R+V

ANNUAL REPORT
2015

R+V Versicherung AG

Volksbanken Raiffeisenbanken
cooperative financial network

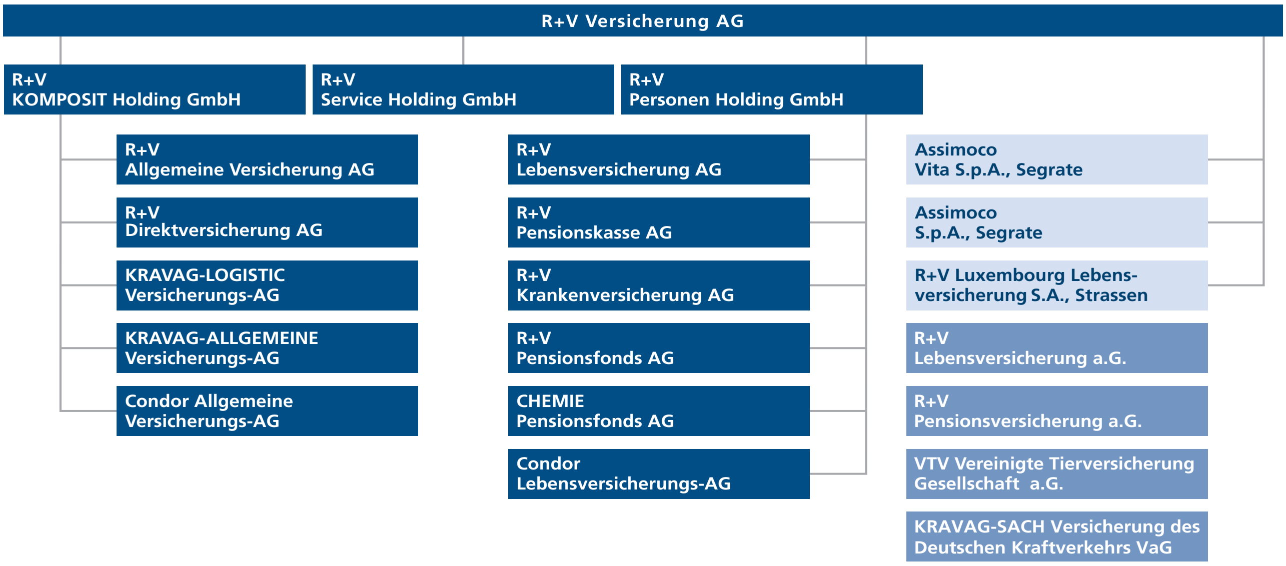
R+V Versicherung AG

Raiffeisenplatz 1, 65189 Wiesbaden, Phone +49 (0) 611 53 30
Registered at the Wiesbaden district court under HRB 7934

Annual Report 2015

Presented at the annual general meeting
on 12 May 2016

R+V Consolidated Group – simplified presentation



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

FIGURES FOR THE FISCAL YEAR

in EUR million	R+V Versicherung AG	
	2015	**2014**
Gross premiums written	1,981	1,746
Gross expenditure on claims in the fiscal year	1,361	1,233
Current income from capital investments	282	280
Capital investments	5,779	5,183
Number of employees on 31 Dec	511	496
Gross premiums written		
Direct domestic business of the R+V Group (HGB)	12,846	12,157
R+V Group (IFRS)	14,536	14,040
Annual result – R+V Group (IFRS)	460	553
Capital investments – R+V Group (IFRS)	86,251	81,207

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FURTHER INFORMATION

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

Management Report

Business development and general 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. From the 2015 underwriting year on, the Asian business will also be managed by the Wiesbaden office. The insurance portfolio from previous underwriting years will also be handled via the Wiesbaden office from 2016 on. The Singapore branch will be closed in 2016.

Organisational and Legal Structure

R+V Versicherung AG is majority-owned by DZ BANK AG Deutsche Zentral-Genossenschaftsbank (DZ BANK AG), Frankfurt am Main. Additional shares are held by WGZ BANK AG Westdeutsche Genossenschafts-Zentralbank, Düsseldorf as well as other cooperative associations and institutes. The Board of Management for R+V Versicherung AG is responsible for all insurance business within the DZ BANK Group.

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

The 2012 annual general meeting for R+V Versicherung AG determined an amount of authorised capital. This authorised the Board of Management, with the agreement of the Supervisory Board, to increase the share capital by up to EUR 21,298,701.30, once or several times in exchange for cash contributions and corresponding to a total issue amount of approximately EUR 250 million (including premium). The authorised capital can be used until 31 May 2017. After the first call for capital in 2014, when a total of EUR 147,020,832.00 was issued, the Board of Management, with the agreement of the Supervisory Board, increased the capital by a total amount of EUR 91,060,200.00 in return for cash contributions by utilising an additional instalment of the authorised capital during the fiscal year. EUR 8,191,168.83 was apportioned to the increase in share capital and the capital reserves received EUR 82,869,031.17.

The R+V Versicherung AG subsidiaries, R+V KOMPOSIT Holding GmbH and R+V Personen Holding GmbH bundle the shareholdings in the subsidiaries in the business divisions property and accident insurance as well as life and health insurance. In addition to this, the service provider subsidiaries are brought together under R+V Service Holding GmbH.

R+V KOMPOSIT Holding GmbH has direct and indirect shareholdings in the following domestic non-life and accident insurance companies:

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

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 Group:

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

R+V Service Holding GmbH primarily has shareholdings in the following service provider companies and real estate companies:

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

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

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

R+V Service Holding GmbH has concluded profit and loss transfer agreements with R+V Service Center GmbH and PASCON GmbH.

The Boards of Management of the R+V companies are partially staffed by the same directors. The R+V Group is managed as a single company.

The integrated management of the R+V Group is also reflected in the extensive internal outsourcing agreements concluded between the companies.

The annual financial statement for R+V Versicherung AG has been prepared in accordance with the provisions of the German Commercial Code (HGB), in conjunction with the Insurance Accounting Directive (RechVersV). In addition, R+V Versicherung AG also prepares a consolidated financial statement in accordance with International Financial Reporting Standards (IFRS).

Shareholder structure

As per the reporting date, R+V Versicherung AG's shares 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
– GBK Holding GmbH & Co. KG (formerly: – Genossenschaftliche Beteiligungsgesellschaft Kurhessen AG), Kassel
– Beteiligungs-AG der bayerischen Volksbanken, Pöcking
– Norddeutsche Genossenschaftliche Beteiligungs-AG, Hanover
– KRAVAG-SACH Versicherung des Deutschen Kraftverkehrs VaG, Hamburg
– R+V Lebensversicherung a.G., Eltville
– 640 co-operative banks from all regions of Germany
– 9 free-float shares

Relations to affiliated companies

Owing to the profit and loss transfer agreement concluded with DZ BANK AG during the 2012 fiscal year, the obligation to prepare a dependent company report ceases to apply according to Section 316 Aktiengesetz (AktG – German Companies Act).

Association memberships

R+V Versicherung AG is also a member of the following associations/organisations:

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

Corporate Governance

The law on the equal participation of men and women in managerial positions in both the private sector and public services has been in force since the beginning of May 2015. As the co-managers of a company which is subject to this law, the Supervisory Board and the Board of Management for R+V Versicherung AG have stipulated the following target figures for the proportion of women on the Supervisory Board and the Board of Management as well as for the staffing of the managerial positions in the first and second levels below the Board of Management.

PROPORTION OF WOMEN

in %	Targets set for 30 June 2017
Supervisory Board	25.00
Board of Management	12.50
First level of management below the Board of Management	15.40
Second level of management below the Board of Management	5.30

Personnel report

The number of employees at R+V Versicherung AG increased by 15 employees to 511 compared with 496 employees in the previous year. The average time of service for the company remained unchanged and was approximately 11 years.

R+V places great importance in supporting its employees in the same way as the company places its customers at the heart of its business.

As an attractive employer, R+V consistently pursues a personnel strategy that is aimed primarily at employee commitment and maintaining skills on an ongoing basis. In the race for the best talent, the company is strongly committed to training junior staff. This is why R+V offers numerous career opportunities in administration and field sales for those who have completed secondary school education or hold technical diplomas. These include, for example, dual study programmes for the following degrees:

- Bachelor of Science in Insurance and Finance alongside training to be a specialist in insurance and finance. The theoretical part will take place at the Wiesbaden Business School of the RheinMain University and specialise in insurance and the practical application will take place at the R+V Head Office in Wiesbaden.

- Bachelor of Science in Information Systems alongside training as an IT specialist. The theoretical part will take place at the Hochschule Mainz University of Applied Sciences and specialise in applications development and the practical application will take place at the R+V Head Office in Wiesbaden.

- Bachelor of Arts in Insurance and Finance. The theoretical part will take place at the Baden-Württemberg Co-operative State University (DHBW) in Stuttgart and the practical application will take place at the R+V Stuttgart branch office.

After graduating with a Bachelor of Science in Insurance and Finance the students of the dual study programme who have achieved a very good degree will have the possibility to start forthright a Master of Science degree in Insurance and Finance at the Wiesbaden Business School, RheinMain University.

In addition to degree study programmes, R+V also offers vocational training places to qualify as a specialist in insurance and finance within the insurance area. The field service in the sales department trains specialists in insurance and finance for the banking and general agent sales channels.

The administration and field-based trainee programmes are entry level programmes and training programmes for university graduates. Each year, approximately 15 to 20 committed young professionals begin an office-based trainee programme in various specialist areas after their studies. The trainees participate in a tailor-made trainee programme with both on-the-job and off-the-job components. The focus is on targeted collaborative work on topics and in projects as well as work-shadowing at specific interfaces in administration and field sales. This means that the trainees immediately become part of a strong network within the company as well as receive individual support and encouragement. Six graduates began the trainee programme for sales specialists in 2015. This trainee programme focuses on the professional and individualised support to become qualified specialists in the insurance industry. Junior staff are specifically and comprehensively prepared to take on a demanding range of tasks through systematic and practice-based on-the-job professional development and accompanying seminars.

In the face of demographic change and the looming skills shortage, skilled staff remain loyal to R+V because the company offers attractive opportunities for professional development. Employees are offered opportunities for professional development in specialist areas in addition to careers in management and project management. Transparency concerning targeted paths for professional development and career structures makes it easier for employees to determine their own qualifications and professional development and therefore R+V, the employer, can support its employees in a more targeted manner. R+V offers comprehensive training programs with technical and methodological training and a wide range of events. R+V offers an increasing range of e-learning opportunities and webinars in addition to the traditional educational programmes with group and individual activities.

The employees' thorough basic training in sales is followed by certified further training at R+V. R+V has also participated in the industry initiative called "gut beraten" (well advised), co-developing it in a significant degree. The initiative encourages regular and customer-focused transparent and documented professional development. This means that R+V can ensure that a high standard of advice is maintained and that employees involved in sales advise customers in a manner which is competent, appropriate and legally correct. The insurance companies participating in the "gut beraten" initiative are audited externally at regular intervals.

In terms of talent management, R+V places great emphasis on a targeted approach which provides optimal support for appointing highly capable company employees to key positions. The needs of the first to the third level in management, project management and specialist careers are examined during succession planning. R+V has a system for identifying highly capable employees as part of the annual appraisal interviews, among other things, and supports them with individualised professional development plans and programmes as well as management training in order to provide specific training so that they can take on additional responsibilities.

R+V continuously invests in leadership and management training. A wide range of programmes prepare executives for new responsibilities and challenges, and support and encourage them in their daily management role. The executive training is based on the R+V management guidelines and the St. Galler management model. R+V uses these development programmes to establish a shared understanding of leadership and management and to continue to develop this.

Supporting women in their career development is a key component for succession planning because R+V values both performance and potential, regardless of gender, and wishes to actively improve the career opportunities for female employees within administration and field sales. In 2015, R+V set up a separate project for this purpose which aims to develop and introduce measures and instruments for the advancement of women by the end of 2016. The Board of Management has established the following aims to advance women in this respect:

- R+V supports an increase in the percentage of women in leadership positions, equal opportunities and the reconciliation of work and family life.
- R+V sets itself achievable and measurable targets which are specific to the organisation and which aim to increase the percentage of women in managerial roles.
- R+V strives to increase the development of women's talents and a company culture in which employees are able to develop, regardless of their gender. R+V has adopted appropriate measures to support these objectives.
- Within the context of a modern, sustainable corporate culture, R+V ensures that women and men are solely assessed and promoted in accordance with their skills and their performance.

The first measures were taken in 2015. These included, for example, courses on leadership motivation which were specifically for women and workshops for women managers working in sales. In 2016 a mentoring programme will be started for women candidates with high potential in order to provide professional development for managerial roles within administration and field service.

R+V was once again awarded the "audit berufundfamilie®" (business and family audit) certificate by berufundfamilie gGmbH in 2015. The charitable Hertie Foundation founded this company in 1998 in order to bundle together all of the foundation's activities within the thematic field of the same name. It qualifies independent auditors and adjudicates over the awarding of certificates. Recommended by the leading German trade associations (the Confederation of German Employers' Associations, the Federal Association of German Industry, the Association of German Chambers of Commerce and Industry and the Central Association of German Craft Industry and Trades), the "audit berufundfamilie®" also comes under the auspices of the Federal Minister for Families and the Federal Minister of Economics.

The re-awarding of the certificate confirms that R+V offers a wide range of support for the reconciliation of work, family and private life and actively promotes family-friendly human resources policies. The range of family-friendly measures include flexible working hours, a variety of part time working models, home-office arrangements, sabbatical leave, lifelong working-time accounts, parent-child offices and childcare for holidays and emergencies. R+V also provides courses and networks concerning care as well as a wide range of special arrangements such as annual leave for special family events.

R+V has worked with the external provider, pme-Familienservice, to offer employees a variety of personalised advisory and agency services in terms of caring for family members and childcare. This means that there is a wide range of support available to staff and managers, which noticeably reduces the amount of pressure they are under. For years, R+V has had an established network of social workers throughout Germany which acts as contacts for local staff as well as provides them with individualised advice and support. R+V has also set up a support network which employees can use to exchange information and to gain support from the courses it offers.

In 2015 occupational healthcare management focused on "balance" as a theme. This theme has been applied to integrated measures aimed at specific groups and has included, for example, lectures held at every office in support of the theme for the year in order to clarify and raise the awareness of the employees with regards to mental health issues which may concern them. The "Stress Pilot" measure had a huge response from those who work in administration as well as in field sales. More than half of the branch offices took part. This involved measuring the variations in employees' heart rates and comparing these with normal rates and this was then taken as a basis for individual recommendations on reducing stress and additional healthcare support. At the same time, there was a campaign involving company screening programmes for bowel cancer throughout Germany and 1,876 employees took part.

In addition to this, R+V uses the affiliate, HumanProtect Consulting GmbH, to provide a hotline dealing with stressful life situations. Here, employees who find themselves in stressful situations or feel overworked, who are experiencing acute mental health crises or who have suffered potentially traumatic events can have up to five hours of counselling over the phone, anonymously and free of charge. All R+V employees can use the purlife online healthcare portal free of charge to support their healthcare. In addition to a number of preventative courses, the studio offers the option of setting up an individual profile with a personalised diet plan and personal coaching. Doctors, sports instructors and sports scientists respond to individual questions on training, medication and diet by email, chatting and over the telephone.

R+V achieved the Excellence Class for the Corporate Health Award 2014 and is therefore one of the few Corporate Health Companies in Germany. EuPD Research of Sustainable Management has attested that R+V has excellent occupational healthcare management which serves as an example throughout Germany. The occupational healthcare management scheme has been structurally and strategically integrated into the company processes and the employees benefit from a wide range of health services so that they are more motivated and their performance is improved on a long term basis. EuPD Research of Sustainable Management is the leading provider for the analysis, modelling and auditing of sustainable management systems.

R+V uses regular staff surveys to evaluate employee commitment. The results are discussed with both the executives and the employees and improvements to strengthen collaboration are agreed upon. R+V had a high response rate of 82 % for the staff survey in autumn 2014. At 80 %, the Employee Engagement Index (MEX) has remained at a very high level. MEX achieved 82 % for administration and 77 % in sales. The comparable figure for the industry remained unchanged at 64 % in 2011 and was therefore considerably below R+V.

With guidance and support from Personnel, the executives and their teams introduced a large number of measures for the most important areas of action in 2015. An online portal where the executives were able to document and track actions they have taken was used to manage the extensive follow-up process. The effects of the diverse and numerous improvement measures should be evident by the next staff survey in 2017.

R+V stands out as an attractive employer and works actively to support its employees. Evidence of this is provided by the impressive seals of approval, certificates and memberships awarded in 2015. In addition to the “audit berufundfamilie®” which was again awarded by berufundfamilie gGmbH from the Hertie Foundation, the international Corporate Research Foundation also awarded R+V the “Germany’s Top Employer” quality seal again in 2015. The website, karriere.de, awarded R+V with the “Fair Company” seal for the range of qualified training programmes offered for the young, academic employees. R+V counts as one of the most popular employers amongst its target group of school students and this is why it was awarded the “Germany’s 100 Top Employers” certificate by the student barometer for the Trendence Institute. R+V was nominated as “Top Company” by Kununu, an internet platform for employer reviews, and is also member of the „Erfolgsfaktor Familie“ (Success Factor Family) company network as well as the family and work alliance in Wiesbaden.

Sustainability

In terms of the sustainability theme, R+V, as part of the DZ BANK Group, again had renewed and important successes during the past fiscal year.

The analysts at oekom research, the rating agency which specialises in sustainability, upgraded the whole of the DZ BANK Group from C to C+ as a Group rating and once again awarded it with Prime Status for companies with responsible business practices. Oekom research counted the DZ BANK Group as one of the three most sustainable financial institutions. In their study, the experts working for oekom examined companies involved in the “Public & Regional Banks” sector. They looked particularly closely at factors such as company and employer, environmental responsibilities and social commitment.

In 2015, R+V was extensively audited by the German Technical Supervisory Association (TÜV), in terms of its environmental management system. According to the Head Office in Wiesbaden, TÜV Rheinland has now certified that the two Hamburg locations also had an exemplary environmental management system. The auditors concluded that the Admiralitätstraße and Heidenkampsweg sites meet the relevant ISO 14001 standard. At the same time, TÜV inspected the Head Office in Wiesbaden again and confirmed the validity of the certificate it has held since 2013. As part of its environment management system, R+V records, among other things, the data for energy and paper consumption, the amount of waste, hazardous substances and CO_2 emissions. This system also includes environmental guidelines and specific environmental targets and therefore forms the best basis for targeted measures to protect the environment.

The Hamburg site in Heidenkampsweg changed over to green energy at the beginning of 2015. Both the buildings and the computer centres at the Wiesbaden Head Office and the Hamburg office in Admiralitätstraße have been using green energy since 2013. The Frankfurt, Hanover and Stuttgart regional offices as well as the Munich sales office have only been using electricity produced by environmentally-friendly sources since the beginning of 2014.

In 2013 R+V signed up to the German Insurance Federation's (GDV) "Code of Conduct for the Sale of Insurance Products". The Code of Conduct has eleven guidelines which establish the framework for the fair and appropriate brokering of insurance products. Companies who have signed up to the Code use this as a commercial basis when working with their sales partners. Independent auditors regularly check that the internal company sales regulations comply with the Code of Conduct. R+V introduced a compliance management system for sales as a prerequisite for a successful audit. This internal sales organisation and the embedded policy record the measures that the company wishes to adopt in order to comply with the guidelines issued by the GDV Code of Conduct. In the first appropriateness test conducted in 2014, the auditors confirmed that R+V had implemented all of the compliance management system guidelines and measures for sales on the 31 December 2014 reporting date.

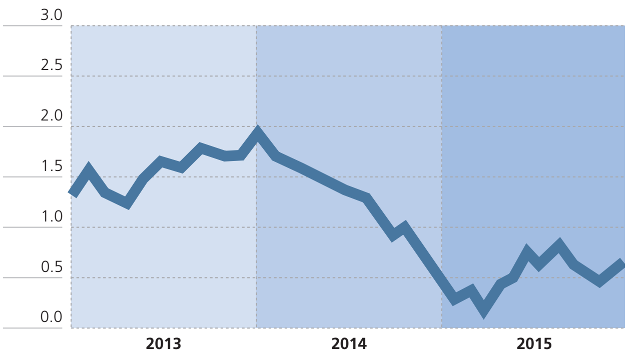
The social engagements for R+V focus on traditional projects and associations which particularly implement the cooperative ideal of "helping people to help themselves" and therefore the content focuses on supporting children and young people in need as well as their education. R+V places significant value on long-term partnerships. The newly supported initiatives include, among others, "WiesPaten" which offers special educational support to young people who are disadvantaged at school. JOBLINGE e.V. is another association which seeks to find apprenticeships for unemployed young people. R+V also organised Christmas celebrations for children at the "Wiesbadener Tafel" association and invested in educational workshops for disadvantaged and sick children as well as in the Wiesbaden association called "Upstairs" which provides shelter to young people who are homeless.

During 2015, R+V continued to provide support to the associations it has supported in the past. This also includes "Bürger-Kolleg" from Wiesbaden which offers free training for volunteers, and the road safety association called "Aktion Kinder-Unfallhilfe". This association was co-founded by KRAVAG and campaigns to increase road safety for children. Additional examples of the long-term and varied commitments of R+V include supporting the Leonardo School Awards from the Wiesbaden Foundation as well as supporting the "Franz das Theater" theatre ensemble from the "Lebenshilfe Wiesbaden" association which supports disabled people.

R+V organised its second Sustainability Day for its employees in 2015. On the Day of Action at the Head Office, there was a particular focus on saving paper and electric mobility. Those visitors who were interested were able to test drive a number of electric cars which R+V has been using as part of its company fleet of vehicles since 2015. The representatives for sustainability and environmental management also informed the employees about ways to use less paper as well as how recycled

YIELD OF GOVERNMENT BONDS – 10 YEARS RESIDUAL TERM

in percentage



DEVELOPMENT OF SHARE INDEX EURO STOXX 50

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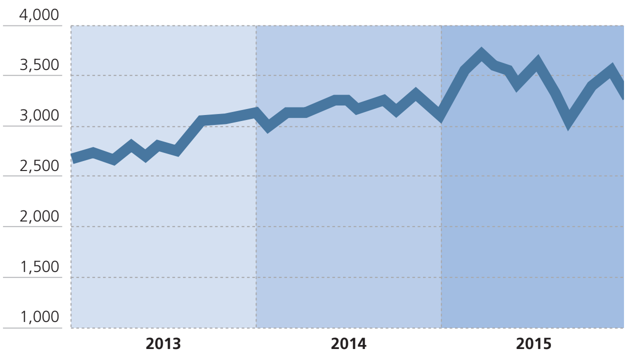


paper can be used in the back office. R+V has only been using recycled paper in its printers and copiers since 2013 and this replaces approximately 30 million sheets of virgin fibre paper per year.

The annual sustainability report provides an overview of all the activities concerning sustainability. R+V published a second report in the summer of 2015. The contents of this report focus on responsibilities as an investor and an employer and measures to protect the environment and combat climate change as well as social engagement. The report also contains the sustainability programme which lists all the future plans. The report complies with the guidelines for sustainability reporting issued by the Global Reporting Initiative, and therefore satisfies internationally-recognised transparency standards. The report is only available online on the R+V homepage at www.nachhaltigkeitsbericht.ruv.de.

Important legal and economic influencing factors

Macroeconomic Development 2015

The German economy showed an upturn during 2015. Private consumption and German exports have benefitted from the European Central Bank's (ECB) expansive monetary policy and purchasing of bonds as well as the drop in the external value of the euro, falling oil prices and extremely low rates of inflation. Unemployment fell to its lowest level since the reunification. According to the initial publication issued by the German Federal Statistical Office, gross domestic product grew by 1.7 % in real terms.

The economy showed positive trends in both the euro area and the USA in 2015. There was a significant drop in the rate of inflation in both of these economies due to falling oil prices over the course of the year. Sustained economic growth has already been evident for some time in the USA. The recovery has started to speed up in the euro area. Whilst the American central bank introduced a turnaround in interest rates, the ECB, however, implemented its bond purchasing scheme which resulted in extremely low interest rates. During the course of these contrasting developments the exchange rate of the US Dollar rose sharply against the euro. In addition to this, turbulence in China and in other emerging markets created increased volatility in the markets.

The interest rates for ten-year German government bonds reached a historic low when they fell to almost zero per cent during the spring of 2015. After a strong countermovement which resulted in a rise of interest rates to nearly one per cent, there was a return to the downward trend during the rest of the year. The yield on ten-year government bonds stood at 0.6 % at the end of the year. The interest rate premiums (spreads) in corporate and bank bonds spread in the euro area. However, due to the ECB's bond purchasing scheme, the spreads for covered bonds remained at their low level.

Equity prices in the euro area were extremely volatile but lay above the previous year's figure at the end of the year. The important Eurozone share index Euro Stoxx 50 (a price index) rose from 3,146 to 3,268 points, in other words by 3.8 %, as per the reporting date. The German share index DAX (a performance index) rose by 9.6 % to 10,743 points.

Insurance business situation

Initial estimates showed that the premium income that the German insurance industry earned during 2015 was approximately the same as the previous year when the industry had earned EUR 192.6 billion. Detailed figures for 2015 from the GDV insurance industry association were not yet available by the copy deadline.

Life insurers were unlikely to be able to match the previous year's growth in premiums. The drop in the guaranteed interest rate to 1.25 % at the beginning of 2015 as well as the new legal requirements due to the Life Insurance Reform Law (LVRG) also had a pre-emptive effect on business. This again was strongly dependent on single premiums. Capital investments continued to be characterised by continuously low interest rates. Many participants in the market have now stated that they would no longer be using fixed guarantee commitments to last for the entire term of their products in the future.

According to initial estimates, private health insurance companies were able to slightly increase their earnings from premiums again, even if there was no great market driver on the part of the legislature.

The insurance companies offering non-life and accident insurance also recorded a further increase in income from premiums in 2015. Almost every class, especially motor insurance, private non-life insurance and legal protection insurance contributed to this positive trend. There were continued measures to improve earnings, especially in the home-owners class. After comparatively few losses in 2014, the year 2015 again showed an increase in insurance payments. This was due to storms Mike and Niklas which caused approximately EUR 750 million worth of losses throughout Germany at the end of March as well as a large number of major weather events which occurred at local levels.

Development of the reinsurance markets

The results for the reinsurance companies were largely positive in 2015. This was partly due to the comparatively few claims arising from major natural disasters as well as the careful selection of the risks covered and the realisation of settlement profits.

In the same manner as during previous years, reinsurance prices and conditions came under pressure due to overcapacity, the absence of market-changing major losses and the increase in the retentions of ceding companies. Reinsurance companies endeavoured through mergers and acquisitions to achieve economies of scale and scope in order to cope with the challenging environment. In addition to this, they also enlarged their commitment in growth and niche markets.

The earthquake in Nepal on 25 May 2015 with a magnitude of 7.8 was the most significant natural disaster, both in economic and human terms. More than 9,000 people died and large areas of Kathmandu, the capital city, were destroyed. Total financial losses amounted to approximately five billion euros, but, owing to the low insurance density, insured losses remained in the lower three-digit millions. Hurricane Patricia made headlines during the second half of the year. With top wind speeds of 325 km/h, Patricia was one of the most powerful tropical storms in the western hemisphere since records began. However, it caused little damage when it struck the Pacific coast of Mexico owing to the low density of population. Both the financial and the insured losses lay below the previous year's figures in the overall picture for 2015.

Man-made losses included a large number of fire and transport losses among which the explosion in Tianjin on 12 August sticks out. Insured losses amounted to more than those in 2014.

Development of individual countries and regions

In **Germany**, there were two significant storms which caused losses and which had an impact on the direct insurance and reinsurance market. At the end of March, storms Mike and Niklas caused insured losses amounting to approximately EUR 750 million. The summer storm, Siegfried/Thompson, caused insurance losses amounting to several EUR 100 millions. At the same time, there was an increase in the frequency of smaller weather-related losses which were confined to local areas. Again noticeable was the increase in the number of individual losses in commercial and industrial fire insurance. In Germany, the motor and home-owners' insurance market continued its recovery effort. Despite the competitive market environment, no extensive drops in rates could be detected in the reinsurance policies. The insurers continued their long-term business relationships with their reinsurance partners. The short-term use of cheap capacity remained an exception.

The insurance market in **Austria** again had a very quiet year in terms of weather-related losses with few local events. A hailstorm in July in Carinthia was the only significant natural event. However, the level of losses incurred largely remained as part of the retained business of the direct insurers and therefore reinsurance contracts were scarcely affected. Furthermore, there was a slight increase in the rate of medium-sized fire losses. There continued to be pressure on the terms and conditions for reinsurance due to the repetition of the favourable results for the reinsurance contracts and the competitive environment.

The renewed erosion of premiums has continued and has been a trend on the **Italian** direct insurance market for the past three years. Motor insurance was again the major driver for this. However, the other non-life classes saw slight growth as a result of the economic recovery. The situation for the reinsurance market remained tense and was marked by overcapacity and continued price reductions.

The **French** direct insurance and reinsurance market was not subject to exceptional costs due to natural disasters during the first half of 2015. There was one medium-sized loss during the second half of the year. There was severe flooding in the south-east of France after heavy rainfall at the beginning of October. The resulting insured losses amounted to approximately EUR 500 million. A pleasing increase in income from premiums for non-life insurance classes was recorded for direct insurers during the first months of 2015. Reinsurance prices came under pressure within the context of renewals at the beginning of the year, especially in terms of non-life insurance for schemes which had performed well.

Compared to the previous year, the motor insurance classes in **Great Britain** recorded another increase in reinsurance capacity. However, as in 2014, this trend largely affected the follower reinsurers while leading reinsurers mostly retained their shares. During the first half of the year the original rates remained stable but a significant increase between six and eight per cent was noticed in the second half of the year.
The reinsurance prices remained stable. There were slight reductions in price for schemes with a positive claims experience and slight price increases for schemes affected by claims. In terms of the loss situation, a slight increase in the frequency of personal injury losses was recorded. The non-life classes suffered heavy losses due to flooding as a result of storms Desmond, Eva and Frank at the end of the year.

The recovery in the **Spanish** economy, which had begun in 2014, continued into 2015. Investments in assets and imports have made particularly good progress. The job market has also profited from this and recorded an increase in employment. It has been possible to achieve an increase in premium volumes throughout the market, not least because of the positive economic stimuli. The guideline for determining compensation claims for personal injury incurred in road traffic incidents (baremo) has been significantly revised: The regulations

PREMIUM INCOME BROKEN DOWN INTO THE ESSENTIAL BRANCHES OF INSURANCE

in EUR million	2015 Gross	2014 Gross	Change Gross %	2015 Net	2014 Net	Change Net %
Life	25.8	25.8	–0.3	12.5	13.5	–8.1
Accident	59.2	56.3	5.2	59.2	56.2	5.3
Liability	59.0	58.1	1.6	59.0	58.1	1.5
Motor	726.5	597.7	21.5	718.8	592.5	21.3
Fire	500.7	443.3	13.0	493.9	434.6	13.7
Marine & Aviation	109.9	97.7	12.5	109.9	97.6	12.5
Other	499.5	467.2	6.9	486.8	452.9	7.5
Total	**1,980.6**	**1,746.1**	**13.4**	**1,940.1**	**1,705.6**	**13.7**

have been simplified and in particular there has been an increase in the indemnities to be paid for personal injury and in the event of death. Consorcio de Compensación, a government direct insurer responsible for covering risks not covered elsewhere in the insurance market, has continued to be an important stabilising factor with regard to natural disasters.

2015 was a quiet year for the **Israeli** insurance market. No significant, major loss events resulting from natural disasters were recorded apart from a medium-sized storm with heavy rain at the end of October. There were also fewer losses due to fires impacting the market. The terms and conditions for direct insurance and reinsurance remained under pressure for contract structures which had largely remained unchanged. Complete or pending changes in the ownership of individual companies have not yet had an impact on the market. However, statutory and regulatory changes have had a noticeable impact on product design.

After a quiet 2014, the direct insurance and reinsurance markets in the **USA** did not suffer significant losses due to hurricanes during 2015 either. However, the winter storms, which were stronger than usual along the whole east coast, especially in Massachusetts, and a series of tornadoes had a negative impact on the results for the industry during the first half of the year. The continued increase in retentions in the original policies of the private non-life insurance businesses was a positive development, since the totals insured had already been increased during the previous years. There was continued competition for market shares both in the private customer business and in the commercial and industrial sector, which was even more pronounced. The pressure on prices in the reinsurance market, especially in terms of providing cover for natural disasters, continued although it was less pronounced than during the previous year.

The economic environment of **South Africa** continued to be marked by a budget deficit. Pressures on the exchange rate of the rand against the US dollar increased during the course of the year. There were no major natural disasters during 2015, unlike in previous years. Competition in terms of price on the South African market remained unchanged. There were occasional increases in the original rates in the motor classes. There was further progress in the preparations for the introduction of the new regulatory framework (SAM – Solvency Asset Management).

The **Japanese** economy continued to suffer from weak growth and deflation. Although there were no major natural disasters, 2015 proved to be a challenging year for the Japanese insurers in terms of direct insurance because of losses resulting from several smaller natural disasters. After the significant increase in direct and reinsurance prices in 2011 and 2012 in response to the devastating earthquake in March 2011 and the resulting tsunami, prices in 2015 returned to pre-disaster levels.

REINSURANCE INDICATORS

in EUR million	2015 Total Gross	thereof Group Gross	thereof third party Gross	2014 Total Gross	thereof Group Gross	thereof third party Gross
Premiums written	1,980.6	444.9	1,535.6	1,746.1	421.6	1,324.4
Domestic	585.7	435.3	150.4	554.9	412.1	142.7
Foreign	1,394.9	9.6	1,385.3	1,191.2	9.5	1,181.7
Losses	1,450.5	314.7	1,135.9	1,304.2	312.2	992.0
Domestic	414.1	310.0	104.1	416.5	304.0	112.4
Foreign	1,036.4	4.7	1,031.8	887.7	8.2	879.6
Costs	487.5	101.1	386.4	433.2	93.2	340.0
Domestic	139.0	98.0	41.0	129.0	91.1	38.0
Foreign	348.4	3.0	345.4	304.2	2.1	302.1
Results before equalisation provision	38.8	29.7	9.1	–3.6	16.7	–20.3
Domestic	29.0	27.1	2.0	5.8	16.1	–10.3
Foreign	9.8	2.7	7.1	–9.4	0.6	–10.1

In a market which has remained competitive, the **Chinese** direct insurance market has shown an above average increase in income from premiums in spite of the fact that the growth figures show a slight drop when compared to global figures. The forthcoming introduction of the China Risk Oriented Solvency System (C-ROSS) has had an impact on the behaviour of Chinese direct insurers with respect to business ceded. Established, financially strong, as well as locally-based reinsurers have preferential treatment. Performance in the **other Asian** markets remained otherwise stable. In general, there was a high demand for proportional reinsurance solutions. Many direct insurers used the market situation in order to increase contract capacity at the expense of facultative levies. The explosion at the Chinese port of Tianjin was a key event in terms of losses. The losses which amounted to billions were distributed among the regional direct insurance market as well as the international reinsurance market. For the insurance industry, there was a minimum number of events incurring losses due to natural disasters.

Performance of individual special segments

At a global level, **commercial credit and surety reinsurance** recorded a slight increase in the rate of major losses in 2015 but this was no cause for concern. There were no significantly negative effects on the southern European markets as a whole because of the continuing economic recovery in the countries in southern Europe which then acted as a regional balance against the ongoing crisis in Greece. As a major supplier of raw materials, Brazil particularly suffered from the drop in growth in China. The Chinese slowdown in growth also had a negative impact on the economic development of other emerging markets. As a result the basic claims ratios for the commercial credit sector increased as a result of this. The drop in prices which had continued over the past two years in the credit and surety market levelled off. The competition in terms of commercial credit and surety reinsurance became pronounced due to the continued strong support offered by alternative capital. There were increasing negotiations concerning terms and conditions as well as prices. The strengthening of the capitalisation of cedents that operate globally resulted in the fact that some market participants ceded significantly less business in the reinsurance market.

In 2015, the **aviation class** incurred worldwide average losses in the direct insurance market and in the reinsurance market. Due to the persistently low rates and rising original costs, several medium-sized loss events, especially the Germanwings Airbus A320 plane crash in the French Alps, were enough to plunge the market into a loss-making situation. The **aerospace** sector continued to offer takeoff cover for the successful series of the Ariane launcher family. In contrast to this, both the private space agency, Space X, and the Russian Proton rockets again suffered setbacks which included, among other things, the total destruction of the Mexsat 1 satellite. Subsequent launches were delayed due to research into the causes. As a result, significantly fewer launches were able to take place than had originally been planned and the aerospace market stood on the verge of going into the red as a result of the reduced market premiums.

The **worldwide, facultative non-life business** was affected by a great deal of capacity in the same way as during the previous year. The price erosion for direct insurers which was particularly affected by fewer large losses from natural disasters as well as an abundance of capacity, resulted in an increasing number of switches from non-proportional to proportional cover. In addition to this, a change in purchasing behaviour for non-proportional cover was noticed as cover for peak risks was sometimes omitted. In conclusion, partial cover has become more attractive because it is priced more favourably than all risks coverage. There continued to be an unwillingness to invest in the building trade so that comparatively few risks have found their way into the facultative markets.

Overview of the business development of R+V Versicherung AG

R+V Versicherung AG has recorded good business performance for 2015. All technical indicators showed positive developments because there were fewer major losses due to weather events. With a 13.4 % increase to EUR 1,980.6 million, the growth in premiums once again exceeded the levels of the previous years which had already been high. After adjustments due to the effects of the foreign exchange rates, growth in premiums amounted to 10.1 %. The percentage of income from premiums arising from non-proportional reinsurance remained at the previous year's level of 29.9 % (2014: 29.7 %).

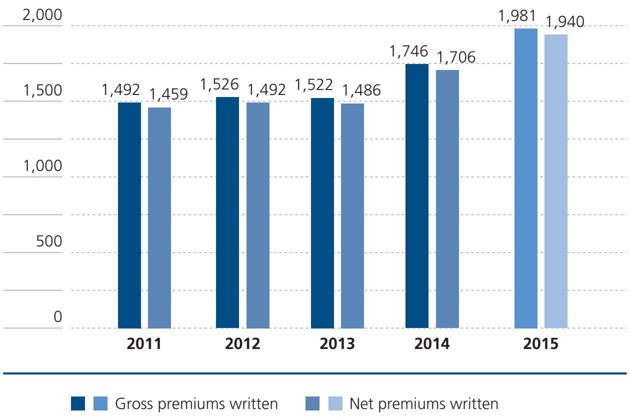
The significant rise in premiums written in the motor classes of the direct insurance companies has had an impact on domestic Group business, just as during previous years. The accident and liability classes also recorded additional growth in premiums. Outside of Group business, the written premium volume of domestic cedents increased, particularly in the motor, marine/aviation, accident and liability classes.

The proportion of foreign business increased again and premiums significantly increased by EUR 203.7 million to EUR 1,394.9 million to achieve 70.4 % of the total premiums (2014: 68.2 %). The premium development in Great Britain once again made up a significant proportion. The USA and South Africa also recorded significant increases in premiums.

The net premiums written followed the growth of the gross premiums written and increased by 13.7 % to EUR 1,940.1 million (2014: EUR 1,705.6 million). At 98.0 %, the retention rate remained at the high level of the previous years.

PREMIUMS WRITTEN

in EUR million



TOTAL BUSINESS NON-LIFE

in %	2013	2014	2015
Reported gross loss ratio	89.4	75.2	73.5
Gross expenses ratio	24.6	25.0	24.6
Gross combined ratio	114.0	100.3	98.0

In the non-life segment the reported gross loss ratio for the group business showed an improvement to 71.5 % (2014: 74.1 %). Having taken retrocession into consideration, there remained a reported gross loss ratio of 75.2 % (2014: 78.1 %).

On 31 December 2015 the gross major loss burden (claims greater than EUR 3 million) in external business came to EUR 147.3 million which corresponds to 7.4 % of the total gross premium. The reported gross loss ratio for the non-life segment for external business was 74.0 % (2014: 75.6 %). The reported net loss ratio was 74.2 % compared to 75.4 % during the previous year.

There was a reported gross loss ratio of 73.5 % during the fiscal year for the whole non-life segment compared to 75.2 % during the previous year. The gross combined ratio subsequently showed an equal improvement at 98.0 % (2014: 100.3 %).

Before the change in equalisation provisions and similar provisions the technical result for the total business during the fiscal year amounted to EUR 11.9 million (2014: EUR - 24.7 million). Taking into consideration the EUR 55.5 million contribution to the equalisation provision and similar provisions (2014: EUR 104.7 million), there was an own-account technical result amounting to EUR - 43.6 million (2014: EUR - 129.4 million).

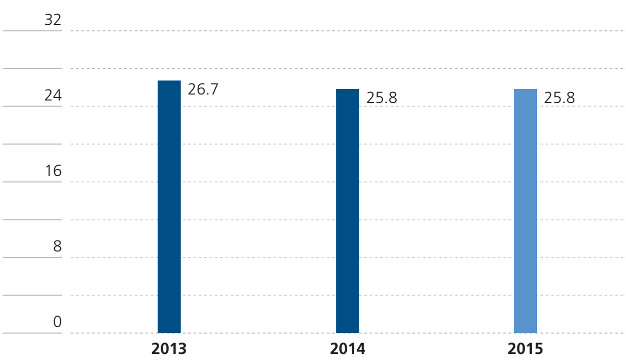
The result from capital investments was directly affected by the profit and loss transfer agreements with the two large Group affiliates, R+V Allgemeine Versicherung AG and R+V Lebensversicherung AG, and amounted to EUR 278.3 million (2014: EUR 285.3 million).

Considering the balance in Other income and Other expenditure which amounts to EUR - 6.5 million (2014: EUR - 1.3 million) the fiscal year ended with a result of EUR 226.2 million for the normal business activities (2014: EUR 151.8 million).

Based on the tax allocation agreement with DZ BANK AG, tax expenditure came to EUR 129.4 million so that a profit of EUR 96.8 million was transferred on the basis of the profit transfer agreement concluded with DZ BANK AG in 2012 (2014: EUR 54.3 million).

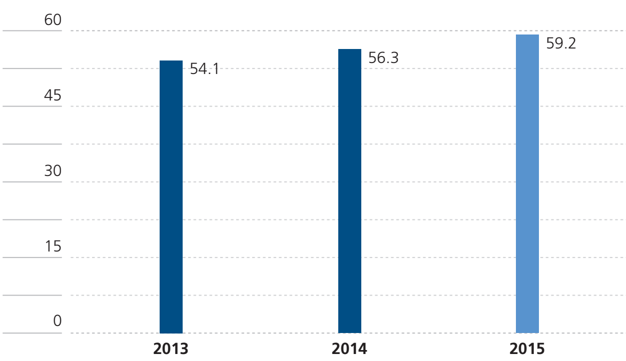
LIFE INSURANCE – GROSS PREMIUMS

in EUR million



ACCIDENT INSURANCE – GROSS PREMIUMS

in EUR million



LIFE INSURANCE - PORTFOLIO DEVELOPMENT

in EUR million according to totals insured		2014	2015
Assumed business Total insured	Capital	5,264.9	5,240.2
	Annuity	1,799.6	1,854.6
Business ceded Total insured	Capital	672.9	646.3
	Annuity	1,309.6	1,336.6
Retained business Total insured	Capital	4,592.0	4,593.9
	Annuity	490.0	518.0

ACCIDENT INSURANCE

in %	2013	2014	2015
Reported gross loss ratio	54.8	47.9	58.0
Gross expenses ratio	48.6	49.7	49.4
Gross combined ratio	103.4	97.6	107.4

Business developments in the individual classes

Life

Gross premium income at the previous year's level

The active underwriting of the life reinsurance business was discontinued in 2004. In 2015, gross premiums written amounting to EUR 25.8 million (2014: EUR 25.8 million) were achieved. The class closed with a gross technical profit of EUR 5.6 million (2014: EUR 6.2 million).

Accident

Increase in gross premiums written

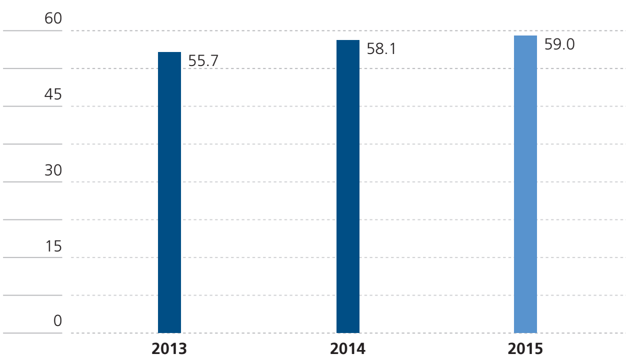
The accident insurance branch includes general accident insurance and motor vehicle accident insurance. With an unchanged 98.7 % of premiums, general accident insurance continues to be the major individual insurance class within the insurance segment. The gross premiums written rose by 5.2 % to EUR 59.2 million (2014: EUR 56.3 million).

Due to the disproportionate increase in loss expenditures incurred during the fiscal year as a result of the reduced settlement result for the claims provisions assumed from the previous year, the reported gross loss ratio was 58.0 % (2014: 47.9 %).

The gross expenditure for the insurance business increased by 5.7 %. Before the change in the equalisation provision, the result for the class amounted to EUR - 4.4 million

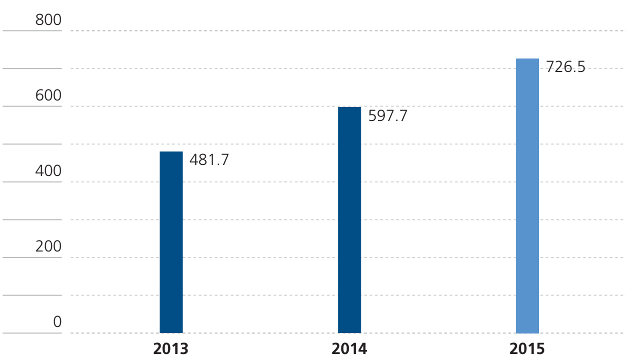
LIABILITY INSURANCE – GROSS PREMIUMS

in EUR million



MOTOR INSURANCE – GROSS PREMIUMS

in EUR million



LIABILITY INSURANCE

in %	2013	2014	2015
Reported gross loss ratio	81.7	63.2	68.8
Gross expenses ratio	35.1	33.0	37.6
Gross combined ratio	116.8	96.2	106.4

MOTOR INSURANCE

in %	2013	2014	2015
Reported gross loss ratio	90.3	85.2	85.7
Gross expenses ratio	16.5	17.0	16.4
Gross combined ratio	106.8	102.3	102.1

(2014: EUR 1.3 million). Due to the claims experience, EUR 3.5 million was withdrawn from the equalisation provision (2014: EUR 1.7 million contribution). The fiscal year resulted in a technical result for the own account amounting to EUR - 0.9 million (2014: EUR - 0.4 million).

Liability

Positive claims experience for the fiscal year

The insurance class recorded a 1.6 % increase in the gross premiums written to EUR 59.0 million (2014: EUR 58.1 million).

When compared to the previous year, the positive trend in expenditure for the fiscal year (- 3.9 %) showed a reduced settlement result compared with the provisions assumed from the previous year so that there was a reported gross loss ratio of 68.8 % (2014: 63.2 %). The gross combined ratio rose to 106.4 % (2014: 96.2 %) in conjunction with the gross expenses ratio of 37.6 % (2014: 33.0 %).

The gross technical result amounted to EUR - 3.8 million (2014: EUR 2.1 million) prior to equalisation provisions and similar provisions. EUR 25.4 million were withdrawn from the equalisation provisions and similar provisions (2014: EUR 2.5 million contribution). The class concluded with a technical own-account profit of EUR 21.6 million (2014: EUR 0.6 million loss).

Motor

Significant premium growth

Motor vehicle insurance is written worldwide and is among the main classes for R+V Versicherung AG with a 36.7 % share of the gross premiums written. 47.1 % of the premium volume in this class come from R+V companies which benefit from its strong share of the German domestic market. In the competitive motor reinsurance market, R+V once again recorded a significant 21.5 % overall premium growth at EUR 726.5 million in 2015, (2014: EUR 597.7 million). There was 8.9 % growth in the domestic market. In overseas business, a total premium growth of 39.7 % was achieved, particularly in Great Britain and South Africa.

The premium development was followed by loss expenditures for the fiscal year. This was also indicated by a loss ratio for the financial year which remained at the same level as the previous year at 88.1 % (2014: 88.2 %). As a result of slight reduction in the settlement result for the claims provisions assumed from the previous year, the reported gross loss ratio was 85.7 % (2014: 85.2 %).

The premium growth was equally followed by expenditures for the insurance business and these rose to EUR 117.9 million (2014: EUR 101.7 million). The equalisation provision was furnished with EUR 16.5 million (2014: EUR 38.6 million) and the technical own-account result was EUR - 39.0 million (2014: EUR - 39.9 million).

Fire

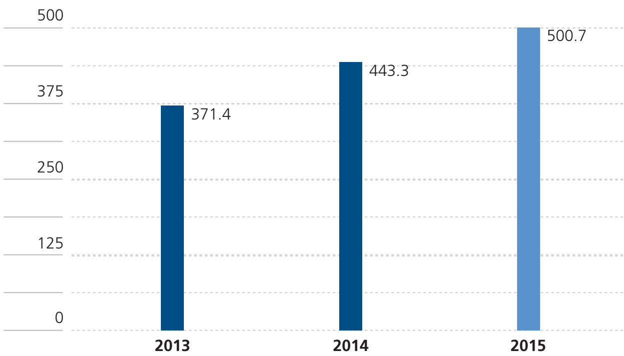
Improvement in technical result for own account

Premiums written rose to EUR 500.7 million (2014: EUR 443.3 million) for fire insurance. This sustained the positive trend of the previous years. The premium volume largely originated from cedents outside of R+V. Premiums in the international business amounted to EUR 445.9 million or rather, 89.1 % of gross premiums.

Among others due to the explosion in Tianjin in China loss expenditures for the fiscal year rose by 21.5 % to EUR 362.1 million (2014: EUR 297.9 million) which was disproportionate to the premium growth.

FIRE INSURANCE – GROSS PREMIUMS

in EUR million



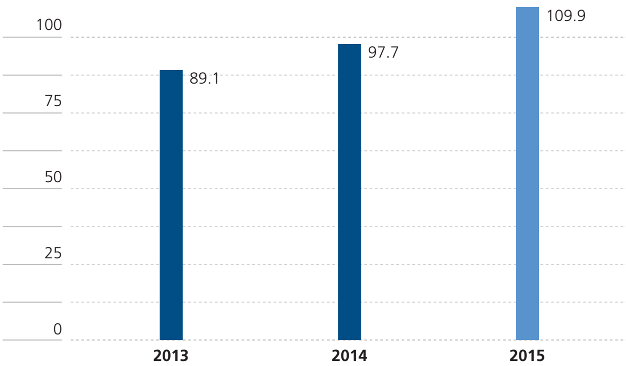
FIRE INSURANCE

in %	2013	2014	2015
Reported gross loss ratio	82.7	66.5	72.1
Gross expenses ratio	26.9	29.4	29.0
Gross combined ratio	109.5	95.9	101.1

As a result of a reduction in the settlement result for the provisions assumed from the previous year, the reported gross loss ratio was 72.1 % (2014: 66.5 %) so that the gross combined ratio increased to 101.1 % when combined with the expenditure for the insurance business (2014: 95.9 %). Before the change in the equalisation provision, the class closed with a deficit of EUR - 16.6 million (2014: EUR 11.3 million) during the fiscal year. The equalisation provision was furnished with EUR 37.0 million (2014: EUR 71.6 million). Consequently, there was a technical result of EUR - 53.6 million (2014: EUR - 60.2 million).

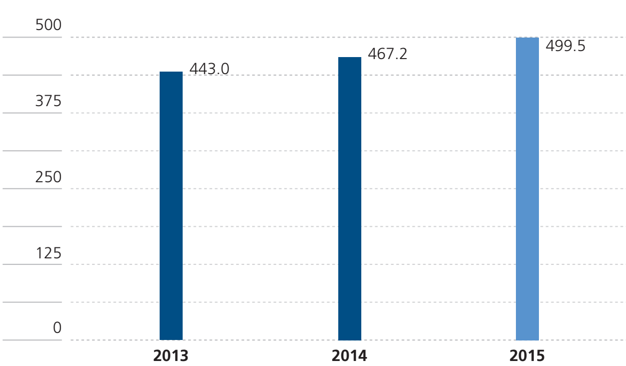
MARINE AND AVIATION INSURANCE – GROSS PREMIUMS

in EUR million



OTHER INSURANCE CLASSES – GROSS PREMIUMS

in EUR million



MARINE AND AVIATION INSURANCE

in %	2013	2014	2015
Reported gross loss ratio	55.3	77.5	64.6
Gross expenses ratio	25.2	26.8	27.2
Gross combined ratio	80.5	104.3	91.8

OTHER INSURANCE CLASSES

in %	2013	2014	2015
Reported gross loss ratio	106.2	74.9	61.7
Gross expenses ratio	27.2	26.8	26.7
Gross combined ratio	133.4	101.8	88.4

Marine and aviation

Positive premium development and favourable claims experience

There was an increase in gross premiums written in both marine (+ 12.8 %) and aviation insurance (+ 12.2 %). There was an overall premium growth of 12.5 % or EUR 12.2 million to EUR 109.9 million (2014: EUR 97.7 million). The most important markets for premium volumes were still Germany for the marine business and the USA for the aviation business.

The reported gross loss ratio improved to 64.6 % (2014: 77.5 %) due to the favourable trend, especially in the loss expenditures for the fiscal year. The equalisation provision was furnished with EUR 3.5 million (2014: withdrawal of EUR 5.9 million). The technical own-account profit was EUR 5.5 million (2014: EUR 1.6 million).

Other insurance classes

Premium growth for storm and credit/bonds

Miscellaneous insurance classes include health, legal, comprehensive home contents and home-owners, other non-life insurance, other insurance and credit and bonds insurance. The burglary and theft, engineering, water damage, glass, storm, hail, livestock and nuclear facility non-life insurance are grouped together in the other non-life insurance category. Other insurance includes the all risks and fidelity loss classes as well as motor warranty insurance.

The other insurance classes recorded a 6.9 % gross premiums written increase to EUR 499.5 million (2014: EUR 467.2 million). Again, the dominating classes were the storm, credit/bonds and hail classes, with a combined premium share of

78.5 % (2014: 79.2 %). Whilst hail insurance showed a slight drop in premiums during the fiscal year, storm and credit/ bonds insurance showed an increase in premiums.

Loss expenditure was reduced in each of the classes listed. The reported gross loss ratio for hail insurance showed a significant improvement at 66.1 % (2014: 83.9 %). Storm insurance also showed a significant reduction with a reported gross loss ratio of 53.5 % after the impact of the summer and autumn storms in 2014 (2014: 83.1 %). The reported gross loss ratio for credit and bond insurance was 69.9 % for the fiscal year (2014: 78.8 %).

After allowing for the changes due to the equalisation provisions and similar provisions, the other insurance classes showed an overall technical own-account profit of EUR 20.0 million (2014: EUR 33.4 million loss).

Summarised appraisal of the business performance

In spite of the fact that R+V Versicherung AG has continued with its underwriting policy, which is risk-sensitive and geared towards profit, it was again possible to achieve a significant increase in income from premiums. The reported gross loss ratio showed an improvement as a result of the favourable claims experience.

The figure for the gross expenses ratio is below that of the previous year.

The technical own-account result showed a significant improvement when compared to the previous year. Equalisation provisions and similar provisions were increased in relation to the claims experience for the individual classes.

The result for capital investments failed to achieve the figure for the previous year, partly because of increases in depreciation.

The result for ordinary business showed a significant increase overall when compared to the previous year.

Based on the profit transfer agreement which was concluded with DZ BANK AG in 2012, the transferred profit was correspondingly above that of the previous year.

Profitability

Technical result

The gross technical result showed an improvement at EUR 38.8 million (2014: EUR - 3.6 million). The net technical result also rose in comparison to the previous year and amounted to EUR 11.9 million (2014: EUR - 24.7 million). EUR 55.5 million were added to the equalisation provisions and similar provisions (2014: EUR 104.7 million). The own-account technical result was then EUR - 43.6 million (2014: EUR - 129.4 million). This technical loss particularly arose from fire, with EUR - 53.6 million (2014: EUR - 60.2 million), motor liability, with EUR - 32.9 million (2014: EUR - 35.2 million) and credit/bonds, with EUR -29.1 million (2014: EUR - 24.6 million).

Capital investment result

R+V Versicherung AG generated ordinary income of EUR 282.4 million from its capital investments. After the deduction of ordinary expenditure of EUR 5.0 million, taking into account scheduled real estate depreciations of EUR 0.1 million, this produced an ordinary result of EUR 277.4 million (2014: EUR 276 million).

Depreciation of EUR 10.3 million was required for R+V Versicherung AG's capital investments. Due to the recovery in value of previous depreciation a figure of EUR 4.9 million was reserved. Through the disposal of financial assets, R+V Versicherung AG achieved capital gains of EUR 2.2 million on the one hand, but then also incurred capital losses of EUR 0.2 million. The appreciation and depreciation as well as the capital gains and losses resulted in an extraordinary result of EUR - 3.4 million (2014: EUR 3.9 million).

The net result from capital investments as the difference between the ordinary and the extraordinary result thus amounted to EUR 274 million for the 2015 fiscal year compared with EUR 279.9 million during the previous year. The net interest was 5.0 % (2014: 5.7 %).

Other earnings and expenses

During the fiscal year, other earnings came to EUR 58.3 million (2014: EUR 52.8 million). The service and interest incomes were important components. The increase in Other income can largely be attributed to interest income in connection with external tax audits which have been concluded.

Other expenses of EUR 64.8 million (2014: EUR 54.1 million) primarily included operating costs, which are seen alongside income from the additional charges to Group affiliates, interest and consultancy fees as well as association and membership fees.

The result from the currency conversion was EUR 2.9 million (2014: EUR 10.4 million).

Overall result

The result from ordinary business activity amounted to EUR 226.2 million and was higher than the previous year (2014: EUR 151.8 million). Taking into account a tax expenditure of EUR 129.4 million (2014: EUR 97.5 million) which was, for the most part, indirectly affected by the tax allocation agreements concluded with the DZ BANK AG and the R+V life insurance companies, there was a profit transfer of EUR 96.8 million based on the profit transfer agreement concluded with DZ BANK AG in 2012 (2014: EUR 54.3 million).

GUARANTEE FUNDS

in EUR million	2015	2014
Share capital	352.2	344.0
Capital reserves	1,632.9	1,550.0
Retained earnings	164.7	164.7
Net retained profits	–.–	–.–
Shareholders' equity	**2,149.8**	**2,058.7**
Unearned premium reserves	173.9	161.0
Actuarial reserves	29.4	32.6
Provision for outstanding claims	2,877.5	2,381.0
Provision for premium funds	3.5	3.4
Equalisation provision and similar provisions	796.2	740.7
Other technical provisions	0.6	0.7
Total technical provisions	3,881.0	3,319.5
Guarantee funds	**6,030.8**	**5,378.2**

Financial situation

Capital structure

In 2015, the Board of Management issued new registered shares with a total issue (including premium) of EUR 91.1 million as part of a capital increase whilst utilising the authorised capital and with the agreement of the Supervisory Board.

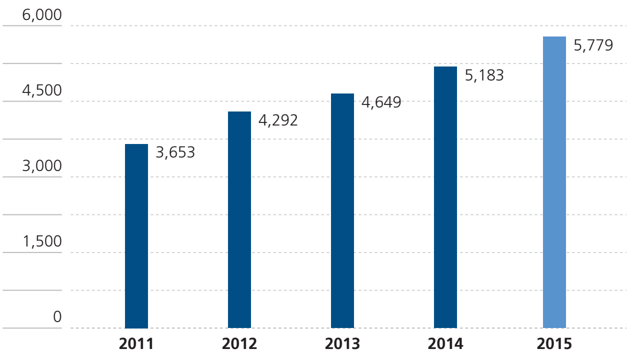
The increase in capital increased the subscribed capital to EUR 352.2 million (2014: EUR 344.0 million) and the capital reserves to EUR 1,632.9 million (2014: EUR 1,550.0 million).

The shareholders' equity of R+V Versicherung AG therefore amounted to EUR 2,149.8 million (2014: EUR 2,058.7 million) on the balance sheet date.

Guaranteed funds increased by EUR 652.6 million to EUR 6,030.8 million so that at 310.9 %, the ratio of guaranteed funds remains high (2014: 315.3 %) in spite of the strong growth experienced by R+V Versicherung AG. The equity ratio was 110.8 % (2014: 120.7 %).

DEVELOPMENT OF THE CAPITAL INVESTMENTS*

in EUR million



* without deposit receivables

Assets situation

Capital investments portfolio

The capital investments of R+V Versicherung AG grew by EUR 595.7 million or by 11.5 % during the 2015 fiscal year. This meant that the carrying amount of the capital investments amounted to EUR 5,779.1 million on 31 December 2015. R+V Versicherung AG largely invested the capital available for reinvestment in bonds. Diversification was largely in government bonds, corporate bonds and German covered bonds in this respect. For the interest-bearing securities, care was taken that the issuer had a good credit standing in order to minimise the risk of default. In addition to this, forward purchases were made in order to stabilise the investment. R+V Versicherung AG also invested in shares and property. Excluding the shares in affiliated companies and shareholdings, the calculated share ratio at market values amounted to 1.7 % (2014: 1.9 %) on 31 December 2015.

The reserve ratio relating to the total capital investments was 52.7 % (2014: 52.5 %) on 31 December 2015 and was dominated by the investment items.

Social, ethical and ecological principles are taken into consideration when making capital investments so that R+V Versicherung AG knowingly and consciously does not make capital investments which are contrary to the generally recognised principles of sustainability. Investment in the manufacturers of controversial weapons and financial products for agricultural commodities are also excluded within this context.

Technical provisions

The gross technical provisions rose by 15.3 % to EUR 3,929.5 million (2014: EUR 3,407.2 million). After deducting the retrocessionnaires' shares, net technical provisions were EUR 3,881.0 million (2014: EUR 3,919.5 million). This was equivalent to a ratio of 200.0 % (2014: 194.6 %) in terms of the own account premiums written.

With 43.0 % (2014: 38.7 %) of the balance sheet totals, the provisions for outstanding insurance claims represent the largest proportion of the net technical provisions. The volume of this item increased by 20.9 % to EUR 2,877.5 million (2014: EUR 2,381.0 million).

The equalisation provisions and other provisions were increased by EUR 55.5 million to EUR 796.2 million.

Supplementary report

After the end of the fiscal year, there were no further events of particular significance to report.

Chance and risk report

Risk management system

R+V Versicherung AG's risk management aims to ensure that the company always meets its insurance obligations in all its business activities. This particularly refers to solvency and the long-term capacity to bear risks, the creation of sufficient technical provisions, investment in appropriate assets, compliance with commercial principles including proper business organisation and compliance with the other basic financial principles of the business. At R+V Versicherung AG risk management is embedded into the corporate strategy and is an integral part of the corporate management.

It encompasses all systematic measures for identifying, evaluating and controlling risks. The risk management processes should assist in the early identification of risks and other negative developments that could have a significant impact on the assets, the financial situation and profitability, as well as in the introduction of counter measures.

One risk management process which has been implemented in all R+V companies defines the rules for identifying, analysing and evaluating, managing and monitoring as well as reporting and communicating the risks and for a centralised early warning system. Shareholdings are also included in R+V Versicherung AG's risk management. The risk management system further includes a Business Continuity Management System.

The risk management principles are based on the R+V risk strategy that is updated and adopted annually. This is derived from the corporate strategy while taking account of the strategic four-year plan adopted at the spring meeting for the Board of Management. The management of risks and extensive information on methods, processes and responsibilities is documented in the guidelines for risk management and ORSA (Own Risk and Solvency Assessment). The separation of risk monitoring and risk responsibility is a basic principle for the organisation of risks and the risk management processes. The roles of those responsible for setting up risk items are separated from the risk management functions both personnel and organisational terms.

The identified risks are allocated to the following risk categories: technical risk life, technical risk health, technical risk non-life, market risk, counterparty default risk, operational risk, liquidity risk, risk concentrations, strategic risk and reputation risk.

The aim of the annual risk inventory is to identify the risks relevant to R+V Versicherung AG and to assess their significance. The specific purpose of the risk inventory is to review and document all known individual and cumulative risks. The results of the risk inventory are recorded in the risk profile.

A review and assessment of the risk-bearing capacity takes place at least quarterly and also includes a qualitative review of the reliably determined indicators and thresholds. Measures will be introduced if a defined index value has been exceeded. In addition, a targeted survey of executives and staff guarantees that risks are recognised at an early stage.

There is a definitive evaluation of the regulatory risk-bearing capacity and all important risks at the risk conference which takes place four times a year. The central risk reporting system ensures transparency in reporting. The appropriate board member and the board member responsible for risk management are notified if there is a significant change to risks. Risk-relevant corporate information is made available to the relevant supervisory committees at regular intervals.

The impact on the company risk profile is analysed and assessed as part of the process for introducing new products when new reinsurance products are launched. When developing new business areas or introducing new capital market, insurance or reinsurance products, their impact on the overall risk profile is to be evaluated. The finance committee, the product commission and the reinsurance committee are responsible for dealing with new products in accordance with the respective provisions included in the procedural rules.

The procedure for new products ensures that the impact that innovative products have on the risk profile of the insurance portfolio and the investment portfolio are evaluated and rated in relation to organisation, processes, IT systems, staff, valuation models and risk models, accounting, taxes and supervisory legislation.

Risk factors are also taken into account when planning and carrying out projects. Larger projects and investments are regularly assessed by the investment commission or the product commission as well as by the finance committee. At the same time, special attention is paid to results and any measures taken, as well as to budget compliance. Any necessary adjustments are made.

The R+V compliance management system comprises centralised and decentralised tasks. The Compliance officer bears overall responsibility. The compliance management system covers the following topics: cartel offences, insider trading, fraudulent activities and theft, breaches of data protection, money laundering violations and breaches of foreign trade regulations. There is an internal complaints department to deal with any issues relating to the German General Act on Equal Treatment (AGG). In addition to this, the position of legal counsel has been created. Important regulations concerning the correct conduct in business transactions are recorded in the compliance guidelines, „principles of conduct in business transactions“. At the quarterly compliance conference, those responsible discuss significant incidents within R+V as well as the action taken. Ad-hoc notifications are to be issued for particularly serious violations. The Compliance Officer reports directly to the Chair of the Board of Management as well as to the risk conference.

The Group audit department verifies compliance with the provisions included in the risk management system and its effectiveness. Measures are agreed to address any shortfalls that have been identified and are monitored by the Group audit department.

Internal control system relating to the accounting process

An extensive internal control system (ICS), amongst other things, has been established within R+V in order to ensure the proper and timely provision of information for those who receive the financial statements and management report. The accounting-related ICS is an important component of the company-wide risk management system and its aims are to minimise identified risks by implementing controls in relation to the entire accounting and financial reporting process and to ensure that the financial statement is prepared in compliance with the regulations. The ICS is regularly reviewed by the Group’s internal audit department and the external auditors in order to ensure its ongoing development and effectiveness.

The accounting-related ICS focuses on the key audit processes. These processes are documented, risks inherent in the process are identified and adequate, risk-appropriate control measures are implemented. The assessment of the risks inherent in the process is based on an assessment framework and defined materiality thresholds. Documentation is reviewed annually to ensure it is up-to-date and adjusted as required.

The ICS includes organisational safeguards that are integrated into both the structural and procedural organisation, such as, for example, the basic separation of functions or the clear allocation of tasks and responsibilities. Targeted checks are carried out at key points within the accounting-related business processes in order to minimise the probability of errors occurring or to identify errors that have already occurred. These are controls that are integrated into the workflow, such as the application of the principle of double-checking or interface checks, for example. The efficacy and effectiveness of the accounting-related ICS is regularly reviewed and recorded.

R+V employees are responsible for the process of preparing the financial statement and the management report which follows defined deadlines and schedules. The steps to be performed during the financial reporting process are subject to both system-based and manual checks. External experts are involved in part, in order to determine certain accounting data.

The financial reporting process is highly dependent on IT systems and is therefore subject to potential operational risks, such as malfunctions, interruptions and data loss. These are counteracted by methods which include extensive protective mechanisms such as emergency planning, back-up solutions as well as permissions management and technical safeguards to prevent unauthorised access. The IT systems used are also tested for compliance with the generally accepted bookkeeping principles and statutory safekeeping and documentation requirements. The regular examination of the accounting processes is both an integral part of the internal audits as well as part of the annual audits conducted by the annual auditor.

Opportunities Management

R+V also anticipates that the reinsurance business that it has assumed will provide sufficient, profitable business opportunities in the coming years. On the one hand, direct insurers are becoming increasingly risk-conscious and are using reinsurance as a risk management tool. On the other hand, coverage by reinsurance partners with a good rating has been supported by the introduction of Solvency II.

In terms of demand for reinsurance, it has become clear that the relationship between the direct and reinsurance companies is subject to constant change. Customers always take care of purchasing coverage plans which are attractively priced and tailored to meet their needs.

R+V Versicherung AG feels that growth is stimulated by becoming more open to global players and US businesses as well as the Asian market. This involves handling markets in a differentiated manner with respect to a balanced and profitable portfolio.

In the past, R+V has been able to make use of opportunities for growth and to expand its market position significantly. The move towards becoming a leading reinsurer and the development towards specialising in actuarial insurance classes aim to further strengthen this position in the coming years.

As a traditional, European alternative to the large insurance companies, R+V is well-positioned in a demanding reinsurance market due to its portfolio which is well-diversified in geographical terms.

R+V is a stable investor with long-term objectives. Due to its business model and high risk-bearing capacity, R+V can take advantage of opportunities offered by investments with a longer time horizon in particular and largely without reference to short-term capital market fluctuations. Due to its broad diversification, R+V is highly stable in the face of potential adverse capital market developments. Investments are made in a stringent investment process which considers strategic, tactical and operational allocations supported by modern risk management. This process ensures capital investments can respond proactively to market developments, changes in the company and in the insurance business as well as to regulatory requirements.

R+V will continue to increase productivity by continuously analysing the processes and through the consistent implementation of the resulting measures. This reduces complexity, costs and process times to a minimum. It increases customer satisfaction as well as the satisfaction of both the employees and sales partners.

Once again, the rating agency Standard & Poor’s assessed the financial strength of R+V Versicherung AG as very good during the 2015 fiscal year. The AA- rating and a stable outlook were confirmed within the framework of the interactive rating process.

Risk-bearing capacity

The overall solvency needs, as Value at Risk from the changes in financial capital resources, have been determined with a confidence level of 99.5 % over the course of a year when measuring the economic risk-bearing capacity. The quantification always takes place according to the risk types for the standard Solvency II formula. Risk diversification which constitutes an important aspect of the business model for an insurance company, is always taken into consideration as appropriate.

Risk relief is factored in, for example through reinsurance. The overall solvency needs are compared to the capital resources in order to determine whether there is sufficient financial capital when analysing the risk-bearing capacity.

The adequacy of the approach to quantifying risk is reviewed regularly and as warranted, if necessary.

The current analysis of the capacity to bear financial risks shows that the capital resources of R+V Versicherung AG exceed the overall insolvency needs.

The regulatory risk-bearing capacity (solvency ratio) for R+V Versicherung AG is calculated in accordance with the relevant legislation for the industry which was applicable on 31 December 2015 and describes the degree to which the capital resources provide cover which is above the minimum solvency ratio required by the supervisory authorities.

The regulatory risk-bearing capacity for R+V Versicherung AG exceeded the required minimum solvency ratio on 31 December 2015. Capital resources that are subject to approval are not taken into consideration when calculating the solvency ratio.

The capital market scenarios which are used as part of the internal planning indicate that the regulatory risk-bearing capacity for R+V Versicherung AG will exceed the statutory minimum requirements on 31 December 2016, in accordance with Solvency II. Due to the continuing tense economic situation on the financial markets, there is considerable uncertainty concerning statements about trends in the solvency capital requirements and capital resources and therefore R+V has employed appropriate measures to ensure sufficient risk-bearing capacity.

Outlook for Solvency II

With the start of Solvency II on 1 January 2016, R+V Versicherung AG will implement the supervisory requirements when calculating the risk-bearing capacity. The changeover to the interest rate curve stipulated by the European Insurance and Occupational Pensions Authority (EIOPA) is a key aspect here. If there are significant discrepancies between the company's own risk profile and the assumptions which form the basis of the regulatory capital requirements (SCR – solvency capital requirement), R+V will, as before, adjust the models and parameters used for the in-house risk calculations.

Technical risks

The technical risk refers to the risk of the actual expenditure on losses and services differing from the expected expenditure due to chance, error or change. According to the Solvency II classifications the technical risk essentially lies in non-life for R+V Versicherung AG.

The non-life technical risk indicates the risk that results from taking on non-life insurance obligations, namely with regard to the risks covered and the processes employed when conducting business. The following subcategories have been calculated as a combination of the capital requirements:

- The premium and reserve risk shows the risk of a loss or an adverse change in the value of the insurance liabilities which results from fluctuations with regard to the occurrence, the frequency and the severity of the insured events and with regard to the occurrence and the amount of the claims settlement.

- The non-life catastrophe risk describes the risk of a loss or an adverse change in the value of the insurance liabilities, which results from a significant uncertainty with regard to the price setting and the assumptions of the provisions for extreme or unusual events.

- The lapse risk described the uncertainty about the continuation of direct and reinsurance policies. It results from the fact that the discontinuation of contracts that are profitable for insurance companies leads to a reduction in the capital resources.

Technical risks arise in the form of deviations from the expected claims experience as a consequence of the uncertainty concerning the date, frequency and amount of insurance cases. There can also be risk caused by unforeseeable changes in the insured risk and the distribution of claims, expected value and distribution, such as though changes to the climatic and geological environmental conditions or perhaps by technical, economic or social changes. Further causes can be incomplete information about the true frequency of damage through faulty statistical analysis or incomplete information about the future validity of the frequency of damage in the past.

The measurement of technical risk is oriented towards the Solvency II procedure and takes place according to the Value at Risk procedure. When determining Value at Risk, negative scenarios taken from the Solvency II guidelines are considered, and are partially supplemented with appropriate parameterisation.

For the non-life catastrophe risk there is also modelling and risk quantification on the basis of data about historic damage. These are based on our own inventory as well as data from third parties, in the case of natural disasters.

R+V counteracts the premium and reserve risk by continuously monitoring the economic and political situation and manages risk according to the strategic direction, whilst considering risk-based pricing. Risk is managed through a clearly structured and profit-orientated underwriting policy. Risks are assumed within binding underwriting guidelines and limits which limit the liability in both individual claims and cumulative loss. R+V takes the economic cost of capital into account when underwriting risks. Compliance with these guidelines is monitored regularly.

The substantial technical risks in the reinsurance portfolio lie in the catastrophe and long tail risks (for example in the credit/bonds reinsurance classes), the reserve risk as well as in major changes in the basic trends in the primary markets.

The actual and possible impact of losses caused by natural disasters with regard to their extent and frequency is continually recorded and assessed using standard industry software, supplemented by in-house verification. The portfolio is continuously monitored for possible risk concentrations from natural disaster risks.

The essential objective when managing risk is assuring a broad balance of risk over all classes and worldwide territorial diversification. Limits have been set to facilitate centralised management and the demarcation of cumulative risks from individual natural risks. Systematic control of accumulation risk, in terms of the approved limits for natural disaster risks, is an important risk management instrument. The modelled exposures are within the approved limits.

Risk mitigation measures include, among other things, the management of retention and retrocession, whilst taking the risk-bearing capacity and the actual retrocession costs into account. In this respect, the minimum requirements in terms of the creditworthiness of the retrocessionaires apply. The risk-bearing capacity of the assumed reinsurance is ensured with sufficient capital resources and reserves so that there has been no purchasing of retrocession.

Major losses and cumulative losses incurred in assumed reinsurance contracts were at an average level overall during 2015 and were in the anticipated range.

The reserve risk relates to the risk that there has been an inadequate assessment of the loss reserves which are indicated for losses which have already occurred. A permanent and timely observation of the loss developments makes it possible to derive preventive measures for achieving a sufficient reserve level. One way in which the reserves are monitored is though the annual preparation of a reserve report.

Market risk

Market risk describes the risk that arises from fluctuations in the amount or the volatility of market prices of assets, liabilities and financial instruments, which influence the value of the company's assets and liabilities. It reflects the structural incongruence between assets and liabilities, particularly with regard to their time periods.

Market risk comprises the following sub-categories:

- Interest risk describes the sensitivity of assets, liabilities and financial instruments with regard to changes in the interest rate curve or to the volatility of interest rates.

- Spread risk describes the sensitivity of assets, liabilities and financial instruments with regard to changes in the amount, or in the event of credit spread volatility above the risk-free interest rate curve. The risk of default and migration risk are also considered in this sub-category. For credit spread, the interest differential between a risky and a risk-free fixed-income asset is identified. Changes in these credit spreads lead to changes in the market value of the corresponding securities.

- Equity risk describes the sensitivity of assets, liabilities and financial instruments with regard to changes in the amount, or in the event of volatility in the market price of shares. Shareholder risk is also mapped within equity risk. Equity risk arises from market fluctuations in current shareholdings.

- The exchange rate risk describes the sensitivity of assets, liabilities and financial instruments with regard to changes in the amount or in the event of exchange rate volatility. Exchange rate risks arise from fluctuations in the exchange rate either from capital investments held in foreign currencies or if there is a currency imbalance between the technical liabilities and the capital investments.

- The property risk describes the sensitivity of assets, liabilities and financial instruments with regard to changes in the amount or in the event of market price volatility for property. Property risk can result in negative changes in value for directly or indirectly held property. These may arise from a deterioration of the particular features of the property or general market changes (for example as part of a housing crisis).

- The concentration risk includes additional risks for an insurance or reinsurance company, which can either be attributed to an insufficient diversification for the asset portfolio or to high exposure to the risk of default of an individual issuer of securities or a connected group of issuers.

Market risk also includes the bulk of the credit risk allocated to the spread risk according to the definitions in Solvency II. Other parts of the credit risk are evaluated in the counterparty default risk, inter alia.

Shock scenarios are examined when measuring market risks. These have been taken from the Solvency II guidelines and partially supplemented by the company's own parameters.

The management of market risks is a key part of the management of overall risks for R+V Versicherung AG. The guidelines for minimum balance sheet results requirements, among other things, limit the market risks.

The risks stemming from the capital investment are managed within the framework defined by the provisions of the Act on the Supervision of Insurance Undertakings (VAG), by regulatory circulars and internal investment guidelines as well as by provisions under the investment ordinance which applied until 31 December 2015. R+V Versicherung AG employs competent investment management, suitable internal control procedures, an applicable investment policy and other organisational measures to ensure compliance with the internal regulations for investment risk, included in the risk management guidelines as well as with additional regulatory investment principles and regulations. Both the economic and financial aspects are included in the management of risks in this respect. At an organisational level, R+V Versicherung AG counteracts investment risks by maintaining a strict, functional separation of investment, processing and cost control.

R+V Versicherung AG has continued to expand and improve the tools for evaluating and assessing the risks on new investments and also for monitoring the investment portfolio in order to respond to the changes in the capital market and to identify, limit or avoid risks at an early stage.

R+V Versicherung AG fundamentally responds to capital investment risks by applying the principle of maintaining the maximum security and profitability whilst ensuring constant liquidity. The investment policy for R+V Versicherung AG particularly focuses on minimising risk by ensuring that there is an appropriate mix and spread of capital investments.

The R+V Versicherung AG tracks changes of all market risks by constantly measuring them and by reporting to the relevant committees. The risks of all sub-categories are quantified within the context of company-specific economic calculations. Stress tests serve as an important instrument for early identification. Risks are restricted through limitations as well as obvious diversification relating to terms, issuers, countries, counterparties, asset classes and so on.

Regular tests are performed as part of asset liability management at R+V Versicherung AG. Stress and scenario analyses are used to continually assess the required level of securities in order to maintain solvency. The impact of a long-lasting, low-interest rate and volatile capital markets are systematically tested in particular.

R+V Versicherung AG uses derivative instruments to manage market risks. Please refer to the information included in the annex to this report.

R+V Versicherung AG makes sure that the management of interest risks involves a broad mix and spread of capital investments linked with the steering of the duration according to the liability structure as well as intelligent risk-taking in selected asset classes. In addition to this, forward purchases make it possible to stabilise investment and to manage interest rate and duration developments.

When managing spread risks, R+V Versicherung AG particularly looks for investments with a very high creditworthiness, whereby the bulk of the bond portfolios is invested in the investment-grade sector. Furthermore, a significant proportion of the portfolio is additionally collateralised. The use of in-house credit risk assessments, which are, to some extent, more rigorous than the credit ratings available on the market, further reduces risks.

If the credit spreads for bonds should widen on the market, the market value will decrease as a result. These forms of negative trends in market value can lead to a temporary or, when sales are required, a lasting pressure on results.

The possible deterioration in the economic circumstances of issuers or debtors and the resulting risk of a partial or total default on receivables or an impairment due to a change in creditworthiness create a risk of default. In principle, the capital investments of R+V Versicherung AG indicate a high credit standing and a solid collateralisation structure. The public and the financial sectors, which are the dominant areas, particularly deal with receivables in the form of government bonds and legally collateralised German and European covered bonds.

The management of equity risks is based on a core-satellite approach in which the core shares include large stable companies on recognised indexes and satellite shares are added to improve the yield-risk profile. Additionally, asymmetric strategies are used to reduce or increase the rule-based equity exposure.

At R+V Versicherung AG, shares are used as part of a long-term investment strategy to guarantee that commitments towards cedents can be met. There is no demand to realise profit from short-term fluctuations. The broad diversification of the capital investment portfolio reduces the risk of having to sell shares at a disadvantageous time.

Exchange rate risks are managed by systematic currency management. Almost all of the reinsurance portfolios are covered in the same currency.

Property risk is reduced by diversification into different locations and forms of use. This risk is of minor importance for R+V Versicherung AG because of the fact that property poses a low risk in comparison to the overall risk and because of the cautious investment strategy.

Concentration risks are of minor relevance and at R+V Versicherung AG these are reduced by maintaining an appropriate mix and spread of capital investments. This is particularly evident in the broad base of issuers included in the portfolio.

Particular aspects of the credit portfolio

R+V Versicherung AG primarily invests in issuers and borrowers with good to very good credit standing. R+V uses generally approved external credit ratings in order to assess creditworthiness. In addition to this, experts conduct internal ratings in order to check the plausibility of the external ratings in accordance with the provisions included in the EU regulation on credit ratings agencies (CRA III). R+V has applied the external ratings as the maximum rating even when its own assessments arrived at a more favourable outcome.

Counterparty risk is also restricted by a system of limits. 92 % (2014: 91 %) of the investments in fixed interest securities indicated a Standard & Poor’s rating of ‘A’ or above and 75 % (2014: 73 %) had a rating which was equal to or above ‘AA’. In the past fiscal year the capital investments for R+V Versicherung AG posted interest losses of EUR 0.1 million. No capital losses were recorded.

The total of all direct investments at banks amounted to EUR 1,603.5 million on 31 December 2015 (2014: EUR 1,403.0 million) for R+V Versicherung AG. There were special cover funds as collateral for 27.3 % of these investments. 42.9 % of these investments were invested in German banks. The remaining investments were largely made in institutions in the European Economic Area.

Regular reporting and discussions within the operational decision-making committees assist in monitoring, analysing and controlling the risks in the sub-portfolios.

EUR 83.7 million were invested in government bonds in peripheral countries in the euro zone on 31 December 2015 (2014: EUR 79.6 million). The following table shows the allocation of these government bonds according to countries.

MARKET VALUES

in EUR million	2015	2014
Italy	23.7	23.4
Ireland	11.3	11.5
Spain	48.7	44.7
Total	**83.7**	**79.6**

R+V Versicherung AG constantly reviews the portfolio with respect to countries where there are critical developments. As a result of these reviews, adjustments are made to the portfolio when necessary. There were no notable country risks during the fiscal year.

Counterparty default risk

The counterparty default risk takes into account possible losses which are the result of an unexpected default or the deterioration in the creditworthiness of counterparties and debtors of insurance and reinsurance companies during the following twelve months. It covers risk-mitigating contracts such as reinsurance arrangements, securitisations and derivatives as well as receivables from intermediaries and all other credit risks unless they have already been otherwise factored into the risk measurement.

The counterparty default risk considers the collateral or other securities which are held by or for the insurance or reinsurance company and the associated risks.

These risks exist for R+V Versicherung AG, particularly in relation to the counterparties of derivative financial instruments as well as reinsurance counterparties.

The relevant exposure and the expected losses for each counterparty form the basis for determining the capital requirements for counterparty default risk.

In-house guidelines explicitly regulate transactions with derivative financial instruments. These include the volume and counterparty limits in particular. The different risks are regularly monitored and presented in a transparent manner by means of an extensive and prompt reporting system. The annex sets out details on the derivative financial instruments.

R+V Versicherung AG refers to the ratings from international ratings agencies and supplements these with its own in-house creditworthiness analyses in order to assess the counterparty and issuer risks. Compliance with the limits is continuously checked with respect to material counterparties. The utilisation of the limits and compliance with the investment guidelines are regularly monitored.

The constant monitoring of the ratings and other available sources of information about the market limit the risk of default for settlement receivables from reinsurance business taken on and ceded.

Currently, there are no particular existing drivers of risk concerning the counterparty default risk because regard was paid to the creditworthiness of the counterparties when the transactions were concluded and these are monitored over time. Furthermore, this risk category is also of secondary importance for the R+V Versicherung AG from a material point of view.

Operational risks

Operational risks refers to the risk of loss arising from the inadequacy or failure of internal processes, employees, systems or external events. This includes legal risks.

Changes in legal frameworks (laws and jurisdictions), changes in official interpretations and changes in the business environment in particular, may give rise to legal risks. Legal disputes arising from the handling of insurance claims and benefits are included in technical risk rather than operational risk. During the reporting period, there were no significant operational risks as a result of non-technical legal disputes.

The risk capital requirement is determined on the basis of a factor approach for volume measures of premiums and provisions as well as for expenses in terms of the unit-linked business.

R+V uses risk self assessments (RSA) based on scenarios as well as risk indicators to manage and control operational risks. As part of the RSA, operational risks are evaluated in terms of the probability that they will occur and the amount of losses they will incur. Qualitative assessments can be used in exceptional cases.

Risk indicators provide early evidence of trends and accumulations in risk development and enable weaknesses in the business processes to be identified. A traffic light system is used to signal risk situations based on prescribed thresholds. Risk indicators are checked systematically and on a regular basis.

The ICS is an additional key instrument to limit operational risks. Regulations and controls in the specialist areas and the monitoring of the application and effectiveness of the internal control systems through group auditing guard against wrong decisions and fraudulent activities. Payments have been automatically supported to a large extent.

Authorisations and right regulations stored within the user profile as well as automatic submittals for approval due to the stored random number generator provide additional security. Manual payments are fundamentally approved according to the principle of double checking.

To secure its continued operation, R+V has a holistic business continuity management system with a central co-ordination function. A committee with crisis managers responsible for IT, estates and personnel provides support on specialist issues. It also helps the networking of emergency management activities and reports to the risk conference on significant findings and on the emergency exercises carried out.

Business continuity management ensures that business operations can be maintained in the event of a crisis. As part of emergency planning, the time-sensitive business processes and the resources necessary for their maintenance are recorded.

The quality assurance in the IT area is a result of established processes whilst using best practices. Current issues are dealt with and assigned for processing at a daily meeting. During a monthly meeting involving the Head of IT, appropriate measures are taken concerning compliance with service level agreements (such as system availability and system response times).

Comprehensive physical and logical protections ensure the security of data and applications as well as the continuity of the ongoing business. The partial or total breakdown of the data processing system would be a particular danger. R+V has made provisions against these dangers by establishing two separate data centre sites with data and system mirroring, 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 buildings with high security rooms. Furthermore, the data is mirrored on a tape robot at an off-site and distant location. Thus the data would be available in Wiesbaden even after the total loss of all data processing centres.

Through sustained development of personnel and the development of talent management R+V ensures that the employees are always supported and qualified so that any future personnel needs can be met from within the company. The instruments used for this include a procedure to appraise potential, systematic succession planning and training programs. Staff surveys are regularly conducted in the interest of retaining lasting commitment from personnel.

Other significant risks

Liquidity risk

Liquidity risk refers to the risk that insurance companies are not in a position to realise their investments and other assets in order to meet their financial obligations when due.

The liquidity of the R+V companies is managed centrally. An integrated simulation of the development of the portfolio and profit or loss in the capital investment area as well as the cash flow development is carried out within the context 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. There is constant monitoring that regulatory liquidity requirements are met with respect to new investments.

The anticipated development of the cash flow at individual company level is presented in detail in a liquidity report on the current year which is updated every month. Furthermore, precise daily cash flow planning is also carried out in the cash management.

To guarantee sufficient liquidity under market crisis conditions, there are regular reviews in the form of sensitivity analyses of important technical parameters. The results show the ability of R+V Versicherung AG to meet its obligations at any time.

The projections of the liquidity situation and the highly fungible securities ensure that obligations to cedents can be met at any time.

Risk concentrations

Risk concentrations in the broader sense are accumulations of individual risks where there is a significantly higher probability that they may come into effect at the same time due to a high degree of dependency or related interdependencies. To some extent, the dependencies and the relationship of the interdependencies only become apparent in stressful situations.

The investment behaviour for R+V Versicherung AG is geared towards avoiding risk concentrations in the portfolio. The extensive diversification of investments guarantees that risks are reduced by complying with the quantitative limits stipulated in accordance with the policy on appropriate mix and spread as indicated in the internal regulations included in the risk management guidelines for investment risks and other regulatory provisions. An analysis of the structure of issuers in the portfolio did not identify any significant risk concentrations.

R+V responds to risk concentrations in assumed reinsurance business with a balanced portfolio which has global territorial diversification of classes and customer groups.

Strategic risk

Strategic risk is the risk that arises from strategic business decisions or that these decisions are not adjusted to a changed economic environment.

There is continuous monitoring of any changes to the legislative and regulatory frameworks as well as changes in the market and competition in order to be able to respond to opportunities and risks promptly. R+V analyses and forecasts ongoing national and global circumstances that influence parameters relevant for business.

The management of strategic risks is based on the proactive assessment of success factors and on deriving targets for R+V's corporate departments. Strategic planning for the next four years is carried out as part of the annual strategic planning process and takes the risk-bearing capacity into account. R+V counters strategic risk through strategic planning and discussion about success potential in the Board of Management meeting. R+V uses the common instruments for strategic controlling for this. These include both external strategic analyses of the market and competitors as well as internal analyses of the company such as portfolio or SWOT analyses. The results of the strategic planning processes, in the form of target figures which have been adopted, are put into operation with-in the context of the operational planning for the coming three years and take account of the risk-bearing capacity. Together with the upper loss limits they are passed by the Board of Management each autumn. The implementation of decisions taken there is followed up regularly on a quarterly basis in the context of the plan/actual comparison. In this way the dovetailing of the strategic decision process and the risk management is organised. Business strategy changes which have an impact on the risk profile of R+V Versicherung AG are expressed in the risk strategy.

Strategic risks from an IT perspective 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 handled within the context of strategic risks.

Reputation risk

Reputation risk is the risk of possible damage to the reputation of the company or to the whole sector as a result of a negative public perception (for example on the part of customers, business partners, shareholders, government authorities).

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

In order to prevent any damage to image for R+V, 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 cohesively. Reports in the media about the insurance business in general and R+V in particular are monitored and continually analysed across all departments. Rating results and market comparisons of the parameters that are significant 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 could lead to negative public perceptions are particularly considered. 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.

Summary of the risk situation

The current analysis of the capacity to bear financial risks shows that the capital resources of R+V Versicherung AG exceed the overall insolvency needs. The regulatory risk-bearing capacity of R+V Versicherung AG also exceeds the minimum required solvency ratio as per 31 December 2015. Due to the ongoing tense economic situation on the financial markets, there is considerable uncertainty concerning statements about trends in the solvency capital requirements and capital resources and therefore R+V has employed appropriate measures to ensure sufficient risk-bearing capacity.

The possibility of a new crisis in Europe is a risk factor for the development of business for R+V Versicherung AG. The associated impact on the capital markets, the real economy and public demand are difficult to assess. However, the risk of crisis has been reduced by the economic recovery, fiscal and regulatory measures as well as an active central bank policy.

Furthermore, from today's perspective, there are no perceivable trends which could inflict lasting damage on the assets, the financial situation and the profitability of R+V Versicherung AG.

Forecast

Caveat for statements about the future

Assessments concerning the forthcoming development of R+V are primarily based on planning, forecasts and expectations. Thus the following assessment of the development of R+V reflects incomplete assumptions and subjective opinions for which no liability can be assumed.

The assessment and comments on the probable development, including their significant opportunities and risks, are provided to the best of our knowledge and belief on the basis of what we know about the prospects of the industry, future economic and political conditions as well as development trends and their significant influencing factors. These prospects, basic conditions and trends can obviously change in future without this being predictable at present. The actual performance of R+V may therefore significantly differ overall from the forecasts.

Macroeconomic development

It is anticipated that there will be a positive trend in the economic growth in 2016 similar to that of 2015. Therefore, in its annual autumn report, the German Council of Economic Experts has forecast 1.6 % growth in real gross domestic products in Germany. The German Insurance Federation (GDV) had not yet published any forecasts for 2016 by the editorial deadline for this report.

Development on the capital markets

A continuation in the economic recovery with low rates of inflation will have an impact on the development of the capital markets in 2016. The central bank will use an expansive monetary policy in an effort to stave off the risks of deflation in the euro area. In contrast to this, the anticipated interest rate increases instigated by the central bank in the USA have a strong influence on the capital markets.

It is anticipated that there will have been a slight increase in interest rates by the end of 2016. Equities will remain volatile, but there may be moderate increases overall. The capital investment strategy of R+V Versicherung AG ensures that there is a high proportion of fixed-interest and highly creditworthy securities so that the technical liabilities can be met at any time. There is to be a slight increase in the duration. The continuing high quality of securities, a broad spread and strict risk management are the requirements for making use of the opportunities available on the capital markets. There is to be a slight increase in equity exposure regardless of the risk-bearing capacity. The property and infrastructure commitments will be further gradually increased with the presence of attractive investments.

This long-term investment strategy, which is oriented towards security, combined with modern risk management, will also determine the course in 2016.

Development on the reinsurance markets

There continues to be a great deal of pressure due to competition. Comparatively few major losses during the past year as well as a wide range of capacity offered by both traditional and non-traditional reinsurance have put pressure on prices in some segments. The impact of this varies considerably, especially in terms of classes and regions.

R+V Versicherung AG will continue to apply its strategy of profit-oriented growth during the 2016 fiscal year. At the same time, there will be a selective use of the available underwriting capacity in segments which show adequate risk margins. R+V Versicherung AG has continued to benefit from an excellent AA- rating by Standard and Poor's and this represents a clear differentiation criterion compared to many competitors. Underwriting, pricing and loss management, which are the key processes, are continually adjusted to the market conditions in order to improve the level of service for the customers and to withstand the overriding pressure on prices.

The gross loss expenditures will develop at a disproportionately low rate compared to the growth in premiums, and will be supported with a proportional development of costs. Overall, there will be a favourable return for normal business operations which will at least achieve the level for the fiscal year. This expectation assumes that there will be no major claim events outside of the expected value.

Thank you

The Board of Management would like to express its thanks and appreciation to all staff for their commitment and their work.

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, 3 March 2016

The Board of Management

Appendix to the Management Report

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

Life

Health

Accident

Liability

Motor

Aviation

Legal

Fire
and allied perils

Burglary and theft

Water damage

Storm

Comprehensive home contents

Comprehensive home-owners

Glass

Hail

Livestock

Engineering

Marine

Credit and bonds

Business interruption

Other

Annual Financial Statements 2015

Balance sheet

as of 31 December 2015*

ASSETS

in EUR				2015	2014
A. Intangible assets					
Purchased franchises, industrial and similar rights and assets as well as licences to such rights and values				**12,178.—**	**18,821.—**
B. Capital investments					
I. Land, leasehold rights and buildings including buildings on third party land			3,593,893.17		3,661,277.17
II. Capital investments in affiliated companies and holdings					
1. Shares in affiliated companies		2,429,684,496.99			2,357,625,780.99
2. Loans to affiliated companies		136,991,605.36			60,432,529.05
3. Holdings		861,102.78			861,102.78
4. Loans to associated companies		13,603,591.34	2,581,140,796.47		14,651,028.55
III. Other capital investments					
1. Shares, stocks or shares in investment funds and other variable interest securities		515,042,160.65			460,346,226.96
2. Bearer bonds and other fixed-interest securities		1,723,156,911.69			1,497,265,513.64
3. Other loans					
a) Registered bonds	492,010,381.19				456,700,171.82
b) Bonded debt receivables and loans	236,195,948.40	728,206,329.59			230,339,690.32
4. Deposits at banks		210,395,644.74			90,064,675.62
5. Other capital investments		17,523,466.77	3,194,324,513.44		11,368,964.01
IV. Deposits with ceding reinsurers			196,317,513.32		208,269,351.15
				5,975,376,716.40	**5,391,586,312.06**

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

in EUR				2015	2014
C. Receivables					
I. Settlement receivables from reinsurance business			168,990,977.23		277,333,187.12
Thereof due to:					
Affiliated companies	5,461,644.86 €	(6,735,489.50 €)			
Associated companies	– €	– €			
II. Other receivables			344,437,315.—		348,951,345.95
Thereof due to:					
Affiliated companies	284,454,007.55 €	(287,923,863.09 €)			
Associated companies	– €	– €			
				513,428,292.23	**626,284,533.07**
D. Other assets					
I. Property, plant, equipment and inventories			391,854.37		434,992.99
II. Cash at banks, cheques and cash in hand			166,577,954.83		96,918,782.95
III. Other assets			711,161.22		72,007.29
				167,680,970.42	**97,425,783.23**
E. Accruals					
I. Accrued interest and rents			38,116,387.11		36,337,830.36
II. Other accruals			158,797.73		89,329.02
				38,275,184.84	**36,427,159.38**
F. Active difference arising from asset offsetting				**—,—**	**8,646.25**
				6,694,773,341.89	**6,151,751,254.99**

LIABILITIES

in EUR			2015	2014
A. Shareholders' equity				
I. Called capital				
Subscribed capital	352,220,259.74			344,029,090.91
minus uncalled outstanding investments	—.—	352,220,259.74		—.—
II. Capital reserves		1,632,887,360.26		1,550,018,329.09
Thereof reserves in accordance with section 5 para. 5 No. 3 VAG (old version): – € (– €)				
III. Retained earnings				
Other retained earnings		164,666,337.05		164,666,337.05
			2,149,773,957.05	**2,058,713,757.05**
B. Technical provisions				
I. Unearned premium reserves				
1. Gross	175,666,401.65			162,677,319.74
2. Thereof: less reinsurance amount	1,740,329.—	173,926,072.65		1,631,201.98
II. Actuarial reserves				
1. Gross	56,755,422.90			61,778,332.03
2. Thereof: less reinsurance amount	27,376,265.08	29,379,157.82		29,166,310.51
III. Provision for outstanding claims				
1. Gross	2,896,921,019.43			2,437,896,179.54
2. Thereof: less reinsurance amount	19,409,907.85	2,877,511,111.58		56,921,016.36
IV. Provisions for performance based and non-performance based premium funds				
1. Gross	3,465,085.25			3,441,997.75
2. Thereof: less reinsurance amount	—.—	3,465,085.25		—.—
V. Equalisation provision and similar provisions		796,180,128.—		740,668,460.—
VI Other technical provisions				
1. Gross	561,425.09			736,354.—
2. Thereof: less reinsurance amount	—.—	561,425.09		—.—
			3,881,022,980.39	**3,319,480,114.21**

in EUR				2015	2014
C. Other provisions					
I. Provisions for pensions and similar obligations			2,566,666.98		969,431.73
II. Tax provisions			36,984,326.87		35,644,566.93
III. Other provisions			58,529,329.99		19,864,189.93
				98,080,323.84	**56,478,188.59**
D. Deposit liabilities received from reinsurers				**29,578,195.35**	**31,158,435.69**
E. Other liabilities					
I. Settlement liabilities from reinsurance business			280,901,363.11		439,896,842.85
Thereof due to:					
Affiliated companies	56,390,285.39 €	(177,947,048.17 €)			
Associated companies	1,154,445.94 €	(928,558.18 €)			
II. Bonds			29,075,288.14		27,646,393.02
III. Liabilities due to banks			5,640.68		—.—
IV. Other liabilities			226,335,593.33		218,377,523.58
Thereof:					
From taxes	978,953.90 €	(891,227.71 €)			
Social security	53,615.30 €	(55,652.73 €)			
due to:					
Affiliated companies	219,361,616.38 €	(211,595,308.47 €)			
				536,317,885.26	**685,920,759.45**
				6,694,773,341.89	**6,151,751,254.99**

Income statement

for the period 1 January to 31 December 2015*

INCOME STATEMENT				
in EUR			**2015**	**2014**
I. Technical account				
1. Premiums earned for own account				
a) Gross premiums written	1,980,554,345.54			1,746,056,901.23
b) Reinsurance premiums ceded	40,462,765.87			40,467,038.05
		1,940,091,579.67		
c) Change in gross unearned premium reserve	–6,558,030.58			–13,855,984.67
d) Change in gross unearned premium reserve - reinsurers' share	–127,091.39			522,941.61
		–6,430,939.19		
			1,933,660,640.48	**1,691,210,936.90**
2. Technical interest income for own account			**859,282.51**	**1,637,612.11**
3. Expenditure on insurance claims for own account				
a) Payments for claims				
aa) Gross	1,055,191,444.03			1,196,947,484.83
bb) Reinsurers' share	45,107,988.73			194,684,825.25
		1,010,083,455.30		
b) Change in provision for outstanding claims				
aa) Gross	395,332,107.47			107,241,178.29
bb) Reinsurers' share	–37,792,088.33			–178,796,212.86
		433,124,195.80		
			1,443,207,651.10	**1,288,300,050.73**
4. Change in other technical net provisions				
a) Net actuarial reserves		4,091,792.29		2,853,259.24
b) Other technical net provisions		194,577.30		–47,174.30
			4,286,369.59	**2,806,084.94**
5. Expenditure on performance-based and non-performance based premium funds for own account			**3,498,580.16**	**3,428,895.88**
6. Expenditure on insurance operations for own account				
a) Gross expenditure on insurance operations		487,468,777.42		433,199,901.39
b) Thereof:				
less reinsurance commissions and profit participations received		9,043,262.76		6,485,922.53
			478,425,514.66	**426,713,978.86**
7. Other technical expenses for own account			**1,809,855.01**	**1,873,939.61**
8. Subtotal			**11,864,691.65**	**–24,662,231.13**
9. Change to equalisation provision and similar provisions			**–55,511,668.—**	**–104,720,054.—**
10. Technical result for own account			**–43,646,976.35**	**–129,382,285.13**

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

in EUR				2015	2014
II. Non-technical account					
1. Income on capital investments					
a) Income from holdings		53,346.78			52,868.76
Thereof from affiliated companies:					
7,010.35 € (7,010.35 €)					
b) Income from other capital investments					
Thereof from affiliated companies:					
4,007,926.46 € (4,214,727.84 €)					
aa) Income from land, leasehold rights and buildings including buildings on third party land	663,059.13				655,761.45
bb) Income from other capital investments	98,017,724.29				94,879,382.68
		98,680,783.42			
c) Income from write ups		4,918,112.51			3,714,843.12
d) Realised gains on capital investments		2,236,182.21			2,091,769.80
e) Income from profit pooling, profit and loss transfer agreements and partial profit and loss transfer agreements		187,895,132.97			190,043,157.65
			293,783,557.89		291,437,783.46
2. Expenditure for capital investments					
a) Expenditure for management of capital investments, interest expenditure and other expenditure on capital investments		4,921,149.24			4,219,767.19
b) Depreciation on capital investments		10,373,154.72			1,448,320.71
c) Realised losses on capital investments		200,655.03			513,258.98
			15,494,958.99		6,181,346.88
			278,288,598.90		285,256,436.58
3. Technical interest income			–1,965,037.44		–2,797,138.82
				276,323,561.46	**282,459,297.76**
4. Other income			58,296,225.58		52,785,285.56
5. Other expenditure			64,750,602.97		54,080,085.30
				–6,454,377.39	**–1,294,799.74**
6. Non-technical result				**269,869,184.07**	**281,164,498.02**
7. Result of ordinary business activities				**226,222,207.72**	**151,782,212.89**

in EUR					2015	2014
8. Taxes on income and earnings				129,181,482.74		97,286,984.11
Thereof:						
Allocation within consolidated entity	118,289,057.47 €	(101,216,187.— €)				
9. Other taxes				200,098.65		168,145.89
Thereof:						
Allocation within consolidated entity	–478,061.43 €	(136,202.— €)				
					129,381,581.39	**97,455,130.—**
10. Profits transferred as a result of profit pooling, a profit and loss transfer agreement or a partial profit and loss agreement					**–96,840,626.33**	**–54,327,082.89**
11. Annual net income					**—.—**	**—.—**

Notes

Accounting and valuation methods

The 2015 annual financial statements for 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 Regulation (RechVersV).

Land, leasehold rights and buildings, including buildings on third party land, were accounted for using the acquisition or construction costs less depreciation whilst complying with the lower of cost or market value principle when there is a permanent impairment. Scheduled depreciation was carried out on a linear basis. Write-ups were carried out according to section 253 para. 5 (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, less depreciation if a permanent impairment was anticipated. In case the reasons for past depreciation no longer existed, write-ups were carried out to the fair value up to a maximum of the acquisition value in accordance with section 253 para. 5 (1) HGB.

Loans to affiliated companies and **to companies where there is a shareholding interest** were valued in line with their affiliation to the items listed below.

Bearer bonds and other fixed-interest securities were valued at acquisition costs, less depreciation according to the strict lower of cost or market value principle, unless they were assigned to assets.

Stocks or shares in investment funds which have been assigned to assets according to section 341 b para. 2 (1) HGB were written down to market value according to the option right pursuant to section 253 para. 3 (6) HGB.

Bearer bonds and other fixed-interest securities assigned to assets in accordance with section 341 b para. 2 (1) HGB were set at the amortised acquisition value in the currency of the portfolio or at the lower fair value in the currency of the portfolio if there was a permanent impairment according to section 253 para. 3 (5) HGB. During the fiscal year, the amortisation of any difference between the amortised acquisition costs and the repayment amount was carried out using the effective interest method for the first time. The changeover effect on the previous valuation is recognised as a one-time effect in the extraordinary result for capital investments.

If the reasons for a past depreciation of fixed assets and current assets no longer exist, according to section 253 para. 5 (1) HGB, these are written up to the fair value, to a maximum of the acquisition value.

Registered bonds and **other loans** were recognised at amortised cost unless individual value adjustments had to be carried out. The amortisation of any difference between the acquisition costs and the repayment amount was carried out using the effective interest method.

Deposits at banks were recognised at the respective repayment amount.

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 section 253 para. 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 **operating and office equipment** was valued at acquisition cost and written down using the linear 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.

Negative interest rates on **cash at banks** were recognised under Other expenditure.

An integrated intercompany agreement with regard to income tax has existed between R+V Versicherung AG and DZ BANK AG since 2012. As owing to deviating accounting under commercial and taxation law the consequences with regard to income tax arise at the controlling company, the valuation differences between the commercial and tax balance sheet existing at R+V Versicherung AG as of 31 December 2015 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 on 31 December 2015.

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

In principle, the **technical provisions** (unearned premium reserves, actuarial reserves, provisions for outstanding claims and other technical provisions) were shown on the balance sheet according to the information provided by the cedents. 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 and pharmaceutical risks) were calculated in accordance with section 341 h HGB in conjunction with sections 29 and 30 RechVersV.

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

The **provisions for pensions and similar obligations** were measured according to the projected unit credit method (PUC method) in connection with section 253 para. 1 HGB and based on 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 for the past seven years published by the German Federal Bank for October 2015 and with an assumed remaining term of 15 years. The interest rate was projected to the end of the year.

The following parameters were used:

Increases in salary:	2.50 %
Increase in pensions:	1.75 %
Fluctuation:	0.90 %
Interest rate:	3.89 %

Pension commitments through deferred compensation are largely covered by appropriate reinsurance policies pledged as security. Their value thus corresponds with the current value of the assets in accordance with section 253 para. 1 HGB.

All other **non-technical provisions** have been valued at their settlement amount in accordance with section 253 HGB and discounted if the term is longer than one year. In each case, the interest rate was projected to the end of the year, based on the average interest rate for the past seven years published by the German Federal Bank for October 2015.

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

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

With the exception of holdings, the items included under Assets B. capital investments I. to III. were calculated using the average spot exchange rate on the reporting date. The average spot exchange rate for the time of acquisition was used for holdings. The average spot exchange rate at the time of the cash flow was used to translated income and expenditure from capital investments.

All other items on the balance sheet and income statement, in particular technical items, were converted using the average spot exchange rate on 22 December 2015 in order to speed up the preparation of the annual financial statements.

Any exchange rate gains and losses incurred in relation to a single currency were balanced against each other.

List of shareholdings

SHARES IN AFFILIATED COMPANIES

Name of company and registered office	Shares in capital in %	Currency	Figures for Fiscal year	Equity EUR	Result EUR
Insurance companies					
Assimoco S.p.A., Segrate	67.0	EUR	2014	96,764,468	12,026,021
Assimoco Vita S.p.A., Segrate	64.6	EUR	2014	100,797,207	5,490,251
CHEMIE Pensionsfonds AG, Munich	100.0	EUR	2015	20,317,843	2,000,000
Condor Allgemeine Versicherungs-AG, Hamburg	100.0	EUR	2015	41,761,661	[1])
Condor Lebensversicherungs AG, Hamburg	95.0	EUR	2015	38,587,741	[1])
KRAVAG-ALLGEMEINE Versicherungs-AG, Hamburg	76.0	EUR	2015	88,737,584	12,487,541
KRAVAG-LOGISTIC Versicherungs-AG, Hamburg	51.0	EUR	2015	166,610,481	17,413,464
R+V Allgemeine Versicherung AG, Wiesbaden	95.0	EUR	2015	774,176,663	[1])
R+V Direktversicherung AG, Wiesbaden	100.0	EUR	2015	13,000,000	[1])
R+V Krankenversicherung AG, Wiesbaden	100.0	EUR	2015	63,485,231	5,500,000
R+V Lebensversicherung AG, Wiesbaden	100.0	EUR	2015	404,980,723	[1])
R+V Luxembourg Lebensversicherung S.A., Strassen	100.0	EUR	2015	342,751,779	37,905,169
R+V Direktversicherung AG, Wiesbaden	74.9	EUR	2015	24,153,166	480,000
R+V Lebensversicherung AG, Wiesbaden	100.0	EUR	2015	85,372,238	400,000
Service, holding, and real estate companies					
Assimocopartner Unipersonale S.r.L., Segrate	57.0	EUR	2014	179,847	–40,848
Aufbau und Handelsgesellschaft mbH, Stuttgart	82.3	EUR	2014	525,138	[1])
BWG Baugesellschaft Württembergischer Genossenschaften mbH, Stuttgart	82.2	EUR	2014	9,965,213	[1])
carexpert Kfz-Sachverständigen GmbH, Walluf	60.0	EUR	2015	4,332,663	1,261,194
CI Assekuradeur GmbH, Hamburg	100.0	EUR	2014	116,113	–1,684
CI CONDOR Immobilien GmbH i.L., Hamburg [2])	95.0	EUR	2015	25,500,000	[1])
compertis Beratungsgesellschaft für betriebliches Vorsorgemanagement mbH, Wiesbaden	51.0	EUR	2015	3,880,237	750,433

[1]) A profit and loss transfer agreement exists.
[2]) Company in liquidation since 1 January 2015.

SHARES IN AFFILIATED COMPANIES

Name of company and registered office	Shares in capital in %	Currency	Figures for Fiscal year	Equity EUR	Result EUR
Condor Dienstleistungs-GmbH, Hamburg	95.0	EUR	2015	233,469	30,966
Englische Strasse 5 GmbH, Berlin	90.0	EUR	2014	18,509,001	478,605
Finassimoco S.p.A., Segrate	57.0	EUR	2014	96,838,055	–110,742
GbR Dortmund, Westenhellweg 39-41, Wiesbaden [1])	94.0	EUR	2014	43,285,750	2,992,324
GTIS Brazil II S-Feeder LP, Edinburgh	97.9	USD	2014	13,855,553	–2,213,907
GWG 1. Wohn GmbH & Co. KG, Stuttgart	91.4	EUR	2014	2,000,000	316,311
GWG 2. Wohn GmbH & Co. KG, Stuttgart	91.4	EUR	2014	3,000,000	699,349
GWG 3. Wohn GmbH & Co. KG, Stuttgart	91.4	EUR	2014	7,000,000	1,300,587
GWG 4. Wohn GmbH & Co. KG, Stuttgart	91.4	EUR	2014	9,000,000	536,201
GWG Beteiligungsgesellschaft mbH, Stuttgart	91.4	EUR	2014	22,798	883
GWG Gesellschaft für Wohnungs- und Gewerbebau Baden-Württemberg AG, Stuttgart	91.4	EUR	2014	214,533,277	13,926,172
GWG ImmoInvest GmbH, Stuttgart	86.7	EUR	2014	6,153,403	853,090
GWG Wohnpark Sendling GmbH, Stuttgart	81.5	EUR	2014	2,377,380	–474,001
HANSEATICA Sechzehnte Grundbesitz Investitionsgesellschaft mbH & Co. KG, Berlin	95.0	EUR	2014	23,907,669	890,375
Henderson Global Investors Real Estate (No. 2) L.P., London	73.2	GBP	2014	10,865,644	–172,072
HGI Immobilien GmbH & Co. GB I KG, Frankfurt am Main	73.2	EUR	2014	14,266,700	427,985
HumanProtect Consulting GmbH, Cologne	100.0	EUR	2014	219,002	102,208
IZD-Beteiligung S.à.r.l., Luxembourg	96.2	EUR	2014	19,865,026	–11,657
KRAVAG Umweltschutz- und Sicherheitstechnik GmbH, Hamburg	51.0	EUR	2015	223,061	18,842
Medico 12 GmbH & Co. KG, Frankfurt am Main	100.0	EUR	2014	5,291,376	599,209
MSU Management-, Service- und Unternehmensberatung GmbH, Kaiserslautern	74.0	EUR	2014	650,653	197,557
NF Nordstrand GmbH & Co. Heidenkampsweg 100 Nord KG, Norderfriedrichskoog	89.3	EUR	2014	–3,824,834	95,278
NF Nordstrand GmbH & Co. Heidenkampsweg 100 Süd KG, Norderfriedrichskoog	47.9	EUR	2014	–2,849,989	21,608
PASCON GmbH, Wiesbaden	100.0	EUR	2015	25,000	[2])
Paul Ernst Versicherungsvermittlungsgesellschaft mbH, Hamburg	51.0	EUR	2015	61,368	5,867
Pension Consult Beratungsgesellschaft für Altersvorsorge mbH, Wiesbaden	74.9	EUR	2015	1,283,340	95,248

[1]) Reversal of the investment in November 2015.
[2]) A profit and loss transfer agreement exists.

SHARES IN AFFILIATED COMPANIES

Name of company and registered office	Shares in capital in %	Currency	Figures for Fiscal year	Equity EUR	Result EUR
R+V Dienstleistungs-GmbH, Wiesbaden [1]	100.0	EUR	2015	630,569	3,740
R+V Erste Anlage GmbH, Wiesbaden	95.0	EUR	2015	1,073,354	1,178
R+V Gruppenpensionsfonds-Service GmbH, Munich	74.9	EUR	2015	78,177	6,281
R+V INTERNATIONAL BUSINESS SERVICES Ltd., Dublin	100.0	EUR	2014	1,053,150	–1,985,634
R+V KOMPOSIT Holding GmbH, Wiesbaden	100.0	EUR	2015	1,801,621,575	[2]
R+V Kureck Immobilien GmbH, Wiesbaden	95.0	EUR	2015	36,248	1,380
R+V Leben Wohn GmbH & Co. KG, Wiesbaden	100.0	EUR	2015	67,780,762	373,762
R+V Mannheim P2 GmbH, Wiesbaden	94.0	EUR	2014	62,153,735	1,666,340
R+V Personen Holding GmbH, Wiesbaden	100.0	EUR	2015	679,088,847	[2]
R+V Real Estate Belgium N.V./S.A., Brussels	100.0	EUR	2014	2,075,126	–69,491
R+V Rechtsschutz-Schadenregulierungs-GmbH, Wiesbaden	100.0	EUR	2015	115,277	31,558
R+V Service Center GmbH, Wiesbaden	100.0	EUR	2015	2,869,375	[2]
R+V Service Holding GmbH, Wiesbaden	100.0	EUR	2015	171,910,250	[2]
R+V Treuhand GmbH, Wiesbaden	100.0	EUR	2015	36,089	–5,219
RC II S.a.r.L., Luxembourg	90.0	EUR	2014	9,135,566	94,499
RUV Agenturberatungs GmbH, Wiesbaden	100.0	EUR	2015	383,216	115,523
RV-CVIII Holdings, LLC, Los Angeles	99.0	USD	2014	42,195,377	–2,581,723
Schuster Versicherungsmakler GmbH, Bielefeld	51.0	EUR	2014	163,122	41,372
Schuster Versicherungsservice GmbH, Bielefeld	51.0	EUR	2014	25,565	[2]
SECURON Versicherungsmakler GmbH, Munich	51.0	EUR	2014	659,567	316,834
Sprint Sanierung GmbH, Cologne	100.0	EUR	2014	31,002,534	1,234,293
Tishman Speyer Brazil Feeder (SCOTS/D), L.P., Edinburgh	97.5	BRL	2014	81,812,469	21,612,240
Tishman Speyer European Strategic Office Fund Feeder, L.P., New York	97.2	EUR	2014	16,215,718	1,005,398
UMB Unternehmens-Management-beratungs GmbH, Wiesbaden	100.0	EUR	2015	1,452,334	528,412
Unterstützungskasse der Condor Versicherungsgesellschaften GmbH, Hamburg	98.3	EUR	2015	26,076	–
VMB Vorsorgemanagement für Banken GmbH, Overath	90.0	EUR	2014	115,743	226

[1] Formerly Condor Beteiligungsgesellschaft mbH (the registered office moved from Hamburg to Wiesbaden and the name was changed on 7 December 2015 in both cases).
Sale of company shares to R+V Service Holding GmbH on 13 November 2015.
[2] A profit and loss transfer agreement exists.

SHARES IN AFFILIATED COMPANIES

Name of company and registered office	Shares in capital in %	Currency	Figures for Fiscal year	Equity EUR	Result EUR
VR BKE Beratungsgesellschaft für Klima und Energie mbH i.L., Wiesbaden [1]	66.7	EUR	2014	139,875	–326,531
VR GbR, Frankfurt am Main	41.2	EUR	2014	205,213,489	60,245,865
VR Hausbau AG, Stuttgart	82.0	EUR	2014	2,750,000	[2]
WBS Wohnwirtschaftliche Baubetreuungs- und Servicegesellschaft mbH, Stuttgart	86.7	EUR	2014	13,098,270	819,305

[1] Company in liquidation since 20 May 2015.
[2] A profit and loss transfer agreement exists.

ASSOCIATES

Name of company and registered office	Shares in capital in %	Currency	Figures for Fiscal year	Equity EUR	Result EUR
ASSICONF S.r.L., Turin	11.4	EUR	2014	74,163	8,678
ASSICRA Servizi Assicurativi Banche di Credito Cooperativo Abruzzo e Molise s.r.L., Pescara	14.3	EUR	2014	348,212	21,300
ATRION Immobilien GmbH & Co. KG, Munich	31.6	EUR	2014	40,519,118	999,135
BAU + HAUS Management GmbH, Karlsruhe	50.0	EUR	2014	11,244,043	884,989
bbv-Service Versicherungsmakler GmbH, Munich	25.2	EUR	2014	1,618,152	409,358
BCC Risparmio Previdenza S.G.R.p.A., Milan	16.1	EUR	2014	34,945,121	9,460,293
Credit Suisse Global Infrastructure SCA SICAR, Luxembourg	29.6	USD	2014	264,341,936	59,218,736
European Property Beteiligungs-GmbH, Wiesbaden	38.6	EUR	2014	1,049,902	–25,031
GbR "Ackermannbogen.de – Wohnen am Olympiapark", Munich	41.0	EUR	2013 [1]	45,135	–17,038
Golding Mezzanine SICAV IV Teilfonds 2, Muns	47.5	EUR	2014	12,815,018	2,044,221
Henderson Global Investors Property (No. 2) Limited, London	50.0	GBP	2014	41,789	5,082
HGI Immobilien GmbH, Frankfurt am Main	50.0	EUR	2014	102,073	19,339
IZD-Holding S.à.r.l., Luxembourg	48.4	EUR	2014	39,250,580	–88,365
MB Asia Real Estate Feeder (Scot) L.P., New York	34.1	USD	2014	32,056,549	654,751
Office Tower IZD GmbH, Vienna	48.5	EUR	2014	38,268,379	250,170
PWR Holding GmbH, Munich [2]	33.3	EUR	2014	122,664	5,853
R+V Kureck Immobilien GmbH Grundstücksverwaltung Braunschweig, Wiesbaden	50.0	EUR	2014	8,327,867	571,811
R.G.A. Agrupación de Interés Ecónomico, Madrid	12.0	EUR	2014	117,000	–
R.G.A. Mediación, Operador de Banca-Seguros Vinculado, S.A., Madrid	28.5	EUR	2014	4,201,000	747,000
Rural Pensiones, S.A. Entidad Gestora de Fondos de Pensiones, Madrid	17.5	EUR	2014	16,852,000	717,000
Rural Vida, S.A. de Seguros y Reaseguros, Madrid	28.5	EUR	2014	160,653,000	8,462,000
Schroder European Property Investments No. 1 S.A., Senningerberg	44.3	EUR	2014	1,738,196	–118,298
Schroder Italien Fonds GmbH & Co. KG, Wiesbaden	23.1	EUR	2014	2,262,156	–850,015

[1]) The figures for 2014 were not available at the time of preparation.
[2]) The company was liquidated on 31 December 2014.

ASSOCIATES

Name of company and registered office	Shares in capital in %	Currency	Figures for Fiscal year	Equity EUR	Result EUR
Schroder Italien Fonds Holding GmbH, Frankfurt am Main	23.1	EUR	2014	2,234,750	–783,072
Schroder Property Services B.V., Amsterdam	30.0	EUR	2014	301,258	249,398
SECURON Hanse Versicherungsmakler GmbH, Hamburg	26.0	EUR	2014	28,436	–2,014
Seguros Generales Rural, S.A. de Seguros y Reaseguros, Madrid	28.5	EUR	2014	180,388,000	16,929,000
Tintoretto Rome S.r.L., Milan	23.1	EUR	2014	28,648,126	1,228,300
Versicherungs-Vermittlungsgesellschaft des Sächsischen Landesbauernverbandes mbH, Dresden	50.0	EUR	2014	179,564	20,855
Versicherungs-Vermittlungsgesellschaft mbH des Bauernverbandes Mecklenburg-Vorpommern e.V.(VVB), Neubrandenburg	50.0	EUR	2014	149,020	8,360
Versicherungs-Vermittlungsgesellschaft mbH des Landesbauernverbandes Sachsen-Anhalt e.V.(VVB), Magdeburg	50.0	EUR	2014	44,805	1,026
VVB Versicherungs-Vermittlungs-gesellschaft mbH des Landesbauern-verbandes Brandenburg, Teltow	50.0	EUR	2014	32,663	3,234
VV Immobilien GmbH & Co. United States KG i.L., Munich	24.7	EUR	2014	10,000	7,753,659

Notes to the balance sheet – assets

STATEMENT OF CHANGES TO ASSET ITEMS A., B. I. TO III IN FISCAL YEAR 2015[1])

	Values for previous year		Additions
	Thou. EUR	%	Thou. EUR
A. Intangible assets			
Concessions acquired for consideration, commercial copyrights and similar rights and values and licences to such rights and values	19	100.0	–
Total A	**19**	**100.0**	**–**
B. Capital investments			
I. Land, leasehold rights and buildings including buildings on third party land	3,661	0.1	–
II. Capital investments in affiliated companies and shareholdings			
1. Shares in affiliated companies	2,357,626	45.5	72,059
2. Loans to affiliated companies	60,433	1.2	75,307
3. Holdings	861	0.0	–
4. Loans to associated companies where there is a shareholding interest	14,651	0.3	–
Total B. II.	2,433,570	47.0	147,366
III. Other capital investments			
1. Shares, stocks or shares in investment funds and other variable interest securities	460,346	8.9	55,406
2. Bearer bonds and other fixed-interest securities	1,497,266	28.9	598,749
3. Other loans			
a) Registered bonds	456,700	8.8	55,623
b) Bonded debt receivables and loans	230,340	4.4	26,476
4. Deposits at banks	90,065	1.7	120,496
5. Other capital investments	11,369	0.2	7,504
Total B. III.	2,746,085	53.0	864,254
Total B	**5,183,317**	**100.0**	**1,011,620**
Total	**5,183,336**		**1,011,620**

[1]) Discrepancies in totals are due to rounding
[2]) thereof currency write ups: EUR 75,908 thousand
[3]) thereof currency depreciation: EUR 36,478 thousand

Transfers	Disposals	Write ups[2])	Depreciation[3])	Values for current fiscal year	
Thou. EUR	Thou. EUR	Thou. EUR	Thou. EUR	Thou. EUR	%
–	–	–	7	12	100.0
–	**–**	**–**	**7**	**12**	**100.0**
–	–	–	67	3,594	0.1
–	–	–	–	2,429.684	42.0
–	–	1,433	181	136,992	2.4
–	–	–	–	861	0.0
–	543	–	505	13,604	0.2
–	543	1,433	686	2,581,141	44.7
–	165	1,601	2,146	515,042	8.9
–	406,862	76,143	42,139	1,723,157	29.8
–	20,313	–	–	492,010	8.5
–	20,620	–	–	236,196	4.1
		1,649	1,813	210,396	3.6
–	1,350			17,523	0.3
–	449,310	79,393	46,098	3.,194,325	55.3
–	**449,853**	**80,826**	**46,851**	**5,779,059**	**100.0**
–	**449,853**	**80,826**	**46,858**	**5,779,071**	

B. CAPITAL INVESTMENTS

in thousand EUR			2015
Balance sheet items	**Book value**	**Current value**	**Reserve**
I. Land, leasehold rights and buildings including buildings on third party land	**3,594**	**8,771**	**5,177**
II. Capital investments in affiliated companies and holdings			
1. Shares in affiliated companies	2,429,684	5,314,151	2,884,467
2. Loans to affiliated companies	136,992	140,819	3,827
3. Holdings	861	982	120
4. Loans to associated companies where there is a shareholding interest	13,604	13,606	2
III. Other capital investments			
1. Shares, stocks or shares in investment funds and other variable interest securities	515,042	546,234	31,192
2. Bearer bonds and other fixed-interest securities	1,723,157	1,826,899	103,742
3. Other loans			
a) Registered bonds	492,010	570,049	78,039
b) Bonded debt receivables and loans	236,196	275,006	38,810
4. Deposits at banks	210,396	210,485	89
5. Other capital investments	17,523	18,181	658
IV. Deposits with ceding reinsurers	**196,318**	**196,318**	**–**
Total capital investments	**5,975,377**	**9,121,499**	**3,146,123**

Stock exchange prices or redemption prices were used to determine the fair value of listed securities. The discounted cash flow method was used to provide a synthetic market valuation for government bonds for which price data is not regularly supplied.

The discounted cash flow method is used to determine the market values of registered bonds and Other loans whilst taking into account the remaining term and the risk premiums in relation to creditworthiness.

The formula to determine the net earnings value according to IDW S1 in conjunction with IDW RS HFA 10 is used to determine the relative fair values for shareholdings or as a basis for the net asset value.

The building was revalued as of 31 December 2015. The valuation for the underlying ground value is updated every five years and was last updated in 2014. If any additional valuation methods have been used, these will comply with the provisions of section 56, Insurance Accounting Ordinance (RechVersV).

In accordance with section 341 b para. 2 HGB, EUR 2,229.9 million of capital investments have been assigned to assets. This includes positive valuation reserves of EUR 147.4 million and negative valuation reserves of EUR 12.7 million based on the rates on 31 December 2015.

The valuation reserves for the total capital investments amount to EUR 3,146.1 million which corresponds to a reserve ratio of 52.7 %.

B. CAPITAL INVESTMENTS – STOCKS OR SHARES IN INVESTMENT FUNDS

in thousand EUR

Type of fund	Market value	Difference between Market value/ Book value	Distribution for the Fiscal year	Omitted non-scheduled Depreciation
Pension funds	40,200	–	284	–
Mixed funds	461,824	25,822	17,485	–
	502,023	**25,822**	**17,769**	**–**

The security funds have a predominantly European or international focus and investment is concentrated on securities.

There is compliance at all times with the investment principle of section 54 para. 1 VAG (Insurance Supervision Act) old version, regarding security.

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

in thousand EUR

Type	Nominal volumes	Book value	Current value
Bearer bonds and other fixed-interest securities [1])	462,044	470,069	457,366
Registered bonds and Other loans [2])	67,184	67,451	61,844
Holdings and other capital investments [3])	–	4,202	3,956

[1]) Due to the existing creditworthiness of the issuers, the impairments are not permanent but dependent on market price changes.
[2]) The lower fair value relates to bonded loans, registered bonds and registered profit certificates which are expected to show a temporary impairment as a result of their credit rating.
[3]) Due to the expected profits of the companies, the impairments are not permanent but dependent on market price changes.

B. CAPITAL INVESTMENTS – INFORMATION ON DERIVATIVE FINANCIAL INSTRUMENTS

in thousand EUR

Type	Nominal volumes	Book value	Positive fair value	Negative fair value
Interest-related business				
Futures / registered certificates forward purchases [1]	79,500	–	17,875	–
Futures / bearer bonds forward purchases [2]	61,000	–	8,432	547
Currency-related business				
Forward exchange transactions [3]	138,474	1,043	146	1,043

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

Recognised actuarial methods were used to assess financial derivatives and structured products. The present value method was used to assess forward transactions and the Libor Market Model was used for structured products and swaps.

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

E. II. OTHER ACCRUALS AND DEFERRALS

in EUR	2015
Expenditure relating to subsequent fiscal years	
Status as of 31 December	**158,798**

Notes to the balance sheet – equity and liabilities

A. I. CALLED CAPITAL

in EUR	2015
Subscribed capital divided into 13,560,480 individual shares	
As of 1 January	344,029,090.91
Increase in capital in accordance with the Board of Management's decision to make use of the authorised capital	8,191,168.83
Status as of 31 December	**352,220,259.74**

DZ BANK AG has declared that it holds the majority of the shares in R+V Versicherung AG in accordance with section 20 para. 4 German Companies Act (AktG).

II. CAPITAL RESERVES

in EUR	2015
As of January 1	1,550,018,329.09
Premium from the capital increase	82,869,031.17
Status as of 31 December	**1,632,887,360.26**

A. III. RETAINED EARNINGS

in EUR	2015
Other retained earnings	
Status as of 31 December	**164,666,337.05**

The retained earnings are unchanged on the status on 31 December 2014.

C. I. PROVISIONS FOR PENSIONS AND SIMILAR OBLIGATIONS

in EUR	2015
Amount payable	18,178,142.58
Offsettable reinsurance assets (claims from life insurance policies)	15,611,475.60
Status as of 31 December	**2,566,666.98**

C. III. OTHER PROVISIONS

in EUR		2015
Holiday / flexi-time credits		936,000.—
Working life		—.—
Provision	1,493,995.22	
Offsettable reinsurance assets (claims from life insurance policies)	1,493,995.22	
Capital investment area		1,531,939.25
Annual financial statements		1,049,347.17
Employer's Accident Liability Association		134,000.—
Personnel costs		5,550,158.01
Anniversaries		1,920,723.—
Other provisions		47,407,162.56
Status as of 31 December		**58,529,329.99**

The Other provisions essentially relate to the risk items connected with the change in the valuation of fixed-interest securities.

E. OTHER LIABILITIES

in EUR	2015
Liabilities with a remaining term of more than five years	
Loans	5,960,800.—
Other liabilities	7,950.39
Status as of 31 December	**5,968,750.39**

There were no liabilities secured by liens or similar rights.

Notes to the income statement

I. 1.A.) GROSS PREMIUMS WRITTEN

in EUR	2015	2014
Property and casualty, health and accident insurance	1,954,803,801.81	1,720,227,542.47
Life insurance	25,750,543.73	25,829,358.76
Status as of 31 December	**1,980,554,345.54**	**1,746,056,901.23**

I. 2. TECHNICAL INTEREST INCOME FOR OWN ACCOUNT

in EUR	2015	2014
Status as of 31 December	**859,282.51**	**1,637,612.11**

This concerns deposit interest from securities in the amount of the securities provided for the actuarial reserves and the annuity actuarial reserves with the reinsurers.

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

I. 3. EXPENDITURE ON CLAIMS FOR OWN ACCOUNT

in EUR	2015	2014
Status as of 31 December	**1,443,207,651.10**	**1,288,300,050.73**

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

This settlement loss is seen alongside additional premiums amounting to EUR 244.2 million. These resulted from reinsurance policies whose term does not correspond to a calendar year or which were concluded on the basis of an underwriting year.

II. 2.B.) DEPRECIATION ON CAPITAL INVESTMENTS

in EUR	2015	2014
Scheduled depreciation	67,384.—	67,384.—
Non-scheduled depreciation in accordance with section 253 para. 3 (5) HGB	2,121,044.35	133,547.26
Non-scheduled depreciation in accordance with section 253 para. 3 (6) HGB	7,809,426.37	1,247,389.45
Non-scheduled depreciation in accordance with section 253 para. 4 HGB	375,300.—	—.—
Status as of 31 December	**10,373,154.72**	**1,448,320.71**

II. 4. OTHER INCOME

In EUR	2015	2014
Income on services provided	27,066,579.23	25,290,995.82
Other interest income	7,045,792.28	1,606,153.93
Income from liability insurances	974,179.89	1,744,693.72
Other income	23,209,674.18	24,143,442.09
Status as of 31 December	**58,296,225.58**	**52,785,285.56**

Other income includes exchange rate gains of EUR 22.6 million.

II. 5. OTHER EXPENDITURE

In EUR	2015	2014
Expenditure on services provided	26,853,808.03	25,182,309.41
Expenditure that affects the company as a whole	11,638,260.70	9,865,919.98
Interest transferred to provisions	1,009,711.08	986,135.04
Interest to be offset from offsettable assets	–786,001.70	–626,709,75
Other interest expenditure	4,089,105.72	2,351,198.18
Expenditure from outsourcing pension obligations	132,776.17	130,163.06
Other expenditure	21,812,942.97	16,191,069.38
Status as of 31 December	**64,750,602.97**	**54,080,085.30**

Other income includes exchange rate losses of EUR 19.7 million.

Other explanatory notes

SUPERVISORY BOARD OF R+V VERSICHERUNG AG

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

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

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

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

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

Carsten Graaf
Chairman of the Board of Management,
Volksbank Meerbusch eG, Meerbusch
(until 20 May 2015)

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

Gabriele Kaupp-Stöckl
Member of the Works Council,
R+V Allgemeine Versicherung AG, Wiesbaden
(until 20 May 2015)

Klaus Krömer
Member of the Board of Management,
Emsländische Volksbank eG, Meppen

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

Dirk Schiweck
Member of the General Works Council for R+V Versicherung AG, Wiesbaden Head Office, Wiesbaden
(as of 20 May 2015)

Armin Schmidt
Trade Union Secretary for Financial Services for Vereinte Dienstleistungsgewerkschaft ver.di, Wiesbaden District, Wiesbaden

Sigrid Schneider
Chairman of the Works Council,
R+V Allgemeine Versicherung AG, Dresden branch office, Dresden

Ingo Stockhausen
Chairman of the Board of Management,
Volksbank Oberberg eG, Wiehl
(as of 20 May 2015)

Ursula-Maria von Tesmar
Chairwoman of the Works Council of the joint operation
R+V Management Company Hamburg/KRAVAG, Asendorf

Martina Trümner
Legal advisor for the Federal Administration of the
Vereinte Dienstleistungsgewerkschaft ver.di, Berlin district, Berlin
(as of 20 May 2015)

Rainer Wiederer
Spokesman of the Board of Management,
Volksbank Raiffeisenbank Würzburg eG, Würzburg

Jürgen Zachmann
Chairman of the Board of Management,
Volksbank Pforzheim eG, Pforzheim

BOARD OF MANAGEMENT OF R+V VERSICHERUNG AG

Dr. Friedrich Caspers
– Chairman –

Frank-Henning Florian

Heinz-Jürgen Kallerhoff

Dr. Christoph Lamby

Hans-Christian Marschler
(until 31 December 2015)

Julia Merkel
(as of 1 January 2016)

Marc René Michallet

Dr. Norbert Rollinger

Peter Weiler

PERSONNEL EXPENDITURE

in EUR	2015	2014
1. Wages and salaries	46,874,946.84	43,980,397.32
2. Social security deductions and expenditure on other benefits	5,620,040.27	5,264,831.57
3. Expenditure on pension provision	5,820,212.05	4,278,188.33
Total expenditure	**58,315,199.16**	**53,523,417.22**

Total remuneration of the members of the Board of Management amounted to EUR 8,320,824.17 (2014: EUR 8,100,959.74).

EUR 611,756.37 were paid to former members of the Board of Management and their dependants (2014: EUR 392,170.80). As part of the outsourcing of pension obligations for members of the Board of Management in 2015, contribution payments of EUR 2,628,583.55 (2014: EUR 1,790,998.10) were made to the Versorgungskasse genossenschaftlich orientierter Unternehmen e.V. and EUR 195,967.57 (2014: EUR 77,680.43) was paid to the Versorgungskasse genossenschaftlich orientierter Unternehmen e.V. for former members of the Board of Management and their dependents.

There is a provision amounting to EUR 6,961,922.00 (2014: EUR 5,072,115.00) for ongoing pensions and the pension entitlements due to former members of the Board of Management and their dependents. Furthermore, obligations for this group of people of EUR 1,350,209.00 (2014: EUR 1,224,003.00 are not shown in the balance sheet due to Article 67 para. 1 EGHGB (Introductory Act to the German Commercial Code).

EUR 369,896.43 (2014: EUR 366,064.06) was spent for the Supervisory Board during the fiscal year. Contributions that must be reported according to section 285 No. 9c HGB (German Commercial Code) are not recorded during the fiscal year.

Number of employees
During the 2015 fiscal year, an average of 507 employees (2014: 486) were employed at R+V Versicherung AG and 502 of these were employed in administrative services for Head Office and five were employed at the Singapore branch.

Information about related parties and companies
During the reporting period no transactions as defined by section 285 No. 21 HGB were carried out with related parties or companies.

INFORMATION ON CONTINGENT LIABILITIES AND OTHER FINANCIAL OBLIGATIONS

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

in EUR	Details concerning amount	thereof due to affiliated companies	Risks	Benefits
1. Letters of Credit	370,201,755.—	—.—	The guarantees can be used if payment obligations to cedents are not met.	Bank guarantees were used to provide collateral for technical liabilities so that business can be conducted in foreign markets.
2. Supplementary payment obligations	108,725,483.73	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 reported capital investments as long as this is 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	19,900,000.—	19,900,000.—	Liability for granting loans.	Better credit procurement possibilities for a borrowing company within the R+V Group.
4. Put options from multi-tranches Remaining term > 1 year	103,000,000.—	20,000,000.—	Outflow of liquidity. Opportunity costs are incurred due to the low interest rate and an issuer risk.	Higher coupon of underlying asset.
5. Blocked deposit	145,985,573.43	—.—	Outflow of liquidity. Opportunity costs are incurred due to the low interest rate.	Investments were blocked in separate deposit accounts in favour of direct insurers.
6. Liabilities from pending transactions	140,500,000.—	72,500,000.–	Opportunity costs due to low interest rate; counterparty risk and issuer risk.	Compensation for liquidity fluctuations during the course of the fiscal year and avoiding of market disturbances with high investment requirements.
7. Amount of liability	5,000.—	—.—	No increase in balance sheet capital investments on recourse. There is no reported current value for the liability total.	Increase in liable shareholders' equity at cooperative companies, low probability of occurrence through deposit guarantee funds.
8. Service agreements	96,462.95	—.—	Price change risk.	Attainment of economically viable rebates and safeguarding reliable estate management.
Total	**888,414,275.11**	**197,916,950.—**		

It is unlikely that contingent liabilities will be utilised according to section 251 HGB.

AUDITOR’S FEES AND SERVICES

The following fees were recorded as expenditure (net) in the fiscal year:

in EUR	2015
Audit services	413,000.—
Other certification services	410,500.—
Other services	295,739.65
Total expenditure	**1,119,239.65**

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

Consolidated financial statement

R+V Versicherung AG prepares a consolidated financial statement in accordance with IFRS. This is filed in the electronic German Federal Gazette (Bundesanzeiger).

The R+V Versicherung AG’s consolidated financial statement is included as a subgroup with a discharging effect in the higher level consolidated financial statement for DZ BANK AG Deutsche Zentral-Genossenschaftsbank, Frankfurt am Main. This is filed in the German Federal Electronic Gazette (Bundesanzeiger).

Wiesbaden, 3 March 2016

The Board of Management

Dr. Caspers	Florian	Kallerhoff	Dr. Lamby
Merkel	Michallet	Dr. Rollinger	Weiler

Auditor's report

We have audited the annual financial statements – consisting of the balance sheet, income statement 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 2015. 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 situation, financial situation and profitability in the annual financial statements in accordance with German principles of proper accounting and in the management report are detected with reasonable assurance.

Knowledge of the business activities and the economic and legal environment of the Company and expectations as to possible misstatements are taken into account in the determination of the 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 appraisal 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 give a true and fair view of the assets situation, 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, 4 March 2016

Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft

Gehringer
Auditor

Kaminski
Auditor

Report of the Supervisory Board

The economy showed positive trends both in Germany and the rest of the euro area in 2015. Private consumption and German exports have benefitted from the European Central Bank's expansive monetary policy and bond purchasing as well as the drop in the external value of the euro, falling oil prices and extremely low rates of inflation. The financial markets within the euro zone were affected by the continuation of the enormous bond purchasing scheme undertaken by the European Central Bank which continued to manifest itself in interest rates which had already been very low. By contrast, the US Federal Reserve introduced a turnaround in interest rates which resulted in a sharp rise in the exchange rate of the USD against the euro. In addition to this, turbulences in China and in other emerging markets led to increased volatility in the markets. The interest rates for ten-year German government bonds, which reached a historic low when they fell to almost zero per cent in the spring of 2015, continue to be very low and stood at 0.6 % at the end of the year.

The insurance industry was affected by the prevailing economic circumstances and the ongoing low interest rates with respect to capital investments. Many competitors have now stated that, in the future, they will no longer be offering firm guarantee commitments to cover the entire term for their products. Furthermore, the implementation of the new Solvency II regulatory regime required considerable effort on the part of the insurance industry.

During its work, the Supervisory Board has taken into account the general prevailing economic conditions in 2015. The Supervisory Board has dealt with the economic situation for R+V Versicherung AG and the Group, corporate planning and perspectives as well as important financial indicators in detail as part of its work. The Supervisory Board particularly discussed the business development of the life, health, non-life and accident insurance lines of business, as well as active reinsurance. The Supervisory Board discussions focussed on the implementation of the new regulatory framework under Solvency II as well as earnings performance, the claims situation, the policy for capital investments in the continuing low-interest rate environment and medium-term planning. The Supervisory Board also worked intensively with regards to the general business environment for life insurance, the increasing cost of additional interest provisions and the adjustments resulting from the Life Insurance Reform Law (Lebensversicherungsreformgesetz). The Supervisory Board also dealt with the utilisation of the second instalment of the capital authorised for a capital increase for cash for R+V Versicherung AG, an amendment to the articles of association as well as matters concerning the Board of Management and the Supervisory Board. Within this context, the Supervisory Board defined the gender quota for the Supervisory Board and the Board of Management in particular, in line with the law on the equal participation of men and women in managerial positions in both the private sector and public services. Reports on the risk strategy and the risk management system were also compiled.

Supervisory Board and committees
In order to discharge its duties, the Supervisory Board has formed an audit committee, a personnel committee and a mediation committee.

The Supervisory Board and its committees have monitored the management of the Board of Management in accordance with statutory regulations and the articles of association and have taken decisions on those transactions presented to them for their approval.

Sufficient resources have been put aside to support the induction of the members of the Supervisory Board into their posts and to enable training to develop theoretical and practical knowledge of the insurance business. So R+V Versicherung AG held an information session for Supervisory Board members during the 2015 fiscal year. This covered risk management and Solvency II, legal matters concerning the work of the Supervisory Board as well as capital investment and accounting for insurance companies.

Cooperation with Board of Management
The Board of Management has regularly and comprehensively reported to the Supervisory Board about the situation and development of the company in a timely manner. This has been in

the form of both written and verbal reporting. This has taken place during the Supervisory Board meetings and the committee meetings as well as by means of quarterly written reports from the Board of Management. The Board of Management regularly provided the Supervisory Board with detailed information on the business performance and the risk situation with regards to the economic and regulatory risk-bearing capacity of R+V Versicherung AG and the R+V Group.

The Supervisory Board discussed the above issues with the Board of Management and advised the Board of Management as well as supervised its management. The Supervisory Board has worked hard to deal with the regulatory frameworks as well as the impact of the low interest rates on the strategic direction. The Supervisory Board has always been involved in decisions which are of key significance and transactions which require its approval.

In addition to this and outside of the meetings, the Chairs of the Supervisory Board for R+V Versicherung AG and the Board of Management have held regular talks to discuss essential, important decisions and key business developments beforehand.

Meetings held by the Supervisory Board and its committees
The Supervisory Board held four meetings during the 2015 fiscal year and these were on 23 March 2015, 20 May 2015, 14 September 2015 and on 30 November 2015.

In addition, the audit committee held a meeting on 19 March 2015 and the staff committee held meetings on 12 March 2015 and 30 November 2015.

During the meetings the Supervisory Board and the committees received and discussed verbal and written reports provided by the Board of Management. The discussions in the staff committee focused on the preparation for the Supervisory Board resolution on adjusting the Board of Management's variable remuneration to the requirements of Art. 275 of the Solvency II ordinance and the personnel/management departmental follow-up to the appointment of a member of the Board of Management. The Supervisory Board appointed Ms Julia Merkel as a member of the Board of Management and as Employee Director on 1 January 2016.

The Supervisory Board used a written decision procedure when making urgent decisions.

Working with the auditor
Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, the auditors, found the annual financial statement for R+V Versicherung AG which was presented by the Board of Management, as well as the accounting methods and the management report for R+V Versicherung AG, the consolidated financial statement and the group management report for the 2015 fiscal year to be in line with statutory requirements. The auditor gave an unqualified audit report in each case. The auditor's certificates were sent to the members of the Supervisory Board and were deliberated and discussed in detail. The Supervisory Board agrees with the results of the audit as presented by the auditor.

Confirmation of the Annual Financial Statements
The audit committee and the Supervisory Board have examined in detail the annual financial statements and the management report as well as the consolidated financial statement and the consolidated management report for the 2015 fiscal year.

The representatives of the auditor took part in both the audit committee meeting on 14 March 2016 and the Supervisory Board meeting on 18 March 2016 in order to report on the key findings of the audit. The annual financial statement, management report, consolidated financial statement and the respective auditor's certificates – in other words, the key indicators concerning the balance sheet, provisions, the early risk identification system in accordance with section 91 para. 2 AktG (German Companies Act) and reports on the internal audit function and the compliance function for the past year – were all discussed. There was also detailed reporting on the risk strategy and the risk situation. Representatives of the auditor were available to the members of the committee and the Supervisory Board for additional clarification. The Chairman of the audit committee meeting informed the Supervisory Board in detail about the committee's recommendations.

The Supervisory Board did not raise any objections to the annual financial statement, management report, consolidated financial statement or the consolidated management report prepared by the Board of Management for the 2015 fiscal year and have endorsed the auditors' report.

Following the recommendation of the audit committee, the annual financial statement presented by the Board of Management for the 2015 fiscal year was endorsed by the Supervisory Board at its meeting on 18 March 2016. The financial statement has thus been adopted in accordance with section 172 AktG. At the same meeting, the consolidated financial statement submitted to the Board of Management was endorsed by the Supervisory Board.

Changes to the Supervisory Board and the committees
The mandates of Mr Carsten Graaf and Mr Karl-Heinz Moll as members of the Supervisory Board ended as scheduled upon the completion of the annual general meeting on 20 May 2015. The mandates of Mr Carsten Graaf as a member of the audit committee and Mr Karl-Heinz Moll as a member and Chairman of the audit committee also ended at that same point in time. Upon their expiry, the annual general meeting re-elected Mr Karl-Heinz Moll as shareholder's representative on the Supervisory Board and Mr Ingo Stockhausen was elected to succeed Mr Carsten Graaf as shareholder's representative on the Supervisory Board.

The mandates of the employee representatives on the Supervisory Board ended as scheduled upon the completion of the annual general meeting on 20 May 2015. The mandates of Mr Ulrich Birkenstock as Deputy Chairman of the Supervisory Board, member of the staff committee, the mediation committee and the audit committee also ended at that same point in time. Furthermore, the mandates of Ms Rita Jakli and Ms Ursula von Tesmar as members of the staff committee and Mr Thomas Bertels and Mr Ulrich Birkenstock as members of the audit committee ended at that same time. Ms Sibel Araboglu-Brüchert who was an employee representative on the Supervisory Board passed away on 27 October 2014. In an employee election which was held during the spring of 2015, Mr Ulrich Birkenstock, Mr Thomas Bertels, Ms Rita Jakli, Ms Sigrid Schneider, Mr Armin Schmidt and Ms Ursula von Tesmar were all re-elected to the Supervisory Board as employee representatives as of the end of the annual general meeting and Mr Dirk Schiweck and Ms Martina Trümner were newly elected as employee representatives to the Supervisory Board.

During its meeting on 20 May 2015, Mr Ulrich Birkenstock was re-elected as Deputy Chairman of the Supervisory Board which resulted in the fact that he continues to be a member of the staff committee in accordance with section 9(2) of the Rules of Procedure of the Supervisory Board as well as member of the mediation committee in accordance with section 27 para. 3 Co-Determination Act (MitbestG). The Supervisory Board also re-elected Ms Rita Jakli and Frau Ursula von Tesmar as members of the staff committee, Ms Rita Jakli as a member of the mediation committee and Mr Thomas Bertels and Mr Ulrich Birkenstock as members of the audit committee. In addition to this, the Supervisory Board re-elected Mr Karl-Heinz Moll as member and Chairman of the audit committee and co-opted for Mr Uwe Abel to succeed Mr Graaf as member of the audit committee.

The Supervisory Board thanks the Board of Management and all the employees of the R + V Group for their work in 2015.

Wiesbaden, 18 March 2016

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.

Actuarial reserves
Technical provisions calculated according to actuarial methods which provides the future policy holder with total cover in terms of life insurance, health insurance and personal accident insurance. It corresponds to the difference of cash value of the future liabilities minus the cash value of future premiums.

Actuary, the German Actuary Association
Actuaries are qualified mathematical experts. They are organised into national and international professional bodies such as the German Actuary Association.

Additional interest reserve
The increase in actuarial reserves due to the interest rate environment are combined together in the additional interest reserves. In the new portfolio this is calculated according to Section 5 of the Actuarial Reserve Ordinance (DeckRV) and in the old portfolio according to one of the business plans approved by the Federal Financial Supervisory Authority (BaFin).

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 (Board of Management, 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 policy holder from the direct insurance company to a reinsurance company.

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.

Cancellation rate
The cancellation rate is the volume-weighted proportion of cancelled contracts against recently closed contracts or existing contracts. Insofar as payable premiums develop in damage and personal accident insurance, which can still be dropped due to an end or reduction in insurance risk, cancellation reserves were developed for this scenario.

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 loss and cost ratio. This is an important indicator when considering the profitability of a policy, a subportfolio or a complete insurance portfolio. If this figure exceeds 100 % it results in a technical loss for the transaction in question.

Composite insurer
Insurance companies which unlike single branch companies (such a life insurance companies) run several lines of insurance.

Cost ratio gross
Expenditure on insurance operations in proportion to the 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 normally refers to its market value. If the value cannot be calculated directly, one must make do with the value at which the asset was traded between knowledgeable, willing and independent parties.

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

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

Direct business
Transactions which have been concluded directly between the insurance company and the policy holder. In contrast to ➔ assumed business.

Discounted cash flow method (DCF)
The Discounted cash flow method builds on the mathematical concept of discounting future cash flows for calculating capital value.

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.

Equity ratio
Equity in relation to net premium.

Excess insurance
Excess insurance is an increase in total amount of an existing pecuniary damage liability insurance policy. High risks require higher insurance amounts.

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

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

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

Genossenschaftliche FinanzGruppe Volksbanken Raiffeisenbanken
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.

Guaranteed funds
The total of shareholders' equity, technical provisions and equalisation provision. This amount is available at a maximum to offset liabilities.

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.

Libor market model
The Libor market model is a mathematical model (yield curve model) used to evaluate interest rate derivatives and complex interest-bearing products, which is based on the work of Brace, Gatarek and Musiela.

Loss ratio
Percentage relationship of the total of expenditure on claims 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.

New portfolio
Insurance companies have been organising all their insurance contracts into old and new portfolios since the insurance industry was deregulated in 1994. The new portfolio comprises contracts concluded since the deregulation.

Old portfolio
Insurance companies have been organising all their insurance contracts into old and new portfolios since the insurance industry was deregulated in 1994. The old portfolio comprises the contracts closed prior to deregulation.

Operating expenses (net)
Commission and personal and operating expenditure for the acquisition and the ongoing administration of insurance policies, net of commission and profit share repaid by reinsurers.

Own account
The respective technical items or the ratio after deducting ceded reinsurance business
➔ Gross/Net

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

Premiums
The premium is the price paid for the insurance cover provided by the insurer. It can be paid in an ongoing manner or as a one off contribution. "Premiums Written" 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".

Production
Production is classified as the new customer's monthly premium rate and the higher monthly premium rate for contracts of pre-existing customers for adding more tariffs, supplementary insurance and tariff exchange, including any risk premiums.

Provision
Insurance company payments to agents, brokers or other intermediaries to cover the costs associated with the conclusion and administration of insurance contracts.

Provision for outstanding claims
Provision for the liabilities arising from insurances claims which had already occurred on the balance sheet date but which had not been reported or could not be fully processed.

Provision for premium funds
Provision for obligations for premium funds to policy holders not yet due as at the balance sheet date which is separated by composite insurers into performance based and non-performance based; the approach is the result of regulatory or individual-based regulations.

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

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

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

Reported loss ratio gross
Expenditure on insurance claims in relation to earned premiums (all gross).

Reported loss ratio net
Expenditure on insurance claims in relation to earned premiums (all net).

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.

Retention
The part of the assumed risks that the insurer does not give in counter indemnity i.e. shows net. (Retention rate: percentage of the retention of the gross premiums written).

Road transport cooperatives
Economic organisations of the road transport industry which provide services for the transportation of people and goods. This includes, for example, consulting and insurance services.

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.

Security assets
The portion of an insurance company's shares which serve to secure the claims of the policy holders. In order to secure the claims of the insured in case of insolvency, security assets are assets separated from the others within an insurance company, access to which is forbidden to other creditors.

Settlement result
The settlement result shows how the loss provisions have changed over the course of time through payments made and by reassessment of the expected final loss on the respective reporting date.

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).

Tax deferral (active/ passive deferred taxes)
In a single-entity financial statement, tax deferral is possible if there are differences between the tax valuation of assets and liabilities in the commercial and tax balance sheets. By considering deferred taxes, future tax burdens (passive deferred taxes) or reliefs (active deferred taxes) are mapped in the commercial balance sheet.

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.

Underwriting capacity
On the one hand, determining factors in underwriting capacity include the volume and structural features (insurance class, private clients, commercial or industrial business) of the insurance portfolio, and on the other hand, they include the provision of equity and reinsurance protection.

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 reserves under technical provisions.

Valuation reserves
The difference between the carrying amount and the ➔ Current value of a capital investment.

Addresses of R+V Insurance Companies

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