Genossenschaftliche FinanzGruppe
Volksbanken Raiffeisenbanken

R+V Versicherung AG

Annual Report
2021

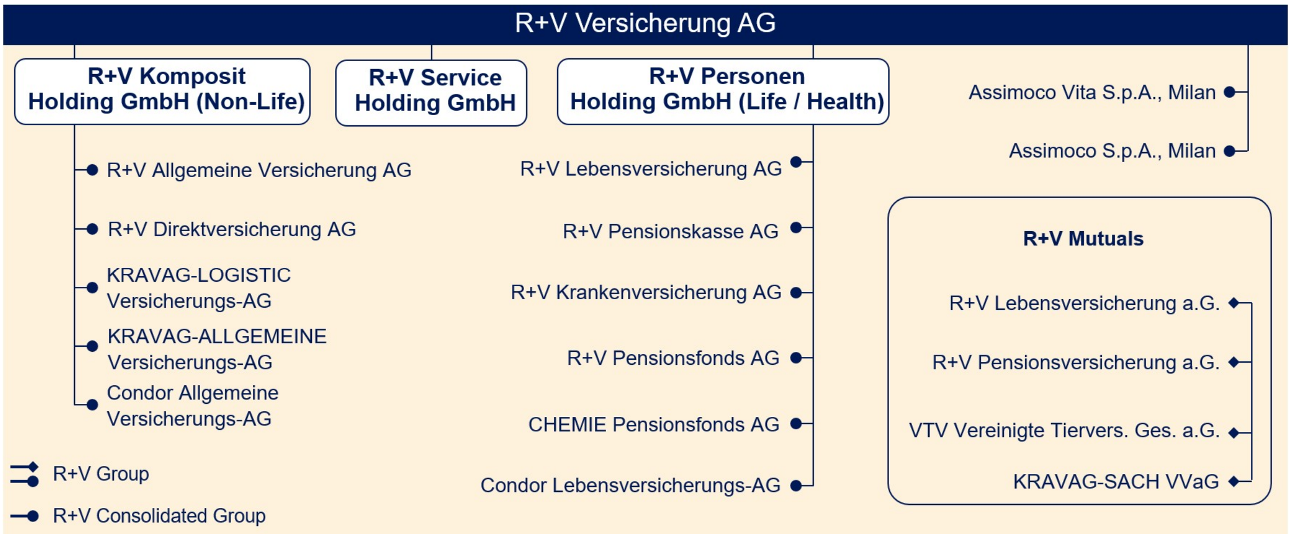
R+V Du bist nicht allein.

R+V Versicherung AG

Annual Report 2021

Presented at the annual general meeting
on 19 May 2022

R+V Group – simplified presentation



Figures for the fiscal year

	R+V Versicherung AG	
in EUR million	**2021**	**2020**
Gross premiums written	3,537	3,576
Gross expenditure on claims for the fiscal year	3,195	2,828
Current income from capital investments	265	287
Capital investments	9,197	8,353
Employees as at 31 December (number)	843	798
Gross premiums written		
Direct domestic insurers in the R+V Group (HGB)	16,203	16,018
R+V Consolidated Group (IFRS)	19,184	18,952
Annual result - R+V Consolidated Group (IFRS)	713	156
Capital investments - R+V Consolidated Group (IFRS)	131,429	124,283

Contents

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. Interests in southern Africa are represented by a newly-established branch located in South Africa.

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.

The profit and loss transfer agreement dated 20 / 21 March 2017, concluded between R+V Versicherung AG and DZ BANK AG for the first time for the 2017 fiscal year, ended its fixed term on 31 December 2021. On 01 November 2021, the Board of Management of R+V Versicherung AG approved the conclusion of a new profit and loss transfer agreement. The proposed agreement is subject to approval at the annual general meetings of DZ BANK AG and R+V Versicherung AG. It is initially set up for the fiscal year 2022 with a fixed term of five years, incepting on 01 January 2022 until 31 December 2026, and is extended by one year unless one of the contract parties cancels it no later than six months prior to expiry. However, the agreement shall expire no later than 31 December 2031.

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 of approximately EUR 23 million, corresponding to a total issued amount of approximately EUR 250 million. The authorised capital can be used until 31 May 2022.

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

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

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

The integrated management of the R+V Group is also reflected in 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
- 497 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 set for 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 45 employees to 843 compared with 798 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 report issued by DZ BANK AG and is therefore exempt from the requirement to submit a separate non-financial declaration. The non-financial Group report forms part of the sustainability report issued by the DZ BANK Group and is available in German on the following website: www.dzbank.de/berichte.

Macroeconomic development

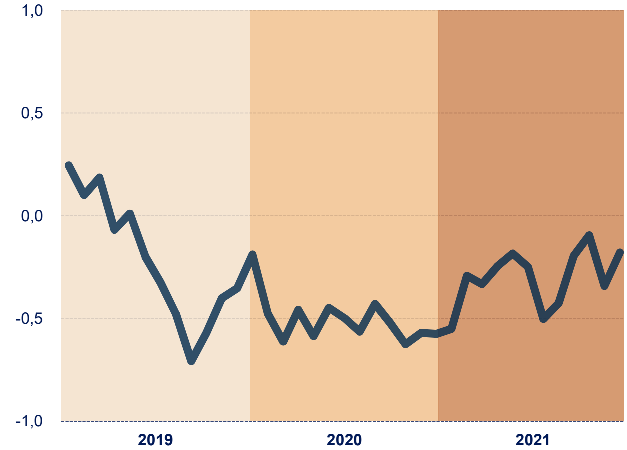
Economic performance in 2021 was once more characterised by the impact of the coronavirus pandemic. Real gross domestic product in Germany fell once again in the first quarter of 2021. This was primarily attributed to the measures taken to combat the pandemic. A rapid recovery took hold from spring onwards. There was a significant increase particularly in state consumption expenditure. Industry and construction sectors were hit by global supply bottlenecks in the second half of the year. According to the initial calculations by the German Federal Statistical Office, gross domestic product during the year under review grew by 2.7 % in total compared to the previous year.

There was a notable increase in the inflation rate, averaging 3.1 % on an annualised basis according to initial projections. The reasons for this included in particular increases in oil and energy prices, the restored increase in VAT compared to the previous year and significant price increases in certain quarters for raw materials and industrial intermediate products owing to supply bottlenecks. The unemployment rate fell and the number of employees on short-time working schemes (known as Kurzarbeit) also decreased compared to the previous year.

There was a similar level of dynamism in the global economy. A rapid recovery took hold during the first half of the year and was sustained in most regions until the autumn.

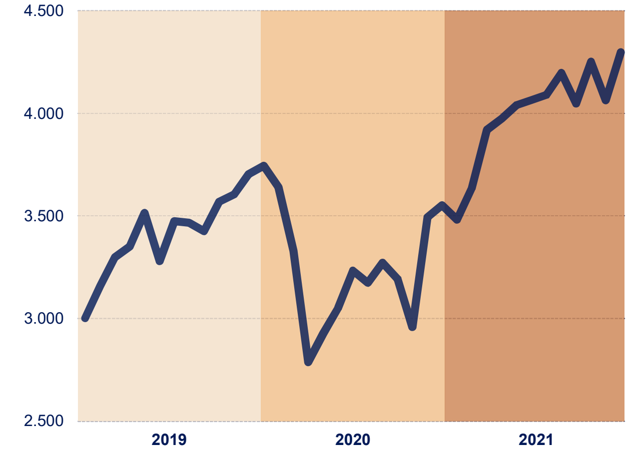
Yields on German government bonds - 10-year remaining term

in %



Development of Euro Stoxx 50 share index

Index



There was a significant increase in the inflation rates in all industrialised countries.

Development in the capital markets

At the start of the year, capital markets responded positively to approval of the first vaccines to combat the Sars-CoV-2 virus. There was a sustained upward trend observed on the stock markets. Central banks continued their measures to support the economy and capital markets. Additional fiscal support measures for businesses and households were implemented or continued in many countries. Significant increases in inflation figures and improved growth prospects resulted in a rise in the general interest rate level, particularly in the USA. On the contrary, yields on government bonds in the euro area only rose slightly. In autumn, a significant surge in coronavirus infections and continuously high inflation rates led to a temporary end to this upward trend in the stock markets.

At the end of the year, the US central bank responded to these price increases by announcing it would end its expansionary monetary policy over the course of the next few years. The European Central Bank (ECB) announced it would cut back its bond purchase programme. At the same time, it also confirmed it would stick to the zero interest rate policy over an extended period of time.

The interest yield on ten-year German government bonds increased by 40 base points, amounting to - 0.2 % as at the end of 2021. The spreads of corporate and bank bonds were virtually unchanged as at the end of the year. The spreads of debentures followed a similar path and remained constant compared to the previous year.

The German DAX stock market index, which takes into account dividend payments alongside market performance (performance index), gained 15.8 % of its value by the end of the year, when compared to the previous year, reaching 15,885 points. The Euro Stoxx 50 (price index), the key stock market index for the euro area, grew by 21.0 % compared to the previous year, reaching 4,298 points by the end of the year.

Situation in the insurance industry

The German insurance industry posted another solid result in the second year of the pandemic. The Gesamtverband der Deutschen Versicherungswirtschaft e.V. (GDV, German Insurance Association) announced during its annual press conference at the end of January 2022 that total premium income for 2021 amounted to EUR 223.4 billion, a figure which is 1.1 % above the previous year's result.

Development of the reinsurance markets

Overall, 2021 was a satisfactory year for reinsurers, despite a loss situation exacerbated by natural disasters.

The weather-related natural disasters seen during the year put the focus on climate change once more, intensifying the discussion about limiting the global temperature increase to 1.5 degrees Celsius. As an industry, direct insurers and reinsurers have set a good example. These companies have generated positive headlines, both in terms of combating the financial consequences involved as well as acting as a pioneer in sustainability initiatives.

The situation during the first half of 2021 with regard to insured losses arising from natural disasters was tense. Both the previous year's value as well as the 10-year average were exceeded. In February, the USA experienced heavy snowfall and ice build-up during an extreme period of cold weather. A state of emergency was declared in several states, with southern states particularly unprepared for this cold snap. Winter Storm Uri resulted in insured losses of approximately EUR 13 billion, making it the largest loss event in the first half of the year. Insured losses arising from man-made disasters remained at a low level.

In the second half of the year, several countries in Western and Central Europe experienced severe flood damage in mid-July. Storm Bernd, a slow-moving system, caused heavy localised rainfall and led to severe flooding, particularly in North Rhine-Westphalia and Rhineland-Palatinate. In Germany alone, the storm resulted in insured flood losses in excess of EUR 8 billion. Hurricane Ida hit North America at the end of August. This category four hurricane not only generated wind gusts of up to 240 km/h, but also huge rainfall amounts and flooding. Loss estimates were made on the basis of insured losses in excess of EUR 30 billion.

Economic losses from catastrophe events for the entire year (but excluding any coronavirus-related burdens) amounted to more than the ten-year average and the prior-year's average. Insured losses were also above the 10-year average and above the values for the previous period.

Significant claims burdens owing to the Sars-CoV-2 virus were largely absent, and prices for reinsurance cover could mostly be adjusted in line with increased claims volume from previous years.

The rounds of renewal negotiations were positive for reinsurers in 2021. The necessary price increases were reached in many segments, after the severe losses of previous years and the continually tense situation on the capital markets. In addition, multiple key adjustments were made to the policy terms, such as the embedding of exclusions for cyber risks and pandemics, for example.

Development of individual countries and regions

As of now, 2021 will go down in history as the most costly year of natural disasters for insurers in **Germany**. After the severe hailstorms in June, which particularly affected the comprehensive motor insurance class, Storm Bernd, which hit in July, was the main reason for total insured losses amounting to approximately EUR 12.5 billion. The coronavirus pandemic no longer had any material negative impact on individual branches of insurance. On the contrary, there was a notably positive impact on the motor liability insurance class as the claims frequency continued to be below the level seen prior to the coronavirus pandemic. Large-scale man-made losses were largely absent. Of particular note was a fire-related loss in February in Berlin, which involved a total loss amount of approximately EUR 200 million. Further improved terms for reinsurers were recorded in the round of renewal negotiations for 2021/2022. Reinsurance prices were raised primarily in the non-life classes, and particularly so in the reinsurance policies affected by natural disasters.

The insurance market in the **United Kingdom** was affected by the impact of the coronavirus pandemic in 2021. Regulatory changes such as the Civil Liability Act 2018, which aims to reduce the number of and costs involved in smaller losses and minimise fraudulent claims, also took effect. Following the first year of the coronavirus pandemic in 2020, an increase in traffic volumes was observed in the area of motor insurance. As expected, this resulted in an increase in claims frequency compared to the previous year. However, this did not reach the level of losses arising during the period prior to the onset of the coronavirus pandemic. Along with a lack of capacity in the chip sector, the coronavirus pandemic led to price increases for paints and spare parts, which in turn drove up the cost of compensating losses. A positive point of note was the reduced number of basic personal injury claims. This was attributed, in part, to the introduction of the claims portal launched as part of the Whiplash Reform programme, allowing injured parties to register their claims directly without having to resort to costly legal assistance. However, it remains to be seen whether this reduction will continue in

2022 or whether this was a one-time impact. Despite increasing loss inflation in motor insurance, 2021 was characterised by a lower average premium than pre-coronavirus 2019. Given that 2020 was profitable for insurers, they were able to pass on some of the profits on to their customers during the year under review. One factor influencing profitability was the General Insurance Pricing Reform, which bans insurers from offering new customers lower premiums than comparable existing customers. Insurers are likely to have used the period prior to this reform to adjust their prices.

In the **USA**, 2021 was once again characterised by an increased frequency and intensity of natural disasters. There were no fewer than 20 events, each with loss volumes in excess of USD one billion. At the start of the year, Winter Storm Uri caused losses amounting to approximately EUR 13 billion in southern parts of the USA. Particularly, the state of Texas was heavily impacted: a large-scale power grid failure had a significant impact on the number of incurred losses. Hurricane Ida, a category 4 hurricane, hit the Louisiana coast at the end of August, causing severe damage in the New Orleans region. Its subsequent path went across southern and mid-western parts of the USA, all the way to New Jersey and New York on the east coast, where systems associated with Hurricane Ida caused severe flooding and tornadoes. The Mid-West was hit by a series of tornadoes and a derecho in December, all of which resulted in significant property damage. The tense situation in the commodity markets, particularly in timber and other building materials, resulted in an increased average of claims costs and necessitated adjustments to the original rates. Given the claims situation, significant price increases in all segments were achieved in policy negotiations at the end of the year.

Already negatively impacted by the coronavirus pandemic, the economic situation in **South Africa** deteriorated further. The causes of this included, among others, the sustained high unemployment rate and regular power supply shortages through the national energy supplier Eskom. As a consequence, only modest premium growth rates were achieved in the non-life sector. However, while making up for about 70 % of the entire premium volume in Africa, the Republic of South Africa still managed to remain the largest insurance market on the continent. The saturation rate of pandemic-related exclusions in insurance policies hit a high level. After a number of court rulings in 2020, regarding the general coverage obligation of direct insurers regarding lockdown-related business interruption losses, further decisions were taken during the fiscal year to specify the temporal scope of these coverage obligations. For the second year running, South Africa did not experience any major natural disasters. The largest loss event related to the six day-long period of unrest in July triggered by the imprisonment of South Africa's former president, Jacob Zuma. Losses arising from unrest in South Africa are directly insured by the state insurer SASRIA SOC Ltd., meaning that South African insurers are largely spared any direct financial losses.

After the **Italian** economy had slumped in the first year of the pandemic, it recovered faster in 2021 than the rest of the euro area. Accordingly, there was an observed increase in direct insurance premiums in the non-life classes. One of the drivers behind this strong economic performance was the so-called PNRR (Piano Nazionale di Ripresa e Resilienza), a plan devised by the government to support the economy through coronavirus-related assistance measures. The so-called Super Bonus 110 % scheme, a tax incentive to enable environmentally friendly and earthquake-resistant renovation work on buildings, was highly successful in this context. These measures brought about an increase in construction projects and corresponding growth in direct insurance premiums in the technical branches of insurance. After falling in 2020, the claims frequency for traffic accidents slowly increased again. Claims frequencies had fallen prior to the pandemic, reaching a historic low. By way of contrast, there was an observed trend towards higher average claims in the motor liability insurance class. The increased frequency of weather events, as observed in Italy in recent years, also materialised again during the fiscal year. However, the events that did occur were less severe than in previous years, meaning that only a few events were primarily of relevance to reinsurance coverage across the whole market. As preparations were being made for renewal negotiations at the end of the year, this development resulted in adjustments to the terms and conditions and structure of the fire and comprehensive insurance policies.

Business performance of the 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 2021.

Compared to the previous year, the coronavirus pandemic did not materially impact the development of gross premiums written. Expenditure on claims featured no notable claims burdens during the fiscal year. In our view, the technical provisions formed the previous year in conjunction with the coronavirus pandemic are sufficient to cover potential further losses, doing so in accordance with the principle of prudence.

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

The business performance of R+V Versicherung AG in 2021 was characterised by extreme weather events, on the one hand, and the continually difficult conditions experienced in the second year of the pandemic, on the other hand. The implementation of a more restrictive underwriting policy focused on high-yield policies also had an impact.

Gross premiums written

in EUR million	2021	2020	change
broken down into the essential branches of insurance			
Life	25.8	25.5	1.3%
Accident	37.3	52.2	-28.6%
Liability	36.3	36.9	-1.8%
Motor	1,495.5	1,693.6	-11.7%
Fire	937.1	869.6	7.8%
Marine & Aviation	221.6	192.1	15.3%
Other	783.0	706.3	10.9%
	3,536.6	**3,576.2**	**-1.1%**

Gross premiums written

General accident insurance continues to be the dominant individual insurance class within the branch of **accident insurance**, making up 95.4 % of the premium income. At 95.7 %, the predominant share is attributable to business with cedents external to R+V. This decline stems from a more selective underwriting policy as part of the round of renewal negotiations in 2021 in external business. The branch of insurance also includes motor personal accident insurance.

Motor insurance makes up 42.3 % of gross premiums written and offers worldwide coverage. 30.5 % of the premium volume in the class originated from R+V companies, which recorded growth of 3.8 % in the domestic market. The premium development in overseas business was primarily characterised by the implementation of a more restrictive underwriting policy. This focus on policy profitability resulted in a total fall in premiums of 19.7 %, particularly in the United Kingdom and France markets.

An unchanged 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 the existing business. Gross premiums of EUR 827.8 million or 88.3 %, 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 20.2 % to EUR 123.5 million (2020: EUR 102.7 million). The gross premiums written in the marine business amounted to EUR 98.1 million, compared to EUR 89.4 million the previous year. The most important markets for the marine business were South Korea, Belgium as well as the United Kingdom and Germany. Business in the USA remains the dominant market for the aviation business.

Miscellaneous insurance classes include health, legal, combined household insurance 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	2021	2020	change
broken down into the essential branches of insurance			
Life	23.5	23.1	1.8%
Accident	29.5	37.0	-20.4%
Liability	24.8	26.1	-5.2%
Motor	1,202.8	1,332.1	-9.7%
Fire	893.7	815.9	9.5%
Marine & Aviation	91.8	112.9	-18.7%
Other	928.7	481.1	93.1%
	3,194.7	**2,828.2**	**13.0%**

The reported gross loss ratio in **accident insurance** amounted to 68.6 % (2020: 66.5 %). The claims experience is primarily characterised by the external business. The fall in premium development resulted in a significant reduction in expenditure on claims for the fiscal year.

The increase in expenditure on claims for the fiscal year in **liability insurance** resulted primarily from the external business following the replacement of quota share deals in group reinsurance business completed the previous year. The reported gross loss ratio amounted to 84.5 % (2020: 37.8 %).

The fiscal year loss ratio in **motor insurance** of 79.4 % was above the previous year's level (2020: 78.6 %). In connection with the settlement result for the provisions carried over from the previous year, the reported gross loss ratio was 80.9 % (2020: 77.2 %).

The claims experience in **fire insurance** was characterised in particular by various severe weather events, such as Storms Volker, Wolfgang and Bernd in Germany in June and July, and Hurricane Ida in the USA in August. This gross loss burden is offset by relief from retrocession. The reported gross loss ratio amounted to 96.4 % (2020: 88.7 %). The impact of the coronavirus pandemic had a negative impact in the previous year, as so-called property policies are also subsumed in the fire insurance class based on international practices. These policies also include non-life classes, such as event contingency or business interruption insurance.

Expenditure on claims for the fiscal year in **marine and aviation insurance** developed in an above-average way compared to premium development in the aviation sector, while expenditure on claims in marine insurance fell, following on from a high claims burden in the previous year owing to the pandemic. In connection with the settlement result for the provisions carried over from the previous year, the reported gross loss ratio was 67.4 % (2020: 87.5 %).

The claims experience in the **other insurance classes** was primarily shaped by the storm, combined home insurance 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 139.8 %, compared to 110.4 % the previous year. The combined home insurance class was characterised in particular by the expenditure for claims caused by natural perils in the group business owing to severe weather events in June and July. The reported gross loss ratio was 669.5 % (2020: 32.4 %). Credit and bonds insurance posted a significant fall in the claims burden, after having suffered significant losses the previous year owing to both the coronavirus pandemic as well as several major losses. Together with an improved settlement result, the reported gross loss ratio for credit and bonds insurance was 26.3 % (2020: 75.8 %).

Gross expenditure on insurance operations

The **gross expenditure on insurance operations** increased compared to the previous year by 4.9 % to EUR 881.3 million (2020: EUR 839.8 million). The gross expense ratio was 24.7 % (2020: 23.5 %).

The gross combined ratio increased from 104.2 % the previous year to 117.5 %, with the gross combined ratio for the entire non-life segment amounting to 117.7 % (2020: 104.3 %).

Technical result for own account

Technical result for own account

in EUR million	2021	2020	change
broken down into the essential branches of insurance			
Life	4.9	4.8	3.4%
Accident	3.6	24.6	-85.4%
Liability	1.2	15.1	-92.2%
Motor	20.3	81.0	-74.9%
Fire	-96.8	-77.5	24.8%
Marine & Aviation	5.0	6.5	-23.3%
Other	10.0	-86.7	-111.5%
	-51.7	**-32.2**	**60.6%**

Following the EUR 137.9 million contribution to equalisation provisions and similar provisions (2020: withdrawal of EUR 171.2 million), there was a technical result for own account amounting to EUR - 51.7 million (2020: EUR - 32.2 million).

The result in the other insurance classes arose mainly from the comprehensive home contents class with EUR 22.4 million (2020: EUR - 4.0 million), storm class with EUR - 10.7 million (2020: EUR - 68.7 million) and the credit/bonds class with EUR - 2.7 million (2020: EUR - 15.4 million).

Non-technical result

The non-technical result, made up of the capital investment result and other income, was EUR 214.8 million (2020: EUR 274.7 million).

Result of ordinary business activities

The fiscal year ended with a result of EUR 163.0 million for the regular business activities (2020: EUR 242.5 million).

Earnings position

in EUR million	2021 Total Gross	Thereof Group Gross	Thereof third-party Gross	2020 Total Gross	Thereof Group Gross	Thereof third-party Gross
Premiums written	3,536.6	516.2	3,020.4	3,576.2	494.9	3,081.3
Domestic	754.8	506.7	248.1	721.4	485.8	235.6
Foreign	2,781.8	9.5	2,772.3	2,854.9	9.1	2,845.7
Losses	3,304.6	932.0	2,372.6	2,885.9	336.1	2,549.8
Domestic	1,189.9	926.6	263.3	488.4	329.8	158.6
Foreign	2,114.7	5.5	2,109.3	2,397.4	6.3	2,391.2
Costs	881.3	88.2	793.1	839.8	88.2	751.7
Domestic	155.0	86.7	68.3	146.9	87.0	59.9
Foreign	726.3	1.5	724.7	692.9	1.1	691.8
Results before equalisation provision	-627.6	-505.9	-121.7	-153.0	68.3	-221.4
Domestic	-586.2	-508.0	-78.2	79.1	66.4	12.7
Foreign	-41.5	2.0	-43.5	-232.2	1.9	-234.1

Premium revenues

With adjustments for the foreign currency effect, the fall in gross premium amounted to - 4.8 %. The percentage of gross income from premiums arising from non-proportional reinsurance reached 27.8 % (2020: 25.8 %).

The domestic group business generated gross premiums written of EUR 506.7 million, a higher level than the previous year (2020: EUR 485.8 million). This increase resulted in particular from the motor classes and the combined home insurance class.

In the external business, gross premiums written by domestic cedents increased from EUR 235.6 million to EUR 248.1 million. This development can primarily be attributed to the motor classes and fire insurance. This was countered by the performance of the general accident insurance and combined home insurance classes as well as the credit and bonds insurance branch of insurance in particular.

At EUR 2,781.8 million, the proportion of foreign business amounted to 78.7 % of the total premiums written (2020: 79.8 %). The fall by EUR - 73.1 million resulted, among other factors, from contracts with cedents in the United Kingdom.

There was a total decrease in gross premiums written of - 1.1 % to EUR 3,536.6 million (2020: EUR 3,576.2 million). Net premiums written also followed this path (EUR 3,444.3 million following on from EUR 3,509.8 million, a decrease of - 1.9 %). The retention rate was 97.4 % (2020: 98.1 %).

Insurance performance

The gross loss ratio for the fiscal year amounted to 89.7 % (2020: 79.1 %) for all business. The reported gross loss ratio was 92.8 %, following on from 80.7 % the previous year. After taking retrocession into account, there remained a reported net loss ratio of 72.1 % (2020: 82.0 %).

The gross loss ratio for the fiscal year in the non-life segment was 89.7 %, following on from 79.1 % the previous year. The reported gross loss ratio was 93.0 %, following on from 80.9 % in the previous year.

The gross loss ratio for the fiscal year in the non-life segment of group business was 190.8 %, following on from 72.6 % in the previous year. The reported gross loss ratio amounted to 186.8 % (2020: 69.1 %). After taking retrocession into account, there remained a reported net loss ratio of 58.2 % (2020: 73.9 %).

The gross loss ratio for the fiscal year in the non-life segment in external business was 73.3 %, following on from 80.0 % in the previous year. The reported gross loss ratio amounted to 77.8 % (2020: 82.7 %).

On 31 December 2021, the gross major claims burden (i.e. claims greater than EUR 3.0 million) in external business came to EUR 674.8 million, which corresponds to 19.1 % of the gross premiums written (2020: 20.4 %). Coronavirus-related major losses resulted in a higher burden the previous year.

Expenditure on insurance operations

Compared to the previous year, gross expenditure on insurance operations increased by 4.9 % to EUR 881.3 million (2020: EUR 839.8 million). In terms of earned gross premiums, the gross expense ratio amounted to 24.7 % (2020: 23.5 %).

The gross combined ratio increased from 104.2 % the previous year to 117.5 %, with the gross combined ratio for the non-life segment amounting to 117.7 % (2020: 104.3 %).

Technical result

The gross technical result amounted to EUR - 627.6 million (2020: EUR - 153.0 million). After taking retrocession into account, there was a technical net result before any change in the equalisation provisions and similar provisions of EUR 86.1 million (2020: EUR - 203.4 million).

EUR 137.9 million was added to the equalisation provisions and similar provisions as a result of the claims experience (2020: withdrawal of EUR 171.2 million).

The own-account technical result was then EUR - 51.7 million (2020: EUR - 32.2 million).

Result from capital investments

R+V Versicherung AG attained ordinary income of EUR 265.1 million from its capital investments. The ordinary result came to EUR 244.3 million (2020: EUR 272.2 million), after subtracting EUR 20.7 million for ordinary expenses as well as EUR 67.4 thousand for scheduled real-estate depreciation.

Depreciation of EUR 3.2 million was required for R+V Versicherung AG’s capital investments. Due to the recovery in value, an amount of EUR 1.8 million was accredited.

Through sales of assets, R+V Versicherung AG achieved capital gains of EUR 8.0 million, excluding losses of EUR 5.7 thousand. The difference in write-ups and write-downs as well as the capital gains and losses resulted in an ordinary result of EUR 6.6 million (2020: EUR 22.5 million).

The net result from capital investments (excluding deposit interest) as the difference between the ordinary and the extraordinary result thus amounted to EUR 251.0 million for the 2021 fiscal year, compared with EUR 294.7 million for the previous year. The net interest was 2.9 % (2020: 3.6 %).

Other earnings and expenses

During the fiscal year, other earnings came to EUR 67.5 million (2020: EUR 70.1 million). The service and interest incomes were important components. The decrease compared to the previous year can be attributed mainly to lower exchange-rate gains as per closing-rate date.

Other expenses of EUR 109.5 million (2020: EUR 92.9 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. The performance in 2021 was characterised in particular by higher operating costs as well as exchange rate losses.

Extraordinary result

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

Overall result

The result from ordinary business activities was EUR 163.0 million (2020: EUR 242.5 million). In consideration of tax expenditure (including transfers) of EUR 87.2 million in total (2020: EUR 143.6 million), this produces a profit transfer of EUR 75.8 million based on the profit and loss transfer agreement concluded with DZ BANK AG (2020: EUR 98.9 million).

Financial position

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 at the reporting date thus amounted to EUR 2,149.8 million, as in the previous year.

Guaranteed funds increased by EUR 721.1 million to EUR 9,215.8 million, so the ratio of guaranteed funds amounted to 267.6 % (2020: 242.0 %). The equity ratio based on the net premiums written was 62.4 % (2020: 61.3 %).

Guarantee funds

in EUR million	2021	2020
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	173.9	183.0
Actuarial reserves	17.6	19.5
Provisions for outstanding claims	5,960.0	5,368.2
Provisions for premium funds	5.6	5.5
Equalisation provision and similar provisions	904.2	766.3
Other technical provisions	4.7	2.2
Total technical provisions	7,066.0	6,344.9
Guarantee funds	**9,215.8**	**8,494.6**

Asset situation

Capital investment portfolio

The capital investments of R+V Versicherung AG grew by EUR 844.4 million or by 10.1 % during the 2021 fiscal year. The book value of the capital investments (excluding deposit receivables) thus amounted to EUR 9,197.1 million as of 31 December 2021. R+V Versicherung AG mostly invested the funds available for reinvestment in bonds in the past fiscal year. In particular, R+V diversified into government, financial, and corporate bonds as well as in emerging markets. For the interest-bearing securities, care was taken that the issuer had good creditworthiness in order to minimise the risk of default. The Company has also made alternative equity and borrowed capital investments. The portfolio further includes time deposits as at the reporting date. The calculated share ratio for market values as of 31 December 2021 amounted to 2.7 % (2020: 1.3 %).

The reserve ratio relating to the total capital investments as at 31 December 2021 was 32.0 % (2020: 36.6 %) and was dominated by the shareholding position.

Technical provisions

The gross technical provisions rose by 21.5 % to EUR 7,750.4 million (2020: EUR 6,377.8 million). After deducting the retrocessionnaires' shares, net technical provisions were EUR 7,066.0 million (2020: EUR 6,344.9 million). In terms of premiums written for own account, this corresponded to a ratio of 215.2 % (2020: 180.8 %).

The net provisions for outstanding claims come to 56.0 % (2020: 55.3 %) of the balance sheet total. The volume of these provisions increased by 11.0 % to EUR 5,960.0 million (2020: EUR 5,368.2 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 assets 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 examined and, where necessary, 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-related 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 Operational 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 officer 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 committee, 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. This function also checks whether internal procedures are adequate to ensure 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. The valuation of the adequacy of technical provisions and opinion on the general underwriting policy also include an assessment regarding sustainability risks. 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 corporate 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.

R+V's asset liability management (ALM) is therefore an integral part of corporate management and is used to safeguard profitability and financial stability as well as the ability to fulfil the insurance obligations that have been entered into at any time. The objective is to coordinate the liquidity, return and risk characteristics of the capital investments with the liquidity and funding requirements and the risk character of the technical liabilities.

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. Over the next few years, the reinsurance business is expected to contribute to further growth in the earnings position, subject to the current positive market performance and implementation of corresponding portfolio management measures.

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 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 June 2021, S&P reduced its Financial Strength Rating for R+V Versicherung AG by a single rating notch to a strong A+, with the outlook set to stable. This change in rating is not the consequence of a change in S&P's rating of R+V Versicherung AG, but was instead justified by a gloomy view of the German banking market. As a result of this cohesion within Genossenschaftliche FinanzGruppe, R+V Versicherung AG’s Financial Strength Rating by S&P automatically follows the group rating in line with S&P’s methods.

Measures to combat the coronavirus pandemic

The risk reporting adapted in the previous year owing to the coronavirus pandemic was continued during the fiscal year. This also applies to the stress testing implemented in the previous year with regard to the impact of the coronavirus pandemic. In order to mitigate the negative impact of the coronavirus pandemic on the insurance business, R+V Versicherung AG stipulated pandemic-related exclusions in the policy terms and conditions for the main renewal programme in 2021.

R+V also provided additional technical equipment for mobile working purposes in order to maintain business operations during the course of the pandemic-related lockdown phases. Medical protective measures and office-based safety concepts were implemented to ensure the health and safety of employees.

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 requirements) is calculated as Value at Risk with a confidence level of 99.5 %. Quantification of the overall solvency needs (OSN) as part of the economic 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 2021 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 2022.

The current analysis of the economic risk-bearing capacity shows that the capital resources of R+V Versicherung AG exceed the overall solvency needs on 31 December 2021.

Sustainability risks

Sustainability risks can be the risk drivers to existing risk types and are taken into account here. A sustainability risk is defined as an event or condition in environmental, social or corporate governance matters (ESG risks, or Environment, Social, Governance), whose occurrence could have an actual or potentially negative impact on the value of the investment or the value of the liability.

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. Cyber and pandemic-related exclusions were incorporated into the policy terms and conditions during the fiscal year. 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 and bonds reinsurance class), the reserve risk as well as in major changes in the basic trends in the primary markets.

Climate change is an additional risk factor in conjunction with the occurrence of natural disasters. It is therefore expected in the long term that climate change will result in an increase in weather-related natural disasters. Transitory risks may also occur owing to changes in the general economic conditions as a consequence of climate change policy measures as well as social risks arising from rethinking at a societal level.

The importance of cyber risks within actuarial practice is growing thanks to the continued progress of digitisation. There is a risk that cyber risks are not mentioned or only partially mentioned as the cause of losses in the policy terms and conditions, or are not explicitly included or excluded (silent cyber risk).

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. Furthermore, the second half of the financial year saw the purchase of retro cover to hedge against hurricane events in the United States.

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 the Act on the Supervision of Insurance Undertakings (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 diversification relating to terms, issuers, countries, counterparties and asset classes.

Tests are performed as part of asset liability management (ALM) 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.

Participation risks arise in particular for R+V Versicherung AG as a result of strategic investments in R+V Group life insurers. The guaranteed interest rate to be generated in the life insurance business may result in additional challenges if there are sustained low interest rates or even negative interest rates and credit spreads are narrow.

Other risk factors in conjunction with capital investment activities may arise from sustainability risks. A negative impact on the price of corporate bonds or on the share price of companies that are covered within R+V's portfolio and exposed to a transition risk may arise, for example, from political measures, court proceedings or withdrawal of licences. There may also be a negative impact on the portfolio value as a consequence of increased energy and CO_2 prices. R+V's reputation may also be negatively impacted as a result of making investments in companies that are responsible for causing environmental damage, violating social standards, failing to observe data protection measures or inadequately implementing measures to prevent corruption, fraud or tax evasion.

R+V's capital investment portfolio is subject to regular assessment with the aid of key sustainability figures (including, among others, the ESG score or reports on controversies). The relevant key figures are obtained from external data providers. Engagement processes can be undertaken with issuers where ESG controversies arise in order to mitigate these ESG risks.

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.

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, 90.3 % (2020: 90.9 %) have a Standard & Poor’s rating of ‘A’ or above and 73.7 % (2020: 74.1 %) 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 35.8 million was invested in government bonds in peripheral countries in the euro area as at 31 December 2021 (2020: EUR 37.9 million). As was the case the previous year, this relates solely to Spanish government bonds.

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. Sustainability risks in the form of environmental, social and corporate governance risks may also be risk factors that are the cause of the operational risk.

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 system) that also includes emergency and crisis management. The BCM system aims to ensure that the business operations 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/situation centre and the individual emergency teams within the departments and sites.

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.

Changes to the economic environment may arise, for example, as a result of sustainability aspects. Risks may arise in such cases if the sustainability strategy fails to take sufficient account of these changes.

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).

Reputation risks may arise from maintaining a business relationship with a company that is potentially exposed to a sustainability risk. The failure to undertake sufficiently sustainable activities as perceived both internally and externally, resulting in a loss of trust among the relevant stakeholders, can also lead to a 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.

It is very difficult to assess the impact on politics, the economy and the financial markets associated with the war in Ukraine and other major geopolitical tensions. They are always accompanied by increased levels of uncertainty, often bring about reduced growth and are currently inflationary in nature owing to increases in energy prices.

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 the resulting significant opportunities and risks, are provided to the best of our knowledge and 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. Obviously, these prospects, basic conditions and trends can change in the future without this being predictable at present.

The actual performance of R+V Versicherung AG may therefore differ significantly 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. Essentially, these estimates refer to plans, forecasts and expectations. Thus, the following assessment of the development of R+V Versicherung AG reflects incomplete assumptions and subjective opinions for which no liability can be assumed.

Macroeconomic development

Due to the sustained impact of the coronavirus crisis on the economy, there is currently increased uncertainty over future macroeconomic development. In its annual autumn report, the German Council of Economic Experts forecast a continued recovery and, as a result, growth of 4.6 % in 2022 in the real gross domestic product in Germany, and of 4.3 % in the euro area. The German Federal Bank expects the inflation rate in Germany to increase to 3.6 %. Inflation is expected to return to normal levels in the next few years. The International Monetary Fund also forecasts economic growth in Germany and in the euro area at this level alongside a slightly increased inflation rate.

Development on the capital markets

The development on the capital markets is likely to be characterised in particular by the ongoing coronavirus pandemic and the speed of economic recovery. Also, the significance of monetary policy remains high. The further development in terms of the inflation rate could remain a key risk factor. The ECB has announced it will cut back its bond purchase programme. Further monetary tightening measures may be contemplated during the course of the year under review. By way of contrast, the US central bank has already announced it will gradually tighten its expansive monetary policy.

The capital investment strategy of R+V ensures that there is a high proportion of fixed-interest and highly creditworthy securities 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

Since the industry has managed to deal with the coronavirus crisis comparatively well and since in our assessment the majority of the losses incurred should already be included in the balance sheets for 2020 and 2021, no additional significant coronavirus-related losses are to be expected for 2022.

There is continuous reason to believe that an increasing awareness of economic losses arising in particular from natural disasters and pandemics as a consequence of climate change will contribute to a lasting growing demand for reinsurance cover. This trend should be supported by an expected further strengthening of the global economic growth in 2022 as well as a growing global population.

Also, the improved prices for reinsurance solutions are expected to continue in 2022 and 2023. The burden of major claims in 2021 in North America and Europe as a consequence of climate change as well as the natural disasters seen in previous years have demonstrated that not only events with high return periods have not yet been sufficiently reflected in the prices and terms and conditions, but also the growing number of high frequency losses. The uncertainty regarding inflation rates with their impacts on claims costs and claims inflation will contribute to a further increase in prices.

At the same time, the continuing low level of interest rates for capital investments will maintain the pressure to generate positive technical results, both for direct insurers as well as reinsurers.

In the majority of countries international reinsurers have currently direct access to local primary insurance markets.

It cannot be ruled out that in the future national legal systems will create stricter conditions for international reinsurers to be permitted to provide reinsurance cover for national primary insurers.

Rating agencies confirm predominantly stable future prospects for the industry. These prospects are based on improved prices, an economic recovery and fewer expected additional losses arising from coronavirus.

In 2021, R+V transferred the “Wachstum durch Wandel” (WdW, Growth through change) strategic programme, which started at the beginning of 2017, to the new “WIR@R+V” strategy. This “WIR@R+V“ follow-up strategy consists of three core elements: growth, innovation and profitability (Wachstum, Innovation und Rentabilität, or WIR in short). These elements take into account environmental factors that have become more difficult. The strategy focuses on four particular targets: customer satisfaction, increasing profitability, shaping growth and maintaining a strong capital base. The aim here is to continue the successful transformation process that has been initiated and to safeguard and enhance R+V’s performance and competitiveness in the long term. This strategy creates a new balance in terms of growth and income, combined with a change in terms of the way we underwrite and invest. Sustainability is therefore an integral part of this new strategy.

Taking into account the various influences as described, and in accordance with this strategy, R+V Versicherung AG also has plans in place for the active reinsurance business segment to continue and enhance activities to increase the technical result in 2022. 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.

R+V Versicherung AG expects to see a moderate increase in premiums for the 2022 fiscal year. The technical result before equalisation provision is expected to be significantly below the value of the fiscal year in which the existing retrocession had a positive effect in conjunction with the severe weather events. Based on the forecast a significantly improved gross combined ratio compared to the previous year is also expected. This expectation is based on the assumption that no major claims burden will occur outside of the expected value. Using these plans as the basis, we expect to see a significant increase in the capital investment result, while other income is expected to see a slight fall. 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. By taking the change in equalisation provision and non-technical result into account, the overall level of profit to be transferred in 2022 is expected to be slightly below the previous year’s level.

Thank you

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 to 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 2022

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

2021 Annual Financial Statements

Balance sheet

as at 31 December 2021

Assets

in EUR				2021	2020
A. Capital investments					
I. Land, land rights and buildings including buildings on third-party land			3,189,534.17		3,256,946.17
II. Capital investments in affiliated companies and shareholdings					
1. Shares in affiliated companies		2,628,826,127.24			2,601,592,906.05
2. Loans to affiliated companies		147,505,693.75			150,865,290.59
3. Shareholdings		376,245.81	2,776,708,066.80		376,245.81
III. Other capital investments					
1. Stocks, shares or shares in investment funds and other variable interest securities		1,062,590,840.39			880,211,665.13
2. Bearer bonds and other fixed-interest securities		3,926,896,122.96			3,329,197,154.46
3. Other loans					
a) Registered bonds	506,614,033.65				524,576,093.74
b) Bonded debt receivables and loans	139,618,531.54	646,232,565.19			161,569,113.68
4. Deposits at banks		634,675,993.10			625,462,974.43
5. Other capital investments		146,817,894.91	6,417,213,416.55		75,613,888.35
IV. Deposits with ceding insurers			563,195,199.37		599,078,708.10
				9,760,306,216.89	**8,951,800,986.51**

in EUR				2021	2020
B. Receivables					
I. Settlement receivables from reinsurance business			374,634,411.88		272,244,703.10
Thereof due to: Affiliated companies 4,563,798.04 €	(PY: 6,093,431 €)				
II. Other receivables			263,890,099.06		276,144,094.73
Thereof due to: Affiliated companies 184,080,866.58 €	(PY: 223,251,300 €)				
				638,524,510.94	**548,388,797.83**
C. Other assets					
I. Property, plant, equipment and inventories			2,206,415.83		1,248,699.52
II. Cash at banks, cheques and cash in hand			200,492,073.00		149,067,209.66
III. Other assets			2,433,696.45		50,744.80
				205,132,185.28	**150,366,653.98**
D. Accruals and deferred income					
I. Accrued interest and rents			42,292,346.41		42,531,348.96
II. Other accruals			535,027.35		9,109,236.46
				42,827,373.76	**51,640,585.42**
Total assets				**10,646,790,286.87**	**9,702,197,023.74**

Liabilities

in EUR			2021	2020
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]): - € (VJ: - €)				
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	164,398,156.47			183,388,867.88
2. Thereof: less reinsurance amount	-9,477,536.64	173,875,693.11		371,987.22
II. Actuarial reserves				
1. Gross	35,682,315.08			39,743,839.16
2. Thereof: less reinsurance amount	18,041,787.32	17,640,527.76		20,217,827.91
III. Provision for outstanding claims				
1. Gross	6,635,803,104.91			5,380,580,296.69
2. Thereof: less reinsurance amount	675,836,469.99	5,959,966,634.92		12,332,698.14
IV. Provisions for performance based and non-performance based premium funds				
1. Gross	5,615,575.75			5,515,805.00
2. Thereof: less reinsurance amount	-	5,615,575.75		-
V. Equalisation provision and similar provisions		904,191,949.00		766,338,869.00
VI. Other technical provisions				
1. Gross	4,693,406.62			2,212,593.20
2. Thereof: less reinsurance amount	-	4,693,406.62		-
			7,065,983,787.16	**6,344,857,757.66**

in EUR					2021	2020
C. Other provisions						
I. Provisions for pensions and similar obligations				6,845,462.08		5,217,591.46
II. Tax provisions				19,240,026.77		19,124,826.74
III. Other provisions				88,116,350.86		72,799,640.61
					114,201,839.71	**97,142,058.81**
D. Deposit liabilities received from reinsurers					**18,788,476.33**	**20,897,397.15**
E. Other liabilities						
I. Settlement liabilities from reinsurance business				662,597,544.53		559,566,321.17
Thereof due to:						
Affiliated companies	41,959,235.94 €	(VJ: 49,553,801 €)				
Associated companies	29,497.55 €	(VJ: 33,190 €)				
II. Bonds				31,351,108.77		31,138,702.82
III. Liabilities due to banks				-		-
IV. Other liabilities				604,093,573.32		498,820,829.08
Thereof:						
from taxes	5,848,786.71 €	(VJ: 1,716,662 €)				
social security	8,830.15 €	(VJ: 16,238 €)				
due to:						
Affiliated companies	591,769,966.33 €	(VJ: 489,030,031 €)				
					1,298,042,226.62	**1,089,525,853.07**
Total liabilities					**10,646,790,286.87**	**9,702,197,023.74**

Income statement

for the period 1 January to 31 December 2021

Income statement

in EUR			2021	2020
I. Technical account				
1. Premiums earned for own account				
a) Gross premiums written	3,536,565,343.04			3,576,207,914.51
b) Reinsurance premiums ceded	92,279,580.89	3,444,285,762.15		66,373,241.97
c) Change in gross unearned premium reserve	25,677,552.38			-2,344,768.32
d) Change in gross unearned premium reserve - reinsurers' share	9,847,289.10	15,830,263.28		40,162.15
			3,460,116,025.43	**3,507,449,742.07**
2. Technical interest income for own account			**823,879.54**	**685,805.62**
3. Other technical earnings for own account			**-**	**-**
4. Expenditure for insurance claims for own account				
a) Payments for claims				
aa) Gross	2,274,763,302.12			2,168,590,149.81
bb) Reinsurers' share	146,942,170.10	2,127,821,132.02		9,872,116.21
b) Change in provision for outstanding claims				
aa) Gross	1,029,852,916.13			717,271,864.52
bb) Reinsurers' share	663,489,925.55	366,362,990.58		114,227.72
			2,494,184,122.60	**2,875,875,670.40**
5. Change in other technical net provisions				
a) Net actuarial reserves		2,003,275.88		4,161,004.19
b) Other technical net provisions		-2,415,195.52		-884,544.09
			-411,919.64	**3,276,460.10**
6. Expenditure on performance-based and non-performance based premium funds for own account			**4,672,097.16**	**4,595,762.05**
7. Expenditure on insurance operations for own account				
a) Gross expenditure on insurance operations		881,274,101.75		839,813,609.67
b) Thereof: reinsurance commissions and profit participations received on retrocession		8,432,357.44		8,072,841.66
			872,841,744.31	**831,740,768.01**
8. Other technical expenses for own account			**2,714,164.26**	**2,578,088.53**
9. Subtotal			**86,115,857.00**	**-203,378,281.20**
10. Change to equalisation provision and similar provisions			**-137,853,080.00**	**171,165,247.00**
11. Technical result for own account			**-51,737,223.00**	**-32,213,034.20**

in EUR				2021	2020
II. Non-technical account					
1. Income on capital investments					
a) Income from holdings		4,341,151.62			12,255.30
Thereof from affiliated companies:					
4,337,143.92 € (PY: 8,248 €)					
b) Income from other capital investments					
Thereof from affiliated companies:					
2,092,622.02 € (PY: 2,900,117 €)					
aa) Income from land, land rights and buildings including buildings on third-party land	725,383.38				717,317.55
bb) Income from other capital investments	111,562,573.55	112,287,956.93			100,211,196.76
c) Income from write-ups		1,774,196.68			20,473,454.20
d) Realised gains on capital investments		8,025,530.65			7,594,848.59
e) Income from profit pooling, profit and loss transfer agreements and partial profit and loss transfer agreements		155,746,930.42			190,279,116.83
			282,175,766.30		319,288,189.23
2. Expenditure for capital investments					
a) Expenditure for management of capital investments, interest expenditure and other expenditure on capital investments		18,420,310.09			14,352,764.62
b) Depreciation on capital investments		3,235,593.47			5,259,243.06
c) Realised losses on capital investments		5,668.18			363,639.46
d) Expenses from losses absorbed		2,240,401.92	23,901,973.66		246,257.38
			258,273,792.64		299,066,284.71
3. Technical interest income			-1,605,241.51		-1,507,358.34
				256,668,551.13	**297,558,926.37**
4. Other income			67,548,185.79		70,108,095.27
5. Other expenditure			109,458,654.89		92,931,071.76
				-41,910,469.10	**-22,822,976.49**
6. Non-technical result				**214,758,082.03**	**274,735,949.88**
7. Result of ordinary business activities				**163,020,859.03**	**242,522,915.68**

in EUR			2021	2020
8.	Taxes on income and earnings	86,817,258.76		143,347,259.88
	Thereof: Allocation within consolidated entity 84,162,120.18 € (PY: 143,608,246 €)			
9.	Other taxes	382,144.18		299,214.59
			87,199,402.94	**143,646,474.47**
10.	Profits transferred due to profit pooling, a profit and loss transfer agreement or a partial profit and loss transfer agreement		**-75,821,456.09**	**-98,876,441.21**
11.	**Annual net income/loss**		**-**	**-**

Notes

Accounting and valuation methods

The 2021 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 Rech-VersV (Verordnung über die Rechnungslegung von Versicherungsunternehmen [Insurance Accounting Directive]), as well as other relevant statutory provisions and ordinances.

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 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 or shares in investments, 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. Low-value assets of up to EUR 250.00 (net) were written off immediately. Assets, whose acquisition costs were between EUR 250 and EUR 1,000 (net), 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 were reported in Other expenditure.

R+V Versicherung AG is the controlling company for income tax purposes of DZ BANK AG. 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 2021 are taken into consideration within the formation of the deferred taxes at DZ BANK AG, insofar as accounting is performed at the latter. Therefore, no deferred taxes are disclosed at R+V Versicherung AG as at 31 December 2021.

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

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

If no information was available, the provisions were estimated; the contractual terms and conditions and the previous course of business were decisive in this respect. Appropriate increases were carried out in the case of claims provisions based on typically underestimated values by the cedents. 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 (Verordnung über die Rechnungslegung von Versicherungsunternehmen [Insurance Accounting Directive]).

Deposit liabilities and settlement liabilities from the reinsurance business were valued at the settlement 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 2021 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:	2.25 %
Increase in pensions:	1.80 %
Fluctuation:	0.00 %
Interest rate:	1.86 %

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.

Tax provisions and other provisions have been valued at their settlement amount required whilst applying sound business judgement 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 2021.

The provisions for service anniversaries and retirement benefits not related to the pension scheme contained in Other provisions were measured according to the projected unit credit method (PUC method) in conjunction with Section 253 (1) HGB based on the mortality tables 2018 G by Klaus Heubeck. Future developments and trends were taken into account. The discounting was carried out using the average interest rate for the past seven years published by the German Federal Bank for October 2021 with an assumed remaining term of 15 years. The interest rate was projected to the end of the year and totalled 1.33 %.

Other liabilities were recognised at the repayment amount. Securities from bilaterally collateralised OTC derivatives were reported 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 2021. 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.

For forward exchange transactions, pending profits were recognised under profit or loss for the first time during the fiscal year.

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 2021 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	2020	239,803,708	28,853,740
Assimoco Vita S.p.A., Mailand	65.6	EUR	2020	186,705,693	14,214,384
CHEMIE Pensionsfonds AG, Wiesbaden	100.0	EUR	2021	31,517,843	1,200,000
Condor Allgemeine Versicherungs-AG, Hamburg	100.0	EUR	2021	41,761,661	1)
Condor Lebensversicherung AG, Hamburg	95.0	EUR	2021	51,742,466	1)
KRAVAG-ALLGEMEINE Versicherungs-AG, Hamburg	76.0	EUR	2021	107,506,791	36,699,415
KRAVAG-LOGISTIC Versicherungs-AG, Hamburg	51.0	EUR	2021	287,520,423	39,099,872
R+V Allgemeine Versicherung AG, Wiesbaden	95.0	EUR	2021	774,176,663	1)
R+V Direktversicherung AG, Wiesbaden	100.0	EUR	2021	13,320,000	1)
R+V Krankenversicherung AG, Wiesbaden	100.0	EUR	2021	148,985,231	25,000,000
R+V Lebensversicherung AG, Wiesbaden	100.0	EUR	2021	1,206,932,924	1)
R+V Pensionsfonds AG, Wiesbaden	77.4	EUR	2021	37,173,166	2,560,000
R+V Pensionskasse AG, Wiesbaden	100.0	EUR	2021	104,033,238	800,000
Service, holding and real estate companies					
Aufbau und Handelsgesellschaft mbH, Stuttgart	82.5	EUR	2020	525,138	1)
BWG Baugesellschaft Württembergischer Genossenschaften mbH, Stuttgart	82.4	EUR	2020	9,965,213	1)
carexpert Kfz-Sachverständigen GmbH, Walluf	60.0	EUR	2021	1,499,636	330,539
CI CONDOR Immobilien GmbH, Hamburg	95.0	EUR	2021	20,100,000	1)
compertis Beratungsgesellschaft für betriebliches Vorsorgemanagement mbH, Wiesbaden	55.9	EUR	2021	3,013,054	-741,750
COMPLINA GmbH, Wiesbaden	100.0	EUR	2021	168,272	-1,411,830
Condor Dienstleistungs-GmbH, Hamburg	95.0	EUR	2021	509,921	51,682
Englische Strasse 5 GmbH, Wiesbaden	90.0	EUR	2020	16,122,469	462,221

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
Fischer Privatkunden Makler GmbH, Herrenberg 2)	90.0	EUR	-	-	-
fragWilhelm GmbH, Wiesbaden	100.0	EUR	2021	959,929	-2,284,992
GWG 1. Wohn GmbH & Co. KG, Stuttgart	91.6	EUR	2020	2,000,000	1,117,879
GWG 2. Wohn GmbH & Co. KG, Stuttgart	91.6	EUR	2020	3,000,000	621,062
GWG 3. Wohn GmbH & Co. KG, Stuttgart	91.6	EUR	2020	7,000,000	1,816,437
GWG 4. Wohn GmbH & Co. KG, Stuttgart	91.6	EUR	2020	9,000,000	1,213,162
GWG Beteiligungsgesellschaft mbH, Stuttgart	91.6	EUR	2020	28,723	1,023
GWG Gesellschaft für Wohnungs- und Gewerbebau Baden-Württemberg AG, Stuttgart	91.6	EUR	2020	362,370,617	26,203,193
GWG Hausbau GmbH, Stuttgart	82.1	EUR	2020	2,750,000	1)
GWG ImmoInvest GmbH, Stuttgart	86.9	EUR	2020	11,661,699	1,344,836
GWG Wohnpark Sendling GmbH, Stuttgart	81.7	EUR	2020	4,027,500	1)
HumanProtect Consulting GmbH, Köln	100.0	EUR	2020	404,359	87,903
IZD-Beteiligung S.à.r.l., Senningerberg	96.7	EUR	2020	-2,916	-22,284
KRAVAG Umweltschutz und Sicherheitstechnik GmbH (KUSS), Hamburg	51.0	EUR	2021	586,062	191,616
MSU Management-, Service- und Unternehmens-beratung GmbH, Landau 3)	60.0	EUR	2020	919,219	158,641
PASCON GmbH, Wiesbaden	100.0	EUR	2021	42,446	3,090
Pension Consult Beratungsgesellschaft für Altersvorsorge mbH, Wiesbaden	77.4	EUR	2021	814,813	41,002
R+V AIFM S.à.r.l., Luxemburg	100.0	EUR	2020	820,844	314,753
R+V Dienstleistungs-GmbH, Wiesbaden	100.0	EUR	2021	694,372	34,914
R+V Erste Anlage GmbH i.L., Wiesbaden 4)	95.0	EUR	2020	289,973	1,115
R+V INTERNATIONAL BUSINESS SERVICES Ltd., Dublin 5)	100.0	EUR	2017	1,347,091	114,943
R+V KOMPOSIT Holding GmbH, Wiesbaden	100.0	EUR	2021	1,832,271,575	1)
R+V Mannheim P2 GmbH, Wiesbaden	94.0	EUR	2020	56,892,810	1,405,415
R+V Personen Holding GmbH, Wiesbaden	100.0	EUR	2021	1,184,522,840	-7,388,433

1) A profit and loss transfer agreement exists.
2) New formation and/or new acquisition of subsidiary of VR Makler GmbH in 2021.
3) Partial sale of company shares in accordance with purchase agreement dated 06 September 2021 (previous capital share 74.0 %).
4) Company in liquidation.
5) Company in liquidation.

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	2021	328,718	51,476
R+V Service Center GmbH, Wiesbaden	100.0	EUR	2021	2,869,375	1)
R+V Service Holding GmbH, Wiesbaden	100.0	EUR	2021	196,695,250	1)
R+V Treuhand GmbH, Wiesbaden	100.0	EUR	2021	61,279	1,797
RC II S.à.r.L., Munsbach	90.0	EUR	2020	8,857,896	25,303
RUV Agenturberatungs GmbH, Wiesbaden	100.0	EUR	2021	353,489	85,795
RV AIP S.C.S. SICAV-SIF, Luxemburg	100.0	EUR	2021	9,775	-57
RV AIP S.C.S. SICAV-SIF - RV TF Acquisition Financing, Luxemburg	97.4	EUR	2021	187,023,327	6,268,260
RV AIP S.C.S. SICAV-SIF - RV TF 2 Infra Debt, Luxemburg	96.3	EUR	2021	530,248,927	7,973,897
RV AIP S.C.S. SICAV-SIF - TF 3 Primaries, Luxemburg	98.8	EUR	2021	5,682,109	-317,891
RV AIP S.C.S. SICAV-SIF - TF 4 Secondaries, Luxemburg	98.8	EUR	2021	10,022,229	-129,140
RV AIP S.C.S. SICAV-SIF - TF 5 Co- Investments, Luxemburg	98.8	EUR	2021	23,667,109	-165,652
RV AIP S.C.S. SICAV-SIF - RV TF 6 Infra Debt II, Luxemburg	97.1	EUR	2021	108,286,822	124,309
RV AIP S.C.S. SICAV-SIF – RV TF 7 Private Equity, Luxemburg 2)	97.6	EUR	-	-	-
RV Securitisation I S.à.r.l., Luxemburg 3)	100.0	EUR	2021	12,000	-
Sprint Italia S.r.l., Bolzano	51.0	EUR	2020	316,624	-29,136
Sprint Sanierung GmbH, Köln	100.0	EUR	2020	25,382,426	-828,581
UMB Unternehmens-Managementberatungs GmbH, Wiesbaden	100.0	EUR	2021	5,112,152	1,358,822
Unterstützungskasse der Condor Versicherungs-gesellschaften GmbH, Hamburg	98.3	EUR	2021	26,076	-
VR GbR, Frankfurt am Main	41.2	EUR	2020	200,578,629	55,611,004
VR Makler GmbH, Hannover	100.0	EUR	2020	427,689	-1,485,023
WBS Wohnwirtschaftliche Baubetreuungs- und Servicegesellschaft mbH, Stuttgart	86.9	EUR	2020	19,983,535	784,967

1) A profit and loss transfer agreement exists.
2) Subscription to “AIP-Teilfonds 7” subfund in 2021. No key figures are available at the present time.
3) New formation of subsidiary of R+V AIFM S.à.r.l. as per commercial register entry dated 30 March 2021.

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	2020	89,629	1,206
ASSICRA Servizi Assicurativi Banche di Credito Coop-erativo Abruzzo e Molise S.r.L., Pescara	17.2	EUR	2020	564,591	48,696
BAU + HAUS Management GmbH, Wiesbaden	50.0	EUR	2020	8,429,328	770,273
bbv-Service Versicherungsmakler GmbH, München	25.2	EUR	2020	2,250,822	377,194
BSP Bürgschaftsservice-Plattform GmbH, Hamburg	50.0	EUR	2020	4,310,814	-749,186
Consorzio Caes Italia S.C.S., Mailand	32.2	EUR	2020	282,873	39,675
Golding Mezzanine SICAV IV Teilfonds 2 i.L., Luxemburg	47.5	EUR	2020	2,323,134	-744,638
IZD-Holding S.à.r.l., Senningerberg	48.6	EUR	2020	-5,843	-27,022
R+V Kureck Immobilien GmbH Grundstücksverwaltung Braunschweig, Wiesbaden	50.0	EUR	2020	6,809,883	-46,174
Schroder Italien Fonds GmbH & Co. KG i.L., Frankfurt am Main	23.1	EUR	2020	-9,894	182,500
Schroder Italien Fonds Holding GmbH i.L., Frankfurt am Main	23.1	EUR	2020	-30,342,874	-153,338
Schroder Property Services B.V. S.à.r.l., Senningerberg	30.0	EUR	2020	345,051	4,316
Versicherungs-Vermittlungsgesellschaft des Sächsischen Landesbauernverbandes mbH, Dresden	50.0	EUR	2020	214,569	1,369
Versicherungs-Vermittlungsgesellschaft mbH des Bau-ernverbandes Mecklenburg-Vorpommern e.V. (VVB), Neubrandenburg	50.0	EUR	2020	232,284	30,026
Versicherungs-Vermittlungsgesellschaft mbH des Landesbauernverbandes Sachsen-Anhalt e.V. (VVB), Magdeburg	50.0	EUR	2020	72,050	4,286
VVB Versicherungs-Vermittlungsgesellschaft mbH des Landesbauernverbandes Brandenburg, Teltow	50.0	EUR	2020	33,968	4,124

Notes to the balance sheet - assets

Development of asset items A. I. to III in fiscal year 2021 1)

	Values for previous year Thou. EUR	Values for previous year %	Additions Thou. EUR
A. Capital investments			
A. I. Land, land rights and buildings including buildings on third-party land	3,257	0.0	0
A. II. Capital investments in affiliated companies and shareholdings			
1. Shares in affiliated companies	2,601,593	31.1	117,658
2. Loans to affiliated companies	150,865	1.8	14,630
3. Shareholdings	376	0.0	0
4. Total A. II.	2,752,834	33.0	132,287
A. III. Other capital investments			
1. Stocks, shares or shares in investment funds and other variable interest securities	880,212	10.5	173,848
2. Bearer bonds and other fixed-interest securities	3,329,197	39.9	851,234
3. Other loans			
a) Registered bonds	524,576	6.3	34,264
b) Bonded debt receivables and loans	161,569	1.9	10,062
4. Deposits at banks	625,463	7.5	0
5. Other capital investments	75,614	0.9	113,643
6. Total A. III.	5,596,631	67.0	1,183,051
Total A.	**8,352,722**	**100.0**	**1,315,338**
Total	**8,352,722**		**1,315,338**

1) Discrepancies in totals are due to rounding
2) thereof currency write ups: 152,611 thousand EUR
3) thereof currency depreciation: 5,659 thousand EUR

Transfers Thou. EUR	Disposals Thou. EUR	Write-ups[2] Thou. EUR	Depreciation[3] Thou. EUR	Thou. EUR	Values for current fiscal year %
0	0	0	67	3,190	0.0
0	91,432	1,007	0	2,628,826	28.6
0	19,336	2,032	685	147,506	1.6
0	0	0	0	376	0.0
0	110,768	3,039	685	2,776,708	30.2
10,000	672	1,604	2,401	1,062,591	11.6
0	375,858	122,381	59	3,926,896	42.7
0	55,192	2,966	0	506,614	5.5
0	33,385	1,373	0	139,619	1.5
0	4,844	18,939	4,882	634,676	6.9
(10,000)	35,722	4,083	800	146,818	1.6
0	505,673	151,347	8,142	6,417,213	69.8
0	**616,440**	**154,385**	**8,894**	**9,197,111**	**100.0**
0	**616,440**	**154,385**	**8,894**	**9,197,111**	

A. Capital investments

in thousand EUR				2021
		Book value	Fair value	Reserve
I.	Land, land rights and buildings including buildings on third-party land	3,190	12,227	9,037
II.	Capital investments in affiliated companies and shareholdings			
	1. Shares in affiliated companies	2,628,826	5,439,292	2,810,466
	2. Loans to affiliated companies	147,506	146,180	(1,326)
	3. Shareholdings	376	376	0
III.	Other capital investments			
	1. Stocks, shares or shares in investment funds and other variable interest securities	1,062,591	1,148,068	85,478
	2. Bearer bonds and other fixed-interest securities	3,926,896	4,053,369	126,473
	3. Other loans			
	a) Registered bonds	506,614	580,202	73,588
	b) Bonded debt receivables and loans	139,619	156,514	16,895
	4. Deposits at banks	634,676	634,443	(233)
	5. Other capital investments	146,818	154,089	7,271
IV.	Deposits with ceding insurers	563,195	563,195	0
		9,760,306	**12,887,955**	**3,127,649**

Stock prices or redemption prices were used to determine the fair value of listed securities. For government bonds for which price data is not regularly supplied via stock markets, the discounted cash flow method was used to provide a synthetic market valuation or model-based prices from specialist data providers were reverted to.

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

In order to determine the relative fair values for shares in affiliated companies, shareholdings and other capital investments, either the formula to calculate the net earnings value according to IDW S1 in conjunction with IDW RS HFA 10 or the net asset value was used. 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 real estate property was revalued as at 31 December 2021. The land is valued every five years and was last valued in 2018. If any other valuation methods have been used, these comply with the provisions of Section 56 RechVersV.

In accordance with Section 341 b (2) HGB, EUR 4,999.4 million of capital investments have been assigned to assets. This includes positive valuation reserves of EUR 245.4 million and negative valuation reserves of EUR 33.7 million based on the rates on 31 December 2021.

The valuation reserves of the total capital investments amount to EUR 3,127.6 million, which corresponds to a reserve ratio of 32.0 %.

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

in thousand EUR		2021
Type	Book value	Fair value
Shares in affiliated companies [1]	6,530	6,514
Loans to affiliated companies [2]	95,085	93,371
Stocks, shares or shares in investment funds and other variable interest securities [3]	39,099	38,691
Bearer bonds and other fixed-interest securities [4]	1,376,350	1,343,267
Registered bonds [5]	102,500	97,969
Bonded debt receivables and loans [6]	23,000	22,160
Deposits at banks [7]	508,412	508,168
Other capital investments [1]	42,079	40,671

[1] Due to the expected profits of the companies, the impairments are not permanent but dependent on market price changes.
[2] The lower fair value relates to loans, which are expected to show a temporary impairment as a result of their credit rating.
[3] Due to the existing creditworthiness of the issuers and the expected profits of the companies, the impairments are not permanent but dependent on market price changes.
[4] Due to the existing creditworthiness of the issuers, the impairments are not permanent but dependent on market price changes.
[5] The lower fair value relates to registered bonds, which are expected to show a temporary impairment as a result of their credit rating.
[6] 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.
[7] Due to the existing creditworthiness of the borrowers and short residual terms, the impairments are not permanent but dependent on market price changes.

A. Capital investments - Information on derivative financial instruments

in thousand EUR				2021
Type	Nominal volume	Book value	Positive fair value	Negative fair value
Interest-related business				
Futures/forward purchases registered certificates [1]	5,000	-	1,127	-
Futures/forward purchases bearer bonds [2]	42,750	-	2,276	819
Currency-related business				
Forward exchange transactions [3]	688,491	204	2,339	2,135

[1] Futures/forward purchases on registered certificates are valued based on the discounted cash flow method. The interest rate curve and the issuer and risk category-specific credit spread (covered, uncovered, subordinated) are the valuation parameters for this purpose.
[2] Futures/forward purchases on bearer bonds are valued based on the discounted cash flow 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 using the mark-to-market method. The reported book value corresponds to the capitalised positive market values (reported under Assets C. III. Other assets) less provisions for contingent losses formed Liabilities C. III. Other provisions. The absolute value shown represents an asset-side gap as at 31 December 2021.

A. III. Other capital investments - stocks, shares or shares in investment funds

in thousand EUR				2021
Fund type	Market value	Difference between market value/book value	Distribution for the fiscal year	Omitted non-scheduled depreciation
Equity fund	75,374	11,606	1,267	-
Pension fund	107,058	361	1,069	-
Mixed fund	732,629	35,820	10,600	-
	915,061	**47,788**	**12,936**	**-**

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	2021
Expenditure relating to subsequent fiscal years	
Status as at 31 December	**535,027**

Notes to the balance sheet - liabilities

A. I. Called-up capital

in EUR	2021
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 2020. There is authorised capital totalling a nominal amount of up to EUR 23 million, which can be utilised up until 31 May 2022.

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	2021
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 2020.

A. III. Retained earnings

in EUR	2021
Other retained earnings	
Status as at 31 December	**164,666,337.05**

The status of the retained earnings has not changed from that as at 31 December 2020.

C. I. Provisions for pensions and similar obligations

in EUR	2021
Settlement amount	19,776,615.00
Offsettable reinsurance assets (claims from life insurance policies)	12,931,152.92
Status as at 31 December	**6,845,462.08**

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 1,122,716.00.

C. III. Other provisions

in EUR		2021
Holiday/flexi-time credits		3,514,300.00
Working life		-
Provision	7,082,753.73	
Offsettable reinsurance assets (claims from life insurance policies)	7,082,753.73	
Capital investment area		2,524,726.56
Annual financial statements		933,375.71
Storage of business records		703,085.00
Trade association		234,000.00
Personnel costs		11,021,327.00
Anniversaries		4,520,043.00
Other provisions		64,665,493.59
Status as at 31 December		**88,116,350.86**

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	2021
Liabilities with a remaining term of more than five years	
Bonds	6,319,600.00
Status as at 31 December	**6,319,600.00**

There were no liabilities secured by liens or similar rights.

Notes to the income statement

I. 1. A) Gross premiums written

in EUR	2021	2020
Property and casualty, health and accident insurance	3,510,770,063.94	3,550,747,003.11
Life insurance	25,795,279.10	25,460,911.40
Status as at 31 December	**3,536,565,343.04**	**3,576,207,914.51**

I. 2. Technical interest income for own account

in EUR	2021	2020
Status as at 31 December	**823,879.54**	**685,805.62**

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	2021	2020
Status as at 31 December	**2,494,184,122.60**	**2,875,875,670.40**

There was a gross loss of EUR 109.9 million from the settlement of the provisions for outstanding claims assumed from the previous fiscal year, which can primarily be attributed to the property and accident insurance.

II. 2. Depreciation on capital investments

in EUR	2021	2020
b) Depreciation on capital investments		
Scheduled depreciation	67,412.00	67,413.00
Non-scheduled depreciation in accordance with Section 253 (3) sentence 5 HGB	-	-
Non-scheduled depreciation in accordance with Section 253 (3) sentence 6 HGB	3,168,181.47	5,191,830.06
Non-scheduled depreciation in accordance with Section 253 (4) HGB	-	-
Status as at 31 December	**3,235,593.47**	**5,259,243.06**

II. 4. Other income

in EUR	2021	2020
Income on services provided	35,062,844.95	28,203,572.96
Other interest income	9,176,838.17	9,523,543.27
Income from liability insurance	2,145,025.28	1,741,767.71
Other income	21,163,477.39	30,639,211.33
Status as at 31 December	**67,548,185.79**	**70,108,095.27**

Other income includes reporting date-related exchange rate gains of EUR 19.4 million.

II. 5. Other expenditure

in EUR	2021	2020
Expenditure on services provided	33,091,256.52	26,492,539.08
Expenditure that affects the company as a whole	41,056,846.15	32,675,969.80
Interest transferred to provisions	601,587.68	972,656.59
Interest to be offset from offsettable assets	-598,451.23	-861,658.76
Expenditure from outsourcing pension provisions	820,783.64	1,091,855.95
Other interest expenditure	4,624,838.95	7,551,640.27
Other expenditure	29,861,793.18	25,008,068.83
Status as at 31 December	**109,458,654.89**	**92,931,071.76**

Other expenditure includes exchange rate losses of EUR 24.7 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 Allgemeine Versicherung AG, Koblenz branch office, Koblenz

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

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

Henning Deneke-Jöhrens
Chairman of the Board of Management of Volksbank eG, Hildesheim

Marion Fricker
Chairwoman of the Works Council for R+V Allgemeine Versicherung AG, Stuttgart branch office, Stuttgart
(with effect from 22 January 2022)

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

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

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

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

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

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

Sigrid Schneider
Chairwoman of the Works Council for R+V Allgemeine Versicherung AG, Dresden branch office, Dresden
(until 21 January 2022)

Michael Speth
Member of the Board of Management, DZ BANK AG Deutsche Zentral-Genossenschaftsbank, Frankfurt am Main

Martina Trümner
Lawyer (Of Counsel) for Rechtsanwaltskanzlei Münch, Berlin

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

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

Board of Management of R+V Versicherung AG

Dr Norbert Rollinger
- Chairman -

Claudia Andersch

Dr Klaus Endres
(with effect from 01 January 2022)

Jens Hasselbächer

Dr Christoph Lamby

Tillmann Lukosch

Dr Edgar Martin

Julia Merkel

Marc René Michallet

Personnel expenditure

in EUR	2021	2020
1. Wages and salaries	73,931,768.52	68,959,871.33
2. Social security deductions and expenditure on other benefits	10,453,307.73	9,311,032.52
3. Expenditure on pension provision	8,601,925.28	4,964,402.79
Total expenditure	**92,987,001.53**	**83,235,306.64**

Remuneration of the Board of Management and Supervisory Board

Total remuneration of the members of the Board of Management amounted to EUR 9,187,326.00 (2020: EUR 9,302,402.00).

EUR 859,260.00 was paid to former members of the Board of Management and their dependants (2020: EUR 845,839.00). As part of the outsourcing of pension obligations for members of the Board of Management, in 2021 contribution payments of EUR 3,849,965.85 (2020: EUR 3,491,647.95) were paid to Versorgungskasse genossenschaftlich orientierter Unternehmen e.V.. For former members of the Board of Management and their dependants, an amount of EUR 386,829.37 (2020: EUR 453,123.07) was paid to Versorgungskasse genossenschaftlich orientierter Unternehmen e.V. and an amount of EUR 169,301.70 (2020: EUR 195,293.85) 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 11,548,283.00 (2020: EUR 9,064,082.00). Furthermore, obligations for this group of people of EUR 613,827.00 (2020: EUR 707,065.00) are not shown in the balance sheet due to Article 67 (1) EGHGB (Einführungsgesetz zum Handelsgesetzbuch [Introductory Act to the German Commercial Code]).

EUR 317,083.01 was paid out to the Supervisory Board in the fiscal year (2020: EUR 387,590.00). 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 2021 fiscal year, an average of 823 employees (2020: 773) were employed exclusively within the back office.

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	2021
Audit services	859,336.56
Other certification services	-
Other services	-
Total expenditure	**859,336.56**

The auditor of R+V Versicherung AG is Pricewaterhouse-Coopers 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	605,756,251.35	3,634,029.51	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	234,888,293.41	72,035,300.00	There is an obligation to pay. No influence on the time of the claim is possible. There is a risk that the shareholding will fall in value in the mean-time.	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 reported current value upon 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	275,000,000.00	65,000,000.00	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	524,194,712.43	14,566,364.11	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	64,983,814.15	40,750,000.00	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.
8. Original stock loan	17,137,351.20	0.00	There is an obligation to pay. No influence on the time of the claim is possible. There is a risk that the security will fall in value in the mean-time.	Interest and redemption claims.
Total	**1,741,865,422.54**	**215,885,693.62**		

Based on past experience and knowledge gained in the previous fiscal year up until the point the annual financial statements were prepared, 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. These will be published in the official business register.

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 official business register.

Supplementary report

It is not yet possible to reliably assess the impact of the war in Ukraine on the capital markets, but it may result in increased volatility on the capital markets and the potential need to make value adjustments in the 2022 fiscal year. The active reinsurance risk exposure in Ukraine relates to the credit and bonds segment. Should there be a significant deterioration in the situation between Russia and Ukraine, increased volatility with regard to potential losses is entirely possible.

Wiesbaden, 02 March 2022

The Board of Management

Dr Rollinger	Andersch	Dr Endres
Hasselbächer	Dr Lamby	Lukosch
Dr Martin	Merkel	Michallet

Independent Auditor's Report

To R+V Versicherung AG, Wiesbaden

Report on the Audit of the Annual Financial Statements and of the Management Report

Audit Opinions

We have audited the annual financial statements of R+V Versicherung AG, Wiesbaden, which comprise the balance sheet as at 31 December 2021, and the statement of profit and loss for the financial year from 1 January to 31 December 2021, and notes to the financial statements, including the presentation of the recognition and measurement policies. In addition, we have audited the management report of R+V Versicherung AG for the financial year from 1 January to 31 December 2021. In accordance with the German legal requirements, we have not audited the content of those parts of the management report listed in the “Other Information” section of our auditor’s 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 and give a true and fair view of the assets, liabilities and financial position of the Company as at 31 December 2021 and of its financial performance for the financial year from 1 January to 31 December 2021 in compliance with German Legally Required Accounting Principles, and
- 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 audit opinion on the management report does not cover the content of those parts of the management report listed in the “Other Information” section of our auditor’s report.

Pursuant to § [Article] 322 Abs. [paragraph] 3 Satz [sentence] 1 HGB [Handelsgesetzbuch: German Commercial Code], 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 Audit Opinions

We conducted our audit of the annual financial statements and of the management report in accordance with § 317 HGB and the EU Audit Regulation (No. 537/2014, referred to subsequently as “EU Audit Regulation”) 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 Article 10 (2) point (f) of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under Article 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 audit 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 financial year from January 1 to December 31, 2021. These matters were addressed in the context of our audit of the annual financial statements as a whole, and in forming our audit opinion thereon; we do not provide a separate audit opinion on these matter.

In our view, the matter of most significance in our audit was as follows:

1 Measurement of unlisted investments

2 Measurement of the partial loss provisions for known and unknown claims contained in the gross provisions for outstanding claims in the property-casualty business

Our presentation of these key audit matters has been structured in each case as follows:

① Matter and issue

② Audit approach and findings

③ Reference to further information

Hereinafter we present the key audit matters:

❶ Measurement of unlisted investments

① In the Company's annual financial statements “Capital Investments” amounting to EUR 9,760 million (91.7% of total assets) are reported in the balance sheet. The individual investments are measured in accordance with German commercial law at the lower of cost and fair value.

Investments that are not measured on the basis of stock exchange prices or other market prices (e.g. land, land rights and buildings, including buildings on third-party land, unlisted equity investments, registered bonds and promissory note loan receivables and loans) are associated with increased risk regarding measurement due to the necessity of using model-based calculations. The executive directors must make judgments, estimates and assumptions in this context, including with respect to the possible impact of the on-going coronavirus crisis. Minor changes to those assumptions or to the methods used may have a material impact on the measurement of investments. Due to the material significance of the amounts of investments for the assets, liabilities and financial performance of the Company as well as the scope for judgment on the part of the executive directors and the associated uncertainties in the estimations made, the measurement of unlisted investments was of particular significance in the context of our audit.

② Given the significance of unlisted investments for the Company's overall business, as part of our audit we assessed the models used by the Company and the assumptions made by the executive directors together with our internal specialists for investments. Thereby, we based our assessment on our valuation expertise with regard to investments, and our industry expertise and experience, among other things. In addition, we evaluated the design and effectiveness of the controls established by the Company for the purpose of measuring unlisted investments and recording the earnings from unlisted investments. On that basis, we carried out additional analytical audit procedures and tests of details relating to the measurement of unlisted investments. In this context, we also assessed the executive directors' estimate as to the impact of the coronavirus crisis on the measurement of unlisted investments. Among other things, we also examined the underlying amounts recorded and their recoverability on the basis of the documentation made available, and we evaluated the consistent application of the measurement methods and the allocation of amounts to the correct periods. Furthermore, we assessed the work of experts (including the measurement parameters used and the assumptions made) used by the executive directors to measure unlisted investments, in particular structured financial instruments collateralized by debt claims.

Based on our audit procedures, we were able to satisfy ourselves that the estimates and assumptions made by the executive directors for the purpose of measuring the unlisted investments are substantiated and sufficiently documented.

③ The Company’s disclosures pertaining to the accounting treatment of unlisted investments are contained in the sections "Accounting and valuation methods", and "Capital Investments" of the notes to the annual financial statements. Risk disclosures can be found in the "Market risk" section of the opportunities and risk report, which is part of the Company's management report.

❷ Measurement of the partial loss provisions for known and unknown claims contained in the gross provisions for outstanding claims in the property-casualty business

① In the Company's annual financial statements a gross provision for outstanding claims (referred to as "gross claims provisions") amounting to EUR 6,635.8 million (62.3% of total assets) is reported under the "Technical provisions" balance sheet item. The gross claims provisions are broken down into a variety of partial claims provisions. The provisions for known and unknown claims relate to a material portion of the gross claims provisions.

Insurance companies are required to recognize claims provisions to the extent necessary in accordance with prudent business judgment to ensure that they can meet their obligations from insurance contracts on a long-term basis. Defining assumptions for the purpose of measuring the claims provisions requires the Company's executive directors, in addition to complying with the requirements of commercial and regulatory law, to make estimates of future events and to apply appropriate measurement methods. This also includes the expected impact of the ongoing coronavirus crisis on the recognition of the claims provisions in the lines of business concerned. The methods used to determine the amount of the claims provisions and the calculation parameters are based on judgments and assumptions made by the executive directors. Minor changes to those assumptions or to the methods used may have a material impact on the measurement of the claims provisions.

Due to the material significance of the amounts of these provisions for the assets, liabilities and financial performance of the Company, the complexity of the applicable requirements and the underlying methods as well as the scope for judgment on the part of the executive directors and the associated uncertainties in the estimations made, the measurement of the provisions for known and unknown claims was of particular significance in the context of our audit.

② Given the significance of the provisions for known and unknown claims for the Company's overall business, as part of our audit we assessed the assumptions made by the executive directors and the methods used by the Company together with our internal actuaries. Thereby, we based our assessment on our industry expertise and experience, among other things, and considered recognized methods. We also evaluated the design and effectiveness of the controls established by the Company for the purpose of calculating and recording claims provisions. On that basis, we carried out additional analytical audit procedures and tests of details relating to the measurement of the provisions for known and unknown claims. Therewith, we assessed the results of the Company's calculations of the amount of the provisions with reference to the applicable legal requirements and evaluated the consistent application of the measurement methods and the allocation of amounts to the correct periods. In this context, we also assessed the executive directors' estimate as to the impact of the coronavirus crisis on the overall business and the lines of business concerned.

Based on our audit procedures, we were able to satisfy ourselves that the estimates and assumptions made by the executive directors for the purpose of measuring the provisions for known and unknown claims are substantiated and sufficiently documented.

③ The Company's disclosures on gross claims provisions are contained in the section "Accounting and valuation methods" of the notes to the financial statements. Risk disclosures can be found in the "Underwriting risk" section of the opportunities and risk report, which is part of the Company's management report.

Other Information

The executive directors are responsible for the other information. The other information comprises the following non-audited parts of the management report:

- the statement on corporate governance pursuant to § 289f Abs. 4 HGB (disclosures on the quota for women on executive boards) included in section "Statement on corporate governance" of the management report
- the section “Sustainability Report” of the management report

The other information comprises further all remaining parts of the annual report – excluding cross-references to external information – with the exception of the audited annual financial statements, the audited management report and our auditor’s report.

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

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

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

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, 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 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 audit 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 § 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 audit opinions. 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 controls.
› 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 audit 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 audit 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 audit 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 annual 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 Article 10 of the EU Audit Regulation

We were elected as auditor by the supervisory board on March 17, 2021. We were engaged by the supervisory board on November 22, 2022. We have been the auditor of R+V Versicherung AG, Wiesbaden without interruption since the financial year 2021.

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

German public auditor responsible for the engagement

The German Public Auditor responsible for the engagement is Florian Möller.

Frankfurt am Main, March 17, 2022

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

Florian Möller	ppa. Sandro Trischmann
Wirtschaftsprüfer	Wirtschaftsprüfer
(German Public Auditor)	(German Public Auditor)

This English Annual Report is a translation of the original German text; the German version takes precedence in case of any discrepancies.

Report by the Supervisory Board of the R+V Versicherung AG

Economic performance in 2021 was once again characterised by the impact of the coronavirus pandemic. Even though the first quarter of 2021 was once again influenced by the impact of measures to combat coronavrius, a rapid recovery then took hold from spring onwards. According to initial calculations by the German Federal Statistical Office, gross domestic product during the year under review grew by 2.7 % in total compared to the previous year.

There was a notable increase in the inflation rate, averaging 3.1 % on an annualised basis according to initial projections when compared to the previous year. The unemployment rate fell and the number of employees on short-time working schemes (known as Kurzarbeit) also decreased compared to the previous year.

There was a similar level of dynamism in the global economy too. A rapid recovery took hold during the first half of the year, which was sustained in most regions until the autumn. There was a significant increase in inflation rates in all industrialised countries.

The Supervisory Board took the general economic conditions in 2021 into consideration in its work.

Supervisory Board and committees

To fulfil 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 Board of Management's conduct of business in accordance with statutory regulations and the articles of association, 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.

On 10 November 2021 as well as on 16 and 17 November 2021, members of the Supervisory Board attended internal training events covering topics including legal issues surrounding Supervisory Board activities (legal aspects of Supervisory Board activity, sustainability and governance of insurers as well as legal aspects and digitalisation of customer relationships), actuarial practice (methodological principles as well as reservation and asset liability management), capital investments, insurance groups accounting processes according to IFRS and risk management.

Cooperation with the Board of Management

The Board of Management has regularly, promptly and comprehensively reported to the Supervisory Board on the current situation and development of R+V Versicherung AG, in writing and verbally. This took 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 conduct of business. When doing so, the Supervisory Board has discussed the regulatory environment intensively. The Supervisory Board has always been involved in decisions which are of key significance and transactions which require its approval.

In addition to this, the Chairman of the Board of Management held regular talks with the Chairman of the Supervisory Board - including outside of meetings - to discuss essential, important decisions and key business developments beforehand.

Meetings held by the Supervisory Board and its committees

The Supervisory Board held four meetings during the 2021 fiscal year: on 17 March 2021, 27 May 2021, 9 September 2021 and 11 November 2021. In addition, the audit committee held a meeting on 12 March 2021 and the staff committee held meetings on 04 March 2021 as well as 11 November 2021. During the meetings the Supervisory Board and the committees received and discussed verbal and written reports provided by the Board of Management.

Resolutions were passed in a written resolution by the Supervisory Board in two instances and by the Personnel Committee and the Audit Committee in one instance each.

Deliberations by the Supervisory Board and the committees

As part of its work the Supervisory Board has dealt with the economic situation for R+V Versicherung AG and the R+V Group, corporate planning and prospects as well as key financial indicators in detail. The Supervisory Board discussed in particular the business development of the following three sectors: life and health insurance, property and accident insurance, and active reinsurance. In this context, the Supervisory Board has been intensively involved with the impact of the coronavirus pandemic on employees as well as on these three segments. It looked at the impact on premium, claims and production development, the earnings situation and the measures taken to control costs.

In property and accident insurance, the Supervisory Board dealt with the claims burden, particularly in insurance for damage caused by natural perils, bonds and trade credit insurance, business interruption and event contingency insurance, the development of the combined ratio and the premium development in the individual branches of insurance. In conjunction with damage caused by natural perils, the Supervisory Board discussed in particular the impact of the devastating weather-related disaster resulting from Storm Bernd, reinsurance cover and the debate surrounding the introduction of compulsory insurance. The Supervisory Board also dealt with the various corporate development measures and product developments that have been initiated. With regard to life and health insurance, the Supervisory Board dealt with the development of new business and the implementation of the "Care" industry pension scheme for the chemical industry called "CareFlex". It also discussed the difficult framework conditions for the payment protection insurance owing to the pandemic-related fall in the consumer credit business and the introduction of a commission cap. The Supervisory Board has also been involved in dealing with 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 realigning the product portfolio to strengthen the biometric business, unit-linked business and products with new guarantees. They also related to allocations to additional interest reserves and court judgements on premium adjustments in health insurance. There were also discussions over a retroactive contribution to the original stock for R+V Pensionsversicherung a.G. as well as the positive impact of the merger of R+V Luxembourg Lebensversicherung S.A. as the transferring legal entity with R+V Lebensversicherung AG as the acquiring legal entity. With regard to active reinsurance, the Supervisory Board dealt with the business development and claims burden owing in particular to significant damage caused by natural perils, as well as reinsurance within the framework of the round of renewal negotiations.

The Supervisory Board has been intensively involved in the “WIR@R+V Wachstum Innovation Rentabilität (Growth Innovation Profitability)” follow-up strategy derived from the “Wachstum durch Wandel” (WdW, Growth through change) strategic programme. This included the parameters for the follow-up strategy, including a SWOT analysis carried out by the Board of Management, the difficult capital market environment caused by the sustained low-interest phase as well as the alignment towards sustainable solvency ratios and preserving the company's value. It also included leveraging growth opportunities in terms of potential returns, promoting Genossenschaftliche FinanzGruppe, increasing profitability and maintaining a strong capital base. Furthermore, it also included continuous improvement of the net promoter score (NPS) as an indicator of customer satisfaction, improving the combined ratio and making savings in claims management. As part of this strategic discussion, the Supervisory Board also dealt with the integration of the sales strategy and operations into the “WIR@R+V” follow-up strategy, focusing on enhancing bank sales, brand positioning, the membership business, the health market, sustainability and the omnichannel. Together with the sustainability aspects of the strategy, the Supervisory Board also discussed the creation of a sustainability commission, the capital investment strategy aligned with sustainability management, the decarbonisation of business economics and capital investments as well as “green” insurance products. The Supervisory Board also dealt with the integration of R+V 24 into the follow-up strategy and the IT strategy aligned with transformation and agility processes. These efforts also related to the personnel strategy regarding the increased amount of working from home undertaken by employees, including the period after the coronavirus pandemic and resulting in the "New normal" program with new utilisation concepts for offices and continued development of the corporate culture. The Supervisory Board discussed the company's remuneration systems as well as the personnel-related initiatives and measures and dealt with the activities scheduled for R+V's 100 year anniversary campaign. Furthermore, the Supervisory Board also dealt with the capital investment performance, the macroeconomic environment, the IFRS consolidated result, the result R+V Versicherung AG as reported in accordance with the German Commercial Code (HGB) and tax expenditure. The Supervisory Board also dealt with the foreign activities carried out by the Assimoco Group in Italy. 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 2020 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 2017 fiscal year to be paid out subject to a time delay. The Supervisory Board also dealt with the reappointment of a member of the Board of Management and conclusion of a Board of Management employment contract, as well as changes to the schedule of responsibilities for the Board of Management. The Supervisory Board also approved the reappointment of the Chairman of the Board of Management and changes to his Board of Management employment contract, as well as the reappointment of two members of the Board of Management as well as changes to the schedule of responsibilities for the Board of Management. Furthermore, the Supervisory Board conducted a regular review of the terms and conditions for the Board of Management remuneration, changed the company car scheme for members of the Board of Management and took care of events owing to the departure of members of the Board of Management. As part of a regular review, and taking effect from 2022 onwards, the Supervisory Board also approved changes to the "Suitability and Reliability of Members of the Supervisory Board and the Board of Management" governance guideline (Solo Guideline), the "Suitability and Reliability of Members of the Managerial and Supervisory Bodies – Comprehensive Policies for the entire R+V Group" governance guideline (Group Guideline), the "Remuneration Principles for Managerial and Supervisory Bodies of the R+V Group (Remuneration Policy)" governance guideline (Group Guideline) and the "Remuneration for the Board of Management of R+V Versicherung AG" governance guideline (Solo Guideline).

In conjunction with other Supervisory Board matters, the Supervisory Board nominated the auditor for the 2021 fiscal year upon conclusion of the selection procedure in place for the replacement of the current auditor. Once the employee representatives had been elected to the Supervisory Board with equal co-determination at the delayed meeting of delegates held on 15 September 2021, and the mandates of the employee representatives appointed by the courts up until that point ended, the Supervisory Board re-elected the Deputy Chairman of the Supervisory Board and two employee representatives as members of the audit committee and the personnel committee, along with one employee representative as a member of the mediation committee. The Supervisory Board also discussed the most important audit facts coordinated with the auditor and considered the need for self-evaluation along with drafting a development plan. The Supervisory Board also issued its approval to complete the cross-border merger of R+V Luxembourg Lebensversicherung S.A. as the transferring company with R+V Lebensversicherung AG as the acquiring company. This related to harmonising of the shareholding structure in place at the transferring company with that in place at the acquiring company by way of an increase of non-cash capital for R+V Personen Holding GmbH. It also related to a participation in an increase of non-cash capital for R+V Lebensversicherung AG to implement the merger and an elimination of the investment in R+V Luxembourg Lebensversicherung S.A. as a result of the merger. The Supervisory Board also issued its consent to transfer registered shares. Furthermore, the Supervisory Board also approved changes to the rules of procedure of the Supervisory Board with regard to the appointment of the auditor. This happened as a result of changes to the legal framework conditions arising from the Financial Market Integrity Strengthening Act (Finanzmarktintegritätsstärkungsgesetz).

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, an explanation of the course of business in a multi-year comparison, the audit report issued by the auditor, the focal points of the audit, the regulatory reporting for the key Solvency II functions (Risk Management, Actuarial, Compliance and

Audit functions), the mandating of the auditor with non-audit services and the preparation for the appointment of the auditor for the 2021 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 2020 fiscal year and the appointment of the auditor for the 2021 fiscal year. The audit committee also passed a resolution on amending the guidelines for engaging an auditor with non-audit services with effect from 2022.

With regard to Board of Management matters, the personnel committee submitted resolution recommendations to the Supervisory Board on the determination of the variable remuneration of the Board of Management for the 2020 fiscal year corresponding to the target achievement as well as the determination of the payments of the portions of the variable remuneration of members of the Board of Management from the 2017 fiscal year to be paid out subject to a time delay. The personnel committee also dealt with the target achievement status of members of the Board of Management during the 2021 fiscal year and agreement of targets for the variable remuneration of members of the Board of Management for the 2022 fiscal year. The personnel committee also presented any other necessary resolution recommendations to the Supervisory Board. These related to the reappointment of the Chairman of the Board of Management and changes to his Board of Management employment contract, the reappointment of a member of the Board of Management, the regular review of the terms and conditions for the Board of Management remuneration, the company car scheme for members of the Board of Management and events owing to the departure of members of the Board of Management. They also related to changes undertaken as part of a regular review, and taking effect from 2022 onwards, to the "Suitability and Reliability of Members of the Supervisory Board and the Board of Management" governance guideline (Solo Guideline), the “Suitability and Reliability of Members of the Managerial and Supervisory Bodies – Comprehensive Policies for the entire R+V Group” governance guideline (Group Guideline), the “Remuneration Principles for Managerial and Supervisory Bodies of the R+V Group (Remuneration Policy)” governance guideline (Group Guideline) and the “Remuneration for the Board of Management of R+V Versicherung AG” governance guideline (Solo Guideline).

The mediation committee did not need to be called upon in accordance with provisions concerning co-determination.

Working with the auditor

The Supervisory Board and audit committee chose and appointed the auditors PricewaterhouseCoopers 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 2021 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 at the meeting held on 28 March 2022. 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 2021 fiscal year.

The representatives of the auditors took part in both the audit committee meeting on 17 March 2022 and the Supervisory Board meeting on 28 March 2022 in order to report on the key findings of the audit. The auditor’s certificate issued by the auditors, PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, was also presented. The auditor has given 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 (the valuation of unlisted capital investments as well as the valuation of the partial loss reserves for known and unknown claims included in the gross provisions for outstanding claims in the property and casualty insurance business undertaken) and the annual report by the

Group Auditing 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 gave the Supervisory Board a comprehensive account of the committee's deliberations.

The Supervisory Board did not raise any objections to the annual financial statements, management report, consolidated financial statements or the consolidated management report prepared by the Board of Management for the 2021 fiscal year and it has endorsed the auditors' report.

Following the recommendation of the audit committee, the annual financial statements presented by the Board of Management for the 2021 fiscal year were endorsed by the Supervisory Board at its meeting on 28 March 2022. The annual financial statements have thus been adopted in accordance with Section 172 AktG. At the same meeting, the consolidated financial statements presented by the Board of Management were endorsed by the Supervisory Board.

Changes to the Board of Management

Ms Julia Merkel's mandate to be 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 a member of the Board of Management in its meeting on 27 November 2020, covering a new five-year appointment period running from 01 January 2021 until 31 December 2025.

With regard to the departure of Dr Martin owing to his retirement, the Supervisory Board passed a resolution, in its written circular procedure conducted on 04 January 2021, to appoint Dr Klaus Endres as a member of the Board of Management for a five-year appointment period, i.e. until the end of 31 December 2026, taking effect from the date he joined the company on 01 January 2022. Dr Endres assumed the existing departmental responsibilities of Dr Martin with effect from 01 January 2022.

Dr. Norbert Rollinger's mandate to be member and chairman of the Board of Management ended with effect from 31 December 2021, in accordance with the usual rotation. The Supervisory Board re-appointed Dr Rollinger as a member and chair of the Board of Management, giving him the title of Director General, in its meeting on 17 March 2021, covering a new term running from 01 January 2022 until 31 December 2026.

Dr Edgar Martin's mandate to be member of the Board of Management ended with effect from 31 December 2021, in accordance with the usual rotation. To ensure Dr Endres is familiarised with the role, the Supervisory Board re-appointed Dr. Martin in its meeting on 09 September 2021, covering a term running from 01 January 2022 until 31 March 2022. Dr Martin resignes from his mandate as member of the Board of Management at this point owing to his retirement.

Changes to the Supervisory Board and the committees

The existing employee representatives appointed by the courts, 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, were elected as members of the Supervisory Board by way of the election of employees as members of the Supervisory Board completed at the delayed meeting of delegates held on 15 September 2021. Once the election of employee representatives as members of the Supervisory Board was completed at the meeting of delegates held on 15 September 2021, the mandates of the existing employee representatives appointed by the courts as members of the Supervisory Board as well as their mandates as deputy chair of the Supervisory Board and in the committees ended on this date. This affected the mandates of Mr Birkenstock as Deputy Chairman of the Supervisory Board and member of the personnel committee, mediation committee and audit committee, 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.

The Supervisory Board re-elected Mr Birkenstock as Deputy Chairman of the Supervisory Board in its written circular procedure conducted on 14 October 2021, 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 and 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.

Ms Schneider resigned from her mandate as employee representative as a member of the Supervisory Board with effect from the end of 21 January 2022. Ms Schneider's mandate as a member of the audit committee ended at the same time. The replacement member elected by employees, Ms Marion Fricker, was promoted to member of the Supervisory Board with effect from 22 January 2022. In its circular procedure conducted on 14 February 2022, the Supervisory Board elected Mr Schiweck to succeed Ms Schneider as a member 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 2021.

Wiesbaden, 28 March 2022

The Supervisory Board

Dr Riese Chairman	Birkenstock Co-Chairman	Abel
Bertels	Deneke-Jöhrens	Fricker
Gerdes	Knöpfle	Kolak
Krömer	Schiweck	Schmidt
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 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 property and 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

Shareholders' 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 shareholders' 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, Bausparkasse Schwäbisch Hall, Union Investment, VR Leasing.

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Du bist nicht allein.