



Genossenschaftliche FinanzGruppe
Volksbanken Raiffeisenbanken

R+V Versicherung AG

Annual Report

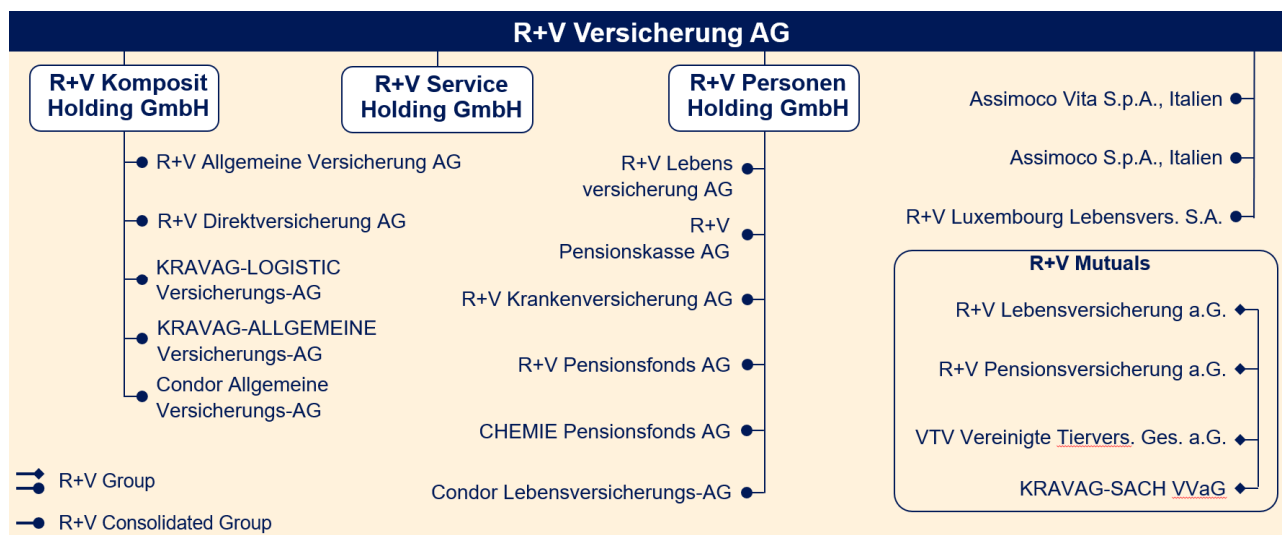
2020

R+V Versicherung AG

Annual Report 2020

Presented at the annual general meeting
on 27 May 2021

R+V Group – simplified presentation



Figures for the fiscal year

in EUR million	R+V Versicherung AG	
	2020	2019
Gross premiums written	3,576	3,306
Gross expenditure on claims for the fiscal year	2,828	2,404
Current income from capital investments	287	475
Capital investments	8,353	7,600
Employees as at 31 December (number)	798	729
Gross premiums written		
Direct domestic insurers in the R+V Group (HGB)	16,018	14,905
R+V Consolidated Group (IFRS)	18,952	17,398
Annual result - R+V Consolidated Group (IFRS)	156	654
Capital investments - R+V Consolidated Group (IFRS)	124,283	116,087

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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 co-operative 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 1 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, in accordance with 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 under the subsidiary business divisions of property and accident insurance, as well as life and health insurance. In addition, the service provider subsidiaries are brought together under the 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 the 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
- › 526 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 (Aktiengesetz [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 Private and the Public Sector), the Supervisory Board and Board of Management of R+V Versicherung AG, as the company subject to co-determination requirements, defined the targets specified in the table back in 2017, with the deadline for said targets to be achieved by 30 June 2022.

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

Non-financial reporting

Personnel report

The number of employees in R+V Versicherung AG increased by 69 employees to 798 compared with 729 employees in the previous year. The average time of service for the company was approximately 10 years.

Sustainability report

The sustainability report provides an overview of all the activities concerning sustainability. The report complies with the guidelines for sustainability reporting issued by the Global Reporting Initiative, and therefore satisfies internationally-recognised transparency standards.

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 (CSR-Richtlinie-Umsetzungsgesetz)

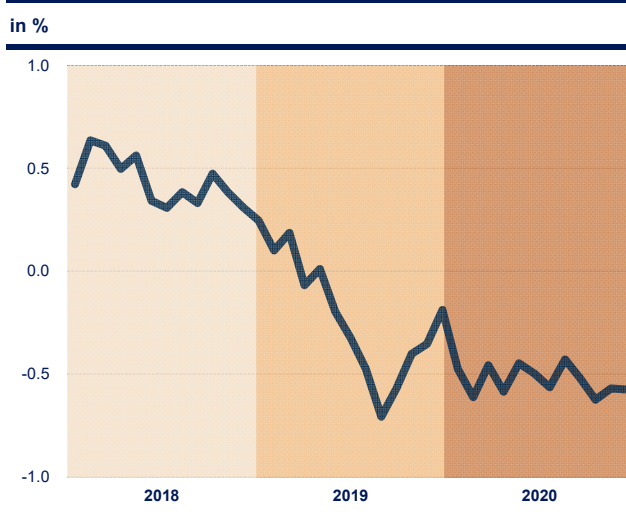
R+V Versicherung AG is included in the non-financial Group declaration issued by DZ BANK AG Deutsche Zentral-Genossenschaftsbank, Frankfurt am Main, and is therefore exempt from the requirement to submit a separate non-financial declaration. The non-financial Group declaration forms part of the sustainability report issued by DZ BANK and is available in German on the following website: www.berichte2020.dzbank.de.

Macroeconomic development

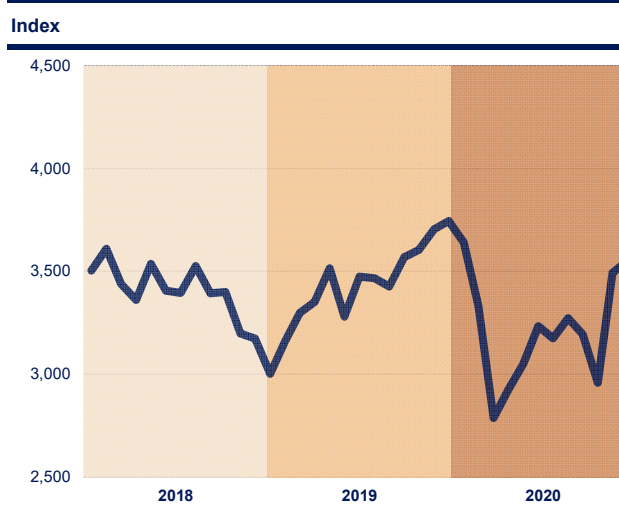
In 2020, the coronavirus pandemic led to a huge collapse of growth in Germany. The country was in a recession during the first half of the year. According to the initial calculations by the German Federal Statistical Office, gross domestic product fell by 4.9 % compared to the previous year. The most significant decrease was in private consumer spending, with investment also falling compared to the previous year. The inflation rate amounted to 0.5 %, which was lower than the figure for the previous year. The cut in the VAT rate by three percentage points, implemented between July and December 2020, also had a downward effect on prices. Unemployment increased, along with a significant increase in the number of employees on short-time working schemes (known as Kurzarbeit).

From a global perspective, the coronavirus pandemic caused a huge drop in economic output in the first half of 2020. An initial recovery took hold during the summer months but this was interrupted by a second wave of infections during autumn and winter. The oil-price collapse at the start of the pandemic also influenced the inflation rate negatively in many other countries.

Yields on German government bonds - 10-year remaining term



Development of Euro Stoxx 50 share index



Development in the capital markets

Capital-market developments were also influenced by the coronavirus pandemic. Capital markets reacted with heavy falls at the start of March 2020 to the events and the necessary quarantine measures. Stock markets in particular posted significant losses.

The reduced level of economic activity because of the coronavirus restrictions presented many business with existential challenges. As a result, central banks came up with multi-billion euro liquidity support programmes, accompanied by a comprehensive range of fiscal support measures for affected companies. The improved epidemiological situation in the summer helped to ease the situation on the capital markets. However, Europe in particular saw a second wave of coronavirus infections emerging in the autumn and winter, resulting in further tightening of the restrictions imposed on businesses and individuals. Yet confidence in capital markets improved following reports of successful testing of several vaccines.

Political uncertainty remained strong in 2020, which was also reflected in the relevant capital markets. The capital markets were particularly preoccupied with the outcome of the American presidential election towards the end of the year. In Europe, the United Kingdom and the European Union (EU) struggled to formulate a Brexit deal and, by the

end of the year, reached the EU-UK Trade and Cooperation Agreement (TCA), containing wide-ranging provisions on trade, competition and commerce.

The interest yield on ten-year German government bonds amounted to - 0.6 % by the end of 2020, and continues to remain at a very low level. The spreads of corporate and bank bonds widened significantly in spring 2020, owing to the various coronavirus-related measures and their impact on economic activity. However, they narrowed significantly again as the year progressed. The spreads of debentures followed a similar path and also increased compared to the previous year.

The German DAX stock market index, which takes into account dividend payments alongside market performance (performance index), gained 3.6 % compared to the previous year, closing the year at 13,719 points. At the same time, the Euro Stoxx 50 (price index), the key stock market index for the eurozone, fell by 5.1 % compared to the previous year, closing the year at 3,553 points.

Situation in the insurance industry

The German insurance industry continued to show positive premium growth, even in the pandemic year 2020. As the Gesamtverband der Deutschen Versicherungswirtschaft e.V. (GDV, German Insurance Association) announced at its annual press conference, premium income generated by the industry increased by 1.2 % to EUR 220.1 billion.

Development of the reinsurance markets

The coronavirus pandemic was the prevalent catastrophe event for the direct and reinsurance industry in 2020. In addition to the severe humanitarian impact, the disease caused by the Sars-CoV-2 virus also resulted in huge financial and insured losses globally. Government support programmes and benefits paid out by insurers helped to mitigate the economic impact. According to estimates, insured losses amounted to between USD 50 and 80 billion globally, with the final figure yet to be determined.

In addition, the largest insured losses caused by natural disasters during the first half of the year occurred in North America as a result of severe weather events. Hail, heavy rain, and tornadoes resulted in claims obligations for direct insurers and reinsurers of approximately USD 20 billion. In Asia, Super-Cyclone Amphan caused extreme levels of destruction in May, with wind speeds of up to 260 km/h. Despite that, insured losses remained minor due to low insurance density.

On 4 August, at the start of the second half of year, there was an explosion at the port of the Lebanese city, Beirut. The explosion caused huge destruction over several kilometres. Around 5,000 people were injured and 150 people were killed. The claims obligations for the insurance industry was in the low single-digit billion range. North America again suffered losses caused by natural disasters during the second half of the year. On 10 and 11 August, a sustained and persistent line of storms, a so-called derecho, hit the US states of Iowa and Illinois, causing insured losses of more than USD 5 billion. In addition, the "La Niña" climate phenomenon caused an extremely active Atlantic hurricane season. With 30 named tropical storms and 13 hurricanes, six of which were classified as "major", the 2020 season was the strongest since 2005 and the second-strongest hurricane-season ever. Overall, US coastal areas were hit by a record number of tropical storms, although the damage was comparatively moderate

as it impacted mostly less densely populated areas. In addition to these storms, the USA was once again impacted by forest fires. Never before had a forest area of this size in California been destroyed by flames. The extreme forest fire season was exacerbated by the dry spring, hot summer and additional heatwave in September and October. Strong winds ensured the flames spread quickly. Insured losses owing to these fires in the western USA amounted to approximately USD 8 billion.

Not considering the coronavirus-related obligations, the economic losses from catastrophic events of the past year lay below the ten-year average but above those of the previous year. The insured losses about followed the ten-year average but were also above those of the comparable prior period.

The situation proved favourable for reinsurers in terms of policy renewals. Price adjustments were made to renewals during the year, owing to loss events in the previous and current year. Consequently, some rating agencies improved their assessment of the reinsurance industry and amended their outlook to "stable".

Development of individual countries and regions

Storm Sabine (also known as Ciara) swept over **Germany** at the start of February. Insured losses were in the mid three-digit million euro range, with property losses significantly higher than losses in the motor segment. Sabine was the sixth-worst winter storm to hit Germany since 2002. From March onwards, the German insurance landscape was dominated by events surrounding the coronavirus pandemic and their impact on the various branches of insurance. In addition to event-contingency insurance, the focus also shifted to business interruption insurance. A compromise on this was reached at the start of April with the so-called "Bavarian solution" for hotels and restaurants. Insurers were due to pay out 10 to 15 % of the daily rates agreed under the terms of the business-interruption insurance policy. This process could not be implemented uniformly throughout German markets, with legal disputes arising between direct insurers and policy holders. At the same time, direct insurers and reinsurers benefited from relief effects in conjunction with the coronavirus pandemic. A significant reduction in traffic led to fewer motor-claims compared to the previous year. Hardened reinsurance conditions were clearly evident in policy renewals. This resulted in higher prices as well as in improved policy terms, such as the agreement on pandemic clauses.

With regard to coronavirus, the subject of business interruption insurance dominated the non-life segment in the **United Kingdom**. Many small and medium-sized enterprises were forced to close their business operations as a result of lockdowns. Hence, insurers argued that business closures due to a national coronavirus-lockdown were not covered. This resulted in an intervention by the Financial Conduct Authority, which went to court with its so-called “test case” using a number of selected sample insurance policies. In September, the courts mostly decided in favor of the injured parties and upheld this judgement in January 2021. There was relief for direct insurers and reinsurers in the motor-insurance segment. Less traffic owing to the lockdowns resulted in reduced losses. However, politicians made it clear that it was unacceptable for insurers to increase their profits through the situation. Various measures were taken, particularly by larger insurers, which reduced their insurance premiums or even agreed to make partial refunds. In addition to the impact of the coronavirus pandemic, the consequences of Brexit combined with the threat of recession were key issues for market participants. An agreement was finally reached with the EU shortly before the end of the transition period, although the service sector was not explicitly taken into account in the agreement.

The **USA** was impacted by an exceptionally high frequency of natural disasters in 2020. Twelve named storms hit the US coast, causing significant damage regionally. There were also several moderate tornado events and an exceptionally powerful derecho in the Mid-West, which had a severely negative impact on the results of local cedents. The West Coast was once again hit by numerous forest fires, causing billions of dollars of insured losses. Given the claims situation, significant price increases in all segments were achieved in policy negotiations at the end of the year. The legal disputes surrounding payment of business-interruption losses triggered by the coronavirus pandemic continued until the end of the year.

South Africa was not spared the consequences of the global pandemic either. Economic output fell significantly in 2020 according to estimates by the South African Reserve Bank. Insurance policies that covered business interruptions owing to illness caused huge worry for direct insurers and reinsurers as the premiums were not calculated for nationwide pandemics. The South African courts ruled largely in favour of policy holders. However, due to differences in the wording of the policy terms and conditions, these judgments could not be applied uniformly to all outstanding cases. This resulted in uncertainty regarding

loss reserves both for direct insurers as well as any affected reinsurers. The reinsurance market in the fire class has recorded constant price growth since 2018. This trend remained in force in 2020 and also applied to loss-free programmes. With the exception of the pandemic, there were no major loss events.

Both the **Italian** economy as well as the Italian direct insurance and reinsurance markets suffered losses in 2020 as a result of the pandemic. There was a fall in premiums in the non-life class. However, there were hardly any notable coronavirus-related losses owing to the policy terms and conditions contained in Italian insurance policies. The particularly stringent and sustained lockdown meant there was a significantly reduced volume of insured vehicle traffic, particularly private vehicles and bicycles. This resulted in reduced claims expenditure in the motor class.

Business performance of R+V Versicherung AG

The latest information on the impact of the coronavirus pandemic is included in the valuation of the capital investments and actuarial practice in the following statements on business performance, as well as on the assets, liabilities, financial position and financial performance of the Company up to 31 December 2020.

The coronavirus pandemic impacted the development of gross premiums written in different ways, depending on the insurance class in question. Due to the varying ways in which the individual classes were affected by the coronavirus pandemic, expenditure on claims featured both claims obligations as well as claims eliminations in the previous fiscal year. The circumstances surrounding the coronavirus pandemic were taken into account in calculating the technical provisions, doing so in accordance with the principle of caution.

Where the coronavirus pandemic has made a significant impact on the business performance within the individual insurance classes, any such impact shall be specified in the following sections of the report.

Business overview

R+V Versicherung AG managed to continue growing despite the difficult conditions faced in 2020, the year of the pandemic.

Gross premiums written

in EUR million	2020	2019	change
Broken down into the essential branches of insurance			
Life	25.5	21.9	16.3%
Accident	52.2	57.8	-9.7%
Liability	36.9	46.9	-21.3%
Motor	1,693.6	1,528.8	10.8%
Fire	869.6	811.7	7.1%
Marine & Aviation	192.1	152.2	26.2%
Other	706.3	686.6	2.9%
	3,576.2	3,305.9	8.2%

Gross premiums written

General accident insurance continues to be the dominant individual insurance class within the branch of **accident insurance**, making up 97.0% of the premium income. The branch of insurance also includes motor personal accident insurance. This declining trend is the result of the end of the quota share reinsurance in the group business, which overcompensated for the increase in premiums in the external business.

R+V Versicherung AG recorded a declining trend once again in the **liability** class, which can also primarily be attributed to the end of the quota share reinsurance in the group business. The gross premiums written increased by 4.2 % in the external business.

Motor insurance makes up 47.4 % of gross premiums written and offers worldwide coverage. 25.9 % of the premium volume in the class originated from R+V companies, which recorded a growth of 5.6 % in domestic markets. In overseas business, premium growth of 14.4 % was achieved, particularly in new business in Great Britain.

99.5 % of the volume of premiums in **fire insurance** results from non-R+V cedents. This increase can primarily

be attributed to the growth in existing business. Gross premiums of 771.6 million EUR or 88.7%, respectively, were attributed to foreign business.

With regard to **marine and aviation insurance**, the latter in particular recorded an increase in gross written premiums of 50.5 % to EUR 102.7 million (2019: EUR 68.2 million). The gross premiums written in the marine business amounted to EUR 89.4 million, compared to EUR 84.0 million the previous year. The most important markets were the United Kingdom, South Korea, and Germany for the marine business, and as usual the USA for the aviation business.

Miscellaneous 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 classes, as well as motor warranty insurance.

Gross expenditure on claims for the fiscal year

Expenditure on claims for the fiscal year

in EUR million	2020	2019	change
Broken down into the essential branches of insurance			
Life	23.1	22.3	3.6%
Accident	37.0	34.1	8.4%
Liability	26.1	38.9	-32.9%
Motor	1,332.1	1,207.5	10.3%
Fire	815.9	585.8	39.3%
Marine & Aviation	112.9	97.9	15.3%
Other	481.1	417.6	15.2%
	2,828.2	2,404.2	17.6%

The reported gross loss ratio in **accident insurance** amounted to 66.5 % (2019: 45.6 %). The claims experience is characterised by the external business after quota share deals were replaced in group business. The claims development follows the premium development here. The coronavirus pandemic also had a negative impact in the non-proportional business.

The reduction in expenditure on claims for the fiscal year in **liability insurance** resulted not only from the replacement of quota share deals in the group reinsurance business but also from the external business. The reported gross loss ratio amounted to 37.8 % (2019: 51.8 %).

The fiscal year loss ratio in **motor insurance** of 78.6 % was below the previous year's level (2019: 78.8 %). In connection with the settlement result for the provisions carried over from the previous year, the reported gross loss ratio was 77.2 % (2019: 84.0 %). Various instances of major damage, among others, had negatively impacted the settlement result of the previous year.

The claims experience in **fire insurance** was characterised in particular by the coronavirus pandemic, as so-called property policies are also subsumed under the fire insurance class in accordance with international practices. These policies also include non-life classes, such as event contingency or business interruption insurance. Various instances of major damage, including, among others, the explosion at the port of Beirut, also had an adverse impact. In combination with an improved settlement result for the provisions carried over from the previous year, the reported gross loss ratio amounted to 88.7 % (2019: 73.9 %).

Expenditure on claims for the fiscal year in **marine and aviation insurance** developed sub-proportionally compared to premium development in the aviation sector, while marine insurance saw a disproportionate level of claims development owing to coronavirus. As a result of a reduction in the settlement result for the provisions carried over from the previous year, the reported gross loss ratio was 87.5 % (2019: 84.7 %).

The claims experience in the **other insurance classes** was primarily shaped by the storm and credit-and-bonds insurance classes. Various storm events in the USA impacted storm insurance in particular. The reported gross loss ratio for storm insurance amounted to 110.4 %, compared to 99.0 % the previous year. There were obligations incurred in credit and bonds insurance both as a result of the coronavirus pandemic as well as from several instances of major damage. As a result of a reduction in the settlement result, the reported gross loss ratio for credit and bonds insurance was 75.8 % (2019: 51.1 %).

Gross expenditure on insurance operations

The **gross expenditure on insurance operations** increased compared to the previous year by 7.5 % to EUR

839.8 million (2019: EUR 781.3 million). The gross expense ratio was 23.5 % (2019: 23.6 %).

The gross combined ratio increased from 101.2 % the previous year to 104.2 %, with the gross combined ratio for the entire non-life segment amounting to 104.3 % (2019: 101.1 %).

Technical result for own account

Technical result for own account

in EUR million	2020	2019	change
Broken down into the essential branches of insurance			
Life	4.8	1.2	309.8%
Accident	24.6	2.5	867.9%
Liability	15.1	8.0	88.9%
Motor	81.0	-17.1	-575.0%
Fire	-77.5	-67.3	15.1%
Marine & Aviation	6.5	-13.7	-147.6%
Other	-86.7	-68.8	26.2%
	-32.2	-155.1	-79.2%

Following a withdrawal from the equalisation provisions and similar provisions amounting to EUR 171.2 million, there was a technical result for own account of EUR - 32.2 million (2019: EUR - 155.1 million).

The result in the other insurance classes arose particularly from the storm class, with EUR - 68.7 million (2019: EUR - 35.8 million) and the credit/bonds class, with EUR - 15.4 million (2019: EUR - 19.5 million).

Non-technical result

The non-technical result, made up of the capital investment result and other income, was EUR 274.7 million (2019: EUR 451.0 million).

Result of ordinary business activities

The fiscal year ended with a result of EUR 242.5 million for the normal business activities (2019: EUR 295.8 million).

Earnings position

in EUR million	2020 Total Gross	Thereof Group Gross	Thereof third-party Gross	2019 Total Gross	thereof Group Gross	Thereof third-party Gross
Premiums written	3,576.2	494.9	3,081.3	3,305.9	484.8	2,821.2
Domestic	721.4	485.8	235.6	710.7	479.8	230.9
Foreign	2,854.9	9.1	2,845.7	2,595.3	5.0	2,590.3
Losses	2,885.9	336.1	2,549.8	2,566.3	349.3	2,217.0
Domestic	488.4	329.8	158.6	493.8	347.0	146.7
Foreign	2,397.4	6.3	2,391.2	2,072.6	2.3	2,070.3
Costs	839.8	88.2	751.7	781.3	95.0	686.3
Domestic	146.9	87.0	59.9	151.1	92.9	58.2
Foreign	692.9	1.1	691.8	630.2	2.1	628.1
Results before equalisation provision	-153.0	68.3	-221.4	-39.2	41.1	-80.3
Domestic	79.1	66.4	12.7	66.7	40.0	26.7
Foreign	-232.2	1.9	-234.1	-105.9	1.0	-106.9

Premium revenues

With adjustments due to the foreign currency effect, gross premium growth amounted to 13.6 %. The percentage of gross income from premiums arising from non-proportional reinsurance reached 25.8 % (2019: 25.6 %).

The domestic group business generated gross premiums written of EUR 485.8 million, a higher level than the previous year (2019: EUR 479.8 million). An increase in premiums written in the motor and other insurance classes was offset by opposing developments in the accident and liability branches of insurance, owing to the end of the quota share reinsurance.

In the external business, gross premiums written from domestic cedents increased from EUR 230.9 million to EUR 235.6 million. This development resulted in particular from the other non-life and engineering branches of insurance.

At EUR 2,854.9 million, the proportion of foreign business amounted to 79.8 % of the total premiums written (2019: 78.5 %). The increase by EUR 259.6 million resulted, among other factors, from contracts with cedents in the United Kingdom and the USA.

There was a total increase in gross premiums written of 8.2 % to EUR 3,576.2 million (2019: EUR 3,305.9 million).

Net premiums written also followed this path (EUR 3,509.8 million following on from EUR 3,244.7 million, an increase of + 8.2 %). The retention rate was 98.1 % (2019: 98.1 %).

Insurance performance

The gross loss ratio for the fiscal year amounted to 79.1 % (2019: 72.6 %) for the total business. The reported gross loss ratio was 80.7 %, compared to 77.5 % in the previous year. After taking retrocession into account, there remained a reported net loss ratio of 82.0 % (2019: 78.9 %).

The gross loss ratio for the fiscal year in the non-life segment was 79.1 %, compared to 72.5 % in the previous year. The reported gross loss ratio was 80.9 %, compared to 77.6 % in the previous year.

The gross loss ratio for the fiscal year in the non-life segment for group business was 72.6 %, compared to 79.5 % in the previous year. The reported gross loss ratio amounted to 69.1 % (2019: 73.1 %).

The gross loss ratio for the fiscal year in the non-life segment in external business was 80.0 %, compared to 71.3 % in the previous year. The reported gross loss ratio amounted to 82.7 % (2019: 78.4 %).

On 31 December 2020, the gross major claims burden (claims greater than EUR 3.0 million) in external business came to EUR 730.4 million, which corresponds to 20.4 % of the gross premiums written (2019: 14.7 %). Corona-virus-related instances of major damage in particular resulted in more obligations compared to the previous year.

Expenditure on insurance operations

Gross expenditure on insurance operations increased compared to the previous year by 7.5 % to EUR 839.8 million (2019: EUR 781.3 million). In terms of earned gross premiums, the gross expense ratio amounted to 23.5 % (2019: 23.6 %).

The gross combined ratio increased from 101.2 % the previous year to 104.2 %, with the gross combined ratio for the entire non-life segment amounting to 104.3 % (2019: 101.1 %).

Technical result

The gross technical result amounted to EUR - 153.0 million (2019: EUR - 39.2 million). After taking retrocession into account, there was a technical net result before any change in the equalisation provisions and similar provisions of EUR - 203.4 million (2019: EUR - 92.2 million).

EUR 171.2 million was withdrawn from the equalisation provisions and similar provisions as a result of the claims development (2019: addition of EUR 62.9 million).

The own-account technical result was then EUR - 32.2 million (2019: EUR - 155.1 million).

Result from capital investments

R+V Versicherung AG attained ordinary income of EUR 286.8 million from its capital investments. The ordinary result came to EUR 272.2 Mio. (2019: EUR 459,4 Mio.), after subtracting EUR 14.7 Mio. of ordinary expenses and factoring in EUR 0.1 Mio of planned real-estate depreciation.

Depreciation of EUR 5.2 million was required for R+V Versicherung AG's capital investments. Due to the recovery in value, a figure of EUR 20.5 million was imputed. Through sales of assets, R+V Versicherung AG achieved capital gains of EUR 7.6 million, excluding losses of EUR 0.4 million. The difference in write-ups and write-downs as well as the capital gains and losses resulted in an ordinary result of EUR 22.5 million (2019: EUR 10.1 million).

The net result from capital investments as the difference between the ordinary and the extraordinary result thus amounted to EUR 294.7 million for the 2020 fiscal year compared with EUR 469.6 million in the previous year. The net interest was 3.6 % (2019: 6.4 %).

Other earnings and expenses

During the fiscal year, other earnings came to EUR 70.1 million (2019: EUR 49.6 million). The service and interest incomes were important components. The increase compared to the previous year can be attributed in particular to higher reporting date-related exchange rate gains.

Other expenses of EUR 92.9 million (2019: EUR 72.3 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 242.5 million (2019: EUR 295.8 million). In consideration of tax expenditure (including transfers) of EUR 143.6 million in total (2019: EUR 160.3 million), this produces a profit transfer of EUR 98.9 million based on the profit and loss transfer agreement concluded with DZ BANK AG (2019: EUR 135.5 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.

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 354.8 million to EUR 8,494.6 million, so the ratio of guaranteed funds amounted to 242.2 % (2019: 250.9 %). The equity ratio based on the net premiums written was 61.3 % (2019: 66.3 %).

Guarantee funds

in EUR million	2020	2019
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	183.0	188.9
Actuarial reserves	19.5	24.3
Provisions for outstanding claims	5,368.2	4,833.2
Provisions for premium funds	5.5	4.8
Equalisation provision and similar provisions	766.3	937.5
Other technical provisions	2.2	1.4
Total technical provisions	6,344.9	5,990.1
Guarantee funds	8,494.6	8,139.8

Asset situation

Capital investment portfolio

The capital investments of R+V Versicherung AG grew by EUR 753.1 million or by 9.9 % during the 2020 fiscal year. The book value of the capital investments as at 31 December 2020 thus amounted to EUR 8,352.7 million. During the past fiscal years, R+V Versicherung AG mostly invested the funds available for reinvestment in bonds. It diversified particularly into government and corporate bonds, as well as into emerging markets. In choosing interest-bearing securities, the focus was on the issuer's high creditworthiness to minimise the risk of default. In addition R+V Versicherung AG made alternative equity and borrowed-capital investments. The portfolio currently includes time deposits, as at the reporting date. The calculated share-ratio for market values as at 31 December 2020 amounted to 1.3 % (2019: 3.1 %).

As per 31 December 2020, the reserve ratio relating to the total capital investments came to 36.6 % (2019: 44.3 %) and was dominated by the shareholding position.

Technical provisions

The gross technical provisions rose by 5.9 % to EUR 6,377.8 million (2019: EUR 6,024.1 million). After deducting the retrocessionnaires' shares, net technical provisions came to EUR 6,344.9 million (2019: EUR 5,990.1 million). In terms of the premiums written for own account, this corresponded to a ratio of 180.8 % (2019: 184.6 %).

The provisions for outstanding claims amount to 55.3 % (2019: 53.0 %) of the total assets. The volume of this item increased by 11.1 % to EUR 5,368.2 million (2019: EUR 4,833.2 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 asset situation, financial situation or profitability and relate to the risk of future losses.

The risk management processes according to ORSA (Own Risk and Solvency Assessment) includes identifying, analysing and evaluating, managing and monitoring and reporting and communicating the risks. 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 results of the risk inventory are recorded in the risk profile. After being categorised in this way, the significant risks are described in this opportunities and risk report and measures for limiting them are explained.

An assessment of the economic risk-bearing capacity takes place annually. 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. This also includes a review of binding key figures and

threshold levels that have been specified. Measures must be introduced if a defined index value has been exceeded. 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.

Governance structure

At R+V Versicherung AG, risk management is an integral part of corporate management and the governance structure. It is based on the three lines of defence linked to each other and integrated into the control and monitoring system in the form of an operative Risk Management, Risk Monitoring and Internal Auditing.

Risk management (1st line of defence) 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 observe the current general conditions and risk limitations.

At R+V, risk monitoring duties (2nd line of defence) are performed by the following key functions: risk management function (deemed an independent risk controlling function by the VAG (Versicherungsaufsichtsgesetz [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. Risk management also reports risks to the risk commission, the Board of Management and the Supervisory Board. The holder of the risk management function 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 functions. Ad-hoc notifications are issued to the central compliance officer for particularly serious violations. The holder of the compliance function reports directly to the Board of Management and, organisationally, is assigned directly to the chairman 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 (3rd line of defence) 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 audit department.

Risk strategy

The risk management principles are based on the risk strategy that is adopted and updated annually by R+V Versicherung AG and is closely linked to the business strategy. The risk strategy objectives of R+V Versicherung AG make provision for conscious and calculated risk-taking within the framework of the defined risk appetite so as to be able to exploit revenue-generating opportunities. All material risks undertaken by R+V Versicherung AG are the subject of the risk strategy.

The aim when managing risk is to ensure a broad balance of risk over all classes and worldwide territorial diversification, along with an optimised portfolio from a revenue and risk perspective.

The risk strategy for capital investments aims to ensure a high degree of stability in profit contributions from capital investments recognised in the balance sheet by utilising diversification effects. Compliance with the risk policy objectives is also taken into account within the framework of the strategic asset allocation.

Opportunity management

R+V Versicherung AG believes there are opportunities to generate profit in the individual reinsurance markets. 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.

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 May 2020, S&P confirmed R+V Versicherung AG's excellent "AA-" Financial Strength Rating within this context, the company having already been awarded this rating for several years, with no change to the negative outlook. From S&P's perspective, this negative outlook is reflective of 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.

Dealing with the coronavirus pandemic

The second wave of the coronavirus pandemic and the necessary containment measures meant the global economy went into recession once again in the winter of 2020/2021. Although successful vaccine developments saw people start to get vaccinated, there remains the risk that there will be insufficient levels of immunity, meaning therefore that the coronavirus pandemic could well have a long-term negative impact on society and the economy.

So far, the coronavirus pandemic has impacted the market risk and non-life underwriting risk in particular. There also remains the risk of an increase in insolvencies, depending on the duration and intensity of the pandemic. This may negatively impact R+V Versicherung AG's capital investment portfolio and credit and bonds insurance business in particular.

R+V adjusted its risk reporting in line with management requirements at the start of the pandemic. To achieve this, a new reporting tool was established covering the latest financial and risk situation on a monthly basis. This report

aims in particular to monitor the impact of turmoil on capital markets as well as any other potential adverse developments arising during the course of the coronavirus pandemic.

In order to safeguard business continuity, R+V took early action in response to the impact of the coronavirus pandemic by setting up a situation centre in February 2020. Mobile workplaces were set up within a short period of time, meaning employees were able to work from home. In doing so, all business divisions were fully operational with no significant impairment to business operations.

Risk bearing capacity

Risk bearing capacity is the ratio of available equity to the risks resulting from business activities. Regulatory risk bearing capacity has been determined using the standard Solvency II formula. The risk capital requirement (SCR: solvency capital requirement) is calculated as Value at Risk with a confidence level of 99.5 %. Quantification of the overall solvency needs (OSN) as part of the financial risk bearing capacity is generally performed 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 in the calculations.

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

R+V Versicherung AG met the statutory minimum solvency requirements of Solvency II in the 2020 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 2021.

The current analysis of the financial risk bearing capacity shows that the capital resources of R+V Versicherung AG exceed the overall insolvency needs on 31 December 2020.

Underwriting risk

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.

This arises primarily for R+V Versicherung AG from the premium and reserve risk as well as the non-life catastrophe risk. The premium risk includes the negative deviation of the technical result from the expected level for future liabilities. The reserve risk arises from uncertainty over predicting the settlement of losses which have already occurred.

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.

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.

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.

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, namely interest, spread, equity, exchange rate, property and concentration risk. Participation risks are the subject of equity risk.

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 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.

Risks are restricted through limitations as well as natural diversification relating to terms, issuers, countries, counterparties and asset classes.

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.

Default risks and migration risks are also taken into account in the spread risk. For credit spread, the interest differential between a risky and a risk-free fixed income asset is identified. 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.

Equity risks are reduced by way of diversification in different equity asset classes and regions. Short futures were used on the Euro Stoxx 50 for balance sheet hedging purposes during the course of the fiscal year.

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. These 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 arise from fluctuations in the exchange rate either from capital investments held in foreign currencies or if there is a currency imbalance between the technical liabilities and the capital investments. They are managed by systematic currency management. Almost all of the reinsurance portfolios are covered in the same currency.

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

Concentration risks at R+V Versicherung AG are reduced by maintaining an appropriate 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 risks are also restricted by investing in pension securities with a high credit rating. The non-investment grade share is restricted to a maximum of 5 % in the strategic asset allocation. Of the investments in fixed-income securities, 90.9 % (2019: 91.4 %) have a Standard & Poor's rating of 'A' or above and 74.1 % (2019: 74.6 %) have a rating of 'AA' or above. In the past fiscal year, the

capital investments of R+V Versicherung AG have suffered neither interest nor capital losses from securities.

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 37.9 million was invested in government bonds in peripheral countries in the euro area as at 31 December 2020 (2019: EUR 43.7 million). The following table shows the allocation of these government bonds according to countries.

Market values

in EUR million	2020	2019
Italy	-	6.0
Spain	37.9	37.8
Total	37.9	43.8

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.

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

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 risk

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.

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 internal control system (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.

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.

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 safeguard against potential outsourcing risks, outsourcing is categorised using a structured process, potential risk factors are identified within the framework of the risk analysis, risk mitigation requirements are derived, including any standard content to be agreed contractually, and they are integrated into the emergency management processes.

In order to ensure its continued operations, R+V has an integrated Business Continuity Management system (BCM) that also includes emergency and crisis management. 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.

To ensure projects are implemented securely and efficiently, R+V has established an investment committee responsible for preparing decision papers for approval and

supervising major projects. Once a project has been approved, project managers for all major projects will then report to the investment committee. This ensures projects are linked to independent and close project controlling.

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.

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).

R+V corporate communication is coordinated centrally 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.

Risk situation

The current supervisory requirements (Solvency II) have been met. The current risk situation falls within the company's risk bearing capacity.

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

Forecast

Caveat for statements about the future

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.

Overall, the actual performance of R+V Versicherung AG may therefore significantly differ from the forecasts. The latest evidence on the impact of the coronavirus pandemic on business performance has been suitably taken into account in our estimates. These estimates refer in the first instance to plans, forecasts and expectations. Thus, the following assessment of the development of R+V Versicherung AG reflects imperfect assumptions and subjective opinions for which no liability can be assumed.

Macroeconomic development

Due to the wide-reaching impact of the coronavirus pandemic on the economy, there is currently increased uncertainty over future macroeconomic development. In its annual autumn report, the German Council of Economic Experts forecast growth of 3.7 % in 2021 in the real gross domestic product in Germany, and of 4.9 % in the euro area. The International Monetary Fund and leading economic research institutions also forecast economic growth in Germany and in the euro area at this level if inflation remains subdued.

Development on the capital markets

The development on the capital markets in 2021 is likely to be characterised in particular by the ongoing coronavirus pandemic and the speed of any economic recovery. The significance of monetary policy also remains high. The European Central Bank (ECB) has announced it will continue its highly expansive monetary policy and extend its bond purchase programme. Market participants also expect the American central bank to continue its loose monetary policy.

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. Opportunities on the credit markets should be exploited, subject to continued high quality of securities, broad diversification and strong risk control. 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

Given the industry has managed to do comparatively well in withstanding the coronavirus crisis and, based on our estimates, many losses have already been covered under the balance sheets for 2020, we expect to see positive development in the direct insurance and reinsurance markets in 2021.

More than in previous years, there is reason to believe that increased awareness of economic losses arising from natural disasters and pandemic will contribute to lasting high demand for reinsurance. This trend is expected to be supported by a resurgent global economy in 2021 as well as the growing global population.

Given that direct insurers have mostly been able to introduce the necessary price increases as a result of the coronavirus pandemic, albeit at the same time with uncertainty over subsequent claims development, we expect to see a noticeable increase in demand for reinsurance solutions, particularly in those classes suffering from large losses.

Following on from the natural catastrophe-related major loss events in North America and global claims burdens triggered by the Sars-CoV-2 virus, we also expect to see a significant improvement in the price level and conditions for reinsurance policies in 2021 and 2022, which will have a positive impact on R+V Versicherung AG's profitability. In parallel to this, the continuing low level of interest rates for capital investments will maintain the pressure to generate positive technical results for direct insurers and reinsurers.

International reinsurers in the majority of countries 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 plans to continue and intensify its activities to enhance technical results in the active reinsurance business segment in 2021. 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 2021 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 currently expect to see a decline in both the capital investment result and 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 of 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 2021 is expected to be below the previous year's level.

Acknowledgement

The Board of Management wishes to give its explicit thanks to our employees for their commitment, particularly during this difficult year of the pandemic, 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, 02 March 2021

The Board of Management

Active branches of insurance

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

2020 Annual Financial Statements

Balance sheet

as at 31 December 2020*)

Assets

in Euro				2020	2019
A. Capital investments					
I.	Land, land rights and buildings including buildings on third-party land		3,256,946.17		3,324,359.17
II.	Capital investments in affiliated companies and shareholdings				
1.	Shares in affiliated companies	2,601,592,906.05			2,498,475,442.97
2.	Loans to affiliated companies	150,865,290.59			36,751,831.49
3.	Shareholdings	376,245.81	2,752,834,442.45		376,245.81
III.	Other capital investments				
1.	Stocks, shares or shares in investment funds and other variable interest securities	880,211,665.13			831,826,188.27
2.	Bearer bonds and other fixed-interest securities	3,329,197,154.46			3,019,605,108.79
3.	Other loans				
a)	Registered bonds	524,576,093.74			516,115,525.22
b)	Bonded debt receivables and loans	161,569,113.68	686,145,207.42		164,540,986.15
4.	Deposits at banks		625,462,974.43		471,458,711.95
5.	Other capital investments	75,613,888.35	5,596,630,889.79		57,099,889.27
IV.	Deposits with ceding insurers		599,078,708.10		462,942,584.57
				8,951,800,986.51	8,062,516,873.66

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

in EUR		2020	2019
B. Receivables			
I. Settlement receivables from reinsurance business		272,244,703.10	276,777,475.08
Thereof due to:			
Affiliated companies	6,093,431.44 € (7,174,163.69 €)		
II. Other receivables		276,144,094.73	429,102,852.31
Thereof due to:			
Affiliated companies	223,251,300.21 € (331,658,234.94 €)		
		548,388,797.83	705,880,327.39
C. Other assets			
I. Property, plant, equipment and inventories		1,248,699.52	972,378.91
II. Cash at banks, cheques and cash in hand		149,067,209.66	306,485,976.26
III. Other assets		50,744.80	44,114.71
		150,366,653.98	307,502,469.88
D. Accruals and deferred income			
I. Accrued interest and rents		42,531,348.96	43,499,324.00
II. Other accruals		9,109,236.46	243,119.51
		51,640,585.42	43,742,443.51
Total assets		9,702,197,023.74	9,119,642,114.44

Liabilities

in EUR		2020	2019
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	183,388,867.88		189,263,219.40
2. Thereof: less reinsurance amount	371,987.22	183,016,880.66	409,389.94
II. Actuarial reserves			
1. Gross	39,743,839.16		45,734,607.69
2. Thereof: less reinsurance amount	20,217,827.91	19,526,011.25	21,406,442.53
III. Provision for outstanding claims			
1. Gross	5,380,580,296.69		4,845,463,383.02
2. Thereof: less reinsurance amount	12,332,698.14	5,368,247,598.55	12,240,044.05
IV. Provisions for performance based and non-performance based premium funds			
1. Gross	5,515,805.00		4,770,153.54
2. Thereof: less reinsurance amount	-	5,515,805.00	-
V. Equalisation provision and similar provisions		766,338,869.00	937,504,116.00
VI. Other technical provisions			
1. Gross	2,212,593.20		1,387,144.41
2. Thereof: less reinsurance amount	-	2,212,593.20	-
		6,344,857,757.66	5,990,066,747.54

in EUR		2020	2019
C. Other provisions			
I.	Provisions for pensions and similar obligations	5,217,591.46	6,491,036.49
II.	Tax provisions	19,124,826.74	19,723,383.40
III.	Other provisions	72,799,640.61	49,127,333.47
		97,142,058.81	75,341,753.36
D. Deposit liabilities received from reinsurers			
		20,897,397.15	22,103,560.87
E. Other liabilities			
I.	Settlement liabilities from reinsurance business	559,566,321.17	473,531,547.33
	Thereof due to:		
	Affiliated companies	49,553,801.16 € (41,832,989.74 €)	
	Associated companies	33,189.79 € (9,161.00 €)	
II.	Bonds	31,138,702.82	30,821,470.07
III.	Liabilities due to banks	-	-
IV.	Other liabilities	498,820,829.08	378,003,078.22
	Thereof:		
	From taxes	1,716,662.10 € (3,113,495.77 €)	
	Social security	16,238.29 € (24,121.18 €)	
	due to:		
	Affiliated companies	489,030,031.47 € (366,519,467.09 €)	
		1,089,525,853.07	882,356,095.62
Total liabilities		9,702,197,023.74	9,119,642,114.44

Income statement

for the period 1 January to 31 December 2020*

Income statement

in EUR			2020	2019
I. Technical account				
1. Premiums earned for own account				
a) Gross premiums written	3,576,207,914.51			3,305,945,683.26
b) Reinsurance premiums ceded	66,373,241.97	3,509,834,672.54		61,287,780.24
c) Change in gross unearned premium reserve	-2,344,768.32			3,472,386.24
d) Change in gross unearned premium reserve - reinsurers' share	40,162.15	-2,384,930.47		-163,914.52
			3,507,449,742.07	3,248,294,203.78
2. Technical interest income for own account			685,805.62	207,184.75
3. Other technical earnings for own account			-	-
4. Expenditure for insurance claims for own account				
a) Payments for claims				
aa) Gross	2,168,590,149.81			1,938,304,534.29
bb) Reinsurers' share	9,872,116.21	2,158,718,033.60		3,955,410.72
b) Change in provision for outstanding claims				
aa) Gross	717,271,864.52			628,028,983.00
bb) Reinsurers' share	114,227.72	717,157,636.80		-764,458.82
			2,875,875,670.40	2,563,142,565.39
5. Change in other technical net provisions				
a) Net actuarial reserves		4,161,004.19		4,016,547.60
b) Other technical net provisions		-884,544.09		-432,192.97
			3,276,460.10	3,584,354.63
6. Expenditure on performance-based and non-performance based premium funds for own account			4,595,762.05	3,892,391.13
7. Expenditure on insurance operations for own account				
a) Gross expenditure on insurance operations		839,813,609.67		781,341,313.74
b) Thereof: reinsurance commissions and profit participations received on retrocession		8,072,841.66		6,824,081.80
			831,740,768.01	774,517,231.94
8. Other technical expenses for own account			2,578,088.53	2,735,385.34
9. Subtotal			-203,378,281.20	-92,201,830.64
10. Change to equalisation provision and similar provisions			171,165,247.00	-62,935,921.00
11. Technical result for own account			-32,213,034.20	-155,137,751.64

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

in EUR			2020	2019
II. Non-technical account				
1. Income on capital investments				
a) Income from holdings		12,255.30		2,210,203.51
Thereof from affiliated companies:				
8,247.60 € (2,172,695.76 €)				
b) Income from other capital investments				
Thereof from affiliated companies:				
2,900,116.81 € (3,174,085.43 €)				
aa) Income from land, land rights and buildings including buildings on third-party land	717,317.55			707,965.86
bb) Income from other capital investments	100,211,196.76	100,928,514.31		137,990,006.57
c) Income from write-ups		20,473,454.20		10,709,636.25
d) Realised gains on capital investments		7,594,848.59		3,182,490.96
e) Income from profit pooling, profit and loss transfer agreements and partial profit and loss transfer agreements		190,279,116.83		339,541,964.58
			319,288,189.23	494,342,267.73
2. Expenditure for capital investments				
a) Expenditure for management of capital investments, interest expenditure and other expenditure on capital investments		14,352,764.62		15,738,931.01
b) Depreciation on capital investments		5,259,243.06		3,270,751.82
c) Realised losses on capital investments		363,639.46		570,416.92
d) Expenses from losses absorbed		246,257.38	20,221,904.52	-
			299,066,284.71	474,762,167.98
3. Technical interest income			-1,507,358.34	-1,067,788.82
			297,558,926.37	473,694,379.16
4. Other income			70,108,095.27	49,583,680.43
5. Other expenditure			92,931,071.76	72,295,785.76
			-22,822,976.49	-22,712,105.33
6. Non-technical result			274,735,949.88	450,982,273.83
7. Result of ordinary business activities			242,522,915.68	295,844,522.19

in EUR		2020	2019
8. Taxes on income and earnings	143,347,259.88		160,151,927.52
Thereof:			
Allocation within consolidated entity	143,608,246.13 € (156,502,319.98 €)		
9. Other taxes	299,214.59		174,853.42
		143,646,474.47	160,326,780.94
10. Profits transferred due to profit pooling, a profit and loss transfer agreement or a partial profit and loss transfer agreement		-98,876,441.21	-135,517,741.25
11. Annual net income/loss		-	-

Notes

Accounting and valuation methods

The 2020 annual financial statements for R+V Versicherung AG have been prepared in accordance with the provisions of the HGB (Handelsgesetzbuch [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. For securities special funds, the sustainable value was determined based on the assets the funds contained. Bearer bonds where the borrower had a good credit rating were recognised at the repayment amount or, in all other cases, at market value. Equities were recognised at their market value. Depreciation was effected, where applicable, on the sustainable value or the higher unit value of the capital management company.

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, 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 2020 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 2020.

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 cedent's 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 2020 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:	0.70 %
Interest rate for pension provisions:	2.30 %

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 2020.

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 ten years published by the German Federal Bank for October 2020 with an assumed remaining term of 15 years. The interest rate was projected to the end of the year and totalled 1.60 %.

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 2020. 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 28 December 2020 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. , Mailand	68.9	EUR	2019	213,789,321	24,701,133
Assimoco Vita S.p.A., Mailand	65.6	EUR	2019	172,491,309	20,374,571
Chemie Pensionsfonds AG, Wiesbaden	100.0	EUR	2020	30,317,843	2,000,000
Condor Allgemeine Versicherungs-AG, Hamburg	100.0	EUR	2020	41,761,661	¹⁾
Condor Lebensversicherung AG, Hamburg	95.0	EUR	2020	51,742,466	¹⁾
KRAVAG-ALLGEMEINE Versicherungs-AG, Hamburg	76.0	EUR	2020	159,007,376	26,395,638
KRAVAG-LOGISTIC Versicherungs-AG, Hamburg	51.0	EUR	2020	248,420,550	10,231,667
R+V Allgemeine Versicherung AG, Wiesbaden	95.0	EUR	2020	774,176,663	¹⁾
R+V Direktversicherung AG, Wiesbaden	100.0	EUR	2020	13,320,000	¹⁾
R+V Krankenversicherung AG, Wiesbaden	100.0	EUR	2020	124,485,231	20,000,000
R+V Lebensversicherung AG, Wiesbaden	100.0	EUR	2020	744,980,723	¹⁾
R+V Luxembourg Lebensversicherung S.A., Strassen	100.0	EUR	2020	484,155,890	40,761,974
R+V Pensionsfonds AG, Wiesbaden	74.9	EUR	2020	34,613,166	2,530,000
R+V Pensionskasse AG, Wiesbaden	100.0	EUR	2020	103,233,238	-
Service, holding and real estate companies					
Aufbau und Handelsgesellschaft mbH, Stuttgart	82.5	EUR	2019	525,138	¹⁾
BWG Baugesellschaft Württembergischer Genossenschaften mbH, Stuttgart	82.4	EUR	2019	9,965,213	¹⁾
carexpert Kfz-Sachverständigen GmbH, Walluf	60.0	EUR	2020	1,169,097	-3,315,948
CI CONDOR Immobilien GmbH, Hamburg	95.0	EUR	2020	20,100,000	¹⁾
compertis Beratungsgesellschaft für betriebliches Vorsorgemanagement mbH, Wiesbaden	51.0	EUR	2020	4,630,324	875,520
COMPLINA GmbH, Wiesbaden	100.0	EUR	2020	80,101	-60,042
Condor Dienstleistungs-GmbH, Hamburg	95.0	EUR	2020	458,240	52,942
Englische Strasse 5 GmbH, Wiesbaden	90.0	EUR	2019	16,129,017	468,769

1) A profit and loss transfer agreement exists.

A. II. 1. Shares in affiliated companies

Name of company and registered office	Shares in capital in %	Currency	Fiscal year	Shareholders' equity	Result
fragWilhelm GmbH, Wiesbaden	100.0	EUR	2020	404,920	-2,051,304
GWG 1. Wohn GmbH & Co. KG, Stuttgart	91.6	EUR	2019	2,000,000	1,076,216
GWG 2. Wohn GmbH & Co. KG, Stuttgart	91.6	EUR	2019	3,000,000	838,634
GWG 3. Wohn GmbH & Co. KG, Stuttgart	91.6	EUR	2019	7,000,000	1,504,400
GWG 4. Wohn GmbH & Co. KG, Stuttgart	91.6	EUR	2019	9,000,000	1,212,866
GWG Beteiligungsgesellschaft mbH, Stuttgart	91.6	EUR	2019	27,701	1,195
GWG Gesellschaft für Wohnungs- und Gewerbebau Baden-Württemberg AG, Stuttgart	91.6	EUR	2019	339,017,423	25,481,262
GWG Hausbau GmbH, Stuttgart	82.1	EUR	2019	2,750,000	¹⁾
GWG ImmoInvest GmbH, Stuttgart	86.9	EUR	2019	10,816,863	1,799,296
GWG Wohnpark Sendling GmbH, Stuttgart	81.7	EUR	2019	4,027,500	¹⁾
HumanProtect Consulting GmbH, Köln	100.0	EUR	2019	382,397	115,940
IZD-Beteiligung S.à.r.l., Senningerberg	96.7	EUR	2019	19,368	-30,306
KRAVAG-Umweltschutz- und Sicherheitstechnik GmbH, Hamburg	51.0	EUR	2020	394,446	71,782
MSU Management-, Service- und Unterbehmensberatung GmbH, Landau	74.0	EUR	2019	860,579	154,364
Nuveen Immobilien GmbH & Co. GB I KG, Frankfurt am Main	73.2	EUR	2019	1,942,843	-72,540
PASCON GmbH, Wiesbaden	100.0	EUR	2020	39,355	2,862
Pension Consult Beratungsgesellschaft für Altersvorsorge mbH, Wiesbaden	74.9	EUR	2020	773,811	50,233
R+V AIFM S.à.r.l., Luxemburg ²⁾	100.0	EUR	2019	506,091	-355,794
R+V Dienstleistungs-GmbH, Wiesbaden	100.0	EUR	2019	650,413	7,870
R+V Erste Anlage GmbH, Wiesbaden ³⁾	95.0	EUR	2020	289,973	1,115
R+V INTERNATIONAL BUSINESS SERVICES Ltd., Dublin ⁴⁾	100.0	EUR	2017	1,347,091	114,943
R+V KOMPOSIT Holding GmbH, Wiesbaden	100.0	EUR	2020	1,826,141,575	¹⁾
R+V Kureck Immobilien GmbH, Wiesbaden ³⁾	95.0	EUR	2020	27,016	1,829
R+V Mannheim P2 GmbH, Wiesbaden	94.0	EUR	2019	57,342,684	1,855,289
R+V Personen Holding GmbH, Wiesbaden	100.0	EUR	2020	1,119,260,971	-42,321,767

1) A profit and loss transfer agreement exists.

2) Change of name as per register entry dated 27.05.2020 (previously: RV AIP S.à.r.l.).

3) Key figures from final liquidation balance sheet dated 01.05.2020.

4) Company in liquidation, no more annual financial statements are being prepared (last statements prepared for the 2017 fiscal year).

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 Rechtsschutz-Schadenregulierungs-GmbH, Wiesbaden	100.0	EUR	2020	348,525	71,282
R+V Service Center GmbH, Wiesbaden	100.0	EUR	2020	2,869,375	¹⁾
R+V Service Holding GmbH, Wiesbaden	100.0	EUR	2020	187,688,010	¹⁾
R+V Treuhand GmbH, Wiesbaden	100.0	EUR	2020	59,482	1,153
RC II S.à.r.L., Munsbach	90.0	EUR	2019	8,832,593	70,530
RUV Agenturberatungs GmbH, Wiesbaden	100.0	EUR	2020	394,634	126,941
RV AIP S.C.S. SICAV-SIF, Luxemburg ²⁾	100.0	EUR	2020	9,832	-56
RV AIP S.C.S. SICAV-SIF - RV TF Acquisition Financing, Luxemburg	97.4	EUR	2020	156,509,486	2,136,219
RV AIP S.C.S. SICAV-SIF - RV TF 2 Infra Debt, Luxemburg	98.9	EUR	2020	411,013,639	6,034,507
RV AIP S.C.S. SICAV-SIF - RV TF 6 Infra Debt II, Luxemburg ³⁾	97.1	EUR	-	-	-
Sprint Italia S.r.l., Bolzano	51.0	EUR	2019	345,758	-221,208
Sprint Sanierung GmbH, Köln	100.0	EUR	2019	26,211,007	-3,762,408
UMB Unternehmens-Managementberatungs GmbH, Wiesbaden	100.0	EUR	2020	5,488,988	1,735,658
Unterstützungskasse der Condor Versicherungsgesellschaften GmbH, Hamburg	98.3	EUR	2020	26,076	-
VR GbR, Frankfurt am Main	41.2	EUR	2019	193,103,620	48,135,996
VR Makler GmbH, Hannover ⁴⁾	100.0	EUR	2019	524,712	-361,568
WBS Wohnwirtschaftliche Baubetreuungs- und Servicegesellschaft mbH, Stuttgart	86.9	EUR	2019	19,198,569	-48,190

1) A profit and loss transfer agreement exists.

2) Share ratio including capital share of R+V AIFM S.à.r.l.

3) Subscription of AIP sub-fund as at 10.12.2020, initial call for capital in 2020 only for R+V Lebensversicherung AG, indirect ratio related to all R+V companies.

4) Change of name as per commercial register entry dated 14.05.2020 (previously: SECURON Versicherungsmakler GmbH).

A. II. 3. Shareholdings

Name of company and registered office	Shares in capital in %	Currency	Fiscal year	Shareholders' equity	Result
ASSICONF S.r.L., Turin	13.8	EUR	2019	88,423	1,602
ASSICRA S.r.L., Pescara	17.2	EUR	2019	515,895	29,236
BAU + HAUS Management GmbH, Wiesbaden	50.0	EUR	2019	10,013,756	854,702
bbv-Service Versicherungsmakler GmbH, München	25.2	EUR	2019	2,123,629	344,442
BCC Risparmio Previdenza S.G.R.p.A., Mailand	16.4	EUR	2019	38,225,593	12,399,625
BSP Bürgerschaftsservice-Plattform GmbH, Hamburg ¹⁾	50.0	EUR	-	-	-
Consorzio Caes Italia S.C.S., Mailand	32.2	EUR	2019	243,841	21,426
Golding Mezzanine SICAV IV Teilfonds 2, Luxemburg	47.5	EUR	2019	3,868,172	526,434
IZD-Holding S.à.r.l., Senningerberg	48.6	EUR	2019	12,179	-22,053
Nuveen Immobilien GmbH, Frankfurt am Main	50.0	EUR	2019	227,450	86,320
R+V Kureck Immobilien GmbH Grundstücksverwaltung Braunschweig, Wiesbaden	50.0	EUR	2019	7,023,801	167,745
Schroder Italien Fonds GmbH & Co. KG, Frankfurt am Main	23.1	EUR	2019	-192,394	28,084
Schroder Italien Fonds Holding GmbH, Frankfurt am Main ²⁾	23.1	EUR	2020	-30,342,874	-153,338
Schroder Property Services B.V. S.à.r.l., Senningerberg	30.0	EUR	2019	340,735	24,728
Versicherungs-Vermittlungsgesellschaft des Sächsischen Landesbauernverbandes mbH, Dresden	50.0	EUR	2019	215,117	-35,037
Versicherungs-Vermittlungsgesellschaft mbH des Bauernverbandes Mecklenburg-Vorpommern e.V.(VVB), Neubrandenburg	50.0	EUR	2019	204,175	10,872
Versicherungs-Vermittlungsgesellschaft mbH des Landesbauernverbandes Sachsen-Anhalt e.V.(VVB), Magdeburg	50.0	EUR	2019	69,681	8,594
VVB Versicherungs- und Vermittlungsgesellschaft mbH des Landesbauernverbandes Brandenburg, Teltow	50.0	EUR	2019	33,461	3,952

1) New formation in accordance with commercial register entry dated 26.03.2020.

2) Wound up by way of liquidation with effect on 30.09.2020 (start of restrictive year), key figures from annual financial statement for the short fiscal year as at 30.09.2020.

Notes to the balance sheet - assets

Statement of changes to asset items A. I. to III in fiscal year 2020 ¹⁾

	Thou. EUR	Values for previous year %	Additions Thou. Euro
A. Capital investments			
A. I. Land, land rights and buildings including buildings on third-party land	3,324	0.0	0
A. II. Capital investments in affiliated companies and shareholdings			
1. Shares in affiliated companies	2,498,475	32.9	83,876
2. Loans to affiliated companies	36,752	0.5	123,256
3. Shareholdings	376	0.0	0
4. Total A. II.	2,535,604	33.4	207,132
A. III. Other capital investments			
1. Stocks, shares or shares in investment funds and other variable interest securities	831,826	10.9	51,250
2. Bearer bonds and other fixed-interest securities	3,019,605	39.7	749,567
3. Other loans			
a) Registered bonds	516,116	6.8	65,321
b) Bonded debt receivables and loans	164,541	2.2	18,903
4. Deposits at banks	471,459	6.2	157,574
5. Other capital investments	57,100	0.8	28,402
6. Total A. III.	5,060,646	66.6	1,071,016
Total A.	7,599,574	100.0	1,278,148
Total	7,599,574		1,278,148

1) discrepancies in totals are due to rounding

2) thereof currency write ups: 9,184 thousand EUR

3) thereof currency depreciation: 121,702 thousand EUR

Notes

Transfers Thou. Euro	Disposals Thou. Euro	Write-ups ²⁾ Thou. Euro	Depreciation ³⁾ Thou. Euro	Thou. EUR	Values for current fiscal year %
0	0	0	67	3,257	0.0
0	0	19,242	0	2,601,593	31.1
0	5,000	249	4,392	150,865	1.8
0	0	0	0	376	0.0
0	5,000	19,491	4,392	2,752,834	33.0
0	812	1,137	3,189	880,212	10.5
0	342,289	765	98,450	3,329,197	39.9
0	54,197	0	2,663	524,576	6.3
0	20,353	0	1,522	161,569	1.9
0	0	8,141	11,711	625,463	7.5
0	5,045	124	4,967	75,614	0.9
0	422,696	10,167	122,502	5,596,631	67.0
0	427,696	29,658	126,962	8,352,722	100.0
0	427,696	29,658	126,962	8,352,722	

A. Capital investments

in thousand EUR		2020		
		Book value	Fair value	Reserve
I.	Land, land rights and buildings including buildings on third-party land	3,257	11,503	8,246
II.	Capital investments in affiliated companies and shareholdings			
1.	Shares in affiliated companies	2,601,593	5,400,745	2,799,152
2.	Loans to affiliated companies	150,865	152,095	1,230
3.	Shareholdings	376	376	0
III.	Other capital investments			
1.	Stocks, shares or shares in investment funds and other variable interest securities	880,212	927,090	46,878
2.	Bearer bonds and other fixed-interest securities	3,329,197	3,601,873	272,676
3.	Other loans			
a)	Registered bonds	524,576	638,416	113,840
b)	Bonded debt receivables and loans	161,569	189,478	27,909
4.	Deposits at banks	625,463	625,538	75
5.	Other capital investments	75,614	79,109	3,495
IV.	Deposits with ceding insurers	599,079	599,079	0
		8,951,801	12,225,302	3,273,501

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 2020. 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 Rech-VersV.

In accordance with Section 341 b (2) HGB, EUR 4,209.4 million of capital investments have been assigned to assets. This includes positive valuation reserves of EUR 320.7 million and negative valuation reserves of EUR 1.2 million based on the rates on 31 December 2020.

The valuation reserves of the total capital investments amount to EUR 3,273.5 million, which corresponds to a reserve ratio of 36.6 %.

A. Capital investments - Information on financial instruments which are reported at more than their fair value

in thousand EUR		2020	
Type	Book value	Fair value	
Loans to affiliated companies ¹⁾	85,139	85,119	
Bearer bonds and other fixed-interest securities ²⁾	146,149	144,956	
Registered bonds ³⁾	4,000	3,983	
Bonded debt receivables and loans ⁴⁾	5,707	5,597	
Deposits at banks ⁵⁾	305,198	305,056	
Other capital investments ⁶⁾	14,043	13,892	

¹⁾ The lower fair value relates to loans, which are expected to show a temporary impairment as a result of their credit rating.

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⁾ The lower fair value relates to bonded debt receivables and loans, which are expected to show a temporary impairment as a result of their credit rating.

⁵⁾ Due to the existing creditworthiness of the borrowers and short residual terms, the impairments are not permanent but dependent on market price changes.

⁶⁾ Due to the expected profits of the companies, the impairments are not permanent but dependent on market price changes.

A. Capital investments - Information on derivative financial instruments

in thousand EUR		2020		
Type	Nominal volume	Book value	Positive fair value	Negative fair value
Interest-related business				
Futures/forward purchases registered certificates ¹⁾	5,000	-	1,479	-
Futures/forward purchases bearer bonds ²⁾	27,350	-	7,483	-
Currency-related business				
Forward exchange transactions ³⁾	669,335	2,608	1,560	2,608

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				2020
Fund type	Market value	Difference between market value/book value	Distribution for the fiscal year	Omitted non-scheduled depreciation
Equity fund	36,551	3,947	61	-
Pension fund	67,985	-	1,810	-
Mixed fund	656,384	20,588	100	-
	760,920	24,534	1,971	-

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

in EUR		2020
Expenditure relating to subsequent fiscal years		
Status as at 31 December		9,109,236

Notes to the balance sheet - liabilities

A. I. Called- up capital

in EUR	2020
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 2019.

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	2020
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 2019.

A. III. Retained earnings

in EUR	2020
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 2019.

C. I. Provisions for pensions and similar obligations

in EUR	2020
Settlement amount	18,362,668.00
Offsettable reinsurance assets (claims from life insurance policies)	13,145,076.54
Status as at 31 December	5,217,591.46

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 1,234,001.00 Euro.

C. III. Other provisions

in EUR		2020
Holiday/flexi-time credits		2,840,000.00
Working life		-
Provision	5,607,186.22	
Offsettable reinsurance assets (claims from life insurance policies)	5,607,186.22	
Capital investment area		2,987,607.93
Annual financial statements		153,413.00
Storage of business records		1,009,632.00
Trade association		222,000.00
Personnel costs		9,803,850.00
Anniversaries		4,116,930.00
Other provisions		51,666,207.68
Status as at 31 December		72,799,640.61

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		2020
Liabilities with a remaining term of more than five years		
Bonds		6,276,000.00
Status as at 31 December		6,276,000.00

There were no liabilities secured by liens or similar rights..

Notes to the income statement

I. 1. A) Gross premiums written

in EUR	2020	2019
Property and casualty, health and accident insurance	3,550,747,003.11	3,284,058,230.39
Life insurance	25,460,911.40	21,887,452.87
Status as at 31 December	3,576,207,914.51	3,305,945,683.26

I. 2. Technical interest income for own account

in EUR	2020	2019
Status as at 31 December	685,805.62	207,184.75

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 for insurance claims for own account

in EUR	2020	2019
Status as at 31 December	2,875,875,670.40	2,563,142,565.39

There was a gross loss of EUR 57.7 million from the settlement of the provisions for outstanding claims assumed from the previous fiscal year before premium adjustment.

II. 2. Depreciation on capital investments

in EUR	2020	2019
b) Depreciation on capital investments		
Scheduled depreciation	67,413.00	67,382.00
Non-scheduled depreciation in accordance with Section 253 (3) sentence 5 HGB	-	-
Non-scheduled depreciation in accordance with Section 253 (3) sentence 6 HGB	5,191,830.06	3,188,969.82
Non-scheduled depreciation in accordance with Section 253 (4) HGB	-	14,400.00
Status as at 31 December	5,259,243.06	3,270,751.82

II. 4. Other income

in EUR	2020	2019
Income on services provided	28,203,572.96	26,085,250.14
Other interest income	9,523,543.27	7,313,190.85
Income from liability insurance	1,741,767.71	1,227,885.88
Other income	30,639,211.33	14,957,353.56
Status as at 31 December	70,108,095.27	49,583,680.43

Other income includes reporting date-related exchange rate gains of EUR 30.3 million.

II. 5. Other expenditure

in EUR	2020	2019
Expenditure on services provided	26,492,539.08	24,552,761.96
Expenditure that affects the company as a whole	32,675,969.80	29,889,048.67
Interest transferred to provisions	972,656.59	912,515.50
Interest to be offset from offsettable assets	-861,658.76	-772,163.83
Expenditure from outsourcing pension provisions	1,091,855.95	1,392,037.04
Other interest expenditure	7,551,640.27	3,948,601.26
Other expenditure	25,008,068.83	12,372,985.16
Status as at 31 December	92,931,071.76	72,295,785.76

Other expenditure includes exchange rate losses of EUR 20.3 million caused by effects on the reporting date.

Other explanatory notes

Supervisory Board of R+V Versicherung AG

Dr. Cornelius Riese

- Chairman -
Co-Chairman of the Board of Management, DZ BANK AG
Deutsche Zentral-Genossenschaftsbank, Frankfurt am
Main

Ulrich Birkenstock

- Deputy Chairman -
Chairman of the General Works Council of R+V Allge-
meine Versicherung AG, Koblenz branch office, Koblenz

Uwe Abel

Chairman of the Board of Management, Mainzer Volks-
bank 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 Versi-
cherung 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 Volksban-
ken und Raiffeisenbanken e.V. (National Association of
German Cooperative Banks), Berlin

Klaus Krömer

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

Dirk Schiweck

Chairman of the Administration Works Council and Mem-
ber 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, Wiesba-
den District, Wiesbaden

Sigrid Schneider

Chairman of the Works Council for R+V Allgemeine Versi-
cherung AG, Dresden branch office, Dresden

Michael Speth

Member of the Board of Management, DZ BANK AG Deut-
sche Zentral-Genossenschaftsbank, Frankfurt am Main

Martina Trümmer

Federal Administration legal adviser, Vereinte Dienstlei-
stungsgewerkschaft 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 Pforz-
heim eG, Pforzheim

Board of Management of R+V Versicherung AG

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	2020	2019
1. Wages and salaries	68,959,871.33	62,388,002.93
2. Social security deductions and expenditure on other benefits	9,311,032.52	8,311,462.72
3. Expenditure on pension provision	4,964,402.79	7,139,857.07
Total expenditure	83,235,306.64	77,839,322.72

Remuneration of the Board of Management and Supervisory Board

Total remuneration of the members of the Board of Management amounted to EUR 9,302,402.00 (2019: EUR 8,967,776.00).

EUR 845,839.00 was paid to former members of the Board of Management and their dependants (2019: EUR 983,364.00). As part of the outsourcing of pension obligations for members of the Board of Management in 2020, contribution payments of EUR 3,491,647.95 (2019: EUR 3,516,981.70) were paid to Versorgungskasse genossenschaftlich orientierter Unternehmen e.V.. For former members of the Board of Management and their dependants, an amount of EUR 453,123.07 (2019: EUR 1,256,554.71) was paid to Versorgungskasse genossenschaftlich orientierter Unternehmen e.V. and an amount of EUR

195,293.85 (2019: EUR 0.00) was paid to R+V Pensionsfonds AG.

For the pensions and pension entitlements of former members of the Board of Management and their dependants, there is a provision in excess of EUR 9,064,082.00 (2019: EUR 9,018,055.00). Furthermore, obligations for this group of people of EUR 707,065.00 (2019: EUR 883,831.00) are not shown in the balance sheet due to Article 67 (1) EGHGB (Einführungsgesetz zum Handelsgesetzbuch [Introductory Act to the German Commercial Code]).

EUR 387,590.00 was paid out to the Supervisory Board in the fiscal year (2019: EUR 406,235.00). 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 2020 fiscal year, an average of 773 employees (2019: 702) were employed at R+V Versicherung AG.

Information about related parties and persons

During the reporting period no transactions as defined by Section 285 No. 21 HGB 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	2020
Audit services	803,590.00
Other certification services	5,000.00
Other services	3,200.00
Total expenditure	811,790.00

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

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	469,895,238.05	2,275,674.83	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	184,801,400.39	74,280,500.00	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	19,900,000.00	19,900,000.00	Utilisation possible at any time. There is no equivalent on balance sheet in case of utilisation.	Better credit procurement possibilities for a borrowing company within the R+V Consolidated Group with low probability of occurrence for the patron.
4. Put options from multi-tranches Remaining term > 1 year	269,000,000.00	45,000,000.00	Outflow of liquidity. Opportunity costs are incurred due to the low interest rate and an issuer risk.	Higher coupon of underlying asset.
5. Blocked deposit	436,673,969.17	11,877,233.19	Outflow of liquidity. Opportunity costs are incurred due to the low interest rate.	Investments were blocked in separate deposit accounts in favour of cedents.
6. Liabilities from pending transactions	32,350,000.00	26,350,000.00	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	5,000.00	0.00	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	1,412,625,607.61	179,683,408.02		

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 Official Gazette of the Federal Republic of Germany.

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. This will be published in the electronic Official Gazette of the Federal Republic of Germany.

Supplementary report

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

Wiesbaden, 02 March 2021

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 2020, and the income statement for the fiscal year from 1 January 2020 to 31 December 2020, and notes to the financial statements, including the accounting policies presented therein. In addition, we have audited the management report of R+V Versicherung AG for the fiscal year from 1 January 2020 to 31 December 2020. In accordance with the German legal requirements, we have not audited the content of the statement on corporate governance pursuant to Sec. 289f (4) HGB ["Handelsgesetzbuch": German Commercial Code] included in the management report (disclosures on the quota for women on executive boards). We have not audited the content of the company information outside of the annual report that is cross-referenced in the *Sustainability* section of the management 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 2020 and of its financial performance for the fiscal year from 1 January 2020 to 31 December 2020 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 management report does not cover the content of the statement on corporate governance referred to above (disclosures on the quota for women on executive boards).

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 2020 to 31 December 2020. These matters were addressed in the context 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, unlisted bearer bonds and participation certificates, the fair values are calculated using standard market valuation methods. 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 determination of 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 the unlisted financial instruments and assessed the significant controls in terms of their design and tested their effectiveness. The focus of our tests was thus on controls to ensure the accuracy of the existing data and ensure proper fair value calculation in the valuation process.

We assessed the valuation methods used to determine whether they ensure a 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 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. Estimates are primarily based on the requirements of the responsible functional departments on the basis of current information concerning the contractual term.

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 for outstanding claims to be a key audit matter.

Auditor's response

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

For the purposes of assessing the gross provision for business ceded to reinsurers, we examined both the process of recording the cedent invoices as well as the estimation process and tested selected controls for ensuring complete and correct measurement in these processes. On the basis of a judgmental sample, we checked whether the

invoices received matched the values posted. We analyzed the actuarial estimation technique to determine whether it, when applied properly, results in measurement of the gross provision in accordance with the requirements of Sec. 341g HGB. Furthermore, we obtained an understanding of the estimation of individual claims reserves in a risk-based sample. In addition, we analyzed the mis-estimation (difference between the original invoices actually received in the following year and the estimated values reported in the prior year) 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 claims in each of the insurance sectors 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 for property and casualty reinsurance 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). Furthermore, the other information comprises additional parts of the annual report of which we received a version before issuing this auditor's report, in particular the supervisory board report, the simplified presentation of the R+V Group, the fiscal year figures and the glossary, but not the annual financial statements, the management report disclosures included in the substantive audit or our related auditor's 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 at the Supervisory Board meeting on 27 March 2020. We were engaged by the Supervisory Board on 8 September 2020. 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).

In addition to the financial statement audit, we have provided to the Company or entities controlled by it the following services that are not disclosed in the annual financial statements or in the management report:

- Voluntary annual financial statement audits,
- Audit-related services pertaining to reporting packages
- Audit-related services concerning compliance with the GDV code of conduct
- Project-specific audit-related services within the framework of an IT project

German Public Auditor responsible for the engagement

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

Eschborn/Frankfurt am Main, 12 March 2021

Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft

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

Report by the Supervisory Board

In 2020, the coronavirus pandemic led to a massive collapse in growth, both in Germany and globally. According to the initial calculations by the German Federal Statistical Office, gross domestic product fell by 5.0 % compared to the previous year. The most significant fall was in private consumer spending, with investment also falling compared to the previous year. The inflation rate amounted to 0.5 %, which was lower than the figure for the previous year. Unemployment increased, and there was also a significant increase in the number of employees on short-time working schemes (known as Kurzarbeit). The capital markets were also shaped by the spread of coronavirus. Capital markets saw heavy falls at the start of March. Stock markets in particular posted significant losses.

The German insurance industry recorded stable premium development even in 2020, the year of the pandemic. Based on preliminary figures, the Gesamtverband der Deutschen Versicherungswirtschaft e.V. (GDV, German Insurance Association) expects a slight increase in premiums of 0.4 %. Overall, the industry earned a total of EUR 217.4 billion in 2019.

The Supervisory Board took the general economic conditions in 2020 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 made decisions on the transactions presented to them for their 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 the Supervisory Board meetings and the 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 management. When doing so, the Supervisory Board has studied the regulatory framework intensively. The Supervisory Board has always been involved in key decisions and transactions which require its approval.

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

Meetings held by the Supervisory Board and its committees

The Supervisory Board held four meetings during the 2020 fiscal year: on 27 March 2020, 28 May 2020, 31 August 2020 and 20 November 2020.

In addition, the audit committee held a meeting on 12 March 2020 and the personnel committee held meetings on 16 March 2020, 28 May 2020 and on 18 November 2020. During the meetings, the Supervisory Board and the committees received and discussed verbal and written reports provided by the Board of Management.

The Supervisory Board, the audit committee and the personnel committee each formulated one decision in a written resolution, respectively.

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 discussed the business development of the following three sectors in particular: life and health insurance, property and accident insurance, and active reinsurance. In this context, the Supervisory Board has been intensely involved with the impact of the coronavirus pandemic on the three segments. This concerned the impact on employees, 90 % of whom worked from home, as well as to the continuation of business processes. The Supervisory Board also considered the impact on premium, claims and production development, the result from capital investments, the earnings situation, the measures taken to control costs and the risk bearing capacity with regard to solvency ratios. The Supervisory Board also intensely considered the impact of the coronavirus pandemic and its resulting uncertainty for the 2021 plan.

In property and accident insurance, the Supervisory Board dealt with claims obligations in conjunction with the coronavirus pandemic, particularly in credit-and-bond insurance, business interruption and event-contingency insurance as well as motor insurance. The Supervisory Board further considered the various corporate development measures that have been initiated. With regard to life and health insurance, the Supervisory Board dealt with the impact of the coronavirus pandemic with respect to new business development, cancellations, deferrals and waivers of premiums, as well as the impact on technical results. The Supervisory Board also strongly considered the impact of the ongoing low interest-rate environment and taxation measures to safeguard the risk-bearing capacity of life insurers in the medium term. These measures related, among others, to strategic measures realigning the product portfolio to strengthen the biometric business, unit-linked business and products with new guarantees. They also related to additional own funds requirements and other structural measures. With regard to active reinsurance, the Supervisory Board dealt in detail with business development and major claims obligations in terms of coverage for natural disasters and the negative underwriting impact of the coronavirus pandemic.

The Supervisory Board also discussed the interim result for the implemented "Wachstum durch Wandel" (WdW, Growth through Change) strategic programme. The results

include the further expansion of video consultation, corporate and private customer portals, as well as digital applications and e-closings, digital customer interfaces, strategic market positioning and development of the net promoter score (NPS) and brand awareness. They also include the intended consideration of changes to the framework conditions as a consequence of the coronavirus pandemic and the difficult market environment for the WdW follow-up strategy.

With regard to personnel, the Supervisory Board dealt in detail with the change in corporate culture brought about by the WdW programme, as well as the pandemic-related changes, which further increased the pressure on digital transformation. In this context, the Supervisory Board considered the changes in the workplace brought about by the increased number of employees working from home, doing so by implementing a "new normal" working environment during and after the pandemic, with new concepts for office areas and agile working methods, furthered via the "Agile@R+V" project. 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. 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 2019 fiscal year, as well as to determine the payment terms of the portions of the variable remuneration of members of the Board of Management from the 2016 fiscal year to be paid out subject to a time delay. 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. In addition, the Supervisory Board was involved in preparing the succession planning for a member of the Board of Management within the current statutory framework.

With regard to Supervisory Board matters, the Supervisory Board appointed the auditor for the 2020 fiscal year. The mandates of the employee representatives as members of the Supervisory Board ended with effect from the end of the annual general meeting, as per the usual rotation. As the meeting of delegates to elect employees could not be held during the coronavirus pandemic, the Supervisory

Board re-elected the deputy chairman of the Supervisory Board, two employee representatives as members of the audit committee and one employee representative each as members of the personnel committee and the mediation committee, following a court appointment of employee representatives as members of the Supervisory Board. The Supervisory Board also discussed the most important audit facts coordinated with the auditor and considered the need for self-evaluation along with the drafting of a development plan. The Supervisory Board also issued its consent to transfer registered shares.

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, the audit report issued by the auditor, the focal points of the audit, the risk strategy, the regulatory reporting for the key Solvency II functions (Risk Management, Actuarial, Compliance and Audit functions), the report on Group lending standards and risk-controlling requirements, the mandating of the auditor with non-audit services and the preparation for the appointment of the auditor for the 2020 fiscal year. The audit committee issued its resolution recommendations to the Supervisory Board on the approval of the annual financial statements of R+V Versicherung AG and the R+V Group for the 2019 fiscal year and the appointment of the auditor for the 2020 fiscal year. The audit committee also passed a resolution on amending the guidelines for engaging an auditor with non-audit services with effect from 2021.

With regard to Board of Management matters, the personnel committee was involved in recommendations to the Supervisory Board on the definition of the variable remuneration of the Board of Management for the 2019 fiscal year, as well as the determination of the payment terms of the portions of the variable remuneration of members of the Board of Management from the 2016 fiscal year to be paid out subject to a time delay, and also issued recommendations to the Supervisory Board in this regard. Moreover, the personnel committee dealt with the target achievement status of members of the Board of Management during the 2020 fiscal year and agreement on targets for the variable remuneration of members of the Board of Management for the 2021 fiscal year. In addition, the personnel committee issued recommendations to the Supervisory Board on 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. Furthermore, the person-

nel committee prepared the succession plan for the Supervisory Board for a member of the Board of Management within the current statutory framework.

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

Working with the auditor

The Supervisory Board and audit committee chose and appointed the auditors Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft in accordance with legal requirements. They checked that the auditors remained independent and monitored the quality of their auditing on an ongoing basis.

The auditors found the annual financial statements for R+V Versicherung AG, which were presented by the Board of Management, as well as the accounting methods and the management report for R+V Versicherung AG, the consolidated financial statements and the group management report for the 2020 fiscal year to be in line with statutory requirements. 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 2020 fiscal year.

The representatives of the auditors reported in both the audit committee meeting on 12 March 2021 and the Supervisory Board meeting on 17 March 2021 on the key findings of the audit. The auditor's certificate issued by the auditors, Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, was presented. The auditor gave an unqualified audit opinion. 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, val-

uation of shares in affiliated companies and shareholdings, audit of early risk identification system in accordance with Section 91 (2) AktG) 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 raised no objections to the annual financial statements, management report, consolidated financial statements, or the consolidated management report prepared by the Board of Management for the 2020 fiscal year, and consequently endorsed the auditors' report.

Following the recommendation of the audit committee, the annual financial statements presented by the Board of Management for the 2020 fiscal year were endorsed by the Supervisory Board at its meeting on 17 March 2021. The annual financial statements were 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

Ms Julia Merkel's mandate as member of the Board of Management ended with effect from 31 December 2020, in accordance with the usual rotation. The Supervisory Board re-appointed Ms Merkel as member of the Board of Management in its meeting on 28 May 2020, covering a new term running from 01 January 2021 until 31 December 2025.

Changes to the Supervisory Board and the committees

The Supervisory Board mandates of the following employee representatives, namely Mr Ulrich Birkenstock, Mr Thomas Bertels, Mr Ansgar Gerdes, Mr Engelbert Knöpfle, Mr Dirk Schiweck, Ms Sigrid Schneider, Mr Armin Schmidt and Ms Martina Trümner, ended with effect from the end of the annual general meeting on 28 May 2020, in accordance with the usual rotation. The mandate of Mr Birkenstock as the deputy chairman of the Supervisory Board and as a member of the personnel committee, mediation committee and audit committee ended with effect from the same date. The mandate of Mr Knöpfle as a

member of the personnel committee and mediation committee, the mandate of Mr Bertels as a member of the personnel committee, and the mandate of Ms Schneider as a member of the audit committee also ended with effect from the same date.

Given that, as a result of the coronavirus pandemic, the meeting of delegates to elect employee representatives on the Supervisory Board, due to be held on 22 April 2020, was not held, and the central election committee postponed the election indefinitely, the District Court of Wiesbaden assumed responsibility for the court appointment of employee representatives as members of the Supervisory Board with effect from the end of the annual general meeting on 28 May 2020. The Supervisory Board re-elected Mr Birkenstock as deputy chairman of the Supervisory Board, the Board of Management in its meeting on 28 May 2020, meaning therefore that he once again became a member of the personnel committee in accordance with Section 9 (2) of the rules of procedure for the Supervisory Board, as well as a member of the mediation committee according to Section 27 (3) MitbestG (Mitbestimmungsgesetz [Codetermination Act]). The Supervisory Board also re-elected Mr Bertels and Mr Knöpfle as members of the personnel committee, Mr Knöpfle as a member of the mediation committee and Ms Schneider and Mr Birkenstock as members of the audit committee.

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 2020.

Wiesbaden, 17 March 2021

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 as 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 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(s)

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 tax 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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