Annual Report 2021

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

DEVK Rückversicherungs- und Beteiligungs-Aktiengesellschaft - DEVK RE

DEVK Allgemeine Versicherungs-Aktiengesellschaft

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

Gesagt. Getan. Geholfen.

DEVK

Business development 1948/49 to 2021

in the non-life / HUKR, health insurance and pension funds division of DEVK Versicherungen

Year	Motor vehicle	Non-life[1]	Liability	Accident[2]	Legal protection	Health[3]	Premiums in € millions
	Portfolio (in 000s)						
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
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
2012	2,748	2,596	1,732	1,127	814	1,190	1,794.1
2013	2,762	2,604	1,745	1,145	829	1,309	1,956.3
2014	2,896	2,620	1,759	1,157	846	1,345	2,137.2
2015	2,911	2,649	1,778	1,164	866	1,378	2,295.0
2016	2,961	2,688	1,798	1,176	894	1,414	2,394.3
2017	3,002	2,705	1,811	1,186	922	1,471	2,512.7
2018	3,045	2,735	1,833	1,197	958	1,506	2,659.1
2019	3,175	2,782	1,872	1,220	1,000	1,544	2,850.3
2020	3,240	2,824	1,910	1,235	1,030	1,560	3,106.1
2021	**3,260**	**2,841**	**1,928**	**1,223**	**1,044**	**1,575**	**3,310.6**

[1] revised method of counting from 2010 [2] from 1996 incl. motor vehicle accident [3] number of tariff insured

Financial year 2021

Organisation bodies

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Marktredwitz
Spokesperson for the Board of Members

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Munich

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Karlsruhe

Tobias Barthel
König Wusterhausen

Michael Bartl
Berlin

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Palzem

Sylvia Weigel
Guntersblum

Andreas Weitz
Bremen

Ute Weyl-Thieme
Dillenburg

Cindy Winter-Thiel
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Joachim Ziekau
Stendal

Michael Zurheiden
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DB Fahrzeuginstand-
haltung GmbH

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Deutsche Bahn AG

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* Employees' representative

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Dietmar Scheel
Bad Berka

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Bad Friedrichshall

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Railway Workers
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CEO of S-Bahn Hamburg GmbH

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DB Fahrzeuginstandhaltung GmbH

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Director of Deutschen Renten-
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DVA Deutsche Verkehrs-Assekuranz-
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Eisenbahn- und Verkehrs-
gewerkschaft (EVG)

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Werder
Chairman of the General Works Council
Deutsche Bahn AG Holding

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Berlin
Future Workshop Rail Transport

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Deutsche Bahn AG
Chairman of the General Works Council
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Head of the Collective Bargaining Policy
Department of
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Beratungsgesellschaft mbH
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Trade Union of Road
and Transport Workers

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Johanna Uekermann
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Managing Director of EVA Akademie

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Württemberg eG

Ulrich Weber
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Director of Personnel and Legal Affairs
Deutsche Bahn AG, ret.

Management report

Company foundations

Business model

DEVK Sach- und HUK-Versicherungsverein a.G. 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.'s inception was as a self-help organisation for railway workers, and today it is recognised as a company welfare scheme by Deutsche Bahn and the Federal Office for Railway Assets (Bundeseisenbahnvermögen).

The Organisation exclusively undertakes direct non-life and accident insurance operations as well as direct foreign travel health insurance operations in Germany. Details of this can be found in the notes to the management report.

The bulk of the sales is realised by our field sales force, which comprises both our own salaried field sales agents and self-employed representatives. We also engage in a variety of sales cooperation arrangements. Of particular importance is the cooperation with the Sparda Bank Group and, in the transport market, with the Forum für Verkehr und Logistik (Forum for Traffic and Logistics) and the DBplus partners within the DB Group. Our central direct sales operation and corresponding links with brokers round off our sales channel mix.

The DEVK Group is represented throughout Germany with 19 branches and over 1,200 offices.

Affiliated companies and participating interests

DEVK Sach- und HUK-Versicherungsverein a.G. and DEVK Lebensversicherungsverein a.G. are not affiliated companies within the meaning of section 271 paragraph 2 HGB. Details of our company's direct and indirect shareholdings in principal affiliated companies and participating interests can be found 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 (e.g. accountancy, collection, IT, asset management, personnel, auditing and general administration) are centrally organised for all DEVK companies. Furthermore, our portfolio management and claims management are merged with those of DEVK Allgemeine 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 RE, 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.

Please note that rounding may lead to differences from the mathematically exact figures (monetary units, percentages, etc.).

The sections of this report marked with [1] contain details which have not been checked by the auditor.

Business performance

Economic conditions generally and in the industry

Economic activity in Germany experienced highly positive development following the end of the extensive lockdown measures from May 2021 until the fourth wave of the Corona virus in November of the same year. During the first quarter, real gross domestic product (GDP) still fell by 3.0 %, only to grow by 10.8 % year-on-year in the second quarter of 2021. By contrast, towards the middle of 2021, rising energy prices and disruptions to international supply chains led to an unexpected slowdown in growth momentum to +2.8 % in the third quarter and - together with the resurgence of the virus - to only +1.4 % year-on-year in the fourth quarter of 2021 (and therefore -0.7 % quarter-on-quarter). As such, price-adjusted absolute GDP was only just below the value at the end of the pre-pandemic year 2019. This development was accompanied by a significant increase in inflation rates to over 5.0 % in the fourth quarter of 2021, in both Germany and the USA. The Ifo Index rose steadily until June 2021, only to fall again for six months in a row from the middle of the year until the end of the year, declining from 101.7 points to 94.8 points.

The political discussions in 2021 were dominated by climate risk issues, the Bundestag elections and the subsequent formation of the government, as well as developments around the fourth wave of COVID-19. The planned government stimulus measures in the EU, and in particular in the US, led to high growth expectations for 2022 and a positive outlook especially for infrastructure investments. Economists estimate that real GDP growth in Germany will average 3.1 % in 2022 (according to Bloomberg), up from 2.9 % in 2021 (according to the Federal Statistical Office). GDP growth in the USA stood at 5.7 % in 2021; the expectation for 2022 is 3.6 % on average. In the second quarter, GDP growth in the USA was even higher than growth in China compared to the previous quarter, while it stood at the same level in the third quarter.

During the course of the year, the development of the stock markets increasingly disengaged from news regarding the pandemic as vaccination rates in the industrialised countries rose, until a sharp rise in incidences arose in conjunction with subsequent renewed restrictions on daily life in several European countries due to the emergence of the new Omicron variant of the virus. Up to the end of November 2021, the short-term mood on the stock markets was largely dampened by concerns about a reduction of monetary policy support measures. These declines generally turned into buying opportunities within a few days, driven by the lack of investment alternatives and the fear of missing out on further price rises. In 2021, the daily closing price of the German benchmark index DAX rose by 18.5 % at its peak (17 November 2021). Over the rest of the year, the dramatic deterioration in the circumstances around the pandemic caused a decline of over 7 %. Towards the end of the year, the situation on the capital markets eased and the DAX rose again by a good 5 %, so that a gain of 15.8 % was achieved by the DAX for the year as a whole - driven by a very loose monetary policy overall and a lack of investment alternatives in the interest rate area.

The mood on the bond market in 2021 was strongly influenced by concerns about rising inflation as well as the end of loose US monetary policy and (with a time lag) European monetary policy. Accordingly, the risk-free interest rates, as seen for the example with the 10-year Euro swap rate, rose significantly at times. The 10-year Euro swap rate gained over 0.4 percentage points and stood at just under 0.2 % from January to mid-May 2021. A decline in concerns about a near-term scaling back of central bank purchases and possible central bank rate hikes brought the 10-year Euro swap rate back down below -0.1 % in August 2021, only to rise above 0.3 % in October 2021. This interest rate was also valid on 31 December 2021. The yield on the ten-year German government bond developed in the same way, reaching a low of -0.6 % in January 2021, recovering to -0.1 % in the course of the year and standing at -0.2 % at the end of the year. The risk premiums on European investment grade corporate bonds fell by just under 0.1 percentage points by mid-2021, but rose significantly by almost 0.3 percentage points in November 2021 and reached a value only slightly above the level at the beginning of the year by the end of the 2021. In 2021 as a whole, the risk-free interest rates of bonds with a maturity of between 8 and 15 years rose more sharply than the long maturities of over 20 years, so that the risk-free interest rates for a maturity of 40 or 50 years, for example, were significantly lower than for 20 years. This constitutes a challenging situation for long-term investors, because it is difficult to map the long actuarial maturities on the investment side at acceptable yields.

The operating result of German non-life and accident insurance in 2021 was shaped by natural disasters. With insured losses of around € 12.5 billion, 2021 was the most expensive year in terms of natural disasters since records began in the early 1970s. The main event with an insured loss volume of around € 8 billion was Storm Bernd, which caused severe damage, especially in Rhineland-Palatinate and North Rhine-Westphalia, due to heavy rain and flooding. As a result, according to figures quoted by GDV at its annual media conference at the end of January 2022 the combined ratio should be around 102 % (previous year 90.7 %). The earnings situation for the non-life and accident insurance sector therefore deteriorated significantly in comparison to the previous year, although a presentable result was still achieved in light of the record claims.

On the premium side, GDV expects gross premium income in non-life and accident insurance to increase by 2.2 % in 2021.

In the motor vehicle insurance segment, premium receipts growth for 2021 came to +0.4 %, which was below the figure in the previous year (+2.3 %). The GDV estimates that the combined ratio is likely to be around 95 % (previous year 90.6 %). On the premium side, we believe that the increasing competitive pressure in this line of business is reflected.

Business trends

2021 was overshadowed by the flood disaster, which was triggered by Storm Bernd and devastated entire regions in western Germany in the summer. This was the most expensive loss event in DEVK's 135-year history. However, the impact on DEVK's business results remained limited thanks to good reinsurance cover.

At the end of 2021, the total portfolio of DEVK Sach- und HUK-Versicherungsverein a.G. stood at 2,594,397 contracts (previous year 2,607,776). The risks in motor vehicle liability insurance, comprehensive and third-party, fire and theft motor insurance were counted separately. Moped insurance policies were not taken into account.

With a decline in gross premiums written of 1.2 %, the figures fell short of the premium growth forecast in the last management report (around 1 %), largely due to motor vehicle and accident insurance.

Net underwriting income declined by 2.3 % overall compared to the previous year. Net underwriting expenses, on the other hand, increased as expected. Against the backdrop of the flood disaster and the associated 28.9 % increase in gross expenditure for claims in the financial year, the rise was moderate at +5.0 % due to the very high participation of reinsurers in claims expenditure. We benefited from our good reinsurance cover here.

Before the change in the equalisation reserve, the net underwriting result amounted to € 23.0 million (forecast: € 25 million to € 30 million, previous year € 45.4 million) and after changes in the equalisation reserve € 18.3 million (forecast: € 20 million to 25 million, previous year € 18.3 million). Following adjustment for the addition to the provision for profit-related premium refunds, which was not forecast last year, the results are in line with expectations.

The net investment profit in 2021 came to € 22.4 million (previous year € 3.0 million). On the income side, current investment income and gains from the disposal of investments were lower than in the previous year. Write-ups, on the other hand, increased significantly. On the expenditure side, there were reduced write-downs on investments and losses from the disposal of investments. The investment result for 2021 was therefore significantly up on the previous year's figure, as expected. The investment portfolio increased slightly in 2021, up from € 1,626.9 million to € 1,690.9 million (previous year's forecast: We expect a significant increase in the absolute result in 2021, with a slight increase in the investment portfolio). Accordingly, the net interest return of 1.3 % was well above the previous year's level (0.2 %). We had also expected a significant increase in net interest (previous year's forecast: As a result, our planning is founded on expectations of a net interest rate significantly higher than last year’s figure).

Further expansion of real values in the investment portfolio is intended to counteract the persistently low interest rate level and improve the long-term earnings situation. The equity ratio was temporarily reduced in 2021 in the overall positive equity market environment, but was at the previous year's level at the end of the year. However, the mid-term plan is to slightly build up the equity items.

The result from ordinary activities of € 31.7 million fell short of the figure forecast in the previous year (€ 40 million to € 45 million). The main reasons for this are the unplanned allocation to the provision for profit-related premium refunds and the reduced distribution of DEVK Rückversicherungs- und Beteiligungs-AG - DEVK RE.

In terms of taxes, we benefited in the previous year from the release of provisions for previous years that were no longer required. This was also the case in 2021, although to a much lesser extent. The tax expense amounted to € 7.0 million; in the previous year, rather than incurring an expense we in fact realised an income (€ 14.6 million).

After taxes, the net profit for the year stood at a satisfactory € 24.6 million (previous year € 28.5 million).

Net assets, financial position and results of operations

Results of operations

	Financial year € 000s	Previous year € 000s	Change € 000s
Technical account	18,267	18,251	16
Investment result	22,393	2,994	19,399
Other result	-8,995	-7,302	-1,693
Profit from ordinary activities	**31,665**	13,943	17,722
Taxes	7,030	-14,557	21,587
Net profit for the year	**24,635**	28,500	-3,865
Allocation to retained earnings	24,635	28,500	-3,865
Net retained profit	-	-	-

Underwriting result, net of reinsurance

The gross premiums written of DEVK Sach- und HUK-Versicherungsverein a.G. decreased by 1.2 % to € 384.0 million, while net earned premiums fell by 2.3 % to € 319.3 million.

The gross expenses for claims in the financial year increased by 28.9 % compared to 2020 (previous year -9.7 %). This was due in particular to the flood disaster. Profits from the settlement of previous years' claims rose by 10.1 %. As a result, gross claims expenses were 33.7 % higher than in the previous year, and the gross claims ratio deteriorated to 76.0 % (previous year 56.2 %).

Gross operating expenses rose by 1.9 % to € 103.2 million (previous year € 101.3 million).

Thanks to good reinsurance cover, the expenses for insurance claims net of reinsurance increased by just 6.0 % to € 198.1 million. Their ratio of the earned net premiums therefore rose to 62.0 % (previous year 57.1 %). At 28.0 %, the ratio of expenses for insurance business net of reinsurance to earned premiums net of reinsurance was up on the previous year figure (26.8 %).

After expenses for bonuses and rebates of € 6.0 million (previous year € 5.1 million) and an allocation to the equalisation provision of € 4.8 million (previous year € 27.2 million), the underwriting result net of reinsurance stood at € 18.3 million.

The individual insurance segments performed as follows:

Underwriting result, net of reinsurance							
Figures in € 000s	Gross premiums written			Change to the equalisation provision		Technical result net of reinsurance	
Insurance class	Financial year	Previous year	Change	Financial year	Previous year	Financial year	Previous year
Accident	50,864	53,163	-4.3 %	-	-	13,408	17,629
Liability	32,901	35,859	-8.2 %	1,031	1,031	5,816	5,514
Motor vehicle liability	99,186	99,376	-0.2 %	-5,157	-17,554	1,312	-9,335
Other motor vehicle	75,835	76,370	-0.7 %	-196	-5,819	-7,559	-6,675
Fire and non-life	123,335	121,857	0.0 %	-410	-4,753	4,995	10,721
of which:							
Fire	767	746	2.8 %	-1,375	-472	-209	-803
Household contents	41,515	43,412	-4.4 %	-	-	9,767	11,641
Homeowners' building	68,938	65,205	5.7 %	1,009	-4,270	-3,457	728
Other non-life	12,115	12,494	-3.0 %	-44	-10	-1,106	-845
Other	1,859	1,884	-1.3 %	-26	-92	294	397
Total	**383,980**	388,509	-1.2 %	**-4,758**	-27,187	**18,266**	18,251

The results of the other motor vehicle insurance and homeowners' building insurance were adversely affected by the flood disaster. The enduring pandemic resulted in a lower number of claims in motor vehicle, general accident and burglary when compared to "normal years".

The provision for profit-related premium refunds was allocated € 1.0 million in liability insurance and € 5.0 million in accident insurance.

Investment result

Gross investment income of € 36.4 million was significantly below the previous year's figure of € 42.7 million due to a reduced dividend from DEVK Rückversicherungs- und Beteiligungs-AG - DEVK RE and lower interest income as a result of the low interest rate environment. DEVK Rückversicherungs- und Beteiligungs-AG - DEVK RE's dividend payment came to € 5.0 million (previous year € 10.0 million). Write-ups on shares increased to the same extent that gains on the disposal of investments decreased. Also included were € 2.6 million in profits from disposals of investments (previous year € 4.4 million), as well as € 2.3 million in write-ups (previous year € 0.4 million).

At € 14.0 million, investment expenses were significantly down on the previous year (€ 39.7 million). This is due to a lower write-down requirement (€ 9.4 million after € 18.2 million in the previous year) as well as lower losses from the disposal of investments (in particular shares), which amounted to € 0.4 million after € 17.1 million in the previous year. The increase in investment expenses was mainly a result of the pandemic-related upheavals on the stock market.

On balance, our net investment income was well up on the previous year's figure at € 22.4 million (previous year € 3.0 million). A significant increase in the net investment result had been expected - as previously explained.

Other result

The ‘Other result’, which includes allocated interest, stood at € -9.0 million (previous year € 7.3 million).

Taxes

As in the previous year, tax provisions for previous years were released in 2021, but at a lesser amount. Overall, tax expenses of € 7.0 million arose (previous year € 14.6 million income).

Operating result and appropriation of retained earnings

The net profit came to € 24.6 million (previous year € 28.5 million). This was allocated in full to other revenue reserves.

Return on sales

The "adjusted return on sales" of direct business is used as the key indicator for controlling the company. This is defined as the pre-tax profit for the year, adjusted by the gross premium refunds expenses and the reinsurance balance as well as the change in the equalisation reserve and the distribution of DEVK Rückversicherungs- und Beteiligungs-AG - DEVK RE, in relation to gross premiums written.

The 2021 return on sales stood at -1.4 % (previous year 13.6 %). This figure therefore fell short of the previous year's forecast of over 12 %. The key figure used is a gross figure, i.e. the reinsurance balance is not taken into account. As a result, the claims expenses caused by the flood disaster have been included in full. A corresponding net view, i.e. after taking into account the reinsurance balance, would result in a return on sales of 11.7 %.

Financial position

Cash flow

Availability of the liquidity necessary to meet regular payment obligations is ensured through ongoing liquidity planning, which takes into account prospective liquidity movements over the coming twelve months. The organisation receives a continuous influx of liquid funds in the form of regular premium receipts, investment income and return flows from investments of capital. In the current financial year, the cash flow from investments – that is, the funds required for the net investment volume – amounted to € 66.3 million. The necessary funds were exclusively generated by the ongoing operations.

Ratings[1]

Each year the internationally renowned rating agencies S&P Global Ratings and Fitch evaluate the financial performance and security of DEVK.

S&P Global Ratings last renewed its rating in June 2021. As in the years 2008 to 2020, DEVK Sach- und HUK-Versicherungsverein a.G., DEVK Allgemeine Versicherungs-AG, DEVK Allgemeine Lebensversicherungs-AG and DEVK Rückversicherungs- und Beteiligungs-AG - DEVK RE were once again all assigned a rating of "A+" (very good). S&P Global Ratings assesses our future outlook as "stable". This confirms the very good financial position enjoyed by the DEVK companies.

Meanwhile, the rating agency Fitch came to the same conclusion, with its August 2021 rating of the financial strength of DEVK’s core companies remaining unaltered at "A+". The companies rated were DEVK Sach- und HUK-Versicherungsverein a.G., DEVK Rückversicherungs- und Beteiligungs-AG - DEVK RE, 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. The outlook for all our companies remains "stable".

Assets position

	Financial year € 000s	Previous year € 000s	Change € 000s
Investments	1,690,930	1,626,919	64,011
Receivables arising out of direct insurance operations	2,621	3,130	-510
Receivables arising out of reinsurance operations	13,820	2,142	11,677
Other receivables	83,692	185,673	-101,981
Means of payment	32,007	11,223	20,783
Other assets	37,202	32,775	4,427
Total assets	**1,860,270**	1,861,862	-1,592
Equity	1,146,366	1,121,731	24,635
Technical provisions	463,915	462,355	1,560
Other provisions	50,187	65,783	-15,596
Deposits received from reinsurers	65,312	63,823	1,489
Liabilities arising out of direct insurance operations	19,282	21,433	-2,152
Liabilities arising from reinsurance operations	301	640	-339
Other liabilities	114,873	126,074	-11,201
Accruals and deferred income	35	23	12
Total capital	**1,860,270**	1,861,862	-1,592

Within the investment item, the share of real estate investments in particular increased moderately, while the share of alternative investments increased significantly at the expense of the interest-bearing investments. Due to the low volume of alternative investments compared to interest-bearing investments, there was no significant change in the composition of the investment portfolio at book value in 2021.

The stronger orientation of the capital investment strategy in the direction of real values - in accordance with strategic asset allocation - progressed in 2021. However, the adjustment of the asset allocation is a medium-term process. As such, a sudden and significant change in the investment portfolio is not to be expected. Nonetheless, the equity ratio in particular can fluctuate significantly during the year subject to tactical considerations.

Of the accounts receivable from the reinsurance business, € 9.3 million were attributable to DEVK Rückversicherungs- und Beteiligungs-AG - DEVK RE in the year under review (previous year € 1.5 million).

The other receivables and payables arose predominantly from liquidity netting within the DEVK Group.

Non-financial performance indicators

Customer satisfaction

Customer satisfaction is the highest strategic goal for DEVK. DEVK therefore analyses the satisfaction of its customers on an annual basis.

The findings are based on an insurance market study which uses a points scale to measure customers' satisfaction with 23 top service insurers in Germany. This enables us to measure developments over time and as compared with our competitors in graphic form. In terms of overall customer satisfaction, DEVK currently occupies fourth place. The aim of DEVK over the coming years is to achieve first place for customer satisfaction.

Customer satisfaction index		
	Financial year Points	Previous year Points
Actual	761	749
Target	753	749

The target set for 2022 is 766 points.

Employee satisfaction

At DEVK, the opinion of our employees is important to us. The commitment and the satisfaction of employees with their working environment, as well as their managers, colleagues, the work assigned to them and the corporate culture, is central to employer appeal.

The employee survey conducted in autumn 2021 was once again influenced by the Corona virus pandemic. The high workload in the claims area due to the flood disaster is also likely to have had an impact. The results of the survey show that employee satisfaction continues to be extremely positive. With its crisis management, DEVK has understood how to offer its employees safety through appropriate measures and therefore ensure a high level of satisfaction.

Employee satisfaction index		
	Financial year Points	Previous year Points
Actual	791	817
Target	793	777

The target set for 2022 is 791 points.

Sustainability report[1]

The sustainability report required under the CSR Directive Implementation Act and section 289b ff HGB will be published at the end of April 2022 on the DEVK website (www.devk.de).

Social responsibility[1]

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, with a current trainee ratio of 8.6 %. Furthermore, prior to possible professional training at DEVK, every year at our headquarters alone we offer the opportunity of work experience to around 50 school-age young people that assists them in deciding what their future career paths might be.

Since 2014, motivated employees at DEVK have been committing their efforts to the Action Days. The colleagues are released from work for one day for a good cause. Previously, the commitment was primarily focused on social projects. However, expanding ecological commitment is a central field of action of the DEVK sustainability strategy, and the Action Days will therefore be increasingly related to the topics of environmental and climate protection. Unfortunately, it was not possible to organise any Action Days in 2021 due to the pandemic. To make up for this situation, € 25,000 was donated to the Bergwaldprojekt e. V. for reforestation and the important sustainable work of the association. The focus was on social commitment in relation to the effects of the flood disaster. To this end, almost € 80,000 was collected via the internal donation portal, which was doubled by DEVK to € 160,000. The money was donated to the "Deutschland hilft" campaign, which works throughout Germany to ensure that support reaches those areas where it is most needed. Furthermore, a relief fund of € 500,000 was made available by the Management Board to provide financial aid to customers, whilst € 2 million was additionally provided to 200 schools and support associations for digital school equipment.

Personnel and sales staff numbers

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

The company employed an average of 3,193 people internally in 2021, of whom 3,189 had their contracts of employment with DEVK Sach- und HUK-Versicherungsverein a.G. In the case of dual employment contracts, employees are assigned to a given company on the basis of the predominant contractual share. 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.

The number of independent agents working for DEVK, including field staff, was 2,200 at the end of the year (previous year 2,247). In addition, 530 field sales agents were directly employed by DEVK Sach- und HUK-Versicherungsverein a.G. (previous year 575). The entire field sales force also operates on behalf of the various other DEVK companies.

A central focus at DEVK is to identify talented employees and to retain and encourage them. As such, in 2021 DEVK once again successfully concurrently implemented a number of development programmes for various target groups. DEVK's development programmes and extensive range of further training courses were flexibly adapted to circumstances arising due to the pandemic, and in some cases these were implemented virtually. With the "Förderkreis Talente" (talent support group), young employees undergo intensive training through a wide range of methods to enhance their personal, social and management skills. With the "Generations" series, DEVK has a tailor-made programme especially for the 55+ target group, which also focuses on the mentoring role of experienced employees. The management development group for sales prepares individuals who demonstrate clear potential as possible future managers for key positions in sales. Within the framework of a field sales series of initiatives, successful agency representatives benefit from preparation for agency management roles.[1]

For many employees reconciling work and family life poses a great challenge. Here at DEVK, we offer employees alternative solutions tailored to their personal situations and support them with a broad-based range of measures.[1]

Overall verdict on the management report

All in all, the company’s net assets, financial position and results of operations developed in a satisfactory manner throughout 2021.

Outlook, opportunities and risks

Outlook

In 2022, we will issue a premium refund in general liability insurance. A premium refund of 20 % will be paid for policies that have been in force without interruption in 2021 and have remained claim-free.

During 2022 we are expecting premium growth of around 3 %. Current estimations indicate that the net technical expenses will grow faster than net technical income. An allocation to the provision for premium refunds will be reviewed at the end of the year. At this point in time, no allocation is included in planning. Before changes to the equalisation provision, we anticipate an underwriting result in the order of € 15 million to € 25 million, and after changes to the equalisation provision in the region of € 10 million to € 20 million.

The economic development in the coming years is heavily dependent on the further progression of the Corona virus pandemic, but increasingly also on the inflation and interest rate development in the course of economic normalisation. Particularly crucial is the question of whether dangerous new virus variants will emerge and to what extent vaccines will prove effective against them. Other factors include the further development of supply chain difficulties, the change in central bank policy, and the risk of an expansion of the war in Ukraine or the consequences of the military action. The effects of the crisis in Ukraine are fraught in particular with major uncertainty, which in turn impacts the future development of DEVK's investments. In addition to direct effects on Russian companies, we also assume indirect effects on companies with a connection to Russia, be it via suppliers or customers. The extent of these effects is difficult to estimate, because it is largely dependent on the severity of the sanctions imposed by the USA and the EU, as well as their duration. Gas and oil prices have already risen significantly in the wake of the Ukraine crisis. We currently estimate the probability of a real supply shortage of gas and oil in Germany as low, but this cannot be ruled out and would have a significant impact on economic development in Germany and Europe.

It is likely that a large proportion of the expected further economic recovery had already been anticipated on the capital markets by the start of 2022. A possible end to loose monetary policy, on the other hand, was probably not fully factored in. The intensification of the Ukraine crisis has added a further element. Share valuations fell significantly in February 2022, and the extent to which this decline is sustainable is difficult to predict. This results in future risks on the capital markets, so that high volatilities must be anticipated. In view of the high levels of national debt and the uncertain further economic development, we do not anticipate an extreme rise in the interest rate level in the short to mid-term, despite the implementation of a partial reduction in the purchase programmes of central banks worldwide, in some cases the realisation of a rise in central bank interest rates, as well as the American Fed's announcement of an end to its bond purchase programme in March and the onset of interest rate rises. Very long-term interest rates have in fact barely risen to date, and have recently even fallen slightly in the USA for example.

Key leading economic indicators, such as purchasing managers' indices, fell in 2021 from the middle of the year. The ifo Business Climate Index for Germany reached a high of 101.7 points in June 2021 and then fell in each subsequent month of 2021 to 94.8 points by the end of the year, recovering only slightly in January 2022. However, the reported company results were essentially positive in 2021. Valuation levels on the stock markets have therefore decreased again somewhat, although they are still above their long-term average. According to forecasts by the World Bank, the global economy is heading for economic growth of 4.1 % in 2022, following on from the

5.9 % recovery in 2021. The Chinese government played a more interventionist role in the economy in 2021 (GDP growth: 8.1 %), thereby more heavily regulating the economy as a whole and making it more difficult to invest in companies (e.g. in the context of private equity funds). This is likely to have a dampening effect on growth in the future. According to Bloomberg, economists expect average growth of only 5.2 % year-on-year for 2022 and 2023. This would put a damper on growth for export-driven countries like Germany in particular.

Overall, the uncertainty regarding the further development of the capital markets in 2022 can also be described as very high and heavily dependent on further pandemic events, the actions of the central banks and the tensions surrounding the war in Ukraine. If inflation rates do not fall quickly, there could be a risk of a wage-price spiral (feared by many) and in turn a more sustained and significant rise in inflation than expected. For an insurer's investments, this means that the fundamental yield advantage of real assets compared to bonds is not likely to change in 2022, but also that increased volatilities are to be expected.

At DEVK Sach- and HUK-Versicherungsverein a.G., in the field of capital investments we anticipate a significant decline in the absolute result coupled with almost no change to our investment portfolio in 2022. A negative impact is felt due to the enduring low interest rate levels, which cause interest income in the portfolio to decline due to maturities and reinvestment at the current interest rate level, as well as the reduction of the forecast dividend of DEVK Rückversicherungs- und Beteiligungs-AG - DEVK RE. According to our planning, we expect net interest to be slightly above the previous year's level overall.

All in all, we are expecting the 2022 profit from normal business activities to be in the order of around € 23 million.

The "adjusted return on sales" of direct business on this basis is over 10 %.

DEVK aims to further improve customer satisfaction in the 2022 financial year. The index used for measurement is to be increased from 761 points (actual value 2021) to 766 points.

With regards to employee satisfaction, DEVK has set itself a target index value of 791 points. As such, the target corresponds to the actual value in 2021, which stands at a high level.

Opportunities report

The transport market will continue to be a focus of the DEVK companies in 2022. The digital "Transport Market Kickoff" held in May 2021 showed employees and customers that DEVK can do more than simply provide insurance for the transport market. We are a welcome partner when it comes to range of issues including health, safety and care. We will continue the discussion rounds started in 2021 under the title "Verkehrsmarkt kompakt" (the transport market in a nutshell) in 2022, in order to give our employees even more background information on the transport market. The aim is to identify customer potential that will continue to grow in the future and to gain as many new customers as possible from this. Furthermore, we will bring our newly elected member representatives further into the DEVK fold in October 2021, and actively involve them in upcoming sales activities, and also in other areas such as product development.

We are available for our customers throughout Germany via our sales network, our regional management units and our headquarters, both by telephone and face-to-face. Communication takes place through all available media.

The internet is of ever-growing importance here, and we are well positioned in this respect thanks to the continuous revision and upgrading of our presence.

Our three product-line approach (Active, Comfort and Premium cover) has met with a very positive response. Particularly noteworthy here is the steadily increasing share of premium protection in the portfolio.

Through the continuous optimisation of our processes, we ensure that we can execute our business effectively and efficiently. This will be supported by the introduction of a new uniform portfolio management system for the back office staff. The home contents segment was implemented in 2019, and the liability, accident, glass, travel and cyber segments were successfully migrated to the new policy management system in 2021.

Thanks to the interplay between competitive products, good service and our efficient sales operation, we view ourselves as very well placed to compete effectively.

Additional sales opportunities will arise through the recruitment drive of Deutsche Bahn.

We see both risks and opportunities for investments in 2022, in particular due to the economic recovery being partially postponed from 2021 to 2022 according to economists' forecasts. If the winter pandemic wave of 2021/2022 subsides quickly through booster vaccinations and social distancing restrictions, and the situation in intensive care units witnesses sustainable recovery, economic growth in 2022 in Europe should be higher than in 2021. Furthermore, the inflation increase of 2021 could return to normal if special effects arising due to a disruption in supply chains, energy price increases, Corona-related pent-up demand and a base effect from the renewed increase in VAT in Germany cease to apply. This could limit the rise in interest rates - at least in Europe - and would represent a positive scenario for the stock market and bond market and thus lead to further increases in the value of real assets.

A potential (moderate) loss in the value of the euro against other currencies, as took place in 2021, constitutes a further opportunity for DEVK investments in 2022, due to foreign currency gains. In contrast, currencies such as the US dollar or the Swiss franc, as well as bonds with strong credit ratings such as German federal bonds, could lose value in a positive economic environment. However, if these instruments are held to maturity, this will not have an indirect influence on the profit situation of DEVK due to their nonpermanent decline in value (exception for foreign currency losses). DEVK expects volatile sideways movement on the stock markets in 2022. However, not all sectors are likely to be equally affected. The planned expansion of real assets in the portfolio increases the earnings potential of the investment in the medium term.

Risk report

In accordance with section 289, paragraph 1 HGB and the requirements laid down in section 26 VAG concerning the minimum requirements for the business organisation of insurance companies (MaGo), we are hereby reporting the risks of future developments.

Risk management system

The board of an insurance company is responsible for appropriate risk management in accordance with section 26 paragraph 1 of VAG. Within DEVK, the foundations for the risk management and the tasks and responsibilities are set out in the risk strategy and the Solvency II guidelines on risk management.

The risk management function (RMF) and the associated risk management system have been aligned with the Solvency II requirements. The risk management function was established as a key function in a central unit. The risk management function is supported by decentralised risk management units (e.g. reinsurance, investments). A regular information exchange takes place in this regard, not least through the body of the decentralised risk session/Risk Committee. The risk management system therefore comprises both a centrally organised unit whose task it is to ensure risk management across all risk categories and decentralised risk management units which use their specialist knowledge to assess the risk situation locally. This does not affect the operational risk responsibility of the specialist units or the responsibility of the Management Board. The RMF is responsible for the risk management methods and techniques employed 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.

Core elements for controlling the risks of DEVK are the risk-bearing capacity concept and the limit system. The risk-bearing capacity concept guarantees adequate coverage of all significant risks through the company's own funds. It serves to map and operationalise the risk appetite of the company. For this purpose, limit values are determined for the significant risks ("market risk", "underwriting risk" and "default risk"), in order to safeguard the target coverage quota of the company for a predefined safety level. Through this, all risks mentioned are assigned new maximum limits annually for the respective risk capital.

In order to operationalise risk controlling, a limit system is applied within DEVK as a monitoring system for prompt risk identification and evaluation. The limit capacity is portrayed in the form of risk ratios.

Additionally, a comprehensive risk inventory is compiled every six months, in which the risks are recorded and classified according to risk categories with the aid of a software solution. Wherever possible, the risks are quantified and the action necessary to manage the risks is recorded. Furthermore, risks are considered on an ad hoc basis, if these are significant.

With the aid of the risk-bearing capacity concept, limit system and risk inventory, we are able to react immediately and appropriately to developments that pose a risk to DEVK. The effectiveness and suitability are monitored by the Internal Auditing unit.

The decentralised risk session and the Risk Committee assess the risk situation faced by individual companies and by the Group as a whole quarterly, on the basis of the risk report, taking into account all discernible significant risks, as well as the limit capacities and current risk drivers. Finally, the risk report is presented to the Management Board members responsible for the various risk areas as part of a Management Board submission.

Technical risks

Principal among the technical risks in non-life and accident insurance are the premium/claims risk and the reserves risk. These are determined using a standard formula.

The so-called catastrophe risk or accumulation risk refers to the risk resulting from the occurrence of extremely high loss events. A distinction is made here between natural disasters (natural catastrophes) and catastrophes caused by mankind (man-made catastrophes). Against the backdrop of the flood disaster in 2021, we have reviewed our reinsurance cover and adjusted it accordingly.

We first consider the movement of the claims ratio net of reinsurance over the past ten years.

Gross claims ratio net of reinsurance			
Year	%	Year	%
2012	72.9	2017	74.0
2013	75.5	2018	67.6
2014	73.4	2019	65.9
2015	77.0	2020	57.1
2016	69.6	2021	62.0

Due to the disproportionate increase in reinsurers' participation in claims expenditure, the net claims burden in 2021 was comparatively low despite the flood disaster. Overall, only a small fluctuation range can be observed in the 10-year period under consideration. 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 coinsurance or reinsurance contracts.

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

We measure our provision for claims outstanding through the prudent valuation of claims already filed, in addition to 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. This is also demonstrated by our settlement results for the past ten years.

Settlement result net of reinsurance as % of original provision			
Year	%	Year	%
2012	16.8	2017	14.9
2013	15.1	2018	16.3
2014	13.4	2019	15.1
2015	13.9	2020	13.7
2016	15.9	2021	14.6

Our equalisation provisions provide an additional safety cushion that contributes to the smoothing of our underwriting results. As of 31 December 2021, their volume totalled € 78.9 million (previous year € 74.1 million).

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, insurance brokers and reinsurers.

Over the review period of the past three years, our overdue debts from insurance business averaged € 7.3 million. This corresponds to 1.93 % of the average gross premiums written (€ 379.1 million). Of these receivables, an average of € 0.29 million (3.95 %) defaulted. In relation to the gross premiums written, the average default rate over the past three years was 0.08 %. Accordingly, default risk is of minimal importance for our company.

As of the balance sheet date, insurance business debts with a term of over 90 days total € 2.4 million.

Amounts receivable from reinsurers at the end of the year came to € 13.8 million. An overview of amounts receivable broken down according to the ratings of our reinsurance partners is given in the following table:

Rating category	Receivables in € millions
AA-	0.72
A+	11.31
A	1.62
A-	0.17

Investment risks

The risks stemming from investments comprise:

- the risk of unfavourable market price developments, in particular interest rate, share price, real estate or exchange rate risks,
- counterparty default risk (credit risk),
- the risk of strongly correlated risks that in turn increase counterparty risk (concentration risk),
- the liquidity risk; that is the risk of not always being able to meet payment obligations.

Since 1 January 2017, the internal investments catalogue has prescribed the decisive framework conditions for our investment policies. The Strategic Asset Allocation substantiates DEVK's investment policy. Since 2020, the Strategic Asset Allocation has included a separate asset class for alternative investments (Infrastructure and Other). The planned further expansion of non-interest-dependent investments in the portfolio as a result of the adjustment of the Strategic Asset Allocation increases potential fluctuations in value in the medium term and in some cases reduces the short-term tradability of the investments. The planned expansion of real assets in the portfolio therefore increases the risk level of the investments in the mid-term.

We counteract exchange/market price and interest rate risks by maintaining a balanced mix of investment types. Furthermore, 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. An ongoing ALM (Asset-Liability Management) process ensures that we are able at all times to meet existing and future obligations.

On the balance sheet date of 31 December 2021 we conducted our own investment stress test. The investment stress test determines whether an insurance undertaking would be in a position to meet its obligations towards its clients even if the capital markets underwent a protracted crisis. The investment 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 test assumes the following scenarios: in particular a downturn on the equity markets while the bond market remains stable, a simultaneous crash on the equity and bond markets, and a simultaneous crash on the equity and real estate markets.

Liquidity risks are managed by detailed multi-year investment planning. Should a liquidity shortfall arise in future, countermeasures can be taken at an early stage. Moreover, in order to improve our assessment of liquidity risks, liquidity stress scenarios derived from the Solvency II stresses are also applied and evaluated. On top of this, our investments are allocated to various different liquidity classes. These are assigned lower limits in relation to the investment portfolio which they must not fall below. Compliance with these limits is regularly monitored.

At the end of 2021, the following measures were in place to hedge against investment risks:

- Flexible management of the investment ratios in the special fund, in particular in the equities sphere, for instance via index futures
- Currency-matched refinancing in the field of indirect real estate investments
- Possibility of hedging currency risks via forward exchange transactions
- Adjustment of equity risks via options trading

Due to the development of interest rates and our assessment in this regard, there were no bond purchases at the end of 2021.

Interest-bearing investments

As of 31 December 2021, the Company held interest-bearing investments to a total value of € 499.8 million. Of these, a total of € 212.9 million are bearer instruments and pension funds which could be subject to write-downs if interest rates rise. Of these bearer instruments, pursuant to section 341b HGB we have assigned a volume of € 181.7 million to the fixed assets since we intend to hold these papers until maturity and their current market fluctuations are viewed as temporary. Should this second assessment in particular prove wide of the mark, we shall undertake the necessary write-downs in a timely fashion. These investments exhibit a positive valuation reserve of € 16.5 million. This includes hidden liabilities totalling € 0.4 million. As of 31 December 2021, the total valuation reserves for our interest-bearing investments came to € 33.2 million. The impact of an interest rate-driven or credit rating-driven yield shift of up to +/- 1 % would entail a corresponding value change of € - 36.0 million, or € 37.2 million respectively.

This intimated impact of a one percentage point interest rate rise only gives an approximate idea of its potential impact on our profitability. This is because, over the course of a year, the diminishing time to maturity of the individual securities will lead to changes in their market value and interest rate sensitivity. Moreover, the bulk of our interest-bearing investments are in bearer bonds or bonds recognised on the balance sheet at their nominal values. In these cases, under the prevailing accounting regulations an increase in the market interest rate does not lead to write-downs. Further to this, the securities currently include hidden reserves which will be reduced in the near future. The exception to this is losses of value due to deteriorating credit ratings that may affect the issuers in question. The short-term massive widening of risk premiums at the beginning of the pandemic in Europe illustrates this. By the end of 2021, these were only slightly above the pre-Corona virus level at the end of 2019. As observed in 2021, there is a possibility in 2022 of rising risk premiums as a result of credit rating downgrades in an economic slowdown, due to an expectation of rising interest rates or a stock market correction.

Apart from real estate financing, which in total represents 7.7 % of our overall investments at book value, our interest-bearing investments are predominantly in Pfandbriefe (German covered bonds) and notes receivable and bank bonds. We also invest in corporate bonds as a fundamental policy. Contrastingly, at the end of 2021 we did not have any investments in asset-backed securities. Direct new bond investments in 2021 covered government-related issuers. These bonds comprise a bearer paper assigned to the fixed assets, and also a registered paper.

Bonds from the European peripheral countries Italy, Spain and Ireland are held to a small extent. Bonds of issuers from Russia and Ukraine are not present in the direct portfolio or in screened special funds. As regards issuer risk, 1.9 % of the company's total investments are in government bonds in relation to total investments; corporate bonds stand at 6.8 %. The bulk of our investments in banks (13.1 % of total investments) is either covered by various statutory and private deposit protection schemes or involves interest-bearing securities that are protected in law by special guarantee funds.

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

Rating distribution		
	Financial year	Previous year
AA or better	45.3 %	43.4 %
A	37.9 %	34.0 %
BBB	14.4 %	20.9 %
BB or worse	0.1 %	1.7 %

When compared to the previous year, the rating distribution of the company has shifted from BBB and BB and worse to A and AA and better. The overall risk situation has reduced from the company's perspective. We shall continue to make virtually all our new and repeat investments in interest-bearing securities with strong credit ratings.

Equity investments and holdings

The bulk of our equity investment is in DAX and EuroStoxx50 companies, so that the change in these indices also reflects the change in value of our portfolio relatively well. A 20 % change in market prices would alter the value of our equity portfolio by € 45.1 million. Both the German share index (including dividends) and the European share index experienced positive development in 2021. The fluctuations during the course of the year were very high at times. In the medium term, we continue to expect positive development, albeit with high levels of volatility in some cases. Shares and special share funds to a value of € 126.6 million have been assigned to the fixed assets. The fixed-asset equities and equity funds show a negative valuation reserve just shy of € 0.1 million. This consists entirely of hidden charges.

We actively managed the effective equity ratio throughout 2021, against the background of the pandemic developments. At the end of the year, the effective equity ratio stood at the previous year's level. If economic problems should arise, for example due to the pandemic worsening again or an expansion of the crisis in Ukraine, the equity ratio can be actively adjusted. As such, we have already significantly reduced the effective equity ratio through future hedging in special funds due to the worsening of the Ukraine crisis at the start of 2022. A special fund resulted in minimal direct exposure to Russia in equities of less than 0.01 % of total investments at book value as at 31 December 2021. This exposure no longer existed at the time of the outbreak of war in Ukraine.

In particular, the Company holds 100 % participating interests in Echo Rückversicherungs-AG and DEVK Rückversicherungs- und Beteiligungs-AG - DEVK RE. Should the current values of these holdings fall, there would be a risk that the Company would have to undertake write-downs.

Real estate

On the balance sheet date, our real-estate investments totalled € 178.9 million. Of this total, a sum of € 170.6 million is invested in indirect mandates, including restricted special funds in office properties and other commercial real estate. Our direct holdings worth € 8.3 million are subject to scheduled annual depreciation of approximately € 0.1 million. Real estate assets to a value of € 50.4 million have been assigned to the fixed assets. The valuation reserves in the fixed assets stand at € 7.4 million; there are no hidden liabilities. No particular risks are currently discernible in connection with direct real estate holdings. At real estate fund level, we have only had minor rent deferrals or minor rent waivers during the Corona virus crisis. Real estate funds were subject to extraordinary write-downs in the amount of € 0.01 million. With respect to real estate funds, in addition to the general real estate risk, a currency risk presently also exists, which is partially hedged by means of currency-congruent financing and currency forward exchange transactions. Risks from a change in the demand for real estate as a result of the pandemic, in particular in the office space sector, are limited by existing hidden reserves, diversification, a focus on very good locations and, if possible, long-term leases with tenants of good credit standing.

Alternative investments

Based on our strategic asset allocation, the alternative investments asset class is to be further expanded. The alternative investments portfolio (excluding private equity) is divided between investments in Infrastructure and Other. On 31 December 2021 the volume stood at € 81.3 million (previous year € 55.5 million). This corresponds to 4.8 % (previous year: 3.4 %) of the total investments at book value. The portfolio is split almost down the middle between infrastructure and other alternative investments. In the 2021 financial year, write-downs of € 0.03 million (previous year: 2.0 million) and write-ups of € 0.2 million (previous year: 0.0 million) were incurred, which can be attributed in particular to currency gains after Corona virus-related depreciation in the previous year. Ordinary income in 2021 stood at € 0.6 million (previous year: € 0.6 million). Due to the configuration of the alternative investments, the majority of costs are incurred at the beginning of the investment phase, while most of the income is generated in the years that follow.

Operational risks

Operational risks may stem from inadequate or failed operational processes, the break-down of technical systems, external variables, employee-related incidents and changes in the legal framework conditions. Effective management of the operational risks is ensured through the careful structuring of the internal monitoring system. In addition to this, the main focus of the half-yearly risk inventory is on operational risks. The appropriateness and efficacy of in-house controls are monitored by the Internal Auditing unit.

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.

Access controls and preventive measures are in place in the IT division to ensure the security and integrity of programs, data and ongoing operations. The IT infrastructure is redundant by design in order to cater for a catastrophic breakdown scenario. Restart tests are conducted regularly. Links between internal and external networks are suitably protected by state-of-the-art systems. Cyber risks are also taken into account in the "information security" sphere of the IT strategy. As part of the strategic initiative "Digitalisierung nutzen" ("Using Digitalisation"), DEVK's IT strategy envisages a far-reaching transformation of the application landscape to the cloud.

The social distancing restrictions related to the pandemic continue to be felt both in customer contact and in the office. The pandemic risk already documented in the risk inventory was reassessed at the beginning of the Corona virus pandemic. A crisis team was set up and meets regularly. Behavioural and hygiene measures were intensified and business travel was restricted. The proportion of work carried out from home was expanded considerably. In the event of a company building closing, it is envisaged that work will take place entirely from home and from the available regional management offices. Video consultation is increasingly being used in sales. Furthermore, direct sales are being accelerated.

The emergency management is founded on corporate emergency analysis. This describes the objectives and framework conditions for precautionary measures against emergencies and how to overcome them if they occur.

Legal risks are also included in the operational risks. DEVK has established a compliance management system designed to ensure compliance with both external requirements and internal guidelines.

Solvency II

With the entry into force of Solvency II on 1 January 2016, the insurance industry has undergone radical changes to its supervisory regime. In order to optimise the realisation of requirements, the focus in 2021 was again on the further automation of processes.

The solvency calculation required by supervisory law, which is based on a standard formula, showed that DEVK Sach- und HUK-Versicherungsverein a.G. has significant excess cover, even with the prevailing Corona virus situation.

Summary of our risk status

We have complied with the supervisory requirements per Solvency II.[1]

Projections made in connection with the most recent ORSA process have shown that sufficient risk capital cover is assured in both the present and the future.[1]

To sum up, currently there are no discernible developments that could lead to a significant impairment of the organisation's net assets, financial position and results of operations and thus jeopardise its continued existence.

Corporate governance statement

In light of the Act Concerning the Equal Participation of Women and Men in Leadership Positions in the Private Sector and the Public Sector (Gesetz für die gleichberechtigte Teilhabe von Frauen und Männern an Führungspositionen in der Privatwirtschaft und im öffentlichen Dienst), we have set target figures for increasing the proportion of women on the Supervisory Board, Executive Board and at the first and second leadership levels of DEVK Sach- und HUK-Versicherungsverein a.G. These apply for 30 June 2022. These target figures and the situation on the balance sheet date of 31 December 2021 can be found in the following table.

	Target 6/2022	Actual 12/2021
Supervisory Board	17 %	17 %
Management Board	17 %	0 %
1st middle management level	14 % - 18 %	17 %
2nd middle management level	20 % - 24 %	21 %

The actual quotas at the end of 2021 reflect the target quotas with the exception of the board level.

Cologne, 11 March 2022

The Management Board

Rüßmann **Burg** **Knaup** **Scheel** **Zens**

Notes to the management report

List of insurance classes covered during the financial year

Accident insurance
General accident insurance
Motor vehicle accident insurance

Liability insurance

Motor vehicle liability insurance

Other motor vehicle insurance
Fully comprehensive motor insurance
Third-party, fire and theft 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
Breakdown service insurance
Cyber insurance

Foreign travel health insurance

Financial statements

Balance sheet to 31 December 2021

Assets	€	€	€	Previous year € 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		3,967,503		3,523
II. Payments on account		1,168,082		975
			5,135,585	4,498
B. Investments				
I. Real estate and similar land rights, including buildings on third-party land		8,287,099		7,389
II. Investments in affiliated companies and participating interests				
1. Shares in affiliated companies	821,686,435			786,866
2. Participating interests	74,199,673			48,553
		895,886,108		835,419
III. Other investments				
1. Shares, units or shares in investment funds and other variable-interest securities	308,726,822			278,887
2. Bearer bonds and other fixed-interest securities	179,237,568			169,492
3. Mortgage loans and annuity claims	130,897,054			140,018
4. Other loans	155,998,523			173,555
5. Other investments	11,896,387			22,159
		786,756,354		784,110
			1,690,929,561	1,626,919
C. Accounts receivable				
I. Receivables arising out of direct insurance operations:				
1. Policyholders	483,889			608
2. Intermediaries	2,136,667			2,523
		2,620,556		3,130
II. Receivables arising out of reinsurance operations		13,819,467		2,142
of which:				
Affiliated companies: € 9,287,145				1,471
III. Other receivables		83,691,899		185,673
of which:			**100,131,922**	190,945
Affiliated companies: € 49,968,631				158,379
D. Other assets				
I. Tangible assets and inventories		10,944,494		9,560
II. Cash at banks, cheques and cash in hand		32,006,501		11,223
III. Other assets		407,010		370
			43,358,004	21,154
E. Prepayments and accrued income				
I. Accrued interest and rent		3,594,688		5,106
II. Other prepayments and accrued income		17,120,229		13,241
			20,714,917	18,347
Total assets			**1,860,269,989**	1,861,862

Pursuant to section 128 paragraph 5 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, 10 March 2022 **The Trustee** **Sulitzky**

Liabilities				
	€	€	€	Previous year € 000s
A. Equity				
- Retained earnings				
1. Loss reserve pursuant to section 193 of VAG		192,678,512		192,679
2. Other retained earnings		953,687,046		929,052
			1,146,365,558	1,121,731
B. Technical provisions				
I. Provision for unearned premiums				
1. Gross amount	163,528			159
2. of which from: Reinsurance amount	10,751			12
		152,777		147
II. Premium reserve		6,509		7
III. Provision for claims outstanding				
1. Gross amount	541,244,583			514,037
2. of which from: Reinsurance amount	172,594,062			141,287
		368,650,521		372,749
IV. Provision for bonuses and rebates		14,358,271		14,004
V. Equalisation provision and similar provisions		78,876,999		74,119
VI. Other technical provisions				
1. Gross amount	1,918,344			1,376
2. of which from: Reinsurance amount	48,390			47
		1,869,954		1,329
			463,915,030	462,355
C. Other provisions				
I. Provisions for taxation		9,962,153		20,459
II. Other provisions		40,225,109		45,324
			50,187,262	65,783
D. Deposits received from reinsurers				
			65,311,618	63,823
E. Other liabilities				
I. Liabilities arising out of direct insurance operations towards				
1. Policyholders	15,002,151			16,810
2. Intermediaries	4,279,535			4,623
		19,281,686		21,433
II. Liabilities arising from reinsurance operations		301,330		640
of which: Against affiliated companies: - €				67
III. Other liabilities		114,872,584		126,074
of which:			**134,455,600**	148,147
From taxes: € 8,657,048				8,928
Against affiliated companies: € 93,050,432				66,918
F. Prepayments and accrued income				
			34,921	23
Total liabilities			**1,860,269,989**	1,861,862

I hereby confirm that the premium provision of € 16,750,664.18, recorded on the balance sheet under item B. II. or 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 88 paragraph 3 of the Insurance Supervision Act (VAG).

Cologne, 10 March 2022 **The Actuary in Charge** **Weiler**

Profit and loss account

for the period from 1 January to 31 December 2021

Items	€	€	€	Previous year € 000s
I. Technical account				
1. Earned premiums net of reinsurance				
a) Gross premiums written	383,980,587			388,510
b) Outward reinsurance premiums	64,677,698			61,576
		319,302,889		326,934
c) Change in the gross provision for unearned premiums	-4,359			-12
d) Change in the gross provision for unearned premiums, reinsurers' share	-1,301			2
		-5,660		-10
			319,297,230	326,924
2. Allocated interest, net of reinsurance			**101,061**	139
3. Other technical income, net of reinsurance			**110,701**	98
4. Claims incurred, net of reinsurance				
a) Claims paid				
aa) Gross amount	264,428,603			230,210
bb) Reinsurers' share	62,268,019			34,264
		202,160,584		195,945
b) Change in the provision for claims outstanding				
aa) Gross amount	27,208,021			-12,063
bb) Reinsurers' share	-31,306,626			2,954
		-4,098,605		-9,109
			198,061,979	186,837
5. Changes in other technical provisions, net of reinsurance				
a) Premium reserve, net of reinsurance		91		-1
b) Other technical provisions, net of reinsurance		-558,085		217
			-557,994	216
6. Bonuses and rebates, net of reinsurance			**5,987,360**	5,096
7. Net operating expenses, net of reinsurance				
a) Gross operating expenses for insurance operations		103,170,118		101,280
b) of which, from: Reinsurance commissions and profit participation		13,784,309		13,734
			89,385,809	87,546
8. Other technical charges, net of reinsurance			**2,491,031**	2,460
9. Subtotal			**23,024,818**	45,438
10. Change to the equalisation provision and similar provisions			**-4,757,528**	-27,187
11. Technical result net of reinsurance			**18,267,290**	18,251
Balance carried forward:			18,267,290	18,251

Items	€	€	€	€	Previous year € 000s
Balance carried forward:				18,267,290	18,251
II. Non-technical account					
1. Income from investments					
a) Income from participating interests		9,520,739			13,591
of which: from affiliated companies: € 9,121,781					13,269
b) Income from other investments					
aa) Income from real estate and similar land rights, including buildings on third-party land	2,140,210				2,113
bb) Income from other investments	19,848,493				22,257
		21,988,703			24,370
c) Income from write-ups		2,332,659			383
d) Gains on the realisation of investments		2,576,367			4,358
			36,418,468		42,701
2. Investment expenses					
a) Investment management charges, interest expenses and other charges on capital investments		4,266,945			4,433
b) Write-downs on investments		9,364,028			18,218
c) Losses on the realisation of investments		394,340			17,057
			14,025,312		39,707
			22,393,156		2,994
3. Allocated interest			873,488		926
				21,519,668	2,069
4. Other income			509,659,616		503,676
5. Other charges			517,781,847		510,053
				-8,122,231	-6,377
6. Profit from ordinary activities				**31,664,727**	13,943
7. Taxes on income			6,289,139		-15,216
8. Other taxes			740,671		660
				7,029,810	-14,557
9. Net profit for the year				**24,634,917**	28,500
10. Allocation to retained earnings					
a) in the loss reserve pursuant to section 193 VAG			-		5,700
b) in other retained earnings			24,634,917		22,800
				24,634,917	28,500
11. Net retained profit				**-**	-

Notes to the accounts

Accounting and valuation methods

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. Otherwise 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 the **participating interests** were shown either at their costs of acquisition or at the lower of cost or market value.

Equities, fund units or shares and other variable-yield securities, the **bearer bonds and other fixed-interest securities** are shown at the lower of their costs of acquisition, market prices or fair value. 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. These write-ups took place to the lower of the acquisition cost or market value.

During the financial year, three real estate funds were reclassified from current assets to fixed assets, because the intention is to hold onto these permanently.

Derivatives were valued at their costs of acquisition or their fair value, depending on which was lower. When determining the fair value, the market value was applied.

Mortgage loans and annuity claims are recognised at their costs of acquisition less an individual value adjustment for the potential default risks.

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.

Other investments are recognised at the acquisition cost or at the lower of cost or market value. The requirement to reinstate original values was observed.

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 are shown at their nominal values.

Other assets, excluding operating or office equipment, are recognised at their nominal values. Operating and office equipment is shown at its cost of acquisition or production, reduced by scheduled depreciation. Depreciation was 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. Otherwise they are recorded as operating expenses in their year of acquisition.

Apart from the advance payments of costs for future periods, **prepayments and accrued income** chiefly comprise the interest claims not yet due.

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 proportion of the insurance business ceded to reinsurance was assessed in line with the contractual terms.

The **premium reserve** required for the child accident insurance was calculated individually according to the prospective method, taking implicit recognised costs duly into account. The calculation was based on the DAV 2006 HUR mortality table. The technical interest rate stands at between 0.9 % and 4.0 %, depending on the time of initial formation of the provision.
Pursuant to section 5 paragraph 4 DeckRV, a supplementary interest reserve with a reference interest rate of 1.57 % was formed for policies with a guaranteed interest rate of at least 1.75 %.

The **provision for claims outstanding** is calculated individually for each claim. A provision for losses incurred but not reported is established according to general blanket criteria. 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 **pensions premium reserve** was calculated in accordance with section 341g HGB. The calculation was based on the DAV 2006 HUR mortality table. The technical interest rate stands at between 0.9 % and 4.0 %, depending on the time of initial formation of the provision.
The reinsurance amount was calculated in accordance with the contractual agreements in this respect.
The provisions from HUK pensions are not premium reserves in the sense of section 341f HGB. As such, section 5 paragraphs 3 and 4 DeckRV are not applicable here.
Due to the higher net interest rate compared to the previous year, the reference interest rate was kept at the previous year's level of 1.73 % and interest rate reinforcement was formed for contracts with a guaranteed interest rate of at least 1.75 %.

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 premium 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 within the framework of reinsurance contracts. These provisions are either estimated or as far as possible calculated on the basis of mathematical models, based on past figures where applicable. The proportion of the insurance business ceded to reinsurance was assessed in line with the contractual terms.

The **other provisions** were 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 on the basis of the HEUBECK 2018 G actuarial tables. The discounting interest rate was set at 0.39 % (previous year 0.54 %), calculated on the basis of an assumed residual term of three years. The financing age on expiry corresponds with the contractual age on expiry. The rate of pay increase was set at 2.1 % per annum.

The **anniversary payments provision** was also calculated according to the projected unit credit method on the basis of the HEUBECK 2018 G actuarial tables. The discounting interest rate was set at 1.35 % (previous year 1.60 %), calculated on the basis of an assumed residual term of 15 years (cf. section 253 paragraph 2 sentence 2 HGB). The financing age on expiry corresponds with the contractual age on expiry. The rate of pay increase was set at 2.1 % per annum.

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

Liabilities arising out of direct insurance operations and **other liabilities** are measured at the settlement values.

Liabilities arising out of reinsurance operations result from the reinsurance contracts and are recognised at the settlement value.

The **accruals and deferred income** comprise the discount points on registered bonds and advance rent receipts.

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

The **technical interest rate net of reinsurance** was set at 4.0 %, 3.25 %, 2.75 %, 2.25 %, 1.75 %, 1.25 % or 0.9 % of the respective arithmetical means of the initial and final amounts in the gross pension coverage provisions for accident, liability, motor vehicle liability and motor vehicle accident insurance.

The 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 2021 financial year

Assets	Balance sheet values Previous year € 000s	Additions € 000s	Transfers € 000s	Disposals € 000s	Write-ups € 000s	Write-downs € 000s	Balance sheet values Financial year € 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	3,522	1,029	450	-	-	1,034	3,968
2. Payments on account	975	644	-450	-	-	-	1,168
3. Total A.	4,497	1,673	-	-	-	1,034	5,136
B. I. Real estate and similar land rights, including buildings on third-party land							
	7,389	1,029	-	-	-	131	8,287
B. II. Investments in affiliated companies and participating interests							
1. Shares in affiliated companies	786,866	34,820	-	-	-	-	821,686
2. Participating interests	48,553	26,707	-	1,248	214	27	74,200
3. Total B. II.	835,419	61,527	-	1,248	214	27	895,886
B. III. Other investments							
1. Shares, units or shares in investment funds and other variable-interest securities	278,887	62,553	-	25,712	2,119	9,120	308,727
2. Bearer bonds and other fixed-interest securities	169,492	9,745	-	-	-	-	179,238
3. Mortgage loans and annuity claims	140,018	11,295	-	20,416	-	-	130,897
4. Other loans							
a) Registered bonds	119,000	15,000	-	25,000	-	-	109,000
b) Notes receivable and loans	51,998	1	-	5,000	-	-	46,999
c) Other loans	2,557	-	-	2,556	-	-	1
5. Other investments	22,159	-	-	10,177	-	86	11,896
6. Total B. III.	784,111	98,594	-	88,861	2,119	9,206	786,756
Total	**1,631,416**	**162,823**	**-**	**90,109**	**2,333**	**10,398**	**1,696,065**

The write-downs of intangible assets and real estate and similar land rights, including buildings on third-party land represent scheduled amortisation and depreciation.

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 2021, 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	8,287,099	35,770,000
B. II. Investments in affiliated companies and participating interests		
1. Shares in affiliated companies	821,686,435	2,633,791,296
2. Participating interests	74,199,673	74,414,821
B. III. Other investments		
1. Shares, units or shares in investment funds and other variable-interest securities	308,726,822	354,275,434
2. Bearer bonds and other fixed-interest securities	179,237,568	195,679,277
3. Mortgage loans and annuity claims	130,897,054	144,496,668
4. Other loans		
a) Registered bonds	109,000,000	107,602,279
b) Notes receivable and loans	46,998,523	51,327,766
5. Other investments	11,896,387	16,832,038
Total	**1,690,929,561**	**3,614,189,579**
of which: Investments valued at costs of acquisition	1,581,929,561	3,506,587,301
of which: Investments in fixed assets pursuant to section 341b paragraph 2 HGB	358,736,365	382,513,598

The valuation reserves include hidden liabilities totalling € 4.4 million. These are accounted for by shares, bearer bonds, mortgage receivables and registered bonds.

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 2021 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 Net Asset Value or book value equals market value.

Shares, units or shares in investment funds and other non-fixed-income securities as well as fixed-income securities carried at cost were valued at the stock market year-end 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 other investments was determined by net asset value.

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

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

Financial instruments within the meaning of section 285 No. 18 HGB that are capitalised at their fair value		
	Book value € 000s	Fair value € 000s
Shares, units or shares in investment funds and other variable-interest securities	3,263	3,203
Bearer bonds and other fixed-interest securities	25,808	25,378
Mortgage loans	4,057	3,992
Other loans	67,000	63,200

We have refrained from applying any write-downs in accordance with section 253 paragraph 3 clause 5 and 6 HGB, as we either intend to hold these securities until maturity or we are assuming that any fall in value is only temporary according to our evaluation tool or analyses.

Derivative financial instruments and forward purchases in accordance with section 285 No. 19 HGB				
	Type	Nominal volume € 000s	Book value premium € 000s	Fair value of premium € 000s
Other liabilities	Short out options	3,600	96	36

Valuation method		
Short options	European options	Black-Scholes
	American options	Barone-Adesi

Units or shareholdings in domestic investment funds in accordance with section 285 No. 26 HGB				
Investment goal	Dividends € 000s	Fair value € 000s	Hidden reserves/ hidden charges € 000s	Limitation on daily redemption
Equity funds	2,947	158,858	9,281	
Bond funds	532	33,866	184	
Mixed funds	150	33,658	2,614	
Real-estate funds	1,303	58,394	7,518	between any time to after 6 months

Re Assets B. I.

Real estate and similar land rights, including buildings on third-party land

Real estate to a book value of € 1,521,362 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 m² 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

	% share	Equity €	Results from previous financial year €
DEVK Allgemeine Lebensversicherungs-AG, Cologne	100.00	162,164,493	1,440,000
DEVK Allgemeine Versicherungs-AG, Cologne	100.00	342,170,794	-
DEVK Krankenversicherungs-AG, Cologne	100.00	32,177,128	-
DEVK Pensionsfonds-AG, Cologne	100.00	14,333,766	-
DEVK Rechtsschutz-Versicherungs-AG, Cologne	100.00	60,563,459	-
DEVK Rückversicherungs- und Beteiligungs-AG - DEVK RE, Cologne	100.00	1,302,889,366	34,300,930
DEVK Vermögensvorsorge- und Beteiligungs-AG, Cologne	51.00	201,000,000	-
DEVK Asset Management Gesellschaft mbH, Cologne	100.00	1,500,000	-
DEVK Europa Real Estate Investment Fonds SICAV-FIS, Luxembourg (L)	68.79	798,333,515[3]	35,288,482[3]
DEVK Omega GmbH, Cologne	75.00	27,882,117	784,280
DEVK Private Equity GmbH, Cologne	50.00	330,828,620	31,334,626
DEVK Saturn GmbH, Cologne	100.00	39,273,558	1,205,475
DEVK Service GmbH, Cologne	74.00	1,470,379	-
DEVK Web-GmbH, Cologne	100.00	25,000	-
DEVK Zeta GmbH, Cologne	100.00	775,000	-
DEREIF Brüssel Carmen N.V., Brussels (B)	100.00	-2,709,891	-379,730
DEREIF Hungary Eiffel Palace Kft., Budapest (HU)	100.00	11,075,707	367,329
DEREIF Hungary Park Atrium Kft., Budapest (HU)	100.00	2,088,912	-1,115,289
DEREIF Immobilien 1 S.à r.l., Luxembourg (L)	100.00	49,272,149	-2,139,212
DEREIF Lissabon Republica Unipessoal Lda, Lisbon (P)	100.00	4,526,701	193,494
DEREIF Luxembourg Glacier S.à r.l. (formerly Sireo Immobilienfonds No. 4 Red Luxembourg Main Building S.à r.l.), Luxembourg (L)	100.00	13,013,564	655,732
DEREIF Paris 6 rue Lamennais S.C.I., Yutz (F)	100.00	5,031,388	-137,126
DEREIF Paris 9 chemin du Cornillon Saint Denis S.C.I., Yutz (F)	100.00	6,292,461	66,183
DEREIF Paris 37-39 rue d'Anjou S.C.I., Yutz (F)	100.00	10,727,832	-8,456,594
DP7, Unipessoal Lda, Lisbon (P)	100.00	11,222,617	946,903
DRED S.C.S. SICAV-FIS, Luxembourg (L)	72.33	337,582,159	35,246,973
DEUSA Umbrella SCS SICAV-RAIF, Luxembourg (L)	100.00	33,529,608	810,238
freeyou AG, Cologne	100.00	4,848,611	-
GAV Versicherungs-AG, Legden	100.00	17,214,426	-4,528,550
Grundversorgung S.C.S., Luxembourg, (L)	100.00	137,269,923	13,261,620
Hotelbetriebsgesellschaft SONNENHOF mbH, Bad Wörishofen	100.00	356,023	-
HYBIL B.V., Venlo (NL)	90.00	64,286,645	2,981,000
Ictus GmbH, Cologne	75.00	55,662,939	3,152,102
Infrastructure Access Portfolio-L 2 SCSp, Luxembourg (L)	10.80	221,152,096	6,957,726
Infrastructure Access Portfolio-L 3 SCSp, Luxembourg (L)	8.78	220,569,176	2,440,190
Kassos Ventures GmbH, Cologne	100.00	29,383,372	219,880
KLUGO GmbH, Cologne	100.00	2,595,662[2]	-1,191,015[2]
Lieb'Assur S.à r.l., Nîmes (F)	100.00	391,776	2,661
Monega Kapitalanlagegesellschaft mbH, Cologne	45.00	7,044,169[2]	1,381,848[2]
Primevest Communication Infrastructure Fund, SICAV-FIS, Luxembourg (L)	11.55	119,360,191	23,618,093
Reisebüro Frenzen GmbH, Cologne	52.00	326,600	152,400
SADA Assurances S.A., Nîmes (F)	100.00	80,707,742	9,642,959
Sana Kliniken AG, Ismaning	0.70	1,127,640,000[2]	60,221,000[2]
Sireo Immobilienfonds No. 4 Edinburgh Ferry Road S.à r.l., Luxembourg (L)	100.00	16,611,846	-664,116
Swiss Life Health Care III SIC (formerly Corpus Sireo Health Care III SICAV-FIS), Luxembourg (L)	8.52	138,442,207[2]	11,251,289[2]
		GBP	GBP
DEREIF London 10 St. Bride Street S.à r.l., Luxembourg (L)	100.00	8,438,734	934,676
DEREIF London Birchin Court S.à r.l., Luxembourg (L)	100.00	9,301,673	696,992
DEREIF London Coleman Street S.à r.l., Luxembourg (L)	100.00	5,930,007	180,010
DEREIF London Eastcheap Court S.à r.l., Luxembourg (L)	100.00	7,855,614	241,112
DEREIF London Lombard Street S.à r.l., Luxembourg (L)	100.00	6,089,743	-2,244,566
DEREIF London Lower Thames Street S.à r.l., Luxembourg (L)	100.00	6,859,772	-1,746,310
DEREIF London Queen Street S.à r.l., Luxembourg (L)	100.00	15,365,806	55,651
		CZK	CZK
DEREIF Prag Oasis s.r.o., Prague (CZ)	100.00	487,642,000	36,754,000
		SEK	SEK
DEREIF Malmö, Kronan 10 & 11 AB, Malmö (S)	100.00	42,257,000	16,064,000
DEREIF Stockholm, Vega 4 AB, Stockholm (S)	100.00	26,607,000	11,008,000
		USD	USD
GLL NY 1 SCS, Luxembourg (L)	18.42	172,127,491	-10,520,518
		CHF	CHF
Echo Rückversicherungs-AG, Zurich (CH)	100.00	149,169,421	5,375,866

[2] Based on 2020 financial year [3] Based on subgroup financial statements

Where profit transfer agreements are in place, the operating result does not have to be disclosed.

Re Assets B. III.

Other investments

Other investments comprise participation certificates and fund units.

Re Liabilities A.-

Retained earnings

1.	Loss reserve pursuant to section 193 of VAG	
	31/12/2020	€ 192,678,512
	Allocation from the annual net profit	-
	31/12/2021	**€ 192,678,512**
2.	Other retained earnings	
	31/12/2020	€ 929,052,129
	Allocation from the annual net profit	€ 24,634,917
	31/12/2021	**€ 953,687,046**

Re Liabilities B.

Technical provisions

Figures in € 000s	Total gross provision		of which: Provision for claims outstanding		of which: Equalisation provision and similar provisions	
Insurance class	Financial year	Previous year	Financial year	Previous year	Financial year	Previous year
Accident	80,451	81,773	75,232	81,555	-	-
Liability	45,086	46,745	37,137	38,770	2,062	3,093
Motor vehicle liability	389,499	388,969	351,082	355,646	37,838	32,682
Other motor vehicle	35,299	34,860	11,044	10,783	22,344	22,148
Fire and non-life	85,056	49,528	66,589	27,134	15,616	15,206
of which:						
Fire	3,342	2,041	325	400	3,016	1,641
Household contents	9,073	12,347	7,535	5,261	-	-
Homeowners' building	64,329	27,445	52,742	16,049	10,328	11,337
Other non-life	8,312	7,695	5,987	5,424	2,272	2,228
Other	1,176	1,139	159	149	1,016	990
Total	**636,567**	603,014	**541,245**	514,037	**78,876**	74,119

The settlement result net of reinsurance for the financial year stands at T€ 54,385 (previous year T€ 52,466) .

Re Liabilities B. IV.

Provision for bonuses and rebates

a)	Bonuses	
	31/12/2020	€ 13,876,705
	Allocation	€ 6,004,694
	Withdrawal	€ 5,623,128
	31/12/2021	**€ 14,258,271**
b)	Rebates	
	31/12/2020	€ 127,000
	Allocation	€ 4,744
	Withdrawal	€ 31,744
	31/12/2021	**€ 100,000**

Re Liabilities F.

Accruals and deferred income

Discount points on registered bonds	€ 31,653
Advance rental receipts	€ 3,267
	€ 34,920

Notes to the profit and loss account

Direct insurance operations

Financial year in € 000s	Gross premiums booked	Gross premiums earned	Net premiums earned	Gross expenses on Insurance claims	Gross expenses on Insurance operations	Reinsurance balance	Technical result net of reinsurance
Accident	50,864	50,864	39,796	13,264	14,656	-4,911	13,408
Liability	32,901	32,901	32,616	11,359	16,213	439	5,816
Motor vehicle liability	99,186	99,183	91,484	70,804	16,401	-6,077	1,312
Other motor vehicle	75,835	75,833	55,119	72,971	12,879	2,626	-7,559
Fire and non-life	123,335	123,335	98,876	122,239	42,752	50,001	4,995
of which:							
Fire	767	767	596	-1,036	406	-158	-209
Household contents	41,515	41,515	39,080	24,560	15,090	9,051	9,767
Homeowners' building	68,938	68,938	48,321	92,938	20,239	41,494	-3,457
Other non-life	12,115	12,115	10,879	5,777	7,017	-386	-1,106
Other	1,859	1,859	1,406	998	268	-273	294
Total	**383,981**	**383,976**	**319,297**	**291,636**	**103,170**	**41,805**	**18,267**

previous year € 000s	Gross premiums booked	Gross premiums earned	Net premiums earned	Gross expenses on Insurance claims	Gross expenses on Insurance operations	Reinsurance balance	Technical result net of reinsurance
Accident	53,163	53,163	41,647	16,040	14,978	-4,885	17,629
Liability	35,859	35,859	35,560	11,976	15,966	594	5,514
Motor vehicle liability	99,376	99,369	91,678	73,289	16,031	-1,556	-9,335
Other motor vehicle	76,370	76,365	55,849	62,136	12,560	-2,534	-6,675
Fire and non-life	121,857	121,857	100,740	53,844	41,528	-7,834	10,721
of which:							
Fire	746	746	582	442	399	-165	-803
Household contents	43,412	43,412	42,037	13,403	15,193	-993	11,641
Homeowners' building	65,205	65,205	47,003	34,727	19,099	-5,477	728
Other non-life	12,494	12,494	11,118	5,272	6,837	-1,199	-845
Other	1,884	1,884	1,451	862	217	-315	397
Total	388,509	388,497	326,925	218,147	101,280	-16,530	18,251

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

Acquisition expenses	€ 47,826,864
Administration costs	€ 55,343,254

Insurance agents' commission and other remuneration, personnel expenses	Financial year € 000s	Previous year € 000s
1. Insurance agents' commission of all types within the meaning of section 92 HGB for direct insurance operations	38,318	37,152
2. Other insurance agents' remuneration within the meaning of section 92 HGB	2,280	2,370
3. Wages and salaries	258,601	246,360
4. Social-security contributions and social-insurance costs	45,398	43,056
5. Retirement pension costs	27,510	17,261
Total	**372,107**	346,199

The pension provision for DEVK Sach- und HUK-Versicherungsverein a.G. employees is shown on the balance sheet of DEVK Rückversicherungs- und Beteiligungs-AG - DEVK RE. 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 € 850,243. The retirement pensions of former Management Board members and their surviving dependants totalled € 1,053,730. On 31 December 2021, DEVK Rückversicherungs- und Beteiligungs-AG - DEVK RE capitalised a pension provision of € 11,243,305 for this group of persons. The Supervisory Board remuneration totalled € 357,359. Payments to the Advisory Board came to € 63,331.

Of the investment income, € 63,006 (previous year € 12,320) is attributable to currency conversion. The investment expenses include € 878 (previous year € 769,127) from currency conversion.

Of the other income, € 17,596 (previous year € 22,338) was attributable to the discounting of provisions and € 10,380 (previous year € 6,816) to currency conversion. Other expenses included € 33,400 (previous year € 25,331) attributable to the discounting of provisions and € 120,449 (previous year € 148,850) to currency conversion.

Auditors' fees

For services rendered by the auditors (KPMG AG Wirtschaftsprüfungsgesellschaft) for the company in the financial year, a fee of € 443,778 was paid (including € 52,710 in additional expenditure for 2020). Of this amount, € 377,414 was attributable to audit services and € 13,653 to other certification services.

Other information

Contingencies and other financial obligations

On the balance sheet date, there were financial obligations totalling € 3.6 million from open short options. The payment obligations in relation to approved mortgage loans not yet paid out totalled € 5.3 million.

At the end of the year, other financial obligations arising from real estate holdings, fund units, shares in affiliated companies and participating interests totalled € 118.7 million. This includes obligations towards affiliated companies amounting to € 96.5 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 - DEVK RE in return for the transfer of corresponding investments. This results in a consolidation all of the DEVK Group's pension commitments with a single risk bearer and also improves 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 - DEVK RE balance sheet has given rise to benefit obligations totalling € 800.7 million.

Supplementary report

War broke out in Ukraine after the end of the financial year. For DEVK, the economic consequences of the war result in particular from the increasing uncertainty on the capital markets. The effects on the future net assets, financial position and results of operations are difficult to estimate at the moment.

General information

Number of insurance policies concluded for at least one year in direct insurance operations

	Financial year	Previous year
Accident	252,252	256,056
Liability	537,714	545,789
Motor vehicle liability	549,982	546,944
Other motor vehicle	457,557	452,492
Fire and non-life	796,328	805,879
of which:		
Fire	2,550	2,628
Household contents	375,097	380,108
Homeowners' building	182,489	182,932
Other non-life	236,192	240,211
Other	564	616
Total	**2,594,397**	2,607,776

DEVK Sach- und HUK-Versicherungsverein a.G. Betriebliche Sozialeinrichtung der Deutschen Bahn (Deutsche Bahn Company Welfare Scheme), Cologne, is registered at the local court under Commercial Register Number HRB 8234.
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 3,719. This figure is made up of 61 executives and 3,658 salaried employees.

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, and in the Electronic Federal Gazette.

Cologne, 11 March 2022

The Management Board

Rüßmann **Burg** **Knaup** **Scheel** **Zens**

Independent audit certificate

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

Report on the audit of the annual financial statements and of the management report

Opinions

We have audited the annual financial statements prepared by DEVK Deutsche Eisenbahn Versicherung Sach- und HUK-Versicherungsverein a.G. Betriebliche Sozialeinrichtung der Deutschen Bahn, Cologne, comprising the balance sheet to 31 December 2021, the profit and loss account for the financial year from 1 January to 31 December 2021, as well as the notes, including the statement of the accounting policies. In addition, we have audited the management report prepared by DEVK Deutsche Eisenbahn Versicherung Sach- und HUK-Versicherungsverein a.G. Betriebliche Sozialeinrichtung der Deutschen Bahn, for the financial year from 1 January to 31 December 2021.

In conformity with German statutory requirements, we have not audited the content of the components of the management report mentioned in the "Other information" section of our auditor’s report.

The management report contains cross-references marked as unaudited, not provided for by law. In conformity with German statutory requirements, we have neither audited the content of these cross-references nor the information to which they refer.

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying annual financial statements comply in all material respects with the prevailing German commercial regulations for stock corporations, give a true and fair view, in accordance with German principles of proper accounting, of the assets, liabilities, and financial position of the Organisation as of 31 December 2021, and of its financial performance for the financial year from 1 January to 31 December 2021, and
- the accompanying management report as a whole conveys an appropriate view of the Organisation’s position. In all material respects, the management report is consistent with the annual financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future developments. Our opinion on the management report does not extend to the contents of the management report components mentioned in the "Other information" section. The management report contains cross-references marked as unaudited, not provided for by law. Our audit opinion does not extend to these cross-references or the information to which they refer.

Pursuant to section 322 paragraph 3 clause 1 HGB, we hereby declare that our audit has not led to any reservations relating to the legal compliance of the annual financial statements and management report.

Basis for the opinions

We conducted our audit of the annual financial statements and of the management report in accordance with section 317 HGB and EU Audit Regulation No. 537/2014 (hereinafter referred to as "EU Audit Regulation") and in compliance with the German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities according to those requirements and principles are further described in the section of our auditor’s report entitled "Auditor’s responsibilities for the audit of the annual financial statements and of the management report". In accordance with the provisions of European law and German commercial and professional law, we are independent of the

Organisation, and we have also fulfilled our other German professional responsibilities pursuant to those provisions. Moreover, in accordance with Article 10, paragraph 2, point (f) of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under Article 5, paragraph 1 of the EU Audit Regulation. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinions on the annual financial statements and the management report.

Key audit matters in the audit of the annual financial statements

Key audit matters are those matters which, in our professional judgement, were of greatest significance in our audit of the annual financial statements for the financial year from 1 January to 31 December 2021. These matters were addressed in conjunction with our audit of the annual financial statements as a whole, and in forming our audit opinion in this regard; we do not provide a separate audit opinion on these matters.

Measurement of the partial loss provisions for known and unknown claims contained in the gross provision for claims outstanding in our direct non-life and accident insurance.

With regards to the applied accounting policies and methods we refer to the explanations given in the notes to the Organisation's annual financial statements in the "Accounting and valuation methods" section. Details regarding risks are contained in the management report in the "Risk report" section.

THE FINANCIAL STATEMENT RISK

The gross provision for claims outstanding amounts to EUR 541.2 million. This corresponds to 29.1 % of the balance sheet total, which has a significant impact on the Organisation's financial position.

The gross provision for claims outstanding is made up of various partial loss provisions. The provisions for known and unknown insurance claims account for a large part of this.

The valuation of the partial loss provisions for known and unknown claims is subject to a degree of uncertainty regarding the prospective claims and is therefore very much a matter of judgement, in particular with respect to unknown claims. According to commercial principles, the estimate must not be made in a risk-neutral way, in a spirit of equal weighting of opportunities and risk, but rather in observance of the prudence principle (section 341e paragraph 1 sentence 1 HGB).

The provisions for known claims are realised according to the likely cost of each individual claim. A provision for claims incurred but not yet been reported (unknown claims) is formed, the extent of which is predominantly based on empirical values and calculated through the application of recognised actuarial techniques.

The risk for the financial statements in relation to claims already known on the balance sheet date lies in the fact that insufficient provision may be made for claims payments still outstanding. In the case of unknown claims, there is also the risk that these are not estimated to an adequate extent.

OUR AUDIT APPROACH

When auditing the provision for claims outstanding, we also used our own actuaries and performed the following significant audit procedures on a risk-oriented basis:

– We obtained a fundamental overview of the process for calculating provisions, identified key process risks and the checks covering them, and tested the suitability and efficacy of these identified checks. In particular, we have satisfied ourselves that the checks designed to ensure correct valuation are appropriately formulated and effectively implemented.

- On the basis of both random and deliberate sampling, we reproduced the process of determining the extent of individual known provisions via examination of the records for various segments and types of insurance.
- We have reproduced the Organisation's calculation for risk-oriented selected business segments to determine the unknown IBNR losses. In doing so, we paid particular attention to the determination of the estimated number of losses and the associated claim amounts based on historical experience and current developments.
- We analysed the actual development of the provision for claims outstanding posted in the previous year on the basis of the settlement results.
- We analysed the development of the loss reserve on the basis of a time series comparison, in particular of the number of claims, the claims frequencies, average claims amounts and the claims ratios for the financial year and on the balance sheet.
- We performed our own actuarial calculations for certain segments, which we selected on the basis of risk considerations. In each case, we generated a point estimate and compared this figure with the Organisation's calculations.

OUR OBSERVATIONS

The methods used for the partial loss reserves for known and unknown claims included in the gross provision for claims outstanding in the non-life and accident insurance business are appropriate, are in accordance with the applicable accounting principles, and have been applied correctly. The underlying assumptions have been derived in a suitable manner.

Other information

The Management or Supervisory Board is responsible for the other information. The other information comprises the following components of the management report, the contents of which have not been audited:

- The separate non-financial report expected to be made available to us after the date of this auditor’s report and referred to in the management report,
- The corporate governance statement pursuant to section 289f paragraph 4 HGB (information on the women's quota), which is included in the corporate governance statement section of the management report,
- The information contained in the management report that is not part of the management report and is marked as unaudited.

The other information also includes the remaining parts of the annual report. Other information does not include the annual financial statements, the management report information audited in substance and our associated auditor’s report.

Our opinions on the financial statements and on the management report do not cover the other information, and consequently we do not express an audit opinion or any offer any other form of assurance in relation to said information.

In connection with our audit, our responsibility is to read the aforementioned other information and consider whether it

- is materially inconsistent with the annual financial statements, the management report information audited in substance and the knowledge we acquired during the audit, or
- otherwise appears to be materially misstated.

Responsibilities of Management and the Supervisory Board for the annual financial statements and the management report

The management is responsible for the preparation of annual financial statements that comply, in all material respects, with the prevailing provisions of German commercial law as applied to stock corporations and for ensuring that the annual financial statements, in compliance with German principles of proper accounting, give a true and fair view of the Organisation's assets and liabilities, financial position and financial performance. In addition, the management is responsible for such internal control as they deem necessary in conformity with German principles of proper accounting in order to permit the preparation of annual financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the annual financial statements, the management is responsible for assessing the Organisation's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. They are also responsible for financial reporting founded on the accounting policy of the going concern, provided no factual or legal circumstances militate against this.

Furthermore, the management is responsible for the preparation of a management report that, taken as a whole, provides an appropriate view of the Organisation's position and is consistent in all material respects with the annual financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, the management is responsible for such arrangements and measures (systems) as they deem necessary to facilitate the preparation of a management report that complies with the applicable German legal requirements and provides sufficient appropriate evidence for the assertions in the management report.

The supervisory board is responsible for overseeing the Organisation's financial reporting process for the preparation of the annual financial statements and management report.

Auditor's responsibilities for the audit of the annual financial statements and of the management report

Our objectives are to obtain reasonable assurance as to whether the annual financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the management report as a whole provides an appropriate view of the Organisation's position and is consistent in all material respects with the annual financial statements and the knowledge obtained in the audit, complies with German legal provisions and appropriately presents the opportunities and risks of future developments, as well as to issue an auditor's report that includes our audit opinions on the annual financial statements and management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with section 317 HGB and the EU Audit Regulation and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) and supplementary compliance with the ISAs will always detect a material misstatement. Misstatements may arise from fraud or error and are considered material if they could individually or mutually be reasonably expected to influence the economic decisions of users taken on the basis of these annual financial statements and this management report.

We exercise professional judgement and maintain professional scepticism throughout the audit. We also

- identify and assess the risks of material misstatements in the annual financial statements and the management report, whether due to fraud or error, plan and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the circumvention of internal controls.

- Acquire an understanding of the internal control system relevant to the audit of the annual financial statements and of arrangements and measures relevant to the audit of the management report, in order to plan audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of these Organisation systems.
- Evaluate the appropriateness of the accounting policies used by the management and the reasonableness of estimates made by the management, as well as the related disclosures.
- Draw conclusions regarding the appropriateness of the management's use of the going concern basis of accounting and, based on the audit evidence obtained, as to whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Organisation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are obliged to draw attention in the auditor's report to the related disclosures in the annual financial statements and in the management report or, if such disclosures are inadequate, to modify our respective audit opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or circumstances may mean the Organisation is no longer able to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual financial statements present the underlying transactions and events in a manner conducive to ensuring that the annual financial statements give a true and fair view of the assets and liabilities, financial position and financial performance of the Organisation in compliance with German principles of proper accounting.
- Evaluate the consistency of the management report with the annual financial statements, its conformity with applicable law, and the view of the Organisation's position it provides.
- Perform audit procedures on the forward-looking information presented by the management in the management report. On the basis of sufficient appropriate audit evidence, we evaluate, in particular, the significant assumptions used by the management as a basis for its forward-looking statements, and evaluate the proper derivation of the forward-looking statements from these assumptions. We do not express a separate audit opinion on the forward-looking statements or the assumptions on which they are based. There is a substantial unavoidable risk that future events will differ materially from the forward-looking statements.

We engage in discussions with the persons responsible for governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in the internal control system that we identify during our audit.

We also provide the persons responsible for governance with a statement that we have complied with the relevant independence requirements, and discuss with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, the related safeguards.

From the matters discussed with the persons responsible for governance, we determine the matters which were of most significance in the audit of the annual financial statements for the current period and which therefore constitute the key audit matters. We describe these matters in our auditor's report unless public disclosure of the matter is forbidden by legislation or other legal provisions.

Other legal and regulatory requirements

Further Information pursuant to Article 10 of the EU Audit Regulation

We were elected as the auditors at the Supervisory Board meeting on 30 April 2021. Furthermore, we were engaged by the Supervisory Board on 30 April 2021. We have been the auditor of DEVK Deutsche Eisenbahn Versicherung Sach- und HUK-Versicherungsverein a.G. Betriebliche Sozialeinrichtung der Deutschen Bahn without interruption since 1998.

We hereby declare that the opinions expressed in this auditor's report are consistent with the additional report to the Audit Committee pursuant to Article 11 of the EU Audit Regulation (long-form audit report).

In addition to the audit, we also rendered the following services, which are not stated in the annual financial statements or the management report, for the audited Organisation or for companies controlled by the audited Organisation:

- Audit of the consolidated financial statements and management report,
- Audit of the annual financial statements and management reports of the individual controlled subsidiaries,
- Audit of the solo solvency overviews of the Organisation and the controlled subsidiaries headquartered in Germany, as well as of the Group's solvency overview,
- Audit of the management board's reporting on relationships with affiliated companies pursuant to section 312 paragraph 1 of the German Stock Corporation Act (AktG) (dependent companies report) for a controlled subsidiary,
- Audit of the propriety of the data made availability to the guarantee scheme for life insurance policies pursuant to section 7 paragraph 5 of the Insurance Guarantee Scheme Financing Regulation (SichLVFinV),
- Audit pursuant to section 24 of the Financial Investment Brokerage Regulation (FinVermV),
- Tax appraisal and advice on individual accounting matters (until 31 December 2021), and
- Project-related audit services, legal and IT consulting services.

Chief auditor

The auditor in charge of the audit is Thorsten Klitsch.

Cologne, 25 March 2022

KPMG AG
Wirtschaftsprüfungsgesellschaft

Klitsch	**Hansen**
Auditor	Auditor

Supervisory Board report

During 2021, 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 Organisation'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 2021 annual financial statements and management report prepared by the Management Board. This audit did not reveal any irregularities. An unqualified audit certificate was granted. The Supervisory Board has duly acknowledged the audit findings.

Following preparation by the Audit Committee, the Supervisory Board examined and approved the annual financial statements and management report prepared by the Management Board. The annual financial statements for 2021 are thus duly adopted.

The separate obligatory part of the CSR report was appraised by the Supervisory Board at its meeting in March 2022 and approved without reservations.

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

Cologne, 20 May 2022

The Supervisory Board

Hommel
Chairman

Company bodies

Supervisory Board

Alexander Kirchner
Runkel
Chairman
Chairman of Eisenbahn- und
Verkehrsgewerkschaft (EVG) ret.

Hans-Jörg Gittler
Kestert
CEO of the board
BAHN-BKK

Ronald Pofalla
Essen
Director of Infrastructure
Deutsche Bahn AG

Manfred Stevermann
Münster
Deputy Chairman
CEO of the board
Sparda-Bank West eG

Helmut Petermann
Essen
Chairman of
General Works Council
DEVK Versicherungen

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

Management Board

Gottfried Rüßmann
Cologne
Chairman

Michael Knaup
Hürth

Bernd Zens
Königswinter

Management report

Company foundations

Business model

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

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

Affiliated companies and participating interests

The affiliated companies of DEVK Rückversicherungs- und Beteiligungs-AG - DEVK RE 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.

The share capital of our company of around € 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.

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 GAV Versicherungs-AG. Profit-and-loss transfer agreements exist with DEVK Asset Management GmbH and freeyou AG.

Details of our company's direct and indirect shareholdings in principal affiliated companies and participating interests can be found in the notes.

In the report on links with affiliated companies to be prepared by the Management Board in accordance with section 312 of AktG, it was conclusively stated that, according to the circumstances known to us at the time when the legal transactions were carried out or the measures were taken or omitted, the company received appropriate consideration for each legal transaction and that our company was not disadvantaged by the fact that the measures were taken or omitted.

Delegation of functions and organisational cooperation

Under a service contract concluded with DEVK Sach- und HUK-Versicherungsverein a.G., the Group provides us with services, in particular in the fields of general administration, accounting, collections and disbursements,

Please note that rounding may lead to differences from the mathematically exact figures (monetary units, percentages, etc.).

The sections of this report marked with [1] contain details which have not been checked by the auditor.

asset investment and 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.

Business performance

Economic conditions generally and in the industry

Economic activity in Germany experienced highly positive development following the end of the extensive lockdown measures from May 2021 until the fourth wave of the Corona virus in November of the same year. During the first quarter, real gross domestic product (GDP) still fell by 3.0 %, only to grow by 10.8 % year-on-year in the second quarter of 2021. By contrast, towards the middle of 2021, rising energy prices and disruptions to international supply chains led to an unexpected slowdown in growth momentum to +2.8 % in the third quarter and - together with the resurgence of the virus - to only +1.4 % year-on-year in the fourth quarter of 2021 (and therefore -0.7 % quarter-on-quarter). As such, price-adjusted absolute GDP was only just below the value at the end of the pre-pandemic year 2019. This development was accompanied by a significant increase in inflation rates to over 5.0 % in the fourth quarter of 2021, in both Germany and the USA. The Ifo Index rose steadily until June 2021, only to fall again for six months in a row from the middle of the year until the end of the year, declining from 101.7 points to 94.8 points.

The political discussions in 2021 were dominated by climate risk issues, the Bundestag elections and the subsequent formation of the government, as well as developments around the fourth wave of COVID-19. The planned government stimulus measures in the EU, and in particular in the US, led to high growth expectations for 2022 and a positive outlook especially for infrastructure investments. Economists estimate that real GDP growth in Germany will average 3.1 % in 2022 (according to Bloomberg), up from 2.9 % in 2021 (according to the Federal Statistical Office). GDP growth in the USA stood at 5.7 % in 2021; the expectation for 2022 is 3.6 % on average. In the second quarter, GDP growth in the USA was even higher than growth in China compared to the previous quarter, while it stood at the same level in the third quarter.

During the course of the year, the development of the stock markets increasingly disengaged from news regarding the pandemic as vaccination rates in the industrialised countries rose, until a sharp rise in incidences arose in conjunction with subsequent renewed restrictions on daily life in several European countries due to the emergence of the new Omicron variant of the virus. Up to the end of November 2021, the short-term mood on the stock markets was largely dampened by concerns about a reduction of monetary policy support measures. These declines generally turned into buying opportunities within a few days, driven by the lack of investment alternatives and the fear of missing out on further price rises. In 2021, the daily closing price of the German benchmark index DAX rose by 18.5 % at its peak (17 November 2021). Over the rest of the year, the dramatic deterioration in the circumstances around the pandemic caused a decline of over 7 %. Towards the end of the year, the situation on the capital markets eased and the DAX rose again by a good 5 %, so that a gain of 15.8 % was achieved by the DAX for the year as a whole - driven by a very loose monetary policy overall and a lack of investment alternatives in the interest rate area.

The mood on the bond market in 2021 was strongly influenced by concerns about rising inflation as well as the end of loose US monetary policy and (with a time lag) European monetary policy. Accordingly, the risk-free interest rates, as seen for the example with the 10-year Euro swap rate, rose significantly at times. The 10-year Euro swap rate gained over 0.4 percentage points and stood at just under 0.2 % from January to mid-May 2021. A decline in concerns about a near-term scaling back of central bank purchases and possible central bank rate hikes brought the 10-year Euro swap rate back down below -0.1 % in August 2021, only to rise above 0.3 % in October 2021. This interest rate was also valid on 31 December 2021. The yield on the ten-year German government bond developed in the same way, reaching a low of -0.6 % in January 2021, recovering to -0.1 % in the course of the year and standing at -0.2 % at the end of the year. The risk premiums on European investment grade corporate bonds fell by just under 0.1 percentage points by mid-2021, but rose significantly by almost 0.3 percentage points in November 2021 and reached a value only slightly above the level at the beginning of the year by the end of the 2021. In 2021 as a whole, the risk-free interest rates of bonds with a maturity of between 8 and 15 years rose more sharply than the long maturities of over 20 years, so that the risk-free interest rates for a maturity of 40 or 50 years, for example, were significantly lower than for 20 years. This constitutes a challenging situation for long-term investors, because it is difficult to map the long actuarial maturities on the investment side at acceptable yields.

2021 was the fourth most expensive year in history for the global insurance industry, whilst for Germany, Belgium, Austria, Luxembourg and China it was the most expensive financial year. Natural disasters caused losses of around USD 343 billion, of which around USD 130 billion were sums insured. High losses resulted in particular from Hurricane Ida, which landed in New Orleans, the extremely cold temperatures in southern USA in February, and a drought in North America with high agricultural losses. In Europe, floods caused by storm Bernd had a particularly negative impact. The year also witnessed floods in China and earthquakes in Japan, whereby this list is not exhaustive.

In addition to the high claims burden, the ever-prevalent Corona virus pandemic remained challenging. Although the adapted processes worked much better, personal contact was still restricted.

These events caused a further hardening of the reinsurance market. Some providers reduced the capacity of their natural disaster cover, whilst others withdrew from this segment altogether. A high level of discipline was observed among providers overall, which led in part to massive price increases and/or significant changes in the reinsurance structure. At the peak, increases of 75 % were recorded for loss-affected programmes.

This hardening was not only related to the affected regions and loss-affected programmes, but was general and global in nature - although it was much more moderate in the unaffected regions.

Business trends

In 2021, the gross premiums written for DEVK Rückversicherungs- und Beteiligungs-AG - DEVK RE were 11.1 % up at € 727.6 million, and were therefore stronger than expected (forecast around 9 %). The greatest absolute increases were recorded in motor vehicle and transport insurance. In the North America region (USA & Canada), the premium earned in 2021 increased from € 31.0 million to € 46.0 million. The number of policies reinsured (non-DEVK only) on 31 December 2021 stood at 2,519 (previous year 2,202). Customer numbers rose to 496 (previous year 444).

Due to a large number of natural disasters, the gross expenditure for claims in the financial year increased by 44.4 % to € 602.8 million. Storms "Volker" and "Bernd" in Central Europe and drought damage in Canada had a particular impact. Thanks to good reinsurance protection, the increase in expenses for insurance claims net of reinsurance was not as strong, at +21.1 %.

The underwriting result before changes to the equalisation provision stood at € -13.2 million (previous year € 30.3 million). As such, there was a significant shortfall on the forecast earnings corridor (€ 30 million to € 40 million). After an allocation to the equalisation reserve of € 13.5 million, the net underwriting result of € -26.7 million remained far below last year's forecast (upper single-digit millions).

The gross income from investments stood at € 232.1 million in 2021 (previous year € 206.9 million). Contrary to the expectation of a significant decrease, income from profit transfer agreements increased substantially from € 115.3 million to € 159.2 million. This was due in particular to the development in the profit transfer from DEVK Allgemeine Versicherungs-AG (€ 140.9 million after € 101.4 million). Write-ups increased slightly to € 13.1 million (previous year € 12.6 million). Gains from the disposal of investments fell significantly from € 35.6 million to € 12.8 million in 2021, as expected. The background to this development is the discontinuation of COVID-related profit realisations.

In 2021, total capital investment expenditures stood at € 19.3 million, following on from € 53.8 million in the previous year. As expected, there was a decrease in the high write-offs in the previous year due to the pandemic (from € 28.0 million to € 8.0 million) and in the losses from the disposal of investments; in particular in the equity sector (from € 13.1 million to € 0.2 million).

Overall, net investment income rose to € 212.7 million (previous year € 153.0 million). The investment portfolio increased moderately in 2021, from € 2,823.1 million to € 3,001.8 million. The net interest rate was 7.3 %, following on from 5.8 % in the previous year. This partially met with our forecast from the previous year's annual report (previous year's forecast: We expect that our net investment result in 2021 will be moderately down on last year. The investment portfolio should witness a moderate increase in 2021, whilst the net interest rate should decrease moderately).

The Strategic Asset Allocation, i.e. the target allocation of investments, was adjusted DEVK-wide at the end of 2019. The target ratios for real assets (in particular real estate and alternative investments) were increased. The further expansion of real values in the investment portfolio is intended to counteract the persistently low interest rate level and improve the long-term earnings situation. In 2021, the equity ratio was actively managed over the course of the year according to the market assessment. Overall, the equity ratio was increased again in 2021 - following on from the Corona virus-related reduction of the equity ratio in 2020. In the medium term, a further increase in equity items is planned as part of the investment strategy. In 2021, the development of other long-term oriented real assets in the real estate, private equity and alternative investments sectors was implemented as planned.

Due to the strong improvement in the investment result, the profit from normal business activities of € 89.7 million (previous year € 76.0 million) significantly exceeded the forecast of € 30 million to € 40 million.

The after-tax net annual profit came to € 34.3 million (previous year € 45.5 million), which has been recognised as net retained profit.

Net assets, financial position and results of operations

Results of operations

	Financial year € 000s	Previous year € 000s	Change € 000s
Technical account	-26,747	-5,456	-21,291
Investment result	212,716	153,038	59,678
Other result	-96,232	-71,554	-24,678
Profit from ordinary activities	**89,737**	76,028	13,709
Taxes	55,436	30,528	24,908
Net profit for the year	**34,301**	45,500	-11,199

Underwriting result, net of reinsurance

Gross premium receipts rose 11.1 % to € 727.6 million. The growth came from business outside DEVK. Earned premiums net of reinsurance rose by 9.5 % to € 565.9 million (previous year € 517.0 million). Claims expenses net of reinsurance increased to € 429.0 million (previous year € 354.1 million). The ratio of net claims expenses to earned net premiums therefore rose to 75.8 % (previous year 68.5 %). The ratio of expenses on insurance operations net of reinsurance to earned premiums net of reinsurance stood at 25.6 % (previous year 25.1 %). The underwriting result before changes to the equalisation provision stood at € -13.2 million (previous year € 30.3 million). After an allocation to the equalisation provision of € 13.5 million (previous year € 35.8 million), the underwriting result net of reinsurance stood at € -26.7 million (previous year € -5.5 million).

The individual insurance segments performed as follows:

Underwriting result, net of reinsurance

Figures in € 000s	Gross premiums written			Change to the equalisation provision		Technical result net of reinsurance	
Insurance class	Financial year	Previous year	Change	Financial year	Previous year	Financial year	Previous year
Life	3,793	6,188	-38.7 %	-	-	940	589
Accident	45,210	39,563	14.3 %	-	-	15,898	14,238
Liability	16,704	7,515	122.3 %	-6,789	-1,152	-4,078	-1,622
Motor vehicle	282,218	254,080	11.1 %	-21,425	-15,233	-215	69
Fire and non-life	307,797	311,289	-1.1 %	24,688	-21,477	-24,109	-2,517
of which:							
Fire	81,429	78,471	3.8 %	-3,393	-1,047	-3,251	-2,848
Household contents	26,190	23,365	12.1 %	-	-	-198	3,925
Homeowners' building	111,208	145,498	-23.6 %	11,592	4,817	12,693	15,291
Other non-life	88,970	63,954	39.1 %	16,488	-25,247	-33,352	-18,885
Other	71,911	36,164	98.8 %	-9,998	2,079	-15,185	-16,212
Total	**727,631**	654,799	11.1 %	**-13,525**	-35,783	**-26,747**	-5,456

The largest premium increases in terms of value were recorded for motor vehicle and for transport insurance (which is included in the item "Other"). While motor vehicle grew exclusively abroad through external business, one third of the growth in transport came from Germany. The decline in premiums in homeowners' building resulted from the discontinuation of coinsurance business at DEVK Allgemeine Versicherungs-AG, which was passed on in full to DEVK Rückversicherungs- und Beteiligungs-AG - DEVK RE in previous years. Before the change in the equalisation reserve, accident and motor vehicle made the largest positive contributions to the result. The insurance classes homeowners' building, fully comprehensive motor vehicle and household contents are heavily negatively impacted by storms "Bernd" and "Volker". Furthermore, a negative effect from "Bernd" and "Volker" is also included in other non-life insurance. The impact of the drought in Canada is additionally visible here. Other insurance includes the insurance types business closure with effects from COVID-19 as well as a proportionate negative effect from "Bernd" and "Volker".

Investment result

At € 232.0 million, the investment result was significantly up on the previous year's figure (€ 206.9 million). This was due in particular to the higher revenues from profit transfer agreements with affiliated companies. The income from profit transfer agreements with affiliated companies totalled € 159.2 million (previous year € 115.3 million). Also included were € 12.8 million in profits from disposals of investments (previous year € 35.6 million), as well as € 13.1 million in write-ups (previous year € 12.6 million).

At € 19.3 million, investment expenses in 2021 were significantly lower than in the previous year (€ 53.8 million), in particular due to the better development of the stock market. Decisive here was a lower write-down requirement on investment expenses (€ 8.0 million as against € 28.0 million in the previous year). Losses from disposals of investments, in particular shares, came to just € 0.2 million (previous year € 13.1 million). Charges from loss transfers in 2021 amounted to € 9.2 million, up from € 10.6 million in the previous year. The administration costs were € 2.1 million (previous year € 2.2 million).

Total net investment income therefore rose significantly to € 212.7 million (previous year € 153.0 million). This development in 2021, as set out above, does not correspond to our forecast from the previous year due to higher than expected profit transfers from affiliated companies.

Other result

The "Other" result, including the technical interest income, stood at € -96.2 million (previous year € -71.6 million). Higher pension costs contributed to the increase. Furthermore, higher interest income from tax refunds was received in the previous year.

Profit from ordinary activities

The declines in the technical result and other result were more than compensated for by the improvement in the investment result. The result from ordinary activities, of € 89.7 million, was consequently up on the previous year's figure (€ 76.0 million).

Tax expenditure

As the parent company of a fiscal unit for trade tax and corporation tax purposes, DEVK Rückversicherungs- und Beteiligungs-AG - DEVK RE assumes the tax expenses incurred by the Group companies. Significant tax provisions for previous years were released in 2020. At € 55.4 million, tax expenses in 2021 were significantly higher than in the previous year (€ 30.5 million).

Operating result and appropriation of retained earnings

After taxes, the net profit for the year stood at € 34.3 million (previous year € 45.5 million). The net annual profit is shown as net retained profit.

The Management Board hereby proposes to the Annual General Meeting that the sum of € 5.0 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 € 29.3 million being allocated to other retained earnings.

Financial position

Cash flow

Availability of the liquidity necessary to meet regular payment obligations is ensured through ongoing liquidity planning, which takes into account prospective liquidity movements over the coming twelve months. The company receives a continuous influx of liquid funds in the form of regular premium receipts, investment income and returns from capital investments. In the current financial year, the cash flow from investments – that is, the funds required for the net investment volume – amounted to € 129.3 million. The necessary funds were generated by the company's ongoing operations.

Ratings[1]

Each year the internationally renowned rating agencies S&P Global Ratings and Fitch evaluate the financial performance and security of DEVK.

S&P Global Ratings last renewed its rating in June 2021. As in the years 2008 to 2020, DEVK Sach- und HUK-Versicherungsverein a.G., DEVK Allgemeine Versicherungs-AG, DEVK Allgemeine Lebensversicherungs-AG and DEVK Rückversicherungs- und Beteiligungs-AG - DEVK RE were once again all assigned a rating of "A+" (very good). S&P Global Ratings assesses our future outlook as "stable". This confirms the very good financial position enjoyed by the DEVK companies.

Meanwhile, the rating agency Fitch came to the same conclusion, with its August 2021 rating of the financial strength of DEVK's core companies remaining unaltered at "A+". Alongside our company, the individual companies rated were DEVK Sach- und HUK-Versicherungsverein a.G., 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. The outlook for all our companies remains "stable".

Assets position

	Financial year € 000s	Previous year € 000s	Change € 000s
Investments (excluding deposit receivables)	3,001,787	2,823,129	178,657
Deposit receivables	69,712	66,673	3,040
Receivables arising from reinsurance operations	130,216	41,560	88,656
Other receivables	266,884	164,311	102,572
Other assets	16,023	19,248	-3,225
Total assets	**3,484,622**	3,114,922	369,700
Equity	1,302,889	1,278,588	24,301
Technical provisions	974,527	791,341	183,186
Other provisions	950,524	842,921	107,603
Liabilities arising from reinsurance operations	112,970	59,359	53,612
Other liabilities	143,378	142,357	1,021
Accruals and deferred income	333	356	-23
Total capital	**3,484,622**	3,114,922	369,700

In 2021, there were shifts within the capital investments from the bond block to equity and real estate investments, and to the area of alternative investments. The share of strategic participations only decreases relative to the increasing capital investment portfolio. This development is in line with the objective of the Strategic Asset Allocation, of increasing the proportion of real assets in the portfolio.

The stronger orientation of the capital investment strategy towards real values is only gradually reflected in the change in the capital investment portfolio. This is due to the fact that the adjustment of asset allocation is a medium-term process. Furthermore, from a tactical perspective, a short-term adjustment of the asset allocation can be made according to the respective market assessment. This applies in particular to the comparatively volatile but liquid equity sector.

Of the other receivables, € 163.7 million (previous year € 117.7 million) concerns receivables under profit transfer agreements. The remaining receivables are predominantly receivables from an intra-group clearing account.

Most of the other provisions are provisions for pensions and similar commitments.

Non-financial performance indicators

Employee satisfaction

At DEVK, the opinion of our employees is important to us. The commitment and the satisfaction of employees with their working environment, as well as their managers, colleagues, the work assigned to them and the corporate culture, is central to employer appeal.

The employee survey conducted in autumn 2021 was once again influenced by the Corona virus pandemic. The high workload in the claims area due to the flood disaster is also likely to have had an impact. The results of the survey show that employee satisfaction continues to be extremely positive. With its crisis management, DEVK has understood how to offer its employees safety through appropriate measures and therefore ensure a high level of satisfaction.

Employee satisfaction index

	Financial year Points	Previous year Points
Actual	791	817
Target	793	777

The target set for 2022 is 791 points.

Overall verdict on the management report

All in all, the company's net assets, financial position and results of operations developed in a satisfactory manner throughout 2021.

Outlook, opportunities and risks

Outlook

During 2022 we are anticipating strong premium growth of around 16 %. We expect the largest increases in values to come in the areas of technical insurance, fire and building insurance, and bond insurance. On the claims side, we anticipate a disproportionately low increase in net claims expenses. Before changes to the equalisation provision, we are therefore expecting a significant improvement in the technical account result to between € 30 million and € 40 million. After a high allocation to the equalisation provision, current estimates project that the underwriting result will be close to zero.

The economic development in the coming years is heavily dependent on the further progression of the Corona virus pandemic, but increasingly also on the inflation and interest rate development in the course of economic normalisation. Particularly crucial is the question of whether dangerous new virus variants will emerge and to what extent vaccines will prove effective against them. Other factors include the further development of supply chain difficulties, the change in central bank policy, and the risk of an expansion of the war in Ukraine or the consequences of the military action. The effects of the crisis in Ukraine are fraught in particular with major uncertainty, which in turn impacts the future development of DEVK's investments. In addition to direct effects on Russian companies, we also assume indirect effects on companies with a connection to Russia, be it via suppliers or customers. The extent of these effects is difficult to estimate, because it is largely dependent on the severity of the sanctions imposed by the USA and the EU, as well as their duration. Gas and oil prices have already risen significantly in the wake of the Ukraine crisis. We currently estimate the probability of a real supply shortage of gas and oil in Germany as low, but this cannot be ruled out and would have a significant impact on economic development in Germany and Europe.

It is likely that a large proportion of the expected further economic recovery had already been anticipated on the capital markets by the start of 2022. A possible end to loose monetary policy, on the other hand, was probably not fully factored in. The intensification of the Ukraine crisis has added a further element. Share valuations fell significantly in February 2022, and the extent to which this decline is sustainable is difficult to predict. This results in future risks on the capital markets, so that high volatilities must be anticipated. In view of the high levels of national debt and the uncertain further economic development, we do not anticipate an extreme rise in the interest rate level in the short to mid-term, despite the implementation of a partial reduction in the purchase programmes of central banks worldwide, in some cases the realisation of a rise in central bank interest rates, as well as the American Fed's announcement of an end to its bond purchase programme in March and the onset of interest rate rises. Very long-term interest rates have in fact barely risen to date, and have recently even fallen slightly in the USA for example.

Key leading economic indicators, such as purchasing managers' indices, fell in 2021 from the middle of the year. The ifo Business Climate Index for Germany reached a high of 101.7 points in June 2021 and then fell in each subsequent month of 2021 to 94.8 points by the end of the year, recovering only slightly in January 2022. However, the reported company results were essentially positive in 2021. Valuation levels on the stock markets have therefore decreased again somewhat, although they are still above their long-term average. According to forecasts by the World Bank, the global economy is heading for economic growth of 4.1 % in 2022, following on from the 5.9 % recovery in 2021. The Chinese government played a more interventionist role in the economy in 2021 (GDP growth: 8.1 %), thereby more heavily regulating the economy as a whole and making it more difficult to invest in companies (e.g. in the context of private equity funds). This is likely to have a dampening effect on growth in the future. According to Bloomberg, economists expect average growth of only 5.2 % year-on-year for 2022 and 2023. This would put a damper on growth for export-driven countries like Germany in particular.

Overall, the uncertainty regarding the further development of the capital markets in 2022 can also be described as very high and heavily dependent on further pandemic events, the actions of the central banks and the tensions surrounding the war in Ukraine. If inflation rates do not fall quickly, there could be a risk of a wage-price spiral (feared by many) and in turn a more sustained and significant rise in inflation than expected. For an insurer's investments, this means that the fundamental yield advantage of real assets compared to bonds is not likely to change in 2022, but also that increased volatilities are to be expected.

In the field of investments, we expect income from profit transfer agreements to be significantly below the previous year's level in 2022 for DEVK Rückversicherungs- und Beteiligungs-AG - DEVK RE. The majority of the profit transfer consists of the transfer from DEVK Allgemeine Versicherungs-AG, which is anticipating a significant decrease in net income in 2022. Furthermore, we assume that there will be a significant decline in the high write-ups and we also anticipate a significant decline in gains on disposals. Overall, we expect that our net investment result in 2022 will be significantly down on last year. The investment portfolio should witness a substantial increase in 2022, whilst the net interest rate should decrease significantly.

We are forecasting profit from ordinary activities in 2022 to be in the order of € 35 million to € 45 million.

With regards to employee satisfaction, DEVK has set itself a target index value of 791 points. As such, the target corresponds to the actual value in 2021, which stands at a high level.

Opportunities report

Price increases on the market also led to improved inventory for us, which significantly increases the chances of us recouping our losses quickly.

We were also able to increase market shares in almost all segments and at adequate prices,

and we have once again expanded our range of services and capacities. We now also have a team with extensive experience and expertise in the field of technical insurance, which has already been very successful in acquiring new business in renewals for 2022.

The steady expansion of our expertise, the stable financial situation of the company and the Group, and the now respectable size of our portfolio (according to S&P, we were among the top 40 reinsurance groups worldwide in 2019) continue to make us attractive to clients.

We see both risks and opportunities for investments in 2022, in particular due to the economic recovery being partially postponed from 2021 to 2022 according to economists' forecasts. If the winter pandemic wave of 2021/2022 subsides quickly through booster vaccinations and social distancing restrictions, and the situation in intensive care units witnesses sustainable recovery, economic growth in 2022 in Europe should be higher than in 2021. Furthermore, the inflation increase of 2021 could return to normal if special effects arising due to a disruption in supply chains, energy price increases, Corona-related pent-up demand and a base effect from the renewed increase in VAT in Germany cease to apply. This could limit the rise in interest rates - at least in Europe - and would represent a positive scenario for the stock market and bond market and thus lead to further increases in the value of real assets.

A potential (moderate) loss in the value of the euro against other currencies, as took place in 2021, constitutes a further opportunity for DEVK investments in 2022, due to foreign currency gains. In contrast, currencies such as the US dollar or the Swiss franc, as well as bonds with strong credit ratings such as German federal bonds, could lose value in a positive economic environment. However, if these instruments are held to maturity, this will not have an indirect influence on the profit situation of DEVK due to their nonpermanent decline in value (exception for foreign currency losses). DEVK expects volatile sideways movement on the stock markets in 2022. However, not all sectors are likely to be equally affected. The planned expansion of real assets in the portfolio increases the earnings potential of the investment in the medium term.

Risk report

In accordance with section 289, paragraph 1 HGB and the requirements laid down in section 26 VAG concerning the minimum requirements for the business organisation of insurance companies (MaGo), we are hereby reporting the risks of future developments.

Risk management system

The board of an insurance company is responsible for appropriate risk management in accordance with section 26 paragraph 1 of VAG. Within DEVK, the foundations for the risk management and the tasks and responsibilities are set out in the risk strategy and the Solvency II guidelines on risk management.

The risk management function (RMF) and the associated risk management system have been aligned with the Solvency II requirements. The risk management function was established as a key function in a central unit. The risk management function is supported by decentralised risk management units (e.g. reinsurance, investments). A regular information exchange takes place in this regard, not least through the body of the decentralised risk session/Risk Committee. The risk management system therefore comprises both a centrally organised unit whose task it is to ensure risk management across all risk categories and decentralised risk management units which use their specialist knowledge to assess the risk situation locally. This does not affect the operational risk responsibility of the specialist units or the responsibility of the Management Board. The RMF is responsible for the risk management methods and techniques employed 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.

Core elements for controlling the risks of DEVK are the risk-bearing capacity concept and the limit system. The risk-bearing capacity concept guarantees adequate coverage of all significant risks through the company's own funds. It serves to map and operationalise the risk appetite of the company. For this purpose, limit values are determined for the significant risks ("market risk", "underwriting risk" and "default risk"), in order to safeguard the target coverage quota of the company for a predefined safety level. Through this, all risks mentioned are assigned new maximum limits annually for the respective risk capital.

In order to operationalise risk controlling, a limit system is applied within DEVK as a monitoring system for prompt risk identification and evaluation. The limit capacity is portrayed in the form of risk ratios.

Additionally, a comprehensive risk inventory is compiled every six months, in which the risks are recorded and classified according to risk categories with the aid of a software solution. Wherever possible, the risks are quantified and the action necessary to manage the risks is recorded. Furthermore, risks are considered on an ad hoc basis, if these are significant.

With the aid of the risk-bearing capacity concept, limit system and risk inventory, we are able to react immediately and appropriately to developments that pose a risk to DEVK. The effectiveness and suitability are monitored by the Internal Auditing unit.

The decentralised risk session and the Risk Committee assess the risk situation faced by individual companies and by the Group as a whole quarterly, on the basis of the risk report, taking into account all discernible significant risks, as well as the limit capacities and current risk drivers. Finally, the risk report is presented to the Management Board members responsible for the various risk areas as part of a Management Board submission.

Technical risks

Principal among the technical risks are the premium/claims risk and the reserves risk. These are determined using a standard formula.

The so-called catastrophe risk or accumulation risk refers to the risk resulting from the occurrence of extremely high loss events. A distinction is made here between natural disasters (natural catastrophes) and catastrophes caused by mankind (man-made catastrophes). Against the backdrop of major loss events in 2021, we have reviewed our reinsurance cover and adjusted it accordingly.

We first consider the movement of the claims ratio net of reinsurance over the past ten years.

Gross claims ratio net of reinsurance

Year	%	Year	%
2012	68.2	2017	70.8
2013	72.6	2018	67.3
2014	68.6	2019	63.9
2015	65.3	2020	68.5
2016	66.2	2021	75.8

Within the framework of suitable acceptance guidelines and signatory powers, we predominantly only underwrite standardised business. We counteract the risk of unusually high claims expenses due to extraordinary loss events through a corresponding retrocession policy.

The reinsurance of our business is distributed among several external reinsurers. Our selection of reinsurers takes their ratings into account.

Our loss reserves for previous years and for the financial year, including the provision for claims incurred but not reported, are generally adequate. A large number of different events, the occurrence or development of which could not be foreseen, resulted in a negative settlement result in 2020 and 2021. In addition, there was a major two-year contract with a settlement loss of € -4.6 million that could not be accounted for on an accrual basis due to limited accounting information.

Settlement result net of reinsurance as % of original provision			
Year	%	Year	%
2012	2.8	2017	3.2
2013	13.7	2018	1.6
2014	-4.1	2019	2.6
2015	2.4	2020	-3.3
2016	3.0	2021	-1.7

Our equalisation provisions provide an additional safety cushion that contributes to the smoothing of our underwriting results. As of 31 December 2021, their volume totalled € 237.2 million (previous year € 223.7 million).

Risk of defaults by debtors arising from our insurance operations

Amounts receivable from reinsurance business at the end of the year came to € 130.2 million. These include receivables from reinsurers totalling € 30.16 million. An overview of amounts receivable, broken down according to the ratings of our reinsurance partners, is given in the following table:

Rating category	Receivables in € millions
AA-	1.25
A+	10.98
A	9.37
A-	0.34
without	8.22

Investment risks

In the investment sphere, DEVK Rückversicherungs- und Beteiligungs-AG - DEVK RE is exposed for the most part to participation risks. These arise in particular from its 100 % participating interest in DEVK Allgemeine Versicherungs-AG and the 51 % interest in DEVK Vermögensvorsorge- und Beteiligungs-AG. They chiefly concern the company’s obligations under various control and profit transfer agreements to assume any annual losses suffered by its subsidiaries. In the event of falling current values of participating interests, the risk of needing to make write-downs also arises. This risk is countered by a risk-oriented business policy of the subsidiaries, whilst existing hidden reserves also reduce the depreciation risk.

The risks stemming from investments comprise:

- the risk of unfavourable market price developments, in particular interest rate, share price, real estate or exchange rate risks,
- counterparty default risk (credit risk),
- the risk of strongly correlated risks that in turn increase counterparty risk (concentration risk),
- the liquidity risk; that is the risk of not always being able to meet payment obligations.

Since 1 January 2017, the internal investments catalogue has prescribed the decisive framework conditions for our investment policies. The Strategic Asset Allocation substantiates DEVK's investment policy. Since 2020, the Strategic Asset Allocation has included a separate asset class for alternative investments (Infrastructure and

Other). The planned further expansion of non-interest-dependent investments in the portfolio as a result of the adjustment of the Strategic Asset Allocation increases potential fluctuations in value in the medium term and in some cases reduces the short-term tradability of the investments. The planned expansion of real assets in the portfolio therefore increases the risk level of the investments in the mid-term.

We counteract exchange/market price and interest rate risks by maintaining a balanced mix of investment types. Furthermore, 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. An ongoing ALM (Asset-Liability Management) process ensures that we are able at all times to meet existing and future obligations.

On the balance sheet date of 31 December 2021 we conducted our own investment stress test. The investment stress test determines whether an insurance undertaking would be in a position to meet its obligations towards its clients even if the capital markets underwent a protracted crisis. The investment 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 test assumes the following scenarios: in particular a downturn on the equity markets while the bond market remains stable, a simultaneous crash on the equity and bond markets, and a simultaneous crash on the equity and real estate markets.

Liquidity risks are managed by detailed multi-year investment planning. Should a liquidity shortfall arise in future, countermeasures can be taken at an early stage. Moreover, in order to improve our assessment of liquidity risks, liquidity stress scenarios derived from the Solvency II stresses are also applied and evaluated. On top of this, our investments are allocated to various different liquidity classes. These are assigned lower limits in relation to the investment portfolio which they must not fall below. Compliance with these limits is regularly monitored.

At the end of 2021, the following measures were in place to hedge against investment risks:

- Flexible management of the investment ratios in the special fund, in particular in the equities sphere, for instance via index futures
- Currency-matched refinancing in the field of indirect real estate investments
- Possibility of hedging currency risks via forward exchange transactions
- Adjustment of equity risks via options trading

Based on the market assessment of the bond portfolio management, no bond pre-purchases exist in the portfolio as at 31 December 2021.

Interest-bearing investments

As of 31 December 2021, the Company held interest-bearing investments with a total value of € 1.51 billion. A total of € 648.7 million of these investments are in bearer instruments (including the pure pension funds), which could be subject to write-downs if interest rates rise. Of these bearer instruments, pursuant to section 341b HGB we have assigned a volume of € 590.5 million to the fixed assets since we intend to hold these papers until maturity and their current market fluctuations are viewed as temporary. Should this second assessment in particular prove wide of the mark, we shall undertake the necessary write-downs in a timely fashion. These investments exhibit a positive valuation reserve of € 54.0 million. This includes hidden liabilities totalling € 1.7 million. As of 31 December 2021, the total valuation reserves for our interest-bearing investments came to € 78.0 million. A change in returns of up to +/-1 % would result in a corresponding value change ranging from € -95.2 million to € 100.6 million.

This intimated impact of a one percentage point interest rate rise only gives an approximate idea of its potential impact on our profitability. This is because, over the course of a year, the diminishing time to maturity of the individual securities will lead to changes in their market value and interest rate sensitivity. Moreover, the bulk of our interest-bearing investments are in bearer bonds or bonds recognised on the balance sheet at their nominal values. In these cases, under the prevailing accounting regulations an increase in the market interest rate does not lead to write-downs. Further to this, the securities currently include hidden reserves which will be reduced in the near future. The exception to this is losses of value due to deteriorating credit ratings that may affect the issuers in question. The short-term massive widening of risk premiums at the beginning of the pandemic in Europe illustrates this. By the end of 2021, these were only slightly above the pre-Corona virus level at the end of 2019. As observed in 2021, there is a possibility in 2022 of rising risk premiums as a result of credit rating downgrades in an economic slowdown, due to an expectation of rising interest rates or a stock market correction.

Our interest-bearing investments are predominantly in covered bonds and bank bonds. We also invest in corporate bonds. Our direct corporate bond holdings make up 24.4 % of our total investments. At the end of 2021 the direct portfolio included no investments in asset-backed securities. Bonds from the European peripheral countries Ireland, Italy and Spain are held to a small extent. Bonds of issuers from Russia and Ukraine are not present in the direct portfolio or in screened special funds. The focus of new bond investments in 2021 was on bearer bonds from government-related and supranational issuers. Our pension investments in particular involve bearer papers, predominantly assigned to the fixed assets, and also registered papers.

Turning to issuer risks, as proportions of our total investments, 3.3 % of the company's investments are in government bonds, 24.4 % in corporate bonds and 21.1 % in securities and deposits with banks and other financial service providers. The bulk of our investments in banks is either covered by various statutory and private deposit protection schemes or involves interest-bearing securities that are protected in law by special guarantee funds. The share of construction financing ultimately accounts for 1.3 % of our total investments.

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

Rating distribution

	Financial year	Previous year
AA or better	47.2 %	47.8 %
A	33.9 %	30.2 %
BBB	17.2 %	20.2 %
BB or worse	1.7 %	1.8 %

The company's rating distribution has improved slightly from last year. However, the overall risk situation has not changed significantly from the company's perspective. We shall continue to make virtually all our new and repeat investments in interest-bearing securities with strong credit ratings.

Equity investments

The bulk of our equity investment is in DAX and EuroStoxx50 companies, as a result of which our portfolio's performance very closely matches that of these indices. A 20 % change in market prices would alter the value of our equity portfolio by € 42.9 million. The German share index, including dividends, experienced positive development in 2021, whilst development of the European share index was even more positive. The fluctuations during the course of the year were high at times. In the medium term, we continue to expect positive development, albeit with high levels of volatility in some cases. Equities to a value of € 5.6 million have been assigned to the fixed assets. These shares are directly held stocks. The fixed-asset equities show valuation reserves of € -0.2 million. This figure includes no hidden reserves.

Once the Corona virus-related capital market turbulence calmed down, we increased the equity ratio during the course of 2021. If, for example, the situation around the pandemic should deteriorate again as a result of new dangerous virus variants, or if the Ukraine crisis should spread - and with it the accompanying economic problems - the equity ratio can be actively adjusted. As such, we have already reduced the effective equity ratio through future hedging in special funds due to the worsening of the Ukraine crisis at the start of 2022. A special fund resulted in minimal direct exposure to Russia in equities of less than 0.005 % of total investments at book value as at 31 December 2021. This exposure no longer existed at the time of the outbreak of war in Ukraine.

Real estate

On the balance sheet date, we held indirect mandates to a value of € 281.1 million. Of this, € 196.4 million was invested in direct property holdings and € 84.7 million in real estate funds. In 2021, the write-downs on these real estate investments stood at € 3.2 million. Real estate assets to a value of € 84.7 million have been assigned to the fixed assets. The valuation reserves in the fixed assets stand at € 9.7 million; hidden liabilities in the amount of € 0.05 million exist. Effects from a possible downturn on the real estate market are limited by existing hidden reserves, diversification and leases that are as long-term as possible.

Alternative investments

The decision was made to further expand the Alternative Investments asset class as part of the Strategic Asset Allocation adjustment, which took place at the end of 2019. The alternative investments portfolio (excluding private equity) is divided between investments in Infrastructure and Other. On 31 December 2021 the volume stood at € 84.1 million (previous year € 60.2 million). This corresponds to 2.8 % (previous year 2.1 %) of the total investments at book value. The portfolio is split almost 90:10 between infrastructure and other alternative investments. In the 2021 financial year, write-downs of € 0.03 million (previous year: € 2.4 million) and write-ups of € 0.2 million (previous year: none) were incurred, which are attributable to reversals of write-downs due to mobility restrictions as a result of the pandemic. The ordinary income in 2021 stands at € 0.8 million (previous year € 0.7 million). Due to the configuration of alternative investments, most of the costs are incurred at the beginning of the investment phase.

Operational risks

Operational risks may stem from inadequate or failed operational processes, the break- down of technical systems, external variables, employee-related incidents and changes in the legal framework conditions. Effective management of the operational risks is ensured through the careful structuring of the internal monitoring system. In addition to this, the main focus of the half-yearly risk inventory is on operational risks. The appropriateness and efficacy of in-house controls are monitored by the Internal Auditing unit.

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.

Access controls and preventive measures are in place in the IT division to ensure the security and integrity of programs, data and ongoing operations. The IT infrastructure is redundant by design in order to cater for a catastrophic breakdown scenario. Restart tests are conducted regularly. Links between internal and external networks are suitably protected by state-of-the-art systems. Cyber risks are also taken into account in the "information security" sphere of the IT strategy. As part of the strategic initiative "Digitalisierung nutzen" ("Using Digitalisation"), DEVK's IT strategy envisages a far-reaching transformation of the application landscape to the cloud.

The social distancing restrictions related to the pandemic continue to be felt both in customer contact and in the office. The pandemic risk already documented in the risk inventory was reassessed at the beginning of the Corona virus pandemic. A crisis team was set up and meets regularly. Behavioural and hygiene measures were intensified and business travel was restricted. The proportion of work carried out from home was expanded considerably. In the event of a company building closing, it is envisaged that work will take place entirely from home and from the available regional management offices. Video consultation is increasingly being used in sales. Furthermore, direct sales are being accelerated.

The emergency management is founded on corporate emergency analysis. This describes the objectives and framework conditions for precautionary measures against emergencies and how to overcome them if they occur.

Legal risks are also included in the operational risks. DEVK has established a compliance management system designed to ensure compliance with both external requirements and internal guidelines.

Solvency II

With the entry into force of Solvency II on 1 January 2016, the insurance industry has undergone radical changes to its supervisory regime. In order to optimise the realisation of requirements, the focus in 2021 was again on the further automation of processes.

The solvency calculation required by supervisory law, which is based on a standard formula, showed that DEVK Rückversicherungs- und Beteiligungs-AG - DEVK RE has significant excess cover, even with the prevailing Corona virus situation.

Summary of our risk status

We have complied with the supervisory requirements per Solvency II.[1]

Projections made in connection with the ORSA process as per 31 December 2020 show that sufficient risk capital cover is assured in both the present and the future.[1]

To sum up, currently there are no discernible developments that could lead to a significant impairment of the company's net assets, financial position and results of operations and thus jeopardise its continued existence.

Cologne, 11 March 2022

The Management Board

Rüßmann **Knaup** **Zens**

Notes to the management report

List of insurance classes covered during the financial year

Reinsurance coverage provided

Life assurance

Health insurance
Daily benefits insurance
Hospital daily benefits insurance
Travel health 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
Third-party, fire and theft insurance

Aviation insurance

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 2021

Assets	€	€	€	Previous year € 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		1,084,150		1,011
II. Payments on account		44,999		44
			1,129,149	1,055
B. Investments				
I. Investments in affiliated companies and participating interests				
1. Shares in affiliated companies	989,640,333			939,950
2. Loans to affiliated companies	270,889,964			236,842
3. Participating interests	141,146,919			97,914
		1,401,677,216		1,274,706
II. Other investments				
1. Shares, units or shares in investment funds and other variable-interest securities	393,482,342			340,694
2. Bearer bonds and other fixed-interest securities	593,952,515			607,556
3. Mortgage loans and annuity claims	37,750,000			37,750
4. Other loans	550,503,693			537,697
5. Other investments	24,420,738			24,727
		1,600,109,288		1,548,423
III. Deposits with ceding companies		69,712,353		66,673
			3,071,498,857	2,889,802
C. Accounts receivable				
I. Receivables arising out of reinsurance operations of which:		130,216,130		41,560
Affiliated companies: € 1,059,039				648
II. Other receivables		266,883,453		164,311
of which:			**397,099,583**	205,871
Affiliated companies: € 230,227,375				117,270
D. Other assets				
I. Tangible assets and inventories		500,436		350
II. Cash at banks, cheques and cash in hand		3,686,950		5,048
III. Other assets		469		36
			4,187,855	5,433
E. Prepayments and accrued income				
I. Accrued interest and rent		10,524,708		12,609
II. Other prepayments and accrued income		181,261		151
			10,705,969	12,760
Total assets			**3,484,621,413**	3,114,922

Liabilities	€	€	€	Previous year € 000s
A. Equity				
I. Subscribed capital		306,775,129		306,775
II. Capital reserve		193,747,061		193,747
III. Retained earnings				
- other retained earnings		768,066,246		732,566
IV. Net retained profit		34,300,930		45,500
			1,302,889,366	1,278,588
B. Technical provisions				
I. Provision for unearned premiums				
1. Gross amount	57,386,516			44,116
2. of which from: Reinsurance amount	29,202			50
		57,357,314		44,065
II. Premium reserve		13,951,349		14,753
III. Provision for claims outstanding				
1. Gross amount	802,402,569			586,113
2. of which from: Reinsurance amount	141,381,294			77,486
		661,021,275		508,627
IV. Equalisation provision and similar provisions		237,239,594		223,715
V. Other technical provisions				
1. Gross amount	5,015,209			270
2. of which from: Reinsurance amount	57,849			90
		4,957,360		180
			974,526,892	791,341
C. Other provisions				
I. Provisions for pensions and similar commitments		883,237,299		786,419
II. Provisions for taxation		43,967,209		31,979
III. Other provisions		23,319,343		24,522
			950,523,851	842,921
D. Other liabilities				
I. Liabilities arising out of reinsurance operations		112,969,794		59,359
of which: Against affiliated companies: € 42,499,474				9,361
II. Liabilities to banks		134,000,000		34,000
III. Other liabilities		9,378,388		108,357
of which:			**256,348,182**	201,716
From taxes: € 1,464,536				1,184
Against affiliated companies: € 4,580,303				102,996
E. Prepayments and accrued income				
			333,122	356
Total liabilities			**3,484,621,413**	3,114,922

Profit and loss account

for the period from 1 January to 31 December 2021

Items	€	€	€	Previous year € 000s
I. Technical account				
1. Earned premiums net of reinsurance				
a) Gross premiums written	727,630,960			654,799
b) Outward reinsurance premiums	148,589,002			133,124
		579,041,958		521,675
c) Change in the gross provision for unearned premiums	-13,094,596			-4,656
d) Change in the gross provision for unearned premiums, reinsurers' share	-20,967			-5
		-13,115,563		-4,661
			565,926,395	517,015
2. Allocated interest, net of reinsurance			**57,214**	46
3. Other technical income, net of reinsurance			**17,926**	-
4. Claims incurred, net of reinsurance				
a) Claims paid				
aa) Gross amount	398,190,682			325,157
bb) Reinsurers' share	115,271,576			67,214
		282,919,106		257,943
b) Change in the provision for claims outstanding				
aa) Gross amount	209,971,551			100,881
bb) Reinsurers' share	-63,920,518			-4,710
		146,051,033		96,171
			428,970,139	354,114
5. Changes in other technical provisions, net of reinsurance				
a) Premium reserve, net of reinsurance		801,951		99
b) Other technical provisions, net of reinsurance		-4,813,757		-114
			-4,011,806	-15
6. Net operating expenses, net of reinsurance				
a) Gross operating expenses for insurance operations		176,452,221		161,568
b) of which, from: Reinsurance commissions and profit participation		31,660,617		31,570
			144,791,604	129,998
7. Other technical charges, net of reinsurance			**1,450,807**	2,607
8. Subtotal			**-13,222,821**	30,327
9. Change to the equalisation provision and similar provisions			**-13,524,540**	-35,783
10. Technical result net of reinsurance			**-26,747,361**	-5,456
Balance carried forward:			-26,747,361	-5,456

Items	€	€	€	Previous year € 000s
Balance carried forward:			-26,747,361	-5,456
II. Non-technical account				
1. Income from investments				
a) Income from participating interests	9,087,625			6,277
of which: from affiliated companies: € 6,902,138				5,012
b) Income from other investments	37,980,214			37,054
of which: from affiliated companies: € 2,479,135				1,469
c) Income from write-ups	13,051,888			12,629
d) Gains on the realisation of investments	12,710,796			35,649
e) Income from profit pooling, profit transfer and partial profit transfer agreements	159,216,758			115,271
		232,047,281		206,881
2. Investment expenses				
a) Investment management charges, interest expenses and other charges on capital investments	2,059,622			2,217
b) Write-downs on investments	7,958,944			28,009
c) Losses on the realisation of investments	160,157			13,066
d) Charges from loss transfer	9,152,440			10,551
		19,331,163		53,843
		212,716,118		153,038
3. Allocated interest		57,214		46
			212,658,904	152,992
4. Other income		39,588,676		38,168
5. Other charges		135,763,390		109,677
			-96,174,714	-71,509
6. Profit from ordinary activities			**89,736,829**	76,028
7. Taxes on income		55,434,531		30,520
8. Other taxes		1,368		7
			55,435,899	30,528
9. Net profit for the year/net retained earnings			**34,300,930**	45,500

Notes to the accounts

Accounting and valuation methods

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. Otherwise they are recorded as operating expenses in their year of acquisition.

Shares in affiliated companies, **loans to affiliated companies** and the **participating interests** were shown either at their costs of acquisition or at the lower of cost or market value. The requirement to reinstate original values was observed.

Equities, fund units or shares and other variable-yield securities, the **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. These write-ups took place to the lower of the acquisition cost or market value.

Derivatives were valued at their costs of acquisition or their fair value, depending on which was lower. When determining the fair value, the market value was applied.

Mortgage loans and annuity claims are recognised at their costs of acquisition less an individual value adjustment for the potential default risks.

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

Notes receivable and 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.

Other investments are recognised at the acquisition cost or at the lower of cost or market value. The requirement to reinstate original values was observed.

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 are shown at their nominal values.

Other assets, excluding operating or office equipment, are recognised at their nominal values. Operating and office equipment is shown at its cost of acquisition or production, reduced by scheduled depreciation. Depreciation was 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. Otherwise they are recorded as operating expenses in their year of acquisition.

Apart from the advance payments of costs for future periods, **prepayments and accrued income** chiefly comprise the interest claims not yet due recognised at nominal values.

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 30 April 1974. The gross provision for unearned premiums denominated in foreign currencies was calculated on the basis of the year-end exchange rates. Exchange rate gains/losses are recorded under the other income/expenses. 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 amounts for the **provisions for claims outstanding** were recorded on the basis of the details provided by the ceding companies. The gross provision denominated in foreign currencies was calculated on the basis of the year-end exchange rates. Exchange rate gains/losses are recorded under the other income/expenses. The reinsurance amount was calculated in accordance with the contractual agreements in this respect.

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 pharmaceutical, nuclear facility and terrorist risks were formed in accordance with section 30 paragraphs 1, 2 and 2a of the German Regulation on Accounting in the Insurance Sector (RechVersV).

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

The **other provisions** were formed on the following basis:
The **pension provision** is calculated according to the projected unit credit method on the basis of the HEUBECK 2018 G actuarial tables. The discounting interest rate was calculated as a 10-year average pursuant to the previously valid German Regulation on the Discounting of Provisions (Rückstellungsabzinsungsverordnung). It was set at 1.87 % (previous year 2.3 %) and calculated on the basis of an assumed residual term of 15 years (section 253 paragraph 2 clause 2 HGB). The financing age on expiry corresponds with the contractual age on expiry. The assumed rate of pay increase was set at 1.95 % p.a., and the rate of pension increase at 1 %, 1.6 % or 1.95 % p.a. depending on undertaking.

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

Liabilities arising from reinsurance operations are based on the reinsurance contracts and are recognised at the settlement value.

Amounts owed to banks are recognised at their repayment amounts.

Other creditors are valued at their settlement values.

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

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

The **allocated interest, 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.

The technical items shown in the financial statements include estimated figures. These are due to invoices from acquired and retroceded outside business, which were unavailable as of the balance sheet date. On presentation the following year, the balance sheet values will be adjusted by the differences from these estimates.

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 2021 financial year

Assets	Balance sheet values Previous year € 000s	Additions € 000s	Transfers € 000s	Disposals € 000s	Write-ups € 000s	Write-downs € 000s	Balance sheet values Financial year € 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	1,011	347	-	-	-	274	1,084
2. Payments on account	44	1	-	-	-	-	45
3. Total A.	1,055	348	-	-	-	274	1,129
B. I. Investments in affiliated companies and participating interests							
1. Shares in affiliated companies	939,949	50,741	-	1,050	-	-	989,640
2. Loans to affiliated companies	236,843	163,130	-	129,083	-	-	270,890
3. Participating interests	97,914	49,341	-	4,272	1,356	3,192	141,147
4. Total B. I.	1,274,706	263,212	-	134,405	1,356	3,192	1,401,677
B. II. Other investments							
1. Shares, units or shares in investment funds and other variable-interest securities	340,694	84,027	-	37,272	10,669	4,636	393,482
2. Bearer bonds and other fixed-interest securities	607,555	35,548	-	50,177	1,027	-	593,953
3. Mortgage loans and annuity claims	37,750	35,000	-	35,000	-	-	37,750
4. Other loans							
a) Registered bonds	292,084	15,168	-	44,000	-	-	263,252
b) Notes receivable and loans	180,606	2,738	-	48	-	44	183,252
c) Other loans	65,007	135,000	-	96,007	-	-	104,000
5. Deposits with banks	-	1,695	-	1,695	-	-	-
6. Other investments	24,727	-	-	220	-	86	24,421
7. Total B. II.	1,548,423	309,176	-	264,419	11,696	4,766	1,600,110
Total	**2,824,184**	**572,736**	-	**398,824**	**13,052**	**8,232**	**3,002,916**

The amortisation of intangible assets is scheduled in nature.

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 2021, 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	989,640,333	1,496,175,692
2. Loans to affiliated companies	270,889,964	270,889,964
3. Participating interests	141,146,919	145,968,660
B. II. Other investments		
1. Shares, units or shares in investment funds and other variable-interest securities	393,482,342	439,347,659
2. Bearer bonds and other fixed-interest securities	593,952,515	649,794,257
3. Mortgage loans and annuity claims	37,750,000	37,852,759
4. Other loans		
a) Registered bonds	263,252,051	269,942,542
b) Notes receivable and loans	183,251,642	198,145,121
c) Other loans	104,000,000	104,000,000
5. Other investments	24,420,738	34,310,356
Total	**3,001,786,504**	**3,646,427,010**
of which: Investments valued at costs of acquisition	2,711,536,505	3,350,327,298
of which: Investments in fixed assets pursuant to section 341b paragraph 2 HGB	680,730,160	744,211,348

The valuation reserves include hidden liabilities totalling € 6.8 million. These are attributable to shares, units or shares in investment funds and other non-interest-bearing securities, bearer bonds and other fixed-interest securities and registered bonds.

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, GAV Versicherungs-AG and SADA Assurances S.A. is calculated on the basis of earning power. DEVK Private Equity GmbH, HYBIL B.V. and Ictus GmbH were measured at their market values. The current value of the investments in real estate companies is determined from the valuation of the real estate properties at market value. Other shares are recognised at their book values.

The current values of participating interests correspond to the net asset value or the book values.

Shares, units in investment funds and other non-fixed-income securities as well as fixed-income securities carried at cost were valued at the stock market year-end prices. Pursuant to section 56 of the German Regulation on Accounting in the Insurance Sector (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 other investments was determined by net asset value.

The current values of other loans correspond to the book values.

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

Financial instruments within the meaning of section 285, No. 18 HGB that are capitalised at their fair value		
	Book value € 000s	Fair value € 000s
Shares, units or shares in investment funds and other variable-interest securities	12,177	11,945
Bearer bonds and other fixed-interest securities	60,764	59,069
Registered bonds	90,000	85,172

We have refrained from applying any write-downs in accordance with section 253 paragraph 3 clause 5 and 6 HGB, as we either intend to hold various securities until maturity or we are assuming that any fall in value is only temporary according to our evaluation tool or analyses.

Derivative financial instruments and forward purchases in accordance with section 285 No. 19 HGB				
	Type	Nominal volume € 000s	Book value premium € 000s	Fair value of premium € 000s
Other liabilities	Short put options	8,370	329	174
Notes receivable	Swaptions	300,000	2,651	2,765

Valuation method		
Short options	European options	Black-Scholes
	American options	Barone-Adesi
Swaptions	Black-Scholes	

Units or shareholdings in domestic investment funds in accordance with section 285 No. 26 HGB				
Investment goal	Dividends € 000s	Fair value € 000s	Hidden reserves/ hidden charges € 000s	Limitation on daily redemption
Equity funds	2,809	188,847	6,514	
Bond funds	692	29,572	432	
Mixed funds	51	26,376	2,284	
Real-estate funds	3,089	94,456	9,717	between any time to after 6 months

Re Assets B. I.

Investments in affiliated companies and participating interests

	% share	Equity €	Results from previous financial year €
DEVK Allgemeine Lebensversicherungs-AG, Cologne	100.00	162,164,493	1,440,000
DEVK Allgemeine Versicherungs-AG, Cologne	100.00	342,170,794	-
DEVK Krankenversicherungs-AG, Cologne	100.00	32,177,128	-
DEVK Pensionsfonds-AG, Cologne	100.00	14,333,766	-
DEVK Rechtsschutz-Versicherungs-AG, Cologne	100.00	60,563,459	-
DEVK Vermögensvorsorge- und Beteiligungs-AG, Cologne	51.00	201,000,000	-
DEVK Asset Management Gesellschaft mbH, Cologne	100.00	1,500,000	-
DEVK Europa Real Estate Investment Fonds SICAV-FIS, Luxembourg (L)	58.97	798,333,515[3]	35,288,482[3]
DEVK Omega GmbH, Cologne	50.00	27,882,117	784,280
DEVK Private Equity GmbH, Cologne	50.00	330,828,620	31,334,626
DEVK Saturn GmbH, Cologne	33.33	39,273,558	1,205,475
DEVK Service GmbH, Cologne	74.00	1,470,379	-
DEVK Web-GmbH, Cologne	100.00	25,000	-
DEVK Zeta GmbH, Cologne	100.00	775,000	-
DEREIF Brüssel Carmen N.V., Brussels (B)	100.00	-2,709,891	-379,730
DEREIF Hungary Eiffel Palace Kft., Budapest (HU)	100.00	11,075,707	367,329
DEREIF Hungary Park Atrium Kft., Budapest (HU)	100.00	2,088,912	-1,115,289
DEREIF Immobilien 1 S.à.r.l., Luxembourg (L)	100.00	49,272,149	-2,139,212
DEREIF Lissabon Republica Unipessoal Lda, Lisbon (P)	100.00	4,526,701	193,494
DEREIF Luxembourg Glacier S.à.r.l. (formerly Sireo Immobilienfonds No. 4 Red Luxembourg Main Building S.à.r.l.), Luxembourg (L)	100.00	13,013,564	655,732
DEREIF Paris 6 rue Lamennais S.C.I., Yutz (F)	100.00	5,031,388	-137,126
DEREIF Paris 9 chemin du Cornillon Saint Denis S.C.I., Yutz (F)	100.00	6,292,461	66,183
DEREIF Paris 37-39, rue d'Anjou, Yutz (F)	100.00	10,727,832	-8,456,594
DEUSA Umbrella SCS SICAV-RAIF, Luxembourg (L)	100.00	33,529,608	810,238
DP7, Unipessoal Lda, Lisbon (P)	100.00	11,222,617	946,903
DRED S.C.S. SICAV-FIS, Luxembourg (L)	62.28	337,582,159	35,246,973
freeyou AG, Cologne	100.00	4,848,611	-
GAV Versicherungs-AG, Legden	100.00	17,214,426	-4,528,550
Grundversorgung S.C.S., Luxembourg, (L)	80.08	137,269,923[2]	13,261,620[2]
Hotelbetriebsgesellschaft SONNENHOF mbH, Bad Wörishofen	100.00	356,023	-
HYBIL B.V., Venlo (NL)	80.00	64,286,645	2,981,000
Ictus GmbH, Cologne	60.00	55,662,939	3,152,102
Infrastructure Access Portfolio-L 2 SCSp, Luxembourg (L)	7.20	221,152,096	6,957,726
Infrastructure Access Portfolio-L 3 SCSp, Luxembourg (L)	4.87	220,569,176	2,440,190
Kassos Ventures GmbH, Cologne	100.00	29,383,372	219,880
KLUGO GmbH, Cologne	100.00	2,595,662[2]	-1,191,015[2]
Lieb' Assur S.à.r.l., Nîmes (F)	100.00	391,776	2,661
Monega Kapitalanlagegesellschaft mbH, Cologne	45.00	7,044,169[2]	1,381,848[2]
Reisebüro Frenzen GmbH, Cologne	52.00	326,600	152,400
SADA Assurances S.A., Nîmes (F)	100.00	80,707,742	9,642,959
Sana Kliniken AG, Ismaning	0.70	1,127,640,000[2]	60,221,000[2]
Sireo Immobilienfonds No. 4 Edinburgh Ferry Road S.à.r.l., Luxembourg (L)	100.00	16,611,846	-664,116
Swiss Life Health Care III SIC (formerly Corpus Sireo Health Care III SICAV-FIS), Luxembourg (L)	1.70	138,442,207[2]	11,251,290[2]
		GBP	GBP
DEREIF London 10, St. Bride Street S.à.r.l., Luxembourg (L)	100.00	8,438,734	934,676
DEREIF London Birchin Court S.à.r.l., Luxembourg (L)	100.00	9,301,673	696,992
DEREIF London Coleman Street S.à.r.l., Luxembourg (L)	100.00	5,930,007	180,010
DEREIF London Eastcheap Court S.à.r.l., Luxembourg (L)	100.00	7,855,614	241,112
DEREIF London Lombard Street S.à r.l., Luxembourg (L)	100.00	6,089,743	-2,244,566
DEREIF London Lower Thames Street S.à.r.l., Luxembourg (L)	100.00	6,859,772	-1,746,310
DEREIF London Queen Street S.à.r.l., Luxembourg (L)	100.00	15,365,806	55,651
		CZK	CZK
DEREIF Prag Oasis s.r.o., Prague (CZ)	100.00	487,642,000	36,754,000
		SEK	SEK
DEREIF Malmö, Kronan 10 & 11 AB, Malmö (S)	100.00	42,257,000	16,064,000
DEREIF Stockholm, Vega 4 AB, Stockholm (S)	100.00	26,607,000	11,008,000
		USD	USD
GLL NY 1 SCS, Luxembourg (L)	18.42	172,127,491	-10,520,518

[2] Based on subgroup financial statements [3] Based on 2020 financial year

Where profit transfer agreements are in place, the operating result does not have to be disclosed.

Re Assets B. II.

Other investments

The **other loans** include loans.

Re Assets E. II.

Other prepayments and accrued income

Advance payments for future services	**€ 181,261**

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	
31/12/2020	€ 732,566,246
Allocation from retained profit	
of the previous year 31/12/2021	€ 35,500,000
	€ 768,066,246

Re Liabilities B. III.

Provision for claims outstanding

The settlement result net of reinsurance for the financial year stands at € -1.74 million (previous year € -13.66 million).

Re Liabilities E.

Accruals and deferred income

Discount points on registered bonds	**€ 333,122**

Notes to the profit and loss account

Reinsurance coverage provided		
	Financial year € 000s	Previous year € 000s
Gross premiums written		
- Life	3,793	6,188
- Non-life/accident	723,838	648,611
Total	**727,631**	654,799

Insurance agents' commission and other remuneration, personnel expenses		
	Financial year € 000s	Previous year € 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	389	413
4. Social-security contributions and social-insurance costs	-	-
5. Retirement pension costs	-	-
Total	**389**	413

During the year under review, Management Board remuneration totalled € 399,464. The retirement pensions of former Management Board members and their surviving dependants totalled € 259,922. As of 31 December 2021, a pension provision of € 3,637,486 was capitalised for this group of people. The Supervisory Board remuneration totalled € 155,518.

Of the other income, € 5,783,302 (previous year € 9,055,010) is attributable to currency conversion. Other expenses include € 12,680,887 (previous year € 4,832,073) from currency conversion.

Appropriation of profit

The overall net annual profit came to around € 34.3 million. The net annual profit is shown as net retained profit.

The Management Board hereby proposes to the Annual General Meeting that the sum of € 5.0 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 roughly € 29.3 million being allocated to other retained earnings.

Auditors' fees

For services rendered by the auditors (KPMG AG Wirtschaftsprüfungsgesellschaft) for the company in the financial year, a fee of € 162,961 was paid (including € 30,855 in reduced expenditure for 2020). This was entirely incurred due to audit services.

Other information

Difference pursuant to section 253 paragraph 6 of the German Commercial Code (HGB)

The difference pursuant to section 253 paragraph 6 HGB on the balance sheet date amounted to € 96.4 million (previous year € 113.7 million). This was due to the pension provision.

Parent company guarantee

Explanations exist to secure real estate loans of DEREIF SICAV-FIS and its subsidiaries in the amount of GBP 36.1 million, as well as of DRED SICAV-FIS in the amount of € 19.2 million. Currently, there are no indications of a short-term utilisation of the letters of comfort.

Contingent liabilities and other financial obligations

On the balance sheet date, there were financial obligations totalling € 164.2 million to secure the real estate loans of DEREIF SICAF-FIS and € 8.4 million from open short options.

At the end of the year, other financial obligations arising from real estate holdings, fund units, shares in affiliated companies and participating interests totalled € 340.8 million. This includes obligations towards affiliated companies amounting to € 201.7 million.

In order to secure a bank endorsement of USD 50.0 million, DEVK Rückversicherungs- und Beteiligungs-AG - DEVK RE issued a securities deposit with a value of € 26.0 million. Furthermore, redemption obligations from assignments of receivables exist in the amount of € 74 million.

Supplementary report

War broke out in Ukraine after the end of the financial year. For DEVK, the economic consequences of the war result in particular from the increasing uncertainty on the capital markets. The effects on the future net assets, financial position and results of operations are difficult to assess at the moment.

General information

DEVK Rückversicherungs- und Beteiligungs-AG - DEVK RE, Cologne, is registered at the local court under Commercial Register Number HRB 29417.

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 is owned by DEVK Deutsche Eisenbahn Versicherung Sach- und HUK-Versicherungsverein a.G. Betriebliche Sozialeinrichtung der Deutschen Bahn, Cologne, with 100 % interest. The aforementioned has disclosed, pursuant to section 20 paragraph 4 AktG, that it holds a voting rights majority.

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

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 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, and in the Electronic Federal Gazette.

Cologne, 11 March 2022

The Management Board

Rüßmann **Knaup** **Zens**

Independent audit certificate

To DEVK Rückversicherungs- und Beteiligungs-Aktiengesellschaft - DEVK RE, Cologne

Report on the audit of the annual financial statements and of the management report

Opinions

We have audited the annual financial statements of DEVK Rückversicherungs- und Beteiligungs-Aktiengesellschaft - DEVK RE, Cologne, comprising the balance sheet to 31 December 2021, the profit and loss account for the financial year from 1 January to 31 December 2021, as well as the notes, including the statement of the accounting policies. In addition, we have audited the management report of DEVK Rückversicherungs- und Beteiligungs-Aktiengesellschaft - DEVK RE for the financial year from 1 January to 31 December 2021.

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying annual financial statements comply in all material respects with the prevailing German commercial regulations for insurance undertakings, give a true and fair view, in accordance with German principles of proper accounting, of the assets, liabilities, and financial position of the Company as of 31 December 2021, and of its financial performance for the financial year from 1 January to 31 December 2021, and
- the accompanying management report as a whole provides an appropriate view of the Company's position. In all material respects, the management report is consistent with the annual financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future developments.

Pursuant to section 322 paragraph 3 clause 1 HGB, we hereby declare that our audit has not led to any reservations relating to the legal compliance of the annual financial statements and management report.

Basis for the opinions

We conducted our audit of the annual financial statements and of the management report in accordance with section 317 HGB and EU Audit Regulation No. 537/2014 (hereinafter referred to as "EU Audit Regulation") and in compliance with the German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities according to those requirements and principles are further described in the section of our auditor's report entitled "Auditor's responsibilities for the audit of the annual financial statements and of the management report". In accordance with the provisions of European law and German commercial and professional law, we are independent of the Company, and we have also fulfilled our other German professional responsibilities pursuant to those provisions. Moreover, in accordance with Article 10, paragraph 2., point (f) of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under Article 5, paragraph 1 of the EU Audit Regulation. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinions on the annual financial statements and the management report.

Key audit matters in the audit of the annual financial statements

Key audit matters are those matters which, in our professional judgement, were of greatest significance in our audit of the annual financial statements for the financial year from 1 January to 31 December 2021. These matters were addressed in conjunction with our audit of the annual financial statements as a whole, and in forming our audit opinion in this regard; we do not provide a separate audit opinion on these matters.

Valuation of shares in affiliated insurance companies and their holding company

With regards to the applied accounting policies and methods we refer to the explanations given in the notes to the Company’s annual financial statements in the "Accounting and valuation methods" section. Details regarding risks are contained in the management report in the "Risk report" section.

THE FINANCIAL STATEMENT RISK

Shares in affiliated companies are reported under investments in affiliated companies, and participations as of the balance sheet date as shares in affiliated companies with a book value of € 989.6 million. This figure equates to 28.4 % of the balance sheet total. The shares in affiliated insurance companies and their holding company make up a substantial proportion of this figure, resulting in a significant influence on the financial position of the company. The shares in affiliated insurance companies and their holding company are recognised at acquisition cost or, in the event of a probable permanent impairment, at the lower fair value. If the fair value exceeds the book value, a write-up takes place - in the case of a previous unscheduled depreciation - up to a maximum of the original acquisition costs, provided the reasons for the unscheduled depreciation no longer apply.

The shares in affiliated insurance companies and their holding company are not listed on an active market. The company determines the fair value for shares in affiliated insurance companies and their holding company using the income capitalisation method.

The distributable earnings used for the income capitalisation method are based on individual investment plans, which are updated with assumptions about long-term growth rates. The respective capitalisation interest rate is derived from the return of a risk-adequate alternative investment. If the fair value is lower than the book value, qualitative and quantitative criteria are used to determine whether the impairment is expected to be permanent.

The calculation of the fair value according to the income capitalisation method is complex and - in terms of the assumptions made - is highly dependent on the Company's estimates and judgements. This applies in particular to the estimation of future distributable earnings as well as the determination of capitalisation rates

With regards to the annual financial statements, there is a risk that the fair value of shares in affiliated insurance companies and their holding company is not determined appropriately on the balance sheet date, and that necessary write-downs to the lower fair value are therefore not actioned or that write-ups are actioned or omitted without justification or to an inappropriate amount.

An increased risk exists in particular because the fair values cannot be derived directly from active markets on the balance sheet date.

OUR AUDIT APPROACH

When auditing the shares in affiliated insurance companies and their holding company, we performed the following principal audit activities in particular on a risk-oriented basis:

- Firstly, based on the information obtained during the course of our audit, we assessed for which shares in affiliated insurance companies and their holding company there were indications of a need for write-downs.
- For selected valuations, we performed a critical assessment of the adequacy of the assumptions used for the projections of the distributable earnings in light of our knowledge of information from the client as well as publicly available information, our understanding of the business and industry, and macroeconomic developments. We have acknowledged the explanations and documents received.
- We have assessed the appropriateness of the valuation process used.

- In determining the fair value, we assessed in particular the most significant planning assumptions as part of the plausibility check of the corporate planning.
- In doing so, we compared the plans submitted to us with the plans approved by the responsible boards. In order to assess the quality of the internal forecasting process, we have compared the planning of previous years with the results already realised.
- We have audited the capitalisation rates applied for discounting and their determination in accordance with the Capital Asset Pricing Model. This concerned the base rate and the market risk premium, as well as the beta factors and growth discounts to be determined individually. We compared these with our own assumptions as well as publicly available data.
- To ensure the mathematical accuracy of the valuation models used, we reproduced the company's calculations for selected elements.
- Furthermore, we critically assessed the interest rates used for discounting and reconciled the parameters observable on the market with independent sources.

OUR OBSERVATIONS

The methods used to determine the fair values of the shares in affiliated insurance companies and their holding company are appropriate and consistent with the applicable valuation principles. The assumptions and data used were appropriately derived.

Appropriateness of the estimates in relation to Group-external insurance business undertaken for gross premiums written and the provisions for outstanding claims

With regards to the applied accounting policies and methods we refer to the explanations given in the notes to the Company's annual financial statements in the "Accounting and valuation methods" section. Details regarding risks are contained in the management report in the "Risk report" section.

THE FINANCIAL STATEMENT RISK

The estimated values included in the gross premiums written and the provisions for claims outstanding in relation to outside insurance business undertaken comprise a significant proportion of the overall values.

Charges made by Group-external ceding insurance companies, which were unavailable at the time of preparing the financial statements, were estimated using a cost estimation tool. Depending on the agreed invoicing method, the estimates may concern the fourth quarter or the whole of the second half year. The estimates will be replaced by the actual figures once the invoices are received and posted during the following year. The difference between the estimates and the actual charges as determined by the true-up process will be applied in profit or loss during the following year.

The risk exists that the estimates will fail to assess the values appropriately.

OUR AUDIT APPROACH

For the audit of the gross premiums written and the gross provision for claims outstanding, we engaged the additional services of our own specialists. We conducted the following specific audit activities:

- We recorded the process for estimating the value of reinsurance operations undertaken, identified key checks and tested the suitability and efficacy of these checks.
- Furthermore, on the basis of a judicious selection of policies, we gained an understanding of the estimates made during the year under review and of the true-up in relation to the previous year.
- Interviews and inspections were conducted in relation to any material discrepancies.
- We judged the quality of the estimates on the basis of the knowledge gained in this way.

OUR OBSERVATIONS

Taken as a whole, the estimates made in relation to outside insurance business undertaken are appropriate.

Other information

The Supervisory Board is responsible for the other information "Supervisory Board report".

Our opinions on the financial statements and on the management report do not cover the other information, and consequently we do not express an audit opinion or any offer any other form of assurance in relation to said information.

In connection with our audit, our responsibility is to read the other information and consider whether it

– is materially inconsistent with the annual financial statements, the management report information audited in substance and the knowledge we acquired during the audit, or
– otherwise appears to be materially misstated.

Responsibilities of Management and the Supervisory Board for the annual financial statements and the management report

The management is responsible for the preparation of annual financial statements that comply, in all material respects, with the prevailing provisions of German commercial law as applied to insurance undertakings and for ensuring that the annual financial statements, in compliance with German principles of proper accounting, give a true and fair view of the Company's assets and liabilities, financial position and financial performance. In addition, the management is responsible for implementing such internal controls as they deem necessary in conformity with German principles of proper accounting, in order to permit the preparation of annual financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the annual financial statements, the management is responsible for assessing the Company's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. They are also responsible for financial reporting founded on the accounting policy of the going concern, provided no factual or legal circumstances militate against this.

Furthermore, the management is responsible for the preparation of a management report that, taken as a whole, provides an appropriate view of the Company's position and is consistent in all material respects with the annual financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, the management is responsible for such arrangements and measures (systems) as they deem necessary to facilitate the preparation of a management report that complies with the applicable German legal requirements and provides sufficient appropriate evidence for the assertions in the management report.

The supervisory board is responsible for overseeing the Company's financial reporting process for the preparation of the annual financial statements and management report.

Auditor's responsibilities for the audit of the annual financial statements and of the management report

Our objectives are to obtain reasonable assurance as to whether the annual financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the management report as a whole provides an appropriate view of the Company's position and is consistent in all material respects with the annual financial statements and the knowledge obtained in the audit, complies with German legal provisions and appropriately presents the opportunities and risks of future developments, as well as to issue an auditor's report that includes our audit opinions on the annual financial statements and management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with section 317 HGB and the EU Audit Regulation and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements may arise from fraud or error and are considered material if they could individually or mutually be reasonably expected to influence the economic decisions of users taken on the basis of these annual financial statements and this management report.

We exercise professional judgement and maintain professional scepticism throughout the audit. We also

- Identify and assess the risks of material misstatements in the annual financial statements and the management report, whether due to fraud or error, plan and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the circumvention of internal controls.
- Acquire an understanding of the internal control system relevant to the audit of the annual financial statements and of arrangements and measures relevant to the audit of the management report, in order to plan audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of these Company systems.
- Evaluate the appropriateness of the accounting policies used by the management and the reasonableness of estimates made by the management, as well as the related disclosures.
- Draw conclusions regarding the appropriateness of the management's use of the going concern basis of accounting and, based on the audit evidence obtained, as to whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are obliged to draw attention in the auditor's report to the related disclosures in the annual financial statements and in the management report or, if such disclosures are inadequate, to modify our respective audit opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or circumstances may mean the Company is no longer able to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual financial statements present the underlying transactions and events in a manner conducive to ensuring that the annual financial statements give a true and fair view of the assets and liabilities, financial position and financial performance of the Company in compliance with German principles of proper accounting.
- Evaluate the consistency of the management report with the annual financial statements, its conformity with applicable law, and the view of the Company's position it provides.
- Perform audit procedures on the forward-looking information presented by the management in the management report. On the basis of sufficient appropriate audit evidence, we evaluate, in particular, the significant assumptions used by the management as a basis for its forward-looking statements, and evaluate the proper derivation of the forward-looking statements from these assumptions. We do not express a separate audit opinion on the forward-looking statements or the assumptions on which they are based. There is a substantial unavoidable risk that future events will differ materially from the forward-looking statements.

We engage in discussions with the persons responsible for governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in the internal control system that we identify during our audit.

We also provide the persons responsible for governance with a statement that we have complied with the relevant independence requirements, and discuss with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, the related safeguards.

From the matters discussed with the persons responsible for governance, we determine the matters which were of most significance in the audit of the annual financial statements for the current period and which therefore constitute the key audit matters. We describe these matters in our auditor's report unless public disclosure of the matter is forbidden by legislation or other legal provisions.

Other legal and regulatory requirements

Further Information pursuant to Article 10 of the EU Audit Regulation

We were elected as the auditors at the Supervisory Board meeting on 30 April 2021. Furthermore, we were engaged by the Supervisory Board on 30 April 2021. We have acted as the auditor of DEVK Rückversicherungs- und Beteiligungs-Aktiengesellschaft - DEVK RE without interruption since the 1997 financial year.

We hereby declare that the opinions expressed in this auditor's report are consistent with the additional report to the Audit Committee pursuant to Article 11 of the EU Audit Regulation (long-form audit report).

In addition to the audit, we also rendered the following services, which are not stated in the annual financial statements or the management report, for the audited companies or for companies controlled by the audited companies:

- Audit of the annual financial statements and management reports of the parent company and controlled subsidiaries,
- Audit of the solo solvency overviews of the Company and its controlled subsidiaries,
- Audit of the Management Board's reporting on relationships with affiliated companies pursuant to section 312 paragraph 1 of the German Stock Corporation Act (AktG) (dependent companies report),
- Audit of the propriety of the data made availability to the guarantee scheme for life insurance policies pursuant to section 7 paragraph 5 of the Insurance Guarantee Scheme Financing Regulation (SichLVFinV),
- Audit pursuant to section 24 of the Financial Investment Brokerage Regulation (FinVermV),
- Tax appraisal and advice on individual accounting matters (until 31 December 2021), and
- Project-related audit services, legal and IT consulting services.

Chief auditor

The auditor in charge of the audit is Thorsten Klitsch.

Cologne, 25 March 2022

KPMG AG
Wirtschaftsprüfungsgesellschaft

Klitsch	**Hansen**
Auditor	Auditor

Supervisory Board report

During 2021, 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 2021 annual financial statements and management report prepared by the Management Board. This audit did not reveal any irregularities. An unqualified audit certificate was granted. The Supervisory Board has duly acknowledged the audit findings.

Following preparation by the Audit Committee, the Supervisory Board examined and approved the annual financial statements and management report prepared by the Management Board. The annual financial statements for 2021 are thus duly adopted.

The Supervisory Board agrees with the Management Board's proposal concerning the appropriation of the 2021 net retained earnings and hereby recommends that the Annual General Meeting passes a corresponding resolution.

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 material 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 endorse this judgement and we 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 would like to thank the Management Board and employees for all their hard work and commitment.

Cologne, 20 May 2022

The Supervisory Board

Kirchner
Chairman

Company bodies

Supervisory Board

Cosima Ingenschay
Berlin
Chair
Federal Director of the
Eisenbahn- und Verkehrs-
gewerkschaft (EVG)

Helmut Lind
Reichertshausen
Deputy Chairman
CEO of the board
Sparda-Bank München eG

Dr Levin Holle
Berlin
Director of Finance and Logistics
Deutsche Bahn AG

Dr Kristian Loroch
Altenstadt
Member of the board of the
Eisenbahn- und Verkehrs-
gewerkschaft (EVG)

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

Norbert Quitter
Bensheim
Deputy Federal Chairman of the
Gewerkschaft Deutscher Lokomotivführer
(GDL) (German Train Drivers' Union)

Management Board

Gottfried Rüßmann
Cologne
Chairman

Rüdiger Burg
Frechen

Michael Knaup
Hürth

Dietmar Scheel
Bad Berka

Bernd Zens
Königswinter

Advisory Board

Alexander Kirchner
Runkel
- Honorary Chairman -
Chairman of Eisenbahn- und Verkehrsgewerkschaft (EVG) ret.

Rudi Schäfer
Bad Friedrichshall
- Honorary Chairman -
Chairman of the Works Council of Railway Workers Germany, ret.

Dr Ursula Biernert
Mainz
CEO of the board
DB Cargo Vermögensverwaltung AG
Personnel Director, DB Cargo AG

Michael Fritz
Berlin
Personnel Director
DB Engineering & Consulting GmbH

Michael Gruber
Regensburg
CEO of the board
Sparda-Bank Ostbayern eG

Jeroen Hansmann
Berlin
Head of Change Management
Deutsche Bahn AG

Frank Hauenstein
Neumarkt i. d. Oberpfalz
Secretary of the board of the Eisenbahn- und Verkehrsgewerkschaft (EVG)
Management board Federal Director Cosima Ingenschay

Michael Hecht
Blankenhain
Managing Director of Erfurter Bahn GmbH and Südthüringen Bahn

Lars Hünninghausen
Berlin
Head of Employment Conditions and Personnel Group Board - Principles of Remuneration, Fringe Benefits and Working Time (HBP)
Deutsche Bahn AG

Klaus-Dieter Josel
Mühldorf am Inn
Group Representative of Deutsche Bahn AG for the South Region and the Free State of Bavaria

Dietmar Knecht
Parchim
State Chair of dbb beamten-bund und tarifunion landesverbund mecklenburg-vorpommern

Hanka Knoche
Idstein
Member of the board
Bahn-BKK

Jürgen Konz
Saarbrücken
Organisation Division - Economy Policy and Regulation
Deutsche Bahn AG, ret.

Thorsten Krenz
Stuttgart
Group Representative
Deutsche Bank AG for the State of Baden-Wuerttemberg

Werner Josef Lübberink
Rommerskirchen
Group Representative
Deutsche Bahn AG for the State of North Rhine-Westphalia

Peter Noppinger
Meitingen-Ostendorf
CEO of the board
Sparda-Bank Augsburg eG ret.

Oliver Pöpplau
Buchholz in der Nordheide

Jörn Rühl
Frankfurt am Main
Head of the VDES office
Head of Sport and Health Management VDES

Regina Rusch-Ziemba
Hamburg
Deputy Chair of the Eisenbahn- und Verkehrsgewerkschaft (EVG) ret.

Dr Ronny Schimmer
Wusterwitz
Managing Director
JobService GmbH

Thomas Schütze
Dresden
Federal Director of the Gewerkschaft Deutscher Lokomotivführer (GDL) (German Train Drivers' Union)

Tobias Schwab
Frankfurt am Main
Head of Sales and Support for the family of foundations BSW & EWH

Frank Sennhenn
Darmstadt
CEO of the board
DB Netz AG

Heinz Siegmund
Limburg
Personnel Director
DB Fernverkehr AG

Beate Steps
Schwerin
Head of Regional Sales/Marketing North-East
DB Vertrieb GmbH

Ralf Thieme
Dresden
Personnel Director
DB Station & Service AG

Florian Wrobel
Möhrendorf
Team leader of Beratung
EVA Bildung & Beratung GmbH

Management report

Company foundations

Business model

The company undertakes direct and reinsured non-life and accident insurance in Germany and abroad, as well as direct foreign travel sickness insurance and, since 2018, non-substitutive health insurance in Germany. Details of this can be found in the notes to the management report.

Insurance business undertaken abroad relates exclusively to the business activities of the French subsidiary, which has been in run-off since 2005.

The DEVK Group is represented throughout Germany with 19 branches and over 1,200 offices.

Affiliated companies and participating interests

The affiliated companies of DEVK Allgemeine Versicherungs-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.

The share capital of DEVK Allgemeine Versicherungs-AG of around € 195.0 million is fully paid up. It is 100 % held by DEVK Rückversicherungs- und Beteiligungs-AG - DEVK RE, with whom a control and profit transfer agreement exists.

Details of our company's direct shareholdings of significance 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 (e.g. accountancy, collection, IT, asset management, personnel, auditing and general administration) are centrally organised for all DEVK companies. Furthermore, our portfolio management and claims management are also merged with those of DEVK Sach- und HUK-Versicherungsverein a.G.

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.

Please note that rounding may lead to differences from the mathematically exact figures (monetary units, percentages, etc.).

The sections of this report marked with [1] contain details which have not been checked by the auditor.

Business performance

Economic conditions generally and in the industry

Economic activity in Germany experienced highly positive development following the end of the extensive lockdown measures from May 2021 until the fourth wave of the Corona virus in November of the same year. During the first quarter, real gross domestic product (GDP) still fell by 3.0 %, only to grow by 10.8 % year-on-year in the second quarter of 2021. By contrast, towards the middle of 2021, rising energy prices and disruptions to international supply chains led to an unexpected slowdown in growth momentum to +2.8% in the third quarter and - together with the resurgence of the virus - to only +1.4% year-on-year in the fourth quarter of 2021 (and therefore -0.7% quarter-on-quarter). As such, price-adjusted absolute GDP was only just below the value at the end of the pre-pandemic year 2019. This development was accompanied by a significant increase in inflation rates to over 5.0 % in the fourth quarter of 2021, in both Germany and the USA. The Ifo Index rose steadily until June 2021, only to fall again for six months in a row from the middle of the year until the end of the year, declining from 101.7 points to 94.8 points.

The political discussions in 2021 were dominated by climate risk issues, the Bundestag elections and the subsequent formation of the government, as well as developments around the fourth wave of COVID-19. The planned government stimulus measures in the EU, and in particular in the US, led to high growth expectations for 2022 and a positive outlook especially for infrastructure investments. Economists estimate that real GDP growth in Germany will average 3.1% in 2022 (according to Bloomberg), up from 2.9% in 2021 (according to the Federal Statistical Office). GDP growth in the USA stood at 5.7% in 2021; the expectation for 2022 is 3.6% on average. In the second quarter, GDP growth in the USA was even higher than growth in China compared to the previous quarter, while it stood at the same level in the third quarter.

During the course of the year, the development of the stock markets increasingly disengaged from news regarding the pandemic as vaccination rates in the industrialised countries rose, until a sharp rise in incidences arose in conjunction with subsequent renewed restrictions on daily life in several European countries due to the emergence of the new Omicron variant of the virus. Up to the end of November 2021, the short-term mood on the stock markets was largely dampened by concerns about a reduction of monetary policy support measures. These declines generally turned into buying opportunities within a few days, driven by the lack of investment alternatives and the fear of missing out on further price rises. In 2021, the daily closing price of the German benchmark index DAX rose by 18.5 % at its peak (17 November 2021). Over the rest of the year, the dramatic deterioration in the circumstances around the pandemic caused a decline of over 7 %. Towards the end of the year, the situation on the capital markets eased and the DAX rose again by a good 5 %, so that a gain of 15.8 % was achieved by the DAX for the year as a whole - driven by a very loose monetary policy overall and a lack of investment alternatives in the interest rate area.

The mood on the bond market in 2021 was strongly influenced by concerns about rising inflation as well as the end of loose US monetary policy and (with a time lag) European monetary policy. Accordingly, the risk-free interest rates, as seen for the example with the 10-year Euro swap rate, rose significantly at times. The 10-year Euro swap rate gained over 0.4 percentage points and stood at just under 0.2% from January to mid-May 2021. A decline in concerns about a near-term scaling back of central bank purchases and possible central bank rate hikes brought the 10-year Euro swap rate back down below -0.1% in August 2021, only to rise above 0.3% in October 2021. This interest rate was also valid on 31 December 2021. The yield on the ten-year German government bond developed in the same way, reaching a low of -0.6% in January 2021, recovering to -0.1% in the course of the year and standing at -0.2% at the end of the year. The risk premiums on European investment grade corporate bonds fell by just under 0.1 percentage points by mid-2021, but rose significantly by almost 0.3 percentage points in November 2021 and reached a value only slightly above the level at the beginning of the year by the end of the 2021. In 2021 as a whole, the risk-free interest rates of bonds with a maturity of between 8 and 15 years rose more sharply than the long maturities of over 20 years, so that the risk-free interest rates for a maturity of 40 or 50 years, for example, were significantly lower than for 20 years. This constitutes a challenging situation for long-term investors, because it is difficult to map the long actuarial maturities on the investment side at acceptable yields.

The operating result of German non-life and accident insurance in 2021 was shaped by natural disasters. With insured losses of around EUR 12.5 billion, 2021 was the most expensive year in terms of natural disasters since records began in the early 1970s. The main event with a loss volume of around € 8 billion was Storm Bernd, which triggered the devastating flood disaster on the Ahr and other rivers in July. As a result, according to figures quoted by GDV at its annual media conference at the end of January 2022 the combined ratio should be around 102% (previous year 90.7%). The earnings situation for the non-life and accident insurance sector therefore deteriorated significantly in comparison to the previous year, although a presentable result was still achieved in light of the record claims.

On the premium side, GDV expects gross premium income in non-life and accident insurance to increase by 2.2% in 2021.

In the motor vehicle insurance segment, premium receipts growth for 2021 came to +0.4 %, which was below the figure in the previous year (+2.3 %). The GDV estimates that the combined ratio is likely to be around 95 % (previous year 90.6 %). On the premium side, we believe that the increasing competitive pressure in this line of business is reflected.

Business trends

2021 was overshadowed by the flood disaster, which was triggered by Storm Bernd and devastated entire regions in western Germany in the summer. This was the most expensive loss event in DEVK's 135-year history. However, the impact on DEVK's business results remained limited thanks to good reinsurance cover.

The total portfolio increased by 0.8% to 9,015,009 contracts in the financial year (previous year 8,942,797). The risks in motor vehicle liability insurance, comprehensive and third-party, fire and theft motor insurance were counted separately here. Moped insurance policies were not taken into account.

Gross premiums written decreased by 0.8 % due to the discontinuation of coinsurance business in a volume of € 36.4 million. The earned premiums net of reinsurance increased by 1.7 %. The discontinuation of coinsurance business did not have an effect on this item, because 100% of the coinsurance business was passed on to DEVK Rückversicherungs- und Beteiligungs-AG - DEVK RE in the past. As such, premium development was in line with

last year's expectations (forecast for gross premiums written: Decline of just under 1 %, forecast earned premiums net of reinsurance: Increase of almost 2 %).

The total net underwriting income rose by 1.7 % compared to the previous year. We had expected a greater increase in net underwriting expenses than in underwriting income. Despite the flood disaster and the associated 20.2% rise in gross expenditure for claims in the financial year, the increase of +5.7% was lower than expected. We benefited from our good reinsurance cover here.

At € 49.8 million, the technical result net of reinsurance before changes to the equalisation provision was therefore significantly above the forecast figure (€ 15 million to € 25 million). After a high withdrawal from the equalisation reserve (€ 28.0 million, previous year € 2.3 million), the net underwriting result of € 77.7 million was below the previous year (€ 90.2 million), but exceeded our previous year forecast (€ 40 million to € 50 million).

The gross income from investments fell from € 80.1 million to € 71.5 million in 2021 despite the increase in write-ups; this was mainly due to the decline in extraordinary profits but also in interest income as a result of the low interest rate environment. The increase in write-ups from shares from € 0.03 million to € 5.5 million is offset by a decrease in gains on disposals from € 21.7 million to € 8.5 million. Total investment expenses in 2021 were € 7.1 million (previous year € 59.2 million). The high figure in the previous year is due to the capital market upheavals caused by the Corona virus pandemic, as a result of which write-downs (in particular on shares and equity funds) of € 40.8 million were incurred. Contrastingly, in 2021 total write-downs stood at just € 3.5 million. Losses on disposals decreased from € 14.9 million in 2020 to € 1.0 million in 2021.

As expected, the net investment income increased significantly compared to the previous year (€ 64.4 million compared to € 20.9 million), due in particular to lower write-downs and losses on the disposal of shares. Accordingly - and as expected - the net interest rate of 2.7 % was significantly above the previous year's level (0.9 %). With a slight increase, the development of the investment portfolio in 2021 was in line with our expectations (previous year's forecast: We anticipate a substantial rise in the absolute result coupled with a slight increase in our investment portfolio in 2021, because we do not expect write-downs and disposal losses on shares at the levels witnessed in 2020. As a result, our planning is founded on expectations of a net interest rate significantly higher than last year’s figure).

The strategic asset allocation, i.e. the target allocation of investments, was adjusted DEVK-wide at the end of 2019. The target ratios for real assets (in particular real estate and alternative investments) were increased. The further expansion of real values in the investment portfolio is intended to counteract the persistently low interest rate level and improve the long-term earnings situation. Following on from the decline in extreme fluctuations related to the pandemic (in particular on the stock markets) the equity ratio increased moderately in 2021 compared to the previous year. However, the mid-term plan is to significantly build up the equity items. The development of other long-term oriented real assets in the real estate, private equity and alternative investments sectors at the expense of interest-bearing investments continued as planned in 2021.

Overall, at € 139.8 million the result from ordinary activities significantly exceeded the range of our forecast (€ 80 million to € 90 million).

After taxes, the profit transfer to DEVK Rückversicherungs- und Beteiligungs-AG - DEVK RE stood at the new record level of € 140.9 million (previous year € 101.4 million).

Net assets, financial position and results of operations

Results of operations

	Financial year € 000s	Previous year € 000s	Change € 000s
Technical account	77,739	90,168	-12,429
Investment result	64,380	20,852	43,528
Other result	-2,288	-8,890	6,602
Profit from ordinary activities	**139,831**	102,130	37,701
Taxes	-1,088	734	-1,822
Profit transfer	140,919	101,396	39,523
Net profit for the year	**-**	-	-

Underwriting result, net of reinsurance

DEVK Allgemeine Versicherungs-AG's gross premiums written declined by 0.8 % to € 1,522.3 million due to the discontinuation of coinsurance business. Earned premiums net of reinsurance during the financial year rose by 1.7 % to € 1,296.1 million.

The gross expenditure for claims in the financial year increased by 20.2 % compared to the previous year, largely as a result of the flood disaster. Profits from the settlement of claims for the previous year increased by 30.9 % compared to the previous year; this figure was burdened by one-off effects. Overall, the gross claims ratio was 80.6 % (previous year 66.9 %).

Gross operating expenses decreased by 1.9% to € 361.2 million compared to the previous year (€ 368.2 million). The primary reason for this is the discontinuation of coinsurance business, which led to a corresponding decrease in commission payments.

Thanks to good reinsurance cover, the expenses for insurance claims net of reinsurance increased by just 6.9 % to € 919.5 million compared to the gross figure. Their ratio of the earned net premiums increased to 70.9 % (previous year 67.5 %). The ratio of expenses on insurance operations net of reinsurance to earned premiums stood at 24.7%, and therefore matched the figure in the previous year.

After a very high withdrawal from the equalisation reserve of € 28.0 million (previous year € 2.3 million), the net underwriting result amounted to € 77.7 million (previous year € 90.2 million).

The individual insurance segments performed as follows:

Underwriting result, net of reinsurance							
Figures in € 000s	Gross premiums written			Change to the equalisation provision		Technical result net of reinsurance	
Insurance class	Financial year	Previous year	Change	Financial year	Previous year	Financial year	Previous year
Accident	134,863	125,713	7.3 %	-89	-135	42,308	37,552
Liability	104,386	95,334	9.5 %	-	4,176	19,994	14,658
Motor vehicle liability	559,050	561,617	-0.5 %	25,554	20,837	19,334	6,651
Other motor vehicle	342,392	341,598	0.2 %	6,619	-19,491	-10,429	-1,387
Fire and non-life	362,985	391,087	-7.2 %	-4,486	-3,782	3,328	27,326
of which:							
Fire	2,512	2,293	9.6 %	-146	-1,721	-1,179	-1,189
Household contents	119,798	113,602	5.5 %	-	-	25,249	25,423
Homeowners' building	210,840	236,760	-10.9 %	-3,887	-4,110	-19,721	7,094
Other non-life	29,835	38,432	-22.4 %	-453	2,049	-1,021	-4,002
Other	18,665	18,787	-0.6 %	387	721	3,204	5,368
Total	**1,522,341**	1,534,136	-0.8 %	**27,986**	2,325	**77,739**	90,168

Discontinuation of the coinsurance business led to the 10.9 % decline in homeowners' building insurance.

In motor vehicle insurance, our largest segment, gross premiums written were slightly below the previous year. This reflects the high degree of competitive pressure in the industry.

The results of the other motor vehicle insurance and homeowners' building insurance were adversely affected by the flood disaster. The enduring pandemic resulted in a lower number of claims in motor vehicle, general accident and burglary when compared to "normal years".

Investment result

The net investment result is significantly up on the figure in the previous year. Despite declining gains on the disposal of investments, this is due in particular to lower write-downs and disposal losses on equity investments, which arose in the previous year as a result of the Corona virus-related reduction in the equity ratio, as well as the increase in write-ups.

Total gross income came to € 71.5 million (previous year € 80.1 million). Alongside the regular income, which fell slightly, we registered € 8.5 million in profits from disposals of investments (previous year € 21.7 million) plus income from write-ups totalling € 5.5 million (previous year € 0.03 million). At € 7.1 million, investment expenses were significantly lower than in the previous year (€ 59.2 million) due to lower write-downs and extraordinary losses, especially on shares.

Our net investment result came to € 64.4 million, as against € 20.9 million in the previous year. The investment result therefore increased significantly, as expected, compared to the previous year's figure - in particular due to the aforementioned lower write-downs on equity investments.

Other result

The ‘Other result’, which includes allocated interest, stood at € -2.3 million (previous year € -8.9 million).

Taxes

The control and profit transfer agreement entered into with DEVK Rückversicherungs- und Beteiligungs-AG - DEVK RE in 2002 established a fiscal unit for corporation tax and trade tax purposes.

Thanks to a trade tax rebate of € 1.5 million attributable to the 2001 financial year, the "Taxes on income" item shows income instead of expenses. The other taxes are primarily payroll and real estate taxes.

Operating result and appropriation of retained earnings

Earnings before profit transfer reached a new record of € 140.9 million (previous year € 101.4 million). This sum was transferred to DEVK Rückversicherungs- und Beteiligungs-AG - DEVK RE in line with the control and profit transfer agreement.

Return on sales

The "adjusted return on sales" of direct business is used as the key indicator for controlling the company. This is defined as the net income for the year before tax and profit transfer, adjusted by the expenditure for premium refunds and the reinsurance balance as well as the change in the equalisation reserve, in relation to gross premiums written. This ratio does not take reinsurance business into account.

The 2021 return on sales stood at -0.8 % (previous year 9.7 %). This figure therefore fell short of the previous year's forecast of over 6 % to 7 %. The key figure used is a gross figure, i.e. the reinsurance balance is not taken into account. As a result, the claims expenses caused by the flood disaster have been included in full. A corresponding net view, i.e. after taking into account the reinsurance balance, would result in a return on sales of 8.6 %.

Financial position

Cash flow

Availability of the liquidity necessary to meet regular payment obligations is ensured through ongoing liquidity planning, which takes into account prospective liquidity movements over the coming twelve months. The company receives a continuous influx of liquid funds in the form of regular premium receipts, investment income and returns from capital investments. In the current financial year, the cash flow from investments – that is, the funds required for the net investment volume – amounted to € 60.8 million. The necessary funds were generated exclusively by the company’s ongoing operations.

Ratings[1]

Each year the internationally renowned rating agencies S&P Global Ratings and Fitch evaluate the financial performance and security of DEVK.

S&P Global Ratings last renewed its rating in June 2021. As in the years 2008 to 2020, DEVK Sach- und HUK-Versicherungsverein a.G., DEVK Allgemeine Versicherungs-AG, DEVK Allgemeine Lebensversicherungs-AG and DEVK Rückversicherungs- und Beteiligungs-AG - DEVK RE were once again all assigned a rating of “A+” (very good).

S&P Global Ratings assesses our future outlook as "stable". This confirms the very good financial position enjoyed by the DEVK companies.

Meanwhile, the rating agency Fitch came to the same conclusion, with its August 2021 rating of the financial strength of DEVK's core companies remaining unaltered at "A+". Alongside our company, the individual companies rated were DEVK Sach- und HUK-Versicherungsverein a.G., DEVK Rückversicherungs- und Beteiligungs-AG - DEVK RE, DEVK Rechtsschutz-Versicherungs-AG, DEVK Krankenversicherungs-AG and the two life assurance companies DEVK Lebensversicherungsverein a.G. and DEVK Allgemeine Lebensversicherungs-AG. The outlook for all our companies remains "stable".

Assets position

	Financial year € 000s	Previous year € 000s	Change € 000s
Investments	2,392,918	2,364,626	28,292
Receivables arising out of direct insurance operations	8,594	7,499	1,095
Receivables arising out of reinsurance operations	43,787	10,197	33,590
Other receivables	4,776	7,896	-3,119
Means of payment	63	64	-1
Other assets	43,523	40,677	2,847
Total assets	**2,493,662**	2,430,958	62,704
Equity	342,171	342,171	-
Technical provisions	1,830,817	1,784,416	46,401
Other provisions	12,839	12,029	810
Deposits received from reinsurers	53,963	55,803	-1,840
Liabilities arising out of direct insurance operations	72,404	81,052	-8,648
Liabilities arising from reinsurance operations	1,848	4,047	-2,199
Other liabilities	178,957	150,731	28,226
Accruals and deferred income	662	709	-46
Total capital	**2,493,662**	2,430,958	62,704

The composition of the investment portfolio, equity ratio, real estate ratio and the alternative investments ratio increased in 2021 at the expense of the interest-bearing investment ratio in accordance with the strategic asset allocation. The stronger orientation of the capital investment strategy towards real values is therefore reflected in the change in the capital investment portfolio. The adjustment of the asset allocation is a medium-term process in this regard. The tactical management of investments can lead to a temporary adjustment of the asset allocation, e.g. to reduce risk items in the short term.

The principal items in the other liabilities are the profit transfer to be carried out by DEVK Allgemeine Versicherungs-AG (€ 140.9 million, previous year € 101.4 million) and liabilities from liquidity offsetting within the DEVK Group amounting to € 27.1 million (previous year € 37.1).

Non-financial performance indicators

Customer satisfaction

Customer satisfaction is the highest strategic goal for DEVK. DEVK therefore analyses the satisfaction of its customers on an annual basis.

The findings are based on an insurance market study which uses a points scale to measure customers' satisfaction with 23 top service insurers in Germany. This enables us to measure developments over time and as compared with our competitors in graphic form. In terms of overall customer satisfaction, DEVK currently occupies fourth place. The aim of DEVK over the coming years is to achieve first place for customer satisfaction.

Customer satisfaction index		
	Financial year Points	Previous year Points
Actual	761	749
Target	753	749

The target set for 2022 is 766 points.

Employee satisfaction

At DEVK, the opinion of our employees is important to us. The commitment and the satisfaction of employees with their working environment, as well as their managers, colleagues, the work assigned to them and the corporate culture, is central to employer appeal.

The employee survey conducted in autumn 2021 was once again influenced by the Corona virus pandemic. The high workload in the claims area due to the flood disaster is also likely to have had an impact. The results of the survey show that employee satisfaction continues to be extremely positive. With its crisis management, DEVK has understood how to offer its employees safety through appropriate measures and therefore ensure a high level of satisfaction.

Employee satisfaction index		
	Financial year Points	Previous year Points
Actual	791	817
Target	793	777

The target set for 2022 is 791 points.

Overall verdict on the management report

All in all, the company's net assets, financial position and results of operations developed in a satisfactory manner throughout 2021.

Outlook, opportunities and risks

Outlook

During 2022 we are expecting premium growth of around 2 %. Current estimations indicate that the net technical expenses will grow faster than net technical income. After a high withdrawal from the equalisation reserve, we expect an underwriting result of around € 36 million for 2022.

The economic development in the coming years is heavily dependent on the further progression of the Corona virus pandemic, but increasingly also on the inflation and interest rate development in the course of economic normalisation. Particularly crucial is the question of whether dangerous new virus variants will emerge and to what extent vaccines will prove effective against them. Other factors include the further development of supply chain difficulties, the change in central bank policy, and the risk of an expansion of the war in Ukraine or the consequences of the military action. The effects of the crisis in Ukraine are fraught in particular with major uncertainty, which in turn impacts the future development of DEVK's investments. In addition to direct effects on Russian companies, we also assume indirect effects on companies with a connection to Russia, be it via suppliers or customers. The extent of these effects is difficult to estimate, because it is largely dependent on the severity of the sanctions imposed by the USA and the EU, as well as their duration. Gas and oil prices have already risen significantly in the wake of the Ukraine crisis. We currently estimate the probability of a real supply shortage of gas and oil in Germany as low, but this cannot be ruled out and would have a significant impact on economic development in Germany and Europe.

It is likely that a large proportion of the expected further economic recovery had already been anticipated on the capital markets by the start of 2022. A possible end to loose monetary policy, on the other hand, was probably not fully factored in. The intensification of the Ukraine crisis has added a further element. Share valuations fell significantly in February 2022, and the extent to which this decline is sustainable is difficult to predict. This results in future risks on the capital markets, so that high volatilities must be anticipated. In view of the high levels of national debt and the uncertain further economic development, we do not anticipate an extreme rise in the interest rate level in the short to mid-term, despite the implementation of a partial reduction in the purchase programmes of central banks worldwide, in some cases the realisation of a rise in central bank interest rates, as well as the American Fed's announcement of an end to its bond purchase programme in March and the onset of interest rate rises. Very long-term interest rates have in fact barely risen to date, and have recently even fallen slightly in the USA for example.

Key leading economic indicators, such as purchasing managers' indices, fell in 2021 from the middle of the year. The ifo Business Climate Index for Germany reached a high of 101.7 points in June 2021 and then fell in each subsequent month of 2021 to 94.8 points by the end of the year, recovering only slightly in January 2022. However, the reported company results were essentially positive in 2021. Valuation levels on the stock markets have therefore decreased again somewhat, although they are still above their long-term average. According to forecasts by the World Bank, the global economy is heading for economic growth of 4.1% in 2022, following on from the 5.9% recovery in 2021. The Chinese government played a more interventionist role in the economy in 2021 (GDP growth: 8.1 %), thereby more heavily regulating the economy as a whole and making it more difficult to invest in companies (e.g. in the context of private equity funds). This is likely to have a dampening effect on growth in the future. According to Bloomberg, economists expect average growth of only 5.2 % year-on-year for 2022 and 2023. This would put a damper on growth for export-driven countries like Germany in particular.

Overall, the uncertainty regarding the further development of the capital markets in 2022 can also be described as very high and heavily dependent on further pandemic events, the actions of the central banks and the tensions surrounding the war in Ukraine. If inflation rates do not fall quickly, there could be a risk of a wage-price spiral (feared by many) and in turn a more sustained and significant rise in inflation than expected. For an insurer's investments, this means that the fundamental yield advantage of real assets compared to bonds is not likely to change in 2022, but also that increased volatilities are to be expected.

At DEVK Allgemeine Versicherungs-AG, in the field of capital investments we expect a substantial decline in the absolute result coupled with an almost unchanged investment portfolio in 2022, because we do not anticipate write-ups and gains on disposal - in particular on shares - at the levels witnessed in 2021. Current interest income in new investments and reinvestments continues to be burdened by the ongoing extremely low interest rate level; the adjustment of the strategic asset allocation counteracts this. As a result, our planning is founded on expectations of an overall net interest rate significantly lower than last year’s figure.

All in all, we are expecting the 2022 profit from normal business activities to be in the order of € 70 million to € 80 million.

On this basis, the "adjusted return on sales" of the direct insurance operations lies around the 5% mark.

DEVK aims to further improve customer satisfaction in the 2022 financial year. The index used for measurement is to be increased from 761 points (actual value 2021) to 766 points.

With regards to employee satisfaction, DEVK has set itself a target index value of 791 points. As such, the target corresponds to the actual value in 2021, which stands at a high level.

Opportunities report

Opportunities to continue achieving growth that outstrips the average levels achieved by our competitors are generated if customer demands for quality, service and transparency at attractive prices are met in full measure.

We are available for our customers throughout Germany via our sales network, our regional management units and our headquarters, both by telephone and face-to-face. Communication takes place through all available media. The internet is of ever-growing importance here, and we are well positioned in this respect thanks to the continuous revision and upgrading of our presence.

Our three product-line approach (Active, Comfort and Premium cover) has met with a very positive response. Particularly noteworthy here is the steadily increasing share of premium protection in the portfolio.

Through the continuous optimisation of our processes, we ensure that we can execute our business effectively and efficiently. This will be supported by the introduction of a new uniform portfolio management system for the back office staff. The home contents segment was implemented in 2019, and the liability, accident, glass, travel and cyber segments were successfully migrated to the new policy management system in 2021.

Thanks to the interplay between competitive products, good service and our efficient sales operation, we view ourselves as very well placed to compete effectively.

We see both risks and opportunities for investments in 2022, in particular due to the economic recovery being partially postponed from 2021 to 2022 according to economists' forecasts. If the winter pandemic wave of 2021/2022 subsides quickly through booster vaccinations and social distancing restrictions, and the situation in intensive care units witnesses sustainable recovery, economic growth in 2022 in Europe should be higher than in 2021. Furthermore, the inflation increase of 2021 could return to normal if special effects arising due to a disruption in supply chains, energy price increases, Corona-related pent-up demand and a base effect from the renewed increase in VAT in Germany cease to apply. This could limit the rise in interest rates - at least in Europe - and would represent a positive scenario for the stock market and bond market and thus lead to further increases in the value of real assets.

A potential (moderate) loss in the value of the euro against other currencies, as took place in 2021, constitutes a further opportunity for DEVK investments in 2022, due to foreign currency gains. In contrast, currencies such as the US dollar or the Swiss franc, as well as bonds with strong credit ratings such as German federal bonds, could lose value in a positive economic environment. However, if these instruments are held to maturity, this will not have an indirect influence on the profit situation of DEVK due to their nonpermanent decline in value (exception for foreign currency losses). DEVK expects volatile sideways movement on the stock markets in 2022. However, not all sectors are likely to be equally affected. The planned expansion of real assets in the portfolio increases the earnings potential of the investment in the medium term.

Risk report

In accordance with section 289, paragraph 1 HGB and the requirements laid down in section 26 VAG concerning the minimum requirements for the business organisation of insurance companies (MaGo), we are hereby reporting the risks of future developments.

Risk management system

The board of an insurance company is responsible for appropriate risk management in accordance with section 26 paragraph 1 of VAG. Within DEVK, the foundations for the risk management and the tasks and responsibilities are set out in the risk strategy and the Solvency II guidelines on risk management.

The risk management function (RMF) and the associated risk management system have been aligned with the Solvency II requirements. The risk management function was established as a key function in a central unit. The risk management function is supported by decentralised risk management units (e.g. reinsurance, investments). A regular information exchange takes place in this regard, not least through the body of the decentralised risk session/Risk Committee. The risk management system therefore comprises both a centrally organised unit whose task it is to ensure risk management across all risk categories and decentralised risk management units which use their specialist knowledge to assess the risk situation locally. This does not affect the operational risk responsibility of the specialist units or the responsibility of the Management Board. The RMF is responsible for the risk management methods and techniques employed 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.

Core elements for controlling the risks of DEVK are the risk-bearing capacity concept and the limit system. The risk-bearing capacity concept guarantees adequate coverage of all significant risks through the company's own funds. It serves to map and operationalise the risk appetite of the company. For this purpose, limit values are determined for the significant risks ("market risk", "underwriting risk" and "default risk"), in order to safeguard the target coverage quota of the company for a predefined safety level. Through this, all risks mentioned are assigned new maximum limits annually for the respective risk capital.

In order to operationalise risk controlling, a limit system is applied within DEVK as a monitoring system for prompt risk identification and evaluation. The limit capacity is portrayed in the form of risk ratios.

Additionally, a comprehensive risk inventory is compiled every six months, in which the risks are recorded and classified according to risk categories with the aid of a software solution. Wherever possible, the risks are quantified and the action necessary to manage the risks is recorded. Furthermore, risks are considered on an ad hoc basis, if these are significant.

With the aid of the risk-bearing capacity concept, limit system and risk inventory, we are able to react immediately and appropriately to developments that pose a risk to DEVK. The effectiveness and suitability are monitored by the Internal Auditing unit.

The decentralised risk session and the Risk Committee assess the risk situation faced by individual companies and by the Group as a whole quarterly, on the basis of the risk report, taking into account all discernible significant risks, as well as the limit capacities and current risk drivers. Finally, the risk report is presented to the Management Board members responsible for the various risk areas as part of a Management Board submission.

Technical risks

Principal among the technical risks in non-life and accident insurance are the premium/claims risk and the reserves risk. These are determined using a standard formula.

The so-called catastrophe risk or accumulation risk refers to the risk resulting from the occurrence of extremely high loss events. A distinction is made here between natural disasters (natural catastrophes) and catastrophes caused by mankind (man-made catastrophes). Against the backdrop of the flood disaster in 2021, we have reviewed our reinsurance cover and adjusted it accordingly.

We first consider the movement of the claims ratio net of reinsurance over the past ten years.

Gross claims ratio net of reinsurance

Year	%	Year	%
2012	74.3	2017	74.5
2013	75.2	2018	71.5
2014	71.4	2019	73.0
2015	74.8	2020	67.5
2016	72.5	2021	70.9

In 2020, the claims burden was comparatively low due to the Corona virus. Due to the disproportionate increase in reinsurers' participation in claims expenditure, the balance sheet loss ratio net of reinsurance for 2021 was also below the average witnessed in the last ten years, despite the flood disaster. Overall, only a small fluctuation range can be observed in the 10-year period under consideration. 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 coinsurance or reinsurance contracts.

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

We measure our provision for claims outstanding through the prudent valuation of claims already filed, in addition to 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. This is also demonstrated by our settlement results for the past ten years. The figure for the 2020 financial year was influenced by special effects. The ratio will approach the usual level again in 2021.

Settlement result net of reinsurance as % of original provision

Year	%	Year	%
2012	9.0	2017	8.5
2013	8.7	2018	8.8
2014	8.7	2019	8.6
2015	8.0	2020	6.5
2016	9.3	2021	7.3

Our equalisation provisions provide an additional safety cushion that contributes to the smoothing of our underwriting results. As of 31 December 2021, their volume totalled € 169.5 million (previous year € 197.5 million).

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 reinsurers.

Over the review period of the past three years, our overdue debts from insurance business averaged € 21.1 million of gross premiums written. This corresponds to 1.5 % of the average gross premiums written (€ 1,459.6 million). Of these receivables, an average of € 2.4 million (11.1 %) defaulted. In relation to the gross premiums written, the average default rate over the past three years was 0.2 %. Accordingly, default risk is of minimal importance for our company.

As of the balance sheet date, insurance business debts with a term of over 90 days total € 3.7 million.

Amounts receivable from reinsurers at the end of the year came to € 43.8 million. These include receivables from assumed reinsurance business totalling € 2.9 million. An overview of amounts receivable broken down according to the ratings of our reinsurance partners is given in the following table:

Rating category	Receivables in € millions
A+	34.42
A	3.98
A-	0.45
AA-	2.00

Investment risks

The risks stemming from investments comprise:

- the risk of unfavourable market price developments, in particular interest rate, share price, real estate or exchange rate risks,
- counterparty default risk (credit risk),
- the risk of strongly correlated risks that in turn increase counterparty risk (concentration risk),
- the liquidity risk; that is the risk of not always being able to meet payment obligations.

Since 1 January 2017, the internal investments catalogue has prescribed the decisive framework conditions for our investment policies. The Strategic Asset Allocation substantiates DEVK's investment policy. Since 2020, the Strategic Asset Allocation has included a separate asset class for alternative investments (Infrastructure and Other). The planned further expansion of non-interest-dependent investments in the portfolio as a result of the adjustment of the Strategic Asset Allocation increases potential fluctuations in value in the medium term and in some cases reduces the short-term tradability of the investments. The planned expansion of real assets in the portfolio therefore increases the risk level of the investments in the mid-term.

We counteract exchange/market price and interest rate risks by maintaining a balanced mix of investment types. Furthermore, 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. An ongoing ALM (Asset-Liability Management) process ensures that we are able at all times to meet existing and future obligations.

On the balance sheet date of 31 December 2021 we conducted our own investment stress test. The investment stress test determines whether an insurance undertaking would be in a position to meet its obligations towards its clients even if the capital markets underwent a protracted crisis. The investment 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 test assumes the following scenarios: in particular a downturn on the equity markets while the bond market remains stable, a simultaneous crash on the equity and bond markets, and a simultaneous crash on the equity and real estate markets.

Liquidity risks are managed by detailed multi-year investment planning. Should a liquidity shortfall arise in future, countermeasures can be taken at an early stage. Moreover, in order to improve our assessment of liquidity risks, liquidity stress scenarios derived from the Solvency II stresses are also applied and evaluated. On top of this, our investments are allocated to various different liquidity classes. These are assigned lower limits in relation to the investment portfolio which they must not fall below. Compliance with these limits is regularly monitored.

At the end of 2021, the following measures were in place to hedge against investment risks:

- Flexible management of the investment ratios in the special fund, in particular in the equities sphere, for instance via index futures
- Currency-matched refinancing in the field of indirect real estate investments
- Possibility of hedging currency risks via forward exchange transactions
- Adjustment of equity risks via options trading

There was no use of bond prepayments at the end of 2021 due to market conditions.

Interest-bearing investments

As of 31 December 2021, the Company held interest-bearing investments to a total value of € 1.70 billion. Of these investments, a total of € 735.3 million are in bearer instruments, including the pure pension funds, which could be subject to write-downs if interest rates rise. Of these bearer instruments, pursuant to section 341b HGB we have assigned a volume of € 722.5 million to the fixed assets since we intend to hold these papers until maturity and their current market fluctuations are viewed as temporary. Should this second assessment in particular prove wide of the mark, we shall undertake the necessary write-downs in a timely fashion. These investments exhibit a positive valuation reserve of € 66.0 million. This includes hidden liabilities totalling € 2.6 million. As of 31 December 2021, the total valuation reserves for our interest-bearing investments came to € 125.3 million. A change in returns of up to +/- 1 % would entail a corresponding value change of up to € -122.0 million, or € 126.9 million respectively.

This intimated impact of a one percentage point interest rate rise only gives an approximate idea of its potential impact on our profitability. This is because, over the course of a year, the diminishing time to maturity of the individual securities will lead to changes in their market value and interest rate sensitivity. Moreover, the bulk of our interest-bearing investments are in bearer bonds or bonds recognised on the balance sheet at their nominal values. In these cases, under the prevailing accounting regulations an increase in the market interest rate does not lead to write-downs. Further to this, the securities currently include hidden reserves which will be reduced in the near future. The exception to this is losses of value due to deteriorating credit ratings that may affect the issuers in question. The short-term massive widening of risk premiums at the beginning of the pandemic in Europe illustrates this. By the end of 2021, these were only slightly above the pre-Corona virus level at the end of 2019. As observed in 2021, there is a possibility in 2022 of rising risk premiums as a result of credit rating downgrades in an economic slowdown, due to an expectation of rising interest rates or a stock market correction.

Apart from real estate financing, which represents 13.2 % of our overall investments, our interest-bearing investments are predominantly in Pfandbriefe (German covered bonds) and bank bonds. We also invest in corporate bonds. Our direct corporate bond holdings make up 19.7 % of our total investments. At the end of 2021 there were no investments in asset-backed securities. The focus of new bond investments in 2021 was on international bearer bonds of government-related and supranational issuers as well as corporate bonds. Our total portfolio of pension investments largely involves bearer papers, assigned to the fixed assets, and also registered papers.

Bonds from the European peripheral countries Italy and Spain are held to a small extent. Bonds of issuers from Russia and Ukraine are not present in the direct portfolio or in screened special funds. Turning to issuer risks, as proportions of our total investments, 3.3 % of the company's investments are in government bonds, 19.7 % in corporate bonds and 34.8 % in securities and deposits with banks and other financial service providers. The bulk of our investments in banks is either covered by various statutory and private deposit protection schemes or involves interest-bearing securities that are protected in law by special guarantee funds.

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

Rating distribution

	Financial year	Previous year
AA or better	45.9 %	50.1 %
A	35.9 %	32.5 %
BBB	16.2 %	15.4 %
BB or worse	2.1 %	2.0 %

Compared to the previous year, the rating distribution of the company has shifted from AA and better in the direction of the other rating classes, in particular A. The overall risk situation has not altered significantly from the company's perspective. We shall continue to make virtually all our new and repeat investments in interest-bearing securities with strong credit ratings.

Equity investments

The bulk of our equity investment is in DAX and EuroStoxx50 companies, as a result of which our portfolio's performance very closely matches that of these indices. A 20 % change in market prices would alter the value of our equity portfolio by roughly € 44.0 million. The German share index, including dividends, showed clear positive development in 2021; the positive development of the European share index was even higher. The fluctuations during the course of the year were high at times. In the medium term, we continue to expect positive development, albeit with high levels of volatility in some cases.

The fixed-asset equities and equity funds with a value of € 116.6 show a positive valuation reserve of € 3.7 million. This figure includes no hidden charges.

All in all, the equity ratio moderately increased during 2021. If economic problems should arise as a result of the pandemic worsening or an expansion of the crisis in Ukraine, the equity ratio can be actively adjusted. As such, we have already significantly reduced the effective equity ratio through future hedging in special funds due to the worsening of the Ukraine crisis at the start of 2022. A special fund resulted in minimal direct exposure to Russia in equities of less than 0.01 % of total investments at book value as at 31 December 2021. This exposure no longer existed at the time of the outbreak of war in Ukraine.

Real estate

On the balance sheet date, our real-estate investments totalled € 278.7 million. Of this total, a sum of € 237.0 million is invested in indirect mandates, including restricted special funds in office and other commercial real estate. Our direct holdings worth € 41.7 million are subject to scheduled annual depreciation of € 0.6 million. Real estate assets to a value of € 59.0 million have been assigned to the fixed assets. The valuation reserves in the fixed assets stand at € 10.1 million; there are no hidden liabilities. No particular risks are currently discernible in connection with direct real estate holdings. We do not see any extraordinary risks at real-estate fund level; in addition to the general real-estate risk, a currency risk also exists here, which is partially hedged by means of currency-congruent financing and currency forwards. Effects from a possible downturn on the real estate market are limited by existing hidden reserves, diversification and leases that are as long-term as possible.

Alternative investments

The decision was made to further expand this asset class as part of the Strategic Asset Allocation adjustment, which took place at the end of 2019. The alternative investments portfolio (excluding private equity) is divided between investments in Infrastructure and Other. As at 31 December 2021, the figure stands at € 107.0 million (previous year € 72.9 million). This corresponds to 4.5% (previous year 3.1 %) of the total investments at book value. The portfolio is split almost 65:35 between infrastructure and other alternative investments. Write-downs to the value of € 0.03 million (previous year: € 2.0 million) were incurred in the 2021 financial year. The write-downs in the previous year are attributable to mobility restrictions resulting from the pandemic. The write-ups amounted to € 0.2 million in 2021 (previous year € 0.0 million). The ordinary income in 2021 stands at € 0.8 million (previous year € 0.7 million). Due to the configuration of alternative investments, most of the costs are incurred at the beginning of the investment phase.

Operational risks

Operational risks may stem from inadequate or failed operational processes, the break-down of technical systems, external variables, employee-related incidents and changes in the legal framework conditions. Effective management of the operational risks is ensured through the careful structuring of the internal monitoring system. In addition to this, the main focus of the half-yearly risk inventory is on operational risks. The appropriateness and efficacy of in-house controls are monitored by the Internal Auditing unit.

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.

Access controls and preventive measures are in place in the IT division to ensure the security and integrity of programs, data and ongoing operations. The IT infrastructure is redundant by design in order to cater for a catastrophic breakdown scenario. Restart tests are conducted regularly. Links between internal and external networks are suitably protected by state-of-the-art systems. Cyber risks are also taken into account in the "information security" sphere of the IT strategy. As part of the strategic initiative "Digitalisierung nutzen" ("Using Digitalisation"), DEVK's IT strategy envisages a far-reaching transformation of the application landscape to the cloud.

The social distancing restrictions related to the pandemic continue to be felt both in customer contact and in the office. The pandemic risk already documented in the risk inventory was reassessed at the beginning of the Corona virus pandemic. A crisis team was set up and meets regularly. Behavioural and hygiene measures were intensified and business travel was restricted. The proportion of work carried out from home was expanded considerably. In the event of a company building closing, it is envisaged that work will take place entirely from home and from the available regional management offices. Video consultation is increasingly being used in sales. Furthermore, direct sales are being accelerated.

The emergency management is founded on corporate emergency analysis. This describes the objectives and framework conditions for precautionary measures against emergencies and how to overcome them if they occur.

Legal risks are also included in the operational risks. DEVK has established a compliance management system designed to ensure compliance with both external requirements and internal guidelines.

Solvency II

With the entry into force of Solvency II on 1 January 2016, the insurance industry has undergone radical changes to its supervisory regime. In order to optimise the realisation of requirements, the focus in 2021 was again on the further automation of processes.

The solvency calculation required by supervisory law, which is based on a standard formula, showed that DEVK Allgemeine Versicherungs-AG has significant excess cover, even with the prevailing Corona virus situation.

Summary of our risk status

We have complied with the supervisory requirements per Solvency II.[1]

Projections made in connection with the last ORSA process as per 31 December 2020 show that sufficient risk capital cover is assured in both the present and the future.[1]

To sum up, currently there are no discernible developments that could lead to a significant impairment of the company's net assets, financial position and results of operations and thus jeopardise its continued existence.

Cologne, 11 March 2022

The Management Board

Rüßmann **Burg** **Knaup** **Scheel** **Zens**

Notes to the management report

List of insurance classes covered during the financial year

Direct insurance operations

Accident insurance
General accident insurance
Motor vehicle accident insurance

Liability insurance

Motor vehicle liability insurance

Other motor vehicle insurance
Fully comprehensive motor insurance
Third-party, fire and theft 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
Universal caravan insurance
Extended coverage insurance
Business interruption insurance
Travel baggage insurance
All-risk insurance

Other insurance policies
Insurance against other financial losses
Cyber insurance
Bond insurance

Health insurance
Foreign travel health insurance
Non-substitutive health insurance
(Daily benefits payment protection)

Reinsurance coverage provided

Liability insurance

Motor vehicle liability insurance

Other motor vehicle insurance

Legal costs insurance

Fire and non-life insurance
Fire insurance
Household contents insurance
Homeowners' building insurance

Other insurance policies
Rent insurance

Financial statements

Balance sheet to 31 December 2021

Assets	€	€	€	Previous year € 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		10,095,563		7,333
II. Payments on account		3,703,010		2,822
			13,798,573	10,155
B. Investments				
I. Real estate and similar land rights, including buildings on third-party land		41,718,258		10,269
II. Investments in affiliated companies and participating interests				
1. Shares in affiliated companies	226,269,449			211,730
2. Participating interests	123,266,225			89,485
		349,535,674		301,215
III. Other investments				
1. Shares, units or shares in investment funds and other variable-interest securities	326,236,532			293,697
2. Bearer bonds and other fixed-interest securities	698,154,337			751,398
3. Mortgage loans and annuity claims	316,486,040			299,254
4. Other loans	648,892,235			681,654
5. Other investments	11,895,318			27,139
		2,001,664,462		2,053,142
			2,392,918,394	2,364,626
C. Accounts receivable				
I. Receivables arising out of direct insurance operations:				
- Policyholders		8,593,830		7,498
II. Receivables arising out of reinsurance operations		43,786,794		10,197
of which:				
Affiliated companies: € 34,263,823				9,207
III. Other receivables		4,776,382		7,896
			57,157,006	25,591
D. Other assets				
I. Tangible assets and inventories		13,450,006		10,175
II. Cash at banks, cheques and cash in hand		63,127		65
III. Other assets		61,189		557
			13,574,322	10,795
E. Prepayments and accrued income				
I. Accrued interest and rent		16,107,465		19,587
II. Other prepayments and accrued income		105,870		203
			16,213,335	19,790
Total assets			**2,493,661,630**	2,430,958

Pursuant to section 128 paragraph 5 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, 10 March 2022 **The Trustee** **Sulitzky**

Liabilities	€	€	€	Previous year € 000s
A. Equity				
I. Subscribed capital		195,000,000		195,000
II. Capital reserve		100,302,634		100,303
III. Retained earnings				
1. Statutory reserve	383,469			383
2. Other retained earnings	46,484,692			46,485
		46,868,161		46,868
			342,170,795	342,171
B. Technical provisions				
I. Provision for unearned premiums				
1. Gross amount	5,993,750			13,919
2. of which from: Reinsurance amount	88,480			7,405
		5,905,270		6,514
II. Premium reserve		26,734		25
III. Provision for claims outstanding				
1. Gross amount	2,148,733,204			1,975,847
2. of which from: Reinsurance amount	510,378,197			411,130
		1,638,355,007		1,564,716
IV. Provision for bonuses and rebates		9,677,833		9,584
V. Equalisation provision and similar provisions		169,539,157		197,525
VI. Other technical provisions				
1. Gross amount	7,611,701			6,280
2. of which from: Reinsurance amount	298,615			229
		7,313,086		6,051
			1,830,817,087	1,784,416
C. Other provisions				
I. Provisions for pensions and similar commitments		11,494,315		10,645
II. Other provisions		1,344,449		1,383
			12,838,764	12,029
D. Deposits received from reinsurers				
			53,963,277	55,803
E. Other liabilities				
I. Liabilities arising out of direct insurance operations towards				
- Policyholders		72,404,427		81,052
II. Liabilities arising from reinsurance operations		1,848,291		4,047
of which:				
Against affiliated companies: € 175,924				200
III. Other liabilities		178,956,861		150,731
of which:			**253,209,579**	235,831
From taxes: € 9,475,091				11,394
Against affiliated companies: € 168,244,828				138,677
F. Prepayments and accrued income				
			662,128	708
Total liabilities			**2,493,661,630**	2,430,958

I hereby confirm that the premium provision of € 35,286,949.32, recorded on the balance sheet under item B. II. or 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 88 paragraph 3 of the Insurance Supervision Act (VAG).

Cologne, 10 March 2022 **The Actuary in Charge** **Weiler**

Profit and loss account

for the period from 1 January to 31 December 2021

Items	€	€	€	Previous year € 000s
I. Technical account				
1. Earned premiums net of reinsurance				
a) Gross premiums written	1,522,340,776			1,534,137
b) Outward reinsurance premiums	226,873,117			258,001
		1,295,467,659		1,276,136
c) Change in the gross provision for unearned premiums	7,925,206			370
d) Change in the gross provision for unearned premiums, reinsurers' share	-7,316,841			-2,374
		608,365		-2,003
			1,296,076,023	1,274,133
2. Allocated interest, net of reinsurance			**699,655**	703
3. Other technical income, net of reinsurance			**1,055,722**	1,191
4. Claims incurred, net of reinsurance				
a) Claims paid				
aa) Gross amount	1,060,447,945			983,750
bb) Reinsurers' share	214,610,873			144,795
		845,837,072		838,955
b) Change in the provision for claims outstanding				
aa) Gross amount	172,886,625			42,553
bb) Reinsurers' share	-99,247,777			-21,665
		73,638,847		20,888
			919,475,919	859,843
5. Changes in other technical provisions, net of reinsurance				
a) Premium reserve, net of reinsurance		-1,519		3
b) Other technical provisions, net of reinsurance		-1,417,812		752
			-1,419,331	755
6. Bonuses and rebates, net of reinsurance			**229,622**	8,071
7. Net operating expenses, net of reinsurance				
a) Gross operating expenses for insurance operations		361,169,848		368,189
b) of which, from: Reinsurance commissions and profit participation		40,994,131		53,486
			320,175,718	314,704
8. Other technical charges, net of reinsurance			**6,778,191**	6,321
9. Subtotal			**49,752,620**	87,843
10. Change to the equalisation provision and similar provisions			**27,986,313**	2,325
11. Technical result net of reinsurance			**77,738,933**	90,168
Balance carried forward:			77,738,933	90,168

Items	€	€	€	€	Previous year € 000s
Balance carried forward:				77,738,933	90,168
II. Non-technical account					
1. Income from investments					
a) Income from participating interests		7,952,747			6,254
of which: from affiliated companies: € 7,177,530					5,669
b) Income from other investments					
aa) Income from real estate and similar land rights, including buildings on third-party land	1,738,329				788
bb) Income from other investments	47,754,463				51,336
		49,492,792			52,124
c) Income from write-ups		5,530,031			29
d) Gains on the realisation of investments		8,512,876			21,670
			71,488,446		80,076
2. Investment expenses					
a) Investment management charges, interest expenses and other charges on capital investments		2,635,844			3,596
b) Write-downs on investments		3,484,383			40,751
c) Losses on the realisation of investments		988,529			14,879
			7,108,756		59,225
			64,379,690		20,852
3. Allocated interest			2,161,381		2,141
				62,218,309	18,711
4. Other income			10,147,068		2,407
5. Other charges			10,273,289		9,156
				-126,221	-6,749
6. Profit from ordinary activities				**139,831,021**	102,130
7. Taxes on income			-1,347,620		184
8. Other taxes			259,660		550
				-1,087,960	734
9. Profit transferred under a profit pooling, profit transfer or partial profit transfer agreement				**140,918,980**	101,396
10. Net profit for the year				**-**	-

Notes to the accounts

Accounting and valuation methods

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. Otherwise 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 the **participating interests** were shown either at their costs of acquisition or at the lower of cost or market value. The requirement to reinstate original values was observed.

Equities, fund units or shares and other variable-yield securities, the **bearer bonds and other fixed-interest securities** are shown at the lower of their costs of acquisition, market prices or fair value. 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. These write-ups took place to the lower of the acquisition cost or market value.

During the financial year, two real estate funds were reclassified from current assets to fixed assets, because the intention is to hold onto these permanently.

Derivatives were valued at their costs of acquisition or their fair value, depending on which was lower. When determining the fair value, the market value was applied. For stock options with a value on the balance sheet date of more than the reported liability, a provision was recorded for the impending losses from pending transactions. The settlement method was applied for the calculation.

Mortgage loans and annuity claims are recognised at their costs of acquisition less an individual value adjustment for the potential default risks.

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

Zero registered bonds were capitalised at their costs of acquisition plus the interest entitlement as determined on the basis of the capital volume and the interest agreement.

Notes receivable and 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.

Other investments are recognised at the acquisition cost or at the lower of cost or market value. The requirement to reinstate original values was observed.

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 are shown at their nominal values.

Other assets, excluding operating or office equipment, are recognised at their nominal values. Operating and office equipment is shown at its cost of acquisition or production, reduced by scheduled depreciation. Depreciation was 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. Otherwise they are recorded as operating expenses in their year of acquisition.

Apart from the advance payments of costs for future periods, **prepayments and accrued income** chiefly comprise the interest claims not yet due and premium on registered bonds, which are recorded 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. 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 proportion of the insurance business ceded to reinsurance was assessed in line with the contractual terms.

The **premium reserve** required for the child accident insurance was calculated individually according to the prospective method, taking implicit recognised costs duly into account. The calculation was based on the DAV 2006 HUR mortality table. The technical interest rate stands at between 0.9 % and 4.0 %, depending on the time of initial formation of the provision.
Pursuant to section 5 paragraph 4 DeckRV, a supplementary interest reserve with a reference interest rate of 1.57 % was formed for policies with a guaranteed interest rate of at least 1.75 %.

The gross amounts for the **provisions for claims outstanding** from direct insurance operations are calculated individually for each claim. A provision for losses incurred but not reported is established according to general blanket criteria. The provision covers amounts 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 proportion of the insurance business ceded to reinsurance was assessed in line with the contractual terms.

The **pensions premium reserve** was calculated in accordance with section 341g HGB. The calculation was based on the DAV 2006 HUR mortality table. The technical interest rate stands at between 0.9 % and 4.0 %, depending on the time of initial formation of the provision.
The reinsurance amount was calculated in accordance with the contractual agreements in this respect.
The provisions from HUK pensions are not premium reserves in the sense of section 341f HGB. As such, section 5 paragraphs 3 and 4 DeckRV are not applicable here.

Due to the higher net interest rate compared to the previous year, the reference interest rate was kept at the previous year's level of 1.73% and interest rate reinforcement was formed for contracts with a guaranteed interest rate of at least 1.75%.

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 premium 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 within the framework of reinsurance contracts. These provisions are either estimated or as far as possible calculated on the basis of mathematical models, based on past figures where applicable. The proportion of the insurance business ceded to reinsurance was assessed in line with the contractual terms.

The **other provisions** were formed on the following basis:
The **pension provision** is calculated according to the projected unit credit method on the basis of the HEUBECK 2018 G actuarial tables. The discounting interest rate was calculated as a 10-year average pursuant to the previously valid German Regulation on the Discounting of Provisions (Rückstellungsabzinsungsverordnung). It was set at 1.87 % (previous year 2.3 %) and calculated on the basis of an assumed residual term of 15 years (section 253 paragraph 2 sentence 2 HGB). The financing age on expiry corresponds with the contractual age on expiry.
The assumed rate of pay increase was set at 1.95 % p.a., and the rate of pension increase at 1.0 %, 1.6 % or 1.95 % p.a. depending on undertaking.

The **other provisions** are formed for the current financial year and measured according to the settlement values deemed necessary in our commercial judgement.

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

Liabilities arising out of direct insurance operations and other liabilities are measured at the settlement values.

Liabilities arising from reinsurance operations are based on the reinsurance contracts and are recognised at the settlement value.

The **accruals and deferred income** comprise the discount points on registered bonds and advance rent receipts.

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

The **technical interest rate net of reinsurance** was set at 4.0 %, 3.25 %, 2.75 %, 2.25 %, 1.75 %, 1.25 % or 0.9 % of the respective arithmetical means of the initial and final amounts in the gross pension coverage provisions for accident, 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 - DEVK RE, Cologne.

Changes to Asset Items A., B. I. to III. during the 2021 financial year

Assets	Balance sheet values Previous year € 000s	Additions € 000s	Transfers € 000s	Disposals € 000s	Write-ups € 000s	Write-downs € 000s	Balance sheet values Financial year € 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	7,333	3,330	1,293	-	-	1,860	10,096
2. Payments on account	2,823	2,173	-1,293	-	-	-	3,703
3. Total A.	10,156	5,503	-	-	-	1,860	13,799
B. I. Real estate and similar land rights, including buildings on third-party land							
	10,269	41,003	-	8,912	-	642	41,718
B. II. Investments in affiliated companies and participating interests							
1. Shares in affiliated companies	211,730	15,939	-	1 400	-	-	226,269
2. Participating interests	89,485	35,492	-	1,733	214	192	123,266
3. Total B. II.	301,215	51,431	-	3,133	214	192	349,535
B. III. Other investments							
1. Shares, units or shares in investment funds and other variable-interest securities	293,697	64,910	-	35,283	5,316	2,404	326,236
2. Bearer bonds and other fixed-interest securities	751,398	23,302	-	76,385	-	160	698,155
3. Mortgage loans and annuity claims	299,254	115,934	-	98,702	-	-	316,486
4. Other loans							
a) Registered bonds	485,519	20,358	-	53 000	-	-	452,877
b) Notes receivable and loans	196,135	9	-	128	-	-	196,016
5. Other investments	27,139	-	-	15,158	-	86	11,895
6. Total B. III.	2,053,142	224,513	-	278,656	5,316	2,650	2,001,665
Total	**2,374,782**	**322,450**	**-**	**290,701**	**5,530**	**5,344**	**2,406,717**

The write-downs of intangible assets and real estate and similar land rights, including buildings on third-party land represent scheduled amortisation and depreciation.

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 2021, 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	41,718,258	41,430,000
B. II. Investments in affiliated companies and participating interests		
1. Shares in affiliated companies	226,269,449	336,647,715
2. Participating interests	123,266,225	124,358,501
B. III. Other investments		
1. Shares, units or shares in investment funds and other variable-interest securities	326,236,532	384,617,479
2. Bearer bonds and other fixed-interest securities	698,154,337	765,619,425
3. Mortgage loans and annuity claims	316,486,040	332,353,662
4. Other loans		
a) Registered bonds	452,876,703	479,901,917
b) Notes receivable and loans	196,015,532	212,013,565
5. Other investments	11,895,318	16,700,338
Total	**2,392,918,394**	**2,693,642,602**
of which: Investments valued at costs of acquisition	1,962,918,394	2,238,624,915
of which: Investments in fixed assets pursuant to section 341b paragraph 2 HGB	898,110,419	977,915,985

The valuation reserves include hidden liabilities totalling € 11.1 million. These are attributable to real estate, shares or units in investment assets, bearer bonds, mortgage receivables and registered bonds.

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 2021 was revalued with effect from that date.

The current value of shares in affiliated companies and participating interests was 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.

Shares, units in investment funds and other non-fixed-income securities as well as fixed-income securities carried at cost were valued at the stock market year-end prices. Pursuant to section 56 RechVersV, the current values of the registered bonds, notes receivable, loans and zero bearer bonds payable were calculated at normal market conditions on the basis of the yield curve. The current value of other investments was determined by net asset value.

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

Financial instruments within the meaning of section 285, No. 18 HGB that are capitalised at their fair value

	Book value € 000s	Fair value € 000s
Shares, units or shares in investment funds and other variable-interest securities	27,138	25,677
Bearer bonds and other fixed-interest securities	39,082	37,990
Mortgage loans	45,431	44,406
Other loans	82,000	77,318

We have refrained from applying any write-downs in accordance with section 253 paragraph 3 clause 5 and 6 HGB, as we either intend to hold these securities until maturity or we are assuming that any fall in value is only temporary according to our evaluation tool or analyses.

Derivative financial instruments and forward purchases in accordance with section 285 No. 19 HGB

	Type	Nominal volume € 000s	Book value premium € 000s	Fair value of premium € 000s
Other liabilities	Short put options	10,870	399	219

Valuation method		
Short options:	European options	Black-Scholes
	American options	Barone-Adesi

Units or shareholdings in domestic investment funds in accordance with section 285 No. 26 HGB

Investment goal	Dividends € 000s	Fair value € 000s	Hidden reserves/ hidden charges € 000s	Limitation on daily redemption
Equity funds	2,490	161,000	13,919	
Bond funds	161	10,492	448	
Mixed funds	91	26,708	1,389	
Real-estate funds	2,659	69,116	10,072	between any time and after 6 months

Re Assets B. II.

Investments in affiliated companies and participating interests	% share	Equity €	Results from previous financial year €
DEVK Europa Real Estate Investment Fonds SICAV-FIS, Luxembourg (L)	15.65	798,333,515[2]	35,288,482[2]
DEVK Omega GmbH, Cologne	25.00	27,882,117	784,280
DEVK Private Equity GmbH, Cologne	20.00	330,828,620	31,334,626
DRED S.C.S. SICAV-FIS, Luxembourg (L)	13.09	337,582,159	35,246,973
Grundversorgung S.C.S., Luxembourg, (L)	19.85	137,269,923[2]	13,261,620[2]
Ictus GmbH, Cologne	15.00	55,662,939	3,152,102
Infrastructure Access Portfolio-L 2 SCSp, Luxembourg (L)	3.60	221,152,096	6,957,726

[2] Based on subgroup financial statements

Re Assets B. III.

Other investments

Other investments comprise participation certificates and fund units.

Re Assets E. II.

Other prepayments and accrued income	
Premium on registered bonds	€ 5,346
Advance payments for future services	€ 100,524
	€ 105,870

Re Liabilities A. I.

Subscribed capital

The subscribed capital totalling € 195,000,000 is divided into 195,000,000 shares.

Re Liabilities B.

Technical provisions Figures in € 000s	Total gross provision		of which: Provision for claims outstanding		of which: Equalisation provision and similar provisions	
Insurance class	Financial year	Previous year	Financial year	Previous year	Financial year	Previous year
Accident	165,741	169,448	164,435	168,234	937	848
Liability	97,913	98,789	97,420	98,770	-	-
Motor vehicle liability	1,684,885	1,644,569	1,630,397	1,563,933	41,923	67,477
Other motor vehicle	130,912	130,101	44,207	36,894	84,683	91,303
Fire and non-life	252,976	150,188	209,757	105,459	35,928	31,442
of which:						
Fire	7,862	6,558	4,012	2,854	3,739	3,593
Household contents	21,051	13,475	20,876	13,461	-	-
Homeowners' building	207,528	112,941	170,191	73,423	30,426	26,539
Other non-life	16,535	17,214	14,678	15,721	1,763	1,310
Other	9,156	10,087	2,517	2,557	6,068	6,455
Total	**2,341,583**	2,203,182	**2,148,733**	1,975,847	**169,539**	197,525

The settlement result net of reinsurance for the financial year stands at T€ 114,638 (previous year T€ 100,503) .

Re Liabilities B. IV.

Provision for bonuses and rebates

a) Bonuses

31/12/2020	€ 9,500,824
Allocation	€ 9
31/12/2021	**€ 9,500,833**

b) Rebates

31/12/2020	€ 83,500
Allocation	€ 93,500
31/12/2021	**€ 177,000**

Re Liabilities F.

Accruals and deferred income

Discount points on registered bonds	€ 627,560
Advance payments for future services	€ 34,567
	€ 662,127

Notes to the profit and loss account

Direct and reinsured insurance business

Financial year in € 000s	Gross premiums booked	Gross premiums earned	Net premiums earned	Gross expenses on Insurance claims	Gross expenses on Insurance operations	Reinsurance balance	Technical result net of reinsurance
Accident	134,863	134,863	106,125	34,688	45,796	-12,723	42,308
Liability	104,386	103,934	103,084	31,890	47,511	-4,562	19,994
Motor vehicle liability	559,050	559,465	497,117	485,166	81,223	218	19,334
Other motor vehicle	342,392	342,385	275,762	316,067	55,578	12,060	-10,429
Fire and non-life	362,985	370,450	296,037	353,024	128,267	126,755	3,328
of which:							
Fire	2,512	2,512	2,152	2,266	699	-360	-1,179
Household contents	119,798	119,798	101,941	67,100	46,150	21,800	25,249
Homeowners' building	210,840	218,150	163,710	268,638	64,070	103,451	-19,721
Other non-life	29,835	29,990	28,234	15,020	17,348	1,864	-1,021
Other	18,665	19,169	17,951	12,500	2,795	-1,087	3,204
Total	**1,522,341**	**1,530,266**	**1,296,076**	**1,233,335**	**361,170**	**120,661**	**77,739**

previous year € 000s	Gross premiums booked	Gross premiums earned	Net premiums earned	Gross expenses on Insurance claims	Gross expenses on Insurance operations	Reinsurance balance	Technical result net of reinsurance
Accident	125,713	125,713	99,030	29,475	47,283	-11,973	37,552
Liability	95,334	95,334	94,528	51,459	44,282	10,844	14,658
Motor vehicle liability	561,617	561,558	498,140	493,490	84,111	9,868	6,651
Other motor vehicle	341,598	341,702	277,372	257,442	54,668	-11,692	-1,387
Fire and non-life	391,087	390,565	286,596	183,959	134,048	-36,697	27,326
of which:							
Fire	2,293	2,293	1,937	502	742	-313	-1,189
Household contents	113,602	113,602	99,416	33,279	45,080	-7,031	25,423
Homeowners' building	236,760	236,244	149,217	127,045	68,812	-27,416	7,094
Other non-life	38,432	38,426	36,026	23,133	19,414	-1,937	-4,002
Other	18,787	19,635	18,467	10,478	3,796	-779	5,368
Total	1,534,136	1,534,507	1,274,133	1,026,303	368,188	-40,429	90,168

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

Acquisition expenses	€ 201,734,503
Administration costs	€ 159,435,346

Insurance agents' commission and other remuneration, personnel expenses		
	Financial year € 000s	Previous year € 000s
1. Insurance agents' commission of all types within the meaning of section 92 HGB for direct insurance operations	200,592	214,536
2. Other insurance agents' remuneration within the meaning of section 92 HGB	-	-
3. Wages and salaries	829	831
4. Social-security contributions and social-insurance costs	-	-
5. Retirement pension costs	566	484
Total	**201,987**	215,851

The pension provision for the personnel provided under the Cooperative Agreement is capitalised by DEVK Rückversicherungs- und Beteiligungs-AG - DEVK RE. 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 € 850,267. The retirement pensions of former Management Board members and their surviving dependants totalled € 554,119. As of 31 December 2021, a pension provision of € 7,077,683 was to be capitalised for this group of people. The Supervisory Board remuneration totalled € 183,019. Payments to the Advisory Board came to € 63,712.

Of the investment income, € 141,313 (previous year € 27,358) is attributable to currency conversion. The investment expenses include € - (previous year € 1,677,065) from currency conversion.

Auditors' fees

For services rendered by the auditors (KPMG AG Wirtschaftsprüfungsgesellschaft) for the company in the financial year, a fee of € 278,937 was paid (including € 27,705 in reduced expenditure for 2020). This was entirely incurred due to audit services.

Other information

Difference pursuant to section 253 paragraph 6 of the German Commercial Code (HGB)

On the balance sheet date, the difference pursuant to section 253 paragraph 6 HGB amounted to € 803,094 (previous year € 1,000,760). This was due to the pension provision.

Contingent liabilities and other financial obligations

On the balance sheet date, there were financial obligations totalling € 10.9 million from open short options. The payment obligations in relation to approved mortgage loans not yet paid out totalled € 39.9 million.

At the end of the year, remaining payment obligations arising from real-estate holdings, fund units, participating interests and shares in affiliated companies totalled € 338.1 million. This includes obligations towards affiliated companies amounting to € 160.7 million.

Via a bond insurance policy DEVK Allgemeine Versicherungs-AG is furnishing a default guarantee in the event of the policyholder's insolvency. As of the balance sheet date this guarantee covers the sum of € 75.3 million. We do not currently anticipate any availment of this guarantee since the risk of the policyholder becoming insolvent is rated as extremely low.

Supplementary report

War broke out in Ukraine after the end of the financial year. For DEVK, the economic consequences of the war result in particular from the increasing uncertainty on the capital markets. The effects on the future net assets, financial position and results of operations are difficult to assess at the moment.

General information

Number of insurance policies concluded for at least one year in direct insurance operations

	Financial year	Previous year
Accident	971,164	979,367
Liability	1,390,297	1,363,947
Motor vehicle liability	2,596,250	2,594,501
Other motor vehicle	2,014,044	1,989,607
Fire and non-life	2,040,069	2,013,117
of which:		
Fire	8,993	8,888
Household contents	1,028,630	1,017,838
Homeowners' building	453,736	447,954
Other non-life	548,710	538,437
Other	3,185	2,258
Total	**9,015,009**	8,942,797

DEVK Allgemeine Versicherungs-AG, Cologne, is registered at the local court under Commercial Register Number HRB 7935.

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 is 100 % owned by DEVK Rückversicherungs- und Beteiligungs-AG - DEVK RE, Cologne. The aforementioned has disclosed, pursuant to section 20 paragraph 4 AktG, that it holds a voting rights majority.

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

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 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, and in the Electronic Federal Gazette.

Cologne, 11 March 2022

The Management Board

Rüßmann **Burg** **Knaup** **Scheel** **Zens**

Independent audit certificate

To DEVK Allgemeine Versicherungs-Aktiengesellschaft, Cologne

Report on the audit of the annual financial statements and of the management report

Opinions

We have audited the annual financial statements of DEVK Allgemeine Versicherungs-Aktiengesellschaft, Cologne, comprising the balance sheet to 31 December 2021, the profit and loss account for the financial year from 1 January to 31 December 2021, as well as the notes, including the statement of the accounting policies. In addition we have audited the management report of DEVK Allgemeine Versicherungs-Aktiengesellschaft, for the financial year from 1 January to 31 December 2021.

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying annual financial statements comply in all material respects with the prevailing German commercial regulations for insurance undertakings, give a true and fair view, in accordance with German principles of proper accounting, of the assets, liabilities, and financial position of the Company as of 31 December 2021, and of its financial performance for the financial year from 1 January to 31 December 2021, and
- the accompanying management report as a whole provides an appropriate view of the Company's position. In all material respects, the management report is consistent with the annual financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future developments.

Pursuant to section 322 paragraph 3 clause 1 HGB, we hereby declare that our audit has not led to any reservations relating to the legal compliance of the annual financial statements and management report.

Basis for the opinions

We conducted our audit of the annual financial statements and of the management report in accordance with section 317 HGB and EU Audit Regulation No. 537/2014 (hereinafter referred to as "EU Audit Regulation") and in compliance with the German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities according to those requirements and principles are further described in the section of our auditor's report entitled "Auditor's responsibilities for the audit of the annual financial statements and of the management report". In accordance with the provisions of European law and German commercial and professional law, we are independent of the Company, and we have also fulfilled our other German professional responsibilities pursuant to those provisions. Moreover, in accordance with Article 10, paragraph 2, point (f) of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under Article 5, paragraph 1 of the EU Audit Regulation. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinions on the annual financial statements and the management report.

Key audit matters in the audit of the annual financial statements

Key audit matters are those matters which, in our professional judgement, were of greatest significance in our audit of the annual financial statements for the financial year from 1 January to 31 December 2021. These matters were addressed in conjunction with our audit of the annual financial statements as a whole, and in forming our audit opinion in this regard; we do not provide a separate audit opinion on these matters.

Measurement of the partial loss provisions for known and unknown claims contained in the gross provision for claims outstanding in our direct non-life and accident insurance.

With regards to the applied accounting policies and methods we refer to the explanations given in the notes to the Company's annual financial statements in the "Accounting and valuation methods" section. Details regarding risks are contained in the management report in the "Risk report" section.

THE FINANCIAL STATEMENT RISK
The gross provisions for claims outstanding amount to EUR 2,149 million. This corresponds to 86.2% of the balance sheet total, which has a significant impact on the company's financial position.

The gross provision for claims outstanding is made up of various partial loss provisions. The provision for known and unknown insurance claims accounts for a large part of this.

The valuation of the partial loss provisions for known and unknown claims is subject to a degree of uncertainty regarding the prospective claims and is therefore very much a matter of judgement, in particular with respect to unknown claims. According to commercial principles, the estimate must not be made in a risk-neutral way, in a spirit of equal weighting of opportunities and risk, but rather in observance of the prudence principle (section 341e paragraph 1 sentence 1 HGB).

The provisions for known claims are realised according to the likely cost of each individual claim. A provision for claims incurred but not yet been reported (unknown claims) is formed, the extent of which is predominantly based on empirical values and calculated through the application of recognised actuarial techniques.

The risk for the financial statements in relation to claims already known on the balance sheet date lies in the fact that insufficient provision may be made for claims payments still outstanding. In the case of unknown claims, there is also the risk that these are not estimated to an adequate extent.

OUR AUDIT APPROACH
When auditing the provision for claims outstanding, we also used our own actuaries and performed the following significant audit procedures on a risk-oriented basis:

- We obtained a fundamental overview of the process for calculating provisions, identified key process risks and the checks covering them, and tested the suitability and efficacy of these identified checks. In particular, we have satisfied ourselves that the checks designed to ensure correct valuation are appropriately formulated and effectively implemented.
- On the basis of both random and deliberate sampling, we reproduced the process of determining the extent of individual known provisions via examination of the records for various segments and types of insurance.
- We have reproduced the company's calculation for risk-oriented selected business segments to determine the unknown IBNR losses. In doing so, we paid particular attention to the determination of the estimated number of losses and the associated claim amounts based on historical experience and current developments.
- We analysed the actual development of the provision for claims outstanding posted in the previous year on the basis of the settlement results.
- We analysed the development of the loss reserve on the basis of a time series comparison, in particular of the number of claims, the claims frequencies, average claims amounts and the claims ratios for the financial year and on the balance sheet.
- We performed our own actuarial calculations for certain segments, which we selected on the basis of risk considerations. In each case, we generated a point estimate and compared this figure with the company's calculations.

OUR OBSERVATIONS
The methods used for the partial loss reserves for known and unknown claims included in the gross provision for claims outstanding in the non-life and accident insurance business are appropriate, are in accordance with the applicable accounting principles, and have been applied correctly. The underlying assumptions have been derived in a suitable manner.

Other information
The Management or Supervisory Board is responsible for the other information.

Other information includes the annual report. Other information does not include the annual financial statements, the management report information audited in substance and our associated auditor's report.

Our opinions on the financial statements and on the management report do not cover the other information, and consequently we do not express an audit opinion or any offer any other form of assurance in relation to said information.

In connection with our audit, our responsibility is to read the aforementioned other information and consider whether it

- is materially inconsistent with the annual financial statements, the management report information audited in substance and the knowledge we acquired during the audit, or
- otherwise appears to be materially misstated.

Responsibilities of Management and the Supervisory Board for the annual financial statements and the management report
The management is responsible for the preparation of annual financial statements that comply, in all material respects, with the prevailing provisions of German commercial law as applied to insurance undertakings and for ensuring that the annual financial statements, in compliance with German principles of proper accounting, give a true and fair view of the Company's assets and liabilities, financial position and financial performance. In addition, the management is responsible for implementing such internal controls as they deem necessary in conformity with German principles of proper accounting, in order to permit the preparation of annual financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the annual financial statements, the management is responsible for assessing the Company's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. They are also responsible for financial reporting founded on the accounting policy of the going concern, provided no factual or legal circumstances militate against this.

Furthermore, the management is responsible for the preparation of a management report that, taken as a whole, provides an appropriate view of the Company's position and is consistent in all material respects with the annual financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, the management is responsible for such arrangements and measures (systems) as they deem necessary to facilitate the preparation of a management report that complies with the applicable German legal requirements and provides sufficient appropriate evidence for the assertions in the management report.

The supervisory board is responsible for overseeing the Company's financial reporting process for the preparation of the annual financial statements and management report.

Auditor's responsibilities for the audit of the annual financial statements and of the management report

Our objectives are to obtain reasonable assurance as to whether the annual financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the management report as a whole provides an appropriate view of the Company's position and is consistent in all material respects with the annual financial statements and the knowledge obtained in the audit, complies with German legal provisions and appropriately presents the opportunities and risks of future developments, as well as to issue an auditor's report that includes our audit opinions on the annual financial statements and management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with section 317 HGB and the EU Audit Regulation and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements may arise from fraud or error and are considered material if they could individually or mutually be reasonably expected to influence the economic decisions of users taken on the basis of these annual financial statements and this management report.

We exercise professional judgement and maintain professional scepticism throughout the audit. We also

- Identify and assess the risks of material misstatements in the annual financial statements and the management report, whether due to fraud or error, plan and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the circumvention of internal controls.
- Acquire an understanding of the internal control system relevant to the audit of the annual financial statements and of arrangements and measures relevant to the audit of the management report, in order to plan audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of these Company systems.
- Evaluate the appropriateness of the accounting policies used by the management and the reasonableness of estimates made by the management, as well as the related disclosures.
- Draw conclusions regarding the appropriateness of the management's use of the going concern basis of accounting and, based on the audit evidence obtained, as to whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are obliged to draw attention in the auditor's report to the related disclosures in the annual financial statements and in the management report or, if such disclosures are inadequate, to modify our respective audit opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or circumstances may mean the Company is no longer able to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual financial statements present the underlying transactions and events in a manner conducive to ensuring that the annual financial statements give a true and fair view of the assets and liabilities, financial position and financial performance of the Company in compliance with German principles of proper accounting.
- Evaluate the consistency of the management report with the annual financial statements, its conformity with applicable law, and the view of the Company's position it provides.
- Perform audit procedures on the forward-looking information presented by the management in the management report. On the basis of sufficient appropriate audit evidence, we evaluate, in particular, the significant assumptions used by the management as a basis for its forward-looking statements, and evaluate the proper

derivation of the forward-looking statements from these assumptions. We do not express a separate audit opinion on the forward-looking statements or the assumptions on which they are based. There is a substantial unavoidable risk that future events will differ materially from the forward-looking statements.

We engage in discussions with the persons responsible for governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in the internal control system that we identify during our audit.

We also provide the persons responsible for governance with a statement that we have complied with the relevant independence requirements, and discuss with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, the related safeguards.

From the matters discussed with the persons responsible for governance, we determine the matters which were of most significance in the audit of the annual financial statements for the current period and which therefore constitute the key audit matters. We describe these matters in our auditor's report unless public disclosure of the matter is forbidden by legislation or other legal provisions.

Other legal and regulatory requirements

Further Information pursuant to Article 10 of the EU Audit Regulation

We were elected as the auditors at the Supervisory Board meeting on 29 April 2021. Furthermore, we were engaged by the Supervisory Board on 29 April 2021. We have acted as the auditor of DEVK Allgemeine Versicherungs-Aktiengesellschaft without interruption since the 1998 financial year.

We hereby declare that the opinions expressed in this auditor's report are consistent with the additional report to the Audit Committee pursuant to Article 11 of the EU Audit Regulation (long-form audit report).

In addition to the audit, we also rendered the following services, which are not stated in the annual financial statements or the management report, for the audited companies or for companies controlled by the audited companies:

- Audit of the Company's solo solvency overview
- Project-related audit services and IT consulting services.

Chief auditor

The auditor in charge of the audit is Thorsten Klitsch.

Cologne, 25 March 2022

KPMG AG
Wirtschaftsprüfungsgesellschaft

Klitsch	**Hansen**
Auditor	Auditor

Supervisory Board report

During 2021, 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 2021 annual financial statements and management report prepared by the Management Board. This audit did not reveal any irregularities. An unqualified audit certificate was granted. The Supervisory Board has duly acknowledged the audit findings.

Following preparation by the Audit Committee, the Supervisory Board examined and approved the annual financial statements and management report prepared by the Management Board. The annual financial statements for 2021 are thus duly adopted.

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

Cologne, 19 May 2022

The Supervisory Board

Ingenschay
Chair

Group management report

Group foundations

Group structure

At the head of the Group is DEVK Sach- und HUK-Versicherungsverein a.G. DEVK Sach- und HUK-Versicherungsverein a.G.'s inception was as a self-help organisation for railway workers, and today it 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.

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

Changes to the consolidated group compared the previous year for the purpose of the 2021 consolidated financial statements had no material impact on the Group's net assets, financial position and results of operations. Details of these 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.

The companies of the DEVK Sach- und HUK Group and the DEVK Lebensversicherungs Group largely share a joint organisation and management set-up. Various general agency agreements are also in place.

The bulk of the sales is realised by our field sales force, which comprises both our own salaried field sales agents and self-employed representatives. We also engage in a variety of sales cooperation arrangements.

Of particular importance is the cooperation with the Sparda Bank Group and, in the transport market, with the Forum für Verkehr und Logistik (Forum for Traffic and Logistics) and the DBplus partners within the DB Group. Our central direct sales operation and corresponding links with brokers round off our sales channel mix.

The DEVK Group has branches in 19 German cities and more than 1,200 offices throughout Germany.

Please note that rounding may lead to differences from the mathematically exact figures (monetary units, percentages, etc.).

The sections of the management report marked with ¹ contain details which have not been checked by the auditor.

Delegation of functions and organisational cooperation

Under the existing general agency contracts with other DEVK insurance companies, DEVK Sach- und HUK-Versicherungsverein a.G. has been assigned overall responsibility for all DEVK insurance brokerage operations and associated tasks.

The general operational areas (e.g. accountancy, collection, IT, asset management, personnel, auditing and general administration) are centrally organised for all DEVK companies. The portfolio management and claims management of DEVK Sach- und HUK-Versicherungsverein a.G. is carried out together with DEVK Allgemeine Versicherungs-AG. The same applies to the portfolio management and claims management of DEVK Allgemeine Lebensversicherungs-AG and DEVK Lebensversicherungsverein a.G. 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, the Group parent company provides the necessary internal staff for the Group companies DEVK Rückversicherungs- und Beteiligungs-AG - DEVK RE, 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.

Business performance

Economic activity in Germany experienced highly positive development following the end of the extensive lockdown measures from May 2021 until the fourth wave of the Corona virus in November of the same year. During the first quarter, real gross domestic product (GDP) still fell by 3.0 %, only to grow by 10.8 % year-on-year in the second quarter of 2021. By contrast, towards the middle of 2021, rising energy prices and disruptions to international supply chains led to an unexpected slowdown in growth momentum to +2.8 % in the third quarter and - together with the resurgence of the virus - to only +1.4 % year-on-year in the fourth quarter of 2021 (and therefore -0.7 % quarter-on-quarter). As such, price-adjusted absolute GDP was only just below the value at the end of the pre-pandemic year 2019. This development was accompanied by a significant increase in inflation rates to over 5.0 % in the fourth quarter of 2021, in both Germany and the USA. The Ifo Index rose steadily until June 2021, only to fall again for six months in a row from the middle of the year until the end of the year, declining from 101.7 points to 94.8 points.

The political discussions in 2021 were dominated by climate risk issues, the Bundestag elections and the subsequent formation of the government, as well as developments around the fourth wave of COVID-19. The planned government stimulus measures in the EU, and in particular in the US, led to high growth expectations for 2022 and a positive outlook especially for infrastructure investments. Economists estimate that real GDP growth in Germany will average 3.1 % in 2022 (according to Bloomberg), up from 2.9 % in 2021 (according to the Federal Statistical Office). GDP growth in the USA stood at 5.7 % in 2021; the expectation for 2022 is 3.6 % on average. In the second quarter, GDP growth in the USA was even higher than growth in China compared to the previous quarter, while it stood at the same level in the third quarter.

During the course of the year, the development of the stock markets increasingly disengaged from news regarding the pandemic as vaccination rates in the industrialised countries rose, until a sharp rise in incidences arose in conjunction with subsequent renewed restrictions on daily life in several European countries due to the emergence of the new Omicron variant of the virus. Up to the end of November 2021, the short-term mood on the stock markets was largely dampened by concerns about a reduction of monetary policy support measures. These declines generally turned into buying opportunities within a few days, driven by the lack of investment alternatives and the fear of missing out on further price rises. In 2021, the daily closing price of the German benchmark index DAX rose by 18.5 % at its peak (17 November 2021). Over the rest of the year, the dramatic deterioration in the circumstances around the pandemic caused a decline of over 7 %. Towards the end of the year, the situation on the capital markets eased and the DAX rose again by a good 5 %, so that a gain of 15.8 % was achieved by the DAX for the year as a whole - driven by a very loose monetary policy overall and a lack of investment alternatives in the interest rate area.

The mood on the bond market in 2021 was strongly influenced by concerns about rising inflation as well as the end of loose US monetary policy and (with a time lag) European monetary policy. Accordingly, the risk-free interest rates, as seen for the example with the 10-year Euro swap rate, rose significantly at times. The 10-year Euro swap rate gained over 0.4 percentage points and stood at just under 0.2 % from January to mid-May 2021. A decline in concerns about a near-term scaling back of central bank purchases and possible central bank rate hikes brought the 10-year Euro swap rate back down below -0.1 % in August 2021, only to rise above 0.3 % in October 2021. This interest rate was also valid on 31 December 2021. The yield on the ten-year German government bond developed in the same way, reaching a low of -0.6 % in January 2021, recovering to -0.1 % in the course of the year and standing at -0.2 % at the end of the year. The risk premiums on European investment grade corporate bonds fell by just under 0.1 percentage points by mid-2021, but rose significantly by almost 0.3 percentage points in November 2021 and reached a value only slightly above the level at the beginning of the year by the end of the 2021. In 2021 as a whole, the risk-free interest rates of bonds with a maturity of between 8 and 15 years rose more sharply than the long maturities of over 20 years, so that the risk-free interest rates for a maturity of 40 or 50 years, for example, were significantly lower than for 20 years. This constitutes a challenging situation for long-term investors, because it is difficult to map the long actuarial maturities on the investment side at acceptable yields.

2021 was the fourth most expensive year in history for the global insurance industry. Natural disasters caused losses of around USD 343 billion, of which around USD 130 billion were sums insured. High losses resulted in particular from Hurricane Ida, which landed in New Orleans, the extremely cold temperatures in southern USA in February, and a drought in North America with high agricultural losses. In Europe, floods caused by Storm Bernd had a particularly negative impact.

In addition to the high claims burden, the ever-prevalent Corona virus pandemic remained challenging. Although the adapted processes worked much better, personal contact was still restricted.

These events caused a further hardening of the reinsurance market. Some providers reduced the capacity of their natural disaster cover, whilst others withdrew from this segment altogether.

The operating result of German non-life and accident insurance in 2021 was shaped by natural disasters. With insured losses of around € 12.5 billion, 2021 was the most expensive year in terms of natural disasters since records began in the early 1970s. The main event with an insured loss volume of around € 8 billion was Storm Bernd, which caused severe damage, especially in Rhineland-Palatinate and North Rhine-Westphalia, due to heavy rain and flooding. As a result, according to figures quoted by GDV at its annual media conference at the end of January 2022, the combined ratio should be around 102 % (previous year 90.7 %). The earnings situation for the non-life and accident insurance sector therefore deteriorated significantly in comparison to the previous year, although a presentable result was still achieved in light of the record claims.

On the premium side, GDV expects gross premium income in non-life and accident insurance to increase by 2.2 % in 2021.

In the motor vehicle insurance segment, premium receipts growth for 2021 came to +0.4 %, which was below the figure in the previous year (+2.3 %). The GDV estimates that the combined ratio is likely to be around 95 % (previous year 90.6 %). On the premium side, we believe that the increasing competitive pressure in this line of business is reflected.

In life insurance in the narrower sense, the premium development in 2021 was below the level witnessed in the previous year. This was due to lower single premiums. Decreases were particularly evident in annuity insurance (mixed forms with guarantees) and capitalisation business.

Premium income in private health and long-term care insurance increased by 5.0 % in 2021.

Business trends

Non-life and accident insurance business trends

Number of insurance policies concluded for at least one year in direct insurance operations

	Financial year	Previous year
Accident	1,223,416	1,235,423
Liability	1,928,011	1,909,736
Motor vehicle liability	3,174,782	3,154,170
Other motor vehicle	2,495,419	2,451,969
Fire and non-life	2,841,353	2,824,214
of which:		
Fire	11,543	11,516
Household contents	1,403,727	1,397,946
Homeowners' building	636,225	630,886
Other non-life	789,858	783,866
Other	3,908	3,108
Legal protection	1,043,971	1,030,227
Total	**12,710,860**	12,608,847

The table contains the figures for DEVK Sach- und HUK-Versicherungsverein a.G., DEVK Allgemeine Versicherungs-AG, DEVK Rechtsschutz-Versicherungs-AG and GAV Versicherungs-AG. The overall portfolio has grown by 0.8 % since the previous year. DEVK Allgemeine Versicherungs-AG made the largest contribution to growth. The portfolio of our French group company SADA Insurances S.A. is not included in the table. This grew by 9.2 % compared to the previous year, to over 93,000 contracts.

With growth of 5.7 %, the gross increase in premium income was higher than expected (forecast: over 4 %). A particularly significant reason for this is the strong expansion of the active reinsurance business.

After a withdrawal from the equalisation provision of € 7.5 million (previous year € 61.0 million allocation), the underwriting result net of reinsurance stood at € 76.7 million (previous year € 112.4 million). The result therefore lay slightly above the forecast figure (in the region of € 65 million to € 75 million).

Life insurance business trends

The Group's life insurance business is conducted by DEVK Allgemeine Lebensversicherungs-AG.

While the industry as a whole witnessed a decline in premiums, the premium income of DEVK Allgemeine Lebensversicherungs-AG was almost at the level of the previous year.

The pandemic-related downturn in new business from the previous year continued during the course of 2021. The reduction in new business development was particularly evident in disability insurance. Furthermore, an impact was felt by the conclusion of the sale of the Riester product line as of 1 January 2021.

Sales of annuities with flexible guarantees decreased in 2021. This was clearly influenced by the single-premium pension tariff (R8) introduced in the previous year. Since this tariff has only been offered within the framework of reinvestment management for maturing life insurance policies, new business has been significantly reduced.

The number of risk insurance policies also increased in the 2021 financial year, due to the positive influence of the tariff introduced last year. The online sales channel via the comparison website Check24, to which the new term life insurance has been linked since 1 March, played a subordinate role here.

Unit-linked annuity insurance witnessed highly positive development in terms of premium volume in 2021. A booster campaign during the financial year was one of the factors to positively influence the premium development. In addition, the fund investment was expanded this year to include a security-oriented investment concept, the "DEVK RenditeSmartProtect". The aim of the investment strategy is to limit the annual risk of loss to a maximum of 10 %.

On the investment front, the net investment income of € 221.6 million was significantly higher than the previous year's figure of € 188.4 million (both without FLV/FRV), and as such was higher than expected due to a higher demand on the liabilities side. The disposal losses of the investments and lower write-downs within the investments fell significantly following the elimination of the Corona virus-related effects. Write-ups increased significantly compared to the previous year, while gains on disposals fell slightly. The investment portfolio increased slightly in 2021, as expected. The net interest rate of 3.9 % (previous year 3.4 %) is therefore significantly (and therefore more than expected) above the previous year's level. As forecast, the current investment result was moderately below the previous year's figure. (Previous year's forecast: We expect a current result that is moderately below the previous year's level due to interest rates, with a slight increase in the investment portfolio. We expect an investment result moderately above the previous year's level, so that the net return in 2021 should likewise be moderately above the level of 2020).

New business and portfolio

During 2021, DEVK Allgemeine Lebensversicherungs-AG concluded a total of 38,359 new policies (previous year 44,364). Contrary to the forecast, this resulted in a decline of 13.5 %. The sum insured under new policies stood at € 3.15 billion (previous year € 3.14 billion). This equates to a premium amount from new business of € 1.08 billion (previous year € 1.17 billion).

The sum insured under the main insurance policies within our portfolio rose 4.3 % to € 29.12 billion (previous year € 27.92 billion). As forecast, the number of policies declined by 2.2 % to 714,483 (previous year: 730,347). The portfolio development is presented in the notes to this management report.

Health insurance business trends

This segment is operated by DEVK Krankenversicherungs-AG.

As in recent years, the most important contributor of new business at DEVK Krankenversicherungs-AG was supplementary insurance for members of statutory health insurance schemes. The insurance types are individually listed in the notes to this management report. DEVK continues to more than hold its own in the ever more fiercely contested supplementary insurance segment and maintain its market share (unchanged at 1.17 % by gross premiums written).

The monthly target premium in the overall portfolio stood at € 9.11 million by the end of the year (previous year € 8.76 million). The net premium receipts rose in the period under review by 4.5 % to € 108.5 million. However, in contrast to normal market practice, this growth is barely driven by premium adjustments; aside from daily care allowance policies, almost all premium increases were financed by RfB funds. The main change driver in net premium income, on the other hand, was new business in supplementary insurance (3.6 % growth in individuals covered compared to the previous year). An overview of the number of persons insured per insurance type is provided in the notes.

All in all, this meant that our mid-term growth expectations were almost fulfilled (forecast: 109 million) and exceeded in terms of earnings. In both cases, a continuation of the previous course was forecast in the previous year.

The net investment income increased significantly from € 6.9 million to € 9.0 million in 2021. A material increase is in line with our expectations for 2021 and is mainly due to significantly lower disposal losses (€ 0.02 million following on from € 1.8 million in the previous year), especially due to the discontinuation of the pandemic-related share losses, and increased write-ups (€ 0.4 million following on from T€ 0.5 in the previous year) despite lower gains on disposals (€ 0.5 million following on from € 1.2 million in the previous year). The net interest rate therefore rose significantly as expected to 2.4 % (previous year 2.0 %).

As anticipated, the interest rate for new investments and reinvestments - which was below the interest rate for existing investments - led to a further moderate decline in the current interest rate in relation to the average investment volume from 2.4 % to 2.2 %. The investment portfolio rose significantly in 2021, from € 354.9 million to € 398.2 million; this development is slightly above expectations (previous year's forecast: We expect the absolute result in 2021 to fall significantly short of the figure in the previous year, with a moderate increase in the investment portfolio. Overall, we expect a significant increase in net interest).

Pension fund business trends

The Group’s pension fund business is conducted by DEVK Pensionsfonds-AG.

Business development in 2021 was good despite the pandemic.

The number of people enrolled in pension plans rose by 8.5 % in the 2021 financial year (previous year 7.3 %). Premium income increased by 18.7 %. As expected, we were unable to match the previous year's high growth of 41.2 % in 2021 due to the collectively agreed increase in employer-funded contributions. However, the increase in contributions in the year under review was again mainly due to the collectively agreed employer-funded pension scheme of Deutsche Bahn AG and the competitor railways.

The expenses for pension benefits and pension fund operations nevertheless increased by 23.8 % (previous year 41.3 %) after the elimination of a special effect from 2020. The main reasons for the increase were the one-off severance payments at the start of the pension or at the end of the employment relationship, as well as expenses for the new pension fund administration system, the so-called portfolio migration project.

The most important source of new business continues to be defined-contribution pension plans pursuant to section 3 No. 63 of the German Income Tax Act (EStG).

The net investment income including realised customer income according to the German Commercial Code (HGB) was € 27.2 million in the pension fund technical account in 2021 and was significantly above the previous year's value of € 0.9 million as expected. The significant increase is due to the discontinuation of the disposal losses on customer funds in the previous year resulting from the fund switches made in 2020. Excluding income and expenses for customer account, the net investment income amounted to € 21.8 million in 2021, moderately below the figure in 2020 of € 23.6 million. The decline is due to lower gains on disposals, which could not be offset by higher current income due to the growing investment portfolio.

The investment portfolio excluding customer funds developed in line with expectations before consolidation, with a significant increase from € 1,167.4 million to € 1,313.3 million (previous year’s forecast: Due to the discontinuation of the effects from the fund switches, in 2021 we expect DEVK Pensionsfonds-AG to register a considerably higher absolute result on a significantly growing investment portfolio. Excluding the effect of fund switches, we expect earnings to be moderately below the previous year's level due to the decline in interest rates and the absence of extraordinary income. Accordingly, we anticipate a substantially higher net interest rate in 2021 including realised customer income, when compared to the previous year).

The expansion of real assets within the pension fund's asset allocation was continued in 2021, particularly in the real estate sector.

New business and portfolio

In the year under review there were 16,360 net additions to the number of future pensioners and retirees (pension relationships at personal level) (previous year 12,984). This figure was in line with our expectations.

The number of future pensioners again developed positively. The number of entitlement contracts increased by 8.4 % compared to the previous year (previous year 6.0 %). The portfolio comprises 291,662 pension schemes for

202,968 persons currently at the future entitlement stage, of which 151,508 are for men and 51,460 for women (previous year 271,026 contracts, 187,273 individuals, of which 139,535 men and 47,738 women).

The number of pension schemes now drawing pensions rose by 14.6 % (previous year: 10.1 %) to 5,224 ongoing pensions (previous year 4,559). The majority of pension recipients opt for early retirement at the age of 63.

Around 93 % of the portfolio (previous year 97 %) and 78 % of new business (previous year 98.3 %) results from pension commitments within the framework of the collective bargaining agreements and from deferred compensation for employees of Deutsche Bahn AG. The change results from the increase in the share of the collectively agreed employer-funded pension scheme of the competitor railways.

Overall business trends

The Group's gross premium receipts rose 5.7 % to € 3,781.8 million. Earned premiums net of reinsurance during the financial year rose by 5.4 % to € 3,521.0 million. Expenditures on insured events and pensions net of reinsurance rose by 7.5 % to € 2,346.1 million. Here, the sharp increase in gross claims expenditure in the area of non-life and accident insurance - caused by factors including the flooding triggered by "Storm Bernd" - was limited by our sound reinsurance protection. Their ratio of the earned net premiums therefore stood at to 66.6 % (previous year 65.3 %). The ratio of expenses on insurance and pension fund operations net of reinsurance to earned premiums net of reinsurance changed slightly to 22.0 % (previous year 21.9 %).

Following on from a withdrawal from the equalisation reserve in the area of non-life and accident insurance (€ 7.5 million, previous year € 61.0 million allocation), there was an underwriting and pension fund result net of reinsurance of € 83.1 million (previous year € 120.7 million).

The investment result in the non-technical account witnessed strong improvement to € 223.7 million (previous year € 87.9 million). We had expected an increase, but not to this extent. The expansion of real assets in the investment portfolio - as agreed at the end of 2019 - through the adjustment of the Strategic Asset Allocation further progressed in 2021.

The "Other" result, including the technical interest income, declined as expected to € -121.7 million (previous year € -101.5 million). Higher expenses for pensions and lower interest income from tax rebates made a significant contribution to this.

The unexpectedly sharp increase in the investment result more than compensated for the declines in the underwriting result of non-life and accident insurance, and in the other result. Accordingly, the result from ordinary activities of € 185.1 million (previous year € 107.1 million) was significantly higher than expected (forecast € 90 million to € 100 million).

After a disproportionate increase in tax expenses, whereby the previous year benefited from the release of tax provisions, the net profit for the year was € 91.6 million (previous year € 77.1 million). The net profit for the year therefore reached a satisfactory level.

Net assets, financial position and results of operations

Results of operations

	Financial year € 000s	Previous year € 000s	Change € 000s
Underwriting result net of reinsurance, non-life and accident insurance	76,750	112,418	-35,668
Underwriting result net of reinsurance, life and health insurance	6,395	7,130	-736
Technical pension fund result	-48	1,137	-1,186
Non-underwriting result	98,413	-18,426	116,839
Result before taxes on income	**181,509**	102,260	79,249
Taxes on income	89,952	25,165	64,787
Consolidated net profit for the year (before taking minority shareholders into account)	**91,556**	77,095	14,461
Allocation to retained earnings	25,369	30,340	-4,971
Result attributable to minority shareholders	30,670	14,144	16,526
Net retained profit (after taking minority shareholders into account)	**35,517**	32,611	2,906

Underwriting result net of reinsurance, non-life and accident insurance

Gross premium receipts rose 5.7 % to € 2,944.1 million. Earned premiums net of reinsurance during the financial year rose by 5.3 % to € 2,691.4 million. Claims expenses net of reinsurance rose by 11.6 % to € 1,902.8 million. Their share of the earned net premiums therefore increased to 70.7 % (previous year 66.7 %). At 25.6 %, the ratio of expenses for insurance business net of reinsurance to earned premiums net of reinsurance was slightly up on the previous year figure (25.3 %).

In 2021, gross claims expenses rose much more strongly than premium receipts. The gross claims ratio therefore weakened to 78.6 % (previous year 66.2 %).

Gross operating expenses came to € 721.9 million (previous year € 677.7 million). In relation to gross premiums earned, this yielded a ratio of 24.9 % (previous year 24.8 %).

Despite a withdrawal from the equalisation provision of € 7.5 million (previous year: allocation of € 61.0 million), the net underwriting result of € 76.7 million was below that of the previous year (€ 112.4 million).

Primary insurance in Germany

The following table shows the business trends for business conducted directly in the various individual insurance classes. The figures include the results for DEVK Sach- und HUK-Versicherungsverein a.G., DEVK Allgemeine Versicherungs-AG, DEVK Rechtsschutz-Versicherungs-AG and GAV Versicherungs-AG. In the case of DEVK Allgemeine Versicherungs-AG, the results of the French subsidiary which has been in run-off since 2005 were not eliminated.

Figures in € 000s	Gross premiums written			Change to the equalisation provision		Technical result net of reinsurance	
Insurance class	Financial year	Previous year	Change	Financial year	Previous year	Financial year	Previous year
Accident	185,727	178,876	3.83 %	-89	-135	55,716	55,181
Liability	133,897	131,193	2.06 %	1,031	5,207	25,864	20,172
Motor vehicle liability	667,695	659,925	1.18 %	15,379	2,982	8,423	-8,937
Other motor vehicle	422,366	418,539	0.91 %	6,424	-25,827	-22,512	-10,523
Fire and non-life	463,683	485,830	-4.56 %	-1,009	-4,425	15,838	45,434
of which:							
Fire	3,275	3,035	7.92 %	-1,521	-2,193	-1,392	-1,996
Household contents	161,292	156,991	2.74 %	-	-	34,995	37,041
Homeowners' building	249,279	276,587	-9.87 %	1,009	-4,270	-19,234	11,173
Other non-life	49,838	49,217	1.26 %	-463	2,039	1,469	-785
Other	20,533	20,683	-0.73 %	361	628	3,503	5,830
Legal protection	196,347	185,630	5.77 %	-	-	186	-763
Total	**2,090,248**	2,080,677	0.46 %	**22,097**	-21,570	**87,019**	106,394

The decline in premiums in fire and non-life, due to the discontinuation of coinsurance business at DEVK Allgemeine Versicherungs-AG, is more than compensated for by the other lines of business. The largest premium increases in terms of amount are shown for accident, liability and legal expenses insurance. In motor vehicle insurance, our largest segment, the increase in premiums was comparatively low.

The underwriting results in other motor vehicle and homeowners' building were impacted by the flood disaster.

Active reinsurance

The gross premiums written of DEVK Rückversicherungs- und Beteiligungs-AG - DEVK RE increased greatly by 11.1 % to € 727.6 million. The growth came exclusively from business outside DEVK. Earned premiums net of reinsurance rose by 9.5 % to € 565.9 million (previous year € 517.0 million). Claims expenses net of reinsurance rose more sharply to € 429.0 million (previous year € 354.1 million) due to several natural disasters. The ratio of net claims expenses to earned net premiums therefore rose to 75.8 % (previous year 68.5 %). At 25.6 %, the ratio of expenses for insurance business net of reinsurance to earned premiums net of reinsurance was slightly up on the previous year figure (25.1 %).

At € -13.2 million, the underwriting result before changes to the equalisation provision in 2021 was significantly down on the previous year's figure (€ 30.3 million). After an allocation to the equalisation provision of € 13.5 million (previous year € 35.8 million), the underwriting result net of reinsurance stood at € -26.7 million (previous year € -5.5 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-Versicherungsverein a.G. in Switzerland. The equity capital of Echo Re, which chiefly operates outside Europe, stands at 149.2 million Swiss francs (CHF). With premium receipts of CHF 241.9 million (previous year CHF 226.7 million), the national financial statements for Switzerland recorded a profit of CHF 5.4 million (previous year CHF 0.6 million).

The premium income of DEVK Allgemeine Versicherungs-AG from assumed reinsurance business amounted to € 35.4 million (previous year € 39.1 million). This comprised exclusively of intra-Group acquisitions, especially in buildings insurance.

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

SADA Insurances S.A.

SADA Insurances S.A., which has its headquarters in Nîmes, France, conducts non-life and accident insurance business. The equity capital stands at € 80.7 million. In 2021, the gross premiums written increased by 17.1 % to € 183.6 million (previous year € 156.9 million). The domestic annual report discloses a net profit of € 9.6 million (previous year € 8.6 million).

Underwriting result net of reinsurance, life and health insurance

In the year under review, gross premiums written rose by € 5.1 million to € 578.1 million (previous year € 573.0 million).

Total gross income from investments fell during the year under review to € 236.9 million (previous year € 246.9 million). The decline resulted in particular from lower regular income.

The net capital income rose to € 221.3 million (previous year € 187.6 million). This is due to lower write-downs on investments and reduced losses from the disposal of investments.

Claims expenses net of reinsurance stood at € 399.0 million (previous year € 440.1 million). DEVK Allgemeine Lebensversicherungs-AG's cancellation rate stood at 4.91 % (previous year 5.54 %).

The net operating expenses fell by € 1.5 million to € 78.2 million due to lower acquisition costs.

A total of € 84.2 million (previous year € 35.8 million) was allocated to the provision for bonuses and rebates, representing 14.6 % (previous year 6.2 %) of gross premiums earned.

Technical pension fund result

The gross premiums written rose by € 40.9 million to € 259.6 million by the end of the year (previous year € 218.7 million). This represented a rise of 18.7 % on the previous year's value (previous year: 41.2 %). The increase in contributions primarily resulted from the collectively agreed employer-financed pension scheme of Deutsche Bahn AG and the competitor railways.

At € 44.4 million, pension claims expenses for 2021 were € 8.4 higher than in the previous year (€ 36.0 million). The main reason for the increase is the one-off severance payments at the start of the pension or at the end of the employment relationship. In 2021, around 37 % of new pensioners utilised the option of a partial lump-sum payout of up to 30 % with the annuity transition.

Before consolidation, pension fund operating expenses totalled € 5.2 million (previous year € 4.0 million). Of this amount, € 2.9 million was attributable to administrative costs (previous year € 2.2 million). The increase in costs is due to the portfolio migration project currently in progress, and is therefore of a temporary nature.

The net investment income including realised customer income before consolidation amounted to € 28.9 million in the reporting year (previous year € 0.9 million). The significant increase had been expected due to the absence of the effects from the fund changes in the previous year. Excluding customer income, the net investment income of € 23.5 million (previous year € 23.6 million) was slightly below the previous year despite the strong growth of the company. The decrease is due to a reduction in extraordinary gains on disposal. At 1.9 %, net interest without customer income was significantly below the previous year's value (2.2 %).

Bonus and rebate expenses rose to € 12.2 million (previous year € 10.5 million).

Non-technical account investment income

At € 344.0 million, investment income was up on the previous year's figure (€ 316.1 million). Also included were € 44.5 million in profits from disposals of investments (previous year € 70.8 million), as well as € 26.7 million in write-ups (previous year € 3.6 million).

At € 120.3 million, investment expenses were significantly down on the previous year (€ 228.3 million), in particular due to a strong decrease in depreciation (€ -64.8 million to € 57.9 million) and losses from the disposal of investments (€ -47.9 million to € 2.9 million).

On balance, our net investment income was significantly up on the previous year's figure at € 223.7 million (previous year € 87.9 million).

Other result

The "Other" result, including the technical interest income, came to € -121.7 million (previous year € -101.5 million). A large proportion of the increase and the expenses resulted from the company pension scheme.

Profit from ordinary activities

At € 185.1 million (previous year € 107.1 million), the result from ordinary activities was significantly up on the previous year. Declines in the underwriting result of non-life and accident insurance and the other result were more than offset by the decisive improvement in the investment result.

Operating result and appropriation of retained earnings

After a disproportionate increase in tax expenses compared to the previous year, which benefited from a high release of tax provisions, the net profit for the year was € 91.6 million (previous year € 77.1 million). The net profit for the year therefore reached a satisfactory level.

After an allocation of € 25.4 million to the retained earnings and after deduction of the € 30.7 million portion of the result due to other shareholders, the net retained profit came to € 35.5 million (previous year € 32.6 million).

Group financial position

Cash flow

The liquidity required to meet payment obligations is ensured through ongoing liquidity planning. The Group receives a continuous influx of liquid funds in the form of regular premium receipts, investment income and return flows from investments of capital. The cash flow statement was prepared according to the provisions of DRS 21. The statement indicates that the cash flow from investment activities in the financial year, in other words the funds required for the net investment volume, amounted to € 170.7 million. The necessary funds were largely gained both from our ongoing operations (€ 57.3 million) and from financing activities (€ 110.8 million).

Ratings[1]

Each year the internationally renowned rating agencies S&P Global Ratings and Fitch evaluate the financial performance and security of DEVK.

S&P Global Ratings last renewed its rating in June 2021. As in the years 2008 to 2020, DEVK Sach- und HUK-Versicherungsverein a.G., DEVK Allgemeine Versicherungs-AG, DEVK Allgemeine Lebensversicherungs-AG and DEVK Rückversicherungs- und Beteiligungs-AG - DEVK RE were once again all assigned a rating of "A+" (very good). S&P Global Ratings assesses our future outlook as "stable". This confirms the very good financial position enjoyed by the DEVK companies.

Meanwhile, the rating agency Fitch came to the same conclusion, with its August 2021 rating of the financial strength of DEVK's core companies remaining unaltered at "A+". The companies rated were DEVK Sach- und HUK-Versicherungsverein a.G., DEVK Rückversicherungs- und Beteiligungs-AG - DEVK RE, DEVK Allgemeine Versicherungs-AG, DEVK Rechtsschutz-Versicherungs-AG, DEVK Krankenversicherungs-AG and the two life insurance companies DEVK Lebensversicherungsverein a.G. and DEVK Allgemeine Lebensversicherungs-AG. The outlook for all our companies remains "stable".

Echo Rückversicherungs-AG is also rated by S&P Global Ratings and Fitch. Both agencies rate the company as A–, with a stable outlook.

Financial position

	Financial year € 000s	Previous year € 000s	Change € 000s
Investments	15,192,952	14,271,733	921,219
Investments in unit-linked life insurance	395,565	307,304	88,261
Assets for the benefit and at the risk of employees and employers	523,425	366,061	157,364
Receivables arising out of direct insurance operations, pension fund business and reinsurance business	384,402	177,818	206,584
Other assets	702,683	697,334	5,349
Total assets	**17,199,026**	15,820,250	1,378,776
Equity	2,389,033	2,284,024	105,009
- of which other shareholders share T€ 471,103 (previous year T€ 440,133)			
Technical provisions	9,767,581	9,207,257	560,324
Unit-linked life insurance technical provisions	395,565	307,304	88,261
Technical pension fund provisions	1,296,446	1,155,745	140,701
Technical pension fund provisions to cover assets for the benefit and risk of employees and employers	523,425	366,061	157,364
Liabilities arising out of direct insurance operations, pension fund business and reinsurance business, including deposits	741,935	669,411	72,524
Other liabilities	2,085,042	1,830,448	254,594
Total capital	**17,199,026**	15,820,250	1,378,776

With the expansion of business in the area of unit-linked life insurance and DEVK Pensionsfonds-AG, the corresponding balance sheet items increased further.

Receivables arising out of reinsurance operations amounting to € 327.7 million (previous year € 119.0 million) relate to various domestic and international reinsurers.

Non-financial performance indicators

Customer satisfaction

Customer satisfaction is the highest strategic goal for DEVK. DEVK therefore analyses the satisfaction of its customers on an annual basis.

The findings are based on an insurance market study which uses a points scale to measure customers' satisfaction with 23 top service insurers in Germany. This enables us to measure developments over time and as compared with our competitors in graphic form. In terms of overall customer satisfaction, DEVK currently occupies fourth place. The aim of DEVK over the coming years is to achieve first place for customer satisfaction.

Customer satisfaction index		
	Financial year Points	Previous year Points
Actual	761	749
Target	753	749

The target set for 2022 is 766 points.

Employee satisfaction

At DEVK, the opinion of our employees is important to us. The commitment and the satisfaction of employees with their working environment, as well as their managers, colleagues, the work assigned to them and the corporate culture, is central to employer appeal.

The employee survey conducted in autumn 2021 was once again influenced by the Corona virus pandemic. The high workload in the claims area due to the flood disaster is also likely to have had an impact. The results of the survey show that employee satisfaction continues to be extremely positive. With its crisis management, DEVK has understood how to offer its employees safety through appropriate measures and therefore ensure a high level of satisfaction.

Employee satisfaction index		
	Financial year Points	Previous year Points
Actual	791	817
Target	793	777

The target set for 2022 is 791 points.

Sustainability report[1]

The sustainability report required under the CSR Directive Implementation Act and section 289b ff HGB will be published at the end of April 2022 on the DEVK website (www.devk.de).

Social responsibility[1]

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, with a current trainee ratio of 8.6 %. Furthermore, prior to possible professional training at DEVK, every year at our headquarters alone we offer the opportunity of work experience to around 50 school-age young people that assists them in deciding what their future career paths might be.

Since 2014, motivated employees at DEVK have been committing their efforts to the Action Days. The colleagues are released from work for one day for a good cause. Previously, the commitment was primarily focused on social projects. However, expanding ecological commitment is a central field of action of the DEVK sustainability strategy, and the Action Days will therefore be increasingly related to the topics of environmental and climate protection. Unfortunately, it was not possible to organise any Action Days in 2021 due to the pandemic. To make up for this situation, € 25,000 was donated to the Bergwaldprojekt e. V. for reforestation and the important sustainable work of the association. The focus was on social commitment in relation to the effects of the flood disaster. To this end, almost € 80,000 was collected via the internal donation portal, which was doubled by DEVK to € 160,000. The money was donated to the "Deutschland hilft" campaign, which works throughout Germany to ensure that support reaches those areas where it is most needed. Furthermore, a relief fund of € 500,000 was made available by the Management Board to provide financial aid to customers, whilst € 2 million was additionally provided to 200 schools and support associations for digital school equipment.

Personnel and sales staff numbers

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

The company employed an average of 3,193 people internally in 2021, of whom 3,189 had their contracts of employment with DEVK Sach- und HUK-Versicherungsverein a.G. In the case of dual employment contracts, employees are assigned to a given company on the basis of the predominant contractual share. 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.

The number of independent agents working for DEVK, including field staff, was 2,200 at the end of the year (previous year 2,247). In addition, 530 field sales agents were directly employed by DEVK Sach- und HUK-Versicherungsverein a.G. (previous year 575). The entire field sales force also operates on behalf of the various other DEVK companies.

A central focus at DEVK is to identify talented employees and to retain and encourage them. As such, in 2021 DEVK once again successfully concurrently implemented a number of development programmes for various target groups. DEVK's development programmes and extensive range of further training courses were flexibly adapted to circumstances arising due to the pandemic, and in some cases these were implemented virtually. With the "Förderkreis Talente" (talent support group), young employees undergo intensive training through a wide range of methods to enhance their personal, social and management skills. With the "Generations" series, DEVK has a tailor-made programme especially for the 55+ target group, which also focuses on the mentoring role of experienced employees. The management development group for sales prepares individuals who demonstrate clear potential as possible future managers for key positions in sales. Within the framework of a field sales series of initiatives, successful agency representatives benefit from preparation for agency management roles.[1]

For many employees reconciling work and family life poses a great challenge. Here at DEVK, we offer employees alternative solutions tailored to their personal situations and support them with a broad-based range of measures.[1]

Overall verdict on the management report

The weakening effects of the pandemic, as well as major claims related to storm damage led to a decline in the underwriting result net of reinsurance in non-life and accident insurance. This was more than compensated for by a strong improvement in the investment result.

All in all, the company’s net assets, financial position and results of operations developed in a satisfactory manner throughout 2021.

Outlook, opportunities and risks

Outlook

The economic development in the coming years is heavily dependent on the further progression of the Corona virus pandemic, but increasingly also on the inflation and interest rate development in the course of economic normalisation. Particularly crucial is the question of whether dangerous new virus variants will emerge and to what extent vaccines will prove effective against them. Other factors include the further development of supply chain difficulties, the change in central bank policy, and the risk of an expansion of the war in Ukraine or the consequences of the military action. The effects of the crisis in Ukraine are fraught in particular with major uncertainty, which in turn impacts the future development of DEVK's investments. In addition to direct effects on Russian companies, we also assume indirect effects on companies with a connection to Russia, be it via suppliers or customers. The extent of these effects is difficult to estimate, because it is largely dependent on the severity of the sanctions imposed by the USA and the EU, as well as their duration. Gas and oil prices have already risen significantly in the wake of the Ukraine crisis. We currently estimate the probability of a real supply shortage of gas and oil in Germany as low, but this cannot be ruled out and would have a significant impact on economic development in Germany and Europe.

It is likely that a large proportion of the expected further economic recovery had already been anticipated on the capital markets by the start of 2022. A possible end to loose monetary policy, on the other hand, was probably not fully factored in. The intensification of the Ukraine crisis has added a further element. Share valuations fell significantly in February 2022, and the extent to which this decline is sustainable is difficult to predict. This results in future risks on the capital markets, so that high volatilities must be anticipated. In view of the high levels of national debt and the uncertain further economic development, we do not anticipate an extreme rise in the interest rate level in the short to mid-term, despite the implementation of a partial reduction in the purchase programmes of central banks worldwide, in some cases the realisation of a rise in central bank interest rates, as well as the American Fed's announcement of an end to its bond purchase programme in March and the onset of interest rate rises. Very long-term interest rates have in fact barely risen to date, and have recently even fallen slightly in the USA for example.

Key leading economic indicators, such as purchasing managers' indices, fell in 2021 from the middle of the year. The ifo Business Climate Index for Germany reached a high of 101.7 points in June 2021 and then fell in each subsequent month of 2021 to 94.8 points by the end of the year, recovering only slightly in January 2022. However, the reported company results were essentially positive in 2021. Valuation levels on the stock markets have therefore decreased again somewhat, although they are still above their long-term average. According to forecasts by the World Bank, the global economy is heading for economic growth of 4.1 % in 2022, following on from the 5.9 % recovery in 2021. The Chinese government played a more interventionist role in the economy in 2021 (GDP growth: 8.1 %), thereby more heavily regulating the economy as a whole and making it more difficult to invest in companies (e.g. in the context of private equity funds). This is likely to have a dampening effect on growth in the future. According to Bloomberg, economists expect average growth of only 5.2 % year-on-year for 2022 and 2023. This would put a damper on growth for export-driven countries like Germany in particular.

Overall, the uncertainty regarding the further development of the capital markets in 2022 can also be described as very high and heavily dependent on further pandemic events, the actions of the central banks and the tensions surrounding the war in Ukraine. If inflation rates do not fall quickly, there could be a risk of a wage-price spiral (feared by many) and in turn a more sustained and significant rise in inflation than expected. For an insurer's investments, this means that the fundamental yield advantage of real assets compared to bonds is not likely to change in 2022, but also that increased volatilities are to be expected.

Non-life and accident insurance

We anticipate increases of over 8 % in the Group's premium receipts from non-life and accident insurance operations. The largest growth driver is the further expansion of the active reinsurance business. An allocation to the provision for premium refunds will be reviewed at the end of the year. At this point in time, no allocation is included in planning. Accordingly, after changes to the equalisation provision, we expect the technical account to yield a profit in the order of € 60 million to € 70 million.

Life insurance

DEVK Allgemeine Lebensversicherungs-AG is moderately reducing its current surplus participation to 1.9 % for the 2022 financial year.

In October 2021, our unit-linked annuity insurance was supplemented by another safety-oriented investment concept, the "DEVK RenditeSmartProtect". Positive impetuses are anticipated from this in the 2022 financial year. Furthermore, the introduction of a unit-linked education insurance policy is planned for the 2022 financial year, which will further tap into the attractive target group of parents, godparents and grandparents seeking the financial security of children. A positive development of new business is expected for the following years. In addition, a revised basic abilities insurance will be introduced on 1 January 2022, including additional, new basic abilities.

The maximum actuarial interest rate will drop to 0.25 % as of 1 January 2022. As a result, we are lowering the actuarial interest rate for all biometric products to 0.25 % and for most savings products to 0.00 %. Despite the expected modest development of new business, we continue to offer a savings product for single premiums ("DEVK-Garantierente vario") with a premium guarantee of 85 % at DEVK Allgemeine Lebensversicherungs-AG.

The portfolio will decline slightly in terms of unit numbers, mainly due to the continued high level of maturities and repurchases - similar to previous years. New business will not compensate for this.

A slight increase in premium income and claims expenses net of reinsurance is expected for the 2022 financial year. The addition to the (gross) actuarial reserve and the expenses for premium refunds are expected to decrease significantly in 2022. We expect to see an overall increase in the profit transfer/annual surplus.

On the investment front, despite slight increases in the investment portfolio in 2022, the interest rates mean that we expect DEVK Allgemeine Lebensversicherungs-AG to register a current result slightly below the level in the previous year. Due to the lower requirement on the liabilities side (additional interest reserve) compared to 2021, we expect an investment result in 2022 significantly below the previous year's level, so that the net interest should also be significantly below the level of 2021.

Health insurance

Supplementary health insurance has been and remains a central and growing line of business for DEVK Krankenversicherungs-AG. Overall, we must continue to prepare for an intensified competitive situation, which will be countered by appropriate sales activities. For 2022 we are forecasting total premium receipts of € 112.5 million. In the case of expenses for claims incurred, net of reinsurance (paid and deferred, including claims settlement expenses), a rise to around € 70.0 million is expected, mainly due to catch-up effects in the travel health insurance sector.

In 2022, no-claims bonuses on the policy AM-V are expected to be much the same as in 2021.

Of the € 44.4 million provision for bonuses and rebates available on 31 December 2021, € 8.6 million has been earmarked for the limiting of premium adjustments on 1 January 2022 and for the reduction of the premiums paid by older policyholders.

For 2022, expenses for premium refunds of € 18.8 million and an underwriting result of € 6.7 million are expected.

Mid-term planning assumes that the growth and earnings situation of DEVK Krankenversicherungs-AG will continue in the coming years.

In 2022, we expect DEVK Krankenversicherungs-AG to register an absolute result well below the level in the previous year, with moderate increases in the investment portfolio. This is due in particular to the expected fall in write-ups on shares and lower extraordinary gains on disposals. Moreover, in our view, the low interest rates available on new assets and repeat investments will lead to a further reduction in the absolute current percentage yields attracted by our investments. Overall, the company expects a significant decline in net interest.

Our objective for the coming years is to maintain the profit transfers at their current level. We are therefore forecasting a profit transfer of € 3.5 million for 2022.

Pension fund business

The DEVK pension fund continues to enjoy good growth opportunities due to its proximity to the leading participants in the transport market.

We also expect mild growth and an expansion of our business activities in the future, through constant product development in cooperation with our committees (on the one hand with regards to the existing requirements of our pension beneficiaries and contractual partners and on the other hand with regards to financial viability and capital investment).

Despite the enduring pandemic, we expect slightly positive new business for the 2022 financial year, above the previous year's level. This results primarily from the collectively agreed company pension scheme of Deutsche Bahn AG and the competitor railways.

We assume that premium income in 2022 will only be slightly higher than in the previous year, because no special effects from changes in collective agreements at Deutsche Bahn AG are expected at the present time.

With respect to expenses for pension claims, we expect a slight net increase in 2022 compared to the previous year. This results in part from the growing number of pensioners and the increasing number of retirements at the age of 63, and also from the option of settling pension payments up to a certain amount against one-off severance payments.

In the area of investments, we expect DEVK Pensionsfonds-AG to achieve a significantly higher absolute result in 2022 with a moderately increasing investment portfolio due to rising distributions from customer funds and increased investments in real assets. Excluding customer income, we expect a gross income figure slightly below the previous year's level due to the low interest rates that continue to prevail throughout the market and a decline in extraordinary income. Accordingly, we anticipate a slight decline in the net interest rate in 2022 excluding customer income, when compared to the previous year.

From the gross surplus, we expect a result in the order of € 12.0 million in 2022 and expect to be able to match the results of previous years in the coming year as well.

Non-technical account

In the Group's non-technical account, we expect the net investment result for 2022 to be noticeably below the previous year's level (€ 223.7 million) due to declining income.

The other result is expected to improve moderately, in particular due to lower expenses for pensions.

Profit from ordinary activities

All in all, we are expecting the 2022 profit from normal business activities to be in the order of € 110 million to € 120 million (previous year: € 185.1 million).

Customer and employee satisfaction

DEVK aims to further improve customer satisfaction in the 2022 financial year. The index used for measurement is to be increased from 761 points (actual value 2021) to 766 points.

With regards to employee satisfaction, DEVK has set itself a target index value of 791 points. As such, the target corresponds to the actual value in 2021, which stands at a high level.

Opportunities report

The transport market will continue to be a focus of the DEVK companies in 2022. The digital "Transport Market Kickoff" held in May 2021 showed employees and customers that DEVK can do more than simply provide insurance for the transport market. We are a welcome partner when it comes to range of issues including health, safety and care. We will continue the discussion rounds started in 2021 under the title "Verkehrsmarkt kompakt" (the transport market in a nutshell) in 2022, in order to give our employees even more background information on the transport market. The aim is to identify customer potential that will continue to grow in the future and to gain as many new customers as possible from this. Furthermore, we will bring our newly elected member representatives further into the DEVK fold in October 2021, and actively involve them in upcoming sales activities, and also in other areas such as product development.

Opportunities to continue achieving growth that outstrips the average levels achieved by our competitors are generated if customer demands for quality, service and transparency at attractive prices are met in full measure.

We are available for our customers throughout Germany via our sales network, our regional management units and our headquarters, both by telephone and face-to-face. Communication takes place through all available media. The internet is of ever-growing importance here, and we are well positioned in this respect thanks to the continuous revision and upgrading of our presence.

Through the continuous optimisation of our processes, we ensure that we can execute our business effectively and efficiently.

Thanks to the interplay of competitive products, good service and our efficient sales operation, we view ourselves as very well placed to compete effectively.[1]

The fact that the Group companies are part of an insurance group which offers wide-ranging insurance cover in the private customer segment opens up opportunities to benefit from cross-sectoral synergies.

Additional sales opportunities in the transport industry will arise through the recruitment drive of Deutsche Bahn.

We see both risks and opportunities for investments in 2022, in particular due to the economic recovery being partially postponed from 2021 to 2022 according to economists' forecasts. If the winter pandemic wave of 2021/2022 subsides quickly through booster vaccinations and social distancing restrictions, and the situation in intensive care units witnesses sustainable recovery, economic growth in 2022 in Europe should be higher than in 2021. Furthermore, the inflation increase of 2021 could return to normal if special effects arising due to a disruption in supply chains, energy price increases, Corona-related pent-up demand and a base effect from the renewed increase in VAT in Germany cease to apply. This could limit the rise in interest rates - at least in Europe - and would represent a positive scenario for the stock market and bond market and thus lead to further increases in the value of real assets.

A potential (moderate) loss in the value of the euro against other currencies, as took place in 2021, constitutes a further opportunity for DEVK investments in 2022, due to foreign currency gains. In contrast, currencies such as the US dollar or the Swiss franc, as well as bonds with strong credit ratings such as German federal bonds, could lose value in a positive economic environment. However, if these instruments are held to maturity, this will not have an indirect influence on the profit situation of DEVK due to their nonpermanent decline in value (exception for foreign currency losses). DEVK expects volatile sideways movement on the stock markets in 2022. However, not all sectors are likely to be equally affected. The planned expansion of real assets in the portfolio increases the earnings potential of the investment in the medium term.

Primary non-life and accident insurance

Our three product-line approach (Active, Comfort and Premium cover) has met with a very positive response. Particularly noteworthy here is the steadily increasing share of premium protection in the portfolio.

We are optimising our processes with the introduction of a new uniform inventory management system for office staff. The home contents segment was implemented in 2019, and the liability, accident, glass, travel and cyber segments were successfully migrated to the new policy management system in 2021.

Within the framework of the representative insurance market study KUBUS conducted in 2021, DEVK was rated "excellent" in the category of support. Value for money, service and customer satisfaction were each awarded the rating "very good".[1]

Reinsurance business

Price increases on the market also led to improved inventory for us, which significantly increases the chances of us recouping our losses quickly.

We were also able to increase market shares in almost all segments and at adequate prices,

and we have once again expanded our range of services and capacities. We now also have a team with extensive experience and expertise in the field of technical insurance, which has already been very successful in acquiring new business in renewals for 2022.

The steady expansion of our expertise, the stable financial situation of the company and the Group, and the now respectable size of our portfolio (according to S&P, we were among the top 40 reinsurance groups worldwide in 2019) continue to make us attractive to clients.

Life insurance

In 2022, DEVK Allgemeine Lebensversicherungs-AG will focus in particular on covering biometric risks. Capital accumulation and retirement provision round off the product range.

To further strengthen the appeal of our biometric products, a revised basic abilities insurance is being introduced from 1 January 2022. This includes additional, new basic abilities and a shorter prognosis period (six months). Furthermore, an extension option is integrated if the statutory retirement age is increased. This option will also be included in our occupational incapacity insurance as part of a condition update.

Our unit-linked pension insurance was supplemented in October 2021 with a further, security-oriented investment concept. The aim of the "DEVK RenditeSmartProtect" investment strategy is to limit the annual loss risk to no more than 10 %. Since its launch in 2008, the fund behind it has achieved an average return of over 3 %. Positive new business impetuses are expected from this for the 2022 financial year.

In addition, we plan to introduce a unit-linked training insurance product in the 2022 financial year. The target group are parents, godparents and grandparents who wish to make financial provisions for the start of their child's adult life and want to be covered as premium payers in the event of their default (death, occupational disability). Savings can be flexibly made throughout the term of the contract. Upon expiry, the existing fund balance is paid out to the insured child or transferred to a unit-linked pension insurance policy as a "starting balance" for old-age provision.

Positive new business development is expected for the coming years, with the introduction of unit-linked training insurance.

DEVK Allgemeine Lebensversicherungs-AG will therefore also be well positioned with regard to competitive requirements in the 2022 financial year with its modern and market-oriented product range. Targeted sales measures are also expected to open up further opportunities to strengthen business for DEVK Allgemeine Lebensversicherungs-AG.

Health insurance

Our underwriting policy and reinsurance concept provide a sound foundation for the company's continuing solid growth.

Furthermore, the ongoing success of our cooperation with statutory health insurance schemes continues to offer major potential for forging new customer relationships, because we can offer members of these schemes products that meet their needs on highly favourable terms.[1]

The introduction of a new inventory management system will open up new possibilities for process optimisation, as well as automated processing for DEVK Krankenversicherungs-AG. Furthermore, this also facilitates the mapping of new types of policies, e.g. in the area of occupational health insurance. The introduction of the new portfolio management system will be implemented in two phases, the first of which was already successfully completed in January 2020 with the conversion of the foreign travel health insurance. The second phase of the roll-out has been postponed by one year and is therefore scheduled for completion in mid-2023.

Pension fund business

In order to provide the best possible service to our customers and to build and develop long-term customer loyalty, it is of particular importance to strengthen the understanding of the wishes and needs of employees and employers in the sector.

We are therefore in close contact with the employers and representatives of the trade unions, both in our daily work and in the work of the committees, in order to make adjustments in the capital investment strategy or planned changes within the product transparent and understandable even before they are implemented.

Through consistently compromise-oriented coordination and action between all participants in the most diverse areas and regions, we are therefore fulfilling our mandate as a social institution of Deutsche Bahn AG and opening up further good opportunities for the positive development of DEVK Pensionsfonds-AG.

Risk report

In accordance with section 289, paragraph 1 HGB and the requirements laid down in section 26 VAG concerning the minimum requirements for the business organisation of insurance companies (MaGo), we are hereby reporting the risks of future developments.

Risk management system

The board of an insurance company is responsible for appropriate risk management in accordance with section 26 paragraph 1 of VAG. Within DEVK, the foundations for the risk management and the tasks and responsibilities are set out in the risk strategy and the Solvency II guidelines on risk management.

The risk management function (RMF) and the associated risk management system have been aligned with the Solvency II requirements. The risk management function was established as a key function in a central unit. The risk management function is supported by decentralised risk management units (e.g. reinsurance, investments). A regular information exchange takes place in this regard, not least through the body of the decentralised risk session/Risk Committee. The risk management system therefore comprises both a centrally organised unit whose task it is to ensure risk management across all risk categories and decentralised risk management units which use their specialist knowledge to assess the risk situation locally. This does not affect the operational risk responsibility of the specialist units or the responsibility of the Management Board. The RMF is responsible for the risk management methods and techniques employed 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.

Core elements for controlling the risks of DEVK are the risk-bearing capacity concept and the limit system. The risk-bearing capacity concept guarantees adequate coverage of all significant risks through the company's own funds. It serves to map and operationalise the risk appetite of the company. For this purpose, limit values are determined for the significant risks ("market risk", "underwriting risk" and "default risk"), in order to safeguard the target coverage quota of the company for a predefined safety level. Through this, all risks mentioned are assigned new maximum limits annually for the respective risk capital.

In order to operationalise risk controlling, a limit system is applied within DEVK as a monitoring system for prompt risk identification and evaluation. The limit capacity is portrayed in the form of risk ratios.

Additionally, a comprehensive risk inventory is compiled every six months, in which the risks are recorded and classified according to risk categories with the aid of a software solution. Wherever possible, the risks are quantified and the action necessary to manage the risks is recorded. Furthermore, risks are considered on an ad hoc basis, if these are significant.

With the aid of the risk-bearing capacity concept, limit system and risk inventory, we are able to react immediately and appropriately to developments that pose a risk to DEVK. The effectiveness and suitability are monitored by the Internal Auditing unit.

The decentralised risk session and the Risk Committee assess the risk situation faced by individual companies and by the Group as a whole quarterly, on the basis of the risk report, taking into account all discernible significant risks, as well as the limit capacities and current risk drivers. Finally, the risk report is presented to the Management Board members responsible for the various risk areas as part of a Management Board submission.

Technical risks

Principal among the technical risks in **non-life and accident insurance** are the premium/claims risk and the reserves risk. These are determined using a standard formula.

The so-called catastrophe risk or accumulation risk refers to the risk resulting from the occurrence of extremely high loss events. A distinction is made here between natural disasters (natural catastrophes) and catastrophes caused by mankind (man-made catastrophes). Depending on the risk exposure, risks are minimised through reinsurance.

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

Gross claims ratio net of reinsurance

Year	%	Year	%
2012	66.5	2017	70.7
2013	67.6	2018	69.6
2014	66.4	2019	71.4
2015	70.1	2020	69.0
2016	69.5	2021	70.9

The figures for DEVK Allgemeine Lebensversicherungs-AG are included in the above claims ratio table. The figures show that the range of fluctuation is low over the 10-year period considered here. Among other things, this is due to the fact that, in line with suitable acceptance guidelines and our signatory powers, we predominantly only underwrite standardised business. Where particularly large volumes of insurance are involved, we limit our risk through coinsurance or reinsurance contracts.

We ensure that we maintain technical reserves through the prudent valuation of claims already filed and by 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. This is also demonstrated by our settlement results for the past ten years.

Settlement result net of reinsurance as % of original provision

Year	%	Year	%
2012	9.3	2017	7.3
2013	9.6	2018	7.9
2014	7.5	2019	7.7
2015	7.0	2020	4.8
2016	7.8	2021	4.8

Our equalisation provisions provide an additional safety cushion that contributes to the smoothing of our underwriting results. As of 31 December 2021, their volume totalled € 497.3 million (previous year € 497.5 million).

DEVK Rückversicherungs- und Beteiligungs-AG - DEVK RE underwrites the **reinsurance business** of both DEVK and external companies. Within the framework of suitable acceptance guidelines and signatory powers, the company predominantly only underwrites standardised business. The risk of unusually high claims expenses due to extraordinary loss events is counteracted through a corresponding retrocession policy.

The technical risks prevailing in **life insurance** are biometric risk, cost risk, cancellation risk and interest guarantee risk. These are determined using a standard formula.

Biometric risk lies in the fact that the accounting principles used to determine premium rates, for instance the probabilities of death or invalidity, change over time. In the opinion of the actuary in charge of them, the probability tables used for the portfolio, together with the top-up amounts for supplementary pension and occupational incapacity insurance premium reserves, and also the probability tables used for our new business, include adequate safety margins. The occupational disability table recently published by the DAV has not resulted in a need for change for the 2021 balance sheet.

The cancellation risk lies in the fact that the cancellation behaviour of policyholders has changed significantly. Our analyses indicate that the cancellation result does not entail any increase in risk, and no negative consequences are to be expected from it. It is not possible to predict whether the increase in inflation will lead to a change in the cancellation risk.

The cost risk lies in the fact that the actual costs may exceed the costs assumed for accounting purposes. DEVK prepares regular projections of the cost result, and takes suitable action as and when necessary.

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. Our net interest rate in recent years has always been higher than the mean technical interest rate of our life insurance portfolios. However, due to the low interest environment the interest guarantee risk has risen markedly. Accordingly, pursuant to section 5 paragraph 4 of the Premium Reserve Regulation (DeckRV), a supplementary interest reserve has been in place since 2011, based on a specified reference interest rate. The purpose of the regulation is to ensure that life insurance companies take timely steps to strengthen their premium reserves in times of low interest through the formation of a supplementary interest reserve. For the 2021 financial year, the reference interest rate, taking into account the DeckRV of 10 October 2018 (corridor method), is 1.57 %. For the portfolio of existing policies, the interest rate was likewise set at 1.57 %. The additional interest reserve as at 31 December 2021, which was formed for contracts with a guaranteed interest rate of at least 1.75 %, increased by € 68 million to € 599 million. We assume that this additional premium reserve will increase in the coming years compared with 2021. The supplementary interest reserve for redeemable endowment life insurance policies is calculated through application of the probability of individual company cancellation and capitalisation. We regularly check the appropriateness of these probabilities. Furthermore, the company has lowered the guaranteed interest rate for new business in 2022, regardless of the maximum actuarial interest rate. In both the short and mid-term, adequate buffers are available to finance the technical interest rate and the establishment of the supplementary interest reserve. With interest rates remaining low, the risk will grow that our regular investment income will no longer be capable of financing the technical interest rate and the cost of maintaining the supplementary interest reserve. We counter this risk through wide diversification of investments across different asset classes (e.g. real estate and infrastructure), regions and maturity bands, as well the steady extension of biometric products.

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

With expenses for insurance claims decreasing overall, we observe a moderate increase in deaths in the 2021 financial year. However, based on the data available to date, the safety margins are considered sufficient despite the COVID-19 pandemic.

The business ceded to reinsurance was distributed among several external reinsurers.

The chief technical risks in relation to **health insurance** are risk of changes, risk of error, risk of random fluctuation and interest rate risk. These are determined using a standard formula.

Risk of changes mainly lies in the risk that the basis on which premiums are calculated changes due to healthcare developments leading to more frequent benefit claims by policyholders or to changes in customer behaviour.

Risk of error is the risk of erroneous risk assessment when initially calculating the premium which cannot be corrected by subsequent premium adjustments.

Random fluctuation risk is the risk of claims expenses being higher than expected or calculated, due to chance events.

We counteract the above-mentioned risks through comprehensive working guidelines and continuous training of our employees. Our planning and management instruments enable us to identify undesirable operational, portfolio and claims trends at an early stage and take any necessary action to counteract them. Payments and undertakings are subject to strict regulations concerning authorisation and entitlements, compliance with which is monitored via a multi-stage random sampling process.

Furthermore, through painstaking product development and continuous 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.

The interest risk is due to the fact that the technical interest rate agreed when concluding contracts may prove to be higher than the long-term market returns we can achieve. The mean company-specific technical interest rate (MTIR) applied was slightly above the net interest rate during this financial year. An actuarial interest rate in the range of 1.85 % to 2.40 % was calculated for new business in 2021. As of 31 December 2021 the MTIR stood at 2.032 % (previous year 2.091 %).

Technical pension fund risks

In a pension fund, these are essentially the biometric risk, the interest guarantee risk (minimum benefit) and the cost risk.

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

Since 2014 additional biometric reserves have been set aside to strengthen the safety margin for ongoing benefits. For newly commencing benefits, we use mortality tables incorporating greater safety margins in order to adequately account for the longevity risk. Special features of the sub-portfolios were taken into account separately. Our current view is that the probability tables we otherwise use incorporate adequate safety margins.

With the introduction of unisex tariffs in 2013, the portfolio composition by gender (mix ratio) has become a further calculation parameter. This gender composition ratio has been selected with care, is monitored regularly and in the view of the actuary in charge it incorporates adequate safety margins.

The risk referred to as 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.

In the 2021 financial year, the additional interest reserve increased by T€ 239 to T€ 549. As of 31 December 2021 the relevant reference interest rate is 1.57 %, so that the formation of an additional interest reserve was necessary for contracts with a guaranteed interest rate of at least 1.75 %. We assume that this additional premium reserve will increase in the coming years.

At the present time, the safety margins in this respect are adequate. We assume based on current trends that this margin will also remain sufficient in future.

A further point to note is that the higher investment results achieved in some cases, both this year and in previous years, mean that the unallocated portion of the premium refunds provision represents an additional buffer in this respect.

Through careful product development and continuous actuarial trend analyses, we regularly ensure that the accounting principles applied are suitable and factor in adequate safety margins. Furthermore, the unallocated portion of the premium refunds provision provides additional smoothing and stabilisation potential.

The cost risk is that the actual costs will exceed the actuarial costs or that the future contract credits will not be sufficient to cover the guaranteed benefits as well as the actuarial costs. In the case of policies still in the vesting period, due to the contractual provisions and the collective security mechanisms it can largely be assumed that it will be possible in the long term to cover the actual costs. The lowering of the maximum actuarial interest rate means that this cover is at risk in some cases. The tariffs affected by this will be revised and replaced as soon as possible. In the case of older policies on which pensions are currently being paid, additional reserves have been set aside since 2013. All in all, it can be assumed that sufficient revenue will be generated in the long term from policies with ongoing pension payments. A lump-sum cost reserve has been formed since 2021 to cover temporarily increased costs actually incurred that are not offset by the invoiced costs.

The cost situation of DEVK Pensionsfonds-AG will continue to be closely monitored and analysed in the future, in particular with regard to the interaction between interest rate guarantee and cost risk.

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 of the past three years, our overdue debts from insurance business averaged € 36.4 million. This corresponds to 1.3 % of the average gross premiums written (€ 2,755.7 million). Of these receivables, an average of € 2.8 million (7.7 %) defaulted. In relation to the gross premiums written, 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 total € 9.6 million (previous year € 9.9 million).

Amounts receivable from reinsurance business at the end of the year came to € 327.7 million. These include receivables from reinsurers totalling € 45.6 million. An overview of amounts receivable, broken down according to the ratings of our reinsurance partners, is given in the following table:

Rating category	Receivables in € millions
AA	6.88
A	30.38
BBB	1.99
No rating	6.35

Investment risks

The risks stemming from investments comprise:

- the risk of unfavourable market price developments, in particular interest rate, share price, real estate or exchange rate risks,
- counterparty default risk (credit risk),
- the risk of strongly correlated risks that in turn increase counterparty risk (concentration risk),
- the liquidity risk; that is the risk of not always being able to meet payment obligations.

Since 1 January 2017, the internal investments catalogue has prescribed the decisive framework conditions for our investment policies. The Strategic Asset Allocation substantiates DEVK's investment policy. Since 2020, the Strategic Asset Allocation has included a separate asset class for alternative investments (Infrastructure and Other). The planned further expansion of non-interest-dependent investments in the portfolio as a result of the adjustment of the Strategic Asset Allocation increases potential fluctuations in value in the medium term and in some cases reduces the short-term tradability of the investments. The planned expansion of real assets in the portfolio therefore increases the risk level of the investments in the mid-term.

We counteract exchange/market price and interest rate risks by maintaining a balanced mix of investment types. Furthermore, 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. An ongoing ALM (Asset-Liability Management) process ensures that we are able at all times to meet existing and future obligations.

Liquidity risks are managed by detailed multi-year investment planning. Should a liquidity shortfall arise in future, countermeasures can be taken at an early stage. Moreover, in order to improve our assessment of liquidity risks, liquidity stress scenarios derived from the Solvency II stresses are also applied and evaluated. On top of this, our investments are allocated to various different liquidity classes. These are assigned lower limits in relation to the investment portfolio which they must not fall below. Compliance with these limits is regularly monitored.

At the end of 2021, the following measures were in place to hedge against investment risks:

- Flexible management of the investment ratios in the special fund, in particular in the equities sphere, for instance via index futures
- Currency-matched refinancing in the field of indirect real estate investments
- Possibility of hedging currency risks via forward exchange transactions
- Duration extension via interest rate swaps
- Adjustment of equity risks via options trading

Based on our market assessment, there were no bond pre-purchases in the portfolio at the end of 2021.

Interest-bearing investments

As of 31 December 2021, the Group held interest-bearing investments to a total value of € 10.2 billion. A total of € 5.3 billion of these investments are in bearer instruments (including the pure pension funds), which could be subject to write-downs if interest rates rise. Of these bearer instruments, pursuant to section 341b paragraph 2 HGB we have assigned a volume of € 4.9 billion to the fixed assets since we intend to hold these papers until maturity and their current market fluctuations are viewed as temporary. Should this second assessment in particular prove wide of the mark, we shall undertake the necessary write-downs in a timely fashion. These investments exhibit a positive valuation reserve of € 609 million. This includes hidden liabilities totalling € 27.9 million. A change in returns of up to +/- 1 percentage point would entail a corresponding value change of the total interest-bearing investments up to approx. € -1,011.1 million or € 1,167 million.

This intimated impact of a one percentage point interest rate rise only gives an approximate idea of its potential impact on our profitability. This is because, over the course of a year, the diminishing time to maturity of the individual securities will lead to changes in their market value and interest rate sensitivity. Moreover, the bulk of our interest-bearing investments are in bearer bonds or bonds recognised on the balance sheet at their nominal values. In these cases, under the prevailing accounting regulations an increase in the market interest rate does not lead to write-downs. Further to this, the securities currently include hidden reserves which will be reduced in the near future. The exception to this is losses of value due to deteriorating credit ratings that may affect the issuers in question. The short-term massive widening of risk premiums at the beginning of the pandemic in Europe illustrates this. By the end of 2021, these were only slightly above the pre-Corona virus level at the end of 2019. As observed in 2021, there is a possibility in 2022 of rising risk premiums as a result of credit rating downgrades in an economic slowdown, due to an expectation of rising interest rates or a stock market correction.

In addition to corporate bonds with a total share of 18.6 % of our overall investments, our interest-bearing investments are predominantly in Pfandbriefe (German covered bonds) and notes receivable and bank bonds at 33.4 %. A further 9.8 % of total investments are invested in government bonds. We also invested 5.5 % in real estate financing and policy loans. The bulk of our investments in banks is either covered by various statutory and private deposit protection schemes or involves interest-bearing securities that are protected in law by special guarantee funds.

In 2021 our bond investments focused on international bearer bonds issued by banks and companies, as well as government bonds and government-related bonds. Our pension investments in particular largely involve bearer papers, primarily assigned to the fixed assets, and also registered papers.

We have minor investment exposure to the peripheral European countries Spain, Italy and Ireland. Bonds of issuers from Russia and Ukraine are not present in the direct portfolio or in screened special funds. One investment consists of two bonds from issuers with a Russian parent company with a volume of less than 0.2 % of the total investments at book values.

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

Rating distribution

	Financial year	Previous year
AA or better	52.3 %	52.7 %
A	30.4 %	28.6 %
BBB	15.3 %	16.8 %
BB or worse	2.0 %	1.8 %

Compared to the previous year, the rating distribution of the Group has essentially shifted slightly from the BBB rating range to the A rating range and thus improved slightly. Overall, the risk situation has not changed significantly. We shall continue to make virtually all our new and repeat investments in interest-bearing securities with strong credit ratings.

Equity investments

The bulk of our equity investment is in DAX and Euro Stoxx 50 companies, as a result of which our portfolio's performance very closely matches that of these indices. After hedging, a 20.0 % change in market prices would alter the value of our equity portfolio by € 233.2 million. The German share index, including dividends, experienced significant positive development in 2021, whilst development of the European share index was even stronger. The fluctuations during the course of the year were very high at times. In the medium term, we continue to expect positive development, albeit with high levels of volatility in some cases. Against the background of our market assessment, we have actively managed the effective equity quota in 2021 throughout the year and slightly increased it compared to the previous year on the basis of the year-end values. If economic problems should arise, for example due to the pandemic worsening again or an expansion of the crisis in Ukraine, the equity ratio can be actively adjusted. As such, we have already significantly reduced the effective equity ratio through future hedging in special funds due to the worsening of the Ukraine crisis at the start of 2022. A special fund resulted in minimal direct exposure to Russia in equities of less than 0.01 % of total investments at book value as at 31 December 2021. This exposure no longer existed at the time of the outbreak of war in Ukraine.

The fixed-asset equities and equity funds show a positive valuation reserve of € 6.9 million. This includes hidden liabilities totalling € 11.3 million.

Real estate

On the balance sheet date, our real-estate investments totalled € 2,432.2 million. Of this total, a sum of € 564.9 million is invested in indirect mandates, including restricted special funds in office and other commercial real estate. Real estate assets of German insurance companies in the Group to a value of € 454.5 million are assigned to the fixed assets. The valuation reserves contained therein stand at € 65.3 million; hidden liabilities in these real estate assets exist to the value of € 0.2 million.

Following consolidation, direct real estate holdings came to € 1,866.9 million. These are subject to scheduled annual depreciation of € 31.9 million. No particular risks are currently discernible in connection with direct holdings. We do not see any extraordinary risks at real-estate fund level; in addition to the general real-estate risk, a currency risk also exists here, which is partially hedged by means of currency-congruent financing and currency forwards. Effects from a possible downturn on the real estate market, e.g. as a result of a renewed worsening of the Corona virus pandemic, are limited by existing hidden reserves, diversification and leases agreed with creditworthy tenants that are as long-term as possible. There are no real estate investments in Russia or Ukraine.

Alternative investments

The alternative investments portfolio (excluding private equity) is divided between investments in Infrastructure and Other. On 31 December 2021 the volume stood at € 302.6 million, following on from € 203.1 million in the previous year. This corresponds to 2.0 % (previous year 1.4 %) of the total investments at book value. The portfolio is split almost 80:20 between infrastructure and other alternative investments. Write-downs to the value of just € 0.1 million (previous year: € 10.2 million) were incurred in the 2021 financial year. The ordinary income of this asset class amounted to € 2.5 million after consolidation across the Group in 2021.

Operational risks

Operational risks may stem from inadequate or failed operational processes, the break-down of technical systems, external variables, employee-related incidents and changes in the legal framework conditions. Effective management of the operational risks is ensured through the careful structuring of the internal monitoring system. In addition to this, the main focus of the half-yearly risk inventory is on operational risks. The appropriateness and efficacy of in-house controls are monitored by the Internal Auditing unit.

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.

Access controls and preventive measures are in place in the IT division to ensure the security and integrity of programs, data and ongoing operations. The IT infrastructure is redundant by design in order to cater for a catastrophic breakdown scenario. Restart tests are conducted regularly. Links between internal and external networks are suitably protected by state-of-the-art systems. Cyber risks are also taken into account in the "information security" sphere of the IT strategy. As part of the strategic initiative "Digitalisierung nutzen" ("Using Digitalisation"), DEVK's IT strategy envisages a far-reaching transformation of the application landscape to the cloud.

The social distancing restrictions related to the pandemic continue to be felt both in customer contact and in the office. The pandemic risk already documented in the risk inventory was reassessed at the beginning of the Corona virus pandemic. A crisis team was set up and meets regularly. Behavioural and hygiene measures were intensified and business travel was restricted. The proportion of work carried out from home was expanded considerably. In the event of a company building closing, it is envisaged that work will take place entirely from home and from the available regional management offices. Video consultation is increasingly being used in sales. Furthermore, direct sales are being accelerated.

The emergency management is founded on corporate emergency analysis. This describes the objectives and framework conditions for precautionary measures against emergencies and how to overcome them if they occur.

Legal risks are also included in the operational risks. DEVK has established a compliance management system designed to ensure compliance with both external requirements and internal guidelines.

Solvency II

With the entry into force of Solvency II on 1 January 2016, the insurance industry has undergone radical changes to its supervisory regime. In order to optimise the realisation of requirements, the focus in 2021 was again on the further automation of processes.

The DEVK Group solvency calculation required by supervisory law, which also includes DEVK Lebensversicherungsverein a.G., is performed on the basis of a standard formula. With BaFin's approval, this was done for DEVK Lebensversicherungsverein a.G. and DEVK Allgemeine Lebensversicherungs-AG applying the volatility adjustment as well as the transitional measure permitted regarding technical provisions. Overall, the DEVK Group has significant excess cover, even with the prevailing Corona virus situation.

Summary of our risk status

We have complied with the supervisory requirements per Solvency II.[1]

Projections made in connection with the ORSA process as per 31 December 2020 show that sufficient risk capital cover is assured in both the present and the future.[1]

To sum up, 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 continued existence.

Corporate governance statement

In light of the Act Concerning the Equal Participation of Women and Men in Leadership Positions in the Private Sector and the Public Sector (Gesetz für die gleichberechtigte Teilhabe von Frauen und Männern an Führungspositionen in der Privatwirtschaft und im öffentlichen Dienst), we have set target figures for increasing the proportion of women on the Supervisory Board, Executive Board and at the first and second leadership levels of DEVK Sach- und HUK-Versicherungsverein a.G. These apply for 30 June 2022. These target figures and the situation on the balance sheet date of 31 December 2021 can be found in the following table.

	Target 06/2022	Actual 12/2021
Supervisory Board	17 %	17 %
Management Board	17 %	0 %
1st middle management level	14 % - 18 %	17 %
2nd middle management level	20 % - 24 %	21 %

The actual quotas at the end of 2021 reflect the target quotas with the exception of the board level.

Cologne, 21 March 2022

The Management Board

Rüßmann **Burg** **Knaup** **Scheel** **Zens**

Notes to the Group management report

List of insurance classes covered during the financial year
Insurance class

Direct insurance operations

Life insurance

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
Third-party, fire and theft insurance

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
Repair costs insurance
Universal caravan insurance
Extended coverage insurance
Business interruption insurance
Travel baggage insurance
All-risk insurance

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

Reinsurance coverage provided

Life insurance

Health insurance
Daily benefits insurance
Hospital daily benefits insurance
Travel health 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
Third-party, fire and theft insurance

Aviation insurance

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
Rent insurance

Consolidated financial statements

Consolidated balance sheet to 31 December 2021

Assets	€	€	€	Previous year € 000s
A. Intangible assets				
I. Industrial property rights created in-house and similar rights and assets		-		0
II. Licences, industrial property rights and similar rights and assets acquired for valuable consideration, as well as licences in such rights and assets		31,417,364		27,825
III. Goodwill		16,944,096		18,640
IV. Payments on account		9,253,166		8,311
			57,614,626	54,777
B. Investments				
I. Real estate and similar land rights, including buildings on third-party land		1,866,922,127		1,552,288
II. Investments in affiliated companies and participating interests				
1. Shares in affiliated companies	73,590,245			83,343
2. Loans to affiliated companies	37,934,500			8,247
3. Shares in associated companies	84,166,089			64,457
4. Participating interests	813,705,993			592,134
5. Loans to companies in which a participating interest is held	1,211,042			1,821
		1,010,607,869		750,002
III. Other investments				
1. Shares, units or shares in investment funds and other variable-interest securities	2,351,784,029			2,063,873
2. Bearer bonds and other fixed-interest securities	4,970,952,354			4,834,446
3. Mortgage loans and annuity claims	829,886,948			810,847
4. Other loans	4,003,616,828			4,079,005
5. Deposits with banks	10,269,931			8,276
6. Other investments	55,727,886			86,800
		12,222,237,976		11,883,248
IV. Deposits with ceding companies		93,183,953		86,196
			15,192,951,925	14,271,733
C. Investments for the benefit of life insurance policyholders who bear the investment risk				
			395,564,950	307,304
D. Assets for the benefit and at the risk of employees and employers				
- Investments for the benefit of employees and employers			**523,424,632**	366,061
Balance carried forward:			16,169,556,133	14,999,875

Liabilities	€	€	€	Previous year € 000s
A. Equity				
I. Retained earnings				
1. Loss reserve pursuant to section 193 of VAG	192,678,512			192,679
2. Other retained earnings	1,601,997,167			1,540,105
		1,794,675,679		1,732,784
II. Equity difference due to currency conversion		18,888,090		8,202
III. Profit/loss carried forward		68,506,590		69,952
IV. Net retained profit		35,517,309		32,611
V. Adjusting item due to capital consolidation		342,301		342
VI. Non-controlling interests		471,102,594		440,133
			2,389,032,563	2,284,024
B. Technical provisions				
I. Provision for unearned premiums				
1. Gross amount	190,497,298			148,975
2. of which from: Reinsurance amount	4,107,464			7,669
		186,389,834		141,306
II. Premium reserve				
1. Gross amount	5,434,325,469			5,235,135
2. of which from: Reinsurance amount	4,263,332			3,506
		5,430,062,137		5,231,628
III. Provision for claims outstanding				
1. Gross amount	3,881,385,329			3,449,414
2. of which from: Reinsurance amount	577,587,188			433,365
		3,303,798,141		3,016,049
IV. Provision for bonuses and rebates				
1. Bonuses	328,730,052			307,142
2. Rebates	4,310,412			3,008
		333,040,464		310,150
V. Equalisation provision and similar provisions		497,345,454		497,540
VI. Other technical provisions				
1. Gross amount	16,968,576			10,940
2. of which from: Reinsurance amount	23,658			356
		16,944,918		10,584
			9,767,580,948	9,207,257
C. Technical reserves in life insurance business, where the investment risk is borne by the policyholders				
- Premium reserve			**395,564,950**	307,304
D. Technical pension fund provisions				
I. Premium reserve		1,240,428,915		1,107,006
II. Provision for claims outstanding		1,751,451		1,650
III. Provision for bonuses and rebates		54,265,568		47,089
			1,296,445,934	1,155,746
Balance carried forward:			13,848,624,394	12,954,330

Assets	€	€	€	Previous year € 000s
Balance carried forward:			16,169,556,133	14,999,875
E. Receivables				
I. Receivables arising out of direct insurance operations:				
1. Policyholders	44,662,675			45,086
2. Intermediaries	11,544,044			13,251
3. Member and sponsoring undertakings	-			1
		56,206,719		58,338
II. Receivables from pension fund business:				
1. Employers and beneficiaries	247,797			224
2. Intermediaries	290,573			302
		538,370		525
III. Receivables arising out of reinsurance operations		327,656,496		118,955
IV. Other receivables		135,823,697		132,274
of which:			**520,225,282**	310,092
Affiliated companies: € 315,439				167
from companies in which a participating interest is held: € 7,699				257
F. Other assets				
I. Tangible assets and inventories		35,109,897		30,037
II. Cash at banks, cheques and cash in hand		326,115,469		322,769
III. Other assets		1,506,994		12,122
			362,732,360	364,929
G. Prepayments and accrued income				
I. Accrued interest and rent		97,736,159		108,517
II. Other prepayments and accrued income		48,775,752		36,837
			146,511,911	145,354
Total assets			**17,199,025,686**	15,820,250

Liabilities	€	€	€	Previous year € 000s
Balance carried forward:			13,848,624,394	12,954,330
E. Technical pension fund provisions to cover assets for the benefit and risk of employees and employers				
- Premium reserve			**523,424,632**	366,061
F. Other provisions				
I. Provisions for pensions and similar commitments		926,787,975		826,181
II. Provisions for taxation		75,590,815		57,935
III. Other provisions		140,125,359		112,441
			1,142,504,148	996,557
G. Deposits received from reinsurers				
			125,210,019	126,032
H. Other liabilities				
I. Liabilities arising out of direct insurance operations towards				
1. Policyholders	426,250,383			459,287
2. Intermediaries	8,537,206			8,101
		434,787,589		467,388
II. Liabilities arising out of pension fund business				
1. Employers	1,421,045			2,693
2. Beneficiaries	290			4,673
		1,421,335		2,698
III. Liabilities arising from reinsurance operations		180,515,575		73,293
IV. Liabilities to banks		684,992,077		574,035
V. Other liabilities		219,396,474		224,463
of which:			**1,521,113,050**	1,341,876
From taxes: € 25,874,086				27,673
Social security: € 638,906				565
Against affiliated companies: € 4,447,009				6,149
I. Accruals and deferred income				
			19,645,384	17,636
K. Deferred tax liabilities				
			18,504,059	17,758
Total liabilities			**17,199,025,686**	15,820,250

Consolidated profit and loss account

for the period from 1 January to 31 December 2021

Items	€	€	€	Previous year € 000s
I. Technical account for non-life and accident insurance business				
1. Earned premiums net of reinsurance				
a) Gross premiums written	2,944,097,790			2,784,957
b) Outward reinsurance premiums	211,039,561			176,963
		2,733,058,229		2,607,994
c) Change in the gross provision for unearned premiums	-41,215,780			-52,390
d) Change in the gross provision for unearned premiums, reinsurers' share	-481,915			1,006
		-41,697,695		-51,384
			2,691,360,534	2,556,611
2. Allocated interest, net of reinsurance			**1,149,246**	1,239
3. Other technical income, net of reinsurance			**1,431,980**	1,429
4. Claims incurred, net of reinsurance				
a) Claims paid				
aa) Gross amount	1,850,452,608			1,639,981
bb) Reinsurers' share	236,147,104			78,912
		1,614,305,504		1,561,070
b) Change in the provision for claims outstanding				
aa) Gross amount	431,893,404			168,483
bb) Reinsurers' share	-143,421,280			-24,177
		288,472,124		144,307
			1,902,777,628	1,705,376
5. Changes in other technical provisions, net of reinsurance				
a) Premium reserve, net of reinsurance		800,523		101
b) Other technical provisions, net of reinsurance		-7,390,760		-691
			-6,590,237	-591
6. Bonuses and rebates, net of reinsurance			**7,463,889**	14,955
7. Net operating expenses, net of reinsurance				
a) Gross operating expenses for insurance operations		721,920,516		677,719
b) of which from: Reinsurance commissions and profit participation		31,964,236		30,378
			689,956,280	647,341
8. Other technical charges, net of reinsurance			**17,858,164**	17,553
9. Subtotal			**69,295,562**	173,462
10. Change to the equalisation provision and similar provisions			**7,454,245**	-61,044
11. Underwriting result net of reinsurance, non-life and accident insurance			**76,749,807**	112,418

Items	€	€	€	Previous year € 000s
II. Technical account for the life and health insurance business				
1. Earned premiums net of reinsurance				
a) Gross premiums written	578,120,785			573,046
b) Outward reinsurance premiums	8,508,528			7,857
		569,612,257		565,189
c) Change in the net provision for unearned premiums		428,863		528
			570,041,120	565,717
2. Contributions from the gross premium refunds provision			**17,302,384**	18,232
3. Income from investments				
a) Income from participating interests		2,219,126		1,002
b) Income from other investments		156,932,376		169,810
c) Income from write-ups		4,989,953		135
d) Gains on the realisation of investments		72,791,738		75,910
			236,933,193	246,857
4. Unrealised gains on investments			**50,149,055**	9,511
5. Other technical income, net of reinsurance			**1,303,393**	1,287
6. Claims incurred, net of reinsurance				
a) Claims paid				
aa) Gross amount	404,899,204			441,053
bb) Reinsurers' share	2,415,058			857
		402,484,146		440,196
b) Change in the provision for claims outstanding				
aa) Gross amount	-4,474,543			80
bb) Reinsurers' share	966,627			-127
		-3,507,916		-47
			398,976,230	440,148
7. Changes in other technical provisions, net of reinsurance				
a) Premium reserve				
aa) Gross amount	-288,252,473			-209,673
bb) Reinsurers' share	757,113			621
		-287,495,360		-209,052
b) Other technical provisions, net of reinsurance		38,387		32
			-287,456,973	-209,020
8. Bonuses and rebates, net of reinsurance			**84,213,026**	35,817
9. Net operating expenses, net of reinsurance				
a) Acquisition expenses	63,767,253			66,430
b) Administration costs	17,514,765			16,047
c) of which from:		81,282,018		82,477
Reinsurance commissions and profit participation		3,098,636		2,769
			78,183,382	79,708
10. Investment expenses				
a) Investment management charges, interest expenses and other charges on capital investments		5,502,263		4,253
b) Write-downs on investments		9,192,835		18,321
c) Losses on the realisation of investments		980,521		36,679
			15,675,619	59,254
11. Unrealised gains on investments			**2,311,464**	7,865
12. Other technical charges, net of reinsurance			**2,517,875**	2,661
13. Underwriting result net of reinsurance, life and health insurance			**6,394,576**	7,130

Items	€	€	Previous year € 000s
III. Pension fund technical account			
1. Earned premiums			
- Premiums written		**259,562,514**	218,678
2. Contributions from the gross premium refunds provision		**5,037,719**	4,270
3. Income from investments			
a) Income from participating interests	19,825		-
b) Income from other investments	26,376,326		25,990
c) Income from write-ups	3,138		-
d) Gains on the realisation of investments	2,275,522		6,459
		28,674,811	32,450
4. Unrealised gains on investments		**58,571,886**	28,783
5. Other technical pension fund income		**3,634,646**	3,010
6. Claims expenses			
a) Claims paid	44,256,669		35,057
b) Change in the provision for claims outstanding	101,068		860
		44,357,737	35,916
7. Changes in other technical pension fund provisions			
- Premium reserve		**-290,786,691**	-204,090
8. Bonuses and rebates		**12,213,803**	10,511
9. Pension fund operating expenses			
a) Acquisition expenses	2,270,998		1,757
b) Administration costs	2,606,927		2,205
		4,877,925	3,962
10. Investment expenses			
a) Investment management charges, interest expenses and other charges on capital investments	249,533		227
b) Write-downs on investments	766,287		244
c) Losses on the realisation of investments	468,295		31,104
		1,484,115	31,575
11. Unrealised gains on investments		**1,808,620**	-
12. Other technical pension fund expenses		**1,161**	0
13. Technical pension fund result		**-48,476**	1,137

Items	€	€	€	Previous year € 000s
IV. Non-technical account				
1. Underwriting result, insurance and pension fund business net of reinsurance				
a) Non-life and accident insurance		76,749,807		112,418
b) Life and health insurance		6,394,576		7,130
c) Pension fund business		-48,476		1,138
			83,095,907	120,686
2. Investment income where not stated under II 3 or III 3				
a) Income from shares in associated companies	2,021,233			862
b) Income from participating interests	59,141,075			25,236
c) Income from other investments	211,626,092			215,732
of which: from affiliated companies: € 230,836				64
d) Income from write-ups	26,689,506			3,550
e) Gains on the realisation of investments	44,547,871			70,766
f) Income from profit pooling, profit transfer and partial profit transfer agreements	233			-
		344,026,010		316,146
3. Investment expenses where not stated under II 10 or III 10				
a) Investment management charges, interest expenses and other charges on capital investments	54,909,060			48,830
b) Write-downs on investments	57,867,759			122,734
c) Losses on the realisation of investments	2,930,244			50,816
d) Charges from loss transfer	4,623,890			5,875
		120,330,953		228,256
		223,695,057		87,892
4. Allocated interest		3,092,083		3,113
			220,602,974	84,778
5. Other income		122,729,967		109,329
6. Other charges		241,371,218		207,684
			-118,641,251	-98,354
7. Profit from ordinary activities			**185,057,630**	107,111
8. Taxes on income		89,868,655		25,830
9. Deferred tax change		83,448		-665
10. Other taxes		3,549,099		4,851
			93,501,202	30,015
11. Net profit for the year			**91,556,429**	77,095
12. Allocation to retained earnings				
a) in the loss reserve pursuant to section 193 VAG		-		5,700
b) in other retained earnings		25,369,317		24,640
			25,369,317	30,340
13. Non-controlling interests			**30,669,803**	14,144
14. Net retained profit			**35,517,309**	32,611

Statement of shareholders' equity

Shareholders' equity movements						
Figures in € 000s	Equity of the parent company					
	Retained earnings					
	Statutory reserve	Reserves stipulated in the Articles of Association	Other retained earnings	Total	Equity difference due to currency conversion	Profit/loss carried forward
As per 31/12/2020	192,678	-	1,540,447	1,733,126	8,202	102,563
Capital increase/reduction, e.g.:						
Issuing of shares	-	-	-	-	-	-
Acquisition/disposal of own shares	-	-	-	-	-	-
Redemption of shares	-	-	-	-	-	-
Capital increase from company funds	-	-	-	-	-	-
Calling in/payment of deposits not hitherto called in	-	-	-	-	-	-
Allocation to/withdrawal from reserves	-	-	60,871	60,871	-	-60,871
Dividends	-	-	-	-	-	-
Currency conversion	-	-	-	-	10,686	-
Other changes	-	-	1,020	1,020	-	1,445
Changes to the group of consolidated companies	-	-	1	1	-	-
Consolidated profit/loss for the year	-	-	-	-	-	-
As per 31/12/2021	**192,678**	**-**	**1,602,339**	**1,795,018**	**18,888**	**43,137**

The negative goodwill from capital consolidation is shown in the column other retained earnings.

Equity of the parent company		Non-controlling interests				Shareholders equity
net profit or loss for the year which is attributable to the parent company	Total	Non-controlling interests before equity difference due to currency conversion and annual result	Equity difference due to currency conversion attributable to non-controlling interests	Profit/loss attributable to non-controlling interests	Total	Total
	1,843,890	448,120	-7,987		440,133	2,284,024
-	-	-	-	-	-	-
-	-	18,024	-	-	18,024	18,024
-	-	-	-	-	-	-
-	-	-2,450	-	-	-2,450	-2,450
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-15,956	-	-	-15,956	-15,956
-	10,686	-	3,145	-	3,145	13,831
-	2,465	-2,465	-	-	-2,465	-
-	1	3	-	-	3	4
60,887	60,887	-	-	30,670	30,670	91,556
60,887	**1,917,930**	**445,275**	**-4,842**	**30,670**	**471,104**	**2,389,034**

Cash flow statement

Cash flow statement to 31 December 2021

Items	Financial year € 000s
Result for year (consolidated net profit/loss for the year including other shareholder's share of the result)	91,556
Increase/decrease in technical provisions, net	946,649
Increase/decrease in deposits with ceding companies and deposits taken from retrocessionaires	-215,690
Increase/decrease in accounts payable to ceding companies and retrocessionaires	106,401
Increase/decrease in other receivables	-8,845
Increase/decrease in other liabilities	-37,391
Changes in other balance sheet items not attributable to investment or financing activities	-807,719
Other off-balance sheet expenses & income as well as adjustments to the result for the year	74,307
Profit/loss from disposals of investments, tangible assets and intangible assets	-115,226
Tax expenses/income	89,869
Income tax payments	-66,598
Cash flow from ongoing operations	**57,312**
Proceeds from disposals from the group of consolidated companies	-
Proceeds from disposals of tangible assets	199
Proceeds from disposals of intangible assets	-
Payments for additions to the group of consolidated companies	-
Payments for investments in tangible assets	-14,876
Payments for investments in intangible assets	-15,018
Proceeds from the disposal of investments in unit-linked life insurance	10,512
Payments for investments in unit-linked life insurance	-151,535
Cash flow from investment activities	**-170,719**
Proceeds from additions to equity by other shareholders	18,026
Payments to other shareholders for equity reductions	-2,450
Dividends paid to other shareholders	-15,956
Proceeds and payments from other financing activities	111,205
Cash flow from financing activities	**110,825**
On-balance-sheet changes to cash and cash equivalents	-2,582
Changes in cash and cash equivalents relating to exchange rates and valuations	5,929
Changes in cash and cash equivalents relating to the group of consolidated companies	-
Cash and cash equivalents at the start of the year	322,769
Cash and cash equivalents at the end of the year*	**326,115**

The cash flow statement has been drawn up in accordance with the provisions of DRS 21, "Cash Flow Statements". In accordance with the DRS recommendation for insurance undertakings, the indirect method of presentation was chosen.

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

Notes to the consolidated financial statements

Group companies

The following subsidiary companies were included in the consolidated financial statements of DEVK Sach- und HUK-Versicherungsverein a.G., Cologne:

- DEVK Rückversicherungs- und Beteiligungs-AG - DEVK RE, 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 Asset Management Gesellschaft mbH, Cologne 100 %
- DEVK Omega GmbH, Cologne 75 %
- DEVK Private Equity GmbH, Cologne 65 %
- DEVK Saturn GmbH, Cologne 100 %
- DEVK Service GmbH, Cologne 74 %
- DEVK Unterstützungskasse GmbH, Cologne 100 %
- DEVK Zeta GmbH, Cologne 100 %
- DEVK Europa Real Estate Investment Fonds SICAV-FIS, Luxembourg (L), 69 %
- DEREIF BRUSSEL CARMEN S.A., Brussels (B), 100 %
- DEREIF Copenhagen V ApS, Copenhagen (DNK), 100 %
- DEREIF Hungary Eiffel Palace Kft, Budapest (HU), 100 %
- DEREIF Hungary Park Atrium Ltd., Budapest (HU), 100 %
- DEREIF Immobilien 1 S.à r.l., Luxembourg (L), 100 %
- DEREIF LISSABON REPUBLICA, UNIP. LDA, Lisbon (P), 100 %
- DEREIF London Birchin Court S.à r.l., Luxembourg (L), 100 %
- DEREIF London Coleman Street S.à r.l., Luxembourg (L), 100 %
- DEREIF London Eastcheap Court S.à r.l., Luxembourg (L), 100 %
- DEREIF London Lombard Street S.à r.l., Luxembourg (L), 100 %
- DEREIF London Lower Thames Street S.à r.l., Luxembourg (L), 100 %
- DEREIF London Queen Street S.à r.l., Luxembourg (L), 100 %
- DEREIF London 10, St. Bride Street S.à r.l., Luxembourg (L), 100 %
- DEREIF Luxembourg Glacier S.à r.l. (formerly Red Luxembourg Main Building S.à r.l.), Luxembourg (L), 100 %
- DEREIF Malmö, Kronan 10 & 11 AB, Malmö (S), 100 %
- DEREIF Paris 37-39, rue d'Anjou SCI, Yutz (F), 100 %
- DEREIF Paris 9, chemin du Cornillon Saint-Denis SCI, Yutz (F), 100 %
- DEREIF Paris 6, rue Lamennais SCI, Yutz (F), 100 %
- DEREIF Prag Oasis s.r.o., Prague (CZ), 100 %
- DEREIF Stockholm Vega 4 AB, Stockholm (S), 100 %
- DEREIF Vilnius Konstitucijos UAB, Vilnius (LTU), 100 %
- DP7, Unipessoal LDA., Lisbon (P), 100 %
- DRED SICAV-FIS, Luxembourg (L), 78 %
- DRED - Real Estate Deutschland GP S.à r.l., Luxembourg (L), 100 %
- DEUSA Umbrella SCS SICAV-RAIF, Luxembourg (L), 100 %
- COMPAVO GmbH, Legden, 100 %

- DAI SICAV-RAIF S.C.S., Luxembourg (L), 90 %
- Echo Rückversicherungs-AG, Zurich (CH), 100 %
- Edinburgh Ferry Road S.à r.l., Luxembourg (L), 100 %
- GAV Versicherungs-AG, Legden, 100 %
- Grundversorgung S.C.S., Luxembourg (L), 100 %
- HEICO Grundversorgung Invest GmbH, Wiesbaden, 100 %
- HEICO Grundversorgung Invest 1 GmbH & Co. KG, Wiesbaden, 100 %
- HEICO Grundversorgung Invest 2 GmbH & Co. KG, Wiesbaden, 100 %
- HEICO Grundversorgung Invest 3 GmbH & Co. KG, Wiesbaden, 100 %
- HEICO Grundversorgung Invest 4 GmbH & Co. KG, Wiesbaden, 100 %
- HEICO Grundversorgung Invest 5 GmbH & Co. KG, Wiesbaden, 100 %
- HEICO Grundversorgung Invest 6 GmbH & Co. KG, Wiesbaden, 100 %
- HEICO Grundversorgung Invest 7 GmbH & Co. KG, Wiesbaden, 100 %
- HEICO Grundversorgung Invest 8 GmbH & Co. KG, Wiesbaden, 100 %
- HEICO Grundversorgung Invest 9 GmbH & Co. KG, Wiesbaden, 100 %
- HEICO Grundversorgung Invest 10 GmbH & Co. KG, Wiesbaden, 100 %
- HEICO Grundversorgung Invest 11 GmbH & Co. KG, Wiesbaden, 100 %
- HEICO Grundversorgung Invest 12 GmbH & Co. KG, Wiesbaden, 100 %
- HEICO Grundversorgung Invest 13 GmbH & Co. KG, Wiesbaden, 100 %
- HEICO Grundversorgung Invest 14 GmbH & Co. KG, Wiesbaden, 100 %
- Hotelbetriebsgesellschaft SONNENHOF mbH, Bad Wörishofen, 100 %
- HYBIL B.V., Venlo (NL), 100 %
- Ictus GmbH, Cologne 75 %
- HyLane GmbH (formerly OUTCOME Unternehmensberatung GmbH), Cologne, 100 %
- SADA Insurances S.A., Nîmes (F), 100 %

These companies are thus exempted from the requirement to produce annual financial statements themselves.

The following subsidiary companies:

- Caribbean Investment Explorer GmbH, Cologne, 100 %
- DAI-O S.à r.l., Munsbach (L), 100 %
- DEUSA1 GP S.à.r.l, Luxembourg (L), 100 %
- DEVK Alpha GmbH, Cologne 100 %
- DEVK Versorgungskasse GmbH, Cologne 100 %
- DEVK Web-GmbH, Cologne 100 %
- DIIV DEVK Infrastucture Investment Vehicle SCSp, Luxembourg (L), 81.25 %
- freeyou AG, Cologne 100 %
- GrundV GP S.à r.l., Luxembourg (L), 100 %
- JUPITER VIER GmbH, Cologne 100 %
- Kassos Ventures GmbH, Cologne 100 %
- Klugo GmbH, Cologne 100 %
- Lieb´Assur S.à.r.l., Nîmes (F), 100 %
- Pragos Wohnungsunternehmen AG & Co. KG, Cologne
- Reisebüro Frenzen GmbH, Cologne 52 %
- Reisebüro TRAVELWORLD 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, in accordance with section 296 paragraph 2 sentence 1 of the German Commercial Code (HGB). 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, Cologne 50 %
- Navigo Shipholding AG, Hamburg, 50 %.

Terra Management GmbH, Cologne, a joint venture in which the Group has a total holding of 50 %, was not included in the consolidated financial statements due to its minor importance for the Group's net assets, financial position and results of operations in accordance with section 296 paragraph 2 sentence 1 HGB.

The following subsidiary companies were not included in the consolidated financial statements in accordance with section 296 paragraph 1 no. 3 HGB due to their intended resale:

- Sireo Immobilienfonds No. 4 Paris II Front de Paris S.à.r.l., Paris (F), 100 %
- Sireo Immobilienfonds No. 4 Paris II S.à.r.l., Luxembourg (L), 100 %
- Sireo Immobilienfonds No. 4 Warszawa Par Tower, Warsaw (PL), 100 %.

Changes to the group of consolidated companies

During the course of the past financial year, a change in the financial year of the local annual financial statements from 31 August to 30 September took place for all companies of the DEREIF SICAV-FIS. As a result, the HBII reconciliations will be based on the original local financial statements for the first time this year and will not be included in the consolidated financial statements by means of a separate interim financial statement as of 30 September, as was previously the case. The change to the financial year did not result in any special effect on profit or loss at the level of the HBII financial statements included in the consolidated financial statements.

In the 2021 financial year, the subsidiary Grundversorgung S.C.S. established two new subsidiary companies, HEICO Grundversorgung Invest 13 GmbH & Co. KG and HEICO Grundversorgung Invest 14 GmbH & Co. KG. The equity capital of these subsidiaries corresponds to the acquisition cost of the shares in Grundversorgung S.C.S. at the time of formation. All new investment companies are included for the first time in the 2021 financial year as subsidiaries of Grundversorgung S.C.S. in its subgroup financial statements, and are reflected in the consolidated financial statements through this company.

In July 2021, DEVK Rückversicherungs- und Beteiligungs-AG - DEVK RE and DEVK Allgemeine Lebensversicherungs-AG established the alternative investment fund DEUSA Umbrella SCS SICAV-RAIF domiciled in Luxembourg. The fund acquires office and residential properties in the US under two separate compartments. In the 2021 financial year, the DEUSA Umbrella SCS SICAV-RAIF and the underlying property companies will be consolidated for the first time in a subgroup financial statement and shown in the consolidated financial statement via this subgroup financial statement. The equity capital of DEUSA Umbrella SCS SICAV-RAIF corresponds to the acquisition cost of the shares of the participating DEVK companies at the time of foundation. Pursuant to section 301 paragraph 2 HGB, the capital consolidation was carried out on the basis of the valuations on the date on which the company became a subsidiary of DEVK Sach- und HUK-Versicherungsverein a.G.

DAI-C-Unigestion Co-Invest SCS - through which further private equity investments are to be consolidated - was founded in September 2021 via subfund C of DAI SICAV-RAIF S.C.S. The equity capital of DAI-C-Unigestion Co-Invest SCS corresponds to the acquisition costs of the shares of the sole investor DAI SICAV-RAIF S.C.S. at the time of formation. The new company will be included as a subsidiary of DAI SICAV-RAIF S.C.S. in its subgroup financial statements for the first time in the 2021 financial year, and shown in the consolidated financial statements via the same.

Hidden reserves from valuation differences which would have resulted in the recognition of deferred taxes in the consolidated financial statements did not arise in the course of the initial consolidation of these companies. No new goodwill was generated from additions to the consolidated group either.

DEREIF Wien Beteiligungs GmbH sold all shares in DEREIF Wien Nordbahnstraße 50 GmbH in December 2020. DEREIF Wien Beteiligungs GmbH was subsequently liquidated. The liquidation was completed on 31 August 2021 and the company was dissolved. The remaining liquidity has been transferred to the direct parent company DEREIF Immobilien 1 S.a.r.l. Due to the withdrawal of the subsidiaries during the year, the assets and liabilities of the company are deconsolidated on the basis of the last annual financial statements at the time of dissolution. The corresponding result amounts to € -2,000.

Consolidation principles

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

Pursuant to article 66 section 3 sentence 4 EGHGB in conjunction with section 301 paragraph 1 no. 1 HGB, old version, the capital consolidation was performed by applying the book value method of section 301 paragraph 1 no. 1 HGB old version. 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. Following the introduction of the German Act on Modernisation of Accounting Regulations (BilMoG), capital consolidations are carried out in accordance with DRS 23 per section 301 paragraph 1 HGB. Differences on the assets side of the consolidated balance sheet are shown under goodwill in accordance with section 301, paragraph 3, sentence 1 HGB. The goodwill is subjected to scheduled depreciation over a fifteen-year period, in line with its expected useful life. This useful life is derived from the companies' purpose, namely to real estate investment. In these cases, the high current incomes are to the fore, which is why the envisaged average holding period for real estate is at least 15 years. Negative differences were correspondingly recorded as liabilities in the consolidated balance sheet. The differences result from the capital consolidation and have an equity character.

Prior to the introduction of BilMog, the valuation of the associated company Monega Kapitalanlagegesellschaft mbH 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).

Determination of the values of interest in Terra Estate GmbH & Co. KG and Navigo Shipholding AG took place at the time they became joint ventures.

The receivables and liabilities of companies included in the consolidated financial statements were consolidated, while income and expenses from cost allocation and from intra-Group reinsurance relationships as well as inter-company profits were eliminated.

Pursuant to section 299 paragraph 3 HGB, in cases where business events of particular importance for the net assets, financial position and results of operations of a subsidiary with a balance sheet date other than the one used for the consolidated financial statements occur between the subsidiary's balance sheet date and the consolidated financial statements balance sheet date, the option of providing information of equivalent value in the notes to the consolidated financial statements will be exercised.

Foreign currency conversion

The conversion of the asset and liability items in the balance sheet of foreign consolidated subsidiaries which draw up their annual financial statements in a foreign currency takes place 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 rate. For the conversion of financial statements denominated in foreign currencies of foreign consolidated subsidiaries with a different balance sheet date, average spot exchange rates or average exchange rates on the different balance sheet date were used.

Currency conversion differences within the scope of debt consolidation are shown in equity under the item currency difference from consolidation, while conversion differences from the consolidation of expenses and income are shown under other expenses and income.

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

Accounting and valuation methods

Uniform accounting

The consolidated financial statements were based on the audited and unaudited individual financial statements and single-entity financial statements that, with two insignificant 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. Before their incorporation into the consolidated financial statements, the annual financial statements of subsidiaries with different balance sheet dates and valuation methods were adjusted by the 30 September 2021 deadline to ensure compliance with the unified recognition and valuation principles laid down by the parent company for use in the consolidated financial statements. Any significant occurrences taking place between then and the consolidated financial statements balance sheet date, to wit 31 December 2021, are recognised and recorded in these subsidiaries’ interim financial statements.

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.

Underwriting assets

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.

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

Investments for the benefit of life insurance policyholders who bear the investment risk, for whose policies an investment fund is to be established pursuant to section 125 VAG, are recorded at their current value.

Pursuant to section 341 paragraph 4 sentence 2 and section 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.

Underwriting life insurance business

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 set out by the Finance Minister of North Rhine-Westphalia on 30 April 1974.
For new policies taken out since 1 January 2012, an insurance period of one month generally applies. For these policies, payments on account made where a monthly payment does not apply are also included under the provision for unearned premiums. Provisions for unearned premiums arising from coinsurance contracts were taken on in accordance with the information from the lead company. If the information from the lead company was not available in time, the pro rata unearned premiums were determined using an estimation procedure.
The **premium reserve** for insurance policies where the investment risk is borne by the insurance company was determined individually for each contract, taking into account the individual technical commencement date, and according to actuarial principles using the prospective method.
For the portfolio of existing policies within the meaning of section 336 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 business plans either approved or submitted for approval. The portfolio of new policies is in line with section 341f HGB and section 88 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 from coinsurance contracts was taken over in accordance with the information from the lead company. If the information from the lead company was not available in time, the pro rata premium reserve was determined using an estimation procedure.

Depending on the policy generation, the technical interest rate applied was either 4.0 %, 3.5 %, 3.25 %, 3.0 %, 2.75 %, 2.25 %, 1.75 %, 1.25 %, 0.9 %, 0.25 % or 0.0 %. Furthermore, from the 2016 policy generation onwards we offer pension insurance plans with individual technical interest rates which do not exceed the maximum technical interest rates laid down in the Premium Reserve Regulation. Pursuant to section 5 paragraph 4 of the Premium Reserve Regulation (DeckRV), an additional interest reserve was formed for those policies whose actuarial interest rate is higher than the reference interest rate of 1.57 % determined pursuant to section 5 paragraph 3 of the Premium Reserve Regulation. A supplementary interest reserve with a valuation interest rate of 1.57 % was likewise formed for the existing policies. The supplementary interest reserve for redeemable endowment life insurance policies is calculated through application of the probability of individual company cancellation and capitalisation.

Depending on the policy generation, the following mortality tables were applied for insurance policies with an insurance character: DAV 2008 T, company's own tables based on DAV 2008 T, DAV 1994 T, mortality table 1986 and mortality table 1960/62.
Insurance policies with an endowment character are based on the mortality tables DAV 1994 R, 80 % DAV 1994 R and DAV 2004 R. The premium reserve for pensions based on accrued capital was calculated according to the same principles, except applying, from the pension start year 2006 onwards, the accounting precepts regarding rate of return and mortality which were in place when the pensions commenced. 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.

For pension insurance plans based on the tables DAV 1994 R or 80 % DAV 1994 R, an adjustment of the premium reserve took place on the basis of table DAV 2004 R - B 20. For pension insurance plans with higher annual pensions, the premium reserve was adjusted to 75 % of the DAV 2004 R or the DAV 2004 R – B 20.

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 policy generations from 2003 onwards and from July 2015 onwards, the company-specific table DAV 1997 I was devised, which addresses or differentiates between three or ten different professional groups.
For supplementary occupational disability insurance up to the 2000 policy generation, 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 through the application of accounting principles based either 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 (supplementary) occupational disability insurance based on a technical interest rate of 4.0 %, the premium reserve was adjusted to the tables DAV 1998 E, DAV 1998 TE and DAV 1998 RE.

For all (supplementary) occupational disability and incapacity insurance up until policy generation 2008, the premium reserve was also adjusted to table DAV 2008 T.
Modified calculation bases according to DAV 1997 I were applied for the occupational invalidity risk.

For the basic capability risk and the risk of serious illness, the company's own tables were applied, which have been derived from the GenRe mortality tables and DAV 2008 T.

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. The premium reserve was calculated taking into account the implicit recognised costs.

For insurance policies with regular premium payments, one-off acquisition costs were taken into account in line with the Zillmer adjustment 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. As a rule, from 2015 the Zillmerisation rate stands at 2.5 % of the premium amount.

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 retirement provision contracts concluded in accordance with retirement savings law, the acquisition costs were distributed over either five or ten years, or the entire accumulation period.
For policies with Zillmerisation which are subject to the Federal Court of Justice rulings of 12 October 2005, 25 July 2012 or 26 June 2013, additional funds were allocated to the premium reserve.

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 performed in compliance with section 341f HGB as well as section 88 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 or five years, and in some cases over the entire premium payment period. The acquisition costs of single-premium insurance policies from the 2019 generation are taken out once at the start of the policy.

For unit-linked pension insurance up to the 2015 policy generation, for which it is likely that the guaranteed pension factors cannot be financed by the fund account, additional funds have been allocated to the premium reserve.

The terminal bonus funds were calculated separately for each policy, taking their individual technical start 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 paragraphs 7a to 7d RechVersV, with a discount rate of 1.4 % p.a.

For insurance with a savings component, a minimum participation in revaluation reserves was introduced on 1 January 2008. This is financed by a fund in the premium refunds provision, which will be structured in the portfolio of new polices in line with the terminal bonus fund. For the portfolio of existing policies, the fund was calculated according to principles set out in the business plan. The discounting rate is likewise 1.4 % p.a.

For all risk types except occupational incapacity, 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. A provision based on updated empirical values has been formed to cover the occupational incapacity risk. This method guarantees risk assessment closely based on reality.

Insurance claims arising by the balance sheet date but not known about until after the determination of the portfolio were assessed over the past 3 years and their mean value was set aside. 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.

On the basis of the rulings of the European Court of Justice/the German Federal Court of Justice of 19 December 2013, 7 May 2014, 17 December 2014 and 23 September 2015, the expenditure resulting from the possible cancellation of policies was recognised under **other technical provisions**.

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

Underwriting health insurance business

The **premium reserve** was calculated individually, taking the actual start of the policy into account, whereas the calculation for long-term care insurance and the basic policy was based on a mean start of coverage of 1 July.

The premium reserve also contains funds for financing the old-age premium relief pursuant to sections 149 and 150 VAG, unless they were retained in the provision for rebates. In the case of the part of the premium reserve attributable to the coinsurance policy of the Association of Private Insurance Companies (GPV), the amount cited by the CEO of the GPV was applied.

The provision for outstanding claims is calculated using the chain ladder method, using claims payments from previous financial years that were only paid after the balance sheet date but have already been incurred. The provision reflects claims settlement expenses in line with the regulations laid down by the Finance Ministry of the state of North-Rhine Westphalia on 22 February 1973 (page 2750 - 24 - VB4).

The **other technical provisions** include a cancellation provision to cover future losses from unexpectedly high levels of early cancellations. The provision was calculated on a percentage basis from the total of all negative ageing provisions.

Underwriting pension fund business

The **premium reserve** is calculated separately for each policy, taking into account the individual technical policy start and applying actuarial principles. The calculation was carried out in compliance with section 341f HGB, as well as section 240 sentence 1 No. 10-12 VAG and the associated provisions of the German Pension Fund Supervision Regulation (PFAV). The premium reserve was calculated taking into account the implicit recognised costs. For policies on which a pension is already being drawn, additional reserves have been set aside for future management costs. Furthermore, biometric reserves have also been set aside. 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) for beneficiaries was calculated prospectively on the basis of a technical interest rate, depending on the date on which the policy started, of between 0.9 % and 3.25 %. Depending on the pension start date, the minimum premium reserve for ongoing pensions was calculated on the basis of technical interest rates of between 0.9 % and 2.25 %. Modified HEUBECK 2005 G actuarial tables and DAV 2004 R mortality tables were used.

The terminal bonus funds were calculated separately for each policy, taking their individual technical start into account. The terminal bonus fund was calculated pursuant to section 15 paragraphs 5 and 6 RechVersV. The discounting rate is 0.5 % p.a.

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 **other provisions** were formed on the following basis:
The **pension provision** is calculated according to the projected unit credit method on the basis of the HEUBECK 2018 G actuarial tables. The discounting interest rate was calculated as a 10-year average pursuant to the previously valid German Regulation on the Discounting of Provisions (Rückstellungsabzinsungsverordnung). It was set at 1.87 % (previous year 2.30 %) and calculated on the basis of an assumed residual term of 15 years (section 253 paragraph 2 clause 2 HGB). The financing age on expiry corresponds with the contractual age on expiry.
The assumed rate of pay increase was set at 1.95 % p.a., and the rate of pension increase at 1.95 %, 1.6 % or 1 % p.a. depending on undertaking.

The **liabilities arising out of pension fund operations** were measured at their settlement values.

Other liabilities and taxes

Amounts owed to banks are recognised at their repayment amounts. Financial instruments for interest rate hedging are consolidated with the underlying lending business as a single valuation unit in accordance with section 254 HGB.

Pursuant to section 306 HGB, **deferred tax liabilities** arising from consolidation activities (revaluation on initial consolidation) are recognised in the consolidated financial statements. The calculations were based on the respective country-specific income tax rates of 9 % - 30 % to which the companies concerned were subject.

The calculations reveal active 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 2021 financial year

Assets		Balance sheet values Previous year € 000s	Additions € 000s	Transfers € 000s	Disposals € 000s	Write-ups € 000s	Write-downs € 000s	Balance sheet values Financial year € 000s
A.	**Intangible assets**							
1.	Industrial property rights created in-house and similar rights and assets	0	-	-	0	-	-	-
2.	Licences, industrial property rights and similar rights and assets acquired for valuable consideration, as well as licences in such rights and assets	27,826	9,999	4,076	-	-	10,484	31,417
3.	Goodwill	18,640	-	-	-	-	1,696	16,944
4.	Payments on account	8,311	5,018	-4,076	-	-	-	9,253
5.	Total A.	54,777	15,017	-	-	-	12,180	57,615
B. I.	**Real estate and similar land rights, including buildings on third-party land**							
		1,552,289	355,165	-	9,502	-	31,030	1,866,922
B. II.	**Investments in affiliated companies and participating interests**							
1.	Shares in affiliated companies	83,342	13,891	-	23,097	-	546	73,590
2.	Loans to affiliated companies	8,247	29,688	-	-	-	-	37,935
3.	Shares in associated companies	64,458	20,316	-	608	-	-	84,166
4.	Participating interests	592,134	297,208	-	74,994	7,829	8,471	813,706
5.	Loans to companies in which a participating interest is held	1,821	-	-	610	-	-	1,211
6.	Total B. II.	750,002	361,103	-	99,309	7,829	9,017	1,010,608
Total		**2,357,068**	**731,285**	**-**	**108,811**	**7,829**	**52,227**	**2,935,145**

The write-downs of intangible assets and real estate and similar land rights, including buildings on third-party land represent scheduled amortisation and depreciation.

Notes to the consolidated balance sheet

Re Assets A. I.

Industrial property rights created in-house and similar rights and assets

The intangible assets totalling € 57,614,626 (previous year € 54,776,740) include self-produced intangible assets valued at € 0 (previous year € 1).

Re Assets B.

Investments

The valuation reserves include hidden liabilities totalling € 75.0 million. These relate to land, equity interests, shares, investment fund shares, other non-fixed-interest securities, bearer bonds, registered bonds, mortgage claims and other loans.

Financial instruments within the meaning of section 314 paragraph 1 No. 10 HGB that are capitalised at their fair value

	Book value € 000s	Fair value € 000s
Participating interests	57,253	50,157
Shares, units or shares in investment funds and other variable-interest securities	708,980	691,124
Bearer bonds and other fixed-interest securities	575,068	557,584
Mortgage loans	63,364	62,003
Other loans	384,649	366,356

We have refrained from applying any write-downs in accordance with section 253 paragraph 3 clause 5 and 6 HGB, as we either intend to hold various securities until maturity or we are assuming that any fall in value is only temporary.

Derivative financial instruments and forward purchases in accordance with section 314 paragraph 1 No. 11 HGB

	Type	Nominal volume € 000s	Book value premium € 000s	Fair value of premium € 000s
Other liabilities	Short put options	35,518	1,361	749
Notes receivable	Swaptions	800,000	7 455	10,233
Other prepayments and accrued income	Swaps	100,000	137	3,539

Valuation method

Short options:	European options	Black-Scholes
	American options	Barone-Adesi
Swaptions:	Black-Scholes	
Swaps:	Present value method	

Units or shareholdings in domestic investment funds in accordance with section 314 paragraph 1 No. 18 HGB				
Investment goal	Dividends € 000s	Fair value € 000s	Hidden reserves/ hidden charges € 000s	Limitation on daily redemption
Equity funds	40,279	1,999,249	14,605	no
Bond funds	3,435	384,639	-6,020	no
Mixed funds	561	177,853	18,920	no
Real-estate funds	22,770	781,485	101,206	between any time and after 6 months

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 € 10,096,373.

Re Assets B. III.

Other investments

Other loans		
	Financial year € 000s	Previous year € 000s
a) Registered bonds	2,535,854	2,638,974
b) Notes receivable and loans	1,325,235	1,320,789
c) Loans and advance payments on insurance certificates	4,064	4,967
d) Other loans	138,464	114,275
Total	**4,003,617**	4,079,005

Other loans largely include registered participation certificates and loans.

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

Re Assets C.

Investments for the benefit of life insurance policyholders who bear the investment risk	Share units Number	Balance sheet value €
DEVK Anlagekonzept Rendite	100,495.67	5,728,253
DEVK Anlagekonzept RenditeNachhaltig	19,886.35	1,319,260
DEVK Anlagekonzept RenditeMax	106,993.03	7,183,512
DEVK Anlagekonzept RenditePro	134,655.82	8,442,920
Lupus Alpha Return (I)	933.67	121,564
Monega ARIAD Innovation (R)	3,845.55	350,522
Monega ARIAD Innovation (I)	7,558.97	567,377
Monega Bestinvest Europa -A-	54,267.40	3,078,589
Monega Chance	151,776.44	7,159,295
Monega Dänische Covered Bonds (I)	12,208.68	1,182,166
Monega Ertrag	318,288.63	18,906,345
Monega Euro-Bond	627,443.16	32,846,649
Monega Euroland	273,680.04	14,466,727
Monega Fairinvest Aktien (R)	263,739.05	16,924,135
Monega Germany	223,398.34	20,604,029
Monega Global Bond (R)	71,648.85	3,652,658
Monega Short Track SGB -A-	1,093.97	49,196
PRIVACON Weltaktienfonds SWG I	2,696.34	350,282
SpardaRentenPlus	16,203.09	1,680,908
Sparda Trend 38/200	452,673.92	55,520,456
UniCommodities	3,417.59	195,076
UniDividendenASS A	156,521.48	9,577,549
UniEM Global A	52,952.51	5,296,310
UniEuroKapital	1,115.54	70,502
UniEuroRenta	350,002.18	22,753,642
UniFavorit: Shares	62,615.03	13,492,286
UniGlobal	178,236.90	64,555,624
UniRak	511,502.29	79,487,455
UniRenta EmergingMarkets	76.15	1,662
Total		**395,564,950**

Re Assets D.

Assets for the benefit and at the risk of employees and employers	Share units Number	Balance sheet value €
Monega Rentenfonds (bond fund)	285,696	28,515,352
Monega Aktienfonds (equities fund)	3,861,953	494,909,280
Total		**523,424,632**

Re Assets E. I.

Receivables arising out of direct insurance operations

The amounts owed by policyholders comprise:	
a) Due claims	€ 3,626,632
b) Claims not yet due	€ 20,165,070
	€ 23,791,702

Re Assets G. II.

Other prepayments and accrued income

Premium on registered bonds	€ 4,010,847
Up-front premium interest rate swap	€ 136,593
Advance payments for future services	€ 44,628,313
	€ 48,775,752

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 insurance operations	
As per 31/12/2020	€ 247,479,476
Withdrawal in financial year for:	
- Interest-bearing accumulation	€ 9,273,679
- Increase in amount	€ 4,428,510
- Bonus shares paid out	€ 35,271,861
Allocation from the net profit in the financial year	€ 62,114,986
As per 31/12/2021	**€ 260,620,412**

Breakdown	€ millions
already determined but not yet allocated	
- Regular bonus shares	38.30
- Final bonus shares	2.64
- The minimum participation in the	3.69
Final bonus fund for financing	
- Of bonus pensions	-
- Of final bonus shares	29.88
- Of the minimum participation in the Valuation reserves	53.20
Non-index-linked part	132.91

Re Liabilities H. I.

Liabilities arising out of direct insurance operations

Liabilities towards policyholders arising out of direct life insurance operations for bonus shares credited amount to	**€ 321,983,663**

Re Liabilities H. IV.

Liabilities to banks

Liabilities to banks amounting to € 91.2 million relate to long-term liabilities from the financing of real estate with a remaining term of more than five years. In the course of this financing, the liabilities were fully secured by customary mortgages and pledges on the rental income accounts.

Re Liabilities I.

Accruals and deferred income	
Discount points on registered bonds	€ 10,332,584
Advance rental receipts	€ 9,247,051
Other accruals and deferred income	€ 65,749
	€ 19,645,384

Re Liabilities K.

Deferred tax liabilities

The deferred tax liabilities, founded on the revaluation of an acquired subsidiary, rose in the financial year by € 0.7 million to € 18.5 million.

Notes to the profit and loss account

Booked gross premiums in € 000s	Financial year					Previous year
	Non-life/ accident	Life	Health	Pension fund	Total	Total
1. Direct insurance operations						
Domestic	2,089,640	471,132	106,989	259,563	2,927,323	2,872,018
Other EEC countries	183,604	-	-	-	183,604	156,855
Total 1.	2,273,244	471,132	106,989	259,563	3,110,927	3,028,873
2. Reinsurance coverage provided						
	670,854	-	-	-	670,854	547,809
Total	**2,944,098**	**471,132**	**106,989**	**259,563**	**3,781,781**	3,576,682

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

Acquisition expenses	€ 524,158,783
Administration costs	€ 283,921,677

To items II. 3. b)

Income from other investments

aa) Income from real estate and similar land rights, including buildings on third-party land	€ 6,757,438
bb) Income from other investments	€ 150,174,937
	€ 156,932,375

To items IV. 2. c)

Income from other investments

aa) Income from real estate and similar land rights, including buildings on third-party land	€ 88,552,878
bb) Income from other investments	€ 123,073,214
	€ 211,626,092

Of the investment income, € 3,561,575 (previous year € 471,569) was attributable to currency conversion. The total investment expenses include € 1,370,627 (previous year € 7,556,070) from currency conversion.

Personnel expenses

Personnel expenses totalled € 357,298,022 (previous year € 331,975,375). These include expenses for the risk portion of the allocation to the pension provision.

During the year under review, Management Board remuneration totalled € 2,995,260 (previous year € 3,102,743). The retirement pensions of former Management Board members and their surviving dependants totalled €

2,232,941) (previous year € 2,393,944). On 31 December 2021, a pension provision totalling € 30,796,939 (previous year € 30,462,746) was recognised for this group of persons. The Supervisory Board remuneration totalled € 555,709 (previous year € 616,854). Payments to the Advisory Board came to € 89,371 (previous year € 63,997).

Auditors' fees

For services rendered by the Group's auditors (KPMG AG Wirtschaftsprüfungsgesellschaft) for the parent company and its subsidiaries in the financial year, a fee of € 1,316,050 was paid (including € 20,152 in reduced expenditure for 2020).
This broke down into € 1,273,668 for audit services, € 20,533 for other certification services, and € 42,001 for tax advisory services.

Details of other income and expenses pursuant to section 298 paragraph 1 HGB in conjunction with section 277 paragraph 5 HGB

Of the other income, € 2,559 (previous year € 22,338) was attributable to the discounting of provisions and € 27,846,264 (previous year € 15,839,848) to currency conversion. Other expenses included € 13,245 (previous year € 25,331) attributable to the accumulation of interest on provisions and € 25,488,167 (previous year € 17,330,684) to currency conversion.

Other information

Difference pursuant to section 253 paragraph 6 of the German Commercial Code (HGB)

The difference pursuant to section 253 paragraph 6 HGB on the balance sheet date amounted to € 101.8 million (previous year € 120.7 million). This was due to the pension provision.

Formation of valuation units in accordance with section 314 paragraph 1 no. 15 in conjunction with section 254 HGB

The consolidated financial statements show liabilities to banks of € 685.0 million, of which € 31.2 million is attributable to a loan to finance the OASIS Florenc office building in Prague and € 27.0 million to two loans to finance the Park Atrium Budapest office building. The liabilities for the financing of the OASIS Florenc office building are a roll-over fixed-rate loan, the contractual interest and interest period of which are based on the EURIBOR for three months plus liquidity costs (0.33286 %) and a credit margin (0.80 %). For the purpose of interest rate hedging, the subsidiary DEREIF Prag Oasis s.r.o. has contractually agreed to take out an interest rate hedge (interest cap) for the financing term from 20 October 2017 to 28 September 2027 in the form of a fixed interest rate ceiling of 4.25 % p.a. On the balance sheet date, a micro valuation unit was formed with a nominal volume of € 31.2 million from the interest cap and the bank loan, as a cash flow hedge in case the 3-month EURIBOR plus the designated liquidity costs and credit margin exceeds 4.25 % p.a. As a result of this hedging of the risk of increasing interest rates, the DEVK Group recorded an interest obligation on the balance sheet date of € 0.2 million. As part of the prolongation of the loans to finance the Park Atrium Budapest office building from 27 April 2020 to 30 April 2025, with interest at the 3-month EURIBOR, plus a margin of 1.95 % and an interest rate floor of zero, DEREIF Hungary Park Atrium Kft. concluded two interest rate swaps with a nominal value of € 13.5 million and an interest rate floor of -1.95 % to hedge interest rates. Here, too, a micro valuation unit of nominally € 27.0 million was formed from the interest rate swaps, interest rate floors and the loans for the term of the financing in order to hedge the interest payment flows in the event of a rise in the 3-month EURIBOR above -0.21 %. The calculated interest rate is 1.74 % (margin 1.95 % less the fixed part of the interest rate swap of 0.21 %). If the swaps had been closed out at the end of the financial year, a payment obligation in the amount of their negative market values of € 0.1 million would have arisen.

The property companies HEICO Grundversorgung Invest 1, 2, 3 and HEICO Grundversorgung Invest 5 GmbH & Co. KG signed a loan agreement with Postbank for a total of € 25.5 million on 19 September 2019. The loan is composed of four sub-loans and was disbursed in November 2019. In connection with this loan, derivative financial instruments were concluded on 80 % of the loan amount in the form of a financial futures transaction (interest rate swaps) and a minimum rate agreement (floor). In this context, the interest rate swap serves to hedge the interest rate risk and, in addition, the interest rate floor serves to maintain the functionality of these interest rate-hedged loans in the event of a negative reference interest rate. The interest rate floor is directly linked to the respective interest rate swap and the underlying loan, resulting in an aggregated valuation and an accounting presentation as a valuation unit using the net hedge presentation method. The basis for setting the interest rate is the 3-month EURIBOR, the margin of 0.92 % and a liquidity premium of 0.13 % (liquidity spread) for long-term financing. The maturity date of the sub-loans 1 to 3 and the related interest rate swaps and interest rate floors is 30 September 2026. The sub-loan 4 in the amount of € 7.4 million and the associated interest rate swap and interest rate floor matured on 30 September 2020. Sub-loan 4 was subsequently extended until 30 September 2026 and bears a fixed interest rate of 1.14 % p.a. until final maturity. As at the balance sheet date, a micro valuation unit with a nominal volume of € 18.1 million was formed from partial loans 1 to 3 and the associated interest rate swaps and interest rate floors. The market values of the derivatives are positive overall and together amount to € 0.3 million.

The net hedge presentation method was selected for reporting the valuation units on the balance sheet. Cash flows from hedged items and hedging instruments are not reflected insofar as these are related to the hedged risks. Because the hedging relationships and hedging term have been tailored to the loan conditions, the effectiveness measurement of the evaluation unit takes place through the critical terms match method.

Contingent liabilities and other financial obligations

At the end of the year, other financial obligations arising from private equity funds, real estate holdings, fund units and participating interests totalled € 1,785.9 million.

On the balance sheet date, we had outstanding financial obligations totalling € 35.6 million from open short options, € 185.0 million in multi-tranche notes payable and € 481.6 million from real estate contracts. The payment obligations in relation to approved mortgage loans not yet paid out totalled € 78.2 million.

DEVK Allgemeine Versicherungs-AG is furnishing a default guarantee in the event of policyholder insolvency via a bond insurance policy. As of the balance sheet date this guarantee covers the sum of € 75.3 million. We do not currently anticipate any availment of this guarantee since the risk of the policyholder becoming insolvent is rated as extremely low.

In order to secure a bank endorsement of USD 50.0 million, DEVK Rückversicherungs- und Beteiligungs-AG - DEVK RE issued a securities deposit with a value of € 26.0 million. Furthermore, redemption obligations from assignments of receivables exist in the amount of € 74 million.

In compliance with the statutory provisions of sections 221 ff VAG, life insurance 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 guarantee scheme levies annual contributions if the company's financial and risk position changes. Since 2017, the criteria of Solvency II have been applied in measuring capital resources and the solvency margin. For 2021, however, there was no annual contribution due to the 5 percent rule.

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 € 7,152,158.

In compliance with the statutory provisions of sections 221 ff 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 can levy special contributions totalling a maximum of 2 ‰ of the technical provisions net of reinsurance. Our 2021 payment commitment in this regard would be € 733,086.

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 - DEVK RE in return for the transfer of corresponding investments. This results in a consolidation all of the DEVK Group's pension commitments with a single risk bearer and also improves 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 - DEVK RE balance sheet has given rise to benefit obligations totalling € 800.7 million.

Terra Management GmbH, Cologne, is the general partner with unlimited liability in Terra Estate GmbH & Co. KG, Cologne. DRED-Real Estate Deutschland GP S.à r.l., Luxembourg, is the general partner of DRED SICAV-FIS, Luxembourg, GrundV GP S.à r.l. Luxembourg, is the general partner of Grundversorgung S.C.S., Luxembourg, DAI-O S.à r.l., Munsbach, is the general partner of DAI SICAV-RAIF S.C.S., Munsbach, and DEUSA1 GP S.à.r.l, Luxembourg is the general partner of DEUSA Umbrella SCS SICAV-RAIF, Luxembourg.

Occurrences of particular importance for Group companies with differing balance sheet dates pursuant to section 299 paragraph 3 HGB

During the period between the balance sheet date of Grundversorgung S.C.S. (30 September 2021) and the consolidated balance sheet date (31 December 2021), several Group-relevant business transactions took place in the investment companies of Grundversorgung S.C.S. HEICO Grundversorgung Invest 12 GmbH & Co. KG sold the Hattorf property for a purchase price of € 0.7 million by deed dated 27 December 2021. The transfer of benefits and burdens will take place in the first quarter of 2022. HEICO Grundversorgung Invest 11 GmbH & Co. KG acquired the Weener property on 16 October 2020 for a purchase price of € 19.8 million. No transfer of risk for this real estate transaction took place in 2021 due to the delay of a sub-property completion. Furthermore, on 20 December 2021, the property companies HEICO Grundversorgung Invest 10 GmbH & Co. KG and HEICO Grundversorgung Invest 11 GmbH & Co. KG signed a term sheet for a loan with a consortium of banks. The term sheet provides for a loan amount of € 32 million and a term of six years. The conclusion of the loan agreement and release is planned for March 2022.

Supplementary report

War broke out in Ukraine after the end of the financial year. For DEVK, the economic consequences of the war result in particular from the increasing uncertainty on the capital markets. The effects on the future net assets, financial position and results of operations are difficult to estimate at the moment.

General information

DEVK Sach- und HUK-Versicherungsverein a.G. Betriebliche Sozialeinrichtung der Deutschen Bahn (= Deutsche Bahn Company Welfare Scheme), Cologne, is registered at the local court under Commercial Register Number HRB 8234.

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 4,084. This figure is made up of 100 executives and 3,984 salaried employees.

Cologne, 21 March 2022

The Management Board

Rüßmann **Burg** **Knaup** **Scheel** **Zens**

Independent audit certificate

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

Report on the audit of the consolidated financial statements and of the consolidated management report

Opinions

We have audited the consolidated financial statements prepared by DEVK Deutsche Eisenbahn Versicherung Sach- und HUK-Versicherungsverein a.G. Betriebliche Sozialeinrichtung der Deutschen Bahn, Cologne, and its subsidiary companies (the Group) comprising the consolidated balance sheet to 31 December 2021, the consolidated profit and loss account, the statement of shareholders' equity and the cash flow statement for the financial year from 1 January to 31 December 2021, as well as the notes to the consolidated financial statements, including the presentation of the accounting and valuation methods. In addition, we have audited the 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 2021.

In conformity with German statutory requirements, we have not audited the content of the components of the consolidated management report mentioned in the "Other information" section of our auditor's report.

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying consolidated financial statements comply in all material respects with the prevailing German commercial regulations, give a true and fair view, in accordance with German principles of proper accounting, of the assets, liabilities and financial position of the Group as at 31 December 2021 and of its financial performance for the financial year from 1 January to 31 December 2021 and
- the accompanying consolidated management report as a whole provides an appropriate view of the Group's position. In all material respects, the consolidated management report is consistent with the consolidated annual financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future developments. Our opinion on the consolidated management report does not extend to the contents of the consolidated management report components mentioned in the "Other information" section.

Pursuant to section 322 paragraph 3 clause 1 HGB, we hereby declare that our audit has not led to any reservations relating to the legal compliance of the consolidated annual financial statements and consolidated management report.

Basis for the opinions

We conducted our audit of the consolidated annual financial statements and of the consolidated management report in accordance with section 317 HGB and EU Audit Regulation No. 537/2014 (hereinafter referred to as "EU Audit Regulation") and in compliance with the German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Consolidated Management Report" section of our auditor's report. We are independent of the Group entities in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities pursuant to those requirements. Moreover, in accordance with Article 10, paragraph 2, point (f) of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under Article 5, paragraph 1 of the EU Audit Regulation. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinions on the consolidated financial statements and the consolidated management report.

Key audit matters in the audit of the consolidated annual financial statements

Key audit matters are those matters which, in our professional judgement, were of greatest significance in our audit of the consolidated annual financial statements for the financial year from 1 January to 31 December 2021. These matters were addressed in conjunction with our audit of the consolidated annual financial statements as a whole, and in forming our audit opinion in this regard; we do not provide a separate audit opinion on these matters.

Measurement of the premium reserve in the life insurance business

With regard to the accounting policies and methods, we refer the reader to the explanations given in the notes to the Group's consolidated financial statements in the "Accounting and valuation methods" section. Detailed statements on risk are contained in the management report in the "Risk report" section.

THE FINANCIAL STATEMENT RISK

In the consolidated financial statements, the Group recognises a premium reserve (gross) in the amount of € 5,434 million. This represents 31.6 % of the balance sheet total. In our discussion of the matter, we are referring to the premium reserve for life insurance business.

The balance sheet item essentially arises as the sum total of the premium reserves calculated for individual policies.

The premium reserves are calculated applying the prospective method, on the basis of the cash values of future benefits less the future contributions. They are determined on the basis of input parameters through a multitude of calculation steps in the calculating engine.

Regulatory and commercial law provisions must be observed. These include provisions governing biometric variables, cost assumptions and interest rate assumptions, as well as ones regulating interest rate reinforcement (additional interest reserve or interest-induced reserve reinforcement). The adequacy of the calculation basis must be taken into account in order to ensure the obligations can be met in the long term. Furthermore, when calculating the additional interest reserve, application of the cancellation and capital election probabilities is subject to discretion due to their inherent estimation nature.

In this respect, the risk for the consolidated financial statements consists of an incorrect or inconsistent application of the calculation methodology, the calculation parameters and the data used, resulting in a failure to correctly form the actuarial reserves for individual contracts in the legally prescribed amount; for example, due to a failure to apply business plans or tariff provisions correctly.

OUR AUDIT APPROACH

In auditing the actuarial provision, we used our own actuaries as part of the audit team and performed the following audit procedures in particular on the basis of risk orientation:

– We are confident that the insurance contracts recorded in the portfolio management systems have been fully reflected in the actuarial reserve. We based our checks on factors such as the controls put in place by the Group, assessing whether they function in a suitable way and are properly implemented. During this process, we performed reconciliation of the portfolio management systems and the general ledger to determine whether the procedures for the transfer of values functioned correctly.

- To confirm the accuracy of the premium reserves for individual polices, we calculated the premium reserves for the key sub-portfolios (in the financial year approx. 90.9 % of the portfolio) using our own IT programs and compared the figures with the ones produced by the Company.
- With respect to the supplementary interest reserve to be formed within the premium reserve, we checked the use of the reference interest rate by the Group, as well as the assumptions it makes in relation to the cancellation and lump-sum settlement probabilities it recognises.
- We also checked whether the business plans approved by the Federal Financial Supervisory Authority (BaFin) were applied in relation to the existing policies. This also includes the interest-induced reserve reinforcements.
- We further convinced ourselves that the generally applicable tables published by the German Association of Actuaries (DAV), as well as individually adjusted tables, were applied correctly. In so doing, we employed an internal profit breakdown to assist in assessing whether any long-term negative risk results existed.
- In addition, we compared the movements of the individual sub-portfolios of the premium reserve with our own extrapolations of the premium reserves, which we calculated both in a time series and for the current financial year as a whole.
- To supplement this, we assessed the report by the responsible actuary, in particular checking that the report did not contain any statements contrary to our audit findings.

OUR OBSERVATIONS

The methods used for the evaluation of the premium reserve are correct and are compliant with the provisions of supervisory and commercial law. The calculation parameters are appropriately derived and applied.

Measurement of the partial loss provisions for known and unknown claims contained in the gross provision for claims outstanding in our direct non-life and accident insurance business at the significant insurance companies in the Group

With regard to the accounting policies and methods, we refer to the explanations given in the notes to the consolidated financial statements in the "Accounting and valuation methods" section. Detailed statements on risk are contained in the management report in the "Risk report" section.

THE FINANCIAL STATEMENT RISK

The gross provisions for claims outstanding total € 3,881 million, which represents 22.6 % of the balance sheet total. The gross provisions for claims outstanding in the direct non-life/accident insurance business made a major contribution to this.

The gross provision for claims outstanding is made up of various partial loss provisions. The provision for known and unknown insurance claims accounts for a large part of this.

The valuation of the partial loss provisions for known and unknown claims is subject to a degree of uncertainty regarding the prospective claims and is therefore very much a matter of judgement, in particular with respect to unknown claims. According to commercial principles, the estimate must not be made in a risk-neutral way, in a spirit of equal weighting of opportunities and risk, but rather in observance of the prudence principle (section 341e paragraph 1 sentence 1 HGB).

The provisions for known claims are realised according to the likely cost of each individual claim. A provision for claims incurred but not yet been reported (unknown claims) is formed, the extent of which is predominantly based on empirical values and calculated through the application of recognised actuarial techniques.

The risk for the financial statements in relation to claims already known on the balance sheet date lies in the fact that insufficient provision may be made for claims payments still outstanding. In the case of unknown claims, there is also the risk that these are not estimated to an adequate extent.

OUR AUDIT APPROACH
When auditing the provision for claims outstanding, we also used our own actuaries and performed the following significant audit procedures on a risk-oriented basis:

- We obtained a fundamental overview of the process for calculating provisions, identified key process risks and the checks covering them, and tested the suitability and efficacy of these identified checks. In particular, we have satisfied ourselves that the checks designed to ensure correct valuation are appropriately formulated and effectively implemented.
- On the basis of both random and deliberate sampling, we reproduced the process of determining the extent of individual known provisions via examination of the records for various segments and types of insurance.
- We have reproduced the calculation at individual company level for risk-oriented selected business segments to determine the unknown IBNR losses. In doing so, we paid particular attention to the determination of the estimated number of losses and the associated claim amounts based on historical experience and current developments.
- We analysed the actual development of the provision for claims outstanding posted in the previous year on the basis of the settlement results.
- We analysed the development of the loss reserve on the basis of a time series comparison, in particular of the number of claims, the claims frequencies, average claims amounts and the claims ratios for the financial year and on the balance sheet.
- We performed our own actuarial calculations for certain segments, which we selected on the basis of risk considerations. In each case, we generated a point estimate and compared this figure with the calculations at individual company level.

OUR OBSERVATIONS
The methods used for the partial loss reserves for known and unknown claims included in the gross provision for claims outstanding in the non-life and accident insurance business are appropriate, are in accordance with the applicable accounting principles, and have been applied correctly. The underlying assumptions have been derived in a suitable manner.

Other information

The Management or Supervisory Board is responsible for the other information. The other information comprises:

- The separate non-financial report expected to be made available to us after the date of this auditor’s report and referred to in the consolidated management report, and
- The corporate governance statement pursuant to section 289f paragraph 4 HGB (information on the women's quota), which is included in a separate section of the consolidated management report,
- The details in the consolidated management report external to the report marked as unaudited.

The other information also includes the remaining parts of the annual report.

Other information does not include the consolidated annual financial statements, the consolidated management report information audited in substance and our associated auditor's report.

Our opinions on the consolidated financial statements and on the consolidated management report do not cover the other information, and consequently we do not express an opinion or offer any other form of insurance in relation to said information.

In connection with our audit, our responsibility is to read the other information and consider whether it

- is materially inconsistent with the consolidated annual financial statements, the consolidated management report information audited in substance and the knowledge we acquired during the audit, or
- otherwise appears to be materially misstated.

Responsibilities of Management and the Supervisory Board for the consolidated financial statements and the consolidated management report

The management is responsible for the preparation of consolidated annual financial statements that comply, in all material respects, with the prevailing provisions of German commercial law as applied to insurance undertakings and for ensuring that the consolidated annual financial statements, in compliance with German principles of proper accounting, give a true and fair view of the Group's assets and liabilities, financial position and financial performance. In addition, the management is responsible for such internal controls as they deem necessary to allow the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated annual financial statements, the Group management is responsible for assessing the Company's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for preparing the financial statements on the basis of the accounting principle of going concern unless there is an intention to liquidate the Group or to discontinue business operations, or there is no realistic alternative.

Furthermore, the management is responsible for the preparation of a consolidated management report that, taken as a whole, provides an appropriate view of the Group's position and is consistent in all material respects with the consolidated annual financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, the management is responsible for such arrangements and measures (systems) as they deem necessary to facilitate the preparation of a consolidated management report that complies with the applicable German legal requirements and provides sufficient appropriate evidence for the assertions in the consolidated management report.

The Supervisory Board is responsible for overseeing the Group's financial reporting process for the preparation of the consolidated financial statements and management report.

Auditor's responsibilities for the audit of the consolidated financial statements and of the consolidated management report

Our objective is to obtain reasonable insurance as to whether the consolidated annual financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the consolidated management report as a whole provides an appropriate view of the Group's position and is consistent in all material respects with the consolidated annual financial statements and the knowledge obtained in the audit, complies with German legal provisions and appropriately presents the opportunities and risks of future developments, as well as to issue an auditor's report that includes our audit opinions on the consolidated annual financial statements and consolidated management report.

Reasonable insurance is a high level of insurance, but is not a guarantee that an audit conducted in accordance with section 317 HGB and the EU Audit Regulation and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements may arise from fraud or error and are considered material if they could individually or mutually be reasonably expected to influence the economic decisions of users taken on the basis of the consolidated annual financial statements and the consolidated management report.

We exercise professional judgement and maintain professional scepticism throughout the audit. We also

- Identify and assess the risks of material misstatements in the consolidated annual financial statements and the consolidated management report, whether due to fraud or error, plan and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the circumvention of internal controls.
- Acquire an understanding of the internal control system relevant to the audit of the consolidated financial statements and of arrangements and measures (systems) relevant to the audit of the consolidated management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of these systems.
- Evaluate the appropriateness of the accounting policies used by the management and the reasonableness of estimates made by the management, as well as the related disclosures.
- Draw conclusions regarding the appropriateness of the management's use of the going concern basis of accounting and, based on the audit evidence obtained, as to whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are obliged to draw attention in the auditor's report to the related disclosures in the consolidated annual financial statements and in the consolidated management report or, if such disclosures are inadequate, to modify our respective audit opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or circumstances may mean the Group is no longer able to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated annual financial statements, including the disclosures, and whether the consolidated annual financial statements present the underlying transactions and events in a manner conducive to ensuring that the consolidated annual financial statements give a true and fair view of the assets and liabilities, financial position and financial performance of the Group in compliance with German principles of proper accounting.
- Obtain sufficient appropriate audit evidence regarding the entity's financial information and business activities within the Group to express opinions on the consolidated financial statements and on the consolidated man-

agement report. We are responsible for the direction, supervision and performance of the group audit. We bear sole responsibility for our opinions.

- Evaluate the consistency of the consolidated management report with the consolidated financial statements, its conformity with the law, and the view of the Group's position it provides.
- Perform audit procedures on the prospective information presented by the management in the consolidated management report. On the basis of sufficient appropriate audit evidence, we evaluate, in particular, the significant assumptions used by the management as a basis for its forward-looking statements, and evaluate the proper derivation of the forward-looking statements from these assumptions. We do not express a separate audit opinion on the forward-looking statements or the assumptions on which they are based. There is a substantial unavoidable risk that future events will differ materially from the forward-looking statements.

We engage in discussions with the persons responsible for governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in the internal control system that we identify during our audit.

We also provide the persons responsible for governance with a statement that we have complied with the relevant independence requirements, and discuss with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, the related safeguards.

From the matters discussed with the persons responsible for governance, we determine the matters which were of most significance in the audit of the consolidated annual financial statements for the current period and which therefore constitute the key audit matters. We describe these matters in our auditor's report unless public disclosure of the matter is forbidden by legislation or other legal provisions.

Other legal and regulatory requirements

Further Information pursuant to Article 10 of the EU Audit Regulation

We were elected as the auditors at the Supervisory Board meeting on 30 April 2021. Furthermore, we were engaged by the Supervisory Board on 30 April 2021. We have been the auditor of DEVK Deutsche Eisenbahn Versicherung Sach- und HUK-Versicherungsverein a.G. Betriebliche Sozialeinrichtung der Deutschen Bahn without interruption since 1998.

We hereby declare that the opinions expressed in this auditor's report are consistent with the additional report to the Supervisory Board pursuant to Article 11 of the EU Audit Regulation (long-form audit report).

In addition to the audit, we also rendered the following services, which are not stated in the consolidated financial statements or the consolidated management report, for the audited companies or for companies controlled by the audited companies:

- Audit of the annual financial statements and management reports of the parent company and controlled domestic subsidiaries,
- Audit of the solo solvency overviews of the controlled domestic subsidiaries and of the Group's solvency overview,
- Audit of the Management Board's reporting on relationships with affiliated companies pursuant to section 312 paragraph 1 of the German Stock Corporation Act (AktG) (dependent companies report),
- Audit of the propriety of the data made availability to the guarantee scheme for life insurance policies pursuant to section 7 paragraph 5 of the Insurance Guarantee Scheme Financing Regulation (SichLVFinV),
- Audit pursuant to section 24 of the Financial Investment Brokerage Regulation (FinVermV),
- Tax appraisal and advice on individual accounting matters (until 31 December 2021), and
- Project-related audit services, legal and IT consulting services.

Chief auditor

The auditor in charge of the audit is Thorsten Klitsch.

Cologne, 12 April 2022

KPMG AG
Wirtschaftsprüfungsgesellschaft

Klitsch	**Hansen**
Auditor	Auditor

Supervisory Board report

During 2021, the Supervisory Board regularly monitored the leadership of the parent company's Management Board on the basis of written and verbal reporting, as well as being briefed on the consolidated 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 2021 consolidated financial statements and management report. This audit did not reveal any irregularities. An unqualified audit certificate was granted. The Supervisory Board has duly acknowledged the audit findings.

Following preparation by the Audit Committee, the Supervisory Board examined and approved the consolidated annual financial statements and management report prepared by the Management Board. The consolidated annual financial statements for 2021 are thus duly adopted.

The separate obligatory part of the CSR report was appraised by the Supervisory Board at its meeting in March 2022 and approved without reservations.

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, 20 May 2022

The Supervisory Board

Hommel
Chairman

Abbreviations

AG	Public limited company
AGG	German General Equal Treatment Act
AktG	German Stock Corporation Act
AltZertG	German Retirement Provision Certification Law
BaFin	Federal Financial Supervisory Authority
BGH	Federal Court
BilMoG	German Act on Modernisation of Accounting Regulations
GDP	Gross Domestic Product
approx.	approximately
CDS	Credit Default Swap
CHF	Swiss francs
CSR	Corporate Social Responsibility
CZK	Czech koruna
DCF	Discounted Cash Flow
DeckRV	Premium Reserve Regulation
Dr	Doctor
DRS	German Accounting Standards
MTIR	Mean company-specific technical interest rate
e.V.	Registered association
EDP	Electronic Data Processing
eG	Registered cooperative
EGHGB	Introductory Law to the German Commercial Code
EStG	German Income Tax Act
etc.	et cetera
EU	European Union
EU-APrVO	EU Audit Regulation
EUR	Euro
EVG	Railway and Transport Union
poss.	possibly
EEC	European Economic Area
ECB	European Central Bank
ff	Continued
Fed	Federal Reserve System
GBP	British pound
GDV	German Insurance Association
Gen Re	General Reinsurance AG
GKV	Statutory health insurance
GmbH	Limited liability company
GPV	Association of Private Insurance Companies
HGB	German Commercial Code
HUR	Liability accident annuities
IDW	Institute of Public Auditors in Germany
Ifo	German Institute for Economic Research
IKS	Internal controlling system
ISM	International School of Management
IT	Information Technology
IMF	International Monetary Fund
incl.	including
yr.	yearly
KonTraG	German Control and Transparency in Business Act
KWG	German Banking Act
acc. to	according to
LV	Life assurance
MDK	Medical health insurance service
Mil.	Million(s)
Bil.	Billion(s)
n. F.	neue Fassung
No.	Number
NRW	North Rhine-Westphalia
o. a.	oben aufgeführt/e
OECD	Organisation for Economic Cooperation and Development
ORSA	Own Risk and Solvency Assessment
p.a.	per annum
PFAV	German Pension Fund Supervision Regulation
PKV	German Private Health Insurance Association
PPV	Private long-term care insurance
Prof.	Professor
RechPensV	German Ordinance on the Accounting of Pension Funds
RechVersV	German Ordinance on the Accounting of Insurance Undertakings
REX	Pension index
RMF	Risk management function
SichLVFinV	Insurance Guarantee Scheme Financing Regulation for Life Insurance Policies
SEK	Swedish krona
TKZ	Tariff code
T	Thousand
VVaG	Mutual insurance company
VVG	German Insurance Contract Act
vs.	versus
e.g.	for example

DEVK Central Office, Cologne, Germany

50735 Cologne, Riehler Straße 190

Principle departments and department heads:

Personnel
Matthias Kroppen

Central Office Services
Marc Cürten

Sales
Olaf Nohren

Corporate Communication, Bank and Direct Sales
Hans-Joachim Nagel

Life
Jörg Gebhardt

Actuary in Charge / Actuarial Office
Jürgen Weiler

Non-life / HUK Operations
Alexander Erpenbach

KINEX / Accounting / Central Office Applications Partner
Alexander Stabenow

Investments
Joachim Gallus

Non-life / HUK Claims
Peter Boecker

Auditing
Rainer Dornseifer

Information Processing and Telecommunications
Günter Döge

Project Portfolio Management / Management Organisation
Martin Meyer

Corporate Planning and Controlling / Risk Management
Elmar Kaube

Reinsurance
Wolfgang Jöbkes

DEVK regional offices

(Plus the names of senior management personnel)

10785 Berlin, Schöneberger Ufer 89
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Christiane Greven / Manfred Brechtelsbauer

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Siegbert Schmidt / Ines Etzroth

45128 Essen, Rüttenscheider Straße 41
Sebastian Baumgart / Willi Winter

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Helmut Martin / Hubert Rößl

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Olaf Kopka / Guido Petermichl

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Mario Kühl / Martin Wittich

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Heiko Jabs / Ali Gencer

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Helmut Martin / Thomas Daumer

50668 Cologne, Riehler Straße 3
Sebastian Baumgart / Franz-Josef Schneider

55116 Mainz, Gärtnergasse 11-15
Thomas Huck / Dirk Strempel

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Christian Rähse / Florian Hagemann

48143 Münster, Von-Steuben-Straße 14
Axel Berberich / Stefanie Hölscher

90443 Nuremberg, Essenweinstraße 4-6
Christian Rähse / Rainer Spieß

93051 Regensburg, Bischof-von-Henle-Str. 2 b
Christian Rähse / Rainer Spieß

66111 Saarbrücken, Trierer Strasse 8
Thomas Huck / Dirk Strempel

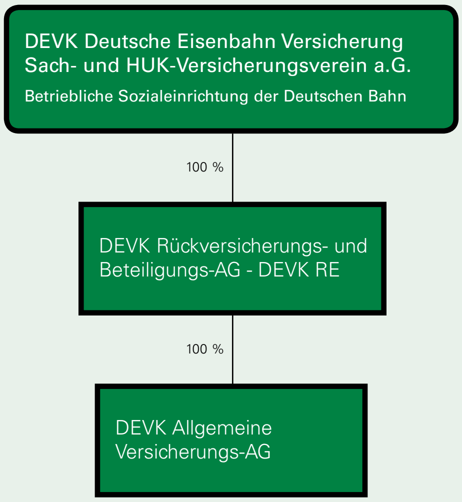
19053 Schwerin, Wismarsche Straße 164
Christian Kahl / Frank Rohwer

70190 Stuttgart, Neckarstraße 146
Heiko Jabs / Markus Otterbach

42103 Wuppertal, Friedrich-Engels-Allee 20
Heinz Kuhnen / Steffen Kaufmann

– 1 March 2022 –

Organizational chart of DEVK Versicherungen



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