

# ***2019 Annual Report.***

Credit Life AG



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Credit Life

## Credit Life AG at a glance

		2019	2018
Portfolio in terms of the total insured amount	million €	40 638.9	37 352.1
Insurance policies	Number	666 696	730 051
Total gross premiums	million €	128.6	142.9
Benefits paid	million €	75.9	89.7
Investments	million €	261.8	246.0
Investment income	million €	4.3	4.2
Net interest	%	1.4	1.6
Floating interest	%	1.6	1.9
Management expense ratio	%	3.9	3.3
Acquisition cost ratio	%	16.4	12.9
Cancellation rate	%	7.9	7.3

# Annual Report for the Year 2019

Credit Life AG

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

# *Supervisory Board and Executive Board.*

## Supervisory Board

### **Wilhelm Ferdinand Thywissen**

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

### **Dr Ludwig Baum**

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

### **Andreas Daners**

Chairman of the Staff Council of RheinLand Versicherungs AG  
Jüchen

### **Jürgen Stark**

Business IT Professional  
Brühl

## Executive Board

### **Lutz Bittermann**

Graduated mathematician  
Korschenbroich

### **Christoph Buchbender**

Certified Insurance Agent  
Neuss

### **Dr Lothar Horbach**

Professional Auditor and Tax Advisor  
Cologne

### **Udo Klanten**

Commercial Banking Agent  
, Commercial Agent  
Bonn

### **Andreas Schwarz**

Fully-authorized attorney  
Neuss

# *Supervisory Board Report.*

In 2019, on the basis of written and verbal reports provided by the Executive Board in six sessions and a Supervisory Board meeting, the Supervisory Board gained in-depth information on the status and growth of the company, business performance and fundamental questions concerning company policy. In doing so, it conferred with the Executive Board on the strategic orientation of the company and group, the planning of measures for 2019 and 2020, 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, with BMW, for example, and the strategies and concepts of Bank and Cooperation Sales were discussed in detail with the Executive Board. The Executive Board has informed the Supervisory Board about the achievement of the objectives for the current financial year and medium-term planning. Moreover, the discussions focused on the following: the risk-bearing capability, ensuring sufficient liquidity, the capitalisation of the company, measures to reduce costs, regulatory measures and consumer protection, digitalisation as well as the rating by ASSEKURATA.

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

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

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

At the December meeting, the Supervisory Board again reviewed its work methodologies and the efficiency of its activities. The quantity and quality of materials, the number of meetings, the preparation time, along with the substantive organisation and transparency of the Supervisory Board meetings met the complete approval Supervisory Board of all members. In 2019, the Supervisory Board again underwent further training. The main topics here were: Legal framework conditions of digitalisation, the planned introduction of a commission cap within the scope of the Life Insurance Reform Act II, along with the legal framework conditions of outsourcing.

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

In accordance with statutory rules, the annual financial statements of 2019 and the Management Report were audited and issued an unqualified auditor's opinion by the appointed statutory auditor PriceWaterhouseCoopers GmbH, Wirtschaftsprüfungsgesellschaft, Frankfurt, Düsseldorf branch office. The statutory auditor was present during the discussion of the annual financial statements and Management Report. He reported on the performance of the audit and was available to provide additional information.

The Supervisory Board examined the annual financial statements and the Management Report. Following the completion of its examination, it had no objections and consented to the annual financial statements and the Management Report for the 2019 financial year of Credit Life AG. The presented 2019 annual financial statements are thereby approved.

With the close of the Annual General Meeting on 2 July 2019, the Supervisory Board's term of office ended. The entire Supervisory Board was elected by the Annual General Meeting for another term of office. In the constitutive Supervisory Board session, the Supervisory Board elected Mr Anton Werhahn as Chairman of the Supervisory Board and Mr Wilhelm F. Thywissen as Vice Chairman.

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, 31 March 2020

The Supervisory Board

Wilhelm Ferdinand Thywissen  
Chairman

# Management Report.

## Companies

### Credit Life AG

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

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

### Business model

Through the internationally positioned distribution channel of banking, present under the brand name of Credit Life, and cooperation sales, we offer individually products in the fields of payment protection insurance and term life insurance. The distribution partners are leading companies from the financial and insurance sector, as well as agents, manufacturers and trade, as well as regional offices and branch offices of RheinLand Versicherungs AG.

### Relationships to Affiliated Companies

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

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

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

### Memberships

The following memberships exist, among others:

- German Insurance Association, Berlin
- German Actuarial Society, Cologne
- Versicherungsombudsmann e.V. (Insurance Ombudsman), Berlin
- Banking association, Berlin

## Legal framework conditions

For the insurance industry, there were several regulatory changes in the 2019 financial year, landmark decisions by the German Supreme Court and important announcements by the Federal Financial Supervisory Authority (BaFin). These include in particular:

- Trade Secret Protection Act of 26 April 2019,
- the BaFin publication of 15 July 2019 on stricter supervision of subordinated loans,
- the law concerning the continued implementation of the EU Prospectus Regulation and for amendment of financial market laws of 15 July 2019,
- the Act Implementing the Second Shareholders' Rights Directive (ARUG II) of 19 December 2019,
- Amendments to the Money Laundering Act effective 1 January 2020.

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

The Act on the Implementation of Directive EU 2016/943 for the Protection of Business Secrets against Unlawful Acquisition, as well as the Unlawful Use and Disclosure (Trade Secret Protection Act) is in effect since 26 April 2019. The law improves the protection of trade secrets by expanding civil law claims, among others. The companies are required to maintain "adequate confidentiality measures". Within the scope of implementation of the legal regulations in the Rheinland insurance group, initially an inventory was performed with respect to relevant business secrets and the protective measures. Where needed, protective measures are adapted or new measures are implemented.

In the BaFin Journal of July 2019, BaFin announced stricter supervision over subordinated loans. In fact, a change in the sequence of liability is required in such a way that subordinated loans participate in losses even before insolvency if BaFin would otherwise agree to a reduction in benefits proposed by the company or order such a reduction in benefits in accordance with § 314 (2) German Insurance Supervision Act (VAG).

Within the scope of the law concerning continued implementation of the EU Prospectus Regulation and for amendment of financial market laws of 15 July 2019, among other provisions, the reservation of approval of BaFin in case of amendments to company agreements is being expanded. The reservation also now includes the withdrawal of the cancellations of company agreements or the ending of company agreements through resignation. In the future, this requirement will be taken into account for relevant case studies.

The Act Implementing the Second Shareholders' Rights Directive (ARUG II) of 19 December 2019 seeks to improve shareholder engagement in listed companies. The companies in Rheinland Versicherungsgruppe are not listed as defined by the law. Therefore, the new regulations do not apply to our group. The law does, however, additionally provide for increased transparency requirements for institutional investors. Accordingly, the life insurance companies of Rheinland Versicherungsgruppe, as institutional investors, are obliged to publish an engagement policy, among other requirements. All required publications are to be duly implemented effective as at 1 January 2020.

Numerous amendments to the Money Laundering Act go into effective as at 1 January 2020. This marks the implementation of the Fifth EU money laundering directive. The amendments have partly had significant ramifications on the duties of companies in the insurance sector to prevent money-laundering. It obliges insurance companies to engage in increased prevention of money laundering and terrorist financing. Part of the amendments, in particular, are new duties for the use of the transparency register.

## **Business Performance and Profit Position**

### **Business Performance**

Credit Life AG achieved gross premiums entered to the amount of € 128 566.4 K in the financial year (previous year: €142 918.9 K). Of this amount, single premiums accounted for €61 682.4 K (previous year: €81 268.1 K) and regular premiums €66 865.8 K (previous year: €61 733.3 K).

After the strong growth of Credit Life AG over the past years, in particular in the Dutch and Italian market, the business in the reporting year was subject in the meantime to consolidation. More restrictive acceptance guidelines in the Italian insurance market led to the decline of premiums in the subscription of new business. We constantly monitor our portfolios and continue to count on sustained, profitable growth. With respect to further growth in our distribution channels, please refer to our remarks on Page 15 f.

The net expenditures for insurance claims amounted to € 29 880.8 K in the reporting year (previous year: €28 202.6 K). Due to what is now a premium decline, costs rose as a percentage, and the net costs of insurance operations declined to € 26 365.4 K in the reporting year (previous year: €29 810.9 K).

In the reporting year, earnings from investments were achieved in the amount of €3 680.3 K (previous year: €3 733.0 K).

The gross profit prior to direct credit and prior to profit transfer was €14 567.9 K. Of this amount, 24.0 % = €3 500.0 K (previous year: 23.5 % = €3 300.0 K) was able to be allocated to the provision for premium refunding.

After tax expenditures of € 849.7 K, there was a net profit of €3 639.2 K. This was completely transferred to RheinLand Holding AG based on the existing profit transfer agreement. Taking into consideration the profits carried forward from the previous year, there is a net profit for the year in the amount of € 5 448.0 K. Based on the higher level of claims in the reporting year compared to strategic planning, the profit transfer was lower than our expectations.

In the business year, the independent rating agency ASSEKURATA subjected Credit Life AG to a credit check. The rating improved by one level to the grade "A+" (strong creditworthiness) with the additional comment of "stable outlook". This is an indicator of our stability, solvency and growth-based orientation of the company, and it confirms the expectations in terms of the medium-term strategy of our company planning.

In detail, we report the following:

### **Portfolio development:**

The regular portfolio premium was able to be increased in the financial year from € 65 039.0 K to € 67 931.0 K.

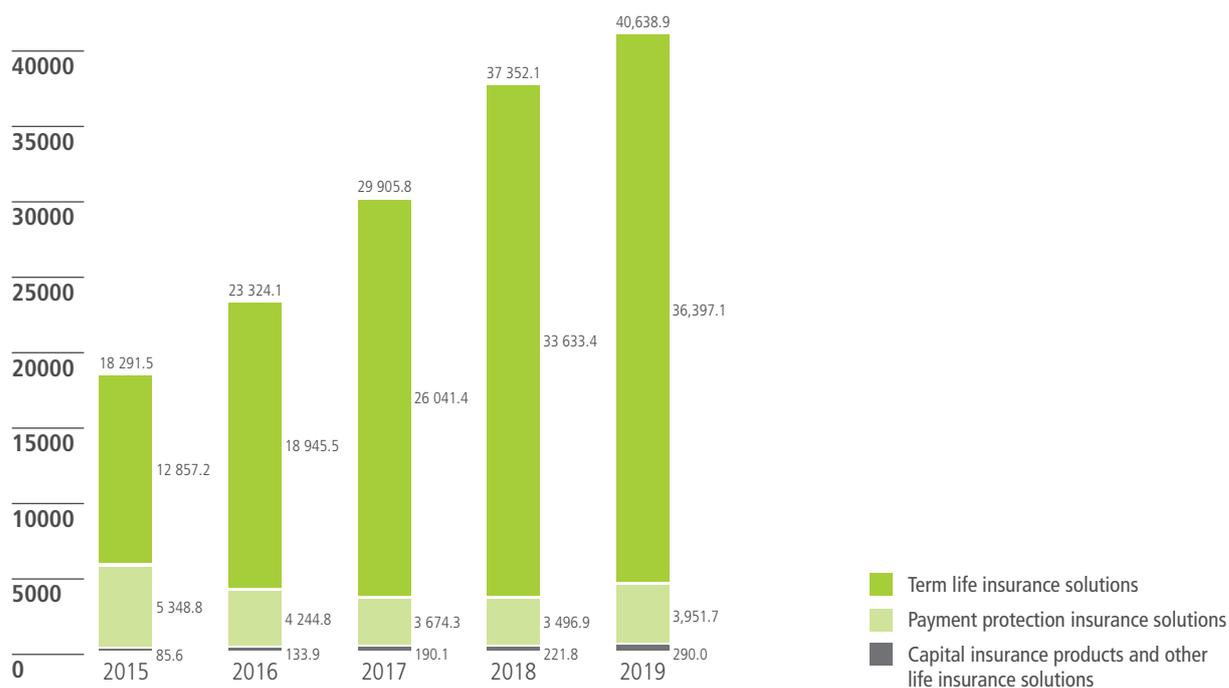
The total number of additional insurance policies comprised 144 634 contracts in the reporting year with an insured sum of €5 759 056.0 K. Due to death, expiry and other reasons for termination, the number of policies was reduced to 189 518 with an insured amount of €1 390 693.0 K. Measured in terms of current premiums, the cancellation rate was 7.9%.

Taking into consideration the other miscellaneous portfolio disposals, e.g. in the form of surrenders, the insurance portfolio, based on the number of policies, comprised 666 696 policies at the end of the year (previous year: 730 051).

The portfolio of direct life insurance policies as at 31 December 2019 includes 420 862 payment protection insurance contracts with an insured amount of € 6 241 277.0 K.

The movement in the direct insurance portfolio is represented in the Appendix to the Management Report from page 88 of this report. On page 95, there is an overview of the insurance products managed according to the business plan.

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



## Interest profit share

In the financial year of 2019, the policyholders' interest profit share was fixed at 2.25 % and remains unchanged at 2.25 % for the 2020 financial year.

## Premium income

Without taking into account premiums resulting from the provision for premium refunds, premium income of €128 566.4 K was achieved from direct insurance operations compared to €142 918.9 K in the previous year.

Single premiums accounted for €61 682.4 K (previous year: €81 268.1 K). Regular premiums were posted at €66 865.8 K (previous year: €61 733.3 K) €65 566.8 K of the premium income (51.0 %) is attributable to payment protection insurance. Overall, gross premiums declined by 10.0 % (previous year: +6.8 %), whereby single premiums receded by 24.1 % (previous year: +2.1 %) and regular premiums increased by 8.3 % (previous year: 13.7 %). The net premiums earned amounted to € 65 965.1 K in the reporting year (previous year: €93 710.7 K).

## 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 €49 488.4 K. In addition, €26 437.5 K were essentially set aside as premium reserves. In total, benefits paid amounted to €75 925.9 K.

## Investments

Credit Life AG investments declined in the financial year by €15 719.0 K (6.4 %) to a total of €261 758.5 K (previous year: €246 039.5 K).

At 92.6%, the asset investments are predominantly invested in fixed-income instruments.

Please refer to the Appendix from page 92 for the development of assets with details on the hidden reserves and burdens.

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### Composition of investments in %



## Investment earnings

Current investment income amounts to €4 216.5 K (previous year: €4 183.5 K). Current investment costs are €601.4 K (previous year: €471.1 K). The extraordinary net investment income of Credit Life AG amounts to € 65.1 K (previous year: €20.5 K).

The total net investment income is €3 680.3 K (previous year: €3 733.0 K).

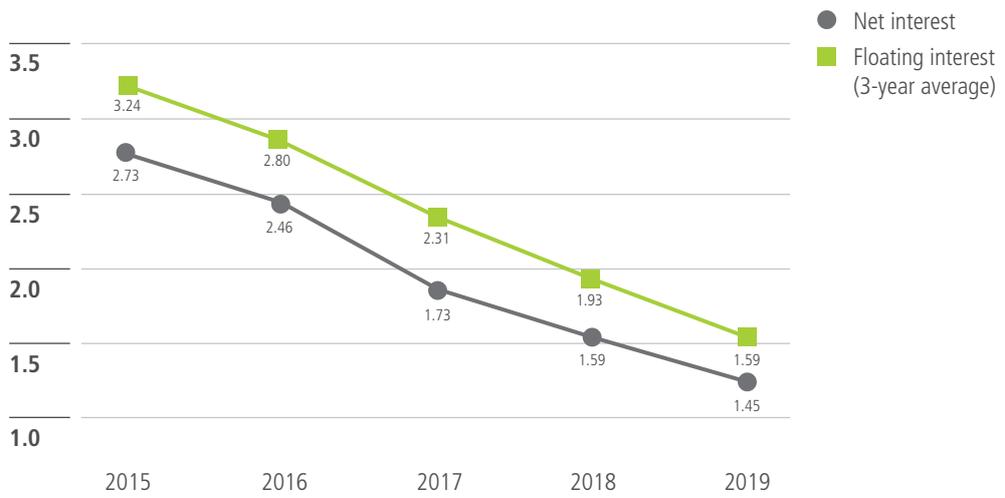
## Interest

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 1.4% (previous year: 1.6%). The floating net interest of investments of the last three years (arithmetic mean of the net interest) reaches 1.6% (previous year: 1.9%). The average return on new investments for fixed-income securities, registered bonds and notes receivable increased by 0.5% to 0.6%.

## Equity

For information on the structure and development of the company's equity, please refer to the balance sheet item and our statements in the explanatory notes on page 50. There were no changes in the financial year compared with the previous year.

Net interest and floating interest of investments in %



## Costs

In the reporting year, acquisition costs amounting to € 36 458.4 K were spent. As a proportion to the premium amount of the new business, this amounted to 16.4% (previous year: 12.9 %).

In the reporting year, the administrative costs amounted to € 5 050.4 K. In relation to the premiums entered, these costs accounted for 3.9 % (previous year: 3.3 %).

## 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 prior to profit transfer amounted to €14 567.9 K in the financial year compared to €14 029.5 K in the previous year.

An overview of the policyholders' profit share can be found from page 61.

## Development of distribution channels

Credit Life AG is a risk carrier essentially for the business that is transacted via bank and cooperation sales as well as through the field sales staff of RheinLand Versicherungs AG in the area of life insurance. In international banking and cooperation sales, the focus is on collaboration with partners from the financial and insurance sector, from car dealerships, as well as with digital mobility suppliers, startups and paid services. We successfully support them with our know-how in the areas of payment protection insurance, term life insurance and car insurance solutions. With its regional offices and branches, the field sales staff of RheinLand Versicherungs AG offer private and commercial customers a wide range of products on all aspects surrounding the topics of risk protection and old-age provision.

For our business in Germany, we were able last year to launch a major new idea: With the BMW Bank, we gained another renowned cooperation partner, with whom we are seeking long-term collaboration. This acquisition enjoyed great notoriety in the public, as we were able to outcompete major players in the insurance industry. At the same time, it was noticeable that thanks to this new partner, we have significantly boosted our profile: as an innovative supplier, and as an attractive employer.

The new working environments established in banking and cooperation sales, which according to the motto of open space were a manifest expression of our teamwork and interdisciplinary exchange based on corporate culture, proved advantageous to us in the tender process. Within the scope of the collaboration with BMW Bank that has now begun, we will devise insurance solutions that can be bundled with leasing and financing products to form individual mobility packages. Over the previous months, the technical and personnel prerequisites were created with great dedication to now fill the partnership with life.

In addition, over the past year, we have been working very intensively on the market launch of our innovation, "MOBIVERS". It is of key importance to our newly-formulated business field of Mobility. With "MOBIVERS", we offer car dealers the opportunity to also serve the large target group of cash payers and third-party financiers with hedging products and thus increase their own profitability. In order to firmly establish "MOBIVERS" in the market, we have begun building up our own sales team; moreover, to streamline processes, the previous app was adapted into a Web service.

At the international level, we in banking and cooperation sales registered a slightly restrained, yet a continued solid trend. In Italy, working in cooperation with our local sales and settlement specialists, we have established ourselves as partners for securing the country-specific credit model "Cessione del Quinto dello Stipendio" for civil servants and other employees and "Cessione del Quinto della Pensione" for pensioners with other partners. Our objective is now to improve the quality of the business handled by our Milan branch office, for which we have now put the necessary steps in place.

In the Netherlands, we were able to maintain our strong position in the product fields of term life insurance and payment protection insurance, although the growth impetus of the past has slowed down somewhat. The background is the cooling off of the real estate market, the high price level of which is leading to noticeable hesitation on the buyer side. In our Amsterdam branch office, a new underwriting model was introduced in cooperation with a major reinsurer, which will bring us significant savings and at the same time offer efficiency gains. It is now possible for us to be able to exchange required medical data with customers directly within the scope of a cloud solution.

With the introduction of selling value, the steps were already put in place several years ago in the exclusive agency organisation to increase the active engagement of the customer at the point of sale. Starting from this basis, the "new sales process", which we launched in the second half of 2019, supported by digital technology, was developed for our salespeople in our field sales force.

The approach is that a customer, in a discussion with our insurance experts, can gain a picture of himself, from which the individual insurance need can be derived. The information provided by the customer contributes to individual components of the requirement logically fitting together. From this, we derive recommendations for the proper provision for loan losses, exclusively based on the personal details of the customer. By enabling the insurance expert to model the customer's situation with his cooperation, the system also automatically records the fact that the consultant has completely fulfilled his task. All information from the personal discussion is subsequently summarised and forwarded electronically to the customer.

The "new sales process" is but one example of digitalisation ideas invested in our field sales force over the past business year. Digital marketing support enjoys increasing significance. The competent team recognises trends, selects them and develop products that will enable our regional offices and branches to be more successful both in terms of daily business and image aspects.

## **Environmental and climate protection**

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

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

The core objective of all activities in the field of environmental protection is the CO<sub>2</sub> neutrality of our business model. Already in 2007, we established the aim of guaranteeing this for a period of at least 50 years. In cooperation with PRIMAKLIMA-weltweit e.V., in 2011 we were able to compensate for the CO<sub>2</sub> emissions of our business operation for the first time. This was preceded by a targeted reforestation programme in several stages at locations in Neuss, Germany, Europe and South America. This made us one of the first insurers in the German insurance market able to achieve CO<sub>2</sub> neutrality of its business operations. For the long-term safeguarding of this objective, we will be putting in-depth work into this important topic in the months to come, in order to strive for improvements in cooperation with our partner, according to the scientific standards valid today.

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

## Risk report

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

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

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

## **Underwriting risk:**

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

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

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

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

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

In order to additionally improve the certainty for the fast-growing business in the Netherlands and in Italy, market analyses were completed with a competitive analysis, premium structure, premium levels and actuarial trends. The term life insurance business in the Netherlands and in Italy is also protected by high reinsurance participation. In the report of the actuarial function to the Executive Board of Credit Life AG in 2019, the special topics "term life in the Netherlands" and "payment protection insurance for term life in Italy" were also explicitly addressed.

### Term life insurance with profit share

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

### Market risk

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

### Measures in a low-interest environment

All in all, the investment market environment for classic life insurance, with its long-term benefit guarantees, is an especially difficult capital market environment. Credit Life AG has made further provisions through the development of so-called additional interest reserves. The reference interest rate relevant to the calculation as at the cut-off date of 31 December 2019 dropped from 2.09% to 1.92%. The additional interest reserves were €5 323.6 K in the financial year (previous year: €4 719.8 K). Already in the year 2018, the rules defined in the Regulation on the Principles Underlying the Calculation of the Premium Reserve were amended so as to limit the annual change in the reference interest rate and thereby reduce or spread over a longer period of time the further need for allocations to the additional interest reserve that could result from further declines in the reference interest rates.

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

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

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

### Investments

The investments of Credit Life AG are cautiously conservative and geared to the requirements of their respective obligations. In order to manage investment risks, compliance with the risk capital budgets, limits and threshold values defined by risk management, is analysed on a monthly basis. This contain the monitoring of the concentration of market risks. For special assets or corporate funds, a concentration of investments with one portfolio manager should be prevented if they exceed more than 20% of the protection fund.

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	209 229.4	
of which ■ government bonds	7 371.9	3.5
■ bank exposure	194 846.0	93.1
■ corporate bonds	7 011.6	3.4

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

Hedges	in € K	as % of total
Right of lien	52 387.5	25.0
Deposit protection	92 795.8	44.4
State guarantee	7 869.8	3.8
without	56 176.4	26.8

With regard to the bond portfolio in the bank exposure with a total of €194 846.0 K, there are none of the above hedging measures for the amount of € 49 164.8 K (25.2%).

There is subordination in the following amount:

Subordination	in € K	as % of total
Profit-sharing rights	248.3	0.1
Subordinated loans	4 192.5	2.0

A non-hedged equity exposure consists above special assets in the amount of € 3 568.8 K. The equity component of Credit Life AG is approx. 1.3%.

Fluctuations in the capital market in the future will only result in limited impairment risks due to the high degree of security of the investments for Credit Life AG. Declining prices would primarily lead to hidden burdens being shown due to the buy and hold strategy.

The current developments are analysed continuously. The findings from the analyses are taken into account in the 2020 investment strategy. At present, there is no major need for action.

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

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

	Change in market value of investments in €K
Stock price change	
Increase by 20 %	713.8
Increase by 10 %	356.9
Decrease by 10 %	-356.9
Decrease by 20 %	-713.8

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

	Change in market value of investments in €K
Change in interest rates	
Increase by 200 base points	-11 297.9
Increase by 100 base points	-5 822.2
Decrease by 100 base points	6 231.8

### Default risk

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

Like investments, the receivables from reinsurers, intermediaries and customers are always subject to credit risk. For the provision for loan losses, Credit Life AG performs write-downs to the receivables portfolio where required. Outstanding receivables with a maturity date of more than 90 days prior existed in the amount of €60.0 K on the balance sheet day.

Credit Life AG aims for a needs-based, inexpensive reinsurance policy in consideration of the aspects of security and continuity. With regard to the selection of individual reinsurance contract partners, against the backdrop of the long-term contractual relationships being sought, as a secondary condition with respect to their credit rating, there is a requirement of a minimum "A" rating (Standard & Poor's or a similar rating of another rating agency). Market developments and deteriorations of the credit rating are subject to continuous monitoring as part of the limit system.

## **Liquidity risk**

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

As at 31 December 2019, the company had bank balances in the amount of €6 918.9 K. The portfolio of highly fungible investments were €79 581.2 K on the balance sheet cut-off date. Monthly liquidity budgets are drawn up to ensure that payment obligations are met at all times. In the financial year, there was sufficient solvency of the company at all times. There are no indications of liquidity being jeopardised at any time in the future, thanks to premium income and capital investments.

## **Operational risk**

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

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

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

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

## **Strategic risk**

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

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

Strategic risks are identified and qualitatively assessed on an annual basis within the scope of an analysis of strengths/weaknesses. The identified material risks are included in the above-mentioned risk categories.

## **Reputation risk**

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

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

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

In 2019, Credit Life AG had sufficient economic and regulatory risk-bearing capability at all times. Overall, there was also no development evident up until the outbreak of the current pandemic in Germany that could unexpectedly have an adverse and lasting effect on the net assets, financial position and results of operations of Credit Life AG. As for the current trend, please refer to our Outlook

The solvency ratio according to Solvency II, not to be audited by the auditor, is higher as at 31 December 2019 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%. Further details on the solvency of Credit Life AG can be found in the Solvency and Financial Report (SFCR) as at 31 December 2019.

## Opportunities Report

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

Credit Life AG's business model as a specialist provider for the insurance of payment obligations has proven its worth. Our business follows the business-to-business principle. In this way, we place our products and solutions in the German market as well as in the Netherlands and Italy via our bank and cooperation sales channels. In addition, we are launching selected offers via the exclusive agency organisation of RheinLand Versicherungs AG, which is represented by its regional head offices and branch offices throughout Germany. The accompanying support by means of digital processes and services is flanked by highly-qualified personnel.

Our consistent solution-oriented approach, our flat decision-making hierarchies and lean organisations afford us many advantages and open up freedom to manoeuvre, in which we can flexibly respond to changing conditions. This also applies to the development of new markets the way we are successfully approaching them abroad in Italy and the Netherlands.

Credit Life AG, as a member of the RheinLand Versicherungsgruppe, is part of a group whose history dates back to 1880. The ownership structure, which has remained constant for generations, ensures our independence in a highly-competitive environment. From the beginning, this conduct has been guided by ethical business principles. Our group has continued to develop building on this foundation of values, which is as relevant today as ever. Our employees are the most vital asset in this: For it is they who robustly shape this continuous process of change. The awareness of this tradition at RheinLand Versicherungsgruppe does hand-in-hand with an innovative spirit and courage to embark upon new paths. The challenges associated with digitalisation are combined with a wealth of opportunity being utilised for greater profit. The change process accompanying the digital transformation is being spearheaded with commitment at all levels of the Rheinland Group. This optimism received a visible expression with the building of the pavilion for the future workshop, dedicated in October 2019.

## Outlook

What remains our foremost goal of continuing our growth-oriented development in the current business year was noticeably dampened by the worldwide spread of the corona virus and its consequences. The threat of the corona virus, which became increasingly concrete worldwide from the middle of the first quarter of 2020, led to the declaration of a pandemic after the balance sheet date. The restrictions that have become necessary as a result and the associated far-reaching limitations of public life are now also imposing restraints on us.

In order to maintain business operations, the Business Continuity Management (BCM) of RheinLand Versicherungsgruppe, certified back in November 2019, was already activated at the end of February. In the event of a crisis, BCM guarantees the complete and uninterrupted maintenance of all processes, even if RheinLand group headquarters in Neuss are temporarily closed. The areas relevant to the business operations of Credit Life AG are prepared for an immediate shift of the office workplace to mobile workplaces at home. In addition, in the event of a crisis, a daily assessment of the situation by the BCM board is carried out with the participation of management, personnel, legal, operations, IT, works council and communications. Under these conditions, we are able to serve our sales and cooperation partners as well as our customers without major quality losses.

Notwithstanding all the restrictions imposed by the corona crisis, we associate positive expectations in particular with the cooperation now launched with one of the leading automotive banks in Germany. We are very well prepared for this new cooperation partner in terms of processes, products and personnel. This enables us to keep pace at all times with the individual needs of our partner in a demanding market environment. In close cooperation, we emphasise our will to be successful together.

In the Netherlands, we want to maintain our firmly-established market position and use this as a basis for propelling our business forward. We are optimistic that we will be able to generate growth, thanks to new tariffs via Callas as a distribution channel belonging to our group. For our business in Italy, the aim is to further boost profitability there. We have therefore taken precautions to sustainably expand our position as a provider of credit protection in the Italian market.

This all occurs in a challenging overall environment. The insurance industry is facing global challenges that are independent of the corona crisis, and it is required to provide answers to these challenges, e.g. on the subject of climate change. Here, the German Insurance Association (GDV) supports the "Green Deal" of the EU Commission. In general, the topic of sustainability has taken on a high priority in the industry. The companies have committed to aligning work processes and product design in a sustainable manner. This will continue to determine our work in 2020.

Meanwhile, the low interest rate phase continues to burden the business of insurance companies. The GDV calls on the European Central Bank (ECB) to initiate a trend reversal in order to contain the consequences of low interest rates for savers and the savings climate. Moreover, there are considerations on the political agenda concerning the future of private pension provision. The GDV advocates a far-reaching reform of subsidised private provision and rejects sovereign wealth fund solutions. In 2020, the industry will continue to deal with the topic of regulation, e.g. with adjustments to reporting obligations.

The insurance companies are also continuing to work intensively on digitalisation and new business models. Many processes are changing, from the design of policies, through digital conclusion of contracts and the calculation of risks, right down to benefits. New players on the market, so-called insuretechs, i.e. technology companies offering digitised services, are making life easier for established companies. But they are also contributing to deep upheavals in the market.

For the current year, the industry anticipated a normalisation of premium growth to 1.5 to 2.0 percent at the beginning of the business year. The life insurers are expecting growth of a solid 1.0%. The property and casualty insurers assumed a premium growth of 2.5 percent. It remains to be seen whether these assessments need to be revised in view of the crisis situation mentioned above.

This also applies to our assumptions formulated at the beginning of 2020 that we will be able to further expand our insurance portfolio and achieve premium growth above the market average. In view of what was said at the beginning, everything is subject to normal caveats. If our positive expectations could be achieved anyway, we would have to assume an increase in expenditures for insurance claims due to the additional risks. Nonetheless, we had planned to improve the net technical result.

Thus far in the course of the 2020 financial year, our investment portfolios and the income generated from them have developed in line with our expectations. From today's perspective, we expect to reach the planned current net investment income result, which compared to the previous year, is anticipated to be lower due to the ongoing low interest environment.

The investment results planned from 2021 onwards are regularly reviewed in the light of further market developments and adjusted where necessary.

Overall, we assumed a slight boost in earnings over the previous year, in particular due to a positive trend in the underwriting principles.

At the time this report went to print, public life was subject to far-reaching restrictions due to the measures introduced in March to curb the spread of the coronavirus. After the balance sheet date, the spread of the coronavirus accelerated dramatically: The World Health Organization officially declared the wave of infection a pandemic on 11 March. This development is accompanied by significant ramifications on international economic life. High levels of sick leave, disruptions to supply chains, temporary plant closures, upheavals in the capital markets and rising medical costs could also impair the business opportunities of Credit Life AG within RheinLand Versicherungsgruppe. In this case, risks may arise with respect to the validity of the assumptions made, the occurrence in the coming financial year of the forecasts contained in this management report and achievement of the planned targets. Therefore, currently no reliable forecast is possible for the year 2020.

Neuss, 17 March 2020

The Executive Board

Lutz Bittermann

Christoph Buchbender

Dr. Lothar Horbach

Udo Klanten

Andreas Schwarz



***Together.  
More Unique.***

# Balance sheet as at 31 December 2019.

(in Euros)

Assets	2019	2019	2019	2019	2018
<b>A. Investments</b>					
I. Investments in affiliated companies and participating interests					
1. Participating interests			<b>1 228 358.02</b>		1 288 069.34
II. Other investments					
1. Shares, units or shares in investment funds and other variable yield securities		<b>17 972 411.93</b>			7 753 938.08
2. Bearer bonds and other fixed-income securities		<b>79 581 187.00</b>			71 154 440.20
3. Other loans					
a) Registered bonds	<b>53 000 000.00</b>				53 000 000.00
b) Notes receivable and loans	<b>76 400 000.00</b>				79 400 000.00
c) Loans and advance payments on insurance policies	<b>195 355.12</b>				115 487.25
d) Other loans	<b>248 262.91</b>				200 135.32
		<b>129 843 618.03</b>			132 715 622.57
4. Deposits at banks		<b>33 132 958.83</b>			33 127 450.89
			<b>260 530 175.79</b>		244 751 451.74
				<b>261 758 533.81</b>	246 039 521.08
<b>B. Investments for the account and risk of policyholders of life insurance policies</b>				<b>127 592.52</b>	107 179.55
<b>C. Receivables</b>					
I. Amounts receivable from direct insurance operations with					
1. Policyholders					
a) Claims due	<b>2 365 107.85</b>				3 339 213.10
b) Claims not yet due	<b>2 821 157.30</b>				4 092 797.28
		<b>5 186 265.15</b>			7 432 010.38
2. Insurance intermediaries		<b>28 638 419.96</b>			24 173 615.45
			<b>33 824 685.11</b>		31 605 625.83

Assets	2019	2019	2019	2019	2018
II. Reinsurance receivables			<b>706 036.29</b>		308 611.55
III. Other receivables			<b>112 081.92</b>		132 487.74
of which: to affiliated companies 0.00 € (149.21 €)					
				<b>34 642 803.32</b>	32 046 725.12
<b>D. Other assets</b>					
I. Current bank balances, checks and cash balance			<b>6 685 973.41</b>		8 623 317.17
				<b>6 685 973.41</b>	8 623 317.17
<b>E. Deferred items</b>					
I. Deferred interest and rent			<b>1 948 511.61</b>		1 989 054.74
				<b>1 948 511.61</b>	1 989 054.74
<b>Total assets</b>				<b>305 163 414.67</b>	288 805 797.66

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, 6 March 2020

The Trustee  
Leonhard Uphues

(in Euros)

Equity and liabilities	2019	2019	2019	2018
<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>3 214 641.90</b>			3 411 954.64
2. of which:				
Share of the assumed reinsurance business	<b>4 829 247.76</b>			3 507 506.94
		<b>-1 614 605.86</b>		-95 552.30
II. Premium reserve				
1. Gross amount	<b>268 001 981.59</b>			245 300 554.87
2. of which:				
Share of the assumed reinsurance business	<b>108 066 416.66</b>			81 430 561.14
		<b>159 935 564.93</b>		163 869 993.73

Equity and liabilities	2019	2019	2019	2018
III. Provision for outstanding insurance claims				
1. Gross amount	<b>35 799 505.09</b>			31 961 042.26
2. of which: Share of the assumed reinsurance business	<b>17 220 082.34</b>			12 739 592.43
		<b>18 579 422.75</b>		19 221 449.83
IV. Provision for performance-based and non-performance-based premium refunding				
1. Gross amount	<b>5 220 533.65</b>			5 181 638.03
2. of which: Share of the assumed reinsurance business	<b>0.00</b>			0.00
		<b>5 220 533.65</b>		5 181 638.03
V. Other technical provisions				
1. Gross amount	<b>31 391.99</b>			65 432.77
2. of which: Share of the assumed reinsurance business	<b>15 695.99</b>			32 716.39
		<b>15 696.00</b>		32 716.38
			<b>182 136 611.47</b>	188 210 245.67

(in Euros)

Equity and liabilities	2019	2019	2019	2018
<b>D. Technical provisions in the area of life insurance if the investment risk is borne by the policyholders</b>				
Premium Reserve				
1. Gross amount		<b>127 592.52</b>		107 179.55
2. of which:				
Share of the assumed reinsurance business		<b>0.00</b>		0.00
			<b>127 592.52</b>	107 179.55
<b>E. Other provisions</b>				
I. Tax provisions		<b>530.00</b>		530.00
II. Other provisions		<b>431 362.47</b>		453 385.00
			<b>431 892.47</b>	453 915.00
<b>F. Deposits for reinsurance business</b>				
			<b>52 874 853.23</b>	26 742 710.07
thereof towards affiliated companies: €24 851 517.60 (€0.00)				

Equity and liabilities	2019	2019	2019	2018
<b>G. Other liabilities</b>				
I. Liabilities arising out of direct insurance operations towards				
1. Policyholders	5 737 365.37			5 969 663.37
2. Insurance intermediaries	7 015 347.71			7 964 887.94
		12 752 713.08		13 934 551.31
II. Reinsurance payables				
		3 344 316.33		4 620 907.39
thereof towards affiliated companies: €162 449.57 (€0.00)				
III. Other liabilities		8 654 572.62		9 885 240.25
thereof towards affiliated companies: €8 620 653.04 (€9 872 754.82)				
thereof from taxes: €7 203.50 (€1 717.88)				
			24 751 602.03	28 440 698.95
<b>H. Deferred items</b>			0.00	10 185.47
<b>Equity and liabilities</b>			<b>305 163 414.67</b>	<b>288 805 797.66</b>

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

Neuss, 16 March 2020

The responsible actuary

Lutz Bittermann

# Profit and loss account for the period from 1 January to 31 December 2019.

(in Euros)

	2019	2019	2019	2018
<b>I. Technical account</b>				
1. Net premiums earned				
a) Gross premiums entered	128 566 437.55			142 918 929.61
b) Reinsured premiums	64 120 401.42			49 376 670.39
		64 446 036.13		93 542 259.22
c) Change in unearned premiums	197 312.74			208 320.89
d) Change in the share of the reinsurers in the gross unearned premiums	-1 321 740.82			39 896.81
		1 519 053.56		168 424.08
			65 965 089.69	93 710 683.30
2. Change in the gross provision for premium refunding			44 156.37	14 507.39
3. Investment income				
a) Income from participating interests		592.02		7 177.61
b) Income from other investments				
aa) Income from other investments	4 215 913.08			4 176 369.84
		4 215 913.08		4 176 369.84
c) Income from write-ups		2 328.69		18 565.96
d) Gains arising from the disposal of investments		63 009.17		2 493.82
			4 281 842.96	4 204 607.23
4. Non-realised gains stemming from investment income			15 424.45	41.35
5. Other net technical income			357 415.06	10 592.32
6. Net expenditures for insurance claims				
a) Payments for insurance claims				
aa) Gross amount	47 844 175.54			39 021 787.04
bb) Share of the reinsurers	17 321 300.03			12 764 742.21
		30 522 875.51		26 257 044.83
b) Change in the provision for outstanding insurance claims				
aa) Gross amount	3 838 462.83			7 261 519.93
bb) Share of the reinsurers	4 480 489.91			5 315 919.01
		-642 027.08		1 945 600.92
			29 880 848.43	28 202 645.75

(in Euros)

	2019	2019	2019	2018
7. Change in other miscellaneous technical net provisions				
a) Premium reserve				
aa) Gross amount	<b>22 721 839.69</b>			42 012 725.79
bb) Share of the reinsurers	<b>26 635 855.52</b>			19 409 015.05
		<b>-3 914 015.83</b>		22 603 710.74
b) Other net technical provisions		<b>-17 020.38</b>		-34 667.99
			<b>-3 931 036.21</b>	22 569 042.75
8. Costs for performance-based and non-performance-based net premium refunding			<b>3 500 000.00</b>	3 300 000.00
9. Costs of net insurance operations				
a) Acquisition expenses	<b>36 458 373.38</b>			41 979 108.63
b) Administration expenses	<b>5 050 383.91</b>			4 736 122.61
		<b>41 508 757.29</b>		46 715 231.24
c) of which: Reinsurance business commissions and profit shares received		<b>15 143 351.60</b>		16 904 372.91
			<b>26 365 405.69</b>	29 810 858.33
10. Investment costs				
a) Costs for the administration of investments, interest expenses and other expenditures for the administration of investments		<b>601 368.05</b>		471 069.66
b) Losses from the disposal of investments		<b>210.00</b>		521.97
			<b>601 578.05</b>	471 591.63
11. Non-realised losses stemming from investments			<b>3.45</b>	9 388.27
12. Other miscellaneous net technical expenditures			<b>9 828 335.92</b>	9 099 913.98
13. Net underwriting profit			<b>4 418 793.20</b>	4 476 990.88

(in Euros)

	2019	2019	2019	2018
<b>II. Non-technical account</b>				
1. Other income		<b>1 114 419.77</b>		1 462 164.59
2. Other expenses		<b>1 044 304.49</b>		1 023 228.47
			<b>70 115.28</b>	438 936.12
3. Result from ordinary business operations			<b>4 488 908.48</b>	4 915 927.00
4. Tax on income and profit			<b>816 011.34</b>	1 808 534.00
5. Miscellaneous Tax			<b>10 350.17</b>	10 824.16
6. Profits transferred based on profit pooling, a profit transfer agreement or a partial profit transfer agreement			<b>3 662 546.97</b>	3 096 568.84
7. Net income for the year			<b>0.00</b>	0.00
8. Profit/loss carried forward from the previous year			<b>5 447 986.65</b>	5 447 986.65
9. Net profit for the year			<b>5 447 986.65</b>	5 447 986.65



**Gemeinsam.**  
**Umfangreicher.**

# 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

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

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

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

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

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

### Bearer bonds and other fixed-income securities

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

### Other loans

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

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

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

## **Deposits at banks**

Deposits at banks are reported at nominal value.

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

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

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

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

## **Receivables**

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

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

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

## **Other balance sheet items**

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

## **Unearned premiums**

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

Tax regulations were observed.

## Premium Reserve

### 1. New portfolio

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

Settlement class	Share in %	Zillmerised rate	Interest rate in %*)	Actuarial model
GL2004	0.4	min (12; maturity in years) % of the premium amount	2.75	DAV1994T
GL2000	0.4	min (12; maturity in years) % of the premium amount	3.25	DAV1994T
GL96	4.2	min (12; maturity in years) % of the premium amount	4.00	DAV1994T
GL95	0.8	10% of the insured amount	3.50	ADSt 1986MF
Ris2017	0.2	25% of the premium amount	0.90	DAV2008TN, Unisex calculation
Ris2016	0.1	25% of the premium amount	1.25	DAV2008TN, Unisex calculation
Ris2015NR	0.4	25% of the premium amount	1.25	DAV2008TN, Unisex calculation
Ris2015R	0.1	25% of the premium amount	1.25	DAV2008TR, Unisex calculation
Ris2013NR	0.9	40% of the premium amount	1.75	DAV2008TN, Unisex calculation
Ris2013R	0.4	40% of the premium amount	1.75	DAV2008TR, Unisex calculation
Ris2012NR	0.5	40% of the premium amount	1.75	DAV2008TN
Ris2012R	0.4	40% of the premium amount	1.75	DAV2008TR
Ris2009NR	2.5	40% of the premium amount	2.25	DAV2008TN
Ris2009R	1.6	40% of the premium amount	2.25	DAV2008TR
Ris2008NR	0.8	40% of the premium amount	2.25	DAV1994TN (70%)
Ris2008R	0.2	40% of the premium amount	2.25	DAV1994TR (70%)
Ris2007NR	0.8	40% of the premium amount	2.25	DAV1994TN (70%)
Ris2007R	0.2	40% of the premium amount	2.25	DAV1994TR (70%)
Ris2005NR	1.9	40% of the premium amount	2.75	DAV1994TN (70%)
Ris2005R	0.4	40% of the premium amount	2.75	DAV1994TR (70%)
Ris2004	0.2	40% of the premium amount	2.75	DAV1994T (70%)
Ris99	1.8	40% of the premium amount	3.00	DAV1994T (70%)
Ris95	1.8	40% of the premium amount	4.00	DAV1994T
DR08/DR09/ DR12/DR13/DR15	0.2	25% or 40% of the ordinary insured amount	1.25/1.75/2.25**)	DAV2004R ***)
NLRis2015NR	8.3	25% of the premium amount	1.25	68% or 30% GBMV0005

Settlement class	Share in %	Zillmerised rate	Interest rate in %*)	Actuarial model
NLRis2015R	1.8	25% of the premium amount	1.25	68% or 30% GBMV0005
NLRis2014NR	2.2	40% of the premium amount	1.75	68% or 30% GBMV0005
NLRis2014R	0.3	40% of the premium amount	1.75	68% or 30% GBMV0005
BG132 Residual debt 0%	39.1	-	0.00	SIMF14 Unisex calculation
BG132 Residual debt 1.25%	4.3	-	1.25	DAV2008T Unisex calculation
BG132 Residual debt 1.75%	1.4	-	1.75	DAV2008T Unisex calculation
BG247 Residual debt 0%	7.5	-	0.00	DAV2008T Unisex calculation
BG247 Residual debt 1.25%	1.0	-	1.25	DAV2008T Unisex calculation
BG247 Residual debt 1.75%	0.3	-	1.75	DAV2008T Unisex calculation
KAP04/KAP05	0.6	40% of the premium amount	2.75	DAV1994T
STE05	0.9	40% of the premium amount	2.75	DAV1994T
REN04/REN05	2.6	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	0.2	20% of the premium amount	2.75	DAV 1994T, DAV 1997I DAV 1997TI, DAV 1997RI
BUZ2015	0.2	25% of the premium amount	1.25	DAV 1994T, DAV 1997I DAV 1997TI, DAV 1997RI, Unisex calculation
BUZ2013	0.5	40% of the premium amount	1.75	DAV 1994T, DAV 1997I DAV 1997TI, DAV 1997RI, Unisex calculation
BUZ2012	0.7	40% of the premium amount	1.75	DAV 1994T, DAV 1997I DAV 1997TI, DAV 1997RI
BUZ2009	1.6	40% of the premium amount	2.25	DAV 1994T, DAV 1997I DAV 1997TI, DAV 1997RI
BUZ2000	0.3	20% of the premium amount	3.00	DAV 1994T, DAV 1997I DAV 1997TI, DAV 1997RI
BUZ97	0.5	20% of the premium amount	4.00	DAV 1994T, DAV 1997I DAV 1997TI, DAV 1997RI
BUZ95	0.2	-	3.50	DAV 1994T, DAV 1997I DAV 1997TI, DAV 1997RI
SBV2016	0.1	25% of the premium amount	1.25	DAV 1994T, DAV 1997I DAV 1997TI, DAV 1997RI, Unisex calculation
SBV2017	0.1	25% of the premium amount	0.90	DAV 1994T, DAV 1997I DAV 1997TI, DAV 1997RI, Unisex calculation

In 2016, for the first time when calculating actuarial reserves, sufficiently conservative probabilities for cancellations and capital dissolution were determined and taken into account in the calculation. This approach reduces the additional reserves by € 0.42 mill.

\*) To calculate the cash value of the prospective premium reserve, the specified interest rate is reduced for the next 15 years with the reference interest rate according to the Section 5 Regulation on the Principles Underlying the Calculation of the Premium Reserve (DeckRV). This was 1.92% as at 31 December 2019.

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

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

## 2. Pre-existing assets.

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

Tariff group	Share in %	Zillmerised rate	Interest rate in % *)	Actuarial model
BO	2.4	10% of the insured amount	3.50	ADSt 1986MF
EO	0.5	0.25%-6.25% of the insured amount	3.50	ADSt 1986MF
BUZ	0.2	-	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 € 0.42 mill.

\*) To calculate the cash value of the prospective premium reserve, the specified interest rate is reduced for the next 15 years with the reference interest rate according to the business plan. This was 1.92% as at 31 December 2019.

**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 (11 December 2019) 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 0.97% discount rate. With regard to terminal dividends, a 1.0% surcharge – for final payments a 1.0% 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 1.0% surcharge – for final payments a 1.0% discount – is to be taken into account for withdrawal probabilities which have not explicitly been estimated.

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

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

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

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

## **Other provisions**

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

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

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

## **Other explanations**

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

## Explanatory notes on balance sheet

### Assets

#### To A. Investments

A detailed illustration of the investments can be found from page 92. The following supplementary information is provided:

#### To I. Participating interests

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

#### To II. Other investments

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

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

	Book value 31 December 2019 €K	Fair value 31 December 2019 €K	Valuation reserves €K	Dividend distribution 2019 €K
<b>Special assets</b>				
RheinLand-VM Monega Fund	4 184.5	4 384.9	200.5	165.4
Rheinland ABS-CLO Fund	3 788.0	3 757.3	-30.6	50.9
RheinLand Corporate Fonds	10 000.0	10 074.1	74.1	-
<b>Total</b>	<b>17 972.4</b>	<b>18 216.3</b>	<b>243.9</b>	<b>216.3</b>

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

The valuation reserve of the RheinLand ABS-CLO Fund is the difference between the stated value (book value) to be applied and the fair value.

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

Number of shares

Identification No.	Designation of fund	Number of shares	Fair value in €
DE0005320303	Acatis Asia "D" Pacific Plus Funds Ul.	1.000000	57.55
DE0005320329	UBS (D) Konz. FDS.EUR Plus	3.642000	239.06
DE0008474024	DWS Akkumula	0.084000	109.05
DE0008476524	DWS Vermögensbil. Fund	1.000000	187.70
DE0008488214	UBS(D)EQUITY FUND-GLOB.OPPORT.INH.A	0.249000	58.44
DE0008491044	UniRak	1.311000	173.64
DE0009785162	UBS (D) KONZEPTFONDS I	0.427000	24.71
DE0009785188	UBS (D) KONZEPTFONDS III	0.396000	28.04
DE0009797076	UBS (D) KONZEPTFONDS V	0.220000	17.74
FR0010135103	CARMIGNAC PATRIMOINE FCP	35.495000	22 617.06
FR0010148981	Carmignac Investissement FCP	1.761000	2 274.63
FR0010261198	MULTI UNITS FRANCE SICAV - Lyxor MSCI USA UCITS ETF.	1.000000	136.14
FR0010315770	LYXOR ETF MSCI WORD FCP D	0.909000	188.12
GB0030932676	M+G I.(1)-M+G GBL BA.EO A	7.953000	306.92
LU0006344922	UBS(LUX)MNY MKT FD-EUR ACC.P	1.000000	823.37
LU0006391097	UBS LUX EQUITY FUND FCP - EU.OPP.	0.028000	25.93
LU0033050237	UBS (LUX) BOND FD-EUR P A	0.103000	44.81
LU0040506734	VONTOBEL-EM.MKTS EQU. A-USD	0.001000	0.61
LU0048578792	FID.FDS-EUROP.GWTH A GL.	5.912000	99.50
LU0072462426	BGF-GLOBAL ALLOCATION CLASS A2	0.001000	0.05
LU0075056555	BFG-World Mining Fund Class A2	0.990000	35.78
LU0106280919	SAUREN FDS SEL.-GLOB.OPP	4.000000	144.76
LU0114760746	F.TEM.INV-T.GWTH A ACC	8.243000	148.13
LU0115904467	UNIEM Global Inh.	2.000000	200.76
LU0136412771	Ethna-Aktiv E A	0.041000	5.45
LU0149168907	Amundi Total Return FCP	1.000000	45.73
LU0153925689	UBS (LUX) KEY-SEL. EQUITIES P-ACC	1.000000	21.31
LU0159550150	DJE - DIV.+SUBS.FDS.INH.P EUR	0.198000	86.11
LU0164455502	Carmignac PO.-Commod. NAM	1.000000	291.60
LU0197216558	UBS L KEY S.-Gbl. AL. EUR B	6 509.845000	98 038.27
LU0212925753	BGF-Global Allocati	3.000000	113.91
LU0323578657	FLOSSBACH-MULTIPLE OPPORTUNITIES R	1.931000	521.95
LU0487186396	UBS (LUX) BF-GLOBAL (CHF) (EUR HEDGED)	0.099000	13.08

Identification No.	Designation of fund	Number of shares	Fair value in €
LU0106280836	SAUREN FDS SEL -GLOB BALANCED	0.470000	8.96
DE0008491002	UNIFONDS	0.237000	13.24
LU0130729220	PICTET_EMERGING MARKETS P USD	0.023000	13.20
FR0010296061	Lyxor MSCI USA UCITS ETF FCP	0.079000	21.73
DE0009848119	DWS Top Dividend LD	0.001000	0.13
LU0066902890	HSBC Global Investment Funds SICAV	2.663000	442.64
LU1883872332	AMUNDI FUNDS SICAV	1.050000	12.71
<b>Total</b>		<b>6 600.3620</b>	<b>127 592.52</b>

## To C. Receivables

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

#### 1. Policyholders

##### a) Claims due

These are any premiums in arrears which were due in 2019 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

	2019 in € K	2018 in € K
Interest receivable	0.1	0.0
Tax refund claims	5.2	4.4
Receivables arising from clearing transactions with affiliated companies	0.0	0.1
Other	106.8	127.9
<b>Total</b>	<b>112.1</b>	<b>132.5</b>

## To E. Deferred items

### To I. Deferred interest and rent

	2019 in € K	2018 in € K
Interest not yet due		
■ Registered notes	665.8	718.6
■ Bearer bonds and other fixed-income securities	503.2	493.9
■ Notes receivables and other loans	644.5	655.5
■ Fixed deposits	135.0	121.0
<b>Total</b>	<b>1 948.5</b>	<b>1 989.1</b>

## Equity and liabilities

### To A. Equity

#### To I. Subscribed capital

The share capital as at 31 December 2019 amounts to € 7 096.3 K and is divided into 138 600 no-par shares.

RheinLand Holding Aktiengesellschaft, Neuss, holds 100% of the share capital of our company

### 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 € 1,500.0 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

	2019 in € K	2019 in € K	2018 in € K
To I. Gross unearned premiums			
■ from direct operations	3 214.6		3 412.0
of which: Share in reinsurance	4 829.2	-1 614.6	3 507.5
To II. Gross premium reserve			
■ from direct operations	268 002.0		245 300.6
of which: Share in reinsurance	108 066.4	159 935.6	81 430.6
III. Provision for outstanding insurance claims			
■ from direct operations	35 799.5		31 961.0
of which: Share in reinsurance	17 220.1	18 579.4	12 739.6
To IV. Provision for performance-based and non-performance-based premium refunding			
■ from direct operations	5 220.5		5 181.6
of which: Share in reinsurance	0.0	5 220.5	0.0
To V. Other technical provisions			
■ from direct operations	31.4		65.4
of which: Share in reinsurance	15.7	15.7	32.7
<b>Total</b>		<b>182 136.6</b>	188 210.2

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

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

	2019 in € K	2018 in € K
As at 01 January	5 181.6	5 389.1
Withdrawal in the financial year	3 461.1	3 507.5
	1 720.5	1 881.6
Allocation from the profit of the financial year	3 500.0	3 300.0
<b>As at 31 December</b>	<b>5 220.5</b>	<b>5 181.6</b>

The provision only refers to the performance-based premium refunding. The following allocations are made for 2020 with regard to the provision for premium refunding at the end of 2019:

	in € K
a. to regular profit shares already defined but not yet allocated	3 297.7
b. to terminal dividends and final payments already defined but not yet allocated	237.2
c. to premiums for the share in valuation reserves already defined but not yet allocated	0.1
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	1 313.3
f. to the unattached share (provision for premium refunding without letters a to e)	372.2
<b>Total</b>	<b>5 220.5</b>

For the existing contracts, a sufficient amount of the sum committed to the terminal dividend fund amounting to € 1 313.3 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 € 240.0 K for commissions, € 94.1 K for third-party services, € 77.2 K for the costs of preparing annual financial statements, and € 20.0 K for other provisions.

## To F. Other liabilities

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

#### 1. Policyholders

	2019 in € K	2018 in € K
Accumulated interest-bearing profit shares	3 658.1	3 783.0
Profit shares arising from the reserve for outstanding claims	45.8	58.8
Prepaid insurance premiums	114.5	120.1
liabilities towards affiliated companies	1 919.0	2 007.7
<b>Total</b>	<b>5 737.4</b>	<b>5 969.7</b>

### To III. Other liabilities

	2019 in € K	2018 in € K
Amounts payable from the clearing transactions with affiliated companies	8 620.7	9 872.8
Tax liabilities	7.2	1.7
other	26.7	10.8
<b>Total</b>	<b>8 654.6</b>	<b>9 885.2</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

	2019 in € K		2018 in € K	
	Regular premiums	Single premiums	Regular premiums	Single premiums
Individual insurance policies	62 949.9	31.4	58 077.2	-0.9
Group insurance policies	3 915.8	61 651.0	3 656.1	81 269.0
	128 548.2		143 001.4	
Change in the general valuation adjustment for claims due	18.3		-82.4	
<b>Total</b>	<b>128 566.4</b>		<b>142 918.9</b>	

	2019 in € K	2018 in € K
Gross premiums written in Germany	41 270.3	46 060.0
Gross premiums written from the other member states of the EC and other EEA contracting states	87 296.1	96 858.9
<b>Total</b>	<b>128 566.4</b>	<b>142 918.9</b>

In the financial year, the regular premiums contain premiums for fund-linked life insurance solutions (Germany PENSION) amounting to € 127.5 K (previous year: €150.0 K).

With regard to contracts without participation in profits, € 42 735.4 K are contained in the regular premiums and €61 651.0 K in the single premiums.

The premium amount of redeemed new business in the reporting year is € 222 438.1 K (previous year: €324 322.5 K).

### To I. 3. Investment income

	2019 in € K	2018 in € K
a) Income from participating interests		
▪ thereof: from affiliated companies €0.00	0.6	7.2
b) Income from other investments		
aa) Shares, units or shares in investment funds and other variable yield securities	216.3	156.1
▪ Bearer bonds and other fixed-income securities	999.2	942.0
▪ Registered notes	1 279.1	1 354.6
▪ Notes receivable	1 446.3	1 473.4
▪ Loans and advance payments with regard to insurance certificates	6.1	5.5
▪ Remaining loans	0.2	2.1
▪ Deposits at banks	268.7	242.6
<b>Total</b>	<b>4 216.5</b>	<b>4 183.5</b>

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

	2019 in € K	2018 in € K
Increase in the policyholders' capitalised claims not yet due	340.3	0.0
other	17.1	10.6
<b>Total</b>	<b>357.4</b>	<b>10.6</b>

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

### a) Payments for insurance claims

	2019 in € K	2018 in € K
Direct insurance operations	47 844.2	39 021.8
less the proportion of reinsurers' direct insurance operations	17 321.3	12 764.7
<b>Total</b>	<b>30 522.9</b>	<b>26 257.0</b>

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

	2019 in € K	2018 in € K
Direct insurance operations	3 838.5	7 261.5
Change in the proportion of reinsurers' direct insurance operations	-4 480.5	-5 315.9
<b>Total</b>	<b>-642.0</b>	<b>1 945.6</b>

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

	2019 in € K	2018 in € K
Direct credit (premium set-off)	7 428.6	7 633.0
Actuarial interest rates	130.2	136.0
Interest in deposits resulting from reinsurance business	670.3	416.1
Reduction in the capitalised claims from policyholders not yet due	1 611.9	954.7
miscellaneous	-12.7	-39.8
<b>Total</b>	<b>9 828.3</b>	<b>9 099.9</b>

The reinsurance balance resulting from the reinsurance business in the financial year is € 782.3 K (previous year: € 4,977.5 K).

## To II. 1. Other income

	2019 in € K	2018 in € K
Income from services rendered for other companies	401.9	337.1
Interest income	58.7	43.8
Income from the reversal of non-technical provisions	45.6	85.5
Other items	608.2	995.7
<b>Total</b>	<b>1 114.4</b>	<b>1 462.2</b>

## To II. 2. Other expenses

	2019 in € K	2018 in € K
Services rendered for other companies	371.7	306.3
Costs to prepare Annual Financial Statements	104.8	100.0
Supervisory Board remuneration (group overheads)	34.7	29.4
Legal consultancy fees and other consultancy fees	76.5	136.6
Interest expenses	176.2	175.0
other	280.4	275.9
<b>Total</b>	<b>1 044.3</b>	<b>1 023.2</b>

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

	2019 in € K	2018 in € K
Corporation tax	839.3	1 808.5
■ of which from previous years	0.00	0.00
<b>Total</b>	<b>839.3</b>	<b>1 808.5</b>

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

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

	2019 in € K	2018 in € K
1. Commissions of all kinds for intermediaries within the meaning of Section 92 German Commercial Code (HGB) for direct insurance operations	30 837.0	36 711.7
2. Other remuneration for intermediaries within the meaning of Section 92 German Commercial Code (HGB)	90.6	71.8
3. Wages and salaries	138.2	126.3
4. Social contributions and costs for support	48.1	44.7
<b>Total</b>	<b>31 113.9</b>	<b>36 954.5</b>

## Miscellaneous

### Staff

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

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

The remuneration of the Executive Board members is regulated by RheinLand Holding AG and RheinLand Versicherungs AG. It is allocated according to an existing agreement between the companies of RheinLand Versicherungsgruppe following the cost-by-cause principle and thus proportionately to the company.

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

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

### Details of shareholders

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

## Financial Obligations

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

On the basis of the SichLVFinV (Life), the protection fund charges an annual contribution of no more than 0.2% of the net technical provisions until guarantee assets of 1.0% of the sum of the net technical provisions have been built up. This currently does not result in obligations for the company, as the maximum amount was reached in the fiscal year. The protection fund for life insurers may also charge special contributions amounting to a further 1.0 % of the sum of the underwriting provisions; this corresponds to an obligation of € 182.1 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 amounts to 1.0% of the total net underwriting provisions, taking into account the contributions already paid to the security fund up to 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 € 1 573.1 K.

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

## **Further Information**

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

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

Pursuant to Section 285 No. 17 German Commercial Code (HGB), information about the auditor's fee is provided with exempting effect in the consolidated financial statements of RheinLand Holding AG.

## **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 2019 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 2020

### 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
	S2019	STA19
Term life insurance	EO95	M10, M12, M14, M20, M22, F10, F12, F14
	Ris95	M30, M32, M34, F30, F32, F34
	Ris99	M50, M52, M54, F50, F52, F54
	Ris2004	M70, M72, M74, F70, F72
	Ris2005NR	M90, M92, F90, F92
	Ris2005R	M91, M93, F91, F93
	Ris2007NR	TGNO07, TFNO07
	Ris2007R	TGRO07, TFRO07
	Ris2008NR	TGNO08, TFNO08
	Ris2008R	TGRO08, TFRO08
	Ris2009NR	TGNO09, DTGNO09
	Ris2009R	TGRO09, DTGRO09
	Ris2012NR	TGNO12, DTGNO12
	Ris2012R	TGRO12, DTGRO12

Portfolio group	Settlement class	Tariff
Term life insurance	Ris2013NR	TGNO13, DTGNO13
	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
	SEV2018	SEU18, DSEU18
	SEV2019	SEU19, DSEU19
	SBV2019	SBUPL19, DSBUPL19, SBUPR19, DSBUPR19, SBUST19, DSBUST19
131*		DR08, DR09, DR12, DR13, DR15
247 NL branch	KAP04	KG04
	KAP05	KG05
	REN04	RA04
	REN05	RA05
	STE05	ST05
BUZ	BUZ95	B, BR, BR1, BR/..
	BUZ97	BU, BU1, BUL
	BUZ2000	BZ, BZ1, BZL
	BUZ2004	BG, BG1, BGL
	BUZ2007	BUSO07, BUP007
	BUZ2008	BUSO08, BUP008
	BUZ2009	BUP009
	BUZ2012	BUP012
	BUZ2013	BUP013
	BUZ2015	BUP015
	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 2020, no directly credited interest is granted for the interest profit share and for the accumulated interest-bearing profit credit balance.

The direct credit for the tariff groups EO and BUZ and the profit classes Ris2017, Ris2016, Ris2015NR, Ris2015R, Ris2013NR, Ris2013R, Ris2012NR, Ris2012R, Ris2009NR, Ris2009R, Ris2008NR, Ris2008R, Ris2007NR, Ris2007R, Ris2005NR, Ris2005R, Ris2004, Ris99, Ris95, SBU2014, SBU2015, SBV2016, SBV2017, SEV2018, SEV2019, SBV2019, EO95, BUZ95, BUZ97, BUZ2000, BUZ2004, BUZ2007, BUZ2008, BUZ2009, BUZ2012, BUZ2013, BUZ2015, EU07, EU08, EU09, EU12 und 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 2020 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, SEV2018, SEV2019, SBV2019, EO95, BUZ95, BUZ97, BUZ2000, BUZ2004, BUZ2007, BUZ2008, BUZ2009, BUZ2012, BUZ2013, BUZ2015, EU07, EU08, EU09, EU12, EU13, nor for the tariff groups EO and BUZ contracts. Contracts in the tariff groups BO and in the profit classes GL95, GL96, GL2000, GL2004, GL2007, GL2008, KAP04, KAP05, REN04 und REN05 once again receive regular profit shares following the expiry of the contract.

### 2.3 Interest-bearing accumulation of profit shares

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

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

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

## 2.5 Terminal dividends

Insurance policies for which terminal dividends are declared receive these dividends for insurance years completed prior to the policyholder's reaching 66 years of age. Insurance policies in the profit classes GL2007, GL2008 and S2019 receive terminal dividends regardless of the policyholder's age.

The terminal dividends are due in 2020 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 2020 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 2020

#### Cash value life insurance policies

TG/GV	Contract status	M/F	Interest profit		Basic Profit		Costs Profit		Risk profit	
			Rate	RefVal.	Rate	RefVal.	Rate	RefVal.	Rate	RefVal.
BO	bpfl		0.00 %	DK	0.10 %	VS	-	-	56 %	iRB
	bfr		0.00 %	DK	-	-	-	-	56 %	iRB
GL95	bpfl		0.00 %	DK	0.10 %	VS	-	-	56 %	iRB
	bfr		0.00 %	DK	-	-	-	-	56 %	iRB
GL96	bpfl	F	0.00 %	DK	0.05 %	VS	-	-	54 %	iRB
	bpfl	M	0.00 %	DK	0.05 %	VS	-	-	62 %	iRB
	bfr	F	0.00 %	DK	-	-	-	-	54 %	iRB
	bfr	M	0.00 %	DK	-	-	-	-	62 %	iRB
GL2000	bpfl	F	0.00 %	MDK	-	-	1.50 %	üJB	54 %	iRB
	bpfl	M	0.00 %	MDK	-	-	1.50 %	üJB	62 %	iRB
	bfr	F	0.00 %	MDK	-	-	-	-	54 %	iRB
	bfr	M	0.00 %	MDK	-	-	-	-	62 %	iRB
GL2004	bpfl	F	0.00 %	MDK	-	-	1.50 %	üJB	54 %	iRB
	bpfl	M	0.00 %	MDK	-	-	1.50 %	üJB	62 %	iRB
	bfr	F	0.00 %	MDK	-	-	-	-	54 %	iRB
	bfr	M	0.00 %	MDK	-	-	-	-	62 %	iRB
GL2007	bpfl	F	0.00 %	MDK	-	-	1.50 %	üJB	54 %	iRB
	bpfl	M	0.00 %	MDK	-	-	1.50 %	üJB	62 %	iRB
	bfr	F	0.00 %	MDK	-	-	-	-	54 %	iRB
	bfr	M	0.00 %	MDK	-	-	-	-	62 %	iRB
GL2008	bpfl	F	0.00 %	MDK	-	-	1.50 %	üJB	54 %	iRB
	bpfl	M	0.00 %	MDK	-	-	1.50 %	üJB	62 %	iRB
	bfr	F	0.00 %	MDK	-	-	-	-	54 %	iRB
	bfr	M	0.00 %	MDK	-	-	-	-	62 %	iRB
S2019	bpfl	F	1.35 %	MDK	-	-	-	-	7 %	iRB
	bpfl	M	1.35 %	MDK	-	-	-	-	7 %	iRB
	bfr	F	1.35 %	MDK	-	-	-	-	7 %	iRB
	bfr	M	1.35 %	MDK	-	-	-	-	7 %	iRB
KAP04	bpfl		0.00 %	VS	-	-	-	-	0.001 %	VS*
	bfr		0.00 %	VS	-	-	-	-	0.001 %	VS*
KAP05	bpfl		0.00 %	MDK	-	-	0.00 %	üJB	-	-
	bfr		0.00 %	MDK	-	-	-	-	-	-
STE05	bpfl		0.00 %	MDK	-	-	0.00 %	üJB	-	-
	bfr		0.00 %	MDK	-	-	-	-	-	-

### Contract status:

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

### Reference values (RefVal.):

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

### Type of appropriation:

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

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

### Annuity insurance policies (hybrid)

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

### Contract status:

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

### Reference values (RefVal.):

- (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. 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 – for DR15 2.71% annually, for DR12+DR13 3.125% annually and for DR08+DR09 3.6% annually, otherwise for DR15 1.36%, for DR12+DR13 1.775% and for DR08+DR09 2.25%. 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 2020, pro rata terminal dividends shall become due in line with the rules set out in the business plan.
- (4) The reference value of the basis profit is the premium amount eligible for profit.
- (5) The reference value of the risk profit is the individual risk premium.

### Term Life Insurance Solutions

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

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

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

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

#### Contract status:

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

#### Reference values (RefVal.):

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

#### Remark (Rem.):

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

#### Type of appropriation:

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

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

### Additional insurance policies

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

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

#### Contract status:

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

#### Reference values (RefVal.):

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

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

#### Type of appropriation:

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

### Annuity Insurance Policies

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

#### Contract status:

bpfl = contracts liable to premiums

bfr = premium-free contracts

#### Reference values (RefVal.):

VS = insured amount

KA = Lump-sum payment

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

#### Type of appropriation:

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

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

## Basic acquisition hedges

TG/GV	Tariffs	Contract status:	Interest profit		Profit share		Claim bonus	
			Rate	RefVal.	Rate	RefVal.	Rate	RefVal.
SBU2014	bpfl		-	-	30 %	üB	42 %	vR
	bfr		-	-	-	-	42 %	vR
	lfdR		0.50 %	MDK	-	-	-	-
SBU2015	bpfl		-	-	30 %	üB	42 %	vR
	bfr		-	-	-	-	42 %	vR
	lfdR		1.00 %	MDK	-	-	-	-
SBV2016	bpfl		-	-	40 %	üB	67 %	vR
	bfr		-	-	-	-	67 %	vR
	lfdR		1.00 %	MDK	-	-	-	-
SBV2017	bpfl		-	-	40 %	üB	67 %	vR
	bfr		-	-	-	-	67 %	vR
	lfdR		1.35 %	MDK	-	-	-	-
SEV2018	bpfl		-	-	40 %	üB	67 %	vR
	bfr		-	-	-	-	67 %	vR
	lfdR		1.35 %	MDK	-	-	-	-
SEV2019	bpfl		-	-	40 %	üB	67 %	vR
	bfr		-	-	-	-	67 %	vR
	lfdR		1.35 %	MDK	-	-	-	-
SBV2019	bpfl		-	-	40 %	üB	67 %	vR
	bfr		-	-	-	-	67 %	vR
	lfdR		1.35 %	MDK	-	-	-	-

### Contract status:

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

### Reference values (RefVal.):

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

### Type of appropriation:

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

### Terminal dividends

TG/GV	Tariffs	Contract status:	Meas. value	Reference value	1998	1999	2000	2001	2002	2003	2004	2005	2006
<b>Cash value life insurance policies</b>													
BO	bpfl	3	VS	VS	0.29 %	0.29 %	0.29 %	0.29 %	0.29 %	0.29 %	0.29 %	0.29 %	0.29 %
GL95	bpfl	3	VS	VS	0.29 %	0.29 %	0.29 %	0.29 %	0.29 %	0.29 %	0.29 %	0.29 %	0.29 %
GL96	bpfl	4	VS	VS	0.30 %	0.30 %	0.30 %	0.30 %	0.30 %	0.30 %	0.30 %	0.30 %	0.30 %
GL2000	bpfl	1	VS	VS	-	-	0.04 %	0.04 %	0.04 %	0.04 %	0.04 %	0.04 %	0.04 %
GL2004	bpfl	1	VS	VS	-	-	-	-	-	-	0.04 %	0.04 %	0.04 %
GL2007	bpfl/bfr	2	AG	AG	-	-	-	-	-	-	-	-	-
GL2008	bpfl/bfr	2	AG	AG	-	-	-	-	-	-	-	-	-
S2019	bpfl/bfr		AG	AG	-	-	-	-	-	-	-	-	-

#### Contract status:

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

#### Reference value (RefVal.):

VS = insured amount  
AG = interest-bearing balance accumulated

#### Comments:

The following conditions apply:

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

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

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

2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
0.29 %	0.29 %	0.29 %	0.29 %	0.29 %	0.29 %	0.29 %	0.29 %	0.29 %	0.29 %	0.29 %	0.29 %	0.29 %
0.29 %	0.29 %	0.29 %	0.29 %	0.29 %	0.29 %	0.29 %	0.29 %	0.29 %	0.29 %	0.29 %	0.29 %	0.29 %
0.30 %	0.30 %	0.30 %	0.30 %	0.30 %	0.30 %	0.30 %	0.30 %	0.30 %	0.30 %	0.30 %	0.30 %	0.30 %
0.04 %	0.04 %	0.03 %	0.03 %	0.03 %	0.03 %	0.03 %	0.03 %	0.03 %	0.03 %	0.03 %	0.03 %	0.03 %
0.04 %	0.04 %	0.03 %	0.03 %	0.03 %	0.03 %	0.03 %	0.03 %	0.03 %	0.03 %	0.03 %	0.03 %	0.03 %
-	-	-	-	-	-	-	-	-	-	-	-	29.00 %
-	-	-	-	-	-	-	-	-	-	-	-	29.00 %
-	-	-	-	-	-	-	-	-	-	-	-	15.00 %

Neuss, 17 March 2020

The Executive Board

Lutz Bittermann

Christoph Buchbender

Dr. Lothar Horbach

Udo Klanten

Andreas Schwarz

# Independent Auditor's Report.

To Credit Life AG, Neuss

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

### Audit opinions

We have audited the annual financial statements of Credit Life AG, Neuss, – comprising the balance sheet as at 31 December 2019 and the profit and loss account for the financial year from 1 January to 31 December 2019 and the notes, including the presentation of the accounting and valuation methods. In addition, we have audited the Management Report of Credit Life AG for the financial year from 1 January to 31 December 2019.

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

- the attached annual financial statements comply in all material respects with German commercial law and give a true and fair view of the net assets and financial position of the company as at 31 December 2019 and its profit position for the business year from 1 January to 31 December 2019 in accordance with German generally accepted accounting principles; and
- the attached Management Report as a whole provides a suitable view of company's position. In all material respects, this Management Report is consistent with the annual financial statements, complies with German legal requirements and accurately presents the opportunities and risks of future development.

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

### Basis for the audit opinions

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

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

Particularly important audit issues are those which, according to our best judgement, were most significant in our audit of the annual financial statements for the business year from 1 January to 31 December 2019. These matters have been considered in connection with our audit of the financial statements as a whole and in forming our opinion thereon; we are not issuing a separate opinion on these matters.

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

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

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

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

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

The most important audit issues are described below:

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

1. In the annual financial statements of the company, investments amounting to € 261.8 million (85.8% of the balance sheet total) are reported on the balance sheet. In the case of investments where valuation is not based on stock exchange prices or other market prices (e.g. for unlisted participating interests, derivatives, asset-based securities, other structured and other structured and illiquid bonds and real estate), there is an increased valuation risk due to the necessity of using model calculations. In this context, the legal representatives have to make discretionary decisions, estimates and assumptions. Minor changes in these assumptions and the methods used may have a material effect on the valuation of the investments. Due to the quantitatively material importance of the investments for the net asset and profit position of the company, and the considerable discretionary scope of the legal representatives and the associated estimation uncertainties, the valuation of investments within the scope of our audit was of particular importance.

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

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

1. In the company's annual financial statements, unearned premiums, premium reserve, provision for outstanding claims, provision for premium refunding and other technical provisions are reported in the total amount of € 182 137 K (59.7 % of the balance sheet total). Insurance companies are required to set up technical provisions to the extent necessary according to reasonable commercial judgement, to ensure ongoing fulfilment of the obligations under insurance policies. In addition to the German commercial law regulations, a large number of regulatory regulations regarding the calculation of provisions must also be taken into account. The determination of assumptions on the valuation of technical provisions requires the company's legal representatives to take into account not only the commercial and regulatory requirements but also an assessment of future events and the application of suitable valuation methods. Minor changes in these assumptions and the methods applied may have a material effect on the valuation of technical provisions.

Due to the quantitatively material importance of these provisions for the net asset and profit position of the company, the complexity of the regulations to be applied and the underlying methods, as well as the discretionary scope of the legal representatives and the associated estimation uncertainties, the valuation of technical provisions within the scope of our audit was of particular importance.

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

On the basis of our audit procedures, we were able to ascertain that the estimates and assumptions made by the legal representatives regarding the valuation of actuarial provisions are well-founded and adequately documented.

3. The company's disclosures on the valuation of technical provisions are contained in the sections "Accounting and valuation methods" and "Explanatory notes on Balance sheet" in the notes of the company.

## **Other information**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

## Miscellaneous legal and other statutory requirements

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

We were appointed as auditors by the Supervisory Board on 2 July 2019. We were commissioned by the Supervisory Board on 10 July 2019. We have been the auditors of Credit Life AG, Neuss, uninterrupted since the 2017 financial year.

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

## Responsible auditor

The auditor responsible for the audit is Michael Peters.

Düsseldorf, 31 March 2020

PricewaterhouseCoopers GmbH  
Wirtschaftsprüfungsgesellschaft

Alexander Hofmann  
German Public Accountant

Michael Peters  
German Public Accountant

# Appendix to the Management Report.

## A. Movement in the portfolio of direct life insurance policies in the 2019 financial year

	Total direct insurance operations			
	(only main insurance products)	(Main and additional insurance policies)		(only main insurance products)
	Number of insurance policies	Seq. no. Premium for one year in € K	Single-premium in € K	Insured sum and/or 12 times the annual annuity in € K
<b>I. Portfolio at the beginning of the financial year</b>	730 051	65 039	0	37 352 130
<b>II. Addition during the financial year</b>	0	0	0	0
1. New addition	0	0	0	0
a) Redeemed insurance certificates	144 634	9 411	61 611	5 737 061
b) Increases in the insured amounts (without Item 2)	0	178	0	21 994
2. Increase in the insured amounts through terminal dividends	0	0	0	1
3. Remaining addition	0	0	71	0
<b>4. Total addition</b>	144 634	9 589	61 682	5 759 056
<b>III. Disposal during the financial year</b>	0	0	0	0
1. Death, occupational disability, etc.	1 406	200	0	42 921
2. Expiry of the insurance / premium payment	89 877	1 154	0	1 150 711
3. Surrender and conversion to premium-free insurance policies	12 268	4 040	0	285 793
4. Other premature termination	6 203	1 185	0	795 815
5. Remaining disposal	98 235	117	0	197 061
<b>6. Total disposal</b>	207 989	6 696	0	2 472 301
<b>IV. Portfolio at the end of the financial year</b>	666 696	67 931	0	40 638 885

Individual insurance policies								Collective insurance policies	
Endowment insurance (incl. capital formation insurance) without term life insurance and other life insurance solutions	Term Life Insurance Solutions		Annuity Insurance Policies (incl. invalidity and care pension insurance solutions) without other life insurance solutions		Other life insurance policies				
Number of insurance policies	Seq. no. Premium for one year in € K	Number of insurance policies	Seq. no. Premium for one year in € K	Number of insurance policies	Seq. no. Premium for one year in € K	Number of insurance policies	Seq. no. Premium for one year in € K	Number of insurance policies	Seq. no. Premium for one year in € K
2 313	1 213	369 697	60 686	1 999	1 884	249	139	355 793	1 115
0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0
387	142	78 437	7 714	628	743	0	0	65 182	812
0	7	0	130	0	35	0	6	0	0
0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0
387	149	78 437	7 844	628	778	0	6	65 182	812
0	0	0	0	0	0	0	0	0	0
33	14	443	166	0	0	0	0	930	20
59	58	15 463	961	12	4	0	0	74 343	131
98	33	5 482	3 246	192	205	34	19	6 462	537
0	1	5 935	1 174	4	10	0	0	264	0
0	0	496	117	0	0	0	0	97 739	0
190	106	27 819	5 664	208	219	34	19	179 738	688
2 510	1 256	420 315	62 866	2 419	2 443	215	125	241 237	1 239

**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	730 051	37 352 130
of which premium-free	(473 264)	(2 006 851)
2. Portfolio at the end of the financial year	666 696	40 638 885
of which premium-free	(332 192)	(4 936 266)

**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	168 482	889 582
2. Portfolio at the end of the financial year	40 293	508 706

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

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

Individual insurance policies								Collective insurance policies	
Endowment insurance (incl. capital formation insurance) without term life insurance and other life insurance solutions		Term Life Insurance Solutions		Annuity Insurance Policies (incl. invalidity and care pension insurance solutions) without other life insurance solutions		Other life insurance policies			
Number of insurance policies	Insurance sum in € K	Number of insurance policies	Insurance sum in € K	Number of insurance policies	12 times the annual annuity in € K	Number of insurance policies	Insured sum and/or 12 times the annual annuity in € K	Number of insurance policies	Insured sum and/or 12 times the annual annuity in € K
2 313	41 360	369 697	33 633 437	1 999	176 666	249	3 809	355 793	3 496 857
(398)	(3 102)	(112 336)	(855 911)	(120)	(1 252)	(0)	(3)	(360 410)	(1 146 580)
2 510	40 978	420 315	36 397 105	2 419	245 681	215	3 388	241 237	3 951 733
(375)	(2 900)	(99 023)	(1 723 736)	(114)	(1 134)	(0)	(6)	(232 680)	(3 208 490)

Additional casualty insurance policies		Additional occupational disability or invalidity insurance policies		Additional term life and temporary insurance policies		Other additional insurance policies	
Number of insurance policies	Insured amount in € K	Number of insurance policies	12 times the annual annuity in € K	Number of insurance policies	Insured sum and/or 12 times the annual annuity in € K	Number of insurance policies	Insured sum and/or 12 times the annual annuity in € K
163 373	248 844	4 507	632 208	0	0	602	8 530
36 418	65 127	3 243	434 983	0	0	632	8 596

# Appendix to the Notes.

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

Assets (in € K)	Balance- sheet values Previous year	Additions	Disposals	Write-ups	Write- downs	Balance- sheet values Financial year
<b>A. I Investments in affiliated compa- nies and participating interests</b>						
1. Participating interests	1 288.1	–	59.7	–	–	1 228.4
<b>A. II Other investments</b>						
1. Shares, units or shares in investment funds and other variable yield securities	7 753.9	10 216.1	–	2.3	–	17 972.4
2. Bearer bonds and other fixed-income securities	71 154.4	12 050.9	3 624.1	–	–	79 581.2
3. Other loans						
a) Registered bonds	53 000.0	2 000.0	2 000.0	–	–	53 000.0
b) Notes receivable and loans	79 400.0	6 000.0	9 000.0	–	–	76 400.0
c) Loans and advance payments on insurance policies	115.5	131.7	51.8	–	–	195.4
d) Other loans	200.1	48.1	–	–	–	248.3
4. Deposits at banks	33 127.5	5.5	–	–	–	33 133.0
<b>Total</b>	<b>246 039.5</b>	<b>30 452.3</b>	<b>14 735.6</b>	<b>2.3</b>	<b>–</b>	<b>261 758.5</b>

The company has made use of the option under section 341b (2) sentence 1 German Commercial Code (HGB) to allocate investment assets with a carrying amount of €17 972.4 K, fixed-income securities with a carrying amount of €79 581.2 K and registered bonds and promissory notes with a carrying amount of €129 400.0 K to non-current assets. The fair values are € 18 216.3 K for the investment assets, € 83 095.8 K for fixed-income securities, and € 138 417.9 K for the registered notes and promissory notes.

Assets (in € K)	Balance- sheet values Financial year	Hidden burdens	Hidden reserves	Fair values Financial year
<b>A. I Investments in affiliated companies and participating interests</b>				
1. Participating interests	1 228.4	319.3	–	909.0
<b>A. II Other investments</b>				
1. Shares, units or shares in investment funds and other variable yield securities	17 972.4	30.6	274.5	18 216.3
2. Bearer bonds and other fixed-income securities	79 581.2	98.8	3 613.4	83 095.8
3. Other loans				
a) Registered bonds	53 000.0	24.4	5 416.4	58 392.0
b) Notes receivable and loans	76 400.0	–	3 625.8	80 025.8
c) Loans and advance payments on insurance policies	195.4	–	–	195.4
d) Other loans	248.3	–	–	248.3
4. Deposits at banks	33 133.0	–	–	33 133.0
<b>Total</b>	<b>261 758.5</b>	<b>473.1</b>	<b>12 930.2</b>	<b>274 215.6</b>

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

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

#### Participating interests:

For the fair values of participating interests, the net asset values and/or the acquisition costs are taken as a basis.

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

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

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

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

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

The fair value was determined by means of individual title risk-adjusted-yield curves that were adjusted for 2019 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 2019 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 a total of €240 887.3 K (book value €228 430.2 K).

The total amount of acquisition costs of the investments to be included in the profit share amounts to € 85 204.5 K, the sum total of the fair value of the same investments comes to € 89 851.0 K. On 31 December 2019, the resulting balance amounts to € 4 646.5 K.

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

### **Participating interests:**

The book value of the participating investments on which no write-downs were performed is € 1 224.9 K on 31 December 2019, the fair value of which amounts to € 905.6 K.

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

The book value of the investments on which no write-downs were performed is € 3 788.0 K on 31 December 2019, the fair value of which amounts to € 3 757.3 K.

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

The book value of the investments on which no write-downs were performed is € 8 056.5 K on 31 December 2019, the fair value of which amounts to € 7 957.8 K.

### **Other loans:**

The book value of the investments on which no write-downs were performed is € 2 000.0 K on 31 December 2019, the fair value of which amounts to € 1 976.6 K.

For the participating interests, the determined long-term value is above the book value. For the securities, the impairments are only interest-induced. Therefore, we assume that the impairments are not long-term, and accordingly, we have not made any write-downs pursuant to Section 253 (3) (5) German Commercial Code (HGB).

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

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

### **Main insurance products**

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

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

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

- Deferred annuity insurance solutions with premium reimbursement and annuity guarantee

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

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

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

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

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

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

### **Additional insurance policies**

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

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

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

# *List of Companies.*

## **RheinLand Holding AG**

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# Credit Life AG.

## Supervisory Board

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

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

Andreas Daners  
Certified Insurance Agent  
Jüchen

Jürgen Stark  
Business IT Professional  
Brühl

## Executive Board

Lutz Bittermann  
Graduated mathematician  
Korschenbroich

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

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