ANNUAL REPORT 2008

R+V Versicherung AG

Part of financial network of
Volksbanken Raiffeisenbanken

R+V Versicherung AG

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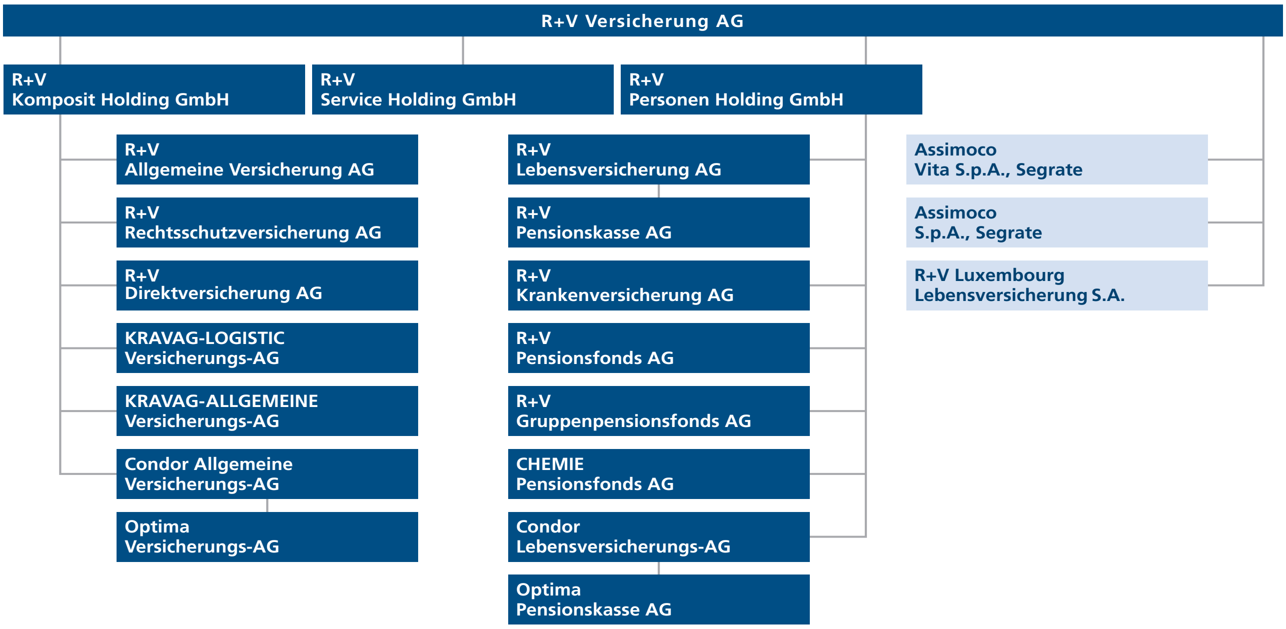
Registered at Wiesbaden Local Court HRB 7934

Annual report 2008

Submitted for the ordinary Annual General Meeting
on 13 May 2009

R+V Consolidated Group – simplified presentation



Domestic Consolidated Group companies   Foreign Consolidated Group companies

FIGURES FOR FISCAL YEAR

		R+V Versicherung AG	
		2008	**2007**
Gross premiums written	EUR million	885	741
Gross expenses for insured events of the fiscal year	EUR million	661	535
Current income from capital investments	EUR million	263	235
Capital investments	EUR million	2,625	2,528
Number of employees as of Dec. 31		304	300
Gross premiums written – R+V Group	EUR million	9,870	9,517
Gross premiums written – R+V Consolidated Group (IFRS)	EUR million	9,451	9,044
Annual results – R+V Consolidated Group (IFRS)	EUR million	117	461
Capital investments – R+V Consolidated Group (IFRS)	EUR million	51,222	49,701

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Management Report

Business Development and Basic Conditions

Business activities

R+V Versicherung AG is the controlling parent 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 also acts as the central reinsurer for the direct insurance companies belonging to the R+V Group. In addition, it operates independently on the international reinsurance market. The reinsurance business is primarily conducted from the Wiesbaden head office. 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 shares in R+V Versicherung AG are owned by DZ BANK AG Deutsche Zentral-Genossenschaftsbank. In addition, WGZ-BANK AG Westdeutsche Genossenschafts-Zentralbank and other cooperative associations and institutes hold shares in R+V Versicherung AG. The Board of Management of R+V Versicherung AG is responsible for the insurance business of the DZ BANK Group.

R+V Versicherung AG holds 100% of the shares of R+V Komposit Holding GmbH, R+V Personen Holding GmbH and R+V Service Holding GmbH.

With the aim of further expanding and reinforcing the growth both in the banking and in the broker sales and distribution, as well as increasing the value added for the cooperative organisation, the Condor Group was acquired in the third quarter of 2008. The newly acquired life and non-life companies were integrated into the R+V Group structure under the corresponding sub-holdings.

R+V KOMPOSIT Holding GmbH in turn is a shareholder in the domestic property and accident insurance companies of the R+V Consolidated Group; that is R+V Allgemeine Versicherung AG, R+V Rechtsschutzversicherung AG, R+V Direktversicherung AG, KRAVAG-LOGISTIC Versicherungs-AG, KRAVAG-ALLGEMEINE Versicherungs-AG; Condor Allgemeine Versicherungs-AG and Optima Versicherungs-AG.

R+V Personen Holding GmbH holds shares in the domestic life and health insurance companies of the R+V Consolidated Group, that is R+V Lebensversicherung AG, R+V Pensionsfonds AG, CHEMIE Pensionsfonds AG, R+V Gruppenpensionsfonds AG, R+V Pensionskasse AG, R+V Krankenversicherung AG, Condor Lebensversicherungs-AG and Optima Pensionskasse AG. Moreover, R+V Versicherung AG holds shares in R+V Lebensversicherung AG.

R+V Service Holding GmbH participates in the service companies of the R+V Consolidated Group, among others carexpert GmbH, compertis GmbH, R+V Service Center GmbH and UMB Unternehmensmanagement Beratungs-GmbH.

The annual financial statement of R+V Versicherung AG was prepared according to the provisions of the HGB (German GAAP). In addition, the company prepares consolidated accounts according to IFRS.

Shareholder structure

As of the balance sheet date, shares in 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 AG, Düsseldorf
- Bayerische Raffeisen Beteiligungs-AG, Beilngries
- Genossenschaftliche Beteiligungsgesellschaft Kurhessen AG, Kassel
- Beteiligungs-AG der Bayerischen Volksbanken, Pöcking

– Norddeutsche Genossenschaftliche Beteiligungs-AG, Hanover
– DZ PB-Beteiligungsgesellschaft mbH, Frankfurt/Main
– KRAVAG-SACH Versicherung des Deutschen Kraftverkehrs VaG, Hamburg
– 753 Volksbanks and Raiffeisenbanks throughout Germany
– 8 interests in free float.

Organisation of management and control

Members of the Boards of Management of the R+V Group companies also hold similar positions at other R+V Group companies.

R+V Group companies have concluded service agreements within the Group. In line with these agreements, certain intergroup services are respectively performed by one of the following companies: R+V Versicherung AG, R+V Allgemeine Versicherung AG, R+V Lebensversicherung AG, KRAVAG-LOGISTIC Versicherungs-Aktiengesellschaft or R+V Service Center GmbH. The services performed for the other companies primarily extend to the following areas: sales, investments, asset management, accounting, premium collection, controlling, legal, auditing, communications, personnel management, general administration and IT. The companies receiving these services are invoiced with the expenses after the services have been provided; they have rights of instructions and control over the outsourced areas.

In addition, the companies of the R+V Group have concluded an agreement on central cash management and a central financial clearing system.

Relations to affiliated companies

In the report in accordance with section 312 of the Aktiengesetz (AktG – German Public Companies Act), the Board of Management declared that, according to the circumstances known to it at the time the transactions mentioned in the report were performed, the company received adequate consideration on each transaction, and that it did not take or fail to take any other measures subject to disclosure.

Personnel report

A total of 304 workers were employed at R+V Versicherung AG as of December 31, 2008 (2007: 300). The employees of R+V Versicherung AG are distinguished by a high level of loyalty to the company with low fluctuation. The average length of service for the company was approx. 12 years in 2008.

PERSONNEL REPORT

	2008	2007
Total number of employees	304	300
of whom:		
Full-time	261	260
Part-time	26	26
Employees with fixed-term contracts	17	14

The personnel work in the fiscal year was among others marked by the new personnel strategy of R+V which was passed in March 2008. The core of the strategy are six long-term objectives which were derived from the business strategy of R+V, the expectations of the employees and current trends on the labour market:

– sustainability in know-how,
– versatile organisation,
– excellent management,
– committed employees,
– attractive employer and
– effective management of personnel resources and costs.

In 2008, the focus was placed on sustainable know-how. R+V started the development of a talent management system in order to bind employees in key functions to the company. The introduction of a separate career development for project managers should contribute to a further professionalisation of the project management at R+V and therefore support the long-term goal of a versatile organisation.

Besides the talent management, the recruitment of future employees was a focus of attention in 2008. This includes further attractive possibilities for joining R+V: the training-integrated course of studies to gain a “Bachelor of Arts in Insurance and Finance” was further expanded and the qualification “Bachelor of Science” in the subject of Information Management newly introduced. The training as “management assistant for insurances and finances, focussing on insurance” was extended by a field sales-oriented section. Moreover, a trainee programme for mathematicians was carried out with regard to actuarial functions. A further focus in 2008 was placed on the qualification in the project management.

In order to support the personnel management, R+V specifically invested in state-of-the-art technology. This includes for example a Management Information System and an e-Recruiting system.

Within the framework of the new personnel strategy, R+V established a Personnel Service Center. It covers all the tasks of the personnel administration so that all relevant functions such as salary settlement, personnel administration, recruiting center and event management are concentrated in the head office in Wiesbaden.

Association memberships

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

- Gesamtverband der Deutschen Versicherungswirtschaft e.V. Berlin (German Insurance Association)
- International Cooperative and Mutual Insurance Federation (ICMIF)
- Association of Mutual Insurers and Insurance Cooperatives in Europe (AMICE)

Essential legal and business influences

Macroeconomic business developments 2008

Against the background of the international financial market crisis, the economic momentum in Germany has weakened substantially. After an initially surprisingly good start to the first quarter of 2008, the Gross Domestic Product fell from the second quarter. The real Gross Domestic Product however still showed a plus of 1.3% on the whole for 2008 (2007: + 2.5%).

The world economic climate that has been important for the extremely export-dominated German economy for a long time now continued to weaken in 2008. Nevertheless, German products continue to be in high demand overseas. Exports in 2008 increased by 3.9% in 2008; not quite as much as in the previous year (7.5%).

In Germany, the investments in machinery and other equipment of the companies developed positively in the first six months of 2008. This was however above all due to a considerable impulse in orders which was triggered off at the end of 2007. In the second six months of the year, the burdens as a result of the economic crisis were increasingly felt by the companies. Therefore, the orders for investment goods fell and achieved a plus of 4.1% on the whole over the course of the year (2007: +4.3%).

In 2008, the labour market still profited from the good economic situation of the previous years. The number of gainfully employed people rose on average over the year by 1.5% in total to currently 40.4 million people in gainful employment. The number of people without employment fell by 0.5 million to 3.1 million, which on average over the year corresponds to a rate of 7.8%.

The inflation rate rose above all owing to higher oil and energy prices in 2008 and achieved a temporary record in July with a rate of 3.3% - this was the highest price increase for almost 15 years.

The situation was relieved substantially at the end of the year, which was above all also due to the falling oil prices. The consumer prices increased by 2.6% on average for the year.

The upward trend in prices considerably curbed the consumer's interest in spending in 2008; private consumer spending stagnated. Albeit moderate collective wage agreements and the implications of the increase in value added tax had curbed spending in the previous years, in 2008 it was above all the price increase for food and energy which had a negative effect on the purchasing power of the households. The representative R+V study "The worries of German citizens" in September 2008 shows how strong the fear of rising costs of living was: 76% of all persons asked considered this to be the biggest threat - it was the highest measured value since the study was first conducted in 1991.

The consumer reticence and the increasing uncertainty of the households about the future income and employment situation in view of the global economic crisis was accompanied by a further increase in the savings rate. It rose from 10.8% in 2007 to a current 11.4%. Above all, a further increase in savings for retirement provisions was noticed here that was favoured by the increase in the deduction of special expenses and the subsidies for "Riester" pensions. Moreover, short-term investments were increasingly in demand owing to the uncertain prospects for interest rates and the turbulences on the financial markets.

Development on the capital markets

The capital markets were marked by the transition from the financial crisis into an economic crisis in 2008. The focus was placed on the efforts of the market players, central banks and governments to cope with the credit crisis and prevent this crossing over into the real economy right into the autumn, in particular through the fast recapitalisation of banks. With the events in September and October, especially the bankruptcy of Lehman Brothers in the USA, this was no longer possible and the focus was increasingly placed on combating the economic crisis.

These developments led to tremendous distortions on the capital markets. The stock markets fell consistently and worldwide by approx. 40% over the course of the year, shares of banks and financial institutions even by on average up to 80%. First signs of a stabilisation were only seen towards the end of the year.

Diverging developments were noticed on the bond markets. The money markets were controlled by the substantial reductions in interest rates by the Federal Reserve to 0.25% (European Central Bank to 2.5%) and the lack of trust of the banks to lend money amongst each other in the short-term. The yields of the ten-year German Federal Government Bonds, a base rate for the capital investment of insurers, fell to new record lows at the end of the year, for example in the USA to 2.2% and in Germany to 2.9%. Compared with this, the spread with corporate and bank bonds - parallel to the sharp fall in prices on the stock markets - expanded considerably. Several markets were brought to a complete standstill, for example those for the securitisation of credit risks.

Against this background, the economy and the capital markets went into a highly uncertain year in 2009.

Insurance business situation

The German insurance industry continued to improve its premium income in 2008 compared with the previous year with a plus of 0.9% (2007: 0.6%) to EUR 164.0 billion.

It was above all possible to increase the premium of the personal insurances: whereas there was a growth in premiums to an amount of 0.6% or 2.9% for the life insurance (without pension investment funds and pension funds) and the private health insurance, in the property and accident insurance this growth was merely 0.4%.

Nevertheless, the business situation for the property and accident insurers relaxed again slightly after the deterioration of the results in 2007. The Combined Ratio improved slightly in 2008, on average for the industry to 95.0% (2007: 95.7%) after it had deteriorated by 4.3 percentage points in the previous year.

TOTAL FIGURES FOR THE SECTOR

	2008 EUR billion	Change from previous year
Gross premiums written, domestic	164.0	+ 0.9 %
Insurance services of direct insurers	146.1	+ 3.5 %
Industry investments	1,175.0	+ 3.0 %

DEVELOPMENT OF PROPERTY AND ACCIDENT INSURANCE*

	2008 EUR billion	Change from previous year
Gross premiums written	54.7	+ 0.4 %
Motor	20.4	- 1.7 %
Property	14.4	+ 3.1 %
General liability	6.8	0.0 %
Accident	6.4	+ 1.0 %
Legal protection	3.2	+ 1.5 %
Payments made	41.4	- 1.3 %

* GDV (German Insurance Association) figures as of November 2008

The reason for this development are above all falling costs for losses (-1.3% to around EUR 41.4 billion) since, as opposed to 2007, the property and accident insurers were to a large extent spared from special burdens such as the hurricane Kyrill. The premium income on the other hand almost stagnated (+ 0.4% to EUR 54.7 billion) as the economic climate cooled down more and more.

Motor insurance had a substantial influence on the development of the property and accident insurance, the premium income of which fell for the fourth year in succession: by 1.7% to EUR 20.4 billion. In addition, there was a further deterioration on the side of losses. Falling premium income and rising costs for losses meant the Combined Ratio in motor insurance rose to 102.0% (2007: 98.1%).

In property insurance, on the other hand, the premium income recorded a positive development. It increased by 3.1% (2007: - 1.5%) to EUR 14.4 billion. The increase in premiums however was almost exclusively a result of the inflation compensation in line with the terms and conditions (premium adjustment). As opposed to 2007, a normalisation of the costs for losses was recorded in 2008 again. Thus, hurricane “Emma” caused substantially less damages at the beginning of March than “Kyrill” in the previous year. The costs for losses therefore fell on the whole by 9.6% to EUR 10.3 billion (2007: +17.8%). After the German property insurers disclosed a technical loss in the previous year, in 2008 they generated a technical profit owing to the sharply reduced Combined Ratio of 95% (2007: 105.0%).

In general liability insurance, the premium income stagnated at EUR 6.8 billion. The costs for losses increased slightly by 0.5% (2007: - 1.1%) to EUR 4.4 billion. After an increase in the Combined Ratio to 89.3% in 2007, it achieved a satisfactory value of 86.0% in 2008.

Only a slight increase in premium income of 1.0% (2007: + 1.2%) to around EUR 6.4 billion was recorded for general accident insurance in 2008. The loss volume remained at the level of the previous year with EUR 2.8 billion. Accident insurers are expecting a normalisation of the Combined Ratio (83.0% after 79.2 % in the previous year).

Legal protection insurance recorded weaker growth in premium in 2008. Thus, premium income only increased by 1.5% (2007: 3.0%) to around EUR 3.2 billion. The costs for losses rose by 1.5% (2007: 0.3%) to EUR 2.3 billion.

As the premium income increased to the same extent as the costs for losses, the Combined Ratio was almost unchanged at 97.0%.

RESULTS OF THE LIFE INSURANCE CLASS*

	2008 EUR billion	Change from prvious year
Gross premiums written	79.3	+ 0.6 %
Number of new policies	6.8 million	- 14.0 %
Total of new business premiums written	19.9	+ 2.6 %

* GDV (German Insurance Association) figures: Life insurance, pension funds and pension investment funds as of January 2009

DEVELOPMENT OF THE HEALTH INSURANCE CLASS*

	2008 EUR billion	Change from prvious year
Gross premiums written	30.3	+ 2.9 %
thereof: full and supplementary insurance	28.4	+ 3.0 %
Private long-term care	1.9	+ 0.9 %
Payments made	19.9	+ 5.3 %

* GDV (German Insurance Association) figures as of November 2008

Transport insurers recorded a fall in premium income by 2.0% to EUR 1.8 billion after stagnation in the previous year. The costs for losses also fell by 2.0% (2007: +3.0%) to EUR 1.2 billion. The parallel development for premiums and costs also made it possible to record a Combined Ratio at the level of the previous year here (91.0%).

In credit, deposit and fidelity insurance the premium volume persistently remained at EUR 1.4 billion. As the development of losses in the sector is typically very volatile owing to major claims, it increased by 10.0% in 2008 to around EUR 0.8 billion after a moderate increase in the costs for losses by 3.4% in 2007. The Combined Ratio fell sharply therefore by 5.0 percentage points to 77.0%, on the whole however the technical results remained positive.

The trend towards an increasing significance of the state-subsidised private pension, which had continued for several years already, also continued in 2008. The continued high new business volume with „Riester“ contracts, but also the last „Riester“ subsidy level, contributed to the growth in premiums.

Around 6.6 million new contracts were concluded in life insurance in the whole of 2008; 13.8% less than in the previous year. 6.8 million new contracts were concluded together with pension funds and pension investment funds. German citizens paid premiums to the amount of just under EUR 76.0 billion (previous year: EUR 75.3 billion) for life insurance policies in 2008; a further EUR 3.3 billion related to pension funds and pension investment funds (previous year: EUR 3.5 billion).

With premium income totalling EUR 30.3, private health insurers generated a growth of 2.9% for 2008. Of this rate, a total of EUR 28.4 billion (+3.0%) related to the full health and supplementary health insurance and EUR 1.9 billion (+0.9%) to long-term care insurance. The insurance payments made amounted to EUR 19.9 billion (5.3%) by the end of 2008, whereby EUR 19.3 billion (+5.4%) related to health insurance and EUR 0.6 billion (+3.8%) to long-term care insurance.

Development of the reinsurance markets

The implications of the tense situation on the international financial markets could also be felt on the insurance market. Liquidity bottlenecks led to the take-over of one of the largest insurance groups in the world by the U.S. Federal Reserve Bank and other international companies also reported substantial needs for value adjustment and sharp falls in the capital investment results.

Besides these developments, the reinsurance industry was affected by a more than average number of natural catastrophes in the fiscal year. The winter storm “Emma” affected the whole of Central Europe at the beginning of the year and caused billions of Euros worth of damages owing to extreme wind speeds, storms and hail. The south west of China was affected by the most serious snow storm in the last 50 years and in May an earthquake which measured 7.9 on the Richter scale shook the province of Sichuan. The cyclone "Nargis" destroyed large areas in Myanmar and in the months of August/September hurricanes "Gustav" and "Ike" caused serious damages in the golf regions of Louisiana and Texas, in the Midwest of the USA and in the Caribbean. Serious thunderstorms in the west and south of Germany in the middle of the year, at the same time tornado activities and flooding in the Midwest of the USA and serious thunderstorms on the east coast of Australia in November moreover encumbered the claims balance of the reinsurance companies. With regard to the damages which were caused due to human error, the large fires in a pharmaceutical company in West Virginia/USA and a textile factory in Portugal were significant events. Losses from the financial market crisis only had a marginal effect on the burden from claims.

Despite several trends towards softening, the prices and conditions in reinsurance proved to be adequate for the risks to a large extent. On the whole, however, pressure on the premiums could be seen owing to the high reinsurance capacities in large areas of the world.

Thus, the **Italian** insurance market was marked by stagnating premiums, rising claim frequencies and further consolidations in the period under review. The rates both in the direct insurance and the reinsurance business moved at a still acceptable level. Despite this development, the Italian insurance market still remained attractive.

On both the direct insurance and reinsurance market in **Great Britain**, it was possible to stop the fall in rates in the industrial business and the reorganisation measures which were started in the previous year already had a positive effect on the results situation.

On the other hand, the strong competition in the industrial and private customer business in **Ireland** also continued in the period under review. Falling rates in motor insurance could be compensated through statutory measures to reduce losses.

Moderate increases in the premiums in reinsurance were recorded in **France** in the motor segment, despite falling rates in direct insurance. The level of premiums in the field of natural catastrophes remained stable.

A phase of consolidation was seen on the **Scandinavian** transport direct insurance market. First shortages of capacities were already noticeable in the period under review. Moreover, falling income from the investment portfolio forced the direct insurers to original rates which were more conform with the risk. Whereas direct insurers and reinsurers could profit equally from the lack of storm damages, a higher than average claims frequency could be observed in the fire business.

The concentration processes towards the side of direct insurance also continued in **Eastern Europe**. A further fall in rates in the property business and a stabilisation at a low level in motor business could be observed with the prices.

Whereas the **US** direct insurance market had to record a further fall in rates in the private and trade customer field, reinsurance was affected by a sharp fall in prices in the natural catastrophe business. The hurricanes „Ike“ and „Gustav“, a more than average frequency of smaller and medium local tornados and the first six months which were marked by a high number of single claims in the fire business represented an additional burden on the profitability.

The reinsurance market in **Canada** lost substantial premium volume through the conversion of the reinsurance programme with the largest insurance group of the country. On the claims side, the period under review was marked by a high frequency of smaller events. The downturn in the rates in the private customer and industrial business continued in direct insurance whereas a stabilisation at a low level could be observed in the commercial field.

Strong economic growth continued in **Latin America**. This gave positive impulses for the insurance markets and the engagement of foreign insurance companies in this region. The liberalisation of the Brazilian insurance market is progressing as planned. International insurance houses are increasingly investing in Brazil in order to participate in the growth potential of the insurance market. Sufficient reinsurance capacities were still available in South America from which the property business is subject to strong competition.

The **Asian** direct and reinsurance market was also marked by sharp falls in rates in 2008. Moreover, falling capital gains and greater damaging events in China and South Korea influenced the profitability of the insurance companies.

As a result of the global financial crisis, the demand on **Japan's** export markets has reduced considerably. Weaker exports and falling consumer spending led to the fact that the second biggest industrial nation in the world is suffering from a recession after the longest growth phase in the post-war period. Rates were reduced with storm and earthquake coverage on the reinsurance market in the period under review, whereas in the property business improvements could be achieved with prices and conditions in contracts with a higher than average claims volume.

The consolidations of the past few years did not continue on the **Australian** insurance market in 2008. A slight hardening of the rates in the non-proportional catastrophe business could be observed in reinsurance, whereas an upwards trend with the prices was noticed both in the private as well as corporate customer field in direct insurance at the beginning of the second six months of the year. The metropolitan area of Brisbane was affected by severe storms, accompanied by substantial rainfall and the consequent flooding in November.

The de facto loss of a large international insurance group and increased burdens from claims in the fire business also led to the start of the hardening of the market in **South Africa** from which the reinsurers were also able to profit.

Overview of Business Development of R+V Versicherung AG

With an increase in gross premiums written by 19.4% to EUR 884.8 million, which was substantial compared with the previous year, R+V Versicherung AG continued the positive development of the previous years. Adjusted by exchange rates they increased by 20.5% compared with the same period of the previous year.

In the domestic group business, R+V Versicherung AG participated in the sharply increased premiums in the motor classes of R+V direct insurance companies. The underwritten premium volumes of domestic ceding companies outside the R+V Group increased by 26.0% compared with the previous year and essentially resulted from fire and technical classes. On the whole, this resulted in an increase in the gross premiums written by 8.4% to EUR 307.2 million for the domestic business.

The importance of the overseas business continued to increase for R+V Versicherung AG in 2008. With a plus of 26.2%, the gross premiums rose to EUR 577.5 million (previous year: EUR 457.6 million). The share of the non-domestic business in the gross premiums written amounted to 65.3% in the period under review (previous year: 61.7%). In particular, the reinsurance markets in the USA, Italy, France, Spain, Austria and Great Britain, as well as the markets supervised by the branch in Singapore, contributed once again to the positive development of premiums.

Parallel to the increase in the gross premiums written the net premiums written also increased by 19.6% to EUR 856.4 million. Therefore, with 96.8% the retention rate remained almost unchanged at the high level of the previous year.

On the claims side, the fiscal year 2008 was marked by a high frequency of average claims and a substantial increase in natural catastrophes. The largest damaging events in terms of natural catastrophes were hurricane "Ike" in the USA, the winter storm "Emma" and the "Brisbane storms". The reported gross

THE FOLLOWING TABLE PROVIDES A BREAKDOWN OF THE COMPANY'S PREMIUM INCOME BY KEY INSURANCE CLASSES

	2008 Gross in EUR million	2007 Gross in EUR million	Change Gross %	2008 Net in EUR million	2007 Net in EUR million	Change Net %
Life	29.5	28.6	3.2	18.2	16.4	11.0
Accident	46.4	42.6	9.0	45.2	41.7	8.5
Liability	39.7	40.1	- 0.9	39.6	39.9	- 0.8
Motor	265.5	240.0	10.6	263.7	238.6	10.6
Fire	226.5	187.2	21.0	217.5	180.4	20.6
Marine & Aviation	55.0	37.9	45.0	54.4	37.7	44.3
Other	222.2	164.7	35.0	217.8	161.1	35.1
Total	**884.8**	**741.1**	**+ 19.4**	**856.4**	**715.8**	**+ 19.6**

loss ratio for the segment "non-life" accordingly did not reach the favourable loss ratio of the previous year and increased by 2.1% points to 74.3%. After retrocession, this resulted in a net loss ratio of 74.2%. Both the gross and the net expenses ratio increased slightly compared with the previous year to 27.3% or 27.5% (previous year: 26.5% or 26.7%).

The final result of the technical reinsurance business for our own account before allocations to the equalisation provision and similar provisions was a loss to the amount of EUR 13.8 million (previous year: + EUR 12.7 million). After allocations to the equalisation provisions and similar provisions to the amount of EUR 32.4 million (previous year: EUR 54.3 million) technical results for our own account remained to the amount of EUR - 46.2 million (previous year: EUR - 41.6 million).

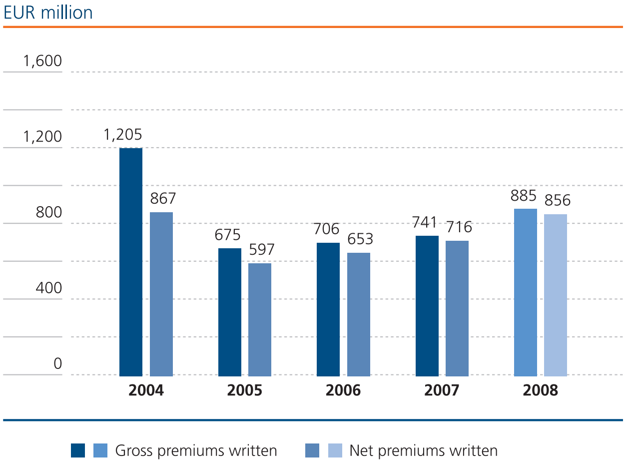
The capital investment result of R+V Versicherung AG remained at a high level with EUR 220.1 million (previous year: EUR 228.7 million) despite the turbulences on the financial market.

It was marked by the profit and loss transfer agreements with both the large group companies, R+V Lebensversicherung AG and R+V Allgemeine Versicherung AG.

The other results increased by EUR 8.5 million to EUR 5.9 million (previous year: EUR - 2.6 million) compared with the previous year, which was in particular due to an improvement in the foreign currency results.

The taxation expenses, which increased to EUR 56.3 million (previous year: EUR 17.4 million) in the fiscal year 2008 were essentially a result of the fact that the tax-free capital invest-

PREMIUMS WRITTEN



FIGURES FOR REASSURANCE

EUR million	2008 Total Gross	thereof group Gross	thereof non-group Gross	2007 Total Gross	thereof group Gross	thereof non-group Gross
Premiums written	884.8	242.3	642.5	741.1	232.4	508.7
Domestic	307.2	237.1	70.1	283.5	227.8	55.7
Foreign	577.5	5.2	572.3	457.6	4.6	453.0
Claim	650.3	197.9	452.4	539.1	163.8	375.3
Domestic	242.2	194.1	48.1	213.0	161.7	51.3
Foreign	408.1	3.8	404.3	326.1	2.1	324.0
Costs	236.2	66.4	169.9	199.4	56.4	143.0
Domestic	81.9	64.3	17.6	69.1	54.4	14.9
Foreign	154.4	2.1	152.3	130.3	2.1	128.2
Results before equalisation provision	– 12.7	– 19.2	6.5	15.3	13.5	1.8
Domestic	– 15.7	– 19.0	3.2	6.7	12.6	– 5.9
Foreign	3.0	– 0.3	3.3	8.6	0.9	7.7

ment result in the period under review was substantially lower or depreciations under commercial law could not be determined with a fiscal effect and fiscal losses carried forward were used up in full.

The ban on integrated intercompany relationships for life and health insurance companies which has been in effect since 2002 will be revoked with the annual tax law 2009. In order to be able to take advantage of this regulation from 2008, R+V Lebensversicherung AG and R+V Versicherung AG will jointly file the necessary application at the responsible financial authority. An income tax allocation was agreed between the two companies. R+V Lebensversicherung AG will therefore be placed in a financial position as if it were independently subject to the tax on income.

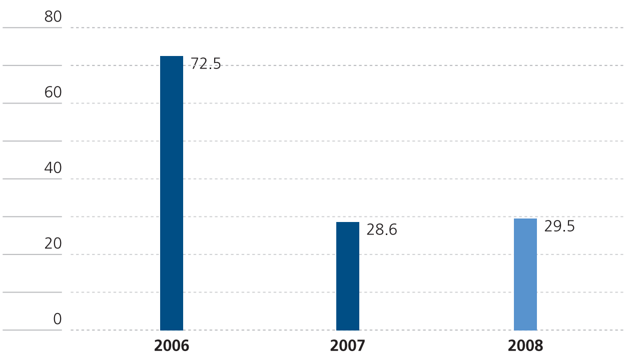
TOTAL NON-LIFE BUSINESS

	2006	2007	2008
Reported gross loss ratio	69.0	72.2	74.3
Gross expenses ratio	27.1	26.5	27.3
Gross Combined Ratio	96.1	98.7	101.6

The net income for the year amounted to EUR 119.9 million (previous year: EUR 163.2 million). After withdrawals from the other retained earnings of the amount of EUR 268.0 million, net retained profits of EUR 387.8 million were disclosed.

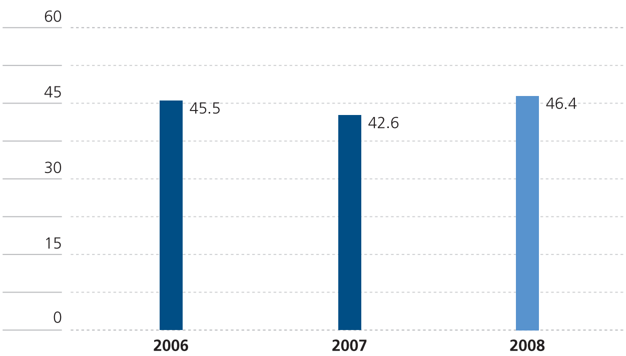
LIFE GROSS PREMIUMS

EUR million



ACCIDENT GROSS PREMIUMS

EUR million



LIFE PORTFOLIO DEVELOPMENT

EUR million according to sums insured		2008	2007
Assumed business Sum insured	Capital	5,641.9	5,641.6
	Annuity	1,324.0	1,335.9
Business ceded Sum insured	Capital	945.8	1,058.1
	Annuity	784.0	734.3
Retained business Sum insured	Capital	4,696.1	4,583.5
	Annuity	539.9	601.6

ACCIDENT

	2006	2007	2008
Reported gross loss ratio	58.3	48.3	43.2
Gross expenses ratio	49.6	46.2	51.5
Gross Combined Ratio	107.9	94.5	94.7

Business developments in the individual insurance classes

Life

Increased payment cases led to lower insurance class results

In connection with the discontinuation of active life reinsurance business in 2004, the earned gross premiums in the period under review fell compared with the previous year as planned by 3.1% to EUR 29.7 million (previous year: EUR 30.7 million). On the other hand, the gross premiums written rose by EUR 0.9 million to EUR 29.5 million (previous year: EUR 28.6 million) as negative portfolio changes in 2007 had reduced the premium volume. The life insurance portfolio remained at the level of the previous year with a sum insured of EUR 7.0 billion.

Altogether, the insurance class closed with a technical gross profit to the amount of EUR 5.4 million (previous year: EUR 9.1 million).

Accident insurance

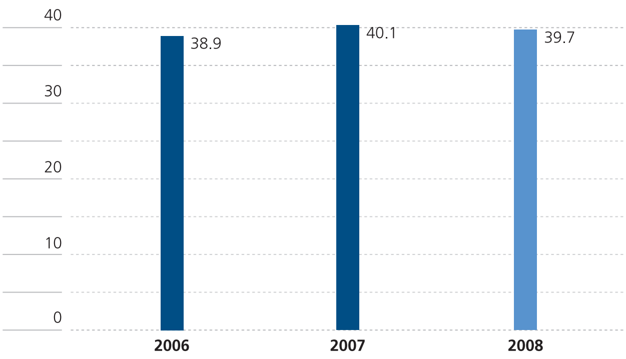
Falling loss ratios led to positive profitability once again

In accident insurance, which is dominated by the single class general accident insurance, the gross premiums written rose by 9.0% to EUR 46.4 million (previous year: EUR 42.6 million).

Owing to the positive development of the gross fiscal year loss ratio and favourable settlement results from the provisions of the previous year, the reported gross loss ratio improved to 43.2% (previous year: 48.3%).

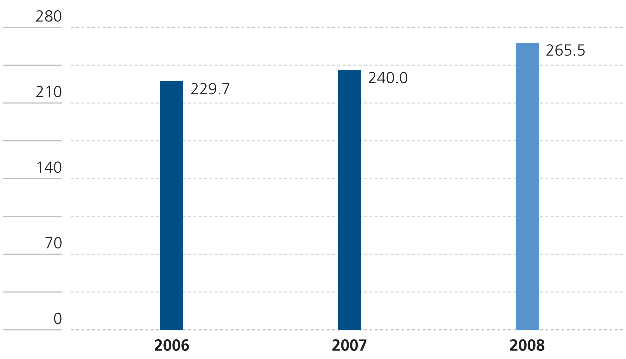
LIABILITY GROSS PREMIUMS

EUR million



MOTOR GROSS PREMIUMS

EUR million



LIABILITY

	2006	2007	2008
Reported gross loss ratio	48.5	53.2	77.7
Gross expenses ratio	35.4	36.1	35.5
Gross Combined Ratio	83.9	89.3	113.2

MOTOR

	2006	2007	2008
Reported gross loss ratio	88.6	88.1	91.3
Gross expenses ratio	16.0	16.0	19.3
Gross Combined Ratio	104.6	104.1	110.6

Parallel to the increase in premium, the gross expenses for the insurance operation increased by EUR 2.6 million. Before allocations to the equalisation provision, the insurance class closed with net profits of EUR 2.4 million (previous year: EUR 2.9 million).

Liability

Stable premium volume

Compared with the previous year, the gross premium volume remained constant at EUR 39.7 million (previous year: EUR 40.1 million).

Depending on the development of the claims, the reported gross loss ratio rose to 77.7% (previous year: 53.2%). The gross Combined Ratio decreased on the other hand to 35.5 % (previous year: 36.1%).

The technical result of the insurance class closed with a net loss before allocations to the equalisation provision and similar provisions to the amount of EUR 5.0 million (previous year: EUR + 1.9 million).

Motor

Greater than average development of premiums with the burden of the own damage insurance classes through thunderstorms.

Motor insurance is the dominant insurance class for R+V Versicherung AG. R+V Versicherung AG was able to record a growth in premiums from 10.6% to EUR 265.5 million owing to the strong market position of the R+V Group companies and the positive development from the contractual renewals for 2008 although a negative market development could be observed on the part of the industry.

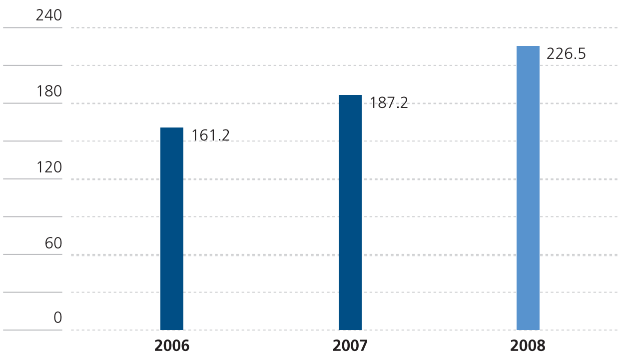
Whereas the costs for claims in the fiscal year in motor liability recorded a favourable development, this increased in the motor own damage insurance classes to 86.3.% (previous year: 80.9%) in particular due to thunderstorms. Damages due to hail in around the middle of the year encumbered the own damage insurance business which was taken over by the R+V Group companies with EUR 7.5 million and the business taken over by the ceding company outside of the R+V Group with EUR 2.4 million.

Owing to the lower settlement results of the provisions taken over from the previous year, the reported gross loss ratio for motor increased in total to 91.3% (previous year: 88.1%).

Altogether the insurance class closed with a technical loss after withdrawal from the equalisation provision of EUR 19.8 million (previous year: EUR - 10.4 million).

FIRE GROSS PREMIUMS

EUR million



Fire

Positive development of the premiums continues

Once again fire insurance recorded a two digit growth in gross premiums by 21.0% to EUR 226.5 million (previous year: EUR 187.2 million). The increase in premiums primarily resulted from the non-domestic business which accounted for a share of the premiums in this class to the amount of 88.0% (previous year: 88.6%). Of these premiums, 68.6% were generated in the European and 18.9% in the Asian region.

The costs for claims for the fiscal year were encumbered by several major claims. In the field of natural catastrophes, storms such as “Emma” and “Ike” as well as the “Brisbane storms” led to damages of EUR 13.2 million. Large fires in industrial plants caused damages to an amount of EUR 6.4 million. Nevertheless, the reported gross loss ratio fell to 67.6% (previous year: 72.7%).

The gross loss ratio was at the level of the previous year at 29.3%. Altogether the insurance class closed with a gross profit to the amount of EUR 5.9 million (previous year: EUR - 3.7 million).

FIRE

	2006	2007	2008
Reported gross loss ratio	61.1	72.7	67.6
Gross expenses ratio	29.5	29.1	29.3
Gross Combined Ratio	90.6	101.8	96.8

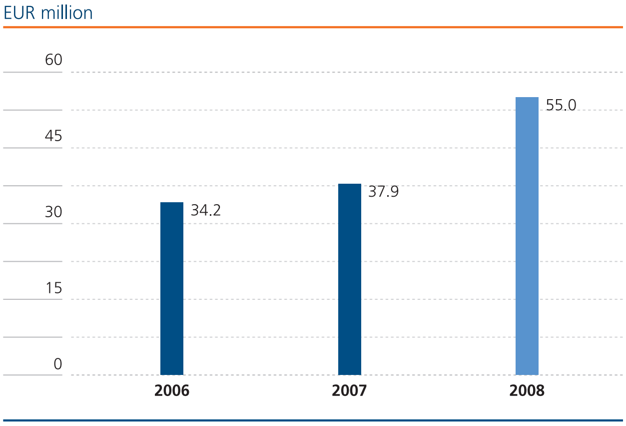
After allocation to the equalisation provision, a technical result was produced for our own account to the amount of EUR - 12.6 million (previous year: EUR - 10.8 million).

Marine and aviation

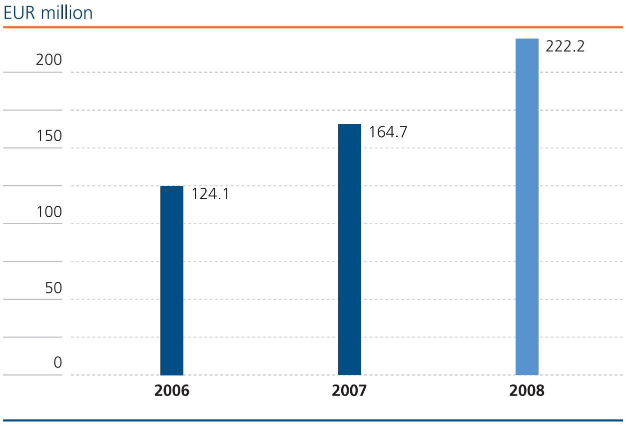
Two-digit growth in premiums

The marine and aviation business was primarily taken over by foreign ceding companies. The gross premiums written increased by a two-digit percentage rate to EUR 55.0 million (previous year: EUR 37.9 million) once again compared with the previous year both in the sub-class marine as well as in the sub-class aviation. A positive development of premiums has therefore already been recorded in these insurance classes for many years.

MARINE & AVIATION GROSS PRMIUMS



OTHER INSURANCES CLASSES GROSS PREMIUMS



MARINE & AVIATION

	2006	2007	2008
Reported gross loss ratio	46.4	58.8	60.6
Gross expenses ratio	30.0	29.4	28.7
Gross Combined Ratio	76.4	88.2	89.3

OTHER CLASSES

	2006	2007	2008
Reported gross loss ratio	58.9	62.4	69.6
Gross expenses ratio	33.6	30.5	28.3
Gross Combined Ratio	92.5	92.9	97.9

The reported gross loss ratio increased by 0.9% points to 64.1% in marine. The gross expenses ratio remained unchanged compared with the previous year with 31.0%. After allocation to the equalisation provision, the class closed with a technical loss for our own account to the amount of EUR 4.8 million (previous year: EUR - 4.2 million).

Despite a fall in the gross loss ratio for the fiscal year, the reported gross loss ratio in aviation increased to 53.6% (previous year: 46.8%). The class disclosed a technical net loss at the end of the fiscal year after allocation to the equalisation provision to the amount of EUR 1.6 million (previous year: EUR + 1.3 million).

Other classes

Thunderstorms and financial market crisis led to high burdens from claims

In the other classes, the gross premiums written rose by EUR 57.5 million to EUR 222.2 million. The main drivers for the growth were above all credit insurance (+ 62.1%), bonds insurance (+ 36.6%) and storm insurance (+ 26.9%).

The reported gross loss ratios developed in various ways in the insurance classes: in bonds insurance, it improved by 11.4% points to 54.6%. At the same time, it increased in credit insurance to 89.7% (previous year: 44.3%). The reason for this increase is major claims exceeding EUR 10.3 million, which were suffered as a result of the financial market crisis. A substantial increase in the claims for the fiscal year could also be determined in storm insurance as the effects of the major claims from thunderstorms were particularly noticed here. The claims portfolio was encumbered with EUR 33.3 million by Hurricane "Ike" alone.

The reported gross loss ratio improved in the classes comprehensive home contents, comprehensive home owners, live stock, engineering and in the other insurance classes, whereas, on the other hand, an increase was recorded in the classes burglary/theft, water damages, hail, machinery and contractors all risks.

Altogether, the other classes disclosed a technical loss for the own account to the amount of EUR 4.5 million (previous year: EUR - 14.7 million) after taking into account the changes in the equalisation provision and similar provisions.

Summary appraisal of course of business

The year 2008 was marked by a substantial increase in premiums. Despite extraordinary burdens due to natural catastrophes and the financial market crisis, as well as a higher number of frequency claims, there was only a moderate increase in costs for losses. The reason was the balanced portfolio in combination with the profit-oriented underwriting guidelines which are sensitive to risks.

The gross expenses ratio remained at the level of the previous year. Altogether there was a technical loss for our own account.

The capital investment result decreased compared with the previous year.

The company's net income for the year fell by EUR 43.3 million to EUR 119.9 million.

The permanent success of the company is not just due to the recognised risk know-how, but it is also based on the open dialogue with the customer, the efficient business processes and – above all – the commitment of the employees of R+V.

Profitability

Technical results

The technical result before equalisation provision and similar provisions fell by EUR 26.6 million to EUR - 13.8 million in the period under review compared with the previous year.

The equalisation provision and similar provisions were reinforced by EUR 32.4 million (previous year: EUR 54.3 million) in 2008. The subsequent remaining technical result amounted to EUR - 46.2 million (previous year: EUR - 41.6 million). The technical loss resulted in particular from the classes motor-liability (EUR - 19.0 million), fire (EUR -12.6 million), marine/aviation (EUR - 6.4 million) and liability (EUR - 5.1 million).

Capital investment result

The financial market crisis which has been smouldering since 2007 expanded to become a general economic crisis in 2008. The consequences of which were expressed on the bond markets through a substantial increase in the risk surcharges (expansion of spread). Therefore, R+V Versicherung AG recorded substantial losses in market value although no interest losses were recorded so far.

The ordinary income of the company amounted to EUR 263.0 million. The ordinary expenses – including the scheduled depreciations on real estate to an amount of EUR 0.1 million – achieved a value of EUR 3.4 million. On balance, this produced improved ordinary results to an amount of EUR 259.6 million (previous year: EUR 230.1 million).

The turbulences on the financial markets were mainly reflected in the extraordinary results contribution. This included value adjustments on foreign subsidiaries of the R+V Group to the amount of EUR 41.0 million and on fix income securities as well as book losses incurred through sales which were taken into account with a volume of EUR 1.0 million. This was compared with capital gains to the amount of EUR 2.3 million and write-ups of EUR 0.2 million as a result of the reinstatement of original values of former depreciations.

On balance, this resulted in an extraordinary burden on results to an amount of EUR 39.5 million.

The net results from capital investments of R+V Versicherung AG amounted to EUR 220.1 million in the closed fiscal year. The net interest yield was – without taking into account deposit interest – at 8.3% (previous year: 9.0%) still at a high level.

R+V Versicherung AG had allocated capital investments to the fixed assets according to section 341 b HGB. Depreciations were accordingly only undertaken with an expected permanent impairment in value. As of balance sheet key date, this results in hidden burdens with bearer bonds and securities funds to the amount of EUR 14.7 million.

The losses in market values owing to the development on the capital markets in 2008 were not just included in the capital investment results through the depreciations which had to be carried out. They also above all impair the reserve position of the company. The reserves of R+V Versicherung AG were reduced through the development as a result of the financial market crisis with interest securities and through new valuations with the balance sheet item "affiliated companies". The reserve ratio which refers to the total capital investments amounted to 52.6% as of December 31, 2008 compared with 62.4% in the previous year.

Other earnings and expenses

The other earnings amounted to EUR 33.6 million in the period under review (previous year: EUR 31.5 million). They essentially included earnings from services rendered and interest income. Exchange rate profits to the amount of EUR 10.5 million (previous year: EUR 3.7 million) from conversions of foreign currencies.

The other expenses to the amount of EUR 27.7 million (previous year: EUR 34.1 million) in particular included expenses for services and interest. Exchange rate losses were recorded to the amount of EUR 1.7 million (previous year: EUR 2.6 million).

Overall result

The results of the normal business activities amounted in total to EUR 176.2 million (previous year: EUR 180.9 million). By taking into account taxation of EUR 56.3 million (previous year: EUR 17.4 million) net income for the year remained to the amount of EUR 119.9 million.

Net retained profits are disclosed to the amount of EUR 387.8 million in the period under review after withdrawal from the other retained earnings.

A proposal will be made to the general meeting to utilize an amount of EUR 84.3 million from these net retained profits to pay to the shareholders by paying a dividend of EUR 7.50 and a special distribution of EUR 27.00 per individual share certificate.

It is planned to compensate the reduction in shareholders' equity produced through the special distribution through a capital increase within the framework of a distribute-get-back procedure.

Financial position

Capital structure

As of balance sheet key date the shareholders' equity of R+V Versicherung AG amounted to EUR 1,697.4 million (previous year: EUR 1,650.6 million). The net retained profits included in this equity amounted to EUR 387.8 million. EUR 268.0 million were withdrawn from the other retained earnings in the period under review.

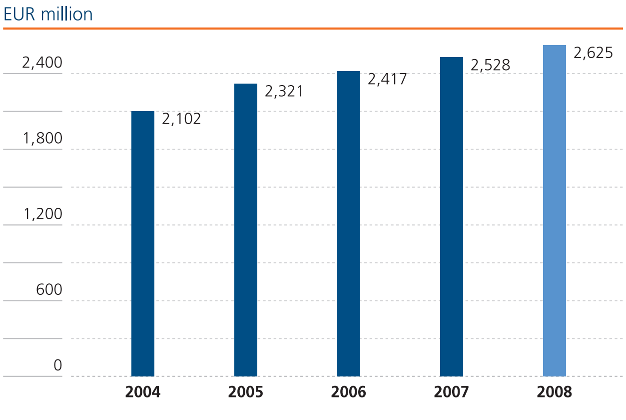
The subscribed capital to the amount of EUR 292.0 million and the capital reserves to the amount of EUR 1,001.4 million remained unchanged compared with the previous year.

R+V also subjected itself to the annual group rating by the American rating agency Standard & Poor's in 2008 and received the very good rating A+. This assessment of financial

GUARANTEE FUNDS

EUR million	2008	2007
Share capital	292.0	292.0
Capital reserves	1,001.4	1,001.4
Retained earnings	16.2	275.6
Net retained profits	387.8	81.6
Shareholder's Equity	**1,697.4**	**1,650.6**
Unearned premium reserves	81.6	65.8
Actuarial reserves	44.7	47.2
Provision for outstanding claims	892.2	751.5
Provision for premium funds	3.1	3.3
Equalisation provision and similar provisions	329.6	297.2
Other technical provisions	0.5	0.6
Total technical provisions	1,351.7	1,165.6
Guarantee funds	**3,049.2**	**2,816.2**

DEVELOPMENT OF CAPITAL INVESTMENTS*



* without deposit claims

power places R+V in the position to profit more than average from attractive business opportunities.

Based on the balance sheet as of December 31, 2008, the guarantee funds increased by EUR 233.0 million to EUR 3,049.2 million compared with the previous year. The guarantee fund ratio amounted to 356.1% and is therefore at a high level (previous year: 393.4%). The equity ratio amounted to 198.2% (previous year: 230.6%).

Capital investments

Investment portfolio

The financial market crisis which was originally caused by the banking sector and which affected the global economies dominated the developments in the capital investments in the fiscal year 2008. In this difficult environment the capital investments of R+V Versicherung AG grew by EUR 97.0 million or 3.8%. Therefore, the portfolio amounted to EUR 2,625.5 million as of December 31, 2008. Through the subprime or financial market crisis, the focus of public attention was once again placed on safety aspects of the capital investments. R+V Versicherung AG traditionally orientates its investment policies to the principles of safety and profitability. With 63.9%, the largest part of the portfolio of assets of R+V Versicherung AG as of the end of 2008 related to “shares in affiliated companies” and “participating interests”. In addition, a further focus of the capital investments was placed on interest carriers, which were invested to minimise the risk of default in strong securities with a good to very good rating. As the company only had a very low directly and indirectly held stock of shares, the risk exposure in shares was negligible based on the total capital investments. To a large extent, interest securities were acquired with the funds which were available for the new investment. Within the framework of the activities with the balance sheet items “shares in affiliated companies” and “participating interests” capital increases were carried out at the companies R+V KOMPOSIT Holding GmbH, R+V Personen Holding GmbH and R+V Service Holding GmbH in the fiscal year 2008.

Technical provisions

The gross technical provisions increased by EUR 184.1 million to EUR 1,430.6 million compared with the previous year (previous year: EUR 1,246.5 million). After deducting the shares relating to reinsurers, the net technical provisions amounted to

EUR 1,351.7 million (previous year: EUR 1,165.6 million). Based on the net premium written, this corresponded with a share of 157.8% (previous year: 162.8%).

The provisions outstanding claims represented the largest share of the net technical provisions at EUR 892.2 million (previous year: EUR 751.5 million).

The equalisation provision and similar provisions were reinforced by 10.9% to EUR 329.6 million.

Supplementary report

After the end of the fiscal year, the capital markets continued to remain highly volatile as a result of the international financial market crisis. The investment portfolio of the company is subjected to permanent analysis and monitoring. Suitable measures were initiated in 2008 already in order to minimise the ensuing risks.

No further events of special significance after the year end need to be reported.

Risks report

Risk management process

Risk management is an integral part of R+V Versicherung AG company control. It includes all the systematic measures for recognising, evaluating and controlling risk.

A risk management process, implemented across all R+V companies, stipulates the rules to be observed when dealing with risks and forms the basis for a centralised early-warning system. Based on binding key performance ratios and threshold values, an updated index rating is carried out in a database for all of the R+V Group's major risks every quarter. Measures will be initiated in the event that a specific index value is exceeded.

The regular risk conference and central risk reporting to the Board of Management guarantee that risks to future development are identified, analysed and controlled promptly. In cases where changes to risks represent a threat to the Group's continued existence, reports will be made to the responsible member of the Board of Management and the coordinator of the risk conference on an ad hoc basis.

The risks monitored in the risk management process are actuarial risks, default risks relating to receivables from the insurance business, capital investment risks, operating risks and global strategic risks.

Participating interests are also included in the R+V Versicherung AG's risk management.

Once a year, a so-called risk inventory is carried out, which checks and documents all the individual and cumulative risks. Additionally, all the indicators and threshold values are scrutinised.

The company's risk manual documents not only the principles of risk management and control of different types of risk, but also comprehensive explanations about methods, procedures and responsibilities.

The internal monitoring of the regulations concerning risk management is particularly reviewed for its effectiveness during the consolidated group's audit. The implementation of necessary measures is regularly monitored by the consolidated group's audit within the framework of the follow-up procedure.

Technical risks

The main technical risks for a reinsurer lie in portfolios which are endangered by natural catastrophes and in fundamental changes in the basic trends on the main markets.

R+V Versicherung AG counters these risks by continuously observing the major markets. Particular importance is attached to maintaining a balanced portfolio in terms of both worldwide territorial diversification and different classes of insurance.

Risk control is carried out through a clearly structured yield-orientated underwriting policy. Risks are assumed not only within obligatory underwriting guidelines and limits, which limit the liability for individual and cumulative losses, but also by distinct underwriting mandates. Compliance with these stipulations is regularly scrutinised.

The possible impact and size of losses from catastrophes, with regard to the amount and frequency, are recorded and tracked on an ongoing basis using established industry software, supplemented by additional verification by the company itself.

An important tool in risk management is systematic cumulative control, i.e. checking for the possible accumulation of several losses out of a single event. Cumulative risks, such as those resulting from a natural catastrophe, are controlled centrally. The technical provisions are sufficient.

Risk minimisation measures are deployed. The management of retentions and the retrocession is controlled by observation of risk-bearing capacity and the effective retrocession costs. There are minimum requirements for the credit-rating of the retrocessionaires.

The development of losses in 2008 was marked by an increase in the losses compared with 2007 and by a high frequency of average losses as well as a burden from major claims which exceeded the expectations. This was above all due to hurricane “Ike”, storm damages in Australia and the hail incidents in Germany in May.

Default risks relating to receivables from the insurance business

Default risk relating to billed reinsurance receivables from ceding companies and retrocessionaires is limited by monitoring their Standard & Poor’s ratings and the other sources of information available on the market on a regular basis.

Capital investment risks

In order to create “insurance coverage” products, insurance companies expose themselves to market price, credit and liquidity risks as part of their investment activities. These could lead to an enduring loss of value of the capital investments and – as a final consequence – to the danger of not being able to honour insurance contracts. R+V Versicherung AG counters these risks by the consistent implementation of the legal and supervisory guidelines. Thus, the company’s investment policy observes the basic principle of achieving the greatest possible security and profitability while maintaining the liquidity of the insurance company at all times. In particular, R+V’s investment policy especially commits itself to aim at minimising risks by maintaining an appropriate mix and diversification of the capital investments.

R+V Versicherung AG adheres to the regulatory investment principles and other supervisory requirements by providing qualified investment management, appropriate internal investment guidelines and controls and a far-sighted investment policy and other organisational measures.

R+V Versicherung AG only uses derivative financial instruments, structured products and asset-backed securities in accordance with the regulatory requirements. Their handling is explicitly regulated by internal guidelines. These guidelines include volume and counter-party limits. Extensive, timely reporting ensures that risks are regularly monitored and presented in a transparent manner. R+V uses standard and worst case scenarios through which the effects of unfavourable market movements on the investments can be simulated.

By extrapolating the capital market situation at the end of 2008 to December 31, 2009 and continuation of the methods applied for determining permanent impairments in value in 2008, a positive contribution to the annual results from the capital investments can be anticipated.

At an organisational level, R+V Versicherung AG counters investment risks by ensuring the strict functional separation of trading, settlement and financial controls.

Capital investment risks comprise:

- Market risk: the risk of incurring losses due to unfavourable changes in market prices or price-influencing factors, such as changes in the interest rates, share prices or exchange rates.

- Credit risk: the risk of sustaining losses or being unable to realise profits due to the default of an issuer or counterparty.

- Liquidity risk: the risk of being unable to always meet payment obligations – particularly those from insurance policies – duly to untimely in- and outflows of liquidity.

Market risk
In order to measure possible market risks in its capital investments R+V Versicherung AG conducted scenario analyses as of the key date December 31, 2008 on the following premises: for directly held shares and shares held via funds, the effect of a 20% fall in price to the present value of these items was simulated.

For fixed-income securities, mortgage loans and registered bonds, notes receivable and loans, the effects on the current value of these securities and bonds of a 1% upwards or downwards shift in the yield curve were calculated. In addition, a duration analysis is performed regularly for the fixed-income securities and loans portfolio.

Within the framework of the standard reporting, stress simulations are carried out regularly during the year in order to present the effects of adverse capital market scenarios on the performance of the portfolio and results. Used as simulation parameters are among others a 35% fall in the share prices and a shift in the yield curve by a further 100 base points.

In addition, R+V Versicherung AG regularly carries out a duration analysis for the existence of all interest-bearing investments. A scenario analysis is also carried out with regard to the effects of a 10% fall in value of real estate. Accordingly, this would result in a change in market value of EUR 2.6 million (previous year: EUR 2.6 million).

Credit risk
The investment policy of R+V Versicherung is oriented to avoiding risk concentration in the portfolio and to minimise risk through broad investment diversification. In addition, a majority of the fixed-income securities and loans – such as government bonds or mortgage bonds – are issued by the state, by public sector institutes or by banks with excellent ratings.

Within the framework of the active control of its credit risks, R+V Versicherung AG among others deliberately refrained from a significant engagement in an address which was assessed as in danger in the closed fiscal year.

More than 98% (previous year: 98%) of these investments in fixed-income securities feature a Standard & Poor's Rating equivalent to or better than "A", more than 84% (previous year: 84%) of one which is equivalent to or better than "AA".

The total of all investments at banks at R+V Versicherung AG amounts to EUR 546.9 million. With a rate of 93.3%, these investments mainly concern securities for which a special cover volume exists for collateralisation. With a rate of 76.3%, these investments are moreover mainly invested at German banks. Of the remaining 23.7%, 16.0% relate to institutes of the European Economic Area. There are no risks of clusters of individual banks.

Liquidity risk
R+V Versicherung AG monitors and controls its liquidity risks centrally. Included in the control are all payment flows from the technical business, the capital investments and the general administration. Through the regular premiums of its customers and the income from the capital investments, R+V Versicherung AG has sufficient liquidity supplies at all times. In addition, the assurance of sufficient liquidity under aggravated capital market conditions is simulated through stress-test

situations. Accordingly, R+V Versicherung AG is in the position to satisfy the obligations it has entered into at all times.

R+V Versicherung AG takes into account the changed conditions through the financial crisis by the fact that an explicit examination is carried out with regard to the satisfaction of the liquidity requirements of interest securities within the framework of the new investment.

Special risk situation on the capital markets

In the past 12 months, the performance of the prices on the global stock markets showed a drastic downwards trend. In addition, the liquidity and solvency problems of several major international banks also had the effect that the risk surcharges on the bond markets (spreads) were increased substantially once again. The expansion of the spread reflects that high risks of default are anticipated on the market. The simultaneous appearance of these developments resulted in substantial market value losses with share and bond investments for R+V. Losses with the capital investments of R+V did not materialize in the closed fiscal year.

Currency risk

As far as possible, liabilities in foreign currencies arising from reinsurance business are matched with investments in those foreign currencies so that owing to the correlative effect this allows exchange rate gains and losses to be largely neutralised.

Operating risks

Operating risks are risks from general business activities. They arise as a result of human behaviour, technical faults, process or project management weaknesses or external influences.

The internal control system

The main instrument used by R+V to limit operating risks is its internal control system. The risk of errors and fraudulent activities in the administration is prevented through regulations and controls in force in the specialist departments and by reviewing the application and effectiveness of the internal control systems in Group audits. As far as possible, payments flows and undertakings are handled by computer. Additional security is provided by pre-defined mandate and authorisation rules stored in the user profiles as well as electronic submissions for release made by a random generator. Manual payments are principally made according to the dual control principle.

Risk management in the IT sector

Because of the close connection between business processes and IT sequences, it is necessary to programme IT support flexibly so that it is capable of adjustment to changing structural conditions. This is achieved by means of a process and service orientated alignment of the organisation of IT.

Comprehensive physical and logical protective precautions guarantee the security of data and applications and the maintenance of continuous operation in the IT sector. A particular risk would be the partial or complete failure of the IT systems. R+V has made provisions against this by establishing two separate data center locations, with data and system mirrors, special access protection, sensitive fire protection measures and a secure power supply based on emergency power generators. A defined restart procedure to be used in the event of a disaster is tested for its effectiveness in exercises on a regular basis. Data backups are carried out in different R+V buildings with high security areas. Following recommendations from an independent survey of the disaster recovery capability the data is mirrored on a tape-robot in an external and distant location. Thus, data would still be available even after a total loss of all data processing centers in Wiesbaden.

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

The IT security strategy is continuously checked and adjusted to the current level of vulnerability. The validity of the IT security principles is also audited regularly. In 2008, a voluntary independent audit of information security was carried out. The proposed measures will be implemented in 2009.

Quality assurance for the IT systems is provided by way of established "best practice" processes. All events of relevance to service are recorded and tracked according to their significance. Current topics are dealt with in daily conferences and allocated processing priority. Monthly service control meetings attended by all IT division heads are held to discuss and supervise problems whenever fixed thresholds for system availability and response times are exceeded, counter-measures are coordinated and tracked, and concepts for the avoidance of system breakdowns are prepared and implemented.

Risk assessment for major projects and investments
R+V has laid down binding procedures for the planning and implementation of projects and investments. Major projects and investments are regularly assessed by investment, product or finance committees depending on the importance of the issue. Particular attention is paid to results, problems and (counter) measures, as well as to adherence to budgets. Necessary changes are implemented immediately. The investment committee also liaises with the R+V risk conference committee.

External influences
Changes to the legal and supervisory frameworks are subject to continuous surveillance in order to be able to react to opportunities and risks promptly.

Solvency II

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

Through internal projects and study groups and its cooperation in the study groups of the GDV (German Insurance Association) and BaFIN (Federal government department for supervision of the financial services sector), R+V is ready to deal with future challenges and has thus created the foundation for the successful implementation of the requirements set out in Solvency II. This includes the need for active participation in studies of the ramifications of Solvency II (QIS) within the framework of the Solvency II project.

The assessment of the risk-bearing ability is made using an economic capital risks model within the parameters of Solvency II. Using this model, it is possible to determine the capital required to smooth fluctuations in values in given probabilities. In addition to the quarterly assessment of capital requirements and the availability of aggregate risk cover out of R+V's own resources, this model is used for ad-hoc reporting and planning appraisals. Loss limits for individual risks are set with reference to R+V's aggregate risk cover.

The analysis of the economic capital risk model makes it clear that the aggregate risk cover is much greater than the risk capital that R+V requires.

Further developments of the insurance law environment will be actively accompanied within the framework of the European project Solvency II. The minimum requirements from the risk management (MaRisk) for insurances, which have been applicable since January 2009, will be implemented accordingly.

Summary of the risk situation

The risk-bearing ability of R+V Versicherung AG describes the degree of capitalisation, i.e. to what extent the existing risks are covered by own funds.

Even without taking into account valuation reserves, R+V Versicherung AG exceeds the currently applicable requirements from solvency.

With an extrapolation of the capital market situation at the end of 2008 to December 31, 2009 the satisfaction of the solvency is still guaranteed.

The tools and analysis methods outlined here show that a comprehensive system is available to R+V Versicherung AG that within the meaning of an efficient risk management takes into account the requirements of identification and assessment of risks.

With regard to the further development on the financial markets, there is a high level of uncertainty at the beginning of 2009. No developments have as yet been observed that would have a negative affect on the capital, finance or profitability of R+V Versicherung AG in the long-term.

Forecast

General economic expectations

The prospects for the German economy deteriorated significantly after the financial crisis intensified again in autumn 2008 and the associated further downturn in the world economy. Based on the actual forecast, a substantial fall in the business activities is expected in Germany for 2009. Whether and how fast the current recession can be overcome depends to a large extent on the stabilisation of the banking system.

In view of the recession in the economic development, the German insurance industry is not given any strong macro-economic impulses. Nevertheless, the crisis also provides opportunities. On the whole, the company is expecting a substantial stabilisation of prices and conditions in the direct insurance and reinsurance market.

The driving forces for the growth in the insurance industry are on the one hand the economic and technological developments which lead to the repeatedly new need for insurance. Particularly the emerging markets will play a major role here. On the other hand, innovative insurance products will also promote growth. The industries are increasingly linked at an international level. Risks are becoming more and more complex; intelligent and creative solutions have to be developed. This leads to opportunities for growth for the direct insurers and reinsurers which have excellent risk management skills.

At a national as well as international level the insurance industry is facing new challenges. New statutory regulations such as MaRisk, Solvency II and the conversion of accounting regulations provide challenges for the industry.

Positive technical result expected

The strategy of profit-orientation and growth will be continued in property and casualty insurance. Attractive opportunities for business will be used in all regions and business areas by safeguarding the strict underwriting guidelines. The focus of the engagement will continue to be placed on the quality of the business.

Under the premise that no burdens from major claims will occur aside from the expectations, R+V Versicherung AG is expecting positive technical results in the property and casualty business for 2009.

In the segment of active life reinsurance, the premium volume – owing to the discontinuation of the business in 2004 – will feature falling premium volumes, however generating a positive technical result.

Future capital market forecast for 2009

The capital markets will also remain highly volatile in 2009. The dramatic sharp falls in prices on the stock and credit markets in the last year reflected on the one hand the credit crisis and on the other hand partly preceded the economic crisis. To this extent, the markets are marked by a great deal of pessimism. A stabilisation of the markets could be seen in 2009 in particular when the measures of the central banks and governments begin to take effect.

On the whole, R+V Versicherung AG orientates its capital investment strategy to security, liquidity and profitability. The requirements from Solvency II have – to the extent that they are known and feasible – already been taken into account today.

The main focus of the investment policies continues to be placed on achieving secure interest yields in order to also be able to achieve a reasonable return on capital employed in future. R+V Versicherung AG has already substantially reduced its volume of shares in 2008. The credit risks in the portfolio are highly diversified and subject to strict controls. This strategy which aims at security will – supported by a modern risk management – also be a decisive factor in 2009.

Thank you

The Board of Management would like to thank and show their appreciation to all employees for their commitment and their work.

The Board of Management would like to thank the representative committee of the executives and the works council for the trustworthy cooperation.

We would especially like to thank our business partners for the trust they placed in us.

Wiesbaden, 11 February 2009

The Board of Management

Appendix to the Management Report

In the year 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

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	**EUR**	**387,849,000.—**
We propose to the general meeting that the net retained profits be used as follows:		
EUR 7.50 dividend per individual share certificate on 11,242,000 units	EUR	84,315,000.—
EUR 27.— special dividend per individual share certificate on 11,242,000 units	EUR	303,534,000.—
	EUR	**387,849,000.—**

Annual Financial Statements 2008

Balance Sheet

as of December 31, 2008*

ASSETS

in EUR					**2008**	**2007**
A. Unpaid contributions to subscribed capital					—.—	—
Thereof called up	€ – (€ –)					
B. Intangible assets						
I. Start-up and business expansion costs				—.—		—
II. Goodwill				—.—		—
III. Other intangible assets				305.—		472
					305.—	**472**
C. Capital investments						
I. Land, land rights and buildings including buildings on third party land				3,725,218.17		3,666,748
II. Investments in affiliated and associated companies						
1. Shares in affiliated companies			1,655,476,467.47			1,498,873,162
2. Loans to affiliated companies			214,763,099.73			200,358,618
3. Associates			22,123,763.69			31,066,729
4. Loans to associated companies			—.—	1,892,363,330.89		—
III. Other capital investments						
1. Shares, investment certificates and other variable-yield securities			80,874,883.32			102,395,281
2. Bearer bonds and other fixed-interest securities			196,247,978.43			163,502,893
3. Receivables from mortgages, land charge and annuity land charges			—.—			—
4 Other loans						
a) Registered bonds		222,064,594.06				217,064,594
b) Notes receivable and loans		219,242,106.93				246,242,107
c) Loans and advance payments on insurance policies		—.—				—
d) Miscellaneous loans		—.—	441,306,700.99			—
5. Deposits with banks			10,895,996.48			61,767,578
6. Other capital investments			60,365.01	729,385,924.23		3,551,258
IV. Deposits with ceding undertakings				202,574,697.77		196,542,454
					2,828,049,171.06	**2,725,031,423**
D. 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				2008	2007
E. Receivables					
I. Receivables arising out of direct insurance operations				—.—	—
II. Settlement receivables arising out of reinsurance operations			75,410,139.15		54,492,203
thereof due from:					
affiliated companies € 6,301,968 (€ 7,573,765)					
associates € 197,319 (€ 837,582)					
III. Other receivables			405,628,884.32		387,925,923
thereof due from:					
affiliated companies € 249,508,232 (€ 220,967,483)					
associates € – (€ –)					
				481,039,023.47	**442,418,126**
F. Other assets					
I. Property, plant and equipment and inventories			720,719.80		699,768
II. Cash with banks, cheques and cash on hand			114,474,617.82		10,848,710
III. Own shares			—.—		—
IV. Miscellaneous assets			65,086,72		17,048
				115,260,424.34	**11,565,526**
G. Anticipated tax relief for future fiscal years in accordance with section 274 (2) HGB				—.—	—
H. Accruals					
I. Accrued interest and rent			15,288,875.99		16,343,016
II. Other accruals			8,846,997.69		10,633,514
				24,135,873.68	**26,976,529**
I. Deficit not covered by shareholders' equity				—.—	—
				3,448,484,797.55	**3,205,992,077**

EQUITY AND LIABILITIES

in EUR					2008	2007
A. Shareholders' equity						
I. Subscribed capital				292,000,000.—		292,000,000
II. Capital reserves				1,001,381,228.—		1,001,381,228
thereof a reserve in accordance with section 5.par.5 No.3 VAG	€ –	(€ –)				
III. Retained earnings						
1. Statutory reserve			—.—			—
2. Reserve for own share			—.—			—
3. Reserves according to statutes			—.—			—
4 Reserve in accordance with section 58 (2a) AktG			—.—			—
5. Other retained earnings			16,201,316.27	16,201,316.27		275,628,764
IV. Net retained profits				387,849,000.—		81,615,005
thereof profits carried forward:	€ –	(€ –)				
					1,697,431,544.27	**1,650,624,997**
B. Participation certificates					—.—	—
C. Subordinated liabilities					—.—	—
D. Special reserve with an equity portion					—.—	—
E. Technical provisions						
I. Unearned premium reserves						
1. Gross			83,914,481.87			68,213,432
2. thereof: less reinsurance amount			2,271,717.25	81,642,764.62		2,406,368
II. Actuarial reserves						
1. Gross			93,110,390.45			99,036,834
2. thereof: less reinsurance amount			48,420,224.42	44,690,166.03		51,811,974
III. Provision for outstanding claims						
1. Gross			920,391,134.20			778,117,700
2. thereof: less reinsurance amount			28,177,298.10	892,213,836.10		26,641,824
IV. Provisions for performance-based and non-performance-based refund						
1. Gross			3,098,392.28			3,312,045
2. thereof: less reinsurance amount			—.—	3,098,392.28		—
V. Equalisation provision and similar provisions				329,566,999.—		297,186,073
VI. Other technical provisions						
1. Gross			536,735.21			604,345
2. thereof: less reinsurance amount			227.88	536,507.33		14
					1,351,748,665.36	**1,165,610,249**
F. Technical provisions in the field of life insurance insofar as the investment risk is borne by the insurance policy holder					—.—	—

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

in EUR					2008	2007
G. Other provisions						
I. Provision for pensions and similar obligations				9,494,486.—		12,966,299
II. Tax provisions				70,775,787.23		42,960,733
III. Provisions for anticipated tax charges in future fiscal years in accordance with section 274 (1) HGB				—.—		—
IV. Other provisions				18,982,736.—		26,814,268
					99,253,009.23	**82,741,300**
H. Deposit liabilities received from reinsurers					**53,914,460.15**	**57,080,388**
I. Other liabilities						
I. Creditors arising out of direct insurance operations				—.—		—
II. Creditors arising out of reinsurance operations				143,004,082.27		139,761,003
thereof due to:						
affiliated companies	€ 13,138,186	(€ 10,959,370)				
III. Bonds				22,778,219.50		22,094,819
thereof convertible:	€ –	(€ –)				
IV. Liabilities due to banks				—.—		—
thereof due to:						
associates	€ –	(€ –)				
V. Other liabilities				75,448,971.13		83,539,913
thereof:						
from taxes	€ 1,572,952	(€ 3,170,034)				
within the framework of social security contributions	€ 119,522	(€ 122,760)				
due to:						
affiliated companies	€ 68,433,042	(€ 75,320,688)				
associates	€ –	(€ –)				
					241,231,272.90	**245,395,735**
K. Deferred income					**4,905,845.64**	**4,539,408**
					3,448,484,797.55	**3,205,992,077**

Income Statement

for the period from January 1 to December 31, 2008*

INCOME STATEMENT

in EUR			2008	2007
I. Technical account				
1. Premiums earned for own account				
a) Gross premiums written	884,787,617.27			741,101,382
b) Reinsurance premiums ceded	28,404,994.54			25,321,905
		856,382,622.73		
c) Change in gross unearned premium reserve	–16,029,958.72			9,331,317
d) Change in gross unearned premium reserve – reinsurers' share	134,020.96			1,092,297
		–16,163,979.68		
			840,218,643.05	**724,018,497**
2. Technical interest income for own account			**1,667,121.24**	**1,635,896**
3. Other technical income for own account			**99,924.21**	**76**
4. Expenses for claims for own account				
a) Payments for claims				
aa) Gross	503,557,239.51			617,993,928
bb) Reinsurers' share	22,531,692.13			130,361,900
		481,025,547.38		
b) Change in provision for outstanding claims				
aa) Gross	146,704,528.86			–78,875,313
bb) Reinsurers' share	1,501,879.95			–110,614,241
		145,202,648.91		
			626,228,196.29	**519,370,957**
5. Change in other technical provisions – net				
a) Actuarial reserve – net		2,123,259.81		2,015,085
b) Other technical provisions – net		70,010.93		591,272
			2,193,270.74	**2,606,357**
6. Expenses for performance-based and non-performance-based premium rebates for own account			**3,087,360.25**	**3,194,809**
7. Expenses for the insurance operation for own account				
a) Gross expenses for the insurance operation		236,239,844.28		199,396,185
b) Less:				
Reinsurance commissions and profit participations received		8,657,665.06		7,429,022
			227,582,179.22	**191,967,163**
8. Other technical expenses for own account			**1,122,763.11**	**986,865**
9. Subtotal			**–13,841,539.63**	**12,741,031**
10. Change in the equalisation provision and similar provisions			**–32,380,926.—**	**–54,299,197**
11. Technical result for own account			**–46,222,465.63**	**–41,558,166**

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

in EUR				2008	2007
II. Non-technical account					
1. Investment income					
a) Income from associates		676,547.76			728,511
thereof:					
from affiliated companies					
€ 621,259 (€ 674,055)					
b) Miscellaneous investment income					
thereof:					
from affiliated companies					
€ 11,231,699 (€ 10,733,183)					
aa) Income from land, land rights and buildings including buildings on third-party land	949,299.91				560,293
bb) Miscellaneous investment income	48,935,450.43				46,714,805
		49,884,750.34			
c) Income from write-ups		213,188.73			954,159
d) Realized gains on investments		2,355,763.17			1,191,006
e) Income from profit pooling, profit and loss transfer agreements and partial profit and loss transfer agreements		212,386,751.86			186,733,289
f) Income from the writing back of the special reserve with an equity portion		—.—			—
			265,517,001.86		236,882,064
2. Investment expenses					
a) Investment management expenses, interest expenses and other investment expenses		3,305,696.76			3,865,833
b) Write-downs on investments		41,077,170.08			3,596,082
c) Realized losses on investments		1,018,901.18			934
d) Expenses for losses assumed		—.—			744,560
e) Allocation to special reserve with an equity portion		—.—			—
			45,401,768.02		8,207,410
			220,115,233.84		228,674,654
3. Technical interest income			–3,605,657.50		–3,630,421
				216,509,576.34	**225,044,234**
4. Other income			33,596,412.45		31,477,281
5. Other expenses			27,665,975.21		34,085,363
				5,930,437.24	**–2,608,082**
6. Non-technical result				**222,440,013.58**	**222,436,152**
7. Result from ordinary activities				**176,217,547.95**	**180,877,986**
8. Extraordinary income			—.—		—
9. Extraordinary expenses			—.—		249,248
10. Extraordinary result				**—.—**	**–249,248**

in EUR				2008	2007
11. Taxes on income and on earnings			56,260,767.76		17,314,522
thereof:					
Relocation within fiscal entity	€ –22,455,787	(€ –12,707,960)			
12. Other taxes			77,233,23		84,211
thereof:					
Relocation within fiscal entity	€ –11,799	(€ 1,509,630)			
				56,338,000.99	**17,398,733**
13. Income from losses assumed			—.—		—
14. Profits transferred as a result of profit pooling and profit and loss transfer agreements or partial profit and loss transfer agreements			—.—		—
				—.—	—
15. Net income for the year				**119,879,546.96**	**163,230,005**
16. Retained profits brought forward from the previous year				—.—	—
17. Withdrawals from capital reserves				—.—	—
18. Withdrawals from retained earnings					
a) from statutory reserve			—.—		—
b) from reserve for own shares			—.—		—
c) from reserves according to statutes			—.—		—
d) from other retained earnings			267,969,453.04		—
				267,969,453.04	**—**
19. Transfer from participation certificates				—.—	—
20. Transfers to retained earnings					
a) to statutory reserve			—.—		—
b) to reserve for own shares			—.—		—
c) to reserves according to statutes			—.—		—
d) to other retained earnings			—.—		81,615,000
				—.—	**81,615,000**
21. Transfer to participation certificates				—.—	—
22. Net retained profits				**387,849,000.—**	**81,615,005**

Notes

Accounting and valuation policies

Legal bases

The annual financial statement of R+V Versicherung AG for 2008 was prepared in accordance with the provisions of the Handelsgesetzbuch (HGB – German Commercial Code), the Aktiengesetz (AktG – German Public Companies Act) and the provisions of the Versicherungsaufsichtsgesetz (VAG – German Insurance Supervision Law), as well as the Verordnung über die Rechnungslegung von Versicherungsunternehmen (RechVersV – German Federal Regulations on Insurance Accounting) dated November 8, 1994, last amended November 23, 2007.

Intangible assets were valued at acquisition cost and depreciated using the straight-line method over the lifespan of the assets allowed by tax law.

Land, land rights and buildings, including buildings on third party land were carried at acquisition or construction cost less depreciation. Straight-line depreciation was performed using the rate allowed by tax law.

Shares in affiliated companies and associates and other capital investments were carried at acquisition cost, with expected permanent impairment in value reduced by depreciations. Foreign currency investments in associates were translated at the exchange rate applicable at the time of acquisition.

Loans to affiliated companies were treated like any **other non-fixed-interest securities, or other lending and deposit activities with banks**, according to their respective instrument type. Deposits with financial institutions denominated in foreign currencies were converted at the exchange rate applicable at the balance sheet date.

Shares, investment certificates and other variable-yield securities as well as bearer bonds and other fixed-income securities were valued in line with the strict principle of the lower of cost or market, to the extent that they were not allocated to fixed assets.

Shares, investment certificates and other variable-yield securities as well as bearer bonds and other fixed-income securities that are allocated to fixed assets in accordance with section 341b (2) sentence 1 HGB were, insofar as it concerned temporary impairment in value, valued at their sustainable value as at December 31, 2008, or cost. The proof was provided for shares by applying a forecast procedure. The “sustainable value” determined thereby was determined through an earning power procedure by taking into account external profit estimates. If the determined value did not essentially exceed the stock exchange rate, this earning power was carried for shares of the Stoxx 600 as of the balance sheet key date. Insofar as the earning power substantially exceeded the stock exchange rate a single case analysis was carried out in order to determine the sustainable value. Bearer bonds allocated to the fixed assets and other fixed-income securities were carried with their repayment value a maximum, but with the acquisition value, insofar as the credit rating of the debtor was considered to exist.

They were valuated both for the direct portfolio as well as for special funds on single securities level.

Where the reasons for write-downs charged in the past no longer apply, write-downs on the share price have been reinstated up to a maximum of the stock exchange rate in accordance with section 280 (1) HGB.

The acquisition cost in Euros of securities held in foreign currencies was calculated using the price of the security and the exchange rate at the time of acquisition; the book value in Euros was calculated on the basis of the price of the security and the exchange rate as of the balance sheet date.

Other loans and deposits with banks were carried with their repayment value, insofar as individual value adjustments did not have to be carried out. Bank deposits in foreign currency were converted at the exchange rate on the balance sheet date.

Premiums and discounts were distributed pro rate through accruals and deferrals over the individual term of the respective investment. This concerns the accruals with loans to affiliated companies, registered bonds and bonded loans.

Financial derivatives and structured products were broken down into their individual components and measured using recognized valuation techniques based on the models of Black 1976 and Hull-White as well as the Monte Carlo Simulation model.

Deposits and settlement receivables arising out of reinsurance operations were carried at their nominal values. Doubtful debtors were written down directly.

Operating and office equipment was carried at acquisition costs and written down using the straight-line method over their tax allowable useful life. Additions and disposals in the fiscal year were written down pro rata. Assets, whose acquisition costs were between EUR 150 and 1,000 were transferred into a collective item, which was depreciated over five years – beginning with the year of formation.

The **other assets** are carried at their nominal value. Any necessary value adjustments were performed and deducted from assets.

Technical provisions (unearned premium reserve, actuarial reserve, provisions for outstanding claims and other provisions) were reported in line with information provided by the ceding companies. If no information was available, provisions were principally entered on the balance sheet according to the tasks of the ceding company.

Insofar as there were no tasks the provisions were estimated; decisive for this were the contractual conditions and the course of business to date. We made appropriate increases to a number of our ceding companies' loss provisions for which we felt, given our experience, the amounts stated were too low. Correspondingly, appropriate provisions were also made for expected future loss expenditure. The reinsurers' share of provisions was calculated in line with the conditions of the reinsurance agreements.

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

Deposit liabilities and settlement liabilities received from reinsurers arising out of reinsurance operations were reported at their nominal value.

Provisions for pensions and similar obligations were calculated in accordance with section 6a EStG (Income Tax Act), taking as a basis the mortality tables 2005 G by Klaus Heubeck using an interest rate of 4.5%

Provision for **early-retirement pensions (Altersteilzeit)** include both arrears of remuneration as well as the outstanding top-up payments to salaries and wages and for old age provision. The top-up contributions are actuarially assessed as anticipated payments and were valued using the mortality tables 2005 G by Klaus Heubeck using a discount rate of 5.5%.

Reserves for payments for anniversary to long-service employees were valued using the mortality tables 2005 G by Klaus Heubeck using a discount rate of 5.5%.

The valuation amount of the other **non-technical provisions** is based on projected requirements.

The **other liabilities** were estimated at maturity values.

Currency translation
All items in foreign currencies were translated into Euros.

The items listed under Assets C, Investments I to III and other receivables, other liabilities, accruals and deferrals, and income and expense items relating to these investments were converted using the exchange rate as of the balance sheet date, December 31, 2008. For investments in associates, bearer bonds, other fixed-income securities, shares and deposits with banks, please refer to the notes on these items.

All other items on the balance sheet and in the income statement, including in particular the technical items, were converted using the exchange rate as at December 18, 2008 in order to accelerate the preparation of the annual financial statements.

Foreign currency gains 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	Share of capital in %	Currency	Figures for fiscal year	Shareholders' equity €	Result €
Insurance companies					
Assimoco S.p.A., Segrate	35.4	€	2007	70,780,311	574,711
Assimoco Vita S.p.A., Segrate	47.3	€	2007	78,366,646	5,338,928
CHEMIE Pensionsfonds AG, Munich	100.0	€	2007	7,188,173	–1,600,020
Condor Allgemeine Versicherungs-AG, Hamburg **	100.0	€	2007	43,619,161	5.182.000
Condor Lebensversicherungs-AG, Hamburg **	95.0	€	2007	34,737,741	5.100.000
KRAVAG-ALLGEMEINE Versicherungs-AG, Hamburg	76.0	€	2008	70.019.950	6,594,446
KRAVAG-LOGISTIC Versicherungs-AG, Hamburg	51.0	€	2008	150.080.202	13,285,000
Optima Pensionskasse AG, Hamburg **	95.0	€	2007	13,118,650	–
Optima Versicherungs-AG, Hamburg **	100.0	€	2007	17,112,784	– *
R+V Allgemeine Versicherung AG, Wiesbaden	95.0	€	2008	650,540,024	– *
R+V Direktversicherung AG, Wiesbaden***	100.0	€	2008	9,500,000	– *
R+V Gruppenpensionsfonds AG vormals: HVB Pensionsfonds AG, Munich	100.0	€	2007	17,778,202	356,779
R+V Krankenversicherung AG, Wiesbaden	100.0	€	2008	31,985,231	4,500,000
R+V Lebensversicherung AG, Wiesbaden	100.0	€	2008	351,550,836	– *
R+V Luxembourg Lebensversicherung S.A., Strassen	100.0	€	2007	125.579.235	22,554,118
R+V Pensionsfonds AG, Wiesbaden	51.0	€	2007	9,917,956	585,810
R+V Pensionskasse AG, Wiesbaden	99.0	€	2007	21,934,512	–510,853
R+V Rechtsschutzversicherung AG, Wiesbaden	100.0	€	2008	30,288,615	– *
Service-, holding- and real estate companies					
BWG Baugesellschaft Württembergischer Genossenschaften mbH, Stuttgart	80.9	€	2007	9,926,862	– *
carexpert Kfz-Sachverständigen GmbH, Walluf	65.0	€	2008	5,277,396	–171,157
carexpert Slovensko, expert konzultacná s.r.o., Zilina	39.0	SKK	2007	–15,927	–5,110
CI Condor Immobilien GmbH, Hamburg ** vormals: CI CONDOR Immobilien GmbH & Co. KG, Hamburg	95.0	€	2007	38,469,546	1,057,882

* A profit and loss transfer agreement exists. ** New participation from 2008 *** Founded 2008

SHARES IN AFFILIATED COMPANIES

Name and registered office of company	Share of capital in %	Currency	Figures for fiscal year	Shareholders' equity €	Result €
Compertis Beratungsgesellschaft für betriebliches Vorsorgemanagement mbH, Wiesbaden	51.0	€	2008	4,539,132	392.232
Condor Beteiligungsgesellschaft mbH, Hamburg **	95.0	€	2007	30,539	953
Condor Dienstleistungs-GmbH, Hamburg **	95.0	€	2007	174,967	6.429
GbR Dortmund Westenhellweg 39-41, Wiesbaden	94.0	€	2007	45,860,137	2.747.419
GWG 1. Wohn GmbH & Co. KG, Stuttgart **	89.9	€	2008	2,000,000	–
GWG Gesellschaft für Wohnungs- und Gewerbebau Baden-Württemberg AG, Stuttgart	89.9	€	2007	102,315,175	9,004,121
GWG ImmoInvest 1. Objekt GmbH, Stuttgart	85.3	€	2007	690.209	–45,879
GWG ImmoInvest GmbH, Stuttgart	85.3	€	2007	504,767	–150,342
GWG PLANEN + BAUEN GmbH, Stuttgart	85.3	€	2007	104,304	– *
HANSEATICA Sechzehnte Grundbesitz Investitionsgesellschaft mbH & Co. KG, Berlin	95.0	€	2007	31,749,294	438,180
HumanProtect Consulting GmbH, Cologne	100.0	€	2007	305,871	89,940
KRAVAG Umweltschutz- und Sicherheitstechnik GmbH, Hamburg	51.0	€	2007	139,227	40,782
MDT Makler der Touristik GmbH Assekuranzmakler, Wiesbaden ***	67.7	€	2008	30,000	-
MSU Management-, Service- und Unternehmensberatung GmbH, Kaiserslautern	74.0	€	2007	201,935	48,755
Paul Ernst Versicherungsvermittlungsgesellschaft mbH,Hamburg **	100.0	€	2007	319,499	96,323
Pension Consult – Beratungsgesellschaft für Altersvorsorge mbH, Munich	100.0	€	2008	517,260	121,949
R+V Erste Anlage GmbH, Wiesbaden	95.0	€	2008	26,911,997	236,978
R+V Erste Anlage GmbH & Co. Verwaltung KG, Wiesbaden	96.0	€	2008	10,597,66	395,028
R+V Gruppenpensionsfonds-Service GmbH vormals: HVB Pensionsfonds-Service GmbH, Munich	100.0	€	2007	25.000	–
R+V Immobilien GmbH & Co. KG Grundstücksverwaltung Hemmingen, Wiesbaden	89.3	€	2008	10,984,669	445.919
R+V KOMPOSIT Holding GmbH, Wiesbaden	100.0	€	2008	1,583,791,897	– *
R+V Kureck Immobilien GmbH, Wiesbaden	95.0	€	2008	122,289	1.163

* A profit and loss transfer agreement exists. ** New participation from 2008 *** Founded 2008

SHARES IN AFFILIATED COMPANIES

Name and registered office of company	Share of capital in %	Currency	Figures for fiscal year	Shareholders' equity €	Result €
R+V Leben Wohn GmbH & Co. KG, Wiesbaden	100.0	€	2008	98,663,010	1.781.010
R+V Personen Holding GmbH, Wiesbaden	100.0	€	2008	299,586,042	– *
R+V Real Estate Belgium N.V./S.A., Brussels	100.0	€	2007	2,349,995	–449,028
R+V Rechtsschutz-Schadenregulierungs-GmbH, Wiesbaden	100.0	€	2008	35,189	– *
R+V Service Center GmbH, Wiesbaden	100.0	€	2008	2,869,375	– *
R+V Service Holding GmbH, Wiesbaden	100.0	€	2008	126,072,100	39,917 *
R+V Treuhand GmbH, Wiesbaden ***	100.0	€	2008	26,636	1,636
Rhein-Main Beteiligungs-GmbH, Wiesbaden	100.0	€	2008	5,649,942	561.895
RUV Agenturberatungs-GmbH, Wiesbaden	100.0	€	2008	612,659	146,253
Schuster Assekuradeur GmbH, Hamburg **	100.0	€	2007	94,748	7.021
Schuster Finanzdienstleistungs-GmbH, Bielefeld **	98.0	€	2007	25,565	– *
Schuster Versicherungsmakler GmbH, Bielefeld **	100.0	€	2007	1,001,730	867.645
SECURON Versicherungsvermittlung GmbH Versicherungsmakler, Munich	51.0	€	2007	201,209	66,148
Sprint Sanierung GmbH, Cologne	100.0	€	2007	13,861,081	–
SVG-VERSICHERUNGSMAKLER GmbH, Munich	26.0	€	2007	151.984	–28,016
UMB Unternehmens – Management-beratungs GmbH, Wiesbaden	100.0	€	2008	587,693	– *
Unterstützungskasse der Condor Versiche-rungsgesellschaften GmbH, Hamburg **	98.3	€	2007	26,076	–
VR GbR, Frankfurt am Main	41.2	€	2007	183,365,432	48,997,325
VR Hausbau AG, Stuttgart	80.6	€	2007	2,700,000	50,000
Waldhof GmbH & Co. Kommandit¬gesellschaft, Hamburg **	100.0	€	2007	5,506,397	351,880
Waldhof Verwaltungsgesellschaft mbH, Hamburg **	100.0	€	2007	28,451	893
WBS Wohnwirtschaftliche Baubetreuungs-und Servicegesellschaft mbH, Stuttgart	85.3	€	2007	11,387,746	539,197
WPM Wohnwirtschaftliche Projektent-wicklung und Marketing GmbH, Stuttgart	85.3	€	2007	51,129	– *

* A profit and loss transfer agreement exists. ** New participation from 2008 *** Founded 2008

ASSOCIATES

Name and registered office of company	Share of capital in %	Currency	Figures for fiscal year	Shareholders' equity €	Result €
Assimocopartner Unipersonale S.r.L., Segrate	49.9	€	2006	89,236	13,548
ATRION Immobilien GmbH & Co. KG, Munich	31.6	€	2006	40,450,855	5,087,555
BAU + HAUS Management GmbH, Karlsruhe	50.0	€	2007	12,017,912	665,657
bbv-Service Versicherungsmakler GmbH, Munich	25.2	€	2007	1,045,851	186,167
European Property Beteiligungs-GmbH, Wiesbaden	33.2	€	2007	93,396,549	16,528,770
Finassimoco S.p.A., Segrate	49.9	€	2007	62,053,190	4,861
GBR „Ackermannbogen.de – Wohnen am Olympiapark“, Munich	40.3	€	2007	312,525	–9,957
HEIMAG Besitzgesellschaft mbH, Munich	27.0	€	2007	23,050	–1,950
HEIMAG Holding AG, Munich	27.0	€	2007	26,999	–23,002
HEIMAG Munich GmbH, Munich	27.0	€	2007	356,810,067	301,203,087
Henderson Global Investors Property (No. 2) Limited, London	50.0	GBP	2006	106,527	103,558
Henderson Global Investors Real Estate (No. 2) L.P., London	49.3	GBP	2006	17,700,590	159,926
HGI Immobilien GmbH & Co. GB I KG, Frankfurt am Main	49.3	€	2007	120,394,826	12,820,845
HGI Immobilien GmbH, Frankfurt am Main	50.0	€	2007	59,065	12,303
HGI Property Limited, London	50.0	GBP	2006	121,298	105,417
HGI Real Estate L.P., London	49.3	GBP	2006	24,167,503	215,619
Indexfinal Limited, London	49.3	GBP	2006	682	–11
Mietmanagement HEIMAG GmbH & Co. KG, Munich	27.0	€	2007	426,892,073	–23,123
NF Nordstrand GmbH & Co. Heidenkamps-weg 100 Nord KG, Norderfriedrichskoog	89.3	€	2007	–2,881,785	–192,900
NF Nordstrand GmbH & Co. Heidenkamps-weg 100 Süd KG, Norderfriedrichskoog	47.9	€	2007	–2,042,517	–145,395
PWR Holding GmbH, Munich	33.3	€	2006	28,226,220	3,524,192
R+V Kureck Immobilien GmbH Grund-stücksverwaltung Braunschweig, Wiesbaden	50.0	€	2007	11,052,751	424,111
R.G.A. Agrupación de Interés Ecónomico, Madrid	28.5	€	2007	117,197	–
R.G.A. Mediación, Operador de Banca-Seguros Vinculado, S.A. Madrid vormals: R.G.A. Broker Correduría de Seguros, S.A., Madrid	28.5	€	2007	2,288,261	1,172,633
Rural Pensiones, S.A. Entidad Gestora de Fondos de Pensiones, Madrid	28.5	€	2007	13,381,000	717,000

ASSOCIATES

Name and registered office of company	Share of capital in %	Currency	Figures for fiscal year	Shareholders' equity €	Result €
Rural Vida, S.A. de Seguros y Reaseguros, Madrid	28.5	€	2007	85,026,000	–18,247,000
Schroder European Property Investments No. 1 S.A., Senningerberg	39.4	€	2007	85,622,313	31,592,116
Schroder Italien Fonds GmbH & Co. KG, Wiesbaden	23.1	€	2007	88,083,962	5,645,177
Schroder Italien Fonds Holding GmbH, Wiesbaden	23.1	€	2007	87,923,409	6,181,897
Schroder Property Services B.V., Amsterdam vormals: Aareal Property Services Germany B.V., Amsterdam	30.0	€	2007	1,809,398	1,702,948
Seguros Generales Rural, S.A. de Seguros y Reaseguros, Madrid	28.5	€	2007	106,303,000	13,365,000
TERTIANUM - Besitzgesellschaft Berlin Passauer Straße 5-7 mbH, Munich	25.0	€	2007	29,157,000	–8,279,528
TERTIANUM – Besitzgesellschaft Konstanz Marktstätte 2-6 und Sigismund 5-9 mbH, Munich	25.0	€	2007	36,092,480	–19,843,700
TERTIANUM Seniorenresidenz Betriebs-gesellschaft Berlin mbH, Berlin	25.0	€	2007	586,488	–103,860
TERTIANUM Seniorenresidenzen Betriebs-gesellschaft mbH, Constance	25.0	€	2007	1,893,635	–354,671
Versicherungs-Vermittlungsgesellschaft des Sächsischen Landesbauernverbandes mbH, Dresden	50.0	€	2007	82,998	23,351
Versicherungs-Vermittlungsgesellschaft mbH des Bauernverbandes Mecklenburg-Vorpommern e.V. (VVB), Neubrandenburg	50.0	€	2007	88,719	13,415
Versicherungs-Vermittlungsgesellschaft mbH des Landesbauernverbandes Sachsen-Anhalt e.V. (VVB), Magdeburg	50.0	€	2007	77,152	9,401
VVB Versicherungs-Vermittlungsgesellschaft mbH des Landesbauernverbandes Brandenburg, Teltow	50.0	€	2007	34,953	5,060

Notes to the Balance Sheet – Assets

STATEMENT OF CHANGES IN ASSET ITEMS B. AND C. I. TO III. IN FISCAL YEAR 2008*

	Values stated for previous year		Additions
	€ thou	**%**	**€ thou**
B. Intangible assets			
1. Start-up and business expansion costs in accordance with section 269 (1), sentence 1 HGB	–	–	–
2. Goodwill acquired	–	–	–
3. Other intangible assets	–	–	–
Total B.	**–**	**–**	**–**
C. Investments			
C.I. Land, land rights and buildings including buildings on third party land	3,667	0.1	128
C.II. Investments in affiliated and associated companies			
1. Shares in affiliated companies	1,498,873	59.2	181,740
2. Loans to affiliated companies	200,359	7.9	91,385
3. Investments in associates	31,067	1.2	–
4. Loans to associates	–	–	–
Total C.II.	1,730,299	68.4	273,125
C.III. Other			
1. Shares, investment certificates and other variable-yield securities	102,395	4.0	166
2. Bearer bonds and other fixed-income securities	163,503	6.5	63,597
3. Receivables from mortgages, land charge and annuity land charges	–	–	–
4. Other loans			
a) Registered bonds	217,065	8.6	5,000
b) Notes receivable and loans	246,242	9.7	18,000
c) Loans and advance payments on insurance policies	–	–	–
d) Miscellaneous loans	–	–	–
5. Deposits with banks	61,768	2.4	–
6. Miscellaneous investments	3,551	0.1	32
Total C.III.	794,524	31.4	86,795
Total C	**2,528,490**	**100.0**	**360,049**
Total	**2,528,490**		**360,049**

* discrepancies in totals are due to rounding

) thereof currency write-ups: €6,894,000 *) thereof currency write-ups: €7,339,000

Transfers	Disposals	Write-ups**)	Write-downs***)	Values stated for current fiscal year	
€ thou	€ thou	€ thou	€ thou	€ thou	%
–	–	–	–	–	–
–	–	–	–	–	–
–	–	–	–	–	–
–	**–**	**–**	**–**	**–**	**–**
–	–	–	70	3,725	0.1
–	2,829	–	22,307	1,655,476	63.1
–	77,496	1,899	1,383	214,763	8.2
–	–	–	8,943	22,124	0.8
–	–	–	–	–	–
–	80,325	1,899	32,634	1,892,363	72.1
–	14,649	2	7,040	80,875	3.1
–	26,877	4,697	8,672	196,248	7.5
–	–	–	–	–	–
–	–	–	–	222,065	8.5
–	45,000	–	–	219,242	8.4
–	–	–	–	–	–
–	–	–	–	–	–
–	51,380	509	–	10,896	0.4
–	3,523	–	–	60	0.0
–	141,429	5,209	15,713	729,386	27.8
–	**221,754**	**7,107**	**48,417**	**2,625,474**	**100.0**
–	**221,754**	**7,107**	**48,417**	**2,625,475**	

C. CAPITAL INVESTMENTS

In € thousand

Balance sheet position	Book Value December 31	Current Value December 31	Reserve December 31
I. Land, land rights and buildings including buildings on third party land	3.7	7.8	4.1
II. Investments in affiliated and associated companies			
1. Shares in affiliated companies	1,655.5	3,142.6	1,487.1
2. Loans to affiliated companies	214.7	215.9	1.2
3. Investments in associates	22.1	22.1	0.0
III. Other capital investments			
1. Shares, investment certificates and other variable-yield securities	80.9	78.7	–2.2
2. Bearer bonds and other fixed-income securities	196.2	191.0	–5.2
4.a) Registered bonds	222.8	227.0	4.2
4.b) Notes receivable and loans	226.4	228.8	2.4
5. Deposits with banks	10.9	10.9	0.0
6. Miscellaneous investments	0.0	0.0	0.0
IV. Deposits with ceding undertakings	202.6	202.6	0.0
Total Capital Investments	**2,835.8**	**4,327.4**	**1,491.6**

In the book values, the balance of premiums and discounts (EUR +7.8 million) have been taken into account for the nominal balance sheet investments.

EUR 105.3 million (previous year EUR 78.0 million) were allocated to the fixed investments in accordance with section 341b, par.2 HGB. This includes a positive valuation reserve of EUR 0.04 million and negative valuation reserves of EUR 14.7 million, based on prices as of December 31, 2008. The valuation reserves of the total capital investments amount to EUR 1,491.6 million which corresponds with a reserve ratio of 52.6%. Depreciations to the amount of EUR 12.4 million were avoided through the rededication into fixed assets.

Generally, present values were calculated on the basis of stock market prices or market prices, or using the net capitalised earning method pursuant to IDW S1 (Institute of Public Auditors in Germany). The building was last appraised as of December 31, 2008. Land is valued every five years, most recently in 2005. Where other valuation amounts have been used in individual cases, these correspond with the provision of section 56 RechVersV.

Land and buildings used by the company are not included.

C.III. OTHER CAPITAL INVESTMENTS

in EUR

Nominal amounts with maturities of:	< 1 year	1-5 years	> 5 years	Total
Interest rate	20,000.000	25,564,594	—	45,564,594
Currency	—	—	—	—
Equity, index related	—	—	—	—
	20,000.000	25,564,594	—	45,564,594

In addition, closed-out swap transactions existed as of the balance sheet date.

INFORMATION ON FINANCIAL INSTRUMENTS

in EUR

Type	Amount/Volume	Book value	Current value
Swaps¹)	25,564,594	—	3,171,730
Bearer bonds and other fixed-income securities ²)	30,000,000	27,155,00	14,735,000 *
Shares, investment certificates and other variable-interest securities	—	78,145,788	75,803,782 **
Associates	—	—	—

¹) Evaluation method = Discounted Cash Flow Method. Valuation parameter: swap curve.

²) Evaluation method = Black formula 1976 or Hull-White method. Valuation parameter: swap curve, ATM volatilities (cap floor and swaptions). The disclosure of the financial instruments is carried out with a higher value than their fair value with the assets under the item C III.2.

* Owing to the given credit rating of the issuers the impairments in value are not permanent, but subject to market prices changes.

** Owing to the given credit rating of the issuers and the expected profits of the companies the impairments in value are not permanent, but subject to market price changes

H. II. OTHER ACCRUALS AND DEFERRALS

in EUR	2008
Premium on investments	8,651,954
Expenses relating to subsequent years	195,044
As of December 31	**8,846,998**

Notes to the Balance Sheet – Equity and Liabilities

A. I. SUBSCRIPED CAPITAL

in EUR	2008
Subscribed capital is divided into 11,242,000 shares	
As of December 31	**292,000,000**

The subscribed capital is unchanged in comparison to the status as of December 31, 2007.

DZ BANK AG Deutsche Zentral-Genossenschaftsbank, Frankfurt am Main, has informed us in accordance with § 20 (4) AktG that it holds a majority interest in R+V Versicherung AG.

A. II. CAPITAL RESERVES

in EUR	2008
As of December 31	**1,001,381,228**

The capital reserve is unchanged in comparison to the status as of December 31, 2007.

A. III. RETAINED EARNINGS

in EUR	2008
5. Other revenue reserves	
Carried forward as of Jan.1	275,628,764
Transfer from net retained profits 2007	8,542,005
Withdrawal	267,969,453
As of December 31	**16,201,316**

K. DEFERRALS

in EUR	2008
Discounts on investments	860,889
As of December 31	**860,889**

OTHER NOTES

Liabilities with longer than 5 years to maturity existed to an amount of EUR 63,603.

There were no liabilities secured by liens or similar rights.

Notes on the Income Statement

I. 1 A.) GROSS PREMIUMS WRITTEN

in EUR	2008	2007
Property and casualty, health	855,251,292	712,484,669
Life insurance	29,536,325	28,616,713
	884,787,617	**741,101,382**

I. 2. ALLOCATED INVESTMENT INCOME

in EUR	2008	2007
	1,667,121	**1,635,896**

This relates to interest from the collateral provided to insurers to the amount of the aggregate policy provision and the aggregate policy pension provision. The reinsurers' share of reserves was calculated in line with the conditions of the reinsurance agreements and deducted correspondingly.

I. 4. CLAIMS INCURRED – NET

in EUR	2008	2007
	626,228,196	**519,370,957**

The settlement of the provision for outstanding claims carried forward from the previous year resulted in a gross profit of EUR 11 million.

II. 2. B.) WRITE-DOWNS ON INVESTMENTS

in EUR	2008	2007
Scheduled write-downs	69,934	64,237
Non-scheduled write-downs in line with section 253 (2), sentence 3 HGB	31,250,408	—
Non-scheduled write-downs in line with section 253, sentence 3 HGB	9,756,827	3,531,845
	41,077,170	**3,596,082**

II. 4. OTHER INCOME

in EUR	2008	2007
Income arising from services provided	14,788,765	14,989,972
Interest income	5,533,676	5,633,101
Other income	13,273,971	10,854,208
	33,596,412	**31,477,281**

II. 5. OTHER EXPENSES

in EUR	2008	2007
Expenses arising from services provided	14,728,198	14,961,522
Expenses that affect the Company as a whole	5,225,848	8,470,244
Interest expenses	3,538,314	6,363,817
Expenses arising from the outsourcing of retirement reserves	978,876	67,829
Other expenses	3,194,739	4,221,951
	27,665,975	**34,085,363**

Other information

Supervisory Board

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

Ulrich Birkenstock
– Deputy Chairman –
Works Council Chairman for the Parent Company
R+V Allgemeine Versicherung AG, Koblenz branch office

Dr. Christopher Pleister
– Deputy Chairman –
President (ret.) National Association of German Cooperative Banks Inc., Berlin
(until July 15, 2008)

Hermann Arens
Board Member Volksbank Lingen eG, Lingen

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

Andreas Dichtl
Chairman of the Board of Management (ret.) of the Volksbank Raiffeisenbank Oberbayern Südost eG, Bad Reichenhall
(until May 19, 2008)

Uwe Fröhlich
President of the National Association of German Cooperative Banks Inc., Berlin
(from December 10, 2008)

Michael Doll
Customer Advisor of R+V Service Center GmbH, Karlsruhe

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

Rolf Hildner
Chairman of the Board of Management of
Wiesbadener Volksbank eG, Wiesbaden

Gabriele Kaupp-Stöckl
Member of Works Council, R+V Allgemeine Versicherung AG,
Head Office Wiesbaden

Dietmar Küsters
Chairman of the Board of Management of
Volksbank Straubing eG, Straubing
(from May 19, 2008)

Ralf Lammers
District Manager R+V Allgemeine Versicherung AG,
Branch office Hamburg

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

Hermann Rohrmeier
Coordinator Commercial Clients,
R+V Allgemeine Versicherung AG,
VD Süd-Ost

Gerd Rück
Director, R+V Versicherung AG, Direktion Wiesbaden

Armin Schmidt
Deputy District Business Manager,
Vereinte Dienstleistungsgewerkschaft ver.di, Wiesbaden

Gudrun Schmidt
State of Hesse Director of the Vereinte Dienstleistungsgewerkschaft ver.di Frankfurt/Main

Board of Management

Dr. Friedrich Caspers
– Chairman –

Frank-Henning Florian
(from January 1, 2008)

Heinz-Jürgen Kallerhoff

Dr. Christoph Lamby

Hans-Christian Marschler

Bernhard Meyer

Rainer Neumann

Rainer Sauerwein

Peter Weiler

PERSONNEL EXPENSES		
in EUR	2008	2007
1. Wages and salaries	22,451,712	21,106,935
2. Social security costs	2,816,897	2,672,008
3. Pensions costs	1,542,221	8,361,874
4. Total expenses	**26,810,830**	**32,140,817**

Total remuneration of the members of the Board of Management in the fiscal year amounted to EUR 2,933,561. Former members of the Board of Management and their surviving dependants received a total of EUR 1,052,266. Premium payments were made to the amount of EUR 264,964 to the pension fund of cooperative-oriented companies [Versorgungskasse genossenschaftlich orientierter Unternehmen e.V.] for the members of the Board of Management within the framework of the outsourcing of pension obligations, for former members of the Board of Management and their surviving dependants EUR 234,404. The provisions for current pensions and pension entitlements for former members of the Board of Management and their surviving dependants amount to EUR 3,796,152. Expenses for the Supervisory Board amounted to EUR 368,573 in the fiscal year. No amounts subject to disclosure in accordance with section 285, No. 9 c HGB were paid in the fiscal year.

Number of employees

In the fiscal year 2008, R+V Versicherung AG employed an average of 305 people (2007: 294), of whom 296 were employed in the internal service of the head office and 9 in the Singapore branch office.

Contingent liabilities and other financial commitments

Liabilities due to shares in cooperatives amount to EUR 5,000. A guarantee was submitted for an affiliated company, which amounted to EUR 1.0 million on the balance sheet key date. Contractual obligations exist from financial transactions to the amount of EUR 31.2 million. Guarantees were furnished with banks in the form of Letters of Credit in order to hedge technical liabilities. The total amount as of balance sheet key date was EUR 85.7 million. Investments to the amount of EUR 14.2 million were blocked in separate deposits for the benefit of reinsurers. Within the framework of the support measures for Hypo Real Estate the German insurance industry was requested on the whole to grant re-guarantees up to an amount of EUR 1.4 billion. R+V Versicherung AG is effected with EUR 1.4 million. In addition, there are no further contingent liabilities within the meaning of section 251 HGB.

Additional payment obligations

Additional payment obligation exist to the amount of EUR 85,5 million in relation to shares in affiliated companies and to the amount of EUR 11,888 in relation to shares in domestic insurance companies.

Consolidated financial statements
R+V Versicherung AG prepares subgroup financial statements in accordance with IFRS. These are filed electronically within the German Electronic Federal Gazette.

The subgroup financial statements of R+V Versicherung AG have been included in the higher-ranking consolidated financial statements of DZ BANK AG Deutsche Zentral-Genossenschaftsbank, Frankfurt am Main. These are filed electronically within the German Electronic Federal Gazette.

Wiesbaden, 11 February 2009

The Board of Management

Dr. Caspers

Florian Kallerhoff Dr. Lamby Marschler

Meyer Neumann Sauerwein Weiler

Auditor's Report

We have audited the annual financial statements – consisting of the balance sheet, income statement and notes - including the accounting and the management report of R+V Versicherung AG, Wiesbaden for the fiscal year from January 1 to December 31, 2008. The maintenance of the books and records and the preparation of the annual financial statements and the management report in accordance with the provisions of the HGB (Handelsgesetzbuch – German Commercial Code) and the supplementary provisions of the statutes are the responsibility of the Board of Management of the Company. Our responsibility is to express an opinion on the annual financial statements, including the accounting and the management report, based on our audit.

We conducted our audit of the annual financial statements in accordance with section 317 HGB and the generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW) [Institute of Auditors]. Those standards require that we plan and perform the audit so that misstatements materially affecting the presentation of the net assets, financial position and profitability 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 misstatements are 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 statements and the management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the accounting principles used and significant estimates made by the Board of Management, as well as evaluating the overall presentation of the annual financial statements 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 knowledge gained during the audit the annual financial statements comply with the statutory regulations and the supplementary provisions of the statutes and give a true and fair view of the net assets, financial position and profitability of the Company in accordance with German principles of proper accounting. The management report corresponds with the annual financial statements and on the whole provides a suitable understanding of the Company's position and suitably presents the risks and opportunities of future development.

Frankfurt am Main, 6 March 2009

KPMG AG
Wirtschaftsprüfungsgesellschaft

(formerly:
KPMG Deutsche Treuhand-Gesellschaft
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft)

Henzler	Fleischerowitz
Auditor	Auditor

Report of the Supervisory Board

The Supervisory Board and its committees
The Supervisory Board has formed the following committees for the preparation of its decisions: auditing, Human Resources and mediation.

The Supervisory Board and its committees have monitored and supported in an advisory capacity the management of the Board of Management according to the statutory regulations and in line with the statutes.

On behalf of the representatives of the shareholders, Mr Dichtl laid down his mandate in the Supervisory Board effective as of the close of the general meeting on May 19, 2008. At the same time, his mandate in the Human Resources committee also ended. Mr Küsters was elected to the Supervisory Board as successor of Mr Dichtl by the general meeting effective as of the close of the general meeting. Dr. Aubin was elected as successor of Mr Dichtl as member of the Human Resources committee in the Supervisory Board meeting on March 19, 2008. The appointment of Mr Hildner by court on December 3, 2007 was confirmed by the general meeting on May 19, 2008 and he was elected to the Supervisory Board as representative of the shareholders.

Effective as of July 15, 2008 Dr. Pleister laid down his mandate as representative of the shareholders in the Supervisory Board. At the same time, his mandates in the Human Resources and in the mediation committees also ended. As a successor of Dr. Pleister Mr Fröhlich was appointed as member of the Supervisory Board by court appointment from December 9, 2008. In the meeting of the Supervisory Board on December 10, 2008 Mr Fröhlich was elected as member of the Human Resources and mediation committees.

Cooperation with the Board of Management
The Supervisory Board and its committees have monitored the Board of Management and accompanied it in an advisory capacity in accordance with the legal regulations and the terms of the statutes. The Board of Management has given information about the situation and development of the Company to the Supervisory Board regularly and comprehensively. In the 2008 fiscal year, this took place at five meetings which the Supervisory Board attended on March 19, 2008, May 19, 2008, August 27, 2008, September 18, 2008 and December 10, 2008 and through quarterly reports. The Supervisory Board received and discussed oral and written reports by the Board of Management at the meetings. All measures requiring the agreement of the Supervisory Board were discussed in detail before the decision was made. In addition, the Chairman of the Supervisory Board was also informed about important developments and decisions outside the meetings.

The economic position of the Company and the Group, the company planning and perspectives, and the financial indices, were prominent in the reporting. Particularly the Supervisory Board discussed the capital investments policy in the light of the financial market crisis. The acquisition of the Condor Group was a focus of the discussions with the Supervisory Board.

Confirmation of the financial statement
The audit committee and the Supervisory Board have checked the financial statements and the annual report as well as the consolidated financial statements and the consolidated management report for the 2008 fiscal year in detail. The audit report of the auditor, KPMG AG Wirtschaftsprüfungsgesellschaft, concerning the financial statements has been submitted for this purpose. The auditor granted an unrestricted audit certificate.

The representatives of the auditor attended the meeting of the audit committee on March 9, 2009, in order to report on the essential results of the audit. The financial statements, the management report, the consolidated financial statements and the consolidated management report and the respective audit reports were discussed in detail at this meeting. In addition, the focuses of the audit committee were essential key figures of the balance sheet, provisions and the early recognition system for risk, in accordance with section 91, par. 2 AktG (German Public Companies Act), and reports of the internal audit of the past year.

The present financial statements for the 2008 fiscal year, the management report, and the consolidated financial statements and the consolidated management report have been checked by the Supervisory Board. The representatives of the auditor responsible were present at the meeting of the Supervisory Board at which the financial statements were adopted and were available for additional explanations and opinions.

No objections to the financial statements have been raised. The Supervisory Board endorses the result of the audit of the financial auditing company KPMG AG Wirtschaftsprüfungsgesellschaft, which was appointed in accordance with section 341 k par. 2 HGB and which granted an unrestricted audit certificate. The financial statements for the 2008 fiscal year submitted by the Board of Management were approved by the Supervisory Board in its meeting on March 11, 2009 and are therefore adopted in accordance with section 172 AktG. The consolidated financial statements submitted by the Board of Management were approved by the Supervisory Board at the same meeting.

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

The report on the relationships to affiliated companies drawn up by the Board of Management and the audit report of the auditor of the financial statements had been submitted and were checked.

The auditor of the financial statements gave the following audit certificate to the report of the Board of Management concerning the relationships to affiliated companies:

"We confirm, after our audit and evaluation 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 transactions listed in the report was not inappropriately high."

The Supervisory Board concurs with this opinion and raises no objections to the closing declarations made by the Board of Management concerning the relationships to affiliated companies.

Wiesbaden, 11 March 2008

The Supervisory Board

Kirsch
Chairman

Glossary

Key Management Ratios for Counter Indemnity Insurance Business

Retained Ratio
Net premiums written in relation to gross premiums written.

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

Balance sheet Loss Ratio gross
Expenditure on losses (acc. income statement) in relation to earned premiums – all gross

Balance sheet Loss Ratio net
Expenditure on losses (acc. income statement) in relation to earned premiums - all net

Gross Expenses Ratio
Expenses of insurance company in relation to earned premiums – all gross

Net Expenses Ratio
Expenses of insurance company in relation to earned premiums – all net

Combined Ratio net
Expenditure for claims plus expenses for the insurance operation net in relation to earned premiums – all net

Key Management Ratios for Capital Investment Result

Rolling average return (according to Association formula)
Current gross earnings less expenses for administration of capital investments less scheduled depreciation in relation to the mean asset value of the capital investments as of January 1 and December 31 of the respective fiscal year

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

Net interest return – three year average
Total income less total expenses for capital investments in relation to the mean asset value of those capital investments as of January 1 and December 31 of the respective fiscal year calculated over a period of three years

Key Management Ratios for Capital Structure

Shareholders' Equity Ratio
Net premium income written in relation to shareholders' equity

General Funds Ratio
Net premium income written in relation to general funds

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