

# ***2018 Annual Report.*** Credit Life AG



***Together.***  
***More Successful.***

## Credit Life AG at a glance

|  |           | 2018     | 2017     |
|--|-----------|----------|----------|
| Portfolio in terms of the total insured amount | million € | 37 352.1 | 29 905.8 |
| Insurance policies                             | Number    | 730 051  | 648 180  |
| Total gross premiums                           | million € | 142.9    | 133.8    |
| Benefits paid                                  | million € | 89.7     | 78.1     |
| Investments                                    | million € | 246.0    | 224.5    |
| Investment income                              | million € | 4.2      | 4.6      |
| Net interest                                   | %         | 1.6      | 1.7      |
| Floating interest                              | %         | 1.9      | 2.3      |
| Management expense ratio                       | %         | 3.3      | 2.5      |
| Acquisition cost ratio                         | %         | 12.9     | 12.6     |
| Cancellation rate                              | %         | 7.3      | 3.6      |

# Annual Report for the Year 2018

Credit Life AG

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Minor rounding differences may arise in this report in totals and in calculating percentages.

# ***Supervisory Board and Executive Board.***

## **Supervisory Board**

### **Wilhelm Ferdinand Thywissen**

Commercial agent  
Managing Director of C. Thywissen VV GbR  
Neuss  
Chairman

### **Dr. Ludwig Baum**

Commercial agent  
Managing Director of Portfolio Management  
Cornel Werhahn GbR  
Munich  
Deputy Chairman

### **Andreas Daners**

Chairman of the Staff Council of RheinLand Versicherungs AG  
Jüchen  
(since 23 October 2018)

### **Jürgen Stark**

Business IT Professional  
Brühl

## **Executive Board**

### **Lutz Bittermann**

Graduated mathematician  
Korschenbroich  
(as at 1 January 2018)

### **Christoph Buchbender**

Certified Insurance Agent  
Neuss

### **Dr. Lothar Horbach**

Professional Auditor and Tax Advisor  
Cologne

### **Udo Klanten**

Commercial Banking Agent  
, Commercial Agent  
Bonn

### **Andreas Schwarz**

Fully-authorized attorney  
Neuss

# *Supervisory Board Report.*

In 2018, on the basis of written and verbal reports provided by the Executive Board in nine sessions, the Supervisory Board gained in-depth information on the status and growth of the company, business performance and fundamental questions concerning company policy. In doing so, it conferred with the Executive Board on the strategic orientation of the company and group, the planning of measures for 2018 and 2019, as well as all essential business findings and projects. Transactions requiring approval by law and company statute were discussed at length with the Executive Board.

New sales cooperation agreements and the strategies and concepts of Bank and Cooperation Sales were discussed in detail with the Executive Board. The Executive Board has informed the Supervisory Board about the achievement of the objectives for the current financial year and medium-term planning. Moreover, the discussions focused on the following: securing the risk-bearing capability, ensuring sufficient liquidity, the capitalisation of the company, measures to reduce costs, regulatory measures and consumer protection, digitalisation of the Group, as well as the rating by ASSEKURATA.

The Supervisory Board has gained an assurance of the application of the existing risk management system and devoted close attention to this management and monitoring system. The Executive Board regularly informed the Supervisory Board both in writing and verbally concerning the risk situation of the company. The risk reporting was covered in the supervisory board meetings. Furthermore, the audit findings of the internal auditing department were discussed. The Executive Board also provided a report to the Supervisory Board about compliance-related topics and about the compliance organisation and processes. In addition, the Supervisory Board was informed once each in meetings by the respective managers responsible for risk management, internal auditing and compliance. Moreover, the Supervisory Board was informed by the responsible parties on the topics of data protection and IT security.

The responsible actuary provided a report on his work at the meeting of the Supervisory Board to approve the annual financial statements and was available to the Supervisory Board for information.

In individual talks outside the Supervisory Board meetings, the Supervisory Board Chairman discussed questions concerning business policy, strategic objectives, as well as organisation and individual transactions.

At the December meeting, the Supervisory Board again reviewed its work methodologies and the efficiency of its activities. The quantity and quality of materials, the number of meetings, the preparation time, along with the substantive organisation and transparency of the Supervisory Board meetings met the complete approval Supervisory Board of all members. In 2018, the Supervisory Board again underwent further training. The main topics here were: Reinsurance and underwriting in the case of Italy and questions in the area of bank and cooperation sales.

There is no separate remuneration by the company for the members of the Executive Board, Mr Christoph Buchbender, Dr. Lothar Horbach, Mr Udo Klanten and Mr Andreas Schwarz, as this is provided by the parent company, RheinLand Holding AG. The remuneration provided by Rheinland Holding AG is allocated according to an existing agreement between the companies of RheinLand Versicherungsgruppe following the cost-by-cause principle and thus proportionately to the company. The member of the Executive Board, Mr Lutz Bittermann, receives his remuneration directly from the company.

In accordance with statutory rules, the annual financial statements of 2018 and the Management Report were audited and issued an unqualified auditor's opinion by the appointed statutory auditor PriceWaterhouseCoopers GmbH, Wirtschaftsprüfungsgesellschaft, Frankfurt, Düsseldorf branch office. The statutory auditor was present during the discussion of the annual financial statements and Management Report. He reported on the performance of the audit and was available to provide additional information.

The Supervisory Board examined the annual financial statements and the Management Report. Following the completion of its examination, it had no objections and consented to the annual financial statements and the Management Report for the 2018 financial year of Credit Life AG. The presented 2018 annual financial statements are thereby approved.

Effective 1 January 2018, Lutz Bittermann was appointed to the Credit Life AG Executive Board.

The Supervisory Board thanks the Executive Board and all employees of the RheinLand Versicherungsgruppe for their hard work and dedication in the reporting year.

Neuss, 9 April 2019

The Supervisory Board

Wilhelm Ferdinand Thywissen  
Chairman

# Management Report.

## Companies

### Credit Life AG

Existing in its current form since 2013, Credit Life AG is part of RheinLand Versicherungsgruppe. Credit Life AG is a risk carrier essentially for business transacted via bank and cooperation sales as well as through the field sales staff of RheinLand Versicherungs AG in the area of life insurance. The company's legal domicile is Neuss, Germany.

Credit Life AG has maintained a branch office in Amsterdam since 2014 and a branch office in Milan since 2017.

### Business model

The internationally positioned bank and cooperation sales organisation, which operates under the Credit Life brand name, offers individually designed insurance solutions in the areas of payment protection insurance and term life insurance. The distribution partners are leading companies from the financial and insurance sector, as well as regional offices and branch offices of RheinLand Versicherungs AG.

### Relationships to Affiliated Companies

In the reporting year, Credit Life AG, Neuss, was merged with RheinLand Holding AG, Neuss, and its subsidiaries. With regard to these companies, positions in both the Supervisory Board and the Executive Board are mainly held concurrently.

There is a control and profit transfer agreement with RheinLand Holding AG.

Within the scope of an outsourcing agreement, RheinLand Versicherungs AG, Neuss, carries out technical and commercial management of the insurance portfolio, asset management and investment, as well as general administration, for Credit Life AG, Neuss.

### Memberships

The following memberships exist, among others:

- German Insurance Association, Berlin
- German Actuarial Society, Cologne
- Insurance Ombudsman, Berlin
- Banking association, Berlin

## Legal framework conditions

In the 2018 financial year, there were a number of legal changes for the insurance industry, major decisions by the highest courts and important announcements by the Federal Financial Supervisory Authority (BaFin). These include in particular:

- two rulings of the Federal Court of Justice of 21 February 2018 on the statute of limitations of the claim based on unjust enrichment after declaration of objection pursuant to Section 5a Insurance Contract Act previous version (policy model) and right of revocation after declaration of withdrawal according to Section 8 Insurance Contract Act old version.
- the entry into force on 23 February 2018 of Act on the implementation of Directive EU 2016/97 Insurance Distribution Directive (IDD)
- the Regulation on Information Obligations for Insurance Contracts (VVG-InfoV) of 6 March 2018
- the entry into force of the EU General Data Protection Regulation (GDPR) and the new version of the Federal Data Protection Act (BDSG) effective on 25 May 2018
- Circular 10/2018: Supervisory Requirements for IT in Insurance Undertakings (VAIT) of 2 July 2018
- the 5th Money Laundering Directive EU 2018/843 of 9 July 2018
- the Act for Implementation of a Civil Law Model Declaratory Action (Musterfeststellungsklage) of 12 July 2018
- die Regulation on Insurance Mediation (VersVermV) of 20 December 2018.

All legal amendments, decisions and announcements were reviewed in terms of need for action, and necessary adjustments were made.

With two rulings of 21 February 2018, of the Federal Court of Justice decided on the statute of limitations of the claim based on unjust enrichment after declaration of objection pursuant to Section 5a Insurance Contract Act previous version (policy model) and revocation after declaration of withdrawal according to Section 8 Insurance Contract Act old version. The rulings are significant against the backdrop of numerous legal disputes in connection with the former policy model. The Federal Court of Justice decided that in the case of omitted or incorrect legal instruction according to the policy model, the limitation period begins with the declaration of objection or withdrawal and any claims for reimbursement are therefore normally time-barred after three years.

The Act on the implementation of Directive EU 2016/97 Insurance Distribution Directive (IDD) was implemented in German law effective 23 February 2018. The implementation took place in particular through amendments to the Trade, Commerce and Industry Regulation Act, the Insurance Supervision Act and the German Insurance Contract Act. In the course of the year, concrete ordinances (Regulation on Information Obligations for Insurance Contracts (VVG), Regulation on Insurance Mediation (VersVermV)) went into force. All new legal requirements resulting from the Act Implementing the IDD Directive and the ordinances were duly implemented by the RheinLand Versicherungsgruppe within the scope of a project.

The legal requirements according to the General Data Protection Regulation and the (new) Federal Data Protection Act were implemented on schedule on 25 May 2018. The data protection management system was revised and restructured, above all taking into account the interests of the natural persons concerned (customers, prospects, employees, other third parties).

BaFin published a circular on 2 July 2018 concerning insurance supervisory requirements for IT, which takes into account the central importance of the use of information technology for insurance companies. The topics of the publication include IT strategy, IT governance, information risk management, information security management, user authorization management, IT projects, IT operations and spin-offs, and other IT-related services. By making various process adjustments, the specific understanding of the interpretation by the supervisory authorities was taken into account.

The 5th Money Laundering Directive went into force on 9 July 2018 and is to be implemented into national law by the member states by 10 January 2020. The Directive includes the following amendments: Stricter treatment of e-money, access to the transparency register is facilitated, duties of due diligence vis-à-vis business partners with a relationship to high-risk countries are newly defined; the offices whose holders are considered politically exposed persons and thus business partners for whom special care is required.

The Act for Implementation of a Civil Law Model Declaratory Action (Musterfeststellungsklage) went into force on 1 November 2018. The purpose of the model declaratory action is to enable certain consumer protection associations to clarify the conditions giving rise to a claim in favour of at least 50 consumers by way of the declaratory action. The decision of the court is binding both for the notified consumers and on the respondent companies.

## Business Performance and Profit Position

### Business Performance

Credit Life AG achieved gross premiums entered to the amount of € 142 919 K in the financial year (previous year: € 133 847 K). Single premiums accounted for € 81 268 K (previous year: € 79 561 K). Regular premiums of € 61 733 K (previous year: € 54 289 K) were recorded. Overall, gross premiums reached growth of 6.8 % (previous year: 27.5 %), single premiums 2.1 % (previous year: 33.5 %) and regular premiums increased by 13.7 % (previous year: 19.7 %). The net premiums earned amounted to € 93 711 K in the reporting year (previous year: €84 760 K).

This positive development was based, among other things, on the fact that we were able to reverse the trend of previous years with our German partners in a highly competitive market and to record significant growth impetus again with all product lines and in all business segments. A relationship has developed particularly well to a cooperative banking association, which has been relying on our expertise in hedging solutions for mortgage deals for some time and has now intensified its cooperation with us in the area of consumer credit. Cooperation with automobile credit banks also gained new momentum. In addition, we were able to attract increased attention with our range of additional credit card products and services and thus further expand this business segment. The momentum recorded in the domestic market was reflected in banking and cooperation sales activities at the international level. Although growth in the Dutch and Italian markets was somewhat more restrained than in previous years, we once again recorded significant increases in sales in both markets.

Of the gross surplus prior to direct credit and prior to transfer of profit in the amount of € 14 030 K, it was possible to allocate 23.5 % = € 3 300 K (previous year: 23.0 % = € 3 800 K) to the provision for premium refunding.

After tax expenditures of € 1 809 K incurred in the Netherlands, there was a net profit of € 3 097 K. This was completely transferred based on a profit transfer agreement concluded with RheinLand Holding AG in 2016. Taking into consideration the profits carried forward from the previous year, there is a net profit for the year in the amount of € 5 448 K. Growth exceeded our expectations. Due to the strong business expansion, combined with investments and the strengthening of net technical provisions, the profit transfer was below our expectations within the scope of our strategic planning.

In detail, we report the following:

### Portfolio development:

The total number of additional insurance policies comprised 268 734 contracts in the reporting year with an insured sum of €10 695 295 K. In terms of the number of policies, the insurance portfolio comprised 730 051 policies at the end of the year (previous year: 648 180).

The portfolio of direct life insurance policies as at 31 December 2018 includes 355 793 payment protection insurance contracts with an insured amount of € 3 496 857 K.

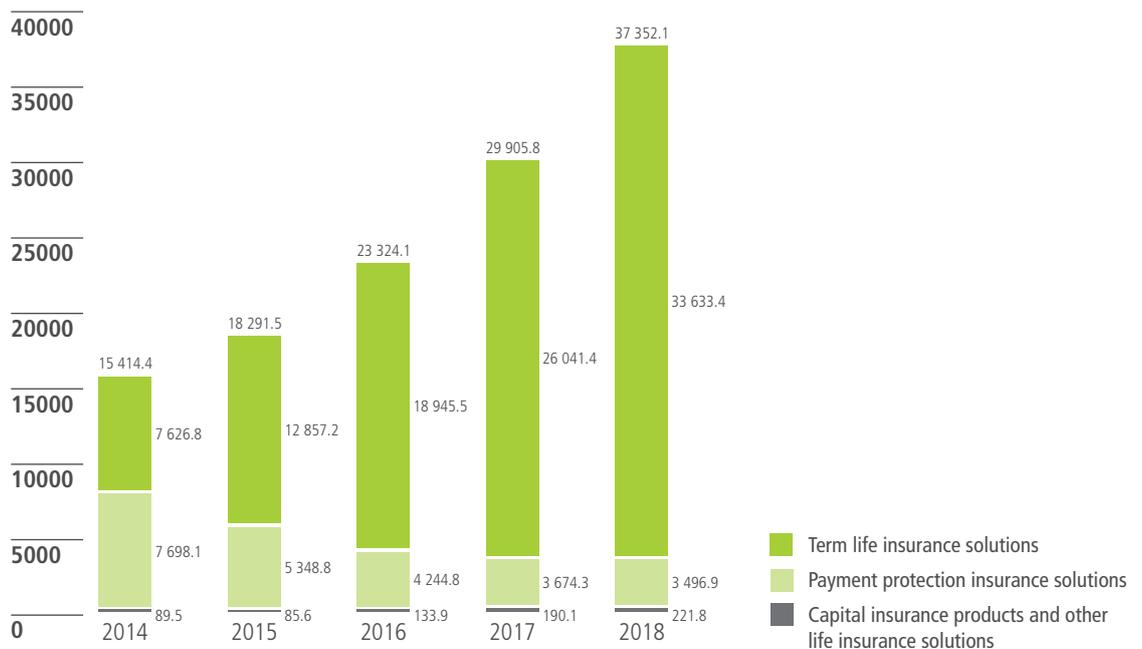
Due to death, expiry and other reasons for termination, the number of policies was reduced to 170 479 with an insured amount of € 2 186 243 K.

Measured in terms of current premiums, the cancellation rate was 7.3%.

The regular premium was able to be increased in the financial year from € 58 046 K to € 65 039 K.

The movement in the direct insurance portfolio is represented in the Appendix to the Management Report from page 84 of this report. On page 91, there is an overview of the insurance products managed according to the business plan.

Portfolio development according to the insured amount in € million (direct operations)



## Interest profit share

In the financial year of 2018, the policyholders' interest profit share was fixed at 2.25 % and remains unchanged for the 2019 financial year.

## Premium income

Without taking into account premiums resulting from the provision for premium refunds, premium income of €142 919 K was achieved from direct insurance operations compared to €133 847 K in the previous year. This corresponds to an increase of 6.8%. €84 925 K of the premium income (59.4 %) is attributable to payment protection insurance.

## Benefits paid

The benefits of a life insurance company represent not only the actual payments made to policyholders but also the increase in performance obligations that the company lists towards policyholders.

The benefits paid in the financial year amounted to €40 796 K. In addition, €48 855 K were essentially set aside as premium reserves. In total, benefits paid amounted to €89 650 K.

## Investments

Credit Life AG investments declined in the financial year by €21 496 K (9.6 %) to a total of €246 040 K (previous year: €224 544 K).

At 96.3%, the majority of the asset investments is invested in fixed-income investments.

Please refer to the Appendix to the notes from page 88 for the development of assets with details on the hidden reserves and burdens.

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### Composition of investments in %



## Earnings Performance

Current investment income amounts to € 4 184 K (previous year: € 4 245 K). Current investment costs are € 471 K (previous year: € 556 K). The extraordinary net investment income of Credit Life AG amounts to € 21 K (previous year: € 102 K).

The total net investment income is € 3 733 K (previous year: € 3 792 K).

As at 31 December 2018, the company had bank balances in the amount of € 8 623 K. The total portfolio of highly liquid investments amounted to € 74 848 K as at the balance sheet date. In the financial year, there was sufficient solvency of the company at all times. There are no indications of liquidity being jeopardised at any time in the future, thanks to premium income and capital investment earnings.

## Interest

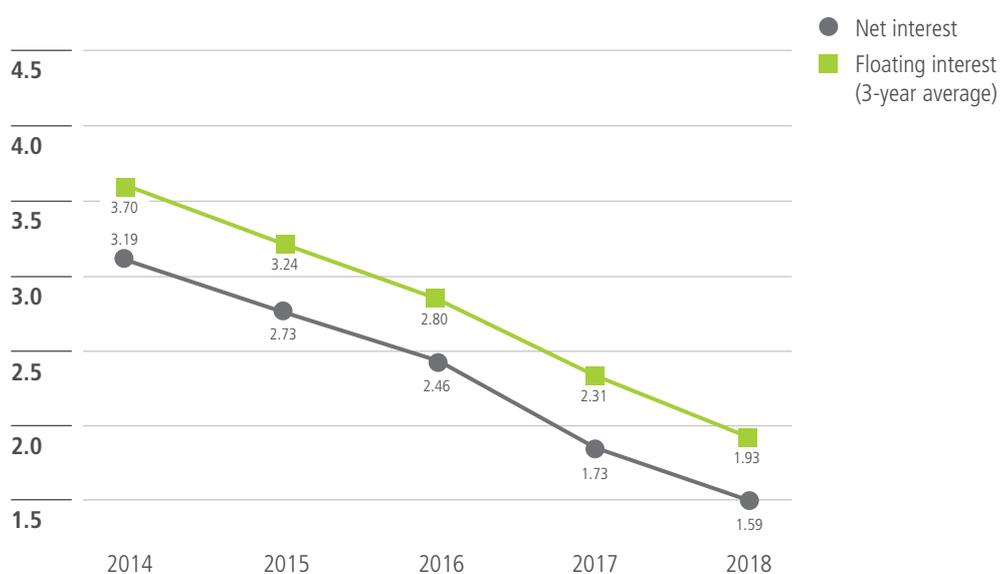
According to the formula recommended by the German Insurance Association, taking into consideration account extraordinary income and expenses, net interest is calculated based on the net investment result in proportion to the average investment portfolio. The resulting interest rate is 1.6% (previous year: 1.7%). The floating net interest of investments of the last three years (arithmetic mean of the net interest) reaches 1.9% (previous year: 2.3%). The average return on new investments for fixed-income securities, registered bonds and notes receivable increased by 0.3% to 1.1%.

## Equity

For information on the structure and development of the company's equity, please refer to the balance sheet item and our statements in the notes on page 39. There were no changes in the financial year compared with the previous year.

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Net interest and floating interest of investments in %



## **Costs**

In the reporting year, acquisition costs amounting to €41 979 K were spent. As a proportion to the premium amount of the new business, this amounted to 12.9% (previous year: 12.6 %).

In the reporting year, the administrative costs amounted to € 4 736 K. In relation to the premiums entered, these costs accounted for 3.3 % (previous year: 2.5 %).

## **Relevant sources of profit**

Life insurers carefully calculate the price for the insurance coverage. This is required in order to be able to meet the contractually agreed benefits at any time.

The profit which results from this careful calculation, efficient administration and a balanced savings investment in the capital market essentially accounts for the net income for the year of a life insurance company. This results in the policyholders' profit share.

Taking into account the direct credit, gross profit amounted to €14 030 K in the financial year compared to €16 531 K in the previous year.

An overview of the policyholders' profit share can be found from page 57.

## Risk report

Pursuant to section 91 (2) Joint Stock Company Act (AktG), joint stock companies are obliged to report on the risks of future development. In addition, Solvency II prescribes additional statutory requirements for the risk management of insurance companies. The fulfilment of these requirements was implemented uniformly throughout the Group.

The risk management documentation is reviewed on an annual basis and revised where necessary. In particular, this includes the risk strategy derived from the business strategy, the internal risk management guideline, the limit system and the handling and assessment of operational strategic and reputation risks. Furthermore, the internal management and control system in the respective areas is examined at least once a year and updated if required.

For Credit Life AG, the net technical risk, here the mortality and cancellation risk, is essential. There is a considerably smaller market and default risk. According to the individual risk categories, the following risk position arises for the:

### **Underwriting risk:**

Underwriting risk describes the risk, based on coincidence, error or change, the actual expense for claims and benefits, which deviates from the anticipated expense. In addition to mortality and longevity risks, it also includes cost, catastrophe and accumulation risks, as well as the cancellation risk.

The company has positioned itself in the market as a term life insurance specialist. The products actively promoted are term life insurance with no profit share, including payment protection term life insurance and term insurance policies with profit share entitlement, the profit share of which generally occurs as a premium set-off. Products for protection against work disability also belong to the portfolio. In addition to this, there is also a small closed portfolio of endowment life insurance and annuity insurance policies.

### **Term life insurance without profit share**

Term life insurance without profit share and payment protection term life insurance are offered through a series of large and medium-size cooperation partners to secure mortgages, car and consumer loans in Germany, the Netherlands and Italy. There are products with constant or declining benefits with a one-time premium or ongoing premium payment.

The technical risk is managed on the basis of actuarial tables in the relevant markets, as well as proprietary data and experience. Profitability models are analysed at least once annually for each individual cooperation partner by means of a standardised technical schema according to the underwriting year and balance sheet year. At the same time, the gross underwriting results of all major cooperation partners are compared several times a year with the corresponding budgeted figures. Especially for the Dutch and Italian market, so-called actuarial analyses are carried out several times annually, in which the occurrence of the actual number of claims is compared to the forecast number of claims according to the actuarial table applied. The results of this analysis are discussed in the management circle responsible for the operative business. Here, we differentiate according to the level of the discount rate or the remaining term, as experience has shown that these criteria have a significant influence on the cancellation behaviour of customers. This ensures that any unfavourable developments can be quickly detected, and countermeasures can be taken in a timely manner.

In order to additionally improve the certainty for the fast-growing business, a complete analysis was prepared in the year 2016 for the Dutch market, and in the year 2018 for the Italian market, with a competitive analysis, premium structure, premium levels and actuarial trends. The term life insurance business in the Netherlands and in Italy is also protected by high reinsurance participation. In the report of the actuarial function to the Executive Board of Credit Life AG in 2018, the special topics "term life in the Netherlands" and "payment protection insurance for term life in Italy" were also explicitly addressed.

### **Term life insurance with profit share**

The traditional term life insurance policies with profit share are offered in the German market. In this, the profit share is predominantly granted in the form of a premium deduction in advance. Due to the very long experience in the German insurance market, the risk of misjudgements is comparatively small. In addition, in case of undesirable developments, countermeasures could be taken on a short-term basis by adjusting the profit share.

As in previous years, there is also the possibility that the legal framework for the insurance business may change in the future. This could result in the underwriting risk of change being realised. A current example of this is the discussion in Germany about the introduction of a so-called commission cap with the aim of regulating incentive systems in sales.

## Market risk

Market risk refers to the risk resulting directly or indirectly from the sensitivities of assets, liabilities and financial instruments with respect to changes or the volatility of the interest curve or interest rates, share prices, credit spreads (via the risk-free interest curve) as well as the market prices of real estate properties. The market risk includes the exchange rate risk. It also includes concentration risks resulting from lack of diversification in the asset portfolio.

### Measures in a low-interest environment

All in all, the investment market environment for classic life insurance, with its long-term benefit guarantees, is an especially difficult capital market environment. Credit Life AG has made further provisions through the development of so-called additional interest reserves. The reference interest rate relevant to the calculation as at the cut-off date of 31 December 2018 dropped from 2.21% to 2.09%. The additional interest reserves were €4 720 K in the financial year (previous year: €4 419 K). In 2018, the rules defined in the Regulation on the Principles Underlying the Calculation of the Premium Reserve were amended so as to limit the annual change in the reference interest rate and thereby reduce or spread over a longer period of time the further need for allocations to the additional interest reserve that could result from further declines in the reference interest rates. Without this change, the relevant reference rate would have fallen to 1.88 %, which would have increased the additional interest reserve by 40.7 % instead of 6.8 % now.

In alignment with Section 3 Regulation on the Principles Underlying the Calculation of the Premium Reserve (DeckRV), for some time now, Credit Life AG has applied a technical interest rate of 0.0 % premium reserves from single premium business. This is well below the regular statutory maximum technical interest rate. The strong growth in insurance business of Credit Life AG is thus essentially uncoupled from the build-up of additional interest risks.

Due to the comparatively lower dependency upon interest growth, Credit Life AG requires none of the statutory transition rules according to Section 352 or Section 351 Insurance Supervision Act (VAG).

In the portfolio entitled to surplus participation, the interest rate risk of Credit Life AG was lowered by reducing the overall interest rate starting in 2018 from 2.5% to 2.25%, whereby the contractually agreed guaranteed rate was granted, however.

### Investments

The investments of Credit Life AG are cautiously conservative and geared to the requirements of their respective obligations. In order to manage investment risks, compliance with the risk capital budgets defined by risk management is analysed on a monthly basis.

A concentration of market risks is excluded as follows. As a rule, all investments attributable to one and the same debtor may not exceed 5.0% of the protection fund. For special assets or corporate funds, a concentration of investments with one portfolio manager should be prevented if they exceed more than 20.0% of the protection fund.

Investment risks are monitored by defined risk capital budgets, limits and threshold values. Its investments are primarily focused on European issuers with a high credit status (average rating of "A+").

The bond portfolio of Credit Life AG is as follows:

| Bond portfolio              | in € K  | as % of total |
|-----------------------------|---------|---------------|
| Total                       | 203 755 |               |
| of which ■ government bonds | 7 805   | 3.8           |
| ■ bank exposure             | 188 981 | 92.8          |
| ■ corporate bonds           | 6 969   | 3.4           |

With regard to the bonds stated, there are additional safeguards through the following:

| Insurance:         | in € K | as % of total |
|--------------------|--------|---------------|
| Right of lien      | 54 875 | 26.9          |
| Deposit protection | 98 200 | 48.2          |
| State guarantee    | 8 303  | 4.1           |
| without            | 42 376 | 20.8          |

With regard to the bond portfolio in the bank exposure with a total of € 188 981 K, there are none of the above hedging measures for the amount of € 33 408 K (17.7%).

There is subordination in the following amount:

| Subordination         | in € K | as % of total |
|-----------------------|--------|---------------|
| Profit-sharing rights | 200    | 0.1           |
| Subordinated loans    | 3 200  | 1.6           |

A non-hedged equity exposure consists above special assets in the amount of € 3 299 K. The equity component of Credit Life AG is approx. 1.3%. Fluctuations in the capital market in the future will only result in limited impairment risks due to the high degree of security of the investments for Credit Life AG. Declining prices would primarily lead to hidden burdens being shown due to the buy and hold strategy.

The current developments are analysed continuously. At present, there is no major need for action. The internal stress tests performed over the course of the year did not result in any need for action either.

The following scenario shows the effect of strong fluctuations in share prices and capital market yields on the fair value of the securities held as at the balance sheet date:

#### Shares, investment shares and other variable yield-securities

|                    | Change in market value of investments in €K |
|--------------------|---|
| Stock price change |   |
| Increase by 20 %   | 660   |
| Increase by 10 %   | 330   |
| Decrease by 10 %   | -330  |
| Decrease by 20 %   | -660  |

#### Bearer bonds and other fixed-income securities

|                             | Change in market value of investments in €K |
|-----------------------------|---|
| Change in interest rates    |   |
| Increase by 200 base points | -12 809                                     |
| Increase by 100 base points | -6 593                                      |
| Decrease by 100 base points | 7 054                                       |

### Default risk

Default risk describes the risk resulting from unexpected default or deterioration of the credit rating counterparties and debtors.

Like investments, the receivables from reinsurers, intermediaries and customers are always subject to credit risk. For the provision for loan losses, Credit Life AG performs write-downs to the receivables portfolio where required. Outstanding receivables with a maturity date of more than 90 days prior existed in the amount of € 97 K on the balance sheet day. Credit Life AG aims for a needs-based, inexpensive reinsurance policy in consideration of the aspects of security and continuity. With regard to the selection of individual reinsurance contract partners, against the backdrop of the long-term contractual relationships being sought, as a secondary condition with respect to their credit rating, there is a requirement of a minimum "A" rating (Standard & Poor's or a similar rating of another rating agency). Market developments and deteriorations of the credit rating are subject to continuous monitoring as part of the limit system.

## Liquidity risk

Liquidity risk describes the risk of losses due to decline of the prices or lack of liquidity of the relevant markets with sale of assets due to short-term liquidity need. It also includes servicing at all times the obligations arising from the insurance policies concluded.

Monthly liquidity budgets are drawn up to ensure that payment obligations are met at all times. On a monthly average, the liquidity surplus of Credit Life AG is approx. 0.9% with regard to the total Investments and the expected liquidity surplus without reinvestment is approx. € 25 228 K for 2019. Therefore, from today's perspective, no liquidity risk exists.

## Operational risk

Operational risk describes the risk of losses due to unsatisfactory or failed internal processes or employee- or system-related incidents or external incidents as well as compliance and legal risks.

The controlling and monitoring of the operational risks is handled by the responsible departments. For operational risks, scenario analyses are performed once a year and risk indicators concerning the monitoring over the course of the year are reviewed. Emergency plans, insurance policies, access controls as well as and authorisation rules result in low probability of occurrence and potential damage. In particular, the cyber risks that are now spreading more and more are being countered with comprehensive data backup concepts, protection programs and external, professional e-mail validation. Cyber insurance has been taken out in the event of a damage event.

As part of the risk control of operational risks, a documented Internal Control System (ICS) plays a central role. It ensures the systematic prevention and early detection of process risks. To manage the essential process risks, key controls have been set up. Compliance risks that may arise in relation to compliance with or implementation of laws, regulations, regulatory requirements or ethical/moral standards, as well as internal rules and regulations, are regulated by a defined process in accordance with the Compliance Management Directive. Fraud risks are subject to special monitoring and reporting.

In general, there is the risk that the court rulings issued in individual cases can also affect the operating units of RheinLand-Gruppe. In order to counter this risk, all pending lawsuits are assessed for general validity, monitored and regularly discussed between the specialist divisions and the legal department. Depending on the classification of the risk, an appropriate provision is formed where necessary.

## **Strategic risk**

Strategic risk is the risk arising from strategic business decisions. Strategic risk also encompasses the risk arising from the fact that business decisions might not be adapted to a changed economic environment. As a general rule, strategic risk constitutes a risk that arises in connection with other risks. However, it may also manifest itself as an individual risk.

Clearly regulated decision-making processes and close cooperation of all relevant decision-making bodies are the basis for efficient control of strategic risks. Planning and controlling processes guide and monitor the achievement of the strategic objectives. A structured planning process involving all relevant business segments is implemented.

Strategic risks are identified and qualitatively assessed on an annual basis within the scope of an analysis of strengths/weaknesses. Intensive expansion of the distribution network is aimed at avoiding dependency on a few large cooperation partners in the payment protection insurance business and reducing concentration risk in this business field.

## **Reputation risk**

Reputation risk constitutes the risk of possible damage sustained to the company's reputation as the result of negative public perception of Credit Life AG (e.g. on the part of clients, business partners, shareholders and authorities). Just as with strategic risk, as a general rule, reputation risk constitutes a risk that frequently arises in connection with other risks. However, it may also manifest itself as an individual risk.

Reputation risks are qualitatively evaluated on a regular basis and continuously monitored. In the past financial year, there was no reputation risk for Credit Life AG, aside from the market-wide discussions on life insurance.

## **Summary presentation of the risk position**

In 2018, Credit Life AG had sufficient economic and regulatory risk-bearing capability at all times. Overall, there is also currently no development evident that could unexpectedly have an adverse and lasting effect on the net assets, financial position and results of operations of Credit Life AG.

The solvency ratio according to Solvency II, not to be audited by the auditor, is higher as per December 31, 2018 than the 100% coverage of the Solvency Capital Requirement (SCR) called for by regulatory authorities and is also above the internally established limit of 120%. Further details on the solvency of Credit Life AG can be found in the Solvency and Financial Report (SFCR) as at 31 December 2018. Publication on the website by 23 April 2019 is required under regulatory law.

## Opportunities Report

Successful entrepreneurial steps presuppose that we will take advantage of available opportunities to generate profitable growth. In order to identify our opportunities, we very closely monitor which way the industry and markets are trending. The evaluation and critical analysis of competitive information and a keen instinct for new needs, trends, and movements enable us to be at the forefront of innovations, in order to be equipped for future challenges.

Credit Life AG's business model as a specialist provider for the insurance of payment obligations has proven its worth. Our business follows the business-to-business principle. In this way, we place our products and solutions in the German market as well as in the Netherlands and Italy via our bank and cooperation sales channels. In addition, we are launching selected offers via the exclusive agency organisation of RheinLand Versicherungs AG, which is represented by its regional head offices and branch offices throughout Germany. Our conscientious service mind set, our flat decision-making hierarchies and lean organizations afford us many advantages: They foster a partnership in the truest sense of the word, create freedom to manoeuvre, in which we can flexibly respond to changing conditions.

Credit Life AG, as a member of the RheinLand Versicherungsgruppe, is part of a group whose history dates back to 1880. The ownership structure, which has remained constant for generations, ensures our independence in an environment characterised by concentration processes. From the beginning, our conduct has been guided by ethical business principles. Our company has continued to develop building on this foundation of values, which is as relevant today as ever. We combine the awareness of this tradition with an innovative spirit and courage to embark upon new paths. Our employees are the most vital asset in this: For it is they who robustly shape this continuous process of change.

## Outlook

For 2019, the entire industry expects stable premium growth of around 2 %. Life insurers expect a plus of around 1 % and property and casualty insurance companies anticipate premium growth of 3 %. In pensions, the already fueled demand for products with yield opportunities and hedging mechanisms is likely to increase further, as the industry assumes that interest rates will remain at a low level in 2019. In addition, the continued rise in employment and higher wages are affording private households the latitude to take out additional insurance.

In 2019, insurance companies will continue to work intensively on digitalisation of processes and business models. They are renewing their systems and establishing new technologies. Digitalisation is changing the core business of insurers step-by-step. With cloud solutions, blockchain technology and applications based on artificial intelligence, companies are embracing these processes of change. A special focus is placed on IT security in order to protect customers' data.

In 2019, regulatory issues will once more be on the agenda. These include further changes to valuation systems and adjustments to capital adequacy requirements as part of the introduction of the Solvency II supervisory system. Above all, however, the insurance industry is monitoring the progress of the political discussions concerning the extent to which commissions should be capped.

In view of the changing regulatory requirements in the German market, we continue to focus on developing sustainable solutions for our business. In doing so, we are keeping a close eye on our goal of continuing the growth-oriented development of Credit Life AG in the markets where we are active in Germany, in the Netherlands and in Italy.

At the beginning of the financial year, BMW Bank, a leading new cooperation partner, was acquired. BMW Bank is one of the leading automobile banks in Germany with a subsidiary in France, along with branch offices in Italy, Spain and Portugal.

In future, BMW Bank will offer its customers special insurance solutions that can be bundled with leasing and financing products to form individual mobility packages. The new partnership is geared towards the long-term; initial products will already be launched in the second half of 2019.

The dominant topic and important field of innovation is and remains digitalisation. We are harnessing the associated opportunities for sales, and are therefore continuing to work on models to enable us to map processes downstream from product sales completely online. In this context, we also obtaining impetus and know-how from FinTech/InsurTech companies, whose creative solutions we can use to create added value for us. In addition, we continue to work in close consultation our many already longstanding cooperation partners, to identify new opportunities for us and derive suitable offers as a result.

Due to continuous business expansion, especially in the term life insurance segment, we expect premium income to increase for 2019. At the same time, we expect claims expenses to rise as a result of the continuous expansion of our insurance portfolio. Irrespective of this, we anticipate a slight improvement in net technical income, which we are linking to the expectation of improving upon the overall result compared to the previous year. The prerequisites for this are, on the one hand, the continued favourable development of our distribution channels, occurring at the beginning of this financial year, and, on the other hand, stability in financial markets.

Over the course of the financial year, our investment portfolios and the resulting regular income developed according to our expectations. Despite the continuing low interest rate environment, we anticipate from today's perspective that the planned current net investment income result, which thanks to growth is anticipated to be higher than in 2018. The investment earnings planned from 2020 onwards will be duly reviewed, taking into account further market developments, and adjusted if necessary.

## Environmental Management

As a company, Credit Life AG follows the guiding principles for environmental protection that are uniformly defined for all companies in the RheinLand Versicherungsgruppe. These were developed with an awareness, as an insurance group, of being particularly affected by changing environmental and climatic conditions and the associated increase in storm-related damage and the resulting claims burdens.

We strive to achieve sustainable conservation of resources, to reduce operating costs and, not least, to act as a role model. We are supported in this by an environmental management system that has guided environment-relevant processes within the Rheinland Group since 1997 and assisted us in systematically identifying and harnessing potential for improvements.

We already established the primary objective of environmental activities in the year 2007: The target was formulated to achieve CO<sub>2</sub> neutrality of our business operation for 50 years. That is why in cooperation with "PRIMAKLIMA-weltweit e.V.", reforestation measures have been carried out in several tranches in Neuss, Germany, other European countries and other areas worldwide. In this way, we have succeeded in neutralizing all CO<sub>2</sub> emissions from our business operations. With the completion of reforestation measures in May 2011, we were one of the first insurers in the German market to achieve CO<sub>2</sub> neutrality of its business operations so quickly.

With a detailed environmental balance sheet, published as part of the sustainability report of RheinLand Versicherungsgruppe, consumption and requirements are disclosed once per financial year. By doing so, we prove that we also continue to place great value on responsible use of resources and do not take for granted the great significance that CO<sub>2</sub> neutrality means for our company. We also continue to be transparent and open in the future in providing this documentation.

Neuss, 18 March 2019

The Executive Board

Lutz Bittermann

Christoph Buchbender

Dr. Lothar Horbach

Udo Klanten

Andreas Schwarz



*Together.*  
*More Unique.*

# Balance sheet as at 31 December 2018.

(in Euros)

| Assets   | 2018                 | 2018                  | 2018                  | 2018                  | 2017           |
|--|----------------------|-----------------------|-----------------------|-----------------------|----------------|
| <b>A. Investments</b>  |                      |                       |                       |                       |                |
| I. Investments in affiliated companies and participating interests                         |                      |                       |                       |                       |                |
| 1. Participating interests   |                      |                       | <b>1 288 069.34</b>   |                       | 1 343 154.20   |
| II. Other investments  |                      |                       |                       |                       |                |
| 1. Shares, units or shares in investment funds and other variable yield securities         |                      | <b>7 753 938.08</b>   |                       |                       | 7 585 425.09   |
| 2. Bearer bonds and other fixed-income securities  |                      | <b>71 154 440.20</b>  |                       |                       | 60 798 662.10  |
| 3. Other loans   |                      |                       |                       |                       |                |
| a) Registered bonds  | <b>53 000 000.00</b> |                       |                       |                       | 48 000 000.00  |
| b) Notes receivable and loans  | <b>79 400 000.00</b> |                       |                       |                       | 78 939 408.69  |
| c) Loans and advance payments on insurance policies  | <b>115 487.25</b>    |                       |                       |                       | 155 892.48     |
| d) Other loans   | <b>200 135.32</b>    |                       |                       |                       | 147 526.12     |
|  |                      | <b>132 715 622.57</b> |                       |                       | 127 242 827.29 |
| 4. Deposits at banks   |                      | <b>33 127 450.89</b>  |                       |                       | 27 573 855.53  |
|  |                      |                       | <b>244 751 451.74</b> |                       | 223 200 770.01 |
|  |                      |                       |                       | <b>246 039 521.08</b> | 224 543 924.21 |
| <b>B. Investments for the account and risk of policyholders of life insurance policies</b> |                      |                       |                       | <b>107 179.55</b>     | 112 545.85     |
| <b>C. Receivables</b>  |                      |                       |                       |                       |                |
| I. Amounts receivable from direct insurance operations with                                |                      |                       |                       |                       |                |
| 1. Policyholders   |                      |                       |                       |                       |                |
| a) Claims due  | <b>3 339 213.10</b>  |                       |                       |                       | 1 248 878.12   |
| b) Claims not yet due  | <b>4 092 797.28</b>  |                       |                       |                       | 5 047 479.01   |
|  |                      | <b>7 432 010.38</b>   |                       |                       | 6 296 357.13   |
| 2. Insurance intermediaries  |                      | <b>24 173 615.45</b>  |                       |                       | 15 220 922.95  |
|  |                      |                       | <b>31 605 625.83</b>  |                       | 21 517 280.08  |

| Assets  | 2018 | 2018 | 2018                | 2018                  | 2017           |
|---|------|------|---------------------|-----------------------|----------------|
| II. Reinsurance receivables                               |      |      | <b>308 611.55</b>   |                       | 73 345.03      |
| of which: to affiliated companies<br>€0.00 (€0.00)        |      |      |                     |                       |                |
| III. Other receivables                                    |      |      | <b>132 487.74</b>   |                       | 288 727.02     |
| thereof: to affiliated companies<br>€149.21 (€108,022.05) |      |      |                     |                       |                |
|   |      |      |                     | <b>32 046 725.12</b>  | 21 879 352.13  |
|   |      |      |                     |                       |                |
| <b>D. Other assets</b>                                    |      |      |                     |                       |                |
| I. Fixed assets and inventories                           |      |      | <b>0.00</b>         |                       | 44 466.00      |
| II. Current bank balances, checks and cash balance        |      |      | <b>8 623 317.17</b> |                       | 9 892 661.64   |
|   |      |      |                     | <b>8 623 317.17</b>   | 9 937 127.64   |
|   |      |      |                     |                       |                |
| <b>E. Deferred items</b>                                  |      |      |                     |                       |                |
| I. Deferred interest and rent                             |      |      | <b>1 989 054.74</b> |                       | 1 879 628.35   |
|   |      |      |                     | <b>1 989 054.74</b>   | 1 879 628.35   |
|   |      |      |                     |                       |                |
| <b>Total assets</b>                                       |      |      |                     | <b>288 805 797.66</b> | 258 352 578.18 |

I hereby certify according to Section 128 Insurance Supervision Act (VAG) that the financial assets listed in the protection fund index are invested according to the statutory and regulatory requirements and are safeguarded according to the regulations.

Neuss, 15 March 2019

The Trustee  
Leonhard Uphues

(in Euros)

| Equity and liabilities   | 2018                  | 2018                  | 2018                 | 2017           |
|--|-----------------------|-----------------------|----------------------|----------------|
| <b>A. Equity</b>   |                       |                       |                      |                |
| I. Subscribed capital  |                       | <b>7 096 320.00</b>   |                      | 7 096 320.00   |
| II. Capital reserve  |                       | <b>24 290 050.24</b>  |                      | 24 290 050.24  |
| of which pursuant to Section 9 (2) 5 Insurance<br>Supervision Act (VAG)<br>€ 79 250.24 (€ 79 250.24) |                       |                       |                      |                |
| III. Retained earnings:  |                       |                       |                      |                |
| 1. Statutory reserve   | <b>248 832.00</b>     |                       |                      | 248 832.00     |
| 2. other retained earnings   | <b>6 257 674.06</b>   |                       |                      | 6 257 674.06   |
|  |                       | <b>6 506 506.06</b>   |                      | 6 506 506.06   |
| IV. Net profit for the year  |                       | <b>5 447 986.65</b>   |                      | 5 447 986.65   |
|  |                       |                       | <b>43 340 862.95</b> | 43 340 862.95  |
| <b>B. Subordinated liabilities</b>   |                       |                       | <b>1 500 000.00</b>  | 1 500 000.00   |
| <b>C. Technical provisions</b>   |                       |                       |                      |                |
| I. Unearned premiums   |                       |                       |                      |                |
| 1. Gross amount  | <b>3 411 954.64</b>   |                       |                      | 3 620 275.53   |
| 2. of which:   |                       |                       |                      |                |
| Share of the assumed reinsurance business  | <b>3 507 506.94</b>   |                       |                      | 3 547 403.75   |
|  |                       | <b>-95 552.30</b>     |                      | 72 871.78      |
| II. Premium reserve  |                       |                       |                      |                |
| 1. Gross amount  | <b>245 300 554.87</b> |                       |                      | 203 282 462.78 |
| 2. of which:   |                       |                       |                      |                |
| Share of the assumed reinsurance business  | <b>81 430 561.14</b>  |                       |                      | 62 021 546.09  |
|  |                       | <b>163 869 993.73</b> |                      | 141 260 916.69 |

| Equity and liabilities  | 2018                 | 2018                 | 2018                  | 2017           |
|---|----------------------|----------------------|-----------------------|----------------|
| III. Provision for outstanding insurance claims                                 |                      |                      |                       |                |
| 1. Gross amount   | <b>31 961 042.26</b> |                      |                       | 24 699 522.33  |
| 2. of which:<br>Share of the assumed reinsurance business                       | <b>12 739 592.43</b> |                      |                       | 7 423 673.42   |
|   |                      | <b>19 221 449.83</b> |                       | 17 275 848.91  |
| IV. Provision for performance-based and non-performance-based premium refunding |                      |                      |                       |                |
| 1. Gross amount   | <b>5 181 638.03</b>  |                      |                       | 5 389 148.19   |
| 2. of which:<br>Share of the assumed reinsurance business                       | <b>0.00</b>          |                      |                       | 0.00           |
|   |                      | <b>5 181 638.03</b>  |                       | 5 389 148.19   |
| V. Other technical provisions   |                      |                      |                       |                |
| 1. Gross amount   | <b>65 432.77</b>     |                      |                       | 134 768.75     |
| 2. of which:<br>Share of the assumed reinsurance business                       | <b>32 716.39</b>     |                      |                       | 67 384.38      |
|   |                      | <b>32 716.38</b>     |                       | 67 384.37      |
|   |                      |                      | <b>188 210 245.67</b> | 164 066 169.94 |

(in Euros)

| Equity and liabilities  | 2018 | 2018              | 2018                 | 2017          |
|---|------|-------------------|----------------------|---------------|
| <b>D. Technical provisions in the area of life insurance if the investment risk is borne by the policyholders</b> |      |                   |                      |               |
| Premium reserve   |      |                   |                      |               |
| 1. Gross amount   |      | <b>107 179.55</b> |                      | 112 545.85    |
| 2. of which:  |      |                   |                      |               |
| Share of the assumed reinsurance business   |      | <b>0.00</b>       |                      | 0.00          |
|   |      |                   | <b>107 179.55</b>    | 112 545.85    |
| <b>E. Other provisions</b>  |      |                   |                      |               |
| I. Tax provisions   |      | <b>530.00</b>     |                      | 530.00        |
| II. Other provisions  |      | <b>453 385.00</b> |                      | 556 801.00    |
|   |      |                   | <b>453 915.00</b>    | 557 331.00    |
| <b>F. Deposits for reinsurance business</b>   |      |                   |                      |               |
|   |      |                   | <b>26 742 710.07</b> | 23 360 299.21 |
| of which from affiliated companies:<br>0.00 € (0.00 €)  |      |                   |                      |               |

| Equity and liabilities  | 2018         | 2018          | 2018                  | 2017           |
|---|--------------|---------------|-----------------------|----------------|
| <b>G. Other liabilities</b>   |              |               |                       |                |
| I. Liabilities arising out of direct insurance operations towards       |              |               |                       |                |
| 1. Policyholders  | 5 969 663.37 |               |                       | 6 497 161.79   |
| 2. Insurance intermediaries   | 7 964 887.94 |               |                       | 1 084 599.87   |
|   |              | 13 934 551.31 |                       | 7 581 761.66   |
| II. Reinsurance payables  |              |               |                       |                |
|   |              | 4 620 907.39  |                       | 7 681 552.20   |
| thereof towards affiliated companies:<br>€0.00 (€0.00)                  |              |               |                       |                |
| III. Other liabilities  |              | 9 885 240.25  |                       | 10 080 318.53  |
| thereof towards affiliated companies:<br>€9 872 754.82 (€10 000 646.00) |              |               |                       |                |
| thereof from taxes:<br>€1 717.88 (€1 915.00)                            |              |               |                       |                |
|   |              |               | 28 440 698.95         | 25 343 632.39  |
| <b>H. Deferred items</b>  |              |               | 10 185.47             | 71 736.84      |
| <b>Equity and liabilities</b>   |              |               | <b>288 805 797.66</b> | 258 352 578.18 |

It is confirmed that the premium reserve disclosed in the balance sheet under items C.II. and D. of equity and liabilities, was calculated taking into account Section 341f German Commercial Code (HGB) as well as the legal regulations adopted based on Section 88 (3) Insurance Supervision Act (VAG); for the pre-existing assets as defined in Section 336 Insurance Supervision Act (VAG) and Article 16 Section 2 Sentence 2 Third Implementing Act/EEC concerning VAG, the premium reserve has been calculated according to the business plan last approved on 23 October 2018.

Neuss, 15 March 2019

The responsible actuary

Lutz Bittermann

# Profit and loss account for the period from 1 January to 31 December 2018.

(in Euros)

|   | 2018           | 2018          | 2018          | 2017           |
|---|----------------|---------------|---------------|----------------|
| <b>I. Technical account</b>   |                |               |               |                |
| 1. Net premiums earned  |                |               |               |                |
| a) Gross premiums entered   | 142 918 929.61 |               |               | 133 846 522.38 |
| b) Reinsured premiums   | 49 376 670.39  |               |               | 49 248 906.30  |
|   |                | 93 542 259.22 |               | 84 597 616.08  |
| c) Change in unearned premiums  | 208 320.89     |               |               | 163 357.67     |
| d) Change in the share of the reinsurers in the gross unearned premiums | 39 896.81      |               |               | 898.26         |
|   |                | 168 424.08    |               | 162 459.41     |
|   |                |               | 93 710 683.30 | 84 760 075.49  |
| 2. Change in the gross provision for premium refunding                  |                |               | 14 507.39     | 99 485.37      |
| 3. Investment income  |                |               |               |                |
| a) Income from participating interests                                  |                | 7 177.61      |               | 0.00           |
| b) Income from other investments  |                |               |               |                |
| aa) Income from other investments                                       | 4 176 369.84   |               |               | 4 245 490.28   |
|   |                | 4 176 369.84  |               | 4 245 490.28   |
| c) Income from write-ups  |                | 18 565.96     |               | 26 014.36      |
| d) Gains arising from the disposal of investments                       |                | 2 493.82      |               | 281 137.00     |
|   |                |               | 4 204 607.23  | 4 552 641.64   |
| 4. Non-realised gains stemming from investment income                   |                |               | 41.35         | 9 043.25       |
| 5. Other net technical income   |                |               | 10 592.32     | 789 754.22     |
| 6. Net expenditures for insurance claims                                |                |               |               |                |
| a) Payments for insurance claims  |                |               |               |                |
| aa) Gross amount  | 39 021 787.04  |               |               | 27 482 168.44  |
| bb) Share of the reinsurers   | 12 764 742.21  |               |               | 8 197 665.95   |
|   |                | 26 257 044.83 |               | 19 284 502.49  |
| b) Change in the provision for outstanding insurance claims             |                |               |               |                |
| aa) Gross amount  | 7 261 519.93   |               |               | 3 412 342.95   |
| bb) Share of the reinsurers   | 5 315 919.01   |               |               | 1 337 914.38   |
|   |                | 1 945 600.92  |               | 2 074 428.57   |
|   |                |               | 28 202 645.75 | 21 358 931.06  |

(in Euros)

|  | 2018                 | 2018                 | 2018                 | 2017          |
|--|----------------------|----------------------|----------------------|---------------|
| 7. Change in other miscellaneous technical net provisions  |                      |                      |                      |               |
| a) Premium reserve   |                      |                      |                      |               |
| aa) Gross amount   | <b>42 012 725.79</b> |                      |                      | 45 289 759.68 |
| bb) Share of the reinsurers  | <b>19 409 015.05</b> |                      |                      | 25 704 337.56 |
|  |                      | <b>22 603 710.74</b> |                      | 19 585 422.12 |
| b) Other net technical provisions  |                      | <b>-34 667.99</b>    |                      | -512 481.43   |
|  |                      |                      | <b>22 569 042.75</b> | 19 072 940.69 |
| 8. Costs for performance-based and non-performance-based net premium refunding   |                      |                      | <b>3 300 000.00</b>  | 3 800 000.00  |
| 9. Costs of net insurance operations   |                      |                      |                      |               |
| a) Acquisition expenses  | <b>41 979 108.63</b> |                      |                      | 42 119 122.66 |
| b) Administration expenses   | <b>4 736 122.61</b>  |                      |                      | 3 408 525.71  |
|  |                      | <b>46 715 231.24</b> |                      | 45 527 648.37 |
| c) of which:<br>Reinsurance business commissions and profit shares received  |                      | <b>16 904 372.91</b> |                      | 15 952 916.06 |
|  |                      |                      | <b>29 810 858.33</b> | 29 574 732.31 |
| 10. Investment costs   |                      |                      |                      |               |
| a) Costs for the administration of investments, interest expenses and other expenditures for the administration of investments |                      | <b>471 069.66</b>    |                      | 556 030.50    |
| b) Depreciation on investments   |                      | <b>0.00</b>          |                      | 18 579.58     |
| c) Losses from the disposal of investments   |                      | <b>521.97</b>        |                      | 186 410.92    |
|  |                      |                      | <b>471 591.63</b>    | 761 021.00    |
| 11. Non-realised losses stemming from investments  |                      |                      | <b>9 388.27</b>      | 140.22        |
| 12. Other miscellaneous net technical expenditures   |                      |                      | <b>9 099 913.98</b>  | 9 232 705.99  |
| 13. Net technical income   |                      |                      | <b>4 476 990.88</b>  | 6 410 528.70  |

(in Euros)

|  | 2018 | 2018                | 2018                | 2017         |
|--|------|---------------------|---------------------|--------------|
| <b>II. Non-technical account</b>   |      |                     |                     |              |
| 1. Other income  |      | <b>1 462 164.59</b> |                     | 2 819 179.90 |
| 2. Other expenses  |      | <b>1 023 228.47</b> |                     | 2 166 527.72 |
|  |      |                     | <b>438 936.12</b>   | 652 652.18   |
| 3. Result from ordinary business operations  |      |                     | <b>4 915 927.00</b> | 7 063 180.88 |
| 4. Tax on income and profit<br>of which intercompany allocation<br>€ 0.00 (€ 0.00)   |      |                     | <b>1 808 534.00</b> | 2 994 452.29 |
| 5. Miscellaneous Tax   |      |                     | <b>10 824.16</b>    | 5 390.52     |
| 6. Profits transferred based on profit pooling, a profit<br>transfer agreement or a partial profit transfer agree-<br>ment |      |                     | <b>3 096 568.84</b> | 4 063 338.07 |
| 7. Net income for the year   |      |                     | <b>0.00</b>         | 0.00         |
| 8. Profit/loss carried forward from the previous year  |      |                     | <b>5 447 986.65</b> | 5 447 986.65 |
| 9. Net profit for the year   |      |                     | <b>5 447 986.65</b> | 5 447 986.65 |



*Together.*  
*More Extensive.*

# Notes.

## Accounting and valuation methods

The annual financial statements were prepared according to the regulations set out in the German Commercial Code (HGB) and the Stock Corporation Act (AktG), the Insurance Supervision Act (VAG) and the German Accounting Regulations for Insurance Companies (RechVersV).

## Shares in affiliated companies and participating interests

Shares in affiliated companies and participating interests are valued at acquisition cost less depreciation pursuant to Section 341b (1) German Commercial Code (HGB) in conjunction with Section 253 (3) (5) German Commercial Code (HGB).

## Shares, units or shares in investment funds and other variable yield securities

They are generally valued at acquisition cost in accordance with Section 341b (2) German Commercial Code (HGB) in conjunction with Section 253 (1), (3) and (5) German Commercial Code (HGB). An average acquisition value has been formed from different acquisition costs of the same securities.

The fair value was estimated as the valuation standard for RheinLand-ABS-CLO Fund. The fair value was calculated by means of the so-called nominal value method based on the nominal values for the securities contained in the Fund at maturity, unless credit rating-linked adjustments are to be made.

Other assets contained in the fund (e.g. cash in hand) are carried at nominal values. Possible impairments are monitored based on the traffic light system.

## Bearer bonds and other fixed-income securities

Bearer bonds and other fixed-interest securities are generally valued at acquisition cost in accordance with Section 341b (2) German Commercial Code (HGB) in conjunction with Section 253 (1), (3) and (5) German Commercial Code (HGB).

## Other loans

Registered bonds, promissory notes and other loans are valued in accordance with Section 341c German Commercial Code (HGB) at amortised cost in conjunction with Section 253 (3) (5) German Commercial Code (HGB). Where there are differences compared to the repayment amount (premium or discount), the effective interest method is applied for amortisation over the remainder of term.

The company is not making use of the option pursuant to Section 341c (1) German Commercial Code (HGB) to carry registered bonds at their nominal value.

Loans and advance payments with regard to insurance certificates are stated at nominal value.

## **Deposits at banks**

Deposits at banks are reported at nominal value.

## **Investments for the account and risk of holders of life insurance policies**

The valuation is performed at fair value in accordance with Section 341d German Commercial Code (HGB) in conjunction with Section 56 German Accounting Regulations for Insurance Companies (RechVersV).

## **Accounts receivable from policyholders from claims not yet due**

With regard to direct insurance operations, the receivables from policyholders arising from claims not yet due are calculated for each insurance on a case-by-case basis according to actuarial principles which correspond to the provisions of the accounting policies of the Federal Financial Supervisory Authority. In this respect, the beginning of the insurance year is always taken into account.

## **Receivables**

Receivables are generally estimated at nominal values. Impairment losses are recognised on the receivables if the value is known to be impaired.

## **Current bank balances, checks and cash balance**

Current bank balances, checks and cash balance are estimated at their nominal value.

## **Other balance sheet items**

The carrying amounts of the balance sheet items not mentioned on the assets side are estimated at nominal value, whereas the balance sheet items on the liabilities side not mentioned are estimated at settlement value.

## **Unearned premiums**

For direct insurance operations, they are calculated individually for each insurance, whereby basically the beginning of the policy year is taken into account.

Tax regulations were observed.

## Premium Reserve

### 1. New portfolio

With the exception of the fund-linked life insurance, the premium reserve is calculated on a contract-by-contract basis using the prospective method. For payment protection insurance solutions, the values were estimated for partial portfolios on which no data had been provided by intermediaries for the month of December at the time of the portfolio cut-off date. Costs are taken into account implicitly. With regard to the fund-linked life insurance, the premium reserve is partly calculated according to the retrospective method.

| Settlement class             | Share in % | Zillmerised rate                                    | Interest rate in %*) | Actuarial model               |
|------------------------------|------------|---|----------------------|-------------------------------|
| GL2004                       | 0.4        | min (12; maturity in years) % of the premium amount | 2.75                 | DAV1994T                      |
| GL2000                       | 0.5        | min (12; maturity in years) % of the premium amount | 3.25                 | DAV1994T                      |
| GL96                         | 4.6        | min (12; maturity in years) % of the premium amount | 4.00                 | DAV1994T                      |
| GL95                         | 0.8        | 10% of the insured amount                           | 3.50                 | ADSt 1986MF                   |
| Ris2015NR                    | 0.3        | 25% of the premium amount                           | 1.25                 | DAV2008TN, Unisex calculation |
| Ris2015R                     | 0.1        | 25% of the premium amount                           | 1.25                 | DAV2008TR, Unisex calculation |
| Ris2013NR                    | 0.8        | 40% of the premium amount                           | 1.75                 | DAV2008TN, Unisex calculation |
| Ris2013R                     | 0.4        | 40% of the premium amount                           | 1.75                 | DAV2008TR, Unisex calculation |
| Ris2012NR                    | 0.5        | 40% of the premium amount                           | 1.75                 | DAV2008TN                     |
| Ris2012R                     | 0.4        | 40% of the premium amount                           | 1.75                 | DAV2008TR                     |
| Ris2009NR                    | 2.6        | 40% of the premium amount                           | 2.25                 | DAV2008TN                     |
| Ris2009R                     | 1.7        | 40% of the premium amount                           | 2.25                 | DAV2008TR                     |
| Ris2008NR                    | 0.8        | 40% of the premium amount                           | 2.25                 | DAV1994TN (70%)               |
| Ris2008R                     | 0.2        | 40% of the premium amount                           | 2.25                 | DAV1994TR (70%)               |
| Ris2007NR                    | 0.8        | 40% of the premium amount                           | 2.25                 | DAV1994TN (70%)               |
| Ris2007R                     | 0.2        | 40% of the premium amount                           | 2.25                 | DAV1994TR (70%)               |
| Ris2005NR                    | 2.1        | 40% of the premium amount                           | 2.75                 | DAV1994TN (70%)               |
| Ris2005R                     | 0.5        | 40% of the premium amount                           | 2.75                 | DAV1994TR (70%)               |
| Ris2004                      | 0.3        | 40% of the premium amount                           | 2.75                 | DAV1994T (70%)                |
| Ris99                        | 2.2        | 40% of the premium amount                           | 3.00                 | DAV1994T (70%)                |
| Ris95                        | 2.2        | 40% of the premium amount                           | 4.00                 | DAV1994T                      |
| DR08/DR09/<br>DR12/DR13/DR15 | 2.1        | 25% or 40% of the ordinary insured amount           | 1.25/1.75/2.25**)    | DAV2004R ***)                 |
| NLRis2015NR                  | 6.7        | 25% of the premium amount                           | 1.25                 | 68% or 30% GBMV0005           |
| NLRis2015R                   | 1.4        | 25% of the premium amount                           | 1.25                 | 68% or 30% GBMV0005           |
| NLRis2014NR                  | 1.9        | 40% of the premium amount                           | 1.75                 | 68% or 30% GBMV0005           |
| NLRis2014R                   | 0.3        | 40% of the premium amount                           | 1.75                 | 68% or 30% GBMV0005           |

| Settlement class          | Share in % | Zillmerised rate          | Interest rate in %*) | Actuarial model   |
|---------------------------|------------|---------------------------|----------------------|---|
| BG132 Residual debt 0%    | 36         | -                         | 0.00                 | SIMF14 Unisex calculation                                       |
| BG132 Residual debt 1.25% | 7.5        | -                         | 1.25                 | DAV2008T Unisex calculation                                     |
| BG132 Residual debt 1.75% | 1.7        | -                         | 1.75                 | DAV2008T Unisex calculation                                     |
| BG247 Residual debt 0%    | 5.4        | -                         | 0.00                 | DAV2008T Unisex calculation                                     |
| BG247 Residual debt 1.25% | 1.9        | -                         | 1.25                 | DAV2008T Unisex calculation                                     |
| BG247 Residual debt 1.75% | 0.9        | -                         | 1.75                 | DAV2008T Unisex calculation                                     |
| BG247 Residual debt 2.25% | 0.3        | -                         | 2.25                 | DAV2008T and/or DAV1994T (65%) Unisex calculation               |
| KAP04/KAP05               | 0.6        | 40% of the premium amount | 2.75                 | DAV1994T  |
| STE05                     | 0.9        | 40% of the premium amount | 2.75                 | DAV1994T  |
| REN04/REN05               | 2.9        | 40% of the premium amount | 2.75                 | ERM/F2000AP   |
| EU09                      | 0.2        | 40% of the premium amount | 2.25                 | DAV 1994T, DAV 1998E DAV 1998TE, DAV 1998RE                     |
| BU04                      | 0.2        | 20% of the premium amount | 2.75                 | DAV 1994T, DAV 1997I DAV 1997TI, DAV 1997RI                     |
| BUZ2015                   | 0.3        | 25% of the premium amount | 1.25                 | DAV 1994T, DAV 1997I DAV 1997TI, DAV 1997RI, Unisex calculation |
| BUZ2013                   | 0.4        | 40% of the premium amount | 1.75                 | DAV 1994T, DAV 1997I DAV 1997TI, DAV 1997RI, Unisex calculation |
| BUZ2012                   | 0.7        | 40% of the premium amount | 1.75                 | DAV 1994T, DAV 1997I DAV 1997TI, DAV 1997RI                     |
| BUZ2009                   | 1.5        | 40% of the premium amount | 2.25                 | DAV 1994T, DAV 1997I DAV 1997TI, DAV 1997RI                     |
| BUZ2000                   | 0.4        | 20% of the premium amount | 3.00                 | DAV 1994T, DAV 1997I DAV 1997TI, DAV 1997RI                     |
| BUZ97                     | 0.6        | 20% of the premium amount | 4.00                 | DAV 1994T, DAV 1997I DAV 1997TI, DAV 1997RI                     |
| BUZ95                     | 0.2        | -                         | 3.50                 | DAV 1994T, DAV 1997I DAV 1997TI, DAV 1997RI                     |
| SBV2016                   | 0.1        | 25% of the premium amount | 1.25                 | DAV 1994T, DAV 1997I DAV 1997TI, DAV 1997RI, Unisex calculation |

In 2016, for the first time when calculating actuarial reserves, sufficiently conservative probabilities for cancellations and capital dissolution were determined and taken into account in the calculation. This approach reduces the additional reserves by € 0.20 mill.

\*) To calculate the cash value of the prospective premium reserve, the specified interest rate is reduced for the next 15 years with the reference interest rate according to the Section 5 Regulation on the Principles Underlying the Calculation of the Premium Reserve (DeckRV). On 31 December 2018, this amounted to 2.09%.

\*\*) With regard to the tariffs DR08, DR09, the interest rate amounts to 2.25%; for the tariffs DR12 and DR13, the interest rate is 1.75%, and for DR15 1.25 %.

\*\*\*) Unisex calculation with DR13/DR15

## 2. Pre-existing assets.

The premium reserve has been calculated according to the valid business plans.

| Tariff group | Share in % | Zillmerised rate                  | Interest rate in % *) | Actuarial model                                |
|--------------|------------|-----------------------------------|-----------------------|--|
| BO           | 2.8        | 10% of the insured amount         | 3.50                  | ADSt 1986MF                                    |
| EO           | 0.7        | 0.25%-6.25% of the insured amount | 3.50                  | ADSt 1986MF                                    |
| BUZ          | 0.3        | -                                 | 3.50                  | DAV 1994T, DAV 1997I<br>DAV 1997TI, DAV 1997RI |

In 2016, for the first time when calculating actuarial reserves, sufficiently conservative probabilities for cancellations were determined and taken into account in the calculation. This approach reduces the additional reserves by € 0.15 mill.

\*) To calculate the cash value of the prospective premium reserve, the specified interest rate is reduced for the next 15 years with the reference interest rate according to the business plan. On 31 December 2018, this amounted to 2.09%.

**Provision for outstanding claims:**

The provision for outstanding insurance claims comprises three parts with regard to which the following applies in terms of direct insurance operations:

The first part concerns the claims which became known up to the portfolio status report (12 December 2018) and could no longer be paid out. In these cases, the provision is calculated for each insurance contract on a case-by-case basis; the benefit is estimated at the amount at which it is likely to be paid.

The second part results from a flat rate provision for claims incurred but not reported which is formed for claims which have not become known at the time of the portfolio status report.

The third part is the provision for settlement expenses which is formed according to the order of the Federal Ministry of Finance dated 2 February 1973.

## **Terminal dividend fund**

### **1. New portfolio**

The terminal dividend fund is calculated on a contract-by-contract basis using the prospective method according to Section 28 (7) German Accounting Regulations for Insurance Companies (RechVersV) in connection with Section 28 (6) German Accounting Regulations for Insurance Companies (RechVersV) by using a 1.26% discount rate. With regard to terminal dividends, a 1% surcharge – for final payments a 1% discount – is to be taken into account for withdrawal probabilities which have not explicitly been estimated.

### **2. Pre-existing assets.**

The terminal dividend fund is calculated on a contract-by-contract basis and using a prospective method by using a 3.2% discount rate according to the overall business plan for procedures specified for the profit share, in accordance with Section 28 (7) German Accounting Regulations for Insurance Companies (RechVersV). With regard to terminal dividends, a 1% surcharge – for final payments a 1% discount – is to be taken into account for withdrawal probabilities which have not explicitly been estimated.

## **Premium reserve in the area of life insurance if the investment risk is borne by the policyholders**

The capital sum required as cover is calculated by means of the fair values of the fund shares acquired which are valid on the balance sheet date.

## **Shares of the reinsurers in technical provisions**

For the reinsurance business, the shares of the reinsurers in the provisions arising out of direct insurance operations correspond to the reinsurance contracts.

## **Other provisions**

Their scope depends on the anticipated requirements amounting to the settlement value.

## **Deposit account liabilities and other liabilities**

Deposit account liabilities and other liabilities are valued at the settlement value.

## **Other explanations**

Compared to the previous year, the valuation methods remained unchanged.

## Explanatory notes on Balance sheet

### Assets

#### To A. Investments

A detailed illustration of the investments can be found from page 75. The following supplementary information is provided:

#### To I. Participating interests

The disclosure pursuant to Section 285 No. 11 German Commercial Code is omitted due to Section 286 Subsection 3 German Commercial Code.

#### To II. Other investments

1. Shares, units or shares in investment funds and other variable yield securities

Information concerning the investment fund assets according to Section 285 (26) German Commercial Code (HGB)

|                          | Book value<br>31 December<br>2018<br>€ | Fair value<br>31 December<br>2018<br>€ | Valuation<br>reserves<br>€ | Dividend<br>distribution<br>2018<br>€ |
|--------------------------|--|--|----------------------------|---------------------------------------|
| <b>AIF special fund</b>  |  |  |                            |                                       |
| RheinLand-VM Monega Fund | 4 019 152.66                           | 4 130 355.47                           | 111 202.81                 | 105 001.63                            |
| Rheinland ABS-CLO Fund   | 3 734 785.42                           | 3 665 384.03                           | - 69 401.39                | 51 080.32                             |
| <b>Total</b>             | <b>7 753 938.08</b>                    | <b>7 795 739.50</b>                    | <b>41 801.42</b>           | <b>156 081.95</b>                     |

The investment goal is always to generate long-term stable income. The withdrawal of the shares is possible at any time. The capital management companies are obliged to redeem shares at the applicable redemption price for the fund's account.

The valuation reserve of the Rheinland ABS-CLO Fund is the difference between the stated value to be applied and the market value.

## To B. Investments for the account and risk of policyholders of life insurance

Number of shares

| Identification No. | Designation of fund                                  | Number of shares | Fair value in € |
|--------------------|--|------------------|-----------------|
| DE0005320303       | Acatis Asia "D" Pacific Plus Funds Ul.               | 1.00             | 52.54           |
| DE0005320329       | UBS (D) Konz. FDS.EUR Plus                           | 3.642            | 192.48          |
| DE0008474024       | DWS Akkumula   | 0.084            | 82.57           |
| DE0008476524       | DWS Vermögensbil. Fund                               | 1.00             | 143.20          |
| DE0008488214       | UBS(D)EQUITY FUND-GLOB.OPPORT.INH.A                  | 0.249            | 45.40           |
| DE0008491044       | UniRak   | 1.311            | 141.82          |
| DE0009785162       | UBS (D) KONZEPTFONDS I                               | 0.427            | 19.78           |
| DE0009785188       | UBS (D) KONZEPTFONDS III                             | 0.396            | 25.91           |
| DE0009797076       | UBS (D) KONZEPTFONDS V                               | 0.22             | 14.86           |
| FR0010135103       | CARMIGNAC PATRIMOINE FCP                             | 29.495           | 17 000.92       |
| FR0010148981       | Carmignac Investissement FCP                         | 1.761            | 1 823.36        |
| FR0010261198       | MULTI UNITS FRANCE SICAV - Lyxor MSCI USA UCITS ETF. | 1.00             | 112.47          |
| FR0010315770       | LYXOR ETF MSCI WORD FCP D                            | 0.909            | 147.56          |
| GB0030932676       | M+G I.(1)-M+G GBL BA.EO A                            | 7.953            | 231.14          |
| LU0006344922       | UBS(LUX)MNY MKT FD-EUR ACC.P                         | 1.00             | 826.82          |
| LU0006391097       | UBS LUX EQUITY FUND FCP - EU.OPP.                    | 1.02             | 760.22          |
| LU0033050237       | UBS (LUX) BOND FD-EUR P A                            | 0.103            | 41.01           |
| LU0040506734       | VONTOBEL-EM.MKTS EQU. A-USD                          | 0.001            | 0.52            |
| LU0048578792       | FID.FDS-EUROP.GWTH A GL.                             | 5.912            | 81.29           |
| LU0072462426       | BGF-GLOBAL ALLOCATION CLASS A2                       | 0.001            | 0.04            |
| LU0075056555       | BFG-World Mining Fund Class A2                       | 0.99             | 29.35           |
| LU0106280919       | SAUREN FDS SEL.-GLOB.OPP                             | 4.00             | 115.72          |
| LU0114760746       | F.TEM.INV-T.GWTH A ACC                               | 8.243            | 127.77          |
| LU0115904467       | UNIEM Global Inh.                                    | 2.00             | 158.26          |
| LU0130799603       | UBS LUX EQUITY GL INNOV.INH.ANT.B                    | 0.287            | 21.57           |
| LU0136412771       | Ethna-Aktiv E A                                      | 0.041            | 4.94            |
| LU0149168907       | Amundi Total Return FCP                              | 1.00             | 43.40           |
| LU0153925689       | UBS (LUX) KEY-SEL. EQUITIES P-ACC                    | 1.00             | 18.25           |
| LU0159550150       | DJE - DIV.+SUBS.FDS.INH.P EUR                        | 0.198            | 72.16           |
| LU0164455502       | Carmignac PO.-Commod. NAM                            | 1.00             | 254.02          |
| LU0197216558       | UBS L KEY S.-Gbl. AL. EUR B                          | 6 359.845        | 83 568.36       |
| LU0212925753       | BGF-Global Allocati                                  | 3.00             | 100.50          |
| LU0323578657       | FLOSSBACH-MULTIPLE OPPORTUNITIES R                   | 1.931            | 436.04          |

| Identification No. | Designation of fund                      | Number of shares | Fair value in €   |
|--------------------|--|------------------|-------------------|
| LU0487186396       | UBS (LUX) BF-GLOBAL (CHF) (EUR HEDGED)   | 0.099            | 12.09             |
| LU0106280836       | SAUREN FDS SEL.-GLOB.BALANCED            | 0.47             | 8.06              |
| DE0008491002       | UNIFONDS                                 | 0.237            | 10.39             |
| LU0130729220       | PICTET_EMERGING MARKETS P USD            | 0.023            | 10.11             |
| FR0010296061       | Lyxor MSCI USA UCITS ETF FCP             | 0.079            | 16.52             |
| DE0009848119       | DWS Top Dividend LD                      | 0.001            | 0.11              |
| LU0066902890       | HSBC Global Investment Funds SICAV       | 2.663            | 408.70            |
| LU1868841674       | Threadneedle (LUX) SICAV American Select | 3.00             | 9.64              |
| LU0133643469       | Amundi Fds II US Pioneer A EUR ND        | 1.05             | 9.68              |
| <b>Total</b>       |  | <b>6 448.64</b>  | <b>107,179.55</b> |

## To C. Receivables

### To I. Amounts receivable from direct insurance operations with

#### 1. Policyholders

##### a) Claims due

These are any premiums in arrears which were due in 2018 but had not yet been paid on the balance sheet date. Mostly, they were received or offset in subsequent months.

##### b) Claims not yet due

This item shows the acquisition costs which incurred in the financial year or in the previous years that are covered according to actuarial assumptions but have not yet been repaid.

### To III. Other receivables

| (in Euros)   | 2018              | 2017              |
|--|-------------------|-------------------|
| Tax refund claims  | <b>4 447.00</b>   | 99 358.62         |
| Receivables arising from clearing transactions with affiliated companies | <b>149.21</b>     | 108 022.05        |
| Other  | <b>127 891.53</b> | 81 346.35         |
| <b>Total</b>   | <b>132 487.74</b> | <b>288 727.02</b> |

## To E. Deferred items

### To I. Deferred interest and rent

| (in Euros)                                       | 2018                | 2017                |
|--|---------------------|---------------------|
| Interest not yet due                             |                     |                     |
| ■ Registered notes                               | 718 630.79          | 703 560.92          |
| ■ Bearer bonds and other fixed-income securities | 493 923.00          | 451 660.27          |
| ■ Notes receivables and other loans              | 655 522.14          | 666 166.64          |
| ■ Fixed deposits                                 | 120 978.81          | 58 240.52           |
| <b>Total</b>                                     | <b>1 989 054.74</b> | <b>1 879 628.35</b> |

## Equity and liabilities

### To A. Equity

#### To I. Subscribed capital

The share capital as at 31 December 2018 amounts to € 7 096 K and is divided into 138 600 no-par shares.

RheinLand Holding Aktiengesellschaft, Neuss, holds 100% of our company's share capital.

#### To B. Subordinated liabilities

In the scope of the merger in the year 2014, Credit Life AG took on two subordinated loans with a total value of € 1,500 K from Credit Life International N.V. These loans are issued by RheinLand Groep B.V., Amsterdam, and have an average interest rate of 7.2%.

## To C. Technical provisions

| (in Euros)   | 2018                  | 2018                  | 2017           |
|--|-----------------------|-----------------------|----------------|
| To I. Gross unearned premiums  |                       |                       |                |
| ■ from direct operations   | <b>3 411 954.64</b>   |                       | 3 620 275.53   |
| of which: Share in reinsurance   | <b>3 507 506.94</b>   | <b>-95 552.30</b>     | 3 547 403.75   |
| To II. Gross premium reserve   |                       |                       |                |
| ■ from direct operations   | <b>245 300 554.87</b> |                       | 203 282 462.78 |
| of which: Share in reinsurance   | <b>81 430 561.14</b>  | <b>163 869 993.73</b> | 62 021 546.09  |
| III. Provision for outstanding insurance claims                                    |                       |                       |                |
| ■ from direct operations   | <b>31 961 042.26</b>  |                       | 24 699 522.33  |
| of which: Share in reinsurance   | <b>12 739 592.43</b>  | <b>19 221 449.83</b>  | 7 423 673.42   |
| To IV. Provision for performance-based and non-performance-based premium refunding |                       |                       |                |
| ■ from direct operations   | <b>5 181 638.03</b>   |                       | 5 389 148.19   |
| of which: Share in reinsurance   | <b>0.00</b>           | <b>5 181 638.03</b>   | 0.00           |
| To V. Other technical provisions   |                       |                       |                |
| ■ from direct operations   | <b>65 432.77</b>      |                       | 134 768.75     |
| of which: Share in reinsurance   | <b>32 716.39</b>      | <b>32 716.38</b>      | 67 384.38      |
| <b>Total</b>   |                       | <b>188 210 245.67</b> | 164 066 169.94 |

The negative unearned premiums result from a different method of premium payment between primary insurers and reinsurers.

#### To IV. Provision for performance-based and non-performance-based premium refunding

| (in Euros)                                       | 2018                | 2017         |
|--|---------------------|--------------|
| As at 01 January                                 | 5 389 148.19        | 5 702 581.41 |
| Reclassifications in the financial year          | 0.00                | 0.00         |
| Withdrawal in the financial year                 | 3 507 510.16        | 4 113 433.22 |
|  | 1 881 638.03        | 1 589 148.19 |
| Allocation from the profit of the financial year | 3 300 000.00        | 3 800 000.00 |
| <b>As at 31 December</b>                         | <b>5 181 638.03</b> | 5 389 148.19 |

The provision only refers to the performance-based premium refunding. The following allocations are made for 2019 with regard to the provision for premium refunding at the end of 2018:

| (in Euros)   |                     |
|--|---------------------|
| a. to regular profit shares already defined but not yet allocated  | 3 371 170.58        |
| b. to terminal dividends and final payments already defined but not yet allocated  | 217 369.73          |
| c. to premiums for the share in valuation reserves already defined but not yet allocated   | 178.08              |
| d. to the share of the terminal dividend fund which is allocated for the financing of bonus annuities  | 0.00                |
| e. to the share of the terminal dividend fund which is allocated for the financing of terminal dividends and final payments but without any amounts according to letters b and d | 1 330 648.15        |
| f. to the unattached share (provision for premium refunding without letters a to e)  | 262 271.49          |
| <b>Total</b>   | <b>5 181 638.03</b> |

For the existing contracts, a sufficient amount of the sum committed to the terminal dividend fund amounting to € 1 332 K was calculated according to a business plan approved by the Federal Financial Supervisory Authority for the pre-existing assets and according to Section 28 German Accounting Regulations for Insurance Companies (RechVersV) pursuant to the actuarial principles for the new portfolio.

## To E. Other provisions

The other provisions consist of € 203 K for commissions, € 117 K for third-party services, € 98 K for the costs of preparing annual financial statements, and € 35 K for other provisions.

## To F. Other liabilities

### To I. Liabilities arising out of direct insurance operations towards

#### 1. Policyholders

| (in Euros)  | 2018                | 2017                |
|---|---------------------|---------------------|
| Accumulated interest-bearing profit shares                    | 3 782 999.19        | 3 956 150.19        |
| Profit shares arising from the reserve for outstanding claims | 58 800.65           | 32 146.91           |
| Prepaid insurance premiums                                    | 120 120.72          | 91 454.02           |
| liabilities towards affiliated companies                      | 2 007 742.81        | 2 417 410.67        |
| <b>Total</b>  | <b>5 969 663.37</b> | <b>6 497 161.79</b> |

### To III. Other liabilities

| (in Euros)   | 2018                | 2017                 |
|--|---------------------|----------------------|
| Amounts payable from the clearing transactions with affiliated companies | 9 872 754.82        | 10 000 646.00        |
| Trade accounts payable   | 0.00                | 202.34               |
| Tax liabilities  | 1 717.88            | 1 915.00             |
| other  | 10 767.55           | 77 555.19            |
| <b>Total</b>   | <b>9 885 240.25</b> | <b>10 080 318.53</b> |

The maturities of other liabilities are up to one year.

## Explanatory notes on Profit and loss account

### To I. 1. Net premiums earned

a) Gross premiums entered

| (in Euros)  | 2018                  |                 | 2017                  |                 |
|---|-----------------------|-----------------|-----------------------|-----------------|
|   | Regular premiums      | Single premiums | Regular premiums      | Single premiums |
| Individual insurance policies                             | 58 077 156.51         | -918.65         | 51 328 739.30         | 57 663.54       |
| Group insurance policies                                  | 3 656 098.08          | 81 269 040.67   | 2 960 439.01          | 79 503 529.53   |
|   | 143 001 376.61        |                 | 133 850 371.38        |                 |
| Change in the general valuation adjustment for claims due | -82 447.00            |                 | -3 849.00             |                 |
| <b>Total</b>  | <b>142 918 929.61</b> |                 | <b>133 846 522.38</b> |                 |

| (in Euros)   | 2018                  | 2017                  |
|--|-----------------------|-----------------------|
| Gross premiums written in Germany  | 46 059 985.48         | 41 919 558.85         |
| Gross premiums written from the other member states of the EC and other EEA contracting states | 96 858 944.13         | 91 926 963.53         |
| <b>Total</b>   | <b>142 918 929.61</b> | <b>133 846 522.38</b> |

In the financial year, the regular premiums contain premiums for fund-linked life insurance solutions (Germany PENSION) amounting to € 150 K (previous year: € 164 K).

With regard to contracts without participation in profits, € 36 791 K are contained in the regular premiums and € 81 269 K in the single premiums.

The premium amount of redeemed new business in the reporting year is € 324 323 K (previous year: € 333 912 K).

### To I. 3. Investment income

a) Income from other investments

| (in Euros)  | 2018                | 2017                |
|---|---------------------|---------------------|
| Interest and similar yields from  |                     |                     |
| ▪ Shares, units or shares in investment funds and other variable-yield securities | 156 113.02          | 154 325.93          |
| ▪ Bearer bonds and other fixed-income securities                                  | 942 009.93          | 972 153.00          |
| ▪ Registered notes  | 1 354 642.34        | 1 384 801.37        |
| ▪ Notes receivable  | 1 473 436.47        | 1 563 801.28        |
| ▪ Loans and advance payments with regard to insurance certificates                | 5 450.95            | 6 971.99            |
| ▪ Remaining loans   | 2 121.26            | 8 212.85            |
| ▪ Deposits at banks   | 242 595.87          | 155 223.86          |
| <b>Total</b>  | <b>4 176 369.84</b> | <b>4 245 490.28</b> |

### To I. 5. Other net technical income

| (in Euros)  | 2018             | 2017              |
|---|------------------|-------------------|
| Increase in the policyholders' capitalised claims not yet due | 0.00             | 678 827.83        |
| other   | 10 592.32        | 110 926.39        |
| <b>Total</b>  | <b>10 592.32</b> | <b>789 754.22</b> |

## To I. 6. Net expenditures for insurance claims

### a) Payments for insurance claims

| (in Euros)   | 2018                 | 2017                 |
|--|----------------------|----------------------|
| Direct insurance operations                                    | 39 021 787.04        | 27 482 168.44        |
| less the proportion of reinsurers' direct insurance operations | 12 764 742.21        | 8 197 665.95         |
| <b>Total</b>   | <b>26 257 044.83</b> | <b>19 284 502.49</b> |

### b) Change in the provision for outstanding insurance claims

| (in Euros)  | 2018                | 2017                |
|---|---------------------|---------------------|
| Direct insurance operations   | 7 261 519.93        | 3 412 342.95        |
| Change in the proportion of reinsurers' direct insurance operations | -5 315 919.01       | -1 337 914.38       |
| <b>Total</b>  | <b>1 945 600.92</b> | <b>2 074 428.57</b> |

## To I. 12. Other miscellaneous net technical expenditures

| (in Euros)  | 2018                | 2017                |
|---|---------------------|---------------------|
| Direct credit (premium set-off)   | 7 632 963.81        | 8 667 644.50        |
| Actuarial interest rates  | 136 019.58          | 141 856.32          |
| Interest in deposits resulting from reinsurance business  | 416 094.77          | 409 893.35          |
| Reduction in the capitalised claims from policyholders not yet due  | 954 681.73          | 206 677.10          |
| Costs arising from the increase in general loan loss provisions for claims not yet due from policyholders | 0.00                | 0.00                |
| miscellaneous   | -39 845.91          | -193 365.28         |
| <b>Total</b>  | <b>9 099 913.98</b> | <b>9 232 705.99</b> |

The reinsurance balance resulting from the reinsurance business in the financial year is € 4 977 K (previous year: €1 943 K).

## To II. 1. Other income

| (in Euros)   | 2018                | 2017                |
|--|---------------------|---------------------|
| Income from services rendered for other companies    | 337 123.62          | 1 533 844.93        |
| Interest income                                      | 43 846.99           | 34 389.06           |
| Income from the reversal of non-technical provisions | 85 490.89           | 97 931.60           |
| Other items  | 995 703.09          | 1 153 014.31        |
| <b>Total</b>   | <b>1 462 164.59</b> | <b>2 819 179.90</b> |

## To II. 2. Other expenses

| (in Euros)  | 2018                | 2017                |
|---|---------------------|---------------------|
| Services rendered for other companies             | 306 348.95          | 1 518 341.78        |
| Costs to prepare Annual Financial Statements      | 99 991.48           | 102 209.34          |
| Supervisory Board remuneration (group overheads)  | 29 384.00           | 18 833.00           |
| Legal consultancy fees and other consultancy fees | 136 564.83          | 170 704.07          |
| Interest expenses                                 | 175 002.59          | 210 553.12          |
| other   | 275 936.62          | 145 886.41          |
| <b>Total</b>                                      | <b>1 023 228.47</b> | <b>2 166 527.72</b> |

## To II. 4. Tax on income and profit

| (in Euros)                     | 2018                | 2017                |
|--------------------------------|---------------------|---------------------|
| Corporation tax                | 1 808 534.00        | 2 994 452.29        |
| ▪ of which from previous years | 0.00                | -9 401.71           |
| Solidarity surcharge           | 0.00                | 0.00                |
| ▪ of which from previous years | 0.00                | 0.00                |
| Trade income tax               | 0.00                | 0.00                |
| ▪ of which from previous years | 0.00                | 0.00                |
| <b>Total</b>                   | <b>1 808 534.00</b> | <b>2 994 452.29</b> |

The corporation tax relates to the part of the company's business which was generated in the Netherlands branch. Within the scope of the tax entity, the taxes incurred are paid by Rheinland Versicherungs AG, but the expenses are incurred in the Dutch branch of Credit Life AG.

## Commissions and other remunerations of the intermediaries, personnel costs

| (in Euros)   | 2018                 | 2017          |
|--|----------------------|---------------|
| 1. Commissions of all kinds for intermediaries within the meaning of Section 92 German Commercial Code (HGB) for direct insurance operations | <b>36 711 729.01</b> | 36 725 225.77 |
| 2. Other remuneration for intermediaries within the meaning of Section 92 German Commercial Code (HGB)                                       | <b>71 759.32</b>     | 71 587.67     |
| 3. Wages and salaries  | <b>126 321.97</b>    | 60 348.80     |
| 4. Social contributions and costs for support  | <b>44 730.18</b>     | 19 418.43     |
| <b>5. Total expenditures</b>   | <b>36 954 540.48</b> | 36 876 580.67 |

## Miscellaneous

### Staff

With regard to office work, the companies of RheinLand Versicherungsgruppe are mainly managed by the same organization. We do not employ own staff. An exception are the holders of key functions (compliance, auditing, risk management, actuarial function) with whom multiple employment agreements exist.

The remuneration for the Supervisory Board was paid by RheinLand Holding AG.

There is no separate remuneration by the company for the members of the Executive Board, Mr Christoph Buchbender, Dr. Lothar Horbach, Mr Udo Klanten and Mr Andreas Schwarz, as this is provided by the parent company, RheinLand Holding AG. The remuneration provided by Rheinland Holding AG is allocated according to an existing agreement between the companies of RheinLand Versicherungsgruppe following the cost-by-cause principle and thus proportionately to the company. The member of the Executive Board, Mr Lutz Bittermann, receives his remuneration directly from the company.

No loans were granted to the Supervisory Board and the Executive Board.

The Supervisory Board and Executive Board members are listed by name on page 5.

### Details of shareholders

The investment management company Cornel Werhahn GbR, Neuss, has merely informed us as a precaution in the event that should it assume company status as defined by property Section 20 Joint Stock Company Act (AktG), it indirectly holds a majority stake in the company. Furthermore, Verena Countess Huyn, Neuss, Dr. Ludwig Baum, Munich, and Heinrich Straaten, Königswinter, merely as a precaution in case they assume company status as defined in Section 20 Joint Stock Company Act and the participating interests they hold should qualify as dependent companies according to the principles of multiple parents, informed us that they indirectly own a majority stake in the company.

## Financial Obligations

Due to the legal requirements from Section 124 Insurance Supervision Act (VAG), life insurers are obliged to become members of a protection fund for life insurers.

On the basis of the SichLVFinV (Life), the protection fund charges an annual contribution of no more than 0.2% of the net technical provisions until guarantee assets of 1.0% of the sum of the net technical provisions have been built up. This currently does not result in obligations for the company, as the maximum amount was reached in the fiscal year. The protection fund for life insurers may also charge special contributions amounting to a further 1.0 % of the sum of the net technical provisions; this corresponds to an obligation of € 188 K.

In addition, the company obliges to provide financial resources to the protection fund or alternatively to Protektor Lebensversicherung AG, to the extent that the means of the protection fund are insufficient in the event of restructuring.

The obligation is 1.0% of the sum of the net technical provisions, taking into account the contributions already made to the protection fund at that time. Including the above-mentioned payment obligations from the contributions to the protection fund, the total obligation as of the balance sheet date amounts to € 1 682 K.

Credit Life AG has participated as a limited partner in Lampe Mezzanine Fund I GIKG GmbH & Co.KG with a promised investment amount of € 3,000 K. Of this promised investment, € 1 635 K were released by the end of the investment phase as at 31 October 2018. There are no further payment obligations.

Additional liabilities arising from the acceptance or issuance of bills of exchange towards banks, from operating facilities and from guarantee and warranty agreements, as well as from other obligations not shown in the balance sheet, do not exist.

### **Further Information**

Credit Life AG, registered in Neuss, is entered in the Commercial Register at the Local Court of Neuss (HRB 9766).

The company is included in the consolidated financial statements of RheinLand Holding AG, RheinLandplatz, Neuss, which at the same time corresponds to the smallest and largest group of consolidation and is published in the electronic Federal Gazette. According to Section 291 German Commercial Code (HGB), we are exempt from the obligation to prepare consolidated financial statements and a Group management report.

Pursuant to Section 285 No. 17 German Commercial Code (HGB), information about the auditor's fee is provided with exempting effect in the consolidated financial statements of RheinLand Holding AG. In addition to the fee for the audit of the financial statements, payments were made to PricewaterhouseCoopers GmbH for fiduciary services in the reporting year.

### **Supplementary Report**

There have not been any events of particular importance after the conclusion of the financial year.

### **Recommended Profit Appropriation**

The Executive Board and Supervisory Board suggest that the appropriation of the net earnings of Credit Life AG for the 2018 financial year be appropriated as follows:

The net earnings in the amount of € 5 447 986.65 will be carried forward to new account.

## Policyholders' Profit Share for 2019

### 1. Allocation of tariffs

#### 1.1 Contracts concluded prior to 1 January 1995:

The tariffs are summarised in tariff groups; the tariff groups are again summarised in settlement classes. The allocation of the tariffs to the tariff groups and settlement classes is shown in the following table.

| Settlement class | Tariff group | Tariff                                 |
|------------------|--------------|--|
| 1                | BO           | M01, M02, M03, M04, F01, F02, F03      |
|                  | EO           | M10, M12, M14, M20, M22, F10, F12, F14 |
| 5                | BUZ          | B, BR, BR1, BR/..                      |

#### 1.2 Contracts concluded after 1 January 1995:

The tariffs are summarised in profit classes; the profit classes are again summarised in portfolio groups. The allocation of tariffs to the profit classes and portfolio categories is shown in the following table.

| Portfolio group              | Settlement class | Tariff                                 |
|------------------------------|------------------|--|
| Cash value<br>Life insurance | GL95             | M01, M02, M03, M04, F01, F02, F03      |
|                              | GL96             | M42, M43, M44, F42, F43                |
|                              | GL2000           | M62, M63, M64, F62, F63                |
|                              | GL2004           | M82, M83, M84, F82, F83                |
|                              | GL2007           | KGO07                                  |
|                              | GL2008           | KGO08                                  |
| Term life insurance          | EO95             | M10, M12, M14, M20, M22, F10, F12, F14 |
|                              | Ris95            | M30, M32, M34, F30, F32, F34           |
|                              | Ris99            | M50, M52, M54, F50, F52, F54           |
|                              | Ris2004          | M70, M72, M74, F70, F72                |
|                              | Ris2005NR        | M90, M92, F90, F92                     |
|                              | Ris2005R         | M91, M93, F91, F93                     |
|                              | Ris2007NR        | TGNO07, TFNO07                         |
|                              | Ris2007R         | TGRO07, TFRO07                         |
|                              | Ris2008NR        | TGNO08, TFNO08                         |
|                              | Ris2008R         | TGRO08, TFRO08                         |
|                              | Ris2009NR        | TGNO09, DTGNO09                        |
|                              | Ris2009R         | TGRO09, DTGRO09                        |
|                              | Ris2012NR        | TGNO12, DTGNO12                        |
|                              | Ris2012R         | TGRO12, DTGRO12                        |
| Ris2013NR                    | TGNO13, DTGNO13  |  |

| Portfolio group               | Settlement class | Tariff                       |
|-------------------------------|------------------|------------------------------|
| Term life insurance           | Ris2013R         | TGRO13, DTGRO13              |
|                               | Ris2015NR        | TGNO15, DTGNO15              |
|                               | Ris2015R         | TGRO15, DTGRO15              |
|                               | Ris2016          | TG16, TP16, TH16, TZ16       |
|                               | Ris2017          | TG17, TP17, TH17, TZ17       |
| Disability insurance policies | SBU2014          | BEA14                        |
|                               | SBU2015          | BEA15, BEA16                 |
|                               | SBV2016          | SBU16, DSBU16                |
|                               | SBV2017          | SBU17, DSBU17                |
| 131*                          |                  | DR08, DR09, DR12, DR13, DR15 |
| 247 NL branch                 | KAP04            | KG04                         |
|                               | KAP05            | KG05                         |
|                               | REN04            | RA04                         |
|                               | REN05            | RA05                         |
|                               | STE05            | ST05                         |
| BUZ                           | BUZ95            | B, BR, BR1, BR/..            |
|                               | BUZ97            | BU, BU1, BUL                 |
|                               | BUZ2000          | BZ, BZ1, BZL                 |
|                               | BUZ2004          | BG, BG1, BGL                 |
|                               | BUZ2007          | BUSO07, BUPO07               |
|                               | BUZ2008          | BUSO08, BUPO08               |
|                               | BUZ2009          | BUPO09                       |
|                               | BUZ2012          | BUPO12                       |
|                               | BUZ2013          | BUPO13                       |
|                               | BUZ2015          | BUPO15                       |
|                               | EU07             | EU007                        |
|                               | EU08             | EU008                        |
|                               | EU09             | EU009, E3009                 |
|                               | EU12             | EU012, E3012                 |
|                               | EU13             | EU013, E3013                 |

\* Life insurance where the investment risk is borne by the policyholder.

## 2. General information

### 2.1 Direct credit

For 2019, no directly credited interest is granted for the interest profit share and for the accumulated interest-bearing profit credit balance.

The direct credit for the tariff groups EO and BUZ and the profit classes Ris2017, Ris2016, Ris2015NR, Ris2015R, Ris2013NR, Ris2013R, Ris2012NR, Ris2012R, Ris2009NR, Ris2009R, Ris2008NR, Ris2008R, Ris2007NR, Ris2007R, Ris2005NR, Ris2005R, Ris2004, Ris99, Ris95, SBU2014, SBU2015, SBV2016, SBV2017, EO95, BUZ95, BUZ97, BUZ2000, BUZ2004, BUZ2007, BUZ2008, BUZ2009, BUZ2012, BUZ2013, BUZ2015, EU07, EU08, EU09, EU12 and EU13 amounts to 70% of the profit shares which are assessed according to the premium. The direct credit is offset against the profit share percentages stated.

### 2.2 Annual profit share

The individual insurance policy contains regular profit shares at the beginning of each insurance year; for the first time following the expiry of the contractual qualifying period. The qualifying period for contracts commenced in 2019 is one year; there is no qualifying period for contracts of the profit classes Ris95, Ris99, Ris2004, Ris2005NR, Ris2005R, Ris2007NR, Ris2007R, Ris2008NR, Ris2008R, Ris2009NR, Ris2009R, Ris2012NR, Ris2012R, Ris2013NR, Ris2013R, Ris2015NR, Ris2015R, Ris2016, Ris2017, SBU2014, SBU2015, SBV2016, SBV2017, EO95, BUZ95, BUZ97, BUZ2000, BUZ2004, BUZ2007, BUZ2008, BUZ2009, BUZ2012, BUZ2013, BUZ2015, EU07, EU08, EU09, EU12, EU13, nor for the tariff groups EO and BUZ contracts. Contracts in the tariff groups BO and in the profit classes GL95, GL96, GL2000, GL2004, GL2007, GL2008, KAP04, KAP05, REN04 und REN05 once again receive regular profit shares following the expiry of the contract.

### 2.3 Interest-bearing accumulation of profit shares

Insurance policies of which the profit shares are accumulated on an interest-bearing basis receive an accumulated profit share alongside the actuarial interest rate, so that a total of 2.25% interest is paid on the accumulated balance. For insurance policies having an interest rate above 2.25%, interest is paid on the accumulated balance at the full actuarial interest rate and the accumulated profit share is not applicable.

### 2.4 Increase in the benefits paid resulting from profit shares

With regard to insurance policies of which the profit shares are used to increase the benefit paid (bonus), the bonus amounts participate in the profit in the same manner as premium-free contracts.

## 2.5 Terminal dividends

Insurance policies for which terminal dividends are declared receive these dividends for insurance years completed prior to the policyholder's reaching 66 years of age. Insurance policies in the profit classes GL2007 and GL2008 receive terminal dividends regardless of the policyholder's age.

The terminal dividends are due in 2019 if the term of insurance of the contract ends in this year (profit classes GL2007, GL2008) and/or if the agreed premium payment period of the contract ends (tariff group BO, profit classes GL95, GL96, GL2000 and GL2004).

A reduced amount will become due in 2019 if, in this year,

- the policyholder dies,
- the contract is terminated prematurely no earlier than after one third (maximum of 10 years) into the agreed term of insurance (profit classes GL2007, GL2008) and/or premium payment period (tariff group BO, profit classes GL95, GL96, GL2000 and GL2004).

## 2.6 Participation in valuation reserves

Valuation reserves are allocated to the insurance policies. The share for each insurance is determined every year on the cut-off date of 31 December as the proportion of the sum of coverage capitals and balances of the last ten years at the respective balance sheet dates – no earlier than from the beginning of the insurance – which is allocated to the insurance to the total of this size across all eligible insurance policies. At the time of the notice of termination for the contract being given, the share calculated at the last cut-off date on a contract-by-contract basis of at least 50% of the currently calculated valuation reserves of the investments is paid out which must be taken into account for the policyholders' share. According to Section 139 (3) Insurance Supervision Act (VAG), the claim for participation in the valuation reserves occurs in consideration of the hedging requirement.

The valuation reserves are calculated on the third trading day of the previous month; if significant fluctuations in the stock market and/or in the interest development arise up to the pay-out date, the valuation reserves will be recalculated. If notice of termination for an insurance policy is given and if it takes effect on the same day or at an earlier date, the valuation reserves are calculated on the third trading day of the previous month in which the notice of termination becomes effective.

During the period in which annuity payments are received, annuity insurance policies participate in the valuation reserves according to a procedure based on Section 153 (3) VVG. If the policyholder is alive on the anniversary of the beginning of the annuity payments, during the period in which annuity payments are received, 50% of the share of the insurance in the valuation reserves of investments are allocated and paid out which must be taken into account for the policyholder's share.

In this respect, valuation reserves are financed via a withdrawal from the provision for premium refunding (RfB).

The share in the valuation reserves is reduced if valuation reserves must be estimated for meeting the equity requirements pursuant to Section 89 c Insurance Supervision Act (VAG) and if the valuation reserves available are likely to diminish to such an extent due to the granted share in the valuation reserves that the equity requirements can no longer be met.

### 3. Profit share percentages of 2019

#### Cash value life insurance policies

| TG/GV  | Contract status | M/F | Interest profit |        | Basic Profit |        | Costs Profit |        | Risk profit |        |
|--------|-----------------|-----|-----------------|--------|--------------|--------|--------------|--------|-------------|--------|
|        |                 |     | Rate            | BezGr. | Rate         | BezGr. | Rate         | BezGr. | Rate        | BezGr. |
| BO     | bpfl            |     | 0.00 %          | DK     | 0.10 %       | VS     | -            | -      | 56 %        | iRB    |
|        | bfr             |     | 0.00 %          | DK     | -            | -      | -            | -      | 56 %        | iRB    |
| GL95   | bpfl            |     | 0.00 %          | DK     | 0.10 %       | VS     | -            | -      | 56 %        | iRB    |
|        | bfr             |     | 0.00 %          | DK     | -            | -      | -            | -      | 56 %        | iRB    |
| GL96   | bpfl            | F   | 0.00 %          | DK     | 0.05 %       | VS     | -            | -      | 54 %        | iRB    |
|        | bpfl            | M   | 0.00 %          | DK     | 0.05 %       | VS     | -            | -      | 62 %        | iRB    |
|        | bfr             | F   | 0.00 %          | DK     | -            | -      | -            | -      | 54 %        | iRB    |
|        | bfr             | M   | 0.00 %          | DK     | -            | -      | -            | -      | 62 %        | iRB    |
| GL2000 | bpfl            | F   | 0.00 %          | MDK    | -            | -      | 1.50 %       | üJB    | 54 %        | iRB    |
|        | bpfl            | M   | 0.00 %          | MDK    | -            | -      | 1.50 %       | üJB    | 62 %        | iRB    |
|        | bfr             | F   | 0.00 %          | MDK    | -            | -      | -            | -      | 54 %        | iRB    |
|        | bfr             | M   | 0.00 %          | MDK    | -            | -      | -            | -      | 62 %        | iRB    |
| GL2004 | bpfl            | F   | 0.00 %          | MDK    | -            | -      | 1.50 %       | üJB    | 54 %        | iRB    |
|        | bpfl            | M   | 0.00 %          | MDK    | -            | -      | 1.50 %       | üJB    | 62 %        | iRB    |
|        | bfr             | F   | 0.00 %          | MDK    | -            | -      | -            | -      | 54 %        | iRB    |
|        | bfr             | M   | 0.00 %          | MDK    | -            | -      | -            | -      | 62 %        | iRB    |
| GL2007 | bpfl            | F   | 0.00 %          | MDK    | -            | -      | 1.50 %       | üJB    | 54 %        | iRB    |
|        | bpfl            | M   | 0.00 %          | MDK    | -            | -      | 1.50 %       | üJB    | 62 %        | iRB    |
|        | bfr             | F   | 0.00 %          | MDK    | -            | -      | -            | -      | 54 %        | iRB    |
|        | bfr             | M   | 0.00 %          | MDK    | -            | -      | -            | -      | 62 %        | iRB    |
| GL2008 | bpfl            | F   | 0.00 %          | MDK    | -            | -      | 1.50 %       | üJB    | 54 %        | iRB    |
|        | bpfl            | M   | 0.00 %          | MDK    | -            | -      | 1.50 %       | üJB    | 62 %        | iRB    |
|        | bfr             | F   | 0.00 %          | MDK    | -            | -      | -            | -      | 54 %        | iRB    |
|        | bfr             | M   | 0.00 %          | MDK    | -            | -      | -            | -      | 62 %        | iRB    |
| KAP04  | bpfl            |     | 0.00 %          | VS     | -            | -      | -            | -      | 0.001 %     | VS*    |
|        | bfr             |     | 0.00 %          | VS     | -            | -      | -            | -      | 0.001 %     | VS*    |
| KAP05  | bpfl            |     | 0.00 %          | MDK    | -            | -      | 0.00 %       | üJB    | -           | -      |
|        | bfr             |     | 0.00 %          | MDK    | -            | -      | -            | -      | -           | -      |
| STE05  | bpfl            |     | 0.00 %          | MDK    | -            | -      | 0.00 %       | üJB    | -           | -      |
|        | bfr             |     | 0.00 %          | MDK    | -            | -      | -            | -      | -           | -      |

### Contract status:

bpfl = contracts liable to premiums  
bfr = premium-free contracts

### Reference values (BezGr.):

|     |   |                                    |     |   |  |
|-----|---|------------------------------------|-----|---|--|
| VS  | = | insured amount                     | DK  | = | capital sum required as cover  |
| üJB | = | annual premium eligible for profit | MDK | = | actuarial average capital sum required as cover<br>(discounted at the beginning of the insurance year) |
| iRB | = | individual risk premium            |     |   |  |

### Type of appropriation:

Depending on the agreement, the profit shares are accrued on an interest-bearing basis or are used to increase the insured amount (bonus).

\*) It is necessary to multiply this rate by the payment term in a status liable to premiums. In a status liable to premiums, the rate is to be multiplied by the difference between the contract term and the payment term.

### Annuity insurance policies (hybrid)

| BG  | Tar-iffs | Con-tract status | Interest profit |        | Fund cost surplus |        | Terminal "interest" dividend |        | Terminal "fund cost" dividend |        | Basic profit |        | Risk profit |        |
|-----|----------|------------------|-----------------|--------|-------------------|--------|------------------------------|--------|-------------------------------|--------|--------------|--------|-------------|--------|
|     |          |                  | Rate            | BezGr. | Rate              | BezGr. | Rate                         | BezGr. | Rate                          | BezGr. | Rate         | BezGr. | Rate        | BezGr. |
| 131 | DR08     | bpfI             | 0.00 %          | (1)    | 0.2125 %          | (2)    | 0.00 %                       | (3)    | 0.2125 %                      | (3)    | 0.00 %       | (4)    | 0.00 %      | (5)    |
|     |          | bfr              | 0.00 %          | (1)    | 0.2125 %          | (2)    | 0.00 %                       | (3)    | 0.2125 %                      | (3)    | 0.00 %       | (4)    | 0.00 %      | (5)    |
|     |          | lfdR             | 0.00 %          | (1)    | -                 | -      | -                            | -      | -                             | -      | -            | -      | -           | -      |
| 131 | DR09     | bpfI             | 0.00 %          | (1)    | 0.2125 %          | (2)    | 0.00 %                       | (3)    | 0.2125 %                      | (3)    | 0.00 %       | (4)    | 0.00 %      | (5)    |
|     |          | bfr              | 0.00 %          | (1)    | 0.2125 %          | (2)    | 0.00 %                       | (3)    | 0.2125 %                      | (3)    | 0.00 %       | (4)    | 0.00 %      | (5)    |
|     |          | lfdR             | 0.00 %          | (1)    | -                 | -      | -                            | -      | -                             | -      | -            | -      | -           | -      |
| 131 | DR12     | bpfI             | 0.25 %          | (1)    | 0.2125 %          | (2)    | 0.25 %                       | (3)    | 0.2125 %                      | (3)    | 0.00 %       | (4)    | 0.00 %      | (5)    |
|     |          | bfr              | 0.25 %          | (1)    | 0.2125 %          | (2)    | 0.25 %                       | (3)    | 0.2125 %                      | (3)    | 0.00 %       | (4)    | 0.00 %      | (5)    |
|     |          | lfdR             | 0.50 %          | (1)    | -                 | -      | -                            | -      | -                             | -      | -            | -      | -           | -      |
| 131 | DR13     | bpfI             | 0.25 %          | (1)    | 0.2125 %          | (2)    | 0.25 %                       | (3)    | 0.2125 %                      | (3)    | 0.00 %       | (4)    | 0.00 %      | (5)    |
|     |          | bfr              | 0.25 %          | (1)    | 0.2125 %          | (2)    | 0.25 %                       | (3)    | 0.2125 %                      | (3)    | 0.00 %       | (4)    | 0.00 %      | (5)    |
|     |          | lfdR             | 0.50 %          | (1)    | -                 | -      | -                            | -      | -                             | -      | -            | -      | -           | -      |
| 131 | DR15     | bpfI             | 0.50 %          | (1)    | 0.2125 %          | (2)    | 0.50 %                       | (3)    | 0.2125 %                      | (3)    | 0.00 %       | (4)    | 0.00 %      | (5)    |
|     |          | bfr              | 0.50 %          | (1)    | 0.2125 %          | (2)    | 0.50 %                       | (3)    | 0.2125 %                      | (3)    | 0.00 %       | (4)    | 0.00 %      | (5)    |
|     |          | lfdR             | 1.00 %          | (1)    | -                 | -      | -                            | -      | -                             | -      | -            | -      | -           | -      |

### Contract status:

bpfl = contracts liable to premiums  
bfr = premium-free contracts  
lfdR = regular annuities

### Reference values (BezGr.):

- (1) During the deferral period, the reference value of the interest profit is the classic day-weighted capital sum required as cover and/or the day-weighted interest-bearing reserve account. During the period in which annuity payments are received, the reference value is the classic capital sum required as cover at the beginning of the insurance year.
- (2) The reference value of the fund cost profit is the fund assets available at the beginning of the month (after premiums for additional insurance policies included have been withdrawn). The fund cost profit is irrevocably allocated to the fund assets in arrears on a monthly and a pro rata (0.0177%) basis.
- (3) The reference value of the terminal dividend "interest" is the classic day-weighted capital sum required as cover and/or the day-weighted interest-bearing reserve account; the reference value of the terminal dividend "fund costs" is the fund assets available at the beginning of the month (after premiums for additional insurance policies included have been withdrawn). The entire terminal dividend is irrevocably allocated to the terminal dividend balance in arrears on a monthly and a pro rata basis. Annual 3.66% interest is paid on the accumulated terminal dividend balance up to the earliest starting date for annuity payments – but only up to the age of 60 – otherwise 2.31%. The amount of the terminal dividends due at the end of the deferral period is revocable and cannot be guaranteed. In the event of death or surrender in 2018, pro rata terminal dividends shall become due in line with the rules set out in the business plan.
- (4) The reference value of the basis profit is the premium amount eligible for profit.
- (5) The reference value of the risk profit is the individual risk premium.

### Term Life Insurance Solutions

| TG/GV            | Contract status  | M/F  | Smoker/<br>Non-smoker | Meas.  | Interest profit |        | addit. profit share |        | Premium set-off |        | Death Bonus |        |
|------------------|------------------|------|-----------------------|--------|-----------------|--------|---------------------|--------|-----------------|--------|-------------|--------|
|                  |                  |      |                       |        | Rate            | BezGr. | Rate                | BezGr. | Rate            | BezGr. | Rate        | BezGr. |
| EO               | bpfl             |      |                       |        | -               | -      | -                   | -      | 63 %            | üb     | 170 %       | VS     |
|                  | bfr Abl          |      |                       |        | -               | -      | 63 %                | üb(vV) | -               | -      | 170 %       | VS     |
|                  | bfr i Tod        |      |                       |        | 0.00 %          | DK     | -                   | -      | -               | -      | -           | -      |
|                  | bfr (EB, Einst.) |      |                       |        | -               | -      | -                   | -      | -               | -      | 170 %       | VS     |
| EO95             | bpfl             |      |                       |        | -               | -      | -                   | -      | 52 %            | üb     | 108 %       | VS     |
|                  | bfr Abl          |      |                       |        | -               | -      | 52 %                | üb(vV) | -               | -      | 108 %       | VS     |
|                  | bfr i Tod        |      |                       |        | 0.00 %          | DK     | -                   | -      | -               | -      | -           | -      |
|                  | bfr (EB, Einst.) |      |                       |        | -               | -      | -                   | -      | -               | -      | 108 %       | VS     |
| Ris95            | bpfl             | F    | Smoker                |        | -               | -      | -                   | -      | 34 %            | üb     | 51 %        | VS     |
|                  | bpfl             | F    | non-smoker            |        | -               | -      | -                   | -      | 50 %            | üb     | 100 %       | VS     |
|                  | bpfl             | M    | Smoker                |        | -               | -      | -                   | -      | 36 %            | üb     | 56 %        | VS     |
|                  | bpfl             | M    | non-smoker            |        | -               | -      | -                   | -      | 54 %            | üb     | 117 %       | VS     |
|                  | bfr Abl          | F    | Smoker                |        | -               | -      | 34 %                | üb(vV) | -               | -      | 51 %        | VS     |
|                  | bfr Abl          | F    | non-smoker            |        | -               | -      | 50 %                | üb(vV) | -               | -      | 100 %       | VS     |
|                  | bfr Abl          | M    | Smoker                |        | -               | -      | 36 %                | üb(vV) | -               | -      | 56 %        | VS     |
|                  | bfr Abl          | M    | non-smoker            |        | -               | -      | 54 %                | üb(vV) | -               | -      | 117 %       | VS     |
|                  | bfr i Tod        |      |                       |        | 0.00 %          | DK     | -                   | -      | -               | -      | -           | -      |
|                  | bfr (EB, Einst.) | F    | Smoker                |        | -               | -      | -                   | -      | -               | -      | 51 %        | VS     |
|                  | bfr (EB, Einst.) | F    | non-smoker            |        | -               | -      | -                   | -      | -               | -      | 100 %       | VS     |
|                  | bfr (EB, Einst.) | M    | Smoker                |        | -               | -      | -                   | -      | -               | -      | 56 %        | VS     |
|                  | bfr (EB, Einst.) | M    | non-smoker            |        | -               | -      | -                   | -      | -               | -      | 117 %       | VS     |
|                  | Ris99            | bpfl | F                     | Smoker |                 | -      | -                   | -      | -               | 26 %   | üb          | 35 %   |
| bpfl             |                  | F    | non-smoker            |        | -               | -      | -                   | -      | 47 %            | üb     | 88 %        | VS     |
| bpfl             |                  | M    | Smoker                |        | -               | -      | -                   | -      | 26 %            | üb     | 35 %        | VS     |
| bpfl             |                  | M    | non-smoker            |        | -               | -      | -                   | -      | 51 %            | üb     | 104 %       | VS     |
| bfr Abl          |                  | F    | Smoker                |        | -               | -      | -                   | -      | -               | -      | 35 %        | VS     |
| bfr Abl          |                  | F    | non-smoker            |        | -               | -      | -                   | -      | -               | -      | 88 %        | VS     |
| bfr Abl          |                  | M    | Smoker                |        | -               | -      | -                   | -      | -               | -      | 35 %        | VS     |
| bfr Abl          |                  | M    | non-smoker            |        | -               | -      | -                   | -      | -               | -      | 104 %       | VS     |
| bfr i Tod        |                  |      |                       |        | 0.00 %          | DK     | -                   | -      | -               | -      | -           | -      |
| bfr (EB, Einst.) |                  | F    | Smoker                |        | -               | -      | -                   | -      | -               | -      | 35 %        | VS     |
| bfr (EB, Einst.) |                  | F    | non-smoker            |        | -               | -      | -                   | -      | -               | -      | 88 %        | VS     |
| bfr (EB, Einst.) |                  | M    | Smoker                |        | -               | -      | -                   | -      | -               | -      | 35 %        | VS     |
| bfr (EB, Einst.) |                  | M    | non-smoker            |        | -               | -      | -                   | -      | -               | -      | 104 %       | VS     |

| TG/GV            | Contract status  | M/F        | Smoker/ Non-smoker | Meas. | Interest profit |        | addit. profit share |        | Premium set-off |        | Death Bonus |        |
|------------------|------------------|------------|--------------------|-------|-----------------|--------|---------------------|--------|-----------------|--------|-------------|--------|
|                  |                  |            |                    |       | Rate            | BezGr. | Rate                | BezGr. | Rate            | BezGr. | Rate        | BezGr. |
| Ris2004          | bpfl             | F          | Smoker             |       | -               | -      | -                   | -      | 26 %            | üB     | 35 %        | VS     |
|                  | bpfl             | F          | non-smoker         |       | -               | -      | -                   | -      | 47 %            | üB     | 88 %        | VS     |
|                  | bpfl             | M          | Smoker             |       | -               | -      | -                   | -      | 26 %            | üB     | 35 %        | VS     |
|                  | bpfl             | M          | non-smoker         |       | -               | -      | -                   | -      | 51 %            | üB     | 104 %       | VS     |
|                  | bfr Abl          | F          | Smoker             |       | -               | -      | -                   | -      | -               | -      | 35 %        | VS     |
|                  | bfr Abl          | F          | non-smoker         |       | -               | -      | -                   | -      | -               | -      | 88 %        | VS     |
|                  | bfr Abl          | M          | Smoker             |       | -               | -      | -                   | -      | -               | -      | 35 %        | VS     |
|                  | bfr Abl          | M          | non-smoker         |       | -               | -      | -                   | -      | -               | -      | 104 %       | VS     |
|                  | bfr i Tod        |            |                    |       | 0.00 %          | DK     | -                   | -      | -               | -      | -           | -      |
|                  | bfr (EB, Einst.) | F          | Smoker             |       | -               | -      | -                   | -      | -               | -      | 35 %        | VS     |
|                  | bfr (EB, Einst.) | F          | non-smoker         |       | -               | -      | -                   | -      | -               | -      | 88 %        | VS     |
|                  | bfr (EB, Einst.) | M          | Smoker             |       | -               | -      | -                   | -      | -               | -      | 35 %        | VS     |
| bfr (EB, Einst.) | M                | non-smoker |                    | -     | -               | -      | -                   | -      | -               | 104 %  | VS          |        |
| Ris2005R         | bpfl             |            |                    |       | -               | -      | -                   | -      | 47 %            | üB     | 88 %        | VS     |
|                  | bfr              |            |                    |       | -               | -      | -                   | -      | -               | -      | 88 %        | VS     |
| Ris2005NR        | bpfl             |            |                    |       | -               | -      | -                   | -      | 47 %            | üB     | 88 %        | VS     |
|                  | bfr              |            |                    |       | -               | -      | -                   | -      | -               | -      | 88 %        | VS     |
| Ris2007R         | bpfl             |            |                    |       | -               | -      | -                   | -      | 47 %            | üB     | 88 %        | VS     |
|                  | bfr              |            |                    |       | -               | -      | -                   | -      | -               | -      | 88 %        | VS     |
| Ris2007NR        | bpfl             |            |                    |       | -               | -      | -                   | -      | 47 %            | üB     | 88 %        | VS     |
|                  | bfr              |            |                    |       | -               | -      | -                   | -      | -               | -      | 88 %        | VS     |
| Ris2008R         | bpfl             |            |                    |       | -               | -      | -                   | -      | 47 %            | üB     | 88 %        | VS     |
|                  | bfr              |            |                    |       | -               | -      | -                   | -      | -               | -      | 88 %        | VS     |
| Ris2008NR        | bpfl             |            |                    |       | -               | -      | -                   | -      | 47 %            | üB     | 88 %        | VS     |
|                  | bfr              |            |                    |       | -               | -      | -                   | -      | -               | -      | 88 %        | VS     |
| Ris2009R         | bpfl             | F          |                    | 1     | -               | -      | -                   | -      | 52 %            | üB     | 108 %       | VS     |
|                  | bpfl             | F          |                    | 2     | -               | -      | -                   | -      | 47 %            | üB     | 88 %        | VS     |
|                  | bpfl             | M          |                    | 1     | -               | -      | -                   | -      | 51 %            | üB     | 104 %       | VS     |
|                  | bpfl             | M          |                    | 2     | -               | -      | -                   | -      | 46 %            | üB     | 85 %        | VS     |
|                  | bfr              | F          |                    | 1     | -               | -      | -                   | -      | -               | -      | 108 %       | VS     |
|                  | bfr              | F          |                    | 2     | -               | -      | -                   | -      | -               | -      | 88 %        | VS     |
|                  | bfr              | M          |                    | 1     | -               | -      | -                   | -      | -               | -      | 104 %       | VS     |
|                  | bfr              | M          |                    | 2     | -               | -      | -                   | -      | -               | -      | 85 %        | VS     |

| TG/GV     | Contract status | M/F | Smoker/<br>Non-smoker | Meas. | Interest profit |        | addit. profit share |        | Premium set-off |        | Death Bonus |        |
|-----------|-----------------|-----|-----------------------|-------|-----------------|--------|---------------------|--------|-----------------|--------|-------------|--------|
|           |                 |     |                       |       | Rate            | BezGr. | Rate                | BezGr. | Rate            | BezGr. | Rate        | BezGr. |
| Ris2009NR | bpfl            | F   |                       | 1     | -               | -      | -                   | -      | 50 %            | üb     | 100 %       | VS     |
|           | bpfl            | F   |                       | 2     | -               | -      | -                   | -      | 45 %            | üb     | 81 %        | VS     |
|           | bpfl            | M   |                       | 1     | -               | -      | -                   | -      | 49 %            | üb     | 96 %        | VS     |
|           | bpfl            | M   |                       | 2     | -               | -      | -                   | -      | 44 %            | üb     | 78 %        | VS     |
|           | bfr             | F   |                       | 1     | -               | -      | -                   | -      | -               | -      | 100 %       | VS     |
|           | bfr             | F   |                       | 2     | -               | -      | -                   | -      | -               | -      | 81 %        | VS     |
|           | bfr             | M   |                       | 1     | -               | -      | -                   | -      | -               | -      | 96 %        | VS     |
|           | bfr             | M   |                       | 2     | -               | -      | -                   | -      | -               | -      | 78 %        | VS     |
| Ris2012R  | bpfl            | F   |                       | 1     | -               | -      | -                   | -      | 52 %            | üb     | 108 %       | VS     |
|           | bpfl            | F   |                       | 2     | -               | -      | -                   | -      | 47 %            | üb     | 88 %        | VS     |
|           | bpfl            | M   |                       | 1     | -               | -      | -                   | -      | 51 %            | üb     | 104 %       | VS     |
|           | bpfl            | M   |                       | 2     | -               | -      | -                   | -      | 46 %            | üb     | 85 %        | VS     |
|           | bfr             | F   |                       | 1     | -               | -      | -                   | -      | -               | -      | 108 %       | VS     |
|           | bfr             | F   |                       | 2     | -               | -      | -                   | -      | -               | -      | 88 %        | VS     |
|           | bfr             | M   |                       | 1     | -               | -      | -                   | -      | -               | -      | 104 %       | VS     |
|           | bfr             | M   |                       | 2     | -               | -      | -                   | -      | -               | -      | 85 %        | VS     |
| Ris2012NR | bpfl            | F   |                       | 1     | -               | -      | -                   | -      | 50 %            | üb     | 100 %       | VS     |
|           | bpfl            | F   |                       | 2     | -               | -      | -                   | -      | 45 %            | üb     | 81 %        | VS     |
|           | bpfl            | M   |                       | 1     | -               | -      | -                   | -      | 49 %            | üb     | 96 %        | VS     |
|           | bpfl            | M   |                       | 2     | -               | -      | -                   | -      | 44 %            | üb     | 78 %        | VS     |
|           | bfr             | F   |                       | 1     | -               | -      | -                   | -      | -               | -      | 100 %       | VS     |
|           | bfr             | F   |                       | 2     | -               | -      | -                   | -      | -               | -      | 81 %        | VS     |
|           | bfr             | M   |                       | 1     | -               | -      | -                   | -      | -               | -      | 96 %        | VS     |
|           | bfr             | M   |                       | 2     | -               | -      | -                   | -      | -               | -      | 78 %        | VS     |
| Ris2013R  | bpfl            |     |                       |       | -               | -      | -                   | -      | 59 %            | üb     | 143 %       | VS     |
|           | bfr             |     |                       |       | -               | -      | -                   | -      | -               | -      | 143 %       | VS     |
| Ris2013NR | bpfl            |     |                       |       | -               | -      | -                   | -      | 64 %            | üb     | 177 %       | VS     |
|           | bfr             |     |                       |       | -               | -      | -                   | -      | -               | -      | 177 %       | VS     |
| Ris2015R  | bpfl            |     |                       |       | -               | -      | -                   | -      | 59 %            | üb     | 143 %       | VS     |
|           | bfr             |     |                       |       | -               | -      | -                   | -      | -               | -      | 143 %       | VS     |
| Ris2015NR | bpfl            |     |                       |       | -               | -      | -                   | -      | 64 %            | üb     | 177 %       | VS     |
|           | bfr             |     |                       |       | -               | -      | -                   | -      | -               | -      | 177 %       | VS     |

| TG/GV   | Contract status | M/F | Smoker/ Non-smoker | Meas. | Interest profit |        | addit. profit share |        | Premium set-off |        | Death Bonus |        |
|---------|-----------------|-----|--------------------|-------|-----------------|--------|---------------------|--------|-----------------|--------|-------------|--------|
|         |                 |     |                    |       | Rate            | BezGr. | Rate                | BezGr. | Rate            | BezGr. | Rate        | BezGr. |
| Ris2016 | bpfl            |     |                    | 3     | -               | -      | -                   | -      | 0.68            | üb     | 212 %       | VS     |
|         | bfr             |     |                    | 3     | -               | -      | -                   | -      | -               | -      | 212 %       | VS     |
|         | bpfl            |     |                    | 4     | -               | -      | -                   | -      | 65.5 %          | üb     | 189 %       | VS     |
|         | bfr             |     |                    | 4     | -               | -      | -                   | -      | -               | -      | 189 %       | VS     |
|         | bpfl            |     |                    | 5     | -               | -      | -                   | -      | 63 %            | üb     | 170 %       | VS     |
|         | bfr             |     |                    | 5     | -               | -      | -                   | -      | -               | -      | 170 %       | VS     |
| Ris2017 | bpfl            |     |                    | 3     | -               | -      | -                   | -      | 68 %            | üb     | 212 %       | VS     |
|         | bfr             |     |                    | 3     | -               | -      | -                   | -      | -               | -      | 212 %       | VS     |
|         | bpfl            |     |                    | 4     | -               | -      | -                   | -      | 65.5 %          | üb     | 189 %       | VS     |
|         | bfr             |     |                    | 4     | -               | -      | -                   | -      | -               | -      | 189 %       | VS     |
|         | bpfl            |     |                    | 5     | -               | -      | -                   | -      | 63 %            | üb     | 170 %       | VS     |
|         | bfr             |     |                    | 5     | -               | -      | -                   | -      | -               | -      | 170 %       | VS     |

#### Contract status:

|                  |   |   |
|------------------|---|---|
| bpfl             | = | contracts liable to premiums  |
| bfr              | = | premium-free contracts  |
| bfr (EB, Einst.) | = | premium-free contracts in exchange for payment of a single premium and due to discontinuance of the premium payment |
| bfr Abl          | = | premium-free contracts due to the expiry of the premium payment period  |
| bfr i Tod        | = | premium-free contracts due to death   |

#### Reference values (BezGr.):

|    |   |                               |        |   |   |
|----|---|-------------------------------|--------|---|---|
| VS | = | insured amount                | üb(vV) | = | premium eligible for profit                         |
| DK | = | capital sum required as cover |        | = | of a comparable insurance policy liable to premiums |
| üb | = | premium eligible for profit   |        |   |   |

#### Remark (Rem.):

|   |   |   |
|---|---|---|
| 1 | = | applies to insured amounts from € 50 000                                |
| 2 | = | applies to insured amounts up to € 49 999                               |
| 3 | = | applies to insured persons with married family status                   |
| 4 | = | applies to two insured persons with married and unmarried family status |
| 5 | = | applies to insured persons with unmarried family status                 |

#### Type of appropriation:

With regard to a contract liable to premiums, the profit share percentages apply depending on the agreed profit system – either death bonus or premium set-off.

With regard to a premium-free contract, either the death bonus or the interest-bearing accumulation is deemed to be the profit system according to the agreement.

### Additional insurance policies

| TG/GV   | Tariffs | Contract status | Interest profit |        | Profit share |        | Claim bonus |        |
|---------|---------|-----------------|-----------------|--------|--------------|--------|-------------|--------|
|         |         |                 | Rate            | BezGr. | Rate         | BezGr. | Rate        | BezGr. |
| BUZ     | B       | bpfl            | -               | -      | 35 %         | üb     | -           | -      |
|         | BR      | bpfl            | -               | -      | 35 %         | üb     | -           | -      |
|         | BR/..   | bpfl            | -               | -      | -            | -      | -           | -      |
|         | BR1     | bpfl            | -               | -      | 35 %         | üb     | -           | -      |
|         |         | bfr             | 0.00 %          | DK     | -            | -      | -           | -      |
|         |         | lfdR            | 0.00 %          | DK     | -            | -      | -           | -      |
| BUZ95   | B       | bpfl            | -               | -      | 30 %         | üb     | -           | -      |
|         | BR      | bpfl            | -               | -      | 30 %         | üb     | -           | -      |
|         | BR/..   | bpfl            | -               | -      | -            | -      | -           | -      |
|         | BR1     | bpfl            | -               | -      | 30 %         | üb     | -           | -      |
|         |         | bfr             | 0.00 %          | DK     | -            | -      | -           | -      |
|         |         | lfdR            | 0.00 %          | DK     | -            | -      | -           | -      |
| BUZ97   |         | bpfl            | -               | -      | 27 %         | üb     | -           | -      |
|         |         | bfr             | 0.00 %          | DK     | -            | -      | -           | -      |
|         |         | lfdR            | 0.00 %          | DK     | -            | -      | -           | -      |
| BUZ2000 |         | bpfl            | -               | -      | 35 %         | üb     | -           | -      |
|         |         | bfr             | 0.00 %          | MDK    | -            | -      | -           | -      |
|         |         | lfdR            | 0.00 %          | MDK    | -            | -      | -           | -      |
| BUZ2004 |         | bpfl            | -               | -      | 35 %         | üb     | -           | -      |
|         |         | bfr             | 0.00 %          | MDK    | -            | -      | -           | -      |
|         |         | lfdR            | 0.00 %          | MDK    | -            | -      | -           | -      |
| BUZ2007 |         | bpfl            | -               | -      | 35 %         | üb     | -           | -      |
|         |         | bfr             | 0.00 %          | MDK    | -            | -      | -           | -      |
|         |         | lfdR            | 0.00 %          | MDK    | -            | -      | -           | -      |
| BUZ2008 |         | bpfl            | -               | -      | 35 %         | üb     | -           | -      |
|         |         | bfr             | 0.00 %          | MDK    | -            | -      | -           | -      |
|         |         | lfdR            | 0.00 %          | MDK    | -            | -      | -           | -      |
| BUZ2009 |         | bpfl            | -               | -      | 30 %         | üb     | 42 %        | vR     |
|         |         | bfr             | -               | -      | -            | -      | 42 %        | vR     |
|         |         | lfdR            | 0.00 %          | MDK    | -            | -      | -           | -      |
| BUZ2012 |         | bpfl            | -               | -      | 30 %         | üb     | 42 %        | vR     |
|         |         | bfr             | -               | -      | -            | -      | 42 %        | vR     |
|         |         | lfdR            | 0.50 %          | MDK    | -            | -      | -           | -      |

| TG/GV   | Tariffs | Contract status | Interest profit |        | Profit share |        | Claim bonus |        |
|---------|---------|-----------------|-----------------|--------|--------------|--------|-------------|--------|
|         |         |                 | Rate            | BezGr. | Rate         | BezGr. | Rate        | BezGr. |
| BUZ2013 | bpfl    |                 | -               | -      | 30 %         | üb     | 42 %        | vR     |
|         | bfr     |                 | -               | -      | -            | -      | 42 %        | vR     |
|         | lfdR    |                 | 0.50 %          | MDK    | -            | -      | -           | -      |
| BUZ2015 | bpfl    |                 | -               | -      | 30 %         | üb     | 42 %        | vR     |
|         | bfr     |                 | -               | -      | -            | -      | 42 %        | vR     |
|         | lfdR    |                 | 1.00 %          | MDK    | -            | -      | -           | -      |
| EU07    | bpfl    |                 | -               | -      | 35 %         | üb     | -           | -      |
|         | bfr     |                 | 0.00 %          | MDK    | -            | -      | -           | -      |
|         | lfdR    |                 | 0.00 %          | MDK    | -            | -      | -           | -      |
| EU08    | bpfl    |                 | -               | -      | 35 %         | üb     | -           | -      |
|         | bfr     |                 | 0.00 %          | MDK    | -            | -      | -           | -      |
|         | lfdR    |                 | 0.00 %          | MDK    | -            | -      | -           | -      |
| EU09    | bpfl    |                 | -               | -      | 30 %         | üb     | 42 %        | vR     |
|         | bfr     |                 | -               | -      | -            | -      | 42 %        | vR     |
|         | lfdR    |                 | 0.00 %          | MDK    | -            | -      | -           | -      |
| EU12    | bpfl    |                 | -               | -      | 30 %         | üb     | 42 %        | vR     |
|         | bfr     |                 | -               | -      | -            | -      | 42 %        | vR     |
|         | lfdR    |                 | 0.50 %          | MDK    | -            | -      | -           | -      |
| EU13    | bpfl    |                 | -               | -      | 30 %         | üb     | 42 %        | vR     |
|         | bfr     |                 | -               | -      | -            | -      | 42 %        | vR     |
|         | lfdR    |                 | 0.50 %          | MDK    | -            | -      | -           | -      |

#### Contract status:

bpfl = contracts liable to premiums  
bfr = premium-free contracts  
lfdR = regular annuities

#### Reference values (BezGr.):

üb = premium eligible for profit  
DK = capital sum required as cover  
vR = insured annuity

MDK = actuarial average capital sum required as cover  
(discounted at the beginning of the insurance year)

#### Type of appropriation:

With regard to a contract liable to premiums, the profit share percentages apply depending on the agreed profit system – either premium set-off or interest-bearing accumulation. Premium-free contracts receive the interest profit for interest-bearing accumulation. Regular annuities receive the interest profit to increase the annuities. If a cash annuity is insured, the claim bonus increases the annuity if benefits are paid out.

### Annuity Insurance Policies

| TG/GV | Contract status: | M/F | Interest profit |        | Cost surplus |        | Risk profit |        |
|-------|------------------|-----|-----------------|--------|--------------|--------|-------------|--------|
|       |                  |     | Rate            | BezGr. | Rate         | BezGr. | Rate        | BezGr. |
| REN04 | bpfl             |     | 0.00 %          | KA     | -            | -      | 0.00 %      | KA*    |
|       | bfr              |     | 0.00 %          | KA     | -            | -      | 0.00 %      | KA*    |
| REN05 | bpfl             |     | 0.00 %          | MDK    | 0.00 %       | MDK    | 0.00 %      | MDK    |
|       | bfr              |     | 0.00 %          | MDK    | -            | -      | 0.00 %      | MDK    |

#### Contract status:

bpfl = contracts liable to premiums

bfr = premium-free contracts

#### Reference values (BezGr.):

VS = insured amount

KA = Lump-sum payment

MDK = actuarial average capital sum required as cover  
(discounted at the beginning of the insurance year)

#### Type of appropriation:

Depending on the agreement, the profit shares are accrued on an interest-bearing basis or are used to increase the insured amount (bonus).

\*) It is necessary to multiply this rate by the payment term in a status liable to premiums. In a status liable to premiums, the rate is to be multiplied by the difference between the contract term and the payment term.

## Basic acquisition hedges

| TG/GV   | Tariffs | Contract status: | Interest profit |        | Profit share |        | Claim bonus |        |
|---------|---------|------------------|-----------------|--------|--------------|--------|-------------|--------|
|         |         |                  | Rate            | BezGr. | Rate         | BezGr. | Rate        | BezGr. |
| SBU2014 | bpfl    |                  | -               | -      | 30 %         | üb     | 42 %        | vR     |
|         | bfr     |                  | -               | -      | -            | -      | 42 %        | vR     |
|         | lfdR    |                  | 0.50 %          | MDK    | -            | -      | -           | -      |
| SBU2015 | bpfl    |                  | -               | -      | 30 %         | üb     | 42 %        | vR     |
|         | bfr     |                  | -               | -      | -            | -      | 42 %        | vR     |
|         | lfdR    |                  | 1.00 %          | MDK    | -            | -      | -           | -      |
| SBV2016 | bpfl    |                  | -               | -      | 40 %         | üb     | 67 %        | vR     |
|         | bfr     |                  | -               | -      | -            | -      | 67 %        | vR     |
|         | lfdR    |                  | 1.00 %          | MDK    | -            | -      | -           | -      |
| SBV2017 | bpfl    |                  | -               | -      | 40 %         | üb     | 67 %        | vR     |
|         | bfr     |                  | -               | -      | -            | -      | 67 %        | vR     |
|         | lfdR    |                  | 1.35 %          | MDK    | -            | -      | -           | -      |

### Contract status:

bpfl = contracts liable to premiums  
bfr = premium-free contracts  
lfdR = regular annuities

### Reference values (BezGr.):

üb = premium eligible for profit  
vR = insured annuity  
MDK = actuarial average capital sum required as cover  
(discounted at the beginning of the insurance year)

### Type of appropriation:

With regard to a contract liable to premiums, the profit share percentages apply depending on the agreed profit system – either premium set-off or interest-bearing accumulation. Premium-free contracts receive the interest profit for interest-bearing accumulation. Regular annuities receive the interest profit to increase the annuities. If a cash annuity is insured, the claim bonus increases the annuity if benefits are paid out.

### Terminal dividends

| TG/GV                                     | Tariffs | Contract status: | Meas. | Refer-ence value | 1998   | 1999   | 2000   | 2001   | 2002   | 2003   | 2004   | 2005   | 2006   |
|---|---------|------------------|-------|------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| <b>Cash value life insurance policies</b> |         |                  |       |                  |        |        |        |        |        |        |        |        |        |
| BO  |         | bpfl             | 3     | VS               | 0.29 % | 0.29 % | 0.29 % | 0.29 % | 0.29 % | 0.29 % | 0.29 % | 0.29 % | 0.29 % |
| GL95                                      |         | bpfl             | 3     | VS               | 0.29 % | 0.29 % | 0.29 % | 0.29 % | 0.29 % | 0.29 % | 0.29 % | 0.29 % | 0.29 % |
| GL96                                      |         | bpfl             | 4     | VS               | 0.30 % | 0.30 % | 0.30 % | 0.30 % | 0.30 % | 0.30 % | 0.30 % | 0.30 % | 0.30 % |
| GL2000                                    |         | bpfl             | 1     | VS               | -      | -      | 0.04 % | 0.04 % | 0.04 % | 0.04 % | 0.04 % | 0.04 % | 0.04 % |
| GL2004                                    |         | bpfl             | 1     | VS               | -      | -      | -      | -      | -      | -      | 0.04 % | 0.04 % | 0.04 % |
| GL2007                                    |         | bpfl/bfr         | 2     | AG               | -      | -      | -      | -      | -      | -      | -      | -      | -      |
| GL2008                                    |         | bpfl/bfr         | 2     | AG               | -      | -      | -      | -      | -      | -      | -      | -      | -      |

#### Contract status:

bpfl = contracts liable to premiums  
bfr = premium-free contracts

#### Reference value (BezGr.):

VS = insured amount  
AG = interest-bearing balance accumulated

#### Comments:

The following conditions apply:

The table contains parameters based on which the respective terminal dividends can be calculated according to the following remarks:

- 1 = The percentage results by multiplication with the expired term of insurance for each year liable to premiums, but by no more than 30 years.
- 2 = applies for contracts with regard to which the premium payment period equals the duration of the contract. For insurance policies purchased with single premiums, the percentage is reduced to half and for other insurance solutions, the percentage is reduced to  $\frac{3}{4}$ ; in each case, the figure is rounded up to a whole percentage.
- 3 = applies for terms of insurance up to 11 years for each insurance year completed as from 1 January 2000 and for terms of insurance between 12 and 14 years. For terms of insurance over 15 years, the rate is increased by 0.09%.
- 4 = applies for terms of insurance up to 11 years for each insurance year completed as from 1 January 2000 and for terms of insurance from 12 years for each year of the premium payment period.

The relevant percentages of past years can be found in the respective annual reports.

|  | 2007   | 2008   | 2009   | 2010   | 2011   | 2012   | 2013   | 2014   | 2015   | 2016   | 2017   | 2018   | 2019    |
|--|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|---------|
|  |        |        |        |        |        |        |        |        |        |        |        |        |         |
|  | 0.29 % | 0.29 % | 0.29 % | 0.29 % | 0.29 % | 0.29 % | 0.29 % | 0.29 % | 0.29 % | 0.29 % | 0.29 % | 0.29 % | 0.29 %  |
|  | 0.29 % | 0.29 % | 0.29 % | 0.29 % | 0.29 % | 0.29 % | 0.29 % | 0.29 % | 0.29 % | 0.29 % | 0.29 % | 0.29 % | 0.29 %  |
|  | 0.30 % | 0.30 % | 0.30 % | 0.30 % | 0.30 % | 0.30 % | 0.30 % | 0.30 % | 0.30 % | 0.30 % | 0.30 % | 0.30 % | 0.30 %  |
|  | 0.04 % | 0.04 % | 0.03 % | 0.03 % | 0.03 % | 0.03 % | 0.03 % | 0.03 % | 0.03 % | 0.03 % | 0.03 % | 0.03 % | 0.03 %  |
|  | 0.04 % | 0.04 % | 0.03 % | 0.03 % | 0.03 % | 0.03 % | 0.03 % | 0.03 % | 0.03 % | 0.03 % | 0.03 % | 0.03 % | 0.03 %  |
|  | -      | -      | -      | -      | -      | -      | -      | -      | -      | -      | -      | -      | 29.00 % |
|  | -      | -      | -      | -      | -      | -      | -      | -      | -      | -      | -      | -      | 29.00 % |

Neuss, 18 March 2019

The Executive Board

Lutz Bittermann

Christoph Buchbender

Dr. Lothar Horbach

Udo Klanten

Andreas Schwarz

# Independent Auditor's Report.

To Credit Life AG, Neuss

## Report on the audit of the annual financial statements and the Management Report

### Audit opinions

We have audited the annual financial statements of Credit Life AG, Neuss, – comprising the balance sheet as at 31 December 2018 and the profit and loss account for the financial year from 1 January to 31 December 2018 and the notes, including the presentation of the accounting and valuation methods. In addition, we have audited the Management Report of Credit Life AG for the financial year from 1 January to 31 December 2018.

In our opinion, based on the findings of our audit,

- the attached annual financial statements comply in all material respects with German commercial law and give a true and fair view of the net assets and financial position of the company as at 31 December 2018 and its profit position for the business year from 1 January to 31 December 2018 in accordance with German generally accepted accounting principles; and
- the attached Management Report as a whole provides a suitable view of company's position. In all material respects, this Management Report is consistent with the annual financial statements, complies with German legal requirements and accurately presents the opportunities and risks of future development.

In accordance with Section 322 Subsection 3 Sentence 1 German Commercial Code (HGB), we declare that our audit has not led to any objections to the correctness of the annual financial statements and the Management Report.

### Basis for the audit opinions

We conducted our audit of the annual financial statements and Management Report in accordance with Section 317 German Commercial Code (HGB) and the EU Statutory Auditing Regulation (No. 537/2014; referred to below as "EU-APrVO"), in compliance with generally accepted principles in Germany concerning proper statutory auditing of annual financial statements, as specified by the Institute of Public Auditors (IDW). Our responsibility in accordance with these regulations and principles is further described in the section "Responsibility of the auditor to audit the annual financial statements and the Management Report" of our audit opinion. We are independent of the company in accordance with European and German commercial and professional regulations and have fulfilled our other German professional duties in accordance with these requirements. In addition, we declare in accordance with Article 10 (2) letter f) EU-APrVO that we have not provided any prohibited non-audit services pursuant to Article 5 (1) EU-APrVO. We are of the opinion that the audit evidence we have obtained is sufficient and suitable to provide a basis for our auditor's opinion on the annual financial statements and the Management Report.

## **Particularly important audit issues in the audit of the annual financial statements**

Particularly important audit issues are those which, according to our best judgement, were most significant in our audit of the annual financial statements for the business year from 1 January to 31 December 2018. These matters have been considered in connection with our audit of the financial statements as a whole and in forming our opinion thereon; we are not issuing a separate opinion on these matters.

In our opinion, the following facts were most significant in our audit:

### **1. Valuation of Investments**

### **2. Valuation of the technical provisions in life insurance**

We have structured our presentation of these particularly important respective audit issues as follows:

1. Facts and problems
2. Audit approach and findings
3. Reference to further information

The most important audit issues are described below:

### **1. Valuation of Investments**

1. In the annual financial statements of the company, investments amounting to € 246.0 million (85.2% of the balance sheet total) are reported on the balance sheet. In the case of investments where valuation is not based on stock exchange prices or other market prices (e.g. for unlisted participating interests, derivatives, asset-based securities, other structured and other structured and illiquid bonds and real estate), there is an increased valuation risk due to the necessity of using model calculations. In this context, the legal representatives have to make discretionary decisions, estimates and assumptions. Minor changes in these assumptions and the methods used may have a material effect on the valuation of the investments. Due to the quantitatively material importance of the investments for the net asset and profit position of the company, and the considerable discretionary scope of the legal representatives and the associated estimation uncertainties, the valuation of investments within the scope of our audit was of particular importance.

2. Within the scope of our audit, in view of the importance of investments to the overall business of the company, working together with our internal in-house investment specialists for investments, we assessed the models used by the company and the assumptions made by the legal representatives. In doing so, among other things, we applied our valuation expertise for investments, our industry knowledge and our industry experience. In addition, we acknowledged the structure and effectiveness of the company's established controls for assessing investments and recording the investment earnings. On this basis, we performed further analytical audit procedures and individual audit procedures in terms of the valuation of the investments. Among other things, we also reviewed the underlying valuation methods and their validity based on the documents provided and have reviewed the consistent application of the valuation methods and period definition. On the basis of our audit procedures, we were able to ascertain that the estimates and assumptions made by the legal representatives regarding the valuation of investments are well-founded and adequately documented.
3. The company's information on investments is contained in the sections "accounting and valuation methods", along with attached "explanatory notes on the balance sheet".

## **2. Valuation of the technical provisions in life insurance**

1. In the company's annual financial statements, unearned premiums, premium reserve, provision for outstanding claims, provision for premium refunding and other technical provisions are reported in the total amount of € 188 210 K (65.2 % of the balance sheet total). Insurance companies are required to set up technical provisions to the extent necessary according to reasonable commercial judgement, to ensure ongoing fulfilment of the obligations under insurance policies. In addition to the German commercial law regulations, a large number of regulatory regulations regarding the calculation of provisions must also be taken into account. The determination of assumptions on the valuation of technical provisions requires the company's legal representatives to take into account not only the commercial and regulatory requirements but also an assessment of future events and the application of suitable valuation methods. Minor changes in these assumptions and the methods applied may have a material effect on the valuation of technical provisions. Due to the quantitatively material importance of these provisions for the net asset and profit position of the company, the complexity of the regulations to be applied and the underlying methods, as well as the discretionary scope of the legal representatives and the associated estimation uncertainties, the valuation of technical provisions within the scope of our audit was of particular importance.

2. Within the scope of our audit, in view of the importance of technical provisions to the overall business of the company, working together with our in-house valuation specialists, we assessed the models used by the company and the assumptions made by the legal representatives. In doing so, among other things, we applied our industry knowledge and experience and took recognised methods into account. In addition, we have taken into account the structure and effectiveness of the company's established controls for determining and recording technical provisions. On this basis, we have performed further analytical audit procedures and individual audit procedures with respect to the valuation of technical provisions. Among other things, we have also reconciled the data on which the calculation of the settlement value is based with the basic documents. As a result, we have reconstructed the calculated results of the company for the amount of the provisions on the basis of the applicable statutory provisions and have reviewed the consistent application of the valuation methods. In addition, we have reconstructed the appropriation of net income and accruals for the period. Furthermore, we have reviewed the commitment and use of funds from the provision for premium refunding and withdrawals, as well as allocations to technical provisions. On the basis of our audit procedures, we were able to ascertain that the estimates and assumptions made by the legal representatives regarding the valuation of actuarial provisions are well-founded and adequately documented.
3. The company's disclosures on the valuation of technical provisions are contained in the sections "Accounting and valuation methods" and "Explanatory notes on Balance sheet" in the notes of the company.

## Other information

The legal representatives are responsible for the other information. The other information includes the annual report – without further cross-references to external information – with the exception of the audited annual financial statements, the audited Management Report and our audit opinion.

Our audit opinions on the annual financial statements and Management Report do not extend to other information, and accordingly we do not express an audit opinion or any other form of audit conclusion.

In connection with our audit, we have the responsibility to read the other miscellaneous information and, in doing so, to assess whether the other information

- contains material discrepancies compared to the annual financial statements, the Management Report or our knowledge gained during the audit, or
- otherwise appears to contain material misstatements.

## **Responsibility of the legal representatives and the Supervisory Board for the annual financial statements and Management Report**

The legal representatives are responsible for the preparation of the annual financial statements in accordance with German commercial law in all material respects, and for ensuring that the annual financial statements provide a true and fair view of the asset, financial and profit position of the company in adherence with German principles of proper accounting. In addition, the legal representatives are responsible for the internal controls they have determined necessary in accordance with German generally accepted accounting principles to enable the preparation of annual financial statements that are free from material misstatements – whether intentional or not.

In preparing the annual financial statements, the legal representatives are responsible for assessing the company's ability to continue as a going concern. Moreover, they are responsible for disclosing any facts related to the going concern assumption, to the extent they are relevant. In addition, they are responsible for drawing up a balance sheet based on the going concern accounting principle, unless there are actual or legal circumstances to the contrary.

In addition, the legal representatives are responsible for the preparation of the Management Report, which as a whole provides a suitable view of the Company's position, is consistent in all material respects with the annual financial statements, complies with German legal requirements and suitably presents the opportunities and risks of future development. Furthermore, the legal representatives are responsible for the precautions and measures (systems) which they have deemed necessary to enable the preparation of a Management Report in accordance with the applicable German legal provisions and to provide sufficient suitable evidence for the statements in the management report.

The Supervisory Board is responsible for monitoring the company's accounting process for the preparation of the annual financial statements and the Management Report.

## **Auditor's responsibility for the audit of the annual financial statements and the Management Report**

Our aim is to obtain reasonable assurance as to whether the annual financial statements as a whole are free from material misstatements – whether intentional or unintentional – and whether the Management Report as a whole provides a suitable view of the company's position and, in all material respects, is consistent with the annual financial statements and the findings of our audit, complies with German law and suitably presents the opportunities and risks of future development, and to issue an opinion on the annual financial statements and management report.

Sufficient certainty means a high degree of certainty but is no guarantee that an audit conducted in accordance with Section 317 German Commercial Code (HGB) and the EU-APrVO in accordance with the generally accepted standards for the audit of financial statements issued by the Institute of Public Auditors (IDW) will always reveal a material misstatement. Misstatements may result from violations or inaccuracies and are considered material if they could reasonably be expected to influence the economic decisions of users, individually or collectively, based on these financial statements and Management Report.

During the examination we exercise due discretion and maintain professional scepticism. In addition,

- we identify and assess the risks of material misstatements – whether intentional or unintentional – in the financial statements and Management Report, plan and perform audit procedures in response to these risks and obtain audit evidence sufficient and appropriate to serve as a basis for our audit opinion. The risk that material misstatements are not detected is higher in the case of violations than in the case of inaccuracies, since violations may involve fraudulent collusion, falsifications, intentional incompleteness, misleading representations or the suspension of internal controls.
- we gain an understanding of the internal control system relevant to the audit of the annual financial statements and the precautions and measures relevant to the audit of the Management Report that are appropriate in the circumstances, but not for the purpose of issuing an opinion on the effectiveness of these company systems.
- we assess the appropriateness of the accounting methods used by the legal representatives and the reasonableness of the estimated values and related disclosures presented by the legal representatives.

- we draw conclusions about the appropriateness of the going concern principle applied by the legal representatives and, based on the audit evidence obtained, whether there is a material uncertainty in connection with events or circumstances that could raise significant doubts as to the company's ability to continue as a going concern. If we reach the conclusion that there is material uncertainty, we are obliged to draw attention to the relevant information in the annual financial statements and Management Report in our audit report or, if this information is inappropriate, to modify our respective audit opinion. We draw our conclusions based on audit evidence obtained by the date of our audit opinion. However, future events or circumstances may prevent the company from continuing its business activities.
- we express an opinion on the overall presentation, structure and content of the annual financial statements, including the information, and whether the annual financial statements present the underlying business transactions and events such that the annual financial statements provide a true and fair view of the asset, financial and profit position of the company in accordance with German generally accepted principles of accounting.
- we assess the consistency of the Management Report with the annual financial statements, its compliance with the law and the view it conveys of the company's situation.
- we perform audit procedures concerning the forward-looking statements made by the legal representatives in the Management Report. On the basis of sufficient suitable audit evidence, we follow in particular the significant assumptions underlying the forward-looking statements made by the legal representatives and assess the appropriate derivation of the forward-looking statements from these assumptions. We do not express an independent opinion on these forward-looking statements or on the underlying assumptions. There is a significant unavoidable risk that future events could materially deviate from the forward-looking statements.

Among other topics, we discuss with those responsible for monitoring the planned scope and timing of the audit and significant audit findings, including any deficiencies in the internal control system that we have identified during our audit.

We issue a statement to those responsible for supervision that we have complied with the relevant independence requirements and discuss with them all relationships and other facts that can reasonably be expected to affect our independence and the precautions taken for that purpose.

Among the facts we have discussed with those responsible for supervision, we determine the facts that were most significant in the audit of the annual financial statements for the current reporting period and are therefore particularly important audit-related facts. We describe these facts the auditor's report, unless laws or other legal provisions exclude public disclosure of the facts.

## Other legal and other statutory requirements

### Other information referred to in Article 10 EU Statutory Auditing Regulation (EU-APrVO)

We were appointed and elected as auditors by the Supervisory Board on 4 December 2018. We have been the auditors of Credit Life AG, Neuss, uninterrupted since the 2017 financial year.

We declare that the audit opinions contained in this audit report are consistent with the additional report to the Audit Committee under Article 11 EU-APrO (Audit Report).

## Responsible auditor

The auditor responsible for the audit is Michael Peters.

Düsseldorf, 9 April 2019

PricewaterhouseCoopers GmbH  
Wirtschaftsprüfungsgesellschaft

Alexander Hofmann  
German Public Accountant

Michael Peters  
German Public Accountant

# Appendix to the Management Report.

## A. Movement in the portfolio of direct life insurance policies in the 2018 financial year

|  | Total direct insurance operations |  |                       |   |
|--|-----------------------------------|--|-----------------------|---|
|  | (only main insurance products)    | (Main and additional insurance policies) |                       | (only main insurance products)                        |
|  | Number of insurance policies      | Seq. no. Premium for one year in € K     | Single-premium in € K | Insured sum and/or 12 times the annual annuity in € K |
| <b>I. Portfolio at the beginning of the financial year</b>     | 648 180                           | 58 046                                   |                       | 29 905 845  |
| <b>II. Addition during the financial year</b>                  |                                   |  |                       |   |
| 1. New addition  |                                   |  |                       |   |
| a) Redeemed insurance certificates                             | 268 734                           | 14 601                                   | 81 278                | 10 674 626  |
| b) Increases in the insured amounts (without Item 2)           |                                   | 172                                      |                       | 20 668  |
| 2. Increase in the insured amounts through terminal dividends  |                                   |  |                       | 1   |
| 3. Remaining addition  |                                   |  | -10                   |   |
| <b>4. Total addition</b>                                       | 268 734                           | 14 773                                   | 81 268                | 10 695 295  |
| <b>III. Disposal during the financial year</b>                 |                                   |  |                       |   |
| 1. Death, occupational disability, etc.                        | 1 160                             | 103                                      |                       | 33 293  |
| 2. Expiry of the insurance / premium payment                   | 134 648                           | 3 166                                    |                       | 2 102 007   |
| 3. Surrender and conversion to premium-free insurance policies | 11 924                            | 3 606                                    |                       | 543 173   |
| 4. Other premature termination                                 | 4 460                             | 881                                      |                       | 519 595   |
| 5. Remaining disposal  | 34 671                            | 24                                       |                       | 50 944  |
| <b>6. Total disposal</b>                                       | 186 863                           | 7 780                                    |                       | 3 249 011   |
| <b>IV. Portfolio at the end of the financial year</b>          | 730 051                           | 65 039                                   |                       | 37 352 130  |

| Individual insurance policies  |                                      |                               |                                      |   |                                      |                               |                                      | Collective insurance policies |                                      |
|--|--------------------------------------|-------------------------------|--------------------------------------|---|--------------------------------------|-------------------------------|--------------------------------------|-------------------------------|--------------------------------------|
| Endowment insurance (incl. capital formation insurance) without term life insurance and other life insurance solutions |                                      | Term Life Insurance Solutions |                                      | Annuity Insurance Policies (incl. invalidity and care pension insurance solutions) without other life insurance solutions |                                      | Other life insurance policies |                                      |                               |                                      |
| Number of insurance policies   | Seq. no. Premium for one year in € K | Number of insurance policies  | Seq. no. Premium for one year in € K | Number of insurance policies  | Seq. no. Premium for one year in € K | Number of insurance policies  | Seq. no. Premium for one year in € K | Number of insurance policies  | Seq. no. Premium for one year in € K |
| 2 503  | 1 310                                | 263 079                       | 51 841                               | 1 845   | 1 628                                | 293                           | 157                                  | 380 460                       | 3 109                                |
|  |                                      |                               |                                      |   |                                      |                               |                                      |                               |                                      |
|  |                                      | 116 814                       | 13 968                               | 320   | 371                                  |                               |                                      | 151 600                       | 262                                  |
|  | 6                                    |                               | 129                                  |   | 30                                   |                               | 7                                    |                               |                                      |
|  |                                      |                               |                                      |   |                                      |                               |                                      |                               |                                      |
|  |                                      |                               |                                      |   |                                      |                               |                                      |                               |                                      |
|  | 6                                    | 116 814                       | 14 097                               | 320   | 401                                  |                               | 7                                    | 151 600                       | 262                                  |
|  |                                      |                               |                                      |   |                                      |                               |                                      |                               |                                      |
| 21   | 6                                    | 335                           | 90                                   | 4   | 2                                    |                               | 1                                    | 800                           | 4                                    |
| 71   | 60                                   | 2 169                         | 889                                  | 9   | 5                                    |                               |                                      | 132 399                       | 2 212                                |
| 98   | 33                                   | 3 682                         | 3 382                                | 148   | 127                                  | 44                            | 24                                   | 7 952                         | 39                                   |
|  | 4                                    | 3 826                         | 866                                  | 5   | 11                                   |                               |                                      | 629                           |                                      |
|  |                                      | 184                           | 24                                   |   |                                      |                               |                                      | 34 487                        |                                      |
| 190  | 103                                  | 10 196                        | 5 251                                | 166   | 145                                  | 44                            | 25                                   | 176 267                       | 2 255                                |
| 2 313  | 1 213                                | 369 697                       | 60 686                               | 1 999   | 1 884                                | 249                           | 139                                  | 355 793                       | 1 115                                |

**B. Structure of the portfolio of direct life insurance policies (without additional insurance policies)**

|   | Total direct insurance operations |   |
|---|-----------------------------------|---|
|   |                                   |   |
|   | Number of insurance policies      | Insured sum and/or 12 times the annual annuity in € K |
| 1. Portfolio at the beginning of the financial year | 648 180                           | 29 905 845  |
| of which premium-free                               | (430 333)                         | (3 961 504)   |
| 2. Portfolio at the end of the financial year       | 730 051                           | 37 352 130  |
| of which premium-free                               | (473 264)                         | (2 006 851)   |

**C. Structure of the portfolio of direct additional insurance policies**

|   | Additional insurance products in total |   |
|---|--|---|
|   |  |   |
|   | Number of insurance policies           | Insured sum and/or 12 times the annual annuity in € K |
| 1. Portfolio at the beginning of the financial year | 287 858                                | 1 516 615   |
| 2. Portfolio at the end of the financial year       | 168 482                                | 889 582   |

**D. Portfolio of Assumed Reinsurance Business Life Insurance**

|   | in € K |
|---|--------|
| 1. Insured sum at the end of the financial year | 0      |
| 2. Insured sum at the end of the financial year | 0      |

| Individual insurance policies  |                      |                               |                      |   |                                    |                               |   | Collective insurance policies |   |
|--|----------------------|-------------------------------|----------------------|---|------------------------------------|-------------------------------|---|-------------------------------|---|
| Endowment insurance (incl. capital formation insurance) without term life insurance and other life insurance solutions |                      | Term Life Insurance Solutions |                      | Annuity Insurance Policies (incl. invalidity and care pension insurance solutions) without other life insurance solutions |                                    | Other life insurance policies |   |                               |   |
| Number of insurance policies   | Insurance sum in € K | Number of insurance policies  | Insurance sum in € K | Number of insurance policies  | 12 times the annual annuity in € K | Number of insurance policies  | Insured sum and/or 12 times the annual annuity in € K | Number of insurance policies  | Insured sum and/or 12 times the annual annuity in € K |
| 2 503  | 44 139               | 263 079                       | 26 041 443           | 1 845   | 141 597                            | 293                           | 4 379   | 380 460                       | 3 674 287   |
| (419)  | (3 095)              | (67 895)                      | (906 595)            | (109)   | (1 152)                            |                               |   | (361 910)                     | (3 050 663)   |
| 2 313  | 41 360               | 369 697                       | 33 633 437           | 1 999   | 176 666                            | 249                           | 3 809   | 355 793                       | 3 496 857   |
| (398)  | (3 102)              | (112 336)                     | (855 911)            | (120)   | (1 252)                            |                               | (3)   | (360 410)                     | (1 146 580)   |

| Additional casualty insurance policies |                       | Additional occupational disability or invalidity insurance policies |                                    | Additional term life and temporary insurance policies |   | Other additional insurance policies |   |
|--|-----------------------|---|------------------------------------|---|---|-------------------------------------|---|
| Number of insurance policies           | Insured amount in € K | Number of insurance policies  | 12 times the annual annuity in € K | Number of insurance policies                          | Insured sum and/or 12 times the annual annuity in € K | Number of insurance policies        | Insured sum and/or 12 times the annual annuity in € K |
| 282 009                                | 771 275               | 5 318   | 735 786                            |   |   | 531                                 | 9 553   |
| 163 373                                | 248 844               | 4 507   | 632 208                            |   |   | 602                                 | 8 530   |

# Appendix to the Notes.

## Development of the assets A.I. and A.II. in the financial year

| Assets<br>(in € K)  | Balance-<br>sheet<br>values<br>Previous<br>year | Additions     | Disposals    | Write-ups | Write-<br>downs | Balance-<br>sheet<br>values<br>Financial<br>year |
|---|---|---------------|--------------|-----------|-----------------|--|
| <b>A. I Investments in affiliated compa-<br/>nies and participating interests</b>     |   |               |              |           |                 |  |
| 1. Participating interests  | 1 343   | 259           | 314          | –         | –               | 1 288  |
| <b>A. II Other investments</b>  |   |               |              |           |                 |  |
| 1. Shares, units or shares in investment<br>funds and other variable yield securities | 7 585   | 156           | –            | 12        | –               | 7 754  |
| 2. Bearer bonds and other fixed-income se-<br>curities                                | 60 799  | 11 348        | 998          | 6         | –               | 71 154   |
| 3. Mortgages, land charges and annuities<br>receivable                                | –   | –             | –            | –         | –               | –  |
| 4. Other loans  |   |               |              |           |                 |  |
| a) Registered bonds   | 48 000  | 7 000         | 2 000        | –         | –               | 53 000   |
| b) Notes receivable and loans   | 78 939  | 3 500         | 3 039        | –         | –               | 79 400   |
| c) Loans and advance payments on insur-<br>ance policies                              | 156   | –             | 40           | –         | –               | 115  |
| d) Other loans  | 148   | 53            | –            | –         | –               | 200  |
| 5. Deposits at banks  | 27 574  | 5 554         | –            | –         | –               | 33 127   |
| <b>Total</b>  | <b>224 544</b>                                  | <b>27 870</b> | <b>6 393</b> | <b>19</b> | <b>–</b>        | <b>246 040</b>                                   |

We have made use of the option under section 341b (2) sentence 1 German Commercial Code (HGB) to allocate investment assets with a carrying amount of € 7 754 K, fixed-income securities with a carrying amount of € 70 721 K and registered bonds and promissory notes with a carrying amount of € 132 400 K to non-current assets. The fair values are € 7 796 K for the investment assets, € 72 503 K for fixed-income securities, and € 139 407 K for the registered bonds and promissory notes.

| Assets<br>(in € K)   | Balance-<br>sheet<br>values<br>Financial<br>year | Hidden<br>burdens | Hidden<br>reserves | Fair values<br>Financial<br>year |
|--|--|-------------------|--------------------|----------------------------------|
| <b>A. I Investments in affiliated companies and participating interests</b>        |  |                   |                    |                                  |
| 1. Participating interests   | 1 288  | –                 | –                  | 1 288                            |
| <b>A. II Other investments</b>   |  |                   |                    |                                  |
| 1. Shares, units or shares in investment funds and other variable yield securities | 7 754  | 69                | 111                | 7 796                            |
| 2. Bearer bonds and other fixed-income securities                                  | 71 154   | 159               | 1 941              | 72 936                           |
| 3. Mortgages, land charges and annuities receivable                                | –  | –                 | –                  | –                                |
| 4. Other loans   |  |                   |                    |                                  |
| a) Registered bonds  | 53 000   | 191               | 4 203              | 57 011                           |
| b) Notes receivable and loans  | 79 400   | 116               | 3 112              | 82 396                           |
| c) Loans and advance payments on insurance policies                                | 115  | –                 | –                  | 115                              |
| d) Other loans   | 200  | –                 | –                  | 200                              |
| 5. Deposits at banks   | 33 127   | –                 | –                  | 33 127                           |
| <b>Total</b>   | <b>246 040</b>                                   | <b>536</b>        | <b>9 367</b>       | <b>254 870</b>                   |

## Details regarding the fair value determination of all investments

The determination of the fair values is based on risk surcharges that are characterised by the current capital market situation.

### Investments in affiliated companies and participating interests:

For the fair values of the shares in affiliated companies and participating interests, the nominal value of the capital and/or the acquisition costs are taken as a basis.

### Other shares, units or shares in investment funds and other variable-yield securities:

The fair values are determined by means of the market prices and/or the redemption prices on the balance sheet date. The fair value of the RheinLand ABS-CLO Fund is determined on an indicative basis by the capital management company.

### Bearer bonds and other fixed-income securities:

The fair values of the bearer bonds and other fixed-income securities are determined by means of the exchange rates on the balance sheet date.

### **Registered bonds, notes receivables and loans:**

The fair value was determined by means of individual title risk-adjusted-yield curves that were adjusted for 2018 according to the spread development.

### **Loans and advance payments with regard to insurance certificates:**

With regard to policy loans, the fair value is calculated on the basis of the book value minus repayments made in the meantime due to rights to give notice of termination on a daily basis.

### **Remaining loans:**

The fair value was determined by means of individual title risk-adjusted-yield curves that were adjusted for 2018 according to the spread development. The fair values of the Protektor protection fund are determined on the basis of the acquisition costs.

### **Deposits at banks:**

The fair value of deposits at banks is calculated on the basis of the nominal value.

The fair values of the investments carried at acquisition costs are €221 627 K (book value €212 797 K).

The total amount of acquisition costs of the investments to be included in the profit share amounts to € 87 459 K, the sum total of the fair value of the same investments comes to € 91 089 K. On 31 December 2018, the resulting balance amounts to € 3 629 K.

## **Information about the investments shown in the balance sheet at acquisition costs with hidden charges:**

### **Other shares, units or shares in investment funds and other variable-yield securities:**

The book value of the investments on which no write-downs were performed is € 3 735 K on 31 December 2018, the fair value of which amounts to € 3 665 K.

### **Bearer bonds and other fixed-income securities:**

The book value of the investments on which no write-downs were performed is € 14 827 K on 31 December 2018, the fair value of which amounts to € 14 668 K.

### **Other loans:**

The book value of the investments on which no write-downs were performed is € 14 000 K on 31 December 2018, the fair value of which amounts to € 13 692 K.

We currently assume that the impairments are only interest-induced and will thus not be permanent. Accordingly, we have not made any write-downs pursuant to Section 253 (3) (5) German Commercial Code (HGB).

# ***Further Details on the Management Report.***

## **List of Types of Insurance Managed**

### **Main insurance products**

#### **Individual capital insurance products**

- Insurance due on death or survival
- Insurance with limited premium payment
- Joint term life insurance
- Term life insurance with a fixed payment date
- Term life insurance with constant amount insured
- Insurance due on death

#### **Individual annuity insurance policies**

- Deferred annuity insurance solutions with premium reimbursement and annuity guarantee

#### **Individual term life insurance solutions**

- Term life insurance with constant amount insured
- Term life insurance with declining amount insured
- Term life insurance with a fixed payment date
- Joint term life insurance

#### **Fund-linked life insurance policies**

#### **Payment protection insurance solutions**

#### **Additional occupational disability insurance**

- Insurance against the risk of reduced earnings for self-employed persons
- Independent additional occupational disability insurance

### **Additional insurance policies**

#### **Additional personal accident insurance**

#### **Additional disability pension insurance**

#### **Additional disability pension insurance**

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# Credit Life AG.

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GbR  
Neuss  
Chairman

Dr. Ludwig Baum  
Commercial agent  
Managing Director of Portfolio Management Cornel Werhahn  
GbR  
Munich  
Deputy Chairman

Andreas Daners  
Certified Insurance Agent  
Jüchen  
(since 23 October 2018)

Jürgen Stark  
Business IT Professional  
Brühl

## Executive Board

Lutz Bittermann  
Graduate mathematician  
Korschenbroich  
(as at 1 January 2018)

Christoph Buchbender  
Certified Insurance Agent  
Neuss

Dr. Lothar Horbach  
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Cologne

Udo Klanten  
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