

# annual report 2021

# Contents

<b>Foreword</b>	<b>4</b>	<b>Consolidated financial statements (IFRS) of Union Asset Management Holding AG for the financial year from 1 January to 31 December</b>	<b>43</b>
<b>Report of the Supervisory Board</b>	<b>5</b>	<b>Consolidated income statement</b>	<b>43</b>
<b>Group management report of Union Asset Management Holding AG As at: 31 December 2021</b>	<b>9</b>	<b>Statement of comprehensive income</b>	<b>43</b>
<b>A Basic information on the group</b>	<b>10</b>	<b>Consolidated statement of financial position</b>	<b>44</b>
<b>B Economic report</b>	<b>13</b>	<b>Statement of changes in equity</b>	<b>45</b>
General economic and industry conditions	13	<b>Statement of cash flows</b>	<b>46</b>
Specific business performance	16	<b>Notes to the consolidated financial statements</b>	<b>48</b>
Business environment	21	Basis of preparation	48
Product policy and launches	23	[1] Principles of group accounting	48
Position of the company	28	[2] Accounting policies	48
Dependent company report	35	[3] Consolidated group	49
<b>C Corporate governance declaration</b>	<b>36</b>	[4] Principles of consolidation	50
<b>D Forecast, report on risks and opportunities</b>	<b>36</b>	[5] Estimates	50
Report on opportunities	36	[6] Financial instruments	51
Report on risks	37	[7] Fair value measurement of financial instruments	54
Forecast	40	[8] Currency translation	54
<b>E Non-financial statement</b>	<b>41</b>	[9] Cash reserve	55
		[10] Loans and advances to banks and customers	55
		[11] Allowances for losses on loans and receivables	55
		[12] Investment securities	55
		[13] Shares in companies accounted for using the equity method	55
		[14] Property, plant and equipment	55
		[15] Intangible assets	56
		[16] Right of use assets	56
		[17] Assets and liabilities held for sale	56
		[18] Liabilities to banks and customers	56
		[19] Asset and liability derivatives	56
		[20] Provisions for employee benefits	57
		[21] Other provisions	58
		[22] Lease liabilities	58
		[23] Income	58
		[24] Income taxes	58
		[25] Contingent liabilities	59

<b>Consolidated income statement disclosures</b>	<b>60</b>	<b>Financial instruments disclosures</b>	<b>82</b>
[26] Net interest income	60	[57] Categories of financial instruments	82
[27] Allowances for losses on loans and receivables	60	[58] Exposure to credit risk	83
[28] Net fee and commission income	61	[59] Gross carrying amounts and allowances for losses	85
[29] Net income from investment securities	62	[60] Items of income, expense, gains and losses	88
[30] Other net remeasurement income on financial instruments	62	[61] Fair values	88
[31] Net income from companies accounted for using the equity method	63	[62] Fair value hierarchy	90
[32] Administrative expenses	63	[63] Contractual maturity analysis	93
[33] Other operating result	63	[64] Foreign currency volumes	96
[34] Income taxes	64		
		<b>Other disclosures</b>	<b>98</b>
<b>Statement of comprehensive income disclosures</b>	<b>65</b>	[65] Equity management	98
[35] Amounts reclassified to profit or loss	65	[66] Disclosures of revenue from contracts with customers	98
[36] Income taxes relating to components of other comprehensive income	65	[67] Disclosure of interests in other entities	99
		[68] List of shareholdings	110
<b>Consolidated statement of financial position disclosures</b>	<b>66</b>	[69] Contingent liabilities	111
[37] Cash reserve	66	[70] Other commitments	111
[38] Loans and advances to banks	66	[71] Business combinations	111
[39] Loans and advances to customers	66	[72] Leases	112
[40] Asset derivatives	66	[73] Financial guarantees and credit commitments	113
[41] Investment securities	66	[74] Number of employees	113
[42] Shares in companies accounted for using the equity method	68	[75] Auditor fees	114
[43] Property, plant and equipment	69	[76] Events after the end of the reporting period	114
[44] Intangible assets	70	[77] Related party disclosures	114
[45] Income tax assets	72	[78] Board of Managing Directors of Union Asset Management Holding AG	117
[46] Other assets	73	[79] Supervisory Board of Union Asset Management Holding AG	118
[47] Right of use assets	73	[80] Supervisory mandates held by members of the Board of Managing Directors and employees	118
[48] Assets held for sale	74	[81] Miscellaneous other disclosures	120
[49] Liabilities to banks	74		
[50] Liabilities to customers	74	<b>Independent auditor's report</b>	<b>121</b>
[51] Liability derivatives	74		
[52] Provisions	74	<b>Shareholders and executive bodies of Union Asset Management Holding AG</b>	<b>122</b>
[53] Income tax liabilities	79		
[54] Other liabilities	80	<b>Imprint</b>	<b>126</b>
[55] Lease liabilities	80		
[56] Equity	80		



## Foreword

Dear readers,  
dear shareholders,

Since the end of February this year, part of Europe has been at war. The suffering of the people there has shocked us all, and our hearts go out to them. While the specific repercussions cannot yet be estimated, one thing is clear: the effects will occupy us for an unforeseeable length of time. There is also the coronavirus pandemic, which continues to pose a challenge for us all. In light of this, it almost seems strange to look back on a year that, in many respects, was the most successful in the history of Union Investment.

In the 2021 financial year, our business figures reflected record inflows, the positive performance of our funds and friendly stock markets. Net sales tripled to nearly EUR 40.5 billion. Assets under management rose to a new high of EUR 454.1 billion at the end of the year, and earnings before taxes increased by around 90 % to EUR 1,235 million.

New business with private fund savers doubled to EUR 19.7 billion. The volume of private investors' money thus increased to EUR 209.0 billion. Once again, investor interest was primarily focused on net asset value. For example, equity funds saw a net inflow of EUR 7.0 billion. Mixed funds recorded even stronger new business of EUR 10.5 billion, while open-ended real-estate funds posted net inflows of EUR 2.2 billion. The share of sustainable funds\* in net inflows of private funds amounted to 60 % over the course of the last year. Once again, traditional fund savings plans proved to be the main pillar of new business. More fund savings plans were opened than ever before with 584,000 net new openings. Traditional savings plans, Riester savings plans and employer-funded capital formation schemes now add up to 6.3 million fund savings plans.

In business with institutional investors, Union Investment posted net inflows of EUR 20.8 billion. Increasingly individual client requirements meant that special funds with inflows of EUR 18.2 billion made up 88 % of the total new business of this client group. The volume in the institutional business increased to EUR 245.1 billion.

Sustainability is increasingly becoming a standard topic. In this context, the volume of sustainable investments at Union Investment has grown significantly. The volumes invested in securities rose to EUR 88.1 billion\*. There were also open-ended real-estate funds with a volume of EUR 37.5 billion at the end of the year\*\*, so Union Investment managed a total volume of sustainable investments of EUR 125.6 billion.

In summary, I can say that Union Investment has once again improved on a decade of exceptionally high growth and significantly strengthened its market position. The trends remain in favour of fund investment and active asset management, which means the cooperative funds business remains a model for growth.

Happy reading!

A handwritten signature in blue ink, appearing to read 'H.J. Reinke'.

Hans Joachim Reinke

Chairman of the Board of Managing Directors of  
Union Asset Management Holding AG

\* In accordance with Articles 8 and 9 of the EU Sustainable Finance Disclosure Regulation (SFDR)

\*\* Managed as products according to Article 8 SFDR since 1 November 2021



## Report of the Supervisory Board

### Supervisory Board and Executive Committee

In the 2021 financial year, the Supervisory Board and its Executive Committee monitored the management activities of the Board of Managing Directors in accordance with the applicable legal provisions and the Articles of Association and decided on items of business that required their consent.

To carry out its responsibilities and in compliance with the applicable legal provisions, the Supervisory Board formed an Executive Committee that operates, in particular, as a Human Resources Committee and Audit Committee and prepares the resolutions of the Supervisory Board. The Executive Committee met three times in 2021. The Supervisory Board was regularly reported to on its activities.

The composition of the Supervisory Board and the Executive Committee changed as follows in 2021:

The Deputy Chairman of the Supervisory Board and the Executive Committee, Rainer Schaidnagel (Chief Executive Officer of Raiffeisenbank Kempten - Oberallgäu eG), left the Supervisory Board and the Executive Committee at the end of the Annual General Meeting on 17 May 2021. The Supervisory Board thanks Rainer Schaidnagel for his dedicated and valuable support.

The Annual General Meeting on 17 May 2021 elected Georg Schneider (Chief Executive Officer of VR-Bank Handels- und Gewerbebank eG, Gersthofen) as his successor on the Supervisory Board. The Supervisory Board would like to wish Georg Schneider all the best and every success in his new role as member of the Supervisory Board.

With effect from the end of the Annual General Meeting on 17 May 2021, the Supervisory Board elected Andreas Theis (member of the Board of Managing Directors of Volksbank Eifel eG) as the new Deputy Chairman of the Supervisory Board and as a new member as well as Deputy Chairman of the Executive Committee. The Supervisory Board would like to wish Andreas Theis all the best and every success in these new roles.

### Cooperation with the Board of Managing Directors

The Board of Managing Directors provided the Supervisory Board with regular, timely and comprehensive written and oral reports on the position and performance of the company and the group and on general business developments. The Board of Managing Directors also regularly informed the Supervisory Board about ongoing operations and future business policy, including the corporate strategy and organisational structures of the Union Investment Group.

The Supervisory Board reviewed the risk position of the company and the group and examined other material risks specific to fund management business.

### Supervisory Board meetings

Four meetings were held in the past financial year. At these meetings and by way of regular reports, in particular the quarterly reports, the Supervisory Board was regularly and comprehensively informed of the current position of the company and the group, primarily with regard to general business performance, key individual transactions and any personnel developments. The Supervisory Board was informed comprehensively and promptly of the work carried out by the Executive Committee. The Supervisory Board also approved material business action plans. Other key issues covered in the Supervisory Board meetings included budgeting, the effect of regulatory changes on the Union Investment Group's business, and various equity investment matters.

Between its meetings, the Supervisory Board was informed by the Board of Managing Directors in writing about important events such as personnel matters. In urgent cases, the Supervisory Board approved significant transactions between meetings by adopting resolutions by written procedure. Outside the meetings, the Chairman of the Supervisory Board, who also chairs the Executive Committee, also held regular discussions with the Chief Executive Officer regarding important decisions and specific individual transactions.

### Report in accordance with Section 289f (4) in conjunction with (2) no. 4 of the German Commercial Code (HGB)

The company's Supervisory Board has set targets for the proportion of women on the company's Supervisory Board and Board of Managing Directors pursuant to Section 111 (5) of the German Stock Corporation Act (AktG), to be met by 31 December 2021. The target set for the Supervisory Board was 20% (3 out of 15). In the period under review and at the target date of 31 December 2021, the proportion of women on the Supervisory Board was 26.7% (4 out of 15). For the new target date of 31 December 2026, the Supervisory Board is now aiming for a proportion of women on the Supervisory Board of 26.7% (4 out of 15).

The proportion of women on the Board of Managing Directors in the reporting period was 0%. The Supervisory Board has determined not to set a binding, higher target until 31 December 2021. This is because, while the Supervisory Board was anxious to achieve female representation on the Board of Managing Directors when the target was set in 2017, the lack of vacancies meant that, as far as was known at the time, no female representation would be achievable before the target date of 31 December 2021. For the new target date of 31 December 2026, the Supervisory Board is now aiming for a proportion of women on the Board of Managing Directors of 20% (1 out of 5).

In addition, the Board of Managing Directors has defined targets in accordance with Section 76 (4) AktG for the two management levels below the Board of Managing Directors; these targets are to be met by 31 December 2021. At head of division level (the first level below the Board of Managing Directors), the target was 25%. It was met in the reporting period and by the target date of 31 December 2021. The proportion of women at head of department level (the second level below the Board of Managing Directors) in the reporting period and on the target date of 31 December 2021 was 0%. The Board of Managing Directors had determined not to set a binding, higher target up to 31 December

2021. For the new target date of 31 December 2026, the Board of Managing Directors has set a new target for the proportion of women of 25% (1 out of 4) for the head of division level (the first level below the Board of Managing Directors) and 7.14% (1 out of 14) for the head of department level (the second level below the Board of Managing Directors).

### Cooperation with the auditors

PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, Frankfurt am Main, was elected as the auditor by the Annual General Meeting on 17 May 2021 and subsequently engaged by the Supervisory Board to perform the audit.

In its capacity as the auditor, PricewaterhouseCoopers GmbH confirmed that the separate financial statements for the company prepared and submitted by the Board of Managing Directors, the consolidated financial statements including the accounting system and the management reports for the company and the group for the 2021 financial year, and the report on relationships with affiliated companies as prepared and submitted by the Board of Managing Directors complied with the applicable legal provisions. The auditors issued an unqualified audit opinion for each of these items. In connection with the audit of the report submitted by the Board of Managing Directors on relationships with affiliated companies, PricewaterhouseCoopers GmbH confirmed that, after due audit and assessment, "1. the actual disclosures in the report were accurate, 2. the consideration paid by the company for the transactions listed in the report was not inappropriately high or any disadvantages were compensated for, 3. as regards the activities listed in the report, there were no circumstances that would support an assessment materially different from that arrived at by the Board of Managing Directors."

The audit reports were submitted to the members of the Supervisory Board, who discussed them in detail. The Supervisory Board agrees with the findings of the audit.

On the basis of the obligation to monitor the quality of the audit of financial statements explicitly codified for the first time in the German Stock Corporation Act, the Supervisory Board intensively discussed appropriate assessment criteria and adopted corresponding guidelines.

In order to monitor the quality of the audit of financial statements, the Supervisory Board asked PricewaterhouseCoopers GmbH for a quality report, which outlines the quality assurance processes and measures implemented by the audit company, e.g. with regard to accepting and continuing the engagement and quality assurance accompanying the engagement. In addition, the Supervisory Board assessed the quality of the audit of financial statements itself on the basis of the indicators it decided upon previously.

### Adoption of the annual financial statements

The Executive Committee (Audit Committee) chaired by Dr Cornelius Riese prepared for the final examination of the Supervisory Board by reviewing the separate financial statements, the management report, the dependent company report by the Board of Managing Directors and the proposal for the appropriation of profits which was then given a detailed review by the full Supervisory Board, which also held detailed discussions on these matters in the presence of the auditors. No reservations were expressed. The Supervisory Board also reviewed in detail the consolidated financial statements and the group management report and, here too, held detailed discussions on these matters in the presence of the auditors. No reservations were expressed here either.

The Supervisory Board also acknowledged and approved the findings of the audit of the separate financial statements, the consolidated financial statements, the management report for the company, the group management report and the dependent company report conducted by the auditors. In a resolution adopted on 25 February 2022, the Supervisory Board approved the separate

financial statements prepared by the Board of Managing Directors; these financial statements were thereby formally adopted. The Supervisory Board also agreed with the proposed appropriation of profits. In a resolution adopted today, the Supervisory Board approved the consolidated financial statements prepared and submitted by the Board of Managing Directors.

Following the concluding findings of the review conducted by the Supervisory Board, no reservations were expressed regarding the concluding statement by the Board of Managing Directors in the dependent company report.

The Supervisory Board wishes to thank the Board of Managing Directors and all employees for their valuable contribution in 2021.

Frankfurt am Main, 25 March 2022

**Union Asset Management Holding AG,  
Frankfurt am Main**



Dr Cornelius Riese  
Chairman of the Supervisory Board

## **Group management report** **2021 financial year**

A Basic information on the group	10
B Economic report	13
C Corporate governance declaration	36
D Forecast, report on risks and opportunities	36
E Non-financial statement	41

# Group management report of Union Asset Management Holding AG for the financial year from 1 January to 31 December 2021

## Note

The following management report should be read in the context of the audited financial data and disclosures in the notes to the consolidated financial statements. The management report also includes forward-looking statements that are based on current planning, assumptions and estimates rather than on historical facts. Forward-looking statements always apply to the time the statements are made. Union Asset Management Holding AG (UMH) is under no obligation to revise these statements when new information becomes available. Forward-looking statements are always subject to risks and uncertainty. We therefore explicitly note that actual events can differ significantly from those forecast as a result of a number of factors. Factors that currently appear to be material are described under 'Forecast, report on risks and opportunities' and in other sections of this report.

Note: Tables and references may contain rounding differences compared with the precise mathematical figures (monetary units, percentages, etc.)

## A Basic information on the group

Union Asset Management Holding AG and its subsidiaries (Union Investment) form part of the Genossenschaftliche FinanzGruppe Volksbanken Raiffeisenbanken cooperative financial network. The objectives and strategies pursued by Union Investment are therefore shaped by the guiding principles of the Genossenschaftliche FinanzGruppe, which focus on mutual benefit and decentralisation. In this structure, the local primary banks and their members are supported by specialist service providers that pool expertise in particular types of products and services and operate at a national level. The range of services provided by Union Investment is aimed at both retail and institutional clients.

In retail business, Union Investment services are exclusively available to the retail clients of the partner banks ('Verbund first'). Union Investment follows a two-stage sales approach, offering needs-based support for the client advisory process conducted by the partner banks. It supports distribution partners with suitable products and services across the entire value chain, enabling them to offer an optimal range of asset management options.

The portfolio of services for institutional clients is designed with institutional investors of varying sizes in mind. The clients within the Genossenschaftliche FinanzGruppe cooperative banking group are primary banks and other specialist banks, and also corporate clients of the cooperative primary banks. Union Investment also competes for institutional investors' investment capital outside of the Genossenschaftliche FinanzGruppe, for example with pension funds, professional pension schemes and insurance companies.

The core geographical area of the retail client activities of Union Investment is the territory covered by the Genossenschaftliche FinanzGruppe (Germany) and by the cooperative banks in Austria. The institutional clients business also has a regional focus in Germany, although there are some activities in other markets on a selective basis. The main locations of the Union Investment asset management units are Frankfurt, Hamburg, Erlangen, Luxembourg, Vienna and Paris.

The Union Investment Group comprises various single entities, with Union Asset Management Holding AG (UMH) as the parent holding company. The consolidated group of UMH currently consists of 22 entities.<sup>1</sup> The most significant equity investments in the UMH portfolio can be broken down as follows:

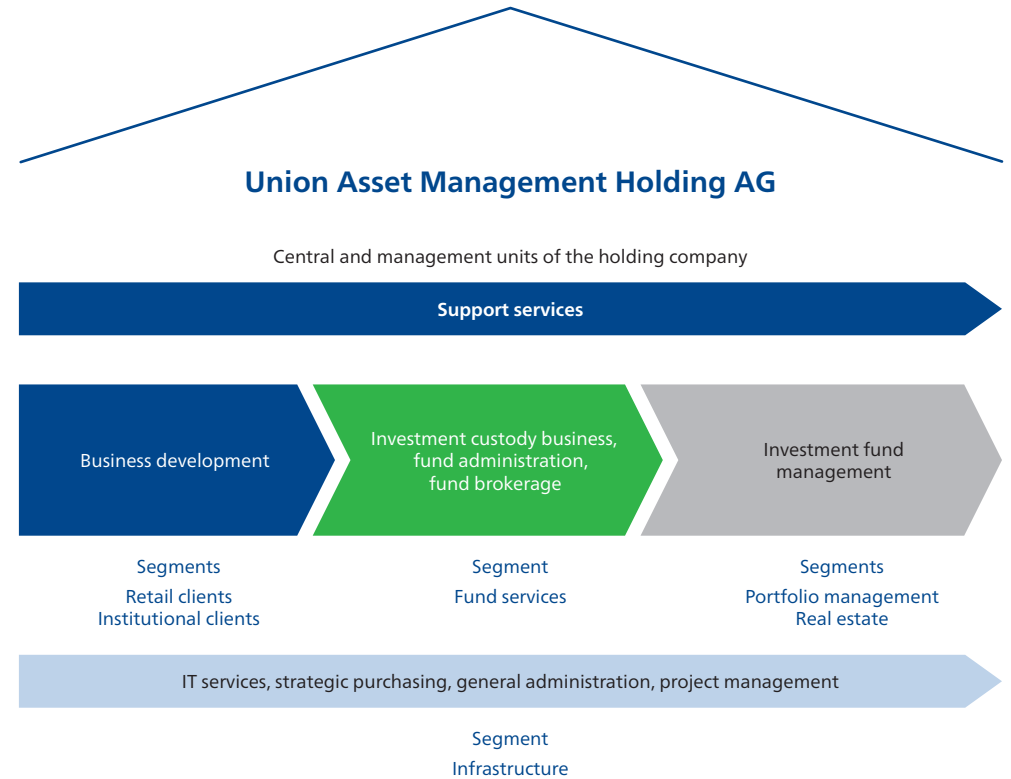
- **Asset management companies in Germany and abroad:**  
Bundling of asset management expertise for different management styles, asset classes or regional capital markets.
- **Investment firms in Germany and abroad:**  
Offering of sophisticated portfolio management, investment consulting, fund brokerage, sales and support services and provision of investment accounts.
- **Finance companies:**  
Acquisition and management of equity investments and purchase of properties.
- **Providers of ancillary services:**  
Provision of services in the areas of fund administration and infrastructure, and purchase, sale and management of properties.

<sup>1</sup> Comprises the companies included in the consolidated group of the UMH Group, as at 31 December 2021.

Specifically, there are the following companies:

Union Asset Management Holding AG					
Germany			Rest of world		
Asset management companies	Investment firms	Finance companies	Asset management companies	Investment firms	
Union Investment Privatfonds GmbH	Quoniam Asset Management GmbH	ZBI GmbH	Union Investment S.A., Luxemburg	Union Investment Austria GmbH, Wien	
Union Investment Institutional GmbH	VisualVest GmbH	UIR Verwaltungsgesellschaft mbH	Union Investment Real Estate Austria AG, Wien	Attrax Financial Services S.A., Luxemburg	
Union Investment Real Estate GmbH	Union Investment Service Bank AG	<b>Associates</b>	BEA Union Investment Management Ltd., Hongkong		
Union Investment Institutional Property GmbH	<b>Providers of ancillary services</b>			R+V Pensionsfonds AG	
ZBI Fondsmanagement AG	Union IT-Services GmbH	compertis Beratungsgesellschaft für betriebliches Vorsorgemanagement mbH			
	Union Service-Gesellschaft mbH	<b>Other subsidiaries</b>			
	ZBI Immobilienmanagement GmbH		Union Investment Real Estate Digital GmbH		
	ZBVV Zentral Boden Vermietung und Verwaltung GmbH				

For external purposes, the Union Investment Group is managed by the individual companies as legal entities. Internally, the management concept at Union Investment is defined by uniform company- and location-wide organisation according to segments. The core competencies of business development and portfolio management are both organised into two segments: Retail Clients and Institutional Clients for the former, and Portfolio Management and Real Estate for the latter. There are two further segments known as Fund Services (fund administration, investment custody business, fund brokerage) and Infrastructure (IT, strategic purchasing, business services, project management).



The companies of the Union Investment Group are allocated to these segments. In some cases, individual units within a company are assigned to different segments. Exceptions to this are non-integrated companies, such as joint ventures (e.g. BEA Union Investment) on account of the ownership structure, and Union Investment equity investments in which self-contained management is beneficial because of the business model involved or other criteria (e.g. the ZBI Group companies). These companies are managed through their respective supervisory bodies.

As an asset manager, Union Investment focuses on the investment needs of retail and institutional clients. It offers retail investors products and services ranging from private pension schemes to savings solutions to asset accumulation. The most successful solutions in 2021 still included the Riester product UniProfiRente, the "Privatfonds" series, the "UniGlobal" product group and the open-ended real-estate funds offered by Union Investment under "Unilmmo". In addition, retail investors are offered many different products from a range including equity funds, fixed-income funds, money-market funds, open-ended real-estate funds, mixed funds, funds of funds and capital preservation funds.

As one of the largest fund management companies in Germany, Union Investment is able to offer an extensive range of diverse investment strategies for institutional investors. These strategies include traditional special funds, a number of institutional funds with varying structures, advisory and outsourcing mandates and institutional asset management.

UMH's business purpose is essentially the acquisition, management and disposal of equity investments, in particular in asset management companies in Germany and abroad, for its own account. Furthermore, its business purpose is the performance of other services exclusively for its subsidiaries, provided that the law does not require a special permit for this, and transactions and activities directly or indirectly necessary or useful for achieving its business purpose.

The companies included in UMH's consolidated group are regularly subject to changes under company law or material changes in business policy.

As at 1 January 2021, the two Luxembourg companies Union Investment Financial Services S.A. and attrax S.A. were merged to form Attrax Financial Services S.A.

Within the ZBI Group, new corporate structures were implemented in 2021.

ZBI Partnerschafts-Holding GmbH was renamed ZBI GmbH.

ZBI Projektentwicklungs GmbH was also renamed ZBI Immobilienmanagement GmbH and subsequently took on the real-estate activities of ZBI Immobilien AG by way of a merger and legal succession. The administrative functions of ZBI Immobilien AG were moved to ZBI GmbH. ZBI Immobilienmanagement GmbH is fully consolidated with retroactive effect from 1 January 2021.

In addition, ZBI Fondsmanagement AG underwent a change in legal form to become ZBI Fondsmanagement GmbH.

The acquisition of shares in Zentral Boden Vermietung und Verwaltung GmbH from ZBI Fondsmanagement AG by ZBI GmbH was also completed. As a result, the corporate structure of the ZBI Group now has two levels throughout.

In addition, UMH AG acquired a 10.0 % interest in the private debt manager aam2cred Debt Investments GmbH (not included in the consolidated group).

## B Economic report

### I. General economic and industry conditions

#### 1. Capital markets

After a promising start, the capital markets in 2020 were dominated by the coronavirus pandemic and the measures resolved by governments and central banks to contain it and mitigate its economic effects. A steep price slump was followed by a strong recovery, leading to a positive end to 2020 on the capital markets.

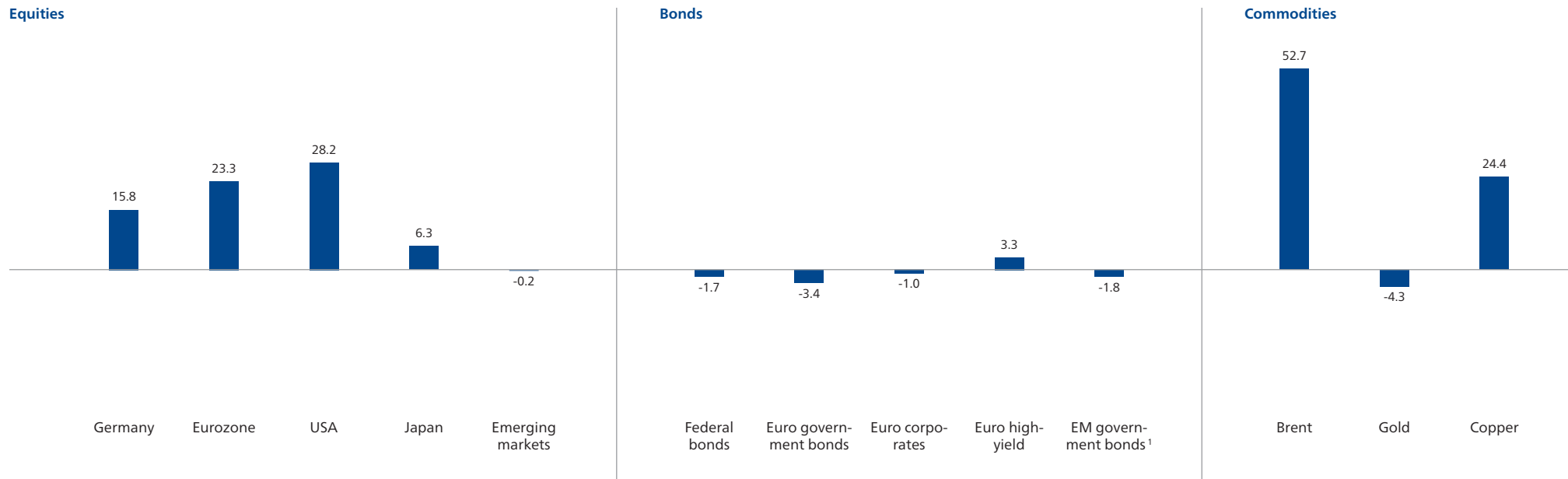
With high infection rates and the containment measures consequently re-adopted in many countries, the coronavirus was a key topic on the capital markets at the beginning of 2021, too. After the long-lasting “coronavirus winter”, the infection situation eased over the course of the second quarter. The warmer season in the northern hemisphere evidently made a major contribution to falling infection rates, as did the lockdowns imposed in many regions. These lockdowns were relaxed in the

early summer, which – combined with the progress on mass vaccination – allowed for re-openings in the tourism and hospitality sectors and major events with audiences. As the colder season began in Europe, infection rates there increased significantly again in the fourth quarter due to the Delta variant. In addition, the more infectious Omicron variant started to spread in the last few weeks of the year. Although this new wave of the coronavirus particularly affected those who were unvaccinated, it also revealed the decreasing protection provided by vaccinations, prompting the launch of a booster vaccination campaign. Nevertheless, a large portion of the population still had a much lower risk of developing severe symptoms, with the effect that the hospitalisation rate among those infected in industrialised countries was considerably lower than in previous waves of the coronavirus and comprehensive lockdowns for vaccinated people, too, could largely be avoided.

Despite the long shutdown of economic activity, particularly in many service industries, the economy initially remained relatively stable. As infection rates tailed off, a significant increase in momentum was observed over the course of the second quarter, as we had expected. Driven by new stimulus

#### Upturn for risk investments – safe havens see losses

Performance in 2021 (in %)



<sup>1</sup> Hard currencies

Source: Refinitiv, correct as at 31 December 2021.

and infrastructure measures, the USA achieved a growth edge that also brought about positive effects in other economic regions due to global economic connections. The strong growth slowed somewhat over the summer months, as expected, partly due to problems in global supply chains. Nevertheless, companies worldwide reported very good results again overall.

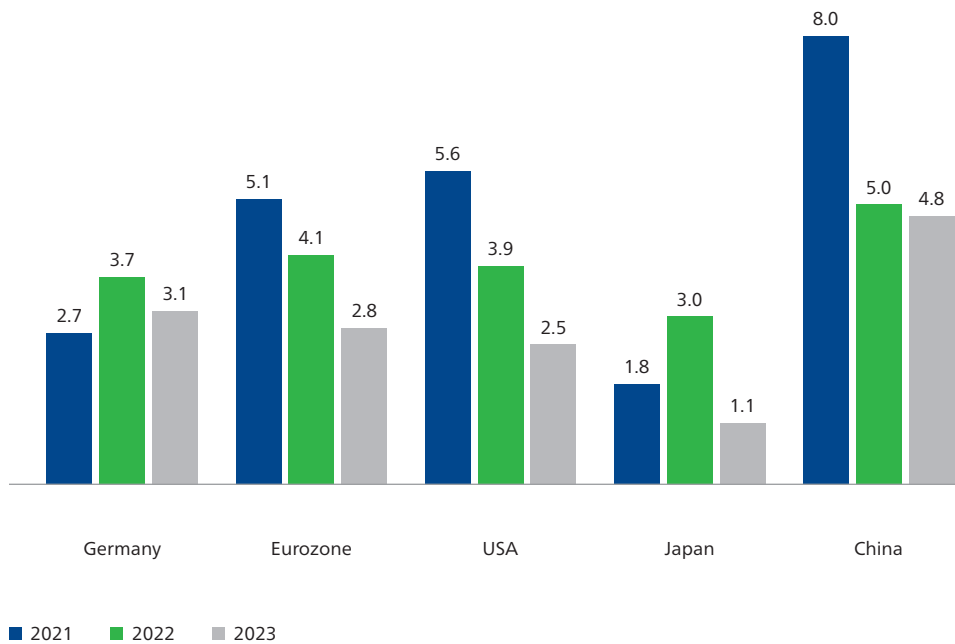
In view of the strong economy and pandemic-related shortages of some primary products, inflation rates have risen significantly. The first “smaller” central banks have started to tighten their monetary policy, and in early November the US Federal Reserve became the first “heavyweight” to scale back its support with its announcement that it would reduce its bond purchases. The monetary policy cycle has already turned around.

Equities from industrialised countries and cyclical commodities (energy and industrial metals) saw significant increases in some cases in 2021. By contrast, the Chinese government’s regulatory measures under the new “common prosperity” maxim, a significant economic slowdown and the excessive indebtedness of some Chinese companies had a negative impact on the development of investments in emerging markets. Gold and the main bond segments suffered from rising inflation expectations and real interest rates. Only in selected niches, such as euro high-yield bonds, could positive returns be generated in 2021.

The coronavirus will have a decisive impact on the start of the current decade on the capital markets. After the sharp economic slump in 2020, the extensive economic and monetary policy support

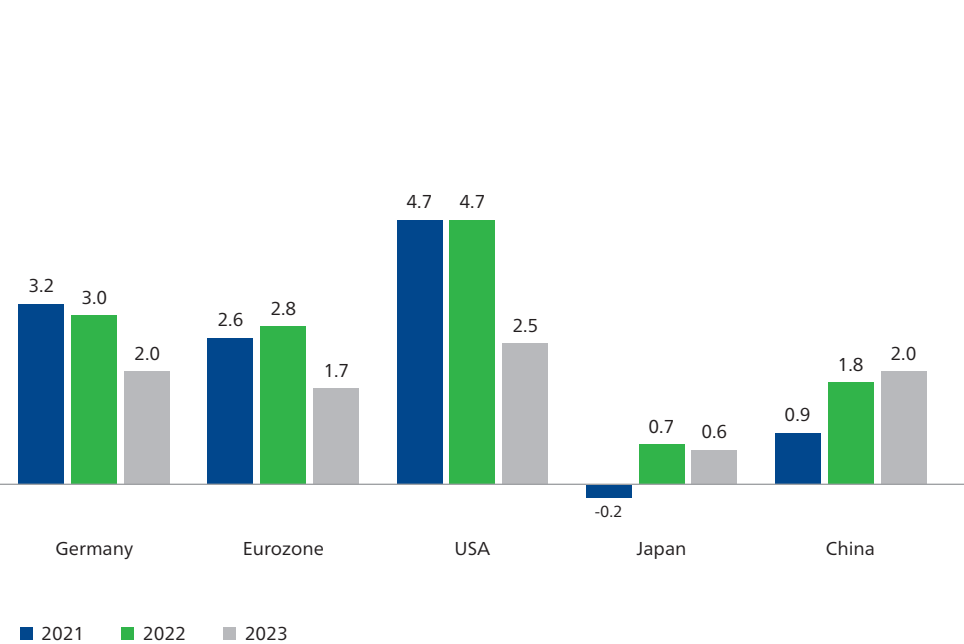
**Shortages delay growth until 2022 – high inflation**  
(in %)

**GDP forecasts**



Source: Union Investment, correct as at 14 January 2022.

**Inflation forecasts**



Source: Union Investment, correct as at 14 January 2022.

measures initiated and accelerated the recovery and improved the medium-term prospects. A sustained recovery starting in spring 2021 allowed national economies to return to a growth trajectory. Due to shortages of primary products and tensions in global supply chains, some of the pent-up demand currently cannot be met or is met only after long waiting times. This will reduce growth in the short term, as industrial production is having to be delayed. However, this acts as a kind of “growth reservoir” for the time when it will be possible to catch up on the delays. As of the end of 2021, our economists forecast growth of 5.6% in the USA and 5.1% in the eurozone. In 2022, gross domestic product in the two regions is expected to rise by 3.9% and 4.1% respectively.

The current high inflation should calm down somewhat over the course of the year, not least as a result of this development. Initially, energy prices are likely to be an obstacle to any easing in the first half of the year. However, expiring baseline effects, decreasing supply bottlenecks and a shift from consumption of goods to consumption of services will gradually cause the currently still very high inflation rates to fall to a large extent in the second half of the year and move towards the central banks’ target of 2%.

As the economy recovers, the support measures taken by governments and central banks can gradually be reduced or allowed to expire. The Fed is likely to reduce its bond purchases to zero by the end of March 2022 and set the course for its first interest rate hike. This could be followed by three more increases in the key interest rate by the end of 2022. By contrast, the European Central Bank will take a much more cautious approach, reducing its bond purchases in 2022 but not ending them. Its first interest rate hike is unlikely to come before mid-2024. In view of this normalisation, the monetary policy tailwind for the capital markets is waning.

On the bond markets, a slight increase in returns on safe government bonds is therefore expected in connection with the higher inflation. We anticipate an increase in returns of 0.2% on ten-year German government bonds and 2.0% on ten-year US government bonds by the end of 2022. Given that the risk premiums for corporate and peripheral bonds have already fallen significantly, the prospects for a good performance in the current year are dim. Only at the upper end of the risk scale, i.e. for high-yield and emerging market bonds, is there still a little more potential for continuing yield convergence.

In an environment of persistently negative real interest rates and rising long-term nominal interest rates combined with record high savings rates, there is continued high pressure on private savers and institutional investors to take action. It can be worthwhile for investors to take more risks. As a result of the economic recovery, company profits are likely to rise by 8% in 2022, boosting share prices. Although the valuations reached limit the share price potential in absolute terms, equities remain attractively valued in comparison to other asset classes.

Among commodities, there are signs of a change in preferences in the longer term. Global decarbonisation plans will particularly support the commodities required for the transformation of the economy. In view of this enormous restructuring, it is becoming increasingly important for all asset classes to take account of sustainable investment criteria. Overall, a good selection of individual securities and sectors together with tactical activity will form the basis for successful investment in 2022.

## 2. Real estate markets

Since the second quarter of 2020, the effects of the coronavirus pandemic have left their mark on the international real estate markets. In the hotel and retail property segments in particular, the lockdowns and further measures to contain the virus have had a significant negative impact. By contrast, office and logistics properties have displayed a comparatively solid development since the outbreak of the pandemic. Since the lockdowns were lifted at the end of the second quarter of 2021, recovery trends have been discernible in many real estate segments. The higher inflation rates have not yet brought about an increase in initial returns for very good properties, but building costs have risen significantly.

In the office segment, demand from tenants was initially subdued as a result of the lockdowns and general uncertainty. An increase in vacancy rates was therefore registered on most international office markets. However, a recovery in demand can be observed in many cases since the beginning of 2021. Office rents in the USA and the Asia-Pacific region have remained largely stable, while in Europe slight increases in rents could often be observed.

Demand for logistics space increased in 2021. Particularly due to steady growth in e-commerce, demand for both large distribution centres and smaller, central spaces for city logistics hubs has increased significantly. Consumers’ expectations of e-commerce providers (same-day delivery, convenient handling of returns) have also risen steadily in recent years, significantly increasing companies’ space requirements. In addition, more and more retailers and manufacturing companies are seeking independence and developing their own supply chains and logistics networks. But since there is also a shortage of land for building, the repurposing of former commercial sites and the conversion of former industrial space will become increasingly important in the future. Due to the very intense competition for urban space in particular, rents for logistics space are likely to keep rising.

The coronavirus crisis brought major challenges for the retail sector during 2021. During the lockdowns in the first half of the year, there were further corrections of the rents on many European retail property markets, as many consumers chose to use contactless online retail. Footfall and sales then recovered again after the end of the lockdowns, with the result that the rent levels on European retail property markets displayed initial recovery trends in the second half of the year. Discounters and supermarkets benefited from the coronavirus crisis, as they did not have to close during the lockdowns and could benefit from changed consumer habits in the crisis.

Most European hotel markets posted rising numbers of overnight stays in 2021 compared to the very weak previous year. This positive development was particularly driven by destinations with strong leisure tourism demand during the summer season. However, both hotel room occupancy rates and room revenues throughout Europe remained consistently well below their pre-crisis levels in 2021, despite an increase compared to the first year of the crisis. The pandemic environment and the various associated travel restrictions probably still significantly limited the profitability of most hotel businesses in 2021. The path to recovery for the hotel sector still depends directly on the development of the pandemic.

Given that the Omicron variant is less aggressive in terms of its symptoms, and thanks to the progress made in the vaccination campaigns in most countries, the economic recovery can be expected to continue in 2022. Despite the high incidence rates, comprehensive lockdowns and travel restrictions are not currently anticipated. In this context, the international real estate markets are also likely to develop more dynamically again and the increase in transaction volumes on the investment markets should continue, unless this is curbed by an inflation-driven rise in interest rates.

### 3. Sales and fund assets

#### Sector situation: mutual funds

Up to and including September 2021, the German investment industry reported total net inflows of EUR 80.3 billion in mutual securities funds. In particular, this benefited equity funds (EUR 42.6 billion) and mixed funds (EUR 29.6 billion). Only target return funds posted net outflows (EUR -1.1 billion). The other asset classes in the area of mutual securities funds together accounted for net inflows of EUR 9.2 billion. Open-ended real-estate funds achieved net sales of EUR 5.6 billion (Source: BVI investment statistics, September 2021).

#### Sector situation: special funds

The German investment industry generated net inflows of EUR 105.5 billion in the open-ended special securities funds under its management in 2021 (as at 30 November 2021). This was up on the previous year's figure of EUR 57.4 billion (as at 30 November 2020). The volume under management in open-ended special securities funds totalled EUR 2,166.4 billion at the end of November 2021, and was therefore up on the previous year's figure of EUR 1,970.2 billion (as at 30 November 2020) (source: BVI statistics).

#### Sector situation: real-estate funds

The COVID-19 pandemic had an impact on the open-ended real-estate fund sector again in the 2021 financial year. Despite this, the market saw further significant growth last year. According to BVI, the 67 open-ended real-estate funds (not including open-ended special funds) on the German market reached a fund volume of EUR 124.9 billion as of November 2021. The products being actively marketed brought the industry a net total of EUR 6.6 billion in new funds by the end of November 2021. This is proof positive of investors' fundamental confidence in this asset class. For information purposes, it should be mentioned that 15 funds with a volume of EUR 0.9 billion are still being closed.

## II. Specific business performance

### 1. Overview of assets under management and performance

#### 1.1 Fund business/assets under management

The number of products set up by or managed by UMH investees under fund management mandates came to 1,197 in 2021, which was higher than the prior-year level of 1,114.

The volume of assets under management climbed from EUR 385.9 billion as at 31 December 2020 to EUR 454.1 billion in 2021, an increase of EUR 68.2 billion. This increase resulted from the positive net inflows and the positive performance on the international capital markets.

Overall, the development of assets under management in 2021 can be summarised as follows:

The volume of mutual funds increased by EUR 42.9 billion to EUR 263.9 billion.

The volume of special funds increased by EUR 20.2 billion to EUR 146.4 billion.

The volume of other formats (advisory mandates and asset management) less outsourced mandates was up year-on-year at EUR 43.8 billion (previous year: EUR 38.7 billion).

#### Volume of assets under management

The volume of assets under management within the Union Investment Group was as follows as at the end of the reporting period:

	31.12.2021 EUR thousand	31.12.2020 EUR thousand	Change EUR thousand
<b>Fund assets</b>	<b>410,304,181</b>	<b>347,269,668</b>	<b>63,034,513</b>
<b>Volume in other formats</b>	<b>61,262,434</b>	<b>53,841,954</b>	<b>7,420,480</b>
of which unit-linked asset management	7,244,865	3,191,083	4,053,782
of which institutional asset management	7,366,094	9,069,044	-1,702,950
of which advisory and outsourcing	46,651,475	41,581,827	5,069,648
<b>Accounts managed by third parties</b>	<b>-17,467,105</b>	<b>-15,177,040</b>	<b>-2,290,065</b>
<b>Total</b>	<b>454,099,510</b>	<b>385,934,582</b>	<b>68,164,928</b>

Under the UMH banner, the Union Investment Group had total assets under management of EUR 454,099,510 thousand as at the end of the reporting period (previous year: EUR 385,934,582 thousand). The fund assets comprise equity funds, fixed-income funds, money-market funds, mixed funds, other securities funds, capital preservation funds, real estate funds, alternative investment funds and hybrid funds issued by the Union Investment Group.

The Union Investment Group also manages assets as part of its unit-linked asset management and institutional asset management business, under advisory and outsourcing mandates and private banking. The volume of the funds issued by the Union Investment Group for which portfolio management has been outsourced is shown as a deduction. The definition of assets under management is based on the aggregate statistics of the German Investment Funds Association (BVI), Frankfurt am Main.

#### Net inflows to assets under management

The table below gives a breakdown of the net inflows to assets under management within the Union Investment Group:

	31.12.2021 EUR thousand	31.12.2020 EUR thousand	Change EUR thousand
<b>Net inflows (fund assets)</b>	<b>38,152,434</b>	<b>15,787,796</b>	<b>22,364,638</b>
<b>Net inflows (other formats)</b>	<b>3,624,548</b>	<b>-285,051</b>	<b>3,909,599</b>
of which institutional asset management	-2,480,630	-933,734	-1,546,896
of which advisory and outsourcing	2,270,679	-301,648	2,572,327
<b>Net change in accounts managed by third parties</b>	<b>-1,261,835</b>	<b>-392,004</b>	<b>-869,831</b>
<b>Total</b>	<b>40,515,147</b>	<b>15,110,740</b>	<b>25,404,407</b>

Net inflows to assets under management constitute the balance of inflows to and outflows from the product formats that make up assets under management. This figure was EUR 40,515,147 thousand in the financial year (previous year: EUR 15,110,740 thousand).

#### Volume of fund assets

The volume of fund assets of the Union Investment Group was as follows as at the end of the reporting period:

	31.12.2021 EUR thousand	31.12.2020 EUR thousand	Change EUR thousand
<b>Mutual funds</b>	<b>263,864,181</b>	<b>220,988,398</b>	<b>42,875,783</b>
Equity funds	83,726,726	59,385,668	24,341,058
Fixed-income funds	45,359,135	46,256,571	-897,436
Money-market funds	866,729	828,777	37,952
Mixed funds	81,449,537	65,178,950	16,270,587
Other securities funds	1,847,615	1,539,281	308,334
Pension funds	–	–	–
Capital preservation funds	2,601,269	3,584,370	-983,101
Open-ended real-estate funds	44,013,641	41,231,343	2,782,298
Alternative investment funds	2,122,733	1,640,156	482,577
Hybrid funds	1,876,796	1,343,282	533,514
<b>Special funds</b>	<b>146,440,000</b>	<b>126,281,270</b>	<b>20,158,730</b>
Equity funds	743,620	704,307	39,313
Fixed-income funds	17,623,025	17,372,332	250,693
Mixed funds	89,164,490	81,237,722	7,926,768
Other securities funds	549,223	576,047	-26,824
Capital preservation funds	16,923,607	15,438,610	1,484,997
Special real-estate funds	13,161,249	10,623,923	2,537,326
Alternative investment funds	8,274,786	328,329	7,946,457
<b>Total</b>	<b>410,304,181</b>	<b>347,269,668</b>	<b>63,034,513</b>

## 1.2 Performance of Union Investment Group funds

The main composites in the equities, balanced and asymmetric, dynamic product segments increased in absolute terms in 2021, whereas fixed-income and money-market funds recorded slight losses on an absolute basis due to rising returns. In the relative analysis, a positive alpha was achieved across the board. For the year as a whole, the volume-weighted outperformer ratio across all funds was 65.7%.

The equity funds under management increased by an average of 29.7% in absolute terms, 1.6 percentage points above the average of their benchmarks. The funds with a focus on global equities (+34.4%) and North American equities (+34.0%) performed most positively. The eurozone (+25.2%), European (+24.9%) and German equity funds (+11.8%) also recorded double-digit increases. Some composites significantly outperformed their benchmarks again. The alpha was particularly large for global equities and eurozone equities (both +2.5 percentage points) and for European equities (+1.8 percentage points).

Among the fixed-income funds, the major composites Bonds EUR Aggregate and Bonds EUR Corporate Bonds IG (with no fixed time to maturity) recorded losses of 1.3% and 0.4%, whereas Bonds EUR Sovereigns was up 0.7%. In a challenging bond market environment, only the corporate bonds managed to beat their benchmark by 0.1 percentage points, while euro government bonds were on a par with their benchmarks. A positive performance in absolute terms could be achieved with currency gains (e.g. +7.3% with composite USD corporate bonds), inflation-linked bonds (+5.3%), structured credits (+3.9%) and euro high-yield bonds (+3.6%). Money-market and fixed-income funds with a remaining term of up to one year declined by 0.2%, but were still 0.2 percentage points above their benchmark.

The mixed funds gained 9.3% on average, 0.3 percentage points more than their benchmarks. Asymmetric, dynamic capital preservation products rose by 2.3%, outperforming their benchmarks by 1.6 percentage points. In terms of absolute return, the funds were up by 2.1% on average, 1.2 percentage points more than their benchmarks.

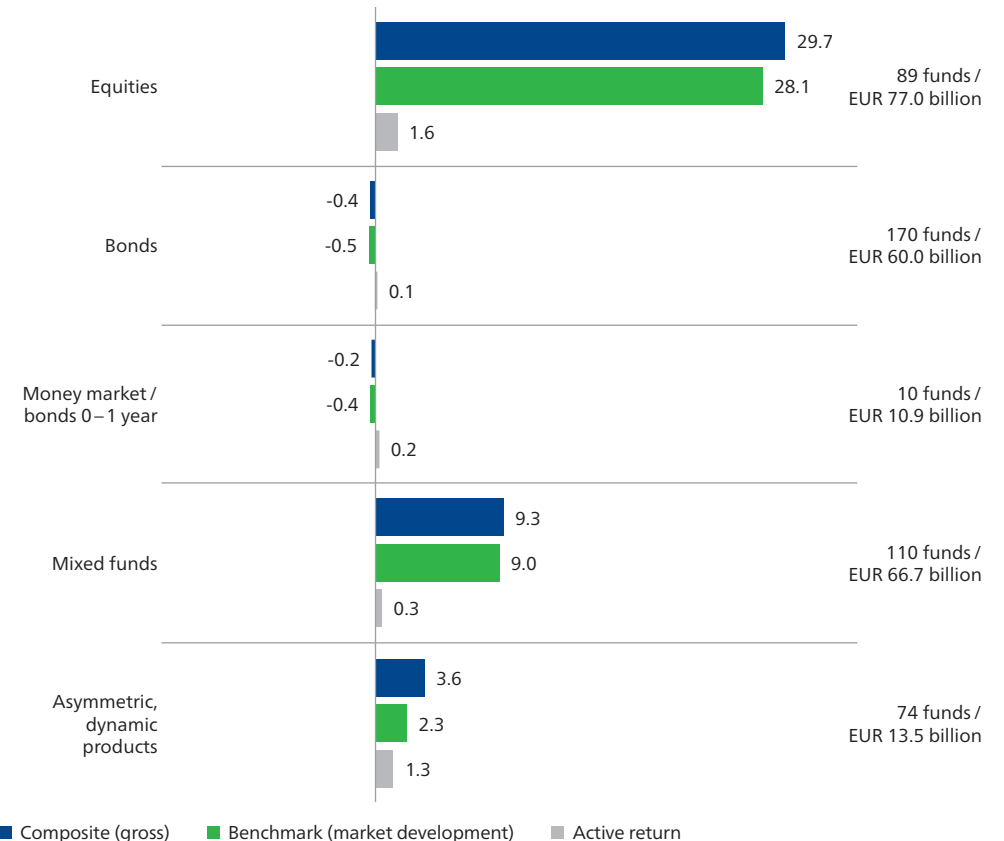
### Real-estate funds for retail investors

Due to the lockdown conditions and the delays in paying out government support, some tenants experienced payment difficulties during 2021, too. These were resolved by rent deferrals or temporary rent reductions. Since the beginning of 2021, a sufficient loss allowance averaging 7.1% (UIR, UII, URA) of the gross annual target rent in the funds has already been processed in the form of rent corrections (general impairment losses), with an impact on prices. Some unpaid rents that were considered unrecoverable, mostly from the hotel and retail usage types, were reflected in the price development of Union Investment's open-ended real-estate mutual funds for retail investors over the course of the year. The average weighted twelve-month performance of funds for retail investors increased by 65 basis points over the course of the year and came to 1.9% at the end of the year.

Despite the particular challenges on the markets, the signs still pointed to growth in 2021. Over the course of the year, the funds (UIR, URA, ZBI) successfully acquired 23 properties with a total investment volume of EUR 2,519 million. Unilmmo: Deutschland and Unilmmo: Europa jointly invested another EUR 1,190 million as part of a "Catch of the Day" deal. The assets of the mutual funds (UIR, URA, ZBI) increased from EUR 36,490 million (31 December 2020) to EUR 38,910 million (31 December 2021) and the funds posted sales of EUR 2,214 million.

### Union funds compared to benchmark (one year)<sup>1</sup>

(in %)



Source: Union Investment on the basis of PEARL; as at 30 December 2021.

<sup>1</sup> Performance since 1 January 2021; rounding differences possible; Money market / bonds 0-1: Money market funds and short-dated bond funds, comparable to money market funds (residual maturity of securities < 1 year); Balanced: Mixed funds / MultiAsset funds; Asymmetric dynamic funds: IMMUNO & KONVEXO funds without maturity limitation.

### Real-estate funds for institutional investors

Union Investment significantly expanded its business with institutional real-estate funds, club funds and service asset management mandates in 2021. Over the financial year, the real-estate fund assets of the institutional products increased from EUR 14,525 million (31 December 2020) to EUR 17,283 million (31 December 2021). In addition to two “Catch of the Day” deals totalling EUR 654 million, the funds for institutional investors invested in 47 properties altogether with a total investment volume of EUR 1,862 million. Capital commitments by institutional real-estate investors amounted to EUR 2,734 million. As at the end of December, the funds posted an annual performance of 2.9%, showing a slight increase over the course of the year.

In institutional active business, a new fund was launched: the UII MS Immobilien GmbH & Co. geschlossene InvKG. There were also four new funds in the segment of service asset management mandates.

### 1.3 Awards, rankings and ratings<sup>1</sup>

For the 19th time in a row, the renowned German business magazine Capital awarded Union Investment the highest rating of five stars in 2021 – it is the only investment company to achieve this. The company also received the 2021 Euro Fund Award as an overall company and twenty 2021 Euro Fund Awards for individual funds from the Euro financial magazine. In November, Union Investment was recognised by German Fund Champions as a 2022 champion in the categories of equities and ESG/sustainability. In addition, the company won the 2022 Scope Awards in the categories of “multi-asset” for Germany, Austria and Switzerland and “ESG universal provider” for Austria, as well as the Scope Alternative Investment Award in the category of “real estate Germany”. QNG GmbH awarded it with the FNG Sustainability Seal and in the segment of global high-yield bonds it won a Citywire Award.

In the ranking of asset management companies performed by Scope as at 31 December 2021, Union Investment was ranked sixth with a ratio of 53.6% of funds with a top rating, making it the second-best German asset management company (Deka: 4th place, 56.3%; Allianz Global Investors: 24th place, 38.8%; DWS: 25th place, 38.7%).

In the rankings issued by the Morningstar ratings agency as at 31 December 2021 that compare Union Investment against its main competitors in Germany, Union Investment was ranked fourth over one and three years and third over five years. The proportion of funds in the upper half of each peer group was 51.3% over a one-year period, and 52.4% and 54.3% respectively over the longer analysis periods.

<sup>1</sup> Sources: PFA competition comparisons for Morningstar and Scope; Union Rating Portal

<sup>2</sup> Sources: Investment statistics from German Investment Funds Association as at 31 December 2021 and as at 31 December 2020; internal calculations.

## 2. Development in sales and fund assets

### 2.1 Union Investment Group sales and fund assets<sup>2</sup>

The Union Investment Group had total assets under management of EUR 454.1 billion as at 31 December 2021 (2020: EUR 385.9 billion). As at the end of 2021, it achieved a market share of 14.3% of the assets under management across the sector according to the investment statistics of the German Investment Funds Association (BVI) (December 2020: 13.4%); this equates to second place overall in the market (2020: second place). Its assets were distributed across the two business divisions of Retail Clients and Institutional Clients.

#### Retail investors – development in sales and assets

All funds under the Union Investment brand are offered to retail clients exclusively via our partner banks in the cooperative financial network. This approach distinguishes Union Investment from most of its competitors.

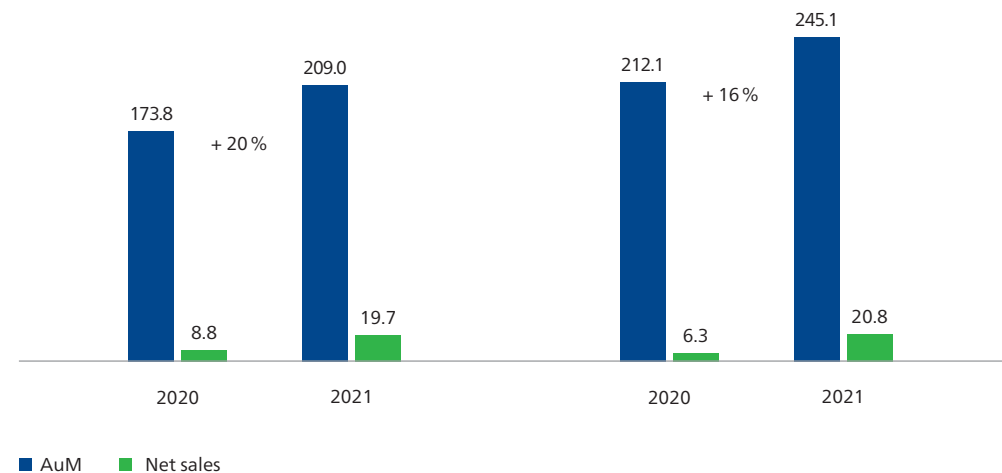
Historically, this strategy of focusing purely on the Genossenschaftliche FinanzGruppe Volksbanken Raiffeisenbanken cooperative financial network has formed the basis for the successful performance of the Union Investment Group. The close cooperation within the Genossenschaftliche FinanzGruppe again proved its worth in 2021.

#### Assets under management and net sales in the Retail Clients segment

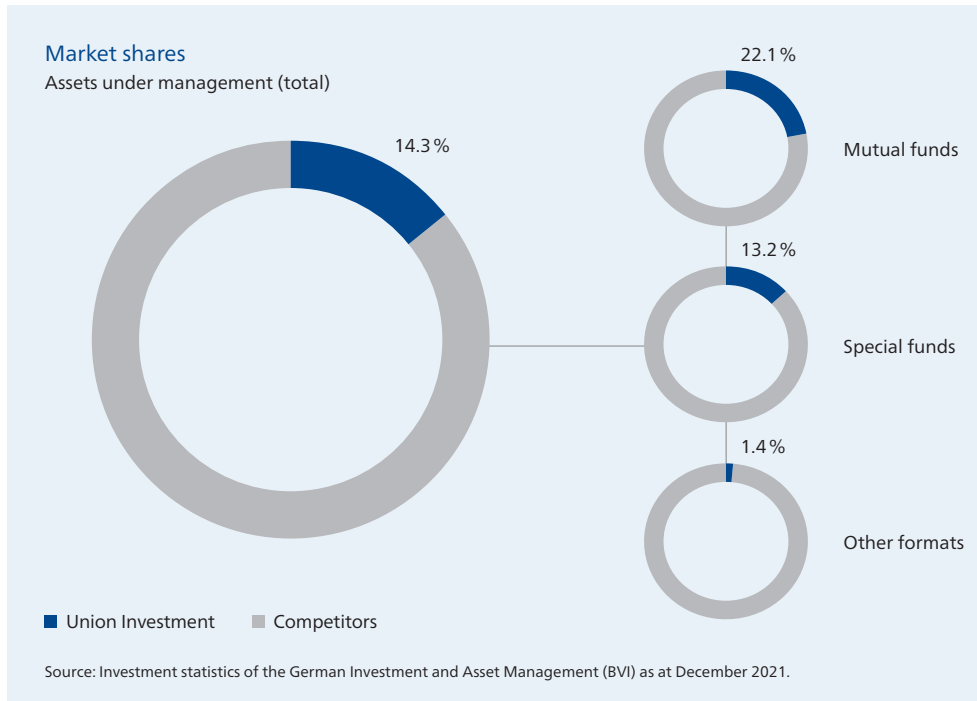
(in EUR billion)

#### Assets under management and net sales in the Institutional Clients segment

(in EUR billion)



■ AuM ■ Net sales



In 2021, institutional business generated net inflows of EUR 20.8 billion (2020: EUR 6.3 billion). These net inflows were particularly focused on special funds, while institutional funds and advisory mandates also recorded inflows.

According to the BVI investment statistics, the Union Investment Group's share of the special funds market was 13.2% at the end of 2021 (2020: 12.6%). The group is therefore still the second-largest manager of special funds in Germany.

## 2.2 Custody business and fund brokerage

As at the end of 2021, the Union Investment Group managed more than 5.1 million client custody accounts with portfolios of the group's own and third-party investment funds. The portfolio volume was increased by EUR 60.2 billion from EUR 155.9 billion in total to EUR 204.3 billion.

The number of managed custody accounts with third-party funds (funds from asset management companies outside the group) was around 545,000 as at the end of the period under review (2020: 439,000 custody accounts). The volume of assets invested in third-party funds was EUR 13.6 billion at the end of 2021 (2020: EUR 9.2 billion).

Union Investment Service Bank AG handled a total of around 87.6 million customer transactions in 2021, which can be broken down as follows:

- 68.1 million savings plans, withdrawal plans, employer-funded capital formation schemes, etc.
- 16.3 million income distributions/reinvestment and custody account fees
- 2.8 million online transactions
- 0.3 million manual, offline-only special postings

2.6 million transactions were entered directly by the end investor and banks using the online service. Automated processing accounts for 99.3% of the transactions processed (previous year: 99.3%), still the optimum level from a business perspective.

The fund brokerage business processed a total of around 0.6 million attrax S.A. client orders with a volume of approximately EUR 47.2 billion in the year under review.

0.2 million orders worth EUR 7.1 billion were posted in Union Investment Group funds.

The volume of assets held in custody for attrax clients was EUR 85.9 billion as at the end of the year under review (previous year: EUR 70.5 billion). EUR 32.1 billion of this was held for cooperative partner banks (previous year: EUR 25.2 billion) and EUR 53.8 billion for institutional clients (previous year: EUR 45.3 billion). The volume of fees and commission paid as trail commission in 2021 amounted to approximately EUR 165.6 million (previous year: EUR 134.9 million).

The fund brokerage business actively supported 149 cooperative banks, while the number of institutional clients supported changed from 44 to 46 as at the end of 2021.

Gross sales in retail client business reached EUR 40.2 billion (2020: EUR 28.6 billion). Net inflows amounted to EUR 19.7 billion (2020: EUR 8.8 billion). The net inflows were aimed at the asset classes of mixed funds, equity funds and open-ended real-estate funds in particular. By contrast, clients withdrew funds from capital preservation funds.

The volume of assets under management in business with retail clients increased by around 20% to EUR 209.0 billion as at 31 December 2021 (2020: EUR 173.8 billion).

According to the investment statistics of the German Investment Funds Association (BVI), the Union Investment Group's share of the managed mutual funds market was 22.1% at the end of 2021 (2020: 21.6%). Union Investment therefore remained the largest manager of mutual funds in Germany (2020: largest).

### Institutional investors – development in sales and assets

The volume of assets under management for institutional investors grew to EUR 245.1 billion in 2021 (2020: EUR 212.1 billion). The assets in special funds included therein increased to EUR 137.9 billion (2020: EUR 113.1 billion). Assets under management in other institutional business formats (mutual funds, advisory and institutional asset management) amounted to EUR 107.2 billion (2020: EUR 99.0 billion).

### III. Business environment

2021 was still dominated by the effects of the Sars-CoV-2 virus (COVID-19) and its variants. The Delta variant (B.1.617.2) was detected for the first time in India in October 2020 and is currently dominating infections in many countries, including Germany. This variant increases the infectiousness of the virus by way of mutations and is associated with reduced effectiveness of the immune response. According to the Robert Koch Institute (RKI), studies indicate that a full course of vaccinations offers very good protection against severe symptoms from the Delta variant.

At the end of November 2021, the South African Department of Health reported the identification of a new SARS-CoV-2 variant. The World Health Organisation (WHO) declared this to be a variant of concern on 26 November 2021, giving it the name Omicron. This virus variant was also detected in Europe, particularly in travellers returning from Africa. The European Centre for Disease Prevention and Control, a European Union agency, considers the risk from Omicron for the EU/EEA to be high to very high overall and therefore urgently advises taking rapid stricter measures to protect against infection.

The above information and the associated fear of further lockdowns led to a nosedive on the global stock markets on 26 November 2021. The DAX was down 4.2% at 15,257 points, its lowest level since mid-October 2021. By contrast, the bond market benefited from the uncertainty, with returns on ten-year German government bonds falling to minus 0.32% and bond prices rising accordingly.

In view of the continuing coronavirus crisis during the year, the ECB Governing Council resolved to keep its existing monetary policy unchanged. The favourable net purchases under the Pandemic Emergency Purchase Programme (PEPP) were thus maintained at EUR 1.85 trillion and the Asset Purchase Programme (APP) was continued in the amount of EUR 20 billion per month.

During 2021, the ECB also left the interest rates for the main refinancing operations, the marginal lending facility and the deposit facility unchanged at 0.00%, 0.25% and -0.50% respectively. As in the previous years, key interest rates are expected to remain at this level or a lower level until the inflation outlook has stabilised at a sustained level of 2% in the medium term.

In July 2021, the ECB Governing Council also resolved to integrate climate protection aspects in its monetary policy strategy to a greater extent in the future. Relevant climate risks are to be taken into account when purchasing securities in the corporate sector, and this is to be implemented in accordance with European measures and initiatives such as the Directive on Corporate Sustainability Reporting, the Taxonomy Regulation and the Regulation on Sustainability-Related Disclosure Obligations in the Financial Services Sector.

According to the German Federal Ministry for Economic Affairs and Energy (BMWi), the inflation rate in Germany has risen significantly since the beginning of the year due to exceptional factors and was at a high level of 4.5% in October. Given that the ECB bases its monetary policy on a medium-term view, it is not likely that the existing measures in relation to the coronavirus crisis will be adjusted by the European Central Bank in the short term due to the German inflation rate.

In March 2021, the German Council of Economic Experts anticipated a 3.1% increase in gross domestic product for Germany. According to the German federal government's autumn projection, gross domestic product would rise by only 2.6% in 2021. Growth of 4.1% is expected to be possible in 2022. The forecast figures are thus lower than the current assumptions of the European Commission, which expects higher growth rates to be achieved by the EU economy as a whole in 2021 and 2022. The positive assumptions for the economic recovery may be delayed due to a sharp increase in infection rates and associated measures.

As in the previous years, Union Investment is working at both a national and an international level to develop the conditions for investment funds. Union Investment has been providing the President of the BVI since September 2020 in the form of Alexander Schindler, a member of the Board of Managing Directors of Union Asset Management Holding AG and Chairman of the Supervisory Board of Union Investment Institutional GmbH and Quoniam Asset Management GmbH. In addition, continuous dialogue is maintained with other European and international regulatory authorities and with representatives from regional and European politics.

#### Legislation to promote a sustainable financial system

The implementation of EU legislation to promote a sustainable financial system progressed further in 2021. The regulations proposed by the European Commission in May 2018 – based on the “Financing Sustainable Growth” action plan – have now largely been resolved politically and will be implemented step by step.

EU Regulation 2019/2088 on sustainability-related disclosure obligations in the financial services sector (Disclosure Regulation) came into force on 10 March 2021. This particularly aims to eliminate information asymmetries in relation to promoting environmental and social features, integrating sustainability risks and taking account of negative sustainability impacts. Financial market participants and financial advisors are therefore required to provide certain pre-contractual information and ongoing disclosures to end investors.

For various disclosure obligations, the details are to be regulated in the form of regulatory technical standards (RTS). There have been proposals by the European supervisory authorities in this regard, but no documents have been finally resolved by the European Commission yet. The RTS therefore were not implemented at the same time as the Regulation on 10 March 2021. They are currently expected to apply from 1 January 2023.

Similarly, further specifications for EU Regulation 2020/852 (Taxonomy Regulation), which was published in the Official Journal of the European Union on 22 June 2020, were not published until December 2021. The taxonomy is a classification system for environmentally sustainably economic activities. However, it does not include any investment requirements or investment bans and also is not equivalent to a standard for sustainable investments. Instead, it is also primarily about creating transparency as to which economic activities count towards the EU's environmental objectives.

The delegated act with the taxonomy criteria for the first two EU environmental objectives (climate change mitigation and adaptation) was published in the Official Journal of the European Union on 9 December 2021. This delegated act came into force on 29 December 2021 and applies from 1 January 2022.

The delegated act on Article 8 of the Taxonomy Regulation regarding disclosure obligations was published in the Official Journal of the European Union on 10 December 2021. This delegated regulation came into force on 30 December 2021. It generally applies from 1 January 2022, although there are exceptions.

In addition, the delegated act on MiFID II regarding a mandatory sustainability preferences enquiry appeared in the Official Journal of the European Union on 2 August 2021. Clients' sustainability preferences must be ascertained when investment advice is provided from 2 August 2022.

The European Commission also published its legislative proposal for a Corporate Sustainability Reporting Directive on 21 April 2021 and its revised sustainable finance strategy on 6 July 2021.

At a national level, the German Federal Financial Supervisory Authority (BaFin) presented the draft of its guidelines on sustainable investment funds, which has already been consulted on. However, the final guidelines have not yet been published. The new German federal government also announced in its coalition agreement that it intends to implement a "credible sustainable finance strategy with international reach".

### Prevention of money laundering

In a regulatory respect, there were various new legal requirements to be implemented in 2021. These particularly included the German Transparency Financial Information Act on Money Laundering (TraFinG Gw) to amend the German Money Laundering Act, the new BaFin interpretation and application notes on the German Money Laundering Act – special part for banks – and the new criminal offence of money laundering in the German Criminal Code along with the new "all crimes" approach, under which all illegal acts may count as a predicate offence for money laundering activity.

In addition, the European Commission presented drafts for a regulation on money laundering prevention on 20 July 2021, which is intended to ensure uniform application of the requirements in the EU member states. The overarching goal is to create a "single rulebook" that will eliminate the current differences in regulations in the member states, establish uniform money laundering prevention standards and govern the regulation of compliance with these in a uniform manner. To this end, the establishment of an EU Anti Money Laundering Authority (AMLA) is also planned, which is to begin its activities by the start of 2026.

In order both to meet the increased legal requirements and effort and to help standardise processes and further digitalise money laundering prevention processes, the project "Sankt Roger" has been initiated to implement a new money laundering prevention system. Its implementation is expected to be completed in 2022.

### Act to Strengthen Financial Market Integrity

On 1 July 2021, the German Act to Strengthen Financial Market Integrity (FISG) came into force with the aim of strengthening trust in the German financial market. This is to be achieved by stepping up the liability of auditors of financial statements and significantly expanding BaFin's investigative powers, among other factors. In addition, a requirement for rotation of the external auditor has been introduced for all capital market-oriented corporations, meaning that a new auditor must be engaged every ten years.

For asset management companies, new notification requirements for outsourcing also apply from 1 January 2022. Outsourcing and sub-outsourcing companies must also designate a domestic authorised recipient to which announcements and deliveries can be made by BaFin.

In future, outsourcing must be communicated to BaFin by way of an electronic reporting procedure, with the degree of detail to be specified by an outsourcing notification regulation. Implementation may result in not inconsiderable additional expenses, especially since the material requirements were not consulted on until December 2021.

### Investment Firm Act

With Regulation (EU) 2019/2033 (Investment Firm Regulation – IFR) and Directive (EU) 2019/2034 (Investment Firm Directive – IFD), which have been implemented in Germany's national law with the Investment Firm Act, a separate regulatory regime has applied to investment firms since 26 June 2021.

This new regulatory regime divides investment firms into three groups for which different, risk-appropriate regulations apply with regard to capital requirements, internal corporate governance, concentration risks, liquidity and disclosure obligations.

USB, VISV and QAM are subject to the new regulatory regime and have each classified themselves as a medium-sized investment firm. This self-assessment is being reviewed by BaFin.

### Amendment of Investment Services Directive and MiFID II Quick Fix

The second EU Directive on Markets in Financial Instruments (Directive 2014/65 EU – MiFID II) was again subject to extensive regulatory amendment and specification activities in the reporting period, at both EU and national level.

For example, amendments to the German Securities Trading Act (WpHG) came into force as at 28 November 2021, in which certain regulations with regard to investment firms' information requirements on a durable medium on the basis of the "MiFID II Quick Fix" (EU Directive 2021/338 dated 16 February 2021 amending Directive 2014/65/EU) were implemented in German law. The amendments brought a paradigm change, in that obligatory client information under MiFID II that was previously to be provided in paper form is to be provided in an electronic format as standard

in the future. The necessary adjustments in WpHG client communication were developed as part of the PHASE project and also centrally in the BVR project on MiFID for the Genossenschaftliche FinanzGruppe.

Two more amended EU implementing measures on MiFID II regarding the consideration of sustainability in investment advice and asset management in financial instruments were published in the Official Journal of the European Union in August 2021. While Delegated Directive (EU) 2021/1269 dated 21 April 2021 amending Delegated Directive (EU) 2017/593 relates to adjustments to the product governance requirements, Delegated Regulation (EU) 2021/1253 dated 21 April 2021 amending Delegated Regulation (EU) 2017/565 deals with the necessary amendments regarding the suitability check in investment advice and financial portfolio management. The legal acts are generally applicable from 2 August 2022. The resulting requirements for investment advice and financial portfolio management are being analysed and implementation solutions developed both in the EU Action Plan project and centrally at BVR.

In addition, BaFin has added to its FAQs on the "MiFID II rules of conduct in accordance with Sections 63 et seq. WpHG". For example, new explanations have been added regarding the provision of ex-ante cost information in investment advice and in relation to allocations and uses.

At an EU level, the preparations for the amendment of MiFID II were also advanced. Particularly in the context of the new action plan for capital market union presented in September 2020, in which the European Commission announced that a retail investment strategy would be published in the first half of 2022, two public consultations by the European Commission and ESMA were held in this regard. The goal of the action plan is to promote better participation of retail investors on the capital market. To this end, the existing legal framework is to be examined and possibilities for improvement are to be identified, including on the topics of disclosures, digital applications and distribution channels, robo advisors, online brokers and open finance. ESMA has the task of presenting specific proposals for the revision of MiFID II to the European Commission by April 2022 in a report based on the findings of the consultations.

#### Fund Location Act

On 2 August 2021, the law to strengthen Germany as a fund location and to implement Directive (EU) 2019/1160 amending Directives 2009/65/EG and 2011/61/EU with regard to cross-border distribution of collective investment undertakings (Fund Location Act) came into force, with the exception of some of its articles.

The aim of the law is to make Germany more competitive as a fund and financial location without reducing the existing level of protection. In addition, Directive (EU) 2019/1160 in relation to cross-border distribution of collective investment undertakings will be implemented in German law. This directive aims to simplify cross-border distribution of investment funds by way of uniform regulations in the EU. For example, regulations on the pre-marketing of investment funds have been introduced in the German Investment Code (KAGB). Pre-marketing refers to the direct or indirect provision of information or communications to professional investors based in the EU to test their interest in a fund that either has not yet been launched or for which there has not yet been any notice of distribution in the respective member state.

Further amendments to the Fund Location Act arise from the discontinuation of written form requirements. As a result of the digital transformation, electronic communication with the supervisory authority is to be the norm from 1 April 2023 onward. More flexibility for fund managers is also to be achieved by means of a shorter notice period for changing investment principles. In addition, the KAGB is to be expanded with new product options such as development support funds and open-ended infrastructure funds.

#### Requirements for information technology at asset management companies

The German Act to Increase the Security of Information Technology Systems (IT Security Act 2.0) came into force on 28 May 2021. This gives rise to adjustment requirements for certain operators of IT infrastructure in order to protect the security and availability of IT systems.

## IV. Product policy and launches

### 1. Retail clients

In 2021, product policy in the Retail Clients segment continued to focus primarily on the clients' needs. Business development continued to focus on investing and optimising assets, old-age provision and savings. Sustainability likewise played a major role in business development. Product policy issues for retail business were handled collectively by the Product Management department of Union Investment Privatfonds GmbH (UIP), also comprising the affiliates' funds and cooperative business with R+V.

#### Developments in the product range

##### Development of new launches

Three years after the launch of the UniIndustrie 4.0 A fund, the unit class with no front-end fees, UniIndustrie 4.0 -net- A, was launched as at 30 July 2021 to complete it.

On 1 October 2021, the UniThemen Defensiv A fund was launched. This global speciality fund with a market-neutral nature invests in equities, bonds, money-market instruments and currencies. The fund's investment concept combines active management with flexible control of a wide range of speciality investments. Speciality investments comprise investments in various different equities grouped by topic.

As at 1 November 2021, the sustainable product range was expanded with our first impact-related fund for retail clients. The UniZukunft Klima A fund (including unit classes with no front-end fee) is a mixed fund with a global focus. The aim of the fund is to make a positive contribution to achieving the long-term climate protection goals in line with the Paris Agreement and to support the application of the 1.5 degree C scenario of the Intergovernmental Panel on Climate Change (IPCC). In addition, the fund aims to achieve a positive financial return. The fund also takes account of ethical, social and ecological criteria when selecting issuers.

As at the end of December 2021, these funds took net inflows of EUR 182.1 million altogether. As at 31 December 2021, the fund volume amounted to EUR 183 million, with 2,635 savings plans concluded for the funds to date.

On 2 August 2021, a new unit class of the UniGlobal -net- fund was launched exclusively for financial portfolio management. UniGlobal -net- FVV is intended exclusively for use as a target fund investment for the UniMultiAsset: Exklusiv fund in VermögenPlus. In addition, three new sustainable mutual funds, UniInvest Nachhaltig 1-3, were launched exclusively for R+V unit-linked pension insurance on 1 September 2021. The new cooperation product is called R+V-InvestmentKonzept Duo Invest and entered the market on 1 October 2021.

With UnionDepot Komfort, Union Investment introduced a new custody account model as at 1 July 2021. At the heart of the model is an all-inclusive price that customers pay directly to their bank. This price covers all costs for transactions and consulting. No front-end fees or custody account fees are incurred. In addition, commission fees are reimbursed. Selected banks have initially been piloting UnionDepot Komfort since July 2021. The pilot phase showed that there has been a good response to UnionDepot Komfort. Its nationwide market launch will begin in January 2022.

#### Financial portfolio management

The digital investment assistant MeinInvest has been available as a white label solution for all distribution partners since April 2018. As a standardised solution for financial portfolio management, MeinInvest offers three conventional and three sustainable portfolios, each with a different risk orientation. In these portfolios, it is primarily Union funds that are used and third-party funds (e.g. ETFs) are also added. To date, 409 banks have introduced MeinInvest. A total of 79,301 custody accounts had been concluded through these banks as at 31 December 2021. The investment volume comes to EUR 366.7 million. In addition, the 12-month savings volume in MeinInvest amounted to EUR 82.5 million.

2019 saw the market launch of VermögenPlus, a fund-based financial portfolio management solution offered via banks for the segment of clients requiring advice and support. Personal advice for the customer is supported with modern technology for the advisor. VermögenPlus is based on an active portfolio management approach. Multi-asset portfolios managed exclusively for VermögenPlus in combination with third-party funds and the targeted use of ETFs are key features of this asset management. Three conventional and three sustainable investment strategies are offered, each with a different risk orientation. To date, 360 banks have been activated for VermögenPlus. As at 31 December 2021, a total of 171,185 VermögenPlus custody accounts had been opened since its market launch, and the investment volume came to just under EUR 4.1 billion. In addition, the 12-month savings volume in VermögenPlus amounted to almost EUR 455.5 million.

#### Fund measures

In terms of fund measures, two static guarantee funds were repaid as scheduled over the course of 2021. In addition, five fixed-term bond funds including unit classes with no front-end fee were closed at the end of their terms.

Fund measures have also been resolved to ensure that the product range for retail clients remains robust and efficient in the future, too. Due to persistently low demand, the UniRak Nordamerika

(-net-) A and UniInstitutional Corporates Hybrid Bonds (-net-) A funds were wound up as at 31 March 2021. At the same time, the UniOptimus -net- fund was merged with the UniReserve: Euro A fund.

The guarantee funds UniGarantTop: Europa IV and UniGarant80: Dynamik also underwent a strategic review. The UniGarantTop: Europa IV fund with a rolling five-year guarantee period cannot generate the desired added value for clients in the current low interest-rate environment and was therefore wound up as at the guarantee date on 31 March 2021. Due to low net inflows, the UniGarant80: Dynamik fund was also wound up as at 30 July 2021.

The strong demand for sustainable funds also continued in 2021. Since the beginning of the year, net inflows of more than EUR 9.3 billion have been generated by the centrally offered funds with a sustainability approach (including unit classes with no front-end fee) in the Retail Clients segment.

To meet this demand, further fund measures have been taken: The index-tracking fund UniEuro-STOXX 50 (-net-) A was switched to a sustainable investment concept on 1 November 2021. At the same time, the fund was renamed UniNachhaltig Aktien Europa (-net-) A. The UniExtra: EuroStoxx50 fund was also merged with the realigned sustainability fund. Furthermore, the open-ended commercial real-estate funds (Unilmmo: Deutschland, Unilmmo: Europa and Unilmmo: Global) were given a sustainable alignment as at 1 November 2021, as was the commercial real-estate fund immofonds 1 (A)/(T), which is authorised for distribution in Austria, as at 30 July 2021. In addition, the existing financial portfolio management solutions have been supplemented with sustainable strategies (MeinInvest (Nachhaltig) and VermögenPlus Nachhaltig) since January 2021.

## 2. Institutional investors

The company continues to exhibit steady growth in advisory and insourcing mandates. To this end, it already provides portfolio management services for numerous master asset management companies and clients. In the company, 38 new special AIFs, no new unit certificate classes for special AIFs and ten new advisory or insourcing mandates (also including mandate conditions under which a UIN special fund was transferred to a master asset management company but Union could continue its management) were developed and launched or transferred to management functions in 2021. There were also two changes in the asset management company for insourcing mandates (i.e. the mandate was already managed by UIN but the contract had to be drawn up again because the investor changed asset management company). For the acquisition of portfolio management services in the context of outsourcing mandates and the associated services, the appropriateness and effectiveness of the controls implemented in the process were certified by an audit firm (audit in accordance with ISAE 3402), which confirms the constant compliance with the company's high quality standards.

## 3. Real-estate funds for retail investors

Individual fund products and additional investment potential for the existing fund business on the market were established in the year under review. In addition, Union Investment started a realignment to develop its service range further and seize new opportunities efficiently.

## Sustainability – growing regulatory pressure at property and product level

In connection with the Paris 2015 climate goals, the property portfolio in Germany is to be almost climate-neutral by 2050. At national level in particular, specific legal requirements are increasing rapidly and will have direct effects on the existing property portfolio and new purchases. Union Investment has developed a “Manage to Green” strategy to prepare the property portfolio for future challenges and achieve the goal of climate neutrality by 2050. The degree of progress in its implementation is clearly shown by the “atmosphere” label developed by the Real Estate segment. A key indicator shows the degree of completion of the strategy and that of the climate path and thus of regulation for properties and entire portfolios. The biggest challenge at present is the EU Action Plan, which covers the topics of taxonomy, sustainability preference queries and disclosure obligations. The taxonomy establishes a uniform definition of sustainable financial products in order to avoid greenwashing and clearly distinguish sustainability. In the ascertainment of sustainability preferences, clients will in future be asked in the consulting process whether a sustainable investment (as defined by the taxonomy) is desired. As part of the disclosure obligations applicable from 2021, financial services providers will also be required to report on sustainability risks and indicate the risks of non-sustainable financial products. In addition to some buildings that currently meet the generally applicable regulatory targets for 2050, additional expenses at property level and/or portfolio shifts are expected to be necessary to achieve the climate targets overall.

### New sourcing formats: “Catch of the Day” and “Manage to Core”

With the product format “Catch of the Day”, new individual real-estate solutions are created by taking advantage of market opportunities. These are preferably large-volume off-market deals or property portfolios (usually over EUR 400 million). Existing Union Investment funds can also benefit by investing in the “Catch of the Day” product and gain exclusive access to sub-portfolios and/or individual properties as part of the product structuring. By using structuring options in a targeted way, combined with trendsetting property and portfolio strategies, an individual fund product for institutional investors was created.

“Manage to Core” refers to investments in undervalued existing buildings or speculative project developments with attractive added value potential. The goal is to develop and reposition properties in order to maximise income and generate an attractive property performance. In the initial phase, the focus is on office buildings in Germany and Europe. The targeted investment volume per project is more than EUR 20 million.

## 4. Real-estate funds for institutional investors

### Product launches and products in the design stage

In addition to the expansion of existing products, the focus in 2021 was still on the development of new product ideas and launches.

Additional assets in Cologne and Munich were acquired for the “UII German Prime Select” fund for cooperative primary banks, launched in 2020, resulting in real estate assets of EUR 669.5 million for the fund as at 31 December 2021. An investment in another premium property in Munich worth EUR 358.8 million was also secured and is to be transferred in the second quarter of 2022.

Further investments were made for the real-estate special AIFs launched in the second quarter of 2020 with a product for cooperative institutional investors (UII Garbe Logistik Fonds) and another product for non-cooperative institutional investors (UII Garbe Logistics Real Estate Fund) in collaboration with the GARBE Logistik Group, one of the leading developers and portfolio holders for logistics properties in Germany and Europe. The property value was thus increased further in the reporting period.

With the “PANDA” transaction, a “Catch of the Day” was also successfully concluded. For a project development in Munich that is to house the Patent Office after its completion in 2024 and has a total volume of around EUR 660 million, a joint venture was formed between “UII German Prime Select” and a major German professional pension scheme that participates via an investment limited partnership. The professional pension scheme also wishes to use this investment limited partnership for additional investments and further expand this business relationship.

Further growth potential in institutional business is also reflected in interest in residential properties in Europe and in niche markets such as convenience retail. In this context, various concepts are currently being examined and strategically developed. Concepts are also being examined and assessed with regard to the tourism hotel sector.

In service asset management business, very pleasing growth in assets under management is still being recorded. Four new vehicles were launched in the reporting period.

A new product in service asset management business – “GENO Rheinland Real Estate” – was launched on the initiative of a group of twelve cooperative primary banks from the Rhineland. An initial purchase of EUR 4.6 million was notarised in December. The fund is to accumulate real estate asset of up to EUR 300 million over the next four years. IMAXX AM, Gießen, which is already represented in three other funds, is acting as the external investment manager.

For a cooperative specialist bank, a new individual mandate in the German residential segment was launched with a target volume of EUR 150 million. This specialist bank was involved as an investment manager. Initial investments have already been made. The accumulation period is to last three years.

For two other cooperative banks, one individual mandate each in the residential segment was launched. Deutsche Asset One was selected as the investment manager for this mandate. The target volume is also around EUR 150 million per mandate and three purchases have been notarised altogether. Portfolio accumulation for these two mandates is to be completed in three years.

Further contributions were made for the investment limited partnerships launched in the past years for the proprietary holdings of two primary banks.

Among cooperative primary banks, there is growing demand for individual mandates, either as a contribution solution or as a relaunch of a special AIF, not least due to investors’ positive experiences in recent years. We still see great potential here in the coming years.

Competition for service asset management mandates remains very intense. Alongside talks with various primary banks, we have successfully endeavoured to secure another mandate, subject to board approval at the investor. This mandate is to reach a size of EUR 1.0 billion over the next ten years and will begin in 2022. In addition, preparations for the launch of a fourth fund in the successful “Redos-Fonds” series have begun and the launch of another individual mandate for a cooperative bank is to take place in the second quarter of 2022.

The launch of a real-estate fund of funds to round out the range of solutions for cooperative banks is currently being designed together with colleagues in Frankfurt and Luxembourg.

## 5. 2022 outlook

### 5.1 Retail clients

In addition to regularly adjusting its product range, Union Investment also updates its existing products. Against a backdrop of legislative changes and persistently low interest rates, the Retail Clients segment is endeavouring to offer investors funds and solutions that reflect the current market environment and that make the most of all available opportunities to generate attractive value added.

New product ideas were presented in the Retail Clients segment’s innovation process known as idea screening, with the best being selected for launch. The launch of two new funds was resolved in this context. The concepts for the funds with the provisional working titles UniNachhaltig Aktien Infrastruktur and UniThemen are intended to expand the centrally offered product range and are currently being developed.

In addition, the sustainable product range is also to be expanded in 2022. In this context, the index-tracking fund UniDeutschland is intended to be switched to a sustainable investment concept. With this change in the fund’s focus, a unit class with no front-end fees is planned to be drawn. In the first half of 2022, another impact-related fund is to be launched. This broad-based equity fund with a focus on the United Nations’ sustainable development goals (SDGs) is to be added to the UniZukunft fund series (working title: UniZukunft SDG-Aktien).

The launch of a “European Long-Term Investment Fund” (ELTIF) is also planned for the first time in 2022, with a prior subscription phase expected to begin at the start of May 2022. This EU-regulated version of an alternative investment fund allows direct investments in shareholdings (private equity), debt instruments (private debt), material assets or infrastructure investments to be pooled and sold to private investors (premium client segment).

After the successful pilot phase, the nationwide market launch of UnionDepot Komfort will begin in January 2022. The new custody account model can then be offered by all banks.

### 5.2 Institutional investors

It seems increasingly unlikely that the earnings dilemma in the eurozone will end in the foreseeable future. Institutional investors are having to spread their investments more broadly and use existing investment opportunities more flexibly in order to achieve the yields that they urgently require. Above all, this means adopting a more international investment focus, generating more market-based and market-neutral risk premiums, and properly networking their yield sources. Sufficient yields are now only possible by taking greater risks. Against this backdrop, there is greater demand than ever for active-dynamic asset management and risk management – not only defensively in order to limit losses but also and in particular offensively in terms of seizing the opportunities for yields in the market.

Union Investment supports institutional investors by providing them with solutions for the present capital environment.

### 5.3 Real-estate funds

#### IMMOmentum: Profitable growth with real estate

This strategic project serves to realign the business area in order to meet the dynamically changing requirements of the real estate market successfully. The goal is to better cater for desired sales in the Retail Clients and Institutional Clients segments by means of expanded sourcing potential. For the Retail Clients segment, a significant increase in benefits is targeted while also maintaining the current risk/reward profile. The Institutional Clients segment is to cater for a diverse client structure by means of an appropriate range of products and services. Safeguarding the future of property portfolios is also becoming increasingly important, requiring new ideas for the buildings’ tenants and users. In addition, systematic identification of acquisition potential on the national markets is also important in view of the more competitive transaction markets. At an administrative level, effectiveness and efficiency are to be increased by focussing on value-adding processes and modernisation of the system and data landscape with increased use of digitalisation opportunities.

#### Digitalisation initiatives: Safeguarding the future of the property portfolio in the long term

Union Investment responds to the challenge of safeguarding the future of the property portfolio with an integrated concept for a digital ecosystem that contributes to strategic portfolio protection with its services, functions and added value and facilitates future innovations. As well as tenants, owners and building service providers, the participants in this ecosystem will also include the building users, which will thus extend the real-estate value chain. As a result of this verticalisation and the development of a better understanding of the building users’ needs, conventional office properties remain highly interesting and can use their competitive advantages sustainably. In the case of Unilmmo: Deutschland’s existing property “Emporio”, for example, the app “Run this place” was

launched to provide greater mobility, convenience and efficiency by combining various different services for the working day. Alongside functions such as contactless parking, other features for more productivity, interaction and variety in day-to-day office work will soon be available.

#### Real-estate funds for institutional investors

In 2022, Union Investment Institutional Property GmbH aims to continue its growth by way of expansion of its existing products combined with new product launches. It is not only the existing institutional clients that are to be served, but also new major institutional clients in particular are to be gained, for example with the “Catch of the Day” format.

For service asset management mandates, intensive marketing is still being carried out. The company is currently facing increased competition for various individual mandates and successor products for established existing funds.

Examples also include individual fund solutions for smaller cooperative banks. There are also considerations with regard to further expanding the “closed-end investment limited partnership” product category, for example with contribution mandates.

## V. Position of the company

### 1. Result of operations

	2021 EUR million	2020 EUR million	Change EUR million
<b>Interest-based business</b>			
Interest income from lending and money-market business and from fixed-income securities	-3.1	-1.7	-1.4
Current income from variable-yield securities and profit transfer agreements	15.8	8.9	6.9
Interest expenses	-1.3	-1.0	-0.3
Allowances for losses on loans and receivables	-0.1	0	-0.1
<b>Net interest income after allowances for losses on loans and receivables</b>	<b>11.3</b>	<b>6.2</b>	<b>5.1</b>
<b>Commission-based business</b>			
Fee and commission income	3,790.3	2,780.0	1,010.3
Fee and commission expenses	-1,497.7	-1,214.1	-283.6
<b>Net fee and commission income</b>	<b>2,292.6</b>	<b>1,565.9</b>	<b>726.7</b>
<b>Net income from investment securities</b>	<b>3.2</b>	<b>43.5</b>	<b>-40.3</b>
<b>Other net remeasurement income on financial instruments</b>	<b>39.8</b>	<b>-83.2</b>	<b>123.0</b>
<b>Net income from companies accounted for using the equity method</b>	<b>6.2</b>	<b>4.6</b>	<b>1.6</b>
<b>Administrative expenses</b>			
Staff costs	-556.1	-451.9	-104.2
Other administrative expenses	-470.3	-390.6	-79.7
Depreciation and amortisation expense	-92.0	-76.6	-15.4
<b>Administrative expenses</b>	<b>-1,118.4</b>	<b>-919.1</b>	<b>-199.3</b>
<b>Other operating result</b>	<b>0</b>	<b>31.5</b>	<b>-31.5</b>
<b>Consolidated earnings before taxes</b>	<b>1,234.7</b>	<b>649.4</b>	<b>585.3</b>
<b>Income taxes</b>	<b>-373.9</b>	<b>-189.2</b>	<b>-184.7</b>
<b>Consolidated net income</b>	<b>860.8</b>	<b>460.2</b>	<b>400.6</b>
Attributable to:			
Shareholders of Union Asset Management Holding AG	850.9	450.8	400.1
Non-controlling interests	9.9	9.4	0.5

	2021	2020	Change
<b>Assets under management (final volumes) in EUR billion</b>	<b>454.1</b>	<b>385.9</b>	<b>68.2</b>
<b>Cost/income ratio (CIR)</b>	<b>47.5 %</b>	<b>58.6 %</b>	<b>-11.1 %</b>

Net interest income after allowances for losses on loans and receivables in the year under review was well above the previous year's level at EUR 11.3 million. This chiefly resulted from higher income from investments in subsidiaries and higher income from investment fund units.

Net fee and commission income breaks down as follows:

	2021 EUR million	2020 EUR million	Change EUR million
<b>Fee and commission income</b>	<b>3,790.3</b>	<b>2,780.0</b>	<b>1,010.3</b>
from sales commission	453.4	377.8	75.6
from management fees	3,150.1	2,228.9	921.2
from securities investment funds	2,613.7	1,800.2	813.5
of which performance-related fees	382.8	32.6	350.2
from real-estate investment funds	536.4	428.7	107.7
from securities custody accounts	42.6	53.9	-11.3
Other	144.2	119.4	24.8
<b>Fee and commission expenses</b>	<b>-1,497.7</b>	<b>-1,214.1</b>	<b>-283.6</b>
for volume-based commission	-940.9	-760.7	-180.2
Other	-556.8	-453.4	-103.4
<b>Total</b>	<b>2,292.6</b>	<b>1,565.9</b>	<b>726.7</b>

The key drivers in net fee and commission income are the assets under management for the respective financial year. Growth in assets under management is mainly determined by net new business and the performance of the capital markets. Assets under management increased sharply by EUR 68.2 billion in 2021 to EUR 454.1 billion at the end of the year – a new record high. This increase resulted from the high net inflows and the positive developments on the international capital markets.

Around three quarters of net fee and commission income, particularly the main share of income from management fees (not including performance fees or transaction fees from real-estate investment funds) and expenses for volume-related fees and commission (comprising trail commission, sales commission and other fees and commission), is determined by the volume of assets under manage-

ment. In net terms, these two items increased substantially by EUR 362.1 million. This was due to the considerably higher average volume of assets under management (up 15.3%).

The substantial increase in management fees from real-estate investment funds was due in particular to the considerably higher average volume of real-estate investment funds (up 19.3%) and the significant rise in transaction fees in the property sector.

Income from performance-based management fees was up substantially year-on-year at EUR 382.8 million (EUR 32.6 million).

Income from sales commission primarily contained the gross amount of the front-end fees generated. The shares paid to distribution partners as sales commission are included in other fee and commission expenses. On balance, these were much higher than in the previous year.

The decline in net income from investment securities of EUR -40.3 million to EUR 3.2 million (previous year: EUR 43.5 million) is primarily due to one-time income generated in connection with the majority acquisition of ZBI Partnerschaftsholding GmbH in the previous year.

Other net remeasurement income on financial instruments amounted to EUR 39.8 million after EUR -83.2 million in the previous year. The increase is mainly attributable to a significant change in measured guarantee pledges for investment products. By contrast, net income from the measurement of Union Investment's own-account investments declined considerably.

Net income from companies accounted for using the equity method was around the previous year's level at EUR 6.2 million (previous year: EUR 4.6 million) and primarily related to the share of the profit or loss of BEA Union Investment Management Limited, Hong Kong. This item also reflects the Union Investment Group's share of the profit or loss of R+V Pensionsfonds Aktiengesellschaft, Wiesbaden, and compertis Beratungsgesellschaft für betriebliches Vorsorgemanagement mbH, Wiesbaden.

At EUR -1,118.4 million, administrative expenses were up significantly by EUR -199.3 million on the previous year's level (EUR -919.1 million).

At EUR -556.0 million, staff costs were up significantly by EUR -104.0 million on the previous year's level (EUR -452.0 million). Excluding ZBI, this substantial increase chiefly resulted from adjusted bonus payments and new positions. Further deviations arose as a result of the ZBI staff costs.

At EUR -470.3 million, other administrative expenses were up significantly by EUR -79.7 million on the previous year's level (EUR -390.6 million).

	2021 EUR million	2020 EUR million	Change EUR million
<b>Total</b>	<b>-470.3</b>	<b>-390.6</b>	<b>-79.7</b>
IT expenses	-125.6	-109.0	-16.6
Public relations/marketing	-70.3	-59.1	-11.2
Consulting	-102.0	-61.0	-41.0
Office expenses	-41.2	-37.8	-3.4
Property and occupancy costs	-19.7	-23.1	3.4
Miscellaneous	-111.5	-100.6	-10.9

Other administrative expenses increased mainly due to consulting, IT expenses and public relations/marketing.

Depreciation and amortisation expense was significantly higher year-on-year at EUR -92.0 million, rising by EUR -15.4 million (previous year: EUR -76.6 million). This chiefly resulted from amortisation on right-of-use assets.

The other operating result amounted to EUR 0 million in the period under review and was therefore considerably below the previous year's figure of EUR 31.5 million. This difference chiefly resulted from the increase in allowances for losses on loans and receivables.

Based on a group tax rate of 31.26%, the effective tax rate within the UMH Group was 30.28% (previous year: 29.13%). Income tax expense increased by EUR -184.7 million year-on-year to EUR -373.9 million in the year under review. It comprises current tax expense of EUR -369.0 million (previous year: EUR -210.8 million) and deferred tax income of EUR -4.9 million (previous year: tax income of EUR 21.6 million). The increase in current tax expense was caused mainly by the increase in consolidated earnings before taxes. The deferred tax expense was largely due to the reversal of deferred tax assets for liability derivatives.

Overall, the developments described led to a substantial year-on-year increase in consolidated earnings of EUR 400.6 million to EUR 860.8 million (previous year: EUR 460.2 million).

In addition, the low cost/income ratio (CIR) of 47.5% is testimony to the efficient use of resources within the Union Investment Group. The CIR fell by -11.1 percentage points year-on-year.

## Comparison with earnings originally forecast for 2021

The original forecasts for consolidated earnings in 2021 were significantly exceeded. This positive development was due to a significant increase in net fee and commission income, which resulted from a strong rise in volume-based net fee and commission income and a substantial increase in performance-based management fees. Administrative expenses increased significantly as compared to the original planning. This was largely due to higher staff costs. Staff cost for UIG not including ZBI increased significantly compared to the forecast result for 2021, primarily due to the adjusted bonus payments. Further deviations arose as a result of the ZBI staff costs. By contrast, other administrative expenses decreased slightly, mainly due to lower office expenses and public relations/marketing expenses. Depreciation and amortisation expense increased slightly. The other operating result declined significantly, mainly as a result of the increase in allowances for losses on loans and receivables. By contrast, the financial result – comprising net interest income, net income from investment securities and other net remeasurement income on financial instruments – increased significantly. This was mainly attributable to the significant change in the measurement of guarantee pledges for investment products, as well as the significantly increased value contribution from own-account investment. In net terms, this resulted in a strong improvement in earnings and a significantly improved CIR compared with the original planning.

## Distribution

The payment of a dividend of EUR 12.06 per share will be proposed at the Annual General Meeting on 17 May 2022. This would equate to a total dividend payment of EUR 350.3 million. The Supervisory Board of UMH AG approved the proposed appropriation of profit at its meeting held on 25 February 2022.

## 2. Liquidity management and financial position

### 2.1 Liquidity management

As well as ensuring that the companies of the Union Investment Group can meet their payment obligations at all times, the aim of liquidity management is the return- and risk-oriented investment of available financial resources.

The management is based on constant monitoring and analysis of all financial resources and cash flows of the companies. Building on this, regular liquidity planning determines the short- and medium-term liquidity situation. The planning is supported by IT systems. It has a monthly rolling structure covering a planning period of 15 months based on the latest earnings forecasts. The planned cash inflows and outflows are thus derived from the budgeted income and expenses and from the foreseeable changes in statement of financial position items that affect liquidity.

The results of liquidity planning serve as the basis for the allocation of financial resources within the following four categories.

- Liquidity (investments for short-term liquidity management):  
Financial resources with an expected investment duration of less than three years include bank balances as well as investments in money-market funds, fixed-income funds investing in short-term fixed-interest securities and other products suitable for short-term investment.
- Strategic investments (long-term investments):  
Strategic investments have an expected investment duration of at least three years and comprise investments in funds or securities that are selected on the basis of risk/reward criteria. The expected term of each investment is determined when the group enters into the specific transaction.
- Funding:  
Investments are regularly made as initial funding of new Union Investment Group funds so as to be able to place a new investment product on the market successfully. Initial funding is generally repaid within six months.
- Employee investments:  
Employee investments comprise all cash invested for employees of the companies as part of pension plans and employee retention programmes.

On the basis of the forecast cash flows from operating activities, the specific selection of investment alternatives is performed as part of liquidity management. The investment decision incorporates regular stress tests as another control element in order to assess the effect of changes in interest rates on the group's cash positions. The investment strategy is generally a conservative one.

The four categories of financial resources are subject to constant risk monitoring.

## 2.2 Group financial position

The table below shows total cash and cash equivalents:

	31.12.2021		31.12.2020		Change EUR million
	EUR million	%	EUR million	%	
Securities holdings	2,026.2	62.1	1,718.1	74.6	308.1
Bank holdings	1,238.6	37.9	586.2	25.4	652.4
<b>Total cash and cash equivalents</b>	<b>3,264.8</b>	<b>100.0</b>	<b>2,304.3</b>	<b>100.0</b>	<b>960.5</b>

The securities holdings break down as follows into the four categories of financial resources:

	31.12.2021		31.12.2020		Change EUR million
	EUR million	%	EUR million	%	
<b>Short-term investments for liquidity management</b>	<b>780.4</b>	<b>38.5</b>	<b>416.1</b>	<b>24.2</b>	<b>364.3</b>
of which fixed-income funds	780.4	38.5	416.1	24.2	364.3
<b>Strategic investments</b>	<b>1,215.7</b>	<b>60.0</b>	<b>1,207.2</b>	<b>70.3</b>	<b>8.5</b>
of which fixed-income funds	915.2	45.2	1,137.4	66.2	-222.2
of which equity funds	133.6	6.6	2.4	0.1	131.2
of which money-market funds	61.5	3.0	61.9	3.6	-0.4
of which mixed funds	47.8	2.4	1.1	0.1	46.7
of which alternative investment funds	28.9	1.4	0	0	28.9
of which hybrid funds	24.7	1.2	0.1	0	24.6
of which real-estate funds	4.0	0.2	4.3	0.3	-0.3
<b>Funding</b>	<b>26.8</b>	<b>1.3</b>	<b>91.8</b>	<b>5.3</b>	<b>-65.0</b>
of which mixed funds	15.2	0.8	39.2	2.3	-24.0
of which fixed-income funds	5.8	0.3	40.3	2.3	-34.5
of which alternative investment funds	5.7	0.3	4.4	0.3	1.3
of which real-estate funds	0.1	0.0	0.1	0	0.0
of which equity funds	0	0	5.5	0.3	-5.5
of which hybrid funds	0	0	0.6	0	-0.6
of which other funds	0	0	1.7	0.1	-1.7

	31.12.2021		31.12.2020		Change EUR million
	EUR million	%	EUR million	%	
<b>Employee investments</b>	<b>3.3</b>	<b>0.2</b>	<b>3.0</b>	<b>0.2</b>	<b>0.3</b>
of which fixed-income funds	1.7	0.2	2.0	0.1	-0.3
of which mixed funds	0.5	0	0.6	0.1	-0.1
of which equity funds	0.5	0	0.1	0	0.4
of which other funds	0.6	0	0.3	0	0.3
<b>Total securities</b>	<b>2,026.2</b>	<b>100.0</b>	<b>1,718.1</b>	<b>100.0</b>	<b>308.1</b>
of which fixed-income funds	1,703.1	84.1	1,595.8	92.9	107.3
of which equity funds	134.1	6.6	8.0	0.5	126.1
of which mixed funds	63.5	3.1	40.9	2.4	22.6
of which money-market funds	61.5	3.0	61.9	3.6	-0.4
of which alternative investment funds	34.6	1.7	4.4	0.3	30.2
of which hybrid funds	24.7	1.2	0.7	0.0	24.0
of which real-estate funds	4.1	0.2	4.4	0.3	-0.3
of which other funds	0.6	0.0	2.0	0.1	-1.4

Taking into account the balance of financial resources available as at the end of the reporting period and the changes in liquidity forecast by the monthly rolling 15-month liquidity planning process, if the planned level of performance is achieved the companies within the Union Investment Group at the time at which the management report was prepared will be able to meet their financial obligations becoming due in the said planning period from the available cash and cash equivalents at all times.

### 3. Net assets

#### 3.1 Overview of net assets

The following table shows a summary of the individual items of the consolidated statement of financial position by financial category.

Assets	31.12.2021		31.12.2020		Change EUR million
	EUR million	%	EUR million	%	
<b>Loans and advances to</b>					
banks	1,251.1	27.3	592.0	17.0	659.1
customers	98.8	2.2	80.2	2.3	18.6
Asset derivatives	1.2	0.0	0	0.0	1.2
Investment securities	2,080.6	45.3	1,743.0	50.0	337.6
Shares in companies accounted for using the equity method	67.6	1.5	61.7	1.8	5.9
Property, plant and equipment and intangible assets	373.0	8.1	343.7	9.9	29.3
Income tax assets	95.7	2.1	107.3	3.1	-11.6
Right of use assets	327.8	7.1	300.4	8.6	27.4
Miscellaneous assets	293.2	6.4	217.6	6.2	75.6
Assets held for sale	0	0.0	39.2	1.1	-39.2
<b>Total assets</b>	<b>4,589.0</b>	<b>100.0</b>	<b>3,485.1</b>	<b>100.0</b>	<b>1,103.9</b>
<b>Equity and liabilities</b>					
	EUR million	%	EUR million	%	EUR million
<b>Liabilities to</b>					
banks	64.9	1.4	30.1	0.9	34.8
customers	2.4	0.1	1.5	0.0	0.9
Liability derivatives	140.7	3.1	179.9	5.2	-39.2
Provisions	291.3	6.3	257.4	7.4	33.9
Income tax liabilities	231.2	5.0	59.9	1.7	171.3
Lease liabilities	331.8	7.2	302.4	8.7	29.4
Miscellaneous liabilities	1,091.6	23.8	865.7	24.8	225.9
Equity	2,435.1	53.1	1,788.2	51.3	646.9
<b>Total equity and liabilities</b>	<b>4,589.0</b>	<b>100.0</b>	<b>3,485.1</b>	<b>100.0</b>	<b>1,103.9</b>

Consolidated total assets increased by 32 % year-on-year to EUR 4,589.0 million. As is typical for the industry, the assets managed by the Union Investment Group for its clients – investment funds and other asset management formats – are not reported in the statement of financial position.

The assets side of the consolidated statement of financial position is dominated by cash and cash equivalents, bank holdings and securities. Total cash and cash equivalents increased by EUR 960.5 million to EUR 3,264.8 million. Bank holdings are included in the loans and advances to banks item and climbed by EUR 652.4 million to EUR 1,238.6 million. Securities are mainly recognised under investment securities. The securities portfolio increased by EUR 308.1 million to EUR 2,026.2 million. The increase in cash and cash equivalents was attributable to the reinvestment of the previous year's earnings and the positive business performance in the current financial year. The breakdown of cash and cash equivalents is explained in the 'Financial position' section.

Asset derivatives include options that entitled UMH to purchase shares in a company in the future.

**Additions to property, plant and equipment** of EUR 22.0 million were offset by depreciation of EUR -8.2 million. Including other changes, the net carrying amount of property, plant and equipment increased by EUR 13.8 million from EUR 36.7 million in the previous year to EUR 50.5 million.

**Additions to intangible assets** of EUR 41.0 million were offset by amortisation in the amount of EUR -44.9 million in the year under review. Due to the initial consolidation of ZBI Immobilienmanagement GmbH, goodwill increased by EUR 16.9 million. Including other changes, the net carrying amount of intangible assets increased by EUR 15.6 million from EUR 307.0 million in the previous year to EUR 322.5 million.

Miscellaneous assets include receivables from funds of EUR 229.0 million (previous year: EUR 177.0 million) and receivables from other taxes of EUR 28.4 million (previous year: EUR 14.6 million). The receivables from funds largely comprised deferred receivables from management fees and flat-rate fees for the month of December.

**Right-of-use assets** increased particularly as a result of taking occupancy of the office space in the Aerogolf building in Luxembourg.

Liabilities to banks and customers increased by EUR 34.8 million to EUR 64.9 million, primarily as a result of commission liabilities in connection with fund unit trading.

Liability derivatives included EUR 140.8 million relating to measured capital preservation commitments in accordance with the German Personal Pension Plan Certification Act (AltZertG) and minimum payment commitments in connection with actual guarantee funds (previous year: EUR 179.9 million).

	31.12.2021 EUR million	31.12.2020 EUR million	Change EUR million
<b>Provisions for employee benefits</b>	<b>243.3</b>	<b>239.5</b>	<b>3.8</b>
Provisions for defined benefit obligations	140.2	153.3	-13.1
Provisions for other long-term employee benefits	102.9	85.6	17.3
Provisions for termination benefits	0.2	0.6	-0.4
<b>Other provisions</b>	<b>48.0</b>	<b>17.9</b>	<b>30.1</b>
<b>Total</b>	<b>291.3</b>	<b>257.4</b>	<b>33.9</b>

Provisions increased by EUR 33.9 million from EUR 257.4 million to EUR 291.3 million. Provisions for defined benefit obligations changed by EUR -13.1 million from EUR 153.3 million to EUR 140.2 million. Provisions for other long-term employee benefits increased by EUR 17.3 million from EUR 85.6 million to EUR 102.9 million. Other provisions rose by EUR 30.1 million from EUR 17.9 million to EUR 48.0 million.

**Miscellaneous liabilities** increased, particularly due to higher deferred liabilities for commission fees to broker banks, which were up EUR 165.5 million at EUR 796.0 million.

Equity increased by EUR 646.9 million from EUR 1,788.2 million to EUR 2,435.1 million. The increase was primarily due to the dividend for the previous year paid out in the financial year (EUR 231.2 million) compared with total comprehensive income in the year under review (EUR 886.4 million). The equity ratio was 53.1 %, up 1.8 percentage points on the prior-year figure of 51.3 %.

### 3.2 Non-financial performance indicators

#### Employees

The Union Investment Group's workforce is critical to its performance, future profitability and competitiveness. The Union Investment Group pursues an innovative, needs-driven professional development strategy in order to provide the best possible framework in which it can nurture the capabilities and commitment of its employees in line with their responsibilities and potential. In the 2021 financial year, a total of around EUR 3.3 million was invested in human resources development activities (previous year: EUR 2.3 million). Target-driven people management and the use of performance-related remuneration help to ensure that employees at all levels learn to think and act from a business perspective. Employee motivation and commitment to this target-based approach are also encouraged by variable remuneration components based on individual performance targets.

As at 31 December 2021, UMH employed 349 people (previous year: 330 employees) with an average age of 43.4 (previous year: 42.9) and an average period of service of 11.1 years (previous year: 10.9 years). The Union Investment Group employed 4,109 people as at the end of 2021 (previous year: 3,929). Across the group, the average age of employees was 43.2 (previous year: 43.3) and the average period of service was 10.1 years (previous year: 11.1 years).

The number of employees in the Union Investment Group as at 31 December 2021 includes the new company ZBI. However, the key figures for average age and average period of service at UIG were analysed without including ZBI, as the corresponding data were not available due to the initial consolidation.

#### Brand performance

The figures based on traditional parameters for measuring brand performance remained at a high level in 2021. Population-based aided awareness of the Union Investment brand rose from 60.7 % in December 2020 to 61.9 % as of November 2021. Aided advertising recall rose to 36.2 % in November 2021 after 33.9 % as of December 2020, while willingness to purchase fell from 42.0 % to 34.4 % in the same period. The latter KPI should not be assessed too directly, as statements of willingness to purchase in an anonymous interview are completely non-binding and the rate of actual deals correlates only weakly with willingness to purchase. This is especially true given that bank consultants have a strong influence on purchasing decisions, but this influence cannot be reflected in the interview situation.

In 2013, UMH started to record brand strength index data for all target groups relevant to the brand as part of its strategic brand management activities. This index is determined from well-established brand management parameters and is expressed as a value between 0 and 100. For bank consultants in retail client business, the current figure for the brand strength index rose by 1.2 points year-on-year to 94.2 points. The brand strength index figure for retail investors was 75.5 points in 2021 – 3.1 points higher than in 2020. The index figure for institutional investors in 2021 was calculated as 87.5 points. It was not possible to determine the index in the institutional investors target group in 2020 for technical reasons relating to data collection. The most recent figure previously calculated for the brand strength index comes from 2019, when it was measured as 85 points.

The index figure for real-estate market participants came to 82.2 points in 2021. In the previous measurement from 2019, the index figure was 84.4 points. It should be noted that the basis for the survey has changed. Up until 2019, only the company's own business partners were surveyed. The current index figure is based on a market survey, meaning that real-estate market participants with which UIR does not have any business relationships were also surveyed. Although the figure measured in 2021 is numerically lower, it is to be viewed as an improvement due to the broader base of respondents. The brand index for tenants was not ascertained in 2020 or 2021 due to the difficult situation among the core tenant groups – tenants of large office spaces, hotels and retail businesses in shopping centres – as a result of the coronavirus pandemic. In 2018, the brand strength index figure for tenants in properties of UIR/UII was 72.2 index points. The figure for this target group was 71 points at the time of the previous survey (2016).

Given the varying relevance of the brand in the decision-making process within the different target groups, the current values for all the target groups are seen as positive from a brand management perspective.

As brand is becoming more important in the course of digitalisation and has high priority at Union Investment and given that numerous measures are being pursued to strengthen the brand, we expect to consolidate these very good values further in the future.

In a comparison with the performance of competitor brands, the picture established over the last few years has remained largely unchanged: Union Investment remains well ahead of most of its competitors in terms of the strength of its brand. This brand therefore constitutes a valuable asset for the Union Investment Group over the long term.

#### Client satisfaction

As in the previous round of surveys from 2018, the average satisfaction score for Geno bank executives in 2021 was 2.0. The figure measured in 2021 for Geno bank consultants was 2.1, representing an improvement of 0.1 scale points compared to the previous survey from 2019. As in the previous year, the average satisfaction score among retail investors in 2021 was 2.2 on a scale from 1 = "extremely satisfied" to 5 = "unsatisfied".

For the 2022 financial year, it can be assumed that determined efforts will be required, as in the previous years, in order to maintain the good scores among distribution partners. There are possibilities for a further increase among retail investors, but it should be borne in mind that these often do not take effect until the medium term, based on the findings of satisfaction research. For both groups, experience shows that there may be spillover effects depending on the capital market situation: unfavourable capital market conditions lead to a "feeling" of lower satisfaction with fund providers. So if the favourable conditions for funds in the reporting period deteriorate on a sustained basis, there is a risk of moderate declines in the scores.

Internal satisfaction surveys are carried out among Union Investment's institutional investors on a two-year cycle. The surveys are conducted in odd-numbered years, so there was a round of surveys in the reporting year. On a scale from 1 = "extremely satisfied" to 5 = "unsatisfied", the score for the overall satisfaction of institutional investors with their business relationship with Union Investment was 1.75. It thus improved slightly compared to the already very good level from the survey in 2019, when the figure for overall satisfaction came to 1.81.

The highly regarded independent company Greenwich Associates carries out studies of the German institutional asset management market on an annual basis. Institutional investors are surveyed on the performance of the asset managers they are currently working with. Union Investment did not purchase the results of the Greenwich study in 2021. Nevertheless, Union Investment was designated as a "Greenwich Quality Leader". This strictly limited title is awarded to just two or three asset managers each year that achieve outstanding performance in their customers' perception.

Based on the very good scores in our client satisfaction survey and the current designations by Greenwich, we expect to be able to maintain our very good market position in institutional business in 2022, too.

Satisfaction surveys are conducted on a two-year cycle among tenants of Union Investment Real Estate GmbH and Union Investment Institutional Property GmbH properties. Due to the coronavirus pandemic, which led to critical earnings situations for many tenants in key tenant groups – office tenants, hotels and retail tenants in shopping centres – UIR and UII decided in consultation with UMH, which conducts the surveys (and where the UIG's central market research is based), to postpone once again the client satisfaction survey that was originally scheduled for 2020 and then initially moved back to 2021. The most recent survey is therefore from 2018.

In 2018 the satisfaction values remained at a good level compared with the time of the previous measurement. On a scale from 1 = "extremely satisfied" to 5 = "unsatisfied", the score for the satisfaction of tenants in Union Investment Real Estate GmbH/Union Investment Institutional Property GmbH properties in Germany remained at 2.3 in 2018.

It is difficult to forecast how tenant satisfaction will develop in the 2022 financial year. One driving factor for the development will undoubtedly be the further course of the coronavirus pandemic and its impact on the economic situation of the tenant groups. In the best-case scenario, we expect the most recently measured high level of client satisfaction to be maintained. This forecast is based partly on the assumption that tenants will quickly get used to the level of service offered and simply maintaining this level will no longer be enough to maintain the satisfaction score achieved.

#### Employee volunteering with the mitMenschen initiative

Socially responsible volunteering by employees forms part of the Union Investment Group's sustainability strategy. The mitMenschen initiative was launched in the 2006 anniversary year, driven by a desire to give something back to the community.

Since November 2012, employees have been able to organise such activities themselves. To this end, Union Investment maintains a database of socially responsible activities on its intranet, where projects are added and employees can sign up for them.

Social commitment activities by employees were largely suspended in 2021 due to the pandemic. Nonetheless, four projects were still implemented by the employees. All of these took place at the Frankfurt location. In total, 52 employees from all hierarchy levels devoted 324 hours of their own time to volunteer for two organisations.

This work helped socially disadvantaged children, young people and adults. The employees support the Heinrich-Wilhelm-von-Riehl school with job application training and the Teestube Jona – an establishment for homeless people – in Frankfurt's railway station district.

Union Investment also exercises its role as an active member of society as part of other projects. For more information, please refer to section E of this management report.

### 3.3 Statement of cash flows

The purpose of the statement of cash flows is to determine and present cash flows generated or used by the Union Investment Group in its operating activities, investing activities and financing activities in the financial year.

A statement of cash flows is not particularly meaningful as far as investment companies are concerned. The Union Investment Group's statement of cash flows does not replace liquidity or financial planning, nor is it used as a management tool.

	2021 EUR million	2020 EUR million
Cash flow from operating activities	619.3	576.2
Cash flow from investing activities	-342.8	-334.1
Cash flow from financing activities	-276.5	-242.1
= Changes in cash and cash equivalents	0	0
+ Cash and cash equivalents at the beginning of the year	0	0
<b>= Cash and cash equivalents at the end of the year</b>	<b>0</b>	<b>0</b>

Cash and cash equivalents in the statement of cash flows correspond to the cash and cash equivalents item in the statement of financial position, which comprises cash in hand and balances at central banks, plus debt instruments from public sector entities and bills of exchange eligible as collateral for central bank funding if the residual maturity is less than three months and the amounts concerned are deemed to be the retention of liquidity. Loans and advances to banks that are repayable on demand are not included; these items are assigned to operating activities.

Cash flow from operating activities was determined using the indirect method and provides information on cash flows from the results of the main activities recognised in the income statement and from changes in items of the statement of financial position from the Union Investment Group's business activities that are not attributable to investing or financing activities. This cash flow demonstrates the Union Investment Group's ability to generate cash from its operating activities and from its own resources in order to meet its obligations, maintain its operations, pay dividends and support capital expenditure without having to resort to external sources of funding.

The main features of cash flow from investing activities in the year under review were proceeds of EUR 818.2 million from the disposal of investment securities and payments of EUR 1,098.2 million to acquire investment securities. There were also payments of EUR 41.0 million for the acquisition of intangible assets and payments of EUR 22.0 million for the acquisition of property, plant and equipment.

In accordance with the definition in IAS 7.17, cash flow from financing activities comprised cash flows arising from transactions with equity holders and other shareholders in consolidated subsidiaries, from other capital, from the repayment of lease liabilities and from the utilisation and repayment of loans and other borrowings. Cash flow from financing activities was primarily accounted for by the payment by UMH of the dividend for the 2021 financial year amounting to EUR 231.2 million and the payment of dividends from subsidiaries of UMH to non-controlling interests amounting to EUR 7.2 million. Cash payments for the principal portion of lease liabilities amounted to EUR 41.0 million, and changes in cash from other capital amounted to EUR 2.9 million.

## VI. Dependent company report

The company received appropriate consideration for the transactions and measures listed in the dependent company report, based on the circumstances known to the Board of Managing Directors at the time such transactions and measures were performed or taken. The company was not disadvantaged as a result of measures being taken.

The company has not, at the instigation or in the interests of DZ BANK AG Deutsche Zentral-Genossenschaftsbank (DZ BANK AG), Frankfurt am Main, or one of its affiliated companies, neglected to carry out any measure that could have been beneficial to the company based on the circumstances known to the Board of Managing Directors at the time.

## C Corporate governance declaration <sup>1</sup>

Report in accordance with Section 289f (4) in conjunction with (2) no. 4 of the German Commercial Code (HGB)

The company's Supervisory Board has set targets for the proportion of women on the company's Supervisory Board and Board of Managing Directors pursuant to Section 111 (5) of the German Stock Corporation Act (AktG), to be met by 31 December 2021. The target set for the Supervisory Board was 20 % (3 out of 15). In the period under review and at the target date of 31 December 2021, the proportion of women on the Supervisory Board was 26.7 % (4 out of 15). For the new target date, 31 December 2026, the Supervisory Board has set a target of 26.7 % (4 out of 15) for the proportion of women on the Supervisory Board.

The proportion of women on the Board of Managing Directors in the reporting period was 0 %. The Supervisory Board had determined not to set a binding, higher target until 31 December 2021. For the new target date, 31 December 2026, the Supervisory Board has set a new target of 20 % (1 out of 5) for the proportion of women on the Board of Managing Directors.

In addition, the Board of Managing Directors had defined targets in accordance with Section 76 (4) AktG for the two management levels below the Board of Managing Directors; these targets are to be met by 31 December 2021.

At head of division level (the first level below the Board of Managing Directors), the target was 25 %. This target was met in the reporting period and as at the target date 31 December 2021. The proportion of women at head of department level (the second level below the Board of Managing Directors) in the reporting period and as at the target date 31 December 2021 was 0 %. The Board of Managing Directors had determined not to set a binding, higher target until 31 December 2021.

For the new target date, 31 December 2026, the Board of Managing Directors has set new targets for the proportion of women of 25 % (1 out of 4) for the head of division level (the first level below the Board of Managing Directors) and 7.14 % (1 out of 14) for the head of department level (the second level below the Board of Managing Directors).

<sup>1</sup> In line with the requirements of German law, the content of the corporate governance declaration in accordance with Section 289f (4) of the German Commercial Code (HGB) (disclosures on the proportion of women) has not been audited.

## D Forecast, report on risks and opportunities

### I. Report on opportunities

Union Investment pursues a value-driven business policy, meaning that its aim is to increase the enterprise value continuously. This increase is to be achieved through permanent and profitable growth, taking account of risk/reward aspects. Specifically, the company sees it as its mission to increase its clients' assets and gain trust. To this end, it faces up to the key challenges on the capital markets and develops needs-based investment solutions. The Union Investment Group's business performance is reflected in the expenses, income and earnings in the UMH consolidated financial statements. The following opportunities are seen in this context:

There are no signs of an end to the low interest rates in the foreseeable future, with the prevailing environment being further consolidated by the coronavirus measures. As such, investors can only generate a return if they are prepared to take controlled risks. Union Investment believes there is an opportunity in this environment for it to further consolidate its position as an active risk manager and solution provider both for retail investors and institutional client groups, and to expand its fund business.

In addition to regularly reviewing the product range, the product focus for the client group of retail investors remains on generating value added via funds and solutions that reflect the current market environment. Institutional investors are focusing on flexible products in order to take advantage of the available investment opportunities. In particular, this means adopting a more international investment focus, generating more risk premiums, and properly networking their yield sources. This is accompanied by a shift away from conventional index benchmark thinking and towards active and dynamic management. In addition, alternatives can be used to provide additional returns in the low interest rate environment.

The topic of sustainability remains important to the target group of institutional clients. At the same time, the economic benefits of sustainability are becoming increasingly important too. Union Investment offers socially responsible investments (SRI) across many asset classes and provides active assistance in the area of corporate governance. Demand from retail investors is also becoming considerably more dynamic.

In recent years, a large number of legislative provisions have been implemented or initiated with a significant impact on securities business, and further measures are also expected in the future. In light of these developments, Union Investment believes that there is an opportunity to develop customised, solution-oriented products and to strengthen customer loyalty in both retail and institutional client business. Union Investment offers institutional investors solutions that also satisfy regulatory and reporting requirements. Specific reporting solutions from Union Investment help institutional investors reduce the effort and expense of meeting regulatory requirements when recording information in their own systems.

Digital transformation is steadily coming to all areas of society and business. This development gives Union Investment the potential to create new customer benefits and to improve processes at all stages of the value chain.

Based on the identified opportunities, Union Investment believes there is the prospect of continually boosting its net sales and the volume of assets under management, thereby further increasing the resulting fee and commission income for the group. Union Investment is also constantly working to improve its processes, thereby saving time and costs. Overall, this results in both expense- and income-based opportunities to generate an excellent earnings performance.

## II. Report on risks

### 1. Proven systems for identifying and managing risks

The Union Investment Group is an asset manager, and its performance is therefore influenced to a large degree by trends in the real estate and capital markets and by the investment behaviour of fund investors. It acts in the interests of fund investors and pursues a value driven business policy with the long-term objective of generating a sustained increase in enterprise value, taking into account a balance of risks and rewards.

The internal management systems are designed such that risks can be identified, monitored on a regular basis and actively managed, among other things. The systems aim to ensure that risks potentially leading to negative variances from predicted performance are identified as early as possible and that corrective action is initiated to mitigate the risk. At the same time, the aim is also to ensure that the group can exploit business opportunities, taking into account profitability and the group's risk-bearing capacity.

The Union Investment Group's risk management system (RMS) is a continuous process that incorporates all organisational measures and procedures for identifying, measuring, monitoring and managing risks. The RMS is organised in compliance with regulatory requirements. UMH is a company within the DZ BANK Group and is thus integrated into the risk management system of this group.

The Board of Managing Directors of UMH bears responsibility for risk management within the Union Investment Group. The risk strategy categorises the material types of risk identified, defines the fundamental risk measurement methods used and provides detailed guidance on how to deal with the risk in question. The risk strategy is consistent with the risk strategies implemented within the DZ BANK Group. Risk measurement and management procedures have been devised for all the material risk types, risk concentrations and interaction with investment fund assets identified in the risk inventory. The Risk and Data Quality Management Committee is the central risk committee within the Union Investment Group. At its meetings, it discusses the group's risk situation and prepares decisions for the Board of Managing Directors of UMH. The Chief Risk Officer and the

central Risk Management unit are charged by the Board of Managing Directors with ensuring the integrity of the group-wide RMS. Quarterly risk reports on UMH and the main companies within the Union Investment Group are prepared for their senior management teams and supervisory boards as part of the regular reporting cycle.

The details of the RMS, including all policies and strategies, are documented in the Union Investment Group's risk manual.

The Internal Audit department carries out an annual review of the RMS to ensure that it is fully operational.

The following sections describe the key components of the RMS within the Union Investment Group:

#### Analysis of risk-bearing capacity

In order to ensure that the Union Investment Group and its companies continue to survive as going concerns, their ability to bear risk is regularly monitored as part of the economic risk and capital management system. The material types of risk are limited in accordance with the risk strategy and the aggregate risk cover available and are backed by risk capital. This involves limiting the maximum risk permitted by risk propensity in the form of an overall limit in such a way that the survival of UMH and the Union Investment Group as going concerns is not put at risk. This process incorporates the effects of diversification between the different risk types. Independent experts use industry standards and methods to calculate the risk capital requirements and monitor the limits. Union Investment carries out regular stress tests in respect of the main types of risk. The methods used are subject to an annual adequacy review.

#### Early-warning system

Data on risk indicators is regularly collected and aggregated into 13 categories as part of the early-warning system. If predefined tolerance limits are exceeded or a risk is classed as elevated, an early warning is triggered that prompts those responsible for risk management to conduct a causal analysis and implement risk mitigation measures. The early warnings generated by the system therefore guarantee that corrective action will be initiated in good time. The risk indicator system essentially covers operational risks, business risks, market risks and risks that can arise from outsourced functions. In addition, the group has an ad hoc reporting system for the early identification of exceptional risk situations that require immediate action.

#### Risk reporting

The Board of Managing Directors of UMH receives quarterly written reports on changes in the risk position in the reporting period. The risk report describes and assesses the overall risk position. It highlights any critical areas of potential risk and, if necessary, recommends action to eliminate such potential risk. The Board of Managing Directors uses this report as the basis for the information it forwards to the Supervisory Board. In addition to these regular risk reports, any critical risk information is passed to the Board of Managing Directors without delay and, if necessary, is also escalated to the Supervisory Board.

## 2. Presentation of material risks<sup>1</sup>

The Union Investment Group's risk strategy applies to the risks identified and classified as material in the annual risk inventory. These risks are regularly monitored and managed with the help of the risk management system on the basis of the guidance specified in the risk strategy.

As part of the annual risk inventory, sustainability risks are also taken into account and an impact analysis is performed. Sustainability risks in terms of environmental, social and governance risks are not regarded as a separate risk type here, but instead as drivers of existing risk types. These risk drivers may negatively impact the Union Investment Group's capital position/results of operations through the existing risk types. The risk management system is continuously developed further and supplemented on the basis of new findings with regard to the impact.

### Operational risk

Operational risk is defined as the risk of losses arising from human behaviour, technological failure, process or project management weaknesses or external events. Legal risk is included in this definition. Compared to other risks, operational risk is extremely important within the Union Investment Group because the group's activities focus on the provision of services for third parties and not on the assumption of risk on its own account.

Operational risk is quantified centrally by DZ BANK AG using an economic portfolio model. A risk contribution of EUR 153.9 million was calculated for UMH as at 31 December 2021 (previous year: EUR 114.4 million). The limit was therefore increased to EUR 192.0 million (previous year: EUR 141.0 million) in November. As such, the limit was adhered to as at 31 December 2021.

The additional risk indicator system triggered warnings for various risk indicators as intended. Corrective action to facilitate risk management was derived from these. There were no indications in the course of the year of any critical situations likely to represent a risk to the group as a going concern.

The group records all losses of EUR 1,000 (gross) or more arising in connection with operational risks in its internal loss database. If such a risk materialises, it can cause not only losses but also delays or interruptions to operations or even subsequently give rise to reputational risks. The recording of loss events enables Union Investment to analyse operational risks that have become critical and identify trends and concentrations. The action subsequently specified to mitigate the risk or prevent such risk from materialising can then also be refined. For gross losses of EUR 500,000 or more, a standardised measure management process is initiated. Over the course of time, there are regular fluctuations in the pattern of losses as the probability of relatively large losses occurring in individual cases is very low. Losses did not reach a critical level relative to the limit at any time during the reporting period. The majority of the losses in the reporting period were not attributable to current day-to-day business, but rather had their origins in the past. The development of losses was particularly influenced by a provision of EUR 22 million recognised in connection with the ruling by the German Federal Court of Justice on 27 April 2021.

The risk profile in connection with operational risks is honed as part of an annual risk self-assessment in which scenario-based analyses are applied. Worst-case scenarios play a key role in this process. They provide indications as to how the group should manage extreme risk events.

The group has implemented various organisational precautions to mitigate or avoid the effects of operational risks.

For all material business transactions, there are guidelines that stipulate people's responsibilities and the procedures. These guidelines are regularly reviewed by the Internal Audit division to ensure that they remain adequate and up to date.

The Union Investment Group's practice of bundling activities and the associated specialisation at individual stages of the value chain fundamentally help to reduce operational risks. For example, IT services and related tasks are outsourced to a specialist IT service provider within the group. Back-office activities are also pooled in the organisational structure.

In addition to the pooling of tasks internally, some services are outsourced to specialist third-party providers. This is the case, for example, in IT operations. The main IT service providers for UMH are T-Systems, Atruvia AG (formerly Fiducia & GAD), Ratiodata and Computacenter AG & Co. oHG. Other activities, such as in investment custody business and portfolio management, have also been outsourced.

All planned outsourcing is subject to a standardised outsourcing process, which also includes an analysis of the risks arising in connection with the outsourcing project concerned. Depending on the outcome of the analysis, outsourced activities and processes are included in the risk management system. Existing outsourcing arrangements are monitored and reports are regularly submitted to senior management teams. Any necessary corrective action is initiated, where appropriate.

Various organisational, technical and HR measures have been put in place to improve the stability of processes and reduce risks. These include an internal control system, a centralised body responsible for the prevention of other prosecutable activities, the separation of duties all the way up to the level of the Board of Managing Directors, an appropriate technical infrastructure, the use of suitably skilled and qualified employees and the provision of adequate HR resources.

Within the Union Investment Group, the structure of the remuneration systems is the responsibility of the group HR division and is enshrined in the remuneration policy. The aim of the remuneration systems is to recognise the employees' achievements accordingly and to offer them effective performance incentives. One of the express provisions in the policy and systems is that targets leading to the assumption of excessive risk must not be agreed. This helps to minimise operational risks. The remuneration systems are designed such that they comply with the applicable regulatory requirements.

<sup>1</sup> Sources: Own calculations and calculations by DZ BANK AG in line with the methods described in the risk manual, as at 31 December 2021.

Insurance policies have been taken out to cover certain risks, some of which cannot be managed or controlled.

The aim of the plan is to reduce the impact of external risks that could lead to extremely high losses or damage, or even jeopardise the continued existence of the group as a going concern.

#### Market risk

Market risk comprises market risk in the narrow sense of the term and market liquidity risk.

Market risk in the narrow sense of the term is defined as the risk of losses on financial instruments or other assets arising from changes in market prices or in the parameters that influence prices (for example, interest rate risk, spread risk, migration risk, currency risk, equity risk, fund price risk and asset management risk). Market liquidity risk is the risk of loss arising from adverse changes in market liquidity, for example as a result of a reduction in market depth or market disruption. Market liquidity risk is only of minor significance.

Fund price risk and asset management risk are particularly important for UMH and the Union Investment Group. Fund price risk arises from the own-account investing activities undertaken by the companies within the group. The Union Investment Group adopts a generally conservative approach to its own-account investing activities, investing primarily in the group's funds. Heightened volatility in financial markets can lead to changes in the value of fund assets, which are then reflected in the income statement. UMH uses a planning committee to monitor and manage its own-account investing and does not undertake trading activities specifically in pursuit of short-term gain. In addition to fund price risk, general market risk also includes interest rate risks in connection with the measurement of pension obligations. The general market risk is calculated centrally by DZ BANK AG.

Asset management risk is the risk arising from contractually agreed obligations to make additional capital payments to fund investors or clients if there is a shortfall in the funds. This risk category is relevant because the risk of such payments may arise in connection with subsidised pension plan products (Riester pension plan products, particularly UniProfiRente) and guarantee funds. Such additional payments to investors would represent expenses for the company. The risk relating to the pension products is calculated using a simulation of the expected future obligations to make additional capital payments. The risk of possible additional capital payments in connection with guarantee funds is quantified using suitable models and statistical methods depending on the structure of the product concerned. The performance of pension plan products and guarantee funds is constantly monitored.

UMH's market risk is managed directly at the risk capital requirements level and limited by a limit covering both the fund price risk and the asset management risk. The economic risk capital requirements for fund price risk and asset management risk were calculated as EUR 430.1 million as at 31 December 2021 (previous year: EUR 294.5 million). The limit was EUR 515.0 million (previous year: EUR 525.0 million). The risk did not exceed the limit at any point during the course of the year.

#### Equity investment risk

Equity investment risk is defined as the risk of losses arising from negative changes in the fair value of that portion of the equity investments portfolio in which the risks are not covered by other types of risk. Equity investment risk only includes equity investments that are not integrated into the differentiated risk measurement process with a look-through approach for the individual risks. If the risk materialises, there may be a need to recognise impairment losses to reduce the carrying amounts of the equity investments concerned. Equity investment risk is quantified centrally by DZ BANK AG. A risk contribution of EUR 94.3 million was calculated for UMH as at 31 December 2021 (previous year: EUR 91.4 million). The limit was EUR 120.0 million (previous year: EUR 100.0 million). The risk contribution did not exceed the limit at any point during the course of the year.

#### Business risk

Business risk is the risk of losses arising from earnings volatility for a given business strategy and not covered by other types of risk. In particular, this comprises the risk that, as a result of changes in material circumstances (e.g. economic conditions, product environment, customer behaviour, market competitors) corrective action cannot be taken solely at an operational level to prevent the losses. The company would thus report an operating loss if such a risk should materialise.

The economic risk capital requirements are calculated centrally by DZ BANK AG using an earnings-at-risk approach as a value at risk with a one-year time frame and a confidence level of 99.9%. A risk contribution of EUR 0 was reported for UMH as at 31 December 2021 (previous year: EUR 0 million). Based on the low business risk and the calculations from the last reporting dates, the limit for 2021 was also zero. The additional risk indicator system triggered warnings for various risk indicators as intended. Corrective action to facilitate risk management was derived from these. There were no indications in the course of the year of any critical situations likely to represent a risk to the group as a going concern.

#### Reputational risk

Reputational risk is defined as the risk of losses from events that damage confidence, particularly the confidence of clients, distributors, investors, employees, the labour market, the general public and supervisors, in the companies of the Union Investment Group or in the products and services they offer.

Reputational risks affecting the group or the group companies may arise from the management of investment fund assets. If reputational risks were to materialise, this could lead to an outflow of client funds and therefore to lower income in the future. The effects of reputational risks are factored into the measurement of business risk and are covered by the risk capital determined for the latter.

In addition, reputational risks in the Union Investment Group are recorded and managed with a stakeholder-based approach. For each stakeholder, the reputational risk level is assessed using quantitative and qualitative indicators. The reputation assessment for the relevant stakeholders and any events that may have an impact on reputation are reported to the Board of Managing Directors each quarter as part of the risk report.

### Liquidity risk

Liquidity risk is defined as the loss that can arise if insufficient funds are available to meet payment obligations when due (liquidity risk in the narrow sense of the term) or if any necessary funding can only be obtained on unfavourable terms (refinancing risk). The main items that can give rise to liquidity risk are the payment obligations of the companies within the group. If liquidity risks materialise, the settlement of payment obligations by the group companies could be delayed. To avoid any such scenario, liquidity items are subject to continuous liquidity management. Active planning and control of liquidity aims to ensure that the companies can meet their payment obligations at all times. The liquidity of the Union Investment Group was not in jeopardy at any time in the reporting period.

### Credit risk

Credit risk is the risk of unexpected losses due to the default of counterparties. UMH's credit risk primarily results from own-account investments in funds, bank deposits/time deposits, loans and advances to clients and other exposures. The risk is currently not limited at UMH level but is instead included in the central capital buffer requirement at DZ BANK level. Credit risk is quantified semi-annually by UMH on the basis of capital requirements according to the standardised approach to credit risk. This uses all exposures relevant to credit risk to calculate the capital buffer. The central capital buffer requirement for credit risk amounted to EUR 166.0 million as at 31 December 2021 (previous year: EUR 108.5 million).

### Longevity risk

Longevity risk results from commitments to pay pension benefits on retirement. The risk is that the value of the provisions for pension obligations could increase due to changes in life expectancy. Longevity risk is currently not limited at UMH level but is instead included in the central capital buffer requirement at DZ BANK level. Longevity risk is calculated using the customary actuarial methods and mortality tables. The central capital buffer requirement for longevity risk amounted to EUR 20.5 million as at 31 December 2021 (previous year: EUR 18.1 million).

### Total risk

Total risk is calculated on the basis of the individual risk types. Diversification effects are taken into account in aggregation. The central capital buffer requirement is added to the correlated value both on the limit and the risk side. The total capital requirements amounted to EUR 815.0 million as at 31 December 2021 (previous year: EUR 672.4 million). The overall limit was EUR 954.7 million as at 31 December 2021 (previous year: EUR 860.8 million). The total capital requirements did not exceed the overall limit at any point during the course of the year.

Risk cover is calculated quarterly using the liquidation approach in line with DZ BANK specifications. Risk cover amounted to EUR 1,665.9 million as at 31 December 2021 (previous year: EUR 1,145.8 million). Utilisation of risk cover by the overall limit was 57.3% as at 31 December 2021 (previous year: 75.1%). The Union Investment Group's risk-bearing capacity was ensured at all times during the year.

## 3. Summary of the risk position in the year under review

The results from the risk monitoring process were discussed at regular meetings of the Risk and Data Quality Management Committee and suitable action was initiated where appropriate. The Board of Managing Directors of UMH was kept abreast of developments relevant to risk by means of the quarterly risk reports and ad hoc notification of any critical issues as necessary. Based on these details, the Board of Managing Directors took action to manage risks and reported to the Supervisory Board of UMH on the risk situation. Individual high-risk trends were mitigated by specific corrective actions taken as part of the risk management process.

The COVID-19 pandemic also dominated the risk situation in the 2021 financial year. However, there was no increase in the measured operational risks, nor were losses incurred in connection with the business activities necessitated by the pandemic. The analysis of risk-bearing capacity does not highlight any obvious trends that could not be countered by the corrective action taken. The Union Investment Group's risk-bearing capacity was ensured at all times. As dictated by prudent business practice, provisions were recognised in the annual financial statements to cover business and tax risks. The liquidity of UMH and the companies within the Union Investment Group was never in jeopardy at any point in the year under review.

## III. Forecast

Please refer to the details in section B VI. 3.2.

Uncertainties with regard to the forecast particularly arise from the increased risks from geopolitical conflicts, such as an escalation of the Russia-Ukraine conflict. This crisis could lead to further economic sanctions and corresponding counter-reactions, which would have negative consequences for the global economy.

The coronavirus will most likely continue to impact the development on the capital markets. In addition to the emergence and spread of new coronavirus variants and the associated need for the development and widespread availability of modified vaccines, the growing problems in global supply chains and the persistent low interest rate environment also pose a challenge. However, the extensive economic and monetary policy measures are providing support. In this context, UMH intends to keep systematically taking advantage of opportunities for positive business performance and continue on its successful path of the past few years.

UMH is aiming to achieve a considerably higher level of assets under management by the end of the 2022 financial year. New business is expected to be at a high level, although it will see a significant decrease as against the exceptionally successful past financial year. The overall performance assumptions are expected to be slightly positive in the 2022 financial year.

Net fee and commission income is expected to decrease significantly in the 2022 financial year. This is due to the considerably lower income expectations for performance-based management fees. By contrast, volume-based net fee and commission income is expected to be slightly higher, with significantly higher average assets under management.

The financial result – comprising net interest income, net income from investment securities and other net remeasurement income on financial instruments – is expected to decrease significantly in the 2022 financial year. This is mainly due to an anticipated substantial decrease in the earnings effect from the measurement of guarantee pledges for investment products. In addition, a significant decrease in the value contribution from own-account investment is anticipated.

Administrative expenses are expected to rise significantly in the 2022 financial year. UMH is planning on unchanged staff costs. Other administrative expenses are currently expected to increase significantly, chiefly due to higher expenses for office operations, public relations/marketing, current fees, property inspections, procurement of information, IT costs and rents for properties and space. Depreciation and amortisation expense is expected to see a moderate increase, chiefly due to operating and office equipment and the first-time capitalisation of investments.

A substantial increase in the other operating result is expected. This will chiefly result from the elimination of one-time expenses in the financial year under review. By contrast, income from the remeasurement of provisions is expected to decrease.

Given the factors described above, earnings before taxes for the 2022 financial year are expected to be much lower than in the current financial year. The cost/income ratio is currently expected to increase significantly.

## E Non-financial statement<sup>1</sup>

UMH is included in the non-financial corporate report of DZ BANK AG Deutsche Zentral-Genossenschaftsbank, Frankfurt am Main, and is therefore exempted from issuing its own non-financial statement. The non-financial corporate report forms part of the DZ BANK Group's sustainability report and is available in German on the following website: [www.dzbank.de/berichte](http://www.dzbank.de/berichte).

The reference to the Non-Financial Report of DZ BANK AG is voluntary. This does not affect the voluntary continuation of the previous sustainability reporting (CSR report) in accordance with the GRI standards outside of the management report.

Frankfurt am Main, 10 March 2022

### Union Asset Management Holding AG



Hans Joachim Reinke  
Chief Executive Officer



Sonja Albers  
Member of the Board  
of Managing Directors



André Haagmann  
Member of the Board  
of Managing Directors



Alexander Lichtenberg  
Member of the Board  
of Managing Directors



Alexander Schindler  
Member of the Board  
of Managing Directors



Jens Wilhelm  
Member of the Board  
of Managing Directors

<sup>1</sup> In line with the requirements of German law, the content of the declaration in accordance with Section 289b (2) sentence 3 of the German Commercial Code (HGB) is not audited.

# Consolidated financial statements

## 2021 financial year

Consolidated income statement	43
Statement of comprehensive income	43
Consolidated statement of financial position	44
Statement of changes in equity	45
Statement of cash flows	46
Notes to the consolidated financial statements	48
Independent auditor's report	121
Shareholders and executive bodies of Union Asset Management Holding AG	124

# Consolidated financial statements (IFRS) of Union Asset Management Holding AG for the financial year from 1 January to 31 December 2021

## Consolidated income statement for the financial year from 1 January to 31 December 2021

UMH Group	Note	2021 EUR thousand	2020 EUR thousand
<b>Net interest income</b>	[26]	<b>11,354</b>	<b>6,227</b>
Interest income and current income		12,701	7,215
Interest expenses		-1,347	-988
<b>Allowances for losses on loans and receivables</b>	[27]	<b>-57</b>	<b>-17</b>
<b>Net interest income after allowances for losses on loans and receivables</b>		<b>11,297</b>	<b>6,210</b>
<b>Net fee and commission income</b>	[28]	<b>2,292,593</b>	<b>1,565,889</b>
Fee and commission income		3,790,302	2,780,044
Fee and commission expenses		-1,497,709	-1,214,155
<b>Net income from investment securities</b>	[29]	<b>3,246</b>	<b>43,478</b>
<b>Other net remeasurement income on financial instruments</b>	[30]	<b>39,778</b>	<b>-83,179</b>
<b>Net income from companies accounted for using the equity method</b>	[31]	<b>6,240</b>	<b>4,603</b>
<b>Administrative expenses</b>	[32]	<b>-1,118,425</b>	<b>-919,094</b>
<b>Other operating result</b>	[33]	<b>21</b>	<b>31,508</b>
<b>Consolidated earnings before taxes</b>		<b>1,234,750</b>	<b>649,415</b>
<b>Income taxes</b>	[24], [34]	<b>-373,992</b>	<b>-189,224</b>
<b>Consolidated net income</b>		<b>860,758</b>	<b>460,191</b>
Attributable to:			
Shareholders of Union Asset Management Holding AG		850,824	450,752
Non-controlling interests		9,934	9,439

## Statement of comprehensive income for the financial year from 1 January to 31 December 2021

UMH Group	Note	2021 EUR thousand	2020 EUR thousand
<b>Consolidated net income</b>		<b>860,758</b>	<b>460,191</b>
<b>Other comprehensive income</b>		<b>25,651</b>	<b>-22,178</b>
<b>Amounts reclassified to profit or loss</b>		<b>4,017</b>	<b>-4,608</b>
Share of other comprehensive income of joint ventures and associates accounted for using the equity method	[36], [56]	4,017	-4,608
Income taxes relating to components of other comprehensive income	[36]	-	-
<b>Amounts not reclassified to profit or loss</b>		<b>21,634</b>	<b>-17,570</b>
Gains and losses from equity instruments for which the fair value OCI option was exercised	[36], [56]	10,348	-116
Actuarial gains and losses on defined benefit plans	[36], [56]	16,798	-14,793
Income taxes relating to components of other comprehensive income	[36]	-5,512	-2,661
<b>Total comprehensive income</b>		<b>886,409</b>	<b>438,013</b>
Attributable to:			
Shareholders of Union Asset Management Holding AG		875,506	428,842
Non-controlling interests		10,903	9,171

## Consolidated statement of financial position as at 31 December 2021

Assets	Note	31 Dec. 2021 EUR thousand	31 Dec. 2020 EUR thousand
Cash reserve	[9], [37]	37	44
Loans and advances to banks	[10], [38]	1,251,097	592,026
Loans and advances to customers	[10], [39]	98,800	80,211
Asset derivatives	[19], [40]	1,184	–
Investment securities	[12], [41]	2,080,607	1,743,050
Shares in companies accounted for using the equity method	[13], [42]	67,577	61,743
Property, plant and equipment	[14], [43]	50,461	36,708
Intangible assets	[15], [44]	322,518	306,954
Income tax assets	[24], [45]	95,695	107,334
Other assets	[46]	293,195	217,419
Right of use assets	[47]	327,765	300,359
Assets held for sale	[17], [48]	–	39,218
<b>Total assets</b>		<b>4,588,936</b>	<b>3,485,066</b>

Equity and liabilities	Note	31 Dec. 2021 EUR thousand	31 Dec. 2020 EUR thousand
Liabilities to banks	[18], [49]	64,885	30,101
Liabilities to customers	[18], [50]	2,361	1,525
Liability derivatives	[19], [51]	140,729	179,852
Provisions	[20], [21], [52]	291,269	257,382
Income tax liabilities	[24], [53]	231,210	59,931
Other liabilities	[54]	1,091,651	865,695
Lease liabilities	[55]	331,767	302,421
<b>Equity</b>	[56]	<b>2,435,064</b>	<b>1,788,159</b>
Issued capital		87,130	87,130
Capital reserves		18,617	18,617
Retained earnings		1,402,577	1,171,839
Fair value OCI reserve		29,648	20,362
Currency translation reserve		12,220	8,203
Consolidated net profit		850,824	450,752
Non-controlling interests		34,048	31,256
<b>Total equity and liabilities</b>		<b>4,588,936</b>	<b>3,485,066</b>

## Statement of changes in equity for the financial year from 1 January to 31 December 2021

UMH Group	Note	Issued capital	Capital reserves	Retained earnings	Fair value OCI reserve	Currency translation reserve	Consolidated net profit	Equity before non-controlling interests	Non-controlling interests	Total equity
		EUR thousand	EUR thousand	EUR thousand	EUR thousand	EUR thousand	EUR thousand	EUR thousand	EUR thousand	EUR thousand
<b>1 Jan. 2020</b>		<b>87,130</b>	<b>18,617</b>	<b>919,363</b>	<b>20,496</b>	<b>12,811</b>	<b>472,330</b>	<b>1,530,747</b>	<b>23,779</b>	<b>1,554,526</b>
Consolidated net income		–	–	–	–	–	450,752	450,752	9,439	460,191
Other comprehensive income	[56]	–	–	-17,168	-134	-4,608	–	-21,910	-268	-22,178
<b>Total comprehensive income</b>		<b>–</b>	<b>–</b>	<b>-17,168</b>	<b>-134</b>	<b>-4,608</b>	<b>450,752</b>	<b>428,842</b>	<b>9,171</b>	<b>438,013</b>
Acquisition/disposal of non-controlling interests		–	–	-2,577	–	–	–	-2,577	-99	-2,676
Changes in the consolidated group		–	–	–	–	–	–	–	5,388	5,388
Dividends paid	[56]	–	–	-200,109	–	–	–	-200,109	-6,983	-207,092
Appropriation to retained earnings		–	–	472,330	–	–	-472,330	–	–	–
Reclassifications within equity	[56]	–	–	0	0	–	–	–	–	–
<b>31 Dec. 2020</b>		<b>87,130</b>	<b>18,617</b>	<b>1,171,839</b>	<b>20,362</b>	<b>8,203</b>	<b>450,752</b>	<b>1,756,903</b>	<b>31,256</b>	<b>1,788,159</b>
<b>1 Jan. 2021</b>		<b>87,130</b>	<b>18,617</b>	<b>1,171,839</b>	<b>20,362</b>	<b>8,203</b>	<b>450,752</b>	<b>1,756,903</b>	<b>31,256</b>	<b>1,788,159</b>
Consolidated net income		–	–	–	–	–	850,824	850,824	9,934	860,758
Other comprehensive income	[56]	–	–	11,329	9,336	4,017	–	24,682	969	25,651
<b>Total comprehensive income</b>		<b>–</b>	<b>–</b>	<b>11,329</b>	<b>9,336</b>	<b>4,017</b>	<b>850,824</b>	<b>875,506</b>	<b>10,903</b>	<b>886,409</b>
Acquisition/disposal of non-controlling interests		–	–	-207	–	–	–	-207	-16	-223
Changes in the consolidated group		–	–	–	–	–	–	–	-906	-906
Dividends paid	[56]	–	–	-231,186	–	–	–	-231,186	-7,189	-238,375
Appropriation to retained earnings		–	–	450,752	–	–	-450,752	–	–	–
Reclassifications within equity	[56]	–	–	50	-50	–	–	–	–	–
<b>31 Dec. 2021</b>		<b>87,130</b>	<b>18,617</b>	<b>1,402,577</b>	<b>29,648</b>	<b>12,220</b>	<b>850,824</b>	<b>2,401,016</b>	<b>34,048</b>	<b>2,435,064</b>

## Statement of cash flows for the financial year from 1 January to 31 December 2021

UMH Group	2021 EUR thousand	2020 EUR thousand	UMH Group	2021 EUR thousand	2020 EUR thousand
<b>Consolidated net income</b>	<b>860.758</b>	<b>460.191</b>	<b>Proceeds from the disposal of:</b>		
<b>Non-cash items included in consolidated net income and reconciliation to cash flows from operating activities</b>			Investment securities	818,220	613,148
Depreciation, amortisation, impairment losses and reversals of impairment losses on assets and measurement changes on financial assets and liabilities	11,156	143,363	Property, plant and equipment	96	40
Non-cash changes in provisions and deferred liabilities	1,162,138	771,387	Intangible assets	73	13
Other non-cash income and expenses	351,394	133,064	<b>Payments for the acquisition of:</b>		
Gains and losses on the disposal of assets and liabilities	2,467	-41,799	Investment securities	-1,098,205	-812,080
Other adjustments (net)	-11,363	-6,227	Property, plant and equipment	-21,984	-13,824
<b>Subtotal</b>	<b>2,376,550</b>	<b>1,459,979</b>	Intangible assets	-41,005	-36,381
<b>Cash changes in assets and liabilities arising from operating activities</b>			<b>Effects of changes in the consolidated group:</b>		
Loans and advances to banks	-659,070	-13,985	Payments for the acquisition of consolidated companies	-	-85,000
Loans and advances to customers	-18,647	31,702	Cash obtained from the acquisition of consolidated companies	-	9
Other assets	-121,837	-177,606	<b>Cash flow from investing activities</b>	<b>-342,805</b>	<b>-334,075</b>
Liabilities to banks	34,784	3,221	Dividend payments to the shareholders of UMH AG and other shareholders	-238,374	-207,092
Liabilities to customers	837	358	Payments for the redemption component of lease liabilities	-41,034	-27,689
Asset/liability derivatives	-5,009	-1,467	Changes in cash from other capital	2,888	-7,283
Other liabilities	-815,024	-560,944	<b>Cash flow from financing activities</b>	<b>-276,520</b>	<b>-242,064</b>
Interest and dividends received	21,812	27,684	<b>Cash and cash equivalents at the beginning of the year</b>	<b>44</b>	<b>17</b>
Interest paid	-4,614	-2,672	Cash flow from operating activities	619,318	576,166
Income taxes paid	-190,464	-190,104	Cash flow from investing activities	-342,805	-334,075
<b>Cash flow from operating activities</b>	<b>619,318</b>	<b>576,166</b>	Cash flow from financing activities	-276,520	-242,064
			<b>Cash and cash equivalents at the end of the year</b>	<b>37</b>	<b>44</b>

Cash and cash equivalents in the statement of cash flows correspond to the cash and cash equivalents item in the statement of financial position, which comprises cash in hand and balances at central banks, plus debt instruments from public sector entities and bills of exchange eligible as collateral for central bank funding if the residual maturity is less than three months and the amounts concerned are deemed to be the retention of liquidity. Loans and advances to banks that are repayable on demand are not included; these items are assigned to operating activities.

The statement of cash flows shows a breakdown of, and changes in, cash and cash equivalents during the financial year. It is broken down into operating activities, investing activities and financing activities.

Cash flows from operating activities comprise cash transactions (cash inflows and outflows) in connection with loans and advances to banks and customers, other assets, asset and liability derivatives, liabilities to banks and customers and other liabilities. Interest and dividend payments, together with current income tax payments, are also assigned to cash flow from operating activities.

Cash flow from investing activities shows cash transactions relating to investment securities, property, plant and equipment and intangible assets. This item also includes the effects from changes in the consolidated group.

Cash flow from financing activities comprises proceeds from capital increases, proceeds from the utilisation of loans, loan repayments, dividend payments, repayment of lease liabilities and changes in cash related to other capital.

A statement of cash flows is not particularly meaningful as far as companies in the asset management sector are concerned. The statement of cash flows for the UMH Group does not replace liquidity and financial planning, nor is it used as a management tool.

# Notes to the consolidated financial statements

## Basis of preparation

### [1] Principles of group accounting

Union Asset Management Holding AG (UMH AG) is the holding company of the Union Investment Group. It is a subsidiary of DZ BANK AG Deutsche Zentral-Genossenschaftsbank, Frankfurt am Main (DZ BANK). The primary purpose of UMH AG's subsidiaries, joint ventures and associates is to issue and sell investment funds, hold these funds in safe custody and provide associated services. The Union Investment Group is also the centre of competence for asset management within the Genossenschaftliche Finanz-Gruppe.

The registered office of UMH AG is Weisfrauenstrasse 7, 60311 Frankfurt am Main, Germany. The company was entered in the commercial register of the Frankfurt am Main Local Court on 16 June 1999 under HRB 47289. The shares in UMH AG are not publicly traded.

The consolidated financial statements of UMH AG are included in the consolidated financial statements of DZ BANK, which in turn prepares the consolidated financial statements covering the greatest number of entities included in the overall group and is entered in the commercial register of the Frankfurt am Main Local Court under HRB 45651. The consolidated financial statements of DZ BANK and UMH AG are published in the Federal Gazette.

The consolidated financial statements of UMH AG comprise the consolidated income statement, the statement of comprehensive income, the consolidated statement of financial position, the statement of changes in equity, the statement of cash flows and the notes to the consolidated financial statements. They comprise the separate financial statements of UMH AG and its subsidiaries (hereinafter also referred to as the "UMH Group" or "Union Investment Group"). The consolidated financial statements have been prepared as at the end of UMH AG's reporting period, 31 December 2021. The subsidiaries included share the same reporting period. The fully consolidated investment fund UI Vario: 2, which has a financial year ending 31 May, was included with interim financial statements as at 31 December 2021.

In accordance with standard international practice, the consolidated income statement and consolidated statement of financial position are presented in a condensed and clearly structured format in compliance with the requirements of IAS 1 and supplemented by additional disclosures in the notes.

The consolidated financial statements have been prepared in euros (EUR). Unless stated otherwise, amounts are presented in thousands of euros (EUR thousand) to ensure that the consolidated financial statements are clear and comprehensible. Rounding differences can occur in tables.

All items in the consolidated financial statements are recognised and measured under the assumption of the going concern principle. Income and expenses are recognised using the accrual method, i.e. they are recognised in the period to which they relate.

With the exception of the contractual maturity analysis as required by IFRS 7.39 (note [63]), the gross carrying amounts pursuant to IFRS 7.35I (note [59]) and the risk concentration of financial assets pursuant to IFRS 7.35M (note [58]), the disclosures on the nature and extent of risks arising from financial instruments (IFRS 7.31-42) are included in the risk report in the group management report. For information on the effects of the COVID-19 pandemic, please refer to section 3 of risk report in the group management report.

### [2] Accounting policies

The consolidated financial statements and the group management report for the financial year from 1 January to 31 December 2021 have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU) and the additional requirements of German commercial law pursuant to Section 315e (1) of the German Commercial Code (HGB) in conjunction with Section 315e (3) HGB.

The financial statements of the companies consolidated in the UMH Group have been prepared using uniform accounting policies.

### Changes in accounting policies

#### First-time adoption of IFRS amendments in the 2021 financial year

The following amendments to IFRSs were adopted for the first time in the UMH consolidated financial statements for the 2021 financial year:

- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 – Interest Rate Benchmark Reform – Phase 2
- Amendments to IFRS 4 Insurance Contracts – Extension of the Temporary Exemption from Applying IFRS 9
- Amendments to IFRS 16 Leases – Covid-19-Related Rent Concessions

The amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform – Phase 2 follow on from the amendments of 2019 and take effect when a reporting entity replaces an interest rate benchmark with an alternative nearly risk-free rate as a result of the reform. The amendments introduce a practical expedient for modifications in contracts or cash flows required as a direct consequence of the IBOR reform and made on an economically equivalent basis. Under these conditions, the change caused by the IBOR reform must be recognised as a change of the variable interest rate in accordance with IFRS 9.B5.4.5 and is not to be shown in the result of the modification. Instead, the application of IFRS 9.B5.4.5 allows subsequent measurement on the basis of the updated effective interest rate and thus recognition of the effect of the economically equivalent adjustment over the remaining term. For all other changes made at the same time and not as a direct consequence of the IBOR reform, an analysis of the derecognition effect of the changes is required. Substantial modifications result in derecognition. In the case of non-substantial modifications, the updated effective interest rate is used to recalculate the carrying amount of the financial instrument, and the change is shown in the result of the modification.

There are also temporary expedients that allow hedge accounting to continue after transition to the new benchmark rates if the changes result only from the interest rate benchmark reform. Expedients have also been added for separately identifiable risk components. The amendments provide no expedients for hedge ineffectiveness due to the IBOR reform, which must be recognised in profit or loss in accordance with IFRS 9. Furthermore, the amendments include minor adjustments to IFRS 16 and IFRS 4 as well as additional disclosure requirements in accordance with IFRS 7.

The amendments must be applied retroactively to financial years beginning on or after 1 January 2021. A hedging relationship must be resumed if it was discontinued solely on the basis of changes as consequence of the interest rate benchmark reform and would not have been discontinued if the amendments of Phase 2 had been applied on that date. The IBOR reform has no material impact on the UMH consolidated financial statements.

The amendments to IFRS 4 Insurance Contracts – Extension of the Temporary Exemption from Applying IFRS 9 aim to address the temporary accounting consequences of the different effective dates of IFRS 9 Financial Instruments and the forthcoming IFRS 17 Insurance Contracts.

The EU adoption regulation that applies from 1 January 2021 sets the expiry date of the optional deferral of the application of IFRS 9 for entities that predominantly undertake insurance activities, including the insurance sector of a financial conglomerate, at 1 January 2023. These amendments are not of practical relevance for the UMH Group, as there were no insurance contracts in the scope of IFRS 4.

On 31 March 2021, the IASB issued an amendment standard that extended, by one year, the Covid-19-related relief for lessees applying IFRS 16. Entities shall apply the amendments retroactively from 1 April 2021 to financial years beginning on or after 1 January 2021. The UMH Group is not utilising the relief.

#### Endorsed IFRS amendments not applied

The following new standard and the listed amendments to several IFRS standards and improvements were not applied early voluntarily:

- IFRS 17 Insurance Contracts
- Amendments to IFRS 17 Insurance Contracts
- Amendments to IFRS 3 Business Combinations

- Amendments to IAS 16 Property, Plant and Equipment
- Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets
- Annual Improvements to IFRS Standards 2018-2020 Cycle

The IASB issued IFRS 17 Insurance Contracts on 18 May 2017. The new standard pursues the aim of consistent, principle-based accounting for insurance contracts and requires the measurement of insurance liabilities at the current settlement value. This results in more consistent measurement and presentation of all insurance contracts. IFRS 17 supersedes IFRS 4 Insurance Contracts.

According to the standard, IFRS 17 must be applied to financial years beginning on or after 1 January 2023. The final amendments to IFRS 17 were published on 25 June 2020. Earlier application of IFRS 17 is permitted if both IFRS 15 Revenue from Contracts with Customers and IFRS 9 Financial Instruments have also been applied. The IFRS 17 adoption regulation was announced and the endorsement process thus finalised on 23 November 2021.

No contracts to be accounted for on the basis of IFRS 17 have been identified in the UMH Group to date.

The other IFRS amendments and improvements listed above are not expected to have a material impact on the UMH consolidated financial statements.

#### IFRS amendments not yet endorsed

The following amendments to several accounting standards have not yet been endorsed by the EU:

- Amendments to IAS 1 Presentation of Financial Statements – Classification of Liabilities as Current or Non-Current
- Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 – Disclosure of Accounting Policies
- Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates
- Amendments to IAS 12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction
- Amendments to IFRS 17 Insurance Contracts – Initial Application of IFRS 17 and IFRS 9 – Comparative Information

The effects on the UMH consolidated financial statements of the above amendments to IFRSs are currently being examined.

The dates of first-time adoption for the approved IFRS amendments are subject to their being endorsed in EU law.

#### Voluntary changes in accounting policies

There were no voluntary changes in accounting and measurement policies in the financial year.

#### [3] Consolidated group

In addition to UMH AG as the parent company, the UMH consolidated financial statements include 19 subsidiaries (previous year: 20) in which UMH AG directly or indirectly holds more than 50 % of the shares or voting rights. 15 of these subsidiaries (previous year: 15) have their registered office in Germany, while four (previous year: five) are headquartered in other countries.

22 subsidiaries (previous year: 21) that are not material to an understanding of the net assets, financial position and results of operations of the UMH Group have not been consolidated and are reported as investments in subsidiaries under investment securities.

With effect as at 1 January 2021, the previously unconsolidated subsidiary ZBI Immobilienmanagement GmbH, Erlangen (formerly ZBI Projektentwicklungs GmbH), was added to the consolidated group.

Two fully consolidated subsidiaries were renamed in the reporting year: ZBI Partnerschafts-Holding GmbH, Erlangen, was renamed ZBI GmbH, and attrax S.A., Luxembourg, was renamed Attrax Financial Services S.A. ZBI Fondsmanagement AG, Erlangen, was transformed into ZBI Fondsmanagement GmbH by way of a change of legal form.

Union Investment Financial Services S.A., Luxembourg, was merged into Attrax Financial Services S.A. in the reporting year with retroactive effect as of the merger date, 1 January 2021. ZBI Immobilien AG, Erlangen, was merged into ZBI Immobilienmanagement GmbH in the reporting year with retroactive effect as of the merger date, 1 January 2021.

The consolidated financial statements of UMH AG do not include any subgroups that prepare their own subgroup financial statements.

In the financial year, one investment fund (previous year: one) was included in the consolidated financial statements as a consolidated structured entity in accordance with IFRS 10.

One joint venture (previous year: one) – one of which is outside Germany (previous year: one) – is accounted for using the equity method.

Two associates (previous year: two) – two of which are in Germany (previous year: two) – are accounted for using the equity method.

One associate that is not material to an understanding of the net assets, financial position and results of operations of the UMH Group was acquired in the reporting year. It is not accounted for using the equity method, but reported as investments in associates under investment securities.

No investment funds (previous year: four) that UMH AG controls were held for sale as at the end of the reporting period.

A complete list of the subsidiaries, joint ventures, associates and investment funds included in the consolidated financial statements can be found in the list of shareholdings (note [68]).

#### [4] Principles of consolidation

Subsidiaries and investment funds are consolidated using the acquisition method. This method requires all of a subsidiary's assets and liabilities to be recognised at fair value at the acquisition date or at the date on which control is acquired (note [67]).

Any difference between the cost and the fair value of the assets and liabilities is recognised as goodwill under intangible assets. The carrying amount of goodwill is tested for impairment at least once a year or more frequently if there are any indications of possible impairment. An impairment loss is recognised if goodwill is found to be impaired.

Any negative goodwill is recognised immediately in profit or loss.

Intragroup assets, liabilities, income and expenses are eliminated in full. Profits or losses resulting from transactions within the group are eliminated unless the amounts concerned are immaterial.

Joint ventures and associates are accounted for using the equity method and are reported as shares in companies accounted for

using the equity method. The cost of these equity investments and any goodwill (amortised in a separate account in subsequent years) are determined at the time the investments are included in the consolidated financial statements for the first time. The same rules are applied as for subsidiaries.

The carrying amount of equity is adjusted over time based on the associates' and joint ventures' financial statements, which have been prepared in accordance with local accounting standards and reconciled to IFRS.

Occasionally, the UMH Group has holdings of funding provided for a number of investment funds, as a result of which the group is in a position to exercise control over the fund concerned. These holdings are consolidated if they are controlled. If the holdings of funding satisfy the criteria specified in IFRS 5, they are reported as assets held for sale.

Investments in subsidiaries, joint ventures and associates that are of no material significance and are therefore not consolidated and equities and other shareholdings are recognised under investment securities and measured at fair value.

#### [5] Estimates

Assumptions and estimates must be made in accordance with the relevant financial reporting standards in order to determine the carrying amounts of assets, liabilities, income and expenses recognised in these consolidated financial statements. These assumptions and estimates are based on past experience, planning and expectations or forecasts of future events.

Assumptions and estimates are mainly used in determining the fair value of financial assets and financial liabilities and in identifying any impairment on financial assets. In addition, estimates have a significant influence on determining the carrying amounts of goodwill and intangible assets acquired in the course of business combinations. Assumptions and estimates also have an impact on the measurement of provisions for employee benefits and other provisions in addition to the recognition and measurement of income tax assets and income tax liabilities.

#### Fair values of financial assets and financial liabilities

If there are no prices available for certain financial instruments on active markets, the fair values of such financial assets and

financial liabilities have to be determined on the basis of estimates, resulting in some uncertainty. Estimation uncertainty mainly arises if fair values are calculated using measurement methods involving significant measurement parameters that are not observable on the market. This affects both financial instruments measured at fair value and financial instruments measured at amortised cost whose fair values are disclosed in the notes. The assumptions underlying the determination of fair values for the measurement parameters and measurement methods used are presented in the notes on financial instruments in note [61].

#### Impairment of financial assets

When testing financial assets in the "financial assets measured at amortised cost" and "financial assets measured at fair value through other comprehensive income" categories and finance lease receivables for impairment, the estimated future cash flows from interest payments, the repayment of principal and the recovery of collateral must be determined. This requires estimates and assumptions regarding the amount and timing of future cash flows, which in turn give rise to some uncertainty. Factors influencing evidence of impairment, which are determined by discretionary decisions, include, for example, economic conditions, the financial performance of the counterparty and the amount of collateral held. In addition, as part of determining evidence of impairment for portfolios, parameters such as probability of default, which are calculated using statistical models, are included in the estimates and assumptions.

#### Goodwill and intangible assets

Recognition of goodwill is essentially based on anticipated income and synergy effects and on intangible assets that cannot be recognised resulting from or acquired in the course of business combinations. Its carrying amount is reviewed using forecast figures based primarily on estimates. Identifiable intangible assets acquired in the course of business combinations are recognised on the basis of their future economic benefit. This is assessed by the management by means of appropriate and justified assumptions.

#### Provisions for employee benefits and other provisions

Uncertainty associated with estimates in connection with provisions for employee benefits primarily arises from the measurement of defined benefit pension obligations, on which actuarial assumptions have a material effect. Actuarial assumptions are based on

a large number of long-term, forward-looking factors, such as salary increases, annuity trends and average life expectancy.

Actual future cash outflows due to items for which other provisions have been recognised may differ from the forecast utilisation of the provisions.

The measurement bases and the assumptions and estimates used to determine the amount to be recognised for provisions are shown in note [52].

For information on sensitivities to changes in the discount rate of pension obligations, please refer to note [52].

### Income tax assets and liabilities

Deferred income tax assets and liabilities are calculated on the basis of estimates of the future taxable income of taxable entities. In particular, these estimates affect any assessment of the extent to which it will be possible to utilise deferred income tax assets in future. The calculation of current income tax assets and liabilities for the purposes of preparing HGB financial statements still requires estimates of details relevant to income tax (note [24]).

### Estimate whether variable considerations within the meaning of IFRS 15 are limited

The fee for the asset management service, which consists of current remuneration, parts of the lump-sum remuneration and the performance-related management fee, should be recognised over the term in equal amounts for the term intervals of the range of services. Since the ongoing remuneration and the flat-rate fee are variable fees depending on the assets under management, this uncertainty is related to the total amount of the remuneration due over the term of the investment fund or an asset management agreement. The development of assets under management depends on the development of the fair value of the assets under management, on payments made or paid out to shareholders or deposits or disbursements on asset management mandates. Owing to the regulations of IFRS 15 for the limitation of the recognition of variable consideration, the variable remuneration in this case should not be fully included in the transaction price from the beginning. It is included only at the time in which the uncertainty is overcome, which is the case at each respective settlement date (usually monthly).

If performance-based remuneration components have been agreed, they are influenced, among other things, by market developments and thus by factors beyond the company's control. Since this income is subject to a large number and a wide range of possible outcomes due to significant risks of a downturn on the capital markets which cannot be excluded, it can only then be included in the amount of the transaction price subject to the provisions of IFRS 15 on the limitation of the recognition of variable consideration if the outperformance criteria agreed for a defined benchmark and the agreed assessment period have been met as there is no significant risk of cancellation up until this date.

If investment compensation has been agreed for property funds or other AIF property funds, it can only then be included in the amount of the transaction price due to the provisions of IFRS 15 on the limitation of the recognition of variable consideration if benefits and encumbrances have been transferred or in the case of portfolio developments as soon as payments in the investment funds are settled according to the construction progress.

### [6] Financial instruments

All financial assets and financial liabilities, including all derivatives, are recognised in the statement of financial position in accordance with IFRS 9. All financial instruments are measured at fair value on first-time recognition. The amounts initially recognised for financial assets and financial liabilities not measured at fair value through profit or loss include transaction costs directly attributable to the acquisition of the assets or liabilities concerned. The subsequent measurement of financial assets and financial liabilities depends on the IFRS 9 category to which they are assigned on addition. For financial assets, the category is determined by the business model and the fulfilment of the cash flow criterion.

### Categories of financial instruments

#### Financial assets at fair value through profit or loss (fair value PL)

Financial assets that are not measured at amortised cost or at fair value through other comprehensive income should be categorised as "financial assets at fair value through profit or loss". This category comprises the subcategories below:

#### Financial assets mandatorily measured at fair value through profit or loss

The subcategory "financial assets mandatorily measured at fair value through profit or loss" includes financial assets that do not meet the cash flow condition under IFRS 9 or that are acquired with the intention of subsequent disposal in the near future. For this purpose, these financial assets must be part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent pattern of short-term profit-taking or they must be derivative financial instruments that are not designated as hedges in effective hedging relationships.

The UMH group assigns units in investment funds and part of the loans and advances to banks to this category. This category also includes debt instruments that also come under the "hold to collect" or "hold to collect and sell" business model but that do not fulfil the criterion for cash flows. Derivative financial instruments also come under this category.

#### Financial assets from contingent consideration through business combinations

This subcategory includes contingent considerations that the acquirer has classified as financial assets in a business combination or analogous application of IFRS 3 for transactions based on IAS 28.

There are currently no cases of this being applied at the UM Group.

#### Financial assets designated at fair value through profit or loss (fair value option)

Financial assets classified at fair value through profit or loss may be assigned to the subcategory "financial assets at fair value through profit or loss" if they are used to eliminate or substantially reduce recognition or measurement inconsistencies (accounting mismatches).

The fair value option was not used within the UMH Group.

### Financial assets measured at fair value through other comprehensive income (fair value OCI)

The category comprises the subcategories below:

#### Financial assets mandatorily measured at fair value through other comprehensive income

Allocation to this category takes place if the financial asset is held within the framework of a business model whose objective is both the recognition of contractual cash flows and the sale of financial assets. In addition, the contractual terms of the financial asset on specified dates must result in cash flows that are solely payments of principal and interest on the principal amount outstanding.

Due to the cash flow conditions, these financial assets consist exclusively of debt instruments. They are measured at fair value. Interest income, impairment losses and effects from the currency translation reserve should be recognised in profit or loss. Differences between amortised cost and fair value are recognised in other comprehensive income. The amounts recognised in other comprehensive income must be reclassified to profit and loss (recycling).

In the UMH Group, no debt instruments are measured at fair value through other comprehensive income as at the end of the reporting period.

#### Financial assets designated at fair value through other comprehensive income (fair value OCI option)

For equity instruments, the irrevocable option of designation is recognised as "financial assets at fair value through profit or loss" (fair value OCI option). Except for dividends not transferred to capital, changes in fair value are recognised in consolidated other comprehensive income. Cumulative consolidated other comprehensive income is not subsequently reclassified to the income statement (recycling), for example due to the disposal of the instrument. After disposal of these equity instruments, the accumulated other comprehensive income is reclassified to retained earnings. The general option to exercise the fair value OCI option only applies to equity instruments that are neither held for trading nor contingent consideration recognised by an acquirer in a business combination under IFRS 3.

For each new addition of an equity instrument, the UMH Group checks whether the option should be exercised. The option is currently being exercised for all equity instruments.

### Financial assets measured at amortised cost

It is classified in this category if the financial asset is held within a business model whose objective is to hold financial assets for the recognition of contractual cash flows. The contractual terms of the financial asset results in contractual cash flows that are solely payments of principal and interest on the principal amount outstanding (so-called cash flow condition). Financial assets in this category consist exclusively of debt instruments due to the cash flow condition. They are measured at amortised cost using the effective interest rate method. Interest income, impairment losses and effects from the currency translation reserve should be recognised in profit or loss.

The UMH Group assigns the majority of its loans and advances to banks and customers and trade receivables recognised under other assets.

### Financial liabilities measured at fair value through profit or loss (fair value PL)

Financial liabilities that are not measured at amortised cost should be categorised as "financial assets measured at fair value through other profit or loss". The category comprises the subcategories below:

#### Financial liabilities mandatorily measured at fair value through profit or loss

The subcategory "financial liabilities mandatorily measured at fair value through profit or loss" includes financial liabilities that do not meet the cash flow condition under IFRS 9 or that are acquired with the intention to repayment in the near future. For this purpose, these financial liabilities must be part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent pattern of short-term profit-taking or they must be derivative financial instruments that are not designated as hedges in effective hedging relationships.

In the UMH Group, only derivative financial instruments are required to be measured at fair value through profit or loss on a regular basis.

#### Financial assets from contingent consideration through business combinations

This subcategory includes contingent considerations that the acquirer has classified as financial liabilities in a business combination or analogous application of IFRS 3 for transactions based on IAS 28.

#### Financial liabilities measured at fair value through profit or loss (fair value option)

Financial liabilities measured at fair value through profit or loss may be assigned to the subcategory "financial liabilities at fair value through profit or loss" if they eliminate or significantly reduce recognition or measurement inconsistencies (accounting mismatches), which are managed as a portfolio based on the fair value or one or more embedded derivatives subject to separation.

No financial liabilities are measured at fair value through profit or loss in the UMH Group.

### Financial liabilities measured at amortised cost (AC)

Financial liabilities are to be categorised as "financial liabilities measured at amortised cost" for subsequent measurement. This excludes "financial liabilities measured at fair value through profit or loss", financial liabilities that arise when a transfer of a financial asset does not meet the derecognition requirement or the accounting is based on its continuing involvement, financial guarantees, credit commitments with a below-market interest rate and contingent consideration that is recognised by a purchaser in a business combination in accordance with IFRS 3.

The UMH Group allocates its liabilities to banks and customers and recognises trade payables under other liabilities in the statement of financial position.

### Initial recognition and derecognition of financial assets and liabilities

Derivatives are initially recognised on the trade date. Regular way purchases and sales of non-derivative financial assets are accounted for at the settlement date. Changes in fair value between the trade date and settlement date are recognised in accordance with the category of the financial instrument.

Differences between transaction prices and fair values are recognised in profit or loss on initial recognition if the fair value equals the quoted market price for an identical asset or liability in an active market or is based on a measurement method that uses data only from observable markets. If the fair value at the time of acquisition is derived from transaction prices and this is also used as a measure in the subsequent measurement, changes in the fair value are only recognised in profit or loss if they can be attributed to the change in observable market data. Differences not recognised upon initial recognition are distributed over the term of the relevant financial instruments and recognised accordingly.

Financial assets are derecognised if the contractual rights to cash flows from them expire or are transferred to third parties and there are no significant opportunities and risks associated with the financial assets. If the derecognition criteria for financial assets are not met, the transfer to third parties is accounted for as secured borrowing. Financial liabilities are derecognised if the contractual obligations have been settled, cancelled or expired.

### Impairment losses and reversals of impairment losses on financial assets

Impairment losses in accordance with IFRS 9 apply only to financial assets that are debt instruments. Equity instruments are not within the scope of IFRS 9. Impairment losses must be recognised for the financial assets below:

- Financial assets pursuant to the IFRS 9 category “financial assets measured at amortised cost”
- Financial assets (only debt instruments) assigned to the IFRS 9 category “financial assets measured at fair value through other comprehensive income”
- Open credit commitments for a currently existing legal obligation to lend (irrevocable credit commitments) if these are not measured at fair value through profit and loss

- Financial guarantees if they are not measured at fair value through profit or loss
- Lease receivables
- Trade receivables and contract assets that come under the scope of IFRS 15

On initial recognition, the above financial assets are assigned to stage 1 if they are held under the standardised approach for the determination of impairment losses in accordance with IFRS 9. Purchased or originated credit-impaired assets (POCI) are another exception. 12-month expected credit losses are the minimum risk assessment measurement for stage 1 assets.

At the end of each reporting period, the credit risk for each instrument is determined and checked to see whether it has significantly increased since the end of the previous reporting period. For debt instruments, important objective evidence includes financial difficulties on the part of the issuer or debtor, delay or default on interest payments or repayments of principal, failure to comply with ancillary contractually agreed arrangements or the contractually agreed provision of collateral, a significant downgrading in credit rating or issue of a default rating. Macroeconomic factors are not taken into account here as the volume of receivables that are not due daily is of minor importance.

Assets for which the credit risk has increased significantly since initial recognition but there is not any objective evidence that the assets are impaired are assigned to stage 2. The impairment for these assets should be measured at the amount of the lifetime expected credit losses.

It can simply be assumed that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date (low credit risk exemption). We consider this to be the case for all financial instruments with an investment grade rating. The previous restriction of the low credit risk exemption to securities with an investment grade rating ceased to apply as at 31 December 2021, but this had no effect on the statement of financial position.

Financial assets that are classified as impaired on the basis of objective evidence must be assigned to stage 3. The impairment for these assets should be measured at the amount of the lifetime expected credit losses.

Purchased or originated credit-impaired financial assets (POCI) must initially be recognised at their carrying amount less the expected credit losses over the full term and amortised accordingly at a risk-adjusted effective interest rate. As at the end of the reporting period, only the cumulative changes in lifetime expected credit losses since initial recognition shall be recognised as a loss allowance. These assets are not expected to transfer between stages.

The UMH Group uses a standardised default definition to assess the credit-impaired status of a financial asset. The definition of default is based on Article 178 CRR. This definition states that a default event has occurred after 90 days of default.

If a financial asset is more than 30 days past due, we deem the default risk to be significantly increased. Unrated receivables are based on expert assessments. Otherwise, the rating of the counterparty available is included in the assessment.

For stage 1 and 2 assets held under IFRS 9's ‘general approach’, expected credit losses are calculated collectively on the basis of parameters. Discounted cash flow scenarios are used for stage 3 assets.

In calculating the expected credit losses, the derivation of the expected probability of default to be stated is based on publicly available ratings from Moody's, S&P or Fitch. The available external ratings are mapped to a master scale (VR Note) specified by DZ BANK. Matrices with specific probabilities of default are used for each of the rating grades contained therein. If it is determined at the end of the reporting period that there is no longer a significant increase in the default risk compared with previous reporting dates, the affected financial assets will be transferred back to stage 1 and risk provisions reduced to the level of the expected 12-month credit loss. For a return back from stage 3, the default status is reversed in accordance with the regulatory definition only after a corresponding period of good conduct.

The simplified approach in accordance with IFRS 9.5.15 is used at the UMH Group, whereby for trade receivables, including with a significant financing component, and for contract assets within the scope of IFRS 15, the lifetime expected credit losses are determined on initial recognition.

For receivables in the scope of the simplified approach, the provision rates to be applied are based on the past experience of the UMH Group. Commission receivables are predominantly current receivables in accordance with IFRS 15, the carrying amount of which, in the experience of the UMH Group, is not influenced by macroeconomic factors.

Direct impairment losses directly reduce the carrying amount of assets. Direct write-downs are recognised if it is expected that the receivable has become uncollectible. These are generally insignificant minimum amounts.

If significant contractual adjustments are made to financial assets, these are derecognised and initially recognised as a new asset. To assess whether there is a substantial modification, a quantitative criterion is used in addition to various qualitative criteria. The threshold here is a change in the present value of the renegotiated contractual cash flows compared to the present value of the original contractual cash flows, which is significant at more than 10%. We consider a significant modification to be appropriate if it involves one of the following types of contractual adjustments: Currency conversion, inclusion or adjustment of equity conversion rights, change of debtor, inclusion of collateral agreements with which the cash flow criterion of IFRS 9 is no longer met. We also consider a significant modification to be appropriate if other contractual adjustments, taking into account the overall circumstances, have changed the nature of a financial asset to such an extent that a new financial instrument exists within the meaning of IFRS 9. For impaired assets (stage 3), the regulations for POCI apply. If contractual adjustments of financial assets have no material impact, they are reviewed for a significant increase in default risk compared to the original date of acquisition. In the case of modifications that do not result in the derecognition of the financial asset (non-significant contractual adjustments), the adjustment of the contractually agreed cash flows is recognised as the result of the modification in the amount of the difference between the originally agreed cash flows and the modified cash flows discounted with the original effective interest rate.

In the current reporting period, no changes have been made to the assumptions for the calculation or the input factors of expected credit losses with the exception of the above-mentioned expansion of the low credit risk exemption to all financial instruments in the scope of the impairment provisions of IFRS 9.

### Embedded derivatives

An embedded derivative is a component of a hybrid contract that also includes a non-derivative financial instrument (host) – with the effect that some of the cash flows of the combined instrument vary in a way similar to a stand-alone derivative. A derivative that is attached to a financial instrument but is contractually transferable independently of that instrument, or has a different counterparty, is not an embedded derivative, but a separate financial instrument.

If a hybrid contract contains a host contract that is a financial asset within the scope of IFRS 9, the requirements governing the categorisation of financial assets apply to the entire hybrid contract.

If a hybrid contract contains a host contract that is not a financial asset within the scope of IFRS 9, a derivative should be separated from the host contract and accounted for separately if:

- the economic characteristics and risks of the derivative are not closely related to the economic characteristics and risks of the host contract;
- the separate instrument with the same terms as the derivative would meet the definition of a derivative; and
- the host contract is not measured at fair value through profit or loss.

If these requirements are not met cumulatively, the embedded derivative may not be separated from the host contract. If an embedded derivative is separated, the host contract shall be accounted for in accordance with the appropriate standards.

If a contract contains one or more embedded derivatives and the host contract is not a financial asset within the scope of IFRS 9, the entire hybrid contract can be designated at fair value through profit or loss. This does not apply to cases in which embedded derivatives only insignificantly change the contractual cash flows, or if when initially assessing comparable hybrid instruments with little or no analysis it is apparent that embedded derivatives should be separated.

### Classes of financial instruments

The classes of financial instruments correspond to line items in the statement of financial position (note [57]).

## [7] Fair value measurement of financial instruments

Fair value is the price at which an orderly transaction to sell an asset or to transfer a liability would take place between market participants at the measurement date. The fair value of financial instruments is determined on the basis of market prices or observable market data at the end of the reporting period or by using recognised measurement models. Investment fund units are measured at the redemption price less a redemption charge, if such a charge is stipulated in the contractual terms. If securities and derivatives can be traded with sufficient liquidity on active markets, i.e. market prices are available, or tradable prices can be established by active market participants, then these prices are used as the basis for determining fair value. If no prices are available from liquid markets, fair value is determined using techniques whose parameters are based on observable market data. Financial instruments with short remaining terms or repayable on demand are measured at their nominal amount. These instruments include cash in hand, current account credit balances and trade receivables.

## [8] Currency translation

All monetary assets and liabilities are translated at the closing rate at the end of the reporting period into the relevant functional currency of the entities in the UMH Group. The translation of non-monetary assets and liabilities depends on the way in which these assets and liabilities are measured. If non-monetary assets are measured at amortised cost, they are translated using the historical exchange rate. Non-monetary assets measured at fair value are translated at the closing rate. Income, expenses, gains and losses are translated at the prevailing closing rate when they are recognised either in profit or loss or in other comprehensive income.

If the functional currency of subsidiaries included in the financial statements of the UMH Group is different from the group's reporting currency (euro), all assets and liabilities are translated at the closing rate. Equity is translated at the historical rate. The resulting difference is reported in the currency translation reserve. Income and expenses are translated at the average rate. In most cases, the functional currency of the entities included in the consolidated financial statements is the euro, i.e. the group's reporting currency.

**[9] Cash reserve**

Cash and cash equivalents are cash in hand and balances with central banks and other government institutions. Cash and cash equivalents are measured at their nominal amount.

**[10] Loans and advances to banks and customers**

Loans and advances to banks and customers include all receivables that are categorised either as “financial assets measured at amortised cost”, “financial assets at fair value through profit or loss”, or “financial assets measured at fair value through other comprehensive income”.

Loans and advances to banks and customers are measured at amortised cost using the effective interest method if they meet the cash flow criterion of IFRS 9 and are managed within the “hold to collect” business model. The fair value option was not used by the UMH Group for receivables.

Interest income from loans and advances to banks and customers is recognised under interest income from lending and money market operations.

Premiums, discounts and transaction costs are recognised in the income statement under net interest income. Deferred interest on receivables and premiums and discounts are reported with the respective loans and receivables under the corresponding statement of financial position items. Premium and discount amounts are allocated over the term of the loan or receivable using the effective interest method.

**[11] Allowances for losses on loans and receivables**

Allowances for losses on loans and receivables for cash reserve, loans and advances to banks and customers, financial assets and other assets, which are categorised at amortised cost or classified as finance leases, are deducted from assets as a separate item in the statement of financial position. Additions to and reversals of risk provisions for these financial position items are recognised in profit or loss as allowances for losses.

Uncollectible loans and receivables are written off immediately; any subsequent receipts from loans and receivables already written off are recognised in the income statement.

Loan loss provisions also include changes to provisions for financial guarantees. Additions to and reversals of provisions for financial guarantees are also recognised through profit or loss in allowances for losses on loans and receivables.

**[12] Investment securities**

Investment securities comprise bearer bonds and other fixed income securities, equities and other variable-yield securities and other shareholdings and investments in companies that are not materially significant, except where such securities or shares are not classified as held for trading. Investment securities also include shares in unconsolidated subsidiaries and investments in joint ventures and associates not accounted for using the equity method.

This item mainly consists of investment fund units. These investments comprise short-term investments for the purposes of liquidity management (liquidity), initial funding for newly launched funds (funding), investments in pension plans or employee retention programmes (employee investments) or longer-term capital investments (strategic investments).

The initial recognition of investment securities is generally based on fair value. The subsequent measurement of these financial assets depends on the IFRS 9 category to which they are assigned on acquisition. Gains and losses on the remeasurement of investment securities are reported under other net remeasurement income on financial instruments.

If these portfolios are equity instruments, they must be measured at fair value through profit and loss. In the UMH Group, the fair value OCI option was used for investments and unconsolidated subsidiaries held as at 1 January 2018. In the event of acquisitions of new equity instruments after 1 January 2018, the decision on whether to use the fair value OCI option is made on a case-by-case basis. If this item is a debt instrument, as is regularly the case with our own investments in investment fund units, it must be measured at fair value through profit or loss because the cash flow criterion of IFRS 9 is not met for these assets.

**[13] Shares in companies accounted for using the equity method**

Investments in associates and joint ventures are recognised at cost in the consolidated statement of financial position when significant influence is acquired or the entity is established. In subsequent years, the carrying amount of the equity is adjusted to take into account the group’s share of the changes in equity. The equity carrying amount is reduced by dividend payments received. The group’s share of the profit or loss from the associate or joint venture is recognised in the consolidated income statement as net income from companies accounted for using the equity method; the group’s share of other comprehensive income is recognised in other comprehensive income. Gains, losses, impairment losses and reversals of impairment losses on investments in associates and investments in joint ventures accounted for using the equity method are recognised in net income from investment securities.

**[14] Property, plant and equipment**

Property, plant and equipment comprise the following assets used by the group for its own purposes: land and buildings that are expected to be used over more than one period and operating and office equipment.

Property, plant and equipment are measured at cost less depreciation, which is reduced by cumulative depreciation and cumulative impairment losses in subsequent financial years. Depreciation is calculated on a straight-line basis over the useful life. Land is not depreciated.

The normal useful lives of property, plant and equipment are determined by taking into account expected physical wear and tear, technical obsolescence and legal and contractual restrictions.

If there are indications due to facts or circumstances that the assets may be impaired, the recoverable amount is determined. An impairment loss is recognised if the recoverable amount is less than the carrying amount at which the asset is recognised. The recoverable amount is the higher of the fair value less costs to sell and value in use.

The depreciation expense on property is recognised as an administrative expense. Impairment losses and gains are recognised in other operating income (note [33]).

**[15] Intangible assets**

In addition to purchased and internally generated software, intangible assets also include distribution and exclusive rights, acquired customers and brands, and goodwill.

Intangible assets are recognised at cost. For the purpose of subsequent measurement, software, purchased customer relationships and other intangible assets with a finite useful life are reduced by cumulative depreciation and cumulative impairment losses.

If there are indications (triggering events) at the end of the reporting period that an intangible asset with a finite useful life may be impaired, the asset is tested for impairment. Intangible assets with indefinite useful lives, intangible assets not yet ready for use and goodwill are not amortised but are instead tested for impairment once a year. The Union Investment Group does not develop any of its own software as part of its software projects. In the event of indications of impairment, these assets are also subjected to an ad hoc impairment test.

The amortisation expense on intangible assets is included in administrative expenses (note [32]). Impairment losses, reversals of impairment losses and gains and losses on disposals of intangible assets are recognised under other operating result (note [33]).

**[16] Right of use assets**

Right of use assets under rental and lease agreements that have been capitalised under IFRS 16 are recognised under this item.

At the UMH Group, right of use assets are initially measured at the amount of the lease liabilities (note [22]), adjusted to take account of any prepaid or accrued lease payments for the lease in question. During subsequent measurement, the right of use asset is measured at amortised cost less accumulated depreciation and impairment losses and taking into account any remeasurements of the lease liabilities.

They are depreciated in accordance with IAS 16 over the expected term of the lease. Depreciation is recognised in administrative expenses (note [32]).

The company elected not to capitalise these right of use assets for short-term leases with a term of less than one year and for leases of low-value assets.

If there are indications due to facts or circumstances that the assets may be impaired, the recoverable amount is determined. An impairment loss is recognised if the recoverable amount is less than the carrying amount at which the asset is recognised. The recoverable amount is the higher of the fair value less costs to sell and value in use. Impairment losses and gains are recognised in other operating income (note [33]). The provisions set out in IAS 36 Impairment of Assets are to be used to calculate impairment.

**[17] Assets and liabilities held for sale**

The carrying amount of non-current assets or disposal groups for which a sale is planned is recovered principally through a sale transaction rather than through their continuing use. These assets and disposal groups therefore need to be classified as held for sale if the criteria set out below are satisfied.

To be classified as held for sale, the assets or disposal groups must be available for immediate sale in their present condition, subject only to terms that are usual and customary for sales of such assets or disposal groups, and it must be highly probable that a sale will take place. A sale is deemed to be highly probable if there is a commitment to a plan to sell the asset or disposal group, an active programme to locate a buyer and complete the plan has been initiated, the asset or disposal group is being actively marketed for sale at a price that is reasonable in relation to the current fair value, and a sale is expected to be completed within one year of the date on which the asset or disposal group is classified as held for sale.

Assets classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell. The assets are no longer depreciated or amortised from the date on which they are classified as held for sale. Financial instruments are measured in accordance with IFRS 9.

Assets and disposal groups classified as held for sale are shown separately in the statement of financial position under non-current assets and disposal groups classified as held for sale and liabilities included in disposal groups classified as held for sale. Gains and losses arising on remeasurement at the lower of carrying amount and fair value less costs to sell and gains and losses on the sale of these assets or disposal groups that represent a component of an entity are recognised in the consolidated income statement under net income from discontinued operations. Gains and losses

arising on remeasurement and on the sale of assets or disposal groups that do not represent a component of an entity are recognised in the consolidated income statement under other operating result (note [33]).

Occasionally, the UMH Group has holdings of funding provided for a number of investment funds, as a result of which the group is in a position to exercise control over the fund concerned. These holdings are consolidated if they are controlled. If the holdings of funding satisfy the criteria specified in IFRS 5, they are classified as "held for sale" as a disposal group and reported according to IFRS 5. This is the case if the UMH Group actively endeavours to sell off the holdings immediately in order to ensure that the funding is repaid and if it is highly probable that the investment funds concerned will no longer be under the control of the UMH Group within one year of the initial acquisition of the holdings. They are measured at fair value in line with IFRS 9 in accordance with IFRS 5.5(c).

**[18] Liabilities to banks and customers**

Liabilities to banks and customers include all registered liabilities which are not classified as "held for trading". Liabilities to banks and customers are generally recognised at cost using the effective interest method. The fair value option was not used by the UMH Group for financial liabilities.

Interest expenses for liabilities to banks and customers are recognised separately in net interest income.

**[19] Asset and liability derivatives**

Derivative financial instruments with positive and negative fair values are assigned to the statement of financial position items 'Asset derivatives' and 'Liability derivatives' even if, despite the economic intention to hedge, the requirements for hedge accounting have not been met. Gains and losses on the remeasurement of these items are reported under other net remeasurement income on financial instruments.

Figures reported in the item "Liability derivatives" represent funding gaps in capital preservation commitments in accordance with Section 1 (1) no. 3 of German Personal Pension Plan Certification Act (AltZertG) in connection with the UniProfiRente product issued by Union Investment Privatfonds GmbH. The amounts recognised as liabilities in each case represent the difference

between the present value of the pension plan contributions guaranteed in accordance with Section 1 (1) no. 3 AltZertG and the market value of the customer portfolio, provided that this difference is positive.

In addition, the 'Liability derivatives' statement of financial position item includes funding gap risks arising from guarantee funds that were issued by asset management companies belonging to the group. The carrying amount is recognised as the difference between the present value of the guarantee commitments at the next guarantee date of a fund and the net asset value of the fund, provided that this difference is positive.

The 'Asset derivatives' statement of financial position item contains options to acquire additional shares in aam2cred Debt Investments GmbH, Frankfurt am Main.

When determining the carrying amounts of market values from derivative financial instruments, valuation haircuts for counterparty credit risk (CVA) or own credit risk (DVA) are taken into account, if necessary.

## [20] Provisions for employee benefits

Provisions for employee benefits are recognised in accordance with IAS 19.

A distinction is made in occupational pension schemes between defined contribution plans and defined benefit plans. In defined contribution plans, the entity concerned has no obligation other than to pay contributions to an external pension provider.

Together with other financial institutions in Germany, the Union Investment Group is a member of BVV Versicherungsverein des Bankgewerbes a.G., Berlin (BVV), BVV Versorgungskasse des Bankgewerbes e.V., Berlin (BVVeV), R+V Pensionsfonds Aktiengesellschaft, Wiesbaden (RVP), and Versorgungskasse genossenschaftlich orientierter Unternehmen VGU e.V., Wiesbaden (VGUeV). In addition to the direct commitments of the UMH Group, these pension providers pay retirement benefits to eligible employees in Germany. Both employer and employee make regular contributions, which typically result from the application of a percentage contribution rate to the monthly gross income of active employees. The pension providers' tariffs provide for both fixed pension payments with participation features and capital payments. Corresponding assets and pension obligations relating to present

and former employees are not allocated to the individual member companies. This is mainly because the pension providers do not allocate their asset investments either to the beneficiaries or to the member companies. The Union Investment Group therefore classifies the stated plans as defined benefit multi-employer plans and accounts for them as defined contribution plans.

Under defined benefit plans, the entity concerned has an obligation to pay the benefits promised to current and former employees, although there is a distinction between plans funded by provisions and those funded by third-party arrangements.

In accordance with IAS 19, the Union Investment Group recognises provisions for obligations arising in connection with pension entitlements and current benefits payable to eligible current and former employees of the group and their surviving dependants (the plans being funded by both employer and employees). There are various different pension systems in operation at the individual Union Investment Group sites depending on local legal, financial and tax circumstances. However, all the systems are generally based on the length of service and the individual employee's level of remuneration.

Since 1 November 2007, the remaining pension obligations under employer-funded pension commitments to retirees and former employee beneficiaries with vested pension entitlements and to a significant proportion of the beneficiaries who are still employed have been funded via VGUeV or RVP. As these remaining obligations are funded via external pension providers, the UMH Group does not have any direct payment obligations in respect of these people.

The defined benefit obligation of UMH Group companies is measured in accordance with IAS 19 using the projected unit credit method and is based on actuarial reports. The calculation of the obligation takes into account current projections of mortality, invalidity and employee turnover, expected increases in salaries, entitlements and pensions, and uses a realistic discount rate. The discount rate is based on interest rates currently available for long-term corporate bonds from investment-grade issuers, and was set at 1.10% (previous year: 0.75%). Mortality and invalidity assumptions are derived from the Heubeck 2018 G mortality tables.

The employer-funded pension obligations are covered by VGUeV and RVP assets, which may be used solely for the purposes of meeting the pension commitments and are protected from the

claims of any creditors. The VGUeV and RVP assets are plan assets as defined by IAS 19 and are netted against the pension obligations. If the assets exceed the pension obligations, an asset item is reported in accordance with IAS 19. If the assets do not cover the obligation, the net obligation is recognised under provisions for pensions.

In some cases in the past, pension insurance policies were taken out to cover the risks arising from pension obligations. Some of these policies are pledged to employees. The premiums are paid by the Union Investment Group.

The obligations arising from the deferred compensation scheme (employee-funded) are covered by investments in Union Investment Group investment fund units. Since September 2013, these investment fund units have been held in a contractual trust arrangement (CTA) by R+V Treuhand GmbH, Wiesbaden. They are plan assets as defined by IAS 19 and are netted against the corresponding pension obligations.

Actuarial gains or losses can arise from increases or decreases in the present value of the defined benefit obligation, the fair value of plan assets or reimbursement rights. The reasons for these actuarial gains or losses can include changes in the calculation parameters, changes in the estimates of risk from pension obligations, differences between the actual and expected return on plan assets and differences between the actual and expected return on reimbursement rights.

Actuarial gains and losses on defined benefit obligations, plan assets and reimbursement rights are recognised in other comprehensive income in accordance with IAS 19.120(c).

Provisions are recognised to cover obligations arising from phased retirement schemes. Since 2015, the investment fund units to secure phased retirement claims have been held in a contractual trust arrangement (CTA) by R+V Treuhand GmbH, Wiesbaden. The provisions for phased retirement arrangements are netted against the fair value of the investment units.

## [21] Other provisions

Other provisions are recognised in accordance with IAS 37.

Provisions are liabilities of uncertain timing or amount. They are recognised for present obligations arising from past events if an outflow of resources embodying economic benefits is likely and a reliable estimate of the obligation can be made.

The provisions are recognised and measured in the amount of best estimate of the present value of the expected utilisation, accounting for the risks and uncertainties associated with the respective issue as well as future events.

Provisions for financial guarantees that fall within the scope of IFRS 9 are measured at fair value on initial recognition. They are subsequently measured at the higher of any provision recognised in accordance with IAS 37 and the amount initially recognised.

## [22] Lease liabilities

Liabilities under leases and rental agreements in accordance with IFRS 16 are to be disclosed under this item. They are measured at the present value of the remaining lease payments, discounted using the interest rate implicit in the rental agreement or, if this interest rate cannot be readily determined, using the lessee's company-specific incremental borrowing rate. Taking into account the lease term, the incremental borrowing rates are calculated on the basis of observable swap curves (base curve) with the same currency, supplemented by a credit spread.

Contractually granted renewal options extending beyond the basic lease term are taken into account at the time of initial acquisition, provided it is probable at the time of acquisition that the renewal option will be exercised. In the case of renewal options where the rent after renewal is equal to or higher than the rent during the basic lease term, it is not considered sufficiently certain that the renewal option will be exercised. This assumption can be refuted in an individual case if the economic consequences for the lessee of not exercising the renewal option, taking into account factors specific to the contract, the asset and the company and market-based factors, would be significant. The probability of renewal options for individual contracts being exercised is regularly assessed with the departments responsible at the time of initial acquisition and for subsequent measurement purposes.

Interest expenses on lease liabilities are reported in net interest income (note [26]).

## [23] Income

### Interest and dividends

Interest is recognised on an accrual basis. If the effective interest method is used for the accrual of interest income, this interest income is recognised under interest income calculated using the effective interest method.

The cash flows used to calculate the effective interest rate used take account of contractual arrangements in connection with the respective financial assets and financial liabilities.

Dividend income from unconsolidated subsidiaries, equity investments and distributions from investment fund units are recognised at the date that the legal entitlement to the payment arises.

### Revenue from contracts with customers

In the UMH Group, contracts are concluded that may include the provision of multiple services. The resulting revenue is posted separately if a service is to be classified as a separately definable performance obligation.

Revenue from contracts with customers is recognised when the underlying services have been performed, it is probable that the economic benefits will flow to the group and the amount of the income can be reliably determined. Thus, income is either recognised over the period in which the underlying services are performed or recognised directly in profit or loss after the service has been performed.

In the UMH Group, revenue from contracts with customers is primarily commission income.

Commissions earned over the period of the performance obligations include, in particular, fees for the management of investment funds or for asset management in other formats, as well as for the holding of securities ("union depots").

The UMH Group receives performance-based management fees from some contracts. These are contingent upon exceeding agreed absolute or relative outperformance criteria that vary from product

to product and may include monthly, quarterly, annual or longer measurement periods. In the case of performance-based management fees, revenue is received when the amount of that provision can be reliably estimated and it is highly likely that there will be no significant reversal in the recognised revenue as soon as uncertainty ceases to exist. Due to the risks of a downturn on the capital markets which cannot be excluded, these commissions are therefore regularly collected if the agreed outperformance criteria have been met in relation to the defined benchmark and the measurement period, as there is no significant risk of cancellation up until this date.

For some contracts with customers, the asset management companies of the UMH Group have the option of involving third parties in the provision of services to customers. In these cases, with few exceptions, the UMH Group is generally regarded as the originator ("principal") of these agreements because it has the power to dispose of the services promised to the customers.

The practical expedient waiver to adjust consideration to impact from a financing component (IFRS 15.63), recognition of costs of obtaining a contract as an expense (IFRS 15.94) and waiver of performance obligations (IFRS 15.121) are applied.

## [24] Income taxes

Current and deferred tax assets are reported under income tax assets; current and deferred tax liabilities are reported under income tax liabilities.

Current income tax assets and liabilities are calculated using current tax rates. A corporation tax rate of 15.0 % (previous year: 15.0 %) and a solidarity surcharge of 5.5 % (previous year: 5.5 %) of corporation tax is used for the German companies. The trade tax rate for the German companies was 15.4 % (previous year: 15.4 %). Deferred tax assets and liabilities arose in connection with differences between the carrying amounts of assets and liabilities in accordance with IFRS and those in the tax base. These differences are expected to affect income tax liabilities or refunds in the future (temporary differences). Deferred taxes were measured using the tax rates expected to apply in the country of the company concerned in the period in which the taxes will actually be paid or recovered. Deferred tax assets for as yet unused tax loss carry-forwards are only recognised if it is probable that there will be sufficient future taxable profits in the same tax entity

against which the losses can be utilised. Current tax receivables and payables are reported separately and are not netted, nor are they discounted.

Deferred tax assets and liabilities are recognised either in profit or loss (under income taxes) or in equity, depending on the treatment of the items to which they relate. Deferred tax assets and deferred tax liabilities are netted in the statement of financial position if they relate to the same tax authorities.

Other, non-income-related taxes are reported under other operating result (note [33]).

There were no changes to tax rates or tax legislation after the end of the reporting period that could have a significant impact on the UMH Group's income tax assets or liabilities.

The income tax expense represents the total of the current tax expense and the deferred taxes. The current tax expense is calculated on the basis of the taxable income for the year. Taxable income is different from the net income for the year reported in the income statement because taxable income disregards income and expense that is not taxable/deductible for tax purposes or that is only taxable/deductible for tax purposes in subsequent years. The UMH Group's current tax liabilities were calculated using the tax rates in force at the end of the reporting period or enacted prior to the end of the reporting period.

The UMH Group is required to pay income taxes in various countries, and the basis for measuring this liability varies from country to country. Provisions for taxes worldwide were recognised on the basis of profits determined in accordance with local stipulations and locally applicable tax rates. However, there are some transactions whose final taxation cannot be definitively determined during the normal course of business. The amount of the provisions set aside for these matters is based on estimates as to the probability of additional tax becoming due in the future and the amount of such liabilities. An appropriate provision is recognised for any risks arising from different tax treatment. If the final taxation of these transactions differs from the tax originally assumed, this will affect the current and deferred taxes recognised in the period in which the taxation is definitively determined.

The UMH Group also needs to make estimates to determine whether any impairment losses need to be recognised on deferred tax assets. There are two key elements in deciding whether deferred tax assets are impaired: an assessment of the probability that temporary measurement differences will reverse and an assessment as to whether the loss carry-forwards that have given rise to the recognition of deferred tax assets can be utilised. These factors depend on the availability of future taxable profits during the periods in which the temporary measurement differences reverse and the tax loss carry-forwards can be utilised. The interpretation of complex tax legislation and the amount and timing of future taxable income are subject to a degree of uncertainty. There may be changes to the taxes payable in future periods as a consequence of differences between actual outcomes and assumptions or future changes in these assumptions, especially in view of the increasing interdependence of international markets.

#### [25] Contingent liabilities

Contingent liabilities are possible obligations arising from past events. The existence of these obligations will only be confirmed by future events outside the control of the UMH Group. Present obligations that arise from past events but which are not recognised because of the improbability of an outflow of resources embodying economic benefits or for which a sufficiently reliable estimate of the amount cannot be made also constitute contingent liabilities.

The amount of contingent liabilities is disclosed in the notes, unless the possibility of an outflow of resources embodying economic benefits is extremely low.

Contingent liabilities are measured at the best estimate of possible future utilisation.

Contingent liabilities for litigation risks are recognised when the conditions for recognising a provision have not been met, but the possibility that the litigation will result in a liability for a UMH Group entity is not unlikely. Risks from legal disputes are measured according to the probability of them occurring.

## Consolidated income statement disclosures

### [26] Net interest income

	2021	2020	Change
	EUR thousand	EUR thousand	EUR thousand
<b>Interest income and current income</b>	<b>12,701</b>	<b>7,215</b>	<b>5,486</b>
from lending and money market operations	11	22	-11
from negative interest on financial assets	-3,174	-1,704	-1,470
from investment fund units	9,240	7,297	1,943
from other receivables	27	26	1
from equity investments	6	6	-
from investments in subsidiaries	6,551	1,400	5,151
from income from profit and loss transfer agreements	40	168	-128
<b>Interest expenses</b>	<b>-1,347</b>	<b>-988</b>	<b>-359</b>
for liabilities to banks and customers	-50	-81	31
for lease liabilities	-1,391	-886	-505
for other liabilities	83	-20	103
for other financial liabilities	12	-	12
for liabilities from rental software	-1	-1	-
<b>Total</b>	<b>11,354</b>	<b>6,227</b>	<b>5,127</b>

Interest income collected using the effective interest method amounts to EUR 11 thousand (previous year: EUR 22 thousand).

### [27] Allowances for losses on loans and receivables

	2021	2020	Change
	EUR thousand	EUR thousand	EUR thousand
<b>Allowances for losses on loans and advances to banks</b>	<b>-</b>	<b>-</b>	<b>-</b>
Addition	-	-	-
Reversal	-	-	-
Net income from modification	-	-	-
Directly recognised impairment losses	-	-	-
Receipts from directly recognised loans and receivables	-	-	-
<b>Allowances for losses on loans and advances to customers</b>	<b>-57</b>	<b>-17</b>	<b>-40</b>
Addition	-	-	-
Reversal	-	-	-
Net income from modification	-	-	-
Directly recognised impairment losses	-66	-18	-48
Receipts from directly recognised loans and receivables	9	1	8
<b>Allowances for other receivables</b>	<b>-</b>	<b>-</b>	<b>-</b>
Addition	-	-	-
Reversal	-	-	-
Net income from modification	-	-	-
Directly recognised impairment losses	-	-	-
Receipts from directly recognised loans and receivables	-	-	-
<b>Total</b>	<b>-57</b>	<b>-17</b>	<b>-40</b>

Contracts with customers within the meaning of IFRS 15 account for an impairment loss of EUR -66 thousand (previous year: EUR -18 thousand).

**[28] Net fee and commission income**

	2021 EUR thousand	2020 EUR thousand	Change EUR thousand
<b>Fee and commission income</b>	<b>3,790,302</b>	<b>2,780,044</b>	<b>1,010,258</b>
from sales commission	453,357	377,843	75,514
from management fees	3,150,080	2,228,892	921,188
from securities custody accounts	42,645	53,902	-11,257
Other	144,220	119,407	24,813
<b>Fee and commission expenses</b>	<b>-1,497,709</b>	<b>-1,214,155</b>	<b>-283,554</b>
for volume-based commission	-940,917	-760,676	-180,241
for revenue-based commission	-411,680	-343,564	-68,116
for securities custody accounts	-5,592	-4,592	-1,000
Other	-139,520	-105,323	-34,197
<b>Total</b>	<b>2,292,593</b>	<b>1,565,889</b>	<b>726,704</b>

Commission income is attributable to revenue from contracts with customers including funds.

The volume-based sales commission generated from the sale of fund units with a front-end fee, which is dependent on the transaction volume is used, among other things, to cover sales and marketing expenses. The amount of front-end fees is calculated in each case according to a percentage surcharge on the net asset value of the fund unit issued under investment conditions. Front-end fees are recognised at the date of the sale.

The management fees represent the payment of consideration for the management of mutual funds, special funds, individual portfolios and portfolios forming part of advisory agreements with institutional clients. Management fees vary depending on the asset classes being managed and sometimes include performance-based components. In the case of performance-based management fees, revenue is received if the agreed outperformance criteria have been met in relation to a defined benchmark and the agreed measurement period, as there is no significant risk of cancellation up until this date. Flat-rate payments are partly levied to cover costs defined in the contract. The ongoing management fees and lump-sum payments, which are contractually agreed as a percentage of the assets under management, are recognised over a period of time and generally settled on a monthly basis.

Management fees also include investment compensation agreed for the management of the property funds or other alternative investment vehicles. These are collected at the time of the transfer of benefits and encumbrances or, in the case of project developments, at the time the payments are settled in the investment funds in accordance with construction progress.

The management fees shown in the table above include commission income which the management companies of the UMH Group receive for the execution of securities lending transactions for the account of the customers. Any income is received over the period in which the service was performed. The commission income from securities lending transactions is distributed between the group's management companies and investment funds or the assets managed for clients in other formats, from which the securities are lent.

Income from securities custody accounts is primarily attributable to recognising custody account fees over a period for the union depots held by Union Investment Service Bank AG, Frankfurt am Main. These custody account fees are accrued monthly as receivables and are usually collected in December. This also includes fees for other services provided as part of the custody account management, which are collected at the time the service is provided.

Other fee and commission income includes income from the brokerage of investment funds of external asset management companies.

**[29] Net income from investment securities**

	2021 EUR thousand	2020 EUR thousand	Change EUR thousand
<b>Gains and losses from the disposal of shares and other variable-yield securities (including other shareholdings)</b>	<b>1,732</b>	<b>-5,018</b>	<b>6,750</b>
Gains and losses from the disposal of investment fund units	1,732	-5,018	6,750
Gains and losses from the disposal of other shareholdings	0	–	0
<b>Gains and losses on the sale or change in fair value of investments in associates</b>	<b>1,514</b>	<b>48,496</b>	<b>-46,982</b>
Realised net income from investments in associates	–	48,496	-48,496
Reversals of impairment losses on investments in associates	1,514	–	1,514
<b>Total</b>	<b>3,246</b>	<b>43,478</b>	<b>-40,232</b>

**[30] Other net remeasurement income on financial instruments**

	2021 EUR thousand	2020 EUR thousand	Change EUR thousand
<b>Gains and losses on derivatives used for purposes other than trading</b>	<b>35,298</b>	<b>-96,954</b>	<b>132,252</b>
Fair value gains and losses on derivatives used for purposes other than trading	39,368	-95,487	134,855
Realised gains and losses on derivatives used for purposes other than trading	-4,070	-1,467	-2,603
<b>Net remeasurement income from financial assets mandatorily measured at fair value through profit or loss</b>	<b>4,480</b>	<b>13,775</b>	<b>-9,295</b>
Net remeasurement income from investment units mandatorily measured at fair value through profit or loss	4,480	13,775	-9,295
<b>Total</b>	<b>39,778</b>	<b>-83,179</b>	<b>122,957</b>

**[31] Net income from companies accounted for using the equity method**

	2021 EUR thousand	2020 EUR thousand	Change EUR thousand
Joint ventures	5,176	5,869	-693
Associates	1,064	-1,266	2,330
<b>Total</b>	<b>6,240</b>	<b>4,603</b>	<b>1,637</b>

**[32] Administrative expenses**

	2021 EUR thousand	2020 EUR thousand	Change EUR thousand
<b>Staff costs</b>	<b>-556,141</b>	<b>-451,965</b>	<b>-104,176</b>
Wages and salaries	-487,310	-393,468	-93,842
Social security contributions	-51,670	-42,779	-8,891
Pensions and other post-employment benefit expenses	-17,161	-15,718	-1,443
<b>Other administrative expenses</b>	<b>-470,332</b>	<b>-390,552</b>	<b>-79,780</b>
IT expenses	-125,634	-109,026	-16,608
Consulting	-101,977	-61,026	-40,951
Public relations/marketing	-70,262	-59,050	-11,212
Office expenses	-41,239	-37,807	-3,432
Property and occupancy costs	-19,748	-23,081	3,333
Miscellaneous	-111,472	-100,562	-10,910
<b>Depreciation and amortisation expense</b>	<b>-91,952</b>	<b>-76,577</b>	<b>-15,375</b>
Property, plant and equipment	-8,179	-4,947	-3,232
Intangible assets	-40,890	-42,893	2,003
Right of use assets	-42,883	-28,737	-14,146
<b>Total</b>	<b>-1,118,425</b>	<b>-919,094</b>	<b>-199,331</b>

**[33] Other operating result**

	2021 EUR thousand	2020 EUR thousand	Change EUR thousand
<b>Other operating income</b>	<b>38,786</b>	<b>36,474</b>	<b>2,312</b>
Income from the reversal of deferred liabilities	8,569	16,354	-7,785
Income from the refund of other taxes	5,261	4,240	1,021
Income from the reversal of provisions	4,538	197	4,341
Reversals of impairment losses on intangible assets	1,183	975	208
Income from exchange differences on currency translation	365	671	-306
Rental income	237	218	19
Other income from leases	42	0	42
Miscellaneous other operating income	18,591	13,819	4,772
<b>Other operating expenses</b>	<b>-38,765</b>	<b>-4,966</b>	<b>-33,799</b>
Write-downs on purchased customer relationships	-3,693	-994	-2,699
Expenses for other taxes	-1,959	-1,080	-879
Expenses for exchange differences on currency translation	-440	-277	-163
Expenses from loss absorption	-406	-175	-231
Impairment losses on intangible assets	-393	-	-393
Other expenses from leases	-2	0	-2
Expenses for restructuring measures	-	-25	25
Miscellaneous other operating expenses	-31,872	-2,415	-29,457
<b>Total</b>	<b>21</b>	<b>31,508</b>	<b>-31,487</b>

Miscellaneous other operating income includes income in connection with IT services of EUR 3,258 thousand (previous year: EUR 2,612 thousand) and income from the reimbursement of non-monetary benefits of EUR 2,292 thousand (previous year: EUR 877 thousand). In the current financial year, there was also one-time income from contractual penalties in connection with right of use assets of EUR 3,147 thousand.

For information on the miscellaneous other operating expenses, please refer to the changes in other provisions (note [52]).

**[34] Income taxes**

The breakdown of income taxes is as follows:

	2021 EUR thousand	2020 EUR thousand	Change EUR thousand
Current tax expense	-369,130	-210,812	-158,318
Deferred taxes	-4,862	21,588	-26,450
<b>Total</b>	<b>-373,992</b>	<b>-189,224</b>	<b>-184,768</b>

The following reconciliation shows the relationship between consolidated earnings before taxes and income taxes in the financial year:

	2021 EUR thousand	2020 EUR thousand	Change EUR thousand
Consolidated earnings before taxes	1,234,750	649,415	585,335
x Income tax rate	31.260 %	31.260 %	-
= Expected income tax expense in financial year	385,983	203,007	182,976
Deduction from tax owing to tax-exempt income	-14,053	-22,674	8,621
Additional taxes due to non-deductible expenses	4,030	4,371	-341
Trade tax variance	8,232	4,713	3,519
Tax rate differences on income subject to taxation in other countries	-11,116	-6,128	-4,988
Effects of tax rate changes and new taxes	-	-	-
Current tax expense / income relating to prior periods	-561	-1,687	1,126
Deferred tax expense / income relating to prior periods	2	4,937	-4,935
Change in impairment of deferred tax assets	-	-128	128
Other	1,475	2,813	-1,338
<b>Tax expense in accordance with IFRS</b>	<b>373,992</b>	<b>189,224</b>	<b>184,768</b>

The deferred tax income attributable to temporary differences or the reversal thereof that did not result from either loss carry-forwards or tax rate differences amounted to EUR -4,862 thousand (previous year: EUR 26,524 thousand).

The deferred tax expense / income attributable to tax rate changes or the introduction of new types of tax is shown separately in the reconciliation.

## Statement of comprehensive income disclosures

### [35] Amounts reclassified to profit or loss

In the reporting year and in the previous year, there were no reclassifications from other comprehensive income to the consolidated income statement.

### [36] Income taxes relating to components of other comprehensive income

The table below shows the income taxes relating to the various components of other comprehensive income:

	2021 EUR thousand	2020 EUR thousand	Change EUR thousand
<b>Amounts reclassified to profit or loss (before taxes)</b>	<b>4,017</b>	<b>-4,608</b>	<b>8,625</b>
<b>Income taxes relating to components of other comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Amounts reclassified to profit or loss (after taxes)</b>	<b>4,017</b>	<b>-4,608</b>	<b>8,625</b>
Share of other comprehensive income of joint ventures and associates accounted for using the equity method (before taxes)	4,017	-4,608	8,625
Income taxes relating to components of other comprehensive income	-	-	-
<b>Share of other comprehensive income of joint ventures and associates accounted for using the equity method (after taxes)</b>	<b>4,017</b>	<b>-4,608</b>	<b>8,625</b>
<b>Amounts not reclassified to profit or loss (before taxes)</b>	<b>27,146</b>	<b>-14,909</b>	<b>42,055</b>
<b>Income taxes relating to components of other comprehensive income</b>	<b>-5,512</b>	<b>-2,661</b>	<b>-2,851</b>

	2021 EUR thousand	2020 EUR thousand	Change EUR thousand
<b>Amounts not reclassified to profit or loss (after taxes)</b>	<b>21,634</b>	<b>-17,570</b>	<b>39,204</b>
Gains and losses from equity instruments for which the fair value OCI option was exercised (before taxes)	10,348	-116	10,464
Income taxes relating to components of other comprehensive income	-170	-76	-94
<b>Gains and losses from equity instruments for which the fair value OCI option was exercised (after taxes)</b>	<b>10,178</b>	<b>-192</b>	<b>10,370</b>
Actuarial gains and losses on defined benefit plans (before taxes)	16,798	-14,793	31,591
Income taxes relating to components of other comprehensive income	-5,343	-2,585	-2,758
<b>Actuarial gains and losses on defined benefit plans (after taxes)</b>	<b>11,455</b>	<b>-17,378</b>	<b>28,833</b>
<b>Other comprehensive income (before taxes)</b>	<b>31,163</b>	<b>-19,517</b>	<b>50,680</b>
<b>Income taxes relating to components of other comprehensive income</b>	<b>-5,512</b>	<b>-2,661</b>	<b>-2,851</b>
<b>Other comprehensive income (after taxes)</b>	<b>25,651</b>	<b>-22,178</b>	<b>47,829</b>

## Consolidated statement of financial position disclosures

### [37] Cash reserve

	31 Dec. 2021 EUR thousand	31 Dec. 2020 EUR thousand	Change EUR thousand
Cash in hand	37	44	-7
<b>Total</b>	<b>37</b>	<b>44</b>	<b>-7</b>

### [38] Loans and advances to banks

	31 Dec. 2021 EUR thousand	31 Dec. 2020 EUR thousand	Change EUR thousand
Loans and advances to banks in Germany	849,000	561,031	287,969
of which repayable on demand	839,753	558,087	281,666
Loans and advances to banks outside Germany	402,097	30,995	371,102
of which repayable on demand	398,856	28,111	370,745
<b>Total</b>	<b>1,251,097</b>	<b>592,026</b>	<b>659,071</b>

The maximum risk for receivables is the carrying amount.

### [39] Loans and advances to customers

	31 Dec. 2021 EUR thousand	31 Dec. 2020 EUR thousand	Change EUR thousand
Loans and advances to customers in Germany	45,431	41,947	3,484
Loans and advances to customers outside Germany	53,369	38,264	15,105
<b>Total</b>	<b>98,800</b>	<b>80,211</b>	<b>18,589</b>

The carrying amount is the maximum credit risk for all receivables. There are no secured receivables (previous year: none).

There are no employer loans to salaried staff (previous year: none).

In addition, they include receivables from customers of EUR 4,264 thousand (previous year: EUR 5,466 thousand) in respect of deferred custody account fees for investment accounts under Germany's Capital Accumulation Act (VermBG).

### [40] Asset derivatives

	31 Dec. 2021 EUR thousand	31 Dec. 2020 EUR thousand	Change EUR thousand
From other transactions	1,184	–	1,184
<b>Total</b>	<b>1,184</b>	<b>–</b>	<b>1,184</b>

### [41] Investment securities

	31 Dec. 2021 EUR thousand	31 Dec. 2020 EUR thousand	Change EUR thousand
Equities and other variable-yield securities	2,035,827	1,686,246	349,581
Equities	27	31	-4
Investment fund units	2,026,220	1,678,894	347,326
Other shareholdings	9,580	7,321	2,259
Investments in subsidiaries	44,777	56,804	-12,027
Investments in associates	3	–	3
<b>Total</b>	<b>2,080,607</b>	<b>1,743,050</b>	<b>337,557</b>

## Changes in investment securities

	Equities and other variable-yield securities EUR thousand	Investments in subsidiaries EUR thousand	Investments in associates EUR thousand	Total EUR thousand
<b>Carrying amount as at 1 Jan. 2020</b>	<b>1,477,112</b>	<b>26,361</b>	<b>–</b>	<b>1,503,473</b>
<b>Cost as at 1 Jan. 2020</b>	<b>1,480,039</b>	<b>8,889</b>	<b>–</b>	<b>1,488,928</b>
Additions	812,030	50	–	812,080
Reclassifications	1	–	–	1
Disposals	-614,498	-50	–	-614,548
Change in the consolidated group – additions	1	31,746	–	31,747
<b>Cost as at 31 Dec. 2020</b>	<b>1,677,573</b>	<b>40,635</b>	<b>–</b>	<b>1,718,208</b>
<b>Cumulative changes resulting from measurement at fair value as at 1 Jan. 2020</b>	<b>-2,927</b>	<b>17,472</b>	<b>–</b>	<b>14,545</b>
Changes recognised in other comprehensive income resulting from measurement at fair value in reporting period	1,187	-1,303	–	-116
Changes resulting from measurement at fair value through profit or loss in reporting period	15,510	–	–	15,510
Reclassifications (measurement at fair value)	-1,479	–	–	-1,479
Disposals (measurement at fair value)	-3,618	0	–	-3,618
<b>Cumulative changes resulting from measurement at fair value as at 31 Dec. 2020</b>	<b>8,673</b>	<b>16,169</b>	<b>–</b>	<b>24,842</b>
<b>Carrying amount as at 31 Dec. 2020</b>	<b>1,686,246</b>	<b>56,804</b>	<b>–</b>	<b>1,743,050</b>

	Equities and other variable-yield securities EUR thousand	Investments in subsidiaries EUR thousand	Investments in associates EUR thousand	Total EUR thousand
<b>Cost as at 1 Jan. 2021</b>	<b>1,677,573</b>	<b>40,635</b>	<b>–</b>	<b>1,718,208</b>
Additions	1,098,093	109	3	1,098,205
Reclassifications	35,000	–	–	35,000
Disposals	-788,449	-21,788	–	-810,237
<b>Cost as at 31 Dec. 2021</b>	<b>2,022,217</b>	<b>18,956</b>	<b>3</b>	<b>2,041,176</b>
<b>Cumulative changes resulting from measurement at fair value as at 1 Jan. 2021</b>	<b>8,673</b>	<b>16,169</b>	<b>–</b>	<b>24,842</b>
Changes recognised in other comprehensive income resulting from measurement at fair value in reporting period	711	9,637	–	10,348
Changes resulting from measurement at fair value through profit or loss in reporting period	6,274	–	–	6,274
Reclassifications (measurement at fair value)	4,218	–	–	4,218
Disposals (measurement at fair value)	-6,266	15	–	-6,251
<b>Cumulative changes resulting from measurement at fair value as at 31 Dec. 2021</b>	<b>13,610</b>	<b>25,821</b>	<b>–</b>	<b>39,431</b>
<b>Carrying amount as at 31 Dec. 2021</b>	<b>2,035,827</b>	<b>44,777</b>	<b>3</b>	<b>2,080,607</b>

**[42] Shares in companies accounted for using the equity method**

	31 Dec. 2021 EUR thousand	31 Dec. 2020 EUR thousand	Change EUR thousand
Investments in joint ventures	57,692	54,008	3,684
Investments in associates	9,885	7,735	2,150
<b>Total</b>	<b>67,577</b>	<b>61,743</b>	<b>5,834</b>

There are no active markets for the investments accounted for using the equity method, nor can their fair value be reliably determined by using a measurement method based on assumptions that do not rely on available observable market data. There are no other suitable markets elsewhere. The investments in joint ventures and associates are intended to support the operating activities of the UMH Group over the long term.

**Changes in shares in companies accounted for using the equity method**

	Investments in joint ventures EUR thousand	Investments in associates EUR thousand	Total EUR thousand
<b>Carrying amount as at 1 Jan. 2020</b>	<b>59,060</b>	<b>71,127</b>	<b>130,187</b>
Changes resulting from measurement under the equity method	-5,052	-13,717	-18,769
of which changes recognised in other comprehensive income	-10,921	-12,451	-23,372
of which changes recognised in profit or loss	5,869	-1,266	4,603
Change in the consolidated group	-	-49,675	-49,675
<b>Carrying amount as at 31 Dec. 2020</b>	<b>54,008</b>	<b>7,735</b>	<b>61,743</b>
Changes resulting from measurement under the equity method	3,684	635	4,319
of which changes recognised in other comprehensive income	-1,492	-429	-1,921
of which changes recognised in profit or loss	5,176	1,064	6,240
Reversals of impairment losses	-	1,515	1,515
<b>Carrying amount as at 31 Dec. 2021</b>	<b>57,692</b>	<b>9,885</b>	<b>67,577</b>

The changes recognised in equity relating to investments in joint ventures accounted for using the equity method include EUR 4,017 thousand (previous year: EUR -4,608 thousand) attributable to currency translation and EUR -5,509 thousand (previous year: EUR -6,313 thousand) attributable to distributions.

The changes recognised in equity relating to investments in associates accounted for using the equity method comprised EUR -429 thousand (previous year: EUR -12,451 thousand) attributable to distributions.

**[43] Property, plant and equipment**

	31 Dec. 2021 EUR thousand	31 Dec. 2020 EUR thousand	Change EUR thousand
Land and buildings	35,910	24,621	11,289
Operating and office equipment	14,551	12,087	2,464
<b>Total</b>	<b>50,461</b>	<b>36,708</b>	<b>13,753</b>

**Changes in property, plant and equipment**

	Land and buildings EUR thousand	Operating and office equipment EUR thousand	Total EUR thousand
<b>Carrying amount as at 1 Jan. 2020</b>	<b>16,346</b>	<b>9,094</b>	<b>25,440</b>
<b>Cost as at 1 Jan. 2020</b>	<b>28,921</b>	<b>24,938</b>	<b>53,859</b>
Additions	9,310	4,514	13,824
Disposals	-5,975	-7,425	-13,400
Change in the consolidated group – additions	69	4,753	4,822
<b>Cost as at 31 Dec. 2020</b>	<b>32,325</b>	<b>26,780</b>	<b>59,105</b>
<b>Depreciation and impairment losses as at 1 Jan. 2020</b>	<b>-12,575</b>	<b>-15,844</b>	<b>-28,419</b>
Additions – depreciation	-914	-4,032	-4,946
Disposals – depreciation	5,360	7,352	12,712
Disposals – impairment losses	436	–	436
Change in the consolidated group – additions	-11	-2,169	-2,180
<b>Depreciation and impairment losses as at 31 Dec. 2020</b>	<b>-7,704</b>	<b>-14,693</b>	<b>-22,397</b>
<b>Carrying amount as at 31 Dec. 2020</b>	<b>24,621</b>	<b>12,087</b>	<b>36,708</b>

	Land and buildings EUR thousand	Operating and office equipment EUR thousand	Total EUR thousand
<b>Cost as at 1 Jan. 2021</b>	<b>32,325</b>	<b>26,780</b>	<b>59,105</b>
Additions	13,829	8,154	21,983
Reclassifications	–	-92	-92
Disposals	-2,706	-9,353	-12,059
Change in the consolidated group – additions	–	187	187
<b>Cost as at 31 Dec. 2021</b>	<b>43,448</b>	<b>25,676</b>	<b>69,124</b>
<b>Depreciation and impairment losses as at 1 Jan. 2021</b>	<b>-7,704</b>	<b>-14,693</b>	<b>-22,397</b>
Additions – depreciation	-2,541	-5,638	-8,179
Reclassifications – depreciation	–	37	37
Disposals – depreciation	2,707	9,280	11,987
Disposals – impairment losses	–	0	0
Change in the consolidated group – additions	–	-111	-111
<b>Depreciation and impairment losses as at 31 Dec. 2021</b>	<b>-7,538</b>	<b>-11,125</b>	<b>-18,663</b>
<b>Carrying amount as at 31 Dec. 2021</b>	<b>35,910</b>	<b>14,551</b>	<b>50,461</b>

The normal useful life for operating and office equipment is between one and 23 years.

The “Land and buildings” item includes leasehold improvements, the normal useful life of which is based on the respective lease term.

**[44] Intangible assets**

	31 Dec. 2021 EUR thousand	31 Dec. 2020 EUR thousand	Change EUR thousand
<b>Goodwill</b>	<b>115,629</b>	<b>98,778</b>	<b>16,851</b>
<b>Purchased software</b>	<b>112,145</b>	<b>112,333</b>	<b>-188</b>
<b>Internally generated software</b>	<b>4,605</b>	<b>1,954</b>	<b>2,651</b>
<b>Purchased customer relationships</b>	<b>63,198</b>	<b>65,165</b>	<b>-1,967</b>
<b>Miscellaneous intangible assets</b>	<b>26,941</b>	<b>28,724</b>	<b>-1,783</b>
<b>Total</b>	<b>322,518</b>	<b>306,954</b>	<b>15,564</b>

Miscellaneous intangible assets include capitalised rights for sales in Austria of EUR 24,732 thousand (previous year: EUR 26,495 thousand).

With the exception of goodwill (note [71]) and a brand included in miscellaneous intangible assets at EUR 2,059 thousand (previous year: EUR 2,059 thousand), all intangible assets have finite useful lives.

## Changes in intangible assets

	Goodwill	Purchased software	Internally generated software	Purchased customer relationships	Miscellaneous intangible assets	Total
	EUR thousand	EUR thousand	EUR thousand	EUR thousand	EUR thousand	EUR thousand
<b>Carrying amount as at 1 Jan. 2020</b>	–	<b>117,248</b>	–	<b>3,793</b>	<b>28,259</b>	<b>149,300</b>
<b>Cost as at 1 Jan. 2020</b>	–	<b>369,863</b>	–	<b>5,690</b>	<b>42,909</b>	<b>418,462</b>
Additions	–	34,394	1,987	–	–	36,381
Disposals	–	-27	–	–	–	-27
Change in the consolidated group – additions	98,778	1,846	–	62,366	2,272	165,262
<b>Cost as at 31 Dec. 2020</b>	<b>98,778</b>	<b>406,076</b>	<b>1,987</b>	<b>68,056</b>	<b>45,181</b>	<b>620,078</b>
<b>Reversals of impairment losses as at 1 Jan. 2020</b>	–	–	–	–	–	–
Additions	–	–	–	–	975	975
<b>Reversals of impairment losses as at 31 Dec. 2020</b>	–	–	–	–	<b>975</b>	<b>975</b>
<b>Amortisation and impairment losses as at 1 Jan. 2020</b>	–	<b>-252,615</b>	–	<b>-1,897</b>	<b>-14,650</b>	<b>-269,162</b>
Additions – amortisation	–	-40,125	-33	-994	-2,735	-43,887
Disposals – amortisation	–	14	–	–	–	14
Change in the consolidated group – additions	–	-1,017	–	–	-47	-1,064
<b>Amortisation and impairment losses as at 31 Dec. 2020</b>	–	<b>-293,743</b>	<b>-33</b>	<b>-2,891</b>	<b>-17,432</b>	<b>-314,099</b>
<b>Carrying amount as at 31 Dec. 2020</b>	<b>98,778</b>	<b>112,333</b>	<b>1,954</b>	<b>65,165</b>	<b>28,724</b>	<b>306,954</b>
<b>Cost as at 1 Jan. 2021</b>	<b>98,778</b>	<b>406,076</b>	<b>1,987</b>	<b>68,056</b>	<b>45,181</b>	<b>620,078</b>
Additions	–	37,744	3,261	–	–	41,005
Reclassifications	–	-1	–	–	–	-1
Disposals	–	-40,196	–	–	–	-40,196
Change in the consolidated group – additions	16,851	3	–	1,726	–	18,580
<b>Cost as at 31 Dec. 2021</b>	<b>115,629</b>	<b>403,626</b>	<b>5,248</b>	<b>69,782</b>	<b>45,181</b>	<b>639,466</b>
<b>Reversals of impairment losses as at 1 Jan. 2021</b>	–	–	–	–	<b>975</b>	<b>975</b>
Additions	–	–	–	–	1,183	1,183
<b>Reversals of impairment losses as at 31 Dec. 2021</b>	–	–	–	–	<b>2,158</b>	<b>2,158</b>
<b>Amortisation and impairment losses as at 1 Jan. 2021</b>	–	<b>-293,743</b>	<b>-33</b>	<b>-2,891</b>	<b>-17,432</b>	<b>-314,099</b>
Additions – amortisation	–	-37,313	-610	-3,693	-2,966	-44,582
Additions – impairment losses	–	-393	–	–	–	-393
Reclassifications – amortisation	–	1	–	–	–	1
Disposals – amortisation	–	39,970	–	–	–	39,970
Change in the consolidated group – additions	–	-3	–	–	–	-3
<b>Amortisation and impairment losses as at 31 Dec. 2021</b>	–	<b>-291,481</b>	<b>-643</b>	<b>-6,584</b>	<b>-20,398</b>	<b>-319,106</b>
<b>Carrying amount as at 31 Dec. 2021</b>	<b>115,629</b>	<b>112,145</b>	<b>4,605</b>	<b>63,198</b>	<b>26,941</b>	<b>322,518</b>

The normal useful life for most purchased software is four or five years, for purchased customer relationships twelve years or 20 years and for miscellaneous intangible assets 15 years. Internally generated software has a useful life of five years. Amortisation is recognised on a straight-line basis.

**[45] Income tax assets**

	31 Dec. 2021 EUR thousand	31 Dec. 2020 EUR thousand	Change EUR thousand
<b>Current income tax assets</b>	<b>4,739</b>	<b>25,518</b>	<b>-20,779</b>
Germany	4,619	20,070	-15,451
Rest of world	120	5,448	-5,328
<b>Deferred income tax assets</b>	<b>90,956</b>	<b>81,816</b>	<b>9,140</b>
Deferred tax assets (recognised in profit or loss)	207,208	207,959	-751
Deferred tax assets (recognised in equity)	61,878	51,019	10,859
Netting	-178,130	-177,162	-968
<b>Total</b>	<b>95,695</b>	<b>107,334</b>	<b>-11,639</b>

Deferred tax assets that were only expected to be realised after twelve months amounted to EUR 87,220 thousand (based on their net value; previous year: EUR 77,677 thousand).

Deferred tax assets represent the potential income tax relief from temporary differences between the carrying amounts of assets and liabilities in the IFRS consolidated statement of financial position and the tax accounts in accordance with local tax regulations for the companies in the UMH Group.

Deferred taxes were recognised in respect of loss carry-forwards of EUR 728 thousand (previous year: EUR 0 thousand) as it is currently considered certain that they can be utilised.

Deferred tax assets were recognised in connection with the following statement of financial position items:

	31 Dec. 2021 EUR thousand	31 Dec. 2020 EUR thousand	Change EUR thousand
<b>Assets</b>			
Loss carry-forwards	182	–	182
Investment fund units	2,273	2,315	-42
Investments in subsidiaries and equity investments	125	0	125
Property, plant and equipment	119	119	–
Intangible assets	0	10	-10
Other assets	1,003	1,496	-493
<b>Equity and liabilities</b>			
Liability derivatives	41,378	53,659	-12,281
Provisions for employee benefits	111,863	94,833	17,030
Other provisions	603	633	-30
Other liabilities	9,222	9,553	-331
Lease liabilities	102,318	96,360	5,958
<b>Total</b>	<b>269,086</b>	<b>258,978</b>	<b>10,108</b>

**[46] Other assets**

	31 Dec. 2021 EUR thousand	31 Dec. 2020 EUR thousand	Change EUR thousand
<b>Other financial receivables</b>	<b>231,729</b>	<b>180,667</b>	<b>51,062</b>
Trade receivables	230,213	179,174	51,039
of which from investment funds	229,044	176,967	52,077
Miscellaneous other receivables	1,516	1,493	23
<b>Other tax assets</b>	<b>28,384</b>	<b>14,649</b>	<b>13,735</b>
<b>Miscellaneous other assets</b>	<b>15,615</b>	<b>13,303</b>	<b>2,312</b>
of which funding surplus for defined benefit plans	–	108	-108
of which reimbursement rights recognised as assets in accordance with IAS 19.116	14,913	12,280	2,633
<b>Prepaid expenses</b>	<b>17,467</b>	<b>8,800</b>	<b>8,667</b>
<b>Total</b>	<b>293,195</b>	<b>217,419</b>	<b>75,776</b>

The maximum risk for other financial receivables is the carrying amount.

**[47] Right of use assets**

	31 Dec. 2021 EUR thousand	31 Dec. 2020 EUR thousand	Change EUR thousand
<b>Right of use assets for land and buildings</b>	<b>323,537</b>	<b>295,030</b>	<b>28,507</b>
<b>Right of use assets for operating and office equipment</b>	<b>4,228</b>	<b>5,329</b>	<b>-1,101</b>
<b>Total</b>	<b>327,765</b>	<b>300,359</b>	<b>27,406</b>

**Changes in right of use assets**

	Land and buildings EUR thousand	Operating and office equipment EUR thousand	Total EUR thousand
<b>Carrying amount as at 1 Jan. 2020</b>	<b>97,025</b>	<b>5,938</b>	<b>102,963</b>
Change in the consolidated group – additions	18,532	–	18,532
Additions	167,853	2,580	170,433
Remeasurement	37,191	-13	37,178
Depreciation and amortisation	-25,571	-3,166	-28,737
Disposals	–	-10	-10
<b>Carrying amount as at 31 Dec. 2020</b>	<b>295,030</b>	<b>5,329</b>	<b>300,359</b>
<b>Carrying amount as at 1 Jan. 2021</b>	<b>295,030</b>	<b>5,329</b>	<b>300,359</b>
Change in the consolidated group – additions	533	60	593
Additions	55,384	2,354	57,738
Remeasurement	12,000	114	12,114
Depreciation and amortisation	-39,410	-3,473	-42,883
Disposals	–	-156	-156
<b>Carrying amount as at 31 Dec. 2021</b>	<b>323,537</b>	<b>4,228</b>	<b>327,765</b>

**[48] Assets held for sale**

	31 Dec. 2021 EUR thousand	31 Dec. 2020 EUR thousand	Change EUR thousand
Investment securities	–	39,218	-39,218
<b>Total</b>	<b>–</b>	<b>39,218</b>	<b>-39,218</b>

**[49] Liabilities to banks**

	31 Dec. 2021 EUR thousand	31 Dec. 2020 EUR thousand	Change EUR thousand
Liabilities to banks in Germany	64,884	30,101	34,783
Liabilities to banks outside Germany	1	0	1
<b>Total</b>	<b>64,885</b>	<b>30,101</b>	<b>34,784</b>

**[50] Liabilities to customers**

	31 Dec. 2021 EUR thousand	31 Dec. 2020 EUR thousand	Change EUR thousand
Liabilities to customers in Germany	2,317	1,503	814
Liabilities to customers outside Germany	44	22	22
<b>Total</b>	<b>2,361</b>	<b>1,525</b>	<b>836</b>

**[51] Liability derivatives**

	31 Dec. 2021 EUR thousand	31 Dec. 2020 EUR thousand	Change EUR thousand
In connection with guarantee commitments	140,729	179,852	-39,123
<b>Total</b>	<b>140,729</b>	<b>179,852</b>	<b>-39,123</b>

**[52] Provisions**

	31 Dec. 2021 EUR thousand	31 Dec. 2020 EUR thousand	Change EUR thousand
<b>Provisions for employee benefits</b>	<b>243,297</b>	<b>239,497</b>	<b>3,800</b>
Provisions for defined benefit pension obligations	140,222	153,334	-13,112
Provisions for other long-term employee benefits	102,910	85,604	17,306
of which provisions for phased retirement schemes	48,893	35,671	13,222
of which miscellaneous provisions for other long-term employee benefits	54,017	49,933	4,084
Provisions for termination benefits	165	559	-394
of which provisions for termination benefits linked with restructuring	–	559	-559
<b>Other provisions</b>	<b>47,972</b>	<b>17,885</b>	<b>30,087</b>
Miscellaneous provisions	47,972	17,885	30,087
<b>Total</b>	<b>291,269</b>	<b>257,382</b>	<b>33,887</b>

**Provisions for defined benefit pension obligations**

The provisions for defined benefit plans comprise both closed pension schemes that are no longer accepting new participants and open schemes for, among others, board members and managing directors. New employees in Germany are almost always offered only defined contribution pension plans, for which no provisions have to be recognised. The picture outside Germany is more varied because there are both defined contribution and defined benefit plans that are open to a small proportion of new employees. Overall, the proportion of the group's total obligations accounted for by obligations outside Germany is not material.

Companies of the Genossenschaftliche FinanzGruppe implement their pension plans, including in the field of occupational pensions, via R+V Pensionsversicherung a.G., Wiesbaden (RVPaG). In accordance with IAS 24.9 (b) (v), RVPaG is a related party. In light of the persistently low interest rates, RVPaG has established an expanded initial fund in accordance with Section 178 (5) of the German Insurance Supervision Act, in which companies of the DZ BANK Group have also participated.

For the pension plan so far treated as a defined contribution plan in accordance with IAS 19.46, the probability that the pension provider will be called upon was reassessed in connection with the low interest rates and the associated granting of the initial fund loan. Due to the increased probability, the pension plans are now accounted for as defined benefit plans and recognised in other comprehensive income as at 31 December 2021.

EUR 9,451 thousand of the plan assets to be offset against the present value of the pension obligations in accordance with IAS 19.57 (a) (iii) are attributable to RVPaG. The plan assets include other assets with a fair value of EUR 10,118 thousand, which exceeds the present value of the pension obligations by EUR 667 thousand. As the plan assets cannot return to the participating companies of the expanded initial fund and the recognition of the performance obligation involves uncertainty, the calculated surplus is not capitalised, but limited to EUR 0 in line with the asset ceiling. The reassessment of the recognition as a defined benefit plan therefore has no effects on the equity reported in the statement of financial position.

The cost of defined contribution plans was EUR -6,058 thousand in the financial year (previous year: EUR -5,665 thousand) and is recognised in administrative expenses under pensions and other post-employment benefit expenses.

The present value of defined benefit obligations is broken down by risk class as follows:

	31 Dec. 2021 EUR thousand	31 Dec. 2020 EUR thousand	Change EUR thousand
<b>Germany</b>	<b>438,234</b>	<b>393,413</b>	<b>44,821</b>
Final salary-dependent plans	186,175	185,528	647
Defined benefit contribution plan	252,059	207,885	44,174
<b>Rest of world</b>	<b>7,782</b>	<b>7,619</b>	<b>163</b>
Final salary-dependent plans	–	–	–
Defined benefit contribution plan	7,782	7,619	163
<b>Total</b>	<b>446,016</b>	<b>401,032</b>	<b>44,984</b>

The final salary-dependent pension obligations are the employer's pension obligations to employees, the amount of which depends on the employee's final salary before the insured event occurred. For the most part, they can be assumed to constitute a life-long payment obligation. In Germany, Section 16 (1) of the Occupational Pensions Act (BetrAVG) requires the pension amount to be adjusted every three years to reflect the change in consumer prices or net wages. The main risk factors for final salary-dependent pension plans are therefore longevity, changes in salary, inflation risk and the discount rate.

A significant risk factor – over which the company has no influence – is the level of market interest rates for investment-grade fixed-income corporate bonds because the resulting interest affects both the amount of the obligations and the measurement of the plan assets. This risk can be limited by means of appropriate plan structuring or asset investment in order to match the obligations and the plan assets.

The majority of defined benefit contribution plans comprise obligations to pay fixed capital amounts or amounts at fixed interest rates, part of which are paid by the employee and part by the employer. The most prevalent pension scheme is funded by employees paying part of their salary into the scheme. Under the other significant scheme, the contributions are linked to remuneration and must be paid by the employer. However, this pension scheme is closed to new employees.

The pension plans in Germany are not subject to minimum funding requirements. Some pension plans outside Germany are governed by local regulations, but these do not include minimum funding requirements.

The changes in the present value of the defined benefit obligations were as follows:

	2021 EUR thousand	2020 EUR thousand	Change EUR thousand
<b>Opening balance as at 1 Jan.</b>	<b>401,032</b>	<b>365,499</b>	<b>35,533</b>
Current service cost	9,899	7,908	1,991
Interest cost	3,015	3,660	-645
Current pension payments	-8,452	-5,845	-2,607
Employee contributions	5,407	5,380	27
Actuarial gains (-)/losses (+)	35,115	24,430	10,685
of which from experience adjustments	36,610	12,275	24,335
of which from changes to financial assumptions	-1,495	12,155	-13,650
<b>Closing balance as at 31 Dec.</b>	<b>446,016</b>	<b>401,032</b>	<b>44,984</b>

Since 2021, the discount rate used for the measurement of the present value of the pension obligations has been rounded to 10 basis points instead of the previous 25 basis points. If the original rounding method had been retained, the discount rate would have been 0.1 % lower at 1.00 %. The provisions for defined benefit plans as at 31 December 2021 would therefore have been around EUR 4.9 million higher.

The following actuarial assumptions were used in the measurement of defined benefit pension obligations:

	31 Dec. 2021	31 Dec. 2020	Change
	%	%	Percentage points
<b>Discount rate</b>	<b>1.10</b>	<b>0.75</b>	<b>0.35</b>
<b>Salary increases</b>	<b>0.00–3.00</b>	<b>0.00–2.50</b>	<b>0.00–0.50</b>
<b>Pension increases</b>	<b>0.00–3.00</b>	<b>0.00–3.00</b>	<b>–</b>
<b>Staff turnover</b>	<b>0.00–6.00</b>	<b>0.00–6.00</b>	<b>–</b>

Based on the present value of the defined benefit pension obligations, the weighted absolute percentages for the salary increase parameter and pension increase parameter are 1.41 % (previous year: 1.49 %) and 1.35 % (previous year: 1.47 %) respectively. The weighted absolute percentage for staff turnover is 0.72 % (previous year: 0.79 %).

### Sensitivity analysis

The following table shows the sensitivity of the defined benefit pension obligations to the main actuarial assumptions. The effects shown are based on an isolated change to one assumption, with the other assumptions remaining the same. Correlation effects between individual parameters are not considered.

	31 Dec. 2021	31 Dec. 2020	Change
	EUR thousand	EUR thousand	EUR thousand
<b>Change in the present value of defined benefit pension obligations as at the end of the reporting period if</b>	<b>446,016</b>	<b>401,032</b>	<b>44,984</b>
the discount rate was 50 (previous year: 100) basis points higher	-21,264	-43,339	22,075
the discount rate was 50 (previous year: 100) basis points lower	24,670	58,658	-33,988
the future salary increases were 50 basis points higher	4,305	4,788	-483
the future salary increases were 50 basis points lower	-4,079	-4,545	466
the future pension increases were 25 basis points higher	6,672	6,630	42
the future pension increases were 25 basis points lower	-6,351	-6,309	-42
the future life expectancy was one year longer	7,011	7,132	-121
the future life expectancy was one year shorter	-7,194	-7,327	133

The duration of the defined benefit obligations as at the end of the financial year was 14 years for Germany (previous year: 14 years) and ten years for the rest of the world (previous year: eleven years).

## Plan assets

The funding status of the defined benefit pension obligations is shown in the following table:

	31 Dec. 2021 EUR thousand	31 Dec. 2020 EUR thousand	Change EUR thousand
<b>Present value of defined benefit pension obligations</b>	<b>446,016</b>	<b>401,032</b>	<b>44,984</b>
of which not funded by plan assets	85,414	84,832	582
of which funded by plan assets	360,602	316,200	44,402
<b>Defined benefit pension obligations (net)</b>	<b>-306,461</b>	<b>-247,806</b>	<b>-58,655</b>
<b>Effects of the asset ceiling</b>	<b>667</b>	<b>-</b>	<b>667</b>
<b>Defined benefit pension obligations (net)</b>	<b>140,222</b>	<b>153,226</b>	<b>-13,004</b>
<b>Funding surplus</b>	<b>-</b>	<b>108</b>	<b>-108</b>
<b>Provisions recognised for defined benefit pension obligations</b>	<b>140,222</b>	<b>153,334</b>	<b>-13,112</b>
Fair value of reimbursement rights	14,913	12,280	2,633

The following table shows the changes in plan assets:

	2021 EUR thousand	2020 EUR thousand	Change EUR thousand
<b>Opening balance as at 1 Jan.</b>	<b>247,806</b>	<b>227,857</b>	<b>19,949</b>
Interest income	1,891	2,310	-419
Income from/expenses for plan assets (not including interest income)	51,911	10,175	41,736
Funding of plan assets	12,339	11,844	495
of which contributions by employers	6,948	6,477	471
of which contributions by employees	5,391	5,367	24
Pension benefits paid	-7,486	-4,380	-3,106
<b>Closing balance as at 31 Dec.</b>	<b>306,461</b>	<b>247,806</b>	<b>58,655</b>

The actual income from plan assets amounted to EUR 53,802 thousand in the year under review (previous year: EUR 12,485 thousand).

Additional contributions to plan assets of EUR 12,065 thousand are expected in the subsequent financial year (previous year: EUR 11,555 thousand).

The plan assets mainly comprise entitlements arising from insurance contracts and investment fund units with broadly diversified portfolios. The risks attached to plan assets in connection with entitlements arising from insurance contracts are reviewed regularly by the pension providers VGUeV and RVP in order to determine the funding ratio for the obligation.

The pension obligations and the plan assets are in the eurozone.

The fair value of the plan assets is broken down by asset class as follows:

	31 Dec. 2021 EUR thousand	31 Dec. 2020 EUR thousand	Change EUR thousand
<b>Investment fund units (securities funds) – no market price quoted on an active market</b>	<b>189,682</b>	<b>148,376</b>	<b>41,306</b>
<b>Investment fund units (real estate funds) – no market price quoted on an active market</b>	<b>963</b>	<b>571</b>	<b>392</b>
<b>Entitlements arising from insurance contracts</b>	<b>105,698</b>	<b>98,859</b>	<b>6,839</b>
<b>Other assets</b>	<b>10,118</b>	<b>-</b>	<b>10,118</b>
<b>Total</b>	<b>306,461</b>	<b>247,806</b>	<b>58,655</b>

### Obligations from defined benefit plans (net)

The following table shows the changes in obligations from defined benefit plans (net), comprising the present value of defined benefit pension obligations, plan assets and the changes in the asset ceiling.

	2021 EUR thousand	2020 EUR thousand	Change EUR thousand
<b>Opening balance as at 1 Jan.</b>	<b>153,226</b>	<b>137,642</b>	<b>15,584</b>
Current service cost	9,899	7,908	1,991
Net interest expenses	1,124	1,350	-226
Income from (-)/expenses for (+) plan assets (not including interest income)	-51,911	-10,175	-41,736
Actuarial gains (-)/losses (+)	35,115	24,430	10,685
Changes in asset ceiling	667	–	667
Employee contributions	5,407	5,380	27
Contributions to plan assets	-12,339	-11,844	-495
Pension benefits paid	-966	-1,465	499
<b>Closing balance as at 31 Dec.</b>	<b>140,222</b>	<b>153,226</b>	<b>-13,004</b>

### Reimbursement rights

The following table shows the changes in reimbursement rights:

	2021 EUR thousand	2020 EUR thousand	Change EUR thousand
<b>Opening balance as at 1 Jan.</b>	<b>12,280</b>	<b>11,011</b>	<b>1,269</b>
Interest income	92	110	-18
Income from/expenses for reimbursement rights (not including interest income)	669	-538	1,207
Funding of reimbursement rights	1,930	1,717	213
of which contributions by employers	1,914	1,704	210
of which contributions by employees	16	13	3
Pension benefits paid	-58	-20	-38
<b>Closing balance as at 31 Dec.</b>	<b>14,913</b>	<b>12,280</b>	<b>2,633</b>

The actual income from reimbursement rights amounted to EUR 761 thousand in the year under review (previous year: EUR -428 thousand).

### Changes in other provisions

	Miscellaneous provisions EUR thousand	Total EUR thousand
<b>Opening balance as at 1 Jan. 2021</b>	<b>17,885</b>	<b>17,885</b>
Additions	30,649	30,649
Utilisation	-478	-478
Reversals	-1	-1
Effect from the increase in the discounted amount over time and change in the discount rate	-83	-83
<b>Closing balance as at 31 Dec. 2021</b>	<b>47,972</b>	<b>47,972</b>

EUR -27,649 thousand of the additions are attributable to provisions for potential loss compensation payments in the area of fund administration. The other disclosures normally required by IAS 37 are not made, as it can be expected that they would seriously affect the amount of loss compensation paid.

The remaining terms of other provisions are shown in the table below:

	31 Dec. 2021 EUR thousand	31 Dec. 2020 EUR thousand	Change EUR thousand
<b>Miscellaneous provisions</b>	<b>47,972</b>	<b>17,885</b>	<b>30,087</b>
Up to three months	0	0	–
Three months to one year	1,731	556	1,175
One year to five years	33,930	7,303	26,627
More than five years	12,065	9,018	3,047
Indefinite	246	1,008	-762

**[53] Income tax liabilities**

	31 Dec. 2021 EUR thousand	31 Dec. 2020 EUR thousand	Change EUR thousand
<b>Current income tax liabilities</b>	<b>208,593</b>	<b>57,055</b>	<b>151,538</b>
Provisions for income taxes	208,591	57,054	151,537
Income tax liabilities	2	1	1
<b>Deferred tax liabilities</b>	<b>22,617</b>	<b>2,876</b>	<b>19,741</b>
Deferred tax liabilities (recognised in profit or loss)	166,771	162,120	4,651
Deferred tax liabilities (recognised in equity)	33,976	17,918	16,058
Netting	-178,130	-177,162	-968
<b>Total</b>	<b>231,210</b>	<b>59,931</b>	<b>171,279</b>

Provisions for income taxes are tax liabilities for which a final and binding tax assessment notice has not yet been issued. Income tax liabilities include payment obligations for current income taxes owed to tax authorities both in Germany and in other countries.

Deferred tax liabilities represent the potential income tax expense from temporary differences between the carrying amounts of assets and liabilities in the IFRS consolidated statement of financial position and the tax accounts in accordance with local tax regulations for the companies in the UMH Group. Deferred tax liabilities that were only expected to be incurred after twelve months amounted to EUR 22,617 thousand (based on their net value; previous year: EUR 2,045 thousand).

Deferred tax liabilities were recognised in connection with the following statement of financial position items:

	31 Dec. 2021 EUR thousand	31 Dec. 2020 EUR thousand	Change EUR thousand
<b>Assets</b>			
Asset derivatives	78	–	78
Investment fund units	7,037	5,245	1,792
Investments in subsidiaries and equity investments	709	1,613	-904
Property, plant and equipment	8	8	–
Intangible assets	21,976	23,947	-1,971
Other assets	230	147	83
Right of use assets	101,047	95,690	5,357
<b>Equity and liabilities</b>			
Liability derivatives	19	29	-10
Provisions for employee benefits	69,591	53,267	16,324
Other provisions	39	61	-22
Other liabilities	13	31	-18
<b>Total</b>	<b>200,747</b>	<b>180,038</b>	<b>20,709</b>

**[54] Other liabilities**

	31 Dec. 2021 EUR thousand	31 Dec. 2020 EUR thousand	Change EUR thousand
<b>Other financial liabilities</b>	<b>8,001</b>	<b>13,025</b>	<b>-5,024</b>
Liabilities from capitalised rental software	3,641	5,851	-2,210
Trade payables	2,785	4,753	-1,968
Miscellaneous other liabilities	1,575	2,421	-846
<b>Other tax liabilities</b>	<b>62,395</b>	<b>46,696</b>	<b>15,699</b>
<b>Deferred liabilities</b>	<b>1,021,065</b>	<b>805,850</b>	<b>215,215</b>
of which for sales commission	796,002	630,522	165,480
<b>Miscellaneous other liabilities</b>	<b>114</b>	<b>76</b>	<b>38</b>
<b>Deferred income</b>	<b>76</b>	<b>48</b>	<b>28</b>
<b>Total</b>	<b>1,091,651</b>	<b>865,695</b>	<b>225,956</b>

**[55] Lease liabilities**

	31 Dec. 2021 EUR thousand	31 Dec. 2020 EUR thousand	Change EUR thousand
<b>Land and buildings</b>	<b>327,519</b>	<b>297,065</b>	<b>30,454</b>
<b>Operating and office equipment</b>	<b>4,248</b>	<b>5,356</b>	<b>-1,108</b>
<b>Total</b>	<b>331,767</b>	<b>302,421</b>	<b>29,346</b>

**[56] Equity**

	31 Dec. 2021 EUR thousand	31 Dec. 2020 EUR thousand	Change EUR thousand
<b>Issued capital</b>	<b>87,130</b>	<b>87,130</b>	<b>-</b>
<b>Capital reserves</b>	<b>18,617</b>	<b>18,617</b>	<b>-</b>
<b>Retained earnings</b>	<b>1,402,577</b>	<b>1,171,839</b>	<b>230,738</b>
<b>Fair value OCI reserve</b>	<b>29,648</b>	<b>20,362</b>	<b>9,286</b>
<b>Currency translation reserve</b>	<b>12,220</b>	<b>8,203</b>	<b>4,017</b>
<b>Consolidated net profit</b>	<b>850,824</b>	<b>450,752</b>	<b>400,072</b>
<b>Non-controlling interests</b>	<b>34,048</b>	<b>31,256</b>	<b>2,792</b>
<b>Total</b>	<b>2,435,064</b>	<b>1,788,159</b>	<b>646,905</b>

**Issued capital**

The issued capital corresponds to the share capital of UMH AG. It amounts to EUR 87,130 thousand (previous year: EUR 87,130 thousand) and is divided into 29,043,466 (previous year: 29,043,466) fully paid, registered no-par-value shares. The UMH Group did not hold any treasury shares at the end of the reporting period. There were no preferential rights or restrictions in relation to the distribution of dividends.

A dividend of EUR 7.96 per share (previous year: EUR 6.89 per share) was distributed to shareholders in the reporting year in accordance with the resolution adopted by the Annual General Meeting on 17 May 2021. This equates to a total dividend payment of EUR 231,186 thousand (previous year: EUR 200,109 thousand).

The payment of a dividend of EUR 12.06 per share will be proposed at the Annual General Meeting on 17 May 2022. This equates to a total dividend payment of EUR 350,264 thousand. The Supervisory Board of UMH AG approved the proposed appropriation of profit at its meeting held on 25 February 2022.

**Capital reserves**

The capital reserves comprise the premiums arising on the issue of shares in the company.

### Retained earnings

Retained earnings comprise the undistributed earnings from prior years, actuarial gains and losses on defined benefit plans and plan assets in accordance with IAS 19.120(c), and on reimbursement rights in accordance with IAS 19.116, together with the effects of the first-time application of IFRS.

Breakdown of changes in retained earnings by component of other comprehensive income:

	2021 EUR thousand	2020 EUR thousand	Change EUR thousand
Actuarial gains and losses on defined benefit plans	11,329	-17,168	28,497
<b>Total</b>	<b>11,329</b>	<b>-17,168</b>	<b>28,497</b>

### Fair value OCI reserve

The fair value OCI reserve comprises the effects from the remeasurement of the fair value of financial instruments "at fair value through profit or loss" (net of the associated deferred taxes) before these effects can be recognised in profit or loss. These instruments are not recognised through profit or loss.

Breakdown of changes in fair value OCI reserve by component of other comprehensive income:

	2021 EUR thousand	2020 EUR thousand	Change EUR thousand
Gains and losses from equity instruments for which the fair value OCI option was exercised	9,336	-134	9,470
<b>Total</b>	<b>9,336</b>	<b>-134</b>	<b>9,470</b>

### Currency translation reserve

The effects of exchange rates arising when the financial statements of group companies denominated in foreign currency are translated into the group reporting currency (euro) are reported in the currency translation reserve.

Breakdown of changes in the currency translation reserve by component of other comprehensive income:

	2021 EUR thousand	2020 EUR thousand	Change EUR thousand
Share of other comprehensive income of joint ventures and associates accounted for using the equity method	4,017	-4,608	8,625
<b>Total</b>	<b>4,017</b>	<b>-4,608</b>	<b>8,625</b>

### Non-controlling interests

Non-controlling interests comprise the share of subsidiaries' equity not attributable to UMH AG.

Breakdown of changes in non-controlling interests by component of other comprehensive income:

	2021 EUR thousand	2020 EUR thousand	Change EUR thousand
Gains and losses from equity instruments for which the fair value OCI option was exercised	843	-57	900
Actuarial gains and losses on defined benefit plans	126	-211	337
<b>Total</b>	<b>969</b>	<b>-268</b>	<b>1,237</b>

## Financial instruments disclosures

### [57] Categories of financial instruments

	31 Dec. 2021 EUR thousand	31 Dec. 2020 EUR thousand	Change EUR thousand
<b>Financial assets measured at amortised cost</b>	<b>1,256,730</b>	<b>845,010</b>	<b>411,720</b>
Loans and advances to banks	926,412	584,132	342,280
Loans and advances to customers	98,589	80,211	18,378
Other financial receivables	231,729	180,667	51,062
<b>Financial liabilities measured at amortised cost</b>	<b>75,246</b>	<b>44,651</b>	<b>30,595</b>
Liabilities to banks	64,884	30,101	34,783
Liabilities to customers	2,361	1,525	836
Other financial obligations	8,001	13,025	-5,024
<b>Lease liabilities</b>	<b>331,767</b>	<b>302,421</b>	<b>29,346</b>
<b>Financial assets mandatorily measured at fair value through profit or loss</b>	<b>2,352,348</b>	<b>1,726,054</b>	<b>626,294</b>
Loans and advances to banks	324,685	7,894	316,791
Loans and advances to customers	211	–	211
Investment securities	2,026,268	1,678,942	347,326
Asset derivatives	1,184	–	1,184
Assets held for sale	–	39,218	-39,218
<b>Financial assets measured at fair value through other comprehensive income</b>	<b>54,339</b>	<b>64,108</b>	<b>-9,769</b>
Investment securities			
Equities and other variable-yield securities (including other shareholdings)	9,559	7,304	2,255
Investments in subsidiaries	44,777	56,804	-12,027
Investments in associates	3	–	3
<b>Financial liabilities at fair value through profit or loss</b>	<b>140,730</b>	<b>179,852</b>	<b>-39,122</b>
Liabilities to banks	1	–	1
Liability derivatives	140,729	179,852	-39,123

In the UMH Group, the fair value OCI option is currently exercised for all equity investments and unconsolidated subsidiaries. The UMH Group considers this classification of strategic financial investments as more meaningful. For each new investment, it is decided on a case-by-case basis how this investment should be classified. In the financial year, dividends of EUR 6,557 thousand were recognised from these financial instruments (previous year: EUR 1,406 thousand) as well as income from profit and loss transfer agreements of EUR 40 thousand (previous year: EUR 168 thousand). Due to the disposal of three (previous year: two) equity investments and two (previous year: one) liquidations, the accrued fair value OCI reserve of EUR 48 thousand (previous year: EUR 0 thousand) was reclassified to retained earnings. A dividend of EUR 14 (previous year: no dividend) was attributable to these equity investments.

The fair value OCI option is exercised for all investments in equity instruments.

Assets recognised at fair value through profit or loss (recognised initially in other comprehensive income)	31 Dec. 2021 EUR thousand	31 Dec. 2020 EUR thousand	Change EUR thousand
<b>Equities</b>	<b>27</b>	<b>31</b>	<b>-4</b>
<b>Other shareholdings</b>	<b>9,532</b>	<b>7,273</b>	<b>2,259</b>
<b>Interests in unconsolidated subsidiaries</b>	<b>44,777</b>	<b>56,804</b>	<b>-12,027</b>
<b>Interests in unconsolidated associates</b>	<b>3</b>	<b>–</b>	<b>3</b>
<b>Total</b>	<b>54,339</b>	<b>64,108</b>	<b>-9,769</b>

In the current period, there were no reclassifications of financial assets between the measurement categories.

**[58] Exposure to credit risk**

	Investment grade			NR – not rated or no rating required			31 Dec. 2021 EUR thousand
	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	
	EUR thousand	EUR thousand	EUR thousand	EUR thousand	EUR thousand	EUR thousand	
<b>Loans and advances to banks</b>	<b>913,925</b>	–	–	–	<b>12,487</b>	–	<b>926,412</b>
of which current account	913,925	–	–	–	–	–	913,925
of which in Germany	839,754	–	–	–	–	–	839,754
of which in other EU countries	73,903	–	–	–	–	–	73,903
of which other	268	–	–	–	–	–	268
of which trade receivables	–	–	–	–	12,487	–	12,487
of which in Germany	–	–	–	–	9,245	–	9,245
of which in other EU countries	–	–	–	–	2,327	–	2,327
of which other	–	–	–	–	915	–	915
<b>Loans and advances to customers</b>	–	–	–	–	<b>98,564</b>	<b>25</b>	<b>98,589</b>
of which retail clients	–	–	–	–	5,766	25	5,791
of which in Germany	–	–	–	–	5,766	25	5,791
of which in other EU countries	–	–	–	–	–	–	–
of which other	–	–	–	–	–	–	–
of which to other financial institutions	–	–	–	–	90,579	–	90,579
of which in Germany	–	–	–	–	38,206	–	38,206
of which in other EU countries	–	–	–	–	40,998	–	40,998
of which other	–	–	–	–	11,375	–	11,375
of which to others	–	–	–	–	2,219	–	2,219
of which in Germany	–	–	–	–	1,212	–	1,212
of which in other EU countries	–	–	–	–	680	–	680
of which other	–	–	–	–	327	–	327

	Investment grade			NR – not rated or no rating required			31 Dec. 2021 EUR thousand
	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	
	EUR thousand	EUR thousand	EUR thousand	EUR thousand	EUR thousand	EUR thousand	
<b>Other financial receivables</b>	–	–	–	–	<b>231,729</b>	–	<b>231,729</b>
of which to investment funds	–	–	–	–	229,044	–	229,044
of which in Germany	–	–	–	–	169,773	–	169,773
of which in other EU countries	–	–	–	–	59,271	–	59,271
of which other	–	–	–	–	–	–	–
of which to others	–	–	–	–	2,685	–	2,685
of which in Germany	–	–	–	–	2,051	–	2,051
of which in other EU countries	–	–	–	–	462	–	462
of which other	–	–	–	–	172	–	172
<b>Total</b>	<b>913,925</b>	–	–	–	<b>342,780</b>	<b>25</b>	<b>1,256,730</b>

	Investment grade			NR – not rated or no rating required			31 Dec. 2020
	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	
	EUR thousand	EUR thousand	EUR thousand	EUR thousand	EUR thousand	EUR thousand	
<b>Loans and advances to banks</b>	<b>578,304</b>	–	–	–	<b>5,829</b>	–	<b>584,133</b>
of which current account	578,304	–	–	–	–	–	578,304
of which in Germany	558,087	–	–	–	–	–	558,087
of which in other EU countries	20,016	–	–	–	–	–	20,016
of which other	201	–	–	–	–	–	201
of which trade receivables	–	–	–	–	5,829	–	5,829
of which in Germany	–	–	–	–	2,817	–	2,817
of which in other EU countries	–	–	–	–	2,387	–	2,387
of which other	–	–	–	–	625	–	625
<b>Loans and advances to customers</b>	<b>251</b>	–	–	–	<b>79,858</b>	<b>102</b>	<b>80,211</b>
of which retail clients	–	–	–	–	6,921	101	7,022
of which in Germany	–	–	–	–	6,921	101	7,022
of which in other EU countries	–	–	–	–	–	–	–
of which other	–	–	–	–	–	–	–
of which to other financial institutions	251	–	–	–	69,938	–	70,189
of which in Germany	251	–	–	–	32,117	–	32,368
of which in other EU countries	–	–	–	–	35,707	–	35,707
of which other	–	–	–	–	2,114	–	2,114
of which to others	–	–	–	–	2,999	1	3,000
of which in Germany	–	–	–	–	2,276	1	2,277
of which in other EU countries	–	–	–	–	540	–	540
of which other	–	–	–	–	183	–	183

	Investment grade			NR – not rated or no rating required			31 Dec. 2020
	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	
	EUR thousand	EUR thousand	EUR thousand	EUR thousand	EUR thousand	EUR thousand	
<b>Other financial receivables</b>	–	–	–	–	<b>180,667</b>	–	<b>180,667</b>
of which to investment funds	–	–	–	–	176,967	–	176,967
of which in Germany	–	–	–	–	133,187	–	133,187
of which in other EU countries	–	–	–	–	43,780	–	43,780
of which other	–	–	–	–	–	–	–
of which to others	–	–	–	–	3,700	–	3,700
of which in Germany	–	–	–	–	2,965	–	2,965
of which in other EU countries	–	–	–	–	570	–	570
of which other	–	–	–	–	165	–	165
<b>Total</b>	<b>578,555</b>	–	–	–	<b>266,354</b>	<b>102</b>	<b>845,011</b>

There were no receivables with a non-investment grade rating in the financial year or in the previous year.

The carrying amount is the maximum credit risk for the financial instruments measured at fair value. Please see note [73] for the maximum credit risk of the financial guarantees issued.

**[59] Gross carrying amounts and allowances for losses**

Financial assets measured at amortised cost:

Loans and advances to banks	Stage 1	Stage 2	Stage 3	Total
	EUR thousand	EUR thousand	EUR thousand	EUR thousand
<b>Opening balance as at 1 Jan. 2020</b>	<b>533,992</b>	<b>4,470</b>	<b>-</b>	<b>538,462</b>
Change in the consolidated group – additions	36,546	-	-	36,546
Addition of new financial assets	13,640,365	52,836	-	13,693,201
Transfer in accordance with assets held for sale	-	-	-	-
Transfer from stage 1	-	-	-	-
Transfer from stage 2	-	-	-	-
Transfer from stage 3	-	-	-	-
Transfer to stage 1	-	-	-	-
Transfer to stage 2	-	-	-	-
Transfer to stage 3	-	-	-	-
Directly recognised impairment losses	-	-	-	-
Disposals and repayment of financial assets	-13,632,534	-51,481	-	-13,684,015
Increase in carrying amount due to modification	-	-	-	-
Decrease in carrying amount due to modification	-	-	-	-
Net of amortisation, market value changes and other measurement changes	-	-	-	-
Differences on currency translation	-65	4	-	-61
<b>Closing balance as at 31 Dec. 2020</b>	<b>578,304</b>	<b>5,829</b>	<b>-</b>	<b>584,133</b>

Loans and advances to banks	Stage 1	Stage 2	Stage 3	Total
	EUR thousand	EUR thousand	EUR thousand	EUR thousand
<b>Opening balance as at 1 Jan. 2021</b>	<b>578,304</b>	<b>5,829</b>	<b>-</b>	<b>584,133</b>
Change in the consolidated group – additions	269	-	-	269
Addition of new financial assets	17,793,728	96,970	-	17,890,698
Transfer in accordance with assets held for sale	-	-	-	-
Transfer from stage 1	-	-	-	-
Transfer from stage 2	-	-	-	-
Transfer from stage 3	-	-	-	-
Transfer to stage 1	-	-	-	-
Transfer to stage 2	-	-	-	-
Transfer to stage 3	-	-	-	-
Directly recognised impairment losses	-	-	-	-
Disposals and repayment of financial assets	-17,458,419	-90,312	-	-17,548,731
Increase in carrying amount due to modification	-	-	-	-
Decrease in carrying amount due to modification	-	-	-	-
Net of amortisation, market value changes and other measurement changes	-	-	-	-
Differences on currency translation	43	0	-	43
<b>Closing balance as at 31 Dec. 2021</b>	<b>913,925</b>	<b>12,487</b>	<b>-</b>	<b>926,412</b>

Loans and advances to customers	Stage 1	Stage 2	Stage 3	Total
	EUR thousand	EUR thousand	EUR thousand	EUR thousand
<b>Opening balance as at 1 Jan. 2020</b>	–	<b>109,442</b>	–	<b>109,442</b>
Change in the consolidated group – additions	955	1,534	–	2,489
Addition of new financial assets	–	420,119	–	420,119
Transfer in accordance with assets held for sale	–	–	–	–
Transfer from stage 1	–	–	–	–
Transfer from stage 2	–	–	111	111
Transfer from stage 3	–	–	–	–
Transfer to stage 1	–	–	–	–
Transfer to stage 2	–	–	–	–
Transfer to stage 3	–	-111	–	-111
Directly recognised impairment losses	–	-12	-6	-18
Disposals and repayment of financial assets	-704	-451,120	-3	-451,827
Increase in carrying amount due to modification	–	–	–	–
Decrease in carrying amount due to modification	–	–	–	–
Net of amortisation, market value changes and other measurement changes	–	–	–	–
Differences on currency translation	–	6	–	6
<b>Closing balance as at 31 Dec. 2020</b>	<b>251</b>	<b>79,858</b>	<b>102</b>	<b>80,211</b>

Loans and advances to customers	Stage 1	Stage 2	Stage 3	Total
	EUR thousand	EUR thousand	EUR thousand	EUR thousand
<b>Opening balance as at 1 Jan. 2021</b>	<b>251</b>	<b>79,858</b>	<b>102</b>	<b>80,211</b>
Change in the consolidated group – additions	–	536	–	536
Addition of new financial assets	0	508,435	–	508,435
Transfer in accordance with assets held for sale	–	–	–	–
Transfer from stage 1	–	–	–	–
Transfer from stage 2	–	–	23	23
Transfer from stage 3	–	–	–	–
Transfer to stage 1	–	–	–	–
Transfer to stage 2	–	–	–	–
Transfer to stage 3	–	-23	–	-23
Directly recognised impairment losses	–	–	-66	-66
Disposals and repayment of financial assets	-251	-490,269	-34	-490,554
Increase in carrying amount due to modification	–	–	–	–
Decrease in carrying amount due to modification	–	–	–	–
Net of amortisation, market value changes and other measurement changes	–	–	–	–
Differences on currency translation	–	27	–	27
<b>Closing balance as at 31 Dec. 2021</b>	<b>–</b>	<b>98,564</b>	<b>25</b>	<b>98,589</b>

Other financial receivables	Stage 1	Stage 2	Stage 3	Total
	EUR thousand	EUR thousand	EUR thousand	EUR thousand
<b>Opening balance as at 1 Jan. 2020</b>	–	<b>170,528</b>	–	<b>170,528</b>
Change in the consolidated group – additions	–	1,394	–	1,394
Addition of new financial assets	–	2,377,515	–	2,377,515
Transfer in accordance with assets held for sale	–	–	–	–
Transfer from stage 1	–	–	–	–
Transfer from stage 2	–	–	–	–
Transfer from stage 3	–	–	–	–
Transfer to stage 1	–	–	–	–
Transfer to stage 2	–	–	–	–
Transfer to stage 3	–	–	–	–
Directly recognised impairment losses	–	–	–	–
Disposals and repayment of financial assets	–	-2,368,759	–	-2,368,759
Increase in carrying amount due to modification	–	–	–	–
Decrease in carrying amount due to modification	–	–	–	–
Net of amortisation, market value changes and other measurement changes	–	–	–	–
Differences on currency translation	–	-11	–	-11
<b>Closing balance as at 31 Dec. 2020</b>	–	<b>180,667</b>	–	<b>180,667</b>

Other financial receivables	Stage 1	Stage 2	Stage 3	Total
	EUR thousand	EUR thousand	EUR thousand	EUR thousand
<b>Opening balance as at 1 Jan. 2021</b>	–	<b>180,667</b>	–	<b>180,667</b>
Change in the consolidated group – additions	–	5	–	5
Addition of new financial assets	–	3,392,542	–	3,392,542
Transfer in accordance with assets held for sale	–	–	–	–
Transfer from stage 1	–	–	–	–
Transfer from stage 2	–	–	–	–
Transfer from stage 3	–	–	–	–
Transfer to stage 1	–	–	–	–
Transfer to stage 2	–	–	–	–
Transfer to stage 3	–	–	–	–
Directly recognised impairment losses	–	–	–	–
Disposals and repayment of financial assets	–	-3,341,500	–	-3,341,500
Increase in carrying amount due to modification	–	–	–	–
Decrease in carrying amount due to modification	–	–	–	–
Net of amortisation, market value changes and other measurement changes	–	–	–	–
Differences on currency translation	–	15	–	15
<b>Closing balance as at 31 Dec. 2021</b>	–	<b>231,729</b>	–	<b>231,729</b>

In the past financial year and in the year prior, no allowances for losses on loans and receivables were recognised in accordance with IFRS 9.5.5, as the calculated amount was not material. There are no credit losses on purchased or originated credit-impaired assets (POCI).

The gross carrying amounts shown in the tables under stage 2 derive entirely from the assets held under the simplified approach.

**[60] Items of income, expense, gains and losses****Net gains and losses**

The breakdown of net gains and losses on financial instruments by IFRS 9 category for financial assets and financial liabilities is as follows:

	2021 EUR thousand	2020 EUR thousand	Change EUR thousand
<b>Financial instruments at fair value through profit or loss</b>	<b>50,366</b>	<b>-81,081</b>	<b>131,447</b>
Financial assets mandatorily measured at fair value through profit or loss	50,366	-81,081	131,447
<b>Financial instruments at fair value through other comprehensive income</b>	<b>6,191</b>	<b>1,398</b>	<b>4,793</b>
Financial assets measured at fair value through other comprehensive income	6,191	1,398	4,793
<b>Measured at amortised cost</b>	<b>-2,848</b>	<b>-1,573</b>	<b>-1,275</b>
Assets measured at amortised cost	-2,810	-1,491	-1,319
Liabilities measured at amortised cost	-38	-82	44

Net gains or net losses comprise gains and losses on fair value measurement through profit or loss, impairment losses and reversals of impairment losses and gains and losses on the sale or early repayment of the financial instruments concerned. These items also include interest income/ expenses and current income.

**Interest income and expenses**

The following total interest income and expenses arose in connection with financial assets and financial liabilities that are not measured at fair value through profit or loss:

	2021 EUR thousand	2020 EUR thousand	Change EUR thousand
<b>Interest income</b>	<b>37</b>	<b>48</b>	<b>-11</b>
<b>Interest expenses and negative interest on financial assets</b>	<b>-2,828</b>	<b>-1,605</b>	<b>-1,223</b>

**[61] Fair values**

If there is an active market for financial assets and financial liabilities, the fair value is based on the relevant market price as at the end of the reporting period. The fair values of investment fund units are the redemption prices (net asset value) published by the relevant asset management companies in accordance with requirements under national investment law. If the contractual conditions of a fund stipulate a redemption charge, the fair value is reduced by this charge.

The fair value of investment securities classified as equity instruments that are not quoted on an active market is determined using an income capitalisation approach based on parameters such as forecasts, calculated free cash flows, beta factors or risk-adjusted and interpolated interest rates based on the basic discount curve.

Owing to the short remaining term, the carrying amount is used as a realistic estimate of the fair value of financial resources, current trade receivables and other receivables, checking account and instant-access deposits with banks, current trade payables and other payables, checking account liabilities to banks and borrowing with or without an interest rate that is fixed in the short term.

The carrying amounts of the financial assets in the table reflect the amount that best represents the company's maximum exposure to credit risk as at the end of the reporting period. Collateral and other credit enhancements held were not taken into account. The negative market value from derivative financial instruments essentially comprised EUR 129,608 thousand (previous year: EUR 168,078 thousand) from capital preservation commitments for the UniProfiRente retirement pension product and EUR 11,121 thousand (previous year: EUR 11,774 thousand) from minimum payment commitments in connection with guarantee funds launched by asset management companies belonging to the group.

The measurement methods described above are used to determine the fair values of all classes of financial instrument.

<b>Assets</b>	<b>31 Dec. 2021</b> EUR thousand	<b>31 Dec. 2020</b> EUR thousand	<b>Change</b> EUR thousand
Loans and advances to banks (fair value)	1,251,097	592,026	659,071
Loans and advances to banks (carrying amount)	1,251,097	592,026	659,071
Loans and advances to customers (fair value)	98,800	80,211	18,589
Loans and advances to customers (carrying amount)	98,800	80,211	18,589
Asset derivatives (fair value)	1,184	–	1,184
Asset derivatives (carrying amount)	1,184	–	1,184
Investment securities (fair value)	2,080,607	1,743,050	337,557
Investment securities (carrying amount)	2,080,607	1,743,050	337,557
Other financial receivables (fair value)	231,729	180,667	51,062
Other financial receivables (carrying amount)	231,729	180,667	51,062
Assets held for sale (fair value)	–	39,218	-39,218
Assets held for sale (carrying amount)	–	39,218	-39,218

<b>Equity and liabilities</b>	<b>31 Dec. 2021</b> EUR thousand	<b>31 Dec. 2020</b> EUR thousand	<b>Change</b> EUR thousand
Liabilities to banks (fair value)	64,885	30,101	34,784
Liabilities to banks (carrying amount)	64,885	30,101	34,784
Liabilities to customers (fair value)	2,361	1,525	836
Liabilities to customers (carrying amount)	2,361	1,525	836
Liability derivatives (fair value)	140,729	179,852	-39,123
Liability derivatives (carrying amount)	140,729	179,852	-39,123
Other financial liabilities (fair value)	8,001	13,025	-5,024
Other financial liabilities (carrying amount)	8,001	13,025	-5,024

**[62] Fair value hierarchy**

## Assets and liabilities measured at fair value in the statement of financial position

The recurring fair value measurements are assigned to the levels of the fair value hierarchy as follows:

Assets	31 Dec. 2021 EUR thousand	31 Dec. 2020 EUR thousand	Change EUR thousand
<b>Loans and advances to banks</b>	<b>324,685</b>	<b>7,894</b>	<b>316,791</b>
of which level 1	–	–	–
of which level 2	324,685	7,894	316,791
of which level 3	–	–	–
<b>Loans and advances to customers</b>	<b>211</b>	<b>–</b>	<b>211</b>
of which level 1	–	–	–
of which level 2	–	–	–
of which level 3	211	–	211
<b>Asset derivatives</b>	<b>1,184</b>	<b>–</b>	<b>1,184</b>
of which level 1	–	–	–
of which level 2	–	–	–
of which level 3	1,184	–	1,184
<b>Investment securities</b>	<b>2,080,607</b>	<b>1,743,050</b>	<b>337,557</b>
of which level 1	–	–	–
of which level 2	2,020,486	1,674,495	345,991
of which level 3	60,121	68,555	-8,434
<b>Assets held for sale</b>	<b>–</b>	<b>39,218</b>	<b>-39,218</b>
of which level 1	–	–	–
of which level 2	–	39,218	-39,218
of which level 3	–	–	–
<b>Total</b>	<b>2,406,687</b>	<b>1,790,162</b>	<b>616,525</b>

Equity and liabilities	31 Dec. 2021 EUR thousand	31 Dec. 2020 EUR thousand	Change EUR thousand
<b>Liabilities to banks</b>	<b>1</b>	<b>–</b>	<b>1</b>
of which level 1	–	–	–
of which level 2	1	–	1
of which level 3	–	–	–
<b>Liability derivatives</b>	<b>140,729</b>	<b>179,852</b>	<b>-39,123</b>
of which level 1	–	–	–
of which level 2	140,729	179,852	-39,123
of which level 3	–	–	–
<b>Total</b>	<b>140,730</b>	<b>179,852</b>	<b>-39,122</b>

**Level 1 fair value** measurements are derived from quoted prices in active markets for identical financial assets or liabilities.

**Level 2 fair value** measurements are based on inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly (i. e. as prices) or indirectly (i. e. derived from prices). Investment fund units held for own-account investing activities are assigned to this level of the fair value hierarchy.

**Level 3 fair value** measurements use models with inputs for the asset or liability that are not based on observable market data (unobservable inputs).

### Reclassifications

Assets held at the end of the reporting period and measured at fair value on a recurring basis were not reclassified between levels 1, 2 and 3 in the financial year.

Transfers between levels 1 and 2 take place when there is a change in the inputs that is relevant to categorisation in the fair value hierarchy.

### Fair value measurements at level 3

The table below shows the changes in the recurring fair value measurements of level 3 liabilities in the financial year:

<b>Loans and advances to customers</b>	<b>2021</b>	<b>2020</b>	<b>Change</b>
	EUR thousand	EUR thousand	EUR thousand
<b>Opening balance as at 1 Jan.</b>	–	–	–
Additions (purchases)	211	–	211
<b>Closing balance as at 31 Dec.</b>	<b>211</b>	<b>–</b>	<b>211</b>

<b>Asset derivatives</b>	<b>2021</b>	<b>2020</b>	<b>Change</b>
	EUR thousand	EUR thousand	EUR thousand
<b>Opening balance as at 1 Jan.</b>	–	<b>28,136</b>	<b>-28,136</b>
Additions (purchases)	939	–	939
Changes resulting from measurement at fair value	245	1,615	-1,370
of which through profit or loss	245	1,615	-1,370
Disposals (sales)	–	-29,751	29,751
<b>Closing balance as at 31 Dec.</b>	<b>1,184</b>	<b>–</b>	<b>1,184</b>

<b>Investment securities</b>	<b>2021</b>	<b>2020</b>	<b>Change</b>
	EUR thousand	EUR thousand	EUR thousand
<b>Opening balance as at 1 Jan.</b>	<b>68,555</b>	<b>40,550</b>	<b>28,005</b>
Additions (purchases)	6,193	1,455	4,738
Addition of subsidiaries (acquisition)	–	31,747	-31,747
Changes resulting from measurement at fair value	8,046	-3,803	11,849
of which through profit or loss	-2,302	-3,687	1,385
of which in equity	10,348	-116	10,464
Disposals (sales)	-2,672	-1,394	-1,278
Disposals (change in the consolidated group)	-20,001	–	-20,001
<b>Closing balance as at 31 Dec.</b>	<b>60,121</b>	<b>68,555</b>	<b>-8,434</b>

The table below shows the changes in the recurring fair value measurements of level 3 liabilities in the financial year:

<b>Liability derivatives</b>	<b>2021</b>	<b>2020</b>	<b>Change</b>
	EUR thousand	EUR thousand	EUR thousand
<b>Opening balance as at 1 Jan.</b>	–	<b>9,475</b>	<b>-9,475</b>
Changes resulting from measurement at fair value	–	4,415	-4,415
of which through profit or loss	–	4,415	-4,415
Disposals (sales)	–	-13,891	13,891
<b>Closing balance as at 31 Dec.</b>	<b>–</b>	<b>–</b>	<b>–</b>

<b>Financial liabilities from contingent consideration through business combinations</b>	<b>2021</b>	<b>2020</b>	<b>Change</b>
	EUR thousand	EUR thousand	EUR thousand
<b>Opening balance as at 1 Jan.</b>	–	<b>5,000</b>	<b>-5,000</b>
Disposals (sales)	–	-5,000	5,000
<b>Closing balance as at 31 Dec.</b>	<b>–</b>	<b>–</b>	<b>–</b>

As part of the processes for fair value measurement, the UMH Group reviews whether the measurement methods used are still typical and whether the measurement parameters used in the measurement methods are observable in the market. This review takes place at the end of each reporting period. On the basis of this review, the fair values are assigned to the levels of the fair value hierarchy. In the UMH Group, transfers between the levels take place as soon as there is a change in the inputs that is relevant to categorisation in the fair value hierarchy. In each step of this process, both the distinctive features of the particular product type and the distinctive features of the business models of the group entities are taken into consideration.

In the reporting period, call options to shares in aam2cred Debt Investments GmbH were acquired. The calculation of enterprise value was based on a risk-adjusted interest rate of 21.70 %; a volatility of 42 % and risk-free interest rates of -0.72 % (2024), -0.71 % (2026) and -0.54 % (2029) were used in the Black-Scholes model. The gain of EUR 245 thousand in the reporting year is reported in profit or loss under other net remeasurement income on financial instruments. In the previous year, other net remeasurement income included the loss from the final remeasurement of the call and put options to shares in ZBI GmbH (formerly ZBI Partnerschafts-Holding GmbH) of EUR -2,800 thousand, which were derecognised as a result of the business combination.

The loss from assets reported under financial assets of EUR -2,302 thousand (previous year: EUR -3,687 thousand) in the reporting year is reported in profit or loss under other net remeasurement income on financial instruments and net income from investment securities. The loss recognised in equity of EUR 10,348 thousand (previous year: EUR -116 thousand) is reported in the statement of comprehensive income under gains and losses on equity instruments.

The fair value of level 3 investments in subsidiaries is determined on the basis of discounted cash flow methods using the unobservable inputs future cash flows and risk-adjusted interest rates. The risk-adjusted interest rates ranged between 8.05 % and 11.20 % (previous year: between 8.76 % and 11.30 %). For an investment in a start-up, a pre-money valuation was implemented on the basis of the measurement for the last round of financing. The 'Investment securities' item contains units in investment funds (units in private equity funds). The fair value is the redemption price published by the asset management companies in line with national investment law provisions (net asset value). The calculation of the redemption price is essentially based on the discounted cash flow values sent by third-party managers of the funds in question.

No sensitivity analysis is performed for investment securities and asset and liability derivatives whose fair value is determined on the basis of measurement models as the resulting effects are immaterial.

### Assets and liabilities not measured at fair value

Recurring fair value measurements of assets and liabilities that are not recognised at fair value in the statement of financial position, but whose fair value must be disclosed, are assigned to the levels of the fair value hierarchy as follows:

Assets	31 Dec. 2021 EUR thousand	31 Dec. 2020 EUR thousand	Change EUR thousand
<b>Loans and advances to banks</b>	<b>926,412</b>	<b>584,132</b>	<b>342,280</b>
of which level 1	–	–	–
of which level 2	926,412	584,132	342,280
of which level 3	–	–	–
<b>Loans and advances to customers</b>	<b>98,589</b>	<b>80,211</b>	<b>18,378</b>
of which level 1	–	–	–
of which level 2	98,589	80,211	18,378
of which level 3	–	–	–
<b>Other financial receivables</b>	<b>231,729</b>	<b>180,667</b>	<b>51,062</b>
of which level 1	–	–	–
of which level 2	231,729	180,667	51,062
of which level 3	–	–	–
<b>Total</b>	<b>1,256,730</b>	<b>845,010</b>	<b>411,720</b>

Equity and liabilities	31 Dec. 2021 EUR thousand	31 Dec. 2020 EUR thousand	Change EUR thousand
<b>Liabilities to banks</b>	<b>64,884</b>	<b>30,101</b>	<b>34,783</b>
of which level 1	–	–	–
of which level 2	64,884	30,101	34,783
of which level 3	–	–	–
<b>Liabilities to customers</b>	<b>2,361</b>	<b>1,525</b>	<b>836</b>
of which level 1	–	–	–
of which level 2	2,361	1,525	836
of which level 3	–	–	–
<b>Other financial liabilities</b>	<b>8,001</b>	<b>13,025</b>	<b>-5,024</b>
of which level 1	–	–	–
of which level 2	4,360	7,174	-2,814
of which level 3	3,641	5,851	-2,210
<b>Total</b>	<b>75,246</b>	<b>44,651</b>	<b>30,595</b>

In other financial liabilities, the liabilities from rental software are assigned to fair value level 3. As these are predominantly current liabilities, the carrying amount recognised is equal to the fair value. Uncertainties during measurement result from exercising renewal and termination options in future.

### [63] Contractual maturity analysis

The maturity analysis shows the contractually agreed cash inflows and outflows:

Assets	31 Dec. 2021 EUR thousand	31 Dec. 2020 EUR thousand	Change EUR thousand
<b>Loans and advances to banks</b>	<b>1,251,097</b>	<b>592,026</b>	<b>659,071</b>
Up to one month	1,250,056	591,927	658,129
One month to three months	1,041	99	942
Three months to one year	–	–	–
One year to five years	–	–	–
More than five years	–	–	–
Indefinite	–	–	–
<b>Loans and advances to customers</b>	<b>99,004</b>	<b>80,536</b>	<b>18,468</b>
Up to one month	87,847	70,417	17,430
One month to three months	3,047	2,564	483
Three months to one year	4	277	-273
One year to five years	3,349	3,949	-600
More than five years	4,656	3,199	1,457
Indefinite	101	130	-29
<b>Asset derivatives</b>	<b>1,184</b>	<b>–</b>	<b>1,184</b>
Up to one month	–	–	–
One month to three months	–	–	–
Three months to one year	–	–	–
One year to five years	1,166	–	1,166
More than five years	18	–	18
Indefinite	–	–	–

<b>Assets</b>	<b>31 Dec. 2021</b>	<b>31 Dec. 2020</b>	<b>Change</b>
	EUR thousand	EUR thousand	EUR thousand
<b>Investment securities</b>	<b>2,080,607</b>	<b>1,743,050</b>	<b>337,557</b>
Up to one month	–	–	–
One month to three months	–	–	–
Three months to one year	–	–	–
One year to five years	–	–	–
More than five years	–	–	–
Indefinite	2,080,607	1,743,050	337,557
<b>Other financial receivables</b>	<b>231,729</b>	<b>180,667</b>	<b>51,062</b>
Up to one month	229,307	171,443	57,864
One month to three months	1,671	2,531	-860
Three months to one year	445	6,402	-5,957
One year to five years	204	10	194
More than five years	93	278	-185
Indefinite	9	3	6
<b>Assets held for sale</b>	<b>–</b>	<b>39,218</b>	<b>-39,218</b>
Up to one month	–	–	–
One month to three months	–	–	–
Three months to one year	–	–	–
One year to five years	–	–	–
More than five years	–	–	–
Indefinite	–	39,218	-39,218

<b>Equity and liabilities</b>	<b>31 Dec. 2021</b>	<b>31 Dec. 2020</b>	<b>Change</b>
	EUR thousand	EUR thousand	EUR thousand
<b>Liabilities to banks</b>	<b>64,885</b>	<b>30,101</b>	<b>34,784</b>
Up to one month	64,762	30,101	34,661
One month to three months	–	–	–
Three months to one year	123	–	123
One year to five years	–	–	–
More than five years	–	–	–
Indefinite	–	–	–
<b>Liabilities to customers</b>	<b>2,361</b>	<b>1,525</b>	<b>836</b>
Up to one month	2,361	1,525	836
One month to three months	–	–	–
Three months to one year	–	–	–
One year to five years	–	–	–
More than five years	–	–	–
Indefinite	–	–	–
<b>Liability derivatives</b>	<b>111,892</b>	<b>57,065</b>	<b>54,827</b>
Up to one month	1,765	1,492	273
One month to three months	281	200	81
Three months to one year	1,910	1,875	35
One year to five years	17,784	10,288	7,496
More than five years	90,152	43,210	46,942
Indefinite	–	–	–

<b>Equity and liabilities</b>	<b>31 Dec. 2021</b>	<b>31 Dec. 2020</b>	<b>Change</b>
	EUR thousand	EUR thousand	EUR thousand
<b>Other financial liabilities</b>	<b>8,001</b>	<b>13,026</b>	<b>-5,025</b>
Up to one month	5,155	7,236	-2,081
One month to three months	74	178	-104
Three months to one year	1,710	1,386	324
One year to five years	487	2,973	-2,486
More than five years	–	11	-11
Indefinite	575	1,242	-667
<b>Lease liabilities</b>	<b>338,154</b>	<b>305,765</b>	<b>32,389</b>
Up to one month	3,387	2,891	496
One month to three months	7,452	6,568	884
Three months to one year	32,781	27,928	4,853
One year to five years	140,860	127,902	12,958
More than five years	153,674	140,476	13,198
Indefinite	–	–	–

In the above table, the undiscounted contractual payment obligations from the capital preservation and guarantee commitments of all UniProfiRente contracts and guarantee funds less the assets allocated to these contracts as at the end of the reporting period were reported under liability derivatives, provided the capital preservation or guarantee commitments of these contracts had a negative fair value as at the end of the reporting period.

<b>Other disclosures</b>	<b>31 Dec. 2021</b>	<b>31 Dec. 2020</b>	<b>Change</b>
	EUR thousand	EUR thousand	EUR thousand
<b>Financial guarantees</b>	<b>26,495</b>	<b>50,827</b>	<b>-24,332</b>
Up to one month	–	–	–
One month to three months	–	–	–
Three months to one year	–	–	–
One year to five years	–	–	–
More than five years	–	–	–
Indefinite	26,495	50,827	-24,332
<b>Credit commitments</b>	<b>1,692</b>	<b>–</b>	<b>1,692</b>
Up to one month	–	–	–
One month to three months	–	–	–
Three months to one year	211	–	211
One year to five years	423	–	423
More than five years	1,058	–	1,058
Indefinite	–	–	–

Nominal amounts are shown for financial guarantees, which do not reflect their expected outflows.

**[64] Foreign currency volumes**

<b>Assets</b>	<b>31 Dec. 2021</b> EUR thousand	<b>31 Dec. 2020</b> EUR thousand	<b>Change</b> EUR thousand
<b>Loans and advances to banks</b>	<b>1,463</b>	<b>406</b>	<b>1,057</b>
US dollar (USD)	473	210	263
Swiss franc (CHF)	–	–	–
Japanese yen (JPY)	–	–	–
Pound sterling (GBP)	956	161	795
Polish zloty (PLN)	–	–	–
Hong Kong dollar (HKD)	–	–	–
Other foreign currencies	34	35	-1
<b>Loans and advances to customers</b>	<b>2,136</b>	<b>1,416</b>	<b>720</b>
US dollar (USD)	830	596	234
Swiss franc (CHF)	410	340	70
Japanese yen (JPY)	–	–	–
Pound sterling (GBP)	860	443	417
Polish zloty (PLN)	–	–	–
Hong Kong dollar (HKD)	–	–	–
Other foreign currencies	36	37	-1
<b>Investment securities</b>	<b>2,883</b>	<b>1,702</b>	<b>1,181</b>
US dollar (USD)	903	21	882
Swiss franc (CHF)	1,978	1,555	423
Japanese yen (JPY)	–	–	–
Pound sterling (GBP)	–	11	-11
Polish zloty (PLN)	–	–	–
Hong Kong dollar (HKD)	–	–	–
Other foreign currencies	2	115	-113

<b>Assets</b>	<b>31 Dec. 2021</b> EUR thousand	<b>31 Dec. 2020</b> EUR thousand	<b>Change</b> EUR thousand
<b>Other financial receivables</b>	<b>151</b>	<b>196</b>	<b>-45</b>
US dollar (USD)	80	75	5
Swiss franc (CHF)	–	39	-39
Japanese yen (JPY)	–	–	–
Pound sterling (GBP)	71	82	-11
Polish zloty (PLN)	–	–	–
Hong Kong dollar (HKD)	–	–	–
Other foreign currencies	0	–	0
<b>Total</b>	<b>6,633</b>	<b>3,720</b>	<b>2,913</b>

Equity and liabilities	31 Dec. 2021 EUR thousand	31 Dec. 2020 EUR thousand	Change EUR thousand
<b>Other financial liabilities</b>	<b>2,243</b>	<b>4,067</b>	<b>-1,824</b>
US dollar (USD)	2,216	4,043	-1,827
Swiss franc (CHF)	4	4	-
Japanese yen (JPY)	-	-	-
Pound sterling (GBP)	3	-	3
Polish zloty (PLN)	20	20	-
Hong Kong dollar (HKD)	-	-	-
Other foreign currencies	-	-	-
<b>Lease liabilities</b>	<b>1,383</b>	<b>1,466</b>	<b>-83</b>
US dollar (USD)	1,383	1,466	-83
Swiss franc (CHF)	-	-	-
Japanese yen (JPY)	-	-	-
Pound sterling (GBP)	-	-	-
Polish zloty (PLN)	-	-	-
Hong Kong dollar (HKD)	-	-	-
Other foreign currencies	-	-	-
<b>Total</b>	<b>3,626</b>	<b>5,533</b>	<b>-1,907</b>

Other disclosures	31 Dec. 2021 EUR thousand	31 Dec. 2020 EUR thousand	Change EUR thousand
<b>Financial guarantees</b>	<b>26,495</b>	<b>50,827</b>	<b>-24,332</b>
US dollar (USD)	26,495	50,827	-24,332
Swiss franc (CHF)	-	-	-
Japanese yen (JPY)	-	-	-
Pound sterling (GBP)	-	-	-
Polish zloty (PLN)	-	-	-
Hong Kong dollar (HKD)	-	-	-
Other foreign currencies	-	-	-
<b>Total</b>	<b>26,495</b>	<b>50,827</b>	<b>-24,332</b>

The nominal amount is reported for financial guarantees.

## Other disclosures

### [65] Equity management

Some of the companies in the Union Investment Group are – at the individual bank level – subject to regulatory capital requirements under national legislation, which were complied with at all times in the reporting year. Regulatory capital requirements in the Federal Republic of Germany are specified for asset management companies by Section 25 of Germany's Investment Code (KAGB) and for Union Investment Service Bank AG, Quoniam Asset Management GmbH and VisualVest GmbH by Article 11 of Regulation (EU) 2019/2033 of the European Parliament and of the Council of 27 November 2019 on the prudential requirements of investment firms and amending Regulations (EU) No 1093/2010, (EU) No 575/2013, (EU) No 600/2014 and (EU) No 806/2014 (Investment Firm Regulation or IFR). There are no regulatory capital requirements for the UMH Group, as the criteria of the IFR for the existence of an investment firm group are not met. The Board of Managing Directors of UMH AG also uses the corporate guidelines on integrated risk and capital management as the basis for ensuring appropriate capital adequacy in the Union Investment Group. The aggregate risk is compared against the available aggregate risk cover for a given analysis period in order to make sure that, with a specified confidence level, the potential losses do not exceed the aggregate risk cover. Aggregate risk cover comprises the equity reported in the statement of financial position and quasi-equity components, and also takes into account hidden reserves and liabilities that would arise in the event of a loss. Please refer to the statement of changes in equity for further information on the composition of and changes in equity. Additional details on risk management can also be found in the risk report in the group management report, which are therefore part of these notes.

### [66] Disclosures of revenue from contracts with customers

#### Allocation of revenue from contracts with customers

	2021	2020	Change
	EUR thousand	EUR thousand	EUR thousand
<b>Revenue elements</b>			
Fee and commission income	3,790,302	2,780,044	1,010,258
from sales commission	453,357	377,843	75,514
from management fees	3,150,080	2,228,892	921,188
from securities custody accounts	42,645	53,902	-11,257
Other	144,220	119,407	24,813
Other operating income	8,360	8,180	180
<b>Total revenue elements</b>	<b>3,798,662</b>	<b>2,788,224</b>	<b>1,010,438</b>
<b>Geographical key markets</b>			
Germany	2,905,703	2,147,713	757,990
Other EU countries	892,959	640,511	252,448
Rest of the world	–	–	–
<b>Total geographical key markets</b>	<b>3,798,662</b>	<b>2,788,224</b>	<b>1,010,438</b>
<b>Type of sales recognised</b>			
At a point in time	559,330	448,874	110,456
Over a period of time	3,239,332	2,339,350	899,982
<b>Total amount of sales recognised</b>	<b>3,798,662</b>	<b>2,788,224</b>	<b>1,010,438</b>

The asset management services provided typically do not give rise to any contractual assets due to the periodic settlements. As no advance considerations are paid by customers, no contract liabilities arise.

With respect to contracts with customers for which the proceeds contain significant financing components, the practical expedient granted in IFRS 15.63 is usually applied, under which transaction prices may not be adjusted in relation to the effects of a significant financing component if the customer is expected to pay at the latest within one year after the transfer of the assets or services promised. Two cases of minor importance were also identified, for which IFRS 15.63 cannot be applied.

The contracts with customers concluded by the UMH Group always grant a claim to a consideration to be paid by the customer in an amount that corresponds directly to the value of the services already provided by the company for these customers. Thus, the practical expedient granted in IFRS 15.121(b) is used and sales are recognised in the amount that the entity may charge. This eliminates the obligation to disclose the total amount of transaction prices that are allocated to the performance obligations for the contract portfolio that have not yet been fulfilled as at the balance sheet date. Quantitative disclosures on the performance obligations that have not yet been fulfilled are not possible with the contract arrangements typical for asset management due to the requirements of IFRS 15 to limit the recognition of variable consideration.

#### Disclosures of contracts with customers

Part of the receivables recognised in the statement of financial position is accounted for using the regulations of IFRS 15.

	Loans and advances to banks	Loans and advances to customers	Other receivables	Total
	EUR thousand	EUR thousand	EUR thousand	EUR thousand
<b>As at 1 Jan. 2020</b>	<b>4,462</b>	<b>109,405</b>	<b>166,508</b>	<b>280,375</b>
Additions	47,608	399,016	2,358,694	2,805,318
Disposals	-46,252	-430,077	-2,349,187	-2,825,516
Impairment/reversal of impairment	–	-18	–	-18
Other	4	1,540	952	2,496
<b>As at 31 Dec. 2020</b>	<b>5,822</b>	<b>79,866</b>	<b>176,967</b>	<b>262,655</b>
<b>As at 1 Jan. 2021</b>	<b>5,822</b>	<b>79,866</b>	<b>176,967</b>	<b>262,655</b>
Additions	94,938	490,987	3,366,143	3,952,068
Disposals	-88,303	-472,828	-3,313,308	-3,874,439
Impairment/reversal of impairment	–	-66	–	-66
Other	0	563	1	564
<b>As at 31 Dec. 2021</b>	<b>12,457</b>	<b>98,522</b>	<b>229,803</b>	<b>340,782</b>

#### [67] Disclosure of interests in other entities

##### Significant judgements and assumptions

##### Control of other companies

The group controls an entity when it is exposed to variable returns from the entity and has the ability to affect those returns through its power over the entity.

In order to determine whether an entity must be consolidated, the UMH Group checks a series of factors, such as

- the purpose and form of the entity,
- the relevant activities and how these are determined,
- whether the group's rights result in the ability to direct the relevant activities,
- whether the group has exposure or rights to variable returns and whether the group has the ability to use its power to affect the amount of its returns.

If voting rights are relevant, the group is deemed to have control insofar as it holds, directly or indirectly, more than half of the voting rights over an entity unless there is evidence that another investor has the practical ability to unilaterally direct the relevant activities. Potential voting rights that are deemed to be substantive are also considered when assessing control. Likewise, the UMH Group also assesses existence of control where it does not control the majority of the voting rights but has the practical ability to unilaterally direct the relevant activities. This can arise in circumstances where the size and distribution of shareholders' voting rights give the group the power to direct the relevant activities.

The group reassesses the consolidation status at least at the end of each quarter. Therefore, any changes in the structure leading to a change in one or more of the control factors require reassessment when they occur. This includes changes in decision-making rights, changes in contractual arrangements, changes in the financing, ownership or capital structure and changes following a trigger event which was anticipated in the original documentation.

In relation to the funds managed by the asset management companies of the group, after assessing their role in line with the national provisions of investment law, the UMH Group assumes that

- it has power of control within the meaning of IFRS 10.7(a),
- it has exposure, and rights, to variable returns from its involvement in these entities (IFRS 10.7(b)) and
- it has the ability to use its power over these entities to influence the amount of its returns (IFRS 10.7(c)).

Against this backdrop, it reviews for which of these funds the UMH Group has the role of the principal, which would necessitate consolidation, and for which it only acts as an agent for third-party investors.

As such, the UMH Group always plays the role of an agent for these funds if

- the contractually agreed remuneration is commensurate with the services provided and includes only terms customarily present in arrangements negotiated on an arm's length basis (IFRS 10. B69) and
- the scope of the UMH Group's participation in such a fund and the associated variability, taking into account its direct participation in this fund, and the material remuneration components of the UMH Group for the management of the fund do not exceed an internally determined threshold. If this threshold is exceeded, the overall circumstances are analysed on a case-by-case basis.

Due to the precedence taken by investor protection regulations, the UMH Group assumes that, as long as the control threshold in accordance with IFRS 10 is not exceeded, it does not have significant influence within the meaning of IAS 28 over investment funds managed by the group's asset management companies. Own-account investments in investment funds not fully consolidated are therefore not recognised according to the equity method but at fair value.

### Associates, joint control and significant influence

Associates are entities over which the UMH Group directly or indirectly has significant influence. Significant influence is generally presumed when the group holds between 20 % and 50 % of the voting rights.

The UMH Group holds 49 % of the voting rights of BEA Union Investment Management Limited, Hong Kong (BU). As this equity investment is controlled jointly with other partners, decisions on the relevant activities require the unanimous approval of all parties and the UMH Group has rights to the equity investment's net assets, it has been classified as a joint venture. The equity investment has been included in the UMH consolidated financial statements using the equity method since its acquisition.

### Investments in subsidiaries

#### Deviating reporting periods

In the financial year, as in the previous year, there were no companies in the UMH Group with a reporting period deviating from that of the UMH Group. The fully consolidated investment fund UI Vario: 2, which has a financial year ending 31 May, is included with interim financial statements as at 31 December 2021.

#### Non-controlling interests in the activities of the UMH Group and its cash flows

There are significant non-controlling interests in the UMH Group for the subsidiaries Union Investment Real Estate GmbH, Hamburg (UIR), ZBI GmbH, Erlangen (ZBIG), Union Investment Institutional Property GmbH, Hamburg (UII), Quoniam Asset Management GmbH, Frankfurt am Main (QAM), and Union Investment Real Estate Austria AG, Vienna (URA):

Non-controlling interests (incl. profit share)	31 Dec. 2021 EUR thousand	31 Dec. 2020 EUR thousand	Change EUR thousand
Union Investment Real Estate GmbH	22,583	20,181	2,402
ZBI GmbH	5,008	5,013	-5
Union Investment Institutional Property GmbH	4,512	3,009	1,503
Quoniam Asset Management GmbH	1,958	2,041	-83
Union Investment Real Estate Austria AG	635	642	-7
Miscellaneous	-648	371	-1,019
<b>Total</b>	<b>34,048</b>	<b>31,257</b>	<b>2,791</b>

Non-controlling interests in consolidated net income	2021 EUR thousand	2020 EUR thousand	Change EUR thousand
Union Investment Real Estate GmbH	6,416	6,959	-543
ZBI GmbH	56	-375	431
Union Investment Institutional Property GmbH	2,431	1,283	1,148
Quoniam Asset Management GmbH	950	1,090	-140
Union Investment Real Estate Austria AG	80	118	-38
Miscellaneous	0	364	-364
<b>Total</b>	<b>9,933</b>	<b>9,439</b>	<b>494</b>

### Union Investment Real Estate GmbH, Hamburg

UIR is a leading property manager in Europe. It has more than 50 years' expertise in asset management for properties and provides bespoke real estate solutions for private and institutional asset allocation. With its internationally diversified property portfolio, now distributed across 20 national markets, it leverages the opportunities of global market cycles for investors. Extensive market knowledge and an investment strategy based on the presence of its own teams and strong cooperation partners in target markets contribute to a high return on investment. UIR operates on commercial property markets as an investor and seller, builder and developer, lessor and service provider for all aspects of real estate. UIR currently manages property funds with net assets of EUR 37.8 billion (previous year: EUR 35.8 billion). UMH AG directly holds 90.0% of shares in UIR (previous year: 90.0%). Its share in the voting rights is equal to its shareholding. There are non-controlling interests of 5.5% (previous year: 5.5%) (UIR Beteiligungs GmbH & Co KG) and of 4.5% (previous year: 4.5%) (DZ BANK).

UMH AG concluded an indefinite control agreement with UIR in January 2014, which can be cancelled with notice of six months to the end of a financial year. For the duration of the agreement, this guarantees the non-controlling interest UIR Beteiligungs GmbH & Co KG a share of profits (cash dividend) for each full financial year of EUR 1,961 thousand for 5.5% of shares in the company and, for DZ BANK, EUR 1,605 thousand for 4.5% of shares. The non-controlling interests did not claim the guaranteed dividend, which does not affect the entitlement to the distributed dividend according to UIR's resolution on the appropriation of profit. In the financial year, the non-controlling interests in UIR received dividend distributions (cash dividends) of EUR 4,889 thousand (previous year: EUR 4,889 thousand).

### Summarised financial information on UIR:

	31 Dec. 2021 EUR thousand	31 Dec. 2020 EUR thousand	Change EUR thousand
<b>Assets</b>	<b>427,780</b>	<b>404,645</b>	<b>23,135</b>
<b>Liabilities</b>	<b>201,957</b>	<b>202,837</b>	<b>-880</b>
	2021 EUR thousand	2020 EUR thousand	Change EUR thousand
<b>Interest and commission income</b>	<b>458,724</b>	<b>446,863</b>	<b>11,861</b>
<b>Net income through profit or loss</b>	<b>64,152</b>	<b>69,589</b>	<b>-5,437</b>
<b>Other comprehensive income</b>	<b>8,753</b>	<b>-1,755</b>	<b>10,508</b>
<b>Total comprehensive income</b>	<b>72,905</b>	<b>67,834</b>	<b>5,071</b>
<b>Cash flow</b>	<b>-4</b>	<b>1</b>	<b>-5</b>

## ZBI GmbH, Erlangen

ZBIG, which is based in Erlangen, was founded in 2017 as part of a strategic partnership between the ZBI Group and Union Investment. The ZBI Group is one of the leading specialists for investments in German residential properties. The issuer has successfully designed residential property funds for private and institutional investors since 2002.

UMH AG directly holds 94.9% of shares in ZBIG (previous year: 94.9%). Its share in the voting rights is equal to its shareholding. At the end of the reporting period, the non-controlling interest of 5.1% (previous year: 5.1%) was attributable to BAG Bankaktiengesellschaft, Hamm. The shares were sold by CI Central Immobilien Holding AG, Erlangen, to BAG Bankaktiengesellschaft in the reporting year.

On the basis of a shareholder agreement, a guarantee dividend of EUR 300 thousand was distributed to CI Central Immobilien Holding AG in the reporting year.

Summarised financial information on ZBIG:

	31.12.2021 EUR thousand	31.12.2020 EUR thousand	Change EUR thousand
<b>Assets</b>	<b>144,762</b>	<b>127,914</b>	<b>16,848</b>
<b>Liabilities</b>	<b>46,567</b>	<b>29,619</b>	<b>16,948</b>

	2021 EUR thousand	2020 EUR thousand	Change EUR thousand
<b>Interest and commission income</b>	<b>436</b>	<b>86</b>	<b>350</b>
<b>Net income through profit or loss</b>	<b>-3,761</b>	<b>-7,345</b>	<b>3,584</b>
<b>Other comprehensive income</b>	<b>2,461</b>	<b>-</b>	<b>2,461</b>
<b>Total comprehensive income</b>	<b>-1,300</b>	<b>-7,345</b>	<b>6,045</b>
<b>Cash flow</b>	<b>1</b>	<b>-</b>	<b>1</b>

## Union Investment Institutional Property GmbH, Hamburg

UII, a property asset management company based in Hamburg and with a branch in London, systematically and successfully focuses on the investment requirements of institutional investors. 30 years ago, UII already focused on the needs of institutional investors. Vehicle expertise, best-in-class processes and a precise knowledge of the different requirements of institutional investors allow it to deliver tailored real estate solutions for institutional asset allocation. In addition to institutional mutual funds and multi-client special funds, UII offers institutional investors individual solutions. The fund vehicles can be of either German or Luxembourg provenance. UII currently manages a volume of EUR 12.0 billion in its institutional business (previous year: EUR 9.7 billion).

UMH AG directly holds 90.0% of shares in UII (previous year: 90.0%). Its share in the voting rights is equal to its shareholding. At 10.0% (previous year: 10.0%), the sole non-controlling interest is BAG Bankaktiengesellschaft, Hamm.

UMH AG concluded an indefinite control agreement with UII in October 2013, which can be cancelled with notice of six months to the end of a financial year. For the duration of the agreement, this guarantees the non-controlling interest a share of profits (cash dividend) for each full financial year of 12% of the notional value of the company of EUR 620 thousand, i. e. EUR 74 thousand. In the financial year, the non-controlling interest in UII received dividend distributions (cash dividends) of EUR 889 thousand (previous year: EUR 557 thousand).

Summarised financial information on UII:

	31.12.2021 EUR thousand	31.12.2020 EUR thousand	Change EUR thousand
<b>Assets</b>	<b>65,651</b>	<b>44,155</b>	<b>21,496</b>
<b>Liabilities</b>	<b>20,536</b>	<b>14,067</b>	<b>6,469</b>

	2021 EUR thousand	2020 EUR thousand	Change EUR thousand
<b>Interest and commission income</b>	<b>96,270</b>	<b>69,312</b>	<b>26,958</b>
<b>Net income through profit or loss</b>	<b>24,308</b>	<b>12,829</b>	<b>11,479</b>
<b>Other comprehensive income</b>	<b>-393</b>	<b>-335</b>	<b>-58</b>
<b>Total comprehensive income</b>	<b>23,915</b>	<b>12,494</b>	<b>11,421</b>
<b>Cash flow</b>	<b>-</b>	<b>-</b>	<b>-</b>

### Quoniam Asset Management GmbH, Frankfurt am Main

QAM is a limited liability asset management company based in Frankfurt and with a branch in London. Using its engineering-based approach, QAM focuses exclusively on the development and implementation of quantitative portfolio management strategies for global institutional investors.

UMH AG directly holds 93.8% of the capital (previous year: 93.7%) and all voting rights in QAM. Non-controlling interests account for 6.2% of capital shares (previous year: 6.3%). These non-voting shares are held by the management of QAM.

In the financial year, (cash) dividends of EUR 1,024 thousand (previous year: EUR 1,459 thousand) were paid to the non-controlling interests of QAM.

Summarised financial information on QAM:

	31 Dec. 2021 EUR thousand	31 Dec. 2020 EUR thousand	Change EUR thousand
<b>Assets</b>	<b>70,722</b>	<b>76,536</b>	<b>-5,814</b>
<b>Liabilities</b>	<b>39,215</b>	<b>44,218</b>	<b>-5,003</b>

	2021 EUR thousand	2020 EUR thousand	Change EUR thousand
<b>Interest and commission income</b>	<b>61,756</b>	<b>65,269</b>	<b>-3,513</b>
<b>Net income through profit or loss</b>	<b>15,291</b>	<b>17,256</b>	<b>-1,965</b>
<b>Other comprehensive income</b>	<b>108</b>	<b>-913</b>	<b>1,021</b>
<b>Total comprehensive income</b>	<b>15,399</b>	<b>16,343</b>	<b>-944</b>
<b>Cash flow</b>	<b>0</b>	<b>0</b>	<b>0</b>

### Union Investment Real Estate Austria AG, Vienna

URA, which is based in Vienna, is an asset management company for real estate in accordance with the Austrian Real Estate Investment Fund Act. The company was founded in 2003 and manages real estate in Austria and Germany. URA currently manages property funds with a volume of EUR 1.2 billion (previous year: EUR 1.1 billion).

UMH AG indirectly holds 94.5% of shares in URA (previous year: 94.5%). Its share in the voting rights is equal to its shareholding. At 5.5% (previous year: 5.5%), the sole non-controlling interest is BAG Bankaktiengesellschaft, Hamm.

In the financial year, (cash) dividends of EUR 87 thousand (previous year: EUR 77 thousand) were paid to the non-controlling interests of URA.

Summarised financial information on URA

	31 Dec. 2021 EUR thousand	31 Dec. 2020 EUR thousand	Change EUR thousand
<b>Assets</b>	<b>18,221</b>	<b>17,676</b>	<b>545</b>
<b>Liabilities</b>	<b>6,670</b>	<b>6,007</b>	<b>663</b>

	2021 EUR thousand	2020 EUR thousand	Change EUR thousand
<b>Interest and commission income</b>	<b>17,694</b>	<b>16,814</b>	<b>880</b>
<b>Net income through profit or loss</b>	<b>1,460</b>	<b>2,146</b>	<b>-686</b>
<b>Other comprehensive income</b>	<b>9</b>	<b>-16</b>	<b>25</b>
<b>Total comprehensive income</b>	<b>1,469</b>	<b>2,130</b>	<b>-661</b>
<b>Cash flow</b>	<b>-</b>	<b>-</b>	<b>-</b>

### Nature and extent of material restrictions

National regulatory requirements and provisions of company law restrict the UMH Group's ability to transfer assets to or from other companies within the group. However, these restrictions cannot be specifically assigned to individual assets or items of the statement of financial position.

In addition, owing to regulatory provisions, asset management companies and investment firms of the Union Investment Group are subject to restrictions on lending to other group companies.

### Nature of risks entailed by interests in consolidated structured entities

The fund UI Vario: 2 is consolidated in the UMH consolidated financial statements at a net asset value of EUR 1,535.9 million as at the end of the reporting period (previous year: EUR 1,210.5 million). This is a fund of funds that was issued as a vehicle to bundle the strategic own-account investment positions of the UMH Group and its investment universe, and concentrates on funds managed by the Union Investment Group. All unit certificates of this fund managed by Union Investment Luxembourg S.A. are owned by companies of the UMH Group. Only the companies of the UMH Group can acquire these unit certificates. The maximum downside risk is limited to the consolidated net assets of this structured entity.

### Interests in joint arrangements and associates

#### Deviating reporting periods

In the reporting year, there were no companies in the UMH Group with a reporting period deviating from that of the UMH Group.

The last available annual financial statements, with any adjustments, are used. Any known material effects in the year under review are covered in a reconciliation statement.

### Type, extent and financial impact of interests in joint arrangements

#### BEA Union Investment Management Limited, Hong Kong

BEA Union Investment Management Limited (BU) is a joint venture of UMH AG and The Bank of East Asia Limited, Hong Kong (BEA). The asset management company provides portfolio management services for mutual funds and mandatory provident fund (MPF) schemes – regulated pension products – and asset management and advisory services for institutional clients. Sales activities run through BEA and, increasingly, third parties, and mainly focus on Hong Kong and China. At the end of 2021, the company had HKD 50.2 billion in assets under management (previous year: HKD 79.0 billion) in 92 products (previous year: 97 products).

UMH AG's shareholding at the end of the reporting period was 49 % (previous year: 49 %). The remaining 51 % of shares (previous year: 51 %) are held by BEA. The shares in BU are accounted for in the UMH Group using the equity method. In the financial year, BU distributed a dividend of HKD 52.2 million or EUR 5,509 thousand to UMH AG (previous year: HKD 53.0 million or EUR 6,313 thousand).

Summarised financial information on BU:

	31 Dec. 2021 EUR thousand	31 Dec. 2020 EUR thousand	Change EUR thousand
<b>Assets</b>	<b>71,785</b>	<b>66,992</b>	<b>4,793</b>
of which cash reserve	0	0	0
<b>Liabilities</b>	<b>-10,370</b>	<b>-9,019</b>	<b>-1,351</b>
of which financial liabilities	-10,297	-8,943	-1,354

	2021 EUR thousand	2020 EUR thousand	Change EUR thousand
<b>Interest income</b>	<b>131</b>	<b>568</b>	<b>-437</b>
<b>Interest expenses</b>	<b>-14</b>	<b>-28</b>	<b>14</b>
<b>Fee and commission income</b>	<b>35,755</b>	<b>36,993</b>	<b>-1,238</b>
<b>Fee and commission expenses</b>	<b>-7,800</b>	<b>-7,597</b>	<b>-203</b>
<b>Administrative expenses and other operating result</b>	<b>-15,415</b>	<b>-15,928</b>	<b>513</b>
<b>Income taxes</b>	<b>-2,038</b>	<b>-2,160</b>	<b>122</b>
<b>Net income from continuing operations</b>	<b>10,563</b>	<b>11,978</b>	<b>-1,415</b>
<b>Other comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive income</b>	<b>10,563</b>	<b>11,978</b>	<b>-1,415</b>

Statement of reconciliation from summarised financial information to the carrying amount of the shares in BU:

	31.12.2021 EUR thousand	31.12.2020 EUR thousand	Change EUR thousand
<b>Recognised net assets</b>	<b>61,415</b>	<b>57,973</b>	<b>3,442</b>
<b>Multiplication by shareholding</b>	<b>30,093</b>	<b>28,407</b>	<b>1,687</b>
Goodwill	27,599	25,601	1,998
<b>Carrying amount from remeasurement in line with the equity method</b>	<b>57,692</b>	<b>54,008</b>	<b>3,685</b>

## Type, extent and financial impact of interests in associates

### Other associates

The carrying amount of associates individually insignificant to the UMH Group accounted for using the equity method was EUR 9.9 million as at the end of the reporting period (previous year: EUR 7.7 million).

Summarised financial information on individually insignificant associates accounted for using the equity method:

	2021 EUR thousand	2020 EUR thousand	Change EUR thousand
<b>Pro rata net income from continuing operations</b>	<b>3,406</b>	<b>3,699</b>	<b>-293</b>
<b>Pro rata net income from discontinued operations</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Pro rata other comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Pro rata total comprehensive income</b>	<b>3,406</b>	<b>3,699</b>	<b>-293</b>

### Nature and extent of material restrictions

In its domestic country of Hong Kong, the joint venture BU is subject to regulatory minimum capital requirements and therefore restrictions on its dividend and capital distributions.

The associate R+V Pensionsfonds Aktiengesellschaft, Wiesbaden, is subject to standard industry restrictions on dividend and capital distributions owing to insurance supervisory law regulations.

### Risks associated with interests in joint ventures and associates

#### Obligations in relation to joint ventures

The two shareholders of BU are not permitted to end the joint venture without stating grounds. A special mechanism would take effect in this event. The terminating partner has to offer the non-terminating partner its shares at a price per share determined by the terminating partner itself. If the non-terminating partner refuses this offer, the terminating partner must, in return, assume the shares of the non-terminating partner at the previously determined price per share. This arrangement is not reflected in the carrying amounts of the UMH Group.

The UMH Group had recognised provisions for commission for BU of EUR 541 thousand as at the end of the reporting period (previous year: EUR 695 thousand).

## Unrecognised losses

There are no unrecognised losses for the joint ventures and associates accounted for using the equity method in the UMH consolidated financial statements.

## Interests in unconsolidated structured entities

Structured entities are entities that are designed so that voting rights or similar rights are not the dominant factor with regard to control over the entity. In the UMH Group, a distinction is drawn between the following types of interests in unconsolidated structured entities on the basis of their design and the associated risks:

- Interests in funds set up by companies of the Union Investment Group.
- Interests in funds set up by third-party companies.

## Funds set up by companies of the Union Investment Group

The unconsolidated structured entities to be taken into account in reporting in accordance with IFRS 12 are essentially funds set up by companies of the Union Investment Group in line with the contractual form model without voting rights and, to a smaller extent, in company structures with their own legal identity. The asset management companies of the group form such structured entities in order to satisfy different customer requirements in relation to investments in specific asset classes or investment styles.

The UMH Group generates income from ongoing management fees for its fund-based investment management services, supplemented in part by performance fees. In addition, the UMH Group's expenses are reimbursed from funds, partly in the form of flat-rate remuneration.

There are no derivative transactions between companies of the UMH Group and the funds managed by the Union Investment Group. Funds are not refinanced by loans from Union Investment Group companies.

Own-account investments in funds are classified at fair value through profit or loss, hence the recognised gains and losses are included in net income from investment securities and unrecognised gains and losses from these items are included in other net remeasurement income on financial instruments.

The funds are financed by issuing unit certificates to investors. Further financing – in the form of borrowing – is only used for open-ended mutual real estate funds, special property funds and other individual funds.

A key feature of all the funds managed by the Union Investment Group is risk diversification according to national investment law provisions.

A further component of this business activity is the guarantee funds set up by companies of the Union Investment Group. These have market value guarantees. This means that a certain amount or a certain performance is guaranteed for these investments up to a certain level. The amount of the market value guarantees and the maturity dates vary on the basis of the agreements made for the individual investment funds. A market value guarantee is triggered when the market value of the unit certificates in question do not meet the guaranteed specifications at certain dates. As at the end of the reporting period, the UMH Group managed guarantee funds with a volume of EUR 361,106 thousand (net asset value) (previous year: EUR 789,858 thousand) and a minimum payment commitment (nominal amount) of EUR 362,686 thousand (previous year: EUR 756,666 thousand). The put options embedded in the guarantee funds were measured at EUR 11,121 thousand as at the end of the reporting period (previous year: EUR 11,774 thousand) and reported as liability derivatives on the equity and liabilities side of the statement of financial position.

Number of unit certificates and volume of funds managed by the UMH Group for this business activity:

	Volume		Number (unit certificates)	
	31.12.2021 EUR thousand	31.12.2020 EUR thousand	31.12.2021 Number	31.12.2020 Number
<b>Mutual funds</b>	<b>238,933,778</b>	<b>198,731,859</b>	<b>339</b>	<b>341</b>
of which guarantee funds	361,106	789,858	9	14
<b>Special funds</b>	<b>144,554,032</b>	<b>125,070,213</b>	<b>494</b>	<b>426</b>
of which guarantee funds	–	–	–	–
<b>Total</b>	<b>383,487,810</b>	<b>323,802,072</b>	<b>833</b>	<b>767</b>
of which guarantee funds	361,106	789,858	9	14

The following assets and liabilities are recognised in the statement of financial position of the UMH Group in connection with the interests in this business activity. There is also possible exposure from contingent liabilities and financial guarantees, credit commitments and other commitments.

2021 financial year	Mutual funds		Special funds		Total
		of which guarantee funds		of which guarantee funds	
	EUR thousand	EUR thousand	EUR thousand	EUR thousand	
<b>Assets</b>	<b>2,286,779</b>	<b>8</b>	<b>44,031</b>	<b>-</b>	<b>2,330,810</b>
Loans and advances to customers	3,668	-	10,762	-	14,430
Investment fund units	2,018,780	-	7,440	-	2,026,220
Investments in subsidiaries	-	-	-	-	-
Other receivables	203,219	8	25,828	-	229,047
Assets held for sale	0	-	-	-	0
Right of use assets	61,111	-	-	-	61,111
<b>Liabilities</b>	<b>73,243</b>	<b>11,121</b>	<b>38</b>	<b>-</b>	<b>73,281</b>
Liability derivatives	11,121	11,121	-	-	11,121
Other liabilities	75	-	38	-	113
Lease liabilities	62,048	-	-	-	62,048
<b>Net reported exposure (assets less liabilities)</b>	<b>2,213,536</b>	<b>-11,113</b>	<b>43,993</b>	<b>-</b>	<b>2,257,529</b>
<b>Contingent liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Financial guarantees, credit commitments and other commitments</b>	<b>351,566</b>	<b>351,566</b>	<b>-</b>	<b>-</b>	<b>351,566</b>
Financial guarantees	-	-	-	-	-
Credit commitments	-	-	-	-	-
Other commitments	351,566	351,566	-	-	351,566
<b>Net reported exposure + contingent liabilities + financial guarantees, credit commitments and other commitments</b>	<b>2,565,102</b>	<b>340,453</b>	<b>43,993</b>	<b>-</b>	<b>2,609,095</b>
<b>Actual maximum exposure</b>	<b>2,565,102</b>	<b>340,453</b>	<b>43,993</b>	<b>-</b>	<b>2,609,095</b>

2020 financial year	Mutual funds		Special funds		Total
		of which guarantee funds		of which guarantee funds	
	EUR thousand	EUR thousand	EUR thousand	EUR thousand	
<b>Assets</b>	<b>1,941,168</b>	<b>27</b>	<b>33,183</b>	<b>-</b>	<b>1,974,351</b>
Loans and advances to customers	3,312	-	4,664	-	7,976
Investment fund units	1,672,944	-	5,950	-	1,678,894
Investments in subsidiaries	-	-	-	-	-
Other receivables	154,397	27	22,570	-	176,967
Assets held for sale	39,218	-	-	-	39,218
Right of use assets	71,295	-	-	-	71,295
<b>Liabilities</b>	<b>83,687</b>	<b>11,788</b>	<b>3</b>	<b>-</b>	<b>83,690</b>
Liability derivatives	11,774	11,774	-	-	11,774
Other liabilities	128	14	3	-	131
Lease liabilities	71,785	-	-	-	71,785
<b>Net reported exposure (assets less liabilities)</b>	<b>1,857,481</b>	<b>-11,761</b>	<b>33,180</b>	<b>-</b>	<b>1,890,661</b>
<b>Contingent liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Financial guarantees, credit commitments and other commitments</b>	<b>744,892</b>	<b>744,892</b>	<b>-</b>	<b>-</b>	<b>744,892</b>
Financial guarantees	-	-	-	-	-
Credit commitments	-	-	-	-	-
Other commitments	744,892	744,892	-	-	744,892
<b>Net reported exposure + contingent liabilities + financial guarantees, credit commitments and other commitments</b>	<b>2,602,373</b>	<b>733,131</b>	<b>33,180</b>	<b>-</b>	<b>2,635,553</b>
<b>Actual maximum exposure</b>	<b>2,602,373</b>	<b>733,131</b>	<b>33,180</b>	<b>-</b>	<b>2,635,553</b>

Financial guarantees, credit commitments and other commitments are stated at their nominal amounts. This takes into account only financial guarantees, credit commitments and other commitments for which no liabilities or contingent liabilities have been recognised.

The actual maximum exposure is calculated in the UMH Group as a gross value without offsetting any collateral and is equal to the exposure reported in the table above for this business activity.

Regarding the disclosure of the maximum downside risk, it should be noted that the above table includes market price guarantees in the amount of the nominal values of the guarantee commitments for guarantee funds (EUR 362,686 thousand; previous year: EUR 756,666 thousand), less the liability amounts recognised for the put options embedded in these products (EUR 11,121 thousand; previous year: EUR 11,774 thousand). However, the maximum loss exposure for the market price guarantees on guarantee funds is not the economic risk of this product class as this also takes into account the net assets of these guarantee funds (EUR 361,106 thousand; previous year: EUR 789,858 thousand) as at the end of the reporting period and the management model for securing minimum payment commitments for these products.

In the reporting year, the UMH Group generated the following income from the structured entities for this business activity:

2021 financial year	Mutual funds		Special funds		Total
	EUR thousand	of which guarantee funds EUR thousand	EUR thousand	of which guarantee funds EUR thousand	
Front-end fees, management fees and other fee and commission income	3,231,267	2,538	251,707	–	3,482,974
Income from distributions	2,594	–	949	–	3,543
Realised and unrealised gains and losses on remeasurement through profit or loss	8,514	-399	-2,701	–	5,813
Other operating income	5	–	466	–	471
<b>Total income recognised in profit or loss</b>	<b>3,242,380</b>	<b>2,139</b>	<b>250,421</b>	<b>–</b>	<b>3,492,801</b>
Unrealised gains and losses on remeasurement in other comprehensive income	–	–	–	–	–

2020 financial year	Mutual funds		Special funds		Total
	EUR thousand	of which guarantee funds EUR thousand	EUR thousand	of which guarantee funds EUR thousand	
Front-end fees, management fees and other fee and commission income	2,309,258	6,654	198,349	–	2,507,607
Income from distributions	7,114	–	183	–	7,297
Realised and unrealised gains and losses on remeasurement through profit or loss	8,186	-2,508	-1,936	–	6,250
Other operating income	–	–	464	–	464
<b>Total income recognised in profit or loss</b>	<b>2,324,558</b>	<b>4,146</b>	<b>197,060</b>	<b>–</b>	<b>2,521,618</b>
Unrealised gains and losses on remeasurement in other comprehensive income	–	–	–	–	–

The UMH Group incurred losses of EUR -23,687 thousand from this business activity in the financial year (previous year: EUR -16,098 thousand). These were included solely in net income in profit or loss. The distributions by the funds in the financial year were deducted in calculating the losses incurred for each fund. This is offset by gains of EUR 33,043 thousand (previous year: EUR 29,645 thousand).

## Interests in funds set up by third-party companies

In addition to managing funds set up by asset management companies of the Union Investment Group, the companies of the UMH Group manage portfolios of funds set up by third-party companies. The UMH Group generates management fees and, in some cases, additional performance fees from these contractual relationships. There are no derivative transactions between companies of the UMH Group and these third-party funds. Third-party funds are not refinanced by loans from Union Investment Group companies.

The volumes and number of mandates for this business activity were as follows year-on-year:

	Volume		Number	
	31 Dec. 2021 EUR thousand	31 Dec. 2020 EUR thousand	31 Dec. 2021 Number	31 Dec. 2020 Number
<b>Insourcing mandates</b>	<b>44,012,602</b>	<b>39,835,585</b>	<b>213</b>	<b>211</b>

As at the end of the reporting period, this business activity was reflected only in the statement of financial position item loans and advances to customers with fee and commission receivables of EUR 18,676 thousand (previous year: EUR 16,924 thousand). There was no other exposure from contingent liabilities, financial guarantees, credit commitments or other commitments for this business activity as at the end of the reporting period.

The maximum downside risk from assets from unconsolidated structured entities from this business activity is equal to the current carrying amounts of these items and is EUR 18,676 thousand (previous year: EUR 16,924 thousand).

In the financial year, the UMH Group generated only fee and commission income of EUR 84,646 thousand from this business activity (previous year: EUR 78,290 thousand). No losses were incurred on this business activity in the financial year.

## Support arrangements for unconsolidated structured entities

### Nature of support

The UMH Group is considered a fund's sponsor if market participants associate this structured entity with the UMH Group. The UMH Group assumes this to be the case if the terms "Union Investment" or "Union" are used in a fund's name.

As the asset management services performed by the UMH Group for the funds set up by the companies of the Union Investment Group and third-party companies generally satisfy the criteria for interests in structured entities, these business relationships have already been included in the disclosures on relationships with unconsolidated structured entities above and are not necessary here.

**[68] List of shareholdings**

The shareholdings of Union Asset Management Holding AG were as follows as at the end of the reporting period:

**Consolidated subsidiaries**

Name, registered office	Shareholding – direct	Shareholding – indirect
<b>Asset management companies</b>		
Union Investment Institutional GmbH, Frankfurt am Main	100.0 %	–
Union Investment Institutional Property GmbH, Hamburg	90.0 %	–
Union Investment Luxembourg S.A., Luxembourg	100.0 %	–
Union Investment Privatfonds GmbH, Frankfurt am Main	100.0 %	–
Union Investment Real Estate Austria AG, Vienna	–	94.5 %
Union Investment Real Estate GmbH, Hamburg	90.0 %	–
ZBI Fondsmanagement GmbH, Erlangen	–	94.9 %
<b>Investment firms</b>		
Attrax Financial Services S.A., Luxembourg	100.0 %	–
Quoniam Asset Management GmbH, Frankfurt am Main <sup>2</sup>	93.8 %	–
Union Investment Austria GmbH, Vienna	100.0 %	–
Union Investment Service Bank AG, Frankfurt am Main	100.0 %	–
VisualVest GmbH, Frankfurt am Main	100.0 %	–
<b>Finance companies</b>		
UIR Verwaltungsgesellschaft mbH, Hamburg	–	90.0 %
ZBI GmbH, Erlangen	94.9 %	–
<b>Providers of ancillary services</b>		
Union IT-Services GmbH, Frankfurt am Main <sup>1</sup>	100.0 %	–
Union Service-Gesellschaft mbH, Frankfurt am Main <sup>1</sup>	100.0 %	–
ZBI Immobilienmanagement GmbH, Erlangen	–	94.9 %
ZBVV Zentral Boden Vermietung und Verwaltung GmbH, Erlangen	–	94.9 %
<b>Other subsidiaries</b>		
Union Investment Real Estate Digital GmbH, Hamburg <sup>1</sup>	100.0 %	–

<sup>1</sup> Exercising Section 264 (3) of the German Commercial Code (HGB), the shareholder meetings of these subsidiaries resolved not to disclose their annual financial statements or their management reports for the financial year from 1 January to 31 December 2021 in accordance with Section 325 HGB.

<sup>2</sup> The share of voting rights for this company is 100%.

**Consolidated investment funds**

Name, registered office	Shareholding – direct	Shareholding – indirect
UI Vario: 2, Luxembourg	–	100.0 %

**Joint ventures accounted for using the equity method**

Name, registered office	Shareholding – direct	Shareholding – indirect
BEA Union Investment Management Limited, Hong Kong	49.0 %	–

**Associates accounted for using the equity method**

Name, registered office	Shareholding – direct	Shareholding – indirect
compertis Beratungsgesellschaft für betriebliches Vorsorgemanagement mbH, Wiesbaden	49.0 %	–
R+V Pensionsfonds Aktiengesellschaft, Wiesbaden	25.1 %	–

## Unconsolidated subsidiaries

Name, registered office	Shareholding – direct	Shareholding – indirect
BGP Asset Management GmbH i.L., Berlin	–	94.9%
HMV GmbH, Erlangen	–	94.9%
UI Infrastruktur Management SARL, Luxembourg	–	100.0%
UI Management S.a r.l., Luxembourg	–	100.0%
UI Private Debt Management S.a r.l., Luxembourg	–	100.0%
UII Anzinger Straße 29 Verwaltung LP GmbH, Hamburg	–	90.0%
UII Issy 3 Moulins SARL, Paris	–	90.0%
UII MS Immobilien GP GmbH, Hamburg	–	90.0%
UII MS Immobilien Verwaltung LP GmbH, Hamburg	–	90.0%
UII PSD KN ImmoInvest GP GmbH, Hamburg	–	90.0%
UII SCE Management GP GmbH, Hamburg	–	90.0%
UII Verwaltungsgesellschaft mbH, Hamburg	–	90.0%
UIW Austria Verwaltungs GmbH, Erlangen	–	94.9%
UNION INVESTMENT REAL ESTATE ASIA PACIFIC PTE. LTD., Singapore	–	90.0%
Union Investment Real Estate France SAS, Paris	–	90.0%
URA Verwaltung GmbH, Vienna	–	94.5%
VR Consultingpartner GmbH, Frankfurt am Main	100.0%	–
ZBI Beteiligungs GmbH, Erlangen	–	94.9%
ZBI Fondsverwaltungs GmbH, Erlangen	–	94.9%
ZBI Vertriebskoordinations GmbH i.L., Erlangen	–	94.9%
ZBI Wohnen Plus Verwaltungs GmbH, Erlangen	–	94.9%
ZBI WohnWert Verwaltungs GmbH, Erlangen	–	94.9%

## Unconsolidated associates

Name, registered office	Shareholding – direct	Shareholding – indirect
Berlin-AI Management S.à r.l., Luxembourg	–	20.0%

## [69] Contingent liabilities

There are contingent liabilities of PLN 200 thousand (previous year: PLN 200 thousand) in connection with the disposal of the company Union Investment Towarzystwo Funduszy Inwestycyjnych S.A., Warsaw, and of EUR 44 thousand (previous year: EUR 44 thousand) due to disputed receivables from the State Treasury.

## [70] Other commitments

The Union Investment Group has capital preservation commitments under Section 1 (1) no. 3 of the German Personal Pension Plan Certification Act (AltZertG) amounting to EUR 17,157,238 thousand (previous year: EUR 16,113,312 thousand). These commitments are the total amount of the contributions paid by investors into the individual variants of the UniProfiRente and UniProfiRente Select products of Union Investment Privatfonds GmbH, which, in accordance with statutory provisions, must be made available as a minimum amount at the start of the pay-out phase, plus the pay-out amounts guaranteed by Union Investment Privatfonds GmbH for contracts already in the investment account pay-out phase.

In connection with actual guarantee funds launched by fund management companies in the UMH Group, there are minimum payment commitments of EUR 362,686 thousand (previous year: EUR 756,666 thousand).

The fair value of the shortfall in cover for these guarantee commitments is reported in the statement of financial position under 'Liability derivatives' (note [51]).

As at the end of the year, there were underwriting obligations for six (previous year: three) funds totalling EUR 18,073 thousand (previous year: EUR 10,392 thousand).

## [71] Business combinations

Goodwill and intangible assets from business combinations with an indefinite useful life are tested for impairment on the basis of the cash-generating unit (CGU). For this purpose, the goodwill acquired in a business combination is allocated to the identified CGU. The Union Investment Group has a single CGU, as the Group is managed as one operating segment for management and reporting purposes.

This goodwill is tested for impairment in the fourth quarter of each financial year. An ad hoc impairment test is also carried out if there are indications of potential impairment.

In the impairment test, the carrying amount of the goodwill-bearing entities is compared with the respective recoverable amount. If the recoverable amount exceeds the carrying amount, the goodwill is not impaired. The carrying amount equates to the equity attributable to the goodwill-bearing entity. The value in use of the goodwill-bearing entity is calculated as the recoverable amount. This is based on the four-year planning for the Union Investment Group, from which the expected future cash flows are derived.

Cash flows beyond the four-year period are estimated on the basis of constant growth rates of 0.5%. The value in use of the goodwill-bearing entity is found by discounting these cash flows at the date of the impairment test. On the basis of the capital asset pricing model, a discount rate after taxes of 9.2% was used in the reporting year.

In sensitivity analyses, the particularly relevant parameters for the calculation of values in use are altered with plausible ranges. The particularly relevant parameters are the forecast cash flows and the discount rates. None of the scenarios would result in impairment on goodwill.

ZBI Immobilienmanagement GmbH (formerly ZBI Projektentwicklungs GmbH), which was acquired along with the ZBI Group as part of the business combination in the previous year, was not included in the consolidated group in the previous year because it was not of material importance. Due to internal restructuring measures, the company's importance to the Union Investment Group has increased, so it was subsequently consolidated at the beginning of the financial year. It was consolidated for the first time prospectively as at 1 January 2021 without restating the previous year's figures. In connection with a purchase price allocation, a customer base worth EUR 1,726 thousand and attributable deferred tax liabilities were identified and recognised in addition to the assets from the acquisition of the ZBI Group already identified in the previous year. Due to the consolidation of the carrying amount of the investment with the remeasured equity of the company, the goodwill increased by EUR 16,851 million.

## [72] Leases

### UMH Group as lessee

As part of its business operations, the UMH Group has entered into leases for buildings and operating and office equipment (vehicles and hardware). The leases for buildings have terms of up to 17 years and the leases for operating and office equipment have terms of up to eight years.

Leases have been concluded with renewal and termination options and with variable lease payments.

UMH utilises the exemptions provided by IFRS 16 for short-term leases and leases for low-value assets.

The maturity analysis for the lease liabilities can be found in note [63].

The following income and expenses were recorded in the consolidated income statement in the financial year:

	2021 EUR thousand	2020 EUR thousand	Change EUR thousand
Depreciation of right of use assets	-42,883	-28,737	-14,146
Interest expenses on lease liabilities	-1,391	-886	-505
Expenses for short-term leases	–	-4,171	4,171
Expenses for leases for low-value assets	-5,532	-6,286	754
Expenses not included in the measurement of lease liabilities	-6,051	-4,632	-1,419
Income from subleasing right of use assets	17	18	-1
<b>Total</b>	<b>-55,840</b>	<b>-44,694</b>	<b>-11,146</b>

Total outflows in the financial year came to EUR 53,968 thousand (previous year: EUR 43,664 thousand).

The following table shows future outflows that are not taken into account when calculating the lease liabilities:

	31 Dec. 2021 EUR thousand	31 Dec. 2020 EUR thousand	Change EUR thousand
From variable lease payments	43,800	43,159	641
From renewal and termination options	369,257	318,645	50,612
From residual value guarantees	–	–	–
From leases that have already been concluded but have not yet commenced	–	59,744	-59,744
<b>Total</b>	<b>413,057</b>	<b>421,547</b>	<b>-8,490</b>

There are no restrictions or commitments in connection with leases.

There were no sale and leaseback transactions in the financial year.

#### UMH Group as lessor

	31 Dec. 2021 EUR thousand	31 Dec. 2020 EUR thousand	Change EUR thousand
<b>Future minimum lease payments under non-cancellable operating leases</b>	<b>35</b>	<b>23</b>	<b>12</b>
of which up to one year	18	23	-5
of which one to two years	17	–	17
of which two to three years	–	–	–
of which three to four years	–	–	–
of which four to five years	–	–	–
of which more than five years	–	–	–
<b>Future minimum lease payments are attributable to:</b>	<b>35</b>	<b>23</b>	<b>12</b>
Land and buildings leases	35	23	12
Vehicle leases	–	–	–
IT leases	–	–	–

Income from operating leases reported in the financial year amounted to EUR 17 thousand (previous year: EUR 18 thousand). In addition, EUR 8 thousand (previous year: EUR 8 thousand) was reported in variable lease payments not linked to an index or interest rate.

Rental income results from subleasing food and catering space in the MainTor Porta building. This does not involve any material risks.

#### [73] Financial guarantees and credit commitments

Following the disposal of GVA GENO-Vermögens-Anlage Gesellschaft mbH, Frankfurt am Main, (GVA), in the 2011 financial year UMH AG issued guarantees to DZ BANK and WGZ BANK as security for loans extended by these banks to two closed-end investment funds marketed by GVA. Following the merger of DZ BANK and WGZ BANK on 29 July 2016, the full amount of the guarantee relates to DZ BANK.

As at 31 December 2021, the nominal amount of these guarantees was USD 30.0 million (previous year: USD 62.4 million) or EUR 26.5 million (previous year: EUR 50.8 million).

In July 2021, Union Investment Institutional GmbH contractually promised to grant R+V Pensionsversicherung a.G. an initial fund loan drawable in tranches in accordance with Section 178 of the German Insurance Supervision Act up to a maximum total of EUR 1.9 million. The last tranche can be drawn on 31 December 2045. The loan bears interest at a variable rate and has an interest rate cap and floor. As at the end of the reporting period, EUR 1.7 million had not yet been drawn.

#### [74] Number of employees

The following table gives a breakdown by category of the average number of employees in the financial year, calculated in accordance with Section 267 (5) HGB:

	2021 Number	2020 Number	Change Number
<b>Female employees</b>	<b>1,864</b>	<b>1,525</b>	<b>339</b>
of which full-time employees	1,143	889	254
of which part-time employees	721	636	85
<b>Male employees</b>	<b>2,200</b>	<b>1,905</b>	<b>295</b>
of which full-time employees	2,063	1,770	293
of which part-time employees	137	135	2
<b>Total employees</b>	<b>4,064</b>	<b>3,430</b>	<b>634</b>
<b>For information only:</b>			
Female trainees	66	49	17
Male trainees	91	90	1
<b>Total trainees</b>	<b>157</b>	<b>139</b>	<b>18</b>

**[75] Auditor fees**

The following table shows the breakdown of auditor fees by type of service:

	2021 EUR thousand	2020 EUR thousand	Change EUR thousand
Audits of financial statements	669	752	-83
Other assurance services	194	90	104
Tax consultancy services	–	422	-422
Other services	210	61	149
<b>Total</b>	<b>1,073</b>	<b>1,325</b>	<b>-252</b>

Auditor fees comprise expenses relating to the audit of the consolidated financial statements and group management report of UMH AG, the statutory audit of the annual financial statements and management report of UMH AG, and the audit of the separate financial statements, management reports and consolidation packages of subsidiaries and funds included in the consolidated financial statements for which an audit is required. This category also includes the fees for the auditor's review of the condensed interim consolidated financial statements packages during the year. The fees charged for other assurance services essentially included fees for the audit performed in accordance with Section 89 of the German Securities Trading Act (WpHG) and other assurance and audit-related services. The fees for other services mainly resulted from consulting services.

**[76] Events after the end of the reporting period**

In February 2022, the conflict between Russia and Ukraine intensified. The escalation resulted in economic sanctions and corresponding counter-reactions with negative consequences for the global economy. There are no effects on these consolidated financial statements.

**[77] Related party disclosures**

As at the end of the reporting period, DZ BANK directly held 72.33% of the share capital of UMH AG (previous year: 72.32%). In accordance with IFRS 10, UMH AG is therefore controlled by DZ BANK and thus DZ BANK is a related party of the UMH Group. The other companies included in the DZ BANK consolidated group, unconsolidated subsidiaries, associates and joint ventures of DZ BANK continue to be related parties.

The list of shareholdings (note [68]) shows the related parties controlled by the UMH Group or over which the UMH Group can exercise a significant influence.

In the UMH Group, the following are related parties (individuals) as defined by IAS 24.9: the Board of Managing Directors and the Supervisory Board of DZ BANK, the Board of Managing Directors and the Supervisory Board of UMH AG, the heads of segments/divisions and further key management personnel in the UMH Group and their respective close family members.

UMH AG maintains extensive business relationships with the entities included in the consolidated financial statements as part of its normal business activities. The transactions within these relationships are conducted on an arm's-length basis.

UMH AG and other entities included in the consolidated financial statements enter into relationships with other related parties in their normal business activities. Such business is transacted on an arm's-length basis.

## Related party disclosures

Assets	31 Dec. 2021 EUR thousand	31 Dec. 2020 EUR thousand	Change EUR thousand
<b>Loans and advances to banks</b>	<b>1,108,429</b>	<b>483,514</b>	<b>624,915</b>
of which DZ BANK	776,048	467,107	308,941
of which entities also controlled by DZ BANK	332,327	16,360	315,967
of which joint ventures of DZ BANK	54	47	7
<b>Loans and advances to customers</b>	<b>1,135</b>	<b>669</b>	<b>466</b>
of which entities also controlled by DZ BANK	702	456	246
of which unconsolidated subsidiaries	93	99	-6
of which joint ventures of UMH AG	129	114	15
of which pension plans for employees	211	-	211
<b>Other assets</b>	<b>16,265</b>	<b>13,717</b>	<b>2,548</b>
of which entities also controlled by DZ BANK	1,242	1,214	28
of which unconsolidated subsidiaries	110	219	-109
of which pension plans for employees	14,913	12,284	2,629
<b>Right of use assets</b>	<b>217</b>	<b>580</b>	<b>-363</b>
of which DZ BANK	38	57	-19
of which unconsolidated subsidiaries	179	523	-344

Equity and liabilities	31 Dec. 2021 EUR thousand	31 Dec. 2020 EUR thousand	Change EUR thousand
<b>Liabilities to banks</b>	<b>549</b>	<b>46</b>	<b>503</b>
of which DZ BANK	506	5	501
of which entities also controlled by DZ BANK	43	41	2
<b>Liabilities to customers</b>	<b>29</b>	<b>23</b>	<b>6</b>
of which entities also controlled by DZ BANK	18	20	-2
of which associates of UMH AG	11	3	8
<b>Other liabilities</b>	<b>176,319</b>	<b>147,359</b>	<b>28,960</b>
of which DZ BANK	118,989	90,996	27,993
of which entities also controlled by DZ BANK	53,997	51,627	2,370
of which joint ventures of DZ BANK	2,193	1,716	477
of which unconsolidated subsidiaries	271	2,071	-1,800
of which associates of UMH AG	304	235	69
of which joint ventures of UMH AG	541	695	-154
of which pension plans for employees	24	19	5
<b>Lease liabilities</b>	<b>210</b>	<b>577</b>	<b>-367</b>
of which DZ BANK	31	54	-23
of which unconsolidated subsidiaries	179	523	-344

Consolidated income statement	2021	2020	Change
	EUR thousand	EUR thousand	EUR thousand
<b>Interest income and current income</b>	<b>-2,352</b>	<b>-1,392</b>	<b>-960</b>
of which DZ BANK	-2,113	-1,198	-915
of which entities also controlled by DZ BANK	-239	-194	-45
<b>Interest expenses</b>	<b>-56</b>	<b>-76</b>	<b>20</b>
of which DZ BANK	-9	-1	-8
of which entities also controlled by DZ BANK	-46	-75	29
of which unconsolidated subsidiaries	-1	0	-1
<b>Fee and commission income</b>	<b>-101,682</b>	<b>-79,506</b>	<b>-22,176</b>
of which DZ BANK	-91,210	-72,516	-18,694
of which entities also controlled by DZ BANK	-9,725	-6,775	-2,950
of which joint ventures of DZ BANK	-1,261	-762	-499
of which unconsolidated subsidiaries	0	86	-86
of which joint ventures of UMH AG	514	461	53
<b>Fee and commission expenses</b>	<b>-105,821</b>	<b>-91,866</b>	<b>-13,955</b>
of which DZ BANK	-56,125	-47,491	-8,634
of which entities also controlled by DZ BANK	-45,744	-40,854	-4,890
of which associates of UMH AG	-1,067	-995	-72
of which joint ventures of UMH AG	-2,850	-2,526	-324
of which pension plans for employees	-35	-	-35
<b>Administrative expenses</b>	<b>-10,488</b>	<b>-6,158</b>	<b>-4,330</b>
of which DZ BANK	-3,936	-2,321	-1,615
of which entities also controlled by DZ BANK	-4,917	-2,419	-2,498
of which joint ventures of DZ BANK	-163	-58	-105
of which unconsolidated subsidiaries	-1,339	-1,251	-88
of which associates of UMH AG	-129	-109	-20
of which pension plans for employees	-4	-	-4

Consolidated income statement	2021	2020	Change
	EUR thousand	EUR thousand	EUR thousand
<b>Other operating result</b>	<b>4,322</b>	<b>2,626</b>	<b>1,696</b>
of which DZ BANK	224	373	-149
of which entities also controlled by DZ BANK	2,780	1,643	1,137
of which joint ventures of DZ BANK	-59	12	-71
of which unconsolidated subsidiaries	1,377	598	779
of which pension plans for employees	0	-	0
<b>Other disclosures</b>	<b>31 Dec. 2021</b>	<b>31 Dec. 2020</b>	<b>Change</b>
	EUR thousand	EUR thousand	EUR thousand
<b>Financial guarantees</b>	<b>26,495</b>	<b>50,827</b>	<b>-24,332</b>
of which DZ BANK	26,495	50,827	-24,332
<b>Credit commitments</b>	<b>1,692</b>	<b>-</b>	<b>1,692</b>
of which pension plans for employees	1,692	-	1,692

Please see the information in note [73] regarding financial guarantees and credit commitments.

The fair value of the plan assets managed by the associate R+V Pensionsfonds Aktiengesellschaft, Wiesbaden, was EUR 27,140 thousand as at the end of the reporting period (previous year: EUR 24,493 thousand). Funding of EUR 313 thousand was provided in the financial year (previous year: EUR 286 thousand).

The "Other assets" item includes pension plans for the benefit of employees with a value of EUR 14,913 thousand (previous year: EUR 12,280 thousand). This includes the fair value of reimbursement claims against R+V Lebensversicherung AG, Wiesbaden, a company also controlled by DZ BANK, amounting to EUR 10,607 thousand (previous year: EUR 9,075 thousand). Funding of EUR 1,662 thousand was provided in the financial year (previous year: EUR 1,488 thousand).

### Remuneration paid to related parties

The UMH Group's key management personnel are deemed to comprise the Board of Managing Directors and the Supervisory Board of UMH AG, the heads of segments/divisions and other staff in key positions in the group.

There is a remuneration system comprising a basic salary (divided into twelve months) as well as short- and long-term variable remuneration components for members of the Board of Managing Directors and non-pay-scale employees who are not risk takers.

For key management personnel who are risk takers, the remuneration system likewise comprises a basic salary divided into twelve months. In addition to the basic salary, they also receive variable remuneration according to the "risk-taker model". The risk-taker model entails a multi-year assessment period and delayed payment of the variable remuneration over several years. The aim is to reduce the risk appetite of the risk takers by incorporating lengthy periods of assessment and payment into both the past and future.

The members of the Supervisory Board of UMH AG receive fixed, non-profit-based annual remuneration and compensation for travel expenses. The total remuneration comprises the basic remuneration and an attendance fee. The attendance fee depends on the number of meetings attended in the financial year and is therefore variable.

In accordance with IAS 19.151, disclosures are also made with regard to the post-employment benefits paid to these persons.

	2021 EUR thousand	2020 EUR thousand	Change EUR thousand
Short-term remuneration	12,560	11,774	786
Long-term remuneration	3,369	3,085	284
Contributions to defined contribution plans	46	45	1
Current service cost for defined benefit plans	3,030	2,579	451
<b>Total</b>	<b>19,005</b>	<b>17,483</b>	<b>1,522</b>

The members of the Supervisory Board received remuneration for the performance of their duties and other activities at subsidiaries of EUR 379 thousand in the financial year (previous year: EUR 380 thousand). The remuneration paid to the members of the Board of Managing Directors of UMH AG in the financial year amounted to EUR 5,456 thousand (previous year: EUR 5,467 thousand).

The total remuneration of former members of the Board of Managing Directors and their surviving dependants in accordance with Section 314 (1) no. 6b HGB amounted to EUR 909 thousand (previous year: EUR 905 thousand). There are defined benefit pension obligations for former members of the Board of Managing Directors and their surviving dependants of EUR 15,238 thousand (previous year: EUR 17,615 thousand).

### [78] Board of Managing Directors of Union Asset Management Holding AG

Name	Professional capacity
Hans Joachim Reinke	Chief Executive Officer
Sonja Albers	Member of the Board of Managing Directors (since 1 March 2022)
André Haagmann	Member of the Board of Managing Directors (since 1 March 2022)
Alexander Lichtenberg	Member of the Board of Managing Directors
Alexander Schindler	Member of the Board of Managing Directors (until 31 March 2022)
Jens Wilhelm	Member of the Board of Managing Directors

**[79] Supervisory Board of Union Asset Management Holding AG**

Name and title	Professional capacity
<a href="#">Dr Cornelius Riese</a> Chairman <sup>1</sup>	Co-Chief Executive Officer, DZ BANK AG Deutsche Zentral-Genossenschaftsbank, Frankfurt am Main
<a href="#">Rainer Schaidnagel</a> Deputy Chairman <sup>1</sup> (until 17 May 2021)	Chief Executive Officer, Raiffeisenbank Kempten-Oberallgäu eG, Kempten
<a href="#">Thorsten Bartsch</a> Employee representative	Group manager, editorial and training management, Union Investment Privatfonds GmbH, Frankfurt am Main
<a href="#">Ulrike Brouzi</a> Member <sup>1</sup>	Member of the Board of Managing Directors, DZ BANK AG Deutsche Zentral-Genossenschaftsbank, Frankfurt am Main
<a href="#">Dr Matthias Hildner</a> Member	Chief Executive Officer, Wiesbadener Volksbank eG, Wiesbaden
<a href="#">Marija Kolak</a> Member	President, Bundesverband der Deutschen Volksbanken und Raiffeisenbanken e.V. (BVR), Berlin
<a href="#">David Milleker</a> Employee representative <sup>1</sup>	Works Council, Union Asset Management Holding AG, Frankfurt am Main
<a href="#">Prof. Dr Wolfgang Müller</a> Member	Chief Executive Officer, BBBank eG, Karlsruhe
<a href="#">Wolfgang Nett</a> Employee representative	Sales director, Union Investment Privatfonds GmbH, Frankfurt am Main
<a href="#">Jörn Nordenholz</a> Member	Chief Executive Officer, Volksbank Niedersachsen-Mitte eG, Hoya
<a href="#">Heike Orth</a> Employee representative	Senior Manager Sales Support, Union Investment Institutional GmbH, Frankfurt am Main
<a href="#">Dr Norbert Rollinger</a> Member	Chief Executive Officer, R+V Versicherung AG, Wiesbaden
<a href="#">Stefan Schindler</a> Member	Chief Executive Officer, Sparda-Bank Nürnberg eG, Nuremberg
<a href="#">Georg Schneider</a> Member (since 17 May 2021)	Chief Executive Officer, VR-Bank Handels- und Gewerbebank eG, Gersthofen
<a href="#">Andreas Theis</a> Deputy Chairman <sup>1</sup> (since 17 May 2021) Member (until 17 May 2021)	Member of the Board of Managing Directors, Volksbank Eifel eG, Bitburg
<a href="#">Claudia Vives Carrasco</a> Employee representative	Real estate manager, Union Investment Real Estate GmbH, Hamburg

<sup>1</sup> Also a member of the Executive Committee of the Supervisory Board.**[80] Supervisory mandates held by members of the Board of Managing Directors and employees**

As at 31 December 2021, members of the Board of Managing Directors and employees also held mandates on the statutory supervisory bodies of major corporations. Companies included in the consolidated financial statements are indicated with an asterisk (\*).

**Mandates held by members of the Board of Managing Directors of Union Asset Management Holding AG:**

Name	Position(s)
<a href="#">Hans Joachim Reinke</a>	Union Investment Institutional GmbH, Frankfurt am Main (*) Deputy Chairman of the Supervisory Board Union Investment Privatfonds GmbH, Frankfurt am Main (*) Chairman of the Supervisory Board Union Investment Real Estate GmbH, Hamburg (*) Deputy Chairman of the Supervisory Board
<a href="#">Alexander Lichtenberg</a>	Union Investment Service Bank AG, Frankfurt am Main (*) Chairman of the Supervisory Board
<a href="#">Alexander Schindler</a>	Union Investment Institutional GmbH, Frankfurt am Main (*) Chairman of the Supervisory Board Union Investment Institutional Property GmbH, Hamburg (*) Deputy Chairman of the Supervisory Board Quoniam Asset Management GmbH, Frankfurt am Main (*) Chairman of the Supervisory Board
<a href="#">Jens Wilhelm</a>	Union Investment Institutional Property GmbH, Hamburg (*) Chairman of the Supervisory Board Union Investment Privatfonds GmbH, Frankfurt am Main (*) Deputy Chairman of the Supervisory Board Union Investment Real Estate GmbH, Hamburg (*) Chairman of the Supervisory Board Union Investment Service Bank AG, Frankfurt am Main (*) Deputy Chairman of the Supervisory Board (until 11 February 2021)

## Mandates held by employees of Union Asset Management Holding AG:

Name	Position(s)
Sonja Albers	Union Investment Service Bank AG, Frankfurt am Main (*) Deputy Chairwoman of the Supervisory Board (since 11 February 2021) Member of the Supervisory Board (until 11 February 2021)
Dr Carsten Fischer	Union Investment Luxembourg S.A., Luxembourg (*) Member of the Supervisory Board
Dr Daniel Günnewig	Union Investment Service Bank AG, Frankfurt am Main (*) Member of the Supervisory Board (since 11 February 2021)
Dr Gunter Hauelsen	Union Investment Luxembourg S.A., Luxembourg (*) Chairman of the Supervisory Board

## Mandates held by members of management boards/senior management and employees:

Name	Position(s)
Dr Michael Bütter Chief Executive Officer (Union Investment Real Estate GmbH)	ADLER Group S.A., Luxembourg Independent member of the Board of Directors
Giovanni Gay Member of management (Union Investment Privatfonds GmbH)	Attrax Financial Services S.A., Luxembourg (*) Deputy Chairman of the Board of Directors (since 1 April 2021) Member of the Board of Directors (since 1 January 2021)
André Haagmann Member of management (Union Investment Institutional GmbH)	Quoniam Asset Management GmbH, Frankfurt am Main (*) Deputy Chairman of the Supervisory Board
Dr Bernd Ital Member of management (ZBI GmbH)	ZBI Fondsmangement GmbH, Erlangen (*) Member of the Supervisory Board
Rainer Kobusch Member of the Board of Managing Directors (Union Investment Service Bank AG)	Attrax Financial Services S.A., Luxembourg (*) Chairman of the Board of Directors (since 1 January 2021)
Jörg Kotzenbauer Chief Executive Officer (ZBI GmbH)	ZBI Fondsmangement GmbH, Erlangen (*) Chairman of the Supervisory Board

Irene Lehrbach-Appenheimer Member of management (Union IT-Services GmbH)	Attrax Financial Services S.A., Luxembourg (*) Member of the Board of Directors (since 1 January 2021)
Klaus Riestler Member of management (Union Investment Privatfonds GmbH)	Attrax Financial Services S.A., Luxembourg (*) Member of the Board of Directors (since 1 January 2021)
Jörn Stobbe Member of management (Union Investment Institutional Property GmbH, until 28 February 2021)	1. FC Köln GmbH & Co. KGaA, Cologne Chairman of the Supervisory Board (until 30 June 2021)
Member of management (Union Investment Real Estate GmbH, until 30 June 2021)	

**[81] Miscellaneous other disclosures**

The Board of Managing Directors signed these consolidated financial statements on 10 March 2022 and approved them for submission to the Supervisory Board. It is the responsibility of the Supervisory Board to review the consolidated financial statements and then to declare whether the consolidated financial statements are approved.

Frankfurt am Main, 10 March 2022

**Union Asset Management Holding AG**

Hans Joachim Reinke  
Chief Executive Officer



Sonja Albers  
Member of the Board  
of Managing Directors



André Haagmann  
Member of the Board  
of Managing Directors



Alexander Lichtenberg  
Member of the Board  
of Managing Directors



Alexander Schindler  
Member of the Board  
of Managing Directors



Jens Wilhelm  
Member of the Board  
of Managing Directors

# Independent auditor's report

## To Union Asset Management Holding AG, Frankfurt am Main

### Audit opinions

We have audited the consolidated financial statements of Union Asset Management Holding AG, Frankfurt am Main, and its subsidiaries (the group), comprising the consolidated statement of financial position as at 31 December 2021, the consolidated income statement, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the financial year from 1 January to 31 December 2021, and the notes, including a summary of significant accounting policies. In addition, we audited Union Asset Management Holding AG's group management report for the financial year from 1 January to 31 December 2021. In line with the requirements of German law, we have not audited the content of the corporate governance declaration in accordance with Section 289f (4) of the German Commercial Code (HGB) (disclosures on the proportion of women).

In our opinion, based on the findings of our audit,

- the attached consolidated financial statements comply in all material respects with IFRSs, as adopted by the EU, and the additional requirements of German law pursuant to Section 315e (1) HGB and, in accordance with these requirements, give a true and fair view of the group's net assets and financial position as at 31 December 2021, and of its results of operations for the financial year from 1 January to 31 December 2021, and
- the attached group management report as a whole presents an accurate view of the group's position. The group management report is consistent with the consolidated financial statements, complies with German legal regulations and suitably presents the opportunities and risks of future development. Our audit opinion on the group management report does not extend to the content of the above-mentioned corporate governance declaration.

Pursuant to Section 322 (3) Sentence 1 HGB, we state that our audit has not led to any reservations with regard to the 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 German generally accepted standards for the audit of financial statements promulgated by the Institute of Public Auditors in Germany (IDW). Our responsibility according to these regulations and standards is described in further detail in the "Responsibility of the auditor for the audit of the consolidated financial statements and the group management report" section of our auditor's report. We are independent of the consolidated companies in compliance with the provisions of German commercial law and professional law and have fulfilled our other German professional obligations in compliance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions regarding the consolidated financial statements and the group management report.

### Other information

The legal representatives are responsible for the other information. Other information includes the corporate governance declaration according to Section 289f (4) of the German Commercial Code (HGB) relating to the proportion of women, which we obtained before the date of this auditor's report, as a part of the group management report whose contents are not audited.

Our audit opinions regarding the consolidated financial statements and the group management report do not extend to the other information, and accordingly we provide neither an audit opinion nor any other form of audit conclusion in this regard.

As part of our audit, we have a responsibility to read the above-mentioned other information and to evaluate whether it

- exhibits material discrepancies with the consolidated financial statements, with the audited content of the disclosures in the group management report or with the knowledge we have obtained during our audit, or
- otherwise seems significantly incorrect.

### Responsibility of the legal representatives and the Supervisory Board for the consolidated financial statements and the group management report

The legal representatives are responsible for preparing the consolidated financial statements, which in all material respects comply with IFRSs, as adopted by the EU, and the additional requirements of German law pursuant to Section 315e (1) HGB, and for the consolidated financial statements giving a true and fair view of the net assets, financial position and results of operations of the group in accordance with these requirements. Furthermore, the legal representatives are responsible for the internal controls that they deemed necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

When preparing the consolidated financial statements, the legal representatives are responsible for assessing the group's status as a going concern. In addition, they have a responsibility to disclose matters related to the status as a going concern, if relevant. They are also responsible for accounting on the basis of the going concern principle, unless they intend to liquidate the group or discontinue its business operations, or there is no realistic alternative.

Moreover, the legal representatives are responsible for preparing the group management report, which as a whole provides an accurate view of the group's position and is consistent with the consolidated financial statements in all material respects, complies with German legal regulations and suitably presents the opportunities and risks of future development. The legal representatives are also responsible for the arrangements and measures (systems) that they considered necessary to enable the preparation of a group management report in compliance with applicable German legal regulations and to allow sufficient, suitable evidence to be provided for the statements in the group management report.

The Supervisory Board is responsible for monitoring the group's accounting process for the preparation of the consolidated financial statements and the group management report.

### Responsibility of the auditor for the audit of the consolidated financial statements and the group management report

Our objective is to obtain reasonable assurance as to whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the group management report as a whole provides an accurate view of the group's position and is in all material respects consistent with the consolidated financial statements and with the findings of the audit, complies with German legal regulations and suitably presents the opportunities and risks of future development, and to issue an auditor's report containing our audit opinions regarding the consolidated financial statements and the group management report.

Reasonable assurance is a high level of assurance but not a guarantee that an audit carried out in compliance with Section 317 HGB and German generally accepted standards for the audit of financial statements promulgated by the IDW will always uncover a material misstatement. Misstatements can result from transgressions or inaccuracies and are deemed material if it could be reasonably expected that they would individually or together influence the financial decisions made by users on the basis of the consolidated financial statements and group management report.

We exercise due discretion during the audit and maintain a critical attitude. In addition,

- we identify and evaluate the risk of material misstatements, whether due to fraud or error, in the consolidated financial statements and the group management report, plan and implement audit procedures in response to these risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinions. The risk that material misstatements are not uncovered is higher in the case of transgressions than in the case of inaccuracies, as transgressions can entail fraudulent collaboration, falsifications, deliberate omissions, misleading depictions or the suspension of internal controls.
- we gain an understanding of the internal control system relevant for the audit of the consolidated financial statements and of the arrangements and measures relevant for the audit of the group management report in order to plan audit procedures that are appropriate given the circumstances but not with the aim of providing an audit opinion regarding the effectiveness of these systems.
- we evaluate the appropriateness of the accounting policies used by the legal representatives and the reasonableness of the estimated values presented by the legal representatives and the associated disclosures.

- we draw conclusions about the appropriateness of the going concern principle applied by the legal representatives and, on the basis of the audit evidence obtained, whether there is material uncertainty regarding events or circumstances that could cause significant doubt about the group's ability to continue as a going concern. If we come to the conclusion that there is material uncertainty, we are obliged to call attention to the associated disclosures in the consolidated financial statements and in the group management report in the auditor's report or, if these disclosures are inappropriate, to modify our respective audit opinion. We draw our conclusions on the basis of the audit evidence obtained up to the date of our auditor's report. However, future events or circumstances may mean that the group is no longer a going concern.
- we evaluate the overall presentation, the structure and the content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events such that the consolidated financial statements give a true and fair view of the net assets, financial position and results of operations of the group in accordance with IFRSs, as adopted by the EU, and the additional requirements of German law pursuant to Section 315a (1) HGB.
- we obtain sufficient appropriate audit evidence for the company's accounting information or business activities within the group in order to provide audit opinions regarding the consolidated financial statements and the group management report. We are responsible for directing, monitoring and implementing the audit of the consolidated financial statements. We bear sole responsibility for our audit opinions.
- we evaluate the consistency of the group management report with the consolidated financial statements, its legality and the view it gives of the position of the group.
- we conduct audit procedures regarding the forward-looking disclosures made by the legal representatives in the group management report. On the basis of sufficient appropriate audit evidence, we examine the significant assumptions underlying the legal representatives' forward-looking disclosures in particular and evaluate the appropriateness of the derivation of the forward-looking disclosures from these assumptions. We do not provide a separate audit opinion regarding the forward-looking disclosures or the underlying assumptions. There is a considerable, unavoidable risk that future events will differ significantly from the forward-looking disclosures.

Topics for discussion with those responsible for monitoring include the planned scope and scheduling of the audit as well as significant audit findings, including any deficiencies in the internal control system that we find during our audit.

Frankfurt am Main, 11 March 2022

**PricewaterhouseCoopers GmbH**  
**Wirtschaftsprüfungsgesellschaft**



Stefan Peetz  
Public auditor



ppa. Dinko Grgat  
Public auditor

# Shareholders and executive bodies of Union Asset Management Holding AG

## Shareholders

DZ BANK AG Deutsche Zentral-Genossenschaftsbank, Frankfurt am Main	72.33 %
VR GbR Frankfurt am Main	24.25 %
Local cooperative banks including holding companies of the primary banks, trade associations and special-purpose entities of Germany's Genossenschaftliche Finanz-Gruppe and other entities	3.42 %

As at: 10 March 2022

## Board of Managing Directors of Union Asset Management Holding AG

Name	Professional capacity
Hans Joachim Reinke	Chief Executive Officer
Sonja Albers	Member of the Board of Managing Directors (since 1 March 2022)
André Haagmann	Member of the Board of Managing Directors (since 1 March 2022)
Alexander Lichtenberg	Member of the Board of Managing Directors
Alexander Schindler	Member of the Board of Managing Directors (until 31 March 2022)
Jens Wilhelm	Member of the Board of Managing Directors

## Supervisory Board of Union Asset Management Holding AG

Name and title	Professional capacity
Dr Cornelius Riese Chief Executive Officer <sup>1</sup>	Co-Chief Executive Officer, DZ BANK AG Deutsche Zentral-Genossenschaftsbank, Frankfurt am Main
Rainer Schaidnagel Deputy Chairman <sup>1</sup> (until 17 May 2021)	Chief Executive Officer, Raiffeisenbank Kempten-Oberallgäu eG, Kempten
Judith Bender Employee representative (since 1 April 2022)	Works Council, Union Asset Management Holding AG
Thorsten Bartsch Employee representative	Group manager, editorial and training management, Union Investment Privatfonds GmbH, Frankfurt am Main
Ulrike Brouzi Member <sup>1</sup>	Member of the Board of Managing Directors, DZ BANK AG Deutsche Zentral-Genossenschaftsbank, Frankfurt am Main
Dr Matthias Hildner Member	Chief Executive Officer, Wiesbadener Volksbank eG, Wiesbaden
Marija Kolak Member	President, Bundesverband der Deutschen Volksbanken und Raiffeisenbanken e.V. (BVR), Berlin
David Milleker Employee representative <sup>1</sup>	Works Council, Union Asset Management Holding AG, Frankfurt am Main
Prof. Dr Wolfgang Müller Member	Chief Executive Officer, BBBank eG, Karlsruhe
Wolfgang Nett Employee representative	Sales director, Union Investment Privatfonds GmbH, Frankfurt am Main
Jörn Nordenholz Member	Chief Executive Officer, Volksbank Niedersachsen-Mitte eG, Hoya
Heike Orth Employee representative (until 31 March 2022)	Senior Manager, Admin Service Institutional Clients Union Investment Institutional GmbH, Frankfurt am Main
Dr Norbert Rollinger Member	Chief Executive Officer, R+V Versicherung AG, Wiesbaden
Stefan Schindler Member	Chief Executive Officer, Sparda-Bank Nürnberg eG, Nürnberg
Georg Schneider Member (since 17 May 2021)	Chief Executive Officer VR-Bank Handels- und Gewerbebank eG, Gersthofen
Andreas Theis Deputy Chairman <sup>1</sup> (since 17 May 2021) Member (until 17 May 2021)	Member of the Board of Managing Directors, Volksbank Eifel eG, Bitburg
Claudia Vives Carrasco Employee representative	Real estate manager, Union Investment Real Estate GmbH, Hamburg

As at: 1 April 2022

<sup>1</sup> Also a member of the Executive Committee of the Supervisory Board.

## Advisory Board

Matthias Berkessel	Member of the Board of Managing Directors Volksbank Rhein-Lahn-Limburg eG	Ralf Kölbach	Member of the Board of Managing Directors Westerwald Bank eG
Thomas Bierfreund	Member of the Board of Managing Directors VR Bank Tübingen eG	Klaus Königs	Deputy Speaker of the Board of Managing Directors VR Bank Lahn-Dill eG
Frank Manfred Bonin	Chairman of the Board of Managing Directors Volksbank eG Südheide - Isenhagener Land - Altmark	René Königshausen	Chairman of the Board of Managing Directors PSD Bank West eG
Ulf Brothuhn	Chairman of the Managing Board of Directors Bremische Volksbank eG	Frank Kraaz	Member of the Board of Managing Directors VR-Bank Ludwigsburg eG
Dirk Dejewski	Member of the Board of Managing Directors VR Bank zwischen den Meeren eG	Martin Laubisch	Deputy Chairman of the Board of Managing Directors Sparda-Bank Berlin eG
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