



ANNUAL REPORT
2019

R+V Versicherung AG

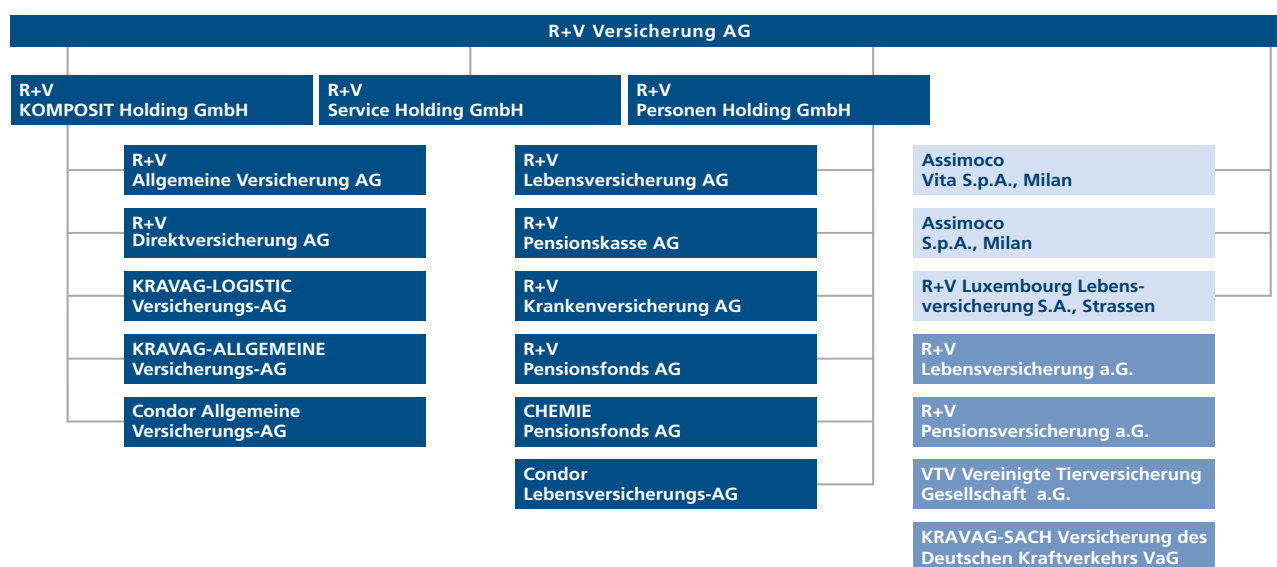


Volksbanken Raiffeisenbanken
cooperative financial network

R+V Versicherung AG

Annual Report 2019

Presented at the annual general meeting
on 28 May 2020

R+V Consolidated Group – simplified presentation


■ Domestic Consolidated Group Companies
 ■ Foreign Consolidated Group Companies
 ■ Further R+V Group Companies

FIGURES FOR THE FISCAL YEAR

in EUR million	R+V Versicherung AG	
	2019	2018
Gross premiums written	3,306	2,822
Gross expenditure on claims for the fiscal year	2,404	1,972
Current income from capital investments	475	401
Capital investments	7,600	7,118
Employees as at 31 December (number)	729	652
Gross premiums written		
Direct domestic insurers in the R+V Group (HGB)	14,905	14,049
R+V Group (IFRS)	17,398	16,133
Annual result – R+V Group (IFRS)	647	351
Capital investments – R+V Group (IFRS)	116,087	102,907

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MANAGEMENT REPORT

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For reasons of calculation, rounding differences may occur from the mathematically exact values (monetary units, percentages).

Management Report

Business development and general conditions

Business activities

R+V Versicherung AG is the controlling company of the R+V Consolidated Group. It holds direct and indirect majority interests in the direct insurance companies of the R+V Group. R+V Versicherung AG acts as the central reinsurer for the direct insurance companies belonging to R+V. It also acts independently on the international reinsurance market. It provides reinsurance services worldwide in all non-life classes.

Organisational and legal structure

R+V Versicherung AG is majority-owned by DZ BANK AG Deutsche Zentral-Genossenschaftsbank (DZ BANK AG), Frankfurt am Main. Additional shares are held by other cooperative associations and institutes. The Board of Management for R+V Versicherung AG is responsible for all insurance business within the DZ BANK Group.

A profit transfer agreement was reached between R+V Versicherung AG and DZ BANK AG for the period between 01 January 2017 and 31 December 2021. The annual general meeting for R+V Versicherung AG determined an amount of authorised capital on 08 June 2017. This authorises the Board of Management, with the agreement of the Supervisory Board, to increase the share capital of R+V Versicherung AG, one or more times, by issuing new restricted registered individual shares in exchange for cash contributions from a nominal amount up to a total amount of approximately EUR 23 million, corresponding to a total issue amount of approximately EUR 250 million. The authorised capital can be used until 31 May 2022.

In connection with the profit transfer agreement, there is also a tax sharing agreement in place between DZ BANK AG and R+V Versicherung AG, by which the subsidiary company, R+V Versicherung AG, is subject to a notional tax assessment on the basis of the applicable laws and regulations. Due to the tax sharing agreement, R+V Versicherung AG is treated as though it were taxed independently.

The R+V Versicherung AG subsidiaries, R+V KOMPOSIT Holding GmbH and R+V Personen Holding GmbH, consolidate shareholdings of subsidiary business divisions of property and accident insurance, as well as life and health insurance. In addition to this, the service provider subsidiaries are brought together under R+V Service Holding GmbH.

Some Boards of R+V companies are managed jointly by the same director. The R+V Group is managed as a single company.

The integrated management of the R+V Group is also reflected in extensive internal outsourcing agreements between the companies.

Shareholder structure

As per the reporting date, R+V Versicherung AG's shares were held directly or indirectly by the following shareholders:

- DZ BANK AG Deutsche Zentral-Genossenschaftsbank, Frankfurt am Main
- Bayerische Raiffeisen-Beteiligungs-AG, Beilngries
- GBK Holding GmbH & Co. KG, Kassel
- Beteiligungs-AG der bayerischen Volksbanken, Pöcking
- Norddeutsche Genossenschaftliche Beteiligungs-AG, Hannover
- KRAVAG-SACH Versicherung des Deutschen Kraftverkehrs VaG, Hamburg
- 542 co-operative banks from all regions of Germany
- 6 free-float shares

Relations to affiliated companies

Owing to the profit and loss transfer agreement concluded with DZ BANK AG, the obligation to prepare a dependent company report ceases to apply according to Section 316 AktG (Aktienengesetz [German Companies Act]).

Corporate Governance

In implementing the "Gesetz für die gleichberechtigte Teilhabe von Frauen und Männern an Führungspositionen in der Privatwirtschaft und im öffentlichen Dienst" (Act on Equal Participation of Women and Men in Executive Positions in the

PROPORTION OF WOMEN

in %	Defined target by 30 June 2022
Supervisory Board	25.0
Board of Management	12.5
First level of management below the Board of Management	16.6
Second level of management below the Board of Management	15.0

Private and the Public Sector), the Supervisory Board and Board of Management of R+V Versicherung AG, being the company subject to co-determination requirements, defined the following targets in 2017 with an implementation deadline for said targets of 30 June 2022.

Personnel report

The number of employees at R+V Versicherung AG increased by 77 employees to 729 compared with 652 employees in the previous year. The average time of service for the company was approximately 10 years.

Training and professional development

R+V's training and professional development opportunities provided by the R+V Academy include, among others, new learning formats, digital teaching and learning approaches, web-based training sessions, webinars, virtual seminars as well as creative collaboration and networking strategies. Decentralised training and professional development events are also part of these opportunities. The average number of professional development days per employee in 2019 totalled 4.6 days in administration (2018: 4.3 days) and 13.1 days in field sales (2018: 9.2 days).

R+V provides training in the following professions within the framework of its qualification programmes for young professionals:

- Commercial representatives for insurance and finance specialising in insurance
- IT specialists with emphasis on applications development or system integration

R+V also offers the following cooperative education courses:

- Bachelor of Science in Insurance and Finance combined with training as a specialist in insurance and finance in the field of insurance
- Bachelor of Arts in Business Administration specialising in insurance or industrial insurance
- Bachelor of Science in Applied Computer Science combined with training as an IT specialist
- Bachelor of Science in Business Information Systems, possibly in combination with training as an IT specialist

The hiring rate for trainees in 2019 was 89.9 % in administration and 80.0 % for students on cooperative training programmes. 96.0 % of trainees and students were then offered a position in field sales.

Remuneration and additional benefits

R+V generally pays staff in administration a fixed remuneration amount, consisting of twelve months' salary plus two months' salary as a Christmas and holiday bonus. In addition, there is also the option of variable remuneration. Up to two months' salary can be made variable for this purpose.

The monthly salaries in field sales consist of a basic salary plus revenue and quality-based commission. The successful achievement of sales targets is also rewarded with a bonus payment. The collective wage special payments are increased in accordance with the works agreement.

Furthermore, R+V offers additional benefits tailored to various stages of life. These benefits range from a company pension scheme to improved insurance terms and employee participation, to mobility support such as the "Jobticket".

Flexible working time models

By implementing flexi-time and flexible working time models, R+V provides its employees with a framework within which combines needs of the company with the individual's personal circumstances. In addition to flexi-time,

- working hours can be made variable through part-time employment models,
- the workplace offers options for teleworking and mobile working,
- personal time can be taken for private matters, in-home care for family members or pursuing professional development opportunities, and
- the transition to retirement can be arranged by way of lifetime working-hours accounts.

Corporate health management

R+V provides its employees with a range of measures promoting good health as part of its corporate health management (CHM) system. These include preventative measures, such as consultations with the company doctor and health checks, regular flu vaccinations or consultations regarding workplace-ergonomics. These measures are supplemented by the "purple" online health portal, which provides information and targeted ideas and suggestions on health-related matters, such as fitness or nutrition. There are also a number of services promoting movement and fitness, such as company sports groups and groups of interest, or R+V's own fitness studios and activities. Employees can also make use of psychological consultation services in the form of social counselling for individual information and advice, or in the form of anonymous telephone-based psychological counselling via the "Lebenslagenhotline" (life-situation hotline). Since 2019, R+V's executives have also been able to make use of a support hotline tailored to their needs.

Work and family

In order to make it easier for employees to enjoy a better balance between their work, family and private life, R+V provides a wide range of support services working in close

collaboration with the nationwide service-provider pme Familienservice. Such services include advisory and agency services in terms of childcare, arrangement of emergency care at short notice and the arrangement of special advisory services for parents and families. In a childcare emergency parent and child workstations are available at all administration sites at short notice. There is also collaboration in place with two day-care facilities in Wiesbaden, and holiday care services are available throughout Germany. Employees can also access pme-Familienservice's advisory, agency and support services for family-related nursing cases. Where there are exceptional family-related situations, R+V can grant special leave and extend any parental leave by six months after the end of the statutory period of parental leave. During this period of parental leave, employees may continue their duties in their previous role with reduced working hours. In addition, R+V also pays out an allowance for births and weddings.

Seals of approval, certificates and memberships

R+V received the following seals of approval and certificates as an employer in 2019:

- R+V has been certified by the Top Employer Institute as one of "Germany's Top Employers" for its excellent conditions for employees for the 13th time in succession.
- The employer evaluation platform kununu.de awarded R+V the "Top Company" seal of approval once again in 2019.
- According to the "Trendence Schülerbarometer" (Trendence student barometer), R+V is regarded by students as one of Germany's most attractive employers.
- R+V has been awarded the "Fair Company" seal of approval by the web portal karriere.de, which awards prizes to companies that are committed to fair conditions regarding trainee employment and remuneration, since 2005.
- R+V is repeatedly awarded the "audit berufundfamilie" (audit work and family) certificate by the charitable Hertie Foundation since 2012.
- R+V also received the "top4women" signet in 2019, emphasising the company's commitment to equal opportunities and promoting female experts and executives.

R+V is a member of the following corporate initiatives and networks:

- By signing up for the “Charta der Vielfalt” (Diversity Charter) in 2011, the company is committed to the recognition, appreciation and integration of diversity within its ranks.
- R+V is a member of the “Erfolgsfaktor Familie” (Success Factor Family) company network, which advocates the implementation of a particularly family-friendly personnel policy.
- R+V is part of the local “Bündnis für Familie Wiesbaden” (Wiesbaden Family Alliance).

Sustainability

With regard to the subject of sustainability, R+V has achieved numerous milestones in the 2019 fiscal year and has continued a number of existing initiatives:

R+V reduces its paper consumption

According to figures calculated at the start of 2019, R+V's annual consumption of paper has continued to fall, most recently from 1,550 tonnes (in 2017) to 1,436 tonnes (in 2018). A very large proportion of this reduction in paper consumption was down to a change in R+V-PrivatPolice (PriPo) policies. Although PriPo customers have continued to receive their insurance policies in paper format since November 2017, the terms and conditions are made available via the “Meine R+V” (My R+V) customer portal or in digital format. At the same time, R+V has also reduced its carbon dioxide emissions (“CO₂ footprint”). These emissions have reduced from 20,605 tonnes (in 2017) to 19,106 tonnes (in 2018). When measured between 2009 and 2018, CO₂ emissions have therefore fallen by approximately 43 %.

There is particular potential to further reduce CO₂ emissions in relation to mobility, as precisely 67 % of current emissions are attributable to business travel and car fleet use. It is for this reason that R+V arranges “mobility days” for its employees on a regular basis. These events are all about exploring the most environmentally-friendly and economical way to travel between home and workplace. The last mobility day, where

various experts were once again on hand to provide free advice, took place in Wiesbaden back in June. The R+V Environment and Sustainability team provided information about the TwoGo car-sharing app, the Parkinator parking-app and the “Jobticket”, among others. Deutsche Bahn AG had its own separate stand, providing details about its various offers. Furthermore, employees with an interest were able to test-drive electric cars and e-bikes.

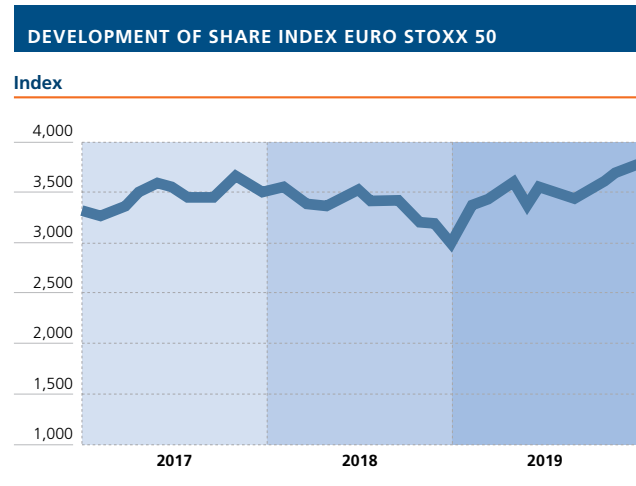
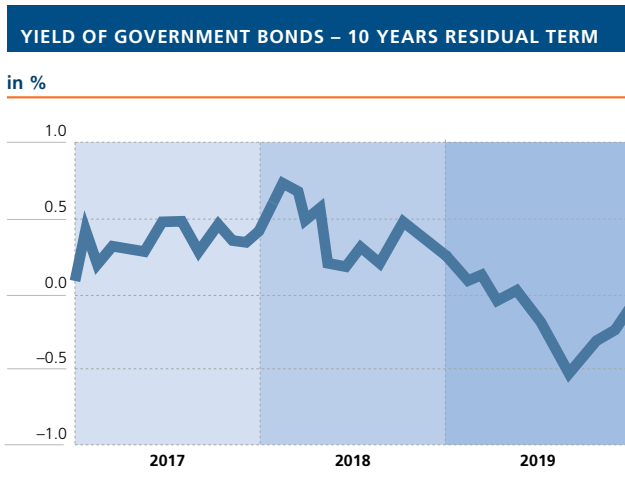
The city of Wiesbaden also confirmed once again R+V's ecological commitment, honouring it as an “ÖKOPROFIT” company for the sixth year in succession. This title is given exclusively to those companies that protect the environment and whose activities are also economically viable. The Hesse state capital also awarded R+V the title of “CSR Regio.net” organisation. In the “CSR Regio.Net Wiesbaden” project, companies in the city work together to promote the issues of sustainability and responsible conduct in the region.

R+V STIFTUNG supports numerous charitable initiatives

In addition to environmental and climate protection measures, the R+V sustainability strategy also includes social commitment as one of its fixed components. The R+V STIFTUNG foundation, established in 2018, once again supported numerous projects and associations in 2019. These projects and associations aim to implement the cooperative idea of helping people to help themselves and are focused on young people and education as well as civic involvement. The various funded initiatives included, among others, the “WiesPaten” initiative, which provides special remedial teaching to students, the “JOBBLINGE” initiative, which supports young people in their efforts to launch their careers with the aid of voluntary mentors, and the “BürgerKolleg Wiesbaden” educational establishment, which provides further training for volunteers free of charge.

New sustainability report published

The R+V sustainability report provides an overview of all the activities concerning sustainability. As has already been the case in previous years, the report for 2018 complies with the



guidelines for sustainability reporting issued by the Global Reporting Initiative, and therefore satisfies internationally-recognised transparency standards. In the “Ranking of Sustainability Reports”, a study by the Institut für ökologische Wirtschaftsforschung (IÖW, Institute for Ecological Economy Research) published in February 2019, R+V’s report was ranked 26th out of Germany’s 100 largest companies. The IÖW publishes this study since 1994. The R+V sustainability report was audited by the IÖW for the first time back in 2015. R+V was ranked 47th that year. The entire R+V sustainability report is available on R+V’s website at www.nachhaltigkeitsbericht.ruv.de.

Non-financial reporting in accordance with the CSR Directive Implementation Act

R+V Versicherung AG is included in the non-financial Group declaration issued by DZ BANK AG Deutsche Zentral-Genossenschaftsbank, Frankfurt am Main, and is therefore exempt from the requirement to submit a separate non-financial declaration. The non-financial Group declaration is shown in the Annual Report 2019 issued by the DZ BANK Group under the section titled “Non-financial declaration” and is available in German on the following website: www.berichte2019.dzbank.de

Macroeconomic development 2019

Growth in Germany weakened in 2019. According to the initial calculations by the German Federal Statistical Office, gross domestic product grew by 0.6 %. Private and government consumer consumption as well as the construction industry were the drivers of growth. The inflation rate amounted to 1.4 %, which was lower than the figure for the previous year. Unemployment remains at a sustained low level.

Growth in the euro area also fell, with inflation falling at the same time. There was also a drop in economic momentum and the inflation rate in the USA, albeit from significantly higher levels.

Development on the capital markets

A shift in monetary policy by the American central bank (Fed), the European Central Bank (ECB) and other central banks had a major impact on capital market performance in 2019. Although an increase in interest rates had been expected at the start of the year, the Fed cut the Federal Funds rate by a total of 75 basis points in three stages during the course of the year. In the autumn, the ECB passed a comprehensive set of measures to ease monetary policy, which included, among others, the resumption of controversial bond-purchasing activity in the volume of EUR 20 billion per month.

Business development and general conditions

R+V VERSICHERUNG AG – PREMIUM INCOME BROKEN DOWN INTO THE ESSENTIAL BRANCHES OF INSURANCE

in EUR million	2019 Gross	2018 Gross	Change Gross %	2019 Net	2018 Net	Change Net %
Life	21.9	26.2	-16.6	11.0	15.2	-27.6
Accident	57.8	55.6	3.9	57.8	55.6	3.9
Liability	46.9	55.5	-15.5	46.9	55.5	-15.5
Motor	1,528.8	1,326.1	15.3	1,518.7	1,317.2	15.3
Fire	811.7	678.8	19.6	790.1	656.0	20.4
Marine & Aviation	152.2	112.6	35.1	152.0	112.5	35.0
Other	686.6	567.3	21.0	668.2	551.8	21.1
Total	3,305.9	2,822.2	17.1	3,244.7	2,763.7	17.4

Political uncertainty increased in 2019, which was also reflected in the relevant capital markets. The trade conflict between the USA and China continued and was the cause of a fall in global trade volumes. There was concern in Europe over the economic impact of the United Kingdom's uncoordinated withdrawal from the EU (Brexit), before the British parliament accepted the terms of the Withdrawal Agreement in December. This reduced the risk of an uncoordinated withdrawal.

The interest yield on ten-year German government bonds totalled - 0.2 % by the end of 2019, and continues to remain at a very low level. The spreads of corporate and bank bonds narrowed in 2019. The spreads of debentures also decreased.

The German DAX stock market index, which takes into account dividend payments alongside market performance (performance index), gained 25.5 % of its value by the end of the year, when compared to the previous year, reaching 13,249 points. The Euro Stoxx 50 (price index), the key stock market index for the euro area, increased by 24.8 % compared to the previous year, reaching 3,745 points by the end of the year.

Situation in the insurance industry

As the Gesamtverband der Deutschen Versicherungswirtschaft e.V. (GDV, German Insurance Association) announced at its annual press conference held at the end of January 2020, the

German insurance industry posted premium growth of 6.7 % in the 2019 fiscal year, making a total of EUR 216.0 billion.

Development of the reinsurance markets

The major-claims burden in the first half of 2019 remained at a low level. The macroeconomic as well as the insured instances of catastrophe losses were below the figures of the previous year as well as below the level of the last ten years.

Several major loss events, particularly resulting from natural disasters, were recorded in the second half of 2019. Dorian, a hurricane of the highest category, hit the Bahamas in September. With a total of 70 fatalities and severe devastation over large parts of the group of islands, Dorian proved to be the strongest hurricane on record locally. Typhoon Faxai hit the Japanese mainland on 08 September 2019. The Tokyo/ Yokohama metropolitan region suffered major property losses, although the number of fatalities remained low. In October, Super Typhoon Hagibis caused losses worth billions and resulted in 90 fatalities in the Japanese region of Kanto. Not all of the losses from these typhoons have been definitively assessed to date.

Looking at the year as a whole, both insured losses from natural disasters as well as losses caused by human activity were below the level of the previous year and the average value over the past ten years.

R+V VERSICHERUNG AG – REINSURANCE INDICATORS

in EUR million	2019 Total Gross	Thereof Group Gross	Thereof third-party Gross	2018 Total Gross	Thereof Group Gross	Thereof third-party Gross
Premiums written	3,305.9	484.8	2,821.2	2,822.2	490.1	2,332.1
Domestic	710.7	479.8	230.9	682.1	481.2	200.9
Foreign	2,595.3	5.0	2,590.3	2,140.1	8.9	2,131.2
Losses	2,566.3	349.3	2,217.0	2,142.6	354.3	1,788.3
Domestic	493.8	347.0	146.7	492.4	350.3	142.2
Foreign	2,072.6	2.3	2,070.3	1,650.2	4.0	1,646.2
Costs	781.3	95.0	686.3	679.3	99.4	579.9
Domestic	151.1	92.9	58.2	147.9	97.8	50.1
Foreign	630.2	2.1	628.1	531.4	1.6	529.8
Results before equalisation provision	-39.2	41.1	-80.3	16.3	39.3	-23.1
Domestic	66.7	40.0	26.7	47.3	36.2	11.1
Foreign	-105.9	1.0	-106.9	-31.0	3.2	-34.0

Development of individual countries and regions

In terms of the loss situation in **Germany**, the Whitsun storm “Jörn”, which caused insured property-losses in the mid three-digit million euro range in the Munich region, was a particularly significant event. The restructuring efforts from previous years in the motor segment stagnated, and there is a risk that the major motor insurers will once again enter into a price war. There were continued restructuring efforts in the business involving fire and industry insurance. Insurers continued to see the need for shaping this segment in a positive way.

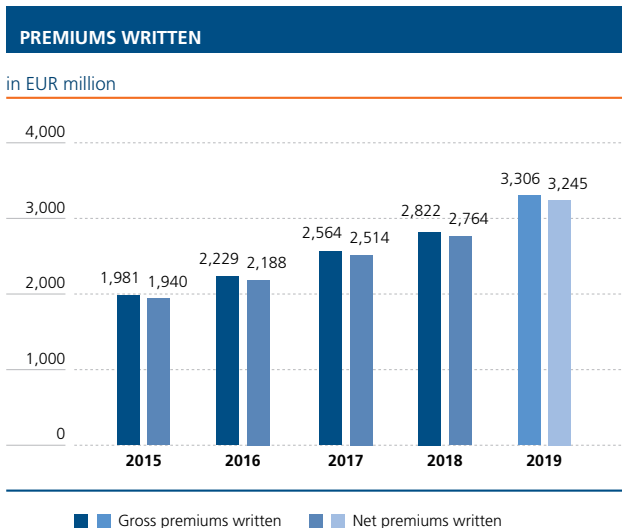
Brexit remained the topic of the day in the **United Kingdom**, dominating the country’s political landscape. The Ogden rate, the discount rate used to calculate lump sum payments, was raised following pressure from the insurance industry, albeit to a lesser extent than expected. This resulted in increased pressure on reinsurance rates in the non-proportional motor sector.

In the **USA**, there was once again an increased frequency of small and medium-sized regional tornado and hail events in the Mid-West in 2019. There was also an increase in damage

caused by snow pressure and frost in the first quarter, which weighed down the annual stop-loss programmes overall. Hurricane Dorian only clipped the East Coast of the USA and did not cause the extensive level of damage that had originally been feared. Some significant price increases occurred in all segments, depending on the loss situation of the cedents.

South African economy growth remained slow in 2019. The upturn expected as a result of political change along with a number of major projects failed to materialise. As was the case in 2018, South Africa did not suffer any major natural disasters or individual instances of major losses in 2019 either. From a reinsurance perspective, price increases have generally been noted in the non-life business since 2018. This trend continued to apply in 2019.

The **Italian** market was characterised by a high frequency of storm events between June and November in 2019. Combined losses came to approximately EUR 500 million for the insurance market. The growth-expectations for the motor liability class at the start of 2019 were not met. The average premium fell again by approximately 2 % compared to the previous year.



TOTAL BUSINESS NON-LIFE

in %	2017	2018	2019
Reported gross loss ratio	79.5	75.5	77.6
Gross expense ratio	25.1	23.9	23.5
Gross combined ratio	104.6	99.4	101.1

Business performance of R+V Versicherung AG

Business overview

The gross premiums written rose by 17.1 % to EUR 3,305.9 million (2018: EUR 2,822.2 million).

The reported gross loss ratio was 77.5% (2018: 75.5 %).

The gross expense ratio of 23.6 % was slightly below the previous year's value of 23.9 %.

Taking into consideration the EUR 62.9 million contribution to equalisation provisions and similar provisions (2018: EUR 11.0 million), there was a technical result for own account amounting to EUR - 155.1 million (2018: EUR - 36.8 million).

Then non-technical result increased from EUR 337.2 million the previous year to EUR 451.0 million.

The fiscal year ended with a result of EUR 295.8 million for the normal business activities (2018: EUR 300.4 million).

Based on the tax allocation agreement with DZ BANK AG, tax expenditure came to EUR 160.3 million (including the tax transfer) (2018: EUR 203.8 million). A profit of EUR 135.5 million was transferred on the basis of the profit transfer agreement concluded with DZ BANK AG (2018: EUR 96.6 million).

Business developments in the individual classes

Accident

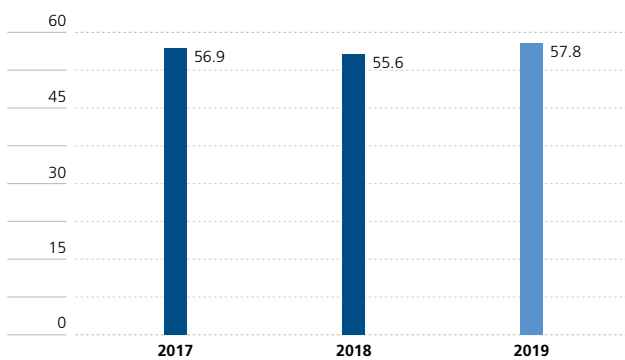
Improved result for own account

With an unchanged 97.1 % of premiums, general accident insurance continues to be the dominant individual insurance-class within the insurance sector. The insurance sector also includes motor personal-accident insurance. The gross premiums written amounted to EUR 57.8 million in the fiscal year (2018: EUR 55.6 million).

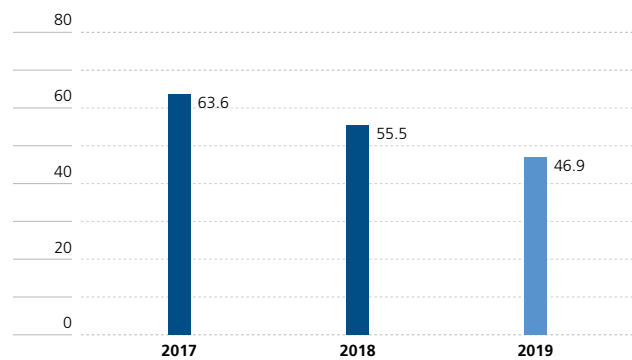
The reported gross loss ratio amounted to 45.6 % (2018: 63.7 %). The gross expenditure on insurance operations performed sub-proportionally to the gross premiums written, meaning therefore that the gross expense ratio was reduced once again. Before the change in the equalisation provision, the result for the class, based in particular on the more favourable claims history compared to the previous year, amounted to EUR 8.4 million (2018: EUR - 4.5 million loss). The equalisation provision was furnished with EUR 5.8 million (2018: withdrawal of EUR 4.7 million). The fiscal year therefore resulted in a technical result for own account amounting to EUR 2.5 million (2018: EUR 0.2 million).

ACCIDENT INSURANCE – GROSS PREMIUMS

in EUR million

**LIABILITY INSURANCE – GROSS PREMIUMS**

in EUR million

**ACCIDENT INSURANCE**

in %	2017	2018	2019
Reported gross loss ratio	45.3	63.7	45.6
Gross expense ratio	49.8	44.8	40.3
Gross combined ratio	95.1	108.4	85.9

LIABILITY INSURANCE

in %	2017	2018	2019
Reported gross loss ratio	65.0	47.9	51.8
Gross expense ratio	38.5	37.4	37.7
Gross combined ratio	103.5	85.3	89.5

Liability*Renewed technical profit for own account*

R+V Versicherung AG recorded gross premiums written of EUR 46.9 million in the liability class (2018: EUR 55.5 million). This decline can primarily be attributed to a reduction in the quota share reinsurance in the group business. The gross premiums written increased by 8.7 % in the external business.

The reported gross loss ratio amounted to 51.8 % (2018: 47.9 %). In connection with the gross expense ratio of 37.7 % (2018: 37.4 %), the gross combined ratio totalled 89.5 % (2018: 85.3 %).

Before any change in the equalisation provisions and similar provisions, the gross technical result amounted to EUR 5.0 million (2018: EUR 8.4 million). Following a withdrawal from

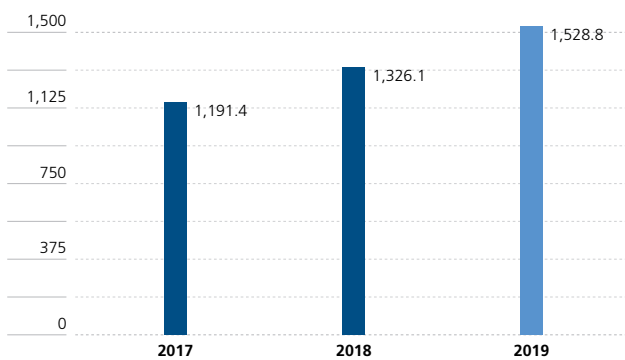
the equalisation provision and similar provisions of EUR 3.0 million (2018: EUR 6.4 million), the class closed with a technical profit for own account of EUR 8.0 million (2018: EUR 14.8 million).

Motor*Renewed increase in premiums*

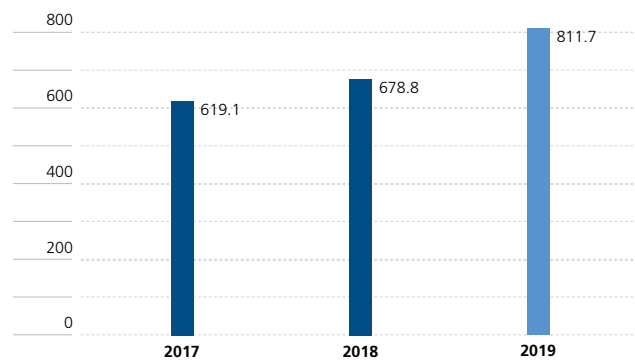
Motor insurance makes up 46.2 % of gross premiums written and offers worldwide coverage. R+V Versicherung AG recorded a 15.3 % increase in the gross premiums written to EUR 1,528.8 million (2018: EUR 1,326.1 million). 27.2 % of the premium volume in this class originated from R+V companies, which recorded an increase of 4.0 % on the domestic market. In overseas business, premium growth of 18.0 % was achieved, particularly in Great Britain.

MOTOR INSURANCE – GROSS PREMIUMS

in EUR million

**FIRE INSURANCE – GROSS PREMIUMS**

in EUR million

**MOTOR INSURANCE**

in %	2017	2018	2019
Reported gross loss ratio	90.6	79.5	84.0
Gross expense ratio	18.7	17.7	17.1
Gross combined ratio	109.4	97.2	101.1

FIRE INSURANCE

in %	2017	2018	2019
Reported gross loss ratio	61.4	72.9	73.9
Gross expense ratio	30.6	28.7	29.1
Gross combined ratio	92.0	101.7	103.0

Loss expenditures incurred during the fiscal year increased by 20.7 %, resulting in a loss ratio for the fiscal year of 78.8 % (2018: 75.0 %). In connection with the declined settlement result for the equalisation provisions carried over from the previous year, the reported gross loss ratio was 84.0 % (2018: 79.5 %). Various major losses were the cause of this development.

The operating expenses followed the premium growth and increased by 10.8 % to EUR 261.8 million (2018: EUR 236.2 million). Following a withdrawal from the equalisation provision of EUR 13.8 million (2018: EUR 16.3 million), the technical result for own account was EUR - 17.1 million (2018: profit of EUR 40.9 million).

Fire

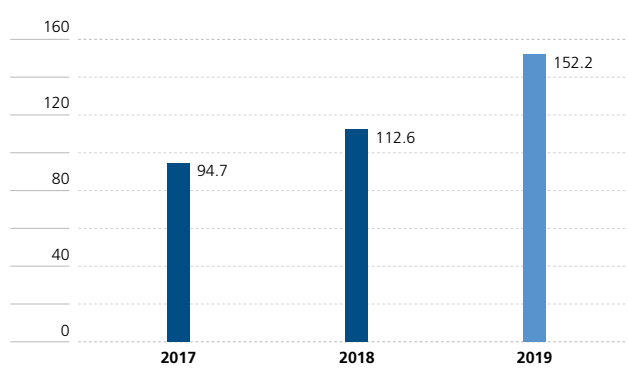
Claims experience characterised by major losses

Fire insurance recorded an increase of 19.6 % in the premiums written to EUR 811.7 million (2018: EUR 678.8 million). EUR 718.2 million or 88.5 % of gross premiums in this insurance sector were attributed to foreign business. 99.6 % of the volume of premiums results from cedents external to R+V.

Loss expenditures incurred during the fiscal year came to EUR 585.8 million (2018: EUR 459.7 million). The claims experience during the course of the fiscal year was in particular characterised by Hurricane Dorian (Caribbean) and Typhoons Faxai and Hagibis (both in Japan), which are also partially depicted in this insurance sector on the basis of international customs, as well as various other instances of major losses. In combination with an improved settlement result from the car-

MARINE AND AVIATION INSURANCE – GROSS PREMIUMS

in EUR million



MARINE AND AVIATION INSURANCE

in %	2017	2018	2019
Reported gross loss ratio	77.9	70.2	84.7
Gross expense ratio	30.6	30.1	27.8
Gross combined ratio	108.6	100.3	112.5

ried-forward provisions, the reported gross loss ratio amounted to 73.9 % (2018: 72.9 %) so that, when combined with the operating expenses, this resulted in a gross combined ratio of 103.0 % (2018: 101.7 %).

Before the change in the equalisation provision, the class closed the fiscal year with a net loss of EUR - 47.7 million (2018: EUR - 29.9 million). The equalisation provision was furnished with EUR 19.7 million (2018: EUR 26.6 million). Consequently, there was a technical result of EUR - 67.3 million (2018: EUR - 56.5 million).

Marine and aviation

Premium growth in both classes

Both insurance sectors recorded an extremely significant increase in gross premiums written. The gross premiums written in the marine business amounted to EUR 84.0 million, com-

pared to EUR 50.9 million the previous year. In the aviation class, gross premiums written amounted to EUR 68.2 million (2018: EUR 61.7 million). Overall, there was an increase in premiums of 35.1 % to EUR 152.2 million (2018: EUR 112.6 million). The most important markets according to premium volumes were the United Kingdom, Netherlands and Germany for the marine business, as well as the USA still for the aviation business.

Loss expenditures incurred during the fiscal year developed in a disproportionate manner in both classes when compared to premium performance. In connection with the settlement result for the provisions carried over from the previous year, the reported gross loss ratio was 84.7 % (2018: 70.2 %). EUR 6.8 million was withdrawn from the equalisation provision (2018: EUR 2.8 million). The technical result for own account was EUR - 13.7 million (2018: profit of EUR 2.4 million).

Other insurance classes

Claims experience characterised by storm events

Other insurance classes include health, legal, comprehensive home contents and home-owners, other non-life insurance, other insurance and credit and bonds insurance. The burglary and theft, engineering, water damage, glass, storm, hail, livestock and nuclear facility non-life insurance are grouped together in the other non-life insurance category. Other insurance includes the all risks and fidelity losses classes as well as motor warranty insurance.

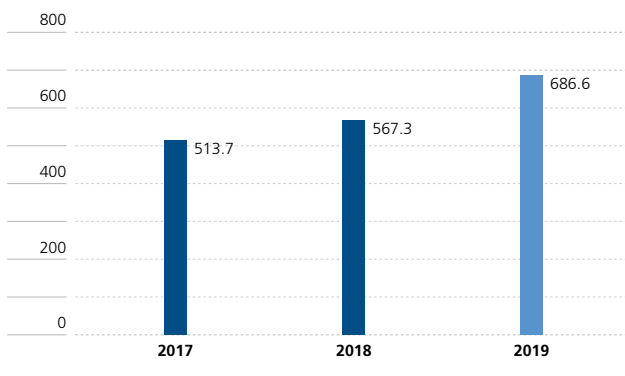
The other insurance classes recorded an increase of 21.0 % in gross premiums written to EUR 686.6 million (2018: EUR 567.3 million). The dominating classes here were the credit/bonds, storm and engineering classes, with a combined premium share of 84.4 % (2018: 86.6 %). All three insurance classes recorded a very significant increase in premiums during the fiscal year.

The expenditure on claims for storm insurance was characterised by Hurricane Dorian (Caribbean) and Typhoons Faxai and Hagibis (both in Japan). Additional provisions for storm

Business performance of
R+V Versicherung AG / Earnings
position

OTHER INSURANCE CLASSES – GROSS PREMIUMS

in EUR million



OTHER INSURANCE CLASSES

in %	2017	2018	2019
Reported gross loss ratio	81.8	74.3	70.9
Gross expense ratio	27.6	28.0	27.8
Gross combined ratio	109.4	102.3	98,6

events from the previous year and various other instances of storm damage also had an impact on the claims experience. The expenditure on claims for credit and bonds insurance declined, while engineering insurance recorded a sub-proportional increase in expenditure on claims. The reported gross loss ratio for storm insurance amounted to 99.0 %, compared to 89.9 % in the previous year. There was an improvement in the reported gross loss ratio for credit and bonds insurance (51.1 % following on from 67.8 %) and engineering insurance (67.3 % following on from 79.0 %).

Taking into account the changes arising from the equalisation provision and similar provisions, the other insurance classes reported a total technical loss for own account of EUR - 68.8 million (2018: EUR - 42.0 million).

Earnings position

Premium revenues

Net premiums written were in line with the increase in gross premiums written (EUR 3,305.9 million following on from EUR 2,822.2 million) and amounted to EUR 3,244.7 million (2018: EUR 2,763.7 million; + 17.4 %). The retention rate was 98.2 % (2018: 97.9 %).

With adjustments due to the foreign currency effect, gross premium growth amounted to 14.1 %. The percentage of gross income from premiums arising from non-proportional reinsurance reached 25.6 % (2018: 28.3 %).

The domestic group business generated gross premiums written of EUR 477.9 million, a similar level to the previous year (2018: EUR 479.4 million). An increase in premiums written in the motor segments was offset by opposing developments in the liability and accident branches of insurance, which can be attributed to a reduction in the quota share reinsurance.

In the external business, gross premiums written from domestic cedents increased from EUR 200.9 million to EUR 230.9 million. This development resulted in particular from the motor liability insurance sector.

At EUR 2,595.3 million, the proportion of foreign business amounted to 78.5 % of the total premiums written (2018: 75.8 %). The increase by EUR 455.2 resulted, among others, from contracts with cedents in the United Kingdom, South Africa, France and Italy.

Insurance performance

The gross loss ratio for the fiscal year amounted to 72.6 % (2018: 69.4 %) for the total business. The reported gross loss ratio was 77.5 %, following on from 75.5 % the previous year. After taking retrocession into account, there remained a reported net loss ratio of 78.9 % (2018: 76.6 %).

The gross loss ratio for the fiscal year in the non-life segment was 72.5 %, following on from 69.2 % the previous year. The reported gross loss ratio was 77.6 %, following on from 75.5 % in the previous year.

The gross loss ratio for the fiscal year in the non-life segment for group business was 79.5 %, following on from 77.0 % in the previous year. The reported gross loss ratio amounted to 73.1 % (2018: 72.5 %).

The gross loss ratio for the fiscal year in the non-life segment in external business was 71.3 %, following on from 67.6 % in the previous year. The reported gross loss ratio amounted to 78.4 % (2018: 76.1 %).

On 31 December 2019, the gross major-claims burden (claims greater than EUR 3.0 million) in external business came to EUR 484.9 million, which corresponds to 14.7 % of the gross premiums written.

Costs

Gross expenditure on insurance operations increased compared to the previous year by 15.0 % and amounted to EUR 781.3 million (2018: EUR 679.3 million). In terms of earned gross premiums, the gross expense ratio fell from 23.9 % to 23.6 %.

The gross combined ratio increased from 99.4 % in the previous year to 101.2 %, and the gross combined ratio for the entire non-life segment was 101.1 % (2018: 99.4 %).

Technical result

The gross technical result amounted to EUR - 39.2 million (2018: gross profit of EUR 16.3 million). After taking retrocession into account, there was a technical net result before any change in the equalisation provisions and similar provisions of EUR - 92.2 million (2018: EUR - 25.8 million).

EUR 62.9 million were added to the equalisation provisions and similar provisions (2018: EUR 11.0 million).

GUARANTEED FUNDS

in EUR millions	2019	2018
Share capital	352.2	352.2
Capital reserves	1,632.9	1,632.9
Retained earnings	164.7	164.7
Net retained profits	–.–	–.–
Shareholders' equity	2,149.8	2,149.8
Unearned premium reserves	188.9	186.2
Actuarial reserves	24.3	27.7
Provision for outstanding claims	4,833.2	4,096.5
Provision for premium funds	4.8	4.4
Equalisation provision and similar provisions	937.5	874.6
Other technical provisions	1.4	0.9
Total technical provisions	5,990.1	5,190.4
Guarantee funds	8,139.8	7,340.1

The technical result for own account was EUR - 155.1 million (2018: EUR - 36.8 million), resulting in particular from the following classes, namely fire in the sum of EUR - 67.3 million (2018: EUR - 56.5 million), storm in the sum of EUR - 35.8 million (2018: EUR - 14.8 million), credit/bonds in the sum of EUR - 19.5 million (2018: EUR - 16.3 million) and motor in the sum of EUR - 17.1 million (2018: profit of EUR 40.9 million).

Result from capital investments

R+V Versicherung AG attained an ordinary income of EUR 475.2 million from its capital investments. Less ordinary expenses of EUR 15.8 million in consideration of scheduled real estate depreciation of EUR 0.1 million, there was an ordinary result of EUR 459.4 million (2018: EUR 386.2 million).

Impairment of EUR 3.2 million was required for R+V Versicherung AG's capital investments. Due to the recovery in value, a figure of EUR 10.7 million was written up. Through sales of assets, R+V Versicherung AG achieved capital gains of EUR 3.2 million, offset by capital losses of EUR 0.6 million. The difference in write-ups and write-downs as well as the capital gains and losses resulted in an ordinary result of EUR 10.1 million (2018: EUR - 37.2 million).

The net result from capital investments as the difference between the ordinary and the extraordinary result thus amounted to EUR 469.6 million for the 2019 fiscal year compared with EUR 349.0 million in the previous year. The net interest was 6.4 % (2018: 5.1 %).

Other earnings and expenses

During the fiscal year, other earnings came to EUR 49.6 million (2018: EUR 54.6 million). The service and interest incomes were important components. The decline compared to the previous year can in particular be attributed to lower reporting date-related exchange rate gains.

Other expenses of EUR 72.3 million (2018: EUR 71.0 million) primarily included operating costs, which are seen alongside income from the additional charges to group affiliates, interest and consultancy fees, exchange rate losses as well as association and membership fees.

Extraordinary result

There were no extraordinary earnings and expenses for the year under review.

Overall result

The result from ordinary business activities was EUR 295.8 million (2018: EUR 300.4 million). In consideration of tax expenditure (including transfers) of EUR 160.3 million in total (2018: EUR 203.8 million), this produces a profit transfer of EUR 135.5 million based on the profit and loss transfer agreement concluded with DZ BANK AG (2018: EUR 96.6 million).

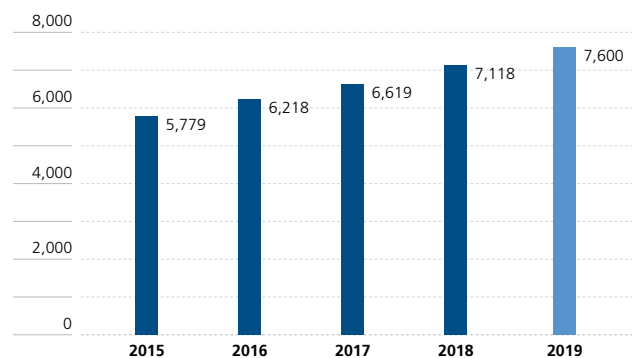
Financial situation

Capital structure

Subscribed capital remained unchanged at EUR 352.2 million. Capital reserves of EUR 1,632.9 million and retained earnings of EUR 164.7 million also remained unchanged.

DEVELOPMENT OF THE CAPITAL INVESTMENTS*

in EUR million



* without deposit receivables

The shareholders' equity of R+V Versicherung AG as at the reporting date thus amounted to EUR 2,149.8 million, as in the previous year.

Guaranteed funds increased by EUR 799.7 million to EUR 8,139.8 million, so the ratio of guaranteed funds amounted to 250.9 % (2018: 265.6 %). The equity ratio based on the net premiums written was 66.3 % (2018: 77.8 %).

Asset situation

Capital investment portfolio

The capital investments of R+V Versicherung AG grew by EUR 481.7 million or by 6.8 % during the 2019 fiscal year. The book value of the capital investments as at 31 December 2019 thus amounted to EUR 7,599.6 million. R+V Versicherung AG mostly invested the funds available for reinvestment in bonds in the past fiscal year. For the interest-bearing securities, care was taken that the issuer had good creditworthiness in order to minimise the risk of default. The company has also made investments in asset classes real estate, infrastructure and shares.

Excluding the shares in affiliated companies and shareholdings, the calculated share ratio for market values as at 31 December 2019 amounted to 3.1 % (2018: 2.2 %).

The reserve ratio relating to the total capital investments as at 31 December 2019 was 44.3 % (2018: 50.5 %) and was dominated by the shareholding position.

Social, ethical and ecological principles are taken into consideration when making capital investments so that the company consciously does not make capital investments which are contrary to the generally recognised principles of sustainability. R+V does not invest within this framework in manufacturers of controversial weapons and makes use of the database compiled by ISS-oekom. No investments are made either in financial products for agricultural raw materials as well as investments in companies that generate 30 % or more of their revenue from the mining or processing and utilisation of coal.

Technical provisions

The gross technical provisions rose by 15.3 % to EUR 6,024.1 million (2018: EUR 5,226.0 million). After deducting the retrocessionnaires' shares, net technical provisions were EUR 5,990.1 million (2018: EUR 5,190.4 million). In terms of the premiums written for own account, this corresponded to a ratio of 184.6 % (2018: 187.8 %).

The provisions for outstanding claims amount to 53.0 % (2018: 49.1 %) of the balance sheet total. The volume of this item increased by 18.0 % to EUR 4,833.2 million (2018: EUR 4,096.5 million).

The equalisation provisions and other provisions were increased by EUR 62.9 million to EUR 937.5 million (2018: EUR 874.6 million).

Opportunities and risk report

Risk management system

R+V Versicherung AG risk management aims to ensure that the company always meets its insurance obligations in all its business activities. This particularly refers to solvency and the long-term risk bearing capacity, the creation of sufficient technical provisions, investment in appropriate assets, compliance with commercial principles including proper business organisation and compliance with the other basic financial principles of the business.

Risks arise from unfavourable developments in the assets situation, financial situation or profitability and relate to the risk of future losses.

One risk management process which has been implemented in all R+V companies defines the rules for identifying, analysing and evaluating, managing and monitoring and reporting and communicating the risks and for a centralised early warning system. Shareholdings are also included in R+V Versicherung AG's risk management.

The aim of the annual risk inventory is to identify risks and assess their significance. The purpose of the risk inventory is to review and document all known individual and cumulative risks. The results of the risk inventory are recorded in the risk profile.

The risks identified are assigned to the following risk categories: life underwriting risk, health underwriting risk, non-life underwriting risk, market risk, counterparty risk, operational risk, liquidity risk, risk concentrations, strategic risk and reputation risk. After being categorised in this way, the significant risks are described in this opportunities and risk report and measures for limiting them are explained.

A review and assessment of the risk bearing capacity takes place at least quarterly and also includes a qualitative review of the reliably determined indicators and thresholds. Measures must be introduced if a defined index value has been exceeded.

There is a definitive evaluation of the regulatory risk bearing capacity and all significant risks at the risk commission which takes place four times a year. Reports must be sent to the Board of Management in the event of significant changes to risks. Risk-relevant corporate information is made available to the relevant supervisory committees on a quarterly basis and ad hoc, as required.

The impact on the company risk profile is analysed and assessed as part of the new product process during product development. When developing new business areas or introducing new capital market, insurance or reinsurance products, their impact on the overall risk profile is to be evaluated. The finance committee, the product commission and the reinsurance committee are responsible for dealing with new products in accordance with the respective provisions included in the procedural rules.

The new product process ensures that the impact that innovative products have on the risk profile of the insurance portfolio and the investment portfolio is considered in relation to organisation, processes, IT systems, staff, valuation models and risk models, accounting, taxes and supervisory legislation.

Risk factors are also taken into account when planning and carrying out projects. Larger projects and investments are assessed by the investment commission or the product commission as well as by the finance committee.

Governance structure

At R+V Versicherung AG, risk management is an integral part of corporate management and the governance structure. It builds on the risk strategy adopted by the Board of Management, which is closely linked to the business strategy. The governance structure includes the three Operational Risk Management, Risk Monitoring and Internal Auditing roles linked to each other and integrated into the control and monitoring system.

The management of risks and extensive information on methods, processes and responsibilities is documented in the guidelines for risk management and ORSA (Own Risk and Solvency Assessment). The separation of risk management and risk monitoring is a basic principle of the organisation of risks and the risk management processes.

Risk management is understood to mean the operative implementation of the risk strategy in the risk-bearing business divisions. The operative business divisions make decisions on consciously accepting or avoiding risks. When doing so, they must keep in mind the current general conditions and risk limitations. The roles of the those responsible for setting up risk items are separated from the risk management functions in terms of both personnel and organisation.

At R+V, risk monitoring duties are performed by the following key roles: risk management function (deemed an independent risk controlling function by the Versicherungsaufsichtsgesetz (VAG) [insurance regulation act]), the compliance function and the actuarial function. The above functions remain in close contact with each other to ensure that the risk management system is consistent.

R+V's risk management function assists the Board of Management and the other functions with handling the risk management system effectively, and monitors both this and the risk profile. The role of the risk management function at R+V consists of both centralised overall risk management and decentralised departmental risk management. This function is responsible for identifying, analysing and assessing risks within the scope of the risk management process in accordance with ORSA. This includes the early recognition, complete recording and internal monitoring of all significant risks. The risk management function thus sets basic guidelines for the risk assessment methods applicable for all companies in the R+V insurance group. Risk management also reports risks to the risk conference, the Board of Management and the Supervisory Board. The holder of the Risk Management role reports directly to the Board of Management.

The primary role of the compliance function is to monitor compliance with external requirements. The holder of the function also advises the Board of Management with regard to compliance with the laws and administrative regulations applicable to the operation of an insurance company, examines the possible effects of changes in the legal environment for the company, and identifies and assesses the risk associated with violating legal regulations (compliance risk). Due to the overarching organisation of business processes, the role of compliance function is performed by one central compliance officer in cooperation with decentralised compliance officers within the management division of R+V Versicherung AG. The quarterly compliance conference forms the central coordination and reporting committee for the compliance function. At the conference, the activities of the central and decentralised compliance officers are reported and coordinated, and relevant incidents are discussed. The compliance conference is also an opportunity to exchange information and interact with the other key roles. Ad-hoc notifications are issued to the central compliance officer for particularly serious violations. The holder of the compliance role reports directly to the Board of Management and, organisationally, is assigned directly to the chair of the R+V Versicherung AG Board of Management.

The actuarial function is primarily entrusted with control duties relating to the proper formation of technical provisions in the solvency overview. Specifically, this function coordinates the calculation of technical provisions and ensures that the assumptions, methods and models which the calculation is based on are adequate. It also evaluates the quality of the data and information technology systems used when calculating the technical provisions. The actuarial function issues a written report to the Board of Management at least once a year. The actuarial function also gives his/her opinion on the general underwriting policy and the adequacy of reinsurance agreements. Organisationally, the actuarial function at R+V is found at company level.

The audit function is performed by the Group audit department at R+V. This department checks whether the provisions of the risk management system are complied with and how

effective they are. The Group audit department is independent and organisationally separate from the operating business divisions. It is subordinate to the management of the company and, organisationally, is assigned directly to the chairman of the R+V Versicherung AG Board of Management. Measures are agreed to address any shortfalls that have been identified and are monitored by the Group Auditing department.

Risk strategy

The risk management principles are based on the risk strategy that is adopted and updated annually by R+V Versicherung AG.

Underwriting risks are managed with the aim of optimising the portfolio in terms of income and risk factors. Risk selection is based on binding underwriting guidelines and the exclusions of liability they contain. Individual and cumulative liability limitations are derived from the underwriting capacities that limit the risk. For the purpose of monitoring and managing limits, capacity is redistributed and expanded as necessary and retrocession is used as a means of protection.

Interest, spread and equity risks in particular result from capital investments. The market risk strategy is determined by the provisions of the regulatory investment principles of Section 124 VAG as well as by the internal regulations in the guidelines for risk management and ORSA. Insurance companies are obligated to invest all assets in such a way that the safety, quality, liquidity and profitability of the portfolio as a whole are guaranteed; assets must also be invested in such a way that they are available.

The market risks taken by R+V Versicherung AG reflect the portfolio structure of the capital investments made in line with the strategic asset allocation in consideration of the individual risk bearing capacity and long-term income requirements.

Managing market risk is associated with the fundamental aims of risk policy of ensuring competitive results from capital investment in consideration of individual risk bearing capacity, achieving defined minimum capital investment results in

stress scenarios and ensuring a level of asset provisions to guarantee continuity of results. The aim is also to guarantee an adequate proportion of fungible investments.

The purpose of the risk strategy for counterparty default risk is to endeavour to maintain the average rating of portfolios, to avoid issuer concentration at portfolio level and to comply with the specified counterparty limits in relation to counterparties and debtors.

The risk strategy for operational risk requires a further increase in risk awareness for operational risks.

The strategy for managing strategic risk is aimed in particular at monitoring market developments and changes in legislation, monitoring general conditions and taking risk factors into account in strategic initiatives and projects.

The aim of the reputation risk strategy is to promote a positive image of the R+V brand and to be vigilant about transparency and credibility.

Internal control system relating to the accounting process

An extensive internal control system (ICS), amongst other things, has been established within R+V in order to ensure the proper and timely provision of information for those who receive the financial statements and management report. The accounting-related ICS is an important component of the company-wide risk management system and its aim is to minimise identified risks by implementing controls in relation to the entire accounting and financial reporting process and to ensure that the financial statement is prepared so that it complies with the regulations. The ICS is regularly reviewed by the Group audit department and the external auditors in order to ensure its ongoing development and effectiveness from an accounting perspective.

The accounting-related ICS focuses on the key accounting-related audit processes. These processes are documented and risks inherent in the process are derived from this. The assessment of the risks is based on an evaluation grid and set mate-

riality thresholds. Documentation and the risk assessment are reviewed annually to ensure they are up-to-date and adjusted as required.

The ICS includes organisational safeguards that are integrated into both the structural and procedural organisation, such as, for example, the basic separation of functions or the clear allocation of tasks and responsibilities. Checks are carried out at key points within the accounting-related business processes in order to minimise the probability of risks occurring or to identify errors that have already occurred. These are controls that are integrated into the workflow, such as the application of the principle of double-checking, for example.

R+V employees are responsible for the process of preparing the financial statement and the management report which follows defined deadlines and schedules. The steps to be performed during the financial reporting process are subject to both system-based and manual checks. External experts are involved in part, in order to determine certain accounting data.

The financial reporting process is highly dependent on IT systems and is therefore subject to potential operational risks, such as malfunctions, interruptions and data loss. These are counteracted by methods which include protective mechanisms such as emergency planning, back-up solutions as well as permissions management and technical safeguards to prevent unauthorised access. The IT systems used are also tested for compliance with the generally accepted bookkeeping principles and statutory safekeeping and documentation requirements. The examination of the accounting processes is both an integral part of the internal audits as well as part of the annual audits conducted by the auditor.

Opportunity management

R+V Versicherung AG feels that growth is stimulated by becoming more open to global players and US businesses as well as the Asian market. This involves handling markets in a differentiated manner with respect to a balanced and profitable portfolio.

In the past, R+V Versicherung AG has been able to make use of opportunities for growth and to expand its market position. The move towards becoming a leading reinsurer and the development towards specialising in actuarial insurance classes were intended to develop this position further in the coming years.

Due to its business model and existing risk bearing capacity, R+V can take advantage of capital investment opportunities offered by investments with a longer time horizon and higher potential returns in particular, largely irrespective of short-term capital market fluctuations. Due to its broad diversification, R+V is able to reduce risks arising from potential adverse capital market developments. Investments are made taking into account the requirements arising from strategic and tactical allocations.

R+V is digitalising its business processes, making use of technologies from the Advanced Analytics and Artificial Intelligence segments. They help to increase process efficiency and obtain further findings from customer and market data.

In order to position itself in a competitive environment and enable an assessment of the long-term financial strategy, R+V Versicherung AG subjects itself to an interactive process each year to assess its financial strength (Financial Strength Rating), which is undertaken by the rating agency S&P Global Ratings (S&P). In accordance with its methods accessible to the public, the analysis company considers the close link between R+V Versicherung AG and the DZ BANK Group as well as the superordinate link within the entire FinanzGruppe Volksbanken Raiffeisenbanken (Genossenschaftliche FinanzGruppe). As a result of this strong level of cohesion within Genossenschaftliche FinanzGruppe, S&P awarded a group rating that has a direct spillover effect on the Financial Strength Rating of R+V Versicherung AG.

Most recently in September 2019, S&P confirmed R+V Versicherung AG's excellent "AA-" Financial Strength Rating with in this context, the company having already been awarded this

rating for several years. However, S&P downgraded its outlook for the Financial Strength Rating development for the next 12 to 24 months from stable to negative. This change in outlook for the Financial Strength Rating is the consequence of S&P's adjusted view on the German banking market. The causes of this from S&P's perspective are the deteriorating framework conditions for German banks with regard to the persistent low interest environment, fraught competitive and profitability situation and gloomy economic environment in Germany. S&P also derived from this the potential risk of change to the group rating of Genossenschaftliche FinanzGruppe, as indicated by the negative outlook. As a result of the strong level of cohesion in place, R+V Versicherung AG's Financial Strength Rating automatically follows the group rating in line with S&P's methods.

Risk bearing capacity

The overall solvency needs, as Value at Risk from the changes in financial capital resources, have been determined with a confidence level of 99.5 % over the course of a year when measuring the economic risk bearing capacity. The quantification always takes place according to the risk types for the standard Solvency II formula. Risk diversification, which constitutes an important aspect of the business model for an insurance company, is therefore taken into consideration.

Risk relief is factored in, for example, through reinsurance. The overall solvency needs are compared to the capital resources in order to determine whether there is sufficient financial capital when analysing the risk bearing capacity.

The adequacy of the approach to quantifying risk is reviewed annually and as warranted, if necessary, by the risk management team.

The current analysis of the financial risk bearing capacity shows that the capital resources of R+V Versicherung AG exceed the overall insolvency needs.

Regulatory risk bearing capacity has been determined using the standard Solvency II formula. The risk capital requirement (SCR: solvency capital requirements) is calculated as Value at Risk with a confidence level of 99.5 %.

Regulatory risk bearing capacity is the ratio of available equity to the risks resulting from business activities. The development of R+V Versicherung AG's risk bearing capacity is analysed at least every quarter.

R+V Versicherung AG met the statutory minimum solvency requirements of Solvency II in the 2019 fiscal year.

The capital market scenarios which are used as part of the internal planning indicate that the regulatory risk bearing capacity of R+V Versicherung AG will exceed the statutory minimum requirements on 31 December 2020.

Underwriting risks

The underwriting risk refers to the risk of the actual expenditure on losses and services differing from the expected expenditure due to chance, error or change. According to the Solvency II classifications the underwriting risk essentially lies in non-life for R+V Versicherung AG.

- The non-life underwriting risk indicates the risk that results from taking on non-life insurance obligations, namely with regard to the risks covered and the processes employed when conducting business. It is calculated as a combination of the capital requirements for the following named subcategories:
- The premium and reserve risk refers to the risk of a loss or an adverse change in the value of the insurance liabilities which results from fluctuations with regard to the occurrence, the frequency and the severity of the insured events and with regard to the occurrence and the amount of the claims settlement.
- The non-life catastrophe risk describes the risk of a loss or an adverse change in the value of the insurance liabilities which results from significant uncertainty with regard to

pricing and the assumptions made when forming provisions for extreme or unusual events.

- The lapse risk describes the uncertainty about the continuation of direct and reinsurance policies. It results from the fact that the discontinuation of contracts that are profitable for insurance companies leads to a reduction in the capital resources.

Underwriting risks arise in the form of deviations from the expected claims experience as a consequence of the uncertainty concerning the date, frequency and amount of insurance cases. There can also be risk caused by unforeseeable changes in the insured risk and the distribution of claims, expected value and distribution, such as though changes to the climatic and geological environmental conditions or perhaps by technical, economic or social changes. Further causes can be incomplete information about the true frequency of damage through faulty statistical analysis or incomplete information about the future validity of the frequency of damage in the past.

The measurement of underwriting risk is based on the Solvency II procedure and takes place according to the Value at Risk procedure. When determining Value at Risk, negative scenarios taken from the Solvency II guidelines are considered, and are partially supplemented with appropriate parametrisation.

For the non-life catastrophe risk there is also modelling and risk quantification on the basis of data about historic damage. These are based on our own inventory as well as data from third parties, in the case of natural disasters.

R+V counteracts the premium and reserve risk by continuously monitoring the economic and political situation and manages risk according to strategic direction, whilst considering risk-based pricing. Risk is managed through a profit-orientated underwriting policy. Risks are taken within binding underwriting guidelines and limits which limit the liability in both individual claims and cumulative loss. R+V takes the economic cost of capital into account when underwriting risks. Compliance with these guidelines is monitored.

The substantial underwriting risks in the reinsurance portfolio lie in the catastrophe and long tail risks (for example in the credit/bonds reinsurance class), the reserve risk as well as in major changes in the basic trends in the primary markets.

The actual and possible impact of losses caused by natural disasters with regard to their extent and frequency is continually recorded and assessed using standard industry software, supplemented by in-house verification. The portfolio is continuously monitored for possible risk concentrations from natural disaster risks.

The aim when managing risk is to ensure a broad balance of risk over all classes and worldwide territorial diversification. Limits have been set to facilitate centralised management and the demarcation of cumulative risks from individual natural risks. Systematic control of accumulation risk, in terms of the approved limits for natural disaster risks, is an instrument for risk management purposes. The modelled exposures are within the approved limits.

Risk mitigation measures include, among other things, the management of retention and retrocession, whilst taking the risk bearing capacity and the actual retrocession costs into account. In this respect, the minimum requirements in terms of the creditworthiness of the retrocessionaires apply. There is a retrocession agreement in place for the assumed reinsurance business in order to hedge peak risks associated with natural disasters in Europe.

The reserve risk relates to the risk that there has been an inadequate assessment of the loss reserves which are indicated for losses which have already occurred. A permanent observation of the loss developments makes it possible to derive preventive measures for achieving a sufficient reserve level. One way in which the reserves are monitored is through the annual preparation of a reserve report.

R+V is currently reviewing the impact of the United Kingdom's departure from the EU within the framework of a Group-wide

working group as well as in consultation with advisers in England. R+V will then continue the assumed reinsurance business in its existing form.

Market risk

Market risk describes the risk that arises from fluctuations in the amount or the volatility of market prices of assets, liabilities and financial instruments, which influence the value of the company's assets and liabilities. It reflects the structural incongruence between assets and liabilities, particularly with regard to their time periods.

Market risk comprises the following sub-categories:

- Interest risk describes the sensitivity of assets, liabilities and financial instruments with regard to changes in the interest rate curve or to the volatility of interest rates.
- Spread risk describes the sensitivity of assets, liabilities and financial instruments with regard to changes in the amount, or in the event of credit spread volatility above the risk-free interest rate curve. The risk of default and migration risk are also considered in this sub-category. For credit spread, the interest differential between a risky and a risk-free fixed-income asset is identified. Changes in these credit spreads lead to changes in the market value of the corresponding securities.
- Equity risk describes the sensitivity of assets, liabilities and financial instruments with regard to changes in the amount, or in the event of volatility in the market price of shares. Shareholder risk is also mapped within equity risk. Equity risk arises from market fluctuations in current shareholdings.
- The exchange rate risk describes the sensitivity of assets, liabilities and financial instruments with regard to changes in the amount or in the event of exchange rate volatility. Exchange rate risks arise from fluctuations in the exchange rate either from capital investments held in foreign curren-

cies or if there is a currency imbalance between the technical liabilities and the capital investments.

- The property risk describes the sensitivity of assets, liabilities and financial instruments with regard to changes in the amount or in the event of market price volatility for property. Property risk can result in negative changes in value for directly or indirectly held property. These may arise from a deterioration of the particular features of the property or general market changes (for example as part of a housing crisis).
- The concentration risk includes additional risks for an insurance or reinsurance company, which can either be attributed to an insufficient diversification of the asset portfolio or to high exposure to the risk of default of an individual issuer of securities or a connected group of issuers.

Market risk also includes the bulk of the credit risk allocated to the spread risk according to the definitions in Solvency II. Other parts of the credit risk are evaluated in the counterparty default risk, inter alia.

Shock scenarios are examined when measuring market risks. These have been taken from the Solvency II guidelines and partially supplemented by the company's own parameters. Risks from capital investment are managed in line with the guidelines specified by the European Insurance and Occupational Pensions Authority (EIOPA), the provisions of VAG, regulatory circulars and internal investment guidelines. R+V Versicherung AG employs investment management, internal control procedures, an applicable investment policy and other organisational measures to ensure compliance with the internal regulations for investment risk included in the risk management guidelines as well as with additional regulatory investment principles and regulations. Both the economic and financial aspects are included in the management of risks in this respect. At an organisational level, R+V Versicherung AG counteracts investment risks by maintaining a functional separation of investment, processing and cost control.

R+V Versicherung AG has continued to expand and improve the tools for identifying, evaluating and assessing the risks for new investments and also for monitoring the investment portfolio in order to respond to the changes in the capital market and to identify, limit or avoid risks at an early stage.

R+V Versicherung AG counteracts capital investment risks in principle by applying the principle of maintaining the maximum possible security and profitability whilst ensuring constant liquidity to guarantee the quality of the portfolio. The investment policy of R+V Versicherung AG aims to minimise risk by ensuring that there is an appropriate mix and spread of capital investments.

With respect to all market risks, R+V Versicherung AG tracks their changes by constantly measuring them and by reporting to the relevant committees. The risks of all sub-categories are quantified within the context of regulatory and company-specific economic calculations. Stress tests serve as an important instrument for early identification. Risks are restricted through limitations as well as natural diversification relating to terms, issuers, countries, counterparties, asset classes and so on.

Tests are performed as part of asset liability management at R+V Versicherung AG. Stress and scenario analyses are used to continually assess the required level of securities in order to maintain solvency. The impact of a long-lasting, low interest rate and volatile capital markets are tested in particular.

R+V Versicherung AG uses derivative instruments to manage market risks. Please refer to the information included in the annex to this report.

R+V Versicherung AG makes sure that the management of interest risks involves a mix and spread of capital investments linked with a structure for duration management which takes liabilities into account as well as intelligent risk-taking in selected asset classes. In addition to this, forward purchases make it possible to stabilise investment and to manage interest rate and duration developments.

For R+V Versicherung AG, interest risk plays a rather minor role compared to technical risks.

When managing spread risks, R+V Versicherung AG particularly looks for investments with a very high creditworthiness, whereby the bulk of the bond portfolios is invested in the investment-grade sector. The use of external credit risk assessments and in-house expert ratings, which are, to some extent, more rigorous than the credit ratings available on the market, further reduces risks.

If interest rates increase or the credit spreads for bonds widen on the market, this will decrease the market value. These forms of negative trends in market value can lead to temporary or, when sales are required, lasting pressure on results.

The possible deterioration in the economic circumstances of issuers or debtors and the resulting risk of a partial or total default on receivables or an impairment due to a change in creditworthiness create a risk of default. In principle, the capital investments of R+V Versicherung AG indicate a high credit standing and a solid collateralisation structure. The public sector and the financial sector, which are the dominant areas, particularly deal with receivables in the form of government bonds and legally collateralised German and European covered bonds.

The management of equity risks is based on a Core-Satellite approach, in which the Core shares include large stable companies on recognised indexes, and Satellite shares are added to improve the yield risk profile. Additionally, asymmetric strategies are used to reduce or increase the rule-based equity exposure.

At R+V Versicherung AG, shares are used as part of a long-term investment strategy to guarantee that commitments towards cedents can be met. There is no demand to realise profit from short-term fluctuations. The broad diversification of the capital investment portfolio reduces the risk of having to sell shares at a disadvantageous time.

As part of its role as the parent company of the R+V Group, R+V Versicherung AG directly or indirectly holds a majority of the shares in the companies in the R+V Group as strategic shareholdings. This shareholdings make up the vast majority of the investment portfolio. The market risk from these shareholdings is depicted in the risk assessment as part of equity risk. To limit the risks from these shareholdings, the acquisition, holding and fundamental orientation of the shareholdings is consciously managed in consideration of all general conditions.

Exchange rate risks are managed by systematic currency management. Almost all of the reinsurance portfolios are covered in the same currency.

Property risk is reduced by diversification into different locations and forms of use.

Concentration risks are reduced by R+V Versicherung AG by maintaining a mix and spread of capital investments. This is particularly evident in the broad base of issuers included in the portfolio.

Particular aspects of the credit portfolio

R+V Versicherung AG primarily invests in issuers and borrowers with good to very good credit standing. R+V uses generally approved external credit ratings in order to assess creditworthiness. In addition to this, experts conduct internal ratings in order to check the plausibility of the external ratings in accordance with the provisions included in the EU regulation on credit ratings agencies (CRA III). R+V has applied the external ratings as the maximum rating even when its own assessments arrive at a more favourable outcome.

Counterparty risk is also restricted by a system of limits. Of the investments in fixed-income securities, 91.4 % (2018: 91.3 %) have an S&P rating of 'A' or above and 74.6 % (2018: 72.8 %) have a rating of 'AA' or above. In the past fiscal year, the capital investments of R+V Versicherung AG have suffered interest losses from securities of EUR 0.1 million. No capital losses from securities were recorded.

R+V Versicherung AG checks its credit portfolio for critical developments. Reporting and discussions within R+V's decision-making committees assist in monitoring, analysing and controlling the risks. Adjustments are made to the portfolio as required.

EUR 43.7 million was invested in government bonds in peripheral countries in the euro area as at 31 December 2019 (2018: EUR 53.1 million). The following table shows the allocation of these government bonds according to countries.

MARKET VALUES		
in EUR millions	2019	2018
Italy	6.0	5.5
Spain	37.8	47.6
Total	43.7	53.1

Counterparty default risk

The counterparty default risk takes into account possible losses which are the result of an unexpected default or the deterioration in the creditworthiness of counterparties and debtors of insurance and reinsurance companies during the following twelve months. It covers reduced-risk contracts like reinsurance arrangements, securitisations and derivatives as well as the receivables of intermediaries and all other credit risks, as far as they are not otherwise considered in the risk measurement.

The counterparty default risk considers the ancillary or other securities which are held by or for the insurance or reinsurance company and the associated risks.

These risks exist for R+V Versicherung AG, particularly in relation to the counterparties of derivative financial instruments as well as reinsurance counterparties.

The relevant exposure and the expected losses for each counterparty form the basis for determining the capital requirements for counterparty default risk.

In-house guidelines regulate transactions with derivative financial instruments. These include the volume and counterparty limits in particular. The various risks are monitored and illustrated in a transparent manner as part of reporting. The Notes set out details on the derivative financial instruments.

R+V Versicherung AG refers to the ratings from international ratings agencies and supplements these with its own in-house creditworthiness analyses in order to assess the counterparty and issuer risks. Compliance with the limits is continuously checked with respect to material counterparties. The utilisation of the limits and compliance with the investment guidelines are monitored.

The constant monitoring of the ratings and other sources of information available on the market limit the risk of default for settlement receivables from reinsurance business taken on and ceded.

Operational Risks

The term "operational risk" is used to refer to the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. This includes legal risks.

Legal risks may result from changes in the legal environment, including changes in the interpretation of statutory provisions by government authorities or case law.

The risk capital requirement is determined on the basis of a factor approach for volume measures of premiums and provisions as well as for expenses in terms of the unit-linked business.

R+V uses risk self assessments (RSA) based on scenarios as well as risk indicators to manage and control operational risks. As part of the RSA, operational risks are evaluated in terms of the probability that they will occur and the amount of losses they will incur. Qualitative assessments can be used in exceptional cases.

Risk indicators provide early evidence of trends and accumulations in risk development and enable weaknesses in the business processes to be identified. A traffic light system is used to signal risk situations based on prescribed thresholds.

To assist with managing operational risks, all R+V business processes are structured in accordance with the provisions of the general guidelines on the powers and responsibilities of employees of R+V companies. For the areas not covered by these guidelines there are additional guidelines, particularly underwriting guidelines.

The ICS is a key instrument for limiting operational risks. Regulations and controls in the specialist areas and the monitoring of the application and effectiveness of the ICS by the Group audit department counter the risk of mistakes and fraudulent activities.

Outgoing payments are automated to a large extent. Authorisations stored within the user profile and authorisation regulations as well as automatic submittals for clearance based on the stored random number generator are also used. Manual outgoing payments are approved using the principle of double-checking.

R+V requires capable, qualified managers and employees to ensure its success in the future. There is competition for managers and employees on the labour market due to high demand and a small amount of suitable personnel. If the necessary number of suitable managers and employees cannot be acquired or cannot be acquired by the necessary dates, or if managers and employees which are already employed cannot be retained, there is a risk of tasks not being performed or not being performed fully due to qualitatively and quantitatively insufficient technical skills. Personnel development and talent management instruments are used to support and train employees so that any future personnel needs can be met from within the company. The instruments used for this include, among other things, a procedure to appraise potential, succession planning and training programs. In the interest of long-

term staff retention, R+V has programmes to strengthen and increase the attractiveness of jobs, for example.

The quality assurance in the IT area is undertaken whilst using best practices. Current issues are dealt with and assigned for processing at a daily meeting. During a monthly meeting involving the management of IT, appropriate measures are taken concerning compliance with service level agreements (such as system availability).

Physical and logical protections ensure the security of data and applications as well as the continuity of the ongoing business. The partial or total breakdown of the data processing system would be a particular danger. R+V has made provisions against these dangers by establishing two separate data centre sites with data and system mirroring, special access control, fire protection measures and a secure power supply using emergency power generators. The effectiveness of a defined restart procedure to be used in the event of a disaster is tested in exercises. Data backups are made in different buildings with high security rooms. Furthermore, the data is mirrored on a tape robot at an off-site and distant location.

Cyber risks are continuously identified, assessed, documented and systematically assigned for processing via different IT security management procedures. The processing status and risk treatment are followed up and reported on centrally each month.

In order to ensure its continued operations, R+V has an integrated Business Continuity Management system (BCM) with a central coordination function that also includes emergency and crisis management and is documented in the Business Continuity, Emergency and Crisis Management directive. The Security and BCM Conference, involving representatives from all departments, provides support in specialist subject areas and is used to help network activities within R+V. Reports are also sent to the risk conference regarding significant risk-related findings as well as regarding the various exercises and tests carried out.

The BCM system aims to ensure that the business operations of the companies can be maintained in an emergency or crisis situation. The (time)-critical business processes along with the required resources are recorded for this purpose, and any necessary documentation, such as business continuity plans, is drawn up and reviewed. In order to manage emergency and crisis situations, there are also separate organisational structures, such as the R+V Crisis Committee and the individual emergency teams within the departments.

In order to mitigate legal risks, the relevant case-law shall be monitored and analysed in order to be able to determine any appropriate need for action in a timely manner and implement said need in specific measures. Legal disputes arising from the handling of claims and payments in insurance cases are taken into account by the technical provisions and are thus not part of operational risk.

R+V has implemented a tax compliance management system to minimise tax risks. Business processes are reviewed from a fiscal perspective based on the latest tax legislation and in consideration of the latest case law and administrative opinion.

The United Kingdom's departure from the EU and the associated potential uncertainty about the honouring of contracts in a number of areas is being countered by a review of contracts and, where necessary, changes to said contracts.

Other significant risks

Liquidity risk

Liquidity risk refers to the risk that insurance companies are not in a position to realise their investments and other assets in order to meet their financial obligations when they fall due.

The liquidity of the R+V companies is managed centrally. An integrated simulation of the development of the portfolio and profit or loss in the capital investment area as well as the cash flow development is carried out within the context of the

multi-year planning. The basis of this control is the forecast development of all important cash flows from the technical business, capital investments and general administration. There is constant monitoring that regulatory liquidity requirements are met with respect to new investments.

To guarantee sufficient liquidity under market crisis conditions, there are monthly reviews in the form of sensitivity analyses of important technical parameters. Thresholds are defined for this purpose, with their compliance also reviewed. The results illustrated in the monthly reports show the ability of R+V Versicherung AG to meet its obligations at any time.

Risk concentrations

Risk concentrations in the broader sense are accumulations of individual risks where there is a significantly higher probability that they may come into effect at the same time due to a high degree of dependency or related interdependencies. To some extent, the dependencies and the relationship of the interdependencies only become apparent in stressful situations.

The investment strategy of R+V Versicherung AG is designed to avoid risk concentrations in the portfolio and ensure the risk profile is optimised by way of the broad diversification of investments. The observance of the quantitative limits stipulated by the internal regulations contained in the "Investment Risk" risk management guidelines, and in accordance with the principle of a reasonable mix and diversification, contributes to this.

R+V responds to risk concentrations in assumed reinsurance business with a balanced portfolio which has global territorial diversification of classes and customer groups.

Strategic risk

Strategic risk is the risk that arises from strategic business decisions or that these decisions are not adjusted to a changed economic environment.

There is continuous monitoring of any changes to the legislative and regulatory frameworks as well as changes in the market and competition in order to be able to respond to opportunities and risks promptly. R+V analyses and forecasts ongoing national and global circumstances that influence parameters relevant for business.

The management of strategic risks is based on the assessment of success factors and on deriving targets for R+V's corporate departments. Strategic planning for the next four years is carried out as part of the annual strategic planning process and takes the risk-bearing capacity into account. R+V counters strategic risk through strategic planning and discussion about success potential in the Board of Management meeting. R+V uses the common instruments for strategic controlling for this. These include both external strategic analyses of the market and competitors and internal analyses of the company. The results of the strategic planning processes, in the form of target figures which have been adopted, are put into operation within the context of the operational planning for the coming years and take account of the risk bearing capacity. Together with the limits they are passed by the Board of Management each autumn. The implementation of decisions taken there is followed up regularly on a quarterly basis in the context of the plan/actual comparison. In this way the dovetailing of the strategic decision process and the risk management is organised. Business strategy changes which have an impact on the risk profile of R+V Versicherung AG are expressed in the risk strategy.

Reputation risk

Reputation risk is the risk of possible damage to the reputation of the company or to the whole sector as a result of a negative public perception (for example, on the part of customers, business partners, shareholders, government authorities and media).

Reputation risks arise as independent risks (primary reputation risk), or they arise as an indirect or direct consequence of other risk types, such as the operational risk in particular (secondary reputation risk).

In order to prevent any damage to R+V's brand image, attention is paid to ensuring quality standards in product development and all other parts of the value creation chain. Furthermore, R+V corporate communication is coordinated centrally through the department of the Chairman of the Board of Management in order to counteract any false presentations of circumstances. Reports in the media about the insurance business in general and R+V in particular are monitored and continually analysed across all departments. Rating results and market comparisons of the parameters that are significant for customer satisfaction – service, product quality and competence of advice – are taken into account in the context of a continuous improvement process.

R+V applies risk indicators to manage reputation risks, which enable statements regarding risk development to be made at an early stage and increase the transparency of the exposed risk position. Using qualitative and quantitative threshold values as the basis, risks are signalled using a traffic light system.

Summary of the risk situation

The current analysis of the capacity to bear financial risks shows that the capital resources of R+V Versicherung AG exceed the overall insolvency needs. The regulatory risk bearing capacity of R+V Versicherung AG also exceeds the minimum required solvency ratio as at 31 December 2019.

The possibility of a new crisis in Europe, which could arise due to the high level of indebtedness of individual European states, is a risk factor for the development of business for R+V Versicherung AG. A sustained persistent low interest environment also constitutes a potential risk. At the same time, the US government's protectionist trade policy entails enhanced risks for the global economy. The impacts associated with these events on capital markets, value added chains, trade flows and the economy are difficult to assess.

Furthermore, from today's perspective, there are no perceivable trends which could inflict lasting damage on the assets situation, the financial situation and the profitability of R+V Versicherung AG.

Forecast

Caveat for statements about the future

Assessments concerning the forthcoming development of R+V are primarily based on planning, forecasts and expectations. Thus, the following assessment of the development of R+V reflects incomplete assumptions and subjective opinions for which no liability can be assumed.

The assessment and comments on the probable development, including their significant opportunities and risks, are provided to the best of our knowledge and belief on the basis of what we know about the prospects of the industry, future economic and political conditions and development trends and their significant influencing factors. These prospects, basic conditions and trends can obviously change in future without this being predictable at present. The actual performance of R+V may therefore significantly differ overall from the forecasts.

Macroeconomic development

In its annual autumn report, the German Council of Economic Experts forecast growth of 0.9 % in 2020 in the real gross domestic product in Germany, and of 1.1 % in the euro area. The International Monetary Fund and leading economic research institutions forecast economic growth in Germany and in the euro area at this level if inflation is further subdued.

Development on the capital markets

The development on the capital markets is likely to be characterised in particular by the continued course pursued by American trade policy and global economic weakness. The significance of monetary policy also remains high. The ECB has announced it will continue its highly expansive monetary policy. Market participants do not expect any material changes to monetary policy by the American central bank.

The capital investment strategy of R+V aims to ensure a high proportion of fixed interest securities with a high average rating so that the technical liabilities can be met at any time. Investments in shares, property and alternative investments

are being expanded. The basis for capital investment activity remains a long-term investment strategy, associated with an integrated risk management system.

Development on the reinsurance markets

It is expected that the increasing awareness of economic damage resulting from natural disasters, global economic growth as well as the growing global population will contribute to lasting high demand for reinsurance.

Following on from the major loss events in the previous year, a slight increase in the price level for reinsurance cover is to be expected for 2020. Further price rises bringing about a positive impact on profitability are expected in particular in segments suffering from large losses. In the majority of countries international reinsurers currently have free access to the local direct insurance markets. The possibility that national legal systems will in the future create stricter conditions under which international reinsurers are permitted to provide reinsurance to national direct insurers cannot be ruled out.

The "Wachstum durch Wandel" (WdW, Growth through change) strategic programme, which aims to consolidate the strong market position of R+V in the long term, commenced in the 2017 fiscal year. The key points of the strategic programme include the sustainable assurance of profitable growth, the further development of sales channels and the R+V culture, as well as the increased focus on customer demands. This future-oriented direction is driven forward by the implementation of a digitalisation strategy that covers a broad spectrum, from offers for customers and distribution partners to the handling of customer requests.

Taking into account the various influences as described, and in accordance with this strategy, R+V Versicherung AG also has plans in place for the 2020 fiscal year for the continuation of profitable growth in all markets in which it is operating. In principle the available underwriting capacity should be used selectively in segments showing adequate risk margins. The core processes of underwriting, pricing and loss management

should therefore be continuously adjusted in line with market conditions in order to offer customers the excellent level of service they desire.

With regard to the 2020 fiscal year, R+V Versicherung expects an increase in premiums and an improvement in the technical result before equalisation provision. An improved combined ratio is also expected based on the forecast. This expectation is based on the assumption that no major-claims burden will occur outside of the expected value. We are currently expecting a reduction in capital investment result as well as a reduced level of other income. We do not expect any foreign exchange result given the backdrop of congruent coverage. However, this could have an impact on the annual net income for R+V Versicherung AG. In taking the change in equalisation provision and non-technical result into account, the overall level of profit to be transferred in 2020 is expected to be below the previous year's level.

Acknowledgement

The positive development of R+V can primarily be attributed to the commitment shown by all employees. The Board of Management wishes to give its explicit thanks for this and express its appreciation.

The Board of Management would like to thank the representatives of the Senior Management Committee and the Works Council for their trustworthy cooperation.

We would particularly like to thank our business partners and clients for the trust they have placed in us.

Wiesbaden, 03 March 2020

The Board of Management

Appendix to the Management Report

In the fiscal year the company was active in the following branches of domestic and foreign reinsurance:

Life

Health

Accident

Liability

Motor

Aviation

Legal

Fire and allied perils

Burglary and theft

Water damage

Storm

Comprehensive home contents

Comprehensive home-owners

Glass

Hail

Livestock

Engineering

Marine

Credit and bonds

Business interruption

Other

2019 Annual Financial Statements

Balance sheet

as at 31 December 2019*

ASSETS				
in EUR			2019	2018
A. Capital investments				
I. Land, land rights and buildings including buildings on third-party land		3,324,359.17		3,391,741.17
II. Capital investments in affiliated companies and shareholdings				
1. Shares in affiliated companies	2,498,475,442.97			2,478,370,987.75
2. Loans to affiliated companies	36,751,831.49			24,969,901.41
3. Shareholdings	376,245.81	2,535,603,520.27		1,017,559.22
III. Other capital investments				
1. Stocks, shares or shares in investment funds and other variable interest securities	831,826,188.27			776,448,269.84
2. Bearer bonds and other fixed-interest securities	3,019,605,108.79			2,745,677,173.16
3. Other loans				
a) Registered bonds	516,115,525.22			538,871,824.75
b) Bonded debt receivables and loans	164,540,986.15	680,656,511.37		189,358,148.41
4. Deposits at banks	471,458,711.95			332,465,585.91
5. Other capital investments	57,099,889.27	5,060,646,409.65		27,263,343.28
IV. Deposits with ceding insurers		462,942,584.57		317,323,843.41
			8,062,516,873.66	7,435,158,378.31

* Previous year's figures in brackets for "thereof" information.

Balance sheet

in EUR		2019	2018
B. Receivables			
I. Settlement receivables from reinsurance business		276,777,475.08	261,483,229.99
Thereof due to:			
Affiliated companies	€ 7,174,163.69 (€ 5,266,863.69)		
II. Other receivables		429,102,852.31	424,473,751.66
Thereof due to:			
Affiliated companies	€ 331,658,234.94 (€ 342,987,101.59)		
		705,880,327.39	685,956,981.65
C. Other assets			
I. Property, plant, equipment and inventories		972,378.91	740,807.92
II. Cash at banks, cheques and cash in hand		306,485,976.26	178,486,088.91
III. Other assets		44,114.71	58,042.39
		307,502,469.88	179,284,939.22
D. Accruals and deferred income			
I. Accrued interest and rents		43,499,324.—	45,199,980.05
II. Other accruals		243,119.51	281,572.39
		43,742,443.51	45,481,552.44
Total assets		9,119,642,114.44	8,345,881,851.62

LIABILITIES				
in EUR			2019	2018
A. Shareholders' equity				
I. Called-up capital				
Subscribed capital	352,220,259.74			352,220,259.74
minus uncalled outstanding investments	—.—	352,220,259.74		
II. Capital reserves			1,632,887,360.26	1,632,887,360.26
Thereof reserves in accordance with Section 9 (2) sentence 5 VAG (Versicherungsaufsichtsgesetz [Insurance Supervision Act]): €— (€—)				
III. Retained earnings				
Other retained earnings			164,666,337.05	164,666,337.05
			2,149,773,957.05	2,149,773,957.05
B. Technical provisions				
I. Unearned premium reserves				
1. Gross	189,263,219.40			186,468,933.03
2. Thereof: less reinsurance amount	409,389.94	188,853,829.46		
II. Actuarial reserves				
1. Gross	45,734,607.69			50,122,465.18
2. Thereof: less reinsurance amount	21,406,442.53	24,328,165.16		
III. Provision for outstanding claims				
1. Gross	4,845,463,383.02			4,109,481,782.73
2. Thereof: less reinsurance amount	12,240,044.05	4,833,223,338.97		
IV. Provisions for performance based and non-performance based premium funds				
1. Gross	4,770,153.54			4,431,575.60
2. Thereof: less reinsurance amount	—.—	4,770,153.54		
V. Equalisation provision and similar provisions			937,504,116.—	874,568,195.—
VI. Other technical provisions				
1. Gross	1,387,144.41			946,453.69
2. Thereof: less reinsurance amount	—.—	1,387,144.41		
			5,990,066,747.54	5,190,367,429.14

Balance sheet

in EUR		2019	2018
C. Other provisions			
I. Provisions for pensions and similar obligations		6,491,036.49	5,352,112.92
II. Tax provisions		19,723,383.40	19,147,575.15
III. Other provisions		49,127,333.47	63,777,684.82
		75,341,753.36	88,277,372.89
D. Deposit liabilities received from reinsurers			
		22,103,560.87	23,058,573.45
E. Other liabilities			
I. Settlement liabilities from reinsurance business		473,531,547.33	390,591,624.17
Thereof due to:			
Affiliated companies	€ 41,832,989.74	(€ 53,028,741.98)	
Associated companies	€ 9,161.—	(€ 186,560,31)	
II. Bonds		30,821,470.07	30,504,874.53
III. Liabilities due to banks		—,—	1,365.70
IV. Other liabilities		378,003,078.22	473,306,654.69
Thereof:			
From taxes	€ 3,113,495.77	(€ 1,260,961.46)	
Social security	€ 24,121.18	(€ 31,407.42)	
due to:			
Affiliated companies	€ 366,519,467.09	(€ 464,599,213.26)	
		882,356,095.62	894,404,519.09
Total liabilities		9,119,642,114.44	8,345,881,851.62

Income statement

for the period 1 January to 31 December 2019*

INCOME STATEMENT			
in EUR			
		2019	2018
I. Technical account			
1. Premiums earned for own account			
a) Gross premiums written	3,305,945,683.26		2,822,228,387.99
b) Reinsurance premiums ceded	61,287,780.24		58,478,846.57
		3,244,657,903.02	
c) Change in gross unearned premium reserve	3,472,386.24		16,709,318.74
d) Change in gross unearned premium reserve - reinsurers' share	-163,914.52		1,286,839.96
		3,636,300.76	
		3,248,294,203.78	2,779,172,020.20
2. Technical interest income for own account		207,184.75	821,101.44
3. Other technical earnings for own account		—,—	8,403.44
4. Expenditure for insurance claims for own account			
a) Payments for claims			
aa) Gross	1,938,304,534.29		1,708,683,958.41
bb) Reinsurers' share	3,955,410.72		12,532,223.67
		1,934,349,123.57	
b) Change in provision for outstanding claims			
aa) Gross	628,028,983.—		433,925,274.33
bb) Reinsurers' share	-764,458.82		1,304,696.10
		628,793,441.82	
		2,563,142,565.39	2,128,772,312.97
5. Change in other technical net provisions			
a) Net actuarial reserves	4,016,547.60		710,931.90
b) Other technical net provisions	-432,192.97		31,014.70
		3,584,354.63	741,946.60
6. Expenditure on performance-based and non-performance based premium funds for own account		3,892,391.13	3,429,571.37
7. Expenditure on insurance operations for own account			
a) Gross expenditure on insurance operations	781,341,313.74		679,257,146.85
b) Thereof:			
reinsurance commissions and profit participations received on retrocession	6,824,081.80		7,147,224.53
		774,517,231.94	672,109,922.32
8. Other technical expenses for own account		2,735,385.34	2,215,104.46
9. Subtotal		-92,201,830.64	-25,783,439.44
10. Change to equalisation provision and similar provisions		-62,935,921.—	-10,981,970.—
11. Technical result for own account		-155,137,751.64	-36,765,409.44

* Previous year's figures in brackets for "thereof" information.

Income statement

in EUR		2019	2018
II. Non-technical account			
1. Income on capital investments			
a) Income from holdings	2,210,203.51		80,830,774.11
Thereof from affiliated companies:			
€ 2,172,695.76	(€ 80,788,494.—)		
b) Income from other capital investments			
Thereof from affiliated companies:			
€ 3,174,085.43	(€ 3,033,410.81)		
aa) Income from land, land rights and buildings including buildings on third-party land	707,965.86		696,004.59
bb) Income from other capital investments	137,990,006.57		102,971,663.62
	138,697,972.43		
c) Income from write-ups	10,709,636.25		258,442.95
d) Realised gains on capital investments	3,182,490.96		3,576,393.25
e) Income from profit pooling, profit and loss transfer agreements and partial profit and loss transfer agreements	339,541,964.58		223,304,470.57
	494,342,267.73		411,637,749.09
2. Expenditure for capital investments			
a) Expenditure for management of capital investments, interest expenditure and other expenditure on capital investments	15,738,931.01		15,155,936.15
b) Depreciation on capital investments	3,270,751.82		39,279,731.82
c) Realised losses on capital investments	570,416.92		1,821,952.48
	19,580,099.75		56,257,620.45
	474,762,167.98		355,380,128.64
3. Technical interest income	-1,067,788.82		-1,765,762.98
		473,694,379.16	353,614,365.66
4. Other income	49,583,680.43		54,585,409.48
5. Other expenditure	72,295,785.76		71,036,007.73
		-22,712,105.33	-16,450,598.25
6. Non-technical result		450,982,273.83	337,163,767.41
7. Result of ordinary business activities		295,844,522.19	300,398,357.97

in EUR		2019	2018
8. Taxes on income and earnings		160,151,927.52	203,901,323.35
Thereof:			
Allocation within consolidated entity	€ 156,502,319.98 (€ 202,311,808.83)		
9. Other taxes		174,853.42	-55,923.68
		160,326,780.94	203,845,399.67
10. Profits transferred due to profit pooling, a profit and loss transfer agreement or a partial profit and loss transfer agreement		-135,517,741.25	-96,552,958.30
11. Annual net income/loss		—,—	—,—

Notes

Accounting and valuation methods

The 2019 annual financial statements for R+V Versicherung AG have been prepared in accordance with the provisions of the HGB (Handesgesetzbuch [German Commercial Code]), in conjunction with the RechVersV (Verordnung über die Rechnungslegung von Versicherungsunternehmen [Insurance Accounting Directive]).

Land, similar rights and buildings including buildings on third party land were accounted for with depreciation of impaired acquisition or construction costs using the lower of cost or market value principle for permanent impairment in value. Scheduled depreciation was carried out on a linear basis. Write-ups were carried out in accordance with Section 253 (5) sentence 1 HGB, but subject to a maximum of the acquisition and construction costs reduced by scheduled depreciation.

Shares in affiliated companies and shareholdings as well as other capital investments were accounted for at acquisition costs. In the event of permanent impairment in value, these items were reduced by depreciation. In case the reasons for past depreciation no longer existed, write-ups were carried out to the fair value up to a maximum of the acquisition value in accordance with Section 253 (5) sentence 1 HGB.

Securities from bilaterally collateralised OTC derivatives were reported net under the item other capital investments.

Loans to affiliated companies were valued in line with their affiliation to the items listed below.

Stocks or shares in investment funds denominated in euro, which have been assigned to assets in accordance with Section 341b (2) sentence 1 HGB, were recognised at the lower of cost or fair value as at the balance sheet date in the case of permanent impairment in accordance with Section 253 (3) sentence 5 HGB. They are otherwise recognised at the acquisition value. The year under review was the first time in which the depreciation option was no longer used in cases where there is only temporary impairment.

Stocks or shares in investment funds denominated in a foreign currency, which have been assigned to assets in accordance with Section 341 b (2) sentence 1 HGB, were written down to market value according to the option right under the term of Section 253 (3) sentence 6 HGB.

Bearer bonds and other fixed-interest securities were valued at acquisition costs, reduced by depreciation in accordance with the strict lower of cost or market value principle, unless they weren't allocated to assets.

Bearer bonds and other fixed interest securities, which have been assigned to assets in accordance with Section 341 b (2) sentence 1 HGB, were reported at amortised acquisition value. In the event of permanent impairment in value in accordance with Section 253 (3) sentence 5 HGB, depreciation was carried out to the fair value. The amortisation of any difference between the amortised acquisition costs and the repayment amount was carried out using the effective interest method.

In case the reasons for past depreciation of fixed and current assets no longer existed, write-ups were carried out to the fair value up to a maximum of the amortised acquisition value in accordance with Section 253 (5) sentence 1 HGB.

Other loans were recognised at the amortised cost insofar as no single value adjustments were to be carried out. The amortisation of any difference between the acquisition costs and the repayment amount was carried out using the effective interest method.

Deposits at banks were recognised at the respective repayment amount. Negative interest rates on deposits were reported with income.

Deposit receivables and settlement receivables from the reinsurance business were recognised at the nominal amounts. Doubtful settlement receivables were value adjusted on an individual basis or directly written off.

All other receivables were valued at the nominal value.

Assets that were placed beyond the access of all other creditors, and which exclusively concern the fulfilment of pension provision obligations or comparable long-term obligations, were valued at fair value in accordance with Section 253 (1) HGB and applied against the corresponding debts. The interest share of the change in asset value is offset against the interest share of the change to the corresponding obligation.

The valuation of operating and office equipment was carried out at acquisition costs and written down using the straight line method over the typical useful life permitted. Additions and disposals during the fiscal year were written down pro rata temporis. Assets, whose acquisition costs were between EUR 250 and EUR 1,000, were placed in a collective item that is written down over five years - beginning with the year of formation.

Negative interest on cash at banks was reported in other expenditure.

An integrated intercompany agreement with regard to income tax has existed between R+V Versicherung AG and DZ BANK AG since 2012. As owing to deviating accounting under commercial and taxation law the consequences with regard to income tax arise at the controlling company, the valuation differences between the commercial and tax balance sheet existing at R+V Versicherung AG as at 31 December 2019 were taken into consideration within the formation of the deferred taxes at DZ BANK AG. Therefore, no deferred taxes were disclosed at R+V Versicherung AG as at 31 December 2019.

The other assets were recognised at their nominal amounts. Necessary value adjustments were carried out and deducted on the assets' side.

The technical provisions (unearned premium reserves, actuarial reserves, provisions for outstanding claims and other technical provisions) were principally accounted in accordance with the cedents' statement.

If no information was available, the provisions were estimated; the contractual terms and conditions and the previous course of business were decisive in this respect. Appropriate increases were carried out in the case of claims provisions based on typically underestimated values by the cedent. Accordingly, appropriate provisions were also made for claims burdens expected in the future. In the event of deviating assessments of legal and contractual bases in individual cases, the best possible individual estimate of the reserve is made by means of comprehensive internal processes. The reinsurance shares of the provisions were determined in accordance with contractual agreements.

The equalisation provision and similar provisions (nuclear facilities, pharmaceutical risks) were calculated in accordance with Section 341 h HGB in conjunction with Section 29 and 30 RechVersV.

Deposit liabilities and settlement liabilities from the reinsurance business were valued at the nominal amounts.

The provisions for pensions and similar obligations were measured according to the projected unit credit method (PUC method) in conjunction with Section 253 (1) HGB based on the mortality tables 2018 G by Klaus Heubeck. Future developments and trends were taken into account. The discounting of provisions for pensions was carried out using the average interest rate for the past ten years published by the German Federal Bank for October 2019 with an assumed remaining term of 15 years. The interest rate was projected to the end of the year.

The following parameters were used:

Increases in salary:	2.50 %
Increase in pensions:	1.60 %
Fluctuation:	0.90 %
Interest rate for pension provisions:	2.72 %

Pension commitments through deferred compensation and lifetime working time accounts are largely covered by appropriate reinsurance policies pledged as security. Their value thus corresponds with the fair value of the assets in accordance with Section 253 (1) HGB.

Other provisions have been valued at their settlement amount in accordance with Section 253 HGB and discounted if the term of the provision is longer than one year. In each case, the interest rate was projected to the end of the year, based on the average interest rate for the past seven years published by the German Federal Bank for October 2019.

The provisions for service anniversaries and retirement benefits not related to the pension scheme contained in Other provisions were measured according to the projected unit credit method (PUC method) in conjunction with Section 253 (1) HGB based on the mortality tables 2018 G by Klaus Heubeck. Future developments and trends were taken into account. The discounting was carried out using the average interest rate for the past seven years published by the German Federal Bank for October 2019 with an assumed remaining term of 15 years. The interest rate was projected to the end of the year and totalled 1.97 %.

The other liabilities were recognised at the repayment amount. Securities from bilaterally collateralised OTC derivatives were reported net under the item other liabilities.

All items in foreign currencies were converted into euros. The items posted under Assets, A. Capital investments I. to III. were converted into euros at the average spot rate on 31 December 2019. The average spot exchange rate at the time of the cash flow was used as the basis for converting income and expenditure from capital investments.

All other items on the balance sheet and income statement, in particular technical items, were converted using the average spot exchange rate on 27 December 2019 in order to speed up the preparation of the annual financial statements.

Any exchange rate gains and losses incurred in relation to a single currency were balanced against each other.

List of shareholdings

A. II. 1. SHARES IN AFFILIATED COMPANIES

Name of company and registered office	Shares in Capital in %	Currency	Fiscal year	Shareholders' equity	Result
Insurance companies					
Assimoco S.p.A., Milan	66.9	EUR	2018	195,644,089	19,687,333
Assimoco Vita S.p.A., Milan	64.5	EUR	2018	152,116,737	11,593,572
CHEMIE Pensionsfonds AG, Munich	100.0	EUR	2019	28,317,843	2,000,000
Condor Allgemeine Versicherungs-AG, Hamburg	100.0	EUR	2019	41,761,661	1)
Condor Lebensversicherungs AG, Hamburg	95.0	EUR	2019	51,742,466	1)
KRAVAG-ALLGEMEINE Versicherungs-AG, Hamburg	76.0	EUR	2019	132,611,738	13,250,737
KRAVAG-LOGISTIC Versicherungs-AG, Hamburg	51.0	EUR	2019	238,188,884	19,083,259
R+V Allgemeine Versicherung AG, Wiesbaden	95.0	EUR	2019	774,176,663	1)
R+V Direktversicherung AG, Wiesbaden	100.0	EUR	2019	13,320,000	1)
R+V Krankenversicherung AG, Wiesbaden	100.0	EUR	2019	104,985,231	16,000,000
R+V Lebensversicherung AG, Wiesbaden	100.0	EUR	2019	744,980,723	1)
R+V Luxembourg Lebensversicherung S.A., Strassen	100.0	EUR	2019	443,393,916	48,130,255
R+V Pensionsfonds AG, Wiesbaden	74.9	EUR	2019	32,083,166	2,730,000
R+V Pensionskasse AG, Wiesbaden	100.0	EUR	2019	103,233,238	500,000
Service, holding and real estate companies					
Aufbau und Handelsgesellschaft mbH, Stuttgart	82.5	EUR	2018	525,138	1)
BWG Baugesellschaft Württembergischer Genossenschaften mbH, Stuttgart	82.4	EUR	2018	9,965,213	1)
carexpert Kfz-Sachverständigen GmbH, Walluf	60.0	EUR	2019	4,485,044	13,876
CI CONDOR Immobilien GmbH, Hamburg	95.0	EUR	2019	20,100,000	1)
compertis Beratungsgesellschaft für betriebliches Vorsorgemanagement mbH, Wiesbaden	51.0	EUR	2019	4,761,593	968,744
COMPLINA GmbH, Wiesbaden	100.0	EUR	2019	140,144	25,390
Condor Dienstleistungs-GmbH, Hamburg	95.0	EUR	2019	405,298	49,170
Englische Strasse 5 GmbH, Wiesbaden	90.0	EUR	2018	16,937,359	477,110
fragWILHELM GmbH, Wiesbaden	100.0	EUR	2019	206,224	-1,328,119

1) A profit and loss transfer agreement exists.

Notes

A. II. 1. SHARES IN AFFILIATED COMPANIES

Name of company and registered office	Shares in Capital in %	Currency	Fiscal year	Shareholders' equity	Result
GTIS Brazil II S-Feeder LP, Edinburgh	97.9	USD	2018	31,998,359	-7,678,290
GWG 1. Wohn GmbH & Co. KG, Stuttgart	91.6	EUR	2018	2,000,000	629,815
GWG 2. Wohn GmbH & Co. KG, Stuttgart	91.6	EUR	2018	3,000,000	869,642
GWG 3. Wohn GmbH & Co. KG, Stuttgart	91.6	EUR	2018	7,000,000	1,554,565
GWG 4. Wohn GmbH & Co. KG, Stuttgart	91.6	EUR	2018	9,000,000	1,228,649
GWG Beteiligungsgesellschaft mbH, Stuttgart	91.6	EUR	2018	26,505	575
GWG Gesellschaft für Wohnungs- und Gewerbebau Baden-Württemberg AG, Stuttgart	91.6	EUR	2018	316,386,161	28,215,354
GWG Hausbau GmbH, Stuttgart	82.1	EUR	2018	2,750,000	1)
GWG ImmoInvest GmbH, Stuttgart	86.9	EUR	2018	9,517,567	1,282,213
GWG Wohnpark Sendling GmbH, Stuttgart	81.7	EUR	2018	4,027,500	1)
HumanProtect Consulting GmbH, Cologne	100.0	EUR	2018	307,801	91,344
IZD-Beteiligung S.à.r.l., Senningerberg	96.2	EUR	2018	49,739	-106,821
KRAVAG Umweltschutz- und Sicherheitstechnik GmbH, Hamburg	51.0	EUR	2019	326,869	21,092
Macquarie Asia Infrastructure Fund EU Feeder L.P., London	98.8	USD	2018	96,059,000	3,036,000
Medico 12 GmbH & Co. KG, Frankfurt am Main	100.0	EUR	2018	825,885	-56,987
MSU Management-, Service- und Unternehmensberatung GmbH, Landau	74.0	EUR	2018	806,214	130,823
Nuveen Immobilien GmbH & Co. GB I KG, Frankfurt am Main	73.2	EUR	2018	2,015,383	-372,755
PASCON GmbH, Wiesbaden	100.0	EUR	2019	35,615	3,784
Pension Consult Beratungsgesellschaft für Altersvorsorge mbH, Wiesbaden	74.9	EUR	2019	723,577	-883,141
R+V Dienstleistungs-GmbH, Wiesbaden	100.0	EUR	2019	650,413	7,870
R+V Erste Anlage GmbH, Wiesbaden 2)	95.0	EUR	2019	288,857	-13,753
R+V INTERNATIONAL BUSINESS SERVICES Ltd., Dublin 3)	100.0	EUR	2017	1,347,091	114,943
R+V KOMPOSIT Holding GmbH, Wiesbaden	100.0	EUR	2019	1,820,011,575	1)
R+V Kureck Immobilien GmbH, Wiesbaden 2)	95.0	EUR	2019	24,152	-10,990
R+V Mannheim P2 GmbH, Wiesbaden	94.0	EUR	2018	59,239,217	1,930,509
R+V Personen Holding GmbH, Wiesbaden	100.0	EUR	2019	1,161,582,738	46,760,667
R+V Rechtsschutz-Schadenregulierungs-GmbH, Wiesbaden	100.0	EUR	2019	326,320	49,078
R+V Service Center GmbH, Wiesbaden	100.0	EUR	2019	2,869,375	1)

1) A profit and loss transfer agreement exists.

2) Company in liquidation.

3) Company in liquidation, 2018 annual financial statements not available.

A. II. 1. SHARES IN AFFILIATED COMPANIES

Name of company and registered office	Shares in Capital in %	Currency	Fiscal year	Shareholders' equity	Result
R+V Service Holding GmbH, Wiesbaden	100.0	EUR	2019	183,115,250	1)
R+V Treuhand GmbH, Wiesbaden	100.0	EUR	2019	58,329	6,774
RC II S.a.r.L., Munsbach	90.0	EUR	2018	8,762,063	-292,421
RUV Agenturberatungs GmbH, Wiesbaden	100.0	EUR	2019	333,428	65,735
RV AIP S.à.r.l., Luxembourg	100.0	EUR	2018	11,885	-76
RV AIP S.C.S. SICAV-SIF, Luxembourg	99.0	EUR	2019	9,888	-47
RV AIP S.C.S. SICAV-SIF - RV TF 2 Infra Debt, Luxembourg	98.9	EUR	2019	276,785,161	3,176,421
RV AIP S.C.S. SICAV-SIF - RV TF Acquisition Financing, Luxembourg	97.4	EUR	2019	70,386,422	447,619
RV-CVIII Holdings, LLC, Los Angeles	99.0	USD	2018	154,496,488	3,120,713
SECURON Versicherungsmakler GmbH, Hanover 2)	100.0	EUR	2018	636,642	137,999
Sprint Sanierung GmbH, Cologne	100.0	EUR	2018	29,973,415	-3,449,131
Tishman Speyer Brazil Feeder (SCOTS/D), L.P., Edinburgh	97.5	BRL	2018	98,746,513	-314,926
Tishman Speyer Europ. Real Estate Venture VIII Parallel SCSp, Luxembourg	55.9	EUR	2018	1,119,286	-2,762,632
Tishman Speyer European Strategic Office Fund Feeder, L.P., London	97.2	EUR	2018	7,946,010	811,693
UMB Unternehmens-Management- beratungs GmbH, Wiesbaden	100.0	EUR	2019	5,222,654	1,469,324
Unterstützungskasse der Condor Versicherungsgesellschaften GmbH, Hamburg	98.3	EUR	2019	26,075	-
VR GbR, Frankfurt am Main	41.2	EUR	2018	204,144,329	59,176,705
WBS Wohnwirtschaftliche Baubetreuungs- und Servicegesellschaft mbH, Stuttgart	86.9	EUR	2018	19,246,759	47,312

1) A profit and loss transfer agreement exists.

2) Share purchase in accordance with purchase and transfer agreement dated 06 May 2019.

Notes

A. II. 3. SHAREHOLDINGS

Name of company and registered office	Shares in Capital in %	Currency	Fiscal year	Shareholders' equity	Result
AMP Capital Infrastructure Debt Fund IV (EUR), L.P., Luxembourg ¹⁾	39.8	EUR	–	–	–
ASSICONF S.r.L., Turin	13.4	EUR	2018	86,818	1,094
ASSICRA S.r.L., Pescara	16.7	EUR	2018	486,659	36,560
BAU + HAUS Management GmbH, Wiesbaden	50.0	EUR	2018	10,007,066	848,012
bbv-Service Versicherungsmakler GmbH, Munich	25.2	EUR	2018	2,079,186	357,131
BCC Risparmio Previdenza S.G.R.p.A., Milan	16.1	EUR	2018	43,824,693	8,528,979
Cheyne Real Estate Credit Fund IV – Loans SCS SICAV-SIF, Luxembourg	20.4	GBP	2018	162,074,398	7,686,311
CMMT Partners, L.P., Los Angeles	46.1	USD	2018	151,124,903	12,009,138
Consorzio Caes Italia S.C.S., Milan	31.3	EUR	2018	223,439	34,091
Corpus Sireo Health Care III SICAV-FIS, Luxembourg	32.7	EUR	2018	95,445,457	6,142,866
Corpus Sireo Health Care IV SICAV-FIS, Luxembourg	45.6	EUR	2018	30,435,569	4,226,644
Credit Suisse Global Infrastructure SCA SICAR, Luxembourg	29.6	USD	2018	324,267,618	64,392,842
Global Infrastructure Partners III-C2, L.P., New York	27.5	USD	2018	401,675,571	16,314,067
Golding Mezzanine SICAV IV Teilfonds 2, Luxembourg	47.5	EUR	2018	4,042,098	365,210
IZD-Holding S.à.r.l., Senningerberg	48.4	EUR	2018	9,232	–61,383
Macquarie Asia Infrastructure Fund 2 SCSp, Luxembourg	49.1	USD	2018	148,506,000	6,579,000
MB Asia Real Estate Feeder (Scot) L.P., Edinburgh	34.1	USD	2018	2,195,286	–454,399
Nuveen Immobilien GmbH, Frankfurt am Main	50.0	EUR	2018	141,130	9,208
R+V Kureck Immobilien GmbH Grundstücksverwaltung Braunschweig, Wiesbaden	50.0	EUR	2018	7,533,982	277,926
Schroder Italien Fonds GmbH & Co. KG, Frankfurt am Main	23.1	EUR	2018	–220,479	–34,490
Schroder Italien Fonds Holding GmbH, Frankfurt am Main	23.1	EUR	2018	–29,669,037	–686,765
Schroder Property Services B.V. S.à.r.l., Senningerberg	30.0	EUR	2018	316,007	60,954
Tintoretto Rome S.r.L., Milan ²⁾	23.1	EUR	2017	1,395,704	–63,503
Versicherungs-Vermittlungsgesellschaft des Sächsischen Landesbauernverbandes mbH, Dresden	50.0	EUR	2018	252,071	51,250

¹⁾ Company established in 2019, no figures available from the annual financial statements yet.

²⁾ 2018 annual financial statements not available.

A. II. 3. SHAREHOLDINGS

Name of company and registered office	Shares in Capital in %	Currency	Fiscal year	Shareholders' equity	Result
Versicherungs-Vermittlungsgesellschaft mbH des Bauernverbandes Mecklenburg-Vorpommern e.V.(VVB), Neubrandenburg	50.0	EUR	2018	195,220	14,776
Versicherungs-Vermittlungsgesellschaft mbH des Landesbauernverbandes Sachsen-Anhalt e.V.(VVB), Magdeburg	50.0	EUR	2018	63,004	4,126
VVB Versicherungs- und Vermittlungsgesellschaft mbH des Landesbauernverbandes Brandenburg, Teltow	50.0	EUR	2018	33,126	3,594

Notes to the balance sheet – assets

STATEMENT OF CHANGES TO ASSET ITEMS A. I. TO III. IN FISCAL YEAR 2019¹⁾

	Values for previous year		Additions
	Thou. Euro	%	Thou. Euro
A. Capital investments			
A. I. Land, land rights and buildings including buildings on third-party land	3,392	–	–
A. II. Capital investments in affiliated companies and shareholdings			
1. Shares in affiliated companies	2,478,371	34.8	20,176
2. Loans to affiliated companies	24,970	0.4	21,665
3. Shareholdings	1,018	–	–
4. Total A. II.	2,504,358	35.2	41,841
A. III. Other capital investments			
1. Stocks, shares or shares in investment funds and other variable interest securities	776,448	10.9	51,746
2. Bearer bonds and other fixed-interest securities	2,745,677	38.6	470,445
3. Other loans			
a) Registered bonds	538,872	7.6	31,727
b) Bonded debt receivables and loans	189,358	2.7	62
4. Deposits at banks	332,466	4.7	129,234
5. Other capital investments	27,263	0.4	32,983
6. Total A. III.	4,610,084	64.8	716,198
Total A.	7,117,835	100.0	758,038
Total	7,117,835		758,038

¹⁾ Discrepancies in totals are due to rounding

²⁾ thereof currency write-ups: 69,264 thousand EUR

³⁾ thereof currency depreciation: 2,969 thousand EUR

Notes

Transfers Thou. Euro	Disposals Thou. Euro	Write-ups ²⁾ Thou. Euro	Depreciation ³⁾ Thou. Euro	Values for current fiscal year	
				Thou. Euro	%
-	-	-	67	3,324	0.0
-	4,352	4,281	-	2,498,475	32.9
-	10,000	117	-	36,752	0.5
-	641	-	-	376	0.0
-	14,994	4,398	-	2,535,604	33.4
-	2,674	6,498	192	831,826	10.9
-	251,874	56,157	799	3,019,605	39.7
-	55,064	580	-	516,116	6.8
-	25,233	353	-	164,541	2.2
-	-	11,853	2,095	471,459	6.2
-	194	134	3,086	57,100	0.8
-	335,039	75,576	6,172	5,060,646	66.6
-	350,033	79,974	6,239	7,599,574	100.0
-	350,033	79,974	6,239	7,599,574	

A. CAPITAL INVESTMENTS

in thousand EUR

2019

	Book value	Fair value	Reserve
I. Land, land rights and buildings, including buildings on third-party land	3,324	10,437	7,113
II. Capital investments in affiliated companies and shareholdings			
1. Shares in affiliated companies	2,498,475	5,672,741	3,174,266
2. Loans to affiliated companies	36,752	37,592	840
3. Shareholdings	376	376	–
III. Other capital investments			
1. Stocks, shares or shares in investment funds and other variable interest securities	831,826	907,823	75,997
2. Bearer bonds and other fixed-interest securities	3,019,605	3,222,155	202,549
3. Other loans			
a) Registered bonds	516,116	603,241	87,125
b) Bonded debt receivables and loans	164,541	191,557	27,016
4. Deposits at banks	471,459	471,540	82
5. Other capital investments	57,100	57,285	185
IV. Deposits with ceding insurers	462,943	462,943	–
	8,062,517	11,637,690	3,575,173

Stock prices or redemption prices were used to determine the fair value of listed securities. The discounted cash flow method was used to provide a synthetic market valuation for government bonds for which price data is not regularly supplied.

The discounted cash flow method is used to determine the market values of other loans whilst taking into account the remaining term and the risk premiums in relation to credit-worthiness.

The formula to determine the net earnings value according to IDW S1 in conjunction with IDW RS HFA 10 is used to determine the relative fair values for shares in affiliated companies, shareholdings and other capital investments, or the net asset value was used as the basis. Furthermore, approximations based on expert assessments were also estimated for a small number of items.

Recognised actuarial methods were used to assess structured products. A Shifted Libor market model was used for this purpose. The market values of the ABS products were determined according to the Discounted Cash Flow method; values were used which could be largely observed on the market.

The property was revalued as at 31 December 2019. The valuation bases on the standard ground value, which is updated every five years, this occurring most recently in 2018. If any other valuation methods have been used, these comply with the provisions of Section 56 RechVersV.

In accordance with Section 341 b (2) HGB, EUR 3,850.4 million of capital investments have been assigned to assets. This includes positive valuation reserves of EUR 281.6 million and negative valuation reserves of EUR 3.0 million based on the rates on 31 December 2019.

The valuation reserves of the total capital investments amount to EUR 3,575.2 million, which corresponds to a reserve ratio of 44.3 %.

Notes

A. CAPITAL INVESTMENTS – INFORMATION ON FINANCIAL INSTRUMENTS WHICH ARE REPORTED AT MORE THAN THEIR FAIR VALUE

in thousand EUR		2019	
Type	Book value	Fair value	
Shares in affiliated companies ¹⁾	1,428	1,409	
Bearer bonds and other fixed interest securities ²⁾	458,911	455,902	
Registered bonds ³⁾	27,000	24,710	
Deposits at banks ⁴⁾	71,801	71,785	
Other capital investments ¹⁾	16,949	16,540	

¹⁾ Due to the expected profits of the companies, the impairments are not permanent but dependent on market price changes.

²⁾ Due to the existing creditworthiness of the issuers, the impairments are not permanent but dependent on market price changes.

³⁾ The lower fair value relates to registered bonds, which are expected to show a temporary impairment as a result of their credit rating.

⁴⁾ Due to the existing creditworthiness of the borrowers and short residual terms, the impairments are not permanent but dependent on market price changes.

A. CAPITAL INVESTMENTS – INFORMATION ON DERIVATIVE FINANCIAL INSTRUMENTS

in thousand EUR		2019			
Type	Nominal volume	Book value	Positive fair value	Negative fair value	
Interest-related business					
Futures/forward purchases registered certificates ¹⁾	25,000	–	10,109	–	
Futures/forward purchases bearer bonds ²⁾	34,800	–	6,829	154	
Currency-related business					
Forward exchange transactions ³⁾	563,162	2,199	1,715	2,199	

¹⁾ The fair values are determined on the basis of the discounted cashflow (DCF) method:

The interest rate curve and the credit spread are the valuation parameters for this purpose.

²⁾ The fair values are valued on the basis of the discounted cashflow (DCF) method:

The spot rate and the interest rate curve are the valuation parameters for this purpose.

³⁾ Fair values correspond to the discounted "delta" between the agreed forward rate and the forward rate as at the valuation date.

The forward exchange rate is measured on a mark-to-market basis. The disclosure for the liabilities is carried out under item C.III. Other provisions.

A. III. OTHER CAPITAL INVESTMENTS - STOCKS, SHARES OR SHARES IN INVESTMENT FUNDS

in thousand EUR				2019
Fund type	Market value	Difference between market value/ book value	Distribution for the fiscal year	Omitted non-scheduled Depreciation
Equity fund	36,780	4,176	647	–
Pension fund	67,124	884	3,499	–
Mixed fund	645,075	50,214	31,189	–
	748,980	55,273	35,336	–

The security funds have a predominantly European or international focus and investment is concentrated on securities.

The investment principle of Section 215 (1) VAG regarding security is observed at all times.

D. II. OTHER ACCRUALS AND DEFERRALS

in EUR		2019
Expenditure relating to subsequent fiscal years		
Status as at 31 December		243,120

Notes to the balance sheet – liabilities

A. I. CALLED-UP CAPITAL

in EUR	2019
The subscribed capital is divided into 13,560,480 no-par value shares (registered shares with restricted transferability).	
Status as at 31 December	352,220,259.74

The status of the subscribed capital has not changed from that as at 31 December 2018.

In accordance with Section 20 (4) AktG, DZ BANK AG informed that it holds the majority of the shares in R+V Versicherung AG.

A. II. CAPITAL RESERVES

in EUR	2019
Status as at 31 December	1,632,887,360.26

The status of the capital reserves has not changed from that as at 31 December 2018.

A. III. RETAINED EARNINGS

in EUR	2019
Other retained earnings	
Status as at 31 December	164,666,337.05

The status of the retained earnings as not changed from that as at 31 December 2018.

C. I. PROVISIONS FOR PENSIONS AND SIMILAR OBLIGATIONS

in EUR	2019
Amount payable	20,070,861.28
Offsettable reinsurance assets (claims from life insurance policies)	13,579,824.79
Status as at 31 December	6,491,036.49

The difference between discounting the provisions for pensions with the average market interest of the last ten years and discounting with an average market interest rate from the last seven years is EUR 1,489,261.

C. III. OTHER PROVISIONS

in EUR	2019
Holiday/flexi-time credits	2,283,600.—
Working life	—.—
Provision	4,324,628.38
Offsettable reinsurance assets (claims from life insurance policies)	4,324,628.38
Capital investment area	2,549,142.51
Annual financial statements	151,813.—
Storage of business records	782,411.—
Trade association	191,000.—
Personnel costs	8,877,355.—
Anniversaries	3,509,108.—
Other provisions	30,782,903.96
Status as at 31 December	49,127,333.47

The other provisions essentially relate to the risk items connected with the change in the valuation of fixed-interest securities from previous years.

E. OTHER LIABILITIES

in EUR	2019
Liabilities with a remaining term of more than five years	
Bonds	6,219,200.—
Status as at 31 December	6,219,200.—

There were no liabilities secured by liens or similar rights.

Notes to the income statement

I. 1. A) GROSS PREMIUMS WRITTEN

in EUR	2019	2018
Property and casualty, health and accident insurance	3,284,058,230.39	2,795,999,725.27
Life insurance	21,887,452.87	26,228,662.72
Status as at 31 December	3,305,945,683.26	2,822,228,387.99

I. 2. TECHNICAL INTEREST INCOME FOR OWN ACCOUNT

in EUR	2019	2018
Status as at 31 December	207,184.75	821,101.44

This concerns deposit interest from securities in the amount of the securities provided for the actuarial reserves and the annuity actuarial reserves with the cedents. The reinsurers'

shares were calculated in accordance with contractual agreements and deducted accordingly.

I. 4. EXPENDITURE ON CLAIMS FOR OWN ACCOUNT

in EUR	2019	2018
Status as at 31 December	2,563,142,565.39	2,128,772,312.97

There was a gross loss of EUR 162.2 million from the settlement of the provisions for outstanding claims assumed from the previous fiscal year.

II. 2. DEPRECIATION ON CAPITAL INVESTMENTS

in EUR	2019	2018
b) Depreciation on capital investments		
Scheduled depreciation	67,382.—	67,384.—
Non-scheduled depreciation in accordance with Section 253 (3) sentence 5 HGB	—.—	33,536,229.24
Non-scheduled depreciation in accordance with Section 253 (3) sentence 6 HGB	3,188,969.82	4,771,318.58
Non-scheduled depreciation in accordance with Section 253 (4) HGB	14,400.—	904,800.—
Status as at 31 December	3,270,751.82	39,279,731.82

II. 4. OTHER INCOME

in EUR	2019	2018
Income on services provided	26,085,250.14	24,621,110.72
Other interest income	7,313,190.85	4,422,922.76
Income from liability insurance	1,227,885.88	1,261,065.51
Other income	14,957,353.56	24,280,310.49
Status as at 31 December	49,583,680.43	54,585,409.48

Other income includes reporting date-related exchange rate gains of EUR 7.6 million.

II. 5. OTHER EXPENDITURE

in EUR	2019	2018
Expenditure on services provided	24,552,761.96	23,108,496.49
Expenditure that affects the company as a whole	29,889,048.67	26,814,689.53
Interest transferred to provisions	912,515.50	861,299.33
Interest to be offset from offsettable assets	-772,163.83	-671,727.85
Other interest expenditure	3,948,601.26	2,891,530.56
Expenditure from outsourcing pension provisions	1,392,037.04	2,372,857.25
Other expenditure	12,372,985.16	15,658,862.42
Status as at 31 December	72,295,785.76	71,036,007.73

Other expenditure includes reporting date-related exchange rate losses of EUR 8.8 million.

Other explanatory notes

SUPERVISORY BOARD

Dr Cornelius Riese

– Chairman –
Co-Chairman of the Board of Management, DZ BANK AG
Deutsche Zentral-Genossenschaftsbank, Frankfurt am Main
(with effect from 01 January 2019)

Ulrich Birkenstock

– Deputy Chairman –
Chairman of the General Works Council of
R+V Allgemeine Versicherung AG, Koblenz branch office,
Koblenz

Uwe Abel

Chairman of the Board of Management,
Mainzer Volksbank eG, Mainz

Thomas Bertels

Chairman of the General Works Council of
R+V Service Center GmbH, Münster

Henning Deneke-Jöhrens

Chairman of the Board of Management of Volksbank eG,
Hildesheim

Ansgar Gerdes

Member of the Works Council of
R+V Allgemeine Versicherung AG, VH-Betrieb Hamburg,
Hamburg

Engelbert Knöpfle

Head of the South-East sales division of
R+V Allgemeine Versicherung AG, Munich

Marija Kolak

President of the Bundesverband der Deutschen Volksbanken
und Raiffeisenbanken e.V. (National Association of German
Cooperative Banks), Berlin

Klaus Krömer

Member of the Board of Management,
Emsländischen Volksbank eG, Meppen

Dirk Schiweck

Chairman of the Administration Works Council and Member
of the General Works Council of R+V Versicherung AG,
Wiesbaden head office, Wiesbaden

Armin Schmidt

Trade Union Secretary Financial Services of
Vereinte Dienstleistungsgewerkschaft ver.di trade union,
Wiesbaden District, Wiesbaden

Sigrid Schneider

Chairman of the Works Council for
R+V Allgemeine Versicherung AG, Dresden branch office,
Dresden

Michael Speth

Member of the Board of Management, DZ BANK AG
Deutsche Zentral-Genossenschaftsbank, Frankfurt am Main
(with effect from 03 January 2019)

Martina Trümner

Federal Administration legal adviser
Vereinte Dienstleistungsgewerkschaft ver.di trade union,
Berlin

Rainer Wiederer

Spokesman for the Board of Management of
Volksbank Raiffeisenbank Würzburg eG, Würzburg

Jürgen Zachmann

Chairman of the Board of Management,
Volksbank Pforzheim eG, Pforzheim

BOARD OF MANAGING DIRECTORS**Dr Norbert Rollinger**

– Chairman –

Claudia Andersch**Jens Hasselbacher****Dr Christoph Lamby****Tillmann Lukosch****Dr Edgar Martin****Julia Merkel****Marc René Michallet**

PERSONNEL EXPENDITURE

in EUR	2019	2018
1. Wages and salaries	62,388,002.93	57,748,615.74
2. Social security deductions and expenditure on other benefits	8,311,462.72	7,190,719.14
3. Expenditure on pension provision	7,139,857.07	7,119,185.—
Total expenditure	77,839,322.72	72,058,519.88

Total remuneration of the members of the Board of Management amounted to EUR 8,967,776.– (2018: EUR 9,927,481.–).

EUR 983,364.– was paid to former members of the Board of Management and their dependants (2018: EUR 1,064,204.–). As part of the outsourcing of pension obligations for members of the Board of Management in 2019, contribution payments of EUR 3,516,981.70 (2018: EUR 3,962,011.34) were settled to Versorgungskasse genossenschaftlich orientierter Unternehmen e.V. For former members of the Board of Management and their dependants, an amount of EUR 1,256,554.71 (2018: EUR 2,358,752.16) was paid to Versorgungskasse genossenschaftlich orientierter Unternehmen e.V. No payments were made to R+V Pensionsfonds AG.

For the pensions and pension entitlements of former members of the Board of Management and their dependants exists a provision in the amount of EUR 9,018,055.– (2018: EUR 8,665,887.–). Furthermore, obligations for this group of people of EUR 883,831.– (2018: EUR 1,060,597.–) are not shown in the balance sheet due to Article 67 (1) EGHGB (Einführungsgesetz zum Handelsgesetzbuch [Introductory Act to the German Commercial Code]).

EUR 406,235.– was paid out to the Supervisory Board in the fiscal year (2018: EUR 374,461.31). No contributions that require disclosure in accordance with Section 285 No. 9 c HGB were recorded in the fiscal year.

NUMBER OF EMPLOYEES

During the 2019 fiscal year, an average of 702 employees (2018: 620) were employed at R+V Versicherung AG.

INFORMATION ABOUT RELATED PARTIES AND COMPANIES

During the reporting period no transactions as defined by Section 285 (21) HGB (Handelsgesetzbuch [German Commercial Code]) were carried out with related parties or companies.

AUDITOR'S FEES AND SERVICES

The following fees were recorded as expenditure (net) in the fiscal year:

in EUR	2019
Audit services	884,694.19
Other certification services	5,000.—
Other services	35,200.—
Total expenditure	924,894.19

The auditor of R+V Versicherung AG is Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft.

The other services relate to strategic consultancy services.

Notes

INFORMATION ON CONTINGENT LIABILITIES AND OTHER FINANCIAL OBLIGATIONS

On the reporting date the following contingent liabilities arose from contracts concluded and memberships in accordance with Section 251 HGB and other financial obligations in accordance with Section 285 No. 3a HGB:

in EUR	Details concerning amount	thereof due to affiliated companies	Risks	Benefits
1. Letters of Credit	401,978,801.15	2,210,444.—	The guarantees can be used if payment obligations to cedents are not met.	Bank guarantees were used to provide collateral for technical liabilities so that business can be conducted in foreign markets.
2. Supplementary payment obligations	146,641,948.87	93,091,450.—	There is an obligation to pay. No influence on the time of the claim is possible. There is a risk that the holding will fall in value in the meantime.	No increase in reported capital investments as long as this is not paid out. Liquidity benefits arise from non-payment that can be used for a capital investment with better interest yield, if applicable.
3. Letters of comfort	19,900,000.—	19,900,000.—	Liability for granting loans.	Better credit procurement possibilities for a borrowing company within the R+V Group.
4. Put options from multi-tranches Remaining term > 1 year	244,000,000.—	40,000,000.—	Outflow of liquidity. Opportunity costs are incurred due to the low interest rate and an issuer risk.	Higher coupon of underlying asset.
5. Blocked deposits	327,112,205.63	8,725,150.04	Outflow of liquidity. Opportunity costs are incurred due to the low interest rate.	Investments were blocked in separate deposit accounts in favour of reinsurers.
6. Liabilities from pending transactions	61,983,344.—	34,800,000.—	Opportunity costs due to low interest rate; counterparty risk and issuer risk.	Compensation for liquidity fluctuations during the course of the fiscal year and avoiding of market disturbances with high investment requirements.
7. Amount of liability	5,000.—	—.—	No increase in balance sheet capital investments on recourse. There is no reported current value for the liability total.	Increase in liable shareholders' equity at cooperative companies, low probability of occurrence through deposit guarantee funds.
Total	1,201,437,955.65	198,727,044.04		

It is unlikely that contingent liabilities will be utilised according to Section 251 HGB.

There are no other financial liabilities towards associated companies.

INFORMATION ON THE IDENTITY OF THE COMPANY AND ON THE CONSOLIDATED FINANCIAL STATEMENTS

R+V Versicherung AG with its registered office at Raiffeisenplatz 1, 65189 Wiesbaden is registered at the District Court (Amtsgericht) of Wiesbaden under HRB 7934.

R+V Versicherung AG prepares consolidated annual financial statements in accordance with IFRS. This will be published in the electronic Federal Gazette.

The consolidated annual financial statements of R+V Versicherung AG are included in the higher-ranking consolidated annual financial statements of DZ BANK AG Deutsche Zentral-Genossenschaftsbank, Frankfurt am Main. This will be published in the electronic Federal Gazette.

SUPPLEMENTARY REPORT

As per the date of the 2019 annual financial statements were prepared, the Sars-CoV-2 virus continues to spread in Europe. Due to the localized nature of the infected areas, it is not viewed as a pandemic at this point.

In case of a pandemic, R+V has contingency plans in place and is confident it will be able to maintain its necessary business operations. As of now, R+V has precautionally implemented Business Continuity Management systems under which it ordered its employees working for R+V Versicherung AG's subsidiaries based in Milan, namely Assimoco S.p.A. and Assimoco

Vita S.p.A., to work from home. These will allow the business operations of both companies to continue, thus confirming the effectiveness of the contingency plans.

In addition, the risk management process implemented by R+V takes into account all relevant risk types. A macro-economic downturn in conjunction with a pandemic will not have material impact on the company's financial risk-bearing capacity.

No other events of particular significance are imminent at the end of the fiscal year.

Wiesbaden, 03 March 2020

The Board of Management

Dr Rollinger

Andersch

Hasselbacher

Dr Lamby

Lukosch

Dr Martin

Merkel

Michallet

Independent auditor's report

To R+V Versicherung AG

Report on the audit of the annual financial statements and of the management report

Opinions

We have audited the annual financial statements of R+V Versicherung AG, Wiesbaden, which comprise the balance sheet as at 31 December 2019, and the income statement for the fiscal year from 1 January 2019 to 31 December 2019, and notes to the financial statements, including the recognition and measurement policies presented therein. In addition, we have audited the management report of R+V Versicherung AG for the fiscal year from 1 January 2019 to 31 December 2019. In accordance with the German legal requirements, we have not audited the content of the statement on corporate governance pursuant to Sec. 289f et seq. (4) HGB [“Handelsgesetzbuch”: German Commercial Code] (disclosures on the quota for women on executive boards), the comments contained in the “Sustainability” section or the “Complete R+V sustainability report” outside of the scope of the annual report.

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying annual financial statements comply, in all material respects, with the requirements of German commercial law applicable to insurance companies and give a true and fair view of the assets, liabilities and financial position of the Company as at 31 December 2019 and of its financial performance for the fiscal year from 1 January 2019 to 31 December 2019 in compliance with German legally required accounting principles, and
- the accompanying management report as a whole provides an appropriate view of the Company's position. In all material respects, this management report is consistent with the annual financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our opinion on the man-

agement report does not cover the content of the statement on corporate governance referred to above (disclosures on the quota for women on executive boards) or of the comments in the “Sustainability” section.

Pursuant to Sec. 322 (3) Sentence 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the annual financial statements and of the management report.

Basis for the opinions

We conducted our audit of the annual financial statements and of the management report in accordance with Sec. 317 HGB and the EU Audit Regulation (No 537/2014, referred to subsequently as “EU Audit Regulation”) and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the “Auditor's responsibilities for the audit of the annual financial statements and of the management report” section of our auditor's report. We are independent of the Company in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. In addition, in accordance with Art. 10 (2) f) of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under Art. 5 (1) of the EU Audit Regulation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions on the annual financial statements and on the management report.

Key audit matters in the audit of the annual financial statements

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the annual financial statements for the fiscal year from 1 January 2019 to 31 December 2019. These matters were addressed in the con-

text of our audit of the annual financial statements as a whole, and in forming our opinion thereon; we do not provide a separate opinion on these matters.

Below, we describe what we consider to be the key audit matters:

Valuation of unlisted financial instruments

Reasons why the matter was determined to be a key audit matter

For the majority of the unlisted financial instruments, in particular registered bonds, promissory notes, loans and unlisted debt securities reported as bearer bonds including those reported as structured financial instruments under these items, the fair values were calculated using standard market valuation methods, in particular discounted cash flow methods and the shifted LIBOR market model. Additionally, instrument-specific accepted valuation methods are applied to a lesser extent. The input data are principally valuation parameters observed on the market (maturity-dependent yield curves, risk premiums, volatilities, etc.) as well as occasionally instrument-specific valuation parameters. The selection of the valuation methods and the valuation parameters and assumptions are subject to judgment. This constitutes a key audit matter due to the necessity of using model-based valuations and the associated judgment-based decisions and assumptions. Furthermore, the unlisted financial instruments make up a high percentage of the Company's investments.

Auditor's response

During our audit we examined the process for valuing registered bonds, promissory notes, loans and unlisted debt securities reported as bearer bonds including those reported as structured financial instruments under these items and tested the internal control system as pertains to the structure and effectiveness of significant controls. Our control tests focused on controls to ensure the accuracy of the existing data and on controls designed to ensure proper fair value calculation in the valuation process.

We assessed the valuation methods used to determine whether they ensure a reliable calculation of fair value in accordance with Sec. 255 (4) Sentence 2 HGB. Additionally, we examined the judgment-based valuation parameters observed on the market to determine whether these fall within the range observed on the market. In this context, we examined the valuation parameters observed on the market with the publicly available valuation parameters in a deliberately selected sample. The suitability of the valuation parameters not observable on the market was assessed by having specially trained employees perform their own calculations that validated the fair value calculations performed by the management board in a deliberately selected sample.

Our procedures did not lead to any reservations relating to the valuation of unlisted financial instruments.

Reference to related disclosures

The disclosures on the valuation of unlisted financial instruments are included in the notes to the financial statements in the sections entitled "Accounting and valuation methods", "A. Capital investments" and "A. Capital investments – Information on derivative financial instruments."

Valuation of the gross provision for outstanding claims for property and casualty reinsurance

Reasons why the matter was determined to be a key audit matter

The gross provision for outstanding insurance claims covers, among other things, the partial provisions for known and unknown insurance claims for property and casualty reinsurance (claims reserves). Valuation is performed in accordance with Sec. 341g HGB.

In the reinsurance business, the gross provision is valued in accordance with the information supplied by the assignor. If this information is not available or is deemed insufficient for the recognition of a provision, the gross provision is estimated using actuarial methods. The estimates are primarily based on

information provided by the competent functional department at the contractual level, the related segment settlement patterns from the actuarial claims forecast, the respective terms of the insurance policy and on the prior year's estimates and the actual settlement (misjudgment). Uncertainties arise in particular in the assessment of damage occurrence and extent with regard to major claims and in individual cases when the interpretation of legal and contractual bases differs.

The estimation of immanent uncertainties and the existing leeway to exercise judgment in the valuation give rise to the risk for the annual financial statements that the amount of the gross provision for known and unknown insurance claims is insufficient. For that reason we determined the valuation of the gross provision to be a key audit matter.

Auditor's response

During our audit we obtained an understanding of the process for handling claims and determining the gross provisions for known and unknown claims and the procedures, methods and controls used.

For the purposes of assessing the gross provision for property and casualty reinsurance, we examined both the process of recording the assignor settlement accounts as well as the estimation process and tested selected significant controls for ensuring complete and correct measurement in these processes. On the basis of a sample, we checked whether the settlement accounts received matched with the values posted. We analyzed the actuarial estimation techniques to determine whether they, when applied properly, result in measurement of the gross provision in accordance with the requirements of Sec. 341g HGB. Furthermore, we examined the calculation of individual claims reserves in a risk-based sample. In addition, we examined the misjudgment (difference between the original settlement accounts actually received in the following year and the estimated values reported in the prior) in order to assess the estimation quality.

Furthermore, to assess the measurement of the gross provision for known and unknown claims for property and casualty reinsurance, we performed our own claims forecasts on the basis of statistical methods and used our best estimate for each type of claim as a benchmark for assessing the measurement of the claims reserves.

We relied on our own actuaries for our audit.

Our audit procedures did not give rise to any reservations relating to the valuation of the gross provision for outstanding claims for property and casualty reinsurance.

Reference to related disclosures

The disclosures on the valuation of the gross provision for outstanding claims are included in the section entitled "Accounting and valuation methods" of the notes to the financial statements.

Other information

The supervisory board is responsible for the supervisory board report. In all other respects, the executive directors are responsible for the other information. The other information comprises the statement on corporate governance pursuant to Sec. 289f (4) HGB (disclosures on the quota for women on executive boards) and the comments in the "Sustainability" section of the management report.

Our opinions on the annual financial statements and on the management report do not cover the other information, and consequently we do not express an opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information and, in so doing, to consider whether the other information

- is materially inconsistent with the annual financial statements, with the management report or our knowledge obtained in the audit,
- or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the executive directors and the supervisory board for the annual financial statements and the management report

The executive directors are responsible for the preparation of the annual financial statements that comply, in all material respects, with the requirements of German commercial law applicable to insurance companies, and that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German legally required accounting principles. In addition, the executive directors are responsible for such internal control as they, in accordance with German legally required accounting principles, have determined necessary to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the annual financial statements, the executive directors are responsible for assessing the Company's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting, provided no actual or legal circumstances conflict therewith.

Furthermore, the executive directors are responsible for the preparation of the management report that, as a whole, provides an appropriate view of the Company's position and is, in all material respects, consistent with the annual financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. In addition, the executive directors are responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a

management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the management report.

The supervisory board is responsible for overseeing the Company's financial reporting process for the preparation of the annual financial statements and of the management report.

Auditor's responsibilities for the audit of the annual financial statements and of the management report

Our objectives are to obtain reasonable assurance about whether the annual financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the management report as a whole provides an appropriate view of the Company's position and, in all material respects, is consistent with the annual financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our opinions on the annual financial statements and on the management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Sec. 317 HGB and the EU Audit Regulation and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual financial statements and this management report.

We exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual financial statements and of the management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit of the annual financial statements and of arrangements and measures (systems) relevant to the audit of the management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of these systems of the Company.
- Evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.
- Conclude on the appropriateness of the executive directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the annual financial statements and in the management report or, if such disclosures are inadequate, to modify our respective opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to be able to continue as a going concern.

- Evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual financial statements present the underlying transactions and events in a manner that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German legally required accounting principles.
- Evaluate the consistency of the management report with the annual financial statements, its conformity with [German] law, and the view of the Company's position it provides.
- Perform audit procedures on the prospective information presented by the executive directors in the management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the executive directors as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with the relevant independence requirements, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and where applicable, the related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

Other legal and regulatory requirements

Further information pursuant to Art. 10 of the EU Audit Regulation

We were elected as auditor by the supervisory board on 26 March 2019. We have been the auditor of R+V Versicherung AG without interruption since fiscal year 2012.

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

German Public Auditor responsible for the engagement

The German Public Auditor responsible for the engagement is Alexander Vogt.

Eschborn/Frankfurt am Main, 12 March 2020

Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft

Vogt	Wust
Wirtschaftsprüfer	Wirtschaftsprüferin
[German Public Auditor]	[German Public Auditor]

Report by the Supervisory Board

Growth in Germany weakened in 2019. According to the initial calculations by the German Federal Statistical Office, gross domestic product grew by 0.6 %. Private and government consumer consumption as well as the construction industry were the drivers of growth here. The inflation rate amounted to 1.4 %, which was lower than the figure for the previous year. Unemployment remains at a sustained low level.

A shift in monetary policy by the American central bank (Fed), the European Central Bank (ECB) and other central banks had a major impact on capital-market performance in 2019. Although an increase in interest rates was expected at the start of the year, the Fed cut the Federal Funds rate by a total of 75 basis points in three stages during the course of the year. In the autumn, the ECB passed a set of measures to ease monetary policy, which included, among others, the resumption of bond purchasing activity at a volume of EUR 20 billion per month.

Political uncertainty increased in 2019, which was also reflected in the relevant capital markets. The trade conflict between the USA and China continued and caused decreased global trade volumes. There was concern in Europe over the economic impact of the United Kingdom's uncoordinated withdrawal from the EU (Brexit), before the British parliament accepted the terms of the Withdrawal Agreement in December. This reduced the risk of an uncoordinated withdrawal.

As the Gesamtverband der Deutschen Versicherungswirtschaft e.V. (GDV, German Insurance Association) announced at its annual press conference held at the end of January 2020, the German insurance industry showed a premium growth rate of 6.7 % on EUR 216.0 billion in the 2019 fiscal year. The Supervisory Board took the general economic conditions in 2019 into consideration in its work.

Supervisory Board and committees

To fulfill its duties, the Supervisory Board has formed an audit committee, a personnel committee and a mediation committee.

The Supervisory Board and its committees have continuously monitored the management of the Board of Management in accordance with legal and statutory regulations, advised the Board of Management, and decided on transactions requiring approval. The particular focus of both the Supervisory Board and the audit committee was the effectiveness of the risk management system, the internal control system and the internal auditing system.

Internal information events are held for members of the Supervisory Board, where required, on the subjects of accounting and capital investments by insurance companies, risk management and preparation of a solvency balance sheet under the terms of Solvency II, as well as actuarial practice.

Cooperation with the Board of Management

The Board of Management has regularly, promptly and comprehensively reported to the Supervisory Board on the situation and development of R+V Versicherung AG, in writing and verbally. This has taken place during Supervisory Board and committee meetings as well as by means of quarterly written reports from the Board of Management. The Board of Management has regularly provided the Supervisory Board with detailed information on business performance and the risk situation with regards to the economic and regulatory risk-bearing capacity of R+V Versicherung AG and the R+V Group. The Board of Management has also reported to the Supervisory Board on the risk strategy and the risk management system.

The Supervisory Board has discussed the above issues with the Board of Management, advised the Board of Management and supervised its actions. In doing so, the Supervisory Board has studied the regulatory framework intensively. The Supervisory Board was always involved in key decisions and transactions which require its approval.

In addition, the chairman of the Board of Management was in regular contact with the chairman of the Supervisory Board to discuss essential, important decisions and key business developments prior to meetings.

Meetings of the Supervisory Board and its committees

The Supervisory Board held five meetings during the 2019 fiscal year: on 08 January 2019, 26 March 2019, 22 May 2019, 04 September 2019 and 20 November 2019.

In addition, the audit committee held a meeting on 18 March 2019 and the personnel committee held meetings on 20 March 2019 and on 20 November 2019. During the meetings, the Supervisory Board and the committees received and discussed verbal and written reports provided by the Board of Management.

In two instances, the Supervisory Board formulated a decision in a written resolution, and the audit committee did so in one instance.

Deliberations by the Supervisory Board and the committees

The Supervisory Board has dealt in detail with the economic situation for R+V Versicherung AG and the R+V Group, corporate planning and perspectives, as well as key financial indicators as part of its work. The Supervisory Board focused on the business development in the following three sectors: life and health insurance, property and accident insurance, and active reinsurance. In this context the Supervisory Board has been intensively involved with the various measures implemented as part of the "Wachstum durch Wandel" (WdW, Growth through change) strategic programme. Of particular interest were the aspects video consultation, corporate and private customer portals, as well as digital applications and e-closings. This also involved work on transforming sales by way of increased integration within the partner banks, the introduction of a new remuneration and support system in field sales, the expansion of digital customer interfaces, strategic brand management and brand campaign for R+V. The Supervisory Board also participated in work on optimising sales via partner banks and broker sales, improved utilisation of interfaces and the digital broker fragWILHEM GmbH.

With regard to composite insurance, the Supervisory Board was involved in the various corporate development measures that have been initiated. In terms of life insurance, the Supervisory Board dealt with the impact of the ongoing low interest-rate environment and worked on strategic alignment measures to enhance risk-bearing capacity through control measures. Such measures included, among others, accelerating of unit-linked and biometrics business, as well as profit participation.

The Supervisory Board also dealt with changes to the product-development process, development of the single premium business, provision of guarantee products and products with so-called new guarantees. Furthermore, the Supervisory Board engaged in planned statutory measures to restrict the level of commission in payment-protection insurance, transaction platforms, as well as the introduction of the corridor method and the associated relief through further accumulation of additional interest reserves. The Supervisory Board also paid close attention to the business-development and the portfolio-share growth of the active reinsurance branch. The Supervisory Board was also involved in increasing the stake held in the Assimoco Group in Italy.

With regard to personnel, the Supervisory Board observed the changes in company culture as part of the "Wachstum durch Wandel" (WdW, Growth through change) strategic programme. Furthermore, the Supervisory Board dealt with the company's remuneration systems as well as HR-related initiatives and measures. The Supervisory Board also participated in the development of the capital investments, the IFRS Group earnings and tax expenditure. The Supervisory Board also debated the IT strategy in detail. Finally, the Supervisory Board presented all necessary resolution recommendations to the ordinary annual general meeting.

With regard to Board of Management matters, the Supervisory Board discussed efforts to define the variable remuneration of the Board of Management for the 2018 fiscal year and to review the remuneration of members of the Board of Management. The Supervisory Board also assessed the reappointment of a member of the Board of Management as well as changes to said member's Board of Management employment contract in terms of adjusting the variable remuneration in accordance with the requirements of Solvency II.

With regard to Supervisory Board matters, the Supervisory Board appointed the auditor for the 2019 fiscal year, presented resolution recommendations at the ordinary annual general meeting with regard to the co-optation and re-election of Supervisory-Board members and approved the re-election of a member of the personnel committee as well as both a member and the chairman of the audit committee. The Supervisory Board also discussed the most important audit facts coordinated with the auditor, and worked intensively to address the selection procedure in place for the intended replacement of the current auditor with effect from the 2021 fiscal year onwards. Furthermore, the Supervisory Board attended to the required self-evaluation and preparation of a development plan.

The audit committee has been involved in the preliminary review of the annual financial statements of R+V Versicherung AG and the R+V Group for the 2019 fiscal year, the audit report issued by the auditor, the focal points of the audit, the risk strategy, the regulatory reporting for the key Solvency II Risk Management, Actuarial, Compliance and Audit functions, the mandating of the auditor with non-audit services and the preparation for the appointment of the auditor for the 2019 fiscal year. Furthermore, the audit committee was involved in the multi-year comparison of business performance, the projection of additional interest reserves, the target ratio for the property portfolio, value adjustments on shareholdings, the foreign currency result and the impact of Investmentsteuerreformgesetz 2017 (Investment Tax Reform Act 2017). Furthermore, the audit committee was intensively involved in addressing the selection procedure in place for the intended replacement of the current auditor with effect from the 2021 fiscal year onwards.

With regard to matters at the Board of Management level, the personnel committee has been involved in submitting resolution recommendations to the Supervisory Board regarding the definition of the variable remuneration for members of the Board of Management for the 2018 fiscal year in accordance with performance targets and the status of the achievement of such by members of the Board of Management in the 2019 fiscal year. The personnel committee also handled the agreement of variable-remuneration targets for members of the Board of Management for the 2020 fiscal year. Furthermore, the personnel committee submitted resolution recommendations to the Supervisory Board regarding the review of the remuneration for the Board of Management, the re-appointment of a member of the Board of Management as well as changes to said members employment contract in terms of the variable remuneration in accordance with the requirements of Solvency II

The mediation committee did not need to come together in accordance with provisions concerning co-determination.

Working with the auditor

The Supervisory Board and the audit committee appointed and invited the auditors Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft in accordance with legal requirements. They monitored both the auditor's independence and auditing quality continuously.

The auditors attested compliance with statutory requirements to the annual financial statements for R+V Versicherung AG, which were presented by the Board of Management, as well as to the accounting methods and the management report for R+V Versicherung AG, the consolidated financial statements and the group management report for the 2019 fiscal year. The auditors gave an unqualified audit report in each case. The auditor's certificates were sent to the members of the Supervisory Board and were deliberated and discussed in detail. The Supervisory Board agrees with the results of the audit as presented by the auditors.

Confirmation of the Annual Financial Statements

The audit committee and the Supervisory Board have examined in detail the annual financial statements and the management report as well as the consolidated financial statement and the consolidated management report for the 2019 fiscal year.

Representatives of the auditors reported in both the audit committee meeting on 12 March 2020 and the Supervisory Board meeting on 27 March 2020 on the key findings of the audit. The auditor's certificate issued by the auditors, Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, which gave the unqualified audit report, was presented in these meetings. The annual financial statements, management report, consolidated financial statements, the respective auditor's certificates and the focal points of the audit (valuation of capital investments, particularly unlisted financial instruments, valuation of technical provisions, particularly the provisions for known and unknown claims, valuation of shares in affiliated companies and shareholdings, audit of early risk identification system in accordance with Section 91 (2) AktG (Aktien-gesellschaft [German Companies Act]) and the annual report by the Group audit department were all discussed. Representatives of the auditor were available to the members of the committee and the Supervisory Board for additional clarification. The chairman of the audit committee meeting gave the Supervisory Board a comprehensive account of the committee's deliberations.

The Supervisory Board did not raise any objections to the annual financial statements, management report, consolidated financial statements or the consolidated management report prepared by the Board of Management for the 2019 fiscal year and it has endorsed the auditors' report.

Following the recommendation of the audit committee, the annual financial statements presented by the Board of Management for the 2019 fiscal year were endorsed by the Supervisory Board at its meeting on 27 March 2020. The annual financial statements have thus been adopted in accordance

with Section 172 AktG. At the same meeting, the consolidated financial statements presented by the Board of Management were endorsed by the Supervisory Board.

Changes to the Board of Management

Mr Marc René Michallet's mandate to be member of the Board of Management ended with effect from 31 December 2019, in accordance with the usual rotation. The Supervisory Board re-appointed Mr Michallet as a member of the Board of Management in its meeting on 26 March 2019, covering a new term running from 01 January 2020 until 31 December 2024.

Changes to the Supervisory Board and the committees

Mr Wolfgang Kirsch formerly holding a mandate as shareholder representative, member and chairman of the Supervisory Board, member and chairman of the personnel committee, and the mediation committee resigned his seat with effect from 31 December 2018 to enter retirement. The Supervisory Board elected Dr Cornelius Riese as a member of the Board of Management and as the successor to Mr Kirsch, with effect from 01 January 2019, in its meeting on 19 November 2018. Hence, Dr Riese became, with effect from 01 January 2019, a member of the mediation committee according to Section 27 (3) MitbestG (Mitbestimmungsgesetz [Codetermination Act]), and a member of the personnel committee in accordance with Section 9 (2) sentence 3 of the rules of procedure for the Supervisory Board. The Supervisory Board elected Dr Riese as chairman of the personnel committee and the mediation committee, with effect from 01 January 2019, in its meeting on 19 November 2018. As a shareholder representative, Mr Michael Speth was appointed a member of the Supervisory Board by way of judicial order, with effect from 03 January 2019, to take on the mandate vacated by Mr Kirsch, as a member of the Supervisory Board, with effect from 31 December 2018. The ordinary annual general meeting on 22 May 2019 confirmed the judicial appointment of Mr Michael Speth and co-opted Mr Speth as a member of the Supervisory Board.

Dr Riese gave back his mandate as a member and chairman of the audit committee, with effect from 31 December 2018. During the meeting held by the Supervisory Board on 19 November 2018, Mr Speth was elected as a member and chairman of the audit committee and thus the successor to Dr Riese, with effect from the date of the judicial order issued on 03 January 2019. Given that the mandates of Mr Speth as member and chairman of the audit committee ended with this co-opting by the ordinary annual general meeting on 22 May 2019, the Supervisory Board re-elected Mr Speth as member and chairman of the audit committee by way of a circular resolution, with effect from 19 June 2019.

Mr Rainer Wiederer's mandate for the Supervisory Board, exercised as a shareholder representative, ended with effect from the end of the ordinary annual general meeting on 22 May 2019. The ordinary annual general meeting re-elected Mr Abel as a member of the Supervisory Board, with effect from completion of the meeting.

Mr Jürgen Zachmann's mandate for the Supervisory Board, exercised as a shareholder representative, ended with effect from the end of the ordinary annual general meeting on 22 May 2019, in accordance with the usual rotation. Mr Zachmann's mandate as a member of the personnel committee ended at the same time. The ordinary annual general meeting re-elected Mr Zachmann as a member of the Supervisory Board, with effect from completion of the meeting. The Supervisory Board re-elected Mr Zachmann as a member of the personnel committee in its meeting on 22 May 2019.

With thanks to the Board of Management and employees

The Supervisory Board thanks the Board of Management and all the employees of the R + V Group for their work in 2019.

Wiesbaden, 27 March 2020

The Supervisory Board

Dr Riese
Chairman

Birkenstock
Deputy chairman

Abel

Bertels

Deneke-Jöhrens

Gerdes

Knöpfle

Kolak

Krömer

Schiweck

Schmidt

Schneider

Speth

Trümner

Wiederer

Zachmann

Glossary

Accumulation

Accumulation describes several risks insured or reinsured by the same insurance company that could be affected by one loss event simultaneously.

Actuarial reserves

Technical provisions calculated according to actuarial methods which provides the future cover for the policy holder in terms of life insurance, health insurance and personal accident insurance. It corresponds to the difference of cash value of the future liabilities minus the cash value of future premiums.

Actuary, Deutsche Aktuarvereinigung e.V. (DAV [German Association of Actuaries])

Actuaries are qualified mathematical experts. They are organised into national and international professional bodies such as the German Actuary Association.

Additional interest reserve

The increase in actuarial reserves due to the interest rate environment are combined together in the additional interest reserves. In the new portfolio this is calculated according to Section 5 DeckRV (Deckungsrückstellungsverordnung [Actuarial Reserve Ordinance]) and in the old portfolio according to one of the business plans approved by the Federal Financial Supervisory Authority (BaFin).

Affiliated companies

The parent company (group controlling company) and all subsidiaries. Subsidiaries are companies over which the parent company can exert a dominant influence on business policy (control principle). This is possible, for example, if the group parent holds the majority of voting rights either directly or indirectly or has the right to appoint or dismiss the majority of the members of company bodies (Board of Management, Supervisory Board) or if there is a contract of domination.

Assumed business

A transaction concluded between two insurance companies. It is synonymous with the forwarding of part of the loss distribution assumed from the policy holder from the direct insurance company to a reinsurance company.

Black Formula 76

The Black Formula 76 is a mathematical model used to value interest options, which was published by Fischer Black in 1976.

Black-Scholes model

The Black-Scholes model is a mathematical model used to value financial options, which was published by Fischer Black and Myron Scholes in 1973.

Cancellation rate

The cancellation rate is the volume-weighted proportion of cancelled contracts to recently concluded contracts or existing contracts. Insofar as payable premiums develop in damage and personal accident insurance, which can still be dropped due to an end or reduction in insurance risk, cancellation reserves were developed for this scenario.

Combined Ratio

Percentage relationship of the total of expenditure for insurance claims plus expenditure on insurance operations to earned premiums – all net. This is equivalent to the total of the loss and expense ratio. This is an important indicator when considering the profitability of a policy, a subportfolio or a complete insurance portfolio. If this figure exceeds 100%, it results in a technical loss for the transaction in question.

Commission

Reimbursement paid by the insurance company to representatives, brokers or other intermediaries for their costs relating to the conclusion and administration of insurance policies.

Composite insurer

Insurance companies which unlike single branch companies (such a life insurance companies) run several lines of insurance.

Deposit receivables and liabilities

Security payments to cover actuarial liabilities between direct insurers and reinsurers. In this case the retaining company reports deposit liabilities and the ceding company reports deposit receivables.

Derivative financial instrument

Financial instrument whose value rises or falls if a basic variable (a certain interest rate, security price, exchange rate or price index etc.) changes. Derivatives include futures, forwards, swaps and options in particular.

Direct business

Transactions concluded directly between the insurance company and the policy holder. In contrast to → assumed business.

Discounted cash flow method (DCF)

The Discounted cash flow method builds on the mathematical concept of discounting future cash flows for calculating capital value.

Duration

The duration describes the average term of an interest-sensitive capital investment or of a portfolio. It is a risk measurement for their sensitivity with respect to interest rate changes.

Equalisation provision

Provision to compensate for fluctuations in the course of a claim. In years with relatively low or relatively high claims, funds are allocated to or withdrawn from the equalisation provision.

Equity ratio

Equity ratio in relation to net premium.

Excess insurance

Excess insurance is a total increase of an existing pecuniary damage liability insurance policy. High risks require higher insurance amounts.

Expenditure for insurance claims for own account

Total of claims paid and the provisions for losses occurring in the fiscal year supplemented by the settlement result, each after deduction of own reinsurance deductions.

Expenditure on insurance operations (net)

Commission as well as personnel and operating expenditure for the closing and the ongoing administration of insurance policies, net of commission and profit shares, repaid by reinsurers.

Expense ratio gross

Expenditure on insurance operations in relation to the earned premiums – all gross.

Expense ratio net

Expenditure on insurance operations in relation to earned premiums – all net.

Fair value

The fair value of a capital investment normally refers to its market value. If the value cannot be calculated directly, one must make do with the value at which the asset would be traded between knowledgeable, willing and independent parties.

Fiscal year loss ratio gross

Loss expenditure for the fiscal year in relation to the earned premiums – all gross.

Fiscal year loss ratio net

Loss expenditure for the fiscal year in relation to the earned premiums – all net.

For own account

The respective technical items or the ratio after deduction of the business ceded to reinsurers → Gross/Net.

Gross/Net

In gross or net accounts, the technical items are shown before or after deduction of the proportion that is ceded to reinsurers. Instead of “net” the description “for own account” is also used.

Guaranteed funds

The total of shareholders' equity, technical provisions and the equalisation provision. This is the maximum amount available to offset liabilities.

Hedging transaction

To hedge against (exchange rate) fluctuations special financial contracts are used, particularly derivative financial instruments. Hedging transactions thus balance the underlying transaction risks which could occur in the event of an unfavourable rate or price development.

Hull-White model

The Hull-White model is a mathematical model used to value interest derivatives, which was published by John C. Hull and Alan White.

IFRS – International Financial Reporting Standards

International accounting standards that should ensure internationally comparable financial reporting and publicity.

Libor market model

The Libor market model is a mathematical model (yield curve model) used to evaluate interest rate derivatives and complex interest-bearing products. It is based on the work undertaken by Brace, Gatarek and Musiela.

Loss ratio

Percentage ratio of the expenditure on claims to earned premiums.

Net

→ Gross/Net

Net return on capital investments

Total earnings less total expenditure for capital investments in relation to the mean asset value of the capital investments as at 01 January and 31 December of the respective fiscal year.

Net return – three year average

Total earnings less total expenditure for capital investments in relation to the mean asset value of the capital investments as at 01 January and 31 December of the respective fiscal year, calculated over a period of three years.

New portfolio

Insurance companies have been organising all their insurance contracts into old and new portfolios since the insurance industry was deregulated in 1994. The new portfolio comprises contracts concluded since the deregulation.

Old portfolio

Insurance companies have been organising all their insurance contracts into old and new portfolios since the insurance industry was deregulated in 1994. The old portfolio comprises the contracts closed prior to deregulation.

Portfolio

a) All risks assumed in total or in a sub-segment (e.g. insurance class, country); b) Group of capital investments structured in accordance with certain criteria.

Premium

The premium is the price paid for the insurance cover provided by the insurer. It can be paid in an ongoing manner or as a one-off premium. “Written premiums” are understood to mean all premium income that was due during the fiscal year. The proportion of premium income that is considered for insurance cover in the fiscal year is described as “earned premiums”.

Production

Production is classified as the new customers' monthly premium rate and the higher monthly premium rate for contracts of pre-existing customers for adding more tariffs, supplementary insurance and tariff change, including any risk premiums.

Provision for outstanding claims

Provision for the liabilities arising from insurance claims which had already occurred on the balance sheet date but which had not been reported or could not be fully processed.

Provision for premium funds

Provision for obligations for premium funds to policy holders not yet due as at the balance sheet date which is separated by → composite insurers into performance based and non-performance based; the approach is the result of supervisory or contractual regulations.

PUC method

The Projected Unit Credit method is an actuarial valuation procedure for obligations arising from company pension plan.

Rating

Standardised assessment of the creditworthiness of debt securities and companies by specialised, independent rating agencies.

Reinsurer

Insurance company that assumes the risks of other insurance companies and does not itself have any direct contractual relations with the policy holder.

Reported loss ratio gross

Expenditure on insurance claims in relation to earned premiums (all gross).

Reported loss ratio net

Expenditure on insurance claims in relation to earned premiums (all net).

Reserve ratio

The reserve ratio is calculated to a reporting date from capital investments at → fair values in relation to the capital investments at book values.

Retention

The part of the assumed risks that the insurer does not cede to reinsurers i.e. shows → net. (Retention rate: percentage of the retention of the gross premiums written).

Road transport cooperatives

Economic organisations of the road transport industry which provide services for the transportation of people and goods. This includes, for example, consulting and insurance services.

Rolling average return (according to association formula)

Current gross earnings less expenditure on administration of capital investments less scheduled depreciation in relation to the mean asset value of the capital investments as at 01 January and 31 December of the respective fiscal year.

Security assets

The portion of an insurance company's assets which serve to secure the claims of the policy holders. In order to secure the claims of the insured in case of insolvency, security assets are assets separated from the others within an insurance company, access to which is forbidden to other creditors.

Settlement result

The settlement result shows how the loss provisions have changed over the course of time through payments made and by reassessment of the expected final loss on the respective reporting date.

Shifted Libor market model

The Shifted Libor market model is a development of the → Libor Market model, which is used to depict negative interest rates.

Solvency

Capital resources of an insurance company.

Stress test

Stress tests are a special type of scenario analysis. Their aim is to give a quantitative statement about the loss potential of → portfolios in the event of extreme market fluctuations.

Structured products

In a structured product a → derivative financial instrument (e.g. an option) is combined with a non-derivative instrument (e.g. a bond).

Tax deferral (active/passive deferred taxes)

In a single-entity financial statement, tax deferral is possible if there are differences between the valuation of assets and liabilities in the commercial and tax balance sheets. By considering deferred taxes, future tax burdens (passive deferred taxes) or reliefs (active deferred taxes) are mapped in the commercial balance sheet.

Technical provisions

Uncertain liabilities that are directly connected with the insurance business. Their formation ensures that obligations from insurance policies can be met permanently.

Technical result

Balance of earnings and expenditure that are attributable to the insurance business.

Underwriting capacity

On the one hand, determining factors in underwriting capacity include the volume and structural features (insurance branches, private clients, commercial or industrial business) of the insurance portfolio, and on the other hand, they include the provision of equity and reinsurance protection.

Unearned premium reserves

The proportion of premiums received in the fiscal year that are due in the time after the reporting date are shown as unearned premium reserves under technical provisions.

Valuation reserves

The difference between the book value and the → fair value of a capital investment.

Volksbanken Raiffeisenbanken cooperative financial network

A network of mutual central and special institutes within the framework of a comprehensive all-finance concept. R+V Versicherung's partners include: DZ BANK AG, Bau-sparkasse Schwäbisch Hall, Union Investment, VR Leasing.

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