



## Credit Life AG at a glance

		2016	2015
Portfolio in terms of the total insured amount	million €	23 324.1	18 291.5
Insurance policies	Number	925 329	1 168 030
Total gross premiums	million €	104.9	84.2
Benefits paid	million €	43.0	33.7
Investments	million €	213.7	215.6
Investment income	million €	5.9	6.5
Net interest	%	2.5	2.7
floating interest	%	2.8	3.2
Management expense ratio	%	3.6	6.4
Acquisition cost ratio	%	12.1	12.4
Cancellation rate	%	3.4	4.3

# Annual Report 2016

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  
Fully authorised representative of C. Thywissen GmbH  
Neuss  
Chairman

### **Dr. Ludwig Baum**

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

### **Jutta Stöcker**

Graduate of Business Administration  
Bornheim  
(up to 28 November 2016)

### **Jürgen Stark**

Business IT Professional  
Staff Council of RheinLand Versicherungs AG  
Brühl  
(from 29 November 2016)

## Executive Board

### **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-authorised attorney  
Neuss

# Supervisory Board Report

In 2016, on the basis of written and verbal reports provided by the Executive Board in seven sessions, the Supervisory Board gained in-depth information on the status and growth of the company, business trends 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 2016 and 2017, 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 Bancassurance 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 securing the risk-bearing capability as well as ensuring sufficient liquidity, the capitalisation of the company, measures to reduce costs, the status of the implementation of Solvency II, the rating by ASSEKURATA, as well as in collaboration with the "Life" working group, the ramifications of a low-interest scenario on the risk-bearing capacity of the Group's life insurance business.

The profit and loss transfer agreement between RheinLand Holding AG and der Credit Life AG was concluded on 18 May 2016. The Annual General Meetings of both companies consented to the agreement upon recommendation of the respective Supervisory Board. The Federal Financial Supervisory Authority approved the conclusion of the contract.

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 RheinLand Versicherungsgruppe. 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 particular, the Executive Board reported that the compliance management system of the RheinLand-Gruppe has been subjected to a reserve adequacy test by an external auditor. The auditor confirmed the reserve adequacy on 29 April 2016. The findings were discussed with this audit firm within the scope of a Supervisory Board meeting. In addition, the Supervisory Board was informed once each in meetings by the respective managers responsible for risk management, internal auditing and compliance.

For the 2017 financial year, as part of a voluntary rotation, a different auditor was selected for Credit Life AG – after the solvency balance sheet, being audited for the first time, was audited and certified by the previous auditor, KPMG, for reasons of continuity. A corresponding tender process was carried out for this purpose. Based on the selection process, the firm PricewaterhouseCoopers AG, Wirtschaftsprüfungsgesellschaft, Düsseldorf, was appointed.

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.

The Supervisory Board carried out a self-evaluation of its duties and evaluated its efficiency. The findings were presented in a Supervisory Board meeting. 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 approval Supervisory Board of all members.

The members of the Executive Board are not separately remunerated by our company, as this is provided by our parent company, RheinLand Holding AG.

In accordance with statutory rules, the annual financial statements of 2016 and the Management Report were audited and issued an unqualified auditor's opinion by the appointed statutory auditor KPMG AG, Wirtschaftsprüfungsgesellschaft, Cologne. 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 2016 financial year of Credit Life AG. The presented 2016 annual financial statements are thereby approved.

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 the course of a new appointment of the Supervisory Boards of the RheinLand operative units, Supervisory Board member Ms. Jutta Stöcker, Bornheim, declared her resignation from her Supervisory Board position at the Extraordinary General Meeting of Credit Life AG on 28 November 2016 at the end of the Extraordinary General Meeting on 28 November 2016. Upon recommendation of the Supervisory Board, the Extraordinary General Meeting elected Mr. Jürgen Stark, Brühl, to the Supervisory 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, 16 May, 2017

The Supervisory Board

Wilhelm Ferdinand Thywissen  
Chairman

# Management Report

## Corporate Governance

### Responsible Company Management

As a management body, the Executive Board of Credit Life AG manages the company on its own responsibility with the aim of creating sustainable added value. The Executive Board's function is governed by rules of procedure. Decisions are adopted in Executive Board meetings generally taking place once a month.

The Supervisory Board appoints, advises and supervises the Executive Board. Its function is specified in the statutes and in rules of procedure. As a general rule, it convenes in at least two ordinary Supervisory Board meetings each calendar half-year. The Supervisory Board is informed by the Executive Board in an ongoing and timely manner. It decides on matters requiring approval.

### Composition of the Executive Board

The Executive Board of Credit Life AG consists of four members. The members of the Executive Board are appointed by the Supervisory Board. In appointing Executive Board members, the Supervisory Board pays close attention to the professional qualification, experience and leadership quality of the candidates.

### Composition of the Supervisory Board

The Supervisory Board of Credit Life AG consists of three members, elected by the Annual General Meeting (shareholder representatives). The term of office for Supervisory Board members is generally five years.

### Mutual trust relationship between the Executive Board and Supervisory Board

Also in the year 2016, the working relationship between the Executive Board and the Supervisory Board was characterised by open and trusting communication. In seven sessions, as well as based on written and verbal reports provided by the Executive Board, the Supervisory Board gained in-depth information on the status and growth of the company, business trends and fundamental questions concerning company policy. Furthermore, there was an ongoing constructive exchange of information characterised by openness and objectivity between the Executive Board and the Supervisory Board, and in particular between the Chairman of the Supervisory Board and the Executive Board.

## Economic Report

### Business Performance

The German economy continued to grow in 2016 despite world political risks. Above all, domestic demand and the construction boom bolstered the economy which overall, throughout the course of the year, grew by 1.9 %. In particular, consumption – both on the private and government level – proved to have strong impetus. Rising incomes spurred the retail sector, which achieved 2.3 % higher revenues than in the previous year.

The positive trend in the economy also led to increased demand for labor. In the fourth quarter, 43.7 million people were employed, 0.6 % more than the prior year. Inflation recently increased more significantly, the rate in December grew by 1.7 % compared to the previous month. Partly responsible for this was a slight rise in the price of oil in 2016.

The German insurance sector experienced stable premium revenues of € 194.2 billion for 2016, i.e. on a level comparable to the previous year. Life insurers, however, sustained a decline in revenues of 2.2 % to € 90.7 billion.

Companies in the insurance sector were heavily involved in 2016 with implementation of the Solvency II set of rules, which applies as applied since 1 January 2016. The new, standardised regulatory system for the European insurance industry, among other things, subjects insurers to more comprehensive, thus capacity-binding, reporting requirements, and is intended to pay greater attention to the risk situation of the companies.

In addition to Solvency II, the life insurance sector is occupied by the interest level. The continued low-interest policy continues to put pressure on the business of life insurers. The business model of Credit Life AG is focused on the area of biometric risks in term life insurance. To that extent, the company is less heavily impacted by the ramifications.

In the reporting year, we were able to achieve strong growth in our foreign markets. Both in the Netherlands and in Italy, premium growth clearly exceeded our expectations. We are represented in both countries by fully-owned subsidiaries: The management of our successful sales activities in the Netherlands is handled from Amsterdam, whereas our business in Italy is spearheaded from Milan.

In the Netherlands, we were able to rapidly expand business with our range in the product fields of term life insurance and payment protection insurance. With our product expertise – in high demand particularly in the field of mortgage financing – we benefited from the continued recovery of the Dutch real estate market. The favourable starting position we already enjoy in the Netherlands was further solidified by last year's acquisition of a large cooperation partner. This cooperation with one of the leading Dutch specialists for the administration and sales of insurance products existed since 2011 and is now being successfully continued under a new constellation, maintaining the established name and company location.

Credit Life AG achieved gross premiums entered to the amount of € 104 942 K in the financial year. This comprised € 59 578 K for single premiums and € 45 371 K for regular premiums. Overall, gross premiums increased by 24.7 %, single premiums by 26.5 % and regular premiums increased by 22.4 %. The net premiums earned amounted to € 83 481 K in the reporting year (previous year: € 63 463 K).

Of the gross surplus prior to direct credit and prior to transfer of profit in the amount of € 17 245 K, it was possible to allocate 11.7 % = € 2 025 K (previous year: 13.5 % = € 1 950 K) to the provision for premium refunding.

After a tax expenditure of € 2 950 K incurred in the Netherlands, there was a net profit of € 6 481 K in the financial year. This was completely transferred to the Group, 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.

In detail, we report the following:

### **Portfolio development:**

The total number of additional insurance policies comprised 123 482 contracts in the reporting year with an insured sum of € 7 682 561 K. In terms of the number of policies, the insurance portfolio comprised 925 329 policies at the end of the year (in the previous year 1 168 030).

The portfolio of direct life insurance policies as at 31 December 2016 includes 735 669 payment protection insurance contracts with an insured amount of € 4 244 765 K.

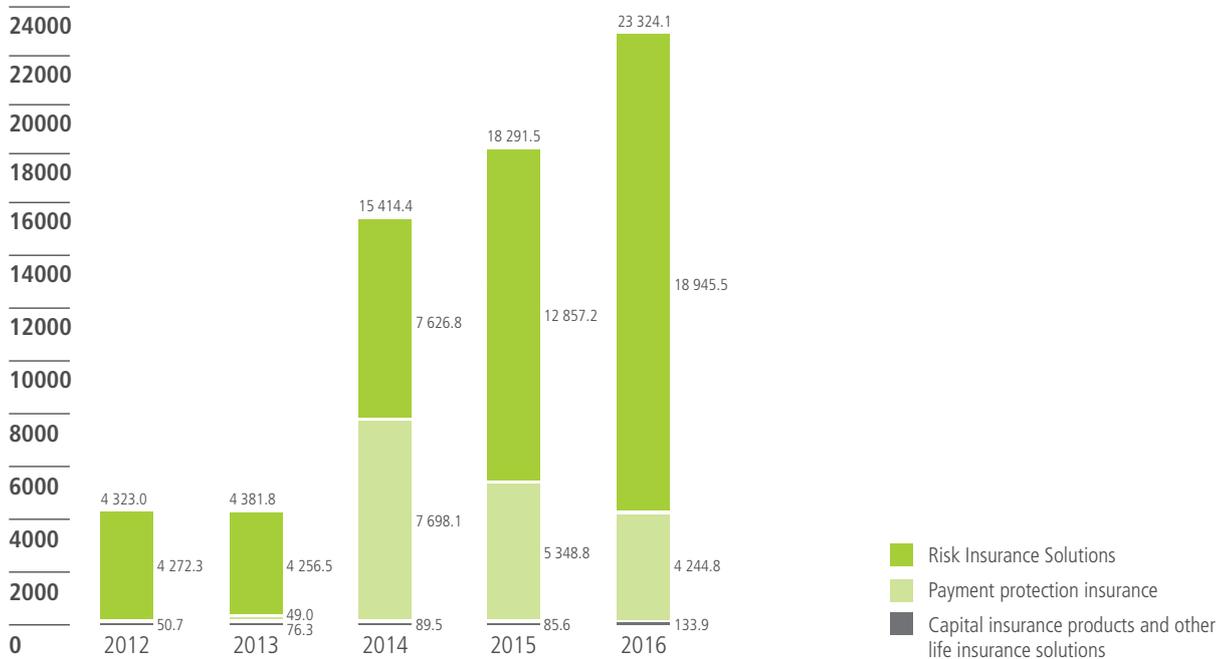
Due to death, expiry and other reasons for termination, the number of policies was reduced to 344 108 with an insured amount of € 2 209 982 K.

In terms of regular premiums, the cancellation rate was 3.4 % in the financial year. Thus, the high number of terminations was essentially due to expiry of existing policies.

The regular premium was able to be increased in the financial year from € 41 329 K to € 50 559 K.

The movement in the direct insurance portfolio is represented in the Appendix to the Management Report on page 74 et seq. of this report. On page 81, 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)



### Profit share

For the financial year of 2016, the policyholders' profit share was fixed at 2.7 % and is declining to 2.5 % for the 2017 financial year.

### Premium income

Without taking into account premiums resulting from the provision for premium refunds, premium income of € 104 942 K was achieved from direct insurance operations compared to € 84 168 K in the previous year. This corresponds to an increase of 24.7 %. € 61 575 K of the premium income 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 € 36 999 K. In addition, provisions of € 6 018 K were set aside. Overall, the benefits paid amounted to € 43 017 K.

## Financial Markets

The international financial markets had an extremely weak start into the year 2016, and up to the end of the year, the growth in most investment classes remained very volatile. Overall, however, the stock market ultimately showed positive growth. The short-term, partly severe exchange losses at the beginning of the year, following the "Brexit" in the United Kingdom and in the immediate aftermath of Donald Trump's election as President of the United States, have each staged a quick recovery. The MSCI World Index increased over the course of the year by 6.8 %. The DAX also achieved gains. It ended the year at a level of 11 481 points, representing a gain of 6.9 %

One reason for the positive trend on stock markets in Western industrial nations is the consistent expansionary monetary policy of the central banks, making interest-bearing securities less and less attractive and thus causing investment pressure on the investor side.

That is why for investors, it was difficult in the year 2016 to achieve solid positive returns with interest-bearing investments.

The real estate market in Germany continues to be robust. Sales grew in the construction sector by 5.5 %. While overvalued properties can be observed in certain major cities, overall, it is too early to speak of a real estate bubble.

One risk for further long-term growth of the world economy remains the high debt levels of many countries. China's debt burden, for example, has now reached almost 250 % of gross domestic product. The low willingness for reform in certain euro countries such as Italy and France over the past year prevented a trend change amid high worldwide public debt. The debt problem will continue to be an issue for the world economy world economy also in years to come.

## Investments

Company investments declined in the financial year by € 1 855 K (0.9 %) to a total of € 213 726 K (in the previous year € 215 581 K). At 88.2 %, the majority of the asset investments is invested in fixed-income investments.

Furthermore, this includes three ABS securities in the direct portfolio with a book value of € 767 K and a fair value of € 548 K. The book value of the ABS fund is also the fair value of € 3 569 K.

Please refer to the Appendix from page 78 for the development of assets with details on the hidden reserves and burdens.

Composition of investments in %



## Earnings Performance

Current income was € 5 345 K (previous year: € 6 276 K). Current investment costs were € 560 K (previous year: € 550 K). The other net investment income of Credit Life AG was € 504 K (previous year: € 238 K). The total net investment income is € 5 290 K (previous year: € 5 964 K).

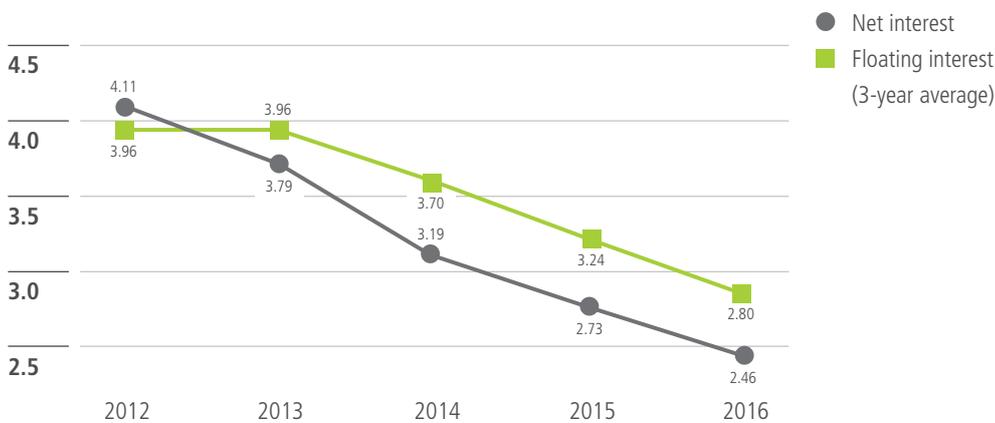
## Interest

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 2.5 % (previous year: 2.7 %).

The floating net interest of investments of the last three years (arithmetic mean of the net interest) reaches 2.8 % (previous year: 3.2 %).

The average return on new investments for fixed-income securities, registered bonds and notes receivable declines by 0.5 percentage points from 1.6 % to 1.1 %.

Net interest and floating interest of investments in %



## Costs

In the reporting year, acquisition costs amounting to € 36 978 K were spent. As a proportion to the premium amount of the new business, these costs accounted for 12.1 % (in the previous year 12.4 %).

In the reporting year, the administrative costs amounted to € 3 801 K. In relation to the premiums entered, these costs accounted for 3.6 % in the financial year (in the previous year 6.4 %).

## 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 € 17 245 K in the financial year compared to € 14 485 K in the previous year.

An overview of the policyholders' profit share can be found on page 55 et seq.

## Legal framework conditions

In the financial year 2016, there were numerous important high court decisions and essential legislative amendments for the insurance industry. These include

- German Federal Court of Justice (BGH) ruling of 14 January 2016 concerning claims adjustment on behalf of the insurance brokers of the insurer
- Law for implementation of the directive on alternative dispute resolution of 25 February 2016
- German Federal Court of Justice (BGH) ruling of 27 April 2016 concerning the instruction of pre-contractual duties of disclosure
- Financial market reform legislation of 2 July 2016
- Amendment Section § 309 No. 1 German Civil Code on 1 October 2016

All rulings and legislative amendments were examined by RheinLand Versicherungsgruppe in terms of the need for action, and necessary adjustments were made.

The European Parliament published the Insurance Distribution Directive (IDD) in the Official Gazette of the EU on 22 February 2016. The member states are required to transform the EU directive into national law within a period of 24 months. RheinLand Versicherungsgruppe used the year 2016 to carry out compliance reviews on various topics. In the year 2017, concrete implementation will be initiated within the scope of a project.

The EU General Data Protection Regulation (EU-GDPR) was published on 4 May 2016 in the Official Journal of the European Union and went into effect on 24 May 2016. After a transition period of two years, from 25 May 2018 the new data protection regulations will become directly binding throughout the European Union, superseding national data protection law in many areas. RheinLand Versicherungsgruppe has also initiated an internal group project to ensure implementation within the deadline.

RheinLand Holding AG fully implemented in the company the requirements applicable from 3 July 2016 based on the Market Abuse Regulation (MAR), which was already mentioned in the annual report of the previous year. The relevant changes pertain to the handling of insider information, so-called directors' dealings of executives and persons close to them, along with ad hoc releases. The necessary internal guidelines for implementation were issued and new processes introduced. The Law and Compliance department informs the Supervisory Board, Executive Board and relevant employees concerning the new regulations.

In the area of compliance, training courses and informational events were staged in 2016 in the course of implementing the Solvency II directive promulgated in the year 2015.

The description of the compliance management system of RheinLand Versicherungsgruppe for adhering to the code of conduct of the German Insurance Association concerning the sale of insurance products was once again audited on the cutoff date of 31 December 2016 and the system was deemed reasonable.

The 2016 corporation law amendment went into effect at the end of 2015. An exception applies only for the newly drafted section 58 (4) Joint Stock Company Act (AktG), in which the maturity of the dividend entitlement is postponed to the third day after the Annual General Meeting. This rule only went into effect on 1 January 2017.

## Forecast, Opportunities and Risk Report

### Forecast Reporting

The new year has started under the ambivalent constellation of robust growth in the domestic economy and international risks. The growth forecast for Germany ranges from 1.0 % to 1.5 %. In 2018, the world economy could grow at 1.6 %. Among the major uncertainty factors on the horizon is economic growth in the United States, which continues to have a global impact.

Britain's Brexit negotiations with the European Union and the development in deeply-indebted countries in southern Europe (Italy, Greece) will also have ramifications on the business climate. The crises in the Middle East and the Ukraine are also considered incalculable with adverse effects. The political uncertainties and the low interest rate environment will continue to have significant impact on the insurance industry in the coming year.

In Germany, however, a large number of indicators are likely to be on the upswing. The unemployment rate, for example, is likely to remain at historic lows and employment will continue to experience robust growth. According to an estimate by the council of economic advisors, one-half million new jobs are anticipated. Observers anticipate that the recent lull in investment and exports will improve somewhat over the course of the year. The rate of inflation could increase slightly: The council of economic advisors anticipates an increase of 2.2 %.

The insurance industry expects a price increase of 1.5 % in Germany and 1.3 % in the euro zone. This could also precipitate a slightly rise in interest rates in the United States, as well as a marginal interest rate increase in Europe. It is expected to remain limited, however. The low interest regime will therefore also impact insurance companies in 2017. The guaranteed interest rate for traditional life insurance policies in 2017 has been reduced from 1.25 % to 0.09 %.

In life insurance, the product landscape is currently undergoing a process of change, which is expected to continue in 2017. This is due to low interest rates, allowing no room for attractive full-guarantee products. Whereas fewer insurance contracts with guaranteed interest rates will be concluded by the end of the reference period, the growth in unit-linked product concepts with guarantees is likely to continue. Already in 2016, new business achieved a ratio of 46 %, after 37 % in the previous year. The business with term insurance is also expected to experience further growth.

The impetus consistently provided by our distribution channel Bancassurance in Germany, the Netherlands and Italy will have a positive impact on business development. We expect moderate growth on a high level in all three markets.

In the Netherlands, through strategic investments we have succeeded in reinforcing our position as a provider of insurance solutions, particularly in the field of mortgage financing. This will enable to further boost this year what is already a high level of market penetration.

In Italy, we will position ourselves even stronger as a specialist for insurance of the country's typical "cessione del quinto". With this loan model, employees have the option of using 1/5 of their monthly income as a loan payment and having this fifth directly deposited by their employer. In addition, in Italy are planning to enter the business with residual debt insurance. That is why we are very confident to be able to further grow in the Italian market. In the course of the 2017 financial year, our capital investments and the income generated from this have correspondingly reached our expectations.

Despite the continuing low interest rate environment, we anticipate from today's perspective that the planned current net investment income result and that the other miscellaneous investment income result will be achieved for 2017.

The planned net investment income results from 2018 will be evaluated in due time and adjusted if necessary, taking into account the subsequent market development.

The further expansion of the residual credit business, along with the strong increase in the number of term insurance policies, will lead to an increase in premium income in 2017. Due to the necessary start-up-related additions to technical provisions, we anticipate that despite increasing premium revenues, earnings in Credit Life AG will be lower in the financial year compared to the previous year.

## Opportunities Reporting

Successful entrepreneurial steps presuppose that we will take advantage of opportunities in order 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.

The existing business model of RheinLand Versicherungsgruppe, based on three brands and sales forces has proven itself. We provide our own field sales force, our network of agents and our Bancassurance distribution channel with products and solutions with which we properly position ourselves and reach our target groups. 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 - working together with customers in cooperation partners.

The consistently close connection of our company to the later generations of the founding families lends us a unique profile and ensures the independence of RheinLand Versicherungsgruppe in a market environment characterised by consolidation 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.

Via our distribution channel, Bancassurance, we offer our partners customised insurance solutions from a single source: Individually conceived and adapted to target groups and distribution channels. As a specialist, with our products, we support banks, insurance companies, agents, manufacturers and commerce in the field of payment protection insurance, term life insurance and policies for automotive with competitive coverage concepts.

## Risk reporting

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 underwriting risk is of essential significance. 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 in the actual expense for claims and benefits, that deviates from the anticipated expense. It also includes cost and disaster 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 surplus participation, including payment protection term life insurance and term insurance policies with surplus entitlement, the surplus participation 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 surplus participation**

Term life insurance without surplus participation and payment protection term life insurance are offered through a series of large and medium-size cooperation partners to ensure 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 payments.

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. As a flanking measure, the technical gross earnings with the relevant forecast values are compared monthly for all major cooperation partners. Especially for the Dutch and Italian market, so-called actuarial analyses are carried out several times annually by comparing the occurrence of the actual number of claims with the forecast number of claims according to the actuarial table applied. 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, with a competitive analysis, premium structure and premium levels, as well as actuarial trends. The results of these analyses are discussed in the management circle responsible for the operative business. This ensures that any unfavorable developments can be quickly detected, and countermeasures can be taken in a timely manner. Fundamental negative developments have not been discovered thus far. The term life insurance business in the Netherlands and in Italy is also protected by high reinsurance participation.

### **Term life insurance with surplus participation**

The traditional term life insurance policies with surplus participation are offered in the German market. In this, the surplus participation 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 misjudgments is comparatively small. In addition, in case of undesirable developments, countermeasures could be taken on a short-term basis by adjusting the surplus participation.

### **Market and Default 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.

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

### **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 dropped from 2.88 % to 2.54 %. The additional interest reserves were € 3 218 K in the financial year (previous year: € 2 220 K). With the regulation on the principles underlying the calculation of the premium reserve, it will also be necessary in the future, in times of declining reference interest rates, to create more provisions for additional interest reserves.

In an existing low-interest environment, the capital calculations according to Solvency II represent a special technical challenge for Credit Life AG. 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 will be lowered by reducing the overall interest rate starting in 2017 from 2.7 % to 2.5 %, whereby the contractually agreed guaranteed rate will be granted, however.

## Investments

In case of a persistent low interest environment, even the new capital requirements after Solvency II represent a special challenge for the life insurance industry. Due to the considerably lower dependency upon interest growth, this only applies to a limited extent to Credit Life AG. The company requires none of the optional statutory transition rules to ameliorate these requirements.

To control the investment risks, there are already high regulatory requirements that are described and specified as part of the in-house investment guidelines and procedures. In addition, investment risks are monitored and controlled by defined risk capital budgets, limits and threshold values.

There is a traffic light system for the provision for loan losses and control of the portfolios of ABS securities. On the basis of this traffic light system and the existing external ratings, the ABS Fund and the direct portfolio are regularly monitored in terms of potential defaults, and the current status is reported to the Executive Board and the Supervisory Board. ABS securities in the ABS Fund designated red on the traffic light are immediately transferred at fair value to the direct portfolio in order to guarantee the ABS Fund's premium reserve stock eligibility.

The book value of the ABS fund is also the fair value of € 3 569 K. Moreover, this includes three ABS securities in the direct portfolio with a book value of € 767 K and a fair value of € 548 K.

Write-downs were not required. At present, there are no repayment defaults with regard to ABS securities. However, it cannot be ruled out that write-downs may occur in the future due to repayment defaults.

In the reporting year, Credit Life AG made reinvestments in high-quality short-term asset-backed securities (min. A rating). The company continued to refrain from further new investments in structured products involving credit risks (asset-backed securities, collateralised debt obligations, collateralised loan obligations) and/or from investments in credit linked notes or direct investments in private equity. In 2016, three capital calls totalling € 250 K led to an increase of the stake in a company whose corporate purpose is the funding of mezzanine capital. A financial obligation in the amount of € 2 034 K remains.

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	188 378	
of which		
▪ government bonds	4 826	2.6
▪ bank exposure	174 925	92.9
▪ corporate bonds	7 860	4.2
▪ ABS products	767	0.4

With regard to the bonds stated (excluding ABS direct portfolio), there is additional hedging due to:

Insurance:	in € K	as % of total
Right of lien	57 891	30.7
Deposit protection	90 200	47.9
State guarantee	4 826	2.6
without	34 693	18.4

With regard to the bond portfolio in the bank exposure with a total of € 174,925 K, there are none of the above hedging measures for the amount of € 27,834 K (15.9 %).

There is subordination (excluding ABS direct portfolio) in the following amount:

Subordination	in € K	as % of total
Profit-sharing rights	401	13.0
Subordinated loans	4 700	87.0

A non-hedged equity exposure consists above special assets in the amount of € 3 503 K. The equity component of Credit Life AG is approx. 1.6 %. 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.

## **Reinsurance**

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.

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.

## **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 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.

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.

In general, there is the risk that the court rulings issued in individual cases can also affect the operating units of RheinLand-Gruppe. An appropriate process is in place for early detection of such risks. Where required, the risk is addressed by forming an adequate provision.

## **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.

For regular monitoring of liquidity, monthly liquidity plans are created.

On a monthly average, the liquidity surplus of Credit Life AG is approx. 5.1 % with regard to the total Investments and the expected liquidity surplus without reinvestment is approx. € 35 808 K for 2017. Therefore, from today's perspective, no liquidity risk exists.

## **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 2016, there was no reputation risk for Credit Life AG, aside from the market-wide discussions on life insurance.

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

Overall, there is 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, 2016 than the 100 % coverage of the SCR (Solvency Capital Requirement) called for by regulatory authorities and is also above the internally established limit of 120 %.

## **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.

As part of a contract for the outsourcing of functions, RheinLand Versicherungs AG, Neuss, performs portfolio management, claims processing, IT services, human resources management, controlling, risk management, internal auditing, accounting, investments and investment management for Credit Life AG, Neuss.

An agency agreement effective exists with Credit Life International Services GmbH for payment protection insurance brokerage.

There were no measures taken in the financial year which are subject to reporting.

## Memberships

The company is a member of the "German Insurance Association", Berlin, the "German Actuarial Society", Cologne and the "Insurance Ombudsman", Berlin.

## Environmental Management

As an insurance group we are particularly affected by changing environmental and climatic conditions and the associated increase in storm-related damage and the resulting claims burdens. For this reason alone, we engage in active environmental protection internally and externally. At the same time, we seek to save resources, 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 our environment-relevant processes since 1997 and assists us in systematically identifying and harnessing potential for improvements.

We established the primary objective of our environmental activities in the year 2007: We intend to ensure the CO<sub>2</sub> neutrality of our business operation for 50 years. In cooperation with the climate association "PRIMAKLIMA-weltweit e.V.", in several tranches, we have commissioned reforestation measures at our location in Neuss, at additional locations in Germany, in Europe and even world-wide. The afforested areas compensate for the sum of all CO<sub>2</sub> emissions of our business operations, so that we were able to achieve our goal in May 2011. This made us the one of the first insurers in the German market to achieve CO<sub>2</sub> neutrality of its business operations so quickly.

With our environmental balance, we disclose our consumption and demand for resources once each 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, 20 April 2017

The Executive Board

Christoph Buchbender

Dr. Lothar Horbach

Udo Klanten

Andreas Schwarz

# Balance sheet as at 31 December 2016

(in Euros)

ASSETS	2016	2016	2016	2016	2015
<b>A Investments</b>					
I. Investments in affiliated companies and participating interests					
1. Participating interests			<b>932 931.38</b>		682 855.80
II. Other investments					
1. Shares units or shares in investment funds and other variable yield securities		<b>7 075 225.95</b>			6 593 337.17
2. Bearer bonds and other fixed-income securities		<b>66 077 177.98</b>			75 827 728.48
3. Claims arising from mortgages land charges and annuities receivable		<b>0.00</b>			0.00
4. Other loans					
a) Registered bonds	<b>49 500 000.00</b>				51 000 000.00
b) Notes receivable and loans	<b>72 400 000.00</b>				70 400 000.00
c) Loans and advance payments on insurance policies	<b>157 259.89</b>				152 815.89
d) Other loans	<b>400 540.28</b>				741 178.05
		<b>122 457 800.17</b>			122 293 993.94
5. Deposits at banks		<b>17 182 572.34</b>			10 182 966.12
			<b>212 792 776.44</b>		214 898 025.71
				<b>213 725 707.82</b>	215 580 881.51
<b>B. Investments for the account and risk of policyholders of life insurance policies</b>				<b>92 300.95</b>	81 838.35
<b>C. Receivables</b>					
I. Amounts receivable from direct insurance operations to:					
1. Policyholders					
a) Claims due	<b>719 120.96</b>				377 414.02
b) Claims not yet due	<b>4 537 915.40</b>				4 695 731.05
		<b>5 257 036.36</b>			5 073 145.07
2. Insurance intermediaries		<b>11 178 889.57</b>			8 989 661.67
			<b>16 435 925.93</b>		14 062 806.74

ASSETS	2016	2016	2016	2016	2015
II. Reinsurance receivables			108 561.05		552 559.48
of which: from affiliated companies € 0.00 (€ 0.00)					
III. Other receivables			2 006 530.56		1 429 851.66
of which: from affiliated companies € 174,324.99 (€ 47,664.88)					
				18 551 017.54	16 045 217.88
<b>D. Other assets</b>					
I. Fixed assets and inventories			127 154.00		254 241.00
II. Current bank balances, checks and cash balance			9 875 021.22		7 335 826.91
				10 002 175.22	7 590 067.91
<b>E. Deferred items</b>					
I. Deferred interest and rent			2 365 684.60		2 757 363.76
II. Other deferred items			0.00		79 748.67
				2 365 684.60	2 837 112.43
<b>Total assets</b>				<b>244 736 886.13</b>	<b>242 135 118.08</b>

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, 9 March 2017

The Trustee  
Jürgen Wolfgang Urbahn

(in Euros)

LIABILITIES	2016	2016	2016	2015
<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 Supervision Act (VAG) € 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>3 783 633.20</b>			3 928 092.21
2. of which:				
Share of the assumed reinsurance business	<b>3 548 302.01</b>			1 841 617.15
		<b>235 331.19</b>		2 086 475.06
II. Provision for life insurance				
1. Gross amount	<b>158 012 948.00</b>			145 715 537.42
2. of which:				
Share of the assumed reinsurance business	<b>36 317 208.53</b>			38 076 264.48
		<b>121 695 739.47</b>		107 639 272.94
III. Provision for outstanding insurance claims				
1. Gross amount	<b>21 287 154.38</b>			25 277 847.72
2. of which:				
Share of the assumed reinsurance business	<b>6 085 759.04</b>			18 354 895.67
		<b>15 201 395.34</b>		6 922 952.05

LIABILITIES	2016	2016	2016	2015
IV. Provision for performance-based and non-performance-based premium refunding				
1. Gross amount	5 702 581.41			7 670 593.08
2. of which:				
Share of the assumed reinsurance business	0.00			0.00
		5 702 581.41		7 670 593.08
V. Other technical provisions				
1. Gross	875 000.02			875 000.02
2. of which:				
Share of the assumed reinsurance business	295 134.22			875 000.02
		579 865.80		0.00
			143 414 913.21	124 319 293.13
<b>D. Technical provisions in the area of life insurance if the investment risk is borne by the policyholders</b>				
For life insurance				
1. Gross amount		92 300.95		81 838.35
2. of which:				
Share of the assumed reinsurance business		0.00		0.00
			92 300.95	81 838.35
<b>E. Other provisions</b>				
I. Tax provisions		530.00		0.00
II. Other provisions		636 995.00		654 032.65
			637 525.00	654 032.65
<b>F. Deposits for reinsurance business</b>			22 428 809.18	42 860 435.76
of which from affiliated companies:				
€ 0.00 (€ 0.00)				

(in Euros)

LIABILITIES	2016	2016	2016	2015
<b>G. Other liabilities</b>				
I. Liabilities arising out of direct insurance operations towards				
1. Policyholders	<b>7 618 031.51</b>			8 522 724.68
2. Insurance intermediaries	<b>1 954 133.61</b>			1 289 290.01
		<b>9 572 165.12</b>		9 812 014.69
II. Reinsurance payables		<b>7 766 152.63</b>		3 549 935.72
of which from affiliated companies: € 0.00 (€ 0.00)				
III. Other liabilities		<b>14 434 706.55</b>		12 704 703.45
of which from affiliated companies: € 14,095,329.15 (€ 12,093,518.76)				
of which from taxes: € 40.61 (€ 885.16)				
			<b>31 773 024.30</b>	26 066 653.86
<b>H. Deferred items</b>			<b>1 549 450.54</b>	3 312 001.38
<b>Equity and liabilities</b>			<b>244 736 886.13</b>	242 135 118.08

It is confirmed that the provision for the actuarial reserve disclosed in the balance sheet under items C.II. and D. of liabilities, was calculated taking into account Section 341f German Commercial Code as well as the legal regulations adopted based on Section 88 (3) Insurance Supervision Act (VAG); for the old portfolio as defined in Section 336 Insurance Supervision Act (VAG) and Article 16 (2) 2 Third Implementing Act/EEC concerning VAG, the actuarial reserve has been calculated according to the business plan last approved on 16 October 2013. The subsequent interest reserve has been calculated according to the business plan, included in the approval procedure since 7 October 2016.

Neuss, 19 April 2017

The responsible actuary  
Lutz Bittermann



# Profit and Loss Account for the Period 1 January to 31 December 2016 (in Euros)

	2016	2016	2016	2015
<b>I. Technical account</b>				
1. Net premiums earned				
a) Gross premiums entered	<b>104 942 367.42</b>			84 167 987.49
b) Reinsured premiums	<b>23 312 482.06</b>			20 931 197.85
		<b>81 629 885.36</b>		63 236 789.64
c) Change in unearned premiums	<b>144 459.01</b>			155 640.99
d) Change in the share of the reinsurers in the gross unearned premiums	<b>1 706 684.86</b>			70 092.61
		<b>1 851 143.87</b>		225 733.60
			<b>83 481 029.23</b>	63 462 523.24
2. Change in the gross provision for premium rebates			<b>28 802.60</b>	14 826.02
3. Investment income				
a) Income from other investments		<b>5 345 466.34</b>		6 275 926.24
b) Income from write-ups		<b>15 471.07</b>		90,000.16
c) Gains from the disposal of investments		<b>510 197.47</b>		154 386.11
			<b>5 871 134.88</b>	6 520 312.51
4. Non-realised gains stemming from investment income			<b>682.91</b>	334.56
5. Other net technical income			<b>859 076.60</b>	868 727.93
6. Net costs of insurance claims				
a) Payments for insurance claims				
aa) Gross amount	<b>35 048 550.15</b>			43 787 361.63
bb) Share of the reinsurers	<b>-17 040 057.51</b>			-27 744 876.69
		<b>18 008 492.64</b>		16 042 484.94
b) Change in the provision for outstanding insurance claims				
aa) Gross amount	<b>-3 990 693.34</b>			6 685 895.36
bb) Share of the reinsurers	<b>12 275 442.63</b>			-3 536 152.71
		<b>8 284 749.29</b>		3 149 742.65
			<b>26 293 241.93</b>	19 192 227.59

(in Euros)

	2016	2016	2016	2015
7. Change in other miscellaneous technical net provisions				
a) Provision for life insurance				
aa) Gross amount	<b>12 307 873.18</b>			-16 790 680.20
bb) Share of the reinsurers	<b>1 759 055.95</b>			24 002 867.32
		<b>14 066 929.13</b>		7 212 187.12
b) Other net technical provisions		<b>579 865.80</b>		0.01
			<b>14 646 794.93</b>	7 212 187.13
8. Costs for bonuses and net premium rebates			<b>2 025 000.00</b>	1 950 000.00
9. Costs of insurance operations for own account				
a) Acquisition expenses	<b>36 978 427.48</b>			31 389 832.19
b) Administration expenses	<b>3 801 285.12</b>			5 402 583.21
		<b>40 779 712.60</b>		36 792 415.40
c) of which: reinsured business commissions received from the reinsurance business		<b>-13 022 976.18</b>		-11 792 574.02
			<b>27 756 736.42</b>	24 999 841.38
10. Investment costs				
a) Costs for the administration of investments, interest expenses and other expenditures for the administration of investments		<b>559 606.57</b>		549 528.19
b) Depreciation on investments		<b>19 041.89</b>		0.00
c) Losses from the disposal of investments		<b>2 300.00</b>		6 427.08
			<b>580 948.46</b>	555 955.27
11. Non-realised losses stemming from investments			<b>2 848.14</b>	588.12
12. Other miscellaneous net insurance operations expen- ditures			<b>9 562 316.83</b>	12 881 300.89
13. Net technical income			<b>9 372 839.51</b>	4 074 623.88

(in Euros)

	2016	2016	2016	2015
<b>II. Non-technical account</b>				
1. Other income		<b>2 354 570.41</b>		2 537 182.30
2. Other expenses		<b>2 296 499.58</b>		3 546 889.97
			<b>58 070.83</b>	-1 009 707.67
3. Result from ordinary business operations			<b>9 430 910.34</b>	3 064 916.21
4. Tax on income and profit of which intercompany allocation € 0.00 (€ 0.00)			<b>2 949 823.22</b>	591 789.16
5. Profits transferred based on profit pooling, a profit transfer agreement or a partial profit transfer agree- ment			<b>6 481 087.12</b>	0.00
6. Net income for the year			<b>0.00</b>	2 473 127.05
7. Profit/loss carried forward from the previous year			<b>5 447 986.65</b>	2 974 859.60
8. Net profit for the year			<b>5 447 986.65</b>	5 447 986.65



# 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).

### Participating interests

The shares in affiliated companies were valued at acquisition cost or with the lower of cost or market principle according to Section 253 (3) 5 German Commercial Code (HGB).

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

As in the previous year, the company performed the valuation of investment shares according to Section 341b (2) German Commercial Code (HGB) in connection with Section 253 (3) HGB according to the moderate lower of cost or market principle.

The fair value was estimated as the valuation standard for RheinLand-ABS 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.

In this context, other assets contained in the fund (e.g. cash/debt management) are taken into account with nominal values. Possible impairments are monitored based on the traffic light system.

The valuation of other variable yield securities was performed pursuant to Section 341b (2) German Commercial Code (HGB) in connection with Section 253 (1) German Commercial Code (HGB) according to the strict lower of cost principle.

The requirement to reverse impairment losses according to Section 253 (5) German Commercial Code (HGB) was fulfilled.

### Bearer bonds and other fixed-income securities

As in the previous year, the company performed the valuation of the bearer bonds and other fixed-income securities according to Section 341b (2) German Commercial Code (HGB) in connection with Section 253 (3) HGB according to the moderate lower of cost or market principle.

The requirement to reverse impairment losses according to Section 253 (5) German Commercial Code (HGB) was fulfilled.

### Other loans

The valuation of registered bonds, notes receivable and other loans in accordance with Section 341c (3) German Commercial Code (HGB) is performed at valued at amortised acquisition costs. Where there were differences compared to the repayment amount (premium or discount) the effective interest method was applied for amortisation over the 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 on insurance policies are recognised at face value less subsequent repayment.

Since we currently assume no default risk, there was no write-down in the financial year.

### **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 nominal values.

### **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.

## For life insurance

### 1. New portfolio

With the exception of the fund-linked life insurance, the provision for life insurance is calculated on a contract-by-contract basis using the prospective method. For payment protection insurance solutions, the values were initially 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 provision for life insurance is partly calculated according to the retrospective method.

Settlement class	Share in %	Zillmerised rate	Interest rate in %*)	Actuarial model
GL2004	0.5	min(12;maturity in years) % of the premium amount	2.75	DAV1994T
GL2000	0.8	min(12;maturity in years) % of the premium amount	3.25	DAV1994T
GL96	7.0	min(12;maturity in years) % of the premium amount	4.00	DAV1994T
GL95	1.3	10 % of the insured amount	3.50	ADSt 1986MF
RIS2015NR	0.1	25 % of the premium amount	1.25	DAV2008TN, Unisex calculation
RIS2015R	0.1	25 % of the premium amount	1.25	DAV2008TR, Unisex calculation
RIS2013NR	0.6	40 % of the premium amount	1.75	DAV2008TN, Unisex calculation
RIS2013R	0.3	40 % of the premium amount	1.75	DAV2008TR, Unisex calculation
RIS2012NR	0.6	40 % of the premium amount	1.75	DAV2008TN
RIS2012R	0.5	40 % of the premium amount	1.75	DAV2008TR
RIS2009NR	3.3	40 % of the premium amount	2.25	DAV2008TN
RIS2009R	2.2	40 % of the premium amount	2.25	DAV2008TR
RIS2008NR	1.2	40 % of the premium amount	2.25	DAV1994TN (70 %)
RIS2008R	0.4	40 % of the premium amount	2.25	DAV1994TR (70 %)
RIS2007NR	1.3	40 % of the premium amount	2.25	DAV1994TN (70 %)
RIS2007R	0.3	40 % of the premium amount	2.25	DAV1994TR (70 %)
RIS2005NR	3.3	40 % of the premium amount	2.75	DAV1994TN (70 %)
RIS2005R	0.8	40 % of the premium amount	2.75	DAV1994TR (70 %)
Ris2004	0.5	40 % of the premium amount	2.75	DAV1994T (70 %)
Ris99	4.1	40 % of the premium amount	3.00	DAV1994T (70 %)
Ris95	4.6	40 % of the premium amount	4.00	DAV1994T
DR08/DR09/ DR12/ DR13/DR15	0.3	25 % or 40 % of the ordinary insured amount	1.25/1.75/ 2.25**)	DAV2004R ***)
NLRis2015NR	2.4	25 % of the premium amount	1.25	68 % or 30 % GBMV0005
NLRis2015R	0.4	25 % of the premium amount	1.25	68 % or 30 % GBMV0005

Settlement class	Share in %	Zillmerised rate	Interest rate in %*)	Actuarial model
NLRis2014NR	1.0	40 % of the premium amount	1.75	30 % GBMV0005
NLRis2014R	0.1	40 % of the premium amount	1.75	30 % GBMV0005
Residual debt 0.00 %	10.4	–	0.00	SIMF14 Unisex calculation
Residual debt 1.25 %	10.4	–	1.25	DAV2008T Unisex calculation
Residual debt 1.75 %	3.4	–	1.75	DAV2008T Unisex calculation
BG247 Residual debt 0 %	0.7	–	0.00	DAV2008T Unisex calculation
BG247 Residual debt 1.25 %	5.8	–	1.25	DAV2008T Unisex calculation
BG247 Residual debt 1.75 %	6.5	–	1.75	DAV2008T Unisex calculation
BG247 Residual debt 2.25 %	4.6	–	2.25	DAV2008T and/or DAV1994T (65 %) Unisex calculation
KAP04/KAP05	1.0	40 % of the premium amount	2.75	DAV1994T
STE05	1.4	40 % of the premium amount	2.75	DAV1994T
REN04/REN05	4.6	40 % of the premium amount	2.75	ERM/F2000AP
EU09	0.1	40 % of the premium amount	2.25	DAV 1994T, DAV 1998E DAV 1998TE, DAV 1998RE
BU04	0.4	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	1.0	40 % of the premium amount	1.75	DAV 1994T, DAV 1997I DAV 1997TI, DAV 1997RI
BUZ2009	1.8	40 % of the premium amount	2.25	DAV 1994T, DAV 1997I DAV 1997TI, DAV 1997RI
BUZ2000	0.8	20 % of the premium amount	3.00	DAV 1994T, DAV 1997I DAV 1997TI, DAV 1997RI
BUZ97	1.1	20 % of the premium amount	4.00	DAV 1994T, DAV 1997I DAV 1997TI, DAV 1997RI
BUZ95	0.4	–	3.50	DAV 1994T, DAV 1997I DAV 1997TI, DAV 1997RI

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 € 193.27 K.

\*) To calculate the cash value of the prospective provision for life insurance, the specified interest rate is reduced for the next 15 years with the reference interest rate according to the Section 5 Insurance Provision Regulation (DeckRV). On 31 December 2016, this amounted to 2.54 %.

\*\*) 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 provision for life insurance has been calculated according to the valid business plans.

Tariff group	Share in %	Zillmerised rate	Interest rate in %*)	Actuarial model
BO	5.0	10 % of the insured amount	3.50	ADSt 1986MF
EO	1.5	0.25 %-6.25 % of the insured amount	3.50	ADSt 1986MF
BUZ	0.7	–	3.50	DAV 1994T, DAV 1997I 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 € 12.73 K.

\*) To calculate the cash value of the prospective provision for life insurance, the specified interest rate is reduced for the next 15 years with the reference interest rate according to the business plan. On 31 December 2016, this amounted to 2.54 %.

### 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 (14 December 2016) 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 2.04 % 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.

## **Provisions for the actuarial 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 on page 78 et seq. The following supplementary information is provided:

#### To I. Investments in affiliated companies and participating interests

##### 1. Participating interests

Participating interests include the participating interest in Protektor Lebensversicherung AG and the participating interest in Lampe Mezzanine Fonds I GIKG GmbH & Co KG.

Credit Life AG has a participating interest with a book value of € 3 K in Protektor Lebensversicherung AG. This corresponds to a share of approx. 0.01 % in the share capital of the company.

The participating interest in Lampe Mezzanine Fonds I GIKG GmbH & Co KG. has a book value of € 929 K, which corresponds to both the acquisition cost and the fair value.

	Nominal value €	Balance-sheet value €	Earnings €
Lampe Mezzanine Fonds I GIKG GmbH & Co. KG	929 467.16	929 467.16	0.00
Protektor Lebensversicherung-AG	3 464.22	3 464.22	0.00

#### 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 No. 26 German Commercial Code (HGB).

Type of fund / investment goal	Book value 31.12.2016	Fair value 31.12.2016	Valuation reserve	Dividend dis- tribution 31.12.2016
<b>AIF special fund</b>				
RheinLand-VM Monega Fund	3 506 075.41	3 756 040.29	249 964.88	53 303.04
Rheinland ABS Fund	3 569 150.54	3 569 150.54	0.00	88 029.91
<b>Total</b>	<b>7 075 225.95</b>	<b>7 325 190.83</b>	<b>249 964.88</b>	<b>141 332.95</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.

## 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	52.17
DE0005320329	UBS (D) Konz. FDS.EUR Plus	3.00	172.68
DE0008474024	DWS Akkumula	0.047	45.17
DE0008476524	DWS Vermögensbil. Fund	1.00	140.32
DE0008488214	UBS(D)EQUITY FUND-GLOB.OPPORT.INH.A	1.00	171.71
DE0008491044	UniRak	1.00	114.27
DE0009785162	UBS (D) KONZEPTFONDS I	1.00	48.46
DE0009785188	UBS (D) KONZEPTFONDS III	1.00	67.56
DE0009797076	UBS (D) KONZEPTFONDS V	1.00	70.57
FR0010135103	CARMIGNAC PATRIMOINE FCP	22.00	14 282.62
FR0010148981	Carmignac Investissement FCP	2.00	2 303.24
FR0010261198	LYXOR ETF MSCI EUROPE D-EUR ETF	1.00	120.67
FR0010315770	LYXOR ETF MSCI WORD FCP D	1.00	164.48
GB0030932676	M+G I.(1)-M+G GBL BA.EO A	6.00	176.97
LU0006344922	UBS(LUX)MNY MKT FD-EUR ACC.P	1.00	834.60
LU0006391097	UBS LUX EQUITY FUND FCP - EU.OPP.	0.02	14.66
LU0033050237	UBS (LUX) BOND FD-EUR P A	0.031	12.32
LU0040506734	VONTOBEL-EM.MKTS EQU. A-USD	1.00	499.59
LU0048578792	FID.FDS-EUROP.GWTH A GL.	5.00	72.55
LU0049842692	UBS(L)EQ.-MD C. EUR P-ACC	0.031	28.07
LU0072462426	BGF-GLOBAL ALLOCATION CLASS A2	1.00	48.06
LU0075056555	BFG-World Mining Fund Class A2	1.00	29.68
LU0106280919	SAUREN FDS SEL.-GLOB.OPP	15.00	422.25
LU0114760746	F.TEM.INV-T.GWTH A ACC	8.00	137.36
LU0115904467	UNIEM Global Inh.	2.00	153.60
LU0130799603	UBS LUX EQUITY GL INNOV.INH.ANT.B	1.00	75.41
LU0136412771	Ethna-Aktiv E A	1.00	124.02
LU0149168907	PIONEER Investments total return	1.00	46.79
LU0153925689	UBS (LUX) KEY-SEL. EQUITIES P-ACC	1.00	17.68
LU0159550150	DJE - DIV.+SUBS.FDS.INH.P EUR	1.00	367.53
LU0164455502	Carmignac PO.-Commod. NAM	1.00	292.55
LU0197216558	UBS L KEY S.-Gbl. AL. EUR B	5 483.00	70 017.91
LU0212925753	BGF-Global Allocati	3.00	102.81
LU0323578657	FLOSSBACH-MULTIPLE OPPORTUNITIES R	1.00	227.46

Identification No.	Designation of fund	Number of shares	Fair value in €
LU0487186396	UBS (LUX) BF-GLOBAL (CHF) (EUR HEDGED)	1.00	120.85
LU0106280836	SAUREN FDS SEL.-GLOB.BALANCED	1.00	16.71
DE0008491002	UNIFONDS	1.00	49.58
LU0130729220	PICTET_EMERGING MARKETS P USD	1.00	454.98
FR0010296061	Lyxor UCITS ETF MSCI USA FCP	1.00	203.04
<b>Total</b>		<b>5 574.13</b>	<b>92 300.95</b>

## To C. Receivables

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

#### 1. Policyholders

##### a) Claims due

These are any premiums in arrears which were due in 2016 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)	2016	2015
Interest receivable due	0.00	0.00
Tax refund claims	333 327.65	1 000 596.12
Receivables arising from clearing transactions with affiliated companies	174 324.99	47 664.88
Other	1 498 877.92	381 590.66
<b>Total</b>	<b>2 006 530.56</b>	<b>1 429 851.66</b>

## To E. Deferred items

### To I. Deferred interest and rent

(in Euros)	2016	2015
Interest not yet due		
▪ Registered notes	830 131.47	807 152.24
▪ Bearer bonds and other fixed-income securities	800 374.83	1 086 727.08
▪ Notes receivables and other loans	689 733.86	850 706.66
▪ Fixed deposits	45 444.44	12 777.78
<b>Total</b>	<b>2 365 684.60</b>	<b>2 757 363.76</b>

## Liabilities

### To A. Equity

#### To I. Subscribed capital

The share capital as at 31 December 2016 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)	2016	2016	2015
To I. Gross unearned premiums			
▪ from direct operations	3 783 633.20		3 928 092.21
of which: Share in reinsurance	3 548 302.01	235 331.19	1 841 617.15
To II. Gross provision for life insurance			
▪ from direct operations	158 012 948.00		145 715 537.42
of which: Share in reinsurance	36 317 208.53	121 695 739.47	38 076 264.48
III. Provision for outstanding insurance claims			
▪ from direct operations	21 287 154.38		25 277 847.72
of which: Share in reinsurance	6 085 759.04	15 201 395.34	18 354 895.67
To IV. Provision for performance-based and non-performance-based premium refunding			
▪ from direct operations	5 702 581.41		7 670 593.08
of which: Share in reinsurance	0.00	5 702 581.41	0.00
To V. Other technical provisions			
▪ from direct operations	875 000.02		875 000.02
of which: Share in reinsurance	295 134.22	579 865.80	875 000.02
<b>Total</b>		<b>143 414 913.21</b>	124 319 293.13

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

(in Euros)	2016	2015
As at 01 January	7 670 593.08	8 688 247.37
Withdrawal in the financial year	3 993 011.67	2 967 654.29
	3 677 581.41	5 720 593.08
Allocation from the profit of the financial year	2 025 000.00	1 950 000.00
<b>As at 31 December</b>	<b>5 702 581.41</b>	7 670 593.08

The provision only refers to the performance-based premium refunding. The following allocations are made for 2017 with regard to the provision for premium refunding at the end of 2016:

(in Euros)	
a. to regular profit shares already defined but not yet allocated	3 905 498.94
b. to terminal dividends and final payments already defined but not yet allocated	232 805.19
c. to premiums for the share in valuation reserves already defined but not yet allocated	85.54
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	1 339 550.05
f. to the unattached share (provision for premium refunding without letters a to e)	224 641.69
<b>Total</b>	<b>5 702 581.41</b>

For the existing contracts, a sufficient amount of the sum committed to the terminal dividend fund amounting to € 1 340 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 € 60 K for commissions, € 445 K for third-party services, € 115 K for the costs of preparing the annual financial statements, and € 17 K for other provisions.

## To F. Other liabilities

### To I. Liabilities arising out of direct insurance operations from:

#### 1. Policyholders

(in Euros)	2016	2015
Accumulated interest-bearing profit shares	4 079 807.97	4 432 520.82
Profit shares arising from the reserve for outstanding claims	2 664.87	1 246.23
Prepaid insurance premiums	208 699.89	461 584.39
Other liabilities towards the policyholder	3 326 858.78	3 627 373.24
<b>Total</b>	<b>7 618 031.51</b>	<b>8 522 724.68</b>

### To III. Other liabilities

(in Euros)	2016	2015
Amounts payable from the clearing transactions with affiliated companies	14 095 329.15	12 093 518.76
Trade accounts payable	0.00	6 178.97
Tax liabilities	40.61	885.16
other	339 336.79	604 120.56
<b>Total</b>	<b>14 434 706.55</b>	<b>12 704 703.45</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)	2016		2015	
	Regular premiums	Single premiums	Regular premiums	Single premiums
Direct insurance operations	45 371 311.89	59 577 718.53	37 053 365.86	47 114 467.63
	104 949 030.42		84 167 833.49	
Change in the general valuation adjustment for claims due	-6 663.00		154.00	
<b>Total</b>	<b>104 942 367.42</b>		<b>84 167 987.49</b>	

In the financial year, the regular premiums contain premiums for fund-linked life insurance solutions (Germany PENSION) amounting to € 196 K (previous year: € 220 K).

With regard to contracts without participation in profits, € 18 926 K are contained in the regular premiums and € 59 558 K in the single premiums.

The premium amount of redeemed new business in the reporting year is € 305 001 K (previous year: € 253 802 K).

### To I. 3. Investment income

a) Income from other investments

(in Euros)	2016	2015
Interest and similar yields from		
▪ Shares units or shares in investment funds and other variable-yield securities	141 355.04	125 631.43
▪ Bearer bonds and other fixed-income securities	1 680 375.74	2 182 943.06
▪ Mortgages land charges and annuities receivable	0.00	15.05
▪ Registered notes	1 708 738.76	1 776 309.92
▪ Notes receivable	1 707 509.26	2 084 261.07
▪ Loans and advance payments on insurance policies	7 446.57	12 074.03
▪ Remaining loans	24 418.87	32 054.92
▪ Deposits at banks	75 622.10	62 636.76
<b>Total</b>	<b>5 345 466.34</b>	<b>6 275 926.24</b>

b) Income from write-ups

(in Euros)	2016	2015
Investment shares	15 471.07	90 000.16
<b>Total</b>	<b>15 471.07</b>	<b>90 000.16</b>

c) Gains from the disposal of investments

(in Euros)	2016	2015
Investment shares	0.00	57.35
Bearer bonds	308 947.47	154 328.76
Registered notes	201 250.00	0.00
<b>Total</b>	<b>510 197.47</b>	<b>154 386.11</b>

To I. 5. Other net technical income

(in Euros)	2016	2015
Increase in the policyholders' capitalised claims not yet due	43 064.27	741 083.64
other	816 012.33	127 644.29
<b>Total</b>	<b>859 076.60</b>	<b>868 727.93</b>

To I. 6. Net costs of insurance claims

a) Payments for insurance claims

(in Euros)	2016	2015
Direct insurance operations	35 048 550.15	43 787 361.63
less the proportion of reinsurers' direct insurance operations	17 040 057.51	27 744 876.69
<b>Total</b>	<b>18 008 492.64</b>	<b>16 042 484.94</b>

b) Change in the provision for outstanding insurance claims

(in Euros)	2016	2015
Direct insurance operations	-3 990 693.34	6 685 895.36
Change in the proportion of reinsurers' direct insurance operations	12 275 442.63	-3 536 152.71
<b>Total</b>	<b>8 284 749.29</b>	<b>3 149 742.65</b>

## To I. 10. Investment costs

b) Depreciation on investments

(in Euros)	2016	2015
Bearer bonds	19 041.89	0.00
<b>Total</b>	<b>19 041.89</b>	<b>0.00</b>

c) Losses from the disposal of investments

(in Euros)	2016	2015
Investment shares	0.00	93.01
Bearer bonds	2 300.00	6 334.07
<b>Total</b>	<b>2 300.00</b>	<b>6 427.08</b>

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

(in Euros)	2016	2015
Direct credit (premium set-off)	8 739 043.13	10 061 501.96
Actuarial interest rates	149 522.54	167 762.75
Interest in deposits resulting from reinsurance business	382 461.10	1 880 277.11
Reduction in the capitalised claims from policyholders not yet due	286 688.06	769 970.65
Costs arising from the increase in general loan loss provisions for claims not yet due from policyholders	0.00	1 525.07
miscellaneous	4 602.00	263.35
<b>Total</b>	<b>9 562 316.83</b>	<b>12 881 300.89</b>

The reinsurance balance arising from reinsurance business amounts in the financial year are € -5 577 K (previous year: € -1 790 K).

## To II. 1. Other income

(in Euros)	2016	2015
Income from services rendered for other companies	1 580 091.85	1 701 013.43
Interest income	24 208.14	48 448.32
Income from the reversal of non-technical provisions	18 713.44	118 129.97
Other items	731 556.98	669 590.58
<b>Total</b>	<b>2 354 570.41</b>	<b>2 537 182.30</b>

## To II. 2. Other expenses

(in Euros)	2016	2015
Services rendered for other companies	1 580 091.85	1 701 013.43
Costs to prepare Annual Financial Statements	117 749.74	69 132.10
Supervisory Board remuneration (group overheads)	29 873.00	20 350.65
Legal consultancy fees and other consultancy fees	139 872.71	137 261.40
Interest expenses	177 989.53	223 975.24
other	250 922.75	1 395 157.15
<b>Total</b>	<b>2 296 499.58</b>	<b>3 546 889.97</b>

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

(in Euros)	2016	2015
Corporation tax	2 949 335.70	790 488.03
▪ of which from previous years	-228 664.30	-181 511.97
Solidarity surcharge	-42.48	-9 780.32
▪ of which from previous years	-42.48	-9 780.32
Trade income tax	530.00	-188 918.55
▪ of which from previous years	530.00	-188 918.55
<b>Total</b>	<b>2 949 823.22</b>	<b>591 789.16</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 Versicherungen 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)	2016	2015
Commissions of all kinds for intermediaries within the meaning of Section 92 German Commercial Code (HGB) for direct insurance operations	<b>30 713 797.82</b>	26 886 242.10
Other remuneration for intermediaries within the meaning of Section 92 German Commercial Code (HGB)	<b>112 801.34</b>	65 664.98
Wages and salaries	<b>0.00</b>	0.00
Social contributions and costs for support	<b>0.00</b>	0.00
<b>total</b>	<b>30 826 599.16</b>	26 951 907.08

## 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.

The remuneration for the Supervisory Board was paid by RheinLand Holding AG. No loans were granted to the Supervisory Board and the Executive Board.

### Details of shareholders

The investment Management Company Cornel Werhahn GbR, Neuss, has us merely informed us as a precaution in the event that it should assume company status as defined by property Section 20 Joint Stock Company At (AktG), it announced that 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.

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

### 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, Neuss, which 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.

## Financial Obligations

Due to the legal requirements of Sections 124 et seq. 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 % of the sum of the net technical provisions have been built up. The future obligations arising for the company from this amount to € 43 K. The protection fund for life insurers may also charge special contributions amounting to a further 1 ‰ of the sum of the net technical provisions; this corresponds to an obligation of € 143 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 % 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 € 1 334 K.

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.

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, € 966 K were released as at 31 December 2016. Subsequent releases will lead to a contribution commitment of up to € 2 034 K.

## 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 2016 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 2017

### 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 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
Risk 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
	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
	RIN05	TGN05
	RIR05	TGR05
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 2017, no directly credited interest is granted for the net interest income 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 2017 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 2.5 % interest is paid on the accumulated balance. For insurance policies having an interest rate above 2.5 %, 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 2017 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 2017 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 2017

#### 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	0.25 %	MDK	–	–	1.50 %	üJB	54 %	iRB
	bpfl	M	0.25 %	MDK	–	–	1.50 %	üJB	62 %	iRB
	bfr	F	0.25 %	MDK	–	–	–	–	54 %	iRB
	bfr	M	0.25 %	MDK	–	–	–	–	62 %	iRB
GL2008	bpfl	F	0.25 %	MDK	–	–	1.50 %	üJB	54 %	iRB
	bpfl	M	0.25 %	MDK	–	–	1.50 %	üJB	62 %	iRB
	bfr	F	0.25 %	MDK	–	–	–	–	54 %	iRB
	bfr	M	0.25 %	MDK	–	–	–	–	62 %	iRB
KAP04	bpfl		0.00 %	VS	–	–	–	–	0.001 %	VS*
	bfr		0.00 %	VS	–	–	–	–	0.001 %	VS*
KAP05	bpfl		0.00 %	MDK	–	–	–	–	–	–
	bfr		0.00 %	MDK	–	–	–	–	–	–
STE05	bpfl		0.00 %	MDK	–	–	–	–	–	–
	bfr		0.00 %	MDK	–	–	–	–	–	–

### Contract status:

bpf = 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 (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.

BG	Tar-iffs	Con-tract status	Interest profit		Fund cost surplus		Terminal "interest" div-idend		Terminal "fund cost" div-idend		Basic profit		Risk profit	
			Rate	BezGr.	Rate	BezGr.	Rate	BezGr.	Rate	BezGr.	Rate	BezGr.	Rate	BezGr.
131	DR08	bpfl	0.125 %	(1)	0.2125 %	(2)	0.125 %	(3)	0.2125 %	(3)	0.00 %	(4)	0 %	(5)
		bfr	0.125 %	(1)	0.2125 %	(2)	0.125 %	(3)	0.2125 %	(3)	0.00 %	(4)	0 %	(5)
		lfdR	0.250 %	(1)	–	–	–	–	–	–	–	–	–	–
131	DR09	bpfl	0.125 %	(1)	0.2125 %	(2)	0.125 %	(3)	0.2125 %	(3)	0.00 %	(4)	0 %	(5)
		bfr	0.125 %	(1)	0.2125 %	(2)	0.125 %	(3)	0.2125 %	(3)	0.00 %	(4)	0 %	(5)
		lfdR	0.250 %	(1)	–	–	–	–	–	–	–	–	–	–
131	DR12	bpfl	0.375 %	(1)	0.2125 %	(2)	0.375 %	(3)	0.2125 %	(3)	0.00 %	(4)	0 %	(5)
		bfr	0.375 %	(1)	0.2125 %	(2)	0.375 %	(3)	0.2125 %	(3)	0.00 %	(4)	0 %	(5)
		lfdR	0.750 %	(1)	–	–	–	–	–	–	–	–	–	–
131	DR13	bpfl	0.375 %	(1)	0.2125 %	(2)	0.375 %	(3)	0.2125 %	(3)	0.00 %	(4)	0 %	(5)
		bfr	0.375 %	(1)	0.2125 %	(2)	0.375 %	(3)	0.2125 %	(3)	0.00 %	(4)	0 %	(5)
		lfdR	0.750 %	(1)	–	–	–	–	–	–	–	–	–	–
131	DR15	bpfl	0.625 %	(1)	0.2125 %	(2)	0.625 %	(3)	0.2125 %	(3)	0.00 %	(4)	0 %	(5)
		bfr	0.625 %	(1)	0.2125 %	(2)	0.625 %	(3)	0.2125 %	(3)	0.00 %	(4)	0 %	(5)
		lfdR	1.250 %	(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 3.81 % 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 2.46 %. 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 2017, 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.

## Risk Insurance Solutions

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.
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				–	–	–	–	58 %	üb	138 %	VS
	bfr Abl				–	–	58 %	üb(vV)	–	–	138 %	VS
	bfr i Tod				0.00 %	DK	–	–	–	–	–	–
	bfr (EB, Einst.)				–	–	–	–	–	–	138 %	VS
Ris95	bpfl	F	Smoker		–	–	–	–	40 %	üb	67 %	VS
	bpfl	F	non-smoker		–	–	–	–	56 %	üb	127 %	VS
	bpfl	M	Smoker		–	–	–	–	42 %	üb	72 %	VS
	bpfl	M	non-smoker		–	–	–	–	60 %	üb	150 %	VS
	bfr Abl	F	Smoker		–	–	40 %	üb(vV)	–	–	67 %	VS
	bfr Abl	F	non-smoker		–	–	56 %	üb(vV)	–	–	127 %	VS
	bfr Abl	M	Smoker		–	–	42 %	üb(vV)	–	–	72 %	VS
	bfr Abl	M	non-smoker		–	–	60 %	üb(vV)	–	–	150 %	VS
	bfr i Tod				0.00 %	DK	–	–	–	–	–	–
	bfr (EB, Einst.)	F	Smoker		–	–	–	–	–	–	67 %	VS
	bfr (EB, Einst.)	F	non-smoker		–	–	–	–	–	–	127 %	VS
	bfr (EB, Einst.)	M	Smoker		–	–	–	–	–	–	72 %	VS
	bfr (EB, Einst.)	M	non-smoker		–	–	–	–	–	–	150 %	VS
	Ris99	bpfl	F	Smoker		–	–	–	–	32 %	üb	47 %
bpfl		F	non-smoker		–	–	–	–	53 %	üb	113 %	VS
bpfl		M	Smoker		–	–	–	–	32 %	üb	47 %	VS
bpfl		M	non-smoker		–	–	–	–	57 %	üb	133 %	VS
bfr Abl		F	Smoker		–	–	–	–	–	–	47 %	VS
bfr Abl		F	non-smoker		–	–	–	–	–	–	113 %	VS
bfr Abl		M	Smoker		–	–	–	–	–	–	47 %	VS
bfr Abl		M	non-smoker		–	–	–	–	–	–	133 %	VS
bfr i Tod					0.00 %	DK	–	–	–	–	–	–
bfr (EB, Einst.)		F	Smoker		–	–	–	–	–	–	47 %	VS
bfr (EB, Einst.)		F	non-smoker		–	–	–	–	–	–	113 %	VS
bfr (EB, Einst.)		M	Smoker		–	–	–	–	–	–	47 %	VS
bfr (EB, Einst.)		M	non-smoker		–	–	–	–	–	–	133 %	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		–	–	–	–	32 %	üb	47 %	VS
	bpfl	F	non-smoker		–	–	–	–	53 %	üb	113 %	VS
	bpfl	M	Smoker		–	–	–	–	32 %	üb	47 %	VS
	bpfl	M	non-smoker		–	–	–	–	57 %	üb	133 %	VS
	bfr Abl	F	Smoker		–	–	–	–	–	–	47 %	VS
	bfr Abl	F	non-smoker		–	–	–	–	–	–	113 %	VS
	bfr Abl	M	Smoker		–	–	–	–	–	–	47 %	VS
	bfr Abl	M	non-smoker		–	–	–	–	–	–	133 %	VS
	bfr i Tod				0.00 %	DK	–	–	–	–	–	–
	bfr (EB, Einst.)	F	Smoker		–	–	–	–	–	–	47 %	VS
	bfr (EB, Einst.)	F	non-smoker		–	–	–	–	–	–	113 %	VS
	bfr (EB, Einst.)	M	Smoker		–	–	–	–	–	–	47 %	VS
	bfr (EB, Einst.)	M	non-smoker		–	–	–	–	–	–	133 %	VS
Ris2005R	bpfl				–	–	–	–	53 %	üb	113 %	VS
	bfr				–	–	–	–	–	–	113 %	VS
Ris2005NR	bpfl				–	–	–	–	53 %	üb	113 %	VS
	bfr				–	–	–	–	–	–	113 %	VS
Ris2007R	bpfl				–	–	–	–	53 %	üb	113 %	VS
	bfr				–	–	–	–	–	–	113 %	VS
Ris2007NR	bpfl				–	–	–	–	53 %	üb	113 %	VS
	bfr				–	–	–	–	–	–	113 %	VS
Ris2008R	bpfl				–	–	–	–	53 %	üb	113 %	VS
	bfr				–	–	–	–	–	–	113 %	VS
Ris2008NR	bpfl				–	–	–	–	53 %	üb	113 %	VS
	bfr				–	–	–	–	–	–	113 %	VS
Ris2009R	bpfl	F		1	–	–	–	–	58 %	üb	138 %	VS
	bpfl	F		2	–	–	–	–	53 %	üb	113 %	VS
	bpfl	M		1	–	–	–	–	57 %	üb	133 %	VS
	bpfl	M		2	–	–	–	–	52 %	üb	108 %	VS
	bfr	F		1	–	–	–	–	–	–	138 %	VS
	bfr	F		2	–	–	–	–	–	–	113 %	VS
	bfr	M		1	–	–	–	–	–	–	133 %	VS
	bfr	M		2	–	–	–	–	–	–	108 %	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.
Ris2009NR	bpfl	F		1	–	–	–	–	56 %	üb	127 %	VS
	bpfl	F		2	–	–	–	–	51 %	üb	104 %	VS
	bpfl	M		1	–	–	–	–	55 %	üb	122 %	VS
	bpfl	M		2	–	–	–	–	50 %	üb	100 %	VS
	bfr	F		1	–	–	–	–	–	–	127 %	VS
	bfr	F		2	–	–	–	–	–	–	104 %	VS
	bfr	M		1	–	–	–	–	–	–	122 %	VS
	bfr	M		2	–	–	–	–	–	–	100 %	VS
Ris2012R	bpfl	F		1	–	–	–	–	58 %	üb	138 %	VS
	bpfl	F		2	–	–	–	–	53 %	üb	113 %	VS
	bpfl	M		1	–	–	–	–	57 %	üb	133 %	VS
	bpfl	M		2	–	–	–	–	52 %	üb	108 %	VS
	bfr	F		1	–	–	–	–	–	–	138 %	VS
	bfr	F		2	–	–	–	–	–	–	113 %	VS
	bfr	M		1	–	–	–	–	–	–	133 %	VS
	bfr	M		2	–	–	–	–	–	–	108 %	VS
Ris2012NR	bpfl	F		1	–	–	–	–	56 %	üb	127 %	VS
	bpfl	F		2	–	–	–	–	51 %	üb	104 %	VS
	bpfl	M		1	–	–	–	–	55 %	üb	122 %	VS
	bpfl	M		2	–	–	–	–	50 %	üb	100 %	VS
	bfr	F		1	–	–	–	–	–	–	127 %	VS
	bfr	F		2	–	–	–	–	–	–	104 %	VS
	bfr	M		1	–	–	–	–	–	–	122 %	VS
	bfr	M		2	–	–	–	–	–	–	100 %	VS
Ris2013R	bpfl				–	–	–	–	63 %	üb	170 %	VS
	bfr				–	–	–	–	–	–	170 %	VS
Ris2013NR	bpfl				–	–	–	–	68 %	üb	212 %	VS
	bfr				–	–	–	–	–	–	212 %	VS
Ris2015R	bpfl				–	–	–	–	63 %	üb	170 %	VS
	bfr				–	–	–	–	–	–	170 %	VS
Ris2015NR	bpfl				–	–	–	–	68 %	üb	212 %	VS
	bfr				–	–	–	–	–	–	212 %	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	–	–	–	–	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	=	premium eligible for profit
DK	=	capital sum required as cover	üB(vV)	=	premium eligible for profit of a comparable insurance policy liable to premiums

### Remark (Bem.):

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	–	–	35 %	üB	–	–
	BR	bpfl	–	–	35 %	üB	–	–
	BR/..	bpfl	–	–	–	–	–	–
	BR1	bpfl	–	–	35 %	üB	–	–
		bfr	0.00 %	DK	–	–	–	–
		lfdR	0.00 %	DK	–	–	–	–
BUZ97	bpfl	–	–	32 %	üB	–	–	
	bfr	0.00 %	DK	–	–	–	–	
	lfdR	0.00 %	DK	–	–	–	–	
BUZ2000	bpfl	–	–	40 %	üB	–	–	
	bfr	0.00 %	MDK	–	–	–	–	
	lfdR	0.00 %	MDK	–	–	–	–	
BUZ2004	bpfl	–	–	40 %	üB	–	–	
	bfr	0.00 %	MDK	–	–	–	–	
	lfdR	0.00 %	MDK	–	–	–	–	
BUZ2007	bpfl	–	–	40 %	üB	–	–	
	bfr	0.25 %	MDK	–	–	–	–	
	lfdR	0.25 %	MDK	–	–	–	–	
BUZ2008	bpfl	–	–	40 %	üB	–	–	
	bfr	0.25 %	MDK	–	–	–	–	
	lfdR	0.25 %	MDK	–	–	–	–	
BUZ2009	bpfl	–	–	35 %	üB	53 %	vR	
	bfr	–	–	–	–	53 %	vR	
	lfdR	0.25 %	MDK	–	–	–	–	
BUZ2012	bpfl	–	–	35 %	üB	53 %	vR	
	bfr	–	–	–	–	53 %	vR	
	lfdR	0.75 %	MDK	–	–	–	–	

TG/GV	Tariffs	Contract status	Interest profit		Profit share		Claim bonus	
			Rate	BezGr.	Rate	BezGr.	Rate	BezGr.
BUZ2013	bpfl		–	–	35 %	üb	53 %	vR
	bfr		–	–	–	–	53 %	vR
	lfdR		0.75 %	MDK	–	–	–	–
BUZ2015	bpfl		–	–	35 %	üb	53 %	vR
	bfr		–	–	–	–	53 %	vR
	lfdR		1.25 %	MDK	–	–	–	–
EU07	bpfl		–	–	40 %	üb	–	–
	bfr		0.25 %	MDK	–	–	–	–
	lfdR		0.25 %	MDK	–	–	–	–
EU08	bpfl		–	–	40 %	üb	–	–
	bfr		0.25 %	MDK	–	–	–	–
	lfdR		0.25 %	MDK	–	–	–	–
EU09	bpfl		–	–	35 %	üb	53 %	vR
	bfr		–	–	–	–	53 %	vR
	lfdR		0.25 %	MDK	–	–	–	–
EU12	bpfl		–	–	35 %	üb	53 %	vR
	bfr		–	–	–	–	53 %	vR
	lfdR		0.75 %	MDK	–	–	–	–
EU13	bpfl		–	–	35 %	üb	53 %	vR
	bfr		–	–	–	–	53 %	vR
	lfdR		0.75 %	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	
			Rate	BezGr.	Rate	BezGr.
REN04	bpfl		0.000 %	KA	–	–
	bfr		0.000 %	KA	–	–
	lfdR		0.000 %	MDK	–	–
REN05	bpfl		0.000 %	MDK	–	–
	bfr		0.000 %	MDK	–	–
	lfdR		0.000 %	MDK	–	–

### Contract status:

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

### Reference values (BezGr.):

- 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 final payment.

## Disability insurance policies

TG/GV	Tariffs	Contract status	Interest profit		Profit share		Claim bonus	
			Rate	BezGr.	Rate	BezGr.	Rate	BezGr.
SBU2014	bpfl		–	–	35 %	üB	53 %	vR
	bfr		–	–	–	–	53 %	vR
	lfdR		0.75 %	MDK	–	–	–	–
SBU2015	bpfl		–	–	35 %	üB	53 %	vR
	bfr		–	–	–	–	53 %	vR
	lfdR		1.25 %	MDK	–	–	–	–
SBV2016	bpfl		–	–	35 %	üB	53 %	vR
	bfr		–	–	–	–	53 %	vR
	lfdR		1.25 %	MDK	–	–	–	–
SBV2017	bpfl		–	–	35 %	üB	53 %	vR
	bfr		–	–	–	–	53 %	vR
	lfdR		1.60 %	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 claim bonus. 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.	Reference value	1998	1999	2000	2001	2002	2003	2004
<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 %
GL95	bpfl		3	VS	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 %
GL2000	bpfl		1	VS	–	–	0.04 %	0.04 %	0.04 %	0.04 %	0.04 %
GL2004	bpfl		1	VS	–	–	–	–	–	–	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:

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 percentages 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.

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
	0.29 %	0.29 %	0.29 %	0.29 %	0.29 %	0.29 %	0.29 %	0.29 %	0.29 %	0.29 %	0.29 %	0.29 %	<b>0.29 %</b>
	0.29 %	0.29 %	0.29 %	0.29 %	0.29 %	0.29 %	0.29 %	0.29 %	0.29 %	0.29 %	0.29 %	0.29 %	<b>0.29 %</b>
	0.30 %	0.30 %	0.30 %	0.30 %	0.30 %	0.30 %	0.30 %	0.30 %	0.30 %	0.30 %	0.30 %	0.30 %	<b>0.30 %</b>
	0.04 %	0.04 %	0.04 %	0.04 %	0.03 %	0.03 %	0.03 %	0.03 %	0.03 %	0.03 %	0.03 %	0.03 %	<b>0.03 %</b>
	0.04 %	0.04 %	0.04 %	0.04 %	0.03 %	0.03 %	0.03 %	0.03 %	0.03 %	0.03 %	0.03 %	0.03 %	<b>0.03 %</b>
	–	–	–	–	–	–	–	–	–	–	–	–	<b>29.00 %</b>
	–	–	–	–	–	–	–	–	–	–	–	–	<b>29.00 %</b>

Neuss, 20 April 2017

The Executive Board

Christoph Buchbender

Dr. Lothar Horbach

Udo Klanten

Andreas Schwarz

# Auditor's Report

We have audited the annual financial statements – comprising the balance sheet, the income statement and the notes to the financial statements – taking into consideration the bookkeeping system and the management report of Credit Life AG, Neuss, for the financial year from 1 January to 31 December 2016. The accounting and the preparation of the annual financial statements and management report in accordance with German commercial regulations and supplementary provisions of the company statutes are the responsibility of the company's Executive Board. Our responsibility is to issue an opinion on the annual financial statements, together with the bookkeeping system and the management report, based on the audit we have conducted.

We conducted our statutory audit of annual financial statements in accordance with Section 317 German Commercial Code (HGB), 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). Accordingly, the audit is to be planned and conducted such that misstatements and violations materially affecting the presentation of the view of the asset, financial and profit position of the company as portrayed by the annual financial statements, in adherence with principles of orderly bookkeeping and through the management report, can be detected with sufficient certainty. In determining the audit procedures, knowledge of the business activities and the economic and legal environment of the company and expectations as to possible misstatements are taken into account. The accounting-related internal control system and the evidence supporting the disclosures in the books and records, the annual financial statements and the management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the accounting principles used and significant estimates made by the Executive Board, as well as an evaluation of the overall presentation of the annual financial statements and the management report. We are convinced that our audit provides a reasonable basis for our evaluation.

My audit has led to no objections.

In our opinion, based on the findings of our audit, the annual financial statements comply with the legal requirements and supplementary provisions of the company statutes and give a true and fair view of the net assets, financial position and results of operations of the company in accordance with the German principles of proper accounting. The management report is consistent with the annual financial statements, complies with statutory rules, and as a whole provides a suitable view of the company's position and suitably presents the opportunities and risks of future development.

Cologne, 15 May, 2017

KPMG AG  
Wirtschaftsprüfungsgesellschaft

Dr. Dahl  
German Public Accountant

Theißen  
German Public Accountant



# Appendix to the Management Report

## A. Movement in the portfolio of direct life insurance policies in the 2016 financial year

	Total direct insurance operations			
	(only main insurance policies)	(Main and additional insurance policies)		(only main insurance policies)
	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>	1 168 030	41 329		18 291 523
<b>II. Addition during the financial year</b>				
1. New addition				
a) Redeemed insurance certificates	123 482	12 818	59 129	7 663 008
b) Increases in the insured amounts (without Item 2)		163		19 552
2. Increases in the insured amounts by way of profit shares				1
3. Remaining addition			449	
<b>4. Total addition</b>	123 482	12 981	59 578	7 682 561
<b>III. Disposal during the financial year</b>				
1. Death occupational disability etc.	1 468	76		13 159
2. Expiry of the insurance / premium payment	317 610	2 116		2 147 022
3. Surrender and conversion to premium-free insurance policies	16 914	1 108		219 752
4. Other premature termination	5 161	432		220 217
5. Remaining disposal	25 030	19		49 801
<b>6. Total disposal</b>	366 183	3 751		2 649 951
<b>IV. Portfolio at the end of the financial year</b>	925 329	50 559		23 324 133

Annuity insurance policies								Collective insurance policies	
Endowment insurance (incl. capital formation insurance) without risk insurance and other life insurance solutions		Risk 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
3 047	1 602	117 840	37 061	1 436	664	458	226	1 045 249	1 776
		71 926	9 781	454	544	-1	-1	51 103	2 494
	8		137		9		9		
	8	71 926	9 918	454	553	-1	8	51 103	2 494
30	10	95	61	9	3			1 334	2
103	93	2 379	969	217	12			314 911	1 042
143	67	746	654	128	72	99	50	15 798	265
	3	1 458	419	8	9		1	3 695	
		85	19					24 945	
276	173	4 763	2 122	362	96	99	51	360 683	1 309
2 771	1 437	185 003	44 857	1 528	1 121	358	183	735 669	2 961

**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	1 168 030	18 291 523
of which premium-free	(1 041 535)	(5 260 025)
2. Portfolio at the end of the financial year	925 329	23 324 133
of which premium-free	(758 634)	(4 290 719)

**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	754 455	3 886 094
2. Portfolio at the end of the financial year	509 307	2 430 405

**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

Annuity insurance policies								Collective insurance policies	
Endowment insurance (incl. capital formation insurance) without risk insurance and other life insurance solutions		Risk 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
3 047	52 043	117 840	12 857 217	1 436	27 022	458	6 490	1 045 249	5 348 752
(476)	(3 784)	(15 503)	(229 153)	(314)	(4 163)			(1 025 242)	(5 022 926)
2 771	47 491	185 003	18 945 483	1 528	81 203	358	5 192	735 669	4 244 765
(442)	(3 007)	(38 434)	(535 072)	(108)	(1 328)		(4)	(719 650)	(3 751 308)

Additional casualty insurance policies		Additional occupational disability or invalidity insurance policies		Additional risk 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 amount in € K	Number of insurance policies	Insured sum and/or 12 times the annual annuity in € K
747 982	3 054 437	6 188	831 015			285	642
503 063	1 633 161	5 802	787 829			442	9 415

## Appendix to the notes

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

Assets (in € K)	Bal- ance-sheet values Previous year	Additions	Disposals	Write-ups	Write- downs	Bal- ance-sheet values Financial year
<b>A. I. Investments in affiliated compa- nies and participating interests</b>						
1. Participating interests	683	250	–	–	–	933
<b>A. II. Other investments</b>						
1. Shares units or shares in investment funds and other variable yield securities	6 593	466	–	15	–	7 075
2. Bearer bonds and other fixed-income securities	75 828	17 653	27 384	–	19	66 077
3. Mortgages land charges and annuities receivable	–	–	–	–	–	–
4. Other loans						
a) Registered bonds	51 000	8 000	9 500	–	–	49 500
b) Notes receivable and loans	70 400	24 000	22 000	–	–	72 400
c) Loans and advance payments on insur- ance policies	153	38	33	–	–	157
d) Other loans	741	10	350	–	–	401
5. Deposits at banks	10 183	7 000	–	–	–	17 183
6. Other investments	–	–	–	–	–	–
<b>Total</b>	215 581	57 416	59 268	15	19	213 726

The company exercised the option of Section 341b (2) 1 German Commercial Code (HGB) to allocate investment assets at the book value of € 7 075 K as well as fixed-income securities at the book value of € 65 638 K, along with registered bonds and promissory notes at the book value of € 121 900, to its fixed assets. The fair values are € 7 325 K for the investment assets, € 68 606 K for fixed-income securities, and € 130 780 K for the registered bonds and promissory notes.

### Details regarding the fair value determination of all investments

#### 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.

Assets (in € K)	Balance sheet val- ues Financial year	Hidden burdens	Hidden reserves	Fair values Financial year
<b>A. I. Investments in affiliated companies and participating interests</b>				
1. Participating interests	933	–	–	933
<b>A. II. Other investments</b>				
1. Shares units or shares in investment funds and other variable yield securities	7 075	–	250	7 325
2. Bearer bonds and other fixed-income securities	66 077	267	3 235	69 045
3. Mortgages land charges and annuities receivable	–	–	–	–
4. Other loans				
a) Registered bonds	49 500	110	5 326	54 715
b) Notes receivable and loans	72 400	202	3 867	76 065
c) Loans and advance payments on insurance policies	157	–	–	157
d) Other loans	401	–	15	416
5. Deposits at banks	17 183	–	–	17 183
6. Other investments	–	–	–	–
<b>Total</b>	<b>213 726</b>	<b>579</b>	<b>12 693</b>	<b>225 839</b>

### 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 ABS Fund is determined indicatively 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.

The fair values of the ABS securities in the direct portfolio are determined indicatively by the capital management company.

### Registered bonds, notes receivables and loans:

The fair value was determined by means of individual title risk-adjusted-yield curves that were adjusted for 2016 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 2016 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 € 208 499 K (book value € 196 386 K).

The total amount of acquisition costs of the investments to be included in the profit share amounts to € 87 294 K, the sum total of the fair value of the same investments comes to € 92 678 K. On 31 December 2016, the resulting balance amounts to € 5 384 K.

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

### **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:**

On the balance sheet cut-off date, there were no portfolios with hidden charges.

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

The book value of the investments on which no write-downs were performed, is € 5 644 K on 31 December 2016, the fair value amounts to € 5 377 K.

#### **Other loans:**

The book value of the investments on which no write-downs were performed, is € 14 000 K on 31 December 2016, the fair value amounts to € 13 688 K.

The company currently does not anticipate any permanent impairment and has not made any respective write-downs pursuant to Section 253 (3) 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 life risk insurance
- Risk insurance with a fixed payment date
- Risk insurance with constant amount insured
- Insurance due on death

#### Individual annuity insurance policies

- Deferred annuity insurance solutions with premium reimbursement and annuity guarantee

#### Individual risk insurance solutions

- Risk insurance with constant amount insured
- Risk insurance with declining amount insured
- Risk insurance with a fixed payment date
- Joint life risk insurance

#### Fund-linked life insurance policies

#### Payment protection insurance solutions

### Additional insurance policies

#### Additional personal accident insurance

#### Additional disability pension insurance

#### Additional disability pension insurance

#### Additional occupational disability insurance

- Insurance against the risk of reduced earnings for self-employed persons

# List of Companies

## **Credit Life AG**

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## **RheinLand Versicherungs AG**

Headquarters  
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## **RheinLand Lebensversicherungs AG**

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## **Rhion Versicherungs AG**

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# Credit Life AG

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## Supervisory Board

Wilhelm Ferdinand Thywissen  
Commercial agent  
Fully authorised representative of C. Thywissen GmbH,  
Neuss  
Chairperson

Dr. Ludwig Baum  
Commercial agent  
Managing Director of Effektenverwaltung (Portfolio Management) Cornel Werhahn GbR  
Munich  
Deputy Chairperson

Jutta Stöcker  
Graduate of Business Administration  
Bornheim  
(up to 28 November 2016)

Jürgen Stark  
Business IT Professional  
Staff Council of RheinLand Versicherungs AG  
Brühl  
(from 29 November 2016)

## Executive Board

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-authorised attorney  
Neuss

