norbert Bensel
Berlin

Christian Bormann
Weimar
Chairman of the Works Council of DB Netz AG, Wahlbetrieb Erfurt
Member of the DB Netz AG General Works Council

Doris Fohrn *
Wesseling
Deputy Chair of the General Works Council DEVK Versicherungen
Deputy Chair of the Works Council, DEVK Versicherungen, Cologne Headquarters

Ralf Gajewski *
Berlin
Deputy Group Manager of KKC (Customer Service Centre) DEVK Versicherungen, Berlin Regional Management Unit

Dr. Rüdiger Grube
Gechingen
CEO of Deutsche Bahn AG
CEO of DB Mobility Logistics AG

Horst Hartkorn
Hamburg
Chairman of the Works Council, S-Bahn Hamburg GmbH

Klaus-Dieter Hommel
Frankfurt am Main
Deputy Chairman of the Eisenbahn- und Verkehrsgewerkschaft (EVG) (Railway and Transport Union)

Jürgen Putschkun *
Fellbach
Executive Officer
Motor Vehicle Operations and Sach/HU-Betrieb, DEVK Versicherungen, Stuttgart Regional Management Unit

Dr Karl-Friedrich Rausch
Weiterstadt
Chairman of the DB Mobility Logistics AG Transport and Logistics Unit

Dr Thomas Renner
Karlsruhe
Chairman of the Management Board of Sparda-Bank Baden-Württemberg eG

Andrea Tesch *
Zittow
Deputy Group Manager of Sach/HU-Betrieb and Head of SHU Unit, DEVK Versicherungen, Schwerin Regional Management Unit

Ulrich Weber
Krefeld
Deutsche Bahn AG Personnel Director
DB Mobility Logistics AG Personnel Director

* Employees' representatives

Management Board

Friedrich Wilhelm Gieseler
Bergisch Gladbach
Chairman

Engelbert Faßbender
Hürth

Michael Klass
Cologne
(until 30 September 2011)

Gottfried Rüßmann
Cologne

Bernd Zens
Königswinter

Robert Etmans
Eppstein
Deputy Board Member

Advisory Board

Rudi Schäfer
Heilbronn
– Honorary Chairman –
Former Chairman of the German Railway Workers Union

Hans-Jürgen Allerdissen
Bad Schwalbach
Senior Manager, DVA Deutsche Verkehrs-Assekuranz-Vermittlungs GmbH

Kay Uwe Arnecke
Hamburg
Management Spokesman of S-Bahn Hamburg GmbH
Managing Director of Autokraft GmbH

Werner Bayreuther
Heroldsberg
Lawyer
Managing Director of German Employers' and Business Association of Mobility and Transport Service Providers (e.V.), Berlin

Dr Jochen Dobring
Munich
President of the German Automobile Club (ACV)

Volker Hädrich
Erfurt
Deutsche Bahn AG Group Authorised Representative for the Free State of Thuringia

Michael Harting
Bornheim
Head of the Rural Transportation Department at the Federal Ministry of Transport, Building and Urban Development

Thomas Hupfeld
Vellmar
Deputy Regional Chairman of the German Train Drivers' Union, Frankfurt Region

Dr. Volker Kefer
Erlangen
Deutsche Bahn AG Director of Technology, System Network and Services
Deutsche Bahn AG Director of Infrastructure

Bernhard Kessel
Munich
Chairman of Subgroup Works Council (Track) of Veolia Verkehr GmbH

Volker Köhler
Nuremberg
CEO of the Management Board of Sparda-Bank Nuremberg eG

Volker Krombholz
Neustrelitz
Deputy Regional Chairman of the German Train Drivers' Union, Northern Region

Armin Lauer
Rödermark
Managing Director of Vermögensverwaltung GmbH of Eisenbahn- und Verkehrs-gewerkschaft (EVG)

Dr Kristian Loroch
Altenstadt
Department Head at Eisenbahn- und Verkehrsgewerkschaft (EVG)
Management Board Unit of the Chairman Alexander Kirchner

Ronald R. F. Lünser
Holzwickede
Managing Director and Rail Operations Manager of Abellio Rail NRW GmbH

Rolf Lutzke
Berlin
Head of Policy and International Affairs at Eisenbahn- und Verkehrsgewerkschaft (EVG)

Reiner Metz
Nideggen
Lawyer
Local Public Transport (ÖPNV) Director of the Association of German Transport Companies (VDV)

Heike Moll
Munich
Chairman of the General Works Council, DB Station & Service AG

Beate Müller
Heidelberg
Head of the Southern Office of the Federal Office for Railway Assets

Frank Nachtigall
Frankfurt an der Oder
Regional Chairman of the German Train Drivers' Union, Berlin-Sachsen-Brandenburg Region

Ottmar Netz
Hohenahr
Personnel Director, DB Vertrieb GmbH

Günther von Niebelschütz
Großen-Linden
Divisional President of the Federal Office for Railway Assets

Jürgen Niemann
Berlin
Personnel Director, DB Dienstleistungen GmbH

Ragnar Nordström
Berlin
CEO of Veolia Verkehr GmbH

Ute Plambeck
Hamburg
Deutsche Bahn AG Group Representative for the States of Hamburg and Schleswig-Holstein

Bernhard Reinhart
Munich
Managing Director of ebm eisenbahner baugenossenschaft münchen-Hauptbahnhof eG

Peter Rothe
Königs Wusterhausen/Niederlehme
Head of Personnel Management, DB Netz AG, Neustrelitz/Schwerin

Wolfgang Schilling
Bonn
Divisional President of the Federal Office for Railway Assets

Dirk Schlömer
Hennef
Department Head at Eisenbahn- und Verkehrsgewerkschaft (EVG)

Marco Spange
Niederkirchen
Federal Youth Officer of the German Train Drivers' Union

Rolf Stadié
Bochum
Director, Knappschaft-Bahn-See

Klaus Vögele
Ettenheim
Chairman of the General Works Council, Schenker AG

Udo Wagner
Föhren
Deutsche Bahn AG Group Representative for the States of Rhineland-Palatinate and Saarland

Management report

Commercial environment and general conditions

Overview

DEVK Sach- und HUK-Versicherungsverein a.G. is a self-help organisation for railway workers that is recognised as a company welfare scheme by Deutsche Bahn and the Federal Office for Railway Assets (Bundeseisenbahnvermögen). It offers its members, who are predominantly railway workers and other transport sector employees, comprehensive bespoke, economically priced insurance cover.

Provisional figures indicate that non-life and casualty insurance premiums grew by 2.7 % in 2011. Motor vehicle insurance made a major contribution to this growth, being up 3.5 % this year after slight premium growth in 2010. Provisional figures indicate that the combined ratio (the ratio of claims expenses and costs to premium receipts) has risen from 98.2 % in 2010 to around 99 %. Thus our overall 2011 non-life and casualty insurance sector remained profitable, albeit with profits falling from € 900 million in 2010 to around € 600 million last year.

On the stock exchanges, 2011 was dominated by the eurozone debt crisis and fears that the economic slowdown would turn into full-blown worldwide recession. As a result, the majority of stock markets showed a clear downward trend, with the EuroStoxx50 share index, for instance, down 17.4 % by the end of the year at 2,316.55, while the DAX German share index was slightly stronger at 14.7 % down. Investors' deep-seated pessimism also led to higher risk premiums being demanded on many bonds – a trend not just affecting paper issued by the PIIGS countries. Meanwhile, the euro lost significant ground against many currencies.

Against this backdrop we are pleased to be able to report that DEVK Sach- und HUK-Versicherungsvereins a.G. registered satisfactory business results in 2011.

Ratings

The ratings, commissioned by Standard & Poor's for the first time in 2008, are updated each year. As in 2008, 2009 and 2010, in 2011 DEVK Sach- und HUK-Versicherungsverein a.G., DEVK Allgemeine Versicherungs-AG, DEVK Allgemeine Lebensversicherungs-AG and DEVK Rückversicherungs- und Beteiligungs-AG were all once again assigned ratings of A+, and Standard & Poor's assesses our future outlook as "stable", thus confirming the very sound financial position enjoyed by DEVK companies generally.

The rating agency Fitch came to the same conclusion, with its 2011 second-time rating of the financial strength of DEVK's core companies also coming in at A+. The individual companies rated were DEVK Sach- und HUK-Versicherungsverein a.G., DEVK Rückversicherungs- und Beteiligungs-AG, DEVK Allgemeine Versicherungs-AG, DEVK Rechtsschutz-Versicherungs-AG, DEVK Krankenversicherungs-AG and the two life assurance companies DEVK Lebensversicherungsverein a.G. and DEVK Allgemeine Lebensversicherungs-AG. Their outlook too is rated as stable.

The ASSEKURATA Assekuranz rating agency once again gave outstanding ratings to DEVK Sach- und HUK-Versicherungsverein a.G. and DEVK Allgemeine Versicherungs-AG in February 2012, with both companies for the 13th time receiving the top mark of A++ (excellent).

Customer satisfaction

In its latest ratings, the ASSEKURATA Assekuranz rating agency gave DEVK Sach- und HUK-Versicherungsverein a.G. a score of "very good" for customer orientation. This assessment was based, among other things, on a customer survey conducted in November 2011 that revealed very high levels of customer satisfaction. This assessment was confirmed by a variety of other studies. For instance, a survey conducted in 2011 by the Cologne firm MSR Consulting again revealed an overall customer satisfaction rating of "outstanding", and in its market study "Motor Vehicle Insurance Touchpoints", the independent Cologne-based analysis institute Assekurata Solutions GmbH found that customers were very satisfied with DEVK's claims settlement. In this study DEVK was seen as the best service insurer in Germany for claims settlement, earning a rating of "very good".

On the whole, these external ratings attest to the great competitive strength of our business.

Social responsibility

DEVK is aware of its social responsibility as a successful insurer. For many years, we have taken on an above-average number of trainees by industry comparison, in both back-office and sales/marketing roles. Furthermore, prior to possible professional training at DEVK, every year at our headquarters alone we offer some 60 school-age young people spells of work experience that assist them in deciding what their future career paths might be. This gives young people a positive start to their working lives and helps them to integrate well into society.

In 2011 DEVK was once again singled out for special praise by Cologne Chamber of Commerce and Industry as a certified training company offering outstanding professional training performance.

Since 2005, DEVK has been involved at several locations in the Deutsche Bahn AG competition "Deutsche Bahn Trainees Against Hate and Violence". This initiative not only raises awareness of these issues among trainees but also brings them to wider public attention through a variety of specific activities.

DEVK's active social commitment is also reflected in a range of external assessments. For instance, alongside our good showing in the "Germany's Best Employer" competition, of particular note is the Arbeit Plus seal of approval awarded to us by the Evangelical Church in Germany on several occasions now for our socially aware and employment-oriented personnel policies.

Personnel and sales staff numbers

Personnel are employed by DEVK Sach- und HUK-Versicherungsverein on the basis of joint contracts and service contracts whereby they also work for DEVK subsidiary companies. Where staff work for both DEVK Sach- und HUK-Versicherungsverein and DEVK Lebensversicherungsverein, this takes place within the ambit of dual employment contracts, and, as such, no services are rendered between the two companies.

The company employed an average of 2,757 personnel internally in 2011, of whom 2,649 had their contracts of employment with DEVK Sach- und HUK-Versicherungsverein. These figures do not include any inactive employment contracts, while part-time employees are recorded as full-time equivalents on the basis of their working hours.

At the end of 2011, 2,090 self-employed personnel worked for DEVK (2010: 2,096), on top of which 615 field sales agents were directly employed by DEVK Sach- und HUK-Versicherungsverein (2010: 629). However, the entire field sales force also operates on behalf of the various other DEVK companies in line with general agency agreements entered into by DEVK Sach- und HUK-Versicherungsverein with the other DEVK companies.

Overall business trends

Year on year, gross premiums rose 3.4 % to € 306.3 million. Earned premiums, net of reinsurance, totalled € 257.8 million (2010: € 250.5 million). Claims incurred, net of reinsurance, rose 3.8 % to € 184.3 million, as a result of which their share of net earned premiums increased to 71.5 % (2010: 76.4 %). The ratio of expenses on insurance business net of reinsurance to earned premiums net of reinsurance was 26.6 % (2010: 27.6 %).

At € 600,000, the sum withdrawn from the equalisation provision was significantly lower than in 2010 (€ 16.9 million). Because of this, despite lower net expenses on claims and operating costs, at € 3.7 million the underwriting result net of reinsurance was somewhat down on the 2010 figure of € 5.5 million.

The investment result fell short of last year's figures. A rise in investment income due to higher profits from the disposal of capital assets were more than offset by sharp rises in capital investment costs. This was chiefly the result of increased write-downs due to falling stock market prices.

Thanks to a rise in other comprehensive income, the profit from normal business activities totalled € 36.7 million (2010: € 44.1 million).

Unlike the year before, in 2011 there was no extraordinary result to report (2010: € – 6.3 million).

After taxes the net profit for the year totalled € 24.6 million (2010: € 28.3 million).

Performance of the individual insurance classes

The insurance classes in which DEVK Sach und HUK-Versicherungsverein undertook direct insurance operations in 2011 are detailed in the notes to the management report. The following section outlines the performance of our individual insurance segments, classes and types.

Accident insurance

This item comprises both general accident insurance and motor vehicle accident insurance. In 2011 the total number of accident insurance policies rose by 0.4 % to 261,713. Gross premiums rose by € 800,000 to € 37.4 million, and the underwriting result improved to € 10.2 million (2010: € 7.8 million).

Liability insurance

At the end of 2011, our portfolio of liability insurance comprised 600,297 policies (2010: 601,379). This figure includes 89,305 employees' liability insurance policies, including railway workers' professional liability insurance. At € 34.3 million, gross premiums were virtually unchanged (2010: € 34.4 million). After a € 2.2 million allocation to the equalisation provision (2010: € 1.2 million), the underwriting result net of reinsurance totalled € 9.0 million (2010: € 11.3 million).

Motor vehicle liability insurance

As of 31 December 2011, our portfolio of motor vehicle liability insurance comprised 546,747 policies (2010: 542,743), plus 9,721 moped policies. Gross premiums rose by 4.7 % to € 84.7 million. After a € 4.0 million withdrawal from the equalisation provision (2010: € 15.1 million) the underwriting result was € – 5.1 million (2010: € – 4.5 million).

Other motor vehicle insurance

Other motor vehicle insurance comprises our comprehensive and partial comprehensive motor insurance (third-party, fire and theft). The total number of risks covered at the end of the year was 451,901 (2010: 447,475), and we also managed 1,609 partial-coverage moped policies. Gross premium receipts rose 6.1 % to € 64.5 million. After the equalisation provision was released in 2010 through the withdrawal of € 3.8 million, no funds were available in 2011 to cushion the underwriting result. As a result, the underwriting result came in at € – 11.6 million (2010: € – 11.9 million).

Fire and non-life insurance

From 2011 onwards we have no longer been operating our insurance against damage by natural forces as an independent division, and accordingly we are no longer reporting separate policy numbers for it. We have adjusted the figures for the previous year accordingly. The associated income and expenses have been added to those for the underlying main insurance, namely building or household contents policies. Here last year's figures have not been adjusted, leading in some cases to sizeable differences between the 2011 and 2010 figures.

At the end of 2011 our fire and non-life-insurance portfolio comprised a total of 899,503 policies (2010: 904,791). Gross premium receipts rose 2.1 % to € 84.0 million, and the underwriting result came to € 900,000 (2010: € 3.2 million).

In detail, our individual fire and non-life segments performed as follows:

Our household contents insurance portfolio at the end of 2011 comprised 439,187 policies (2010: 441,631), while gross premium receipts rose 1.9 % to € 33.9 million, with an underwriting result net of reinsurance at the previous year's level of € 4.4 million.

Our building insurance portfolio increased to a total of 174,235 policies (2010: 171,707). Due to the reassignment of insurance against damage by natural forces, gross income rose strongly by 7.5 % to € 36.0 million. Due to a higher allocation to the equalisation provision (€ 1.2 million, 2010: € 600,000), the underwriting result net of reinsurance came in at € – 2.3 million, somewhat below the 2010 figure of € – 1.8 million.

In the other fire and non-life insurance classes our end-of-year portfolio comprised 286,081 policies (2010: 291,453). Due both to this increase and the changed divisional assignment of insurance against damage by natural forces, gross premiums fell to € 14.1 million (2010: € 15.5 million), while the underwriting result net of reinsurance came to € 1.2 million (2010: € 600,000).

Other insurance policies

"Other insurance policies" comprises the results of our cheque card, breakdown service and travel sickness insurance policies. The gross premium receipts rose 11.2 % to € 1.4 million. After a withdrawal from the cheque card and breakdown service insurance equalisation provision, the underwriting result net of reinsurance came to € 300,000 (2010: € – 300,000).

Outward reinsurance

Our reinsurance business was distributed between several external reinsurers and our Group-internal reinsurer DEVK Rückversicherungs- und Beteiligungs-AG. Our choice of reinsurers took their ratings into account.

Investments and net investment income

The 2011 investment result was poorer than expected last year. This was due to the negative performance of equities, leading to significantly higher write-downs on them.

In the year under review our investment portfolio increased in value by 4.8 % to € 1,326.4 million (2010: € 1,392.8 million). There were no significant material changes in the composition of the investment portfolio.

At € 18.6 million, investment expenses were significantly higher than in 2010 (€ 10.4 million). This was chiefly due to higher write-down requirements (€ 14.3 million as against € 8.1 million in 2010) and increased losses from investment disposals (€ 1.6 million as against € 500,000 in 2010.)

On balance, our net investment income was down on the previous year's figure at € 38.5 million (2010: 45.3 million).

Operating result and appropriation of retained earnings

Of the after-tax net profit for the year of € 24.6 million (2010: € 28.3 million), € 1.6 million was allocated to the loss reserve pursuant to section 37 of the German Act on the Supervision of Insurance Undertakings (Versicherungsaufsichtsgesetz, VAG – Insurance Supervision Act from now on) and € 23.0 million to other retained earnings.

Affiliated companies and participating interests

DEVK Sach- und HUK-Versicherungsverein and DEVK Lebensversicherungsverein are not affiliated companies within the meaning of section 271 paragraph 2 HGB.

Details of our company's direct and indirect shareholdings in affiliated companies and participating interests are given in the notes.

Delegation of functions and organisational cooperation

Under the existing general agency contracts with other DEVK insurance companies, our company has been assigned overall responsibility for all DEVK insurance brokerage operations and associated tasks.

The general operational areas of accountancy, collection, EDP, asset management, personnel, auditing and general administration are centrally organised for all DEVK companies. As regards the Group insurance companies, this also applies to the areas of portfolio management and claims management (excluding DEVK Rechtsschutz-Versicherungs-AG). However, each company has separate lease contracts and its own inventory and equipment based on its own needs.

Under the existing joint contracts and service contracts, we provide the necessary internal staff for the Group companies DEVK Rückversicherungs- und Beteiligungs-AG, DEVK Allgemeine Versicherungs-AG, DEVK Rechtsschutz-Versicherungs-AG, DEVK Krankenversicherungs-AG, DEVK Allgemeine Lebensversicherungs-AG, DEVK Pensionsfonds-AG, DEVK Vermögensvorsorge- und Beteiligungs-AG and DEVK Service GmbH, as well as various smaller Group companies.

Opportunities and risks from future developments

In accordance with the German Control and Transparency in Business Act (KonTraG), and the minimum risk management requirements laid down in Section 64a of the Insurance Supervision Act, we are hereby reporting the opportunities and risks presented by future developments.

A risk management system is employed within the DEVK Group to identify and assess risks at an early stage. The system is based on a risk-bearing capacity model that guarantees adequate coverage of all significant risks via the company's own funds. To control risks, DEVK has put in place a consistent system of limits whereby the limit capacity is portrayed in the form of risk ratios. The risk ratios break down the risk limits set by the risk strategy according to DEVK's most important organisational areas. On top of this, a comprehensive risk inventory is compiled every six months, in which risks are recorded and classified according to type with the aid of a questionnaire. Wherever possible, risks are quantified and the action necessary to manage the risks is recorded. This system enables us to react immediately and appropriately to developments that pose a risk to the Group. The system's effectiveness and suitability are monitored by the Internal Auditing unit.

DEVK's risk management organisation is both centralised and decentralised at one and the same time. By decentralised risk management, we mean the risk responsibility borne by individual departments. Thus, departmental and process managers are in charge of and responsible for risk management within their specific operational areas. Meanwhile, central risk management is the task of the independent risk controlling function, which is responsible for dealing with the cross-departmental risks and for the development and maintenance of the company-wide risk management system. It coordinates the company's risk management processes and supports those responsible for risk within individual departments.

The Risk Committee assesses the risk situation faced by individual companies and by the Group as a whole on the basis of the risk reports it receives, taking into account all discernible significant risks, as well as limit capacities and current risk drivers. Finally, a Management Board submission is prepared in which the results are reported to the Management Board members responsible for the various risk areas. The risk report and the risk control process (identification, analysis, evaluation, management and monitoring) are updated on a quarterly basis. Reports are submitted both to the Risk Committee and members of the Management Board.

Technical risks

Principal among the technical risks are the premium/claims risk and the reserves risk.

In line with suitable assumption guidelines, as a rule we only underwrite straightforward, standardised business, while counteracting the risk of unusually high claims expenses attendant upon extraordinary loss events through a corresponding reinsurance policy.

Our planning and management instruments enable us to identify undesirable or hazardous operational, portfolio and claims trends at an early stage and take any necessary action to counteract them.

We ensure that we maintain adequate technical reserves through the prudent valuation of claims already filed as well as establishing additional reserves to meet claims that are statistically likely but have not yet been filed on the balance sheet date, as well as for claims that will have to be reopened after the balance sheet date. In addition, equalisation reserves are established in accordance with the provisions of commercial law.

Investment risks

The risks stemming from investments comprise:
- the risk of unfavourable interest rate, equity market or exchange rate movements (market price risks),
- counterparty risk (credit risk),
- the risk of strongly correlated risks that in turn increase counterparty risk (concentration risk),
- liquidity risk, i.e. the risk of not always being able to meet payment obligations.

Our capital investments comply with the German Ordinance on the Investment of Restricted Assets of Insurance Undertakings (AnlV). We counteract exchange/market price risk and interest rate risk by maintaining a balanced mix of investment types. Active portfolio management allows us to exploit opportunities arising from market movements to improve our results, while we limit credit risk and concentration risk by imposing very stringent rating requirements and continually monitoring the issuers we select, thus avoiding any potentially ruinous dependence on individual debtors. We ensure a continuous influx of liquidity by maintaining a portfolio of interest-bearing investments with a balanced maturity structure.

In light of the uncertain economic situation we actively managed our ratio of equity investments throughout the year, though with an overall downward tendency as compared to 2010. We have applied a value protection model to our equity investments in order to limit market risks. Should growing economic problems, such as a deepening of the eurozone crisis or escalation in Iran, lead to a significant downturn, various courses of action are open to us.

The overall impact on us of the eurozone debt crisis remains manageable since the bulk of our capital investments are in German issuers with strong credit ratings. We have minimal investment exposure to the eurozone countries currently under the microscope, i.e. Portugal, Italy, Ireland, Greece and Spain. As regards issuer risks, as proportions of our total investments, 4 % of the company’s investments are in government bonds, 1 % in corporate bonds and 33 % in securities and bank deposits. The bulk of our investments in banks are either covered by various statutory and private deposit protection schemes or involve interest-bearing securities that are protected in law by special guarantee funds. Possible capital write-downs of hybrid investments were largely accounted for in past years via value adjustments in the annual financial statements.

Our interest-bearing investments allocated to fixed assets in accordance with section 341b of the German Commercial Code (HGB) show a positive valuation reserve of € 4.6 million, a figure which includes € 200,000 in hidden charges. Fixed-asset equities and equity funds show a negative valuation reserve of € 4.4 million, a figure which includes € 4.4 million in hidden charges.

BaFin Circular 1/2004 (VA) requires us to subject our investment portfolio to a stress test, which we carried out on the balance sheet date of 31 December 2011, using the BaFin-specified modified stress test model from the German Insurance Association (GDV). All of the scenarios contained therein were passed successfully. The stress test determines whether an insurance undertaking would be in a position to meet its obligations towards its policyholders even if the capital markets underwent a protracted crisis. The stress test simulates a short-term adverse change on the capital markets and examines the impact on the insurance undertaking's balance sheet and accounts. The target horizon is the next balance sheet date. The stress test assumes the following scenarios: 1) a downturn on the equity markets while the bond market remains stable, 2) a downturn on the bond market while the equity market remains stable, 3) a simultaneous crash on the equity and bond markets and 4) a simultaneous crash on the equity and real-estate markets.

Operational opportunities and risks

Operational risks may stem from inadequate or failed operational processes, the breakdown of technical systems, external variables, employee-related incidents and changes in the legal framework. However, the main focus of the half-yearly risk inventory is on operational risks.

DEVK's operating procedures are based on internal guidelines. The risk of employee-related incidents is limited via regulations governing authorisation and powers of representation as well as wide-ranging automated backup for operating procedures, while the efficacy and functionality of in-house controls are monitored by the Internal Auditing unit.

Comprehensive access controls and preventive measures are in place in the IT field to ensure the security and integrity of programmes, data and ongoing operations, and links between internal and external networks are suitably protected by state-of-the-art systems.

Crisis management guidelines have been drawn up on the basis of a corporate emergency analysis. The guidelines set out goals and terms of reference for the prevention of emergencies and dealing with them should they arise.

Solvency

The premium index and claims index indicate that the company's own funds, proof of which must be furnished pursuant to section 53c of the Insurance Supervision Act in order to demonstrate our long-term ability to meet policy liabilities, provide a very high level of excess cover.

Cash flow

In the current financial year, the cash flow from investments, i.e. the funds required for the net investment volume, amounted to € 45.2 million. The necessary funds were generated by the company's ongoing operations.

Summary of our risk status

Currently there are no discernible developments that could lead to a significant impairment of our company's net assets, financial position and results of operations.

Supplementary report

No occurrences or events took place after the reporting date that could significantly affect the company's future net assets, financial position or results of operations.

Outlook

As in previous years, we will again be able to make a premium refund in 2012. In our household contents insurance portfolio, all policies held uncancelled throughout 2011 and remaining claim-free will receive a premium refund of 15 % provided the refund amount is € 5 or more.

During 2012, we expect total premium income to rise, and before changes to the equalisation provisions we anticipate a 2012 underwriting result at much the same level as last year. We regard a further stabilisation of the underwriting result in 2013 as a realistic possibility. However, for this to come about there will have to be no further intensification of motor vehicle insurance competition, and claims settlements will have to remain within "normal" bounds.

Contrary to most experts' forecasts, thus far in 2012 the global economy has performed better than expected. Clearly a deep worldwide recession has not set in, and leading indicators in the USA, China and also Germany point to moderate economic growth. However, the countries directly affected by the eurozone crisis continue to show strong recessionary tendencies. The predominant current view is that the countries concerned, with the exception of Greece and possibly Portugal, will in the long term be capable of overcoming the crisis. Of key importance here will be the avoidance of a domino effect leading to other European countries being dragged into the turmoil.

This basically good sentiment is also reflected in the positive performance of the world's stock markets during the first few weeks of 2012. However, this means that an economic recovery has already been priced in, so a continuation of the positive trend will be jeopardised not only by the persistent negative impact of the eurozone crisis, but also by political risks such as the Iran conflict. Against this backdrop we expect capital markets to remain highly volatile during 2012 and 2013.

In light of the falling eurozone inflation rates and the extremely expansionary central bank policy, we expect limited potential for increasing yields at the long end of the yield curve. Indeed, it is far more likely that with a corresponding continuation of the positive trends, the yield premiums on both corporate and bank bonds from the weaker eurozone countries will tend to decrease. With falling demand for safe German bonds their yields could increase somewhat, but the overall interest level would remain unaltered or could even fall. No tendency towards increases in the extremely low base interest rates is currently discernible, either in the eurozone or the USA.

As far as DEVK Sach- und HUK-Versicherungsverein's capital investments are concerned, we expect the 2012 and 2013 results to be up on the previous year, reflecting rising levels of capital investment. However, this will be dependent upon falling impairment losses. In other respects, our current assessment of the prospects for 2012 and 2013 is that no major pressures are to be expected that could have a significant impact on the overall result.

All in all, we expect the 2012 result from ordinary activities to come in at around the previous year's level, and a similar result should be achievable in 2013 as well, provided the turbulence on the capital markets remains within reasonable bounds.

Cologne, 20 April 2012

The Management Board

Gieseler **Etmans** **Faßbender** **Rüßmann** **Zens**

Notes to the management report

List of insurance classes covered during the financial year

Foreign travel sickness insurance

Accident insurance
General accident insurance
Motor vehicle accident insurance

Liability insurance

Motor vehicle liability insurance

Other motor vehicle insurance
Fully comprehensive motor insurance
Partial comprehensive motor insurance
(third party, fire and theft)

Fire and non-life insurance
Fire insurance
Burglary and theft insurance
Water damage insurance
Glass insurance
Windstorm insurance
Household contents insurance
Homeowners' building insurance
Engineering insurance
Universal caravan insurance
Extended coverage insurance
Travel baggage insurance
All-risk insurance

Other insurance policies
Breakdown service insurance
Cheque card insurance

Financial statements

Balance sheet to 31 December 2011

Assets	€	€	€	(2010: € 000s)
A. Intangible assets				
I. Licences, industrial property rights and similar rights and assets acquired for valuable consideration, as well as licences in such rights and assets		10,339,639		(10,771)
II. Payments on account		1,188,684		(243)
			11,528,323	(11,014)
B. Investments				
I. Real estate and similar land rights, including buildings on third-party land		15,462,489		(16,147)
II. Investments in affiliated undertakings and participating interests				
1. Shares in affiliated undertakings	573,277,324			(569,827)
2. Participating interests	6,695,782			(6,318)
		579,973,106		(576,145)
III. Other financial investments				
1. Equities, fund units and other variable-yield securities	257,876,980			(305,261)
2. Bearer bonds and other fixed-interest securities	78,021,165			(86,741)
3. Mortgage loans and annuity claims	62,811,574			(74,710)
4. Other loans	312,722,007			(315,817)
5. Other investments	19,552,306			(17,969)
		730,984,032		(800,498)
			1,326,419,627	(1,392,790)
C. Receivables				
I. Receivables arising out of direct insurance operations:				
1. Policyholders	1,806,877			(2,001)
2. Intermediaries	23,665,586			(24,346)
		25,472,463		(26,347)
II. Receivables arising out of reinsurance operations		4,559,064		(5,116)
of which: Affiliated companies: € 3,818,921				(4,082)
III. Other receivables		107,741,697		(52,844)
			137,773,224	(84,307)
of which: Affiliated companies: € 97,146,589				(42,835)
D. Other assets				
I. Tangible assets and inventories		11,534,936		(9,446)
II. Cash at bank, cheques and cash in hand		10,318,123		(21,094)
III. Other assets		304,100		(1,457)
			22,157,159	(31,997)
E. Prepayments and accrued income				
I. Accrued interest and rent		7,318,254		(7,258)
II. Other prepayments and accrued income		1,818,894		(4,326)
			9,137,148	(11,584)
Total assets			**1,507,015,481**	(1,531,693)

I hereby confirm that the premium provision of € 8,346,998.85, recorded on the balance sheet under item B.III. of the liabilities and shareholders' equity, has been calculated in compliance with sections 341f and 341g of the German Commercial Code (HGB) as well as the Regulation issued pursuant to section 65 paragraph 1 of the Insurance Supervision Act.

Cologne, 19 April 2012 **The Actuary in Charge | Dr Siegberg**

Pursuant to section 73 of the German Insurance Supervision Act (VAG), I hereby attest that the assets detailed in the list of coverage assets are properly invested and secured in accordance with statutory and supervisory authority requirements.

Cologne, 19 April 2012 **The Trustee | Thommes**

Liabilities and shareholders' equity

	€	€	€	(2010: € 000s)
A. Capital and reserves				
– Retained earnings				
1. Loss reserve pursuant to section 37 of VAG		153,166,441		(151,522)
2. Other retained earnings		749,864,200		(726,909)
			903,030,641	(878,431)
B. Technical provisions				
I. Provision for unearned premiums				
1. Gross amount	102,764			(106)
2. of which: Reinsurance amount	791			(6)
		101,973		(100)
II. Premium reserve		11,172		(13)
III. Provision for claims outstanding				
1. Gross amount	441,443,805			(450,761)
2. of which: Reinsurance amount	130,175,802			(135,411)
		311,268,003		(315,350)
IV. Provision for bonuses and rebates		16,853,526		(21,014)
V. Equalisation provision and similar provisions		24,344,953		(24,962)
VI. Other technical provisions				
1. Gross amount	1,823,863			(1,762)
2. of which: Reinsurance amount	127,859			(170)
		1,696,004		(1,592)
			354,275,631	(363,031)
C. Provisions for other risks and charges				
I. Provisions for taxation		29,771,109		(23,567)
II. Other provisions		32,583,947		(32,602)
			62,355,056	(56,169)
D. Deposits received from reinsurers				
			58,822,125	(62,526)
E. Liabilities				
I. Liabilities arising out of direct insurance operations				
1. Policyholders	27,859,839			(20,855)
2. Intermediaries	772,210			(70)
		28,632,049		(20,925)
II. Liabilities arising out of reinsurance operations		2,638,726		(481)
of which: Affiliated companies: € 409,463				(176)
III. Other liabilities		97,112,991		(149,855)
including:			**128,383,766**	(171,261)
Tax: € 7,149,517				(7,254)
Social security: € –				(3)
Affiliated companies: € 61,689,795				(55,207)
F. Accruals and deferred income				
			148,262	(275)
Total liabilities			**1,507,015,481**	(1,531,693)

Profit and loss account

for the period from 1 January to 31 December 2011

Items	€	€	€	(2010: € 000s)
I. Technical account				
1. Earned premiums, net of reinsurance				
a) Gross premiums written	306,332,882			(296,180)
b) Outward reinsurance premiums	48,547,871			(45,692)
		257,785,011		(250,488)
c) Change in the gross provision for unearned premiums	3,626			(– 1)
d) Change in the provision for unearned premiums, reinsurers' share	– 5,410			(–)
		– 1,784		(– 1)
			257,783,227	(250,487)
2. Allocated investment return transferred from the non-technical account, net of reinsurance			**– 103,668**	(– 98)
3. Other technical income, net of reinsurance			**143,496**	(189)
4. Claims incurred, net of reinsurance				
a) Claims paid				
aa) Gross amount	221,086,862			(210,366)
bb) Reinsurers' share	32,755,015			(30,333)
		188,331,847		(180,033)
b) Change in the provision for claims outstanding				
aa) Gross amount	– 9,316,819			(11,972)
bb) Reinsurers' share	5,235,141			(– 562)
		– 4,081,678		(11,410)
			184,250,169	(191,443)
5. Changes in other technical provisions, net of reinsurance				
a) Premium reserve, net of reinsurance		2,067		(4)
b) Other technical provisions, net of reinsurance		– 117,241		(– 117)
			– 115,174	(– 113)
6. Bonuses and rebates, net of reinsurance			**127,337**	(175)
7. Net operating expenses				
a) Gross operating expenses		78,232,495		(78,484)
b) of which: Reinsurance commissions and profit participation		9,623,979		(9,446)
			68,608,516	(69,038)
8. Other technical charges, net of reinsurance			**1,606,632**	(1,213)
9. Subtotal			**3,115,227**	(– 11,404)
10. Change in the equalisation provision and similar provisions			**617,271**	(16,938)
11. Underwriting result, net of reinsurance			**3,732,498**	(5,534)
Balance carried forward:			3,732,498	(5,534)

Items	€	€	€	€	(2010: € 000s)
Balance carried forward:				3,732,498	(5,534)
II. Non-technical account					
1. Investment income					
a) Income from participating interests		15,719,782			(15,819)
of which:					
from affiliated companies: € 15,465,000					(15,425)
b) Income from other investments					
aa) Income from real estate, similar land rights and buildings, including buildings on third-party land	2,288,458				(2,347)
bb) Income from other investments	31,274,833				(32,131)
		33,563,291			(34,478)
c) Write-ups on investments		884,921			(3,559)
d) Gains on the realisation of investments		6,919,357			(1,826)
			57,087,351		(55,682)
2. Investment charges					
a) Investment management charges, interest expenses and other charges on capital investments		2,701,320			(1,848)
b) Write-downs on investments		14,296,638			(8,113)
c) Losses on the realisation of investments		1,557,116			(477)
			18,555,074		(10,438)
			38,532,277		(45,244)
3. Allocated investment return transferred from the non-technical account			1,102,980		(1,096)
				37,429,297	(44,148)
4. Other income			341,583,426		(341,407)
5. Other charges			346,086,559		(347,009)
				– 4,503,133	(– 5,602)
6. Profit from normal business activity				**36,658,662**	(44,080)
7. Extraordinary income			–		(12,155)
8. Extraordinary expenses			–		(18,418)
9. Extraordinary result				**–**	(– 6,263)
10. Taxes on income					
– Own			11,282,748		(8,797)
11. Other taxes			775,914		(720)
				12,058,662	(9,517)
12. Annual net profit				**24,600,000**	(28,300)
13. Allocation to retained earnings					
a) in the loss reserve pursuant to section 37 VAG			1,645,034		(–)
b) in other retained earnings			22,954,966		(28,300)
				24,600,000	(28,300)
14. Unappropriated retained earnings				**–**	(–)

Notes to the accounts

Accounting and valuation methods

The **intangible assets** (IT software) are recognised at their costs of acquisition and, with the exception of advance payments, subjected to scheduled depreciation.
Unless they are assigned to a pool of such assets, in which case they are depreciated over a five-year period, beginning from the year of acquisition, or recorded as operating expenses in their year of acquisition.

Land, land rights and buildings including buildings on third-party land are recorded at their costs of acquisition or production and subjected to scheduled depreciation.

Shares in affiliated undertakings and participating interests are shown either at their costs of acquisition or at the lower of cost and market.

Shares, fund units and other variable-yield securities, bearer bonds and other fixed-interest securities are shown at the lower of their costs of acquisition or market prices. Investments assigned to the fixed assets pursuant to section 341b paragraph 2 HGB are valued according to the diluted lower value principle. Investments assigned to the current assets were valued according to the strict lower value principle. Where a write-down to a lower value took place in previous years, a corresponding write-up subsequently took place if this asset could then be assigned a higher value on the balance sheet date. Said write-ups were to the lower of cost or market.

The **mortgage loans and annuity claims** are recognised at their costs of acquisition less an individual value adjustment for the potential default risks. The cumulative amortisation is recognised as revenue over the mortgage term.

Registered bonds are recognised at their nominal values. Premium and discount points are distributed over the term of the loans via deferrals and accruals.

Notes receivable, loans and **other loans** are recognised at their amortised cost plus or minus the cumulative amortisation of the difference between the cost of acquisition and the redemption amounts, applying the effective interest method.
Zero notes receivable are capitalised at their costs of acquisition plus the interest entitlement as determined on the basis of the capital volume and the interest agreement.

Other investments are recognised at the lower of cost or market.

Debtors arising out of direct insurance operations are capitalised at their nominal values less individual value adjustments plus a general write-down to cover the potential default risk.

Debtors arising out of reinsurance operations are based on the reinsurance contracts and are recognised at their nominal values.

Other debtors are shown at their nominal values.

Other assets not constituting operating or office equipment are recognised at their nominal values. Operating or office equipment is shown at its cost of acquisition or production as reduced by scheduled depreciation. Depreciation is calculated according to the straight-line method. Low-value assets are written off in the year of acquisition, unless they are assigned to a pool of such assets, in which case they are depreciated over a five-year period, beginning from the year of acquisition, or recorded as operating expenses in their year of acquisition.

Apart from the premium on registered bonds, **prepayments and accrued income** chiefly comprise interest claims not yet due, which are recorded at their nominal values.

Technical provisions are calculated by application of the following principles:
For moped insurance, a **provision for unearned premiums** is calculated for January and February of the following year. The premium shares assignable to these two months are calculated, depending on the insurance policy terms, as unearned premium provisions from the premiums booked each month. When calculating the unearned premium provisions, we complied with the regulation laid down by the Finance Minister of North Rhine-Westphalia on 30 April 1974. Provisions for unearned premiums did not have to be set up with respect to other classes of insurance since the policy year and calendar year are identical in these cases.

The **life assurance provision** required for the child accident insurance was calculated individually according to the prospective method, taking implicit recognised costs duly into account, on the basis of the DAV 2006 HUR, 4 % mortality tables. An assumed rate of interest of 3.25 % was applied with respect to claims for which provisions first had to be established during the period from 31 December 2000 to 31 December 2003, as against an assumed rate of 2.75 % with respect to claims for which provisions first had to be established during the period from 31 December 2004 to 31 December 2006, and 2.25 % for all later claims.

The **provision for claims outstanding** is calculated individually for each claim. A provision for IBNR losses is established according to general blanket criteria. The provision includes amounts designated for claims settlement.

The **pensions premium reserve** was calculated in accordance with section 341f and 341g HGB on the basis of the DAV 2006 HUR mortality table, applying an assumed interest rate of 4.0 %. In the case of claims for which provisions first had to be established during the period from 31 December 2000 to 31 December 2003, the assumed interest rate applied was 3.25 %, as against 2.75 % with respect to claims for which provisions first had to be established during the period from 31 December 2004 to 31 December 2006, and 2.25 % for all later claims.
The reinsurance amount was calculated in accordance with the contractual agreements in this respect.

The allocation to the **provision for bonuses** was made on the basis of Executive Board and Supervisory Board decisions that took tax regulations duly into account.

The **provision for rebates** was established on the basis of contractual agreements with policyholders.

The **equalisation provision** was calculated in accordance with the annex to section 29 of the German Regulation on Accounting in the Insurance Sector (RechVersV).

The **other technical provisions** include unused amounts from dormant motor insurance policies, the provision for road traffic victims ceded by Verkehrsopferhilfe e.V. (the Road Accident Victims Aid Association), a cancellation provision for premium claims, a provision for premiums already received and for premium obligations, and also cancellation provisions for reinsurance contracts. These provisions are either estimated or as far as possible calculated on the basis of mathematical models, where applicable based on past figures.

The **other provisions** are formed on the following basis:
The **tax provisions** and **other provisions** (with the exception of the provision for partial retirement benefit obligations and anniversary payments) are calculated according to anticipated needs and set at the levels necessary to the best of our commercial judgement. Pursuant to section 253 paragraph 2 HGB, other provisions with a residual term of more than one year are discounted at an average market interest rate corresponding to their residual terms.

The provision for **partial retirement benefit obligations is** calculated according to the projected unit credit method. Biometric calculation principles were not applied. Discounting was done at the average market interest rate published by Deutsche Bundesbank, as arrived at assuming a residual term of three years (cf. section 253 paragraph 2 sentence 1 HGB). The financing age on expiry corresponds with the contractual age on expiry. The rate of pay increase was set at 1.95 % per annum.

The **anniversary payments provision** was also calculated according to the projected unit credit method, on the basis of Professor Klaus Heubeck's 2005G actuarial tables. Discounting was done at the average market interest rate published by Deutsche Bundesbank, as arrived at assuming a residual term of three years (cf. section 253 paragraph 2 sentence 2 HGB). The financing age on expiry corresponds with the age at which an anniversary payment becomes due. The rate of pay increase (including career trend) was set at 2.1 % p.a.

The **deposits received from reinsurers** result from a reinsurance agreement to cover claims and pensions provisions, valued at the compliance amounts.

Liabilities arising out of direct insurance operations and **other liabilities** are valued at the compliance amounts.

Liabilities arising out of reinsurance operations result from the reinsurance contracts and are recognised at their compliance amounts.

Accruals and deferred income comprise the discount points on registered bonds and advance rent receipts.

Items in foreign currency are converted into euros on the balance sheet date at the median foreign currency exchange rate.

The **allocated investment return for own account** was set at 4.0 %, 3.25 %, 2.75 % or 2.25 % of the respective arithmetical means of the initial and final amounts in the gross pension coverage provisions for casualty, liability, motor vehicle liability and motor vehicle accident insurance.

Calculations reveal deferred tax due to tax relief resulting from differences between accounting valuations and valuations for tax purposes. These are expected to diminish in future financial years. However, in exercise of our option under section 274 paragraph 1 HGB, we are not recognising any deferred tax asset.

Changes to Asset Items A., B.I. to III. during the 2011 financial year

Assets	Balance sheet value 2010 € 000s	Additions € 000s	Transfers € 000s	Disposals € 000s	Write-ups € 000s	Write-downs € 000s	Balance sheet 2011 € 000s
A. Intangible assets							
1. Licences, industrial property rights and similar rights and assets acquired for valuable consideration, as well as licences in such rights and assets	10,771	1,194	226	–	–	1,851	10,340
2. Payments on account	243	1,201	– 226	30	–	–	1,188
3. Total A.	11,014	2,395	–	30	–	1,851	11,528
B.I. Real estate and similar land rights, including buildings on third-party land							
	16,147	–	–	–	–	684	15,463
B.II. Investments in affiliated companies and participating interests							
1. Shares in affiliated undertakings	569,827	3,450	–	–	–	–	573,277
2. Participating interests	6,318	958	–	580	–	–	6,696
3. Total B.II.	576,145	4,408	–	580	–	–	579,973
B.III. Other investments							
1. Shares, fund units and other variable-yield securities	305,261	45,764	–	80,099	460	13,509	257,877
2. Bearer bonds and other fixed-interest securities	86,741	–	–	8,720	–	–	78,021
3. Mortgage loans and annuity claims	74,710	1,965	–	13,759	–	104	62,812
4. Other loans							
a) Registered bonds	102,500	–	–	–	–	–	102,500
b) Notes receivable and loans	205,761	2,251	–	5,389	–	–	202,623
c) Other loans	7,556	53	–	10	–	–	7,599
5. Other investments	17,969	2,077	–	919	425	–	19,552
6. Total B.III.	800,498	52,110	–	108,896	885	13,613	730,984
Total	**1,403,804**	**58,913**	**–**	**109,506**	**885**	**16,148**	**1,337,948**

Notes to the balance sheet

Re Assets B.

Investments

Pursuant to section 341b paragraph 2 HGB, we have assigned investments for long-term retention in the investment portfolio. As of 31 December 2011, our investments had the following book and current values:

Investments

		Book value €	Current value €
B.I.	Real estate and similar land rights, including buildings on third-party land	15,462,489	28,285,000
B.II.	Investments in affiliated companies and participating interests		
	1. Shares in affiliated companies	573,277,324	1,478,392,914
	2. Participating interests	6,695,782	6,988,955
B.III.	Other financial investments		
	1. Equities, fund units and other variable-yield securities	257,876,980	275,580,602
	2. Bearer bonds and other fixed-interest securities	78,021,165	85,295,440
	3. Mortgage loans and annuity claims	62,811,574	68,991,863
	4. Other loans		
	a) Registered bonds	102,500,000	111,688,850
	b) Notes receivable and loans	202,622,902	203,165,655
	c) Other loans	7,599,105	6,324,717
	5. Other investments	19,552,306	18,838,795
Total		**1,326,419,627**	**2,283,552,791**
of which: Investments valued at costs of acquisition		1,223,919,628	2,171,863,941
of which: Investments in fixed assets pursuant to section 341b paragraph 2 HGB		165,902,895	166,042,117

The revaluation reserves include hidden liabilities totalling € 20.2 million. These relate to real estate, shares, mortgage loans, shares, special security funds, bearer bonds, notes receivable and loans, other loans, silent participating interests and securities capitalised at their nominal values pursuant to section 341c HGB.

Depending on the investment type, a variety of different methods were used to calculate the current values.

Real estate is valued according to the gross rental method. All real estate held on 31 December 2011 was revalued with effect from that date.

The current value of shares in affiliated companies and participating interests is calculated either on the basis of gross rental values, at market prices or book value equals market value. Shares in DEVK Jupiter Vier GmbH, Ictus GmbH and Echo Rückversicherungs-AG, for example, were recognised at their book values.

Both dividend-bearing securities and fixed-interest securities capitalised at their costs of acquisition are valued using the year's-end market prices. Pursuant to section 56 RechVersV, the current values of the registered bonds, notes receivable and loans were calculated at normal market conditions on the basis of the yield curve. The current value of the zero notes payable and other investments was calculated on the basis of the year's-end prices reported by the respective issuing banks.

Lien on real estate was valued using the most up-to-date yield curve, while taking default and property risk duly into account.

The current values of the other loans and silent participating interests within the meaning of the German Banking Act (KWG) (equity surrogates) were calculated on the basis of the discounted cash flow method on the basis of the current euro swap curve plus a risk premium, taking into account the anticipated future payment streams in light of debtor-specific assumptions.

The market values of investments denominated in foreign currencies were calculated on the basis of the year's-end exchange rates.

Details of financial instruments within the meaning of section 285 paragraph 18 HGB that are capitalised at their fair value

	Book value € 000s	Fair value € 000s
Participating interests	3,569	2,948
Investments classified as fixed assets	117,166	112,552
Mortgage loans	296	248
Other loans	81,719	70,608
Silent participating interests	10,228	7,054

We have refrained from making any write-downs in accordance with section 253 paragraph 2 sentence 3 HGB as we either intend to hold various securities until maturity or we are assuming that any fall in value is only temporary.

Details of derivative financial instruments pursuant to section 285 paragraph 19 HGB

	Type	Nominal volume € 000s	Book value premium € 000s	Fair value of premium € 000s
Other liabilities	Short put options	2,860	203	72
Other liabilities	Short call options	1,600	65	42

Valuation methods

Short put options:	European options	Black-Scholes
	American options	Barone-Adesi

Details of units or shareholdings in domestic investment funds in accordance with section 285 paragraph 26 HGB

Investment goal	Dividends € 000s	Current value € 000s	Hidden reserves/ hidden charges € 000s	Limitation on daily redemption
Equity funds *	3,340	129,663	– 3,017	
Mixed funds	379	25,403	–	
Bond funds	224	9,840	–	
Real-estate funds	2,872	55,234	577	once a month up to € 50,000 or on timely notification or only pro rata with sales of real estate

* Reason why we have refrained from a write-down pursuant to section 253 paragraph 3 HGB:
The VEA special fund is an equity fund that tracks indices, in particular the EuroStoxx50 and DAX30. In 2011 both these indices fell in value, with the EuroStoxx50 performing worse than the DAX, chiefly because southern European shares performed significantly worse than German ones.

The bulk of the falls during 2011 occurred during a few weeks in August. Despite a significantly reduced investment grade, the fund lost value during 2011.

Capital market movements throughout 2011 took on panic-like proportions, clearly founded on fears of the collapse of the euro followed by a deep worldwide recession. However, stock market movements during the first quarter of 2012 have shown that these fears were exaggerated. Despite continuing uncertainty over Greece's future, the eurozone, excluding a few southern countries, appears to be facing an economic blip rather than a severe recession. The lead indicators have changed many times, as confirmed by the upward stock market movement. When analysing various individual securities, we came up with valuations well above their 2011 closing prices. Accordingly, at individual security level there is notable value recovery potential, and in view of this we regard it as reasonable to refrain from writing down the securities funds in our fixed assets.

Re Assets B.I.

Real estate and similar land rights, including buildings on third-party land
Real estate to a book value of € 1,890,564 is predominantly used by DEVK Sach- und HUK-Versicherungsverein a.G. and other DEVK Group companies. The proportion of each property used by the DEVK Group in square metres is calculated by deducting the area used by third parties from the overall area.

Re Assets B.II.

Investments in affiliated companies and participating interests

	Subscribed capital €	% share	Checked % share	Equity €	Results from previous financial year €
DEVK Rückversicherungs- und Beteiligungs-AG, Cologne	306,775,129	100.00	100.00	952,788,436	36,000,000
DEVK Allgemeine Versicherungs-AG, Cologne	194,290,915	100.00	100.00	312,170,794	–
DEVK Rechtsschutz-Versicherungs-AG, Cologne	21,000,000	100.00	100.00	32,563,459	–
DEVK Krankenversicherungs-AG, Cologne	8,000,000	100.00	100.00	10,980,291	–
DEVK Allgemeine Lebensversicherungs-AG, Cologne	7,158,086	100.00	51.00	72,880,301	6,000,000
DEVK Pensionsfonds-AG, Cologne	5,000,000	100.00	51.00	9,933,766	220,000
DEVK Vermögensvorsorge- und Beteiligungs-AG, Cologne	20,000,000	51.00	51.00	118,000,000	–
DEVK Alpha GmbH, Cologne	25,000	100.00	51.00	26,071	– 53
DEVK Asset Management GmbH, Cologne	750,000	100.00	100.00	750,000	–
DEVK Beta GmbH, Cologne	25,000	100.00	100.00	34,243	14
DEVK Gamma GmbH, Cologne	25,000	100.00	100.00	15,787	– 10,942
DEVK Omega GmbH, Cologne	25,000	100.00	100.00	24,341	– 4
DEVK Private Equity GmbH, Cologne	10,000,000	65.00	57.65	138,546,110	5,366,250
DEVK Saturn GmbH, Cologne	25,000	100.00	100.00	24,187	– 2
DEVK Service GmbH, Cologne	260,000	74.00	74.00	1,470,379	–
DEVK Unterstützungskasse GmbH, Cologne	25,000	100.00	51.00	25,189	341
DEVK Versorgungskasse GmbH, Cologne	25,000	100.00	51.00	23,620	50
DEVK Web-GmbH, Cologne	25,000	100.00	100.00	25,000	–
DEVK Zeta GmbH, Cologne	25,000	100.00	51.00	586,325	280,672
DEVK Zeus Vermögensverwaltungs-AG, Cologne	50,000	100.00	100.00	50,592	26
Assistance Service GmbH, Coesfeld	52,000	100.00	100.00	1,617,895 *	– 1,130,289
German Assistance Versicherung AG, Coesfeld	1,462,500	100.00	100.00	2,287,997	– 211,310
Hotelbetriebsgesellschaft SONNENHOF mbH, Cologne	375,000	100.00	51.00	356,023	–
HYBIL B.V., Venlo	400,000	90.00	85.10	50,947,787	3,745,145
Ictus GmbH, Cologne	5,000,000	75.00	65.20	19,842,086	– 157,914
JUPITER VIER GmbH, Cologne	25,000	100.00	100.00	3,798,606	226,846
KASSOS Beteiligungs- und Verwaltungs-GmbH, Cologne	25,000	100.00	100.00	32,709	– 3,366
Lieb' Assur S.A.R.L., Nîmes	250,000	100.00	100.00	265,136	– 540
OUTCOME Unternehmensberatung GmbH, Aachen	525,000	100.00	100.00	2,014,397 *	–
Reisebüro Frenzen GmbH, Cologne	25,000	52.00	52.00	409,610	154,910
SADA Assurances S.A., Nîmes	24,721,000	100.00	100.00	15,635,186	1,351,489
Terra Estate GmbH Co. KG, Landolfshausen	1,500,000	24.38	24.38	3,330,337	– 169,663
Terra Management GmbH, Landolfshausen	25,000	25.00	25.00	23,238	– 612
	CHF			CHF	CHF
ECHO Rückversicherungs-AG, Zurich	50,000,000	100.00	100.00	62,878,556	– 2,707,606

* Shortfall not covered by capital contribution

Pursuant to section 285 paragraph 11 HGB, only investments in affiliated companies and participating interests involving holdings of at least 20% have been included here.

Re Assets B.III.

Other investments

Other loans exclusively comprise registered participation certificates.

Other investments comprise fund units and silent partnerships within the meaning of KWG.

Re Assets E.II.

Other prepayments and accrued income

Premium on registered bonds	€ 2,162
Advance payments for future services	€ 1,816,732
	€ 1,818,894

Re Liabilities A.–.

Retained earnings

1. Loss reserve pursuant to section 37 of the Insurance Supervision Act

31.12.2010	€ 151,521,407
Allocation	€ 1,645,034
31.12.2011	**€ 153,166,441**

2. Other retained income

31.12.2010	€ 726,909,234
Allocation	€ 22,954,966
31.12.2011	**€ 749,864,200**

Re Liabilities B.

Technical provisions

Figures in € 000s	Total gross provision		of which: Claims outstanding		of which: Equalisation provision and similar provisions	
Insurance class	2011	2010	2011	2010	2011	2010
Accident	59,896	68,296	59,083	63,276	–	–
Liability	49,961	51,989	39,690	44,011	8,275	6,057
Motor vehicle liability	311,290	319,343	308,754	312,593	1,578	5,621
Other motor vehicle	20,749	22,519	11,635	13,316	–	–
Fire and non-life	42,425	36,170	22,073	17,340	14,492	13,258
of which:						
Fire	2,021	906	2,021	247	–	658
Household contents	10,965	10,625	5,626	5,263	–	–
Homeowners' building	19,659	15,121	10,623	7,815	8,556	7,136
Other non-life	9,780	9,518	3,803	4,015	5,936	5,464
Other	259	301	209	225	–	26
Total	**484,580**	498,618	**441,444**	450,761	**24,345**	24,962

Re Liabilities B.IV.

Provision for bonuses and rebates

a) Bonuses

31.12.2010	€ 20,759,823
Withdrawal	€ 4,252,858
Allocation	€ 96,561
31.12.2011	**€ 16,603,526**

b) Rebates

31.12.2010	€ 254,145
Withdrawal	€ 59,647
Allocation	€ 55,502
31.12.2011	**€ 250,000**

Re Liabilities F.

Accruals and deferred income

Discount points on registered bonds	€ 129,826
Advance rental receipts	€ 18,436
	€ 148,262

Notes to the profit and loss account

Direct insurance operations

2011, € 000s	Booked premiums gross	Gross premiums earned	Net premiums earned	Gross expenses on Insurance claims	Gross expenses on Insurance operations	Reinsurance balance	Underwriting result, net of reinsurance
Accident	37,363	37,363	28,984	12,076	11,754	– 3,437	10,234
Liability	34,303	34,303	33,352	7,463	14,074	– 1,539	9,008
Motor vehicle liability	84,741	84,744	76,794	75,817	11,956	– 6,002	– 5,051
Other motor vehicle	64,504	64,505	46,933	67,354	10,184	1,373	– 11,594
Fire and non-life	83,982	83,982	70,589	48,169	30,130	– 1,644	854
of which:							
Fire	686	686	429	1,874	475	– 230	– 1,278
Household contents	33,893	33,893	33,132	15,186	12,802	– 579	4,429
Homeowners' building	35,980	35,980	25,814	25,399	10,686	– 93	– 2,469
Other non-life	13,423	13,423	11,214	5,710	6,167	– 742	172
Other	1,440	1,440	1,131	891	134	– 160	281
Total	**306,333**	**306,337**	**257,783**	**211,770**	**78,232**	**– 11,409**	**3,732**

2010, € 000s	Booked premiums gross	Gross premiums earned	Net premiums earned	Gross expenses on Insurance claims	Gross expenses on Insurance operations	Reinsurance balance	Underwriting result, net of reinsurance
Accident	36,523	36,523	28,416	14,183	12,069	– 2,605	7,778
Liability	34,360	34,360	33,443	7,276	14,053	– 510	11,312
Motor vehicle liability	80,944	80,941	73,516	88,990	12,329	928	– 4,500
Other motor vehicle	60,796	60,798	44,438	66,772	10,704	1,037	– 11,906
Fire and non-life	82,263	82,263	69,666	43,866	28,989	– 4,028	3,187
of which:							
Fire	710	710	336	– 181	492	– 690	– 369
Household contents	33,248	33,248	32,485	14,752	12,726	– 698	4,393
Homeowners' building	33,485	33,485	23,725	22,698	9,837	– 1,664	– 1,835
Other non-life	14,820	14,820	13,120	6,597	5,934	– 976	998
Other	1,294	1,294	1,008	1,251	340	– 174	– 337
Total	296,180	296,179	250,487	222,338	78,484	– 5,352	5,534

The gross overall expenses on all insurance operations were as follows:

Acquisition costs	€ 38,692,450
Administration costs	€ 39,540,045

Insurance agents' commission and other remuneration, personnel expenses	2011, € 000s	2010, € 000s
1. Insurance agents' commission of all types within the meaning of section 92 HGB for direct insurance operations	24,920	24,038
2. Other insurance agents' remuneration within the meaning of section 92 HGB	1,206	1,261
3. Wages and salaries	183,396	185,310
4. Social security contributions and social insurance costs	25,358	24,700
5. Retirement pension costs	10,204	13,364
Total	**245,084**	248,673

The pension provision for DEVK Sach- und HUK-Versicherungsvereins a.G. employees is shown on the balance sheet of DEVK Rückversicherungs- und Beteiligungs-AG. The wages and salaries, social-security contributions and social-insurance costs and the allocation to the pension provision, with the exception of the interest allocation, are charged to DEVK Sach- und HUK-Versicherungsverein a.G. The personnel expenses for employees seconded to subsidiary companies under the Cooperative Agreement are allocated according to the costs-by-cause principle.

During the year under review, Management Board remuneration totalled € 670,785. The retirement pensions of former Management Board members and their surviving dependants totalled € 986,117. On 31 December 2011, DEVK Rückversicherungs- und Beteiligungs-AG capitalised a pension provision of € 10,598,456. The Supervisory Board remuneration totalled € 358,043 and Advisory Board remuneration came to € 73,440.

Other information

Contingencies and other financial obligations

On the balance sheet date, there were financial obligations totalling € 4.5 million from open short options and € 43.0 million from multi-tranche notes payable. The payment obligations in relation to approved mortgages loans not yet paid out totalled € 200,000.

At the end of the year, other financial obligations arising from real-estate holdings, fund units, shares in affiliated companies and participating interests totalled € 24.1 million. This includes obligations towards affiliated undertakings amounting to € 14.0 million.

Under an assumption of debt agreement, the pension provisions for all employees in the DEVK Group have been assigned to DEVK Rückversicherungs- und Beteiligungs-AG in return for the transfer of corresponding investments, thereby bundling all of the DEVK Group's pension commitments with a single risk bearer and improving the protection in place for employee's pension rights.
The joint and several liability for the pension commitments capitalised on the DEVK Rückversicherungs- und Beteiligungs-AG balance sheet has given rise to benefit obligations totalling € 322.2 million.

General information

Number of insurance contracts concluded directly by the Group with a term of at least one year		
	2011	2010
Accident	261,713	260,749
Liability	600,297	601,379
Motor vehicle liability	546,747	542,743
Other motor vehicle	451,901	447,475
Fire and non-life	899,503	904,791
of which:		
Fire	2,201	2,584
Household contents	439,187	441,631
Homeowners' building	174,235	171,707
Other non-life	283,880	288,869
Other	527	521
Total	**2,760,688**	2,757,658

Lists of the members of the Management Board, Supervisory Board and Advisory Board are given prior to the management report.

During the year under review, the average number of employees, disregarding inactive employment contracts and after conversion of part-time employees to full-time equivalents, came to 3,262, made up of 69 executives and 3,193 salaried employees.

Pursuant to section 285 paragraph 17 HGB, details of the auditors' fees are given in the consolidated notes.

As required by law the annual financial statements are published in Germany's Electronic Federal Gazette.

The consolidated financial statements are published on the website of DEVK at www.devk.de, as well as in the Electronic Federal Gazette.

Cologne, 20 April 2012

The Management Board

Gieseler **Etmans** **Faßbender** **Rüßmann** **Zens**

Audit certificate

We have audited the annual financial statements, comprising the balance sheet, income statement and notes, as well as the accounting and management report of **DEVK Deutsche Eisenbahn Versicherung Sach- und HUK-Versicherungsverein a.G. Betriebliche Sozialeinrichtung der Deutschen Bahn**, Cologne, for the financial year from 1 January to 31 December 2011. The accounting and the preparation of the annual financial statements and management report in accordance with German commercial regulations and the supplementary provisions of the articles of association are the responsibility of the company's Management Board. Our remit is to express an opinion on the annual financial statements, accounting and management report on the basis of our audit.

We conducted our audit pursuant to section 317 of the German Commercial Code (HGB) and the generally accepted standards for auditing financial statements promulgated by the German Institute of Auditors (IDW), which require us to plan and perform the audit in such a way that misstatements materially affecting the presentation of assets, finances and earnings in the annual financial statements in accordance with the German principles of proper accounting and in the management report are detected with reasonable certainty. Knowledge of the company's business activities, the economic and legal circumstances, and expectations concerning possible errors are taken into account when determining the audit activities. The effectiveness of the internal auditing system and the accuracy of the evidence supporting the information contained in the accounting, annual financial statements and management report are predominantly tested on the basis of random sampling. The audit includes an evaluation of the accounting principles applied and the principal estimates made by the Executive Board, as well as an appraisal of the overall view conveyed by the annual financial statements and management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any objections.

In our opinion, based on the findings of our audit, subject to the above-mentioned reservation, the annual financial statements comply with the legal regulations, and convey an accurate and fair view of the company's assets, finances and earnings in keeping with generally accepted accounting principles. Furthermore, the management report is in conformity with the annual financial statements, provides an accurate description of the company's overall position, and accurately sets out the risks and opportunities inherent in future developments.

Cologne, 27 April 2012

KPMG AG Wirtschaftsprüfungsgesellschaft

Dr Ellenbürger	**Mehren**
Auditors	Auditors

Supervisory Board report

During 2011, the Supervisory Board regularly monitored the Management Board's leadership on the basis of written and verbal reporting, as well as being briefed on the company's commercial performance, corporate policies and financial position at various meetings.

KPMG AG Wirtschaftsprüfungsgesellschaft, having been appointed as auditors in line with statutory requirements, duly audited the 2011 annual financial statements and management report prepared by the Management Board. Their audit did not reveal any irregularities and an unqualified audit certificate was granted. The Supervisory Board has duly acknowledged and agrees with the audit findings.

The Supervisory Board's own audit of the annual financial statements and management report likewise revealed no irregularities, and accordingly the Supervisory Board hereby approves the 2011 financial statements, which are thus duly adopted.

The Supervisory Board would like to thank the Management Board and employees for all their hard work and commitment.

Cologne, 16 May 2012

The Supervisory Board

Kirchner
Chairman

Company bodies

Supervisory Board

Alexander Kirchner
Runkel
Chairman
Chairman of the Eisenbahn- und Verkehrsgewerkschaft (EVG) (Railway and Transport Union)

Jürgen Thurau
Homberg
Deputy Chairman
Chairman of the Management Board of Sparda-Bank West eG

Gerd Becht
Bad Homburg
Director of Compliance, Data Protection and Law Deutsche Bahn AG und DB Mobility Logistics AG

Ruth Ebeler
Cologne
Deputy Chair of the Works Council, DEVK Versicherungen, Cologne Headquarters

Dr Klaus Eberhardt
Berlin
(until 31 December 2011)

Heinz Fuhrmann
Neu-Anspach
Member of the Management Board of the Eisenbahn- und Verkehrsgewerkschaft (EVG) (Railway and Transport Union)

Hans-Joerg Gittler
Kestert
CEO of the Management Board of Bahn-BKK

Dr Johannes Ludewig
Alfter
Chairman of the National Regulatory Control Council, Federal Chancellery

Helmut Petermann
Essen
Chairman of the General Works Council of DEVK Versicherungen

Management Board

Friedrich Wilhelm Gieseler
Bergisch Gladbach
Chairman

Gottfried Rüßmann
Cologne

Bernd Zens
Königswinter

Management report

Commercial environment and general conditions

Overview

As a wholly owned subsidiary of DEVK Sach- und HUK-Versicherungsvereins a.G., DEVK Rückversicherungs- und Beteiligungs-AG performs two functions within the DEVK Sach- und HUK-Versicherung Group. Firstly, it functions as a reinsurer, underwriting both Group-internal and third-party business, and secondly, it serves as an intermediate holding company, managing the Group's other insurance companies as well as various other participating interests.

On the stock exchanges, 2011 was dominated by the eurozone debt crisis and fears that the economic slowdown would turn into full-blown worldwide recession. As a result, the majority of stock markets showed a clear downward trend, with the EuroStoxx50 share index, for instance, down 17.4 % by the end of the year at 2,316.55, while the DAX German share index was slightly stronger at 14.7 % down. Investors' deep-seated pessimism also led to higher risk premiums being demanded on many bonds – a trend not just affecting paper issued by the PIIGS countries. Meanwhile, the euro lost significant ground against many currencies.

All in all, then, we can report satisfactory business performance during the course of 2011.

Ratings

The ratings, commissioned by Standard & Poor's for the first time in 2008, are updated each year. As in 2008, 2009 and 2010, in 2011 DEVK Sach- und HUK-Versicherungsverein a.G., DEVK Allgemeine Versicherungs-AG, DEVK Allgemeine Lebensversicherungs-AG and DEVK Rückversicherungs- und Beteiligungs-AG were all once again assigned ratings of A+, and Standard & Poor's assesses our future outlook as "stable", thus confirming the very sound financial position enjoyed by DEVK companies generally.

The rating agency Fitch came to the same conclusion, with its 2011 second-time rating of the financial strength of DEVK's core companies also coming in at A+. The individual companies rated were DEVK Sach- und HUK-Versicherungsverein a.G., DEVK Rückversicherungs- und Beteiligungs-AG, DEVK Allgemeine Versicherungs-AG, DEVK Rechtsschutz-Versicherungs-AG, DEVK Krankenversicherungs-AG and the two life assurance companies DEVK Lebensversicherungsverein a.G. and DEVK Allgemeine Lebensversicherungs-AG. Their outlook too is rated as stable.

Market opportunities in the reinsurance sector

Thanks to the company's good ratings, its growth opportunities as a volume provider on the reinsurance market remain very good, because for many business partners such a rating is now a precondition for doing business. In our view, there remains a strong demand for a partner with a traditional market presence, especially one coming from the mutual insurance sector. This demand exists not only in Germany but also in most other European countries.

Reinsurance operations business trends

In 2011, booked gross premiums were up 7.3 % at € 252.8 million. Income from participating interests came to € 86.5 million (2010: € 80.6 million).

Earned premiums net of reinsurance totalled € 162.4 million (2010: € 146.0 million), and claims expenses net of reinsurance came to € 115.0 million (2010: € 105.9 million). The ratio of net claims expenses to earned net premiums thus amounted to 70.8 % (2010: 72.5 %), while the ratio of expenses on insurance operations net of reinsurance to earned premiums net of reinsurance was 25.4 % (2010: 26.3 %).

The netted-out 2011 underwriting result before changes to the equalisation provision came to € – 2.5 million (2010: € 800,000). After a € 9.4 million allocation to the equalisation provision (2010: € 2.5 million), the underwriting result net of reinsurance totalled € – 11.9 million (2010: € – 1.7 million).

Performance of the individual insurance classes

Our individual insurance segments, classes and types performed as follows:

Life assurance

The results for this segment derive almost exclusively from quota share reinsurance policies with DEVK Lebensversicherungsverein a.G. and DEVK Allgemeine Lebensversicherungs-AG. Booked gross premiums came to € 3.7 million. The underwriting result was a loss of € 11.1 million.

Accident insurance

Gross booked premium receipts amounted to € 26.7 million (2010: € 26.6 million), with an underwriting result net of reinsurance of € 4.6 million (2010: € 4.8 million).

Liability insurance

With gross booked premiums of € 2.7 million (2010: € 3.4 million), there was an underwriting loss of € 513,000. After the complete release of the equalisation provision (withdrawal of € 793,000), the underwriting result was € – 854,000.

Motor vehicle liability insurance

Gross booked motor vehicle liability insurance premium receipts totalled € 48.6 million (2010: € 47.4 million), while the underwriting result improved to € – 1.8 million (2010: € – 5.5 million).

Other motor vehicle insurance

Other motor vehicle insurance comprises our comprehensive and partial comprehensive motor insurance (third-party, fire and theft). Gross booked premiums totalled € 60.8 million (2010: € 58.1 million). The underwriting result came to € – 2.0 million (2010: € – 4.1 million).

Fire and non-life insurance

Total gross booked fire and non-life insurance premiums rose to € 99.3 million (2010: 88.8 million). In detail, our individual fire and non-life segments performed as follows:

Gross booked household contents insurance premiums amounted to € 10.8 million, slightly up on the 2010 figure of € 9.6 million. The underwriting result came to € 2.8 million (2010: € 2.5 million).

With premium receipts of € 36.2 million (2010: € 30.5 million), and after a € 3.1 million allocation to the equalisation provision (2010: € 300,000), our combined property insurance registered an underwriting profit of € 2.0 million (2010: € 1.6 million).

In the other classes of fire and non-life insurance, gross booked premiums totalled € 52.3 million (2010: € 48.7 million). After a € 10.8 million allocation to the equalisation provision (2010: € 900,000), the underwriting result was a loss of € 6.8 million (2010: € – 3.7 million).

Other insurance policies

With premium receipts of € 11.0 million (2010: € 11.4 million), the underwriting result after a € 1.5 million withdrawal from the equalisation provision (2010: € 2.1 million allocation) came to € 900,000 (2010: € 3.5 million).

Retrocession

Our company's outward reinsurance operations were divided among several external reinsurers. Our choice of reinsurers took their ratings into account.

Performance of our participating interests

Income from participating interests came to € 94.8 million (2010: € 86.3 million). This figure included income from profit transfer agreements with affiliated companies totalling € 90.7 million (2010: € 83.1 million). Set against this income are charges from a loss transfer amounting to € 8.4 million (2010: € 2.2 million).

Investments and net investment income

During the year under review, the investment portfolio increased by 7.8 % to € 1,527.3 million. At 40.8 %, "Investments in affiliated companies and participating interests" continue to constitute the largest item in the investment portfolio.

As expected, the 2011 investment result fell short of the 2010 level. This was due in part to minimal write-ups, but chiefly to increased write-downs on investments. The profit transfer from subsidiaries, which we had expected to fall last year, rose by € 7.6 million to € 90.7 million.

At € 115.7 million, total net investment income was only slightly down on the 2010 figure of € 120 million.

Operating result and appropriation of retained earnings

After an "Other" profit or loss result below the 2010 level, the profit from normal business activities came to € 77.4 million (2010: € 95.2 million).

There was no extraordinary result to report for 2011. In 2010, the application of the new provisions of the German Act on Modernisation of Accounting Regulations (BilMoG) led to an extraordinary result including net pension expenses of € 600,000.

After taxes, the net profit for the year amounted to € 36.0 million (2010: € 50.0 million).

The Management Board hereby proposes to the Annual General Meeting that the sum of € 15.0 million should be appropriated from the net retained earnings and paid as a dividend to DEVK Sach- und HUK-Versicherungsverein a.G., with the remaining € 21.0 million being allocated to "Other" retained earnings.

Affiliated companies and participating interests

The affiliated companies of DEVK Rückversicherungs- und Beteiligungs-AG are as follows:

DEVK Deutsche Eisenbahn Versicherung
Sach- und HUK-Versicherungsverein a.G.
Betriebliche Sozialeinrichtung der Deutschen Bahn, Cologne

and its direct and indirect subsidiaries.

Our company's share capital of approx. € 307 million is fully paid up and is 100 % held by DEVK Deutsche Eisenbahn Versicherung Sach- und HUK-Versicherungsverein a.G. Betriebliche Sozialeinrichtung der Deutschen Bahn, Cologne.

There are control and profit transfer agreements with DEVK Allgemeine Versicherungs-AG, DEVK Rechtsschutz-Versicherungs-AG, DEVK Krankenversicherungs-AG, DEVK Vermögensvorsorge- und Beteiligungs-AG, DEVK Service GmbH, DEVK Web-GmbH and Outcome Unternehmensberatung GmbH, and there is a profit transfer agreement with DEVK Asset Management GmbH.

Details of our company's direct shareholdings in affiliated companies and participating interests are given in the notes.

Pursuant to section 312 AktG the Management Board is required to prepare a report on its relationships with affiliated companies. At the end of the report, the Management Board states that, in light of the circumstances of which it was aware at the time of undertaking legal transactions with affiliated companies, it received appropriate consideration for all such transactions. No action requiring reporting had to be taken in the 2011 financial year.

Organisational collaboration

Under a service contract concluded with DEVK Sach- und HUK-Versicherungsverein a.G., the Group provides us with services on our instructions, in particular in the fields of general administration, accounting, collections and disbursements, investments and investment management, personnel management and development, operational organisation, IT, controlling, auditing, law, taxation, sales, inventory management and processing claims and benefits.

Our company purchases or rents its own operating equipment and tools according to its requirements.

Opportunities and risks from future developments

In accordance with the German Control and Transparency in Business Act (KonTraG), and the minimum risk management requirements laid down in Section 64a of the Insurance Supervision Act, we are hereby reporting the opportunities and risks presented by future developments.

A risk management system is employed within the DEVK Group to identify and assess risks at an early stage. The system is based on a risk-bearing capacity model that guarantees adequate coverage of all significant risks via the company's own funds. To control risks, DEVK has put in place a consistent system of limits whereby the limit capacity is portrayed in the form of risk ratios. The risk ratios break down the risk limits set by the risk strategy according to DEVK's most important organisational areas. On top of this, a comprehensive risk inventory is compiled every six months, in which risks are recorded and classified according to type with the aid of a questionnaire. Wherever possible, risks are quantified and the action necessary to manage the risks is recorded. This system enables us to react immediately and appropriately to developments that pose a risk to the Group. The system's effectiveness and suitability are monitored by the Internal Auditing unit.

DEVK's risk management organisation is both centralised and decentralised at one and the same time. By decentralised risk management, we mean the risk responsibility borne by individual departments. Thus, departmental and process managers are in charge of and responsible for risk management within their specific operational areas. Meanwhile, central risk management is the task of the independent risk controlling function, which is responsible for dealing with the cross-departmental risks and for the development and maintenance of the company-wide risk management system. It coordinates the company's risk management processes and supports those responsible for risk within individual departments.

The Risk Committee assesses the risk situation faced by individual companies and by the Group as a whole on the basis of the risk reports it receives, taking into account all discernible significant risks, as well as limit capacities and current risk drivers. Finally, a Management Board submission is prepared in which the results are reported to the Management Board members responsible for the various risk areas. The risk report and the risk control process (identification, analysis, evaluation, management and monitoring) are updated on a quarterly basis. Reports are submitted both to the Risk Committee and members of the Management Board.

Technical risks

Principal among the technical risks are the premium/claims risk and the reserves risk.

In line with suitable assumption guidelines, as a rule we take on standardised business, while counteracting the risk of unusually high claims expenses attendant upon extraordinary loss events through a corresponding retrocession policy.

To smooth our underwriting results equalisation provisions have been formed in compliance with the provisions of accounting law.

Investment risks

Die Risiken aus Kapitalanlagen umfassen:
The risks stemming from investments comprise:

- the risk of unfavourable interest rate, equity market or exchange rate movements (market price risks),
- counterparty risk (credit risk),
- the risk of strongly correlated risks that in turn increase counterparty risk (concentration risk),
- liquidity risk, i.e. the risk of not always being able to meet payment obligations.

Our investments comply with the investment principles concerning qualified assets laid down in section 121b in conjunction with section 54 paragraph 1 VAG. We counteract exchange/market price risk and interest rate risk by maintaining a balanced mix of investment types. Active portfolio management allows us to exploit opportunities arising from market movements to improve our results, while we limit credit risk and concentration risk by imposing very stringent rating requirements and continually monitoring the issuers we select, thus avoiding any potentially ruinous dependence on individual debtors. We ensure a continuous influx of liquidity by maintaining a portfolio of interest-bearing investments with a balanced maturity structure.

In light of the uncertain economic situation we actively managed our ratio of equity investments throughout the year, though with an overall downward tendency as compared with 2010. We have applied a value protection model to our equity investments in order to limit market risks. Should growing economic problems, such as a deepening of the eurozone crisis or escalation in Iran, lead to a significant downturn, various courses of action are open to us.

The overall impact on us of the eurozone debt crisis remains manageable since the bulk of our capital investments are in German issuers with strong credit ratings. We have minimal investment exposure to the eurozone countries currently under the microscope, i.e. Portugal, Italy, Ireland, Greece and Spain. As regards issuer risks, as proportions of our total investments, 4 % of the company's investments are in government bonds, 1 % in corporate bonds and 42 % in securities and bank deposits. The bulk of our investments in banks are either covered by various statutory and private deposit protection schemes or involve interest-bearing securities that are protected in law by special guarantee funds. Possible capital write-downs of hybrid investments were largely accounted for in past years via value adjustments in the annual financial statements.

Our interest-bearing investments allocated to fixed assets in accordance with section 341b of the German Commercial Code (HGB) show a positive valuation reserve of € 2.9 million, a figure that includes € 5.3 million in hidden charges.

We have subjected our investment holdings to a stress test similar to the one applied to our non-life and casualty insurance. This was done to the balance sheet date of 31 December 2011, using the BaFin-specified modified stress test model from the German Insurance Association (GDV). All of the scenarios contained therein were passed successfully. The stress test determines whether an insurance undertaking would be in a position to meet its obligations towards its policyholders even if the capital markets underwent a protracted crisis. The stress test simulates a short-term adverse change on the capital markets and examines the impact on the insurance undertaking's balance sheet and accounts. The target horizon is the next balance sheet date. The stress test assumes the following scenarios: 1) a downturn on the equity markets while the bond market remains stable, 2) a downturn on the bond market while the equity market remains stable, 3) a simultaneous crash on the equity and bond markets and 4) a simultaneous crash on the equity and real-estate markets.

Operational opportunities and risks

Operational risks may stem from inadequate or failed operational processes, the breakdown of technical systems, external variables, employee-related incidents and changes in the legal framework. However, the main focus of the half-yearly risk inventory is on operational risks.

DEVK's operating procedures are based on internal guidelines. The risk of employee-related incidents is limited via regulations governing authorisation and powers of representation as well as wide-ranging automated backup for operating procedures, while the efficacy and functionality of in-house controls are monitored by the Internal Auditing unit.

Comprehensive access controls and preventive measures are in place in the IT field to ensure the security and integrity of programmes, data and ongoing operations, and links between internal and external networks are suitably protected by state-of-the-art systems.

Crisis management guidelines have been drawn up on the basis of a corporate emergency analysis. The guidelines set out goals and terms of reference for the prevention of emergencies and dealing with them should they arise.

Solvency

The premium index and claims index indicate that the company's own funds, proof of which must be furnished pursuant to section 53c of the German Insurance Supervision Act (VAG) in order to demonstrate our long-term ability to meet policy liabilities, provide a very high level of excess cover.

Cash flow

In the current financial year, the cash flow from investments, i.e. the funds required for the net investment volume, amounted to € 80.2 million (2010: € 96.5 million). The necessary funds were generated by the company's ongoing operations.

Summary of our risk status

Currently there are no discernible developments that could lead to a significant impairment of our company's net assets, financial position and results of operations.

Supplementary report

No occurrences or events took place after the reporting date that could significantly affect the company's future net assets, financial position or results of operations.

Outlook

We anticipate growing overall premium receipts during 2012 and 2013. Before changes to the equalisation provision, we are expecting the technical account for both years to register negative results. This is due to the performance of the life assurance segment, though the losses expected here in coming years should be offset or even surpassed by the profits of subsequent years.

Contrary to most experts' forecasts, thus far in 2012 the global economy has performed better than expected. Clearly a deep worldwide recession has not set in, and leading indicators in the USA, China and also Germany point to moderate economic growth. However, the countries directly affected by the eurozone crisis continue to show strongly recessionary tendencies. The predominant current view is that the countries concerned, with the exception of Greece and possibly Portugal, will in the long term be capable of overcoming the crisis. Of key importance here will be the avoidance of a domino effect leading to other European countries being dragged into the turmoil.

This basically good sentiment is also reflected in the positive performance of the world's stock markets during the first few weeks of 2012. However, this means that an economic recovery has already been priced in, so a continuation of the positive trend will be jeopardised not only by the persistent negative impact of the eurozone crisis, but also by political risks such as the Iran conflict. Against this backdrop we expect capital markets to remain highly volatile during 2012 and 2013.

In light of the falling eurozone inflation rates and the extremely expansionary central bank policy, we expect limited potential for increasing yields at the long end of the yield curve. Indeed, it is far more likely that with a corresponding continuation of the positive trends, the yield premiums on both corporate and bank bonds from the weaker eurozone countries will tend to decrease. With falling demand for safe German bonds their yields could increase somewhat, but the overall interest level would remain unaltered or could even fall. No tendency towards increases in the extremely low base interest rates is currently discernible, either in the eurozone or the USA.

For DEVK Rückversicherungs- und Beteiligungs-AG, we expect the 2012 and 2013 investment results to reach or even surpass the level of 2011. However, this will require stable profit transfers from the subsidiaries.

In other respects, our current assessment of the prospects for 2012 and 2013 is that no major pressures are to be expected that could have a significant impact on the overall result.

All in all, we expect the 2012 and 2013 results from ordinary activities to either equal or exceed the previous year's level.

Cologne, 20 April 2012

The Management Board

Gieseler **Rüßmann** **Zens**

Notes to the management report

List of insurance classes covered during the financial year

Reinsurance coverage provided

Life assurance

Health insurance
General accident insurance
Motor vehicle accident insurance
Travel accident insurance

Accident insurance
General accident insurance
Motor vehicle accident insurance
Travel accident insurance

Liability insurance
General liability insurance
Pecuniary loss liability insurance
Travel liability insurance

Motor vehicle liability insurance

Other motor vehicle insurance
Fully comprehensive motor insurance
Partial comprehensive motor insurance
(third party, fire and theft)

Legal-expenses insurance

Fire and non-life insurance
Fire insurance
Burglary and theft insurance
Water damage insurance
Glass insurance
Windstorm insurance
Household contents insurance
Homeowners' building insurance
Hail insurance
Animal insurance
Engineering insurance
Extended coverage insurance
Travel baggage insurance
All-risk insurance

Goods-in-transit insurance

Other insurance policies
Transport insurance
Credit and bond insurance
Breakdown service insurance
Business interruption insurance
Exhibition insurance
Travel cancellation costs insurance

Financial statements

Balance sheet to 31 December 2011

Assets	€	€	€	(2010: € 000s)
A. Intangible assets				
I. Licences, industrial property rights and similar rights and assets acquired for valuable consideration, as well as licences in such rights and assets		240,756		(156)
II. Payments on account		486		(48)
			241,242	(204)
B. Investments				
I. Investments in affiliated undertakings and participating interests				
1. Shares in affiliated companies	572,708,136			(555,834)
2. Loans to affiliated companies	4,818,000			(8,009)
3. Participating interests	46,221,046			(45,829)
		623,747,182		(609,672)
II. Other financial investments				
1. Equities, fund units and other variable-yield securities	163,695,388			(161,282)
2. Bearer bonds and other fixed-interest securities	209,719,383			(142,305)
3. Other loans	444,009,408			(456,061)
4. Other investments	25,173,439			(33,047)
		842,597,618		(792,695)
III. Deposits with ceding companies		60,975,993		(13,859)
			1,527,320,793	(1,416,226)
C. Receivables				
I. Receivables arising out of direct insurance operations		13,151,474		(13,703)
of which: Affiliated companies: € 296,225				(193)
II. Other receivables		192,253,783		(158,305)
			205,405,257	(172,008)
of which: Affiliated companies: € 164,867,138				(129,737)
D. Other assets				
I. Tangible assets and inventories		127,855		(117)
II. Other assets		6		(–)
			127,861	(117)
E. Prepayments and accrued income				
I. Accrued interest and rent		16,280,867		(15,478)
II. Other prepayments and accrued income		497,344		(1,745)
			16,778,211	(17,223)
Total assets			**1,749,873,364**	(1,605,778)

Liabilities and shareholders' equity

	€	€	€	(2010: € 000s)
A. Capital and reserves				
I. Subscribed capital		306,775,129		(306,775)
II. Capital reserve		193,747,061		(193,747)
III. Retained earnings – Other retained earnings		416,266,246		(381,266)
IV. Unappropriated retained earnings		36,000,000		(50,000)
			952,788,436	(931,788)
B. Technical provisions				
I. Provision for unearned premiums				
1. Gross amount	6,366,802			(6,053)
2. of which: Reinsurance amount	20,517			(153)
		6,346,285		(5,900)
II. Premium reserve		51,537,980		(–)
III. Provision for claims outstanding				
1. Gross amount	187,966,977			(173,112)
2. of which: Reinsurance amount	62,104,857			(61,377)
		125,862,120		(111,735)
IV. Provision for bonuses and rebates		14,100		(–)
V. Equalisation provision and similar provisions		26,283,963		(16,895)
VI. Other technical provisions				
1. Gross amount	530,224			(822)
2. of which: Reinsurance amount	146,915			(414)
		383,309		(408)
			210,427,757	(134,938)
C. Provisions for other risks and charges				
I. Provisions for pensions and similar commitments		380,010,161		(366,555)
II. Provisions for taxation		66,740,560		(39,761)
III. Other provisions		8,389,130		(584)
			455,139,851	(406,900)
D. Deposits received from reinsurers				
			–	(2,561)
E. Liabilities				
I. Liabilities arising out of reinsurance operations		38,507,766		(38,365)
of which: Affiliated companies: € 19,828,619				(25,625)
II. Amounts owed to banks		84,000,000		(85,009)
III. Other liabilities		8,455,901		(5,476)
including			**130,963,667**	(128,850)
Tax: € 1,182,171				(1,182)
Affiliated companies: € 3,420,248				(4)
F. Accruals and deferred income				
			553,653	(741)
Total liabilities			**1,749,873,364**	(1,605,778)

Profit and loss account

for the period from 1 January to 31 December 2011

Items	€	€	€	(2010: € 000s)
1. Earned premiums, net of reinsurance				
a) Gross premiums written	252,843,756			(235,601)
b) Outward reinsurance premiums	90,028,064			(88,623)
		162,815,692		(146,978)
c) Change in the gross provision for unearned premiums	– 313,525			(– 989)
d) Change in the provision for unearned premiums, reinsurers' share	– 132,575			(–)
		– 446,100		(– 989)
			162,369,592	(145,989)
2. Allocated investment return transferred from the non-technical account, net of reinsurance			**2,168,222**	(47)
3. Claims incurred, net of reinsurance				
a) Claims paid				
aa) Gross amount	163,593,852			(146,771)
bb) Reinsurers' share	62,714,487			(57,530)
		100,879,365		(89,241)
b) Change in the provision for claims outstanding				
aa) Gross amount	14,855,475			(20,602)
bb) Reinsurers' share	– 727,893			(– 3,928)
		14,127,582		(16,674)
			115,006,947	(105,915)
4. Changes in other technical provisions, net of reinsurance				
a) Premium reserve, net of reinsurance		1,244,333		(–)
b) Other technical provisions, net of reinsurance		24,903		(– 29)
			1,269,236	(– 29)
5. Bonuses and rebates, net of reinsurance			**14,100**	(–)
6. Net operating expenses				
a) Gross operating expenses		62,112,906		(58,971)
b) of which: Reinsurance commissions and profit participation		20,951,300		(20,537)
			41,161,606	(38,434)
7. Other technical charges, net of reinsurance			**12,138,355**	(835)
8. Subtotal			**– 2,513,958**	(823)
9. Change in the equalisation provision and similar provisions			**– 9,388,608**	(– 2,510)
10. Technical result, net of reinsurance			**– 11,902,566**	(– 1,687)
Balance carried forward:			– 11,902,566	(– 1,687)

Items	€	€	€	(2010: € 000s)
Balance carried forward:			– 11,902,566	(– 1,687)
II. Non-technical account				
1. Investment income				
a) Income from participating interests	4,117,512			(3,201)
of which:				
from affiliated companies: € 1.775.500				(1,190)
b) Income from other investments	40,849,789			(33,526)
of which:				
from affiliated companies: € 965.137				(333)
c) Write-ups on investments	1,875,953			(7,139)
d) Gains on the realisation of investments	7,692,699			(4,344)
e) Income from a profit pooling, profit transfer or partial profit transfer agreement	90,721,983			(83,082)
		145,257,936		(131,292)
2. Investment charges				
a) Investment management charges, interest expenses and other charges on capital investments	869,378			(278)
b) Write-downs on investments	18,059,232			(7,636)
c) Losses on the realisation of investments	2,260,270			(1,163)
d) Charges from loss transfer	8,412,271			(2,175)
		29,601,151		(11,252)
		115,656,785		(120,040)
3. Allocated investment return transferred to the non-life insurance technical account		2,221,730		(91)
			113,435,055	(119,949)
4. Other income		13,479,971		(14,181)
5. Other charges		37,585,142		(37,288)
			– 24,105,171	(– 23,107)
6. Profit from normal business activity			**77,427,318**	(95,155)
7. Extraordinary income		–		(21,469)
8. Extraordinary expenses		–		(22,088)
9. Extraordinary result			**–**	(– 619)
10. Taxes on extraordinary profit or loss				
– Own		41,425,911		(44,535)
11. Other taxes		1,407		(1)
			41,427,318	(44,536)
12. Net profit for the year/Net retained earnings			**36,000,000**	(50,000)

Notes to the accounts

Accounting and valuation methods

The **intangible assets** (IT software) are recognised at their costs of acquisition and, with the exception of advance payments, subjected to scheduled depreciation.
Low-value assets are either assigned to a pool of such assets, in which case they are depreciated over a five-year period, beginning from the year of acquisition, or they are recorded as operating expenses in their year of acquisition.

Shares in affiliated companies and **participating interests** are shown either at their costs of acquisition or at the lower of cost and market. **Loans to affiliated companies** are recognised at their nominal values.

Shares, fund units and other variable-yield securities, bearer bonds and other fixed-interest securities are shown at the lower of their costs of acquisition or market prices. Investments assigned to the fixed assets pursuant to section 341b paragraph 2 HGB are valued according to the diluted lower value principle. Investments assigned to the current assets were valued according to the strict lower value principle. Where a write-down to a lower value took place in previous years, a corresponding write-up subsequently took place if this asset could then be assigned a higher value on the balance sheet date. Said write-ups were to the lower of cost or market.

Registered bonds are recognised at their nominal values. Premium and discount points are distributed over the term of the loans via deferrals and accruals.

Notes receivable, loans and **other loans** are recognised at their amortised cost plus or minus the cumulative amortisation of the difference between the cost of acquisition and the redemption amounts, applying the effective interest method.
Zero notes receivable are capitalised at their costs of acquisition plus the interest entitlement as determined on the basis of the capital volume and the interest agreement.

Other investments are recognised either at their costs of acquisition or their nominal values.

Deposits with ceding companies are recorded using the details provided by the ceding companies.

Receivables from reinsurance operations are based on the reinsurance contracts and are recognised at their nominal values less necessary individual value adjustments.

Other receivables and **other assets** not constituting operating or office equipment are recognised at their nominal values. Operating or office equipment is shown at its cost of acquisition or production as reduced by scheduled depreciation. Depreciation is calculated according to the straight-line method.

Low-value assets are either assigned to a pool of such assets, in which case they are depreciated over a five-year period, beginning from the year of acquisition, or they are recorded as operating expenses in their year of acquisition.

Interest claims not yet due were recorded at their nominal values under **“Prepayments and accrued income”**.

Technical provisions are calculated by application of the following principles:
Provisions for unearned premiums are recognised on the basis of the contracts with the primary insurers. When calculating the unearned premium provisions, we complied with the regulation laid down by the Finance Minister of North Rhine-Westphalia on 29 May 1974. The provision for unearned premiums attributable to the reinsurers is calculated on the basis of the contracts with the reinsurers.

The **premium reserve** was recorded in accordance with the reinsurance policies, using the details provided by the ceding companies.

The gross amount for the **provisions for claims outstanding** from direct insurance operations are recorded on the basis of the details provided by the ceding companies. The reinsurance amount was calculated in accordance with the contractual agreements in this respect.

The **contractually agreed portions of provisions for bonuses** were taken over from the primary insurers.

The **equalisation provision** was calculated in accordance with the annex to section 29 of the German Regulation on Accounting in the Insurance Sector (RechVersV). **Provisions similar to the equalisation provision** for insurance against terrorist risks were formed in accordance with section 30 paragraph 2a RechVersV.

The **other technical provisions** include a cancellation provision for premium claims. They were recognised on the basis of details provided by the ceding companies.

The **other provisions** are formed on the following basis:
The **pension provision** was calculated according to the projected unit credit method, on the basis of Professor Klaus Heubeck’s 2005G actuarial tables. Discounting was done at the average market interest rate published by Deutsche Bundesbank, as arrived at assuming a residual term of 15 years (cf. section 253 paragraph 2 sentence 2 HGB).
The financing age on expiry is 62.
The assumed rate of pay increase was set at 1.95 % p.a., and the rate of pension increase at 1.7 % p.a.

The **tax provisions** and **other provisions**, calculated according to anticipated needs, were formed for the current financial year and set at the levels necessary to the best of our commercial judgement.

Deposits received from reinsurers were recognised at their repayment amounts.

Liabilities arising from reinsurance operations are based on the reinsurance contracts and are recognised at the compliance amount.

Amounts owed to banks are recognised at their repayment amounts.

Other creditors are valued at their compliance amounts.

Accruals and deferred income include the discount points on registered bonds.

Items in foreign currency are converted into euros on the balance sheet date at the median foreign currency exchange rate.

The **allocated investment return transferred from the non-technical account, net of reinsurance**, was recorded on the basis of the details provided by the ceding company. The reinsurance amount was calculated in accordance with the contractual agreements in this respect.

Calculations reveal deferred tax due to tax relief resulting from differences between accounting valuations and valuations for tax purposes. These are expected to diminish in future financial years. However, in exercise of our option under section 274 paragraph 1 HGB, we are not recognising any deferred tax asset.

Changes to Asset Items A., B.I. to II. during the 2011 financial year

Assets	Balance sheet value 2010 € 000s	Additions € 000s	Transfers € 000s	Disposals € 000s	Write-ups € 000s	Write-downs € 000s	Balance sheet 2011 € 000s
A. Intangible assets							
1. Licences, industrial property rights and similar rights and assets acquired for valuable consideration, as well as licences in such rights and assets	156	62	70	–	–	47	241
2. Payments on account	48	23	– 70	–	–	–	1
3. Total A.	204	85	–	–	–	47	242
B.I. Investments in affiliated companies and participating interests							
1. Shares in affiliated undertakings	555,834	23,654	–	1,714	–	5,066	572,708
2. Loans to affiliated companies	8,009	1,916	–	5,107	–	–	4,818
3. Participating interests	45,829	556	–	–	–	164	46,221
4. Total B.I.	609,672	26,126	–	6,821	–	5,230	623,747
B.II. Other investments							
1. Shares, investment fund units and other variable-yield securities	161,282	63,533	–	48,410	104	12,814	163,695
2. Bearer bonds and other fixed-interest securities	142,305	90,040	–	23,391	765	–	209,719
3. Other loans							
a) Registered bonds	115,500	–	–	–	–	–	115,500
b) Notes receivable and loans	283,727	13,597	–	25,327	–	–	271,997
c) Other loans	56,834	2,137	–	2,459	–	–	56,512
4. Other investments	33,047	2,800	–	11,664	1,008	17	25,174
5. Total B.II.	792,695	172,107	–	111,251	1,877	12,831	842,597
Total	**1,402,571**	**198,318**	**–**	**118,072**	**1,877**	**18,108**	**1,466,586**

Notes to the balance sheet

Re Assets B.

Investments

Pursuant to section 341b paragraph 2 HGB, we have assigned investments for long-term retention in the investment portfolio. As of 31 December 2011, our investments had the following book and current values:

Investments

	Book value €	Current value €
B.I. Investments in affiliated companies and participating interests		
1. Shares in affiliated companies	572,708,137	1,215,285,938
2. Loans to affiliated companies	4,818,000	4,480,544
3. Participating interests	46,221,046	47,100,816
B.II. Other financial investments		
1. Equities, fund units and other variable-yield securities	163,695,388	190,490,897
2. Bearer bonds and other fixed-interest securities	209,719,383	217,170,393
3. Other loans		
a) Registered bonds	115,500,000	125,823,487
b) Notes receivable and loans	271,997,412	282,090,808
c) Other loans	56,511,996	47,574,929
4. Other investments	25,173,439	28,804,344
Total	**1,466,344,801**	**2,158,822,156**
of which: Investments valued at costs of acquisition	1,350,844,801	2,032,998,669
of which: Investments in fixed assets pursuant to section 341b paragraph 2 HGB	148,374,423	151,302,853

The revaluation reserves include hidden liabilities totalling € 22.6 million. These relate to participating interests, bearer bonds, registered bonds, notes receivable and loans, other loans, zero bonds and securities capitalised at their nominal values pursuant to section 341c HGB.

Depending on the investment type, a variety of different methods were used to calculate the current values.

The current value of shares in affiliated companies held by DEVK Allgemeine Versicherungs-AG, DEVK Rechtsschutz-Versicherungs-AG, DEVK Krankenversicherungs-AG, DEVK Vermögensvorsorge- und Beteiligungs-AG, DEVK Asset Management GmbH, DEVK Service GmbH and SADA Assurances S.A. is calculated on the basis of gross rental values. Hybil B.V. was carried at its market value. Other shares are recognised at their book values.

In the great majority of cases, the current values of participating interests correspond to the book values.

Both dividend-bearing securities and fixed-interest securities capitalised at their costs of acquisition are valued using the year's-end market prices. Pursuant to section 56 RechVersV, the current values of the registered bonds, notes receivable and loans were calculated at normal market conditions on the basis of the yield curve. The current value of the zero notes payable and other investments was calculated on the basis of the year's-end prices reported by the respective issuing banks.

The current values of the other loans and silent participating interests within the meaning of the German Banking Act (KWG) (equity surrogates) were calculated on the basis of the discounted cash flow method on the basis of the current euro swap curve plus a risk premium, taking into account the anticipated future payment streams in light of debtor-specific assumptions.

The market values of investments denominated in foreign currencies were calculated on the basis of the year's-end exchange rates.

Details of financial instruments within the meaning of section 285 paragraph 18 HGB that are capitalised at their fair value

	Book value € 000s	Fair value € 000s
Loans to affiliated companies	2,000	1,655
Participating interests	15,175	14,206
Investments classified as fixed assets	43,074	37,824
Other loans	150,662	135,185

We have refrained from making any write-downs in accordance with section 253 paragraph 3 sentence 4 HGB as we either intend to hold various securities until maturity or we are assuming that any fall in value is only temporary.

Details of derivative financial instruments pursuant to section 285 paragraph 19 HGB

	Type	Nominal volume € 000s	Book value premium € 000s	Fair value of premium € 000s
Other liabilities	Short-Put-Optionen	3,220	173	43

Valuation methods

Short put options:	European options	Black-Scholes
	American options	Barone-Adesi

Details of units or shareholdings in domestic investment funds in accordance with section 285 paragraph 26 HGB

Investment goal	Dividends € 000s	Current value € 000s	Hidden reserves/ hidden charges € 000s	Limitation on daily redemption
Equity funds*	3,056	96,882	–	
Bond funds	43	15,524	668	
Real-estate funds	985	17,284	865	once a month up to € 50,000 or quarterly only pro rata with sales of real estate

* Reason why we have refrained from a write-down pursuant to section 253 paragraph 3 HGB:
The LEA special fund is an equity fund that tracks indices, in particular the EuroStoxx50 and DAX30. In 2011 both these indices fell in value, with the EuroStoxx50 performing worse than the DAX, chiefly because southern European shares performed significantly worse than German ones.

The bulk of the falls during 2011 occurred during a few weeks in August. Despite a significantly reduced investment grade, the fund lost value during 2011.

Capital market movements throughout 2011 took on panic-like proportions, clearly founded on fears of the collapse of the euro followed by a deep worldwide recession. However, stock market movements during the first quarter of 2012 have shown that these fears were exaggerated. Despite continuing uncertainty over Greece's future, the eurozone, excluding a few southern countries, appears to be facing an economic blip rather than a severe recession. The lead indicators have changed many times, as confirmed by the upward stock market movement. When analysing various individual securities, we came up with valuations well above their 2011 closing prices. Accordingly, at individual security level there is notable value recovery potential, and in view of this we regard it as reasonable to refrain from writing down the securities funds in our fixed assets.

Re Assets B.I.

Investments in affiliated companies and participating interests	Subscribed capital €	% share	Checked % share	Equity €	Results from previous financial year €
DEVK Allgemeine Versicherungs-AG, Cologne	194,290,915	100.00	100.00	312,170,794	–
DEVK Rechtsschutz-Versicherungs- AG, Cologne	21,000,000	100.00	100.00	32,563,459	–
DEVK Krankenversicherungs-AG, Cologne	8,000,000	100.00	100.00	10,980,291	–
DEVK Allgemeine Lebensversicherungs-AG, Cologne	7,158,086	100.00	51.00	72,880,301	6,000,000
DEVK Pensionsfonds-AG, Cologne	5,000,000	100.00	51.00	9,933,766	220,000
DEVK Vermögensvorsorge- und Beteiligungs-AG, Cologne	20,000,000	51.00	51.00	118,000,000	–
DEVK Alpha GmbH, Cologne	25,000	100.00	51.00	26,071	– 53
DEVK Asset Management GmbH, Cologne	750,000	100.00	100.00	750,000	–
DEVK Beta GmbH, Cologne	25,000	100.00	100.00	34,243	14
DEVK Gamma GmbH, Cologne	25,000	100.00	100.00	15,787	– 10,942
DEVK Omega GmbH, Cologne	25,000	100.00	100.00	24,341	– 4
DEVK Private Equity GmbH, Cologne	10,000,000	55.00	47.65	138,546,110	5,366,250
DEVK Saturn GmbH, Cologne	25,000	100.00	100.00	24,187	– 2
DEVK Service GmbH, Cologne	260,000	74.00	74.00	1,470,379	–
DEVK Unterstützungskasse GmbH, Cologne	25,000	100.00	51.00	25,189	341
DEVK Versorgungskasse GmbH, Cologne	25,000	100.00	51.00	23,620	50
DEVK Web-GmbH, Cologne	25,000	100.00	100.00	25,000	–
DEVK Zeta GmbH, Cologne	25,000	100.00	51.00	586,325	280,672
DEVK Zeus Vermögensverwaltungs-AG, Cologne	50,000	100.00	100.00	50,592	26
Assistance Service GmbH, Coesfeld	52,000	100.00	100.00	1,617,895 *	– 1,130,289
German Assistance Versicherung AG, Coesfeld	1,462,500	100.00	100.00	2,287,997	– 211,310
Hotelbetriebsgesellschaft SONNENHOF mbH, Cologne	375,000	100.00	51.00	356,023	–
HYBIL B.V., Venlo	400,000	80.00	75.10	50,947,787	3,745,145
Ictus GmbH, Cologne	5,000,000	60.00	50.20	19,842,086	– 157,914
KASSOS Beteiligungs- und Verwaltungs-GmbH, Cologne	25,000	100.00	100.00	32,709	– 3,366
Lieb' Assur S.A.R.L., Nîmes	250,000	100.00	100.00	265,136	– 540
Monega Kapitalanlagegesellschaft mbH, Cologne	5,200,000	45.00	45.00	7,028,495	1,826,350
OUTCOME Unternehmensberatung GmbH, Aachen	525,000	80.00	80.00	2,014,397 *	–
Reisebüro Frenzen GmbH, Cologne	25,000	52.00	52.00	409,610	154,910
SADA Assurances S.A., Nîmes	24,721,000	100.00	100.00	15,635,186	1,351,489
	CHF			CHF	CHF
ECHO Rückversicherungs-AG, Zurich	50,000,000	100.00	100.00	62,878,556	– 2,707,606

* Shortfall not covered by capital contribution

Pursuant to section 285 paragraph 11 HGB, only investments in affiliated companies and participating interests involving holdings of at least 20 % have been included here.

Re Assets B.II.

Other investments

Other loans exclusively comprise registered participation certificates.

Other investments comprise fund units and silent partnerships within the meaning of KWG.

Re Assets E.II.

Other prepayments and accrued income

Premium on registered bonds	€ 442,158
Advance payments for future services	€ 55,186
	€ 497,344

Re Liabilities A.I.

Subscribed capital

The subscribed capital totalling € 306,775,129 is divided into 120 million registered no par value shares.

Re Liabilities A.III.

Retained earnings

Other retained earnings	
31.12.2010	€ 381,266,246
Allocation	€ 35,000,000
31.12.2011	**€ 416,266,246**

Re Liabilities F.

Accruals and deferred income

Discount points on registered bonds	**€ 553,653**

Notes to the profit and loss account

Notes on outward reinsurance operations

	2011, € 000s	2010, € 000s
Gross booked premiums		
– Non-life/casualty	249,134	235,601
– Life	3,710	–
Total	**252,844**	235,601

Insurance agents' commission and other remuneration, personnel expenses

	2011, € 000s	2010, € 000s
1. Insurance agents' commission of all types within the meaning of section 92 HGB for direct insurance operations	–	–
2. Other insurance agents' remuneration within the meaning of section 92 HGB	–	–
3. Wages and salaries	305	317
4. Social-security contributions and social-insurance costs	–	–
5. Retirement pension costs	130	117
Total	**435**	434

During the year under review, Management Board remuneration totalled € 319,212. The retirement pensions of former Management Board members and their surviving dependants totalled € 160,592. As of 31 December 2011, a pension provision of € 2,191,418 was recognised for this group of people. The Supervisory Board remuneration totalled € 197,603.

Other information

Parent company guarantee

Our company undertakes at all times to provide Assistance Services GmbH and OUTCOME Unternehmensberatung GmbH with sufficient funds to enable them to duly meet their obligations.

Other financial obligations

At the end of the year, other financial obligations arising from real-estate holdings, fund units, shares in affiliated companies and participating interests totalled € 19.5 million. This includes obligations towards affiliated companies amounting to € 8.9 million.

On the balance sheet date, there were financial obligations totalling € 3.2 million from open short options and € 9.0 million from multi-tranche notes payable.

General information

Lists of the members of the Management Board and Supervisory Board are given prior to the management report.

Our company does not itself employ any personnel.

On the balance sheet date, our company was 100 % held by DEVK Deutsche Eisenbahn Versicherung Sach- und HUK-Versicherungsverein a.G. Betriebliche Sozialeinrichtung der Deutschen Bahn, Cologne, who have disclosed, pursuant to section 20 paragraph 4 AktG, that they hold the majority of the voting rights.

As required by law the annual financial statements are published in Germany's Electronic Federal Gazette.

Pursuant to section 285 paragraph 17 HGB, details of the auditors' fees are given in the consolidated notes.

Our company is exempt from the obligation to prepare consolidated financial statements and a consolidated management report.

Name and domicile of the parent company that draws up the consolidated financial statements whereby the company is thus exempted and in which it is included:

DEVK Deutsche Eisenbahn Versicherung
Sach- und HUK-Versicherungsverein a.G.
Betriebliche Sozialeinrichtung der Deutschen Bahn
Zentrale, Riehler Strasse 190, 50735 Cologne

The consolidated financial statements are published on the website of DEVK at www.devk.de, as well as in the Electronic Federal Gazette.

Cologne, 20 April 2012

The Management Board

Gieseler **Rüßmann** **Zens**

Audit certificate

We have audited the annual financial statements, comprising the balance sheet, income statement and notes, as well as the accounting and management report of **DEVK Rückversicherungs- und Beteiligungs-Aktiengesellschaft**, Cologne, for the financial year from 1 January to 31 December 2011. The accounting and the preparation of the annual financial statements and management report in accordance with German commercial regulations and the supplementary provisions of the articles of association are the responsibility of the company's Management Board. Our remit is to express an opinion on the annual financial statements, accounting and management report on the basis of our audit.

We conducted our audit pursuant to section 317 of the German Commercial Code (HGB) and the generally accepted standards for auditing financial statements promulgated by the German Institute of Auditors (IDW), which require us to plan and perform the audit in such a way that misstatements materially affecting the presentation of assets, finances and earnings in the annual financial statements in accordance with the German principles of proper accounting and in the management report are detected with reasonable certainty. Knowledge of the company's business activities, the economic and legal circumstances, and expectations concerning possible errors are taken into account when determining the audit activities. The effectiveness of the internal auditing system and the accuracy of the evidence supporting the information contained in the accounting, annual financial statements and management report are predominantly tested on the basis of random sampling. The audit includes an evaluation of the accounting principles applied and the principal estimates made by the Executive Board, as well as an appraisal of the overall view conveyed by the annual financial statements and management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any objections.

In our opinion, based on the findings of our audit, subject to the above-mentioned reservation, the annual financial statements comply with the legal regulations, and convey an accurate and fair view of the company's assets, finances and earnings in keeping with generally accepted accounting principles. Furthermore, the management report is in conformity with the annual financial statements, provides an accurate description of the company's overall position, and accurately sets out the risks and opportunities inherent in future developments.

Cologne, 27 April 2012

KPMG AG Wirtschaftsprüfungsgesellschaft

Mehren	**Offizier**
Auditor	Auditor

Supervisory Board report

During 2011, the Supervisory Board regularly monitored the Management Board's leadership on the basis of written and verbal reporting, as well as being briefed on the company's commercial performance, corporate policies and financial position at various meetings.

KPMG AG Wirtschaftsprüfungsgesellschaft, having been appointed as auditors in line with statutory requirements, duly audited the 2011 annual financial statements and management report prepared by the Management Board. Their audit did not reveal any irregularities and an unqualified audit certificate was granted. The Supervisory Board has duly acknowledged and agrees with the audit findings.

The Supervisory Board's own audit of the annual financial statements and management report likewise revealed no irregularities, and accordingly the Supervisory Board hereby approves the 2011 financial statements, which are thus duly adopted.

We have been furnished with and have studied the report prepared by the Management Board on relationships with affiliated companies and also the audit report on this prepared by KPMG AG Wirtschaftsprüfungsgesellschaft. The auditor has issued the following audit certificate of the Management Board's report on relationships with affiliated companies:

"After our statutory audit and evaluation we hereby confirm that
1. the factual details in the report are correct and
2. the payments made by the company in connection with the legal transactions discussed in the report were not excessive."

We share this judgement and do not have any objections to the Management Board's statement at the end of the report concerning relationships with affiliated companies.

The Supervisory Board agrees with the Management Board's proposal concerning the appropriation of the 2011 net retained earnings and hereby recommends that the Annual General Meeting frames a corresponding resolution.

The Supervisory Board would like to thank the Management Board and employees for all their hard work and commitment.

Cologne, 16 May 2012

The Supervisory Board

Kirchner
Chairman

Company bodies

Supervisory Board

Wolfgang Zell
Neustadt in Holstein
Chairman
Federal Director of the Railway
and Transport Union (EVG)

Helmut Lind
Munich
Deputy Chairman
CEO of Sparda-Bank München eG

Ralf Gajewski
Berlin
Deputy Group Manager of KKC
(Customer Service Centre)
DEVK Versicherungen,
Regional Management Unit Berlin

Helmut Petermann
Essen
Chairman of the General Works Council,
DEVK Versicherungen

Dr Karl-Friedrich Rausch
Weiterstadt
Transport and Logistics Director
DB Mobility Logistics AG

Regina Rusch-Ziemba
Hamburg
Deputy Chair of the Railway
and Transport Union (EVG)

Manfred Schell
Aachen
Honorary Federal Chairman of the
German Train Drivers' Union

Andrea Tesch
Zittow
Deputy Group Manager of
Sach/HU-Betrieb and Head of SHU Unit,
DEVK Versicherungen,
Schwerin Regional Management Unit

Ekhard Zinke
Flensburg
President of the Federal Motor
Transport Authority

Management Board

Friedrich Wilhelm Gieseler
Bergisch Gladbach
Chairman

Engelbert Faßbender
Hürth

Michael Klass
Cologne
(until 30 September 2011)

Bernd Zens
Königswinter

Advisory Board

Rudi Schäfer
Heilbronn
– Honorary Chairman –
Former Chairman of the German Railway Workers Union

Dirk Flege
Glienicke-Nordbahn
Managing Director
of Allianz pro Schiene e.V.

Gottfried Geisel
Wiesbaden
Departmental Manager at the Railway and Transport Union (EVG)

Wilfried Geitz
Burgwald
Managing Director/Employee Relations Director of DB Stadtverkehr GmbH i.R.

Helmut Jeck
Ludwigshafen
Chairman of the Association of German Railway Technical Colleges, Association Branch Office

Günther Köhnke
Rotenburg
Regional Manager of Finance and Controlling DB Regio AG
Managing Director of Finances, Regionalbahn Schleswig-Holstein GmbH

Wilhelm Lindenberg
Hannover
Operations and Personnel Director, üstra Hannoversche Verkehrsbetriebe AG

Rolf G. Lübke
Frankfurt am Main
CEO of DB Fuhrpark Service GmbH

Wilfried Messner
Wolfenbüttel
Chairman of the Federal Association of German Railway Managers (registered association) (BF Bahnen)

Egbert Meyer-Lovis
Hamburg
Communications Manager for Hamburg, Lower Saxony, Schleswig-Holstein and Bremen DB Mobility Logistics AG

Silvia Müller
Berlin
Director of Fonds soziale Sicherung and Wertguthabenfonds

Professor Dr Adolf Müller-Hellmann
Bergisch Gladbach
Former Managing Director of the Association of German Transport Companies (VDV)

Dr Sigrid Nikutta
Berlin
CEO of BVG
Berliner Verkehrsbetriebe

Ulrich Nölkenbockhoff
Nordkirchen
Chairman of the Special Staff Council for the President of the Federal Office for Railway Assets

Roger Paeth
Burgwedel
Group Personnel Services and Personnel Director, Deutsche Bahn AG

Peter Rahm
Crailsheim
Chairman of the General Works Council, DB Kommunikationstechnik GmbH

Karlheinz Reindl
Baldham
CEO of the UDBB (German Union of Railway Station Businesses)

Marion Rövekamp
Munich
Personnel Director, DB Regio AG
Head of Personnel Passenger Transport DB Mobility Logistics AG

Lars Scheidler
Berlin
Departmental Manager at the Railway and Transport Union (EVG)

Andreas Springer
Berlin
Personnel and Operations Director, DB Station & Service AG

Bernd Sülz
Berlin
Personnel Director,
DB Fahrzeuginstandhaltung GmbH

Hans-Otto Umlandt
Oesterdeichstrich
Personnel Director, DB Netz AG
Personnel Infrastructure Manager
Deutsche Bahn AG

Margarete Zavoral
Bad Laasphe
CEO of Stiftung Bahn-Sozialwerk (Railway Social Work Foundation)
CEO of Stiftung Eisenbahn-Waisenhort (Railway Orphanage Foundation)

Management report

Commercial environment and general conditions

Overview

As a non-life and casualty insurer with a high proportion of motor insurance, DEVK Allgemeine Versicherungs-AG (DEVK-G) is particularly sensitive to developments in this segment. We are glad, then, to be able this year to report an improvement in revenues in the motor vehicle insurance segment. Due to industry-wide premium adjustment, German motor vehicle insurance registered premium growth of 3.5 %. Despite this, however, the underwriting result for this segment remained negative.

On the claims side, the hard winter at the start of 2011 followed by a series of summer storms had a detrimental effect, with residential building insurance and motor vehicle insurance being particularly hard hit as a result.

On the stock exchanges, 2011 was dominated by the eurozone debt crisis and fears that the economic slowdown would turn into full-blown worldwide recession. As a result, the majority of stock markets showed a clear downward trend, with the EuroStoxx50 share index, for instance, down 17.4 % by the end of the year at 2,316.55, while the DAX German share index was slightly stronger at 14.7 % down. Investors' deep-seated pessimism also led to higher risk premiums being demanded on many bonds – a trend not just affecting paper issued by the PIIGS countries. Meanwhile, the euro lost significant ground against many currencies.

However, for DEVK Allgemeine Versicherungs-AG we can once again report satisfactory business performance during the course of 2011.

Ratings

The ratings, commissioned by Standard & Poor's for the first time in 2008, are updated each year. As in 2008, 2009 and 2010, in 2011 DEVK Sach- und HUK-Versicherungsverein a.G., DEVK Allgemeine Versicherungs-AG, DEVK Allgemeine Lebensversicherungs-AG and DEVK Rückversicherungs- und Beteiligungs-AG were all once again assigned ratings of A+, and Standard & Poor's assesses our future outlook as "stable", thus confirming the very sound financial position enjoyed by DEVK companies generally.

The rating agency Fitch came to the same conclusion, with its 2011 second-time rating of the financial strength of DEVK's core companies also coming in at A+. The individual companies rated were DEVK Sach- und HUK-Versicherungsverein a.G., DEVK Rückversicherungs- und Beteiligungs-AG, DEVK Allgemeine Versicherungs-AG, DEVK Rechtsschutz-Versicherungs-AG, DEVK Krankenversicherungs-AG and the two life assurance companies DEVK Lebensversicherungsverein a.G. and DEVK Allgemeine Lebensversicherungs-AG. Their outlook too is rated as stable.

The ASSEKURATA Assekuranz rating agency once again gave outstanding ratings to DEVK Sach- und HUK-Versicherungsverein a.G. and DEVK Allgemeine Versicherungs-AG in February 2012, with both companies for the 13th time receiving the top mark of A++ (excellent).

Customer satisfaction

In its latest ratings, the ASSEKURATA Assekuranz rating agency gave DEVK-G a score of "very good" for customer orientation. This assessment was based, among other things, on a customer survey conducted in November 2011 that revealed very high levels of customer satisfaction. This assessment was confirmed by a variety of other studies. For instance, a survey conducted in 2011 by the Cologne firm MSR Consulting again revealed an overall customer satisfaction rating of "outstanding", and in its market study "Motor Vehicle Insurance Touchpoints", the independent Cologne-based analysis institute Assekurata Solutions GmbH found that customers were very satisfied with DEVK's claims settlement. In this study DEVK was seen as the best service insurer in Germany for claims settlement, earning a rating of "very good".

On the whole, these external ratings attest to the great competitive strength of our business.

Overall business trends

Due to portfolio growth and higher average motor insurance premiums, the company's gross overall premium receipts from direct insurance operations rose by 4.5 % to € 984.5 million. Including reinsurance business taken on, with a premium volume of € 10.7 million, overall premium growth came to 4.6 %.

Total earned premiums net of reinsurance in 2011 rose by 4.0 % to € 842.9 million. Claims incurred, net of reinsurance, rose by 2.7 % to € 649.8 million, thus bringing their share of net earned premiums to 77.1 % (2010: 78.1 %). Expenses on insurance operations net of reinsurance were 2.8 % down on the 2010 level, as a result of which their proportion of net earned premiums was 21.3 %, 1.5 percentage points lower than in 2010.

Before the withdrawal from the equalisation provision, the technical account amounted to € 11.1 million, a much better result than the € – 9.2 million registered in 2010. Accordingly, after a € 13.7 million withdrawal from the equalisation provision (2010: € 10.5 million), the underwriting result net of reinsurance came to € 24.9 million (2010: € 1.3 million).

The investment result was lower than in 2010. This was chiefly due to reduced write-ups and higher write-downs as a consequence of poor stock market performance.

The "Other" result was much better than in 2010, as last year's result was affected by the one-off effect of the transition to the new accounting regulations laid down in the German Act on Modernisation of Accounting Regulations (BilMoG).

The result from ordinary activities came to € 77.6 million (2010: € 68.3 million).

There was no extraordinary result to report for 2011 (2010: € – 400,000).

Tax expenses came to € 800,000, as compared with income of € 9.1 million in 2010 as a result of the release of tax provisions.

At € 76.8 million, the total profit transfer to DEVK Rückversicherungs- und Beteiligungs-AG was virtually unchanged from the 2010 figure of € 77.0 million.

Performance of the individual insurance classes

The insurance classes in which DEVK-G undertook direct insurance operations in 2011 are detailed in the notes to the management report. The following section outlines the performance of the individual insurance segments, classes and types in which we undertook direct operations. At the end of this section we briefly discuss our reinsurance business.

Accident insurance

Under accident insurance we include both general accident insurance and motor vehicle accident insurance. In 2011, the total number of accident insurance policies rose significantly to 843,013 (2010: 807,679). Gross premiums rose to € 84.1 million, a 4.0 % increase on the 2010 figure, and the underwriting result improved to € 21.4 million (2010: € 12.7 million).

Liability insurance

Our overall liability insurance portfolio increased to 1,114,255 policies (2010: 1,087,645). In line with the portfolio growth, gross premiums rose by 2.3 % to € 75.8 million. After a € 2.7 million allocation to the equalisation provision (2010: € 1.3 million), the underwriting result net of reinsurance came to € 20.8 million (2010: € 22.5 million).

Motor vehicle liability insurance

Our end-of-year portfolio of policies totalled 1,976,295 (2010: 1,940,666), plus 221,271 moped policies. Due both to the portfolio growth and premium adjustments, gross premium receipts were up 4.3 % on the 2010 figure at € 389.0 million. After a € 15.8 million withdrawal from the equalisation provision (2010: € 8.4 million), the underwriting result net of reinsurance was € – 9.7 million (2010: € – 11.0 million).

Other motor vehicle insurance

Other motor vehicle insurance comprises our comprehensive and partial comprehensive (third-party, fire and theft) motor insurance. The number of risks covered in this segment increased to 1,593,871 (2010: 1,568,035), and the portfolio also included 46,721 partial-coverage moped policies. Gross premiums (including mopeds) increased by 6.6 % to € 247.4 million. € 1.4 million was withdrawn from the equalisation provision (2010: € 5.9 million), after which the underwriting result came in at € – 16.8 million (2010: € – 24.9 million).

Fire and non-life insurance

From 2011 onwards we have no longer been operating our insurance against damage by natural forces as an independent division, and accordingly we are no longer reporting separate policy numbers for it. We have adjusted the figures for the previous year accordingly. The associated income and expenses have been added to those for the underlying main insurance, namely building or household contents policies. Here last year's figures have not been adjusted, leading in some cases to sizeable differences between the 2011 and 2010 figures.

At the end of 2011, our fire and non-life insurance portfolio comprised a total of 1,682,099 policies (2010: 1,656,235). Gross premiums increased by 3.9 % to € 177.9 million. After an € 800,000 allocation to the equalisation provision (2010: € 300,000), the underwriting result improved to € 13.6 million (2010: € 10.9 million).

In detail, our individual fire and non-life segments performed as follows:

Our household contents insurance portfolio increased to 873,366 (2010: 860,523), while gross premiums were up from € 78.6 million to € 80.4 million (+ 2.4 %). The equalisation provision was released in 2010 through a withdrawal of € 1.2 million, and no allocation to the provision was made in 2011. The underwriting result came to € 13.6 million (2010: € 14.4 million).

At the end of the year, our homeowners' building insurance business comprised 340,636 policies (2010: 329,512). Due both to this increase and the reassignment of insurance against damage by natural forces, gross premiums rose strongly to € 76.3 million (2010: € 68.9 million), representing growth of 10.7 %. After a € 700,000 allocation to the premium refunds provision, the underwriting result net of reinsurance came to € – 1.6 million (2010: € – 3.7 million).

In the other fire and non-life insurance classes, our portfolio as of 31 December 2011 comprised 468,097 policies (2010: 466,200). However, as a result of the reassignment of insurance against damage by natural forces, premium receipts fell by 10.9 % to € 21.2 million. The underwriting result net of reinsurance came to € 1.7 million (2010: € 200,000).

Other insurance policies

Other insurance policies primarily comprise the results of our breakdown service and cheque card insurance policies as well as insurance against various financial losses. Total premium receipts here were € 10.5 million (2010: € 10.5 million). The underwriting result net of reinsurance was a profit of € 800,000 (2010: € – 1.1 million). A loss on breakdown service insurance was more than offset by profits on cheque card insurance and insurance against various financial losses.

Reinsurance coverage provided

The reinsurance coverage provided chiefly comprised the reinsurance of Group-internal motor vehicle and non-life insurance policies. With a total premium volume of € 10.7 million (2010: € 9.9 million), the underwriting result net of reinsurance came to € – 5.3 million (2010: € – 7.7 million).

Outward reinsurance

Our outward reinsurance business was distributed between several external reinsurers and our Group-internal reinsurer DEVK Rückversicherungs- und Beteiligungs-AG (DEVK-B). Our choice of reinsurers took their ratings into account.

Investments and net investment income

The 2011 investment result was poorer than expected last year. This was due to the negative performance of equities, leading to significantly higher write-downs on equities.

During the year under review, our investment portfolio grew to € 1,715.0 million (2010: € 1,627.8 million). There were no significant changes in the composition of the investment portfolio.

Total investment income came to € 78.1 million (2010: € 85.6 million). Alongside the regular income, the company booked profits totalling € 5.2 million from disposals of investments (2010: € 4.3 million) plus income from write-ups of € 2.4 million (2010: € 8.8 million).

Due to increased write-downs, investment expenses were up on last year's figure at € 19.0 million (2010: € 6.7 million).

Our net 2010 investment result came to € 59.1 million, as against € 78.9 million in 2010.

Operating result and appropriation of retained earnings

The profit before profit transfer came to € 76.8 million (2010: € 77.0 million). This sum was transferred to DEVK-B in line with the 2002 Control and Profit Transfer Agreement.

Affiliated companies and participating interests

The affiliated companies of DEVK Allgemeine Versicherung-AG are as follows:

DEVK Deutsche Eisenbahn Versicherung
Sach- und HUK-Versicherungsverein a.G.
Betriebliche Sozialeinrichtung der Deutschen Bahn, Cologne

and its direct and indirect subsidiaries.

DEVK Allgemeine Versicherung-AG's share capital of € 194.3 million is fully paid up and is 100 % held by DEVK Rückversicherungs- und Beteiligungs-AG, with whom a control and profit transfer agreement exists.

Details of our company's direct shareholdings in affiliated companies and participating interests are given in the notes.

Delegation of functions and organisational cooperation

Under a general agency agreement, DEVK Sach- und HUK-Versicherungsverein a.G. performs the insurance brokerage role and associated operations.

The general operational areas of accountancy, collection, EDP, asset management, personnel, auditing and general administration are centrally organised for all DEVK companies, and our portfolio management and claims management are also merged with those of DEVK Sach- und HUK-Versicherungsvereins a.G.

Furthermore, under our Cooperative Agreement, DEVK Sach- und HUK-Versicherungsverein a.G. furnishes us with the necessary back-office personnel.

However, our company has separate lease contracts and its own inventory and equipment based on our own needs.

Opportunities and risks from future developments

In accordance with the German Control and Transparency in Business Act (KonTraG), and the minimum risk management requirements laid down in section 64a of the Insurance Supervision Act, we are hereby reporting the opportunities and risks presented by future developments.

A risk management system is employed within the DEVK Group to identify and assess risks at an early stage. The system is based on a risk-bearing capacity model that guarantees adequate coverage of all significant risks via the company's own funds. To control risks, DEVK has put in place a consistent system of limits whereby the limit capacity is portrayed in the form of risk ratios. The risk ratios break down the risk limits set by the risk strategy according to DEVK's most important organisational areas. On top of this, a comprehensive risk inventory is compiled every six months, in which risks are recorded and classified according to type with the aid of a questionnaire. Wherever possible, risks are quantified and the action necessary to manage the risks is recorded. This system enables us to react immediately and appropriately to developments that pose a risk to the Group. The system's effectiveness and suitability are monitored by the Internal Auditing unit.

DEVK's risk management organisation is both centralised and decentralised at one and the same time. By decentralised risk management, we mean the risk responsibility borne by individual departments. Thus, departmental and process managers are in charge of and responsible for risk management within their specific operational areas. Meanwhile, central risk management is the task of the independent risk controlling function, which is responsible for dealing with the cross-departmental risks and for the development and maintenance of the company-wide risk management system. It coordinates the company's risk management processes and supports those responsible for risk within individual departments.

The Risk Committee assesses the risk situation faced by individual companies and by the Group as a whole on the basis of the risk reports it receives, taking into account all discernible significant risks, as well as limit capacities and current risk drivers. Finally, a Management Board submission is prepared in which the results are reported to the Management Board members responsible for the various risk areas. The risk report and the risk control process (identification, analysis, evaluation, management and monitoring) are updated on a quarterly basis. Reports are submitted both to the Risk Committee and members of the Management Board.

Technical risks

Principal among the technical risks are the premium/claims risk and the reserves risk.

In line with suitable assumption guidelines, as a rule we only underwrite straightforward, standardised business, while counteracting the risk of unusually high claims expenses attendant upon extraordinary loss events through a corresponding reinsurance policy.

Our planning and management instruments enable us to identify undesirable or hazardous operational, portfolio and claims trends at an early stage and take any necessary action to counteract them.

We ensure that we maintain adequate technical reserves through the prudent valuation of claims already filed as well as establishing additional reserves to meet claims that are statistically likely but have not yet been filed on the balance sheet date, as well as for claims that will have to be reopened after the balance sheet date. In addition, equalisation reserves are established in accordance with the provisions of commercial law.

Investment risks

The risks stemming from investments comprise:
- the risk of unfavourable interest rate, equity market or exchange rate movements (market price risks),
- counterparty risk (credit risk),
- the risk of strongly correlated risks that in turn increase counterparty risk (concentration risk),
- liquidity risk, i.e. the risk of not always being able to meet payment obligations.

Our capital investments comply with the German Ordinance on the Investment of Restricted Assets of Insurance Undertakings (AnlV). We counteract exchange/market price risk and interest rate risk by maintaining a balanced mix of investment types. Active portfolio management allows us to exploit opportunities arising from market movements to improve our results, while we limit credit risk and concentration risk by imposing very stringent rating requirements and continually monitoring the issuers we select, thus avoiding any potentially ruinous dependence on individual debtors. We ensure a continuous influx of liquidity by maintaining a portfolio of interest-bearing investments with a balanced maturity structure.

In light of the uncertain economic situation we actively managed our ratio of equity investments throughout the year, though with an overall downward tendency as compared with 2010. We have applied a value protection model to our equity investments in order to limit market risks. Should growing economic problems, such as a deepening of the eurozone crisis or escalation in Iran, lead to a significant downturn, various courses of action are open to us.

The overall impact on us of the eurozone debt crisis remains manageable since the bulk of our capital investments are in German issuers with strong credit ratings. We have minimal investment exposure to the eurozone countries currently under the microscope, i.e. Portugal, Italy, Ireland, Greece and Spain. As regards issuer risks, as proportions of our total investments, 6 % of the company's investments are in government bonds, 1 % in corporate bonds and 75 % in securities and bank deposits. The bulk of our investments in banks are either covered by various statutory and private deposit protection schemes or involve interest-bearing securities that are protected in law by special guarantee funds. Possible capital write-downs of hybrid investments were largely accounted for in past years via value adjustments in the annual financial statements.

Our interest-bearing investments allocated to fixed assets in accordance with section 341b of the German Commercial Code (HGB) show a positive valuation reserve of € 2.2 million, a figure including € 4.6 million in hidden charges. Fixed-asset equities and equity funds show a negative valuation reserve of € 5.0 million, a figure including € 19.5 million in hidden charges.

BaFin Circular 1/2004 (VA) requires us to subject our investment portfolio to a stress test, which we carried out on the balance sheet date of 31 December 2011, using the BaFin-specified modified stress test model from the German Insurance Association (GDV). All of the scenarios contained therein were passed successfully. The stress test determines whether an insurance undertaking would be in a position to meet its obligations towards its policyholders even if the capital markets underwent a protracted crisis. The stress test simulates a short-term adverse change on the capital markets and examines the impact on the insurance undertaking's balance sheet and accounts. The target horizon is the next balance sheet date. The stress test assumes the following scenarios: 1) a downturn on the equity markets while the bond market remains stable, 2) a downturn on the bond market while the equity market remains stable, 3) a simultaneous crash on the equity and bond markets and 4) a simultaneous crash on the equity and real-estate markets.

Operational opportunities and risks

Operational risks may stem from inadequate or failed operational processes, the breakdown of technical systems, external variables, employee-related incidents and changes in the legal framework. However, the main focus of the half-yearly risk inventory is on operational risks.

DEVK's operating procedures are based on internal guidelines. The risk of employee-related incidents is limited via regulations governing authorisation and powers of representation as well as wide-ranging automated backup for operating procedures, while the efficacy and functionality of in-house controls are monitored by the Internal Auditing unit.

Comprehensive access controls and preventive measures are in place in the IT field to ensure the security and integrity of programmes, data and ongoing operations, and links between internal and external networks are suitably protected by state-of-the-art systems.

Crisis management guidelines have been drawn up on the basis of a corporate emergency analysis. The guidelines set out goals and terms of reference for the prevention of emergencies and dealing with them should they arise.

Solvency

The premium index and claims index indicate that the company's own funds, proof of which must be furnished pursuant to section 53c of the German Insurance Supervision Act (VAG) in order to demonstrate our long-term ability to meet policy liabilities, provide adequate excess cover.

Cash flow

In the current financial year, the cash flow from investments, i.e. the funds required for the net investment volume, amounted to € 109.1 million. The necessary funds were generated by the company's ongoing operations.

Summary of our risk status

Currently there are no discernible developments that could lead to a significant impairment of our company's net assets, financial position and results of operations.

Supplementary report

No occurrences or events took place after the reporting date that could significantly affect the company's future net assets, financial position or results of operations.

Outlook

Thanks to our portfolio growth coupled with motor vehicle insurance premium adjustments we once again expect our total premium receipts to rise, and before changes to the equalisation provisions we anticipate a 2012 underwriting result at much the same level as last year. We regard a further stabilisation of the underwriting result in 2013 as a realistic possibility. However, for this to come about there will have to be no further intensification of motor vehicle insurance competition, and claims settlements will have to remain within "normal" bounds.

Contrary to most experts' forecasts, thus far in 2012 the global economy has performed better than expected. Clearly a deep worldwide recession has not set in, and leading indicators in the USA, China and also Germany point to moderate economic growth. However, the countries directly affected by the eurozone crisis continue to show strongly recessionary tendencies. The predominant current view is that the countries concerned, with the exception of Greece and possibly Portugal, will in the long term be capable of overcoming the crisis. Of key importance here will be the avoidance of a domino effect leading to other European countries being dragged into the turmoil.

This basically good sentiment is also reflected in the positive performance of the world's stock markets during the first few weeks of 2012. However, this means that an economic recovery has already been priced in, so a continuation of the positive trend will be jeopardised not only by the persistent negative impact of the eurozone crisis, but also by political risks such as the Iran conflict. Against this backdrop we expect capital markets to remain highly volatile during 2012 and 2013.

In light of the falling eurozone inflation rates and the extremely expansionary central bank policy, we expect limited potential for increasing yields at the long end of the yield curve. Indeed, it is far more likely that with a corresponding continuation of the positive trends, the yield premiums on both corporate and bank bonds from the weaker eurozone countries will tend to decrease. With falling demand for safe German bonds their yields could increase somewhat, but the overall interest level would remain unaltered or could even fall. No tendency towards increases in the extremely low base interest rates is currently discernible, either in the eurozone or the USA.

We expect DEVK Allgemeine Versicherungs-AG to register increasing net capital investment results during 2012 and 2013. However, this will be dependent upon falling impairment losses.

No changes in "Other" results are expected that could have a significant impact on the 2012 and 2013 operating results.

To conclude, for 2012 and 2013 we expect profits to remain at around the 2011 level.

Cologne, 20 April 2012

The Management Board

Gieseler **Faßbender** **Zens**

Notes to the management report

List of insurance classes covered during the financial year

Direct insurance operations

Foreign travel sickness insurance

Accident insurance
General accident insurance
Motor vehicle accident insurance

Liability insurance

Motor vehicle liability insurance

Other motor vehicle insurance
Fully comprehensive motor insurance
Partial comprehensive motor insurance
(third party, fire and theft)

Fire and non-life insurance
Fire insurance
Burglary and theft insurance
Water damage insurance
Glass insurance
Windstorm insurance
Household contents insurance
Homeowners' building insurance
Universal caravan insurance
Extended coverage insurance
Travel baggage insurance
All-risk insurance

Other insurance policies
Insurance against various financial losses
Bond insurance
Cheque card insurance
Breakdown service insurance

Reinsurance coverage provided

Health insurance

Accident insurance

Liability insurance

Motor vehicle liability insurance

Other motor vehicle insurance

Legal-expenses insurance

Fire and non-life insurance
Fire insurance
Burglary and theft insurance
Household contents insurance
Homeowners' building insurance
Engineering insurance

Other insurance policies
Transport insurance

Financial statements

Balance sheet to 31 December 2011

Assets	€	€	€	(2010: € 000s)
A. Intangible assets				
I. Licences, industrial property rights and similar rights and assets acquired for valuable consideration, as well as licences in such rights and assets		22,671,827		(23,833)
II. Payments on account		2,718,471		(475)
			25,390,298	(24,308)
B. Investments				
I. Real estate and similar land rights, including buildings on third-party land		3,663,361		(3,864)
II. Investments in affiliated companies and participating interests				
1. Shares in affiliated companies	31,250,184			(26,600)
2. Participating interests	50,079,396			(50,161)
		81,329,580		(76,761)
III. Other financial investments				
1. Equities, fund units and other variable-yield securities	311,457,056			(319,600)
2. Bearer bonds and other fixed-interest securities	180,375,795			(120,912)
3. Mortgage loans and annuity claims	186,732,708			(209,529)
4. Other loans	916,615,672			(863,054)
5. Other investments	34,799,872			(34,084)
		1,629,981,103		(1,547,179)
			1,714,974,044	(1,627,804)
C. Receivables				
I. Receivables arising out of direct insurance operations:				
1. Policyholders	12,375,563			(11,445)
2. Intermediaries	260,631			(255)
		12,636,194		(11,700)
II. Receivables arising out of reinsurance operations		13,179,840		(23,656)
of which: Affiliated companies: € 10,505,037				(21,441)
III. Other receivables		3,354,291		(80,224)
of which:			**29,170,325**	(115,580)
Affiliated companies: € 706				(78,469)
D. Other assets				
I. Tangible assets and inventories		8,337,014		(7,284)
II. Cash at bank, cheques and cash in hand		227,524		(190)
III. Other assets		166,090		(719)
			8,730,628	(8,193)
E. Prepayments and accrued income				
I. Accrued interest and rent		24,660,813		(22,496)
II. Other prepayments and accrued income		509,357		(5,666)
			25,170,170	(28,162)
Total assets			**1,803,435,465**	(1,804,047)

I hereby confirm that the premium provision of € 12,108,441.78, recorded on the balance sheet under item B.III. of the liabilities and shareholders' equity, has been calculated in compliance with sections 341f and 341g of the German Commercial Code (HGB) as well as the Regulation issued pursuant to section 65 paragraph 1 of the Insurance Supervision Act.

Cologne, 19 April 2012 **The Actuary in Charge | Dr Siegberg**

Pursuant to section 73 of the German Insurance Supervision Act (VAG), I hereby attest that the assets detailed in the list of coverage assets are properly invested and secured in accordance with statutory and supervisory authority requirements.

Cologne, 19 April 2012 **The Trustee | Thommes**

Liabilities and shareholders' equity

	€	€	€	(2010: € 000s)
A. Capital and reserves				
I. Subscribed capital		194,290,915		(194,291)
II. Capital reserve		70,302,634		(70,303)
III. Retained earnings				
1. Statutory reserve	383,469			(383)
2. Other retained earnings	47,193,776			(47,194)
		47,577,245		(47,577)
			312,170,794	(312,171)
B. Technical provisions				
I. Provision for unearned premiums				
1. Gross amount	7,530,417			(7,371)
2. of which: Reinsurance amount	27,527			(295)
		7,502,890		(7,076)
II. Premium reserve		42,431		(51)
III. Provision for claims outstanding				
1. Gross amount	1,347,576,447			(1,330,285)
2. of which: Reinsurance amount	304,799,967			(311,814)
		1,042,776,480		(1,018,471)
IV. Provision for bonuses and rebates		14,590,040		(14,551)
V. Equalisation provision and similar provisions		141,338,033		(155,064)
VI. Other technical provisions				
1. Gross amount	6,421,682			(7,327)
2. of which: Reinsurance amount	402,365			(652)
		6,019,317		(6,675)
			1,212,269,191	(1,201,888)
C. Provisions for other risks and charges				
I. Provisions for taxation		6,446,680		(6,436)
II. Other provisions		248,380		(258)
			6,695,060	(6,694)
D. Deposits received from reinsurers				
			82,221,353	(100,334)
E. Liabilities				
I. Liabilities arising out of direct insurance operations				
1. Policyholders	93,572,000			(79,631)
2. Intermediaries	4,514			(5)
		93,576,514		(79,636)
II. Liabilities arising out of reinsurance operations		10,377,449		(8,299)
of which: Affiliated companies: € 949.600				(6,758)
III. Other liabilities		85,031,434		(92,851)
including:			**188,985,397**	(180,786)
Tax: € 6.799.097				(6,322)
Affiliated companies: € 77.341.163				(85,229)
F. Accruals and deferred income				
			1,093,670	(2,174)
Total liabilities			**1,803,435,465**	(1,804,047)

Profit and loss account

for the period from 1 January to 31 December 2011

Items	€	€	€	(2010: € 000s)
I. Technical account				
1. Earned premiums, net of reinsurance				
a) Gross premiums written	995,232,119			(951,679)
b) Outward reinsurance premiums	151,888,837			(140,086)
		843,343,282		(811,593)
c) Change in the gross provision for unearned premiums	– 159,630			(– 1,104)
d) Change in the provision for unearned premiums, reinsurers' share	– 267,161			(–)
		– 426,791		(– 1,104)
			842,916,491	(810,489)
2. Allocated investment return transferred from the non-technical account, net of reinsurance			**– 51,884**	(186)
3. Other technical income, net of reinsurance			**776,383**	(804)
4. Claims incurred, net of reinsurance				
a) Claims paid				
aa) Gross amount	731,591,404			(692,892)
bb) Reinsurers' share	106,077,150			(97,146)
		625,514,254		(595,746)
b) Change in the provision for claims outstanding				
aa) Gross amount	17,291,052			(38,427)
bb) Reinsurers' share	7,013,751			(– 1,212)
		24,304,803		(37,215)
			649,819,057	(632,961)
5. Changes in other technical provisions, net of reinsurance				
a) Premium reserve, net of reinsurance		8,227		(6)
b) Other technical provisions, net of reinsurance		597,939		(– 88)
			606,166	(– 82)
6. Bonuses and rebates, net of reinsurance			**75,104**	(75)
7. Net operating expenses				
a) Gross operating expenses		207,469,053		(211,508)
b) of which: Reinsurance commissions and profit participation		27,584,675		(26,483)
			179,884,378	(185,025)
8. Other technical charges, net of reinsurance			**3,337,233**	(2,552)
9. Subtotal			**11,131,384**	(– 9,216)
10. Change in the equalisation provision and similar provisions			**13,726,294**	(10,515)
11. Underwriting result, net of reinsurance			**24,857,678**	(1,299)
Balance carried forward:			24,857,678	(1,299)

Items	€	€	€	€	(2010: € 000s)
Balance carried forward:				24,857,678	(1,299)
II. Non-technical account					
1. Investment income					
a) Income from participating interests		2,537,715			(4,142)
of which:					
from affiliated companies: € 1,130,000					(1,400)
b) Income from other investments					
aa) Income from real estate, similar land rights and buildings, including buildings on third-party land	334,369				(298)
bb) Income from other investments	67,588,658				(67,969)
		67,923,027			(68,267)
c) Write-ups on investments		2,385,417			(8,829)
d) Gains on the realisation of investments		5,209,235			(4,331)
			78,055,394		(85,569)
2. Investment charges					
a) Investment management charges, interest expenses and other charges on capital investments		1,755,332			(1,452)
b) Write-downs on investments		16,329,170			(4,640)
c) Losses on the realisation of investments		870,252			(624)
			18,954,754		(6,716)
			59,100,640		(78,853)
3. Allocated investment return transferred from the non-technical account			1,891,994		(1,863)
				57,208,646	(76,990)
4. Other income			2,724,560		(7,157)
5. Other charges			7,189,443		(17,127)
				– 4,464,883	(– 9,970)
6. Profit from normal business activity				**77,601,441**	(68,319)
7. Extraordinary expenses			–		(438)
8. Extraordinary result				**–**	(– 438)
9. Taxes on income					
– Own			435,061		(– 10,024)
10. Other taxes			411,060		(908)
				846,121	(– 9,116)
11. Profit transferred under a profit pooling, profit transfer or partial profit transfer agreement				**76,755,320**	(76,997)
12. Net profit for the year				**–**	(–)

Notes to the accounts

Accounting and valuation methods

The **intangible assets** (IT software) are recognised at their costs of acquisition and, with the exception of advance payments, subjected to scheduled depreciation.
Low-value assets are either assigned to a pool of such assets, in which case they are depreciated over a five-year period, beginning from the year of acquisition, or they are recorded as operating expenses in their year of acquisition.

Land, land rights and buildings including buildings on third-party land are recorded at their costs of acquisition or production and subjected to scheduled depreciation.

Shares in affiliated companies and **participating interests** are shown at their costs of acquisition.

Shares, fund units and other variable-yield securities, bearer bonds and other fixed-interest securities are shown at the lower of their costs of acquisition or market prices. Investments assigned to the fixed assets pursuant to section 341b paragraph 2 HGB are valued according to the diluted lower value principle. Investments assigned to the current assets were valued according to the strict lower value principle. Where a write-down to a lower value took place in previous years, a corresponding write-up subsequently took place if this asset could then be assigned a higher value on the balance sheet date. Said write-ups were to the lower of cost or market.

The **mortgage loans and annuity claims** are recognised at their costs of acquisition less an individual value adjustment for the potential default risks. The cumulative amortisation is recognised as revenue over the mortgage term.

Registered bonds are recognised at their nominal values. Premium and discount points are distributed over the term of the loans via deferrals and accruals.

Notes receivable, loans and **other loans** are recognised at their amortised cost plus or minus the cumulative amortisation of the difference between the cost of acquisition and the redemption amounts, applying the effective interest method.
Zero notes receivable are capitalised at their costs of acquisition plus the interest entitlement as determined on the basis of the capital volume and the interest agreement.

In some cases, **other investments** are recognised at the lower of cost or market.

Receivables from direct insurance operations are capitalised at their nominal values less individual value adjustments plus a general write-down to cover the potential default risk.

Receivables from reinsurance operations are based on the reinsurance contracts and are recognised at their nominal values.

Other receivables and **other assets** not constituting operating or office equipment are recognised at their nominal values. Operating or office equipment is shown at its cost of acquisition or production as reduced by scheduled depreciation. Depreciation is calculated according to the straight-line method.
Low-value assets are either assigned to a pool of such assets, in which case they are depreciated over a five-year period, beginning from the year of acquisition, or they are recorded as operating expenses in their year of acquisition.

Apart from the premium on registered bonds, **prepayments and accrued income** chiefly comprise interest claims not yet due, which are recorded at their nominal values.

Technical provisions are calculated by application of the following principles:
For moped insurance, a **provision for unearned premiums** is calculated for January and February of the following year. The premium shares assignable to these two months are calculated, depending on the insurance policy terms, as unearned premium provisions from the premiums booked each month. In the credit insurance segment, provisions for unearned premiums are calculated individually, taking into account the start of the individual policies and the term of the insurance contract. When calculating the unearned premium provisions, we complied with the regulation laid down by the Finance Minister of North Rhine-Westphalia on 30 April 1974. Provisions for unearned premiums did not have to be set up with respect to other classes of insurance since the policy year and calendar year are identical in these cases.
Provisions for unearned premiums in relation to reinsurance cover provided were formed on the basis of the details provided by the ceding insurance companies.

The **life insurance provision** required for the child accident insurance was calculated individually according to the prospective method, taking implicit recognised costs duly into account. The DAV 2007 HUR, 4.0 % mortality tables formed the basis for the settlement of claims prior to 31 December 2000. An assumed rate of interest of 3.25 % was applied with respect to claims for which provisions first had to be established during the period from 31 December 2000 to 31 December 2003, as against an assumed rate of 2.75 % with respect to claims for which a provision first had to be established during the period from 31 December 2004 to 31 December 2006, and 2.25 % for all later claims.

The gross amount for the **provisions for claims outstanding** from direct insurance operations is calculated individually for each claim. A provision for IBNR losses is established according to general blanket criteria. The provision includes amounts designated for claims settlement.
Gross provisions for unearned premiums in relation to reinsurance cover provided were formed on the basis of the details provided by the ceding insurance companies.

The **pensions life assurance provision** was calculated in accordance with section 341f and 341g HGB on the basis of the DAV 2007 HUR mortality table, applying an assumed interest rate of 4.0 %. In the case of claims for which provisions first had to be established during the period from 31 December 2000 to 31 December 2003, the assumed interest rate applied was 3.25 %, as against an assumed rate of 2.75 % with respect to claims for which a provision first had to be established during the period from 31 December 2004 to 31 December 2006, and 2.25 % for all later claims.

The reinsurance amount was calculated in accordance with the contractual agreements in this respect.

The allocation to the **provision for bonuses** was made on the basis of Executive Board and Supervisory Board decisions that took tax regulations duly into account.

The **provision for rebates** was established on the basis of contractual agreements with policyholders.

The **equalisation provision and other provisions** were calculated in accordance with the annex to section 29 of the German Regulation on Accounting in the Insurance Sector (RechVersV).

The **other technical provisions** include unused amounts from dormant motor insurance policies, the provision for road traffic victims ceded by Verkehrsopferhilfe e.V. (the Road Accident Victims Aid Association), a cancellation provision for premium claims, a provision for premiums already received and for premium obligations, and also cancellation provisions for reinsurance contracts. These provisions are either estimated or as far as possible calculated on the basis of mathematical models, where applicable based on past figures.

The **other provisions** are formed on the following basis:
The **pension provision** was calculated according to the projected unit credit method, on the basis of Professor Klaus Heubeck's 2005G actuarial tables. Discounting was done at the average market interest rate published by Deutsche Bundesbank, as arrived at assuming a residual term of 15 years (cf. section 253 paragraph 2 sentence 2 HGB).
An assumed interest rate of 5.14 % was applied to both future and present pension recipients.
The financing age on expiry is 62.
The assumed rate of pay increase was set at 1.95 % p.a., and the rate of pension increase at 1.7 % p.a.

Other provisions are formed for the current financial year, calculated according to anticipated needs and set at the levels necessary to the best of our commercial judgement.

The **deposits received from reinsurers** result from a reinsurance agreement to cover claims and pensions provisions, valued at the compliance amount.

Liabilities arising out of direct insurance operations and **other creditors** are valued at the compliance amounts.

Liabilities arising from reinsurance operations are based on the reinsurance contracts and are recognised at the compliance amount.

Accruals and deferred income comprise the discount points on registered bonds and advance rent receipts.

Items in foreign currency are converted into euros on the balance sheet date at the median foreign currency exchange rate.

The **allocated investment return for own account** was set at 4.0 %, 3.25 %, 2.75 % or 2.25 % of the respective arithmetical means of the initial and final amounts in the gross pension coverage provisions for casualty, liability, motor vehicle liability and motor vehicle accident insurance.

Due to the company's subsidiary status within the Group, details of deferred tax are given at the level of the parent company DEVK Rückversicherungs- und Beteiligungs-AG, Cologne.

Changes to Asset Items A., B.I. to III. during the 2011 financial year

Assets	Balance sheet value 2010 € 000s	Additions € 000s	Transfers € 000s	Disposals € 000s	Write-ups € 000s	Write-downs € 000s	Balance sheet 2011 € 000s
A. Intangible assets							
1. Licences, industrial property rights and similar rights and assets acquired for valuable consideration, as well as licences in such rights and assets	23,833	2,493	440	–	–	4,094	22,672
2. Payments on account	475	2,742	– 440	59	–	–	2,718
3. Total A.	24,308	5,235	–	59	–	4,094	25,390
B.I. Real estate and similar land rights, including buildings on third-party land Grundstücken							
	3,864	–	–	–	–	201	3,663
B.II. Investments in affiliated companies and participating interests							
1. Shares in affiliated companies	26,600	4,650	–	–	–	–	31,250
2. Participating interests	50,161	872	–	953	–	–	50,080
3. Total B.II.	76,761	5,522	–	953	–	–	81,330
B.III. Other investments							
1. Shares, fund units and other variable-yield securities	319,599	68,967	–	64,103	1,822	14,828	311,457
2. Bearer bonds and other fixed-interest securities	120,912	66,375	–	6,709	–	202	180,376
3. Mortgage loans and annuity claims	209,529	5,733	–	27,458	10	1,081	186,733
4. Other loans							
a) Registered bonds	232,000	58,000	–	10,000	–	–	280,000
b) Notes receivable and loans	541,626	37,077	–	11,802	–	–	566,901
c) Other loans	89,429	–	–	19,715	–	–	69,714
5. Other investments	34,084	1,178	–	999	554	17	34,800
6. Total B.III.	1,547,179	523,830	–	427,286	2,386	16,128	1,629,981
Total	**1,652,112**	**534,587**	**–**	**428,298**	**2,386**	**20,423**	**1,740,364**

Notes to the balance sheet

Re Assets B.

Investments

Pursuant to section 341b paragraph 2 HGB, we have partially assigned investments for long-term retention in the investment portfolio to the fixed assets. As of 31 December 2011, our investments had the following book and current values:

Investments

	Book value €	Current value €
B.I. Real estate and similar land rights, including buildings on third-party land	3,663,361	5,485,000
B.II. Investments in affiliated companies and participating interests		
1. Shares in affiliated companies	31,250,184	42,383,924
2. Participating interests	50,079,396	57,169,808
B.III. Other financial investments		
1. Equities, fund units and other variable-yield securities	311,457,056	325,159,975
2. Bearer bonds and other fixed-interest securities	180,375,795	185,083,640
3. Mortgage loans and annuity claims	186,732,708	206,565,595
4. Other loans		
a) Registered bonds	280,000,000	302,382,852
b) Notes receivable and loans	566,901,126	577,058,550
c) Other loans	69,714,546	54,574,372
5. Other investments	34,799,872	30,438,969
Total	**1,714,974,044**	**1,786,302,685**
of which: Investments valued at costs of acquisition	1,434,974,043	1,483,919,832
of which: Investments in fixed assets pursuant to section 341b paragraph 2 HGB	251,766,255	248,939,186

The valuation reserves include hidden liabilities totalling € 65.7 million. These relate to investment shares, bearer bonds, mortgage loans, participating interests, notes receivable, silent participating interests, other loans, zero bonds and securities capitalised at their nominal values pursuant to section 341c HGB.

Depending on the investment type, a variety of different methods were used to calculate the current values.

Real estate is valued according to the gross rental method. All real estate held on 31 December 2011 was revalued with effect from that date.

The current value of shares in affiliated companies and participating interests is calculated on the basis of either gross rental values or book value equals market value.

Lien on real estate was valued using the most up-to-date yield curve, while taking default and property risk duly into account.

Both dividend-bearing securities and fixed-interest securities capitalised at their costs of acquisition are valued using the year's-end market prices. Pursuant to section 56 RechVersV, the current values of the registered bonds, notes receivable, loans and zero notes payable were calculated at normal market conditions on the basis of the yield curve. The current value of other investments was calculated on the basis of the year's-end prices reported by the respective issuing banks.

The current values of the other loans and silent participating interests within the meaning of the German Banking Act (KWG) (equity surrogates) were calculated on the basis of the discounted cash flow method on the basis of the current euro swap curve plus a risk premium, taking into account the anticipated future payment streams in light of debtor-specific assumptions.

The market values of investments denominated in foreign currencies were calculated on the basis of the year's-end exchange rates.

Details of financial instruments within the meaning of section 285 paragraph 18 HGB that are capitalised at their fair value

	Book value € 000s	Fair value € 000s
Participating interests	5,175	4,275
Investments classified as fixed assets	157,570	133,478
Mortgage loans	7,889	7,341
Other loans	221,798	190,561
Silent participating interests	25,842	19,974

We have refrained from making any write-downs in accordance with section 253 paragraph 3 sentence 4 HGB as we either intend to hold various securities until maturity or we are assuming that any fall in value is only temporary.

Details of derivative financial instruments and forward purchases in accordance with section 285 paragraph 19 HGB

	Type	Nominal volume € 000s	Book value premium € 000s	Fair value of premium € 000s
Other liabilities	Short put options	2,720	169	160
	Short call options	1,600	65	42
Bearer bonds	Forward purchases	15,000	–	1,516

Valuation methods

Short options:	European options	Black-Scholes
	American options	Barone-Adesi
Forward purchases:	Bloomberg or our own calculations based on market data	

Details of units or shareholdings in domestic investment funds in accordance with section 285 paragraph 26 HGB

Investment goal	Dividends € 000s	Current value € 000s	Hidden reserves/ hidden charges € 000s	Limitation on daily redemption
Equity funds*	3,222	124,744	– 12,878	
Mixed funds	6,857	101,529	–	
Real-estate funds	1,513	32,517	865	once a month up to € 50,000 or if given due notice

* Reason why we have refrained from a write-down pursuant to section 253 paragraph 3 HGB:
The VEA special fund is an equity fund that tracks indices, in particular the EuroStoxx50 and DAX30. In 2011 both these indices fell in value, with the EuroStoxx50 performing worse than the DAX, chiefly because southern European shares performed significantly worse than German ones.

The bulk of the falls during 2011 occurred during a few weeks in August. Despite a significantly reduced investment grade, the fund lost value during 2011.

Capital market movements throughout 2011 took on panic-like proportions, clearly founded on fears of the collapse of the euro followed by a deep worldwide recession. However, stock market movements during the first quarter of 2012 have shown that these fears were exaggerated. Despite continuing uncertainty over Greece's future, the eurozone, excluding a few southern countries, appears to be facing an economic blip rather than a severe recession. The lead indicators have changed many times, as confirmed by the upward stock market movement. When analysing various individual securities, we came up with valuations well above their 2011 closing prices. Accordingly, at individual security level there is notable value recovery potential, and in view of this we regard it as reasonable to refrain from writing down the securities funds in our fixed assets.

Re Assets B.II.

Investments in affiliated companies and participating interests

	Subscribed capital €	% share	checked % share	Equity €	Results from previous financial year €
DEVK Omega GmbH, Cologne	25,000	100.00	100.00	24,341	– 4
DEVK Private Equity GmbH, Cologne	10,000,000	65.00	57.65	138,546,110	5,366,250
KASSOS Beteiligungs- und Verwaltungs-GmbH, Cologne	25,000	100.00	100.00	32,709	– 3,366
Terra Management GmbH, Landolfshausen	25,000	25.00	25.00	23,238	– 612
Terra Estate GmbH & Co. KG, Landolfshausen	1,500,000	24.38	24.38	3,330,337	– 169,663

Pursuant to section 285 paragraph 11 HGB, only investments in affiliated companies and participating interests involving holdings of at least 20 % have been included here.

Re Assets B.III.

Other investments
Other loans exclusively comprise registered participation certificates.
Other investments chiefly comprise silent participating interests within the meaning of the Banking Act (KWG), profit participation certificates and fund units.

Re Assets E.II.

Other prepayments and accrued income

Premium for notes receivable and loans	€ 411,310
Prepaid expenses	€ 98,047
	€ 509,357

Re Liabilities A.I.

Subscribed capital

The subscribed capital totalling € 194,290,915 is divided into 380,000 registered no par value shares.

Re Liabilities B.

Technical provisions

Figures in € 000s	Total gross provision		of which: Claims outstanding		of which: Equalisation provision and similar provisions	
Insurance class	2011	2010	2011	2010	2011	2010
Accident	98,548	105,236	98,019	104,695	–	–
Liability	93,199	98,438	67,297	75,246	25,841	23,133
Motor vehicle liability	1,212,301	1,196,724	1,097,828	1,065,192	108,241	123,692
Other motor vehicle	51,758	58,011	34,628	39,226	1,360	2,433
Fire and non-life	54,659	52,056	47,980	43,226	4,179	3,948
of which:						
Fire	2,389	1,981	2,015	1,171	373	808
Household contents	12,894	11,125	12,847	11,086	–	–
Homeowners' building	34,147	29,629	30,136	26,579	1,596	1,453
Other non-life	5,229	9,321	2,982	4,390	2,210	1,687
Other	7,034	4,185	1,824	2,700	1,717	1,858
Total	**1,517,500**	1,514,650	**1,347,576**	1,330,285	**141,338**	155,064

Re Liabilities B.IV.

Provision for bonuses and rebates

a) Bonuses

31.12.2011	**14,491,040**

b) Rebates

31.12.2010	€ 59,884
Withdrawal	€ 35,988
Allocation	€ 75,104
31.12.2011	**€ 99,000**

Re Liabilities F.

Accruals and deferred income

Discount points on registered bonds	€ 1.091.794
Advance rental receipts	€ 1.876
	€ 1.093.670

Notes to the profit and loss account

Direct insurance operations

2011, € 000s	Booked premiums gross	Gross premiums earned	Net premiums earned	Gross expenses on Insurance claims	Gross expenses on Insurance operations	Reinsurance balance	Underwriting result, net of reinsurance
Accident	84,069	84,069	65,474	17,034	35,068	– 10,765	21,367
Liability	75,762	75,762	73,670	19,899	28,290	– 4,082	20,790
Motor vehicle liability	390,684	391,219	342,407	364,112	47,490	– 6,639	– 10,400
Other motor vehicle	249,332	249,429	201,570	235,618	34,703	2,544	– 16,700
Fire and non-life	184,880	184,727	151,236	102,651	61,545	– 5,621	10,669
of which:							
Fire	1,057	1,057	680	1,430	619	285	– 356
Household contents	80,447	80,447	71,077	34,658	27,521	– 3,419	13,035
Homeowners' building	83,241	83,088	61,158	58,637	24,891	– 1,371	– 4,053
Other non-life	20,135	20,135	18,321	7,926	8,514	– 1,116	2,043
Other	10,505	9,867	8,559	9,568	373	– 945	– 868
Total	**995,232**	**995,073**	**842,916**	**748,882**	**207,469**	**– 25,508**	**24,858**

2010, € 000s	Booked premiums gross	Gross premiums earned	Net premiums earned	Gross expenses on Insurance claims	Gross expenses on Insurance operations	Reinsurance balance	Underwriting result, net of reinsurance
Accident	80,801	80,801	63,098	22,917	37,003	– 8,494	12,714
Liability	74,043	74,043	72,029	20,067	29,080	– 1,201	22,441
Motor vehicle liability	374,858	374,833	331,405	350,934	46,859	3,045	– 11,845
Other motor vehicle	234,016	234,048	189,722	227,587	36,153	– 1,008	– 24,751
Fire and non-life	177,436	177,345	145,778	96,423	62,002	– 6,845	8,088
of which:							
Fire	1,236	1,236	772	– 337	595	– 382	– 311
Household contents	78,572	78,572	69,352	31,555	28,579	– 3,897	14,304
Homeowners' building	75,056	74,965	55,162	53,515	24,096	– 1,339	– 6,084
Other non-life	22,572	22,572	20,492	11,690	8,732	– 1,227	179
Other	10,525	9,505	8,457	13,391	411	– 741	– 5,347
Total	951,679	950,575	810,489	731,319	211,508	– 15,244	1,300

The gross overall expenses on all insurance operations were as followsf:

Acquisition costs	€ 126,705,270
Administration costs	€ 80,763,783

Insurance agents' commission and other remuneration, personnel expenses

	2011, € 000s	2010, € 000s
1. Insurance agents' commission of all types within the meaning of section 92 HGB for direct insurance operations	119,309	119,110
2. Other insurance agents' remuneration within the meaning of section 92 HGB	–	–
3. Wages and salaries	373	231
4. Social security contributions and social insurance costs	–	–
5. Retirement pension costs	74	241
Total	**119,756**	119,582

The pension provision for the personnel provided under the Cooperative Agreement is capitalised by DEVK Rückversicherungs- und Beteiligungs-AG. Allocations to the pension provision, with the exception of the interests allocation, are charged to DEVK Allgemeine Versicherungs-AG.

During the year under review, Management Board remuneration totalled € 393,049. The retirement pensions of former Management Board members and their surviving dependants totalled € 544,392. As of 31 December 2011, a pension provision of € 6,446,680 was capitalised for this group of people. The Supervisory Board remuneration totalled € 213,793 and payments to the Advisory Board came to € 58,320.

Other information

Contingencies and other financial obligations

On the balance sheet date, there were financial obligations totalling € 4.3 million from open short options, € 57.0 million from multi-tranche notes payable and € 15.0 million from open forward purchases. The payment obligations in relation to approved mortgages loans not yet paid out totalled € 200,000.

At the end of the year, remaining payment obligations arising from real-estate holdings, fund units, participating interests and shares in affiliated companies totalled € 22.2 million. This includes obligations towards affiliated companies amounting to € 16.9 million.

General information

Number of insurance contracts concluded directly by the Group with a term of at least one year	2011	2010
Accident	843,013	807,679
Liability	1,114,255	1,087,645
Motor vehicle liability	1,976,295	1,940,666
Other motor vehicle	1,593,871	1,568,035
Fire and non-life	1,682,099	1,656,235
of which:		
Fire	4,583	4,502
Household contents	873,366	860,523
Homeowners' building	340,636	329,512
Other non-life	463,514	461,698
Other	1,791	1,646
Total	**7,211,324**	7,061,906

Lists of the members of the Management Board, Supervisory Board and Advisory Board are given prior to the management report.

Our company does not itself employ any personnel.

On the balance sheet date, our company was wholly owned by DEVK Rückversicherungs- und Beteiligungs-AG, Cologne, who have disclosed, pursuant to section 20 paragraph 4 AktG, that they hold a majority of the voting rights.

As required by law the annual financial statements are published in Germany's Electronic Federal Gazette.

Pursuant to section 285 paragraph 17 HGB, details of the auditors' fees are given in the consolidated notes.

Our company is exempt from the obligation to prepare consolidated financial statements and a consolidated management report.

Name and domicile of the parent company that draws up the consolidated financial statements whereby the company is thus exempted and in which it is included:

DEVK Deutsche Eisenbahn Versicherung
Sach- und HUK-Versicherungsverein a.G.
Betriebliche Sozialeinrichtung der Deutschen Bahn
Zentrale, Riehler Strasse 190, 50735 Cologne

The consolidated financial statements are published on the website of DEVK at www.devk.de, as well as in the Electronic Federal Gazette.

Cologne, 20 April 2012

The Management Board

Gieseler **Faßbender** **Zens**

Audit certificate

We have audited the annual financial statements, comprising the balance sheet, income statement and notes, as well as the accounting and management report of **DEVK Allgemeine Versicherungs-Aktiengesellschaft**, Cologne, for the financial year from 1 January to 31 December 2011. The accounting and the preparation of the annual financial statements and management report in accordance with German commercial regulations and the supplementary provisions of the articles of association are the responsibility of the company's Management Board. Our remit is to express an opinion on the annual financial statements, accounting and management report on the basis of our audit.

We conducted our audit pursuant to section 317 of the German Commercial Code (HGB) and the generally accepted standards for auditing financial statements promulgated by the German Institute of Auditors (IDW), which require us to plan and perform the audit in such a way that misstatements materially affecting the presentation of assets, finances and earnings in the annual financial statements in accordance with the German principles of proper accounting and in the management report are detected with reasonable certainty. Knowledge of the company's business activities, the economic and legal circumstances, and expectations concerning possible errors are taken into account when determining the audit activities. The effectiveness of the internal auditing system and the accuracy of the evidence supporting the information contained in the accounting, annual financial statements and management report are predominantly tested on the basis of random sampling. The audit includes an evaluation of the accounting principles applied and the principal estimates made by the Executive Board, as well as an appraisal of the overall view conveyed by the annual financial statements and management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any objections.

In our opinion, based on the findings of our audit, subject to the above-mentioned reservation, the annual financial statements comply with the legal regulations, and convey an accurate and fair view of the company's assets, finances and earnings in keeping with generally accepted accounting principles. Furthermore, the management report is in conformity with the annual financial statements, provides an accurate description of the company's overall position, and accurately sets out the risks and opportunities inherent in future developments.

Cologne, 26 April 2012

KPMG AG Wirtschaftsprüfungsgesellschaft

Mehren	**Offizier**
Auditors	Auditors

Supervisory Board report

During 2011, the Supervisory Board regularly monitored the Management Board's leadership on the basis of written and verbal reporting, as well as being briefed on the company's commercial performance, corporate policies and financial position at various meetings.

KPMG AG Wirtschaftsprüfungsgesellschaft, having been appointed as auditors in line with statutory requirements, duly audited the 2011 annual financial statements and management report prepared by the Management Board. Their audit did not reveal any irregularities and accordingly an unqualified audit certificate was granted. The Supervisory Board has duly acknowledged and agrees with the audit findings.

The Supervisory Board's own audit of the annual financial statements and management report likewise revealed no irregularities, and accordingly the Supervisory Board hereby approves the 2011 financial statements, which are thus duly adopted.

The Supervisory Board would like to thank the Management Board and employees for all their hard work and commitment.

Cologne, 15 May 2012

The Supervisory Board

Zell
Chairman

Group management report

Commercial environment and general conditions

Group structure

At the head of the Group is DEVK Sach- und HUK-Versicherungsverein a.G, a mutual insurance company that is a self-help organisation for railway workers recognised as a company welfare scheme by Deutsche Bahn and the Federal Office for Railway Assets. It offers its members, who are predominantly railway workers and other transport sector employees, comprehensive bespoke, economically priced insurance cover.

DEVK Sach- und HUK-Versicherungsverein a.G. has a 100 % holding in its subsidiary DEVK Rückversicherungs- und Beteiligungs-AG, which acts as the reinsurer and intermediate holding company controlling the principal insurance companies of DEVK operating for the general private-client market, as well as other participating interests.

The Group companies included in the 2011 consolidated financial statements differ little from a year before. Details of them can be found in the consolidated notes.

The reader is referred to the notes to the management report for details of the classes of insurance marketed by Group companies.

DEVK Sach- und HUK-Konzern and DEVK Lebensversicherungs-Konzern largely share a joint organisation and management set-up, and various general agency agreements are also in place.

Ratings

The ratings, commissioned by Standard & Poor's for the first time in 2008, are updated each year. As in 2008, 2009 and 2010, in 2011 DEVK Sach- und HUK-Versicherungsverein a.G., DEVK Allgemeine Versicherungs-AG, DEVK Allgemeine Lebensversicherungs-AG and DEVK Rückversicherungs- und Beteiligungs-AG were all once again assigned ratings of A+, and Standard & Poor's assesses our future outlook as "stable", thus confirming the very sound financial position enjoyed by DEVK companies generally.

The rating agency Fitch came to the same conclusion, with its 2011 second-time rating of the financial strength of DEVK's core companies also coming in at A+. The individual companies rated were DEVK Sach- und HUK-Versicherungsverein a.G., DEVK Rückversicherungs- und Beteiligungs-AG, DEVK Allgemeine Versicherungs-AG, DEVK Rechtsschutz-Versicherungs-AG, DEVK Krankenversicherungs-AG and the two life assurance companies DEVK Lebensversicherungsverein a.G. and DEVK Allgemeine Lebensversicherungs-AG. Their outlook too is rated as stable.

The ASSEKURATA Assekuranz rating agency once again gave outstanding ratings to DEVK Sach- und HUK-Versicherungsverein a.G. and DEVK Allgemeine Versicherungs-AG in February 2012, with both companies for the 13th time receiving the top mark of A++ (excellent). Meanwhile, DEVK Allgemeine Lebensversicherungs-AG scored similarly well, registering an ASSEKURATA quality rating of A+ (very good) for the 6th time in a row.

Customer satisfaction

DEVK achieves high levels of customer satisfaction, as confirmed by a variety of studies. For instance, a survey conducted in 2011 by the Cologne firm MSR Consulting again revealed an overall customer satisfaction rating of "outstanding", and in its market study "Motor Vehicle Insurance Touchpoints", the independent Cologne-based analysis institute Assekurata Solutions GmbH found that customers were very satisfied with DEVK's claims settlement. In this study DEVK was seen as the best service insurer in Germany for claims settlement, earning a rating of "very good".

All these findings serve to demonstrate our Group's high level of competitiveness.

Social responsibility

DEVK is aware of its social responsibility as a successful insurer. For many years, we have taken on an above-average number of trainees by industry comparison, in both back-office and sales/marketing roles. Furthermore, prior to possible professional training at DEVK, every year at our headquarters alone we offer some 60 school-age young people spells of work experience that assist them in deciding what their future career paths might be. This gives young people a positive start to their working lives and helps them to integrate well into society.

In 2011, DEVK was once again singled out for special praise by Cologne Chamber of Commerce and Industry as a certified training company offering outstanding professional training performance.

Since 2005, DEVK has been involved at several locations in the Deutsche Bahn AG competition "Deutsche Bahn Trainees Against Hate and Violence". This initiative not only raises awareness of these issues among trainees but also brings them to wider public attention through a variety of specific activities.

DEVK's active social commitment is also reflected in a range of external assessments. For instance, alongside our good showing in the "Germany's Best Employer" competition, of particular note is the Arbeit Plus seal of approval awarded to us by the Evangelical Church in Germany on several occasions now for our socially aware and employment-oriented personnel policies.

Market overview

According to the German Insurance Association's provisional figures, gross non-life and casualty insurance premium receipts are 2.7 % up on last year. That represents the strongest growth since 2003. The combined ratio rose to around 99 % (2009: 98.2 %), indicative that the non-life and casualty insurance sector's profitability has deteriorated.

Motor vehicle insurance saw industry-wide price rises during 2011. After a 0.5 % rise in premiums during 2010, 2011 saw growth of 3.5 %, while the combined ratio rose to 108 % (2010: 107.4 %).

Premium receipts in the German life assurance segment fell by about 4 % (2010: + 6.0 %). This was due to declining single premium receipts.

In the private health insurance segment (health insurance and compulsory long-term care insurance) Germany registered a 4.9 % rise in premiums.

Business trends

Overall business trends

Full details of the situation and business trends faced by the companies included in the consolidated financial statements are given in their individual reports.

Gross premium receipts rose 5.3 % to € 2,132.0 million. 2011 earned premiums net of reinsurance rose by 5.5 % to € 1,995.0 million. Expenses on insured events and pensions net of reinsurance increased by 5.7 % to € 1,325.1 million, and their share of earned net premiums thus came to 66.4 % (2010: 66.3 %). The ratio of expenses on insurance business net of reinsurance to earned premiums net of reinsurance was 20.8 % (2010: 22.0 %).

After a € 4.6 million withdrawal from the equalisation provision for non-life and casualty insurance (2010: € 25.0 million), the consolidated profit and loss account recognised an insurance and pension fund underwriting result of € 32.2 million (2010: € 12.2 million).

At € 142.9 million, the non-technical account investment result fell short of the 2010 level (€ 170.2 million).

The “Other” result, including the technical interest income, improved to € – 50.5 million (2010: € – 52.5 million).

The result from normal business activities came to € 124.5 million (2010: € 130.0 million).

Unlike the year before, in 2011 there was no extraordinary result to report (2010: € – 21.1 million).

The after-tax net annual profit came to € 66.1 million (2010: € 58.7 million). In view of the poor stock market performance and comparatively low withdrawal from the equalisation provision, the level of net annual profit can be considered satisfactory.

After an allocation of € 24.6 million to the retained earnings and after deduction of the € 10.5 million portion of the result due to other shareholders, the net retained profit came to € 31.0 million (2010: € 26.5 million).

Non-life and casualty insurance business trends

The following section outlines the performance of the individual insurance segments, classes and types in which we undertook direct operations. Included are the results of DEVK Sach- und HUK-Versicherungsvereins a.G., DEVK Allgemeine Versicherungs-AG, DEVK Rechtsschutz-Versicherungs-AG and German Assistance Versicherung AG. Not taken into account in this exposition is our French subsidiary SADA Assurances S.A., Nîmes.

Accident insurance

This section includes both general accident insurance and motor vehicle accident insurance. Our portfolio grew by 36,298 policies or 3.4 %, making a year's-end total of 1,104,726 policies. Gross premium receipts were up 3.5 % at € 121.4 million, and the underwriting result net of reinsurance was € 31.6 million (2010: € 20.5 million).

Liability insurance

Our total liability insurance portfolio grew 1.5 % to a year's-end total of 1,714,552 policies. This portfolio growth led in turn to a 1.5 % rise in gross premiums to € 110.1 million. After a € 4.9 million allocation to the equalisation provision (2010: € 2.5 million), the underwriting result net of reinsurance came to € 29.8 million (2010: € 33.8 million).

Motor vehicle liability insurance

Our end-of-year motor vehicle liability insurance portfolio totalled 2,523,042 policies (2010: 2,483,409), plus 230,992 moped policies. Thanks to a combination of very good portfolio growth and price increases, gross premium receipts came to € 473.7 million (2010: € 454.0 million). After a € 19.9 million withdrawal from the equalisation provision (2010: € 23.6 million), the underwriting result net of reinsurance was € – 14.7 million (2010: € – 15.5 million).

Other motor vehicle insurance

We include both comprehensive and partial comprehensive (third party, fire and theft) motor insurance under "other motor vehicle insurance". The total number of policies at the end of the year was 2,045,772 (2010: 2,015,510), on top of which came 48,330 partial-coverage moped policies. A combination of growing portfolios and price adjustments spelt strong policy growth (by + 6.5 % to € 311.9 million). After the € 1.4 million withdrawal from the equalisation provision (2010: € 9.7 million) the underwriting result net of reinsurance was € – 28.4 million (2010: € – 36.8 million).

Fire and non-life insurance

From 2011 onwards we have no longer been operating our insurance against damage by natural forces as an independent division, and accordingly we are no longer reporting separate policy numbers for it. We have adjusted the figures for the previous year accordingly. The associated income and expenses have been added to those for the underlying main insurance, namely the building or household contents policies. Here last year's figures have not been adjusted, leading in some cases to sizeable differences between the 2011 and 2010 figures.

At the end of 2011, our fire and non-life insurance portfolio comprised a total of 2,692,061 policies (2010: 2,646,000). Gross premiums increased by 3.3 % to € 265.8 million. After a € 2.0 million allocation to the equalisation provision (2010: € 1.3 million), the underwriting result came to € 15.1 million (2010: € 13.7 million).

In detail, our individual fire and non-life segments performed as follows:

Our household contents insurance portfolio at the end of 2011 comprised 1,312,553 policies (2010: 1,302,154), while gross premium receipts rose 2.3 % to € 114.3 million. The underwriting result net of reinsurance was around last year's level at € 18.0 million (2010: € 18.8 million).

Our homeowners' building insurance portfolio increased to 514,871 policies (2010: 501,219). Due both to this increase and the reassignment of insurance against damage by natural forces, gross premiums rose strongly to € 112.2 million (2010: € 102.4 million), representing growth of 9.6 %. Despite a higher allocation to the equalisation provision of € 2.0 million (2010: € 600,000), the underwriting result improved to € – 4.1 million (2010: € – 5.5 million).

In the other non-life insurance segments the portfolio grew by 22,010 policies to a total of 864,637. However, as a result of the reassignment of insurance against damage by natural forces, 2011 gross premium receipts fell by 8.8 % to € 39.3 million, and the underwriting result was € 1.2 million (2010: € 400,000).

Legal-expenses insurance

This segment is operated by DEVK Rechtsschutz-Versicherungs-AG. In 2011, our portfolio grew by 2.4 % to 799,834 policies. Thanks to the portfolio growth plus premium increases in some parts of the portfolio, gross premiums rose by 6.6 % to € 111.0 million. The underwriting result improved to € 200,000 (2010: € – 5.0 million).

Other insurance policies

Other insurance policies primarily comprise the results of our breakdown service, guarantee, travel health, bond and cheque card insurance policies as well as insurance against various financial losses. With premiums totalling € 15.2 million (2010: € 15.3 million), the underwriting result net of reinsurance was a profit of € 100,000 (2010: € – 2.7 million).

Life assurance business trends

DEVK Allgemeine Lebensversicherungs-AG is the Group company responsible for the life assurance business. As of 31 December 2011, its portfolio comprised 784,948 policies (+ 4.3 %). Premiums were up 4.7 % at € 449.8 million. The net interest on investments amounted to 4.3 % (2010: 4.7 %). The allocation to the premium refunds provision rose by 3.5 % to € 72.6 million.

Health insurance business trends

This segment is operated by DEVK Krankenversicherungs-AG. At the end of the year, the portfolio of monthly premiums written was worth € 4.5 million (2010: € 4.1 million). Before consolidation, booked gross premium receipts totalled € 53.7 million, up 14.8 % on the 2010 figure of € 46.7 million. In 2011, the allocation to the premium refunds provision was raised by € 900,000 to € 7.8 million.

Pension fund business trends

DEVK Pensionsfonds-AG offers defined-contribution pension plans with guaranteed minimum benefits in accordance with section 3 paragraph 63 of the Income Tax Act (EstG) as well as transfers from other pension schemes in accordance with section 3 paragraph 66 EStG. In particular, the company manages the occupational pension funds of Deutsche Bahn AG. In total, there were 4,508 new pension relationships in 2011 (2010: 4,281), making a total portfolio of 122,109 pension relationships at the future entitlement stage (2010: 119,405) and 586 ongoing pensions (2010: 469). The booked premiums amounted to € 49.4 million (2010: € 48.6 million), while the allocation to the premium refunds provision was increased by € 100,000 to € 3.2 million.

Reinsurance business trends

The Group's reinsurance business is chiefly operated by DEVK Rückversicherungs- und Beteiligungs-AG. Thanks to the good rating of A+ accorded to the company by Standard & Poor's, its growth opportunities as a volume provider on the reinsurance market remain very good, because for many business partners such a rating is now a precondition for doing business. In our view, there remains a strong demand for a partner with a traditional market presence, especially one coming from the mutual insurance sector. This demand exists not only in Germany but also in most other European countries.

In 2011, DEVK Rückversicherungs- und Beteiligungs-AG's booked gross premiums were 7.3 % up at € 252.8 million. Income from participating interests came to € 86.5 million (2010: € 80.6 million). The 2011 underwriting result before changes to the equalisation provision totalled € – 2.5 million (2010: € 800,000). After a € 9.4 million allocation to the premium refunds provision (2010: € 2.5 million), the underwriting result net of reinsurance totalled v – 11.9 million (2010: € – 1.7 million).

Also included in the consolidated financial statements is Echo Rückversicherungs-AG (Echo Re), which was established at the end of 2008 as a subsidiary of DEVK Sach- und HUK-Versicherungsvereins a.G. in Switzerland. Echo Re, which chiefly operates outside Europe, possesses equity capital of 62.9 million Swiss francs (CHF). With premium receipts of CHF 38.2 million, the company's national annual financial statements registered a loss of CHF 2.7 million.

DEVK Allgemeine Versicherungs-AG underwrote reinsurance business with a volume of € 10.7 million, the bulk of which related to the Group-internal coverage of motor vehicle and building insurance.

DEVK Krankenversicherungs-AG also took on small volumes of Group-internal foreign travel health insurance.

Financial position and assets; investments and net investment income

During the year under review, the Group's investment volume increased to € 7,971.7 million (2010: € 7,541.8 million).

At € 397.8 million, income from investments was up on last year's figure of € 377.6 million. Increases in ongoing receipts (€ + 20.1 million) and profits from investment disposals (€ + 18.4 million) were partly offset by falling income from write-ups (€ – 18.4 million).

At € 91.7 million, investment expenses were more than double the 2010 figure of € 44.1 million. Write-downs on investments rose from € 27.2 million to € 70.2 million, and losses on investment disposals from € 6.6 million to € 9.2 million.

Total net investment income thus came to € 306.1 million (2010: € 333.5 million).

Opportunities and risks from future developments

In accordance with the German Control and Transparency in Business Act (KonTraG), and the minimum risk management requirements laid down in section 64a of the Insurance Supervision Act, we are hereby reporting the opportunities and risks presented by future developments.

A risk management system is employed within the DEVK Group to identify and assess risks at an early stage. The system is based on a risk-bearing capacity model that guarantees adequate coverage of all significant risks via the company's own funds. To control risks, DEVK has put in place a consistent system of limits whereby the limit capacity is portrayed in the form of risk ratios. The risk ratios break down the risk limits set by the risk strategy according to DEVK's most important organisational areas. On top of this, a comprehensive risk inventory is compiled every six months, in which risks are recorded and classified according to type with the aid of a questionnaire. Wherever possible, risks are quantified and the action necessary to manage the risks is recorded. This system enables us to react immediately and appropriately to developments that pose a risk to the Group. The system's effectiveness and suitability are monitored by the Internal Auditing unit.

DEVK's risk management organisation is both centralised and decentralised at one and the same time. By decentralised risk management, we mean the risk responsibility borne by individual departments. Thus, departmental and process managers are in charge of and responsible for risk management within their specific operational areas. Meanwhile, central risk management is the task of the independent risk controlling function, which is responsible for dealing with the cross-departmental risks and for the development and maintenance of the company-wide risk management system. It coordinates the company's risk management processes and supports those responsible for risk within individual departments.

The Risk Committee assesses the risk situation faced by individual companies and by the Group as a whole on the basis of the risk reports it receives, taking into account all discernible significant risks, as well as limit capacities and current risk drivers. Finally, a Management Board submission is prepared in which the results are reported to the Management Board members responsible for the various risk areas. The risk report and the risk control process (identification, analysis, evaluation, management and monitoring) are updated on a quarterly basis. Reports are submitted both to the Risk Committee and members of the Management Board.

Below we set out our risk situation in compliance with the German Accounting Standard 5-20 (DRS 5-20).

Technical risks

Principal among the **technical risks** in non-life insurance are the premium/claims risk and the reserves risk.

To this end, we first consider the movement of the claims ratio net of reinsurance over the past ten years.

Claims ratio net of reinsurance

Year	%	Year	%
2002	74.5	2007	63.2
2003	65.1	2008	64.8
2004	64.1	2009	65.9
2005	63.8	2010	68.3
2006	63.7	2011	68.3

Since 2003, the calculation of the claims ratio has included DEVK Allgemeine Lebensversicherungs-AG, which is why the figures are comparatively low from this date onwards. Leaving this effect out, the degree of fluctuation over the ten-year period under consideration is low. This is largely due to the fact that, in line with the reasonable acceptance guidelines we apply, we generally only underwrite straightforward, standardised business. Where particularly large volumes of insurance are involved, we limit our risk through co-insurance or reinsurance contracts.

We ensure that we maintain technical reserves through the prudent valuation of claims already filed as well as establishing additional reserves to meet claims that are statistically likely but have not yet been filed on the balance sheet date, as well as for claims that will have to be reopened after the balance sheet date. Thus we take the reserve risk duly into account, as also demonstrated by our settlement results for the past ten years.

Final claims development compared to initial reserve			
Year	%	Year	%
2002	10.9	2007	11.2
2003	11.4	2008	11.0
2004	13.6	2009	9.3
2005	10.7	2010	11.6
2006	9.4	2011	9.9

Our equalisation provisions provide an additional safety cushion that contributes to the smoothing of our underwriting results. As of 31 December 2011, their volume totalled € 192.9 million (2010: € 197.5 million).

In our **health insurance** business we counteract technical risks through comprehensive guidelines governing working practices, as well as regular employee training on the subject, and we also apply planning and management tools designed to detect at an early stage undesirable developments impacting our marketing, portfolio or claims and take any action necessary to counteract them. Through painstaking product development and continual actuarial trend analyses we ensure that the accounting principles applied are suitable and factor in adequate safety margins. On top of this, all our general insurance terms and conditions incorporate a premium adjustment clause whereby premiums can be adjusted in the event of changing claims expenses. In addition, undesirably large fluctuations in the risk results are forestalled through suitable reinsurance contracts. Our underwriting policy and reinsurance methods provide a sound foundation for the company's continuing solid growth.

The interest risk inherent in our health insurance arises due to the fact that the interest rate assumed when concluding contracts (the technical interest rate) may be higher than the long-term market returns. Since commencing operations in 1994, DEVK Krankenversicherungs-AG has to date been able to achieve the technical interest rate of 3.5 % in every single year. Accordingly, we are confident that our safety margins in this respect are adequate.

The technical risks prevailing in **life assurance** are biometric risk, cancellation risk and interest guarantee risk.

The biometric risk consists in the fact that the accounting principles used to determine premium rates, for instance the probabilities of death or invalidity, change over time. However, the probability tables we use for new business are viewed as suitable by BaFin and the German Actuarial Society (DAV). In the opinion of the actuary responsible for them, the probability tables used for the portfolio include adequate safety margins, with the exception of certain tables for mortality, pension and (supplementary) occupational incapacity insurance.

To cater for portfolios using out-of-date tables, additional amounts were in the past allocated to the premium reserves. Accordingly, sufficient security is available here, too.

Biometric risk will increase in significance as of 21 December 2012 with the European Court of Justice's gender-neutral ruling, since the portfolio's gender composition will become a calculation parameter that will in future require continuous monitoring.

In our life assurance business, we do not apply accounting principles to cater for the cancellation risk. However, even a significantly higher cancellation rate than we have experienced in recent years would have minimal impact on our annual results.

The interest guarantee risk in life insurance is due to the fact that the annual interest rates guaranteed when concluding contracts may prove to be higher than the long-term market returns we can achieve. However, given that the net interest rate achieved by DEVK Allgemeine Lebensversicherungs-AG in 2011 was more than 75 basis points higher than the mean technical interest rate of its life assurance portfolio, an adequate safety margin exists here. A further point to note is that the significantly higher investment results achieved in some cases over recent years means that the unallocated portion of the premium refunds provision represents an adequate buffer in this respect. Pursuant to section 5 paragraph 4 of the Premium Reserve Regulation (DeckRV), in 2011 a supplementary interest reserve was formed for the first time on the basis of a reference interest rate of 3.92 %. We expect this supplementary interest reserve to increase in size over the coming years, even if market interest rates rise. Currently, the supplementary interest reserve is financed via a Group-internal reinsurance contract.

Through painstaking product development and continual actuarial trend analyses we ensure that the accounting principles applied are suitable and factor in adequate safety margins. In addition, undesirably large fluctuations in the risk results are forestalled through a corresponding reinsurance policy. Furthermore, the unallocated portion of the premium refunds provision provides additional smoothing and stabilisation potential.

DEVK Rückversicherungs- und Beteiligungs-AG underwrites the **reinsurance business** done by both DEVK and external companies. In line with our acceptance guidelines, we generally take on standardised business, and we counteract the risk of unusually high claims expenses attendant upon extraordinary loss events through a corresponding reinsurance policy. To smooth our underwriting results, equalisation provisions in compliance with the provisions of accounting law are formed.

Technical pension fund risks

In pension funds, these chiefly comprise the biometric risk and the interest guarantee risk (i.e. minimum benefit guarantees).

The biometric risk exists due to the fact that the accounting principles used to determine premium rates, for instance the probability of death, change over time.

In the opinion of the responsible actuary, the probability tables we use incorporate adequate safety margins. Furthermore, through painstaking product development and continual actuarial trend analyses, we ensure that the accounting principles applied are suitable and factor in adequate safety margins.

Biometric risk will be significantly influenced by the European Court of Justice's gender-neutral ruling as of 21 December 2012.

The interest guarantee risk arises from the possibility of the minimum benefits enshrined in the pension plans no longer being financeable due to very low interest rates. However, adequate safety margins do currently exist here, and we assume based on current trends that this margin will remain sufficient in future.

Risk of defaults by debtors arising from our insurance operations

The risk of defaults by debtors from insurance operations arises from the primary insurance of claims against policyholders and intermediaries as well as from reinsurance underwritten for ceding companies and retrocessionaires.

Over the review period (the past three years), our overdue debts from insurance business averaged 4.4 % of booked gross premiums. Of these, an average of 2.0 % had to be written off. In relation to the booked gross premiums, the average default rate over the past three years was 0.1 %. Accordingly, default risk is of minimal importance for our Group.

As of the balance sheet date, insurance business debts with a maturity of over 90 days totalled € 31.9 million (2010: € 35.5 million).

Amounts receivable from reinsurance at the end of the year came to € 18.7 million. An overview of amounts receivable broken down according to the ratings of our reinsurance partners is given in the following table:

Rating category	Amounts receivable
	€ millions
AA	0.01
AA –	0.09
A +	3.49
A	2.80
A pi	0.06
A –	1.26
BBB +	0.16
BBB pi	1.33
BBB –	0.02
BB pi	0.16
No rating	9.37

Investment risks

The investment risks include market, credit and liquidity risk.

Our capital investments comply with the German Ordinance on the Investment of Restricted Assets of Insurance Undertakings (AnlV). Furthermore, our investments are made within the framework of a consistent investment strategy that we coordinate with our Supervisory Board, and that specifies such matters as asset allocation as well as applying a solvency matrix to our interest-bearing investments. Active portfolio management allows us to exploit opportunities arising from market movements to improve our Group results, while the asset liability management system we apply ensures that we can meet all our existing and future commitments at all times.

Interest-bearing investments

As of 31 December 2011, the Group held interest-bearing investments to a total value of € 6.5 billion. Of these, a total of € 2.0 billion are bearer instruments, including the pure pension funds, which could be subject to write-downs if interest rates rise. Of these bearer instruments, we have assigned a volume of € 1.3 billion to the fixed assets since we intend to hold this paper until maturity and their current market fluctuations are viewed as temporary. Should this second view in particular prove wide of the mark, we shall undertake the necessary write-downs in timely fashion. As of 31 December 2011, these investments were subject to hidden charges totalling € 46.5 million. A change in returns of +/– 1 % would entail a corresponding value change of plus or minus approx. € – 399 million to € 448 million.

This disclosure of the impact of a 1 % interest rate rise only gives an approximate idea of the potential effect on our profitability. The reason for this is that over a year, all things being equal, the portfolio's average time to maturity diminishes, and the stated change in value also decreases accordingly. On top of this, the bulk of our investments are either in registered paper or bearer bonds and, in their cases, interest rate rises do not lead to write-downs since they are recognised on the balance sheet at their nominal values. The exception to this is losses of value due to deteriorating credit ratings that may affect the issuers in question.

Apart from building finance, the bulk of our interest-bearing investments are in covered bonds and notes receivable. We also invest on a small scale in corporate bonds and asset-backed securities (ABS). Our direct corporate bond holdings make up 3.3 % of our total investments, while directly held asset-backed securities make up just 1.5 %. In 2011, our bond investments focused on international covered bonds due to their attractive risk premiums, as well as on diversification grounds. These chiefly involved bearer papers that were assigned to the fixed assets.

We have minimal investment exposure to the eurozone countries currently under the microscope, i.e. Portugal, Italy, Ireland, Greece and Spain. The overall impact on us of the eurozone debt crisis remains manageable since the bulk of our capital investments are in German issuers with strong credit ratings. As regards issuer risks, as proportions of our total investments, 7 % of the Group's investments are in government bonds, 3 % in corporate bonds and 64 % in securities and bank investments. The bulk of our investments in banks are either covered by various statutory and private deposit protection schemes or involve interest-bearing securities that are protected in law by special guarantee funds. Possible capital write-downs of hybrid investments were largely accounted for in past years via value adjustments in the annual financial statements.

The ratings of the issuers of our interest-bearing investments break down as follows:

AA or better	60.0 %
A	25.3 %
BBB	10.7 %
BB or worse	4.0 %

This general deterioration in ratings is due to the impact on our existing investments of falling worldwide rating levels. However, we shall continue to make virtually all our new and repeat investments in assets rated AAA or AA.

Various European countries and banks have come under the spotlight as a result of the eurozone crisis and, as a result, the recoverability of their outstanding securities has been downgraded by the rating agencies. To date, restructuring measures and in some cases payment defaults in this field have only had a moderate effect on the equity and bond markets.

Our interest-bearing investments allocated to fixed assets in accordance with section 341b of the German Commercial Code (HGB) show a positive valuation reserve of € 33.8 million, a figure that includes € 46.5 million in hidden charges.

Equity investments

The bulk of our equity investments are in EuroStoxx50 companies, as a result of which our portfolio's performance very closely matches that of this index. A 20 % change in market prices would alter the value of our equity portfolio by € 182.1 million. The European share index EuroStoxx50 has lost value in the wake of the eurozone crisis. However, provided we are spared any exogenous shocks, we are expecting a positive performance in future. We have applied a value protection model to our equity investments in order to limit market risks.

Our fixed-asset equities and equity funds show a negative valuation reserve of € 27.9 million, a figure that includes € 42.8 million in hidden charges.

Real estate

On the balance sheet date, our real-estate investments totalled € 360.7 million. Our direct holdings worth € 115.4 million are subject to scheduled annual depreciation with a volume of approx. € 3.0 million. These direct holdings chiefly comprise real estate owned for many years, in some cases with considerable hidden reserves, as a result of which there are currently no discernible risks in this respect.

Operational opportunities and risks

Operational risks may stem from inadequate or failed operational processes, the breakdown of technical systems, external variables, employee-related incidents and changes in the legal framework. However, the main focus of the half-yearly risk inventory is on operational risks.

DEVK's operating procedures are based on internal guidelines. The risk of employee-related incidents is limited via regulations governing authorisation and powers of representation as well as wide-ranging automated backup for operating procedures, while the efficacy and functionality of in-house controls are monitored by the Internal Auditing unit.

Comprehensive access controls and preventive measures are in place in the IT field to ensure the security and integrity of programmes, data and ongoing operations, and links between internal and external networks are suitably protected by state-of-the-art systems.

Crisis management guidelines have been drawn up on the basis of a corporate emergency analysis. The guidelines set out goals and terms of reference for the prevention of emergencies and dealing with them should they arise.

In connection with the project Programm Leben 2012 (Programme Life 2012), which is proceeding according to plan, we have begun to phase out the current portfolio management system and introduce a new, modern system. The new gender-neutral policies will be administered on this new platform from 2013 onwards. Since the new administration system will also be able to closely monitor market trends, it will assist in safeguarding DEVK Allgemeine Lebensversicherungs-AG's long-term competitive position.

In July 2009, the German Federal Court of Justice (BGH) handed down a ruling concerning the information required in relation to instalment payment clauses. The bulk of the recent court rulings on the matter have been in favour of the insurers. However, the outcome of appeals currently before the BGH could have repercussions for both DEVK Allgemeine Lebensversicherungs-AG and the industry as a whole.

In July 2010, Hamburg Higher Regional Court (OLG) rejected the appeals of several insurance companies against verdicts by Hamburg Regional Court concerning the redemption value of life assurance policies. These rulings could lead to higher redemption values on insurance policies taken out between 2001 and 2007. Although these rulings concerned other insurance companies, they could also have consequences for DEVK Allgemeine Lebensversicherungs-AG.

In February 2011, the European Court of Justice ruled that from 21 December 2012 onwards, gender could no longer be used as a factor in calculating risk when determining insurance premiums and benefits. This ruling will have repercussions for the life assurance sector and thus also for DEVK Allgemeine Lebensversicherungs-AG. Via Programm Leben 2012, DEVK is implementing the requirements of the ECJ ruling and thus safeguarding its future competitiveness.

Adjusting its policy portfolio to the gender-neutral policies in 2012 will be a major challenge for DEVK Krankenversicherungs-AG, too.

The successfully introduced cooperations with statutory health insurance funds continue to offer DEVK Krankenversicherungs-AG great potential for new customer relationships, as we can offer members of these schemes products meeting their needs on highly favourable terms.

The proximity to the rail market and the product range geared to these needs opens up further wide-ranging growth opportunities for DEVK Pensionsfonds-AG.

Solvency

In compliance with section 9 of the German Solvency Adjustment Regulation, the Group's solvency is calculated on the basis of the consolidated financial statements. The company funds, proof of which must be furnished pursuant to section 53c of the German Insurance Supervision Act (VAG) in order to demonstrate our long-term ability to meet policy liabilities, amounted to € 1,248.2 million (2010: € 1,187.3 million), far exceeding the required solvency margin of € 332.4 million (2010: € 308.1 million).

Cash flow

In the current financial year, the cash flow from investments, i.e. the funds required for the net investment volume, amounted to € 466.7 million. The necessary funds were financed both by our ongoing operations (€ 463.6 million) and by drawing on our cash and cash equivalents.

Summary of our risk status

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

Supplementary report

No occurrences or events took place after the reporting date that could significantly affect the company's future net assets, financial position or results of operations.

Outlook

We anticipate further increases in the Group's premium receipts from non-life and casualty insurance operations, to which the active reinsurance operations of DEVK Rückversicherungs- und Beteiligungs-AG can be expected to contribute. Before adjustments to the equalisation provision, we expect the Group to register a positive underwriting result in 2012, and we regard a stabilisation of the underwriting result in 2013 as a realistic possibility provided there is no intensification of competition in the motor vehicle insurance segment, with an attendant fall in prices.

Popular demand for private old-age provision continues to rise, as evidenced by the ever-increasing numbers of pension and Riester pension policies being taken out. Thus the German life assurance sector continues to hold out good future sales opportunities, and DEVK Lebensversicherungs-AG's product range means it is well equipped to cope with any market challenges. Alongside classical pension insurance products and the DEVK supplementary pension (DEVK-Zusatzrente), we see particular potential for new business in the field of occupational old-age provision.

The changed macroeconomic environment, the competitive situation as compared with other investment forms and the future prospects for funded old-age provision represent the key factors in determining the 2012 result. Despite all the imponderables thrown up by the eurozone crisis, in the field of future provision products (life assurance, occupational incapacity insurance and pension plans), no noteworthy changes in demand for insurance are to be expected in the immediate future, and in the field of capital accumulation private households have little in the way of viable alternatives to life assurance. Accordingly, we expect broadly unchanged demand for life assurance products during 2012. Furthermore, life assurance continues to compare favourably with other forms of investment. With overall interest rates on life assurance still around the 4 % mark, it remains a highly competitive product, and this is reinforced by the fact that life assurance continues to be trusted as a safe investment product.

During 2012, then, we are expecting premium receipts to be up on the 2011 figure, a trend also likely to continue in 2013, with regular premium receipts set to continue rising at above the industry average, while single premium receipts will remain largely unchanged. Meanwhile, over the coming two years we expect the portfolio to rise back to the level of earlier years in terms of both policy numbers and insured benefits.

We expect the supplementary interest reserve to increase in size over the coming years, even if market interest rates rise.

In our view, the occupational pension provision market, and in particular pension funds, will continue to offer good future sales opportunities, with transfers of existing provision commitments to pension funds becoming an even more significant factor as the economic recovery continues. However, in some industrial sectors we have observed a trend towards elements of occupational pension plans playing an increasing role in pay negotiations between employers and trade unions, and the growth of DEVK Pensionsfonds-AG over the coming years will be significantly influenced by this development. In particular, during 2012 we anticipate significant growth in our premium receipts and portfolios. This has necessitated adjustments to our administrative structures, and we shall be completing these adjustments on schedule over the next few months.

In the field of health insurance, we expect insurance supplementary to the statutory health insurance to remain our most important source of business and growth, and accordingly we have further optimised our 2012 product range in this segment. The sales results registered during the first few months of the year clearly show that the strategy we are pursuing of growing our supplementary insurance segment is the right one. We are also convinced that supplementary private provision in the field of long-term care insurance holds great potential. Unfortunately though, the associated political process has not yet run its course. In view of our focus on supplementary insurance and its low premium level, we are not anticipating any significant distortions or pre-emptive effects associated with the introduction of gender-neutral policies from 21 December 2012 onwards. We will use this watershed date as an opportunity to modernise several of our supplementary policies. Our medium-term planning is based on the assumption that we will be able to maintain our growth and excellent profitability in years to come, though due to the low base effect we shall not be able to achieve quite such impressive growth rates as in previous years.

Contrary to most experts' forecasts, thus far in 2012 the global economy has performed better than expected. Clearly a deep worldwide recession has not set in, and leading indicators in the USA, China and also Germany point to moderate economic growth. However, the countries directly affected by the eurozone crisis continue to show strongly recessionary tendencies. The predominant current view is that the countries concerned, with the exception of Greece and possibly Portugal, will in the long term be capable of overcoming the crisis. Of key importance here will be the avoidance of a domino effect leading to other European countries being dragged into the turmoil.

This basically good sentiment is also reflected in the positive performance of the world's stock markets during the first few weeks of 2012. However, this means that an economic recovery has already been priced in, so a continuation of the positive trend will be jeopardised not only by the persistent negative impact of the eurozone crisis, but also by political risks such as the Iran conflict. Against this backdrop we expect capital markets to remain highly volatile during 2012 and 2013.

In light of the falling eurozone inflation rates and the extremely expansionary central bank policy, we expect limited potential for increasing yields at the long end of the yield curve. Indeed, it is far more likely that with a corresponding continuation of the positive trends, the yield premiums on both corporate and bank bonds from the weaker eurozone countries will tend to decrease. With falling demand for safe German bonds their yields could increase somewhat, but the overall interest level would remain unaltered or could even fall. No tendency towards increases in the extremely low base interest rates is currently discernible, either in the eurozone or the USA.

As far as the Group's capital investments are concerned, we expect the 2012 and 2013 results to be up on the previous year, reflecting rising levels of capital investment. In our view, the low interest rate on new assets will lead to a slight reduction in the net interest rates on our investments. However, this situation would change if any of the risks mentioned above were to come to fruition.

Cologne, 20 April 2012

The Management Board

Gieseler **Etmans** **Faßbender** **Rüßmann** **Zens**

Notes to the Group management report

List of insurance classes covered during the financial year

Direct insurance operations

Life assurance

Health insurance

Accident insurance
General accident insurance
Motor vehicle accident insurance

Liability insurance

Motor vehicle liability insurance

Other motor vehicle insurance
Fully comprehensive motor insurance
Partial comprehensive motor insurance
(third party, fire and theft)

Legal-expenses insurance

Fire and non-life insurance
Fire insurance
Burglary and theft insurance
Water damage insurance
Glass insurance
Windstorm insurance
Household contents insurance
Homeowners' building insurance
Engineering insurance
Universal caravan insurance
Extended coverage insurance
Travel baggage insurance
All-risk insurance

Other insurance policies
Insurance against various financial losses
Bond insurance
Breakdown service insurance
Cheque card insurance
Guarantee insurance

Reinsurance coverage provided

Life assurance

Accident insurance
General accident insurance
Motor vehicle accident insurance
Travel accident insurance

Liability insurance
General liability insurance
Pecuniary loss liability insurance
Travel liability insurance

Motor vehicle liability insurance

Other motor vehicle insurance
Fully comprehensive motor insurance
Partial comprehensive motor insurance
(third party, fire and theft)

Legal-expenses insurance

Fire and non-life insurance
Fire insurance
Burglary and theft insurance
Water damage insurance
Glass insurance
Windstorm insurance
Household contents insurance
Homeowners' building insurance
Hail insurance
Animal insurance
Engineering insurance
Extended coverage insurance
Travel baggage insurance
All-risk insurance

Stock-in-transit insurance

Health insurance
Daily benefits insurance
Hospital daily benefits insurance
Travel health insurance

Other insurance policies
Transport insurance
Credit and bond insurance
Breakdown service insurance
Business interruption insurance
Exhibition insurance
Travel cancellation costs insurance

Pension fund business

Consolidated financial statements

Consolidated balance sheet to 31 December 2011

Assets	€	€	€	(2010: € 000s)
A. Intangible assets				
I. Industrial property rights created in-house and similar rights and assets		1		(127)
II. Licences, industrial property rights and similar rights and assets acquired for valuable consideration, as well as licences in such rights and assets		38,016,347		(38,913)
III. Goodwill		688,583		(1,698)
IV. Payments on account		4,356,218		(955)
			43,061,149	(41,693)
B. Investments				
I. Real estate and similar land rights, including buildings on third-party land		115,366,893		(122,021)
II. Investments in affiliated companies and participating interests				
1. Shares in affiliated companies	507,476			(533)
2. Shares in associated companies	4,811,362			(3,274)
3. Participating interests	291,160,646			(280,933)
4. Loans to companies in which a participating interest is held	12,261,103			(11,693)
		308,740,587		(296,433)
III. Other financial investments				
1. Equities, fund units and other variable-yield securities	1,208,799,645			(1,257,777)
2. Bearer bonds and other fixed-interest securities	1,801,661,596			(1,348,455)
3. Mortgage loans and annuity claims	621,488,581			(626,192)
4. Other loans	3,683,085,559			(3,652,665)
5. Deposits with banks	58,622,664			(98,973)
6. Other investments	121,779,675			(125,091)
		7,495,437,720		(7,109,153)
IV. Deposits with ceding companies		52,127,223		(14,199)
			7,971,672,423	(7,541,806)
C. Investments for the benefit of life assurance policyholders who bear the investment risk				
			35,983,462	(29,401)
D. Assets for the benefit of employees and employers				
– Investments for the benefit of employees and employers			**98,088,395**	(102,112)
Balance carried forward:			8,148,805,429	(7,715,012)

Liabilities and shareholders' equity

	€	€	€	(2010: € 000s)
A. Capital and reserves				
I. Retained earnings				
1. Loss reserve pursuant to section 37 of VAG	153,166,441			(151,522)
2. Other retained earnings	1,069,835,935			(1,010,565)
		1,223,002,376		(1,162,087)
II. Equity difference due to currency conversion		8,348,067		(6,830)
III. Profit/loss carried forward		– 3,166,063		(6,631)
IV. Unappropriated retained earnings		31,037,493		(26,494)
V. Adjusting item due to capital consolidation		130,954		(317)
VI. Other shareholders' shares		116,606,252		(105,778)
			1,375,959,079	(1,308,137)
B. Technical provisions				
I. Provision for unearned premiums				
1. Gross amount	51,357,688			(45,570)
2. of which: Reinsurance amount	2,118,134			(1,307)
		49,239,554		(44,263)
II. Premium reserve				
1. Gross amount	2,983,032,382			(2,720,034)
2. of which: Reinsurance amount	1,146,632			(892)
		2,981,885,750		(2,719,142)
III. Claims outstanding				
1. Gross amount	2,100,847,735			(2,065,090)
2. of which: Reinsurance amount	375,206,950			(394,981)
		1,725,640,785		(1,670,109)
IV. Provision for bonuses and rebates				
1. Bonuses	292,127,275			(274,628)
2. Rebates	1,680,466			(1,069)
		293,807,741		(275,697)
V. Equalisation provision and similar provisions		192,864,881		(197,488)
VI. Other technical provisions				
1. Gross amount	8,405,321			(9,240)
2. of which: Reinsurance amount	149,176			(425)
		8,256,145		(8,815)
			5,251,694,856	(4,915,514)
C. Technical reserves in life assurance business, where the investment risk is borne by the policyholders				
– Premium reserve			**35,983,462**	(29,401)
D. Pension fund technical provisions				
I. Premium reserve		198,201,710		(163,257)
II. Provision for claims outstanding		295,473		(141)
III. Provision for bonuses and rebates		5,844,479		(3,821)
			204,341,662	(167,219)
Balance carried forward::			6,867,979,059	(6,420,271)

Assets

	€	€	€	(2010: € 000s)
Balance carried forward:			8,148,805,429	(7,715,012)
E. Receivables				
I. Receivables arising out of direct insurance operations				
1. Policyholders	74,533,574			(63,414)
2. Intermediaries	29,324,823			(30,184)
3. Statutory Long-Term Care Co-Insurance Group	96			(45)
		103,858,493		(93,643)
II. Receivables from pension fund business				
– Employers and beneficiaries		16,154		(17)
III. Receivables arising out of reinsurance operations		18,732,618		(19,288)
IV. Other receivables		66,830,868		(56,488)
of which:			**189,438,133**	(169,436)
Affiliated companies: € –				(2)
Loans to companies in which a participating interest is held: € 759,603				(382)
F. Other assets				
I. Tangible assets and inventories		25,377,112		(22,582)
II. Cash at bank, cheques and cash in hand		34,911,667		(53,636)
III. Other assets		2,526,124		(2,333)
			62,814,903	(78,551)
G. Prepayments and accrued income				
I. Accrued interest and rent		131,646,082		(118,868)
II. Other prepayments and accrued income		3,600,165		(13,262)
			135,246,247	(132,130)
H. Deferred tax assets				
			–	(15)
I. Adjusting item from offsetting of assets				
			–	(14)
Total assets			**8,536,304,712**	(8,095,158)

Liabilities and shareholders' equity

	€	€	€	(2010: € 000s)
Balance carried forward:			6,867,979,059	(6,420,271)
E. Technical pension fund provisions in accordance with the assets for the benefit of employees and employers				
– Premium reserve			**98,088,395**	(102,112)
F. Other provisions				
I. Provisions for pensions and similar commitments		400,025,651		(386,396)
II. Provisions for taxation		100,288,001		(68,472)
III. Other provisions		47,269,707		(40,926)
			547,583,359	(495,794)
G. Deposits received from reinsurers				
			143,322,335	(162,363)
H. Liabilities				
I. Liabilities arising out of direct insurance operations				
1. Policyholders	628,626,465			(592,365)
2. Intermediaries	3,231,824			(1,768)
		631,858,289		(594,133)
II. Liabilities arising out of pension fund business				
1. Employers	40,568			(42)
2. Beneficiaries	478			(2)
		41,046		(44)
III. Liabilities arising out of reinsurance operations		26,853,380		(15,355)
IV. Amounts owed to banks		157,337,905		(174,635)
V. Other liabilities		57,347,748		(118,776)
including:			**873,438,368**	(902,943)
Tax: € 17,465,725				(18,029)
Social security: € 430,682				(531)
Affiliated companies: € 450				(100)
I. Accruals and deferred income				
			5,893,196	(11,675)
Total liabilities			**8,536,304,712**	(8,095,158)

Consolidated profit and loss account

for the period from 1 January to 31 December 2011

Items	€	€	€	(2010: € 000s)
I. Technical account for non-life and casualty insurance business				
1. Earned premiums, net of reinsurance				
a) Gross premiums written	1,580,087,842			(1,500,590)
b) Outward reinsurance premiums	130,636,592			(127,905)
		1,449,451,250		(1,372,685)
c) Change in the gross provision for unearned premiums	– 2,670,702			(– 3,537)
d) Change in the provision for unearned premiums, reinsurers' share	811,065			(172)
		– 1,859,637		(– 3,365)
			1,447,591,613	(1,369,320)
2. Allocated investment return transferred from the non-technical account, net of reinsurance			**1,699,448**	(344)
3. Other technical income, net of reinsurance			**1,209,236**	(1,373)
4. Claims incurred, net of reinsurance				
a) Claims paid				
aa) Gross amount	1,125,309,085			(1,051,858)
bb) Reinsurers' share	90,855,449			(80,344)
		1,034,453,636		(971,514)
b) Change in the provision for claims				
aa) Gross amount	33,807,740			(83,310)
bb) Reinsurers' share	19,158,181			(1,297)
		52,965,921		(84,607)
			1,087,419,557	(1,056,121)
5. Changes in other technical provisions, net of reinsurance				
a) Net premium reserve		1,289,860		(10)
b) Other technical provisions, net of reinsurance		492,561		(– 237)
			1,782,421	(– 227)
6. Bonuses and rebates, net of reinsurance			**216,541**	(250)
7. Net operating expenses				
a) Gross operating expenses		356,744,882		(358,610)
b) of which: Reinsurance commissions and profit participation		22,158,827		(21,296)
			334,586,055	(337,314)
8. Other technical charges, net of reinsurance			**12,511,340**	(5,472)
9. Subtotal			**17,549,225**	(– 28,347)
10. Change in the equalisation provision and similar provisions			**4,628,819**	(25,044)
11. Underwriting result net of reinsurance, non-life and casualty insurance			**22,178,044**	(– 3,303)

Items	€	€	€	(2010: € 000s)
II. Technical account for the life and health insurance business				
1. Verdiente Beiträge f.e.R.				
a) Gebuchte Bruttobeiträge	502,463,015			(475,361)
b) Abgegebene Rückversicherungsbeiträge	1,670,106			(1,501)
		500,792,909		(473,860)
c) Veränderung der Nettobeitragsüberträge		– 2,840,741		(– 1,692)
			497,952,168	(472,168)
2. Contributions from the gross premium refunds provision			**2,668,810**	(7,128)
3. Investment income				
a) Income from participating interests		2,788,167		(2,535)
b) Income from other investments		162,939,662		(152,036)
c) Write-ups on investments		2,282,649		(5,828)
d) Gains on the realisation of investments		11,999,080		(5,608)
			180,009,558	(166,007)
4. Unrealised gains on investments			**45,452**	(1,736)
5. Other technical income, net of reinsurance			**7,494,922**	(5,890)
6. Claims incurred, net of reinsurance				
a) Claims paid				
aa) Gross amount	232,391,113			(194,465)
bb) Reinsurers' share	355,280			(613)
		232,035,833		(193,852)
b) Change in the provision for claims				
aa) Gross amount	2,821,762			(1,784)
bb) Reinsurers' share	– 377,425			(17)
		2,444,337		(1,801)
			234,480,170	(195,653)
7. Changes in other technical provisions, net of reinsurance				
a) Premium reserve				
aa) Gross amount	– 234,650,550			(– 257,927)
bb) Reinsurers' share	254,289			(892)
		– 234,396,261		(– 257,035)
b) Other technical provisions, net of reinsurance		– 4,540		(– 10)
			– 234,400,801	(– 257,045)
8. Bonuses and rebates, net of reinsurance			**78,356,052**	(75,076)
9. Net operating expenses				
a) Acquisition costs	69,000,355			(68,100)
b) Administrative expenses	10,772,323			(8,471)
		79,772,678		(76,571)
c) of which: Reinsurance commissions and profit participation		313,082		(161)
			79,459,596	(76,410)
10. Investment charges				
a) Investment management charges, interest expenses and other charges on capital investments		2,964,748		(2,921)
b) Write-downs on investments		20,161,051		(4,538)
c) Losses on the realisation of investments		3,097,852		(3,896)
			26,223,651	(11,355)
11. Unrealised losses on investments			**3,064,505**	(319)
12. Other technical charges, net of reinsurance			**23,494,419**	(23,252)
13. Underwriting result net of reinsurance, life and health insurance			**8,691,716**	(13,819)

Items	€	€	€	(2010: € 000s)
III. Pension fund technical account				
1. Earned premiums – Booked premiums			**49,420,592**	(48,604)
2. Contributions from the gross premium refunds provision			**1,171,088**	(1,201)
3. Investment income				
a) Income from other investments – Income from other investments		10,334,685		(8,512)
b) Write-ups on investments		–		(–)
c) Gains on the realisation of investments		51,907		(300)
			10,386,592	(8,812)
4. Unrealised gains on investments			**–**	(1)
5. Other technical pension fund income			**8,781**	(5)
6. Claims expenses				
a) Claims paid		3,073,737		(1,721)
b) Change in the provision for claims		154,483		(– 90)
			3,228,220	(1,631)
7. Changes in other technical pension fund provisions – Premium reserve			**– 30,920,773**	(– 47,453)
8. Bonuses and rebates			**3,194,514**	(3,117)
9. Claims expenses				
a) Acquisition costs		712,860		(470)
b) Administration costs		844,439		(1,259)
			1,557,299	(1,729)
10. Investment charges				
a) Investment management charges, interest expenses and other charges on capital investments		588,528		(42)
b) Losses on the realisation of investments		359,150		(152)
			947,678	(194)
11. Unrealised losses on investments			**19,798,067**	(2,774)
12. Other technical pension fund income			**36,414**	(29)
13. Technical pension fund result			**1,304,088**	(1,696)

Items	€	€	€	(2010: € 000s)
IV. Non-technical account				
1. Underwriting result, insurance and pension fund business net of reinsurance:				
a) Non-life and casualty insurance		22,178,044		(– 3,303)
b) Life and health insurance		8,691,716		(13,819)
c) Pension funds		1,304,088		(1,696)
			32,173,848	(12,212)
2. Investment income where not stated under II 3 or III 3				
a) Income from shares in associated companies	777,499			(892)
b) Income from participating interests	10,715,901			(10,338)
of which: from affiliated companies: € 78.000				(502)
c) Income from other investments	162,108,824			(155,144)
of which: from affiliated companies: € 130				(–)
d) Income from write-ups	8,390,820			(23,290)
e) Gains on the realisation of investments	25,369,991			(13,158)
		207,363,035		(202,822)
3. Investment expenses where not stated under II 10 or III 10				
a) Investment management charges, interest expenses and other charges on capital investments	8,621,242			(7,363)
b) Write-downs on investments	50,012,125			(22,702)
c) Losses on the realisation of investments	5,764,823			(2,519)
d) Charges arising from shares in associated companies	82,711			(–)
		64,480,901		(32,584)
		142,882,134		(170,238)
4. Allocated investment return transferred to the non-life insurance technical account		4,796,066		(3,259)
			138,086,068	(166,979)
5. Other income		38,816,736		(56,923)
6. Other charges		84,570,237		(106,145)
			– 45,753,501	(– 49,222)
7. Result from ordinary activities			**124,506,415**	(129,969)
8. Extraordinary income		–		(3,378)
9. Extraordinary expenses		–		(24,475)
10. Extraordinary result			**–**	(– 21,097)
11. Taxes on income		56,860,265		(48,202)
12. Other taxes		1,530,610		(1,976)
			58,390,875	(50,178)
13. Net profit for the year			**66,115,540**	(58,694)
14. Allocation to retained earnings				
a) in the loss reserve pursuant to section 37 VAG		1,645,034		(–)
b) in other retained earnings		22,974,966		(26,239)
			24,620,000	(26,239)
15. Portion of result due to other shareholders			**10,458,047**	(5,961)
16. Net retained profit			**31,037,493**	(26,494)

Cash flow statement

Consolidated balance sheet to 31 December 2011

Items	2011 € 000s	2010 € 000s
Result for year before extraordinary items	66,116	58,694
Changes in technical provisions, net of reinsurance	375,862	379,069
Changes in deposits with ceding companies and deposits from retrocessionaires	– 56,968	– 11,706
as well as in receivables and liabilities	12,054	– 4,440
Changes in other receivables and liabilities	– 44,242	20,058
Gains/losses on the realisation of investments	– 28,199	– 12,498
Changes in other balance sheet items	42,859	5,997
Other off-balance-sheet expenses and income and adjustments of the result for the year	96,082	12,512
Payments to and proceeds from extraordinary items	–	–
Cash flow from ongoing operations	**463,564**	**447,686**
Proceeds from the sale of consolidated companies and other business units	30,854	17,098
Payments for the acquisition of consolidated companies and other business units	– 43,212	– 42,764
Proceeds from the sale and maturity of other investments	1,202,873	1,012,357
Payments for the acquisition of other investments	– 1,614,613	– 1,445,441
Proceeds from the sale of unit-linked life assurance investments	339	707
Payments for the purchase of unit-linked life assurance investments	– 25,714	– 26,449
Other proceeds	2,236	5,511
Other payments	– 19,459	– 23,155
Cash flow from investment activities	**– 466,696**	**– 502,136**
Proceeds from additions to equity	7,950	12,590
Payments to company owners and minority shareholders	– 1,828	– 1,588
Dividend payments	– 4,482	– 4,482
Proceeds and payments from other financing activities	– 17,318	76,423
Cash flow from financing activities	**– 15,678**	**82,943**
On-balance-sheet changes to cash and cash equivalents	– 18,810	28,493
Changes in cash and cash equivalents relating to exchange rates, the group of consolidated companies and valuations	87	42
Cash and cash equivalents at the start of the year *	53,635	25,100
Cash and cash equivalents at the end of the year *	**34,912**	**53,635**

* Cash and cash equivalents includes the funds recorded in the balance sheet item "Cash at banks, cheques and cash in hand".

The cash flow statement has been drawn up in accordance with the provisions of DRS 2 and 2-20, "Cash Flow Statements of Insurance Enterprises" (Kapitalflussrechnung von Versicherungsunternehmen). In accordance with the DRS recommendation for insurance undertakings, the indirect method of presentation was chosen.
The total interest paid during the period under review was € 293,000.

Statement of shareholders’ equity

Shareholders’ equity movements

Statement of shareholders’ equity

	Parent company				Minority shareholders				Group equity
	Generated share-holders’ equity	Cumulative other consolidated result		Equity capital	Minority capital	Kumuliertes übriges Konzernergebnis		Equity capital	
		Equity difference due to currency conversion	Other neutral trans-actions			Equity difference due to currency conversion	Other neutral trans-actions		
	€ 000s	€ 000s	€ 000s	€ 000s	€ 000s	€ 000s	€ 000s	€ 000s	€ 000s
31.12.2009	**1,278,950**	**160**	**– 136,285**	**1,142,825**	**96,348**	**–**	**– 2,856**	**93,492**	**1,236,317**
Issuing of shares	–	–	–	–	11,340	–	–	11,340	11,340
Dividends paid out	–	–	–	–	– 6,070	–	–	– 6,070	– 6,070
Changes to the group of consolidated companies	–	–	– 185	– 185	1,415	–	–	1,415	1,230
Other changes	–	6,670	317	6,987	–	–	– 361	– 361	6,626
Consolidated net profit for the year	52,733	–	–	52,733	5,961	–	–	5,961	58,694
31.12.2010	**1,331,683**	**6,830**	**– 136,153**	**1,202,360**	**108,994**	**–**	**– 3,217**	**105,777**	**1,308,137**
Issuing of shares	–	–	–	–	7,524	–	–	7,524	7,524
Dividends paid out	–	–	–	–	– 6,310	–	–	– 6,310	– 6,310
Changes to the group of consolidated companies	–	–	– 609	– 609	– 404	–	–	– 404	– 1,013
Other changes	–	1,518	427	1,945	–	–	– 439	– 439	1,506
Consolidated net profit for the year	55,657	–	–	55,657	10,458	–	–	10,458	66,115
31.12.2011	**1,387,340**	**8,348**	**– 136,335**	**1,259,353**	**120,262**	**–**	**– 3,656**	**116,606**	**1,375,959**

Notes to the consolidated financial statements

Group companies

The following subsidiary companies were included in the consolidated financial statements of DEVK Sach- und HUK-Versicherungsvereins a.G., Cologne, thus being exempted from the requirement to produce annual financial statements themselves:
- DEVK Rückversicherungs- und Beteiligungs-AG, Cologne, 100 %
- DEVK Allgemeine Versicherungs-AG, Cologne, 100 %
- DEVK Rechtsschutz-Versicherungs-AG, Cologne, 100 %
- DEVK Krankenversicherungs-AG, Cologne, 100 %
- DEVK Allgemeine Lebensversicherungs-AG, Cologne, 100 %
- DEVK Pensionsfonds-AG, Cologne, 100 %
- DEVK Vermögensvorsorge- und Beteiligungs-AG, Cologne, 51 %
- DEVK Alpha GmbH, Cologne, 100 %
- DEVK Asset Management Gesellschaft mbH, Cologne, 100 %
- DEVK Beta GmbH, Cologne, 100 %
- DEVK Private Equity GmbH, Cologne, 65 %
- DEVK Service GmbH, Cologne, 74 %
- DEVK Unterstützungskasse GmbH, Cologne, 100 %
- DEVK Web-GmbH, Cologne, 100 %
- DEVK Zeta GmbH, Cologne, 100 %
- DEVK Zeus Vermögensverwaltungs-AG, Cologne, 100 %
- Assistance Services GmbH, Coesfeld, 100 %
- Echo Rückversicherungs-AG, Zurich (CH), 100 %
- German Assistance Versicherung AG, Coesfeld, 100 %
- Hotelbetriebsgesellschaft SONNENHOF mbH, Bad Wörishofen, 100 %
- HYBIL B.V., Venlo (NL), 90 %
- Ictus GmbH, Cologne, 75 %
- JUPITER VIER GmbH, Cologne, 100 %
- OUTCOME Unternehmensberatung GmbH, Aachen, 100 %
- SADA Assurances S.A., Nîmes (F), 100 %.

In accordance with section 296, paragraph 2, sentence 1 of the German Commercial Code (HGB), the subsidiaries
- DEVK Gamma GmbH, Cologne, 100 %
- DEVK Omega GmbH, Cologne, 100 %
- DEVK Versorgungskasse GmbH, Cologne, 100 %
- DEVK Saturn GmbH, Cologne, 100 %
- KASSOS Beteiligungs- und Verwaltungs-GmbH, Cologne, 100 %
- Lieb' Assur S.A.R.L., Nîmes (F), 100 %
- Reisebüro Frenzen GmbH, Cologne, 52 %

were not included in the consolidated financial statements due to their minor importance for the Group's net assets, financial position and results of operations. Even taken as a whole, they remain of minor importance as defined in section 296 paragraph 2 sentence 2 HGB.

The following companies were included in the consolidated financial statements at equity as associated companies or joint ventures:
Monega Kapitalanlagegesellschaft mbH, Cologne, 45 %
Terra Estate GmbH & Co. KG, Landolfshausen, 48.75 %.

Changes to the group of consolidated companies

In 2011, the formerly consolidated subsidiaries Ceyoniq Technology GmbH and Ceyoniq Consulting GmbH were sold and deconsolidated.

The subsidiary O.I.L. Vertriebsgesellschaft mbH was merged with the subsidiary Assistance Services GmbH with effect from 1 January 2011.

Two companies in which DEVK Sach- und HUK Versicherungsvereins a.G. and DEVK Allgemeine Versicherungs-AG has participating interests were founded in 2011.
The joint venture Terra Estate GmbH & Co. KG, Landolfshausen, in which the Group has a total interest of 48.75 %, was consolidated for the first time in 2011, applying the equity method.
Pursuant to section 311 paragraph 2 HGB, Terra Management GmbH, Landolfshausen, an associated company in which the Group has a total holding of 50 %, was not included in the consolidation due to its minor importance for the Group's net assets, financial position and results of operations.

No major changes have been made to the group of consolidated companies, in view of which the consolidated financial statements' comparability with the previous year is not hindered and accordingly we have refrained from adding any additional notes in this respect.

Consolidation principles

The consolidated financial statements were drawn up in accordance with the provisions of section 341i and 341j HGB in conjunction with section 290ff HGB and section 58ff RechVersV.

Pursuant to article 66 paragraph 3 sentence 4 EGHGB in conjunction with section 301 paragraph 1 No. 1 HGB, old version, the capital consolidation was done applying the book value method of section 301 paragraph 1 sentence 1 HGB.
The initial consolidation was undertaken either at the time of acquisition or on initial inclusion in the annual report. Pursuant to section 309 paragraph 1 sentence 3 HGB, old version, any resultant positive differences were openly offset on the assets side against the other retained earnings.
After the introduction of the German Act on Modernisation of Accounting Regulations (BilMoG), any positive differences from the initial consolidation were recognised in the consolidated balance sheet under goodwill. The goodwill is subjected to scheduled depreciation over a five-year period.
Negative differences were recorded correspondingly as liabilities in the consolidated balance sheet.

Prior to the introduction of BilMog, the valuation of the associated company Monega was determined at the time of its acquisition pursuant to article 66 paragraph 3 sentence 4 EGHGB in conjunction with section 312 paragraph 1 No. 1 HGB, old version.
The valuation of Terra Estate GmbH & Co. KG in 2011 took place on the date on which it became a joint venture.

The receivables and liabilities of companies included in the consolidated financial statements were consolidated, while income and expenses from the offsetting of costs and Group-internal reinsurance arrangements were netted out. Inter-company profits were eliminated.

Foreign currency conversion

The conversion of the asset and liability items in the balance sheet of one consolidated subsidiary that draws up its annual financial statements in a foreign currency are done at the median foreign currency exchange rate on the closing date, with the exception of the equity capital, which was valued at the historic price. The profit and loss account items were converted at the mean exchange rates.

Foreign currency items in the annual financial statements of consolidated subsidiaries are converted into euros on the balance sheet date at the median foreign currency exchange rate.

Accounting and valuation methods

The consolidated financial statements were based on the audited and unaudited individual financial statements and single-entity financial statements that, with two exceptions, were drawn up in accordance with uniform accounting and valuation regulations.
Where the consolidated valuation methods were the same as those applied by the Group parent company, we refer the reader to the details given in the parent's individual financial statements.
The annual financial statements of foreign subsidiaries prepared in compliance with domestic accounting regulations were adjusted to comply with German accounting regulations prior to integration into the consolidated financial statements. Valuations based on regulations applying specifically to insurance companies remained unaltered.

The layouts of the consolidated balance sheet and the consolidated profit and loss account comply with financial statement forms 1 and 4 of RechVersV, plus certain Group-specific items.

In 2011, the annual financial statements for the years 2001 to 2010 of the consolidated subsidiary German Assistance Versicherung were amended. In the consolidated financial statements, these amendments have been incorporated during the current financial year.

The **loans and advance payments on insurance certificates** are recognised at their original nominal values less repayments made to date.

Deposits with banks are recorded at their nominal values.

Other investments also include credit default swaps, which have been valued at their costs of acquisition.

Investments for the benefit of life assurance policyholders who bear the investment risk, for whose policies an investment fund is to be established pursuant to section 54b VAG, are recorded at their current value.

Pursuant to section 341 paragraph 4 sentence 2 and 341d HGB, **assets for the benefit of employees and employers who bear the investment risk** were valued at their current values and shown in a separate item. Due to provisions included in the pension plans, the value was reported on the basis of the pension fund payment obligation in the event of a pension claim.

Receivables from pension fund business are recognised at their nominal values.

Technical provisions are calculated by application of the following principles:
The **provisions for unearned premiums** for direct insurance operations are calculated separately for each policy, taking into account the individual technical policy start, with due regard to the tax regulations laid down by the Finance Minister of North Rhine-Westphalia on 30 April 1974.

The **premium reserve** in the life assurance business is calculated separately for each policy, taking into account the individual technical policy start and applying actuarial principles according to the prospective method. For the portfolio of existing policies within the meaning of section 11c VAG and article 16 section 2 of the Third Implementation Act/EEC to the VAG, the precepts and accounting principles underlying the calculation were in line with the approved business plans. The portfolio of new policies, on the other hand, is in line with section 341f HGB and section 65 VAG, as well as the associated Premium Reserve Regulation (Deckungsrückstellungsverordnung). The premium reserve for reinsured insurance business is also calculated separately in accordance with the provisions of the reinsurance contracts and taking the individual technical policy start into account. The premium reserve took special account of the future costs in relation to single-premium policies, premium-exempted contracts and policies with plan-related premium exemptions. The resulting administration expenses provision was allocated to the premium reserve, which was calculated taking into account the implicit recognised costs.
The premium reserve for the bonus pensions was calculated according to the same principles, except applying the accounting precepts regarding rate of return and mortality which applied at the start of the pensions. The premium reserve for the bonus pensions currently at the future entitlement stage was calculated in each case according to the accounting precepts applying at the time.
All pension insurance plans based on a Table 1987 R or older have in the past been switched to DAV 1994 R, 4.0 %.
For all pension insurance plans not based on the mortality table DAV 2004 R, the premium reserve has been adjusted to bring it into line with table DAV 2004 R – B 20.

Depending on the policy generation, the following mortality tables were applied for insurance policies with an assurance character: DAV 1994 T, mortality table 1986, mortality table 1960/62 and mortality table 1924/26. Insurance policies with a survival character are based on the mortality tables DAV 1994 R 80 %, DAV 1994 R and DAV 2004 R. In some policies, the premium reserve has been adjusted to bring it into line with table DAV 2008 T.

Depending on the policy generation, calculation of the occupational disability risk was based on the tables DAV 1997 I, DAV 1997 TI and DAV 1997 RI, the 1990 association tables (including reactivation probabilities and morbidity/mortality rates) or the tables derived from research by eleven American companies during the period from 1935–1939. For the 2003 policy generation, the company-specific table DAV 1997 I was devised, which addresses or differentiates between three different professional groups.
For the supplementary occupational disability insurance, the premium reserve was adjusted to the tables DAV 1997 I, DAV 1997 TI and DAV 1997 RI, while the company-specific table DAV 1997 I here addresses or differentiates between three different professional groups.

Depending on the policy generation, the occupational incapacity risk was calculated from accounting principles based on the tables DAV 1997 I, DAV 1997 TI and DAV 1997 RI or on the tables DAV 1998 E, DAV 1998 TE or DAV 1998 RE. For the supplementary occupational disability insurance based on a technical interest rate of 4.0 %, the premium reserve was likewise adjusted to the tables DAV 1998 E, DAV 1998 TE and DAV 1998 RE. For all (supplementary) occupational disability and incapacity insurance, the premium reserve was also adjusted to table DAV 2008 T.
Depending on the policy generation, accounting principles derived from Professor Klaus Heubeck's 1983 and 1998 actuarial tables or modified accounting principles based on DAV 1997 I were applied to determine the occupational invalidity risk.

Depending on the policy generation, the technical interest rate applied was either 4.0 %, 3.5 %, 3.25 %, 3.0 %, 2.75 % or 2.25 %. Pursuant to section 5 paragraph 4 DeckRV, a supplementary interest reserve was formed for policies with a technical interest rate of 4 %. In the case of pension insurance plans, this was calculated on the basis of estimated probabilities of cancellation or choosing the lump-sum option.
For insurance policies with regular premium payments, one-off acquisition costs were taken into account in line with the zillmerisation method. For the portfolio of existing policies, the respective zillmerisation rates have been set in line with the business plan. For the portfolio of new policies, the zillmerisation rates were a maximum of 3.5 % of the sum insured or 4.0 % of the total premiums.
Depending on the policy generation, in the case of capitalisations with regular premium payments within the meaning of the Pension Contracts Certification Act (AltZertG), the acquisition costs were distributed over either five years, ten years or the entire accumulation period. In the case of insurance policies starting in 2008 or after, the redemption value was calculated on the basis of acquisition costs distributed over five years. In the case of special insurance plans beginning in or after 2008, the acquisition costs were distributed over the entire premium payment period.

The premium reserve for insurance policies where the investment risk is borne by the policyholders is calculated individually for each policy according to the retrospective method. The calculation was done in compliance with section 341f HGB as well as section 65 VAG and the associated Premium Reserve Regulation. The premium reserve was calculated taking into account the implicit recognised costs. The acquisition costs are distributed over three years, rising to five years from 2008 onwards, and in some cases over the entire premium payment period.

For policies with zillmerisation that is subject to the Federal Court of Justice ruling of 12 October 2005, additional funds were allocated to the premium reserve.

The terminal bonus funds were calculated separately for each policy, taking their individual technical start date into account.
For the portfolio of existing policies, the terminal bonus fund was calculated according to principles set out in the business plan, whereas for new policies it was calculated according to section 28 paragraph 7a to 7d RechVersV, with a discount rate of 3.4 % p.a. Where the terminal bonus fund for individual funds was greater on 31 December 2009 than on 31 December 2011, this was retained.

For insurance with a savings component, a minimum participation in revaluation reserves was introduced on 1 January 2008. This will be financed via a fund in the provision for returns of premiums which will be structured in line with the terminal bonus fund and also with a discount rate of 3.4 % p.a.

The gross amounts for the **provision for unadjusted insurance** claims were calculated separately for insurance claims arising by the balance sheet date and ones known about by the portfolio determination date.
Insurance claims arising by the balance sheet date but not known about until after the determination of the portfolio were accounted for via a surcharge specified in the business plan on the basis of past experience. Outstanding policy surrender, return and withdrawal payments include the repayments specified in the business plan for the year under review and known to have become due by the portfolio determination date, but which have not been paid out by the balance sheet date. The provision includes amounts designated for claims settlement. The proportion of the insurance business ceded to reinsurance was assessed in line with the contractual terms.

The **provision for bonuses and rebates** on life assurance was formed in compliance with the Articles of Association, as well as the provisions laid down in the business plan and by law.

The **premium reserve** in the pension fund business is calculated separately for each policy, taking into account the individual technical policy start and applying actuarial principles. The calculation was done in compliance with section 341f HGB as well as section 116 VAG and the associated Premium Reserve Regulation. The premium reserve was calculated taking into account the implicit recognised costs. The premium reserve for the benefit of employees and employers bearing the investment risk was calculated according to the retrospective method, and other premium reserves according to the prospective method. The minimum premium reserve (to cover pension fund guarantees) plus the premium reserve for ongoing pensions were calculated prospectively on the basis of a technical interest rate of 2.25 %. Professor Klaus Heubeck's modified generation actuarial tables (2005G) were used. The formation of a supplementary interest reserve pursuant to section 2 of the Pension Fund Premium Reserve Regulation (PFDeckRV) was not necessary.

The amounts for the **provision for unadjusted insurance claims** were calculated separately for insurance claims arising by the balance sheet date and ones known about by the portfolio determination date. Insurance claims arising by the balance sheet date but not known about until after the determination of the portfolio were accounted for via a surcharge specified in the business plan on the basis of past experience. Terminated but as yet unsettled pension fund contracts and pension relationships were also taken into account.
The provision also includes amounts to cover claim settlement expenses.

The **premium refunds provision** was formed in compliance with the Articles of Association, prevailing statutory provisions and the bonus participation provisions laid down in the pension plans.

The **pension provision** was calculated according to the projected unit credit method, on the basis of Professor Klaus Heubeck's 2005G actuarial tables. Discounting was done at the average market interest rate published by Deutsche Bundesbank, as arrived at assuming a residual term of 15 years (cf. section 253 paragraph 2 sentence 2 HGB). The financing age on expiry is 62.
The assumed rate of pay increase was set at 1.95 % p.a., and the rate of pension increase at 1.7 % p.a.

The **liabilities arising out of pension fund operations** were valued at their compliance amounts and all have residual terms of up to one year.

Calculations reveal deferred tax due to tax relief resulting from differences between accounting valuations and valuations for tax purposes. These are expected to diminish in future financial years. However, in exercise of our option under section 274 paragraph 4 HGB, we are not recognising any deferred tax asset.

Changes to Asset Items A., B.I. to II. during the 2011 financial year

Assets	Balance sheet value 2010 € 000s	Additions € 000s	Transfers € 000s	Disposals € 000s	Write-downs € 000s	Write-downs € 000s	Balance sheet value 2011 € 000s
A. Intangible assets							
1. Industrial property rights created in-house and similar rights and assets	127	–	111	177	–	61	–
2. Licences, industrial property rights and similar rights and assets acquired for valuable consideration, as well as licences in such rights and assets	38,913	5,012	800	447	–	6,262	38,016
3. Goodwill	1,698	–	–	779	–	230	689
4. Payments on account	955	4,425	– 911	113	–	–	4,356
5. Total A.	41,693	9,437	–	1,516	–	6,553	43,061
B.I. Real estate and similar land rights, including buildings on third-party land							
	122,021	302	–	4,005	–	2,951	115,367
B.II. Investments in affiliated companies and participating interests							
1. Shares in affiliated companies	533	–	–	26	–	–	507
2. Loans to affiliated companies	–	10	–	10	–	–	–
3. Shares in associated companies	3,274	–	1,731	15	–	179	4,811
4. Participating interests	280,933	43,212	– 1,731	30,814	1,480	1,919	291,161
5. Loans to companies in which a participating interest is held	11,693	6,063	–	6,088	1,328	735	12,261
6. Total B.II.	296,433	49,285	–	36,953	2,808	2,833	308,740
Total	**460,147**	**59,024**	**–**	**42,474**	**2,808**	**12,337**	**467,168**

Notes to the consolidated balance sheet

Re Assets B.

Investments

The revaluation reserves include hidden liabilities totalling € 228.9 million. These relate to real estate, shares in affiliated companies, participating interests, shares, bearer bonds, mortgage loans, zero bonds, and securities capitalised at their nominal values pursuant to section 341c HGB.

Details of financial instruments within the meaning of section 314 paragraph 1 No. 11 HGB that are capitalised at their fair value

	Book value € 000s	Fair value € 000s
Participating interests	33,919	31,360
Fixed-asset securities	928,412	822,120
Mortgage loans	198,309	169,958
Other loans	440,041	429,161

Details of derivative financial instruments and forward purchases in accordance with section 314 paragraph 1 No. 10 HGB

	Type	Nominal volume € 000s	Book value premium € 000s	Fair value of premium € 000s
Other liabilities	Short put options	14,284	900	390
Other liabilities	Short call options	3,200	129	84
Bearer bonds and notes receivable	Forward purchases	88,500	–	5,344
	Swaptions	200,000	1,970	17,745
Other investments	Credit default swaps	56,000	2,114	5,758

Valuation methods

Short put options:	European options	Black-Scholes
	American options	Barone-Adesi
Short call options:	European options	Black-Scholes
	American options	Barone-Adesi
Forward purchases:	Bloomberg or our own calculations based on market data	
Swaptions:	Black-Scholes	
Credit default swaps:	J.P. Morgan	

Details of units or shareholdings in domestic investment funds in accordance with section 314 paragraph 1 No. 18 HGB				
Investment goal	Dividends € 000s	Current value € 000s	Hidden reserves/ hidden charges € 000s	Limitation on daily redemption
Equity funds*	15,910	615,417	25,309	
Mixed funds	7,985	218,962	–	
Bond funds	307	27,461	681	
Real-estate funds	6,823	128,953	4,327	once a month up to € 50,000 or quarterly or on timely notification or only pro rata with sales of real estate

* Reason why we have refrained from a write-down pursuant to section 253 paragraph 3 HGB:
The NEA, GEA and VEA special funds are equity funds that track indices, in particular the EuroStoxx50 and DAX30. In 2011 both these indices fell in value, with the EuroStoxx50 performing worse than the DAX, chiefly because southern European shares performed significantly worse than German ones.

The bulk of the falls during 2011 occurred during a few weeks in August. Despite a significantly reduced investment grade, the funds lost value during 2011.

Capital market movements throughout 2011 took on panic-like proportions, clearly founded on fears of the collapse of the euro followed by a deep worldwide recession. However, stock market movements during the first quarter of 2012 have shown that these fears were exaggerated. Despite continuing uncertainty over Greece's future, the eurozone, excluding a few southern countries, appears to be facing an economic blip rather than a severe recession. The lead indicators have changed many times, as confirmed by the upward stock market movement. When analysing various individual securities, we came up with valuations well above their 2011 closing prices. Accordingly, at individual security level there is notable value recovery potential, and in view of this we regard it as reasonable to refrain from writing down the securities funds in our fixed assets.

Re Assets B.I.

Real estate and similar land rights, including buildings on third-party land
The balance sheet value of own land and buildings used for DEVK Group operations is € 11,398,619.

Re Assets B.III.

Other investments

Other loans

	2011, € 000s	2010, € 000s
a) Registered bonds	1,466,634	1,422,562
b) Notes receivable and loans	1,937,255	1,926,605
c) Loans and advance payments on insurance certificates	19,141	20,382
d) Other loans	260,055	283,116
Total	**3,683,085**	3,652,665

Other loans chiefly comprise registered participation certificates.
Other investments comprise fund units and silent partnerships within the meaning of KWG.

Re Assets C.

Investments for the benefit of life assurance policyholders who bear the investment risk

	Share units number	Balance sheet value €
HSH Strategy ActivePlus R	5,806,88	338,832
Monega BestInvest	10,574,00	502,265
Monega Chance	117,585,37	3,211,256
Monega Ertrag	120,986,21	6,339,677
Monega Euro-Bond	112,501,48	5,763,451
Monega Euro-Land	107,824,73	2,933,911
Monega FairInvest	68,165,70	2,205,842
Monega Germany	45,424,11	1,949,602
Monega Innovation	3,591,09	104,357
Monega Short Track	925,58	45,965
Monega Wachstum	102,522,95	4,019,925
UniEM Global	2,881,33	186,854
UniGlobal	20,592,37	2,277,917
UniRak	79,082,77	6,103,608
Total		**35,983,462**

Re Assets D.

Investments for the benefit of employees and employers	Share units Number	Balance sheet value €
Monega Euro-Bond	53,488.68	2,740,225
Monega Euro-Land	3,504,159.13	95,348,170
Total		**98,088,395**

Re Assets E.I.

Receivables arising out of direct insurance operations

The amounts owed by policyholders comprise:

a) Due claims	€ 15,590,759
b) Claims not yet due	€ 35,685,589
	€ 51,276,34€

Re Assets G.II.

Other prepayments and accrued income

Premium on registered bonds	€ 1,191,710
Advance payments for future services	€ 2,408,455
	€ 3,600,165

Re Liabilities B.III.

Provision for claims outstanding

In keeping with the principle of prudent valuation, a gain arose from the settlement of the provision for claims outstanding carried forward from the previous year.

Re Liabilities B.IV.

Provision for bonuses and rebates from life assurance operations

31.12.2010	€ 214,147,421
Withdrawal in 2011 for:	
Accumulated bonus shares	€ 1,983,338
Single premiums	€ 1,549,329
Other bonus shares	€ 51,579,409
Allocation to the 2011 net profit	€ 72,643,810
31.12.2011	**€ 231,679,155**

Breakdown of	Mio. €
already determined but not yet allocated	
regular bonus shares	53.58
Final bonus shares	3.48
Amounts for the minimum participation in the revaluation reserves	0.42
Final bonus fund for financing:	
Of bonus pensions	0.03
Of final bonus shares	54.26
The minimum participation in the revaluation reserve	6.94
Non-index-linked part	112.97

Re Liabilities H.I.

Liabilities arising out of direct insurance operations

Amounts owing to policyholders arising from direct insurance operations, for credited bonus shares, total	**€ 498.813.853**

Re Liabilities I.

Accruals and deferred income

Discount points on registered bonds	€ 5.792.743
Advance rental receipts	€ 77.842
Other accruals and deferred income	€ 22.611
	€ 5.893.196

Notes to the profit and loss account

Booked gross premiums in € 000s

	2011					2010
	Non-life/ casualty	Life	Health	Pension fund	Total	Total
1. Direct insurance operations						
Domestic	1,404,724	449,826	52,637	49,421	1,956,608	1,870,953
Other EEC countries	60,280	–	–	–	60,280	54,003
Total 1.	1,465,004	449,826	52,637	49,421	2,016,888	1,924,956
2. Reinsurance coverage provided						
	115,084	–	–	–	115,084	99,599
Total	**1,580,088**	**449,826**	**52,637**	**49,421**	**2,131,972**	2,024,555

The gross overall expenses on all insurance operations were as follows:

Acquisition expenses	€ 285,393,636
Administration costs	€ 152,681,223

Re Item II.3.b)

Income from other investments

aa) Income from real estate and similar land rights, including buildings on third-party land	€ 4,085,455
bb) Income from other investments	€ 158,854,207
	€ 162,939,662

Re Item IV.2.c)

Income from other investments

aa) Income from real estate and similar land rights, including buildings on third-party land	€ 3,017,558
bb) Income from other investments	€ 159,091,266
	€ 162,108,824

Personnel expenses
Personnel expenses totalled € 238,316,104 (2010: € 252,688,218). These include expenses for the risk portion of the allocation to the pension provision.

During the year under review, Management Board remuneration totalled € 2,224,985 (2010: € 2,221,437). The retirement pensions of former Management Board members and their surviving dependants totalled € 2,192,739 (2010: € 1,553,946). On 31 December 2011, a pension provision totalling € 20,274,661 (2010: € 19,378,340) was capitalised for this group of persons.
The Supervisory Board remuneration totalled € 629,785 (2010: € 624,607) and Advisory Board remuneration came to €101,531 (2010: € 86,479).

Auditors' fees
For services rendered by the Group's auditors (KPMG AG Wirtschaftsprüfungsgesellschaft and its affiliated companies) for the parent company and its subsidiaries in 2011, a fee of € 870,562 was paid (including € 1,182 in additional expenditure for 2010).
This broke down into € 760,899 for audit services, € 96,224 for other certification services and € 13,438 for other services.

Other information

Contingencies and other financial obligations
At the end of the year, other financial obligations arising from real-estate holdings, fund units and participating interests totalled € 88.9 million.

On the balance sheet date, we had outstanding financial obligations totalling € 17.5 million from open short put options, € 219.0 million in multi-tranche notes payable and € 88.5 million from open forward purchases. The payment obligations in relation to approved mortgage loans not yet paid out totalled € 78.5 million.

In compliance with the statutory provisions of sections 124ff VAG, life assurance companies are required to be members of an insurance guarantee scheme. Pursuant to the Insurance Guarantee Scheme Financing Regulation (Sicherungsfonds-Finanzierungs-Verordnung), the guarantee scheme levies annual contributions amounting to a maximum of 0.2 ‰ of the total technical provisions net of reinsurance until a security fund amounting to 1 ‰ of the total technical provisions net of reinsurance has been built up. The accumulation stage of this process is now complete, in view of which the company has no future liabilities in this respect.
The insurance guarantee scheme can also levy special contributions totalling a further 1 ‰ of the technical provisions net of reinsurance. This constitutes a maximum commitment of € 4,040,579.

In compliance with the statutory provisions of sections 124ff VAG, health insurance companies are required to be members of an insurance guarantee scheme. After taking over insurance contracts in fulfilment of its remit, the guarantee scheme levies special contributions totalling a maximum of 2.0 ‰ of the technical provisions net of reinsurance. Our 2011 payment commitment here is € 227,345.

Under an assumption of debt agreement, the pension provisions for all employees in the DEVK Group have been assigned to DEVK Rückversicherungs- und Beteiligungs-AG in return for the transfer of corresponding investments, thereby bundling all of the DEVK Group's pension commitments with a single risk bearer and improving the protection in place for employees' pension rights.
The joint and several liability for the pension commitments capitalised on the DEVK Rückversicherungs- und Beteiligungs-AG balance sheet has given rise to benefit obligations totalling € 322.2 million.

General information

During the year under review, the average number of employees, disregarding inactive employment contracts and after conversion of part-time employees to full-time equivalents, came to 3,602, made up of 119 executives, 3,416 salaried employees and 67 waged employees.

Cologne, 20 April 2012

The Management Board

Gieseler **Etmans** **Faßbender** **Rüßmann** **Zens**

Audit certificate

We have audited the consolidated financial statements, comprising the balance sheet, profit and loss account, notes, cash flow statement and statement of shareholders' equity and consolidated management report, prepared by **DEVK Deutsche Eisenbahn Versicherung Sach- und HUK-Versicherungsverein a.G. Betriebliche Sozialeinrichtung der Deutschen Bahn**, Cologne, for the financial year from 1 January to 31 December 2011. The preparation of the consolidated financial statements and consolidated management report in accordance with German commercial regulations is the responsibility of the Group Management Board. Our remit is to express an opinion on the consolidated financial statements and consolidated management report on the basis of our audit.

We conducted our audit pursuant to section 317 of the German Commercial Code (HGB) and the generally accepted standards for auditing financial statements promulgated by the German Institute of Auditors (IDW), which require us to plan and perform the audit in such a way that misstatements materially affecting the presentation of assets, finances and earnings in the consolidated financial statements in accordance with the German principles of proper accounting and in the management report are detected with reasonable certainty. Knowledge of the Group's business activities, the economic and legal circumstances and expectations concerning possible errors are taken into account when determining the audit activities. The effectiveness of the internal auditing system and the accuracy of the evidence supporting the information contained in the consolidated financial statements and consolidated management report are predominantly tested on the basis of random sampling. The audit includes the evaluation of the annual financial statements of the companies included in the consolidated financial statements, the delimitation of the group of consolidated companies, the accounting and consolidation principles applied, and the principal estimates made by the Executive Board, as well as an appraisal of the overall view conveyed by the consolidated financial statements and consolidated management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any objections.

In our opinion, based on the findings of our audit, subject to the above-mentioned reservation, the consolidated financial statements comply with the legal regulations, and convey an accurate and fair view of the Group's assets, finances and earnings in keeping with generally accepted accounting principles. Furthermore, the consolidated management report is in conformity with the consolidated financial statements, provides an accurate description of the Group's overall position and accurately sets out the risks and opportunities inherent in future developments.

Cologne, 27 April 2012

KPMG AG Wirtschaftsprüfungsgesellschaft

Dr. Ellenbürger	**Mehren**
Auditor	Auditor

Supervisory Board report

During 2011, the Supervisory Board was briefed by the parent company's Management Board on the Group's commercial performance and financial position at various meetings.

KPMG AG Wirtschaftsprüfungsgesellschaft, having been appointed as auditors in line with statutory requirements, duly audited the 2011 consolidated financial statements and management report. This audit did not lead to any objections, and an unqualified audit certificate was granted. The Supervisory Board has duly acknowledged and agrees with the audit findings.

The Supervisory Board's own audit of the consolidated financial statements and management report likewise revealed no irregularities. Accordingly, the Supervisory Board hereby approves the 2011 consolidated financial statements.

The Supervisory Board would like to thank the Management Boards and employees of the various Group companies for all their hard work and commitment.

Cologne, 16 May 2012

The Supervisory Board

Kirchner
Chairman

DEVK Central Office, Cologne, Germany

50735 Cologne, Riehler Strasse 190

(Plus the names of the principal departments and their managers)

Personnel
Roger Halleck

Central Office Services
Paul Epper

Sales and Field Services Organisation
Olaf Nohren

Marketing, Sales Systems and Direct Sales
Michael Knaup

Life
Dr Veronika Simons

Occupational Pensions
Birgit Großmann

Non-life/HUK Operations
Thomas Doll

KINEX/Accounting/Central Office Applications Partner
Lothar Diehl

Investments
Joachim Gallus

Non-life/HUK Operations
Rüdiger Burg

Revision
Gerd Stubbe

Information Processing and Telecommunications
Klaus Dresbach

Project Portfolio Management/Management Organisation
Jürgen Dürscheid

Corporate Planning and Controlling
Elmar Kaube

Reinsurance
Wolfgang Jöbkes

DEVK Regional Offices

(Plus the names of senior management personnel)

10785 Berlin, Schöneberger Ufer 89
Christian Kahl/Dr. Klausjürgen Mottl/Bernhard Warmuth

01069 Dresden, Budapester Strasse 31
Gerald Baier/Olaf Draeger

99084 Erfurt, Juri-Gagarin-Ring 149
Dietmar Scheel/Ines Etzroth

45128 Essen, Rüttenscheider Strasse 41
Rolf Möller/Willi Winter

60327 Frankfurt am Main, Güterplatz 8
Helmut Martin/Hubert Rößl

22767 Hamburg, Ehrenbergstrasse 41 – 45
Volker Schubert/Frank Rohwer

30161 Hannover, Hamburger Allee 20 – 22
Karl-Heinz Tegtmeier/Martin Wittich

76137 Karlsruhe, Nebeniusstrasse 30 – 32
Axel Berberich/Wolfgang Axtmann

34117 Kassel, Grüner Weg 2 A
Bernd Klapp/Klaus-Peter Reitz

50668 Köln, Riehler Straße 3
Sebastian Baumgart/Franz-Josef Schneider/Wolfgang Riecke

55116 Mainz, Gärtnergasse 11 – 15
Thomas Huck/Johann Weckerle

80335 München, Hirtenstrasse 24
Christian Rähse/Rudolf Ullmann

48143 Münster, Von-Steuben-Strasse 14
Gerhard Marquardt/Stefanie Hölscher

90443 Nuremberg, Essenweinstrasse 4 – 6
Christian Rähse/Rainer Spieß

93055 Regensburg, Richard-Wagner-Strasse 5
Siegbert Schmidt/Harald Weinbeck

66111 Saarbrücken, Trierer Strasse 16 – 20
Johannes Holzapfel/Klaus Dieter Feller

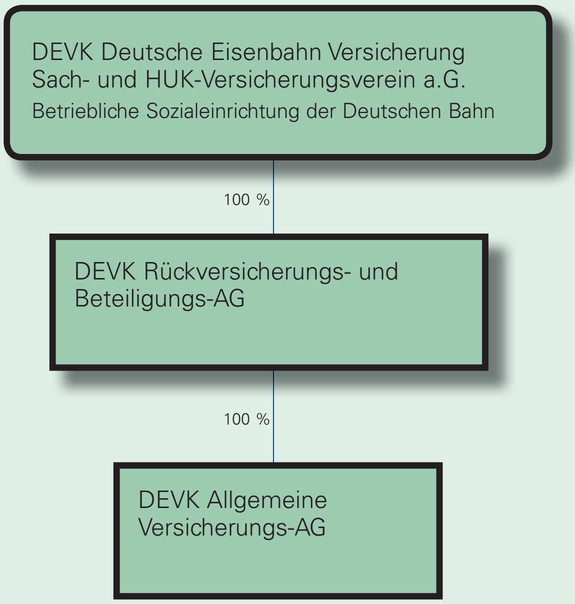
19053 Schwerin, Wismarsche Strasse 164
Mario Kühl/Thomas Maudrey

70190 Stuttgart, Neckarstrasse 146
Volker Allgeyer/Dirk Strempel

42103 Wuppertal, Friedrich-Engels-Allee 20
Heinz Kuhnen/Dirk Schnorz

– 1 April 2012 –

Organizational chart of DEVK Versicherungen



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