ANNUAL REPORT 2011

R+V Versicherung AG

Volksbanken Raiffeisenbanken
cooperative financial network

R+V Versicherung AG

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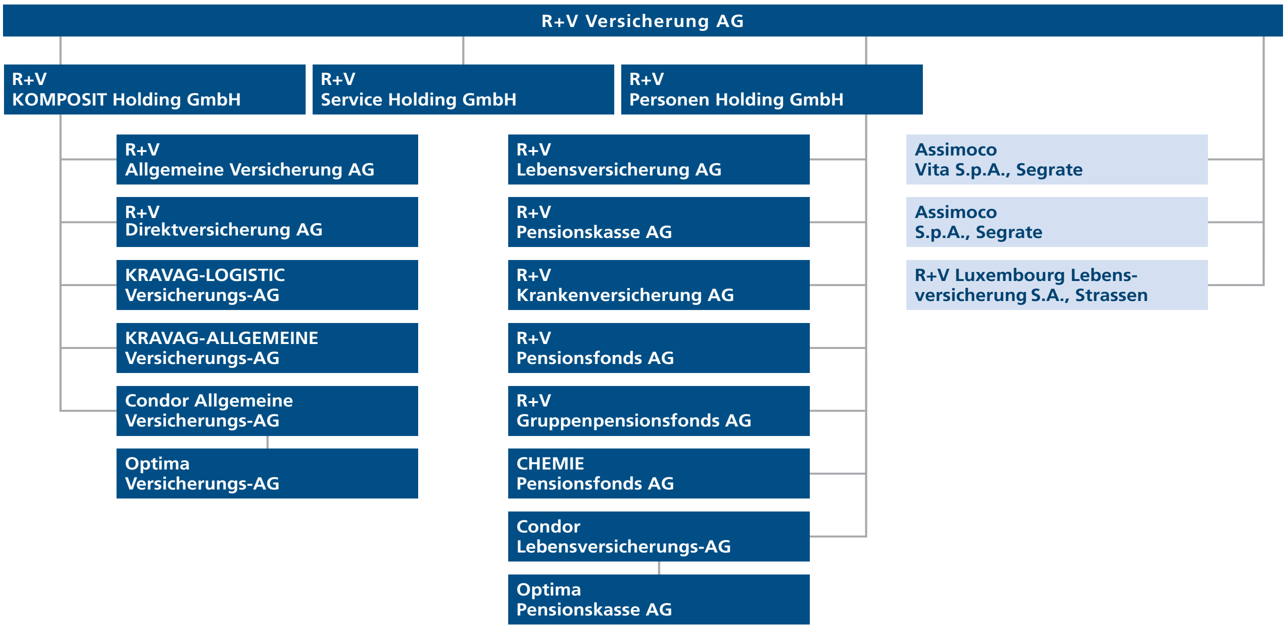
Registered at Wiesbaden Local Court HRB 7934

Annual report 2011

Submitted for the ordinary Annual General Meeting
on 30 May 2012

R+V Consolidated Group – simplified presentation



Domestic Consolidated Group companies   Foreign Consolidated Group companies

FIGURES RELATING TO THE FISCAL YEAR

in EUR million	R+V Versicherung AG	
	2011	**2010**
Gross premiums written	1,492	1,371
Gross expenditure on claims in the fiscal year	1,009	957
Current income from capital investments	362	283
Capital investments	3,653	3,387
Number of employees on 31 December	407	356
Gross premiums written		
Direct domestic business of the R+V Group (HGB)	10,088	9,692
R+V Group (IFRS)	11,332	11,105
Annual result – R+V Group (IFRS)	181	261
Capital investments – R+V Group (IFRS)	61,143	60,008

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Management Report

Business development and basic 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 Consolidated Group.

R+V Versicherung AG acts as the central reinsurer for the direct insurance companies belonging to R+V. In addition, it also acts independently on the international reinsurance market. It provides reinsurance services worldwide in all classes. The reinsurance business is primarily conducted from the Head Office in Wiesbaden. The Group's interests in South East Asia are managed by the branch office in Singapore, which was established in 1997.

Organisation and legal structure

The majority of the directly and indirectly held shares in R+V Versicherung AG are owned by DZ BANK AG Deutsche Zentral-Genossenschaftsbank. Additional shares are held by WGZ BANK AG Westdeutsche Genossenschafts-Zentralbank and other cooperative associations and institutes. The Board of Management of R+V Versicherung AG is responsible for the whole insurance business within the DZ BANK Group.

The R+V Versicherung AG subsidiaries, R+V KOMPOSIT Holding GmbH and R+V Personen Holding GmbH bundle the holdings in the subsidiaries in the business segments, property and accident insurance, and life and health insurance. Moreover, the service provider subsidiaries are brought together under R+V Service Holding GmbH.

R+V KOMPOSIT Holding GmbH has direct and indirect holdings in the following domestic property and accident insurance companies:

- R+V Allgemeine Versicherung AG
- R+V Direktversicherung AG
- KRAVAG-LOGISTIC Versicherungs-Aktiengesellschaft
- KRAVAG-ALLGEMEINE Versicherungs-Aktiengesellschaft
- Condor Allgemeine Versicherungs-Aktiengesellschaft
- Optima Versicherungs-Aktiengesellschaft

R+V Personen Holding GmbH holds shares directly and indirectly in the domestic life and health insurance companies of the R+V Consolidated Group:

- R+V Lebensversicherung AG
- R+V Pensionskasse AG
- R+V Krankenversicherung AG
- R+V Pensionsfonds AG
- R+V Gruppenpensionsfonds AG
- CHEMIE Pensionsfonds AG
- Condor Lebensversicherungs-Aktiengesellschaft
- Optima Pensionskasse Aktiengesellschaft

R+V Service Holding GmbH primarily has holdings in the following service provider companies:

- R+V Service Center GmbH
- carexpert Kfz-Sachverständigen GmbH
- compertis Beratungsgesellschaft für betriebliches Vorsorgemanagement GmbH
- GWG Gesellschaft für Wohnungs- und Gewerbebau Baden-Württemberg AG
- UMB Unternehmens-Managementberatungs GmbH
- R+V Rechtsschutz Schadenregulierungs-GmbH
- Sprint Sanierung GmbH
- HumanProtect Consulting GmbH

The individual financial statements of R+V Versicherung AG have been prepared in accordance with the provisions of the German Commercial Code (HGB). In addition, the company also prepares a consolidated financial statement in accordance with IFRS.

The positions on the Board of Management of R+V companies are held in part by the same persons. The R+V Consolidated Group is managed as a uniform company.

R+V Versicherung AG has concluded profit and loss transfer agreements with R+V KOMPOSIT Holding GmbH, R+V Personen Holding GmbH and R+V Service Holding GmbH. The profit and loss transfer agreement between R+V Versicherung AG and R+V Lebensversicherung AG ended on 31 December 2010 and was replaced by a profit and loss transfer agreement between R+V Personen Holding GmbH and R+V Lebensversicherung AG that came into effect as of 2011. Moreover, R+V Personen Holding GmbH has concluded a profit and loss transfer agreement with Condor Lebensversicherungs-AG that came into effect as of 2011.

R+V KOMPOSIT Holding GmbH has concluded profit and loss transfer agreements with R+V Allgemeine Versicherung AG, R+V Direktversicherung AG and Condor Allgemeine Versicherungs-Aktiengesellschaft. There is also a profit and loss transfer agreement between Condor Allgemeine Versicherungs-Aktiengesellschaft and Optima Versicherungs-Aktiengesellschaft.

R+V Service Holding GmbH has concluded profit and loss transfer agreements with R+V Service Center GmbH, UMB Unternehmens-Managementberatungs GmbH, PASCON GmbH and with R+V Rechtsschutz Schadenregulierungs-GmbH.

There is a further profit and loss transfer agreement between Condor Lebensversicherungs-Aktiengesellschaft and CI Condor Immobilien GmbH. The profit and loss transfer agreement between R+V Gruppenpensionsfonds AG and R+V Gruppenpensionsfonds Service GmbH ended on 31 December 2011.

The uniform management of the R+V Group is in addition reflected in the extensive function outsourcing and service agreements concluded between the companies.

Shareholder structure

On the reporting date, the shares of R+V Versicherung AG were held directly or indirectly by the following shareholders:

- DZ BANK AG Deutsche Zentral-Genossenschaftsbank, Frankfurt/Main
- WGZ Bank AG Westdeutsche Genossenschafts-Zentralbank, Düsseldorf
- Bayerische Raiffeisen Beteiligungs-AG, Beilngries
- Genossenschaftliche Beteiligungsgesellschaft Kurhessen AG, Kassel
- Beteiligungs-AG der Bayerischen Volksbanken, Pöcking
- Norddeutsche Genossenschaftliche Beteiligungs-AG, Hanover
- KRAVAG-SACH Versicherung des Deutschen Kraftverkehrs VaG, Hamburg
- 706 Volksbanks and Raiffeisenbanks throughout Germany
- 7 shares in free float

Relations to affiliated companies

In the report concerning relations with affiliated companies, which was prepared in accordance with Section 312 of the Aktiengesetz (AktG - German Public Limited Companies Act), the Board of Management declared that according to the circumstances known to it at the time, the transactions mentioned in the report had been carried out, adequate consideration had been received for each legal transaction and that it did not take or fail to take any measures subject to disclosure that put the company at a disadvantage.

Personnel report

The number of employees of R+V Versicherung AG increased by 51 employees to 407, compared to 356 employees in the previous year. The average length of staff membership was approximately 11 years.

As an attractive employer, R+V consistently pursues an HR strategy that aims primarily for employee commitment and the safeguarding of sustainable skills. In the fight for talent, the company is strongly committed to training junior staff. Consequently, in this regard, R+V offers numerous career opportunities for secondary-school leavers, such as work-study courses:

– Bachelor of Science and Insurance and Finance alongside training as an insurance and financial advisor, specialising in insurance in Wiesbaden and Frankfurt
– Bachelor of Arts in Insurance and Finance (Cooperative University) in Stuttgart as well as
– Bachelor of Science in Information Systems alongside training as a qualified IT specialist, specialising in application development in Wiesbaden.

Vocational education positions with qualification as an insurance and finance advisor specialising in insurance, information technology and application development are also available.

The office or field-based trainee programmes are entry level and training programmes for secondary school leavers. Each year, approximately 15 to 20 committed young professionals begin an office-based trainee programme at R+V in various specialist areas after completing their studies. The field-based trainee programme also offers secondary school leavers various career options. In the reporting year, nine young professionals embarked on this programme – eight on the individual and corporate client advisor training course and one on the sales trainer/sales coach programme.

R+V offers the framework conditions for balancing work and family life through flexible working hours and part-time working arrangements. Comprehensive information and a range of advisory services support employees on issues such as parental leave and the care of relatives. In 2011, parent-child offices were set up in Wiesbaden, Hamburg, Frankfurt and Stuttgart in order to support parents experiencing child-care difficulties. More parent-child offices are planned at other locations.

In 2011, the concept of health management was placed on a new footing as an important element of the HR strategy. Employees and managers are offered the following key components: social counselling, HR measures such as reintegration, health and safety at work, seminars for employees and managers on health-related topics, leisure time activities, e.g. for exercise and relaxation, promotion of company sports associations, health-related measures of the R+V company health insurance fund.

According to company health insurance fund studies, the number of mental illnesses is increasing year on year across the whole of Germany. Empirical studies show that early intervention can prevent the development of mental illnesses. For this reason employees receive support through social counselling and, where needed, psychological crisis counselling and urgent intervention by HumanProtect. HumanProtect Consulting GmbH, which celebrated its 10-year anniversary in 2011, is a subsidiary of R+V.

As part of its health management at work, R+V opened a company fitness centre at the Wiesbaden site in 2011 offering attractive terms and conditions. Here, employees can exercise under the instruction of qualified trainers thereby preventing muscular and skeletal problems as well as heart disease. The response by employees to the new sport initiative has been thoroughly positive. The setting up of fitness areas for local company sports associations will be considered at decentralised sites, such as Stuttgart, Hanover and Frankfurt.

R+V carries out an employee survey across the company every two years and conducted one of these surveys in 2011. The return rate rose from 73% in 2009 to 76%. The employee commitment index increased from 79% in 2009 to 81% in 2011. However, the comparative benchmark value of other companies surveyed in the German insurance industry deteriorated significantly during the same period from 70% to 64%. Consequently, R+V has also with regard to employee commitment clearly set itself apart from the market in a positive manner.

With the introduction of a new Intranet, based on the technical platform Microsoft Sharepoint, R+V has reached a new level in terms of the internal presentation of employee information and communication. In addition to the known editorial work in a content management system, the new work resources platform enables most forms of modern cooperation and communication. R+V made a conscious decision to use the social media module discussion forum, blog and Wiki throughout the company. Over the next few years, R+V will promote and support the ensuing cultural change in internal communication and cooperation.

Sustainability report

Responsibility for the environment, society, customers and employees traditionally plays a central role in R+V's business policy. R+V carried out projects in the area of sustainability again in 2011 with considerable success. R+V was awarded the coveted 'Prime Status' for particularly sustainable companies by the rating agency oekom research as part of the rating of the DZ BANK Group. This highly coveted quality seal certifies an above-average commitment to the environment and social issues. Approximately 70 individual indicators from all R+V departments were incorporated into the rating. The oekom analysts assessed, among others, the training and further training opportunities, measures for ensuring fair business processes and the integration of environmental factors into the products.

Furthermore, Condor Versicherungen and KRAVAG-ALLGEMEINE Versicherungs-AG achieved top places in the 'Sustainable customer orientation in the insurance industry' competition. In the study conducted by the market research institute ServiceValue GmbH and AMC Finanzmarkt GmbH, the 5,700 insurance customers of Condor and KRAVAG who were surveyed attested to a particularly sustainable customer focus and high level of social and environmental responsibility.

Social and environmental responsibility have been firmly anchored in all decision-making processes of the entire R+V Group for a long time and will continue to assume a prominent position in the future. In order to improve the integration of the diverse activities, a decision was made to create the positions of sustainability officer and environmental protection officer in spring 2012. Both employees will coordinate and control the implementation of the R+V guidelines on sustainability and environmental protection across the Group. They will also develop concepts regarding how R+V can further enhance its commitment to sustainability.

From 2012, R+V will hold regular sustainability conferences on the further development and more intensive integration of sustainability throughout the company. The sustainability officer, together with representatives from all departments and from central management boards, such as the product commission, will produce a quarterly report of the work completed to date and agree on future projects.

Climate protection plays an important role in the R+V sustainability strategy. An exemplary project in this respect is the environmentally friendly approach to communication adopted by R+V: Since 2011, the approximately 32.5 million letters sent to customers each year are sent in a climate friendly manner via the Deutsche Post DHL service, GOGREEN. The carbon dioxide (CO_2) emissions generated when transporting letters are offset in full by investments in climate protection projects. The offsetting volume is significant and stands at approximately 1,000 tons of CO_2 per annum.

R+V has also been practising active climate protection by preventing climate-damaging CO_2 in its new building for approximately 1,200 employees at the Group Head Office in Wiesbaden inaugurated at the end of 2010. The building is supplied with environmentally-friendly geothermal energy and is equipped with an ultramodern and efficient energy management system.

In terms of the future-oriented subject of emission-free mobility, KRAVAG in Hamburg participated in the 'Pilot Region Electric Mobility' initiative and commissioned its own electric vehicle there.

A further focus of R+V's sustainable activity is the creation of attractive workplaces in order to continue the successful development of R+V with motivated employees.

Thanks to its numerous initiatives, such as the parent-child offices and the fitness centre, R+V was awarded the coveted accolade of 'Top Employer in Germany' by the research company CRF for the fourth time in 2011. R+V also entered the Germany-wide competition 'Germany's Best Employer', run by the Great Place to Work® Institute, and was awarded the seal of approval 'Germany's Best Employer 2011' in its first attempt. Its position as an attractive employer offers R+V advantages in terms of the recruitment of qualified specialist staff and binds employees from its own ranks even closer to the company.

Also in 2011 R+V supported numerous community initiatives which have their roots in the corporate concept of 'help for self-help'. These range from the Kinder-Unfallhilfe initiative, which campaigns for increased children's safety on the roads, to a theatre group of people with disabilities run by Lebenshilfe Wiesbaden e.V and the Wiesbaden BürgerKolleg foundation. The BürgerKolleg foundation is the first organisation in Germany to offer educational and training programmes free of charge for volunteer workers in Wiesbaden.

In terms of customer care, the values of partnership and service are traditionally at the forefront. This is documented in R+V's commitment to the code of conduct for the sale of insurance products of the Gesamtverband der Deutschen Versicherungswirtschaft e.V (GDV, or German Insurance Association). The customer-friendly rules of conduct signed by all R+V domestic insurance companies were also a guideline for R+V's work in 2011.

Association memberships

The company is a member of the following associations/organisations among others:

- Gesamtverband der Deutschen Versicherungswirtschaft e.V. (GDV, or German Insurance Association)
- International Cooperative and Mutual Insurance Federation (ICMIF)
- Association of Mutual Insurers and Insurance Cooperatives in Europe (AMICE)
- Association des Professionnels de la Réassurance en France (APREF)

Important legal and financial influences

Macroeconomic development in 2011

In spite of the debt crisis in Europe, economic trends in Germany continued to prove unusually robust in 2011. Gross domestic product went up by 3.0% compared with 3.7% in the previous year. There were positive developments in the employment market. The number of people registered as unemployed fell to just below the three million mark thereby reaching its lowest level for a decade.

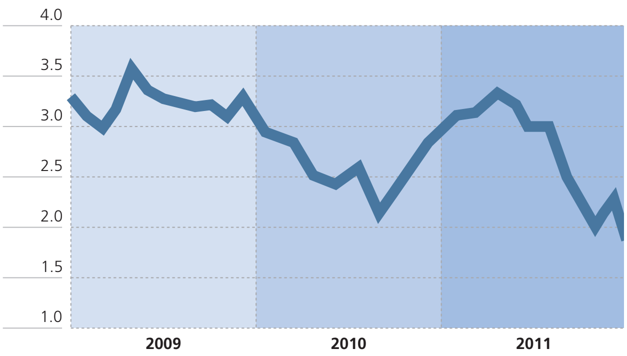
Developments on the capital markets

In 2011, the capital markets were dominated by the sovereign debt crisis and the resulting economic recession. The crisis in individual countries in Europe escalated into a eurozone crisis and a global sovereign debt crisis. The USA had its highest rating, the AAA rating, revoked by one of the largest rating agencies. Many eurozone countries and their affiliated banks have had to accept significant rating downgrades. In addition to a significantly deteriorating economic situation, there were also special factors such as the nuclear disaster in Japan, caused by the earthquake in March, and political unrest in the Arab countries.

The sovereign debt crisis forced the peripheral eurozone countries in particular to introduce austerity measures which were in part accompanied by changes of government and economic downturns. It led to the European Central Bank (ECB) purchasing government bonds – for the first time ever and contrary to its policy – and to the creation of new European Institutions such as the European Financial Stability Facility and the European Financial Stability Mechanism in order to combat future crises. The new rescue package for Greece was anchored by the involvement of a large number of private creditors which led to an investment blockade. In addition to Greece, Portugal and Ireland, which were no longer able to refinance themselves on the capital market, this was also becoming increasingly difficult for Spain and Italy. Many markets experienced risk aversion which had a ripple effect.

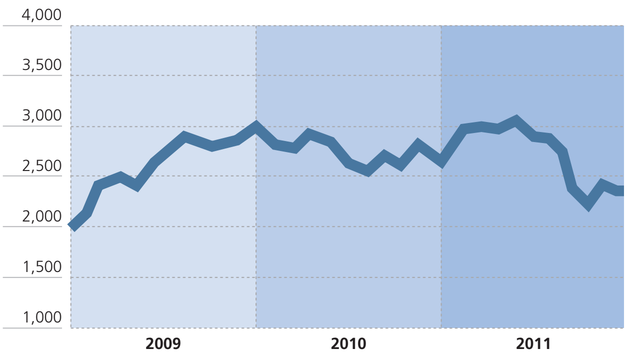
YIELD FEDERAL GOVERNMENT BONDS – 10 YEARS RESIDUAL TERM

in percent



DEVELOPMENT STOCK INDEX EURO STOXX 50

Index



The developments created a divided picture over the course of the year. Whilst limited optimism regarding the economic situation and the hope of a solution to the crisis still dominated in the first six months of the year, in the second six months, the capital market was defined by fears of recession and a deepening of the crisis. The ECB withdrew its interest rate increases. The interest rates for 10-year German government bonds halved during the course of the year falling to a historic low of just under 1.7% and only recovered slightly to 1.8% by the end of the year. The divergence of interest rates in the eurozone countries increased significantly; the interest rates for ten-year government bonds in Italy increased temporarily to 7.2% and in Portugal to as high as 14.0%. Interest charges also increased significantly for all peripheral capital assets, first and foremost for bank bonds.

These developments were also reflected on the equity markets. In the first six months of the year, the equity market index benchmark for the eurozone, EuroStoxx 50, fluctuated between 2,700 and 3,100 points. It fell sharply between July and September, for a time by approximately one third, from a year high to a year low. At the end of year it stood at 2,316 points, thus showing a decline for the whole year of 18.4%. The DAX German share index fell by 15.6%.

Insurance business situation

German insurers were able to show stable business trends in 2011 and, in spite of the continued worsening of the debt crisis in Europe, they only had to contend with slight losses in gross premium income. This decline is attributable primarily to the normalisation of one-off premium business that was sought after in the industry

In life insurance, an increase in current new business premiums was accompanied by a decline in one-off premiums. Consequently, new business pushed ahead of current premiums by 8.2%. Conversely, following extremely strong growth in the preceding years, one-off premiums fell by one sixth from 26.8 to 22.4 bn euros. Overall, the life insurers generated gross premiums of 86.6 bn euros, a fall of 4.2%. The cancellation ratio fell again according to GDV and now concerns approximately 3.5% of policies.

Private health insurers continued their growth course and recorded an increase in premiums of 4.9% to 34.9 bn euros. Approximately 32.8 bn euros were applicable to comprehensive and supplementary insurance and 2.1 bn euros to long-term care insurance.

OVERALL FIGURES FOR THE SECTOR

	2011 EUR billion	Change from previous year
Gross premium income domestic	178.1	– 0.4%
Insurance services from direct insurers	147.7	+ 7.0%

DEVELOPMENTS OF THE LIFE INSURANCE CLASS*

	2011 EUR billion	Change from previous year
Gross premiums written	86.6	– 4.2%
Number of new policies	6.5 million	+ 2.3%
Total new business premiums	28.7	– 12.2%

*GDV (German Insurance Association) figures (life insurers, pension investment funds, pension funds), Status January 2012

The upward trend in property and accident insurance in the previous year came to an end. Premium income increased to 56.7 bn euros (+ 2.7%). The positive trends in motor insurance, where premium income increased by 3.5%, made a crucial contribution to this. According to provisional GDV information, the other insurance branches also generated increases in premiums. Claims payments increased to 44.4 bn euros (+ 2.6%) in 2011.

Development on the reinsurance markets

2011 proved to be a challenging year for the reinsurance industry. The unusual accumulation of severe natural disasters as well as lower profits from capital investments reduced the earning power of the sector.

In chronological terms, the first quarter was particularly catastrophic in the Pacific region and in Eastern Asia. In addition to severe flooding in Queensland, North Eastern Australia also had to contend with cyclone Yasi in January which hit the coast on 3 February at wind speeds of up to 280 km/h. The New Zealand city of Christchurch was also hit by another severe earthquake in February. Although the event was barely noticeable in the European media, insured losses amounted to significantly more than 10 bn US dollars. Just two weeks later the biggest loss of 2011 occurred. Measuring 9.0 on the Richter scale, an earthquake struck Honshu, the main island of Japan, causing a tsunami. Insured losses are estimated at more than 30 billion US dollars and make this event the most expensive earthquake the insurance industry has experienced to date.

Driven by, among others, an extreme stormy season in the USA with hundreds of tornados, which primarily affected the states of Alabama, Missouri and Tennessee, by the middle of the year the global financial losses had risen to a value which even exceeded the previously most expensive year, 2005.

In spite of an active hurricane season with seven named hurricanes and twelve named tropical storms as well as the flood in Bangkok, the loss situation did not deteriorate any further in the second half of the year. Although the losses incurred by insurance companies over the whole year in 2011 added up to a high level comparable with the record year of 2005, the reinsurance industry was in a position to carry the costs thanks to its good capitalisation and again underlined its importance in the offsetting of financial losses. The capital strength of reinsurance companies was also confirmed by the rating agencies which continued to assess the industry positively due to the good capitalisation.

Whilst stable to slightly declining ratios were observed in the renewal negotiations at the beginning of 2011, rates rises were recorded from the first quarter primarily in the loss burdened segments and those affected by natural disasters. The loss situation, the weak return on capital and the euro crisis also allow the conclusion of stable to increasing rates for the next renewals.

In **France**, 2011 was a year characterised by relatively low losses in the direct insurance sector. Although the South East of the country was affected by major flooding at the end of the

DEVELOPMENTS OF THE HEALTH INSURANCE CLASS*

	2011 EUR billion	Change from previous year
Gross premiums written	34.9	+ 4.9%
thereof comprehensive and supplementary insurance	32.8	+ 5.1%
Care insurance	2.1	+ 2.1%
Insurance services	23.1	+ 5.5%

*GDV (German Insurance Association) figures, Status November 2011

DEVELOPMENTS OF PROPERTY AND ACCIDENT INSURANCE*

	2011 EUR billion	Change from previous year
Gross premiums written		
Property/Accident total	56.7	+ 2.7%
Motor	20.9	+ 3.5%
General liability	7.0	+ 2.5%
Accident insurance	6.5	+ 1.0%
Legal protection insurance	3.3	+ 2.5%
Non-life insurance	15.4	+ 1.8%
Insurance services	44.4	+ 2.6%

*GDV (German Insurance Association) figures, Status November 2011

year, a large part of the losses is set to be borne ultimately by the state reinsurer CCR (Caisse Centrale de Réassurance). Moderate increases in premiums were recorded. Consequently, premiums picked up slightly in the property insurance sector in particular after adjustment of the building costs index. The motor class was also able to record growth.

The insurance market in the **UK** was extremely diverse in 2011. Robust increases in rates were enforceable in the private motor business. Airline business was stable and rates continued to come under pressure in the fire business.

After numerous natural disasters and years of aggressive price struggle, the insurance industry in **Ireland** was able, at least in parts, to implement urgently required increases in rates. In 2011, there was significant frost damage again in January and flooding in Dublin at the end of October.

Several new start-ups were observed in the **Scandinavian** direct insurance market, occurring as a result of focussing on special customer groups alongside the established providers. The original rate level in the private customer segment proved adequate; in the case of high-value risks, however, it continues to be geared towards competition. The motor classes were profitable. The transport classes absorbed average losses.

The floods in Copenhagen due to the heavy rain in the middle of the year led to considerable costs for direct insurers and reinsurers. In order to contain the claims burden for comparable events in the future, changes in the scope of cover of original policies are indicated. Storms or other major events were not recorded.

Since the capital basis of many Eastern European insurance companies is already provided by Western European insurance groups, the consolidation process clearly slowed down in **Eastern Europe**.

The direct insurance markets in Hungary, Poland, Romania and Bulgaria continued to be marked by fierce competition. The economic situation in many Eastern European countries has eased in the meantime. Consequently, in some markets, it was possible to match previous growth rates. A significant increase in reinsurance costs was noted in 2011 due to the natural disasters in 2010. Severe natural disasters were missing from the loss side in 2011. This situation will be positively reflected in the technical results of the direct insurers.

The **US** direct insurance and reinsurance market was affected by a high incidence and intensity of tornado and hailstorms in the second quarter. The continuous adjustment of sums insured and increase in excesses in original policies were noted positively, which rather pushed the continuing hard struggle for market shares into the background. Greater losses were incurred in the harvest-hail segment due to a dry period in the

South. In spite of a high, above average number of tropical storms, the USA was spared severe hurricanes, with the exception of Hurricane Irene, in the second half of the year.

In the **Canadian** reinsurance market, growth pressure in the major companies led to further consolidations. On the loss side, 2011 was characterised by several major fires. In particular the fire in the city of Slave Lake showed a high concentration of risks in some companies. On the reinsurance side, the losses only impacted the programmes that were directly affected. In the direct insurance industry, a stabilisation of rates at a low level was noted in the private client and in the trade and industry business.

The upward trend in the **Latin American** economy clearly continued in 2011. Countries such as Brazil, Chile, Colombia and Peru were again candidates for particular emphasis in this context. The commitment of foreign insurance companies in the region continued especially due to the part of Spain. As before there was sufficient reinsurance capacity available in South America. The positive technical price awareness recorded in the main markets in the previous year dwindled as competition increased. With solid growth, Brazil continued to be the largest insurance market in Latin America by far.

In **Japan,** one of strongest earthquakes ever recorded and the tsunami it caused led to devastating damage to property and personal injury. An estimated 16,000 people died and a further 5,000 are still considered missing. The macro-economic losses were estimated at over 300 bn US dollars and insured losses at over 30 bn US dollars. Both the direct insurance costs and the reinsurance costs for earthquake cover increased dramatically in response to this event.

In the first quarter of the year the **Australian** state of Queensland was affected by several natural disasters. Both the floods, which in terms of size covered an area equivalent to France and Germany and also affected the densely populated city of Brisbane, and cyclone Yasi resulted in considerable insured losses. In addition to this, an offshoot of the cyclone caused large-scale flooding in the state of Victoria near the city of Melbourne several thousand kilometres away. The renewal of reinsurance policies was in this respect marked by huge price increases.

After the **New Zealand** city of Christchurch was hit by a major earthquake in September 2010, another one followed in February almost directly underneath the centre of the country's second largest city. The consequences of this earthquake will be difficult to overcome for many years to come as large areas of the city centre were destroyed. In addition, aftershocks led to further, but more minor damage to property. The reinsurance cover by the insurers could only be placed with significant price increases.

2011 was also a challenging year for other parts of **Asia.** Although economic growth continued strongly, concerns over financial stability in European countries and the US economy slowed the tempo. The floods in Thailand turned out to be probably the most costly event in South East Asia. Although the direct insurance companies hardly had to offset any losses in the private sector due to the low insurance density for flood cover, high losses were incurred as a result of breakdowns in the chain of suppliers and production sites of multinational companies, the amount of which has not been possible to estimate to date.

Overview of the business development of R+V Versicherung AG

Against the backdrop of a year marked by natural disasters, the business development of R+V Versicherung AG turned out to be satisfactory in 2011. Premium volume rose by 8.8% to 1.5 bn euros compared with the previous year. Adjusted by the foreign currency effect, premium growth was 8.2% compared with the same period in the previous year. Within premium income, the share of non-proportional reinsurance rose to 29.4% (2010: 27.1%).

PREMIUM INCOME BROKEN DOWN ACCORDING TO THE KEY INSURANCE CLASSES

EUR million	2011 Gross	2010 Gross	Change Gross %	2011 Net	2010 Net	Change Net %
Life	28.2	28.0	0.7	13.4	11.4	17.1
Accident	49.8	52.8	-5.8	49.7	52.5	-5.4
Liability	52.8	56.5	-6.7	52.6	56.4	-6.7
Motor	387.8	334.8	15.8	384.2	331.0	16.1
Fire	409.3	387.8	5.5	404.3	380.1	6.4
Marine & Aviation	92.9	94.2	-1.4	92.9	93.7	-0.9
Others	471.7	417.1	13.1	461.5	403.9	14.2
Total	**1,492.4**	**1,371.2**	**8.8**	**1,458.5**	**1,329.0**	**9.7**

In domestic Group business, as in previous years, the significantly increased premiums in the motor classes of the direct insurance companies had a particular impact. Moreover, there were increases in written premiums in the accident and liability classes. Outside Group business, the subscribed premium volume from domestic cedents, particularly in the motor and accident classes also increased significantly.

The strategic orientation of R+V Versicherung AG towards a diversified geographical risk portfolio was shown in the continued major importance of foreign business: written gross premiums rose by 8.0% to 1,056.5 m euros (2010: 978.4 m euros), so that the share of foreign business in total premiums was 70.8% (2010: 71.4%). Here, significant premium increases were achieved in the reinsurance markets in the USA and the UK as well as in the markets attended by the Singapore branch.

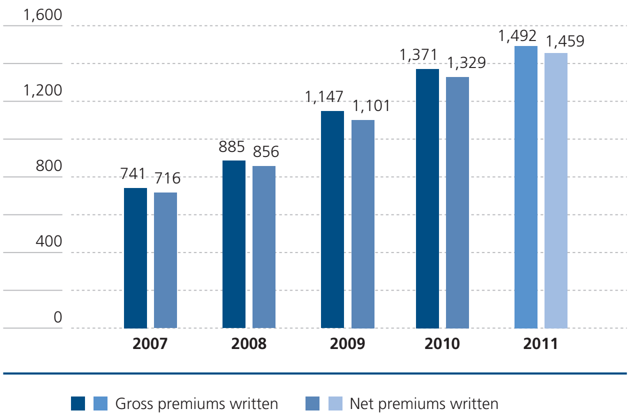
With the rise in written gross premiums, the written net premiums also rose by 9.7% to 1,458.5 m euros (2010: 1,329.0 m euros). At 97.7%, the retention rate remained at the high level of the previous year.

REINSURANCE KEY PERFORMANCE INDICATORS

EUR million	2011 Total Gross	thereof Group Gross	thereof external Gross	2010 Total Gross	thereof Group Gross	thereof external Gross
Written premiums	1,492.4	331.1	1,161.3	1,371.2	312.9	1,058.3
Domestic	435.9	326.8	109.1	392.7	305.7	87.0
Foreign	1,056.5	4.3	1,052.2	978.4	7.1	971.3
Claim	1,196.5	261.3	935.2	1,046.9	256.3	790.6
Domestic	329.2	259.4	69.7	313.9	250.6	63.3
Foreign	867.3	1.9	865.4	733.0	5.7	727.3
Costs	378.1	84.2	293.8	339.6	78.3	261.2
Domestic	110.8	82.7	28.0	96.5	74.2	22.3
Foreign	267.3	1.5	265.8	243.1	4.1	239.0
Result before equalisation provision	-76.4	-4.7	-71.8	-28.7	-19.0	-9.7
Domestic	1.8	-8.5	10.3	-15.3	-16.6	1.2
Foreign	-78.3	3.8	-82.1	-13.4	-2.4	-11.0

PREMIUMS WRITTEN

EUR million



TOTAL BUSINESS NON-LIFE

	2009	2010	2011
Reported gross loss ratio	73.9	77.5	80.2
Gross expenses ratio	26.4	25.1	25.1
Gross combined ratio	100.3	102.6	105.3

A high number of weather-related disasters and the extreme cumulation of major earthquakes led to 2011 being the year with the highest overall losses from natural disasters to date. Although a smaller number of approximately 820 natural disasters was registered than in the previous year, the overall financial losses of approximately 380 bn US dollars worldwide were almost two thirds higher than in 2005, the most loss intensive year to date. Particularly the earthquakes in Japan and New Zealand, the series of tornados in the USA, the floods in Brisbane/Australia and Thailand as well as cyclone Yasi in Australia impacted on R+V Versicherung AG. Also Hurricane Irene, which devastated the Eastern seaboard of the USA, put pressure on the result. In total, the gross major loss charges (losses > 3.0 m euros) as at 31 December 2011 were 376.4 m euros which corresponded to 25.2% of gross premiums. The reported gross loss ratio amounted in the reporting year in the non-life segment to 80.2% (2010: 77.5%). As a result, the combined gross loss/expenditure ratio in this business segment was 105.3% compared with 102.6% in the previous year.

Prior to the change in the equalisation provision and similar provisions, the technical result for total business fell by 59.7 m euros in the reporting year to - 96.0 m euros (2010: - 36.3 m euros). The equalisation provision and similar provisions were reinforced by an allocation of 98.7 m euros (2010: 10.4 m euros) resulting in an own account technical result of - 194.7 m euros (2010: - 46.7 m euros).

The result from capital investments amounted to 342.8 m euros in the reporting year (2010: 273.7 m euros). This was indirectly marked by the profit and loss transfer agreements with the two large group companies R+V Lebensversicherung AG and R+V Allgemeine Versicherung AG. Furthermore, the capital investments result includes dividends from R+V Luxembourg Lebensversicherung S.A.

The balance from other income and other expenditure improved to - 6.3 m euros (2010: - 7.2 m euros).

Extraordinary expenditure of 2.6 m euros resulted from a changed valuation of pension obligations in the previous year in the context of the BilMoG.

After taking tax expenditure of 40.7 m euros into account (2010: 40.3 m euros), a net income of 95.2 m euros remained for the year (2010: 176.3 m euros).

Business developments in the individual classes

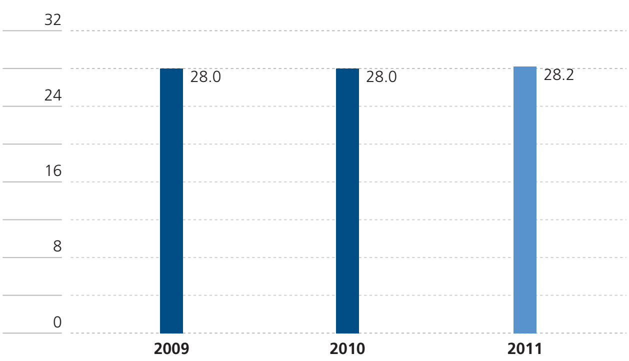
Life

Gross premium income at previous year's level

The active writing of life reinsurance business was discontinued in 2004. The extension of the portfolio in 2011 to 7.8 m euros is attributable on the one hand to the restructuring of the takeover by Assimoco Vita and, on the other hand, to the

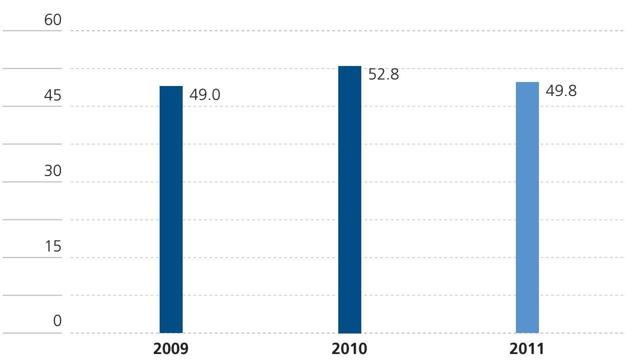
LIFE GROSS PREMIUMS

EUR million



ACCIDENT GROSS PREMIUMS

EUR million



business taken over by Condor Lebensversicherungs-Aktiengesellschaft. Gross premium income of 28.2 m euros remained at the level of the previous year. Due to a slightly declining settlement result of the loss provisions taken over in the previous year as well as the higher commission expenses for the newly taken over group business compared with the previous year, the class closed with an technical gross profit of 4.7 m euros (2010: 9.2 m euros).

Accident

Significantly improved class result before change to equalisation provision

General accident insurance and motor accident insurance are pooled in the accident insurance branch. As in previous years, general accident insurance was the dominant individual class in the insurance branch with a premium share of 99.1%.

LIFE – PORTFOLIO DEVELOPMENT

EUR million according to total insured		2011	2010
Assumed business Total insured	Capital Annuity	5,933.2 1,888.0	4,702.8 1,418.2
Business ceded Total insured	Capital Annuity	789.0 1,390.7	829.0 937.8
Retained business Total insured	Capital Annuity	5,144.2 497.2	3,873.7 480.3

ACCIDENT

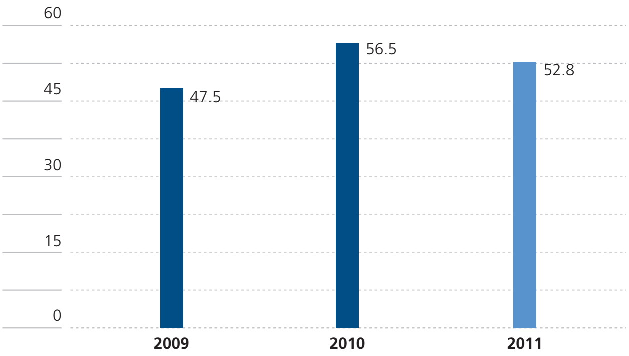
	2009	2010	2011
Reported gross loss ratio	40.4	46.6	34.0
Gross expenses ratio	52.5	49.3	52.8
Gross combined ratio	92.9	95.9	86.7

Written gross premiums of 49.8 m euros were overall 5.8% below the level of the previous year (2010: 52.8 m euros). The improvement in loss expenditure for the fiscal year of 6.4% to 27.7 m euros as well as the settlement result of the loss provisions carried forward from the previous year, which improved in comparison with the previous year by 112.9%, led to a significantly lower reported gross loss ratio of 34.0% (2010: 46.6%).

Gross expenditure on insurance operations rose by 0.8 m euros. Prior to the change in the equalisation provision and similar provisions, the class result improved by 4.6 m euros to 6.8 m euros (2010: 2.2 m euros). Due to claims history the equalisation provision and similar provisions were reinforced by an allocation of 8.9 m euros (2010: 2.5 m euros). The own account technical result was - 2.2 m euros (2010: - 0.6 m euros).

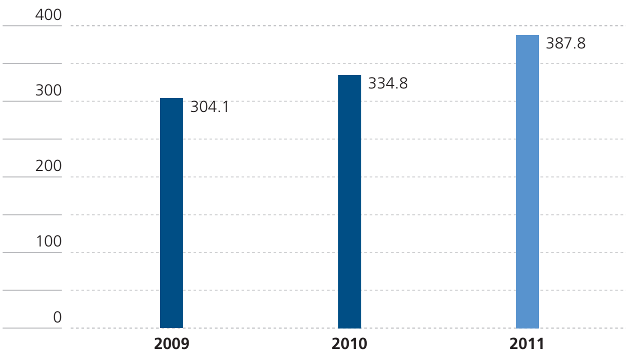
LIABILITY GROSS PREMIUMS

EUR million



MOTOR GROSS PREMIUMS

EUR million



LIABILITY

	2009	2010	2011
Reported gross loss ratio	62.6	86.3	44.2
Gross expenses ratio	34.9	31.9	36.3
Gross combined ratio	97.5	118.2	80.5

MOTOR

	2009	2010	2011
Reported gross loss ratio	86.8	88.8	84.0
Gross expenses ratio	19.8	18.9	17.8
Gross combined ratio	106.5	107.7	101.8

Liability

Significant improvement of combined ratio

Written gross premiums in liability insurance amounted to 52.8 m euros (2010: 56.5 m euros).

The significant improvement in loss expenditure led to a reported loss ratio of 44.2% (2010: 86.3%). The gross expenses ratio stood at 36.3% (2010: 31.9%) due to the increase in expenditure in the general liability class. The combined gross loss/expenses ratio amounted to 80.5% compared with 118.2% in the previous year.

The technical result of the class closed with a net profit before equalisation provision and similar provisions of 10.3 m euros (2010: - 10.1 m euros). After taking an allocation to the equalisation provision of 16.0 m euros into account (2010: withdrawal of 3.8 m euros) this produced an own account technical result of - 5.7 m euros (2010: - 6.3 m euros).

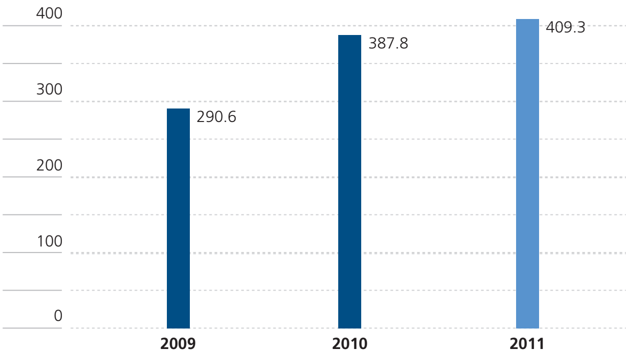
Motor

Positive premium development once again in a competitive market

Motor insurance, which underwrites business worldwide, is among the target classes of R+V Versicherung AG, with a share of 26.0% of written gross premiums. Almost two thirds (63.3%) of premium volume in this class is contributed by companies within the R+V Group, which profit from their strong domestic market share. In the highly competitive motor reinsurance market, R+V was also in 2011 able to achieve premium growth of 15.8% in total to 387.8 m euros (2010: 334.8 m euros). Growth in the domestic market was 11.7%.

FIRE GROSS PREMIUMS

EUR million



FIRE

	2009	2010	2011
Reported gross loss ratio	70.3	93.8	124.6
Gross expenses ratio	27.4	25.7	26.0
Gross combined ratio	97.7	119.5	150.6

The fiscal year loss ratio fell to 92.7% as a result of a disproportionate increase in losses (2010: 96.5%). Supported by a significant improvement in the settlement result of the loss provisions taken over in the previous year, the reported gross loss ratio of 84.0% (2010: 88.8%). was significantly below the level in the previous year.

In connection with the increased operating expenses of 68.5 m euros (2010: 63.0 m euros), the own account class result improved on the previous year by 17.8 m euros to - 13.0 m euros (2010: - 30.8 m euros). A transfer to the equalisation provision and similar provisions of 20.7 m euros (2010: 2.9 m euros), was made to the equalisation provision and similar provisions; the own account technical result was 33.6 million euros (2010: - 33.7 m euros).

Fire

Class marked by natural disasters

As a result of the positive renewal, written premiums increased to 409.3 m euros (2010: 387.8 m euros). Fire insurance business was largely assumed by cedents from outside the R+V Group. 367.7 m euros were accounted for by the foreign market, or 89.8% of gross premiums.

Fire insurance was affected by major losses of 304.7 m euros in the fiscal year. These resulted from various loss events due to earthquakes, hurricanes, floods and hail storms. The reported gross loss ratio rose to 124.6% (2010: 93.8%). Including expenditure on insurance operations, this resulted in a gross combined loss/expenses ratio of 150.6% (2010: 119.5%). During the reporting year, the class closed with an own account technical loss of - 209.7 m euros (2010: - 66.6 m euros) prior to the change in the equalisation provision and similar provisions. After the full withdrawal dependent on claims history from the equalisation provision and similar provisions of 37.3 m euros (2010: 62.3 m euros) this resulted in a technical result of - 172.4 m euros (2010: - 4.3 m euros).

Marine and aviation

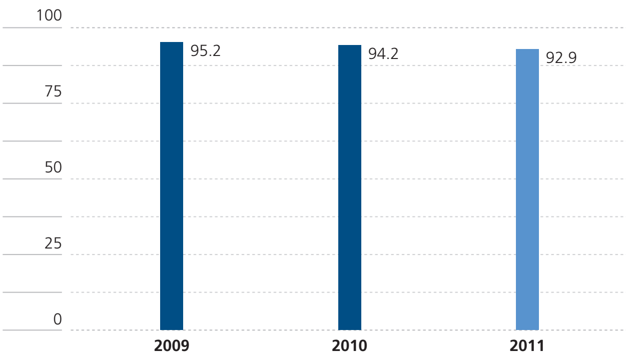
Significantly improved own account result

Written gross premiums in the marine and aviation business amounted to 92.9 m euros in the reporting year (2010: 94.2 m euros) and were thus slightly below the level of the previous year. The cause of this is 2.6% decline in premiums in aviation insurance. The most important markets according to premium volumes were Italy for marine as previously and the USA again for aviation.

The reported gross loss ratio improved significantly compared with the previous year to 51.5% (2010: 72.7%). By including the gross expenses ratio, which rose to 24.4% (2010: 22.4%), the class closed with an own account technical profit of 22.7 m euros (2010: 5.7 m euros). The equalisation provision and sim-

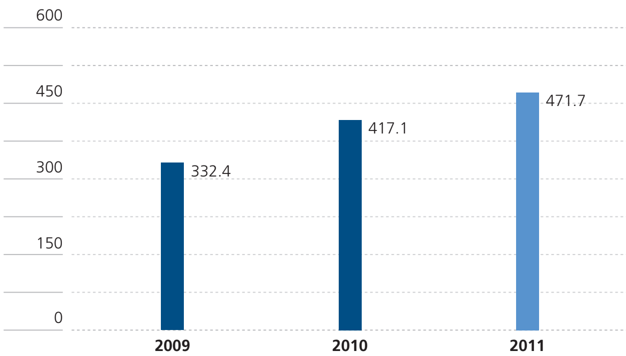
MARINE & AVIATION GROSS PREMIUMS

in Mio. Euro



OTHER INSURANCE CLASSES GROSS PREMIUMS

EUR million



MARINE AND AVIATION

	2009	2010	2011
Reported gross loss ratio	65.0	72.7	51.5
Gross expenses ratio	23.9	22.4	24.4
Gross combined ratio	88.9	95.1	75.8

OTHER CLASSES

	2009	2010	2011
Reported gross loss ratio	74.2	56.8	54.0
Gross expenses ratio	27.3	26.3	26.1
Gross combined ratio	101.5	83.1	80.1

ilar provisions were reinforced by 11.0 m euros (2010: 6.9 m euros). The own account technical profit amounted to 11.7 m euros (2010: - 1.2 m euros).

Other classes

Double digit premium growth again

The classes health, legal protection, comprehensive home contents and comprehensive home-owners, other property insurance, other insurance as well as credit and bond insurance are reported under other insurance. The category of other property insurance brings together the classes burglary and theft, engineering, water damage, glass, storm, hail and livestock insurance. Other insurance includes the classes all-risks and fidelity losses as well as nuclear facility property insurance.

With an increase in premiums of 13.1% to 471.7 m euros (2010: 417.1 m euros) the other insurance class once again recorded an impressive development. Within the other insurance classes, premium growth in credit and bond insurance dominated, amounting to 13.2%. Written gross premiums increased to 194.5 m euros (2010: 171.8 m euros). A further growth impulse came from storm insurance, where written premiums increased by 12.0% to 151.4 m euros (2010: 135.2 m euros).

On the loss side, the individual insurance classes showed a varied development. There were significant loss improvements in credit and bond insurance, where loss expenditure fell by 36.2 m euros. The gross fiscal year loss ratio in credit and bond insurance improved to 30.6% (2010: 38.0%). The reported gross loss ratio also fell to 34.6% (2010: 62.7%).

After the reported gross loss ratio in storm insurance improved in the previous year, the impact resulting from the natural disasters reflected in the reporting year. The reported gross loss ratio was 73.5% (2010: 49.4%).

Overall the other insurance classes showed an own account technical result after consideration of the changes in the equalisation provision and similar provisions of 6.2 m euros (2010: - 4.7 m euros).

Summary appraisal of the course of business

R+V Versicherung AG continued its positive development in 2011 and expanded its business. Premium income rose by 8.8% in comparison with the previous year. The increased number of major losses in the wake of a series of the severest natural disasters led to a significant increase in loss expenses in the reporting year.

The gross expenditure ratio increased slightly compared with the previous year. The own account technical loss increased compared with the previous year. The equalisation provision was reinforced in line with claims history.

The capital investment result was 25.2% above the value of the previous period.

Overall, in 2011 R+V Versicherung AG generated net income of 95.2 m euros, compared with 176.3 m euros in the previous year.

R+V Versicherung AG also succeeded in this difficult fiscal year in proving its financial success. A significant contribution is made in this respect by the quality standards in the underwriting, pricing and loss management that the company applies when underwriting and processing reinsurance business. The internal risk management and control system supports the company's management and guarantees that risks are recognised and avoided. The high level of qualification and motivation of the staff are further important factors for the success of the company.

Profitability

Technical results

The gross technical result fell by 47.7 m euros to - 76.4 m euros (2010: - 28.7 m euros) in comparison with the previous year. After taking the retrocession into account, this results in an own account technical result of - 96.0 m euros, which was well below the level of the previous year (2010: - 36.3 m euros). The equalisation provision and similar provisions were reinforced by 98.7 m euros (2010: 10.4 m euros). The own account technical result fell to - 194.7 m euros (2010: - 46.7 m euros). This technical loss particularly resulted from the fire class at - 172.4 m euros (2010: - 4.3 m euros) and the motor liability class at - 25.9 m euros (2010: - 22.6 m euros).

Capital investment result

R+V Versicherung AG generated regular income of 355.7 m euros from its capital investments. After the deduction of ordinary expenditure of 6.8 m euros, this results in an orderly result of 348.9 m euros, which is above the previous year's result of 272.5 m euros.

The situation on the bond market was extensively marked by high government debt in the euro crisis countries. The consequences of this were credit rating downgrades of the affected states and other issuers by the rating agencies. Against this overall economic background, write downs of R+V Versicherung AG capital investments of 13.8 m euros were necessary. Due to the high quality of investments in interest bearing securities, only negligible interest losses were posted in the last fiscal year. R+V Versicherung AG was not affected by any capital losses. Due to value recoveries of earlier write downs 0.9 m euros were attributed. After balancing the write downs and write ups as well as the disposal profits and losses, this resulted in an extraordinary result for R+V Versicherung AG of - 12.2 m euros.

The net results from capital investments from the total of the orderly and extraordinary result thus amounted, on account of the greater distributions by the subsidiaries, to 336.7 m euros for the 2011 fiscal year compared with 267.5 m euros in the previous year. The net interest yield was 9.6% compared with 8.4% in the previous year.

Other earnings and expenditure

Other earnings amounted to 46.3 m euros in the reporting year (2010: 31.9 m euros). Services and interest income formed a significant proportion of this.

Other expenditure amounted to 52.6 m euros (2010: 39.0 m euros). It essentially includes operating costs, which are accompanied by income from cost transfer to Group companies as well as interest and consultancy costs and association and member contributions.

The increase both in other income and in other expenditure is essentially attributable to the fact that remuneration to members of the Board of Directors was paid in full from 2011 by the contractually authorised company, R+V Versicherung AG. If Group management functions are remunerated herewith, a management expenses allocation is charged in the context of service offsetting.

The result from foreign currency conversion amounted to 4.4 m euros (2010: 0.4 m euros).

Extraordinary result

As a result of waiving the option to distribute the valuation difference of pension obligations in accordance with BilMoG, extraordinary expenses amounted to 2.6 m euros.

Overall result

The result from normal business activities was 138.6 m euros (2010: 216.4 m euros). After taking extraordinary and tax expenditure of 40.7 m euros (2010: 40.3 m euros) into account, this resulted in net income of 95.2 m euros (2010: 176.3 m euros).

From the 2011 net income, 10.6 m euros were transferred to retained earnings and 84.6 m euros were reported as net retained profits.

It is proposed to the Annual General Meeting to utilise the net retained profits to pay a dividend of 6.90 euros per individual share.

Financial situation

Capital structure

On the reporting date, the shareholder's equity of R+V Versicherung AG increased to 1,846.2 m euros (2010: 1,835.6 m euros).

The subscribed capital of 318.5 m euros as well as capital reserves of 1,278.4 m euros remained unchanged on the previous year.

R+V Versicherung AG also subjected itself to an annual Group rating by Standard & Poor's in 2011. The company was upgraded to an AA-rating.

Guarantee funds rose by 359.0 m euros to 4,196.9 m euros compared with the previous year. Despite the strong growth of the company, the guarantee fund ratio remained at a high level of 287.8% (2010: 288.8%). The shareholders' equity ratio amounted to 126.6% (2010: 138.1%).

Assets situation

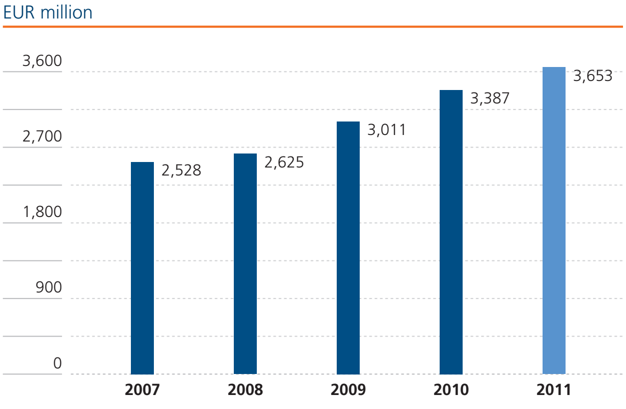
Capital investments portfolio

The capital investments of R+V Versicherung AG increased in the fiscal year 2011 by 265.6 m euros or 7.8%. The capital investments portfolio thus had a value of 3,652.7 m euros as at 31 December 2011. At 58.3% (2010: 57.7%), the capital investments of the company are largely invested in affiliated companies and holdings. The funds available for new investment

GUARANTEE FUNDS

EUR million	2011	2010
Share capital	318.5	318.5
Capital reserves	1,278.4	1,278.4
Retained earnings	164.7	150.6
Net retained profits	84.6	88.1
Shareholders' equity	**1,846.2**	**1,835.6**
Unearned premium reserves	139.8	137.3
Actuarial reserves	40.3	39.6
Provision for outstanding claims	1,670.1	1,423.6
Provision for premium funds	2.4	2.2
Equalisation provision and similar provisions	497.5	398.8
Other technical provisions	0.6	0.7
Total technical provisions	2,350.7	2,002.3
Guarantee funds	**4,196.9**	**3,837.9**

DEVELOPMENT OF THE CAPITAL INVESTMENTS*



* without deposit claims

were predominantly invested in interest bearing securities. In order to minimise the risk of default, attention was paid to the good creditworthiness of the issuers and strong diversification. The calculated equity quota at market values amounted to 1.0% on 31 December 2011 compared with 1.6% in the previous year.

The reserve ratio relating to total capital investments was 65.9% as of 31 December 2011 (2010: 59.5%). At the end of 2011 R+V Versicherung AG had hidden losses of 7.4 m euros in the capital investments allocated to assets in accordance with § 341b Section 2 HGB (German Commercial Code).

Social, ethical and ecological principles were taken into account in the capital investments in order that R+V Versicherung AG does not knowingly and deliberately invest in capital investments that contradict generally recognised principles of sustainability.

Technical provisions

The technical gross provisions rose by 16.1% to 2,416.8 m euros (2010: 2,081.2 m euros). After deducting the shares applicable to the reinsurers, the net technical provisions amounted to 2,350.7 m euros (2010: 2,002.3 m euros). Based on the own account premiums written, this was equivalent to a ratio of 161.2% (2010: 150.7%).

By far the largest share of the net technical provisions was formed by the provisions for outstanding claims. Their volume rose by 17.3% to 1,670.1 m euros (2010: 1,423.6 m euros). They encompass 36.3% (2010: 34.4%) of the total balance sheet and are covered by the capital investments, deposit and settlement receivables as well as the reinsurers' share of the technical provisions.

The equalisation provision and similar provisions were reinforced by a transfer of 98.7 m euros to 497.5 m euros.

Supplementary report

Subject to the agreement of the Annual General Meetings in accordance with § 293 AktG (German Companies' Act), the intention is to conclude a profit and loss transfer agreement between the DZ BANK AG Deutsche Zentral-Genossenschaftsbank, Frankfurt am Main, and R+V Versicherung AG in accordance with § 291 AktG (German Companies' Act) that is set to become effective for the first time for the 2012 annual result. The aim of being able to offset positive and negative tax results at parent company level in the context of an interlocking tax relationship will be achieved on the basis of this agreement.

There were no further events of particular significance after the year end that need to be reported.

Risk report

Risk management process

The core of the R+V Versicherung AG business model is the acceptance and management of risks. The risk management of R+V Versicherung AG is an integral part of corporate management and is embedded in the corporate strategy.

It encompasses all systematic measures for recognising, evaluating and controlling risks. The main aim of the risk management process is to ensure solidity and security for policyholders and shareholders as well as the continuation of the company in the long term. Furthermore, with the help of the risk management process, risks that pose a danger to the existence of the company and other negative developments that could have significant effects on the assets, financial and earnings situation are to be recognised at an early stage and counter measures are to be initiated. A risk management process implemented in all R+V companies stipulates the rules to be observed when dealing with risks and forms the basis for a centralised early warning system. Shareholdings are also included in R+V Versicherung AG's risk management.

The principles of the R+V risk management system are based on the agreed R+V risk strategy that is to be updated annually. This is derived from the corporate strategy while taking account of the strategic four-year plan agreed at the spring meeting of the Board of Management. The control of risks is documented in the Group Risk Handbook with extensive presentations of methods, processes and responsibilities. A basic principle of the risk organisation is the separation of risk monitoring and risk responsibility. The role of building up those responsible for risk positions is separated, in personnel and organisational terms, from the independent risk controlling role.

The identified risks are allocated to the following risk categories: technical risk, market risk, credit risk, liquidity risk, concentration risk, operational risk, strategic risk and reputation risk.

Based on binding key performance indicators and thresholds, an updated index evaluation of all significant risks to R+V is carried out in a database quarterly. Measures are initiated if a certain index value is exceeded. In addition, a targeted survey of executives and staff guarantees that risks are recognised early.

The identified risks are subsequently evaluated in a quarterly risk conference. The central risk reporting system ensures transparency in reporting. In the event of changes to risks which pose a danger to the existence of the company, reports to the member of the Board of Management responsible and to the Head of the Risk Conference are envisaged.

Risk relevant corporate information is made available to the responsible supervisory committee at regular intervals.

Impact on the company risk profile is also analysed and assessed when introducing new reinsurance products. Risk aspects are also taken into account when planning and carrying out projects. Larger projects and investments are regularly assessed by the investment or product commission, as well as by the finance and reinsurance committee. Special attention is paid here to results and any measures taken, as well as to meeting budgets. Any necessary course corrections are initiated immediately.

R+V has a holistic business continuity management system supplemented by a central coordination role. A committee with the crisis managers responsible for IT, buildings and personnel provides support on specialist issues. It also networks emergency management activities at R+V and reports to the R+V risk conference on significant findings and on the emergency exercises carried out.

Business continuity management guarantees that the business operations of R+V Versicherung AG can be sustained in the event of a crisis. The business processes necessary for this are identified and supported with personnel resources within the context of emergency planning.

The risk inventory that is taken once a year encompasses the entire risk management of R+V. The purpose of the risk inventory is reviewing and documenting all known individual and cumulative risks as well as the risk bearing ability and the business continuity management system. The indicators and threshold values used are also reviewed here.

Compliance with the regulations of the risk management system and its effectiveness is examined by the Group Audit department. Measures are agreed to rectify any deficits that are identified and are followed up regularly by Group Audit.

Technical risks

The technical risk describes the risk by which the actual expenditure on losses and services differs from expected expenditure due to accident, error or change.

The main technical risks for a reinsurer are in portfolios endangered by natural disasters and in fundamental changes in trends in its main markets.

R+V Versicherung AG counters these risks by continually observing the market. Particular importance is attached to a balanced portfolio in terms of both geographical diversification and the mix of classes of insurance. Risk control is carried out through a clearly structured earnings-oriented underwriting policy. Risks are assumed within binding underwriting guidelines and limits which restrict liability both in individual and cumulative loss and within clear underwriting mandates. Compliance with these stipulations is reviewed regularly.

The actual and possible impact of losses caused by disasters with regard to their extent and frequency is continually recorded and tracked using standard industry software supplemented by in-house verification.

An important risk management tool is systematic cumulative control i.e. checking the possible accumulation of losses from one loss event. Cumulative risks, such as those resulting from a natural disaster, are controlled centrally. The technical provisions are set appropriately.

Risk reduction measures are utilised. The management of insurance excesses and of retrocession is done by taking risk bearing capacity and the effective retrocession costs into account. There are minimum creditworthiness requirements for retrocessionaires. The risk bearing capacity of R+V Versicherung AG is created through adequate capital resources and reserves and consequently there is currently no retrocession purchasing due to the high costs of retrocession protection.

Loss development in 2011 was characterised by an extremely strong impact from large losses. The largest losses resulted primarily from natural disasters, such as the loss events from the earthquakes in Japan, Christchurch in New Zealand and the flood disaster in Thailand. Following the exceptional year in 2011, business development envisages a return to positive results with a combined ratio of < 100%. Various measures contributed towards an increase in profitability. These included price increases and a reduction in volatility, for example, selective underwriting of earthquake risks. In addition, the equalisation provision serves to compensate accidental fluctuations in the loss area over the course of time.

Financial instrument risks

Within the framework of providing insurance cover for customers, insurance companies see themselves as exposed to specific market, credit, liquidity and concentration risks. These could lead to a permanent loss of the value of capital investments and – in the final analysis – to endangering the fulfilment of obligations arising from insurance policies. In this respect the risks from financial instruments have the character of an asset-liability risk. R+V Versicherung AG counters these risks by observing a general guideline of achieving the greatest possible security and profitability while ensuring liquidity at all times. By maintaining an appropriate mix and diversification of capital investments, the R+V investment policy makes a considerable contribution to risk minimisation targets.

Compliance with investment regulations and investment principles and regulations under supervisory law at R+V is ensured by qualified asset management, appropriate internal capital investment guidelines and control procedures, a far-sighted investment policy and organisational measures. R+V applies continual supplements and refinements to its risk assessment and evaluation instruments for new investments and the observation of the investment portfolio. This is done in order to meet any changes on the capital markets and to recognise, limit or avoid any risks early.

Transactions with derivative financial instruments or structured products are explicitly regulated in in-house guidelines. In particular, these includes volume and counterparty limits. The different risks are monitored regularly and presented transparently using an extensive and up-to-date reporting procedure.

Underlying transactions with a nominal value of 25.6 m euros and hedging transactions with a nominal value of 25.6 m euros to hedge interest rate change risks were included in evaluation units in the form of micro-hedges. Because all the important factors determining value between the underlying transactions to be hedged and the parts of the hedging instruments providing security (face value, term, currency) are in accordance, in future, a full, opposite change in value of underlying and hedging transactions related to the hedged risk can also be assumed (critical term match). No transactions where a high probability is expected were included in an evaluation unit.

At an organisational level, R+V counters investment risks with a strict functional separation of investment, settlement and financial controls.

The following explanations of the risk categories market, credit, liquidity and concentration risk refer both to risks from financial instruments and risks from other areas.

Market risk

The market risk describes the risk that arises directly or indirectly from fluctuations in the market prices of assets, liabilities and financial instruments. The market risk includes the exchange rate, interest rate change and asset-liability risks.

In order to measure possible market risks to its capital investments, R+V Versicherung AG carried out scenario analyses on the accounting date 31 December 2011 under the following assumption: the effects of a 20% price fall of the current market value was simulated for equities held directly and through funds.

The effects of a movement of the interest rate curve of one percent or upwards or downwards of the current market value was simulated for fixed interest securities, registered bonds, notes receivable and loans.

Within the framework of standard reporting, stress simulations are carried out continuously over the course of the year to represent the effects of adverse capital market scenarios on the development of the portfolio and results. The simulation parameters used include a 35% fall in equities, a movement in the interest rate curve of 200 basis points and stressing of currency reserves by a standard annual deviation.

Furthermore, R+V Versicherung AG regularly conducts a duration analysis on the portfolio of all its interest bearing investments. Any liabilities in foreign currencies arising from the reinsurance business were covered with congruent capital investments in the foreign currency. Consequently, exchange rate profits and losses are largely neutralised.

Credit risk

The credit risk describes the risk that arises owing to bad debt losses or due to a change in creditworthiness or the assessment of creditworthiness (credit spread) of security issuers and other debtors from whom the company has receivables.

In order to reduce the credit risk, investments are made and loans are issued primarily to issuers and debtors with a good to very good credit rating. The credit rating is initially classified with the assistance of credit agencies and is continually reviewed in accordance with internal guidelines.

The maximum credit risk of the portfolio is determined quarterly and compared with the upper loss limited stipulated for the credit risk. Counterparty risks are additionally restricted using a limit system. More than 92% (2010: 95%) of the investments in fixed interest securities have a Standard & Poor's rating of 'A' or better, more than 79% (2010: 82%) have an 'AA' or better rating.

In the past fiscal year the capital investments of R+V Versicherung AG posted interest losses of 0.3 m euros (2010: 0.3 m euros). No losses of capital were recorded.

Until 31 December 2011, R+V Versicherung AG held Portuguese, Italian, Irish, Greek and Spanish government bonds directly and indirectly:

MARKET VALUES

EUR million	2011
Portugal	1.3
Italy	14.9
Ireland	9.8
Greece	1.7
Spain	35.0

According to the current political situation, R+V Versicherung AG is assuming that the measures taken by the PIIGS countries, the EU, IMF and the ECB will guarantee a refinancing of the crisis countries and their banks with the exception of Greece. In accordance with the principle of caution, write downs totalling over 0.4 m euros were performed in the case of PIIGS countries' bonds.

The total of all investments in banks made by R+V Versicherung AG amounted to 900.8 m euros. At 43.3%, these investments are largely securities for which there is special cover for collateralisation. 47.0% of these investments are invested in German banks. The remaining 53.0% relate almost exclusively to EEA institutions.

Credit risks also include risks to the loss of settlement receivables from the reinsurance business to cedents and retrocessionaires. These risks are limited by continual monitoring of the Standard and Poor's ratings and other sources of information that are available on the market.

Liquidity risk

The liquidity risk describes the risk that a company is not in a position to satisfy its financial obligations when due or can only do so at increased cost.

The liquidity of R+V companies is centrally controlled. An integrated simulation for portfolio and success development in the capital investment area and for the development of cash flow is carried out for all R+V companies as part 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. The satisfaction of liquidity requirements under supervisory law is continually reviewed within the framework of new investment.

The expected cash flow development of R+V Versicherung AG is presented in detail as part of a liquidity report that is updated monthly for the current year.

Furthermore, a precise daily cash flow plan is carried out additionally by Cash Management.

To guarantee sufficient liquidity, regular reviews in the form of stress simulations of important technical parameters under crisis market conditions are ensured. The results of these tests show the ability of R+V Versicherung AG to satisfy the obligations into which it has entered at all times.

Concentration risk

The concentration risk describes the risk that arises due to the fact that the company enters into individual risks or highly correlated risks that have significant potential for loss or default.

Particular importance is attached to a balanced portfolio with regards to geographical dispersion, as well as a mix of classes, in order to achieve a good level of diversification. There are no significant concentrations.

The investment behaviour of R+V is oriented towards avoiding risk concentration in the portfolio and achieving a minimisation of risks through extensive diversification of its investments. Compliance with the quantitative limits stipulated by investment regulations and other provisions of supervisory law contribute to this in accordance with the principle of appropriate mix and diversification. An analysis of the issuer structure of the portfolio did not identify any significant concentration risk. Furthermore, there are no concentration risks at individual institutions within the context of investments at banks.

Comprehensive physical and logistics precautions guarantee the security of data and applications and the maintenance of continuous operations in the IT area. A particular danger would be the partial or complete failure of the data processing system. R+V has made provisions against these dangers by establishing two separate data centre sites with redundant data and system set-ups, special access control, sensitive fire protection measures and a secure power supply based on emergency power generators. The effectiveness of a defined restart procedure to be used in the event of a disaster is regularly tested in exercises. Data backups are made in different R+V buildings with high security rooms. Furthermore, data is held redundantly on a tape robot at an off-site and distant location. Thus data would be available even after a total loss of all data processing centres in Wiesbaden.

The telecommunications infrastructure has been designed with a high level of redundancy both internally in the buildings and against access from the external network.

Operational risks

Operational risks describe the risk of losses due to insufficient or failed internal processes or by incidents caused by employees, systems or external influences. Operational risks also encompass legal risks but not strategic risks or reputation risks.

The main instrument used by R+V to limit operational risks is the internal control system. The risk of errors and fraudulent activities is prevented by regulations and controls in force in the specialist departments and by reviewing the application and effectiveness of the internal control systems by the Group Audit department. Outgoing payments are supported automatically as far as possible.

Additional security is provided by pre-defined mandates and authorisation rules stored in user profiles, as well as electronic submissions for release generated using a random generator. As a basic principle, manual payments are approved in accordance with the dual control principle.

The R+V compliance management system consists of the decentralised components: cartel offences, money laundering/boycott lists, breaches of data protection, foreign trade regulations, insider trading, theft, fraudulent activities, principles of conduct in business transactions and the Allgemeines Gleichbehandlungsgesetz (AGG, German General Equal Treatment Act).

At the Compliance Conference, which is chaired by the R+V Compliance Officer, those responsible for specific issues report on significant incidents within R+V and also on measures taken to prevent similar incidents happening in the future. In addition to reporting to the Risk Conference, the R+V Compliance Officer also reports directly to the Chairman of the Board of Management.

Quality assurance in IT systems is provided by established 'best practice' processes. All service relevant incidents are recorded and followed up according to their significance. Current issues are dealt with in daily conferences and allocated processing priority. Measures are taken in monthly conferences attended by IT heads of department if stipulated thresholds values are exceeded with regard to compliance with service level agreements (e.g. system availability and response times). These measures encompass escalating particular problems areas, coordinating and tracking counter measures and drawing up and implementing concepts to avoid disruption.

R+V counters the risk of personnel bottlenecks with targeted programmes in personnel marketing. Broad vocational education, the offer of courses of study integrated with employment and attractive trainee programmes guarantee support for up-and-coming talent.

Through sustainable personnel development and building up a talent management system, R+V ensures that employees are constantly supported and qualified in order to be able to meet future personnel requirements from inside the organisation too.

The tools utilised here include potential assessment procedures, systematic successor planning and qualification programmes.

Regular employee surveys are conducted in the interests of sustaining staff loyalty. On the basis of the staff survey in 2011, action areas for staff retention and staff commitment were identified and measures were initiated to further improve HR management.

Strategic risk

Strategic risk is the risk that arises from strategic business decisions. Strategic risk also includes the risk that arises from the fact that business decisions are not adjusted to a changed economic environment (including changes to legislation and to case law).

The control of the strategic risk is based on the far-sighted assessment of success factors and on deriving target variables for the corporate departments of R+V. Strategic planning for the next four years is carried out in the context of the annual strategic planning process. R+V counters strategic risk by dealing with strategic planning and other important strategic issues in the Board of Management conference meeting held in the spring. R+V uses current strategic controlling instruments for this purpose, both external strategic market and competition analyses as well as internal company analyses, such as portfolio or SWOT analyses. The results of the strategic planning process in the form of agreed target figures are operationalised in the context of operational planning for the next three years and agreed by the Board of Management in the autumn. The implementation of decisions is followed up regularly in the context of the comparison of planned and actual data. Moreover, the links between the strategic decision making process and risk management are regulated in terms of organisation. Changes to the business strategy impacting on the company's risk profile are reflected in the risk strategy.

Changes to the legislative and supervisory law frameworks as well as changes in the market and competition are subject to continual observation in order to be able to react to opportunities and risks promptly.

Strategic risks from IT perspectives exist particularly in carrying out (large) projects to introduce new insurance products or to meet new or changed legislative and regulatory requirements. Wide reaching platform decisions are also dealt with in the context of strategic risks.

Reputation risk

Reputation risk is the risk of a direct or future loss of business volumes arising from possible damage to the reputation of the company or to the whole sector as a result of a negative public perception (e.g. among customers, business partners, shareholders, government authorities).

The retention or improvement of the positive image of R+V within the cooperative financial network and in public is an important aim of corporate policy.

Trends towards negative assessments and reporting about insurance products by the media are repeatedly registered throughout the industry.

In order to prevent any damage to R+V's image from happening at all, attention is paid to ensuring a high quality standard in product development and all other parts of the value creation chain. Furthermore, R+V corporate communication is coordinated centrally through the department of the Chairman of the Board of Management in order to counteract any false presentations of circumstances effectively and with determination. Reporting in the media about the insurance industry in general and R+V in particular is observed throughout all departments and is continuously analysed. Rating results and market comparisons of the parameters that are decisive for customer satisfaction – service, product quality and competence of advice – are taken into account in the context of a continual improvement process.

From an IT perspective, incidents that are analysed in particular are those that could lead to negative perceptions in public. Examples here include breaching data confidentiality, lack of availability of IT systems (portals) that can be accessed by end or business customers, or loss events that are caused by defective operational security in IT. Therefore the IT security strategy is continually reviewed and adjusted to current threats. The validity of the IT security principles is also regularly reviewed.

Risk bearing capacity

The calculation of the risk bearing capacity under supervisory law (solvency ratio) of R+V Versicherung AG is carried out in compliance with current, applicable industry-related legislation and describes the level of coverage of the minimum solvency margin required under supervisory law by available capital resources.

The risk bearing capacity of R+V Versicherung AG under supervisory law exceeded the required minimum solvency margin as of 31 December 2011. Capital resources that are subject to approval are not taken into account when calculating the solvency ratio.

On the basis of the capital market scenarios applied within the context of internal planning it can be seen that the solvency ratio of R+V Versicherung AG will also be higher than minimum statutory requirement as of 31 December 2012.

The measurement of the economic risk bearing capacity of R+V is carried out using an internal risk capital model. This determines the capital requirements necessary to be able to compensate for any fluctuations in value that may occur with a given probability. In additional to the quarterly identification of the risk capital requirements and the capital resources available as risk coverage capital, R+V uses this model for ad-hoc reporting and planning calculations.

An analysis of the economic risk bearing capital shows that risk cover capital of R+V Versicherung exceeds the necessary risk capital.

Solvency II

The EU Commission has been working for several years on a new supervisory model for insurance companies with the working title Solvency II.

The Solvency II directive of the European Parliament and the Council of Europe was adopted on 25 November 2009. It is set to be implemented in national law by 2013. According to the current situation, the application of the Solvency II regulations on the basis of transitional periods is envisaged from 2014.

Through internal projects and working groups and cooperation with the working groups of the GDV (German Insurance Association) and the BaFin (German Financial Supervisory Authority), R+V has adjusted to future challenges and has thus created the foundations for the successful implementation of the requirements arising from Solvency II. This includes active participation in studies effecting Solvency II (QIS) within the framework of the Solvency II project. R+V Versicherung AG showed clear excess cover in the QIS V study. In order to prepare for Solvency II, up-to-date calculations are performed regularly across the Group.

Summary of the risk situation

The instruments and analysis methods outlined here show that a comprehensive system is available to R+V Versicherung AG that meets the requirements necessary to identify and evaluate risks for the purposes of efficient risk management.

The risk bearing capacity under supervisory law of R+V Versicherung AG exceeded the required minimum solvency margin as of 31 December 2011.

According to the current political situation, R+V Versicherung AG is assuming that the measures taken by the PIIGS countries, the EU, IMF and the ECB will guarantee a refinancing of the countries and their banks with the exception of Greece.

Apart from the continued uncertain situation on the financial markets, no further developments are identifiable from a current perspective that could sustainably impair the assets, financial and earnings situation of R+V Versicherung AG.

Forecast

Caveat for statements about the future

Forecasts for upcoming developments at R+V mainly relate to planning, forecasts and expectations. Thus the following assessment of the development of R+V reflects incomplete assumptions and subjective views for which no liability can be assumed.

The assessment and explanation of probable developments, including important opportunities and risks, is done according to the best of our knowledge and in good faith on the basis of knowledge currently available about industry prospects, future economic and political conditions and development trends as well as important factors influencing them. Of course, these prospects, conditions and trends can change in the future without this being foreseeable now. Therefore the actual development of R+V can deviate significantly from the forecasts,

Macroeconomic development

Experts expect that the recovery in Germany will slow down in 2012. Consequently, in its annual survey of November 2011, the Council of Experts forecasts a rise in real gross domestic product of 0.9%.

Business development in the insurance industry to date is described by the German Insurance Association (GDV) as satisfactory in view of the difficult framework conditions. In its forecast of November 2011, it considers a continued improvement for the whole industry as possible in 2012 despite the existing insecurity.

Developments on the capital markets

Developments on the capital markets in 2012 will remain characterised by the sovereign debt crisis in Europe. Closer cooperation among the eurozone countries is assumed. Most likely this consists of more reforms, more European fiscal policies and more assistance from the ECB. It will be difficult to restore the credibility lost among citizens and parties involved in the capital markets in order to guarantee the sustained private refinancing of sovereign debts.

However, due to experiences in recent crisis years, a worsening of the crisis cannot be ruled out, especially as it meets with a clear economic recession in Europe in the first six months of the year. Interest rates and share prices at or slightly above the current level are expected at the end of the year.

R+V is orienting its capital investment strategy towards security, liquidity and yield. This also includes the explicit risk management of individual issuers and countries including setting issuer limits. The portfolios are widely diversified. Government bonds from all euro crisis countries are weighted below average with a portfolio share of approximately 3% in the R+V Group and are strictly limited.

The high proportion of fixed interest securities with good creditworthiness in the capital investment portfolio ensures that technical obligations can be met at all times. The duration should not be significantly extended or reduced. Opportunities in the credit markets should be taken, whereby attention should be paid to the high quality of securities and a wide spread of credit risks. Equity commitments should be maintained, but may be dependent on the market and can be increased again if the company's risk bearing capacity is appropriate. Property commitments will be slightly increased if attractive investments are available.

This long term investment strategy, which is oriented towards security, combined with modern risk management, will also determine the course in 2012. The requirements of Solvency II, which are already known, will be taken into account as far as possible.

If the capital market situation at the end of 2011 is extrapolated to 31 December 2012 retaining the method applied to identify long term value reductions used in 2011, the result from capital investments will probably make a positive contribution to the annual result at the level of the previous year.

Positive technical result before change to equalisation provision expected

R+V Versicherung AG will also continue its profit and growth oriented strategy in 2012. Business will be expanded where risk appropriate premiums can be generated. The quality standards for underwriting, pricing and loss management will be continually monitored and the selective underwriting policy adopted in previous years continued.

R+V Versicherung AG was again able to benefit from its good AA-rating (Standard & Poor's) and set positive impulses in the context of the renewal for 2012 – the main renewal for the company takes place on 1 January – even against the background of the euro crisis.

The company is assuming moderate premium growth for 2012. It is anticipating an ease of tension on the loss side and consequently claims expenditure will fall. This expectation is subject to the assumption that no large loss impacts occur outside the value expected. A slight increase in costs is assumed in connection with premium growth.

Thank you

The Board of Management would like to thank all staff for their commitment and motivation. This enabled the company to successfully master the challenges presented during 2011, a difficult fiscal year.

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 customers for the trust they have placed in us.

Wiesbaden, 2 March 2012

The Board of Management

Appendix to the Management Report

In the period under review, the company was active in the following fields 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

Proposal on the appropriation of profits

PROPOSAL ON THE APPROPRIATION OF PROFITS	
Net retained profits for the fiscal year amount to	**€ 84,621,600.00**
We propose to the Annual General Meeting that the net retained profits be used as follows:	
6.90 EUR dividend per individual share on 12,264,000 units	€ 84,621,600.00
	€ 84,621,600.00

Annual Financial Statements 2011

Balance sheet

as of 31 December 2011*

ASSETS

in EUR				2011	2010
A. Intangible assets					
I. Internally produced copyrights and similar rights and values			—.—		–
II. Concessions acquired for consideration, commercial copyrights and similar rights and values and licences to such rights and values			—.—		–
III. Goodwill			—.—		–
IV. Advance payments			—.—		–
				—.—	**–**
B. Capital assets					
I. Land, similar rights and buildings including buildings on third party land			3,444,854.17		3,512,238
II. Capital investments in affiliated companies and holdings					
1. Shares in affiliated companies		1,997,489,787.96			1,954,295,264
2. Loans to affiliated companies		132,206,017.71			154,854,415
3. Holdings		1,036,630.74			1,036,631
4. Loans to associated companies		—.—	2,130,732,436.41		–
III. Other capital assets					
1. Shares, investment certificates and other variable yield securities		259,906,150.34			197,042,893
2. Bearer bonds and other fixed interest securities		587,268,100.71			425,390,054
3. Receivables from mortgages, land charges and annuity land charges		—.—			–
4. Other loans					
a) Registered bonds	349,064,594.06				349,064,594
b) Bonded debt receivables and loans	264,611,854.11				295,242,107
c) Loans and advance payments on insurance policies	—.—				–
d) Miscellaneous loans	—.—	613,676,448.17			–
5. Deposits at banks		52,624,735.94			6,610,724
6. Other capital assets		5,079,071.16	1,518,554,506.32		118,365
IV. Deposits with ceding undertakings			197,663,976.88		204,820,576
				3,850,395,773.78	**3,591,987,861**
C. Capital investments for the account and risk of holders of life insurance policies				—.—	**–**

* in case of "thereof" notes, the figures for the previous year are shown in parentheses

in EUR					2011	2010
D. Receivables						
I. Receivables from direct insurance business:						
1. Policyholders			—.—			–
2. Insurance brokers			—.—			–
3. Member and funding companies			—.—	—.—		–
II. Settlement receivables from reinsurance business				147,709,576.48		138,866,735
Thereof due to:						
Affiliated companies	€ 6,130,840	(€ 7,376,401)				
Associated companies	€ 243,624	(€ 370,402)				
III. Capital called, but not yet paid				—.—		–
IV. Other receivables				432,737,322.07		332,517,992
Thereof due to:						
Affiliated companies	€ 290,053,047	(€ 242,073,586)				
					580,446,898.55	**471,384,727**
E. Other assets						
I. Property, plant, equipment and inventories				804,602.75		814,463
II. Cash at banks, cheques and cash in hand				133,113,012.74		36,531,722
III. Other assets				314,974.—		5,163,521
					134,232,589.49	**42,509,706**
F. Accruals						
I. Accrued interest and rents				27,203,953.57		24,590,428
II. Other accruals				797,313.03		6,804,090
					28,001,266.60	**31,394,518**
G. Deferred tax assets					**—.—**	**–**
H. Asset balance arising from offsetting					**—.—**	**2,554,840**
I. Deficit not covered by shareholders’ equity					**—.—**	**–**
					4,593,076,528.42	**4,139,831,652**

LIABILITIES

in EUR			2011	2010
A. Shareholders' equity				
I. Called capital				
1. Subscribed capital	318,545,454.55			318,545,455
2. Uncalled outstanding investments	—.—	318,545,454.55		–
II. Capital reserves		1,278,369,773.45		1,278,369,773
Thereof reserves in accordance with § 5 Section 5 No. 3 VAG: – € (– €)				
III. Retained earnings				
1. Statutory reserves	—.—			–
2. Reserves for shareholdings	—.—			–
3. Reserves according to articles of association	—.—			–
4. Other retained earnings	164,666,337.05	164,666,337.05		150,592,800
IV. Net retained profits		84,621,600		88,125,895
Thereof profits carried forward: – € (– €)				–
			1,846,203,165.05	**1,835,633,923**
B. Profit participation capital			**—.—**	**–**
C. Subordinated liabilities			**—.—**	**–**
D. Technical provisions				
I. Unearned premium reserve				
1. Gross	142,260,474.46			140,601,103
2. Thereof: less reinsurance amount	2,451,992.35	139,808,482.11		3,275,477
II. Actuarial reserves				
1. Gross	74,926,643.52			80,687,411
2. Thereof: less reinsurance amount	34,626,168.38	40,300,475.14		41,090,196
III. Provision for outstanding claims				
1. Gross	1,699,126,184.14			1,458,185,250
2. Thereof: less reinsurance amount	29,008,585.60	1,670,117,598.54		34,560,543
IV. Provisions for performance based and non-performance based premium refund				
1. Gross	2,354,072.—			2,247,497
2. Thereof: less reinsurance amount	—.—	2,354,072,—		–
V. Equalisation provision and similar provisions		497,505,382.—		398,834,145
VI. Other actuarial provisions				
1. Gross	618,495.05			650,202
2. Thereof: less reinsurance amount	—.—	618,495.05		–
			2,350,704,504.84	**2,002,279,391**
E. Life insurance actuarial provisions insofar as investment risk is borne by policyholder			**—.—**	**–**

in EUR					2011	2010
F. Other provisions						
I. Provisions for pensions and similar obligations				66,767.55		107,674
II. Tax provisions				30,474,371.34		10,452,484
III. Other provisions				14,857,407.94		12,686,086
					45,398,546.83	**23,246,244**
G. Deposit liabilities received from reinsurers					**39,945,567.55**	**47,619,359**
H. Other liabilities						
I. Creditors from direct insurance operations:						
1. Policyholders			—.—			–
2. Insurance brokers			—.—			–
3. Member and funding companies			—.—	—.—		–
II. Settlement liabilities from reinsurance business				222,994,817.37		194,260,799
Thereof due to:						
Affiliated companies	€ 22,679,023	(€ 23,141,311)				
Associated companies	€ 904,960	(€ 829,800)				
III. Bonds				24,806,851.59		23,760,852
Thereof convertible:	– €	(– €)				
IV. Liabilities to banks				—.—		–
V. Other liabilities				62,527,725.32		9,219,143
Thereof:						
From taxes	€ 2,102,481	(€ 540,594)				
Social security	€ 125,355	(€ 156,230)				
Due to:						
Affiliated companies	€ 53,965,254	(€ 2,935,196)				
					310,329,394.28	**227,240,794**
I. Deferred income					**495,349.87**	**3,811,941**
K. Deferred tax liabilities					**—.—**	**–**
					4,593,076,528.42	**4,139,831,652**

Income statement

or the period 1 January to 31 December 2011*

INCOME STATEMENT

in EUR			2011	2010
I. Actuarial account				
1. Premiums earned for own account				
a) Gross premiums written	1,492,356,204.59			1,371,189,265
b) Reinsurance premiums ceded	33,828,630.14			42,155,238
		1,458,527,574.45		
c) Change in gross unearned premium reserve	178,808.12			–20,052,783
d) Change in gross unearned premium reserve - reinsurers' share	821,744.45			–1,273,254
		–642,936.33		
			1,457,884,638.12	**1,310,254,498**
2. Technical interest income for own account			**1,659,319.82**	**1,727,237**
3. Other actuarial earnings for own account			—.—	–
4. Expenditure on claims for own account				
a) Payments for claims				
aa) Gross	964,967,234.64			735,575,709
bb) Reinsurers' share	18,791,571.42			27,935,098
		946,175,663.22		
b) Change in provision for outstanding claims				
aa) Gross	231,504,013.07			311,356,060
bb) Reinsurers' share	–5,602,797.95			2,792,771
		237,106,811.02		
			1,183,282,474.24	**1,016,203,900**
5. Change in other actuarial net provisions			**–505,044.24**	**3,160,354**
6. Expenditure on performance based and non-performance based premium refunds for own account			**2,125,086.89**	**1,891,843**
7. Expenditure on insurance operations for own account				
a) Gross expenditure on insurance operations		378,087,251.21		339,560,021
b) Thereof:				
Reinsurance commissions and profit participations received		9,947,033.06		7,612,111
			368,140,218.15	**331,947,910**
8. Other actuarial earnings for own account			**1,470,0458.77**	**1,405,230**
9. Subtotal			**–95,979,324.35**	**–36,306,794**
10. Change to equalisation provision and similar provisions			**–98,671,237.—**	**–10,419,015**
11. Actuarial result for own account			**–194,650,561.35**	**–46,725,809**

* in case of "thereof" notes, the figures for the previous year are shown in parentheses

in EUR				2011	2010
II. Non-actuarial account					
1. Investment income					
a) Income from associates		30,695,270.57			35,776,976
thereof from affiliated companies:					
€ 30,634,895 (€ 35,632,906)					
b) Miscellaneous investment income					
thereof from affiliated companies:					
€ 6,607,574 (€ 6,417,902)					
aa) Income from land, similar rights and buildings including buildings on third party land	640,088.46				621,366
bb) Miscellaneous investment income	67,354,470.50				53,077,317
		67,994,558.96			
a) Income from write ups		898,090.75			917,940
d) Realised gains on investments		1,444,093.64			129,432
e) Income from profit pooling, profit and loss transfer agreement and partial profit and loss transfer agreements		263,065,412.33			193,088,872
			364,097,426.25		283,611,903
2. Investment expenditure					
a) Investment management expenditure, interest expenditure and other investment expenditure		6,695,953.88			3,778,833
b) Write downs on investments		13,876,785.29			6,002,507
d) Realised losses on investments		766,006.96			92,610
d) Expenditure on losses assumed		—.—			–
			21,338,746.13		9,873,950
			342,758,680.12		273,737,953
3. Technical interest income			–3,226,765.46		–3,418,304
				339,531,914.66	**270,319,649**
4. Other income			46,286,556.65		31,881,982
5. Other expenditure			52,606,517.96		39,046,882
				–6,319,961.31	**–7,164,900**
6. Non-actuarial result				**333,211,953.35**	**263,154,749**
7. Result from normal activities				**138,561,392.—**	**216,428,940**
8. Extraordinary income			—.—		430,507
9. Extraordinary expenditure			2,624,809		272,983
10. Extraordinary result				**–2,624,809.—**	**157,524**

in EUR				2011	2010
11. Taxes on income and earnings			40,634,428.05		40,267,966
Thereof:					
Allocation within consolidated entity	€ -16,483,510	(€ -67,068,905)			
12. Other taxes			111,312.70		66,803
Thereof:					
Allocation within consolidated entity	€ -546,926	(€ 1,065,036)			
				40,745,740.75	**40,334,769**
13. Income from losses assumed			—.—		–
14. Profits transferred as a result of profit pooling, a profit and loss transfer agreement or a partial profit and loss agreement					
				—.—	–
15. Net income for the year				**95,190,842.25**	**176,251,695**
16. Retained profits brought forward from previous year				—.—	–
17. Withdrawals from capital reserves				—.—	–
18. Withdrawals from retained earnings					
a) from statutory reserve			—.—		–
b) from reserves in shares in a controlling company or one with a majority interest			—.—		–
c) from reserves according to articles of association			—.—		–
d) from other retained earnings			—.—		–
				—.—	–
19. Withdrawals from participation certificates				—.—	–
20. Transfers to reserves					
a) to statutory reserve			—.—		–
b) to reserves in shares in a controlling company or one with a majority interest			—.—		–
c) to reserves according to articles of association			—.—		–
d) to other retained earnings			10,569,242.25		88,125,800
				10,569,242.25	**88,125,800**
21. Transfer to participation certificates				—.—	–
22. Net retained profits				**84,621,600.—**	**88,125,895**

Notes

Accounting and valuation methods

The 2011 Annual Financial Statement of R+V Versicherung AG was prepared in accordance with the provisions of the Handelsgesetzbuch (HGB, or German Commercial Code) in conjunction with the Verordnung über die Rechnungslegung von Versicherungsunternehmen (RechVersV, or German Federal Regulations on Insurance Accounting).

Land, similar rights and buildings including buildings on third party land were accounted for with depreciation of impaired acquisition or manufacturing costs using the lower of cost or market principle for permanent reduction in value. Scheduled straight line depreciation was used at the rate allowed under taxation law.

Shares in affiliated companies and **holdings** 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. The conversion of holdings held in foreign currencies was done using the average spot exchange rate valid at the point in time of the acquisition.

Loans to affiliated companies were valued as with other variable yield securities and other loans and deposits at banks, depending on their classification.

Shares, investment certificates and other variable yield securities as well as **bearer bonds and other fixed interest securities** were valued at acquisition costs, reduced by depreciation in accordance with the strict lower of cost or market principle, unless they were allocated to assets.

Shares, investment certificates and other variable yield securities as well as bearer bonds and other fixed interest securities, which were allocated to assets in accordance with § 341 b Section 2 Clause 1 HGB, were, provided a temporary reduction in value was involved, recorded as of 31 December 2011 at their sustained value.

For shares held directly, the market value was shown as the sustained value. For a special fund, which is managed as a mixed fund, as well as for a public fund, which illustrates a share index, the sustained value was calculated on the basis of the assets contained. Here, the sustained value of the shares was calculated using a gross rental method taking account of external profit estimates. A maximum additional charge of 20% over the market price was taken into account. In the case of bearer bonds, the repayment amount was shown if the debtor was creditworthy, otherwise at market value. For the other investment certificates, the market value was used to calculate the sustained value.

The **bearer bonds and other fixed interest securities** allocated to assets were shown at their repayment value, however, no higher than the acquisition values insofar as the debtors was considered creditworthy.

If the reason for depreciation of a current or fixed asset carried out in the past no longer exists, write ups were carried out in accordance with § 253 Section 5 Clause 1 HGB to the current value up to a maximum of the acquisition value.

Bonded debt receivables and loans were shown at acquisition value. Differences between the acquisition costs and the repayment amount were amortised using the effective interest method.

Bearer bonds and deposits at banks were shown at the repayment amount.

Other loans also includes derivative financial instruments. The option to simulate economic security relationships on the balance sheets through the formation of valuation units was used in the case of perfect micro-hedges (critical term match). The compensatory changes in value arising from hedged risks did not affect the current result in accordance with the 'net hedge presentation method'. Information about the valuation units is given in the Management Report.

Premiums and **discounts** were distributed pro rata to accruals and deferrals across the individual term of the respective investment. This concerns the accrual of bearer bonds. Due to the changes in § 341 c HGB, premiums and discounts in the case of bonded debt receivables and loans were reposted to the respective inventory items.

Deposit receivables and **settlement receivables** from the reinsurance business were set at the nominal amounts. In this case doubtful settlement receivables were directly written down.

The approach used for all other receivables was to set them at face 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 in accordance with § 253 Section 1 HGB at the current value and offset with the corresponding debts. The interest share of the change to an asset was offset with the interest share of the corresponding obligation.

The value of **operating and office equipment** was done at acquisition costs and written down using the straight line method over the useful life under taxation law. Additions and disposals during the year were written down pro rata. Assets whose acquisition costs were between 150 and 1,000 euros were placed in a collective item that is written down over five years beginning with the year of formation.

R+V Versicherung AG is the controlling company of several companies of the R+V Consolidated Group in income tax terms. Due to differences between commercial and taxation accounting in controlling companies, there are income tax consequences for the controlling company. The valuation differences were taken into account at R+V Versicherung AG alongside their own latent valuation differences.

For reasons of differing commercial and taxation approaches to the balance sheet of R+V Versicherung and its controlling companies, **deferred tax assets** existed for the following items on the balance sheet as of 31 December 2011:

- Intangible assets
- Land
- Holdings
- Investment shares including taxation adjustment items
- Bearer bonds and other fixed interest securities
- Other receivables
- Accrual items
- Actuarial reserves
- Provision for outstanding claims
- Other actuarial provisions
- Other provisions
- Other liabilities

For reasons of differing commercial and taxation valuation approaches to the balance sheet of R+V Versicherung AG and its controlling companies, **deferred tax liabilities** existed for the following items on the balance sheet on 31 December 2011:

- Holdings
- Other capital investments
- Investment shares including taxation adjustment items
- Provisions for pensions and similar obligations
- Other provisions

The valuation of deferred taxes was carried out using a tax rate of 31.15%.

The resulting asset surplus of deferred taxes was not taken into account by exercising the option of § 274 Section 1 Clause 2 HGB on 31 December 2011.

The **other assets** were set at their face value. Any value adjustments necessary were carried out and deducted.

The **technical provisions** (unearned premium reserve, actuarial reserves, provision for outstanding claims and other technical provisions) were accounted in accordance with the cedent's information as a basic principle.

If no information was available, the reserves were estimated. The contractual conditions and previous course of business were authoritative here. In our experience some cedents set loss reserves too low, and in these cases we carried out appropriate increases. Accordingly, appropriate provision has also been made for future loss impacts. The reinsurance share of provisions was determined in accordance with contractual agreements. In the event of disputed legal and contractual bases in individual cases, the best possible individual estimate of the reserve was made by means of comprehensive internal processes.

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

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

The valuation of provisions for pensions and similar obligations (such as provisions for partial retirements and anniversary reserves) was made in accordance with the projected unit credit method (PUC method) in conjunction with § 253 Section 1 HGB on the basis of the mortality tables 2005 G by Klaus Heubeck. Future developments and trends were taken into account. Interest was calculated using the average interest rate published by the Bundesbank for the past seven years with an assumed remaining term of fifteen years. The interest rate was based on the level in October 2011.

The following parameters were used:

Increases in salary:	2.25%
Increases in pensions:	2.00%
Fluctuation:	0.90%
Interest rate:	5.13%

The revaluation of the pension provision obligations in accordance with BilMoG as of 1 January 2010 resulted in a transfer which was not shown in full on the balance sheet (right of option in accordance with Article 67 Section 1 Einführungsgesetz zum Handelsgesetzbuch (EHHGB, Introductory Act to the German Commercial Code)). The amount not shown of 2.6 m euros was transferred in full in 2011 to provisions for pensions and similar obligations.

The provision for **partial retirement** encompasses both remuneration arrears and the outstanding top-up payments to salaries and to pension provision.

Pension deferred compensation is balanced largely by congruent reinsurance bonded as security. Their value thus corresponds to the current value of the assets in accordance with § 253 Section 1 HGB.

All other **non-technical provisions** were set at the amount payable in accordance with § 253 HGB. Interest was set at the average interest rate of the past seven years according to the remaining term, insofar as the term is more than one year. The interest rate in October 2011 was drawn on for the valuation to 31 December 2011.

The **other liabilities** were set at the payment amount.

Currency account

All items in foreign currencies were converted into euros.

The items detailed under Assets B. Capital investments I to III as well as the other receivables, other liabilities, accruals and deferrals, as well as income and expenditure items resulting from these capital investments, were converted using the average spot exchange rate on the reporting date 31 December 2011. With regard to investments please refer to the notes about these items.

All other items on the balance sheet and profit and loss account, in particular actuarial items, were converted using the average spot exchange rate on 29 December 2011 in order to speed up the preparation of the annual financial statements.

Any foreign currency profits and losses incurred in relation to a single currency were netted against each other.

List of shareholdings

SHARES IN AFFILIATED COMPANIES

Name and registered office of company	Group share of Capital in %	Currency	Figures for Fiscal year	Shareholders' equity €	Result €
Insurance companies					
Assimoco S.p.A., Segrate	66.8	€	2010	58,829,612	–67,819,902
Assimoco S.p.A., Segrate	63.6	€	2010	70,509,411	1,001,584
CHEMIE Pensionsfonds AG, Munich	100.0	€	2011	14,667,843	1,000,000
Condor Allgemeine Versicherungs-AG, Hamburg	100.0	€	2011	41,761,661	– *
Condor Lebensversicherung AG, Hamburg	95.0	€	2011	38,587,741	– *
KRAVAG-ALLGEMEINE Versicherungs-AG, Hamburg	76.0	€	2011	64,479,072	–2,582,102
KRAVAG-LOGISTIC Versicherungs-AG, Hamburg	51.0	€	2011	119,164,628	–14,628,918
OPTIMA Pensionskasse AG, Hamburg	95.0	€	2011	4,005,890	100,000
OPTIMA Versicherungs-AG, Hamburg	100.0	€	2011	17,112,784	– *
R+V Allgemeine Versicherung AG, Wiesbaden	95.0	€	2011	616,228,639	– *
R+V Direktversicherung AG, Wiesbaden	100.0	€	2011	9,500,000	– *
R+V Gruppenpensionsfonds AG	100.0	€	2011	12,230,692	140,000
R+V Krankenversicherung AG, Wiesbaden	100.0	€	2011	44,485,231	5,000,000
R+V Lebensversicherung AG, Wiesbaden	100.0	€	2011	264,980,723	– *
R+V Luxembourg Lebensversicherung S.A., Strassen	100.0	€	2011	154,922,921	30,377,809
R+V Pensionsfonds AG, Wiesbaden	51.0	€	2011	10,638,487	283,158
R+V Pensionskasse AG, Wiesbaden	100.0	€	2011	43,759,512	500,000
Service, holding and real estate companies					
Assimocopartner Unipersonale S.r.L., Segrate	56.7	€	2010	252,159	11,293
Aufbau und Handelsgesellschaft mbH, Hamburg	81.6	€	2010	809,137	684,000
BWG Baugesellschaft Württembergischer Genossenschaften mbH, Stuttgart	81.5	€	2010	9,965,213	– *
carexpert Kfz-Sachverständigen GmbH, Walluf	60.0	€	2011	2,725,904	45,715
CI CONDOR Immobilien GmbH, Hamburg	95.0	€	2010	33,715,000	– *
compertis Beratungsgesellschaft für betriebliches Vorsorgemanagement mbH, Wiesbaden	51.0	€	2011	3,037,434	1,127,630

* A profit and loss transfer agreement exists

SHARES IN AFFILIATED COMPANIES

Name and registered office of company	Group share of Capital in %	Currency	Figures for Fiscal year	Shareholders' equity €	Result €
Condor Beteiligungsgesellschaft mbH, Hamburg	95.0	€	2011	27,405	–163
Condor Dienstleistungs-GmbH, Hamburg	95.0	€	2011	199,320	17,750
Englische Strasse 5 GmbH, [1]) Berlin	90.0	€			
Finassimoco S.p.A., Segrate	56.7	€	2010	83,226,665	–22,285,820
GbR Dortmund Westenhellweg 39-41, Wiesbaden	94.0	€	2010	42,021,807	2,536,621
GTIS Brazil II S-Feeder LP, [1]) Edinburgh	97.9	USD	2010	46,382,189	– *
GWG 1. Wohn GmbH & Co. KG, Stuttgart	90.6	€	2010	1,857,000	–70,721
GWG 2. Wohn GmbH & Co. KG, Stuttgart	90.6	€	2010	3,000,000	160,087
GWG 3. Wohn GmbH & Co. KG, Stuttgart	90.6	€	2010	6,965,309	–34,691
GWG Gesellschaft für Wohnungs- und Gewerbebau Baden Württemberg AG, Stuttgart	90.6	€	2010	164,438,459	11,271,245
GWG ImmoInvest GmbH, Stuttgart	86.0	€	2010	3,586,366	105,933
HANSEATICA Sechzehnte Grundbesitz Investitionsgesellschaft mbH & Co. KG, Berlin	95.0	€	2010	28,534,383	449,532
Henderson Global Investors Real Estate (No. 2) L.P., London	73.9	GBP	2010	14,330,976	846,669
HGI Immobilien GmbH & Co. GB I KG, Frankfurt am Main	73.9	€	2010	33,583,547	565,729
HGI Real Estate L.P., London	73.9	GBP	2010	16,315,273	2,315,568
HumanProtect Consulting GmbH, Cologne	100.0	€	2010	213,923	97,992
Indexfinal Limited, London	73.9	GBP	2010	1,104	292
IZD-Beteiligung S.à.r.l., [1]) , Luxemburg	96.2	€	2010	19,889,054	6,518
KRAVAG Umweltschutz- und Sicherheitstechnik GmbH, Hamburg	51.0	€	2010	170,709	9,537
Medico 12 GmbH & Co. KG, Frankfurt am Main	100.0	€	2010	15,818,330	1,096,332
MSU Management-, Service- und Unternehmensberatung GmbH, Kaiserslautern	74.0	€	2010	275,141	40,247
NF Nordstrand GmbH & Co. Heidenkampsweg 100 Nord KG, Norderfriedrichskoog	89.3	€	2010	–3,629,249	–204,642
NF Nordstrand GmbH & Co. Heidenkampsweg 100 Süd KG, Norderfriedrichskoog	47.9	€	2010	-2,630,693	-146,990
PASCON GmbH, Wiesbaden	100.0	€	2011	25,000	– *
Paul Ernst Versicherungsvermittlungsgesellschaft mbH, Hamburg	51.0	€	2010	44,194	–81,371
Pension Consult Beratungsgesellschaft für Altersvorsorge mbH, Munich	100.0	€	2010	801,867	153,945
R+V Erste Anlage GmbH, Wiesbaden	95.0	€	2010	28,504,078	537,772
R+V Gruppenpensionsfonds-Service GmbH, Munich	100.0	€	2010	25,000	– *

* A profit and loss transfer agreement exists
[1]) New holding

SHARES IN AFFILIATED COMPANIES

Name and registered office of company	Group share of Capital in %	Currency	Figures for Fiscal year	Shareholders' equity €	Result €
R+V INTERNATIONAL BUSINESS SERVICES Ltd., Dublin	100.0	€	2010	2,217,604	–2,235,181
R+V KOMPOSIT Holding GmbH, Wiesbaden	100.0	€	2011	1,580,285,187	– *
R+V Kureck Immobilien GmbH, Wiesbaden	95.0	€	2010	75,236	502
R+V Leben Wohn GmbH & Co. KG, Wiesbaden	100.0	€	2010	95,946,480	3,139,480
R+V Personen Holding GmbH, Wiesbaden	100.0	€	2011	522,288,847	– *
R+V Real Estate Belgium N.V./S.A., Brussels	100.0	€	2010	10,601,304	31,730
R+V Rechtsschutz-Schadenregulierungs-GmbH, Wiesbaden	100.0	€	2011	53,189	– *
R+V Service Center GmbH, Wiesbaden	100.0	€	2011	2,869,375	– *
R+V Service Holding GmbH, Wiesbaden	100.0	€	2011	156,780,850	– *
R+V Treuhand GmbH, Wiesbaden	100.0	€	2010	29,923	2,978
RC II S.a.r.L., [1]) Luxembourg	90.0	€			
RUV Agenturberatungs GmbH, Wiesbaden	100.0	€	2010	867,693	208,252
Schuster Assekuradeur GmbH, Hamburg	100.0	€	2010	118,224	2,477
Schuster Finanzdienstleistungs-GmbH, Bielefeld	100.0	€	2010	25,565	– *
Schuster Versicherungsmakler GmbH, Bielefeld	100.0	€	2010	307,480	173,395
SECURON Versicherungsmakler GmbH, Munich	51.0	€	2010	525,121	317,015
Sprint Sanierung GmbH, Cologne	100.0	€	2010	24,623,823	4,110,336
Tishmann Speyer Brazil Feeder (SCOTS/D), L.P., Edinburgh	97.5	BRL	2010	24,624,690	2,285,168
Tishmann Speyer European Strategic Office Fund Feeder, L.P., New York	97.2	€	2010	15,018,880	1,760,738
UMB Unternehmens-Management-beratungs GmbH, Wiesbaden	100.0	€	2011	587,693	– *
Unterstützungskasse der Condor Versicherungsgesellschaften GmbH, Hamburg	98.3	€	2010	26,076	0
VMB Versorgungsmanagment für Banken GmbH, [1]) Overath	51.0	€	2011	28,271	2,070
VR GbR, Frankfurt am Main	41.2	€	2010	175,865,605	42,045,085
VR Hausbau AG, Stuttgart	81.2	€	2010	2,750,000	– *
Waldhof GmbH & Co. Kommandit-gesellschaft, Hamburg	100.0	€	2010	5,887,799	381,402
Waldhof Verwaltungsgesellschaft mbH, Hamburg	100.0	€	2010	28,938	114
WBS Wohnwirtschaftliche Baubetreuungs- und Servicegesellschaft mbH, Stuttgart	86.0	€	2010	11,485,984	653,249

* A profit and loss transfer agreement exists
[1]) New holding

ASSOCIATES

Name and registered office of company	Group share of Capital in %	Currency	Figures for Fiscal year	Shareholders' equity €	Result €
ASSICAL S.r.L., Rende	17.0	€	2010	166,028	–10,916
ASSICONF S.r.L., Torino	11.3	€	2010	50,787	685
ASSICRA Servizi Assicurativi Banche di Credito Cooperativo Abruzzo e Molise s.r.L., Pescara	14.2	€	2010	239,591	24,215
ATRION Immobilien GmbH & Co. KG, Munich	31.6	€	2010	37,016,629	6,224,554
AUREO GESTIONI S.G.R.p.A., Milan	15.9	€	2010	33,213,538	2,783,547
BAU + HAUS Management GmbH, Karlsruhe	50.0	€	2010	11,454,364	745,310
bbv-Service Versicherungsmakler GmbH, Munich	25.2	€	2010	1,216,524	246,332
Centro Commerciale Trieste Srl., Triest	23.1	€	2009	thou € 17,864	thou € 224
Credit Suisse Global Infrastructure SCA SICAR, Luxembourg	29.6	USD	2010	340,363,222	36,466,190
ECE – European Prime Shopping Center SCA SCS SIF B, 1) Luxembourg	42.9	€	2010	2,499,645	–205,365
European Property Beteiligungs-GmbH, Wiesbaden	38.6	€	2010	1,623,079	18,623,079
GbR „Ackermannbogen.de – Wohnen am Olympiapark“, Munich	40.6	€	2010	61,716	–250,950
Golding Mezzanine SICAV IV, Muns	47.5	€	2010	7,990,017	135,001
HEIMAG Besitzgesellschaft mbH, Munich	27.2	€	2010	25,685	118
HEIMAG Holding AG, Munich	27.2	€	2010	5,526,335	716,365
HEIMAG München GmbH, Munich	27.2	€	2010	350,645,951	– *
Henderson Global Investors Property (No. 2) Limited, London	50.0	GBP	2010	71,181	48,208
HGI Immobilien GmbH, Frankfurt am Main	50.0	€	2010	154,783	691,629
HGI Property Limited, London	50.0	GBP	2010	36,609	28,350
Immobiliare Nalim Office S.r.L., Milan	23.1	€	2010	thou € 17,667	thou € 372
Immobiliare Nalim Shopping S.r.L., Milan	23.1	€	2010	thou € 16,470	thou € 108
IZD-Holding S.a.r.l., Luxembourg	48.4	€	2010	39,382,821	51,668
Mietmanagement HEIMAG GmbH & Co. KG, Munich	27.2	€	2010	417,392,451	12,049,118
MB Asia Real Estate Feeder (SCOT) L.P., New York	34.1	USD	2010	77,735,877	37,845,118
Office Tower IZD GmbH, Vienna	48.3	€	2010	37,287,615	2,723,715
Property Finance Fraunce S.A., Luxembourg	18.2	€	2009	9,645,039	3,949,068
PWR Holding GmbH, Munich	33.3	€	2009	402,348	–
R+V Kureck Immobilien GmbH Grundstücks-verwaltung Braunschweig, Wiesbaden	50.0	€	2010	9,465,685	559,629

* A profit and loss transfer agreement exists
1) New holding

ASSOCIATES

Name and registered office of company	Group share of Capital in %	Currency	Figures for Fiscal year	Shareholders' equity €	Result €
R.G.A. Agrupación de Interés Ecónomico, Madrid	12.0	€	2010	117,197	0
R.G.A. Mediacion, Operador de Banca-Seguros Vinculado, S.A. Madrid	28.5	€	2010	2,922,376	73,556
Rural Pensiones, S.A. Entidad Gestora de Fondos de Pensiones, Madrid	17.5	€	2010	15,000,000	–2,807,000
Rural Vida, S.A. de Seguros y Reaseguros, Madrid	28.5	€	2010	106,627,000	14,039,000
Schroder European Property Investments No. 1 S.A., Senningerberg	44.3	€	2010	1,454,811	17,220,711
Santa Palomba Centre T Srl.1), Milan	23.1	€	2010	thou € 23	–thou € 15
Schroder Italien Fonds Holding GmbH, Wiesbaden	23.1	€	2010	36,174,627	6,913,650
Schroder Italien Fonds GmbH & Co. KG, Frankfurt am Main	23.1	€	2010	31,002,214	2,180,735
Schroder Property Services B.V., Amsterdam	30.0	€	2010	11,994,481	11,516,918
SECURON Hanse Versicherungsmakler GmbH [2]), Hamburg	26.0	€			
Seguros Generales Rural, S.A.de Seguros y Reaseguros, Madrid	28.5	€	2010	149,883,000	7,794,000
SVG-VERSICHERUNGSMAKLER GmbH, Munich	26.0	€	2010	61,926	5,584
TERTIANUM - Besitzgesellschaft Berlin Passauer Straße 5-7 mbH, Munich	25.0	€	2010	24,495,911	–254,614
TERTIANUM - Besitzgesellschaft Konstanz Marktstätte 2-6 und Sigismundstraße 5-9 mbH, Munich	25.0	€	2010	31,430,367	492,415
TERTIANUM Seniorenresidenz Betriebsgesellschaft Berlin mbH, Berlin	25.0	€	2010	46,961	1,438
TERTIANUM Seniorenresidenzen Betriebsgesellschaft mbH, Konstanz	25.0	€	2010	254,602	–459,891
Tintoretto Rome S.r.L., Milan	23.1	€	2010	thou € 46,328	thou € 1,055
Versicherungs-Vermittlungsgesellschaft des Sächsischen Landesbauernverbandes mbH, Dresden	50.0	€	2010	108,979	14,707
Versicherungs-Vermittlungsgesellschaft mbH des Bauernverbandes Mecklenburg-Vorpommern e.V. (VVB), Neubrandenburg	50.0	€	2010	122,157	13,642
Versicherungs-Vermittlungsgesellschaft mbH des Landesbauernverbandes Sachsen-Anhalt e.V. (VVB), Magdeburg	50.0	€	2010	32,816	–6,015
VVB Versicherungs-Vermittlungsgesellschaft mbH des Landesbauernverbandes Brandenburg, Teltow	50.0	€	2010	34,869	5,009
VV Immobilien GmbH & Co. United States KG, Munich	24.7	€	2010	29,816,399	789,721

[1]) New holding
[2]) Established in 2011

Notes to the balance sheet – assets

STATEMENT OF CHANGES TO ASSET ITEMS A., B. I. TO III. IN THE 2011 FISCAL YEAR*

	Values for previous year		Additions
	thou €	%	thou €
A. Intangible assets			
I. Internally produced copyrights and similar rights and values	–		–
II. Concessions acquired for consideration, commercial copyrights and similar rights and values and licences to such rights and values	–		–
III. Goodwill	–		–
IV. Advance payments	–		–
Total A	**–**		**–**
B. Capital assets			
B.I. Land, similar rights and buildings including buildings on third party land	3,512	0.1	–
B.II. Capital investments in affiliated companies and holdings			
1. Shares in affiliated companies	1,954,295	57.7	72,810
2. Loans to affiliated companies	154,854	4.6	53,600
3. Holdings	1,037	0.0	–
4. Loans to associated companies	–	–	–
Total B.II.	2,110,186	62.3	126,410
B.III. Other capital assets			
1. Shares, investment certificates and other variable yield securities	197,043	5.8	109,732
2. Bearer bonds and other fixed interest securities	425,390	12.6	452,475
3. Receivables from mortgages, land charge and annuity land charge	–	–	–
4. Other loans			
a) Registered bonds	349,065	10.3	5,000
b) Bonded debt receivables and loans	295,242	8.7	32
c) Loans and advance payments on insurance policies	–	–	–
d) Other loans	–	–	–
5. Deposits at banks	6,611	0.2	45,775
6. Other capital investments	118	0.0	4,961
Total B.III.	1,273,469	37.6	617,975
Total B	**3,387,167**	**100.0**	**744,385**
Conversion in accordance with § 341 c HGB			
Accrual items	5,829		–
Deferrals	-313		–
Total	**3,392,683**		**744,385**

*) Discrepancies in totals are due to rounding
**) Thereof currency write ups: thou € 16,178
***) Thereof currency write ups: thou € 432

Transfers thou €	Disposals thou €	Write ups**) thou €	Write downs***) thou €	Values stated for current fiscal year thou €	%
–	–	–	–	–	
–	–	–	–	–	
–	–	–	–	–	
–	–	–	–	–	
–	**–**	**–**	**–**	**–**	
–	–	–	67	3,445	0.1
–	29,616	–	–	1,997,490	54.7
–	81,152	4,905	1	132,206	3.6
–	–	–	–	1,037	0.0
–	–	–	–	–	–
–	110,767	4,905	1	2,130,732	58.3
–	34,807	365	12,426	259,906	7.1
–	300,349	11,475	1,723	587,268	16.1
–	–	–	–	–	–
–	5,000	–	–	349,065	9.6
5,516	36,178	–	–	264,612	7.2
–	–	–	–	–	–
–	–	–	–	–	–0
–	-	331	92	52,625	1.4
–	–	–	–	5,079	0.1
5,516	376,335	12,171	14,241	1,518,555	41.6
5,516	**487,103**	**17,076**	**14,309**	**3,652,732**	**100.0**
–5,829	–	–	–	–	
313	–	–	–	–	
0	**487,103**	**17,076**	**14,309**	**3,652,732**	

B. CAPITAL ASSETS

in EUR million			2011
Balance sheet items	**Book value**	**Current value**	**Reserve**
I. Land, similar rights and buildings, including buildings on third party land	3.4	8.2	4.7
II. Capital investments in affiliated companies and holdings			
1. Shares in affiliated companies	1,997.5	4,469.1	2,471.6
2. Loans to affiliated companies	132.2	134.2	2.0
3. Holdings	1.0	1.3	0.2
III. Other capital assets			
1 Shares, investment certificates and other variable yield securities	259.9	256.1	–3.8
2. Bearer bonds and other fixed interest securities	587.3	607.8	20.5
4. Other loans			
4a) Registered bonds	349.3	374.7	25.4
4b) Bonded debt receivables and loans	264.6	281.7	17.0
5. Deposits at banks	52.6	52.6	0.0
6. Other retained earnings	5.1	5.0	–0.1
IV. Deposits with ceding undertakings	197.7	197.7	0.0
Total capital assets	**3,850.6**	**6,388.2**	**2,537.6**

The book values take into account the balance of premiums and discounts (+ 0.2 m euros) for the nominal registered bonds.

The calculation of current values was based on stock exchange prices, redemption prices and market prices respectively for registered bonds and bonded debt in accordance with the discounted cash flow method or the net capitalised earning method in accordance with IDW S1 or the net asset value.

The building was revalued as of 31 December 2011.
The land is valued every five years; last valued in 2009.

If any other valuation methods have been used, these comply with the provisions of § 56 RechVersV.

295.3 m euros were allocated to fixed investments in accordance with § 341 b Section 2 HGB. This includes positive valuation reserves of 0.8 m euros and negative reserves of 7.4 m euros as of 31 December 2011.

The valuation reserves of the total capital investments amount to 2,537.6 m euros, which corresponds to a reserve ratio of 65.9%.

B. III. OTHER CAPITAL INVESTMENTS – INVESTMENT SHARES

in EUR

Type of fund	Market value	Difference Market value/ Book value	Distribution for the Fiscal year	Carried out extraordinary Write downs
Mixed funds	230,004,953	–	6,883,553	–3,876,662

The mixed funds are predominantly oriented on Europe or internationally and their main focal point is investment in securities.

There is compliance at all times with the investment principle of § 54 Section 1 VAG regarding security.

B. III. OTHER CAPITAL INVESTMENTS – INFORMATION ON FINANCIAL INSTRUMENTS, WHICH ARE SHOWN ABOVE THEIR CURRENT VALUE TO BE RECONCILED

in EUR

Type	Nominal volumes	Book value	Current value
Shares, investment certificates and other variable yield securities [1])	–	235,325,502	231,208,193
Bearer bonds and other fixed interest securities [2])	30,000,000	23,765,000	20,461,500
Other loans [3])	43,000,000	42,824,361	35,765,822
Holdings and other capital assets [4])	–	4,935,706	4,862,990

[1]) Due to the given creditworthiness of the issuers and the expected profits of the companies, the value reductions are not permanent, but contingent upon changes in market price.
[2]) Due to the given creditworthiness of the issuers, the value reductions are not permanent, but contingent upon changes in market price.
[3]) The lower current value refers to bonded debt where based on its creditworthiness a temporary reduction in value has been assumed.
[4]) Due to the expected profits of the companies, the reductions in value are not permanent, but contingent upon changes in market price.

B. III. OTHER CAPITAL ASSETS – INFORMATION ON DERIVATIVE FINANCIAL INSTRUMENTS

in EUR

Type	Nominal volumes	Book value	Current value
Futures/registered certificates forward purchases [1]	1,000,000	–	8,227
Futures/bearer bonds forward purchases/futures [2]	17,000,000	–	864,796

[1]) Current value is calculated on the value date. SWAP and money market curve valuation parameters
[2]) Stock exchange value is calculated on the value date: SWAP and money market curve valuation parameters

The financial derivatives and structured products were broken down into their individual components. The derivative components were valued using recognised financial mathematical methods on the basis of the Black 76 model, Hull-White single factor and Hull-White two factor models.

E. III. OTHER ASSETS

in EUR	2011
Others	314,974
Status as of 31 December	**314,974**

The amount essentially concerns operational expenses which have been paid in advance.

F. II. OTHER ACCRUALS AND DEFERRALS

in EUR	2011
Premium on registered bonds	732.626
Expenditure relating to subsequent years	64,687
Status as of 31 December	**797,313**

Notes to the balance sheet – equity and liabilities

A. I. CALLED CAPITAL	
in EUR	**2011**
Subscribed capital divided into 12,246,000 shares	
Status as of 31 December	**318,545,455**

Subscribed capital is unchanged on the status on 31 December 2010.

In accordance with §§ 20 Section 4 and §§ 21 Section 2 AktG, DZ BANK AG Deutsche Zentral-Genossenschaftsbank, Frankfurt am Main, has reported that it holds a majority interest in R+V Versicherung AG.

A. II. CAPITAL RESERVES	
in EUR	**2011**
Status as of 31 December	**1,278,369,773**

Capital reserves are unchanged on the status on 31 December 2010.

A.III RETAINED EARNINGS	
in EUR	**2011**
4. Other retained earnings	
Carried forward to 1 January	150,592,800
Transfer from net retained profits 2010	3,504,295
Transfer from net retained profits 2011	10,569,242
Status as of 31 December	**164,666,337**

F. I. PROVISIONS FOR PENSIONS

in EUR	2011
Amount payable	14,745,825
Offsettable reinsurance assets	14,679,057
Status as of 31 December	**66,768**

The offsettable reinsurance assets concern claims from life insurance policies. They were set at the tax asset value.

Because this corresponds to the extrapolated acquisition cost no distribution block has to be taken into account.

F. III. OTHER PROVISIONS

in EUR		2011
Holiday / flexi-time credits		666,000
Partial retirement		258,161
Provision	1,130,896	
Offsettable reinsurance assets	872,735	
Working life		–
Provision	143,45	
Offsettable reinsurance assets	143,45	
Capital investment area		160,000
Annual financial statement		870,135
Employers' Accident Liability Association		102,000
Personnel costs		4,237,995
Anniversaries		1,371,347
Other provisions		7,191,770
Status as of 31 December		**14,857,408**

The offsettable reinsurance assets concern claims from life insurance policies.

Because the current value corresponds to the extrapolated acquisition costs, not distribution block has to be taken into account.

H. OTHER LIABILITIES

in EUR	2011
Liabilities with a remaining term of more than 5 years	
Loans	5,599,650
Other liabilities	39,752
Status as of 31 December	**5,639,402**

There are no liabilities secured by liens or similar rights.

I. DEFERRALS

in EUR	2011
Discount from bearer bonds	495,350
Status as of 31 December	**495,350**

Notes to the income statement

I. 1.A.) GROSS PREMIUMS WRITTEN

in EUR	2011	2010
Property, health and accident insurance	1,464,205,855	1,343,236,442
Life insurance	28,150,350	27,952,823
Status as of 31 December	**1,492,356,205**	**1,371,189,265**

I. 2. OWN ACCOUNT TECHNICAL INTEREST INCOME

in EUR	2011	2010
Status as of 31 December	**1,659,320**	**1,727,237**

This concerns deposit interest from securities in the amount of the securities provided for the actuarial provisions and the pension actuarial reserves at the reinsurers.

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

I. 4. EXPENDITURE ON CLAIMS FOR OWN ACCOUNT

in EUR	2011	2010
Status as of 31 December	**1,183,282,474**	**1,016,203,900**

There was a gross loss of 187.2 m euros from the settlement of the provisions for outstanding claims assumed from the previous fiscal year.

This settlement was contrasted with supplementary credit premiums of 197.5 m euros. These resulted from reinsurance policies whose term does not correspond to a calendar year or which were concluded on an underwriting year basis.

II. 2 B.) DEPRECIATION OF CAPITAL ASSETS

in EUR	2011	2010
Scheduled write downs	67,384	67,384
Non-scheduled write downs in accordance with § 253 Section 4 HGB	1,383,801	1,485,092
Non-scheduled write downs in accordance with § 253 Section 3 Clause 3 HGB	12,245,601	4,450,031
Status as of 31 December	**13,876,785**	**6,002,507**

II. 4. OTHER INCOME

Other income includes exchange rate profits of 10.6 m euros.

II. 5. OTHER EXPENDITURE

in EUR	2011	2010
Expenditure on services provided	24,978,150	14,695,073
Expenditure that affects the company as a whole	11,293,637	7,317,346
Interest transfer to provisions	820,190	893,885
Interest to be offset from offsettable assets	-465,061	-496,388
Other interest expenditure	6,604,337	5,739,769
Expenditure from outsourcing pension provisions	1,522,864	567,496
Other expenditure	7,852,400	10,329,701
Status as of 31 December	**52,606,518**	**39,046,882**

Other income includes exchange rate losses of 6.2 m euros.

II. 10. EXTRAORDINARY RESULT

in EUR	2011	2010
BilMoG conversion effects		
Income from discounting provisions	–	430,507
Expenditure from the revaluation of provisions for pensions and similar obligations as well as other provisions	2,624,809	272,983
Status as of 31 December	**–2,624,809**	**157,524**

Other Information

Supervisory Board of R+V Versicherung AG

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

Ulrich Birkenstock
– Deputy Chairman –
Works Council Chairman, R+V Allgemeine Versicherung AG,
Koblenz Branch Office, Koblenz

Hermann Arens
Spokesman of the Board of Management
of Volksbank Lingen eG, Lingen

Dr. Peter Aubin
Spokesman of the Board of Management
of Volksbank Göppingen eG, Göppingen

Thomas Bertels
Customer Advisor of R+V Service Center GmbH, Münster

Uwe Fröhlich
President, Bundesverband der Deutschen Volksbanken und
Raiffeisenbanken e.V., Berlin

Carsten Graaf
Chairman of the Board of Management
of Volksbank Meerbusch eG, Meerbusch

Albrecht Hatton
Chairman of the Board of Management
of Volksbank Dessau-Anhalt eG, Dessau

Dietmar Küsters
Chairman of the Board of Management
of Volksbank Straubing eG, Straubing

Karl-Heinz Moll
Member of the Board of Management of WGZ BANK AG
Westdeutsche Genossenschafts-Zentralbank, Düsseldorf

Achim Reuber
Works Council Chairman,
R+V Direktionsbetrieb Hamburg/KRAVAG, Hamburg
(until 30 November 2011)

Hermann Rohrmeier
Works Council Chairman,
R+V Allgemeine Versicherung AG, VD Süd-Ost

Gerd Rück
Director, R+V Versicherung AG, Wiesbaden Head Office,
Wiesbaden

Armin Schmidt
Trade Union Secretary, Vereinte Dienstleistungsgewerkschaft
ver.di (trade union), Wiesbaden District, Wiesbaden

Gudrun Schmidt
State of Hesse Director (ret.), Frankfurt am Main

Ursula-Maria von Tesmar
Chairwoman of the Works Council,
R+V Head Council Hamburg/KRAVAG, Hamburg
(from 1 December 2011)

Hans-Joachim Weiß
Occupational Health Assistant,
R+V Allgemeine Versicherung AG, Wiesbaden Head Office,
Niedernhausen

Board of Management of R+V Versicherung AG

Dr. Friedrich Caspers
– Chairman –

Frank-Henning Florian

Heinz-Jürgen Kallerhoff

Dr. Christoph Lamby

Hans-Christian Marschler

Rainer Neumann

Dr. Norbert Rollinger

Peter Weiler

PERSONNEL EXPENDITURE

in EUR	2011	2010
1. Wages and salaries	35,212,933	27,016,377
2. Social security deductions and expenditure on other benefits	3,961,956	3,381,297
3. Expenditure on pension provision	4,368,354	4,153,165
Total expenditure	**43,543,243**	**34,550,839**

Total remuneration of the members of the Board of Management amounted to 8,615,223 euros (2010: 4,442,550 euros).

Remuneration to members of the Board of Management was paid in full from 2011 by the contractually authorised company, R+V Versicherung AG. If group management functions are remunerated herewith, a management expenses allocation is charged in the context of service offsetting. The corresponding expenditure and income are shown under other income results.

495,293 euros were paid to former members of the Board of Management and their dependants (2010: 1,047,666 euros). As part of the outsourcing of pension obligations, contribution payments of 1,206,287 euros were made to Versorgungskasse genossenschaftlich orientierter Unternehmen e.V. For former members of the Board of Management and their dependants, 51,455 euros to R+V Pensionfonds AG and 111,252 euros to Versorgungskasse genossenschaftlich orientierter Unternehmen e.V. were paid. There is a reserve of 4,688,246 euros for current pensions and pension entitlements of former members of the Board of Management and their dependants. Furthermore, obligations for this group of people of 1,591,203 euros are not shown in the balance sheet due to Article 67 Section 1 EGHGB. In the fiscal year, expenditure of 382,688 euros was made on the Supervisory Board. Contributions that require disclosure in accordance with § 285 No. 9 c HGB are not shown in the fiscal year.

Number of employees
During the 2011 fiscal year an average of 396 employees (previous year 338) were employed at R+V Versicherung AG, of whom 384 were employed in administration at Head Office and 12 at the Singapore branch office.

Information about related parties and companies
During the reporting period no transactions were carried out with related parties or companies in connection with § 285 Clause1 No. 21 HGB.

INFORMATION ABOUT CONTINGENT LIABILITIES AND OTHER FINANCIAL OBLIGATIONS

On the reporting date the following contingent liabilities arose from contracts concluded and memberships in accordance with § 251 HGB and other financial obligations in accordance with § 285 Clause 1 No. 3a HGB:

in EUR	Details concerning amount	Thereof due to affiliated companies	Risks	Benefits
1. Letters of Credit	193,186,025	–	If payment obligations to cedents are not met, securities from the blocked deposit can be drawn on.	Collateralisation of actuarial liabilities by placing security collateral in order to be able to conduct business on the USA market.
2. Supplementary payment obligations	88,834,180	85,516,950	There is an obligation to pay. No influence on the time of the claim is possible. There is a risk that the holding will fall in value in the meantime.	No increase in balance sheet capital investments if 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	47,400,000	47,400,000	Liability for meeting all claims from pension provision insofar Condor Lebensversicherungs-AG does not meet these as well as liability for granting loans.	Due to the bond in favour of Condor Lebensversicherungs-AG is was possible to take out pension provision for a one-off amount. Better credit procurement possibilities for a borrowing company within the R+V Group.
4. Put options from multi-tranches Remaining term > 1 year	20,000,000	20,000,000	Opportunity costs are incurred due to the low interest rate. There is also an issuer risk.	Higher coupon of underlying asset.
5. Put options from shares	17,300,000	–	Opportunity costs are incurred due to the low interest rate.	The implementation of capital measures at a subsidiary was made possible.
6. Guarantee bond from the grant of a loan	1,015,000	1,015,000	Outflow of liquidity Opportunity costs are incurred due to the low interest rate. It is possible to draw on this if the borrower becomes insolvent.	Safeguarding business operations at the borrower.
7. Liabilities from pending transactions	18,000,000	4,000,000	Opportunity costs are incurred due to the low interest rate. There is also an issuer risk.	Compensation for liquidity fluctuations during the course of the fiscal year and avoidance of market disturbances with high investment requirements.
8. Blocked deposit	78,230,549	–	Outflow of liquidity Opportunity costs are incurred due to the low interest rate.	Investments were blocked in separate deposit accounts in favour of reinsurers.
9. Amount of liability	5,000	–	No increase in balance sheet capital investments on recourse. There is no balance sheet current value for the liability total.	Increase in liable shareholders' equity at cooperative companies, low probability of occurrence through deposit guarantee funds.
Total	**463,970,754**	**157,931,950**		

Claims from contingent liabilities in accordance with § 251 HGB are unlikely.

AUDITOR'S FEES AND SERVICES

In accordance with § 285 Clause 1 No. 17 HGB, the following fees were recorded as expenditure (net) in the fiscal year:

in EUR	2011
Audit services	585,000
Other certification services	114,513
Tax consultancy services	2,500
Other services	395,685
Total expenditure	**1,097,698**

The auditor of R+V Versicherung AG is KPMG AG Wirtschaftsprüfungsgesellschaft.

The auditor's other services largely relate to other consultancy services.

Consolidated financial statement
R+V Versicherung AG prepares a sub-group annual financial statement in accordance with IFRS. This is filed in the German Federal Electronic Gazette (Bundesanzeiger).

The sub-group annual financial statement of R+V Versicherung AG is included in the higher ranking consolidated annual financial statement of DZ BANK AG Deutsche Zentral-Genossenschaftsbank, Frankfurt am Main, with discharging effect. This is filed in the German Federal Electronic Gazette (Bundesanzeiger).

Wiesbaden, 2 March 2012

The Board of Management

Dr. Caspers	Florian	Kallerhoff	Dr. Lamby
Marschler	Neumann	Dr. Rollinger	Weiler

Auditor's report

We have audited the annual financial statement – consisting of the balance sheet, profit and loss account and notes – including the bookkeeping and the management report of R+V Versicherung AG, Wiesbaden for the fiscal year from 1 January to 31 December 2011. The bookkeeping and the preparation of the annual financial statements and the management report in accordance with the provisions of the HGB (Handelsgesetzbuch – German Commercial Code) are the responsibility of the Board of Management of the Company. Our responsibility is to make an assessment of the annual financial statement, including the bookkeeping and the management report, based on our audit.

We conducted our audit of the annual financial statement in accordance with § 317 HGB and the generally accepted standards for the audit of the financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW) [Institute of Auditors]. Those standards require that we plan and perform the audit in such a manner that any inaccuracies that materially affect the presentation of the assets, financial and earnings position in the annual financial statements in accordance with German principles of proper accounting and in the management report are detected with reasonable assurance.

Knowledge of the business activities and the economic and legal environment of the Company and evaluations of possible inaccuracies have been taken into account in the determination of audit procedures. The effectiveness of the internal accounting control system and the evidence supporting the disclosures in the books and records, the annual financial statement and the management report have been examined primarily on the basis of random samples within the framework of the audit.

The audit includes an evaluation of the accounting principles used and significant assessments made by the Board of Management, as well as an evaluation of the overall presentation of the annual financial statement and the management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit did not give rise to any objections.

In our opinion and based on the findings made during the audit, the annual financial statement complies with statutory regulations and gives a true and fair view of the capital investments, financial situation and profitability of the Company in accordance with German principles of proper accounting. The management report corresponds with the annual financial statement and overall conveys an appropriate presentation of the Company's position and suitably presents the risks and opportunities of future development.

Frankfurt am Main, 5 March 2012

KPMG AG
Wirtschaftsprüfungsgesellschaft

Mehren	Horst
Auditor	Auditor

Report of the Supervisory Board

The Supervisory Board and its committees
In order to fulfil its purpose, the Supervisory Board has formed an audit committee, a personnel committee and a mediation committee.

The Supervisory Board and its committees have monitored and accompanied the management of the Board of Management in an advisory capacity in accordance with statutory regulations and the articles of association.

The regular terms of office of Mr Wolfgang Kirsch as Member of the Supervisory Board ended directly after the Annual General Meeting on 11 May 2011. The terms of office of Mr Kirsch as Chairman of the Supervisory Board, member and Chairman of the personnel committee and as member and Chairman of the mediation committee of the Supervisory Board also ended on this date. The Annual General Meeting re-elected Mr Kirsch as shareholders' representative on the Supervisory Board with immediate effect. In its meeting on 11 May 2011, the Supervisory Board re-elected Mr Kirsch as the Chairman of the Supervisory Board. In accordance with § 9 Figure 2 of the Rules of Procedure of the Supervisory Board, this led to Mr Kirsch remaining - as before - a member of the personnel committee and in accordance with § 27 Section 3 MitbestG (German Co-Determination Act), a member of the mediation committee. Furthermore, the Supervisory Board re-elected Mr Kirsch as Chairman of the personnel committee and as Chairman of the mediation committee.

Due to his entry into the passive phase of partial retirement, the term of office of Mr Achim Reuber as member of the Supervisory Board ended with effect from 30 November 2011. Mr Reuber was a member of the Supervisory Board as employees' representative. Mrs Ursula-Maria von Tesmar was appointed as member of the Supervisory Board as elected replacement employees representative with effect from 1 December 2011.

Cooperation with the Board of Management
The Board of Management has informed the Supervisory Board regularly and comprehensively about the situation and development of the Company. In the 2011 fiscal year this took place in four meetings which the Supervisory Board attended on 9 March 2011, 11 May 2011, 16 September 2011 and 5 December 2011. Furthermore, meetings of the audit committee of the Supervisory Board took place on 8 March 2011 and of the personnel committee of the Supervisory Board on 24 February 2011 and 5 December 2011. The Supervisory Board received and discussed oral and written reports from the Board of Management in these meetings. The Supervisory Board received further information in quarterly written reports from the Board of Management. All measures requiring the agreement of the Supervisory Board were discussed in detail before a resolution was taken. Furthermore, the Chairman of the Supervisory Board was also regularly informed about important developments and decisions outside meetings.

The main focus of this reporting was on the financial situation of the company, corporate planning and outlook and financial key performance indicators. The Supervisory Board paid special attention to the capital investment policy of the Board of Management against the background of the euro and debt crises. In addition, the main focal points of the meetings and discussions of the Supervisory Board were the development of holdings in the direct insurance companies operating in the personal, indemnity and accident insurance segments. The Supervisory Board also took a close interest in the development of the assumed reinsurance segment, development of loss ratios in the property and accident insurance segment and measures derived therefrom in individual insurance classes, the impact of Solvency II and IFRS 4 Phase II, HR management measures in the R+V Group and Board of Management matters. Moreover, risk strategy and the risk management system was reported.

Confirmation of the Annual Financial Statement

The audit committee and the Supervisory Board have examined the Annual Financial Statement and the Management Report, and the consolidated financial statement and the consolidated management report for the 2011 fiscal year. The audit reports of KPMG AG, Wirtschaftsprüfungsgesellschaft, was available for this purpose. The auditor had issued an unrestricted audit certificate.

The representatives of the auditor participated in the meeting of the audit committee held on 5 March 2012 to report on the important audit findings. This meeting discussed the Annual Financial Statement and the Management Report, the consolidated financial statement and the consolidated management report, as well as the respective audit reports. The main focal points of the audit were important key performance indicators of the balance sheet, provisions, early recognition system for risk in accordance with § 91 Section 2 AktG (German Companies' Act) and internal audits reports on the past year.

The Annual Financial Statement, the Management Report and the consolidated annual financial statement and consolidated management report for the 2011 fiscal year were examined by the Supervisory Board. The representatives of the auditor were present at the Supervisory Board meeting that confirmed the Annual Financial Statement. They provided a summary report to the Supervisory Board about their audit findings and were available for additional explanations and statements.

The Supervisory Board raised no objections to the Annual Financial Statement and consolidated financial statement for the 2011 fiscal year prepared by the Board of Management. The Supervisory Board assented to the audit findings made by KPMG AG, firm of auditors, which was appointed as the auditor in accordance with § 341 k Section 2 HGB.

The Annual Financial Statement submitted by the Board of Management for the 2011 fiscal year was approved by the Supervisory Board at its meeting on 5 March 2012. Thus the Annual Financial Statement has been confirmed in accordance with § 172 AktG. The consolidated financial statement submitted by the Board of Management was approved by the Supervisory Board in the same meeting.

The Supervisory Board expressed its agreement to the proposal of the Board of Management concerning the appropriation of net retained profits.

The report drawn up by the Board of Management on relationships with affiliated companies and the audit report by the auditor about this issue were submitted and examined.

The auditor issued the following audit certificate for the report of the Board of Management on relationships with affiliated companies:

'We confirm, after our audit and evaluation and in accordance with our duty, that

1. the factual statements made in the report are correct,

2. the remuneration paid by the Company with respect to the legal transactions detailed in the report was not inappropriately high.

The Supervisory Board assents to this assessment and raised no objections to the closing declarations made by the Board of Management about the relationships with affiliated companies.

Wiesbaden, 5 March 2012

The Supervisory Board

Kirsch
Chairman

Glossary

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

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 (management board, supervisory board) or if there is a contract of domination.

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

Balance sheet loss ratio gross
Expenditure on claims in relation to earned premiums – all gross.

Balance sheet loss ratio net
Expenditure on claims in relation to earned premiums – all net.

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

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

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

Cost ratio gross
Percentage ratio for expenditure on insurance operations in relation to earned premiums – all gross.

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

Current value
The current value of a capital investment is usually equivalent to its market value. If the value cannot be calculated directly, the value at which the asset is traded between expert business partners who are independent of each other and willing to conclude a contract can be of assistance.

Deferred tax (assets/liabilities)
There is deferred tax in a financial statement if there are differences between the valuations of asset items and debts in the commercial accounting and the tax accounting. By using the deferred tax approach, future tax charges (deferred tax liabilities) or refunds (deferred tax assets) will be formed in the commercial accounting.

Deposit receivable 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 instruments 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 policyholder. In contrast to ➔ assumed business.

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.

Excess
The part of the assumed risks that the insurer does not give in counter indemnity i.e. ➔ shows net. (Excess ratio: percentage of the excess of the written gross premium.)

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

Expenditure for insurance claims for own account
Total of claims paid and the provisions for losses occurring in the fiscal year supplemented by the ➔ run off result, each after deduction of own reinsurance deductions.

Expenditure on insurance operations (net)
Commissions and personal and operating expenditure for the ongoing administration of insurance policies.

Fiscal year loss ratio gross
Loss expenditure in the fiscal year in relation to earned premiums – all gross.

Fiscal year loss ratio net
Loss expenditure in the fiscal year in relation to earned premiums – all net.

Genossenschaftliche FinanzGruppe
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, WGZ BANK AG, Bausparkasse Schwäbisch Hall, Union Investment, VR Leasing.

Gross/Net
In gross or net accounts the technical items are shown before or after deduction of the proportion of the transaction given that is due on counter indemnity. Instead of „net“ the description „Own account“ is also used.

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 finance 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 guarantee internationally comparable financial reporting and publicity.

Loss-cost ratio
➔ Combined Ratio

Loss ratio
Percentage relation of loss expenditure to earned premiums.

Net
➔ Gross/Net

Net return on capital investments
Total earnings less total expenses for capital investments in relation to the mean asset value of the capital investments as of 1 January and 31 December of the respective fiscal year.

Net return – three year average
Total earnings less total expenditure on capital investments in relation to the mean asset value of the capital investments as of 1 January and 31 December of the respective fiscal year, calculated over a period of three years.

Own account
The respective technical items or the ratio after deduction of the reinsurance transaction ➔ Gross/Net

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

Premium
➔ Premiums

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

Provision for outstanding claims
Provision for obligations from claims that had already occurred on the reporting date but had not yet been reported or that could not be completely processed.

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

Rating
Standardised assessment of the creditworthiness of debt securities and comapnies 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 policyholder.

Reserve ratio
The reserve ratio is calculated to a reporting date from capital investments to ➔ current values in relation to the capital investments at book values.

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 of 1 January and 31 December of the respective fiscal year.

Run off result
The run off result shows how reserves for loss have changed over the course of time through payments made and by reassessment of the expected final loss on the respective reporting date.

Shareholders' equity ratio
Net premium income written in relation to shareholders' equity.

Solvency
Capital resources of an insurance company. In order to ensure that policies can be fulfilled permanently, insurance companies are obliged to form capital resources of at least one solvency margin. The amount of this margin is measured either in accordance with the annual premiums (premium index) or the average expenditure on claims in the last three fiscal years (claim index). The respectively higher index is authoritative.

Stress test
Stress tests are a special type of scenario analysis. Their aim is to make it possible 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).

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.

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 reserve under Technical provisions.

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