R+V

ANNUAL REPORT
2007

R+V Versicherung AG

Member of Volksbanken's and
Raiffeisenbanken's Cooperative
Financial Services Network

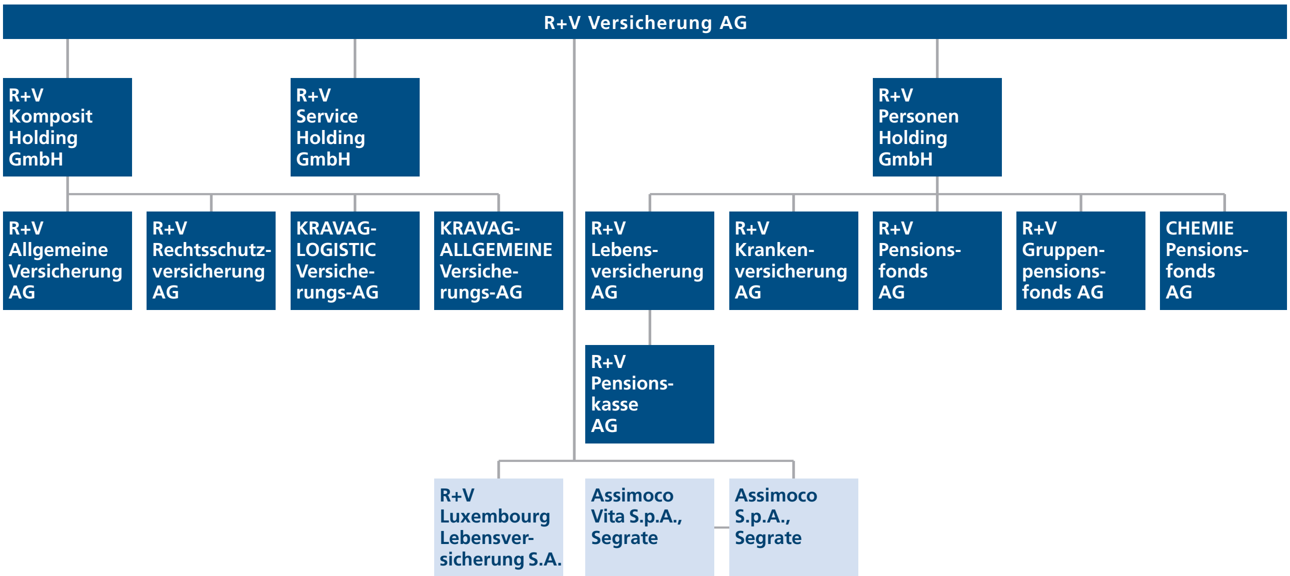
R+V Versicherung AG

Taunusstrasse 1, 65193 Wiesbaden, Tel: +49(0)611 53 30
Registered at the Wiesbaden Local Court HRB 7934

Annual Report 2007

Presented to the Ordinary General Meeting
on May 19, 2008

R+V Consolidated Group



Domestic companies Foreign companies

FIGURES FOR FISCAL YEAR

		R+V Versicherung AG*		R+V Consolidated Group**	
		2007	**2006**	**2007**	**2006**
Gross premiums written	€ million	741	706	9,044	8,686
Gross claims incurred	€ million	535	506	6,141	5,696
Current investment income	€ million	235	217	2,205	2,065
Investments	€ million	2,528	2,417	49,701	46,756
Net retained profits	€ million	163	119	461	401
Number of employees as of Dec. 31		300	285	10,365	10,271

* HGB ** IFRS

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Management Report

Business Development and Position of the Company

Business activities

R+V Versicherung AG is the ultimate parent company of the R+V Group. It holds direct and indirect majority interests in the R+V Groups direct insurance companies.

R+V Versicherung AG also acts as the 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 conducted primarily from the Wiesbaden head office. The Group's interests in Southeast 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, WGZ-BANK AG Westdeutsche Genossenschafts-Zentralbank and other Associations and Institutes hold shares in the R+V Versicherung AG. The Board of Directors of R+V Versicherung AG are responsible for the insurance business of the DZ BANK-Group.

R+V Versicherung AG has a 100% ownership of R+V Komposit Holding GmbH, the R+V Personen Holding GmbH and the R+V Service Holding GmbH.

R+V Komposit Holding GmbH in turn participates in the domestic property and accident insurance of the R+V Consolidated Group; that is the R+V Allgemeine Versicherung AG, R+V Rechtsschutzversicherung AG, KRAVAG-LOGISTIC Versicherungs-AG and KRAVAG-ALLGEMEINE Versicherungs-AG.

The R+V Personen Holding GmbH has a share of the domestic life and health insurance business of the R+V Consolidated Group, that is R+V Lebensversicherung AG, R+V Pensionsfonds AG and R+V Krankenversicherung AG. R+V Lebensversicherung AG has a direct holding in R+V Versicherung AG. R+V Personen Holding GmbH has acquired all the shares of the CHEMIE Pensionsfonds AG and the HVB Pensionsfonds AG as of Dec. 18, 2007.

The R+V Service Holding GmbH participates in the service companies of the R+V Consolidated Group, among others the carexpert GmbH, the compertis GmbH and R+V Service Center GmbH. The individual annual financial statement of R+V Versicherung AG has been prepared according to the provisions of the HGB (German Commercial Code). In addition the company has prepared 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
- BAG Bankaktiengesellschaft, Hamm
- 772 branches of Volksbank and Raiffeisenbank throughout Germany
- 9 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 intra group services are 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, financial control, legal, auditing, communications, personnel management, general administration and IT. The companies receiving these services are invoiced after these have been provided; they have rights of instruction 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.

Dependent company report

In the dependent company 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.

Staff numbers

In 2007 R+V introduced a variable remuneration scheme for non-management office employees as an additional personnel instrument. This variable remuneration complements the Target Agreements and Productivity Appraisal System that was introduced in 2002 as part of our focus on results. Over-tariff salary payments are now dependant on the Company’s success and the personal performance of the employee.

PERSONNEL REPORT

	2007	2006
Total number of employees	300	285
of whom:		
Full-time	260	249
Part-time	26	28
Employees with fixed-term contracts	14	8

Apprenticeships and further training continue to be measures approved by R+V for staff development. Programmes for management development and the advancement of employees secure the high standard of qualification required. The number of days of further training increased, especially in the area of specialist qualifications.

Association memberships

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

- Gesamtverband der Deutschen Versicherungswirtschaft e.V. Berlin (German Insurance Association)
- International Cooperative and Mutual Insurance Federation (ICMIF)

Significant legal and business influences

Overall business developments 2007

In 2007 the Gross Domestic Product rose by a real 2.5%. The rate of growth was thus only slightly below that of 2006 (2.9%), despite several extenuating circumstances. Above all the increase in Value-added Tax, the strength of the Euro, the increasing oil price and the turbulence in the finance markets, caused by the sub-prime crisis, in the summer.

The world economic climate that has been important for the strongly export-dominated German economy for a long time now was depressed by these factors. But German products continue to be in strong demand overseas. Exports in 2007 increased by 8.3%, even if this was not as good as in 2006

(12.5%). The targeted reduction in labour costs helped the German economy to strengthen its competitiveness, which had a positive effect on its products' attractiveness in the worldwide markets. Vigorously increasing investments in machinery and other equipment aided the up-swing on the domestic market. High utilisation of production capacity meant that re-equipping investments became increasingly important.

The demand for labour also increased with the expansion of production. The clear recovery of the employment market thus continued in 2007. Gainful employment increased by 1.7%. Especially good news was that the numbers of workers who make social insurance contributions increased by 1.9%. The unemployment figure fell by 0.7 million. In 2007 there were still 3.8 million people without employment, a rate of 9.0%. Towards the year end the number of gainfully employed people rose above 40 million for the first time.

The positive trend on the labour market meant that private domestic consumption did not weaken much. The consequence was just a small decrease of 0.3% compared with the previous year. Higher wage cost inflation than in previous years – available income rose by 1.6% – was not however able to boost consumer spending. The reason was that the increase in Value-Added Tax of 3 per cent created an anticipatory effect on growth in 2006 but depressed it in 2007. Indeed during the year private consumption recovered but rising prices for energy and food lead to a reduction of purchasing power. The Retail Price Index rose by 2.2% on average over the year. In November a peak increase of 3.1% was recorded.

In the first half, a small gain in the savings ratio of 0.4% to 10.9% of available income was registered as a result of consumer reluctance to buy. Last year there was a slight reduction in the rate for the first time since 2000. Besides contracts for pension products that the state promotes, short-term investments were also in demand due to rising interest rates.

The developments in the capital markets in 2007 were dichotomous. The first half of the year was dominated by an optimistic economic and corporate situation. The yield on ten-year Federal German Government Bonds rose to 4.7% for a time. The main German stock exchange index (DAX) rose by 22% from the start of the year and the DJ Eurostoxx 50 by just under 9%.

In the summertime financial markets showed signs of a crisis based on a strong decline of the value of American houses, followed by credit defaults. Globalisation caused the effects to be felt in many credit and share markets. Three-month money market interest rates rose rapidly by 6%, ten-year German Federal Government Bond yields fell below the 4% margin again, DAX-index lost half of its gains and the DJ Eurostoxx 50 lost almost 100% of past gains. The US dollar/Euro exchange rate fell by 10%. Central Banks had to intervene and as a precaution the American Federal Reserve cut the Federal Funds Rate by one point to 4.25% been aware of the risk of increasing inflation.

The credit crisis and thus depressed economic and business outlook lead to great insecurity in the second half of the year. Despite this, at the year end, the stock markets closed roughly at the interim high of 2007. Ten year yields were 4.3%.

Insurance business situation

The insurance industry benefited only slightly from the improvement in the economy. The reluctance of private citizens to consume was particularly evident in long-term contractual consumer decisions. Even so the industry has achieved the present high level of premium payments after several years of sustained growth.

The positive general business impulse was weakened by internal industry influences. A high level of market saturation and intensive competition caused stagnant and indeed reduced premium income in the motor business and the industrial property insurance market. In 2006, many retirement provision contracts were signed early because of a reduction in the actuarial interest rate. Private health insurance profited from the reduction of benefits in the statutory health schemes, especially in the case of supplementary insurance.

TOTAL FIGURES FOR THE SECTOR*

	2007 in € billion	Change from previous year
Gross premiums written	162.1	+ 0.2%
Insurance services of direct insurers	142.9	+ 3.3%
Industry Investments	1,112.0	+ 4.2%

* GDV (German Insurance Association) figures as of November 2007

TRENDS IN PROPERTY AND ACCIDENT INSURANCE*

	2007 in € billion	Change from previous year
Gross premiums written	54.8	– 0.4%
Motor	20.8	– 1.8%
General liability	6.9	+ 0.5%
Accident	6.3	+ 1.0%
Legal protection	3.1	+ 2.5%
Property	14.2	– 0.5%
Payments made	43.1	+ 8.3%

* GDV (German Insurance Association) figures as of Dezember 2007

Taken together these factors lead to a small increase in premium income of 0.2% (2006: 2.4%) at €162.1 billions.

Composite insurers affected by hurricane Kyrill

A slight reduction in premium income together with negative loss developments dominated the business year of property and accident insurers. Hurricane Kyrill in January 2007 was the major loss burden. The consequences for the property insurance sector, particularly in buildings and contents, as well as for comprehensive motor insurance left deep scars. The industry's strength in this sector was impressive. 2.4 million notifications of claim were handled and €2.4 billion compensation was paid out to customers. Kyrill is thus the most expensive individual loss in the history of the German insurance business. The total losses compensated by the industry were €43.1 billion, an increase of 8.3%. Premium income fell slightly by 0.4% (2006: minus 0.7%) to €54.8 billion. The consequence was that underwriting profit was substantially reduced by €4.6 billion to €0.6 billion.

Motor Insurers slow down the reduction of premium income

In the motor business that contributes 38% of the premium income of property and accident insurers and is thus its largest single class, a re-thinking of the composition of premiums for private clients and the favourable overall business climate was perceived as positive. Whereas in 2006, premium income fell by 3.6%, this was halved to 1.8% in 2007. In total the motor category had a premium income of €20.8 billion. Despite this, motor insurers were unable to make an underwriting profit because Hurricane Kyrill caused losses that reversed the trend of reducing indemnification experienced in the past years. Indemnification fell in 2006 by 0.9% but in 2007 rose by 2.9%. Consequentially the underwriting result showed a loss for the first time since 2002.

Property insurance still negative

The negative trend of premium development in property insurance continued, especially in the private customer and industrial property segments. In 2006 there was still some growth but in 2007 premium income fell. The cause: intensive price competition in industrial property insurance and the related residential property insurance lead to reduced premiums and in household contents insurance, a premium adjustment clause in contracts reduced premium income. They fell by 0.5% to €14.2 bn for property insurance.

On the losses side, Kyrill outweighed all other factors and lead to a rise in losses expenditure of 26.6% to €12.3 bn – in the related residential property insurance alone, loss expenditure rose by 55%, and business property insurance by 35%. The underwriting result fell for the third year and was distinctly worse than the plus €1.1 bn for 2006.

RESULTS OF THE LIFE INSURANCE SECTOR*

	2007 in € billion	Change from previous year
Gross premiums written	78.6	+ 0.3%
Number of new policies	7.7 million	– 9.2%
Total of new business premiums written	19.1	– 1.6%

* GDV (German Insurance Association) figures: Life insurance, pension funds and pension investment funds as of January 2008

TRENDS IN HEALTH INSURANCE SECTOR*

		2007 in € billion	Change from previous year
Gross premiums written		29.2	+ 2.5%
thereof:	original health care insurance	27.3	+ 2.6%
	long-term care	1.9	+ 0.5%
Payments made		19.0	+ 4.5%

* GDV (German Insurance Association) figures as of November 2007

„Riester" Pension and Basis Pension create a stable base for life insurance income

During 2007 German citizens showed much more reluctance to buy pension insurance than in recent years. The insurance industry experienced much stronger competition from investment fund products. Real incomes have hardly risen and this too has restricted people's financial flexibility. They prefer to save short-term and not especially for their old age. Only due to greater demand for products that are government promoted, a premium income has been maintained on the level of €78.6bn (+0.3%) as in the previous year. In the financial year 2007, 2.1 million new Riester insurance schemes were written – 50,000 more than in 2006. Basis Pension (Rürup Pension) contracts rose by 79.2% with 311,000 new contracts. All in all pension insurance contracts have become the heavy weight in new business due to their attractiveness; 33,9% of the number and more than half in terms of premium income. Capital growth life insurance have a share of 12.8% in number, 15.7% in 2006.

The trend in recent years to single premium insurance contracts remains stable. Their share of new contracts was about two-thirds in 2007. Larger contributions from expired capital insurance were re-invested, but also from other forms of investment and from inheritance were invested – a clear vote for the good guaranteed yields that the industry offers to German citizens. They count on the capital strength of the insurers and appreciate the great flexibility of the spectrum offered. Demand continued to focus on fund based products, where the customer has the opportunity to profit from capital markets. New contract growth of 39.3% demonstrates the customers' trust in the professionalism of insurers in investments and risk management.

Continued growth in company pension schemes

Pension provision by companies gave life insurers a further positive boost. The announcement that employment outside the scope of compulsory state social insurance would continue to qualify for deferred compensation gave further welcome growth for direct and pension fund insurers. Pension funds benefited from the adjustments introduced by the 7th VAG-Novelle (Insurance Supervision Bill) which, as was demanded by many enterprises, allows pension payment responsibilities to be excluded from cash-flow requirements in compliance with international accounting standards.

Private health insurance benefited from a loophole in the compulsory state-supervised health insurance

The one segment with distinct growth was private health insurance: its income grew by 2,5% to €29,2 billion. The growth was a result of good new business in supplementary health insurance. This was a clear reaction to the cuts imposed by Parliament in the benefits payable by the compulsory state-supervised health insurance schemes. In the first half year of 2007 the industry sold around 645,000 new supplementary health insurance policies. By comparison the number of those supplementarily insured had only grown to 1.3 million people by 2006.

The GKV-Wettbewerbsstärkungsgesetz 2007 (Law to strengthen competition between compulsory state-supervised health insurers) has made it still more difficult for private full health insurers to gain new customers. Since 2003, when parliament significantly raised the threshold at which people could opt for private health insurance, the number of new customers has fallen year by year. In February 2007 the bar was once again raised: It is only possible for people to opt for private health insurance if their income is above the compulsory insurance threshold for three consecutive years. As a result, new policy purchases fell by a quarter to 37,700.

Trends in the reinsurance market

The risks inherent in natural catastrophes and human activities have a tendency to rise. Thus in 2007, the billions of damage caused by Kyrill, the total loss of the „NSS 8" satellite and the torrential rains and associated flooding in Indonesia were all noteworthy occurrences. In Great Britain flooding caused great losses in June and July 2007 and at the same time New South Wales, Australia, was hit by severe storms. An earthquake (7.9 on the Richter Scale) in Peru, hurricanes in the Caribbean and on the Mexican coast as well as serious forest fires in southern California all burdened the loss reserves of the reinsurance companies.

Inspite of a partially increased retention rate borne by direct insurers, the price and conditions for reinsurance remained adequate for the risk. However in general there was pressure on premiums because of greater reinsurance capacity in many parts of the world.

Thus premium growth in the **Italian** insurance market has been slowing down in recent years. In 2007 a fall was experienced for the first time.

Against a background of rising insurance services this situation had a negative affect on the yield position, particularly for life insurance. Despite this the Italian insurance market is still much sought-after.

Motor insurance in **France** showed a moderate increase in premiums. For natural catastrophe they remained constant.

Both direct insurance and reinsurance in **Great Britain** suffered from a continuing fall of premiums for industrial business. But motor insurance bucked this trend with rising premiums.

Heavy competition in **Ireland** lead to a substantial reduction in premiums in both industrial and private business.

Conditions on the **Scandinavian** reinsurance market were adequate even if a small regression was noted.

Over-proportional growth continued to be experienced on the reinsurance market in **Eastern Europe**.

Particularly the **USA** reinsurance market showed price increases at first due mainly to increased exposure in the coastal areas. Favourable loss results because of quieter hurricane and tornado activity created pressure on instalments and negotiations on renewals lead to price reductions, which were especially felt in regional business before the end of 2007.

Strong economic growth continued in **Latin-America**.
This gave a positive impulse to the insurance market and the commitment of overseas insurance enterprises.

On January 15, 2007, the Brazilian insurance market was liberalised by the passing of the „Lei Complementar 126/2007" law amendment which lifted the monopoly of the state-controlled reinsurers „IRB Brazil Re", which had lasted for decades. There is still plenty of reinsurance capacity in South America, so that the struggle for property insurance is hard.

Amalgamations and the resultant increase in self-retentions on the direct insurers' side as well as the non-occurrence of significant losses caused a fall in premium levels on the **Asian** reinsurance market.

Restrained economic development in **Japan** gave rise to a stabilisation of premiums on the reinsurance market. The non-occurrence of greater losses had a positive effect on the profitability of reinsurance companies.

The fusion of two large insurance groups was the feature of the insurance year 2007 in **Australia**. This set off a wave of consolidation and the number of reinsurers decreased further. There was a lot of competition in the industrial segment of the reinsurance market but in the private and business customer segment, instalments remained stable, if at a low level.

A further stabilisation of instalments in industrial business was observed in **New Zealand**. Private customer business continued to suffer from the under-insurance problem.

Reinsurers in the **Southern African** insurance market were able to escape from the trend on the direct insurance market which is marked by price pressure through stronger competition. Price levels remained stable.

Overview of Business Development of R+V Versicherung AG

Gross premiums written by R+V Versicherung AG rose by 5.0% to €741,1 million. But for exchange rate effects the rise would have been 6.3% to €750.3 million.

Restructuring and inventory changes in the portfolio of direct insurance of the R+V Versicherung AG companies in the general accident, general liability, bonds and fire classes resulted in rising premiums in Group's business. On the other hand the premium volume in motor and life fell. Gross contributions from domestic deposits retained on assumed and ceded reinsurance business, external to R+V, fell according as expected by 8.9% versus the previous year so that in total a premium reduction of 12.8% to €283.5 million in domestic business was experienced.

The importance of non-domestic business was further developed as the premium growth of €76.8 million to €457.6 million clearly shows. In this year the share of gross premiums written for non-domestic business increased to 61.7% (53.9% previous year). The traditional reinsurance market in Europe and North America and the markets served by the Singapore subsidiary made the major contribution to this development in premium volume.

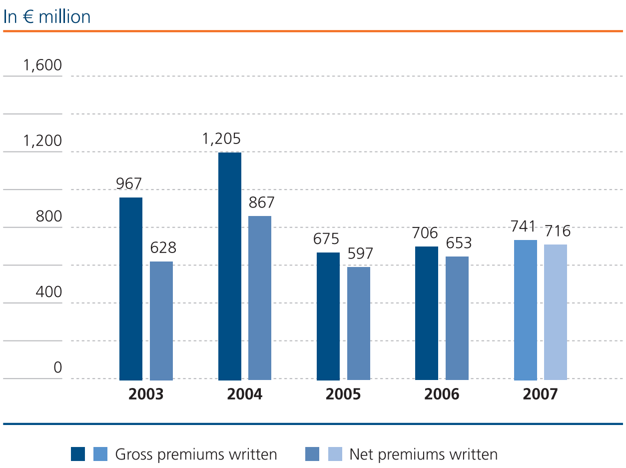
THE FOLLOWING TABLE PROVIDES A BREAKDOWN OF THE COMPANY'S PREMIUM INCOME BY KEY INSURANCE CLASSES

	2007 Gross in € million	2006 Gross in € million	Change Gross %	2007 Net in € million	2006 Net in € million	Change Net %
Life	28.6	72.5	– 60.5	16.4	32.1	– 48.9
Accident	42.6	45.5	– 6.4	41.7	44.6	– 6.6
Liability	40.1	38.9	3.0	39.9	38.9	2.5
Motor	240.0	229.7	4.5	238.6	227.9	4.7
Fire	187.2	161.2	16.1	180.4	154.5	16.8
Marine & Aviation	37.9	34.2	10.9	37.7	33.7	11.9
Others	164.7	124.1	32.7	161.1	121.4	32.7
Total	**741.1**	**706.1**	**+ 5.0**	**715.8**	**653.1**	**+ 9.6**

TOTAL NON-LIFE BUSINESS

	2005	2006	2007
Reported gross loss ratio	72.6	69.0	72.2
Gross expenses ratio	29.6	27.1	26.5
Gross combined ratio	102.2	96.1	98.7

PREMIUMS WRITTEN



The increase in gross premiums written also increased the earned gross premiums by 5.5% to €750.4 million. The retention rate of non-life in Group business rose to 94.8%. Collectively the retention rate of net premiums written by R+V Versicherung AG was 96.6% (92.5% previous year).

After record losses in 2005 and the moderate losses previous year, 2007 was a relatively active year for losses. This situation was reflected in the loss portfolio of the company. The gross loss ratio rose to 71.8% (70.0% previous year), after retrocessions, the net loss ratio was 71.7% (71.6% previous year). The gross and net expense ratios improved to 26.6% and 26.5% respectively (previous year 27.0% and 27.0%).

The final result of reinsurance business for our own account before allocations to the loss equalisation reserve and similar provisions was a profit of €12.7 million (previous year €13.5 million). The result for business for the company's own account after allocations to the loss equalisation reserve and similar provisions of €54.3 million was €-41.6 million (previous year €-44.8 million).

Influenced by the profit and loss transfer agreement with both the large company groups, R+V Allgemeine Versicherung AG and R+V Lebensversicherung AG, the capital investment result rose to a total of €228.7 million (previous year €197.5 million).

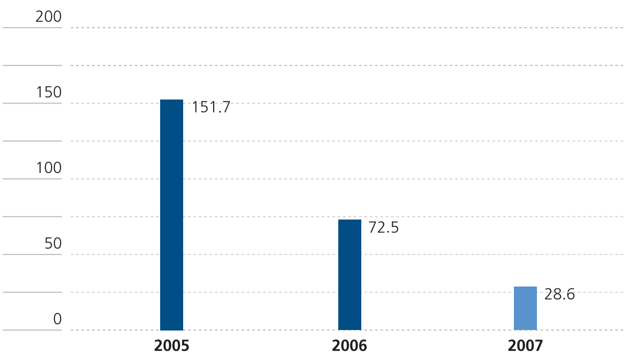
The balance from sundry yields and sundry expenses improved to €-2.6 million (previous year €-18.9 million). In the previous year special items from outsourcing pension reserves and the alteration of the interest rate for calculation of pension reserves had put pressure on the result.

The business year 2007 closed with a much better result than the previous year for normal business activities at €180.9 million (previous year €121.2 million).

After extraordinary results (€-0.2 million) and taxation expenses of €17.4 million (previous year €2.2 million) the annual surplus for the reported year was €163.2 million (previous year €118.6 million).

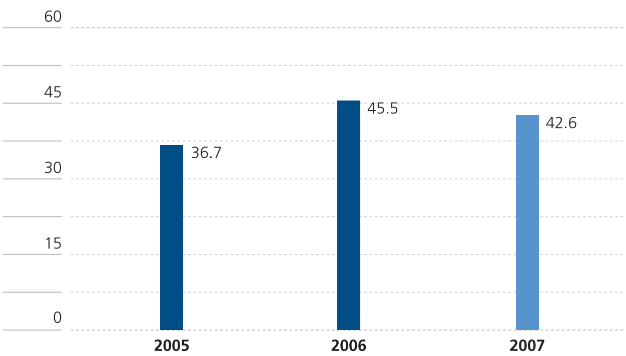
LIFE GROSS PREMIUMS

In € million



ACCIDENT GROSS PREMIUMS

In € million



Business developments in individual insurance classes

Life

The discontinuation of life reinsurance business lead to reduced premium income.

With the discontinuation of life reinsurance business, the life policy portfolio of R+V Versicherung AG was reduced by €2.5 billion to €7.0 billion sum insured – a reduction of 26.9%.

Assets on the company's own account fell by 28.1% to €5.2 billion sum assured. Gross premium income fell by €43.8 million in the reported year to €28.6 million.

This class produced a profit of €3.3 million (previous year €3.7 million by the end of the corporate year.

LIFE PORTFOLIO DEVELOPMENT

In € million according to sum assured		2007	2006
Assumed business Sum insured	Capital Annuity	5,641.6 1,335.9	7,588.8 1,959.0
Business ceded Sum insured	Capital Annuity	1,058.1 734.3	1,477.2 863.0
Retained business Sum insured	Capital Annuity	4,583.5 601.6	6,111.6 1,096.0

ACCIDENT

	2005	2006	2007
Reported gross loss ratio	39.3	58.3	48.3
Gross expense ratio	49.2	49.6	46.2
Gross combined ratio	88.5	107.9	94.5

Accident

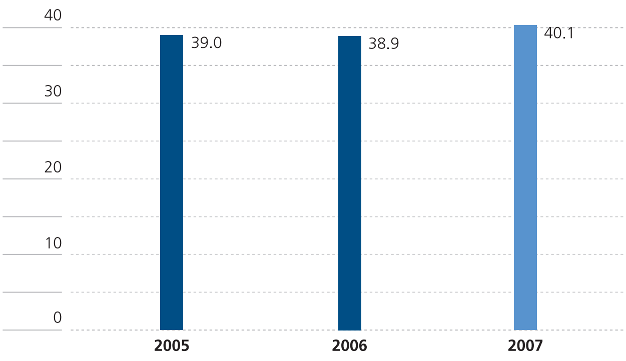
Falling expense and loss ratios had a positive influence on earnings.

Premium income showed differential trends for domestic and non-domestic business in accident insurance. Whereas domestic income rose by €1.4 million gross to €28.5 million and by €1.5 million net to €28.2 million, the premium volume from non-domestic business fell by €4.3 million gross to €14.1 million and €4.4 million net to €13.5 million. The book net loss ratio and the net expense ratio both improved to 47.5% and 46.8% respectively (previous year 58.1% and 50.1%).

General accident insurance closed the corporate year with an technical result for own account of €3.4 million (previous year €-4.1 million). After allocations to the loss equalisation provision the profit was reduced to €0.6 million (previous year €-1.5 million).

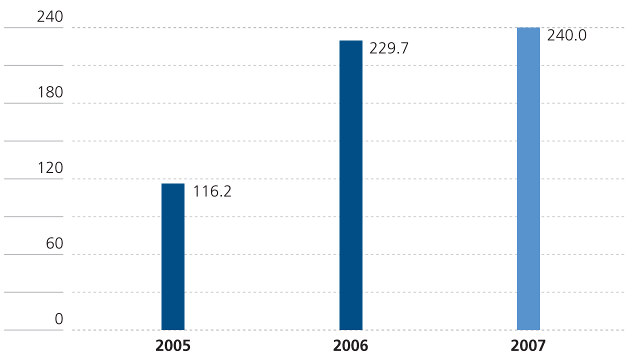
LIABILITY GROSS PREMIUMS

in € million



MOTOR GROSS PREMIUMS

In € million



LIABILITY

	2005	2006	2007
Reported gross loss ratio	99.0	48.5	53.2
Gross expenses ratio	34.2	35.4	36.1
Gross combined ratio	133.2	83.9	89.3

MOTOR

	2005	2006	2007
Reported gross loss ratio	80.2	88.6	88.1
Gross expenses ratio	17.8	16.0	16.0
Gross combined ratio	98.0	104.6	104.1

Premium volume for the motor accident class remained constant to the previous year and came exclusively from domestic business. The class closed with a loss of €0.5 million (previous year €0.0 million). After allocations to the loss equalisation provision there was a technical result for own account of €-0.4 million (previous year €0.0 million).

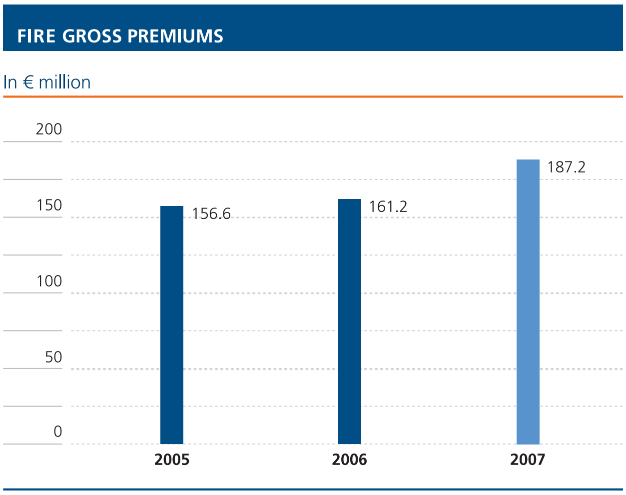
Liability
Improved net loss ratio had a positive effect on earnings.

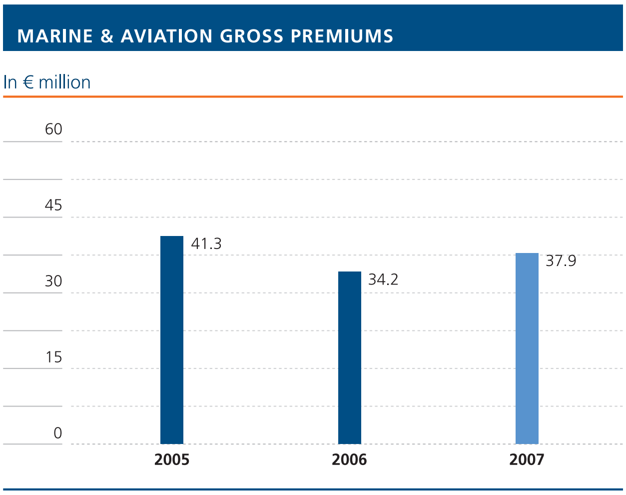
Gross premium volume increased in liability insurance by 3.0% to €40.1 million and net by 2.5% to €39.9 million. Domestic premium volume rose by 3.3% to €25.8 million while non-domestic income rose by 2.5% to €14.3 million. Domestic retained premiums grew by € 0.7 m to €25.8 million and non-domestic by €0.3 million to €14.1 million. The reported net loss ratio for the corporate year improved significantly by 4.2% to 57.7%. Before allocations to the loss equalisation provision and similar provisions of €8.2 million the class closed with a result of €1.9 million

Motor
Premium growth despite world-wide pressure on premiums.

Once again motor insurance was the dominant class in R+V Versicherung AG. With a premium increase of €10.3 million to €240 million another rise due mainly to the increase of non-domestic premium volume was reported. Gross growth was 37.7% more than the previous year. After retrocessions, €238.6 million remained against €227.9 million in the previous year as net premiums.

Within the motor class, domestic and non-domestic business developed consistently within the individual branches. Gross motor liability premium volume decreased by €3.7 million to





FIRE

	2005	2006	2007
Reported gross loss ratio	76.0	61.1	72.7
Gross expense ratio	32.3	29.5	29.1
Gross combined ratio	108.3	90.6	101.8

MARINE & AVIATION

	2005	2006	2007
Reported gross loss ratio	37.6	46.4	58.8
Gross expense ratio	28.4	30.0	29.4
Gross combined ratio	66.0	76.4	88.2

€115.5 million domestically, whereas gross non-domestic premium income grew by €14.7 million to €43.0 million. The trend in comprehensive business was similar. There was a reduction of premiums domestically from gross €2.5 million to €64.0 million as against growth non-domestically of gross €1.8 million to 17.4 million.

In total motor insurance at the end of the corporate year made a loss of €11.7 million (previous year €-15.2 million). After loss equalisation provision the loss was €10.4 million (previous year €-10.0 million).

Fire

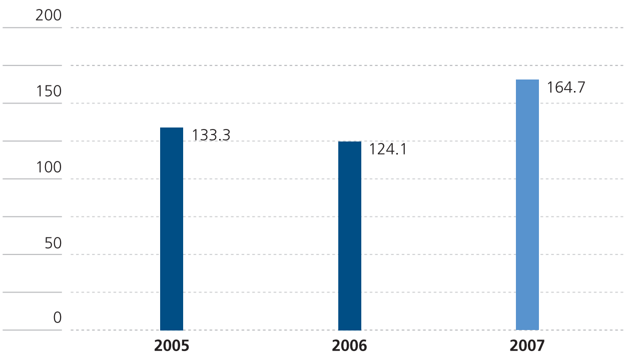
Two figure premium growth.

Gross premiums written grew by 16.1% to €187.2 million. Thus the positive development that started in the previous year was continued. The majority of premium growth originated in non-domestic business, which had a share of 88.6% (previous year 87.5%) of gross premiums written.

Premium volume from domestic business increased moderately from €20.2 million to €21.4 million, non-domestic premiums grew by 17.5% to €165.8 million The reported net loss ratio climbed due to the burden of hurricane Kyrill by 11.6% to 72.2%. The net expenses ratio at 29.3% was slightly lower than in the previous year (previous year 29.7%). In total the class closed with a loss of €3.0 million (previous year €13 million profit). After loss equalisation provision, the technical result for the company's account was €-10.8 million (previous year €-15.3 million).

OTHER CLASSES GROSS PREMIUMS

In € million



OTHER CLASSES

	2005	2006	2007
Reported gross loss ratio	74.5	58.9	62.4
Gross expense ratio	29.9	33.6	30.5
Gross combined ratio	104.4	92.5	92.9

Marine and aviation

Substantial premium growth in transport; profit in aviation insurance.

Marine and aviation insurance premiums also were distinguished by growth. Gross premium income was raised by 20.4% to €27.6 million and the retained premiums rose from €22.7 million to €27.4 million. Gross domestic premiums grew to €1.6 million and non-domestic by €3.1 million to €26.0 million gross. Despite a clear rise of the net loss ratio the class closed with a profit of €0.9million (previous year €4.2 million). After loss equalisation provision there was a loss of €4.2 million (previous year €-1.0 million). In the aviation insurance, the written gross premiums from domestic business increased to €0.2 million. Because a reversal of non-domestic business of €1.1 million to €10.1 million, total gross premiums written fell in the corporate year.

The class closed the corporate year with a profit of €2.9 million (previous year €4.0 million) After loss equalisation provision the profit was reduced to €1.3 million (previous year €2.6 million).

Other classes

Moderate development of losses in natural catastrophe segment had a positive effect on earnings.

In the remaining insurance classes, gross premiums rose by €40.6 million to €164.7 million and net by €39.7 million to €161.1 million. The domestic share of gross premiums written grew by €3.9 million to €10.4 million and retained premiums rose by €2.7 million to €8.6 million. Developments were similar in non-domestic business. Premium income rose here too. After €152.6 million last year it was €154 .3 million in the reported year.

Most important here were storm, surety/bonds, credit, hail/crop and engineering insurance.

Loss ratio development varied to the previous year. In the classes burglary/theft, livestock, credit, surety/bonds, health and storm (despite the burden of hurricane Kyrill) an improvement of the net loss ratio was reported, but in the classes comprehensive home contents, comprehensive homeowners, water damage, engineering insurance and hail/crop there was a worsening.

In the insurance classes storm, credit, hail/crop, engineering insurance, burglary/theft, surety/bonds and health R+V Versicherung AG showed a profit whereas comprehensive home contents and homeowners, fidelity, livestock and water damage closed with technical losses.

In total the other insurance classes in the reported year showed a technical net profit of €15.6 million (previous year €6.9 million). After provision for loss equalisation and similar provisions there was a loss of €14.7 million (previous year €-17.1 million)

Summary appraisal of course of business

Despite increased competition in the reinsurance market, R+V Versicherung AG was able to successfully continue the trend to risk sensitive and profit orientated business seen in the past.

While gross premium written showed a clear rise, losses showed only a minor increase. The result remained acceptable. The gross loss ratio was reduced.

The capital result improved because of increased profit transfers from subsidiaries among other things.

In total the R+V Versicherung AG's annual surplus rose again substantially in comparison with the previous year.

Not only did the expansion of the portfolios under consideration of stricter yield orientated guidelines play an important role in the success of the company but also the commitment of the R+V employees had a decisive impact on the good results.

Profitability

Technical results

The technical result of R+V Versicherung AG before provision for loss equalisation remained almost unchanged in the corporate year 2007 in comparison with the previous year at €12.7 million.

Because the transfer to the loss equalisation provision was reduced by €4 million to €54.3 million, the technical result for the company's own account was improved to €-41.6 million This technical loss, as already detailed, was a result of liability (€-6.3 million), motor (€-10.4 million), fire (€-10.8 million), and other property insurance classes (€-9.4 million).

Capital investments result

The second half of the corporate year 2007 was dominated by the turbulence initiated by the sub-prime crisis in the USA. The effects were not directly felt by R+V Versicherung AG because it had made no investments in the sub-prime segment and not in asset-backed securities.

The ordinary investment earnings of the company were €234.8 million. Combined with the ordinary expenses of €4.7 million R+V Versicherung AG made an ordinary profit of €230.1 million and thus substantially more than the €212.9 million of the previous year.

The company made profits of €1.2 million realised from sales. Because of positive developments on currency exchanges, it was resolved to write-up €1.0 million revaluation to the depreciation of the previous year. Market revaluation of bonds as a result of interest rate developments and indirectly the sub-prime crisis as spreads widened gave rise to a need for depreciation of €3.5 million. Besides this, share price movements resulted in a currency depreciation requirement of €13.8 million which is shown not in the capital investments result but rather in extra-ordinary results of the company. In total the extra-ordinary of capital investments was €-1.4 million.

For the corporate year 2007, R+V Versicherung AG shows a net result of capital investments of €228.7 million. Taking deposit interest and deposits with ceding undertakings into account, the net internal rate of return at 8.5% was much better than that in the previous year of 6.6% because of increased distributions from profit transfer agreements and a substantially reduced need to make write-downs.

The effect of the sub-prime crisis on the market value of R+V Versicherung AG's capital investments was relatively small because of the dominance of the share of affiliated and associated companies in the capital investments. Neither interest rate developments nor the increase in spreads had an effect on the reserve position of R+V Versicherung AG.

The reserve ratio of the company was 62.4%. The comparable value for the previous year was 59.3%.

Since 1997 insurance companies have been compelled to disclose their reserves for reported capital investments carried at their acquisition values. The amendment of §54 RechVersV (insurance company accounting regulation) in November 2007 obliges all insurance companies to reveal their reserves for assets carried at their nominal value.

Other earnings and expenses

Sundry earnings were €31.5 million. The most important part of these were earnings from services rendered, currency exchange rate profits and interest yields.

Against these are expenses of €34.1 million which are for services received and interest expenditure.

The improvement in the balance of sundry earnings and expenses from the previous year of €16.4 million to €-2.6 million was especially attributable to the extra-ordinary expense of out-sourcing the pension reserves in 2006.

Extra-ordinary results

R+V Versicherung AG made an extra-ordinary loss of €-0.2 million in the corporate year 2007. This is attributable to the expense of provisions for early retirement agreements (Altersteilzeit).

Overall result

Out of the technical result for own account (€-41.6 million) and the capital investment result (€+228.7 million) and the balance of sundry earnings and expenses (€-2.6 million), R+V Versicherung AG achieved a profit before taxes of €180.6 million against €120.8 million in the previous year.

After taxation of €17.4 million the annual surplus remaining was €163.2 million, which was €44.7 million better than even the previous good year.

In the corporate year 2007, €81.6 million was transferred to the Retained Profits and €81.6 million was recorded as the balance sheet profit.

A proposal will be made to the general meeting to utilize the net retained profits to pay a dividend of €6.50 per share and to transfer the remaining sum to the retained profits.

Financial Position

Capital structure

After including the balance sheet profit and the transfers to the retained profits the shareholders equity of R+V Versicherung AG was €1,650.6 million as at Dec. 31, 2007 (previous year 1,560.5 million).

The increase in the retained profits of €275.6 million was a consequence of the transfer from the annual surplus 2007.

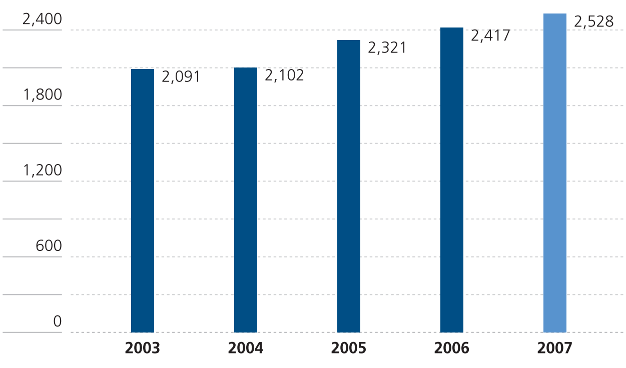
The issued capital of the company of €292.0 million and the capital reserves of €1,001.4 million remain unchanged from the previous year.

GUARANTEE FUNDS

In € million	2007	2006
Share capital	292.0	292.0
Capital reserves	1,001.4	1,001.4
Retained earnings	275.6	194.0
Net retained profits	81.6	73.1
Shareholder's Equity	**1,650.6**	**1,560.5**
Unearned premiums	65.8	76.2
Actuarial reserves	47.2	84.9
Reserves for claims outstanding	751.5	733.5
Provision for premium funds	3.3	0.9
Equalization provision and similar provisions	297.2	242.9
Other technical provisions	0.6	1.2
Total technical provisions	1,165.6	1,139.7
Guarantee funds	**2,816.2**	**2,700.2**

DEVELOPMENT OF CAPITAL INVESTMENTS

In € million



R+V was evaluated by the international rating agency Standard & Poor's in 2007. The A+ rating was confirmed several times. Within the framework of the inter-active rating the analysts were especially convinced of the whole company's very strong capital resources.

General funds increased from €2.7 billion to €2.8 billion. The general funds ratio was a high 393.4% (previous year 413.4%) of even the extended business volume demonstrated by the gross premiums written. The shareholders equity ratio was 230.6% (previous year 238.9%).

Capital Investments

Investment portfolio

The capital investments of R+V Versicherung AG showed growth of 4.6% during the corporate year 2007, so that the asset value as at Dec. 31, 2007 was €2,528.5 million. The focus of new investment was in bonds. The balance sheet categories "Investments in affiliated companies" and "Investments in associated companies" comprise 60.5% and form the largest part of the capital assets.

R+V Versicherung AG participated in the capital issues for R+V Personen Holding GmbH, R+V Service Holding GmbH and R+V Lebenversicherung AG. The company's share of Beteiligungsgesellschaft DZ mbH was sold with a book profit.

Technical provision

The gross technical provision of R+V Versicherung AG was €1,246.5 million in 2007. After deduction of the part apportionable to reinsurers, a technical provision of €1,165.6 million remained. Reserves for claims outstanding of €751.5 million represent the main part of the net technical provision.

Actuarial reserves were reduced by €37.7 million to € 47.2 million because of portfolio withdrawals in the life reinsurance area.

The loss equalisation provision and similar provisions received a transfer of €54.3 million.

Supplementary Report

After the end of the corporate year the international capital markets showed considerable disruption and a substantial increase in volatility. R+V Versicherung AG has analysed the consequences that these might have for the investment portfolio and have taken targeted safeguarding actions to limit the risks that could ensue.

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

Risks Report

Risk management procedures

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

A risk management process, implemented across all companies, lays down the rules to be observed when dealing with risks and forms the basis for a centralized early-warning system. Based on binding key performance ratios and threshold values, an updated index rating in the data-base for all of the R+V Group's major risks is carried out every quarter. In the event that a specific index value is exceeded, obligatory measures are instituted.

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 exceptional cases where changes to risks represent a threat to the Group's continued existence, reports will be made to the member of the Board of Management responsible 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, investment risks, operating risks and global strategic risks.

A component of R+V Versicherung AG's risk management is the inclusion of retentions.

Once a year a so-called risk inventory is taken, which checks and documents all the individual and cumulative risks. Additionally all the indicators and threshold values are scrutinised. The company's risk handbook documents not only the basic criteria of risk management and control of different types of risk but also comprehensive explanations on methods, procedures and responsibilities.

The internal supervision of the regulations of risk management is reviewed for its effectiveness during the consolidated group's audit. The implementation of necessary measures is followed up within the framework of the audit.

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 world-wide territorial diversification and different classes of insurance.

Risk control succeeds by 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. Adherence to these factors is regularly scrutinised.

The possible impact and size of catastrophic losses are 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 possibility of several losses out of a single event, occurring simultaneously. Cumulative risks e.g. those from a natural catastrophe are managed centrally by a selective underwriting policy. The technical provisions are sufficient.

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

Loss experience in 2007 was dominated by an increase in natural events in comparison with the extra-ordinary low level of losses of the previous year. Despite the huge damage caused by hurricane Kyrill at the start of 2007, losses for the whole year remained average so that together with a disciplined underwriting policy, good profitability was achieved.

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 on a regular basis.

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 aims to minimize risks by maintaining an appropriate mix and diversification of 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 organizational measures.

Derivative financial instruments, structured products and asset-backed securities are only used in accordance with the regulatory requirements. Their use is explicitly regulated by internal guidelines. These include volume and counter-party limits, in particular.

Extensive, timely reporting ensures that risks are regularly monitored and presented transparently. R+V uses standard and worst case scenarios by which the effects of unfavourable market movements on the investments can be simulated.

By extrapolating the capital market situation at the end of 2007 to 31.12.2008 and continuation of the methods applied for restricting deterioration of value in 2007, a positive result from the capital investments can be anticipated.

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

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 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 R+V Versicherung AG's investments, scenario analyses are used on the following premises: for directly held shares and shares held via funds, the effect of a 20% price change to the present value of these items is simulated. For fixed-income securities, registered bonds, notes receivable and loans, the effect on the present value of a 1% upwards or downwards shift in the yield curve is calculated. In addition, a duration analysis is performed regularly for the fixed-income securities and loans portfolio.

Credit risk

The company's investment policy is to avoid 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.

98% (previous year: 97%) of these investments in fixed-income securities are rated by Standard & Poor's as "A" or higher and more than 84% (previous year: 82%) are rated as "AA" or higher.

Liquidity risk

R+V Versicherung AG's liquidity risk is centrally managed. This process includes all payment flows from insurance business, investments and general administration.

Currency risk

As far as possible, liabilities in foreign currencies arising from reinsurance business are matched with investments in those foreign currencies. 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 the R+V Group to limit operating risks is its internal control system. The group protects itself against the risk of errors and fraudulent activities in its administration through regulations and controls in force in its specialist departments and by reviewing the application and effectiveness of the internal control systems in Group audits. As far as possible, payment flows and undertakings are handled by computer. Additional security is provided by predefined mandate and authorisation rules stored in the user profiles as well as electronic submissions for release made by a random generator. Depending on the risk, manual processing is conducted according to the dual control principle.

Provision for IT risks

Because of the close connection between business processes and IT sequences, it is necessary to program 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 organization 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 is the partial or complete failure of the IT systems. The R+V Group has made provisions against this by establishing two separate data centres, each with 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 is stored in different R+V buildings with high security areas. Following recommendations from an independent survey of our disaster recovery capability, from the first quarter 2008 data will be backed-up on a tape-robot in an external and distant building. Thus data would still be available even after a total loss of the data processing centre in Wiesbaden.

The telecoms infrastructure has been designed with a high level of redundancy, both internally 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 an independent audit of information security is planned.

Quality assurance for the IT systems is provided by way of established „best practice" processes. All events of relevance are recorded and tracked according to their significance. Current topics are dealt within 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 and to agree on and take and follow-up countermeasures as well as to prepare and implement concepts for the avoidance of system breakdowns.

Risk provisions for major projects and investments

The R+V Group has laid down binding procedures for the planning and implementation of projects and investments. Major projects and investments are regularly examined by investment, product, or finance committees as appropriate.

Particular attention is paid to events, 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 influence

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.

The framework guidelines which appeared in July 2007 were filled out with reference to a three column concept. The central starting point is a comprehensive evaluation and management of the risks and capital resources of an insurance company. Through internal projects and study groups and its co-operation in the study groups of the GDV (German Insurance Association) and the BaFIN (Federal govt. department for supervision of 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. To this belongs 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. Besides 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.

Summary of the risk situation

The degree of capitalisation represents the capacity of R+V Versicherung AG to cope with risks that result from its business activities. Even without taking unrealized gains reserve into consideration, R+V Versicherung AG substantially exceeds the requirements of the supervisory solvency margin. If the capital markets situation continues unchanged from the year end 2007 until 31.12.2008, the solvency requirements will be fulfilled.

No developments have as yet been observed that would enduringly or significantly affect the capital, finance or profitability of R+V Versicherung AG.

Forecast

General economic expectations

It is expected that the insurance market will continue to grow more strongly than the world economy in the coming years. The driving forces are the economic and technological developments, which are forever creating new insurance requirements especially in the emerging economies on the one hand, and on the other innovative insurance products which encourage growth. Industries are increasingly intertwined with one another. Risks are becoming more complex, intelligent and creative solutions need to be conceived. And thus opportunities for direct insurers and reinsurers who possess excellent risk management capabilities to grow are created.

Domestically and internationally, the insurance industry is faced with new challenges. New legal requirements such as Solvency II and amendments to accounting requirements make alterations to the risk management of the whole industry essential.

Positive technical result expected

R+V Versicherung AG continues to apply its yield orientated underwriting policy in property and accident insurance. The building-up of this portfolio is taking place under strict consideration of these underwriting principles, which ensure that the quality requirements of the business are maintained.

In view of its strategic direction the company is well positioned and optimately diversified and thus equipped for the coming challenges.

Within the parameters of the renewal negotiations the basic fundamentals of the business have been consistently implemented. Unless exceptionally heavy losses occur R+V Versicherung AG anticipates a positive technical result in the property and accidents classes in 2008.

At the end of 2004, the Company stopped underwriting active life reinsurance business. Accordingly, premium volumes will decline. R+V Versicherung AG expects a positive technical result in 2008 in this business sector as well.

As previously reported, R+V Versicherung AG has given extraordinary notice to cease doing business with a foreign underwriting agency because of irregularities in the business relationship. Currently, several legal cases abroad are pending although the action in London was decided in favour of the company at the end of 2007. Sufficient reserves are available for court and lawyers fees. Presently R+V Versicherung AG envisages no developments that could enduringly or significantly have an adverse affect on its capital, financial or profitability situation.

Future capital market forecast for 2008

The prevailing feature of capital markets in 2008 will be great uncertainty. This has already clearly been shown by the sharp fall in share prices and interest rates and also by the interest surcharges for company and bank loans since the beginning of the year. The background here are the effects of the credit crisis and threatening recession in the USA. In as far as financial and fiscal supportive measures can to be expected, and these too will cause further volatility in the capital markets. R+V Versicherung AG continues to direct its capital investment strategy towards security, liquidity and yield. The requirements of Solvency II and the IFRS are already being met as far as they are known and are practicable.

The main focus of investment policy remains the targeting of secure interest yields, in order to be able to achieve a reasonable return on technical risks in the future. R+V Versicherung AG will continue to take advantage of the opportunities offered by share markets and by international diversification.

Wiesbaden, March 14, 2008

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

Glass

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	**€ 81,615,005.28**
We propose to the General Meeting that the net retained profits be used follows:	
Dividend of €6.50 per no-par value share for 11,242,000 shares	€ 73,073,000.00
Transfer to other retained profits	€ 8,542,005.28
	€ 81,615,005.28

Annual Financial Statements 2007

Balance Sheet

as of December 31, 2007*

ASSETS

in EUR				2007	2006
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			472.—		123,830
				472.—	**123,830**
C. Investments					
I. Land, land rights and buildings including buildings on third-party land		3,666,748.17		3,671,674	
II. Investments in affiliated and associated companies					
1. Shares in affiliated companies		1,498,873,162.03			1,469,612,941
2. Loans to affiliated companies		200,358,618.17			200,624,528
3. Investments in associated companies		31,066,729.17			35,387,277
4. Loans to associated companies		—.—	1,730,298,509.37		–
III. Other financial investments					
1. Shares, investment certificates and other variable-yield securities		102,395,280.93			107,608,671
2. Bearer bonds and other fixed-interest securities		163,502,893.45			194,427,490
3. Receivables from mortgages, land charge and annuity land charges		—.—			–
4. Other loans					
a) Registered bonds	217,064,594.06				181,324,07
b) Notes receivable and loans	246,242,106.93				212,141,239
c) Loans and advance payments on insurance policies	—.—				–
d) Miscellaneous loans	—.—	463,306,700.99			–
5. Deposits with banks		61,767,578.32			8,752,137
6. Miscellaneous investments		3,551,258.42	794,523,712.11		3,551,053
IV. Deposits with ceding undertakings			196,542,453.83		239,308,237
				2,725,031,423.48	**2,656,409,555**
D. Assets held to cover linked liabilities				—.—	–

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

in EUR						2007	2006
E. Debtors							
I. Debtors arising out of direct insurance operations							
1. policy holders				—.—			–
2. Insurance Agents				—.—			–
thereof:							
affiliated companies	€–	(€–)					
3. Member and Holding Companies				—.—	—.—		–
II. Debtors arising out of reinsurance operations					54,492,203.45		56,885,742
thereof:							
affiliated companies	€7,573,765	(€2,469,139)					
associates	€837,582	(€941,843)					
III. Others debtors					387,925,923.02		216,497,332
thereof:							
affiliated companies	€220,967,483	(€137,456,833)					
associates	€–	(€10,646)					
						442,418,126.47	**273,383,074**
F. Other assets							
I. Tangible assets and inventories					699,768.02		749,600
II. Cash with banks, cheques and cash on hand					10,848,709.93		11,549,638
III. Own shares					—.—		–
IV. Miscellaneous assets					17,047.84		25,495
						11,565,525.79	**12,324,733**
G. Anticipated tax charge for future fiscal years in accordance with section 274 (2) HGB						**—.—**	**–**
H. Accrued and deferred items							
I. Accrued interest and rent					16,343,015.58		15,277,801
II. Other accruals and deferrals					10,633,513.74		11,188,659
						26,976,529.32	**26,466,460**
I. Deficit not covered by shareholders' equity						**—.—**	**–**
						3,205,992,077.06	**2,968,707,652**

EQUITY AND LIABILITIES

in EUR					2007	2006
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 §5,par.5 No.3 VAG	€–	(€–)				
III. Revenue reserves						
1. Legal reserve			—.—			–
2. Reserve for own shares			—.—			–
3. Statutory reserves			—.—			–
4. Reserve in accordance with section 58 (2a) AktG			—.—			–
5. Other revenue reserves			275,628,764.03	275,628,764.03		194,013,764
IV. Net retained profits				81,615,005.28		73,073,000
thereof profits brought forward:	€–	(€9,124)				
					1,650,624,997.31	**1,560,467,992**
B. Participation certificates					—.—	–
C. Subordinated liabilities					—.—	–
D. Special tax-allowable reserves					—.—	–
E. Technical provisions						
I. Unearned premiums						
1. Gross			68,213,432.38			79,654,870
2. thereof: less reinsurance amount			2,406,367.58	65,807,064.80		3,468,053
II. Actuarial reserve						
1. Gross			99,036,834.27			138,108,317
2. thereof: less reinsurance amount			51,811,974.45	47,224,859.82		53,238,708
III. Claims outstanding						
1. Gross			778,117,699.65			871,067,854
2. thereof: less reinsurance amount			26,641,823.81	751,475,875.84		137,520,409
IV. Provisions for bonuses and rebates						
1. Gross			3,312,045.—			910,600
2. thereof: less reinsurance amount			—.—	3,312,045.—		–
V. Equalisation provision and similar provisions				297,186,073.—		242,886,876
VI. Other technical provisions						
1. Gross			604,345.24			1,251,865
2. thereof: less reinsurance amount			14.43	604,330.81		9
					1,165,610,249.27	**1,139,653,203**

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

in EUR				2007	2006
F. Technical provisions for linked liabilities				**—.—**	**–**
G. Other provisions					
I. Provision for pensions and similar obligations			12,966,299.—		8,847,967
II. Tax provisions			42,960,732.72		16,620,355
III. Provisions for anticipated tax charges in future fiscal years in accordance with section 274 (1) HGB			—.—		–
IV. Other provisions			26,814,268.—		13,238,669
				82,741,299.72	**38,706,991**
H. Deposits received from reinsurers				**57,080,388.18**	**59,823,888**
I. Other liabilities					
I. Creditors arising out of direct insurance operations					
1. Policy holders		—.—			–
2. Insurance agents		—.—			–
thereof:					
Affiliated companies €– (€–)					
3. Member and holding companies		—.—	—.—		–
II. Creditors arising out of reinsurance operations			139,761,003.22		127,819,692
thereof:					
Affiliated Companies €10,959,370 (€18,364,051)					
Associates €– (€950,881)					
III. Bonds			22,094,819.29		21,328,730
thereof convertible: €– (€–)					
IV. Liabilities to banks			—.—		–
thereof:					
Associates €– (€–)					
V. Other creditors			83,539,912.55		17,081,161
thereof:					
taxes €3,170,034 (€1,488,225)					
social security contributions €11,454 (€–)					
to:					
affiliated companies €75,320,688 (€10,704,557)					
associates €– (€–)					
				245,395,735.06	**166,229,583**
K. Deferred income				**4,539,407.52**	**3,825,995**
				3,205,992,077.06	**2,968,707,652**

Income Statement

for the period from January 1 to December 31, 2007*

INCOME STATEMENT

in EUR			2007	2006
I. Technical account				
1. Premiums earned – net				
a) Gross premiums written	741,101,381.59			706,054,319
b) Reinsurance premiums ceded	25,321,904.62			52,916,139
		715,779,476.97		
c) Change in provision for unearned provisions gross	9,331,316.60			5,449,122
d) Change in provision for unearned premiums – reinsurers' share	1,092,296.69			5,248,171
		8,239,019.91		
			724,018,496.88	**653,339,131**
2. Allocated investment return – net			**1,635,896.11**	**2,805,098**
3. Other technical income – net			**75.79**	**–722,397**
4. Claims incurred – net				
a) Claims paid				
aa) Gross	617,993,928.45			390,696,383
bb) Reinsurers' share	130,361,899.73			60,096,660
		487,632,028.72		
b) Change in provision for claims outstanding				
aa) Gross	–78,875,312.79			107,572,608
bb) Reinsurers' share	–110,614,241.40			–29,765,748
		31,738,928.61		
			519,370,957.33	**467,938,079**
5. Change in other technical provisions – net				
a) Actuarial reserve – net		2,015,084.91		6,317,064
b) Other technical provisions – net		591.271.80		–1,523,113
			2,606,356.71	**4,793,951**
6. Bonus and rebates – net			**3,194,808.83**	**1,539,780**
7. Operating expenses				
a) operating expenses – gross		199,396,185.10		191,866,871
b) less: Reinsurance commissions and profit participations received		7,429,021.71		15,355,443
			191,967,163.39	**176,511,428**
8. Other technical expenses – net			**986,864.71**	**741,805**
9. Subtotal			**12,741,031.23**	**13,484,691**
10. Change in the equalization provision and similar provisions			**–54,299,197.—**	**–58,256,245**
11. Balance on technical result – net			**–41,558,165.77**	**–44.771,554**

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

in EUR				2007	2006
II. Non-technical account					
1. Investment income					
a) Income from investments		728.511,43			731.018
thereof :					
from affiliated companies					
€674.055 (€4.509)					
b) Miscellaneous investment income					
thereof :					
from affiliated companies					
€10.733.183 (€9.804.421)					
aa) Income from land, land rights and buildings including buildings on third-party land	560,292.83				502,960
bb) Miscellaneous investment income	46,714,805.48				50,224,332
		47,275,098.31			
c) Income from write-ups		954,159.28			26,484
d) Realized gains on investments		1,191,005.94			412,711
e) Income from profit pooling and profit transfer agreements		186,733,289.25			165,476,560
f) Income from the release of special tax-allowable reserves		—.—			–
			236,882,064.21		
2. Investment expenses					
a) Investment management expenses, interest expenses and other investment expenses		3,865,833.40			3,757,309
b) Write-downs on investments		3,596,081.66			15,800,406
c) Realized losses on investments		934.39			82,447
d) Expenses for losses assumed		744,560.29			203,239
e) Allocation to special tax-allowable reserves		—.—			–
			8,207,409.74		
			228,674,654.47		
3. Allocated investment return			–3,630,420.94		–12,615,429
				225,044,233,53	**184,915,235**
4. Other income			31,477,281.34		23,879,843
5. Other Expenses			34,085,363.10		42,812,548
				–2,608,081.76	**–18,932,705**
6. Non-technical result				**222,436,151.77**	**165,982,530**
7. Result from ordinary activities				**180,877,986.—**	**121,210,976**
8. Extraordinary income			—.—		–
9. Extraordinary expenses			249,248.—		435,003
10. Extraordinary result				**–249,248.—**	**–435,003**

in EUR				2007	2006
11. Taxes on income			17,314,522.13		2,155,815
thereof:					
Relocation within fiscal entity	€–12,707,960	(€–2,803,048)			
12. Other taxes			84,210.59		50,605
thereof:					
Relocation within fiscal entity	€1,509,630	(€425,063)			
				17,398,732.72	**2,206,420**
13. Income from losses assumed			—.—		–
14. Profits transferred as a result of profit pooling and profit transfer agreements			—.—		–
				—.—	**–**
15. Net income for the year				**163,230,005.28**	**118,569,553**
16. Retained profits brought forward from the previous year				**—.—**	**9,124**
17. Withdrawals from capital reserves				**—.—**	**–**
18. Withdrawals from revenue reserves					
a) from legal reserve			—.—		–
b) from reserve for own shares			—.—		–
c) from statutory reserves			—.—		–
d) from other reserves			—.—		–
				—.—	**–**
19. Transfer from retention certificates				**—.—**	**–**
20. Appropriations to revenue reserves					
a) to legal reserve			—.—		–
b) to reserve for own shares			—.—		–
c) to statutory reserves			—.—		–
d) to other revenue reserves			81,615,000.—		45,505,677
				81,615,000.—	**45,505,677**
21. Transfer to participation certificates				**—.—**	**–**
22. Net retained profits				**81,615,005.28**	**73,073,000**

Notes

Accounting policies

Basis of preparation

The annual financial statements of R+V Versicherung AG for 2007 were prepared in accordance with the provisions of the Handelsgesetzbuch (HGB – German Commercial Code), the (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 cost and written down using the straight-line method over the tax-allowable useful life of the assets. Additions and disposals in the fiscal year were written down pro rata.

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 and associated companies and other investments were carried at cost. Foreign currency investments in associates were converted at the exchange rate applicable at the time of acquisition.

Loans to affiliated companies were treated like any other non-fixed-interest securities, bearer bonds and other 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.

Investment certificates that are allocated to fixed assets in accordance with section 341b (2) sentence 1 HGB were valued at the lower of current market price as at December 31, 2007, or cost.

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 acquisition cost 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 reported at their repayment value, insofar as specific valuation allowances did not have to be performed. Bank deposits in foreign currency were converted at the exchange rate on the balance sheet date.

Premiums and discounts were amortized over the maturity period. The proportion relating to future years was reported as accrued and deferred expenses.

Financial derivatives and structured products were broken down into their individual components and measured using recognized valuation techniques based on the Black-Scholes and Hull-White option pricing models.

Deposits with ceding undertakings and debtors arising out of reinsurance operations were carried at their nominal values. Doubtful debtors were written down directly.

Operating and office equipment was carried at cost 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. Low value assets were written off in full in the year of acquisition.

The remaining assets are carried at their nominal value. Any necessary valuation allowances were performed and deducted from assets.

Technical provisions (unearned premiums, actuarial reserve, claims outstanding and other technical provisions) were reported in line with information provided by the ceding companies.

If no information was available, provisions were estimated on the basis of 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.

Deposits received from reinsurers and **creditors** arising out of reinsurance operations were reported at their nominal value.

Reserves for pensions and similar obligations were calculated in accordance with §6a EStG (Income Tax Act) taking as a basis the mortality tables 2005 G by Klaus Heubeck using a discount rate 4.5%

Reserves for **early-retirement pensions** were valued for fiscal purposes in accordance with §6a EStG taking as a basis the mortality tables 2005 G by Klaus Heubeck using a discount rate of 6% and for balance sheet purposes using a rate of 4.5%.

Reserves for payments to **early retirement agreements (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 **lump-sum payments** to retiring 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 debtors, other creditors, 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, 2007. 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 13, 2007 in order to accelerate the preparation of the annual financial statements.

The strong fluctuations in foreign exchange in the year under review resulted in an overall foreign currency gain.

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	€	2006	70,205,599	568,007
Assimoco Vita S.p.A., Segrate	47.3	€	2006	73,027,718	5,419,241
CHEMIE Pensionsfonds AG, Munich	100.0	€	2006	3,788,193	–2,687,366
HVB Pensionsfonds AG, Munich	100.0	€	2006	18,421,423	73,971
KRAVAG-ALLGEMEINE Versicherungs-AG, Hamburg	76,0	€	2006	62,373,977	1,590,407
KRAVAG-LOGISTIC Versicherungs-AG, Hamburg	51.0	€	2006	130,164,320	15,947,552
R+V Allgemeine Versicherung AG, Wiesbaden	95.0	€	2007	650,540,024	– *
R+V Krankenversicherung AG, Wiesbaden	100.0	€	2006	23,985,231	4,500,000
R+V Lebensversicherung AG, Wiesbaden	100.0	€	2007	351,550,836	– *
R+V Luxembourg Lebensversicherung S.A., Strassen	100.0	€	2006	103,025,117	2,865,146
R+V Pensionsfonds AG, Wiesbaden	51.0	€	2006	9,332,147	375,458
R+V Pensionskasse AG, Wiesbaden	99.0	€	2006	22,445,365	–
R+V Rechtsschutzversicherung AG, Wiesbaden	100.0	€	2007	30,288,615	– *
Service-, holding- and real estate companies					
BWG Baugesellschaft Württembergischer Genossenschaften mbH, Stuttgart	80.9	€	2006	9,926,862	– *
carexpert Kfz-Sachverständigen GmbH, Walluf	65.0	€	2006	5,405,654	38,587
carexpert Slovensko, expertizna a konzultacná s.r.o., Zilina	39.0	SKK	2006	–9,707	–1,965
compertis Beratungsgesellschaft für betriebliches Vorsorgemanagement mbH, Wiesbaden	51.0	€	2006	3,666,228	114,607
GbR Dortmund Westenhellweg 39-41, Wiesbaden	94.0	€	2006	43,716,791	1,275,756
GWG Gesellschaft für Wohnungs- und Gewerbebau Baden-Württemberg AG, Stuttgart	89.9	€	2007	102,315,175	9,004,121
GWG ImmoInvest GmbH, Stuttgart vormals: Schwäbisch Hall Immobilien Gesellschaft für Bauen und Wohnen mbH	85.3	€	2006	655,109	–1,472,037
GWG PLANEN + BAUEN GmbH, Stuttgart	85.3	€	2007	104,304	– *
HANSEATICA Sechzehnte Grundbesitz Investitionsgesellschaft mbH & Co. KG, Berlin	95.0	€	2006	31,311,114	–176,150

Name and registered office of company	Share of capital in %	Currency	Figures for fiscal year	Shareholders' equity €	Result €
HumanProtect Consulting GmbH, Cologne	100.0	€	2006	282,303	66,373
HVB Pensionsfonds-Service GmbH, Munich	100.0	€	2006	25,000	–
KRAVAG Umweltschutz- und Sicherheitstechnik GmbH, Hamburg	51.0	€	2006	98,445	11,066
MSU Management-, Service- und Unternehmensberatung GmbH, Kaiserslautern	74.0	€	2006	153,180	46,594
Pension Consult - Beratungsgesellschaft für Altersvorsorge mbH, Munich	100.0	€	2007	250,000	–
R+V Erste Anlage GmbH, Wiesbaden	95.0	€	2006	28,712	839
R+V Erste Anlage GmbH & Co, Verwaltung KG, Wiesbaden	96.0	€	2006	20,577,638	362,661
R+V Immobilien GmbH & Co. KG Grundstücksverwaltung Hemmingen, Wiesbaden	89.3	€	2006	12,529,957	1,091,207
R+V KOMPOSIT Holding GmbH, Wiesbaden	100.0	€	2007	1,554,191,897	– *
R+V Kureck Immobilien GmbH, Wiesbaden	95.0	€	2006	112,681	29,922
R+V Leben Wohn GmbH & Co. KG, Wiesbaden	100.0	€	2006	105,096,130	2,937,130
R+V Personen Holding GmbH, Wiesbaden	100.0	€	2007	265,307,254	– *
R+V Real Estate Belgium N.V./S.A., Brussels	100.0	€	2006	2,799,023	–429,625
R+V Rechtsschutz-Schadenregulierungs-GmbH, Wiesbaden	100.0	€	2007	35,189	– *
R+V Service Center GmbH, Wiesbaden	100.0	€	2007	5,369,375	– *
R+V Service Holding GmbH, Wiesbaden	100.0	€	2007	10,671,083	– *
Rhein-Main Beteiligungs-GmbH, Wiesbaden	100.0	€	2006	1,030,992	5,964
RUV Agenturberatungs-GmbH, Wiesbaden	100.0	€	2006	625,000	–
SHP Schwäbisch Hall Projektentwicklung GmbH, Stuttgart	85.3	€	2006	736,088	–1,157,753
SECURON Versicherungsmakler GmbH, Munich	51.0	€	2006	99,061	151,825
Sprint Sanierung GmbH, Cologne	100.0	€	2006	3,861,081	–
SVG-VERSICHERUNGSMAKLER GmbH, Munich	26.0	€	2006	30,000	–
UMB Unternehmens-Management-beratungs GmbH, Wiesbaden	100.0	€	2006	587,693	2,459
VR GbR, Frankfurt am Main	41.2	€	2006	99,613,844	18,869,625
VR Hausbau AG, Stuttgart	80.6	€	2007	2,700,000	50,000
WBS Wohnwirtschaftliche Baubetreuungs- und Servicegesellschaft mbH, Stuttgart	85.3	€	2006	11,848,549	1,083,798
WPM Wohnwirtschaftliche Projektentwicklung und Marketing GmbH, Stuttgart	85.3	€	2007	51,129	– *

* A profit and loss transfer agreement exists.

ASSOCIATES

Name and registered office of company	Share of capital in %	Currency	Figures for fiscal year	Shareholders' equity €	Result €
Aareal Property Services Germany B.V., Amsterdam	30.0	€	2006	636,447	1,080,674
ATRION Immobilien GmbH & Co. KG, Munich	31.6	€	2006	40,450,855	5,087,555
BAU + HAUS Management GmbH, Karlsruhe	50.0	€	2006	12,630,277	671,222
bbv-Service Versicherungsmakler GmbH, Munich	25.2	€	2006	979,684	176,125
European Property Beteiligungs-GmbH, Wiesbaden	33.2	€	2006	103,488,779	3,198,930
Finassimoco S.p.A., Segrate	49.9	€	2006	62,048,329	–11,131
HEIMAG Holding AG i. Gr., Munich	27.0	€	2006	–	–
Henderson Global Investors Property (No, 2) Limited, London	50.0	GBP	2006	139,232	135,352
Henderson Global Investors Real Estate (No, 2) L.P., London	49.3	GBP	2006	23,134,875	209,025
HGI Immobilien GmbH & Co. GB I KG, Frankfurt am Main	49.3	€	2006	127,604,066	2,284,291
HGI Immobilien GmbH, Frankfurt am Main	50.0	€	2006	336,762	278,036
NF Nordstrand GmbH & Co. Heidenkamps-weg 100 Nord KG, Norderfriedrichskoog	89.3	€	2006	–2,688,885	–370,216
NF Nordstrand GmbH & Co. Heidenkamps-weg 100 Süd KG, Norderfriedrichskoog	47.9	€	2006	–1,897,122	–335,798
PWR Holding GmbH, Munich	33.3	€	2006	28,226,220	3,524,192
R+V Kureck Immobilien GmbH Grund-stücksverwaltung Braunschweig, Wiesbaden vormals: Centrum Braunschweig Damm 16 GmbH	50.0	€	2006	10,628,640	1,118,275
Schroder Italien Fonds GmbH & Co. KG, Wiesbaden vormals: Aareal Italien Fonds GmbH & Co.	23.1	€	2006	134,451,615	13,144,376
Seguros Generales Rural, S.A. de Seguros y Reaseguros, Madrid	28.5	€	2006	53,913,000	3,879,000
TERTIANUM - Besitzgesellschaft Berlin Passauer Straße 5-7 mbH, Munich	25.0	€	2006	37,436,528	–917,053
TERTIANUM - Besitzgesellschaft Konstanz Marktstätte 2-6 und Sigismundstraße 5-9 mbH, Munich	25.0	€	2006	56,936,180	25,237
TERTIANUM Seniorenresidenzen Betriebs-gesellschaft mbH, Constance	25.0	€	2006	2,248,306	–

Notes to the Balance Sheet – Assets

STATEMENT OF CHANGES IN ASSET ITEMS B. AND C. I. TO III. IN FISCAL YEAR 2007*

	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	124	100,0	1
Total B.	**124**	**–**	**1**
C. Investments			
C.I. Land, land rights and buildings, including buildings on third-party land	3,672	0.2	59
C.II. Investments in affiliated and associated companies			
1. Shares in affiliated companies	1,469,613	60.7	29,511
2. Loans to affiliated companies	200,625	8.3	47,500
3. Investments in associates	35,387	1.5	–
4. Loans to associates	–	–	–
Total C.II.	1,705,625	70.6	77,011
C.III. Other financial investments			
1. Shares, investment certificates and other variable-yield securities	107,609	4.5	1,109
2. Bearer bonds and other fixed-income securities	194,427	8.0	78,945
3. Receivables from mortgages, land charges and annuity charges	–	–	–
4. Other loans			
a) Registered bonds	181,324	7.5	47,500
b) Notes receivable and loans	212,141	8.8	50,000
c) Loans and advance payments on insurance policies	–	–	–
d) Miscellaneous loans	–	–	–
5. Deposits with banks	8,752	0.4	53,366
6. Miscellaneous investments	3,551	0.1	–
Total C.III.	707,805	29.3	230,920
Total C.	**2,417,101**	**100.0**	**307,991**
Total	**2,417,225**		**307,991**

* discrepancies in totals are due to rounding.
) thereof currency write-ups: € – *) thereof currency write-ups: €13,832,000

Tranfers	Disposals	Write-ups**)	Write-downs***)	Values stated for current fiscal year	
€ thou	€ thou	€ thou	€ thou	€ thou	%
–	–	–	124	–	–
–	**–**	**–**	**124**	**–**	**–**
–	–	–	64	3,667	0.1
–	251	–	–	1,498,873	59.3
	45,918	–	1,848	200,359	7.9
–	4,321		–	31,067	1.2
–	–	–	–	–	–
–	50,490	–	1,848	1,730,299	68.4
–	5,075	–	1,248	102,395	4.0
–	96,906	954	13,917	163,503	6.5
–	–	–	–	–	–
–	11,760	–	–	217,065	8.6
–	15,899	–	–	246,242	9.7
–	–	–	–	–	–
–	–	–	–	–	–
–	–	–	351	61,768	2.4
–	–	–	–	3,551	0.1
–	129,640	954	15,516	794,524	31.4
–	**180,129**	**954**	**17,428**	**2,528,489**	**100.0**
–	**180,129**	**954**	**17,552**	**2,528,490**	

C. CAPITAL INVESTMENTS

In € thousand

Balance Sheet position		Book Value December 31	Current Value December 31	Reserve December 31
I. C.I. Land, land rights and buildings, including buildings on third-party land		3,667	7,561	3,894
II Investments in affiliated and associated companies				
C.II.1.	Shares in affiliated companies	1,498,873	3,193,180	1,694,307
C.II.2.	Loans to affiliated companies	200,351	198,579	–1,772
C.II.3.	Investments in associates	31,067	31,209	142
III. Other financial investments				
C.III.1	Shares, investment certificates and other variable-yield securities	102,395	126,759	24,364
C.III.2.	Bearer bonds and other fixed-income securities	163,503	166,138	2,635
C.III.4a)	Registered bonds	217,922	209,945	–7,977
C.III.4b)	Notes receivable and loans	253,990	243,588	–10,402
C.III.5.	Deposits with banks	61,768	61,767	–1
C.III.6.	Miscellaneous investments	3,551	5,084	1,533
IV. Deposits with ceding undertakings				
Deposits with ceding undertakings		196,542	196,542	–
Total Capital Investments		**2,733,629**	**4,440,352**	**1,706,723**

In the book values the balance of premiums and discounts (€+8,598 thousand) have been taken into account for the nominal balance sheet investments.

€78.0 million (previous year €76.9 million) were allocated to the investments in accordance with §341b,par.2 HGB. This includes a positive revaluation reserve of €24.2 million based on prices as of December 31, 2007.

Generally, present values were calculated on the basis of market prices, or using the net capitalized earning method pursuant to IDW S1 (Institute of Public Auditors in Germany). The building was last appraised in 2007. 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	–	–	25,564,594	25,564,594
Currency	–	–	–	–
Equity/index related	–	–	–	–
	–	**–**	**25,564,594**	**25,564,594**

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

INFORMATION ON DERIVATIVE FINANCIAL INSTRUMENTS

in EUR

Amount	Type	Totals Amount/Volume	Totals Book value	Totals Current value
Registered Bonds	Interest Rate swaps[1])	25,564,594	–	1,721,082

[1]) Evaluation method = Zero-Coupon Pricing

At the balance sheet date a forward sale of a receivable note to the value of €35 million was outstanding.

H. II. OTHER ACCRUALS AND DEFERRALS

in EUR	2007
Premium on investments	9,641,672
Expenses relating to subsequent years	991,842
As of Dec. 31	**10,633,514**

Notes to the Balance Sheet – Equity and Liabilities

A. I. SUBSCRIBED CAPITAL

in EUR	2007
Subscribed capital is divided into 11,242,000 shares	
As of Dec. 31	**292,000,000**

The subscribed capital is unchanged in comparison to the status as of December 31, 2006.

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 our Company.

A. II. CAPITAL RESERVES

in EUR	2007
As of Dec. 31	**1,001,381,228**

The capital reserve is unchanged in comparison to the status as at December 31, 2006.

A. III. REVENUE RESERVES

in EUR	2007
5. Other revenue reserves	
Brought forward as of Jan.1	194,013,764
Appropriations from net retained profits	81,615,000
As of Dec. 31	**275,628,764**

K. DEFERRED INCOME

in EUR	2007
Discounts on investments	1,043,849
As of Dec. 31	**1,043,849**

OTHER NOTES

Liabilities with longer than 5 years to maturity existed to an amount of €71,554

There were no liabilities secured by liens or similar rights.

Notes to the Income Statement

I. 1 A.) GROSS PREMIUMS WRITTEN

in EUR	2007	2006
Property, health and casuality insurance	712,484,669	633,599,020
Life insurance	28,616,713	72,455,299
	741,101,382	**706,054,319**

I. 2. ALLOCATED INVESTMENT INCOME

in EUR	2007	2006
	1,635,896	**2,805,098**

This relates to interest from the collateral provided to previous insurers in 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	2007	2006
	519,370,957	**467,938,079**

The settlement of the provision for claims outstanding brought forward from the previous year resulted in a gross loss of €4 million.

II. 2 B.) WRITE-DOWNS ON INVESTMENTS

in EUR	2007	2006
Regular write-downs	64,237	62,290
Write-downs in line with section 253 (2), sentence 3 HGB	–	14,161,241
Write-downs in line with section 253, sentence 3 HGB	3,531,845	1,576,876
	3,596,082	**15,800,406**

II. 4. OTHER RETURNS

in EUR	2007	2006
Returns arising from services provided	14,989,972	13,836,366
Interest returns	5,633,101	4,054,900
Other returns	10,854,208	5,988,577
	31,477,281	**23,879,843**

II. 5. OTHER EXPENSES

in EUR	2007	2006
Expenses arising from services provided	14,961,522	13,808,866
Expenses that affect the Company as a whole	8,470,244	8,882,763
Interest expenses	6,363,817	4,104,757
Expenses arising from the outsourcing of retirement reserves	67,829	11,761,433
Other expenses	4,221,951	4,254,729
	34,085,363	**42,812,548**

II. 9) EXTRAORDINARY EXPENSES

in EUR	2007	2006
Capital increase for provisions for early retirement agreements (Altersteilzeit)	249,248	435,003
	249,248	**435,003**

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 Bundesverband der
Deutschen Volksbanken und Raffeisenbanken e.V., Berlin

Hermann Arens
Board Member Volksbank Lingen eG, Lingen
(from April 26, 2007)

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

Henning Deneke-Jöhrens
Spokesman of the Board of Management of Volksbank eG
Lehrte-Spinge-Pattensen-Ronnenberg, Pattensen
(until April 26, 2007)

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

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
(from December 3, 2007)

Heinz Hilgert
Deputy Chairman of the Board of Management of DZ BANK AG
Deutsche Zentral-Genossenschaftsbank, Frankfurt/Main
(until November 18, 2007)

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

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
Company Coordinator , 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 Dienstleistungs-
gewerkschaft ver.di Frankfurt/Main

Board of Management

Dr. Friedrich Caspers
– Chairman –

Frank-Henning Florian
(from January 1, 2008)

Heinz-Jürgen Kallerhoff
(from October 1, 2007)

Dr. Christoph Lamby

Hans-Christian Marschler

Bernhard Meyer

Rainer Neumann

Rainer Sauerwein

Hans-Dieter Schnorrenberg
(until September 30, 2007)

Peter Weiler

PERSONNEL EXPENSES		
in EUR	2007	2006
1. Wages and salaries	21,106,935	19,940,575
2. Social security costs	2,672,008	2,702,490
3. Pensions costs	8,361,874	4,059,973
4. Total expenses	**32,140,817**	**26,703,039**

Total remuneration of the members of the Board of Management in the fiscal year amounted to €2,787,551. Former members of the Board of Management and their surviving dependants received a total of €1,275,944. The provisions for current pensions and pension entitlements for former members of the Board of Management and their surviving dependants amount to €3,296,374. Expenses for the Supervisory Board amounted to €373,535 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 financial year 2007 R+V Versicherung employed an average of 294 people (2006: 280), of whom 285 were employed in Germany and 9 in the Singapore branch office.

Contingent liabilities and other financial commitments
Liabilities due to shares in co-operatives amount to €5,000. There are no further contingent liabilities within the meaning of section 251 HGB.

Additional payment obligations
Additional payment obligations exist in the amount of €85,516,950 in relation to shares in affiliated companies and in the amount of €11,888 in relation to shares in German insurance companies.

Consolidated financial statements
R+V Versicherung AG produces 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, March 14, 2008

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 including the accounting and the management report of R+V Versicherung AG, Wiesbaden for the fiscal year from January 1 to December 31, 2007. 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 Articles of Association 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 results of operations 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 reservations.

In our opinion, the annual financial statements give a true and fair view of the net assets, financial position and results of operations of the Company in accordance with German principles of proper accounting. On the whole, the management report provides a suitable understanding of the Company's position and suitably presents the risks of future development.

Frankfurt am Main, March 17, 2008

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.

Mr. Deneke-Jöhrens, representing the shareholders, left the Supervisory Board on April 26, 2007. From that day Mr. Arens was elected as his successor to the Supervisory Board by the Annual General Meeting. Mr. Hilgert resigned his mandate in the Supervisory Board and the Audit Committee with effect from November 18, 2007. His successor, Mr. Hildner, was appointed to the Supervisory Board with effect from December 3, 2007. Mr. Hildner was elected as successor to Mr. Hilgert to the Audit Committee with effect from December 10, 2007.

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 Articles of Association. The Board of Management has given information about the situation and development of the Company to the Supervisory Board regularly and comprehensively. In the 2007 financial year, this took place at five meetings which the Supervisory Board attended on March 12, 2007, April 26, 2007, August 24, 2007, September 21, 2007 and December 10, 2007 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 sub-prime crisis. The consultations and discussions concentrated on the effects of the stagnating markets on the motor and industry insurance classes, also the R+V strategy and the effects of the VVG-Reform (Insurance Contracts Law) on company procedures and sales were considered.

Confirmation of the financial statement
The audit committee and the Supervisory Board have checked the financial statement and the annual report, and the consolidated financial statement and the consolidated annual report for the 2007 financial year in detail. The audit report of the auditor, KPMG Deutsche Treuhand-Gesellschaft Aktiengesellschaft Wirtschaftsprüfungsgesellschaft, concerning the financial statement 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 11, 2007, in order to report on the essential results of the audit. The financial statement, the annual report, the consolidated financial statement and the consolidated annual report were discussed in detail at this meeting. In addition, the audit committee dealt with the auditing of the reserves and the early recognition system for risk, in accordance with §91, par. 2 AktG (German Public Companies Act), and discussed the significant results of the annual report of the internal audit of the past year.

The present financial statement for the 2007 financial year, the annual report, and the consolidated financial statement and the consolidated annual report have been checked by the Supervisory Board. The auditor responsible was present at the meeting of the Supervisory Board at which the financial statement was adopted and was available for additional explanations and opinions.

No objections to the financial statement have been raised. The Supervisory Board endorses the result of the audit of the financial auditing company KPMG Deutsche Treuhand-Gesellschaft AG, which was appointed in accordance with §341 HGB and which granted an unrestricted audit certificate.

The financial statement for he 2007 financial year submitted by the Board of Management was approved by the Supervisory Board in its meeting on March 19, 2008 and is therefore adopted in accordance with §172 AktG. The consolidated financial statement submitted by the Board of Management was approved by the Supervisory Board at the same meeting.

The Supervisory Board expressed its agreement to the suggestion of the Board of Management concerning the use of the balance sheet profit. The report on the relationships to associated companies drawn up by the Board of Management and the audit report of the auditor of the financial statement had been submitted and were checked.

The auditor of the financial statement gave the following audit certificate to the report of the Board of Management concerning the relationships to associated 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 reservations to the closing declarations made by the Board of Management in the dependent company report.

Wiesbaden, March 19, 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.
Financial Year Loss Ratio gross	Loss expenditure in the financial year in relation to earned premiums - all gross
Financial Year Loss Ratio net	Loss expenditure in the financial year in relation to earned premiums - all net
Balance sheet Loss Ratio gross	Expenditure on losses(It.GuV) in relation to earned premiums - all gross
Balance sheet Loss Ratio net	Expenditure on losses(It.GuV) 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 on losses less expenses of insurance company 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 less planned depreciation in relation to the mean asset value of the capital investments over the financial year
Net interest return on capital investments	Total receipts less total expenses for capital investments in relation to the mean asset value of those capital investments over the financial year
Net interest return - three year average	Three-year average of total receipts less total expenses for capital investments in relation to the mean asset value of those capital investments over the financial year

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

Adresses of R+V Insurance Companies

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