ANNUAL REPORT
2010

R+V Versicherung AG

Volksbanken Raiffeisenbanken
cooperative financial network

R+V Versicherung AG

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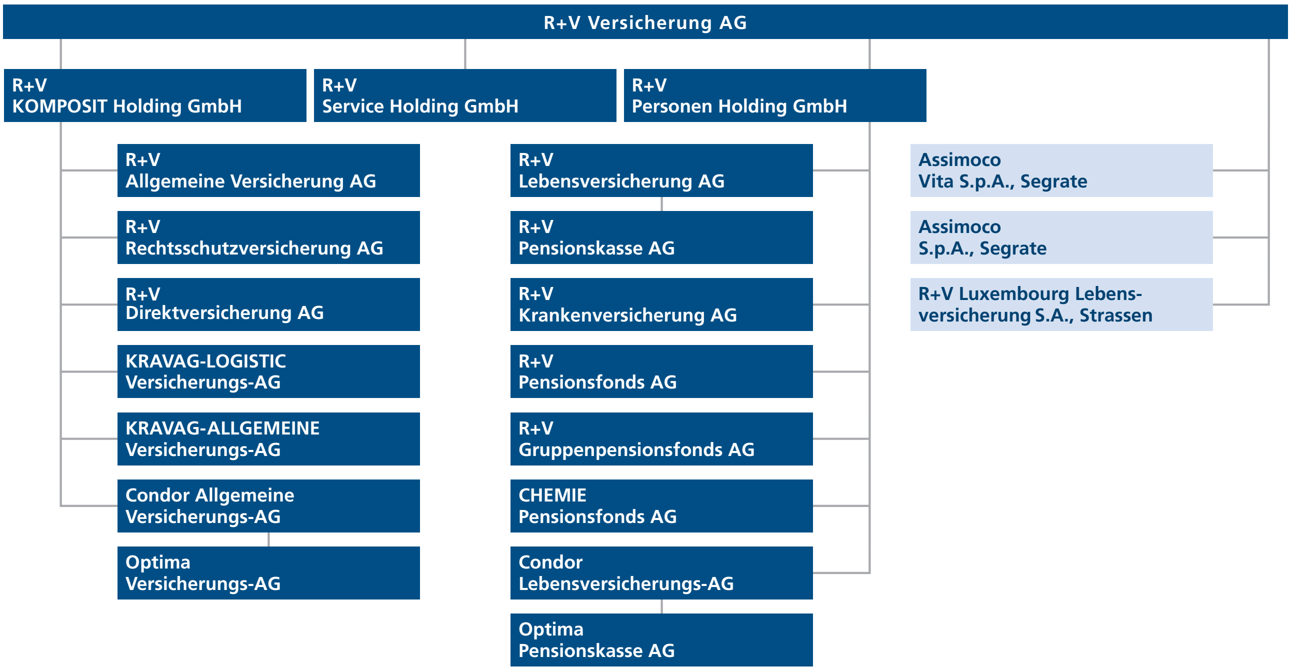
Registered at Wiesbaden Local Court HRB 7934

Annual report 2010

Submitted for the ordinary Annual General Meeting
on 11 May 2011

R+V Consolidated Group – simplified presentation



Domestic Consolidated Group companies   Foreign Consolidated Group companies

FIGURES RELATING TO THE FISCAL YEAR

		R+V Versicherung AG	
		2010	**2009**
Gross premiums written	EUR million	1,371	1,147
Gross expenditure on claims in the fiscal year	EUR million	957	783
Current income from capital investments	EUR million	283	264
Capital investments	EUR million	3,387	3,011
Number of employees on 31 December		356	321
Gross premiums written			
Direct domestic business of the R+V Group (HGB)	EUR million	9,692	9,448
R+V Group (IFRS)	EUR million	11,105	10,521
Annual result - R+V Group (IFRS)	EUR million	261	202
Capital investments - R+V Group (IFRS)	EUR million	60,008	55,597

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Business activities

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

R+V Versicherung AG also acts as the central reinsurer for the direct insurance companies belonging to R+V. In addition, it also acts independently on the international reinsurance market. It provides reinsurance services worldwide in all classes. Furthermore, the product range of the company encompasses facultative reinsurance, primarily in property and engineering.

The reinsurance business is primarily conducted from the Head Office in Wiesbaden. The Group's interests in South East Asia are managed by the branch office in Singapore, which was established in 1997.

Organisation and legal structure

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

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

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

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

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

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

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

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

The individual financial statements of R+V Versicherung AG have been prepared in accordance with the provisions of the German Commercial Code (HGB) in the version of the German Accounting Law Modernisation Act (BilMoG) of 25 May 2009. In addition, the company also prepares a consolidated financial statement in accordance with IFRS.

The position of the Board of Management of the companies of R+V are partly held by the same persons. The R+V Consolidated Group is managed as a uniform company.

Furthermore, R+V Versicherung AG has concluded profit and loss transfer agreements with R+V KOMPOSIT Holding GmbH, R+V Personen Holding GmbH and R+V Service Holding GmbH.

The profit and loss transfer agreement between R+V Versicherung AG and R+V Lebensversicherung AG ended on 31 December 2010 and was replaced by a profit and loss transfer agreement between R+V Personen Holding GmbH and R+V Lebensversicherung AG that came into effect as from 2011.

R+V KOMPOSIT Holding GmbH has concluded profit and loss transfer agreements with R+V Allgemeine Versicherung AG, R+V Direktversicherung AG and Condor Allgemeine Versicherungs-Aktiengesellschaft. The profit and loss transfer agreement between R+V KOMPOSIT Holding GmbH and R+V Rechtsschutzversicherung AG ended on 31 December 2010. There is also a profit and loss transfer agreement between Condor Allgemeine Versicherungs-Aktiengesellschaft and Optima Versicherungs-Aktiengesellschaft.

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

There are further profit and loss transfer agreements between Condor Lebensversicherungs-Aktiengesellschaft and CI Condor Immobilien GmbH, as well as between R+V Gruppenpensionsfonds AG and R+V Gruppenpensionsfonds Service GmbH.

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

Shareholder structure

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

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

Relations to affiliated companies

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

Personnel report

The number of employees of R+V Versicherung AG increased by 35 employees to 356, compared with 321 employees in the previous year. The average length of service in the company was approximately 11 years.

PERSONNEL REPORT

	2010	2009
Total number of employees	356	321
of whom:		
Full time employees	288	286
Part time employees	36	28
Employees with fixed term contracts	32	7

After an employee questionnaire was carried out in 2009, which testified above average employee commitment at R+V, the resulting potential for improvement was implemented. To improve communication between organisational units, training courses were offered and internal procedures were restructured. Because employee questionnaires are carried out every two years at R+V, preparations are already underway for the next survey.

As part of the integrated talent management programme, for which R+V was awarded the education prize InnoWard in 2009, the current situation was recorded and a forecast for the future was drawn up. With the help of these instruments, R+V wants to improve support for its own employees in order to ensure that spacialist, project management and executive positions that become vacant are increasingly staffed from within the company.

R+V was awarded third place in InnoWard 2010 for the pool apprenticeship ″More Room to Learn“. What makes this course special is that in the first year, apprentices gain their first vocational experience in alternating theory and practical phases.

The fact that R+V convincingly offers very good employer qualities is shown by the ″Top Employer“ seal of approval, which R+V has been awarded by the jury from the independent research company CRF since 2008. In order to increase its attractiveness still further, R+V has initiated a holistic company health management programme. The aim of this project is to maintain and promote the health of all employees.

After only two years the integration of the personnel from the Condor companies into the structures of the R+V Group has now been completed, finding great acceptance among the staff. From 1 January 2011, all Condor employees have had a contract of employment with a company of the R+V Consolidated Group. The integration was associated with a bundling and redistribution of roles. For example, a decentralised IT location with 80 employees was set up in Hamburg.

In the reporting year, the move of many employees from former buildings in the city centre location in Wiesbaden to R+V’s new central headquarters went smoothly and efficiently. The majority of the headquarters staff is now located in modern buildings around Raiffeisenplatz.

During 2011, R+V is introducing a new staff portal on the basis of Microsoft SharePoint. In this way information provision, knowledge management and cooperation within R+V will be further improved and accelerated.

Within the context of its business activities, R+V places a great emphasis on sustainability and, together with the companies in the DZ BANK Group, it has taken part in a sustainability rating for the first time. In 2010 the main focus was on the following sustainability issues:

- The commissioning of the new administrative building in Wiesbaden with 1,100 workplaces was distinguished by a resources saving, environmentally friendly geothermal concept.
- With the development of an overall concept for company health management, R+V is meeting its corporate duty of care as an employer to maintain and promote employees’ health. This programme includes issue specific seminars and lectures. In addition, R+V supports company sport at all locations as well as interest groups to keep staff healthy, to promote a sense of community and thus to create sustainable and attractive workplaces.

– To facilitate a better balance between work and family, R+V has set up parent-child offices on the Wiesbaden site with adjoining playrooms so that staff can cover short term childcare problems. Flexible working hours and good social benefits, as well as reintegration measures at work after absences due to illness, complete the offer.

– All the domestic R+V insurance companies have signed the „Code of Conduct for the Sale of Insurance Products" from the Gesamtverband der Deutschen Versicherungswirtschaft e.V. (GDV, or German Insurance Association). Thus R+V is sending out a clear signal towards objective and transparent advice, consumer protection and a trusting relationship with every single customer.

Association memberships

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

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

Important legal and financial influences

Macroeconomic development in 2010

The economic recovery in Germany that had already begun in mid-2009 continued in 2010 at considerable speed. Exports and investments grew strongly, domestic demand rose and growth had positive effects on the employment market. Real gross domestic product (GDP) went up by 3.6%. However, it had not yet reached the pre-crisis level, because in the previous year GDP had fallen by 4.7%, above all due to the weak first half of the year.

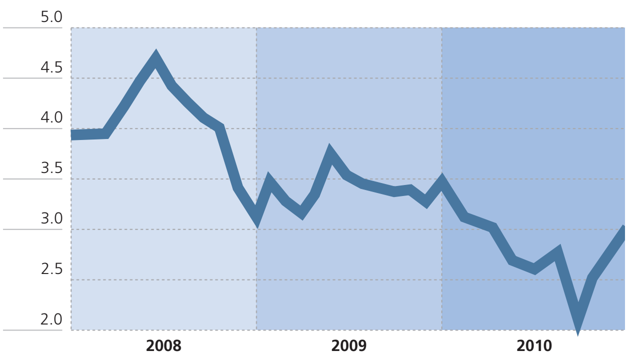
Developments on the capital markets

The capital markets were determined by two opposing developments. On the one hand, economies recovered from the large recession in the past two years. This particularly affected developing and emerging countries. On the other, the high sovereign debt in the euro crisis countries Portugal, Ireland, Italy, Greece and Spain led to a massive loss of confidence among investors and citizens. It was no longer possible for Greece and Ireland to refinance themselves on the capital market. The stability of the euro as a common currency was endangered.

It was only possible to achieve stabilisation through bail-out measures at national and international level of up to a trillion

YIELD FEDERAL GOVERNMENT BONDS – 10 YEARS RESIDUAL TERM

in percent



DEVELOPMENT STOCK INDEX EURO STOXX 50

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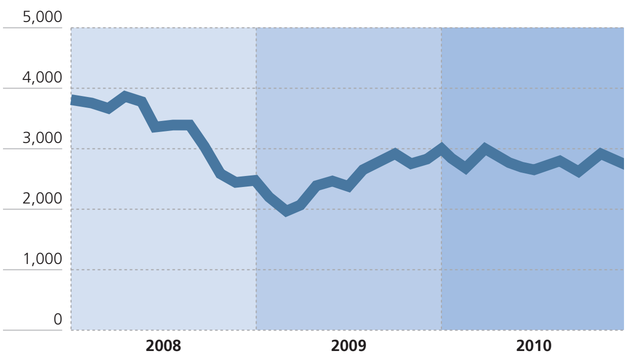


OVERALL FIGURES FOR THE SECTOR

	2010 EUR billion	Change from previous year
Gross premium income domestic	178.8	+ 4.4 %
Insurance services from direct insurers	135.8	+ 1.1 %

DEVELOPMENTS IN THE LIFE INSURANCE CLASS*

	2010 EUR billion	Change from previous year
Gross premiums written	90.4	+ 6.0 %
Number of new policies	6.3 million	– 1.4 %
Total new business premiums	32.3	+ 20.7 %

* GDV (German Insurance Association) figures (life insurers, pension investment funds, pension funds), Status January 2011

euros and through the support of the European Central Bank (ECB), and consolidation programmes were introduced. Far reaching institutional changes at European level were initiated, for example coordinating member states' economic policy and setting up a permanent bail-out fund. The ECB acted contrary to its previous principles and bought sovereign bonds from the affected countries.

Over the course of the year these developments led to great divergences in the eurozone. For a time the interest rates for ten year German bonds fell to a historic low of 1.2% due to a high demand for security. At the end of the year there was a recovery to 3.0%. ECB interest rates remained at an unchanged low of one per cent.

In contrast, equity markets increased strongly in many countries, reflecting economic recovery, good corporate figures and the search for high yielding investments. However equity markets fell in the euro crisis countries. While the Dax rose by 16.0% over the course of the year, the equity market index benchmark for the eurozone, EuroStoxx 50, fell by 6.0%.

Insurance business situation

The growth course of German insurers also continued in 2010. Premium income amounted to 178.8 bn euros, equivalent to a rise of 4.4%.

In life insurance, business development continued to be strongly characterised by one-off premium business, even if the increase was significantly lower than in the previous year, according to the GDV.

According to GDV information, private health insurers had an increase in premiums of 6.0% to 33.4 bn euros. Of this around 31.3 bn euros (+6.3%) were accounted for by full and supplementary insurance and 2.1 bn euros (+2.2%) by long-term care insurance.

Property and accident insurers posted a slight rise in premiums for the first time in six years. According to provisional GDV information, premium income increased to 55.1 bn euros (+ 0.7%). Primarily motor insurance formed the decisive share here, which initially achieved slight growth in premiums again. Credit insurers, legal protection insurers and accident insurers achieved higher growth rates than in the previous year. Increased expenditure, above all on motor and homeowners insurance, led to the loss-costs ratio increasing by one percentage point to 97.0%. Loss expenditure by property and accident insurers therefore rose by 2.4% in total to 43.1 bn euros.

Development on the reinsurance markets

Regardless of the continuing difficult situation in the capital market environment and the tense loss situation in the first half of the year above all, the reinsurance sector once again demonstrated its resilience in 2010. The financial strength of

DEVELOPMENTS OF THE HEALTH INSURANCE CLASS*

	2010 EUR billion	Change from previous year
Gross premiums written	33.4	+ 6.0 %
thereof comprehensive and supplementary insurance	31.3	+ 6.3 %
Care insurance	2.1	+ 2.2 %
Insurance services	22.1	+ 4.5 %

* GDV (German Insurance Association) figures, Status November 2010

the reinsurance companies here was emphasised by the improved capital basis and increased equity repurchases compared with 2009.

In the renewal negotiations for 2010, comprehensive increases in the prices for reinsurance policies were not realised. As in the previous year, the individual segments showed varying developments. The majority of segments, however, was profitable, as before.

After 2009 had been a moderate year of losses for reinsurance companies, the situation became significantly tenser in the first half of 2010. In the first six months of the year, economic losses caused by natural disasters exceeded the value for the whole of 2009. In the second half of the year, the large losses feared from hurricanes in the Caribbean largely did not occur, so that the high claims burden of the first half of the year did not deteriorate any further.

The largest insurance loss for the sector in 2010 was the earthquake that struck off the coast of Chile on 27 February. At 8.8 points on the moment magnitude scale, this was the fifth largest earthquake since seismic records began in 1900. Due to the relatively high insurance density in the commercial and industrial sector, insured losses of around USD 8 bn were incurred.

DEVELOPMENT OF PROPERTY AND ACCIDENT INSURANCE*

	2010 EUR billion	Change from previous year
Gross premiums written		
Property/Accident total	55.1	+ 0.7 %
Motor	20.1	+ 0.4 %
General liability	6.8	– 0.5 %
Accident insurance	6.5	+ 1.0 %
Legal protection insurance	3.2	+ 1.0 %
Non-life insurance	15.2	+ 1.4 %
Insurance services	43.1	+ 2.4 %

* GDV (German Insurance Association) figures, Status November 2010

With insured losses of USD 3 bn, the winter storm Xynthia, which raged from 26 to 28 February and devastated parts of the Iberian peninsula, France and Central Europe, was one of the most significant weather events in Europe in 2010.

The explosion on the exploration platform Deepwater Horizon led to the greatest oil accident in history and caused severe damage to ocean and coastal regions. According to official information, around 800 million litres of crude oil flowed into the sea. It is difficult to determine the insured loss due to the lack of clarification of liability and cover questions, but it will be among the most expensive losses in the offshore energy sector of all time.

There were also no extraordinary charges in the general liability and credit divisions in 2010.

In **France**, two large natural disasters occurred in 2010. After the storm Xynthia, a flood in the Var Department caused losses of around 0.5 bn euros. Some of the losses were covered by the state reinsurer in France. The course of losses in the motor class, which had considerably deteriorated in the previous year, improved in the reporting year. Overall premium income for property and accident insurers remained stable, whereupon a decline in premiums was posted in buildings insurance due to the economic crisis. It was possible to implement premium increases primarily in the sectors affected by losses.

Stagnating premium income as a result of the general economic situation continued to determine the property insurance sector in the insurance market in **Italy**. After some companies had to accept net losses due to poor results in the dominant motor liability sector in 2009, the situation eased somewhat in the reporting year. The only significant losses in 2010 were caused by heavy rainfall in Venice and Central Italy. The hail class was able to post a positive results development.

The insurance market in the **United Kingdom** was characterised by stable prices in the industrial business and slightly increasing rates in the private client business – especially in the motor classes. The **Irish** economy continued to suffer from the effects of the financial crisis. The banking sector was affected above all. However, direct insurance and reinsurance companies were largely spared from these effects. However, Ireland was hit by unusual weather events, such as heavy frost at the beginning of the year.

In **Scandinavia** the four large insurers gained market share through takeovers. On the loss side, unusually heavy frost and snow load occurred, which in part extended into reinsurance policies. In contrast there were no severe storms. The transport class ran very inconspicuously. Cedents with sufficient solvency slightly reduced their cession volumes.

The consolidation process among direct insurers in **Eastern Europe** continued. In particular the direct insurance markets in Hungary, Poland, Romania and Bulgaria were marked by strong competition. Due to the tense economic situation in many Eastern European countries, insurers were not able to build on the growth rates of previous years. Reinsurance prices remained at a stable level. On the loss side, a higher frequency of natural hazard incidents in comparison with previous years could be recognised. Snow load losses as well as flooding and hail incidents in various Eastern European countries burdened the technical results more strongly than in previous years.

The direct insurance market in the **United States of America** continued to be influenced by the after effects of the financial crisis. Although some insurance companies recorded slight growth in premiums again, the continuing fierce competition in the private client and commercial/industrial business had negative effects on corporate results. By adjusting insurance totals and increasing excesses in policies, many companies tried to push forward the restructuring of their portfolios. Regardless of the absence of severe hurricane damage, the high frequency of loss events in the reinsurance market did not abate and burdened the corporate results situation.

In the **Canadian** reinsurance market, growth pressure led to further consolidations, especially for the larger companies. On the loss side 2010 was marked by sewer backup in Saskatchewan in June caused by heavy rain, which only affected the directly involved programmes in terms of reinsurance. In direct insurance a stabilisation of rate levels both in the private client and the commercial and industrial business at a low level was realised.

Latin American economies still presented continually increasing growth rates. States such as Chile, Peru, Brazil and Colombia achieved outstanding performances. Thus companies worldwide were offered new sales and investment possibilities that were reflected in the continuing commitment of foreign insurance companies in the region. Sufficient capital was available, especially from Spain, even though it was badly affected by the crisis. As before, there was sufficient reinsurance capacity available in South America. Fortunately, this trend was accompanied by a raised price and technical awareness the businesses in the main markets. With solid growth, Brazil continued to be the largest insurance market in Latin America by far.

In 2010 the **Japanese** economy was once again characterised by deflationary developments with a simultaneously high yen exchange rate. Due to the traditional export orientation of the economy this led to low corporate economic strength and thus to lower demand for insurance products. There were no significant claims burdens. The prices for reinsurance protection remained stable.

Other **Asian** economies recovered very well from the financial crisis and recorded strong growth. However, financial markets in Asia remained volatile, not least because of the bond crisis in Europe and the weak inputs from the USA. There were new entrants to the Asian reinsurance market attracted by future growth potential. The increasing competition caused a significant increase in capacity, so that with the exception of the Philippines and Japan, falling rates in the direct insurance and reinsurance sectors could be observed throughout Asia in 2010. Rates in the Philippines improved, primarily as a result of the high losses from 2009 caused by Typhoon Ketsana.

After **South Africa** had left a good impression worldwide at the World Cup, the fire-industrial insurance sector was tested in particular in 2010. The merger of two large industrial insurers and the financial difficulties of an additional large insurance company brought capacity bottlenecks and thus price increases.

In **Australia** two large weather related incidents in Melbourne and Perth in the first quarter caused the fourth and fifth largest insurance losses in absolute terms in the country's history. At the end of 2010 Queensland was affected by heavy floods. According to estimates available this could be one of the most expensive natural disasters ever to hit the country, with corresponding effects on the insurance sector. The rates level in the commercial and industrial sector proved to be weak in turn; noticeable rates rises could only be observed in the private client sector. On the reinsurance side there were in part significant price increases in loss burdened programmes.

The insurance market in **New Zealand** was marked by the severe earthquake near Christchurch in September. This quake led to considerable damage to buildings, so that the earthquake will probably be the most costly natural disaster incident in New Zealand's history.

Overview of the business development of R+V Versicherung AG

The business of R+V Versicherung AG developed favourably once again in 2010. After exceeding the premium threshold of 1 bn euros for the first time in the company's history in the previous year, business was expanded further. Compared to the previous year premiums rose by 19.6% to 1.4 bn euros. With constant exchange rates the growth in premiums was 14.8% in comparison to the same period of the previous year. Within the premium income the share of non-proportional reinsurance increased to 27.1% (2009: 26.4%)

In the domestic Group business, the significantly increased premiums in the motor classes of the R+V direct insurance companies had a particularly large effect, as in previous years. Moreover, premium increases were shown in the life business and the fire class. In addition, the subscribed premium volume from domestic cedents outside R+V also clearly rose, especially in the fire and accident classes.

The strategic orientation of R+V Versicherung AG on a diversified geographical risk portfolio was shown in the continued increasing importance of foreign business: due to the good development of renewal negotiations, gross premiums written in the foreign business rose by 23.0% to 978.4 m euros (2009: 795.5 m euros), so that the share of foreign business of total premiums was 71.4% (2009: 69.4%). Here significant premium increases were achieved in the reinsurance markets in the USA, South Africa and the UK, as well as in the markets attended by the Singapore branch.

With the rise in written gross premiums, written net premiums also rose by 20.7% to 1,329.0 m euros. (2009: 1,100.9 m euros). At 96.9% the retention rate remained at the high level of the previous year.

2010 was among the most loss intensive years for the insurance sector since 1980. In total about 950 natural disasters were registered. Of the largest natural disaster loss events,

PREMIUM INCOME BROKEN DOWN ACCORDING TO THE KEY INSURANCE CLASSES

	2010 Gross EUR million	2009 Gross EUR million	Change Gross %	2010 Net EUR million	2009 Net EUR million	Change Net %
Life	28.0	28.0	–0.2	11.4	16.2	–29.4
Accident	52.8	49.0	7.7	52.5	47.9	9.6
Liability	56.5	47.5	19.1	56.4	47.4	19.1
Motor	334.8	304.1	10.1	331.0	299.2	10.6
Fire	387.8	290.6	33.5	380.1	276.7	37.4
Marine & Aviation	94.2	95.2	-1.1	93.7	94.3	-0.6
Others	417.1	332.4	25.5	403.9	319.2	26.5
Total	**1,371.2**	**1,146.7**	**19.6**	**1,329.0**	**1,100.9**	**20.7**

the most significant for R+V Versicherung AG were the earthquakes in Chile and Christchurch, New Zealand, winter storm „Xynthia“, which caused massive damage mainly in Germany, France and Spain, the hail damage caused by bad weather in Australia, as well as the floods at the end of the year in Queensland. The floods in Germany and Eastern Europe as well as a storm in the Midwest of the USA also impacted the result. In total the gross major loss charges as at 31 December 2010 were 142.7 m euros, which corresponded to 10.4% of gross premiums. The reported gross loss ratio deteriorated in the reporting year in the non-life segment to 77.5% (2009: 73.9%). Compared with the previous year this resulted in a higher combined gross loss ratio of 102.6% (2009: 100.3%).

The technical result of the whole business before any changes to the equalisation provision and similar provisions fell by 26.8 m euros in the reporting year to - 36.3 m euros (2009: - 9.5 m euros). The equalisation provision and similar provisions were reinforced by 10.4 m euros (2009: 58.8 m euros), so that compared with the previous year there was a significantly better net technical result of - 46.7 m euros (2009: - 68.3 m euros) remaining.

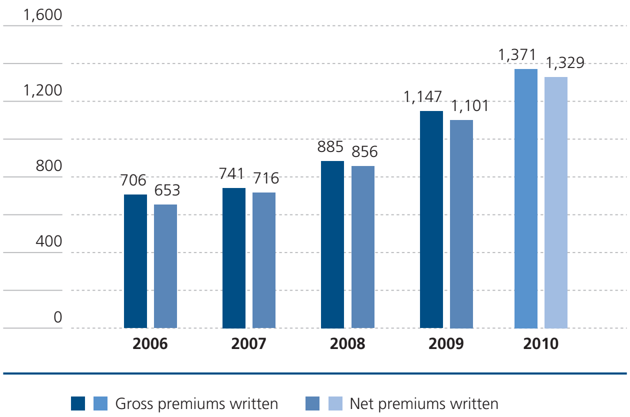
The result from capital investments amounted to 273.7 m euros in the reporting year (2009: 262.5 m euros). This was directly marked by the profit and loss transfer agreement with the two large group companies R+V Lebensversicherung AG and R+V

REINSURANCE KEY PERFORMANCE INDICATORS

EUR million	2010 Total Gross	thereof Group Gross	thereof external Gross	2009 Total Gross	thereof Group Gross	thereof external Gross
Written premiums	1,371.2	312.9	1,058.3	1,146.7	276.2	870.5
Domestic	392.7	305.7	87.0	351.3	269.7	81.6
Foreign	978.4	7.1	971.3	795.5	6.5	788.9
Claim	1,046.9	256.3	790.6	827.9	207.6	620.3
Domestic	313.9	250.6	63.3	257.1	200.1	56.9
Foreign	733.0	5.7	727.3	570.9	7.5	563.4
Costs	339.6	78.3	261.2	294.7	75.3	219.5
Domestic	96.5	74.2	22.3	92.8	71.6	21.2
Foreign	243.1	4.1	239.0	202.0	3.7	198.3
Result before equalisation provision	–28.7	–19.0	–9.7	0.5	–1.0	1.4
Domestic	–15.3	–16.6	1.2	3.3	2.2	1.2
Foreign	–13.4	–2.4	–11.0	–2.9	–3.2	0.3

PREMIUMS WRITTEN

EUR million



TOTAL BUSINESS NON-LIFE

	2008	2009	2010
Reported gross loss ratio	74.3	73.9	77.5
Gross expenses ratio	27.3	26.4	25.1
Gross combined ratio	101.6	100.3	102.6

Allgemeine Versicherung AG. Furthermore, the capital investments result includes dividends from R+V Luxembourg Lebensversicherung S.A.

The balance from other income and other expenditure improved to - 7.2 m euros.

Extraordinary income of 0.4 m euros, and extraordinary expenditure of 0.3 m euros, resulted from a changed valuation of pension obligations.

After taking tax expenditure of 40.3 m euros into account (2009: 43.0 m euros), a net income of 176.3 m euros remained for the year (2009: 130.9 m euros).

Business developments in the individual classes

Life

Favourable loss development increases the class result

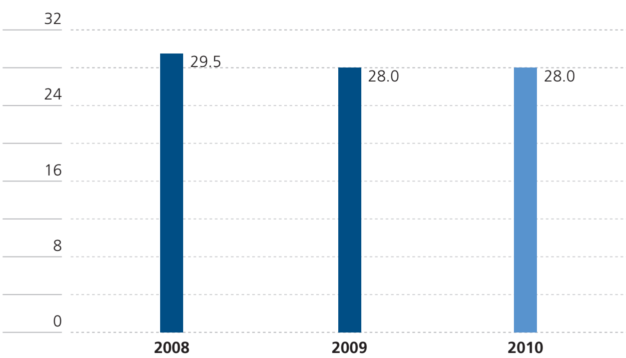
In connection with the discontinuation of active writing of life reinsurance business in 2004, the life insurance portfolio fell as scheduled by 8.2% on the previous year to 6.1 m euros. In consequence of the takeover of the premium volumes of Condor Lebensversicherungs-Aktiengesellschaft with simultaneous withdrawals from the premium portfolio, gross premium income remained at the level of the previous year at 28.0 m euros. Due to low loss payments for losses during the fiscal year as well as an improved cost situation, the class closed with a gross technical profit of 9.2 m euros (2009: 6.9 m euros).

LIFE – PORTFOLIO DEVELOPMENT

EUR million according to total insured		2010	2009
Assumed business Total insured	Capital	4,702.8	5,343.0
	Annuity	1,418.2	1,323.7
Business ceded Total insured	Capital	829.0	882.8
	Annuity	937.8	826.8
Retained business Total insured	Capital	3,873.7	4,460.1
	Annuity	480.3	496.9

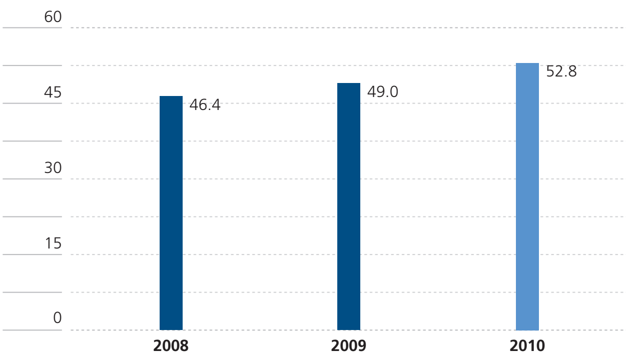
LIFE GROSS PREMIUMS

EUR million



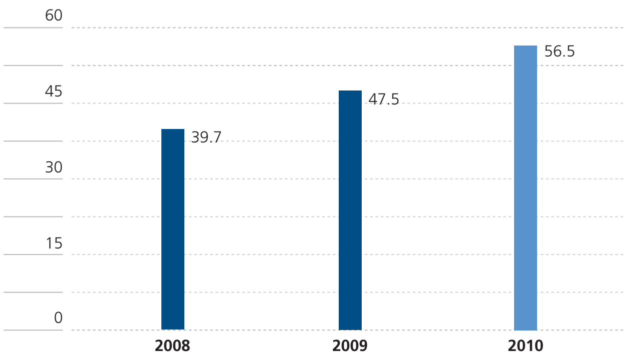
ACCIDENT GROSS PREMIUMS

EUR million



LIABILITY GROSS PRMIUMS

EUR million



ACCIDENT

	2008	2009	2010
Reported gross loss ratio	43.2	40.4	46.6
Gross expenses ratio	51.5	52.5	49.3
Gross combined ratio	94.7	92.9	95.9

LIABILITY

	2008	2009	2010
Reported gross loss ratio	77.7	62.6	86.3
Gross expenses ratio	35.5	34.9	31.9
Gross combined ratio	113.2	97.5	118.2

Accident

Claims history compensated for by premium rise

General accident insurance and motor accident insurance are pooled in the accident insurance branch. As in previous years, general accident insurance was the dominant individual class with a premium share of 99.2%. The written gross premiums rose by 7.7% in total to 52.8 m euros (2009: 49.0 m euros).

Caused by an increase in annual loss expenditure of 14.4% to 29.6 m euros, as well as the settlement result of the loss provisions carried over from the previous year that was 28.2% lower than that of the previous year, the reported gross loss ratio increased to 46.6% (2009: 40.4%).

Parallel to premium developments, gross expenditure on insurance operations rose by 1.3 m euros. After taking into account the allocation to the equalisation provision and similar provisions, which is dependent on claims history, of 2.5 m euros (2009: 5.3 m euros), the class closed with a net loss of 0.6 m euros (2009: - 2.3 m euros).

Liability

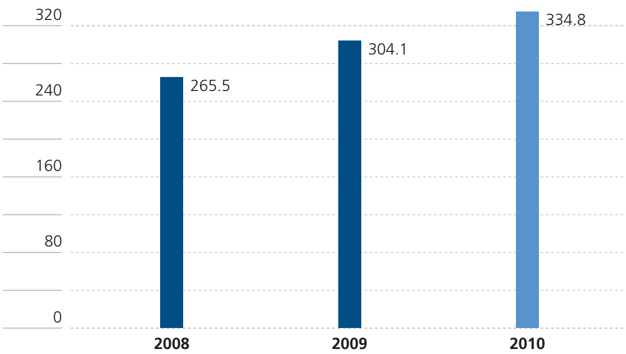
Class result at previous year's level

With gross premium volume of 56.5 m euros (2009: 47.5 m euros) the share of liability insurance of the total portfolio is relatively low at 4.1%.

Due to the significant increase in loss expenditure in the previous year the reported loss ratio increased to 86.3% (2009: 62.6%) The gross expenses ratio improved as a result of the

MOTOR GROSS PREMIUMS

EUR million



MOTOR

	2008	2009	2010
Reported gross loss ratio	91.3	86.8	88.8
Gross expenses ratio	19.3	19.8	18.9
Gross combined ratio	110.6	106.5	107.7

disproportionately low increase in expenditure on insurance operations to 31.9% (2009: 34.9%). The gross combined ratio was 118.2% after standing at 97.5% in the previous year.

The technical result of the class closed with a net loss before equalisation provision and similar provisions of 10.1 m euros (2009: + 1.3 m euros). After a withdrawal of 3.8 m euros (2009: transfer of 7.9 m euros) from the equalisation provision and similar provisions, this resulted in a technical result of - 6.3 m euros (2009: - 6.6 m euros).

Motor

Positive premium development compensates rise in losses

Motor insurance, which underwrites business worldwide, is among the target classes of R+V Versicherung AG, with a share of 24.4% of written gross premiums. Over two thirds (68.2%) of premium volume in this class is contributed by companies within the R+V Group, which profit from their strong domestic market share. R+V was able to assert itself against the competition again in 2010 and achieved premium growth of 10.1% in total to 334.8 m euros (2009: 304.1 m euros) in this class. Growth in the domestic market was 15.4%.

The fiscal year loss ratio rose to 96.5% (2009: 90.0%). This was caused in particular by the business assumed from direct insurers within the R+V Group, which was marked by increased loss frequency and the long lasting winter period. However, this development is compensated in part by an improvement of the settlement result from the previous year, so that the reported gross loss ratio at 88.8% is only slightly above the previous year's value (2009: 86.8%).

In connection with the increased operating expenses of 63.0 m euros (2009: 60.0 m euros), the own account class result fell on the previous year by 6.6 m euros to -30.8 m euros (2009: - 24.2 m euros). A transfer to the equalisation provision and similar provisions of 2.9 m euros (2009: 8.2 m euros) was made; the own account technical result was - 33.7 m euros (2009: - 32.5 m euros).

Fire

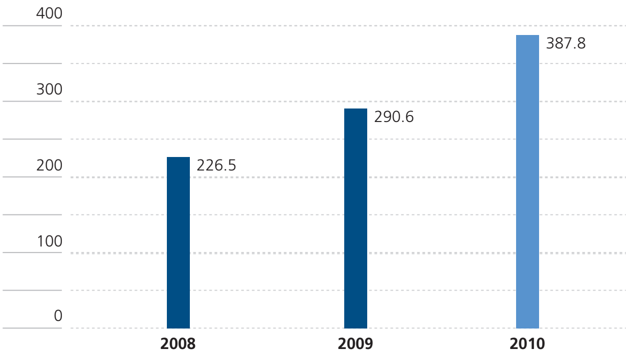
Significant premium increases once again

As a result of the positive renewals rounds written premiums increased to 387.8 m euros (2009: 290.6 m euros). Fire insurance business was largely assumed by cedents from outside the R+V Group. 351.4 m euros were accounted for by the foreign market, or 90.6% of gross premiums.

Fire insurance was affected by major losses of 135.3 m euros in the fiscal year. These resulted from various loss events due to hurricanes, earthquakes, floods and hail storms. The reported gross loss ratio rose to 93.8% (2009: 70.3%). Including expenditure on insurance operations, this resulted in a gross combined ratio of 119.5% (2009: 97.7%). During the reporting year the class closed with an own account technical

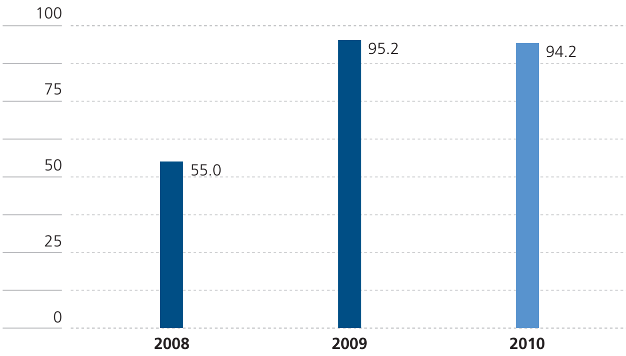
FIRE GROSS PREMIUMS

EUR million



MARINE & AVIATION GROSS PREMIUMS

EUR million



FIRE

	2008	2009	2010
Reported gross loss ratio	67.6	70.3	93.8
Gross expenses ratio	29.3	27.4	25.7
Gross combined ratio	96.8	97.7	119.5

MARINE AND AVIATION

	2008	2009	2010
Reported gross loss ratio	60.6	65.0	72.7
Gross expenses ratio	28.7	23.9	22.4
Gross combined ratio	89.3	88.9	95.1

loss of 66.6 m euros (2009: + 8.2 m euros) prior to equalisation provisions. After withdrawal from the equalisation provision and similar provisions of 62.3 m euros (2009: transfer 16.4 m euros), this resulted in an improved technical result of - 4.3 m euros (2009: - 8.2 m euros).

Marine and aviation

Improved own account result once again

Written gross premiums in the marine and aviation business amounted to 94.2 m euros in the reporting year (2009: 95.2 m euros) and thus at the level of the previous year. A decline in the marine sector of 8.5% to 47.0 m euros was compensated in aviation by increased premiums of 47.2 m euros (2009: 43.8 m euros). The most important markets according to premium volumes were Italy for marine and the USA for aviation.

The reported loss ratio rose in comparison to the previous year to 72.7% (2009: 65.0%). By including the gross expenses ratio, which fell to 22.4% (2009: 23.9%), the class closed with an own account technical profit of 5.7 m euros (2009: 9.6 m euros). 6.9 m euros (2009: 15.7 m euros) were allocated to the equalisation provision and similar provisions. This left a net result of - 1.2 m euros (2009: - 6.1 m euros).

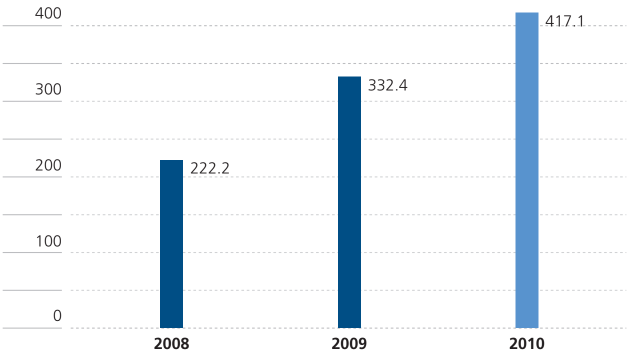
Other classes

Double digit premium growth again

The classes health, legal protection, comprehensive home contents insurance and residential buildings insurance, other property insurance, other insurance, as well as credit and bond insurance, are reported under other insurance. The category of other property insurance combines the classes burglary and theft, engineering, water damage, glass, storm, hail and live-

OTHER INSURANCE CLASSES GROSS PREMIUMS

EUR million



OTHER CLASSES

	2008	2009	2010
Reported gross loss ratio	69.6	74.2	56.8
Gross expenses ratio	28.3	27.3	26.3
Gross combined ratio	97.9	101.5	83.1

stock insurance. Other insurance includes the classes all-risks and fidelity losses as well as nuclear facility property insurance.

With an increase in premiums of 25.5% to 417.1 m euros (2009: 332.4 m euros) the Other insurance class once again recorded an impressive development. Within the other insurance classes, premium growth in credit and bond insurance dominated, amounting to 34.1%. Written gross premiums increased to 171.8 m euros (2009: 128.1 m euros). A further growth impulse came from storm insurance, where written premiums increased by 30.5% to 135.2 m euros (2009: 103.6 m euros).

On the loss side the individual insurance classes showed a varied development. There were significant loss improvements in storm and in hail insurance, where loss expenditure declined by 10.0 m euros and 8.3 m euros respectively. The gross fiscal year loss ratio in storm insurance improved to 56.8% (2009: 78.5%) and in hail insurance to 43.2% (2009: 51.2%) The reported gross loss ratio also fell to 49.4% (2009: 75.0%) in storm insurance and to 44.0% (2009: 70.1%) in hail insurance.

After having been affected by the consequences of the international economic crisis in the previous year, the reported gross loss ratio in credit and bond insurance improved by 20.9% to 62.7% (2009: 83.6%) in the reporting year.

All in all, after changes in the equalisation provision and similar provisions, the other insurance classes recorded an own account technical result of - 4.7 m euros (2009: - 16.6 m euros).

Summary appraisal of the course of business

R+V Versicherung AG continued its positive development in 2010 and selectively expanded its business. Premium income rose by 19.6% in comparison to the previous year. This was caused by both the strengthening of the market share of the R+V Group companies as well as the successful policy renewals for 2010. Although the reporting year was in turn affected by some major losses, primarily in connection with natural disasters, R+V Versicherung AG profited from its balanced portfolio in conjunction with its risk sensitive and profit-oriented underwriting guidelines.

The reported gross expenditure ratio improved on the previous year. Overall there was a clearly lower own account technical loss compared with the previous year. The equalisation provision was reinforced again in line with claims history.

The capital investment result was 4.3% above the value of the previous period.

Overall, in 2010 R+V Versicherung AG generated net income of 176.3 m euros, which was 45.4 m euros above the previous year's value.

The quality standards in underwriting, pricing and loss management that the company applies when underwriting reinsurance business form the most important basis for securing the permanent success of R+V Versicherung AG. The internal risk management and control system supports the company's management and guarantees that risks are recognised and avoided. The great efficiency, qualification and motivation of the staff are also important factors for the success of the company.

Profitability

Technical results

The technical gross result fell by 29.2 m euros in comparison with the previous year to - 28.7 m euros (2009: + 0.5 m euros). After taking the retrocession into account, this results in an own account technical result of - 36.3 m euros, which was well below the level of the previous year (2009: - 9.5 m euros). The equalisation provision and similar provisions were reinforced by a transfer of 10.4 m euros (2009: 58.8 m euros). The own account technical result improved to - 46.7 m euros (2009: - 68.3 m euros). This technical loss particularly resulted from the classes motor liability in the amount of - 22.6 m euros (2009: - 23.1 m euros) and liability in the amount of - 6.3 m euros (2009: - 6.6 m euros).

Capital investment result

R+V Versicherung AG generated regular income of 276.3 m euros from its capital investments. After the deduction of orderly expenditure of 3.8 m euros, this results in an orderly result of 272.5 m euros, which is thus above the previous year's result of 258.1 m euros.

The situation on the bond market was extensively marked by the crisis triggered by high government debt in some countries in southern Europe and in Ireland. The consequences of the sovereign debt crisis were credit rating downgrades of the affected states by the rating agencies. Against this overall economic background, write downs of R+V Versicherung AG capital investments of only a low level of 5.9 m euros were necessary. Due to the high quality of investments in interest bearing securities, only negligible interest losses were posed in the last fiscal year. R+V Versicherung AG was not affected by any capital losses. Due to value recoveries of earlier write downs, 0.9 m euros were attributed. After balancing the write downs and write ups as well as the disposal profits and losses, this resulted in an extraordinary result of R+V Versicherung AG in the amount of - 5.0 m euros.

The net results from capital investments from the total of the orderly and extraordinary result contribution were thus 267.5 m euros for the 2010 fiscal year compared with 256.7 m euros in the previous year. The net interest yield was 8.4% compared with 9.1% in the previous year.

Other earnings and expenditure

Other earnings amounted to 31.9 m euros in the reporting year (2009: 27.2 m euros). Services and interest income formed a significant proportion of this.

Other expenditure fell to 39.0 m euros (2009: 44.9 m euros). This is largely attributable to reduced effects from outsourcing pension obligations of 0.6 m euros (2009: 6.2 m euros).

The result from foreign currency conversions amounted to 0.4 m euros (2009: - 9.2 m euros).

Extraordinary result

As a result of the revaluation of pension obligations and other provisions in accordance with BilMoG, extraordinary earnings of 0.4 m euros were generated, compared with extraordinary expenditure of 0.3 m euros.

Overall result

Overall the result from normal business activities improved by 24.5% to 216.4 m euros (2009: 173.9 m euros). After taking tax expenditure of 40.3 euros into account (2009: 43.0 m euros), this resulted in net income of 176.3 m euros (2009: 130.9 m euros).

From the 2010 net income, 88.1 m euros were transferred to retained earnings and 88.1 m euros were reported as net retained profits.

It is proposed to the Annual General Meeting to utilise 84.6 m euros from the net income for the payment of a dividend of 6.90 euros per individual share certificate and to allocate the remaining amount of 3.5 m euros to reserves.

Financial situation

Capital structure

On the reporting date the shareholders' equity of R+V Versicherung AG increased to 1,835.6 m euros (2009: 1,744.0 m euros).

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

R+V Versicherung AG also subjected itself to an annual Group rating by Standard & Poor's in 2010. As in previous years the company received the very good rating of A+. Against the background of this evaluation of its financial strength, R+V is in a position to profit from the business opportunities it is offered to an above average extent.

Guarantee funds rose by 461.9 m euros to 3,837.9 m euros compared with the previous year. Despite the strong growth of the company, the guarantee fund ratio remained at a high level of 288.8% (2009: 306.7%) The shareholders' equity ratio amounted to 138.1% (2009: 158.4%).

Assets situation

Capital investments portfolio

There was a divided picture in European equity markets in the 2010 fiscal year. While the DAX posted a clear plus, the Euro Stoxx 50 fell over the course of the year. On the bond market the interest level measured by yields on 10-year Federal Government Bonds fell by about 50 basis points to a level of 3.0% from 1 January to 31 December 2010.

In this capital market environment the capital investments of R+V Versicherung AG posted strong growth of 376.2 m euros (+ 12.5%) for the 2010 fiscal year. Thus the capital investment portfolio had a value of 3,387.2 m euros to 31 December 2010. At 57.7% the capital investments of the company are largely invested in affiliated companies and holdings. The funds available for new investment were predominantly invested in interest bearing securities. In doing so, investments were made in government bonds, Pfandbriefe [German covered bonds] and corporate bonds and thus widely diversified. In order to minimise the risk of default, attention was paid to the good creditworthiness of the issuers for all interest securities. Furthermore, R+V Versicherung AG participated in an increase of capital stock of R+V KOMPOSIT Holding GmbH, R+V Personen Holding GmbH and R+V Service Holding GmbH, as well as Assimoco S.p.A. and Finassimoco S.p.A..

The reserve ratio relating to total capital investments was above the previous year's value of 51.4%, amounting to 59.5% as of 31 December 2010. At the end of 2010 R+V Versicherung AG did not have any hidden losses in the capital investments allocated to assets in accordance with § 341b Section 2 HGB (German Commercial Code).

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

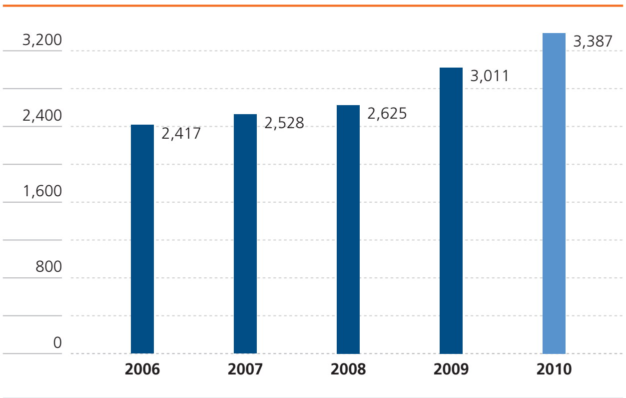
Technical provisions

The technical gross provisions rose by 21.7% on the previous year to 2,081.2 m euros (2009: 1,710.0 m euros). After deducting the shares due on the reinsurers, the net technical provisions amounted to 2,002.3 m euros (2009: 1,632.0 m euros). Based on the own account premiums written this was equivalent to a ratio of 150.7% (2009: 148.2%).

GUARANTEE FUNDS

EUR million	2010	2009
Share capital	318.5	318.5
Capital reserves	1,278.4	1,278.4
Retained earnings	150.6	62.5
Net retained profits	88.1	84.6
Shareholders' equity	**1,835.6**	**1,744.0**
Unearned premium reserves	137.3	112.9
Actuarial reserves	39.6	41.9
Provision for outstanding claims	1,423.6	1,085.3
Provision for premium funds	2.2	2.8
Equalisation provision and similar provisions	398.8	388.4
Other technical provisions	0.7	0.7
Total technical provisions	2,002.3	1,632.0
Guarantee funds	**3,837.9**	**3,376.0**

DEVELOPMENT OF THE CAPITAL INVESTMENTS*



* without deposit claims

By far the largest share of the net technical provisions was formed by the provisions for outstanding claims. Their volume rose by 29.5% to 1,423.6 m euros (2009: 1,085.3 m euros). They encompass 34.4% (2009: 29.5%) of the total balance sheet and are covered by the capital investments, deposit and settlement receivables as well as the reinsurers' share of the technical provisions.

The equalisation provision and similar provisions were reinforced by a transfer of 10.4 m euros to total 398.8 m euros.

Supplementary report

As a reinsurer acting worldwide, R+V Versicherung AG is affected by the earthquake disaster that occurred in Christchurch, New Zealand on 22 February 2011. It is not currently possible to make any statements about the exact extent of the damage. According to current knowledge the assets, financial and earnings situation will not be significantly affected, taken into account the equalisation provision.

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

Risk report

Risk management process

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

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

The principles of the R+V risk management system are based on the agreed R+V risk strategy that is to be updated annually. The control of risks is documented in the Group Risk Handbook with extensive presentations of methods, processes and responsibilities. A basic principle of the risk organisation is the separation of risk monitoring and risk responsibility. The role of building up those responsible for risk positions is separated, in personnel and organisational terms, from the independent risk controlling role.

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

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

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

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

A risk inventory is carried out once a year. The purpose of the risk inventory is reviewing and documenting all known individual and cumulative risks. Furthermore, the indicators and threshold values used are also reviewed.

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

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

The tried and tested emergency management system of R+V has been successively expanded using the risk management organisation to become a holistic business continuity management system, supplemented by a central coordination role.

A committee with the crisis managers responsible for IT, buildings and personnel provides support on specialist issues. It also networks emergency management activities at R+V and reports to the R+V risk conference on significant findings and on the emergency exercises carried out.

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

Technical risks

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

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

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

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

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

Risk reduction measures are utilised. The management of insurance excesses and of retrocession is done taking risk bearing capacity and the effective retrocession costs into account. There are minimum credit worthiness requirements for retrocessionaires.

Loss development in 2010 was characterised by a strong impact from large losses. The largest losses resulted primarily from natural disasters, such as the loss events from the earthquake in Chile, Christchurch in New Zealand, the flood disaster in Australia and the winter storm „Xynthia" in Europe. In addition, the equalisation provision serves to compensate accidental fluctuations in the loss area over the course of time.

Financial instrument risks

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

Compliance with investment regulations and investment principles and regulations under supervisory law at R+V is ensured by qualified asset management, appropriate internal capital investment guidelines and control procedures, a far-sighted investment policy and organisational measures. R+V applies continual supplements and refinements to its risk assessment and evaluation instruments for new investments and the observation of the investment portfolio. This is done in order to meet any changes on the capital markets and to recognise, limit or avoid any risks early. In the reporting year these measures included refinements to the limit system according to countries and issuers, developing an in-house credit research system with reference to issuer creditworthiness beyond the published rating, analyses of portfolio coupon development and a detailed assessment of external investment managers when issuing new mandates.

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

Underlying transactions with a nominal value of 26 m euros and hedging transactions with a nominal value of 26 m euros to hedge interest rate change risks were included in accounting groups in the form of micro-hedges. Because all the important factors determining value between the underlying transactions to be hedged and the parts of the hedging instruments providing security (face value, term, currency) are in accordance, in future a full, opposite change in value of underlying and hedging transactions related to the hedged risk can also be assumed (critical term match). No transactions where a high probability is expected were included in an evaluation unit.

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

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

Market risk

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

In the past fiscal year the capital investments of R+V Versicherung AG posted losses of interest only to a negligible extent. No losses of capital were recorded.

In order to measure possible market risks to its capital investments, R+V Versicherung AG carried out scenario analyses on the accounting date 31 December 2010 under the following assumptions: the effects of a 20% price fall of the current market value was simulated for equities held directly and through funds.

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

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

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

Credit risk

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

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

The maximum credit risk of the portfolio is determined quarterly and compared with the upper loss limited stipulated for the credit risk. Counterparty risks are additionally restricted using a limit system. More than 95% (2009: 95%) of the investments in fixed interest securities have a Standard & Poor's Rating or „A" or better; more than 82% (2009: 81%) have an „AA" or better rating.

As of 31 December 2010 R+V Versicherung AG held Portuguese, Italian, Irish, Greek and Spanish government bonds directly and indirectly:

MARKET VALUES

EUR million	2010
Greece	4.7
Ireland	9.2
Italy	18.1
Portugal	2.7
Spain	45.5

According to the current political situation, R+V Versicherung AG is assuming that the EU and IMF bail-out funds, as well as the ECB's policies, will guarantee a refinancing of the crisis countries and their banks for all five countries. The directly held bearer securities from the five states were nevertheless valued using the strict lower of cost or market principle. This resulted in write downs of 0.7 m euros in total.

The total of all investments in banks made by R+V Versicherung AG amounted to 770 m euros. At 48.9%, these investments are largely securities for which there is special cover for collateralisation. 56.7% of these investments are also primarily invested in German banks. The remaining 43.3% relate almost exclusively to EEA institutions.

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

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

The liquidity of R+V companies is centrally controlled. An integrated simulation for portfolio and success development in the capital investment area and for the development of cash flow is carried out for all R+V companies as part of the multi-year planning.

The basis of this control is the forecast development of all important cash flows from the technical business, capital investments and general administration. The satisfaction of liquidity requirements under supervisory law is continually reviewed within the framework of new investment.

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

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

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

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

Particular importance is attached to a balanced portfolio with regards to geographical dispersion, as well as a mix of classes, in order to achieve a good level of diversification.

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

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

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

Operational risks

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

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

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

R+V has a Compliance Organisation with sub-sections responsible for cartel law, money laundering/boycott lists, data protection, foreign trade regulations, insider trading, theft, fraudulent activities, principles of conduct in business transactions and the German General Equal Treatment Act.

In the Compliance Conference, which is chaired by the Compliance Officer of R+V, those responsible for specific issues report on significant incidents within R+V. In addition to reporting to the Risk Conference, the R+V Compliance Officer also reports directly to the Chairman of the Board of Management.

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

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

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

On the basis of the staff survey in 2009, action areas for staff retention and staff commitment were identified and measures were initiated further to improve personnel management.

Broad vocational education, the offer of courses of study integrated with employment and attractive trainee programmes guarantee support for up and coming talent.

Strategic risk

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

The control of strategic risk is based on the far-sighted assessment of factors in success and on deriving target variables for the corporate departments of R+V. Strategic planning is carried out at the level of individual companies and the Consolidated Group within the context of the annual strategic planning process. R+V counters strategic risk by dealing with strategic planning and other important strategic issues in the Board of Management conference meeting. The implementation of decisions is followed up regularly. Moreover, the links between the strategic decision making process and risk management are regulated in terms of organisation.

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

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

Reputation risk

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

The retention or improvement of the positive image of the R+V in the genossenschaftlichen FinanzGruppe organisation (the cooperative group) and in public is an important aim of corporate policy.

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

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

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

Risk bearing capacity

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

The risk bearing capacity of R+V Versicherung AG under supervisory law exceeded the minimum solvency margin as of 31 December 2010. Capital resources that are subject to approval are not taken into account when calculating the solvency ratio.

On the basis of the capital market scenarios applied within the context of internal planning, it can be seen that the solvency ratio of R+V Versicherung AG will also be higher than minimum statutory requirements as of 31 December 2011.

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

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

Solvency II

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

The Solvency II directive of the European Parliament and the Council of Europe was adopted on 25 November 2009. It is set to be implemented in national law by 2013.

Through internal projects and working groups and cooperation with the working groups of the GDV (German Insurance Association) and BaFin (German Financial Supervisory Authority), R+V has adjusted to future challenges and has thus created the foundations for the successful implementation of the requirements arising from Solvency II. This includes active participation in studies into the effects of Solvency II (QIS) within the framework of the Solvency II project.

Summary of the risk situation

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

The developments on the financial markets and new solvency requirements as a result of developments under supervisory law have increased the need for reinsurance and have thus opened up an attractive market environment for R+V Versicherung AG in 2011 with additional business opportunities.

Apart from the continued uncertain situation on the capital markets, from our point of view no further developments can be recognised that would sustainably impair the assets, financial and earnings situation of R+V Versicherung AG.

Forecast

Caveat for statements about the future

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

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

Macroeconomic development

Experts expect the recovery to continue in 2011, if not at the same pace as before. In its annual survey of November 2010, the German Council of Experts forecast a rise in real gross domestic product of 2.2%.

A forecast for the insurance sector is difficult primarily for life insurance. There the naturally very volatile one-off premium business will play an important role. If it declines this could also lead to a fall in premium income for life insurers overall, according to the GDV in its business forecast in November 2010. The GDV expects a slight plus in property and accident insurance, to which motor insurance will probably once again contribute. According to association information, premium growth at the previous year's level is expected in health insurance. Reinsurance also remains a promising area of business.

Developments on the capital markets

Developments on the capital markets in 2011 will be characterised by dealing with the extraordinary money and fiscal policy measures taken in the large industrial states, by increasing inflation in developing and emerging countries and the further solution of the sovereign debt problems. The EU and IMF bail-out measures and the policies of the ECB will probably guarantee a refinancing of the euro crisis countries and their banks. In addition, all European states are making serious efforts to consolidate their budgets, which is to be assessed positively.

Overall, a continued consolidation on the markets can be assumed, even when the risk of strong fluctuations remains. Interest rates are expected to remain at the current level or to rise slightly and equity markets will also be slightly rising.

R+V is orienting its capital investment strategy on security, liquidity and yield. This also includes explicit risk management, including setting issuer limits. The portfolios are widely diversified. At a share of the portfolio of less than 5%, bonds from all euro crisis countries are weighted below average at R+V.

The high proportion of fixed interest securities with good creditworthiness in the capital investment portfolio ensures that technical obligations can be met at all times. Opportunities in the credit markets will be used, whereby attention will be paid to the high quality of securities and a wide distribution of credit risks. Equity commitments will be made according to market conditions and will be slightly increased if risk bearing capacity is appropriate.

This long term investment strategy, which is oriented on security, combined with modern risk management, will also determine the course set in 2011. The requirements of Solvency II, which are already known, will be taken into account as far as possible.

If the capital market situation at the end of 2010 is extrapolated to 31 December 2011 retaining the method applied to identify long term value reduction used in 2010, the result from capital investments will probably make a positive contribution to the annual result at the level of the previous year.

Positive technical result expected

R+V Versicherung AG will also continue the underwriting policy oriented on profitability in 2011 and will only assume risks at appropriate prices and conditions. The quality standards for underwriting, pricing and loss management will be continually monitored and adjusted to current circumstances.

The renewal negotiations for 2011 – the main renewal for the company takes place on 1 January – once again demonstrated that R+V Versicherung AG profits from its good A+ rating and was able to set positive impulses against the background of a trend of softening in the market.

The new Solvency II regulations, which are due to come into effect at the beginning of 2013, will mean far reaching changes for direct insurers and reinsurers with respect to risk capital provisions. However, this will simultaneously influence demand for reinsurance cover, thus opening up new opportunities for R+V Versicherung AG.

The company has taken the flood disaster that occurred in Australia at the turn of the year from 2010 to 2011 as far as possible into account in the balance sheet in 2010. From current perspectives, any impact of this incident still to be expected for 2011 will probably not go beyond usual expectations of a large loss. The company is assuming premium growth and a slight increase in costs associated with premium growth. This expectation is subject to the assumption that no large loss impacts occur outside the value expected.

In the active life reinsurance segment, premium volume will fall owing to the discontinuation of the business in 2004. However, it will achieve a positive technical result.

Thank you

The Board of Management would like to thank all the staff, who have worked and acted with great commitment and care. This was the pre-requisite for the company concluding the 2010 fiscal year successfully.

The Board of Management would like to thank the representatives of the Senior Management Committee and the Works Council for their trustworthy cooperation.

We would particularly like to thank our business partners and customers for the trust they have placed in us.

Wiesbaden, 25 February 2011

The Board of Management

Appendix to the Management Report

In the period under review the company was active in the following fields of domestic and foreign reinsurance:

Life

Health

Accident

Liability

Motor

Aviation

Legal

Fire and allied perils

Burglary and theft

Water damage

Storm

Comprehensive home contents

Comprehensive home-owners

Glass

Hail

Livestock

Engineering

Marine

Credit and bonds

Business interruption

Other

Proposal on the appropriation of profits

PROPOSAL ON THE APPROPRIATION OF PROFITS	
Net retained profits for the fiscal year amount to	**€ 88,125,895.00**
We propose to the Annual General Meeting that the net retained profits be used as follows:	
6.90 EUR dividend per individual share on 12,264,000 units	€ 84,621,600.00
Allocation to other profit reserves	€ 3,504,295.00
	€ 88,125,895.00

Annual Financial Statements 2010

Balance sheet
as of 31 December 2010*

ASSETS

in EUR				2010	2009
A. Unpaid contributions to subscribed capital				—,—	–
B. Intangible assets					
I. Internally produced copyrights and similar rights and values			—,—		–
II. Concessions acquired for consideration, commercial copyrights and similar rights and values and licences to such rights and values			—,—		138
III. Goodwill			—,—		–
IV. Advance payments			—,—		–
				—,—	**138**
C. Capital assets					
I. Land, similar rights and buildings including buildings on third party land			3,512,238.17		3,579,622
II. Capital investments in affiliated companies and holdings					
1. Shares in affiliated companies		1,954,295,263.62			1,828,659,506
2. Loans to affiliated companies		154,854,415.46			151,595,954
3. Holdings		1,036,630.74			1,366,730
4. Loans to associated companies		—,—	2,110,186,309.82		30,000,000
III. Other capital assets					
1. Shares, investment certificates and other variable yield securities		197,042,893.40			91,285,673
2. Bearer bonds and other fixed interest securities		425,390,053.74			288,696,251
3. Receivables from mortgages, land charges and annuity land charges		—,—			–
4. Other loans					
a) Registered bonds	349,064,594.06				317,064,594
b) Bonded debt receivables and loans	295,242,106.93				290,242,107
c) Loans and advance payments on insurance policies	—,—				–
d) Miscellaneous loans	—,—	644,306,700.99			–
5. Deposits at banks		6,610,723.73			8,403,849
6. Other capital assets		118,365.01	1,273,468,736.87		71,365
IV. Deposits with ceding undertakings			204,820,575.92		241,452,450
				3,591,987,860.78	**3,252,418,102**
D. Capital investments for the account and risk of holders of life insurance policies				—,—	–

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

in EUR					2010	2009
E. Receivables						
I. Receivables from direct insurance business						
1. Policyholders			—,—			–
2. Insurance brokers			—,—			–
3. Member and funding companies			—,—	—,—		–
II. Settlement receivables from reinsurance business				138,866,734.91		105,863,175
Thereof due from:						
Affiliated companies	€ 7,376,401	(€ 5,368,215)				
Associated companies	€ 370,402	(€ 412,299)				
III. Other receivables				332,517,991.95		326,817,224
Thereof due to:						
Affiliated companies	€ 242,073,586	(€ 217,358,231)				
					471,384,726.86	**432,680,399**
F. Other assets						
I. Property, plant, equipment and inventories				814,463.03		786,108
II. Cash at banks, cheques and cash in hand				36,531,721.93		67,039,315
III. Other assets				5,163,521.41		49,775
					42,509,706.37	**67,875,198**
G. Accruals						
I. Accrued interest and rents				24,590,428.04		22,159,236
II. Other accruals				6,804,090.17		8,128,572
					31,394,518.21	**30,287,809**
H. Deferred tax assets					**—,—**	**–**
I. Asset balance arising from offsetting					**2,554,840.04**	**–**
K. Deficit not covered by shareholders' equity					**—,—**	**–**
					4,139,831,652.26	**3,783,261,646**

LIABILITIES

in EUR					2010	2009
A. Shareholders' equity						
I. Called capital						
1. Subscribed capital			318,545,454.55			318,545,455
2. Uncalled outstanding investments			—,—	318,545,454.55		–
II. Capital reserves				1,278,369,773.45		1,278,369,773
Thereof reserves in accordance with § 5 Section 5 No. 3 VAG:	€–	(€–)				
III. Retained earnings						
1. Statutory reserves			—,—			–
2. Reserves for shareholdings			—,—			–
3. Reserves according to articles of association			—,—			–
4. Other retained earnings			150,592,799.80	150,592,799.80		62,467,000
IV. Net retained profits				88,125,895.00		84,621,600
Thereof profits carried forward:	€–	(€–)				–
					1,835,633,922.80	**1,744,003,828**
B. Profit participation capital					—,—	–
C. Subordinated liabilities					—,—	–
E. Technical provisions						
I. Unearned premium reserve						
1. Gross			140,601,102.52			114,927,024
2. Thereof: less reinsurance amount			3,275,477.39	137,325,625.13		2,022,943
II. Actuarial reserves						
1. Gross			80,687,410.98			86,363,437
2. Thereof: less reinsurance amount			41,090,195.97	39,597,215.01		44,433,241
III. Provision for outstanding claims						
1. Gross			1,458,185,250.02			1,116,875,342
2. Thereof: less reinsurance amount			34,560,543.19	1,423,624,706.83		31,622,119
IV. Provisions for performance based and non-performance based premium refund						
1. Gross			2,247,497.00			2,764,447
2. Thereof: less reinsurance amount			—,—	2,247,497.00		
V. Equalisation provision and similar provisions				398,834,145.00		388,415,130
VI. Other actuarial provisions						
1. Gross			650,202.12			715,674
2. Thereof: less reinsurance amount			—,—	650.202.12		179
					2,002,279,391.09	**1,631,982,571**
F. Life insurance actuarial provisions insofar investment risk is borne by policyholder					—,—	–

in EUR					2010	2009
G. Other provisions						
I. Provisions for pensions and similar obligations				107,674.16		11,108,635
II. Tax provisions				10,452,483.81		58,195,006
III. Other provisions				12,686,086.17		18,345,500
					23,246,244.14	**87,649,142**
H. Deposit liabilities received from reinsurers					**47,619,359.02**	**50,466,385**
I. Other liabilities						
I. Creditors from direct insurance operations:						
1. Policyholders			—,—			–
2. Insurance brokers			—,—			–
3. Member and funding companies			—,—	—,—		–
II. Settlement liabilities from reinsurance business				194,260,799.19		184,018,620
Thereof due to:						
Affiliated companies	€ 23,141,311	(€ 13,485,635)				
Associated companies	€ 829,800	(€–)				
III. Bonds				23,760,851.72		23,196,981
Thereof convertible:	€–	(€–)				
IV. Liabilities to banks				—,—		–
V. Other liabilities				9,219,143.41		56,308,058
Thereof:						
From taxes	€ 540,594	(€ 515,386)				
Social security	€ 156,230	(€ 187,106)				
Due to:						
Affiliated companies	€ 2,935,196	(€ 49,839,650)				
					227,240,794.32	**263,523,658**
K. Deferred income					**3,811,940.89**	**5,636,062**
H. Deferred tax liabilities					**—,—**	**–**
					4,139,831,652.26	**3,783,261,646**

Income statement

for the period 1 January to 31 December 2010*

INCOME STATEMENT

in EUR			2010	2009
I. Actuarial account				
1. Premiums earned for own account				
a) Gross premiums written	1,371,189,264.76			1,146,732,629
b) Reinsurance premiums ceded	42,155,237.50			45,823,696
		1,329,034,027.26		
c) Change in gross unearned premium reserve	–20,052,783.38			–29,595,024
d) Change in gross unearned premium reserve - reinsurer's share	–1,273,254.44			243,254
		–18,779,528.94		
			1,310,254,498.32	**1,071,070,656**
2. Technical interest income for own account			**1,727,236.64**	**767,595**
3. Other actuarial earnings for own account			**—,—**	**28,624**
4. Expenditure on claims for own account				
a) Payments for claims				
aa) Gross	735,575,708.66			640,490,808
bb) Reinsurers' share	27,935,098.35			28,977,197
		707,640,610.31		
b) Change in provision for outstanding claims				
aa) Gross	311,356,060.23			187,431,701
bb) Reinsurers' share	2,792,770.79			3,402,600
		308,563,289.44		
			1,016,203,899.75	**795,542,712**
5. Change in other actuarial net provisions			**3,160,353.61**	**2,737,709**
6. Expenditure on performance based and non-performance based premium refunds for own account			**1,891,843.33**	**2,005,043**
7. Expenditure on insurance operations for own account				
a) Gross expenditure on insurance operations		339,560,021.16		294,720,034
b) Thereof:				
Reinsurance commissions and profit participations received		7,612,111.06		9,505,512
			331,947,910.10	**285,214,522**
8. Other actuarial earnings for own account			**1,405,229.54**	**1,335,895**
9. Subtotal			**–36,306,794.15**	**–9,493,587**
10. Change to equalisation provision and similar provisions			**–10,419,015.00**	**–58,848,131**
11. Actuarial result for own account			**-46,725,809.15**	**-68,341,718**

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

in EUR				2010	2009
II. Non-actuarial account					
1. Investment income					
a) Income from associates		35,776,975.89			656,093
thereof from affiliated companies:					
€ 35,632,906 (€ 618,729)					
b) Miscellaneous investment income					
thereof from affiliated companies:					
€ 6,417,902 (€ 9,908,920)					
aa) Income from land, similar rights and buildings including buildings on third party land	621,366.32				774,856
bb) Miscellaneous investment income	53,077,316.64				53,598,897
		53,698,682.96			
a) Income from write ups		917,940.04			7,737,566
d) Realised gains on investments		129,432.11			5,960,446
e) Income from profit pooling, profit and loss transfer agreement and partial profit and loss transfer agreements		193,088,872.33			214,832,054
			283,611,903.33		283,559,911
2. Investment expenditure					
a) Investment management expenditure, interest expenditure and other investment expenditure		3,778,832.84			4,394,999
b) Write downs on investments		6,002,507.28			13,647,828
c) Realised losses on investments		92,609.98			1,507,489
d) Expenditure on losses assumed		—,—			1,468,921
			9,873,950.10		21,019,236
			273,737,953.23		262,540,675
3. Technical interest income			–3,418,304.37		–2,606,149
				270,319,648.86	**259,934,526**
4. Other income			31,881,982.10		27,213,217
5. Other expenditure			39,046,881.72		44,922,229
				–7,164,899.62	**–17,709,012**
6. Non-actuarial result				**263,154,749.24**	**242,225,514**
7. Result from normal activities				**216,428,940.09**	**173,883,797**
8. Extraordinary income			430,507.00		–
9. Extraordinary expenditure			272,983.00		–
10. Extraordinary result				**157,524.00**	**–**

in EUR				2010	2009
11. Taxes on income and earnings			40,267,966.38		42,850,244
Thereof:					
Allocation within consolidated entity	€ –67,068,905	(€ –39,434,400)			
12. Other taxes			66,802.71		146,269
Thereof:					
Allocation within consolidated entity	€ 1,065,036	(€ -533,315)			
				40,334,769.09	**42,996,513**
13. Income from losses assumed			—,—		–
14. Profits transferred as a result of profit pooling, a profit and loss transfer agreement or a partial profit and loss transfer agreement			—,—		–
				—,—	–
15. Net income for the year				**176,251,695.00**	**130,887,284**
16. Retained profits brought forward from previous year				—,—	–
17. Withdrawals from capital reserves				—,—	–
18. Withdrawals from retained earnings					
a) from statutory reserve			—,—		–
b) from reserves in shares in a controlling company or one with a majority interest			—,—		–
c) from reserves according to articles of association			—,—		–
d) from other retained earnings			—,—		–
				—,—	–
19. Withdrawals from participation certificates				—,—	–
20. Transfers to reserves					
a) to statutory reserve			—,—		–
b) to reserves in shares in a controlling company or one with a majority interest			—,—		–
c) to reserves according to articles of association			—,—		–
d) to other retained earnings			88,125,800.00		46,265,684
				88,125,800.00	**46,265,684**
21. Transfer to participation certificates				—,—	–
22. Net retained profits				**88,125,895.00**	**84,621,600**

Notes

Accounting and valuation methods

The 2010 Annual Financial Statement of R+V Versicherung AG was prepared in accordance with the provisions of the Handelsgesetzbuch (HGB, or German Commercial Code) in the version of the Bilanzrechtsmodernisierungsgesetz (BilMoG, or German Accounting Law Modernisation Act) of 25 May 2009, the Aktiengesetz (AktG, or German Public Companies Act) and in accordance with the provisions of the Versicherungsaufsichtsgesetz (VAG, or German Insurance Supervision Law) as well as the Verordnung über die Rechnungslegung von Versicherungsunternehmen (RechVersV, or German Federal Regulations on Insurance Accounting) of 8 November 1994, last amended on 18 December 2009. The options foreseen for the transitional period in accordance with BilMoG were exercised as follows:

Due to the changed valuation of pension obligations, a transfer to reserves is necessary. R+V Versicherung AG made use of the option of Article 67 Section 1 Einführungsgesetz zum Handelsgesetzbuch (EGHGB, or Introductory Act to the German Commercial Code), which allows the transfer to be made over a maximum of 15 years. The provisions for current pensions and other obligations that are not shown in the balance sheet amount to 2.6 m euros. The transfer was accounted for under the extraordinary result.

The presentation and valuation methods have changed with the first application of BilMoG in 2010. The previous year's figures were retained unchanged under the application of Article 67 Section 8 EGHGB.

The valuation of **intangible assets** was done at acquisition costs and they were written down using the straight line method over their useful life under taxation law.

The option of activating internally produced intangible assets of fixed assets in accordance with § 248 Abs. 2 HGB was not taken.

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

Shares in affiliated companies and **holdings** as well as **other capital investments** were accounted for at acquisition costs. In the event of permanent impairment in value, these items were reduced by depreciation. The conversion of holdings held in foreign currencies was done using the average spot exchange rate valid at the point in time of the acquisition.

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

Shares, investment certificates and other variable yield securities as well as **bearer bonds and other fixed interest securities** were valued at acquisition costs, reduced by depreciation in accordance with the strict lower of cost or market principle, even if they were allocated to assets in accordance with § 341b Section 2 Clause 1 HGB.

If the reason for depreciation carried out in the past no longer exists, in accordance with § 253 Section 5 Clause 1 HGB write ups to the current value up to a maximum of the acquisition value were carried out. The euro acquisition value for securities held in foreign currencies was calculated from the security and average spot exchange rate at the time of the acquisition; the euro book value was determined from the security and average spot exchange price on the reporting date.

Other loans as well as **deposits at banks** were set at the repayment amount, insofar as no specific provisions had to be made. Deposits at banks in foreign currencies were converted at the average spot exchange rate on the reporting date.

Premiums and **discounts** were distributed pro rata to accruals and deferrals across the individual term of the respective investment. This concerns the accrual of registered bonds and bonded loans.

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

The approach used towards all **other receivables** was to set them at the face value.

Assets that were placed beyond the access of all other creditors, and which exclusively concern the fulfilment of pension provision obligations or comparable long term obligations, were valued in accordance with § 253 Section 1 HGB at their current value and offset with the corresponding debts. The interest share of the change to an asset was offset with the interest share of the corresponding obligation. The amount exceeding debts was shown in the **asset balance** arising from offsetting.

The valuation of **operating and office equipment** was done at acquisition costs and written down using the straight line method over the useful life under taxation law. Additions and disposals during the year were written down pro rata. Assets whose acquisition costs were between 150 and 1000 euros were placed in a collective item that is written down over five years, beginning with the year of formation.

R+V Versicherung AG is the controlling company of several companies of the R+V Consolidated Group in income tax terms. Due to differences between commercial and taxation accounting at controlling companies, there are income tax consequences at the controlling company. These valuation differences were taken into account at R+V Versicherung AG alongside their own latent valuation differences. For reasons of differing commercial and taxation valuation approaches to the balance sheet of R+V Versicherung AG and its controlling companies, **deferred tax assets** existed for the following items on the balance sheet as of 31 December 2010:

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

For reasons of differing commercial and taxation valuation approaches to the balance sheet of R+V Versicherung AG and its controlling companies, **deferred tax liabilities** existed for the following items on the balance sheet on 31 December 2010:

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

The valuation of deferred taxes was carried out using a tax rate of 31.08%. The resulting asset surplus of deferred taxes was not taken into account by exercising the option of § 274 Section 1 Clause 2 HGB to the reporting date.

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

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

If no information was available, the reserves were estimated. The contractual conditions and previous course of business were authoritative here. In our experience some cedents set loss reserves too low, and in these cases we carried out appropriate increases. Accordingly, appropriate provision has also been made for future loss impacts. The reinsurance share of provisions was determined in accordance with contractual agreements.

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

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

The valuation of the **provisions for pensions and similar obligations** (such as provisions for partial retirement and anniversary reserves) was made in accordance with the projected unit credit method (PUC method) in conjunction with § 253 Section 1 HGB, on the basis of the mortality tables 2005 G by Klaus Heubeck. Future developments and trends were taken into account. Interest was calculated using the average interest rate published by the Bundesbank for the past seven years with an assumed remaining term of fifteen years. The interest rate was based on the level in October 2010.

The following parameters were used:

Increases in salary:	2.50 %
Increases in pensions:	2.00 %
Fluctuation:	0.90 %
Interest rate:	5.16 %

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

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

The effects of the amendment to the valuation methods are presented in the explanations of the balance sheet and the income statement.

All other **non-technical provisions** were set at the amount payable in accordance with § 253 HGB. Interest was set at the average interest rate of the past seven years according to the remaining term, insofar as the term is more than one year. The interest rate in October 2010 was drawn on for the valuation to 31 December 2010. The expenditure and income arising from the valuation amendments are shown in the extraordinary result.

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

Currency account

All items in foreign currencies were converted into euros.

The items detailed under Assets C. Capital investments I. to III. as well as the other receivables, other liabilities, accruals and deferrals, as well as income and expenditure items resulting from these capital investments, were converted using the average spot exchange rate on the reporting date 31 December 2010. With regard to investments in associates, bearer bonds, other fixed interest securities, shares and deposits at banks please refer to the notes about these items.

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

List of shareholdings

SHARES IN AFFILIATED COMPANIES

Name and registered office of company	Group share of Capital in %	Currency	Figures for Fiscal year	Shareholders' equity €	Result €
Insurance companies					
Assimoco S.p.A., Segrate	66.8	€	2009	54,649,516	–32,856,080
Assimoco Vita S.p.A., Segrate	63.6	€	2009	69,507,827	7,450,112
CHEMIE Pensionsfonds AG, Munich	100.0	€	2010	13,667,843	328,057
Condor Allgemeine Versicherungs-AG, Hamburg	100.0	€	2010	41,761,661	– *
Condor Lebensversicherungs-AG, Hamburg	95.0	€	2010	41,187,741	5,200,000
KRAVAG-ALLGEMEINE Versicherungs-AG, Hamburg	76.0	€	2010	64,479,072	–4,853,146
KRAVAG-LOGISTIC Versicherungs-AG, Hamburg	51.0	€	2010	119,164,628	–6,838,906
OPTIMA Pensionskasse AG, Hamburg	95.0	€	2010	3,955,890	50,000
OPTIMA Versicherungs-AG, Hamburg	100.0	€	2010	17,112,784	– *
R+V Allgemeine Versicherung AG, Wiesbaden	95.0	€	2010	585,940,024	– *
R+V Direktversicherung AG, Wiesbaden	100.0	€	2010	9,500,000	– *
R+V Gruppenpensionsfonds AG, Munich	100.0	€	2010	12,090,692	0
R+V Krankenversicherung AG, Wiesbaden	100.0	€	2010	39,985,231	4,500,000
R+V Lebensversicherung AG, Wiesbaden	100.0	€	2010	366,380,723	– *
R+V Luxembourg Lebensversicherung S.A., Strassen	100.0	€	2010	224,795,111	34,993,566
R+V Pensionsfonds AG, Wiesbaden	51.0	€	2010	10,355,329	643,234
R+V Pensionskasse AG, Wiesbaden	99.0	€	2010	28,259,512	617,500
R+V Rechtsschutzversicherung AG, Wiesbaden	95.0	€	2010	30,288,615	– *
Service, holding and real estate companies					
Assimocopartner Unipersonale S.r.L., Segrate	56.8	€	2009	240,867	23,563
Aufbau und Handelsgesellschaft mbH, Hamburg	81.5	€	2009	631,599	447,774
BWG Baugesellschaft Württembergischer Genossenschaften mbH, Stuttgart	81.4	€	2009	9,926,862	– *
carexpert Kfz-Sachverständigen GmbH, Walluf	65.0	€	2010	2,680,189	2,217,589
CI CONDOR Immobilien GmbH, Hamburg	95.0	€	2010	33,715,000	– *
compertis Beratungsgesellschaft für betriebliches Vorsorgemanagement GmbH, Wiesbaden	51.0	€	2010	2,129,804	441,146

* A profit and loss transfer agreement exists.

SHARES IN AFFILIATED COMPANIES

Name and registered office of company	Group share of Capital in %	Currency	Figures for Fiscal year	Shareholders' equity €	Result €
Condor Beteiligungsgesellschaft mbH, Hamburg	95.0	€	2010	27,569	52
Condor Dienstleistungs-GmbH, Hamburg	95.0	€	2010	181,570	–5,530
Finassimoco S.p.A., Segrate	56.8	€	2009	67,512,483	–11,940,984
GbR Dortmund Westenhellweg 39-41, Wiesbaden	94.0	€	2009	41,264,984	2,719,797
GWG 1. Wohn GmbH & Co. KG, Stuttgart	90.5	€	2009	1,927,721	30,278
GWG 2. Wohn GmbH & Co. KG, Stuttgart	90.5	€	2009	2,978,084	–21,916
GWG 3. Wohn GmbH & Co. KG i. Gr. [1]), Stuttgart	90.5	€	2010	7,000,000	–
GWG Gesellschaft für Wohnungs- und Gewerbebau Baden Württemberg AG, Stuttgart	90.5	€	2009	117,142,376	9,608,815
GWG ImmoInvest GmbH, Stuttgart	85.9	€	2009	3,480,434	121,994
HANSEATICA Sechzehnte Grundbesitz Investitionsgesellschaft mbH & Co. KG, Berlin	95.0	€	2009	28,934,851	22,353
Henderson Global Investors Real Estate (No. 2) L.P., London	73.9	GBP	2009	11,811,025	709,918
HGI Immobilien GmbH & Co. GB I KG, Frankfurt am Main	73.9	€	2009	49,841,458	–7,437,087
HGI Real Estate L.P., London	73.9	GBP	2009	12,498,503	1,554,209
HumanProtect Consulting GmbH, Cologne	100.0	€	2009	229,714	113,783
Indexfinal Limited, London	73.9	GBP	2009	789	6
IZD-Beteiligung S.à.r.l. 1), Luxembourg	96.2	€	2010	13,000	–
KRAVAG Umweltschutz- und Sicherheitstechnik GmbH, Hamburg	51.0	€	2009	161,172	16,764
MDT Makler der Touristik GmbH Assekuranzmakler, Wiesbaden	67.7	€	2009	–565,968	221,089
Medico 12 GmbH & Co. KG, Frankfurt am Main	100.0	€	2009	14,892,968	–2,045,446
MSU Management-, Service- und Unternehmensberatung GmbH, Kaiserslautern	74.0	€	2009	234,894	29,286
NF Nordstrand GmbH & Co. Heidenkampsweg 100 Nord KG, Norderfriedrichskoog	89.3	€	2009	–3,424,607	–299,661
NF Nordstrand GmbH & Co. Heidenkampsweg 100 Süd KG, Norderfriedrichskoog	47.9	€	2009	–2,483,703	–267,401
PASCON GmbH,1) Wiesbaden	100.0	€	2010	25,000	–
Paul Ernst Versicherungsvermittlungsgesellschaft mbH, Hamburg	100.0	€	2009	320,642	–46,857
Pension Consult-Beratungsgesellschaft für Altersvorsorge mbH, Munich	100.0	€	2009	612,929	95,670
R+V Erste Anlage GmbH, Wiesbaden	95.0	€	2009	27,966,306	1,054,310

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

SHARES IN AFFILIATED COMPANIES

Name and registered office of company	Group share of Capital in %	Currency	Figures for Fiscal year	Shareholders' equity €	Result €
R+V Gruppenpensionsfonds Service GmbH, Munich	100.0	€	2009	25,000	0
R+V INTERNATIONAL BUSINESS SERVICES Ltd., Dublin	100.0	€	2009	4,452,785	–547,215
R+V KOMPOSIT Holding GmbH, Wiesbaden	100.0	€	2010	1,608,999,103	– *
R+V Kureck Immobilien GmbH, Wiesbaden	95.0	€	2009	124,733	2,444
R+V Leben Wohn GmbH & Co. KG, Wiesbaden	100.0	€	2010	95,946,480	3,139,480
R+V Personen Holding GmbH, Wiesbaden	100.0	€	2010	450,104,932	– *
R+V Real Estate Belgium N.V./S.A., Brussels	100.0	€	2009	1,971,574	–5,218
R+V Rechtsschutz-Schadenregulierungs-GmbH, Wiesbaden	100.0	€	2010	35,189	– *
R+V Service Center GmbH, Wiesbaden	100.0	€	2010	2,869,375	– *
R+V Service Holding GmbH, Wiesbaden	100.0	€	2010	156,730,850	– *
R+V Treuhand GmbH, Wiesbaden	100.0	€	2009	26,944	308
RUV Agenturberatungs-GmbH, Wiesbaden	100.0	€	2009	659,441	46,782
Schuster Assekuradeur GmbH, Hamburg	100.0	€	2009	115,747	7,823
Schuster Finanzdienstleistungs-GmbH, Bielefeld	98.0	€	2009	25,565	– *
Schuster Versicherungsmakler GmbH, Bielefeld	100.0	€	2009	632,009	497,924
SECURON Versicherungsmakler GmbH, Munich	51.0	€	2009	448,106	241,730
Sprint Sanierung GmbH, Cologne	100.0	€	2009	20,513,487	1,252,406
SVG-VERSICHERUNGSMAKLER GmbH, Munich	26.0	€	2009	56,342	–33,129
Tishmann Speyer Brazil Feeder (SCOTS/D), L.P., Edinburgh	97.5	€	2009	19,201,458	88,108
Tishmann Speyer European Strategic Office Fund Feeder, L.P., New York	97.2	€	2009	13,258,142	–4,198,202
UMB Unternehmens-Management-beratungs GmbH, Wiesbaden	100.0	€	2010	587,693	– *
Unterstützungskasse der Condor Versicherungsgesellschaften GmbH, Hamburg	98.3	€	2009	26,076	0
VR GbR, Frankfurt am Main	41.2	€	2009	164,784,185	26,991,366
VR Hausbau AG, Stuttgart	81.1	€	2009	2,750,000	– *
Waldhof GmbH & Co. Kommandit-gesellschaft, Hamburg	100.0	€	2009	5,747,729	241,332
Waldhof Verwaltungsgesellschaft mbH, Hamburg	100.0	€	2009	28,824	–286
WBS Wohnwirtschaftliche Baubetreuungs- und Servicegesellschaft mbH, Stuttgart	85.9	€	2009	11,522,735	844,851
WPM Wohnwirtschaftliche Projektent-wicklung und Marketing GmbH, Stuttgart	85.9	€	2009	51,129.00	– *

* A profit and loss transfer agreement exists.

ASSOCIATES

Name and registered office of company	Group share of Capital in %	Currency	Figures for Fiscal year	Shareholders' equity €	Result €
ASSICAL S.r.L., Rende	17.0	€	2009	180,000	–
ASSICONF S.r.L., Turin	11.4	€	2009	43,000	–
ASSICRA Servizi Assicurativi Banche di Credito Cooperativo Abruzzo e Molise s.r.L., Pescara	14.2	€	2009	203,000	–
ATRION Immobilien GmbH & Co. KG, Munich	31.6	€	2009	36,576,406	6,629,357
AUREO GESTIONI S.G.R.p.A., Milan	15.9	€	2009	36,248,856	5,885,131
BAU + HAUS Management GmbH, Karlsruhe	50.0	€	2009	11,428,823	719,769
bbv-Service Versicherungsmakler GmbH, Munich	25.2	€	2009	1,050,191	101,376
Centro Commerciale Trieste Srl., Triest	23.1	€	2008	19,789,000	€ 836,000
Credit Suisse Global Infrastructure SCA SICAR, Luxembourg	29.6	€	2009	386,246,662	22,083,094
European Property Beteiligungs-GmbH, Wiesbaden	38.6	€	2009	9,249,436	4,123,464
GbR "Ackermannbogen.de – Wohnen am Olympiapark", Munich	40.6	€	2009	36,312	–484,702
Golding Mezzanine SICAV IV, Muns	47.5	€	2009	4,801,906	–134,515
HEIMAG Besitzgesellschaft mbH, Munich	27.2	€	2009	25,567	212
HEIMAG Holding AG, Munich	27.2	€	2009	4,809,970	34,465
HEIMAG München GmbH, Munich	27.2	€	2009	350,610,067	– *
Henderson Global Investors Property (No. 2) Limited, London	50.0	GBP	2009	358,648	46,495
HGI Immobilien GmbH, Frankfurt am Main	50,0	€	2009	83,154	8,654
HGI Property Limited, London	50.0	GBP	2009	384,959	41,975
Immobiliare Nalim Office S.r.L., Milan	23.1	€	2008	30,364,000	€ 16,436,000
Immobiliare Nalim Shopping S.r.L., Milan	23.1	€	2008	19,735,000	€ 14,636,000
Mietmanagement HEIMAG GmbH & Co. KG, Munich	27.2	€	2009	414,139,357	9,666,150
MB Asia Real Estate Feeder (SCOT) L.P., New York	34.1	USD	2009	68,433,130	–10,573,772
Property Finance Fraunce S.A.,					
Luxembourg	18.2	€	2009	9,645,039	3,949,068
PWR Holding GmbH, Munich	33.3	€	2009	402,348	–
R+V Kureck Immobilien GmbH Grundstücksverwaltung Braunschweig, Wiesbaden	50.0	€	2009	9,378,152	472,095
R.G.A. Agrupación de Interés Ecónomico, Madrid	28.5	€	2009	117,197	0

* A profit and loss transfer agreement exists.

ASSOCIATES

Name and registered office of company	Group share of Capital in %	Currency	Figures for Fiscal year	Shareholders' equity €	Result €
R.G.A. Broker Correduria de Seguros, S.A. Madrid	28.5	€	2009	2,910,998	–7,751
Rural Pensiones, S.A. Entidad Gestora de Fondos de Pensiones, Madrid	28.5	€	2009	18,168,000	–1,666,000
Rural Vida, S.A. de Seguros y Reaseguros, Madrid	28.5	€	2009	109,124,000	20,163,000
Santa Palomba Centre T Srl.[1]), Milan	23.1	€	–	–	–
Schroder European Property Investments No. 1 S.A., Senningerberg	44.3	€	2009	5,864,776	60,078
Schroder Italien Fonds GmbH & Co. KG, Frankfurt am Main	23.1	€	2009	35,730,791	2,475,172
Schroder Italien Fonds Holding GmbH, Wiesbaden	23.1	€	2009	35,821,479	4,228,614
Schroder Property Services B.V., Amsterdam	30.0	€	2009	1,677,563	353,881
Seguros Generales Rural, S.A.de Seguros y Reaseguros, Madrid	28.5	€	2009	140,067,000	8,040,000
TERTIANUM - Besitzgesellschaft Berlin Passauer Straße 5-7 mbH, Munich	25.0	€	2009	25,350,525	–356,962
TERTIANUM - Besitzgesellschaft Konstanz Marktstätte 2-6 und Sigismundstraße 5-9 mbH, Munich	25.0	€	2009	34,937,952	831,579
TERTIANUM Seniorenresidenz Betriebsgesellschaft Berlin mbH, Berlin	25.0	€	2009	45,523	–2,357
TERTIANUM Seniorenresidenzen Betriebsgesellschaft mbH, Konstanz	25.0	€	2009	714,494	–356,271
Tintoretto Rome S.r.L., Milan	23.1	€	2008	43,025,000	20,510,000
Versicherungs-Vermittlungsgesellschaft des Sächsischen Landesbauernverbandes mbH, Dresden	50.0	€	2009	96,189	13,950
Versicherungs-Vermittlungsgesellschaft mbH des Bauernverbandes Mecklenburg-Vorpommern e.V. (VVB), Neubrandenburg	50.0	€	2009	110,432	14,571
Versicherungs-Vermittlungsgesellschaft mbH des Landesbauernverbandes Sachsen-Anhalt e.V. (VVB), Magdeburg	50.0	€	2009	38,831	482
VVB Versicherungs-Vermittlungsgesellschaft mbH des Landesbauernverbandes Brandenburg, Teltow	50.0	€	2009	34,277	4,408
VV Immobilien GmbH & Co. United States KG, München	23.1	€	2009	30,233,218	–3,825,635

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

Notes to the balance sheet – assets

STATEMENT OF CHANGES TO ASSET ITEMS B., C. I. TO III. IN THE 2010 FISCAL YEAR*

	Values for previous year thou €	%	Additions thou €
B. Intangible assets			
I. Internally produced copyrights and similar rights and values	–	–	–
II. Concessions acquired for consideration, commercial copyrights and similar rights and values and licences to such rights and values	–	–	–
III. Goodwill	–	–	–
IV. Advance payments	–	–	–
Total B	**–**	**–**	**–**
C. Capital assets			
C.I. Land, similar rights and buildings including buildings on third party land	3,580	0.1	–
C.II. Capital investments in affiliated companies and holdings			
1. Shares in affiliated companies	1,828,660	60.7	125,947
2. Loans to affiliated companies	151,596	5.0	14,910
3. Holdings	1,367	0.0	–
4. Loans to associated companies	30,000	1.0	–
Total C.II.	2,011,622	66.8	140,857
C.III. Other capital assets			
1. Shares, investment certificates and other variable yield securities	91,286	3.0	109,030
2. Bearer bonds and other fixed interest securities	288,696	9.6	203,411
3. Receivables from mortgages, land charge and annuity land charge	–	–	–
4. Other loans			
a) Registered bonds	317,065	10.5	50,000
b) Bonded debt receivables and loans	290,242	9.6	20,000
c) Loans and advance payments on insurance policies	–	–	–
d) Other loans	–	–	–
5. Deposits at banks	8,404	0.3	–
6. Other capital investments	71	0.0	47
Total C.III.	995,764	33.1	382,488
Total C	**3,010,966**	**100.0**	**523,345**
Total	**3,010,966**		**523,345**

*) Discrepancies in totals are due to rounding

**) Thereof currency write ups: € 18,397,000

***) Thereof currency write downs: € 1,313,000

Transfers thou €	Disposals thou €	Write ups**) thou €	Write downs***) thou €	Values stated for current fiscal year thou €	%
–	–	–	–	–	–
–	–	–	–	–	–
–	–	–	–	–	–
–	–	–	–	–	–
–	**–**	**–**	**–**	**–**	**–**
–	–	–	67	3,512	0.1
–	311	–	–	1,954,295	57.7
–	17,000	6,171	823	154,854	4.6
–	347	17	–	1,037	0.0
–	30,000	–	–	–	–
–	47,658	6,188	823	2,110,186	62.3
–	–	3	3,276	197,043	5.8
–	76,147	12,556	3,126	425,390	12.6
–	–	–	–	–	–
–	18,000	–	–	349,065	10.3
–	15,000	–	–	295,242	8.7
–	–	–	–	–	–
–	–	–	–	–	–
–	2,337	567	23	6,611	0.2
–	–	–	–	118	0.0
–	111,484	13,127	6,425	1,273,469	37.6
–	**159,143**	**19,315**	**7,315**	**3,387,167**	**100.0**
–	**159,143**	**19,315**	**7,315**	**3,387,167**	

C. CAPITAL ASSETS

EUR million

Balance sheet items	Book value 31 December	Current value 31 December	Reserve 31 December
I. Land, similar rights and buildings including buildings on third party land	3.5	8.0	4.5
II. Capital investments in affiliated companies and holdings			
1. Shares in affiliated companies	1,954.3	4,044.4	2,090.1
2. Loans to affiliated companies	154.9	155.7	0.9
3. Holdings	1.0	1.1	0.1
4. Loans to associated companies	–	–	–
III. Other capital assets			
1 Shares, investment certificates and other variable yield securities	197.0	197.2	0.2
2. Bearer bonds and other fixed interest securities	425.4	439.0	13.6
Other loans			
4a) Registered bonds	349.4	369.5	20.1
4b) Bonded debt receivables and loans	300.8	311.1	10.3
5. Deposits at banks	6.6	6.6	–,–
6. Other capital assets	0.1	0.1	–,–
IV. Deposits with ceding undertakings	204.8	204.8	–,–
Total capital assets	**3,597.8**	**5,737.6**	**2,139.8**

The book values take into account the balance of premiums and discounts (€ 5.9 million) for the nominal balance sheet investments.

€ 211 million was allocated to fixed investments in accordance with § 341b Section 2 HGB. This includes (positive) valuation reserves of € 0.1 million as of 31 December 2010. The valuation reserves of the total capital investments amount to € 2,140 million, which corresponds to a reserve ratio of 59.5%.

The calculation of current values was based on stock exchange prices, redemption prices and market prices respectively for registered bonds and bonded debt in accordance with the discounted cash flow method, or the net capitalised earning method in accordance with IDW S1. The building was revalued as of 31 December 2010. Land is valued every five years, lastly in 2009. If any other valuation methods have been used, these comply with the provisions of § 56 RechVersV.

There are no land and buildings used by the company.

C. III. OTHER CAPITAL INVESTMENTS – INVESTMENT SHARE

in EUR

Type of fund	Market value	Difference Market value/ Book value	Distribution for the Fiscal year	Carried out extraordinary Write downs
Equity fund	–	–	–	–
Fixed income fund	–	–	–	–
Real estate	–	–	–	–
Mixed funds	140,866,976	–	117,555	–
Total	**140,866,976**	**–**	**117,555**	**–**

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

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

C. III. OTHER CAPITAL INVESTMENTS – INFORMATION ON FINANCIAL INSTRUMENTS

in EUR

Type	Nominal volumes	Book value	Current value
Interest swaps [1]	25,564,594	–	3,022,280

[1]) Valuation method = Discounted Cash Flow method. Valuation parameter: swap curve.

Structured products were broken down into their individual components and valued on the basis of the Black 76 model, One Factor Hull-White using recognised financial mathematical methods.

The market value calculation of the ABS products was done using a valuation procedure; this drew on values observable in the market.

F. III. OTHER ASSETS

in EUR	2010
Cash settlement after closure of the loss system	5,077,369
Others	86,152
Status as of 31 December	**5,163,521**

G. II. OTHER ACCRUALS AND DEFERRALS

in EUR	2010
Premium on investments	6,740,888
Expenditure relating to subsequent years	63,202
Status as of 31 December	**6,804,090**

I. ASSET BALANCE ARISING FROM OFFSETTING

in EUR	2010
Offsettable reinsurance assets	13,568,315
Pension provisions financed by reinsurance assets	11,013,475
Status as of 31 December	**2,554,840**

The offsettable reinsurance assets concern claims from life insurance policies. They were set at the tax asset value. Because this corresponds to the extrapolated acquisition cost, no distribution block has to be taken into account.

Notes to the balance sheet – equity and liabilities

A. I. CALLED CAPITAL

in EUR	2010
Subscribed capital divided into 12,246,000 shares	
Status as of 31 December	**318,545,455**

Subscribed capital is unchanged on the status on 31 December 2009.

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

A. II. CAPITAL RESERVES

in EUR	2010
Status as of 31 December	**1,278,369,773**

Capital reserves are unchanged on the status on 31 December 2009.

A. III. RETAINED EARNINGS

in EUR	2010
4. Other retained earnings	
Carried forward to 1 January	62,467,000
Transfer from net retained profits 2010	88,125,800
Status as of 31 December	**150,592,800**

G. I. PROVISIONS FOR PENSIONS

in EUR		2010
Amount payable		13,745,958
thereof conversion expenditure first application BilMoG	2,812,295	
thereof not shown in the 2010 balance sheet	2,624,809	
Provision		**11,121,149**
Offsettable reinsurance assets	13,568,315	
thereof asset balance arising from offsetting	2,554,840	
Offset reinsurance assets		**11,013,475**
Status as of 31 December		**107,674**

The offsettable reinsurance assets concern claims from life insurance policies. They were set at the tax asset value. Because this corresponds to the extrapolated acquisition cost, no distribution block has to be taken into account.

G. III. OTHER PROVISIONS

in EUR		2010
Holiday / flexi-time credits		629,000
Partial retirement		499,544
Provision	1,420,111	
Offsettable reinsurance assets	920,567	
Working life		–
Provision	67,555	
Offsettable reinsurance assets	67,555	
Capital investment area		100,000
Annual financial statement		896,060
Employers’ Accident Liability Association		68,000
Personnel costs		5,519,098
Anniversaries		1,217,746
Other provisions		3,756,638
Status as of 31 December		**12,686,086**

The offsettable reinsurance assets concern claims from life insurance policies. Because the current value corresponds to the extrapolated acquisition cost, no distribution block has to be taken into account.

I. OTHER LIABILITIES

in EUR	2010
Liabilities with a remaining term of more than 5 years	
Liabilities to banks	–
Other liabilities	47,702
Status as of 31 December	**47,702**

There are no liabilities secured by liens or similar rights.

K. DEFERRALS

in EUR	2010
Discount on investments	888,960
Status as of 31 December	**888,960**

Notes to the income statement

I. 1. A.) GROSS PREMIUMS WRITTEN

in EUR	2010	2009
Property, health and accident insurance	1,343,236,442	1,118,726,681
Life insurance	27,952,823	28,005,948
Status as of 31 December	**1,371,189,265**	**1,146,732,629**

I. 2. OWN ACCOUNT TECHNICAL INTEREST INCOME

in EUR	2010	2009
Status as of 31 December	**1,727,237**	**767,595**

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

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

I. 4. EXPENDITURE ON CLAIMS FOR OWN ACCOUNT

in EUR	2010	2009
Status as of 31 December	**1,016,203,900**	**795,542,712**

There was a gross loss of 90 m euros from the settlement of the provisions for outstanding claims assumed from the previous fiscal year.

This settlement was contrasted with supplementary credit premiums of 111 m euros. These resulted from reinsurance policies whose term did not correspond to the calendar year or that were concluded on an underwriting year basis.

II. 2. B.) DEPRECIATION OF CAPITAL INVESTMENTS

in EUR	2010	2009
Scheduled write downs	67,384	67,384
Non-scheduled write downs in accordance with § 253 Section 2 Clause 3 HGB	–	12,936,033
Non-scheduled write downs in accordance with § 253 Section 3 HGB	–	644,411
Non-scheduled write downs in accordance with § 253 Section 3 Clause 3 HGB	4,450,031	–
Non-scheduled write downs in accordance with § 253 Section 4 HGB	1,485,092	–
Status as of 31 December	**6,002,507**	**13,647,828**

II. 4. OTHER INCOME

Other income includes exchange rate profits of 8.0 million euros.

II. 5. OTHER EXPENDITURE

in EUR	2010	2009
Expenditure on services provided	14,695,073	16,347,109
Expenditure that affects the company as a whole	7,317,346	7,215,610
Interest transfer to provisions	893,885	556,145
Interest to be offset from offsettable assets	–496,388	—,—
Other interest expenditure	5,739,769	2,577,732
Expenditure from outsourcing pension provisions	567,496	6,162,491
Other expenditure	10,329,701	12,063,142
	39,046,882	**44,922,229**

Other income includes exchange rate losses of 7.7 million euros.

II. 10. EXTRAORDINARY RESULT

in EUR	2010	2009
BilMoG conversion effects		
Income from discounting provisions	430,507	–
Expenditure from the revaluation of provisions for pensions and similar obligations as well as other provisions	272,983	–
	157,524	**–**

Other Information

Supervisory Board of R+V Versicherung AG

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

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

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

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

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

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

Carsten Graaf
Chairman of the Board of Management of
Volksbank Meerbusch eG, Meerbusch
(from 6 May 2010)

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
(until 6 May 2010)

Gabriele Kaupp-Stöckl
Member of the Works Council,
R+V Allgemeine Versicherung AG, Wiesbaden Head Office
(until 6 May 2010)

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

Ralf Lammers
District Manager, R+V Allgemeine Versicherung AG,
Hamburg Branch Office, Wesenberg/Stubbendorf
(until 6 May 2010)

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

Achim Reuber
Chairman of the Works Council,
R+V DB Hamburg/KRAVAG, Hamburg
(from 6 May 2010)

Hermann Rohrmeier
Chairman of the Works Council,
R+V Allgemeine Versicherung AG, VD South East

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

Armin Schmidt
Deputy District Business Manager, Vereinte Dienstleistungs-
gewerkschaft ver.di (trade union), Wiesbaden

Gudrun Schmidt
State of Hesse Director (ret.), Vereinte Dienstleistungs-
gewerkschaft ver.di, Frankfurt am Main

Hans-Joachim Weiß
Occupational Health Assistant, R+V Allgemeine
Versicherung AG, Wiesbaden Head Office, Niedernhausen
(from 6 May 2010)

Board of Management of R+V Versicherung AG

Dr. Friedrich Caspers
– Chairman –

Frank-Henning Florian

Heinz-Jürgen Kallerhoff

Dr. Christoph Lamby

Hans-Christian Marschler

Rainer Neumann

Dr. Norbert Rollinger

Peter Weiler

PERSONNEL EXPENDITURE

in EUR	2010	2009
1. Wages and salaries	27,016,377	25,160,535
2. Social security deductions and expenditure on other benefits	3,381,297	2,998,002
3. Expenditure on pension provision	4,153,165	5,186,943
Total expenditure	**34,550,839**	**33,345,480**

The total remuneration of the members of the Board of Management amounted to 4,442,550 euros in the fiscal year. 1,047,666 euros were paid to former members of the Board of Management and their dependants. As part of the outsourcing of pension obligations, contribution payments of 541,127 euros were made to R+V Pensionsfonds AG and 1,227,687 euros to Versorgungskasse genossenschaftlich orientierter Unternehmen e.V. for the members of the Board of Management in 2010. Payments of 933,039 euros to R+V Pensionsfonds AG and 68,901 euros to Versorgungskasse genossenschaftlich orientierter Unternehmen e.V. were made for former members of the Board of Management and their dependants. There is a reserve of 4,660,692 euros for current pensions and pension entitlements of former members of the Board of Management and their dependants. Furthermore, obligations for this group of people of 1,731,275 euros are not shown in the balance sheet due to Article 67 Section 1 EGHGB. In the fiscal year, expenditure of 379,009 euros was made on the Supervisory Board. Contributions that require disclosure in accordance with § 285 No. 9c HGB are not shown in the fiscal year.

Number of employees

During the 2010 fiscal year an average of 338 employees (previous year 315) were employed at R+V Versicherung AG, of whom 327 were employed in administration at Head Office and 11 at the Singapore branch office.

Information about related parties and companies

During the reporting period no transactions were carried out with related parties or companies in connection with § 285 Clause 1 No. 21 HGB.

INFORMATION ABOUT CONTINGENT LIABILITIES AND OTHER FINANCIAL OBLIGATIONS

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

in EUR	Details concerning amount	Thereof due to affiliated companies	Risks	Benefits
1. Letters of Credit	135,600,759	–	If payment obligations to cedents are not met, securities from the blocked deposit can be drawn on.	Collateralisation of actuarial liabilities by placing security collateral in order to be able to conduct business on the USA market.
2. Supplementary payment obligations	85,528,838	85,516,950	There is an obligation to pay. No influence on the time of the claim is possible. There is a risk that the holding will fall in value in the meantime.	No increase in balance sheet capital investments if not paid out. Liquidity benefits arise from non-payment that can be used for a capital investment with better interest yield, if applicable.
3. Letters of comfort	47,400,000	47,400,000	Liability for meeting all claims from pension provision insofar as CONDOR Lebensversicherungs-AG does not meet these as well as liability for granting loans.	Due to the bond in favour of CONDOR Lebensversicherungs-AG, it was possible to take out pension provision for a one-off amount. Better credit procurement possibilities for a borrowing company within the R+V Consolidated Group.
4. Put options from multi-tranches Remaining term > 1 year	20,000,000	20,000,000	Outflow of liquidity. Opportunity costs are incurred due to the low interest rate. There is also an issuer risk.	Higher coupon of underlying asset.
5. Put options from shares	17,300,000	–	Outflow of liquidity.	The implementation of capital measures at a subsidiary was made possible.
6. Guarantee bond from the grant of a loan	1,015,000	1,015,000	Outflow of liquidity. Opportunity costs are incurred due to the low interest rate. It is possible to draw on this if the borrower becomes insolvent.	Safeguarding business operations at the borrower.
7. Blocked deposit	65,751,110	–	Outflow of liquidity. Opportunity costs are incurred due to the low interest rate.	Investments were blocked in separate deposit accounts in favour of reinsurers.
8. Amount of liability	5,000	–	No increase in balance sheet capital investments on recourse. There is no balance sheet current value for the liability total.	Increase in liable shareholders' equity at cooperative companies, low probability of occurrence through deposit guarantee funds.
Total	**372,600,707**	**153,931,950**		

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

AUDITOR’S FEES AND SERVICES

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

in EUR	2010
Audit services	518,891
Other certification services	26,500
Tax consultancy services	18,500
Other services	17,348
Total expenditure	**581,239**

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

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

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

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

Wiesbaden, 25 February 2011

The Board of Management

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

Auditor's report

We have audited the annual financial statement – consisting of the balance sheet, profit and loss account and notes – including the bookkeeping and the management report of R+V Versicherung AG, Wiesbaden for the fiscal year from 1 January to 31 December 2010. The bookkeeping and the preparation of the annual financial statements and the management report in accordance with the provisions of the HGB (Handelsgesetzbuch – German Commercial Code) are the responsibility of the Board of Management of the Company. Our responsibility is to make an assessment of the annual financial statement, including the bookkeeping and the management report, based on our audit.

We conducted our audit of the annual financial statements in accordance with § 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 in such a manner that any inaccuracies that materially affect the presentation of the assets, financial and earnings position in the annual financial statements in accordance with German principles of proper accounting and in the management report are detected with reasonable assurance.

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

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

Our audit did not give rise to any objections.

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

Frankfurt am Main, 7 March 2011

KPMG AG
Wirtschaftsprüfungsgesellschaft

Mehren	Horst
Auditor	Auditor

Report of the Supervisory Board

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

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

Mr Rolf Hildner left the Supervisory Board directly after the Annual General Meeting of 6 May 2010. The Annual General Meeting elected Mr Carsten Graaf to the Supervisory Board with immediate effect. The regular terms of office of Dr. Peter Aubin, Mr Albrecht Hatton and Mr Karl-Heinz Moll ended at the Annual General Meeting on 6 May 2010. The Annual General Meeting re-elected Dr. Aubin, Mr Hatton and Mr Moll to the Supervisory Board as shareholder representatives.

The regular term of office of the employee representatives on the Supervisory Board ended upon the conclusion of the Annual General Meeting on 6 May 2010. In an employee election held in spring 2010, Mr Ulrich Birkenstock, Mr Thomas Bertels, Mr Hermann Rohrmeier, Mr Gerd Rück, Mr Armin Schmidt and Ms Gudrun Schmidt were re-elected to the Supervisory Board as employee representatives. Ms Gabriele Kaupp-Stöckel and Mr Ralf Lammers left the Supervisory Board as employee representatives with immediate effect at the Annual General Meeting on 6 May 2010. They were replaced by the election of the employee representatives Mr Achim Reuber and Mr Hans-Joachim Weiß to the Supervisory Board.

In its meeting on 6 May 2010, the Supervisory Board re-elected Mr Ulrich Birkenstock as the Deputy Chairman of the Supervisory Board. In accordance with § 9 Figure 2 of the Rules of Procedure of the Supervisory Board, this led to Mr Birkenstock remaining – as before – a member of the personnel committee and, in accordance with § 27 Section 3 MitbestG (German Co-Determination Act), a member of the mediation committee. Furthermore, the Supervisory Board re-elected Dr. Peter Aubin, Mr Hermann Rohrmeier and Mr Gerd Rück as members of the personnel committee of the Supervisory Board. The Supervisory Board also elected Mr Gerd Rück as a member of the mediation committee of the Supervisory Board and re-elected Mr Karl-Heinz Moll, Mr Ulrich Birkenstock and Mr Hermann Rohrmeier as members of the audit committee of the Supervisory Board.

Cooperation with the Board of Management
The Board of Management has informed the Supervisory Board regularly and comprehensively about the situation and development of the Company. In the 2010 fiscal year this took place in four meetings in which the Supervisory Board attended on 10 March 2010, 6 May 2010, 24 September 2010 and 8 December 2010. Furthermore, meetings of the audit committee of the Supervisory Board took place on 8 March 2010, and of the personnel committee of the Supervisory Board on 25 February 2010, 10 March 2010 and 8 December 2010. The Supervisory Board received and discussed oral and written reports from the Board of Management in these meetings. The Supervisory Board received further information in quarterly written reports from the Board of Management. All measures requiring the agreement of the Supervisory Board were discussed in detail before a resolution was taken. Furthermore, the Chairman of the Supervisory Board was also regularly informed about important developments and decisions outside meetings.

The main focus of this reporting was the financial situation of the company, corporate planning and the outlook as well as financial key performance indicators. The Supervisory Board paid special attention to the capital investment policy of the R+V Group against the background of the effects of developments on the financial markets. In addition, the main focal points of the meetings and discussions of the Supervisory Board were the development of holdings, especially the restructuring measures of the Assimoco holdings in Italy, and the remuneration systems as a result of the statutory framework of the German Insurance Remuneration Regulation, which recently came into effect, and the development of motor insurance.

Confirmation of the Annual Financial Statement

The audit committee and the Supervisory Board have examined the Annual Financial Statement and the Management Report, and the consolidated financial statement and the consolidated management report for the 2010 fiscal year in detail. The audit reports of KPMG AG, Wirtschaftsprüfungsgesellschaft, were available for this purpose. The auditor had issued an unrestricted audit certificate.

The representatives of the auditor participated in the meeting of the audit committee on 8 March 2010 to report on the important audit findings. This meeting discussed the Annual Financial Statement and the Management Report, and the consolidated financial statement and the consolidated management report, as well as the respective audit reports. The main focal points of the audit were important key performance indicators of the balance sheet, provisions, early recognition system for risk in accordance with § 91 Section 2 AktG (German Companies' Act) and internal audit reports on the past year.

The Annual Financial Statement, the Management Report and the consolidated annual financial statement and consolidated management report for the 2010 fiscal year were examined by the Supervisory Board. The representatives of the auditor were present at the Supervisory Board meeting that confirmed the Annual Financial Statement.

They provided a summary report to the Supervisory Board about their audit findings and were available for additional explanations and statements.

The Supervisory Board raised no objections to the Annual Financial statement and consolidated financial statement for the 2010 fiscal year prepared by the Board of Management. The Supervisory Board assented to the audit findings made by KMPG AG, firm of auditors, which was appointed as the auditor in accordance with § 341k Section 2 HGB.

The Annual Financial Statement submitted by the Board of Management for the 2010 fiscal year was approved by the Supervisory Board in its meeting on 9 March 2011. Thus the Annual Financial Statement has been confirmed in accordance with § 172 AktG. The consolidated financial statement submitted by the Board of Management was approved by the Supervisory Board in the same meeting.

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

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

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

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

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

2. the remuneration paid by the Company with respect to the legal transactions detailed in the report was not inappropriately high or disadvantages have been compensated."

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

Wiesbaden, 9 March 2011

The Supervisory Board

Kirsch
Chairman

Glossary

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

Affiliated companies
The parent company (group controlling company) and all subsidiaries. Subsidiaries are companies over which the parent company can exert a dominant influence on business policy (control principle). This is possible, for example, if the group parent holds the majority of voting rights either directly or indirectly or has the right to appoint or dismiss the majority of the members of company bodies (management board, supervisory board) or if there is a contract of domination.

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

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

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

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

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

Claim-costs ratio
➔ Combined Ratio

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

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

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

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

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

Deposit receivables and liabilities
Security payments to cover actuarial liabilities between direct insurers and reinsurers. In this case the retaining company reports deposit liabilities and the ceding company reports deposit receivables.

Derivative financial instrument
Financial instruments whose value rises or falls if a basic variable (a certain interest rate, security price, exchange rate or price index etc.) changes. Derivatives include futures, forwards, swaps and options in particular.

Direct business
Transactions concluded directly between the insurance company and the policyholder. In contrast to ➔ assumed business.

Duration
The duration describes the average term of an interest sensitive capital investment or of a portfolio. It is a risk measurement for their sensitivity with respect to interest rate changes.

Equalisation provision
Provision to compensate for fluctuations in the course of a loss. In years with relatively low or relatively high claims, funds are allocated to or withdrawn from the equalisation provision.

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

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

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

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

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

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

Genossenschaftliche FinanzGruppe
A network of mutual central and special institutes within the framework of a comprehensive all-finance concept. R+V Versicherung’s partners include: DZ Bank AG, WGZ Bank AG, Bausparkasse Schwäbisch Hall, Union Investment, VR Leasing.

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

Hedging transaction
To hedge against exchange rate fluctuations, special financial contracts are used, particularly derivative financial instruments. Hedging transactions thus balance the underlying transaction risks which could occur in the event of an unfavourable rate or price development.

Hull-White model
The Hull-White model is a finance mathematical model used to value interest derivatives, which was published by John C. Hull and Alan White.

IFRS – International Financial Reporting Standards
International accounting standards that guarantee internationally comparable financial reporting.

Loss ratio
Percentage relation of loss expenditure to earned premiums.

Net
➔ Gross/Net

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

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

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

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

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

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

PUC method
The **P**rojected **U**nit **C**redit method is an actuarial valuation procedure for obligations arising from company pension provision.

Rating
Standardised assessment of the creditworthiness of debt securities and companies by specialised, independent rating agencies.

Reinsurer
Insurance company that assumes the risks of other insurance companies and does not itself have any direct contractual relations with the policyholder.

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

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

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

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

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

Stress test
Stress tests are a special type of scenario analysis. Their aim is to make it possible to give a quantitative statement about the loss potential of ➔ portfolios in the event of extreme market fluctuations.

Structured products
In a structured product a ➔ derivative financial instrument (e.g. an option) is combined with a non-derivative instrument (e.g. a bond).

Technical provisions
Uncertain liabilities that are directly connected with the insurance business. Their formation ensures that obligations from insurance policies can be met permanently.

Technical result
Balance of earnings and expenditures that are attributable to the insurance business.

Unearned premium reserve
The proportion of premiums received in the fiscal year that are due in the time after the reporting date are shown as Unearned premium reserve under Technical provisions.

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