Annual Report 2022

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 2022

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

Portfolio (in 000s)							
Year	Motor vehicle	Non-life[1]	Liability	Accident[2]	Legal protection	Health[3]	Premiums in € millions
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	3,175	2,782	1,872	1,220	1,000	1,544	2,850.3
2021	3,260	2,841	1,928	1,223	1,044	1,575	3,310.6
2022	**3,163**	**2,825**	**1,913**	**1,195**	**1,037**	**1,625**	**3,518.2**

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

Financial year 2022

Organisation bodies

Board of Members

Helmut Diener **Spokesperson for the Board of Members**	**Michael Kasper**	**Sebastian Rüter**
Abdullah Albayrak	**Harald Ketelhöhn**	**Maike Schlott**
Manuel Amberger	**Susanne Kielkowski**	**Olivier Schmidt**
Tobias Barthel	**Christine Knerr**	**Sven Schmitte**
Michael Bartl	**Hanka Knoche**	**Achim Schraml**
Uwe Bertram	**Marco Kraft**	**Wolfgang Schreiber**
Kerstin Bill	**Jens Peter Lück**	**Ulrike Schuldt**
Thomas Bodeschu	**Hans-Joachim Möller**	**Andreas Schulz**
Dana Bohne	**André Nagel**	**Heidi Schumacher**
Peter Bosse	**Mario Noack**	**Olaf Tinz**
Detlef Clever	**Klaus Obst**	**Petra Treitschke**
Christian Deckert	**Roland Parnitzke**	**Steve Troppa**
Katrin Fröchtenicht	**Sandra Pfaff**	**Nicole Vesen**
Carolin Gala Guerrero	**Thomas Pfeifer**	**Elke Weber**
Thomas Heimbruch	**Michelle Pollmann**	**Sylvia Weigel**
Simone Hennig	**Beate Rache**	**Andreas Weitz**
Berthold Hillebrand	**Daniel Rehn**	**Ute Weyl-Thieme**
Lars Hünninghausen	**Markus Rekitt**	**Cindy Winter-Thiel**
Claudia Huppertz	**Christina Rendler**	**Joachim Ziekau**
Manfred John	**Ulrich Rötzheim**	**Michael Zurheiden**

Supervisory Board

Klaus-Dieter Hommel
Großefehn-Felde
Chairman
Chairman of Eisenbahn- und Verkehrsgewerkschaft (EVG) ret.

Jörg Hensel
Hamm
First Dept. Chairman
Chairman of the European

Works Council of Deutsche Bahn AG
Chairman of
General Works Council DB Cargo AG

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

Doris Fohrn*
Wesseling
Chairman of the General Works Council of DEVK Versicherungen

Frank Kohler
Berlin
CEO of the Board
Sparda-Bank Berlin eG

Dr Richard Lutz
Berlin
CEO of the Board
Deutsche Bahn AG

Wolfgang Müller*
Zülpich
Member of the Works Council
DEVK Versicherungen, Cologne head office

Ralf Poppinghuys
Berlin
Group Officer for Tariff and Co-management of Transdev GmbH

Jens Schwarz
Chemnitz
Chairman of the Group Works Council, Deutsche Bahn AG
Chairman of the General Works Council, DB Fahrzeuginstandhaltung GmbH

Martin Seiler
Berlin
Director of Personnel and Legal Affairs
Deutsche Bahn AG

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

Torsten Westphal
Magdeburg
Former Chairman of the Eisenbahn- und Verkehrsgewerkschaft (EVG)

* Employees' representative

Management Board

Gottfried Rüßmann
Cologne
Chairman

Rüdiger Burg
Frechen
(to 31 May 2022)

Michael Knaup
Hürth

Dietmar Scheel
Bad Berka

Bernd Zens
Königswinter

Dr Michael Zons
Cologne
(from 1 June 2022)

Advisory Board

Alexander Kirchner
- Honorary Chairman -

Rudi Schäfer
- Honorary Chairman -

Kay Uwe Arnecke

Christian Bormann

Caner Cengiz

Ralf Damde

Ulrich Gliem

Tilman Goch

Ramona Grün

Andreas Gülker

Dr Christian Heidersdorf

Thomas Hermann

Anne Jacobs

Konstantin Küttler

Matthias Laatsch

Hans Leister

Ronald R. F. Lünser

Heike Moll

Markus H. Müller

Carina Peter

Ute Plambeck

Dirk Schlömer

Heino Seeger

Hermann-Josef Siebigteroth

Dr Matthias Stoffregen

Tanja Trost

Johanna Uekermann

Jan Urban

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 around 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 Organisation'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

In the early stages of 2022, economic development in Germany got off to a positive start. During the first quarter, the gross domestic product rose by 3.9 %. However, due to ongoing disruptions in international supply chains, the worsening of the energy crisis caused by the onset of war in Ukraine and the resulting inflationary expectations, year-on-year growth had already fallen to 1.7 % in the second quarter of 2022. The third quarter witnessed a further slight slowdown in growth to 1.3 % compared to the previous year. Further to the existing challenges, the ECB's first interest rate hike of 50 base points in July is also likely to have had a negative impact on growth. Reinforced by further interest rate increases by the ECB and the sharp rise in inflation, the growth rate fell again in the fourth quarter to 0.5 % compared to the previous year. In 2022, this development was accompanied by a significant increase in inflation rates in Germany (sometimes to 8.8 %; annual average 6.9 %) and in the USA (average of 8.0 %). The Ifo Business Climate Index initially rose to its annual high of 98.8 points in February and fell in the following months to its annual low of 84.5 points in October. This was followed by a slight recovery to 88.6 points.

Political discussion in Germany in 2022 was dominated by the following topics: Support for Ukraine, state aid to cushion the increase in energy prices for private households and companies, and general energy security. Economists estimate that real GDP in Germany will decline to -0.4 % on average in 2023, following growth of 1.9 % in 2022. The general consensus among economists is that a recession can be expected in Germany in the coming year 2023. GDP growth in the USA stood at 2.1 % in 2022; the expectation for 2023 is 0.5 % on average.

The onset of war in Ukraine initially caused stock markets to plummet in February, with European indices being hit harder than American indices, for example, due to their geographical proximity. Rapid recovery followed during the course of March, although figures did not reach the levels witnessed at the beginning of the year. Rising inflation figures were seen by the market as an indication of stronger central bank reactions, making bonds a more attractive alternative to equity investments. The highly volatile stock market then reached its low for the year at the end of September. In the hope that peak inflation was imminent or had already been reached - and that the number and amount of interest rate steps by the central banks would thus ease - the stock market started a recovery movement from there until the beginning of December. The leading German index DAX fell by roughly 24.6 % to its low point in September and was able to recoup this loss significantly with an increase of about 21.3 % by the start of December. The annual performance of the DAX in 2022 was -12.3 %, while the EuroStoxx 50 was -11.7 % below its value at the beginning of the year and the S&P 500 fell by -19.4 % during the same period.

Continuing inflation concerns and the central banks' reactions to them shaped the bond market in 2022. After inflation had long been classified as temporary by the ECB, it finally raised the key interest rate for the first time in many years in July, much later than the FED. Never before in the history of the ECB have there been so many subsequent rate hikes in such a short period of time; in September and October by 75 base points each and in December by a further 0.5 %, bringing the ECB's key interest rate to 2.5 % at the end of the year. Accordingly, risk-free interest rates, as seen for the example with the 10-year Euro swap rate, rose by about 230 base points by mid-June. From there, however, the rate declined again by around 100 base points by the beginning of August, only to rise once more by about 170 base points to the high for the year in October. At the end of the year, on 31 December 2022, the 10-year euro swap rate reached a final value of 3.20 %. A similar development was also seen in the yield of the ten-year German government bond, which initially peaked at 1.65 % in June, then fell back to 0.75 %, subsequently reached its preliminary high for the year at around 2.4 % and - following a temporary decline until the beginning of December - then rose to its final high for the year on 31 December 2022 at 2.55 %. Risk premiums on European investment grade corporate bonds generally followed the interest rate movement with a slight time lag, but rose sharply from the beginning of the war in Ukraine in February until early March, only to fall again somewhat by the end of March. At their peak in October, risk premiums reached a plus of about 1.4 percentage points compared to the beginning of the year. In the course of the year, the inversion of the yield curve also intensified, so that higher interest rates were paid for short maturities than for long maturities.

Following the previous year's "Storm Bernd", the most expensive natural catastrophe since the statistics began in the early 1970s, claims expenditure fell in 2022, although not to the extent expected. The principle reason was inflation of almost eight per cent. The higher prices had an impact in almost all lines of non-life and accident insurance.

According to figures quoted by GDV at its annual media conference at the end of January 2023, the extrapolated combined ratio should be around 95 % (previous year 102.3 %). As such, viewed in gross terms, the earnings situation in the non-life and accident insurance sector has improved significantly compared to the previous year.

GDV estimates that gross premium income in non-life and accident insurance will increase by 4.0 % in 2022.

In the motor vehicle insurance segment, premium receipts growth for 2022 came to +1.0 %, which was slightly up on the figure in the previous year (+0.8 %). The GDV estimates that the combined ratio is likely to be around 101 % (previous year 94.8 %). Rising costs for spare parts and workshop services had an impact on the claims side.

Business trends

2022 was overshadowed by the Russia-Ukraine conflict and its consequences: rising energy costs, double-digit inflation rates and a sharp rise in interest rates, to name just a few economic effects.

At the end of 2022, the total portfolio of DEVK Sach- und HUK-Versicherungsverein a.G. stood at 2,557,767 contracts (previous year 2,594,397). 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 an increase in gross premiums written of 2.4 %, the figures fell short of the premium growth forecast in the last management report (around 3 %), largely due to motor vehicle liability insurance, comprehensive and accident insurance. In addition to the weak automotive sector, efforts by households to make savings due to the tense economic situation are likely to have had an impact.

Net underwriting income rose by 3.0 % overall (€ 329.1 million) compared to the previous year. As expected, the rise in net underwriting expenses (to € 330.7 million) was higher, although it came in stronger than forecast at 11.5 %. In addition to inflation-related price increases, this was mainly due to higher expenses for pensions, which resulted from the increased interest rate level.

Before the change in the equalisation reserve, the net underwriting result amounted to € -1.6 million (forecast: € 15 million to € 25 million, previous year € 23.0 million) and after changes in the equalisation reserve € 5.0 million (forecast: € 10 million to 20 million, previous year € 18.3 million). As such, there was a shortfall in comparison to the forecast underwriting results, which came about for the aforementioned reasons.

The net investment income in 2022 amounted to € 11.6 million (previous year € 22.4 million), whereby the income side developed positively at € 43.3 million (previous year € 36.4 million). The main drivers for the improvement in results are significantly higher gains on disposals, while write-ups have declined considerably. On the expenses side, the Russia-Ukraine conflict and related market turbulence resulted in significantly higher write-downs on investments, especially in the equity area, as well as higher losses from the disposal of investments. The investment result for 2022 was therefore significantly down on the previous year's figure, as expected. The investment portfolio barely changed in 2022, up slightly from € 1,690.9 million to € 1,694.8 million (previous year's forecast: We expect almost no change in the absolute result in 2022, with a slight increase in the investment portfolio). Contrary to expectations, the net return of 0.7 % was as such significantly below the previous year's level of 1.3 % (previous year's forecast: According to our planning, we expect net interest to be slightly above the previous year's level overall).

The further expansion of real assets in the investment portfolio is intended on the one hand to counteract the low interest rate level and on the other hand to improve real value retention and therefore the long-term earnings situation overall. Following on from a significant reduction in the effective equity quota in the course of the year, it was moderately increased again from autumn 2022. At the end of the year, the effective equity ratio was significantly below the value at the beginning of the year. However, the mid-term plan is to further build up the equity items.

The result from ordinary activities of € 8.3 million fell short of the figure forecast in the previous year (around € 23 million). The forecast values were not achieved in either the technical or investment results.

Following on from a tax expense of € 2.9 million (previous year € 7.0 million), the net profit for the year was € 5.4 million (previous year € 24.6 million). This remains a satisfactory result in view of the overall economic conditions.

Net assets, financial position and results of operations

Results of operations

	Financial year € 000s	Previous year € 000s	Change € 000s
Technical account	5,022	18,267	-13,245
Investment result	11,636	22,393	-10,757
Other result	-8,329	-8,995	666
Profit from ordinary activities	**8,329**	31,665	-23,336
Taxes	2,921	7,030	-4,109
Net profit for the year	**5,409**	24,635	-19,226
Allocation to retained earnings	5,409	24,635	-19,226
Net retained profit	**-**	-	-

Underwriting result, net of reinsurance

The gross premiums written of DEVK Sach- und HUK-Versicherungsverein a.G. increased by 2.4 % to € 393.2 million, while net earned premiums rose 3.0 % to € 328.9 million.

Following on from the flood disaster in the previous year, the gross expenditure for claims in the financial year fell by 9.0 % compared to the previous year (+28.9 %). At € 34.0 million, profits from the settlement of prior-year claims were significantly lower than in the previous year (€ 60.9 million). As a result, at € 287.0 million gross claims expenses were just 1.6 % lower than in the previous year. The gross claims ratio improved to 73.0 % (previous year 76.0 %).

Gross operating expenses rose by 0.5 % to € 103.7 million (previous year € 103.2 million).

Claims expenses net of reinsurance rose by 20.5 % to € 238.7 million. Their ratio of the earned net premiums therefore rose to 72.6 % (previous year 62.0 %). At 27.3 %, the ratio of expenses for insurance business net of reinsurance to earned premiums net of reinsurance was slightly better than the previous year figure (28.0 %).

No amounts were allocated to the provision for profit-related premium refunds in 2022 (previous year € 6.0 million allocation).

After a withdrawal from the equalisation provision of € 6.6 million (previous year € 4.8 million allocation), the underwriting result net of reinsurance stood at € 5.0 million (previous year € 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	51,809	50,864	1.9 %	-	-	15,585	13,408
Liability	32,059	32,901	-2.6 %	1,031	1,031	798	5,816
Motor vehicle liability	99,742	99,186	0.6 %	-2,467	-5,157	-8,020	1,312
Other motor vehicle	75,168	75,835	-0.9 %	6,624	-196	-9,493	-7,559
Fire and non-life	132,486	123,335	0.0 %	1,274	-410	5,714	4,995
of which:							
Fire	907	767	18.3 %	-52	-1,375	-439	-209
Household contents	42,872	41,515	3.3 %	-	-	11,848	9,767
Homeowners' building	75,286	68,938	9.2 %	1,302	1,009	-1,158	-3,457
Other non-life	13,421	12,115	10.8 %	23	-44	-4,537	-1,106
Other	1,904	1,859	2.4 %	161	-26	438	294
Total	**393,168**	383,980	2.4 %	**6,623**	-4,758	**5,022**	18,266

Underwriting losses in motor insurance, partly due to inflation-related increases in claims expenses and decreasing run-off profits, were more than compensated for by profits in other lines of business.

Investment result

Despite the absence of the dividend from DEVK Rückversicherungs- und Beteiligungs-AG - DEVK RE, the gross income from investments of € 43.3 million was significantly higher than the previous year's figure of € 36.4 million. In the previous year, the distribution by DEVK Rückversicherungs- und Beteiligungs-AG - DEVK RE in the amount of € 5.0 million made a positive contribution to the result. Also included were € 6.7 million in profits from disposals of investments (previous year € 2.6 million), as well as € 1.1 million in write-ups (previous year € 2.3 million).

At € 31.7 million, investment expenses were significantly higher than in the previous year (€ 14.0 million). This is due to a significantly higher write-down requirement (€ 25.3 million after € 9.4 million in the previous year) as well as higher losses from the disposal of investments, which amounted to € 1.5 million after € 0.4 million in the previous year. The increase in investment expenses was essentially a consequence of the distortions on the stock market caused by the Russia-Ukraine conflict.

On balance, our net investment income was well down on the previous year's figure at € 11.6 million (previous year € 22.4 million). A significant decline in the net investment result had been expected - as previously explained.

Other result

The 'Other result', which includes allocated interest, stood at € -8.3 million (previous year € 9.0 million).

Profit from ordinary activities

To sum up, the overall profit from ordinary activities was € 8.3 million (previous year € 31.7 million).

Operating result and appropriation of retained earnings

After tax expenditure of € 2.9 million (previous year € 7.0 million), the net income for the year amounted to € 5.4 million (previous year € 24.6 million). Pursuant to section 193 of the German Insurance Supervision Act (VAG), € 1.1 million of the net profit was allocated to the loss reserve and € 4.3 million to other retained earnings.

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 (which did not occur this year), in relation to gross premiums written.

The 2022 return on sales stood at 0.9 % (previous year -1.4 %). This figure therefore fell short of the previous year's forecast of over 10 %. The forecast values were not achieved in either the technical or investment results.

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 an 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 € 21.7 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 2022. As in the years 2008 to 2021, 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 2022 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	1,694,810	1,690,930	3,881
Receivables arising out of direct insurance operations	2,347	2,621	-274
Receivables arising out of reinsurance operations	9,218	13,820	-4,601
Other receivables	114,358	83,692	30,666
Means of payment	32,671	32,007	664
Other assets	41,806	37,202	4,604
Total assets	**1,895,209**	1,860,270	34,939
Equity	1,151,774	1,146,366	5,409
Technical provisions	466,110	463,915	2,195
Other provisions	46,847	50,187	-3,340
Deposits received from reinsurers	66,386	65,312	1,075
Liabilities arising out of direct insurance operations	18,690	19,281	-591
Liabilities arising from reinsurance operations	546	301	244
Other liabilities	144,826	114,873	29,953
Accruals and deferred income	31	35	-4
Total capital	**1,895,209**	1,860,270	34,939

Within the investments, the share of real estate investments in particular increased at the expense of the equity block. Due to the low volume compared to interest-bearing investments, there was no significant change in the composition of the investment portfolio at book value in 2022.

The stronger orientation of the capital investment strategy in the direction of real values - in accordance with strategic asset allocation - progressed in 2022. 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, € 3.2 million were attributable to DEVK Rückversicherungs- und Beteiligungs-AG - DEVK RE in the year under review (previous year € 9.3 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 sixth 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	769	761
Target	766	753

The target set for 2023 is 774 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.

We only conducted a short status survey in autumn 2022, because the employee survey will take place in an updated form from 2023. The survey was influenced by the uncertainties due to the Ukraine conflict and the associated effects on energy prices and inflation. Compared to the results of the employee surveys in 2020 and 2021, the overall satisfaction in 2022 was lower, but remained at a high level at 71 %.

Employee satisfaction index		
	Financial year Points	Previous year Points
Actual	753	791
Target	791	793

The target set for 2023 is 763 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 2023 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.

The focus of our social engagement was on support for the severe effects of the Russia-Ukraine conflict. DEVK supported the "Nothilfe Ukraine" emergency aid project through the "Pack mit an" donation platform, with financial donations from employees and sales partners. On the initiative of a sales partner, DEVK also became directly involved in a project for donations in kind. Furthermore, DEVK provided support through personal leaves of absence for colleagues whose relatives were affected by the war. Colleagues and their families were also given the opportunity to utilise free psychological assistance and support services.

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 3,183 people internally in 2022, of whom 3,179 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 2,067 at the end of the year (previous year 2,200). In addition, 483 field sales agents were directly employed by DEVK Sach- und HUK-Versicherungsverein a.G. (previous year 530). 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 2022 DEVK once again successfully implemented a number of development programmes for various target groups. 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. For the fifth time, DEVK participated in "cross-mentoring" for women with specialist, management and project responsibility. The aim of the established cross-mentoring programme for the advancement of women is to give career-oriented female employees and managers insights into the practices of other companies and to support them in their further development in leadership. The "management development group for sales" prepares individuals who demonstrate clear potential as possible future managers for key positions in sales.[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

Against the backdrop of the economic conditions, the company’s overall net assets, financial position and results of operations developed in a satisfactory manner throughout 2022.

Outlook, opportunities and risks

Outlook

In 2023, we will issue a premium refund in general accident insurance. A premium refund of 10 % will be paid for policies that have been in force without interruption in 2022 and have remained claim-free.

During 2023 we are expecting premium growth of around 7 %. Current estimations indicate that the net technical expenses will grow at a slower pace 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 single-digit million range, and after changes to the equalisation provision in the region of € 5 million to € 15 million.

The rate of inflation will be one of the main factors for the development on the capital markets in the coming years - in addition to the global political influencing factors. Furthermore, the development of energy prices is seen as a major driver of economic development. Alongside the majority of experts, we anticipate a mild recession at best. If, in addition, second-round effects lead to persistently high core inflation rates (e.g. through a wage-price spiral), this is likely to have a dampening effect on economic growth. For German companies in particular, a further escalation of the China-Taiwan conflict can be problematic due to their high economic dependence on China. Given the experience of the disrupted supply chains and against this background, we expect further deglobalisation trends, which are also likely to have an inflationary effect. Nonetheless, we assume that factors such as the central bank policy of the ECB and the FED to date will mean inflation has already reached its peak and will now fall again over time. We expect the stock market to remain highly volatile in 2023, in particular in the context of a recessionary development.

Key leading economic indicators, such as purchasing managers' indices, fell sharply and relatively continuously in 2022. However, towards the end of the year a trend reversal emerged that could point to a recovery in 2023. The first positive signals are also coming from the ifo business climate index for Germany and producer prices towards the end of the year, whereby this development supports our expectation that inflation has passed its peak. Additionally, some companies were able to exceed their earnings expectations, so that the reporting season at the turn of the year was not as bad as feared. During the course of the recovery at the end of the year, company valuations increased again somewhat, although they still lie below their long-term average. According to forecasts by the World Bank, the global economy is heading for weak economic growth of 1.7 % in 2023. Alongside the lockdowns arising due to China's zero-covid policy, the real estate market - which accounts for a large share of GDP - remains in crisis there. For 2023 and 2024, economists expect respective annual growth in China of just 5.1 % and 5.0 %.

Overall, we expect the capital market to remain volatile in 2023 due to the ongoing uncertainties.

At DEVK Sach- and HUK-Versicherungsverein a.G., we expect a significant improvement in the absolute result in the area of investments in 2023, with a slight increase in the investment portfolio. The rise in interest rates should have a positive effect, which will increase the interest income in the portfolio through maturities and reinvestment, as well as the payment of the forecast dividend of DEVK Rückversicherungs- und Beteiligungs-AG - DEVK RE. According to our planning, we expect net interest to be significantly above the previous year's level overall.

All in all, we are expecting the 2023 profit from normal business activities to be in the order of € 35 million to € 40 million.

The "adjusted return on sales" of direct business on this basis is around 9 %.

DEVK aims to further improve customer satisfaction in the 2023 financial year. The index used for measurement is to be increased from 769 points (actual value 2022) to 774 points.

With regards to employee satisfaction, DEVK has set itself a target index value of 763 points. The target is therefore 10 points above the actual value in 2022.

Opportunities report

Since 2020, we have placed our focus even more strongly on the target groups of the transport market in order to meet the wishes and needs of employees in rail, passenger and freight transport in particular. To this end, various events and measures have already been successfully implemented to provide information and support on issues related to health, safety and care. We intend to build on this in 2023 and further expand our customer relationships.

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.

In 2022, the introduction of the moped division continued. The next step will be the gradual migration of the motor vehicle division in 2023.

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.

In terms of investments, we see attractive investment opportunities in 2023 alongside the risks and despite the volatile market environment. As a general rule, risk premiums in the bond sector rise during recessions, so that even successful companies have to pay higher yields. This offers the opportunity to acquire attractive bonds from a risk-return perspective. In the context of declining inflation and a restricted interest rate hike policy (combined with recessionary developments) we also expect yields to fall in the medium term. Stock markets often end their downward trend at the start of a recession, so a recovery of prices in the course of 2023 cannot be ruled out. Notwithstanding the heightened volatilities, we continue to see a return advantage in real assets over bonds in the long term - despite the increased attractiveness of the latter in the short term.

The real estate market is likely to react with price declines if interest rates remain higher, combined with a recession. However, this could also create opportunities to acquire properties in (very) good locations with tenants with good long-term credit ratings at lower prices and thus secure the chance of higher returns in the long term. 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 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 decentralised risk session or the 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 risk management function 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	%
2013	75.5	2018	67.6
2014	73.4	2019	65.9
2015	77.0	2020	57.1
2016	69.6	2021	62.0
2017	74.0	2022	72.6

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	%
2013	15.1	2018	16.3
2014	13.4	2019	15.1
2015	13.9	2020	13.7
2016	15.9	2021	14.6
2017	14.9	2022	10.3

Our equalisation provisions provide an additional safety cushion that contributes to the smoothing of our underwriting results. As of 31 December 2022, their volume totalled € 72.3 million (previous year € 78.9 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 € 10.01 million. Of these receivables, an average of € 0.27 million (2.74 %) defaulted. In relation to the average gross premiums written (€ 382.3 million), the default rate over the past three years was 0.07 %. 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 € 1.6 million.

Amounts receivable from reinsurers at the end of the year came to € 9.2 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+	0.13
AA-	0.52
A+	6.76
A	1.80
A-	0.01

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 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. 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 2022 we conducted our own investment stress test. This 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 2022, 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 and partially through the implementation of lower limits
- Currency-matched refinancing in the field of indirect real estate investments
- Use of bond forward purchases
- Adjustment of equity risks via options trading.

Interest-bearing investments

As of 31 December 2022, the Organisation held interest-bearing investments to a total value of € 508.6 million. On the reporting date, these interest-bearing investments had a negative valuation reserve of € 67.9 million; in the previous year, the valuation reserves in the interest block amounted to € 33.2 million. Of these, a total of € 222.2 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 € 199.2 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 negative valuation reserve of € 22.2 million. This includes hidden liabilities to the value of € 22.3 million (previous year € 0.4 million) and hidden reserves of € 0.1 million (previous year € 16.9 million). As the increase in hidden liabilities is primarily due to the market interest rate movement and there are no indications of a deterioration in creditworthiness, there is no permanent impairment due to the intention to hold these until their final maturity. The impact of an interest rate-driven or credit rating-driven yield shift of up to +/- 1 % would entail a corresponding value change of € - 29.2 million, or € 30.4 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. Where securities still include hidden reserves, these 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 widening of risk premiums in the first half of 2022 illustrates this. At the end of 2022, these were significantly above the initial value at the beginning of the year. As observed in 2022, there is a possibility in 2023 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 8.6 % 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 2022 we did not have any investments in asset-backed securities. Direct new bond investments in 2022 covered international corporate bearer bonds.

Bonds from the European peripheral countries Italy, Spain, Portugal 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 Organisation's total investments are in government bonds in relation to total investments; corporate bonds stand at 6.5 %. The bulk of our investments in banks (13.0 % 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	44.2 %	45.3 %
A- to A+	39.2 %	37.9 %
BBB- to BBB+	11.8 %	14.4 %
BB+ or worse	4.8 %	0.1 %

Compared to the previous year, the rating distribution of the Organisation has shifted from "BBB- to BBB+" in the direction of "BB+ and worse" (of which 2.9 % is accounted for by a previously unrated special fund) and "A- to A+". Overall, this has slightly increased the risk situation. 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 € 30.2 million. The German share index, including dividends, showed an overall negative performance in a tough market environment in 2022, while the European share index performed only marginally better. 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. Shares and special share funds to a value of € 113.4 million have been assigned to the fixed assets. Shares or share funds dedicated to fixed assets have neither hidden reserves nor hidden liabilities.

Against the background of our market assessment, we have actively reduced the effective equity quota significantly in 2022 with an upward trend towards the end of the year. Overall, the effective equity ratio at the end of the year lies below the value at the start of the year. If economic problems should arise in the future, for example as a result of an intensification of the Russia-Ukraine conflict or a heightening of tensions between China and Taiwan, the equity quota can be actively adjusted. For example, we have already reduced the effective equity ratio through future hedging in a special fund due to the worsening of the Ukraine crisis at the start of 2022. We have no investments in Russian or Ukrainian shares.

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 € 200.6 million. Of this total, a sum of € 191.6 million is invested in indirect mandates, including restricted special funds in office properties and other commercial real estate. Our direct holdings worth € 9.0 million are subject to scheduled annual depreciation of approximately € 0.2 million. Real estate assets to a value of € 56.3 million have been assigned to the fixed assets. The valuation reserves in the fixed assets stand at € 9.6 million; there are no hidden liabilities. Aside from the inflation risk, which is limited by indexing the rental contracts, there are no particular risks in the direct property portfolio. 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 insofar as possible 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 indexed leases that are as long-term as possible.

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 2022 the volume stood at € 78.8 million (previous year € 81.3 million). This corresponds to 4.6 % (previous year: 4.8 %) of the total investments at book value. The portfolio is split almost 65:35 between infrastructure and other alternative investments. In the 2022 financial year, no depreciation was incurred (previous year: 0.03 million), while write-ups of € 1.0 million (previous year: 0.2 million) arose. Ordinary income in 2022 stood at € 2.3 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, human error or external events. Legal risks are part of operational risks, whereby these include compliance risks.

Management of the operational risks is ensured through the careful structuring of the internal monitoring system. Appropriate controls have been set up for the risks, in order to ensure that the operational processes function correctly. The functionality of these controls is continuously monitored, and any control weaknesses are assessed and remedied as necessary. Within the framework of the internal control system process, clear responsibilities are assigned for the regular identification, documentation and monitoring of relevant exposures to risk.

Operational risks are primarily recorded and described in the half-yearly risk inventory and continuously in the process documentation.

Supporting business processes by means of IT operations entails a variety of operational risks. The security of programs and data storage, as well as ongoing operations, is ensured by comprehensive access controls and safeguards, both in the internal data centres and in third-party data centres (cloud). DEVK's IT infrastructure is designed with redundancy. The two data centres are connected via two separate fibre optic cables. A large number of systems are operated on the cloud as part of the cloud strategy.

The stated security objectives of DEVK's information security strategy consist of the confidentiality, integrity and availability of data, applications and the IT infrastructure. The Information Security Board and the Information Security Officer are central elements of the information security management of DEVK. The Information Security Board serves to strategically manage the DEVK Group's information security and to prepare security-relevant decision papers for the Management Board. The Information Security Officer manages the information security process. In order to achieve a consistent and appropriate level of security, the security measures are aligned with the protection requirements and threats as set out in the security objectives. With regard to the German IT Security Act, DEVK is striving for certification readiness in accordance with ISO27001 for IT operations on the basis of IT basic protection as defined in the standard of the Federal Office for Information Security.

A further component of information security is the sensitisation of employees to the dangers arising from social engineering and data protection. Appropriate training courses are offered in this respect via our further education portal.

Emergency management (business continuity management) is part of the internal control system. This ensures that DEVK is able to continue its business operations at a defined minimum level (emergency operation) in the event of interruptions to time-critical activities and achieve the restoration of normal operations as quickly as possible. A central component of emergency management is the identification of time-critical and business-critical activities, including the necessary resources. Critical activities are all those activities whose failure could jeopardise the existence of the DEVK Group. Scenario-specific contingency plans are in place to ensure defined emergency operation and enable a swift return to normal operation. Emergency drills are used to test the effectiveness of the measures.

An IT Service Continuity Plan has been developed based on requirements. This consists of the following components:

- IT emergency manual
- Recovery plans for all business-critical application services and basic services
- Superordinate master recovery plan

The IT Service Continuity Plan is regularly tested to ensure that IT systems can be effectively restored.

The management of so-called "head monopolies" and key positions is fundamentally part of the DEVK Group's human resources strategy. Head monopolies and key positions are regularly surveyed as part of human resource planning. Knowledge is distributed among several employees in order to avoid head monopolies. Documentation supports the incorporation and distribution of knowledge.

The DEVK Group is countering the demographic risk with measures to improve its attractiveness as an employer. These include intensified personnel marketing and flexible working time models to improve the work-life balance. Active health management counteracts the risk of illness among employees.

Legal risks are part of operational risks. The risk of legal changes refers to risks that arise due to a change in the legal environment, including regulatory requirements. Consequences arising due to compliance risks include legal or regulatory sanctions and material financial losses resulting from non-compliance with external requirements or internal guidelines. DEVK has established a compliance management system designed to ensure compliance with both external requirements and internal guidelines.

Solvency II

We have complied with the supervisory requirements of Solvency II. In order to optimise the realisation of requirements, the focus in 2022 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.

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 2021 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 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 2022 can be found in the following table.

	Target 6/2022	Actual 12/2022
Supervisory Board	17 %	17 %
Management Board	17 %	0 %
First middle management level	14 % - 18 %	16 %
Second middle management level	20 % - 24 %	19 %

The actual quotas at the end of 2022 correspond to the target quotas with regard to the supervisory board and the first management level. To promote the attainment of Executive Board targets, the proportion of women at Executive Board level in the DEVK Group was increased.

Cologne, 10 March 2023

The Management Board

Rüßmann **Knaup** **Scheel** **Zens** **Dr Zons**

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

Travel health insurance

Financial statements

Balance sheet to 31 December 2022

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		4,610,433		3,968
II. Payments on account		417,644		1,168
			5,028,077	5,136
B. Investments				
I. Real estate and similar land rights, including buildings on third-party land		8,981,964		8,287
II. Investments in affiliated companies and participating interests				
1. Shares in affiliated companies	844,193,224			821,686
2. Participating interests	71,061,198			74,200
		915,254,422		895,886
III. Other investments				
1. Shares, units or shares in investment funds and other variable-interest securities	290,332,944			308,727
2. Bearer bonds and other fixed-interest securities	181,971,198			179,238
3. Mortgage loans and annuity claims	145,448,002			130,897
4. Other loans	140,998,942			155,999
5. Other investments	11,822,709			11,896
		770,573,795		786,756
			1,694,810,182	1,690,930
C. Accounts receivable				
I. Receivables arising out of direct insurance operations:				
1. Policyholders	472,246			484
2. Intermediaries	1,875,187			2,137
		2,347,433		2,621
II. Receivables arising out of reinsurance operations		9,218,210		13,819
of which:				
Affiliated companies: € 3,188,355				9,287
III. Other receivables		114,357,455		83,692
of which:			**125,923,097**	100,132
Affiliated companies: € 81,921,436				49,969
D. Other assets				
I. Tangible assets and inventories		10,424,156		10,944
II. Cash at banks, cheques and cash in hand		32,670,706		32,007
III. Other assets		224,128		407
			43,318,989	43,358
E. Prepayments and accrued income				
I. Accrued interest and rent		3,036,642		3,595
II. Other prepayments and accrued income		23,092,457		17,120
			26,129,099	20,715
Total assets			**1,895,209,444**	1,860,270

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, 9 March 2023 **The Trustee** **Sulitzky**

Liabilities	€	€	€	Previous year € 000s
A. Equity				
- Retained earnings				
1. Loss reserve pursuant to section 193 of VAG		193,760,227		192,679
2. Other retained earnings		958,013,905		953,687
			1,151,774,132	1,146,366
B. Technical provisions				
I. Provision for unearned premiums				
1. Gross amount	227,319			164
2. of which from: Reinsurance amount	11,466			11
		215,853		153
II. Premium reserve		9,553		7
III. Provision for claims outstanding				
1. Gross amount	538,710,175			541,245
2. of which from: Reinsurance amount	155,644,806			172,594
		383,065,369		368,651
IV. Provision for bonuses and rebates		9,137,448		14,358
V. Equalisation provision and similar provisions		72,253,976		78,877
VI. Other technical provisions				
1. Gross amount	1,481,557			1,918
2. of which from: Reinsurance amount	53,677			48
		1,427,880		1,870
			466,110,078	463,915
C. Other provisions				
I. Provisions for taxation		10,870,073		9,962
II. Other provisions		35,976,999		40,225
			46,847,072	50,187
D. Deposits received from reinsurers				
			66,386,329	65,312
E. Other liabilities				
I. Liabilities arising out of direct insurance operations towards				
1. Policyholders	14,813,079			15,002
2. Intermediaries	3,876,572			4,279
		18,689,651		19,281
II. Liabilities arising from reinsurance operations		545,670		301
of which: Against affiliated companies: € 39,244				-
III. Other liabilities		144,825,776		114,873
of which:			**164,061,097**	134,455
From taxes: € 8,330,606				8,657
Against affiliated companies: € 75,677,375				93,050
F. Prepayments and accrued income				
			30,736	35
Total liabilities			**1,895,209,444**	1,860,270

I hereby confirm that the premium provision of € 18,319,663.14, 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, 9 March 2023 **The Actuary in Charge** **Weiler**

Profit and loss account

for the period from 1 January to 31 December 2022

Items				
	€	€	€	Previous year € 000s
I. Technical account				
1. Earned premiums net of reinsurance				
a) Gross premiums written	393,168,577			383,981
b) Outward reinsurance premiums	64,254,295			64,678
		328,914,282		319,303
c) Change in the gross provision for unearned premiums	-63,791			-4
d) Change in the gross provision for unearned premiums, reinsurers' share	715			-1
		-63,076		-6
			328,851,206	319,297
2. Allocated interest, net of reinsurance			**119,040**	101
3. Other technical income, net of reinsurance			**88,824**	111
4. Claims incurred, net of reinsurance				
a) Claims paid				
aa) Gross amount	289,558,331			264,429
bb) Reinsurers' share	65,266,681			62,268
		224,291,650		202,161
b) Change in the provision for claims outstanding				
aa) Gross amount	-2,534,408			27,208
bb) Reinsurers' share	16,949,257			-31,307
		14,414,849		-4,099
			238,706,499	198,062
5. Changes in other technical provisions, net of reinsurance				
a) Premium reserve, net of reinsurance		-3,044		0
b) Other technical provisions, net of reinsurance		421,743		-558
			418,699	-558
6. Bonuses and rebates, net of reinsurance			**1,352**	5,987
7. Net operating expenses, net of reinsurance				
a) Gross operating expenses for insurance operations		103,685,525		103,170
b) of which, from: Reinsurance commissions and profit participation		14,019,482		13,784
			89,666,043	89,386
8. Other technical charges, net of reinsurance			**2,704,565**	2,491
9. Subtotal			**-1,600,690**	23,025
10. Change to the equalisation provision and similar provisions			**6,623,024**	-4,758
11. Technical result net of reinsurance			**5,022,334**	18,267
Balance carried forward:			5,022,334	18,267

Items	€	€	€	€	Previous year € 000s
Balance carried forward:				5,022,334	18,267
II. Non-technical account					
1. Income from investments					
a) Income from participating interests		11,052,311			9,521
of which: from affiliated companies: € 8,924,636					9,122
b) Income from other investments					
aa) Income from real estate and similar land rights, including buildings on third-party land	2,196,270				2,140
bb) Income from other investments	22,266,835				19,848
		24,463,104			21,989
c) Income from write-ups		1,072,809			2,333
d) Gains on the realisation of investments		6,738,656			2,576
			43,326,880		36,418
2. Investment expenses					
a) Investment management charges, interest expenses and other charges on capital investments		4,923,753			4,267
b) Write-downs on investments		25,307,069			9,364
c) Losses on the realisation of investments		1,459,791			394
			31,690,612		14,025
			11,636,268		22,393
3. Allocated interest			786,141		873
				10,850,126	21,520
4. Other income			534,705,983		509,660
5. Other charges			542,249,054		517,782
				-7,543,072	-8,122
6. Profit from ordinary activities				**8,329,389**	31,665
7. Taxes on income			2,271,141		6,289
8. Other taxes			649,675		741
				2,920,816	7,030
9. Net profit for the year				**5,408,574**	24,635
10. Allocation to retained earnings					
a) in the loss reserve pursuant to section 193 VAG			1,081,715		-
b) in other retained earnings			4,326,859		24,635
				5,408,574	24,635
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.

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 0.25 % 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 0.25 % 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 0.53 % (previous year 0.39 %), 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 1.44 % (previous year 1.35 %), 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 %, 0.9 % or 0.25 % 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 2022 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	3,968	930	769	-	-	1,057	4,610
2. Payments on account	1,168	19	-769	-	-	-	418
3. Total A.	5,136	949	-	-	-	1,057	5,028
B. I. Real estate and similar land rights, including buildings on third-party land							
	8,287	881	-	-	-	187	8,981
B. II. Investments in affiliated companies and participating interests							
1. Shares in affiliated companies	821,686	28,178	-	5,671	-	-	844,193
2. Participating interests	74,200	11,175	-	15,358	1,045	-	71,062
3. Total B. II.	895,886	39,353	-	21,029	1,045	-	915,255
B. III. Other investments							
1. Shares, units or shares in investment funds and other variable-interest securities	308,727	40,720	-	34,612	28	24,530	290,333
2. Bearer bonds and other fixed-interest securities	179,238	23,098	-	19,826	-	539	181,971
3. Mortgage loans and annuity claims	130,897	64,660	-	50,109	-	-	145,448
4. Other loans							
a) Registered bonds	109,000	-	-	15,000	-	-	94,000
b) Notes receivable and loans	46,999	-	-	-	-	-	46,999
5. Other investments	11,896	-	-	21	-	52	11,823
6. Total B. III.	786,757	128,478	-	119,568	28	25,121	770,574
Total	**1,696,066**	**169,661**	**-**	**140,597**	**1,073**	**26,365**	**1,699,838**

The write-downs of intangible assets and real estate and similar land rights, including buildings on third-party land represent scheduled amortisation and depreciation. Impairment losses of € 11.7 million were recognised on fixed assets due to expected permanent impairments in value.

Notes on 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 2022, 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	8,981,964	35,300,000
B. II. Investments in affiliated companies and participating interests		
1. Shares in affiliated companies	844,193,224	2,919,161,314
2. Participating interests	71,061,198	75,271,687
B. III. Other investments		
1. Shares, units or shares in investment funds and other variable-interest securities	290,332,944	322,965,421
2. Bearer bonds and other fixed-interest securities	181,971,198	159,671,549
3. Mortgage loans and annuity claims	145,448,002	129,326,770
4. Other loans		
a) Registered bonds	94,000,000	65,369,464
b) Notes receivable and loans	46,998,942	46,084,075
5. Other investments	11,822,709	18,641,000
Total	**1,694,810,181**	**3,771,791,280**
of which: Investments valued at costs of acquisition	1,600,810,182	3,706,421,815
of which: Investments in fixed assets pursuant to section 341b paragraph 2 HGB	368,854,392	356,278,683

The valuation reserves include hidden liabilities totalling € 69.0 million. These are accounted for by shares in affiliated companies and other investments.

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 2022 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 in affiliated companies	8,297	7,416
Bearer bonds and other fixed-interest securities	176,026	153,698
Mortgage loans	144,049	127,914
Other loans	135,999	106,372

Depreciation was not applied because these are not expected to be permanent impairments. The intention is to hold these securities until maturity or, according to our valuation tool or analyses, to assume only a temporary impairment.

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	4,830	368	168
Registered bond	Forward purchases	10,000	-	-1,110

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

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	3,373	134,768	4,007	
Bond funds	659	40,284	75	
Mixed funds	215	26,814	386	
Real-estate funds	3,883	66,432	9,759	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 € 2,172,121 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	-
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	19,333,766	-
DEVK Rechtsschutz-Versicherungs-AG, Cologne	100.00	60,563,459	-
DEVK Rückversicherungs- und Beteiligungs-AG - DEVK RE, Cologne	100.00	1,277,900,468	-19,988,898
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)	69.50	818,839,458[2]	28,388,893[2]
DEVK Omega GmbH, Cologne	75.00	35,969,323	787,206
DEVK Private Equity GmbH, Cologne	55.00	363,165,265	64,656,645
DEVK Saturn GmbH, Cologne	100.00	42,122,606	1,849,048
DEVK Service GmbH, Cologne	74.00	1,470,379	-
DEVK Zeta GmbH, Cologne	100.00	775,000	-
DEREIF Brüssel Carmen N.V., Brussels (B)	100.00	-2,905,317[4]	-195,426
DEREIF Dublin Harcourt S.à r.l., Luxembourg (L)	100.00	16,004,427	204,427
DEREIF Hungary Eiffel Palace Kft., Budapest (HU)	100.00	11,248,510	150,695
DEREIF Hungary Park Atrium Kft., Budapest (HU)	100.00	3,388,112	-2,452,818
DEREIF Immobilien 1 S.à r.l., Luxembourg (L)	100.00	61,086,609	-6,555,540
DEREIF Lissabon Republica Unipessoal Lda, Lisbon (P)	100.00	4,103,507	229,701
DEREIF Luxembourg Glacier S.à r.l., Luxembourg (L)	100.00	12,902,702	-110,862
DEREIF Paris 6 rue Lamennais S.C.I., Yutz (F)	100.00	4,935,729	-95,659
DEREIF Paris 9 chemin du Cornillon Saint Denis S.C.I., Yutz (F)	100.00	5,618,146	225,685
DEREIF Paris 37-39 rue d'Anjou S.C.I., Yutz (F)	100.00	20,107,044	-2,620,789
DEREIF Vilnius Konstitucijos UAB, Vilnius (LI)	100.00	8,911,563	568,813
DEUSA Umbrella SCS SICAV-RAIF, Luxembourg (L)	100.00	117,320,749	15,858,775
DP7, Unipessoal Lda, Lisbon (P)	100.00	9,472,749	802,965
DRED S.C.S. SICAV-FIS, Luxembourg (L)	77.30	517,246,243	47,464,083
freeyou AG, Cologne	100.00	4,848,611	-
Freeyou Insurance AG (formerly GAV Versicherungs-AG), Legden	100.00	20,714,426	-
Grundversorgung S.C.S., Luxembourg, (L)	100.00	165,688,149[2]	17,924,136[2]
Hotelbetriebsgesellschaft SONNENHOF mbH, Bad Wörishofen	100.00	356,023	-
HYBIL B.V., Venlo (NL)	90.00	83,858,096	1,571,451
Ictus GmbH, Cologne	75.00	48,032,270	-5,130,669
Infrastructure Access Portfolio-L 2 SCSp, Luxembourg (L)	10.80	220,534,709	27,122,113
Kassos Ventures GmbH, Cologne	100.00	33,214,422	31,049
KLUGO GmbH, Cologne	100.00	1,044,523	-291,444
SADA Assurances S.A., Nîmes (F)	100.00	90,263,321	10,003,909
Sana Kliniken AG, Ismaning	0.70	1,139,149,000[3]	67,648,000[3]
Sireo Immobilienfonds No. 4 Edinburgh Ferry Road S.à r.l., Luxembourg (L)	95.25	15,852,459	-564,066
Swiss Life Health Care III SIC, Luxembourg (L)	8.41	176,420,200[3]	13,346,615[3]
Terra Estate GmbH & Co. KG, Cologne	50.00	130,421,893	1,719,765
		CHF	CHF
Echo Rückversicherungs-AG, Zurich (CH)	100.00	162,487,250	13,317,829
		CZK	CZK
DEREIF Prag Oasis s.r.o., Prague (CZ)	100.00	508,186,000	48,752,000
		DKK	DKK
DEREIF Copenhagen V ApS, Copenhagen (DK)	100.00	102,269,448	2,609,291
		GBP	GBP
DEREIF London 10 St. Bride Street S.à r.l., Luxembourg (L)	100.00	5,893,994	-1,794,740
DEREIF London Birchin Court S.à r.l., Luxembourg (L)	100.00	6,864,316	-1,777,357
DEREIF London Coleman Street S.à r.l., Luxembourg (L)	100.00	5,724,713	-95,294
DEREIF London Eastcheap Court S.à r.l., Luxembourg (L)	100.00	7,379,544	-2,376,070
DEREIF London Lombard Street S.à r.l., Luxembourg (L)	100.00	3,696,765	-2,392,978
DEREIF London Lower Thames Street S.à r.l., Luxembourg (L)	100.00	6,326,791	-532,980
DEREIF London Queen Street S.à r.l., Luxembourg (L)	100.00	15,659,059	348,903
		SEK	SEK
DEREIF Malmö, Kronan 10 & 11 AB, Malmö (S)	100.00	-2,073,000[4]	-6,096,000
DEREIF Stockholm, Vega 4 AB, Stockholm (S)	100.00	21,147,000	12,896,000

[2] Based on subgroup financial statements [3] Based on 2021 financial year [4] Deficit not covered by equity capital

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 private equity fund of funds units.

Re Liabilities A.-

Retained earnings

1. Loss reserve pursuant to section 193 of VAG	
31/12/2021	€ 192,678,512
Allocation from the annual net profit	€ 1,081,715
31/12/2022	**€ 193,760,227**
2. Other retained earnings	
31/12/2021	€ 953,687,046
Allocation from the annual net profit	€ 4,326,859
31/12/2022	**€ 958,013,905**

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	79,563	80,451	74,341	75,232	-	-
Liability	47,313	45,086	45,523	37,137	1,031	2,062
Motor vehicle liability	396,085	389,499	355,179	351,082	40,305	37,838
Other motor vehicle	31,237	35,299	13,597	11,044	15,720	22,344
Fire and non-life	66,494	85,056	49,799	66,589	14,343	15,616
of which:						
Fire	3,302	3,342	233	325	3,068	3,016
Household contents	8,102	9,073	6,596	7,535	-	-
Homeowners' building	47,735	64,329	37,879	52,742	9,026	10,328
Other non-life	7,355	8,312	5,091	5,987	2,249	2,272
Other	1,128	1,176	272	159	855	1,016
Total	**621,820**	636,567	**538,710**	541,245	**72,254**	78,876

The settlement result net of reinsurance for the financial year stands at T€ 38,087 (previous year T€ 54,385).

Re Liabilities B. IV.

Provision for bonuses and rebates

a)	Bonuses	
	31/12/2021	€ 14,258,271
	Withdrawal	€ 5,191,823
	31/12/2022	**€ 9,066,448**
b)	Rebates	
	31/12/2021	€ 100,000
	Allocation	€ 36,352
	Withdrawal	€ 65,352
	31/12/2022	**€ 71,000**

Re Liabilities F.

Accruals and deferred income

Discount points on registered bonds	€ 29,545
Advance rental receipts	€ 1,191
	€ 30,736

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	51,809	51,809	40,451	16,798	15,234	-4,545	15,585
Liability	32,059	32,001	31,708	20,095	15,947	3,838	798
Motor vehicle liability	99,742	99,739	93,588	87,933	15,516	-1,621	-8,020
Other motor vehicle	75,168	75,165	54,588	81,136	12,921	2,777	-9,493
Fire and non-life	132,486	132,486	107,074	79,817	43,802	-2,248	5,714
of which:							
Fire	907	907	506	120	435	-653	-439
Household contents	42,872	42,872	41,147	15,212	15,638	1,006	11,848
Homeowners' building	75,286	75,286	53,570	52,717	20,379	-3,697	-1,158
Other non-life	13,421	13,421	11,851	11,768	7,350	1,096	-4,537
Other	1,904	1,904	1,441	1,244	264	-117	438
Total	**393,168**	**393,104**	**328,851**	**287,023**	**103,685**	**-1,916**	**5,022**

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	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

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

Acquisition expenses	€ 47,026,375
Administration costs	€ 56,659,150

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	38,405	38,318
2. Other insurance agents' remuneration within the meaning of section 92 HGB	1,617	2,280
3. Wages and salaries	258,736	258,601
4. Social-security contributions and social-insurance costs	45,861	45,398
5. Retirement pension costs	65,764	27,510
Total	**410,383**	372,107

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 € 714,348. The retirement pensions of former Management Board members and their surviving dependants totalled € 1,107,155. On 31 December 2022, DEVK Rückversicherungs- und Beteiligungs-AG - DEVK RE capitalised a pension provision of € 16,980,675 for this group of persons. The Supervisory Board remuneration totalled € 374,529. Payments to the Advisory Board came to € 67,667.

Of the investment income, € 154,290 (previous year € 63,006) is attributable to currency conversion. The investment expenses include € 605,934 (previous year € 878) from currency conversion.

Of the other income, € 5,061 (previous year € 17,596) was attributable to the discounting of provisions and € 4,733 (previous year € 10,380) to currency conversion. Other expenses included € 3,627 (previous year € 33,400) attributable to the discounting of provisions and € 95,766 (previous year € 120,449) to currency conversion.

Auditors' fees

For services rendered by the auditors (KPMG AG Wirtschaftsprüfungsgesellschaft) for the company in the financial year, a fee of € 408,729 was paid (including € 11,378 in additional expenditure for 2021). Of this amount, € 383,698 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 € 4.8 million from open short options and € 10.0 million from forward purchases. The payment obligations in relation to approved mortgage loans not yet paid out totalled € 10.1 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 € 106.4 million. This includes obligations towards affiliated companies amounting to € 91.5 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 € 878.3 million.

Supplementary report

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

General information

Number of insurance policies concluded for at least one year in direct insurance operations		
	Financial year	Previous year
Accident	248,277	252,252
Liability	528,159	537,714
Motor vehicle liability	543,250	549,982
Other motor vehicle	454,653	457,557
Fire and non-life	783,015	796,328
of which:		
Fire	2,469	2,550
Household contents	367,853	375,097
Homeowners' building	181,596	182,489
Other non-life	231,097	236,192
Other	413	564
Total	**2,557,767**	2,594,397

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 3,179. This figure is made up of 59 executives and 3,120 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, 10 March 2023

The Management Board

Rüßmann **Knaup** **Scheel** **Zens** **Dr Zons**

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 2022, the profit and loss account for the financial year from 1 January to 31 December 2022, 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 2022.

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.

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 companies, 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 2022, and of its financial performance for the financial year from 1 January to 31 December 2022, 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.

Pursuant to § 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 2022. 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 538.7 million. This corresponds to 28.4 % 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 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 flat rate 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 used our own actuaries (as part of the audit team) 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 reproduced the Organisation's calculation to determine the unknown IBNR losses for a risk-oriented selection of individual lines of business. 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 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 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 fraudulent actions (i.e. manipulation of the accounting system or misstatement of assets) 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 fraudulent actions 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 fraudulent actions or errors 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 fraudulent actions or errors, 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 failing to detect material misstatements resulting from fraud is higher than the risk of failing to detect material misstatements resulting from errors, as fraud may involve collusion, forgery, intentional omissions, misleading representations or the override 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 confirming 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 actions taken or safeguards implemented to address independence threats.

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 Annual General Meeting on 3 June 2022. Furthermore, we were engaged by the Supervisory Board on 13 June 2022. 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).

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

- 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).

Chief auditor

The auditor in charge of the audit is Thorsten Klitsch.

Cologne, 28 March 2023

KPMG AG
Wirtschaftsprüfungsgesellschaft

Klitsch	**Bramkamp**
Auditor	Auditor

Supervisory Board report

During 2022, 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 2022 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 2022 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, 12 May 2023

The Supervisory Board

Hommel
Chairman

Company bodies

Supervisory Board

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

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

Dr Daniela Gerd tom Markotten
Dallgow-Döberitz
Head of Digitisation & Technology
Deutsche Bahn AG
(from 6 July 2022)

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

Helmut Petermann
Essen
Chairman of
General Works Council
DEVK Versicherungen ret.

Ronald Pofalla
Essen
Member of the board
Gröner Group AG
(to 20 May 2022)

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 and Freeyou Insurance AG (formerly 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.

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.

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, 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

In the early stages of 2022, economic development in Germany got off to a positive start. During the first quarter, the gross domestic product rose by 3.9 %. However, due to ongoing disruptions in international supply chains, the worsening of the energy crisis caused by the onset of war in Ukraine and the resulting inflationary expectations, year-on-year growth had already fallen to 1.7 % in the second quarter of 2022. The third quarter witnessed a further slight slowdown in growth to 1.3 % compared to the previous year. Further to the existing challenges, the ECB's first interest rate hike of 50 base points in July is also likely to have had a negative impact on growth. Reinforced by further interest rate increases by the ECB and the sharp rise in inflation, the growth rate fell again in the fourth quarter to 0.5 % compared to the previous year. In 2022, this development was accompanied by a significant increase in inflation rates in Germany (sometimes to 8.8 %; annual average 6.9 %) and in the USA (average of 8.0 %). The Ifo Business Climate Index initially rose to its annual high of 98.8 points in February and fell in the following months to its annual low of 84.5 points in October. This was followed by a slight recovery to 88.6 points.

Political discussion in Germany in 2022 was dominated by the following topics: Support for Ukraine, state aid to cushion the increase in energy prices for private households and companies, and general energy security. Economists estimate that real GDP in Germany will decline to -0.4 % on average in 2023, following growth of 1.9 % in 2022. The general consensus among economists is that a recession can be expected in Germany in the coming year 2023. GDP growth in the USA stood at 2.1 % in 2022; the expectation for 2023 is 0.5 % on average.

The onset of war in Ukraine initially caused stock markets to plummet in February, with European indices being hit harder than American indices, for example, due to their geographical proximity. Rapid recovery followed during the course of March, although figures did not reach the levels witnessed at the beginning of the year. Rising inflation figures were seen by the market as an indication of stronger central bank reactions, making bonds a more attractive alternative to equity investments. The highly volatile stock market then reached its low for the year at the end of September. In the hope that peak inflation was imminent or had already been reached - and that the number and amount of interest rate steps by the central banks would thus ease - the stock market started a recovery movement from there until the beginning of December. The leading German index DAX fell by roughly 24.6 % to its low point in September and was able to recoup this loss significantly with an increase of about 21.3 % by the start of December. The annual performance of the DAX in 2022 was -12.3 %, while the EuroStoxx 50 was -11.7 % below its value at the beginning of the year and the S&P 500 fell by -19.4 % during the same period.

Continuing inflation concerns and the central banks' reactions to them shaped the bond market in 2022. After inflation had long been classified as temporary by the ECB, it finally raised the key interest rate for the first time in many years in July, much later than the FED. Never before in the history of the ECB have there been so many subsequent rate hikes in such a short period of time; in September and October by 75 base points each and in December by a further 0.5 %, bringing the ECB's key interest rate to 2.5 % at the end of the year. Accordingly, risk-free interest rates, as seen for the example with the 10-year Euro swap rate, rose by about 230 base points by mid-June. From there, however, the rate declined again by around 100 base points by the beginning of August, only to rise once more by about 170 base points to the high for the year in October. At the end of the year, on 31 December 2022, the 10-year euro swap rate reached a final value of 3.20 %. A similar development was also seen in the yield of the ten-year German government bond, which initially peaked at 1.65 % in June, then fell back to 0.75 %, subsequently reached its preliminary high for the year at around 2.4 % and - following a temporary decline until the beginning of December - then rose to its final high for the year on 31 December 2022 at 2.55 %. Risk premiums on European investment grade corporate bonds generally followed the interest rate movement with a slight time lag, but rose sharply from the beginning of the war in Ukraine in February until early March, only to fall again somewhat by the end of March. At their peak in October, risk premiums reached a plus of about 1.4 percentage points compared to the beginning of the year. In the course of the year, the inversion of the yield curve also intensified, so that higher interest rates were paid for short maturities than for long maturities.

As in previous years, a large number of major loss events occurred around the world in 2022. The winter storm series Eunice, Ylenia, Antonia in Europe and a series of hurricanes in the USA - in particular Hurricane Ian, but also Fiona and Nicole - resulted in major destruction. According to estimates, the season was one of the five most destructive since records began.

Furthermore, there were a number of earthquakes and major forest fires, although the cyclone season in Asia was contrastingly rather less severe than usual.

The toughening of the reinsurance market, which was already evident last year, continued. Some reinsurers withdrew completely from non-life business, others noticeably reduced their capacities, while further reinsurers were prepared to keep capacities stable, but only with noticeable price increases and modified programmes (higher retentions, improved and clear conditions for reinsurers). No additional capital flowed into the market from the capital markets, which further increased the upward pressure on prices.

However, a large number of insurers required higher natural disaster cover, mainly due to inflation - whereby they encountered a tight market. The increasing rates in the retrocession market further fuelled the hard market.

In almost all regions around the world, renewals were very late, complex and challenging, and from the reinsurers' perspective they led to increasingly adequate prices with stable, and in some cases even reduced, exposure.

Significant price increases were once again recorded, depending on the regions. Even loss-free programmes in Europe were forced to accept price increases of 20 % to 40 %; loss-affected programmes even more so. In the USA we witnessed a doubling of the rate in individual cases, while extreme exceptional cases even went beyond that.

Business trends

In 2022, the gross premiums written for DEVK Rückversicherungs- und Beteiligungs-AG - DEVK RE were 14.0 % up at € 814.8 million. As such, the forecast growth of around 16 % for gross premiums written was not quite attained. The greatest absolute increases were recorded in engineering insurance and fire insurance. In the North America region (USA & Canada), the premium earned in 2022 increased from € 46.0 million to € 95.6 million. This figure also includes the planned expansion of our special business lines Agriculture, Engineering, Credit/Bond and Marine/Energy in the amount of € 39.5 million (previous year € 11.9 million).

The number of policies reinsured (non-DEVK only) on 31 December 2022 stood at 2,939 (previous year 2,519). Customer numbers rose to 560 (previous year 496).

Following on from the previous year, which was marked by a large number of natural disasters, the gross expenditure for claims in the financial year decreased by 5.6 % to € 569.2 million. In 2022, Storm Eunice, which hit the UK and Ireland with full force, a hail storm in France and a derecho in the USA had particularly noteworthy impacts. With an increase of 15.5 %, however, the expenses for insurance claims net of reinsurance remained below the increase in earned premiums net of reinsurance (+18.9 %).

The underwriting result before changes to the equalisation provision therefore improved to € 7.4 million (previous year € -13.2 million). However, 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 € 21.7 million, the net underwriting result of € -14.4 million remained below last year's forecast (close to zero).

The gross income from investments stood at € 118.3 million in 2022 (previous year € 232.1 million). In line with expectations, the income from profit transfer agreements fell significantly, from € 159.2 million to € 56.0 million. This was due in particular to the development in the profit transfer from DEVK Allgemeine Versicherungs-AG (€ 33.3 million after € 140.9 million). Write-ups also fell significantly, as expected, from € 13.1 million to € 1.8 million. Gains from disposals of investments in 2022 came to € 5.6 million (previous year € 12.8 million).

In 2022, total capital investment expenditures stood at € 52.8 million, following on from € 19.3 million in the previous year. Depreciation and amortisation increased significantly compared to the previous year - from € 8.0 million to € 36.2 million; losses from the disposal of investments from € 0.2 million to € 0.9 million. The background to these developments is market turbulence as a result of the Russia-Ukraine conflict.

Overall, net investment income declined significantly to € 65.5 million (previous year € 212.7 million). The investment portfolio increased moderately in 2022, from € 3,001.8 million to € 3,182.6 million. The net interest rate was 2.1 %, following on from 7.3 % in the previous year. This largely met with our expectations from the previous year's annual report (previous year's forecast: 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).

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 assets in the investment portfolio is intended on the one hand to counteract the low interest rate level and on the other hand to improve real value retention and therefore the long-term earnings situation overall. Following on from a significant reduction in the effective equity quota in the course of the year, it was moderately increased again from autumn 2022. At the end of the year, the effective equity ratio was significantly below the value at the beginning of the year. However, the mid-term plan is to further build up the equity items. The development of other long-term oriented real assets in the areas of private equity, alternative investments and real estate continued as planned in 2022.

Contrastingly, the "Other result" was significantly better than expected. The reason for this was a sharp drop in pension costs due to the rise in interest rates.

Overall, the result from ordinary activities came in at € 27.5 million (previous year € 89.7 million), falling short of the forecast figure of € 35 to € 45 million.

After taxes, there was a net loss for the year of around € -20.0 million (previous year net profit of € 34.3 million), which has been reported as a balance sheet loss.

Net assets, financial position and results of operations

Results of operations

	Financial year € 000s	Previous year € 000s	Change € 000s
Technical account	-14,352	-26,747	12,395
Investment result	65,651	212,716	-147,065
Other result	-23,803	-96,232	72,429
Profit from ordinary activities	**27,496**	89,737	-62,241
Taxes	47,485	55,436	-7,951
Net profit for the year	**-19,989**	34,301	-54,290

Underwriting result, net of reinsurance

Gross premium receipts rose 10.0 % to € 800.4 million. The growth came almost exclusively from business outside DEVK. Earned premiums net of reinsurance rose by 18.9 % to € 672.9 million (previous year € 565.9 million). Claims expenses net of reinsurance increased to € 495.4 million (previous year € 429.0 million). The ratio of net claims expenses to earned net premiums therefore improved to 73.6 % (previous year 75.8 %). The ratio of expenses on insurance operations net of reinsurance to earned premiums net of reinsurance stood at 25.1 % (previous year 25.6 %). The underwriting result before changes to the equalisation provision accordingly rose to € 7.4 million (previous year € -13.2 million). After an allocation to the equalisation provision of € 21.7 million (previous year € 13.5 million), the underwriting result net of reinsurance stood at € -14.4 million (previous year € -26.7 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	6,029	3,793	59.0 %	-	-	1,599	940
Accident	46,126	45,210	2.0 %	-	-	11,301	15,898
Liability	21,200	16,704	26.9 %	-14,331	-6,789	-4,257	-4,078
Motor vehicle	249,884	282,218	-11.5 %	12,907	-21,425	3,047	-215
Fire and non-life	400,003	307,797	30.0 %	-19,377	24,688	-32,775	-24,109
of which:							
Fire	106,679	81,429	31.0 %	2,405	-3,393	-4,030	-3,251
Household contents	29,047	26,190	10.9 %	-	-	-966	-198
Homeowners' building	130,775	111,208	17.6 %	6,125	11,592	2,097	12,693
Other non-life	133,503	88,970	50.1 %	-27,907	16,488	-29,875	-33,352
Other	77,114	71,911	7.2 %	-904	-9,998	6,732	-15,185
Total	**800,357**	727,631	10.0 %	**-21,704**	-13,525	**-14,352**	-26,747

The largest increases in premium amounts were recorded for fire, homeowners' building and other non-life insurance. The growth in other non-life is due to active third-party business. In addition to price increases, around 40 % of the growth is due to the planned expansion of the special lines of business from € 37.5 million to € 55.7 million. Before the change in the equalisation reserve, accident and liability made the largest positive contributions to the result.

Investment result

At € 118.3 million, the investment result was significantly down on the previous year's figure (€ 232.1 million). This was due in particular to the lower revenues from profit transfer agreements with affiliated companies. The income from profit transfer agreements with affiliated companies totalled € 56.0 million (previous year € 159.2 million). Also included were € 5.6 million in profits from disposals of investments (previous year € 12.8 million), as well as € 1.8 million in write-ups (previous year € 13.1 million).

At € 52.8 million, investment expenses in 2022 were significantly higher than in the previous year (€ 19.3 million), in particular due to the negative development of the stock market. Decisive here was an increased write-down requirement on investment expenses (€ 36.2 million as against € 8.0 million in the previous year). Losses from disposals of investments came to € 0.9 million (previous year € 0.2 million). Charges from loss transfers in 2022 amounted to € 13.7 million, up from € 9.2 million in the previous year. The administration costs were € 1.9 million (previous year € 2.1 million).

Total net investment income therefore declined significantly to € 65.5 million (previous year € 212.7 million). This development in 2022 largely corresponds to our forecast from the previous year, as described above.

Other result

The "Other" result, including the technical interest income, stood at € -23.8 million (previous year € -96.2 million). Heavily reduced pension costs contributed to this improvement.

Profit from ordinary activities
The decline in the investment result was only partially offset by improvements in the technical result and other result. The result from ordinary activities, of € 27.5 million, was consequently down on the previous year's figure (€ 89.7 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. At € 47.5 million, tax expenses in 2022 were lower than in the previous year (€ 55.4 million).

Operating result and appropriation of profit
After taxes, the net loss for the year stood at around € -20.0 million (previous year net profit of € 34.3 million). The annual net loss is shown as accumulated deficit.

The Management Board proposes to the Annual General Meeting to carry forward the accumulated loss of € 19,988,898 to new account.

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 an 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 € 135.7 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 2022. As in the years 2008 to 2021, 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 2022 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)	3,182,637	3,001,787	180,850
Deposit receivables	70,220	69,712	507
Receivables arising out of reinsurance operations	80,248	130,216	-49,968
Other receivables	144,926	266,884	-121,958
Other assets	25,366	16,023	9,343
Total assets	**3,503,396**	3,484,622	18,775
Equity	1,277,901	1,302,889	-24,989
Technical provisions	1,106,925	974,527	132,398
Other provisions	1,021,878	950,524	71,354
Liabilities arising from reinsurance operations	80,682	112,970	-32,287
Other liabilities	14,824	143,378	-128,555
Accruals and deferred income	1,187	333	854
Total capital	**3,503,396**	3,484,622	18,775

In 2022, there were shifts within the capital investments from the bond block to 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, € 60.4 million (previous year € 163.7 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.

We only conducted a short status survey in autumn 2022, because the employee survey will take place in an updated form from 2023. The survey was influenced by the uncertainties due to the Ukraine conflict and the associated effects on energy prices and inflation. Compared to the results of the employee surveys in 2020 and 2021, the overall satisfaction in 2022 was lower, but remained at a high level at 71 %.

Employee satisfaction index		
	Financial year Points	Previous year Points
Actual	753	791
Target	791	793

The target set for 2023 is 763 points.

Overall verdict on the management report

Against the backdrop of the economic conditions, the company's overall net assets, financial position and results of operations developed in a satisfactory manner throughout 2022.

Outlook, opportunities and risks

Outlook

During 2023 we are anticipating strong premium growth of around 27 %. We expect the largest increases in values to come in the areas of fire and building insurance, marine/energy insurance and motor 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 around € 40 million. After an allocation to the equalisation provision, current estimates project that the underwriting result will be around € 30 million

The rate of inflation will be one of the main factors for the development on the capital markets in the coming years - in addition to the global political influencing factors. Furthermore, the development of energy prices is seen as a major driver of economic development. Alongside the majority of experts, we anticipate a mild recession at best. If, in addition, second-round effects lead to persistently high core inflation rates (e.g. through a wage-price spiral), this is likely to have a dampening effect on economic growth. For German companies in particular, a further escalation of the China-Taiwan conflict can be problematic due to their high economic dependence on China. Given the experience of the disrupted supply chains and against this background, we expect further deglobalisation trends, which are also likely to have an inflationary effect. Nonetheless, we assume that factors such as the central bank policy of the ECB and the FED to date will mean inflation has already reached its peak and will now fall again over time. We expect the stock market to remain highly volatile in 2023, in particular in the context of a recessionary development.

Key leading economic indicators, such as purchasing managers' indices, fell sharply and relatively continuously in 2022. However, towards the end of the year a trend reversal emerged that could point to a recovery in 2023. The first positive signals are also coming from the ifo business climate index for Germany and producer prices towards the end of the year, whereby this development supports our expectation that inflation has passed its peak. Additionally, some companies were able to exceed their earnings expectations, so that the reporting season at the turn of the year was not as bad as feared. During the course of the recovery at the end of the year, company valuations increased again somewhat, although they still lie below their long-term average. According to forecasts by the World Bank, the global economy is heading for weak economic growth of 1.7 % in 2023. Alongside the lockdowns arising due to China's zero-covid policy, the real estate market - which accounts for a large share of GDP - remains in crisis there. For 2023 and 2024, economists expect respective annual growth in China of just 5.1 % and 5.0 %.

Overall, we expect the capital market to remain volatile in 2023 due to the ongoing uncertainties.

In the field of investments, we expect income from profit transfer agreements to be above the previous year's level in 2023 for DEVK Rückversicherungs- und Beteiligungs-AG - DEVK RE. Furthermore, we assume that there will be a significant decline in the high level of depreciation. We expect that our net investment result in 2023 will be moderately up on last year. The investment portfolio and net interest should rise moderately in 2023. The forecast development may deviate negatively in the event of an escalation of the Russia-Ukraine conflict, a (resumed) increase in inflation or a tightening of the geopolitical situation around China.

We are forecasting profit from ordinary activities in 2023 to be in the order of € 130 million to € 140 million.

With regards to employee satisfaction, DEVK has set itself a target index value of 763 points. The target is therefore 10 points above the actual value in 2022.

Opportunities report

The quality of our portfolio has further increased. Premiums have grown disproportionately compared to risk, and structural and wording improvements reinforce this trend.

We were one of (very) few reinsurers prepared to name prices and conditions at an early stage, a circumstance that was rewarded by our customers with corresponding conditions and, in some cases, higher shares.

Our underwriting discipline also led us to dispose of a few customer relationships where we saw no chance of sustainable economic success.

Our strategy of broadening our range of lines of business has brought us even more into focus with customers and brokers. Even in the current renewal, we succeeded in identifying a number of new offers that we had been interested in for some time.

The further improvement in our market standing, combined with our financial strength and continuity, leads us to expect stable and expandable business in the future.

In terms of investments, we see attractive investment opportunities in 2023 alongside the risks and despite the volatile market environment. As a general rule, risk premiums in the bond sector rise during recessions, so that even successful companies have to pay higher yields. This offers the opportunity to acquire attractive bonds from a risk-return perspective. In the context of declining inflation and a restricted interest rate hike policy (combined with recessionary developments) we also expect yields to fall in the medium term. Stock markets often end their downward trend at the start of a recession, so a recovery of prices in the course of 2023 cannot be ruled out. Notwithstanding the heightened volatilities, we continue to see a return advantage in real assets over bonds in the long term - despite the increased attractiveness of the latter in the short term.

The real estate market is likely to react with price declines if interest rates remain higher, combined with a recession. However, this could also create opportunities to acquire properties in (very) good locations with tenants with good long-term credit ratings at lower prices and thus secure the chance of higher returns in the long term. 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 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 decentralised risk session or the 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 risk management function 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	%
2013	72.6	2018	67.3
2014	68.6	2019	63.9
2015	65.3	2020	68.5
2016	66.2	2021	75.8
2017	70.8	2022	73.6

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 once again in 2022.

For 31 contracts with a run-off gain/loss of more than € 1 million, the net run-off result was € -9.9 million. For the remaining contracts with run-off results (quantity: 2,677), the run-off loss amounted to € 11.4 million, which corresponded to an average run-off loss of approximately € 4,300.

Settlement result net of reinsurance as % of original provision			
Year	%	Year	%
2013	13.7	2018	1.6
2014	-4.1	2019	2.6
2015	2.4	2020	-3.3
2016	3.0	2021	-1.7
2017	3.2	2022	-3.2

Our equalisation provisions provide an additional safety cushion that contributes to the smoothing of our underwriting results. As of 31 December 2022, their volume totalled € 258.9 million (previous year € 237.2 million).

Risk of defaults by debtors arising from our insurance operations

Amounts receivable from reinsurance business at the end of the year came to € 80.2 million. These include receivables from reinsurers totalling € 10.40 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+	0.04
AA	0.03
AA-	0.37
A+	3.52
A	3.53
A-	2.57
without	0.34

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 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. 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 2022 we conducted our own investment stress test. This 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 2022, 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 and partially through the implementation of lower limits
- Currency-matched refinancing in the field of indirect real estate investments
- Use of bond forward purchases
- Adjustment of equity risks via options trading.

Interest-bearing investments
As of 31 December 2022, the Company held interest-bearing investments with a total value of € 1.61 billion. As at the reporting date, this shows a negative valuation reserve of € 149.9 million; in the previous year the valuation reserves in the interest block amounted to € 78.0 million. A total of € 705.2 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 € 679.7 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 negative valuation reserve of € 78.2 million. This includes hidden liabilities to the value of € 79.5 million (previous year € 1.7 million) and hidden reserves of € 1.3 million (previous year € 55.7 million). As the increase in hidden liabilities is primarily due to the market interest rate movement and there are no indications of a deterioration in creditworthiness, there is no permanent impairment due to the intention to hold these until their final maturity. A change in returns of up to +/-1 % would result in a corresponding value change ranging from € -67.3 million to € 72.4 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. Where securities still include hidden reserves, these 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 widening of risk premiums in the first half of 2022 illustrates this. At the end of 2022, these were significantly above the initial value at the beginning of the year. As observed in 2022, there is a possibility in 2023 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 25.3 % of our total investments. At the end of 2022 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 2022 was on bearer bonds from government-related and supranational issuers, as well as international bearer bonds from companies. 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, 4.2 % of the company's investments are in government bonds, 25.3 % in corporate bonds and 19.8 % 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 share of construction financing ultimately accounts for 1.2 % 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	52.7 %	47.2 %
A- to A+	30.5 %	33.9 %
BBB- to BBB+	13.0 %	17.2 %
BB+ or worse	3.8 %	1.7 %

The company's rating distribution has improved slightly from last year. Overall, however, this has not significantly changed the risk situation. 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 € 33.0 million. The German share index, including dividends, showed an overall negative performance in a tough market environment in 2022, while the European share index performed only marginally better. 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 € 5.1 million have been assigned to the fixed assets. These shares are directly held stocks. The fixed-asset equities show valuation reserves of € -0.5 million. This figure includes no hidden reserves.

Against the background of our market assessment, we have actively reduced the effective equity quota significantly in 2022 with an upward trend towards the end of the year. Overall, the effective equity ratio at the end of the year lies significantly below the value at the start of the year. If economic problems should arise in the future, for example as a result of an intensification of the Russia-Ukraine conflict or a heightening of tensions between China and Taiwan, the equity quota can be actively adjusted. For example, we have already reduced the effective equity ratio through future hedging in a special fund due to the worsening of the Ukraine crisis at the start of 2022. We have no investments in Russian or Ukrainian shares.

Real estate

On the balance sheet date, we held indirect mandates to a value of € 348.3 million. Of this, € 247.5 million was invested in direct property holdings and € 100.8 million in real estate funds. In 2022, the write-downs on these real estate investments stood at € 0.9 million. Real estate assets to a value of € 100.8 million have been assigned to the fixed assets. The valuation reserves in the fixed assets stand at € 11.5 million; there are no hidden liabilities. 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 insofar as possible 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 indexed 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 2022 the volume stood at € 100.0 million (previous year € 84.1 million). This corresponds to 3.1 % (previous year 2.8 %) of the total investments at book value. The portfolio is split almost 90:10 between infrastructure and other alternative investments. In the 2022 financial year, there were no write-downs on alternative investments (previous year: € 0.03 million) and write-ups of € 1.0 million (previous year: € 0.2 million). The ordinary income in 2022 stands at € 2.3 million (previous year € 0.8 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, human error or external events. Legal risks are part of operational risks, whereby these include compliance risks.

Management of the operational risks is ensured through the careful structuring of the internal monitoring system. Appropriate controls have been set up for the risks, in order to ensure that the operational processes function correctly. The functionality of these controls is continuously monitored, and any control weaknesses are assessed and remedied as necessary. Within the framework of the internal control system process, clear responsibilities are assigned for the regular identification, documentation and monitoring of relevant exposures to risk.

Operational risks are primarily recorded and described in the half-yearly risk inventory and continuously in the process documentation.

Supporting business processes by means of IT operations entails a variety of operational risks. The security of programs and data storage, as well as ongoing operations, is ensured by comprehensive access controls and safeguards, both in the internal data centres and in third-party data centres (cloud). DEVK's IT infrastructure is designed with redundancy. The two data centres are connected via two separate fibre optic cables. A large number of systems are operated on the cloud as part of the cloud strategy.

The stated security objectives of DEVK's information security strategy consist of the confidentiality, integrity and availability of data, applications and the IT infrastructure. The Information Security Board and the Information Security Officer are central elements of the information security management of DEVK. The Information Security Board serves to strategically manage the DEVK Group's information security and to prepare security-relevant decision papers for the Management Board. The Information Security Officer manages the information security process. In order to achieve a consistent and appropriate level of security, the security measures are aligned with the protection requirements and threats as set out in the security objectives. With regard to the German IT Security Act, DEVK is striving for certification readiness in accordance with ISO27001 for IT operations on the basis of IT basic protection as defined in the standard of the Federal Office for Information Security.

A further component of information security is the sensitisation of employees to the dangers arising from social engineering and data protection. Appropriate training courses are offered in this respect via our further education portal.

Emergency management (business continuity management) is part of the internal control system. This ensures that DEVK is able to continue its business operations at a defined minimum level (emergency operation) in the event of interruptions to time-critical activities and achieve the restoration of normal operations as quickly as possible. A central component of emergency management is the identification of time-critical and business-critical activities, including the necessary resources. Critical activities are all those activities whose failure could jeopardise the existence of the DEVK Group. Scenario-specific contingency plans are in place to ensure defined emergency operation and enable a swift return to normal operation. Emergency drills are used to test the effectiveness of the measures.

An IT Service Continuity Plan has been developed based on requirements. This consists of the following components:

- IT emergency manual
- Recovery plans for all business-critical application services and basic services
- Superordinate master recovery plan

The IT Service Continuity Plan is regularly tested to ensure that IT systems can be effectively restored.

The management of so-called "head monopolies" and key positions is fundamentally part of the DEVK Group's human resources strategy. Head monopolies and key positions are regularly surveyed as part of human resource planning. Knowledge is distributed among several employees in order to avoid head monopolies. Documentation supports the incorporation and distribution of knowledge.

The DEVK Group is countering the demographic risk with measures to improve its attractiveness as an employer. These include intensified personnel marketing and flexible working time models to improve the work-life balance. Active health management counteracts the risk of illness among employees.

Legal risks are part of operational risks. The risk of legal changes refers to risks that arise due to a change in the legal environment, including regulatory requirements. Consequences arising due to compliance risks include legal or regulatory sanctions and material financial losses resulting from non-compliance with external requirements or internal guidelines. DEVK has established a compliance management system designed to ensure compliance with both external requirements and internal guidelines.

Solvency II

We have complied with the supervisory requirements of Solvency II. In order to optimise the realisation of requirements, the focus in 2022 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.

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 2021 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, 10 March 2023

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 2022

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		890,605		1,084
II. Payments on account		48,311		45
			938,916	1,129
B. Investments				
I. Investments in affiliated companies and participating interests				
1. Shares in affiliated companies	1,071,830,371			989,640
2. Loans to affiliated companies	305,733,000			270,890
3. Participating interests	160,331,536			141,147
		1,537,894,907		1,401,677
II. Other investments				
1. Shares, units or shares in investment funds and other variable-interest securities	383,601,589			393,482
2. Bearer bonds and other fixed-interest securities	642,631,315			593,953
3. Mortgage loans and annuity claims	37,750,000			37,750
4. Other loans	556,712,739			550,504
5. Other investments	24,046,328			24,421
		1,644,741,971		1,600,109
III. Deposits with ceding companies		70,219,761		69,712
			3,252,856,639	3,071,499
C. Accounts receivable				
I. Receivables arising out of reinsurance operations of which:		80,248,327		130,216
Affiliated companies: € 265,939				1,059
II. Other receivables		144,925,451		266,883
of which:			**225,173,778**	397,100
Affiliated companies: € 105,346,592				230,227
D. Other assets				
I. Tangible assets and inventories		450,140		500
II. Cash at banks, cheques and cash in hand		12,127,688		3,687
			12,577,828	4,187
E. Prepayments and accrued income				
I. Accrued interest and rent		11,713,368		10,525
II. Other prepayments and accrued income		135,432		181
			11,848,800	10,706
Total assets			**3,503,395,961**	3,484,621

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		797,367,176		768,066
IV. Balance sheet profit/loss		-19,988,898		34,301
			1,277,900,468	1,302,889
B. Technical provisions				
I. Provision for unearned premiums				
1. Gross amount	42,737,374			57,387
2. of which from: Reinsurance amount	32,446			29
		42,704,928		57,357
II. Premium reserve		13,355,205		13,951
III. Provision for claims outstanding				
1. Gross amount	929,841,969			802,403
2. of which from: Reinsurance amount	142,783,914			141,381
		787,058,055		661,021
IV. Equalisation provision and similar provisions		258,943,836		237,240
V. Other technical provisions				
1. Gross amount	4,923,894			5,015
2. of which from: Reinsurance amount	61,005			58
		4,862,889		4,957
			1,106,924,913	974,527
C. Other provisions				
I. Provisions for pensions and similar commitments		960,672,318		883,237
II. Provisions for taxation		39,387,447		43,967
III. Other provisions		21,818,105		23,319
			1,021,877,870	950,524
D. Other liabilities				
I. Liabilities arising out of reinsurance operations of which:		80,681,474		112,970
Against affiliated companies: € 20,532,302				42,499
II. Liabilities to banks		-		134,000
III. Other liabilities		14,823,957		9,378
of which:			**95,505,431**	256,348
From taxes: € 1,182,171				1,465
Against affiliated companies: € 11,414,021				4,580
E. Prepayments and accrued income				
			1,187,279	333
Total liabilities			**3,503,395,961**	3,484,621

Profit and loss account

for the period from 1 January to 31 December 2022

Items				
	€	€	€	Previous year € 000s
I. Technical account				
1. Earned premiums net of reinsurance				
a) Gross premiums written	800,356,622			727,631
b) Outward reinsurance premiums	141,832,998			148,589
		658,523,624		579,042
c) Change in the gross provision for unearned premiums	14,403,212			-13,095
d) Change in the gross provision for unearned premiums, reinsurers' share	3,243			-21
		14,406,455		-13,116
			672,930,079	565,926
2. Allocated interest, net of reinsurance			**49,222**	57
3. Other technical income, net of reinsurance			**99**	18
4. Claims incurred, net of reinsurance				
a) Claims paid				
aa) Gross amount	461,263,265			398,191
bb) Reinsurers' share	98,888,231			115,272
		362,375,034		282,919
b) Change in the provision for claims outstanding				
aa) Gross amount	134,355,226			209,972
bb) Reinsurers' share	-1,325,552			-63,921
		133,029,674		146,051
			495,404,708	428,970
5. Changes in other technical provisions, net of reinsurance				
a) Premium reserve, net of reinsurance		596,144		802
b) Other technical provisions, net of reinsurance		94,471		-4,814
			690,615	-4,012
6. Net operating expenses, net of reinsurance				
a) Gross operating expenses for insurance operations		197,112,705		176,452
b) of which, from: Reinsurance commissions and profit participation		28,419,901		31,661
			168,692,804	144,792
7. Other technical charges, net of reinsurance			**2,220,616**	1,451
8. Subtotal			**7,351,887**	-13,223
9. Change to the equalisation provision and similar provisions			**-21,704,241**	-13,525
10. Technical result net of reinsurance			**-14,352,354**	-26,747
Balance carried forward:			-14,352,354	-26,747

Items	€	€	€	Previous year € 000s
Balance carried forward:			-14,352,354	-26,747
II. Non-technical account				
1. Income from investments				
a) Income from participating interests	12,726,126			9,088
of which: from affiliated companies: € 8,761,703				6,902
b) Income from other investments	42,251,145			37,980
of which: from affiliated companies: € 3,139,882				2,479
c) Income from write-ups	1,838,573			13,052
d) Gains on the realisation of investments	5,638,014			12,711
e) Income from profit pooling, profit transfer and partial profit transfer agreements	55,951,561			159,217
		118,405,419		232,047
2. Investment expenses				
a) Investment management charges, interest expenses and other charges on capital investments	1,875,523			2,060
b) Write-downs on investments	36,222,043			7,959
c) Losses on the realisation of investments	927,065			160
d) Charges from loss transfer	13,730,171			9,152
		52,754,802		19,331
		65,650,617		212,716
3. Allocated interest		49,222		57
			65,601,395	212,659
4. Other income		98,429,846		39,589
5. Other charges		122,183,001		135,763
			-23,753,155	-96,175
6. Profit from ordinary activities			**27,495,886**	89,737
7. Taxes on income		47,483,814		55,435
8. Other taxes		970		1
			47,484,784	55,436
9. Annual net profit/loss, balance sheet profit/loss			**-19,988,898**	34,301

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.

During the financial year, one security within shares, units or shares in investment funds and other variable-yield securities was reclassified from current assets to fixed assets, because the intention is to hold onto this permanently. As a result, unscheduled depreciation in the amount of € 4.2 million was not necessary.

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 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 1.78 % (previous year 1.87 %) 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 2.0 % p.a., and the rate of pension increase at 2.0 %, 2.0 % or 1.0 % 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 2022 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	1,084	133	-	-	-	326	891
2. Payments on account	45	3	-	-	-	-	48
3. Total A.	1,129	136	-	-	-	326	939
B. I. Investments in affiliated companies and participating interests							
1. Shares in affiliated companies	989,640	92,061	-	9,871	-	-	1,071,830
2. Loans to affiliated companies	270,890	255,500	-	220,657	-	-	305,733
3. Participating interests	141,147	22,598	-	4,212	1,698	899	160,332
4. Total B. I.	1,401,677	370,159	-	234,740	1,698	899	1,537,895
B. II. Other investments							
1. Shares, units or shares in investment funds and other variable-interest securities	393,482	77,883	-	53,671	96	34,188	383,602
2. Bearer bonds and other fixed-interest securities	593,953	57,798	-	8,038	-	1,082	642,631
3. Mortgage loans and annuity claims	37,750	37,750	-	37,750	-	-	37,750
4. Other loans							
a) Registered bonds	263,252	4,171	-	15,000	-	-	252,423
b) Notes receivable and loans	183,252	44	-	50	44	-	183,290
c) Other loans	104,000	306,000	-	289,000	-	-	121,000
5. Deposits with banks	-	-	-	-	-	-	-
6. Other investments	24,421	-	-	323	-	52	24,046
7. Total B. II.	1,600,110	483,646	-	403,832	140	35,322	1,644,742
Total	**3,002,916**	**853,941**	-	**638,572**	**1,838**	**36,547**	**3,183,576**

The amortisation of intangible assets is scheduled in nature. Impairment losses of € 0.09 million were recognised on fixed assets due to expected permanent impairments in value.

Notes on 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 2022, 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	1,071,830,371	1,493,805,037
2. Loans to affiliated companies	305,733,000	305,733,000
3. Participating interests	160,331,536	170,095,118
B. II. Other investments		
1. Shares, units or shares in investment funds and other variable-interest securities	383,601,589	414,814,612
2. Bearer bonds and other fixed-interest securities	642,631,315	568,731,251
3. Mortgage loans and annuity claims	37,750,000	23,898,782
4. Other loans		
a) Registered bonds	252,423,262	190,328,739
b) Notes receivable and loans	183,289,477	187,300,229
c) Other loans	121,000,000	121,000,000
5. Other investments	24,046,328	37,685,299
Total	**3,182,636,878**	**3,513,392,067**
of which: Investments valued at costs of acquisition	2,903,386,879	3,309,108,459
of which: Investments in fixed assets pursuant to section 341b paragraph 2 HGB	785,567,718	718,424,264

The valuation reserves include hidden liabilities totalling € 174.2 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, mortgage, land charge and annuity debt claims, registered bonds and promissory notes and loans.

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, Freeyou Insurance 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	27,070	22,423
Bearer bonds and other fixed-interest securities	578,633	503,280
Mortgage loans and annuity claims	37,750	23,899
Registered bonds	242,423	180,312
Notes receivable and loans	104,401	86,196

Depreciation was not applied because these are not expected to be permanent impairments. The intention is to hold these securities until maturity or, according to our valuation tool or analyses, to assume only a temporary impairment.

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 call options	3,600	99	51
	Short put options	4,430	235	90
Notes receivable	Swaptions	300,000	2,695	23,687
Registered bonds	Forward purchases	10,000	-	-1,110

Valuation method		
Short options	European options	Black-Scholes
	American options	Barone-Adesi
Swaptions	Hull-White interest rate model	
Forward purchases	Bloomberg or our own calculations based on market data	

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	2,938	151,973	777	
Bond funds	927	37,069	75	
Mixed funds	34	21,450	956	
Real-estate funds	6,523	112,392	11,586	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	-
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	19,333,766	-
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	818,839,458[3]	28,388,893[3]
DEVK Omega GmbH, Cologne	50.00	35,969,323	787,206
DEVK Private Equity GmbH, Cologne	50.00	363,165,265	64,656,645
DEVK Saturn GmbH, Cologne	33.33	42,122,606	1,849,048
DEVK Service GmbH, Cologne	74.00	1,470,379	-
DEVK Zeta GmbH, Cologne	100.00	775,000	-
DEREIF Brüssel Carmen N.V., Brussels (B)	100.00	-2,905,317[4]	-195,426
DEREIF Dublin Harcourt Road S.à r.l., Luxembourg (L)	100.00	16,004,427	204,427
DEREIF Hungary Eiffel Palace Kft., Budapest (HU)	100.00	11,248,510	150,695
DEREIF Hungary Park Atrium Kft., Budapest (HU)	100.00	3,388,112	-2,452,818
DEREIF Immobilien 1 S.à.r.l., Luxembourg (L)	100.00	61,086,609	-6,555,540
DEREIF Lissabon Republica Unipessoal Lda, Lisbon (P)	100.00	4,103,507	229,701
DEREIF Luxembourg Glacier S.à.r.l., Luxembourg (L)	100.00	12,902,702	-110,862
DEREIF 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	4,935,729	-95,659
DEREIF Paris 9 chemin du Cornillon Saint Denis S.C.I., Yutz (F)	100.00	6,518,146	225,685
DEREIF Paris 37-39, rue d'Anjou, Yutz (F)	100.00	20,107,044	-2,620,789
DEREIF Vilnius Konstitucijos UAB, Vilnius (LI)	100.00	8,911,563	568,813
DEUSA Umbrella SCS SICAV-RAIF, Luxembourg (L)	100.00	117,320,749	15,858,775
DP7, Unipessoal Lda, Lisbon (P)	100.00	9,472,749	802,965
DRED S.C.S. SICAV-FIS, Luxembourg (L)	62.28	517,246,243	47,464,083
freeyou AG, Cologne	100.00	4,848,611	-
Freeyou Insurance AG (formerly GAV Versicherungs-AG), Legden	100.00	20,714,426	-
Grundversorgung S.C.S., Luxembourg, (L)	80.08	165,688,149[2]	17,924,136[2]
Hotelbetriebsgesellschaft SONNENHOF mbH, Bad Wörishofen	100.00	356,023	-
HYBIL B.V., Venlo (NL)	80.00	83,858,096	1,571,451
Ictus GmbH, Cologne	60.00	48,032,270	-5,130,669
Infrastructure Access Portfolio-L 2 SCSp, Luxembourg (L)	7.20	220,534,709	27,122,113
Kassos Ventures GmbH, Cologne	100.00	33,214,422	31,049
KLUGO GmbH, Cologne	100.00	1,044,523	-291,444
SADA Assurances S.A., Nîmes (F)	100.00	90,263,321	10,003,909
Sana Kliniken AG, Ismaning	0.70	1,139,149,000[3]	67,648,000[3]
Sireo Immobilienfonds No. 4 Edinburgh Ferry Road S.à.r.l., Luxembourg (L)	95.25	15,852,459	-564,066
Swiss Life Health Care III SIC, Luxembourg (L)	1.70	176,420,200[2]	13,346,615[2]
Terra Estate GmbH & Co. KG, Cologne	35.00	130,421,893	1,719,765
		CZK	CZK
DEREIF Prag Oasis s.r.o., Prague (CZ)	100.00	508,186,000	48,752,000
		DKK	DKK
DEREIF Copenhagen V ApS, Copenhagen (DK)	100.00	102,269,448	2,609,291
		GBP	GBP
DEREIF London 10, St. Bride Street S.à.r.l., Luxembourg (L)	100.00	5,893,994	-1,794,740
DEREIF London Birchin Court S.à.r.l., Luxembourg (L)	100.00	6,864,316	-1,777,357
DEREIF London Coleman Street S.à.r.l., Luxembourg (L)	100.00	5,724,713	-95,294
DEREIF London Eastcheap Court S.à.r.l., Luxembourg (L)	100.00	7,379,544	-2,376,070
DEREIF London Lombard Street S.à r.l., Luxembourg (L)	100.00	3,696,765	-2,392,978
DEREIF London Lower Thames Street S.à.r.l., Luxembourg (L)	100.00	6,326,791	-532,980
DEREIF London Queen Street S.à.r.l., Luxembourg (L)	100.00	15,659,059	348,903
		SEK	SEK
DEREIF Malmö, Kronan 10 & 11 AB, Malmö (S)	100.00	-2,073,000[4]	-6,096,000
DEREIF Stockholm, Vega 4 AB, Stockholm (S)	100.00	21,147,000	12,896,000

[2] Based on subgroup financial statements [3] Based on 2021 financial year [4] Deficit not covered by equity capital

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	**€ 135,432**

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	
31/12/2021	€ 768,066,246
Allocation from retained profit of the previous year	€ 29,300,930
31/12/2022	**€ 797,367,176**

Re Liabilities B. III.

Provision for claims outstanding

The settlement result net of reinsurance for the financial year stands at € -21.3 million (previous year € -1.74 million).

Re Liabilities E.

Accruals and deferred income	
Discount points on registered bonds	**€ 1,187,279**

Notes to the profit and loss account

Reinsurance coverage provided		
	Financial year € 000s	Previous year € 000s
Gross premiums written		
- Life	6,029	3,793
- Non-life/accident	794,328	723,838
Total	**800,357**	727,631

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	380	389
4. Social-security contributions and social-insurance costs	-	-
5. Retirement pension costs	-	-
Total	**380**	389

During the year under review, Management Board remuneration totalled € 387,786. The retirement pensions of former Management Board members and their surviving dependants totalled € 238,388. As of 31 December 2022, a pension provision of € 2,811,476 was capitalised for this group of people. The Supervisory Board remuneration totalled € 145,298.

Of the other income, € 20,658,490 (previous year € 5,783,302) is attributable to currency conversion. Other expenses include € 13,520,186 (previous year € 12,680,887) from currency conversion.

Appropriation of profit

The overall net annual loss came to around € 19.99 million. The annual net loss is shown as accumulated deficit.

The Management Board proposes to the Annual General Meeting to carry forward the accumulated loss of € 19,988,898 to new account.

Auditors' fees

For services rendered by the auditors (KPMG AG Wirtschaftsprüfungsgesellschaft) for the company in the financial year, a fee of € 90,469 was paid (including € 59,840 in reduced expenditure for 2021). 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 € 69.7 million (previous year € 96.4 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 36.0 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 € 145.0 million to secure the real estate loans of DRED SICAF-FIS, € 10.0 million from forward purchases and € 8.0 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 € 233.2 million. This includes obligations towards affiliated companies amounting to € 172.7 million.

In order to secure a bank endorsement of USD 59.0 million, DEVK Rückversicherungs- und Beteiligungs-AG - DEVK RE issued a securities deposit with a value of € 58.7 million. Furthermore, redemption obligations from assignments of receivables exist in the amount of € 71 million.

Supplementary report

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

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, 10 March 2023

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 2022, the profit and loss account for the financial year from 1 January to 31 December 2022, as well as the notes, including the statement of the accounting policies. We have also audited the management report of DEVK Rückversicherungs- und Beteiligungs-Aktiengesellschaft - DEVK RE for the financial year from 1 January to 31 December 2022. We have not audited the contents of the components of the management report mentioned in the "Other information" section of our audit opinion in accordance with German legal requirements.

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 2022, and of its financial performance for the financial year from 1 January to 31 December 2022, 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. Our opinion on the management report does not extend to the contents of the management report components mentioned in the “Other information” section.

Pursuant to § 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 2022. 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 the shares in affiliated insurance companies

With regards to the applied accounting policies, valuation and calculation methods we refer to the explanations given in the notes to the annual report of the Company in the section "Accounting and valuation methods". For the presentation of fair values and valuation reserves, as well as with regard to the presentation of shareholdings, we refer to the explanations given in the notes to the company's financial statements. 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 € 1,071.8 million. This figure equates to 30.6 % of the balance sheet total. The shares in affiliated insurance companies 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 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 are not listed on an active market. The company determines the fair value for shares in affiliated insurance companies 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 is not determined appropriately on the balance sheet date, and that necessary write-downs to the lower fair value are therefore not actioned.

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, we performed the following principal audit procedures in particular on a risk-oriented basis:

- Initially, based on the information obtained in the course of our audit, we assessed for which shares in affiliated insurance companies there are indications of a need for write-downs due to a minor difference between the fair value and the carrying amount.
- 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 committees. 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 have either critically assessed these based on our own assumptions or, in the case of parameters observable on the market, reconciled these with independent sources.
- To ensure the mathematical accuracy of the valuation models used, we reproduced the company's calculations for selected elements.

OUR OBSERVATIONS
The methods used to determine the fair values of the shares in affiliated insurance companies 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 as well as within the provisions for claims outstanding in the assumed outside insurance business undertaken comprise a significant proportion of these closing items on the balance sheet and income statement.

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 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 details in the management report 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 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 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 fraudulent actions (i.e. manipulation of the accounting system or misstatement of assets) 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 fraudulent actions 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) and supplementary compliance with the ISAs will always detect a material misstatement. Misstatements may arise from fraudulent actions or errors 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 fraudulent actions or errors, 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 failing to detect material misstatements resulting from fraud is higher than the risk of failing to detect material misstatements resulting from errors, as fraud may involve collusion, forgery, intentional omissions, misleading representations or the override 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 confirming 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 actions taken or safeguards implemented to address independence threats.

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 Annual General Meeting on 20 May 2022. Furthermore, we were engaged by the Supervisory Board on 13 June 2022. We have acted as the auditor of DEVK Rückversicherungs- und Beteiligungs-Aktiengesellschaft - DEVK RE 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).

We also rendered the following services, which are not stated in the annual financial statements or the management report of the audited company, in addition to the audit of the financial statements of the audited company or the companies controlled by it:
- 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).

Chief auditor

The auditor in charge of the audit is Thorsten Klitsch.

Cologne, 28 March 2023

KPMG AG
Wirtschaftsprüfungsgesellschaft

Klitsch	**Bramkamp**
Auditor	Auditor

Supervisory Board report

During 2022, 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 2022 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 2022 are thus duly adopted.

The Supervisory Board agrees with the Management Board's proposal concerning the appropriation of the 2022 net retained loss 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, 12 May 2023

The Supervisory Board

Kirchner
Chairman

Company bodies

Supervisory Board

Cosima Ingenschay
Berlin
Chair
Deputy Chair of
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
Deputy Chair of
Eisenbahn- und Verkehrs-
gewerkschaft (EVG)

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

Norbert Quitter
Bensheim
Head of Onboard Service Policies
DB Fernverkehr AG

Management Board

Gottfried Rüßmann
Cologne
Chairman

Rüdiger Burg
Frechen
(to 31 May 2022)

Annette Hetzenegger
Bergisch Gladbach
(from 1 June 2022)

Michael Knaup
Hürth

Dietmar Scheel
Bad Berka

Bernd Zens
Königswinter

Dr Michael Zons
Cologne
(from 1 June 2022)

Advisory Board

Alexander Kirchner **- Honorary Chairman -**	**Sedat Karaduman**	**Dr Doris Radatz**
Rudi Schäfer **- Honorary Chairman -**	**Jürgen Knörzer**	**Jochen Ramakers**
Wilhelm Bahndorf	**Enrico Kraut**	**Claus Roelofsen**
Alexandra Bastian	**Stefan Leuschner**	**Martin Schmitz**
Antje Böttcher	**Dörte Meier**	**Manfred Stang**
Philipp Collrep	**Wilfried Messner**	**Enrico Spittel**
Katrin Dornheim	**Siegfried Moog**	**Andreas Springer**
Dirk Flege	**Silvia Müller**	**Stephan Andreas Wißmann**
Steffen Genz	**Dr Sigrid Nikutta**	**Cornelia Wittmann**
Erik Großmann	**Ulrich Nölkenbockhoff**	**Oliver Wolff**

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 around 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

In the early stages of 2022, economic development in Germany got off to a positive start. During the first quarter, the gross domestic product rose by 3.9 %. However, due to ongoing disruptions in international supply chains, the worsening of the energy crisis caused by the onset of war in Ukraine and the resulting inflationary expectations, year-on-year growth had already fallen to 1.7 % in the second quarter of 2022. The third quarter witnessed a further slight slowdown in growth to 1.3 % compared to the previous year. Further to the existing challenges, the ECB's first interest rate hike of 50 base points in July is also likely to have had a negative impact on growth. Reinforced by further interest rate increases by the ECB and the sharp rise in inflation, the growth rate fell again in the fourth quarter to 0.5 % compared to the previous year. In 2022, this development was accompanied by a significant increase in inflation rates in Germany (sometimes to 8.8 %; annual average 6.9 %) and in the USA (average of 8.0 %). The Ifo Business Climate Index initially rose to its annual high of 98.8 points in February and fell in the following months to its annual low of 84.5 points in October. This was followed by a slight recovery to 88.6 points.

Political discussion in Germany in 2022 was dominated by the following topics: Support for Ukraine, state aid to cushion the increase in energy prices for private households and companies, and general energy security. Economists estimate that real GDP in Germany will decline to -0.4 % on average in 2023, following growth of 1.9 % in 2022. The general consensus among economists is that a recession can be expected in Germany in the coming year 2023. GDP growth in the USA stood at 2.1 % in 2022; the expectation for 2023 is 0.5 % on average.

The onset of war in Ukraine initially caused stock markets to plummet in February, with European indices being hit harder than American indices, for example, due to their geographical proximity. Rapid recovery followed during the course of March, although figures did not reach the levels witnessed at the beginning of the year. Rising inflation figures were seen by the market as an indication of stronger central bank reactions, making bonds a more attractive alternative to equity investments. The highly volatile stock market then reached its low for the year at the end of September. In the hope that peak inflation was imminent or had already been reached - and that the number and amount of interest rate steps by the central banks would thus ease - the stock market started a recovery movement from there until the beginning of December. The leading German index DAX fell by roughly 24.6 % to its low point in September and was able to recoup this loss significantly with an increase of about 21.3 % by the start of December. The annual performance of the DAX in 2022 was -12.3 %, while the EuroStoxx 50 was -11.7 % below its value at the beginning of the year and the S&P 500 fell by -19.4 % during the same period.

Continuing inflation concerns and the central banks' reactions to them shaped the bond market in 2022. After inflation had long been classified as temporary by the ECB, it finally raised the key interest rate for the first time in many years in July, much later than the FED. Never before in the history of the ECB have there been so many subsequent rate hikes in such a short period of time; in September and October by 75 base points each and in December by a further 0.5 %, bringing the ECB's key interest rate to 2.5 % at the end of the year. Accordingly, risk-free interest rates, as seen for the example with the 10-year Euro swap rate, rose by about 230 base points by mid-June. From there, however, the rate declined again by around 100 base points by the beginning of August, only to rise once more by about 170 base points to the high for the year in October. At the end of the year, on 31 December 2022, the 10-year euro swap rate reached a final value of 3.20 %. A similar development was also seen in the yield of the ten-year German government bond, which initially peaked at 1.65 % in June, then fell back to 0.75 %, subsequently reached its preliminary high for the year at around 2.4 % and - following a temporary decline until the beginning of December - then rose to its final high for the year on 31 December 2022 at 2.55 %. Risk premiums on European investment grade corporate bonds generally followed the interest rate movement with a slight time lag, but rose sharply from the beginning of the war in Ukraine in February until early March, only to fall again somewhat by the end of March. At their peak in October, risk premiums reached a plus of about 1.4 percentage points compared to the beginning of the year. In the course of the year, the inversion of the yield curve also intensified, so that higher interest rates were paid for short maturities than for long maturities.

Following the previous year's "Storm Bernd", the most expensive natural catastrophe since the statistics began in the early 1970s, claims expenditure fell in 2022, although not to the extent expected. The principle reason was inflation of almost eight per cent. The higher prices had an impact in almost all lines of non-life and accident insurance.

According to figures quoted by GDV at its annual media conference at the end of January 2023, the extrapolated combined ratio should be around 95 % (previous year 102.3 %). As such, viewed in gross terms, the earnings situation in the non-life and accident insurance sector has improved significantly compared to the previous year.

GDV estimates that gross premium income in non-life and accident insurance will increase by 4.0 % in 2022.

In the motor vehicle insurance segment, premium receipts growth for 2022 came to +1.0 %, which was slightly up on the figure in the previous year (+0.8 %). The GDV estimates that the combined ratio is likely to be around 101 % (previous year 94.8 %). Rising costs for spare parts and workshop services had an impact on the claims side.

Business trends

2022 was overshadowed by the Russia-Ukraine conflict and its consequences: rising energy costs, double-digit inflation rates and a sharp rise in interest rates, to name just a few economic effects.

The total portfolio decline by 1.9 % to 8,841,249 contracts in the financial year (previous year 9,015,009). 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 premium receipts rose 1.4 % to € 1,543.8 million. The forecast of around 2 % was therefore not attained. One particular reason for this was the declining portfolio development in motor insurance.

Net underwriting income (€ 1,292.0 million) decreased overall by 0.5 % compared to the previous year due to higher intra-group levies. With regards to net underwriting expenses (€ 1,343.8 million), we had expected a greater increase in comparison to underwriting income. However, at +7.7 %, this was slightly above our forecast.

Following a high withdrawal from the equalisation reserve (€ 53.8 million, previous year € 28.0 million), the net underwriting result of € 2.0 million was well below the previous year (€ 77.7 million) and our previous year forecast (around € 36 million).

The gross income from investments fell from € 71.5 million to € 68.0 million in 2022 despite the increase in ordinary income from real estate from € 1.7 million to € 2.2 million and investments from € 8.0 million to € 10.7 million. This decline is mainly due to lower write-ups (€ 1.2 million after € 5.5 million in the previous year) and gains on disposals (€ 6.5 million after € 8.5 million in the previous year). Total investment expenses in 2022 rose significantly from € 7.1 million to € 29.0 million. The marked increase is due to the capital market upheavals caused by the Russia-Ukraine conflict, as a result of which write-downs (in particular on shares and equity funds) of € 24.3 million were incurred. Contrastingly, in 2021 total write-downs stood at just € 3.5 million. The disposal losses of € 1.0 million remained constant compared to the previous year. Furthermore, the increase in inflation is reflected in the administrative costs, which show a rise from € 2.6 million to € 3.7 million.

As expected, the net investment income decline significantly (€ 39.1 million compared to € 64.4 million in the previous year), due in particular to higher write-downs. Accordingly - and again as expected - the net interest rate of 1.6 % was significantly down on the previous year's level (2.7 %). With a slight decline, the development of the investment portfolio in 2022 was in line with our expectations (previous year's forecast: We anticipate a substantial decline in the absolute result coupled with an almost unchanged investment portfolio in 2021, because we do not expect write-ups and disposal gains 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).

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 assets in the investment portfolio is intended on the one hand to counteract the low interest rate level and on the other hand to improve real value retention and therefore the long-term earnings situation overall. Following on from a significant reduction in the equity quota in the course of the year, it was moderately increased again from autumn 2022. At the end of the year, the equity ratio was slightly below its value at the beginning of the year. However, the mid-term plan is to further build up the equity items. The development of other long-term oriented real assets in the areas of private equity, alternative investments and real estate continued as planned in 2022.

Overall, at € 33.9 million the result from ordinary activities fell significantly short of the range of our forecast (€ 70 million to € 80 million).

After taxes, the profit transfer to DEVK Rückversicherungs- und Beteiligungs-AG - DEVK RE amounted to € 33.3 million following on from the record value in the previous year (€ 140.9 million).

Net assets, financial position and results of operations

Results of operations

	Financial year € 000s	Previous year € 000s	Change € 000s
Technical account	1,953	77,739	-75,786
Investment result	39,053	64,380	-25,327
Other result	-7,075	-2,288	-4,787
Profit from ordinary activities	**33,931**	139,831	-105,900
Taxes	609	-1,088	1,697
Profit transfer	33,322	140,919	-107,597
Net profit for the year	**-**	-	-

Underwriting result, net of reinsurance

DEVK Allgemeine Versicherungs-AG's gross premiums written rose 1.4 % to € 1,543.8 million. Due to higher intra-group levies, the earned premiums net of reinsurance decreased by 0.5 % to € 1,290.0 million in the business year.

After the flood disaster in the previous year, the gross expenditure for claims in the financial year fell by 4.8 % compared to the previous year. At € 89.9 million, profits from the settlement of prior-year claims were lower than in the previous year (€ 119.3 million). Overall, the gross claims ratio improved to 77.6 % (previous year 80.6 %).

Gross operating expenses increased by 1.3 % to € 366.0 million compared to the previous year (€ 361.2 million). Higher expenses for pensions, resulting from the inflation-related adjustment of valuation parameters (salary and pension trends), had a negative impact here.

Expenses for insurance claims net of reinsurance increased by 11.5 %, a rise significantly higher than the gross figure. Their ratio of the earned net premiums therefore rose to 79.5 % (previous year 70.9 %). In the previous year, the participation of reinsurers was particularly high due to the flood disaster. The ratio of expenses on insurance operations net of reinsurance to earned premiums improved to 24.1 % (previous year 24.7 %).

After a very high withdrawal from the equalisation reserve of € 53.8 million (previous year € 28.0 million), the net underwriting result amounted to € 2.0 million (previous year € 77.7 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	138,230	134,863	2.5 %	332	-89	34,555	42,308
Liability	106,458	104,386	2.0 %	-	-	14,703	19,994
Motor vehicle liability	544,718	559,050	-2.6 %	21,388	25,554	-43,231	19,334
Other motor vehicle	336,840	342,392	-1.6 %	36,357	6,619	-14,590	-10,429
Fire and non-life	399,154	362,985	10.0 %	-4,128	-4,486	10,583	3,328
of which:							
Fire	3,011	2,512	19.9 %	-975	-146	-1,356	-1,179
Household contents	126,285	119,798	5.4 %	-	-	23,241	25,249
Homeowners' building	239,963	210,840	13.8 %	-2,748	-3,887	-4,668	-19,721
Other non-life	29,895	29,835	0.2 %	-405	-453	-6,634	-1,021
Other	18,403	18,665	-1.4 %	-128	387	-67	3,204
Total	**1,543,803**	1,522,341	1.4 %	**53,821**	27,986	**1,953**	77,739

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

Underwriting losses in motor insurance, partly due to inflation-related increases in claims expenses and a higher burden of major claims, were more than compensated for by other lines of business.

Investment result

The net investment result is significantly down on the figure in the previous year. This is attributable to significantly higher write-downs on equity investments, which arose in the course of the Russia-Ukraine conflict due to price declines on the capital markets.

Total gross income came to € 68.0 million (previous year € 71.5 million). Alongside the regular income, which rose slightly, we registered € 6.5 million in profits from disposals of investments (previous year € 8.5 million) plus income from write-ups totalling € 1.2 million (previous year € 5.5 million). At € 29.0 million, investment expenses were significantly higher than in the previous year (€ 7.1 million), due to the rise in write-downs previously mentioned.

Our net investment result came to € 39.1 million, as against € 64.4 million in the previous year. The investment result therefore declined, as expected, compared to the previous year's figure, in particular due to increased write-downs on equity investments, as described above.

Other result

The "Other result", which includes allocated interest, stood at € -7.1 million (previous year € -2.3 million). The previous year was influenced by special income.

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. The expenses for corporation tax and trade tax are therefore borne by DEVK Rückversicherungs- und Beteiligungs-AG - DEVK RE.

The tax expense incurred by our company in 2022 was therefore only € 0.6 million. In the previous year, income of € 1.1 million was reported due to a trade tax rebate attributable to the 2001 financial year.

Operating result and appropriation of retained earnings

Following on from the record value of the previous year (€ 140.9 million), the result before profit transfer amounts to € 33.3 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 2022 return on sales stood at 0.2 % (previous year -0.8 %). This figure therefore fell short of the previous year's forecast of around 5 %. The forecast values were not achieved in either the technical or investment results.

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 an 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 € 45.7 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 2022. As in the years 2008 to 2021, 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 2022 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	2,354,709	2,392,918	-38,210
Receivables arising out of direct insurance operations	6,477	8,594	-2,117
Receivables arising out of reinsurance operations	27,533	43,787	-16,254
Other receivables	3,902	4,776	-874
Means of payment	80	63	17
Other assets	40,869	43,523	-2,655
Total assets	**2,433,569**	2,493,662	-60,093
Equity	342,171	342,171	-
Technical provisions	1,878,437	1,830,817	47,620
Other provisions	12,197	12,839	-642
Deposits received from reinsurers	52,411	53,963	-1,553
Liabilities arising out of direct insurance operations	68,331	72,404	-4,074
Liabilities arising from reinsurance operations	2,691	1,848	843
Other liabilities	76,793	178,957	-102,164
Accruals and deferred income	539	662	-123
Total capital	**2,433,569**	2,493,662	-60,093

In the composition of the investment portfolio, the real estate ratio and the alternative investments ratio increased in 2022 at the expense of the interest-bearing investment ratio in accordance with the strategic asset allocation. Following on from a significant reduction in the effective equity quota in the course of the year, it was moderately increased again from autumn 2022. At the end of the year, the effective equity ratio was significantly below the value at the beginning of the year. In the medium term, an increase in equity positions is planned. The stronger orientation of the capital investment strategy towards real assets 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 (€ 33.3 million, previous year € 140.9 million) and liabilities from liquidity offsetting within the DEVK Group amounting to € 41.7 million (previous year € 27.1).

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 sixth 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	769	761
Target	766	753

The target set for 2023 is 774 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.

We only conducted a short status survey in autumn 2022, because the employee survey will take place in an updated form from 2023. The survey was influenced by the uncertainties due to the Ukraine conflict and the associated effects on energy prices and inflation. Compared to the results of the employee surveys in 2020 and 2021, the overall satisfaction in 2022 was lower, but remained at a high level at 71 %.

Employee satisfaction index		
	Financial year Points	Previous year Points
Actual	753	791
Target	791	793

The target set for 2023 is 763 points.

Overall verdict on the management report

Against the backdrop of the economic conditions, the company's overall net assets, financial position and results of operations developed in a satisfactory manner throughout 2022.

Outlook, opportunities and risks

Outlook

During 2023 we are expecting premium growth of around 5 %. According to current estimates, net underwriting income and expenses will increase at roughly the same rate. Following on from a high withdrawal from the equalisation reserve, we expect an underwriting loss in the single-digit million range for 2023.

The rate of inflation will be one of the main factors for the development on the capital markets in the coming years - in addition to the global political influencing factors. Furthermore, the development of energy prices is seen as a major driver of economic development. Alongside the majority of experts, we anticipate a mild recession at best. If, in addition, second-round effects lead to persistently high core inflation rates (e.g. through a wage-price spiral), this is likely to have a dampening effect on economic growth. For German companies in particular, a further escalation of the China-Taiwan conflict can be problematic due to their high economic dependence on China. Given the experience of the disrupted supply chains and against this background, we expect further deglobalisation trends, which are also likely to have an inflationary effect. Nonetheless, we assume that factors such as the central bank policy of the ECB and the FED to date will mean inflation has already reached its peak and will now fall again over time. We expect the stock market to remain highly volatile in 2023, in particular in the context of a recessionary development.

Key leading economic indicators, such as purchasing managers' indices, fell sharply and relatively continuously in 2022. However, towards the end of the year a trend reversal emerged that could point to a recovery in 2023. The first positive signals are also coming from the ifo business climate index for Germany and producer prices towards the end of the year, whereby this development supports our expectation that inflation has passed its peak. Additionally, some companies were able to exceed their earnings expectations, so that the reporting season at the turn of the year was not as bad as feared. During the course of the recovery at the end of the year, company valuations increased again somewhat, although they still lie below their long-term average. According to forecasts by the World Bank, the global economy is heading for weak economic growth of 1.7 % in 2023. Alongside the lockdowns arising due to China's zero-covid policy, the real estate market - which accounts for a large share of GDP - remains in crisis there. For 2023 and 2024, economists expect respective annual growth in China of just 5.1 % and 5.0 %.

Overall, we expect the capital market to remain volatile in 2023 due to the ongoing uncertainties.

At DEVK Allgemeine Versicherungs-AG, in the field of capital investments we anticipate a substantial rise in the absolute result coupled with a slight increase in our investment portfolio in 2023, because we do not expect write-downs in particular on shares at the levels witnessed in 2022. We estimate that the higher interest rate for new investments and reinvestments will have a positive effect on current interest income. Furthermore, the adjustment of the Strategic Asset Allocation will have a positive impact on the result. As such, our planning is founded on expectations of an overall net interest rate significantly above than last year’s figure. The forecast development may deviate negatively in the event of an escalation of the Russia-Ukraine conflict, a (resumed) increase in inflation or a tightening of the geopolitical situation around China.

All in all, we are expecting the 2023 profit from normal business activities to be in the order of € 35 million to € 45 million.

On this basis, the "adjusted return on sales" of the direct insurance operations lies around the 3 % mark.

DEVK aims to further improve customer satisfaction in the 2023 financial year. The index used for measurement is to be increased from 769 points (actual value 2022) to 774 points.

With regards to employee satisfaction, DEVK has set itself a target index value of 763 points. The target is therefore 10 points above the actual value in 2022.

Opportunities report

Opportunities to achieve growth 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.

In 2022, the introduction of the moped division continued. The next step will be the gradual migration of the motor vehicle division in 2023.

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

In terms of investments, we see attractive investment opportunities in 2023 alongside the risks and despite the volatile market environment. As a general rule, risk premiums in the bond sector rise during recessions, so that even successful companies have to pay higher yields. This offers the opportunity to acquire attractive bonds from a risk-return perspective. In the context of declining inflation and a restricted interest rate hike policy (combined with recessionary developments) we also expect yields to fall in the medium term. Stock markets often end their downward trend at the start of a recession, so a recovery of prices in the course of 2023 cannot be ruled out. Notwithstanding the heightened volatilities, we continue to see a return advantage in real assets over bonds in the long term - despite the increased attractiveness of the latter in the short term.

The real estate market is likely to react with price declines if interest rates remain higher, combined with a recession. However, this could also create opportunities to acquire properties in (very) good locations with tenants with good long-term credit ratings at lower prices and thus secure the chance of higher returns in the long term. 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 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 decentralised risk session or the 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 risk management function 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	%
2013	75.2	2018	71.5
2014	71.4	2019	73.0
2015	74.8	2020	67.5
2016	72.5	2021	70.9
2017	74.5	2022	79.5

Due to inflation, the balance sheet loss ratio for the year 2022 has risen to the highest value in a period under review. 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. In 2022, high inflation had a negative impact.

Settlement result net of reinsurance as % of original provision			
Year	%	Year	%
2013	8.7	2018	8.8
2014	8.7	2019	8.6
2015	8.0	2020	6.5
2016	9.3	2021	7.3
2017	8.5	2022	6.3

Our equalisation provisions provide an additional safety cushion that contributes to the smoothing of our underwriting results. As of 31 December 2022, their volume totalled € 115.7 million (previous year € 169.5 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 € 32.16 million. Of these receivables, an average of € 2.4 million (7.3 %) defaulted. In relation to the average gross premiums written (€ 1,484.2 million), the default rate over the past three years was 0.16 %. 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 € 27.5 million. These include receivables from assumed reinsurance business totalling € 5.8 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
A++	0.37
A+	16.48
A	3.94
A-	0.07
AA-	0.84
without	5.83

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 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. 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 2022 we conducted our own investment stress test. This 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 2022, 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 and partially through the implementation of lower limits
- Currency-matched refinancing in the field of indirect real estate investments
- Adjustment of equity risks via options trading

There was no use of bond prepayments at the end of 2022.

Interest-bearing investments

As of 31 December 2022, the Company held interest-bearing investments to a total value of € 1.64 billion. On the reporting date, these interest-bearing investments had a negative valuation reserve of € 206.6 million; in the previous year, the valuation reserves in the interest block amounted to € 125.3 million. Of these investments, a total of € 714.6 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 € 709.9 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 negative valuation reserve of € 70.5 million. This includes hidden liabilities to the value of € 71.9 million (previous year € 2.6 million) and hidden reserves of € 1.3 million (previous year € 68.6 million). As the increase in hidden liabilities is primarily due to the market interest rate movement and there are no indications of a deterioration in creditworthiness, there is no permanent impairment due to the intention to hold these until their final maturity. A change in returns of up to +/- 1 % would entail a corresponding value change of up to € -88.8 million, or € 92.4 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. Where securities still include hidden reserves, these 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 widening of risk premiums in the first half of 2022 illustrates this. At the end of 2022, these were significantly above the initial value at the beginning of the year. As observed in 2022, there is a possibility in 2023 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 13.5 % 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 18.7 % of our total investments. At the end of 2022 there were no investments in asset-backed securities. The focus of new bond investments in 2022 was on international 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, 3.2 % of the company’s investments are in government bonds, 18.7 % in corporate bonds and 34.0 % 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	48.3 %	45.9 %
A- to A+	33.3 %	35.9 %
BBB- to BBB+	15.9 %	16.2 %
BB+ or worse	2.5 %	2.1 %

Compared to the previous year, the rating distribution of the company has shifted from "A- to A+" and "BBB- to BBB+" towards the other rating classes, especially "AA- and better". Overall, this has slightly improved the risk situation. 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 € 34.7 million. The German share index, including dividends, showed an overall negative performance in a tough market environment in 2022, while the European share index performed only marginally better. 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 € 107.4 show a positive valuation reserve of € 4.7 million. This figure includes no hidden charges.

Against the background of our market assessment, we have actively reduced the effective equity quota significantly in 2022 with an upward trend towards the end of the year. Overall, the equity ratio at the end of the year stands below the figure seen at the start of the year. If economic problems should arise in the future, for example as a result of an intensification of the Russia-Ukraine conflict or a heightening of tensions between China and Taiwan, the equity quota can be actively adjusted. For example, we have already reduced the effective equity ratio through future hedging in a special fund due to the worsening of the Ukraine crisis at the start of 2022. We have no investments in Russian or Ukrainian shares.

Real estate

On the balance sheet date, our real-estate investments totalled € 310.4 million. Of this total, a sum of € 269.2 million is invested in indirect mandates, including restricted special funds in office and other commercial real estate. Our direct holdings worth € 41.1 million are subject to scheduled annual depreciation of € 0.8 million. Real estate assets to a value of € 64.9 million have been assigned to the fixed assets. The valuation reserves in the fixed assets stand at € 13.5 million; there are no hidden liabilities. Aside from the inflation risk, which is limited by indexing the rental contracts, there are no particular risks in the direct property portfolio. 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 insofar as possible 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 indexed 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. On 31 December 2022 the volume stood at € 115.1 million (previous year € 107.0 million). This corresponds to 5.0 % (previous year 4.5 %) of the total investments at book value. The portfolio is split 74:26 between infrastructure and other alternative investments. No write-downs on the asset class arose in the 2022 financial year (previous year: € 0.03 million). The write-ups amounted to € 1.0 million in 2022 (previous year € 0.2 million). The ordinary income in 2022 stands at € 2.7 million (previous year € 0.8 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, human error or external events. Legal risks are part of operational risks, whereby these include compliance risks.

Management of the operational risks is ensured through the careful structuring of the internal monitoring system. Appropriate controls have been set up for the risks, in order to ensure that the operational processes function correctly. The functionality of these controls is continuously monitored, and any control weaknesses are assessed and remedied as necessary. Within the framework of the internal control system process, clear responsibilities are assigned for the regular identification, documentation and monitoring of relevant exposures to risk.

Operational risks are primarily recorded and described in the half-yearly risk inventory and continuously in the process documentation.

Supporting business processes by means of IT operations entails a variety of operational risks. The security of programs and data storage, as well as ongoing operations, is ensured by comprehensive access controls and safeguards, both in the internal data centres and in third-party data centres (cloud). DEVK's IT infrastructure is designed with redundancy. The two data centres are connected via two separate fibre optic cables. A large number of systems are operated on the cloud as part of the cloud strategy.

The stated security objectives of DEVK's information security strategy consist of the confidentiality, integrity and availability of data, applications and the IT infrastructure. The Information Security Board and the Information Security Officer are central elements of the information security management of DEVK. The Information Security Board serves to strategically manage the DEVK Group's information security and to prepare security-relevant decision papers for the Management Board. The Information Security Officer manages the information security process. In order to achieve a consistent and appropriate level of security, the security measures are aligned with the protection requirements and threats as set out in the security objectives. With regard to the German IT Security Act, DEVK is striving for certification readiness in accordance with ISO27001 for IT operations on the basis of IT basic protection as defined in the standard of the Federal Office for Information Security.

A further component of information security is the sensitisation of employees to the dangers arising from social engineering and data protection. Appropriate training courses are offered in this respect via our further education portal.

Emergency management (business continuity management) is part of the internal control system. This ensures that DEVK is able to continue its business operations at a defined minimum level (emergency operation) in the event of interruptions to time-critical activities and achieve the restoration of normal operations as quickly as possible. A central component of emergency management is the identification of time-critical and business-critical activities, including the necessary resources. Critical activities are all those activities whose failure could jeopardise the existence of the DEVK Group. Scenario-specific contingency plans are in place to ensure defined emergency operation and enable a swift return to normal operation. Emergency drills are used to test the effectiveness of the measures.

An IT Service Continuity Plan has been developed based on requirements. This consists of the following components:

- IT emergency manual
- Recovery plans for all business-critical application services and basic services
- Superordinate master recovery plan

The IT Service Continuity Plan is regularly tested to ensure that IT systems can be effectively restored.

The management of so-called "head monopolies" and key positions is fundamentally part of the DEVK Group's human resources strategy. Head monopolies and key positions are regularly surveyed as part of human resource planning. Knowledge is distributed among several employees in order to avoid head monopolies. Documentation supports the incorporation and distribution of knowledge.

The DEVK Group is countering the demographic risk with measures to improve its attractiveness as an employer. These include intensified personnel marketing and flexible working time models to improve the work-life balance. Active health management counteracts the risk of illness among employees.

Legal risks are part of operational risks. The risk of legal changes refers to risks that arise due to a change in the legal environment, including regulatory requirements. Consequences arising due to compliance risks include legal or regulatory sanctions and material financial losses resulting from non-compliance with external requirements or internal guidelines. DEVK has established a compliance management system designed to ensure compliance with both external requirements and internal guidelines.

Solvency II

We have complied with the supervisory requirements of Solvency II. In order to optimise the realisation of requirements, the focus in 2022 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.

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 2021 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, 10 March 2023

The Management Board

Rüßmann **Hetzenegger** **Knaup** **Scheel** **Zens** **Dr Zons**

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 2022

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		12,671,010		10,096
II. Payments on account		1,202,412		3,703
			13,873,422	13,799
B. Investments				
I. Real estate and similar land rights, including buildings on third-party land		41,131,476		41,718
II. Investments in affiliated companies and participating interests				
1. Shares in affiliated companies	261,176,683			226,269
2. Participating interests	129,358,238			123,266
		390,534,921		349,536
III. Other investments				
1. Shares, units or shares in investment funds and other variable-interest securities	321,238,047			326,237
2. Bearer bonds and other fixed-interest securities	669,323,423			698,154
3. Mortgage loans and annuity claims	318,524,626			316,486
4. Other loans	602,134,399			648,892
5. Other investments	11,821,640			11,895
		1,923,042,135		2,001,664
			2,354,708,532	2,392,918
C. Accounts receivable				
I. Receivables arising out of direct insurance operations:				
- Policyholders		6,477,106		8,594
II. Receivables arising out of reinsurance operations		27,532,452		43,787
of which:				
Affiliated companies: € 16,291,180				34,264
III. Other receivables		3,902,235		4,776
of which:			**37,911,793**	57,157
Affiliated companies: € 52,053				-
D. Other assets				
I. Tangible assets and inventories		13,090,001		13,450
II. Cash at banks, cheques and cash in hand		79,699		63
III. Other assets		5,605		61
			13,175,305	13,574
E. Prepayments and accrued income				
I. Accrued interest and rent		13,793,539		16,107
II. Other prepayments and accrued income		105,913		106
			13,899,452	16,213
Total assets			**2,433,568,504**	2,493,662

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, 9 March 2023 **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	5,601,945			5,994
2. of which from: Reinsurance amount	86,205			88
		5,515,740		5,905
II. Premium reserve		26,184		27
III. Provision for claims outstanding				
1. Gross amount	2,220,909,212			2,148,733
2. of which from: Reinsurance amount	474,691,868			510,378
		1,746,217,344		1,638,355
IV. Provision for bonuses and rebates		3,232,537		9,678
V. Equalisation provision and similar provisions		115,717,833		169,539
VI. Other technical provisions				
1. Gross amount	8,055,627			7,612
2. of which from: Reinsurance amount	328,068			299
		7,727,559		7,313
			1,878,437,197	1,830,817
C. Other provisions				
I. Provisions for pensions and similar commitments		11,795,978		11,494
II. Other provisions		400,854		1,344
			12,196,832	12,839
D. Deposits received from reinsurers				
			52,410,646	53,963
E. Other liabilities				
I. Liabilities arising out of direct insurance operations towards				
- Policyholders		68,330,534		72,404
II. Liabilities arising from reinsurance operations		2,690,751		1,848
of which:				
Against affiliated companies: € 1,766,889				176
III. Other liabilities		76,792,907		178,957
of which:			**147,814,192**	253,210
From taxes: € 9,629,608				9,475
Against affiliated companies: € 65,033,428				168,245
F. Prepayments and accrued income				
			538,842	662
Total liabilities			**2,433,568,504**	2,493,662

I hereby confirm that the premium provision of € 37,432,784.05, 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, 9 March 2023 **The Actuary in Charge** **Weiler**

Profit and loss account
for the period from 1 January to 31 December 2022

Items				
	€	€	€	Previous year € 000s
I. Technical account				
1. Earned premiums net of reinsurance				
a) Gross premiums written	1,543,803,430			1,522,341
b) Outward reinsurance premiums	254,152,065			226,873
		1,289,651,365		1,295,468
c) Change in the gross provision for unearned premiums	391,806			7,925
d) Change in the gross provision for unearned premiums, reinsurers' share	-2,275			-7,317
		389,530		608
			1,290,040,896	1,296,076
2. Allocated interest, net of reinsurance			**688,519**	700
3. Other technical income, net of reinsurance			**1,251,741**	1,056
4. Claims incurred, net of reinsurance				
a) Claims paid				
aa) Gross amount	1,125,997,740			1,060,448
bb) Reinsurers' share	208,897,606			214,611
		917,100,134		845,837
b) Change in the provision for claims outstanding				
aa) Gross amount	72,176,008			172,887
bb) Reinsurers' share	35,686,329			-99,248
		107,862,337		73,639
			1,024,962,471	919,476
5. Changes in other technical provisions, net of reinsurance				
a) Premium reserve, net of reinsurance		550		-2
b) Other technical provisions, net of reinsurance		-528,725		-1,418
			-528,175	-1,419
6. Bonuses and rebates, net of reinsurance			**201,205**	230
7. Net operating expenses, net of reinsurance				
a) Gross operating expenses for insurance operations		365,998,023		361,170
b) of which, from: Reinsurance commissions and profit participation		54,480,532		40,994
			311,517,491	320,176
8. Other technical charges, net of reinsurance			**6,639,836**	6,778
9. Subtotal			**-51,868,024**	49,753
10. Change to the equalisation provision and similar provisions			**53,821,324**	27,986
11. Technical result net of reinsurance			**1,953,301**	77,739
Balance carried forward:			1,953,301	77,739

Items	€	€	€	€	Previous year € 000s
Balance carried forward:				1,953,301	77,739
II. Non-technical account					
1. Income from investments					
a) Income from participating interests		10,739,022			7,953
of which: from affiliated companies: € 8,110,013					7,178
b) Income from other investments					
aa) Income from real estate and similar land rights, including buildings on third-party land	2,184,255				1,738
bb) Income from other investments	47,415,211				47,754
		49,599,466			49,493
c) Income from write-ups		1,219,157			5,530
d) Gains on the realisation of investments		6,476,955			8,513
			68,034,600		71,488
2. Investment expenses					
a) Investment management charges, interest expenses and other charges on capital investments		3,699,278			2,636
b) Write-downs on investments		24,277,970			3,484
c) Losses on the realisation of investments		1,004,564			989
			28,981,812		7,109
			39,052,789		64,380
3. Allocated interest			2,101,289		2,161
				36,951,499	62,218
4. Other income			4,414,075		10,147
5. Other charges			9,387,626		10,273
				-4,973,551	-126
6. Profit from ordinary activities				**33,931,249**	139,831
7. Taxes on income			203,185		-1,348
8. Other taxes			405,923		260
				609,108	-1,088
9. Profit transferred under a profit pooling, profit transfer or partial profit transfer agreement				**33,322,142**	140,919
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 and unscheduled 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, one security within bearer bonds and other fixed-income securities was reclassified from current assets to fixed assets, because the intention is to hold onto this permanently. As a result, unscheduled depreciation in the amount of € 0.8 million was not necessary.

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 0.25 % 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 0.25 % 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 1.78 % (previous year 1.87 %) 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 2.0 % p.a., and the rate of pension increase at 1.0 %, 2.0 % or 2.0 % 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 %, 0.9 % or 0.25 % 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 2022 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	10,095	2,259	2,557	-	-	2,240	12,671
2. Payments on account	3,703	56	-2,557	-	-	-	1,202
3. Total A.	13,798	2,315	-	-	-	2,240	13,873
B. I. Real estate and similar land rights, including buildings on third-party land							
	41,718	278	-	-	-	865	41,131
B. II. Investments in affiliated companies and participating interests							
1. Shares in affiliated companies	226,269	49,581	-	14,674	-	-	261,177
2. Participating interests	123,266	19,261	-	14,194	1,045	19	129,358
3. Total B. II.	349,535	68,842	-	28,868	1,045	19	390,535
B. III. Other investments							
1. Shares, units or shares in investment funds and other variable-interest securities	326,237	71,294	-	53,699	74	22,668	321,238
2. Bearer bonds and other fixed-interest securities	698,154	14,366	-	42,523	-	674	669,323
3. Mortgage loans and annuity claims	316,486	108,166	-	106,227	100	-	318,525
4. Other loans							
a) Registered bonds	452,877	364	-	47,000	-	-	406,241
b) Notes receivable and loans	196,016	9	-	131	-	-	195,894
5. Other investments	11,895	-	-	21	-	52	11,822
6. Total B. III.	2,001,665	194,199	-	249,601	174	23,394	1,923,043
Total	**2,406,716**	**265,634**	**-**	**278,469**	**1,219**	**26,518**	**2,368,582**

The amortisation of intangible assets is scheduled in nature. With regards to real estate and similar land rights, including buildings on third-party land, € 0.05 million is attributable to unscheduled depreciation. Impairment losses of € 10.8 million were recognised on fixed assets due to expected permanent impairments in value.

Notes on 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 2022, 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	41,131,476	42,340,000
B. II. Investments in affiliated companies and participating interests		
1. Shares in affiliated companies	261,176,683	397,370,827
2. Participating interests	129,358,238	135,795,307
B. III. Other investments		
1. Shares, units or shares in investment funds and other variable-interest securities	321,238,047	355,592,948
2. Bearer bonds and other fixed-interest securities	669,323,423	602,887,826
3. Mortgage loans and annuity claims	318,524,626	267,676,581
4. Other loans		
a) Registered bonds	406,240,984	334,185,230
b) Notes receivable and loans	195,893,416	182,779,208
5. Other investments	11,821,640	18,545,985
Total	**2,354,708,533**	**2,337,173,912**
of which: Investments valued at costs of acquisition	1,971,708,532	2,024,145,948
of which: Investments in fixed assets pursuant to section 341b paragraph 2 HGB	882,183,174	829,837,236

The valuation reserves include hidden liabilities totalling € 213.4 million. These are accounted for by land, investments in affiliated companies and participations as well as other investments.

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 2022 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, according to the net asset value method, 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
Investments in affiliated companies and participating interests	8,296	7,416
Shares, units or shares in investment funds and other variable-interest securities	25,590	21,402
Bearer bonds and other fixed-interest securities	604,100	536,439
Mortgage loans	309,453	258,504
Other loans	486,682	398,196

Depreciation was not applied because these are not expected to be permanent impairments. The intention is to hold the securities until maturity or, according to our valuation tool or analyses, to assume only a temporary impairment.

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 call options	1,400	41	1
	Short put options	9,290	658	162

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	3,642	144,546	1,493	
Bond funds	212	19,769	75	
Mixed funds	34	14,797	30	
Real-estate funds	5,609	78,382	13,463	between any time to 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)	15.36	818,839,458[2]	28,388,893[2]
DEVK Omega GmbH, Cologne	25.00	35,969,323	787,206
DEVK Private Equity GmbH, Cologne	20.00	363,165,265	64,656,645
DRED S.C.S. SICAV-FIS, Luxembourg (L)	14.31	517,246,243	47,464,083
Grundversorgung S.C.S., Luxembourg, (L)	21.38	165,688,149[2]	17,924,136[2]
Ictus GmbH, Cologne	15.00	48,032,270	-5,130,669
Infrastructure Access Portfolio-L 2 SCSp, Luxembourg (L)	3.60	220,534,709	27,122,113
Terra Estate GmbH & Co. KG, Cologne	17.50	130,421,893	1,719,765

[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	€ 4,724
Advance payments for future services	€ 101,189
	€ 105,913

Re Liabilities A. I.

Subscribed capital

The subscribed capital totalling € 195.0 million is divided into 195.0 million no-par-value 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	174,258	165,741	173,284	164,435	604	937
Liability	106,018	97,913	105,251	97,420	-	-
Motor vehicle liability	1,729,385	1,684,885	1,702,724	1,630,397	20,536	41,923
Other motor vehicle	106,521	130,912	56,263	44,207	48,327	84,683
Fire and non-life	227,928	252,976	180,399	209,757	40,055	35,928
of which:						
Fire	9,346	7,862	4,537	4,012	4,713	3,739
Household contents	19,147	21,051	19,063	20,876	-	-
Homeowners' building	181,750	207,528	141,572	170,191	33,174	30,426
Other non-life	17,685	16,535	15,227	14,678	2,168	1,763
Other	9,433	9,156	2,988	2,517	6,196	6,068
Total	**2,353,543**	2,341,583	**2,220,909**	2,148,733	**115,718**	169,539

The settlement result net of reinsurance for the financial year stands at T€ 103,795 (previous year T€ 114,638) .

Re Liabilities B. IV.

Provision for bonuses and rebates

a)	Bonuses	
	31/12/2021	€ 9,500,833
	Withdrawal	€ 6,368,796
	31/12/2022	**€ 3,132,037**
b)	Rebates	
	31/12/2021	€ 177,000
	Withdrawal	€ 278,205
	Allocation	€ 201,705
	31/12/2022	**€ 100,500**

Re Liabilities F.

Accruals and deferred income

Discount points on registered bonds	€ 533,993
Advance payments for future services	€ 4,850
	€ 538,843

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	138,230	138,230	108,556	48,438	47,462	-8,893	34,555
Liability	106,458	106,194	105,257	41,917	49,114	-515	14,703
Motor vehicle liability	544,718	544,770	495,357	532,076	79,204	1,633	-43,231
Other motor vehicle	336,840	336,832	271,547	337,421	56,458	5,786	-14,590
Fire and non-life	399,154	399,445	291,841	224,409	129,758	-23,705	10,583
of which:							
Fire	3,011	3,011	2,607	1,854	767	-524	-1,356
Household contents	126,285	126,285	79,336	41,617	47,700	-11,456	23,241
Homeowners' building	239,963	240,254	181,867	163,604	63,588	-10,816	-4,668
Other non-life	29,895	29,895	28,031	17,334	17,703	-909	-6,634
Other	18,403	18,724	17,483	13,912	4,002	-768	-67
Total	**1,543,803**	**1,544,195**	**1,290,041**	**1,198,173**	**365,998**	**-26,462**	**1,953**

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	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

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

Acquisition expenses	€ 197,368,042
Administration costs	€ 168,629,981

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	190,507	200,592
2. Other insurance agents' remuneration within the meaning of section 92 HGB	-	-
3. Wages and salaries	767	829
4. Social-security contributions and social-insurance costs	-	-
5. Retirement pension costs	462	566
Total	**191,736**	201,987

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 € 788,481. The retirement pensions of former Management Board members and their surviving dependants totalled € 577,076. As of 31 December 2022, a pension provision of € 6,907,022 was to be capitalised for this group of people. The Supervisory Board remuneration totalled € 186,732. Payments to the Advisory Board came to € 72,476.

Of the investment income, € 27,527 (previous year € 141,313) is attributable to currency conversion. The investment expenses include € 731,225 (previous year € -) from currency conversion.

Auditors' fees

For services rendered by the auditors (KPMG AG Wirtschaftsprüfungsgesellschaft) for the company in the financial year, a fee of € 275,258 was paid (including € 44,899 in reduced expenditure for 2021). 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 € 584,735 (previous year € 803,094). This was due to the pension provision.

Contingent liabilities and other financial obligations

On the balance sheet date, there were financial obligations totalling € 10.7 million from open short options. The payment obligations in relation to approved mortgage loans not yet paid out totalled € 16.9 million.

At the end of the year, other financial obligations arising from shares in affiliated companies and participating interests totalled € 181.9 million. This includes obligations towards affiliated companies amounting to € 124.9 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 € 58.9 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

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

General information

Number of insurance policies concluded for at least one year in direct insurance operations		
	Financial year	Previous year
Accident	946,687	971,164
Liability	1,384,750	1,390,297
Motor vehicle liability	2,503,421	2,596,250
Other motor vehicle	1,968,264	2,014,044
Fire and non-life	2,031,710	2,040,069
of which:		
Fire	9,131	8,993
Household contents	1,018,640	1,028,630
Homeowners' building	455,840	453,736
Other non-life	548,099	548,710
Other	6,417	3,185
Total	**8,841,249**	9,015,009

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, 10 March 2023

The Management Board

Rüßmann **Hetzenegger** **Knaup** **Scheel** **Zens** **Dr Zons**

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 2022, the profit and loss account for the financial year from 1 January to 31 December 2022, 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 2022.

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 audit certificate.

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 2022, and of its financial performance for the financial year from 1 January to 31 December 2022, 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. Our opinion on the management report does not extend to the contents of the 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 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 2022. 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 2,221 million. This corresponds to 91.3 % 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 flat rate 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 used our own actuaries (as part of the audit team) 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 reproduced the company's calculation to determine the unknown IBNR losses for a risk-oriented selection of individual lines of business. 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.

The other information comprises the following components of the management report, the contents of which have not been audited:
- The details in the management report 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 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 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 fraudulent actions (i.e. manipulation of the accounting system or misstatement of assets) 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 fraudulent actions 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) and supplementary compliance with the ISAs will always detect a material misstatement. Misstatements may arise from fraudulent actions or errors 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 fraudulent actions or errors, 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 failing to detect material misstatements resulting from fraud is higher than the risk of failing to detect material misstatements resulting from errors, as fraud may involve collusion, forgery, intentional omissions, misleading representations or the override 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 confirming 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 actions taken or safeguards implemented to address independence threats.

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 Annual General Meeting on 19 May 2022. Furthermore, we were engaged by the Supervisory Board on 13 June 2022. 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).

We also rendered the following services, which are not stated in the annual financial statements or the management report of the audited company, in addition to the audit of the financial statements of the audited company or the companies controlled by it:

- Audit of the Company's solo solvency overview.

Chief auditor

The auditor in charge of the audit is Thorsten Klitsch.

Cologne, 28 March 2023

KPMG AG
Wirtschaftsprüfungsgesellschaft

Klitsch	**Bramkamp**
Auditor	Auditor

Supervisory Board report

During 2022, 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 2022 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 2022 are thus duly adopted.

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

Cologne, 11 May 2023

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.

The changes in the scope of consolidation in the 2022 Group financial statements compared to the previous year had an 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 around 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

In the early stages of 2022, economic development in Germany got off to a positive start. During the first quarter, the gross domestic product rose by 3.9 %. However, due to ongoing disruptions in international supply chains, the worsening of the energy crisis caused by the onset of war in Ukraine and the resulting inflationary expectations, year-on-year growth had already fallen to 1.7 % in the second quarter of 2022. The third quarter witnessed a further slight slowdown in growth to 1.3 % compared to the previous year. Further to the existing challenges, the ECB's first interest rate hike of 50 base points in July is also likely to have had a negative impact on growth. Reinforced by further interest rate increases by the ECB and the sharp rise in inflation, the growth rate fell again in the fourth quarter to 0.5 % compared to the previous year. In 2022, this development was accompanied by a significant increase in inflation rates in Germany (sometimes to 8.8 %; annual average 6.9 %) and in the USA (average of 8.0 %). The Ifo Business Climate Index initially rose to its annual high of 98.8 points in February and fell in the following months to its annual low of 84.5 points in October. This was followed by a slight recovery to 88.6 points.

Political discussion in Germany in 2022 was dominated by the following topics: Support for Ukraine, state aid to cushion the increase in energy prices for private households and companies, and general energy security. Economists estimate that real GDP in Germany will decline to -0.4 % on average in 2023, following growth of 1.9 % in 2022. The general consensus among economists is that a recession can be expected in Germany in the coming year 2023. GDP growth in the USA stood at 2.1 % in 2022; the expectation for 2023 is 0.5 % on average.

The onset of war in Ukraine initially caused stock markets to plummet in February, with European indices being hit harder than American indices, for example, due to their geographical proximity. Rapid recovery followed during the course of March, although figures did not reach the levels witnessed at the beginning of the year. Rising inflation figures were seen by the market as an indication of stronger central bank reactions, making bonds a more attractive alternative to equity investments. The highly volatile stock market then reached its low for the year at the end of September. In the hope that peak inflation was imminent or had already been reached - and that the number and amount of interest rate steps by the central banks would thus ease - the stock market started a recovery movement from there until the beginning of December. The leading German index DAX fell by roughly 24.6 % to its low point in September and was able to recoup this loss significantly with an increase of about 21.3 % by the start of December. The annual performance of the DAX in 2022 was -12.3 %, while the EuroStoxx 50 was -11.7 % below its value at the beginning of the year and the S&P 500 fell by -19.4 % during the same period.

Continuing inflation concerns and the central banks' reactions to them shaped the bond market in 2022. After inflation had long been classified as temporary by the ECB, it finally raised the key interest rate for the first time in many years in July, much later than the FED. Never before in the history of the ECB have there been so many subsequent rate hikes in such a short period of time; in September and October by 75 base points each and in December by a further 0.5 %, bringing the ECB's key interest rate to 2.5 % at the end of the year. Accordingly, risk-free interest rates, as seen for the example with the 10-year Euro swap rate, rose by about 230 base points by mid-June. From there, however, the rate declined again by around 100 base points by the beginning of August, only to rise once more by about 170 base points to the high for the year in October. At the end of the year, on 31 December 2022, the 10-year euro swap rate reached a final value of 3.20 %. A similar development was also seen in the yield of the ten-year German government bond, which initially peaked at 1.65 % in June, then fell back to 0.75 %, subsequently reached its preliminary high for the year at around 2.4 % and - following a temporary decline until the beginning of December - then rose to its final high for the year on 31 December 2022 at 2.55 %. Risk premiums on European investment grade corporate bonds generally followed the interest rate movement with a slight time lag, but rose sharply from the beginning of the war in Ukraine in February until early March, only to fall again somewhat by the end of March. At their peak in October, risk premiums reached a plus of about 1.4 percentage points compared to the beginning of the year. In the course of the year, the inversion of the yield curve also intensified, so that higher interest rates were paid for short maturities than for long maturities.

As in previous years, a large number of major loss events occurred around the world in 2022. The winter storm series Eunice, Ylenia, Antonia in Europe and a series of hurricanes in the USA - in particular Hurricane Ian, but also Fiona and Nicole - resulted in major destruction. According to estimates, the season was one of the five most destructive since records began. Furthermore, there were a number of earthquakes and major forest fires, although the cyclone season in Asia was contrastingly rather less severe than usual.

The toughening of the reinsurance market, which was already evident last year, continued. Some reinsurers withdrew completely from non-life business, others noticeably reduced their capacities, while further reinsurers were prepared to keep capacities stable, but only with noticeable price increases and modified programmes (higher retentions, improved and clear conditions for reinsurers). No additional capital flowed into the market from the capital markets, which further increased the upward pressure on prices. Rather the opposite tended to be the case. However, a large number of insurers required higher natural disaster cover, mainly due to inflation - whereby they encountered a tight market. Partially lower, partially far more expensive retrocession markets (which largely only expressed their risk appetite from mid/late November) further fuelled the market. Significant price increases were once again recorded, depending on the regions. Even loss-free programmes in Europe were forced to accept price increases of 20 % to 40 %; loss-affected programmes even more so. In the USA we witnessed a doubling of the rate in individual cases, while extreme exceptional cases even went beyond that.

Following the previous year's "Storm Bernd", the most expensive natural catastrophe since the statistics began in the early 1970s, claims expenditure in German primary insurance fell in 2022, although not to the extent expected.

The principle reason was inflation of almost eight per cent. The higher prices had an impact in almost all lines of non-life and accident insurance.

According to figures quoted by GDV at its annual media conference at the end of January 2023, the extrapolated combined ratio should be around 95 % (previous year 102.3 %). As such, viewed in gross terms, the earnings situation in the non-life and accident insurance sector has improved significantly compared to the previous year.

GDV estimates that gross premium income in non-life and accident insurance will increase by 4.0 % in 2022.

In the motor vehicle insurance segment, premium receipts growth for 2022 came to +1.0 %, which was slightly up on the figure in the previous year (+0.8 %). The GDV estimates that the combined ratio is likely to be around 101 % (previous year 94.8 %). Rising costs for spare parts and workshop services had an impact on the claims side.

In life insurance in the narrower sense, the premium development in 2022 was below the level witnessed in the previous year (-6.9 %). 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 4.8 % in 2022, insurance benefits by 3.2 %.

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	1,194,964	1,223,416
Liability	1,912,909	1,928,011
Motor vehicle liability	3,101,395	3,174,782
Other motor vehicle	2,470,340	2,495,419
Fire and non-life	2,825,146	2,841,353
of which:		
Fire	11,600	11,543
Household contents	1,386,493	1,403,727
Homeowners' building	637,436	636,225
Other non-life	789,617	789,858
Other	6,833	3,908
Legal protection	1,037,159	1,043,971
Total	**12,548,746**	12,710,860

The table contains the figures for DEVK Sach- und HUK-Versicherungsverein a.G., DEVK Allgemeine Versicherungs-AG, DEVK Rechtsschutz-Versicherungs-AG and Freeyou Insurance AG (formerly GAV Versicherungs-AG). The contract portfolio fell by 1.3 % overall compared to the previous year, which was due in particular to motor insurance. The portfolio of our French group company SADA Assurances S.A. is not included in the table. This grew by 16.2 % compared to the previous year, to 108,380 contracts.

As a result of the portfolio development, the increase in gross premium income of 6.4 % was less than expected (forecast: over 8 %).

After a withdrawal from the equalisation provision of € 36.7 million (previous year € 7.5 million), the underwriting result net of reinsurance stood at € 22.5 million (previous year € 76.7 million). The result therefore lay significantly below the forecast figure (in the region of € 60 million to € 70 million). The principal reasons were more expensive claims due to inflation, lower run-off results and increased pension expenses due to the adjustment of the salary and pension trend.

Life assurance business trends

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

On the investment front, the net investment income of € 128.1 million was significantly below the previous year's figure of € 221.6 million (both without unit-linked life and annuity insurance policies). The main driver for the decline was a higher need for write-downs (€ 70.6 million after € 9.0 million in the previous year), especially on shares in the direct portfolio and in special funds, as well as two bonds with a Russian parent company in the direct portfolio. Furthermore, increased disposal losses (€ 14.6 million after € 1.0 million) had a negative impact on the result. Both negative earnings drivers arose as a result of the market turbulence caused by the Russia-Ukraine conflict. The investment portfolio increased slightly in 2022, as expected. The net interest rate of 2.2 % (previous year 3.9 %) was significantly below the previous year's level and thus in line with expectations. The current investment result was lower than expected, moderately below the previous year's figure. (Previous year's forecast: We expect a current result that is slightly down on the previous year's level due to interest rates, with a slight increase in the investment portfolio. 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.

New business and portfolio

During 2022, DEVK Allgemeine Lebensversicherungs-AG concluded a total of 32,843 new policies (previous year 38,359). Contrary to the forecast, this resulted in a decline of 14.4 %. The sum insured under new policies stood at € 2.69 billion (previous year € 3.15 billion). This equates to a premium amount from new business of € 0.95 billion (previous year € 1.08 billion).

The sum insured under the main insurance policies within our portfolio rose 2.7 % to € 29.89 billion (previous year € 29.12 billion). As forecast, the number of policies declined by 2.3 % to 698,123 (previous year: 714,483). 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 hold its own in the ever more fiercely contested supplementary insurance segment and slightly increased its market share from 1.17 % to 1.21 % (based on gross premiums written).

The monthly target premium in the overall portfolio stood at € 9.34 million by the end of the year (previous year € 9.11 million). The net premium receipts rose in the period under review by 2.6 % to € 111.3 million. However, in contrast to normal market practice, this growth is barely driven by premium adjustments because 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 (2.9 % 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 medium-term growth and income forecasts were almost fulfilled. In both cases, a continuation of the previous course was forecast in the previous year.

The net investment income declined significantly from € 9.0 million to € 7.9 million in 2022. This decrease is in line with expectations for 2022. The decline is mainly due to significantly higher write-downs (€ 1.6 million after € 0.2 million in the previous year), which resulted from the increased interest rate level and the declining stock market development. Increasing gains on disposals (€ 0.9 million after € 0.5 million) were also offset by higher losses on disposals (€ 0.3 million following on from € 0.02 million), so that the overall net interest rate fell significantly to 1.9 % (previous year 2.4 %).

Contrary to expectations, the increased interest rate for new investments and reinvestments led to only a slight decline in the current interest rate in relation to the average investment volume from 2.2 % to 2.1 %. The investment portfolio rose significantly in 2022, from € 398.2 million to € 424.4 million; this development is in line with expectations (previous year's forecast: We expect the absolute result in 2022 to fall significantly short of the figure in the previous year, with a moderate increase in the investment portfolio. Overall, we expect a significant reduction in net interest).

Pension fund business trends

The Group's pension fund business is conducted by DEVK Pensionsfonds-AG.

Business development in 2022 was healthy despite the tough economic conditions.

The number of people enrolled in pension plans rose by 5.4 % in the 2022 financial year (previous year 8.5 %). 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).

Premium income increased by 6.5 %. The shortfall in growth in premiums compared to the forecast in the last management report was just 0.7 %. Nonetheless, this development was in line with our expectations. The aforementioned increase in contributions primarily resulted from the collectively agreed employer-financed pension scheme of Deutsche Bahn AG and the competitor railways.

Expenses for pension benefits and pension fund operations increased by 14.5 % (previous year 23.8 %), which was 8.7 % higher than the figure forecast in the last management report. Preparatory measures for stock migration were the main reason for the increase.

The net investment income including realised customer income according to the German Commercial Code (HGB) was € 24.7 million in the pension fund technical account in 2022, and was significantly below the previous year's value of € 28.9 million, contrary to the forecast from the previous year. This significant decline is mainly due to higher write-downs (€ 4.3 million following on from € 0.8 million) and increased disposal losses on investments (€ 5.7 million following on from € 0.5 million). Excluding income and expenses for the account of customers, the net investment income amounted to € 20.3 million in 2022 and was as such also significantly lower than in 2021

(€ 23.5 million). As such, the decline is largely due to higher write-downs and losses on disposals. The Company's current income increased moderately with a growing investment portfolio.

The investment portfolio excluding customer funds developed positively before consolidation. The slight increase from € 1,313.3 million to € 1,368.6 million remained somewhat below expectations (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 significant decline in the net interest rate in 2022 excluding customer income, when compared to the previous year).

The expansion of real assets within the pension fund's asset allocation was continued in 2022, particularly in the real estate sector.

New business and portfolio
In the year under review there were 11,252 net additions to the number of future pensioners and retirees (pension relationships at personal level) (previous year 16,360). This figure was in line with our expectations.

The number of future pensioners again developed positively. The number of entitlement contracts increased by 5.1 % compared to the previous year (previous year 8.4 %). The portfolio comprises 303,014 pension schemes for 213,242 persons currently at the future entitlement stage, of which 159,316 are for men and 53,926 for women (previous year 291,662 contracts, 202,968 individuals, of which 151,508 men and 51,460 women).

The number of pension schemes now drawing pensions rose by 18.7 % (previous year: 14.6 %) to 6,202 ongoing pensions (previous year 5,224).

Around 93 % of the portfolio (previous year 93 %) and 91 % of new business (previous year 78 %) results from pension commitments within the framework of the collective bargaining agreements and from deferred compensation for employees in the railway sector.

Overall business trends
The Group’s gross premium receipts rose 5.0 % to € 3,971.1 million. Earned premiums net of reinsurance during the financial year rose by 5.5 % to € 3,714.5 million. Expenditures on insured events and pensions net of reinsurance rose by 11.7 % to € 2,620.4 million. Their ratio of the earned net premiums therefore stood at to 70.5 % (previous year 66.6 %). The ratio of expenses on insurance and pension fund operations net of reinsurance to earned premiums net of reinsurance changed slightly to 22.1 % (previous year 22.0 %).

Following on from a withdrawal from the equalisation reserve in the area of non-life and accident insurance (€ 36.7 million, previous year € 7.5 million), there was an underwriting and pension fund result net of reinsurance of € 21.4 million (previous year € 83.1 million).

The investment result in the non-technical account fell to € 141.5 million (previous year € 223.7 million). We had expected a decline, but not to this extent.

The "Other" result, including the technical interest income, improved to € -63.2 million (previous year € -121.7 million) and was therefore much better than anticipated. In particular, heavily reduced pension costs contributed to this improvement.

Overall, the result from ordinary activities came in at € 99.7 million (previous year € 185.1 million), falling short of the forecast figure (€ 110 to € 120 million).

After a disproportionately low decrease in tax expenses, the after-tax net annual profit came to € 35.4 million (previous year € 91.6 million). In view of the overall economic conditions, 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	22,464	76,750	-54,286
Underwriting result net of reinsurance, life and health insurance	1,321	6,395	-5,074
Technical pension fund result	-2,424	-48	-2,376
Non-underwriting result	75,906	98,413	-22,507
Result before taxes on income	**97,266**	181,509	-84,242
Taxes on income	61,823	89,952	-28,129
Consolidated net profit for the year (before taking minority shareholders into account)	**35,443**	91,556	-56,114
Allocation to retained earnings	5,409	25,369	-19,961
Result attributable to minority shareholders	38,412	30,670	7,742
Net retained profit (after taking minority shareholders into account)	**-8,378**	35,517	-43,895

Underwriting result net of reinsurance, non-life and accident insurance

Gross premium receipts rose 6.4 % to € 3,132.1 million. The gross claims expenses rose slower than premium receipts. The gross claims ratio therefore improved to 74.6 % (previous year 78.6 %). Gross operating expenses stood at € 764.7 million (previous year € 721.9 million). In relation to gross premiums earned, this yielded a ratio of 24.5 % (previous year 24.9 %).

Earned premiums net of reinsurance during the financial year rose by 7.2 % to € 2,884.1 million. Expenses for insurance claims net of reinsurance rose much more sharply by 12.8 % to € 2,146.6 million due to a significant decrease in the participation of reinsurers. In the previous year, the participation of reinsurers was particularly high due to the flood disaster triggered by storm "Bernd". The ratio of the earned net premiums therefore stood at 74.4 % (previous year 70.7 %). At 25.4 %, the ratio of expenses for insurance business net of reinsurance to earned premiums net of reinsurance was slightly down on the previous year figure (25.6 %).

Despite a withdrawal from the equalisation provision of € 36.7 million (previous year: € 7.5 million), the net underwriting result of € 22.5 million was below that of the previous year (€ 76.6 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 Freeyou Insurance AG (formerly 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	190,039	185,727	2.3 %	332	-89	50,140	55,716
Liability	134,771	133,897	0.7 %	1,031	1,031	12,827	25,864
Motor vehicle liability	658,677	667,695	-1.4 %	18,069	15,379	-57,093	8,423
Other motor vehicle	419,350	422,366	-0.7 %	42,981	6,424	-29,760	-22,512
Fire and non-life	509,317	463,683	9.8 %	-2,854	-1,009	21,502	15,838
of which:							
Fire	3,915	3,275	19.6 %	-1,026	-1,521	-1,798	-1,392
Household contents	169,138	161,292	4.9 %	-	-	35,070	34,995
Homeowners' building	282,453	249,279	13.3 %	1,302	1,009	-3,825	-19,234
Other non-life	53,811	49,838	8.0 %	-382	-497	-5,978	1,469
Other	20,307	20,533	-1.1 %	33	361	384	3,492
Legal protection	201,693	196,347	2.7 %	-	-	3,620	186
Total	**2,134,154**	2,090,248	2.1 %	**59,592**	22,097	**1,620**	87,007

The decline in premiums in motor insurance was more than compensated for by other lines of business, in particular homeowners' building insurance.

Underwriting losses in motor insurance, partly due to inflation-related increases in claims expenses and a higher burden of major claims, were more than compensated for by other lines of business.

Active reinsurance

The gross premiums written of DEVK Rückversicherungs- und Beteiligungs-AG - DEVK RE increased greatly by 10.0 % to € 800.4 million. The growth came almost exclusively from business outside DEVK.

Earned premiums net of reinsurance rose by 18.9 % to € 672.9 million (previous year € 565.9 million). Claims expenses net of reinsurance increased to € 495.4 million (previous year € 429.0 million). The ratio of net claims expenses to earned net premiums therefore improved to 73.6 % (previous year 75.8 %). The ratio of expenses on insurance operations net of reinsurance to earned premiums net of reinsurance stood at 25.1 % (previous year 25.6 %).

The underwriting result before changes to the equalisation provision accordingly rose to € 7.4 million (previous year € -13.2 million). After an allocation to the equalisation provision of € 21.7 million (previous year € 13.5 million), the underwriting result net of reinsurance stood at € -14.4 million (previous year € -26.7 million).

Also included in the consolidated financial statements is Echo Rückversicherungs-AG (Echo Re), which was established at the end of 2008 as a subsidiary of DEVK Sach- und HUK-Versicherungsverein a.G. in Switzerland. The equity capital of Echo Re, which chiefly operates outside Europe, stands at 162.5 million Swiss francs (CHF). With premium receipts of CHF 283.6 million (previous year CHF 241.9 million), the national financial statements for Switzerland recorded a profit of CHF 13.3 million (previous year CHF 5.4 million).

The premium income of DEVK Allgemeine Versicherungs-AG from assumed reinsurance business amounted to € 36.8 million (previous year € 35.4 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 Assurances S.A.

SADA Assurances S.A., which has its headquarters in Nîmes, France, conducts non-life and accident insurance business. The equity capital stands at € 90.3 million. In 2022, the gross premiums written increased by 15.0 % to € 211.2 million (previous year € 183.6 million). The domestic annual report discloses a net profit of € 10.0 million (previous year € 9.6 million).

Underwriting result net of reinsurance, life and health insurance

In the year under review, gross premiums written decreased by € 15.4 million to € 562.7 million (previous year € 578.1 million) due to lower single premiums in life insurance.

Total gross income from investments fell during the year under review to € 218.0 million (previous year € 236.9 million). The decline resulted in particular from lower gains on disposals and lower current income.

The net capital income fell to € 123.7 million (previous year € 221.3 million). This is due to higher write-downs on investments and an increase in losses from the disposal of investments.

Claims expenses net of reinsurance stood at € 422.9 million (previous year € 399.0 million). DEVK Allgemeine Lebensversicherungs-AG’s cancellation rate stood at 4.24 % (previous year 4.91 %).

The net operating expenses rose by € 4.0 million to € 82.2 million due to higher administrative costs.

A total of € 59.1 million (previous year € 84.2 million) was allocated to the provision for bonuses and rebates, representing 10.5 % (previous year 14.6 %) of gross premiums earned.

Technical pension fund result

The gross premiums written rose by € 16.7 million to € 276.3 million by the end of the year (previous year € 259.6 million). This represented a rise of 6.5 % on the previous year's value (previous year: 18.7 %). The increase in contributions primarily resulted from the collectively agreed employer-financed pension scheme of Deutsche Bahn AG and the competitor railways.

At € 51 million, the claims expenses for the 2022 calendar year was € 6.6 higher than in the previous year (€ 44.4 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 2022, around 28.4 % of new pension recipients utilised the option of a partial lump-sum payout of up to 30 % of the pension capital upon annuity transition.

Before consolidation, pension fund operating expenses totalled € 5.8 million (previous year € 5.2 million). Of this amount, € 3.3 million was attributable to administrative costs (previous year € 2.9 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 profit including realised customer income before consolidation in the year under review came to € 24.7 million (previous year € 28.9 million). The decline is due to higher write-downs and increased disposal losses. Excluding client income, the net investment income was € 20.3 million (previous year € 23.5 million) and as such significantly below the previous year despite the slight growth of the company. This decline also resulted from higher write-downs and losses on disposals. Net interest without customer income was 1.5 %, down from 1.9 % in the previous year.

Bonus and rebate expenses fell to € 9.5 million (previous year € 12.2 million).

Non-technical account investment income

At € 363.1 million, investment income was up on the previous year's figure (€ 344.0 million). Also included were € 22.1 million in profits from disposals of investments (previous year € 44.5 million), as well as € 6.1 million in write-ups (previous year € 26.7 million).

At € 221.6 million, investment expenses were significantly higher than in the previous year (€ 120.3 million), in particular due to a strong increase in depreciation (+ € 88.2 million to € 146.0 million), increased losses from the disposal of investments (+ € 3.4 million to € 6.3 million) and higher loss absorption (+ € 3.5 million to € 8.1 million).

On balance, our net investment income was significantly down on the previous year's figure at € 141.5 million (previous year € 223.7 million).

Other result

The "Other" result, including the technical interest income, improved to € -63.2 million (previous year € -121.7 million). This was mainly due to significantly lower expenses for occupational pensions.

Profit from ordinary activities

The result from normal business activities amounted to € 99.7 million (previous year € 185.1 million). Declines in the technical result and investment result were partially offset by the strong improvement in the other result.

Operating result and appropriation of retained earnings

The after-tax net annual profit came to € 35.4 million (previous year € 91.6 million). In view of the overall economic conditions, the net profit for the year therefore reached a satisfactory level.

After an allocation of € 5.4 million to the retained earnings and after deduction of the € 38.4 million portion of the result due to other shareholders, the net retained profit came to € -8.4 million (previous year € 35.5 million).

Group financial position

Cash flow

The liquidity required to meet payment obligations is ensured through ongoing liquidity planning. The Group receives an influx of liquid funds in the form of 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 € 282.1 million. The necessary funds were largely gained both from our ongoing operations (€ 178.2 million) and from financing activities (€ 41.6 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 2022. As in the years 2008 to 2021, 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 2022 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".

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	15,922,320	15,192,952	729,368
Investments in unit-linked life assurance	376,065	395,565	-19,500
Assets for the benefit and at the risk of employees and employers	643,161	523,425	119,736
Receivables arising out of direct insurance operations, pension fund business and reinsurance business	355,242	384,402	-29,159
Other assets	658,972	702,683	-43,711
Total assets	**17,955,759**	17,199,026	756,733
Equity	2,448,047	2,389,033	59,014
- of which other shareholders share T€ 520,022 (previous year T€ 471,103)			
Technical provisions	10,132,831	9,767,581	365,250
Unit-linked life insurance technical provisions	376,065	395,565	-19,500
Technical pension fund provisions	1,354,074	1,296,446	57,628
Technical pension fund provisions to cover assets for the benefit and risk of employees and employers	643,161	523,425	119,736
Liabilities arising out of direct insurance operations, pension fund business and reinsurance business, including deposits	711,316	741,935	-30,618
Other liabilities	2,290,265	2,085,042	205,223
Total capital	**17,955,759**	17,199,026	756,733

With the expansion of business in DEVK Pensionsfonds-AG, the corresponding balance sheet items increased further.

Receivables arising out of reinsurance operations amounting to € 294.8 million (previous year € 327.7 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 sixth 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	769	761
Target	766	753

The target set for 2023 is 774 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.

We only conducted a short status survey in autumn 2022, because the employee survey will take place in an updated form from 2023. The survey was influenced by the uncertainties due to the Ukraine conflict and the associated effects on energy prices and inflation. Compared to the results of the employee surveys in 2020 and 2021, the overall satisfaction in 2022 was lower, but remained at a high level at 71 %.

Employee satisfaction index		
	Financial year Points	Previous year Points
Actual	753	791
Target	791	793

The target set for 2023 is 763 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 2023 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.

The focus of our social engagement was on support for the severe effects of the Russia-Ukraine conflict. DEVK supported the "Nothilfe Ukraine" emergency aid project through the "Pack mit an" donation platform, with financial donations from employees and sales partners. On the initiative of a sales partner, DEVK also became directly involved in a project for donations in kind. Furthermore, DEVK provided support through personal leaves of absence for colleagues whose relatives were affected by the war. Colleagues and their families were also given the opportunity to utilise free psychological assistance and support services.

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 3,183 people internally in 2022, of whom 3,179 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 2,067 at the end of the year (previous year 2,200). In addition, 483 field sales agents were directly employed by DEVK Sach- und HUK-Versicherungsverein a.G. (previous year 530). 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 2022 DEVK once again successfully implemented a number of development programmes for various target groups. 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. For the fifth time, DEVK participated in "cross-mentoring" for women with specialist, management and project responsibility. The aim of the established cross-mentoring programme for the advancement of women is to give career-oriented female employees and managers insights into the practices of other companies and to support them in their further development in leadership. The "management development group for sales" prepares individuals who demonstrate clear potential as possible future managers for key positions in sales.[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

Decreases in the underwriting result net of reinsurance in non-life and accident insurance and in the non-technical account investment income were partially offset by the improved other result.

Against the backdrop of the economic conditions, the Group’s overall net assets, financial position and results of operations developed in a satisfactory manner throughout 2022.

Outlook, opportunities and risks

Outlook

The rate of inflation will be one of the main factors for the development on the capital markets in the coming years - in addition to the global political influencing factors. Furthermore, the development of energy prices is seen as a major driver of economic development. Alongside the majority of experts, we anticipate a mild recession at best. If, in addition, second-round effects lead to persistently high core inflation rates (e.g. through a wage-price spiral), this is likely to have a dampening effect on economic growth. For German companies in particular, a further escalation of the China-Taiwan conflict can be problematic due to their high economic dependence on China. Given the experience of the disrupted supply chains and against this background, we expect further deglobalisation trends, which are also likely to have an inflationary effect. Nonetheless, we assume that factors such as the central bank policy of the ECB and the FED to date will mean inflation has already reached its peak and will now fall again over time. We expect the stock market to remain highly volatile in 2023, in particular in the context of a recessionary development.

Key leading economic indicators, such as purchasing managers' indices, fell sharply and relatively continuously in 2022. However, towards the end of the year a trend reversal emerged that could point to a recovery in 2023. The first positive signals are also coming from the ifo business climate index for Germany and producer prices towards the end of the year, whereby this development supports our expectation that inflation has passed its peak. Additionally, some companies were able to exceed their earnings expectations, so that the reporting season at the turn of the year was not as bad as feared. During the course of the recovery at the end of the year, company valuations increased again somewhat, although they still lie below their long-term average. According to forecasts by the World Bank, the global economy is heading for weak economic growth of 1.7 % in 2023. Alongside the lockdowns arising due to China's zero-covid policy, the real estate market - which accounts for a large share of GDP - remains in crisis there. For 2023 and 2024, economists expect respective annual growth in China of just 5.1 % and 5.0 %.

Overall, we expect the capital market to remain volatile in 2023 due to the ongoing uncertainties.

Non-life and accident insurance

We anticipate increases of around 11 % 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. However, there will also be notable increases in primary insurance due to premium adjustments. 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 € 45 million to € 55 million.

Life assurance

DEVK Allgemeine Lebensversicherungs-AG will keep its current surplus participation constant at 1.9 % for the 2023 financial year. The higher interest rate level on the market allows for an increase in the surplus participation for single premiums in the first 10 years.

In the 2023 financial year, the introduction of unit-linked training insurance is planned, which will add an attractive offer to the product portfolio for the target group comprising parents, godparents and grandparents who wish to ensure the financial protection of children. A positive development of new business is expected for the following years.

The single-premium pension tariff (R8), which has been offered again since October, also promises further new business potential in 2023.

The portfolio will diminish slightly in terms of policy numbers - similarly to in previous years - due to the continuing high level of maturities and redemptions. New business is not expected to fully offset this.

We are expecting a moderate increase in premium receipts in the 2023 financial year. Claims expenses net of reinsurance are expected to be slightly higher than in the previous year. The addition to the (gross) actuarial reserve, the expenses for premium refunds and the profit transfer are expected to rise significantly in 2023.

On the investment front, in 2023 we expect DEVK Allgemeine Lebensversicherungs-AG to register a current result significantly lower than the level in the previous year, on a slightly growing investment portfolio. Due to the lower requirement on the liabilities side compared to 2022 (release of additional interest reserve), we expect the investment result in 2023 to be moderately down on the previous year's level, so that the net return should also be moderately below the level seen in 2022.

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 2023 we are forecasting total premium receipts of € 115.7 million. Expenses for claims net of reinsurance (paid and accrued, including settlement expenses) are expected to increase to approx. € 80.0 million, mainly due to catch-up effects in supplementary outpatient and dental insurance and in foreign travel health insurance on the one hand, and inflationary effects on the other hand.

In 2023, no-claims bonuses on the policy AM-V are expected to be much the same as in 2022.

Of the € 49.4 million provision for bonuses and rebates available on 31 December 2022, € 20.0 million has been earmarked for the limiting of premium adjustments on 1 January 2023 and for the reduction of the premiums paid by older policyholders.

For 2023, expenses for premium refunds of € 16.1 million and an underwriting result of € 5.8 million are expected.

Mid-term planning assumes that the growth and earnings situation of DEVK Krankenversicherungs-AG will continue in the coming years.

In 2023, we expect DEVK Krankenversicherungs-AG to register an absolute result well up on the level in the previous year, with moderate increases in the investment portfolio. This is due in particular to the expected fall in write-downs on shares and lower extraordinary losses on disposals. Moreover, in our view, the higher interest rates available on new assets and repeat investments will lead to a slight rise in the absolute current percentage yields attracted by our investments. Overall, the company expects a moderate increase in net interest.

Our objective for the coming years is to maintain the profit transfers at their current level of € 3.0 million as a minimum. We are therefore forecasting a profit transfer of € 3.5 million for 2023.

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 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).

For the 2023 financial year, we expect slightly positive new business, above the preceding 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 2023 will only be slightly higher than in the previous year, because no special effects from changes in collective agreements in the rail sector are expected at the present time.

With regards to expenses for pension claims, we expect a slight net increase in 2023 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 payments.

For DEVK Pensionsfonds-AG, we expect a significantly higher absolute result in the area of investments in 2023 with a moderately increasing investment portfolio compared to 2022 due to more positive developments on the capital markets and increasing distributions from customer funds. Accordingly, we anticipate a significantly higher net interest rate in 2023 including and excluding customer income, when compared to the previous year.

From the gross surplus, we anticipate a result in the order of € 16.2 million 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 2023 to be above the previous year's level (€ 141.5 million) due to falling expenses, primarily as a result of lower write-downs.

The other result is expected to improve moderately, in particular due to further decreases in pension costs.

Profit from ordinary activities

All in all, we are expecting the 2023 profit from normal business activities to be in the order of € 180 million to € 200 million (previous year: € 99.7 million).

Customer and employee satisfaction

DEVK aims to further improve customer satisfaction in the 2023 financial year. The index used for measurement is to be increased from 769 points (actual value 2022) to 774 points.

With regards to employee satisfaction, DEVK has set itself a target index value of 763 points. The target is therefore 10 points above the actual value in 2022.

Opportunities report

Since 2020, we have placed our focus even more strongly on the target groups of the transport market in order to meet the wishes and needs of employees in rail, passenger and freight transport in particular. To this end, various events and measures have already been successfully implemented to provide information and support on issues related to health, safety and care. We intend to build on this in 2023 and further expand our customer relationships.

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.

In terms of investments, we see attractive investment opportunities in 2023 alongside the risks and despite the volatile market environment. As a general rule, risk premiums in the bond sector rise during recessions, so that even successful companies have to pay higher yields. This offers the opportunity to acquire attractive bonds from a risk-return perspective. In the context of declining inflation and a restricted interest rate hike policy (combined with recessionary developments) we also expect yields to fall in the medium term. Stock markets often end their downward trend at the start of a recession, so a recovery of prices in the course of 2023 cannot be ruled out. Notwithstanding the heightened volatilities, we continue to see a return advantage in real assets over bonds in the long term - despite the increased attractiveness of the latter in the short term.

The real estate market is likely to react with price declines if interest rates remain higher, combined with a recession. However, this could also create opportunities to acquire properties in (very) good locations with tenants with good long-term credit ratings at lower prices and thus secure the chance of higher returns in the long term. 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. In 2022, the introduction of the moped division continued. The next step will be the gradual migration of the motor vehicle division in 2023.

Within the framework of the representative insurance market study KUBUS conducted in 2022, DEVK was rated "excellent" in the customer satisfaction category. Value for money, service and support were each awarded the rating "very good".[1]

Reinsurance business

The quality of our portfolio has further increased. Premiums have grown disproportionately compared to risk, and structural and wording improvements reinforce this trend.

We were one of (very) few reinsurers prepared to name prices and conditions at an early stage, a circumstance that was rewarded by our customers with corresponding conditions and, in some cases, higher shares.

Our underwriting discipline also led us to dispose of a few customer relationships where we saw no chance of sustainable economic success.

Our strategy of broadening our range of lines of business has brought us even more into focus with customers and brokers. Even in the current renewal, we succeeded in identifying a number of new offers that we had been interested in for some time.

The further improvement in our market standing, combined with our financial strength and continuity, leads us to expect stable and expandable business in the future.

Life assurance

In 2023, DEVK Allgemeine Lebensversicherungs-AG will focus in particular on covering biometric risks. Capital accumulation and retirement provision round off the product range.

The introduction of unit-linked training insurance is planned for the 2023 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.

In the 2022 financial year, we received the highest rating of five stars for our term, death benefit, occupational disability and basic disability insurance policies from the analysts Morgen & Morgen. For the first time, the analysis agency Franke und Bornberg also awarded the rating FFF ("very good") for our occupational disability and basic disability insurance.

DEVK Allgemeine Lebensversicherungs-AG will also be well positioned with regard to competitive requirements in the 2023 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 fact that our company is 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.

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

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 is 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 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 decentralised risk session or the 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 risk management function 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	%
2013	67.6	2018	69.6
2014	66.4	2019	71.4
2015	70.1	2020	69.0
2016	69.5	2021	70.9
2017	70.7	2022	74.7

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	%
2013	9.6	2018	7.9
2014	7.5	2019	7.7
2015	7.0	2020	4.8
2016	7.8	2021	4.8
2017	7.3	2022	3.4

Our equalisation provisions provide an additional safety cushion that contributes to the smoothing of our underwriting results. As of 31 December 2022, their volume totalled € 461.0 million (previous year € 497.3 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 assurance** 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 cancellation risk lies in the fact that the cancellation behaviour of policyholders has changed significantly. It is not possible to predict whether the increase in inflation will lead to a change in the cancellation risk. Our analyses show that no significant change in cancellation behaviour is evident at the present time and that negative effects on the cancellation result would be tolerated to a certain extent.

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 assurance 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. Tthe interest rate risk has fundamentally reduced compared to the previous year as a result of the increase in interest rates in 2022. Our net investment income is higher than the interest expense for accounting purposes. The additional actuarial reserve created since the 2011 financial year in accordance with § 5 para. 4 Premium Reserve Regulation (DeckRV) in the form of the additional interest reserve provides additional security to counter the risk of a persistently low interest rate environment. The 2022 reference interest rate is 1.57 %, as in the previous year. For the portfolio of existing policies, the interest rate was likewise set at 1.57 %. The additional interest reserve as at 31 December 2022, which was formed for contracts with a guaranteed interest rate of at least 1.75 %, decreased by € 19 million to € 580 million due to regular expirations or reduced remaining terms, among other things. In contrast, the additional interest reserve increased by € 68 million to € 599 million in the previous year due to the lower reference interest rate. We are assuming an unchanged reference interest rate of 1.57 % as of 31 December 2023. This would entail a prospective reduction of the additional interest reserve in the amount of € 24 million in 2023. We also expect this additional actuarial provision to continue to decrease in subsequent years.

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.

In the 2022 financial year, we observed moderately increasing expenses for deaths. The analysis of the data available to date shows that our previous safeguards can also be considered sufficient in the context of 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 1.80 % to 2.40 % was calculated for new business in 2022. As of 31 December 2022 the MTIR stood at 1.965 % (previous year 2.032 %).

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.

For current benefits, biometric supplementary reservations have been made since 2014 to strengthen the safety margins, which were increased in 2022 for the partial portfolio of disability pensions. Our current view is that the probability tables used for the reserve calculation contain sufficient 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 2022 financial year, the additional interest reserve decreased by T€ 24 to T€ 525 . As of 31 December 2022 the relevant reference interest rate stood at 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 %. Due to the current interest rate development, we assume that this additional premium reserve will continue to decrease 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.

It should also be taken into account that the DEVK pension fund was able to achieve an overall reasonable investment result in 2022 despite the developments on the capital market. Since high investment results were also achieved in the past years, 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 as of 1 January 2022 means that in this coverage is at risk in a partial portfolio. The tariffs affected by this were replaced on 1 January 2023. For the new financial year 2022, a supplementary provision has been formed to ensure the financing of promised benefits. 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. The figures are currently being heavily influenced by a migration project.

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 € 50.8 million. Of these receivables, an average of € 2.9 million (5.6 %) 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 € 6.7 million (previous year € 9.6 million).

Amounts receivable from reinsurance business at the end of the year came to € 300.3 million. These include receivables from reinsurers totalling € 44.1 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	10.55
A	33.26
No rating	0.29

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 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. 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 2022, 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 and partially through the implementation of lower limits
- Currency-matched refinancing in the field of indirect real estate investments
- Use of bond forward purchases
- Adjustment of equity risks via options trading.

Interest-bearing investments

As of 31 December 2022, the Group held interest-bearing investments to a total value of € 10.4 billion. A total of € 5.6 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 € 5.1 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 negative valuation reserve of € 782.3 million. This includes hidden liabilities with a volume of € 807.1 million (previous year € 27.9 million) and hidden reserves of € 24.8 million (previous year € 636.9 million). As the increase in hidden liabilities is primarily due to the market interest rate movement and there are no indications of a deterioration in creditworthiness, there is no permanent impairment due to the intention to hold these until their final maturity. 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. € - 719.9 million or € 798.7 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. Where securities still include hidden reserves, these 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 widening of risk premiums in the first half of 2022 illustrates this. At the end of 2022, these were significantly above the initial value at the beginning of the year. As observed in 2022, there is a possibility in 2023 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 19.8 % of our overall investments, our interest-bearing investments are predominantly in Pfandbriefe (German covered bonds) and notes receivable and bank bonds at 29.9 %. A further 9.6 % of total investments are invested in government bonds. We also invested 5.9 % 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 2022 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, Portugal and Ireland. Bonds of issuers from Russia and Ukraine are not present in the direct portfolio or in screened special funds, or are fully impaired.

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

Rating distribution

	Financial year	Previous year
AA- or better	52.1 %	52.3 %
A- to A+	30.8 %	30.4 %
BBB- to BBB+	14.8 %	15.3 %
BB+ or worse	2.3 %	2.0 %

The rating distribution of the Group has not changed significantly compared to the previous year, which means that the overall risk situation has not been subject to significant changes either. 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 € 181.3 million. The German share index, including dividends, showed an overall negative performance in a tough market environment in 2022, while the European share index performed only marginally better. 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. Against the background of our market assessment, we have actively reduced the effective equity quota significantly in 2022 with an upward trend towards the end of the year. Overall, the effective equity ratio at the end of the year lies below the value at the start of the year. If economic problems should arise in the future, for example as a result of an intensification of the Russia-Ukraine conflict or a heightening of tensions between China and Taiwan, the equity quota can be actively adjusted. For example, we have already reduced the effective equity ratio through future hedging in a special fund due to the worsening of the Ukraine crisis at the start of 2022. We have no investments in Russian or Ukrainian shares.

Shares and share funds to a value of € 781.4 million (before hedging) have been assigned to the fixed assets. The fixed-asset equities and equity funds show a negative valuation reserve of € -24.8 million. This includes hidden liabilities totalling € 40.3 million.

Real estate

On the balance sheet date, our real-estate investments totalled € 2,988.0 million. Of this total, a sum of € 610.7 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 € 493.1 million are assigned to the fixed assets. The valuation reserves contained therein stand at € 81.3 million; there are no hidden liabilities.

Following consolidation, direct real estate holdings came to € 2,376.3 million. These are subject to scheduled annual depreciation of € 39.9 million. Aside from the inflation risk, which is limited by indexing the rental contracts, there are no particular risks in the direct property portfolio. 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 insofar as possible 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 indexed leases 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 2022 the volume stood at € 368.0 million, following on from € 302.6 million in the previous year. This corresponds to 2.3 % (previous year 2.0 %) of the total investments at book value. The portfolio is split almost 80:20 between infrastructure and other alternative investments. No write-downs arose in the 2022 financial year (previous year: € 0.1 million). The ordinary income of this asset class amounted to € 7.2 million after consolidation across the Group in 2022 (previous year € 2.5 million).

Operational risks

Operational risks may stem from inadequate or failed operational processes, the break-down of technical systems, human error or external events. Legal risks are part of operational risks, whereby these include compliance risks.

Management of the operational risks is ensured through the careful structuring of the internal monitoring system. Appropriate controls have been set up for the risks, in order to ensure that the operational processes function correctly. The functionality of these controls is continuously monitored, and any control weaknesses are assessed and remedied as necessary. Within the framework of the internal control system process, clear responsibilities are assigned for the regular identification, documentation and monitoring of relevant exposures to risk.

Operational risks are primarily recorded and described in the half-yearly risk inventory and continuously in the process documentation.

Supporting business processes by means of IT operations entails a variety of operational risks. The security of programs and data storage, as well as ongoing operations, is ensured by comprehensive access controls and safeguards, both in the internal data centres and in third-party data centres (cloud). DEVK's IT infrastructure is designed with redundancy. The two data centres are connected via two separate fibre optic cables. A large number of systems are operated on the cloud as part of the cloud strategy.

The stated security objectives of DEVK's information security strategy consist of the confidentiality, integrity and availability of data, applications and the IT infrastructure. The Information Security Board and the Information Security Officer are central elements of the information security management of DEVK. The Information Security Board serves to strategically manage the DEVK Group's information security and to prepare security-relevant decision papers for the Management Board. The Information Security Officer manages the information security process. In order to achieve a consistent and appropriate level of security, the security measures are aligned with the protection requirements and threats as set out in the security objectives. With regard to the German IT Security Act, DEVK is striving for certification readiness in accordance with ISO27001 for IT operations on the basis of IT basic protection as defined in the standard of the Federal Office for Information Security.

A further component of information security is the sensitisation of employees to the dangers arising from social engineering and data protection. Appropriate training courses are offered in this respect via our further education portal.

Emergency management (business continuity management) is part of the internal control system. This ensures that DEVK is able to continue its business operations at a defined minimum level (emergency operation) in the event of interruptions to time-critical activities and achieve the restoration of normal operations as quickly as possible. A central component of emergency management is the identification of time-critical and business-critical activities, including the necessary resources. Critical activities are all those activities whose failure could jeopardise the existence of the DEVK Group. Scenario-specific contingency plans are in place to ensure defined emergency operation and enable a swift return to normal operation. Emergency drills are used to test the effectiveness of the measures.

Solvency II

We have complied with the supervisory requirements of Solvency II. In order to optimise the realisation of requirements, the focus in 2022 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. All in all, the DEVK Group was found to have significant excess cover.

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 2021 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 2022 can be found in the following table.

	Target 06/2022	Actual 12/2022
Supervisory Board	17 %	17 %
Management Board	17 %	0 %
1st middle management level	14 % - 18 %	16 %
2nd middle management level	20 % - 24 %	19 %

The actual quotas at the end of 2022 correspond to the target quotas with regard to the supervisory board and the first management level. To promote the attainment of Executive Board targets, the proportion of women at Executive Board level in the DEVK Group was increased.

Cologne, 22 March 2023

The Management Board

Rüßmann **Knaup** **Scheel** **Zens** **Dr Zons**

Notes to the Group management report

List of insurance classes covered during the financial year
Insurance class

Direct insurance operations

Life assurance

Health insurance

Accident insurance
General accident insurance
Motor vehicle accident insurance

Liability insurance

Motor vehicle liability insurance

Other motor vehicle insurance
Fully comprehensive motor insurance
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 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
Rent insurance

Consolidated financial statements

Consolidated balance sheet to 31 December 2022

Assets	€	€	€	Previous year € 000s
A. Intangible assets				
I. Industrial property rights created in-house and similar rights and assets		-		-
II. Licences, industrial property rights and similar rights and assets acquired for valuable consideration, as well as licences in such rights and assets		30,877,653		31,417
III. Goodwill		6,526,443		16,944
IV. Payments on account		7,870,048		9,253
			45,274,144	57,615
B. Investments				
I. Real estate and similar land rights, including buildings on third-party land		2,376,317,960		1,866,922
II. Investments in affiliated companies and participating interests				
1. Shares in affiliated companies	70,509,246			73,590
2. Loans to affiliated companies	11,497,000			37,935
3. Shares in associated companies	134,438,607			84,166
4. Participating interests	922,676,344			813,706
5. Loans to companies in which a participating interest is held	767,505			1,211
		1,139,888,702		1,010,608
III. Other investments				
1. Shares, units or shares in investment funds and other variable-interest securities	2,285,877,226			2,351,784
2. Bearer bonds and other fixed-interest securities	5,222,155,682			4,970,952
3. Mortgage loans and annuity claims	928,998,757			829,887
4. Other loans	3,806,757,941			4,003,617
5. Deposits with banks	11,189,145			10,270
6. Other investments	55,198,354			55,728
		12,310,177,105		12,222,238
IV. Deposits with ceding companies		95,935,780		93,184
			15,922,319,547	15,192,952
C. Investments for the benefit of life assurance policyholders who bear the investment risk				
			376,064,586	395,565
D. Assets for the benefit and at the risk of employees and employers				
- Investments for the benefit of employees and employers			**643,160,707**	523,425
Balance carried forward:			16,986,818,984	16,169,556

Liabilities	€	€	€	Previous year € 000s
A. Equity				
I. Retained earnings				
1. Loss reserve pursuant to section 193 of VAG	193,760,227			192,679
2. Other retained earnings	1,652,926,689			1,601,997
		1,846,686,916		1,794,676
II. Equity difference due to currency conversion		38,783,245		18,888
III. Profit carried forward		51,023,721		68,507
IV. Accumulated loss/accumulated profit		-8,377,740		35,517
V. Adjusting item due to capital consolidation		-90,488		342
VI. Non-controlling interests		520,021,525		471,103
			2,448,047,179	2,389,033
B. Technical provisions				
I. Provision for unearned premiums				
1. Gross amount	197,187,384			190,497
2. of which from: Reinsurance amount	9,966,690			4,107
		187,220,694		186,390
II. Premium reserve				
1. Gross amount	5,516,256,730			5,434,325
2. of which from: Reinsurance amount	5,901,050			4,263
		5,510,355,680		5,430,062
III. Provision for claims outstanding				
1. Gross amount	4,182,665,123			3,881,385
2. of which from: Reinsurance amount	550,212,149			577,587
		3,632,452,974		3,303,798
IV. Provision for bonuses and rebates				
1. Bonuses	319,388,721			328,730
2. Rebates	5,514,210			4,310
		324,902,931		333,040
V. Equalisation provision and similar provisions		460,962,177		497,345
VI. Other technical provisions				
1. Gross amount	16,991,748			16,969
2. of which from: Reinsurance amount	55,611			24
		16,936,137		16,945
			10,132,830,593	9,767,581
C. Technical reserves in life assurance business, where the investment risk is borne by the policyholders				
- Premium reserve			**376,064,586**	395,565
D. Technical pension fund provisions				
I. Premium reserve		1,294,449,747		1,240,429
II. Provision for claims outstanding		1,212,351		1,751
III. Provision for bonuses and rebates		58,412,199		54,266
			1,354,074,297	1,296,446
Balance carried forward:			14,311,016,655	13,848,624

Assets				
	€	€	€	Previous year € 000s
Balance carried forward:			16,986,818,984	16,169,556
E. Receivables				
I. Receivables arising out of direct insurance operations:				
1. Policyholders	47,750,855			44,663
2. Intermediaries	12,120,961			11,544
3. Member and sponsoring undertakings	4,278			-
		59,876,094		56,207
II. Receivables from pension fund business:				
1. Employers and beneficiaries	334,693			248
2. Intermediaries	269,392			291
		604,085		538
III. Receivables arising out of reinsurance operations		294,762,201		327,656
IV. Other receivables		157,444,919		135,824
of which:			**512,687,299**	520,225
Affiliated companies: € 573,276				315
from companies in which a participating interest is held: € 1,659,202				8
F. Other assets				
I. Tangible assets and inventories		41,071,978		35,110
II. Cash at banks, cheques and cash in hand		264,276,953		326,115
III. Other assets		2,571,048		1,507
			307,919,979	362,732
G. Prepayments and accrued income				
I. Accrued interest and rent		89,697,200		97,736
II. Other prepayments and accrued income		58,635,263		48,776
			148,332,463	146,512
Total assets			**17,955,758,725**	17,199,026

Liabilities	€	€	€	Previous year € 000s
Balance carried forward:			14,311,016,655	13,848,624
E. Technical pension fund provisions to cover assets for the benefit and risk of employees and employers				
- Premium reserve			**643,160,706**	523,425
F. Other provisions				
I. Provisions for pensions and similar commitments		1,008,679,023		926,788
II. Provisions for taxation		67,571,076		75,591
III. Other provisions		129,778,702		140,125
			1,206,028,801	1,142,504
G. Deposits received from reinsurers				
			141,292,384	125,210
H. Other liabilities				
I. Liabilities arising out of direct insurance operations towards				
1. Policyholders	396,384,043			426,250
2. Intermediaries	8,814,064			8,537
		405,198,107		434,788
II. Liabilities arising out of pension fund business				
1. Employers	588,517			1,421
2. Beneficiaries	1,052			-
		589,569		1,421
III. Liabilities arising from reinsurance operations		164,236,007		180,516
IV. Liabilities to banks		772,831,597		684,992
V. Other liabilities		268,432,326		219,396
of which:			**1,611,287,606**	1,521,113
From taxes: € 28,491,028				25,874
Social security: € 718,346				639
Against affiliated companies: € 5,334,541				4,447
I. Accruals and deferred income				
			24,523,674	19,646
K. Deferred tax liabilities				
			18,448,899	18,504
Total liabilities			**17,955,758,725**	17,199,026

Consolidated profit and loss account

for the period from 1 January to 31 December 2022

Items	€	€	€	Previous year € 000s
I. Technical account for non-life and accident insurance business				
1. Earned premiums net of reinsurance				
a) Gross premiums written	3,132,075,516			2,944,098
b) Outward reinsurance premiums	244,327,508			211,040
		2,887,748,008		2,733,057
c) Change in the gross provision for unearned premiums	-6,115,560			-41,216
d) Change in the gross provision for unearned premiums, reinsurers' share	2,427,191			-482
		-3,688,369		-41,698
			2,884,059,639	2,691,361
2. Allocated interest, net of reinsurance			**1,114,269**	1,149
3. Other technical income, net of reinsurance			**1,478,707**	1,432
4. Claims incurred, net of reinsurance				
a) Claims paid				
aa) Gross amount	2,024,318,116			1,850,453
bb) Reinsurers' share	210,580,597			236,147
		1,813,737,519		1,614,306
b) Change in the provision for claims outstanding				
aa) Gross amount	307,677,793			431,893
bb) Reinsurers' share	25,189,506			-143,421
		332,867,299		288,472
			2,146,604,818	1,902,778
5. Changes in other technical provisions, net of reinsurance				
a) Premium reserve, net of reinsurance		593,650		801
b) Other technical provisions, net of reinsurance		-36,757		-7,391
			556,893	-6,590
6. Bonuses and rebates, net of reinsurance			**1,503,577**	7,464
7. Net operating expenses, net of reinsurance				
a) Gross operating expenses for insurance operations		764,724,087		721,921
b) of which from: Reinsurance commissions and profit participation		31,279,842		31,964
			733,444,245	689,956
8. Other technical charges, net of reinsurance			**19,933,037**	17,858
9. Subtotal			**-14,276,169**	69,295
10. Change to the equalisation provision and similar provisions			**36,740,106**	7,454
11. Underwriting result net of reinsurance, non-life and accident insurance			**22,463,937**	76,750

Items	€	€	€	Previous year € 000s
II. Technical account for the life and health insurance business				
1. Earned premiums net of reinsurance				
a) Gross premiums written	562,719,291			578,121
b) Outward reinsurance premiums	8,921,500			8,509
		553,797,791		569,612
c) Change in the net provision for unearned premiums		313,671		429
			554,111,462	570,041
2. Contributions from the gross premium refunds provision			**12,494,417**	17,302
3. Income from investments				
a) Income from participating interests		2,830,575		2,219
b) Income from other investments		150,421,621		156,932
c) Income from write-ups		4,869,291		4,990
d) Gains on the realisation of investments		59,836,439		72,792
			217,957,926	236,933
4. Unrealised gains on investments			**11,600**	50,149
5. Other technical income, net of reinsurance			**1,763,317**	1,303
6. Claims incurred, net of reinsurance				
a) Claims paid				
aa) Gross amount	420,393,780			404,899
bb) Reinsurers' share	2,177,181			2,415
		418,216,599		402,484
b) Change in the provision for claims outstanding				
aa) Gross amount	6,167,862			-4,475
bb) Reinsurers' share	-1,533,099			967
		4,634,763		-3,508
			422,851,362	398,976
7. Changes in other technical provisions, net of reinsurance				
a) Premium reserve				
aa) Gross amount	-63,024,546			-288,252
bb) Reinsurers' share	1,637,718			757
		-61,386,828		-287,495
b) Other technical provisions, net of reinsurance		38,132		38
			-61,348,696	-287,457
8. Bonuses and rebates, net of reinsurance			**59,122,829**	84,213
9. Net operating expenses, net of reinsurance				
a) Acquisition expenses	63,784,149			63,767
b) Administration costs	20,281,909			17,515
c) of which from:		84,066,058		81,282
Reinsurance commissions and profit participation		1,884,089		3,099
			82,181,969	78,183
10. Investment expenses				
a) Investment management charges, interest expenses and other charges on capital investments		7,199,941		5,502
b) Write-downs on investments		72,195,431		9,193
c) Losses on the realisation of investments		14,879,058		981
			94,274,430	15,676
11. Unrealised gains on investments			**63,264,988**	2,311
12. Other technical charges, net of reinsurance			**1,973,500**	2,518
13. Underwriting result net of reinsurance, life and health insurance			**1,320,948**	6,395

Items	€	€	Previous year € 000s
III. Pension fund technical account			
1. Earned premiums			
- Premiums written		**276,336,856**	259,563
2. Contributions from the gross premium refunds provision		**5,317,829**	5,038
3. Income from investments			
a) Income from participating interests	-		19,825
b) Income from other investments	28,307,563		26,376
c) Income from write-ups	10,600		3,138
d) Gains on the realisation of investments	4,226,252		2,276
		32,544,415	28,675
4. Unrealised gains on investments		**-**	58,572
5. Other technical pension fund income		**3,957,080**	3,635
6. Claims expenses			
a) Claims paid	51,445,502		44,257
b) Change in the provision for claims outstanding	-539,100		101
		50,906,402	44,358
7. Changes in other technical pension fund provisions			
- Premium reserve		**-173,756,907**	-290,787
8. Bonuses and rebates		**9,464,461**	12,214
9. Pension fund operating expenses			
a) Acquisition expenses	2,445,244		2,271
b) Administration costs	3,339,874		2,607
		5,785,118	4,878
10. Investment expenses			
a) Investment management charges, interest expenses and other charges on capital investments	265,886		250
b) Write-downs on investments	4,273,395		766
c) Losses on the realisation of investments	5,704,957		468
		10,244,238	1,484
11. Unrealised gains on investments		**70,422,588**	1,809
12. Other technical pension fund expenses		**884**	1
13. Technical pension fund result		**-2,424,418**	-48

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		22,463,937		76,750
b) Life and health insurance		1,320,948		6,395
c) Pension fund business		-2,424,418		-48
			21,360,467	83,096
2. Investment income where not stated under II 3 or III 3				
a) Income from shares in associated companies	2,458,794			2,021
b) Income from participating interests	85,280,954			59,141
c) Income from other investments	247,206,387			211,626
of which: from affiliated companies: € 195,617				231
d) Income from write-ups	6,062,020			26,690
e) Gains on the realisation of investments	22,069,507			44,548
f) Income from profit pooling, profit transfer and partial profit transfer agreements	-			233
		363,077,662		344,026
3. Investment expenses where not stated under II 10 or III 10				
a) Investment management charges, interest expenses and other charges on capital investments	60,940,476			54,909
b) Write-downs on investments	146,033,350			57,868
c) Losses on the realisation of investments	6,299,244			2,930
d) Charges from loss transfer	8,124,138			4,624
e) Expenses from shares in associated companies	176,046			-
		221,573,254		120,331
		141,504,408		223,695
4. Allocated interest		2,936,652		3,092
			138,567,756	220,603
5. Other income		174,072,279		122,730
6. Other charges		234,317,653		241,371
			-60,245,374	-118,641
7. Profit from ordinary activities			**99,682,849**	185,058
8. Taxes on income		62,393,046		89,869
9. Deferred tax change		-569,706		83
10. Other taxes		2,416,666		3,549
			64,240,006	93,501
11. Net profit for the year			**35,442,843**	91,556
12. Allocation to retained earnings				
a) in the loss reserve pursuant to section 193 VAG		1,081,715		-
b) in other retained earnings		4,326,858		25,369
			5,408,573	25,369
13. Non-controlling interests			**38,412,010**	30,670
14. Accumulated loss			**-8,377,740**	35,517

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 31/12/2021	192,679	-	1,602,339	1,795,018	18,888	104,024
Capital increase/reduction, e.g.:						
Issuing of shares	-	-	-433	-433	-	-205
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	1,082	-	42,706	43,787	-	-43,787
Dividends	-	-	-	-	-	-
Currency conversion	-	-	-	-	19,895	-
Other changes	-	-	7,291	7,291	-	-7,293
Changes to the group of consolidated companies	-	-	933	933	-	-7,124
Consolidated profit/loss for the year	-	-	-	-	-	-
As per 31/12/2022	**193,760**	**-**	**1,652,836**	**1,846,596**	**38,783**	**45,615**

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
	1,917,930	475,944	-4,842		471,103	2,389,033
-	-637	40,997	-	-	40,997	40,360
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-29,635	-	-	-29,635	-29,635
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-15,975	-	-	-15,975	-15,975
-	19,895	-	-1,054	-	-1,054	18,841
-	-1	1	-	-	1	-
-	-6,191	16,172	-	-	16,172	9,981
-2,969	-2,969	-	-	38,412	38,412	35,443
-2,969	**1,928,026**	**487,506**	**-5,896**	**38,412**	**520,022**	**2,448,047**

Cash flow statement

Cash flow statement to 31 December 2022

Items	Financial year € 000s
Result for year (consolidated net profit/loss for the year including other shareholder’s share of the result)	35,443
Increase/decrease in technical provisions, net	523,114
Increase/decrease in deposits with ceding companies and deposits taken from retrocessionaires	30,142
Increase/decrease in accounts payable to ceding companies and retrocessionaires	-197
Increase/decrease in other receivables	-5,679
Increase/decrease in other liabilities	16,735
Changes in other balance sheet items not attributable to investment or financing activities	-794,121
Other off-balance sheet expenses & income as well as adjustments to the result for the year	450,928
Profit/loss from disposals of investments, tangible assets and intangible assets	-59,355
Tax expenses/income	62,393
Income tax payments	-81,161
Cash flow from ongoing operations	**178,241**
Proceeds from disposals from the group of consolidated companies	-
Proceeds from disposals of tangible assets	561
Proceeds from disposals of intangible assets	17
Payments for additions to the group of consolidated companies	-23,175
Payments for investments in tangible assets	-15,546
Payments for investments in intangible assets	-10,012
Proceeds from the disposal of investments in unit-linked life assurance	16,917
Payments for investments in unit-linked life assurance	-250,829
Cash flow from investment activities	**-282,067**
Proceeds from additions to equity by other shareholders	40,375
Payments to other shareholders for equity reductions	-29,635
Dividends paid to other shareholders	-15,975
Proceeds and payments from other financing activities	46,829
Cash flow from financing activities	**41,595**
On-balance-sheet changes to cash and cash equivalents	-62,231
Changes in cash and cash equivalents relating to exchange rates and valuations	1,637
Changes in cash and cash equivalents relating to the group of consolidated companies	-1,244
Cash and cash equivalents at the start of the year	326,115
Cash and cash equivalents at the end of the year*	**264,277**

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".

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), 70 %
- DEREIF BRUSSEL CARMEN S.A., Brussels (B), 100 %
- DEREIF Dublin Harcourt Road S.à r.l., Luxembourg (L), 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 Bronze Gate S.à r.l., Luxembourg (L), 100 %
- DEREIF Luxembourg Glacier 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 SCS, Luxembourg (L), 81 %
- DRED - Real Estate Deutschland GP S.à r.l., Luxembourg (L), 100 %

- COMPAVO GmbH, Legden, 100 %
- DAI SICAV-RAIF S.C.S., Munsbach (L), 90 %
- DAI-C-Unigestion Co-Invest SCS, Luxembourg (L), 100 %
- DEUSA Umbrella SCS SICAV-RAIF, Luxembourg (L), 100 %
- DIIV SCSp, Luxembourg (L), 81 %
- Echo Rückversicherungs-AG, Zurich (CH), 100 %
- Freeyou Insurance AG (formerly 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, Cologne, 100 %
- SADA Assurances 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 BHZ Wiesbaden SCSp, Luxembourg (L), 55 %
- DEVK Versorgungskasse GmbH, Cologne 100 %
- DEVK Web-GmbH, Cologne 100 %
- 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:

- CAM Healthcare Opportunities Fund I GmbH & Co. KG, Cologne, 49 %.
- Sireo Immobilienfonds No. 4 Edinburgh Ferry Road S.à r.l., Luxembourg (L), 95 %
- Monega Kapitalanlagegesellschaft mbH, Cologne 45 %
- Navigo Shipholding AG, Hamburg, 50 %
- Terra Estate GmbH & Co. KG, Cologne 50 %
- Yana European Small-Cap Fund SCSp, 46 %

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 %

Changes to the group of consolidated companies

In May 2022, the property company DEREIF Dublin Harcourt Road S.à r.l., Luxembourg, was founded as a wholly owned subsidiary of DEREIF Immobilien 1 S.à r.l. The company will be included in the consolidated financial statements as a fully consolidated subsidiary for the first time with its annual financial statements for the short financial year from 4 May to 30 September 2022.

In a second tranche, DEREIF Immobilien 1 S.à r.l. acquired all shares in the property company DEREIF Luxembourg Bronze Gate S.à r.l., Luxembourg, in October 2022. With the full acquisition of all shares in the property company, it will be included in the consolidated financial statements as a fully consolidated subsidiary for the first time in 2022.

With a direct Group share of 81.25 %, DIIV (DEVK Infrastucture Investment Vehicle) SCSp, Luxembourg, was established in September 2021 for private equity investments in the infrastructure sector. DIIV SCSp will be included in the consolidated financial statements as a fully consolidated subsidiary for the first time in the 2022 financial year.

In the course of the initial consolidation of these companies, deferred taxes on hidden reserves from valuation differences amounting to € 1.0 million were recognised in the consolidated financial statements. The first-time additions to the scope of consolidation resulted in new goodwill of € 0.6 million.

With effect from 1 July 2022, the property company Sireo Immobilienfonds No. 4 Edinburgh Ferry Road S.à. r.l. was transferred to a joint venture with a real estate development company. From this date onwards, the property company will be managed as a company under joint control of the two shareholders and will no longer be subject to the controlling influence of the DEVK Group. As a result, a change in method from full consolidation to valuation according to the equity method was carried out for the company as of 1 July 2022 and a corresponding investment in associated companies was reported. In the course of the joint venture, a revaluation of Sireo Immobilienfonds No. 4 Edinburgh Ferry Road S.à. r.l. was carried out with the consequence of an impairment of the share in associated companies recognised in the consolidated financial statements. The effect on earnings relates to a write-down in the amount of € 7.8 million.

In the financial year, the DEVK Group held a 49.49 % stake in CAM Healthcare Opportunities Fund I GmbH & Co. KG, Cologne. The Company operates as a closed-ended investment partnership. The object of the Company is to enter into, hold and manage investments in its own name and for its own account, in particular to develop and expand, hold, manage and utilise a portfolio of passive investments in closed-end venture capital. CAM Healthcare Opportunities Fund I GmbH & Co. KG is included in the consolidated financial statements for the first time as an associated company using the equity method.

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).

The valuations of the investments in Sireo Immobilienfonds No. 4 Edinburgh Ferry Road S.à.r.l., CAM Healthcare Opportunities Fund I GmbH & Co. KG and the Yana European Small-Cap Fund SCSp are determined in accordance with § 312 HGB at the time they became associated companies.

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 intercompany 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 that differs from the consolidated balance sheet date occur between the subsidiary's balance sheet date and the consolidated balance sheet date, these are taken into account in the consolidated balance sheet and the consolidated income statement.

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.
During the financial year, three securities within shares, units or shares in investment funds and other variable-yield securities or bearer bonds and other fixed-income securities were reclassified from current assets to non-current assets, because the intention is to hold onto these permanently. As a result, unscheduled depreciation in the amount of € 5.9 million was not necessary.
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 2022 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 2022, 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 (time deposits) 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 assurance 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 assurance 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 2021 I, 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 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. Policies of the new portfolio that are liable to pay benefits up to the 2021 tariff generation with a start of benefits from 2022 are reserved with DAV 2021 I.

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 2 February 1973 (page 2750 - 24 - VB4). 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 **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 0.25 % 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 0.25 % 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 1.78 % (previous year 1.87 %) 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 2.0 % p.a., and the rate of pension increase at 2.0 %, 2.0 % or 1.0 % 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 % - 25 % 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 2022 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	-	-	-	-	-	-	-
2. Licences, industrial property rights and similar rights and assets acquired for valuable consideration, as well as licences in such rights and assets	31,417	8,070	3,326	17	-	11,918	30,878
3. Goodwill	16,944	605	-	9,782	-	1,240	6,526
4. Payments on account	9,253	1,943	-3,326	-	-	-	7,870
5. Total A.	57,615	10,617	-	9,799	-	13,158	45,274
B. I. Real estate and similar land rights, including buildings on third-party land							
	1,866,922	569,232	-	22,888	-	36,948	2,376,318
B. II. Investments in affiliated companies and participating interests							
1. Shares in affiliated companies	73,590	7,307	-	10,141	-	247	70,509
2. Loans to affiliated companies	37,935	3,000	-	29,438	-	-	11,497
3. Shares in associated companies	84,166	58,135	-	110	-	7,752	134,439
4. Participating interests	813,706	208,632	-	102,670	8,030	5,023	922,676
5. Loans to companies in which a participating interest is held	1,211	-	-	444	-	-	768
6. Total B. II.	1,010,608	277,074	-	142,803	8,030	13,022	1,139,889
Total	**2,935,145**	**856,923**	**-**	**175,490**	**8,030**	**63,128**	**3,561,481**

The write-downs of intangible assets and real estate and similar land rights, including buildings on third-party land represent scheduled amortisation and depreciation. Impairment losses of € 85.8 million were recognised on fixed assets due to expected permanent impairments in value.

Notes to the consolidated balance sheet

Re Assets A. I.

Industrial property rights created in-house and similar rights and assets

The intangible assets of € 45,274,145 (previous year € 57,614,626) do not include any internally generated intangible assets.

Re Assets B.

Investments

The valuation reserves include hidden liabilities totalling € 1,716.9 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	74,830	69,239
Shares, units or shares in investment funds and other variable-interest securities	802,003	727,547
Bearer bonds and other fixed-interest securities	4,746,418	3,963,423
Mortgage loans	904,353	758,146
Other loans	3,198,912	2,512,201

Write-downs in accordance with section 253 paragraph 3 clauses 5 and 6 of the German Commercial Code (HGB) were omitted because the impairments are not expected to be permanent. The intention is to hold the securities until maturity and only a temporary impairment is assumed due to good credit ratings (or no deterioration in credit ratings), or according to our valuation tool or analyses.

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	33,440	2,865	1,067
Other liabilities	Short call options	8,160	228	93
Registered bonds and notes receivable	Forward purchases	113,000	-	-3,301
Bearer bonds	Forward purchases	170,800	-	-20,958
Notes receivable	Swaptions	300,000	2,695	23,687

Valuation method		
Short options:	European options	Black-Scholes
	American options	Barone-Adesi
Forward purchases:	Bloomberg	Own calculations based on market data
Swaptions:	Black-Scholes	

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	22,556	967,695	-27,527	no
Bond funds	3,662	229,500	-18,989	no
Mixed funds	395	114,496	2,752	no
Real-estate funds	34,098	576,695	82,202	between any time to 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 € 10,576,615.

Re Assets B. III.

Other investments

Other loans		
	Financial year € 000s	Previous year € 000s
a) Registered bonds	2,354,376	2,535,854
b) Notes receivable and loans	1,295,063	1,325,235
c) Loans and advance payments on insurance certificates	3,479	4,064
d) Other loans	153,840	138,464
Total	**3,806,758**	4,003,617

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 assurance policyholders who bear the investment risk	Share units Number	Balance sheet value €
DEVK Anlagekonzept Rendite	137,772.44	6,741,205
DEVK Anlagekonzept RenditeNachhaltig	44,217.49	2,517,302
DEVK Anlagekonzept RenditeMax	191,203.98	11,024,821
DEVK Anlagekonzept RenditePro	218,676.71	11,769,181
Lupus Alpha Return (I)	8,370.47	982,441
Monega ARIAD Innovation (R)	4,052.81	303,353
Monega ARIAD Innovation (I)	11,474.08	710,475
Monega Bestinvest Europa -A-	55,626.75	2,788,013
Monega Chance	155,398.61	6,217,499
Monega Dänische Covered Bonds (I)	19,903.12	1,719,232
Monega Ertrag	317,914.72	16,165,963
Monega Euro-Bond	685,142.69	30,283,307
Monega Euroland	294,289.94	13,702,140
Monega Fairinvest Aktien (R)	285,960.85	15,453,324
Monega Germany	252,334.25	19,851,136
Monega Global Bond (R)	66,862.32	2,995,432
Monega Short Track SGB -A-	1,135.73	48,939
PRIVACON Weltaktienfonds SWG I	4,540.77	474,238
SpardaRentenPlus	15,763.28	1,479,226
Sparda Trend 38/200	463,286.51	46,083,109
UniCommodities	5,518.26	348,478
UniDividendenASS A	193,581.32	11,190,936
UniEM Global A	62,668.94	5,091,852
UniEuroKapital	2,087.55	124,648
UniEuroRenta	389,363.66	22,150,899
UniFavorit: Shares	76,621.60	13,890,730
UniGlobal	197,912.99	61,127,405
UniRak	543,128.20	69,829,993
UniRak Nachhaltig A	11,764.82	997,303
UniRenta EmergingMarkets A	102.66	2,006
Total		**376,064,586**

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)	283,625	23,594,735
Monega Aktienfonds (equities fund)	5,564,631	619,565,972
Total		**643,160,707**

Re Assets E. I.

Receivables arising out of direct insurance operations

The amounts owed by policyholders comprise:

a)	Due claims	€ 3,777,741
b)	Claims not yet due	€ 18,932,665
		€ 22,710,406

Re Assets G. II.

Other prepayments and accrued income

Premium on registered bonds	€ 3,627,623
Up-front premium interest rate swap	-
Advance payments for future services	€ 55,007,641
	€ 58,635,263

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 31/12/2021	€ 260,620,412
Withdrawal in financial year	€ 47,006,733
Allocation from the net profit in the financial year	€ 44,135,496
As per 31/12/2022	**€ 257,749,175**

Breakdown	€ millions
already determined but not yet allocated	
- Regular bonus shares	40.78
- Final bonus shares	2.71
- The minimum participation in the	3.64
Final bonus fund for financing	
- Of bonus pensions	-
- Of final bonus shares	30.75
- Of the minimum participation in the Valuation reserves	53.40
Non-index-linked part	126.47

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	**€ 296,289,710**

Re Liabilities H. IV.

Liabilities to banks

Liabilities to banks amounting to € 96.9 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	€ 14,252,953
Advance rental receipts	€ 10,208,513
Other accruals and deferred income	€ 62,209
	€ 24,523,675

Re Liabilities K.

Deferred tax liabilities

The deferred tax liabilities, founded on the revaluation of an acquired subsidiary, fell in the financial year by € 0.1 million to € 18.4 million. These are exclusively deferred tax liabilities.

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	2,133,720	452,924	109,795	276,337	2,972,776	2,927,323
Other EEC countries	211,176	-	-	-	211,176	183,604
Total 1.	2,344,896	452,924	109,795	276,337	3,183,952	3,110,927
2. Reinsurance coverage provided						
	787,179	-	-	-	787,179	670,854
Total	**3,132,076**	**452,924**	**109,795**	**276,337**	**3,971,132**	3,781,781

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

Acquisition expenses	€ 550,506,516
Administration costs	€ 304,068,747

To items II. 3. b)

Income from other investments

aa) Income from real estate and similar land rights, including buildings on third-party land	€ 7,285,828
bb) Income from other investments	€ 143,135,793
	€ 150,421,621

To items IV. 2. c)

Income from other investments

aa) Income from real estate and similar land rights, including buildings on third-party land	€ 114,976,903
bb) Income from other investments	€ 132,229,484
	€ 247,206,387

Of the investment income, € 3,152,721 (previous year € 3,561,575) was attributable to currency conversion. The total investment expenses include € 3,083,891 (previous year € 1,370,627) from currency conversion.

Personnel expenses

Personnel expenses totalled € 403,492,593 (previous year € 357,298,022). These include expenses for the risk portion of the allocation to the pension provision.

During the year under review, Management Board remuneration totalled € 2,752,721 (previous year € 2,995,260). The retirement pensions of former Management Board members and their surviving dependants totalled € 2,297,775) (previous year € 2,232,941). On 31 December 2022, a pension provision totalling € 30,155,884 (previous year € 30,796,939) was recognised for this group of persons. The Supervisory Board remuneration totalled € 578,099 (previous year € 555,709). Payments to the Advisory Board came to € 74,147 (previous year € 89,371).

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 € 1,171,292 was paid (including € 138,065 in reduced expenditure for 2021).
This broke down into € 1,235,944 for audit services, € 20,597 for other certification services, and € 52,816 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, € 5,700 (previous year € 2,559) was attributable to the discounting of provisions and € 40,666,533 (previous year € 27,846,264) to currency conversion. Other expenses included € 3,627 (previous year € 13,245) attributable to the accumulation of interest on provisions and € 28,470,652 (previous year € 25,488,167) 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 € 71.8 million (previous year € 101.8 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 € 772.8 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 claim in the amount of their positive market values of € 2.0 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 € 1.5 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 € 886.8 million.

On the balance sheet date, we had outstanding financial obligations totalling € 41.6 million from open short options, € 283.8 million from open forward purchases, € 170.0 million from multi-tranches and € 127.6 million from real estate purchase contracts. The payment obligations in relation to approved mortgage loans not yet paid out totalled € 64.3 million. The obligations from leasing and rental agreements amounted to € 0.5 million. Other financial obligations amounted to € 0.4 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 € 58.9 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 59.0 million, DEVK Rückversicherungs- und Beteiligungs-AG - DEVK RE issued a securities deposit with a value of € 58.7 million. Furthermore, redemption obligations from assignments of receivables exist in the amount of € 71 million.

In compliance with the statutory provisions of sections 221 ff VAG, life assurance companies are required to be members of an insurance guarantee scheme. Pursuant to the Insurance Guarantee Scheme Financing Regulation (Sicherungsfonds-Finanzierungs-Verordnung), the guarantee scheme levies annual contributions amounting to a maximum of 0.2 ‰ of the total technical provisions net of reinsurance until a security fund amounting to 1 ‰ of the total technical provisions net of reinsurance has been built up. The accumulation stage of this process is now complete, in view of which the Company has no future liabilities in this respect.

The 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. The annual contribution for the 2022 business year was € 1,379,301.

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 € 7,905,255.

In compliance with the statutory provisions of sections 221 ff VAG, health assurance 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 2022 payment commitment in this regard would be € 786,633.

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 € 878.3 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 SCS, 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.

Supplementary report

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

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 4,076. This figure is made up of 111 executives and 3,965 salaried employees.

Cologne, 22 March 2023

The Management Board

Rüßmann **Knaup** **Scheel** **Zens** **Dr Zons**

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 2022, the consolidated profit and loss account, the Group statement of shareholders' equity and the cash flow statement for the financial year from 1 January to 31 December 2022, as well as the notes to the consolidated financial statements, including a description of the accounting policies - were audited. 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, for the financial year from 1 January to 31 December 2022. 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 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 Group as at 31 December 2022 and of its financial performance for the financial year from 1 January to 31 December 2022 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 Group 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 2022. 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 € 5,516 million. This represents 30.7 % of the balance sheet total. In our discussion of the matter, we are referring to the premium reserve for life insurance business.

The premium provision shown on the balance sheet essentially arises as the sum total of the premium reserves calculated for individual policies.

The premium reserves for individual contracts are calculated applying the prospective method, on the basis of the cash values of future benefits less the future contributions. They are determined tariff-dependent 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 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 significant 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 Company, 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 deliberately selected sub-portfolios (in the financial year approx. 87.9 % of the portfolio) using our own IT programs and compared the figures with the ones produced by the Company.
- With regard to the additional interest reserve to be formed within the actuarial reserve for the new portfolio, we reviewed the appropriateness of the assumptions made by the company regarding the reference interest rate and the respective cancellation and capital settlement probabilities applied. In addition, we satisfied ourselves that the business plan approved by the Federal Financial Supervisory Authority for interest-induced reserve strengthening for the old portfolio was applied.
- 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 checking whether any long-term negative risk results existed.
- In addition, we compared the movements of the premium reserve over time with our own extrapolations of the premium provision, which we calculated both in a time series and for the current financial year.
- 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 and data required for the valuation have been appropriately derived and used.

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 provision for claims outstanding amounts to EUR 4,183 million. This corresponds to 23.3 % of the balance sheet total, which has a significant impact on the Group'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 clause 1 HGB).

The provisions for known claims are realised according to the likely cost of each individual claim. A flat rate 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 used our own actuaries (as part of the audit team) 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 reproduced the company's calculation to determine the unknown IBNR losses for a risk-oriented selection of individual lines of business. 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. 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 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 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 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 control as they deem necessary in conformity with German principles of proper accounting in order to permit the preparation of consolidated annual financial statements that are free from material misstatement, whether due to fraudulent actions (i.e. manipulation of the accounting system or misstatement of assets) 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 objectives are to obtain reasonable assurance as to whether the annual financial statements as a whole are free from material misstatement, whether due to fraudulent actions or error, and whether the 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 statement and Group 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 fraudulent actions or errors 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 consolidated annual financial statements and this Group 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 Group management report, whether due to fraudulent actions or errors, 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 failing to detect material misstatements resulting from fraud is higher than the risk of failing to detect material misstatements resulting from errors, as fraud may involve collusion, forgery, intentional omissions, misleading representations or the override of internal controls.
- Acquire an understanding of the internal control system relevant to the audit of the consolidated annual financial statements and of arrangements and measures (systems) relevant to the audit of the Group 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 confirming 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 actions taken or safeguards implemented to address independence threats.

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 Group auditors at the Annual General Meeting on 3 June 2022. Furthermore, we were engaged by the Supervisory Board on 13 June 2022. We have been the Group 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 consolidated financial statements or the consolidated management report, for the Company and the entities controlled by it:

- 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).

Chief auditor

The auditor in charge of the audit is Thorsten Klitsch.

Cologne, 11 April 2023

KPMG AG
Wirtschaftsprüfungsgesellschaft

Klitsch	**Bramkamp**
Auditor	Auditor

Supervisory Board report

During 2022, 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 2022 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 2022 are thus duly adopted.

The separate obligatory part of the CSR report was appraised by the Supervisory Board at its meeting in March 2023 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, 12 May 2023

The Supervisory Board

Hommel
Chairman

Abbreviations

Ret.	Retired
-	old version
a.G.	mutual
ABS	Asset Backed Securities
para.	paragraph
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
resp.	respectively
approx.	approximately
CDS	Credit Default Swap
CHF	Swiss francs
CSR	Corporate Social Responsibility
CZK	Czech koruna
DAV	German Actuarial Association
DAX	German share index
DB	Deutsche Bahn
DCF	Discounted Cash Flow
DeckRV	Premium Reserve Regulation
	Premium reserves
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
ECJ	European Court of Justice
EUR	Euro
EVG	Railway and Transport Union
poss.	possibly
EEC	European Economic Area
ECB	European Central Bank
-	following
ff	Continued
-	on own account
Fed	Federal Reserve System
GBP	British pound
GDV	German Insurance Association
	Insurance industry
Gen Re	General Reinsurance AG
GKV	Statutory health insurance
if nec.	if necessary
-	vis-à-vis
acc.	according to
GmbH	Limited liability company
GPV	Association of Private Insurance Companies
HGB	German Commercial Code
HUK	Liability, accident and motor vehicle liability insurance
HUR	Liability accident annuities
IQTIG	Institute for Quality Assurance and Transparency
-	in the narrower sense
Ret.	Retired
-	within the meaning of
-	in the sense of
-	in conjunction with
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
KAGB	German Investment Code
KonTraG	German Control and Transparency in Business Act
KWG	German Banking Act
acc. to	according to
LV	Life assurance
-	male
-	decisive
max.	maximum
MDK	Medical health insurance service
Mil.	Million(s)
mnth.	monthly
Bil.	Billion(s)
-	new version
No.	Number
NRW	North Rhine-Westphalia
-	above listed
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
approx.	approximately
RechPensV	German Ordinance on the Accounting of Pension Funds
RechVersV	German Ordinance on the Accounting of Insurance Undertakings
REX	Pension index
RfB	Gross premium refunds provision
RMF	Risk management function
para.	paragraph
SichLVFinV	Insurance Guarantee Scheme Financing Regulation for Life Insurance Policies
SEK	Swedish krona
TGR	Tariff group(s)
TKZ	Tariff code
T	Thousand
etc.	et cetera
USD	US dollar
VAG	German Insurance Supervision Act
VVaG	Mutual insurance company
VVG	German Insurance Contract Act
vs.	versus
-	female
e.g.	for example
-	partially

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
Markus Kalkowski

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

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(Plus the names of senior management personnel)

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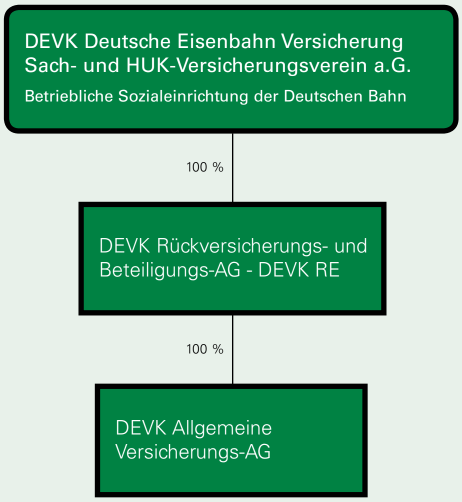
Heinz Kuhnen / Steffen Kaufmann

– 1 March 2023 –

Organizational chart of DEVK Versicherungen



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