Barmenia Gothaer

BarmeniaGothaer Group

Annual Report 2024

Key figures

	€ thousand
	2024
Gross premiums written	6,300,247
Earned premiums net of reinsurance	5,567,581
Retention ratio (in %)	88.9
Claims expenses net of reinsurance	4,998,930
Change in other net underwriting reserves	524,023
Underwriting expenses net of reinsurance	1,078,299
Net income for the year	18,985
Return on equity (in %)	1.0
Investments	49,454,636
Investment result	944,766
Net return (in %)	1.9
Underwriting reserves net of reinsurance	47,336,412
Equity	1,990,466
Subordinate liabilities	427,046
Employees (average number)	5,661

The BarmeniaGothaer Group

With around eight million customers and premium income in the region of € 8.6 billion*, BarmeniaGothaer is one of the top 10 insurers in Germany. It offers all lines of insurance for private and corporate clients. BarmeniaGothaer also ensures a high quality of personal and digital advice and support to its policyholders in addition to the provision of the insurance products themselves. As a leading partner for small and medium-sized enterprises, the Group offers comprehensive protection against all relevant risks. In addition to a wide range of cover concepts, BarmeniaGothaer supports corporate clients in addressing issues with strategic importance for the future, such as employee retention or the energy transition. Besides traditional insurance policies and pension plans, BarmeniaGothaer provides digital services and a wide range of health services to private customers.

Insuring a better future

Shared values unite us and thus sustainability is seen as a cornerstone of BarmeniaGothaer. The areas in which we focus our sustainability efforts are derived from Gothaer's sustainability strategy and Barmenia's sustainability positioning. We apply sustainability criteria to investments, develop insurance products with sustainable elements, measure and reduce the carbon footprint of our business operations, endeavour to achieve climate neutrality and promote social engagement, to a great extent via the Gothaer Foundation.

The main drivers of sustainability in our business operations are the risk bearing entities of BarmeniaGothaer, for example, as market leader in wind turbine insurance, through the integration of sustainable aspects into products and processes and by offering numerous services that contribute to the sustainable transformation of the economy and society. A particular focus is prevention, which is why BarmeniaGothaer advises property insurance customers on damage prevention. With targeted measures and its strong partner network, it helps corporate clients in the SME sector to meet the challenges of their own transformation in connection with the energy transition. The health insurance products and services support policyholders to lead healthy lifestyles and prevent health problems. Sustainability principles have also been adopted in the life insurance segment. For example, funds and indices that take ESG criteria into account are available today for all unit- and index-linked products.

To ensure the continuous improvement of sustainability management practices, Gothaer is a signatory of the following and other sustainability-related initiatives: The Group supports the UN Principles for Sustainable Insurance (UNEP FI PSI), is signatory to the UN Principles for Responsible Investment (UN PRI) and the Net Zero Asset Owner Alliance (NZAOA), as well as a member of the B.A.U.M. e.V. sustainable business network.

* for all companies in the period 1 January 2024 to 31 December 2024

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The Business Segments

The new structure of the BarmeniaGothaer Group provides the framework for a clear-cut business model. Barmenia Versicherungen a.G. and Gothaer Versicherungsbank VVaG are at the top of the BarmeniaGothaer organization.

As a mutual insurance company, BarmeniaGothaer only has obligations towards customers and not towards shareholders. This independence enables it to act continually and sustainably in the interests of the policyholders.

Barmenia.Gothaer Finanzholding AG is responsible for the financial coordination of the Group and the preparation of the consolidated financial statements. The operational side of the business is conducted by the risk-bearing entities:

The property and casualty insurance segment

In the property and casualty insurance segment, Barmenia Allgemeine Versicherungs-AG and Gothaer Allgemeine Versicherung AG offer a comprehensive range of property, casualty, liability, accident and motor insurance solutions. As reliable partners to private and corporate clients, they are known for their individual insurance concepts, innovative products and a holistic service experience. The portfolio is complemented by two subsidiaries, composite insurer Janitos Versicherung AG and specialist insurer CG Car-Garantie Versicherungs-AG.

Gothaer Allgemeine Versicherung AG is the largest risk bearing entity for property and casualty insurance in the BarmeniaGothaer Group. Ever since it was established in 1820, it has ranked among the largest property insurers in the German insurance market. In addition to its flexibly selectable and successful single-line products, Gothaer Allgemeine Versicherung AG's high-performing product portfolio includes combined insurance concepts and multi-risk products for comprehensive all-round protection. With solutions tailored to specific needs, Gothaer Allgemeine Versicherung AG is a reliable partner for both private and corporate clients in the SME and industrial sectors. By being responsive to emerging trends and market developments, Gothaer regularly devises modern, needs-oriented solutions and places them on the market in the form of innovative products.

At the same time, Gothaer Allgemeine Versicherung AG continuously works towards providing simple, digital and automated processes for its customers and insurance agents. Gothaer Allgemeine Versicherung AG is particularly committed to positioning itself as a leading partner for SMEs and thus strengthening its already robust position in this target market. It meets diverse requirements across various sectors with individual risk concepts, outstanding expertise on sector-specific risks and tailored marketing activities.

Barmenia Allgemeine Versicherungs-AG is the second-largest risk bearing entity for property and casualty insurance in the BarmeniaGothaer Group. It commenced operations in 1958 and has a business mix including motor, accident and home insurance, with a particular focus on pet health insurance. Barmenia Allgemeine Versicherungs-AG has tailored its product range to the private client market, yet it also offers insurance products for commercial enterprises. One element of the Company's growth strategy is the continuous improvement and further development of existing products, which is reflected in the innovative product range. The strategy is also supported by a concentration on the sales channels of independent distribution, digital distribution and embedded insurance. Barmenia Allgemeine Versicherungs-AG's subsidiary adcuri GmbH is committed to modern, paperless processes that are fast, simple, flexible and reliable. It sells insurance products and manages insurance contracts on behalf of the insurer. The business strategy is geared to digitalization and fully-automated business processes with the aim of achieving high levels of customer satisfaction.

Janitos Versicherung AG is a highly digitalized composite insurer based in Heidelberg selling its products through independent intermediaries such as brokers, broker pools, financial product distributors and comparison platforms. All of the Company's processes and services are oriented to this target group. The focus is on a high degree of automation, swift and customized product development as well as technical interfaces to sales partners in line with the Company's digitalization and sales strategy. A modern IT infrastructure, a custom-fit support model and ceaseless attention to first-class product positioning are the key building blocks of the Janitos strategy. The product portfolio ranges from motor, bicycle, pet owner and private liability insurance through householders and homeowners insurance to supplemental health, accident insurance and the Multi-Rente disability insurance. The Company is regularly highly rated in product and broker surveys, and it has a solid and sustainable positioning as an established broker brand in Germany and Austria.

With more than 50 years of experience and premium revenues running to around € 330 million a year as well as a market presence in 19 countries, **CG Car-Garantie Versicherungs-AG** ranks among the foremost specialist insurers for guarantee and customer loyalty programmes for new and used vehicles in Europe. More than 40 manufacturers/importers and over 23,000 specialist dealers have confidence in the custom guarantee programmes and high service quality offered by CG Car-Garantie Versicherungs-AG. A focus on stability and long-term relationships pays into the company's reputation as a dependable partner.

The life insurance segment

In the life insurance segment, the merger to form BarmeniaGothaer in September 2024 also involved the combination of the life insurance entities. All business operations, in particular the portfolio of Barmenia Lebensversicherung a.G., were transferred to Gothaer Lebensversicherung AG. Customers will benefit from an even more balanced portfolio of products and services as a result. PrismaLife AG, which is based in Liechtenstein, expands the Group's life insurance business.

Gothaer Lebensversicherung AG has been a partner for insurance protection, financial planning strategies and investment advice for nearly 200 years. As a result of the merger to form BarmeniaGothaer and the assumption of Barmenia Lebensversicherung a.G.'s business operations and portfolio, Gothaer Lebensversicherung AG has been able to further consolidate its strong market position. It maintains a consistent focus on the strategic business areas of biometrics and capital-efficient products, as well as on company pension schemes. The percentage of new business generated within these fields is steadily increasing. Business with corporate clients has been a special focus area in this segment – both in company pension schemes and collective occupational disability insurance. This has also significantly strengthened the regular-premium business that is so important for life insurers. In the field of biometrics, which is important for the stability of the risk result, Gothaer Lebensversicherung AG has established itself as a provider of workforce insurance with a range of products for different target groups, from infants to working people. In addition to the development of a competitive product range, the Company is committed to continuous process and service optimization. Another area of focus is improving the transparency of products for customers. This applies, first and foremost, to unit-linked product lines and encompasses both new and portfolio business. Company pension scheme and company employee insurance business have continued to grow in importance, especially in recent years. On the product side, Gothaer Lebensversicherung AG offers attractive pension solutions that are easy to implement for employers of any size. In this particular segment, processes and services need to meet significantly higher requirements in terms of digitalization and automation. Gothaer Lebensversicherung AG has responded to this trend by setting up company pension scheme portals and easy-to-use self-service points for frequently recurring administrative tasks. Gothaer Lebensversicherung AG was the first insurer in Germany to obtain an independent sustainability rating in 2021, when it was awarded an A+ (good) rating by Assekurata. In 2023, Gothaer Lebensversicherung AG improved its result to become the best-rated life insurer with an AA (very good). Being credibly sustainable will continue to have a decisive influence on the future strategic decisions of Gothaer Lebensversicherung AG.

PrismaLife AG, based in Liechtenstein, is an innovative pension specialist for sustainable asset growth. As Liechtenstein's leading life insurer, the company offers unit-linked pension products tailored to the personal needs of its customers. Customer satisfaction is ensured by a focus on expert advice and maximum transparency with regard to products, remuneration and costs. One of PrismaLife's core competencies is its sustainability orientation. In order to offer customers a wide range of options for sustainable investing, the selection of investment funds that take sustainability aspects into account is being systematically expanded. PrismaLife AG has also fully optimized its own investment strategy to bring it into line with sustainability principles.

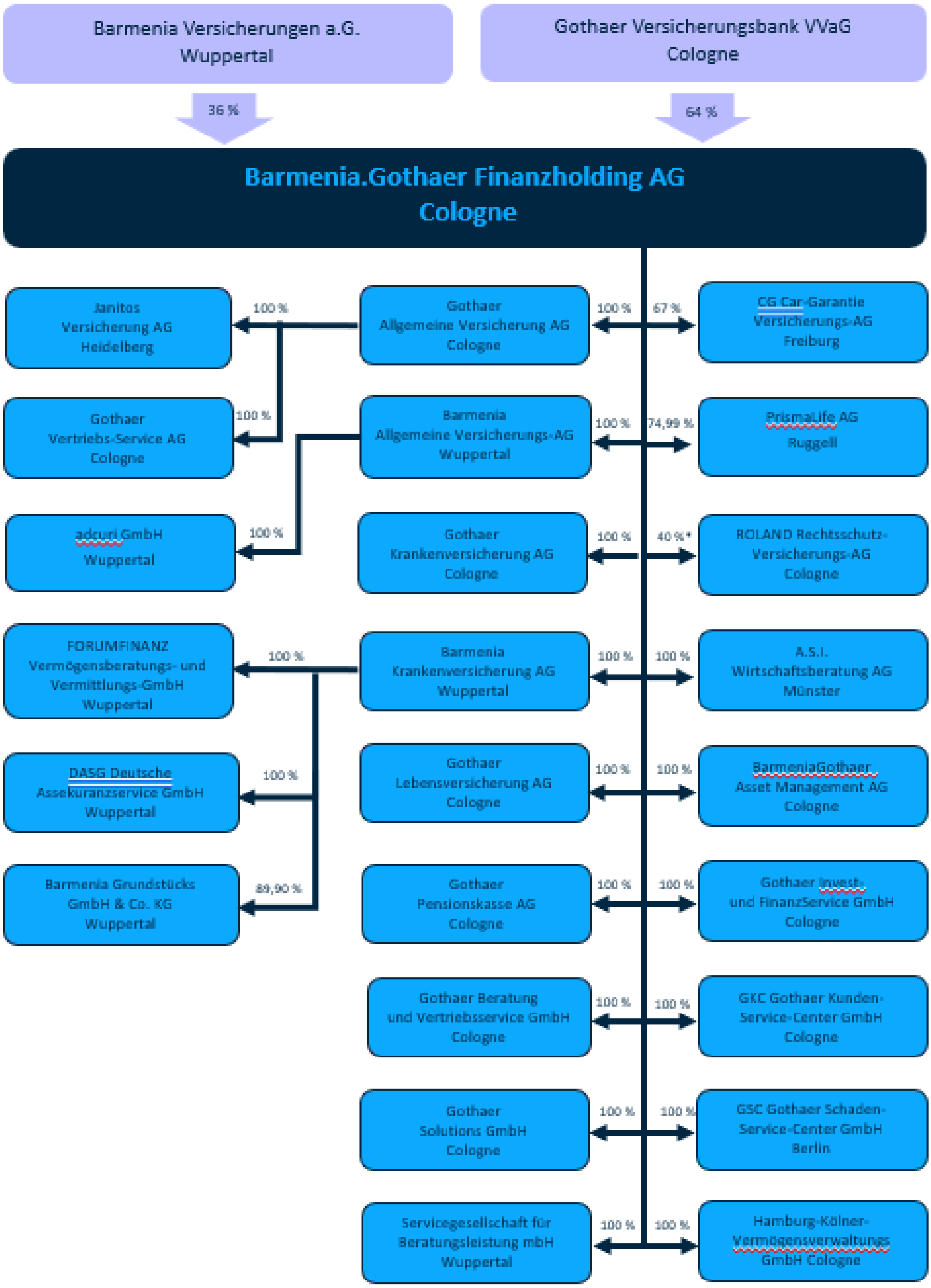
The health insurance segment

In the health insurance segment, Barmenia Krankenversicherung AG and Gothaer Krankenversicherung AG are leading partners for modern health insurance cover. They cater for the trend towards greater health awareness as well as public demand for healthcare services and continuously develop services that enable access to high-quality, effective care. The top priority in this context is to provide the best possible support to the insured individuals in terms of health protection and convalescence.

Barmenia Krankenversicherung AG is the BarmeniaGothaer Groups's largest life insurer. The object of its business is direct and indirect private health insurance. The Company attaches great importance to customer satisfaction and it offers a wide range of services, such as video consultations with doctors, second opinion services and call-back services. The Barmenia app is also a convenient way for customers to digitally manage their insurance matters. The main product in the business mix is comprehensive health insurance. However, customers are also offered supplementary insurance products on top of their statutory health insurance and long-term care insurance. Barmenia Krankenversicherung AG has tailored its product range to the private client market, yet it is also a dependable partner for corporate clients wishing to offer their employees flexible company health insurance plans. Since July 2021 it has been offering an employer-financed and collectively agreed long-term care insurance scheme called CareFlex Chemie to over 580,000 employees in the chemical industry in a consortium with R+V Krankenversicherung AG. It is the first consortium in Germany in the areas of company health insurance and long-term care insurance.

Under the motto gothaer.nachhaltig.gesund (gothaer sustainable health), **Gothaer Krankenversicherung AG** focuses primarily on health maintenance with special emphasis on mental health. By cooperating with leading providers in this field, the Company is progressively strengthening its role as a sustainable health service provider. Comprehensive health insurance thus remains a major pillar of business for Gothaer Krankenversicherung AG because, with an eye on the future, it is the only insurance that guarantees a stable level of health protection benefits. At the same time, the financial challenges facing the German healthcare system are increasing the importance of supplementary insurance as a complement to statutory coverage. Gothaer Krankenversicherung AG has been on a growth path here for years. Not only private clients see the value of private insurance. Gothaer Krankenversicherung AG's company health insurance schemes help employers to improve their social sustainability and provide them with a convincing argument in competition for skilled workers. Here too, the Company is extending its lead in the market and supplementing its corporate product range with innovative health services.

An overview of the BarmeniaGothaer Group



* Total Group interest
** For purposes of clarity, shareholding structure simplified

As of January 2, 2025

Barmenia.Gothaer Finanzholding AG
Group Annual Report

Extract from:
Report for the Financial Year as of
1 January to 31 December 2024

Registered Office of the Company
Arnoldiplatz 1
50969 Cologne/Germany

Cologne Local Court, HRB 62211

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NB: For better legibility, we have occasionally refrained from using gender-neutral language. All personal references are non-gender-specific.

Uniting forces for the future

Professor Werner Görg and Dr h.c. Josef Beutelmann

Chair and Deputy Chair of the Barmenia.Gothaer Finanzholding AG Supervisory Board

The formation of the BarmeniaGothaer Group was the most pressing challenge for the Supervisory Board, the member representatives and the Management Board in 2024. A powerful corporate group has been created through the merger of Barmenia and Gothaer. Its balanced mix of insurance lines, strong brand presence and access to diverse markets for private and corporate client business as well as company health insurance and pension schemes, accord it a high level of strategic flexibility. The merger thus makes a decisive contribution to safeguarding and driving the growth, profitability and competitiveness of the two partner organizations.

The Supervisory Boards of both corporate groups were involved at an early stage of the discussions, which were initially conducted at Management Board level. Both Supervisory Boards were informed about the agreements that had been drafted with regard to the merger, about the parallel due diligence process and about the valuations of the companies involved in the merger process. The resulting ownership structure of the two groups, with Barmenia holding 36 percent and Gothaer 64 percent, was analyzed by the Supervisory Boards, discussed within each corporate group and then unanimously approved. Throughout the entire process, the Supervisory Board members provided regular updates to the General Meetings of Members' Representatives. Both companies ensured that the agreements reached accorded a permanent and appropriate share in the respective association assets to the respective members. Thanks to the preparatory work performed in advance of this very complex corporate restructuring undertaking, the project was completed to schedule and entered in the respective commercial registers in 2024. We would like to voice our special gratitude to the Management Boards and the participating bodies of both companies. Without the very constructive and timely review and approval by the German Federal Financial Supervisory Authority (BaFin), the tax authorities and the Federal Cartel Office, the formation of the new corporate group would not have been possible.

Unfortunately, the macroeconomic framework did not improve in 2024. The fundamental need for change seems to be widely recognized in Germany, but also at European level. We hope that the new federal government will have the means and courage to tackle the urgently needed reforms. The outcome of the American presidential election and the armed conflicts in Ukraine and the Middle East highlight the crucial and essential role of political leadership.

In addition to these complex geopolitical challenges and unfavourable developments, the insurance industry faces a further future challenge never previously encountered on this scale. In all three lines of insurance, particularly the private health insurance segment and parts of the property and casualty insurance segment, we are experiencing sustained claims and benefit inflation. This will result in significantly higher premiums for certain insurance lines and products. However, these necessary premium adjustments may cause an increasing number of our customers to question the affordability of our products. One of the major challenges in the coming years will be to achieve a fair and sustainable solution that balances the interest of both sides. The solution must factor the cost of risk assumption into premiums while at the same time taking the policyholders' financial situation into account.

As regards business development, the Group has achieved its targets for 2024. All segments are outperforming the market average in terms of growth, which is a reflection of the Group's excellent competitive position. Very strong sales and new business results are reflected in gross revenue. The results of operations in 2024 were influenced by the general conditions described above, but also by one-off effects from the formation of the new corporate group. The underwriting result of our property and casualty insurers was satisfactory. However, as in previous years, the financing of adequate reinsurance cover is a challenge. The health insurers –

like the industry as a whole – faced a dynamic increase in benefit expenses. The annual financial statements of Gothaer Lebensversicherung AG for the year 2024 were defined by the successful portfolio transfer and spin-off of Barmenia Lebensversicherung a.G. to Gothaer Lebensversicherung AG. The Group's insurance entities reported solid investment income during the past year, which supported the results of operations. Key performance indicators evidence the Group's robust capital base and solvency ratios. We have received a positive outlook in connection with our financial strength rating. This, too, is a reflection of the first positive effects of the BarmeniaGothaer Group's formation.

In the course of the merger of the Barmenia Insurance Group with the Gothaer Insurance Group on 3 September 2024, all subsidiaries and associated entities of both insurance groups were bundled under the umbrella of Gothaer Finanzholding AG as a joint (intermediate) holding company. Barmenia Versicherungen a.G. and Gothaer Versicherungsbank VVaG became the sole shareholders of the financial holding company. The Company's articles of association were revised and it now operates under the name of Barmenia.Gothaer Finanzholding AG.

The Supervisory Board monitored and advised the Management Board in accordance with statutory requirements and the articles of association. In this context, the Supervisory Board of the former Gothaer Finanzholding AG held four meetings until the merger to form the BarmeniaGothaer Group took place in September 2024. In addition to the change of name to Barmenia.Gothaer Finanzholding AG, the merger is reflected in the composition of the Supervisory Board, which has changed in terms of both structure and membership. Since its constituent meeting on 18 November 2024, the Supervisory Board has met once. In order to fulfil its legal and statutory obligations in a solution-focused and efficient manner, the Supervisory Board formed committees. The digitalization committee and the sustainability committee met once and three times respectively in the past year. The investment committee and the management board committee met three times. The audit committee held five meetings.

Sustainability was a controversial topic of discussion in 2024. Unfortunately, the German legislators did not succeed in transposing the EU Directive (the so-called CSRD Directive) into national law in time. We have therefore prepared a sustainability report for the Group in accordance with the CSRD Directive. At the present time it is impossible to foresee with any certainty whether this preparatory work will meet the future requirements of national legislation. We are also unable to predict whether demands for a reduction in bureaucracy and deregulation will also have an impact on the CSRD Directive that has already been adopted. Nevertheless, we remain committed to the goals of the Paris Climate Conference. The new sustainability strategy is integrated into our corporate strategy, as envisaged in the Directive. It includes measurable targets for investments, for our own operations and for our insurance products. These high standards will be measured in 2025 by way of a special rating.

We would like to thank everyone involved in the process of forming the Group in 2024, also, and in particular, the individuals in our sales organization. Our growth figures impressively demonstrate the good results achieved by the sales organizations of both companies despite a number of adverse circumstances. We also appreciate the exceptional flexibility and hard work demonstrated by our in-house staff under these same circumstances. This commitment makes the entire Group optimistic that we will remain on our growth trajectory going forward.

Sincerely,

Better together

Dr Andreas Eurich and Oliver Schoeller

Co-Chairs of the Management Board of Barmenia.Gothaer Finanzholding AG

The merger of Barmenia and Gothaer on 3 September 2024 made BarmeniaGothaer a new top 10 insurer. The entries in the Cologne and Wuppertal commercial registers made the first merger of two large independent insurers in more than 20 years official just eleven months after the announcement of the project. This is an achievement everyone involved can be justifiably proud of and, at the same time, it clearly maps out our mission: To combine the complementary strengths of Barmenia and Gothaer in a new and even better company – better for our customers, better for our insurance agents and better for our employees.

In the initial months since the merger we have already impressively demonstrated our firm commitment to achieving this mission. For example, we seamlessly transferred the portfolio of Barmenia Lebensversicherung a.G. to Gothaer Lebensversicherung AG when the merger was closed and launched our first joint product on the market shortly afterwards. The pooling of our investments has not only made us one of the largest asset managers in the insurance industry, but also one of the largest investors, relatively seen, in the renewable energy sector. At the same time, we presented the new foundations of BarmeniaGothaer: a distinctive new brand identity based on our values of humanity, passion and sustainability and our claim 'Because You Matter'.

This ambitious pace is to some extent driven by the very challenging social, geopolitical and economic frameworks. The weak business climate and the lack of an upturn in consumer sentiment – due to high energy costs, structural burdens and a persistently high level of inflation and interest rates, among other things – have had a noticeable impact on the German economy. For that reason, Germany ended its second year in a row in recession. This challenging framework naturally also impacted the insurance industry. Both property and casualty insurers and health insurers are under strong pressure to improve profitability in light of the high rates of inflation, the problematic reinsurance situation and increasing benefit expenses. Although the life insurers returned to growth for the first time in three years, they continue to face the tangible risks of undisclosed liabilities and higher cancellation rates.

The BarmeniaGothaer Group performed admirably in this very challenging environment. Thanks to a more balanced and broader business mix it was possible to achieve further growth in corporate client business and extremely positive developments in private client business. The good level of equity capitalisation confirms that BarmeniaGothaer is a dependable partner, even in turbulent times.

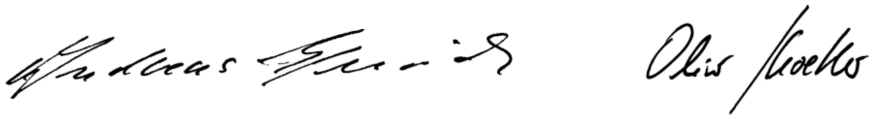
This financial strength was also attested by the rating agency S&P Global Ratings (S&P) in June 2024. It confirmed the ratings of Gothaer Allgemeine Versicherung AG, Gothaer Krankenversicherung AG and Gothaer Lebensversicherung AG and raised the outlook from “stable” to “positive”. Against the background of the merger, S&P expects the Group’s competitiveness to improve due to it having an even more diverse product portfolio, a more extensive network of sales channels and a broader customer base. S&P also recognized the very robust financial risk profile and emphasized the improved resilience of the new combined Group across all insurance lines as a result of the diversified positioning. S&P’s upward revision of the outlook has opened up a window of opportunity to improve the current rating by a further increment to 'A+' within the next 12 to 24 months.

The combined BarmeniaGothaer Group also intends to meet corporate responsibility obligations and to make a contribution to climate protection. As an insurer, we experience the effects of climate change directly in our core business in the form of claims payments for natural event losses. Reporting and measurability are essential tools in sustainable business practices, yet they do not suffice alone. The onus is on every industry and every company to individually define what sustainable business practices mean to them and how they can actively contribute to limiting global warming in line with the Paris Agreement targets. We intend to focus on managing sustainability risks with intelligent risk management as well as targeted initiatives with a corresponding positive effect. This includes investment sustainability management, preventive offers for our customers and claims adjustment practices that are tailored to the challenges of climate change.

In the near future, it will be crucial for BarmeniaGothaer to play a proactive role in shaping the market and to grow closer together as an organization. The merger of the health insurers and the combination of the standalone sales organizations are key milestones on our roadmap and we are steadily bringing them closer together with a joint product portfolio. Investments in new technologies and digital solutions will also play a key role in growing together as a driving force for innovation, competitiveness and growth. Above all, however, we want the people in our organization to feel that the merger offers them clear perspectives through being receptive to change, committing to the business and being willing to create something new together.

We are already impressed by the passion and enthusiasm with which our employees are helping us to grow together into one organization. On behalf of the entire Management Board, we would like to express our sincere appreciation to these individuals and to our insurance agents. Your valuable contribution is the essence of our new joint success story.

Sincerely,



Supervisory Board

Prof. Dr. Werner Görg Chair until 10 October 2024 as of 18 November 2024		Lawyer, Tax Accountant
Peter-Josef Schützeichel *) 1st Vice Chair until 10 October 2024 as of 18 November 2024	until 10 October 2024 as of 18 October 2024	Insurance Employee, Chair of the Central Works Council of Gothaer Allgemeine Versicherung AG
Dr h. c. Josef Beutelmann 2nd Vice Chair as of 18 November 2024	as of 10 October 2024	General Director (retd.)
Peter Abend *)	as of 18 October 2024	Employee, Lawyer
Michael Behrendt	as of 10 October 2024	Chair of the Supervisory Board of Hapag-Lloyd AG
Anke Düsterloh	as of 10 October 2024	Certified Public Accountant, Tax Consultant
Urs Berger	until 22 March 2024	Chair of the Board of Directors of Swiss Mobiliar Holding AG and Swiss Mobiliar Cooperative, (retd)
Antje Eichelmann *)	until 10 October 2024 as of 18 October 2024	Employee, Chair of the Works Council at the Cologne Head Office
Gabriele Eick		Proprietor of the Executive Communications management consultancy
Ingolf Graul	as of 10 October 2024	Managing Director (retd.)
Carl Graf von Hardenberg		Chair of the Supervisory Board of Hardenberg-Wilthen AG
Professor Johanna Hey		Director of the Institute for Tax Law at the University of Cologne
Professor Heike Jochum	as of 10 October 2024	Tax Consultant, Lawyer
Dr Judith Kerschbaumer *)	until 10 October 2024 as of 18 October 2024	ver.di Trade Union Secretary, Lawyer
Jürgen Wolfgang Kirchhoff		Chartered Engineer, Managing Partner and COO of KIRCHHOFF Holding GmbH & Co. KG
Corinna Otto *)	as of 18 October 2024	Insurance Broker
Christian Rother *)	until 10 October 2024 as of 18 October 2024	Employee, Chair of the Central Works Council of Gothaer Lebensversicherung AG
Heike Rottmann *)	as of 18 October 2024	Insurance Broker
Matthias Rottwinkel *)	until 10 October 2024 as of 18 October 2024	Employee
Götz Schneider *)	as of 18 October 2024	Employee
Antje Voous *)	until 10 October 2024 as of 18 October 2024	Employee, Head of Private Customer Contract Services Property & Casualty at Gothaer Allgemeine Versicherung AG, Lawyer

*) Elected by employees

Management

Dr Andreas Eurich Co-CEO and HR Director as of 3 September 2024	as of 3 September 2024	Human Resources, Legal & Staff, Group Auditing, Risk Management
Oliver Schoeller Co-CEO as of 3 September 2024		Digital Transformation & Innovation, Income and Cost Controlling, Business Development, Corporate Communications
Thomas Bischof		Property & Casualty
Alina vom Bruck	as of 1 July 2024	Life
Oliver Brüß	until 30 September 2024	Transition of Sales Matters
Dr Mathias Bühring-Uhle	until 31 January 2025	Transition of IT und Operations Matters
Dr. Sylvia Eichelberg		Operations
Harald Epple		Finance
Michael Kurtenbach	until 30 June 2024	Transition of Human Resources and Life Matters
Frank Lamsfuß	as of 3 September 2024	IT, Sales
Christian Ritz	as of 3 September 2024	Health

The list of members of the Supervisory Board and Management Board also constitutes the disclosure in accordance with Section 314 (1) no. 6 of the German Commercial Code (HGB).

Group Management Report

The Gothaer and Barmenia merger

All preliminary steps and follow-up work necessary for the merger were completed smoothly and on time in the 2024 financial year. The short time span between the announcement of the merger plans on 29 September 2023 and the commercial register entry 3 September 2024 is a reflection of the project management team's efficiency and professionalism. The organizational merger of the two insurance groups took place soon afterwards on 1 October 2024, when the new organizational and joint management structures, among other things, came into effect.

The BarmeniaGothaer Group is a new top 10 insurer in Germany with a premium volume of more than € 8 billion, approximately 7,600 employees, some 4,700 exclusive agents and investments in the region of € 50 billion. A balanced portfolio of insurance lines, a strong brand presence and access to diverse corporate and private client markets ensures a high level of strategic flexibility. The merger has thus made an important contribution to safeguarding and improving growth, profitability, competitiveness and job security at both insurers, something that all stakeholders of the new corporate group will ultimately benefit from.

The new Group structure provides the framework for a clear-cut business model. Barmenia Versicherungen a.G. and Gothaer Versicherungsbank VVaG are at the very top of the BarmeniaGothaer organization, thus retaining the principle of the associations and their affiliates belonging to members. Barmenia.Gothaer Finanzholding AG is responsible for the financial coordination of the Group. The operational side of the business is conducted by the risk-bearing entities.

One of the fundamental principles underlying the merger was that it should take place on an equal footing and this has been implemented in the new Group structure. It is also reflected by the retention of both corporate headquarters, the co-CEO model, the continuation in office of the majority of the existing Management Board and Supervisory Board members and the the equal exercise of voting rights at the annual general meeting of Barmenia.Gothaer Finanzholding AG. Barmenia.Gothaer Finanzholding AG's articles of association stipulate that, despite the different shareholdings, all significant matters can only be decided by unanimous vote of the associations.

All Company employees received regular updates on the status of the merger and some were directly involved in the merger project. This contributed to their acceptance of the merger and their support of the strategic decision behind it. The launch of the "Growing Together" programme in October 2024 marked the beginning of the (post-merger) integration phase. The programme objective is to make the combined strengths of Barmenia and Gothaer directly tangible to customers, insurance agents and employees. At the same time, a joint corporate strategy for BarmeniaGothaer is to be developed by mid-2025, at which time the programme will be integrated into that strategy.

The remarks on actuarial practice contained in the sections of the Group Management Report on the development of business, outlook and opportunities and risks of future development refer predominantly to the major risk carriers of the Group. Those risk carriers are Gothaer Allgemeine Versicherung AG for property and casualty insurance, Gothaer Lebensversicherung AG for life insurance and Barmenia Krankenversicherung AG and Gothaer Krankenversicherung AG for health insurance.

Developments in the insurance industry

Trends in 2024

Insurance industry as a whole

According to Federal Statistical Office calculations in January 2025, German economic output declined again to a slightly lower level in 2024. Price-adjusted gross domestic product (GDP) fell by 0.2% for the second year in a row. Increasingly tough competition in key sales markets, an uncertain economic outlook, persistently high interest rates and high energy costs all contributed to this. Consumer sentiment was only weakly positive in 2024, with consumer spending increasing by 0.3% on a price-adjusted basis. Even wage increases only had a limited effect on stimulating spending. The strongest price-adjusted increase in consumer spending related to healthcare purchases by private households (+2.8%). The rate of inflation slowed significantly, averaging out at 2.2% over the course of 2024. Nevertheless, prices remained high, reaching a level almost 20% above the annual average for 2019. An average of 46.1 million people were in gainful employment in Germany in 2024. This is 72,000 (0.2%) more than in the previous year, which represents a record high.

According to the German Insurance Association (GDV), a positive trend in premium revenues is on the cards for the insurance industry. Despite the problematic market situation, GDV has forecast a reduction in the severity of negative trends in life insurance. 2024 saw a decline in the rate of inflation and a perceptible increase in nominal wages. After a 12.8% downturn in the single premium segment in 2023, GDV reports an increase in single premiums of 10.5% in the year under review. With regular premiums remaining relatively stable, the premium volume in life insurance in the narrower sense thus increased by 3.1%. Premium income in the private health insurance segment rose by 3.1% in 2024, driven by premium adjustments. The trend of topping up statutory health insurance with private supplementary cover continued in the year under review. Another substantial increase in premiums of 7.9% is expected in the property and casualty insurance segment as a whole. The motor vehicle and property insurance segments achieved the highest level of growth. This development was also supported by inflation-related premium adjustments. Across the insurance industry as a whole, an overall increase in premium revenues of 4.8% is expected.

Property and casualty insurance

According to the preliminary figures of the German Insurance Association (GDV), there was further strong growth in premium income of 7.9% to € 92.3 billion for the entire property and casualty insurance sector in 2024, with motor vehicle and property insurance being the biggest drivers. This development was accompanied by inflation-related premium adjustments. Claims expenditure during the financial year increased by 4.6% to € 69.1 billion. The underwriting profit for the sector of € 3.3 billion is expected to surpass the comparatively low level in the previous year (PY: € 1.0 billion).

Premium income in property insurance is expected to have risen by an estimated 9.1% in 2024. 9.5 % growth was reported in the private property segment and 8.5 % growth in non-private property segment. The upturn in non-private property insurance is attributable to the industrial lines, and growth in private property insurance was fuelled by the 11.5% upturn in comprehensive homeowners business. Inflation indices and the resulting adjustments of sums insured also acted as growth catalysts. However, although the indices are still trending upward, the rate of increase has slowed since last year. Premium developments have been propelled by sustained growth in demand for natural hazard cover. Property insurance expenditure rose by 6.6% in the year under review and claims expenditure for the June floods amounted to around € 2 billion. Overall, natural hazard claims expenditure was slightly below average during 2024 due to only moderate storm and hail losses. Fire claims expenditure is also likely to be below average, which will entail an overall underwriting profit for the property and casualty segment in 2024. This will lead to a combined ratio of 97%, which is lower than in the previous year.

Motor insurance continued to be the largest property and casualty insurance class, generating more than 37% or € 34.1 billion of premium income in 2024. Thanks to the strong increase in average premiums, total premium income is expected to rise by 11.4%. The average motor vehicle liability premium is expected to increase by 8.5% versus the previous year. In collision and comprehensive insurance 11.0% growth in average premium is anticipated, and in partial own damage insurance the average premium is expected to rise by 8.0%. The number of new vehicle registrations and thus portfolio growth remained low, with only a moderate impact on premium development. A declining claims frequency is assumed in motor liability insurance. However, the claims frequency in the comprehensive insurance lines is likely to surpass the previous year's level. In addition, the average cost of claims is expected to rise sharply, due, among other things, to inflation and the extremely dynamic development of vehicle spare part prices and repair shop hourly rates. This resulted in an overall increase in claims expenditure of 2.7% during the year under review. Assuming a slight decline in the run-off result and cost ratios, the combined ratio for motor insurance was 104% in the 2024 financial year and the underwriting loss was in the region of € 1.3 billion.

An increase in premium income of 2.0% in **general liability insurance** and 1.0% in **general accident insurance** is expected. It is also anticipated that claims expenditure will rise and the combined ratio will surpass the previous year's level in both lines, increasing to 76% in general accident insurance and 86% in general liability insurance.

Life insurance

Regardless of the problematic economic situation, the German Insurance Association (GDV) envisages a mitigation of the negative trends from the perspective of life insurers, which had led to a deterioration in the industry's business development in previous years. For example, the inflation rate declined in 2024. Nominal wages have also risen noticeably, leading to an increase in real income for private households. This development had a positive effect on new insurance being taken out on top of the regular premium. Net premiums from new business across all insurance lines, which are estimated € 181.5 billion, were around 3.5% higher than in the previous year. As in 2023, an increase in expirations, surrenders and premium cancellations was observed. An outflow of 4% is expected in 2024, which will exceed the level of new business in absolute terms. This results in a slight increase in regular premiums of around 0.2% (life insurance in the narrower sense, i.e. excluding pension trusts and pension funds) to around € 64.4 billion. According to GDV, the lower short-term interest rate expectations improved the initial position for single-premium business in life insurance in the year under review. After a decline of 12.8% in this segment in 2023, GDV reports a significant increase in single premiums of 10.5% to around € 27.4 billion in the year under review. According to the GDV forecast, the premium volume in life insurance as a whole increased by 3.1% to € 91.8 billion.

Health insurance

According to preliminary figures from the German Insurance Association (GDV), premium income in private health insurance rose by 3.1% to a total of € 50.2 billion in 2024. The GDV sees premium adjustments as the main driver of this growth. The total number of policyholders rose to 39.8 million in the year under review, meaning that almost one in two people in Germany has private health insurance. The number of people with comprehensive private health insurance increased to 8.74 million in 2024 (+0.3%). Thus, the portfolio has achieved net growth – after deduction of deaths and contracts terminated under compulsory insurance rules. In supplementary insurance, the number of policies grew by 4.0% to a total of 31.0 million.

Private health insurance continued to make an important contribution to the financing of medical and nursing care in Germany in 2024. Health insurance benefits increased significantly in 2024. They grew by 13.0% to a total of € 40.3 billion. Statutory health insurance, like private health insurance, experienced a sharp cost upturn in 2024. The increase in expenditure in health insurance was particularly high, rising by 13.4% to € 37.7 billion. In long-term care insurance, expenditure increased by 8.2% to € 2.6 billion. Developments in care allowance costs and inflation were the reason why outpatient and inpatient treatment billing options were fully utilized in order to compensate for the increased treatment costs. Effects due to care services that had been postponed during the pandemic commencing again also continued to play a role. The nursing care reform put considerable additional pressure on costs because the gradual increase in subsidies for own contributions to the cost of nursing home care, which were agreed in the last care reform, reduce the financial burden on the insured yet increase the financial burden on long-term care insurance providers. Demographic developments have also been having an increasing impact because the higher number of older policyholders driving up the amount of benefits paid out.

According to the GDV, the trend of topping up statutory health insurance cover with private supplementary insurance continued in the year under review and is likely to subsist. Employers will probably continue turning to company health insurance and supplementary long-term care insurance products in the future as incentives in the competition for skilled workers and as part of efforts to ensure long-term employee retention. Both the rising costs of personal insurance and the overall increase in the cost of living could make this option more attractive for many employees.

Outlook for 2025

Insurance industry as a whole

According to the German government’s Annual Economic Report 2025, domestic demand is likely to remain weak for the time being due to the ongoing geopolitical uncertainties and the still unclear economic and financial policy direction of the next German government. With inflation easing, real incomes continuing to rise and increasing clarity on the economic framework, the domestic economy is expected to pick up pace later in the year. The German government expects GDP growth of 0.3% in 2025. Private consumer spending is likely to be the main growth driver in this respect. The German government expects employment to stagnate and unemployment to continue to rise for the time being. The annual average increase in consumer prices is likely to be 2.2%.

Premium income from life insurance in the narrow sense is expected to rise by 1.4% in 2025. The prospect of another short-term decline in interest rates should act as a catalyst for the continuation of the positive development in single premium business. Although growth in single premiums is expected, regular premiums will remain at the previous year’s level. Premium income from private health insurance is expected to grow by 7.5%. The increase in benefit expenditure and the resulting premium adjustments are also likely to be a key factor in the development of premium income in 2025. The trend of supplementing statutory health insurance with private supplementary cover will in all probability continue. Employers are likely to continue turning to company health insurance and supplementary company long-term care insurance products in the future as incentives in the competition for skilled workers and as part of efforts to ensure long-term employee retention. The adjustments to high inflation rates in recent years will remain a key factor in the development of premium income in the property and casualty insurance segment. Motor insurance is likely to see particularly strong growth, driving an increase in property and casualty insurance premium income of potentially 7.6%. A 5% increase in premiums is expected for the insurance industry as a whole.

Property and casualty insurance

The adjustments to high inflation rates in recent years will remain a key factor in the development of premium income in 2025. Overall premium growth in property and casualty insurance could amount to 7.6%.

In motor insurance, spare part price inflation and repair shop labour rate increases will continue to drive up repair costs significantly. The dynamic developments on the claims side will continue as a result, necessitating corresponding adjustments on the premiums side. It remains to be seen whether the number of new registrations in 2025 will contribute momentum to premium income growth. Recently, the number of new registrations was still well below the pre-COVID level. An overall increase of 14.0% in motor insurance premium income is anticipated.

Projected premium growth in private property insurance is 4.8%. In homeowners insurance, the rate of construction services cost inflation has slowed. The annual adjustment of premiums to bring them into line with labour cost developments and construction prices is lower compared to the previous year. An overall increase in premium income of 6.0% is assumed. In householders insurance, a premium increase of 1.5% is expected. In non-private property insurance, 5.0% growth is forecast.

Life insurance

GDV expects the yield curve to continue normalizing in 2025. This would increase the attractiveness of long-term investment options such as capital-forming life insurance policies. The prospect of another short-term decline in interest rates should act as a catalyst for the continuation of the positive development in single premium business. The statutory maximum actuarial interest rate, which rose from 0.25% to 1.0% in January 2025, should also improve the outlook for sales of life insurance products. Based on preliminary figures for 2025, the industry expects a largely stable trend in regular premiums and an increase in single premiums of around 5.0%, meaning that the premium volume is likely to increase by 1.4% overall (life insurance in the narrow sense).

Health insurance

Increasing benefit expenditure is also likely to be a key factor in the development of health insurance premium income in the current year. For example, GDV is forecasting premium adjustments in the order of 18% on average for two thirds of comprehensive health insurance policies in 2025. It is to be expected that the level of premiums will require further adjustment to the inflation-driven cost increases, on the one hand, and the sharp rise in the number of people in need of care, on the other. Even though interest rates are expected to fall by the end of 2025, higher investment income could counteract the premium adjustments to some extent by that time. Taking these factors into account, GDV assumes overall growth in premium income in private health insurance of 7.5%. In the current year, the income ceiling for statutory health insurance will be raised by 6.5% to € 73,800 per year. This will have a negative impact on new business prospects in comprehensive health insurance, as the increase prevents many employees from switching to private health insurance. The contribution assessment ceiling will also be increased significantly by 6.5%. Although this will make private health insurance more attractive for employees with an income above the ceiling for statutory health insurance, the decline in wage growth versus the year under review could somewhat limit the resulting potential to generate new comprehensive health insurance policyholders.

At the turn of 2025, statutory social insurance contributions had risen to their highest level to date at just under 42%. The proven regulatory target of stabilising social security contributions at a level below 40% was therefore not achieved, as was the case in 2023. This is due in part to the massive increases in statutory health and long-term care insurance contributions. In view of the statutory health insurance providers' growing financing deficit and the extremely problematic long-term situation with regard to social long-term care insurance funding, it is unlikely that the statutory health insurance contribution rates can be stabilized without cutting benefits. This scenario and the high level of care under private health insurance plans is increasing their attractiveness. However, against the backdrop of the statutory health insurance scheme's financial difficulties, the debate on reorganizing the relationship between private and statutory health insurance in order to relieve the burden on the statutory health insurance funds will be stepped up. It is also possible, for the same reason, that demand for a citizens' insurance scheme may re-emerge, driven in terms of attractiveness by the old-age provisions included in private health insurance premiums, which will amount to around € 350 billion in the current year. It is up to the private health insurers to make clear that these financial resources are provisions for age-related rising healthcare costs made by the policyholders themselves, and that they are constitutionally protected. In addition to that, privately insured individuals finance an above-average share of the entire healthcare system. Despite all this, it should be noted that private health insurance, with its fully funded and generation-appropriate old-age provision, remains part of the solution to the problem of the increasing and unavoidable demographic challenges facing the healthcare system.

Business developments in 2024

As a result of the merger of the Barmenia Group with the Gothaer Group, Barmenia.Gothaer Finanzholding AG will prepare consolidated financial statements for the BarmeniaGothaer Group for the first time in 2024. Information on business developments therefore relates exclusively to the year under review, as figures for the previous year are not available. With regard to key figures for the year under review, the consolidated income statement includes items of Barmenia Krankenversicherung AG, Barmenia Allgemeine Versicherungs-AG, PrismaLife AG and Barmenia Grundstücks GmbH & Co. KG on a pro rata temporis basis (i.e. pertaining to the period after the merger in September).

In a challenging macroeconomic environment, we were able to generate premium income of € 6.30 billion. Investment income rose to € 944.8 million, with a net return on investment of 1.9%. Net profit for the year stood at € 19.0 million.

			€ million
	Gross premiums written	Under-writing result net of reinsurance	Investment result
Property and casualty	3,134.1	-44.4	109.3
Life	1,549.4	62.9	500.7
Health	1,616.7	66.8	369.2
Other Activities	0.0	0.0	-34.5
Total	6,300.2	85.4	944.8

At Group level, gross written premiums rose to € 6.30 billion. Of this, the largest premium volume is attributable to property and casualty insurance with a € 3.13 billion contribution and a share of 49.7%, with life insurance accounting for € 1.55 billion with a share of 24.6% and health insurance for € 1.62 billion with a share of 25.7%.

€ 6.16 billion of gross written premiums were contributed by primary insurance, which is our core business. Premiums written in reinsurance assumed from non-Group insurers totalled € 142.9 million. This business relates entirely to property and casualty insurance and is of only minor significance in terms of its contribution to the Group’s total premium volume.

The underwriting result net of reinsurance at Group level totals € 85.4 million. Developments in the individual segments varied. The life and health insurance segments made positive contributions to earnings, while the property and casualty insurance segment recorded a negative result due to high allocations to the equalization reserve.

Net investment income totalled € 944.8 million in the year under review. This positive development was driven by higher contributions to earnings from the life, property and casualty, and health insurance segments.

Property and casualty insurance

Gross premiums written in the property and casualty insurance segment amounted to € 3.13 billion. € 2.99 billion of this premium income was attributable to primary insurance and € 142.9 million to reinsurance business assumed. We continue to pursue a profit-orientated underwriting policy in this line of business. Premiums ceded to reinsurance totalled € 656.1 million. Parts of the portfolio are reinsured for our own protection. It was necessary, in particular, to adjust the structure of natural hazard risk policies in order to take changes to the risk position into account. The price of non-proportional insurance to protect against natural hazards also increased again, although the rate of increase was less steep. As a result, earned property and casualty premiums net of reinsurance amounted to € 2.44 billion.

At Gothaer Allgemeine Versicherung AG, the Group's largest property insurer, we have set ourselves the goal of becoming one of the five fastest-growing companies in the property and casualty insurance market. We believe that digitalization is a key success factor for us. The modern GoSmart IT platform that we have built up over the past few years enables us to maximize our process efficiency in providing tailored insurance cover to both corporate and private clients. It also allows us to bring new products to market faster. At the beginning of this year, for example, we launched our new householders insurance product on the platform, which has received an excellent rating from Franke und Bornberg. Thanks to our smart IT platform Thinksurance, we can now offer cyber insurance to larger enterprises (revenue up to € 50 million) with a fast, efficient and fully digital application process.

Gross claims expenditure in property and casualty insurance totalled € 2.04 billion in the year under review. The summer flooding situation and the associated claims expenditure for natural hazard losses was one of the major natural hazard events on the claims side in 2024. Claims expenditure in connection with major fire losses was more moderate. The gross loss ratio in the year under review was 66.0%. After deductions for reinsurance, insurance claims expenditure net of reinsurance totalled € 1.72 billion. The net loss ratio is 70.5%. The reserve for outstanding (net) claims amounts to € 2.95 billion. The loss reserve ratio – the ratio of provisions for outstanding claims to gross earned premiums – stood at 120.5% in the year under review.

Underwriting expenses net of reinsurance totalled € 690.9 million. Of this amount, € 538.5 million is attributable to administrative expenses and € 337.8 million to acquisition expenses. The increase in acquisition expenses is due to good production results. Reinsurance commissions amounted to € 185.5 million. Both the gross and the net cost ratio are 28.3%, resulting in a (net) combined ratio of 98.7% in the property and casualty insurance segment.

The underwriting result before allocations to the equalization reserve totals € 0.2 million. Total additions of € 44.5 million were made to the equalization reserve in the year under review. Additions due to claims shortfalls were made, particularly in connection with fire and transport insurance. After allowance for this addition, the underwriting result net of reinsurance was € -44.4 million in the year under review. This figure includes an underwriting result in reinsurance business assumed of € 12.9 million.

Life insurance

In the course of the merger of the Gothaer Group with the Barmenia Group, the entire life insurance business of Barmenia Lebensversicherung a.G. was transferred to Gothaer Lebensversicherung AG. We expect the merger and the resulting scale effects to have a positive effect on market development and particularly on marketing activities for company pension plans targeting large corporate clients.

The declining inflation and real income growth of private households had a positive impact on business development in the life insurance segment in 2024. Gross premiums written totalling € 1.55 billion were received in the year under review. Single premium business accounted for € 385.1 million of this amount. Regular premium business accounted for € 1.16 billion. Key building blocks in this line of business are the excellently positioned occupational disability insurance product for self-employed persons and the company pension plans.

New business – measured in terms of total new premiums – amounted to € 3.99 billion. Total new premiums is the sum of premiums due over the term of newly concluded policies.

Under profit-sharing arrangements, a sum of € 43.9 million was withdrawn from the reserve for premium refunds as ‘contributions from the reserve for premium refunds’ and used for additional insurance benefits.

The allocated investment return from the non-technical account – i.e. the share of investment income attributable to life insurance from a Group perspective – reported in the technical account was € 454.4 million in the year under review. The full investment result for the Group is shown in the non-technical account.

In life insurance, claims expenditure net of reinsurance totalled € 1.97 billion. This includes payments for insurance claims totalling € 1.93 million. Expenses were also reported in the financial year due to the adjustment of the reserve for outstanding claims.

The policy reserve net of reinsurance totalled € 18.83 billion in the year under review. This includes the additional interest reserve of € 1.73 billion. The rise in interest rates on the income side significantly reduced the allocations to the additional interest reserve.

Underwriting reserves for life insurance where investment risk is borne by policyholders amounted to € 5.06 million.

The reserves for premium refunds include the surpluses generated in the financial years before they are paid to the individual policyholders at the contractually agreed times during the term or upon expiry of policies. The reserve for premium refunds totalled € 673.0 million.

Underwriting expenses net of reinsurance totalled € 208.4 million in the year under review. Acquisition costs amounted to € 174.6 million. The acquisition cost ratio – the ratio of acquisition costs to the new premium sum – was 4.4%. Administrative costs in the year under review totalled € 43.9 million. The administrative cost ratio – the ratio of administrative expenses to gross written premiums – was 2.8%.

Overall, the underwriting result net of reinsurance was € 62.9 million for life insurance.

Health insurance

In a difficult macroeconomic framework, the Group’s health insurers reported gross written premiums of € 1.62 billion for 2024. The health insurance segment recorded a high volume of new business originating from all lines – comprehensive health insurance as well as private and company health insurance. There were a total of 435 thousand persons with comprehensive health insurance in 2024, while the number of persons with supplementary insurance totalled 2,742 thousand.

As the largest health insurer in the BarmeniaGothaer Group, Barmenia Krankenversicherung AG attaches great importance to customer satisfaction and it offers a wide range of services, such as video consultations with doctors, second opinion services and call-back services. The Barmenia app is also a convenient way for customers to digitally manage their insurance matters. The main product in the business mix is comprehensive health insurance. However, customers are also offered supplementary insurance products on top of their statutory health insurance and long-term care insurance. Barmenia Krankenversicherung AG has tailored its product range to the private client market, yet it is also a dependable partner for corporate clients wishing to offer their employees flexible company health insurance plans.

Gothaer Krankenversicherung AG is consistently evolving into a modern and sustainable healthcare provider in line with its strategy. It aims to provide policyholders with the best possible health management support and to be a strong partner with a high level of health expertise. We see digitalization as an important factor in the holistic customer experience. The new Meine Gothaer app combines the two previous apps – the Health app and Meine Gothaer app. We are thus simplifying insurance and health management by incorporating all lines of business into a single mobile app going forward. To this end, the health world in the Meine Gothaer app is being increasingly expanded to include a variety of health services, theme worlds and digital prevention courses for policyholders. The number of app users increased by 30% versus the previous year.

To cap premium adjustments and reduce premiums for older policyholders a sum of € 49.1 million was withdrawn from reserves for premium refunds and recognized under the relevant premium item.

The allocated investment return from the non-technical account for health insurance business in the financial year was shown in the technical account as € 366.2. This is the portion of net investment income attributable to health insurance from a Group perspective. The full investment result for the Group is shown in the non-technical account.

Insurance claims expenditure net of reinsurance totalled € 1.31 billion. This includes payments for insurance claims net of reinsurance, including loss adjustment expenses of € 1.29 million and € 18.0 million in connection with the adjustment of the reserve for outstanding claims. The gross loss ratio – a yardstick for assessing expenses incurred in connection with our policyholders – stood at 84.1%.

The policy reserve totalled € 22.13 billion at the end of the year.

In the financial year under review, we again withdrew substantial funds from the reserves for profit-related and non-profit-related premium refunds and made them available to policyholders. After additions in the year under review, the reserves for profit-related and non-profit-related premium refunds totalled € 750.9 million. The allocation ratio to the reserves for premium refunds is 4.3%.

Underwriting expenses net of reinsurance totalled € 179.0 million in the year under review. This includes acquisition costs in the amount of € 140.4 million. The acquisition cost ratio – the ratio of acquisition expenses to earned premiums – stood at 8.7%. € 41.6 million in expenses were incurred for insurance policy management costs, resulting in an administrative cost ratio – the ratio of administrative expenses to premiums – of 2.6%.

The underwriting result net of reinsurance in the health insurance segment thus totalled € 66.8 million.

Investments

The investment strategy of the BarmeniaGothaer Group is implicitly derived from the investment strategies of the relevant risk carriers in the Group. The latter, in turn, form part of the individual risk carriers' business strategies. At Group level, the primary goal of investment policy is to generate stable and sustainable income for the consolidated financial statements. At the same time, the relevant regulatory requirements relating to investment returns, liquidity, security and quality need to be observed at risk carrier level and – depending on risk carrier – the solvency requirements of Solvency II need to be met. This is ensured by the systematic application of performance management principles that are adjusted for risk, tailored to risk-bearing capacity and aimed at optimizing the return/risk ratio of the investment portfolios. The current investment strategy and the resulting strategic asset allocation are therefore to be seen as the outcome of a continuous and comprehensive asset liability management process that particularly takes account of the relevant underwriting requirements. In the year under review, the Group remained systematically committed to a long-standing investment policy that is largely geared towards stable current income. The two priorities of this strategy are to generate attractive returns in the current market environment and to ensure that risks are reduced overall by being spread as broadly as possible over the different types of investment. When making investment decisions, environmental, social and governance criteria – so-called ESG criteria – are always taken into account.

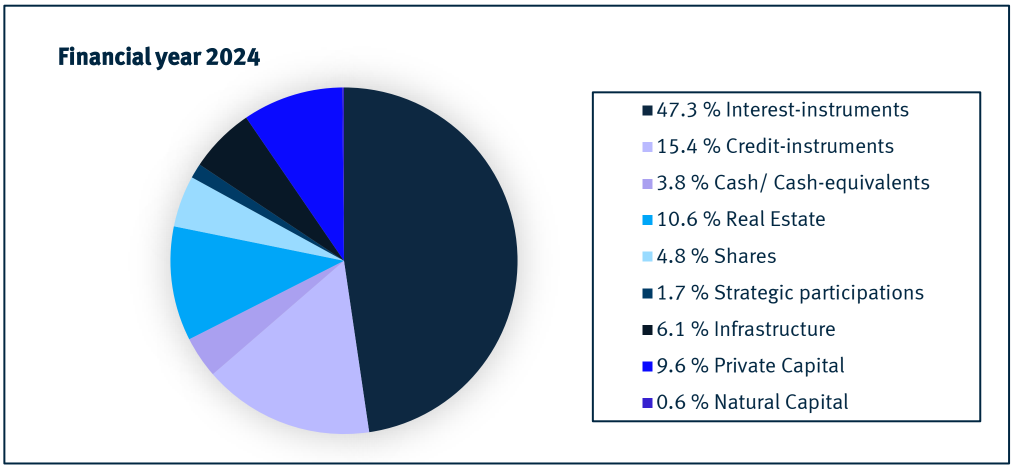
In the period under review, global economic development remained weak. This is primarily due to an increasingly restrictive monetary policy since 2022. Structural problems in major economies such as China and Germany also had the effect of slowing economic activity. By contrast, the US economy proved to be surprisingly robust. Inflation in the US and the eurozone fell by half a percentage point over the course of the year. This provided some leeway for easing monetary policy from midway through the year onwards, with the result that it was only moderately restrictive at the end of the year. German economic output shrank by 0.2%. 2024 was characterized by the continuation of geopolitical conflicts. There were also numerous elections, in many of which the incumbent parties were voted out of office. The US elections in November deserve special mention. They resulted in an unexpectedly clear victory for Donald Trump and set the course for a drastic change in US policy with far-reaching international shifts in power.

In the first months of 2024, the government bond markets were hampered by the wait-and-see US monetary policy. The tide did not turn until May, when the European Central Bank (ECB) and the US Federal Reserve (Fed) announced their first interest rate cuts for June and September, respectively. In the final quarter of the year, the markets saw further heavy price losses in the environment of the US elections. Over the course of the year, German federal bonds only yielded a moderate total return of 0.4%. The return in the US treasury market was slightly higher at 0.5% (in USD). Despite the problematic interest rate situation, 2024 proved to be an astonishingly good year for the stock markets. The S&P 500 Total Return Index in USD delivered an annual performance of 25.0%. European dividend stocks (EuroStoxx50 Total Return Index) posted a gain of 11.0%, while the Dax Performance Index rose by 18.8%.

The book value of the BarmeniaGothaer Group investment portfolio is € 49.45 billion. The carrying value of investments for the account and risk of life insurance policyholders was € 5.06 billion in the year under review.

Composition of investments

At balance sheet date, the market value-based composition of the BarmeniaGothaer Group's investment portfolio was as follows:



The majority of the Group's investments are in fixed-interest and credit instruments. Real estate and private capital also form an important part of the investment universe, followed by investments in infrastructure and equities. Investments in real estate, private capital and infrastructure include both equity and debt investments. The equity investments essentially consist of Solvency II-optimized equity mandates with option hedges.

Net investment income in the year under review totalled € 944.8 million and the income development was driven, in particular, by life insurance. In the period under review, the rise in interest rates on the income side significantly reduced the allocations to additional interest reserve. High fund distributions led to current income of € 1.18 billion and current investment income of €1 13 billion in 2024. The extraordinary result was negative at € -185.0 million due to write-downs in the infrastructure and real estate asset classes as well as strategic investments and the fund portfolio. Overall, the net return on investment for the financial year, calculated as the ratio of investment income to the investment portfolio and excluding unit-linked life insurance, was 1.9%.

Net income for the year

With a negative result from other activities, our net income before taxes amounted to € 96.4 million. After deduction of € 77.4 million for taxes, the net income for the year was € 19.0 million. The net income for the year attributable to non-controlling interests amounted to € 3.6 million. This resulted in a consolidated net income of € 15.5 million.

Shareholders' equity

Shareholders' equity amounts to € 1.99 billion. The return on equity, calculated as net income for the year in relation to shareholders' equity, is therefore 1.0%. Group equity included non-controlling interests of € 104.4 million.

Insurance lines and coverages

- Life insurance[1)]
- Health insurance
- Accident insurance
- Liability insurance
- Motor insurance
- Aviation insurance[2)]
- Legal expenses insurance[2)]
- Fire insurance
- Comprehensive householders insurance
- Comprehensive homeowners insurance
- Transport insurance
- Credit and surety insurance
- Motorist assistance insurance
- Aviation and spacecraft liability insurance[2)]
- Other property insurance
- Other non-life insurance

1) only direct written insurance business
2) only reinsurance business assumed

Non-financial performance indicators

Employees

Suitably qualified and motivated employees are of central importance. Their skills, their dedication and their outstanding commitment are the bedrock for our success, especially in the new BarmeniaGothaer Group.

The merger of Barmenia and Gothaer has had a significant impact on HR management in 2024. The merger was associated with additional challenges besides the issues that have driven developments over the past few years and remain relevant, such as digitalization as well as talent acquisition and retention.

The capacity for change of both of the organization as a whole and of each individual employee is another increasingly relevant issue in view of the upcoming post-merger integration process. To promote this necessary capacity for innovation and change among our employees we are focusing in particular on the optimization of leadership and change management capabilities. Measures implemented in this connection include inter-departmental and now organization-wide networking, the establishment of agile project management methods, the piloting of agile organizational models, change stories and workshops that allow employees to actively participate in the change process.

Our HR organization accords highest priority to talent development and retention, as well as to the targeted recruitment of new employees. One important goal for 2024 in connection with the merger plan announced at the end of 2023 was to avoid voluntary employee departures, and a great deal of energy was invested in appropriate measures. A close succession of turnover management initiatives led to a very encouraging development in the year 2024, when contrary to all anticipated risks, the employee turnover rate fell to a lower level than in 2023.

Employee recruitment has become increasingly important in the light of the current labour market situation. Our strong employer brand supports us in our recruitment efforts. Gothaer has been recertified as a Top Employer 2025 with an even higher score this year. We hope that this external certification, plus the experience gained by Gothaer prior to the merger, will have a positive impact on the success of the new BarmeniaGothaer Group's recruiting activities. Further important factors are recruiting methods, employee onboarding and the targeted promotion of talented individuals in our own ranks.

Diversity and equality of opportunity are two issues that we have prioritized in the context of our sustainability positioning. We had already become a Diversity Charter signatory and established various working groups to raise awareness about the topic of diversity before the merger. The most important diversity-related initiatives in 2024 were the organization of the Diversity Days events in Cologne (focus on diversity in everyday life) and Wuppertal (focus on everyday racism), the design of a diversity calendar, the set-up and expansion of networks (Single Parent Network, Female Network, Pride and Friends, decision to establish an inclusion network) and participation in Christopher Street Day.

Present efforts are also geared to making the companies in the BarmeniaGothaer Group demographic-proof, maintaining workforce performance and improving employee satisfaction. Alongside our viable financial incentives, we rely on targeted development and training programmes as well as specialist career models such as the consultant career and project leader career programmes. Qualitative and quantitative demographic management, award-winning occupational health management and commitment to the advancement of women are naturally all elements of our HR activities.

Gender diversity

Seven BarmeniaGothaer Group companies with equal or one-third parity co-determination are subject to the German Second Leadership Positions Act (FüPoG II). These companies are periodically required to set gender quotas for their supervisory boards and management boards as well as for the first two tiers of management below the management boards.

The targets that were set by the companies with regard to the various categories of people for 2026 and 2027 prior to the merger of the Barmenia Insurance Group and the Gothaer Insurance Group are shown below.

The 2026 targets for Gothaer are set in numbers of persons; the percentages shown are for information only. When the BarmeniaGothaer Group was formed the number of Management Board and Supervisory Board members as well as the number of tier 1 and 2 managers changed. The defined quota of women represented in the executive bodies and management tiers remained unchanged. Barmenia's targets for 2027 were defined in terms of the number of people on the Management Boards and Supervisory Boards, and as a percentage for tier 1 and 2 managers.

					Target value 31.12.2026
		Supervisory board	Management board	Executives	
				Management level 1	Management level 2
Barmenia.Gothaer Finanzholding AG					
	People	4 (of 12)	2 (of 7)	8 (of 18)	15 (of 34)
	Share in %	33.3	28.5	44.4	44.1
Barmenia Allgemeine Versicherungs-AG*					
	People	2	1	n.n.	n.n.
	Share in %	0.0	0.0	29.0	28.0
Barmenia Krankenversicherung AG*					
	People	2	1	n.n.	n.n.
	Share in %	0.0	0.0	28.0	23.0
Gothaer Allgemeine Versicherung AG					
	People	4 (of 12)	2 (of 6)	6 (of 16)	20 (of 64)
	Share in %	33.3	33.3	37.5	31.3
Gothaer Krankenversicherung AG					
	People	2 (of 6)	2 (of 6)	4 (of 8)	4 (of 10)
	Share in %	33.3	33.3	50.0	40.0
Gothaer Lebensversicherung AG					
	People	2 (of 6)	2 (of 6)	3 (of 7)	3 (of 9)
	Share in %	33.3	33.3	42.9	33.3
Gothaer Solutions GmbH					
	People	2 (of 6)	0 (of 2)	3 (of 11)	15 (of 64)
	Share in %	33.3	0.0	27.3	23.4

*) Target for 30 June 2027

The zero target set in 2023 for the management of Gothaer Solutions GmbH was retained and the gender quota for the period under review was redefined. Previously, a strategic change in business activities had made it temporarily possible to expand the number of Management Board members to two and appoint a woman, thereby increasing the quota of women and the target accordingly. However, another strategic reorientation necessitated the replacement of both Management Board members. In the recruitment process, the male managing directors who have now been appointed were selected as the most suitable candidates for the relevant requirements. A further change in composition is neither planned nor necessary according to current knowledge before the end of the period relevant for achieving the gender quota. Setting a target higher than zero for the quota of women on the Management Board would necessitate the replacement of at least one of the current managing directors or the expansion of the management board by one or more additional persons solely for this reason. The first option is not appropriate in view of the recently completed appointment process and the second option is not viable for reasons of cost-effectiveness and capacity.

Barmenia worked towards the achievement of targets, in particular, by way of various measures to promote a good work-life balance (including parental leave counselling, childcare, support with care) and the targeted development of female talents. One initiative involved a special focus on the development of female employees in so-called Talent Forums. F1 and F2 level managers nominate team members who they consider to have good leadership qualities for the Talent Forums, whereby women are given special consideration if they have the same qualifications as their male colleagues. Appropriate training is provided to eliminate bias in the assessments to the greatest possible extent. Efforts were also made to attract more women to management positions by offering part-time roles and job-sharing programmes. The first tandem position with two young female employees sharing a management function at F2 level has been in place since February 2023.

Gothaer worked towards achieving the targets by developing and implementing various measures in the strategic action fields of attitude, recruiting, promotion & development and working conditions. They included events and interaction opportunities within the framework of the women's network, participation in Christopher Street Day, active sourcing (of female talents) and German Diversity Day. The proactive approach to increasing the proportion of women in management positions will remain in place going forward. It is envisaged that proven measures will be continued, new ones will be developed, a new management audit process will be set up and the entire management board will discuss developments.

The above statements simultaneously constitute the declarations required for compliance with section 289f paragraph 4 of the German Commercial Code (HGB).

Brand

A strong brand is a critical success factor for companies in the insurance industry. The decision to buy an intangible asset such as insurance cover is based on the confidence that customers have in the brand.

The new BarmeniaGothaer brand was developed in conjunction with the merger project and launched in October. It combines the names of the previously stand-alone brands Barmenia and Gothaer into the new BarmeniaGothaer brand, thus allowing the new corporate group to capitalize and build on existing brand awareness for both Barmenia and Gothaer. The BarmeniaGothaer brand, with its three brand values of humanity, passion and sustainability, will become firmly established in the target groups over the coming years.

The BarmeniaGothaer brand roll-out will be successively implemented at key touchpoints to ensure its immediate visibility. During a transitional period, the two brands Barmenia and Gothaer will initially continue to exist alongside the new brand.

Code of conduct for sales and distribution

The success of our business depends to a large extent on the trust placed in us by our clients. Those clients, their needs and their expectations are therefore central to our sales and distribution activities. Insurance agents play an important and responsible role here as a link between customers and the insurance companies.

Since becoming part of the two insurance initiatives "GDV Code of Conduct for the Sale of Insurance Products" and "gut beraten" we have consistently implemented the relevant requirements as part of the compliance management system that has been communicated to all employees and agents. At the same time, we have implemented the requirements of the Insurance Distribution Directive (IDD), which became mandatory in Germany in February 2018. The GDV Code of Conduct has also been updated for alignment with the new legal framework.

As far as sales and distribution are concerned, the requirements of the GDV Code of Conduct are designed to ensure that customers are objectively informed and advised in their best interest so that they are in a position to make a well-informed decision. Special importance is thus attached to the advisory expertise and further training of agents, in whom we have traditionally made substantial investments.

Tariff change guideline

Freedom of choice and customized insurance cover are distinguishing features of private comprehensive health insurance. To help customers choose the tariff that meets their needs more accurately, the association of private health insurers has developed a tariff change guideline setting out clear and binding rules. The guideline supplements the statutory regulations that are already contained in section 204 of the German Insurance Contracts Act (VVG).

Both Gothaer Krankenversicherung AG and Barmenia Krankenversicherung AG have consistently implemented the guideline since its introduction. Our policyholders can avail themselves of personal, needs-based and objective customer service together with an analysis of the best tariff options.

The implemented compliance management system ensures observance of the guidelines for a transparent, customer-oriented tariff change and is certified by an independent auditor every three years. At 31 December 2022 and at 31 March 2023 the auditor again confirmed that Gothaer Krankenversicherung AG and Barmenia Krankenversicherung AG ensure a high degree of tariff transparency and provide objective advice on changing tariffs.

Outlook for 2025

Proviso

The forecasts and estimates contained in this annual report are based on the information available to us in December 2024. The limits of forecasting accuracy that generally prevail are further constrained by the current geopolitical and economic environment. In addition, the outlook described below may be affected by developments in the capital markets, unanticipated major and accumulation losses, changes in legal, tax and demographic environments and changes in the competitive situation of the Group. Deviations can therefore not be ruled out.

General forecasts

The development of business for the BarmeniaGothaer Group largely depends on how the insurance market develops in a starkly changing market environment characterized by interest rate movements, a constant stream of new regulatory requirements, demographic change and a race to digitalize.

As part of the Growing Together programme, a joint Group strategy is now being developed in order to provide our customers with even better holistic support and thus drive the expansion of profitable business segments.

The long-term focus is on systematic, stable and continuous value enhancement to strengthen the foundations of the Group.

Barmenia Allgemeine Versicherung-AG, Barmenia Krankenversicherung AG, Barmenia Grundstücks GmbH & Co. KG and PrismaLife AG will be included in the BarmeniaGothaer Group consolidated financial statements for the first full financial year in 2025. As a result, many key figures, particularly in health insurance, will increase significantly compared to the previous year.

We expect premium income for the BarmeniaGothaer Group in 2025 to be significantly higher than in the previous year. The projected growth will be made up of a strong increase in property and casualty insurance premiums, a significant upturn in health insurance premiums and considerable growth in gross written life insurance premiums. In the health insurance segment, the positive development will primarily be driven by Barmenia Krankenversicherung AG and in the life insurance segment by PrismaLife AG. The gross premiums written of both companies will be included in the accounts for the first full financial year in 2025.

The underwriting result net of reinsurance after adjustment of the equalization reserve will increase significantly in 2025, essentially due to Barmenia Krankenversicherung AG.

Net investment income will also be significantly higher in 2025. Given these assumptions and a normalized tax expense, we anticipate a net profit for the year that is also considerably higher than the previous year's level.

More detailed information is provided below.

Marketing

In response to changes in customer behaviour due to the digital transformation, a Market and Customer Development Unit was set up. Among other things, it has responsibility for the sales and channel strategy. This is where the foundations are being laid to integrate the direct sales structures with the independent sales organization in order to ensure the best possible (hybrid) customer experience.

Underwriting result

Property and casualty insurance

Our focus in the coming year will continue to be on stable and substantial revenue development. We anticipate dynamic premium growth in the coming year. In particular, we project strong growth in direct written business in 2025.

Gothaer Allgemeine Versicherung AG, the Group's largest property and casualty insurer, remains confident that significant growth will be achieved in private property insurance thanks to homeowners insurance business. In non-private property insurance, broad-based growth is expected to continue in 2025. Due to developments in the commercial property insurance market and in other lines, we anticipate a strong upturn in premium income. Significant growth is also projected in the industrial property insurance segment. In motor insurance, marked premium growth is also expected in 2025.

Animal insurance is expected to remain a growth driver in 2025 via Barmenia Allgemeine Versicherungs-AG. Since the upward revision of the German veterinarian fee scale at the end of 2022, pet owners have become much more price conscious, leading them to realize that surgical and medical insurance for pets is not only sensible but also necessary.

Repair cost and warranty insurance products are marketed by our specialist insurer CG Car-Garantie Versicherungs-Aktiengesellschaft. As in the previous year, it sees opportunities for penetrating existing markets with products already in its range – mainly by way of price adjustments, but also through the acquisition of new dealer groups due to weak competition. Further opportunities are also still perceived in adjustments to products and services. Tenders won in the recent past from various manufacturing organizations and banks are significant in this regard. The implementation of these cross-border programmes offers further growth potential for CG Car-Garantie Versicherungs-Aktiengesellschaft, particularly in other European countries. We will also continue our efforts to penetrate new markets with new customers through acquisitions in 2025.

Our broker insurer Janitos Versicherung AG has again committed achieving further business growth in 2025 while simultaneously continuing to focus on improving service quality, strengthening profitability and raising the degree of digitalization.

However, we will see a slight downturn in premium income from reinsurance business assumed.

A significant rise in claims expenditure is expected and also linked to the higher premium income. We hedge the generally increasing risk of natural catastrophes with appropriate reinsurance programmes. Given our portfolio structure, we expect the gross loss ratio to fall slightly below the 2024 level in 2025.

Underwriting expenses will increase significantly in the coming year due to growth and investments. However, continued strong growth in premiums will offer an opportunity to ensure that the cost ratio for our clients only increases moderately.

Due to the level of claims forecast, the gross underwriting result will be moderately lower than in the previous year. The gross combined ratio will remain on a par with the previous year’s level. Taking the cost of reinsurance into account, we are projecting a significantly higher net underwriting result versus the previous year before adjustment of the equalization reserve. We are expecting to make further significant additions to the equalization reserve in the coming year. After adjustment of the equalization reserve, we envisage a slightly higher net underwriting result than in the previous year.

Life insurance

Although the market environment for life insurers and pension funds remains challenging, we see growth potential in the areas of private and corporate client business. Corporate client business opportunities also exist due to the increasing shortage of skilled labour and the growing importance of employee retention and recruitment incentives such as company pension schemes. We believe we are very well positioned in both the company pension scheme segment and in the collective occupational disability insurance segment.

The interest rate situation means that additional interest reserves, which required allocations over the years to provide an additional security buffer, can continue to be reversed. In addition, the increase in the maximum actuarial interest rate to 1.0% opens up opportunities for our German companies to design new products. However, it is also possible that subsisting political and economic uncertainties will have the opposite effect and inhibit consumer willingness to take out long-term life insurance policies.

Gothaer Lebensversicherung AG, the Group’s largest life insurance company, will maintain the customer return at the previous year’s level in 2025. Customers with classic life insurance products will receive a bonus of 2.45%.

From a customer perspective, biometric insurance continues to be a high-demand segment. At the same time, it is a highly competitive segment with strong market dynamics for the life insurance industry because of the resulting risk rewards. The BarmeniaGothaer Group is excellently positioned in this line of business with its fully modernized occupational disability insurance for self-employed individuals.

In the capital-efficient product sector, attractive marketable products are a key requirement for targeted new business growth. In regular premium business, BarmeniaGothaer has a very well positioned pension product in the form of the “Garantie Rente Index (GRI)”, which is used in both private and company pension schemes. In order to raise its marketing profile as a dynamic hybrid product, the name will be changed to “Garantie Rente Invest” in 2025.

The product range was completed last autumn with a unit-linked pension insurance product without guarantees. This is the first product to be successfully launched on the market following the merger to form the BarmeniaGothaer Group and it offers significant potential for driving growth in private customer business. There is still a perceived need for action in the area of single premium business and in order to strengthen this line, new holistic approaches are being pursued with the two single-premium products “Gothaer Index Protect (GIP)” and “Parkkonto”.

We will continue to serve key account relationships and offer collectively agreed solutions in the future via Gothaer Pensionskasse AG.

PrismaLife AG is focused on the further development of Liechtenstein as a unit-linked business hub in the EU and the EEA. Its product strategy offers good long-term prospects to consolidate and further expand the market position through growth and thus have a positive impact on the growth of the Group.

After the strong increase in gross premiums written in 2024 we aim to achieve further organic growth in life insurance business with regular premiums in 2025. Although a moderate decline in single premiums is expected in 2025, a significant increase in overall gross premiums written is anticipated. This results from PrismaLife AG, which will be included in the unabridged consolidated income statement for the first time in 2025.

We anticipate a perceptible increase in the acquisition cost ratio for life insurance next year and the administrative cost ratio is expected to move up to slightly above the previous year’s level.

The risk result will continue to play a key role in maintaining the level of earnings achieved. BarmeniaGothaer anticipates another high profit contribution to the gross surplus from the risk result, which is expected to be moderately higher than in the prior year, in 2025. Additional interest reserves are fully funded as a result of rising interest rates. In 2025, another significant withdrawal will be made, though it will be moderately lower than the previous year’s level.

Overall, we expect the sum of gross surpluses to be moderately higher than in the previous year.

Health insurance

In light of the very robust development of new business in 2024, our objective for 2025 is to stabilize new business in health insurance at a high level in all three lines (comprehensive insurance, supplementary insurance and occupational health insurance). Persistently high cost inflation in the healthcare sector had a significant impact on premium adjustments as at 1 January 2025. This, together with new business, will be a key growth driver in premium income.

We expect to see significant growth in the gross premiums written for health insurance in 2025, primarily generated by Barmenia Krankenversicherung AG. The gross premiums written by Barmenia Krankenversicherung AG will be included in the unabridged consolidated income statement for the first time in 2025.

Insurance claims expenditure net of reinsurance will also increase significantly as a result of this. It can still be assumed that health care providers will pass on some of their increased expenses to patients, and thus to health insurers, wherever possible.

Underwriting expenses net of reinsurance will increase by a corresponding significant level. Overall, transfers to reserves for premium refunds in 2025 are expected to be significantly higher versus the previous year.

Investments

The global economy is expected to remain weak in 2025. One of the key reasons for this are the blanket US import tariffs threatened by President Trump, which could put a noticeable damper on global trade, and also on US growth. Germany has an export-oriented economy and is thus at risk of another mild recession in 2025. In its 2024/25 annual report, the German Council of Economic Experts forecasts moderate GDP growth of 0.4 %; however, this does not take into account the potential braking effect of the planned US import tariffs. There is little reason to hope that the existing conflicts will be permanently resolved this year. The US policy change announcements are likely to undermine the Western defence alliance and shift the balance of power at the expense of Europe. The difficulties in forming a government following the early parliamentary elections on February 23 represent a specific risk for Germany. Without sweeping economic reforms, there is a risk that economic stagnation will continue and the industrial base will erode.

There was a spirit of cautious optimism in the capital markets in early 2025, mainly due to the uncertainty surrounding the future direction of the new US administration. On the one hand, a business-friendly tax policy and deregulation are likely. On the other, there is a risk that US national debt, which is already at a high level, will increase and that higher inflation brought on by protectionist trade policies will deter the US Federal Reserve from further monetary easing measures. 2025 is likely to be another year of volatile yields in the government bond markets. Yields on ten-year German government bonds will probably fluctuate between 1.8% and 2.8%, while yields on ten-year US Treasuries are likely to be between 3.5% and 5.0%. In view of the complex fundamental and geopolitical situation, the volatility of the global stock markets is expected to be higher in 2025 than it was in 2024. There would have to be either a significant downward correction from the current high valuation levels, or a significant increase in earnings growth, to open up price potential for the rest of the year. The broad market indices are likely to see only moderate price increases in the mid to high single digits over the course of the year.

The focus of investment activities in the coming year will continue to be on selective risk-return optimization of the investment portfolio, so no major changes in asset allocation are planned. The investment result will rise sharply in 2025, partly due to the fact that Barmenia Krankenversicherung AG, Barmenia Krankenversicherung AG, Barmenia Allgemeine Versicherungs-AG and PrismaLife AG will be included in the unabridged consolidated income statement for the first time in 2025.

Net profit for the year

Based on the anticipated development of underwriting and investment income as well as a normalized tax expense in 2025, we expect the net profit for the year to be significantly higher than in the previous year.

Opportunities and risks of future developments

Risk-oriented management concept

The purpose of the risk management system is to identify and limit potential risks at an early stage to create scope for action that can help provide a long-term guarantee of existing and future success potential. To this end, corporate governance across the Group is geared to the safety first and value-based management principles. The management board has approved risk guidelines to provide Group companies with a framework in which they can assume risks and conduct business. There are also internal and external standards regarding risk-bearing capacity to be met. Risk tolerance, i.e. the limit of permissible risk exposure, is defined with the following requirements in mind:

- From a regulatory perspective, minimum standards are in place to ensure that risk capital requirements are met at all times. This applies to both Pillar I (standard model) and Pillar II (company-specific total solvency capital requirement identified in the ORSA process) risk capital requirements.
- From a rating perspective (financial strength rating), we seek to maintain a capital adequacy ratio that, in conjunction with the other rating factors, is sufficient for at least an A-category rating.

Risk management organization

The risk management unit at Barmenia.Gothaer Finanzholding AG has central responsibility for the risk management system. Central guidelines ensure that uniform standards are applied on a Group-wide basis. The Group risk management team also consults regularly with subsidiaries that have their own decentralized risk management systems in order to perform support and monitoring tasks.

Risk management is regarded as a process consisting of five phases:

- Risk identification
- Risk analysis
- Risk assessment and management
- Risk monitoring
- Risk reporting

The risk management process focuses on the risks quantified in the standard formula, which include market risk, underwriting risk, counter-party default risk and operational risk. It also examines other non-standard formula risks, such as strategic risk, reputational risk and legal risks.

The risk management process implemented includes an annual systematic inventory of risks, a qualitative and quantitative assessment of the risk situation, various risk management measures and risk monitoring by the operative business units. To facilitate the Group-wide identification of risks in risk inventories, decentral risk officers have been designated at the operative units. The criticality of the risks they report is determined by the amount of the expected loss and the probability of occurrence. Key elements of risk management include, in particular, the regulatory ORSA process and the internal key figure-based limit model, which are used to identify undesirable developments at an early stage and to initiate appropriate measures.

An internal monitoring system (IMS) is in place to mitigate operational risks. The objective of the IMS is to prevent or reveal damage to assets and to ensure proper and reliable business operations and financial reporting. It includes organizational security measures such as access authorizations, the application of the dual control principle or authorization rules, as well as process-integrated and company-wide controls. A central compliance function and the actuarial function have also been set up as key functions in compliance with the Solvency II Directive.

Regular risk reporting and ad hoc reports on specific developments ensure the transparency of the risk situation and provide guidance for targeted risk management. Representatives of BarmeniaGothaer Asset Management AG (which traded as Gothaer Asset Management AG until 2 January 2025), the actuarial functions and representatives of other departments are members of the Group-level Risk Forum. Its responsibilities include monitoring risks from a Group perspective and further developing standard, Group-wide risk assessment and management methods and processes.

Risk management methods, processes and responsibilities are documented in the Risk Management Guideline. BarmeniaGothaer's organizational structures and processes are fully compliant with the three Solvency II pillars. Compliance is regularly monitored and assessed by the Group audit unit. An audit of the risk early-warning system is also part of the annual financial statements audit performed by our auditors.

The risk management function is supported in the performance of its tasks, in particular, by the Group companies' actuarial departments and the middle/back office of BarmeniaGothaer Asset Management AG. The effectiveness of the risk management system, the checks and balances and the management and monitoring processes is subject to a continuous improvement process.

Opportunities and risks for the Group

Assumption of risk lies at the core of our insurance companies' business activities. At the same time, those business activities are a cradle for opportunities, which are analyzed by segment below.

The implications for the Group are as follows:

Property and casualty insurance

The BarmeniaGothaer Group writes insurance for both private and corporate clients, especially motor, liability, accident, property, engineering and transport insurance, as well as animal, health and repair cost insurance, D&O and cyber insurance, mostly as direct business but also as indirect business. It therefore has a diversified risk portfolio. Major risks are analyzed and rated on the basis of the frequency with which they are expected to occur and the anticipated maximum scale of loss. Major risks are defined as risks that could have an existential or sustained negative impact on the Company's net assets, financial position and earnings. These risks are analyzed in detail, continuously monitored and proactively managed in the context of portfolio management. Risks are controlled and minimized by limit systems, underwriting guidelines, underwriting authorizations and the exclusion of specific risks. Regular risk reports are prepared by the risk management unit. They contain assessments of the current risk situation and information about any changes, as well as supplemental information about any new or recognized major risks.

Inflation is still a major issue, especially in Germany. We are continuously analyzing the situation in detail and have put together a comprehensive package of measures for all stages of the value chain. As a result, we are strongly positioned even in the face of this development.

We see opportunities for us to continue driving premium growth in increasingly dynamic market segments such as cyber insurance and surety insurance. The increasingly frequent incidence of extreme weather events will also continue to push up demand from both corporate and private clients for protection against property risks.

The effective use of Lean Six Sigma tools will enable us to continue elevating the satisfaction of our clients and to achieve efficiency gains through process improvements. Furthermore, the wider use of robotics solutions will facilitate the rapid processing of standardized, repetitive business transactions. Various projects for digitizing communications with clients and sales partners have been set up throughout the Group and are being stringently further developed.

Underwriting risks

We expect that underwriting risk will be substantially and enduringly impacted by major natural losses in the future as a result of climate change. We will therefore continue to focus to a greater extent on reinsurance for natural events. Furthermore, the risk of natural hazards is countered by systematic use of ZÜRS, the zoning classification system developed by the GDV to identify exposure to natural hazards, as well as by arranging for each individual underwriting risk to be separately assessed by our risk engineers. This strategy ensures that we are well prepared even for extreme natural events, as demonstrated by the way the effects of the "Bernd" flood event were handled.

To limit premium and loss risk, we regularly monitor operations in the individual lines of insurance, check the individual and overall contribution margins of insurance relationships and verify the adequacy of underwriting provisions. As a result, we are able to adapt our tariffs and underwriting policy swiftly to changes in circumstances. General premium risk is reduced by a standardized product development process, binding acceptance and underwriting guidelines as well as authorization and competency rules. In new business, this allows us to adjust prices promptly to changing claims situations. In portfolio business, we can ensure risk-appropriate premiums with contractually agreed premium adjustments and index clauses, on the one hand, and with individual policy adjustments, on the other.

Our tariffs are calculated on the basis of actuarial models and provisions are established on the basis of HGB standards. The adequacy of loss reserves as well as reserve run-off are reviewed annually. We are thus able to guarantee the long-term fulfilment of our obligations. We create an equalization reserve to offset fluctuations. This is determined in accordance with the requirements of insurance law.

In new business, underwriting practice is based on the underwriting guidelines in which our clearly structured, profit-oriented underwriting policy is documented. In addition, existing contracts with very poor claims histories are renegotiated as part of the renewal process. Compliance with underwriting guidelines is monitored by the use of special controlling instruments. We also have a comprehensive control system that identifies negative developments as well as deviations from projected figures, which enables us to take prompt action and counteract undesirable developments. It is supplemented by the risk management instruments of proactive claims management and reinsurance. To guard against major and accumulation losses as well as fluctuations in earnings, we pursue an active reinsurance policy. The effects of natural catastrophes, accumulation losses and major losses are substantially mitigated by the reinsurance structure. Good credit and company ratings are central criteria in the selection of reinsurers. In order to identify hazards and risks to earning capacity, we also use our internal risk model to model the impacts of different loss scenarios on our portfolio. In addition to this, measures are taken to keep the impacts on the gross side as low as possible. Tariffs are thus established as far as possible on the basis of actuarial methods. Our underwriting policy additionally envisages the targeted use of instruments such as self-insurance models, sublimits and coverage limitation.

In the private client segment, competition for high-margin products is still intense. The situation is characterized by growing transparency of prices and conditions due to online comparison platforms as well as the undiminished high significance of online direct-to-consumer business and the consequent high willingness of customers to switch providers. Overall, underwriting margins are coming under increasing pressure. We respond to these market requirements with a profit-oriented policy on prices and conditions. End-to-end portfolio management enables us to monitor the portfolio continuously and to respond with individual measures to improve earnings in the case of policies with very poor claims histories. Furthermore, a new product and pricing strategy was implemented for the private client segment in property, liability and casualty insurance. Depending on the market situation in the individual lines of insurance, up to five product lines can be offered flexibly in order to develop new target group segments.

Our corporate client portfolio is well diversified in terms of lines and product mix, but naturally more exposed to individual risks and therefore noticeably more volatile than the private client portfolio. We therefore ensure premiums that are commensurate with risks and responsible underwriting practices, with a particular focus on the continuous further training of our underwriters. For this purpose, we have implemented a professional training and young talent concept for underwriters. It allows us to maintain our high standards in underwriting and continuously improve our performance. Potential risks are additionally limited by binding underwriting guidelines and authorizations in each line of insurance. Due to the competitive dynamics in this segment, the product management team responsible for this area reviews the up-to-dateness of the underwriting guidelines and strict compliance with them as part of the annual audit. In the case of special and particularly large risks, we reduce exposure by involving other insurers as risk partners or concluding risk-specific facultative reinsurance contracts. One of our main success factors in the corporate client segment is profit-oriented portfolio management, which also means that we steer clear of untenable risks and terminate unprofitable insurance portfolios.

Reinsurance

The renewal of reinsurance contracts was conducted in a structured way. Sufficient capacity was available to cover property risks from lines exposed to natural hazards, provided that the probability of occurrence for each covered risk was no lower than once every ten years. In this respect, it was theoretically possible that property insurance retentions would have to be increased further. However, for the first time in several years there was a slight decline in prices after risk adjustment. At the same time, more capacity to cover frequency risks was available again under certain conditions, especially when it was needed for equity protection rather than profit protection. Nevertheless, it remained expensive.

BarmeniaGothaer was able to secure sufficient reinsurance capacities for all of its lines of business. Since the high price level in the property insurance sector can only be maintained with appropriately priced original business, measures to improve premium quality have been in place for some time. As a result of the withdrawal from quota share treaties, particularly in lines of business exposed to natural hazards, retentions will be higher in the future, thus leaving more leeway to financing the more expensive non-proportional natural hazard covers.

Retentions for non-proportional natural catastrophe (NatCat) events were increased again to take account of the continued high growth on the one hand and the reduced proportional advance cover on the other. Contracts with limited risk transfer exist to protect against this. They are structured to spread the adverse frequency of NatCat events over a period of several years, thus helping to spread the corresponding impact on earnings over several years. Cover for some lines was purchased together by property and casualty insurers in the BarmeniaGothaer Group in order to benefit from the better conditions that can be achieved through bundling.

BarmeniaGothaer continues to monitor the opportunities and possibilities associated with a risk transfer to the capital market, particularly in view of the market hardening that has been going on for several years in the reinsurance of lines exposed to natural hazards. Despite the further convergence of structures and prices for non-traditional and conventional reinsurance solutions and noticeably higher liquidity in the non-traditional segment, conventional reinsurance again proved to be the solution that made more economic sense. If that should change, corresponding restructuring would be possible thanks largely to know-how sharing with partners in the international insurance network Eurapco that have already been successfully practising alternative risk transfer for some years.

In connection with the renewal processes that typically exist in the industry, there is a possible but very unlikely risk of a temporal mismatch between primary insurance and reinsurance cover. This is due to the fact that negotiation of a reinsurance contract does not normally begin until the primary insurer has already confirmed cover to policyholders for the coming year and/or can no longer cancel it. In the historically unprecedented event of a total collapse of reinsurance capacities, e.g. in the case of a global financial crisis coinciding with the occurrence of an extremely high incidence of natural catastrophes, our risk exposure would significantly increase.

As regards the concentration of insurance risks, a distinction is made between various scenarios, such as loss events that produce infrequent but large individual claims and events that result in a large number of individual claims (accumulation losses). Accumulation losses can affect several lines of insurance and/or geographical areas. Sufficient reinsurance protection is in place for all scenarios. In addition, potential scenarios are constantly monitored.

Claims

The following chart shows a ten-year summary of the changes in loss ratios and run-off results across all areas of direct domestic business net of reinsurance of the Group's largest property and casualty insurer Gothaer Allgemeine Versicherung AG:

Claims		in %
	Loss ratio after run-off	Run-off results of initial reserves
2015	69.1	10.4
2016	67.4	9.7
2017	62.9	12.3
2018	69.5	11.6
2019	64.7	11.2
2020	64.3	8.3
2021	71.3	9.6
2022	68.7	10.7
2023	70.7	8.5
2024	72.6	6.1

Risks arising from reinsurance assumed

Within the BarmeniaGothaer Group, Gothaer Allgemeine Versicherung AG in particular acts as a reinsurance provider for small property and casualty insurers. This predominantly relates to private client business and only to a small extent to SME business. Terms are negotiated annually and are in line with current market conditions.

Risks arising from fronting agreements

BarmeniaGothaer acts as a fronting partner in Germany for selected foreign companies or captives, i.e. it underwrites a risk and cedes it in full to the fronting partner by way of reinsurance. If one of these partners were unable or unwilling to meet their contractual obligations under the reinsurance contract, BarmeniaGothaer would in some cases face high liabilities due to the fact that this business is not ceded under obligatory reinsurance contracts. To avoid exposure to incalculable risks, a body of rules has been created, setting out which partners may be worked with, the security check process and the maximum liability that may be assumed per line.

We only cede reinsurance to high-class reinsurers. 95 % of our reinsurance business (ceded reinsurance premiums) is ceded to reinsurers with a rating of A- or better. Accounts receivable in connection with assumed and ceded reinsurance business totalled € 79.5 million at balance sheet date. The volume of receivables for ceded reinsurance business by rating class is as follows:

Breakdown by rating class	€ million
AA	39.9
A	35.2
BBB	0.0
Not rated	0.3
Total	**75.4**

As a result of our security policy, loss of receivables in past years has been insignificant.

Life insurance

Fulfilment of interest rate guarantees, some of which are high and have been in place for several decades, is a key factor defining the general risk situation for life insurers. The interest rate situation remained largely unchanged over the past year, although there were interim fluctuations.

The economic uncertainties associated with the effects of geopolitical conflicts and inflation that is still higher than the central banks' target level continue to impact the business environment for life insurers.

Nevertheless, the new business situation improved in 2024, especially with regard to single premium business. The positive trend reversal of recent months is continuing in the current financial year.

Gothaer Lebensversicherung AG's capital-efficient pension products offer an opportunity to generate sustainable income. In addition to the regular revision and refinement of existing products, further innovative new developments are planned with a view to expanding the product range in this segment. These products will be specially designed to meet the requirements of Solvency II. A new unit-linked pension insurance product was launched in 2024.

Sustained sales of the occupational disability insurance product that we launched in 2023, which offers numerous options for needs-based insurance cover in combination with our basic disability insurance and is successfully marketed via multiple channels, will contribute to driving the expansion of our biometrics business.

Synergies associated with innovative product concepts and the strong sales organization resulting from the merger of Barmenia with the Gothaer Insurance Group support our positive business outlook.

Legal risks may arise in the future as a result of changes in case law and tighter regulation.

Underwriting risks

Underwriting risks in life insurance include premium/insurance benefit risk, which is the risk that exists where guaranteed benefits that are dependent on future developments need to be provided in return for a predefined, unchanging premium.

As a general rule, underwriting risks are met by calculating rates using actuarial methods and by applying underwriting guidelines commensurate with risk. Compliance is systematically monitored through the use of controlling instruments and early-warning systems that identify trends and negative developments in good time. The adequacy of loss reserves remains subject to regular actuarial verification. In addition, appropriate reinsurance treaties are in place to limit the risks arising from major and accumulation losses. The risks described below are particularly significant for life insurance.

Biometric risks – Adequacy of biometric actuarial assumptions

In the estimation of the responsible actuary, the policy reserves in place provide sufficient safety margins.

With regard to the (supplemental) occupational disability policy portfolio, reviews focus particularly on verifying that policy reserves are at least equal to the reference reserve mandated by the Federal Financial Supervisory Authority (BaFin). As in previous years, a reversal was recognized and policy reserves were reduced by the relevant amount.

In the case of policy reserves for unisex policies, regular checks are conducted to establish whether actual gender breakdown is in line with the breakdown anticipated. In the estimation of the responsible actuary, the individual rates calculated provide sufficient safety margins. If that perception were to change in the future, additional reserves would need to be formed.

Cancellation risk – adequacy of cancellation probability assumptions

As a matter of principle, cancellation probability is not taken into account in the calculation of premiums. We are countering the year-on-year increase in the cancellation rate with various measures. For example, we are endeavouring to tailor our product range even more closely to the needs of the respective customer segment. We continue to monitor cancellation trends closely, particularly in light of the continuing overall economic uncertainty.

Interest guarantee risk

For the German life insurance industry and thus also for the Gothaer Lebensversicherung AG, risks arise in connection with the high interest rate guarantees in life insurance products, which generally extend over several decades. Even the improved interest rates makes little difference here because the current good returns on new investment affect only a relatively small minority of total investments.

At the main life insurer of the Group, Gothaer Lebensversicherung AG, the current average yield of investments at the end of 2024 was 2.72% and thus slightly higher than the average actuarial interest rate of 2.70%. It should be noted here, however, that because of the additional interest reserves formed in the past, the actual expected return on capital, at 1.39%, is significantly lower. At Gothaer Pensionskasse AG, the current average yield of investments at the end of 2024 was 2.54% and thus below the average actuarial interest rate of 2.68%. Because of the additional interest reserves formed in the past, the actual expected return on capital, at 1.72%, is lower. We gear our investments to the maturity dates of our liabilities and take account of risk-bearing capacity. At the same time, the primary focus is on long-term generation of stable earnings.

Additional interest reserves for Gothaer Lebensversicherung AG were reduced in the year under review by a sum of € 94.5 million. As a result, the additional interest reserve at year-end totalled € 1,525.1 million. Additional interest reserves are calculated, in part, on the basis of cancellation and capital settlement probabilities with appropriate safety loading. If the level of interest rates is sustained, further reversals can also be anticipated in the coming years. This successive reduction of additional interest reserves is already taken into account in projections.

As in the prior year, Gothaer Pensionskasse AG was obliged to strengthen reserves with an additional interest reserve at 31 December 2024. The allocation to the additional interest reserve in 2024 totalled € 0.9 million. For the existing portfolio, the procedure approved by BaFin on 3 December 2024 was taken into account. This increased the aggregate additional interest reserve for Gothaer Pensionskasse AG at year-end to € 203.6 million. Even though the level of interest rates has fundamentally improved in recent years, expenditure for the additional interest reserve is still necessary. The need for this extra security is regularly ascertained in consultation with the supervisory authority. Against this backdrop, various measures have been implemented in the past to strengthen the company. The measures have included, for example, increasing the capital base, adjusting investment allocation to strengthen investment results, optimizing costs, reducing surplus bonuses or discontinuing certain product lines. In addition, a profit transfer agreement was concluded in 2022 between Gothaer Pensionskasse AG and Barmenia.Gothaer Finanzholding AG.

Growth risk

The continuing economic uncertainty due to geopolitical changes and conflicts could have a negative impact on the future development of new business. This applies not only to long-term customer relationships, but also to the now significantly increased investment of single premiums, which continue to face strong competition from the products of other financial service providers.

Growth opportunities are offered by the further development of Gothaer Lebensversicherung AG's innovative and capital-efficient pension products – most recently through the introduction of a new, significantly improved unit-linked pension insurance policy, as well as the revision and expansion of our biometric product range.

The strong consolidation of the sales organization in connection with the merger of Gothaer with Barmenia also improves new business prospects.

Health insurance

The market and prospects of development for private health insurance are defined to a large extent by the political and legal regulatory environment. The growth prospects for supplemental insurance remain good. For companies, the challenge is to adjust appropriately in terms of sales channels, cooperative ventures and administrative processes.

An opportunity is offered by demographic change and the skilled worker shortage connected with it. Companies are trying to retain employees and attract new ones by offering attractive working conditions. To this end, companies are increasingly turning to company health insurance. We are benefiting to a good extent from this trend and are recording substantial growth in health insurance business. Success here is due, amongst other things, to customized contracts and intensive customer care. We also recorded a significant increase in supplementary insurance by type of claim.

As in the previous year, an increase in claim payments can be observed in the private health insurance market as a whole. This is a development that also affects us and we are continuously monitoring its course.

The BarmeniaGothaer health insurers continue to be affected by the lawsuits pending throughout the industry against the effectiveness of premium adjustments. The formal requirements set out by the Federal Court of Justice for the notification of premium adjustments have been fulfilled for many years, so lawsuits that are based on them are unlikely to succeed. Instead, we are closely monitoring the legal and actuarial implications of the sweeping substantive objections that are raised.

Underwriting risks

The most significant underwriting risks include covering the actuarial interest rate and cancellation risk. These risks have a major bearing on the ability to allocate adequate reserves for premium refunds and thus have the funds available to lessen the impact of the development of premiums for those we insure. A particularly important role here is played by the recurrent financing of annually granted premium limits.

We continue to counter these risks with rates based on actuarial principles, selective underwriting and professional benefit and health management as well as by the use of controlling tools and early-warning systems. Particularly noticeable here is the appreciable growth of the non-SLT tariff portfolio. The adequacy of loss reserves remains subject to regular actuarial verification.

High premium adjustments or political changes are causing an increased departure of good and mostly young risks, as well as a decline in new business, resulting in a negative portfolio composition. This could increase the extent of future premium adjustments. Premium refund reserve policy is the key control measure here. With adequate financial resources, high premium adjustments can be prevented and an increase in cancellations thus avoided. For this reason, special attention is paid to the development of reserves for premium refunds. To ease the pressure on the reserves for premium refunds, the customary long-term premium capping arrangements in place are supplemented by the deployment of funds for payment of the tariff bonus, a premium limit that is reset each year. The allocation to reserves for profit-related premium refunds was impacted by a further significant increase in payments for insurance claims. The increase was partly offset by the good investment result.

Because a protracted low level of new business negatively affects portfolio composition, developments are constantly monitored and measures are taken to strengthen new business. The announcement of the merger between Barmenia and Gothaer in 2023 has so far had little effect on comprehensive insurance in 2024. The Group's largest health insurer, Barmenia Krankenversicherung AG, recorded dynamic new business in the civil service segment. As in previous years, new business of Gothaer Krankenversicherung AG remained at a low level. At the same time we have seen no significant change in the customer cancellation rate.

The actuarial interest rate, one of the most important bases for calculation in private health insurance, is dependent upon developments in the capital markets. This fact is taken into account through the use of professional tools for analyzing investments and harnessing the findings for a more focused investment strategy as well as by the regular performance of extrapolations. Despite the sideways movement of interest rates, however, the probability that the net target yield will not be achieved still exists. Investment strategy is therefore focused on a reasonable risk-return ratio coupled with a high probability of guaranteed actuarial interest being achieved. The current developments in the capital market as well as the possible implications for investment were subjected to close scrutiny. For the year 2025, the actuarial interest rate was lowered slightly in some tariffs and raised slightly in others. It should be noted here that actuarial interest rate adjustments can only be made in tariffs that are affected by premium adjustments. At the same time, an insufficient actuarial interest rate does not trigger a review of actuarial assumptions. The actuarial interest rate is reviewed annually by a method used to calculate the actuarial corporate interest rate (AUZ).

Financial risks in health insurance can result from the occurrence of major and accumulation losses. We counter those risks with a comprehensive reinsurance policy. Regular analysis of high-cost cases shows a negative development. We have observed both an increase in the number of high-cost cases and an increase in the volume of costs, especially the cost of individual medications.

Loss of receivables risk

Loss of receivables risk in health insurance results largely from the statutory requirement that prevents an insurer from terminating a comprehensive health contract with a defaulting policyholder. Policyholders defaulting on premiums must be switched to the so-called emergency tariff (Notlagentarif). The monthly premium payable for the benefits covered by the emergency tariff is significantly lower than the regular tariff.

Accounts receivable from policyholders and insurance agents in connection with direct written insurance business at Gothaer Allgemeine Versicherung AG, Gothaer Lebensversicherung AG, Barmenia Krankenversicherung AG and Gothaer Krankenversicherung AG totalled € 261.8 million at balance sheet date. Of the receivables managed in our central collection systems, the due date for € 152.1 million of the receivables is more than 90 days in the past.. The average collection loss (unsuccessful court orders) in the last three years was € 7.8 million, which is an average of 0.1 % of the gross premiums written.

Investment risks

Risk strategy

The risk strategy for investments is derived directly from the respective business strategies of the risk carriers within the BarmeniaGothaer Group. At its heart is the guarantee of the relevant risk carrier's risk-bearing capacity for its selected risk tolerance, which needs to be viewed in direct relation to capitalization, equity requirements under Solvency II and the target rating sought. Investment risk strategy is embedded in a risk-adjusted management policy that takes account of potential earnings opportunities against the backdrop of any risks. This can only be achieved with an effective risk management system employing modern control systems to meet regulatory requirements, on the one hand, and by ensuring that additional own – and in some cases more restrictive – risk limits are also observed, on the other. To ensure a healthy mix and spread and avoid excessive concentrations of risks, the risk carriers of the Gothaer Group continue to attach great importance to broad diversification within and across the various asset classes.

Risk situation and management

- Market change risk

Investments are exposed to the risk of possible changes in value due to fluctuations in interest rates, share prices or exchange rates in the international financial markets. For each of these classes of risk, market price risk management is performed at the relevant risk carrier level and is supported by regular stochastic and deterministic model calculations. At regular intervals, the relevant risk carrier's investment portfolio is subjected to stress scenarios in order to measure risk potential.

A simulation of market value changes within a month of the balance sheet date showed the following:

Interest rate und spread stress			
	Modified Duration	Stress factor in %	Change in market value € million
Interest rate instruments	11.4	0.3	-742.2
Credit instruments	4.3	0.8	-249.9
Other debt investments	2.1	0.8	-72.2

Equity stress			
	Beta faktor	Stress factor in %	Change in market value € million
Equities	1.0	-12.0	-262.8
Infrastructure	0.6	-7.2	-153.2
Strategic participations	1.0	-12.0	-73.9
Private equity	0.8	-9.6	-179.1
Real estate	0.7	-8.4	-304.0
Natural capital	0.8	-9.6	-11.8

The interest rate and spread stress is based on two standard deviations of the changes in historical monthly interest rates and spreads. For fixed-interest securities and alternative debt securities, interest rate sensitivity is measured by modified duration. The spread stress is applied to credit instruments and other debt investments. The equity stress is based on two standard deviations of the historical monthly log returns on Eurostoxx50. Stresses for alternative equity positions and natural capital are adjusted by applying beta factors.

Exchange rate risk continues to be almost fully hedged by forward exchange contracts.

- Credit risk

Credit risk is the risk of insolvency or late payment, and it also includes the risk of a negative change in the creditworthiness of a debtor or issuer. For the purpose of risk management, bonds are only acquired when a qualified and cross-checked assessment of creditworthiness by external agencies or a qualified internal risk rating is available. Credit risks are also broadly diversified to avoid concentration risks. In addition to the regulatory requirements, there are more restrictive internal limits that go above and beyond these requirements, which limit the credit risk and concentration risk at the individual security, issuer and portfolio level to an appropriate extent.

All critical names are constantly monitored by both the front and middle office teams of BarmeniaGothaer Asset Management AG. In addition, the front office team regularly prepares credit analyses for securities that have come under pressure following downgrades or market valuations during the year in order to verify their recoverability. If these analyses indicate that the value of the security is not sustainable, a write-down to the fair value or market value is recognized at the individual security level. Such value adjustments in the financial year were negligible.

The distribution of ratings within the fixed-interest portfolio is as follows:

Breakdown by rating class	in %
	2024
AAA	21.7
AA+	13.1
AA	3.9
AA-	15.3
A+	8.7
A	5.6
A-	9.9
BBB+	4.2
BBB	8.4
BBB-	3.7
Speculative Grade (BB+ to D)	3.0
Not rated	2.5

- Liquidity risk

Liquidity risk refers to the risk of not being able to obtain the required funds, or only being able to do so at a higher cost.

In accordance with our liquidity risk management concept we regularly analyze liquidity sources and coverage ratios and, in particular, we carry out liquidity stress tests. A functional liquidity planning and control system is also central to effective investment management. Group-wide liquidity planning, which encompasses both investment and underwriting, ensures precise day-by-day projection of cash balances for the relevant risk carriers. When payment peaks are indicated, timely countermeasures can be taken. Moreover, investment needs can be identified in good time.

In the course of ALM analysis, underwriting commitment flows and the liquidity flows of investment planning are compared in a medium- and long-range projection. No liquidity bottleneck is foreseeable in any of the projected years.

Operational and other risks

IT risks

Due to the progressing digitization of business processes, the availability and quality of central IT services is becoming increasingly important for BarmeniaGothaer. In addition to the opportunities offered by digitization, the risks associated with IT dependency are also increasing, making risk management a central consideration. In this context, risks are considered that may arise, for example, from inadequate information technology, as well as project-related risks.

The merger of the two insurance groups means that it is now necessary to harmonize and consolidate two IT environments and IT service organizations. IT system consolidation will be associated with opportunities through the pooling of skills, capacities and abilities, and it will also generate medium- to long-term cost reduction potential.

Until then, we will continue to explicitly mitigate the potential risks of the two legacy IT environments in a targeted way as part of the post-merger integration project “ZusammenWachsen” (Growing Together) using an explicit IT module that is based on a defined transformation roadmap The transformation roadmap addresses potential synergies, but also consolidation and dependency requirements for risk mitigation purposes.

The continuous monitoring and assessment of the threat situation, together with appropriate protective measures, are further key aspects of central information risk management. Risk management is performed centrally within the framework of a Group-wide information security management system (ISMS). The focus of the ISMS is on ensuring business process continuity by way of the risk-oriented protection of the confidentiality, integrity, availability and authenticity of the information assets involved. To improve cyber resilience the ISMS is aligned with the current state of the art and other recognized standards.

In this way BarmeniaGothaer broadly ensures compliance with the “Insurance Supervisory Requirements for IT” of the German Federal Financial Supervisory Authority and other statutory requirements. We also fundamentally guarantee compliance with the provisions of the German Federal Data Protection Act (Bundesdatenschutzgesetz) and the code of conduct (“Verhaltensregeln für den Umgang mit personenbezogenen Daten durch die deutsche Versicherungswirtschaft”) agreed by representatives of data protection agencies, consumer watchdog Verbraucherzentrale Bundesverband e. V. and the insurance industry to raise data protection standards.

The effectiveness of the ISMS is ensured by regular and ad hoc internal and external audits. Reporting on risk management, cyber resilience and significant events makes it possible for risk-minimizing measures to be managed in a similar way and in accordance with regulatory requirements. Furthermore, an external audit and certification to ISO/IEC 27001 is carried out annually.

HR risks

The management of HR risks (scarcity, exit, motivation, adaptation and loyalty risks) and the identification and exploitation of opportunities are important elements of BarmeniaGothaer HR management.

Due to the merger of Barmenia and Gothaer, the HR department has merged different data sources and created new data collection tools and reports. Important reference points included internal change processes, the economic situation and external factors such as market development, digitalization and demographic trends. HR issues of primary importance at present are as follows:

- Successful design and support of the post-merger integration process that has already begun;
- Employee recruitment and retention, including the prevention of unwanted turnover, particularly as a result of the merger;
- Ensuring the health and safety of employees;
- Securing critical skills to safeguard BarmeniaGothaer's future;
- Strengthening BarmeniaGothaer’s capacity for change.

BarmeniaGothaer’s HR management team has a comprehensive set of analytical instruments at its disposal for measuring, assessing and managing risks. Both companies bring a wealth of similar and different methods to the table, which will be consolidated as part of the PMI process. The data and analyses thus generated are important HR tools. At the same time, the managers of the specialist departments are key players in HR risk management. The HR department supports them in this role by providing data (e.g. in the form of cockpits) and by conducting joint analyses and activities (e.g. quantitative and qualitative analyses for demographic risk management).

The risks of adjustment associated with the merger and the change processes within the companies are being monitored very closely by way of Group Dialogue (Gothaer) and eNPS (Barmenia), as well as relevant follow-up surveys. This permits a differentiated analysis of the views of employees and management on matters such as strategy, customer orientation, leadership, cooperation and sustainable commitment. A so-called “mood barometer” has been introduced as a new analytical tool specifically with the merger in mind. It collects data at a high frequency (quarterly) on how the merger is perceived by the workforce and, in particular, allows insights into different perspectives at specific sites.

Scarcity risks in connection with the acquisition of external know-how carriers are primarily addressed by appropriate HR marketing tools. At the same time, we attempt to counter this risk with in-house development programmes. Candidate management data analysis and employer attractiveness audits are further key tools for scarcity risk management. BarmeniaGothaer also commissioned an external market research study into its attractiveness as an employer in the external applicant market. This formed an important basis for the upcoming launch of the new BarmeniaGothaer employer brand.

In light of the merger, the HR department has taken the risk of unwanted personnel turnover as an opportunity to establish a very detailed employee turnover monitoring system. All employee resignations in each month are initially recorded and then reviewed to identify clusters affecting certain departments, divisions or companies. The HR department has also established two new personnel turnover audit instruments: anonymous electronic exit surveys and personal exit interviews with employees who have handed in their resignations. The results of these quantitative and qualitative analyses are presented in a regular and comprehensive report to the management board.

Demographic change management is particularly relevant because demographic change is not only increasing the number of age-related exits, it is also reducing the number of qualified applicants available in the external labour market. It therefore fundamentally increases the company’s exposure to employee scarcity and exit risks. BarmeniaGothaer long ago identified these risks both internally (e.g. by way of scenario mapping) and externally (e.g. by taking part in employer ranking programmes) and thus has an extensive body of data at its disposal for risk management purposes. BarmeniaGothaer’s optimized employer marketing activities as well as projects such as “Frauen in Führung” (Women in Leadership) also help to counter the above-described risks.

Regulatory compliance of financial statements

Accounting controls have been set up and other organizational arrangements made to guarantee the regulatory compliance of the annual and consolidated financial statements. The organizational arrangements include, in particular, our accounting principles, the clear assignment of responsibilities for accounting systems and data interfaces, detailed time scheduling and monitoring as well as regular data base backups. Key components of the internal control system are consistent compliance with the principle of dual control, unambiguous authorization rules and checks and the clear assignment of responsibility for the accounting systems. The departments involved in the reporting process are still integrated in the BarmeniaGothaer Group risk management system. Verification of these components is performed by the internal audit unit. Legislation monitoring and regular personnel development and training programmes allow us to respond to challenges arising from changes in accounting rules. These currently include the impending changes to the rules on non-financial reporting contained in the Corporate Sustainability Reporting Directive (CSRD).

Legal risks

The number of regulatory initiatives continues to increase at both the European and national level. Various regulatory bodies are also stepping up their activities in response to increasing risks, especially in the IT/digital sector (as a result of increasing cyber-attacks, the use of artificial intelligence and the ever-increasing volumes of data being processed and transferred), and also in response to diverse sustainability-driven requirements This development is challenging for companies in many sectors, including the insurance industry.

The DORA (Digital Operational Resilience Act) entered into force on 17 January 2025. DORA is a European Union initiative to create a financial sector-wide regulation governing the areas of cyber security, ICT risks and digital operational resilience. Meeting the requirements of DORA in addition to the Insurance Supervisory Requirements for IT (VAIT) represents significant additional effort. At the same time, the wide range of measures will collectively ensure a much higher level of security and resilience at BarmeniaGothaer.

The comprehensive range of ESG activities in connection with the EU's Green Deal are another example of the continuously expanding regulatory framework in recent years. The German Supply Chain Due Diligence Act (LkSG), which is already in force, will be followed by an EU-wide regulation (the Corporate Sustainability Due Diligence Directive – CSDDD). The EU Taxonomy Regulation and the Sustainable Finance Disclosure Regulation (SFDR), which were introduced some time ago, will soon be supplemented by the CSRD (Corporate Sustainability Reporting Directive).

Another law affecting all areas of the company is the German Barrier-Free Accessibility Strengthening Act (BFSG), which implements the requirements of the EU Accessibility Act (EAA) and is also associated with various challenges and efforts.

The activities described here simply serve as examples to make it evident that both the requirements to be met and the effort involved, as well as the significance of systematic and efficient legislation monitoring, will continue to increase. To some extent this is because the various regulatory initiatives do not cover clear-cut individual issues. Rather, they are comprehensive and often complex regulatory regimes that can overlap and in some cases even collide. The implementation and operation of targeted legislation monitoring, coordinated by the corporate compliance function, therefore serves the important purpose of closely monitoring this body of requirements to be met and any changes that are made, identifying action requirements and ensuring appropriate implementation through a sufficiently prompt response.

Money laundering

Internal safeguards have been derived from the risk analysis to ensure due diligence in the prevention of life insurance, refund-of-premium accident insurance or loans with insurance companies subject to the Money Laundering Act from being used for money laundering or terrorism financing purposes. Internal guidelines are used to define measures to mitigate the gross risk of money laundering and terrorist financing.

Business Continuity Management

Barmenia Gothaer has an effective business continuity management (BCM) system that is continuously evolving and being adapted to the current risk situation. It additionally assesses and takes into account new crisis scenarios such as cyber-attacks, the impacts of climate change and insider attacks. Targeted crisis management plans have been developed to safeguard BarmeniaGothaer's business continuity, ensure regulatory requirements are met and to protect employees. The structures and processes in place are constantly optimized.

Summary of the risk situation

In the area of property and casualty insurance, the BarmeniaGothaer Group is both well capitalized and highly diversified in terms of products and business segments. This, in conjunction with a good market positioning, disciplined business practices and a sufficiently conservative risk policy, ensures an adequate risk-bearing capacity.

In the area of life insurance, the focus of the BarmeniaGothaer Group encompasses biometrics and modern and capital-efficient insurance products – most recently supplemented by the launch of a new, unit-linked pension insurance product. Demand for these products as a supplement to statutory pension insurance is increasing, particularly among younger generations.

Private health insurance is very dependent on the political environment. As in the life insurance segment, interest change risk is also a major risk in health insurance. A fall in investment income would lead to premium adjustments, which could in turn have negative impacts on new business.

Risks are controlled on the basis of quantitative and qualitative analyses. The previously described control mechanisms, instruments and analytical processes ensure effective risk management. We thus create a stable risk profile with an appropriate time horizon. This assessment is supported, amongst other things, by the following factors:

The BarmeniaGothaer Group fulfils the regulatory solvency requirements set out in the German Insurance Supervision Act (VAG). The available capital exceeds the solvency requirements. A detailed description of those requirements and the way they are met by the BarmeniaGothaer Group is found in the Solvency and Financial Condition Report (SFCR), which is also published on the website (www.gothaer.de).

In 2024 S&P Global Ratings reaffirmed the financial strength rating of A with positive outlook for Gothaer Allgemeine Versicherung AG, Gothaer Lebensversicherung AG and Gothaer Krankenversicherung AG. The rating agency highlighted the Group’s high resilience and good capitalization, as well as the strong competitive positioning, especially in the SME segment, the diversified product portfolio and the broad distribution channel network.

At the time the financial statements were prepared, nothing was seen in the risk situation of the Group that might jeopardize the fulfilment of commitments assumed under insurance contracts.

Non-financial Group statement

The section "Non-financial Group statement" was only published in German in the German Group Annual Report.

Consolidated Statement of Financial Position as of 31 December 2024

Assets

				€ thousand
				2024
A. Intangible assets				
I.	Internally generated industrial property rights, similar rights and assets		19,432	
II.	Acquired concessions, industrial property rights, similar rights and assets as well as licences for such rights and assets		846,134	
III.	Payments in advance		98,247	
				963,813
B. Investments				
I.	Real estate, real estate rights and buildings, including buildings on third-party land		632,435	
II.	Investments in affiliated companies and participations			
1.	Shares in affiliated companies	110,824		
2.	Loans to affiliated companies	10,400		
3.	Shares in joint ventures and associated companies	138,134		
4.	Participations	440,286		
5.	Loans to participations	6,124		
			705,768	
III.	Other investments			
1.	Shares, investments in unit trusts and funds and other non-fixed-interest securities	34,827,495		
2.	Bearer bonds and other fixed-interest securities	6,852,281		
3.	Mortgages, liens on real property and annuities	1,569,318		
4.	Other loans	3,982,573		
5.	Bank deposits	883,600		
6.	Miscellaneous investments	415		
			48,115,682	
IV.	Deposits made in connection with reinsurance business assumed		750	
				49,454,636
C. Investments held for unit-linked life insurance policies				5,057,199

				€ thousand
				2024
D.	**Accounts receivable**			
	I. Accounts receivable in connection with direct insurance business from:			
	1. Policyholders	303,445		
	2. Insurance agents	137,940		
			441,385	
	II. Accounts receivable in connection with reinsurance business		79,547	
	of which from associated companies: € 1,814 thousand			
	III. Other accounts receivable		507,158	
	of which from affiliated companies: € 25,993 thousand			
	of which from associated companies: € 627 thousand			
	of which from participations: € 74 thousand			
				1,028,090
E.	**Other assets**			
	I. Tangible assets and inventories		57,678	
	II. Current credit balances with banks, checks and cash on hand		247,126	
	III. Miscellaneous assets		11,562	
				316,366
F.	**Prepaid expenses**			
	I. Prepaid interest and rent		154,814	
	II. Other prepaid expenses		38,829	
				193,643
G.	**Deferred tax assets**			404,721
Total assets				57,418,469

Equity and liabilities

					€ thousand
					2024
A.	**Equity**				
	I.	Subscribed capital		474,258	
	II.	Capital reserve		957,889	
	III.	Revenue reserve			
		1. Statutory reserve	818		
		2. Other revenue reserves	437,630		
				438,448	
	IV.	Consolidated net income for the year		15,451	
	V.	Minority interests		104,420	
					1,990,466
B.	**Difference arising from equity consolidation**				331,725
C.	**Subordinate liabilities**				427,046
D.	**Underwriting reserves**				
	I.	Unearned premiums			
		1. Gross amount	735,957		
		2. less: amounts ceded	113,973		
				621,984	
	II.	Aggregate policy reserves			
		1. Gross amount	41,363,509		
		2. less: amounts ceded	377,714		
				40,985,795	
	III.	Reserve for outstanding claims			
		1. Gross amount	4,557,735		
		2. less: amounts ceded	746,759		
				3,810,977	
	IV.	Reserve for performance-related and non-performance-related premium refunds			
		1. Gross amount	1,428,601		
		2. less: amounts ceded	246		
				1,428,355	
	V.	Equalization reserves and similar reserves		444,135	
	VI.	Other underwriting reserves			
		1. Gross amount	39,106		
		2. less: amounts ceded	-6,060		
				45,166	
					47,336,412

				€ thousand
				2024
E.	**Underwriting reserves for unit-linked life insurance policies**			
	I. Aggregate policy reserves			
	1. Gross amount	4,992,492		
	2. less: amounts ceded	23		
			4,992,468	
	II. Miscellaneous underwriting reserves			
	Gross amount		64,708	
				5,057,176
F.	**Other accruals**			
	I. Accruals for pensions and similar obligations		466,623	
	II. Accruals for taxes		170,463	
	III. Miscellaneous accruals		154,540	
				791,626
G.	**Deposits held in connection with reinsurance business ceded**			497,377
H.	**Other liabilities**			
	I. Accounts payable in connection with direct insurance business to			
	1. Policyholders	446,218		
	2. Insurance agents	119,896		
			566,114	
	II. Accounts payable in connection with reinsurance business		98,975	
	III. Liabilities to banks		40,128	
	IV. Miscellaneous liabilities		280,526	
	of which for taxes: € 49,263 thousand			
	of which for social security: € 346 thousand			
	of which from affiliated companies: € 7,481 thousand			
	of which from associated companies: € 829 thousand			
	of which from participations: € 434 thousand			
				985,743
I.	**Deferred income**			898
Total equity and liabilities				**57,418,469**

Consolidated Income Statement
for the period from 1 January to 31 December 2024

				€ thousand
				2024
I. Underwriting account for property and casualty insurance business				
1. Earned premiums net of reinsurance				
a)	Gross premiums written	3,134,125		
b)	Reinsurance premiums ceded	656,111		
			2,478,015	
c)	Change in gross unearned premiums	-42,456		
d)	Change in gross unearned premiums ceded	-7,915		
			-34,541	
				2,443,473
2. Technical interest net of reinsurance				2,344
3. Other underwriting income net of reinsurance				2,972
4. Claims expenses net of reinsurance				
a)	Claims paid			
	aa) Gross amount	1,988,091		
	bb) Amount ceded	331,910		
			1,656,182	
b)	Change in reserve for outstanding claims			
	aa) Gross amount	52,243		
	bb) Amount ceded	-13,169		
			65,412	
				1,721,593
5. Change in other net underwriting reserves				
a)	Net policy reserve		-3,247	
b)	Other net underwriting reserves		7,914	
				4,667
6. Expenses for performance-related and non-performance-related premium refunds net of reinsurance				4,101
7. Underwriting expenses net of reinsurance				
a)	Gross underwriting expenses		876,330	
b)	less: commissions and profit sharing received on reinsurance business ceded		185,463	
				690,867

				€ thousand
				2024
8.	Other underwriting expenses net of reinsurance			27,410
9.	Subtotal			151
10.	Change in equalization reserves and similar reserves			-44,501
11.	Underwriting result net of reinsurance in property and casualty insurance business			-44,350
II.	Underwriting account for life and health insurance business			
1.	Earned premiums net of reinsurance			
	a) Gross premiums written	3,166,121		
	b) Reinsurance premiums ceded	45,598		
			3,120,523	
	c) Change in net unearned premiums		3,584	
				3,124,107
2.	Premiums from the gross provision for premium refunds			92,975
3.	Allocated interest transferred from the non-underwriting account			820,637
4.	Unrealized gains on investments			530,712
5.	Other underwriting income net of reinsurance			59,392
6.	Claims expenses net of reinsurance			
	a) Claims paid			
	aa) Gross amount	3,280,144		
	bb) Amount ceded	65,045		
			3,215,099	
	b) Change in reserve for outstanding claims			
	aa) Gross amount	61,695		
	bb) Amount ceded	-543		
			62,238	
				3,277,337
7.	Change in other net underwriting reserves			
	a) Policy reserves			
	aa) Gross amount	483,268		
	bb) Amount ceded	-34,813		
			518,081	
	b) Other net underwriting reserves		1,275	
				519,356

				€ thousand
				2024
8.	**Expenses for performance-related and non-performance-related premium refunds net of reinsurance**			179,172
9.	**Underwriting expenses net of reinsurance**			
	a) Acquisition expenses	315,050		
	b) Administrative expenses	85,538		
			400,588	
	c) less: commissions and profit sharing received on reinsurance business ceded		13,155	
				387,432
10.	**Unrealized losses on investments**			85,488
11.	**Other underwriting expenses net of reinsurance**			49,315
12.	**Underwriting result net of reinsurance in life and health insurance business**			129,723
III. Non-underwriting account				
1.	**Underwriting result net of reinsurance**			
	a) in property and casualty insurance business		-44,350	
	b) in life and health insurance business		129,723	
				85,373
2.	**Investment income**			
	a) Income from joint ventures and associated companies	25,707		
	b) Income from participations of which from affiliated companies: € 18,647 thousand	43,333		
	c) Income from other investments of which from affiliated companies: € 428 thousand			
	aa) Income from real estate, real estate rights, and buildings, including buildings on third-party land	8,762		
	bb) Income from other investments	1,100,610		
		1,109,371		
	d) Income from write-ups	3,098		
	e) Proceeds from the disposal of investments	60,567		
	f) Income from profit transfer agreements	157		
			1,242,233	

				€ thousand
				2024
3.	**Investment expenses**			
	a) Cost of portfolio management, interest expense and other expenses in connection with investments	48,829		
	b) Amortization of investments	212,131		
	c) Losses from the disposal of investments	36,507		
			297,467	
				944,766
4.	**Allocated interest transferred to the underwriting account for property and casualty insurance business**		2,700	
4a.	**Allocated interest transferred to the underwriting account for life and health insurance business**		820,637	
				823,337
				121,429
5.	**Other income**		178,178	
6.	**Other expenses**		286,841	
				-108,663
7.	**Operating income**			98,139
8.	**Extraordinary expenses** **=Extraordinary result**			-1,727
9.	**Income before taxes**			96,412
10.	**Taxes on income** of which from deferred taxes € 14,119 thousand		73,780	
11.	**Other taxes**		3,648	
				77,428
12.	**Net income for the year**			18,985
13.	**Net income attributable to minority interests**			3,577
14.	**Net loss attributable to minority interests**			43
15.	**Consolidated net income for the year**			15,451

Statement of Changes in Equity

	Subscribed capital	Capital reserve
Balance as of 1 January 2024	**303,521**	**532,500**
Transfers to/withdrawals from reserves	0	0
Dividend	0	0
Capital increase	170,737	425,389
Other changes	0	0
Additions of consolidated companies	0	0
Disposal of consolidated companies	0	0
Net income for the year	0	0
Balance as of 31 December 2024	**474,258**	**957,889**

The merger of Barmenia and Gothaer resulted in a technical negative consolidation difference in accordance with DRS 23.147 c amounting to € 337,622 thousand. After the reversal of € 5,896 thousand through the income statement, the value at the end of the financial year was € 331,725 thousand.

						€ thousand
Statutory reserve	Other revenue reserves	Sum Revenue reserve	Consolidated net income for the year	Sum parent company equity	Minority interests	Equity
818	**460,903**	**461,721**	**0**	**1,297,742**	**30,156**	**1,327,898**
0	0	0	0	0	0	0
0	0	0	0	0	-3,696	-3,696
0	-6,117	-6,117	0	590,009	0	590,009
0	5,430	5,430	0	5,430	0	5,430
0	0	0	0	0	74,426	74,426
0	-22,585	-22,585	0	-22,585	0	-22,585
0	0	0	15,451	15,451	3,534	18,985
818	437,630	438,448	15,451	1,886,046	104,420	1,990,466

Statement of Cash Flows

	€ thousand
	2024
Profit for the period *	18,985
Increase/decrease in underwriting reserves net of reinsurance	618,181
Increase/decrease in deposits with ceding undertakings and receivables from reinsurance business	66,344
Increase/decrease in deposits received from reinsurers and liabilities from reinsurance business	11,244
Increase/decrease in other receivables	-303,406
Increase/decrease in other liabilities	-70,071
Changes in other balance sheet items not attributable to investing or financing activities	98,590
Other non-cash expenses/income and adjustments to profit or loss for the period	-321,804
Gain/loss on disposal of investments, tangible fixed assets and intangible assets	-23,960
Expenses for extraordinary items	1,727
Income tax expense	73,780
Income taxes paid	-66,533
Payments to granted grants	-10,902
Cash flows from operating activities	**92,173**
Proceeds from disposal of entities included in the basis of consolidation	95,137
Proceeds from disposal of tangible assets	1,533
Proceeds from disposal of intangible assets	1,822
Payments to acquire tangible assets	-14,636
Payments to acquire intangible assets	-54,369
Proceeds from disposal of investments relating to unit-linked life insurance policies	11,521
Payments to acquire investments relating to unit-linked life insurance policies	-13,156
Cash flows from investing activities	**27,853**
Dividends paid to minority interests	-3,696
Proceeds from/payments for other financing activities	-45,362
Cash flows from financing activities	**-49,058**
Net change in cash funds	**70,968**
Change in cash and cash equivalents due to transfer	3,865
Effect on cash funds of changes in the basis of consolidation	37,947
Cash funds at beginning of period	134,346
Cash funds at the end of period	**247,126**

*incl. minority interests in profit for the period

The Statement of Cash Flows pursuant to DRS 21 shows the change in cash and cash equivalents for the financial year. The cash funds considered correspond to the balance sheet item E.II. Current credit balances with banks, checks and cash on hand. A distinction is made here between cash flows from current operating activities, investing activities and financing activities. The indirect method is used to report cash flows from current operating activities. In this case, net profit for the period is adjusted to eliminate the effects of transactions of a non-cash nature (in particular write-ups/write-downs and changes in reserves). Inflows and outflows of funds from insurance companies' investment business are also reported as cash flows from current operating activities. Furthermore, net profit for the period is adjusted for items of income or expense associated with investing or financing cash flows. Cash flows are adjusted to eliminate the effects of changes in the scope of consolidation.

In the course of the merger of the Gothaer Group with the Barmenia Group, the entire life insurance business of Barmenia Lebensversicherung a.G. was transferred to Gothaer Lebensversicherung AG. In addition, the stand-alone sales organizations and the brand division were transferred from Gothaer Versicherungsbank VVaG to Barmenia.Gothaer Finanzholding AG in exchange for new shares. These represent non-cash transactions and have no impact on the cash flow statement. This excludes additions to cash and cash equivalents under the item of ‘Change in cash and cash equivalents due to transfer’.

Furthermore, shareholdings held by the Barmenia Group were transferred to Barmenia.Gothaer Finanzholding AG in exchange for new shares. This contribution in kind also constitutes a non-cash transaction. The addition to cash and cash equivalents leads to consolidation-related changes in cash and cash equivalents.

Notes to the Consolidated Financial Statements

Group Accounting Policies

Due to the fact that consolidated financial statements and a Group management report are to be prepared for the BarmeniaGothaer Group for the first time as at 31 December 2024, previous year figures are not provided in accordance with IDW RS HFA 44 margin note 5.

Barmenia.Gothaer Finanzholding AG is the parent of the BarmeniaGothaer Group and prepares consolidated financial statements and a Group management report pursuant to sections 341 i ff. and 290 ff. of the German Commercial Code (HGB), sections 58 ff. of the German Ordinance Governing the Accounting Practices of Insurance Companies (RechVersV) and the German Accounting Standards (DRS) that are relevant for the BarmeniaGothaer Group.

We have not exercised the option pursuant to 297 (1) sentence 2 HGB to supplement the consolidated financial statements with segmental reports.

All companies whose accounts are included in the consolidated financial statements have compiled financial statements as at 31 December 2024 which are largely consistent with Group accounting policies. The financial year is the calendar year.

The financial statements of joint ventures consolidated at equity and associated companies have generally not been adjusted pursuant to section 312 (5) HGB.

All material subsidiaries of the BarmeniaGothaer Group are consolidated if they are directly or indirectly controlled by the Group. The date of a company's initial consolidation is the date on which the BarmeniaGothaer Group assumes control of it. The merger of Gothaer and Barmenia was completed with the entry in the commercial register on 3 September 2024. The resulting first-time consolidations took place on 1 October 2024. Capital consolidation is performed using the acquisition method. This involves recognizing the assets, liabilities, accruals, deferrals and extraordinary items on the acquired company's balance sheet in accordance with section 301 (1) HGB, disclosing hidden reserves and liabilities (complete revaluation) and netting the resulting value against the parent company's share in the equity of the subsidiary. A positive difference is allocated to goodwill, which is subject in subsequent years to scheduled amortization and non-scheduled depreciation based on impairment testing. A negative difference is recognized as a liability and reported in the balance sheet under the item of “Difference arising from capital consolidation”. The merger of the Barmenia Group and the Gothaer Group resulted in a technical negative consolidation difference in accordance with DRS 23.147 c. The parent-subsidiary relationship was established through a contribution in kind, and the investments were recognized at acquisition cost below their fair value in accordance with the principles for the measurement of contributions in kind. These differences will be reversed in subsequent periods in accordance with the Group’s carrying amounts for the acquired assets of the subsidiaries.

Joint ventures and associated companies are valued at equity in the consolidated financial statements pursuant to section 312 HGB. Further details can be found under Accounting and Valuation Policies in the section on investments.

Income generated by subsidiaries after initial consolidation is included in the revenue reserves of the Group after deduction of any minority interests. Minority interests are shown in the statement of financial position under equity.

Intragroup receivables and payables, expenses and income, and profits are eliminated in accordance with section 304 in conjunction with section 341 j (2) HGB unless they are of minor significance for the net assets, financial position and earnings of the Group. Because of the requirement in the Ordinance Governing the Accounting Practices of Insurance Companies (RechVersV) for the consolidated income statement to be divided into three sections, consolidation measures can impact on more than one part of the income statement. If they impact on both Section II Underwriting account for life and health insurance business and Section III Non-underwriting account, they are recognized in Section III. This is basically a matter of consolidating income from equity investments. Transactions between Group companies are conducted at arm's length as a matter of principle.

Scope of Consolidation

The determination of the scope of consolidation is subject to materiality, which is assessed for each company on the basis of equity, balance sheet total and revenues. In addition, a threshold is applied to the total of the three criteria for all companies judged immaterial.

Subsidiaries

Accordingly, 20 subsidiaries were fully consolidated in the consolidated financial statements along with the parent company because of the parent company's controlling influence pursuant to section 290 (2) HGB. They comprised nine insurance companies, one pension trust and eleven other companies.

As a result of the merger between Gothaer and Barmenia, Barmenia Allgemeine Versicherung-AG, Barmenia Krankenversicherung AG, Barmenia Grundstücks GmbH & Co. KG and PrismaLife AG were consolidated into the BarmeniaGothaer Group for the first time on 1 October 2024.

Gothaer Finanzholding AG was renamed Barmenia.Gothaer Finanzholding AG in 2024. Due to the initiation of liquidation proceedings, FWP Lux Feeder Beta S.A. was renamed FWP Lux Feeder Beta S.A. (in liquidation).

With its entry in the commercial register on 2 January 2025, Gothaer Asset Management AG was renamed BarmeniaGothaer Asset Management AG.

Joint ventures and associated companies

In addition, two associated companies in which a significant influence can be exercised according to section 311 (1) HGB were recognized in the consolidated financial statements at equity pursuant to section 312 HGB. The scope of consolidation also includes one participation managed as joint venture. This was also recognized at equity pursuant to section 312 HGB.

The associated company OPCI French Wholesale Properties – FWP, SPPPICAV was sold and deconsolidated in 2024.

List of holdings

The list of holdings pursuant to section 313 (2) HGB is found at the beginning of the section ”Other disclosures“. It includes the consolidated companies of the BarmeniaGothaer Group in the financial year. A list of holdings pursuant to section 313 (4) HGB, which includes subsidiaries and participations that are not consolidated, is also found there.

Accounting and Valuation Policies

Introduction

The consolidated financial statements have been prepared in accordance with the rules of the German Commercial Code (HGB), the Stock Corporation Act (AktG), the Insurance Supervision Act (VAG) and the Ordinance Governing the Accounting Practices of Insurance Companies (RechVersV).

Consolidated balance sheet, consolidated income statement, statement of changes in equity, cash flow statement and notes to the consolidated financial statements are prepared in thousand euros. The figures in the financial statements are rounded to one decimal place. Therefore the addition of individual items may result in rounding differences.

Currency translation

The consolidated financial statements are denominated in euros. The companies whose accounts are included in the consolidated financial statements denominate their financial statements in euros.

Intangible assets

The recognition option in section 248 (2) sentence 1 HGB with regard to the recognition of internally created intangible assets was exercised. The fixed asset in question was in-house developed software. Internally created intangible assets are recognized at cost, less straight-line amortization over their expected useful lives of between three and 20 years. Where permanent impairment is anticipated, depreciation is applied in accordance with section 253 (3) HGB. The costs of production for internally created intangible assets include directly attributable costs.

Acquired intangible assets are recognized at cost less straight-line depreciation based on an anticipated economic life of one to 20 years for the relevant asset. Where permanent impairment is anticipated, depreciation is applied in accordance with section 253 (3) HGB. Insurance portfolios acquired for consideration are recognized at their present value of future profits (PVFP) on the date of acquisition. The PVFP is calculated as the present value of the expected income from the acquired insurance portfolios. The linear amortization of the PVFP (eight to 30 years) follows the planned realization of the surpluses from the underlying insurance portfolios. The sales organizations acquired for consideration and the brand name are also amortized on a straight-line basis over ten and six years, respectively.

Investments

Real estate, real estate rights and buildings, including buildings on third-party land are valued at acquisition or production cost and depreciated in accordance with section 253 (3) HGB. Where permanent impairment is anticipated, an unscheduled write-down is implemented. Where the reason for impairment no longer exists, a write-up is performed to at most the amortized cost in accordance with section 253 (5) HGB.

In the year under review, land values were calculated in accordance with the provisions of the German Building Code (Baugesetzbuch) in conjunction with the Valuation Ordinance (Wertermittlungsverordnung) using the gross rental method; one owner-occupied property was valued using the asset value method.

Shares in affiliated companies and participations are recognized at cost in line with section 341b (1) HGB unless permanent impairment is anticipated, in which case they are recognized at the lower fair value in accordance with section 253 (3) HGB. Where the reason for impairment no longer exists, a write-up is performed to at most the amortized cost defined in section 253 (5) HGB.

Where no stock exchange value is available, shares in affiliated companies and participations are valued as a matter of principle in accordance with IDW RS HFA 10 in conjunction with IDW S1. An exception is made in the case of various private equity participations and indirect real estate participations held as long term investments. Here, fair values are established on the basis of net asset value or a cash flow based net asset value.

Loans to affiliated companies and participations are recognized at cost, unless permanent impairment is anticipated, in which case they are recognized at the lower fair value. If the reason for impairment no longer exists, write-ups are performed up to at most the amortized cost. Differences between the cost and repayment amount of these securities are amortized by the effective interest method as a matter of principle.

Shares in joint ventures and associated companies are generally included in the consolidated financial statements at equity, i.e. at the pro rata share in equity. Pro rata shares in equity are established on the basis of the latest available financial statements. The carrying amounts in the financial statements of joint ventures and associated companies are retained pursuant to section 312 (5) HGB. Income resulting from the appreciation and expenses resulting from the depreciation of reported equity recognized through profit and loss are included in the investment result. Changes that are not recognized through profit and loss are taken into account in other revenue reserves.

For investments in unit trusts and funds, bearer bonds and other fixed interest securities that represent a long-term commitment, we choose to exercise the option offered by section 341b (2) half-sentence 2 HGB to treat the investments as fixed assets and apply the moderated lower-of-cost-or-market principle as a rule.

Investments in unit trusts and funds that are classed as fixed assets, are recognized at cost. In accordance with section 253 (3) HGB, depreciation is applied only in the case of permanent impairment, with fair value determined by means of a fund review. Where the reason for impairment no longer exists, write-ups to fair value are performed pursuant to section 253 (5) HGB. Fair value is determined on the basis of stock market prices or redemption prices.

Shares, investments in unit trusts and funds and other non-fixed-interest securities that are not intended to be held as long-term investments are recognized at cost on the strict lower-of-cost-or-market principle, where appropriate taking into account write-downs to stock exchange value or redemption price pursuant to section 253 (4) HGB. Where the reason for impairment no longer exists, write-ups to market value are performed in accordance with section 253 (5) HGB.

Bearer bonds and other fixed-interest securities classed as fixed assets are valued at cost. Differences between the cost and repayment amount of these securities are amortized by the effective interest method as a matter of principle. In line with section 253 (3) HGB, depreciation is applied only where impairment is permanent. If the reason for impairment no longer exists, a write-up is performed pursuant to section 253 (5) HGB. Fair value is established on the basis of stock exchange values or redemption prices. If there is no stock exchange value or redemption price, a mark-to-model valuation is generally used. This valuation method involves all relevant securities being valued on the basis of an appropriate swap curve at balance sheet date plus a security-specific spread or term-related spread curve, taking any termination rights into account. In individual cases the net asset value is determined.

Bearer bonds and other fixed-interest securities that are not intended to be held to maturity are treated as current assets, recognized at cost on the strict lower-of-cost-or-market principle and written down to stock exchange value in the event of impairment. Where values recover, write-ups are performed in accordance with section 253 (5) HGB.

Mortgages, liens on real property and annuities, registered securities, receivables covered by promissory notes and loans as well as loans and advance payments on insurance policies are recognized at cost. Differences between the cost and repayment amount of these securities are amortized by the effective interest method.

Mortgages, liens on real property and annuities, registered securities, receivables covered by promissory notes and loans as well as loans and advance payments on insurance policies are regularly checked for impairment. Where permanent impairment is anticipated, write-downs are performed to fair value. Where impairment no longer exists, appreciation is applied up to at most the amortized cost.

The fair value of all standard mortgages, liens on real property and annuities, registered securities, receivables covered by promissory notes and loans, as well as loans and advance payments on insurance policies is established by mark-to-model valuation. All relevant securities are valued on the basis of an appropriate swap curve at balance sheet date plus a security-specific spread or term-related spread curve, taking any termination rights into account. Securities that cannot be assigned as standard to one of the pre-defined groups (e.g. “Namensgenussscheine”) are subjected to special individual mark-to-model valuation. In individual cases, the net asset value is determined for registered bonds, promissory notes and loans.

For all structured interest rate products, a precise analysis of cash flow structures is performed and the products divided into the underlying basic elements. Mark-to-model valuation is performed on the basis of market data at balance sheet date (swap curve, volatilities etc.), as well as current forward rates. The actual valuation, including optional components, is performed by discounting all anticipated future cash flows while taking into account security-specific spreads and illiquidity premiums.

Directly held asset-backed securities are recognized at the values reached by the arrangers.

Derivative financial instruments are recognized on a daily basis at market values obtained from market information systems. Alternatively, in the case of OTC derivatives, they are precisely discounted on the basis of cash flow-based models, using financial mathematical methods and appropriate swap curves at balance sheet date.

Valuation units between investments exposed to a foreign exchange risk (underlying transactions) and foreign exchange sale contracts (hedging instruments) are formed in the same currency. The valuation units exist for the full projected holding period of the underlying transaction. Hedges are rolled as a matter of principle, i.e. as forward contracts near maturity, they are prolonged by a new hedge. The forward component, which is the difference between the spot exchange rate and the forward exchange rate, is not included in the offsettable portion of compensatory valuation but deferred over the term of the foreign exchange sale contract and recognized in profit or loss as interest earned or interest paid. Cash flows from the prolongation of contracts are offset in equity against the book values of the relevant underlying transactions, provided that the amount relates to the effective part of the hedge (net hedge presentation method). Please also refer to the disclosures pursuant to section 314 (1) no. 15 HGB (disclosures on valuation units) in the notes to the financial statements in this report.

Other loans and other investments are recognized at cost. In the case of permanent impairment, write-downs are performed to fair value. Where values recover, write-ups are performed to at most cost.

Differences between the cost and repayment amount of these securities are amortized by the effective interest method.

The fair value of other loans and other investments is established by means of a discounted cash flow method with factor premium model. Alternatively, an individual mark-to-model valuation can be performed.

Bank deposits are carried at nominal value.

Deposits with ceding companies are recognized at nominal value.

Investments for the account and risk of life insurance policyholders are recognized at fair value, i.e. at their redemption price.

Receivables

Receivables due from policyholders and insurance agents in connection with direct insurance business are recognized at nominal value less reasonable individual and flat-rate value adjustments.

Accounts receivable in connection with reinsurance business are recognized at nominal value less reasonable individual and flat-rate value adjustments.

Tangible assets and inventories

Under tangible assets and inventories, operating and office equipment is recognized at cost less straight-line depreciation based on an anticipated economic life of one to 20 years. Low-value assets with an acquisition value of € 250 or less are written off directly. Inventories are valued at cost.

Current credit balances with banks, checks and cash on hand

Current credit balances with banks and cash on hand are recognized at their nominal value.

Deferred tax assets

Deferred taxes are calculated and offset in accordance with sections 274 and 306 HGB and DRS 18. This takes account of temporary differences between the commercial balance sheets and tax balance sheets of the consolidated companies, unused tax loss carryforwards and other balance sheet differences due to consolidation processes.

Deferred tax assets are recognized only if an offset with future taxable profit is probable. As a matter of principle, tax loss carryforwards are only factored into the calculation of deferred tax assets if the tax relief from the loss carryforward can be anticipated within the next five years.

The recoverability of deferred tax assets is reviewed as of every reporting date.

The deferred tax rate that is determined takes account of the respective tax situation of individual items or that of the Group companies. For German companies, this means allowing for 15.0% corporation tax plus a solidarity surcharge of 5.5 % of the tax burden and trade tax rates between 14.1% and 17.2%. An income tax rate of 12.5% is used for one Liechtenstein company, a profit tax rate of 15.9% for one Swiss permanent establishment and a corporation tax rate of 34.3% for one Italian permanent establishment.

Changes in tax rates are taken into account as soon as they are enacted.

Other assets

Other asset items not mentioned individually are recognized at nominal value as a matter of principle.

Equity

The subscribed capital corresponds to the amount recognized on the balance sheet of Barmenia.Gothaer Finanzholding AG. The subscribed capital of € 474,258 thousand is fully paid up and divided into 927,569 registered shares (see Articles of Association as amended on 26 July 2024). Barmenia Versicherungen a.G. and Gothaer Versicherungsbank VVaG have notified Barmenia.Gothaer Finanzholding AG that they are entitled to an equal share of the majority of voting rights in accordance with Section 20 (4) of the German Stock Corporation Act (AktG). Equity also includes capital reserves and revenue reserves, which include the statutory reserves and other revenue reserves.

Minority interests include the prorated equity of subsidiaries that do not directly or indirectly belong 100% to the BarmeniaGothaer Group.

Changes in equity can be found in the separate section on the statement of changes in equity.

Difference arising from equity consolidation

The merger of the Barmenia Group and the Gothaer Group resulted in a technical negative consolidation difference in accordance with DRS 23.147 c. The parent-subsidiary relationship was established through a contribution in kind, and the investments were recognized at acquisition cost below their fair value in accordance with the principles for the measurement of contributions in kind. These differences will be reversed in subsequent periods in accordance with the Group's carrying amounts for the acquired assets of the subsidiaries. Since the acquired assets for which new hidden reserves have arisen can also be identified individually in terms of amount, the reversal of the negative difference is made in accordance with the carrying amounts of these assets as per DRS 23.150 a).

Underwriting reserves

Underwriting reserves are recognized in compliance with the provisions of sections 341e to 341h HGB.

The main types of reserves formed in property and casualty, life and health insurance are described below.

Underwriting reserves in property and casualty insurance

The volume of unearned premiums from direct insurance activities is predominantly established by the 360/360-method on the basis of statistic premiums from policies in force. Other fraction methods are applied to a limited extent. In the engineering and transport insurance lines, the flat-rate method is used to quantify unearned premiums. The costs that need to be deducted from unearned premiums are calculated in accordance with the letter from the Federal Ministry of Finance dated 30 April 1974. Reinsurers' shares are calculated on the basis of contractual arrangements.

In the case of reinsurance assumed, unearned premiums were established on the basis of information from cedants.

Aggregate policy reserves for accident insurance with premium return as well as annuity reserves of Gothaer Allgemeine Versicherung AG are determined in compliance with the relevant legal provisions, in particular the Ordinance Governing the Accounting Practices of Insurance Companies (RechVersV). Aggregate policy reserves are determined on the basis of individual policies using the prospective method and taking into account future expenses. Individual losses reported and losses incurred but not reported are identified and calculated individually.

Following the amendment of the Policy Reserve Ordinance (DeckRV) on 1 March 2011 to take account of the low-interest environment, an additional interest reserve (Zinszusatzreserve - ZZR) is formed for policies where actuarial interest is above the reference interest rate. For new policies, the ZZR is based on the reference interest rate at balance sheet date (subject to the amendments to the DeckRV as of 23 October 2018) and taking conservative account of lapse probabilities. For existing policies, reserving is based on the "business plan for strengthening existing policy interest rates".

The policy reserve for continuation of child accident insurance in the event of the death of the policyholder of Barmenia Allgemeine Versicherungs-AG was calculated and recognized as a liability for each individual case in accordance with actuarial principles laid down in the technical business plan.

A policy reserve is formed for extended disability insurance cover with various benefit modules. It is calculated in accordance with actuarial principles for each individual policy using the retrospective method, which corresponds to the prospective method in accordance with section 341f (1) HGB.

The reserve for losses (except annuities) included in the reserve for outstanding claims in connection with direct insurance business has been determined on the basis of the anticipated requirement and calculated individually. Claims arising from salvage, subrogation and loss sharing agreements have been offset. The reserve for losses incurred but not yet reported is determined on a flat-rate basis in compliance with section 341g (2) HGB. It is based on previous years' figures and takes account of the specific requirements of individual lines and types of insurance.

The reserve for loss adjustment expenses is determined in line with the letter from the Federal Ministry of Finance dated 2 February 1973.

Reserves for outstanding claims in connection with reinsurance business assumed are consistently established at amounts equal to those provided by ceding companies, in some cases plus necessary increases.

Accepted actuarial methods are used to determine the amount for terminal bonuses to be included in the reserve for profit-related premium refunds. The calculation rules are recorded in the authorized basic business plan for the payment of surplus bonuses (old policies within the meaning of section 336 of the Insurance Supervision Act (VAG)) or meet the requirements of section 28 (7) RechVersV (new policies within the meaning of section 336 VAG). The reserve for non-profit-related premium refunds is determined using estimation methods.

The reserves established to compensate for annual fluctuations in the need for funds (equalization reserves) are calculated on the basis of section 29 RechVersV and the Annex to section 29 RechVersV.

Reserves for major risks in connection with pharmaceutical product liability insurance are determined in compliance with section 341h HGB and section 30 (1) RechVersV.

Reserves for nuclear facilities are made in compliance with section 341h HGB and section 30 (2) RechVersV.

Reserves for terrorism risks are made in compliance with section 341h HGB and section 30 (2a) RechVersV.

Reserves for anticipated losses from insurance business are determined in compliance with section 341e (2) No. 3 HGB and section 31 (1) no. 2 RechVersV.

The reserve established for unused premiums from suspended motor insurance policies is equal to the premium credited for the time elapsed between the date of interruption of insurance coverage and the reporting date. Premium credits are determined separately for each individual policy.

The reserve for obligations in connection with membership in “Verkehrsopferhilfe e.V.”, an association that assists victims of accidents caused by uninsured drivers, is based on the amount assessed by the association.

The reserve for cancellations is determined separately for each individual type of insurance on the basis of past experience.

The reserve for contractual premium adjustments pursuant to article 9 of the Fire Business Interruption Insurance Conditions (FBUB) is determined on a flat-rate basis.

The reserve for profit-sharing arrangements is determined using estimation methods.

Reinsurers’ shares of underwriting liabilities are determined on the basis of the respective reinsurance treaties.

Underwriting reserves in life insurance

Gross unearned premiums are calculated for each individual policy, taking account of the commencement date and the mode of premium payment agreed. Tax regulations are observed for the deduction of non-transferrable invoiced collection fees.

Policy reserves for direct written business are calculated for each individual policy, taking account of the relevant starting month.

As a matter of principle, policy reserves are calculated by the prospective method in accordance with section 341f HGB, section 25 RechVersV and the ordinances enacted pursuant to section 88 (3) VAG and section 235 (1) nos. 4 to 7 VAG respectively. The relevant valid business plan is observed for existing policies in force. Future costs are implicitly taken into account. In particular, policy reserves are also formed for administrative costs during non-contributory periods. In the case of unit-linked products, the value-dependent actuarial capital for each individual policy is used as the basis for a unit-linked policy reserve. The policy reserve for unit-linked life insurance with a gross premium guarantee (hybrid product) is divided into a conventional reserve and a unit-linked reserve. The calculation of the policy reserve for index-linked annuity policies is also carried out on the basis of the retrospective method, whereby the guaranteed benefits under the tariff are secured by the minimum amount of the corresponding prospective policy reserves.

In light of anticipated improvements in mortality, we strengthened policy reserves for annuity and pension policies concluded on or before 31 December 2004, taking as a basis both current mortality tables and company cancellation and capital settlement probabilities. The calculated adjustment that is required takes account of the policy reserve revaluation requirements that need to be met for compliance with Federal Financial Supervisory Authority publication VerBaFin 01/2005.

Policy reserves were also increased for supplemental occupational disability policies based on tables older than the DAV 1997 I where necessary. The degree of replenishment required was ascertained in accordance with Federal Financial Supervisory Authority publication VerBAV 12/98.

Since the amendment of the German Policy Reserve Ordinance (DeckRV) in 2018, the reference interest rate used to assess additional interest reserves (Zinszusatzreserve – ZZR) has been calculated by the so-called corridor method. The reference interest rate remains unchanged against the prior year at 1.57%.

In the regulated portfolio of Gothaer Lebensversicherung AG, reserves are formed on the basis of approved business plans. In the regulated portfolio of Gothaer Pensionskasse AG, the procedure agreed with the supervisory authority involves spreading the ZZR increase over a longer period.

Additional interest reserves were reversed by € 94.5 million for Gothaer Lebensversicherung AG, while an allocation of € 0.9 million was made for Gothaer Pensionskasse AG. Additional interest reserves account for 9.3% of policy reserves at Gothaer Lebensversicherung AG and 8.0% at Gothaer Pensionskasse AG (gross).

Reserves for known outstanding claims and redemptions are calculated for each individual claim or redemption incurred by balance sheet date and reported by the date on which reserves are established. Individual weighted reserves based on previous years' experience are formed for unresolved claims under invalidity policies. Flat-rate reserves are formed for claims that have been incurred but not yet reported. The gross amounts recognized include reserves for anticipated loss adjustment expenses at a level permissible under tax law.

The reserves for premium refunds include funds (terminal bonus funds) for future terminal bonuses and minimum participation in valuation reserves. Terminal bonus funds are calculated by recognized actuarial methods. The rules for calculating terminal bonus funds are set out in the relevant approved principle business plan for surplus participation (old policies as defined by section 336 VAG) or comply with the requirements of section 28 (7) RechVersV (new contracts as defined by section 336 VAG).

When deferred taxes are recognized pursuant to section 274 HGB, reserves for deferred premium refunds are formed to the value of policyholders' anticipated future participation in taxation and tax relief.

Other underwriting reserves are formed mostly to the value of the difference between the underwriting reserves required for unit-linked life policies where investment risk is borne by policyholders and the existing investment stock. For consortium agreements with external lead management, reserves are calculated on the basis of the values reported by the lead company.

Reinsurers' shares of underwriting reserves for insurance business ceded are calculated on the basis of the relevant reinsurance treaties.

Underwriting reserves in health insurance

Unearned premiums were calculated taking into account the due dates of premiums for each contract affected. Tax regulations were observed. These are travel health insurance premium shares that became due in the reporting year but are attributable to the following year.

Policy reserves are calculated for each individual policy by the prospective method in line with recognized actuarial principles. In the process, care is taken, in particular, to ensure observance of the procedures stipulated in the technical basis for calculation as well as section 341f HGB and sections 146 ff VAG.

Policy reserves also take into account transfers from lapsed policies as of 31 December of the financial year. These transfers are portable parts of the ageing reserve that policyholders can transfer when switching to another private health insurer.

The percentage share of the co-insured community established for members of the postal and railway civil servants health insurance schemes (GPV) is adopted as communicated by the GPV management, without changes.

Because tariff generations and premium adjustment periods differ, there are also different actuarial interest rates for different tariffs/groups of persons. The average actuarial interest rate in the financial year was 2.24%.

Reserves for outstanding claims in direct written business were calculated using a statistical approximation method in line with section 341g (3) HGB in conjunction with section 26 (1) RechVersV. The bases in this respect for Gothaer Krankenversicherung AG are payments made in the period under review for claims incurred as well as the ratio of the average payments made in the years 2022 to 2024 to the total payments made for prior-year claims. Arrears were taken into account. The calculation is made separately for claims from the previous year and claims from the year before that. At Barmenia Krankenversicherung AG, payments made in the first weeks of the year after the financial year were used as the basis for determining payments for previous years. This initial amount was increased by an estimated amount, taking into account the ratio of the previous year's payments made in the first few weeks to the total previous year's payments in the last financial years. A reserve for outstanding claims with regard to claims of policyholders not covered by this approximation method was estimated separately on the basis of historical values.

Reserves for loss adjustment expenses are included in reserves for outstanding claims. They were established on the basis of the ratio of total loss adjustment expenses incurred in the financial year to the total volume of insurance payments made. Reserves for loss adjustment expenses are calculated as the percentage of reserved insurance payments and recognized at 70 % of the total in accordance with tax regulations.

Reserves for profit-related and non-profit-related premium refunds include reserves for premium refunds pursuant to section 341e (2) no. 2 HGB. The transfer to these reserves takes account of the statutory instrument (KVAV) issued on the basis of section 160 VAG. The appropriation of these resources has been approved by the independent trustee as required by law.

The reserve for disproportionate contract terminations is calculated as the sum of the negative ageing provision, measured at an estimated value for the expected level of disproportionate terminations in the following financial year.

Other underwriting reserves include some reserves for anticipated premium refund payments arising from pending lawsuits against the validity of premium adjustments.

The reinsurer's shares of the underwriting reserves are determined in accordance with the agreements made in the reinsurance contract.

When deferred taxes pursuant to section 274 HGB are not already recognized in the single-entity financial statements of the companies included in the consolidated financial statements, reserves for deferred premium refunds are formed to the value of policyholders' anticipated future participation in taxation and tax relief.

Other accruals

Accruals for pensions and similar obligations, with the exception of insurance-based commitments, were calculated using the projected unit credit method based on the 2018 G mortality tables published by Heubeck-Richttafeln-GmbH. Accruals were discounted at the average rate of interest over the last ten years in line with the Regulation on the Discounting of Provisions (Rückstellungsabzinsungsverordnung), assuming a residual term of 15 years. The difference between valuations at average interest over the last ten years and that over the last seven years is shown in the notes on "Other accruals" in the Notes to the Financial Statements. The effects of the change in the actuarial interest rate are recognized in the interest result.

Pension accruals at balance sheet date were calculated on the basis of the following actuarial parameters:

Actuarial interest		1.90%
Wage and salary trend		2.30% or 2.00%
Pension progression trend		2.20% or 2.00%
Fluctuation	up to age 35	6.00%
	up to age 45	3.00%
	up to age 60	1.00%
		or individual factors

The adjustment backlog for a portion of the portfolio resulting from the provisions of the German Occupational Pensions Act (BetrAVG) was taken into account by applying a premium to the assumed pension trend based on the average consumer price index for the last 25 years. The size of the premium was calculated on the basis of cash equivalency and was established at 0.36 percentage points.

In the calculation of accruals for entitlements arising from the commitment to relieve employees of part of their insurance contributions to Barmenia Krankenversicherung AG upon reaching retirement age, an annual contribution increase of 2.0% or 4.0% was taken into account, depending on the type of insurance.

We exercised the option offered under section 67 (1) EGHGB to accumulate at least a fifteenth of the allocation resulting from the transition to valuation under the German Accounting Law Modernization Act (BilMoG) through to 31 December 2024 at the latest.

The option set out in section 28 (1) EGHGB was exercised.

IDW RH FAB 1.021 is applied to non-insurance-based commitments with reinsurance policies, whereby implementation is in accordance with the results report of the German Association of Actuaries (Deutsche Aktuarvereinigung - DAV) dated 26 April 2022. Then, the balance sheet is prepared using the fulfilment value method and the liability primacy option.

For insurance-based commitments, IDW RH FAB 1.021 is applied. Pension accruals were therefore formed at the fair value of the reinsurance contracts.

Claims on reinsurance that are protected from all other creditors and serve to fulfil pension obligations are offset against pension accruals in accordance with section 246 (2) HGB.

The reserve for obligations in connection with pre-retirement employment agreements, which is recognized in miscellaneous accruals, is determined on the basis of actuarial principles. Calculation is based on the 2018 G mortality tables developed by Heubeck-Richttafeln-GmbH, taking account of a wage and salary trend of 2.30% and actuarial interest of 1.48% respectively 1.96%. Reinsurance contracts are concluded for pre-retirement employment obligations as a safeguard against insolvency. A bank guarantee exists for part of the portfolio. Claims arising from the reinsurance contracts are offset against the reserve for pre-retirement employment obligations in accordance with section 246 (2) HGB.

Investment fund certificates are held as fixed assets to cover obligations arising from working time accounts. The carrying value of the certificates is determined exclusively by their fair value. Pursuant to section 253 (1) HGB, accruals are recognized at the fair value of the investment fund certificates or the guaranteed minimum return, whichever is higher. In the case of certificates with a residual term of more than a year, the guaranteed minimum return is discounted at the average market interest rate over the past seven years. In accordance with section 246 (2) HGB, the fair value of the investment fund certificates is offset against miscellaneous accruals from working time assets. The effects of changes in the fair value of the cover assets are recognized in the interest result, unless they needed to be offset. Insolvency protection for employees' claims arising from working time assets is guaranteed in accordance with section 7e SGB IV (trustee model).

An interest rate of 1.96% and a salary trend of 2.1% were used for anniversary commitments.

Accruals for taxes and all other miscellaneous accruals are recognized at the amount dictated by sound business judgement. Reserves with a residual term of more than a year were discounted over the rest of their life at the average rate of market interest over the last seven years.

Other liabilities

Deposits held in connection with reinsurance business ceded and miscellaneous liabilities are recognized at settlement amounts pursuant to section 253 (1) HGB. Deferred income is recognized at nominal value.

Other liability items not mentioned individually are recognized at nominal value as a matter of principle.

Notes to the Consolidated Statement of Financial Position

Assets

Changes in assets in the financial year 2024

				Carrying amount 01.01.2024
A.		Intangible assets		
		1.	Internally generated industrial property rights, similar rights and assets	0
		2.	Acquired concessions, industrial property rights, similar rights and assets as well as licences for such rights and assets	203,349
		3.	Payments in advance	58,613
		4.	**Subtotal A.**	**261,962**
B	I.	Real estate, real estate rights and buildings, including buildings on third-party land		22,356
B	II.	Investments in affiliated companies and participations		
		1.	Shares in affiliated companies	101,643
		2.	Loans to affiliated companies	10,400
		3.	Shares in joint ventures and associated companies	271,084
		4.	Participations	414,653
		5.	Loans to participations	4,121
		6.	**Subtotal B II.**	**801,901**
Total				1,086,219

					€ thousand
Additions	**Reclassfications**	**Disposals**	**Reversals**	**Amortization**	**Carrying amount 31.12.2024**
0	25,467	0	0	6,035	19,432
702,869	-15,828	1,947	0	42,309	846,134
50,073	-9,639	800	0	0	98,247
752,941	**0**	**2,747**	**0**	**48,344**	**963,813**
613,758	**-131**	**0**	**0**	**3,548**	**632,435**
10,402	8,697	0	0	9,917	110,824
550	0	550	0	0	10,400
0	0	94,105	31,187	70,032	138,134
101,134	-409	26,206	184	49,071	440,286
5,119	0	61	0	3,055	6,124
117,205	**8,288**	**120,921**	**31,371**	**132,075**	**705,768**
1,483,905	8,157	123,669	31,371	183,967	2,302,017

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

The carrying value of self-occupied land and buildings totalled € 66,702 thousand.

Comparison of book and fair value of investments

B. III. 1. and 2. include investment fund certificates, bearer bonds and other fixed-interest securities with a book value of € 40,319,669 thousand that are classified as long-term assets pursuant to section 341b (2) HGB. The fair value of these assets comes to € 36,115,278 thousand. Hidden liabilities total € 4,425,329 thousand.

For the methods used to establish fair values, please refer to our comments under Accounting and Valuation Policies.

Information on financial instruments with a book value higher than the fair value

			€ thousand
		Carrying amount	Fair value
B.II.1	Shares in affiliated companies	4,219	3,528
B.II.2	Loans to affiliated companies	10,189	10,145
B.II.4	Participations	112,323	107,903
B.III.1	Shares, investments in unit trusts and funds and other non-fixed-interest securities	28,220,470	24,465,083
B.III.2	Bearer bonds and other fixed-interest securities	5,065,312	4,395,369
B.III.3	Mortgages, liens on real property and annuities	1,269,257	1,226,722
B.III.4a)	Registered bonds	822,679	785,311
B.III.4b)	Promissory notes and loans	1,476,011	1,334,497
B.III.4c)	Loans and advance payments on insurance policies	242	232
B.III.4d)	Other miscellaneous loans	84,447	78,967

Depreciation was waived for one affiliated company, as the decline in fair value is not considered permanent due to prospective growth areas.

Depreciation was waived for loans to affiliated companies, as the decline in fair value is not expected to be a permanent impairment.

In the case of one investment in an associated company, depreciation was waived because the charge resulted from a change in accounting standards and is not considered permanent. One investment in an associated company is in the early stages, and the expense is considered temporary.

In the case of investments in unit trusts and funds with an annuity component, investments in unit trusts and funds of a mixed nature, bearer bonds and other fixed-interest securities, mortgages, liens on real property and annuities, registered securities, promissory notes and loans, loans and advance payments on insurance policies as well as other miscellaneous loans, depreciation was waived because impairment was temporary, due to interest rate movements or credit risk/price fluctuations.

Information on valuation units

					€ thousand
		Trading/Nominal volume		Carrying amount	Fair value
B. II. 4.	Participations			23,795	48,971
	Forward currency sales	64,125	TUSD		-3,994
	Forward currency purchases	13,710	TUSD		257
	Micro valuation unit	**50,415**	**TUSD**	**23,795**	**45,234**
B. II. 4.	Participations			135,086	155,009
	Forward currency sales	182,239	TUSD		-11,370
	Forward currency purchases	17,840	TUSD		698
	Portfolio valuation unit	**164,399**	**TUSD**	**135,086**	**144,337**
B. II. 4.	Participations			22,973	23,532
	Forward currency sales	20,040	TGBP		-559
	Micro valuation unit	**20,040**	**TGBP**	**22,973**	**22,973**
B. II. 4.	Participations			57,226	61,738
	Forward currency sales	24,732	TGBP		-695
	Forward currency purchases	3,110	TGBP		-2
	Portfolio valuation unit	**21,622**	**TGBP**	**57,226**	**61,041**
B. III. 1.	Investments in funds			3,532	3,619
	Forward currency sales	3,230	TGBP		-90
	Forward currency purchases	270	TGBP		3
	Portfolio valuation unit	**2,960**	**TGBP**	**3,532**	**3,532**
B. III. 1.	Investments in funds			7,946	8,142
	Forward currency sales	7,270	TGBP		-203
	Forward currency purchases	600	TGBP		7
	Micro valuation unit	**6,670**	**TGBP**	**7,946**	**7,946**
B. III. 2.	Bearer bonds			4,565	5,281
	Forward currency sales	5,360	TUSD		-334
	Micro valuation unit	**5,360**	**TUSD**	**4,565**	**4,947**
B. III. 2.	Bearer bonds			132,113	142,612
	Forward currency sales	145,840	TUSD		-9,087
	Portfolio valuation unit	**145,840**	**TUSD**	**132,113**	**133,525**
B. III. 4. a)	Registered bonds			2,712	2,777
	Forward currency sales	2,300	TGBP		-65
	Portfolio valuation unit	**2,300**	**TGBP**	**2,712**	**2,712**

Forward exchange contracts are used to hedge exchange rate risks. Identical basis, currency and maturity ensure that the resulting compensating changes in value and cash flows can be expected to neutralize one another completely by the time the transaction matures.

Effectiveness is measured by the Critical Terms Match Method. Furthermore, the hedging relationship, the risk management targets set and the strategy adopted for the conclusion of various hedging transactions are documented at individual contract level.

Hedging effectiveness is verified at the beginning of the hedging relationship and on a continuous basis thereafter, i.e. regular checks are performed to establish whether the fluctuations in the value of the derivative financial instruments used for the hedging transaction largely counterbalance the fluctuations in the fair value or cash flows of the underlying transaction hedged.

Hedges are reported in the balance sheet exclusively by the net hedge presentation method.

Shares in joint ventures and associated companies

Shares in joint ventures and associated companies include no goodwill.

Information on investment fund certificates with a share ownership of more than 10 %

					€ thousand
Type of fund/ investment objective	**Carrying amount**	**Fair value**	**Difference**	**Payout**	**Redemption option**
Equity fund	1,567,398	1,567,398	0	0	daily
Fixed-income fund	24,151,138	20,862,238	-3,288,900	691,207	daily or within one month
Property fund	2,426,998	2,575,843	148,845	100,002	daily or within max. six months
Other	7,733,441	7,428,667	-304,774	289,002	daily

Fixed-income funds and other funds are valued using the moderate lower-of-cost-or-market principle according to section 341b (2) HGB.

Other loans

	€ thousand
	2024
B.III.4. Other loans	
a) Registered bonds	1,507,519
b) Promissory notes and loans	2,169,160
c) Loans and advance payments on insurance policies	17,916
d) Other miscellaneous loans	287,978
Total	3,982,573

Deferred tax assets

Differences between valuations in the commercial balance sheets and tax balance sheets of the consolidated companies resulted in an asset-side balance from future tax benefits. The deferred tax assets recognized for this are essentially due to lower valuations in the commercial balance sheets for investments and higher valuations in the commercial balance sheets for loss reserves and annuities for pensions and similar obligations. They also result from the recognition of deferred taxes on tax loss carry forwards. Deferred tax liabilities arise mainly from higher carrying amounts in the commercial balance sheets for intangible assets and investments.

Equity and Liabilities

Other accruals

The difference between the valuation of accruals for pensions and similar obligations at average interest over the last ten years and that over the last seven years was € -3,221 thousand.

Offsetting of assets and liabilities

Pursuant to section 246 (2) HGB, plan assets from reinsurance of € 608 thousand have been offset against corresponding pension obligations of € 870 thousand. The fair value of the plan assets offset is equal to value at cost.

The settlement value of obligations from working time accounts recognized in Other accruals – € 365 thousand – was offset against the € 365 thousand fair value of investment fund certificates held in trust as security. The cost of the investment fund certificates totals € 355 thousand.

Notes to the Consolidated Income Statement

Gross written premiums

	€ thousand
	2024
Life insurance business	1,549,396
Health insurance business	1,628,881
Property and casualty insurance business	2,979,070
Of which:	
Germany	5,993,887
Other EEA States	151,568
Third countries	11,891
Direct insurance business	6,157,346
Reinsurance business assumed	142,900
Total	6,300,247

Investment expenses

Amortization of investments includes non-scheduled depreciation of € 185,975 thousand in accordance with section 277 (3) HGB.

Other income

Other income includes € 4,879 thousand income from the discounting of reserves and income from currency translation totals € 1,656 thousand.

Other expenses

Other expenses include € 4,816 thousand from the discounting of reserves and € 2,322 thousand from currency translation.

Offsetting of income and expenses

In line with the offsetting of retirement pension commitments and the corresponding plan assets, related expenses of € 27 thousand were offset against related income of € 9 thousand as stipulated in section 246 (2) HGB.

Other disclosures

List of holdings

Subsidiaries included in consolidated financial statements

			as %
Name	**Domicile**		**Ownership interest***
Parent company			
Barmenia.Gothaer Finanzholding AG	Cologne	DE	
Barmenia Allgemeine Versicherungs-AG	Wuppertal	DE	100.0
BarmeniaGothaer Asset Management AG	Cologne	DE	100.0
Barmenia Grundstücks GmbH & Co. KG	Wuppertal	DE	89.9
Barmenia Krankenversicherung AG	Wuppertal	DE	100.0
CG Car-Garantie Versicherungs-Aktiengesellschaft	Freiburg i. Brsg.	DE	67.0
FWP Lux Feeder Beta S.A. (in liquidation)	Munsbach	LU	100.0
GG-Grundfonds Vermittlungs GmbH	Cologne	DE	100.0
Gothaer Allgemeine Versicherung AG	Cologne	DE	100.0
Gothaer Beratung und Vertriebsservice GmbH	Cologne	DE	100.0
Gothaer Invest- und FinanzService GmbH	Cologne	DE	100.0
Gothaer Krankenversicherung AG	Cologne	DE	100.0
Gothaer Leben Renewables GmbH	Cologne	DE	100.0
Gothaer Lebensversicherung AG	Cologne	DE	100.0
Gothaer Pensionskasse AG	Cologne	DE	100.0
Gothaer Solutions GmbH	Cologne	DE	100.0
Hamburg-Kölner-Vermögensverwaltungsgesellschaft mbH	Cologne	DE	100.0
Janitos Versicherung AG	Heidelberg	DE	100.0
PE Holding USD GmbH	Cologne	DE	100.0
PrismaLife AG	Ruggell	LIE	75.0
VBMC ValueBasedManagedCare GmbH	Cologne	DE	100.0

* In the case of ownership interests that are partially held indirectly, economic interests are calculated.

Subsidiaries not included in consolidated financial statements

Pursuant to section 296 (2) HGB, the following subsidiaries are not included in the consolidated financial statements because they are of minor significance for the Group:

			as %
Name	Domicile		Ownership interest*
AbisDu Pflege GmbH i.L.	Cologne	DE	100.0
adcuri GmbH	Wuppertal	DE	100.0
A.S.I. Wirtschaftsberatung AG	Münster	DE	100.0
Barmenia IT+ GmbH	Wuppertal	DE	100.0
Barmenia Next Strategies GmbH	Wuppertal	DE	100.0
Barmenia Vermögensverwaltungs GmbH	Wuppertal	DE	100.0
CARE24 GmbH i.L.	Cologne	DE	70.0
Care Rockets GmbH	Wuppertal	DE	100.0
CarGarantie Courtage SARL	Brunstatt-Didenheim	FR	67.0
Car-Garantie GmbH	Freiburg i. Brsg.	DE	67.0
DASG Deutsche Assekuranzservice GmbH	Wuppertal	DE	100.0
FORUMFINANZ Vermögensberatungs- und Vermittlungs-GmbH	Wuppertal	DE	100.0
GBG-Consulting für betriebliche Altersversorgung GmbH	Hamburg	DE	100.0
GKC Gothaer Kunden-Service-Center GmbH	Cologne	DE	100.0
GoReLux II GP S.á.r.l.	Luxemburg	LU	100.0
Gothaer Digital GmbH	Cologne	DE	100.0
Gothaer Erste Kapitalbeteiligungsgesellschaft mbH	Cologne	DE	100.0
Gothaer Grundbesitz GmbH	Cologne	DE	100.0
Gothaer Risk-Management GmbH	Cologne	DE	100.0
Gothaer Sechste Kapitalbeteiligungsgesellschaft mbH	Pullach i. Isartal	DE	100.0
Gothaer Vertriebs-Service AG	Cologne	DE	100.0
Gothaer Zweite Beteiligungsgesellschaft Niederlande mbH	Cologne	DE	100.0
GSC Gothaer Schaden-Service-Center GmbH	Berlin	DE	100.0
GSG Garantie-Service GmbH	Freiburg i. Brsg.	DE	67.0
Intentus GmbH	Cottbus	DE	100.0
Medico GmbH & Co. KG	Frankfurt a.M.	DE	99.9
MediExpert Gesellschaft für betriebliches Gesundheitsmanagement mbH	Cologne	DE	100.0
MVVS Meine Versicherungen-Vermittlungsservice GmbH	Cologne	DE	100.0
Pensus Pensionsmanagement GmbH	Göttingen	DE	100.0
Servicegesellschaft für Beratungsleistung mbH	Wuppertal	DE	100.0

* In the case of ownership interests that are partially held indirectly, economic interests are calculated.

Joint ventures and associated companies included in the consolidated financial statements

			as %
Name	**Domicile**		**Ownership interest***
KILOS Beteiligungs GmbH & Co. Vermietungs-KG	Pullach i. Isartal	DE	93.1
OWP Nordergründe GmbH & Co. KG	Bremen	DE	40.0
ROLAND Rechtsschutz-Versicherungs-AG	Cologne	DE	40.0

* In the case of ownership interests that are partially held indirectly, economic interests are calculated.

Joint ventures and associated companies not included in the consolidated financial statements

Pursuant to section 311 (2) HGB and DRS 27, the following joint ventures and associated companies are not included in the consolidated financial statements due to their minor significance for the Group:

			as %
Name	**Domicile**		**Ownership interest***
LM+ - Leistungsmanagement GmbH	Cologne	DE	50.0
RCP Deutscher Solarfonds II GmbH & Co. KG	Frankfurt a.M.	DE	24.0
Wegatech Greenergy GmbH	Cologne	DE	23.8

* In the case of ownership interests that are partially held indirectly, economic interests are calculated.

Participations not included in consolidated financial statements

					€ thousand
Name	Domicile		Ownership interest * as %	Equity	Net result for the year
Aberdeen Asia Pacific II, L.P.	George Town	KY	13.4	24,419	-43,487
Accession Mezzanine Capital III L.P.	St. Helier	JE	16.9	59,448	10,579
Achmea B.V.	Zeist	NL	1.1	8,978,000	814,000
BCA AG	Oberursel	DE	10.0	8,626	-1,079
Beechbrook Mezzanine II L.P.	Edinburgh	GB	16.6	49,956	8,754
Beechbrook Private Debt III L.P.	London	GB	15.5	169,344	13,607
Curzon Capital Partners IV L.P.	London	GB	8.6	131,789	-3,390
European Property Investors Special Opportunities 4 LP	London	GB	2.7	1,189,640	-245,017
E+S Rückversicherung AG	Hannover	DE	1.0	744,951	21,400
European Alliance Partners Company AG	Zürich	CH	12.5	9,492	386
EXTREMUS Versicherungs-Aktiengesellschaft	Cologne	DE	5.0	62,760	1,013
Falcon Strategic Partners IV, L.P.	Wilmington	US	2.8	481,306	-98,966
Falcon Strategic Partners V (Cayman), L.P.	George Town	KY	31.1	105,106	657
FirstMark Capital II, L.P.	Wilmington	US	13.3	335,043	2,414
FirstMark Capital III L.P.	Wilmington	US	13.5	717,658	-82,860
FirstMark Capital OF I, L.P.	Wilmington	US	16.7	75,740	-28,595
GDV Dienstleistungs-GmbH	Hamburg	DE	1.2	33,341	2,474
heal.capital I GmbH & Co. KG	Berlin	DE	12.9	46,261	-5,248
HC Property Heureka I Alpha S.à.r.l.	Luxemburg	LU	5.3	24,436	722
HC Property Heureka II Beta S.à.r.l.	Luxemburg	LU	5.3	18,540	1,152
HC Property Heureka III Gamma S.à.r.l.	Luxemburg	LU	5.3	12,097	952
HC Property Heureka IV Delta S.à.r.l.	Luxemburg	LU	5.3	12,542	828
New York Life Capital Partners IV, L.P.	New York	US	9.2	20,966	7,964
PineBridge Secondary Partners III L.P.	Wilmington	US	12.3	89,913	-607
PineBridge Secondary Partners IV Feeder, SLP	Luxemburg	LU	10.4	299,157	-15,387
Praesidian Capital Bridge Fund, L.P.	Wilmington	US	19.9	21,144	5,306
Praesidian Capital Opportunity Fund III-A, L.P.	Wilmington	US	32.7	5,482	-1,678
Protektor Lebensversicherungs-AG	Berlin	DE	2.7	7,950	95
RREEF Pan-European Infrastructure Feeder GmbH & Co. KG	Eschborn	DE	27.8	121,363	-21,939
Sana Kliniken AG	München	DE	6.2	723,718	68,210
SilkRoad Asia Value Parallel Fund, SICAV-SIF	Luxemburg	LU	14.7	279,562	-34,398
WAI S.C.A., SICAV- FIS / Private Equity Secondary 2008	Luxemburg	LU	22.1	17,075	-29

* In the case of ownership interests that are partially held indirectly, economic interests are calculated.

The option set out in section 313 (3) sentence 4 HGB was exercised in drawing up the list of holdings.

The disclosures refer to the last financial year for which financial statements were available. Financial statements denominated in foreign currencies were translated into euros at the mean spot rate at balance sheet date.

Liabilities

Liabilities with a residual term of more than five years totalled € 400,000 thousand.

Board membership and remuneration

Members of the Supervisory Board and Management are identified by name at the beginning of this report.

Remuneration paid to Management totalled € 12,042 thousand. Retirement, survivors' benefits and other payments for former members of Management came to € 3,826 thousand. Pension accruals totalling € 67,847 thousand exist for this group of individuals.

Remuneration paid to the Supervisory Board and Advisory Board totalled € 1,093 thousand.

Total fee for the statutory auditor

	€ thousand
	2024
Auditing of financial statements	1,575
Attestation services	26
Other services	255
Total	1,857

Personnel expenses

		€ thousand
		2024
1.	Wages and salaries	442,905
2.	Social security contributions and employee benefits	72,599
3.	Post retirement benefits	32,844
4.	Total expenses	548,348

Human resources on average

	Persons
	2024
In house	4,843
In the field	538
	5,381
Apprentices	280
Total	5,661

Contingent liabilities and other financial commitments

In compliance with section 28 (1) EGHGB, accruals of € 3,591 thousand have not been recognized for pension-related obligations for which a legal entitlement was acquired prior to 1 January 1987.

At year-end, contributions totalling € 3,593,153 thousand (including € 121,464 thousand due to affiliated companies) were outstanding for shares held by the Company in affiliated companies and associates as well as for other investments.

Other financial commitments arising from long-term leasing and rental agreements totalled € 84,920 thousand at balance sheet date.

Letters of comfort have been issued to meet repayment obligations arising from brokerage fees paid in advance; however, given the positive performance of the subsidiaries, no claims are expected to be made.

Our membership in the “Verkehrsopferhilfe e.V.” association entails an obligation to contribute to the funds that this association requires to carry out its activities. Our contribution is based on our share of the premium income generated by member companies from direct motor liability insurance in the year prior to the previous calendar year.

On the basis of sections 221 ff. VAG, health insurers are required to be members of a guarantee fund. After the assumption of insurance contracts, the fund can levy special contributions up to 2 ‰ of the sum of net underwriting reserves for the fulfilment of its duties.

In accordance with sections 221 ff. VAG, the life insurers are members of the life insurers' guarantee fund (Sicherungsfonds für die Lebensversicherer). In addition to the obligatory current contributions, the fund can levy special contributions up to 1 ‰ of the sum of net underwriting reserves on the basis of the Guarantee Fund Financing Ordinance (Life). Furthermore, in the event of the fund not having the resources needed to handle a rescue case, Gothaer Lebensversicherung AG has committed to make financial resources available to the guarantee fund – or alternatively to Protektor Lebensversicherungs-AG – in an amount equal to 1 % of the sum of net underwriting reserves, taking account of the contributions already made to the guarantee fund. The total commitment to the guarantee fund at balance sheet date was € 241,429 thousand.

Global minimum taxation

The BEPS Pillar 2 regulations were transposed into German law (Minimum Tax Act, MinStG) at the end of 2023 and came into force on 1 January 2024. The BarmeniaGothaer Group falls within the scope of these regulations.

The BarmeniaGothaer Group conducted an analysis on the reporting date to determine the extent to which the Group is affected and the jurisdictions in which it is exposed to potential impacts in connection with a Pillar 2 top-up tax. First, it was checked whether the CbCR Safe Harbour regulations apply. All countries in which the

BarmeniaGothaer Group operates are covered by the CbCR Safe Harbour regulations, meaning that no top-up tax will be payable on 31 December 2024.

The BarmeniaGothaer Group applies the exemption pursuant to sections 274 (3) and 306 (5) HGB, according to which no deferred tax assets or liabilities in connection with the OECD's second pillar (BEPS Pillar 2) income taxes are recognized in the balance sheet and no disclosures are made in this regard.

The BarmeniaGothaer Group is closely monitoring the progress of the legislative process in each country in which the Group operates.

Events of special significance

No events of special significance occurred after the conclusion of the financial year 2024.

Proposal for the appropriation of profit

The profit for the year registered by our parent company Barmenia.Gothaer Finanzholding AG was € 26,847,103.30. It is proposed that an amount of € 4,000,000.00 be allocated to other revenue reserves, € 97,103.30 be carried forward and € 22,750,000.00 be distributed to shareholders.

Cologne, 22 April 2025

The Management Board

Dr Andreas Eurich	Oliver Schoeller	Thomas Bischof
Alina vom Bruck	Dr Sylvia Eichelberg	Harald Epple
Frank Lamsfuß	Christian Ritz	

Independent Auditors' Report

Barmenia.Gothaer Finanzholding Aktiengesellschaft, Cologne

Report on the Audit of the Consolidated Financial Statements and the Group Management Report

AUDIT OPINIONS

We have audited the consolidated financial statements of Barmenia.Gothaer Finanzholding Aktiengesellschaft, Cologne and its subsidiaries (the Group) – comprising the consolidated statement of financial position as at 31 December 2024, the consolidated income statement, statement of changes in equity and statement of cash flows for the financial year from 1 January to 31 December 2024 and the notes to the consolidated financial statements, including the presentation of accounting and valuation policies. We have also audited the Group management report of Barmenia.Gothaer Finanzholding Aktiengesellschaft, Cologne for the financial year from 1 January to 31 December 2024. In accordance with German statutory requirements, we have not audited the content of the parts of the Group management report referred to in the "Other information" section of our auditor's report.

In our opinion, based on the knowledge obtained in the course of the audit,

– the accompanying consolidated financial statements comply in all material respects with the rules of German commercial law and, in accordance with German general accounting principles, present a true and fair picture of the net assets and financial position of the Group as at 31 December 2024 as well as the results of its operations from 1 January to 31 December 2024 and

– the accompanying Group management report as a whole provides an accurate view of the situation of the Group. In all material respects, this Group management report is consistent with the consolidated financial statements, complies with German legal requirements and accurately presents the opportunities and risks of future development. Our audit opinion on the Group management report does not cover the parts of the Group management report referred to in the "Other information" section of our auditor's report.

Pursuant to section 322 (3) sentence 1 of the German Commercial Code (HGB), we declare that our audit has not resulted in any reservations with regard to the legal compliance of the consolidated financial statements or the Group management report.

BASIS FOR THE AUDIT OPINIONS

We conducted our audit of the consolidated financial statements and the Group management report in accordance with section 317 HGB and the EU Audit Regulation (No. 537/2014, hereinafter referred to as "EU Audit Regulation"), observing the German Generally Accepted Standards on Auditing as promulgated by the Institut der Wirtschaftsprüfer (IDW – Institute of Public Auditors in Germany). Our responsibilities under those regulations and standards are described in more detail in the section of our auditor's report headed "Auditor's responsibilities for the audit of the consolidated financial statements and the group management report". We are independent of the Group companies in accordance with the requirements of European law and German commercial and professional law and we have fulfilled our other German professional responsibilities in accordance with these requirements. In addition, we declare in accordance with Art. 10 (2) f) of the EU Audit Regulation that we have not provided non-audit services prohibited under Art. 5 (1) of the EU Audit Regulation. We believe that the audit evidence we have obtained provides an adequate and reasonable basis for our opinions on the consolidated financial statements and Group management report.

KEY AUDIT MATTERS IN THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements for the financial year from 1 January to 31 December 2024. These matters were considered in the context of our audit of the consolidated financial statements as a whole and in the process of forming our audit opinion on them; we do not provide a separate audit opinion on these matters.

1. VALUATION OF INVESTMENTS IN UNIT TRUSTS OR FUNDS RECOGNIZED AS FIXED ASSETS

Related information in the financial statements

The „Investments“ subsection of „Accounting and Valuation Policies“ in the notes to the consolidated financial statements of the Group contains information on the recognition and valuation of shares in investment funds.

Facts and risk for the audit

The audit of the shares or units in investment funds recognized as fixed assets was particularly important due to the significance of the item in the consolidated balance sheet (€ 34,827,495 thousand) and the considerable assessment scope (discretionary decisions, estimates and assumptions) that can be associated with measurement (and fair value disclosures in the notes).

In accordance with section 341b (2) HGB, the Group has largely designated shares in investment funds – which make up the major part of the balance sheet item shares, investments in unit trusts or funds and other non-fixed-interest securities – as being held to serve business operations on a permanent basis. These shares in investment funds are valued in accordance with the valuation rules applicable to fixed assets. In principle, they are recognized in the balance sheet at cost. Depreciation is recognized only in the case of permanent impairment and write-ups are performed if the reason for impairment no longer exists. Fair value is determined by means of a fund review.

The valuation methods used to determine fair value are influenced by discretionary decisions and assumptions made by the legal representatives. There is always a risk that a probable permanent impairment has not been recognized in the consolidated financial statements, and that, as a result, a write-down to fair value at the balance sheet date has not been made.

Audit procedure and findings

In the case of the audited subsidiaries, we audited the shares or units in investment funds recognized by the Group as fixed assets as follows:

We satisfied ourselves on the basis of the liquidity plans presented that the Group has the ability to hold the shares in investment funds recognized as fixed assets on a permanent basis.

Furthermore, we examined the process used to determine the fair value of the shares in investment funds, in particular with regard to the existence and effectiveness of internal controls designed to ensure the correct determination and processing of fair values.

We also performed an assessment of the methods used to determine the conformity and consistency of the fair values. At the same time, we assessed the application of the rules announced by the IDW Insurance Committee.

Furthermore, we verified the entry of the fund data in the investment sub-ledger and subsequently in the calculation document. We also checked that the calculation logic was correctly implemented in the calculation document and satisfied ourselves of the mathematical accuracy for randomly selected shares in investment funds.

In our audit activities we also took into account the work of other the auditors who audited Group subsidiaries.

2. VALUATION OF THE GROSS POLICY RESERVE

Related information in the financial statements

The consolidated financial statements of the Group contain information on the measurement of the gross policy reserve in the section "Accounting and valuation policies, underwriting reserves".

Audit matters and risks

The consolidated financial statements show a gross underwriting reserve of € 41,363,509 thousand. This corresponds to 72.0% of the balance sheet total and materially affects the net assets of the Company.

The tariff-dependent valuation of the policy reserve in the life insurance segment is performed in accordance with section 341f HGB and section 25 of the Ordinance Governing the Accounting Practices of Insurance Companies (RechVersV) on a policy-by-policy and prospective basis and is calculated by subtracting the present value of future premiums from the present value of future benefits. The basis is formed by the bases for calculation notified to the supervisory authority pursuant to section 143 VAG or the business plans approved by the supervisory authority.

Valuation is based on biometric assumptions and assumptions on cost and interest rate developments, additionally taking into account the regulations governing additional interest reserves and an interest rate reinforcement in the existing portfolio. The risk for the consolidated financial statements is that policy data are not fully taken into account in the calculation and that the policy reserve is under- or overvalued as a result of incorrect application or determination of the calculation parameters. Due to the complexity of the valuation and its materiality for the consolidated financial statements as at 31 December 2024, this is a particularly important audit matter.

The gross policy reserve in health insurance is basically the sum of the ageing provisions calculated for each individual policy. Depending on the tariff, the ageing provisions of the individual policies are generally calculated automatically.

The policy reserve consists of the tariff-based ageing provision, the accumulated funds from the direct credit pursuant to section 150 VAG and the reserve for the statutory loading pursuant to section 149 VAG.

In addition to the rules of commercial law, supervisory regulations must also be taken into account. The assumptions made for calculating premiums must also be used for calculating ageing provisions. Key factors here are interest rate, lapse rate and calculated per capita claims, i.e. average claims payments per person per year. The rate of change as the insured person advances in age particularly needs to be taken into account in the calculated per capita claims. In the case of premium adjustments, changes in assumptions may only be implemented after approval by the independent trustee.

Due to the high complexity of the process of calculating ageing provisions, there is a risk for the financial statements that the amount of ageing provision fails to meet legal requirements.

As a result – and due to the significance of the amounts for the consolidated financial statements as at 31 December 2024 – the valuation of the gross policy reserves in life and health insurance was an important audit matter.

Audit procedure and findings

We have audited the gross policy reserve for the life insurance segment formed by the Group as follows:

First of all, we noted the procedures adopted by the Group to determine and recognize the policy reserve. We satisfied ourselves that the relevant controls for the valuation of the policy reserve were appropriate and implemented and we verified their viability by control testing. We particularly focused on the controls for ensuring the completeness and accuracy of policy data in the portfolio management system and the controls for calculating the policy reserves for individual contracts.

Based on this, we performed substantive procedures on the valuation of the policy reserve, including interest reinforcement (additional interest reserve and interest reinforcement for the existing portfolio). We spot-checked the results obtained by the Group for policy reserves for individual policies and verified that the valuation methods used were applied consistently. In this connection, we also examined whether interest rate reinforcements were determined in accordance with legal/business plan stipulations and whether assumptions on cancellation and capital settlement probabilities were made in a transparent manner. We also examined whether the general or individually adjusted tables published by the German Association of Actuaries (Deutsche Aktuarvereinigung - DAV) were properly applied. At the same time, we employed an internal profit breakdown to satisfy ourselves that there were no long-term negative risk results.

We also evaluated the draft report of the responsible actuary. In particular, we examined the assessment therein of the valuation parameters used in the valuation of the gross policy reserve, checked that they were appropriate and satisfied ourselves that the report does not contain any statements that contradict our audit results.

We have audited the gross policy reserve formed by the Group for the health insurance segment for the subsidiaries included in our audit as follows:

First of all, we noted the procedures adopted by the Group to determine and recognize the policy reserve. We satisfied ourselves that the relevant controls for the valuation of the policy reserve were appropriate and implemented and we verified their viability by control testing. We particularly focused on the controls for ensuring the completeness and accuracy of policy data in the portfolio management system and the controls for ensuring that new tariffs and assumption changes were recognized correctly.

Based on this, we performed substantive procedures on the valuation of the policy reserve. For a random selection of policies in force, we recalculated the ageing provision to verify whether the ageing provisions for individual policies were determined in line with the specifications of the so-called "Technische Berechnungsgrundlagen" (Technical Calculation Bases). At the same time, we checked whether the calculation assumptions made on actuarial interest rate, calculated per capita claims and mortality and lapse tables were consistent with those made for calculating premiums.

We then satisfied ourselves that the independent trustee approved the changes in the premium adjustments made in the financial year. In the case of changes in the actuarial interest rate, we verified that the actuarial interest rate applied was in line with the actuarial corporate interest rate. For deliberately selected individual cases, we checked that the new bases for calculation were applied correctly. We also verified the calculation of the limitation funds from the reserve for premium refunds.

With regard to the gross policy reserve, we analyzed the changes from the previous year for each tariff category. We also isolated known factors such as limitation funds from reserves for premium refunds, direct credits, actuarial interest and Zillmer adjustments from the overall change in the policy reserve and analyzed the remaining change over time.

In addition, we retraced the calculation of the direct credit from net return pursuant to section 150 (1) and (2) VAG and reconciled the corresponding write-up to the policy reserve.

In our audit activities we also took into account the work of other auditors who audited Group subsidiaries.

The audit was performed with the help of our own specialists with knowledge of actuarial mathematics.

3. VALUATION OF THE PARTIAL LOSS RESERVES FOR KNOWN AND UNKNOWN CLAIMS INCLUDED IN THE GROSS RESERVE FOR OUTSTANDING CLAIMS IN PROPERTY AND CASUALTY INSURANCE

Related information in the financial statements

The consolidated financial statements of the Group contain information on the measurement of the reserve for outstanding claims in the section "Accounting and valuation policies, underwriting reserves".

Audit matters and risks

The consolidated financial statements show a gross reserve for outstanding claims of € 4,557,735 thousand. This corresponds to 7.9% of the balance sheet total and materially affects the net assets of the Group.

The gross reserve for outstanding claims is divided into various partial loss reserves. A substantial part of the gross reserve for outstanding claims comprises the partial loss reserves for known and unknown claims.

The obligations recognized in the partial loss reserves for known and unknown claims are estimated values, the estimation of which is the responsibility of the Group's legal representatives. The methods, assumptions and parameters used in determining these estimates are based on both past and future expected developments and include discretionary decisions and uncertainties on the part of the legal representatives in the assessment of known events and events that have already occurred but will only become known in the future. Estimated values therefore carry an increased risk of misstatements in the financial statements.

Audit procedure and findings

We have audited the partial loss reserves formed by the Group for known and unknown claims for the subsidiaries included in our audit as follows:

First of all, we gained an understanding of the processes used to determine the gross partial loss reserves for known and unknown claims. Based on this, we performed an audit of the design and operation of the key internal controls embedded in the claims settlement process to ensure that the required reserves are complete and correct.

To verify the valuation of the partial loss reserve for unknown claims, we retraced the Group's calculation for selected risk-oriented lines and classes of insurance to establish the volume of unknown IBNR claims. In particular, we assessed the parameters used on the basis of historical experience and current developments. With regard to known claims not yet settled at balance sheet date, we performed substantive testing on risk-oriented and random samples of claims to verify the correctness of the claim file management and the appropriateness of the reserve that was formed. At the same time, we examined the records to verify the estimates of probable loss for various lines and classes of insurance.

In addition, we analyzed the actual development of the previous-year reserve for outstanding claims on the basis of the run-off results.

We checked the plausibility of the development of the outstanding claims reserve on the basis of key figure and time series analyses.

We also performed our own actuarial reserve calculations for selected segments, which were chosen specifically on the basis of risk considerations. In each case, we estimated the total (gross) claims expenditure in order to verify the adequacy of the reserves for outstanding claims and the level of security achieved.

In our audit activities we also took into account the work of other auditors who audited Group subsidiaries.

The audit was performed with the help of our own specialists with knowledge of actuarial mathematics.

OTHER INFORMATION

Other information is provided by the legal representatives and/or the Supervisory Board. It comprises the following non-audited parts of the Group annual report:

– the Group governance statement pursuant to section 315d and 289f (4) HGB, which is included in the "Gender diversity" section of the Group management report,

– the Non-financial Group report included in the "Non-financial Group statement" section of the Group report.

Other information also includes:

– the report of the Supervisory Board and

– the other parts of the annual report – without further cross-references to external information – with the exception of the audited consolidated financial statements and Group management report as well as our auditor's report.

The Supervisory Board is responsible for the report of the Supervisory Board. The legal representatives are responsible for the other information.

Our audit opinions on the consolidated financial statements and Group management report do not cover the other information, and consequently we do not express an audit opinion or any other form of audit conclusion with regard to the other information.

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

– whether it is materially inconsistent with the consolidated financial statements, the Group management report or the knowledge we obtained in the audit, or

– whether it otherwise appears to be materially misstated.

RESPONSIBILITIES OF THE LEGAL REPRESENTATIVES AND THE SUPERVISORY BOARD FOR THE CONSOLIDATED FINANCIAL STATEMENTS AND GROUP MANAGEMENT REPORT

The legal representatives are responsible for conformity of the preparation of the consolidated financial statements in all material respects to the German commercial law provisions, and that generally accepted German accounting principles are applied to ensure that the consolidated financial statements provide a true and fair view of the Group’s net assets, financial position and results of operations. In addition, the legal representatives are responsible for such internal control as they have determined necessary, in accordance with generally accepted German accounting principles to permit the preparation of consolidated financial statements that are free from material misstatement as a result of malicious acts (i.e. manipulation of accounts and damage to assets) or errors.

When the consolidated financial statements are prepared the legal representatives are responsible for making an accurate assessment of the Group’s going concern status. They are also responsible for disclosing matters relating to the going concern of the entity, if relevant. In addition, they are responsible for ensuring that the balance sheet is prepared on the basis of the going concern accounting principle unless this is not possible due to conflicting matters of fact or law.

The legal representatives are also responsible for the preparation of the Group management report, which provides an accurate picture of the Group’s position, and for ensuring it is consistent in all material respects with the consolidated financial statements, conforms to German statutory requirements and accurately conveys the opportunities and risks of future development. Furthermore, the legal representatives are responsible for taking precautions and measures (systems) which they deem necessary for the preparation of the Group management report in conformity with German statutory requirements and for providing sufficient evidence to support the statements made in the Group management report.

The Supervisory Board is responsible for overseeing the financial reporting process for the preparation of the consolidated financial statements and Group management report.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS AND THE GROUP MANAGEMENT REPORT

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement as a result of malicious acts or errors and whether the Group management report as a whole provides an accurate view of the Group's position and, in all material respects, is consistent with the consolidated financial statements and the knowledge obtained in the audit, complies with the requirements of German law and accurately presents the opportunities and risks of future development, as well as to issue an auditor’s report that includes our audit opinions on the consolidated financial statements and Group management report.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with section 317 HGB and the EU Audit Regulation and in compliance with the German Generally Accepted Standards on Auditing promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from malicious acts or errors and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the present consolidated financial statements and Group management report.

During the audit we exercise professional judgement and scepticism. Furthermore, we

– identify and assess the risks of material misstatement in the consolidated financial statements and Group management report due to malicious acts or errors, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinions. The risk of a material misstatement due to malicious acts going undetected is higher than the risk of material misstatement due to error because malicious acts may involve collusion, forgery, deliberate omissions, misrepresentations or the overriding of internal control mechanisms.

– obtain an understanding of the internal controls which are relevant for the audit of the annual financial statements, and the precautions and measures taken which are relevant for the audit of the Group management report, in order to plan appropriate audit procedures under the circumstances, however not with the objective of issuing an audit opinion on the effectiveness of the Group’s internal controls, precautions and measures.

– assess the appropriateness of the accounting methods used by the legal representatives and the plausibility of the estimates and related statements provided by the legal representatives.

– conclude on the appropriateness of the legal representatives' use of the going concern assumption and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group’s ability to continue as a going concern. If we conclude that material uncertainty exists, we are legally required to make reference to the pertinent disclosures in the consolidated financial statements and the Group management report and, if disclosures are inappropriate, to modify our audit opinion. We base our conclusions on the audit evidence obtained up to the date of our audit opinion. Future events or circumstances can, however, affect the Group’s ability to continue operating as a going concern.

– evaluate the presentation, structure and content of the consolidated financial statements, including the disclosures, and assess whether the consolidated financial statements present the underlying transactions and events in such a way as to present a true and fair picture of the net assets, financial position and results of the operations of the Group in compliance with German general accounting principles;

– obtain sufficient appropriate audit evidence about the accounting information of the companies or business activities within the Group to express opinions on the consolidated financial statements and Group management report. We are responsible for the direction, supervision and implementation of the consolidated financial statements audit. We bear sole responsibility for our audit opinions.

– evaluate the consistency of the Group management report with the consolidated financial statements, its conformity with German law and the view of the Group’s position that it provides.

– audit the forward-looking statements made by the legal representatives in the Group management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the legal representatives as a basis for the forward-looking statements, and assess the proper derivation of the forward-looking statements from these assumptions. We do not express a separate audit opinion on the forward-looking statements or the assumptions. There is a substantial unavoidable risk that future events will differ materially from the forward-looking statements.

Among other matters, we discuss the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in the internal controls that we identify in the course of our audit, with those responsible for supervision.

We provide those responsible for supervision with a statement confirming that we have complied with the relevant independence requirements and discuss with them any relationships or other matters that might reasonably be thought to have a bearing on our independence and, where relevant, the actions taken or safeguards implemented to address threats to that independence.

Of the matters discussed with those responsible for supervision, we identify the matters that were of most significance in the audit of the consolidated financial statements for the current reporting period and therefore constitute the key audit matters. We describe these matters in our auditor's report unless public disclosure is precluded by law or regulation.

OTHER STATUTORY AND LEGAL REQUIREMENTS

FURTHER INFORMATION PURSUANT TO ARTICLE 10 OF THE EU AUDIT REGULATION

We were elected as auditor at the annual general meeting on 22 March 2024. We were appointed by the Supervisory Board chair on 18 November 2024. We have acted as auditor for Barmenia.Gothaer Finanzholding Aktiengesellschaft since the 2024 financial year.

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

In addition to performing the audit for the Group companies, we provided the following services that were not disclosed in the consolidated financial statements or Group management report:

– A CSRD Readiness Assessment for Barmenia.Gothaer Finanzholding Aktiengesellschaft

– Reviews of annual financial statements, preparation of a certificate for a foreign authority, performance of a FinVermV audit, performance of an EdW contribution audit and verification of notifications of contributions pursuant to SichLVFinV, performance of an audit in accordance with the German Securities Trading Act (WpHG), a DORA Readiness Assessment, an audit and certification of compliance with procedures for submission to the German Federal Financial Supervisory Authority (BaFin), a project-related audit of an SAP migration, and agreed-upon procedures in accordance with ISRS 4400 (Revised) in connection with the merger of the Barmenia Group with the Gothaer Group.

RESPONSIBLE AUDITOR

The auditor responsible for the audit is Elke Stümper.

Cologne, 28 April 2025

Forvis Mazars GmbH & Co. KG
Wirtschaftsprüfungsgesellschaft
Steuerberatungsgesellschaft

Thomas Volkmer	Elke Stümper
Wirtschaftsprüfer	Wirtschaftsprüferin

Report of the Supervisory Board

Legal bases

The Supervisory Board is the control body of Barmenia.Gothaer Finanzholding AG. The relevant provisions of the German Stock Corporation Act (AktG) and the German Insurance Supervision Act (VAG) serve as the legal basis for its work. The actions of the Supervisory Board are additionally regulated by the articles of association of Barmenia.Gothaer Finanzholding AG and the rules of procedure. The Supervisory Board is required to appropriately control and monitor the Management Board and to be actively involved in the Company's development. When performing its monitoring and advisory function, the Supervisory Board considers not only the legality and propriety of the Management Board's activities, but also their appropriateness and efficiency.

In the course of the merger of the Barmenia Insurance Group with the Gothaer Insurance Group on 3 September 2024, all subsidiaries and associated entities of both insurance groups were bundled "under" Barmenia.Gothaer Finanzholding Aktiengesellschaft as a joint (intermediate) holding company. Barmenia Versicherungen a.G. and Gothaer Versicherungsbank VVaG became the sole shareholders of Barmenia.Gothaer Finanzholding AG. The Company's articles of association were revised, in particular the name was changed from Gothaer Finanzholding AG to Barmenia.Gothaer Finanzholding AG.

Supervisory Board changes

The Supervisory Board has changed both in terms of structure and membership. Previously the Company has had a twelve-member Supervisory Board, which, in accordance with the provisions of the German Co-Determination Act (MitbestG), was composed of six shareholder representatives and six employee representatives. The extraordinary general meeting on 27 July 2024 approved both the measures necessary to implement the merger and a revision of the articles of association, which was entered in the commercial register on 3 September 2024. This included, among other things, an increase in the number of Supervisory Board members to twenty on the basis of equal representation, comprising ten shareholder representatives and ten employee representatives. Due to the status procedure initiated and carried out by the Management Board in accordance with section 97 (1) AktG and due to additional resignations (as a precautionary measure), the terms of office of the current Supervisory Board members ended in accordance with statutory requirements at the end of the extraordinary general meeting on 10 October 2024. Michael Behrendt, Dr h. c. Josef Beutelmann, Anke Düsterloh, Gabriele Eick, Ingolf Graul, Professor Werner Görg, Carl Graf von Hardenberg, Professor Johanna Hey, Professor Heike Jochum and Jürgen Wolfgang Kirchhoff were elected as shareholder representatives at the general meeting. The employee representatives were appointed by a court in accordance with section 104 AktG and include the following individuals: Peter Abend, Antje Eichelmann, Dr Judith Kerschbaumer, Corinna Otto, Heike Rottmann, Christian Rother, Matthias Rottwinkel, Götz Schneider, Peter-Josef Schützeichel and Antje Voous. At its constituent meeting on 18 November 2024, the Supervisory Board elected Professor Werner Görg from among its members as Chair, Peter-Josef Schützeichel as First Vice Chair and Dr h. c. Josef Beutelmann as Second Vice Chair.

The work of the Supervisory Board

Principles

The Supervisory Board continuously monitored the Management Board's actions in accordance with the law and the Company's articles of association during the financial year. The Management Board submitted regular written reports on business developments and the Company's position to the Supervisory Board, as well as verbal reports at six meetings. The Supervisory Board was involved in all decisions of fundamental importance for the Company.

Meetings and communication

The Supervisory Board Chair and the respective Management Board Chairs met at regular intervals outside the meetings to discuss current market developments and the Company's business situation. The Supervisory Board Chair was also in personal contact with the auditor on the issue of the annual financial statements. In addition, the Supervisory Board passed further written resolutions.

Committees

In order to fulfil its legal and statutory obligations in a solution-focused and efficient manner, the Supervisory Board formed committees. The committees all successfully completed the tasks assigned to them in the year under review.

The members of the audit committee are Anke Düsterloh, Professor Johanna Hey, Götz Schneider and Antje Voous, and five meetings were held. At the audit committee meeting in December 2024, the persons responsible for the so-called key functions reported on the results from their areas of responsibility. The auditor also provided an outlook on the 2024 audit. Other topics discussed at the meeting included the report on the internal control system (ICS) and IT security issues. The audit committee met in April 2025 to prepare for the Supervisory Board's examination of the annual financial statements for the 2024 financial year. Representatives of the auditor Forvis Mazars GmbH & Co. KG Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft, Cologne also attended the meeting and the topics extensively discussed there include the annual financial statements, the management report, the proposal for the appropriation of profits and the dependency report. The auditor's report was also discussed in detail.

The investment committee consists of Antje Eichelmann, Professor Johanna Hey, Professor Heike Jochum, Corinna Otto and Christian Rother. It met on three occasions. These meetings served the primary purpose of discussing information on the global economy and capital markets (current situation and outlook), strategic asset allocation, earnings trends and valuations, as well as portfolio activities in 2024. Another focus was reporting on the development of investments following the merger to form the new combined BarmeniaGothaer Group.

The sustainability committee comprised Anke Düsterloh, Professor Johanna Hey and Matthias Rottwinkel. It held three meetings. The status quo regarding the implementation of the Corporate Sustainability Reporting Directive (CSRD) was the main topic of discussion.

The management board committee members are Dr h. c. Josef Beutelmann, Jürgen Wolfgang Kirchhoff and Peter-Josef Schützeichel and three meetings were held. At those meetings, the committee discussed contract-related matters, the target system and the achievement of the agreed targets by the Management Board members. It also approved secondary occupations of the Management Board members.

The provisions of the German Co-Determination Act (MitbestG) required that a mediation committee (section 27 (3) MitbestG) be established in the 2024 financial year. The members of this committee are Dr h. c. Josef Beutelmann, Professor Werner Görg, Heike Rottmann and Christiane Söhngen-Theuermann.

The digitalization and innovation committee held one meeting in the past financial year. It was disbanded in the year under review after the initiatives it had launched were consolidated in operating units.

Training

In line with the stipulations of the Federal Financial Supervisory Authority (BaFin), the members of the Supervisory Board conducted a self-appraisal, assessing their knowledge of investment, underwriting, accounting and auditing. This appraisal forms the basis for an education and training programme drawn up by the Supervisory Board each year to identify the topics in which all or individual members will deepen their knowledge. One such training event was held for the members of the Supervisory Board with a focus on accounting and auditing, the actuarial calculation of the lump-sum reserve for outstanding claims and dealing with DORA (Digital Operational Resilience Act).

Main issues advised on

In the year under review a particular focus of the Supervisory Board's work was the ongoing provision of advice regarding the merger with the Barmenia Insurance Group. The Supervisory Board was able to satisfy itself that the ambitious timetable for this challenging project could be precisely met thanks to effective and stringent project management. It was furthermore able to satisfy itself that the necessary consultation and negotiation processes, as well as the information flows to all participating bodies, were complete, efficient and transparent for the workforce. The Supervisory Board also concluded that the measures taken had achieved the necessary parity for the merger to take place on an equal footing in the interest of all relevant stakeholders. It then gave intense consideration to the measures proposed by the Management Board to ensure the smooth integration of the risk-bearing entities into the new Group, the harmonization of the corporate culture, the optimization of joint business processes and the realization of synergies. The Supervisory Board received regular updates from the Management Board on the current status and was able to satisfy itself that rapid progress was being made.

A topic regularly addressed in discussions included the performance of major holdings and the resulting consequences for the annual financial statements. In connection with the operating companies, focal topics included the issues of competition, product design and the sales organizations as well as the development of the Group companies' revenue, costs and earnings. The Supervisory Board also focused intensely on the solvency situation under Solvency II in the former Gothaer Group, the former Barmenia Group and the Barmenia.Gothaer Group.

It also addressed the implementation of reporting requirements in accordance with section 289b ff. HGB. Barmenia.Gothaer Finanzholding AG prepares the consolidated financial statements for the Barmenia Gothaer Group. Pursuant to section 315b (1) HGB it is required to supplement the financial statements with a non-financial statement. This statement is published on the Company's website and in the company register as part of the consolidated financial statements.

Management Board changes

The Supervisory Board dealt with the personnel matters of the Management Board assigned to it by law. Michael Kurtenbach's term of office as a Management Board member ended on 30 June 2024. The terms of office of Oliver Brüß and Dr Mathias Bühring-Uhle ended on 30 September 2024 and 31 January 2025 respectively. Alina vom Bruck was appointed to the Company's Management Board with effect from 1 July 2024.

It is the Company's intention for the redistribution of responsibilities and parity in the new combined group to be reflected in the composition of the Management Board. At its meeting on 25 July 2024, the Supervisory Board therefore appointed three members of the former Barmenia Insurance Group's Management Board to the Management Board of Barmenia.Gothaer Finanzholding AG. The appointment of Dr Andreas Eurich, Frank Lamsfuß and Christian Ritz took effect when the merger was completed on 3 September 2024. Dr Andreas Eurich und Oliver Schoeller were appointed as the Co-CEOs of Barmenia.Gothaer Finanzholding AG.

Annual financial statements audit

The annual financial statements for the 2024 financial year and the accompanying management report, the consolidated financial statements and the accompanying Group management report, as well as the report on relations with affiliated companies prepared by the Management Board in accordance with section 312 AktG, were audited by the external auditor Forvis Mazars GmbH & Co. KG Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft, Cologne. In each case, the audit included an assessment of the early risk warning system.

The auditing firm issued an unqualified audit opinion in accordance with section 322 HGB for both sets of annual financial statements, whereby the auditor's opinion on the report of the Management Board on its relations with affiliated companies is worded as follows:

"Having duly examined and assessed the report, we confirm that

1. the information contained therein is correct and

2. that consideration of the Company in the course of the transactions listed in the report was not unreasonably high."

The auditors attended the Supervisory Board's balance sheet meeting, where they reported on material results of the audit. The Supervisory Board received the audit reports submitted and took note of and approved the results of the audit.

The audit of the management report, the annual financial statements and the proposal for the appropriation of profits by the Supervisory Board did not give rise to any objections. The Supervisory Board also has no objections to the report of the Management Board on its relations with affiliated companies and its statement at the end of the report.

Words of thanks

The Supervisory Board would like to thank the former members of the Management Board and the members of the now expanded Management Board for their consistently respectful, constructive and result-focused cooperation. The positive business development is due in great part to the highly motivated and committed workforce, which ultimately will also make it possible to take advantage of the future opportunities available to Barmenia.Gothaer Finanzholding AG in the new Group. The Supervisory Board would like to express its particular gratitude not only to all employees, but also to the insurance agents and business partners for their trust and outstanding personal commitment in the past financial year.

Cologne, 8 May 2025

The Supervisory Board

Professor Werner Görg, Chair	Peter-Josef Schützeichel, 1st Vice Chair	Dr h. c. Josef Beutelmann 2nd Vice Chair
Peter Abend	Michael Behrendt	Anke Düsterloh
Antje Eichelmann	Gabriele Eick	Ingolf Graul
Carl Graf von Hardenberg	Professor Johanna Hey	Professor Heike Jochum
Dr Judith Kerschbaumer	Jürgen Wolfgang Kirchhoff	Corinna Otto
Christian Rother	Heike Rottmann	Matthias Rottwinkel
Götz Schneider	Antje Voous	

Addresses of major Group companies

Barmenia.Gothaer Finanzholding AG

Arnoldiplatz 1	Phone	0221 308 00
50969 Cologne	Internet	www.barmeniagothaer.de

Barmenia Allgemeine Versicherungs-AG

Barmenia-Allee 1	Phone	0202 438 00
42119 Wuppertal	Internet	www.barmenia.de

Barmenia Krankenversicherung AG

Barmenia-Allee 1	Phone	0202 438 00
42119 Wuppertal	Internet	www.barmenia.de

Gothaer Allgemeine Versicherung AG

Gothaer Allee 1	Phone	0221 308 00
50969 Cologne	Internet	www.gothaer.de

Gothaer Krankenversicherung AG

Arnoldiplatz 1	Phone	0221 308 00
50969 Cologne	Internet	www.gothaer.de

Gothaer Lebensversicherung AG

Arnoldiplatz 1	Phone	0221 308 00
50969 Cologne	Internet	www.gothaer.de

Gothaer Pensionskasse AG

Arnoldiplatz 1	Phone	0221 308 00
50969 Cologne	Internet	www.gothaer.de

CG Car-Garantie Versicherungs-AG

Gündlinger Str. 12	Phone	0761 4548 0
79111 Freiburg im Breisgau	Internet	www.cargarantie.com

Janitos Versicherung AG

Im Breitspiel 2-4	Phone	06221 709 1000
69126 Heidelberg	Internet	www.janitos.de

PrismaLife AG

Industriering 40	Phone	+423 237 00 00
9491 Ruggell, Liechtenstein	Internet	www.prismalife.com

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