ANNUAL REPORT
2013

R+V Versicherung AG

Volksbanken Raiffeisenbanken
cooperative financial network

R+V Versicherung AG

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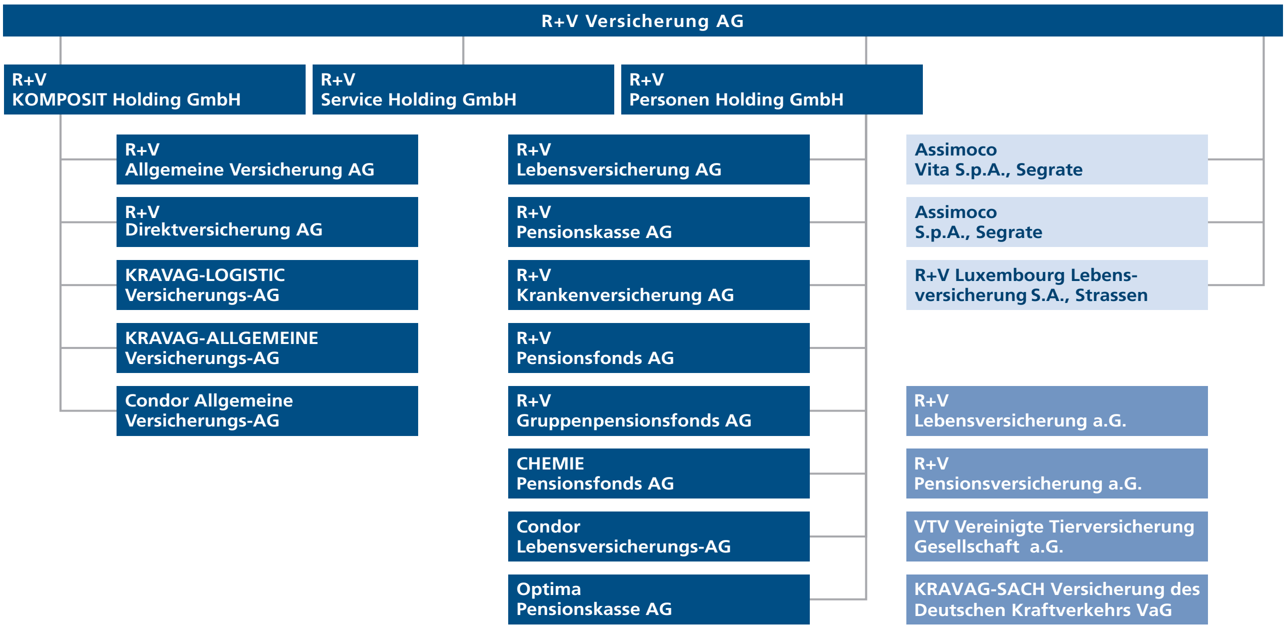
Registered at Wiesbaden Local Court HRB 7934

Annual Report 2013

Submitted for the ordinary Annual General Meeting
on 5 June 2014

R+V Consolidated Group – simplified presentation



Domestic Consolidated Group Companies   Foreign Consolidated Group Companies   R+V Group Companies

FIGURES RELATING TO THE FISCAL YEAR

in EUR million	R+V Versicherung AG	
	2013	**2012**
Gross premiums written	1,522	1,526
Gross expenditure on claims in the fiscal year	1,240	1,005
Current income from capital investments	269	368
Capital investments	4,649	4,292
Numbers of employees on 31 December	476	453
Gross premiums written		
Direct domestic business of the R+V Group (HGB)	11,314	10,639
R+V Group (IFRS)	12,753	11,875
Annual result – R+V Group (IFRS)	204	324
Capital investments – R+V Group (IFRS)	71,730	68,052

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FURTHER INFORMATION

For reasons of calculation, rounding differences occur from the mathematically exact values (monetary units, percentages).

Management Report

Business development and basic conditions

Business activities

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

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

Organisation and legal structure

The majority of the directly and indirectly held shares in R+V Versicherung AG are owned by DZ BANK AG Deutsche Zentral-Genossenschaftsbank (DZ BANK AG). 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.

A profit transfer agreement exists between R+V Versicherung AG and DZ BANK AG for the period from 1 January 2012 to 31 December 2016. A tax sharing agreement has been concluded in relation to the profit transfer agreement, as a result of which the subsidiary company R+V Versicherung AG is subject to a fictional tax assessment on the basis of the applicable laws and regulations. Due to the tax sharing agreement, R+V Versicherung AG is treated as though it was taxed independently.

As well as a capital increase of EUR 150.1 million in 2012, the annual general meeting of R+V Versicherung AG passed an Authorised Capital resolution on 30 May 2012. This authorises the Board of Management to increase the share capital in exchange for cash contributions up to EUR 21,298,701.30, corresponding to a total issue amount of approximately EUR 250 million. The Authorised Capital can be used until 31 May 2017. This ensures that R+V will be able to continue its sustainable and profitable growth.

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 non-life and accident insurance companies:

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

Optima Versicherungs-Aktiengesellschaft was merged with Condor Allgemeine Versicherungs-Aktiengesellschaft with effect from 1 January 2013.

R+V Personen Holding GmbH holds shares directly and indirectly in the domestic life and health insurance companies as well as pension funds and pension 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 and property 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 conjunction with the Insurance Accounting Directive (RechVersV). In addition, the company also prepares consolidated financial statements in accordance with IFRS.

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

R+V Versicherung AG has concluded control as well as profit transfer agreements with R+V KOMPOSIT Holding GmbH, R+V Personen Holding GmbH and R+V Service Holding GmbH.

R+V KOMPOSIT Holding GmbH has concluded profit transfer agreements with R+V Allgemeine Versicherung AG, R+V Direktversicherung AG and Condor Allgemeine Versicherungs-Aktiengesellschaft.

R+V Personen Holding GmbH has concluded a profit transfer agreement with R+V Lebensversicherungs AG and Condor Lebensversicherungs-Aktiengesellschaft.

R+V Service Holding GmbH has concluded profit transfer agreements with R+V Service Center GmbH and PASCON GmbH. The profit transfer agreements held by R+V Service Holding GmbH with UMB Unternehmens-Managementberatungs GmbH and with R+V Rechtsschutz Schadenregulierungs-GmbH were cancelled as of 31 December 2013.

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

Shareholder structure

As per 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 am Main
– WGZ Bank AG Westdeutsche Genossenschafts-Zentralbank, Düsseldorf
– Bayerische Raiffeisen Beteiligungs-AG, Beilngries
– Genossenschaftliche Beteiligungsgesellschaft Kurhessen AG, Kassel
– Beteiligungs-AG der Bayerischen Volksbanken, Pöcking
– Norddeutsche Genossenschaftliche Beteiligungs-AG, Hanover
– KRAVAG-SACH Versicherung des Deutschen Kraftverkehrs VaG, Hamburg
– 674 Volks- und Raiffeisenbanken throughout Germany
– 7 shares in free float

Relations to affiliated companies

Owing to the profit transfer agreement concluded with DZ BANK AG in the fiscal year 2012, the obligation to prepare a dependent company report ceases to apply in accordance with § 316 of the Aktiengesetz (AktG – German Public Limited Companies Act).

Personnel report

The number of employees of R+V Versicherung AG increased by 23 employees to 476 compared with 453 employees in the previous year. The average time of service for the company was approximately 11 years.

As an attractive employer, R+V consistently pursues a human resources strategy that is aimed primarily at employee commitment and safeguarding skills sustainably. In the fight for talent, the company is strongly committed to training junior staff.

Consequently, R+V offers numerous career opportunities for qualified secondary-school leavers, such as work-study courses:

- Bachelor of Science in Insurance and Finance alongside training as an insurance and financial advisor, specialising in insurance in Wiesbaden and Frankfurt am Main
- Bachelor of Science in Business Information Systems in Wiesbaden
- Bachelor of Arts in Insurance and Finance (Cooperative University) in Stuttgart.

Vocational education leading to a qualification as insurance and finance advisor, specialising in insurance, information technology and application development are also offered. The expansion of vocational education positions in insurance and finance to sales offices led to an increase in the number of apprentices. In addition, since August 2013, the Group company UMB Unternehmens-Managementberatungs GmbH has been a training centre for aspiring office-based sales professionals.

The office or field-based trainee programmes are entry level programmes and training programmes for university and college graduates. Each year, approximately 15 to 20 committed young professionals begin an office-based trainee programme in various specialist areas after their studies. The field-based trainee programme also offers university and college graduates various career options.

Further qualification is very important for R+V. Against the background of increasing and changing requirements, further training measures contribute to preparing the employees for the challenges in the working world to the best possible extent. They facilitate future-proof qualification of employees, which is essential for successful cooperation with customers and partners. In the face of demographic change and a looming skills shortage, R+V secures the loyalty to the company of skilled staff on a long term basis with attractive development prospects.

R+V offers comprehensive training programmes with technical and methodological training and a wide range of events. As well as the traditional programmes with group and individual activities, these also include e-learning and webinars.

R+V was awarded the „audit berufundfamilie®“ certificate by the Hertie foundation in 2012. Firstly, this award recognises that R+V already has a broad range of offers available to support balancing work and family life. Moreover, the family-friendly orientation of R+V’s HR policy was judged positively. The family-oriented offers include, of course, flexible working hours, various part-time work models and extensive special arrangements such as leave days for special family events, parent-child offices and personal consultations. The objectives agreed as part of the certification are being implemented in stages.

For instance, R+V introduced children’s emergency care nationwide in 2013. This allows employees to cover any unforeseen care emergencies and exceptional cases, e.g. if the child minder is ill or daycare is closed at short notice. The offer applies to children up to the age of 14. There are also parent-child offices at all office locations of R+V. Since 2013, R+V also offers care for children of employees at the Wiesbaden office during the school holidays, in cooperation with the city of Wiesbaden.

For years, R+V has had a nationally-established network of social workers who act as contacts for local staff. Beyond the care seminars already offered by R+V since 2012, the social counselling service additionally started up a care network of affected or interested staff at the Wiesbaden office in 2013. They meet regularly to share their experiences, to gain support in caring for their family. The meetings are supplemented by topical presentations.

Thanks to the policies and provisions already implemented and policies planned in future, employees can better harmonise their professional challenges and family responsibilities. In addition, an expanded discussion of working time issues, information and counselling services for caring for dependants and children as well as a job-sharing model are planned by the time of re-certification in 2015.

The company healthcare management motto for 2013 was „Living on the move". Under this motto, there were varied, targeted and interlinked activities, such as ergonomic consulting at workplaces nationwide and individual activities, from the hiking for health week to measuring bone density. These activities were accompanied by flu vaccinations and talks on nutrition.

Since 2013, R+V has also provided the so-called „Life Situation Hotline" for all employees via the Group company HumanProtect Consulting GmbH. Here, employees who are stressed or overworked, experiencing acute mental health crises or have suffered potentially traumatic events can obtain solution-oriented advice for up to five hours by phone, anonymously and free of charge.

All field-based, general agency staff and office-based sales staff can use the online fitness studio Purlife free of charge to look after their health. As well as a variety of videos, the studio offers the opportunity to tune into a course taking place in real time on their private computers. Questions can be sent to trainers at any time in order to receive timely, personal advice.

In 2013, R+V continued the company-wide implementation of a comprehensive career model with its implementation in three divisions of the company. In addition to the career in management there are also the project and the specialist careers with equal opportunities. Any employee with the relevant qualifications will be able to have a career at R+V in the future, even without leadership responsibility. The career model offers three essential benefits:

– The company increases its attractiveness as an employer by winning skilled specialist through career prospects and further reinforces the commitment of existing employees. In addition, it promotes job rotation and creates points of contact for Human Resource management tools.

– The new career model facilitates the design of requirements from functions for the executives thanks to a better orientation. It provides support for the determination of location of the employees, helps with demonstrating career paths as well as perspectives for development and finally serves a systematic successor planning.

– The employees benefit from the improved overview of career paths in the management, project and specialist career. The career model facilitates the transfer into other functions and divisions through company-wide transparency and offers incentives for autonomous development in an existing or new function.

With talent management, R+V focussed on a systematic approach in 2013 once again, in order to fill key positions in an optimum way – primarily from among its own existing employees. The needs of the 1st to 3rd level management, project and specialist careers were analysed in the succession planning. The individual further development of potential top candidates, promotional group members and successors was systematically planned and promoted by specific development measures.

As well as the „audit berufundfamilie®" certificate awarded by the Hertie foundation in 2012, R+V in 2013 once again received the „Top Employer" quality mark from the international Corporate Research Foundation (CRF), the „Fair Company" mark from karriere.de and, along with the „Volksbank" and „Raiffeisenbank" banks, was ranked in the 100 Top Employers in the „Schülerbarometer" school pupil survey by the Trendence Institut. For the first time, R+V achieved the required number of positive evaluations by users of Kununu, an online employer evaluation platform, thus being distinguished as a „Top Company".

R+V is a member of the „Erfolgsfaktor Familie" [Success Factor Family] network of companies. Through membership of the „Bündnis für Familie und Beruf Wiesbaden" [Wiesbaden Alliance for Family and Career], R+V is committed to care skills training, amongst other things.

Sustainability

With the subject of sustainability, R+V achieved several important milestones and, furthermore, continued its existing initiatives. The projects implemented by R+V are spread here across all five key action areas in the sustainability strategy of the R+V Group: responsibility towards the environment, society, employees and customers, as well as its own role as an insurance provider.

A particular highlight was the certification of the R+V environmental management system at the Wiesbaden office in accordance with international standard ISO 14001. Following a comprehensive testing process, the certification company TÜV Rheinland confirmed that R+V meets all of the requirements of a modern environmental management system. Such a system provides the ideal basis for more targeted and effective steps in environmental and climate protection. In the certified environmental management system, R+V includes, amongst other things, data on energy and paper consumption, waste, hazardous substances and CO_2 emissions. Moreover, such a system promotes clear environmental guidelines and targets for how the company aims to further improve in matters of environmental protection. As well as environmental protection, R+V also implemented measures in other areas of sustainability in practice. For example, since spring, only fair trade coffee is used in the Head Office in Wiesbaden, and a „sustainable menu", the ingredients of which meet criteria such as being seasonal, local and transported in a climate-friendly manner, is served several times a week in the staff canteen.

R+V received further confirmation of its extensive environmental commitment from the Wiesbaden City Council. The Hesse state capital awarded R+V the „ÖKOPROFIT-Betrieb" [ECOPROFIT company] mark during the summer. This award is given only to those companies that protect the environment to an exceptional degree and whose activities are also economically viable.

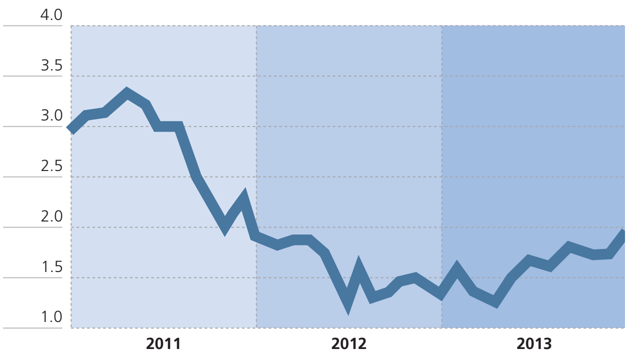
R+V laid down a clear marker for greater environmental and climate protection by switching to recycled paper. Since mid-2013, all office printers and copiers use recycled paper. By eliminating approximately 30 million sheets of virgin fibre paper a year, R+V is saving about 450 tons of wood, 4.8 million litres of water and about a million kilowatt hours of energy (electricity and heat) each year for the benefit of future generations.

Furthermore, R+V Versicherung continued to consistently pursue its switch to climate-friendly green power. After R+V had already converted the Head Office in Wiesbaden as well as the Condor Versicherungen offices in Hamburg to hydroelectric power in 2013, the Regional Offices in Frankfurt, Hanover and Stuttgart, as well as the Sales Office in Munich, will be supplied with electricity generated without emissions from 2014 on.

R+V made a clear commitment to social responsibility as an employer and as a company by joining the „Global Compact" of the United Nations (UN) – the world's most important network for corporate social responsibility (CSR). Under this initiative, members make a commitment to base their actions on ten social and environmental principles. These include, amongst

YIELD OF GOVERNMENT BONDS – 10 YEARS RESIDUAL TERM

In percentage



DEVELOPMENT OF SHARE INDEX EURO STOXX 50

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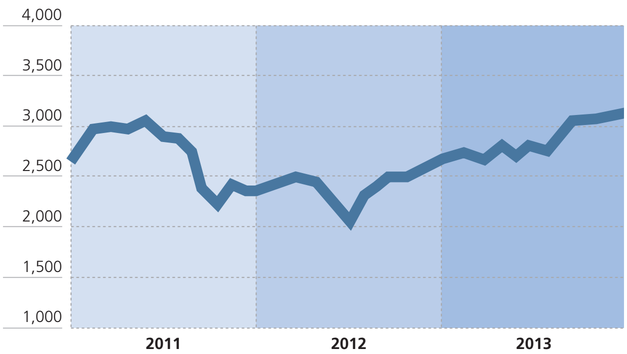


others, respect for human rights and workers' rights, commitment to climate protection and the fight against corruption.

R+V was one of the first insurance companies to sign up to the revised and expanded code of conduct of Gesamtverband der Deutschen Versicherungswirtschaft e.V. (GDV) for the sale of insurance products in mid-2013. The new GDV code of conduct contains eleven guidelines setting out the framework for fair and needs-based insurance sales. Companies signing up to the code of conduct make this a foundation for doing business with their sales partners. Independent auditors regularly check whether companies' internal selling regulations correspond to the code of conduct.

As in previous years, R+V again supported numerous charitable initiatives, which have their roots in the corporate concept of „help for self-help". These include, among others, the Kinder-Unfallhilfe initiative, which campaigns for increased child safety on the roads, the Wiesbaden Tafel e.V., [registered association], the theatre group with disabled people of the Lebenshilfe Wiesbaden e.V. and the Wiesbaden BürgerKolleg. As a project of the Wiesbaden foundation, the BürgerKolleg offers educational and training programmes free of charge especially for volunteer workers.

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 2013

Germany's economic performance saw a revival over the course of 2013, against the backdrop of a dynamic export performance and strong domestic demand. Nevertheless, the growth rate in the gross domestic product was only 0.4% according to preliminary figures from the Federal Statistical Office, after 0.7% the previous year.

In the capital markets, the year 2013 was marked by an economic recovery in the USA and an easing of crisis fears in the Euro zone. The Federal Reserve announced that it would be scaling back extremely expansive monetary policy slightly. This was followed by a global rise in interest rates. By contrast, the European Central Bank (ECB) lowered its base rate to a historic low of 0.25% due to low inflation.

The interest rates of ten-year German government bonds fluctuated significantly and were 1.9% at the end of the year, compared to 1.3% the previous year. The spreads for many Pfandbriefe [German mortgage bonds], bank, corporate and government bonds declined. The stock markets developed positively in 2013. Thus, the stock market index Euro Stoxx 50 (a price index), which is decisive for the Euro zone, changed from 2,636 to 3,109 points, thus by 17.9%. The German stock index DAX (a performance index) rose by 25.5% to 9,552 points.

Insurance business situation

The German insurance industry's income from premiums continued to increase in 2013, on the back of a total premium volume of EUR 181.6 billion in 2012. This is the inital assumption being made by the GDV, even though more detailed figures are not yet available for the fiscal year at the time of going to print.

Premium income in the amount of EUR 87.3 billion had been achieved in life insurance in 2012, of which EUR 64.6 billion was attributable to ongoing contributions and around 26% of the total contributions to one-off contributions, with EUR 22.7 billion. Premium growth in the fiscal year 2013 was very heavily determined, as in previous years, by single-premium and year-end business. Currently, it is assumed that around six million new life insurance contracts were signed in 2013, which represents a slight decline from the previous year.

In private health insurance, premium income in 2012 amounted to EUR 35.6 billion, of which EUR 26.0 billion was attributable to comprehensive medical cover and EUR 2.0 billion to compulsory nursing care insurance. In the fiscal year 2013, growth impulses were provided in particular by the introduction of state-subsidised „Pflege-Bahr" nursing care insurance.

In 2012, non-life and accident insurance companies had a total premium income of EUR 58.6 billion. The main classes here were motor insurance, followed by property. The two classes combined accounted for almost two thirds of the market volume. There were other growth impulses in 2013, particularly from motor insurance. Here, increasing premiums were achieved in the market through premium adjustments in new and existing business. The performance of non-life and accident insurance in Germany and Europe in 2013 was marked by major natural hazard events. These included the mid-year floods and exceptionally severe storms, particularly the hail storms in summer and early autumn. The economic cost of the flooding in June of last year was the equivalent of around EUR 13 billion. Based on estimates to date, the insurance industry has paid a total of EUR 7 billion for the consequences of natural disasters in 2013. Here the hail storms were the most significant loss event for insurance companies with a volume of around EUR 4 billion.

Development of reinsurance markets

Encouragingly, reinsurance companies were financially sound in the fiscal year 2013. The main reasons for the improved capitalisation were the positive results achieved in the previous year and the moderate claims burden of 2013. At the same time, a lot of capacity flowed into the reinsurance market from the capital market. This was due, amongst other things, to investors, who sought a broader diversification of their portfolios as well as higher yields than those offered by traditional investment forms. In some segments, this capital injection led to an oversupply of capacities. However, the impact on segments outside the insurance against natural disasters, which is popular amongst investors, remained weak. In particular, the hedging of risks in emerging economies remained a domain of traditional reinsurers. Their customers also valued the, in some cases, long-standing relationships and financial strength of their reinsurance partners in 2013.

In terms of major loss events, 2013 was a favourable year for the international reinsurance sector. Both the macroeconomic claims burdens from natural disasters and insured losses were lower than during the previous year. While the first half of the year was characterised by above-average flood damage, the industry benefited from the absence of major damage for the rest of the year.

The loss event with the greatest macroeconomic and technical claims burden during the first six months was the flooding in Europe. In May and June, a total of seven countries, including Germany, Switzerland, Austria and the Czech Republic were hit by floods after a wet spring and days of rainfall. Significant flood damage was also recorded in Australia in January and in Canada in June. While the U.S. also processed billions in insured losses from severe weather events in the first half of the year, the impact was significantly reduced compared to 2011 and 2012. The second half of the year started with hail damage in Lower Saxony, Baden-Württemberg and parts of France. Over the further course of the year, floods and tropical storms devastated entire regions in Asia. The typhoons Fitow and Phailin in October, and Typhoon Haiyan, which hit the east coast of the Philippines in November, stood out in particular.

The aftermath of Superstorm Sandy notwithstanding, no major movements in price level were evident at the beginning of 2013. While the renewals in April, which are particularly crucial in Asia, brought about largely stable prices, the oversupply of capacities became apparent over the course of the year, amplified by the inflows from the capital market. In the renewals in July, the price level for the hedging of U.S. natural disaster risks was therefore rather weak, meaning that rates declined. Driven by the damage situation in Europe and Asia as described above, the situation stabilised, however, so that higher rates were achieved again by the end of the year, at least in some segments and regions.

The **German** direct and reinsurance market was marked by three loss events in particular in 2013. On the one hand, the flood waters from the Elbe and the Danube affected the southern and eastern regions of Germany from the end of May to the start of June. On the other hand, there were two unusually strong hailstorms in the summer. First, the storm Manni on 20 June caused major damage in many parts of Germany. This was followed between 27 and 29 July by the storm Andreas in the regions around the cities Böblingen and Hanover. What was unusual here was the high level of damage to buildings; average claims were high, particularly in southern Germany. These were caused both by the size of the hail stones and changes to building structures such as thermal insulation and solar panels. As a result, many German direct insurance companies increased their premium levels in home-owners insurance. In motor insurance, the positive trend in pricing continued. In the fully comprehensive sub-class, this development was also supported by the loss events described above.

The growth problems of insurance companies in **Italy** continued due to the challenging economic circumstances. Although the important motor liability class recorded historically low loss frequencies, premium income fell. As well as increasing priorities in the disasters business, increasing competition or price pressure was observed in the reinsurance market as a whole. On the Italian direct insurance market, an increase in market concentration is also expected for the coming year.

In 2013, frequency of losses on the **French** motor insurance market decreased both for personal injury and damage to property. One reason for this positive development, amongst others, was reduced vehicle usage as a consequence of the high fuel prices and bad weather. At the same time, average claim amounts increased slightly for property damage and significantly for personal injury. This development was also explained by the fact that accident casualties were awarded higher damages by the courts and a revaluation of pensions for casualties had taken place. An increase in frequency of losses was recorded in fire insurance in 2013. There were also high losses from natural events, including floods, storms and hailstorms. As well as residential buildings and vehicles, commercial and agricultural businesses were also affected by these. The loss impact for direct insurers arising from these weather events rose above the EUR 1 billion threshold. Because the events in question were smaller ones, reinsurance coverage was only rarely affected.

In the **UK**, rates in the non-life insurance business for both direct and reinsurance came under pressure. The major issue was the flood re-pool, which is to be introduced in mid-2015, but the specifics of which are still being discussed. Two major storm events occurred in 2013 in the form of the storms Christian and Xaver which caused claims burdens in direct insurance, but had little impact on the reinsurance market. A significant increase in capacities was observed in the motor business. However, the major reinsurers were able to hold their shares mostly due to the volume of their investments.

For the insurance market in **Austria**, it was a relatively quiet year in terms of natural hazards, despite the flooding in late May and some local hail events. The losses from these events were largely retained by the direct insurers, meaning that there was barely any impact on reinsurance contracts. Following another positive year for the reinsurers, however, increasing pressure on contract conditions was observed.

Following a difficult period for the **Spanish** economy, expectations for the near future have become more optimistic. Even if only to a limited degree, positive developments are discernible on the job market, in consumption and in exports. However, it will take another one to two years to confirm whether this is a lasting development. The premium volume has fallen in virtually all classes due to the crisis in the direct and reinsurance markets. Besides a high volume erosion in the motor classes, the engineering division is affected in particular. Luckily, no major natural disasters were recorded in Spain, meaning that the loss situation was positive in this regard. Amongst man-made losses, the train crash near the pilgrimage town of Santiago de Compostela stood out. 79 people died at the end of July when an express train operated by the state-owned rail company derailed due to excessive speed.

The **Israeli** direct insurance market had to cope with flooding damage in early 2013 caused by heavy rain. The consequence of this was a slight correction of the original rate levels, particularly for non-life insurance. The intense competition for prestigious major customers continued unabated. Many market participants followed the requirements of reinsurers for higher deductibles when taking out reinsurance in 2013. However, depending on the course of the business ceded, there were still massive difficulties with placement of proportional non-life contracts in isolated cases. In general, it was observed that proportional reinsurance capacities remained scarce.

The **US** direct and reinsurance market was largely spared any major loss events generating media coverage in 2013. Only local storm events in parts of the Midwest and Texas, and isolated fire or explosion damage had a negative effect on the results of the sector. In addition to the absence of hurricanes, the continuous adjustment of amounts insured and increase in deductibles in the original policies of the retail non-life insurance business were noted as positive during the reporting year. The otherwise prevailing competition for market shares thus faded somewhat into the background.

Price competition intensified again on the **South African** market in 2013, both in the retail and business customer segment. In addition, the frequency of losses due to natural events and man-made damage increased. A continued high inflation rate increased the cost of settling claims.

The economic situation in **Japan**, which has been tense for years and also led to a stagnant insurance market, showed the first signs of recovery in 2013. The choice of Tokyo to host the Olympic Games in 2020 was seen by the insurance market as an important step towards a positive trend. In the fire insurance market, the frequency of large industrial fires observed in recent years has fallen to a normal level. At the same time, due to the lack of major natural disasters in Japan, a year of almost low losses was recorded. After prices were significantly increased for direct and reinsurance in 2011 and 2012 in response to the devastating earthquake in March 2011 and the tsunami triggered by it, prices 2013 were on a par with the previous year.

The trend in premiums was positive in the **other Asian** insurance markets. High growth rates due to increasing insurance penetration and continued economic growth underlined the promising nature of this region for future years. Numerous serious natural disasters occurred once again, although their impact on the (re)insurance markets remained mostly low due to the low insurance penetration. The price level was stable to rising due to the claims situation.

Performance of individual special segments

In the **credit and bond class**, the trend towards more numerous and higher claims, which was already discernible on the U.S. bonds market the previous year, extended in 2013 to all of North America and Central Europe. In conjunction with a difficult price situation and significant claims activity in the southern countries of Europe, the earnings situation was tense on the whole. However, an improvement in the situation is expected for the coming year. While further claims activities are predicted in the bonds business in the wake of the crisis years of 2008 and 2009, the prospects for the credit business are positive.

The global direct insurance and reinsurance market in the **aviation** sector was marked by a comparatively low loss ratio in 2013, large individual loss events in the area of airlines notwithstanding. In the field of space travel, the successful series of western rocket technology continued with start covers. The largest market loss, Intelsat 27, was due to the failure of a Russian-designed rocket. Although this loss and other losses brought the market close to loss-making territory overall, the generally low level of rates continued, also owing to the excellent results in the area of in-orbit coverage.

The global **facultative property business** continued to be determined by high competition and excess capacities in 2013. Some individual markets saw a stabilisation at a low level, while competition only seemed to emerge on other markets. The trend towards multi-year policies remained unchanged, as did efforts to consolidate individual business ceded in order to reduce the administrative burden for placements. For non-proportional placements, various options continued to be sounded out in order to optimise capacities and prices, while some risks were passed proportionally rather than non-proportionally into the reinsurance market due to low rate levels.

Overview of the business development of R+V Versicherung AG

The premium volume of EUR 1.5 billion was at the high level of the previous year, with a change of -0.3%. Adjusted by the foreign currency effect, the growth in premiums amounted to 2.4% compared with the same period of the previous year. Within the premium income the share of non-proportional reinsurance rose to 30.5% (2012: 30.1%).

In domestic group business, in particular, the premiums in the motor classes of the direct insurance companies, which increased substantially as in the previous years, had an impact. Moreover, further premium increases were recorded in the comprehensive home-owners and liability classes. Outside group business, the premium volume from domestic cedents, particularly in the fire and liability classes, increased significantly.

The strategic orientation of R+V Versicherung AG towards a diversified geographical risk portfolio was shown in the continued major importance of foreign business. Written gross premiums in foreign business amounted to EUR 1,006.3 million (2012: EUR 1,062.9 million) so that the share of foreign business in total premiums was 66.1% (2012: 69.7%). Here, significant premium increases were achieved in the UK reinsurance market.

Similarly to the written gross premiums, the written net premiums EUR 1,485.9 million (2012: EUR 1,492.1 million) also remained at the level of the previous year, with a change of -0.4%. At 97.7% the retention rate remained at the high level of the previous years.

2013 was marked by numerous high storm losses. Around 880 disasters were registered. However, both the total losses and

PREMIUM INCOME BROKEN DOWN INTO THE ESSENTIAL BRANCHES OF INSURANCE

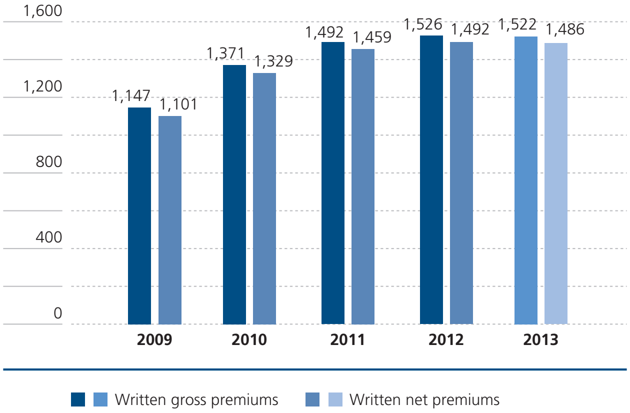
in EUR million	2013 Gross	2012 Gross	Change Gross %	2013 Net	2012 Net	Change Net %
Life	26.7	27.1	–1.5	13.3	13.1	1.6
Accident	54.1	50.4	7.3	54.1	50.4	7.3
Liability	55.7	49.3	13.0	55.6	49.2	12.9
Motor	481.7	444.1	8.4	477.7	439.9	8.6
Fire	371.4	408.5	–9.1	365.1	403.1	–9.4
Marine & aviation	89.1	90.9	–2.0	89.0	90.6	–1.8
Others	443.0	455.3	–2.7	431.1	445.7	–3.3
Total	**1,521.6**	**1,525.6**	**–0.3**	**1,485.9**	**1,492.1**	**–0.4**

insured losses were below the average for the past ten years. The costliest natural disasters for the insurance industry worldwide in 2013 were the hail storms in July and August in Germany.

R+V Versicherung AG was affected in particular by floods in Germany, Austria and the Czech Republic in June 2013, and by the severe weather events in Germany and France at the end of July 2013. The storms Manni and Norbert in June 2013 and hurricane Christian and the winter storms Xavier and Dirk also had an impact.

WRITTEN PREMIUMS

in EUR million



The extent of these major loss events from natural disasters for domestic direct insurers exceeded the deductible threshold of NatCat coverage of non-Group reinsurers, meaning that the claims burden was compensated effectively to a large extent.

In the group business, a claims burden of EUR 231.7 million was assumed by R+V direct insurance companies as a result of the natural hazards mentioned. The reported gross loss ratio for the non-life segment for the group business increased to 134.5% (2012: 72.9%); after taking into account the retrocession, a reported net loss ratio of 70.0% (2012: 75.9%) remained.

In total, the gross major loss charges (losses greater than EUR 3.0 million) in the third party business as of 31 December 2013 amounted to EUR 155.6 million; this corresponds with 10.2% of the gross premium. The reported gross loss ratio in the business segment non-life was 74.5% (2012: 74.5%). The resulting net loss ratio was 74.0%, following 74.9% the previous year.

TOTAL BUSINESS NON-LIFE

	2011	2012	2013
Reported gross loss ratio	80.2	74.1	89.4
Gross expenses ratio	25.1	24.5	24.6
Gross loss / costs ratio	105.3	98.6	114.0

KEY FIGURES FOR REINSURANCE

in EUR million	2013 total Gross	thereof group Gross	thereof third party Gross	2012 total Gross	thereof group Gross	thereof third party Gross
Written premium	1,521.6	389.6	1,132.0	1,525.6	362.5	1,163.2
Domestic	515.3	379.1	136.2	462.7	351.5	111.3
Overseas	1,006.3	10.5	995.8	1,062.9	11.0	1,051.9
Losses	1,352.8	509.2	843.5	1,122.2	259.3	862.9
Domestic	628.9	503.7	125.2	328.6	251.2	77.3
Overseas	723.9	5.5	718.4	793.6	8.0	785.6
Costs	376.8	87.8	289.1	373.9	82.9	291.0
Domestic	122.3	85.5	36.8	108.7	79.8	28.9
Overseas	254.5	2.3	252.2	265.1	3.0	262.1
Results before equalisation provisions	–204.1	–203.7	–0.5	21.5	20.7	0.8
Domestic	–233.7	–207.0	–26.7	23.1	20.4	2.7
Overseas	29.6	3.3	26.2	–1.6	0.3	–1.9

The reported gross loss ratio for the whole non-life segment for the fiscal year was 89.4% (2012: 74.1%). As a result, the combined ratio was 114.0% after 98.7% in the previous year.

Prior to the change in the equalisation provision and similar provisions, the technical result for total business improved in the fiscal year by EUR 31.7 million to EUR 31.3 million (2012: EUR -0.4 million). The equalisation provision and similar provisions were increased by EUR 70.8 million (2012: EUR 67.6 million), leading to an own account technical result of EUR -39.5 million (2012: EUR -68.0 million).

The result from capital investments amounted to EUR 258.6 million in the fiscal year (2012: EUR 381.0 million). This was indirectly marked by the profit and loss transfer agreements with the two large group companies R+V Lebensversicherung AG and R+V Allgemeine Versicherung AG.

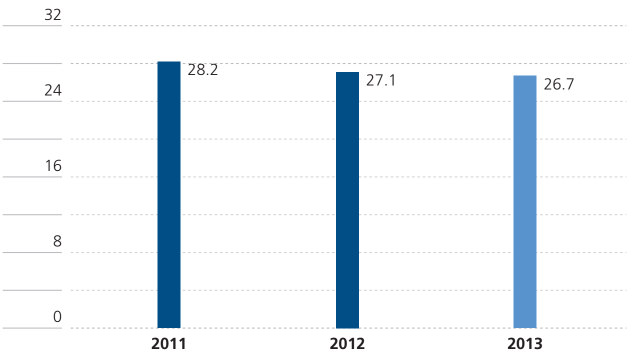
The balance from other income and other expenditure was EUR -4.9 million (2012: EUR -12.8 million).

In total, the fiscal year closed with a result from ordinary business activities of EUR 212.3 million (2012: EUR 298.0 million).

The tax expenditure determined (hypothetically) based on the tax allocation contract with DZ BANK AG amounted to EUR 123.1 million. Based on the profit and loss transfer agreements concluded with DZ BANK AG in 2012, the company thus transferred a profit of EUR 89.1 million (2012: EUR 93.2 million).

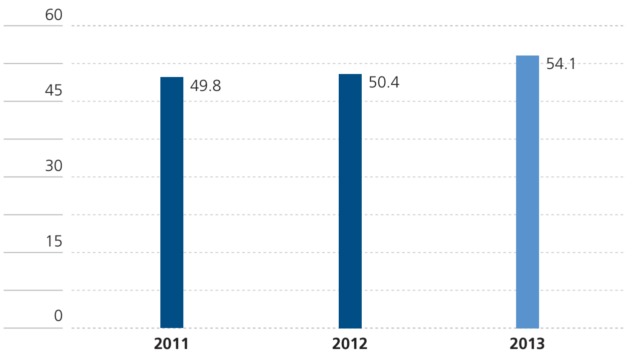
LIFE INSURANCE – GROSS PREMIUMS

in EUR million



ACCIDENT INSURANCE – GROSS PREMIUMS

in EUR million



LIFE INSURANCE – PORTFOLIO DEVELOPMENT

in EUR million according to sums insured		2012	2013
Take-over Total insured	Capital Annuity	5,903.9 1,912.8	5,514.9 1,775.7
Levy Total insured	Capital Annuity	738.7 1,397.4	711.0 1,310.3
Excess Total insured	Capital Annuity	5,165.3 515.3	4.803.9 465.4

ACCIDENT INSURANCE

	2011	2012	2013
Reported gross loss ratio	34.0	47.7	54.8
Gross expenses ratio	52.8	50.9	48.6
Gross loss / costs ratio	86.7	98.6	103.4

Business developments in the individual classes

Life

Another technical gross profit

The active underwriting of the life reinsurance business was discontinued in 2004. The gross premium income of EUR 26.7 million was slightly lower than in the previous year. The class closed with a technical gross profit in the amount of EUR 8.6 million (2012: EUR 6.2 million).

Accident

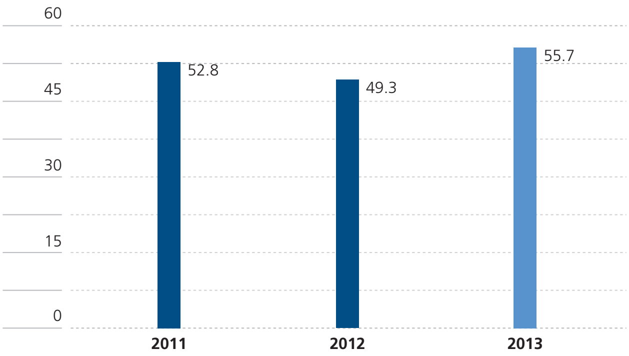
Balanced class result for fiscal year

General accident insurance and motor accident insurance are pooled in the accident insurance branch. As in previous years, general accident insurance was the dominant individual class in the insurance branch with a premium share of 98.9%. Written gross premiums of EUR 54.1 million were overall 7.3% above the value of the previous year (2012: EUR 50.4 million). The disproportionate increase relative to premiums in loss expenditure for the fiscal year by 11.8% to EUR 30.7 million as well as a lower settlement result of the loss provisions carried forward from the previous year led to a reported gross loss ratio of 54.8% (2012: 47.7%).

Gross expenditure on insurance operations increased by EUR 0.6 million. Prior to the change in the equalisation provision and similar provisions, the class result was EUR -1.8 million (2012: EUR 0.7 million). Due to claims history, EUR 2.0 million was withdrawn from the equalisation provision and similar provisions (2012: EUR 1.5 million allocated). The own account technical result for the fiscal year was stable (2012: EUR -0.8 million).

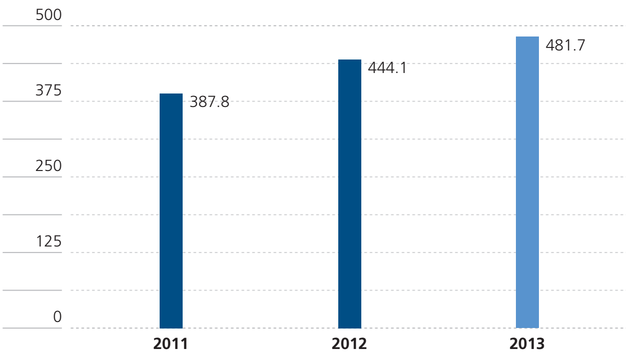
LIABILITY INSURANCE – GROSS PREMIUMS

in EUR million



MOTOR INSURANCE – GROSS PREMIUMS

in EUR million



LIABILITY INSURANCE

	2011	2012	2013
Reported gross loss ratio	44.2	48.5	81.7
Gross expenses ratio	36.3	36.8	35.1
Gross loss / costs ratio	80.5	85.3	116.8

MOTOR INSURANCE

	2011	2012	2013
Reported gross loss ratio	84.0	78.4	90.3
Gross expenses ratio	17.8	16.5	16.5
Gross loss / costs ratio	101.8	94.9	106.8

Liability

Significant rise in written gross premiums

Written gross premiums in liability insurance amounted to EUR 55.7 million (2012: EUR 49.3 million). This corresponds to an increase of 13.0%.

Compared with the previous year, the premium increase only partially compensated for the lower settlement result of the provisions assumed from the previous year. In conjunction with an increase in loss expenditure, this resulted in a reported gross loss ratio of 81.7% (2012: 48.5%) for the fiscal year. The gross expenses ratio was 35.1% (2012: 36.8%), which resulted in a gross combined ratio of 116.8%, following 85.3% the previous year.

The technical result of the class closed with a gross profit prior to equalisation provision and similar provisions of EUR -9.3 million (2012: EUR 7.2 million). After taking into account EUR 6.8 million withdrawn from the equalisation provision and similar provisions (2012: EUR 11.0 million allocated), the class showed an own account technical result of EUR -2.4 million (2012: EUR -4.0 million).

Motor

Premium increase in highly competitive market

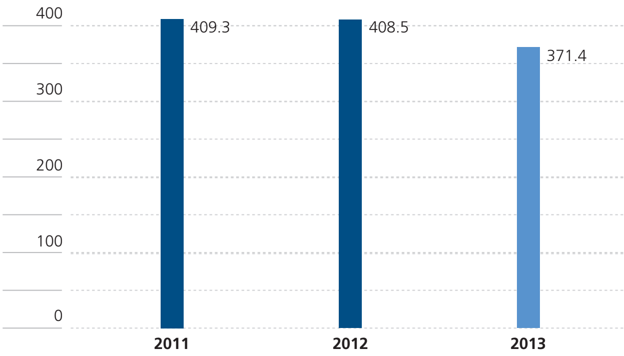
With a share of 31.7% of gross written premiums, motor insurance – which is written worldwide – is among the main classes of R+V Versicherung AG. The predominant share (61.2%) of the volume of the premiums in this class stems from the direct insurance sector of R+V companies, which profit from their strong market share in Germany. In the highly competitive motor reinsurance market, R+V was also able to achieve a premium growth of 8.4% in total to EUR 481.7 million in 2013 (2012: EUR 444.1 million). Growth in the domestic market was 11.1%. Overseas in particular Great Britain and Turkey proved to be growth markets.

The fiscal year loss ratio was 94.5% (2012: 86.5%). This development is the result of a disproportionate increase in fiscal year loss expenditure, due in particular to the hail and storm events in Germany. Due to a lower settlement result, compared with the previous year, of the loss provisions assumed from the previous year, the reported gross loss ratio was higher than the previous year's value (2012: 78.4%) at 90.3%

The expenditure for insurance operations was EUR 79.9 million (2012: EUR 73.3 million). The own account class result was EUR -13.9 million (2012: EUR 15.3 million). EUR 15.1 million was allocated to the equalisation provision and similar provisions (2012: EUR 42.2 million), the own account technical result was EUR -29.0 million (2012: EUR -26.9 million).

FIRE INSURANCE – GROSS PREMIUMS

in EUR million



FIRE INSURANCE

	2011	2012	2013
Reported gross loss ratio	124.6	89.9	82.7
Gross expenses ratio	26.0	25.8	26.9
Gross loss / costs ratio	150.6	115.7	109.5

Fire

Significantly improved combined ratio

The class recorded written premiums of EUR 371.4 million (2012: EUR 408.5 million). Fire insurance business essentially stemmed from cedents outside of the R+V Group. EUR 317.3 million were accounted for the foreign market, or 85.4% of the gross premiums.

Fire insurance was affected by major losses to a far lesser extent in the fiscal year than in 2011 and 2012, which resulted from various loss events during those years in connection with earthquakes, hurricanes and flooding. The reported gross loss ratio fell to 82.7% (2012: 89.9%). Including expenditure on insurance operations, this resulted in a gross combined loss/expenses ratio of 109.5% (2012: 115.7%).

In the fiscal year, the class closed with an own account technical profit in the amount of EUR 13.9 million (2012: loss of EUR -70.5 million) prior to the change in the equalisation provision and similar provisions. EUR 57.4 million was added to the equalisation provision and similar provisions. After the full withdrawal in 2011, no equalisation provision was created dependent on claims history in the previous year, either. A technical result thus remained of EUR -43.6 million (2012: EUR -70.5 million).

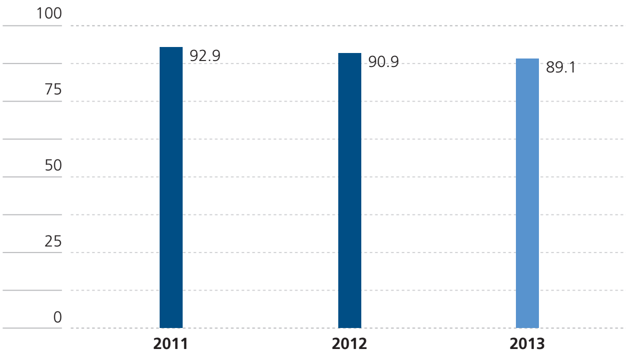
Marine and aviation

Germany most important market in marine class

Written gross amounts in marine and aviation business amounted to EUR 89.1 million in the fiscal year (2012: EUR 90.9 million) and were thus slightly below the level of the previous year. The cause of this is a decline in the premiums in aviation insurance by 5.8%, whereas premiums in marine insurance increased by 2.9%. The most important markets according to premium volumes were Germany for marine as previously and still the USA for aviation.

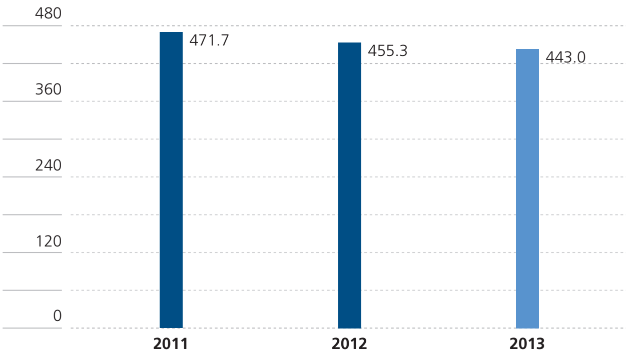
MARINE AND AVIATION INSURANCE – GROSS PREMIUMS

in EUR million



OTHER INSURANCE CLASSES – GROSS PREMIUMS

in EUR million



MARINE AND AVIATION INSURANCE

	2011	2012	2013
Reported gross loss ratio	51.5	58.5	55.3
Gross expenses ratio	24.4	23.1	25.2
Gross loss / costs ratio	75.8	81.6	80.5

OTHER INSURANCE CLASSES

	2011	2012	2013
Reported gross loss ratio	54.0	64.4	106.2
Gross expenses ratio	26.1	27.3	27.2
Gross loss / costs ratio	80.1	91.7	133.4

The reported gross loss ratio was 55.3% (2012: 58.5%). By including the expense ratio of 25.2% (2012: 23.1%), the class closed with an own account technical profit of EUR 17.4 million (2012: EUR 16.3 million). EUR 0.1 million (2012: withdrawal of EUR 3.4 million) were allocated to the equalisation provision and similar provisions. The own account technical profit improved significantly to EUR 17.3 million (2012: EUR 19.7 million).

Other insurance classes

Improved own account technical result

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

The other insurance classes recorded a slight drop in the written gross premiums by 2.7% to EUR 443.0 million (2012: EUR 455.3 million). The classes storm, credit/bond and hail continued to dominate the other insurance classes, with a premium share of 78.7% (2012: 78.8%). All three classes recorded falls in premiums here.

On the loss side, the individual insurance classes showed a varied development. There were significant loss improvements in hail insurance, where loss expenditure for the fiscal year decreased by EUR 44.8 million, after the previous year had been marked by harvest losses due to the drought in the USA. The gross fiscal year loss ratio in hail insurance improved to 49.3% (2012: 159.3%). The reported gross loss ratio also dropped to 74.4% (2012: 179.2%).

The reported gross loss ratio in credit and bonds insurance for the fiscal year was 76.2% (2012: 56.4%). Due in particular to the storm events in the summer and autumn of this year, the reported loss ratio for storm insurance was 82.4%, following 51.8% the previous year.

Overall, the other insurance classes showed an own account technical result after consideration of the changes from the equalisation provision and similar provisions of EUR 13.9 million (2012: EUR 11.7 million).

Summary appraisal of the course of business

The fiscal year 2013 for R+V Versicherung AG was marked by natural hazard events in Germany and neighbouring countries. The resulting losses were compensated as part of the reinsurance cover taken out for this purpose by means of retrocession, meaning that a positive performance was recorded overall. Premium income was at the same high level as the previous year. While the natural hazard burden from the risks assumed from direct insurers were evident in the gross loss expenditure, the net loss expenditure improved as a result of the reinsurance cover with external insurance companies.

The gross expenditure ratio remained at the previous year's level. The own account technical result improved significantly on the previous year. The equalisation provision was reinforced in the individual classes in line with claims history.

The capital investment result was EUR 258.6 million compared with EUR 381.0 million in the previous year.

Overall, R+V Versicherung AG generated a result of the normal business activities in the amount of EUR 212.3 million (2012: EUR 298.0 million). By taking a (fictitious) tax expenditure of EUR 123.1 million into consideration (2012: EUR 204.9 million) this produces a profit transfer of EUR 89.1 million (2012: EUR 93.2 million) based on the profit and loss transfer agreement concluded with DZ BANK AG in 2012.

Profitability

Technical result

The gross technical result was EUR -204.1 million (2012: EUR +21.5 million) due to high losses in the domestic group business. After taking the retrocession into account, this results in an own account technical result of EUR 31.3 million (2012: EUR -0.4 million), which represented a substantial improvement compared with the previous year. The equalisation provision and similar provisions were reinforced by EUR 70.8 million (2012: EUR 67.6 million). The own account technical result also improved significantly to EUR -39.5 million (2012: EUR -68.0 million). This technical loss particularly resulted from the fire class in the amount of EUR -43.6 million (2012: EUR -70.5 million) and the motor liability class in the amount of EUR -25.5 million (2012: EUR -23.8 million).

Capital investment result

R+V Versicherung AG generated regular income of EUR 263.7 million from its capital investments. After the deduction of ordinary expenditure of EUR 4.1 million, taking into account scheduled real estate depreciations of EUR 0.1 million, this produces an ordinary result of EUR 259.6 million (2012: EUR 356.8 million).

On the bonds market, there were very few further credit rating downgrades, but interest rates rose overall. Under these basic macro-economic conditions non-scheduled depreciations in the amount of EUR 11.5 million were necessary with the capital investments of R+V Versicherung AG. EUR 2.3 million were attributed due to value recoveries of earlier depreciations. R+V Versicherung AG generated on the one hand capital gains of EUR 3.3 million by selling assets, on the other hand, sales losses were incurred of EUR 0.5 million. The extraordinary result of EUR -6.4 million (2012: EUR 19.1 million) stemmed from write-ups and depreciations as well as the capital gains and losses.

The net result from capital investments from the total of the ordinary and extraordinary results thus amounted to EUR 253.2 million for the fiscal year 2013 compared with EUR 375.9

million in the previous year. The net interest yield was 5.7%, compared to 9.5% the previous year, due to lower profit transfers by subsidiaries. This was mainly the result of the decline in the performance of R+V Allgemeine Versicherung AG as a result of claims relating to natural hazards.

Other earnings and expenditure

Other earnings amounted to EUR 47.9 million in the fiscal year (2012: EUR 34.4 million). Services and interest income formed a significant proportion of this. The increase in the other income is essentially attributable to interest on tax receivables from completed external tax audits.

The other expenditure amounted to EUR 52.8 million (2012: EUR 47.2 million) and essentially includes operating costs, which are compared with income from cost transfer to Group companies as well as interest and consultancy costs and association and member contributions.

The result from foreign currency conversion amounted to EUR 1.9 million (2012: EUR 0.3 million).

Overall result

The result of the normal business activities amounted to EUR 212.3 million (2012: EUR 298.0 million). By taking into account a (hypothetical) tax expenditure of EUR 123.1 million (2012: EUR 204.9 million), which is mainly the indirect result of tax sharing agreements with the R+V life insurance companies, this results in a profit transfer of EUR 89.1 million (2012: EUR 93.2 million) based on the profit and loss transfer agreement concluded with DZ BANK AG in 2012.

Financial situation

Capital structure

Subscribed capital amounts to EUR 331.3 million (2012: EUR 331.3 million); capital reserves amount to EUR 1,415.7 million (2012: EUR 1,415.7 million).

As per the reporting date, shareholder's equity of R+V Versicherung AG was thus EUR 1,911.7 million (2012: EUR 1,911.7 million).

The guarantee funds rose by EUR 299.7 million to EUR 4,770.4 million compared with the previous year. Despite the strong growth of the company, the guarantee funds ratio remained at a high level of 321.0% (2012: 299.6%). The equity ratio amounted to 128.7% (2012: 128.1%).

Asset situation

Capital investments portfolio

2013 on the capital markets was characterised by an economic recovery in the USA and an easing of crisis fears in the Euro zone. Interest rates for ten-year German government bonds fluctuated significantly over the course of the year. In the year-end comparison, they increased from 1.3% to 1.9%. Interest charges (spreads) fell. The European stock markets, measured using the Euro Stoxx 50, rose by 17.9%.

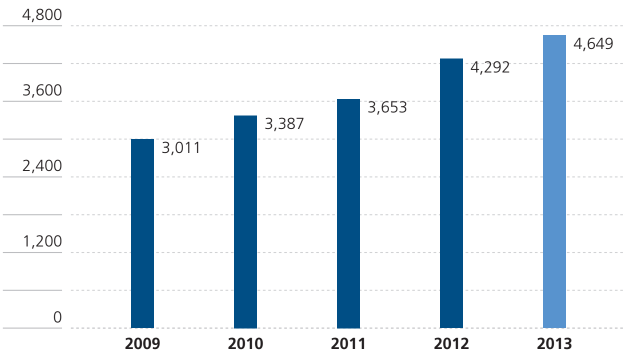
The capital investments of R+V Versicherung AG grew by EUR 357.4 million or by 8.3% in the fiscal year 2013. The book value of the capital investments as of 31 December 2013 thus amounted to EUR 4,649.3 million. At 51.6% (2012: 54.7%), the capital investments of the company are largely invested in affiliated companies and holdings. R+V Versicherung AG primarily invested the funds available for new investment in bonds. In order to minimise the risk of default, attention was paid to the good creditworthiness of the issuers with all interest-bearing claims. Preemptions were additionally carried out in order to perpetuate the investment. R+V Versicherung AG also invested both directly and indirectly in real estate. In addition, R+V Versicherung AG took part in a capital increase of R+V KOMPOSIT Holding GmbH.The calculated equity ratio at market values amounted to 1.8% on 31 December 2013 compared with 1.3% in the previous year.

GUARANTEE FUNDS

in EUR million	2013	2012
Share capital	331.3	331.3
Capital reserves	1,415.7	1,415.7
Retained earnings	164.7	164.7
Net retained profits	0.0	0.0
Shareholders' equity	**1,911.7**	**1,911.7**
Unearned premium reserve	140.5	146.9
Actuarial reserves	34.7	37.5
Provision for outstanding claims	2,044.0	1,805.8
Provision for premium funds	2.9	3.1
Equalisation provision and similar provisions	635.9	565.1
Other technical provisions	0.7	0.6
Total technical provisions	2,858.8	2,559.0
Guarantee funds	**4,770.4**	**4,470.7**

DEVELOPMENT OF THE CAPITAL INVESTMENTS*

in EUR million



* without deposit receivables

The reserve ratio relating to total capital investments was 50.3% as of 31 December 2013 (2012: 54.5%). At the end of the year, R+V Versicherung AG disclosed hidden losses of EUR 2.1 million in the capital investments allocated to fixed assets according to § 341 b HGB. This related to bonds only.

Social, ethical and ecological principles are taken into consideration in the capital investment to ensure that R+V Versicherung AG does not deliberately and knowingly invest in capital investments that contradict generally recognised principles of sustainability.

Technical provisions

The technical gross provisions rose by 19.5% to EUR 3,126.8 million (2012: EUR 2,616.7 million) compared with the previous year. After deducting the shares applicable to the reinsurers, the net technical provisions amounted to EUR 2,858.8 million (2012: EUR 2,559.0 million). Based on the own account premiums written, this was equivalent to a ratio of 192.4% (2012: 171.5%).

By far the largest share of the net technical provisions was formed by the provisions for outstanding claims. Their volume rose by 13.2% to EUR 2,044.0 million (2012: EUR 1,805.8 million). They comprised 38.2% (2012: 34.9%) of the total balance sheet and are covered by the capital investments, deposit and settlement receivables as well as the reinsurers' shares of the technical provisions.

The equalisation provision and similar provisions were reinforced by EUR 70.8 million to EUR 635.9 million.

Supplementary report

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

Chance and risk report

Risk management process

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

It encompasses all systematic measures for recognising, evaluating and controlling risks. The main aim of the risk management process is to ensure solidity and security for policyholders and shareholders as well as the continuation of the company in the long term. Furthermore, with the help of the risk management process, risks and other negative developments, that could have significant effects on financial and asset situations and profitability, 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 passed R+V risk strategy that is to be updated annually. This is derived from the corporate strategy while taking account of the strategic four-year plan passed at the spring meeting of the Board of Management. The control of risks is documented in the Group Risk Manual with extensive presentations of methods, processes and responsibilities. A basic principle of the risk organisation and the risk management processes are the separation of risk monitoring and risk responsibility. The functions of the persons responsible for setting up risk positions are separated, in personnel and organisational terms, from the independent risk controlling function.

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.

The aim of the risk inventory that takes place once a year is to identify the risks relevant to the R+V Group and assess their materiality. The specific purpose of the risk inventory is to review and document all known individual and cumulative risks as well as the risk-bearing capacity and the business continuity management system. The indicators and threshold values used are also reviewed here. A materiality analysis is carried out for all risks identified. Material risks are subject to the monitoring process during the year.

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 on a quarterly basis. 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 substantial changes to risks, reports to the responsible member of the Board of Management and to the Head of the Risk Conference are envisaged.

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

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

The R+V compliance management system comprises centralised and decentralised tasks: The Compliance officer bears the whole responsibility. The Compliance Management System covers the following topics: Cartel offences, insider violations, illicit acts and theft, breaches of data protection, money laundering violations and breaches of the foreign trade regulations. An internal complaints department exists for all questions associated with the Allgemeines Gleichbehandlungsgesetz (AGG, German General Equal Treatment Act). Moreover the function of a lawyer of trust is set up. Important regulations for correct conduct in business transactions are recorded in the Compliance Guidelines „principles of conduct in business transactions". At the quarterly Compliance Conference, those responsible discuss significant incidents within R+V and also initiated measures. In addition to reporting to the Risk Conference, the R+V Compliance Officer also reports directly to the Chairman of the Board of Management. Ad-hoc reports are to be provided for particularly serious violations.

R+V has a holistic business continuity management system supplemented by a central coordination function. A committee with the crisis managers responsible for IT, buildings and personnel provides support on specialist issues. It also networks emergency management activities in the R+V Group 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.

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

Internal control system relating to the accounting process

To ensure proper and timely provision of information for readers of the financial statements and management report, an extensive internal control system (ICS) has been established, amongst other things, within the R+V group. As an important component of the company-wide risk management system, the accounting-related ICS pursues the aim of minimising identified risks by implementing controls in relation to the entire accounting and financial reporting process and ensuring the creation of financial statements that comply with the regulations. To ensure continuous development and effectiveness of the ICS, it is regularly reviewed by the Group's internal audit and the external auditors.

The accounting-related ICS focuses on the material financial reporting processes. These are documented, process-inherent risks are identified and appropriate risk-adequate control procedures are implemented. The assessment of process-inherent risks is based on an evaluation grid and set materiality thresholds. The timeliness of the documentation is reviewed annually and adjusted as required.

The ICS includes organisational security measures that are integrated into both the structure as well as in the workflow organisation, such as a basic functional separation or clear allocations of tasks and responsibilities. At important points within the accounting-related business processes, targeted checks are carried out to minimise the probability of errors occurring or identify errors that have already occurred. These are controls that are integrated into the workflow, such as the application of the dual control principle or interface controls. The efficacy and effectiveness of the accounting-related ICS is regularly reviewed and documented.

The process for preparing the financial statements and the management report is the responsibility of R+V employees and follows defined deadlines and schedules. The steps to be performed during the financial reporting process are subject to both system-based and manual controls. External experts are involved in some cases in order to determine certain accounting data.

The financial reporting process is highly dependent on IT systems and is therefore subject to potential operational risks, such as breakdowns, interruptions and losses of data. These are managed, amongst other methods, by means of extensive protective mechanisms such as emergency planning, back-up solutions as well as permissions management and technical safeguards against unauthorised access. The IT systems used are also tested for compliance with the generally accepted accounting principles and statutory retention and documentation requirements. The regular examination of accounting processes is both an integral part of internal audits as well as the subject of annual audits by the external auditor.

Opportunity management

In the assumed reinsurance business, R+V expects adequate opportunities for recording profitable business in the coming years as well. On the one hand, direct insurers are becoming increasingly risk-conscious and are using reinsurance as a risk management tool. On the other hand, the introduction of Solvency II promoted coverage of reinsurance partners with good ratings as a capital replacement.

In terms of demand for reinsurance, it has become clear that the relationship between the direct and reinsurance companies is undergoing a gradual change. Customers are increasingly focusing on acquiring customised coverage plans with attractive pricing.

Against the backdrop of the global sovereign debt crisis, the current capital market environment poses a major investment challenge with its historically low interest rates and high volatility. R+V is a stable investor with a long-term orientation. Due to its business model and high risk bearing capacity, R+V can take advantage of opportunities, particularly from investments with a longer time horizon, largely regardless of short-term capital market fluctuations. Due to its broad diversification, R+V is highly stable in the face of potential adverse capital market developments. Investments are made in a stringent investment process consisting of strategic, tactical and operational allocations, supported by modern risk management. This process ensures that we can respond proactively in our investment to market developments, changes in the company and in the insurance business as well as regulatory requirements. Investment is part of the company-wide asset-liability management.

Through continuous process analysis and consistent implementation of the measures derived hence, R+V will further increase productivity continuously. This reduces complexity and costs, and process times are minimised. This not only increases customer satisfaction, but also the satisfaction of employees and sales partners.

Once more the rating agency Standard & Poor's assessed the financial strength of R+V Versicherung AG as very strong in the fiscal year 2013. Within the framework of the interactive rating process, the assessment was confirmed with AA- and a stable outlook.

Technical risks

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

The main technical risks in the reinsurance business are marked by the premium and loss risk, the reserve risk as well as the cost risk.

The premium and loss risk comprises the risk that future indemnification from insured, however not yet occurred losses is higher than expected.

R+V Versicherung AG counters these risks by continually observing the financial and political situation and a risk control according to the strategic orientation and also by taking a tariff determination into consideration which is suitable for the risk. Risk control is carried out through a clearly structured, earnings-oriented underwriting policy. Risks are assumed within binding underwriting guidelines and limits which restrict liability both in individual and cumulative loss. When underwriting risks, R+V pursues income-oriented targets by taking the economic capital costs into consideration. Compliance with these stipulations is reviewed regularly.

As part of the premium and loss risk, the natural disaster risk is of special significance. This comprises cumulative risks, which result from the occurrence of an individual damaging event associated with a frequency of damaging events. A distinction is made between natural disaster risks, which result from events such as, e.g. storms, earthquakes or flooding and man-made risks.

The essential technical risks of a reinsurer are due to a portfolio endangered by natural disasters. The actual and possible impact of losses caused by natural disasters with regard to their extent and frequency is continually recorded and tracked using standard industry software, supplemented by in-house verification. A continuous monitoring of the possible risk concentrations from natural disaster risks is carried out in the portfolio.

The essential objective when controlling the disaster risk is the assurance of a broad risk compensation over all lines of business and a worldwide territorial diversification. Limits are used for the central control and the limitation of the cumulative risks from individual natural risks. An important tool for the risk control is a systematic cumulative control of the approved limits for natural disaster risks. The modelled exposures moved within the approved limits.

Risk reduction measures include, amongst other things, the management of insurance excesses and of retrocession by taking risk-bearing capacity and the effective retrocession costs into account. There are minimum creditworthiness requirements for retrocessionaires. The risk-bearing capacity of the assumed reinsurance business is created through adequate capital resources and reserves and consequently there is currently no retrocession purchasing for non-Group assumed reinsurance business.

In the assumed reinsurance business, the major losses incurred in 2013 were overall at an average level and within the expected range.

The reserve risk relates to the risk that the loss reserves, which are disclosed for already occurred losses, are not sufficiently assessed. A permanent and timely observation of the loss developments makes it possible to derive preventive measures for achieving a sufficient reserve level. The reserves are monitored among others by the annual preparation of a reserve expert's opinion. Loss provisions are allocated in a sufficient manner for known, however also for unknown losses.

The technical risks also comprise cost risks. These arise with unfavourable changes to the development of business by the fact that with falling income, the expenses cannot be reduced to the same extent. Included is also the budget deficit risk, which results from lower income or higher costs than envisaged in the budget. The budget is subject to ongoing control as part of the controlling process.

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 also includes the exchange rate, interest rate change and asset-liability risks.

The company counters these capital investment 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 other organisational measures. R+V applies continual supplements and refinements to its risk assessment and evaluation instruments for new investments and the observation of the investment portfolio. This is done in order to meet any changes on the capital markets and to recognise, limit or avoid any risks early.

Transactions with derivative financial instruments, 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.

The following types of hedging transactions were used at R+V Versicherung AG as of 31 December 2013:

– Foreign exchange transactions: Macro-hedging of currency risks in technical provisions
– Pre-emptions: In order to compensate for liquidity fluctuations during the year, avoid interferences on the market or perpetuate the investment; the underlying transactions are external capital instruments.

The following measures are carried out in order to ensure the intended effectiveness of the economic risk hedging:

– Daily limit monitoring and daily option reporting
– Stipulation of a strategic hedging benchmark and regular monitoring of guidelines for the currency management
– Continuous monitoring of the hedging positions, regular presentation of the implications on the balance sheet and the income statement within the framework of the internal reporting and execution of necessary adjustments
– Execution of sensitivity analyses

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

In order to measure possible market risks to its capital investments, sensitivity analyses are carried out under the following assumption: the effects of a 10% and 20% change on stock exchanges are determined for equities.

For fixed-interest securities and loans, the effects of a movement of the interest rate curve of 100 basis points upwards or downwards to the current market value of these securities and loans are simulated.

An appreciation and depreciation of the Euro by an annual standard deviation is assumed in order to determine exchange rate risks.

In addition to the sensitivity analyses, a duration analysis is regularly performed for the portfolio of fixed-interest securities and loans.

Commitments in foreign currencies from the reinsurance business are mostly congruent with investments in the relevant foreign currencies, so that exchange rate gains and losses largely cancel one another out.

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 towards whom the company has receivables.

In order to reduce the credit risk, investments are made and loans are primarily granted 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 limit stipulated for the credit risk. Counterparty risks are additionally restricted by using a limit system. More than 87% (2012: 89%) of the investments in fixed-interest securities have a Standard & Poor's rating of 'A' or better, more than 73% (2012: 72%) have an 'AA' or better rating.

In the past fiscal year the capital investments of R+V Versicherung AG posted interest losses of EUR 0.2 million. No losses of capital were recorded.

As of 31 December 2013, R+V Versicherung AG held government bonds from peripheral Euro countries in the following amount:

MARKET VALUES

in EUR million	2013	2012
Italy	9.1	20.0
Ireland	10.4	9.6
Spain	42.0	32.4
Total	**61.4**	**62.0**

For the countries specified in the table, R+V assumes according to the current status that the measures taken by the stated countries, the EU, the International Monetary Fund (IMF) and the ECB guarantee refinancing. No depreciations were carried out on government bonds.

The total of all investments at banks made by R+V Versicherung AG amounts to EUR 1,207.8 million as of 31 December 2013. At 33.5%, these investments largely concern securities for which there is special cover for collateralisation. 45.5% of these investments are primarily invested in German banks. The remaining 54.5% 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 that a company is not in a position to satisfy its financial obligations when due or can only do so at increased cost.

The liquidity of R+V companies is centrally controlled. An integrated simulation for portfolio and success development in the capital investment area and for the development of cash flow is carried out for all R+V companies as part of the multi-year planning. The basis of this control is the forecast development of all important cash flows from the technical business, capital investments and general administration. The satisfaction of liquidity requirements under supervisory law is continually reviewed within the framework of new investments.

The expected cash flow development of R+V Versicherung AG is presented in detail as part of a liquidity report that is updated monthly for the current year. Furthermore, a precise daily cash flow plan is carried out additionally by Cash Management.

To guarantee sufficient liquidity under crisis market conditions, regular reviews in the form of sensitivity analyses of important technical parameters 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.

Owing to the annual liquidity surpluses which are forecast for the whole planning period and the high fungibility of the securities stocks, the ability to satisfy the liabilities towards the policy holders is guaranteed 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.

R+V avoids concentration risks in the assumed reinsurance business by means of a balanced portfolio with a global territorial diversification of classes and customer groups. There are no significant concentrations.

The investment behaviour of R+V is oriented towards avoiding risk concentration in the portfolio and achieving a minimisation of risks through extensive diversification of its investments. Compliance with the quantitative limits stipulated by investment regulations and other provisions of supervisory law contribute to this in accordance with the principle of appropriate mix and diversification. An analysis of the issuer structure of the portfolio did not identify any significant concentration risk. Furthermore, there are no concentration risks at individual credit 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 systems. 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 telecommunication infrastructure has been designed with a high level of redundancy both internally in the buildings and against access from the external network.

Operational risks

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

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

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

Quality assurance in IT systems is provided by established 'best practice' processes. Current issues are dealt with in daily conferences and allocated processing priority. Suitable measures are taken in monthly conferences attended by IT heads of department with regard to compliance with service level agreements (e.g. system availability and response times).

Through sustainable personnel development and building up a talent management system, R+V ensures that employees are constantly supported and qualified in order to be able to meet future personnel requirements from inside the organisation too. The tools utilised here include potential assessment procedures, systematic successor planning and qualification programmes, amongst other things. Regular employee surveys are conducted in the interests of sustaining staff loyalty.

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).

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. R+V regularly analyses and forecasts national and global facts with influence on parameters relevant to business.

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

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 positive image of R+V within the cooperative financial network (FinanzGruppe Volksbanken Raiffeisenbanken) and in public is an important aim of the company.

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

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

Risk bearing capacity

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

The risk bearing capacity of R+V Versicherung AG under supervisory law exceeded the required minimum solvency margin as of 31 December 2013. 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 the minimum statutory requirement as of 31 December 2014.

The measurement of the economic risk bearing capacity of R+V is carried out using an internal risk capital model which is oriented to the economic requirements of Solvency II in the R+V Group. 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 always exceeds the necessary risk capital.

Solvency II

The EU Commission has been intensively 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. On 13 November 2013, an agreement was reached regarding Omnibus II in a trilogue between representatives of the Council, the European Parliament and the European Commission which, as part of another quick fix, provides for a starting point for the Preparatory Guidelines of 1 January 2014 and the introduction of Solvency II on 1 January 2016.

Through internal projects and working groups and cooperation with the working groups of the GDV (German Insurance Association) and the BaFin (German Financial Supervisory Authority), R+V has adjusted to future challenges and has thus created the foundations for the successful implementation of the requirements arising from Solvency II. This also includes active participation in studies on Solvency II (QIS [Quantitative Impact Study, Long-Term Guarantees Assessment]) within the framework of the European Solvency II project. In order to ensure reasonable preparation for the next supervisory regime, Solvency II, calculations are moreover performed regularly across the group based on the actual status of development.

Summary of the risk situation

The risk bearing capacity under supervisory law of R+V Versicherung AG exceeded the required minimum solvency margin as of 31 December 2013. Also an analysis of the economic risk bearing capacity shows that risk cover capital of R+V Versicherung exceeds the necessary risk capital.

A major risk factor for the business development of R+V is the debt crisis in the Euro zone. Based on the experience of the last crisis years, a renewed aggravation of the crisis cannot be excluded. It is very difficult to estimate the associated implications on the capital markets and the real economy and the demand behaviour of citizens. However, the crisis risk has been diminished by a slight economic and fiscal improvement flanked by a more active central bank.

According to the current status, R+V assumes that the measures taken by the affected countries as well as the EU, the IMF and the ECB guarantee a refinancing of the countries and banks.

No further developments are additionally identifiable from a current perspective that could sustainably impair the assets, financial situation and profitability 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 the expected development, with its major opportunities and risks, are provided to the best of our knowledge and belief on the basis of currently available insights on industry prospects, future economic and political conditions and development trends and their significant influencing factors. These prospects, basic conditions and trends can obviously change in future without this being predictable at present. Overall, the actual performance of R+V may therefore differ significantly from the predictions made.

Macroeconomic development

For 2014, experts expect the economic situation to brighten. For instance, the German „Sachverständigenrat“ [Council of Experts] predicted a 1.6% growth in Germany's real gross domestic product in its annual report in November 2013. According to a survey by the Ifo Institute in Munich from the same month, the insurance industry is expecting the vast majority of premiums to remain constant or increase on the previous year.

Developments on the capital markets

The development of the capital markets in 2014 will be marked by an economic recovery with subdued inflation. The high level of government debt must continue to be reduced, and the central banks will support this process. This particularly applies to the Euro zone. Based on the experiences of recent years, however, a flare-up of the crisis cannot be ruled out either. Interest rates and share prices are expected at a higher level by the end of 2014.

R+V is basing its capital investment strategy on security, liquidity and yield. The high proportion of fixed-interest securities with good creditworthiness in the capital investment portfolio ensures that technical obligations can be met at all times. The duration should not be significantly extended or reduced. Opportunities in the credit markets should be taken, whereby attention should be paid to the continued high quality of securities, a wide spread of credit risks and stringent risk control. The engagement in shares is to be increased slightly depending on the risk bearing capacity of the company. The real estate and infrastructure engagement will be further increased gradually with the existence of attractive investments.

This long-term investment strategy, which is oriented towards security, combined with modern risk management, will also determine the course in 2014.

Improved technical result for own account expected

Next year, R+V Versicherung AG will maintain its profit-oriented strategy in order to consolidate and strengthen the high level of profitability achieved. Provided risk-adequate premiums can be achieved, an expansion of the business is planned. Continuous monitoring of quality standards for underwriting, pricing and claims management is the basis for the continuation of the successful underwriting policy of previous years.

In the renewal rounds for 2014, R+V Versicherung AG was again able to benefit from its good AA- rating (Standard & Poor's).

The company is planning a premium growth for 2014. On the claims side, a downward trend in gross loss expenditure is planned, after the fiscal year was characterised by natural hazard events, particularly in Germany. On the cost side, a less than proportional increase is planned relative to premium growth, meaning that a satisfactory technical result for own account should be achieved. This expectation assumes that no large loss will occur beyond the expected value.

Thank you

The Board of Management would like to thank all staff for their commitment and motivation.

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, 5 March 2014

The Board of Management

Appendix to the Management Report

In the fiscal year, the company was active in the following branches of domestic and foreign reinsurance:

Life

Health

Accident

Liability

Motor

Aviation

Legal

Fire and allied perils

Burglary and theft

Water damage

Storm

Comprehensive home contents

Comprehensive home-owners

Glass

Hail

Livestock

Engineering

Marine

Credit and bonds

Business interruption

Other

Annual Financial Statements 2013

Balance sheet

as of 31 December 2013*

ASSETS

in EUR				2013	2012
A. Intangible assets					
Concessions acquired for consideration, commercial copyrights and similar rights and values and licences to such rights and values				**25,464.—**	**32,107**
B. Capital assets					
I. Land, similar rights and buildings including buildings on third party land			3,728,661.17		3,377,470
II. Capital investments in affiliated companies and holdings					
1. Shares in affiliated companies		2,187,584,027.86			2,162,584,028
2. Loans to affiliated companies		112,162,599.19			148,348,539
3. Holdings		861,102.78			1,036,631
4. Loans to associated companies		99,462,369.13	2,400,070,098.96		18,391,368
III. Other capital assets					
1. Shares, investment certificates and other variable yield securities		410,106,321.48			373,680,702
2. Bearer bonds and other fixed-interest securities		1,123,136,836.90			843,548,971
3. Other loans					
a) Registered bonds	368,500,000.—				369,064,594
b) Bonded debt receivables and loans	245,986,254.93	614,486,254.93			251,383,750
4. Deposits at banks		82,312,936.25			111,828,412
5. Other capital assets		15,508,684.01	2,245,551,033.57		8,737,371
IV. Deposits with ceding undertakings			213,164,673.46		225,455,724
				4,862,514,467.16	**4,517,437,559**

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

in EUR				**2013**	**2012**
C. Receivables					
I. Settlement receivables from reinsurance business			142,606,636.57		125,404,658
Thereof due to:					
Affiliated companies	8,125,877 €	(7,208,917 €)			
Associated companies	1,017,201 €	(203,316 €)			
II. Other receivables			254,207,181.48		401,164,940
Thereof due to:					
Affiliated companies	207,762,870 €	(279,777,723 €)			
Associated companies	75,657 €	(– €)			
				396,813,818.05	**526,569,598**
D. Other assets					
I. Property, plant, equipment and inventories			538,582,27		667,689
II. Cash at banks, cheques and cash in hand			65,799,174,43		98,630,715
III. Other assets			178,794,87		62,125
				66,516,551,57	**99,360,529**
E. Accruals					
I. Accrued interest and rents			31,877,465,89		30,416,101
II. Other accruals			524,303,09		671,919
				32,401,768.98	**31,088,020**
				5,358,272,069.76	**5,174,487,814**

LIABILITIES

in EUR			2013	2012
A. Shareholders' equity				
I. Called capital				
Subscribed capital	331,287,272.73			331,287,273
minus uncalled outstanding investments	–.—	331,287,272.73		
II. Capital reserves		1,415,739,315.27		1,415,739,315
Thereof reserves in accordance with § 5 Section 5 No. 3 VAG: – € (– €)				
III. Retained earnings				
Other retained earnings		164,666,337.05		164,666,337
			1,911,692,925.05	**1,911,692,925**
B. Technical provisions				
I. Unearned premium reserve				
1. Gross	142,670,649.99			149,472,497
2. Thereof: less reinsurance amount	2,169,385.79	140,501,264.20		2,571,892
II. Actuarial reserves				
1. Gross	65,105,516.79			70,753,853
2. Thereof: less reinsurance amount	30,427,674.38	34,677,842.41		33,253,907
III. Provision for outstanding claims				
1. Gross	2,279,520,227.32			1,827,672,333
2. Thereof: less reinsurance amount	235,474,518.18	2,044,045,709.14		21,829,619
IV. Provisions for performance based and non-performance based premium refund				
1. Gross	2,902,303.—			3,066,512
2. Thereof: less reinsurance amount	–,—	2,902,303.—		–
V. Equalisation provision and similar provisions		635,948,406,—		565,116,082
VI. Other actuarial provisions				
1. Gross	675,222,39			617,174
2. Thereof: less reinsurance amount	–,—	675,222.39		–
			2,858,750,747.14	**2,559,043,032**

in EUR				2013	2012
C. Other provisions					
I. Provisions for pensions and similar obligations			81,334,96		222,653
II. Tax provisions			43,543,325,30		43,017,564
III. Other provisions			19,308,230.44		21,173,932
				62,932,890.70	**64,414,148**
D. Deposit liabilities received from reinsurers				**36,551,818.64**	**38,279,975**
E. Other liabilities					
I. Settlement liabilities from reinsurance business			248,639,493.02		281,023,996
Thereof due to:					
Affiliated companies	43,150,319 €	(17,688,743 €)			
Associated companies	902,413 €	(731,739 €)			
II. Bonds			26,479,672.88		25,665,293
III. Other liabilities			212,789,209.87		293,933,422
Thereof:					
From taxes	5,602,634 €	(3,480,433 €)			
Social security	63,603 €	(94,479 €)			
Due to:					
Affiliated companies	200,904,220 €	(284,300,283 €)			
				487,908,375.77	**600,622,711**
F. Deferred income				**435,312.46**	**435,022**
				5,358,272,069.76	**5,174,487,814**

Income statement

for the period 1 January to 31 December 2013*

INCOME STATEMENT

in EUR			2013	2012
I. Actuarial account				
1. Premiums earned for own account				
a) Gross premiums written	1,521,600,128.—			1,525,614,258
b) Reinsurance premiums ceded	35,650,545.85			33,531,571
		1,485,949,582.15		
c) Change in gross unearned premium reserve	947,912.28			–8,950,810
d) Change in gross unearned premium reserve – reinsurers' share	406,336.90			–113,820
		541,575.38		
			1,486,491,157.53	**1,483,245,696**
2. Technical interest income for own account			**671,938.07**	**905,747**
3. Other actuarial earnings for own account			**1,952.12**	**–**
4. Expenditure on claims for own account				
a) Payments for claims				
aa) Gross	860,256,915.38			987,618,608
bb) Reinsurers' share	53,915,107.72			13,570,721
		806,341,807.66		
b) Change in provision for outstanding claims				
aa) Gross	492,501,236.25			134,582,726
bb) Reinsurers' share	213,706,214.91			–7,103,264
		278,795,021.34		
			1,085,136,829.—	**1,115,733,877**
5. Change in other actuarial net provisions				
a) Net actuarial reserves		2,296,911.99		1,852,980
b) Other actuarial net provisions		–65,107.22		–4,539
			2,231,804.77	**1,848,441**
6. Expenditure on performance based and non-performance based premium refunds for own account			**2,629,560.20**	**2,905,384**
7. Expenditure on insurance operations for own account				
a) Gross expenditure on insurance operations		376,831,473.75		373,862,900
b) Thereof:				
Reinsurance commissions and profit participations received		7,948,116.73		7,687,899
			368,883,357.02	**366,175,000**
8. Other actuarial earnings for own account			**1,436,063.43**	**1,578,129**
9. Subtotal			**31,311,042.84**	**–392,507**
10. Change to equalisation provision and similar provisions			**–70,832,324.—**	**–67,610,700**
11. Actuarial result for own account			**–39,521,281.16**	**–68,003,207**

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

in EUR				2013	2012
II. Non-actuarial account					
1. Investment income					
a) Income from holdings		58,909.41			828,230
thereof from affiliated companies:					
7,010 € (764,950 €)					
b) Miscellaneous investment income					
thereof from affiliated companies:					
5,975,799 € (7,831,651 €)					
aa) Income from land, similar rights and buildings including buildings on third party land	648,083.27				637,470
bb) Miscellaneous investment income	80,127,680.93				66,149,556
		80,775,764.20			
c) Income from write ups		2,336,538.27			19,753,425
d) Realised gains on investments		3,266,001.10			722,402
e) Income from profit pooling, profit and loss transfer agreement and partial profit and loss transfer agreements		188,303,890.31			300,028,860
			274,741,103.29		388,119,943
2. Investment expenditure					
a) Investment management expenditure, interest expenditure and other investment expenditure		4,036,907.99			5,677,190
b) Write downs on investments		11,579,627.16			1,277,447
c) Realised losses on investments		485,190.40			124,977
			16,101,725.55		7,079,613
			258,639,377.74		381,040,330
3. Technical interest income			–1,929,667.08		–2,221,034
				256,709,710.66	**378,819,295**
4. Other income			47,915,873.64		34,383,101
5. Other expenditure			52,827,212.69		47,163,912
				–4.911.339,05	**–12.780.810**
6. Non-actuarial result				**251,798,371.61**	**366,038,485**
7. Result from normal activities				**212,277,090.45**	**298,035,278**

in EUR					2013	2012
8. Taxes on income and earnings				123,113,957.06		204,658,917
Thereof:						
Allocation within consolidated entity	105,169,432 €	(181,154,422 €)				
9. Other taxes				34,399.55		204,554
Thereof:						
Allocation within consolidated entity	– €	(136,829 €)				
					123,148,356.61	**204,863,471**
10. Profits transferred as a result of profit pooling, a profit and loss transfer agreement or a partial profit and loss agreement				89,128,733.84		93,171,807
					–89,128,733.84	**–93,171,807**
11. Net income for the year					—,—	–

Notes

Accounting and valuation methods

The Financial Statements 2013 of R+V Versicherung AG have been prepared in accordance with the regulations in the German Commercial Code (HGB), in conjunction with the Government Order on External Accounting Requirements of Insurance Enterprises (RechVersV).

Land, similar rights and buildings including buildings on third party land were accounted for with depreciation of impaired acquisition or construction costs using the lower of cost or market value principle for permanent impairment in value. Scheduled straight line depreciation was used at the rate allowed under taxation law. Write-ups were carried out according to § 253 Section 5 Clause 1 HGB; however subject to a maximum of the acquisition and construction costs reduced by scheduled depreciation.

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. If the reasons for past depreciation no longer exist, according to § 253 Section 5 Clause 1 HGB, write-ups were carried out to the fair value, up to a maximum of the acquisition value.

Loans to affiliated companies and **to companies, with which an investment relationship exists**, were valued in line with their affiliation to the positions listed below.

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 value principle, unless they were allocated to noncurrent assets.

Shares and investment certificates which have been allocated to the noncurrent assets according to § 341 b Section 2 Clause 1 HGB were depreciated to the market value according to the option pursuant to § 253 Section 3 Clause 4 HGB.

Euro-denominated bearer bonds and other fixed income securities assigned to the noncurrent assets in accordance with § 341 b Section 2 Clause 1 HGB were valued at acquisition costs less past write-downs. Where the acquisition costs are above the permanent value, they were written down to the fair value, but not below the permanent value. If there is a permanent impairment, this is recognised at the fair value.

Securities without a fixed term (perpetuals) that have been assigned to the noncurrent assets in accordance with § 341 b Section 2 Clause 1 HGB were written down to fair value according to the option pursuant to § 253 Section 3 Clause 4 HGB. Reversals were undertaken at the fair value up to a maximum of the acquisition value in accordance with § 253 Section 5 Clause 1 HGB.

Foreign currency-denominated bearer bonds and other fixed income securities assigned to the noncurrent assets in accordance with § 341 b Section 2 Clause 1 HGB were written down to the fair value according to the option pursuant to § 253 Section 3 Clause 4 HGB.

If the reasons for past depreciation of noncurrent and current assets no longer exist, according to § 253 Section 5 Clause 1 HGB, write-ups were carried out to the fair value, up to a maximum of the acquisition value. In case of fixed-interest securities of the noncurrent assets, write-ups were not carried out beyond the repayment value.

Other loans with the exception of registered bonds were recognised at the amortised cost insofar as no single value adjustments were to be carried out. The amortisation of any difference between the acquisition costs and the repayment amount was carried out using the effective interest method.

Bearer bonds and **deposits at banks** were recognised with the repayment amount insofar as no single value adjustments were to be carried out. Premiums and discounts with bearer bonds were distributed pro rata temporis by accruals and deferrals over the individual term of the respective assert.

Deposit receivables and **settlement receivables** from the reinsurance business were recognised at the nominal amounts. Doubtful settlement receivables were directly written off.

All other receivables were valued at the nominal value.

Assets that were placed beyond the access of all other creditors, and which exclusively concern the fulfilment of pension provision obligations or comparable long-term obligations, were valued in accordance with § 253 Section 1 HGB at the fair value and offset against the corresponding debts. The interest share of the change in asset value is offset against the interest share of the change to the corresponding obligation.

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

An integrated intercompany agreement with regard to income tax has existed between R+V Versicherung AG and DZ BANK AG since 2012. As owing to deviating accounting under commercial and taxation law the consequences with regard to income tax arise at the controlling company, the valuation differences between the commercial and tax balance sheet existing at R+V Versicherung AG as of 31 December 2013 are taken into consideration, within the formation of the deferred taxes at DZ BANK AG.

Therefore, no deferred taxes are disclosed at R+V Versicherung AG as of 31 December 2013.

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

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

If no information was available, the provisions were estimated; the contractual terms and conditions and the previous course of business were decisive in this respect. Appropriate increases were carried out in the case of claims provisions based on typically underestimated values by the cedent. Accordingly, appropriate provisions were also made for claims burdens expected in the future. The reinsurance shares of the provisions were determined in accordance with contractual agreements. In the event of disputed legal and contractual bases in individual cases, the best possible individual estimate of the reserve was made by means of comprehensive internal processes.

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

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

The valuation of **provisions for pensions and similar obligations** (such as provisions for partial retirements and anniversary reserves) was made in accordance with the projected unit credit method (PUC method) in conjunction with § 253 Section 1 HGB on the basis of the mortality tables 2005 G by Klaus Heubeck. Future developments and trends were taken into account. The discounting was carried out using the average interest rate published by the Bundesbank for the past seven years with an assumed residual term of fifteen years. The interest rate was based on the level in October 2013.

The following parameters were used:

Increases in salary:	2.25%
Increases in pensions:	1.90%
Fluctuation:	0.90%
Interest rate:	4.90%

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

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

All other **non-technical provisions** were recognised at the repayment amount in accordance with § 253 HGB and discounted with the average interest rate of the past seven years corresponding with the residual term, insofar as the term of the provision is more than one year. The interest rate in October 2013 was drawn on for the valuation as of 31 December 2013.

The **other liabilities** were recognised at the repayment amount.

Currency conversion
All items in foreign currencies were converted into euros.

The items detailed under Assets B. Capital investments I to III as well as the other receivables, other liabilities, accruals and deferrals, as well as income and expenditure items resulting from these capital investments, were converted using the average spot exchange rate on the reporting date 31 December 2013. With regard to the shareholdings, we refer to the explanations on this item.

All other items on the balance sheet and income statement, in particular technical items, were converted using the average spot exchange rate on 20 December 2013 in order to speed up the preparation of the annual financial statements.

Any foreign currency profits and losses incurred in relation to a single currency were balanced 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 EUR	Result EUR
Insurance companies					
Assimoco S.p.A., Segrate	66.9	EUR	2012	71,018,077	1,447,502
Assimoco Vita S.p.A., Segrate	63.6	EUR	2012	79,483,253	10,207,236
CHEMIE Pensionsfonds AG, Munich	100,0	EUR	2013	16,317,843	150,000
Condor Allgemeine Versicherungs-AG, Hamburg	100.0	EUR	2013	41,761,661	[1])
Condor Lebensversicherung AG, Hamburg	95.0	EUR	2013	38,587,741	[1])
KRAVAG-ALLGEMEINE Versicherungs-AG, Hamburg	76.0	EUR	2013	69,514,926	6,614,757
KRAVAG-LOGISTIC Versicherungs-AG, Hamburg	51.0	EUR	2013	129,987,402	11,893,745
Optima Pensionskasse AG, Hamburg	100.0	EUR	2013	4,165,890	150,000
R+V Allgemeine Versicherung AG, Wiesbaden	95.0	EUR	2013	694,219,823	[1])
R+V Direktversicherung AG, Wiesbaden	100.0	EUR	2013	9,500,000	[1])
R+V Gruppenpensionsfonds AG, Munich	100.0	EUR	2013	12,530,692	300,000
R+V Krankenversicherung AG, Wiesbaden	100.0	EUR	2013	53,485,231	5,000,000
R+V Lebensversicherung AG, Wiesbaden	100.0	EUR	2013	314,980,723	[1])
R+V Luxembourg Lebensversicherung S.A., Strassen	100.0	EUR	2013	265,971,316	34,855,905
R+V Pensionsfonds AG, Wiesbaden	51.0	EUR	2013	10,885,473	212,844
R+V Pensionskasse AG, Wiesbaden	100.0	EUR	2013	55,306,348	500,000
Service, holding and real estate companies					
Assimocopartner Unipersonale S.r.L., Segrate	57.0	EUR	2012	260,458	3,622
Aufbau und Handelsgesellschaft mbH, Hamburg	82.2	EUR	2012	525,138	[1])
BWG Baugesellschaft Württembergischer Genossenschaften mbH, Stuttgart	82.1	EUR	2012	9,965,213	[1])
carexpert Kfz-Sachverständigen GmbH, Walluf	60.0	EUR	2013	3,638,299	578,363
CI CONDOR Immobilien GmbH, Hamburg	95.0	EUR	2013	28,500,000	1)
compertis Beratungsgesellschaft für betriebliches Vorsorgemanagement mbH, Wiesbaden	51.0	EUR	2013	3,093,105	283,301

[1]) 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 EUR	Result EUR
Condor Beteiligungsgesellschaft mbH, Hamburg	95.0	EUR	2013	31,050	4,333
Condor Dienstleistungs-GmbH, Hamburg	95.0	EUR	2012	195,402	8,465
Englische Strasse 5 GmbH, Berlin	90.0	EUR	2012	1,495,422	–132,339
Finassimoco S.p.A., Segrate	57.0	EUR	2012	93,755,500	43,968
GbR Dortmund Westenhellweg 39-41, Wiesbaden	100.0	EUR	2012	40,901,777	2,716,590
GTIS Brazil II S-Feeder LP, Edinburgh	97.9	USD	2012	4,649,454	–955,848
GWG 1. Wohn GmbH & Co. KG, Stuttgart	91.3	EUR	2012	2.000,000	218,665
GWG 2. Wohn GmbH & Co. KG, Stuttgart	91.3	EUR	2012	3,000,000	623,056
GWG 3. Wohn GmbH & Co. KG, Stuttgart	91.3	EUR	2012	7.000.000	1,163,206
GWG 4. Wohn GmbH & Co. KG, Stuttgart	91.3	EUR	2012	84	–203
GWG Beteiligungsgesellschaft mbH, Stuttgart	91.3	EUR	2012	21,402	–2,722
GWG Gesellschaft für Wohnungs- und Gewerbebau Baden-Württemberg AG, Stuttgart	91.3	EUR	2012	185,929,343	14,007,277
GWG ImmoInvest GmbH, Stuttgart	86.7	EUR	2012	5,632,774	615,121
HANSEATICA Sechzehnte Grundbesitz Investitionsgesellschaft mbH & Co. KG, Berlin	95.0	EUR	2012	26,373,791	756,497
Henderson Global Investors Real Estate (No. 2) L.P., London	73.9	GBP	2012	22,584,274	2,241,199
HGI Immobilien GmbH & Co. GB I KG, Frankfurt am Main	73.9	EUR	2012	24,500,286	–69,229
HGI Real Estate L.P., London	73.9	GBP	2012	604,200	–25,725
HumanProtect Consulting GmbH, Cologne	100.0	EUR	2012	203,703	86,909
Indexfinal Limited, London	73.9	GPB	2011 [2]	1,109	0
IZD-Beteiligung S.à.r.l., Luxembourg	96.2	EUR	2012	19,876,601	–2,688
KRAVAG Umweltschutz- und Sicherheitstechnik GmbH, Hamburg	51.0	EUR	2013	194,529	8,674
Medico 12 GmbH & Co. KG, Frankfurt am Main	100.0	EUR	2012	9,275,999	–2,789,677
MSU Management-, Service- und Unternehmensberatung GmbH, Kaiserslautern	74.0	EUR	2012	498,356	168,419
NF Nordstrand GmbH & Co. Heidenkampsweg 100 Nord KG, Norderfriedrichskoog	89.3	EUR	2012	–3,936,353	–129,642
NF Nordstrand GmbH & Co. Heidenkampsweg 100 Süd KG, Norderfriedrichskoog	47.9	EUR	2012	–2,844,455	–85,036
PASCON GmbH, Wiesbaden	100.0	EUR	2013	25,000	[1]
Paul Ernst Versicherungsvermittlungsgesellschaft mbH, Hamburg	51.0	EUR	2013	21,587	11,941

[1] A profit and loss transfer agreement exists.
[2] Figures for 2012 not available at the time of preparation

SHARES IN AFFILIATED COMPANIES

Name and registered office of company	Group share of capital in %	Currency	Figures for fiscal year	Shareholders' equity EUR	Result EUR
Pension Consult Beratungsgesellschaft für Altersvorsorge mbH, Munich	100.0	EUR	2013	1,103,245	94,821
R+V Erste Anlage GmbH, Wiesbaden	95.0	EUR	2013	1,075,930	–3,810
R+V Gruppenpensionsfonds-Service GmbH, Munich	100.0	EUR	2013	69,356	5,980
R+V INTERNATIONAL BUSINESS SERVICES Ltd., Dublin	100.0	EUR	2012	585,270	–2,310,913
R+V KOMPOSIT Holding GmbH, Wiesbaden	100.0	EUR	2013	1,704,036,467	[1])
R+V Kureck Immobilien GmbH, Wiesbaden	95.0	EUR	2013	81,231	3,657
R+V Leben Wohn GmbH & Co. KG, Wiesbaden	100.0	EUR	2013	92,078,580	3,671,580
R+V Mannheim P2 GmbH, Wiesbaden	94.0	EUR	2012	0	–270,178
R+V Personen Holding GmbH, Wiesbaden	100.0	EUR	2013	582,088,847	[1])
R+V Real Estate Belgium N.V./S.A., Brussels	100.0	EUR	2012	10,736.733	84,142
R+V Rechtsschutz-Schadenregulierungs-GmbH, Wiesbaden	100.0	EUR	2013	53,189	[1])
R+V Service Center GmbH, Wiesbaden	100,0	EUR	2013	2,869,375	[1])
R+V Service Holding GmbH, Wiesbaden	100.0	EUR	2013	156,780,850	[1])
R+V Treuhand GmbH, Wiesbaden	100.0	EUR	2013	37,400	2,918
RC II S.a.r.L., Luxembourg	90.0	EUR	2012	8,968,915	–403,155
RUV Agenturberatungs GmbH, Wiesbaden	100.0	EUR	2013	410,280	142,587
Schuster Assekuradeur GmbH, Hamburg	100.0	EUR	2012	118,119	–376
Schuster Finanzdienstleistungs-GmbH, Bielefeld	52.0	EUR	2012	25,565	[1])
Schuster Versicherungsmakler GmbH, Bielefeld	51.0	EUR	2012	89,359	63,359
SECURON Versicherungsmakler GmbH, Munich	51.0	EUR	2012	647,243	392,454
Sprint Sanierung GmbH, Cologne	100.0	EUR	2012	30,251,818	3,493,351
Tishman Speyer Brazil Feeder (SCOTS/D), L.P., Edinburgh	97.5	BRL	2012	35,737,967	5,547,389
Tishman Speyer European Strategic Office Fund Feeder, L.P., New York	97.2	EUR	2012	14,847,345	–728,962
UMB Unternehmens-Management-beratungs GmbH, Wiesbaden	100.0	EUR	2013	587,693	0
Unterstützungskasse der Condor Versicherungsgesellschaften GmbH, Hamburg	98.3	EUR	2013	26,076	0
VMB Vorsorgemanagement für Banken GmbH, Overath	90.0	EUR	2013	115,517	47,936

[1]) 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 EUR	Result EUR
VR BKE Beratungsgesellschaft für Klima und Energie mbH, Wiesbaden [2])	66.7	EUR			
VR GbR, Frankfurt am Main	41.2	EUR	2012	181,092,082	36,124,458
VR Hausbau AG, Stuttgart	81.9	EUR	2012	2,750,000	[1])
Waldhof Verwaltungsgesellschaft mbH, Hamburg	100.0	EUR	2013	29,336	–334
WBS Wohnwirtschaftliche Baubetreuungs- und Servicegesellschaft mbH, Stuttgart	86.7	EUR	2012	12,857,915	806,702

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

ASSOCIATES

Name and registered office of company	Group share of capital in %	Currency	Figures for fiscal year	Shareholders' equity EUR	Result EUR
ASSICAL S.r.L., Rende	17.1	EUR	2011 [1]	159,928	–6,100
ASSICONF S.r.L., Torino	11.4	EUR	2012	53,493	782
ASSICRA Servizi Assicurativi Banche di Credito Cooperativo Abruzzo e Molise s.r.L., Pescara	14.2	EUR	2012	309,181	26,311
ATRION Immobilien GmbH & Co. KG, Munich	31.6	EUR	2012	33,128,004	7,070,173
AUREO GESTIONI S.G.R.p.A., Milan	15.9	EUR	2012	26,094,243	1,497,889
BAU + HAUS Management GmbH, Karlsruhe	50.0	EUR	2012	12,323,542	814,488
bbv-Service Versicherungsmakler GmbH, Munich	25.2	EUR	2012	1,361,464	195,304
Centro Commerciale Trieste Srl., Triest	23.1	EUR	2012	–2,087,531	–7,549,914
Credit Suisse Global Infrastructure SCA SICAR, Luxembourg	29.6	USD	2012	326,966,785	24,676,683
European Property Beteiligungs-GmbH, Wiesbaden	38.6	EUR	2012	1,102,656	4,502,443
GbR „Ackermannbogen.de - Wohnen am Olympiapark“, Munich	40.9	EUR	2012	62,173	–3,677
Golding Mezzanine SICAV IV subfund 2, Muns	47.5	EUR	2012	13,467,173	401,037
HEIMAG Besitzgesellschaft mbH, Munich	27.4	EUR	2012	25,971	104
HEIMAG München GmbH, Munich	27.4	EUR	2012	225,941,660	–2,913,927
Henderson Global Investors Property (No. 2) Limited, London	50.0	GBP	2012	60,994	41,113
HGI Immobilien GmbH, Frankfurt am Main	50.0	EUR	2012	53,879	12,113
HGI Property Limited, London	50.0	GBP	2012	8,754	–4,484
IZD-Holding S.à.r.l., Luxembourg	48.4	EUR	2012	39,312,412	–71,048
Mietmanagement HEIMAG GmbH & Co. KG, Munich	27.4	EUR	2012	416,936,710	12,205,971
MB Asia Real Estate Feeder (Scot) L.P., New York	34.1	USD	2012	47,407,557	–5,307,284
Office Tower IZD GmbH, Vienna	48.3	EUR	2012	37,686,930	3,209,628
Property Finance France S.A., Luxembourg	18.2	EUR	2012	89,918	–58,502
PWR Holding GmbH, Munich	33.3	EUR	2012	1,871,526	–26,075
R+V Kureck Immobilien GmbH Grundstücksverwaltung Braunschweig, Wiesbaden	50.0	EUR	2012	8,860,491	554,434
R.G.A. Agrupación de Interés Ecónomico, Madrid	12.0	EUR	2012	117,197	0
R.G.A. Mediación, Operador de Banca-Seguros Vinculado, S.A., Madrid	28.5	EUR	2012	3,448,526	224,156

[1]) Figures for 2012 not available at the time of preparation

ASSOCIATES

Name and registered office of company	Group share of capital in %	Currency	Figures for fiscal year	Shareholders' equity EUR	Result EUR
Rural Pensiones, S.A. Entidad Gestora de Fondos de Pensiones, Madrid	17.5	EUR	2012	15,141,000	315,000
Rural Vida, S.A. de Seguros y Reaseguros, Madrid	28.5	EUR	2012	130,810,000	13,432,000
Schroder European Property Investments No. 1 S.A., Senningerberg	44.3	EUR	2012	1,313,088	1,278,988
Santa Palomba Centre T Srl., Milan	23.1	EUR	2012	526,718	511,506
Schroder Italien Fonds GmbH & Co. KG, Wiesbaden	23.1	EUR	2012	12,254,026	–10,197,471
Schroder Italien Fonds Holding GmbH, Frankfurt am Main	23.1	EUR	2012	12,057,221	–5,940,206
Schroder Property Services B.V., Amsterdam	30.0	EUR	2012	951,229	833,781
SECURON Hanse Versicherungsmakler GmbH, Hamburg	26.0	EUR	2012	33,148	–9,638
Seguros Generales Rural, S.A. de Seguros y Reaseguros, Madrid	28.5	EUR	2012	161,825,000	15,423,000
TERTIANUM - Besitzgesellschaft Berlin Passauer Straße 5-7 mbH, Munich	25.0	EUR	2012	24,103,375	–128,669
TERTIANUM - Besitzgesellschaft Konstanz Marktstätte 2-6 und Sigismundstraße 5-9 mbH, Munich	25.0	EUR	2012	31,021,593	833,867
TERTIANUM Seniorenresidenzen Betriebsgesellschaft Berlin GmbH, Berlin	25,0	EUR	2012	50,000	29,146
TERTIANUM Seniorenresidenzen Betriebsgesellschaft mbH, Konstanz	25.0	EUR	2012	262,009	4,332
Tintoretto Rome S.r.L., Milan	23,1	EUR	2012	36,119,415	–1,599,977
Versicherungs-Vermittlungsgesellschaft des Sächsischen Landesbauernverbandes mbH, Dresden	50.0	EUR	2012	144,497	21,070
Versicherungs-Vermittlungsgesellschaft mbH des Bauernverbandes Mecklenburg-Vorpommern e.V.(VVB), Neubrandenburg	50.0	EUR	2012	133,928	7,515
Versicherungs-Vermittlungsgesellschaft mbH des Landesbauernverbandes Sachsen-Anhalt e.V.(VVB), Magdeburg	50.0	EUR	2012	47,336	13,967
VVB Versicherungs-Vermittlungsgesellschaft mbH des Landesbauernverbandes Brandenburg, Teltow	50.0	EUR	2012	33,294	3,661
VV Immobilien GmbH & Co. United States KG, Munich	24,7	EUR	2012	21,682,876	4,625,166

Notes to the balance sheet – assets

STATEMENT OF CHANGES TO ASSET ITEMS A., B. I. TO III. IN FISCAL YEAR 2013[1])

	Values for previous year thou. EUR	Values for previous year %	Additions thou. EUR
A. Intangible assets			
Concessions acquired for consideration, commercial copyrights and similar rights and values and licences to such rights and values	32,107	100.0	–
Total A	**32,107**	**100.0**	**–**
B. Capital assets			
I. Land, similar rights and buildings including buildings on third party land	3,377	0.1	419
II. Capital investments in affiliated companies and holdings			
1. Shares in affiliated companies	2,162,584	50,4	25,007
2. Loans to affiliated companies	148,349	3.5	50,500
3. Holdings	1,037	0.0	–
4. Loans to associated companies	18,391	0.4	81,563
Total B.II.	2,330,361	54.3	157,070
III. Other capital assets			
1. Shares, investment certificates and other variable yield securities	373,681	8.7	87,739
2. Bearer bonds and other fixed-interest securities	843,549	19.7	529,150
3. Other loans			
a) Registered bonds	369,065	8.6	25,000
b) Bonded debt receivables and loans	251,384	5.9	3,296
4. Deposits at banks	111,828	2.6	–
5. Other capital investments	8,737	0.2	8,218
Total B.III.	1,958,244	45.6	653,403
Total B	**4,291,982**	**100.0**	**810,892**
Total	**4,324,089**		**810,892**

[1]) Discrepancies in totals are due to rounding
[2]) Thereof currency write ups: thou. EUR 2,527
[3]) Thereof currency write downs: thou. EUR 26,870

	Transfers thou. EUR	Disposals thou. EUR	Write ups[2]) thou. EUR	Write downs[3]) thou. EUR	Values stated for current fiscal year thou. EUR	%
	–	–	–	6,643	25,464	100.0
	–	**–**	**–**	**6,643**	**25,464**	**100.0**
	–	–	–	67	3,729	0.1
	–	7	–	–	2,187,584	47.1
	–	81,344	75	5,417	112,163	2.4
	–	–	–	176	861	0,0
	–	–	–	492	99,462	2.1
	–	81,351	75	6,084	2,400,070	51.6
	–	44,584	166	6,895	410,106	8.8
	–	233,775	4,623	20,410	1,123,137	24.2
	–	25,565	–	–	368,500	7.9
	–	8,693	–	–	245,986	5.3
	–	24,159	–	5,357	82,313	1.8
	–	1,447	–	–	15,509	0.3
	–	338,222	4,788	32,662	2,245,551	48.3
	–	**419,573**	**4,863**	**38,813**	**4,649,350**	**100.0**
	–	**419,573**	**4,863**	**45,456**	**4,674,814**	

B. CAPITAL ASSETS

in EUR million			2013
Balance sheet items	**Book value**	**Current value**	**Reserve**
I. Land, similar rights and buildings including buildings on third party land	**3.7**	**8.6**	**4.9**
II. Capital investments in affiliated companies and holdings			
1. Shares in affiliated companies	2,187.6	4,474.4	2,286.9
2. Loans to affiliated companies	112.2	115.5	3.3
3. Holdings	0.9	0.7	–0.2
4. Loans to associated companies	99.5	99.5	0.0
III. Other capital assets			
1. Shares, investment certificates and other variable yield securities	410.1	435.5	25.4
2. Bearer bonds and other fixed interest securities	1,123.1	1,165.9	42.8
3. Other loans			
a) Registered bonds	368.4	416.7	48.2
b) Bonded debt receivables and loans	246.0	277.1	31.1
4. Deposits at banks	82.3	82.4	0.1
5. Other capital assets	15.5	16.7	1.2
IV. Deposits with ceding undertakings	**213.2**	**213.2**	**0.0**
Total capital assets	**4,862.5**	**7,306.2**	**2,443.8**

The book values take into account the balance of premiums and discounts (EUR -0.1 million) for the nominal registered bonds.

The calculation of current values was based on stock exchange prices, redemption prices and market prices respectively for registered bonds and bonded debt in accordance with the discounted cash flow method or the net capitalised earning method in accordance with IDW S1 in connection with IDW RS HFA 10 or the net asset value.

The building was revalued as of 31 December 2013. The land is valued every 5 years; last valued in 2009.

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

EUR 1,316.6 million were allocated to fixed investments in accordance with § 341 b Section 2 HGB. This includes positive valuation reserves of EUR 69.6 million and negative valuation reserves of EUR 2.1 million as of 31 December 2013.

The valuation reserves of the total capital investments amount to EUR 2,443.8 million, which corresponds to a reserve ratio of 50.3%.

B. III. OTHER CAPITAL ASSETS – INVESTMENT SHARES

in EUR

Type of fund	Market value	Difference Market value/ Book value	Distribution for the fiscal year	Omitted extraordinary write downs
Pension funds	38,751,383	–	119,697	–
Mixed funds	370,304,688	22,141,516	10,129,188	–
	409,056,070	**22,141,516**	**10,248,885**	**–**

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

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

B. III. OTHER CAPITAL ASSETS – INFORMATION ON FINANCIAL INSTRUMENTS, WHICH ARE SHOWN ABOVE THEIR FAIR VALUE

in EUR

Type	Nominal volumes	Book value	Current value
Bearer bonds and other fixed interest securities [1])	102,750,000	102,154,198	100,051,955
Other loans [2])	3,000,000	3,251,395	3,214,102
Holdings and other capital assets [3])	–	540,793	369,319

[1]) Due to the existing credit rating of the issuers, the impairments are not permanent but dependent on market price changes.
[2]) The lower fair value refers to bonded debt or participation certificates for which a temporary reduction in value has been assumed, based on their creditworthiness.
[3]) Due to the expected profits of the companies, the impairments are not permanent but dependent on market price changes.

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

in EUR

Type	Nominal volumes	Book value	Current value
Interest-related business			
Futures / registered certificates forward purchases [1])	71,000,000	–	–2,158,807
Futures / bearer bonds forward purchases [2])	153,150,000	125,274	3,248,759
Currency-related business			
Forward exchange transactions [3])	64,700,170	372,350	–372,350

[1]) Determined fair value is calculated on value date. SWAP and money market curve valuation parameters.
[2]) Stock exchange value is calculated on value date. SWAP and money market curve valuation parameters.
The disclosure with the liabilities is carried out under item C.III. Other provisions.
[3]) Valuation method = Delta from the forward rate and spot rate as of value date.
The disclosure with the liabilities is carried out under item C.III. Other provisions.

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

The market values of the ABS products were determined according to the Discounted Cash Flow method; values were used which could be observed on the market.

E. II. OTHER ACCRUALS AND DEFERRALS

in EUR	2013
Premium on registered bonds	373,558
Expenditure relating to subsequent years	150,745
Status as of 31 December	**524,303**

Notes to the balance sheet – equity and liabilities

A. I. CALLED CAPITAL

in EUR	2013
Subscribed capital divided into 12,754,560 shares	
Status as of 31 December	**331,287,273**

The subscribed capital is unchanged on the status on 31 December 2012.

According to § 20 Section 4 AktG, DZ BANK AG informed that it holds the majority of the shares in R+V Versicherung AG.

A. II. CAPITAL RESERVES

in EUR	2013
Status as of 31 December	**1,415,739,315**

The capital reserves are unchanged on the status on 31 December 2012.

A. III. RETAINED EARNINGS

in EUR	2013
Other retained earnings	
Status as of 31 December	**164,666,337**

The retained earnings are unchanged on the status on 31 December 2012.

C. I. PROVISIONS FOR PENSIONS AND SIMILAR OBLIGATIONS

in EUR	2013
Amount payable	15,940,703
Offsettable reinsurance assets	15,859,368
Status as of 31 December	**81,335**

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

C. III. OTHER PROVISIONS

in EUR		2013
Holiday / flexi-time credits		809,000
Partial retirement		–
Provision	332,860	
Offsettable reinsurance assets	332,860	
Working life		–
Provision	487,126	
Offsettable reinsurance assets	487,126	
Capital investment area		767,625
Annual financial statements		1,066,714
Employers' Accident Liability Association		116,000
Personnel costs		4,989,715
Anniversaries		1,477,478
Other provisions		10,081,699
Status as of 31 December		**19,308,230**

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

E. OTHER LIABILITIES

in EUR	2013
Liabilities with a remaining term of more than 5 years	
Loans	5,565,600
Other liabilities	23,851
Status as of 31 December	**5,589,451**

There are no liabilities secured by liens or similar rights.

F. DEFERRALS

in EUR	2013
Discount from bearer bonds	435,312
Status as of 31 December	**435,312**

Notes to the income statement

I. 1.A.) GROSS PREMIUMS WRITTEN

in EUR	2013	2012
Property, health and accident insurance	1,494,931,409	1,498,539,351
Life insurance	26,668,719	27,074,906
Status as of 31 December	**1,521,600,128**	**1,525,614,258**

I. 2. TECHNICAL INTEREST INCOME FOR OWN ACCOUNT

in EUR	2013	2012
Status as of 31 December	**671,938**	**905,747**

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	2013	2012
Status as of 31 December	**1.085,136,829**	**1.115,733,877**

There was a gross loss of EUR 112.9 million from the settlement of the provisions for outstanding claims assumed from the previous fiscal year.

This settlement was contrasted with supplementary credit premiums of EUR 187.9 million. These resulted from reinsurance policies whose term does not correspond to a calendar year or which were concluded on an underwriting year basis.

II. 2.B.) DEPRECIATION OF CAPITAL ASSETS

in EUR	2013	2012
Scheduled write downs	67,384	67,384
Non-scheduled write downs in accordance with § 253 Section 4 HGB	967,056	794,792
Non-scheduled write downs in accordance with § 253 Section 3 Clause 3 HGB	726,902	1
Non-scheduled write downs in accordance with § 253 Section 3 Clause 4 HGB	9,818,285	415,270
Status as of 31 December	**11,579,627**	**1,277,447**

II. 4. OTHER INCOME

in EUR	2013	2012
Income on services provided	24,927,808	24,405,808
Other interest income	9,965,270	3,125,704
Income from liability insurances	655,138	793,756
Other income	12,367,657	6,057,833
Status as of 31 December	**47,915,874**	**34,383,101**

Other income includes exchange rate profits of EUR 12.2 million.

II. 5. OTHER EXPENDITURE

in EUR	2013	2012
Expenditure on services provided	24,840,177	24,102,798
Expenditure that affects the company as a whole	9,055,115	8,718,947
Interest transfer to provisions	932,678	904,605
Interest to be offset from offsettable assets	–699,188	–458,606
Other interest expenditure	6,057,409	5,915,039
Expenditure from outsourcing pension provisions	502,208	1,575,669
Other expenditure	12,138,814	6,405,460
Status as of 31 December	**52,827,213**	**47,163,912**

Other income includes exchange rate losses of EUR 10.3 million.

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

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

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

Sibel Araboglu-Brüchert
Trade Union Secretary (Financial Services Sector) of Vereinte
Dienstleistungsgewerkschaft ver.di (trade union),
Frankfurt am Main and Region District, Frankfurt am Main
(from 3 July 2013)

Hermann Arens
Spokesman of the Board of Management of
Volksbank Lingen eG, Lingen (until 6 June 2013)

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

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

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

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

Rita Jakli
Director of R+V Versicherung AG, Wiesbaden Head Office,
Wiesbaden

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

Klaus Krömer
Member of the Board of Management of
Emsländische Volksbank eG, Meppen (from 6 June 2013)

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

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

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

Armin Schmidt
Trade Union Secretary of Vereinte Dienstleistungs-
gewerkschaft ver.di (trade union), Wiesbaden District,
Wiesbaden

Gudrun Schmidt
State of Hesse Director (ret.), Frankfurt am Main
(until 30 June 2013)

Ursula-Maria von Tesmar
Works Council Chairman of the joint operation
R+V Direktionsbetrieb [R+V Head office operation]
Hamburg/KRAVAG, Hamburg

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	2013	2012
1. Wages and salaries	41,097,067	38,354,783
2. Social security deductions and expenditure on other benefits	4,886,902	4,437,128
3. Expenditure on pension provision	3,653,756	3,836,795
Total expenditure	**49,637,724**	**46,628,706**

Total remuneration of the members of the Board of Management amounted to EUR 8,212,576 (2012: EUR 8,270,410).

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

EUR 381,606 was paid to former members of the Board of Management and their dependants (2012: EUR 377,375). As part of the outsourcing of pension obligations, contribution payments of EUR 1,798,640 were made to Versorgungskasse genossenschaftlich orientierter Unternehmen e.V. For former members of the Board of Management and their dependants, EUR 62,920 to R+V Pensionfonds AG and EUR 172,293 to Versorgungskasse genossenschaftlich orientierter Unternehmen e.V. were paid.

There is a reserve of EUR 4,804,186 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 EUR 1,346,403 are not shown in the balance sheet due to Article 67 § 1 EGHGB.

In the fiscal year, expenditure of EUR 366,823 was made on the Supervisory Board. Contributions that require disclosure in accordance with § 285 No. 9 c HGB are not shown in the fiscal year.

Number of employees

During the 2013 fiscal year, an average of 470 employees (2012: 438) were employed at R+V Versicherung AG, of whom 461 were employed in administration at Head Office and 9 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	256,777,032	–	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	91,805,427	85,516,950	There is an obligation to pay. No influence on the time of the claim is possible. There is a risk that the holding will fall in value in the meantime.	No increase in balance sheet capital investments if not paid out. Liquidity benefits arise from non-payment that can be used for a capital investment with better interest yield, if applicable.
3. Letters of comfort	47,400,000	47,400,000	Liability for meeting all claims from pension provision insofar Condor Lebensversicherungs-AG does not meet these as well as liability for granting loans.	Due to the bond in favour of Condor Lebensversicherungs-AG 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 Group.
4. Put options from multi-tranches Remaining term > 1 year	77,000,000	20,000,000	Outflow of liquidity. Opportunity costs are incurred due to the low interest rate and an issuer risk.	Higher coupon of underlying asset.
5. Blocked deposit	113,611,114	801,500	Outflow of liquidity. Opportunity costs are incurred due to the low interest rate.	Investments were blocked in separate deposit accounts in favour of reinsurers.
6. Liabilities from pending transactions	224,150,000	122,500,000	Opportunity costs due to the low interest rate; contractant risk and an issuer risk.	Compensation for liquidity fluctuations during the course of the fiscal year and avoiding of market disturbances with high investment requirements.
7. Amount of liability	5,000	–	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	**810,748,573**	**276,218,450**		

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	2013
Audit services	230,000
Other certification services	215,000
Tax consultancy services	–
Other services	98,190
Total expenditure	**543,190**

The auditor of R+V Versicherung AG is Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft.

The other services concern expenditure in relation to Solvency II.

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

The group annual financial statements of R+V Versicherung AG are included in the higher ranking consolidated annual financial statements of DZ BANK AG Deutsche Zentral-Genossenschaftsbank as sub-group with discharging effect. This is filed in the German Federal Electronic Gazette.

Wiesbaden, 5 March 2014

The Board of Management

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

Auditor's report

We have audited the annual financial statements – 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 2013. 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 statements, 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 the financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW) [Institute of Auditors]. Those standards require that we plan and perform the audit in such a manner that any inaccuracies that materially affect the presentation of the assets, financial and earnings position in the annual financial statements in accordance with German principles of proper accounting and in the management report are detected with reasonable assurance.

Knowledge of the business activities and the economic and legal environment of the Company and evaluations of possible inaccuracies have been taken into account in the determination of audit procedures. The effectiveness of the internal accounting control system and the evidence supporting the disclosures in the books and records, the annual financial statements 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 statements and the management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit did not give rise to any objections.

In our opinion and based on the findings made during the audit, the annual financial statements comply 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 statements and overall conveys an appropriate presentation of the Company's position and suitably presents the risks and opportunities of future development.

Eschborn/Frankfurt am Main, 6 March 2014

Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft

Dr. Freiling	Gehringer
Auditor	Auditor

Report of the Supervisory Board

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

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

The regular terms of office of Dietmar Küsters as Member of the Supervisory Board ended directly after the Annual General Meeting on 6 June 2013. The Annual General Meeting elected Mr Küsters as shareholder representative in the Supervisory Board with immediate effect. Mr Hermann Arens resigned from his position as member of the Supervisory Board with effect from the close of the Annual General Meeting, having reached the statutory retirement age. The term of Mr Arens as a member of the Audit Committee of the Supervisory Board also ended with effect from the same date. The Annual General Meeting elected Mr Klaus Krömer to the Supervisory Board to succeed Mr Arens as shareholder representative with immediate effect. At its meeting on 6 June 2013, the Supervisory Board elected Mr Carsten Graaf as a member of the audit committee to succeed Mr Arens.

Ms Gudrun Schmidt, who was on the Supervisory Board as an employee representative, resigned her membership of the Supervisory Board with effect from midnight on 30 June 2013. Ms Sibel Araboglu-Brüchert was appointed to the Supervisory Board by court order to replace Ms Schmidt as the employee representative on the Supervisory Board with effect from 3 July 2013.

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 2013 fiscal year, this took place in four meetings which the Supervisory Board attended on 18 March 2013, 6 June 2013, 6 September 2013 and 12 December 2013. Furthermore, meetings of the audit committee of the Supervisory Board took place on 14 March 2013 and of the personnel committee of the Supervisory Board on 8 March 2013, 6 June 2013 and 12 December 2013. 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 passing of a resolution by the Supervisory Board were discussed in detail before a resolution was passed. Furthermore, the Chairman of the Supervisory Board was also regularly informed about important developments and decisions outside of meetings.

The main focus of this reporting was placed on the financial situation of the company, corporate planning and outlook and financial key performance indicators. The Supervisory Board paid special attention to the performance of the individual life and health, non-life and accident segments, as well as active reinsurance. The focuses of the meetings and discussions in the Supervisory Board were further formed by the developments in profits, the development of the combined ratio in non-life insurance due to the extraordinarily high claims burden as a result of natural disasters, as well as investment policy of the Board of Management in light of the continuing low interest rate environment. In addition, the Supervisory Board intensively occupied itself with strategic matters, the implications of Solvency II, the basic conditions in the life insurance business in general and Board of Management matters. Moreover, risk strategy and the risk management system were reported.

Confirmation of the Annual Financial Statements
The audit committee and the Supervisory Board have examined the Annual Financial Statements and the Management Report, and the consolidated financial statements and the consolidated management report for the 2013 fiscal year. The audit reports of Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft were available for this purpose. The auditor has issued an unrestricted audit certificate.

The representatives of the auditor participated in the meeting of the audit committee held on 21 March 2014 to report on the important audit findings. This meeting, chaired by the chairman of the audit committee, discussed the annual financial statements and the management report, the consolidated financial statements and the consolidated management report, as well as the respective audit reports. The main focal points of the audit were, among others, important key performance indicators of the balance sheet, provisions, early recognition system for risk in accordance with § 91 Section 2 AktG (German Companies' Act) and internal audits reports on the past year.

The representatives of the auditor also participated in the meeting for the confirmation of the annual financial statements on 26 March 2014. They provided a summary of the audit findings to the Supervisory Board and were available for additional explanations and comments.

The annual financial statements, the management report and the consolidated annual financial statements and consolidated management report for the 2013 fiscal year were examined by the Supervisory Board. The Supervisory Board raised no objections to the annual financial statements, management report, consolidated financial statements and consolidated management report for the 2013 fiscal year prepared by the Board of Management and concurred with the audit results of the auditor of the financial statements.

The annual financial statements submitted by the Board of Management for the 2013 fiscal year were approved by the Supervisory Board at its meeting on 26 March 2014. Thus the annual financial statements have been confirmed in accordance with § 172 AktG. The consolidated financial statements submitted by the Board of Management were approved by the Supervisory Board in the same meeting.

Wiesbaden, 26 March 2014

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Loss-cost ratio
➔ Combined Ratio

Loss ratio
Percentage relation of loss expenditure to earned premiums.

Net
➔ Gross/Net

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

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

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

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

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

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

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

Rating
Standardised assessment of the creditworthiness of debt securities and 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 reassessment of the expected final loss on the respective reporting date.

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

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

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

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

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

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

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

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