

Half-Year Financial Report 2015
Munich Re

2015

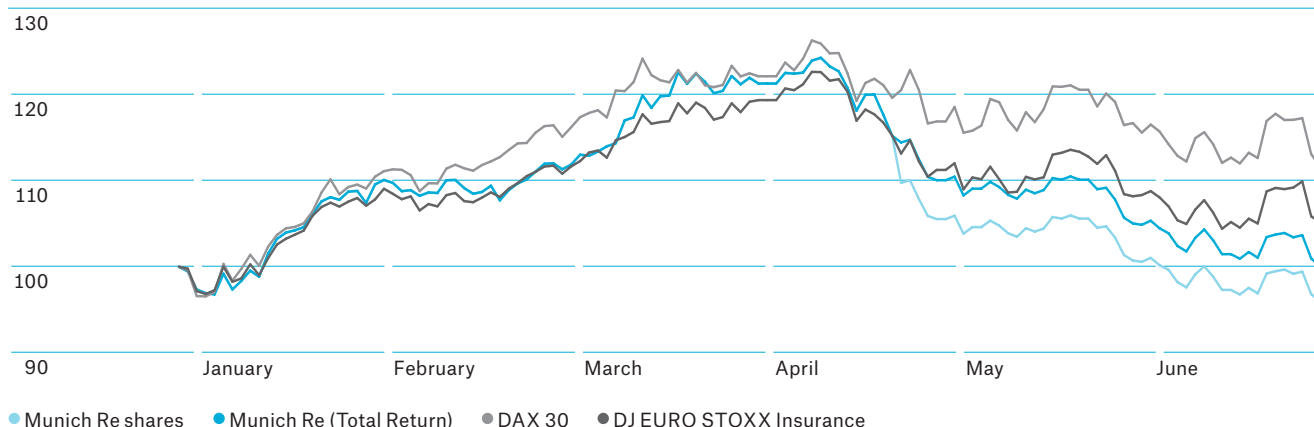
Supervisory Board

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(Chairman)

Board of Management

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(Chairman)
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Dr. Ludger Arnoldussen
Dr. Thomas Blunck
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Dr. Jörg Schneider
Dr. Joachim Wenning

Share price performance 1.1.2015 = 100



Source: Datastream

Key figures (IFRS)¹

Munich Re at a glance

		Q1-2 2015	Q1-2 2014	Change	Q2 2015	Q2 2014	Change
				%			%
Consolidated result	€m	1,866	1,703	9.6	1,076	762	41.2
Thereof attributable to non-controlling interests	€m	6	9	-33.3	6	4	50.0
Earnings per share	€	11.12	9.73	14.3	6.42	4.39	46.2
Return on risk-adjusted capital (RORAC)	%	13.8	14.2		15.9	12.7	
Return on investment (RoI)	%	3.6	4.0		4.1	4.3	
Return on equity (RoE)	%	11.7	12.6		13.2	11.1	
					30.6.2015	31.12.2014	Change
							%
Book value per share	€				182.97	178.13	2.7
Munich Reinsurance Company's market capitalisation	€bn				26.5	28.7	-7.5
Share price	€				159.00	165.75	-4.1
					30.6.2015	31.12.2014	Change
							%
Equity	€m				30,699	30,289	1.4
Investments	€m				221,191	218,927	1.0
Insurance-related investments	€m				9,078	8,461	7.3
Net technical provisions	€m				202,564	198,384	2.1
Balance sheet total	€m				278,986	272,984	2.2
Number of staff					42,967	43,316	-0.8

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

Contents

Letter to shareholders	2
Interim management report	4
Business environment	4
Business performance	6
Overview	6
Reinsurance	7
ERGO	10
Munich Health	14
Investment performance	16
Prospects	20
Interim consolidated financial statements as at 30 June 2015	24
Review report	80
Responsibility statement	81
Important dates	

This document is a translation of the original German version and is intended to be used for informational purposes only. While every effort has been made to ensure the accuracy and completeness of the translation, please note that the German original is binding.

To our shareholders



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

Dear Shareholders,

Naturally, there has been a lot of talk about the Greek debt crisis of late, and it is likely to be with us for some time yet. We comment on the implications of the crisis in the management report where appropriate. In this letter, however, I would like to address a subject that will probably have even more fundamental consequences for humanity in the long run, namely climate change and our role when it comes to taking decisive action.

The G7 summit in Germany brought more far-reaching results in terms of climate protection than many people anticipated. This is an important milestone in the run-up to the climate summit in Paris this December, the success of which is so vital. It is a well-known fact that for decades Munich Re has been advocating effective climate protection and adequate adaptation measures to limit the frequency and impact of weather-related natural catastrophes.

A compelling idea whose time appears to finally have come is insurance against the negative impacts of climate change. Developing countries and emerging markets generally do not have sufficient resources for adapting to climate change, and in the aftermath of a natural catastrophe they consequently suffer humanitarian disasters and setbacks to their economic development. At their summit, the G7 Leaders therefore declared that "we will aim to increase by up to 400 million the number of people in the most vulnerable developing countries who have access to direct or indirect insurance coverage against the negative impact of climate change related hazards by 2020 (...)."

The immense figure of 400 million additional people in need of insurance reflects not only the enormity of the challenge but also the size of the potential available to us if we succeed in developing a sustainable insurance model for them. Policymakers must now prove that they can underpin ambitious goals with tangible action, and the insurance industry must contribute a meaningful share to the implementation of these goals by coming up with innovative – yet simple – cover concepts. Above all, we need new partnerships between public or supranational organisations and private industry.

These partnerships could be modelled on African Risk Capacity, an insurance pool for a number of African nations that is reinsured by Munich Re. This cover concept protects participating states from the financial consequences of drought. If the amount of rainfall and expected crop yield remain below a predefined level, the insurance money is quickly transferred into a prepared state aid programme. The effectiveness and specific implementation of the programmes are tested in advance, and reassessed after a drought has occurred. Recent recipients of such payouts are Mauritania, Niger and Senegal, and this has meant that many low-income citizens in those countries who cannot afford individual insurance cover have also benefitted.

Similar insurance models already exist in the Caribbean (Caribbean Catastrophe Risk Insurance Facility) and in the Pacific (Pacific Catastrophe Risk Assessment and Financing Initiative). In the case of the latter, funds were paid out when the island nation of Vanuatu was devastated by Cyclone Pam last March. Emergency measures could thus be financed rapidly. Munich Re also makes its expertise and reinsurance capacity available for such insurance solutions.


Insurance concepts that are developed in collaboration between private insurers and states, regional authorities and supranational organisations are prudent not only in the area of natural catastrophes. Munich Re backs the World Bank's initiative to launch an insurance facility for epidemics and pandemics (Pandemic Emergency Financing Facility). The deadly Ebola outbreak in West Africa demonstrates how important it can be to have a financial facility that is able to rapidly mobilise and disburse the funds necessary for combatting disease. This solution was expressly supported by the Heads of Government in the G7 Leaders' Declaration. In addition, Munich Re is cooperating with the International Finance Corporation (IFC), a member of the World Bank Group, on financial and insurance issues in areas such as infrastructure, renewable energy, and trade.

Thanks to our cooperation with supranational organisations, we have succeeded in tapping into new markets and offering insurance coverage in countries and regions where income levels prevent individuals from taking out traditional insurance products and using established sales channels. This type of collaboration ties in nicely with our overall strategy of making more risks insurable by designing innovative solutions and opening up new fields of business. We will continue to expand these activities.

Ten years ago, we established the Munich Re Foundation, which works in areas such as adaptation to climate change, disaster prevention, and the war on poverty. The Foundation's motto – "From knowledge to action" – was felicitously chosen at the time and is as pertinent today as it was ten years ago. After all, actions continue to lag behind recognition of what actually needs to be done. The Foundation not only advances the spread of knowledge, such as by organising the world's largest micro-insurance conference every year, it also sees to it that this knowledge is put into practice by sponsoring projects. For instance, the Foundation has already set up a number of operative early-warning systems for natural catastrophes in developing countries and emerging markets. These range from a flood-warning system in Mozambique to emergency evacuation support for people with disabilities in Chile. The Foundation is a key component of Munich Re's sustainability strategy. It is our firm conviction that sustainable and responsible action will enable us to do better business in the long term – not only for the sake of the environment and society, but also for our staff, clients and shareholders.

With a result of around €1.1bn, Munich Re looks back on a very successful second quarter. As in the first three months of the year, this result was backed by below-average nat cat claims expenditure. In addition, we posted an above-average investment result. As gratifying as these figures may be, the fierce competition in reinsurance remains a challenge. Despite a persistently uncertain environment, the profitability of our core business is still remarkable. After all, our profit of around €1.9bn in the first half of the year was so high that we are likely to exceed our profit guidance of €2.5–3bn for the year. We are now proceeding on the assumption of a profit of at least €3bn for 2015.

Yours sincerely,



Nikolaus von Bomhard

Interim management report

Business environment

- Global growth somewhat stronger
- Rise in long-term interest rates
- Strong fluctuations in bonds
- Slight increase in value of the euro

Global economic growth strengthened slightly in the second quarter of 2015. The US economy improved from the collapse in the first months of the year. The eurozone economy picked up again, due mainly to strong growth in Germany. By contrast, stifled growth in major emerging economies in the whole of the first half-year had an impact on the dynamics of the global economy. Growth in China slowed, although it remained very strong by international comparison; Brazil and Russia remained mired in recession.

The second quarter was marked by an increase in long-term interest rates and heavy price fluctuations, particularly in the German bond market. Yields on ten-year US government bonds increased from 1.9% at the end of March to 2.4% at the end of June. From the beginning of the quarter, yields on ten-year German government bonds continued the trend of the past year or more, and fell in April from 0.2% to a record low of 0.08%. After several turbulent weeks, they reached a level of just below 1% in early June, and closed the quarter at 0.8%. The reasons for the interest-rate increase included better growth forecasts, a decreased fear of deflation, and a change in the assessment of many investors about the effects of the ECB's bond-buying programme.

The interest-rate increase had a negative impact on the market value of fixed-income bonds. However, even after this quarter's increase, long-term interest rates remain low and are negatively impacting insurers when they invest and reinvest on behalf of their clients because yields on new fixed-interest securities with high ratings are far lower than the average return on the securities maturing or sold. This has an adverse effect on life insurers, which have to meet interest-rate guarantees.

We write a large portion of our business outside the eurozone. Therefore, appreciation of the euro has a negative effect on the development of premium income posted in euros, while depreciation has a positive effect. Compared with the first half of 2014, the euro exchange rate in the first six months of 2015 was down substantially on average against the US dollar (-19%), the pound sterling (-11%), the Canadian dollar (-8%) and the Japanese yen (-4%). The values shown for premium income development and income and expenses in foreign currencies have seen a positive impact from currency effects in year-on-year comparison. The value shown for investments, which is translated at period-end exchange rates, was also increased by currency translation effects in the first half-year. Euro exchange rates improved somewhat in the second quarter from their downturn in the previous three quarters, but as at 30 June 2015 the exchange rate of US\$ 1.11 was still 8% lower than at the end of 2014. At the end of the first half-year, the euro was also weaker than at the end of 2014 with respect to the pound sterling (-9%), the Japanese yen (-6%) and the Canadian dollar (-1%).

Business performance

Overview

Key figures¹

	Q1-2 2015	Q1-2 2014	Change	Q2 2015	Q2 2014	Change
	€m	€m	%	€m	€m	%
Gross premiums written	25,505	24,780	2.9	12,467	11,856	5.2
Technical result	1,780	1,673	6.4	868	456	90.4
Investment result	4,341	4,360	-0.4	2,521	2,368	6.5
Insurance-related investment result	253	277	-8.7	-326	199	-
Operating result	2,813	2,464	14.2	1,818	1,137	59.9
Taxes on income	-401	-307	-30.6	-250	-92	-171.7
Consolidated result	1,866	1,703	9.6	1,076	762	41.2
Thereof: Attributable to non-controlling interests	6	9	-33.3	6	4	50.0
				30.6.2015	31.12.2014	Change
				€bn	€bn	%
Equity				30.7	30.3	1.4

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

With a consolidated profit of €1.9bn (1.7bn), Munich Re looks back on a very successful first half-year 2015. The figure for the period April to June was a very good €1.1bn (0.8bn). The second quarter of 2015 was marked by a below-average random incidence of major losses, and a very good investment result.

Premium income increased year on year due to currency translation effects. To avoid taking on risks at inadequate prices, terms and conditions in a highly competitive environment, we refrained from renewing some existing reinsurance treaties. If exchange rates had remained unchanged, premium income would have declined by 4.7%.

In the first half of the year, the investment result was at the same level as last year. The year-on-year increase for the second quarter was mainly attributable to higher regular investment income, and an increased result from disposals of non-derivative investments.

Overall, the operating result benefited from a depreciation of the euro compared with the first half of 2014. We achieved a higher result contribution from the conversion of earnings from underwriting business, and from investment income in foreign currencies. The revaluation of balance-sheet items in foreign currencies led to a negative currency result, which is recognised in the "other non-operating result".

Group equity as at 30 June 2015 was somewhat higher than at the beginning of the year. The decline of €4.1bn compared with the figure as at 31 March 2015 of €34.8bn was mainly due to the decrease in unrealised gains on investments (-€3.3bn) owing to a rise in market interest rates, and the dividend payout in April 2015 (-€1.3bn). Moreover, there was a decline in the reserve for currency translation adjustments (-€0.5bn) on account of the slightly strengthened euro. The consolidated result for the second quarter (€1.1bn) had a positive impact.

The annualised return on risk-adjusted capital (RORAC) amounted to 13.8% (14.2%) for the first six months of the year, and 15.9% (12.7%) for the second quarter. The return on equity (RoE) totalled 11.7% (12.6%) and 13.2% (11.1%) respectively.

We concluded the share buy-back programme 2014/2015 as planned on 10 April 2015. Under this programme, we bought back a total of 6.1 million Munich Re shares with a value of €1.0bn. Overall, of these shares, 1,673,576 totalling €306.3m relate to the first half-year 2015 and 136,920 shares worth €27.8m to the second quarter. The repurchased shares were retired on 23 April 2015.

Including the dividend for the financial year 2014, which was paid out in April 2015, we have returned – both directly and indirectly – just under €19bn to our shareholders since 2006.

Reinsurance

- Increase in premium to €14.1bn (13.4bn) in the first half of the year; €7.1bn (6.6bn) in the second quarter
- Life reinsurance with a consolidated result of €123m (246m) in the first half-year and €52m (124m) in the second quarter
- Consolidated result in property-casualty reinsurance totalling €1,387m (1,151m) for the first half of the year and €790m (505m) for the second quarter
- Combined ratio of 92.8% (94.1%) for property-casualty business for the first half-year and 93.3% (101.4%) for the second quarter
- Gratifying investment result totalling €1,854m (1,563m) for the first half-year and €1,285m (988m) for the second quarter
- Consolidated result totalling €1,510m (1,397m) for the first half-year and €842m (629m) for the second quarter

Reinsurance – Life

Key figures

		Q1-2 2015	Q1-2 2014	Change	Q2 2015	Q2 2014	Change
				%			%
Gross premiums written	€m	5,116	4,944	3.5	2,704	2,467	9.6
Share of gross premiums written in reinsurance	%	36.2	36.8		38.0	37.6	
Operating result	€m	272	333	-18.3	189	189	-
Consolidated result	€m	123	246	-50.0	52	124	-58.1

Premium

With around 90% of our life reinsurance business written in foreign currencies, currency translation effects have a significant influence on premium development. In the first half of the year, the impact on gross premiums written was 9.9% compared with the first half of 2014. If exchange rates had remained the same, our premium volume would have seen a year-on-year decline of 6.4% for the first six months of 2015 and 2.2% for the second quarter.

The deterioration was mainly attributable to several large-volume treaties, which we renewed in the course of the previous year with a reduced volume, or did not renew. These treaties have played a key part in the strong increase in premium volume we have seen in recent years. They generally run for a period of several years and have been concluded mainly in North America, Asia and Continental Europe, with reinsurance primarily serving as a capital substitute for our clients.

The growth of the Asian insurance markets remains pleasing and continues to fuel our business. In contrast to this, primary insurance business has been impacted by the weak economy in many other markets, which has also dampened demand for reinsurance and impacted our business opportunities.

Result

Owing to the short-term volatility of the business, the technical result for the second quarter was lower than expected at €30m (95m). This was due to a series of technical one-off effects, such as the impact of improved projection models, or the effect of lower interest rates on the valuation of provisions. By contrast, claims experience in US mortality business and Australian disability business was in line with our projections. With business in the first quarter of 2015 also performing as expected, the technical result for the first half of the year totalled €133m (219m).

Our investment result totalled €524m (442m) for the period from January to June and €321m (261m) for the second quarter. The increase is mainly due to higher gains on disposals of equities and fixed-interest securities.

Reinsurance - Property-casualty

Key figures

		Q1-2 2015	Q1-2 2014	Change	Q2 2015	Q2 2014	Change
				%			%
Gross premiums written	€m	9,002	8,478	6.2	4,404	4,097	7.5
Share of gross premiums written in reinsurance	%	63.8	63.2		62.0	62.4	
Loss ratio	%	61.7	63.4		62.4	70.0	
Thereof: Major losses	Percentage points	5.4	8.2		4.8	15.4	
Expense ratio	%	31.1	30.7		30.9	31.4	
Combined ratio	%	92.8	94.1		93.3	101.4	
Operating result	€m	1,921	1,528	25.7	1,246	656	89.9
Consolidated result	€m	1,387	1,151	20.5	790	505	56.4

Premium

Gross premiums by division - Q1-2 2015



Global Clients and North America	37% (38%)
Special and Financial Risks	24% (19%)
Germany, Asia Pacific and Africa	21% (22%)
Europe and Latin America	18% (21%)

The year-on-year increase of 6.2% in premium income in property-casualty reinsurance for the first six months of 2015 is essentially attributable to changes in euro exchange rates. With regard to premium development in the first half of the year, currency translation effects had an impact of 13.7% on gross premiums written compared with the same period last year. If exchange rates had remained the same, premium income would have seen a year-on-year decline of 7.5% for the first six months and 7.8% for the second quarter, mainly owing to the reductions in share of several large-volume treaties, or their termination.

As in the previous year, the renewal negotiations at 1 January 2015 were marked by an oversupply of reinsurance capacity and good capitalisation of most market players. Premium volume of around €9.4bn was up for renewal. The pressure on prices, terms and conditions in most classes of business led to a 9.5% reduction in business volume. The price level, which is an indicator of the profitability of the business, fell by 1.3%. The renewals at 1 April 2015 involved a relatively small volume of business of around €1bn, or some 6% of the overall portfolio in the property-casualty reinsurance segment. About a fifth of this concerned the Japanese market, and another 60% North American and worldwide business. At almost 40%, natural catastrophe business – which is subject to particularly significant price pressure – accounted for a high percentage of this volume. At 2.6%, the fall in prices was therefore greater in comparison with January 2015, but far less pronounced than in the renewals of April 2014. Premium volume was up slightly by around 4%.

Result

We delivered a technical result of €1,297m (1,060m) for the first half-year and €639m (238m) for the second quarter. As in the previous quarter, this result was significantly influenced by a below-average random incidence of nat cat claims.

In the period from January to June, we posted overall major-loss expenditure of €462m (656m), of which €207m (617m) was attributable to the second quarter, in each case after retrocessions and before tax. The figures for each of the two quarters remained appreciably below our major-loss projections.

Expenditure for natural catastrophes in particular was relatively low at €87m (327m) for the first half of year and €21m (291m) for the second quarter. We anticipate net major-loss expenditure of €45m for floods triggered by heavy rainfall in northern Chile at the end of March.

Man-made losses totalled €375m (329m) for the first half of the year and €186m (326m) for the period from April to June. At €50m, the largest claim for the second quarter was a fire loss in a South Korean warehouse. The second-largest individual loss was a marine insurance claim that cost us €45m.

The combined ratio was 92.8% (94.1%) of net earned premium for the first six months and 93.3% (101.4%) for the second quarter. The overall burden from major losses included in this figure was 5.4 (8.2) percentage points for the period from January to June. Following below-average major-loss expenditure of 6.2% in the first quarter, the figure for April to June was also below average at 4.8 (15.4) percentage points.

In addition to the comprehensive reassessment of provisions for basic losses that we carry out primarily towards the end of the year, we also perform detailed quarterly analyses of the claims notifications we receive. As the claims notifications remained appreciably below the expected level, we made reserve releases of around €135m in the second quarter, which is equivalent to 3.1 percentage points of the combined ratio. We also still aim to set the amount of provisions for newly emerging claims at the very top end of the estimation range, so that profits from the release of a portion of these reserves are possible at a later stage.

The investment result of €1,330m (1,121m) for the first six months of 2015 was above that of the same period last year. In the second quarter, this figure was €964m (727m). The improvement is attributable to increased gains on disposals of equities and fixed-interest securities. A negative balance from write-ups and write-downs of derivatives in the first quarter was partly offset by gains in the second quarter.

ERGO

- Total premium income of €9.2bn (9.3bn) in the first half-year, and €4.3bn (4.5bn) in the second quarter
- ERGO Life and Health Germany segment posts increased result in the first six months; €54m (39m) in the second quarter
- Result of €187m (126m) for ERGO Property-casualty Germany segment in the first half of the year; €150m (58m) in the second quarter
- Combined ratio for the ERGO property-casualty Germany segment of 95.7% (95.3%) for the first half-year; 93.4% (95.3%) for the second quarter
- Significantly decreased result in ERGO International segment in the first six months of the year, slight increase in the second quarter
- Investment result of €2.4bn (2.8bn) impacted by losses on derivatives and write-downs; €1.2bn (1.4bn) for the second quarter
- Consolidated result of €318m (264m) for the first half-year; €219m (111m) for the second quarter

ERGO operates in nearly all lines of life, health and property-casualty insurance. It is a leading provider across all classes of business in its domestic market of Germany. In international business, ERGO's focus is mainly on the growth markets in central and eastern Europe, and Asia. Its 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.

On 15 September 2015, the ERGO CEO Torsten Oletzky is stepping down from ERGO's Board of Management for personal reasons and by amicable agreement. He will continue to be available to ERGO in an advisory capacity until the end of the year. Marcus Rieß will take over as the new CEO of ERGO on 16 September 2015. He had previously been the CEO of Allianz Deutschland AG. Rieß will also be appointed to the Munich Re Board of Management at the same time.

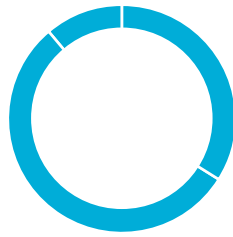
ERGO Life and Health Germany

Key figures

		Q1-2 2015	Q1-2 2014	Change	Q2 2015	Q2 2014	Change
				%			%
Total premium income ¹	€m	5,186	5,387	-3.7	2,584	2,747	-5.9
Gross premiums written	€m	4,727	4,905	-3.6	2,315	2,434	-4.9
Share of gross premiums written by ERGO	%	55.5	56.9		58.8	60.0	
Operating result	€m	231	205	12.7	115	113	1.8
Consolidated result	€m	105	66	59.1	54	39	38.5

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 applicable statutory accounting guidelines.

Gross premiums by business segment – Q1-2 2015



Life Germany	34%	(36%)
Health Germany	55%	(54%)
Direct business Germany	11%	(10%)

Premium

In the ERGO Life and Health Germany segment, we report on German life business, German health business and German direct business.

Overall premium income in the ERGO Life and Health Germany segment decreased due to continuing poor market conditions and an ongoing struggle with low interest rates. In addition, the maximum guaranteed interest rate for life insurance of previously 1.75% was reduced to 1.25% as at 1 January 2015.

Overall premium income from German life business decreased by 8.0% to €2,007m (2,182m) in the first half-year. Of this total, €1,014m (1,153m) was attributable to the second quarter alone, which represents a decrease of 12.1%. Gross premiums written were down by 9.2% to €1,593m (1,754m) in the first six months, and to €765m (869m) in the period from April to June. The decline was due in particular to lower single-premium business, which fell by 21.6% year on year owing to fewer sales. New regular-premium business showed a 5.1% decline to €94m (99m), and new business decreased by 18.7% overall in the first half-year. In terms of annual premium equivalent (APE, i.e. regular premium income plus one-tenth of single-premium volume), which is the performance measure customary among investors, our new business volume was down 9.7%.

ERGO has been marketing the new generation of life insurance products in two variants of unsponsored private provision for old age since 2013. At the beginning of 2015, we extended our range of new-generation offerings to include a product for company pension schemes. From January to June 2015, these new products together accounted for one-fifth of new business, and with respect to unsponsored private provision for old age the share would even have been 85%.

In our Health Germany field of business, premium income saw a slight year-on-year decline of 1.2% to €2,619m (2,651m) for the first half of 2015, and of 1.3% to €1,303m (1,320m) for the second quarter. Premium income in supplementary health insurance was at almost the same level as in the same period last year (+0.2%), whilst premium in comprehensive health insurance fell by 1.9%. Compared with the same period last year, new business grew by 13.5% in comprehensive health insurance and by 19.0% in supplementary health insurance. Nevertheless, premium income was down overall because the number of policyholders withdrawing from our comprehensive health cover was greater than the number of new policies we concluded.

In travel insurance – which we account for in our Health Germany field of business and write in Germany and abroad – premium volume totalled €235m (231m) in the period from January to June, and was thus higher than in the same period last year (+1.7%). German business was up by 3.2% compared with the previous year, whilst international business decreased by 1.4%.

German direct business encompasses direct life, health and property-casualty insurance business transacted under our ERGO Direkt brand in Germany.

Overall premium income in this field of business grew year on year by 1.1% to €560m (554m) in the first half of 2015, but declined by 2.6% year on year to €267m (274m) in the second quarter. Adjusted for premiums from our capitalisation product MaxiZins, overall premium income would have been up by 3.0% in the first six months of 2015. Life insurance business accounted for €259m (278m) (-6.8%), health insurance for €213m (201m) (+6.0%), and property-casualty insurance for €88m (75m) (+17.3%). Gross premiums written increased by 3.0% to €515m (500m) in the first six months of 2015, and by 0.8% to €247m (245m) from April to June. The year-on-year decrease by 12.0% in new business in German direct life insurance in the first six months of 2015 was mainly attributable to the fall in the shorter-term-oriented capitalisation product MaxiZins. In terms of annual premium equivalent, our new business volume for the first half of 2015 decreased by 5.0% compared with the same period last year.

Result

The ERGO Life and Health Germany segment generated a technical result of €211m (173m) in the first half of the year, of which €123m (46m) was for the second quarter. The increase was largely attributable to lower expenditure for premium refunds and improvements in deferred acquisition costs in the Life Germany segment. The investment result showed a year-on-year decline from €2.3bn to €2.0bn in the first half-year and from €1.1bn to €0.9bn in the second quarter. The decline was mainly due to losses on our interest-rate hedges.

ERGO Property-casualty Germany

Key figures

		Q1-2 2015	Q1-2 2014	Change	Q2 2015	Q2 2014	Change
				%			%
Gross premiums written	€m	1,831	1,828	0.2	638	648	-1.5
Share of gross premiums written in primary insurance by ERGO	%	21.5	21.2		16.2	16.0	
Loss ratio	%	62.8	62.8		61.7	64.1	
Expense ratio	%	32.9	32.5		31.7	31.2	
Combined ratio	%	95.7	95.3		93.4	95.3	
Operating result	€m	255	193	32.1	191	98	94.9
Consolidated result	€m	187	126	48.4	150	58	158.6

Premium

In the ERGO Property-casualty Germany segment, we report on property-casualty insurance business in Germany, with the exception of ERGO Direkt business. Our main classes of business include personal accident and motor insurance. In the first six months, approximately 18% of the segment's premium income derived from personal accident insurance, and around 24% from motor insurance.

In the first half-year, performance varied from one class of business to the next: premium income increased in fire and property insurance (+4.7%), in marine and aviation insurance (+1.6%) and in third-party liability insurance (+0.6%). By contrast, premium volume declined in personal accident insurance (-2.6%), legal protection insurance (-1.9%) and in motor insurance (-1.1%). In all three lines, the reduction of business in force was partly responsible for the decrease in premium compared with the same period last year.

Result

The technical result in the ERGO Property-casualty Germany segment fell by 6.8% in the first half of the year to €96m (103m), but rose to €68m (55m) in the second quarter. The overall decrease for the first half-year was attributable to the fact that premium volume declined but claims expenditure increased overall, especially in fire insurance, where it was a result of higher major-loss expenditure, and in homeowners' comprehensive insurance, where it was a consequence of winter storm Niklas. The investment result for the first half of the year amounted to €201m (150m), of which €141m (71m) was attributable to the second quarter, the figures mainly reflecting higher gains on disposals, especially of equities.

The combined ratio of 95.7% of net earned premiums was marginally above that of the same period last year (95.3%) owing to first-quarter claims expenditure, with winter storm Niklas registering as the largest loss event for the period from January to June. The figure for the second quarter was 93.4% (95.3%), 1.9 percentage points higher than in the same quarter last year.

ERGO International

Key figures

		Q1-2 2015	Q1-2 2014	Change	Q2 2015	Q2 2014	Change
				%			%
Total premium income ¹	€m	2,150	2,081	3.3	1,075	1,063	1.1
Gross premiums written	€m	1,962	1,885	4.1	982	971	1.1
Share of gross premiums written by ERGO	%	23.0	21.9		25.0	24.0	
Loss ratio	%	59.4	58.3		58.7	58.1	
Expense ratio	%	40.2	37.9		41.7	39.4	
Combined ratio	%	99.6	96.2		100.4	97.5	
Operating result	€m	90	145	-37.9	55	46	19.6
Consolidated result	€m	26	72	-63.9	15	14	7.1

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 applicable statutory accounting guidelines.

Premium

In the ERGO International segment, we bundle our life and property-casualty insurance business outside Germany. In the first six months, approximately 40% of the segment's premium income was derived from life insurance, and around 60% from property-casualty insurance. Our biggest markets include Poland, accounting for approximately 32% of premium volume, Austria (approx. 17%) and Belgium (approx. 10%).

In the first six months and in the second quarter of 2015, we posted a rise in total premium income, with good organic growth, particularly in Poland and Turkey. Growth in the United Kingdom was mainly due to positive currency translation effects. Adjusted to eliminate these effects, gross premiums written in the ERGO International segment were up year on year by 3.5% for the first six months, and by 0.3% for the second quarter.

Total premium income in international life insurance for the first six months was at about the same level as in the previous year, of which €479m (506m) was attributable to the period from April to June. Good growth in Poland and Slovakia in the first half of 2015 in particular contrasted with decreases in premium income in Belgium and Russia. Gross premiums written were €779m (770m) in the first two quarters, and €386m (414m) from April to June. At €494m (498m), international new life insurance business remained at almost the same level in the first half-year (-0.8%) as in the comparable period last year. While single-premium business was up by 7.3%, chiefly due to good growth in Poland, new regular-premium business decreased by 33.3%, which was mainly attributable to our performance in Belgium and Austria. In terms of annual premium equivalent, our new business volume was down by 21.6%.

In international property-casualty business, premium income grew by 6.1% to €1,183m (1,115m) in the first six months, and by 7.0% to €596m (557m) from April to June. The development of premium income in Poland, Turkey, and the United Kingdom was particularly favourable, although in the UK this was mainly due to currency translation effects. The newly acquired property-casualty insurer ERGO Insurance Pte. Ltd., Singapore, has been included in our figures since the third quarter of 2014, accounting for a year-on-year increase of €20m in the first six months, and €10m in the second quarter.

Result

The technical result in the ERGO International segment totalled €45m (80m) for the first six months, and €4m (-2m) for the second quarter. The reason for the reduction in the first half of the year was especially due to the higher loss expenditure year on year in property-casualty business in Poland and Turkey. Our investment result totalled €240m (323m) for the period from January to June, and €155m (162m) for the second quarter. The decline was chiefly attributable to higher losses on derivatives and write-downs, which could only be partly offset by higher gains on the disposal of fixed-interest securities and equities.

The increase in the combined ratio of net earned premiums to 99.6% (96.2%) for the period from January to June was particularly due to the expense ratio. Whilst the swelling of expenses in Poland was due to an altered product mix, with bancassurance products making up a higher share, higher expenses in Greece derived from growth, and in Italy from lower premium volume. There was a rise in the expense ratio in international property-casualty business as well, the main reason being the fierce competition in Poland. The combined ratio for the second quarter was 100.4% (97.5%).

Munich Health

- Slight increase in gross premium to €2.9bn (2.7bn) in the first half of the year; €1.4bn (1.2bn) in the second quarter
- Combined ratio of 100.1% (99.3%) for the first half-year up on last year; 99.8% (98.8%) for the second quarter
- Higher investment result totalling €67m (43m) for the first half-year, €28m (23m) for the second quarter
- Consolidated result of €38m (42m) for the first half-year; €15m (22m) for the second quarter

Key figures

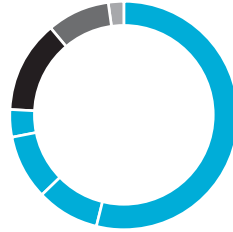
		Q1-2 2015	Q1-2 2014	Change	Q2 2015	Q2 2014	Change
				%			%
Gross premiums written	€m	2,867	2,740	4.6	1,424	1,239	14.9
Loss ratio ¹	%	84.7	82.5		85.3	80.5	
Expense ratio ¹	%	15.4	16.8		14.5	18.3	
Combined ratio ¹	%	100.1	99.3		99.8	98.8	
Operating result	€m	44	60	-26.7	22	35	-37.1
Consolidated result	€m	38	42	-9.5	15	22	-31.8

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. We offer our international clients across the world innovative insurance solutions and individual consultancy and services. With effect from 1 January 2015, Munich Health sold its 75% shareholding in DKV Luxembourg to La Luxembourgeoise, which already held 25% of the company's shares.

Premium

Gross premiums - Q1-2 2015



Reinsurance

North America	54%	(56%)
Europe and Latin America	9%	(11%)
Middle East/Africa	9%	(7%)
Asia-Pacific	4%	(2%)

Primary insurance

Spain	13%	(13%)
Belgium	9%	(9%)
Other	2%	(2%)

In reinsurance, the increase in premium by 6.0% to €2.2bn (2.1bn) in the first half-year was mainly attributable to positive effects from the exchange rate of the Canadian dollar. In primary insurance, premium income was stable at €670m (667m), despite the sale of DKV Luxembourg. If exchange rates had remained unchanged, and adjusted for the sale of DKV Luxembourg, Munich Health's gross premiums would have decreased 2.7% year on year. This was mainly due to the reduction of Munich Re's share in a large-volume reinsurance treaty in North America, which became effective on 1 April 2014.

Result

The technical result of -€2m (38m) for the period January to June and €4m (24m) for the second quarter was clearly below the level of the previous year, mainly due to a decreased result at DKV Belgium, which was attributable to increased medical inflation, and a higher claims burden in reinsurance.

The Munich Health combined ratio of 100.1% (99.3%) relates only to short-term health business, not to business conducted like life insurance, which accounted for 9.0% (9.9%) of gross premiums written in the first half of the year. In reinsurance, the combined ratio amounted to 100.6% (99.4%) for the first six months, and 100.4% (98.9%) for the second quarter. In primary insurance, it was 97.2% (98.8%) for the first half-year, and 96.3% (98.2%) for the second quarter.

The investment result improved year on year to €67m (43m) for the first six months and €28m (23m) for the second quarter, mainly because of gains on a subsequent purchase price adjustment from the sale of the Windsor Health Group.

Investment performance

- Market values of €236.2bn (235.8bn) almost unchanged since beginning of year
- Decrease in valuation reserves to €27.2bn (32.0bn) owing to rise in interest rates
- Investment result of €4.3bn (4.4bn) in the first half-year, and €2.5bn (2.4bn) in the second quarter

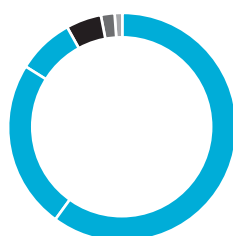
We gear the selection of our investments to the economic characteristics of our technical provisions and liabilities. In addition, we use derivative financial instruments for portfolio management (especially for acquisition preparation) and hedging against fluctuations on the interest-rate, equity and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

Investments by type according to carrying amounts

	30.6.2015	31.12.2014	Change
	€m	€m	%
Land and buildings, including buildings on third-party land	3,733	3,732	0.0
Investments in affiliated companies	292	274	6.6
Investments in associates and joint ventures	1,337	1,285	4.0
Loans	53,919	54,550	-1.2
Other securities held to maturity	-	-	-
Other securities available for sale			
Fixed-interest	132,096	129,806	1.8
Non-fixed-interest	14,882	14,037	6.0
Other securities at fair value through profit or loss			
Held for trading			
Fixed-interest	46	45	2.2
Non-fixed-interest	56	45	24.4
Derivatives	1,927	1,874	2.8
Designated as at fair value through profit or loss			
Fixed-interest	180	204	-11.8
Non-fixed-interest	1	1	-
Deposits retained on assumed reinsurance	8,566	8,750	-2.1
Other investments	4,156	4,324	-3.9
Total	221,191	218,927	1.0

Distribution of investments by type

Total: €221bn (219bn)



Fixed-interest securities	60% (60%)
Loans	24% (25%)
Miscellaneous investments	8% (8%)
Shares and equity funds	5% (4%)
Real estate	2% (2%)
Participating interests	1% (1%)

Our investment portfolio is decisively shaped by fixed-interest securities, loans and short-term fixed-interest investments. In the first quarter of 2015, interest rates fell to a historic low; in the second quarter, they climbed to a level slightly above that at the end of 2014. Despite the rise in interest rates in the second quarter, the development of exchange rates and cash inflows led to slightly increasing carrying and market values.

In the period under review, we increased our portfolio of government bonds, but slightly reduced our investments in covered bonds, credit derivatives and structured credit products.

The rise in interest rates resulted in a decrease in on- and off-balance-sheet unrealised gains and losses, which would be posted to the income statement upon disposal of the relevant investments. Including investments in affiliated companies and associates, these dropped from €32.0bn at 31 December 2014 to €27.2bn at 30 June 2015.

Other securities available for sale

€m	Carrying amounts		On-balance-sheet unrealised gains and losses		At amortised cost	
	30.6.2015	31.12.2014	30.6.2015	31.12.2014	30.6.2015	31.12.2014
Fixed-interest	132,096	129,806	8,821	11,967	123,275	117,839
Non-fixed-interest	14,882	14,037	2,496	2,270	12,386	11,767
Total	146,978	143,843	11,317	14,237	135,661	129,606

Off-balance-sheet unrealised gains and losses

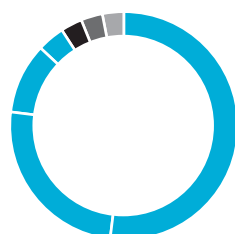
€m	Fair values		Off-balance-sheet unrealised gains and losses		Carrying amounts	
	30.6.2015	31.12.2014	30.6.2015	31.12.2014	30.6.2015	31.12.2014
Land and buildings ¹	8,728	8,647	2,582	2,491	6,146	6,156
Associates	1,755	1,796	425	516	1,330	1,280
Loans	66,445	68,950	12,526	14,400	53,919	54,550
Other securities	-	-	-	-	-	-
Total	76,928	79,393	15,533	17,407	61,395	61,986

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: €207bn (207bn)



Government bonds ²	52% (50%)
Thereof: Inflation-linked bonds	10% (8%)
Pfandbriefs/Covered bonds	25% (27%)
Corporate bonds	10% (10%)
Cash/Other	4% (4%)
Bank bonds	3% (3%)
Structured products (credit structures)	3% (3%)
Policy and mortgage loans	3% (3%)

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.

A total of 52% of our fixed-interest portfolio was invested in government bonds at the reporting date. In the current financial year, new investments have mainly been made in US and French government bonds. The purchase of government bonds from emerging markets is also part of our balanced investment strategy. Reductions focused on our holdings of bonds from Italian issuers. The vast majority of our government bonds continue to come from countries with a high credit rating. As part of our risk management, we gear our risk capital requirements and limits to the ratings of the relevant issuers, and thus do not treat any of the bonds as risk-free. At present, 45% of our government bond portfolio is made up of German and US bonds, with Italian, Spanish, Portuguese and Irish issuers accounting for 9%. We do not hold any government bonds from Greece, Cyprus or Argentina.

Our portfolio of covered bonds decreased. Above all, we reduced our holdings of German, Spanish and French covered bonds.

Fixed-interest securities: Bank bonds¹

%	30.6.2015	31.12.2014
Senior bonds	81	81
Loss-bearing bonds	4	5
Subordinated bonds	15	14

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

Our investment in bank bonds is limited and at the reporting date amounted to 3% (3%) of our portfolio of fixed-interest securities. Corporate bonds from other sectors account for 10% (10%) of our interest-bearing investments.

We ensure that the maturities of fixed-interest investments do not deviate significantly from those of our liabilities. Thanks to this active duration management, the economic interest-rate risk within the Group remains at an acceptable level, even in a low-interest-rate environment.

The carrying amount of our equity portfolio (before taking derivatives into account, and including investments in affiliated companies, associates and joint ventures at market value) rose in the first half-year. Our equity-backing ratio was 5.4% (5.2%). The derivatives used to hedge our equity portfolio were increased, thus slightly decreasing our equity exposure. Including hedges, our equity-backing ratio was 4.0% (4.3%). Besides this, we are protecting ourselves against accelerated inflation. For this, we hold inflation-linked bonds with a volume (at market values) of €10.2bn (8.5bn) and inflation-linked swaps with an exposure of €5.9bn (5.9bn). Real assets like shares, property, commodities, and investments in infrastructure, renewable energies and new technologies also serve as protection against inflation. Additionally, our investments in real assets have a positive diversification effect on the overall portfolio.

Investment result¹

	Q1-2 2015	Return ²	Q1-2 2014	Return ²	Q2 2015	Q2 2014
	€m	%	€m	%	€m	€m
Regular income	3,863	3.2	3,604	3.3	2,062	1,907
Write-ups/write-downs of non-derivative investments	-240	-0.2	-15	0.0	-89	-
Net realised capital gains on non-derivative investments	1,807	1.5	1,204	1.1	810	687
Derivative result	-839	-0.7	-199	-0.2	-133	-103
Other income/expenses	-250	-0.2	-234	-0.2	-129	-123
Total	4,341	3.6	4,360	4.0	2,521	2,368

1 The investment result by investment class can be found on page 66 f. of the notes to the consolidated financial statements.

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

Regular income increased slightly year on year in both the first half-year and the second quarter of 2015 due to currency translation effects. For the period from April to June, the return on reinvestment averaged 2.1% (2.7%) and thus remained far lower than the average return on our existing portfolio of fixed-interest investments.

We posted net write-downs of €240m (15m) on non-derivative investments in the first half-year, €89m (-) of which in the past quarter, particularly on our portfolios of fixed-interest securities and equities. In the course of the liquidation of HETA Asset Resolution AG, Klagenfurt, we posted a write-down on our fixed-interest portfolio of €104m in the first quarter, allocable solely to ERGO.

In the first half of 2015, through active asset management we achieved net gains of €1,807m (1,204m) on the disposal of non-derivative investments, €810m (687m) of which in the past quarter. These resulted particularly from higher gains realised on fixed-interest securities and equities.

In the first half-year, we posted a negative balance totalling €839m (199m) from write-ups and write-downs of derivatives and losses on the disposal of derivatives, €133m (103m) of which in the second quarter. Due to rising stock markets, we had to accept losses in particular on our hedging instruments in the first three months. These losses were partially offset when share prices fell again in the second quarter. However, losses on derivatives are usually balanced by value increases in our equity portfolio holdings. Having made a slight profit on interest-rate derivatives in the first quarter, we posted an overall loss for the first half of 2015 due to the rise in interest rates (particularly from ERGO's interest-rate hedging programme).

Prospects

- Premium income of €49–51bn expected
- Return on investment likely to be around 3.3%
- Envisaged consolidated result raised to at least €3bn

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. Changes in market value, and net gains or losses on the disposal of derivatives used by us as hedging instruments and for fine-tuning investments, can also substantially impact the result. Changes in exchange rates influence our premium income and results in different directions, depending on which foreign currencies are affected. There may be significant swings if exchange-rate fluctuations are strong, although economically speaking – relative to the volume of our business and our investments – we hold few open currency items on our books.

Reinsurance

Reinsurance remains an attractive business field, with a wide variety of long-term earnings opportunities for us. Although insurance density in many industrialised countries is already high, even these markets often have an additional need for insurance cover. This is because weather-related natural hazards exposure is showing an increasing trend as the climate changes and the concentration of values in particularly exposed regions becomes greater. And even previously, only a small portion of the overall economic losses from major natural catastrophes was insured. In growth regions, there is increasing demand for insurance to protect manufacturing capacity and the rising prosperity of the population. Moreover, all around the world, only a small portion of the risks from potential liability claims by third parties are insured. As a result, the strongly increasing capacity supply in the primary insurance and reinsurance sectors at present is matched by a demand potential in many classes of business that is not yet exhausted.

Munich Re offers its cedants specialist consulting services and comprehensive solutions. Reinsurance provides primary insurers with efficient and flexible protection against major claims and accumulation losses, and strengthens their capital base. In addition to this, we devise innovative coverage concepts that go beyond the scope of traditional reinsurance and, to an increasing extent, also beyond the conventional boundaries of insurability. Thus, for example, we cover performance guarantees for solar modules, offer coverage for internet risks, and for the effects of weather fluctuations on the financial position of companies. This allows us to take advantage of new profit potential, and balance out some of the reductions in traditional business. In connection with alternative risk transfer, we exploit the advantages of the dynamic market environment and securitise insurance risks on the capital markets both for our clients and for ourselves. We also partner our clients in the often challenging task of adjusting to changes in regulatory requirements, which are currently being revised in many countries.

Gross premiums in the business field should be in the range of around €28bn overall in 2015, which is an improvement on the previous year. The increase of approximately €1.5bn compared with the median value of the forecast we made in our annual report for 2014 is due primarily to positive currency translation effects, which may still have a considerable impact on our estimate. For 2015, we expect the consolidated result in reinsurance to be at least €2.5bn, which is less than €0.4bn below the excellent result for 2014. It needs to be taken into consideration that there were fewer special tax effects and that prices continued to fall.

We project that gross premiums written in life reinsurance will be in the region of €10bn for 2015. Given that performance in the first half of the year was below our expectations, we anticipate a technical result of €300–350m for the year as a whole. We expect the technical result for future financial years to once again be in the region of €400m.

In property-casualty reinsurance, we are currently experiencing unrelenting competition. Given their good capitalisation, primary insurers are ceding fewer risks to reinsurance, which tends to result in falling demand for cover. At the same time, reinsurers are able to provide ample capacity, since their capital base has also steadily improved thanks to the good results posted over the last few years. There is also the ongoing availability of alternative capital in the US market: institutional investors, such as pension funds, increasingly favour insurance securitisation and other forms of reinsurance-like transactions. This means there is currently appreciable surplus capacity on the supply side. The prices, terms and conditions for reinsurance cover are therefore under pressure across the board, albeit with decreasing intensity.

As a well-diversified reinsurer with extensive know-how, we are able to offer tailor-made solutions – in contrast to most providers. Moreover, with our technical expertise and risk knowledge, we are in a position to support rapidly growing industries, and to judiciously extend the boundaries of insurability with needs-based covers. These skills are recognised because individual clients are increasingly placing greater value on a stable client relationship with first-rate service and solid security than on ever lower prices.

At 1 July 2015, a volume of around €2.3bn – or approximately 14% of the overall portfolio – was up for renewal in the property-casualty reinsurance segment. Roughly 15% of this figure derives from Australia, around 11% from Latin America, with another 60% of the renewal volume stemming from North America and global business. These renewals again comprised a high percentage of the highly competitive natural catastrophe business – around 20% of the premium worldwide. Pressure on prices, terms and conditions remained high, in particular for natural catastrophe covers. Nevertheless, a trend towards stabilisation emerged, backed by comparably resilient proportional business. At 2.1%, the fall in prices was greater than in January 2015, but far less pronounced than in the renewals of July 2014 and April 2015. Premium volume remained almost stable overall. Price and cycle-management-related decreases in business volume were partly offset by individual opportunities that we were able to secure.

For 2015, we anticipate that gross premiums written in property-casualty reinsurance will total around €18bn, which is some €1bn more than last year. The increase of €1bn compared with the forecast we made in our annual report for 2014 is due to positive currency translation effects. As the combined ratio of 92.8% for the first six months of the year was below our expectations owing to the low major-loss expenditure, we now anticipate that this ratio will be around 96% of net earned premiums for the year as a whole. This represents an improvement by two percentage points on our forecast in the Annual Report 2014, and by one percentage point compared with our expectations in the first quarterly report of 2015.

ERGO

We see good opportunities for ERGO, not only in evolving foreign markets but also in various sectors of the German market.

Total premium income in 2015 in the ERGO field of business should be in the range of €17.5–18bn, with gross premiums written of €16–16.5bn, and therefore somewhat below the levels of the previous year. We project a consolidated result for 2015 of around €500m for ERGO, a significant improvement on the low 2014 result, which was mainly caused by the write-off of goodwill in the segment ERGO International.

In ERGO Life and Health Germany, our total premium income is expected to be around €10.5bn, with gross premiums written ranging between €9bn and €9.5bn.

Given the low interest rates and a climate that is thus not conducive to private provision for old age, the environment remains challenging in the Life Germany segment. We see good opportunities with our new product generation, which we extended in 2015 to include a company pension product. Nevertheless, we expect premium income for ERGO's Life Germany business to be lower overall at more than €4bn in 2015.

For the Health Germany segment, we are proceeding on the assumption that gross premiums written will roughly maintain the previous year's level at around €5bn. In private health insurance, the premium adjustment we made in the 2015 financial year was significantly higher than in the previous year. The falling number of insureds is nonetheless leading to a decline in premium volume in comprehensive health cover. In supplementary health business we see good growth opportunities, particularly in supplementary long-term care insurance and company health insurance. In travel insurance, we are adhering to our risk- and profit-oriented underwriting policy. We therefore expect a slight downward trend in premium, also due to the continuing difficult economic and political conditions in important travel destinations.

In 2015, gross premiums written for direct business in Germany should remain largely stable at around €1bn compared with 2014. Falls in life primary insurance will probably be compensated for again by growth in health insurance.

Gross premiums written in the segment Property-casualty Germany should be somewhat over €3bn. We continue to attach great importance to risk-commensurate prices, and we are consistently implementing measures to improve the earnings situation. As we had to cope with expenditure from several severe weather events in July, our combined ratio is likely to be around 95% despite the positive development in the second quarter.

We aim to achieve gross premiums written in the range of €3.5–4bn for the ERGO International segment in 2015, and generate overall premium volume of around €4bn, with some uncertainty regarding the demand for single-premium business in life insurance. We should see growth in property-casualty business, provided there are no economic setbacks or exchange-rate losses. There will also be a contribution from our business in Singapore, which we acquired in the second half of 2014 but which was first included in our figures in the third quarter of 2014. Given the level of claims in the first half of 2015, we now anticipate a combined ratio in the region of 99%.

Munich Health

Owing to medical advances, generally higher life expectancies and the increasing prosperity of broad sectors of the population, the international healthcare market offers diverse growth opportunities for Munich Health. We intend to utilise these opportunities even better in future, following some individual adjustments to our strategic orientation. In reinsurance, we see avenues for growth from our clients' increasing numbers of insureds and strong demand for customised solutions.

For 2015, we forecast gross premiums written of around €5.5bn. This was somewhat more than we had forecast in our annual report for 2014 due to positive currency translation effects. The combined ratio is likely to be around 99%. Altogether, we project a profit of between €50m and €100m for 2015. The decrease is mainly due to a lower technical result.

Munich Re (Group)

We are proceeding on the assumption that the Group's gross premiums written for 2015 will be in the range of €49-51bn. The increase of €2bn compared with the forecast we made in our annual report for 2014 is chiefly due to positive currency translation effects. The median value is around €1.2bn higher than in the previous year.

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. In the long term, we want to grow profitably with innovative business. However, this target will be difficult to achieve in the current environment of very low interest rates, even on investments entailing risk.

Provided that major-loss experience is in line with expectations in the second half of the year, our assumption is that Munich Re's technical result for 2015 will be at the same high level as last year, when we posted €3.2bn.

Our return on investment for 2015 should be around 3.3%. We continue to anticipate that market interest rates will remain very low overall, with correspondingly lower regular income from fixed-interest investments. By contrast, restructuring will generate correspondingly higher gains on disposal because of increased market values achieved through active asset management.

In view of the positive business performance in the first two quarters, we now project that we will exceed our profit guidance of €2.5-3bn for 2015 and are expecting a consolidated profit of at least €3bn.

Our good capitalisation enables us to continue taking selective advantage of opportunities for profitable growth in individual regions and classes of business. We intend to carry on returning excess capital to equity holders in future as well. We therefore aim to repurchase further shares with a volume of up to €1bn before the Annual General Meeting in April 2016, provided no major upheavals occur on the capital markets or in underwriting business.

Beyond this, the statements relating to opportunities and risks as presented in the Munich Re Group Annual Report 2014 apply unchanged.

Interim consolidated financial statements

Consolidated balance sheet as at 30 June 2015¹

Assets

	30.6.2015		31.12.2014	Change		
	€m	€m	€m	€m	%	
A. Intangible assets						
I. Goodwill		3,202	3,063	139	4.5	
II. Other intangible assets		1,216	1,220	-4	-0.3	
		4,418	4,283	135	3.2	
B. Investments						
I. Land and buildings, including buildings on third-party land		3,733	3,732	1	0.0	
II. Investments in affiliated companies, associates and joint ventures		1,629	1,559	70	4.5	
Thereof:						
Associates and joint ventures accounted for using the equity method		1,330	1,280	50	3.9	
Thereof:						
Held for sale		-	27	-27	-100.0	
III. Loans		53,919	54,550	-631	-1.2	
IV. Other securities						
1. Held to maturity		-	-	-	-	
2. Available for sale	146,978		143,843	3,135	2.2	
Thereof:						
Held for sale		-	79	-79	-100.0	
3. At fair value through profit or loss	2,210		2,169	41	1.9	
		149,188	146,012	3,176	2.2	
V. Deposits retained on assumed reinsurance		8,566	8,750	-184	-2.1	
VI. Other investments		4,156	4,324	-168	-3.9	
		221,191	218,927	2,264	1.0	
C. Insurance-related investments			9,078	8,461	617	7.3
D. Ceded share of technical provisions			5,569	5,328	241	4.5
E. Receivables						
I. Current tax receivables		1,149	981	168	17.1	
II. Other receivables		12,999	11,469	1,530	13.3	
			14,148	12,450	1,698	13.6
F. Cash at banks, cheques and cash in hand			3,670	2,912	758	26.0
G. Deferred acquisition costs						
Gross		9,683	9,555	128	1.3	
Ceded share		-84	-79	-5	-6.3	
Net			9,599	9,476	123	1.3
H. Deferred tax assets			7,865	7,606	259	3.4
I. Other assets			3,448	3,541	-93	-2.6
Total assets			278,986	272,984	6,002	2.2

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

Equity and liabilities

	30.6.2015		31.12.2014		Change
	€m	€m	€m	€m	%
A. Equity					
I. Issued capital and capital reserve	7,430		7,417	13	0.2
II. Retained earnings	14,532		12,991	1,541	11.9
III. Other reserves	6,602		6,458	144	2.2
IV. Consolidated result attributable to Munich Reinsurance Company equity holders	1,860		3,152	-1,292	-41.0
V. Non-controlling interests	275		271	4	1.5
		30,699	30,289	410	1.4
B. Subordinated liabilities		4,481	4,413	68	1.5
C. Gross technical provisions					
I. Unearned premiums	9,368		8,373	995	11.9
II. Provision for future policy benefits	113,801		112,648	1,153	1.0
Thereof:					
Held for sale	-		48	-48	-100.0
III. Provision for outstanding claims	59,545		56,362	3,183	5.6
IV. Other technical provisions	17,140		18,492	-1,352	-7.3
		199,854	195,875	3,979	2.0
D. Gross technical provisions for unit-linked life insurance		8,279	7,837	442	5.6
E. Other accrued liabilities		4,327	4,473	-146	-3.3
F. Liabilities					
I. Bonds and notes issued	306		282	24	8.5
II. Deposits retained on ceded business	2,713		2,673	40	1.5
III. Current tax liabilities	2,467		2,729	-262	-9.6
IV. Other liabilities	16,021		14,637	1,384	9.5
		21,507	20,321	1,186	5.8
G. Deferred tax liabilities		9,839	9,776	63	0.6
Total equity and liabilities		278,986	272,984	6,002	2.2

Consolidated income statement

1 January to 30 June 2015¹

Items	Q1-2 2015			Q1-2 2014		Change	
	€m	€m	€m	€m	€m	%	
Gross premiums written	25,505			24,780	725	2.9	
1. Earned premiums							
Gross	24,940			24,329	611	2.5	
Ceded	-729			-729	-	-	
Net		24,211		23,600	611	2.6	
2. Income from technical interest		3,511		3,804	-293	-7.7	
3. Expenses for claims and benefits							
Gross	-20,320			-20,439	119	0.6	
Ceded share	423			325	98	30.2	
Net		-19,897		-20,114	217	1.1	
4. Operating expenses							
Gross	-6,174			-5,758	-416	-7.2	
Ceded share	129			141	-12	-8.5	
Net		-6,045		-5,617	-428	-7.6	
5. Technical result (1-4)			1,780	1,673	107	6.4	
6. Investment result		4,341		4,360	-19	-0.4	
Thereof:							
Income from associates and joint ventures accounted for using the equity method		127		36	91	252.8	
7. Insurance-related investment result		253		277	-24	-8.7	
8. Other operating income		388		359	29	8.1	
9. Other operating expenses		-438		-401	-37	-9.2	
10. Deduction of income from technical interest		-3,511		-3,804	293	7.7	
11. Non-technical result (6-10)			1,033	791	242	30.6	
12. Operating result (5+11)			2,813	2,464	349	14.2	
13. Other non-operating result			-426	-340	-86	-25.3	
14. Impairment losses of goodwill			-	-	-	-	
15. Net finance costs			-120	-114	-6	-5.3	
16. Taxes on income			-401	-307	-94	-30.6	
17. Consolidated result (12-16)			1,866	1,703	163	9.6	
Thereof:							
Attributable to Munich Reinsurance Company equity holders			1,860	1,694	166	9.8	
Attributable to non-controlling interests			6	9	-3	-33.3	
			€	€	€	%	
Earnings per share			11.12	9.73	1.39	14.3	

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

Consolidated income statement

1 April to 30 June 2015¹

Items

			Q2 2015		Q2 2014		Change	
	€m	€m	€m	€m	€m	€m	%	
Gross premiums written	12,467				11,856	611		5.2
1. Earned premiums								
Gross	12,757				12,056	701		5.8
Ceded	-406				-351	-55		-15.7
Net		12,351			11,705	646		5.5
2. Income from technical interest		1,244			1,882	-638		-33.9
3. Expenses for claims and benefits								
Gross	-9,940				-10,340	400		3.9
Ceded share	239				197	42		21.3
Net		-9,701			-10,143	442		4.4
4. Operating expenses								
Gross	-3,114				-3,064	-50		-1.6
Ceded share	88				76	12		15.8
Net		-3,026			-2,988	-38		-1.3
5. Technical result (1-4)			868		456	412		90.4
6. Investment result		2,521			2,368	153		6.5
Thereof:								
Income from associates and joint ventures accounted for using the equity method		87			31	56		180.6
7. Insurance-related investment result		-326			199	-525		-
8. Other operating income		209			182	27		14.8
9. Other operating expenses		-210			-186	-24		-12.9
10. Deduction of income from technical interest		-1,244			-1,882	638		33.9
11. Non-technical result (6-10)			950		681	269		39.5
12. Operating result (5+11)			1,818		1,137	681		59.9
13. Other non-operating result			-432		-225	-207		-92.0
14. Impairment losses of goodwill			-		-	-		-
15. Net finance costs			-60		-58	-2		-3.4
16. Taxes on income			-250		-92	-158		-171.7
17. Consolidated result (12-16)			1,076		762	314		41.2
Thereof:								
Attributable to Munich Reinsurance Company equity holders			1,070		758	312		41.2
Attributable to non-controlling interests			6		4	2		50.0
			€		€	€		%
Earnings per share			6.42		4.39	2.03		46.2

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

Consolidated income statement¹ (quarterly breakdown)

Items	Q2 2015	Q1 2015	Q4 2014	Q3 2014	Q2 2014	Q1 2014
	€m	€m	€m	€m	€m	€m
Gross premiums written	12,467	13,038	12,015	12,053	11,856	12,924
1. Earned premiums						
Gross	12,757	12,183	12,558	12,100	12,056	12,273
Ceded	-406	-323	-483	-391	-351	-378
Net	12,351	11,860	12,075	11,709	11,705	11,895
2. Income from technical interest	1,244	2,267	1,923	1,776	1,882	1,922
3. Expenses for claims and benefits						
Gross	-9,940	-10,380	-10,103	-9,874	-10,340	-10,099
Ceded share	239	184	197	200	197	128
Net	-9,701	-10,196	-9,906	-9,674	-10,143	-9,971
4. Operating expenses						
Gross	-3,114	-3,060	-3,556	-2,950	-3,064	-2,694
Ceded share	88	41	77	95	76	65
Net	-3,026	-3,019	-3,479	-2,855	-2,988	-2,629
5. Technical result (1-4)	868	912	613	956	456	1,217
6. Investment result	2,521	1,820	1,972	1,670	2,368	1,992
Thereof:						
Income from associates and joint ventures accounted for using the equity method	87	40	24	17	31	5
7. Insurance-related investment result	-326	579	52	85	199	78
8. Other operating income	209	179	218	170	182	177
9. Other operating expenses	-210	-228	-277	-197	-186	-215
10. Deduction of income from technical interest	-1,244	-2,267	-1,923	-1,776	-1,882	-1,922
11. Non-technical result (6-10)	950	83	42	-48	681	110
12. Operating result (5+11)	1,818	995	655	908	1,137	1,327
13. Other non-operating result	-432	6	-29	-127	-225	-115
14. Impairment losses of goodwill	-	-	-445	-	-	-
15. Net finance costs	-60	-60	-58	-56	-58	-56
16. Taxes on income	-250	-151	608	11	-92	-215
17. Consolidated result (12-16)	1,076	790	731	736	762	941
Thereof:						
Attributable to Munich Reinsurance Company equity holders	1,070	790	725	733	758	936
Attributable to non-controlling interests	6	-	6	3	4	5
	€	€	€	€	€	€
Earnings per share	6.42	4.71	4.29	4.28	4.39	5.33

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

Statement of recognised income and expense 1 January to 30 June 2015¹

€m		Q1-2 2015	Q1-2 2014
Consolidated result		1,866	1,703
Currency translation			
Gains (losses) recognised in equity	1,359		159
Recognised in the consolidated income statement	-		-
Unrealised gains and losses on investments			
Gains (losses) recognised in equity	-208		2,323
Recognised in the consolidated income statement	-993		-595
Change resulting from valuation at equity			
Gains (losses) recognised in equity	-24		18
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	-		14
I. Items where income and expenses recognised directly in equity are reallocated to the consolidated income statement	135		1,919
Remeasurements of defined benefit plans	108		-79
Other changes	-		-
II. Items where income and expenses recognised directly in equity are not reallocated to the consolidated income statement	108		-79
Income and expense recognised directly in equity (I + II)		243	1,840
Total recognised income and expense		2,109	3,543
Thereof:			
Attributable to Munich Reinsurance Company equity holders		2,100	3,534
Attributable to non-controlling interests		9	9

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

Statement of recognised income and expense

1 April to 30 June 2015¹

€m		Q2 2015	Q2 2014
Consolidated result		1,076	762
Currency translation			
Gains (losses) recognised in equity	-498		158
Recognised in the consolidated income statement	-		-
Unrealised gains and losses on investments			
Gains (losses) recognised in equity	-2,673		1,329
Recognised in the consolidated income statement	-563		-370
Change resulting from valuation at equity			
Gains (losses) recognised in equity	-24		3
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	-		1
I. Items where income and expenses recognised directly in equity are reallocated to the consolidated income statement			
Remeasurements of defined benefit plans	-3,758		1,120
Other changes	46		-116
Recognised in the consolidated income statement	-		-
II. Items where income and expenses recognised directly in equity are not reallocated to the consolidated income statement			
Other changes	46		-116
Income and expense recognised directly in equity (I + II)		-3,712	1,004
Total recognised income and expense		-2,636	1,766
Thereof:			
Attributable to Munich Reinsurance Company equity holders		-2,638	1,761
Attributable to non-controlling interests		2	5

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

Group statement of changes in equity¹

	Issued capital	Capital reserve
€m		
31.12.2013 as originally recognised	581	6,845
Change from retrospective adjustment	-	-
Status at 31.12.2013	581	6,845
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 of 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	-17	-
Retirement of own shares	21	-
Status at 30.6.2014	585	6,845
31.12.2014 as originally recognised	572	6,845
Change from retrospective adjustment	-	-
Status at 31.12.2014	572	6,845
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 of 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	-8	-
Retirement of own shares	21	-
Status at 30.6.2015	585	6,845

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

Equity attributable to Munich Reinsurance Company equity holders						Non-controlling interests	Total equity	
Retained earnings		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				
13,136	-295	3,368	-997	3	3,304	243	26,188	
-8	-	-	-	-	-6	-	-14	
13,128	-295	3,368	-997	3	3,298	243	26,174	
2,044	-	-	-	-	-2,044	-	-	
-	-	-	-	-	1,694	9	1,703	
-59	-	1,740	161	-2	-	-	1,840	
-	-	-	161	-	-	-2	159	
-	-	1,724	-	-	-	4	1,728	
4	-	16	-	-2	-	-	18	
-	-	-	-	-	-	-	-	
-77	-	-	-	-	-	-2	-79	
14	-	-	-	-	-	-	14	
-59	-	1,740	161	-2	1,694	9	3,543	
-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-1	-1	
-	-	-	-	-	-1,254	-1	-1,255	
-	-838	-	-	-	-	-	-855	
-1,000	1,000	-	-	-	-	-	21	
14,113	-133	5,108	-836	1	1,694	250	27,627	
13,683	-678	6,026	434	-2	3,153	271	30,304	
-14	-	-	-	-	-1	-	-15	
13,669	-678	6,026	434	-2	3,152	271	30,289	
1,859	-	-	-	-	-1,859	-	-	
-	-	-	-	-	1,860	6	1,866	
96	-	-1,210	1,355	-1	-	3	243	
-	-	-	1,355	-	-	4	1,359	
-	-	-1,197	-	-	-	-4	-1,201	
-9	-	-13	-	-2	-	-	-24	
-	-	-	-	1	-	-	1	
105	-	-	-	-	-	3	108	
-	-	-	-	-	-	-	-	
96	-	-1,210	1,355	-1	1,860	9	2,109	
-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-3	-3	
-	-	-	-	-	-1,293	-2	-1,295	
-	-414	-	-	-	-	-	-422	
-1,002	1,002	-	-	-	-	-	21	
14,622	-90	4,816	1,789	-3	1,860	275	30,699	

Condensed consolidated cash flow statement

1 January to 30 June 2015¹

€m	Q1-2 2015	Q1-2 2014
Consolidated result	1,866	1,703
Net change in technical provisions	4,309	2,989
Change in deferred acquisition costs	-123	-16
Change in deposits retained and accounts receivable and payable	-275	740
Change in other receivables and liabilities	-272	868
Gains and losses on the disposal of investments	-1,168	-953
Change in securities at fair value through profit or loss	-839	325
Change in other balance sheet items	27	-99
Other income/expenses without impact on cash flow	-555	-338
I. Cash flows from operating activities	2,970	5,219
Change from losing control of consolidated subsidiaries	16	-
Change from obtaining control of consolidated subsidiaries	-4	-31
Change from the acquisition, sale and maturities of other investments	-556	-2,591
Change from the acquisition and sale of investments for unit-linked life insurance contracts	-301	-280
Other	43	-50
II. Cash flows from investing activities	-802	-2,952
Inflows from increases in capital and from non-controlling interests	-	-
Outflows to ownership interests and non-controlling interests	-401	-834
Dividend payments	-1,295	-1,255
Change from other financing activities	56	-28
III. Cash flows from financing activities	-1,640	-2,117
Cash flows for the financial year (I + II + III)	528	150
Effect of exchange-rate changes on cash	230	117
Cash at the beginning of the financial year	2,912	2,820
Cash at 30 June of the financial year	3,670	3,087

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

Selected notes to the consolidated financial statements

Recognition and measurement

This quarterly report as at 30 June 2015 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 2015. 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 2014, 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.

As of the financial year 2015, the following new or amended IFRSs have to be applied for the first time:

The IASB concluded the project **Annual Improvement to IFRSs 2011–2013 Cycle** in December 2013 with the publication of the revised standards. These amendments concern IFRS 1, First-time Adoption of International Financial Reporting Standards; IFRS 3, Business Combinations; IFRS 13, Fair Value Measurement; and IAS 40, Investment Property Measured at Fair Value. These amendments concern clarifications of individual provisions that have turned out to be unclear in practice; they have no impact on Munich Re's financial statements.

IFRIC Interpretation 21 (05/2013), Levies, clarifies the point of recognition of a liability within the scope of IAS 37 for levies imposed by governments, other than income taxes, that do not fall within the scope of application of other IFRSs. As well as determining the point of recognition, the Interpretation clarifies how to interpret the definition of "present obligation" within the meaning of IAS 37 with respect to such levies. It has no material effects on Munich Re.

In valuing the provision for outstanding claims, the time value of money and the specific risk for the provision were not calculated correctly for one reinsurance portfolio. The items concerned were corrected retrospectively in the first quarter. The adjustments had the following effects on the consolidated balance sheets for the financial years 2013 and 2014, and the consolidated income statement for 2014.

Consolidated balance sheet

	31.12.2013 as originally recognised	Changes due to adjustments in 2013	31.12.2013
€m			
Assets			
H. Deferred tax assets	6,995	4	6,999
Equity and liabilities			
A. II. Retained earnings	12,841	-8	12,833
A. IV. Consolidated result attributable to Munich Reinsurance Company equity holders	3,304	-6	3,298
C. IV. Provision for outstanding claims	53,061	18	53,079

Consolidated balance sheet

	31.12.2014 as originally recognised	Changes due to adjustments in 2014	31.12.2014
€m			
Assets			
H. Deferred tax assets	7,601	5	7,606
Equity and liabilities			
A. II. Retained earnings	13,005	-14	12,991
A. IV. Consolidated result attributable to Munich Reinsurance Company equity holders	3,153	-1	3,152
C. III. Provision for outstanding claims	56,342	20	56,362

Consolidated income statement

	2014 as originally recognised	Changes due to adjustments in 2014	2014
€m			
3. Expenses for claims and benefits			
Gross	-40,415	-1	-40,416
Net	-39,693	-1	-39,694
5. Technical result	3,243	-1	3,242
12. Operating result	4,028	-1	4,027
17. Consolidated result	3,171	-1	3,170
Thereof:			
Attributable to Munich Reinsurance Company equity holders	3,153	-1	3,152

Changes in the consolidated group

On 1 January 2015, via its subsidiary MR RENT-Investment GmbH, Munich, Munich Re acquired 100% of the voting shares in the solar park companies KS SPV 23 Limited, London, England, and Countryside Renewables (Forest Heath) Limited, London, England, from BayWa r.e. 205. Projektgesellschaft mbH, Gräfelfing, Germany and BayWa r.e. 149. Projektgesellschaft mbH, Gräfelfing, Germany. The solar parks have a total installed capacity of 22.7 megawatts (MW).

On 1 March 2015, via its subsidiary MR RENT-Investment GmbH, Munich, Munich Re acquired 100% of the voting shares in the solar park company Cornwall Power (Polmaugan) Limited, London, England from BayWa r.e. 148. Projektgesellschaft mbH, Gräfelfing, Germany. The solar park has a total installed capacity of 5 MW.

These corporate acquisitions form part of our infrastructure investment programme (including renewable energies and new technologies).

Foreign 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	
	30.6.2015	31.12.2014	Q2 2015	Q1 2015	Q2 2014	Q1 2014
Australian dollar	1.44965	1.47865	1.42290	1.43196	1.47064	1.52779
Canadian dollar	1.39100	1.40155	1.36072	1.39583	1.49605	1.51090
Pound sterling	0.70845	0.77605	0.72197	0.74388	0.81486	0.82797
Rand	13.52390	13.99880	13.37680	13.22830	14.45910	14.87360
Swiss franc	1.04130	1.20235	1.04134	1.07446	1.21910	1.22350
US dollar	1.11420	1.21005	1.10638	1.12680	1.37153	1.37039
Yen	136.3390	145.0790	134.3250	134.2600	140.0360	140.8670
Yuan Renminbi	6.90915	7.50715	6.86395	7.02658	8.54686	8.36070

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 six segments to be reported:

- Life reinsurance (global life reinsurance business)
- Property-casualty reinsurance (global property-casualty reinsurance business)
- ERGO Life and Health Germany (German life and health primary insurance business, German property-casualty insurance direct business, and global travel insurance business)
- ERGO Property-casualty Germany (German property-casualty insurance business, excluding direct business)
- ERGO International (ERGO primary insurance business outside Germany)
- Munich Health (global health reinsurance business and health primary insurance business outside Germany)

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.

Munich Re uses different performance indicators and measures. The main performance metrics at Group level are economic earnings and the return on risk-adjusted capital (RORAC). Besides this, IFRS result contributions are the basis of planning and strategy in all segments. Therefore, the uniform assessment basis used for measuring the segment result is the operating result adjusted to eliminate non-operating components. The operating result is split into a technical result and a non-technical result, with an interest component allocated to the underwriting business in the form of income from technical interest. The non-technical result also separately discloses the insurance-related investment result and the result of other investments. The segments reported under IFRS 8 are now shown after elimination of all intra-Group transactions (mainly dividend payments, sales, reinsurance transactions, receivables and corresponding interest income). Our segment reporting has no consolidation column.

In the case of intra-Group sales of assets where a provision for premium refunds has to be posted, the latter always has to be shown by the selling segment. Intra-Group loans are completely eliminated in the balance sheet through consolidation. By contrast, the expenditure for the borrowers and income for the lenders is shown unconsolidated under "Other non-operating result, impairment losses of goodwill and net finance costs" for the segments concerned. All intra-Group shareholdings are consolidated, and all earnings and expenditure of the subsidiaries are shown in their segments.

Segment assets

€m	Reinsurance				
	30.6. 2015	Life		Property-casualty	
		31.12. 2014	30.6. 2015	31.12. 2014	30.6. 2015
A. Intangible assets	164	160	2,257	2,099	
B. Investments					
I. Land and buildings, including buildings on third-party land	266	252	1,187	1,204	
II. Investments in affiliated companies, associates and joint ventures	28	30	909	892	
Thereof:					
Associates and joint ventures accounted for using the equity method	-	6	783	774	
Thereof:					
Held for sale	-	-	-	27	
III. Loans	43	40	161	156	
IV. Other securities					
1. Held to maturity	-	-	-	-	
2. Available for sale	18,571	16,261	58,015	57,512	
Thereof:					
Held for sale	-	-	-	-	
3. At fair value through profit or loss	76	77	414	481	
	18,647	16,338	58,429	57,993	
V. Deposits retained on assumed reinsurance	6,873	7,082	1,282	1,286	
VI. Other investments	430	463	1,705	1,359	
	26,287	24,205	63,673	62,890	
C. Insurance-related investments	882	803	46	59	
D. Ceded share of technical provisions	1,220	1,129	2,165	1,966	
E. Other segment assets	7,854	7,268	11,907	10,473	
Total segment assets	36,407	33,565	80,048	77,487	

Segment equity and liabilities

€m	Reinsurance				
	30.6. 2015	Life		Property-casualty	
		31.12. 2014	30.6. 2015	31.12. 2014	30.6. 2015
A. Subordinated liabilities	1,161	1,122	3,269	3,235	
B. Gross technical provisions					
I. Unearned premiums	27	24	6,488	5,973	
II. Provision for future policy benefits	14,175	13,902	26	26	
Thereof:					
Held for sale	-	-	-	-	
III. Provision for outstanding claims	7,294	6,707	42,149	39,868	
IV. Other technical provisions	240	220	-228	-123	
	21,736	20,853	48,435	45,744	
C. Gross technical provisions for unit-linked life insurance contracts	-	-	-	-	
D. Other accrued liabilities	147	179	602	550	
E. Other segment liabilities	7,204	7,061	12,311	11,498	
Total segment liabilities	30,248	29,215	64,617	61,027	

	Life and Health Germany		Property-casualty Germany		ERGO Inter- national		Munich Health		Total	
	30.6. 2015	31.12. 2014	30.6. 2015	31.12. 2014	30.6. 2015	31.12. 2014	30.6. 2015	31.12. 2014	30.6. 2015	31.12. 2014
		655	664	968	974	364	375	10	11	4,418
	2,010	2,016	152	140	109	110	9	10	3,733	3,732
	337	335	52	70	195	143	108	89	1,629	1,559
	274	272	20	35	157	105	96	88	1,330	1,280
	-	-	-	-	-	-	-	-	-	27
	51,710	52,181	1,599	1,709	380	440	26	24	53,919	54,550
	-	-	-	-	-	-	-	-	-	-
	45,672	45,591	5,019	4,791	16,255	16,316	3,446	3,372	146,978	143,843
	-	-	-	-	-	-	-	79	-	79
	1,306	1,159	45	32	365	416	4	4	2,210	2,169
	46,978	46,750	5,064	4,823	16,620	16,732	3,450	3,376	149,188	146,012
	39	39	6	8	14	14	352	321	8,566	8,750
	1,502	1,733	145	170	284	514	90	85	4,156	4,324
	102,576	103,054	7,018	6,920	17,602	17,953	4,035	3,905	221,191	218,927
	4,705	4,301	-	-	3,444	3,297	1	1	9,078	8,461
	11	8	73	76	1,925	1,940	175	209	5,569	5,328
	10,680	10,424	2,809	2,567	3,709	3,597	1,771	1,656	38,730	35,985
	118,627	118,451	10,868	10,537	27,044	27,162	5,992	5,782	278,986	272,984

	Life and Health Germany		Property-casualty Germany		ERGO Inter- national		Munich Health		Total		
	30.6. 2015	31.12. 2014	30.6. 2015	31.12. 2014	30.6. 2015	31.12. 2014	30.6. 2015	31.12. 2014	30.6. 2015	31.12. 2014	
		-	-	-	-	25	25	26	31	4,481	4,413
	216	174	747	443	1,456	1,363	434	396	9,368	8,373	
	85,638	84,896	429	428	12,458	12,328	1,075	1,068	113,801	112,648	
	-	-	-	-	-	-	-	48	-	48	
	2,698	2,653	3,907	3,866	2,331	2,231	1,166	1,037	59,545	56,362	
	15,938	17,077	103	107	877	1,049	210	162	17,140	18,492	
	104,490	104,800	5,186	4,844	17,122	16,971	2,885	2,663	199,854	195,875	
	5,165	4,742	-	-	3,113	3,094	1	1	8,279	7,837	
	1,908	1,981	729	759	796	856	145	148	4,327	4,473	
	5,828	5,473	1,546	1,671	3,087	3,044	1,370	1,350	31,346	30,097	
	117,391	116,996	7,461	7,274	24,143	23,990	4,427	4,193	248,287	242,695	
									Equity	30,699	30,289
									Total equity and liabilities	278,986	272,984

Segment income statement 1.1.-30.6.2015

€m	Reinsurance			
	Q1-2 2015	Q1-2 2014	Life	Property-casualty
			Q1-2 2015	Q1-2 2014
Gross premiums written	5,116	4,944	9,002	8,478
1. Net earned premiums	5,009	4,732	8,455	8,028
2. Income from technical interest	370	345	689	593
3. Net expenses for claims and benefits	-4,052	-3,970	-5,221	-5,094
4. Net operating expenses	-1,194	-888	-2,626	-2,467
5. Technical result (1-4)	133	219	1,297	1,060
6. Investment result	524	442	1,330	1,121
7. Insurance-related investment result	-44	-10	25	-38
8. Other operating result	29	27	-42	-22
9. Deduction of income from technical interest	-370	-345	-689	-593
10. Non-technical result (6-9)	139	114	624	468
11. Operating result (5+10)	272	333	1,921	1,528
12. Other non-operating result, net finance costs and impairment losses of goodwill	-94	-72	-280	-217
13. Taxes on income	-55	-15	-254	-160
14. Consolidated result (11-13)	123	246	1,387	1,151

Segment income statement 1.4.-30.6.2015

€m	Reinsurance			
	Q2 2015	Q2 2014	Life	Property-casualty
			Q2 2015	Q2 2014
Gross premiums written	2,704	2,467	4,404	4,097
1. Net earned premiums	2,633	2,370	4,309	3,997
2. Income from technical interest	179	178	350	298
3. Net expenses for claims and benefits	-2,186	-1,879	-2,688	-2,799
4. Net operating expenses	-596	-574	-1,332	-1,258
5. Technical result (1-4)	30	95	639	238
6. Investment result	321	261	964	727
7. Insurance-related investment result	-2	-3	-3	-11
8. Other operating result	19	14	-4	-
9. Deduction of income from technical interest	-179	-178	-350	-298
10. Non-technical result (6-9)	159	94	607	418
11. Operating result (5+10)	189	189	1,246	656
12. Other non-operating result, net finance costs and impairment losses of goodwill	-94	-53	-313	-150
13. Taxes on income	-43	-12	-143	-1
14. Consolidated result (11-13)	52	124	790	505

	Life and Health Germany		Property-casualty Germany		ERGO International		Munich Health		Total	
	Q1-2 2015	Q1-2 2014	Q1-2 2015	Q1-2 2014	Q1-2 2015	Q1-2 2014	Q1-2 2015	Q1-2 2014	Q1-2 2015	Q1-2 2014
		4,727	4,905	1,831	1,828	1,962	1,885	2,867	2,740	25,505
	4,677	4,867	1,497	1,524	1,797	1,691	2,776	2,758	24,211	23,600
	2,206	2,395	44	49	183	403	19	19	3,511	3,804
	-5,945	-6,353	-953	-975	-1,359	-1,443	-2,367	-2,279	-19,897	-20,114
	-727	-736	-492	-495	-576	-571	-430	-460	-6,045	-5,617
	211	173	96	103	45	80	-2	38	1,780	1,673
	1,979	2,281	201	150	240	323	67	43	4,341	4,360
	276	167	-	-	-4	158	-	-	253	277
	-29	-21	2	-11	-8	-13	-2	-2	-50	-42
	-2,206	-2,395	-44	-49	-183	-403	-19	-19	-3,511	-3,804
	20	32	159	90	45	65	46	22	1,033	791
	231	205	255	193	90	145	44	60	2,813	2,464
	-99	-83	-31	-41	-41	-38	-1	-3	-546	-454
	-27	-56	-37	-26	-23	-35	-5	-15	-401	-307
	105	66	187	126	26	72	38	42	1,866	1,703

	Life and Health Germany		Property-casualty Germany		ERGO International		Munich Health		Total	
	Q2 2015	Q2 2014	Q2 2015	Q2 2014	Q2 2015	Q2 2014	Q2 2015	Q2 2014	Q2 2015	Q2 2014
		2,315	2,434	638	648	982	971	1,424	1,239	12,467
	2,320	2,440	763	779	905	876	1,421	1,243	12,351	11,705
	760	1,159	22	25	-76	212	9	10	1,244	1,882
	-2,607	-3,170	-475	-505	-529	-785	-1,216	-1,005	-9,701	-10,143
	-350	-383	-242	-244	-296	-305	-210	-224	-3,026	-2,988
	123	46	68	55	4	-2	4	24	868	456
	912	1,124	141	71	155	162	28	23	2,521	2,368
	-147	115	-	-	-174	98	-	-	-326	199
	-13	-13	4	-3	-6	-	-1	-2	-1	-4
	-760	-1,159	-22	-25	76	-212	-9	-10	-1,244	-1,882
	-8	67	123	43	51	48	18	11	950	681
	115	113	191	98	55	46	22	35	1,818	1,137
	-55	-39	-9	-16	-18	-22	-3	-3	-492	-283
	-6	-35	-32	-24	-22	-10	-4	-10	-250	-92
	54	39	150	58	15	14	15	22	1,076	762

Non-current assets by country¹

€m	30.6.2015	31.12.2014
Germany	7,221	7,268
USA	2,237	2,062
UK	559	489
Sweden	266	262
Austria	227	235
Italy	214	211
Poland	194	192
Netherlands	163	169
France	151	152
Spain	137	139
Switzerland	105	92
Portugal	59	61
Others	264	271
Total	11,797	11,603

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

Investments in non-current assets per segment¹

€m	Q1-2 2015	Q1-2 2014
Reinsurance life	31	19
Reinsurance property-casualty	103	84
ERGO Life and Health Germany	83	14
ERGO Property-casualty Germany	27	31
ERGO International	53	82
Munich Health	9	18
Total	306	248

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

Gross premiums written

€m	Reinsurance		ERGO		Munich Health		Total	
	Q1-2 2015	Q1-2 2014	Q1-2 2015	Q1-2 2014	Q1-2 2015	Q1-2 2014	Q1-2 2015	Q1-2 2014
Europe	4,107	4,168	8,490	8,613	900	969	13,497	13,750
North America	6,892	5,915	8	3	1,555	1,517	8,455	7,435
Asia and Australasia	2,260	2,339	21	1	130	68	2,411	2,408
Africa, Middle East	387	338	-	-	279	188	666	526
Latin America	472	662	1	1	3	-2	476	661
Total	14,118	13,422	8,520	8,618	2,867	2,740	25,505	24,780

Gross premiums written

€m	Reinsurance		ERGO		Munich Health		Total	
	Q2 2015	Q2 2014	Q2 2015	Q2 2014	Q2 2015	Q2 2014	Q2 2015	Q2 2014
Europe	1,956	2,064	3,919	4,049	394	422	6,269	6,535
North America	3,553	2,969	6	2	795	697	4,354	3,668
Asia and Australasia	1,193	1,080	10	1	106	36	1,309	1,117
Africa, Middle East	187	159	-	-	128	90	315	249
Latin America	219	292	-	1	1	-6	220	287
Total	7,108	6,564	3,935	4,053	1,424	1,239	12,467	11,856

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 2015	Q1-2 2014	Q1-2 2015	Q1-2 2014	Q1-2 2015	Q1-2 2014
Gross carrying amount at 31 Dec. previous year	1,140	1,001	493	440	1,754	1,754
Accumulated impairment losses at 31 Dec. previous year	-	-	-51	-51	-440	-
Carrying amount at 31 Dec. previous year	1,140	1,001	442	389	1,314	1,754
Currency translation differences	98	7	37	3	-	-
Additions	-	-	-	-	-	-
Disposals	-	-	-	-	-	-
Reclassifications	-	-	-	-	-	-
Impairment losses	-	-	-	-	-	-
Carrying amount at 30 June financial year	1,238	1,008	479	392	1,314	1,754
Accumulated impairment losses at 30 June financial year	-	-	-51	-51	-440	-
Gross carrying amount at 30 June financial year	1,238	1,008	530	443	1,754	1,754

→ Goodwill from the acquisition of €m	Primary insurance		Munich Health		Total	
	Q1-2 2015	Q1-2 2014	Q1-2 2015	Q1-2 2014	Q1-2 2015	Q1-2 2014
Gross carrying amount at 31 Dec. previous year	581	557	156	156	4,124	3,908
Accumulated impairment losses at 31 Dec. previous year	-414	-409	-156	-156	-1,061	-616
Carrying amount at 31 Dec. previous year	167	148	-	-	3,063	3,292
Currency translation differences	4	-	-	-	139	10
Additions	-	5	-	-	-	5
Disposals	-	-	-	-	-	-
Reclassifications	-	-	-	-	-	-
Impairment losses	-	-	-	-	-	-
Carrying amount at 30 June financial year	171	153	-	-	3,202	3,307
Accumulated impairment losses at 30 June financial year	-414	-409	-156	-156	-1,061	-616
Gross carrying amount at 30 June financial year	585	562	156	156	4,263	3,923

Breakdown of other intangible assets

€m	30.6.2015	31.12.2014
Acquired insurance portfolios	308	318
Software		
Self-developed	73	82
Other	277	279
Acquired brand names	37	36
Acquired distribution networks/client bases	212	212
Acquired licences/patents	270	253
Other		
Self-developed	-	-
Other	39	40
Total	1,216	1,220

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 fair value 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
Mortgage loans	Theoretical price	Sector-specific yield curve	Present-value method
Derivatives			
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 matrix 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 Historical event data 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)

Bonds with embedded derivatives	Pricing method	Parameters	Pricing model
Callable bonds	Theoretical price	Money-market/swap interest-rate curve Issuer-specific spreads Volatility matrix	Hull-White model
CMS floaters	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
Zero-to-CMS switchable bonds	Theoretical price	Money-market/swap interest-rate curve Issuer-specific spreads Volatility matrix	LIBOR market model
Volatility bonds	Theoretical price	Money-market/swap interest-rate curve Issuer-specific spreads Volatility matrix	LIBOR market model
CMS floaters with variable cap	Theoretical price	Money-market/swap interest-rate curve Issuer-specific spreads Volatility matrix	Replication model (Hagan)
Inverse CMS floaters	Theoretical price	Money-market/swap interest-rate curve Issuer-specific spreads Volatility matrix	Replication model (Hagan)
CMS steepeners	Theoretical price	Money-market/swap interest-rate curve Issuer-specific spreads Volatility matrix Correlation matrix	Replication model (Hagan)
Dax-Cliquet	Theoretical price	Listing of underlying shares Volatilities Issuer-specific spreads Money-market/swap interest-rate curve	Black-Scholes (European) Present-value method
Convergence bonds	Theoretical price	Money-market/swap interest-rate curves Issuer-specific spreads Volatility matrix Correlation matrix	LIBOR market model
Multi-tranches	Theoretical price	At-the-money volatility matrix and skew swap curve Money-market interest-rate curve Sector-, rating- or issuer-specific interest-rate curve	Black-76, present value method
FIS loans against borrower's note	Theoretical price	At-the-money volatility matrix and skew swap curve Money-market interest-rate curve Sector-, rating- or issuer-specific interest-rate curve	Black-76, present value method
Swaption notes	Theoretical price	At-the-money volatility matrix and skew swap curve Money-market interest-rate curve Sector-, rating- or issuer-specific interest-rate curve	Black-76, present value method
Fund	Pricing method	Parameters	Pricing model
Real estate funds	-	-	Net asset value
Alternative investment funds (e.g. private equity, RENT, infrastructure, forestry)	-	-	Net asset value

Other	Pricing method	Parameters	Pricing model
Real estate	Theoretical market value	Interest-rate curve Market rents	Present-value method or valuation
Alternative direct investments (e.g. RENT, infrastructure, forestry)	Theoretical market value	Interest-rate curve (among others) Electricity price forecast and inflation forecast	Present-value method or valuation

Insurance-linked derivatives (excluding variable annuities) are allocated to Level 3 of the fair value hierarchy. The valuation of the derivative components of catastrophe bonds 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. If no observable inputs are available for customised insurance-linked derivatives, valuation is made using the present-value method on the basis of current interest-rate curves and historical event data. Due to the low volume, the effects of alternative inputs and assumptions are immaterial.

At Munich Re, the valuation of variable annuities is performed on a market-consistent basis. The inputs requiring consideration in this valuation are derived in part directly from market data – in particular volatilities, interest-rate curves and currency spot rates – and estimated in part on the basis of external data, especially correlation assumptions and actuarial assumptions. The lapse rates used are modelled dynamically and range between 0.5% and 20%. A 10% increase or decrease in the lapse rates would lead to a change of -/+1% in the fair value of the portfolio. The assumptions with regard to mortality are based on published mortality tables. The impact of these and other non-observable assumptions is not material. Since inputs not observable on the market were also used in valuation, we allocate these products to Level 3 of the fair value 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; instead, 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 that are not based on observable market data, but rely on what is supplied by the brokers. We regularly subject the valuations supplied to plausibility tests on the basis of comparable investments.

At 30 June 2015, around 11% of the investments measured at fair value were allocated to Level 1 of the fair value hierarchy, 86% to Level 2 and 3% to Level 3.

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

	30.6.2015			
€m	Level 1	Level 2	Level 3	Total
Investments in affiliated companies measured at fair value	-	-	292	292
Investments in associates and joint ventures measured at fair value	-	-	6	6
Other securities available for sale				
Fixed-interest	421	129,241	2,434	132,096
Non-fixed-interest	11,054	1,146	2,682	14,882
Other securities at fair value through profit or loss				
Held for trading, and hedging derivatives ¹	353	1,848	-	2,201
Designated as at fair value through profit or loss	-	181	-	181
Other investments	-	10	-	10
Insurance-related investments	5,620	3,329	129	9,078
Total	17,448	135,755	5,543	158,746

	31.12.2014			
€m	Level 1	Level 2	Level 3	Total
Investments in affiliated companies measured at fair value	-	-	274	274
Investments in associates and joint ventures measured at fair value	-	-	5	5
Other securities available for sale				
Fixed-interest	736	126,523	2,547	129,806
Non-fixed-interest	10,801	841	2,395	14,037
Other securities at fair value through profit or loss				
Held for trading, and hedging derivatives ¹	252	1,916	-	2,168
Designated as at fair value through profit or loss	-	205	-	205
Other investments	-	10	-	10
Insurance-related investments	4,605	3,747	109	8,461
Total	16,394	133,242	5,330	154,966

1 Included are hedging derivatives of €172m (204m) accounted for under "other assets".

Since the beginning of the year, we have not made any change in the allocation to the individual levels of the fair value hierarchy.

The following table presents the reconciliation from the opening balances to the closing balances for investments allocated to Level 3.

Reconciliation for investments allocated to Level 3

€m	Investments in affiliated companies measured at fair value		Investments in associates and joint ventures measured at fair value	
	Q1-2 2015	Q1-2 2014	Q1-2 2015	Q1-2 2014
Carrying amount at 31 Dec. previous year	273	176	5	9
Gains and losses	9	7	-	-
Gains (losses) recognised in the income statement	-	-	-	-
Gains (losses) recognised in equity	9	7	-	-
Acquisitions	14	44	2	-
Disposals	-14	-13	-1	-
Transfer to Level 3	10	38	-	-
Transfer out of Level 3	-	-	-	-
Changes in the market value of derivatives	-	-	-	-
Carrying amount at 30 June financial year	292	252	6	9
Gains (losses) recognised in the income statement that are attributable to investments shown at 30 June financial year	-1	-1	-	-



€m	Fixed-interest		Other securities available for sale Non-fixed-interest	
	Q1-2 2015	Q1-2 2014	Q1-2 2015	Q1-2 2014
Carrying amount at 31 Dec. previous year	2,547	2,777	2,395	2,107
Gains and losses	85	33	136	34
Gains (losses) recognised in the income statement	2	8	-7	-
Gains (losses) recognised in equity	83	25	143	34
Acquisitions	491	457	269	217
Disposals	-687	-774	-83	-170
Transfer to Level 3	-	3	2	2
Transfer out of Level 3	-2	-4	-37	-
Changes in the market value of derivatives	-	-	-	-
Carrying amount at 30 June financial year	2,434	2,492	2,682	2,190
Gains (losses) recognised in the income statement that are attributable to investments shown at 30 June financial year	2	12	-8	-

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→	Held for trading, and hedging derivatives		Insurance-related investments		Total	
	Q1-2 2015	Q1-2 2014	Q1-2 2015	Q1-2 2014 ¹	Q1-2 2015	Q1-2 2014
€m						
Carrying amount at 31 Dec. previous year	-	77	109	-	5,329	5,146
Gains and losses	-	55	39	-	269	129
Gains (losses) recognised in the income statement	-	54	26	-	21	62
Gains (losses) recognised in equity	-	1	13	-	248	67
Acquisitions	-	27	7	-	783	745
Disposals	-	-71	-26	-	-811	-1,028
Transfer to Level 3	-	-	-	-	12	43
Transfer out of Level 3	-	-	-	-	-39	-4
Change in the market value of derivatives	-	1	-	-	-	1
Carrying amount at 30 June financial year	-	89	129	-	5,543	5,032
Gains (losses) recognised in the income statement that are attributable to investments shown at 30 June financial year	-	17	27	-	20	28

1 Given that the balance sheet structure was changed in 2014, the investments for the first half of 2014 are still included in the investments held for trading.

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

	30.6.2015	31.12.2014
Number of shares in circulation	166,278,569	168,515,007
Number of own shares held	565,392	4,427,611
Total	166,843,961	172,942,618

Non-controlling interests

€m	30.6.2015	31.12.2014
Unrealised gains and losses	20	24
Consolidated result	6	18
Other equity	249	229
Total	275	271

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	30.6.2015	31.12.2014
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	895	894
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	633	578
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	992	991
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	1,472	1,502
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	422	385
ERGO Versicherung Aktiengesellschaft, Vienna, secondary market yield on federal government bonds (Austria) +70 BP, €12m ¹ , Registered bonds 2001/perpetual		-	-	-	-	12	12
ERGO Versicherung Aktiengesellschaft, Vienna, secondary market yield on federal government bonds (Austria) +70 BP, €13m ² , Registered bonds 1998/perpetual		-	-	-	-	13	13
HSB Group Inc., Delaware, LIBOR +91 BP, US\$ 76m, Bonds 1997/2027		-	-	-	-	42	38
Total						4,481	4,413

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

2 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 €5,028m (5,017m). 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	30.6.2015	31.12.2014
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-	306	282
Total						306	282

We use the prices provided by price quoters to determine the fair value of the notes issued. The fair value at the reporting date amounts to €392m (371m).

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

€m				30.6.2015				31.12.2014
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Other liabilities								
Derivatives	57	1,597	264	1,918	96	1,526	276	1,898

In the other liabilities, only derivatives with a negative market value are currently recognised at fair value. Of these, we allocate 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, please refer to the notes on investments.

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

Reconciliation for liabilities allocated to Level 3

€m	Other liabilities at fair value through profit or loss	
	Q1-2 2015	Q1-2 2014
Carrying amount at 31 Dec. previous year	276	147
Gains and losses	-21	-67
Gains (losses) recognised in the income statement	12	-66
Gains (losses) recognised in equity	-33	-1
Acquisitions	56	85
Disposals	-89	-150
Transfer to Level 3	-	1
Transfer out of Level 3	-	-
Change in the market value of derivatives	-	1
Carrying amount at 30 June financial year	264	151
Gains (losses) recognised in the income statement that are attributable to liabilities shown at 30 June financial year	6	-5

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 2015	Q1-2 2014	Q1-2 2015	Q1-2 2014
Gross premiums written	5,116	4,944	9,002	8,478
Change in unearned premiums - Gross	-1	-	-151	-155
Gross earned premiums	5,115	4,944	8,851	8,323
Ceded premiums written	-106	-212	-497	-357
Change in unearned premiums - Ceded share	-	-	101	62
Earned premiums ceded	-106	-212	-396	-295
Net earned premiums	5,009	4,732	8,455	8,028



€m	Life and Health Germany		Property-casualty Germany		ERGO International	
	Q1-2 2015	Q1-2 2014	Q1-2 2015	Q1-2 2014	Q1-2 2015	Q1-2 2014
	Gross premiums written	4,727	4,905	1,831	1,828	1,962
Change in unearned premiums - Gross	-41	-28	-309	-282	-40	-85
Gross earned premiums	4,686	4,877	1,522	1,546	1,922	1,800
Ceded premiums written	-9	-3	-26	-19	-132	-125
Change in unearned premiums - Ceded share	-	-7	1	-3	7	16
Earned premiums ceded	-9	-10	-25	-22	-125	-109
Net earned premiums	4,677	4,867	1,497	1,524	1,797	1,691



€m	Munich Health		Total	
	Q1-2 2015	Q1-2 2014	Q1-2 2015	Q1-2 2014
Gross premiums written	2,867	2,740	25,505	24,780
Change in unearned premiums - Gross	-23	99	-565	-451
Gross earned premiums	2,844	2,839	24,940	24,329
Ceded premiums written	-43	-77	-813	-793
Change in unearned premiums - Ceded share	-25	-4	84	64
Earned premiums ceded	-68	-81	-729	-729
Net earned premiums	2,776	2,758	24,211	23,600

Premiums

€m	Reinsurance			
	Q2 2015	Q2 2014	Property-casualty	
			Q2 2015	Q2 2014
Gross premiums written	2,704	2,467	4,404	4,097
Change in unearned premiums - Gross	2	3	121	45
Gross earned premiums	2,706	2,470	4,525	4,142
Ceded premiums written	-72	-100	-216	-109
Change in unearned premiums - Ceded share	-1	-	-	-36
Earned premiums ceded	-73	-100	-216	-145
Net earned premiums	2,633	2,370	4,309	3,997

€m	ERGO					
	Life and Health Germany		Property-casualty Germany		International	
	Q2 2015	Q2 2014	Q2 2015	Q2 2014	Q2 2015	Q2 2014
Gross premiums written	2,315	2,434	638	648	982	971
Change in unearned premiums - Gross	9	10	133	140	-10	-39
Gross earned premiums	2,324	2,444	771	788	972	932
Ceded premiums written	-4	-4	-8	-8	-60	-56
Change in unearned premiums - Ceded share	-	-	-	-1	-7	-
Earned premiums ceded	-4	-4	-8	-9	-67	-56
Net earned premiums	2,320	2,440	763	779	905	876

€m	Munich Health				Total	
	Q2 2015	Q2 2014	Q2 2015	Q2 2014	Q2 2015	Q2 2014
	Gross premiums written	1,424	1,239	12,467	11,856	
Change in unearned premiums - Gross	35	41	290	200		
Gross earned premiums	1,459	1,280	12,757	12,056		
Ceded premiums written	-23	-37	-383	-314		
Change in unearned premiums - Ceded share	-15	-	-23	-37		
Earned premiums ceded	-38	-37	-406	-351		
Net earned premiums	1,421	1,243	12,351	11,705		

Income from technical interest

€m	Reinsurance			
	Life		Property-casualty	
	Q1-2 2015	Q1-2 2014	Q1-2 2015	Q1-2 2014
Income from technical interest	370	345	689	593



€m	ERGO					
	Life and Health Germany		Property-casualty Germany		International	
	Q1-2 2015	Q1-2 2014	Q1-2 2015	Q1-2 2014	Q1-2 2015	Q1-2 2014
Income from technical interest	2,206	2,395	44	49	183	403



€m	Munich Health			Total
	Q1-2 2015	Q1-2 2014	Q1-2 2015	Q1-2 2014
	Income from technical interest	19	19	3,511

Income from technical interest

€m	Reinsurance			
	Life		Property-casualty	
	Q2 2015	Q2 2014	Q2 2015	Q2 2014
Income from technical interest	179	178	350	298



€m	ERGO					
	Life and Health Germany		Property-casualty Germany		International	
	Q2 2015	Q2 2014	Q2 2015	Q2 2014	Q2 2015	Q2 2014
Income from technical interest	760	1,159	22	25	-76	212



€m	Munich Health			Total
	Q2 2015	Q2 2014	Q2 2015	Q2 2014
	Income from technical interest	9	10	1,244

Expenses for claims and benefits

€m	Reinsurance			
	Q1-2 2015	Q1-2 2014	Life	Property-casualty
			Q1-2 2015	Q1-2 2014
Gross				
Claims and benefits paid	-3,906	-3,660	-5,409	-5,390
Changes in technical provisions				
Provision for future policy benefits	71	-92	-	1
Provision for outstanding claims	-295	-340	-59	210
Provision for premium refunds	-	-	-3	-3
Other technical result	-	-	-	-2
Gross expenses for claims and benefits	-4,130	-4,092	-5,471	-5,184
Ceded share				
Claims and benefits paid	98	207	265	180
Changes in technical provisions				
Provision for future policy benefits	-7	-37	-	-
Provision for outstanding claims	-7	-28	-15	-90
Provision for premium refunds	-	-	-	-
Other technical result	-6	-20	-	-
Expenses for claims and benefits - Ceded share	78	122	250	90
Net				
Claims and benefits paid	-3,808	-3,453	-5,144	-5,210
Changes in technical provisions				
Provision for future policy benefits	64	-129	-	1
Provision for outstanding claims	-302	-368	-74	120
Provision for premium refunds	-	-	-3	-3
Other technical result	-6	-20	-	-2
Net expenses for claims and benefits	-4,052	-3,970	-5,221	-5,094

→	ERGO					
	Life and Health Germany		Property-casualty Germany		International	
€m	Q1-2 2015	Q1-2 2014	Q1-2 2015	Q1-2 2014	Q1-2 2015	Q1-2 2014
Gross						
Claims and benefits paid	-4,614	-4,560	-901	-931	-1,288	-1,165
Changes in technical provisions						
Provision for future policy benefits	-470	-644	-2	-3	-139	-308
Provision for outstanding claims	-45	30	-43	-29	-65	-31
Provision for premium refunds	-756	-1,094	-9	-11	55	5
Other technical result	-66	-92	-3	-4	8	5
Gross expenses for claims and benefits	-5,951	-6,360	-958	-978	-1,429	-1,494
Ceded share						
Claims and benefits paid	3	11	9	8	126	130
Changes in technical provisions						
Provision for future policy benefits	-	-	-	-	-50	-41
Provision for outstanding claims	3	-4	-5	-5	24	-5
Provision for premium refunds	-	-	1	-1	-	-
Other technical result	-	-	-	1	-30	-33
Expenses for claims and benefits - Ceded share	6	7	5	3	70	51
Net						
Claims and benefits paid	-4,611	-4,549	-892	-923	-1,162	-1,035
Changes in technical provisions						
Provision for future policy benefits	-470	-644	-2	-3	-189	-349
Provision for outstanding claims	-42	26	-48	-34	-41	-36
Provision for premium refunds	-756	-1,094	-8	-12	55	5
Other technical result	-66	-92	-3	-3	-22	-28
Net expenses for claims and benefits	-5,945	-6,353	-953	-975	-1,359	-1,443

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→	Munich Health		Total	
€m	Q1-2 2015	Q1-2 2014	Q1-2 2015	Q1-2 2014
Gross				
Claims and benefits paid	-2,237	-2,192	-18,355	-17,898
Changes in technical provisions				
Provision for future policy benefits	-54	-48	-594	-1,094
Provision for outstanding claims	-89	-91	-596	-251
Provision for premium refunds	-	-	-713	-1,103
Other technical result	-1	-	-62	-93
Gross expenses for claims and benefits	-2,381	-2,331	-20,320	-20,439
Ceded share				
Claims and benefits paid	38	30	539	566
Changes in technical provisions				
Provision for future policy benefits	2	-	-55	-78
Provision for outstanding claims	-26	22	-26	-110
Provision for premium refunds	-	-	1	-1
Other technical result	-	-	-36	-52
Expenses for claims and benefits - Ceded share	14	52	423	325
Net				
Claims and benefits paid	-2,199	-2,162	-17,816	-17,332
Changes in technical provisions				
Provision for future policy benefits	-52	-48	-649	-1,172
Provision for outstanding claims	-115	-69	-622	-361
Provision for premium refunds	-	-	-712	-1,104
Other technical result	-1	-	-98	-145
Net expenses for claims and benefits	-2,367	-2,279	-19,897	-20,114

Expenses for claims and benefits

€m	Reinsurance			
	Q2 2015	Life	Property-casualty	
		Q2 2014	Q2 2015	Q2 2014
Gross				
Claims and benefits paid	-2,077	-1,673	-3,115	-2,747
Changes in technical provisions				
Provision for future policy benefits	-40	-83	-	-
Provision for outstanding claims	-108	-186	312	-115
Provision for premium refunds	-	-	-2	-3
Other technical result	-1	-	1	-2
Gross expenses for claims and benefits	-2,226	-1,942	-2,804	-2,867
Ceded share				
Claims and benefits paid	48	113	136	94
Changes in technical provisions				
Provision for future policy benefits	1	-23	-	-
Provision for outstanding claims	-6	-21	-19	-26
Provision for premium refunds	-	-	-	-
Other technical result	-3	-6	-1	-
Expenses for claims and benefits - Ceded share	40	63	116	68
Net				
Claims and benefits paid	-2,029	-1,560	-2,979	-2,653
Changes in technical provisions				
Provision for future policy benefits	-39	-106	-	-
Provision for outstanding claims	-114	-207	293	-141
Provision for premium refunds	-	-	-2	-3
Other technical result	-4	-6	-	-2
Net expenses for claims and benefits	-2,186	-1,879	-2,688	-2,799

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→	ERGO					
	Life and Health Germany		Property-casualty Germany		International	
€m	Q2 2015	Q2 2014	Q2 2015	Q2 2014	Q2 2015	Q2 2014
Gross						
Claims and benefits paid	-2,258	-2,206	-438	-436	-629	-564
Changes in technical provisions						
Provision for future policy benefits	135	-346	-	-1	140	-176
Provision for outstanding claims	-108	-117	-39	-63	-75	-38
Provision for premium refunds	-352	-461	-5	-6	-17	-42
Other technical result	-28	-42	1	-1	6	3
Gross expenses for claims and benefits	-2,611	-3,172	-481	-507	-575	-817
Ceded share						
Claims and benefits paid	2	4	7	7	51	63
Changes in technical provisions						
Provision for future policy benefits	-1	-	-	-	-25	-18
Provision for outstanding claims	3	-2	-1	-6	35	3
Provision for premium refunds	-	-	-	-	-	-
Other technical result	-	-	-	1	-15	-16
Expenses for claims and benefits - Ceded share	4	2	6	2	46	32
Net						
Claims and benefits paid	-2,256	-2,202	-431	-429	-578	-501
Changes in technical provisions						
Provision for future policy benefits	134	-346	-	-1	115	-194
Provision for outstanding claims	-105	-119	-40	-69	-40	-35
Provision for premium refunds	-352	-461	-5	-6	-17	-42
Other technical result	-28	-42	1	-	-9	-13
Net expenses for claims and benefits	-2,607	-3,170	-475	-505	-529	-785

→	Munich Health		Total	
	Q2 2015	Q2 2014	Q2 2015	Q2 2014
€m				
Gross				
Claims and benefits paid	-1,155	-965	-9,672	-8,591
Changes in technical provisions				
Provision for future policy benefits	-25	-23	210	-629
Provision for outstanding claims	-64	-47	-82	-566
Provision for premium refunds	-	-	-376	-512
Other technical result	1	-	-20	-42
Gross expenses for claims and benefits	-1,243	-1,035	-9,940	-10,340
Ceded share				
Claims and benefits paid	19	18	263	299
Changes in technical provisions				
Provision for future policy benefits	2	-	-23	-41
Provision for outstanding claims	6	12	18	-40
Provision for premium refunds	-	-	-	-
Other technical result	-	-	-19	-21
Expenses for claims and benefits - Ceded share	27	30	239	197
Net				
Claims and benefits paid	-1,136	-947	-9,409	-8,292
Changes in technical provisions				
Provision for future policy benefits	-23	-23	187	-670
Provision for outstanding claims	-58	-35	-64	-606
Provision for premium refunds	-	-	-376	-512
Other technical result	1	-	-39	-63
Net expenses for claims and benefits	-1,216	-1,005	-9,701	-10,143

Operating expenses

→	Life		Reinsurance Property-casualty	
	Q1-2 2015	Q1-2 2014	Q1-2 2015	Q1-2 2014
€m				
Acquisition costs, profit commission and reinsurance commission paid	-988	-874	-2,111	-1,999
Administrative expenses	-171	-144	-676	-603
Change in deferred acquisition costs and contingent commissions, amortisation and impairment losses of acquired insurance portfolios	-63	60	105	103
Gross operating expenses	-1,222	-958	-2,682	-2,499
Ceded share of acquisition costs, profit commission and reinsurance commission paid	30	70	61	31
Ceded share of change in deferred acquisition costs and contingent commissions	-2	-	-5	1
Operating expenses - Ceded share	28	70	56	32
Net operating expenses	-1,194	-888	-2,626	-2,467

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→	ERGO					
	Life and Health Germany		Property-casualty Germany		International	
	Q1-2 2015	Q1-2 2014	Q1-2 2015	Q1-2 2014	Q1-2 2015	Q1-2 2014
€m						
Acquisition costs, profit commission and reinsurance commission paid	-467	-457	-268	-248	-462	-503
Administrative expenses	-185	-178	-253	-253	-142	-132
Change in deferred acquisition costs and contingent commissions, amortisation and impairment losses of acquired insurance portfolios	-76	-102	30	8	10	49
Gross operating expenses	-728	-737	-491	-493	-594	-586
Ceded share of acquisition costs, profit commission and reinsurance commission paid	1	-	-1	-2	20	18
Ceded share of change in deferred acquisition costs and contingent commissions	-	1	-	-	-2	-3
Operating expenses - Ceded share	1	1	-1	-2	18	15
Net operating expenses	-727	-736	-492	-495	-576	-571

→	Munich Health				Total	
	Q1-2 2015	Q1-2 2014	Q1-2 2015	Q1-2 2014	Q1-2 2015	Q1-2 2014
€m						
Acquisition costs, profit commission and reinsurance commission paid	-348	-367	-4,644	-4,448		
Administrative expenses	-57	-50	-1,484	-1,360		
Change in deferred acquisition costs and contingent commissions, amortisation and impairment losses of acquired insurance portfolios	-52	-68	-46	50		
Gross operating expenses	-457	-485	-6,174	-5,758		
Ceded share of acquisition costs, profit commission and reinsurance commission paid	22	24	133	141		
Ceded share of change in deferred acquisition costs and contingent commissions	5	1	-4	-		
Operating expenses - Ceded share	27	25	129	141		
Net operating expenses	-430	-460	-6,045	-5,617		

Operating expenses

€m	Reinsurance			
	Q2 2015	Q2 2014	Life	Property-casualty
			Q2 2015	Q2 2014
Acquisition costs, profit commission and reinsurance commission paid	-510	-606	-1,069	-1,014
Administrative expenses	-86	-75	-347	-314
Change in deferred acquisition costs and contingent commissions, amortisation and impairment losses of acquired insurance portfolios	-25	73	53	53
Gross operating expenses	-621	-608	-1,363	-1,275
Ceded share of acquisition costs, profit commission and reinsurance commission paid	25	34	33	14
Ceded share of change in deferred acquisition costs and contingent commissions	-	-	-2	3
Operating expenses - Ceded share	25	34	31	17
Net operating expenses	-596	-574	-1,332	-1,258



€m	ERGO					
	Life and Health Germany		Property-casualty Germany		International	
	Q2 2015	Q2 2014	Q2 2015	Q2 2014	Q2 2015	Q2 2014
Acquisition costs, profit commission and reinsurance commission paid	-229	-236	-139	-126	-231	-262
Administrative expenses	-90	-86	-117	-121	-75	-67
Change in deferred acquisition costs and contingent commissions, amortisation and impairment losses of acquired insurance portfolios	-31	-62	10	-2	1	16
Gross operating expenses	-350	-384	-246	-249	-305	-313
Ceded share of acquisition costs, profit commission and reinsurance commission paid	-	1	4	5	10	8
Ceded share of change in deferred acquisition costs and contingent commissions	-	-	-	-	-1	-
Operating expenses - Ceded share	-	1	4	5	9	8
Net operating expenses	-350	-383	-242	-244	-296	-305

Continued on next page

→	Munich Health		Total	
	Q2 2015	Q2 2014	Q2 2015	Q2 2014
€m				
Acquisition costs, profit commission and reinsurance commission paid	-182	-200	-2,360	-2,444
Administrative expenses	-28	-27	-743	-690
Change in deferred acquisition costs and contingent commissions, amortisation and impairment losses of acquired insurance portfolios	-19	-8	-11	70
Gross operating expenses	-229	-235	-3,114	-3,064
Ceded share of acquisition costs, profit commission and reinsurance commission paid	17	11	89	73
Ceded share of change in deferred acquisition costs and contingent commissions	2	-	-1	3
Operating expenses - Ceded share	19	11	88	76
Net operating expenses	-210	-224	-3,026	-2,988

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

€m	Reinsurance			
	Q1-2 2015	Q1-2 2014	Q1-2 2015	Q1-2 2014
Land and buildings, including buildings on third-party land	9	9	46	45
Investments in affiliated companies	-	-	2	-
Investments in associates and joint ventures	-	-	56	28
Loans	1	1	3	5
Other securities held to maturity	-	-	-	-
Other securities available for sale				
Fixed-interest	349	253	1,000	861
Non-fixed-interest	129	96	584	454
Other securities at fair value through profit or loss				
Held for trading				
Fixed-interest	-	-	-	-
Non-fixed-interest	-	-	2	2
Derivatives	-74	-51	-317	-256
Designated as at fair value through profit or loss				
Fixed-interest	-	-	-	-
Non-fixed-interest	-	-	-	-
Deposits retained on assumed reinsurance, and other investments	133	152	35	56
Expenses for the management of investments, other expenses	-23	-18	-81	-74
Total	524	442	1,330	1,121

→	ERGO					
	Life and Health Germany		Property-casualty Germany		International	
	Q1-2 2015	Q1-2 2014	Q1-2 2015	Q1-2 2014	Q1-2 2015	Q1-2 2014
€m						
Land and buildings, including buildings on third-party land	83	81	5	4	2	6
Investments in affiliated companies	-3	-2	1	-3	-	1
Investments in associates and joint ventures	65	9	-	3	1	1
Loans	1,041	1,193	3	32	8	8
Other securities held to maturity	-	-	-	-	-	-
Other securities available for sale						
Fixed-interest	1,012	777	67	72	250	237
Non-fixed-interest	192	182	156	70	45	31
Other securities at fair value through profit or loss						
Held for trading						
Fixed-interest	-	-	-	-	-	1
Non-fixed-interest	-	-	-	-	-	-
Derivatives	-309	139	-24	-22	-49	24
Designated as at fair value through profit or loss						
Fixed-interest	-	-	-	-	-8	23
Non-fixed-interest	-	-	-	-	-	-
Deposits retained on assumed reinsurance, and other investments	-	4	1	1	6	5
Expenses for the management of investments, other expenses	-102	-102	-8	-7	-15	-14
Total	1,979	2,281	201	150	240	323

→	Munich Health				Total	
	Q1-2 2015		Q1-2 2014		Q1-2 2014	
	Q1-2 2015	Q1-2 2014	Q1-2 2015	Q1-2 2014	Q1-2 2015	Q1-2 2014
€m						
Land and buildings, including buildings on third-party land	-	-	145	145	145	145
Investments in affiliated companies	10	-	10	-4	10	-4
Investments in associates and joint ventures	5	-5	127	36	127	36
Loans	1	1	1,057	1,240	1,057	1,240
Other securities held to maturity	-	-	-	-	-	-
Other securities available for sale						
Fixed-interest	53	49	2,731	2,249	2,731	2,249
Non-fixed-interest	-	-	1,106	833	1,106	833
Other securities at fair value through profit or loss						
Held for trading						
Fixed-interest	-	-	-	1	-	1
Non-fixed-interest	-	-	2	2	2	2
Derivatives	-	-	-773	-166	-773	-166
Designated as at fair value through profit or loss						
Fixed-interest	-	-	-8	23	-8	23
Non-fixed-interest	-	-	-	-	-	-
Deposits retained on assumed reinsurance, and other investments	-	1	175	219	175	219
Expenses for the management of investments, other expenses	-2	-3	-231	-218	-231	-218
Total	67	43	4,341	4,360	4,341	4,360

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

€m	Reinsurance			
	Q2 2015	Q2 2014	Life	Property-casualty
			Q2 2015	Q2 2014
Land and buildings, including buildings on third-party land	4	5	22	22
Investments in affiliated companies	-	-	2	-
Investments in associates and joint ventures	-	-	25	21
Loans	1	-	1	1
Other securities held to maturity	-	-	-	-
Other securities available for sale				
Fixed-interest	156	128	425	447
Non-fixed-interest	87	76	396	357
Other securities at fair value through profit or loss				
Held for trading				
Fixed-interest	-	-	-	-
Non-fixed-interest	-	-	-	1
Derivatives	22	-20	108	-105
Designated as at fair value through profit or loss				
Fixed-interest	-	-	-	-
Non-fixed-interest	-	-	-	-
Deposits retained on assumed reinsurance, and other investments	63	81	25	23
Expenses for the management of investments, other expenses	-12	-9	-40	-40
Total	321	261	964	727

€m	ERGO					
	Life and Health Germany		Property-casualty Germany		International	
	Q2 2015	Q2 2014	Q2 2015	Q2 2014	Q2 2015	Q2 2014
Land and buildings, including buildings on third-party land	40	44	3	2	1	1
Investments in affiliated companies	-1	-	1	-2	-	1
Investments in associates and joint ventures	60	7	-3	1	5	1
Loans	565	541	14	16	4	4
Other securities held to maturity	-	-	-	-	-	-
Other securities available for sale						
Fixed-interest	444	391	28	37	169	116
Non-fixed-interest	78	147	92	36	17	19
Other securities at fair value through profit or loss						
Held for trading						
Fixed-interest	-	-	-	-	-	1
Non-fixed-interest	-	-	-	-	-	-
Derivatives	-222	46	9	-16	-19	8
Designated as at fair value through profit or loss						
Fixed-interest	-	-	-	-	-17	15
Non-fixed-interest	-	-	-	-	-	-
Deposits retained on assumed reinsurance, and other investments	-	3	1	1	3	3
Expenses for the management of investments, other expenses	-52	-55	-4	-4	-8	-7
Total	912	1,124	141	71	155	162

→	Munich Health		Total	
€m	Q2 2015	Q2 2014	Q2 2015	Q2 2014
Land and buildings, including buildings on third-party land	-	-	70	74
Investments in affiliated companies	6	-	8	-1
Investments in associates and joint ventures	-	1	87	31
Loans	1	1	586	563
Other securities held to maturity	-	-	-	-
Other securities available for sale				
Fixed-interest	23	22	1,245	1,141
Non-fixed-interest	-	-	670	635
Other securities at fair value through profit or loss				
Held for trading				
Fixed-interest	-	-	-	1
Non-fixed-interest	-	-	-	1
Derivatives	-	-	-102	-87
Designated as at fair value through profit or loss				
Fixed-interest	-	-	-17	15
Non-fixed-interest	-	-	-	-
Deposits retained on assumed reinsurance, and other investments	-	1	92	112
Expenses for the management of investments, other expenses	-2	-2	-118	-117
Total	28	23	2,521	2,368

Investment income by segment (before deduction of income from technical interest)

€m	Reinsurance			
	Life		Property-casualty	
	Q1-2 2015	Q1-2 2014	Q1-2 2015	Q1-2 2014
Regular income	452	400	991	836
Thereof:				
Interest income	397	356	660	602
Write-ups of non-derivative investments	2	5	9	41
Gains on the disposal of non-derivative investments	231	140	1,037	751
Write-ups and gains on the disposal of derivatives	200	142	899	675
Other income	-	-	-	-
Total	885	687	2,936	2,303

€m	ERGO					
	Life and Health Germany		Property-casualty Germany		International	
	Q1-2 2015	Q1-2 2014	Q1-2 2015	Q1-2 2014	Q1-2 2015	Q1-2 2014
Regular income	2,017	1,974	104	101	257	258
Thereof:						
Interest income	1,667	1,742	64	76	240	241
Write-ups of non-derivative investments	17	32	-	4	1	21
Gains on the disposal of non-derivative investments	599	363	175	94	102	38
Write-ups and gains on the disposal of derivatives	190	325	68	42	14	52
Other income	-	-	-	-	-	-
Total	2,823	2,694	347	241	374	369

€m	Munich Health				Total	
	Q1-2 2015	Q1-2 2014	Q1-2 2015	Q1-2 2014	Q1-2 2015	Q1-2 2014
Regular income	42	35	3,863	3,604		
Thereof:						
Interest income	37	39	3,065	3,056		
Write-ups of non-derivative investments	-	-	29	103		
Gains on the disposal of non-derivative investments	42	12	2,186	1,398		
Write-ups and gains on the disposal of derivatives	1	-	1,372	1,236		
Other income	-	-	-	-		
Total	85	47	7,450	6,341		

Investment income by segment (before deduction of income from technical interest)

€m	Reinsurance			
	Q2 2015	Q2 2014	Life	Property-casualty
			Q2 2015	Q2 2014
Regular income	229	214	525	448
Thereof:				
Interest income	195	187	324	308
Write-ups of non-derivative investments	2	1	6	21
Gains on the disposal of non-derivative investments	118	87	550	463
Write-ups and gains on the disposal of derivatives	69	76	318	358
Other income	-	-	-	-
Total	418	378	1,399	1,290



€m	ERGO					
	Life and Health Germany		Property-casualty Germany		International	
	Q2 2015	Q2 2014	Q2 2015	Q2 2014	Q2 2015	Q2 2014
Regular income	1,095	1,039	55	55	140	130
Thereof:						
Interest income	834	875	32	38	123	121
Write-ups of non-derivative investments	2	27	-	4	-10	13
Gains on the disposal of non-derivative investments	224	148	95	44	68	18
Write-ups and gains on the disposal of derivatives	-47	154	32	21	-12	24
Other income	-	-	-	-	-	-
Total	1,274	1,368	182	124	186	185



€m	Munich Health			Total
	Q2 2015	Q2 2014	Q2 2015	Q2 2014
Regular income	18	21	2,062	1,907
Thereof:				
Interest income	18	19	1,526	1,548
Write-ups of non-derivative investments	-	-	-	66
Gains on the disposal of non-derivative investments	13	4	1,068	764
Write-ups and gains on the disposal of derivatives	-	-	360	633
Other income	-	-	-	-
Total	31	25	3,490	3,370

Investment expenses by segment (before deduction of income from technical interest)

€m	Reinsurance			
	Life		Property-casualty	
	Q1-2 2015	Q1-2 2014	Q1-2 2015	Q1-2 2014
Write-downs of non-derivative investments	-17	-10	-75	-47
Losses on the disposal of non-derivative investments	-41	-24	-202	-128
Write-downs and losses on the disposal of derivatives	-278	-191	-1,238	-924
Management expenses, interest charges and other expenses	-25	-20	-91	-83
Thereof:				
Interest charges	-1	-1	-4	-4
Total	-361	-245	-1,606	-1,182

€m	ERGO					
	Life and Health Germany		Property-casualty Germany		International	
	Q1-2 2015	Q1-2 2014	Q1-2 2015	Q1-2 2014	Q1-2 2015	Q1-2 2014
Write-downs of non-derivative investments	-97	-47	-34	-9	-45	-5
Losses on the disposal of non-derivative investments	-101	-34	-12	-9	-9	2
Write-downs and losses on the disposal of derivatives	-537	-225	-92	-64	-65	-30
Management expenses, interest charges and other expenses	-109	-107	-8	-9	-15	-13
Thereof:						
Interest charges	-3	-2	-	-	-	-
Total	-844	-413	-146	-91	-134	-46

€m	Munich Health				Total	
	Q1-2 2015	Q1-2 2014	Q1-2 2015	Q1-2 2014	Q1-2 2015	Q1-2 2014
	Write-downs of non-derivative investments	-1	-	-	-	-269
Losses on the disposal of non-derivative investments	-14	-1	-	-	-379	-194
Write-downs and losses on the disposal of derivatives	-1	-1	-	-	-2,211	-1,435
Management expenses, interest charges and other expenses	-2	-2	-	-	-250	-234
Thereof:						
Interest charges	-	-	-	-	-8	-7
Total	-18	-4	-	-	-3,109	-1,981

Investment expenses by segment (before deduction of income from technical interest)

€m	Reinsurance			
	Q2 2015	Life	Property-casualty	
		Q2 2014	Q2 2015	Q2 2014
Write-downs of non-derivative investments	-9	-5	-38	-22
Losses on the disposal of non-derivative investments	-27	-7	-131	-37
Write-downs and losses on the disposal of derivatives	-48	-94	-220	-460
Management expenses, interest charges and other expenses	-13	-11	-46	-44
Thereof:				
Interest charges	-1	-1	-2	-2
Total	-97	-117	-435	-563



€m	ERGO					
	Life and Health Germany		Property-casualty Germany		International	
	Q2 2015	Q2 2014	Q2 2015	Q2 2014	Q2 2015	Q2 2014
Write-downs of non-derivative investments	-23	-31	-7	-6	-11	-2
Losses on the disposal of non-derivative investments	-87	-30	-7	-5	-6	2
Write-downs and losses on the disposal of derivatives	-196	-127	-22	-37	-6	-17
Management expenses, interest charges and other expenses	-56	-56	-5	-5	-8	-6
Thereof:						
Interest charges	-2	-1	-	-	-	-
Total	-362	-244	-41	-53	-31	-23



€m	Munich Health				Total
	Q2 2015	Q2 2014	Q2 2015	Q2 2014	Q2 2015
	Write-downs of non-derivative investments	-1	-	-89	-66
Losses on the disposal of non-derivative investments	-	-	-258	-77	-77
Write-downs and losses on the disposal of derivatives	-1	-1	-493	-736	-736
Management expenses, interest charges and other expenses	-1	-1	-129	-123	-123
Thereof:					
Interest charges	-	-	-5	-4	-4
Total	-3	-2	-969	-1,002	

Result from insurance-related investments

€m	Q1-2 2015	Q2 2015	Q1-2 2014	Q2 2014
Investments for unit-linked life insurance contracts	272	-324	325	214
Other insurance-related investments	-19	-2	-48	-15
Total	253	-326	277	199

Other operating result

€m	Reinsurance			
	Life		Property-casualty	
	Q1-2 2015	Q1-2 2014	Q1-2 2015	Q1-2 2014
Other operating income	69	62	154	118
Thereof:				
Interest income	39	37	4	7
Write-ups of other operating assets	-	-	3	2
Other operating expenses	-40	-35	-196	-140
Thereof:				
Interest charges	-6	-5	-14	-11
Write-downs of other operating assets	-1	-1	-3	-3

€m	ERGO					
	Life and Health Germany		Property-casualty Germany		International	
	Q1-2 2015	Q1-2 2014	Q1-2 2015	Q1-2 2014	Q1-2 2015	Q1-2 2014
Other operating income	48	58	28	32	64	62
Thereof:						
Interest income	2	5	1	1	2	1
Write-ups of other operating assets	3	2	1	3	-	-
Other operating expenses	-77	-79	-26	-43	-72	-75
Thereof:						
Interest charges	-19	-25	-5	-7	-5	-6
Write-downs of other operating assets	-3	-4	-1	-3	-10	-7

€m	Munich Health				Total	
	Q1-2 2015	Q1-2 2014	Q1-2 2015	Q1-2 2014	Q1-2 2015	Q1-2 2014
	Other operating income	25	27	388	359	
Thereof:						
Interest income	3	3	51	54		
Write-ups of other operating assets	1	1	8	8		
Other operating expenses	-27	-29	-438	-401		
Thereof:						
Interest charges	-3	-5	-52	-59		
Write-downs of other operating assets	-1	-1	-19	-19		

Other operating result

€m	Reinsurance			
	Q2 2015	Q2 2014	Life	Property-casualty
			Q2 2015	Q2 2014
Other operating income	40	31	87	64
Thereof:				
Interest income	20	18	4	4
Write-ups of other operating assets	-	-	1	2
Other operating expenses	-21	-17	-91	-64
Thereof:				
Interest charges	-3	-3	-5	-5
Write-downs of other operating assets	-1	-1	-2	-2



€m	ERGO					
	Life and Health Germany		Property-casualty Germany		International	
	Q2 2015	Q2 2014	Q2 2015	Q2 2014	Q2 2015	Q2 2014
Other operating income	24	27	15	15	31	31
Thereof:						
Interest income	1	4	1	-	1	1
Write-ups of other operating assets	3	2	-	-	-	-
Other operating expenses	-37	-40	-11	-18	-37	-31
Thereof:						
Interest charges	-9	-13	-2	-4	-3	-3
Write-downs of other operating assets	-1	-2	-1	-	-6	-3



€m	Munich Health				Total	
	Q2 2015	Q2 2014	Q2 2015	Q2 2014	Q2 2015	Q2 2014
Other operating income	12	14	209	182		
Thereof:						
Interest income	2	2	29	29		
Write-ups of other operating assets	-	1	4	5		
Other operating expenses	-13	-16	-210	-186		
Thereof:						
Interest charges	-2	-2	-24	-30		
Write-downs of other operating assets	-	-1	-11	-9		

Other operating income mainly comprises income of €255m (227m) from services rendered, interest and similar income of €50m (55m), income of €38m (35m) from the release/reduction of miscellaneous provisions and provisions for bad and doubtful debts, and income of €16m (17m) from owner-occupied property, some of which is also leased out.

In addition to expenses of €196m (174m) for services rendered, other operating expenses chiefly include interest charges and similar expenses of €51m (59m), other write-downs of €15m (14m), and other tax of €61m (47m). They also contain expenses of €6m (8m) 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 2015	Q1-2 2014	Q1-2 2015	Q1-2 2014
Other non-operating income	493	250	1.439	553
Other non-operating expenses	-567	-304	-1.656	-711
Impairment losses of goodwill	-	-	-	-
Net finance costs	-20	-18	-63	-59

€m	ERGO					
	Life and Health Germany		Property-casualty Germany		International	
	Q1-2 2015	Q1-2 2014	Q1-2 2015	Q1-2 2014	Q1-2 2015	Q1-2 2014
Other non-operating income	617	206	215	78	16	62
Other non-operating expenses	-701	-275	-239	-111	-43	-86
Impairment losses of goodwill	-	-	-	-	-	-
Net finance costs	-15	-14	-7	-8	-14	-14

€m	Munich Health				Total	
	Q1-2 2015	Q1-2 2014	Q1-2 2015	Q1-2 2014	Q1-2 2015	Q1-2 2014
	Other non-operating income	15	9	2,795	1,158	1,158
Other non-operating expenses	-15	-11	-3,221	-1,498	-1,498	-1,498
Impairment losses of goodwill	-	-	-	-	-	-
Net finance costs	-1	-1	-120	-114	-114	-114

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

€m	Reinsurance			
	Life		Property-casualty	
	Q2 2015	Q2 2014	Q2 2015	Q2 2014
Other non-operating income	56	127	150	315
Other non-operating expenses	-140	-171	-432	-435
Impairment losses of goodwill	-	-	-	-
Net finance costs	-10	-9	-31	-30

€m	ERGO					
	Life and Health Germany		Property-casualty Germany		International	
	Q2 2015	Q2 2014	Q2 2015	Q2 2014	Q2 2015	Q2 2014
Other non-operating income	245	115	71	43	5	16
Other non-operating expenses	-292	-148	-77	-54	-16	-31
Impairment losses of goodwill	-	-	-	-	-	-
Net finance costs	-8	-6	-3	-5	-7	-7

€m	Munich Health				Total	
	Q2 2015	Q2 2014	Q2 2015	Q2 2014	Q2 2015	Q2 2014
	Other non-operating income	2	4	529	620	620
Other non-operating expenses	-4	-6	-961	-845	-845	-845
Impairment losses of goodwill	-	-	-	-	-	-
Net finance costs	-1	-1	-60	-58	-58	-58

The other non-operating income and expenses are unrelated to the conclusion, administration or settlement of insurance contracts or the administration of investments.

Besides foreign currency exchange gains of €2,745m (1,100m), the other non-operating income mainly contains other non-technical income of €47m (58m).

Besides foreign-currency exchange losses of €3,041m (1,319m), the other non-operating expenses comprise write-downs of €33m (33m) on other intangible assets, and other non-technical expenses of €147m (146m), such as restructuring expenses and other amounts that cannot be allocated elsewhere.

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

In the first quarter of 2015, Munich Health Holding AG, Munich, sold its shares in the fully consolidated company DKV Luxembourg S.A., Luxembourg. The sales price was in the low double-digit million euro range. The sale had a negative impact of around €3m on our consolidated result.

In the fourth quarter of 2014, MEAG MUNICH ERGO AssetManagement GmbH sold its shares in its associate PICC Asset Management Company Limited, Shanghai, with economic effect in June 2015. We posted a moderately positive result overall from the disposal of this share, which we accounted for using the equity method.

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 and joint ventures. 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 significant transactions were conducted between Board members and Munich Re.

Number of staff

The number of staff employed by the Group as at 30 June 2015 totalled 21,696 (21,899) in Germany and 21,271 (21,417) in other countries.

Number of staff

	30.6.2015	31.12.2014
Reinsurance	11,988	11,749
ERGO	28,465	28,560
Munich Health	2,514	3,007
Total	42,967	43,316

Contingent liabilities, other financial commitments

In comparison with the situation at 31 December 2014, financial commitments of significance for the assessment of the Group's financial position have not changed materially.

Earnings per share

Diluting effects to be disclosed separately 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 share¹

	Q1-2 2015	Q2 2015	Q1-2 2014	Q2 2014
Consolidated result attributable to Munich Reinsurance Company equity holders €m	1,860	1,070	1,694	758
Weighted average number of outstanding shares	167,233,356	166,746,728	174,130,140	172,774,261
Earnings per share €	11.12	6.42	9.73	4.39

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

Events after the balance sheet date

On 23 July 2015, via its subsidiary Victoria Investment Properties Two L.P., Atlanta, USA, Munich Re acquired an additional 18% of the voting shares in 13th & F Associates Limited Partnership Columbia Square (13th & F), Washington, D.C., USA, from Hines Columbia Square, L.P., Houston, USA – the previous general managing partner. We consequently increased our shareholding to 98% and gained control over the company, which is the property management and holding company of an office building in Washington, D.C. A purchase price of US\$ 82.0m (€75.3m) was paid mainly in cash for the acquisition of the shares.

The provisional IFRS fair values of the assets and liabilities of the acquired company at the time of acquisition are as follows:

IFRS fair values of the assets and liabilities at the acquisition date

€m	13th & F
Purchase price	75
Cash	75
Liabilities incurred	-
Assets acquired	469
Intangible assets	-
Investments	445
Receivables ¹	14
Cash at bank, cheques and cash in hand	10
Deferred tax assets	-
Other assets	-
Liabilities assumed	56
Other reserves	-
Liabilities	56
Deferred tax liabilities	-
Other liabilities ²	-

1 The fair value of the receivables acquired as part of the transactions corresponds to the carrying amount. No defaults were expected at the acquisition date.

2 No contingent liabilities, contingent payments or separate transactions within the meaning of IFRS 3 were identified.

The initial accounting of the acquired assets and liabilities of 13th & F was not yet complete at the time the consolidated financial statements were prepared. For this reason, disclosures pursuant to IFRS 3 paragraph 64B o-q cannot be made about non-controlling interests, business combinations achieved in stages, and proceeds recognised in the income statement.

Drawn up and released for publication, Munich,
5 August 2015

The Board of Management

Review report

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 2015 to 30 June 2015, that are part of the semi-annual financial report according to Section 37w of the German Securities Trading Act (WpHG). 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 Securities Trading Act 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 Securities Trading Act 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 Securities Trading Act applicable to interim group management reports.

Munich, 6 August 2015

KPMG Bayerische Treuhandgesellschaft
Aktiengesellschaft Wirtschaftsprüfungsgesellschaft
Steuerberatungsgesellschaft

Dr. Frank Ellenbürger
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 2015

H. Hany

Alto

Arnoldussen

Bleumch

Kapka

Jaworski

P. H.

Shuck

Werning

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Münchener Rückversicherungs-Gesellschaft (Munich Reinsurance Company) is a reinsurance company organised under the laws of Germany. In some countries, including in the United States, Munich Reinsurance Company holds the status of an unauthorised reinsurer. Policies are underwritten by Munich Reinsurance Company or its affiliated insurance and reinsurance subsidiaries. Certain coverages are not available in all jurisdictions.

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Responsible for content

Group Reporting

Editorial deadline: 4 August 2015
Publication date: 6 August 2015

Printed by

Kastner & Callwey
Jahnstrasse 5
85661 Forstinning
Germany

The official German original of this report is also available from the Company. In addition, you can find our annual and interim reports, along with further information about Munich Re and its shares, on the internet at www.munichre.com.

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Important dates 2015

5 November 2015
Interim report as at 30 September 2015

Important dates 2016

16 March 2016
Balance sheet press conference
for 2015 consolidated financial statements

27 April 2016
Annual General Meeting

10 May 2016
Interim report as at 31 March 2016

9 August 2016
Interim report as at 30 June 2016

9 August 2016
Half-year press conference

9 November 2016
Interim report as at 30 September 2016