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

Annual Report | 2014

GESAGT. GETAN. GEHOLFEN.

DEVK

DEVK Rückversicherungs- und Beteiligungs-Aktiengesellschaft

DEVK Allgemeine Versicherungs-Aktiengesellschaft

DEVK Rechtsschutz-Versicherungs-Aktiengesellschaft

DEVK Krankenversicherungs-Aktiengesellschaft

DEVK Allgemeine Lebensversicherungs-Aktiengesellschaft

DEVK Pensionsfonds-Aktiengesellschaft

DEVK Vermögensvorsorge- und Beteiligungs-Aktiengesellschaft

Business progress 1948/49 to 2014

of Sach-/HUKR-, Krankenversicherungs- und Pensionsfondsbereich of DEVK Versicherungen

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

[1] Changed payment method since 2010

[2] Including motor vehicle/accident since 1996

[3] Number of tariff policyholders

Foreword

Dear Readers

During 2014, the German insurance industry as a whole registered less than 3 % growth in premium receipts. Non-life and accident insurance premium receipts were up 3.2 %, after a rise of 3.1 % in 2013. In the life insurance segment (excluding pension funds), our regular pension business registered a slight fall of – 0.7 %. In contrast, single premium was 13.0 % up.

All in all, 2014 was a successful year for DEVK Versicherungen. In fact, with over € 841 million in new business premiums (+ 16.2 %), it was the best year for sales in our company's history. At 7.8 %, DEVK's premium growth in the field of German primary insurance was well above the industry average. Thus, we have gained further market share and reinforced our position in the German primary insurance sector.

After the proliferation of claims in 2013, DEVK Sach- und HUK-Versicherungsverein's **consolidated financial statements** benefited in 2014 from more benign claims trends. As well as DEVK's German primary insurers, these also incorporate the results of our foreign subsidiaries, our active reinsurance operations and other Group companies. Claims expenses for flood, hail and storm damage fell. As a result, in the non-life and accident insurance segment the ratio of claims expenses and costs to premium receipts improved, falling from 97.9 % in 2013 to 94.3 % last year.

Before bonuses and rebates (premium refunds) and changes to the equalisation provision, the non-life and accident insurance underwriting result rose to € 66.2 million (2013: € 17.4 million). However, due to a higher allocation to the provision for bonuses and rebates (premium refunds) (€ 4.1 million as against € 1.5 million in 2013) and a very high allocation to the equalisation provision (€ 70.4 million as against € 11.5 million in 2013), the non-life and accident insurance underwriting result came to € – 8.4 million (2013: € 4.4 million).

At € 180.5 million, the non-technical account **investment result** roughly equalled the 2013 figure of € 182.8 million. Based on the underwriting and non-underwriting result, the DEVK insurance Group recorded a profit from ordinary activities of € 126.0 million (2013: € 140.7 million). After comparatively low tax outgoings, the net profit for the year rose to € 67.9 million (2013: € 65.3 million).

In the DEVK image brochure, you will find more textual information and illustrations recounting our activities over the past 12 months. To take a look, simply go to www.devk.de and click on the "Company" tab.

Friedrich W. Gieseler
Chairman of the Management Board DEVK Versicherungen

2014 financial year

Abbreviations

i. ret.	In retirement
mut.	Mutual
Para.	Paragraph
AG	Aktiengesellschaft
AGG	German Anti-Discrimination Act
AltZertG	German Pension Contracts Certification Act
AktG	German Stock Corporations Act
BaFin	German Financial Supervisory Authority
BGH	German Federal Court of Justice
GDP	Gross domestic product
BMF	German Federal Finance Ministry
resp.	Respectively
ca	Circa
CHF	Swiss francs
DAV	Association of German Actuaries
DAX	German Share Index
Dr	Doctor
DRS	German accounting standards
ACAI	Average company-specific actuarial interest rate
e.V.	Registered association (e.V.)
EDP	Electronic data processing – IT
Eq	Equity
EStG	German Income Tax Act
EEC	European Economic Community
f.o.a.	For own account (net of reinsurance – cf. Council Directive 91/674/EEC [Richtlinie 91/674/EWG])
GDV	German Insurance Association
If nec.	If necessary
SHI	Statutory health insurance
GmbH	German private limited company
GAAP	Generally accepted accounting principles
PLA	Profit and loss account
HGB	German Commercial Code
i. ret.	In retirement
a.s.i.	As specified in
i.c.w.	In conjunction with
IDW	Institute of Public Auditors in Germany
incl.	Including
ann.	Annually
Mot. veh.	Motor vehicle
KonTraG	German Control and Transparency in Business Act
REH	German railway employees health-care provision
KWG	German Banking Act
LAG	German State Labour Court
LIRA	Life Insurance Reform Act
m.	Male
defin.	Definitive
max.	Maximum
m	Million(s)
mon.	Monthly
bn	Billions
n.v.	New form
No.	Number
NRW	North Rhine-Westphalia
p.a.	Per annum
PHIA	Private Health Insurance Association
Prof.	Professor
PublG	German Company Disclosure Act
approx.	Approximately
RechVersV	German Regulation on Accounting in the Insurance Sector
BMI	Bond market index
RPR	Reserve for premium refund
p.s.g.	Pay scale group(s)
p.s.n.	Pay scale number
000s	Thousand(s)
o.o.	In our opinion
VAG	German Insurance Undertakings Supervision Act
VVaG	Mutual insurance company
VVG	German Insurance Contracts Act
fem.	Female
WpHG	German Securities Trading Act
WSG	German Act to Strengthen Competition in Statutory Health Insurance
e.g.	For example

Company bodies

Board of Members

Helmut Diener
Marktredwitz
Chairman of the Board of Members

Wilhelm Bahndorf
Obernburg am Main

Heinz Bodammer
Friedrichshafen

Peter Bolsinger
Linden

Jörgen Boße
Loddin

Steffen Bosecker
Bannewitz

Jürgen Brügmann
Essen

Sandra Bühler
Bruchsal

Detlev Clever
Hamm

Holger Conrad
Zahna-Elster

Gabriele Dengler
Kaiserslautern

Rainer Deters
Holdorf

Hans-Jürgen Dorneau
Oerlinghausen

Gerhard Ehrentraut
Thannhausen

Bernhard Elz
Worms

Rolf Frieling
Drensteinfurt

Katrin Fröchtenicht
Echte
(from 1 July 2014)

Johann Gebhardt
Markt Erlbach

Franz-Josef Groß
Kindsbach

Dieter Häfke
Duisburg

Rolf Hellmann
Lustadt

Frank Helms
Erfurt

Helmut Heutz
Erkelenz

Berthold Hillebrand
Kassel

Jürgen Hoffmann
Herten

Hans-Peter Hurth
Kornwestheim

Ralf Ingwersen
Hamburg

Manfred John
Stadtbergen

Klaus-Dieter Just
Forst (Lausitz)

Axel Kleich
Leipzig

Hanka Knoche
Idstein

Dr Siegfried Krause
Berlin

Michael Krienke
Hosenfeld

Axel Kroll
Langgöns

Günter Leckel
Bad Endorf

Manfred Leuthel
Nuremberg

Bernd Maderner
Niefern-Öschelbronn

Dr Ludwig Mandelartz
Aachen

Heinz-Werner Milde
Gronau
(until 6 June 2014)

Hans-Joachim Möller
Aschersleben

Wolfgang Müller
Gau-Bischofsheim

Jessica Nohren
Rösrath

Hans-Jürgen Otto
Brannenburg

Marlies Pellny
Düsseldorf

Dieter Pielhop
Wietzen

Beate Rache
Neu Wulmstorf

Ernst Richardt
Ronshausen

Ulrich Rötzheim
Idstein

Uwe Rosenberger
Hagen

Georg Sautmann
Greven

Hartmut Schaefer
Lutherstadt Eisleben

Klaus-Peter Schölzke
Görlitz

Jens Schwarz
Chemnitz

Heino Seeger
Hausham

Martin Selig
Ulm

Peter Tröge
Engstingen

Richard Weisser
Puschendorf

Bernd Wernsdörfer
Würzburg

Thorsten Weske
Germersheim

Torsten Westphal
Magdeburg

Joachim Ziekau
Stendal

Supervisory Board

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

Jörg Hensel
Hamm
First Deputy Chairman
Chairman of the European Works Council, Deutsche Bahn AG
Chairman of the General Works Council, DB Schenker Rail AG

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

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

Doris Fohrn *
Wesseling
Chairwoman of the Works Council DEVK Versicherungen, Cologne Headquarters
Member of the General Works Council DEVK Versicherungen

Ralf Gajewski *
Berlin
Employee of DEVK Versicherungen Regional Management Unit Berlin (release phase)

Dr Rüdiger Grube
Hamburg
CEO of Deutsche Bahn AG
CEO of DB Mobility Logistics AG

Horst Hartkorn
Hamburg
Chairman of the Regional Committee of the Eisenbahn- und Verkehrsgewerkschaft (EVG) in Hamburg

Martin Hettich
Stuttgart
CEO of Sparda-Bank Baden-Württemberg eG

Klaus-Dieter Hommel
Neuenhagen
Deputy Chairman Eisenbahn- und Verkehrsgewerkschaft (EVG) (Railway and Transport Union)

Hans Leister
Berlin
Managing Director Passenger Services Europe of the Railroad Development Corporation Europe

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

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

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

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

* Employees' representatives

Management Board

Friedrich Wilhelm Gieseler
Bergisch Gladbach
Chairman

Engelbert Faßbender
Hürth

Gottfried Rüßmann
Cologne

Dr Veronika Simons
Walluf

Bernd Zens
Königswinter

Advisory Board

Rudi Schäfer
Bad Friedrichshall
– Honorary Chairman –
Chairman of the Gewerkschaft der
Eisenbahner Deutschlands
(German Railway Workers' Union)

Karl de Andrade-Huber
Frankfurt am Main
Regional Chairman of the Gewerkschaft
Deutscher Lokomotivführer
(German Train Drivers' Union)
Frankfurt am Main

Kay Uwe Arnecke
Hamburg
Management Spokesman
of S-Bahn Hamburg GmbH

Werner Bayreuther
Heroldsberg
Lawyer
Managing Director of the Arbeitgeber- und Wirtschaftsverband der Mobilitäts- und Verkehrsdienstleister e.V. (German Employers' and Business Association of Mobility and Transport Service Providers), Berlin

Peter Grothues
Castrop-Rauxel
Director
Deutsche Rentenversicherung (German statutory pension insurance scheme)
Knappschaft-Bahn-See

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

Dr Christian Heidersdorf
Kleinmachnow
Managing Director of DVA Deutsche-
Verkehrs-Assekurans-Vermittlungs-GmbH

Johannes Houben
Hückelhoven
Departmental Head at Eisenbahn- und
Verkehrsgewerkschaft (EVG)
Management Board Unit of Reiner Bieck

Dr Volker Kefer
Erlangen
Director of Infrastructure and Services,
Deutsche Bahn AG

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

Klaus Koch
Paderborn
Chairman of the Divisional Works Council
Services Division
DB Dienstleistungen GmbH

Detlef Kramp
Cologne
Sports President of the German ACV
Automobil-Club-Verkehr
(Automobile Club Traffic)

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

Armin Lauer
Rödermark
Managing Director of Vermögens-verwaltung GmbH at Eisenbahn- und
Verkehrsgewerkschaft (EVG)

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

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

Rolf Lutzke
Berlin
Managing Director of
EVA Bildung & Beratung GmbH

Reiner Metz
Kamp-Lintfort
Lawyer
ÖPN Managing Director of Verband
Deutscher Verkehrsunternehmen e.V. (VDV)
(Association of German Transport Companies)

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

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

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

Ottmar Netz
Hohenahr
Director of the German Employers'
and Business Association of the
Mobility and Transport Service
Providers (e.V.) (Agv MoVe)

Jürgen Niemann
Berlin
Personnel Director,
DB Dienstleistungen GmbH

Ute Plambeck
Hamburg
Personnel Director, DB Netz AG

Peter Rothe
Königs Wusterhausen
Head of Personnel Management
Regional Maintenance and Repair
RB Ost MAB Ost/Südost
DB Netz AG

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

Stefan Schindler
Nuremberg
CEO of
Sparda-Bank Nürnberg eG

Dirk Schlömer
Hennef
Departmental Head at Eisenbahn- und
Transport Union (EVG)

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

Josef Vogel
Hechingen
Director, Landes-Bau-Genossenschaft
Württemberg eG

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

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

The bulk of our sales is made 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 in this connection are our collaborations with the Sparda Bank Group and with the Association of German Transport Companies (VDV). Our central direct sales operation and corresponding links with brokers round off our sales channel mix.

Throughout Germany, the DEVK Group runs 19 subsidiaries and over 1,200 branch offices.

Affiliated companies and participating interests

DEVK Sach- und HUK-Versicherungsverein and DEVK Lebensversicherungsverein are not affiliated companies within the meaning of section 271 paragraph 2 HGB. Details of our company's direct and indirect shareholdings in affiliated companies and participating interests are given in the Notes.

Delegation of functions and organisational cooperation

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

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

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

Business performance

Economic conditions generally and in the industry

In 2014, income opportunities on the capital markets were highly variable. Thus, for instance, investments in US equities chalked up excellent average yields of around 7.5 %, while also holding out the prospect of foreign exchange gains for euro investors. In contrast, during 2014, the majority of European share indices registered performance down in the low single-digit range. During the final quarter, volatility on the stock markets once again increased, while the DAX – despite breaking through the 10,000-point barrier on occasions – experienced below-par overall performance to end the year just 2.65 % up.

After slight rises in Eurozone interest rates during 2013 in anticipation of a possible change in the US interest policy, in 2014 the ECB's pronouncements in particular were instrumental in bringing about massive falls in returns. These involved both the general interest rates and falling risk premiums on the bonds of individual issuers. The only risk premiums to see widening spreads were those on the bonds of high-yield debtors with B and CCC ratings, against a background of growing political uncertainty in trouble spots such as the Ukraine. In 2014, interest on ten-year German government bonds fell from 1.9 % to 0.5 %. As a result, the German bonds index REX, covering all terms up to ten years, rose by 7.1 % during the course of the year.

During 2014, the euro decreased in value by 12 % against the US dollar. Many other currencies, particularly those from the emerging economies, experienced similar falls against the dollar, and 2014 also saw a halving of the oil price. These developments further increased uncertainties concerning sectoral and country risk, as well as stoking up doubts about future global economic performance.

Macroeconomic trends in Germany throughout 2014 were predominantly shaped by the positive performance of the domestic economy. In contrast, Germany's net exports provided virtually no impetus. In 2014, German gross domestic product (GDP) rose by 1.6 %, while unemployment in Germany remained low, with a rate of under 7 %.

According to the German Insurance Association's provisional figures, gross non-life and accident insurance premium receipts are 3.2 % up on last year. Due to more benign claims trends, the combined ratio (the ratio of claims expenses and costs to premium receipts) improved significantly, from 103.5 % in 2013 to around 95 % in 2014. Thus, the non-life and accident insurance sector's profitability improved greatly as compared with 2013.

Motor vehicle insurance saw further industry-wide price rises during 2014. As a result, contributions increased by 4.6 %, while the combined ratio fell to 97 % (2013: 104.4 %).

Business trends

During 2014, our overall portfolio of insurance policies fell by 0.1 % to 2,738,157 policies. The motor vehicle liability insurance, comprehensive and partially comprehensive motor insurance (third-party, fire and theft) risks were counted separately here, and moped insurance policies were not taken into account.

Premium growth came to 4.2 %, thus surpassing the 3 %+ growth forecast in the previous annual report. This development was chiefly due to the motor vehicle insurance premium adjustments. However, building insurance and accident insurance also saw healthy increases of 6.5 % and 6.1 % respectively.

Before allocations to the premium refunds provision and adjustments to the equalisation provision, the result improved as expected from € – 6.0 million in 2013 to € – 2.5 million in 2014. This was due to a reduction in claims volume in 2014.

After bonus and rebate expenses totalling € 3.8 million (2013: € 1.2 million) and allocations to the equalisation provision totalling € 4.2 million (2013: € 3.1 million withdrawal), the underwriting result net of reinsurance came to € – 10.5 million (2013: € – 4.1 million), a figure falling just outside the forecast window of € – 5.0 million to € – 10.0 million.

Due to higher write-downs, at € 41.3 million the investment income fell short of our forecast that it would exceed the 2013 figure of € 45.2 million.

As a consequence, the result from ordinary activities came in at € 19.0 million, some way short of the forecast figure of € 25 to 30 million.

In light of the bonus and rebate expenses and allocations to the equalisation provision, the net profit for the year of € 17.5 million may be viewed as satisfactory.

Net assets, financial position and results of operations

Results of operations

	2014 € 000s	2013 € 000s	Change € 000s
Technical account	– 10,539	– 4,110	– 6,429
Investment result	41,334	45,174	– 3,840
Other result	– 11,773	– 8,486	– 3,287
Profit from ordinary activities	**19,022**	32,578	– 13,556
Taxes	1,522	8,078	– 6,556
Net profit for the year	**17,500**	24,500	– 7,000
Allocation to other retained earnings	17,500	24,500	– 7,000
Net retained profit	**–**	–	–

Underwriting result, net of reinsurance

DEVK Sach- und HUK-Versicherungsverein a.G.'s gross premiums rose by 4.2 % to € 343.5 million. 2014 earned premiums net of reinsurance rose by 4.3 % to € 288.3 million. Claims incurred, net of reinsurance, were 1.3 % up at € 211.5 million, and their share of earned net premiums thus came to 73.4 % (2013: 75.5 %). At 26.9 %, the ratio of expenses on insurance business net of reinsurance to earned premiums net of reinsurance was slightly up on the 2013 figure of 25.9 %.

Gross claims expenses for the year were 1.0% down on 2013, a year which saw a plethora of claims (2013: + 6.6 %). Profits from the settlement of previous years' claims were 14.1 % up on the 2013 figure. As a result, gross claims expenses fell by 3.5 % as compared with premium receipts, and the gross claims ratio improved to 72.4 % (2013: 78.2 %).

Gross operating expenses rose by 8.0 % to € 88.8 million (2013: € 82.3 million). The rise in expenses is chiefly due to old-age provision, personnel and IT costs, as well as acquisition and portfolio commission.

After bonus and rebate expenses totalling € 3.8 million (2013: € 1.2 million) and an allocation to the equalisation provision totalling € 4.2 million (2013: € 3.1 million withdrawal), the underwriting result net of reinsurance came to € – 10.5 million (2013: € – 4.1 million),

Accident insurance

This item comprises both general accident insurance and motor vehicle accident insurance. As of 31 December 2014, the total number of accident insurance policies stood at 262,744 (2013: 262,268), while gross premium receipts rose 6.1 % to € 42.1 million and the underwriting result stood at € 4.2 million (2013: € 5.4 million).

Liability insurance

At the end of the year, our total liability insurance portfolio comprised 589,596 policies (2013: 594,039). This figure includes 83,681 employees' liability insurance policies, including railway workers' professional liability insurance. At € 34.5 million, 2014 gross premiums were slightly up on the 2013 figure of € 34.1 million. After bonus and rebate expenses totalling € 3.9 million (2013: € 0.0 million) and an allocation to the equalisation provision of € 0.4 million (2013: € 0.1 million withdrawal), the underwriting result net of reinsurance came to € – 300,000 (2013: € 8.6 million).

Motor vehicle liability insurance

As of 31 December 2014, our portfolio of motor vehicle liability insurance comprised 553,919 policies (2013: 548,863), plus 9,342 moped policies. Gross premiums increased by 4.7 % to € 96.5 million, while the underwriting result net of reinsurance improved to € – 5.3 million (2013: € – 9.5 million).

Other motor vehicle insurance

Other motor vehicle insurance comprises our comprehensive and partial comprehensive motor insurance (third-party, fire and theft). The total number of risks covered at the end of the year was 454,426 (2013: 451,236 policies), and we also managed 1,456 partial-coverage moped policies. Gross premium receipts rose 4.5 % to € 74.5 million.

Despite the formation of an equalisation provision of € 2.7 million, at € – 4.9 million the underwriting result was an improvement on the 2013 figure of € – 8.3 million.

Fire and non-linfe insurance

At the end of 2014, our fire and non-life-insurance portfolio comprised a total of 877,175 policies (2013: 884,584), while gross premium receipts rose 3.8 % to € 94.3 million. A total of € 1.2 million was allocated to the equalisation provision (2013: € 3.0 million withdrawal), and the underwriting result fell to € – 4.6 million (2013: € 500,000).

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

Our household contents insurance portfolio at the end of 2014 comprised 428,121 policies (2013: 432,033). Gross premiums rose 2.5 % to € 36.9 million. After a € 400,000 allocation to the equalisation provision, at € – 300,000 million the underwriting result fell somewhat short of the 2013 figure of € 1.7 million.

Our building insurance portfolio increased to a total of 179,476 policies (2013: 177,989), while gross premium receipts rose 6.5 % to € 43.5 million. Despite a € 1.4 million allocation to the equalisation provision (2013: € 1.8 million), the underwriting result net of reinsurance stood at € – 3.0 million, little changed from the 2013 figure of € – 2.3 million).

In the other fire and non-life insurance classes, our end-of-year portfolio comprised 269,578 policies (2013: 274,562). Premium receipts fell minimally by 0.1 % to € 13.9 million (2013: € 14.0 million). After a € 200,000 withdrawal from the equalisation provision (2013: € 1.2 million withdrawal), the underwriting result net of reinsurance came to € – 2.5 million (2013: € 200,000).

Other insurance policies

"Other insurance policies" comprises the results of our cheque card, breakdown service and travel sickness insurance policies. As in 2013, gross premium receipts stood at € 1.5 million, while the underwriting result net of reinsurance came to € 300,000 (2013: € 200,000).

Investment result

At € 60.3 million, investment income was down on the 2013 figure of € 64.1 million. As in 2013, this figure includes a € 15 million dividend payment from DEVK Rückversicherungs- und Beteiligungs-AG. Also included were € 10.1 million in profits from disposals of investments (2013: € 12.0 million) as well as € 2.1 million in write-ups (2013: € 2.9 million).

At € 19.0 million, investment expenses were virtually identical with the 2013 level of € 18.9 million. Higher write-down requirements (€ 14.5 million as against € 10.7 million in 2013) were offset by lower losses from investment disposals (€ 700,000 as against € 4.4 million in 2013).

On balance, our net investment income was down on the previous year's figure at € 41.3 million (2013: € 45.2 million).

Other result

The "Other" result, which includes technical interest income, stood at € – 11.8 million (2013: € 8.8 million).

Tax expenditure

Due to the release of tax provisions formed in the past, our tax expenditure was very low.

Operating result and appropriation of retained earnings

The net profit for the year fell to € 17.5 million (2013: € 24.5 million). Pursuant to section 37 of the German Insurance Supervision Act (VAG – Versicherungsaufsichtsgesetz), € 3.5 million of the net profit was allocated to the loss reserve and € 14.0 million to other retained earnings.

Return on sales

A key company management figure we use is the "adjusted return on sales" in relation to our direct insurance operations. This is defined as the ratio between the net pre-tax profit, less bonus and rebate expenses and the reinsurance balance, as well as changes to the equalisation provision and the DEVK Rückversicherungs- und Beteiligungs-AG dividend payment, on the one hand, and gross premium receipts, on the other hand.

The 2014 return on sales came to 5.4 % (2013: 2.6 %). The more benign claims situation had a positive impact on this figure.

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 12 months. DEVK receives a continuous influx of liquid funds in the form of regular premium receipts, investment income and return flows from investments of capital. In the current financial year, the cash flow from investments – that is, the funds required for the net investment volume – amounted to € 82.8 million. The necessary funds were generated by the company's ongoing operations (€ 73.8 million).

Solvency

The company's own funds, proof of which must be furnished pursuant to section 53c VAG in order to demonstrate our long-term ability to meet policy liabilities, provide a very high level of excess cover. Total own funds came to € 954.8 million (2013: € 938.1 million), a figure far exceeding the required solvency margin of € 48.6 million (2013: € 47.3 million). The capital investment (re)valuation reserves were not taken into consideration in making the solvency calculations.

Ratings

The ratings, commissioned by Standard & Poor's for the first time in 2008, are updated each year. As in the years 2008 to 2013, in 2014 DEVK Sach- und HUK-Versicherungsverein a.G., DEVK Allgemeine Versicherungs-AG, DEVK Allgemeine Lebensversicherungs-AG and DEVK Rückversicherungs- und Beteiligungs-AG were all once again assigned ratings of A+. Standard & Poor's assesses our future outlook as "stable", thus confirming the very sound financial position enjoyed by DEVK companies generally.

Meanwhile, the rating agency Fitch came to the same conclusion, with its 2014 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 Rechtsschutz-Versicherungs-AG, DEVK Krankenversicherungs-AG and the two life assurance companies DEVK Lebensversicherungsverein a.G. and DEVK Allgemeine Lebensversicherungs-AG. Their outlook, too, is rated as stable.

Assets position

	2014 € 000s	2013 € 000s	Change € 000s
Investments	1,464,475	1,391,498	72,977
Receivables arising out of direct insurance operations	16,751	19,253	– 2,502
Receivables arising out of reinsurance operations	6,816	9,253	– 2,437
Other receivables	210,774	164,219	46,555
Means of payment	19,495	28,525	– 9,030
Other assets	35,475	33,008	2,467
Total assets	**1,753,786**	1,645,756	108,030
Equity	967,531	950,031	17,500
Technical provisions	388,286	372,086	16,200
Other provisions	75,455	75,204	251
Deposits received from reinsurers	60,200	59,692	508
Liabilities arising out of direct insurance operations	26,444	23,589	2,855
Liabilities arising out of reinsurance operations	682	807	– 125
Other liabilities	235,090	164,230	70,860
Accruals and deferred income	98	117	– 19
Total capital	**1,753,786**	1,645,756	108,030

There were no significant material changes in the composition of the investment portfolio.

Of the accounts receivable from reinsurance business, in 2014 € 3,750,000 (2013: € 6,337,000), were attributable to DEVK Rückversicherungs- und Beteiligungs-AG. The other receivables related to various domestic and international reinsurers.

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

Non-financial performance indicators

Customer satisfaction

Customer satisfaction is an important strategic goal for DEVK, which is why we measure the satisfaction of our customers every year. For this purpose, we draw on a sectoral index which assesses our own customer satisfaction against that of our rivals via a points scale. This enables us to measure developments over time and as compared with our competitors in graphic form. Currently, DEVK scores well above the industry average, but our aim over the coming years is for DEVK to achieve first place for customer satisfaction.

Employee satisfaction

At DEVK the opinion of our employees is important to us, which is why, as planned, we conducted our second survey of all personnel during 2014, investigating topics such as employee satisfaction. A total of 82 % of our workforce participated in the survey, up from 80 % for the previous survey. At 64 %, overall satisfaction was three percentage points up on the figure from the 2012 survey. In over 200 workshops, improvement measures were worked out, and these are now being implemented. From 2015 onwards, a brief survey will be conducted in the years where no exhaustive employee survey takes place, in order to focus permanently on current employee satisfaction levels.

Social responsibility

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

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

Personnel and sales staff numbers

Personnel are employed by DEVK Sach- und HUK-Versicherungsvereins 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 and, as such, no services are rendered between the two companies.

The company employed an average of 2,763 people internally in 2014, of whom 2,732 had their contracts of employment with DEVK Sach- und HUK-Versicherungsverein a.G. Employees with dual employment contracts 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.

At the end of 2014, 2,129 self-employed personnel worked for DEVK (2013: 2,125), on top of which 619 field sales agents were directly employed by DEVK Sach- und HUK-Versicherungsverein a.G. (2013: 607). However, the entire field sales force also operates on behalf of the various other DEVK companies.

Overall verdict on the management report

All in all, the company's net assets, financial position or results of operations proved satisfactory throughout 2014.

Supplementary report

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

Outlook, opportunities and risks

Outlook

As in previous years, we will again be able to make a premium refund in 2015. In our liability insurance portfolio, all policies held uncancelled throughout 2014 and remaining claim-free will receive a premium refund of 15 % provided the refund amount is € 5 or more.

During 2015, we are expecting premium growth of around 3 %. After a fall in gross claims expenditure during 2014, for 2015 we are anticipating an increase of around 6 %. Before changes to the equalisation provision and any allocations to the bonuses and rebates provision, we therefore expect the 2015 technical account to show a loss of around nine million euros. After allocations to the equalisation provision, we are currently expecting a loss of approximately 10 to 15 million euros.

We expect interest rates to remain very low throughout 2015. Indeed, after the ECB announced that from March 2015 onwards it would be purchasing bonds to a value of 60 billion euros every month for at least 18 months, we would not rule out further falls in interest rates. Expectations in relation to future US interest levels currently revolve around two opposing factors – namely, "better than expected labour market figures", as a reason to increase interest rates, as against "lower than expected inflation", a reason to keep them low. Any future hikes in US interest rates also largely depend on ongoing movements in the value of the US dollar. Accordingly any further pronouncements by the FED concerning the timing of the rate increase envisaged for 2015 will be eagerly awaited and will have a significant impact on the bond and equity markets. Changing US monetary policies could prove an additional burden for emerging economies with debts denominated in US dollars, leading to further exchange rate volatility.

Around the turn of the year, various key early indicators of economic recovery showed a degree of improvement. For instance, the manufacturing purchasing manager indices moved slightly into the expansionary zone for all the major industrial nations with the exception of China, whose 2015 economic performance remains the big question mark here. We view current good levels of consumer confidence, particularly in the USA and Germany, as important growth drivers. Moreover, eurozone exports can be expected to benefit from the euro's depreciation against most other currencies. In December 2014, volumes of incoming orders received by the German manufacturing industry hit their highest level since April 2008, after rising 3.0 % during 2014 as compared with 2013.

Despite this, we expect the degree of indebtedness of the peripheral eurozone nations to remain high or even rise further in GDP terms. Negative news from these countries, in particular concerning Greece's possible exit from the euro, could at any time lead to a renewed flight to German government bonds, leading to falling yields and widening spreads between them and other European government bonds.

In our view, the equity markets will in 2015 continue to profit from low interest rates and the absence of viable investment alternatives offering decent rates of interest. We see a high likelihood of moderate rises in share prices, particularly if the rises are backed up by increasing company profits and dividends. Low loan interest rates, the lower price of oil and the weaker euro will all have a positive impact here, while downside risks can be seen in falling producer prices as well as weakening growth in the emerging markets – above all in China.

Given a growing investment portfolio, and assuming that fewer write-downs on investments will be required, in 2015 we expect DEVK Sach- und HUK-Versicherungsverein a.G to experience a slight increase in its absolute result. In our view, net interest rates will remain at much the same levels as in 2014.

All in all, we are expecting the 2015 profit from normal business activities to be in the order of € 20 to 25 million.

Opportunities report

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

We are available for our customers throughout Germany via our regional management units and from our headquarters in Cologne, both by telephone and face-to-face. Communication takes place via 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 offer.

Our three-product-line approach (Active, Comfort and Premium cover) has met with a very positive response.

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.

Risk report

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

Risk management system

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

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

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

Technical risks

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

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

Claims ratio net of reinsurance

Year	%	Year	%
2005	67.9	2010	76.4
2006	68.9	2011	71.5
2007	68.2	2012	72.9
2008	67.2	2013	75.5
2009	71.1	2014	73.4

As we can see, over the ten-year period considered here the range of fluctuation is low. This is largely due to the fact that, in line with the reasonable acceptance guidelines we apply, we generally only underwrite straightforward, standardised business. Where particularly large volumes of insurance are involved, we limit our risk through co-insurance or reinsurance contracts.

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

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, as also demonstrated by our settlement results for the past ten years.

Settlement result, net of reinsurance, as % of original provision

Year	%	Year	%
2005	16.3	2010	18.4
2006	13.2	2011	17.5
2007	15.9	2012	16.8
2008	16.0	2013	15.1
2009	16.0	2014	13.4

Our equalisation provisions provide an additional safety cushion that contributes to the smoothing of our underwriting results. As of 31 December 2014, their volume totalled € 25.8 million (2013: € 21.6 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, intermediaries and reinsurers.

Over the review period (the past three years), overdue debts from insurance business averaged 9.1 % of booked gross premiums. Of these, an average of 3.1 % had to be written off. In relation to the booked gross premiums, the average default rate over the past three years was 0.3 %. Accordingly, default risk is of minimal importance for DEVK.

Amounts receivable from reinsurance at the end of the year came to € 6.8 million, of which € 3.8 million apply to DEVK Rückversicherungs- und Beteiligungs-AG alone, which is rated as A+ by Standard & Poor's. An overview of amounts receivable broken down according to the ratings assigned to our reinsurance partners by Standard & Poor's is given in the following table:

Rating category	Receivables in € millions
AA	0.11
AA –	0.40
A+	5.10
A	0.65
A –	0.18
ohne Rating	0.38

Investment risks

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

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

BaFin Circular 1/2004 (VA) requires us to subject our investment portfolio to a stress test, which we carried out on the balance sheet date of 31 December 2014, using the BaFin-specified modified stress test model from the German Insurance Association (GDV). All of the scenarios contained therein were passed successfully. The stress test determines whether an insurance undertaking would be in a position to meet its obligations towards its policyholders even if the capital markets underwent a protracted crisis.

The stress test simulates a short-term adverse change on the capital markets and examines the impact on the insurance undertaking's balance sheet and accounts. The target horizon is the next balance sheet date. The stress test assumes the following scenarios: 1) a downturn on the equity markets while the bond market remains stable, 2) a downturn on the bond market while the equity market remains stable, 3) a simultaneous crash on the equity and bond markets and 4) a simultaneous crash on the equity and real estate markets.

Interest-bearing investments

As of 31 December 2014, the Group held interest-bearing investments to a total value of € 596.9 million. A total of € 234.4 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 € 173.0 million to the fixed assets since we intend to hold this paper until maturity and their current market fluctuations are viewed as temporary. Should this second view in particular prove wide of the mark, we shall undertake the necessary write-downs in a timely fashion. These capital investments show a positive valuation reserve of € 21.7 million, a figure that includes € 600,000 in hidden charges. A change in returns of up to +/– 1 % would entail a corresponding value change ranging from € – 37.7 million to € 42.6 million.

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

Apart from real estate financing, which in total represents 8.7 % of our overall investments, our interest-bearing investments are predominantly in *Pfandbriefe* (German covered bonds) and notes receivable. We also invest in corporate bonds and, on a small scale, in asset-backed securities (ABS). Our direct corporate bond holdings make up 5.9 % of our total investments, while directly held asset-backed securities make up just 1.7 %. In 2014, our bond investments focused on international bearer bonds issued by banks and companies, both due to their attractive risk premiums and on diversification grounds. These chiefly involved bearer papers that were assigned to the fixed assets.

We continue to have minimal investment exposure to the eurozone countries currently under the microscope – namely, Portugal, Italy, Ireland, Greece and Spain. As regards issuer risk, just 4.6 % of the company's total investments are in government bonds. 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 (2013):

AA – or better	52.0 %	(49.7 %)
A	35.2 %	(36.3 %)
BBB	10.5 %	(11.7 %)
BB or worse	2.2 %	(2.3 %)

The company's rating distribution remains much the same as it was last year. 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 investments is in EuroStoxx50 companies, as a result of which our portfolio's performance very closely matches that of this index. A 20 % change in market prices would alter the value of our equity portfolio by € 43.5 million. The European share index EuroStoxx50 gained slightly in value during 2014, and provided we are spared any exogenous shocks, we expect this positive performance to continue. We have applied a value protection model to our equity investments in order to limit market risks.

In light of the uncertain economic situation, we actively managed our ratio of equity investments throughout the year. There has been an upward trend in the ratio as compared with 2013. Should growing economic problems, such as a deepening of the eurozone crisis, lead to a significant downturn, various courses of action are open to us.

The fixed-asset equities and equity funds show a positive valuation reserve of € 7.0 million, a figure that includes € 400,000 in hidden charges.

Real estate

On the balance sheet date, our real estate investments totalled € 61.3 million. Of this total, € 49.7 million are invested in indirect mandates, including restricted special funds in office and other commercial real estate. Our direct holdings worth € 11.5 million are subject to scheduled annual depreciation of approximately € 600,000. No risks are currently discernible in connection with these real estate holdings.

Operational risks

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

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

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

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

Solvency II

The insurance industry is facing radical changes in its supervisory regime. In this connection, on 17 January 2015, the European Commission published the corresponding delegated acts in the Official Journal of the European Union, and in March 2015, the German Bundesrat passed the Act to Modernise Financial Supervision of Insurance Undertakings (Gesetz zur Modernisierung der Finanzaufsicht über Versicherungen [VAG-Novelle]), thereby implementing the EU Solvency II Directive in German law. The provisions of Solvency II will have to be applied from 1 January 2016 onwards.

The new Solvency II requirements will pose a considerable challenge. Their implementation by DEVK Versicherungen will take place in line with the project set up for the purpose last year.

Summary of our risk status

We have complied with the supervisory requirements of the German Solvency Regulation (Solvabilitätsverordnung).

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 continuing existence.

Cologne, 14 April 2015

The Management Board

Gieseler **Faßbender** **Rüßmann** **Dr Simons** **Zens**

Notes to the management report

List of insurance classes covered during the financial year

Accident insurance
General accident insurance
Motor vehicle accident insurance

Liability insurance

Motor vehicle liability insurance

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

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

Other insurance policies
Breakdown service insurance
Cheque card insurance

Travel insurance

Financial statements

Balance sheet to 31 December 2014

Assets	€	€	€	2013, € 000s
A. Intangible assets				
I. Licenses, industrial property rights and similar rights and assets acquired for valuable consideration, as well as licenses in such rights and assets		10,131,734		10,865
II. Payments on account		2,549,320		1,020
			12,681,054	11,885
B. Investments				
I. Real estate and similar land rights, including buildings on third-party land		11,520,607		12,155
II. Investments in affiliated companies and participating interests				
1. Shares in affiliated companies	622,723,825			603,884
2. Participating interests	11,697,082			10,057
		634,420,907		613,941
III. Other investments				
1. Shares, units and shares in investment funds and other variable-interest securities	252,219,970			262,577
2. Bearer bonds and other fixed-interest securities	192,529,885			160,313
3. Mortgage loans and annuity claims	121,643,417			59,738
4. Other loans	230,707,701			260,823
5. Other investments	21,432,861			21,952
		818,533,834		765,403
			1,464,475,348	1,391,499
C. Accounts receivable				
I. Receivables arising out of direct insurance operations:				
1. Policyholders	717,592			773
2. Intermediaries	16,033,494			18,480
		16,751,086		19,253
II. Receivables arising out of reinsurance operations		6,816,448		9,252
of which:				
Affiliated companies: € 3,750,003				6,337
III. Other receivables		210,773,842		164,219
of which:			**234,341,376**	192,724
Affiliated companies: € 196,494,407				148,212
D. Other assets				
I. Tangible assets and inventories		8,638,530		7,904
II. Cash at banks, cheques and cash in hand		19,494,912		28,525
III. Other assets		440,492		168
			28,573,934	36,597
E. Prepayments and accrued income				
I. Accrued interest and rent		7,892,507		8,366
II. Other prepayments and accrued income		5,821,977		4,685
			13,714,484	13,051
Total assets			**1,753,786,196**	1,645,756

I hereby confirm that the premium provision of € 10,778,032.34, 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 65 paragraph 1 of the Insurance Supervision Act.

Cologne, 13 April 2015 **The Actuary in Charge | Weiler**

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

Cologne, 13 April 2015 **The Trustee | Thommes**

Liabilities and shareholders' equity	€	€	€	2013, € 000s
A. Capital and reserves				
– Retained earnings				
1. Loss reserve pursuant to section 37 of the Insurance Supervision Act		166,066,441		162,567
2. Other retained earnings		801,464,200		787,464
			967,530,641	950,031
B. Technical provisions				
I. Provision for unearned premiums				
1. Gross amount	89,209			88
2. of which:				
Reinsurance amount	5,287			5
		83,922		83
II. Premium reserve		8,504		9
III. Provision for claims outstanding:				
1. Gross amount	490,798,225			478,034
2. of which:				
Reinsurance amount	144,245,013			142,908
		346,553,212		335,126
IV. Provision for bonuses and rebates		14,218,718		13,660
V. Equalisation provision and similar provisions		25,826,634		21,596
VI. Other technical provisions				
1. Gross amount	1,730,542			1,734
2. of which:				
Reinsurance amount	135,790			122
		1,594,752		1,612
			388,285,742	372,086
C. Provisions for other risks and charges				
I. Provisions for taxation		34,779,455		32,956
II. Other provisions		40,676,078		42,247
			75,455,533	75,203
D. Deposits received from reinsurers				
			60,199,901	59,692
E. Other liabilities				
I. Liabilities arising out of direct insurance operations				
1. Policyholders	21,981,282			23,079
2. Intermediaries	4,462,778			510
		26,444,060		23,589
II. Liabilities arising out of reinsurance operations		681,987		807
of which:				
Affiliated companies: € 431,973				501
III. Other liabilities		235,090,451		164,230
of which:			**262,216,498**	188,626
Tax: € 7,629,653				7,252
Affiliated companies: € 213,324,441				114,856
F. Accruals and deferred income				
			97,881	118
Total liabilities			**1,753,786,196**	1,645,756

Profit and loss account

for the period from 1 January to 31 December 2014

Items	€	€	€	2013, € 000s
I. Technical account				
1. Earned premiums, net of reinsurance				
a) Gross premiums written	343,490,806			329,638
b) Outward reinsurance premiums	55,167,676			53,112
		288,323,130		276,526
c) Change in the gross provision for unearned premiums	– 1,121			11
d) Change in the provision for unearned premiums, reinsurers' share	– 70			– 1
		– 1,191		10
			288,321,939	276,536
2. Allocated investment return transferred from the non-technical account, net of reinsurance			**109,637**	48
3. Other technical income, net of reinsurance			**140,858**	143
4. Claims incurred, net of reinsurance				
a) Claims paid				
aa) Gross amount	235,995,625			229,816
bb) Reinsurers' share	35,915,562			36,514
		200,080,063		193,302
b) Change in the provision for claims				
aa) Gross amount	12,764,356			28,022
bb) Reinsurers' share	– 1,336,677			– 12,447
		11,427,679		15,575
			211,507,742	208,877
5. Changes in other technical provisions, net of reinsurance				
a) Premium reserve, net of reinsurance		727		– 1
b) Other technical provisions, net of reinsurance		828		– 287
			1,555	– 288
6. Bonuses and rebates, net of reinsurance			**3,831,632**	1,205
7. Net operating expenses				
a) Gross operating expenses		88,834,076		82,274
b) of which: Reinsurance commissions and profit participation		11,310,887		10,657
			77,523,189	71,617
8. Other technical charges, net of reinsurance			**2,019,488**	1,918
9. Subtotal			**– 6,308,062**	– 7,178
10. Change in the equalisation provision and similar provisions			**– 4,230,748**	3,068
11. Underwriting result, net of reinsurance			**– 10,538,810**	– 4,110
Balance carried forward:			– 10,538,810	– 4,110

Items	€	€	€	€	2013, € 000s
Balance carried forward:				– 10.538.810	– 4.110
II. Non-technical account					
1. Income from other investments					
a) Income from participating interests		15,836,137			18,080
of which:					
from affiliated companies: € 15,490,752					17,740
b) Income from other investments					
aa) Income from real estate and similar land rights, including buildings on third-party land	2,224,565				2,217
bb) Income from other investments	30,057,979				28,893
		32,282,544			31,110
c) Income from write-ups		2,094,436			2,929
d) Gains on the realisation of investments		10,092,594			11,987
			60,305,711		64,106
2. Investment charges					
a) Investment management charges, interest expenses and other charges on capital investments		3,734,515			3,788
b) Write-downs on investments		14,492,599			10,732
c) Losses on the realisation of investments		744,836			4,412
			18,971,950		18,932
			41,333,761		45,174
3. Allocated investment return transferred from the non-technical account			1,056,259		1,077
				40,277,502	44,097
4. Other income			405,551,699		368,895
5. Other charges			416,268,103		376,304
				– 10,716,404	– 7,409
6. Profit from ordinary activities				**19,022,288**	32,578
7. Taxes on income			1,026,967		7,446
8. Other taxes			495,321		632
				1,522,288	8,078
9. Net profit for the year				**17,500,000**	24,500
10. Allocation to retained earnings					
a) to the loss reserve pursuant to section 37 of the Insurance Supervision Act (VAG)			3,500,000		4,900
b) to other retained earnings			14,000,000		19,600
				17,500,000	24,500
11. Net retained profit				**–**	–

Notes to the accounts

Accounting and valuation methods

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

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

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

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

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

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

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

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

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

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

The **premium reserve** required for the child accident insurance was calculated individually according to the prospective method, taking implicit recognised costs duly into account on the basis of the DAV 2006 HUR, 4 % mortality tables. An assumed rate of interest of 3.25 % was applied with respect to claims for which provisions first had to be established during the period from 31 December 2000 to 31 December 2003, as against a technical rate of 2.75 % with respect to claims for which provisions first had to be established during the period from 31 December 2004 to 31 December 2006, 2.25 % with respect to claims for which provisions first had to be established between 31 December 2007 and 31 December 2011, and 1.75 % for all later claims.

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

The **pensions premium reserve** was calculated in accordance with sections 341f and 341g HGB on the basis of the DAV 2006 HUR mortality table, applying an assumed interest rate of 4.0 %. In the case of claims for which provisions first had to be established during the period from 31 December 2000 to 31 December 2003, the assumed interest rate applied was 3.25 %, as against a technical rate of 2.75 % with respect to claims for which provisions first had to be established during the period from 31 December 2004 to 31 December 2006, 2.25 % with respect to claims for which provisions first had to be established between 31 December 2007 and 31 December 2011, and 1.75 % for all later claims.
The reinsurance amount was calculated in accordance with the contractual agreements in this respect.

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

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

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

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

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

The provision for **partial retirement benefit obligations** is calculated according to the projected unit credit method. Biometric calculation principles were not applied. Discounting was done at the average market interest rate published by Deutsche Bundesbank, to wit 3.08 % (2013: 3.62 %), as arrived at assuming a residual term of three years (cf. section 253 paragraph 2 sentence 1 HGB). The financing age on expiry corresponds with the contractual age on expiry. The rate of pay increase was set at 1.95 % p.a.

The **anniversary payments provision** was also calculated according to the projected unit credit method, on the basis of Professor Klaus Heubeck's 2005G actuarial tables. Discounting was done at the average market interest rate published by Deutsche Bundesbank, to wit 4.55 % (2013: 4.89 %), as arrived at assuming a residual term of 15 years (cf. section 253 paragraph 2 sentence 2 HGB). The financing age on expiry corresponds with the age at which an anniversary payment becomes due. The rate of pay increase (including career trend) was set at 2.1 % p.a.

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

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

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

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

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

The **allocated investment return for own account** was set at 4.0 %, 3.25 %, 2.75 %, 2.25 % or 1.75 % 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.

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 2014 financial year

Assets	Balance sheet value 2013 € 000s	Additions € 000s	Transfers € 000s	Disposals € 000s	Write-ups € 000s	Write-downs € 000s	Balance sheet value 2014 € 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	10,865	1,286	212	–	–	2,231	10,132
2. Payments on account	1,020	1,741	– 212	–	–	–	2,549
3. Total A.	11,885	3,027	–	–	–	2,231	12,681
B.I. Real estate and similar land rights, including buildings on third-party land							
	12,155	–	–	–	–	634	11,521
B.II. Investments in affiliated companies and participating interests							
1. Shares in affiliated companies	603,884	21,350	–	2,510	–	–	622,724
2. Participating interests	10,057	2,950	–	275	–	1,035	11,697
3. Total B.I.	613,941	24,300	–	2,785	–	1,035	634,421
B.III. Other investments							
1. Shares, units or shares in investment funds and other variable-interest securities	262,577	50,091	–	51,212	2,094	11,330	252,220
2. Bearer bonds and other fixed-interest securities	160,313	48,691	–	15,040	–	1,434	192,530
3. Mortgage loans and annuity claims	59,738	103,909	–	41,944	–	60	121,643
4. Other loans							
a) Registered bonds	82,000	–		–		–	82,000
b) Notes receivable and loans	171,245	6,471	–	36,571	–	–	141,145
c) Other loans	7,578	–	–	15	–	–	7,563
5. Other investments	21,952	988	–	1,507	–	–	21,433
6. Total B.III.	765,403	210,150	–	146,289	2,094	12,824	818,534
Total	**1,403,384**	**237,477**	**–**	**149,074**	**2,094**	**16,724**	**1,477,157**

Notes to the balance sheet

Re Assets B.

Investments

Pursuant to section 341b paragraph 2 HGB, we have assigned investments for long-term retention in the investment portfolio. As of 31 December 2014, 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	11,520,607	26,150,000
B.II. Investments in affiliated companies and participating interests		
1. Shares in affiliated companies	622,723,825	1,774,862,659
2. Participating interests	11,697,082	12,181,630
B.III. Other investments		
1. Shares, units or shares in investment funds and other variable-interest securities	252,219,970	286,843,319
2. Bearer bonds and other fixed-interest securities	192,529,885	218,795,550
3. Mortgage loans and annuity claims	121,643,417	135,224,838
4. Other loans		
a) Registered bonds	82,000,000	98,955,372
b) Notes receivable and loans	141,144,967	156,824,216
c) Other loans	7,562,735	7,734,117
5. Other investments	21,432,861	25,608,532
Total	**1,464,475,349**	**2,743,180,233**
of which:		
Investments valued at costs of acquisition	1,382,475,349	2,644,224,861
of which:		
Investments in fixed assets pursuant to section 341b paragraph 2 HGB	283,130,116	311,855,263

The revaluation reserves include hidden liabilities totalling € 1.7 million.
These relate to real estate, mortgage loans, notes receivable and loans, as well as bearer bonds.

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

Real estate is valued according to the gross rental method. All real estate held on 31 December 2014 was revalued with effect from that date.

The current value of shares in affiliated companies and participating interests is calculated either on the basis of gross rental values, at market prices or book value equals market value. DEVK Jupiter Vier GmbH is recognised at its book value and Ictus GmbH at its market value.

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

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

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

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

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

	Book value € 000s	Fair value € 000s
Fixed-asset securities	5,170	4,194
Mortgage loans	1,679	1,618
Other loans	24,467	23,960

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

Details of derivative financial instruments and forward purchases in accordance with section 285 paragraph 19 HGB				
	Type	Nominal volume € 000s	Book value premium € 000s	Fair value of premium € 000s
Other liabilities	Short-put options	4,365	387	279
	Short-call options	8,360	356	313
Bearer bonds	Forward purchases	10,000	–	265

Valuation methods

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

Details of units or shareholdings in domestic investment funds in accordance with section 285 paragraph 26 HGB				
Investment goal	Dividends € 000s	Current value € 000s	Hidden reserves/ hidden charges € 000s	Limitation on daily redemption
Equity funds	4,012	144,309	9,153	
Bond funds	524	25,896	454	
Mixed funds	356	17,130	740	
Real estate funds	929	28,634	1,387	between at any time (sic) and 6 months

Re Assets B.I.

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

Real estate to a book value of € 1,577,920 is predominantly used by DEVK Sach- und HUK-Versicherungsverein a.G. and other DEVK Group companies. The proportion of each property used by the DEVK Group in square metres is calculated by deducting the area used by third parties from the overall area.

Re Assets B.II.

Investments in affiliated companies and participating interests

	Subscribed capital €	% share	Checked % share	Equity €	Results from previous financial year €
DEVK Rückversicherungs- und Beteiligungs-AG, Cologne	306,775,129	100.00	100.00	1,043,088,436	46,000,000
DEVK Allgemeine Versicherungs-AG, Cologne	195,000,000	100.00	100.00	342,170,794	–
DEVK Rechtsschutz Versicherungs-AG, Cologne	21,000,000	100.00	100.00	40,563,459	–
DEVK Krankenversicherungs-AG, Cologne	8,000,000	100.00	100.00	20,177,128	–
DEVK Allgemeine Lebensversicherungs-AG, Cologne	8,000,000	100.00	51.00	122,964,493	–
DEVK Pensionsfonds AG, Cologne	5,000,000	100.00	51.00	14,298,766	25,000
DEVK Vermögensvorsorge- und Beteiligungs-AG, Cologne	20,000,000	51.00	51.00	171,000,000	–
DEVK Alpha GmbH, Cologne	25,000	100.00	51.00	26,741	250
DEVK Asset Management GmbH, Cologne	750,000	100.00	100.00	750,000	–
DEVK Beta GmbH, Cologne	25,000	100.00	100.00	35,235	390
DEVK Europa Real Estate Investment Fonds SICAV-FIS (AG), Luxembourg (L)[2]	202,949,458	68.00	52.32	211,212,953	8,902,881
DEVK Gamma GmbH, Cologne	25,000	100.00	100.00	25,423	279
DEVK Omega GmbH, Cologne	25,000	75.00	75.00	25,184,805	269
DEVK Private Equity GmbH, Cologne	10,000,000	65.00	57.65	128,002,817	12,825,595
DEVK Saturn GmbH, Cologne	25,000	100.00	100.00	25,128,757	904,380
DEVK Service GmbH, Cologne	260,000	74.00	74.00	1,470,379	–
DEVK Unterstützungskasse GmbH, Cologne	25,000	100.00	51.00	26,756	389
DEVK Versorgungskasse GmbH, Cologne	25,000	100.00	51.00	25,667	860
DEVK Web GmbH, Cologne	25,000	100.00	100.00	25,000	–
DEVK Zeta GmbH, Cologne	25,000	100.00	51.00	775,000	–
DEVK Zeus Vermögensverwaltungs-AG, Cologne	50,000	100.00	100.00	52,168	641
Assistance Services GmbH, Coesfeld	52,000	100.00	100.00	3,429,181[1]	131,327
DEREIF Brüssel Lloyd George S.a.r.l., Luxembourg (L)	Currently in course of formation	100.00	52.32	–	–
DEREIF Immobilien 1 S.a.r.l., Luxembourg (L)	250,000	100.00	52.32	– 8,398,476	– 11,280,032
DEREIF Paris 6, rue Lamennais, S.C.I., Yutz, (F)	768,220	100.00	52.32	3,449,110	– 2,251,097
DEREIF Paris 9, chemin du Cornillon Saint-Denis, S.C.I., Yutz, (F)	637,810	100.00	52.32	6,733,162	359,768
DEREIF Paris 37–39, rue d'Anjou, Yutz, (F)	1,145,850	100.00	52.32	3,582,102	– 5,785,691
German Assistance Versicherung AG, Coesfeld	1,462,500	100.00	100.00	3,295,756	101,427
Hotelbetriebsgesellschaft SONNENHOF mbH, Bad Wörishofen	375,000	100.00	51.00	356,023	–
HYBIL B.V., Venlo (NL)	400,000	100.00	85.10	52,747,611	3,561,369
Ictus GmbH, Cologne	5,000,000	75.00	65.20	27,202,364	2,355,003
JUPITER VIER GmbH, Cologne	25,000	100.00	100.00	4,531,253	102,655
KASSOS Beteiligungs- und Verwaltungs-GmbH, Cologne	25,000	100.00	100.00	32,809	407
Lieb'Assur S.A.R.L., Nîmes (F)	250,000	100.00	100.00	318,754	14,894
OUTCOME Unternehmensberatung GmbH, Cologne	525,000	100.00	100.00	326,180[1]	430,196
Reisebüro Frenzen GmbH, Cologne	25,000	52.00	52.00	369,429	94,057
SADA Assurances S.A., Nîmes (F)	24,721,000	100.00	100.00	19,027,407	2,139,889
Terra Estate GmbH & Co. KG, Landolfshausen	1,500,000	24.38	24.38	40,097,955	188,283
Terra Management GmbH, Landolfshausen	25,000	50.00	25.00	26,658	1,055
	GBP			GBP	GBP
DEREIF London 10, St. Bride Street S.a.r.l., Luxembourg (L)	21,250	100.00	52.32	7,658,618	– 516,707
DEREIF London Birchin Court S.a.r.l., Luxembourg (L)	Currently in course of formation	100.00	52.32	–	–
DEREIF London Eastcheap Court S.a.r.l., Luxembourg (L)	21,250	100.00	52.32	7,967,660	1,559,681
	SEK			SEK	SEK
DEREIF Malmö, Kronan 10 & 11 AB, Malmö (S)	100,000	100.00	52.32	13,444,482	3,529,836
DEREIF Stockholm, Vega 4 AB, Stockholm (S)	100,000	100.00	52.32	8,721,646	468,784
	CHF			CHF	CHF
Echo Rückversicherungs-AG, Zürich (CH)	70,000,000	100.00	100.00	82,760,171	– 2,599,873

[1] Shortfall not covered by capital contribution
[2] Based on subgroup financial statements

Pursuant to section 285 paragraph 11 HGB, only investments in affiliated companies and participating interests involving holdings of at least 20 % have been included here. Where profit transfer agreements are in place, the operating result does not have to be disclosed.

Re Assets B.III.

Other investments

Other loans exclusively comprise registered participation certificates.

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

Re Liabilities A.–

Retained earnings

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

31.12.2013	€ 162,566,441
Allocation from the 2014 net profit	€ 3,500,000
31.12.2014	**€ 166,066,441**

2. Other retained earnings

31.12.2013	€ 787,464,200
Allocation from the 2014 net profit	€ 14,000,000
31.12.2014	**€ 801,464,200**

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	2014	2013	2014	2013	2014	2013
Accident	72 683	71,199	72,494	67,778	–	–
Liability	51,708	44,905	36,774	34,213	10,645	10,261
Motor vehicle liability	343,281	337,726	342,369	336,804	–	–
Other motor vehicle	23,527	22,198	11,740	13,076	2,694	–
Fire and non-life	41,278	38,890	27,226	26,010	12,488	11,335
of which:						
Fire	6,785	867	6,538	486	–	382
Household contents	7,145	7,625	6,050	6,516	–	–
Homeowners' building	19,301	22,144	10,685	14,645	8,462	7,105
Other non-life	8,047	8,254	3,953	4,363	4,026	3,849
Other	195	203	195	154	–	–
Total	**532,672**	515,121	**490,798**	478,035	**25,827**	21,596

Re Liabilities B.IV.

Provision for bonuses and rebates

a) Bonuses

31.12.2013	€ 13,396,204
Withdrawal	€ 3,202,563
Allocation	€ 3,913,077
31.12.2013	**€ 14,106,718**

b) Rebates

31.12.2013	€ 263,922
Withdrawal	€ 70,477
Release	€ 129,803
Allocation	€ 48,358
31.12.2013	**€ 112,000**

Re Liabilities F.

Accruals and deferred income

Discount points on registered bonds	€ 88,150
Advance rental receipts	€ 9,731
	€ 97,881

Notes to the profit and loss account

Direct insurance operations and reinsurance coverage provided

2014, € 000s	Gross premiums written	Gross premiums earned	Net premiums earned	Gross expenses on: Insurance claims	Gross expenses on: Insurance operations	Reinsurance balance	Underwriting result, net of reinsurance
Accident	42,079	42,079	32,416	20,959	14,451	– 2,827	4,204
Liability	34,504	34,504	33,773	14,059	15,591	– 917	– 300
Motor vehicle liability	96,536	96,535	87,912	89,323	12,622	304	– 5,282
Other motor vehicle	74,548	74,548	54,178	64,368	10,380	– 2,018	– 4,876
Fire and non-life	94,294	94,294	78,833	59,082	35,666	– 999	– 4,623
of which:							
Fire	1,000	1,000	711	6,121	453	3,842	– 1,686
Household contents	36,877	36,877	36,037	18,714	15,419	– 785	949
Homeowners' building	43,516	43,516	30,365	28,597	13,143	– 2,823	– 3,029
Other non-life	12,901	12,901	11,720	5,650	6,651	– 1,233	– 857
Other	1,530	1,530	1,210	969	124	– 148	340
Total	**343,491**	**343,490**	**288,322**	**248,760**	**88,834**	**– 6,605**	**– 10,537**

2013, € 000s	Gross premiums written	Gross premiums earned	Net premiums earned	Gross expenses on: Insurance claims	Gross expenses on: Insurance operations	Reinsurance balance	Underwriting result, net of reinsurance
Accident	39,650	39,650	30,599	18,401	13,006	– 2,051	5,389
Liability	34,067	34,067	33,337	9,752	14,648	– 1,166	8,580
Motor vehicle liability	92,210	92,220	83,623	97,849	11,874	8,191	– 9,539
Other motor vehicle	71,329	71,329	52,287	71,266	9,814	1,529	– 8,320
Fire and non-life	90,841	90,841	75,460	59,590	32,804	201	– 457
of which:							
Fire	1,002	1,002	567	215	380	– 352	– 126
Household contents	35,963	35,963	35,229	18,752	14,149	– 323	1,699
Homeowners' building	40,866	40,866	28,981	34,226	11,970	2,124	– 2,339
Other non-life	13,010	13,010	10,683	6,397	6,305	– 1,248	309
Other	1,540	1,540	1,230	981	128	– 196	237
Total	329,637	329,647	276,536	257,839	82,274	6,508	– 4,110

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

Acquisition expenses	€ 44,848,457
Administration costs	€ 43,985,619

Insurance agents' commission and other remuneration, personnel expenses	2014 € 000s	2013 € 000s
1. Insurance agents' commission of all types within the meaning of section 92 HGB for direct insurance operations	29,804	28,558
2. Other insurance agents' remuneration within the meaning of section 92 HGB	1,972	1,674
3. Wages and salaries	199,330	190,548
4. Social-security contributions and social-insurance costs	33,760	32,478
5. Retirement pension costs	33,769	20,072
Total	**298,635**	273,330

The pension provision for DEVK Sach- und HUK-Versicherungsverein a.G. employees is shown on the balance sheet of DEVK Rückversicherungs- und Beteiligungs-AG. The wages and salaries, social security contributions and social insurance costs, as well as 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 € 635,935. The retirement pensions of former Management Board members and their surviving dependants totalled € 912,638. On 31 December 2014, DEVK Rückversicherungs- und Beteiligungs-AG capitalised a pension provision of € 10,352,380 for this group of persons. The Supervisory Board remuneration totalled € 389,058, and payments to the Advisory Board came to € 78,247.

Other information

Contingencies and other financial obligations

On the balance sheet date, we had outstanding financial obligations totalling € 12.7 million from open short put options, € 10.0 million from open forward purchases and € 20.0 million from multi-tranche notes payable. The payment obligations in relation to approved mortgage loans not yet paid out totalled € 70.5 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 € 64.1 million. This includes obligations towards affiliated companies amounting to € 26.7 million.

Under an assumption of debt agreement, the pension provisions for all employees in the DEVK Group have been assigned to DEVK Rückversicherungs- und Beteiligungs-AG in return for the transfer of corresponding investments, thereby bundling all of the DEVK Group's pension commitments with a single risk bearer and improving the protection in place for employees' pension rights.
The joint and several liability for the pension commitments capitalised on the DEVK Rückversicherungs- und Beteiligungs-AG balance sheet has given rise to benefit obligations totalling € 403.5 million.

General information

Number of insurance contracts concluded directly by the Group with a term of at least one year	2014	2013
Accident	262,744	262,268
Liability	589,596	594,039
Motor vehicle liability	553,919	548,863
Other motor vehicle	454,426	451,236
Fire and non-life	877,175	884,584
of which:		
Fire	2,444	2,344
Household contents	428,121	432,033
Homeowners' building	179,476	177,989
Other non-life	267,134	272,218
Other	297	373
Total	**2,738,157**	2,741,364

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 converting part-time employees to full-time equivalents, came to 3,353, made up of 67 executives and 3,286 salaried employees.

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

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

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

Cologne, 14 April 2015

The Management Board

Gieseler **Faßbender** **Rüßmann** **Dr Simons** **Zens**

Audit certificate

We have audited the annual financial statements, comprising the balance sheet, income statement and notes, as well as the accounting and management report of **DEVK Deutsche Eisenbahn Versicherung Sach- und HUK-Versicherungsverein a.G. Betriebliche Sozialeinrichtung der Deutschen Bahn**, Cologne, for the financial year from 1 January to 31 December 2014. The accounting and the preparation of the annual financial statements and management report in accordance with German commercial regulations and the supplementary provisions of the articles of association are the responsibility of the company's Management Board. Our remit is to express an opinion on the annual financial statements, accounting and management report on the basis of our audit.

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

Our audit has not led to any objections.

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

Cologne, 22 April 2015

KPMG AG
Wirtschaftsprüfungsgesellschaft

Dr Ellenbürger	**Dr Hübner**
Auditor	Auditor

Supervisory Board report

During 2014, 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 2014 annual financial statements and management report prepared by the Management Board. Their audit did not reveal any irregularities and an unqualified audit certificate was granted. The Supervisory Board has duly acknowledged and agrees with the audit findings.

The Supervisory Board's own audit of the annual financial statements and management report likewise revealed no irregularities, and accordingly the Supervisory Board hereby approves the 2014 financial statements, which are thus duly adopted.

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

Cologne, 8 May 2015

The Supervisory Board

Kirchner
Chairman

Company bodies

Supervisory Board

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

Manfred Stevermann
Selm-Bork
Deputy Chairman
Chairman of the Management Board
Sparda-Bank West eG

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

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

Helmut Petermann
Essen
Chairman of the
General Works Council
DEVK Versicherungen

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

Management Board

Friedrich Wilhelm Gieseler
Bergisch Gladbach
Chairman

Gottfried Rüßmann
Cologne

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- and HUK Insurance Group, 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 are as follows:

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

and its direct and indirect subsidiaries.

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

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

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

Pursuant to section 312 AktG, the Management Board is required to prepare a report on its relationships with affiliated companies. At the end of the report, the Management Board states that, in light of the circumstances of which it was aware at the time of undertaking legal transactions with affiliated companies, it received appropriate consideration for all such transactions. No action requiring reporting had to be taken in the 2014 financial year.

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, investments and investment management, personnel management and development, operational organisation, IT, controlling, auditing, law, taxation, sales, inventory management and processing claims and benefits.

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

Business performance

Economic conditions generally and in the industry

In 2014, income opportunities on the capital markets were highly variable. Thus, for instance, investments in US equities chalked up excellent average yields of around 7.5 %, while also holding out the prospect of foreign exchange gains for euro investors. In contrast, during 2014, the majority of European share indices registered performance down in the low single-digit range. During the final quarter, volatility on the stock markets once again increased, while the DAX – despite breaking through the 10,000-point barrier on occasions – experienced below-par overall performance to end the year just 2.65 % up.

After slight rises in Eurozone interest rates during 2013 in anticipation of a possible change in the US interest policy, in 2014 the ECB’s pronouncements in particular were instrumental in bringing about massive falls in returns. These involved both the general interest rates and falling risk premiums on the bonds of individual issuers. The only risk premiums to see widening spreads were those on the bonds of high-yield debtors with B and CCC ratings, against a background of growing political uncertainty in trouble spots such as the Ukraine. In 2014, interest on ten-year German government bonds fell from 1.9 % to 0.5 %. As a result the German bonds index REX, covering all terms up to ten years, rose by 7.1 % during the course of the year.

During 2014, the euro decreased in value by 12 % against the US dollar. Many other currencies, particularly those from the emerging economies, experienced similar falls against the dollar, and 2014 also saw a halving of the oil price. These developments further increased uncertainties concerning sectoral and country risk, as well as stoking up doubts about future global economic performance.

Macroeconomic trends in Germany throughout 2014 were predominantly shaped by the positive performance of the domestic economy. In contrast, Germany’s net exports provided virtually no impetus. In 2014, German gross domestic product (GDP) rose by 1.6 %, while unemployment in Germany remained low, with a rate of under 7 %.

The overcapacity on the reinsurance market remained undiminished during 2014. Persistently low interest levels meant that institutional investors remained interested in engaging with the reinsurance segment, while a worldwide absence of serious natural disasters meant that none of the providers was forced to beat a retreat.

Business trends

In 2014, gross premiums written were 8.6 % up at € 379.5 million, a stronger rise than expected. This growth was the result of both non-DEVK business (+ 11.5 % at € 175.5 million) and DEVK-internal business (+ 6.2 % at € 204.0 million). The number of policies reinsured (non-DEVK only) on 31 December 2014 stood at 1,219 (2013: 1,222). Customer numbers rose slightly to 267 (2013: 263).

The underwriting result before changes to the equalisation provision improved to € 12.7 million (forecast: over € 10 million; 2013: € 700,000). After a very high allocation of € 20.2 million to the equalisation provision (2013: € 4.8 million), the underwriting result net of reinsurance stood at € – 7.5 million (2013: € – 4.1 million). The result thus lay within the forecast window of € – 5 million to – 10 million.

Due to reduced income, the investment result came to € 141.6 million, somewhat down on the 2013 figure of € 148.2 million. Lower write-downs only partially compensated for the fall in income.

Special effects meant that other profits or losses were also down, as a result of which the profit from ordinary activities fell to € 98.4 million (2013: € 112 million), thus coming in slightly short of the forecast figure of € 100 million.

The after-tax net profit for the year of € 46.0 million (2013: € 51.3 million) is shown as net retained earnings.

Net assets, financial position and results of operations

Results of operations

	2014 € 000s	2013 € 000s	Change € 000s
Underwriting result	– 7,547	– 4,132	– 3,415
Investment result	141,594	148,192	– 6,598
Other result	– 35,668	– 32,016	– 3,652
Profit from ordinary activities	**98,379**	112,044	– 13,665
Taxes	52,379	60,744	– 8,365
Net profit for the year	**46,000**	51,300	– 5,300

Underwriting result, net of reinsurance

Gross premium receipts rose 8.6 % to € 379.5 million. Earned premiums net of reinsurance totalled € 256.9 million (2013: € 217.2 million), and claims expenses net of reinsurance came to € 176.3 million (2013: € 157.7 million). The ratio of net claims expenses to net earned premiums thus fell to 68.6 % (2013: 72.7 %), while the ratio of expenses on insurance operations net of reinsurance to earned premiums net of reinsurance climbed to 27.0 % (2013: 26.4 %).

2014 was significantly less affected by natural disasters than an eventful 2013. As a result, claims expenses arising from natural disasters fell to € 11.7 million (2013: € 30.1 million). Despite the increased business volume, total gross claims expenses were 4.7 % down in 2014, and the gross claims ratio improved to 65.5 % (2013: 71.3 %).

The gross operating expenses, which predominantly comprise reinsurance commission, rose by 14.0 %, from € 86.3 million in 2013 to € 98.4 million in 2014.

Due to the high € 20.2 million allocation to the equalisation provision (2013: € 4.8 million), the underwriting result net of reinsurance fell to € – 7.5 million (2013: € – 4.1 million).

Life assurance

By far the greatest contribution to the results for this segment was made by reinsurance contracts with DEVK Lebensversicherungsverein a.G. and DEVK Allgemeine Lebensversicherungs-AG. Gross premiums written totalled € 14.8 million (2013: € 14.1 million), and the underwriting result came to € 1.2 million (2013: € 700,000).

Accident insurance

Gross booked premium receipts amounted to € 34.1 million (2013: € 32.9 million), while the underwriting result net of reinsurance improved to € 5.9 million (2013: € 2.2 million).

Liability insurance

With gross premiums written of € 4.8 million (2013: € 4.5 million), and after an allocation to the equalisation provision of € 3.2 million, there was an underwriting loss of € 500,000 (2013: € – 900,000).

Motor vehicle liability insurance

Gross motor vehicle liability insurance receipts totalled € 70.6 million (2013: € 54.7 million). After a € 2.2 million allocation to the equalisation provision (2013: € 200,000), the underwriting result net of reinsurance came to € – 9.1 million (2013: € 1.0 million).

Other motor vehicle insurance

Other motor vehicle insurance comprises our comprehensive and partial comprehensive motor insurance (third-party, fire and theft). Gross premiums written fell to € 72.2 million (2013: € 76.8 million), while the underwriting result rose to € 6.7 million (2013: € – 2,2 million).

Fire and non-life insurance

Total gross booked fire and non-life insurance premiums rose to € 164.4 million (2013: € 149.9 million). In detail, our individual fire and non-life segments performed as follows.

Gross household contents insurance premiums amounted to € 18.0 million, slightly up on the 2013 figure of € 17.7 million, and the underwriting result stood at € 1.9 million (2013: € 2.6 million).

With premium receipts of € 75.2 million (2013: € 65.1 million), and after a € 3.4 million withdrawal from the equalisation provision (2013: € 500,000 allocation), our combined property insurance registered an underwriting profit of € 900,000 (2013: € 3.2 million).

In the other classes of fire and non-life insurance, gross premiums written totalled € 71.2 million (2013: € 67.1 million). After a very large € 16.8 million allocation to the equalisation provision (2013: € 2.8 million), the underwriting result was a loss of € 15.4 million (2013: € – 10.3 million).

Other insurance policies

With premium receipts of € 18.5 million (2013: € 15.9 million), despite a € 1.4 million allocation to the equalisation provision (2013: € 100,000 withdrawal), the underwriting result came in at € 500,000 (2013: € – 500,000).

Investment result

Chiefly due to lower income from profit transfer agreements with affiliated companies, at € 153.2 million the investment income was around € 11 million down on the 2013 figure of € 164.2 million. The income from profit transfer agreements with affiliated companies totalled € 95.5 million (2013: 105.2 million). Also included were € 3.8 million in profits from disposals of investments (2013: € 3.0 million) as well as € 2.6 million in write-ups (2013: € 4.9 million).

At € 11.6 million, investment expenses were significantly lower than in 2013 (€ 16.0 million). This was due both to lower administrative expenses (€ 900,000, as against € 2.8 million in 2013) and write-downs of investments, which fell to € 9.2 million (2013: € 11.5 million). Losses from the disposal of investments came to € 400,000 (2013: € 1.4 million), while charges from loss transfers totalled € 1.1 million (2013: € 400,000).

On balance, our net investment income was somewhat down on the previous year's figure at € 141.6 million (2013: € 148.2 million).

Other result

The "Other" result, which includes technical interest income, stood at € – 35.8 million (2013: € – 32.0 million). The additional expenditure resulted among other things from interest on back payments which had been deferred in connection with the ongoing tax audit.

Profit from ordinary activities

The profit from ordinary activities resulting from technical and non-technical accounts came to € 98.4 million, somewhat lower than the 2013 figure of € 112.0 million.

Tax expenditure

As the parent company of a fiscal unit for trade tax and corporation tax purposes, DEVK Rückversicherungs- und Beteiligungs-AG assumes the tax expenses incurred by the Group companies. At € 52.4 million, our tax expenditure fell proportionately with the change in the profit from ordinary activities.

Operating result and appropriation of retained earnings

The after-tax net annual profit came to € 46.0 million (2013: € 51.3 million). The net annual profit is shown as net retained profit.

The Management Board hereby proposes to the Annual General Meeting that the sum of € 15.0 million should be appropriated from the net retained earnings and paid as a dividend to DEVK Sach- und HUK-Versicherungsverein a.G., with the remaining € 31.0 million being allocated to other retained earnings.

Financial position

Cash flow

Availability of the liquidity necessary to meet regular payment obligations is ensured through ongoing liquidity planning which takes into account prospective liquidity movements over the coming 12 months. The company receives a continuous influx of liquid funds in the form of regular premium receipts, investment income and return flows from investments of capital. In the current financial year, the cash flow from investments, i.e. the funds required for the net investment volume, amounted to € 25.4 million (2013: € 68.1 million). The necessary funds were generated by the company's ongoing operations.

Solvency

The company's own funds, proof of which must be furnished pursuant to section 53c VAG in order to demonstrate our long-term ability to meet policy liabilities, provide a very high level of excess cover. Total own funds came to € 1,050.9 million (2013: € 991.8 million), a figure far exceeding the required solvency margin of € 41.5 million (2013: € 36.6 million). The capital investment (re)valuation reserves were not taken into consideration in making the solvency calculations.

Ratings

The ratings, commissioned by Standard & Poor's for the first time in 2008, are updated each year. As in the years 2008 to 2013, in 2014 DEVK Sach- und HUK-Versicherungsverein a.G., DEVK Allgemeine Versicherungs-AG, DEVK Allgemeine Lebensversicherungs-AG and DEVK Rückversicherungs- und Beteiligungs-AG were all once again assigned ratings of A+. Standard & Poor's assesses our future outlook as "stable", thus confirming the very sound financial position enjoyed by DEVK companies generally.

Meanwhile, the rating agency Fitch came to the same conclusion, with its 2014 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-Versicherungs-verein 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. Their outlook, too, is rated as stable.

Assets position

	2014 € 000s	2013 € 000s	Change € 000s
Investments (excluding deposits with ceding companies)	1,691,897	1,650,726	41,171
Deposits with ceding companies	209,056	202,897	6,159
Receivables arising out of reinsurance operations	21,402	24,936	– 3,534
Other receivables	323,321	185,690	137,631
Other assets	18,077	17,186	891
Total assets	**2,263,753**	2,081,435	182,318
Equity	1,043,088	1,012,089	30,999
Technical provisions net of reinsurance	462,820	414,885	47,935
Other provisions	580,232	526,840	53,392
Liabilities arising out of reinsurance operations	98,800	113,329	– 14,529
Amounts owed to banks	72,030	–	72,030
Other liabilities	6,455	13,889	– 7,434
Accruals and deferred income	328	403	– 75
Total capital	**2,263,753**	2,081,435	182,318

There were no significant material changes in the composition of the investment portfolio.

The deposits arise chiefly from intra-Group life reinsurance contracts with DEVK's two life insurance companies.

Of the other receivables, € 96.4 million (2013: € 109.7 million) concerns receivables under profit transfer agreements. The other receivables arose predominantly from liquidity off-setting within the DEVK Group.

Non-financial performance indicators

Employee satisfaction

At DEVK the opinion of our employees is important to us, which is why, as planned, we conducted our second survey of all personnel during 2014, investigating topics such as employee satisfaction. A total of 82 % of our workforce participated in the survey, up from 80 % for the previous survey. At 64 %, overall satisfaction was three percentage points up on the figure from the 2012 survey. In over 200 workshops, improvement measures were worked out, and these are now being implemented. From 2015 onwards, a brief survey will be conducted in the years where no exhaustive employee survey takes place, in order to focus permanently on current employee satisfaction levels.

Overall verdict on the management report

All in all, the company's net assets, financial position or results of operations proved satisfactory throughout 2014.

Supplementary report

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

Outlook, opportunities and risks

Outlook

During 2015, we are expecting premium growth of around 6 %. After a comparatively quiet year for claims in 2014, we are assuming that claims expenditure will rise faster than premium growth during 2015. Before changes to the equalisation provision, we are expecting a technical account result of between € 12 million and € 16 million. Depending on the claims situation in the various segments, allocations to the equalisation provision in the double-digit million range are possible. We are currently expecting the underwriting result net of reinsurance to come in as an amount in the order of € 0 to € – 4 million.

We expect interest rates to remain very low throughout 2015. Indeed, after the ECB announced that from March 2015 onwards it would be purchasing bonds to a value of 60 billion euros every month for at least 18 months, we would not rule out further falls in interest rates. Expectations in relation to future US interest levels currently revolve around two opposing factors – namely, "better than expected labour market figures", as a reason to increase interest rates, as against "lower than expected inflation", a reason to keep them low. Any future hikes in US interest rates also largely depend on ongoing movements in the value of the US dollar. Accordingly any further pronouncements by the FED concerning the timing of the rate increase envisaged for 2015 will be eagerly awaited and will have a significant impact on the bond and equity markets. Changing US monetary policies could prove an additional burden for emerging economies with debts denominated in US dollars, leading to further exchange rate volatility.

Around the turn of the year, various key early indicators of economic recovery showed a degree of improvement. For instance, the manufacturing purchasing manager indices moved slightly into the expansionary zone for all the major industrial nations with the exception of China, whose 2015 economic performance remains the big question mark here. We view current good levels of consumer confidence, particularly in the USA and Germany, as important growth drivers. Moreover, eurozone exports can be expected to benefit from the euro's depreciation against most other currencies. In December 2014, volumes of incoming orders received by the German manufacturing industry hit their highest level since April 2008, after rising 3.0 % during 2014 as compared with 2013.

Despite this, we expect the degree of indebtedness of the peripheral eurozone nations to remain high or even rise further in GDP terms. Negative news from these countries, in particular concerning Greece's possible exit from the euro, could at any time lead to a renewed flight to German government bonds, leading to falling yields and widening spreads between them and other European government bonds.

In our view, the equity markets will in 2015 continue to profit from low interest rates and the absence of viable investment alternatives offering decent rates of interest. We see a high likelihood of moderate rises in share prices, particularly if the rises are backed up by increasing company profits and dividends. Low loan interest rates, the lower price of oil and the weaker euro will all have a positive impact here, while downside risks can be seen in falling producer prices as well as weakening growth in the emerging markets – above all in China.

In the field of investments, we expect fewer write-ups for DEVK Rückversicherungs- und Beteiligungs-AG in 2015 and a trend towards lower income from profit transfer agreements. This will be compensated for by higher gains on disposals and also, provided the financial markets remain stable, by lower write-downs.

All in all, we expect the 2015 result from ordinary activities to be slightly up on the 2014 figure at around € 110 million.

Opportunities report

The first company takeovers after a fairly long phase of stability have taken place. In parallel with this, the available premium volumes have fallen. This is chiefly due to increased excesses and a reduction in proportional cessions. However, European insurers are once again increasingly on the lookout not for the most favourable prices but for reliable, long-term partners with good ratings. Solvency II means that the wishes of many clients for individually tailored solutions are being met. To sum up, we continue to be operating in a soft market environment. However, we are confident that it is one in which we shall continue to prosper.

Risk report

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

Technical risks

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

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

Claims ratio net of reinsurance			
Year	%	Year	%
2005	60.4	2010	72.6
2006	61.6	2011	70.8
2007	66.1	2012	68.2
2008	68.7	2013	72.6
2009	73.5	2014	68.6

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

The reinsurance of our business was distributed among several external reinsurers. Our choice of reinsurers took their ratings into account.

Settlement result, net of reinsurance, as % of original provision			
Year	%	Year	%
2005	7.1	2010	1.2
2006	11.3	2011	2.2
2007	7.2	2012	2.8
2008	10.0	2013	13.7
2009	– 15.9	2014	– 4.1

The negative settlement result in 2009 was affected by the discontinuation of the deferred accounting of non-Group insurance business.

Our equalisation provisions provide an additional safety cushion that contributes to the smoothing of our underwriting results. As of 31 December 2014, their volume totalled € 73.7 million (2013: € 53.6 million).

Risk of defaults by debtors arising from our insurance operations

Amounts receivable from reinsurance at the end of the year came to € 21.4 million, An overview of amounts receivable broken down according to the ratings assigned to our reinsurance partners by Standard & Poor's is given in the following table:

Rating category	Receivables in € millions
AA	0.47
AA –	1.26
A+	2.78
A	4.62
A –	1.55
BBB+	0.26
BBB –	0.17
No rating	10.29

Investment risks

In the investment sphere, DEVK Rückversicherungs- und Beteiligungs-AG is exposed above all to equity holding risk. This arises from its 100 % participating interests, and specifically from the company's obligation under various control agreements to assume any annual losses suffered by its subsidiaries.

Further risks stemming from investments include:
– the risk of unfavourable interest rate, equity price, real estate value or exchange rate movements (market price risks),
– counterparty risk (credit risk),
– the risk of strongly correlated risks that in turn increase counterparty risk (concentration risk),
– liquidity risk; that is, the risk of not always being able to meet payment obligations.

We counteract exchange/market price risk and interest rate risk by maintaining a balanced mix of investment types. Active portfolio management allows us to exploit opportunities arising from market movements to improve our results, while we limit credit risk and concentration risk by imposing very stringent rating requirements and continually monitoring the issuers we select, thus avoiding any potentially ruinous dependence on individual debtors. We ensure a continuous influx of liquidity by maintaining a portfolio of interest-bearing investments with a balanced maturity structure. An ongoing ALM process ensures that we are able at all times to meet existing and future obligations.

We have subjected our investment holdings to a stress test similar to the one applied to our non-life and accident insurance, which we carried out on the balance sheet date of 31 December 2014, using the BaFin-specified modified stress test model from the German Insurance Association (GDV). All of the scenarios contained therein were passed successfully. The stress test determines whether an insurance undertaking would be in a position to meet its obligations towards its clients even if the capital markets underwent a protracted crisis. The stress test simulates a short-term adverse change on the capital markets and examines the impact on the insurance undertaking's balance sheet and accounts. The target horizon is the next balance sheet date. The stress test assumes the following scenarios: 1) a downturn on the equity markets while the bond market remains stable, 2) a downturn on the bond market while the equity market remains stable, 3) a simultaneous crash on the equity and bond markets and 4) a simultaneous crash on the equity and real estate markets.

Interest-bearing investments

As of 31 December 2014, the company held virtually unaltered interest-bearing investments to a value of € 751.6 million. A total of € 412.0 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 € 345.5 million to the fixed assets since we intend to hold this paper until maturity and their current market fluctuations are viewed as temporary. Should this second view in particular prove wide of the mark, we shall undertake the necessary write-downs in a timely fashion. These capital investments show a positive valuation reserve of € 49.9 million, a figure that includes € 900,000 in hidden charges. A change in returns of up to +/– 1 % would entail a corresponding value change ranging from € – 50.0 million to € 56.0 million.

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

Our interest-bearing investments are predominantly in Pfandbriefe (German covered bonds) and notes receivable, though we also invest in corporate bonds. Our direct corporate bond holdings make up 4.6 % of our total investments. In 2014, our bond investments focused on international bearer bonds issued by banks and companies, both due to their attractive risk premiums and on diversification grounds. These chiefly involved bearer papers that were assigned to the fixed assets.

We continue to have minimal investment exposure to the eurozone countries currently under the microscope – namely, Portugal, Italy, Ireland, Greece and Spain.

As regards issuer risks, as proportions of our total investments, 9 % of the company's investments are in government bonds, 5 % in corporate bonds and 31 % 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 (2013):

AA or better	62,8 %	(56,4 %)
A	18,2 %	(25,9 %)
BBB	12,7 %	(12,0 %)
BB or worse	6,3 %	(5,7 %)

The company's rating distribution has improved since last year and now stands in the range AA or better. 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 investments is in EuroStoxx50 companies, as a result of which our portfolio's performance very closely matches that of this index. A 20 % change in market prices would alter the value of our equity portfolio by € 44.7 million. The European share index EuroStoxx50 gained slightly in value during 2014, and provided we are spared any exogenous shocks, we expect this positive performance to continue. We have applied a value protection model to our equity investments in order to limit market risks.

In light of the uncertain economic situation, we actively managed our ratio of equity investments throughout the year. There has been an downward trend in the ratio as compared with 2013. Should growing economic problems, such as a deepening of the eurozone crisis, lead to a significant downturn, various courses of action are open to us.

Real estate

On the balance sheet date, we held indirect mandates to a value of € 69.6 million. Of this, € 52.0 million was invested in direct property holdings and € 17.6 million in real estate funds. 2014 write-downs on real estate came to € 3.1 million.

Operational risks

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

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

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

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

Solvency II

The insurance industry is facing radical changes in its supervisory regime. In this connection, on 17 January 2015 the European Commission published the corresponding delegated acts in the Official Journal of the European Union, and in March 2015 the German Bundesrat passed the Act to Modernise Financial Supervision of Insurance Undertakings (Gesetz zur Modernisierung der Finanzaufsicht über Versicherungen [VAG-Novelle]), thereby implementing the EU Solvency II Directive in German law. The provisions of Solvency II will have to be applied from 1 January 2016 onwards.

The new Solvency II requirements will pose a considerable challenge. Their implementation by DEVK Versicherungen will take place in line with the project set up for the purpose last year.

Summary of our risk status

We have complied with the supervisory requirements of the German Solvency Regulation (Solvabilitätsverordnung).

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 continuing existence.

Cologne, 14 April 2015

The Management Board

Gieseler **Rüßmann** **Zens**

Notes to the management report

List of insurance classes covered during the financial year

Reinsurance coverage provided

Life assurance

Health insurance
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
Partial comprehensive motor insurance (third-party, fire and theft)

Legal expenses insurance

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

Goods-in-transit insurance

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

Financial statements

Balance sheet to 31 December 2014

Assets	€	€	€	2013, € 000s
A. Intangible assets				
I. Licenses, industrial property rights and similar rights and assets acquired for valuable consideration, as well as licenses in such rights and assets		2,285,051		256
II. Payments on account		21,546		160
			2,306,597	416
B. Investments				
I. Investments in affiliated companies and participating interests				
1. Shares in affiliated companies	690,455,917			650,660
2. Loans to affiliated companies	2,525,000			2,575
3. Participating interests	33,780,544			36,697
		726,761,461		689,932
II. Other investments				
1. Shares, units or shares in investment funds and other variable-interest securities	221,607,243			218,855
2. Bearer bonds and other fixed-interest securities	386,641,491			322,443
3. Other loans	337,126,466			389,354
4. Deposits with banks	-			-
5. Other investments	19,759,958			30,142
		965,135,158		960,794
III. Deposit with ceding companies		209,056,436		202,896
			1,900,953,055	1,853,622
C. Accounts receivable				
I. Receivables arising out of reinsurance operations		21,401,645		24,936
of which:				
Affiliated companies: € 695,028				612
II. Other receivables		323,321,240		185,690
of which:			**344,722,885**	210,626
Affiliated companies: € 299,569,865				159,516
D. Other assets				
– Tangible assets and inventories			**120,591**	141
E. Prepayments and accrued income				
I. Accrued interest and rent		15,416,673		16,325
II. Other prepayments and accrued income		232,931		305
			15,649,604	16,630
Total assets			**2,263,752,732**	2,081,435

Liabilities and shareholders' equity	€	€	€	2013, € 000s
A. Capital and reserves				
I. Subscribed capital		306,775,129		306,775
II. Capital reserve		193,747,061		193,747
III. Retained earnings				
– Other retained earnings		496,566,246		460,266
IV. Net retained profit		46,000,000		51,300
			1,043,088,436	1,012,088
B. Technical provisions				
I. Provision for unearned premiums				
1. Gross amount	16,103,821			13,459
2. of which:				
Reinsurance amount	68,593			103
		16,035,228		13,356
II. Premium reserve		186,700,401		182,792
III. Provision for claims outstanding				
1. Gross amount	261,518,116			254,240
2. of which:				
Reinsurance amount	75,592,108			89,372
		185,926,008		164,868
IV. Provision for bonuses and rebates		–		6
V. Equalisation provision and similar provisions		73,744,505		53,583
VI. Other technical provisions				
1. Gross amount	581,345			488
2. of which:				
Reinsurance amount	167,487			208
		413,858		280
			462,820,000	414,885
C. Provisions for other risks and charges				
I. Provisions for pensions and similar commitments		464,743,761		424,042
II. Provisions for taxation		98,039,854		88,438
III. Other provisions		17,448,110		14,361
			580,231,725	526,841
D. Other liabilities				
I. Payables arising out of reinsurance operations		98,799,711		113,329
of which:				
Affiliated companies: € 42,092,557				47,213
II. Amounts owed to banks		72,030,181		–
III. Other liabilities		6,454,742		13,889
of which:			**177,284,634**	127,218
Tax: € 1,182,171				1,182
Affiliated companies: € 872,673				365
E. Accruals and deferred income				
			327,937	403
Total liabilities			**2,263,752,732**	2,081,435

Profit and loss account

for the period from 1 January to 31 December 2014

Items	€	€	€	2013, € 000s
I. Technical account				
1. Earned premiums, net of reinsurance				
a) Gross premiums written	379,481,110			349,523
b) Outward reinsurance premiums	119,947,687			129,142
		259,533,423		220,381
c) Change in the gross provision for unearned premiums	– 2,644,879			– 3,142
d) Change in the provision for unearned premiums, reinsurers' share	– 34,762			– 14
		– 2,679,641		– 3,156
			256,853,782	217,225
2. Allocated investment return transferred from the non-technical account, net of reinsurance			**7,288,137**	7,016
3. Claims incurred, net of reinsurance				
a) Claims paid				
aa) Gross amount	239,480,070			204,875
bb) Reinsurers' share	84,270,644			66,521
		155,209,426		138,354
b) Change in the provision for claims				
aa) Gross amount	7,278,179			41,933
bb) Reinsurers' share	13,779,483			– 22,569
		21,057,662		19,364
			176,267,088	157,718
4. Changes in other technical provisions, net of reinsurance				
a) Premium reserve, net of reinsurance		– 3,908,201		– 7,405
b) Other technical provisions, net of reinsurance		– 133,650		– 40
			– 4,041,851	– 7,445
5. Bonuses and rebates, net of reinsurance			**– 6,181**	6
6. Net operating expenses				
a) Gross operating expenses		98,404,070		86,342
b) of which: Reinsurance commissions and profit participation		29,090,764		28,897
			69,313,306	57,445
7. Other technical charges, net of reinsurance			**1,820,860**	960
8. Subtotal			**12,704,995**	667
9. Change in the equalisation provision and similar provisions			**– 20,161,641**	– 4,799
10. Underwriting result, net of reinsurance			**– 7,456,646**	– 4,132
Balance carried forward:			– 7,456,646	– 4,132

Items	€	€	€	2013, € 000s
Balance carried forward:			– 7.456.646	– 4.132
II. Non-technical account				
1. Income from other investments				
a) Income from participating interests	3,786,059			2,658
of which:				
from affiliated companies: € 1,502,752				1,112
b) Income from other investments	47,576,642			48,457
of which:				
from affiliated companies: € 3,631,857				3,807
c) Income from write-ups	2,588,870			4,866
d) Gains on the realisation of investments	3,771,172			3,037
e) Income from a profit pooling, profit transfer and partial profit transfer agreements	95,499,596			105,182
2. Investment charges		153,222,339		164,200
a) Investment management charges, interest expenses and other charges on capital investments	853,107			2,764
b) Write-downs on investments	9,222,341			11,476
c) Losses on the realisation of investments	449,074			1,402
d) Charges from loss transfer	1,103,932			366
		11,628,454		16,008
		141,593,885		148,192
3. Allocated investment return transferred from the non-technical account		7,288,137		7,016
			134,305,748	141,176
4. Other income		37,172,223		45,284
5. Other charges		65,642,578		70,284
			– 28,470,355	– 25,000
6. Profit from ordinary activities			**98,378,747**	112,044
7. Taxes on income		52,376,440		58,178
8. Other taxes		2,307		2,566
			52,378,747	60,744
9. Net profit for the year/net retained earnings			**46,000,000**	51,300

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

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

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

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

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

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

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

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

Other receivables and **other assets** not constituting operating or office equipment are recognised at their nominal values. Operating or office equipment is shown at its cost of acquisition or production as reduced by scheduled depreciation. Depreciation 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, or they are recorded as operating expenses in their year of acquisition.

Interest claims not yet due are the principal item recorded, at their nominal values, under **Prepayments and accrued income**.

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

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

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

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

The **equalisation provision** was calculated in accordance with the annex to section 29 of the German Regulation on Accounting in the Insurance Sector (RechVersV). **Provisions similar to the equalisation provision** for insurance against 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. They were recognised on the basis of details provided by the ceding companies.

The **other provisions** are formed on the following basis:
The **pension provision** was calculated according to the projected unit credit method, on the basis of Professor Klaus Heubeck's 2005G actuarial tables. Discounting was done at the average market interest rate published by Deutsche Bundesbank, to wit 4.55 % (2013: 4.89 %), as arrived at assuming a residual term of 15 years (cf. section 253 paragraph 2 sentence 2 HGB).
The financing age on expiry is 62.
The assumed rate of pay increase was set at 1.95 % p.a., and the rate of pension increase at 1.7 % p.a.

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

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

Amounts owed to banks are recognised at their repayment amounts.

Other creditors are valued at their compliance amounts.

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

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

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

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

Changes to asset items A., B.I. to II. during the 2014 financial year

Assets	Balance sheet value 2013 € 000s	Additions € 000s	Transfers € 000s	Disposals € 000s	Write-ups € 000s	Write-downs € 000s	Balance sheet value 2014 € 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	256	2,067	160	–	–	198	2,285
2. Payments on account	160	22	– 160	–	–	–	22
3. Total A.	416	2,089	–	–	–	198	2,307
B.I. Investments in affiliated companies and participating interests							
1. Shares in affiliated companies	650,660	45,046	–	5,250	–	–	690,456
2. Loans to affiliated companies	2,575	42,055	–	42,105	–	–	2,525
3. Participating interests	36,697	7	–	–	–	2,924	33,780
4. Total B.I.	689,932	87,108	–	47,355	–	2,924	726,761
B.II. Other investments							
1. Shares, units or shares in investment funds and other variable-interest securities	218,855	43,522	–	38,202	2,381	4,949	221,607
2. Bearer bonds and other fixed-interest securities	322,443	80,489	–	15,148	208	1,350	386,642
3. Other loans							
a) Registered bonds	115,500	–	–	5,000	–	–	110,500
b) Notes receivable and loans	222,503	10,469	–	51,465	–	–	181,507
c) Other loans	51,351	400	–	6,632	–	–	45,119
4. Deposits with banks	–	–	–	–	–	–	–
5. Other investments	30,142	1,931	–	12,313	–	–	19,760
6. Total B.II.	960,794	136,811	–	128,760	2,589	6,299	965,135
Total	**1,651,142**	**226,008**	**–**	**176,115**	**2,589**	**9,421**	**1,694,203**

Notes to the balance sheet

Re Assets B.

Investments

Pursuant to section 341b paragraph 2 HGB, we have assigned investments for long-term retention in the investment portfolio. As of 31 December 2014, 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	690,455,917	1,473,851,797
2. Loans to affiliated companies	2,525,000	3,522,919
3. Participating interests	33,780,544	36,786,111
B.II. Other investments		
1. Shares, units or shares in investment funds and other variable-interest securities	221,607,243	269,714,667
2. Bearer bonds and other fixed-interest securities	386,641,491	442,333,932
3. Other loans		
a) Registered bonds	110,500,000	129,045,114
b) Notes receivable and loans	181,507,341	214,927,801
c) Other loans	45,119,125	45,770,199
4. Other investments	19,759,958	25,535,912
Total	**1,691,896,619**	**2,641,488,452**
of which:		
Investments valued at costs of acquisition	1,581,396,619	2,512,443,338
of which:		
Investments in fixed assets pursuant to section 341b paragraph 2 HGB	345,494,300	395,385,492

The revaluation reserves include hidden liabilities totalling € 900,000. These relate to bearer bonds, notes receivable 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, German Assistance Versicherung AG and SADA Assurances S.A. is calculated on the basis of gross rental values. DEVK Private Equity GmbH, HYBIL B.V. and Ictus GmbH were measured at their market values. Other shares are recognised at their book values.

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

Both dividend-bearing securities and fixed-interest securities capitalised at their costs of acquisition are valued using the year-end market prices. Pursuant to section 56 RechVersV, the current values of the registered bonds, notes receivable and loans were calculated at normal market conditions on the basis of the yield curve. The current value of the zero notes payable was calculated on the basis of the year-end prices reported by an independent financial enterprise.
The current values of the other loans and silent participating interests within the meaning of the German Banking Act (KWG) (equity surrogates) were calculated on the basis of the discounted cash flow method in line with the current euro swap curve plus a risk premium, which take into account the anticipated future payment streams in light of debtor-specific assumptions.

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

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

	Book value € 000s	Fair value € 000s
Fixed-asset securities	35,857	34,964
Other loans	25,000	24,995

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

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

	Type	Nominal volume € 000s	Premium € 000s	Value of premium € 000s
Other liabilities	Short put options	3,245	268	162
	Short call options	980	124	196
Bearer bonds	Forward purchases	7,000	–	135
Notes receivable and loans		20,000	–	– 177

Valuation methods

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

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

Investment goal	Dividends € 000s	Current value € 000s	Hidden reserves/ hidden charges € 000s	Limitation on daily redemption
Aktienfonds	3,000	142,883	13,730	
Rentenfonds	665	25,949	1,430	
Immobilienfonds	691	19,533	1,939	between any time and after five months

Re Assets B.I.

	Subscribed capital €	% share	Checked % share	Equity €	Results from previous financial year €
DEVK Allgemeine Versicherungs-AG, Cologne	195,000,000	100.00	100.00	342,170,794	–
DEVK Rechtsschutz-Versicherungs-AG, Cologne	21,000,000	100.00	100.00	40,563,459	–
DEVK Krankenversicherungs-AG, Cologne	8,000,000	100.00	100.00	20,177,128	–
DEVK Allgemeine Lebensversicherungs-AG, Cologne	8,000,000	100.00	51.00	122,964,493	84,191
DEVK Pensionsfonds-AG, Cologne	5,000,000	100.00	51.00	14,298,766	25,000
DEVK Vermögensvorsorge- und Beteiligungs-AG, Cologne	20,000,000	51.00	51.00	171,000,000	–
DEVK Alpha GmbH, Cologne	25,000	100.00	51.00	26,741	250
DEVK Asset Management GmbH, Cologne	750,000	100.00	100.00	750,000	–
DEVK Beta GmbH, Cologne	25,000	100.00	100.00	35,235	390
DEVK Europa Real Estate Investment Fonds SICAV-FIS (AG), Luxembourg (L) [2]	202,949,458	68.00	42.32	211,212,953	8,902,881
DEVK Gamma GmbH, Cologne	25,000	100.00	100.00	25,423	279
DEVK Omega GmbH, Cologne	25,000	75.00	50.00	25,184,805	269
DEVK Private Equity GmbH, Cologne	10,000,000	55.00	47.65	128,002,817	12,825,595
DEVK Saturn GmbH, Cologne	25,000	100.00	100.00	25,128,757	904,380
DEVK Service GmbH, Cologne	260,000	74.00	74.00	1,470,379	–
DEVK Unterstützungskasse GmbH, Cologne	25,000	100.00	51.00	26,756	389
DEVK Versorgungskasse GmbH, Cologne	25,000	100.00	51.00	25,667	860
DEVK Web-GmbH, Cologne	25,000	100.00	100.00	25,000	–
DEVK Zeta GmbH, Cologne	25,000	100.00	51.00	775,000	–
DEVK Zeus Vermögensverwaltungs-AG, Cologne	50,000	100.00	100.00	52,168	641
Assistance Service GmbH, Coesfeld	52,000	100.00	100.00	3,429,181 [1]	131,327
DEREIF Brüssel Lloyd George S.a.r.l., Luxembourg (L)	Currently in course of formation	100.00	42.32	–	–
DEREIF Immobilien 1 S.a.r.l., Luxembourg (L)	250,000	100.00	42.32	-8,398,476	-11,280,032
DEREIF Paris 6, rue Lammenais, S.C.I., Yutz, (F)	768,220	100.00	42.32	3,449,110	-2,251,097
DEREIF Paris 9, chemin du Cornillon Saint-Denis, S.C.I., Yutz, (F)	637,810	100.00	42.32	6,373,162	359,768
DEREIF Paris 37–39, rue d'Anjou, Yutz, (F)	1,145,850	100.00	42.32	3,582,102	-5,785,691
German Assistance Versicherung AG, Coesfeld	1,462,500	100.00	100.00	3,295,756	101,427
Hotelbetriebsgesellschaft SONNENHOF mbH, Bad Wörishofen	375,000	100.00	51.00	356,023	-
HYBIL B.V., Venlo (NL)	400,000	80.00	75.10	52,747,611	3,561,399
Ictus GmbH, Cologne	5,000,000	60.00	50.20	27,202,364	2,355,003
KASSOS Beteiligungs- und Verwaltungs-GmbH, Cologne	25,000	100.00	100.00	32,809	407
Lieb' Assur S.A.R.L., Nîmes (F)	250,000	100.00	100.00	318,754	14,894
Monega Kapitalanlagegesellschaft mbH, Cologne	5,200,000	45.00	45.00	7,604,928	1,758,552
OUTCOME Unternehmensberatung GmbH, Cologne	525,000	100.00	100.00	326,180 1)	430,196
Reisebüro Frenzen GmbH, Cologne	25,000	52.00	52.00	369,429	94,057
SADA Assurances S.A., Nîmes (F)	24,721,000	100.00	100.00	19,027,407	2,139,889
	GBP			GBP	GBP
DEREIF London 10, St. Bride Street S.a.r.l., Luxembourg (L)	21,250	100.00	42.32	7,658,618	-516,707
DEREIF London Birchin Court S.a.r.l., Luxembourg (L)	Currently in course of formation	100.00	42.32	–	–
DEREIF London Eastcheap Court S.a.r.l., Luxembourg (L)	21,250	100.00	42.32	7,967,660	1,559,681
	SEK			SEK	SEK
DEREIF Malmö Kronan 10 & 11, Malmö (S)	100,000	100.00	42.32	13,444,482	3,529,836
DEREIF Stockholm, Vega 4 AB, Stockholm (S)	100,000	100.00	42.32	8,721,646	468,784

[1] Shortfall not covered by capital contribution
[2] Based on subgroup financial statements

Pursuant to section 285 paragraph 11 HGB, only investments in affiliated companies and participating interests involving holdings of at least 20 % have been included here. Where profit transfer agreements are in place, the operating result does not have to be disclosed.

Re Assets B.II.

Other investments

Other loans exclusively comprise registered participation certificates.

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

Re Assets E.II.

Other prepayments and accrued income

Premium on registered bonds	€ 140,345
Advance payments for future services	€ 92,586
	€ 232,931

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	
31.12.2013	€ 460,266,246
Allocation	€ 36,300,000
31.12.2014	**€ 496,566,246**

Re Liabilities E.

Accruals and deferred income

Discount points on registered bonds	**€ 327,937**

Notes to the profit and loss account

Reinsurance coverage provided	2014 € 000s	2013 € 000s
Gross premiums written		
– Life	14,761	14,143
– Non-life/accident	364,720	335,380
Total	**379.481**	349.523

Insurance agents' commission and other remuneration, personnel expenses	2014 € 000s	2013 € 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	312	312
4. Social-security contributions and social-insurance costs	–	–
5. Retirement pension costs	335	240
Total	**647**	552

During the year under review, Management Board remuneration totalled € 329,699. The retirement pensions of former Management Board members and their surviving dependants totalled € 173,811. As of 31 December 2014, a pension provision of € 2,238,101 was capitalised for this group of people. The Supervisory Board remuneration totalled € 158,782.

Other information

Parent company guarantee

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

Other financial obligations

At the end of the year, other financial obligations arising from real estate holdings, fund units, shares in affiliated companies and participating interests totalled € 18.4 million. This includes obligations towards affiliated companies amounting to € 11.8 million.

On the balance sheet date, there were financial obligations totalling € 4.2 million from open short options and € 27.0 million from open forward purchases.

General information

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

Our company does not itself employ any personnel.

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

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

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

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

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

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

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

Cologne, 14 April 2015

The Management Board

Gieseler **Rüßmann** **Zens**

Audit certificate

We have audited the annual financial statements, comprising the balance sheet, income statement and notes, as well as the accounting and management report of **DEVK Rückversicherungs- und Beteiligungs-Aktiengesellschaft**, Cologne, for the financial year from 1 January to 31 December 2014. The accounting and the preparation of the annual financial statements and management report in accordance with German commercial regulations and the supplementary provisions of the articles of association are the responsibility of the company's Management Board. Our remit is to express an opinion on the annual financial statements, accounting and management report on the basis of our audit.

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

Our audit has not led to any objections.

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

Cologne, 22 April 2015

KPMG AG
Wirtschaftsprüfungsgesellschaft

Dr Hübner	**Offizier**
Auditor	Auditor

Supervisory Board report

During 2014, 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 2014 annual financial statements and management report prepared by the Management Board. Their audit did not reveal any irregularities and an unqualified audit certificate was granted. The Supervisory Board has duly acknowledged and agrees with the audit findings.

The Supervisory Board's own audit of the annual financial statements and management report likewise revealed no irregularities, and accordingly the Supervisory Board hereby approves the 2014 financial statements, which are thus duly adopted.

The Supervisory Board agrees with the Management Board's proposal concerning the appropriation of the 2014 net retained earnings and hereby recommends that the Annual General Meeting frames 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 factual details in the report are correct and
2. that the payments made by the company in connection with the legal transactions discussed in the report were not excessive."

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

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

Cologne, 8 May 2015

The Supervisory Board

Kirchner
Chairman

Company bodies

Supervisory Board

Wolfgang Zell
Neustadt in Holstein
Chairman
Federal Director of the
Eisenbahn- und Verkehrs-
gewerkschaft (EVG)
(Railway and Transport Union)

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

Helmut Petermann
Essen
Chairman of the
General Works Council
DEVK Versicherungen

Norbert Quitter
Bensheim
Deputy Federal Chairman of the
German Train Drivers'
Union

Regina Rusch-Ziemba
Hamburg
Deputy Chairman of the
Eisenbahn- und Verkehrs-
gewerkschaft (EVG)

Ekhard Zinke
Flensburg
President of the
Federal Motor Transport Authority

Management Board

Friedrich Wilhelm Gieseler
Bergisch Gladbach
Chairman

Engelbert Faßbender
Hürth

Dr Veronika Simons
Walluf

Bernd Zens
Königswinter

Dietmar Scheel
Bad Berka
Deputy Board Member
(from 1 January 2015)

Advisory Board

Rudi Schäfer
Bad Friedrichshall
– Honorary Chairman –
Chairman of the German Railway Workers Union

Heiko Büttner
Munich
Personnel Director, DB Vertrieb GmbH

Dirk Flege
Berlin
Managing Director of Allianz pro Schiene e.V.

Heinz Fuhrmann
Neu-Anspach
Member of the Managing Board of the Railway and Transport Union (EVG)

Götz Grauert
Oberhausen
Chairman of Verband Deutscher Bahnhofsbuchhändler e.V.

Hans-Jürgen Hauschild
Moisburg
Group Advisory Council Chairman Netinera Deutschland GmbH, KVG Stade GmbH & Co. KG Betrieb Buxtehude

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

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

Jürgen Knörzer
Schwarzach
Chairman of the General Works Council DB Regio Schiene/Bus

Margarete Zavoral
Sulzbach
CEO of the Railway Social Work Foundation
CEO of the Railway Orphanage Foundation (EWH)

Günther Köhnke
Rotenburg
Commercial Manager of Omnibus-verkehr Franken GmbH (OVF), Regionalbus Ostbayern GmbH (RBO) and Regionalverkehr Oberbayern GmbH (RVO)

Wilhelm Lindenberg
Hanover
Operations and Personnel Director, üstra Hannoversche Verkehrs-betriebe AG

Rolf G. Lübke
Stuttgart
Managing Director of DB Fuhrpark Service GmbH

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

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

Silvia Müller
Berlin
Ombudswoman
Deutsche Bahn AG

Dr Sigrid Nikutta
Berlin
CEO of Berliner Verkehrsbetriebe

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

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

Yvonne Zimmermann
Hamburg
Member of the Managing Board of Sparda-Bank Hamburg eG

Ralf Poppinghuys
Raeren
Industrial Relations Director Personnel and Social Veolia Verkehr GmbH

Peter Rahm
Crailsheim
Chairman of the General Works Council of DB Kommunikations-technik GmbH

Karlheinz Reindl
Baldham
CEO of UNION Deutscher Bahnhofsbetriebe (German Union of Railway Station Operators)

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

Lars Scheidler
Berlin
Departmental Manager at the Railway and Transport Union

Martin Schmitz
Rodgau
Director of Verband Deutscher Verkehrs-unternehmen e.V.

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

Bernd Sülz
Berlin
Personnel Director, DB Fahrzeuginstandhaltung GmbH

Hans-Otto Umlandt
Oesterdeichstrich
Lawyer

Oliver Wolff
Düsseldorf
Managing Director and Managing Board Member, Association of German Transport Companies (VDV)

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 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.

Throughout Germany, the DEVK Group runs 19 subsidiaries and over 1,200 branch 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.

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

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

Delegation of functions and organisational cooperation

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

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

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

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

Business performance

Economic conditions generally and in the industry

In 2014, income opportunities on the capital markets were highly variable. Thus, for instance, investments in US equities chalked up excellent average yields of around 7.5 %, while also holding out the prospect of foreign exchange gains for euro investors. In contrast, during 2014, the majority of European share indices registered performance down in the low single-digit range. During the final quarter, volatility on the stock markets once again increased, while the DAX, despite breaking through the 10,000-point barrier on occasions, experienced below-par overall performance to end the year just 2.65 % up.

After slight rises in eurozone interest rates during 2013 in anticipation of a possible change in the US interest policy, in 2014 the ECB's pronouncements in particular were instrumental in bringing about massive falls in returns. These involved both the general interest rates and falling risk premiums on the bonds of individual issuers. The only risk premiums to see widening spreads were those on the bonds of high-yield debtors with B and CCC ratings, against a background of growing political uncertainty in trouble spots such as the Ukraine. In 2014, interest on ten-year German government bonds fell from 1.9 % to 0.5 %. As a result the German bonds index REX, covering all terms up to ten years, rose by 7.1 % during the course of the year.

During 2014, the euro decreased in value by 12 % against the US dollar. Many other currencies, particularly those from the emerging economies, experienced similar falls against the dollar, and 2014 also saw a halving of the oil price. These developments further increased uncertainties concerning sectoral and country risk, as well as stoking up doubts about future global economic performance.

Macroeconomic trends in Germany throughout 2014 were predominantly shaped by the positive performance of the domestic economy. In contrast, Germany's net exports provided virtually no impetus. In 2014, German gross domestic product (GDP) rose by 1.6 %, while unemployment in Germany remained low, with a rate of under 7 %.

According to the German Insurance Association's provisional figures, gross non-life and accident insurance premium receipts are 3.2 % up on last year. Due to more benign claims trends, the combined ratio (the ratio of claims expenses and costs to premium receipts) improved significantly, from 103.5 % in 2013 to around 95 % in 2014. Thus, the non-life and accident insurance sector's profitability improved greatly as compared with 2013.

Motor vehicle insurance saw further industry-wide price rises during 2014. As a result, contributions increased by 4.6 %, while the combined ratio fell to 97 % (2013: 104.4 %).

Business trends

During 2014, our overall portfolio of insurance policies rose by 3.7 % to 7,640,877 policies (2013: 7,370,853). The motor vehicle liability insurance, comprehensive and partially comprehensive motor insurance (third-party, fire and theft) risks were counted separately here, and moped insurance policies were not taken into account.

At + 8.4 %, gross premiums written rose more sharply than expected last year (forecast: around 6 %). This development was chiefly due to the growth of our motor vehicle insurance portfolio, as well as premium adjustments in this segment. At + 10.1 %, building insurance rose sharply.

At € 61.6 million, the underwriting result net of reinsurance and before changes to the equalisation provision was better than expected (forecast: € 40 to 50 million). This was due both to higher premium receipts and to reinsurers taking a greater than expected share of the claims expenditure. As a result of this welcome development, there was an unexpectedly large increase in the allocation to the equalisation provision, which at € 45.2 million greatly exceeded the forecast range of € 10 to 20 million. The largest allocations to provisions had to be made in the field of motor vehicle liability insurance and reinsurance business. As a result, we were unable to achieve the forecast underwriting result net of reinsurance of € 30 to 40 million. Due to the high allocation to the equalisation provision, the actual result was € 16.4 million.

Meanwhile, the investment result came to € 69.9 million, as against a forecast figure of around € 65.0 million. This was a consequence of higher returns from disposals of investments than originally planned.

In line with expectations (€ 80 to 100 million), the overall result from ordinary activities came in at € 88.0 million.

After taxes, the profit transfer to DEVK Rückversicherungs- Beteiligungs-AG was € 87.7 million (2013: € 92.3 million). Given the very substantial allocation to the equalisation provision, the size of the profit transfer may be regarded as highly satisfactory.

Net assets, financial position and results of operations

Results of operations

	2014 € 000s	2013 € 000s	Change € 000s
Technical account	16,405	17,623	– 1,218
Investment result	69,897	82,872	– 12,975
Other result	1,707	– 7,501	9,208
Profit from ordinary activities	**88,009**	92,994	– 4,985
Taxes	358	733	– 375
Profit transfer	87,651	92,261	– 4,610
Net profit for the year	**–**	–	–

Underwriting result, net of reinsurance

DEVK Allgemeine Versicherungs-AG's gross premiums written rose by 8.4 % to € 1,179.3 million. 2014 earned premiums net of reinsurance rose by 8.4 % to € 998.7 million. Claims incurred, net of reinsurance, were 3.0 % up at € 713.5 million, as a result of which their share of net earned premiums fell to 71.4 % (2013: 75.2 %). At 22.2 %, the ratio of expenses on insurance business net of reinsurance to earned premiums net of reinsurance was slightly up on the 2013 figure of 21.7 %.

After a claims-intensive 2013, 2014 was a year of relatively modest claims. Gross claims expenses for the year were 2.0 % up (2013: + 8.3 %). Profits from the settlement of previous years' claims were a meagre 1.3 % up on the 2013 figure. As a result, gross claims expenses rose disproportionately as compared with premium receipts, and the gross claims ratio improved to 70.8 % (2013: 75.2 %).

Gross operating expenses rose by 10.8 %, from € 230.3 million in 2013 to € 255.2 million in 2014. The main drivers of this growth were pension schemes, personnel and IT costs as well as portfolio and sales commission.

After a € 45.2 million allocation to the equalisation provision (2013: € 6.8 million), the underwriting result net of reinsurance came to € 16.4 million (2013: € 17.6 million).

Accident insurance

Under accident insurance, we include both general accident insurance and motor vehicle accident insurance. In 2014, the total number of accident insurance policies rose to 894,512 (2013: 882,437). Gross premiums rose to € 95.5 million, a 4.9 % increase on the 2013 figure, and the underwriting result stood at € 4.5 million (2013: € 7.7 million).

Liability insurance

Our overall liability insurance portfolio increased to 1,169,444 policies (2013: 1,151,395). In line with the portfolio growth, gross premiums rose by 3.9 % to € 81.6 million. After an € 800,000 withdrawal from the equalisation provision (2013: € 2.5 million), the underwriting result net of reinsurance came to € 19.2 million (2013: € 21.9 million).

Motor vehicle liability insurance

At the year's end, our portfolio comprised 2,159,865 policies (2013: 2,024,704), plus 172,034 moped policies. Due to both the portfolio growth and premium adjustments, gross premium receipts were up 11.0 % on the 2013 figure at € 467.9 million. After a € 20.3 million allocation to the equalisation provision (2013: € 4.9 million), the underwriting result net of reinsurance was € – 7.5 million (2013: € – 9.4 million).

Other motor vehicle insurance

Other motor vehicle insurance comprises our comprehensive and partial comprehensive (third-party, fire and theft) motor insurance. The number of risks covered in this segment stood at 1,674,289 (2013: 1,593,723), and we also managed 27,730 partial-coverage moped policies. Gross premiums (including mopeds) rose by 8.6 % to € 294.3 million. Despite a sharp rise in the allocation to the equalisation provision (€ 22.2 million as compared with € 300,000 in 2013), the underwriting result net of reinsurance came in at a positive € 1.8 million (2013: € – 3.4 million).

Fire and non-life insurance

At the end of 2014, our fire and non-life-insurance portfolio comprised a total of 1,741,934 policies (2013: 1,717,417), and gross premiums rose by an impressive 6.5 % to € 227.6 million. After a € 3.1 million allocation to the equalisation provision (2013: € 2.2 million), the underwriting result net of reinsurance fell to € – 2.7 million (2013: € 500,000).

In detail, our individual fire and non-life segments performed as follows:
Our household contents insurance portfolio increased to 900,915 policies (2013: 890,999), while gross premiums were up from € 86.6 million to € 89.4 million, a rise of 3.3 %. The underwriting result came to € 8.6 million (2013: € 12.1 million).

At the end of the year, our homeowners' building insurance business comprised 370,602 policies (2013: 359,366). Gross premiums increased to € 115.2 million (2013: € 104.7 million), representing impressive growth of 10.1 %. After a € 2.1 million allocation to the equalisation provision (2013: € 2.1 million), the underwriting result net of reinsurance totalled € – 10.2 million (2013: € – 13.2 million).

In the other fire and non-life insurance classes, our portfolio as of 31 December 2014 comprised 470,417 policies (2013: 467,052), while premium receipts rose 1.9 % to € 23.0 million. After a € 1.0 million allocation to the equalisation provision (2013: € 100,000), the underwriting result net of reinsurance stood at € – 1.1 million (2013: € 600,000).

Other insurance policies

Other insurance policies primarily comprise the results of our breakdown service policies as well as insurance against other financial losses. Total premium receipts here were € 12.5 million (2013: € 11.9 million). After a € 400,000 allocation to the equalisation provision (2013: € 1.9 million), the underwriting result net of reinsurance totalled € 1.1 million (2013: € – 1.4 million).

Investment result

The investment result was down on the 2013 figure. Apart from low interest rates, this was due to the dropping out of positive special effects in the field of interest-bearing securities as well as the normalisation of income from disposals of investments. The lower income was partially offset by reduced expenses.

Total investment income came to € 84.7 million (2013: € 101.9 million). Alongside the regular income, the company booked profits totalling € 10.5 million from disposals of investments (2013: € 17.9 million) plus income from write-ups of € 2.0 million (2013: € 4.4 million).

Investment expenses fell from € 19.0 million in 2013 to € 14.8 million in 2014.

Our net 2014 investment result came to € 69.9 million, as against € 82.9 million in 2013.

Other result

Due to special effects, the “Other” result improved to € 1.7 million (2013: € – 7.5 million).

Tax expenditure

The control and profit transfer agreement entered into with DEVK Rückversicherungs- und Beteiligungs-AG in 2002 established a fiscal unit for corporation tax and trade tax purposes. The parent company DEVK Rückversicherungs- und Beteiligungs-AG has refrained from making a Group allocation for tax purposes on the income of the consolidated company since the entire profit or loss is transferred to DEVK Rückversicherungs- und Beteiligungs-AG under the profit transfer agreement. Taxes on income, which came to € 374,000 (2013: € 425,000), exclusively comprised foreign withholding taxes.

Operating result and appropriation of retained earnings

The result before profit transfer came to € 87.7 million (2013: € 92.3 million). This sum was transferred to DEVK Rückversicherungs- und Beteiligungs-AG in line with the Control and Profit Transfer Agreement.

Return on sales

A key company management figure we use is the "adjusted return on sales" in relation to our direct insurance operations. This is defined as the ratio between the net profit before taxes and the profit transfer, less bonus and rebate expenses and the reinsurance balance, on the one hand, and gross premium receipts, on the other hand. This ratio does not take reinsurance business into account.

The 2014 return on sales came to 14.1 % (2013: 10.6 %).

Financial position

Cash flow

Availability of the liquidity necessary to meet regular payment obligations is ensured through ongoing liquidity planning which takes into account prospective liquidity movements over the coming 12 months. The company receives a continuous influx of liquid funds in the form of regular premium receipts, investment income and return flows from investments of capital. In the current financial year, the cash flow from investments – that is, the funds required for the net investment volume – amounted to € 89.6 million. The necessary funds were generated by the company's ongoing operations (€ 167.0 million).

Solvency

The company's own funds, proof of which must be furnished pursuant to section 53c VAG in order to demonstrate our long-term ability to meet policy liabilities, provide a very high level of excess cover. Total own funds came to € 314.1 million (2013: € 306.9 million), far exceeding the required solvency margin of € 166.3 million (2013: € 155.6 million). The capital investment (re)valuation reserves were not taken into consideration in making the solvency calculations.

Ratings

The ratings, commissioned by Standard & Poor's for the first time in 2008, are updated each year. As in the years 2008 to 2013, in 2014 DEVK Sach- und HUK-Versicherungsverein a.G., DEVK Allgemeine Versicherungs-AG, DEVK Allgemeine Lebensversicherungs-AG and DEVK Rückversicherungs- und Beteiligungs-AG were all once again assigned ratings of A+. Standard & Poor's assesses our future outlook as "stable", thus confirming the very sound financial position enjoyed by DEVK companies generally.

Meanwhile, the rating agency Fitch came to the same conclusion, with its 2014 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-Versicherungs-verein a.G., DEVK Rückversicherungs- und Beteiligungs-AG, DEVK Rechtsschutz-Versicherungs-AG, DEVK Krankenversicherungs-AG and the two life assurance companies DEVK Lebensversicherungsverein a.G. and DEVK Allgemeine Lebensversicherungs-AG. Their outlook, too, is rated as stable.

Assets position

	2014 € 000s	2013 € 000s	Change € 000s
Investments	1,873,568	1,793,089	80,479
Receivables arising out of direct insurance operations	26,862	12,114	14,748
Receivables arising out of reinsurance operations	16,379	18,508	– 2,129
Other receivables	49,695	72,474	– 22,779
Means of payment	39	242	– 203
Other assets	63,535	61,164	2,371
Total assets	**2,030,078**	1,957,591	72,487
Equity	342,171	332,171	10,000
Technical provisions net of reinsurance	1,441,579	1,350,607	90,972
Other provisions	8,042	7,260	782
Deposits received from reinsurers	71,344	75,118	– 3,774
Liabilities arising out of direct insurance operations	84,369	88,483	– 4,114
Liabilities arising out of reinsurance operations	3,528	1,511	2,017
Other liabilities	77,790	101,037	– 23,247
Accruals and deferred income	1,255	1,404	– 149
Total capital	**2,030,078**	1,957,591	72,487

There were no significant material changes in the composition of the investment portfolio.

DEVK Rückversicherungs- und Beteiligungs-AG have raised our company's equity by € 10 million.

Non-financial performance indicators

Customer satisfaction

Customer satisfaction is an important strategic goal for DEVK, which is why we measure the satisfaction of our customers every year. For this purpose, we draw on a sectoral index which assesses our own customer satisfaction against that of our rivals via a points scale. This enables us to measure developments over time and as compared with our competitors in graphic form. Currently, DEVK scores well above the industry average, but our aim over the coming years is for DEVK to achieve first place for customer satisfaction.

Overall verdict on the management report

All in all, the company's net assets, financial position or results of operations proved satisfactory throughout 2014.

Supplementary report

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

Outlook, opportunities and risks

Outlook

During 2015, we are expecting growth in overall premium receipts in the order of 4 to 5 %. After the modest claims of 2014, we are assuming that gross claims expenditure will grow disproportionately during 2015 Accordingly, after changes to the equalisation provision we are expecting a correspondingly lower underwriting result. After allocations to the equalisation provision, we currently estimate that the underwriting result net of reinsurance will come in at between € 30 million and € 40 million.

We expect interest rates to remain very low throughout 2015. Indeed, after the ECB announced that from March 2015 onwards it would be purchasing bonds to a value of 60 billion euros every month for at least 18 months, we would not rule out further falls in interest rates. Expectations in relation to future US interest levels currently revolve around two opposing factors – namely, "better than expected labour market figures", as a reason to increase interest rates, as against "lower than expected inflation", a reason to keep them low. Any future hikes in US interest rates also largely depend on ongoing movements in the value of the US dollar. Accordingly any further pronouncements by the FED concerning the timing of the rate increase envisaged for 2015 will be eagerly awaited and will have a significant impact on the bond and equity markets. Changing US monetary policies could prove an additional burden for emerging economies with debts denominated in US dollars, leading to further exchange rate volatility.

Around the turn of the year, various key early indicators of economic recovery showed a degree of improvement. For instance, the manufacturing purchasing manager indices moved slightly into the expansionary zone for all the major industrial nations with the exception of China, whose 2015 economic performance remains the big question mark here. We view current good levels of consumer confidence, particularly in the USA and Germany, as important growth drivers. Moreover, eurozone exports can be expected to benefit from the euro's depreciation against most other currencies. In December 2014, volumes of incoming orders received by the German manufacturing industry hit their highest level since April 2008, after rising 3.0 % during 2014 as compared with 2013.

Despite this, we expect the degree of indebtedness of the peripheral eurozone nations to remain high or even rise further in GDP terms. Negative news from these countries, in particular concerning Greece's possible exit from the euro, could at any time lead to a renewed flight to German government bonds, leading to falling yields and widening spreads between them and other European government bonds.

In our view, the equity markets will in 2015 continue to profit from low interest rates and the absence of viable investment alternatives offering decent rates of interest. We see a high likelihood of moderate rises in share prices, particularly if the rises are backed up by increasing company profits and dividends. Low loan interest rates, the lower price of oil and the weaker euro will all have a positive impact here, while downside risks can be seen in falling producer prices as well as weakening growth in the emerging markets – above all in China.

During 2015, DEVK Allgemeine Versicherungs-AG's investment portfolio will grow, and in consequence we are expecting a profit in the order of € 65 to 75 million, depending on the volume of write-downs required. In our view, the low interest rates available on new assets and repeat investments will lead to a slight reduction in the net interest rates they attract.

All in all, we are expecting the 2015 profit from normal business activities to be in the order of € 20 to 25 million.

Opportunities report

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

We are available for our customers throughout Germany via our regional management units and from our headquarters in Cologne, both by telephone and face-to-face. Communication takes place via 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 offer.

Our three-product-line approach (Active, Comfort and Premium cover) has met with a very positive response.

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.

Risk report

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

Technical risks

Principal among the technical risks in non-life and accident insurance are the premium/claims risk and the reserves risk.
To this end, we first consider the movement of the claims ratio net of reinsurance over the past ten years.

Claims ratio net of reinsurance

Year	%	Year	%
2005	70.2	2010	78.1
2006	72.7	2011	77.1
2007	70.0	2012	74.3
2008	73.6	2013	75.2
2009	77.3	2014	71.4

As we can see, over the ten-year period considered here the range of fluctuation is low. This is largely due to the fact that, in line with the reasonable acceptance guidelines we apply, we generally only underwrite straightforward, standardised business. Where par ticularly large volumes of insurance are involved, we limit our risk through co-insurance or reinsurance contracts.

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

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, as also demonstrated by our settlement results for the past ten years.

Settlement result, net of reinsurance, as % of original provision

Year	%	Year	%
2005	10.1	2010	11.7
2006	8.9	2011	10.0
2007	11.3	2012	9.0
2008	10.5	2013	8.7
2009	10.3	2014	8.7

Our equalisation provisions provide an additional safety cushion that contributes to the smoothing of our underwriting results. As of 31 December 2014, their volume totalled € 199.1 million (2013: € 153.9 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, intermediaries and reinsurers.

Over the review period (the past three years), overdue debts from insurance business averaged 2.5 % of booked gross premiums. Of these, an average of 9.9 % had to be written off. In relation to the booked gross premiums, the average default rate over the past three years was 0.2 %. Accordingly, default risk is of minimal importance for our company.

Amounts receivable from reinsurance at the end of the year came to € 16.4 million, of which € 10.0 million apply to DEVK Rückversicherungs- und Beteiligungs-AG alone, which is rated as A+ by Standard & Poor's. An overview of amounts receivable broken down according to the ratings assigned to our reinsurance partners by Standard & Poor's is given in the following table:

Rating category	Receivables in € millions
AA+	0.04
AA–	0.39
A+	12.66
A	1.57
A–	0.57
No rating	1.14

Investment risks

The risks stemming from investments comprise:

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

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

BaFin Circular 1/2004 (VA) requires us to subject our investment portfolio to a stress test, which we carried out on the balance sheet date of 31 December 2014, using the BaFin-specified modified stress test model from the German Insurance Association (GDV). All of the scenarios contained therein were passed successfully. The stress test determines whether an insurance undertaking would be in a position to meet its obligations towards its policyholders even if the capital markets underwent a protracted crisis. The stress test simulates a short-term adverse change on the capital markets and examines the impact on the insurance undertaking's balance sheet and accounts. The target horizon is the next balance sheet date. The stress test assumes the following scenarios: 1) a downturn on the equity markets while the bond market remains stable, 2) a downturn on the bond market while the equity market remains stable, 3) a simultaneous crash on the equity and bond markets and 4) a simultaneous crash on the equity and real estate markets.

Interest-bearing investments

As of 31 December 2014, the Group held interest-bearing investments to a total value of € 1.54 billion. A total of € 590.5 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 € 509.1 million to the fixed assets since we intend to hold this paper until maturity and their current market fluctuations are viewed as temporary. Should this second view in particular prove wide of the mark, we shall undertake the necessary write-downs in a timely fashion. These capital investments show a positive valuation reserve of € 75.4 million, a figure that includes € 100,000 in hidden charges. A change in returns of up to +/– 1 % would entail a corresponding value change ranging from € – 92.7 million to € 103.0 million.

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

Apart from real estate financing, which represents 7 % of our overall investments, our interest-bearing investments are predominantly in Pfandbriefe (German covered bonds) and notes receivable. We also invest in corporate bonds and, on a small scale, in asset-backed securities (ABS). Our direct corporate bond holdings make up 11.4 % of our total investments, while directly held asset-backed securities make up just 1.5 %. In 2014, our bond investments focused on international bearer bonds issued by banks and companies, both due to their attractive risk premiums and on diversification grounds. These chiefly involved bearer papers that were assigned to the fixed assets.

We continue to have minimal investment exposure to the eurozone countries currently under the microscope – namely, Portugal, Italy, Ireland, Greece and Spain. As regards issuer risk, just 6.8 % of the company's total investments are in government bonds. 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 (2013):

AA– or better	55.3 %	(55.7 %)
A	29.6 %	(28.4 %)
BBB	9.9 %	(10.9 %)
BB or worse	5.1 %	(5.0 %)

The company's rating distribution remains much the same as it was last year. 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 investments is in EuroStoxx50 companies, as a result of which our portfolio's performance very closely matches that of this index. A 20 % change in market prices would alter the value of our equity portfolio by € 46.0 million. The European share index EuroStoxx50 gained slightly in value during 2014, and provided we are spared any exogenous shocks, we expect this positive performance to continue. We have applied a value protection model to our equity investments in order to limit market risks.

In light of the uncertain economic situation, we actively managed our ratio of equity investments throughout the year. There has been an upward trend in the ratio as compared with 2013. Should growing economic problems lead to a significant downturn, various courses of action are open to us.

The fixed-asset equities and equity funds show a positive valuation reserve of € 12.4 million and contain no hidden liabilities.

Real estate

On the balance sheet date, our real estate investments totalled € 91.5 million. Of this total, € 75.1 million are invested in indirect mandates, including restricted special funds in office and other commercial real estate. Our direct holdings worth € 16.5 million are subject to scheduled annual depreciation of approximately € 300,000. No special risks are currently discernible in connection with these real estate holdings.

Operational risks

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

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

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

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

Solvency II

The insurance industry is facing radical changes in its supervisory regime. In this connection, on 17 January 2015 the European Commission published the corresponding delegated acts in the Official Journal of the European Union, and in March 2015 the German Bundesrat passed the Act to Modernise Financial Supervision of Insurance Undertakings (Gesetz zur Modernisierung der Finanzaufsicht über Versicherungen [VAG-Novelle]), thereby implementing the EU Solvency II Directive in German law. The provisions of Solvency II will have to be applied from 1 January 2016 onwards.

The new Solvency II requirements will pose a considerable challenge. Their implementation by DEVK Versicherungen will take place in line with the project set up for the purpose last year.

Summary of our risk status

We have complied with the supervisory requirements of the German Solvency Regulation (Solvabilitätsverordnung).

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 continuing existence.

Cologne, 14 April 2015

The Management Board

Gieseler **Faßbender** **Scheel** **Dr Simons** **Zens**

Notes to the management report

List of insurance classes covered during the financial year

Direct insurance operations

Accident insurance
General accident insurance
Motor vehicle accident insurance

Liability insurance

Motor vehicle liability insurance

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

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

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

Foreign travel sickness insurance

Reinsurance coverage provided

Motor vehicle liability insurance

Other motor vehicle insurance

Legal expenses insurance

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

Financial statements

Balance sheet to 31 December 2014

Assets	€	€	€	2013, € 000s
A. Intangible assets				
I. Licenses, industrial property rights and similar rights and assets acquired for valuable consideration, as well as licenses in such rights and assets		20,683,151		23,200
II. Payments on account		7,390,738		2,484
			28,073,889	25,684
B. Investments				
I. Real estate and similar land rights, including buildings on third-party land		16,464,620		16,744
II. Investments in affiliated companies and participating interests				
1. Shares in affiliated companies	65,417,898			64,095
2. Participating interests	30,414,084			32,607
		95,831,982		96,702
III. Other investments				
1. Shares, units or shares in investment funds and other variable-interest securities	280,252,619			300,729
2. Bearer bonds and other fixed-interest securities	524,935,310			362,395
3. Mortgage loans and annuity claims	130,916,952			149,546
4. Other loans	797,433,929			838,991
5. Other investments	27,732,743			27,983
		1,761,271,553		1,679,643
			1,873,568,155	1,793,089
C. Accounts receivable				
I. Receivables arising out of direct insurance operations:				
1. Policyholders	26,709,702			11,961
2. Intermediaries	152,667			153
		26,862,369		12,114
II. Receivables arising out of reinsurance operations		16,379,083		18,508
of which:				
Affiliated companies: € 9,981,002				13,449
III. Other receivables		49,694,433		72,474
of which:			**92,935,885**	103,096
Affiliated companies: € 1,939,988				71,620
D. Other assets				
I. Tangible assets and inventories		7,149,306		7,775
II. Cash at bank, cheques and cash in hand		39,423		242
III. Other assets		263,541		288
			7,452,270	8,305
E. Prepayments and accrued income				
I. Accrued interest and rent		26,984,503		26,760
II. Other prepayments and accrued income		1,063,182		657
			28,047,685	27,417
Total assets			**2,030,077,884**	1,957,591

I hereby confirm that the premium provision of € 15,161,737.16, 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 65 paragraph 1 of the Insurance Supervision Act.

Cologne, 13 April 2015 **The Actuary in Charge | Weiler**

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

Cologne, 13 April 2015 **The Trustee | Thommes**

Liabilities and shareholders' equity	€	€	€	2013, € 000s
A. Capital and reserves				
I. Subscribed capital		195,000,000		195,000
II. Capital reserve		100,302,634		90,303
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	332,171
B. Technical provisions				
I. Provision for unearned premiums				
1. Gross amount	10,464,354			9,403
2. of which:				
Reinsurance amount	174,871			200
		10,289,483		9,203
II. Premium reserve		26,562		31
III. Provision for claims outstanding:				
1. Gross amount	1,544,740,438			1,489,260
2. of which:				
Reinsurance amount	332,760,053			322,972
		1,211,980,385		1,166,288
IV. Provision for bonuses and rebates		14,802,040		14,815
V. Equalisation provision and similar provisions		199,102,033		153,902
VI. Other technical provisions				
1. Gross amount	5,823,633			6,734
2. of which:				
Reinsurance amount	445,555			366
		5,378,078		6,368
			1,441,578,581	1,350,607
C. Provisions for other risks and charges				
I. Provisions for pensions and similar commitments		7,596,705		6,973
II. Provisions for taxation		214,404		-
III. Other provisions		231,354		286
			8,042,463	7,260
D. Deposits received from reinsurers				
			71,344,402	75,118
E. Other liabilities				
I. Liabilities arising out of direct insurance operations				
1. Policyholders	84,368,868			88,455
2. Intermediaries	–			27
		84,368,868		88,483
II. Liabilities arising out of reinsurance operations		3,528,100		1,511
of which:				
Affiliated companies: € 3,182,618				1,090
III. Other liabilities		77,790,197		101,037
of which:			**165,687,165**	191,030
Tax: € 7,469,916				7,845
Affiliated companies: € 68,966,239				92,292
F. Accruals and deferred income				
			1,254,478	1,405
Total liabilities			**2,030,077,884**	1,957,591

Profit and loss account

for the period from 1 January to 31 December 2014

Items	€	€	€	2013, € 000s
I. Technical account				
1. Earned premiums, net of reinsurance				
a) Gross premiums written	1,179,349,923			1,087,638
b) Outward reinsurance premiums	179,539,189			165,299
		999,810,734		922,339
c) Change in the gross provision for unearned premiums	– 1,060,874			– 1,183
d) Change in the provision for unearned premiums, reinsurers' share	– 25,147			– 12
		– 1,086,021		– 1,195
			998,724,713	921,144
2. Allocated investment return transferred from the non-technical account, net of reinsurance			**545,480**	491
3. Other technical income			**1,102,983**	1,115
4. Claims incurred, net of reinsurance				
a) Claims paid				
aa) Gross amount	778,818,418			720,858
bb) Reinsurers' share	110,994,379			102,657
		667,824,039		618,201
b) Change in the provision for claims				
aa) Gross amount	55,479,981			96,387
bb) Reinsurers' share	– 9,787,929			– 21,996
		45,692,052		74,391
			713,516,091	692,592
5. Changes in other technical provisions, net of reinsurance				
a) Premium reserve, net of reinsurance		3,990		6
b) Other technical provisions, net of reinsurance		914,533		– 1,405
			918,523	– 1,399
6. Bonuses and rebates, net of reinsurance			**302,008**	282
7. Net operating expenses				
a) Gross operating expenses		255,171,082		230,321
b) of which: Reinsurance commissions and profit participation		33,719,663		30,430
			221,451,419	199,891
8. Other technical charges, net of reinsurance			**4,417,183**	4,137
9. Subtotal			**61,604,998**	24,449
10. Change in the equalisation provision and similar provisions			**– 45,199,994**	– 6,826
11. Underwriting result, net of reinsurance			**16,405,004**	17,623
Balance carried forward:			16,405,004	17,623

Items	€	€	€	€	2013, € 000s
Balance carried forward:				16,405,004	17,623
II. Non-technical account					
1. Income from other investments					
a) Income from participating interests		2,698,297			1,533
of which:					
from affiliated companies: € 2,065,204					1,440
b) Income from other investments					
aa) Income from real estate and similar land rights, including buildings on third-party land	1,252,281				514
bb) Income from other investments	68,255,201				77,498
		69,507,482			78,012
c) Income from write-ups		1,989,205			4,396
d) Gains on the realisation of investments		10,512,129			17,927
			84,707,113		101,868
2. Investment charges					
a) Investment management charges, interest expenses and other charges on capital investments		2,146,973			1,777
b) Write-downs on investments		11,942,387			11,484
c) Losses on the realisation of investments		720,890			5,735
			14,810,250		18,997
			69,896,863		82,871
3. Allocated investment return transferred from the non-technical account			1,968,154		1,951
				67,928,709	80,921
4. Other income			11,239,288		3,506
5. Other charges			7,564,270		9,056
				3,675,018	– 5,550
6. Profit from ordinary activities				**88,008,731**	92,994
7. Taxes on income			374,207		425
8. Other taxes			– 16,358		309
				357,849	734
9. Profit transferred under a profit pooling, profit transfer or partial profit transfer agreement				**87,650,882**	92,260
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, or they are recorded as operating expenses in their year of acquisition.

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

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

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

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

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

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

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 not constituting operating or office equipment are recognised at their nominal values. Operating or office equipment is shown at its cost of acquisition or production as reduced by scheduled depreciation. Depreciation 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, or they are recorded as operating expenses in their year of acquisition.

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

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

The **premium reserve** required for the child accident insurance was calculated individually according to the prospective method, taking implicit recognised costs duly into account. The DAV 2007 HUR, 4 %, mortality tables formed the basis for the settlement of claims prior to 31 December 2000. An assumed rate of interest of 3.25 % was applied with respect to claims for which provisions first had to be established during the period from 31 December 2000 to 31 December 2003, as against a technical rate of 2.75 % with respect to claims for which provisions first had to be established during the period from 31 December 2004 to 31 December 2006, 2.25 % with respect to claims for which provisions first had to be established between 31 December 2007 and 31 December 2011, and 1.75 % for all later claims.

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

The **pensions premium reserve** was calculated in accordance with sections 341f and 341g HGB on the basis of the DAV 2007 HUR mortality table, applying an assumed interest rate of 4.0 %. In the case of claims for which provisions first had to be established during the period from 31 December 2000 to 31 December 2003, the assumed interest rate applied was 3.25 %, as against a technical rate of 2.75 % with respect to claims for which provisions first had to be established during the period from 31 December 2004 to 31 December 2006, 2.25 % with respect to claims for which provisions first had to be established between 31 December 2007 and 31 December 2011, and 1.75 % for all later claims.
The reinsurance amount was calculated in accordance with the contractual agreements in this respect.

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

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

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

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

The **other provisions** are formed on the following basis:
The **pension provision** was calculated according to the projected unit credit method, on the basis of Professor Klaus Heubeck's 2005G actuarial tables. Discounting was done at the average market interest rate published by Deutsche Bundesbank, to wit 4.55 % (2013: 4.89 %), as arrived at assuming a residual term of 15 years (cf. section 253 paragraph 2 sentence 2 HGB).
The financing age on expiry is 62.
The assumed rate of pay increase was set at 1.95 % p.a., and the rate of pension increase at 1.7 % p.a.

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

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

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

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

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

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

The **allocated investment return for own account** was set at 4.0 %, 3.25 %, 2.75 %, 2.25 % or 1.75 % 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, Cologne.

Changes to asset items A., B.I. to III. during the 2014 financial year

Assets	Balance sheet value 2013 € 000s	Additions € 000s	Transfers € 000s	Disposals € 000s	Write-ups € 000s	Write-downs € 000s	Balance sheet value 2014 € 000s
A. Intangible assets							
1. Licences, industrial property rights and similar rights and assets acquired for valuable consideration, as well as licences in such rights and assets	23,200	1,621	304	–	–	4,443	20,682
2. Payments on account	2,484	5,211	– 304	–	–	–	7,391
3. Total A.	25,684	6,832	–	–	–	4,443	28,073
B.I. Real estate and similar land rights, including buildings on third-party land							
	16,745	41	–	–	–	321	16,465
B.II. Investments in affiliated companies and participating interests							
1. Shares in affiliated companies	64,095	8,073	–	6,750	–	–	65,418
2. Participating interests	32,606	2,850	–	3,543	–	1,501	30,412
3. Total B.II.	96,701	10,923	–	10,293	–	1,501	95,830
B.III. Other investments							
1. Shares, units or shares in investment funds and other variable-interest securities	300,729	47,277	–	62,343	1,989	7,399	280,253
2. Bearer bonds and other fixed-interest securities	362,395	199,467	–	34,341	–	2,585	524,936
3. Mortgage loans and annuity claims	149,546	7,333	–	25,961	–	–	130,918
4. Other loans							
a) Registered bonds	275,000	–	–	–	–	–	275,000
b) Notes receivable and loans	503,991	10,819	–	52,376	–	–	462,434
c) Other loans	59,999	–	–	–	–	–	59,999
5. Other investments	27,983	863	–	975	–	138	27,733
6. Total B.III.	1,679,643	265,759	–	175,996	1,989	10,122	1,761,273
Total	**1,818,773**	**283,555**	**–**	**186,289**	**1,989**	**16,387**	**1,901,641**

Notes to the balance sheet

Re Assets B.

Investments

Pursuant to section 341b paragraph 2 HGB, we have partially assigned investments for long-term retention in the investment portfolio.
As of 31 December 2014, 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	16,464,620	16,930,000
B.II. Investments in affiliated companies and participating interests		
1. Shares in affiliated companies	65,417,898	85,567,221
2. Participating interests	30,414,084	31,948,241
B.III. Other investments		
1. Shares, units or shares in investment funds and other variable-interest securities	280,252,619	320,957,903
2. Bearer bonds and other fixed-interest securities	524,935,310	602,563,156
3. Mortgage loans and annuity claims	130,916,952	148,939,615
4. Other loans		
a) Registered bonds	275,000,000	335,588,382
b) Notes receivable and loans	462,433,929	505,051,022
c) Other loans	60,000,000	58,575,483
5. Other investments	27,732,743	31,571,264
Total	**1,873,568,155**	**2,137,692,287**
of which: Investments valued at costs of acquisition	1,598,568,156	1,802,103,906
of which: Investments in fixed assets pursuant to section 341b paragraph 2 HGB	619,861,518	707,664,289

The revaluation reserves include hidden liabilities totalling € 4.4 million.
These relate to bearer bonds, mortgage claims, notes receivable, other loans and real estate.

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 2014 was revalued with effect from that date.

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

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

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

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

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

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

	Book value € 000s	Fair value € 000s
Fixed-asset securities	3,807	3,690
Mortgage loans	3,435	3,121
Other loans	82,954	80,827

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

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

	Type	Nominal volume € 000s	Book value premium € 000s	Fair value of premium € 000s
Other liabilities	Short call options	3,870	238	325
	Short put options	3,220	151	162
Registered bonds	Forward purchases	4,000	–	748
Bearer bonds	Forward purchases	16,500	–	379

Valuation methods

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

Details of units or shareholdings in domestic investment funds in accordance with section 285 paragraph 26 HGB				
Investment goal	Dividends € 000s	Current value € 000s	Hidden reserves/ hidden charges € 000s	Limitation on daily redemption
Equity funds	3,383	138,107	1,717	
Mixed funds	1,426	69,464	2,933	
Real-estate funds	816	21,288	1,965	once a month up to € 50,000 or at any time up to € 50,000 or after five months

Re Assets B.II.

Investments in affiliated companies and participating interests	Subscribed capital €	% share	Checked % share	Equity €	Results from previous financial year €
DEVK Omega GmbH, Cologne	25,000	25.00	25.00	25,184,805	269
DEVK Private Equity GmbH, Cologne	10,000,000	20.00	20.00	128,002,817	12,825,595
KASSOS Beteiligungs- und Verwaltungs-GmbH, Cologne	25,000	100.00	100.00	32,809	407
Terra Management GmbH, Landolfshausen	25,000	25.00	25.00	26,658	1,055
Terra Estate GmbH & Co. KG, Landolfshausen	1,500,000	24.38	24.38	40,097,955	188,283

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

Re Assets B.III.

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

Re Assets E.II.

Other prepayments and accrued income

Premium on registered bonds	€ 978,972
Advance payments for future services	€ 84,210
	€ 1,063,182

Re Liabilities A.I.

Subscribed capital
The subscribed capital totalling € 195,000,000 is divided into 195 million shares (2013: € 195,000,000).

Re Liabilities A.II.

Capital reserve

31.12.2013	€ 90,302,634
Allocation	€ 10,000,000
31.12.2014	**€ 100,302,634**

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	2014	2013	2014	2013	2014	2013
Accident	129,993	117,485	129,382	116,964	90	–
Liability	88,359	88,073	65,500	64,401	22,794	23,609
Motor vehicle liability	1,392,326	1,324,886	1,252,322	1,205,094	134,128	113,873
Other motor vehicle	77,701	57,877	36,313	38,517	25,815	3,633
Fire and non-life	73,467	74,447	59,178	62,577	11,138	8,044
of which:						
Fire	6,999	3,576	6,801	3,537	–	–
Household contents	12,553	13,671	12,503	13,562	–	–
Homeowners' building	46,130	50,316	36,400	41,918	6,851	4,741
Other non-life	7,785	6,884	3,474	3,560	4,287	3,303
Other	13,113	11,378	2,045	1,707	5,137	4,742
Total	**1,774,960**	1,674,146	**1,544,740**	1,489,260	**199,102**	153,902

Re Liabilities B.IV.

Provision for bonuses and rebates

a) Bonuses

31.12.2014	**€ 14,491,040**

b) Rebates

31.12.2013	€ 324,104
Withdrawal	€ 315,112
Allocation	€ 302,008
31.12.2014	**€ 311,000**

Re Liabilities F.

Accruals and deferred income

Discount points on registered bonds	**€ 1,254,478**

Notes to the profit and loss account

Direct insurance operations and reinsurance coverage provided

2014, € 000s	Gross premiums written	Gross premiums earned	Net premiums earned	Gross expenses on: Insurance claims	Gross expenses on: Insurance operations	Reinsurance balance	Underwriting result, net of reinsurance
Accident insurance	95,458	95,458	73,966	42,642	41,253	– 7,439	4,542
Liability insurance	81,591	81,591	79,308	29,101	31,864	– 2,321	19,151
Motor vehicle liability	467,897	468,049	409,437	400,297	60,235	4,687	– 7,524
Other motor vehicle	294,293	294,318	238,570	223,093	39,470	– 8,180	1,804
Fire and non-life	227,617	227,376	186,627	131,513	80,725	– 11,314	– 2,680
of which:							
Fire	1,282	1,282	1,135	4,603	488	1,960	– 2,119
Household contents	89,449	89,449	78,988	41,513	33,141	– 3,964	8,603
Homeowners’ building	115,215	114,974	86,019	77,065	37,097	– 7,997	– 10,214
Other non-life	21,671	21,671	20,485	8,332	9,999	– 1,313	1,050
Other	12,493	11,497	10,817	7,653	1,624	– 494	1,112
Total	**1,179,349**	**1,178,289**	**998,725**	**834,299**	**255,171**	**– 25,061**	**16,405**

2013, € 000s	Gross premiums written	Gross premiums earned	Net premiums earned	Gross expenses on: Insurance claims	Gross expenses on: Insurance operations	Reinsurance balance	Underwriting result, net of reinsurance
Accident insurance	90,990	90,990	70,666	37,317	38,058	– 8,350	7,733
Liability insurance	78,544	78,544	76,320	26,656	30,580	– 2,056	21,818
Motor vehicle liability	421,506	421,546	369,307	375,798	52,489	1,617	– 9,419
Other motor vehicle	270,911	270,916	220,230	240,607	35,822	2,578	– 3,398
Fire and non-life	213,817	213,245	174,045	130,001	72,956	– 3,565	– 496
of which:							
Fire	1,212	1,212	774	2,391	420	568	– 315
Household contents	86,618	86,618	76,537	39,004	30,553	– 2,740	12,057
Homeowners’ building	104,682	104,110	78,047	80,339	32,579	348	– 13,167
Other non-life	21,305	21,305	18,687	8,267	9,404	– 1,741	929
Other	11,870	11,214	10,576	6,865	416	– 455	1,385
Total	1,087,638	1,086,455	921,144	817,244	230,321	– 10,231	17,623

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

Acquisition expenses	€ 156,036,042
Administration costs	€ 99,135,041

Insurance agents’ commission and other remuneration, personnel expenses

	2014 € 000s	2013 € 000s
1. Insurance agents’ commission of all types within the meaning of section 92 HGB for direct insurance operations	148,746	133,601
2. Other insurance agents’ remuneration within the meaning of section 92 HGB	–	–
3. Wages and salaries	393	312
4. Social-security contributions and social-insurance costs	–	–
5. Retirement pension costs	708	390
Total	**149,847**	134,303

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

During the year under review, Management Board remuneration totalled € 415,964. The retirement pensions of former Management Board members and their surviving dependants totalled € 393,346. As of 31 December 2014, a pension provision of € 4,617,549 was capitalised for this group of people. The Supervisory Board remuneration totalled € 159,414, and payments to the Advisory Board came to € 70,586.

Other information

Contingencies and other financial obligations

On the balance sheet date, we had outstanding financial obligations totalling € 7.1 million from open short put options, € 28.0 million in multi-tranche notes payable and € 20.5 million from open forward purchases. The payment obligations in relation to approved mortgage loans not yet paid out totalled € 1.6 million.

At the end of the year, remaining payment obligations arising from real estate holdings, fund units, participating interests and shares in affiliated companies totalled € 67.9 million. This includes obligations towards affiliated companies amounting to € 50.4 million.

General information

Number of insurance contracts concluded directly by the Group with a term of at least one year

	2014	2013
Accident	894,512	882,437
Liability	1,169,444	1,151,395
Motor vehicle liability	2,159,865	2,024,704
Other motor vehicle	1,674,289	1,593,723
Fire and non-life	1,741,934	1,717,417
of which:		
Fire	5,804	5,323
Household contents	900,915	890,999
Homeowners’ building	370,602	359,366
Other non-life	464,613	461,729
Other	833	1,177
Total	**7,640,877**	7,370,853

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

Our company does not itself employ any personnel.

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

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

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

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

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

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

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

Cologne, 14 April 2015

The Management Board

Gieseler	**Faßbender**	**Scheel**	**Dr Simons**	**Zens**

Audit certificate

We have audited the annual financial statements, comprising the balance sheet, income statement and notes, as well as the accounting and management report of **DEVK Allgemeine Versicherungs-Aktiengesellschaft**, Cologne, for the financial year from 1 January to 31 December 2014. The accounting and the preparation of the annual financial statements and management report in accordance with German commercial regulations and the supplementary provisions of the articles of association are the responsibility of the company's Management Board. Our remit is to express an opinion on the annual financial statements, accounting and management report on the basis of our audit.

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

Our audit has not led to any objections.

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

Cologne, 22 April 2015

KPMG AG Wirtschaftsprüfungsgesellschaft

Dr Hübner	**Offizier**
Auditor	Auditor

Supervisory Board report

During 2014, 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 2014 annual financial statements and management report prepared by the Management Board. Their audit did not reveal any irregularities and an unqualified audit certificate was granted. The Supervisory Board has duly acknowledged and agrees with the audit findings.

The Supervisory Board's own audit of the annual financial statements and management report likewise revealed no irregularities, and accordingly the Supervisory Board hereby approves the 2014 financial statements, which are thus duly adopted.

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

Cologne, 7 May 2015

The Supervisory Board

Zell
Chairman

Group management report

Group foundations

Group structure

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

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

The Group companies included in the 2014 consolidated financial statements have changed since last year. Details of them can be found in the consolidated notes.

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

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

The bulk of our sales is made 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 in this connection are our collaborations with the Sparda Bank Group and with the Association of German Transport Companies (VDV). Our central direct sales operation and corresponding links with brokers round off our sales channel mix.

Throughout Germany, the DEVK Group runs 19 subsidiaries and over 1,200 branch offices.

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

The existing joint contracts and service contracts stipulate that the Group parent company provides the necessary internal staff for the Group companies DEVK Rückversicherungs- und Beteiligungs-AG, DEVK Allgemeine Versicherungs-AG, DEVK Rechtsschutz-Versicherungs-AG, DEVK Krankenversicherungs- AG, DEVK Allgemeine Lebensversicherungs-AG, DEVK Pensionsfonds-AG, DEVK Vermögensvorsorge- und Beteiligungs-AG and DEVK Service GmbH, as well as various smaller Group companies.

Business performance

Economic conditions generally and in the insurance industry

In 2014, income opportunities on the capital markets were highly variable. Thus, for instance, investments in US equities chalked up excellent average yields of around 7.5 %, while also holding out the prospect of foreign exchange gains for euro investors. In contrast, during 2014, the majority of European share indices registered performance down in the low single-digit range. During the final quarter, volatility on the stock markets once again increased, while the DAX, despite breaking through the 10,000-point barrier on occasions, experienced below-par overall performance to end the year just 2.65 % up.

After slight rises in eurozone interest rates during 2013 in anticipation of a possible change in the US interest policy, in 2014 the ECB's pronouncements in particular were instrumental in bringing about massive falls in returns. These involved both the general interest rates and falling risk premiums on the bonds of individual issuers. The only risk premiums to see widening spreads were those on the bonds of high-yield debtors with B and CCC ratings, against a background of growing political uncertainty in trouble spots such as the Ukraine. In 2014, interest on ten-year German government bonds fell from 1.9 % to 0.5 %. As a result the German bonds index REX, covering all terms up to ten years, rose by 7.1 % during the course of the year.

During 2014, the euro decreased in value by 12 % against the US dollar. Many other currencies, particularly those from the emerging economies, experienced similar falls against the dollar, and 2014 also saw a halving of the oil price. These developments further increased uncertainties concerning sectoral and country risk, as well as stoking up doubts about future global economic performance.

Macroeconomic trends in Germany throughout 2014 were predominantly shaped by the positive performance of the domestic economy. In contrast, Germany's net exports provided virtually no impetus. In 2014, German gross domestic product (GDP) rose by 1.6 %, while unemployment in Germany remained low, with a rate of under 7 %.

According to the German Insurance Association's provisional figures, gross non-life and accident insurance premium receipts are 3.2 % up on last year. Due to more benign claims trends, the combined ratio (the ratio of claims expenses and costs to premium receipts) improved significantly, from 103.5 % in 2013 to around 95 % in 2014. Thus, the non-life and accident insurance sector's profitability improved greatly as compared with 2013.

Motor vehicle insurance saw further industry-wide price rises during 2014. As a result, contributions increased by 4.6 %, while the combined ratio fell to 97 % (2013: 104.4 %).

Due to higher single premiums, German life insurance premium receipts (including pension funds and schemes) have risen by 3.1 % (2013: 4.0 %).

For private health insurance, including long-term care insurance, provisional figures put the premium increase at 0.7 %.

Business trends

Non-life and accident insurance business trends

At 8.8 %,premium growth was significantly greater than expected (forecast: over 4 %). In volume terms, the greatest growth was registered by DEVK Allgemeine Versicherungs-AG, which particularly benefited from both portfolio growth and motor vehicle insurance premium adjustments. However, the ongoing expansion of our active reinsurance activities and the strong growth of SADA Assurances, Nîmes, also played a part.

Before changes to the equalisation provision, the underwriting result came to € 62.1 million (2013: € 15.9 million), significantly higher than the forecast figure of around € 40 million. More benign claims trends were among the factors exerting a positive impact on this result.

Due to a very high allocation of € 70.4 million to the equalisation provision (2013: € 11.5 million), at € – 8.4 million (2013: € 4.4 million) the underwriting result net of reinsurance fell well short of our forecast of a positive result in the seven-figure region.

Life assurance business trends

The overall performance of the life insurance operations undertaken by the DEVK Allgemeine Lebensversicherungs-AG Group was satisfactory. Premium receipts rose during 2014 and were significantly higher than expected. Both regular premium and single premium business contributed to this rise.

As expected, in 2014 our capital investments registered a slightly lower result. This was chiefly due to the dropping out of special effects arising in 2013 from payments of interest arrears. On top of this, low market interest rates led to reduced interest income.

During 2014, DEVK Allgemeine Lebensversicherungs-AG concluded a total of 82,261 new policies (2013: 72,863). The sum insured under these new policies was € 2.31 billion (2013: € 2.05 billion), which corresponds with total premiums generated by new business of € 1.29 billion (2013: € 1.00 billion).

The sum insured under the main insurance policies within our portfolio as a whole rose 2.5 % to € 20.91 billion (2013: € 20.40 billion), while the total number of policies was 1.1 % up at 811,310 (2013: 802,829). As expected, then, the trend remained at much the same level as in previous years.

Health insurance business trends
This segment is operated by DEVK Krankenversicherungs-AG.

As in recent years, the most important contributor of new business was supplementary insurance for members of statutory health insurance schemes.

The introduction of supportive care (Förderpflege) led to an increase in new business during 2013. In 2014, however, new business – measured in monthly target premiums – fell by 15.6 % compared with 2013. Despite this, our overall business volume rose significantly, with the monthly target premium in the overall portfolio up to € 5.91 million by the end of the year (2013: € 5.56 million).

All in all, this meant that our medium-term growth and income forecasts were borne out.

As expected, in the investment sphere we achieved a good result in 2014, with investment income slightly up in absolute terms. However, also as expected, low interest rates on new investments meant a slight fall in net interest income.

Pension fund business trends
Business performance in the pension fund segment was satisfactory. The Group's pension fund business is conducted by DEVK Pensionsfonds-AG.

As in previous years, the most important source of new business was defined contribution pension plans pursuant to section 3 No. 63 of the German Income Tax Act (Einkommensteuergesetz – EStG).

In terms of quantities of policies, the number of people enrolled in pension plans was 3.8 % up.

Premium receipts were significantly higher than expected, rising by 19.6 %.

Expenditure on payments of benefits, in particular pension payments and pension fund business were all up on the 2012 figure.

Our investments performed as expected.

Bonus and rebate expenses were well up on 2013.

Overall business trends

Gross premium receipts rose 8.9 % to € 2,713.4 million. 2014 earned premiums net of reinsurance rose by 10.0 % to € 2,525.9 million. Expenditure on insured events and pensions net of reinsurance increased by 7.7 % to € 1,623.0 million, and their share of earned net premiums thus came to 64.3 % (2013: 65.6 %). At 21.0 %, the ratio of expenses on insurance business net of reinsurance to earned premiums net of reinsurance was slightly higher than in 2013 (20.3 %).

After a € 70.4 million allocation to the equalisation provision in the field of non-life and accident insurance (2013: € 11.5 million), the consolidated profit and loss account recognised an insurance and pension fund underwriting result net of reinsurance of € 4.4 million (2013: € 18.9 million).

At € 180.5 million, the non-technical account investment result roughly equalled the 2013 figure of € 182.8 million.

The "Other" result, including the technical interest income, improved slightly to € – 59.0 million (2014: € – 61.0 million).

The result from ordinary activities came to € 126.0 million (2014: € 140.7 million).

After taxes, the net profit for the year totalled € 67.9 million (2014: € 65.3 million). Given the very substantial allocation to the equalisation provision, the profit may be regarded as highly satisfactory.

Net assets, financial position and results of operations

Results of operations

	2014 € 000s	2013 € 000s	Change € 000s
Underwriting result net of reinsurance, non-life and accident insurance	– 8,384	4,391	– 12,775
Underwriting result net of reinsurance, life and health insurance	12,317	13,633	– 1,316
Technical pension fund result	481	859	– 378
Non-underwriting result	119,915	117,269	2,646
Result before taxes on income	**124,329**	136,152	– 11,823
Taxes on income	56,414	70,808	– 14,394
Consolidated net profit for the year (before taking minority shareholders into account)	**67,915**	65,344	2,571
Allocation to retained earnings	17,525	24,676	– 7,151
Result attributable to minority shareholders	10,969	10,385	584
Net retained profit (after taking minority shareholders into account)	**39,421**	30,283	9,138

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

Gross premium receipts rose 8.8 % to € 1,988.9 million. 2014 earned premiums net of reinsurance rose by 10.4 % to € 1,810.9 million. Claims incurred, net of reinsurance, were 5.7 % up at € 1,301.6 million, as a result of which their share of net earned premiums fell to 71.9 % (2013: 75.1 %). At 24.2 %, the ratio of expenses on insurance business net of reinsurance to earned premiums net of reinsurance was slightly up on the 2013 figure of 23.4 %.

After a claims-intensive 2013, 2014 was a year of relatively modest claims. As a result, gross claims expenses rose disproportionately as compared with premium receipts, and the gross claims ratio improved to 70.7 % (2013: 75.1 %).

Gross operating expenses rose by 12.6 %, from € 414.4 million in 2013 to € 466.4 million in 2014. In relation to gross premiums earned, this represented a ratio of 23.6 % (2013: 22.8 %).

After a very high € 70.4 million allocation to the equalisation provision (2013: € 11.5 million), the underwriting result net of reinsurance came to € – 8.4 million (2013: € 4.4 million).

The following section outlines the performance of the individual insurance segments, classes and types in which we undertook direct operations. Included are the results of DEVK Sach- und HUK-Versicherungsvereins a.G., DEVK Allgemeine Versicherungs-AG, DEVK Rechtsschutz-Versicherungs-AG and German Assistance Versicherung AG. Below we discuss our active reinsurance operations and our French subsidiary SADA Assurances S.A. in Nîmes.

Accident insurance

This section includes both general accident insurance and motor vehicle accident insurance. The portfolio grew by 12,551 policies or 1.1 %, making a year's-end total of 1,157,256 policies, while gross premium receipts rose 5.3 % to € 137.5 million. After the formation of a € 100,000 equalisation provision, the underwriting result came to € 8.7 million (2013: € 13.1 million).

Liability insurance

Our total liability insurance portfolio grew 0.8 % to a year's-end total of 1,759,040 policies. Gross premiums rose 3.1 % to € 116.1 million. After a € 400,000 withdrawal from the equalisation provision (2013: € 2.6 million), the underwriting result came to € 18.9 million (2013: € 30.4 million).

Motor vehicle liability insurance

Our end-of-year motor vehicle liability insurance portfolio totalled 2,713,784 policies (2013: 2,573,567), plus 181,376 moped policies. Thanks to a combination of portfolio growth and price adjustments, gross premium receipts were 9.8 % up at € 561.2 million (2013: € 511.0 million). After a € 19.3 million allocation to the equalisation provision (2013: € 3.8 million), the underwriting result was € – 11.7 million (2013: € – 10.8 million).

Other motor vehicle insurance

We include both comprehensive and partial comprehensive (third party, fire and theft) motor insurance under "other motor vehicle insurance". The total number of policies at the end of the year was 2,128,715 (2013: 2,044,959), on top of which came 29,186 partial-coverage moped policies. The combination of a growing portfolio and price adjustments led to policy growth of 7.7 %, taking the total to € 366.0 million). Despite a very high € 24.9 million allocation to the equalisation provision (2013: € 200,000), the underwriting result net of reinsurance improved to € – 2.9 million (2013: € – 11.5 million).

Fire and non-life insurance

At the end of the year, our fire and non-life insurance portfolio comprised a total of 2,640,000 policies (2013: 2,621,877), while gross premium receipts rose 5.4 % to € 311.3 million. After a € 2.1 million withdrawal from the equalisation provision (2013: € 2.8 million), the underwriting result came to € 500,000 (2013: € 5.7 million).

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

Our household contents insurance portfolio at the end of 2014 comprised 1,329,036 policies (2013: 1,323,032). Gross premium receipts rose 3.1 % to € 126.3 million, and the underwriting result stood at € 9.5 million (2013: € 13.7 million).

Our homeowners' building insurance portfolio increased to 550,078 policies (2013: 537,355). Gross premiums rose strongly to € 141.7 million (2013: € 131.0 million), representing growth of 8.1 %. After a € 1.4 million allocation to the equalisation provision (2013: € 1.8 million withdrawal), the underwriting result stood at € – 7.0 million, an improvement on the 2013 figure of € – 10.1 million).

In the other non-life segments (including fire), the number of policies in the portfolio totalled 760,886 (2013: 761,490). Gross premiums rose by 3.4 % to € 43.3 million, After an € 800,000 allocation to the equalisation provision (2013: € 1.0 million withdrawal), the underwriting result came to € – 2.1 million (2013: € 2.1 million).

Legal expenses insurance

This segment is operated by DEVK Rechtsschutz-Versicherungs-AG. In 2014, our portfolio grew by 2.1 % to 845,981 policies. Gross premium receipts increased by 3.0 % to € 121.2 million. At € – 6.7 million, the underwriting result was better than in 2013 (€ – 8.0 million). The passing of the 2nd Modernisation Act for the Law concerning Legal Costs (Kostenrechtsmodernisierungsgesetz) on 1 August 2013 is still having a negative impact in this respect.

Other insurance policies

Other insurance policies primarily comprise the results of our breakdown service, guarantee, travel health, bond and cheque card insurance policies as well as insurance against various financial losses. With premiums totalling € 18.4 million (2013: € 17.8 million), after a € 400,000 allocation (2013: € 1.9 million) to the equalisation provision the underwriting result net of reinsurance registered a loss of € 30,000 (2013: € 300,000).

Active reinsurance

In 2014, DEVK Rückversicherungs- und Beteiligungs-AG's net premiums written before consolidation rose by 8.6 % to € 379.5 million. Income from DEVK-external business came to € 181.2 million (2013: € 163.5 million). The 2014 underwriting result before changes to the equalisation provision registered a significant improvement to € 12.7 million (2013: € 700,000). After a very high allocation of € 20.2 million to the equalisation provision (2013: € 4.8 million), the underwriting result net of reinsurance stood at € – 7.5 million (2013: € – 4.1 million),

Also included in the consolidated financial statements is Echo Rückversicherungs-AG (Echo Re), which was established at the end of 2008 as a subsidiary of DEVK Sach- und HUK-Versicherungsvereins a.G. in Switzerland. Echo Re, which chiefly operates outside Europe, possesses equity capital of 82.8 million Swiss francs (CHF). With premium receipts of CHF 70.9 million (2013: CHF 44.9 million), the national financial statements for Switzerland recognised a loss of CHF 2.6 million (2013: CHF + 1.2 million).

DEVK Allgemeine Versicherungs-AG underwrote reinsurance business with a premium volume of € 23.2 million, the bulk of which related to the Group-internal coverage of motor vehicle and building insurance.

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

SADA Assurances S.A.

SADA Assurances S.A., which has its headquarters in Nîmes, France, conducts non-life and accident insurance business. It holds equity to a value of € 19.0 million. In 2014, SADA's gross premiums written rose by 18.5 % to € 132.0 million (2013: € 111.4 million). The domestic net profit for the year came to € 2.0 million (2013: € 1.1 million).

Underwriting result net of reinsurance, life and health insurance

Gross premiums written in 2014 rose by € 45.6 million to € 639.1 million (2013: € 593.5 million).

At € 220.6 million, gross income from investments was somewhat down on the 2013 figure of € 222.5 million. This was influenced by one-off effects from interest arrears repayments on hybrid investments. Write-ups on securities totalling € 3.6 million (2013: € 5.7 million) were recognised. Profits from disposals of investments came to € 14.0 million (2013: € 17.2 million).

Due to higher write-downs, net capital income fell 3.0 % to € 192.3 million (2013: € 198.3 million).

Claims expenses net of reinsurance totalled € 314.4 million (2013: € 270.7 million). DEVK Allgemeine Lebensversicherungs-AG's cancellation rate fell to 5.08 % (2013: 5.52 %).

Net operating expenses rose by 13.3 % to € 89.7 million.

A total of € 66.8 million (2013: € 83.9 million) was allocated to the provision for bonuses and rebates, representing 10.6 % (2013: 14.3 %) of gross premiums earned.

Technical pension fund result

Gross premiums written fell by € 14.0 million and totalled € 85.4 million by the year's end. This represented a rise of 19.6 % as compared with the previous year.

Claims expenses rose significantly € 6.9 million (2013: € 4.9 million).

Pension fund operating expenses totalled € 2.2 million (2013: € 2.2 million). Of this amount, € 1.3 million was attributable to acquisition costs (2013: € 900,000).

The 2014 net investment profit came to € 14.2 million (2013: € 12.2 million). This rise was the result of growing investment holdings.

Bonus and rebate expenses increased to € 5.4 million (2013: € 4.7 million).

Non-technical account investment income

At € 247.2 million, investment income was slightly down on the 2013 figure of € 251.1 million. Also included were € 28.4 million in profits from disposals of investments (2013: € 28.7 million) as well as € 8.4 million in write-ups (2013: € 16.6 million).

At € 66.7 million, investment expenses were significantly lower than in 2013 (€ 68.3 million). Write-downs on investments were higher at € 47.5 million (2013: € 39.1 million), whereas losses from disposals of investments were well down at € 2.2 million (2013: € 12.1 million). As in 2013, administrative expenses stood at € 17.0 million.

On balance, our net investment income was roughly the same as in the previous year (€ 180.5 million in 2014 as against € 182.8 million in 2013).

Other result

The "Other" result, including the technical interest income, improved to € – 59.0 million (2013: € – 61.0 million).

Profit from ordinary activities

Due to the very high allocation to the equalisation provision, at € 126.0 million the profit from ordinary activities fell short of the 2013 figure of € 140.7 million.

Operating result and appropriation of retained earnings

Due to comparatively low tax outgoings, the net profit for the year rose to € 67.9 million (2013: € 65.3 million). Given the very substantial allocation to the equalisation provision, the profit may be regarded as highly satisfactory.

After an allocation of € 17.5 million to the retained earnings, as well as the deduction of the € 11.0 million portion of the result due to other shareholders, the net retained profit came to € 39.4 million (2013: € 30.3 million).

Group 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 12 months. The Group receives a continuous influx of liquid funds in the form of regular premium receipts, investment income and return flows from investments of capital. In the current financial year, the cash flow from investments – that is, the funds required for the net investment volume – amounted to € 801.3 million. The necessary funds were gained both from our ongoing operations (€ 655.0 million) and from financing activities (€ 117.3 million).

Solvency

In compliance with section 9 of the German Solvency Adjustment Regulation, the Group's solvency is calculated on the basis of the consolidated financial statements. The Group funds, proof of which must be furnished pursuant to section 53c of the German Insurance Supervision Act (VAG) in order to demonstrate our long-term ability to meet policy liabilities, amounted to € 1,377.1 million (2013: € 1,339.0 million), far exceeding the required solvency margin of € 404.9 million (2013: € 373.9 million). The capital investment (re)valuation reserves were not taken into consideration in making the solvency calculations.

Ratings

The ratings, commissioned by Standard & Poor's for the first time in 2008, are updated each year. As in the years 2008 to 2013, in 2014 DEVK Sach- und HUK-Versicherungsverein a.G., DEVK Allgemeine Versicherungs-AG, DEVK Allgemeine Lebensversicherungs-AG and DEVK Rückversicherungs- und Beteiligungs-AG were all once again assigned ratings of A+. Standard & Poor's assesses our future outlook as "stable", thus confirming the very sound financial position enjoyed by DEVK companies generally.

Meanwhile, the rating agency Fitch came to the same conclusion, with its 2014 rating of the financial strength of DEVK's core companies remaining unaltered at A+. The individual companies rated were DEVK Sach- und HUK-Versicherungsverein a.G., DEVK Rückversicherungs- und Beteiligungs-AG, DEVK Rechtsschutz-Versicherungs-AG, DEVK Krankenversicherungs-AG and the two life assurance companies DEVK Lebensversicherungsverein a.G. and DEVK Allgemeine Lebensversicherungs-AG. Their outlook, too, is rated as stable.

Financial position

	2014 € 000s	2013 € 000s	Change € 000s
Investments	10,119,248	9,382,677	736,571
Unit-linked life assurance investments	70,890	60,142	10,748
Assets for the benefit and at the risk of employees and employers	198,297	173,629	24,668
Receivables arising out of direct insurance operations, pension fund business and reinsurance business	183,910	145,306	38,604
Other assets	432,698	397,501	35,197
Total assets	**11,005,043**	10,159,255	845,788
Equity	1,611,054	1,545,353	65,701
– of which other shareholders share € 184,197,000 (2013: € 178,560,000)			
Technical provisions	6,801,640	6,256,224	545,416
Unit-linked life insurance technical provisions	70,890	60,142	10,748
Technical pension fund provisions	396,572	325,649	70,923
Technical pension fund provisions to cover assets for the benefit of employees and employers	198,297	173,629	24,668
Liabilities arising out of direct insurance operations, pension fund business and reinsurance business, including deposits	827,832	852,000	– 24,168
Other liabilities	1,098,758	946,258	152,500
Total capital	**11,005,043**	10,159,255	845,788

In the breakdown of the investment portfolio, the percentage attributable to the item "Land, land rights and buildings including buildings on third-party land" has increased from 4.3 % to 5.3 %. There have been no other material changes of any significance.

The receivables from reinsurers relate to various domestic and international reinsurers.

Non-financial performance indicators

Customer satisfaction

Customer satisfaction is an important strategic goal for DEVK, which is why we measure the satisfaction of our customers every year. For this purpose, we draw on a sectoral index which assesses our own customer satisfaction against that of our rivals via a points scale. This enables us to measure developments over time and as compared with our competitors in graphic form. Currently, DEVK scores well above the industry average, but our aim over the coming years is for DEVK to achieve first place for customer satisfaction.

Employee satisfaction

At DEVK the opinion of our employees is important to us, which is why, as planned, we conducted our second survey of all personnel during 2014, investigating topics such as employee satisfaction. A total of 82 % of our workforce participated in the survey, up from 80 % for the previous survey. At 64 %, overall satisfaction was three percentage points up on the figure from the 2012 survey. In over 200 workshops, improvement measures were worked out, and these are now being implemented. From 2015 onwards, a brief survey will be conducted in the years where no exhaustive employee survey takes place, in order to focus permanently on current employee satisfaction levels.

Social responsibility

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

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

Personnel and sales staff numbers

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

The company employed an average of 2,763 people internally in 2014, of whom 2,732 had their contracts of employment with DEVK Sach- und HUK-Versicherungsverein. Employees with dual employment contracts 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.

At the end of 2014, 2,129 self-employed personnel worked for DEVK (2013: 2,125), on top of which 619 field sales agents were directly employed by DEVK Sach- und HUK-Versicherungsverein (2013: 607). However, the entire field sales force also operates on behalf of the various other DEVK companies.

Overall verdict on the management report

All in all, the Group's net assets, financial position or results of operations proved satisfactory throughout 2014.

Supplementary report

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

Outlook, opportunities and risks

Outlook

Macroeconomic trends

We expect interest rates to remain very low throughout 2015. Indeed, after the ECB announced that from March 2015 onwards it would be purchasing bonds to a value of 60 billion euros every month for at least 18 months, we would not rule out further falls in interest rates. Expectations in relation to future US interest levels currently revolve around two opposing factors – to wit "better than expected labour market figures", as a reason to increase interest rates, as against "lower than expected inflation", a reason to keep them low. Any future hikes in US interest rates also largely depend on ongoing movements in the value of the US dollar. Accordingly any further pronouncements by the FED concerning the timing of the rate increase envisaged for 2015 will be eagerly awaited and will have a significant impact on the bond and equity markets. Changing US monetary policies could prove an additional burden for emerging economies with debts denominated in US dollars, leading to further exchange rate volatility.

Around the turn of the year, various key early indicators of economic recovery showed a degree of improvement. For instance, the manufacturing purchasing manager indices moved slightly into the expansionary zone for all the major industrial nations with the exception of China, whose 2015 economic performance remains the big question mark here. We view current good levels of consumer confidence, particularly in the USA and Germany, as important growth drivers. Moreover, eurozone exports can be expected to benefit from the euro's depreciation against most other currencies. In December 2014, volumes of incoming orders received by the German manufacturing industry hit their highest level since April 2008, after rising 3.0 % during 2014 as compared with 2013.

Despite this, we expect the degree of indebtedness of the peripheral eurozone nations to remain high or even rise further in GDP terms. Negative news from these countries, in particular concerning Greece's possible exit from the euro, could at any time lead to a renewed flight to German government bonds, leading to falling yields and widening spreads between them and other European government bonds.

In our view, the equity markets will in 2015 continue to profit from low interest rates and the absence of viable investment alternatives offering decent rates of interest. We see a high likelihood of moderate rises in share prices, particularly if the rises are backed up by increasing company profits and dividends. Low loan interest rates, the lower price of oil and the weaker euro will all have a positive impact here, while downside risks can be seen in falling producer prices as well as weakening growth in the emerging markets – above all in China.

Non-life and accident insurance

We anticipate increases of around 5 % in the Group's premium receipts from non-life and accident insurance operations. Alongside our domestic direct insurance operations, SADA Assurances S.A., DEVK Rückversicherungs- und Beteiligungs-AG's active reinsurance business and Echo Re will contribute to this result. After the modest claims of 2014, we are assuming that claims expenditure will grow faster than premium receipts during 2015. Accordingly, before changes to the equalisation provision, we are expecting the technical account to yield a profit in the order of € 30 to 40 million. However, after allocations to the equalisation provision, we are currently expecting the underwriting result net of reinsurance to come in at around the zero mark.

Life assurance

As regards our performance during 2015, the tough macroeconomic environment and the competitive situation will continue to be the main determining factors.

In the field of providential products (occupational incapacity and pension provision), we do not expect to see any noteworthy changes in demand in the near future despite the uncertainties deriving from the eurozone crisis. Fuelled by the public debate on the issue of privately financed old-age provision, the trend will increasingly be towards pension-like products.

Popular demand for private old-age provision continues to rise – a fact reflected in the high numbers of pension insurance policies taken out. Despite the absence of new pension provision incentives, this will continue in future to offer the insurance industry good sales opportunities. Demand for occupational incapacity insurance is also expected to rise. Accordingly, we expect broadly unchanged demand for life assurance products during 2015.

The reduction of the guaranteed interest rate on 1 January 2015 to just 1.25 % can be expected to bring about a general dampening of new business prospects. Meanwhile, the number of early cancellations of policies is likely to remain constant.

Due to low interest rates, yields on life insurance policies have been falling, and this will continue to provoke negative media coverage. However, life assurance still compares favourably with other forms of investment: thanks to comparatively high accrued interest rates, it remains a highly competitive product. In 2015, DEVK Allgemeine Lebensversicherungs-AG is showing an accrued interest rate on regular premiums of 3.5 %. This is reinforced by the fact that life assurance continues to be trusted as a safe investment product.

During 2015, we are expecting a slight decrease in premium receipts. In 2015, regular premium receipts will be slightly above the 2014 level, whereas single premiums will register a sharp fall.

Meanwhile, over the coming year we expect the portfolio to be restored to the level of earlier years in terms of both policy numbers and insured benefits.

We once again expect the supplementary premium reserve to increase significantly.

On the investment front, we expect DEVK Allgemeine Lebensversicherungs-AG to register a lower absolute result in 2015 despite a growing investment portfolio. In our view, the low interest rates available on new assets and repeat investments will lead to a reduction in the net yields they attract.

Health insurance
Supplementary health insurance has been and remains a central and growing line of business for us. In this field, we are having to adjust to more intense competition, which we are combating via correspondingly vigorous marketing activities. Based on past experience, we are pinning great hopes on a mailshot planned for spring 2015 advertising a dental treatment tariff.

Accordingly, we are forecasting 2015 premium receipts totalling € 75.5 million. We are expecting an increase of approx. € 5.3 million in claims expenses net of reinsurance (paid and deferred, including claims settlement expenses). This amount also includes an increase in the claims reserve.

In 2015, no-claims bonuses on the policy AM-V are expected to be much the same as in 2014. No-claims bonuses will not be paid on long-term care insurance policies during 2015. Instead the available funds will be accumulated in order to facilitate company-specific reductions in premium increases during future premium adjustments.

Of the € 21.1 million provision for bonuses and rebates available on 31 December 2014, € 5.5 million has been earmarked for the limiting of premium adjustments on 1 January and 1 February 2015 and for the reduction of the premiums paid by older policyholders.

Our medium-term planning is based on the assumption that we will be able to maintain our growth and excellent profitability in years to come, though due to the low base effect we shall not be able to achieve quite such impressive growth rates as in previous years.

In 2015, we expect DEVK Krankenversicherungs-AG to register little or no change in its absolute result despite a growing investment portfolio. In our view, the low interest rates available on new assets and repeat investments will lead to a reduction in the net interest rates they attract.

Our objective for the coming years is to maintain the profit transfers at their current level.

Pension fund business

We expect the occupational pension provision market, and in particular pension funds, to continue offering good future sales opportunities. Occupational pension provision is of ever-growing importance to employers when negotiating remuneration packages. For our business, we expect the outcome of the pay negotiations being conducted by transport industry companies to lead to a steady flow of new deferred compensation policy business in 2015. The positive overall trend on the labour market will contribute to this development, as will the associated recruitment of new personnel by one of our major clients.

We feel that our present strategy involving a business model focusing on defined contributions with guaranteed minimum benefits has been vindicated, and are not currently planning any further diversification.

Given that the collectively agreed defined contribution payments on a percentage basis rise on a linear basis as wages and salaries increase, we can assume that premium receipts for 2015 will be slightly up on 2014, and the special maximum payment of € 750 announced in this connection by DB AG for February 2015 will also contribute to this development.

In 2015, we expect DEVK Pensionsfonds-AG to register a lower absolute result despite a growing investment portfolio. In our view, the low interest rates available on new assets and repeat investments will lead to a moderate reduction in the net interest rates they attract.

During the coming year, we expect to be able to build on the satisfactory result registered in 2014.

Non-technical account

Assuming a significantly reduced need for write-downs, for 2015 we are expecting the non-technical account to register a net investment result at around the same level as the 2014 figure of € 180.5 million.

Profit from ordinary activities

All in all, we expect the 2015 result from ordinary activities to come in at slightly above the previous year's level.

Opportunities report

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

We are available for our customers throughout Germany via our regional management units and from our headquarters in Cologne, both by telephone and face-to-face. Communication takes place via 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 offer.

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.

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.

Primary non-life and accident insurance

Our three-product-line approach (Active, Comfort and Premium cover) has met with a very positive response.

In KUBUS, a comprehensive survey of the insurance market carried out in 2014, our customers rated the value for money we offer as very good.

Reinsurance business

The first company takeovers after a fairly long phase of stability have taken place. In parallel with this, the available premium volumes have fallen. This is chiefly due to increased excesses and a reduction in proportional cessions.
However, European insurers are once again increasingly on the lookout not for the most favourable prices but for reliable, long-term partners with good ratings. Solvency II means that the wishes of many clients for individually tailored solutions are being met. To sum up, we continue to be operating in a soft market environment. However, we are confident that it is one in which we shall continue to prosper.

Life assurance

DEVK Allgemeine Lebensversicherungs-AG's product range means we are well equipped to cope with any market challenges. The good value for money we offer has earned us top ratings in a variety of test reports. Through the introduction in 2015 of a new occupational incapacity insurance policy and a new term life assurance policy, we expect to boost our sales in the important biometric products sector.

In connection with the project Programm Leben (programme life), we have begun to phase out the current portfolio management system and introduce a new, modern system. Three years into the project, 40 % of our portfolio and 60 % of premium receipts are managed in the new system, with a largely complete business transaction and interface pallet. In particular, it enables us to respond rapidly to recent market trends. This proved its worth, for example, on the occasion of the prompt and successful implementation of the requirements of the German Life Insurance Reform Act (Lebensversicherungsreformgesetz – LVRG). It will enable DEVK Allgemeine Lebensversicherungs-AG to safeguard its competitive position in the long term.

Health insurance

Our underwriting policy and reinsurance methods in the field of health insurance lay the foundations for further solid growth.

Furthermore, the continuing success of our cooperation with statutory health insurance schemes continues to offer great potential for forging new customer relationships as we can offer members of these schemes products meeting their needs on highly favourable terms.

Pension fund business

DEVK Pensionsfonds-AG's product range means it is well equipped to cope with any market challenges.

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

Risk report

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

Risk management system

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

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

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

Technical risks

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

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

Claims ratio net of reinsurance			
Year	%	Year	%
2005	63.8	2010	68.3
2006	63.7	2011	68.3
2007	63.2	2012	66.5
2008	64.8	2013	67.6
2009	65.9	2014	66.4

The figures for DEVK Allgemeine Lebensversicherungs-AG are included in the above claims ratio table. As we can see, over the ten-year period considered here the range of fluctuation is low. Among other things, this is due to the fact that, in line with the reasonable acceptance guidelines we apply, we generally only underwrite straightforward, standardised business. Where particularly large volumes of insurance are involved, we limit our risk through co-insurance or reinsurance contracts.

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

Settlement result, net of reinsurance, as % of original provision			
Year	%	Year	%
2005	10.7	2010	11.6
2006	9.4	2011	9.9
2007	11.2	2012	9.3
2008	11.0	2013	9.6
2009	9.3	2014	7.5

Our equalisation provisions provide an additional safety cushion that contributes to the smoothing of our underwriting results. As of 31 December 2014, their volume totalled € 304.0 million (2013: € 233.5 million).

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

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

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

Biometric risk increased in significance after 21 December 2012 with the European Court of Justice's gender-neutral ruling, after which the portfolio's gender composition became a calculation parameter requiring continuous monitoring. Appraisals of new gender-neutral policies have indicated that the gender ratios assumed in the calculations are appropriate.

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

The interest guarantee risk in life 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 we can achieve. Our net interest rate in recent years has been higher than the mean technical interest rate of our life assurance portfolios. Due to the low interest rate environment, our investment income also has to finance the formation of a supplementary interest reserve. Interest rate risk has increased markedly.

Pursuant to section 5 paragraph 4 of the Premium Reserve Regulation (DeckRV), a supplementary interest reserve has been in place since 2011, based on a specified reference interest rate, The purpose of the regulation is to ensure that life insurance companies take timely steps to strengthen their premium reserves in times of low interest through the formation of a supplementary interest reserve. For 2014, the reference interest rate was set at 3.15 %. Over the coming years, we expect this supplementary interest reserve to increase in size as compared with 2014, even if market interest rates rise. In both the short and medium terms, adequate buffers are available to finance the technical interest rate and the establishment of the supplementary interest reserve. However, if interest rates remain over the long term at the level of the first quarter of 2015, the risk will grow that our regular investment income will no longer be capable of financing the technical interest rate and the cost of maintaining the supplementary interest reserve.

Through painstaking product development and continual actuarial trend analyses, we ensure that the accounting principles applied are suitable and factor in adequate safety margins. In addition, undesirably large fluctuations in the risk results are forestalled through a corresponding reinsurance policy. This involves distributing our reinsurance business among both DEVK Rückversicherungs- und Beteiligungs-AG and several external reinsurers. Furthermore, the unallocated portion of the premium refunds provision provides additional smoothing and stabilisation potential.

The chief **health insurance** technical risks are risk of changes, risk of error, risk of random fluctuation and interest rate risk.

Risk of changes mainly consists in the risk that the basis on which premiums are calculated changes due to health-care developments leading to more frequent benefit claims by policyholders or to changed customer behaviour.

Risk of error consists in 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 continual actuarial trend analyses, we ensure that the accounting principles applied are suitable and factor in adequate safety margins. On top of this, all our general insurance terms and conditions incorporate a premium adjustment clause whereby premiums can be adjusted in the event of changing claims expenses.

In additional, large, undesirable fluctuations in our risk results are prevented by taking out suitable reinsurance policies with several external reinsurers.

The interest risk inherent in our health insurance arises due to the fact that the interest rate assumed when concluding contracts (the technical interest rate) may be higher than the long-term market returns. To date the mean company-specific technical interest rate (MTIR) applied has been achieved every year since operations commenced in 1994. We are confident that our safety margins in this respect are adequate. We have applied a technical interest rate of 2.75 % to all new business engaged in since 21 December 2012. In 2014, the MTIR was 3.185 %.

Technical pension fund risks

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

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

In the view of the actuary in charge, the mortality probabilities used to calculate pension benefits do not include adequate safety margins. Because of this, since 2014 we have made allocations to a biometric reserve set up for this sub-portfolio. In the opinion of the responsible actuary, the probability tables we otherwise use incorporate adequate safety margins. Through painstaking product development and continual actuarial trend analyses, we 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. A further factor influencing biometric risk is the European Court of Justice's gender-neutral ruling. As a result, using gender as a portfolio composition calculation parameter will continue to require constant monitoring.

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

A further point to note is that the higher investment results achieved in some cases, both in 2014 and in earlier years, mean that the unallocated portion of the premium refunds provision represents an adequate buffer in this respect.

For policies involving regular but low pension payments, additional allocations to the premium reserve have been made since 2013. DEVK Pensionsfonds-AG's cost situation will continue to be closely monitored and analysed in future.

Risk of defaults by debtors arising from our insurance operations

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

Over the review period (the past three years), our overdue debts from insurance business averaged 4.4 % of booked gross premiums. Of these, an average of 3.9 % had to be written off. In relation to the booked gross premiums, the average default rate over the past three years was 0.2 %. Accordingly, default risk is of minimal importance for our Group.

As of the balance sheet date, insurance business debts with a maturity of over 90 days totalled € 25.8 million (2013: € 26.3 million).

Amounts receivable from reinsurance at the end of the year came to € 51.4 million. An overview of amounts receivable broken down according to the ratings assigned to our reinsurance partners by Standard & Poor's is given in the following table:

Rating category	Receivables in € millions
AA	0.25
AA –	1.97
A+	7.67
A	6.69
A –	2.29
BBB+	0.26
BBB	0.16
BBB –	0.17
No rating	31.98

Investment risks

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

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

Interest-bearing investments

As of 31 December 2014, the Group held interest-bearing investments to a total value of € 7.9 billion. Of these, a total of € 3.8 billion (including the pure pension funds) are bearer instruments 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 € 3.1 billion to the fixed assets, since we intend to hold this paper until maturity and view their current market fluctuations as temporary. Should this second view in particular prove wide of the mark, we shall undertake the necessary write-downs in a timely fashion. These capital investments show a positive valuation reserve of € 592.1 million, a figure which includes € 10.1 million in hidden charges. A change in returns of up to + /– 1 % would entail a corresponding value change ranging from € – 634.4 million to € 716.0 million.

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

Apart from real estate financing and policy loans, which represent 7.2 % of our overall investments, our interest-bearing investments are predominantly in Pfandbriefe (German covered bonds) and notes receivable. We also invest in corporate bonds and, on a small scale, in asset-backed securities (ABS). Our direct corporate bond holdings make up 9.6 % of our total investments, while directly held asset-backed securities make up barely 1 %. In 2014, our bond investments focused on international bearer bonds issued by banks and companies, both due to their attractive risk premiums and on diversification grounds. These chiefly involved bearer papers that were assigned to the fixed assets.

We continue to have minimal investment exposure to the eurozone countries currently under the microscope – namely, Portugal, Italy, Ireland, Greece and Spain. As regards issuer risks, as proportions of our total investments, 10.5 % of the company's investments are in government bonds, 9.6 % in corporate bonds and 52 % 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.

Possible capital write-downs of hybrid investments were largely accounted for in past years via value adjustments in the annual financial statements.

The ratings of the issuers of our interest-bearing investments break down as follows (2013):

AA or better	51.4 %	(51.2 %)
A	31.6 %	(31.5 %)
BBB	12.8 %	(13.6 %)
BB or worse	4.2 %	(3.7 %)

The Group's rating distribution remains much the same as it was last year. 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 investments are in EuroStoxx50 or DAX companies, as a result of which our portfolio's performance very closely matches that of those indices. A 20 % change in market prices would alter the value of our equity portfolio by € 237.4 million. Both the German and the European share indices were slightly up during 2014, and provided we are spared any exogenous shocks, we expect this positive performance to continue.

We have applied a value protection model to our equity investments in order to limit market risks. Should growing economic problems lead to a significant downturn, various courses of action are open to us. In light of the uncertain economic situation, we actively managed our ratio of equity investments throughout the year.

The fixed-asset equities and equity funds show a positive valuation reserve of € 30.8 million, a figure that includes just € 400,000 in hidden charges.

Real estate

On the balance sheet date, our real estate investments totalled € 799.4 million. Of this total, € 257.4 million is invested in indirect mandates, including restricted special funds in office and other commercial real estate.

Our direct holdings worth € 542.0 million are subject to scheduled annual depreciation of approximately € 7.8 million. No significant risks are currently discernible in connection with these real estate holdings.

Operational risks

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

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

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

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

Solvency II

The insurance industry is facing radical changes in its supervisory regime. In this connection, on 17 January 2015 the European Commission published the corresponding delegated acts in the Official Journal of the European Union, and in March 2015 the German Bundesrat passed the Act to Modernise Financial Supervision of Insurance Undertakings (Gesetz zur Modernisierung der Finanzaufsicht über Versicherungen [VAG-Novelle]), thereby implementing the EU Solvency II Directive in German law. The provisions of Solvency II will have to be applied from 1 January 2016 onwards.

Given the prevailing persistently low interest levels, meeting the new Solvency II capital adequacy requirements will pose a severe challenge for life insurers. With interest rates low, the life insurance industry is faced with a major increase in supervisory capital adequacy requirements, coupled with a significant reduction in the relevant resources. As a result, over the next few years, we could be forced to approach the supervisory authorities to request the application of the transitional regulations provided for by the new law.

The new Solvency II requirements will pose a considerable challenge. Their implementation by DEVK Versicherungen will take place in line with the project set up for the purpose last year.

Summary of our risk status

We have complied with the supervisory requirements of the German Solvency Regulation (Solvabilitätsverordnung).

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 continuing existence.

Cologne, 14 April 2015

The Management Board

Gieseler **Faßbender** **Rüßmann** **Dr Simons** **Zens**

Notes to the Group management report

List of insurance classes covered during the financial year

Direct insurance operations

Life assurance

Health insurance

Accident insurance
General accident insurance
Motor vehicle accident insurance

Liability insurance

Motor vehicle liability insurance

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

Legal expenses insurance

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

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

Reinsurance coverage provided

Life assurance

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
Partial comprehensive motor insurance
(third-party, fire and theft)

Legal expenses insurance

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

Goods-in-transit insurance

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

Pension fund business

Consolidated financial statements

Consolidated balance sheet to 31 December 2014

Assets	€	€	€	2013, € 000s
A. Intangible assets				
I. Licenses, industrial property rights and similar rights and assets acquired for valuable consideration, as well as licenses in such rights and assets		50,352,247		50,473
II. Goodwill		6,426,819		5,110
III. Payments on account		12,026,269		5,171
			68,805,335	60,754
B. Investments				
I. Real estate and similar land rights, including buildings on third-party land		539,000,628		401,692
II. Investments in affiliated companies and participating interests				
1. Shares in affiliated companies	457,476			457
2. Shares in associated companies	23,452,471			17,769
3. Participating interests	236,400,946			253,435
4. Loans to companies in which a participating interest is held	3,902,964			7,802
		264,213,857		279,463
III. Other investments				
1. Shares, units or shares in investment funds and other variable-interest securities	1,451,430,053			1,385,994
2. Bearer bonds and other fixed-interest securities	3,554,739,553			2,899,378
3. Mortgage loans and annuity claims	706,958,290			668,933
4. Other loans	3,360,599,393			3,468,002
5. Deposits with banks	3,301,567			33,271
6. Other investments	102,769,833			115,959
		9,179,798,689		8,571,537
IV. Deposits with ceding companies		136,235,095		129,985
			10,119,248,269	9,382,677
C. Investments for the benefit of life assurance policyholders who bear the investment risk				
			70,890,163	60,142
D. Assets for the benefit and at the risk of employees and employers				
– Investments for the benefit and at the risk of employees and employers			**198,297,326**	173,629
Balance carried forward:			10,457,241,093	9,677,202

Liabilities and shareholders' equity	€	€	€	2013, € 000s
A. Capital and reserves				
I. Retained earnings				
1. Loss reserve pursuant to section 37 of the Insurance Supervision Act	166,066,441			162,566
2. Other retained earnings	1,201,552,749			1,167,791
		1,367,619,190		1,330,357
II. Equity difference due to currency conversion		10,906,392		8,131
III. Profit/loss carried forward		8,778,816		– 2,110
IV. Net retained profit		39,420,789		30,283
V. Adjusting item due to capital consolidation		131,746		131
VI. Other shareholders' shares		184,196,623		178,560
			1,611,053,556	1,545,352
B. Technical provisions				
I. Provision for unearned premiums				
1. Gross amount	97,225,581			76,928
2. of which: Reinsurance amount	1,938,142			1,614
		95,287,439		75,314
II. Premium reserve				
1. Gross amount	3,979,625,046			3,635,643
2. of which: Reinsurance amount	1,407,581			1,530
		3,978,217,465		3,634,113
III. Provision for claims outstanding				
1. Gross amount	2,497,948,138			2,389,050
2. of which: Reinsurance amount	393,197,140			406,939
		2,104,750,998		1,982,111
IV. Provision for bonuses and rebates				
1. Bonuses	307,855,775			318,321
2. Rebates	1,785,602			1,871
		309,641,377		320,192
V. Schwankungsrückstellung und ähnliche Rückstellungen		303,986,570		233,457
VI. Other technical provisions				
1. Gross amount	10,698,901			12,027
2. of which: Reinsurance amount	942,677			990
		9,756,224		11,037
			6,801,640,073	6,256,224
C. Technical reserves in life assurance business, where the investment risk is borne by the policyholders				
– Premium reserve			**70,890,163**	60,142
D. Technical pension fund provisions				
I. Premium reserve		381,393,681		313,918
II. Provision for claims outstanding		480,586		701
III. Provision for bonuses and rebates		14,697,661		11,030
			396,571,928	325,649
Balance carried forward:			8,880,155,720	8,187,367

Assets

	€	€	€	2013, € 000s
Balance carried forward:			10,457,241,093	9,677,202
E. Receivables				
I. Receivables arising out of direct insurance operations:				
1. Policyholders	110,365,679			73,710
2. Intermediaries	21,916,780			23,337
3. Statutory Long-Term Care Co-Insurance Group	–			2
		132,282,459		97,049
II. Receivables from pension fund business				
1. Employers and beneficiaries	48,182			42
2. Intermediaries	143,460			137
		191,642		179
III. Receivables arising out of reinsurance operations		51,435,404		48,078
IV. Other receivables		106,338,222		57,371
of which:			**290,247,727**	202,677
to companies in which a participating interest is held: – €				2,461
F. Other assets				
I. Tangible assets and inventories		21,247,874		21,327
II. Cash at banks, cheques and cash in hand		71,070,751		100,094
III. Other assets		3,051,118		2,589
			95,369,743	124,010
G. Prepayments and accrued income				
I. Accrued interest and rent		146,681,532		147,099
II. Other prepayments and accrued income		15,503,030		8,266
			162,184,562	155,365
Total assets			**11,005,043,125**	10,159,254

Liabilities and shareholders' equity	€	€	€	2013, € 000s
Balance carried forward:			8,880,155,720	8,187,367
E. Technical pension fund provisions in accordance with the assets for the benefit of employees and employers				
– Premium reserve			**198,297,326**	173,629
F. Provisions for other risks and charges				
I. Provisions for pensions and similar commitments		490,583,093		447,173
II. Provisions for taxation		137,766,215		125,604
III. Other provisions		67,039,793		64,631
			695,389,101	637,408
G. Deposits received from reinsurers				
			133,725,288	136,893
H. Other liabilities				
I. Liabilities arising out of direct insurance operations				
1. Policyholders	626,421,220			638,977
2. Intermediaries	8,029,448			2,841
3. Third-party shareholders	10,556			1
		634,461,224		641,819
II. Liabilities arising out of pension fund business				
– Employers		147,313		116
III. Liabilities arising out of reinsurance operations		59,498,290		73,172
IV. Amounts owed to banks		323,746,005		203,949
V. Other liabilities		55,168,370		86,122
of which:			**1,073,021,202**	1,005,178
Tax: € 21,009,374				20,536
Social security: € 622,150				568
Affiliated companies: € 76,000				78
Companies in which a participating interest is held – €				11
I. Accruals and deferred income				
			12,561,403	10,169
K. Deferred tax liabilities				
			11,893,085	8,610
Total liabilities			**11,005,043,125**	10,159,254

Consolidated profit and loss account

for the period from 1 January to 31 December 2014

Items				
	€	€	€	2013, € 000s
I. Technical account for non-life and accident insurance business				
1. Earned premiums, net of reinsurance				
a) Gross premiums written	1,988,903,490			1,827,266
b) Outward reinsurance premiums	166,796,822			177,000
		1,822,106,668		1,650,266
c) Change in the gross provision for unearned premiums	– 11,395,148			– 7,332
d) Change in the provision for unearned premiums, reinsurers' share	231,087			– 2,747
		– 11,164,061		– 10,079
			1,810,942,607	1,640,187
2. Allocated investment return transferred from the non-technical account, net of reinsurance			**5,020,137**	4,827
3. Other technical income, net of reinsurance			**1,568,620**	1,963
4. Claims incurred, net of reinsurance				
a) Claims paid				
aa) Gross amount	1,291,361,417			1,174,574
bb) Reinsurers' share	111,283,078			95,834
		1,180,078,339		1,078,740
b) Change in the provision for claims				
aa) Gross amount	107,490,176			192,017
bb) Reinsurers' share	14,023,469			– 39,415
		121,513,645		152,602
			1,301,591,984	1,231,342
5. Changes in other technical provisions, net of reinsurance				
a) Premium reserve, net of reinsurance		– 2,011,135		– 3,946
b) Other technical provisions, net of reinsurance		771,132		– 1,732
			-1,240,003	– 5,678
6. Bonuses and rebates, net of reinsurance			**4,127,459**	1,493
7. Net operating expenses				
a) Gross operating expenses		466,370,356		414,356
b) of which:				
Reinsurance commissions and profit participation		28,365,202		30,583
			438,005,154	383,773
8. Other technical charges, net of reinsurance			**10,515,195**	8,753
9. Subtotal			**62,051,569**	15,938
10. Change in the equalisation provision and similar provisions			**– 70,435,819**	– 11,547
11. Underwriting result net of reinsurance, non-life and accident insurance			**– 8,384,250**	4,391

Items	€	€	€	2013, € 000s
II. Technical account for the life and health insurance business				
1. Earned premiums, net of reinsurance				
a) Gross premiums written	639,074,010			593,490
b) Outward reinsurance premiums	2,074,165			2,003
		636,999,845		591,487
c) Change in the net provision for unearned premiums		– 7,480,885		– 6,464
			629,518,960	585,023
2. Contributions from the gross premium refunds provision			**18,704,850**	12,799
3. Income from other investments				
a) Income from participating interests		2,189,380		1,893
b) Income from other investments		200,846,975		197,739
c) Income from write-ups		3,586,701		5,678
d) Gains on the realisation of investments		13,976,873		17,150
			220,599,929	222,460
4. Unrealised gains on investments			**3,441,028**	4,722
5. Other technical income, net of reinsurance			**8,299,126**	2,264
6. Claims incurred, net of reinsurance				
a) Claims paid				
aa) Gross amount	315,879,658			268,895
bb) Reinsurers' share	948,820			1,052
		314,930,838		267,843
b) Change in the provision for claims				
aa) Gross amount	– 217,053			2,270
bb) Reinsurers' share	– 281,752			537
		-498,805		2,807
			314,432,033	270,650
7. Changes in other technical provisions, net of reinsurance				
a) Premium reserve				
aa) Gross amount	– 352,718,967			– 332,363
bb) Reinsurers' share	– 122,691			365
		– 352,841,658		– 331,998
b) Other technical provisions, net of reinsurance		– 295,187		– 1
			– 353,136,845	– 331,999
8. Bonuses and rebates, net of reinsurance			**66,809,663**	83,912
9. Net operating expenses				
a) Acquisition costs	77,133,260			68,179
b) Administration costs	13,232,132			11,774
c) of which:		90,365,392		79,953
Reinsurance commissions and profit participation		641,512		744
			89,723,880	79,209
10. Investment charges				
a) Investment management charges, interest expenses and other charges on capital investments		4,281,224		4,448
b) Write-downs on investments		21,396,491		13,660
c) Losses on the realisation of investments		2,578,400		6,076
			28,256,115	24,184
11. Unrealised gains on investments			**104,025**	552
12. Other technical charges, net of reinsurance			**15,784,518**	23,129
13. Underwriting result net of reinsurance, life and health insurance			**12,316,814**	13,633

Items	€	€	2013, € 000s
III. Pension fund technical account			
1. Earned premiums			
– Premiums written		**85,401,307**	71,394
2. Contributions from the gross premium refunds provision		**1,752,587**	1,450
3. Income from other investments			
a) Income from other investments			
– Income from other investments	14,629,874		12,894
b) Income from write-ups	3		–
c) Gains on the realisation of investments	474,387		267
		15,104,264	13,161
4. Unrealised gains on investments		**4,721,008**	25,782
5. Other technical pension fund income		**1,205,273**	6
6. Claims expenses			
a) Claims paid	7,151,324		4,533
b) Change in the provision for claims outstanding	– 220,407		330
		6,930,917	4,863
7. Changes in other technical pension fund provisions			
– Premium reserve		**– 92,143,332**	– 97,837
8. Bonuses and rebates		**5,420,325**	4,666
9. Pension fund operating expenses			
a) Acquisition costs	1,295,162		892
b) Administration costs	920,048		1,269
		2,215,210	2,161
10. Investment charges			
a) Investment management charges, interest expenses and other charges on capital investments	893,551		954
b) Write-downs on investments	–		4
c) Losses on the realisation of investments	57,552		30
		951,103	988
11. Unrealised gains on investments		**–**	369
12. Other technical pension fund expenses		**42,959**	50
13. Technical pension fund result		**480,593**	859

Items	€	€	€	2013, € 000s
IV. Non-technical account				
1. Underwriting result, insurance and pension fund business net of reinsurance				
a) Non-life and accident insurance		– 8,384,250		4,391
b) Life and health insurance		12,316,814		13,633
c) Pension fund business		480,593		859
			4,413,157	18,883
2. Investment income where not stated under II 3 or III 3.				
a) Income from shares in associated companies	928,818			1,240
b) Income from participating interests	19,478,613			16,781
of which:				
from affiliated companies: € 52,000				52
c) Income from other investments	190,061,877			187,715
d) Income from write-ups	8,417,157			16,619
e) Gains on the realisation of investments	28,360,057			28,748
		247,246,522		251,103
3. Investment expenses where not stated under II 10 or III 10.				
a) Investment management charges, interest expenses and other charges on capital investments	16,961,070			17,032
b) Write-downs on investments	47,533,506			39,105
c) Losses on the realisation of investments	2,215,011			12,149
		66,709,587		68,286
		180,536,935		182,817
4. Allocated investment return transferred from the non-technical account		10,312,550		7,315
			170,224,385	175,502
5. Other income		50,891,206		63,682
6. Other charges		99,530,068		117,340
			– 48,638,862	– 53,658
7. Profit from ordinary activities			**125,998,680**	140,727
8. Taxes on income		56,566,723		70,808
9. Deferred tax change		– 152,745		–
10. Other taxes		1,670,093		4,575
			58,084,071	75,383
11. Net profit for the year			**67,914,609**	65,344
12. Allocation to retained earnings				
a) to the loss reserve pursuant to section 37 of the Insurance Supervision Act (VAG)		3,500,000		4,900
b) to other retained earnings		14,025,000		19,776
			17,525,000	24,676
13. Portion of result due to other shareholders			**10,968,820**	10,385
14. Net retained profit			**39,420,789**	30,283

Cash flow statement

Cash flow statement to 31 December 2014

Items	2014 € 000s	2013 € 000s
Result for year before extraordinary items	67,915	65,344
Changes in technical provisions, net of reinsurance	651,754	623,647
Changes in deposits with ceding companies and deposits taken from retrocessionaires	– 9,419	– 16,852
as well as in receivables and liabilities	– 17,031	3,608
Changes in other receivables and liabilities	– 122,396	100,374
Gains/losses on the realisation of investments	– 37,960	– 27,911
Changes in other balance sheet items	56,438	– 31,585
Other off-balance-sheet expenses and income and adjustments of the result for the year	65,657	15,887
Payments to and proceeds from extraordinary items	–	–
Cash flow from ongoing operations	**654,958**	**732,512**
Proceeds from the sale of consolidated companies and other business units	50,832	62,812
Payments for the acquisition of consolidated companies and other business units	– 47,044	– 20,722
Proceeds from the sale and maturity of other investments	1,159,111	1,236,454
Payments for the acquisition of other investments	– 1,910,704	– 2,087,048
Proceeds from the sale of unit-linked life assurance investments	10,717	3,602
Payments for the purchase of unit-linked life assurance investments	– 38,074	– 28,120
Other proceeds	1,989	202
Other payments	– 28,143	– 25,010
Cash flow from investment activities	**– 801,316**	**– 857,830**
Proceeds from additions to equity	16,109	62,653
Payments to company owners and minority shareholders	– 13,991	– 10,061
Dividend payments	– 4,482	– 4,482
Proceeds and payments from other financing activities	119,698	136,688
Cash flow from financing activities	**117,334**	**184,798**
On-balance-sheet changes to cash and cash equivalents	– 29,024	59,480
Changes in cash and cash equivalents relating to exchange rates, the group of consolidated companies and valuations	–	– 4,880
Cash and cash equivalents at the start of the year*	100,094	45,494
Cash and cash equivalents at the end of the year*	**71,070**	**100,094**

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

The cash flow statement has been drawn up in accordance with the provisions of DRS 2 and 2-20, “Cash Flow Statements of Insurance Enterprises” (Kapitalflussrechnung von Versicherungsunternehmen). In accordance with the DRS recommendation for insurance undertakings, the indirect method of presentation was chosen.
The total interest paid during the period under review was € 520,000.

Statement of shareholders’ equity

Shareholders’ equity movements

Statement of shareholders’ equity

	Parent company				Minority shareholders				Share holders’ equity
	Generated share holders’ equity	Cumulative other consolidated result		Equity	Minority capital	Cumulative other consolidated result		Equity	
		Equity difference due to currency conversion	Other neutral trans actions			Equity difference due to currency conversion	Other neutral trans actions		
	€ 000s	€ 000s	€ 000s	€ 000s	€ 000s	€ 000s	€ 000s	€ 000s	€ 000s
12/31/2012	**1,439,638**	**8,731**	**– 136,080**	**1,312,289**	**129,242**	**–**	**– 4,193**	**125,049**	**1,437,338**
Issuing of shares	–	–	–	–	59,152	–	–	59,152	59,152
Dividends paid out	–	–	–	–	– 6,722	–	–	– 6,722	– 6,722
Changes to the group of consolidated companies	–	–	– 371	– 371	– 4,001	–	– 4,448	– 8,449	– 8,820
Other changes	–	– 600	516	– 84	–	–	– 855	– 855	– 939
Consolidated net profit for the year	54,959	–	–	54,959	10,385	–	–	10,385	65,344
12/31/2013	**1,494,597**	**8,131**	**– 135,935**	**1,366,793**	**188,056**	**–**	**– 9,496**	**178,560**	**1,545,353**
Issuing of shares	–	–	–	–	4,358	–	–	4,358	4,358
Dividends paid out	–	–	–	–	– 6,722	–	–	– 6,722	– 6,722
Changes to the group of consolidated companies	–	–	5	5	–	–	– 1,827	– 1,827	– 1,822
Other changes	–	2,775	338	3,113	–	–	– 1,141	– 1,141	1,972
Consolidated net profit for the year	56,946	–	–	56,946	10,969	–	–	10,969	67,915
12/31/2014	**1,551,543**	**10,906**	**– 135,592**	**1,426,857**	**196,661**	**–**	**– 12,464**	**184,197**	**1,611,054**

Notes to the consolidated financial statements

Group companies

The following subsidiary companies were included in the consolidated financial statements of DEVK Sach- und HUK-Versicherungsvereins a.G., Cologne, thus being exempted from the requirement to produce annual financial statements themselves:

- DEVK Rückversicherungs- und Beteiligungs-AG, Cologne, 100 %
- DEVK Allgemeine Versicherungs-AG, Cologne, 100 %
- DEVK Rechtsschutz-Versicherungs-AG, Cologne, 100 %
- DEVK Rechtsschutz-Versicherungs-AG, Cologne, 100 %
- DEVK Allgemeine Versicherungs-AG, Cologne, 100 %
- DEVK Rechtsschutz-Versicherungs-AG, Cologne, 100 %
- DEVK Vermögensvorsorge- und Beteiligungs-AG, Cologne, 51 %
- DEVK Alpha GmbH, Cologne, 100 %
- DEVK Asset Management Gesellschaft mbH, Cologne, 100 %
- DEVK Alpha GmbH, Cologne, 100 %
- DEVK Omega GmbH, Cologne, 75 %
- DEVK Private Equity GmbH, Cologne, 65 %
- DEVK Saturn GmbH, Cologne, 100 %
- DEVK Service GmbH, Cologne, 74 %
- DEVK Alpha GmbH, Cologne, 100 %
- DEVK Rechtsschutz-Versicherungs-AG, Cologne, 100 %
- DEVK Zeta GmbH, Cologne, 100 %
- DEVK Zeus Vermögensverwaltungs-AG, Cologne, 100 %
- DEVK Europa Real Estate Investment Fonds SICAV-FIS, Luxembourg (L), 68 %
- DEREIF Brüssel Lloyd George S.a.r.l., Luxembourg (L), 100 %
- DEREIF Immobilien 1 S.a.r.l., Luxembourg (L), 100 %
- DEREIF London Eastcheap Court S.a.r.l., Luxemburg (L), 100 %
- DEREIF London 10, St. Bride Street S.a.r.l., Luxemburg (L), 100 %
- DEREIF London Birchin Court S.a.r.l., Luxembourg (L), 100 %
- DEREIF Malmö, Kronan 10 & 11 AB, Malmö (S),100 %
- DEREIF Paris 37-39, rue d'Anjou, Yutz (F), 100 %
- DEREIF Paris 9, chemin du Cornillon Saint-Denis S.C.I., Yutz (F), 100 %
- DEREIF Paris 8, rue Lamennais, S.C.I., Yutz (F), 100 %
- DEREIF Stockholm Vega 4 AB, Stockholm (S), 100 %
- Assistance Services GmbH, Coesfeld, 100 %
- ECHO Rückversicherungs-AG, Zurich (CH), 100 %
- German Assistance Versicherung AG, Coesfeld, 100 %
- Hotelbetriebsgesellschaft SONNENHOF mbH, Bad Wörishofen, 100 %
- HYBIL B.V., Venlo (NL), 100 %
- Ictus GmbH, Cologne, 75 %
- JUPITER VIER GmbH, Cologne, 100 %
- OUTCOME Unternehmensberatung GmbH, Cologne, 100 %
- SADA Assurances S.A., Nîmes (F), 100 %

In accordance with section 296, paragraph 2, sentence 1 of the German Commercial Code (HGB), the subsidiaries

- DEVK Gamma GmbH, Cologne, 100 %
- DEVK Versorgungskasse GmbH, Cologne, 100 %
- KASSOS Beteiligungs- und Verwaltungs-GmbH, Cologne, 100 %

- Lieb’ Assur S.A.R.L., Nîmes (F), 100 %
- Reisebüro Frenzen GmbH, Cologne, 52 %
- Pragos Wohnungsunternehmen AG & Co. KG, Cologne

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

The following companies were included in the consolidated financial statements at equity as associated companies or joint ventures:

- Monega Kapitalanlagegesellschaft mbH, Cologne, 45 %
- Terra Estate GmbH & Co. KG, Landolfshausen, 48.75 %

Pursuant to section 311 paragraph 2 HGB, Terra Management GmbH, Landolfshausen, an associated company in which the Group has a total holding of 50 %, was not included in the consolidation due to its minor importance for the Group’s net assets, financial position and results of operations.

Changes to the group of consolidated companies

During 2014, DEREIF Immobilien 1 S.a.r.l. founded or acquired three new property companies.
The two newly founded companies were DEREIF Brüssel Lloyd George S.a.r.l., which holds real estate in Brussels, and DEREIF London, Birchin Court S.a.r.l ., holding real estate in London.
In 2014, DEREIF Immobilien 1 also acquired 100 % of the shares in the Swedish company DEREIF Kronan.
The initial consolidation of all these subsidiaries took place in 2014 applying the revaluation method.
Pursuant to section 301 paragraph 2 HGB, the capital consolidation was carried out on the basis of the valuations on the date on which the companies became subsidiaries. The equity capital of the two newly founded subsidiaries at the time of their founding was equal to the cost of acquisition of the shares held by the participating companies. The capital consolidation for the Swedish company acquired during the financial year was done on the basis of a revaluation on the date of acquisition. The resultant goodwill will be amortised in line with its useful life in equal instalments over a 15-year period.
The hidden reserves of this company as revealed during the initial consolidation, and the associated differences between the company’s revaluation balance sheet and the tax balance sheet, led to the recognition of a deferred tax liability of € 3,955,321.
All three subsidiaries prepare their national annual financial statements in their respective national currencies by 31 August.
Before their incorporation into the consolidated financial statements, the annual financial statements of subsidiaries with different accounting dates and recognition methods were adjusted by the 30 November deadline to ensure compliance with the unified recognition and measurement principles laid down by the parent company for use in the consolidated financial statement. Any significant occurrences taking place between then and the consolidated financial statements accounting date, to wit 31 December 2014, are recognised and recorded in these subsidiaries’ interim financial statements.

Consolidation principles

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

Pursuant to article 66 paragraph 3 sentence 4 EGHGB in conjunction with section 301 paragraph 1 No. 1 HGB (old version), the capital consolidation was done applying the book value method of section 301 paragraph 1 sentence 1 HGB.
The initial consolidation was undertaken either at the time of acquisition or on initial inclusion in the annual report. Pursuant to section 309 paragraph 1 sentence 3 HGB (old version), any resultant positive differences were openly offset on the assets side against the other retained earnings.
After the introduction of the German Act on Modernisation of Accounting Regulations (BilMoG), any positive differences from the initial consolidation were recognised in the consolidated balance sheet under goodwill. With two exceptions, the goodwill is subjected to scheduled depreciation over a five-year period. For two companies, the goodwill is being written off over a 15-year period in line with its expected useful life. The longer useful life derives from the companies' purpose, to wit real estate investment.
Negative differences were recorded correspondingly as liabilities in the consolidated balance sheet.

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

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

Foreign currency conversion

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

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

Accounting and valuation methods

The consolidated financial statements were based on the audited and unaudited individual financial statements and single-entity financial statements that, with two exceptions, were drawn up in accordance with uniform accounting and valuation regulations.
Where the consolidated valuation methods were the same as those applied by the Group parent company, we refer the reader to the details given in the parent's individual financial statements.
The annual financial statements of foreign subsidiaries prepared in compliance with domestic accounting regulations were adjusted to comply with German accounting regulations prior to integration into the consolidated financial statements. Valuations based on regulations applying specifically to insurance companies remained unaltered.
Before their incorporation into the consolidated financial statements, the annual financial statements of subsidiaries with different accounting dates and recognition methods were adjusted by the 30 November deadline to ensure compliance with the unified recognition and measurement 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 accounting date, to wit 31 December 2014, 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.

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

Deposits with banks are recorded at their nominal values.

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

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

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

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

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

The **premium reserve** in the life assurance business is calculated separately for each policy, taking into account the individual technical policy start and applying actuarial principles according to the prospective method. For the portfolio of existing policies within the meaning of section 11c VAG and article 16 section 2 of the 3rd Implementation Act/EEC to the VAG, the precepts and accounting principles underlying the calculation were in line with the approved business plans. The portfolio of new policies is in line with section 341f HGB and section 65 VAG, as well as the associated Premium Reserve Regulation (Deckungsrückstellungsverordnung). The premium reserve for reinsured insurance business is also calculated separately in accordance with the provisions of the reinsurance contracts and taking the individual technical policy start into account. The premium reserve for coinsurance policies has been taken over by the lead company.
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.
The premium reserve for the bonus pensions was calculated according to the same principles, except applying the accounting precepts regarding rate of return and mortality applied at the start of the pensions. The premium reserve for the bonus pensions currently at the future entitlement stage was calculated in each case according to the accounting precepts applying at the time.

All pension insurance plans based on a Table 1987 R or older have in the past been switched to DAV 1994 R, 4.0 %.
For all pension insurance plans not based on the mortality table DAV 2004 R, the premium reserve has been adjusted to bring it into line with table DAV 2004 R – B 20.

Depending on the policy generation, the following mortality tables were applied for insurance policies with an assurance character: DAV 2008 T, DAV 1994 T, mortality table 1986 and mortality table 1960/62. Insurance policies with a survival character are based on the mortality tables DAV 1994 R, 80 %, DAV 1994 R and DAV 2004 R.
Depending on the policy generation, calculation of the occupational disability risk was based on the tables DAV 1997 I, DAV 1997 TI and DAV 1997 RI, the 1990 association tables (including reactivation probabilities and morbidity/mortality rates) or the tables derived from research by eleven American companies during the period from 1935–1939. For the 2003 policy generation, the company-specific table DAV 1997 I was devised, which addresses or differentiates between three different professional groups.

For the supplementary occupational disability insurance, the premium reserve was adjusted to the tables DAV 1997 I, DAV 1997 TI and DAV 1997 RI; while the company-specific table DAV 1997 I here addresses or differentiates between three different professional groups.

Depending on the policy generation, the occupational incapacity risk was calculated from accounting principles based on the tables DAV 1997 I, DAV 1997 TI and DAV 1997 RI or on the tables DAV 1998 E, DAV 1998 TE or DAV 1998 RE. For the supplementary occupational disability insurance based on a technical interest rate of 4.0 %, the premium reserve was likewise adjusted to the tables DAV 1998 E, DAV 1998 TE and DAV 1998 RE.

For all (supplementary) occupational disability and incapacity insurance, the premium reserve was also adjusted to table DAV 2008 T.
Depending on the policy generation, accounting principles derived from Professor Klaus Heubeck's 1983 and 1998 actuarial tables or modified accounting principles based on DAV 1997 I were applied to determine the occupational invalidity risk.

Depending on the policy generation, the technical interest rate applied was either 4.0 %, 3.5 %, 3.25 %, 3.0 %, 2.75 %, 2.25 % or 1.75 %. Pursuant to section 5 paragraph 4 DeckRV, a supplementary interest reserve with a reference interest rate of 3.15 % was formed for policies with technical interest rates of 4.0 %, 3.5 % and 3.25 %. In the case of pension insurance plans, this was calculated on the basis of estimated probabilities of cancellation or choosing the lump-sum option.
For insurance policies with regular premium payments, one-off acquisition costs were taken into account in line with the zillmerisation method. For the portfolio of existing policies, the respective zillmerisation rates have been set in line with the business plan. For the portfolio of new policies, the zillmerisation rates were a maximum of 3.5 % of the sum insured or 4.0 % of the total premiums.

In the case of insurance policies starting in 2008 or after, the redemption value was calculated on the basis of acquisition costs distributed over five years. In the case of special insurance plans beginning between 2008 and 2012, the acquisition costs were distributed over the entire premium payment period. Pursuant to the German Insurance Contracts Act (VVG), only in the case of a few special tariffs will the above-mentioned five-year distribution apply.
Depending on the policy generation, in the case of capitalisations with regular premium payments within the meaning of the Pension Contracts Certification Act (AltZertG), the acquisition costs were distributed over either five years, ten years or the entire accumulation period.
The premium reserve for insurance policies where the investment risk is borne by the policyholders is calculated individually for each policy according to the retrospective method. The calculation was done in compliance with section 341f HGB as well as section 65 VAG and the associated Premium Reserve Regulation. The premium reserve was calculated taking into account the implicit recognised costs. The acquisition costs are distributed over three years, rising to five years from 2008 onwards, and in some cases over the entire premium payment period.
For policies with zillmerisation 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 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 paragraph 7a to 7d RechVersV, with a discount rate of 3.1 % p.a.

For insurance with a savings component, a minimum participation in revaluation reserves was introduced on 1 January 2008. This will be financed via a fund in the provision for returns of premiums which will be structured in line with the terminal bonus fund and also with a discount rate of 3.1 % 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. For the first time in 2014, we formed a provision based on updated empirical experience to cover the occupational incapacity risk. This method guarantees risk assessment closely based on reality. This change of assessment method will not have any significant impact on the Group's net assets, financial position and results of operations.
Insurance claims arising by the balance sheet date but not known about until after the determination of the portfolio were assessed over the past three 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.

In response to the rulings by the European Court of Justice and the German Federal Court of Justice on 19 December 2013 and 7 May 2014 respectively, expenditure arising from the possible cancellation of policies was recognised under **Other technical provisions.** In so doing, a probability of availment [of this provision] was applied.

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

The **premium reserve** in the pension fund business is calculated separately for each policy, taking into account the individual technical policy start and applying actuarial principles. The calculation was done in compliance with section 341f HGB as well as section 116 VAG and the associated Premium Reserve Regulation. The premium reserve was calculated taking into account the implicit recognised costs. However, in the case of policies where the pension is already being drawn, additional allocations are made to reserves to cater for future administration costs. The premium reserve for the benefit and at the risk of employees and employers was calculated according to the retrospective method, and the other premium reserve 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 of 1.75 %. Depending on the pension start date, the minimum premium reserve for ongoing pensions was calculated on the basis of technical interest rates of either 2.25 % or 1.75 %. Professor Klaus Heubeck's modified generation actuarial tables (2005G) were used. The formation of a supplementary interest reserve pursuant to section 2 of the Pension Fund Premium Reserve Regulation (PFDeckRV) was not necessary.

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

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

The **pension provision** was calculated according to the projected unit credit method, on the basis of Professor Klaus Heubeck's 2005G actuarial tables. Discounting was done at the average market interest rate published by Deutsche Bundesbank, to wit 4.55 % (2013: 4.89 %), as arrived at assuming a residual term of 15 years (cf. section 253 paragraph 2 sentence 2 HGB).
The financing age on expiry is 62 or 65.
The assumed rate of pay increase was set at 1.95 % p.a., and the rate of pension increase at 1.7 % or 1.95 % p.a.

The **liabilities arising out of pension fund operations** were valued at their compliance amounts.

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.

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 country-specific income tax rate of 22 % to which the company concerned was subject.

Changes to asset items A., B.I. to II. during the 2014 financial year

Assets	Balance sheet value 2013 € 000s	Additions € 000s	Transfers € 000s	Disposals € 000s	Write-ups € 000s	Write-downs € 000s	Balance sheet value 2014 € 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	50,473	9,739	1,634	1,357	–	10,137	50,352
2. Goodwill	5,110	2,006	–	–	–	689	6,427
3. Payments on account	5,171	8,489	– 1,634	–	–	–	12,026
4. Total A.	60,754	20,234	–	1,357	–	10,826	68,805
B.I. Real estate and similar land rights, including buildings on third-party land							
	401,692	147,866	–	16	–	10,541	539,001
B.II. Investments in affiliated companies and participating interests							
1. Shares in affiliated companies	457	–	–	–	–	–	457
2. Shares in associated companies	17,769	5,792	–	109	–	–	23,452
3. Participating interests	253,435	41,253	–	50,724	681	8,244	236,401
4. Loans to companies in which a participating interest is held	7,802	313	–	3,893	–	319	3,903
5. Total B.II.	279,463	47,358	–	54,726	681	8,563	264,213
Total	**741,909**	**215,458**	**–**	**56,099**	**681**	**29,930**	**872,019**

Notes to the consolidated balance sheet

Re Assets B.

Investments

The revaluation reserves include hidden liabilities totalling € 44.3 million. These relate to real estate, participating interests, fund units, bearer bonds, mortgage loans, notes payable, zero bonds and securities capitalised at their nominal values pursuant to section 341c HGB.

Details of financial instruments within the meaning of section 314 paragraph 1 No. 10 HGB that are capitalised at their fair value

	Book value € 000s	Fair value € 000s
Participating interests	8,014	8,012
Fixed-asset securities	117,556	108,832
Mortgage loans	5,879	5,466
Other loans	189,060	176,862
Silent participating interests	10,000	9,590

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

Details of derivative financial instruments and forward purchases in accordance with section 314 paragraph 1 No. 11 HGB

	Type	Nominal volume € 000s	Book value premium € 000s	Fair value of premium € 000s
Other liabilities	Short-Put-Optionen	19,010	1,256	962
	Short-Call-Optionen	24,004	1,538	2,272
Bearer bonds	Vorkäufe	105,000	–	10,139
Registered bonds and notes receivable	Vorkäufe	186,500	–	18,541
Other investments	Credit Default Swaps	42,000	1,035	-178
Other prepayments and accrued income	Swaps	100,000	1,509	29,480

Valuation methods

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

Details of units or shareholdings in domestic investment funds in accordance with section 314 paragraph 1 No. 18 HGB

Investment goal	Dividends € 000s	Current value € 000s	Hidden reserves/ hidden charges € 000s	Limitation on daily redemption
Equity funds	19,632	805,738	40,893	
Bond funds	1,385	73,714	2,324	
Mixed funds	4,292	181,032	6,768	
Real-estate funds	6,227	186,141	12,304	between any time up to € 50,000 and 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 € 10,509,035.

The consolidation of DEREIF SICAV-FIS and its subsidiaries has led to an increase in holdings of real estate and buildings of € 29,719,329. Without this addition, after disposals and scheduled depreciation and amortisation by the existing Group companies, this balance sheet item would amount to € 414,455,264.
As a result, 2014 income from real estate increased by € 2,656,209, investment administration expenses by € 1,682,295 and depreciation of real estate and buildings by € 573,215.

Re Assets B.III.

Other investments

Other loans

	2014 € 000s	2013 € 000s
a) Registered bonds	1,586,113	1,515,226
b) Notes receivable and loans	1,558,845	1,734,076
c) Loans and advance payments on insurance certificates	14,543	17,246
d) Other loans	201,098	201,454
Total	**3,360,599**	3,468,002

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

Re Assets C.

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

	Share units Number	Balance sheet value €
DEVK Vermögensverwaltung Classic	3,349.90	156,239
Monega BestInvest Europa	27,305.20	1,552,847
Monega Chance	119,423.02	3,918,269
Monega Ertrag	200,395.75	11,937,575
Monega Euro-Bond	223,488.52	12,106,373
Monega Euro-Land	144,688.94	5,596,568
Monega Fairinvest	127,267.75	5,749,957
Monega Germany	80,311.11	5,406,544
Monega Innovation	3,123.93	150,792
Monega Short Track	1,600.08	78,180
Monega Zins ProAktiv	105,915.17	4,149,756
SpardaRentenPlus	196.15	20,564
UniCommodities	262.60	12,179
UniDividendenASS A	527.72	29,099
UniEM Global	6,134.17	443,010
UniEuroKapital	301.96	20,461
UniEuroRenta	416.68	28,243
UniFavorit Aktien	81.69	8,482
UniGlobal	34,088.38	5,705,713
UniRak	129,878.23	13,815,147
UniWirtschaftsaspirant	115.41	4,165
Total		**70,890,163**

Re Assets D.

Investments for the benefit of employees and employers

	Share units Number	Balance sheet value €
Monega Rentenfonds	126,460	6,850,317
Monega Aktienfonds	4,062,081	191,447,009
Total		**198,297,326**

Re Assets E.I.

Receivables arising out of direct insurance operations

The amounts owed by policyholders comprise:

a) Due claims	€ 21,469,128
b) Claims not yet due	€ 47,629,219
	€ 69,098,347

Re Assets G.II.

Other prepayments and accrued income

Premium on registered bonds	€ 6,143,294
Advance payments for future services	€ 9,359,736
	€ 15,503,030

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	
31.12.2013	€ 262,460,482
Withdrawal in 2014 for:	
Interest-bearing accumulation	€ 24,416,889
Increase in amount	€ 3,374,676
Bonus shares paid out	€ 32,573,921
Allocation from the 2014 net profit	€ 57,444,914
31.12.2014	**€ 259,539,910**

Breakdown of	€ millions
already determined but not yet allocated regular bonus shares	39.87
Final bonus shares	2.01
Amounts for the minimum participation in the revaluation reserves	3.36
Final bonus fund for financing	
of bonus pensions	–
of final bonus shares	40.60
The minimum participation in the revaluation reserve	37.71
Non-index-linked part	135.99

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	**€ 513,390,928**

Re Liabilities I.

Accruals and deferred income

Discount points on registered bonds	€ 6,760,954
Advance rental receipts	€ 5,773,022
Other accruals and deferred income	€ 27,427
	€ 12,561,403

Notes to the profit and loss account

Booked gross premiums in € 000s	2014					2013
	Non-life/ casualty	Life	Health	Pension fund	Total	Total
1. Direct insurance operations						
Domestic	1.631.486	570.539	68.535	85.401	2.355.961	2.189.643
Other EEC countries	132.010	–	–	–	132.010	111.362
Total 1.	1.763.496	570.539	68.535	85.401	2.487.971	2.301.005
2. Reinsurance coverage provided						
	225.407	–	–	–	225.407	191.144
Total	**1.988.903**	**570.539**	**68.535**	**85.401**	**2.713.378**	2.492.149

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

Acquisition expenses	€ 374,951,960
Administration costs	€ 183,998,998

Re Item II.3.b)

Income from other investments

aa) Income from real estate and similar land rights, including buildings on third-party land	€ 5,187,142
bb) Income from other investments	€ 195,659,833
	€ 200,846,975

Re Item IV.2.c)

Income from other investments

aa) Income from real estate and similar land rights, including buildings on third-party land	€ 22,628,649
bb) Income from other investments	€ 167,433,228
	€ 190,061,877

Personnel expenses
Personnel expenses totalled € 286,664,026 (2013: € 260,375,449). These include expenses for the risk portion of the allocation to the pension provision.

During the year under review, Management Board remuneration totalled € 2,084,212 (2013: € 2,012,074). The retirement pensions of former Management Board members and their surviving dependants totalled € 1,630,292) (2013: € 1,642,720). On 31 December 2014, a pension provision totalling € 20,450,878 (2013: € 20,115,751) was recognised for this group of persons. The Supervisory Board remuneration totalled € 606,158 (2013: € 632,051) and Advisory Board remuneration came to € 94,984 (2013: € 91,315).

Auditors' fees
For services rendered by the Group's auditors (KPMG AG Wirtschaftsprüfungsgesellschaft and its affiliated companies) for the parent company and its subsidiaries in 2014, a fee of € 1,339,520 was paid (including € 12,145 in additional expenditure for 2013).
This broke down into € 321,287 for audit services, € 630 for other certification services, € 60,160 for tax advisory services and € 957,443 for other services.

Other information

Contingencies and other financial obligations
At the end of the year, other financial obligations arising from real estate holdings, fund units and participating interests totalled € 150.2 million.

On the balance sheet date, we had outstanding financial obligations totalling € 43.0 million from open short put options, € 163.0 million in multi-tranche notes payable and € 291.5 million from open forward purchases. The payment obligations in relation to approved mortgage loans not yet paid out totalled € 86.1 million.

In compliance with the statutory provisions of sections 124ff VAG, life assurance companies are required to be members of an insurance guarantee scheme. Pursuant to the Insurance Guarantee Scheme Financing Regulation (Sicherungsfonds-Finanzierungs-Verordnung), the guarantee scheme levies annual contributions amounting to a maximum of 0.2 ‰ of the total technical provisions net of reinsurance until a security fund amounting to 1 ‰ of the total technical provisions net of reinsurance has been built up. The accumulation stage of this process is now complete, in view of which the company has no future liabilities in this respect.
The insurance guarantee scheme can also levy special contributions totalling a further 1 ‰ of the technical provisions net of reinsurance. This constitutes a maximum commitment of € 3,271,845.

In compliance with the statutory provisions of sections 124ff VAG, health insurance companies are required to be members of an insurance guarantee scheme. After taking over insurance contracts in fulfilment of its remit, the guarantee scheme levies special contributions totalling a maximum of 2 ‰ of the technical provisions net of reinsurance. Our 2015 payment commitment in this connection is € 340,122.

Under an assumption of debt agreement, the pension provisions for all employees in the DEVK Group have been assigned to DEVK Rückversicherungs- und Beteiligungs-AG in return for the transfer of corresponding investments, thereby bundling all of the DEVK Group's pension commitments with a single risk bearer and improving the protection in place for employees' pension rights.
The joint and several liability for the pension commitments capitalised on the DEVK Rückversicherungs- und Beteiligungs-AG balance sheet has given rise to benefit obligations totalling € 403.5 million.

General information

During the year under review, the average number of employees, disregarding inactive employment contracts and after conversion of part-time employees to full-time equivalents, came to 3,678, made up of 134 executives, 3,480 salaried employees and 64 waged employees.

Cologne, 14 April 2015

The Management Board

Gieseler **Faßbender** **Rüßmann** **Dr Simons** **Zens**

Audit certificate

We have audited the consolidated financial statements, comprising the balance sheet, profit and loss account, notes, cash flow statement and statement of shareholders' equity and consolidated management report, prepared by **DEVK Deutsche Eisenbahn Versicherung Sach- und HUK-Versicherungsverein a.G. Betriebliche Sozialeinrichtung der Deutschen Bahn**, Cologne for the financial year from 1 January to 31 December 2014. The preparation of the consolidated financial statements and consolidated management report in accordance with German commercial regulations is the responsibility of the Group Management Board. Our remit is to express an opinion on the consolidated financial statements and consolidated management report on the basis of our audit.

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

Our audit has not led to any objections.

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

Cologne, 22 April 2015

KPMG AG
Wirtschaftsprüfungsgesellschaft

Dr Ellenbürger	**Dr Hübner**
Auditor	Auditor

Supervisory Board report

During 2014, the Supervisory Board was briefed by the parent company's Management Board on the Group's commercial performance and financial position at various meetings.

KPMG AG Wirtschaftsprüfungsgesellschaft, having been appointed as auditors in line with statutory requirements, duly audited the 2014 consolidated financial statements and management report. This audit did not lead to any objections, and an unqualified audit certificate was granted. The Supervisory Board has duly acknowledged and agrees with the audit findings.

The Supervisory Board's own audit of the consolidated financial statements and management report likewise revealed no irregularities. Accordingly, the Supervisory Board hereby approves the 2014 consolidated financial statements.

The Supervisory Board would like to thank the Management Boards and employees of the various Group companies for all their hard work and commitment.

Cologne, 8 May 2015

The Supervisory Board

Kirchner
Chairman

DEVK central office, Cologne, Germany

50735 Cologne, Riehler Strasse 190

Principal departments and department heads

Personnel
Roger Halleck

Central Office Services
Paul Epper

Sales and Field Services Organisation
Olaf Nohren

Marketing, Sales Systems and Direct Sales
Michael Knaup

Life
Jörg Gebhardt

Actuary in Charge / Actuarial Office
Jürgen Weiler

Non-life/HUK Operations
Thomas Doll

KINEX/Accounting/Central Office Applications Partner
Lothar Diehl

Investments
Joachim Gallus

Non-life/HUK Operations
Rüdiger Burg

Revision
Gerd Stubbe

Information Processing and Telecommunications
Klaus Dresbach

Project Portfolio Management/Management Organisation
Martin Meyer

Corporate Planning and Controlling
Elmar Kaube

Reinsurance
Wolfgang Jöbkes

– 1 April 2015 –

DEVK Regional Offices

(Plus the names of senior management personnel)

10785 Berlin, Schöneberger Ufer 89
Christian Kahl/Dr Klausjürgen Mottl/Bernhard Warmuth

01069 Dresden, Budapester Strasse 31
Gerald Baier/Olaf Draeger

99084 Erfurt, Juri-Gagarin-Ring 149
Siegbert Schmidt / Ines Etzroth

45128 Essen, Rüttenscheider Strasse 41
Rolf Möller/Willi Winter

60327 Frankfurt am Main, Güterplatz 8
Helmut Martin/Hubert Rößl

22767 Hamburg, Ehrenbergstrasse 41–45
Volker Schubert/Frank Rohwer

30161 Hanover, Hamburger Allee 20–22
Karl-Heinz Tegtmeier/Martin Wittich

76137 Karlsruhe, Nebeniusstrasse 30–32
Heiko Jabs/Wolfgang Axtmann

34117 Kassel, Grüner Weg 2A
Helmut Martin/Klaus-Peter Reitz

50668 Cologne, Riehler Strasse 3
Sebastian Baumgart/Franz-Josef Schneider/Wolfgang Riecke

55116 Mainz, Gärtnergasse 11–15
Thomas Huck/Dirk Strempel

80335 Munich, Hirtenstrasse 24
Christian Rähse/Rudolf Ullmann/Florian Hagemann

48143 Münster, Von-Steuben-Strasse 14
Axel Berberich/Stefanie Hölscher

90443 Nuremberg, Essenweinstrasse 4–6
Christian Rähse/Rainer Spieß

93055 Regensburg, Richard-Wagner-Strasse 5
Christian Rähse/Rainer Spieß

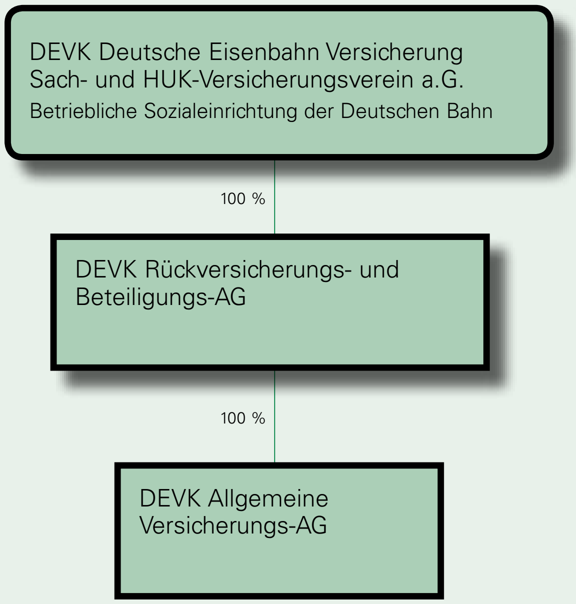
66111 Saarbrücken, Trierer Strasse 16–20
Thomas Huck Dirk Strempel/Klaus Dieter Feller

19053 Schwerin, Wismarsche Strasse 164
Mario Kühl/Thomas Maudrey

70190 Stuttgart, Neckarstrasse 146
Heiko Jabs/ arkus Otterbach/Nikolaus Hax

42103 Wuppertal, Friedrich-Engels-Allee 20
Heinz Kuhnen/Stefanie Hölscher

Organizational chart of DEVK Versicherungen



DEVK Versicherungen
Central Office
Riehler Strasse 190
50735 Cologne, Germany
Customer service: 0800 4757 757
(toll-free from the German fixed-line network)
Fax: +49 (0)221 7572 200
Email: info@devk.de
www.devk.de
www.facebook.com/devk