

Half-Year Financial Report

Munich Re

2013

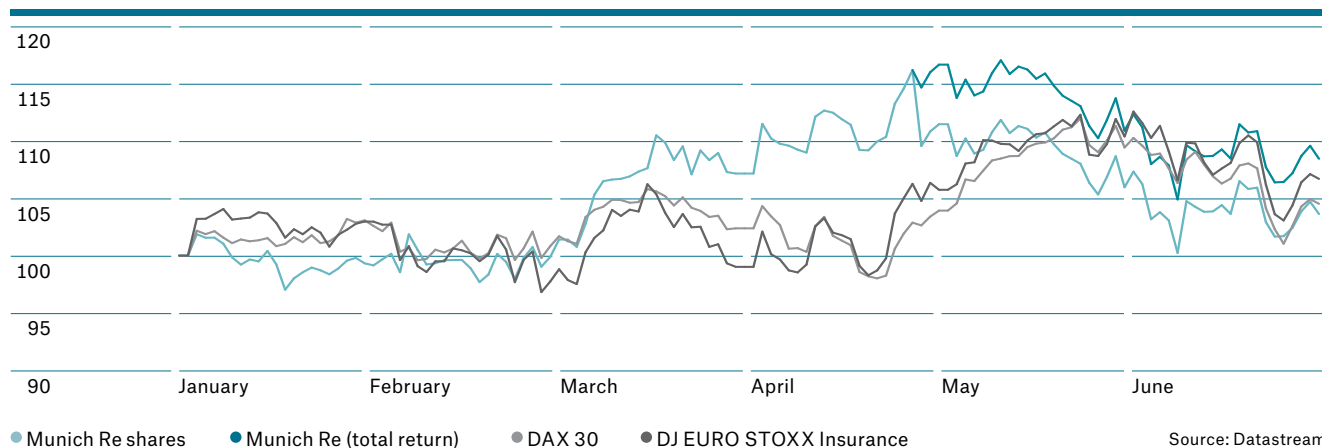
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Share price performance 1.1.2013 = 100



Key figures (IFRS)

Munich Re at a glance

| | | Q1-2 2013 | Q1-2 2012 | Change | Q2 2013 | Q2 2012 | Change |
|--|-----|-----------|-----------|--------|-----------|------------|--------|
| | | | | % | | | % |
| Consolidated result | €m | 1,522 | 1,594 | -4.5 | 543 | 812 | -33.1 |
| Thereof attributable to non-controlling interests | €m | 21 | 6 | 250.0 | 14 | 4 | 250.0 |
| Earnings per share | € | 8.38 | 8.94 | -6.3 | 2.95 | 4.54 | -35.0 |
| Return on risk-adjusted capital (RORAC) | % | 11.1 | 13.1 | | 7.9 | 13.3 | |
| Return on investment (RoI) | % | 3.2 | 3.8 | | 2.8 | 3.4 | |
| Return on equity (RoE) | % | 11.2 | 13.1 | | 8.0 | 13.0 | |
| | | | | | 30.6.2013 | 31.12.2012 | Change |
| | | | | | | | % |
| Book value per share | € | | | | 141.69 | 152.25 | -6.9 |
| Munich Reinsurance Company's market capitalisation | €bn | | | | 25.4 | 24.4 | 4.0 |
| Share price | € | | | | 141.40 | 136.00 | 4.0 |

| | | 30.6.2013 | 31.12.2012 | Change |
|--------------------------|----|-----------|------------|--------|
| | | | | % |
| Equity | €m | 25,650 | 27,423 | -6.5 |
| Investments | €m | 209,353 | 213,823 | -2.1 |
| Net technical provisions | €m | 186,461 | 186,117 | 0.2 |
| Balance sheet total | €m | 254,720 | 258,360 | -1.4 |
| Number of staff | | 45,119 | 45,437 | -0.7 |

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To our shareholders



Dr. Nikolaus von Bomhard
Chairman of Munich
Reinsurance Company's
Board of Management

Dear Shareholders,

Let us begin with the good news: at the half-year mark, Munich Re is on track to achieve its result targets for 2013. The first six months were similarly successful to the same period of the previous year. In this connection, it is typical of our reinsurance business that performance varied between the first two quarters owing to the random fluctuation in claims costs for major losses.

However, before giving you the figures, allow me to consider one of the central parameters of our business: the low-interest-rate phase. Its end is still not in sight, despite a slight interest-rate increase in June.

The global economy continues to be drip-fed by the central banks. Currently, the stock exchanges are reacting far more sensitively to central-bank communications than to economic data or corporate figures. Any hint that the exceptionally expansive monetary policy may come to an end leads to considerable price losses on the stock markets and to an increase in yields on government bonds. To placate the markets, both the European Central Bank (ECB) and the US Federal Reserve have made it plain that they intend to keep key interest rates low for the foreseeable future. In view of the still-fragile global economy, widespread high unemployment and the significant indebtedness of many industrialised countries, this is at least understandable.

Nevertheless, it is important to ensure all market participants remain aware that the measures taken by the central banks must remain finite interventions. Their duration must be strictly limited by their purpose: stabilising the financial sector and the economy. The question should thus not be whether the central banks will end their low-interest-rate policies and any programmes for buying government bonds, but when. An exit from low-interest-rate policy requires careful preparation and communication.

Thus, the measures taken to tackle the crisis must not become a new "normal state", because permanently low interest rates have a number of serious side effects.

For example, there is a risk that the will to reform in the crisis-stricken countries will weaken. If the pressure on the capital markets is relieved too much by central-bank interventions, necessary structural reforms are likely to be left undone and problems put off for the future. The need for reform is great, not only in individual EU member states, but also among the European institutions. The EU needs to revise its institutional structure and in doing so resolve the euro's birth defects in order to be able to act once the ECB's intervention policy has been concluded.

Additionally, owing to the oversupply of liquidity, investors are being forced into riskier investments, as the safe options often do not even keep pace with inflation anymore. This may lead to bubbles on the equity, real estate or commodity markets. The measures taken to overcome the current crisis could thus also be the cause of the next crisis.


Another factor which should not be underestimated is that the low-interest-rate environment makes the demographic challenges harder to surmount. The steady progress of demographic change means people need to make greater provision for their old age. Permanently low interest rates keep citizens from taking the necessary steps in this area, and devalue existing funded pensions.

As part of a diversified risk strategy, Munich Re has prepared for a wide range of conceivable capital market scenarios, from a continuing low-interest-rate phase to rising interest rates. The global uncertainty regarding future interest-rate developments also endorses our strategy of viewing underwriting business as the key source of earnings. We have been pursuing the objective of sustainable profitability in our core business for many years now, and not merely since the financial crisis. In the current low-interest-rate environment, underwriting profits are becoming essential for all insurers.

We have adjusted not only our investments but also our product policy to the exceptional capital market environment. For example, just a few weeks ago ERGO – supported by colleagues from the reinsurance segment – launched a brand new product generation, tailored to the capital markets' current challenges. In the coming years, we expect this product to noticeably reinvigorate our life and annuity business.

Overall, we consider ourselves well equipped to succeed in the current challenging environment. Our results remain respectable: in the first half-year 2013, Munich Re recorded a profit of €1.5bn. We are thus confident of being able to achieve our profit guidance of close to €3bn for the year as a whole.

Yours sincerely,

A handwritten signature in blue ink, appearing to read 'N. von Bomhard', with a stylized, flowing script.

Nikolaus von Bomhard

Interim management report

Business environment

- Global economy grows somewhat more strongly
- Inflation in the USA and in the eurozone falls further
- Yields on government bonds increase slightly

Growth in the global economy accelerated in the second quarter of 2013, driven by China, the USA, Japan and Germany. Overall, however, growth in the eurozone stagnated. Inflation receded further in most of the major economies. Volatility on the financial markets increased compared with the previous quarter. Yields on government bonds rose, and there were major price fluctuations on stock markets worldwide.

Economic growth in the USA was robust despite the curbing effect of the public spending cuts effective from March. In the second quarter, the eurozone remained in an economic slump, the recession persisting in Spain, Italy and France. By contrast, the German economy recovered perceptibly. Momentum in Japan was again relatively high, as in the first quarter. After a weak first quarter, China and other large emerging countries posted stronger economic growth again.

Commodity prices fell considerably. For example, the oil price was on average almost 10% lower in the second quarter than in the first. Inflation weakened in most of the major economies. In the second quarter of 2013, the annual inflation rate fell compared with the first quarter from 1.7% to 1.4% in the USA, and from 1.9% to 1.4% in the eurozone. In China, the rate of inflation remained at 2.4%.

Monetary policy in the most important economies remained very expansive. The ECB lowered its key interest rate to 0.5%. Key interest rates in the USA, Japan and the United Kingdom were kept unchanged at their historic lows, and the central banks of the United States and the United Kingdom continued their government-bond purchase programmes. Nevertheless, the Fed held out the prospect of beginning a gradual exit from bond buying this year if the positive economic development holds. In early April, the Japanese central bank announced its intention to double its monetary base within two years (chiefly by buying government bonds) to promote economic growth and bring an end to deflation.

Volatility on the financial markets was slightly higher than in the previous quarter. Although the prices of equities and government bonds climbed at the beginning of the quarter, sharp setbacks were to come later. For example, the Japanese Nikkei index lost 20% mid-quarter after a tremendous rally, although at the end of June, it was still 11% up on the start of April and almost 32% up on the start of the year. The stock markets in the USA and in Europe lost the price gains they had made in the course of the second quarter. Contrastingly, in the whole first half of 2013, the Dow Jones index climbed 11%, whilst the EURO STOXX 50 fell by 4%. In China and other emerging countries, the share price indices fell sharply in June.

Particularly towards the end of the quarter, yields on government bonds rose; those of the USA and Germany with periods to maturity of ten years to 2.5% and 1.7% respectively. This was due to the later-qualified Fed statements on winding up its bond buying. By historical standards, however, long-term interest rates stayed very low.

The euro remained relatively stable against the US dollar, and at the end of June was marginally up on the beginning of the quarter at US\$ 1.30, but down slightly on the start of the year. It gained value against the Japanese yen, Canadian dollar and British pound sterling.

Business performance

Overview

Key figures

| | Q1-2 2013 | Q1-2 2012 | Change | Q2 2013 | Q2 2012 | Change |
|--|-----------|-----------|--------|-----------|------------|--------|
| | €m | €m | % | €m | €m | % |
| Gross premiums written ¹ | 26,093 | 25,827 | 1.0 | 12,809 | 12,605 | 1.6 |
| Technical result | 1,901 | 1,703 | 11.6 | 622 | 731 | -14.9 |
| Investment result | 3,563 | 4,050 | -12.0 | 1,556 | 1,806 | -13.8 |
| Operating result | 1,982 | 2,304 | -14.0 | 594 | 1,102 | -46.1 |
| Taxes on income | 286 | 323 | -11.5 | -165 | 164 | - |
| Consolidated result | 1,522 | 1,594 | -4.5 | 543 | 812 | -33.1 |
| Thereof: Attributable to non-controlling interests | 21 | 6 | 250.0 | 14 | 4 | 250.0 |
| | | | | | | |
| | | | | 30.6.2013 | 31.12.2012 | Change |
| | | | | €bn | €bn | % |
| Equity | | | | 25.7 | 27.4 | -6.5 |

1 Previous year's figure adjusted pursuant to IAS 8.

Overall, Munich Re's Group-wide business generated a pleasing result for the first six months of the year.

Despite our strict business profitability requirements, our consolidated premium income showed a further moderate rise. The major-loss burden for the first quarter was below the statistically expectable level, whilst that of the second quarter was above it. In particular, high man-made losses and the floods in central Europe with a total of around €230m impacted the technical result in reinsurance and primary insurance. Altogether, Munich Re's expenditure for major losses for the first half-year was slightly below average. We were thus able to improve our technical result again significantly year on year owing to higher profitability.

The investment result was considerably lower than in the first half of 2012, partly because regular interest income fell. Write-downs of our derivatives and of our portfolio of physical gold also burdened the result. In reinsurance, we deliberately restricted our capital gains from fixed-interest securities and equities in order to maintain our valuation reserves. The result from investments for the benefit of life insurance policyholders who bear the investment risk declined year on year, but this is not reflected in our income statement.

In the second quarter of 2013, there was tax income of €165m, mainly due to a reduction of provisions for prior years necessary for accounting reasons. The operating result was adversely impacted in this regard by interest payments of €113m resulting from back tax payments for prior years. The operating result for the first half of the year was thus lower, at €1,982m (2,304m). The non-operating result of -€31m (-237m) for the first half-year was appreciably up on the previous year's figure owing to currency gains.

All in all, the consolidated result for the first six months of 2013 fell slightly short of the high level posted in the same period last year.

Equity declined by €1.8bn to €25.7bn compared with the beginning of the year. The positive impact of the consolidated profit of €1,522m was offset by the dividend payout of €1.3bn at the end of April and the reduction in balance-sheet unrealised gains and losses of our fixed-interest securities owing to the higher interest-rate level. Overall, however, Munich Re will benefit in the long run from rising interest-rate levels.

The annualised return on risk-adjusted capital (RORAC) for the first half of the year amounted to 11.1% (13.1%), and the return on equity (RoE) to 11.2% (13.1%).

On 25 April 2013, we called our subordinated bond 2003/2023 with a nominal volume outstanding of nearly €1bn, and fully redeemed it on 21 June 2013. Our debt leverage, which is defined as the ratio of strategic debt to the sum of Group equity and strategic debt, has thus been reduced to only 15.5% (17.4%).

Reinsurance

- Premium increase to €14.1bn (13.7bn) in the first half of the year; €7.1bn (6.8bn) in the second quarter
- Life reinsurance with a consolidated result of €230m (267m) in the first half of the year and €58m (138m) in the second quarter
- Consolidated result in property-casualty reinsurance totalling €975m (1,026m) for the first half of the year and €320m (521m) for the second quarter
- Combined ratio of 92.4% (95.7%) for the first six months of the year and 99.3% (96.9%) for the second quarter
- Good overall consolidated result of €1,205m (1,293m) for the first half of the year and €378m (659m) for the second quarter

Munich Re operates in virtually all classes of reinsurance. We offer a full range of products, from traditional reinsurance to innovative solutions for risk assumption, using our extensive risk knowledge to develop individual solutions for our clients in response to complex requirements.

Reinsurance - Life

Key figures

| | | Q1-2 2013 | Q1-2 2012 | Change | Q2 2013 | Q2 2012 | Change |
|--|----|-----------|-----------|--------|---------|---------|--------|
| | | | | % | | | % |
| Gross premiums written | €m | 5,563 | 5,294 | 5.1 | 2,994 | 2,695 | 11.1 |
| Share of gross premiums written in reinsurance | % | 39.5 | 38.7 | | 42.0 | 39.4 | |
| Operating result | €m | 287 | 338 | -15.1 | 65 | 148 | -56.1 |
| Consolidated result | €m | 230 | 267 | -13.9 | 58 | 138 | -58.0 |

Premium

The gratifying growth in premium income we have seen in recent years is significantly attributable to a number of large-volume treaties where reinsurance primarily serves as a capital substitute for our clients. These treaties generally run for a period of several years and have been concluded mainly in North America, Asia and continental Europe. They continue to be a key driver of our premium development in 2013 as well. Our business is also being fuelled by the expanding primary insurance markets in Asia, where Munich Re's successful operations are based on our capital strength and innovative client solutions.

Premium grew by 5.1% year on year in the first six months of 2013 and by 11.1% in the second quarter, mainly owing to increases in North America. In the European markets, the weak economy impacted our clients' business and hence also the development of our own premium.

Given that we write around 89% of our business outside the eurozone, currency translation effects play a major part in the development of our premium income. If exchange rates had remained unchanged, our premium volume would have shown a year-on-year increase of 7.4% for the first six months and 13.7% for the second quarter.

Result

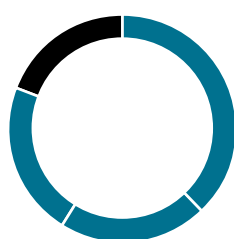
The technical result of €305m (255m) in the first half-year benefited from very positive business performance in the first quarter, whilst the second-quarter result of €96m (102m) remained slightly below expectations, owing in large part to higher-than-anticipated expenses for pure mortality covers in the USA.

The investment result was down slightly on the first half of 2012 at €362m (€398m), and totalled €178m (218m) for the second quarter. The reduction was mainly attributable to losses on the disposal of fixed-interest derivatives and to lower capital gains on restructuring our fixed-interest securities, with which we have deliberately held back in 2013 in order not to unduly impact regular income in future. Moreover, we had to book impairments on our portfolio of physical gold.

Overall, we posted a satisfying operating result and consolidated result.

Reinsurance - Property-casualty**Key figures**

| | | Q1-2 2013 | Q1-2 2012 | Change | Q2 2013 | Q2 2012 | Change |
|--|-------------------|-----------|-----------|--------|---------|---------|--------|
| | | | | % | | | % |
| Gross premiums written | €m | 8,533 | 8,397 | 1.6 | 4,135 | 4,152 | -0.4 |
| Share of gross premiums written in reinsurance | % | 60.5 | 61.3 | | 58.0 | 60.6 | |
| Loss ratio | % | 62.8 | 66.0 | | 69.1 | 68.3 | |
| Thereof: Major losses | Percentage points | 8.8 | 8.7 | | 15.2 | 11.2 | |
| Expense ratio | % | 29.6 | 29.7 | | 30.2 | 28.6 | |
| Combined ratio | % | 92.4 | 95.7 | | 99.3 | 96.9 | |
| Operating result | €m | 1,194 | 1,364 | -12.5 | 296 | 648 | -54.3 |
| Consolidated result | €m | 975 | 1,026 | -5.0 | 320 | 521 | -38.6 |

Premium**Gross premiums by division - Q1-2 2013**

- 38% (36%) Global Clients and North America
- 22% (20%) Special and Financial Risks
- 21% (23%) Europe and Latin America
- 19% (21%) Germany, Asia Pacific and Africa

Our premium income in property-casualty reinsurance increased slightly year on year to €8.5bn (8.4bn) for the first half of 2013 and totalled €4.1bn (4.2bn) for the period from April to June.

If exchange rates had remained the same, premium income would have risen by 3.1% for the first half-year and 1.6% for the second quarter.

At 1 April 2013, a volume of around €1bn, or 6% of the overall portfolio, was up for renewal in the property-casualty reinsurance segment. The largest share of this (38%) was accounted for by the Japanese and Korean markets, followed by North America (20%). Natural catastrophe business, which made up just over 40% of our business volume, saw a marginal decline in rates as a result of the increased capacity supplied by established and new market players. Overall, prices and the expected profitability of our portfolio remained largely stable at a high level. Our business volume decreased, partly because we no longer wrote a large-volume Korean motor reinsurance treaty.

Result

In the first half of 2013, we posted a satisfying technical result of €1,203m (989m) that was within our target range for the financial year. Following a very good result of €882m (544m) in the first quarter, the figure posted for the second quarter was lower, i.e. €321m (445m), owing to expenditure for major losses. We achieved a consolidated result of €975m (1,026m) for the first half of the year and €320m (521m) for the second quarter.

Our expenditure for major losses in the period from January to June totalled €711m (716m), of which €605m (452m) was attributable to the second quarter, in each case after retrocessions and before tax. The figure for the second quarter was higher than the expected value for this period.

Claims burdens from natural catastrophes amounted to €338m (334m) in the first half-year. The major portion of this, €314m (293m), was allocable to the second quarter. At the end of May and beginning of June, persistent rainfall in many parts of central Europe caused heavy flooding. Hardest hit were eastern and southern Germany, the Czech Republic and several regions in Austria. The overall extent of damage caused by the flood waters should become more quantifiable over the further course of the year. We are currently proceeding on the assumption that our loss expenditure for this will come to around €180m. The Canadian province of Alberta was also affected by floods following massive rainfall. Based on initial estimates, we anticipate a burden of around €45m. Heavy rains in Argentina at the beginning of April triggered a flood catastrophe in the province of Buenos Aires. The flood losses as well as a fire that broke out in a crude oil refinery near the provincial capital of La Plata as a result of the severe weather are likely to give rise to significant expenditure for us. Besides this, we currently anticipate net major-loss expenditure of around €35m for severe damage caused by a tornado in the Midwestern town of Moore, USA, in May.

Man-made losses totalled €373m (383m) for the first half of the year and €291m (160m) for the period April to June. The largest loss in the second quarter was attributable to the evacuation and loss of production at a copper mine in Utah that had been damaged by a landslide.

The combined ratio amounted to 92.4% (95.7%) of net premiums earned for the first six months of the year and 99.3% (96.9%) for the second quarter. The overall burden from major losses included in this figure was 8.8 (8.7) percentage points for the period January to June, i.e. below the average volume to be expected. Following a significantly below-average burden from major losses (2.6%) in the first quarter, the figure for the second quarter, by contrast, was above-average at 15.2 (11.2) percentage points.

In addition to the comprehensive and detailed reassessment of provisions we carry out towards the end of the year, we also perform quarterly analyses of the claims advices we receive. Due to our reserving policy, the claims burden accounted for when an underwriting year's claims expenditure is first recorded tends to be higher. Consequently, positive result contributions are also possible in the period up to a claim's final settlement. In the second quarter, claims reserves also remained well above the level of losses reported. In addition, more detailed analyses of the reserve positions were performed for individual portfolios. As a result, moderate reserve releases of close to €150m were made mainly in the marine and engineering lines of business in the second quarter. The reserve releases thus totalled around €250m for the first two quarters.

Our investment result totalled €664m (1,056m) for January to June 2013 and €327m (546m) for April to June 2013. The reduced figure for the second quarter was mainly attributable to a lower result for the disposal of investments, our fixed-interest derivatives having a particularly adverse impact. Owing to the decline in the price of gold, we had to book write-downs on our portfolio of physical gold in the second quarter.

Overall, we achieved a good operating result and consolidated result.

Primary insurance

- Total premium volume of €9.3bn (9.5bn) for the first half year; €4.4bn (4.5bn) for the second quarter
- Downward trend in life primary insurance in both quarters of the first half-year
- Improved result in health primary insurance both in the first half-year and in the second quarter
- Combined ratio in property-casualty impacted by floods in May and June 2013: 96.0% (95.2%) for the first half-year and 96.1% (95.1%) for the second quarter
- Good overall consolidated result of €275m (295m) for the first half of the year and €148m (150m) for the period April to June

Munich Re's primary insurance segment comprises all the activities of the ERGO Insurance Group (ERGO). ERGO operates in nearly all lines of life, health and property-casualty insurance. It is a leading provider across all classes of business in Germany. In international business, ERGO's focus is mainly on the growth markets in central and eastern Europe and in Asia. The claim "To insure is to understand" is being systematically implemented by ERGO in the form of needs-based sales advice, tailored products, clear and understandable communication, innovative services and swift support when loss or damage occurs.

Primary insurance – Life

Key figures

| | | Q1-2 2013 | Q1-2 2012 | Change | Q2 2013 | Q2 2012 | Change |
|--|----|-----------|-----------|--------|---------|---------|--------|
| | | | | % | | | % |
| Total premium income ¹ | €m | 3,324 | 3,564 | -6.7 | 1,702 | 1,840 | -7.5 |
| Gross premiums written | €m | 2,658 | 2,828 | -6.0 | 1,301 | 1,422 | -8.5 |
| Share of gross premiums written in primary insurance | % | 30.8 | 32.2 | | 32.7 | 34.8 | |
| Operating result | €m | 48 | 256 | -81.3 | 9 | 146 | -93.8 |
| Consolidated result | €m | 73 | 178 | -59.0 | 41 | 92 | -55.4 |

¹ Total premium income includes not only gross premiums written but also savings premiums for unit-linked life insurance and capitalisation products in accordance with the statutory accounting guidelines applicable in the insurer's home country.

Premium

Our life insurers in the ERGO Insurance Group posted lower premium income in the first two quarters than in the same period last year. In international business, overall premium volume was down to €817m (893m), partly because Austrian single-premium business sold through banks was sluggish. In Poland, sales through banks also generated lower premium. Total premium volume in Germany came to €2.5bn (2.7bn), a decline of 6.1%. Single-premium income was down by 22.7%, notably in group life business because of significantly lower premium from the German insolvency fund for pensions and in business generated by the capitalisation product MaxiZins. New regular-premium business also decreased, falling by 12.8% from January to June. Overall, German new business fell by 20.7%. In terms of annual premium equivalent (APE, i.e. regular premium income plus one-tenth of single-premium volume) – the customary international performance measure – our new business volume was down by 15.5% compared with the previous year. Outside Germany, new business decreased by 10.9% to €351m (394m) for the first half of the year. Measured in terms of APE, however, new business decreased by only 2.7% owing to growth in regular premium income (+1.3%), especially in Austria (+16.3%). Gross premiums written in Germany declined overall by 5.3% to €2.0bn (2.1bn) for the first half-year and by 7.4% to €1.0bn (1.1bn) for the second quarter. In international business, gross premiums written fell by 8.2% to €640m (697m) and by 11.7% to €317m (359m) for the period April to June.

At the beginning of June 2013, ERGO unveiled a completely new generation of life insurance products to the public. The new product has been sold in two variants since 1 July 2013. ERGO Annuity Guarantee, one of the variants, guarantees for terms of 15 years and above that the capital available when the benefit stage is reached will at least be equal to the total gross premiums paid in, and provides for the option of transforming this into guaranteed annuity payments. During the capital accumulation period, there are no guaranteed surrender values. Instead, New Reinsurance Company Ltd. provides intra-Group reinsurance cover, the individual value of which is paid out to the client in the event of premature termination. This cover has a stabilising effect on the surrender values in the event of adverse capital market developments and secures the guaranteed gross premiums for the benefit stage. The new product is of great significance for the development of our life insurance business and should account for a large share of our new business in the medium term.

Result

The technical result showed a year-on-year decrease to –€21m (101m) for the period January to June 2013 and €0m (14m) for the second quarter. The main reasons for this are the lower shareholder participation in profits compared with the same period last year and the change in deferred acquisition costs. The investment result totalled €1.5bn (1.8bn) for the first half-year and €0.5bn (0.7bn) for the second quarter. This reduction was attributable to the fact that the net unrealised gains on investments shown at market values and held for the benefit of life insurance policyholders who bear the investment risk dropped to €23m (209m). In German business, to finance the allocation at year-end 2013 to the additional interest reserve provided for under German commercial law, we sold fixed-interest securities, as a result of which we realised gains and reinvested the proceeds.

The reduced technical result was also the main reason for the adverse development of the operating result. All in all, the consolidated result totalled €73m (178m).

Primary insurance – Health

Key figures

| | | Q1-2 2013 | Q1-2 2012 | Change | Q2 2013 | Q2 2012 | Change |
|--|----|-----------|-----------|--------|---------|---------|--------|
| | | | | % | | | % |
| Gross premiums written | €m | 2,868 | 2,869 | 0.0 | 1,436 | 1,412 | 1.7 |
| Share of gross premiums written in primary insurance | % | 33.3 | 32.6 | | 36.1 | 34.5 | |
| Operating result | €m | 129 | 78 | 65.4 | 78 | 45 | 73.3 |
| Consolidated result | €m | 63 | 31 | 103.2 | 38 | 15 | 153.3 |

Premium

Premium in health primary insurance totalled €2.9bn (2.9bn) for the first six months and €1.4bn (1.4bn) for the second quarter. Premiums for the first half of 2013 grew by 4.8% in supplementary health insurance and fell by a marginal 1.0% in comprehensive health insurance, partly owing to the fact that premium adjustments were not effected until 1 April in 2013 but were made as at 1 January in 2012. New business reflected uncertainty regarding the continued existence of the German private health insurance model but also significant price increases in new business following the introduction of the new unisex rates. As expected, new business in comprehensive health insurance declined appreciably year on year (–25.2%). By contrast, our supplementary insurance business showed an increase of 5.9%. In travel insurance, which we account for in the health segment and write in Germany and abroad, we registered a decline in premium volume of 6.3% for the period January to June 2013 owing to our risk- and profit-oriented underwriting policy, above all in Germany and Scandinavia, and the difficult economic situation, especially in southern Europe.

Result

We posted a technical result of €185m (156m) for the first half of the year and €84m (77m) for the second quarter, benefiting from a greater increase in the income from technical interest than in the expenses for claims and benefits. At €696m (607m) for the first six months and €367m (286m) for the second quarter, the investment result developed favourably, especially due to higher regular income.

Overall, we achieved a significantly higher operating result and consolidated result.

Primary insurance - Property-casualty

Key figures

| | | Q1-2 2013 | Q1-2 2012 | Change | Q2 2013 | Q2 2012 | Change |
|--|----|-----------|-----------|--------|---------|---------|--------|
| | | | | % | | | % |
| Gross premiums written | €m | 3,094 | 3,091 | 0.1 | 1,240 | 1,256 | -1.3 |
| Share of gross premiums written in primary insurance | % | 35.9 | 35.2 | | 31.2 | 30.7 | |
| Loss ratio | % | 61.7 | 61.8 | | 62.3 | 63.2 | |
| Expense ratio | % | 34.3 | 33.4 | | 33.8 | 31.9 | |
| Combined ratio | % | 96.0 | 95.2 | | 96.1 | 95.1 | |
| Operating result | €m | 233 | 216 | 7.9 | 100 | 102 | -2.0 |
| Consolidated result | €m | 139 | 86 | 61.6 | 69 | 43 | 60.5 |

Premium

Premium showed a 0.1% rise year on year. Our premium income in Germany rose by 1.2% to €1.93bn (1.90bn) for the first six months of the year and totalled €0.7bn (0.7bn) for the second quarter. Developments in the individual classes of business differed. At 0.9%, growth in commercial and industrial business was slightly below average. Personal lines property business showed marginal premium growth of 1.9%, while motor insurance expanded by 4.4%. In personal accident insurance, there was a decrease of 1.8% in the first half of 2013, reflecting the fact that we discontinued selling personal accident insurance with premium return at the end of 2012 and are now focusing on personal accident covers without a savings component. Premium volume in legal protection insurance diminished (-1.5%). The figure for international property-casualty insurance was adversely affected in particular by the sale of our South Korean subsidiary ERGO Daum Direct General Insurance Co. Ltd (ERGO Daum), whose premium income of €71m had been included in the first half of 2012. Growth was recorded in Poland and in legal protection business in the UK.

Result

The technical result showed a year-on-year decrease to €184m (201m) in the first half of 2013 and €89m (104m) in the second quarter. The combined ratio for the period from January to June was 96.0% of net earned premiums – a deterioration on the same period last year (95.2%). The figure for the second quarter was 96.1% (95.1%), significantly impacted by the severe natural hazard losses from the flood disaster, especially in eastern and southern Germany. Compared with the major flood event in 2002, a higher percentage of the policies of clients affected by this year's floods also covered natural hazard losses: our consultancy and the relevant awareness-raising campaigns by the state and the insurance industry have evidently had an effect. In German business, the combined ratio in the second quarter of 2013 amounted to 95.0%, 0.7 percentage points above the same quarter last year. We estimate that the expenditure for the flood losses will total around €50m. However, since it will still take some time until the flood losses have been fully reported and settled, the estimated expenditure figure may be subject to further changes. In international business, we recorded an improved combined ratio of 98.6% (98.9%) in the first half-year, the main reasons being improved claims experience in Turkey and the sale of ERGO Daum.

The investment result showed a year-on-year rise from €143m to €219m in the first half-year and from €61m to €109m in the second quarter. The increase is mainly due to higher gains on the disposal of investments.

The operating result and consolidated result for the first half-year showed a year-on-year rise.

Munich Health

- Gross premium income of €3.4bn for the first half-year slightly above previous-year level (€3.3bn); €1.70bn (1.67bn) for the second quarter
- Better combined ratio of 98.9% (100.5%) for the first half-year and 98.4% (101.5%) for the period from April to June
- Improved consolidated result of €59m (6m) for the first half of the year and €22m (1m) for the second quarter

Key figures

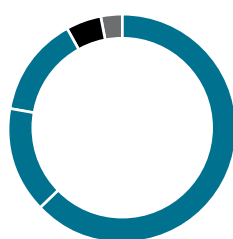
| | | Q1-2 2013 | Q1-2 2012 | Change | Q2 2013 | Q2 2012 | Change |
|-----------------------------|----|-----------|-----------|--------|---------|---------|----------|
| | | | | % | | | % |
| Gross premiums written | €m | 3,377 | 3,348 | 0.9 | 1,703 | 1,668 | 2.1 |
| Loss ratio ¹ | % | 79.9 | 82.1 | | 80.3 | 83.8 | |
| Expense ratio ¹ | % | 19.0 | 18.4 | | 18.1 | 17.7 | |
| Combined ratio ¹ | % | 98.9 | 100.5 | | 98.4 | 101.5 | |
| Operating result | €m | 86 | 35 | 145.7 | 38 | 3 | >1,000.0 |
| Consolidated result | €m | 59 | 6 | 883.3 | 22 | 1 | >1,000.0 |

1 Excluding business conducted like life insurance.

With the exception of the German health insurers belonging to ERGO, Munich Re's global healthcare insurance and reinsurance business is combined under the Munich Health brand. At 26 locations worldwide, we offer our international clients innovative insurance solutions and individual consultancy and services.

Premium

Gross premiums by market region – Q1-2 2013



| | |
|-----------|---------------------------------|
| 63% (64%) | North America |
| 15% (18%) | Northern/Eastern/Central Europe |
| 14% (11%) | Southern Europe/Latin America |
| 5% (4%) | Middle East/Africa |
| 3% (3%) | Asia/Pacific |

Gross premiums written for the first half-year increased slightly year on year. In reinsurance, the rise by 1.3% to €2.38bn (2.35bn) was mainly attributable to business growth in the Middle East. Adverse effects came from exchange rates. In primary insurance, premium income is stable, although US Medicare business transacted by Windsor Health Group (WHG) showed a decline of 9.1% in premium income following the discontinuation of WHG's loss-producing business with pure cost reimbursement products. If exchange rates had remained the same overall, Munich Health's gross premiums would have shown an increase of 2.3% for the first six months and 3.5% for the second quarter.

Result

The technical result climbed to €45m compared with the first half of 2012 (€1m) and amounted to €32m (-11m) for the second quarter.

The combined ratio was 98.9% (100.5%) for January to June, and 98.4% (101.5%) for the second quarter. This ratio relates only to short-term health business, not to business conducted like life insurance, which made up 7.6% (7.4%) of gross premiums written in the first six months.

In reinsurance, the combined ratio amounted to 99.0% (99.2%) for the first half-year and 99.2% (99.9%) for the second quarter.

In primary insurance, the combined ratio for the first six months was 98.4% (104.6%) and 95.8% (106.5%) for the second quarter. The improvement is due in particular to the discontinuation of WHG's US Medicare business with pure cost reimbursement products. In the meantime, further extensive and fundamental measures have been taken at WHG to significantly improve the result situation.

In the first six months of the year, we posted an investment result of €87m (60m), a significant increase on the same period last year due to high gains on disposals. In the second quarter, the investment result was €33m (27m).

Overall, we achieved an operating result of €86m (35m) for the first half-year and €38m (3m) for the second quarter. Our consolidated result totalled €59m (6m) for the first six months and €22m (1m) for the second quarter.

Investment performance

- Slight rise in interest rates causes fall in the market values of our assets to €218.3bn (224.5bn)
- Unrealised gains down, but still at a high level of €7.7bn (11.8bn)
- Investment result of €3.6bn (4.1bn) for the first six months

We gear the selection of our investments to the economic characteristics of our technical provisions and liabilities. In addition, we use derivative financial instruments for portfolio management and hedging against fluctuations on the interest-rate, equity and currency markets. Volatility in the markets results in changes in the values of derivatives, which under IFRS accounting we recognise in profit or loss.

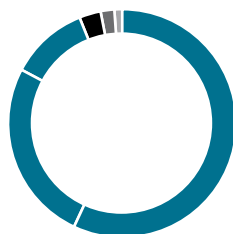
Investment mix

| €m | Reinsurance | | | | | |
|--|---------------|---------------|-------------------|---------------|---------------|---------------|
| | Life | | Property-casualty | | Life | |
| | 30.6.2013 | 31.12.2012 | 30.6.2013 | 31.12.2012 | 30.6.2013 | 31.12.2012 |
| Land and buildings, including buildings on third-party land | 261 | 245 | 1,213 | 1,224 | 1,379 | 1,393 |
| Investments in affiliated companies | 19 | 20 | 86 | 89 | 22 | 22 |
| Investments in associates | 1 | 1 | 621 | 686 | 111 | 110 |
| Loans | 36 | 18 | 133 | 52 | 35,317 | 34,977 |
| Other securities held to maturity | - | - | - | - | 6 | 7 |
| Other securities available for sale | | | | | | |
| Fixed-interest | 13,501 | 14,376 | 45,718 | 49,933 | 33,692 | 35,101 |
| Non-fixed-interest | 1,022 | 1,023 | 4,647 | 4,718 | 2,211 | 2,050 |
| Other securities at fair value through profit or loss | | | | | | |
| Held for trading | | | | | | |
| Fixed-interest | - | - | 586 | 644 | 54 | 58 |
| Non-fixed-interest | - | - | 37 | 32 | - | - |
| Derivatives | 595 | 605 | 468 | 366 | 878 | 947 |
| Designated as at fair value through profit or loss | | | | | | |
| Fixed-interest | - | - | - | - | 165 | 167 |
| Non-fixed-interest | - | - | - | - | 2 | 2 |
| Deposits retained on assumed reinsurance | 6,964 | 7,240 | 1,089 | 1,181 | 141 | 147 |
| Other investments | 344 | 242 | 1,485 | 1,142 | 1,160 | 583 |
| Investments for the benefit of life insurance policyholders who bear the investment risk | - | - | - | - | 6,188 | 5,957 |
| Total | 22,743 | 23,770 | 56,083 | 60,067 | 81,326 | 81,521 |

| | | Primary insurance | | Munich Health | | Asset management | | Total | | |
|--|-----------|-------------------|-------------------|---------------|-----------|------------------|-----------|------------|-----------|------------|
| | Health | | Property-casualty | | | | | | | |
| | 30.6.2013 | 31.12.2012 | 30.6.2013 | 31.12.2012 | 30.6.2013 | 31.12.2012 | 30.6.2013 | 31.12.2012 | 30.6.2013 | 31.12.2012 |
| | 761 | 777 | 92 | 95 | 10 | 30 | 66 | 67 | 3,782 | 3,831 |
| | 11 | 12 | 39 | 40 | 1 | 2 | 9 | 9 | 187 | 194 |
| | 131 | 139 | 170 | 174 | 93 | 91 | 65 | 72 | 1,192 | 1,273 |
| | 17,716 | 17,138 | 2,143 | 2,210 | 23 | 23 | - | - | 55,368 | 54,418 |
| | - | - | - | - | - | - | - | - | 6 | 7 |
| | | | | | | | | | | |
| | 14,608 | 14,664 | 5,714 | 5,612 | 2,862 | 3,436 | 728 | 377 | 116,823 | 123,499 |
| | 971 | 928 | 927 | 736 | 25 | 166 | 68 | 76 | 9,871 | 9,697 |
| | | | | | | | | | | |
| | | | | | | | | | | |
| | - | - | - | - | - | - | - | - | 640 | 702 |
| | - | - | - | - | 1 | 1 | - | - | 38 | 33 |
| | 111 | 155 | 17 | 22 | 15 | 16 | - | - | 2,084 | 2,111 |
| | | | | | | | | | | |
| | - | - | - | - | - | - | - | - | 165 | 167 |
| | - | - | - | - | - | - | - | - | 2 | 2 |
| | 1 | 1 | 4 | 4 | 407 | 394 | - | - | 8,606 | 8,967 |
| | 204 | 82 | 436 | 594 | 82 | 66 | 689 | 255 | 4,400 | 2,964 |
| | | | | | | | | | | |
| | - | - | - | - | 1 | 1 | - | - | 6,189 | 5,958 |
| | 34,514 | 33,896 | 9,542 | 9,487 | 3,520 | 4,226 | 1,625 | 856 | 209,353 | 213,823 |

Distribution of investments by type

Total: €209bn (214bn)



| | |
|-----------|---------------------------|
| 57% (59%) | Fixed-interest securities |
| 26% (25%) | Loans |
| 11% (10%) | Miscellaneous investments |
| 3% (3%) | Shares and equity funds |
| 2% (2%) | Real estate |
| 1% (1%) | Participating interests |

The carrying amount of our investment portfolio, which continues to be dominated by fixed-interest securities, loans and short-term fixed-interest investments, fell slightly compared with the position at the beginning of the year. At 30 June 2013, the carrying value of our investments amounted to €209.4bn (213.8bn).

In the first half-year, the interest-rate level rose somewhat, contrary to the trend in recent years. This improves our Group's economic position, but has a negative impact on the market values of fixed-interest securities. Owing to the rise in interest rates, government bonds with high credit ratings in particular lost market value. New investments made primarily due to our greater business volume were not able to compensate for this fall. The development of exchange rates also led to a minor decline in market values.

In the period under review, we reduced the share of government bonds in our portfolio to some extent and invested more in corporate bonds and short-term investments.

Our on- and off-balance-sheet unrealised gains and losses (excluding owner-occupied property), which would be posted to the income statement upon disposal of the relevant investments, fell from €22.5bn at 31 December 2012 to €16.7bn at 30 June 2013.

Other securities available for sale

| €m | Carrying amounts | | On-balance-sheet unrealised gains and losses | | At amortised cost | |
|--------------------|------------------|----------------|---|---------------|-------------------|----------------|
| | 30.6.2013 | 31.12.2012 | 30.6.2013 | 31.12.2012 | 30.6.2013 | 31.12.2012 |
| Fixed-interest | 116,823 | 123,499 | 5,895 | 9,980 | 110,928 | 113,519 |
| Non-fixed-interest | 9,871 | 9,697 | 1,499 | 1,503 | 8,372 | 8,194 |
| Total | 126,694 | 133,196 | 7,394 | 11,483 | 119,300 | 121,713 |

Off-balance-sheet unrealised gains and losses

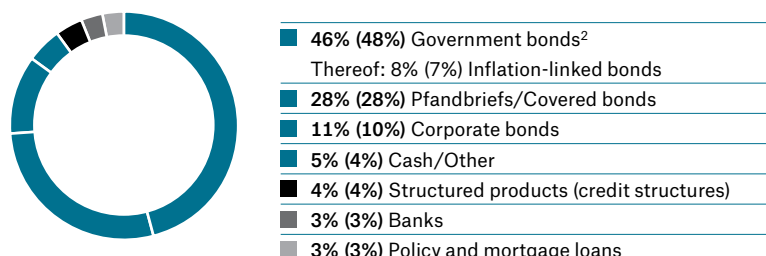
| €m | Fair values | | Off-balance-sheet unrealised gains and losses | | Carrying amounts | |
|---------------------------------------|---------------|---------------|--|---------------|------------------|---------------|
| | 30.6.2013 | 31.12.2012 | 30.6.2013 | 31.12.2012 | 30.6.2013 | 31.12.2012 |
| Land and buildings ¹ | 8,068 | 8,048 | 1,893 | 1,826 | 6,175 | 6,222 |
| Associates | 1,597 | 1,621 | 421 | 364 | 1,176 | 1,257 |
| Loans | 62,366 | 63,248 | 6,998 | 8,830 | 55,368 | 54,418 |
| Other securities | 6 | 8 | - | 1 | 6 | 7 |
| Tangible assets in renewable energies | 483 | 500 | 3 | - | 480 | 500 |
| Total | 72,520 | 73,425 | 9,315 | 11,021 | 63,205 | 62,404 |

¹ Including owner-occupied property.

As at the reporting date, our portfolio of fixed-interest securities was made up as follows:

Fixed-interest portfolio according to economic categories¹

Total: €189bn (194bn)



- 1 Presentation essentially shows fixed-interest securities and loans, including deposits with banks, at market value. The approximation is not fully comparable with the IFRS figures.
2 Including other public issuers and government-guaranteed bank bonds.

Nearly half our portfolio of fixed-interest investments comprises government bonds, the vast majority of which are from countries with a high credit rating. Pursuing our risk-conscious investment policy, we have reduced our investments in southern European government bonds considerably and continually since 2011. We no longer have any government bonds from Greece, Portugal or Cyprus in our portfolio. Around 3% of our government bonds are from Italy, approximately 2% from Spain and 1% from Ireland. These bonds are held almost entirely by our primary insurers. We did not reinvest some of our US and Australian government bonds which matured during the first half-year. We also disposed of parts of our portfolios of British and Canadian government bonds. As we made new investments on a small scale only, our holdings of government bonds reduced to approximately 46% (48%) of our portfolio of fixed-interest securities.

Our portfolio of covered bonds shrank as well. Above all, we cut back on German pfandbriefs by not reinvesting after scheduled redemptions; but our overall portfolio nevertheless continues to be dominated by German pfandbriefs. In 2012, we had already markedly pruned back our portfolio of Spanish covered bonds. These are held almost entirely by our primary insurers and still accounted for some 5% of our covered bonds at the reporting date.

Fixed-interest securities: Bank bonds¹

| % | 30.6.2013 | 31.12.2012 |
|--------------------|-----------|------------|
| Senior bonds | 84 | 82 |
| Loss-bearing bonds | 6 | 6 |
| Subordinated bonds | 10 | 12 |

- 1 Presentation essentially shows fixed-interest securities and loans at market value. The approximation is not fully comparable with the IFRS figures.

Over the course of the last few years, we have reduced our holdings of bank bonds to only 3% of our portfolio of fixed-interest securities. At the reporting date, approximately 6% (5%) of this related to southern European and Irish issuers.

Corporate bonds from other sectors account for 11% (10%) of our interest-bearing investments, our exposure being increased by a further percentage point through credit derivatives. In the first half-year 2013, we marginally expanded the share of our portfolio accounted for by these corporate bonds via new investments.

In the current environment of low interest rates and pronounced uncertainty on the capital markets, our active duration management also helps reduce risk. In the second quarter of 2013, we brought the average terms of fixed-interest investments in primary insurance into closer alignment with those of the liabilities. To better match the varying terms within the Group, we also reduced the duration of the investments in our reinsurance segment. On balance, this allows us to reduce the interest-rate risk for the Group as a whole.

The carrying amount of our equity portfolio (before taking derivatives into account, and including investments in affiliated companies and associates at market value) remained nearly unchanged in the first half-year 2013. The equity-backing ratio amounted to 3.7% (3.7%). As in 2012, we continued to dispose of small portions of the derivatives used to hedge our equity portfolio in the first half of 2013, thus increasing our equity exposure. Including the remaining hedges, our equity backing was 3.5% (3.4%). Besides this, we are protecting ourselves against accelerated inflation in an environment of continuing low interest rates. We also hold inflation-linked bonds with a volume of €6.6bn (6.8bn) and inflation-linked swaps for a notional amount of €5.4bn (5.2bn), as well as real assets like shares, property and commodities, and investments in renewable energies and infrastructure, which have a positive diversification effect on the overall portfolio.

Investment result

| | Q1-2 2013 | Return ¹ | Q1-2 2012 | Return ¹ | Q2 2013 | Q2 2012 |
|----------------------------|--------------|---------------------|--------------|---------------------|--------------|--------------|
| | €m | % | €m | % | €m | €m |
| Regular income | 3,826 | 3.4 | 3,874 | 3.6 | 2,020 | 1,985 |
| Write-ups/write-downs | -445 | -0.4 | -155 | -0.2 | -342 | 24 |
| Net realised capital gains | 463 | 0.4 | 380 | 0.4 | 139 | 8 |
| Other income/expenses | -281 | -0.2 | -49 | 0.0 | -261 | -211 |
| Total | 3,563 | 3.2 | 4,050 | 3.8 | 1,556 | 1,806 |

¹ Annualised return in % p.a. on the average market value of the investment portfolio at the quarterly reporting dates.

Investment result by type of investment

| | Q1-2 2013 | Q1-2 2012 | Change | Q2 2013 | Q2 2012 | Change |
|--|--------------|--------------|--------------|--------------|--------------|--------------|
| | €m | €m | % | €m | €m | % |
| Real estate | 141 | 159 | -11.3 | 79 | 60 | 31.7 |
| Investments in affiliated companies | 1 | -29 | - | 5 | -31 | - |
| Investments in associates | 24 | - | - | 33 | 2 | >1,000.0 |
| Mortgage loans and other loans | 1,232 | 1,177 | 4.7 | 570 | 582 | -2.1 |
| Other securities | 2,326 | 2,601 | -10.6 | 1,119 | 1,296 | -13.7 |
| Deposits retained on assumed reinsurance, and other investments | 61 | 149 | -59.1 | -13 | 88 | - |
| Investments for the benefit of life insurance policyholders who bear the investment risk | 23 | 209 | -89.0 | -114 | -83 | -37.3 |
| Expenses for the management of investments, other expenses | 245 | 216 | 13.4 | 123 | 108 | 13.9 |
| Total | 3,563 | 4,050 | -12.0 | 1,556 | 1,806 | -13.8 |

Regular income

Owing to the continued overweight of investments in highly rated government bonds and covered bonds with correspondingly low interest rates, the amount of regular income fell slightly against the first half-year 2012. Yields on newly acquired fixed-interest securities are far lower than the average return on the fixed-interest securities expiring or sold. In the second quarter of 2013, however, regular income rose slightly compared with the corresponding quarter of the previous year due to the receipt of higher dividend payments on equities.

Write-ups and write-downs

We posted net write-downs of €445m (155m), particularly on our inflation and interest-rate derivatives and swaptions. Swaptions are used in hedging long-term interest-rate guarantees extended to life insurance clients. Commodity derivatives, which primarily include derivatives on oil and on gold, required write-downs, as did our portfolio of physical gold.

Write-downs were higher than in the previous year, chiefly due to our swaptions and interest-rate derivatives. Owing to rising interest rates in the first half of 2013, the market values of our interest-rate derivatives declined. Even if derivatives are not sold, the changes in their value are reflected in the net balance from write-ups and write-downs.

Realised gains/losses on investments

In the first half-year 2013, we posted net gains on disposal of €463m (380m) through active asset management, primarily from gains realised on our portfolio of fixed-interest securities, especially on government bonds. We realised the largest share of gains in life primary insurance to finance the allocation to the additional interest reserve for German life business (Zinszusatzreserve).

We also benefited from price gains and realised profits in the restructuring of equities. By contrast, we posted losses on the disposal of equity derivatives and fixed-interest derivatives. The result from disposals improved year on year owing to the prior year's high losses on the disposal of southern European government bonds.

Insurance derivatives

| | | | | 30.6.2013 | 31.12.2012 | Change |
|--|-----------|-----------|--------|-----------|------------|--------|
| | | | | €m | €m | % |
| Insurance derivatives in investments | | | | 495 | 532 | -7.0 |
| Liabilities from insurance derivatives | | | | 394 | 461 | -14.5 |
| | Q1-2 2013 | Q1-2 2012 | Change | Q2 2013 | Q2 2012 | Change |
| | €m | €m | % | €m | €m | % |
| Result from insurance derivatives | -5 | -16 | 68.8 | -1 | -3 | 66.7 |

Insurance derivatives

Under insurance derivatives, we subsume the derivative portions of natural catastrophe bonds and of securitisations of mortality and morbidity risks, individually structured insurance derivatives, and derivative components separated from their host contract. This category also includes those derivatives used in hedging assumed insurance risks as part of retrocession in reinsurance, and embedded derivatives in variable annuities and their derivative hedging instruments. All income and expenditure arising from our insurance derivatives is shown as a result from derivatives in the investment result.

Asset management for clients

MEAG MUNICH ERGO AssetManagement GmbH (MEAG) is the asset manager of Munich Re. MEAG MUNICH ERGO Kapitalanlagegesellschaft mbH also offers its expertise to private and institutional clients.

The assets managed by PICC Asset Management Company Ltd. (PAMC), Shanghai, 81% of which belongs to PICC People's Insurance Company of China, and 19% to MEAG, reached €51.6bn (45.1bn).

Assets under management for third parties

| | | | | 30.6.2013 | 31.12.2012 | Change |
|---|-----------|-----------|--------|-----------|------------|--------|
| | | | | €bn | €bn | % |
| Third-party investments | | | | 12.6 | 11.5 | 9.7 |
| Thereof: External institutional investors | | | | 10.2 | 9.3 | 10.5 |
| Thereof: Private-client business | | | | 2.4 | 2.2 | 6.4 |
| | Q1-2 2013 | Q1-2 2012 | Change | Q2 2013 | Q2 2012 | Change |
| | €m | €m | % | €m | €m | % |
| Group asset management result | -17 | - | - | -5 | 2 | - |

Prospects

- Premium income in the range of €50–52bn anticipated
- Expected return on investment of around 3.3%
- Sights set on profit guidance of close to €3bn for 2013

Our expectations for the future are based primarily on planning figures and forecasts, whose realisation we of course cannot guarantee. Losses from natural catastrophes and other major losses, for example, can have a strong effect on the result of the reporting period in which they randomly and unforeseeably occur. Late-reported claims for major loss events can also lead to significant fluctuations in individual quarterly or annual results. In addition, changes in fiscal parameters and other special factors can have a considerable impact. The results of individual quarters are therefore not always a reliable indicator for the results of the financial year as a whole.

Fluctuations of the capital markets and exchange rates as well as the special features of IFRS accounting also make it difficult to provide a forecast. Thus, there may be significant fluctuations in the investment result, currency result and consolidated result, despite the fact that our assets are geared to the characteristics of our liabilities. In particular, given our current economically well-balanced position, a rising interest-rate level will initially tend to lead to lower results, and falling interest rates to higher results, than those forecast in these prospects. Net gains or losses on the disposal of derivatives used by us as hedging instruments and/or for fine-tuning investments can influence the result, as can alterations in their market value. Changes in exchange rates influence our premium income and result in different directions, depending on which foreign currencies are affected, although economically speaking – relative to the volume of our business – we do not have any major open currency items on our books.

Business environment

The global economy is likely to pick up further in the course of 2013, but average growth for the year will be at a similarly subdued level to that of 2012. The differences in economic dynamics will also remain clear: for the USA and Japan we predict robust growth, whereas for the eurozone we expect only a gradually developing recovery. Emerging markets remain a key growth driver, but – as already seen in 2012 – growth rates will be weaker than in previous years. The still smouldering sovereign debt and banking crisis in the eurozone continues to overshadow economic development. The world economy is further threatened in the event of an escalation in civil wars and international conflicts, for example in the Middle East and Gulf region. An extended phase of weaker growth in China or another major emerging market could also curb the global economy. Given the high unemployment figures in many industrialised countries, it is expected that monetary policy will remain expansionary, which could result in asset price bubbles and medium-term inflation risks.

Reinsurance

Reinsurance continues to hold considerable promise for the future, with a wide variety of earnings opportunities for us. Munich Re offers its cedants specialist consulting services and extensive solutions, also for tasks such as balance sheet management, risk modelling and asset-liability management. Reinsurance is an efficient and flexible option for protecting primary insurers against major claims and accumulation losses, and for strengthening their capital base. In addition to this, we devise innovative coverage concepts that go beyond the scope of traditional reinsurance. And we partner our clients in the often challenging task of adjusting to changes in regulatory requirements, which will be altered significantly in many countries in the coming years.

We see further good growth opportunities in life reinsurance. Stimuli will derive in particular from the dynamic expansion of the Asian life insurance markets and from the ongoing privatisation trends in provision for old age, long-term care and disability. We structure our products so that they are tailored to our clients' needs while conforming to our risk strategy.

We also see increasing demand for the management of investment risks in life insurance portfolios. We provide our clients with comprehensive solutions for hedging options and guarantees dependent on the capital markets, which we transfer to the capital markets by means of sophisticated concepts.

For 2013, we expect gross premiums written to be in the region of €10.5bn and a technical result of over €400m.

In 2010, we set ourselves the objective of achieving value added by new business of €450m a year by 2015 based on Market Consistent Embedded Value (MCEV) Principles. With our very good results in recent years, we consider ourselves well positioned to reach this goal.

In property-casualty reinsurance, which is traditionally exposed to market cycles and natural fluctuations in the amount of major losses, Munich Re will maintain its clear, profit-oriented underwriting policy and accept risks only at commensurate prices, terms and conditions.

At 1 July 2013, a volume of €2.2bn, or around 13% of the overall portfolio, was up for renewal in the property-casualty reinsurance segment. It concerned in particular parts of the US portfolio, Australia and Latin America, and business with individual global clients. Overall, prices declined slightly at an adequate level, and premium volume remained unchanged.

We are experiencing a growing supply of capacity for non-proportional natural catastrophe covers from established capital providers and ones that are new to the market. Pension funds in particular consider reinsurance an attractive alternative investment for diversifying their risks and meeting return requirements in the current low-interest-rate environment. This is leading to rising pressure on prices, above all in the US markets. We project that the new capacity will be restricted to natural catastrophe covers in the foreseeable future, as more complex risks require specific know-how and risk diversification is not so evident there.

For the renewals in 2014, we envisage that prices in non-proportional natural catastrophe business will fall marginally overall because of a continuing increase in capacity. In proportional business, we are proceeding on the assumption that the present low-interest-rate environment will continue to result in stable primary insurance prices, in which we will participate via our proportional covers.

For 2013, we anticipate gross premiums written of just under €17bn in property-casualty reinsurance. We aim for a combined ratio of around 94% of net earned premiums, including the run-off of loss reserves for prior accident years. If the incidence of major losses remains within the expected range in the further course of the year, we should reach this target.

Gross premiums in reinsurance should be in the range of around €27.5bn overall in 2013. We project that the consolidated result for 2013 in reinsurance will total between €2.3bn and €2.5bn.

Primary insurance

We see good opportunities for primary insurance not only in evolving foreign markets but also in various sectors of the German market. For 2013, we expect premium development in the individual segments of primary insurance to be varied.

In life primary insurance, our total premium income is likely to be below the previous year's level at around €7bn, with gross premiums written totalling approximately €5.5bn. It should be borne in mind in this regard that the development in German and international business strongly depends on single-premium business with its volatile premium income, which we write only on the basis of stringent profitability requirements. The introduction of the new product generation in Germany will also be of great significance for premium development in the second half of the year.

In the health primary insurance segment, the premium adjustments for our business in force as at 1 April 2013 were somewhat more significant than in the previous year. The prices for new business with the new unisex products have also risen appreciably, partly as a result of the reduction in the actuarial interest rate. This makes it more difficult to attract new clients, as does the political debate on private health insurance. In supplementary health insurance, we anticipate further growth, partly owing to the introduction of subsidised long-term care insurance. We therefore anticipate gross premiums written to total just under €6bn.

In property-casualty insurance, we project that gross premiums written will total around €5.5bn, some €3.3bn of this deriving from German business. We continue to attach great importance to risk-commensurate prices, which in our business with commercial and industrial clients are not always attainable in the current market environment. We are proceeding on the assumption that premium volume in motor business will rise. In international business, gross premiums written are likely to be at roughly the same level as last year, adjusted for the premium income from ERGO Daum in South Korea, which was sold in 2012. In view of the high flood losses in May and June, we may not quite meet our target combined ratio of around 95% in property-casualty insurance.

We project that total premium income in primary insurance will range between €18bn and €18.5bn in 2013, while gross premiums written are likely to be slightly below €17bn.

For the primary insurance segment, we are targeting a consolidated result in the range of €400–500m, and expect around €350–450m for the ERGO Group. However, it has become harder to achieve the targeted range for 2013, despite the good half-year result. This is partly due to the high flood losses but also because the result for the first half of 2013 already includes the realisation of gains on disposals planned for 2013. The difference between the consolidated result targets for the primary insurance segment and the ERGO Group is mainly attributable to intra-Group business between primary insurance and reinsurance.

Munich Health

There are a host of growth avenues in the international healthcare markets, in particular due to advances in medicine and the related costs, and to improved life expectancy. We intend to utilise these opportunities, despite the current deterioration of the earnings situation of the Windsor Health Group's US Medicare business.

In reinsurance, we expect growth as a result of our clients' increasing numbers of insureds and a rise in demand for non-traditional reinsurance (e.g. as a capital substitute).

We anticipate that gross premiums written will amount to somewhat more than €6.5bn in 2013. The combined ratio is likely to be around 100%. Given the ongoing restructuring, the Windsor Health Group (WHG) will show a loss again in 2013, albeit at a significantly lower level than in 2012. A further loss for the whole Munich Health segment can therefore not be ruled out

Munich Re (Group)

We expect that the Group's gross premiums written for 2013 will be in the range of €50-52bn.

We are adhering to our long-term objective of a 15% return on our risk-adjusted capital (RORAC) after tax across the cycle of the insurance and interest-rate markets. However, this target will be difficult to achieve given the currently very low level of interest rates on low-risk investments.

Provided that loss experience is average in the second half of the year, our assumption is that the technical result for 2013 will be good, although owing particularly to numerous large losses in the second quarter, it is likely to be below the exceptionally high level of 2012.

Given the low market interest-rate level, the investment return is expected to be below the previous year's figure of €8.4bn, meaning that the return based on the larger average fair values of our investments should be well below the 3.9% achieved in 2012. Particularly in reinsurance, we intend to continue holding back with profit-taking. For 2013, we currently anticipate a total return on our investments of around 3.3%.

Overall, we are still aiming for a profit of close to €3bn for 2013.

The statements relating to opportunities and risks as presented in the Munich Re Group Annual Report 2012 naturally apply unchanged.

Interim consolidated financial statements

Consolidated balance sheet as at 30 June 2013

Assets

| | 30.6.2013 | | | 31.12.2012 | Change | |
|--|-----------|---------|----------------|----------------|---------------|-------------|
| | €m | €m | €m | €m | €m | % |
| A. Intangible assets | | | | | | |
| I. Goodwill | | 3,398 | | 3,376 | 22 | 0.7 |
| II. Other intangible assets | | 1,415 | | 1,518 | -103 | -6.8 |
| | | | 4,813 | 4,894 | -81 | -1.7 |
| B. Investments | | | | | | |
| I. Land and buildings, including buildings on third-party land | | 3,782 | | 3,831 | -49 | -1.3 |
| II. Investments in affiliated companies and associates | | 1,379 | | 1,467 | -88 | -6.0 |
| Thereof: | | | | | | |
| Associates accounted for using the equity method | | 1,176 | | 1,257 | -81 | -6.4 |
| III. Loans | | 55,368 | | 54,418 | 950 | 1.7 |
| IV. Other securities | | | | | | |
| 1. Held to maturity | 6 | | | 7 | -1 | -14.3 |
| 2. Available for sale | 126,694 | | | 133,196 | -6,502 | -4.9 |
| 3. At fair value through profit or loss | 2,929 | | | 3,015 | -86 | -2.9 |
| | | 129,629 | | 136,218 | -6,589 | -4.8 |
| V. Deposits retained on assumed reinsurance | | 8,606 | | 8,967 | -361 | -4.0 |
| VI. Other investments | | 4,400 | | 2,964 | 1,436 | 48.4 |
| | | | 203,164 | 207,865 | -4,701 | -2.3 |
| C. Investments for the benefit of life insurance policyholders who bear the investment risk | | | 6,189 | 5,958 | 231 | 3.9 |
| D. Ceded share of technical provisions | | | 5,605 | 5,730 | -125 | -2.2 |
| E. Receivables | | | | | | |
| I. Current tax receivables | | 626 | | 572 | 54 | 9.4 |
| II. Other receivables | | 11,774 | | 11,475 | 299 | 2.6 |
| | | | 12,400 | 12,047 | 353 | 2.9 |
| F. Cash at bank, cheques and cash in hand | | | 3,118 | 2,860 | 258 | 9.0 |
| G. Deferred acquisition costs | | | | | | |
| Gross | | 9,406 | | 9,256 | 150 | 1.6 |
| Ceded share | | 71 | | 74 | -3 | -4.1 |
| Net | | | 9,335 | 9,182 | 153 | 1.7 |
| H. Deferred tax assets | | | 6,587 | 6,219 | 368 | 5.9 |
| I. Other assets | | | 3,509 | 3,605 | -96 | -2.7 |
| Total assets | | | 254,720 | 258,360 | -3,640 | -1.4 |

Equity and liabilities

| | | 30.6.2013 | 31.12.2012 | | Change |
|--|---------|-----------|------------|--------|--------|
| | €m | €m | €m | €m | % |
| A. Equity | | | | | |
| I. Issued capital and capital reserve ¹ | 7,433 | | 7,421 | 12 | 0.2 |
| II. Retained earnings ¹ | 13,041 | | 10,915 | 2,126 | 19.5 |
| III. Other reserves | 3,430 | | 5,650 | -2,220 | -39.3 |
| IV. Consolidated result attributable to Munich Reinsurance Company equity holders | 1,501 | | 3,195 | -1,694 | -53.0 |
| V. Non-controlling interests | 245 | | 242 | 3 | 1.2 |
| | | 25,650 | 27,423 | -1,773 | -6.5 |
| B. Subordinated liabilities | | 4,416 | 5,504 | -1,088 | -19.8 |
| C. Gross technical provisions | | | | | |
| I. Unearned premiums | 8,535 | | 8,134 | 401 | 4.9 |
| II. Provision for future policy benefits | 110,658 | | 109,769 | 889 | 0.8 |
| III. Provision for outstanding claims | 53,475 | | 53,751 | -276 | -0.5 |
| IV. Other technical provisions | 12,895 | | 13,935 | -1,040 | -7.5 |
| | | 185,563 | 185,589 | -26 | 0.0 |
| D. Gross technical provisions for life insurance policies where the investment risk is borne by the policyholders | | 6,503 | 6,258 | 245 | 3.9 |
| E. Other accrued liabilities | | 4,131 | 4,425 | -294 | -6.6 |
| F. Liabilities | | | | | |
| I. Bonds and notes issued | 263 | | 259 | 4 | 1.5 |
| II. Deposits retained on ceded business | 2,846 | | 2,947 | -101 | -3.4 |
| III. Current tax liabilities | 3,093 | | 3,931 | -838 | -21.3 |
| IV. Other liabilities | 13,969 | | 13,240 | 729 | 5.5 |
| | | 20,171 | 20,377 | -206 | -1.0 |
| G. Deferred tax liabilities | | 8,286 | 8,784 | -498 | -5.7 |
| Total equity and liabilities | | 254,720 | 258,360 | -3,640 | -1.4 |

1 Previous year's figures adjusted owing to IAS 8, see "Recognition and measurement"

Consolidated income statement

1 January to 30 June 2013

Items

| | Q1-2 2013 | | | Q1-2 2012 ¹ | | Change |
|--|---------------|---------------|--------------|------------------------|--------------|---------------|
| | €m | €m | €m | €m | €m | % |
| Gross premiums written | 26,093 | | | 25,827 | 266 | 1.0 |
| 1. Earned premiums | | | | | | |
| Gross | 25,525 | | | 25,536 | -11 | 0.0 |
| Ceded | 824 | | | 719 | 105 | 14.6 |
| Net | | 24,701 | | 24,817 | -116 | -0.5 |
| 2. Income from technical interest | | 3,309 | | 3,408 | -99 | -2.9 |
| 3. Expenses for claims and benefits | | | | | | |
| Gross | 20,044 | | | 20,902 | -858 | -4.1 |
| Ceded share | 399 | | | 444 | -45 | -10.1 |
| Net | | 19,645 | | 20,458 | -813 | -4.0 |
| 4. Operating expenses | | | | | | |
| Gross | 6,622 | | | 6,217 | 405 | 6.5 |
| Ceded share | 158 | | | 153 | 5 | 3.3 |
| Net | | 6,464 | | 6,064 | 400 | 6.6 |
| 5. Technical result (1-4) | | | 1,901 | 1,703 | 198 | 11.6 |
| 6. Investment result | | | | | | |
| Investment income | 6,466 | | | 7,363 | -897 | -12.2 |
| Investment expenses | 2,903 | | | 3,313 | -410 | -12.4 |
| Total | | 3,563 | | 4,050 | -487 | -12.0 |
| Thereof: | | | | | | |
| Income from associates accounted for using the equity method | | 24 | | - | 24 | - |
| 7. Other operating income | | 358 | | 393 | -35 | -8.9 |
| 8. Other operating expenses | | 531 | | 434 | 97 | 22.4 |
| 9. Deduction of income from technical interest | | -3,309 | | -3,408 | 99 | 2.9 |
| 10. Non-technical result (6-9) | | | 81 | 601 | -520 | -86.5 |
| 11. Operating result (5 + 10) | | | 1,982 | 2,304 | -322 | -14.0 |
| 12. Other non-operating result | | | -31 | -237 | 206 | 86.9 |
| 13. Impairment losses of goodwill | | | - | 5 | -5 | -100.0 |
| 14. Net finance costs | | | -143 | -145 | 2 | 1.4 |
| 15. Taxes on income | | | 286 | 323 | -37 | -11.5 |
| 16. Consolidated result (11-15) | | | 1,522 | 1,594 | -72 | -4.5 |
| Thereof: | | | | | | |
| Attributable to Munich Reinsurance Company equity holders | | | 1,501 | 1,588 | -87 | -5.5 |
| Attributable to non-controlling interests | | | 21 | 6 | 15 | 250.0 |
| | | | € | € | € | % |
| Undiluted earnings per share | | | 8.38 | 8.94 | -0.56 | -6.3 |

1 Previous year's figures adjusted pursuant to IAS 8.

Consolidated income statement

1 April to 30 June 2013

Items

| | Q2 2013 | | | Q2 2012 ¹ | Change | |
|--|---------------|---------------|-------------|----------------------|--------------|---------------|
| | €m | €m | €m | €m | €m | % |
| Gross premiums written | 12,809 | | | 12,605 | 204 | 1.6 |
| 1. Earned premiums | | | | | | |
| Gross | 13,025 | | | 12,805 | 220 | 1.7 |
| Ceded | 420 | | | 355 | 65 | 18.3 |
| Net | | 12,605 | | 12,450 | 155 | 1.2 |
| 2. Income from technical interest | | 1,468 | | 1,421 | 47 | 3.3 |
| 3. Expenses for claims and benefits | | | | | | |
| Gross | 10,296 | | | 10,449 | -153 | -1.5 |
| Ceded share | 231 | | | 224 | 7 | 3.1 |
| Net | | 10,065 | | 10,225 | -160 | -1.6 |
| 4. Operating expenses | | | | | | |
| Gross | 3,484 | | | 3,008 | 476 | 15.8 |
| Ceded share | 98 | | | 93 | 5 | 5.4 |
| Net | | 3,386 | | 2,915 | 471 | 16.2 |
| 5. Technical result (1-4) | | | 622 | 731 | -109 | -14.9 |
| 6. Investment result | | | | | | |
| Investment income | 3,423 | | | 3,677 | -254 | -6.9 |
| Investment expenses | 1,867 | | | 1,871 | -4 | -0.2 |
| Total | | 1,556 | | 1,806 | -250 | -13.8 |
| Thereof: | | | | | | |
| Income from associates accounted for using the equity method | | 33 | | 2 | 31 | >1,000.0 |
| 7. Other operating income | | 198 | | 234 | -36 | -15.4 |
| 8. Other operating expenses | | 314 | | 248 | 66 | 26.6 |
| 9. Deduction of income from technical interest | | -1,468 | | -1,421 | -47 | -3.3 |
| 10. Non-technical result (6-9) | | | -28 | 371 | -399 | - |
| 11. Operating result (5 + 10) | | | 594 | 1,102 | -508 | -46.1 |
| 12. Other non-operating result | | | -141 | -42 | -99 | -235.7 |
| 13. Impairment losses of goodwill | | | - | 5 | -5 | -100.0 |
| 14. Net finance costs | | | -75 | -79 | 4 | 5.1 |
| 15. Taxes on income | | | -165 | 164 | -329 | - |
| 16. Consolidated result (11-15) | | | 543 | 812 | -269 | -33.1 |
| Thereof: | | | | | | |
| Attributable to Munich Reinsurance Company equity holders | | | 529 | 808 | -279 | -34.5 |
| Attributable to non-controlling interests | | | 14 | 4 | 10 | 250.0 |
| | | | € | € | € | % |
| Undiluted earnings per share | | | 2.95 | 4.54 | -1.59 | -35.0 |

1 Previous year's figures adjusted pursuant to IAS 8.

Consolidated income statement (quarterly breakdown)

Items

| | Q2 2013 | Q1 2013 | Q4 2012 | Q3 2012 | Q2 2012 | Q1 2012 |
|--|---------------|---------------|---------------|---------------|---------------|---------------|
| | €m | €m | €m | €m | €m | €m |
| Gross premiums written | 12,809 | 13,284 | 12,931 | 13,211 | 12,605 | 13,222 |
| 1. Earned premiums | | | | | | |
| Gross | 13,025 | 12,500 | 13,332 | 13,321 | 12,805 | 12,731 |
| Ceded | 420 | 404 | 383 | 588 | 355 | 364 |
| Net | 12,605 | 12,096 | 12,949 | 12,733 | 12,450 | 12,367 |
| 2. Income from technical interest | 1,468 | 1,841 | 1,644 | 1,866 | 1,421 | 1,987 |
| 3. Expenses for claims and benefits | | | | | | |
| Gross | 10,296 | 9,748 | 10,407 | 10,528 | 10,449 | 10,453 |
| Ceded share | 231 | 168 | 199 | 203 | 224 | 220 |
| Net | 10,065 | 9,580 | 10,208 | 10,325 | 10,225 | 10,233 |
| 4. Operating expenses | | | | | | |
| Gross | 3,484 | 3,138 | 3,311 | 3,378 | 3,008 | 3,209 |
| Ceded share | 98 | 60 | -30 | 233 | 93 | 60 |
| Net | 3,386 | 3,078 | 3,341 | 3,145 | 2,915 | 3,149 |
| 5. Technical result (1-4) | 622 | 1,279 | 1,044 | 1,129 | 731 | 972 |
| 6. Investment result | | | | | | |
| Investment income | 3,423 | 3,043 | 3,040 | 3,621 | 3,677 | 3,686 |
| Investment expenses | 1,867 | 1,036 | 875 | 1,400 | 1,871 | 1,442 |
| Total | 1,556 | 2,007 | 2,165 | 2,221 | 1,806 | 2,244 |
| Thereof: | | | | | | |
| Income from associates accounted for using the equity method | 33 | -9 | 70 | 12 | 2 | -2 |
| 7. Other operating income | 198 | 160 | 315 | 171 | 234 | 159 |
| 8. Other operating expenses | 314 | 217 | 268 | 221 | 248 | 186 |
| 9. Deduction of income from technical interest | -1,468 | -1,841 | -1,644 | -1,866 | -1,421 | -1,987 |
| 10. Non-technical result (6-9) | -28 | 109 | 568 | 305 | 371 | 230 |
| 11. Operating result (5 + 10) | 594 | 1,388 | 1,612 | 1,434 | 1,102 | 1,202 |
| 12. Other non-operating result | -141 | 110 | -597 | -2 | -42 | -195 |
| 13. Impairment losses of goodwill | - | - | 118 | 17 | 5 | - |
| 14. Net finance costs | -75 | -68 | -75 | -77 | -79 | -66 |
| 15. Taxes on income | -165 | 451 | 341 | 202 | 164 | 159 |
| 16. Consolidated result (11-15) | 543 | 979 | 481 | 1,136 | 812 | 782 |
| Thereof: | | | | | | |
| Attributable to Munich Reinsurance Company equity holders | 529 | 972 | 477 | 1,130 | 808 | 780 |
| Attributable to non-controlling interests | 14 | 7 | 4 | 6 | 4 | 2 |
| | € | € | € | € | € | € |
| Undiluted earnings per share | 2.95 | 5.43 | 2.69 | 6.36 | 4.54 | 4.39 |

Statement of recognised income and expense

1 January to 30 June 2013

| €m | | Q1-2 2013 | Q1-2 2012 |
|--|--------|---------------|--------------|
| Consolidated result | | 1,522 | 1,594 |
| Currency translation | | | |
| Gains (losses) recognised in equity | -58 | | 346 |
| Recognised in the consolidated income statement | - | | - |
| Unrealised gains and losses on investments | | | |
| Gains (losses) recognised in equity | -1,640 | | 1,701 |
| Recognised in the consolidated income statement | -536 | | -352 |
| Change resulting from valuation at equity | | | |
| Gains (losses) recognised in equity | -10 | | 26 |
| Recognised in the consolidated income statement | - | | - |
| Change resulting from cash flow hedges | | | |
| Gains (losses) recognised in equity | -1 | | - |
| Recognised in the consolidated income statement | - | | - |
| Other changes | - | | 11 |
| I. Items where income and expenses recognised directly in equity are reallocated to the consolidated income statement | -2,245 | | 1,732 |
| Remeasurements on defined benefit plans | 99 | | -112 |
| Other changes | - | | - |
| II. Items where income and expenses recognised directly in equity are not reallocated to the consolidated income statement | 99 | | -112 |
| Income and expense recognised directly in equity (I + II) | | -2,146 | 1,620 |
| Total recognised income and expense | | -624 | 3,214 |
| Thereof: | | | |
| Attributable to Munich Reinsurance Company equity holders | | -628 | 3,192 |
| Attributable to non-controlling interests | | 4 | 22 |

Statement of recognised income and expense

1 April to 30 June 2013

| €m | | Q2 2013 | Q2 2012 |
|--|--------|---------------|--------------|
| Consolidated result | | 543 | 812 |
| Currency translation | | | |
| Gains (losses) recognised in equity | -269 | | 581 |
| Recognised in the consolidated income statement | - | | - |
| Unrealised gains and losses on investments | | | |
| Gains (losses) recognised in equity | -1,755 | | 946 |
| Recognised in the consolidated income statement | -246 | | -148 |
| Change resulting from valuation at equity | | | |
| Gains (losses) recognised in equity | 2 | | -8 |
| Recognised in the consolidated income statement | - | | - |
| Change resulting from cash flow hedges | | | |
| Gains (losses) recognised in equity | - | | - |
| Recognised in the consolidated income statement | - | | - |
| Other changes | - | | 10 |
| I. Items where income and expenses recognised directly in equity are reallocated to the consolidated income statement | -2,268 | | 1,381 |
| Remeasurements on defined benefit plans | 10 | | -137 |
| Other changes | - | | - |
| II. Items where income and expenses recognised directly in equity are not reallocated to the consolidated income statement | 10 | | -137 |
| Income and expense recognised directly in equity (I + II) | | -2,258 | 1,244 |
| Total recognised income and expense | | -1,715 | 2,056 |
| Thereof: | | | |
| Attributable to Munich Reinsurance Company equity holders | | -1,710 | 2,041 |
| Attributable to non-controlling interests | | -5 | 15 |

Group statement of changes in equity

| | Issued capital | Capital reserve ¹ | |
|--|-------------------|---------------------------------|--|
| €m | | | |
| Status at 31.12.2011 | 588 | 6,831 | |
| Allocation to retained earnings | - | - | |
| Consolidated result | - | - | |
| Income and expense recognised directly in equity | - | - | |
| Currency translation | - | - | |
| Unrealised gains and losses on investments | - | - | |
| Change resulting from valuation at equity | - | - | |
| Change resulting from cash flow hedges | - | - | |
| Remeasurements on defined benefit plans | - | - | |
| Other changes | - | - | |
| Total recognised income and expense | - | - | |
| Change in shareholdings in subsidiaries | - | - | |
| Change in consolidated group | - | - | |
| Dividend | - | - | |
| Purchase/sale of own shares | - | - | |
| Retirement of own shares | - | - | |
| Status at 30.6.2012 | 588 | 6,831 | |
| Status at 31.12.2012 | 585 | 6,836 | |
| Allocation to retained earnings | - | - | |
| Consolidated result | - | - | |
| Income and expense recognised directly in equity | - | - | |
| Currency translation | - | - | |
| Unrealised gains and losses on investments | - | - | |
| Change resulting from valuation at equity | - | - | |
| Change resulting from cash flow hedges | - | - | |
| Remeasurements on defined benefit plans | - | - | |
| Other changes | - | - | |
| Total recognised income and expense | - | - | |
| Change in shareholdings in subsidiaries | - | - | |
| Change in consolidated group | - | - | |
| Dividend | - | - | |
| Purchase/sale of own shares | 3 | 9 | |
| Retirement of own shares | - | - | |
| Status at 30.6.2013 | 588 | 6,845 | |

1 Previous year's figures adjusted owing to IAS 8, see "Recognition and measurement".

| Equity attributable to Munich Reinsurance Company equity holders | | | | | | Non-controlling interests | Total equity |
|---|-----------------------|-----------------------------------|--|---|--------|------------------------------|-----------------|
| Retained earnings ¹ | | Other reserves | | Consolidated result | | | |
| Retained earnings before deduction of own shares | Own shares held | Unrealised gains and losses | Reserve from currency translation | Valuation result from cash flow hedges | | | |
| 11,727 | -170 | 3,603 | -223 | 4 | 702 | 247 | 23,309 |
| -408 | - | - | - | - | 408 | - | - |
| - | - | - | - | - | 1,588 | 6 | 1,594 |
| -109 | - | 1,345 | 345 | 23 | - | 16 | 1,620 |
| - | - | - | 345 | - | - | 1 | 346 |
| - | - | 1,343 | - | - | - | 6 | 1,349 |
| 1 | - | 2 | - | 23 | - | - | 26 |
| - | - | - | - | - | - | - | - |
| -112 | - | - | - | - | - | - | -112 |
| 2 | - | - | - | - | - | 9 | 11 |
| -109 | - | 1,345 | 345 | 23 | 1,588 | 22 | 3,214 |
| -10 | - | - | - | - | - | -33 | -43 |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | -1,110 | -3 | -1,113 |
| - | 4 | - | - | - | - | - | 4 |
| - | - | - | - | - | - | - | - |
| 11,200 | -166 | 4,948 | 122 | 27 | 1,588 | 233 | 25,371 |
| 10,992 | -77 | 5,946 | -292 | -4 | 3,195 | 242 | 27,423 |
| 1,940 | - | - | - | - | -1,940 | - | - |
| - | - | - | - | - | 1,501 | 21 | 1,522 |
| 91 | - | -2,162 | -55 | -3 | - | -17 | -2,146 |
| - | - | - | -55 | - | - | -3 | -58 |
| - | - | -2,162 | - | - | - | -14 | -2,176 |
| -8 | - | - | - | -2 | - | - | -10 |
| - | - | - | - | -1 | - | - | -1 |
| 99 | - | - | - | - | - | - | 99 |
| - | - | - | - | - | - | - | - |
| 91 | - | -2,162 | -55 | -3 | 1,501 | 4 | -624 |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | -1,255 | -1 | -1,256 |
| 23 | 72 | - | - | - | - | - | 107 |
| - | - | - | - | - | - | - | - |
| 13,046 | -5 | 3,784 | -347 | -7 | 1,501 | 245 | 25,650 |

Condensed consolidated cash flow statement

1 January to 30 June 2013

| €m | Q1-2 2013 | Q1-2 2012 |
|--|---------------|---------------|
| Consolidated result | 1,522 | 1,594 |
| Net change in technical provisions | 1,485 | 3,108 |
| Change in deferred acquisition costs | -153 | 6 |
| Change in deposits retained and accounts receivable and payable | 742 | 141 |
| Change in other receivables and liabilities | -1,109 | -28 |
| Gains and losses on the disposal of investments | -463 | -381 |
| Change in securities at fair value through profit or loss | -515 | -138 |
| Change in other balance sheet items | -77 | -108 |
| Other income/expenses without impact on cash flow | 550 | 57 |
| I. Cash flows from operating activities | 1,982 | 4,251 |
| Change from losing control of consolidated subsidiaries | - | 23 |
| Change from obtaining control of consolidated subsidiaries | -2 | -101 |
| Change from the acquisition, sale and maturities of other investments | 688 | -3,160 |
| Change from the acquisition and sale of investments for unit-linked life insurance | -213 | -190 |
| Other | 15 | 10 |
| II. Cash flows from investing activities | 488 | -3,418 |
| Inflows from increase in capital and from non-controlling interests | 107 | - |
| Outflows to ownership interests and non-controlling interests | - | 43 |
| Dividend payments | 1,256 | 1,113 |
| Change from other financing activities | -1,029 | 590 |
| III. Cash flows from financing activities | -2,178 | -566 |
| Cash flows for the financial year (I + II + III) | 292 | 267 |
| Effect of exchange rate changes on cash | -34 | 36 |
| Cash at the beginning of the financial year | 2,860 | 2,490 |
| Cash at 30 June of the financial year | 3,118 | 2,793 |

Selected notes to the consolidated financial statements

Recognition and measurement

This half-year financial report as at 30 June 2013 has been prepared in accordance with International Financial Reporting Standards (IFRSs) as applicable in the European Union. The condensed interim consolidated financial statements are prepared in accordance with IAS 34, Interim Financial Reporting. We have complied with all new and amended IFRSs and IFRIC interpretations whose application is compulsory for Munich Re for the first time for periods beginning on 1 January 2013. For existing or unchanged IFRSs, the same principles of recognition, measurement, consolidation and disclosure have been applied as in our consolidated financial statements as at 31 December 2012, with the exception of the changes mentioned below. In accordance with the rules of IFRS 4, underwriting items are recognised and measured on the basis of US GAAP (United States Generally Accepted Accounting Principles) at first-time adoption of IFRS 4 on 1 January 2005.

The following standards in particular have been newly adopted or amended:

Under the amendment to **IAS 1 (rev. 06/2011), Presentation of Financial Statements, Presentation of Items of Other Comprehensive Income**, “other comprehensive income” must now be divided into items that will be reclassified to profit or loss at a later date and items that will not. The purpose of this amendment is to improve the presentation of these items and align the approaches under IFRS and US GAAP. We have made the necessary adjustments in the statement of recognised income and expense.

IFRS 13 (05/2011), Fair Value Measurement, provides guidance on measuring items at fair value if another standard prescribes fair value measurement or fair value disclosure in the notes to the financial statements. The standard thus does not determine what items need to be measured at fair value. IFRS 13 revises the definition of fair value, defining it as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The standard includes detailed information on how to determine the fair value for different types of assets and liabilities. In addition, the standard requires further disclosures in the notes – for instance, the fair value hierarchy thus far only required for financial instruments under IFRS 7 has now been extended to include all items measured at fair value. On the basis of IFRS 13, we have verified whether Munich Re’s fair value measurement is in compliance with the new provisions, and we have made any adjustments in measurement necessary. We have implemented that part of the new disclosures in the notes that relate to financial assets and liabilities that we measure at fair value in

the financial statements and that must now be published on a quarterly basis owing to a knock-on change to IAS 34, Interim Financial Reporting. In conformity with requirements, we will implement the other new disclosures in the notes to the consolidated financial statements in the annual report as at the end of the year.

The amendments published as part of the **IFRS Annual Improvement Process** in May 2012 concern IFRS 1, First-time Adoption of International Financial Reporting Standards, which only includes rules for IFRS first-time users and is thus basically not relevant for Munich Re, as well as IAS 1, Presentation of Financial Statements, IAS 16, Property, Plant and Equipment, IAS 32, Financial Instruments: Presentation, IAS 34, Interim Financial Reporting, and the knock-on change in the interpretation of IFRIC 2, Members' Shares in Co-operative Entities and Similar Instruments. Only the amendment to IAS 1, Presentation of Financial Statements, is of practical significance for Munich Re, and this simplifies the rules currently in place. Where a retrospective change in accounting policies or a retrospective adjustment or reallocation of items under IAS 8 requires publication of a binding third comparative balance sheet, it is no longer necessary to make the relevant disclosures in the notes.

As a result of the amendments to **IAS 19 (rev. 06/2011), Employee Benefits**, the option for deferring the recognition of actuarial gains and losses, in particular the "corridor approach", has been eliminated. These gains and losses must now be recognised in equity with no effect on profit or loss. Furthermore, the past service cost for retroactive amendments in a defined benefit plan is to be immediately recognised in the income statement. The return on plan assets is now to be determined on the basis of the rate used to discount the present value of defined benefit obligations. The administrative costs and taxes payable by the plan are to be deducted from the return. The requirements regarding the asset ceiling have been integrated and further specified. Moreover, additional disclosures in the notes are required, e.g. analysing pension obligations in terms of their risks and sensitivities for the actuarial assumptions. The amendments will not have any material effects on Munich Re, since we have recognised actuarial gains and losses directly in equity since 2006. We have applied the amendments prospectively, as a retrospective application for prior periods did not appear appropriate, also from a cost-benefit point of view. The past service cost for a plan curtailment of €12m is recognised in the first quarter as income in the consolidated income statement. Based on an estimate, the return on plan assets recognised in the consolidated income statement is €11m lower in the first half-year than it would have been under the previous method. Accordingly, the difference compared with the actual income is €11m higher and recognised as a revaluation in equity with no effect on profit or loss. In December 2012, the Accounting Standards Committee of Germany (ASCG) published "Implementation Guidance 1 (IFRS) Specific Issues Relating to Accounting for Partial Retirement Arrangements in Accordance with IFRSs" with regard to the revised IAS 19. For reasons of materiality and from a cost-benefit point of view, we have applied this implementation guidance only prospectively. This results in a reduction in "other provisions" of €5m, which we have recognised as income in the consolidated income statement in the first quarter. We will implement the extended disclosures in the notes in accordance with IAS 19.

The amendments to **IFRS 7 (rev. 12/2011), Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities**, introduced new disclosures for the notes to the financial statements regarding such cases. These additional disclosures

comprise gross and net amounts related to offsetting as well as amounts for existing rights to offset that do not satisfy the offsetting criteria. At the same time as IFRS 7, amendments were also made to **IAS 32 (rev. 12/2011), Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities**, thus clarifying some issues in relation to the admissibility of offsetting financial assets and financial liabilities. However, this clarification will only be applicable for financial years beginning on or after 1 January 2014. These amendments currently have no practical significance for Munich Re.

IFRIC Interpretation 20 (10/2011), Stripping Costs in the Production Phase of a Surface Mine, clarifies when production stripping should lead to the recognition of an asset and how that asset should be measured, both initially and in subsequent periods. This interpretation has no practical relevance for Munich Re.

Our disclosure of costs directly connected with equity capital measures has been modified with effect from the first quarter of 2013. Previously, externally generated costs directly connected with equity capital measures were recognised in the capital reserve after taking tax effects into account. These costs are now shown in retained earnings. The informative function of the consolidated financial statements is thus enhanced, as the issued capital and capital reserve of Munich Reinsurance Company are directly evident in the consolidated financial statements. Pursuant to IAS 8.22, the modification has been applied retrospectively and the previous year's figures have been adjusted accordingly. As a result of the modification, the capital reserve has been increased by €31m, totalling €6,831m as at 31 December 2011 and €6,836m as at 31 December 2012. The retained earnings have been reduced by the same amount, totalling €11,557m as at 31 December 2011 and €10,915m as at 31 December 2012.

Our method of calculating the technical interest has been modified further with effect from the first quarter of 2013. The portion of investment income corresponding to the deposit interest expense is now included as a component in the calculation of the technical interest and thus in the technical result also in the reinsurance segments and in the Munich Health segment. This change provides for a more accurate presentation of the technical result. As a consequence of the change, the income from technical interest in the financial year 2013 is higher than it would have been under the previous method.

Changes in the consolidated group

There were no significant changes in the group of consolidated companies in the period under review.

Currency translation

Munich Re's presentation currency is the euro (€). The following table shows the exchange rates of the most important currencies for our business:

Currency translation rates

| Rate for €1 | Balance sheet | | Income statement | | | |
|-------------------|---------------|------------|------------------|----------|----------|----------|
| | 30.6.2013 | 31.12.2012 | Q2 2013 | Q1 2013 | Q2 2012 | Q1 2012 |
| Australian dollar | 1.42005 | 1.26990 | 1.31878 | 1.27085 | 1.27053 | 1.24301 |
| Canadian dollar | 1.37130 | 1.31270 | 1.33657 | 1.33091 | 1.29628 | 1.31298 |
| Pound sterling | 0.85700 | 0.81110 | 0.85048 | 0.85064 | 0.81098 | 0.83444 |
| Rand | 12.90390 | 11.18580 | 12.37200 | 11.81310 | 10.41550 | 10.17240 |
| Swiss franc | 1.22990 | 1.20680 | 1.23101 | 1.22778 | 1.20146 | 1.20792 |
| US dollar | 1.29985 | 1.31840 | 1.30583 | 1.32006 | 1.28368 | 1.31077 |
| Yen | 129.1210 | 113.9960 | 128.9230 | 121.6110 | 102.8660 | 103.9420 |

Segment reporting

In accordance with the “management approach”, the segmentation of our business operations is based on the way in which Munich Re is managed internally.

We have consequently identified seven segments to be reported:

- Life reinsurance (global life reinsurance business)
- Property-casualty reinsurance (global property-casualty reinsurance business)
- Life primary insurance (global life primary insurance business)
- Health primary insurance (German health primary insurance business and global travel insurance business)
- Property-casualty primary insurance (global property-casualty primary insurance business)
- Munich Health (global health reinsurance business and health primary insurance business outside Germany)
- Asset management (management of assets for the Group and for external investors)

Munich Re’s primary insurance segments comprise all the activities of the ERGO Insurance Group (ERGO). In addition, certain primary insurers whose business requires special solution-finding competence are coupled to reinsurance as the risk carrier. We therefore transact their business from within reinsurance and consequently allocate them to the reinsurance segment.

Segment assets

| €m | Reinsurance | | | |
|--|---------------|----------------|-------------------|----------------|
| | Life | | Property-casualty | |
| | 30.6. 2013 | 31.12. 2012 | 30.6. 2013 | 31.12. 2012 |
| A. Intangible assets | 168 | 170 | 2,031 | 2,050 |
| B. Investments | | | | |
| I. Land and buildings, including buildings on third-party land | 261 | 245 | 1,213 | 1,224 |
| II. Investments in affiliated companies and associates | 20 | 21 | 707 | 775 |
| Thereof: | | | | |
| Associates accounted for using the equity method | - | 1 | 617 | 682 |
| III. Loans | 36 | 18 | 133 | 52 |
| IV. Other securities | | | | |
| 1. Held to maturity | - | - | - | - |
| 2. Available for sale | 14,523 | 15,399 | 50,365 | 54,651 |
| 3. At fair value through profit or loss | 595 | 605 | 1,091 | 1,042 |
| | 15,118 | 16,004 | 51,456 | 55,693 |
| V. Deposits retained on assumed reinsurance | 6,964 | 7,240 | 1,089 | 1,181 |
| VI. Other investments | 344 | 242 | 1,485 | 1,142 |
| | 22,743 | 23,770 | 56,083 | 60,067 |
| C. Investments for the benefit of life insurance policyholders who bear the investment risk | - | - | - | - |
| D. Ceded share of technical provisions | 1,007 | 1,140 | 2,194 | 2,186 |
| E. Other segment assets | 6,713 | 6,019 | 10,310 | 9,765 |
| Total segment assets | 30,631 | 31,099 | 70,618 | 74,068 |

Segment liabilities

| €m | Reinsurance | | | |
|--|---------------|----------------|-------------------|----------------|
| | Life | | Property-casualty | |
| | 30.6. 2013 | 31.12. 2012 | 30.6. 2013 | 31.12. 2012 |
| A. Subordinated liabilities | 1,136 | 1,343 | 3,171 | 3,838 |
| B. Gross technical provisions | | | | |
| I. Unearned premiums | 39 | 37 | 5,827 | 5,776 |
| II. Provision for future policy benefits | 12,926 | 13,352 | 30 | 32 |
| III. Provision for outstanding claims | 5,689 | 5,652 | 38,826 | 39,097 |
| IV. Other technical provisions | 427 | 432 | 59 | 81 |
| | 19,081 | 19,473 | 44,742 | 44,986 |
| C. Gross technical provisions for life insurance policies where the investment risk is borne by the policyholders | - | - | - | - |
| D. Other accrued liabilities | 184 | 198 | 623 | 721 |
| E. Other segment liabilities | 5,927 | 6,600 | 10,464 | 10,406 |
| Total segment liabilities | 26,328 | 27,614 | 59,000 | 59,951 |

| | Life | | Health | | Primary insurance Property-casualty | | Munich Health | | Asset management | | Total | |
|--|---------------|----------------|---------------|----------------|--|----------------|---------------|----------------|------------------|----------------|---------------|----------------|
| | 30.6. 2013 | 31.12. 2012 | 30.6. 2013 | 31.12. 2012 | 30.6. 2013 | 31.12. 2012 | 30.6. 2013 | 31.12. 2012 | 30.6. 2013 | 31.12. 2012 | 30.6. 2013 | 31.12. 2012 |
| | 983 | 1,031 | 674 | 677 | 931 | 932 | 15 | 23 | 11 | 11 | 4,813 | 4,894 |
| | 1,379 | 1,393 | 761 | 777 | 92 | 95 | 10 | 30 | 66 | 67 | 3,782 | 3,831 |
| | 133 | 132 | 142 | 151 | 209 | 214 | 94 | 93 | 74 | 81 | 1,379 | 1,467 |
| | 111 | 109 | 130 | 138 | 166 | 172 | 93 | 90 | 59 | 65 | 1,176 | 1,257 |
| | 35,317 | 34,977 | 17,716 | 17,138 | 2,143 | 2,210 | 23 | 23 | - | - | 55,368 | 54,418 |
| | 6 | 7 | - | - | - | - | - | - | - | - | 6 | 7 |
| | 35,903 | 37,151 | 15,579 | 15,592 | 6,641 | 6,348 | 2,887 | 3,602 | 796 | 453 | 126,694 | 133,196 |
| | 1,099 | 1,174 | 111 | 155 | 17 | 22 | 16 | 17 | - | - | 2,929 | 3,015 |
| | 37,008 | 38,332 | 15,690 | 15,747 | 6,658 | 6,370 | 2,903 | 3,619 | 796 | 453 | 129,629 | 136,218 |
| | 141 | 147 | 1 | 1 | 4 | 4 | 407 | 394 | - | - | 8,606 | 8,967 |
| | 1,160 | 583 | 204 | 82 | 436 | 594 | 82 | 66 | 689 | 255 | 4,400 | 2,964 |
| | 75,138 | 75,564 | 34,514 | 33,896 | 9,542 | 9,487 | 3,519 | 4,225 | 1,625 | 856 | 203,164 | 207,865 |
| | 6,188 | 5,957 | - | - | - | - | 1 | 1 | - | - | 6,189 | 5,958 |
| | 1,859 | 1,862 | 23 | 22 | 373 | 340 | 149 | 180 | - | - | 5,605 | 5,730 |
| | 7,776 | 7,893 | 3,564 | 3,575 | 4,466 | 4,456 | 2,003 | 2,085 | 117 | 120 | 34,949 | 33,913 |
| | 91,944 | 92,307 | 38,775 | 38,170 | 15,312 | 15,215 | 5,687 | 6,514 | 1,753 | 987 | 254,720 | 258,360 |

| | Life | | Health | | Primary insurance Property-casualty | | Munich Health | | Asset management | | Total | |
|--|------------------------------|----------------|---------------|----------------|--|----------------|---------------|----------------|------------------|----------------|---------------|----------------|
| | 30.6. 2013 | 31.12. 2012 | 30.6. 2013 | 31.12. 2012 | 30.6. 2013 | 31.12. 2012 | 30.6. 2013 | 31.12. 2012 | 30.6. 2013 | 31.12. 2012 | 30.6. 2013 | 31.12. 2012 |
| | 75 | 75 | - | - | - | - | 34 | 248 | - | - | 4,416 | 5,504 |
| | 18 | 15 | 112 | 99 | 2,107 | 1,755 | 432 | 452 | - | - | 8,535 | 8,134 |
| | 69,606 | 69,508 | 26,718 | 25,544 | 433 | 425 | 945 | 908 | - | - | 110,658 | 109,769 |
| | 1,663 | 1,648 | 872 | 917 | 5,548 | 5,483 | 877 | 954 | - | - | 53,475 | 53,751 |
| | 4,192 | 4,688 | 7,984 | 8,475 | 145 | 149 | 88 | 110 | - | - | 12,895 | 13,935 |
| | 75,479 | 75,859 | 35,686 | 35,035 | 8,233 | 7,812 | 2,342 | 2,424 | - | - | 185,563 | 185,589 |
| | 6,502 | 6,257 | - | - | - | - | 1 | 1 | - | - | 6,503 | 6,258 |
| | 532 | 590 | 262 | 293 | 2,332 | 2,396 | 156 | 178 | 42 | 49 | 4,131 | 4,425 |
| | 7,273 | 6,973 | 1,298 | 1,108 | 2,038 | 2,233 | 1,350 | 1,682 | 107 | 159 | 28,457 | 29,161 |
| | 89,861 | 89,754 | 37,246 | 36,436 | 12,603 | 12,441 | 3,883 | 4,533 | 149 | 208 | 229,070 | 230,937 |
| | Equity | | | | | | | | | | 25,650 | 27,423 |
| | Total equity and liabilities | | | | | | | | | | 254,720 | 258,360 |

Segment income statement 1.1.-30.6.2013

| €m | Reinsurance | | | |
|--|--------------|--------------|-------------------|--------------|
| | Life | | Property-casualty | |
| | Q1-2 2013 | Q1-2 2012 | Q1-2 2013 | Q1-2 2012 |
| Gross premiums written | 5,563 | 5,294 | 8,533 | 8,397 |
| 1. Earned premiums | | | | |
| Gross | 5,562 | 5,295 | 8,397 | 8,533 |
| Ceded | 219 | 190 | 331 | 309 |
| Net | 5,343 | 5,105 | 8,066 | 8,224 |
| 2. Income from technical interest | 357 | 315 | 596 | 661 |
| 3. Expenses for claims and benefits | | | | |
| Gross | 3,904 | 4,026 | 5,183 | 5,560 |
| Ceded share | 109 | 162 | 112 | 113 |
| Net | 3,795 | 3,864 | 5,071 | 5,447 |
| 4. Operating expenses | | | | |
| Gross | 1,675 | 1,360 | 2,422 | 2,491 |
| Ceded share | 75 | 59 | 34 | 42 |
| Net | 1,600 | 1,301 | 2,388 | 2,449 |
| Thereof: | | | | |
| Amortisation and impairment losses of acquired insurance portfolios | 1 | 4 | - | - |
| 5. Technical result (1-4) | 305 | 255 | 1,203 | 989 |
| 6. Investment result | | | | |
| Investment income | 934 | 993 | 2,154 | 2,802 |
| Investment expenses | 572 | 595 | 1,490 | 1,746 |
| Total | 362 | 398 | 664 | 1,056 |
| Thereof: | | | | |
| Interest and similar income | 367 | 352 | 702 | 770 |
| Interest charges and similar expenses | 2 | 1 | 9 | 6 |
| Write-downs of investments | 343 | 377 | 657 | 750 |
| Write-ups of investments | 311 | 290 | 431 | 588 |
| Income from associates accounted for using the equity method | - | - | 16 | -18 |
| 7. Other operating income | 40 | 49 | 100 | 115 |
| Thereof: | | | | |
| Interest and similar income | 23 | 31 | 4 | 18 |
| Write-ups of other operating assets | 1 | 5 | 1 | 6 |
| 8. Other operating expenses | 63 | 49 | 177 | 135 |
| Thereof: | | | | |
| Interest charges and similar expenses | 41 | 23 | 47 | 29 |
| Write-downs of other operating assets | 1 | 3 | 3 | 4 |
| 9. Deduction of income from technical interest | -357 | -315 | -596 | -661 |
| 10. Non-technical result (6-9) | -18 | 83 | -9 | 375 |
| 11. Operating result (5 + 10) | 287 | 338 | 1,194 | 1,364 |
| 12. Other non-operating result, net finance costs and impairment losses of goodwill | 1 | -50 | -63 | -157 |
| 13. Taxes on income | 58 | 21 | 156 | 181 |
| 14. Consolidated result (11-13) | 230 | 267 | 975 | 1,026 |
| Thereof: | | | | |
| Attributable to Munich Reinsurance Company equity holders | 230 | 267 | 972 | 1,026 |
| Attributable to non-controlling interests | - | - | 3 | - |

1 Previous year's figures adjusted pursuant to IAS 8.

| | Life | | Health | | Primary insurance Property-casualty | | Munich Health | | Asset management | | Total | |
|--|-----------|------------------------|-----------|-----------|--|-----------|---------------|-----------|------------------|-----------|-----------|-----------|
| | Q1-2 2013 | Q1-2 2012 ¹ | Q1-2 2013 | Q1-2 2012 | Q1-2 2013 | Q1-2 2012 | Q1-2 2013 | Q1-2 2012 | Q1-2 2013 | Q1-2 2012 | Q1-2 2013 | Q1-2 2012 |
| | 2,658 | 2,828 | 2,868 | 2,869 | 3,094 | 3,091 | 3,377 | 3,348 | - | - | 26,093 | 25,827 |
| | | | | | | | | | | | | |
| | 2,654 | 2,825 | 2,854 | 2,828 | 2,684 | 2,756 | 3,374 | 3,299 | - | - | 25,525 | 25,536 |
| | 52 | 51 | 24 | 25 | 83 | 113 | 115 | 31 | - | - | 824 | 719 |
| | 2,602 | 2,774 | 2,830 | 2,803 | 2,601 | 2,643 | 3,259 | 3,268 | - | - | 24,701 | 24,817 |
| | 1,485 | 1,635 | 746 | 668 | 105 | 104 | 20 | 25 | - | - | 3,309 | 3,408 |
| | | | | | | | | | | | | |
| | 3,520 | 3,831 | 3,062 | 3,006 | 1,689 | 1,770 | 2,686 | 2,709 | - | - | 20,044 | 20,902 |
| | 42 | 33 | 11 | 13 | 58 | 107 | 67 | 16 | - | - | 399 | 444 |
| | 3,478 | 3,798 | 3,051 | 2,993 | 1,631 | 1,663 | 2,619 | 2,693 | - | - | 19,645 | 20,458 |
| | | | | | | | | | | | | |
| | 641 | 516 | 350 | 328 | 895 | 905 | 639 | 617 | - | - | 6,622 | 6,217 |
| | 11 | 6 | 10 | 6 | 4 | 22 | 24 | 18 | - | - | 158 | 153 |
| | 630 | 510 | 340 | 322 | 891 | 883 | 615 | 599 | - | - | 6,464 | 6,064 |
| | | | | | | | | | | | | |
| | 40 | 12 | 2 | 3 | - | - | - | - | - | - | 43 | 19 |
| | -21 | 101 | 185 | 156 | 184 | 201 | 45 | 1 | - | - | 1,901 | 1,703 |
| | | | | | | | | | | | | |
| | 2,093 | 2,435 | 884 | 755 | 301 | 264 | 92 | 105 | 8 | 9 | 6,466 | 7,363 |
| | 556 | 657 | 188 | 148 | 82 | 121 | 5 | 45 | 10 | 1 | 2,903 | 3,313 |
| | 1,537 | 1,778 | 696 | 607 | 219 | 143 | 87 | 60 | -2 | 8 | 3,563 | 4,050 |
| | | | | | | | | | | | | |
| | 1,352 | 1,404 | 636 | 637 | 126 | 151 | 41 | 52 | 1 | 3 | 3,225 | 3,369 |
| | 1 | 2 | 2 | 1 | - | 1 | - | - | - | - | 14 | 11 |
| | 217 | 129 | 58 | 31 | 34 | 60 | 1 | 13 | 10 | 1 | 1,320 | 1,361 |
| | 73 | 269 | 36 | 32 | 14 | 17 | 10 | 10 | - | - | 875 | 1,206 |
| | 2 | 2 | 5 | 2 | 6 | 5 | 2 | 7 | -7 | 2 | 24 | - |
| | 64 | 59 | 19 | 28 | 81 | 80 | 29 | 37 | 25 | 25 | 358 | 393 |
| | | | | | | | | | | | | |
| | 7 | 3 | 1 | 5 | 2 | 1 | 3 | 11 | 1 | 2 | 41 | 71 |
| | 22 | 15 | - | - | 3 | 6 | 1 | 4 | - | - | 28 | 36 |
| | 47 | 47 | 25 | 45 | 146 | 104 | 55 | 38 | 18 | 16 | 531 | 434 |
| | | | | | | | | | | | | |
| | 3 | 3 | 6 | 10 | 64 | 29 | 24 | 14 | 3 | - | 188 | 108 |
| | 5 | 4 | 1 | 2 | 8 | 14 | 1 | 2 | - | - | 19 | 29 |
| | -1,485 | -1,635 | -746 | -668 | -105 | -104 | -20 | -25 | - | - | -3,309 | -3,408 |
| | 69 | 155 | -56 | -78 | 49 | 15 | 41 | 34 | 5 | 17 | 81 | 601 |
| | 48 | 256 | 129 | 78 | 233 | 216 | 86 | 35 | 5 | 17 | 1,982 | 2,304 |
| | | | | | | | | | | | | |
| | 20 | -13 | -28 | -22 | -98 | -111 | -3 | -30 | -3 | -4 | -174 | -387 |
| | -5 | 65 | 38 | 25 | -4 | 19 | 24 | -1 | 19 | 13 | 286 | 323 |
| | 73 | 178 | 63 | 31 | 139 | 86 | 59 | 6 | -17 | - | 1,522 | 1,594 |
| | | | | | | | | | | | | |
| | 73 | 178 | 63 | 31 | 123 | 79 | 57 | 7 | -17 | - | 1,501 | 1,588 |
| | - | - | - | - | 16 | 7 | 2 | -1 | - | - | 21 | 6 |

Segment income statement 1.4.–30.6.2013

| €m | Reinsurance | | | |
|--|--------------|--------------|-------------------|--------------|
| | Life | | Property-casualty | |
| | Q2 2013 | Q2 2012 | Q2 2013 | Q2 2012 |
| Gross premiums written | 2,994 | 2,695 | 4,135 | 4,152 |
| 1. Earned premiums | | | | |
| Gross | 2,998 | 2,698 | 4,167 | 4,205 |
| Ceded | 118 | 90 | 177 | 157 |
| Net | 2,880 | 2,608 | 3,990 | 4,048 |
| 2. Income from technical interest | 183 | 169 | 298 | 331 |
| 3. Expenses for claims and benefits | | | | |
| Gross | 2,017 | 2,128 | 2,834 | 2,858 |
| Ceded share | 60 | 68 | 73 | 81 |
| Net | 1,957 | 2,060 | 2,761 | 2,777 |
| 4. Operating expenses | | | | |
| Gross | 1,055 | 643 | 1,232 | 1,189 |
| Ceded share | 45 | 28 | 26 | 32 |
| Net | 1,010 | 615 | 1,206 | 1,157 |
| Thereof: | | | | |
| Amortisation and impairment losses of acquired insurance portfolios | 1 | 2 | - | - |
| 5. Technical result (1-4) | 96 | 102 | 321 | 445 |
| 6. Investment result | | | | |
| Investment income | 482 | 479 | 1,315 | 1,517 |
| Investment expenses | 304 | 261 | 988 | 971 |
| Total | 178 | 218 | 327 | 546 |
| Thereof: | | | | |
| Interest and similar income | 183 | 183 | 350 | 382 |
| Interest charges and similar expenses | 1 | - | 5 | 4 |
| Write-downs of investments | 176 | 138 | 468 | 408 |
| Write-ups of investments | 139 | 100 | 295 | 369 |
| Income from associates accounted for using the equity method | - | - | 20 | -14 |
| 7. Other operating income | 20 | 30 | 51 | 70 |
| Thereof: | | | | |
| Interest and similar income | 11 | 20 | - | 15 |
| Write-ups of other operating assets | 1 | 3 | 1 | 4 |
| 8. Other operating expenses | 46 | 33 | 105 | 82 |
| Thereof: | | | | |
| Interest charges and similar expenses | 36 | 17 | 40 | 22 |
| Write-downs of other operating assets | 1 | 3 | -2 | 3 |
| 9. Deduction of income from technical interest | -183 | -169 | -298 | -331 |
| 10. Non-technical result (6-9) | -31 | 46 | -25 | 203 |
| 11. Operating result (5 + 10) | 65 | 148 | 296 | 648 |
| 12. Other non-operating result, net finance costs and impairment losses of goodwill | -27 | 5 | -143 | -50 |
| 13. Taxes on income | -20 | 15 | -167 | 77 |
| 14. Consolidated result (11-13) | 58 | 138 | 320 | 521 |
| Thereof: | | | | |
| Attributable to Munich Reinsurance Company equity holders | 58 | 138 | 320 | 521 |
| Attributable to non-controlling interests | - | - | - | - |

1 Previous year's figures adjusted pursuant to IAS 8.

| | Primary insurance | | | | | | Munich Health | | Asset management | | Total | |
|--|-------------------|----------------------|---------|---------|-------------------|---------|---------------|---------|------------------|---------|---------|---------|
| | Life | | Health | | Property-casualty | | | | | | | |
| | Q2 2013 | Q2 2012 ¹ | Q2 2013 | Q2 2012 | Q2 2013 | Q2 2012 | Q2 2013 | Q2 2012 | Q2 2013 | Q2 2012 | Q2 2013 | Q2 2012 |
| | 1,301 | 1,422 | 1,436 | 1,412 | 1,240 | 1,256 | 1,703 | 1,668 | - | - | 12,809 | 12,605 |
| | | | | | | | | | | | | |
| | 1,299 | 1,419 | 1,449 | 1,420 | 1,346 | 1,383 | 1,766 | 1,680 | - | - | 13,025 | 12,805 |
| | 26 | 23 | 12 | 13 | 29 | 46 | 58 | 26 | - | - | 420 | 355 |
| | 1,273 | 1,396 | 1,437 | 1,407 | 1,317 | 1,337 | 1,708 | 1,654 | - | - | 12,605 | 12,450 |
| | 552 | 546 | 372 | 309 | 53 | 53 | 10 | 13 | - | - | 1,468 | 1,421 |
| | | | | | | | | | | | | |
| | 1,597 | 1,678 | 1,560 | 1,487 | 878 | 895 | 1,410 | 1,403 | - | - | 10,296 | 10,449 |
| | 19 | 17 | 5 | 7 | 42 | 35 | 32 | 16 | - | - | 231 | 224 |
| | 1,578 | 1,661 | 1,555 | 1,480 | 836 | 860 | 1,378 | 1,387 | - | - | 10,065 | 10,225 |
| | | | | | | | | | | | | |
| | 254 | 269 | 175 | 162 | 450 | 443 | 318 | 302 | - | - | 3,484 | 3,008 |
| | 7 | 2 | 5 | 3 | 5 | 17 | 10 | 11 | - | - | 98 | 93 |
| | 247 | 267 | 170 | 159 | 445 | 426 | 308 | 291 | - | - | 3,386 | 2,915 |
| | | | | | | | | | | | | |
| | 9 | 5 | 1 | 2 | - | - | - | - | - | - | 11 | 9 |
| | - | 14 | 84 | 77 | 89 | 104 | 32 | -11 | - | - | 622 | 731 |
| | | | | | | | | | | | | |
| | 917 | 1,103 | 508 | 385 | 161 | 132 | 35 | 54 | 5 | 7 | 3,423 | 3,677 |
| | 380 | 441 | 141 | 99 | 52 | 71 | 2 | 27 | - | 1 | 1,867 | 1,871 |
| | 537 | 662 | 367 | 286 | 109 | 61 | 33 | 27 | 5 | 6 | 1,556 | 1,806 |
| | | | | | | | | | | | | |
| | 680 | 691 | 323 | 322 | 63 | 73 | 20 | 25 | - | 2 | 1,619 | 1,678 |
| | - | 1 | 1 | - | - | 1 | - | - | - | - | 7 | 6 |
| | 154 | 61 | 35 | 18 | 23 | 46 | - | 7 | - | 1 | 856 | 679 |
| | 39 | 208 | 24 | 15 | 7 | 5 | 10 | 6 | - | - | 514 | 703 |
| | 1 | 1 | 3 | - | 4 | 12 | 2 | 1 | 3 | 2 | 33 | 2 |
| | 46 | 39 | 8 | 15 | 44 | 45 | 16 | 22 | 13 | 13 | 198 | 234 |
| | | | | | | | | | | | | |
| | 6 | 1 | 1 | 2 | 1 | 1 | 1 | 9 | 1 | 1 | 21 | 49 |
| | 22 | 14 | - | - | - | 3 | 1 | 3 | - | - | 25 | 27 |
| | 22 | 23 | 9 | 24 | 89 | 55 | 33 | 22 | 10 | 9 | 314 | 248 |
| | | | | | | | | | | | | |
| | 2 | 2 | 3 | 6 | 51 | 15 | 18 | 10 | 2 | - | 152 | 72 |
| | 3 | 2 | - | 1 | 3 | 11 | - | 1 | - | - | 5 | 21 |
| | -552 | -546 | -372 | -309 | -53 | -53 | -10 | -13 | - | - | -1,468 | -1,421 |
| | 9 | 132 | -6 | -32 | 11 | -2 | 6 | 14 | 8 | 10 | -28 | 371 |
| | 9 | 146 | 78 | 45 | 100 | 102 | 38 | 3 | 8 | 10 | 594 | 1,102 |
| | | | | | | | | | | | | |
| | 24 | -15 | -17 | -12 | -48 | -52 | -3 | - | -2 | -2 | -216 | -126 |
| | -8 | 39 | 23 | 18 | -17 | 7 | 13 | 2 | 11 | 6 | -165 | 164 |
| | 41 | 92 | 38 | 15 | 69 | 43 | 22 | 1 | -5 | 2 | 543 | 812 |
| | | | | | | | | | | | | |
| | 41 | 92 | 38 | 15 | 55 | 39 | 22 | 1 | -5 | 2 | 529 | 808 |
| | - | - | - | - | 14 | 4 | - | - | - | - | 14 | 4 |

Non-current assets by country¹

| €m | 30.6.2013 | 31.12.2012 |
|--------------|---------------|---------------|
| Germany | 7,492 | 7,601 |
| USA | 1,918 | 1,915 |
| UK | 519 | 548 |
| Austria | 374 | 390 |
| Italy | 269 | 273 |
| Sweden | 245 | 253 |
| Poland | 161 | 163 |
| France | 156 | 157 |
| Spain | 145 | 127 |
| Netherlands | 141 | 145 |
| Switzerland | 93 | 96 |
| Portugal | 62 | 66 |
| Others | 250 | 259 |
| Total | 11,825 | 11,993 |

1 The non-current assets mainly comprise intangible assets (especially goodwill) and our owner-occupied and investment property, as well as investments in renewable energy (RENT).

Investments in non-current assets per segment¹

| €m | Q1-2 2013 | Q1-2 2012 |
|-------------------------------------|------------|------------|
| Reinsurance life | 12 | 22 |
| Reinsurance property-casualty | 27 | 116 |
| Primary insurance life | 6 | 23 |
| Primary insurance health | 2 | 10 |
| Primary insurance property-casualty | 86 | 61 |
| Munich Health | 30 | 10 |
| Asset management | 3 | 2 |
| Total | 166 | 244 |

1 The non-current assets mainly comprise intangible assets (especially goodwill) and our owner-occupied and investment property, as well as investments in renewable energy (RENT).

Gross premiums written

| €m | Reinsurance | | Primary insurance | | Munich Health | | Total | |
|------------------------------|---------------|---------------|-------------------|--------------|---------------|--------------|---------------|---------------|
| | Q1-2 2013 | Q1-2 2012 | Q1-2 2013 | Q1-2 2012 | Q1-2 2013 | Q1-2 2012 | Q1-2 2013 | Q1-2 2012 |
| Europe | 4,210 | 4,417 | 8,610 | 8,705 | 962 | 963 | 13,782 | 14,085 |
| North America | 6,668 | 5,865 | 2 | 1 | 2,148 | 2,152 | 8,818 | 8,018 |
| Asia and Australasia | 2,106 | 2,250 | 5 | 76 | 89 | 99 | 2,200 | 2,425 |
| Africa, Near and Middle East | 365 | 389 | 1 | 2 | 160 | 133 | 526 | 524 |
| Latin America | 747 | 770 | 2 | 4 | 18 | 1 | 767 | 775 |
| Total | 14,096 | 13,691 | 8,620 | 8,788 | 3,377 | 3,348 | 26,093 | 25,827 |

Gross premiums written

| €m | Reinsurance | | Primary insurance | | Munich Health | | Total | |
|------------------------------|--------------|--------------|-------------------|--------------|---------------|--------------|---------------|---------------|
| | Q2 2013 | Q2 2012 | Q2 2013 | Q2 2012 | Q2 2013 | Q2 2012 | Q2 2013 | Q2 2012 |
| Europe | 1,975 | 2,097 | 3,972 | 4,052 | 472 | 450 | 6,419 | 6,599 |
| North America | 3,552 | 3,030 | 1 | - | 1,099 | 1,094 | 4,652 | 4,124 |
| Asia and Australasia | 1,075 | 1,142 | 2 | 35 | 41 | 60 | 1,118 | 1,237 |
| Africa, Near and Middle East | 169 | 206 | 1 | 1 | 79 | 63 | 249 | 270 |
| Latin America | 358 | 372 | 1 | 2 | 12 | 1 | 371 | 375 |
| Total | 7,129 | 6,847 | 3,977 | 4,090 | 1,703 | 1,668 | 12,809 | 12,605 |

Notes to the consolidated balance sheet

The main items of the consolidated balance sheet are made up as follows:

Intangible assets

Development of goodwill

| Goodwill from the acquisition of €m | Reinsurance | | | | Primary insurance | |
|--|----------------------|--------------|------------|------------|-------------------------|--------------|
| | Munich Re America | | Other | | ERGO Insurance Group | |
| | Q1-2 2013 | Q1-2 2012 | Q1-2 2013 | Q1-2 2012 | Q1-2 2013 | Q1-2 2012 |
| Gross carrying amount at 31 Dec. previous year | 1,046 | 1,062 | 454 | 435 | 1,754 | 1,754 |
| Accumulated impairment losses at 31 Dec. previous year | - | - | 51 | 27 | - | - |
| Carrying amount at 31 Dec. previous year | 1,046 | 1,062 | 403 | 408 | 1,754 | 1,754 |
| Currency translation differences | 15 | 25 | 4 | 9 | - | - |
| Additions | - | - | - | 5 | - | - |
| Disposals | - | - | - | - | - | - |
| Reclassifications | - | - | - | - | - | - |
| Impairment losses | - | - | - | 5 | - | - |
| Carrying amount at 30 June financial year | 1,061 | 1,087 | 407 | 417 | 1,754 | 1,754 |
| Accumulated impairment losses at 30 June financial year | - | - | 46 | 32 | - | - |
| Gross carrying amount at 30 June financial year | 1,061 | 1,087 | 453 | 449 | 1,754 | 1,754 |

| Goodwill from the acquisition of €m | Primary insurance | | Munich Health | | Total | |
|--|-------------------|------------|---------------|------------|--------------|--------------|
| | Q1-2 2013 | Q1-2 2012 | Q1-2 2013 | Q1-2 2012 | Q1-2 2013 | Q1-2 2012 |
| Gross carrying amount at 31 Dec. previous year | 554 | 554 | 156 | 154 | 3,964 | 3,959 |
| Accumulated impairment losses at 31 Dec. previous year | 381 | 381 | 156 | 40 | 588 | 448 |
| Carrying amount at 31 Dec. previous year | 173 | 173 | - | 114 | 3,376 | 3,511 |
| Currency translation differences | - | - | - | 1 | 19 | 35 |
| Additions | 3 | - | - | - | 3 | 5 |
| Disposals | - | - | - | - | - | - |
| Reclassifications | - | - | - | - | - | - |
| Impairment losses | - | - | - | - | - | 5 |
| Carrying amount at 30 June financial year | 176 | 173 | - | 115 | 3,398 | 3,546 |
| Accumulated impairment losses at 30 June financial year | 381 | 381 | 156 | 40 | 583 | 453 |
| Gross carrying amount at 30 June financial year | 557 | 554 | 156 | 155 | 3,981 | 3,999 |

Breakdown of other intangible assets

| €m | 30.6.2013 | 31.12.2012 |
|---|--------------|--------------|
| Acquired insurance portfolios | 398 | 447 |
| Software | | |
| Self-developed | 116 | 130 |
| Other | 237 | 230 |
| Acquired brand names | 37 | 41 |
| Acquired distribution networks/client bases | 318 | 343 |
| Acquired licences/patents | 259 | 272 |
| Other | | |
| Self-developed | - | - |
| Other | 50 | 55 |
| Total | 1,415 | 1,518 |

Investments

IFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. All financial instruments recognised at fair value are allocated to one of the valuation hierarchy levels of IFRS 13. This valuation hierarchy provides for three levels. The allocation reflects which of the fair values derive from transactions in the market and where valuation is based on models because market transactions are lacking.

Regularly, at each quarterly reporting date, we assess whether the allocation of our investments and liabilities to the levels of the valuation hierarchy is still appropriate. If changes in the basis of valuation have occurred – for instance, if a market is no longer active or the valuation was performed using inputs requiring another allocation – we make the necessary adjustments.

The following table provides an overview of the methods used to measure the fair values of our investments.

Valuation models

| Bonds | Pricing method | Parameters | Pricing model |
|---|-------------------|--|--|
| Interest-rate risks | | | |
| Loans against borrower's note/ registered bonds | Theoretical price | Sector-, rating- or issuer-specific yield curve | Present-value method |
| Cat bond (host) | Theoretical price | Interest-rate curve | Present-value method |
| | | | |
| Derivatives | Pricing method | Parameters | Pricing model |
| Equity and index risks | | | |
| OTC stock options | Theoretical price | Listing of underlying shares Effective volatilities Money-market interest rate Dividend yield | Black-Scholes (European) Cox, Ross and Rubinstein (American) Monte-Carlo simulation |
| Equity forwards | Theoretical price | Listing of underlying shares Money-market interest rate Dividend yield | Present-value method |
| Interest-rate risks | | | |
| Interest-rate swaps | Theoretical price | Swap curve Money-market interest-rate curve | Present-value method |
| Swaptions/interest-rate guarantee | Theoretical price | At-the-money volatility index and skew Swap curve Money-market interest-rate curve | Black-76 |
| Interest-rate currency swaps | Theoretical price | Swap curve Money-market interest-rate curve Currency spot rates | Present-value method |
| Inflation swaps | Theoretical price | Zero-coupon inflation swap rates Swap curve Money-market interest-rate curve | Present-value method |
| Currency risks | | | |
| Currency options | Theoretical price | At-the-money volatility Currency spot rates Money-market interest-rate curve | Garman-Kohlhagen (European) |
| Currency forwards | Theoretical price | Currency spot rates Money-market interest-rate curve | Present-value method |
| Other transactions | | | |
| Insurance derivatives (excluding variable annuities) | Theoretical price | Market values of cat bonds Interest-rate curve | Present-value method |
| Insurance derivatives (variable annuities) | Theoretical price | Biometric and lapse rates Volatilities Interest-rate curve Currency spot rates | Present-value method |
| Credit default swaps | Theoretical price | Credit spreads Recovery rates Interest-rate curve | Present-value method ISDA CDS Standard Model |
| Total return swaps on commodities | Theoretical price | Listing of underlying index | Index ratio calculation |
| Commodity options | Theoretical price | Listing of underlying shares Effective volatilities Money-market interest rate | Black-Scholes (European) Cox, Ross and Rubinstein (American) |

Continued on next page



| Bonds with embedded options | Pricing method | Parameters | Pricing model |
|---------------------------------|-------------------|---|--------------------------------|
| Callable bonds | Theoretical price | Money-market/swap interest-rate curve Issuer-specific spreads Volatility matrix | Hull-White model |
| CMS floater | Theoretical price | Money-market/swap interest-rate curve Issuer-specific spreads Volatility matrix | Hull-White model |
| Zero-to-coupon switchable bonds | Theoretical price | Money-market/swap interest-rate curve Issuer-specific spreads Volatility matrix | Hull-White model |
| Volatility bonds | Theoretical price | Money-market/swap interest-rate curve Issuer-specific spreads Volatility matrix | LIBOR market model |
| CMS floater with variable cap | Theoretical price | Money-market/swap interest-rate curve Issuer-specific spreads Volatility matrix | Replication model (Hagan) |
| Dax-Cliquet | Theoretical price | Listing of underlying shares Volatilities Issuer-specific spreads Money-market/swap interest-rate curve | |
| Convergence bonds | Theoretical price | Money-market/swap interest-rate curve Issuer-specific spreads Volatility matrix Correlation matrix | LIBOR market model |
| Multi-tranches | Theoretical price | At-the-money volatility index and skew Swap curve Money-market interest-rate curve Sector-, rating- or issuer-specific curve | Black-76, present value method |
| Fund | Pricing method | Parameters | Pricing model |
| Real estate funds | - | - | Net asset value |
| Private equity funds | - | - | Net asset value |

Insurance derivatives (excluding variable annuities) are allocated to Level 3 of the valuation hierarchy. Their valuation is based on the values supplied by brokers for the underlying bonds, which is why it is not possible to quantify the inputs used that were not based on observable market data.

At Munich Re, the valuation of variable annuities is performed on a fully market-consistent basis. The parameters requiring consideration in this valuation are biometric and lapse rates, volatilities, interest-rate curves and currency spot rates. The lapse rates used are modelled dynamically and range between 0.5% and 20%, depending on the specific insurance product and current situation of the capital markets. The assumptions with regard to mortality are based on published mortality tables, which are adjusted with a view to the target markets and the actuaries' expectations. The dependency between different capital market parameters is modelled by correlation matrices. Since parameters not observable on the market were also used in valuation, we allocate these products to Level 3 of the valuation hierarchy.

The other investments allocated to Level 3 are mainly external fund units (in particular, private equity and real estate) as well as relatively illiquid credit structures (especially collateralised mortgage-backed securities and credit-linked obligations). In the case of the former, market data are not available on a regular basis; rather, net asset values

(NAVs) are provided by the asset managers. With regard to the latter, the quality of the market quotes available from market data providers is insufficient, so we resort to broker valuations. With these investments, we thus do not perform our own valuations using inputs not based on observable market data but rely on the broker valuations. We regularly subject the valuations supplied to plausibility tests on the basis of comparable investments.

At 30 June 2013, around 83% of the investments measured at fair value were allocated to Level 1 of the fair value hierarchy, 13% to Level 2 and 4% to Level 3.

Allocation of investments measured at fair value to levels of the fair value hierarchy

| | | | | 30.6.2013 |
|--|----------------|---------------|--------------|----------------|
| €m | Level 1 | Level 2 | Level 3 | Total |
| Investments in affiliated companies measured at fair value | - | - | 187 | 187 |
| Investments in associates measured at fair value | - | - | 16 | 16 |
| Other securities available for sale | | | | |
| Fixed-interest | 98,973 | 15,125 | 2,725 | 116,823 |
| Non-fixed-interest | 7,782 | 65 | 2,024 | 9,871 |
| Other securities at fair value through profit or loss | | | | |
| Held for trading, and hedging derivatives ¹ | 862 | 2,105 | 46 | 3,013 |
| Designated as at fair value through profit or loss | - | 167 | - | 167 |
| Investments for the benefit of life insurance policyholders who bear the investment risk | 6,189 | - | - | 6,189 |
| Total | 113,806 | 17,462 | 4,998 | 136,266 |

| | | | | 31.12.2012 |
|--|----------------|---------------|--------------|----------------|
| → €m | Level 1 | Level 2 | Level 3 | Total |
| Investments in affiliated companies measured at fair value | - | - | 194 | 194 |
| Investments in associates measured at fair value | - | - | 16 | 16 |
| Other securities available for sale | | | | |
| Fixed-interest | 104,453 | 16,928 | 2,118 | 123,499 |
| Non-fixed-interest | 7,651 | 68 | 1,978 | 9,697 |
| Other securities at fair value through profit or loss | | | | |
| Held for trading, and hedging derivatives ¹ | 754 | 2,368 | 33 | 3,155 |
| Designated as at fair value through profit or loss | - | 169 | - | 169 |
| Investments for the benefit of life insurance policyholders who bear the investment risk | 5,958 | - | - | 5,958 |
| Total | 118,816 | 19,533 | 4,339 | 142,688 |

1 Included are hedging derivatives of €251m (309m) accounted for under "other assets".

Since the beginning of the year, we have reallocated portions of the other mortgage-backed securities (MBSs) in our portfolio from Level 3 to Level 2. These portfolios are now valued solely on the basis of observable market inputs. At the same time, we reallocated commercial mortgage-backed securities (CMBSs) from Level 2 to Level 3, since we did not use inputs observable in the market for valuing them, given the markets' lack of liquidity.

The only investments held for trading that are allocated to Level 3 are derivatives with the corresponding hierarchy-level allocation.

The following tables present the reconciliation from the beginning balances to the ending balances for investments allocated to Level 3.

Reconciliation for investments allocated to Level 3

| | Other securities available for sale | | Investments in affiliated companies measured at fair value | Investments in associates measured at fair value |
|---|-------------------------------------|--------------------|--|--|
| | Fixed-interest | Non-fixed-interest | | |
| €m | Q1-2 2013 | Q1-2 2013 | Q1-2 2013 | Q1-2 2013 |
| Carrying amount at 31 Dec. previous year | 2,118 | 1,978 | 194 | 16 |
| Gains and losses | -8 | -2 | -8 | - |
| Gains (losses) recognised in the income statement | 4 | -3 | -2 | - |
| Gains (losses) recognised in equity | -12 | 1 | -6 | - |
| Acquisitions | 1,255 | 121 | 2 | - |
| Disposals | 1,086 | 71 | 1 | - |
| Transfer to Level 3 | 542 | - | - | - |
| Transfer out of Level 3 | 95 | 1 | - | - |
| Changes in the market value of derivatives | -1 | -1 | - | - |
| Carrying amount at 30 June financial year | 2,725 | 2,024 | 187 | 16 |
| Gains (losses) recognised in the income statement that are attributable to investments shown at 30 June of the financial year | - | -3 | -2 | - |

| | Other securities at fair value through profit or loss | | Total |
|---|---|--|--------------|
| | Held for trading, and hedging derivatives | Designated as at fair value through profit or loss | |
| €m | Q1-2 2013 | Q1-2 2013 | Q1-2 2013 |
| Carrying amount at 31 Dec. previous year | 33 | - | 4,339 |
| Gains and losses | 2 | - | -16 |
| Gains (losses) recognised in the income statement | 2 | - | 1 |
| Gains (losses) recognised in equity | - | - | -17 |
| Acquisitions | 34 | - | 1,412 |
| Disposals | 23 | - | 1,181 |
| Transfer to Level 3 | - | - | 542 |
| Transfer out of Level 3 | - | - | 96 |
| Changes in the market value of derivatives | - | - | -2 |
| Carrying amount at 30 June financial year | 46 | - | 4,998 |
| Gains (losses) recognised in the income statement that are attributable to investments shown at 30 June of the financial year | 2 | - | -3 |

Further explanatory information on investments can be found in the "Investment performance" section of the interim management report.

Equity

Number of shares in circulation and number of own shares held

| | 30.6.2013 | 31.12.2012 |
|---------------------------------|--------------------|--------------------|
| Number of shares in circulation | 179,299,699 | 178,527,270 |
| Number of own shares held | 41,513 | 813,942 |
| Total | 179,341,212 | 179,341,212 |

Non-controlling interests

| €m | 30.6.2013 | 31.12.2012 |
|-----------------------------|------------|------------|
| Unrealised gains and losses | 7 | 20 |
| Consolidated result | 21 | 16 |
| Other equity | 217 | 206 |
| Total | 245 | 242 |

These are mainly non-controlling interests in individual companies of the primary insurance group and a real-estate company in Stockholm.

Subordinated liabilities

Breakdown of subordinated liabilities

| €m | Identification number | A.M. Best | Fitch | Moody's | S&P | 30.6.2013 | Prev. year |
|--|--|-----------|-------|----------|-----|--------------|--------------|
| Munich Reinsurance Company, Munich, 6.25% until 2022, thereafter floating, €900m, Bonds 2012/2042 | WKN: A1ML16 ISIN: XS0764278528 Reuters: DE076427852= Bloomberg: MUNRE | a+ | A | - | A | 893 | 892 |
| Munich Reinsurance Company, Munich, 6.625% until 2022, thereafter floating, £450m, Bonds 2012/2042 | WKN: A1ML15 ISIN: XS0764278288 Reuters: DE076427828= Bloomberg: MUNRE | a+ | A | - | A | 523 | 552 |
| Munich Reinsurance Company, Munich, 6.00% until 2021, thereafter floating, €1,000m, Bonds 2011/2041 | WKN: A1KQYJ ISIN: XS0608392550 Reuters: DE060839255= Bloomberg: MUNRE | a+ | A | - | A | 989 | 989 |
| Munich Reinsurance Company, Munich, 5.767% until 2017, thereafter floating, €1,349m, Bonds 2007/perpetual | WKN: A0N4EX ISIN: XS0304987042 Reuters: DE030498704= Bloomberg: MUNRE | a+ | A | A3 (hyb) | A | 1,550 | 1,596 |
| Munich Reinsurance Company, Munich, 6.75% until 2013, thereafter floating, €1,000m ¹ , Bonds 2003/2023 | WKN: 843278 ISIN: XS0166965797 Reuters: DE016696579= Bloomberg: MUNRE | - | - | - | - | - | 995 |
| Munich Reinsurance Company, Munich, 7.625% until 2018, thereafter floating, £300m, Bonds 2003/2028 | WKN: 843449 ISIN: XS0167260529 Reuters: DE016726052= Bloomberg: MUNRE | a+ | A | A2 (hyb) | A | 348 | 368 |
| Bank Austria Creditanstalt Versicherung AG, Vienna, 4.95%, €50m, Registered bonds 2004/2014 | | - | - | - | - | 51 | 51 |
| Bank Austria Creditanstalt Versicherung AG, Vienna, secondary market yield on federal government bonds (Austria) +70 BP, €12m ² , Registered bonds 2001/perpetual | | - | - | - | - | 12 | 12 |
| Bank Austria Creditanstalt Versicherung AG, Vienna, secondary market yield on federal government bonds (Austria) +70 BP, €13m ³ , Registered bonds 1998/perpetual | | - | - | - | - | 12 | 12 |
| HSB Group Inc., Delaware, LIBOR +91 BP, US\$ 76m, Bonds 1997/2027 | | - | - | - | - | 38 | 37 |
| Total | | | | | | 4,416 | 5,504 |

¹ In the second quarter of 2013, the issuer redeemed bonds with a nominal value of €1,000m.

² ERGO International AG holds bonds with a nominal value of €3m; the volume outstanding has been reduced accordingly.

³ ERGO Versicherungsgruppe AG holds bonds with a nominal value of €3m; the volume outstanding has been reduced accordingly.

The fair value of the subordinated liabilities at the balance sheet date amounted to €4,688m (5,953m). For the Munich Reinsurance Company bonds, we take the stock market prices as fair values. For the other subordinated liabilities, we determine the fair values using net present value methods with observable market parameters.

Liabilities

Breakdown of bonds and notes issued

| €m | Identification number | A.M. Best | Fitch | Moody's | S&P | 30.6.2013 | 31.12.2012 |
|---|---|-----------|-------|---------|-----|------------|------------|
| Munich Re America Corporation, Wilmington, 7.45%, US\$ 342m, Senior Notes 1996/2026 | CUSIP No.: 029163AD4 ISIN, Reuters: - Bloomberg: AMER RE CORP MUNRE | a- | A+ | A2 | A- | 263 | 259 |
| Total | | | | | | 263 | 259 |

We calculate the fair value of the notes issued using a recognised valuation method with observable market inputs. The fair value at the reporting date amounts to €329m (340m).

The following table shows the allocation of the other liabilities measured at fair value to levels of the fair value hierarchy.

Allocation of other liabilities measured at fair value to levels of the fair value hierarchy

| | | | | 30.6.2013 | 31.12.2012 | | | |
|-------------------|---------|---------|---------|-----------|------------|---------|---------|-------|
| €m | Level 1 | Level 2 | Level 3 | Total | Level 1 | Level 2 | Level 3 | Total |
| Other liabilities | | | | | | | | |
| Derivatives | 113 | 654 | 158 | 925 | 29 | 749 | 191 | 969 |

In the other liabilities, only derivatives with a negative market value are currently recognised at fair value. Of these, we allocated the derivative portions of catastrophe bonds, weather derivatives, and derivative components of variable annuities to Level 3 of the fair value hierarchy. As regards the valuation models used, we refer to the notes on investments.

The following table presents the reconciliation from the beginning balances to the ending balances for other liabilities allocated to Level 3.

Reconciliation for other liabilities allocated to Level 3

| €m | Other liabilities at fair value through profit or loss Q1-2 2013 |
|--|---|
| Carrying amount at 31 Dec. previous year | 191 |
| Gains and losses | 30 |
| Gains (losses) recognised in the income statement | 29 |
| Gains (losses) recognised in equity | 1 |
| Acquisitions | 2 |
| Disposals | 5 |
| Transfer to Level 3 | - |
| Transfer out of Level 3 | - |
| Change in the market value of derivatives | - |
| Carrying amount at 30 June financial year | 158 |
| Gains (losses) recognised in the income statement that are attributable to investments shown at 30 June financial year | 29 |

Notes to the consolidated income statement

The main items of the consolidated income statement are made up as follows:

Premiums

| €m | Reinsurance | | | |
|---|--------------|--------------|-------------------|--------------|
| | Life | | Property-casualty | |
| | Q1-2 2013 | Q1-2 2012 | Q1-2 2013 | Q1-2 2012 |
| Gross | | | | |
| Gross premiums written | 5,563 | 5,294 | 8,533 | 8,397 |
| Change in unearned premiums – Gross | 1 | -1 | 136 | -136 |
| Gross earned premiums | 5,562 | 5,295 | 8,397 | 8,533 |
| Ceded share | | | | |
| Ceded premiums written | 219 | 190 | 426 | 408 |
| Change in unearned premiums – Ceded share | - | - | 95 | 99 |
| Earned premiums ceded | 219 | 190 | 331 | 309 |
| Net earned premiums | 5,343 | 5,105 | 8,066 | 8,224 |

| → €m | Life | | Health | | Primary insurance Property-casualty | |
|---|--------------|--------------|--------------|--------------|--|--------------|
| | Q1-2 2013 | Q1-2 2012 | Q1-2 2013 | Q1-2 2012 | Q1-2 2013 | Q1-2 2012 |
| Gross | | | | | | |
| Gross premiums written | 2,658 | 2,828 | 2,868 | 2,869 | 3,094 | 3,091 |
| Change in unearned premiums – Gross | 4 | 3 | 14 | 41 | 410 | 335 |
| Gross earned premiums | 2,654 | 2,825 | 2,854 | 2,828 | 2,684 | 2,756 |
| Ceded share | | | | | | |
| Ceded premiums written | 52 | 51 | 24 | 34 | 109 | 125 |
| Change in unearned premiums – Ceded share | - | - | - | 9 | 26 | 12 |
| Earned premiums ceded | 52 | 51 | 24 | 25 | 83 | 113 |
| Net earned premiums | 2,602 | 2,774 | 2,830 | 2,803 | 2,601 | 2,643 |

| → €m | Munich Health | | Total | |
|---|---------------|--------------|---------------|---------------|
| | Q1-2 2013 | Q1-2 2012 | Q1-2 2013 | Q1-2 2012 |
| Gross | | | | |
| Gross premiums written | 3,377 | 3,348 | 26,093 | 25,827 |
| Change in unearned premiums – Gross | 3 | 49 | 568 | 291 |
| Gross earned premiums | 3,374 | 3,299 | 25,525 | 25,536 |
| Ceded share | | | | |
| Ceded premiums written | 100 | 102 | 930 | 910 |
| Change in unearned premiums – Ceded share | -15 | 71 | 106 | 191 |
| Earned premiums ceded | 115 | 31 | 824 | 719 |
| Net earned premiums | 3,259 | 3,268 | 24,701 | 24,817 |

Premiums

| €m | Q2 2013 | Life Q2 2012 | Reinsurance | |
|---|--------------|-----------------|-------------------|--------------|
| | | | Property-casualty | |
| | | | Q2 2013 | Q2 2012 |
| Gross | | | | |
| Gross premiums written | 2,994 | 2,695 | 4,135 | 4,152 |
| Change in unearned premiums – Gross | -4 | -3 | -32 | -53 |
| Gross earned premiums | 2,998 | 2,698 | 4,167 | 4,205 |
| Ceded share | | | | |
| Ceded premiums written | 118 | 90 | 142 | 199 |
| Change in unearned premiums – Ceded share | - | - | -35 | 42 |
| Earned premiums ceded | 118 | 90 | 177 | 157 |
| Net earned premiums | 2,880 | 2,608 | 3,990 | 4,048 |



| €m | Q2 2013 | Life Q2 2012 | Q2 2013 | Health Q2 2012 | Primary insurance | |
|---|--------------|-----------------|--------------|-------------------|-------------------|--------------|
| | | | | | Property-casualty | |
| | | | | | Q2 2013 | Q2 2012 |
| Gross | | | | | | |
| Gross premiums written | 1,301 | 1,422 | 1,436 | 1,412 | 1,240 | 1,256 |
| Change in unearned premiums – Gross | 2 | 3 | -13 | -8 | -106 | -127 |
| Gross earned premiums | 1,299 | 1,419 | 1,449 | 1,420 | 1,346 | 1,383 |
| Ceded share | | | | | | |
| Ceded premiums written | 26 | 23 | 10 | 13 | 48 | 38 |
| Change in unearned premiums – Ceded share | - | - | -2 | - | 19 | -8 |
| Earned premiums ceded | 26 | 23 | 12 | 13 | 29 | 46 |
| Net earned premiums | 1,273 | 1,396 | 1,437 | 1,407 | 1,317 | 1,337 |



| €m | Munich Health | | Total | |
|---|---------------|--------------|---------------|---------------|
| | Q2 2013 | Q2 2012 | Q2 2013 | Q2 2012 |
| Gross | | | | |
| Gross premiums written | 1,703 | 1,668 | 12,809 | 12,605 |
| Change in unearned premiums – Gross | -63 | -12 | -216 | -200 |
| Gross earned premiums | 1,766 | 1,680 | 13,025 | 12,805 |
| Ceded share | | | | |
| Ceded premiums written | 55 | 53 | 399 | 416 |
| Change in unearned premiums – Ceded share | -3 | 27 | -21 | 61 |
| Earned premiums ceded | 58 | 26 | 420 | 355 |
| Net earned premiums | 1,708 | 1,654 | 12,605 | 12,450 |

Income from technical interest

| €m | Reinsurance | | | |
|--------------------------------|-------------|-----------|-------------------|-----------|
| | Life | | Property-casualty | |
| | Q1-2 2013 | Q1-2 2012 | Q1-2 2013 | Q1-2 2012 |
| Income from technical interest | 357 | 315 | 596 | 661 |

| €m | Primary insurance | | | | | |
|--------------------------------|-------------------|-----------|-----------|-----------|-------------------|-----------|
| | Life | | Health | | Property-casualty | |
| | Q1-2 2013 | Q1-2 2012 | Q1-2 2013 | Q1-2 2012 | Q1-2 2013 | Q1-2 2012 |
| Income from technical interest | 1,485 | 1,635 | 746 | 668 | 105 | 104 |

| €m | Munich Health | | Total | |
|--------------------------------|---------------|-----------|-----------|-----------|
| | Q1-2 2013 | Q1-2 2012 | Q1-2 2013 | Q1-2 2012 |
| | Q1-2 2013 | Q1-2 2012 | Q1-2 2013 | Q1-2 2012 |
| Income from technical interest | 20 | 25 | 3,309 | 3,408 |

Income from technical interest

| €m | Reinsurance | | | |
|--------------------------------|-------------|---------|-------------------|---------|
| | Life | | Property-casualty | |
| | Q2 2013 | Q2 2012 | Q2 2013 | Q2 2012 |
| Income from technical interest | 183 | 169 | 298 | 331 |

| €m | Primary insurance | | | | | |
|--------------------------------|-------------------|---------|---------|---------|-------------------|---------|
| | Life | | Health | | Property-casualty | |
| | Q2 2013 | Q2 2012 | Q2 2013 | Q2 2012 | Q2 2013 | Q2 2012 |
| Income from technical interest | 552 | 546 | 372 | 309 | 53 | 53 |

| €m | Munich Health | | Total | |
|--------------------------------|---------------|---------|---------|---------|
| | Q2 2013 | Q2 2012 | Q2 2013 | Q2 2012 |
| | Q2 2013 | Q2 2012 | Q2 2013 | Q2 2012 |
| Income from technical interest | 10 | 13 | 1,468 | 1,421 |

Expenses for claims and benefits

| €m | Reinsurance | | | |
|---|--------------|--------------|-------------------|--------------|
| | Life | | Property-casualty | |
| | Q1-2 2013 | Q1-2 2012 | Q1-2 2013 | Q1-2 2012 |
| Gross | | | | |
| Claims and benefits paid | 3,963 | 3,846 | 5,107 | 5,341 |
| Changes in technical provisions | | | | |
| Provision for future policy benefits | -249 | -5 | -2 | - |
| Provision for outstanding claims | 179 | 185 | 75 | 194 |
| Provision for premium refunds | - | - | 2 | 3 |
| Other technical result | 11 | - | 1 | 22 |
| Gross expenses for claims and benefits | 3,904 | 4,026 | 5,183 | 5,560 |
| Ceded share | | | | |
| Claims and benefits paid | 214 | 152 | 225 | 237 |
| Changes in technical provisions | | | | |
| Provision for future policy benefits | -43 | -30 | - | - |
| Provision for outstanding claims | -47 | 49 | -112 | -124 |
| Provision for premium refunds | - | - | - | - |
| Other technical result | -15 | -9 | -1 | - |
| Expenses for claims and benefits - Ceded share | 109 | 162 | 112 | 113 |
| Net | | | | |
| Claims and benefits paid | 3,749 | 3,694 | 4,882 | 5,104 |
| Changes in technical provisions | | | | |
| Provision for future policy benefits | -206 | 25 | -2 | - |
| Provision for outstanding claims | 226 | 136 | 187 | 318 |
| Provision for premium refunds | - | - | 2 | 3 |
| Other technical result | 26 | 9 | 2 | 22 |
| Net expenses for claims and benefits | 3,795 | 3,864 | 5,071 | 5,447 |

Continued on next page

| → | Primary insurance | | | | | |
|---|-------------------|--------------|--------------|--------------|-------------------|--------------|
| | Life | | Health | | Property-casualty | |
| €m | Q1-2 2013 | Q1-2 2012 | Q1-2 2013 | Q1-2 2012 | Q1-2 2013 | Q1-2 2012 |
| Gross | | | | | | |
| Claims and benefits paid | 2,994 | 2,959 | 2,074 | 2,010 | 1,546 | 1,658 |
| Changes in technical provisions | | | | | | |
| Provision for future policy benefits | 22 | 496 | 504 | 558 | 7 | 10 |
| Provision for outstanding claims | 16 | -39 | -45 | -24 | 123 | 85 |
| Provision for premium refunds | 416 | 335 | 532 | 464 | 10 | 11 |
| Other technical result | 72 | 80 | -3 | -2 | 3 | 6 |
| Gross expenses for claims and benefits | 3,520 | 3,831 | 3,062 | 3,006 | 1,689 | 1,770 |
| Ceded share | | | | | | |
| Claims and benefits paid | 79 | 51 | 10 | 10 | 39 | 61 |
| Changes in technical provisions | | | | | | |
| Provision for future policy benefits | -3 | 17 | - | - | - | - |
| Provision for outstanding claims | - | 1 | 1 | 3 | 24 | 48 |
| Provision for premium refunds | - | - | - | - | - | -1 |
| Other technical result | -34 | -36 | - | - | -5 | -1 |
| Expenses for claims and benefits - Ceded share | 42 | 33 | 11 | 13 | 58 | 107 |
| Net | | | | | | |
| Claims and benefits paid | 2,915 | 2,908 | 2,064 | 2,000 | 1,507 | 1,597 |
| Changes in technical provisions | | | | | | |
| Provision for future policy benefits | 25 | 479 | 504 | 558 | 7 | 10 |
| Provision for outstanding claims | 16 | -40 | -46 | -27 | 99 | 37 |
| Provision for premium refunds | 416 | 335 | 532 | 464 | 10 | 12 |
| Other technical result | 106 | 116 | -3 | -2 | 8 | 7 |
| Net expenses for claims and benefits | 3,478 | 3,798 | 3,051 | 2,993 | 1,631 | 1,663 |

| → | Munich Health | | Total | |
|---|---------------|--------------|---------------|---------------|
| €m | Q1-2 2013 | Q1-2 2012 | Q1-2 2013 | Q1-2 2012 |
| Gross | | | | |
| Claims and benefits paid | 2,758 | 2,639 | 18,442 | 18,453 |
| Changes in technical provisions | | | | |
| Provision for future policy benefits | 37 | 40 | 319 | 1,099 |
| Provision for outstanding claims | -72 | 28 | 276 | 429 |
| Provision for premium refunds | - | - | 960 | 813 |
| Other technical result | -37 | 2 | 47 | 108 |
| Gross expenses for claims and benefits | 2,686 | 2,709 | 20,044 | 20,902 |
| Ceded share | | | | |
| Claims and benefits paid | 70 | 13 | 637 | 524 |
| Changes in technical provisions | | | | |
| Provision for future policy benefits | - | - | -46 | -13 |
| Provision for outstanding claims | -3 | 3 | -137 | -20 |
| Provision for premium refunds | - | - | - | -1 |
| Other technical result | - | - | -55 | -46 |
| Expenses for claims and benefits - Ceded share | 67 | 16 | 399 | 444 |
| Net | | | | |
| Claims and benefits paid | 2,688 | 2,626 | 17,805 | 17,929 |
| Changes in technical provisions | | | | |
| Provision for future policy benefits | 37 | 40 | 365 | 1,112 |
| Provision for outstanding claims | -69 | 25 | 413 | 449 |
| Provision for premium refunds | - | - | 960 | 814 |
| Other technical result | -37 | 2 | 102 | 154 |
| Net expenses for claims and benefits | 2,619 | 2,693 | 19,645 | 20,458 |

Expenses for claims and benefits

| €m | Reinsurance | | | |
|---|--------------|--------------|-------------------|--------------|
| | Life | | Property-casualty | |
| | Q2 2013 | Q2 2012 | Q2 2013 | Q2 2012 |
| Gross | | | | |
| Claims and benefits paid | 2,042 | 2,026 | 2,644 | 2,601 |
| Changes in technical provisions | | | | |
| Provision for future policy benefits | -159 | 100 | -2 | - |
| Provision for outstanding claims | 128 | 2 | 190 | 243 |
| Provision for premium refunds | - | - | 1 | 2 |
| Other technical result | 6 | - | 1 | 12 |
| Gross expenses for claims and benefits | 2,017 | 2,128 | 2,834 | 2,858 |
| Ceded share | | | | |
| Claims and benefits paid | 57 | 80 | 91 | 124 |
| Changes in technical provisions | | | | |
| Provision for future policy benefits | -18 | -12 | - | - |
| Provision for outstanding claims | 30 | 4 | -17 | -43 |
| Provision for premium refunds | - | - | - | - |
| Other technical result | -9 | -4 | -1 | - |
| Expenses for claims and benefits - Ceded share | 60 | 68 | 73 | 81 |
| Net | | | | |
| Claims and benefits paid | 1,985 | 1,946 | 2,553 | 2,477 |
| Changes in technical provisions | | | | |
| Provision for future policy benefits | -141 | 112 | -2 | - |
| Provision for outstanding claims | 98 | -2 | 207 | 286 |
| Provision for premium refunds | - | - | 1 | 2 |
| Other technical result | 15 | 4 | 2 | 12 |
| Net expenses for claims and benefits | 1,957 | 2,060 | 2,761 | 2,777 |

| → | Primary insurance | | | | | |
|---|-------------------|--------------|--------------|--------------|-------------------|------------|
| | Life | | Health | | Property-casualty | |
| €m | Q2 2013 | Q2 2012 | Q2 2013 | Q2 2012 | Q2 2013 | Q2 2012 |
| Gross | | | | | | |
| Claims and benefits paid | 1,485 | 1,474 | 1,001 | 914 | 733 | 788 |
| Changes in technical provisions | | | | | | |
| Provision for future policy benefits | -208 | - | 232 | 301 | 3 | 5 |
| Provision for outstanding claims | 27 | -21 | 34 | 87 | 135 | 92 |
| Provision for premium refunds | 259 | 188 | 294 | 186 | 5 | 6 |
| Other technical result | 34 | 37 | -1 | -1 | 2 | 4 |
| Gross expenses for claims and benefits | 1,597 | 1,678 | 1,560 | 1,487 | 878 | 895 |
| Ceded share | | | | | | |
| Claims and benefits paid | 43 | 27 | 5 | 5 | 21 | 20 |
| Changes in technical provisions | | | | | | |
| Provision for future policy benefits | -8 | 6 | - | - | - | - |
| Provision for outstanding claims | 1 | 2 | - | 2 | 27 | 15 |
| Provision for premium refunds | - | - | - | - | - | - |
| Other technical result | -17 | -18 | - | - | -6 | - |
| Expenses for claims and benefits - Ceded share | 19 | 17 | 5 | 7 | 42 | 35 |
| Net | | | | | | |
| Claims and benefits paid | 1,442 | 1,447 | 996 | 909 | 712 | 768 |
| Changes in technical provisions | | | | | | |
| Provision for future policy benefits | -200 | -6 | 232 | 301 | 3 | 5 |
| Provision for outstanding claims | 26 | -23 | 34 | 85 | 108 | 77 |
| Provision for premium refunds | 259 | 188 | 294 | 186 | 5 | 6 |
| Other technical result | 51 | 55 | -1 | -1 | 8 | 4 |
| Net expenses for claims and benefits | 1,578 | 1,661 | 1,555 | 1,480 | 836 | 860 |

Continued on next page

| → | Munich Health | | Total | |
|---|---------------|--------------|---------------|---------------|
| €m | Q2 2013 | Q2 2012 | Q2 2013 | Q2 2012 |
| Gross | | | | |
| Claims and benefits paid | 1,428 | 1,391 | 9,333 | 9,194 |
| Changes in technical provisions | | | | |
| Provision for future policy benefits | 16 | 21 | -118 | 427 |
| Provision for outstanding claims | -24 | -10 | 490 | 393 |
| Provision for premium refunds | - | - | 559 | 382 |
| Other technical result | -10 | 1 | 32 | 53 |
| Gross expenses for claims and benefits | 1,410 | 1,403 | 10,296 | 10,449 |
| Ceded share | | | | |
| Claims and benefits paid | 36 | 11 | 253 | 267 |
| Changes in technical provisions | | | | |
| Provision for future policy benefits | - | - | -26 | -6 |
| Provision for outstanding claims | -4 | 5 | 37 | -15 |
| Provision for premium refunds | - | - | - | - |
| Other technical result | - | - | -33 | -22 |
| Expenses for claims and benefits - Ceded share | 32 | 16 | 231 | 224 |
| Net | | | | |
| Claims and benefits paid | 1,392 | 1,380 | 9,080 | 8,927 |
| Changes in technical provisions | | | | |
| Provision for future policy benefits | 16 | 21 | -92 | 433 |
| Provision for outstanding claims | -20 | -15 | 453 | 408 |
| Provision for premium refunds | - | - | 559 | 382 |
| Other technical result | -10 | 1 | 65 | 75 |
| Net expenses for claims and benefits | 1,378 | 1,387 | 10,065 | 10,225 |

Operating expenses

| €m | Reinsurance | | | |
|--|--------------|--------------|-------------------|--------------|
| | Life | | Property-casualty | |
| | Q1-2 2013 | Q1-2 2012 | Q1-2 2013 | Q1-2 2012 |
| Gross | | | | |
| Acquisition costs, profit commission and reinsurance commission paid | 1,861 | 1,186 | 1,905 | 1,812 |
| Administrative expenses | 137 | 148 | 582 | 569 |
| Change in deferred acquisition costs and contingent commissions, amortisation and impairment losses of acquired insurance portfolios | -323 | 26 | -65 | 110 |
| Gross operating expenses | 1,675 | 1,360 | 2,422 | 2,491 |
| Ceded share | | | | |
| Acquisition costs, profit commission and reinsurance commission paid | 78 | 59 | 35 | 37 |
| Change in deferred acquisition costs and contingent commissions | -3 | - | -1 | 5 |
| Operating expenses - Ceded share | 75 | 59 | 34 | 42 |
| Net operating expenses | 1,600 | 1,301 | 2,388 | 2,449 |



| €m | Primary insurance | | | | | |
|--|-------------------|------------|------------|------------|-------------------|------------|
| | Life | | Health | | Property-casualty | |
| | Q1-2 2013 | Q1-2 2012 | Q1-2 2013 | Q1-2 2012 | Q1-2 2013 | Q1-2 2012 |
| Gross | | | | | | |
| Acquisition costs, profit commission and reinsurance commission paid | 358 | 417 | 272 | 276 | 569 | 589 |
| Administrative expenses | 120 | 123 | 77 | 71 | 361 | 368 |
| Change in deferred acquisition costs and contingent commissions, amortisation and impairment losses of acquired insurance portfolios | 163 | -24 | 1 | -19 | -35 | -52 |
| Gross operating expenses | 641 | 516 | 350 | 328 | 895 | 905 |
| Ceded share | | | | | | |
| Acquisition costs, profit commission and reinsurance commission paid | 12 | 6 | 10 | 9 | 5 | 15 |
| Change in deferred acquisition costs and contingent commissions | -1 | - | - | -3 | -1 | 7 |
| Operating expenses - Ceded share | 11 | 6 | 10 | 6 | 4 | 22 |
| Net operating expenses | 630 | 510 | 340 | 322 | 891 | 883 |

Continued on next page

| → | Munich Health | | Total | |
|--|---------------|------------|--------------|--------------|
| €m | Q1-2 2013 | Q1-2 2012 | Q1-2 2013 | Q1-2 2012 |
| Gross | | | | |
| Acquisition costs, profit commission and reinsurance commission paid | 542 | 535 | 5,507 | 4,815 |
| Administrative expenses | 87 | 84 | 1,364 | 1,363 |
| Change in deferred acquisition costs and contingent commissions, amortisation and impairment losses of acquired insurance portfolios | 10 | -2 | -249 | 39 |
| Gross operating expenses | 639 | 617 | 6,622 | 6,217 |
| Ceded share | | | | |
| Acquisition costs, profit commission and reinsurance commission paid | 24 | 103 | 164 | 229 |
| Change in deferred acquisition costs and contingent commissions | - | -85 | -6 | -76 |
| Operating expenses - Ceded share | 24 | 18 | 158 | 153 |
| Net operating expenses | 615 | 599 | 6,464 | 6,064 |

Operating expenses

| | Life | | Reinsurance Property-casualty | |
|--|--------------|------------|----------------------------------|--------------|
| €m | Q2 2013 | Q2 2012 | Q2 2013 | Q2 2012 |
| Gross | | | | |
| Acquisition costs, profit commission and reinsurance commission paid | 1,332 | 550 | 983 | 898 |
| Administrative expenses | 69 | 74 | 275 | 271 |
| Change in deferred acquisition costs and contingent commissions, amortisation and impairment losses of acquired insurance portfolios | -346 | 19 | -26 | 20 |
| Gross operating expenses | 1,055 | 643 | 1,232 | 1,189 |
| Ceded share | | | | |
| Acquisition costs, profit commission and reinsurance commission paid | 45 | 28 | 24 | 20 |
| Change in deferred acquisition costs and contingent commissions | - | - | 2 | 12 |
| Operating expenses - Ceded share | 45 | 28 | 26 | 32 |
| Net operating expenses | 1,010 | 615 | 1,206 | 1,157 |

| | | Life | | Health | | Primary insurance Property-casualty | |
|--|------------|------------|------------|------------|------------|--|--|
| → | | | | | | | |
| €m | Q2 2013 | Q2 2012 | Q2 2013 | Q2 2012 | Q2 2013 | Q2 2012 | |
| Gross | | | | | | | |
| Acquisition costs, profit commission and reinsurance commission paid | 172 | 201 | 131 | 131 | 274 | 280 | |
| Administrative expenses | 62 | 63 | 34 | 33 | 173 | 179 | |
| Change in deferred acquisition costs and contingent commissions, amortisation and impairment losses of acquired insurance portfolios | 20 | 5 | 10 | -2 | 3 | -16 | |
| Gross operating expenses | 254 | 269 | 175 | 162 | 450 | 443 | |
| Ceded share | | | | | | | |
| Acquisition costs, profit commission and reinsurance commission paid | 6 | -5 | 5 | 4 | 5 | 10 | |
| Change in deferred acquisition costs and contingent commissions | 1 | 7 | - | -1 | - | 7 | |
| Operating expenses - Ceded share | 7 | 2 | 5 | 3 | 5 | 17 | |
| Net operating expenses | 247 | 267 | 170 | 159 | 445 | 426 | |

| | | Munich Health | | Total | |
|--|------------|---------------|--------------|--------------|--|
| → | | | | | |
| €m | Q2 2013 | Q2 2012 | Q2 2013 | Q2 2012 | |
| Gross | | | | | |
| Acquisition costs, profit commission and reinsurance commission paid | 283 | 263 | 3,175 | 2,323 | |
| Administrative expenses | 44 | 43 | 657 | 663 | |
| Change in deferred acquisition costs and contingent commissions, amortisation and impairment losses of acquired insurance portfolios | -9 | -4 | -348 | 22 | |
| Gross operating expenses | 318 | 302 | 3,484 | 3,008 | |
| Ceded share | | | | | |
| Acquisition costs, profit commission and reinsurance commission paid | 21 | 47 | 106 | 104 | |
| Change in deferred acquisition costs and contingent commissions | -11 | -36 | -8 | -11 | |
| Operating expenses - Ceded share | 10 | 11 | 98 | 93 | |
| Net operating expenses | 308 | 291 | 3,386 | 2,915 | |

Investment result by investment class and segment (before deduction of technical interest)

| €m | Reinsurance | | | |
|--|-------------|-----------|-------------------|-----------|
| | Life | | Property-casualty | |
| | Q1-2 2013 | Q1-2 2012 | Q1-2 2013 | Q1-2 2012 |
| Land and buildings, including buildings on third-party land | 9 | 8 | 48 | 45 |
| Investments in affiliated companies | - | 4 | -1 | 4 |
| Investments in associates | - | - | 16 | -18 |
| Loans | 1 | - | 1 | 1 |
| Other securities held to maturity | - | - | - | - |
| Other securities available for sale | | | | |
| Fixed-interest | 267 | 286 | 846 | 980 |
| Non-fixed-interest | 39 | 34 | 195 | 166 |
| Other securities at fair value through profit or loss | | | | |
| Held for trading | | | | |
| Fixed-interest | - | - | -1 | 4 |
| Non-fixed-interest | - | - | 1 | 2 |
| Derivatives | -30 | -31 | -293 | -71 |
| Designated as at fair value through profit or loss | | | | |
| Fixed-interest | - | - | - | - |
| Non-fixed-interest | - | - | - | - |
| Deposits retained on assumed reinsurance, and other investments | 121 | 121 | -68 | 20 |
| Investments for the benefit of life insurance policyholders who bear the investment risk | - | - | - | - |
| Expenses for the management of investments, other expenses | 45 | 24 | 80 | 77 |
| Total | 362 | 398 | 664 | 1,056 |

| → €m | Primary insurance | | | | | |
|--|-------------------|-----------|-----------|-----------|-------------------|-----------|
| | Life | | Health | | Property-casualty | |
| | Q1-2 2013 | Q1-2 2012 | Q1-2 2013 | Q1-2 2012 | Q1-2 2013 | Q1-2 2012 |
| Land and buildings, including buildings on third-party land | 45 | 73 | 32 | 27 | 4 | 3 |
| Investments in affiliated companies | - | - | -5 | -6 | 7 | -31 |
| Investments in associates | 2 | 2 | 5 | 2 | 6 | 5 |
| Loans | 829 | 775 | 357 | 344 | 43 | 57 |
| Other securities held to maturity | - | - | - | - | - | - |
| Other securities available for sale | | | | | | |
| Fixed-interest | 756 | 560 | 310 | 221 | 129 | 115 |
| Non-fixed-interest | 77 | 29 | 45 | 9 | 59 | 4 |
| Other securities at fair value through profit or loss | | | | | | |
| Held for trading | | | | | | |
| Fixed-interest | -4 | 7 | - | - | - | - |
| Non-fixed-interest | - | - | - | - | - | - |
| Derivatives | -117 | 187 | -21 | 33 | -19 | - |
| Designated as at fair value through profit or loss | | | | | | |
| Fixed-interest | -1 | 8 | - | - | - | - |
| Non-fixed-interest | - | - | - | - | - | - |
| Deposits retained on assumed reinsurance, and other investments | 5 | 5 | -1 | - | 4 | 2 |
| Investments for the benefit of life insurance policyholders who bear the investment risk | 23 | 209 | - | - | - | - |
| Expenses for the management of investments, other expenses | 78 | 77 | 26 | 23 | 14 | 12 |
| Total | 1,537 | 1,778 | 696 | 607 | 219 | 143 |

| → | Munich Health | | Asset management | | Total | |
|--|---------------|-----------|------------------|-----------|--------------|--------------|
| €m | Q1-2 2013 | Q1-2 2012 | Q1-2 2013 | Q1-2 2012 | Q1-2 2013 | Q1-2 2012 |
| Land and buildings, including buildings on third-party land | - | 1 | 3 | 2 | 141 | 159 |
| Investments in affiliated companies | - | - | - | - | 1 | -29 |
| Investments in associates | 2 | 7 | -7 | 2 | 24 | - |
| Loans | 1 | - | - | - | 1,232 | 1,177 |
| Other securities held to maturity | - | - | - | - | - | - |
| Other securities available for sale | | | | | | |
| Fixed-interest | 69 | 52 | 1 | 2 | 2,378 | 2,216 |
| Non-fixed-interest | 9 | 4 | 1 | 1 | 425 | 247 |
| Other securities at fair value through profit or loss | | | | | | |
| Held for trading | | | | | | |
| Fixed-interest | - | - | - | - | -5 | 11 |
| Non-fixed-interest | - | - | - | - | 1 | 2 |
| Derivatives | 8 | -1 | - | - | -472 | 117 |
| Designated as at fair value through profit or loss | | | | | | |
| Fixed-interest | - | - | - | - | -1 | 8 |
| Non-fixed-interest | - | - | - | - | - | - |
| Deposits retained on assumed reinsurance, and other investments | - | - | - | 1 | 61 | 149 |
| Investments for the benefit of life insurance policyholders who bear the investment risk | - | - | - | - | 23 | 209 |
| Expenses for the management of investments, other expenses | 2 | 3 | - | - | 245 | 216 |
| Total | 87 | 60 | -2 | 8 | 3,563 | 4,050 |

Investment result by investment class and segment (before deduction of technical interest)

| €m | Life | | Reinsurance Property-casualty | |
|--|------------|------------|----------------------------------|------------|
| | Q2 2013 | Q2 2012 | Q2 2013 | Q2 2012 |
| Land and buildings, including buildings on third-party land | 4 | 4 | 24 | 22 |
| Investments in affiliated companies | - | 4 | - | 1 |
| Investments in associates | - | - | 20 | -14 |
| Loans | 1 | - | 1 | - |
| Other securities held to maturity | - | - | - | - |
| Other securities available for sale | | | | |
| Fixed-interest | 136 | 135 | 438 | 431 |
| Non-fixed-interest | 36 | 10 | 165 | 47 |
| Other securities at fair value through profit or loss | | | | |
| Held for trading | | | | |
| Fixed-interest | - | - | -3 | 2 |
| Non-fixed-interest | - | - | - | - |
| Derivatives | -31 | 8 | -210 | 82 |
| Designated as at fair value through profit or loss | | | | |
| Fixed-interest | - | - | - | - |
| Non-fixed-interest | - | - | - | - |
| Deposits retained on assumed reinsurance, and other investments | 52 | 69 | -69 | 13 |
| Investments for the benefit of life insurance policyholders who bear the investment risk | - | - | - | - |
| Expenses for the management of investments, other expenses | 20 | 12 | 39 | 38 |
| Total | 178 | 218 | 327 | 546 |

Continued on next page

| → | Primary insurance | | | | | |
|--|-------------------|---------|---------|---------|-------------------|---------|
| | Life | | Health | | Property-casualty | |
| €m | Q2 2013 | Q2 2012 | Q2 2013 | Q2 2012 | Q2 2013 | Q2 2012 |
| Land and buildings, including buildings on third-party land | 29 | 17 | 18 | 14 | 3 | 2 |
| Investments in affiliated companies | - | - | -2 | -3 | 7 | -33 |
| Investments in associates | 1 | 1 | 3 | - | 4 | 12 |
| Loans | 364 | 381 | 181 | 171 | 22 | 30 |
| Other securities held to maturity | - | - | - | - | - | - |
| Other securities available for sale | | | | | | |
| Fixed-interest | 337 | 141 | 162 | 91 | 57 | 57 |
| Non-fixed-interest | 63 | 13 | 40 | 6 | 39 | - |
| Other securities at fair value through profit or loss | | | | | | |
| Held for trading | | | | | | |
| Fixed-interest | -3 | 7 | - | - | - | - |
| Non-fixed-interest | - | - | - | - | - | - |
| Derivatives | -101 | 220 | -21 | 19 | -17 | -2 |
| Designated as at fair value through profit or loss | | | | | | |
| Fixed-interest | - | -1 | - | - | - | - |
| Non-fixed-interest | - | - | - | - | - | - |
| Deposits retained on assumed reinsurance, and other investments | 3 | 4 | -1 | - | 2 | 1 |
| Investments for the benefit of life insurance policyholders who bear the investment risk | -114 | -83 | - | - | - | - |
| Expenses for the management of investments, other expenses | 42 | 38 | 13 | 12 | 8 | 6 |
| Total | 537 | 662 | 367 | 286 | 109 | 61 |

| → | Munich Health | | Asset management | | Total | |
|--|---------------|---------|------------------|---------|---------|---------|
| €m | Q2 2013 | Q2 2012 | Q2 2013 | Q2 2012 | Q2 2013 | Q2 2012 |
| Land and buildings, including buildings on third-party land | - | - | 1 | 1 | 79 | 60 |
| Investments in affiliated companies | - | - | - | - | 5 | -31 |
| Investments in associates | 2 | 1 | 3 | 2 | 33 | 2 |
| Loans | 1 | - | - | - | 570 | 582 |
| Other securities held to maturity | - | - | - | - | - | - |
| Other securities available for sale | | | | | | |
| Fixed-interest | 22 | 25 | - | 1 | 1,152 | 881 |
| Non-fixed-interest | 1 | 1 | 1 | 1 | 345 | 78 |
| Other securities at fair value through profit or loss | | | | | | |
| Held for trading | | | | | | |
| Fixed-interest | - | - | - | - | -6 | 9 |
| Non-fixed-interest | - | - | - | - | - | - |
| Derivatives | 8 | 2 | - | - | -372 | 329 |
| Designated as at fair value through profit or loss | | | | | | |
| Fixed-interest | - | - | - | - | - | -1 |
| Non-fixed-interest | - | - | - | - | - | - |
| Deposits retained on assumed reinsurance, and other investments | - | - | - | 1 | -13 | 88 |
| Investments for the benefit of life insurance policyholders who bear the investment risk | - | - | - | - | -114 | -83 |
| Expenses for the management of investments, other expenses | 1 | 2 | - | - | 123 | 108 |
| Total | 33 | 27 | 5 | 6 | 1,556 | 1,806 |

Investment income by segment (before deduction of technical interest)

| €m | Reinsurance | | | |
|--------------------------------------|-------------|------------|-------------------|--------------|
| | Life | | Property-casualty | |
| | Q1-2 2013 | Q1-2 2012 | Q1-2 2013 | Q1-2 2012 |
| Regular income | 454 | 448 | 937 | 983 |
| Thereof: | | | | |
| Interest income | 367 | 352 | 702 | 770 |
| Income from write-ups | 311 | 290 | 431 | 588 |
| Gains on the disposal of investments | 169 | 255 | 786 | 1,231 |
| Other income | - | - | - | - |
| Total | 934 | 993 | 2,154 | 2,802 |



| €m | Primary insurance | | | | | |
|--------------------------------------|-------------------|--------------|------------|------------|-------------------|------------|
| | Life | | Health | | Property-casualty | |
| | Q1-2 2013 | Q1-2 2012 | Q1-2 2013 | Q1-2 2012 | Q1-2 2013 | Q1-2 2012 |
| Regular income | 1,472 | 1,508 | 759 | 687 | 153 | 176 |
| Thereof: | | | | | | |
| Interest income | 1,352 | 1,404 | 636 | 637 | 126 | 151 |
| Income from write-ups | 73 | 269 | 36 | 32 | 14 | 17 |
| Gains on the disposal of investments | 314 | 350 | 89 | 36 | 134 | 71 |
| Other income | 234 | 308 | - | - | - | - |
| Total | 2,093 | 2,435 | 884 | 755 | 301 | 264 |



| €m | Munich Health | | Asset management | | Total | |
|--------------------------------------|---------------|------------|------------------|-----------|--------------|--------------|
| | Q1-2 2013 | Q1-2 2012 | Q1-2 2013 | Q1-2 2012 | Q1-2 2013 | Q1-2 2012 |
| | Q1-2 2013 | Q1-2 2012 | Q1-2 2013 | Q1-2 2012 | Q1-2 2013 | Q1-2 2012 |
| Regular income | 44 | 63 | 7 | 9 | 3,826 | 3,874 |
| Thereof: | | | | | | |
| Interest income | 41 | 52 | 1 | 3 | 3,225 | 3,369 |
| Income from write-ups | 10 | 10 | - | - | 875 | 1,206 |
| Gains on the disposal of investments | 38 | 32 | 1 | - | 1,531 | 1,975 |
| Other income | - | - | - | - | 234 | 308 |
| Total | 92 | 105 | 8 | 9 | 6,466 | 7,363 |

Investment income by segment (before deduction of technical interest)

| €m | Reinsurance | | | |
|--------------------------------------|-------------|------------|-------------------|--------------|
| | Life | | Property-casualty | |
| | Q2 2013 | Q2 2012 | Q2 2013 | Q2 2012 |
| Regular income | 232 | 243 | 501 | 514 |
| Thereof: | | | | |
| Interest income | 183 | 183 | 350 | 382 |
| Income from write-ups | 139 | 100 | 295 | 369 |
| Gains on the disposal of investments | 111 | 136 | 519 | 634 |
| Other income | - | - | - | - |
| Total | 482 | 479 | 1,315 | 1,517 |

| → €m | Primary insurance | | | | | |
|--------------------------------------|-------------------|--------------|------------|------------|-------------------|------------|
| | Life | | Health | | Property-casualty | |
| | Q2 2013 | Q2 2012 | Q2 2013 | Q2 2012 | Q2 2013 | Q2 2012 |
| Regular income | 759 | 749 | 421 | 349 | 81 | 95 |
| Thereof: | | | | | | |
| Interest income | 680 | 691 | 323 | 322 | 63 | 73 |
| Income from write-ups | 39 | 208 | 24 | 15 | 7 | 5 |
| Gains on the disposal of investments | 75 | 146 | 63 | 21 | 73 | 32 |
| Other income | 44 | - | - | - | - | - |
| Total | 917 | 1,103 | 508 | 385 | 161 | 132 |

| → €m | Munich Health | | Asset management | | Total | |
|--------------------------------------|---------------|-----------|------------------|----------|--------------|--------------|
| | Q2 2013 | Q2 2012 | Q2 2013 | Q2 2012 | Q2 2013 | Q2 2012 |
| | Q2 2013 | Q2 2012 | Q2 2013 | Q2 2012 | Q2 2013 | Q2 2012 |
| Regular income | 22 | 28 | 4 | 7 | 2,020 | 1,985 |
| Thereof: | | | | | | |
| Interest income | 20 | 25 | - | 2 | 1,619 | 1,678 |
| Income from write-ups | 10 | 6 | - | - | 514 | 703 |
| Gains on the disposal of investments | 3 | 20 | 1 | - | 845 | 989 |
| Other income | - | - | - | - | 44 | - |
| Total | 35 | 54 | 5 | 7 | 3,423 | 3,677 |

Investment expenses by segment (before deduction of technical interest)

| €m | Reinsurance | | | |
|--|-------------|------------|-------------------|--------------|
| | Life | | Property-casualty | |
| | Q1-2 2013 | Q1-2 2012 | Q1-2 2013 | Q1-2 2012 |
| Write-downs of investments | 343 | 377 | 657 | 750 |
| Losses on the disposal of investments | 155 | 182 | 731 | 896 |
| Management expenses, interest charges and other expenses | 74 | 36 | 102 | 100 |
| Thereof: | | | | |
| Interest charges | 2 | 1 | 9 | 6 |
| Total | 572 | 595 | 1,490 | 1,746 |

| → €m | Primary insurance | | | | | |
|--|-------------------|------------|------------|------------|-------------------|------------|
| | Life | | Health | | Property-casualty | |
| | Q1-2 2013 | Q1-2 2012 | Q1-2 2013 | Q1-2 2012 | Q1-2 2013 | Q1-2 2012 |
| Write-downs of investments | 217 | 129 | 58 | 31 | 34 | 60 |
| Losses on the disposal of investments | 49 | 350 | 98 | 89 | 33 | 49 |
| Management expenses, interest charges and other expenses | 290 | 178 | 32 | 28 | 15 | 12 |
| Thereof: | | | | | | |
| Interest charges | 1 | 2 | 2 | 1 | - | 1 |
| Total | 556 | 657 | 188 | 148 | 82 | 121 |

| → €m | Munich Health | | Asset management | | Total | |
|--|---------------|-----------|------------------|-----------|--------------|--------------|
| | Q1-2 2013 | Q1-2 2012 | Q1-2 2013 | Q1-2 2012 | Q1-2 2013 | Q1-2 2012 |
| | Q1-2 2013 | Q1-2 2012 | Q1-2 2013 | Q1-2 2012 | Q1-2 2013 | Q1-2 2012 |
| Write-downs of investments | 1 | 13 | 10 | 1 | 1,320 | 1,361 |
| Losses on the disposal of investments | 2 | 29 | - | - | 1,068 | 1,595 |
| Management expenses, interest charges and other expenses | 2 | 3 | - | - | 515 | 357 |
| Thereof: | | | | | | |
| Interest charges | - | - | - | - | 14 | 11 |
| Total | 5 | 45 | 10 | 1 | 2,903 | 3,313 |

Investment expenses by segment (before deduction of technical interest)

| €m | Reinsurance | | | |
|--|-------------|------------|-------------------|------------|
| | Life | | Property-casualty | |
| | Q2 2013 | Q2 2012 | Q2 2013 | Q2 2012 |
| Write-downs of investments | 176 | 138 | 468 | 408 |
| Losses on the disposal of investments | 99 | 105 | 470 | 513 |
| Management expenses, interest charges and other expenses | 29 | 18 | 50 | 50 |
| Thereof: | | | | |
| Interest charges | 1 | - | 5 | 4 |
| Total | 304 | 261 | 988 | 971 |

| → €m | Primary insurance | | | | | |
|--|-------------------|------------|------------|-----------|-------------------|-----------|
| | Life | | Health | | Property-casualty | |
| | Q2 2013 | Q2 2012 | Q2 2013 | Q2 2012 | Q2 2013 | Q2 2012 |
| Write-downs of investments | 154 | 61 | 35 | 18 | 23 | 46 |
| Losses on the disposal of investments | 26 | 258 | 90 | 67 | 20 | 20 |
| Management expenses, interest charges and other expenses | 200 | 122 | 16 | 14 | 9 | 5 |
| Thereof: | | | | | | |
| Interest charges | - | 1 | 1 | - | - | 1 |
| Total | 380 | 441 | 141 | 99 | 52 | 71 |

| → €m | Munich Health | | Asset management | | Total | |
|--|---------------|-----------|------------------|----------|--------------|--------------|
| | Q2 2013 | Q2 2012 | Q2 2013 | Q2 2012 | Q2 2013 | Q2 2012 |
| | Q2 2013 | Q2 2012 | Q2 2013 | Q2 2012 | Q2 2013 | Q2 2012 |
| Write-downs of investments | - | 7 | - | 1 | 856 | 679 |
| Losses on the disposal of investments | 1 | 18 | - | - | 706 | 981 |
| Management expenses, interest charges and other expenses | 1 | 2 | - | - | 305 | 211 |
| Thereof: | | | | | | |
| Interest charges | - | - | - | - | 7 | 6 |
| Total | 2 | 27 | - | 1 | 1,867 | 1,871 |

Other operating result

| €m | Reinsurance | | | |
|--------------------------|-------------|-----------|-------------------|-----------|
| | Life | | Property-casualty | |
| | Q1-2 2013 | Q1-2 2012 | Q1-2 2013 | Q1-2 2012 |
| Other operating income | 40 | 49 | 100 | 115 |
| Other operating expenses | 63 | 49 | 177 | 135 |



| €m | Life | | Health | | Primary insurance Property-casualty | |
|--------------------------|-----------|-----------|-----------|-----------|--|-----------|
| | Q1-2 2013 | Q1-2 2012 | Q1-2 2013 | Q1-2 2012 | Q1-2 2013 | Q1-2 2012 |
| | Q1-2 2013 | Q1-2 2012 | Q1-2 2013 | Q1-2 2012 | Q1-2 2013 | Q1-2 2012 |
| Other operating income | 64 | 59 | 19 | 28 | 81 | 80 |
| Other operating expenses | 47 | 47 | 25 | 45 | 146 | 104 |



| €m | Munich Health | | Asset management | | Total | |
|--------------------------|---------------|-----------|------------------|-----------|-----------|-----------|
| | Q1-2 2013 | Q1-2 2012 | Q1-2 2013 | Q1-2 2012 | Q1-2 2013 | Q1-2 2012 |
| | Q1-2 2013 | Q1-2 2012 | Q1-2 2013 | Q1-2 2012 | Q1-2 2013 | Q1-2 2012 |
| Other operating income | 29 | 37 | 25 | 25 | 358 | 393 |
| Other operating expenses | 55 | 38 | 18 | 16 | 531 | 434 |

Other operating result

| €m | Reinsurance | | | |
|--------------------------|-------------|---------|-------------------|---------|
| | Life | | Property-casualty | |
| | Q2 2013 | Q2 2012 | Q2 2013 | Q2 2012 |
| Other operating income | 20 | 30 | 51 | 70 |
| Other operating expenses | 46 | 33 | 105 | 82 |



| €m | Life | | Health | | Primary insurance Property-casualty | |
|--------------------------|---------|---------|---------|---------|--|---------|
| | Q2 2013 | Q2 2012 | Q2 2013 | Q2 2012 | Q2 2013 | Q2 2012 |
| | Q2 2013 | Q2 2012 | Q2 2013 | Q2 2012 | Q2 2013 | Q2 2012 |
| Other operating income | 46 | 39 | 8 | 15 | 44 | 45 |
| Other operating expenses | 22 | 23 | 9 | 24 | 89 | 55 |



| €m | Munich Health | | Asset management | | Total | |
|--------------------------|---------------|---------|------------------|---------|---------|---------|
| | Q2 2013 | Q2 2012 | Q2 2013 | Q2 2012 | Q2 2013 | Q2 2012 |
| | Q2 2013 | Q2 2012 | Q2 2013 | Q2 2012 | Q2 2013 | Q2 2012 |
| Other operating income | 16 | 22 | 13 | 13 | 198 | 234 |
| Other operating expenses | 33 | 22 | 10 | 9 | 314 | 248 |

Other operating income mainly comprises income of €225m (227m) from services rendered, interest and similar income of €41m (71m), income of €66m (73m) from the release/reduction of miscellaneous provisions and adjustments of values for receivables, and income of €15m (11m) from owner-occupied property, some of which is also leased out.

In addition to expenses of €180m (176m) for services rendered, other operating expenses chiefly include interest charges and similar expenses of €188m (108m), other write-downs of €16m (25m), and other tax of €41m (23m). They also contain expenses of €6m (6m) for owner-occupied property, some of which is also leased out.

Other non-operating result, impairment losses of goodwill and net finance costs

| €m | Reinsurance | | | |
|-------------------------------|-------------|-----------|-------------------|-----------|
| | Life | | Property-casualty | |
| | Q1-2 2013 | Q1-2 2012 | Q1-2 2013 | Q1-2 2012 |
| Other non-operating income | 364 | 349 | 766 | 476 |
| Other non-operating expenses | 329 | 365 | 758 | 561 |
| Impairment losses of goodwill | - | 1 | - | 4 |
| Net finance costs | -34 | -33 | -71 | -68 |

| → €m | Primary insurance | | | | | |
|-------------------------------|-------------------|-----------|-----------|-----------|-------------------|-----------|
| | Life | | Health | | Property-casualty | |
| | Q1-2 2013 | Q1-2 2012 | Q1-2 2013 | Q1-2 2012 | Q1-2 2013 | Q1-2 2012 |
| Other non-operating income | 81 | 66 | 267 | 211 | 117 | 112 |
| Other non-operating expenses | 82 | 103 | 297 | 237 | 158 | 161 |
| Impairment losses of goodwill | - | - | - | - | - | - |
| Net finance costs | 21 | 24 | 2 | 4 | -57 | -62 |

| → €m | Munich Health | | Asset management | | Total | |
|-------------------------------|---------------|-----------|------------------|-----------|-----------|-----------|
| | Q1-2 2013 | Q1-2 2012 | Q1-2 2013 | Q1-2 2012 | Q1-2 2013 | Q1-2 2012 |
| | Q1-2 2013 | Q1-2 2012 | Q1-2 2013 | Q1-2 2012 | Q1-2 2013 | Q1-2 2012 |
| Other non-operating income | 12 | 195 | 2 | 2 | 1,609 | 1,411 |
| Other non-operating expenses | 13 | 218 | 3 | 3 | 1,640 | 1,648 |
| Impairment losses of goodwill | - | - | - | - | - | 5 |
| Net finance costs | -2 | -7 | -2 | -3 | -143 | -145 |

Other non-operating result, impairment losses of goodwill and net finance costs

| €m | Reinsurance | | | |
|-------------------------------|-------------|---------|-------------------|---------|
| | Life | | Property-casualty | |
| | Q2 2013 | Q2 2012 | Q2 2013 | Q2 2012 |
| Other non-operating income | 166 | 182 | 319 | 255 |
| Other non-operating expenses | 176 | 158 | 425 | 264 |
| Impairment losses of goodwill | - | 1 | - | 4 |
| Net finance costs | -17 | -18 | -37 | -37 |



| €m | Primary insurance | | | | | |
|-------------------------------|-------------------|---------|---------|---------|-------------------|---------|
| | Life | | Health | | Property-casualty | |
| | Q2 2013 | Q2 2012 | Q2 2013 | Q2 2012 | Q2 2013 | Q2 2012 |
| Other non-operating income | 43 | 41 | 112 | 138 | 50 | 71 |
| Other non-operating expenses | 28 | 66 | 130 | 152 | 69 | 93 |
| Impairment losses of goodwill | - | - | - | - | - | - |
| Net finance costs | 9 | 10 | 1 | 2 | -29 | -30 |



| €m | Munich Health | | Asset management | | Total | |
|-------------------------------|---------------|---------|------------------|---------|---------|---------|
| | Q2 2013 | Q2 2012 | Q2 2013 | Q2 2012 | Q2 2013 | Q2 2012 |
| | Q2 2013 | Q2 2012 | Q2 2013 | Q2 2012 | Q2 2013 | Q2 2012 |
| Other non-operating income | 6 | 102 | 1 | 1 | 697 | 790 |
| Other non-operating expenses | 8 | 98 | 2 | 1 | 838 | 832 |
| Impairment losses of goodwill | - | - | - | - | - | 5 |
| Net finance costs | -1 | -4 | -1 | -2 | -75 | -79 |

Other non-operating income is income unrelated to the conclusion, administration or settlement of insurance contracts or the administration of investments. Besides foreign-currency exchange gains of €1,515m (1,329m), it contains other non-technical income of €94m (82m).

Other non-operating expenses are expenses unrelated to the conclusion, administration or settlement of insurance contracts or the administration of investments. Besides foreign-currency exchange losses of €1,454m (1,420m), they include write-downs of €42m (50m) on other intangible assets and other non-technical expenses of €144m (178m), such as expenses unrelated to the accounting period, project costs and other amounts that cannot be allocated elsewhere, and restructuring expenses.

Non-current assets and disposal groups held for sale and sold in the reporting period

In the reporting period, no non-current assets or disposal groups were held for sale or sold.

Related parties

Transactions between Munich Reinsurance Company and subsidiaries that are to be deemed related parties have been eliminated in consolidation and are not disclosed in the notes. Business relations with unconsolidated subsidiaries are of subordinate importance as a whole; this also applies to business relations with associates.

Munich Reinsurance Company has established a contractual trust agreement in the form of a two-way trust for its unfunded company pension obligations. The Munich Re pension scheme is considered a related party in accordance with IAS 24. Contributions to the pension scheme are recognised as expenses for defined contribution plans.

No notifiable transactions were conducted between Board members and Munich Re.

Number of staff

The number of staff employed by the Group as at 30 June 2013 totalled 23,378 (23,700) in Germany and 21,741 (21,737) in other countries.

Number of staff

| | 30.6.2013 | 31.12.2012 |
|-------------------|---------------|---------------|
| Reinsurance | 11,230 | 11,094 |
| Primary insurance | 29,433 | 29,768 |
| Munich Health | 3,641 | 3,766 |
| Asset management | 815 | 809 |
| Total | 45,119 | 45,437 |

Contingent liabilities, other financial commitments

In comparison with the situation at 31 December 2012, financial commitments of significance for the assessment of the Group's financial position show no material changes. No contingent liabilities have been entered into for the benefit of Board members.

Earnings per share

Diluting effects to be disclosed for the calculation of earnings per share were not present either in the current reporting period or in the same period last year. Earnings per share can be potentially diluted in future through the issue of shares or subscription rights from amounts authorised for increasing the share capital and from contingent capital.

The earnings per share figure is calculated by dividing the consolidated result for the reporting period attributable to Munich Reinsurance Company equity holders by the weighted average number of outstanding shares.

Earnings per share

| | | Q1-2 2013 | Q2 2013 | Q1-2 2012 | Q2 2012 |
|---|----|-------------|-------------|-------------|-------------|
| Consolidated result attributable to Munich Reinsurance Company equity holders | €m | 1,501 | 529 | 1,588 | 808 |
| Weighted average number of outstanding shares | | 179,133,621 | 179,299,259 | 177,615,164 | 177,629,870 |
| Earnings per share | € | 8.38 | 2.95 | 8.94 | 4.54 |

Events after the balance sheet date

On 10 July 2013, via its subsidiary MR RENT-Investment GmbH, Munich, Munich Re acquired 100% of the voting shares in the wind park company Vingkraft Hakarp AB (VH AB), Hässleholm, Sweden, from Eolus Vind AG, Hässleholm, Sweden. Vingkraft Hakarp AB operates three completed Swedish wind parks (Hakarp, Kaptensberget and Åsen) that are connected to the power grid. Prior to the transaction, the wind parks were transferred as a contribution in kind by Eolus Vind AB to Vingkraft Hakarp AB. Immediately after acquisition, Vingkraft Hakarp AB was renamed Wind Farms Götaland Svealand AG (WFGS). The purchase price for the wind park company is €47.2m (SEK 410m) and was settled in cash.

The acquisition is part of the RENT programme (Renewable Energy and New Technologies), through which Munich Re invests in renewable energies and new technologies.

Drawn up and released for publication, Munich,

5 August 2013

The Board of Management

Review report

To Münchener Rückversicherungs-Gesellschaft Aktiengesellschaft in München

We have reviewed the condensed interim consolidated financial statements – comprising the consolidated balance sheet, the consolidated income statement, the statement of recognised income and expense, the Group statement of changes in equity, the condensed consolidated cash flow statement and the selected notes – together with the interim Group management report of Münchener Rückversicherungs-Gesellschaft Aktiengesellschaft in München, for the period from 1 January 2013 to 30 June 2013, that are part of the semi-annual financial report according to Section 37 w WpHG (German Securities Trading Act). The preparation of the condensed interim consolidated financial statements in accordance with those IFRSs applicable to interim financial reporting as adopted by the EU, and of the interim Group management report in accordance with the requirements of the WpHG applicable to interim group management reports, is the responsibility of the parent company's management. Our responsibility is to issue a report on the condensed interim consolidated financial statements and the interim Group management report based on our review.

We performed our review of the condensed interim consolidated financial statements and the interim Group management report in accordance with the German generally accepted standards for the review of financial statements promulgated by the Institute of Public Auditors in Germany (IDW). Those standards require that we plan and perform the review so that we can preclude through critical evaluation, with a certain level of assurance, that the condensed interim consolidated financial statements have not been prepared, in material aspects, in accordance with the IFRS applicable to interim financial reporting as adopted by the EU, and that the interim Group management report has not been prepared, in material aspects, in accordance with the requirements of the WpHG applicable to interim group management reports. A review is limited primarily to inquiries of company employees and analytical assessments and therefore does not provide the assurance attainable in a financial statement audit. Since, in accordance with our engagement, we have not performed a financial statement audit, we cannot issue an auditor's report.

Based on our review, no matters have come to our attention that cause us to presume that the condensed interim consolidated financial statements have not been prepared, in material respects, in accordance with the IFRSs applicable to interim financial reporting as adopted by the EU, or that the interim Group management report has not been prepared, in material aspects, in accordance with the requirements of the WpHG applicable to interim group management reports.

Munich, 6 August 2013

KPMG Bayerische Treuhandgesellschaft
Aktiengesellschaft Wirtschaftsprüfungsgesellschaft
Steuerberatungsgesellschaft

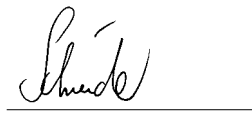
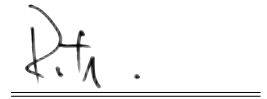
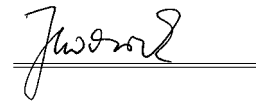

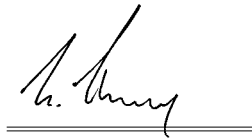
Martin Berger
Wirtschaftsprüfer
(Certified public accountant)

Roland Hansen
Wirtschaftsprüfer
(Certified public accountant)

Responsibility statement

"To the best of our knowledge, and in accordance with the applicable reporting principles for interim financial reporting, the interim consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the interim management report of the Group includes a fair review of the development and performance of the business and the position of the Group, together with a description of the material opportunities and risks associated with the expected development of the Group for the remaining months of the financial year."

Munich, 6 August 2013



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Responsible for content
Group Reporting

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Important dates 2013

7 November 2013
Interim report as at 30 September 2013

Important dates 2014

20 March 2014
Balance sheet press conference
for 2013 consolidated financial statements

30 April 2014
Annual General Meeting

8 May 2014
Interim report as at 31 March 2014

7 August 2014
Interim report as at 30 June 2014

7 August 2014
Half-year press conference

6 November 2014
Interim report as at 30 September 2014