



ANNUAL REPORT
2012

R+V Versicherung AG



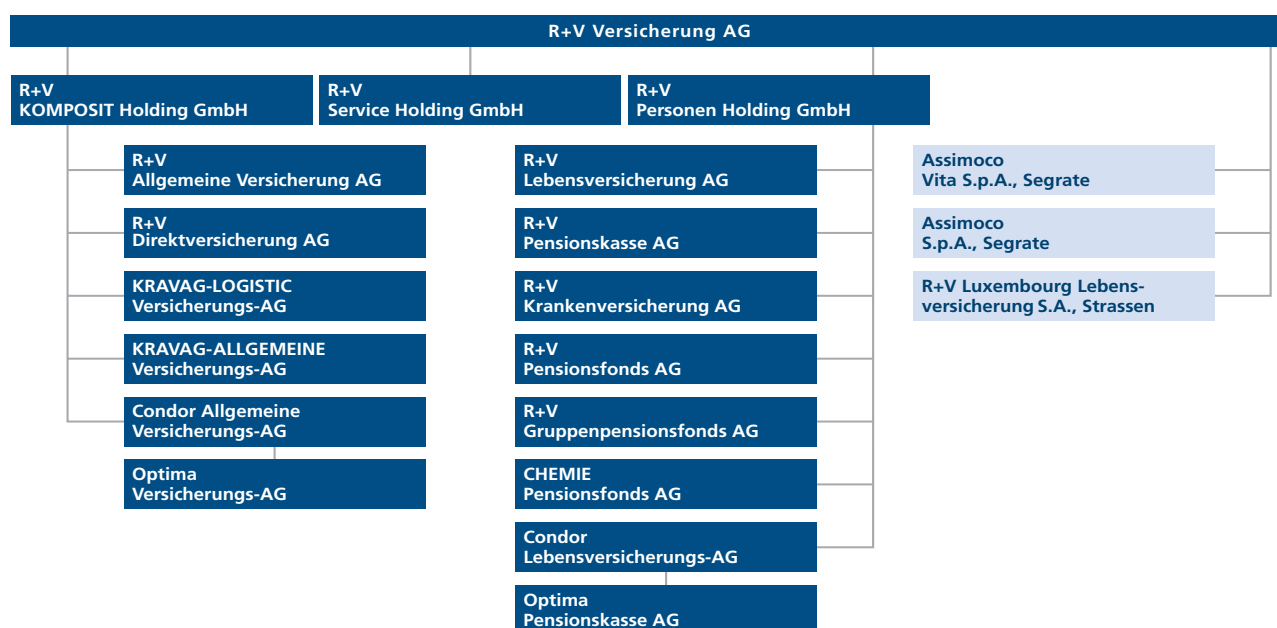
Volksbanken Raiffeisenbanken
cooperative financial network

R+V Versicherung AG

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Registered at Wiesbaden Local Court HRB 7934

Annual Report 2012

Submitted for the ordinary Annual General Meeting
on 6 June 2013

R+V Consolidated Group – simplified presentation


■ Domestic Consolidated Group Companies ■ Foreign Consolidated Group Companies

FIGURES RELATING TO THE FISCAL YEAR

in EUR million	R+V Versicherung AG	
	2012	2011
Gross premiums written	1,526	1,492
Gross expenditure on claims in the fiscal year	1,005	1,009
Current income from capital investments	368	362
Capital investments (without deposit receivables)	4,292	3,653
Numbers of employees on 31 December	453	407
Gross premiums written		
Direct domestic business of the R+V Group (HGB)	10,639	10,088
R+V Group (IFRS)	11,875	11,332
Annual result – R+V Group (IFRS)	324	181
Capital investments – R+V Group (IFRS)	68,052	61,135

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Management Report

Business development and basic conditions

Business activities

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

R+V Versicherung AG acts as the central reinsurer for the direct insurance companies belonging to R+V. 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.

Retroactively as of 1st January 2012 R+V Versicherung AG and DZ BANK AG concluded a profit transfer agreement which was limited until 31 December 2016. In connection with the profit transfer agreement, a tax collection contract was concluded and consequently a fictitious tax assessment of the controlled company R+V Versicherung AG is carried out, on the basis of the applicable laws and directives.

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

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

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

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

Effective as of 1st July 2012, R+V Personen Holding GmbH has acquired 100 % of the shares of Volksfürsorge Pensionskasse AG, Hamburg. The company essentially offers a method of implementation for the industry pension fund MetallRente. Volksfürsorge Pensionskasse AG was retroactively merged with R+V Pensionskasse AG as of 1st July 2012.

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 Vorsorge-management 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. A profit transfer agreement also exists between Condor Allgemeine Versicherungs-Aktiengesellschaft and Optima 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, UMB Unternehmens-Managementberatungs GmbH, PASCON GmbH and with R+V Rechtsschutz Schadenregulierungs-GmbH.

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
- 691 Volks- und Raiffeisenbanken throughout Germany
- 6 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 46 employees to 453 compared with 407 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 the safeguarding of sustainable skills. 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 Arts in Insurance and Finance (Cooperative University) in Stuttgart.

Vocational education places ending in a qualification as an insurance and finance advisor, specialising in insurance, information technology and application development are also offered.

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.

Owing to the so-called double years (G8/G9) in Hesse in 2013, R+V is planning to recruit significantly more apprentices and university and college graduates in the commercial professions at the locations of Wiesbaden and Frankfurt am Main. R+V is also increasing relying on human resources marketing through social media channels.

Further training is very important for R+V. Against the background of changing requirements, further training measures such as specialist and methodical training, as well as a large range of events, contribute to preparing the employees for the challenges on the market to the best possible extent. This promotes satisfaction with their own work and is also essential for a successful cooperation with customers and partners. The stronger commitment of employees to the company achieved in this way protects R+V against the expected shortage of skilled workers.

For the fifth time in a row, R+V received the coveted award "Top Employer in Germany" from the research company CRF.

R+V was also awarded the certificate "audit berufundfamilie®" [audit profession and family] by the Hertie foundation in 2012. On the one hand, this was because of the existing broad range of offers to support balancing work and family life. This primarily included flexible working hours, various part-time working arrangements and extensive special arrangements, such as additional days of leave for various occasions, parent-child offices or advisory service offers relating to parental leave and the care of relatives.

On the other hand, R+V has agreed on a target catalogue within the framework of this certification, which will be successively implemented within the next three years. With these measures and offers, the employees will be able to combine professional challenges and family obligations even better. Amongst other things, offers for child and holiday supervision, an expansion of mobile working, information and advisory offers relating to care and child supervision and a job sharing model are projected.

In 2012, R+V began the company-wide introduction 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 workers through career prospects and further reinforces the commitment of existing employees. In addition, it promotes the 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 profit 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.

With the talent management, R+V focussed on a systematic approach in 2012 once again, in order to fill key positions in an optimum way – primarily from among its own existing employees. 737 positions were analysed in the succession planning from the 1st to the 3rd level management, project and specialist careers. The individual further development of potential top candidates, promotional group members and successors was planned and promoted by specific development measures.

For the company health management R+V was awarded the InnoWard in the category "personnel development and qualification". Innovative and implementation-oriented initiatives from the insurance sector are distinguished annually with this training and education prize of the insurance industry. The jury members were particularly impressed by the systematic, integrated and holistic approach as well as the continuous further development of the health management: "Instead of individual measures R+V has a well-organised system with many different, target-group specific and interlinked measures on all prevention levels", it said in the jury's statement.

The focus of the company health management of R+V in 2012 was placed on the expansion of the offers and the creation of uniform standards for the office- and field-based service. Thus, for example influenza vaccinations and advice in ergonomics were carried out for the employees nationwide for the first time. The module "Fit for service" was anchored in

the seminar programme for the field sales force for the qualification of the sales force employees. Further modules for executives, employees and apprentices will be introduced in line with the offers in the office-staff in 2013. In addition, the position of a central consultant for health management was created for the field-staff locations, through which it will be ensured that customized solutions are found for the field-staff, together with other health coordinators.

Sustainability

With the subject of sustainability R+V achieved several important milestones in the closed fiscal year. For example, social and ecological issues are now firmly anchored in the organisational structure. In addition, R+V started several new projects and has already successfully continued existing initiatives. The sustainability strategy, which was decided upon at the end of 2011, forms the basis for all the sustainable actions of the R+V Group. The aspects contained therein focus on five fields of action: the responsibility towards the environment, society, employees and customers as well as the Group's own role as insurer.

Sustainability has always been a part of the corporate culture for R+V as a cooperative insurer, for the basic cooperative idea is based on the principles of self-help and solidarity and pursues the aim to jointly solve economic and social problems. In 2012, R+V concentrated on implementing the issue of sustainability. One measure in this respect was the creation of the new positions of a sustainability officer and an environmental management officer.

The sustainability officer acts as a central interface in the whole R+V Group. He coordinates the implementation of the sustainability strategy, notes ideas for sustainable actions from the individual departments and chairs the sustainability conference which meets four times a year. At these meetings of the representatives of all R+V departments as well as of the representatives of central control bodies, such as for example the product committee, new projects are discussed and decisions prepared.

The main task of the environmental management officer is to set up a certified environmental management system in accordance with the international standard ISO 14001. He collects, among others, the data of the individual real estates and departments concerning the consumption of electricity, water and paper, concerning the waste volume as well as concerning the kilometres driven during business trips.

These figures form on the one hand the basis for reports and ratings. On the other hand, they are the basis for proposals for saving as much energy, paper and water as possible, and reducing the volume of waste and carbon dioxide emissions.

In addition to the two officers it is also necessary to include all employees as far as possible in order to anchor the sustainability in the organisation. They are both multipliers and idea providers at the same time. For this reason responsible actions have become part of the employee and executive development in the meantime. Sustainability is a fixed item on the agenda of the introductory seminars for new employees and a topic at events for executives.

In addition, R+V has integrated the aspect of sustainability into the company proposals system since the end of 2012. The sustainability officer and the environmental management officer assess submitted proposals under this aspect.

In terms of climate protection, R+V once again initiated new projects in 2012. The most important individual measure was the change to green electricity. Since the beginning of 2013 the own buildings of R+V in Wiesbaden and in Hamburg have been procuring electricity from hydraulic power. Both locations together consume around 22 million kilowatt hours per year. Through this measure alone R+V avoids around 10,700 tons of carbon dioxide (CO₂) each year which is harmful to the climate. R+V will also convert the other large locations in Germany to green electricity with the expiry of the respective contracts.

A second measure with substantial effect is the climate-neutral despatch of customer correspondence. Since the autumn of 2011 R+V has been sending its around 32.5 million letters to customers yearly with GOGREEN, the service of the Deutsche Post DHL. Investments in climate protection projects fully compensate for the CO₂-emissions, which are produced during the transport of the letters. The compensation volume is around 1,000 tons of CO₂ per year.

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 foundation. The BürgerKolleg foundation is the first organisation in Germany to offer educational and training programmes free of charge especially for volunteer workers in Wiesbaden.

A highlight of the dedication of R+V employees is the annual Christmas donation campaign in the head office in Wiesbaden. In 2012 the employees substantially exceeded the record for donations from the previous year: This time a total of EUR 38,000 were collected for four aid organisations. Employees also collected money for charitable purposes at many other R+V locations with their creative actions and a great deal of commitment.

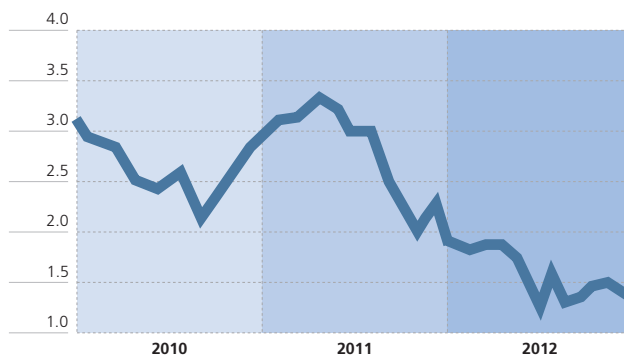
Association memberships

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

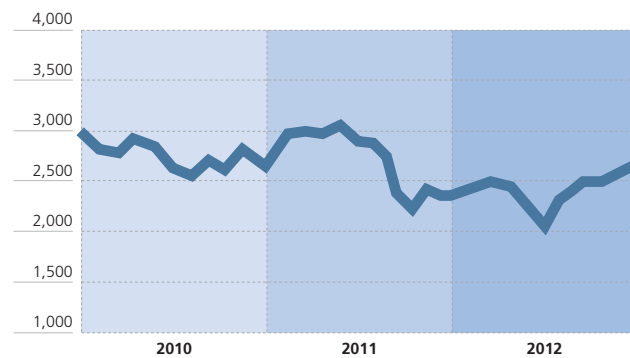
- Gesamtverband der Deutschen Versicherungswirtschaft e.V. (GDV, or German Insurance Association)
- International Cooperative and Mutual Insurance Federation (ICMIF)
- Association of Mutual Insurers and Insurance Cooperatives in Europe (AMICE)
- Association des Professionnels de la Réassurance en France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

YIELD OF GOVERNMENT BONDS – 10 YEARS RESIDUAL TERM

in per cent

**DEVELOPMENT OF SHARE INDEX EURO STOXX 50**

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**Important legal and financial influences****Macroeconomic development in 2012**

The economic development in Germany slowed down over the course of 2012. According to provisional calculations of the council of experts, the growth rate of the gross domestic product amounted to 0.8 % in 2012. The foreign trade made a decisive contribution to the growth, which was able to assert itself in a difficult foreign trade environment.

The whole year on the capital markets was strongly influenced by the Euro crisis, the associated slowdown in the economy and in addition by the changes in government in the USA and China. The markets began to recover in the second half-year when the European Central Bank (ECB) signalled that it would also purchase government bonds from crisis-hit countries under certain conditions, the European stability mechanism (ESM) became capable of operation with the judgement of the federal constitutional court and the core countries decided not to exclude Greece from the Eurozone.

The interest rates of ten-year German government bonds dropped from 1.8 % to a new historical record low of 1.2 % in the middle of the year. With fluctuations this low interest rate level continued until the end of the year with 1.3 %. The

spreads for many Pfandbriefe [German mortgage bonds], bank, corporate and government bonds declined despite further downgrades in credit ratings. The stock markets developed negatively in the first half-year, however recovered substantially in the second half-year.

Thus, the stock market index Euro Stoxx 50 (a price index), which is decisive for the Eurozone, changed over the course of the year from 2,317 to 2,636 points, thus by 13.8 %. The German stock index DAX (a performance index) rose by 29.1 % to 7,612 points.

Insurance business situation

The business development of the German insurers also remained stable in 2012: These recorded an increase, across all lines of business, in the premium income by 2.0 % to EUR 181.7 billion (2011: EUR 178.1 billion).

In 2012 the non-life and accident insurers generated the strongest growth since 1994. Their premium income rose by 3.7 % to EUR 58.7 billion. Growth drivers here were the motor insurance (+ 5.4 % to EUR 22.0 billion) and the property insurance (+ 3.9 % to EUR 16.1 billion). The paid insurance benefits increased by 1.4 %. The combined ratio remained almost unchanged in 2012 compared with the previous year with 97 %.

TOTAL FIGURES OF THE INDUSTRY

	2012 in EUR billion	change compared with the previous year
Written gross premium income, domestic	181.7	+ 2.0 %
Insurance benefits of the direct insurers	144.4	- 4.7 %

In life insurance (including pension companies and funds) the premium income increased slightly by 0.3 % to EUR 87.1 billion. The number of contracts was, with just under 93 million, almost at the level of 2011. Whilst the share of the classical life insurance policies continued to increase here, the unit-linked life insurance policies decreased.

Private health insurance increased its premium income by 3.4 % to EUR 35.8 billion. Thereof EUR 33.8 billion (+ 3.9 %) related to full health and supplementary health insurance and EUR 2 billion (- 3.6 %) to mandatory long-term care insurance whereby this decline results from a reduction in the premiums. The paid insurance benefits was EUR 23.9 billion in 2012.

Development on the reinsurance markets

It became clear at the beginning of 2012 that the reinsurance companies had coped well with 2011, which had been encumbered with high claims. The proof of this was, in particular, the stable capital base of the companies. At the start of 2012, this capital base had almost achieved the level that it had had at the start of 2011.

The claims dropped in the first half-year of 2012 compared with the same period of the previous year. Whereas in the first half-year of 2011 the companies were above all affected by the serious earthquakes in Japan and New Zealand, this period of time in 2012 developed much more positively. There were no major natural disasters. Significant events were earthquakes in Italy and storm damages in the USA. The largest

DEVELOPMENT OF NON-LIFE AND ACCIDENT INSURANCE*

	2012 in EUR billion	change compared with the previous year
Gross premiums written		
Non-life/accident total	58.7	+ 3.7 %
Motor	22.0	+ 5.4 %
General liability	7.1	+ 2.5 %
Accident insurance	6.6	+ 1.0 %
Legal insurance	3.4	+ 1.5 %
Property insurance	16.1	+ 3.9 %
Insurance benefits	44.4	+ 1.4 %

* GDV figures, status February 2013

man made loss in the first half-year was the sinking of the cruise ship Costa Concordia near the coast of the Italian island of Giglio. Losses in the second half-year were determined by tropical storm Sandy. This raged through the Caribbean at the end of October and subsequently hit widespread parts of the US east coast. Substantial losses were suffered here as a result of strong winds and a storm surge. In addition, the extreme drought in the USA caused high crop losses. In total, insured losses from natural disasters in 2012 were slightly above average.

Sufficient capacities were available on the supply side in 2012. The reason for this was the solid capital base of the reinsurance companies, as well as also the relatively low burden from disaster losses. Both circumstances enabled the reinsurance companies to offer sufficient capacities. Alternative products such as cat bonds additionally increased the capacities on the reinsurance market.

On the side of the reinsurance demand it became clear that the relationship between the direct and reinsurance companies is undergoing a gradual transformation. Customers are increasingly paying attention that they acquire customized

DEVELOPMENT OF THE LIFE INSURANCE CLASS*

	2012 in EUR billion	change compared with the previous year
Gross premiums written	87.1	+ 0.3 %
Number of new contracts	6.3 million units	- 3.8 %
Total new business premiums	28.4	- 2.0 %

* GDV figures (life insurers, pension plans, pension funds),
Status January 2013

cover concepts with attractive price structures. At the same time the financial strength of their reinsurance partners has become more important for the customers. Companies with a good rating are therefore increasingly in demand as partners.

In the mid-year renewals in 2012 the situation proved to be favourable for the reinsurance companies. Marked by the events in the previous year necessary price adjustments could be achieved in loss-affected segments, in particular. However, due to sufficiently available capacities the development weakened slightly over the course of the year. Across all segments, stable rates were achieved as of the end of 2012, although the development varied in the segments.

In **Germany**, with the exception of the effects from a marked period of frost, a relatively quiet year could be recorded regarding natural hazards. Comprehensive home-owners insurance was under high pressure for restoration after the most recent bad technical results. Commercial and industrial property insurance was marked by a frequency of high fire losses. This led to significant burdens both for the direct insurers as well as reinsurers. On the whole, the class continued to have a deficit from a technical point of view. In the motor class the trend towards increased average premiums continues in the current tariff generations.

DEVELOPMENT OF THE HEALTH INSURANCE CLASS*

	2012 in EUR billion	change compared with the previous year
Gross premiums written	35.8	+ 3.4 %
thereof full and supplementary insurance	33.8	+ 3.9 %
mandatory long-term care insurance	2.0	- 3.6 %
Insurance benefits	23.9	+ 4.8 %

* GDV figures, status November 2012

The market premium volume in **Italy** was stagnating to falling owing to the difficult economic situation. Following the merger of two large companies the concentration on the direct insurance market increased further. Regarding losses, the earthquakes in Northern Italy in May 2012 determined the market. With the reinsurance buyers a trend could be observed towards the acquisition of higher capacities for cat protection. Sufficient capacities were available for this.

In **France**, an increase in the volume of premiums was recorded in the motor business. This development was among others substantiated by tariff increases. It was possible to substantially increase the market premium volume in the private property insurance business. This effect was revoked by an increase in the loss burden. The most significant event was the frost wave in February which caused a claims burden of around 0.5 billion euros for the insurance market, primarily due to the water damage, according to the estimates of the French insurance association.

The insurance market showed itself to be heterogeneous in **Great Britain** in 2012. In the motor business it was possible to assert rate increases both in the direct business as well as in reinsurance. In the property business however the rates remained stable. The year 2012 was marked here by many small and medium-sized flooding events.

The insurance market in **Austria** was marked by a hard winter and a multitude of small and medium-sized natural events in summer. The losses from these events remained in the excess of the direct insurers to a large extent so that the reinsurance contracts were hardly affected. Increasing pressure on the contractual terms and conditions was observed after the third positive year for the reinsurers.

The **Spanish** economy proved to be in a bad condition in 2012 owing to the economic and debt crisis in Southern Europe. This resulted in a sharp increase in unemployment. Although a slight improvement is expected in 2013 the country faces a long path until the recovery. The premium income dropped on the direct insurance market. The motor third party liability had to cope with the largest fall in premiums owing to reductions in premiums, increase in excesses and reduction in the covered guarantees. An increase in the loss burden was observed not least owing to the increased number of claims reports and the statutory increase in the sums insured for the event of death or disabilities.

The insurance market in **Israel** was marked by the hard competition in the fire industry business. Two major fire losses in 2011 put the brakes on the downwards trend in the original rate level. The private business and small commercial insurances underwent adequate and stable development. The need for insurance continued to increase on the whole. In particular the fire and motor classes profited from this. The reinsurance purchase concentrated on the fire classes, including the cover for earthquakes, as well as on motor third party liability. The handing over of risks exposed to earthquakes is fundamental for the direct insurers. The market cannot waive extensive proportional covers.

The **US** direct and reinsurance market was in particular marked by three major events in 2012. On the one hand by a strong wind and hail storm (Derecho), which spread from the middle west to the east coast at the end of June. On the other hand the market was hit by an extremely long lasting drought in large parts of the grain growing regions of the USA.

High harvest losses were the result. In the fourth quarter the tropical windstorm Sandy caused serious losses in large parts of the east coast. The continuous adjustment to the sums insured and the increase in the excesses in the original policies in the private property insurance business had a positive effect, which made the otherwise prevailing competition by market shares substantially move into the background.

At the beginning of January 2012 strong rainfalls in the Krüger Nationalpark in **South Africa** led to flooding, whereupon roads had to be blocked off and lodges and hiking paths had to be closed. The province of Mpumalanga which borders Mosambique was hardest hit by the storms. However, on the whole the insured losses were low so that this did lead to substantial increases in prices. The industrial insurance showed good results, apart from two larger fire losses.

In **Japan** the prices for earthquake direct and reinsurance cover increased once again as a reaction to the devastating earthquake in March 2011 and the tsunami triggered off hereby. Rate increases were also registered in the storm reinsurance contracts. The fire insurance market was in fact negatively influenced by several major industrial fires, on the whole, however, the property classes developed pretty good owing to a lack of major natural disasters. However, the insurance market stagnated owing to the continued tense economic situation.

The economic growth in the **other Asian markets** slowed down once again in 2012. Consequently the demand in the insurance markets also slowed down accordingly. Above all the flood from the previous year in Thailand led to price adjustments with the reinsurance covers in the renewals during the year. There were numerous losses in 2012. Beijing was hit by the most serious rainfalls for 61 years in July, three typhoons raged over and beyond China in August. Despite high financial losses, insured losses were, because of the low insurance density, relatively small.

Development of individual special segments

The **credit and bond** class generated good results in 2012. In the US direct market for bond insurance, both a higher frequency of losses as well as larger individual losses could be observed. However reinsurance covers have not been affected substantially so far. Reinsurance companies could participate in significant recoveries which have flowed in from the loss-affected underwriting years 2007 and 2008, which were affected by losses due to the credit crisis, in which the reinsurance companies also participated. The trend towards higher excesses continued over all sub-classes, this however with relatively stable prices. Owing to the increased capacities in the reinsurance the market is in a soft phase with falling rate levels.

The global direct and reinsurance market in the field of **aviation** was distinguished in 2012, in particular in the segment of the airlines, by one of the lowest loss rates in history. The low burdens from claims led to a continued high excess capacity in large parts of the market, which maintained the pressure on the rates that were quite low anyway. In the field of space travel the successful series of the western rocket technology continued with the start covers. Four major events were all a result of difficulties of the Russian Proton rockets. Nevertheless, the burden from claims only had a limited influence on the general rate level so that the sharp fall in rates, also owing to the excellent results in the field of In-Orbit-covers, continued consistently.

The global **facultative property business** continued to be determined by high competition and excess capacities in 2012. Nevertheless, many cedents placed the focus on the rating of the reinsurers and diversified their reinsurance portfolio. Rate increases and improvements in conditions were only to be observed with risks encumbered by major losses and in markets, which had been affected by natural disasters in the last few years. Otherwise unchanged rate levels or moderate reduction were observed depending on the market. Regarding the contract periods, a trend towards multi-year policies can be seen with the terms. The cedents and brokers increasingly sounded out options with non-proportional placements in order to optimise the capacities and prices.

Overview of the business development of R+V Versicherung AG

The premium volume rose by 2.2 % to EUR 1.5 billion compared with the previous year. Adjusted by the foreign currency effect the growth in premiums amounted to 3.2 % compared with the same period of the previous year. Within the premium income the share of non-proportional reinsurance rose to 30.1 % (2011: 29.4 %).

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, there were increases in written premiums 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 1,062.9 million (2011: EUR 1,056.5 million) so that the share of foreign business in total premiums was 69.7 % (2011: 70.8 %). Here, significant premium increases were achieved in the reinsurance markets in the UK, Italy and the Netherlands.

Following the rise in written gross premiums, the written net premiums also rose by 2.2 % to EUR 1,492.1 million (2011: EUR 1,458.5 million). At 97.8 % the retention rate remained at the high level of the previous years.

As opposed to 2011, which was the year with the highest losses from natural disasters so far, the loss situation in 2012 turned out to be much more favorable. With around 900 natural disasters a higher number was in fact registered than in the previous year, however the macro-economic losses were, with around USD 160 billion worldwide, two and a half times less than the value of the previous year. In particular hurricane Sandy, the drought losses in the USA as well as the earth-

PREMIUM INCOME BROKEN DOWN ACCORDING TO THE ESSENTIAL BRANCHES OF INSURANCE

in EUR million	2012 Gross	2011 Gross	change Gross %	2012 Net	2011 Net	change Net %
Life	27.1	28.2	- 3.8	13.1	13.4	- 2.5
Accident	50.4	49.8	1.3	50.4	49.7	1.5
Liability	49.3	52.8	- 6.6	49.2	52.6	- 6.5
Motor	444.1	387.8	14.5	439.9	384.2	14.5
Fire	408.5	409.3	- 0.2	403.1	404.3	- 0.3
Marine & aviation	90.9	92.9	- 2.2	90.6	92.9	- 2.5
Others	455.3	471.7	- 3.5	445.7	461.5	- 3.4
Total	1,525.6	1,492.4	2.2	1,492.1	1,458.5	2.3

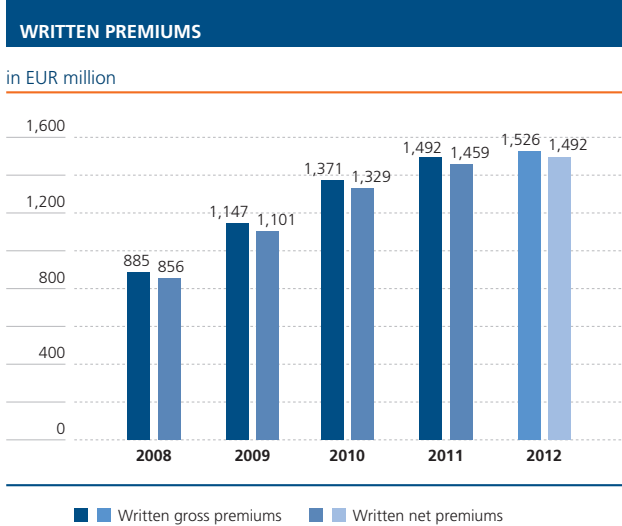
quakes in Italy had an impact on R+V Versicherung AG. In addition, subsequent claims relating to the flooding in Thailand and the earthquake in New Zealand had an effect. In total the gross major loss charges (losses greater than EUR 3.0 million) as of 31 December 2012 amounted to EUR 242.5 million, this corresponds with 15.9 % of the gross premium. The reported gross loss ratio in the fiscal year in the business segment non-life was 74.1 % (2011: 80.2 %). As a result in this business segment the combined ratio was 98.6 % after 105.3 % in the previous year.

Prior to the change in the equalisation provision and similar provisions (hereinafter: equalisation provision and similar provisions) the technical result for total business improved in the fiscal year by EUR 95.6 million to EUR - 0.4 million (2011: EUR - 96.0 million). The equalisation provision and similar provisions were increased by EUR 67.6 million (2011: EUR 98.7 million), leading to an own account technical result of EUR - 68.0 million (2011: EUR - 194.7 million).

KEY FIGURES FOR THE REINSURANCE

in EUR million	2012 total Gross	thereof group Gross	thereof third party Gross	2011 total Gross	thereof group Gross	thereof third party Gross
Written premium	1,525.6	362.5	1,163.2	1,492.4	331.1	1,161.3
Domestic	462.7	351.5	111.3	435.9	326.8	109.1
Overseas	1,062.9	11.0	1,051.9	1,056.5	4.3	1,052.2
Losses	1,122.2	259.3	862.9	1,196.5	261.3	935.2
Domestic	328.6	251.2	77.3	329.2	259.4	69.7
Overseas	793.6	8.0	785.6	867.3	1.9	865.4
Costs	373.9	82.9	291.0	378.1	84.2	293.8
Domestic	108.7	79.8	28.9	110.8	82.7	28.0
Overseas	265.1	3.0	262.1	267.3	1.5	265.8
Results before equalisation provisions	21.5	20.7	0.8	- 76.4	- 4.7	- 71.8
Domestic	23.1	20.4	2.7	1.8	- 8.5	10.3
Overseas	- 1.6	0.3	- 1.9	- 78.3	3.8	- 82.1

Overview of the business
development of
R+V Versicherung AG



The result from capital investments amounted to EUR 381.0 million in the fiscal year (2011: EUR 342.8 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 - 12.8 million (2011: EUR - 6.3 million).

In total the fiscal year closed with a result from ordinary business activities of EUR 298.0 million (2011: EUR 138.6 million).

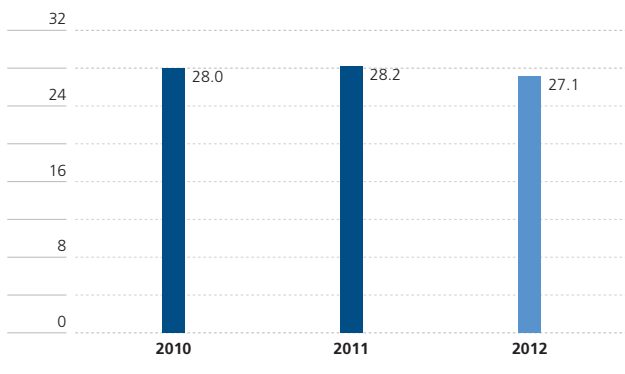
TOTAL BUSINESS NON-LIFE

	2010	2011	2012
Reported gross loss ratio	77.5	80.2	74.1
Gross expenses ratio	25.1	25.1	24.5
Gross loss / costs ratio	102.6	105.3	98.6

The tax expenditure determined (fictitiously) based on the tax allocation contract with DZ BANK AG amounted to EUR 204.9 million and was substantially influenced by changed case law of the Federal Finance Court concerning the fiscal assessment of fixed interest securities of the current assets. Depreciations, which were carried out under commercial and fiscal law by 31 December 2011 had to be corrected with exclusive tax effect by appreciations in value. In addition, fund income, which had not yet been distributed, was subjected to taxation. Based on the profit and loss transfer agreements concluded with DZ BANK AG in 2012 the company thus transferred a profit of EUR 93.2 million (2011: net income for the year EUR 95.2 million).

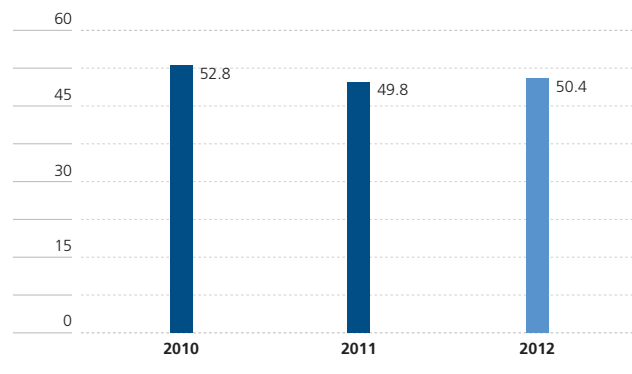
LIFE INSURANCE – GROSS PREMIUMS

in EUR million



ACCIDENT INSURANCE – GROSS PREMIUMS

in EUR million



LIFE INSURANCE – PORTFOLIO DEVELOPMENT

in EUR million according to sums insured

		2012	2011
Take-over	Capital	5,903.9	5,933.2
	Annuity	1,912.8	1,888.0
Levy	Capital	738.7	789.0
	Annuity	1,397.4	1,390.7
Excess	Capital	5,165.3	5,144.2
	Annuity	515.3	497.2

ACCIDENT INSURANCE

	2010	2011	2012
Reported gross loss ratio	46.6	34.0	47.7
Gross expenses ratio	49.3	52.8	50.9
Gross loss / costs ratio	95.9	86.7	98.6

Business developments in the individual classes

Life

Gross technical results improved

The active underwriting of the life reinsurance business was discontinued in 2004. The gross premium income of EUR 27.1 million was slightly lower than in the previous year. The class closed with a technical gross profit in the amount of EUR 6.2 million (2011: EUR 4.7 million) as the expenses for commission, which were substantially less compared with the previous year, compensated for the declining settlement result.

Accident

Substantially improved net class result

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

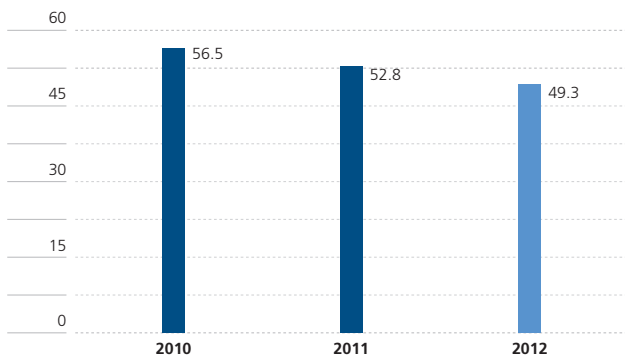
Written gross premiums of EUR 50.4 million were overall 1.3 % above the value of the previous year (2011: EUR 49.8 million). The slight improvement in loss expenditure for the fiscal year by 0.8 % to EUR 27.5 million as well as the settlement result of the loss provisions carried forward from the previous year, which was substantially less compared with the previous year, led to a reported gross loss ratio of 47.7 % (2011: 34.0 %).

Gross expenditure on insurance operations fell by EUR 1.5 million. Prior to the change in the equalisation provision and similar provisions, the class result was EUR 0.7 million (2011:

Overview of the business
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R+V Versicherung AG

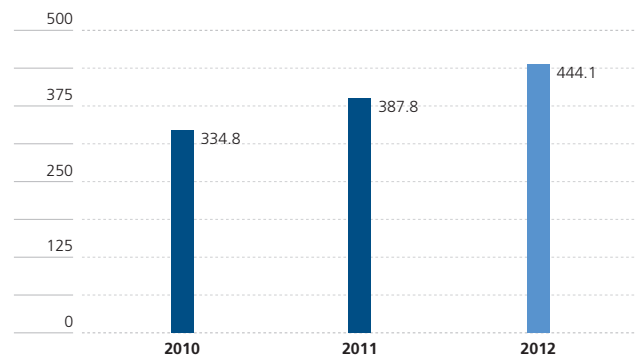
LIABILITY INSURANCE – GROSS PREMIUMS

in EUR million



MOTOR INSURANCE – GROSS PREMIUMS

in EUR million



LIABILITY INSURANCE

	2010	2011	2012
Reported gross loss ratio	86.3	44.2	48.5
Gross expenses ratio	31.9	36.3	36.8
Gross loss / costs ratio	118.2	80.5	85.3

MOTOR INSURANCE

	2010	2011	2012
Reported gross loss ratio	88.8	84.0	78.4
Gross expenses ratio	18.9	17.8	16.5
Gross loss / costs ratio	107.7	101.8	94.9

EUR 6.8 million). Due to claims history the equalisation provision and similar provisions were reinforced by an allocation in the amount of EUR 1.5 million (2011: EUR 8.9 million). The own account technical result was EUR - 0.8 million (2011: EUR - 2.2 million).

Liability

Renewed improved own account technical result

Written gross premiums in liability insurance amounted to EUR 49.3 million (2011: EUR 52.8 million).

Due to this drop in premiums the reported gross loss ratio was 48.5 % (2011: 44.2 %) despite an only moderate increase in the loss expenditure. The gross expenditure ratio amounted to 36.8 % (2011: 36.3 %), leading to a combined ratio of 85.3 % (after 80.5 % in the previous year).

The technical result of the class closed with a gross profit prior to equalisation provision and similar provisions of EUR 7.2 million (2011: EUR 10.3 million). After deducting EUR 11.0 million allocated to the equalisation provision and similar provisions (2011: EUR 16.0 million), the class showed an own account technical result of EUR -4.0 million (2011: EUR -5,7 million).

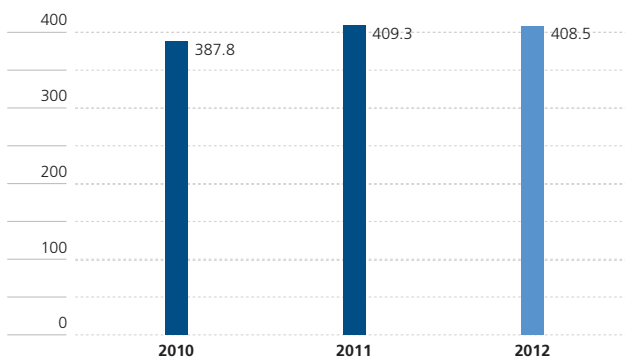
Motor

Reported gross loss ratio improved once again

With a share of 29.1 % of gross written premium, motor insurance – which is written worldwide – is among the main classes of R+V Versicherung AG. The predominant share (60.9 %) of the volume of the premiums in this class stems from the R+V Group, which profit from their strong market share in Germany. In the highly competitive motor reinsurance market

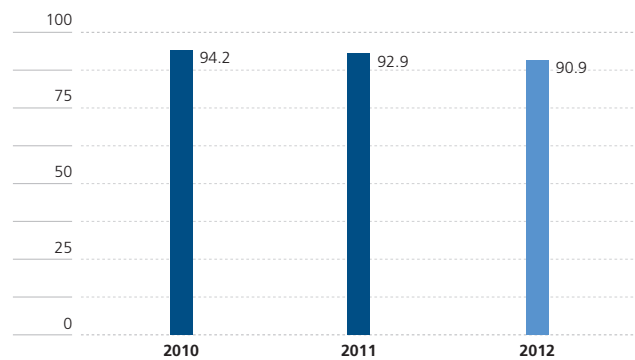
FIRE INSURANCE – GROSS PREMIUMS

in EUR million



MARINE AND AVIATION INSURANCE – GROSS PREMIUMS

in EUR million



FIRE INSURANCE

	2010	2011	2012
Reported gross loss ratio	93.8	124.6	89.9
Gross expenses ratio	25.7	26.0	25.8
Gross loss / costs ratio	119.5	150.6	115.7

MARINE AND AVIATION INSURANCE

	2010	2011	2012
Reported gross loss ratio	72.7	51.5	58.5
Gross expenses ratio	22.4	24.4	23.1
Gross loss / costs ratio	95.1	75.8	81.6

R+V was also able to achieve a premium growth of 14.5 % in total to EUR 444.1 million (2011: EUR 387.8 million) in 2012. Growth in the domestic market was 7.7 %. Overseas in particular Great Britain, the Netherlands and South Africa proved to be growth markets.

The fiscal year loss ratio fell to 86.5 % (2011: 92.7 %) as losses increased less than proportionally. Supported by a significant improvement in the settlement result of the loss provisions taken over from the previous year, the reported gross loss ratio of 78.4 % was significantly below the level in the previous year (2011: 84.0 %).

As expenses for insurance operations also increased less than proportionally to EUR 73.3 million (2011: EUR 68.5 million), the class result for R+V's own account improved by EUR 28.3 million to EUR 15.3 million compared with the

previous year (2011: EUR - 13.0 million). EUR 42.2 million (2011: EUR 20.7 million) were transferred to the equalisation provision and similar provisions, the own account technical result was EUR - 26.9 million (2011: EUR - 33.6 million).

Fire

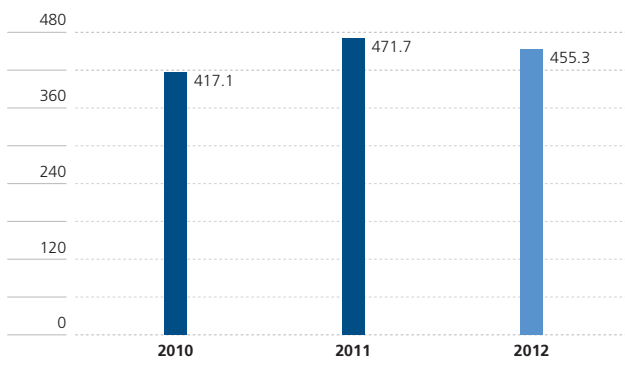
Significantly improved reported gross loss ratio

Written premiums were with EUR 408.5 million on the level of the previous year (2011: EUR 409.3 million). Fire insurance business essentially stemmed from cedents outside of the R+V Group. EUR 361.3 million were accounted for the foreign market, or 88.4 % of the gross premiums.

Fire insurance was affected by major losses to a far lesser extent in the fiscal year than in the previous year, which results from various damaging events in connection with

OTHER INSURANCE CLASSES – GROSS PREMIUMS

in Mio. Euro



OTHER INSURANCE CLASSES

	2010	2011	2012
Reported gross loss ratio	56.8	54.0	64.4
Gross expenses ratio	26.3	26.1	27.3
Gross loss / costs ratio	83.1	80.1	91.7

earthquakes, hurricanes and flooding. The reported gross loss ratio fell to 89.9 % (2011: 124.6 %). Including expenditure on insurance operations, this resulted in a gross combined loss/expenses ratio of 115.7 % (2011: 150.6 %). In the fiscal year the class closed with an own account technical loss in the amount of EUR - 70.5 million (2011: EUR - 209.7 million) prior to the change in the equalisation provision and similar provisions. After the full withdrawal dependent on claims history from the equalisation provision and similar provisions in the previous year a technical result thus remained of EUR - 70.5 million (2011: EUR - 172.4 million).

Marine and aviation

Significantly improved own account result once again

Written gross amounts in marine and aviation business amounted to EUR 90.9 million in the fiscal year (2011: EUR 92.9 million) and were thus slightly below the level

of the previous year. The cause of this is a decline in the premiums in marine insurance by 14.0 %, whereas premiums in aviation insurance increased by 9.9 %. The most important markets according to premium volumes were Italy for marine as previously and the USA again for aviation.

The reported gross loss ratio was 58.5 % (2011: 51.5 %). By including the gross expense ratio, which had improved to 23.1 % (2011: 24.4 %), the class closed with an own account technical profit of EUR 16.3 million (2011: EUR 22.7 million). EUR 3.4 million (2011: Transfer EUR 11.0 million) were withdrawn from the equalisation provision and similar provisions. The own account technical profit improved significantly to EUR 19.7 million (2011: EUR 11.7 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 and livestock. Other insurance includes the classes all-risks and fidelity losses as well as nuclear facility property insurance.

The other insurance classes recorded a slight drop in the written gross premiums from 3.5 % to EUR 455.3 million (2011: EUR 471.1 million). The classes storm, credit/bond and hail continued to dominate the other insurance classes, with a premium share of 78.8 % (2011: 79.6 %). Storm as well as credit and bond insurances recorded falls in premiums here.

On the loss side, the individual insurance classes showed a varied development. There were significant loss improvements in storm insurance, where loss expenditure decreased by EUR 40.2 million. The gross fiscal year loss ratio in storm insurance improved to 53.1 % (2011: 79.7 %). The reported gross loss ratio also dropped to 51.8 % (2011: 73.5 %).

After the reported gross loss ratio in credit and bond insurance closed with a very good result in the previous year, it amounted to 56.4 % (2011: 34.8 %) in the fiscal year owing to the burden of two large losses.

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 11.7 million (2011: EUR 6.2 million).

Summary appraisal of the course of business

R+V Versicherung AG continued its positive development in the fiscal year of 2012. Premium income rose by 2.2 % compared with the previous year. The loss expenditure improved significantly, as the year 2012 was affected to a much smaller extent by natural disasters.

The gross expenditure ratio improved compared with the previous year. The own account technical result was significantly higher than that of the previous year. The equalisation provision was reinforced in line with claims history.

The capital investment result was EUR 381.0 million compared with EUR 342.8 million in the previous year.

Overall, R+V Versicherung AG generated a result of the normal business activities in the amount of EUR 298.0 million (2011: EUR 138.6 million). By taking a (fictitious) tax expenditure of EUR 204.9 million into consideration (2011: EUR 40.7 million) this produces a profit transfer of EUR 93.2 million based on the profit and loss transfer agreement concluded with DZ BANK AG in 2012.

Despite the difficult economic environment R+V Versicherung AG managed to follow up on the financial successes of the previous years. A significant contribution is made in this respect by the quality standards in the underwriting, pricing and loss management that the company applies when underwriting and processing reinsurance business. A combination

of internal risk management and control system supports all management activities and makes sure that risks are recognised and avoided. The high level of qualifications and motivation of the staff are further important factors for the success of the company.

Profitability

Technical result

The gross technical result improved by EUR 97.9 million to EUR 21.5 million (2011: EUR - 76.4 million) compared with the previous year. After taking the retrocession into account, this results in an own account technical result of EUR - 0.4 million (2011: EUR - 96.0 million), which represented a substantial improvement compared with the previous year. The equalisation provision and similar provisions were reinforced by EUR 67.6 million (2011: EUR 98.7 million). The own account technical result also improved significantly to EUR - 68.0 million (2011: EUR - 194.7 million). This technical loss particularly resulted from the fire class in the amount of EUR - 70.5 million (2011: EUR - 172.4 million) and the motor liability class in the amount of EUR - 23.8 million (2011: EUR - 25.9 million).

Capital investment result

R+V Versicherung AG generated regular income of EUR 362.5 million from its capital investments. After the deduction of ordinary expenditure of EUR 5.7 million, this produces an ordinary result of EUR 356.8 million (2011: EUR 348.9 million).

The situation on the bond markets continued to be dominated by the Euro crisis. This led to falling interest rates and despite credit rating downgrades to spread restrictions. Under these basic macro-economic conditions non-scheduled depreciations in the amount of EUR 1.2 million were necessary with the capital investments of R+V Versicherung AG. EUR 19.8 million were attributed due to value recoveries of earlier depreciations. R+V Versicherung AG generated on the one hand capital gains of EUR 0.7 million by selling assets, on the other hand

Overview of the business

development of

R+V Versicherung AG / Profitability /

Financial situation

sales losses were incurred of EUR 0.1 million. The extraordinary result of EUR 19.1 million (2011: EUR - 12.2 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 375.9 million for the fiscal year 2012 compared with EUR 336.7 million in the previous year. The net interest yield was 9.5 %, almost at the same level as the previous year (2011: 9.6 %).

Other earnings and expenditure

Other earnings amounted to EUR 34.4 million in the fiscal year (2011: EUR 46.3 million). Services and interest income formed a significant proportion of this.

Other expenditure amounted to EUR 47.2 million (2011: EUR 52.6 million). It 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 fall in the other income is essentially attributable to interest on tax receivables included in the previous year from completed external tax audits. In particular less interest expenses as well as association and member contributions were decisive with the other expenses.

The result from foreign currency conversion amounted to EUR 0.3 million (2011: EUR 4.4 million).

Overall result

The result of the normal business activities amounted to EUR 298.0 million (2011: EUR 138.6 million). By taking a (fictitious) tax expenditure of EUR 204.9 million into consideration (2011: EUR 40.7 million) this results in a profit transfer of EUR 93.2 million based on the profit and loss transfer agreement concluded with DZ BANK AG in 2012.

Financial situation

Capital structure

The Annual General Meeting of 30 May 2012 decided to increase the capital by EUR 150.1 million by issuing registered shares with restricted transferability at EUR 306 each in order to reinforce the shareholders' equity of R+V Versicherung AG. The Annual General Meeting further passed authorized capital, through which the Board of Management is authorized to carry out capital increases against cash contributions up to EUR 21.3 million, which correspond with a total issue amount of around EUR 250 million. The approved capital can be exercised until the end of May 2017. This way it is ensured that R+V continues to be in the position to grow profitably in the long-term.

These measures increase the subscribed capital to EUR 331.3 million (2011: EUR 318.5 million) and the capital reserves to EUR 1,415.7 million (2011: EUR 1,278.4 million).

As per the reporting date, shareholder's equity of R+V Versicherung AG increased to a total of EUR 1,911.7 million (2011: EUR 1,846.2 million).

The guarantee funds rose by EUR 273.8 million to EUR 4,470.7 million compared with the previous year. Despite the strong growth of the company, the guarantee funds ratio remained at a high level of 299.6 % (2011: 287.8 %). The equity ratio amounted to 128.1 % (2011: 126.6 %).

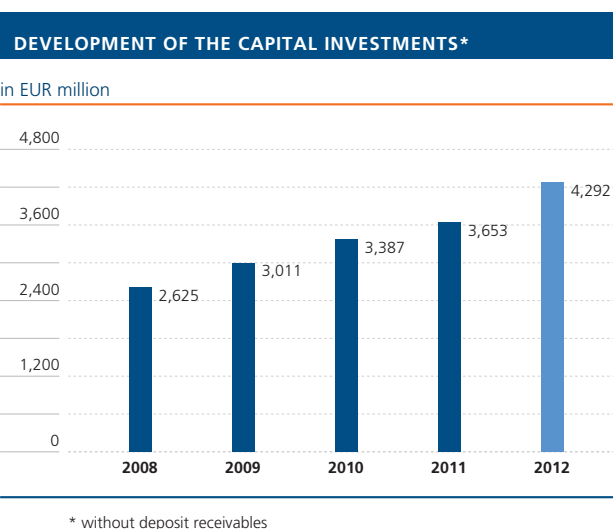
Once more the rating agency Standard & Poor's assessed the financial strength of R+V Versicherung AG as very good in the fiscal year 2012. Within the framework of the interactive rating process the assessment was confirmed with AA- and a stable outlook.

GUARANTEE FUNDS		
in EUR million	2012	2011
Share capital	331.3	318.5
Capital reserves	1,415.7	1,278.4
Retained earnings	164.7	164.7
Net retained profits	0.0	84.6
Shareholders' equity	1,911.7	1,846.2
Unearned premium reserve	146.9	139.8
Actuarial reserves	37.5	40.3
Provision for outstanding claims	1,805.8	1,670.1
Provision for premium funds	3.1	2.4
Equalisation provision and similar provisions	565.1	497.5
Other technical provisions	0.6	0.6
Total technical provisions	2,559.0	2,350.7
Guarantee funds	4,470.7	4,196.9

Asset situation

Capital investments portfolio

The capital investments of R+V Versicherung AG grew by EUR 639.3 million or by 17.5 % in the fiscal year 2012. The book value of the capital investments as of 31 December 2012 thus amounted to EUR 4,292.0 million. At 54.7 % (2011: 58.3 %), 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 fixed interest securities. In order to minimise the risk of default, attention was paid to the good creditworthiness of the issuers with all interest-bearing claims. R+V Versicherung AG also invested indirectly in real estate. In addition, R+V Versicherung AG took part in capital increases of R+V KOMPOSIT Holding GmbH and R+V Personen Holding GmbH as well as R+V Lebensversicherung AG, Assimoco S.p.A. and Finassimoco S.p.A. The calculated equity ratio at market values amounted to 1.3 % on 31 December 2012 compared with 1.0 % in the previous year. Preemptions were additionally carried out in order to perpetuate the investment.



The reserve ratio relating to total capital investments was 54.5 % as of 31 December 2012 (2011: 65.9 %). At the end of the year R+V Versicherung AG did not disclose any hidden losses in the capital investments allocated to fixed assets according to § 341 b HGB.

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. It has not invested in any of the armament manufacturers mentioned in the debate concerning cluster munition.

Technical provisions

The technical gross provisions rose by 8.3 % to EUR 2,616.7 million (2011: EUR 2,416.8 million) compared with the previous year. After deducting the shares applicable to the reinsurers, the net technical provisions amounted to EUR 2,559.0 million (2011: EUR 2,350.7 million). Based on the own account premiums written, this was equivalent to a ratio of 171.5 % (2011: 161.2 %).

By far the largest share of the net technical provisions was formed by the provisions for outstanding claims. Their volume rose by 8.1 % to EUR 1,805.8 million (2011: EUR 1,670.1 million). They comprised 34.9 % (2011: 36.4 %) 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 67.6 million to EUR 565.1 million.

Supplementary report

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

Risk report

Risk management process

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

It encompasses all systematic measures for recognising, evaluating and controlling risks. The main aim of the risk management process is to ensure solidity and security for policyholders and shareholders as well as the continuation of the company in the long term. Furthermore, with the help of the risk management process, risks that pose a danger to the existence of the company and other negative developments that could have significant effects on 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.

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

The identified risks are subsequently evaluated in a quarterly risk conference. The central risk reporting system ensures transparency in reporting. In the event of changes to risks which pose a danger to the existence of the company, reports to the 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 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.

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.

The risk inventory that takes place once a year encompasses the entire risk management of R+V. The specific purpose of the risk inventory is reviewing and documenting all known indi-

vidual and cumulative risks as well as the risk bearing ability and the business continuity management system. The indicators and threshold values used are also reviewed here.

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

Technical risks

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

The main technical risks 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 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.

Part of the premium and loss risk and of special significance is the natural disaster risk, which 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. storm, earthquake or flooding and man-made risks.

The essential technical risks lie with a reinsurer in 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 R+V Versicherung AG is created through adequate capital resources and reserves and consequently there is currently no retrocession purchasing.

A large number of losses of an average to smaller size marked the loss development of the fiscal year 2012. As opposed to the previous year the large losses fell both with regard to the numbers of units as well as in the absolute amount. The four largest natural disasters in the loss year 2012 were hurricane Sandy, the drought disaster and a tornado in the United States as well as the earthquakes in Italy.

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.

Financial instrument risks

Within the framework of providing insurance cover for customers, insurance companies see themselves as exposed to specific market, credit, liquidity and concentration risks.

These could in an extreme case lead to a permanent loss of the value of capital investments and – in the final analysis – to endangering the fulfilment of obligations arising from insurance policies. In this respect the risks from financial instruments have the character of an asset-liability risk. R+V counters these risks by observing a general guideline of achieving the greatest possible security and profitability while ensuring liquidity at all times. By maintaining an appropriate mix and diversification of capital investments, the R+V investment policy makes a considerable contribution to risk minimisation targets.

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

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

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

Evaluation units under commercial law as well as economic hedging relations exist at R+V Versicherung AG. The following types of hedging transactions were used as of 31 December 2012:

- Swaps: Micro-hedging of interest change risks (conversion from variable into fixed interest bearing cash flows and vice versa); the underlying transactions are external capital instruments with these hedges
- 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.

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

Market risk

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

In order to measure possible market risks to its capital investments, R+V Versicherung AG carried out scenario analyses on the accounting date 31 December 2012 under the following assumption: the effects of a 20% price fall of the current market value was simulated for equities held directly and through funds.

The effects of a movement of the interest rate curve of 100 basic points upwards or downwards of the current market value of these securities and loans was simulated for fixed interest securities, registered bonds, notes receivable and loans.

Within the framework of standard reporting, stress simulations are carried out continuously over the course of the year to present the effects of adverse capital market scenarios on the development of the portfolio and results. The simulation

parameters used include a 35 % fall in equities, a movement in the interest rate curve of 200 basic points and stressing of currency reserves by a standard annual deviation.

Furthermore, R+V Versicherung AG regularly conducts a duration analysis on the portfolio of all its interest bearing investments.

Foreign currency positions with the exception of obligations from the reinsurance business are essentially held for the diversification and participation in investments worldwide with high yields within the framework of an active portfolio management. The thus resulting exchange rate risks are subject to constant observation by applying corresponding risk models and are actively controlled by a currency overlay management. The currency management of R+V pursues in the first place the aim to hedge exchange rate losses.

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 to using a limit system. More than 89% (2011: 92%) of the investments in fixed interest securities have a Standard & Poor's rating of 'A' or better, more than 72% (2011: 79%) have an 'AA' or better rating.

In the past fiscal year the capital investments of R+V Versicherung AG posted interest losses of EUR 0.3 million. No losses of capital were recorded.

As of 31 December 2012, R+V Versicherung AG held Italian, Irish and Spanish government bonds:

MARKET VALUE		
in EUR million	2012	2011
Portugal	–	1.3
Italy	20.0	14.9
Ireland	9.6	9.8
Greece	–	1.7
Spain	32.4	35.0
Total	62.0	62.7

Except in Greece 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 a refinancing of the crisis-hit countries. No depreciations were carried out on government bonds. Government bonds of these countries were only purchased in an exceptional case in 2012.

The total of all investments at banks made by R+V Versicherung AG amounts to EUR 1,070.8 million as of 31 December 2012. At 38.8%, these investments largely concern securities for which there is special cover for collateralisation. 45.7% of these investments are primarily invested in German banks. The remaining 54.3% relate almost exclusively to EEA institutions.

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

Liquidity risk

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

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

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

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

Owing to the annual liquidity surpluses which are forecasted 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.

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

The investment behaviour of R+V is oriented towards avoiding risk concentration in the portfolio and achieving a minimisation of risks through extensive diversification of its invest-

ments. Compliance with the quantitative limits stipulated by investment regulations and other provisions of supervisory law contribute to this in accordance with the principle of appropriate mix and diversification. An analysis of the issuer structure of the portfolio did not identify any significant concentration risk. Furthermore, there are no concentration risks at individual institutions within the context of investments at banks.

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

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

Operational risks

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

The main instrument used by R+V to limit operational risks is the internal control system. The risk of errors and fraudulent activities is prevented by regulations and controls in force in the specialist departments and by reviewing the application

and effectiveness of the internal control systems by the Group Audit department. Outgoing payments are supported automatically as far as possible.

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

Quality assurance in IT systems is provided by established 'best practice' processes. All service relevant incidents are recorded and followed up according to their significance. Current issues are dealt with in daily conferences and allocated processing priority. Suitable measures are taken in monthly conferences attended by IT heads of department if stipulated thresholds values are exceeded with regard to compliance with service level agreements (e.g. system availability and response times).

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

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 opportuni-

ties and risks promptly. R+V regularly analyses and forecasts national and global facts with influence on relevant technical parameters.

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

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

Reputation risk

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

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

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

Risk bearing capacity

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

The risk bearing capacity of R+V Versicherung AG under supervisory law exceeded the required minimum solvency margin as of 31 December 2012. Capital resources that are subject to approval are not taken into account when calculating the solvency ratio.

On the basis of the capital market scenarios applied within the context of internal planning, it can be seen that the solvency ratio of R+V Versicherung AG will also be higher than minimum statutory requirement as of 31 December 2013.

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 capital 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. According to the currently existing legal position a national implementation is envisaged from the coming year. However, there are still substantial unclear points in essential questions relating to risk assessments. The question about a reasonable assessment of long-term guarantees is of central significance for the German insurance industry. Owing to the prevailing situation the European and the Council of Europe therefore propose a postponement by several years. The naming of a new time for the implementation is expected in the near future.

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 effecting Solvency II (QIS [Quantitative Impact Study, Long-Term Guarantees Assessment]) within the framework of the 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 2012. Also an analysis of the economic risk bearing capital 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 Eurozone. Based on the experience of the last crisis years an aggravation of the crisis cannot be excluded, especially as it encounters a substantial slowing down of the economy. It is very difficult to estimate the associated implications on the capital markets and the real economy.

According to the current status R+V assumes that the measures taken by Portugal, Italy, Ireland and Spain, 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.

Macroeconomic development

Experts do not expect any substantial economic recovery for 2013. Consequently, in its annual survey of November 2012, the Council of Experts only forecasts slight growth in the real gross domestic product of 0.8 %.

For 2013 the insurance industry is expecting a growth in premiums as in the previous year. The Industry Association GDV assumes that in life insurance the one-off premium business will level off at the level of 2012. In life insurance business against regular premium as well as in private health insurance and in non-life insurance and accident insurance GDV on the other hand expects growth, which follows on from the level of the previous year.

Rating agencies continue to assess the reinsurance sector positively and confirm a stable outlook for the next few months. This estimate is also substantiated by history and understandable in the low volume of payment losses of the reinsurance companies in the last few years. We are also expecting sufficient possibilities for the underwriting of profitable business in the next few years. On the one hand our direct insurance customers are being increasingly conscious of risks and know how to appreciate the reinsurance as a tool of a modern risk management. As a result of the planned introduction of Solvency II, cover by well-funded reinsurance partners as capital substitution is in demand.

Developments on the capital markets

The development on the capital markets will also remain determined by the global debt crisis in 2013 and 2014. A further consolidation of the cooperation can be assumed in the Eurozone. This will presumably consist of a triad of further reforms, extended European fiscal policies and further aid of the ECB. Based on the experience of the last few years however an aggravation of the crisis cannot be excluded, especially as the Eurozone is still suffering from a recession at the beginning of 2013. As of the end of 2013 interest rates and share prices are expected at the current level.

R+V is basing its capital investment strategy on security, liquidity and yield. This also includes the explicit risk management of individual issuers and countries including setting issuer limits. The high proportion of fixed interest securities with good creditworthiness in the capital investment portfolio ensures that technical obligations can be met at all times. The duration should not be significantly extended or reduced. Opportunities in the credit markets should be taken, whereby attention should be paid to the high quality of securities and a wide spread of credit risks. The engagement in shares is to be increased slightly depending on the risk bearing capacity of the company. The real estate engagement will be further increased slightly 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 2013 and 2014.

Improved technical result for own account expected

R+V Versicherung AG will also continue to pursue its strategy of income orientation in the years 2013 and 2014 in order to achieve higher stability of the profitability.

Business will be expanded where risk appropriate premiums can be generated. The quality standards for underwriting, pricing and loss management will be continually monitored and the underwriting policy adopted in previous years continued successfully.

In the renewal rounds for 2013, R+V Versicherung AG was again able to benefit from its good AA-rating (Standard & Poor's).

The company is assuming moderate premium growth for 2013. An increase, which is less than proportionate compared with the premiums, is anticipated on the loss and costs side so that an improved technical result for the company's own account is produced. This expectation is subject to the assumption that no large loss impacts occur outside the value expected.

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 2013

The Board of Management

Annual Financial Statements 2012

Balance sheet

as of 31 December 2012*

ASSETS			
in EUR		2012	2011
A. Intangible assets			
I. Internally produced copyrights and similar rights and values		—,—	—
II. Concessions acquired for consideration, commercial copyrights and similar rights and values and licences to such rights and values		32,107.—	—
III. Goodwill		—,—	—
IV. Advance payments		—,—	—
		32,107.—	—
B. Capital assets			
I. Land, similar rights and buildings including buildings on third party land		3,377,470.17	3,444,854
II. Capital investments in affiliated companies and holdings			
1. Shares in affiliated companies	2,162,584,027.86		1,997,489,788
2. Loans to affiliated companies	148,348,539.33		132,206,018
3. Holdings	1,036,630.74		1,036,631
4. Loans to associated companies	18,391,368.32	2,330,360,566.25	—
III. Other capital assets			
1. Shares, investment certificates and other variable yield securities	373,680,701.55		259,906,150
2. Bearer bonds and other fixed interest securities	843,548,971.10		587,268,101
3. Receivables from mortgages, land charges and annuity land charges	—,—		—
4. Other loans			
a) Registered bonds	369,064,594.06		349,064,594
b) Bonded debt receivables and loans	251,383,749.53		264,611,854
c) Loans and advance payments on insurance policies	—,—		—
d) Miscellaneous loans	—,—	620,448,343.59	—
5. Deposits at banks	111,828,411.74		52,624,736
6. Other capital assets	8,737,371.01	1,958,243,798.99	5,079,071
IV. Deposits with ceding undertakings		225,455,724.—	197,663,977
		4,517,437,559.41	3,850,395,774
C. Capital investments for the account and risk of holders of life insurance policies			
		—,—	—

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

Balance sheet

in EUR		2012	2011
D. Receivables			
I. Receivables from direct insurance business:			
1. Policyholders		—,—	—
2. Insurance brokers		—,—	—
3. Member and funding companies		—,—	—
II. Settlement receivables from reinsurance business		125,404,658.34	147,709,576
Thereof due to:			
Affiliated companies	7,208,917 € (6,130,840 €)		
Associated companies	203,316 € (243,624 €)		
III. Capital called, but not yet paid		—,—	—
IV. Other receivables		401,164,939.87	432,737,322
Thereof due to:			
Affiliated companies	279,777,723 € (290,053,047 €)		
		526,569,598.21	580,446,899
E. Other assets			
I. Property, plant, equipment and inventories		667,689.28	804,603
II. Cash at banks, cheques and cash in hand		98,630,715.04	133,113,013
III. Other assets		62,124.95	314,974
		99,360,529.27	134,232,589
F. Accruals			
I. Accrued interest and rents		30,416,101.12	27,203,954
II. Other accruals		671,919.05	797,313
		31,088,020.17	28,001,267
G. Deferred tax assets			
		—,—	—
H. Asset balance arising from offsetting			
		—,—	—
I. Deficit not covered by shareholders' equity			
		—,—	—
		5,174,487,814.06	4,593,076,528

LIABILITIES					
in EUR				2012	2011
A. Shareholders' equity					
I. Called capital					
Subscribed capital		331,287,272.73			318,545,455
minus uncalled outstanding investments		—,—	331,287,272.73		
II. Capital reserves			1,415,739,315.27		1,278,369,773
Thereof reserves in accordance with § 5 Section 5 No. 3 VAG: – €	(– €)				
III. Retained earnings					
1. Statutory reserves		—,—			–
2. Reserves for shareholdings		—,—			–
3. Reserves according to articles of association		—,—			–
4. Other retained earnings		164,666,337.05	164,666,337.05		164,666,337
IV. Net retained profits					
Thereof profits carried forward: – €	(– €)		—,—		84,621,600
				1,911,692,925.05	1,846,203,165
B. Profit participation capital					
				—,—	–
C. Subordinated liabilities					
				—,—	–
D. Technical provisions					
I. Unearned premium reserve					
1. Gross		149,472,497.28			142,260,474
2. Thereof: less reinsurance amount		2,571,892.48	146,900,604.80		2,451,992
II. Actuarial reserves					
1. Gross		70,753,853.32			74,926,644
2. Thereof: less reinsurance amount		33,253,907.20	37,499,946.12		34,626,168
III. Provision for outstanding claims					
1. Gross		1,827,672,332.75			1,699,126,184
2. Thereof: less reinsurance amount		21,829,618.80	1,805,842,713.95		29,008,586
IV. Provisions for performance based and non-performance based premium refund					
1. Gross		3,066,512.—			2,354,072
2. Thereof: less reinsurance amount		—,—	3,066,512.—		–
V. Equalisation provision and similar provisions					
			565,116,082.—		497,505,382
VI. Other actuarial provisions					
1. Gross		617,173.60			618,495
2. Thereof: less reinsurance amount		—,—	617,173.60		–
				2,559,043,032.47	2,350,704,505
E. Life insurance actuarial provisions insofar as investment risk is borne by policyholder					
				—,—	–

Balance sheet

in EUR		2012	2011
F. Other provisions			
I. Provisions for pensions and similar obligations		222,652.56	66,768
II. Tax provisions		43,017,563.84	30,474,371
III. Other provisions		21,173,931.95	14,857,408
		64,414,148.35	45,398,547
G. Deposit liabilities received from reinsurers			
		38,279,975.10	39,945,568
H. Other liabilities			
I. Creditors from direct insurance operations:			
1. Policyholders		—,—	—
2. Insurance brokers		—,—	—
3. Member and funding companies		—,—	—
II. Settlement liabilities from reinsurance business		281,023,996.15	222,994,817
Thereof due to:			
Affiliated companies	17,688,743 €	(22,679,023 €)	
Associated companies	731,739 €	(904,960 €)	
III. Bonds		25,665,293.08	24,806,852
Thereof convertible:	— €	(— €)	
IV. Liabilities to banks		—,—	—
V. Other liabilities		293,933,421.91	62,527,725
Thereof:			
From taxes	3,480,433 €	(2,102,481 €)	
Social security	94,479 €	(125,355 €)	
Due to:			
Affiliated companies	284,300,283 €	(53,965,254 €)	
		600,622,711.14	310,329,394
I. Deferred income			
		435,021.95	495,350
K. Deferred tax liabilities			
		—,—	—
		5,174,487,814.06	4,593,076,528

Income statement

for the period 1 January to 31 December 2012*

INCOME STATEMENT			2012	2011
in EUR				
I. Actuarial account				
1. Premiums earned for own account				
a) Gross premiums written	1,525,614,257.55			1.492.356.205
b) Reinsurance premiums ceded	33,531,570.77			33,828,630
		1,492,082,686.78		
c) Change in gross unearned premium reserve	– 8,950,810.19			178,808
d) Change in gross unearned premium reserve - reinsurers' share	–113,819.62			821,744
		– 8,836,990.57		
			1,483,245,696.21	1,457,884,638
2. Technical interest income for own account			905,746.68	1,659,320
3. Other actuarial earnings for own account			—,—	–
4. Expenditure on claims for own account				
a) Payments for claims				
aa) Gross	987,618,608.37			964,967,235
bb) Reinsurers' share	13,570,721.48			18,791,571
		974,047,886.89		
b) Change in provision for outstanding claims				
aa) Gross	134,582,726.25			231,504,013
bb) Reinsurers' share	–7,103,263.75			–5,602,798
		141,685,990.—		
			1,115,733,876.89	1,183,282,474
5. Change in other actuarial net provisions			1,848,440.58	– 505,044
6. Expenditure on performance based and non-performance based premium refunds for own account			2,905,384.20	2,125,087
7. Expenditure on insurance operations for own account				
a) Gross expenditure on insurance operations		373,862,899.56		378,087,251
b) Thereof:				
Reinsurance commissions and profit participations received		7,687,899.43		9,947,033
			366,175,000.13	368,140,218
8. Other actuarial earnings for own account			1,578,129.26	1,470,459
9. Subtotal			– 392,507.01	– 95,979,324
10. Change to equalisation provision and similar provisions			– 67,610,700.—	– 98,671,237
11. Actuarial result for own account			– 68,003,207.01	– 194,650,561

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

Income statement

in EUR		2012	2011
II. Non-actuarial account			
1. Investment income			
a) Income from holdings	828,229.98		30,695,271
thereof from affiliated companies:			
764,950 €	(30,634,895 €)		
b) Miscellaneous investment income			
thereof from affiliated companies:			
7,831,651 €	(6,607,574 €)		
aa) Income from land, similar rights and buildings including buildings on third party land	637,470.21		640,088
bb) Miscellaneous investment income	66,149,556.44		67,354,471
		66,787,026.65	
c) Income from write ups	19,753,425.42		898,091
d) Realised gains on investments	722,401.52		1,444,094
e) Income from profit pooling, profit and loss transfer agreement and partial profit and loss transfer agreements	300,028,859.57		263,065,412
		388,119,943.14	364,097,426
2. Investment expenditure			
a) Investment management expenditure, interest expenditure and other investment expenditure	5,677,189.67		6,695,954
b) Write downs on investments	1,277,446.53		13,876,785
c) Realised losses on investments	124,977.22		766,007
d) Expenditure on losses assumed	—,—		—
		7,079,613.42	21,338,746
		381,040,329.72	342,758,680
3. Technical interest income		- 2,221,034.24	- 3,226,765
		378,819,295.48	339,531,915
4. Other income	34,383,101.39		46,286,557
5. Other expenditure	47,163,911.59		52,606,518
		- 12,780,810.20	- 6,319,961
6. Non-actuarial result		366,038,485.28	333,211,953
7. Result from normal activities		298,035,278.27	138,561,392
8. Extraordinary income		—,—	—
9. Extraordinary expenditure		—,—	2,624,809
10. Extraordinary result		—,—	- 2,624,809

in EUR		2012	2011
11. Taxes on income and earnings		204,658,917.03	40,634,428
Thereof:			
Allocation within consolidated entity	181,154,422 (– 16,483,510 €)		
12. Other taxes		204,554.11	111,313
Thereof:			
Allocation within consolidated entity	136,829 € (– 546,926 €)		
		204,863,471.14	40,745,741
13. Income from losses assumed		—,—	—
14. Profits transferred as a result of profit pooling, a profit and loss transfer agreement or a partial profit and loss agreement		93,171,807.13	—
		– 93,171,807.13	—
15. Net income for the year		—,—	95,190,842
16. Retained profits brought forward from previous year		—,—	—
17. Withdrawals from capital reserves		—,—	—
18. Withdrawals from retained earnings			
a) from statutory reserve		—,—	—
b) from reserves in shares in a controlling company or one with a majority interest		—,—	—
c) from reserves according to articles of association		—,—	—
d) from other retained earnings		—,—	—
		—,—	—
19. Withdrawals from participation certificates		—,—	—
20. Transfers to reserves			
a) to statutory reserve		—,—	—
b) to reserves in shares in a controlling company or one with a majority interest		—,—	—
c) to reserves according to articles of association		—,—	—
d) to other retained earnings		—,—	10,569,242
		—,—	10,569,242
21. Transfer to participation certificates		—,—	—
22. Net retained profits		—,—	84,621,600

Notes

Accounting and valuation methods

The Financial Statements 2012 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, investment certificates and other variable yield securities as well as bearer bonds and other fixed interest securities, 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.

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.

Mortgages, land charge and annuity bonds as well as the **other loans** with the exception of the bearer bonds were recognised with the updated acquisition value insofar as no specific allowance for bad debts was to be carried out. The amortisation of a difference between the acquisition costs and the repayment amount was carried out by applying 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.

Derivatives were included in the item bearer bonds and other fixed interest securities, as well as other loans. The option to realise economic hedging relationships on the balance sheet by forming valuation units was used for perfect micro-hedges (critical term match). The offsetting changes in value from the hedged risk did not affect the net income according to the "net hedge presentation method". Details concerning the valuation units can be obtained from the management report.

Premiums and discounts with bearer bonds were distributed pro rata temporis by accruals and **deferrals** over the individual term of the respective asset.

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 31st December 2012 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 2012.

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 2012.

The following parameters were used:

Increases in salary:	2.25 %
Increases in pensions:	2.00 %
Fluctuation:	0.90 %
Interest rate:	5.06 %

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 2012 was drawn on for the valuation as of 31 December 2012.

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 2012.

All other items on the balance sheet and income statement, in particular technical items, were converted using the average spot exchange rate on 19 December 2012 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	€	2011	49,570,575	- 9,259,037
Assimoco Vita S.p.A., Segrate	63.6	€	2011	69,276,018	- 1,233,394
CHEMIE Pensionsfonds AG, Munich	100.0	€	2012	16,167,843	1,500,000
Condor Allgemeine Versicherungs-AG, Hamburg	100.0	€	2012	41,761,661	- *
Condor Lebensversicherung AG, Hamburg	95.0	€	2012	38,587,741	- *
KRAVAG-ALLGEMEINE Versicherungs-AG, Hamburg	76.0	€	2012	62,900,169	1,003,198
KRAVAG-LOGISTIC Versicherungs-AG, Hamburg	51.0	€	2012	118,093,656	13,557,946
OPTIMA Pensionskasse AG, Hamburg	95.0	€	2012	4,015,890	100,000
OPTIMA Versicherungs-AG, Hamburg	100.0	€	2012	17,112,784	- *
R+V Allgemeine Versicherung AG, Wiesbaden	95.0	€	2012	694,219,823	- *
R+V Direktversicherung AG, Wiesbaden	100.0	€	2012	9,500,000	- *
R+V Gruppenpensionsfonds AG, Munich	100.0	€	2012	12,230,692	0
R+V Krankenversicherung AG, Wiesbaden	100.0	€	2012	49,985,231	5,000,000
R+V Lebensversicherung AG, Wiesbaden	100.0	€	2012	314,980,723	- *
R+V Luxembourg Lebensversicherung S.A., Strassen	100.0	€	2012	231,115,411	40,942,490
R+V Pensionsfonds AG, Wiesbaden	51.0	€	2012	10,672,629	34,142
R+V Pensionskasse AG, Wiesbaden	100.0	€	2012	54,806,348	500,000
Service, holding and real estate companies					
Assimocopartner Unipersonale S.r.L., Segrate	57.0	€	2011	256,836	4,677
Aufbau und Handelsgesellschaft mbH, Hamburg	81.8	€	2011	525,138	- *
BWG Baugesellschaft Württembergischer Genossenschaften mbH, Stuttgart	81.7	€	2011	9,965,213	- *
carexpert Kfz-Sachverständigen GmbH, Walluf	60.0	€	2012	3,059,937	334,033
Centrum Mannheim, P2 GmbH Grünwald	94.0	€	2011	0	- 1,056,464
CI CONDOR Immobilien GmbH, Hamburg	95.0	€	2012	28,500,00	- *

* A profit and loss transfer agreement exists

Notes

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
compertis Beratungsgesellschaft für betriebliches Vorsorgemanagement mbH, Wiesbaden	51.0	€	2012	3,169,808	710,004
Condor Beteiligungsgesellschaft mbH, Hamburg	95.0	€	2012	26,562	-844
Condor Dienstleistungs-GmbH, Hamburg	95.0	€	2011	186,937	5,367
Englische Strasse 5 GmbH, Berlin	90.0	€	2011	1,627,761	- 247,488
Finassimoco S.p.A., Segrate	57.0	€	2011	83,211,532	- 15,133
GbR Dortmund Westenhellweg 39-41, Wiesbaden	94.0	€	2011	41,609,826	2,824,639
GTIS Brazil II S-Feeder LP, Edinburgh	97.9	USD	2011	1,233,643	18,583
GWG 1. Wohn GmbH & Co. KG, Stuttgart	90.8	€	2011	1,892,508	35,508
GWG 2. Wohn GmbH & Co. KG, Stuttgart	90.8	€	2011	3,000,000	580,859
GWG 3. Wohn GmbH & Co. KG, Stuttgart	90.8	€	2011	7,000,000	692,824
GWG Beteiligungsgesellschaft mbH, Stuttgart ¹⁾	90.8	€			
GWG Gesellschaft für Wohnungs- und Gewerbebau Baden-Württemberg AG, Stuttgart	90.8	€	2011	174,772,066	12,762,244
GWG ImmoInvest GmbH, Stuttgart	86.1	€	2011	5,217,652	1,631,286
HANSEATICA Sechzehnte Grundbesitz Investitionsgesellschaft mbH & Co. KG, Berlin	95.0	€	2011	27,803,776	286,483
Henderson Global Investors Real Estate (No. 2) L.P., London	73.9	GBP	2011	16,952,805	1,323,081
HGI Immobilien GmbH & Co. GB I KG, Frankfurt am Main	73.9	€	2011	24,569,515	- 2,875,709
HGI Real Estate L.P., London	73.9	GBP	2011	8,735,566	- 358,049
HumanProtect Consulting GmbH, Cologne	100.0	€	2011	198,212	82,282
Indexfinal Limited, London	73.9	GBP	2011	1,133	0
IZD-Beteiligung S.à.r.l., Luxembourg	96.2	€	2011	19,879,289	9,765
KRAVAG Umweltschutz- und Sicherheitstechnik GmbH, Hamburg	51.0	€	2012	185,855	9,331
Medico 12 GmbH & Co. KG, Frankfurt am Main	100.0	€	2011	13,591,387	3,470,435
MSU Management-, Service- und Unternehmensberatung GmbH, Kaiserslautern	74.0	€	2011	429,937	154,796
NF Nordstrand GmbH & Co. Heidenkampsweg 100 Nord KG, Norderfriedrichskoog	89.3	€	2011	- 3,806,711	- 177,461
NF Nordstrand GmbH & Co. Heidenkampsweg 100 Süd KG, Norderfriedrichskoog	47.9	€	2011	- 2,759,418	- 128,726
PASCON GmbH, Wiesbaden	100.0	€	2012	25,000	- *
Paul Ernst Versicherungsvermittlungsgesellschaft mbH, Hamburg	51.0	€	2011	38,764	- 5,430

* A profit and loss transfer agreement exists

¹⁾ New holding

SHARES IN AFFILIATED COMPANIES					
Name and registered office of company	Group share of Capital in %	Currency	Figures for Fiscal year	Shareholders' equity EUR	Result EUR
Pension Consult Beratungsgesellschaft für Altersvorsorge mbH, Munich	100.0	€	2011	873,589	71,722
R+V Erste Anlage GmbH, Wiesbaden	95.0	€	2012	1,079,740	61,262
R+V Gruppenpensionsfonds-Service GmbH, Munich	100.0	€	2012	63,376	38,376
R+V INTERNATIONAL BUSINESS SERVICES Ltd., Dublin	100.0	€	2011	2,896,183	- 3,021,421
R+V KOMPOSIT Holding GmbH, Wiesbaden	100.0	€	2012	1,679,036,467	- *
R+V Kureck Immobilien GmbH, Wiesbaden	95.0	€	2011	76,858	1,623
R+V Leben Wohn GmbH & Co. KG, Wiesbaden	100.0	€	2012	91,246,022	2,839,022
R+V Personen Holding GmbH, Wiesbaden	100.0	€	2012	582,063,847	- *
R+V Real Estate Belgium N.V./S.A., Brussels	100.0	€	2011	10,652,591	51,287
R+V Rechtsschutz-Schadenregulierungs-GmbH, Wiesbaden	100.0	€	2012	53,189	- *
R+V Service Center GmbH, Wiesbaden	100.0	€	2012	2,869,375	- *
R+V Service Holding GmbH, Wiesbaden	100.0	€	2012	156,780,850	- *
R+V Treuhand GmbH, Wiesbaden	100.0	€	2012	34,482	2,068
RC II S.a.r.L., Luxembourg	90.0	€	2011	9,372,070	- 3,271,240
RUV Agenturberatungs GmbH, Wiesbaden	100.0	€	2011	508,104	240,411
Schuster Assekuradeur GmbH, Hamburg	100.0	€	2011	118,495	271
Schuster Finanzdienstleistungs-GmbH, Bielefeld	52.0	€	2011	25,565	- *
Schuster Versicherungsmakler GmbH, Bielefeld	51.0	€	2011	457,014	149,534
SECURON Versicherungsmakler GmbH, Munich	51.0	€	2011	601,789	381,667
Sprint Sanierung GmbH, Cologne	100.0	€	2011	26,758,467	2,134,644
Stream Vermögensverwaltung GmbH & Co. KG, ¹⁾ Stuttgart	90.8	€			
Tishmann Speyer Brazil Feeder (SCOTS/D), L.P., Edinburgh	97.5	BRL	2011	36,562,706	7,448,799
Tishmann Speyer European Strategic Office Fund Feeder, L.P., New York	97.2	€	2011	15,576,307	557,427
UMB Unternehmens-Management-beratungs GmbH, Wiesbaden	100.0	€	2012	587,693	- *
Unterstützungskasse der Condor Versicherungsgesellschaften GmbH, Hamburg	98.3	€	2011	26,076	0
VMB Versorgungsmanagement für Banken GmbH, Overath	51.0	€	2012	67,581	41,310
VR GbR, Frankfurt am Main	41.2	€	2011	181,044,650	36,077,025

* A profit and loss transfer agreement exists

¹⁾ New holding

Notes

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 Hausbau AG, Stuttgart	81.4	€	2011	2,750,000	– *
Waldhof GmbH & Co. Kommanditgesellschaft, Hamburg	100.0	€	2012	5,061,991	309,325
Waldhof Verwaltungsgesellschaft mbH, Hamburg	100.0	€	2011	29,321	383
WBS Wohnwirtschaftliche Baubetreuungs- und Servicegesellschaft mbH, Stuttgart	86.1	€	2011	13,051,213	1,565,230

* A profit and loss transfer agreement exists

ASSOCIATES					
Name and registered office of company	Group share of Capital in %	Currency	Figures for Fiscal year	Shareholders' equity EUR	Result EUR
ASSICAL S.r.L., Rende	17.1	€	2011	159,928	- 6,100
ASSICONF S.r.L., Torino	11.4	€	2011	57,196	6,410
ASSICRA Servizi Assicurativi Banche di Credito Cooperativo Abruzzo e Molise s.r.L., Pescara	14.2	€	2011	282,869	43,279
ATRION Immobilien GmbH & Co. KG, Munich	31.6	€	2011	36,439,986	6,313,063
AUREO GESTIONI S.G.R.p.A., Milan	15.9	€	2011	30,956,245	1,351,802
BAU + HAUS Management GmbH, Karlsruhe	50.0	€	2011	12,270,415	761,361
bbv-Service Versicherungsmakler GmbH, Munich	25.2	€	2011	1,346,160	289,636
Centro Commerciale Trieste Srl., Trieste, 1)	23.1	€	2011	thou EUR 5.462	
Credit Suisse Global Infrastructure SCA SICAR, Luxembourg	29.6	USD	2011	329,121,160	25,387,842
European Property Beteiligungs-GmbH, Wiesbaden	38.6	€	2011	1,670,212	1,247,133
GbR „Ackermannbogen.de – Wohnen am Olympiapark“, Munich	40.7	€	2011	65,850	- 32,730
Golding Mezzanine SICAV IV subfonds 2, Muns	47.5	€	2011	11,066,916	1,077,309
HEIMAG Besitzgesellschaft mbH, Munich	27.2	€	2011	25,867	183
HEIMAG München GmbH, Munich	27.2	€	2011	350,645,951	-*
Henderson Global Investors Property (No. 2) Limited, London	50.0	GBP	2011	50,958	39,228
HGI Immobilien GmbH, Frankfurt am Main	50.0	€	2011	41,766	86,983
HGI Property Limited, London	50.0	GBP	2011	13,520	6,607
Immobiliare Nalim Office S.r.L., Milan 1)	23.1	€	2011	thou EUR 18.066	
Immobiliare Nalim Shopping S.r.L., Milan 1)	23.1	€	2011	thou EUR 16.612	
IZD-Holding S.a.r.l., Luxembourg	48.4	€	2011	39,383,460	59,361
Mietmanagement HEIMAG GmbH & Co. KG, Munich	27.2	€	2011	416,439,972	12,867,878
MB Asia Real Estate Feeder (Scot) L.P., New York	34.1	USD	2011	63,288,383	- 2,266,105
Office Tower IZD GmbH, Vienna	48.3	€	2011	34,477,301	- 2,810,314
Property Finance France S.A., Luxembourg	18.2	€	2010 **	6,026,903	- 714,506
PWR Holding GmbH, Munich	33.3	€	2010 **	1,944,136	792,704
R+V Kureck Immobilien GmbH Grundstücksverwaltung Braunschweig, Wiesbaden	50.0	€	2011	9,452,211	646,154

* A profit and loss transfer agreement exists

** Figures for 2011 not available at the time when the report was prepared

1) New holding

Notes

ASSOCIATES

Name and registered office of company	Group share of Capital in %	Currency	Figures for Fiscal year	Shareholders' equity EUR	Result EUR
R.G.A. Agrupación de Interés Económico, Madrid	12.0	€	2011	117,197	0
R.G.A. Mediacion, Operador de Banca-Seguros Vinculado, S.A. Madrid	28.5	€	2011	3,205,265	258,220
Rural Pensiones, S.A. Entidad Gestora de Fondos de Pensiones, Madrid	17.5	€	2011	14,597,000	- 603,000
Rural Vida, S.A. de Seguros y Reaseguros, Madrid	28.5	€	2011	118,685,000	5,676,000
Schroder European Property Investments No. 1 S.A., Senningerberg	44.3	€	2011	5,146,006	5,111,906
Santa Palomba Centre T Srl., Milan ¹⁾	23.1	€	2011	thou EUR 14	
Schroder Italien Fonds GmbH & Co. KG, Wiesbaden	23.1	€	2011	26,151,525	- 10,022,966
Schroder Italien Fonds Holding GmbH, Frankfurt am Main	23.1	€	2011	21,697,427	- 9,304,787
Schroder Property Services B.V., Amsterdam	30.0	€	2011	117,448	22,967
SECURON Hanse Versicherungsmakler GmbH, Hamburg	26.0	€	2011	42,786	- 7,214
Seguros Generales Rural, S.A. de Seguros y Reaseguros, Madrid	28.5	€	2011	155,756,000	11,201,000
TERTIANUM - Besitzgesellschaft Berlin Passauer Straße 5-7 mbH, Munich	25.0	€	2011	24,232,045	- 263,866
TERTIANUM - Besitzgesellschaft Konstanz Marktstätte 2-6 und Sigismundstraße 5-9 mbH, Munich	25.0	€	2011	31,187,726	657,359
TERTIANUM Seniorenresidenz Betriebsgesellschaft Berlin mbH, Berlin	25.0	€	2011	20,854	- 26,107
TERTIANUM Seniorenresidenzen Betriebsgesellschaft mbH, Konstanz	25.0	€	2011	257,677	3,074
Tintoretto Rome S.r.L., Milan ¹⁾	23.1	€	2011	thou EUR 37.719	
Versicherungs-Vermittlungsgesellschaft des Sächsischen Landesbauernverbandes mbH, Dresden	50.0	€	2011	125,344	18,283
Versicherungs-Vermittlungsgesellschaft mbH des Bauernverbandes Mecklenburg-Vorpommern e.V. (VVB), Neubrandenburg	50.0	€	2011	128,330	8,091
Versicherungs-Vermittlungsgesellschaft mbH des Landesbauernverbandes Sachsen-Anhalt e.V. (VVB), Magdeburg	50.0	€	2011	20,086	- 10,812
VVB Versicherungs-Vermittlungsgesellschaft mbH des Landesbauernverbandes Brandenburg, Teltow	50.0	€	2011	33,050	3,098
VV Immobilien GmbH & Co. United States KG, Munich	24.7	€	2011	16,640,290	- 8,573,769

¹⁾ New holding

Notes to the balance sheet – assets

STATEMENT OF CHANGES TO ASSET ITEMS A., B. I. TO III. IN THE 2012 FISCAL YEAR*			
	Values for previous year		Additions thou. EUR
	thou. EUR	%	
A. Intangible assets			
I. Internally produced copyrights and similar rights and values	–	–	–
II. Concessions acquired for consideration, commercial copyrights and similar rights and values and licences to such rights and values	–	–	33,215
III. Goodwill	–	–	–
IV. Advance payments	–	–	–
Total A	–	–	33,215
B. Capital assets			
B.I. Land, similar rights and buildings including buildings on third party land	3,445	0.1	–
B.II. Capital investments in affiliated companies and holdings			
1. Shares in affiliated companies	1,997,490	54.7	182,576
2. Loans to affiliated companies	132,206	3.6	84,593
3. Holdings	1,037	0.0	–
4. Loans to associated companies	–	–	18,580
Total B.II.	2,130,732	58.3	285,748
B.III. Other capital assets			
1. Shares, investment certificates and other variable yield securities	259,906	7.1	107,192
2. Bearer bonds and other fixed interest securities	587,268	16.1	388,039
3. Receivables from mortgages, land charge and annuity land charge	–	–	–
4. Other loans			
a) Registered bonds	349,065	9.6	30,000
b) Bonded debt receivables and loans	264,612	7.2	2,455
c) Loans and advance payments on insurance policies	–	–	–
d) Other loans	–	–	–
5. Deposits at banks	52,625	1.4	59,200
6. Other capital investments	5,079	0.1	7,010
Total B.III.	1,518,555	41.6	593,896
Total B	3,652,732	100.0	879,644
Total	3,652,732		912,859

*) Discrepancies in totals are due to rounding

**) Thereof currency write ups: thou EUR 1,155

***) Thereof currency write ups: thou EUR 11,284

Notes

Transfers thou. EUR	Disposals thou. EUR	Write ups**) thou. EUR	Write downs***) thou. EUR	Values stated for current fiscal year thou. EUR	%
-	-	-	-	-	-
-	-	-	1,108	32,107	100.0
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	1,108	32,107	100.0
-	-	-	67	3,377	0.1
-	17,482	0	0	2,162,584	50.4
-	63,545	156	5,061	148,349	3.5
-	-	-	-	1,037	0.0
-	-	-	188	18,391	0.4
-	81,027	156	5,249	2,330,361	54.3
2,113	10,175	15,017	373	373,681	8.7
-	130,617	5,166	6,307	843,549	19.7
-	-	-	-	-	-
-	10,000	-	-	369,065	8.6
-	15,683	-	-	251,384	5.9
-	-	-	-	-	-
-	-	-	-	-	-
-	-	569	565	111,828	2.6
-2,113	1,239	-	-	8,737	0.2
-	167,714	20,752	7,245	1,958,244	45.6
-	248,741	20,908	12,562	4,291,982	100.0
-	248,741	20,908	13,670	4,324,089	

B. CAPITAL ASSETS			
in EUR million			2012
Balance sheet items	Book value	Current value	Reserve
I. Land, similar rights and buildings including buildings on third party land	3.4	8.2	4.8
II. Capital investments in affiliated companies and holdings			
1. Shares in affiliated companies	2,162.6	4,435.8	2,273.2
2. Loans to affiliated companies	148.3	152.9	4.6
3. Holdings	1.0	1.0	0.0
4. Loans to associated companies	18.4	18.4	0.0
III. Other capital assets			
1. Shares, investment certificates and other variable yield securities	373.7	390.7	17.0
2. Bearer bonds and other fixed interest securities	843.5	907.9	64.3
4. Other loans			
4a) Registered bonds	369.2	434.8	65.6
4b) Bonded debt receivables and loans	251.4	282.1	30.8
5. Deposits at banks	111.8	111.8	0.0
6. Other capital assets	8.7	8.9	0.2
IV. Deposits with ceding undertakings	225.5	225.5	0.0
Total capital assets	4,517.6	6,978.1	2,460.5

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 or the net asset value.

The building was revalued as of 31 December 2012. The land is valued every five years; last valued in 2009. If any other valuation methods have been used, these comply with the provisions of § 56 RechVersV.

EUR 430.9 million were allocated to fixed investments in accordance with § 341 b Section 2 HGB. This includes positive valuation reserves of EUR 20.9 million as of 31 December 2012.

The valuation reserves of the total capital investments amount to EUR 2,460.5 million, which corresponds to a reserve ratio of 54.5 %.

Notes

B. III. OTHER CAPITAL ASSETS – INVESTMENT SHARES

in EUR

Type of fund	Market value	Difference Market value/ Book value	Distribution for the Fiscal year	Carried out extraordinary Write downs
Mixed funds	342,171,464	14,008,438	269,093	–

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

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

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

in EUR

Type	Nominal volumes	Book value	Current value
Other loans ¹⁾	35,000,000	34,875,506	26,526,119

¹⁾ The lower fair value refers to bonded debt where based on its creditworthiness a temporary reduction in value has been assumed.

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⁾	29,000,000	–	1,317,495
Futures / bearer bonds forward purchases/futures ²⁾	120,500,000	23,363	8,048,757
Currency-related business			
Forward exchange transactions ³⁾	67,424,735	1,239,589	– 1,115,312

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 F.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 F.III. Other provisions.

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

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. III. OTHER ASSETS

in EUR	2012
Others	62,125
Status as of 31 December	62,125

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

F. II. OTHER ACCRUALS AND DEFERRALS

in EUR	2012
Premium on registered bonds	553,024
Expenditure relating to subsequent years	118,895
Status as of 31 December	671,919

Notes to the balance sheet – equity and liabilities

A. I. CALLED CAPITAL	
in EUR	2012
Subscribed capital divided into 12,754,560 shares	
Carried forward to 1 January	318,545,455
Capital increase according to resolution of the Annual General Meeting of 30 May 2012	12,741,818
Status as of 31 December	331,287,273

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	2012
Carried forward to 1 January	1,278,369,773
Share premium from the capital increase	137,369,542
Status as of 31 December	1,415,739,315

A. III. RETAINED EARNINGS	
in EUR	2012
4. Other retained earnings	
Status as of 31 December	164,666,337

The retained earnings are unchanged on the status on 31 December 2011.

F. I. PROVISIONS FOR PENSIONS

in EUR	2012
Amount payable	15,538,362
Offsettable reinsurance assets	15,315,710
Status as of 31 December	222,653

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.

F. III. OTHER PROVISIONS

in EUR	2012
Holiday / flexi-time credits	741,000
Partial retirement	77,001
Provision	815,260
Offsettable reinsurance assets	738,259
Working life	–
Provision	264,812
Offsettable reinsurance assets	264,812
Capital investment area	1,537,953
Annual financial statements	873,704
Employers' Accident Liability Association	106,000
Personnel costs	4,701,997
Anniversaries	1,422,998
Other provisions	11,713,279
Status as of 31 December	21,173,932

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.

H. OTHER LIABILITIES	
in EUR	2012
Liabilities with a remaining term of more than 5 years	
Loans	5,440,800
Other liabilities	31,802
Status as of 31 December	5,472,602

There are no liabilities secured by liens or similar rights.

I. DEFERRALS	
in EUR	2012
Discount from bearer bonds	435,022
Status as of 31 December	435,022

Notes to the income statement

I. 1.A.) GROSS PREMIUMS WRITTEN		
in EUR	2012	2011
Property, health and accident insurance	1,498,539,351	1,464,205,855
Life insurance	27,074,906	28,150,350
Status as of 31 December	1,525,614,258	1,492,356,205

I. 2. TECHNICAL INTEREST INCOME FOR OWN ACCOUNT		
in EUR	2012	2011
Status as of 31 December	905,747	1,659,320

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	2012	2011
Status as of 31 December	1,115,733,877	1,183,282,474

There was a gross loss of EUR 116.8 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 193.0 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	2012	2011
Scheduled write downs	67,384	67,384
Non-scheduled write downs in accordance with § 253 Section 4 HGB	794,792	1,383,801
Non-scheduled write downs in accordance with § 253 Section 3 Clause 3 HGB	1	12,425,601
Non-scheduled write downs in accordance with § 253 Section 3 Clause 4 HGB	415,270	–
Status as of 31 December	1,277,447	13,876,785

II. 4. OTHER INCOME

in EUR	2012	2011
Income on services provided	24,405,808	25,144,725
Other interest income	3,125,704	8,782,976
Income from liability insurances	793,756	1,473,146
Other income	6,057,833	10,885,709
Status as of 31 December	34,383,101	46,286,557

Other income includes exchange rate profits of EUR 5.8 million.

II. 5. OTHER EXPENDITURE

in EUR	2012	2011
Expenditure on services provided	24,102,798	24,978,150
Expenditure that affects the company as a whole	8,718,947	11,293,637
Interest transfer to provisions	904,605	820,190
Interest to be offset from offsettable assets	– 458,606	– 465,061
Other interest expenditure	5,915,039	6,604,337
Expenditure from outsourcing pension provisions	1,575,669	1,522,864
Other expenditure	6,405,460	7,852,400
Status as of 31 December	47,163,912	52,606,518

Other income includes exchange rate losses of EUR 5.5 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

Ulrich Birkenstock

– Deputy Chairman –

Works Council Chairman,
R+V Allgemeine Versicherung AG,
Koblenz Branch Office, Koblenz

Uwe Abel

Chairman of the Board of Management
of Mainzer Volksbank eG, Mainz
(from 30 May 2012)

Hermann Arens

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

Dr. Peter Aubin

Spokesman of the Board of Management
of Volksbank Göppingen eG, Göppingen

Thomas Bertels

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

Albrecht Hatton

Chairman of the Board of Management
of Volksbank Dessau-Anhalt eG, Dessau
(until 30 May 2012)

Rita Jakli

Director of R+V Versicherung AG, Wiesbaden Head Office
Wiesbaden
(from 1 July 2012)

Dietmar Küsters

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

Gabriele Kaupp-Stöckl

Member of the Works Council
of R+V Allgemeine Versicherung AG, Wiesbaden
(from 1 August 2012)

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

Gerd Rück

Director of R+V Versicherung AG, Wiesbaden Head Office,
Wiesbaden
(until 30 June 2012)

Armin Schmidt

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

Gudrun Schmidt

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

Ursula-Maria von Tesmar

Works Council Chairman of the Gemeinschaftsbetriebs
R+V Direktionsbetrieb [Joint operation R+V Head office opera-
tion] Hamburg/KRAVAG, Hamburg

Hans-Joachim Weiß

Occupational Health Assistant
of R+V Allgemeine Versicherung AG, Wiesbaden Head Office,
Niedernhausen
(until 31 July 2012)

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	2012	2011
1. Wages and salaries	38,354,783	35,212,933
2. Social security deductions and expenditure on other benefits	4,437,128	3,961,956
3. Expenditure on pension provision	3,836,795	4,368,354
Total expenditure	46,628,706	43,543,243

Total remuneration of the members of the Board of Management amounted to EUR 8,270,410 (2011: EUR 8,615,223).

Remuneration to members of the Board of Management are 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 377,375 were paid to former members of the Board of Management and their dependants (2011: EUR 495,293).

As part of the outsourcing of pension obligations, contribution payments of EUR 1,492,924 to R+V Pensionfonds AG and EUR 1,562,059 were made to Versorgungskasse genossenschaftlich orientierter Unternehmen e.V. For former members of the Board of Management and their dependants, EUR 51,455 to R+V Pensionfonds AG and EUR 60,364 to Versorgungskasse genossenschaftlich orientierter Unternehmen e.V. were paid. There is a reserve of EUR 4,742,514 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 1,468,803 are not shown in the balance sheet due to Article 67 § 1 EGHGB. In the fiscal year, expenditure of EUR 379,401 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 2012 fiscal year an average of 438 employees (2011: 396) were employed at R+V Versicherung AG, of whom 426 were employed in administration at Head Office and 12 at the Singapore branch office.

Information about related parties and companies

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

Other information

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	250,315,892	–	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	99,688,455	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	20,000,000	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. Put options from shares	16,997,637	–	Outflow of Mobility.	The implementation of capital measures at a subsidiary was made possible.
6. Blocked deposit	89,015,605	–	Outflow of Mobility. Opportunity costs are incurred due to the low interest rate.	Investments were blocked in separate deposit accounts in favour of reinsurers.
7. Liabilities from pending transactions	149,500,000	81,500,000	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.
9. Amount of liability	5,000	–	No increase in balance sheet capital investments on recourse. There is no balance sheet current value for the liability total.	Increase in liable shareholders' equity at cooperative companies, low probability of occurrence through deposit guarantee funds.
Total	672,922,589	234,416,950		

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

AUDITOR'S FEES AND SERVICES

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

in EUR	2012
Audit services	230,000
Other certification services	–
Tax consultancy services	–
Other services	–
Total expenditure	230,000

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

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 as sub-group with discharging effect. This is filed in the German Federal Electronic Gazette.

Wiesbaden, 5 March 2013

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 2012. 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 2013

Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft

Dr. Freiling
Auditor

Gehring
Auditor

Report of the Supervisory Board

The Supervisory Board and its committees

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

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

The regular terms of office of Mr Hermann Arens as Member of the Supervisory Board ended directly after the Annual General Meeting on 30 May 2012. The terms of office of Mr Arens as member of the audit committee also ended on this date. The Annual General Meeting re-elected Mr Arens as shareholders' representative on the Supervisory Board with immediate effect. In its meeting on 30 May 2012, the Supervisory Board re-elected Mr Arens as member of the audit committee. Mr Albrecht Hatton laid down his terms of office as Member of the Supervisory Board because he attained the age limit according to the statutes effective as of the expiry of the Annual General Meeting. The Annual General Meeting elected Mr Uwe Abel as a successor of Mr Hatton as shareholders' representative on the Supervisory Board.

Due to his entry into the passive phase of partial retirement, the term of office of Mr Gerd Rück as member ended effective as of 30 June 2012. The terms of office as member of the personnel committee and of the mediation committee also ended on this date. Mr Rück was a member of the Supervisory Board as employees' representative. Mrs Rita Jakli was appointed as member of the Supervisory Board as elected replacement employees representative effective as of 1 July 2012. The Supervisory Board elected Mrs Jakli as member of the personnel committee and of the mediation committee effective as of 1 July 2012. Effective as of the expiry of 31 July 2012 Mr Hans-Joachim Weiß, who belonged to the Supervisory Board as employees representative, retired from the Supervisory Board owing to his entry into the passive phase of partial retirement.

Mrs Gabriele Kaupp-Stöckl was appointed as member of the Supervisory Board as elected replacement employees representative effective as of 1 August 2012.

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 2012 fiscal year this took place in five meetings which the Supervisory Board attended on 5 March 2012, 23 March 2012, 30 May 2012, 20 September 2012 and 7 December 2012. Furthermore, meetings of the audit committee of the Supervisory Board took place on 5 March 2012 and of the personnel committee of the Supervisory Board on 23 February 2012, 20 September 2012 and 7 December 2012. 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 implications of the capital investment policy of the Board of Management against the background of the euro and debt crises as well as the continuing low interest rate environment. The focuses of the meetings and discussions in the Supervisory Board were further formed by the conclusion of the profit and loss transfer agreement between R+V Versicherung AG and DZ BANK AG as well as associated therewith an increase in cash capital as well as the creation of approval capital for continuing the growth strategy of the R+V Group. In addition, the Supervisory Board intensively occupied itself with further capital measures of the Assimoco-Group in Italy, the decision about the change in the

auditor of the financial statements, Human Resources management measures in the R+V Group 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 2012 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 14 March 2012 to report on the important audit findings. This meeting 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 Annual Financial Statements, the Management report and the consolidated annual financial statements and consolidated management report for the 2012 fiscal year were examined by the Supervisory Board. The representatives of the auditor provided a summary report to the Supervisory Board about their audit findings and were available for additional explanations and statements.

The Supervisory Board raised no objections to the Annual Financial Statements and consolidated financial statements for the 2012 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 2012 fiscal year were approved by the Supervisory Board at its meeting on 18 March 2012. 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, 18 March 2013

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 a 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 instruments whose 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.

Premium

→ Premiums

Premiums

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

Provision for outstanding claims

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

PUC method

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

Rating

Standardised assessment of the creditworthiness of debt securities and 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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