



HALF-YEAR REPORT
1/2008

ERGO

For our shareholders

- Investment income affected by market turbulences – profit outlook for the year as a whole reduced to a margin of € 320 m to € 380 m
- Consolidated result of € 269 m (403 m) for the first six months
- Total premiums up by 3.5% - increase in both domestic and international business
- Very good combined ratio of 90.5% (92.7%) for non-life insurance in spite of numerous natural disasters
- Integration of Europäische Reiseversicherung and Mercur Assistance

Dear Shareholders!

This interim report will provide you with information on business activities for the ERGO Insurance Group during the first six months of 2008. During this period the ERGO Insurance Group recorded operating income of € 478 m (607 m) and consolidated income after tax of € 269 m (403 m). The results recorded in both previous years were marked by well above-average investment income, whereas the first six months of the reporting year experienced major turbulences on the capital markets.

At € 1.5 bn, the investment result for the reporting period was significantly below that of the excellent figures recorded in the past year (€ 3.3 bn). Weak development on the capital markets is reflected by the amount resulting from gains and losses from disposals as well as write-ups and write-downs. Since the beginning of 2008 share prices have fallen considerably; the EuroStoxx50 was down by 23.8% during the first six months and the DAX fell by 20.4%. There were also major fluctuations with fixed interest-bearing securities and exchange rates. As a major investor with investments totalling around € 100 bn, we were of course unable to evade these trends. In spite of our cautious investment policy and our awareness of risks involved, we were forced to write off substantial amounts to our share portfolio. Income from disposals was significantly less than the figure recorded last year, which was characterised by substantial gains made from the sale of shares and real estate. The net amount from gains and losses from disposals as well as write-ups and write-downs dropped to € -585 m after standing at € 955 m for the first six months of 2007.

For the second half of the year we no longer expect a major recovery to take place on the capital market. This has caused us to revise expected results for the year to within the region of € 320 m to € 380 m. The initial forecast of € 480 m to € 600 m was calculated based on a normal capital market environment.

In terms of business operations, the first six months of 2008 were once again good. Total premium income for the first six months of this year across all segments was up by 3.5% to € 9.0 bn (8.7 bn), whereby a significant increase was recorded especially in all segments of international business (+12.5%). At 90.5% (92.7%), a very good improvement was noted for the combined ratio for non-life insurance.

Underlying economic situation

The continued rise in the price of oil as well as the high prices for raw materials and food pushed up inflation rates throughout the world during the period under review. Whereas economic growth has now also suffered a slowdown in Europe – as was previously the case in the USA - the economies of developing countries are continuing to thrive, especially that of China.

Following surprisingly strong growth during the first quarter (especially in Germany) early indicators, such as Purchasing Manager Indexes of manufacturing goods and the service sectors in the eurozone, are signalling a marked economic slow-down. The employment market was resilient, but consumer confidence took a noticeable nosedive. In June the rate of inflation in the eurozone climbed to 4.0%. A year ago this figure still stood at 1.9%.

There was a dramatic rise in the price of oil, accelerating to an all-time high of just under 140 US\$ per barrel. During the second quarter the euro also reached a record high of 1.60 US\$ and stood at 1.58 US\$ at the end of the first six months of 2008. The US Federal Reserve lowered its base lending rate on a number of occasions, and reduced it even further once again at the end of April, from 2.25% to 2.0%. On the other hand, the base rate of the European Central Bank remained constantly at a comparatively high level of 4.0%; it even stood at 4.25% at the beginning of July. In this environment marked by higher inflationary tendencies, there was a noticeable rise in the long-term interest rates in the USA and eurozone. Following an overall sharp fall in share prices during the first quarter, inconsistent developments were recorded during the second quarter. Whereas slight rises were experienced on the Japanese stockmarket, positive trends on the European and US markets did not continue into the second quarter. As at 30 June 2008 some were at a significantly lower rate.

For the remainder of the year we expect that there will be a continued slow-down in the dynamic force of the world economy as a result of the prevailing major degree of uncertainty. It is possible that the second half of the year will witness a moderate return of economic impetus in the USA, whereas growth in Germany and the eurozone is expected to be less than for the initial six months.

Particular imponderables for the economic outlook are due to the threat that the price of oil and inflation will continue to rise. Furthermore, the crisis on the finance markets could get worse or continue for a longer period than is currently expected.

Trends in the ERGO Insurance Group

From January to June 2008 total premium income for all segments was up by 3.5% to € 9.0 bn (8.7 bn). Substantial growth was experienced first and foremost in international business, which was up 12.5%. In the domestic market total premiums were up 1.1% on the previous year and stood at € 6.9 bn (6.8 bn). Gross premium income written – i.e. excluding savings premiums of unit-linked life insurance policies and capitalisation products – rose by 2.0% to € 8.4 bn (8.3 bn). Once again, international business acted as the predominant growth engine, up 11.7%.

Investment income fell to € 1.5 bn during the reporting period. At € 3.3 bn, income recorded for the previous year was strongly influenced by heavy profits stemming from the sale of shares and a larger real estate package. Not only was there nothing like these earnings recorded during the first six months of 2008, but a negative impact was felt with the turbulences experienced on the capital markets. Falls in share prices on the stockmarkets meant that we were forced to undertake write-downs on shares in accordance with the strict impairment rules. This amounted to around € 984 m. Overall, the result from disposals, write-ups and write-downs amounted to € -585 m (+955 m). On the other hand, regular income, which is particularly important for our personal lines business, was up slightly by 0.8 % to € 2.50 bn (2.48 bn).

Investments which, for the main part, are shown on the balance sheet with their market value, fell to € 100.7 bn. Compared to the end of last year, the equity ratio fell to 10.1% (11.9%) as at 30 June 2008. To safeguard against significant falls in share prices, we have used financial derivatives to hedge parts of our share portfolio. If this hedging is taken into account, the equity ratio stands at 7.6% (10.2%). The balance left over from unrealised gains and losses on miscellaneous securities available for sale was down to € -0.6 bn after reaching € 1.9 bn at the end of the previous year. The downturn is mainly to do with the lower market prices for non-fixed-interest securities. During the second quarter the rising interest level and decreasing market prices for fixed interest-bearing securities related to it also led to a decline.

Net expenses for claims and benefits fell by 19.1% to € 6.8 bn (8.4 bn) for the first six months of 2008. The main reason for this is lower expenditure on premium refunds, down to € 98 m (1,350 m) as a result of the lower investment result. Pure claims expenditure was up by 2.6%, meaning that it grew less than net earned premiums (+3.2%). At a very good 90.5% (92.7%), an improvement was recorded for the combined ratio for non-life insurance. Hurricane Kyrill had a negative impact on the claims ratio during the same reporting period in 2007. Nevertheless, in 2008 a large number of regional natural catastrophes happened, such as a storm named "Emma" and the thunderstorm Hilal which, when combined, resulted in roughly the same burden on the net claims ratio as Kyrill last year.

Net operating expenses were up by 4.5% for the first six months of this year. This increase is primarily due to acquisition costs which were up 6.3% on the first half of 2007. As expected, the fourth stage of tax incentives with Riester retirement policies also led to higher acquisition costs. On the other hand, we recorded a larger degree of expenses for deferred acquisition costs which had an alleviating effect on expenditure. Especially gratifying: gross administrative expenses were able to be reduced by 0.5% during the same reporting period.

As already mentioned, income for the first six months of 2008 was adversely affected by the turbulences experienced on the capital markets. As at 30 June 2008, operating income was € 478 m (607 m) and hence 21.3% down on the same period last year. Consolidated income after tax and costs for finance came to € 269 m (403 m). As a result of our good technical situation income in absolute terms still stands at an acceptable level.

Shareholders' equity of the ERGO Insurance Group was € 3.7 bn (including minority interests) as at 30 June 2008 after standing at € 5.1 bn as at 31 December 2007. Payment of a dividend totalling € 1 bn meant that equity in the second quarter of 2008 was reduced accordingly in the context of our active capital management in accordance with our risk model. To finance this we have taken out a corresponding loan with our parent company as announced. Our capital base meets all requirements of our internal risk model, models of well-known rating institutions and regulatory bodies. At the same time we have reduced our capital costs as the rate of interest for borrowed capital is significantly less than the dividend expectation of our shareholders pertaining to the capital made available to us. In addition, the major decline in the shareholders' share of net unrealised gains and losses of other securities available for sale which is part of the other reserves had a negative impact on shareholders' equity.

A report on the development of our individual segments is given below:

Life

In the first six months of 2008 our life insurers recorded premium income totaling € 3.44 bn (3.37 bn); equivalent to a 2.1% increase. Pleasing growth of 8.1% from international business can be attributed in particular to good business activity in Austria (+20.6%) and Belgium (+12.8%). There was a rise in overall premium income in the home market too, up 0.8%. Gross premiums written in Germany and abroad were down 2.5% to € 2.9 bn (3.0 bn). Compared with total premium income, these do not contain savings premiums from unit-linked life insurance policies nor capitalisation products, such as the Riester pension scheme in Germany – product lines which are becoming increasingly important for us.

Double-digit growth was recorded for new domestic business compared with the same period last year. The main factor for the rise in the annual premium equivalent (APE), up 17.9%, was the fourth tax incentive stage with the Riester policies which came into effect at the start of the year. A lot of customers had an agreement with us to have their insurance policy automatically adjusted in line with the maximum tax incentive thresholds. If new business is adjusted to take this aspect into account, then a drop of 11.2% is recorded. Whereas ERGO measures new business according to APE, the German Insurance Association does it according to the nominal annual premium rate. With this disclosure we would have recorded new business development amounting to 12.1% including Riester business and 1.1% without it. Following the German Insurance Contract Act at least two visits to the customer are required since the beginning of the year before a contract is signed. Initially, this had a dampening effect on new business which was particularly felt in the first quarter of 2008. A 5.6% increase in new business was recorded abroad. Above all, positive development was recorded by companies in Central and Eastern Europe.

There has been a strong decline in investment income in the Life segment. Compared with € 2.2 bn for the same period last year it now stands at € 991 m. The main reasons for this fall of 55.3% are the significant drop in income from disposals, which is 85.7% down on last year's figure, as well as higher write-offs of € 870 m (247 m). At € 1.64 bn (1.63 bn), regular income remained on par with last year's figure.

Expenses for claims and benefits to customers amounted to € 3.0 bn (4.3 bn) (-31.0%). Expenditure on premium refunds constitute the main component for the decline, which was down to € -57 m (766 m) as a consequence of lower investment income. On balance, additions to the provision for future policy benefits were also significantly lower than last year (-80.7%); however, last year's figure was higher than average because adjustments were necessary due to revised regulations governing refunds which are shown in the provision for future policy benefits in accordance with IFRS. Overall, net operating expenses fell by 6.8% which is mainly due to the deferred acquisition costs: more acquisition

costs were deferred as a result of the fourth stage of the Riester pension scheme than in the previous year; this had a relieving effect. Administrative costs (gross) in accordance with IFRS fell by 5.5%; the administrative expense ratio (gross) improved to 4.6% (4.7%). Market comparisons are normally carried out in line with German Commercial Law (HGB); the ratio according to the German Commercial Code was down 3.4% (3.6%). Full year ratios are normally lower than the half year figures.

As at 30 June 2008, operating profit was € 191 m after standing at € 143 m in the first half of 2007. On balance, this results in a consolidated income of € 94 m (73 m), which represents a 28.6% rise compared with the same period in the preceding year. For the year as a whole, however, profit for the Life segment will remain significantly lower than last year's level.

Health

Premiums in the Health segment were up by 2.6% to € 2.8 bn (2.7 bn) for the period January to June 2008. Strong growth was recorded for international business, up by 9.2% to € 435 m (398 m), most notably in Belgium (+13.5%). Growth in Germany, up 1.5% to € 2.32 bn (2.29 bn), was expectedly somewhat more reserved. Business involving supplementary insurance increased by 4.3%, premium income from comprehensive health insurance was up by 0.8%. Here, the health reform makes itself felt which has had a noticeable effect on business pertaining to comprehensive insurance. The 3-year change-over imposition is bound to have an ongoing negative impact during the changeover phase up until January 2010: since the beginning of the year new business in comprehensive insurance has fallen by one quarter when compared to the previous year. It should be noted, however, that we recorded strong new business last year because a lot of customers seized the final opportunity to change over immediately to private medical insurance. Moreover, misleading media reports during the last quarter concerning the end of private health insurance and the launch of an uniform insurance tariff added to customers' uncertainty. In fact the opposite should be the case, as private health insurance will be needed more urgently than ever as the market alternative to a state health insurance which is becoming increasingly regulated. Only in this way can more capital cover and fairness among the generations be achieved.

Regular income from investments rose by 3.2%. However, following a fall in the net result from disposals to € -106 m (170 m) and a negative balance from write-ups and write-downs, net investment income for the health segment was down 52.3% to € 358 m (750 m).

At 12.7%, expenses for claims and benefits were below last year's figure, again due to expenditure for premium refunds. This fell by 73.9% due to low investment income. Net operating expenditure was up 11.6 %. This was due to a basic effect: last year healthy new business in conjunction with the forthcoming introduction of the 3-year changeover imposition period resulted in good new business and, hence, a higher deferment of acquisition costs. This was considerably less in the year under review. Consequently, at 13.3%, the cost ratio was above last year's figure of 12.3%. Thanks to a sharp drop in administrative expenditure (-5.0%), the administrative expense ratio (gross) dropped from 3.3% last year to 3.0% for the first six months of 2008.

Operating income is 28.7% less than last year's figure and currently stands at € 54 m (76 m). After tax, the consolidated profit is € 26 m, last year it stood at € 39 m.

On 28 May 2008 we announced that we will be taking over Europäische Reiserversicherung and Mercur Assistance. Up until then the companies were part of the Munich Re which is also our majority shareholder. With the integration into ERGO, a centre of expertise in the field of travel will be set up within the ERGO Health segment. We offer the entire range of insurance services encompassing travel; these include travel cancellation and interruption, lost/stolen luggage, emergency medical cover and travel assistance services. Bundling activities provides positive effects on competition, growth and earnings of the companies. Moreover, we expect synergy effects, especially as regards collective usage of central functions. This transaction is still subject to approval by the relevant committees and regulatory bodies, and is expected to come into effect as from 1 January 2009.

Property and casualty

In the first six months of 2008 premium income for property and casualty insurance climbed 7.4% to € 2.3 bn (€2.1 bn). As has been the case for some time, growth in international business was particularly strong, up 23.1% to € 756 m (614 m). Particularly noteworthy are first and foremost the markets in Poland (+31.6%) and Turkey (+12.4%). The South Korean direct insurer, ERGO Daum Direct, was consolidated for the first time during the second quarter of 2008; it contributed 1.8 percentage points to overall segment growth. As regards domestic business, premium income rose by 1.1% to € 1.55 bn (1.53 bn). This development was mainly thanks to commercial and industrial insurance, where we were able to increase premiums by 4.8% while maintaining our proven underwriting policy which is strictly geared towards profit. Basically, private lines business remained stable: we recorded a renewed decline in motor insurance (-1.9%), the figure for accident grew slightly (+0.5%).

Investment income dropped to € 137 m (233 m), mainly as a result of significantly higher write-offs. Regular income only fell slightly, -1.5%, down to € 153 m (155 m).

Overall, expenses for claims and benefits rose by 10.5% to € 1,049 m (950 m), claims expenditure was also up 10.5% to € 1,010 m (914 m). This rise was less than the growth in net premiums earned, which were up 13.4% also as a result of higher retentions. Consequently, the claims ratio improved to 57.9% (59.4%). Up by 7.5% to € 541 m (503 m), net operating expenses did not rise as sharply as net premiums. Fortunately, this effect was more pronounced with gross administrative expenditure, which only increased by 1.8%. As a result, the overall cost ratio fell to 31.0% (32.7%). This meant that the combined ratio stood at an excellent 88.9% (92.2%) for the first six months of the year for the property/casualty segment.

In spite of this excellent technical situation, operating income for the first half of 2008 fell due to reduced investment income: by 8.9% to € 281 m (309 m). After deducting tax, which was roughly on par with last year's level, there was a good consolidated income of € 211 m; this figure stood at € 236 m for the same period last year.

Legal expenses

For the first six months of 2008 premium income increased to € 477 m (469 m) for the legal expenses segment, representing a 1.8% rise. Both domestic (+0.8%) and international business contributed to this. The latter was up 2.8% to € 248 m (241 m), with the Netherlands being the major contributing factor (+5.9%).

The investment result also fell slightly in this segment although regular income increased slightly (+1.4%). This was due to a reduced net income from disposals and higher write-downs and write-offs, amounting to € 35 m (45 m).

Claims expenditure was up 5.9%; the claims ratio climbed to 58.4% (56.3%). At € 173 m, net operating expenses were 2.2% higher than in the previous year. Here, it was essentially administrative costs (+4.8%) which was the cause for the rise. The cost ratio remained at 38.2%, the combined ratio rose to 96.7% (94.5%).

The operating result amounted to € 45 m (64 m), the consolidated profit after tax stood at € 31 m (46 m).

International business

Total premium income for international activities rose sharply, up 12.5% to € 2.0 bn (€ 1.8 bn). This pleasing rise is mainly due to good organic growth in Poland (+32.1%), Austria (+16.5%) and Belgium (+13.0%) as well as the addition of ERGO Daum Direct in the second quarter with € 38.2 m. Significant increases in premiums were recorded especially in property/casualty insurance, up sharply by 23.1%. With premium income up by a good 8.1%, the life insurance companies have also contributed to the pleasing trend in international business. Health insurance grew by 9.2% and legal expenses insurance by 2.8%.

For reasons already given, net investment income also fell in international business, down 42.3% to € 157 m (272 m). As regards unit-linked life insurance policies in Luxembourg and Italy, there was a sharp decline in the balance from unrealised gains and losses due to the fall in funds prices; the balance is shown in investment income. As these investments are kept on the account of and at the risk of our customers, the decrease is reflected in its entire amount in the benefits to customers.

At € 1.2 bn (1.1 bn), benefits to customers were on par with last year's figure; the drop in benefits in the life insurance segment are met with higher claims expenses in the health and non-life segments as a result of growth. Acquisition costs increased by 10.5% as a result of very positive new business development abroad. Net operating expenditure was up 13.0%.

A look at the income is also very pleasing: in the first six months of 2008 operating income increased to a healthy € 146 m (116 m). Net consolidated income after tax and costs for finance increased to € 116 m after a figure of € 80 m was attained for the same period in the preceding year.

On 1 October 2008 we will take over the majority in the life insurer Bank Austria Creditanstalt Versicherung (BACAV) from the Wiener Städtische Versicherung AG. Subject to normal regulatory approval, the Wiener Städtische will sell us all their shares in the BACAV. This will mean that our stake will increase from 29% to 90% with the remaining 10% still in the hands of the UniCredit subsidiary, Bank Austria. The involvement is part of ERGO's partnership with the UniCredit group, which is already successfully established in Germany and currently being extended to Central and Eastern Europe.

On 2 May 2008 we concluded an agreement with the HERO Group, based in Delhi, to set up a joint venture in order to develop the Indian life insurance market. The registered offices of the HERO ERGO Life Insurance Company Ltd. will be situated in Mumbai, and ERGO International AG will have a 26% stake in the company. The process of obtaining the licence is currently underway, and the joint venture is due to start operating and underwriting the first life insurance policies in the second quarter of 2009.

Outlook

In face of the weak state of the capital markets over the past six months, which has already been mentioned, we are reducing the profit outlook for the year as a whole. According to the current state of affairs, income for the year as a whole will be within the region of € 320 m to 380 m. The initial forecast of € 480 m to € 600 m was calculated based on a normal capital market environment. We are adhering to our longer-term goals. By 2012 sustainable profit is expected to climb to € 900 m – under the assumption of neither extraordinarily favourable nor poor capital market conditions.

In addition to ambitious growth objectives, we also have set ourselves aspiring cost targets. As a result, a cost saving potential of material and personnel costs totalling about € 180 m has been identified. Cost savings in human resources will lead to a reduction of 1,570 jobs in Germany till 2010. In addition, 360 current vacancies will not be refilled, leading to a total reduction of 1,930 jobs.

In 2008 total premiums are expected to rise by between 3 to 4.5%, amounting to roughly € 18 bn. There will probably be a moderate rise in total premiums for the life insurance segment. As regards new business, we anticipate higher single premiums as well as regular premiums, especially in pension insurance and

unit-linked life insurance. Premiums for the Riester pension scheme are also expected to increase as a result of the fourth stage of tax incentives. Good growth is expected in health insurance. We are aiming to increase business slightly on the domestic front whereby we currently anticipate that new business in comprehensive health cover will decline as a result of the health reform in Germany and most notably the 3-year changeover imposition period. As regards international business, we are expecting double-digit growth. In non-life insurance we are expecting to achieve a good increase in premium income, which can be attributed first and foremost to strong growth stemming from international business. The first-time consolidation of ERGO Daum Direct in Korea will also contribute to international growth. Nevertheless, we anticipate an increase in business on the domestic market too, whilst the market is expected to stagnate. In terms of income, we are expecting to keep up once again with the excellent level of under 95% for the non-life combined ratio including legal expenses insurance.

Consolidated Annual Accounts

Consolidated balance sheet as at 30 June 2008

Assets	30 June 2008	31 Dec 2007
	€ million	€ million
A. Intangible assets		
I. Goodwill	412,0	404,1
II. Other intangible assets	243,6	268,6
	655,6	672,7
B. Investments		
I. Land and buildings, including buildings on third-party land	2.506,9	2.562,3
Thereof: investment property held for sale	16,2	78,2
II. Investments in affiliated companies and associates	829,6	802,9
III. Mortgage loans and other loans	38.386,8	35.163,0
IV. Other securities		
1. Held to maturity	161,3	200,0
2. Available for sale	56.417,1	59.812,8
3. Held for trading	737,3	393,6
	57.315,8	60.406,4
V. Other investments	1.617,4	3.144,7
	100.656,6	102.079,4
C. Investments for the benefit of life insurance policyholders who bear the investment risk	2.113,7	2.178,4
D. Reinsurers' share in technical provisions	7.576,5	7.419,8
E. Receivables		
I. Current tax receivables	485,0	431,0
II. Other receivables	3.575,4	3.627,7
	4.060,5	4.058,7
F. Cash with banks, cheques and cash in hand	1.734,1	1.721,5
G. Deferred acquisition costs		
- Gross	6.698,2	6.577,9
- Reinsurers' share	466,4	448,2
- Net	6.231,8	6.129,7
H. Deferred tax assets	1.580,7	1.371,5
Thereof: deferred tax assets relating to disposal groups	-	2,7
I. Other assets	2.294,1	2.174,3
Total assets	126.903,5	127.806,0

Equity and liabilities	30 June 2008	31 Dec 2007
	€ million	€ million
A. Equity		
I. Issued capital and capital reserve	841,4	841,4
II. Retained earnings	2.395,5	2.633,8
III. Other reserves	-84,0	541,3
IV. Consolidated result attributable to ERGO equity holders	245,2	738,4
V. Minority interests	313,6	326,6
	3.711,7	5.081,4
B. Subordinated liabilities	379,9	382,8
C. Gross technical provisions		
I. Unearned premiums	1.895,6	1.439,4
II. Provision for future policy benefits	85.688,3	84.223,6
III. Provision for outstanding claims	6.572,3	6.520,0
IV. Provision for premium refunds and policyholders' dividends	8.096,2	10.265,6
Thereof: provision for deferred premium refunds relating to disposal groups	-80,9	-172,3
V. Other technical provisions	91,0	79,4
	102.343,5	102.528,0
D. Gross technical provisions for life insurance policies where the investment risk is borne by policyholders	2.253,8	2.308,0
E. Other accrued liabilities		
I. Provisions for post-employment benefits	880,2	891,8
II. Tax provisions	1.062,6	1.103,4
	1.942,8	1.995,2
F. Liabilities		
I. Current tax receivables	872,9	822,5
II. Other receivables	13.263,9	12.628,0
	14.136,9	13.450,5
Thereof: amounts due to banks relating to disposal groups	19,0	19,2
G. Deferred tax liabilities	2.134,9	2.060,2
Total equity and liabilities	126.903,5	127.806,0

Consolidated Annual Accounts

Consolidated income statement
for the period 1 January to 30 June 2008

	1 Jan - 30 June 2008 €million	1 Jan - 30 June 2007 €million	1 Apr - 30 June 2008 €million	1 Apr - 30 June 2007 €million
1. Gross premiums written	8.432,6	8.270,7	3.958,6	3.887,9
2. Earned premiums				
- Gross	8.044,8	7.894,5	4.068,4	3.990,7
- Ceded reinsurance	653,3	730,5	313,7	351,5
- Net	7.391,5	7.164,0	3.754,7	3.639,1
3. Investment result				
- Investment income	3.851,3	4.166,4	1.853,1	1.794,5
- Investment expenses	2.341,5	839,1	1.019,9	455,1
- Total	1.509,8	3.327,2	833,3	1.339,4
- Thereof: income from associates	24,7	43,4	15,0	30,9
4. Other income	731,0	506,6	266,7	276,6
Total income (2.-4.)	9.632,4	10.997,8	4.854,7	5.255,1
5. Expenses for claims and benefits				
- Gross	7.219,1	8.896,0	3.781,3	4.210,8
- Ceded reinsurance	411,4	478,6	197,8	208,9
- Net	6.807,7	8.417,4	3.583,6	4.001,8
6. Operating expenses				
- Gross	1.673,7	1.621,6	840,1	806,2
- Ceded reinsurance	153,9	166,5	83,1	96,2
- Net	1.519,8	1.455,1	757,0	710,0
7. Other expenses	827,4	518,0	273,0	256,0
Total expenses (5.-7.)	9.154,9	10.390,5	4.613,6	4.967,8
8. Result before impairment losses of goodwill	477,5	607,4	241,1	287,3
9. Impairment losses of goodwill	-0,3	-	-0,3	-
10. Operating result	477,7	607,4	241,4	287,3
11. Finance costs	10,1	10,9	4,9	5,6
12. Taxes on income	198,8	194,0	118,4	129,2
13. Consolidated result	268,8	402,5	118,0	152,5
Thereof:				
- Attributable to ERGO equity holders	245,2	387,1	101,8	142,3
- Attributable to minority interests	23,6	15,4	16,2	10,2
Earnings per share in accordance with IFRS €	3,25	5,13	1,35	1,89

Consolidated Annual Accounts

Consolidated cash flow statement
for the period 1 January to 30 June 2008

Changes in cash	1 Jan - 30 June 2008 €million	1 Jan - 30 June 2007 €million
Consolidated result	268,8	402,5
Net change in technical provisions	1.213,9	2.847,7
Change in deferred acquisition costs	-100,0	-65,8
Change in deposits retained and accounts receivable and payable	125,2	180,8
Change in other receivables and liabilities	524,8	-511,7
Gains and losses on the disposal of investments	-89,9	-1.237,2
Change in securities held for trading	41,4	-149,7
Change in other balance sheet items	-153,1	72,8
Other income/expenses without impact on cash flow	983,7	193,8
I. Cash flows from operating activities	2.814,8	1.733,3
Inflows from the sale of consolidated companies	-	69,6
Outflows from the acquisition of consolidated companies	-36,5	-11,2
Change from the acquisition, sale and maturities of other investments	-1.597,7	-807,6
Change from the acquisition and sale of investments for unit-linked life insurance	-150,7	-151,0
Other	-37,1	132,3
II. Cash flows from investing activities	-1.822,0	-767,9
Inflows from increase in capital	-	-
Dividend payments	-1.009,1	-132,7
Change from other financing activities	36,6	-16,0
III. Cash flows from financing activities	-972,5	-148,7
Cash flows for the financial year (I.+ II.+ III.)	20,4	816,7
Effect of exchange rate changes on cash	7,9	-0,6
Cash at the beginning of the financial year	1.721,5	1.223,5
Cash at the end of the financial year	1.734,1	2.040,8

Consolidated Annual Accounts

Changes in equity

Changes in equity	Equity attributable to ERGO equity holders				Minority interests	Total equity
	Issued capital and capital reserve	Retained earnings	Other reserves	Consolidated result		
	€million	€million	€million	€million		
Status at 31 Dec 2006	841,4	1.831,3	810,3	840,6	305,0	4.628,6
Allocation to retained earnings	-	719,8	-	-719,8	-	-
Total recognised income and expenses	-	12,8	-336,6	387,1	3,9	67,2
Thereof: Adjustments pursuant to IAS 8	-	-0,5	-	-	-	-0,5
Dividend	-	-	-	-120,8	-11,9	-132,7
Share buy-backs	-	-	-	-	-	-
Status at 30 June 2007	841,4	2.563,9	473,7	387,1	297,0	4.563,1
Status at 31 Dec 2007	841,4	2.633,8	541,3	738,4	326,6	5.081,4
Allocation to retained earnings	-	-261,8	-	261,8	-	-
Total recognised income and expenses	-	23,5	-625,3	245,2	-4,1	-360,7
Thereof: Adjustments pursuant to IAS 8	-	-	-	-	-	-
Dividend	-	-	-	-1.000,2	-8,9	-1.009,1
Share buy-backs	-	-	-	-	-	-
Status at 30 June 2008	841,4	2.395,5	-84,0	245,2	313,6	3.711,7

Statement of recognised income and expenses

	1 Jan - 30 June 2008	1 Jan - 30 June 2007
	€million	€million
Consolidated result	268,8	402,5
Currency translation	-32,7	11,1
Unrealised gains and losses on investments	-642,0	-364,9
Change resulting from valuation at equity	-0,1	-0,6
Change resulting from cash flow hedges	-0,9	-1,5
Actuarial gains and losses on defined benefit plans	20,8	-
Change in consolidated group	27,6	5,9
Other changes	-2,2	14,7
Income and expense recognised directly in equity	-629,5	-335,3
Total recognised income and expense	-360,7	67,2
Thereof:		
- Attributable to ERGO equity holders	-356,6	63,3
- Attributable to minority interests	-4,1	3,9
Adjustments pursuant to IAS 8	-	-0,5

Consolidated Annual Accounts

Segment reporting - classification according to business segments

Assets	Life		Health	
	30 June 2008 € million	31 Dec 2007 € million	30 June 2008 € million	31 Dec 2007 € million
A. Intangible assets				
I. Goodwill	84,7	84,7	82,6	82,6
II. Other intangible assets	57,5	62,4	45,9	46,9
	142,2	147,1	128,5	129,5
B. Investments				
I. Land and buildings, including buildings on third-party land Thereof: investment property held for sale	1.739,7 -	1.792,6 60,5	616,7 -	618,0 -
II. Investments in affiliated companies and associates	311,5	325,6	263,2	283,2
III. Mortgage loans and other loans	26.720,0	24.415,0	11.505,5	10.761,5
IV. Other securities				
1. Held to maturity	155,5	192,7	-	-
2. Available for sale	37.739,2	40.346,5	12.702,3	13.322,8
3. Held for trading	564,6	298,9	147,5	81,5
	38.459,3	40.838,1	12.849,8	13.404,3
V. Other investments	791,8	2.375,6	185,7	248,3
	68.022,3	69.746,9	25.421,0	25.315,4
C. Investments for the benefit of life insurance policyholders who bear the investment risk	2.112,6	2.177,1	1,1	1,3
D. Reinsurers' share in technical provisions	5.656,6	5.592,5	1.049,9	1.020,2
E. Deferred acquisition costs				
- Gross	4.384,7	4.300,4	1.787,6	1.787,7
- Reinsurers' share	475,2	466,2	1,4	0,4
- Net	3.909,5	3.834,2	1.786,2	1.787,4
F. Other segment assets	5.465,7	5.534,6	1.688,8	1.680,0
Thereof: other segment assets relating to disposal groups	-	2,0	-	-
Total segment assets	85.308,9	87.032,4	30.075,5	29.933,8

Property and casualty		Legal expenses		Other/ consolidation		Group value	
30 June 2008	31 Dec 2007	30 June 2008	31 Dec 2007	30 June 2008	31 Dec 2007	30 June 2008	31 Dec 2007
€million	€million	€million	€million	€million	€million	€million	€million
234,7	226,8	-	-	10,0	10,0	412,0	404,1
100,7	96,3	9,3	4,7	30,2	58,3	243,6	268,6
335,4	323,1	9,3	4,7	40,2	68,4	655,6	672,7
67,7	68,5	8,3	8,9	74,6	74,3	2.506,9	2.562,3
-	1,5	-	-	16,2	16,2	16,2	78,2
306,8	313,7	70,9	65,5	-122,8	-185,1	829,6	802,9
1.551,9	1.434,3	250,8	233,5	-1.641,4	-1.681,3	38.386,8	35.163,0
-	-	5,8	7,3	-	-	161,3	200,0
4.467,0	4.557,7	1.235,8	1.308,4	272,8	277,4	56.417,1	59.812,8
19,9	10,0	4,1	2,0	1,3	1,4	737,3	393,6
4.486,9	4.567,6	1.245,7	1.317,6	274,1	278,7	57.315,8	60.406,4
395,3	322,7	64,0	96,7	180,6	101,4	1.617,4	3.144,7
6.808,6	6.706,9	1.639,7	1.722,2	-1.234,9	-1.412,0	100.656,6	102.079,4
-	-	-	-	-	-	2.113,7	2.178,4
914,7	848,2	5,4	6,2	-50,2	-47,4	7.576,5	7.419,8
444,4	410,8	128,9	128,5	-47,1	-49,5	6.698,4	6.577,9
36,3	30,6	0,6	0,5	-47,1	-49,5	466,4	448,2
407,8	380,2	128,3	127,9	-	-	6.231,8	6.129,7
2.260,4	2.320,8	483,3	472,7	-228,9	-682,1	9.669,3	9.326,1
-	0,7	-	-	-	-	-	2,7
10.727,0	10.579,2	2.266,0	2.333,7	-1.473,8	-2.073,1	126.903,5	127.806,0

Consolidated Annual Accounts

Segment reporting - classification according to business segments

Equity and liabilities	Life		Health	
	30 June 2008	31 Dec 2007	30 June 2008	31 Dec 2007
	€million	€million	€million	€million
A. Subordinated liabilities	31,5	-	1,5	-
B. Gross technical provisions				
I. Unearned premiums	0,1	0,4	144,1	104,4
II. Provision for future policy benefits	65.438,0	64.926,3	19.965,8	19.031,6
III. Provision for outstanding claims	1.224,6	1.236,8	920,9	949,6
IV. Provision for premium refunds and policyholders' dividends	2.203,8	3.745,6	5.770,0	6.407,0
Thereof: provision for deferred premium refunds relating to disposal groups	-80,9	-85,7	-	-
V. Other technical provisions	14,8	13,1	8,9	1,6
	68.881,2	69.922,1	26.809,6	26.494,1
C. Gross technical provisions for life insurance policies where the investment risk is borne by policyholders	2.252,8	2.306,7	1,1	1,3
D. Other accrued liabilities	548,6	542,0	215,7	232,0
E. Other segment liabilities	11.968,1	12.259,7	2.124,3	2.120,2
Thereof: other segment liabilities relating to disposal groups	-	-	-	-
Total segment liabilities	83.682,1	85.030,5	29.152,2	28.847,6
Equity*				
Total equity and liabilities				

*The equity is merely stated for the Group as a whole. A break-down into segments would result in an inappropriate representation of the capital resources due to inter-segment capital interlocking.

Property and casualty		Legal expenses		Other/ consolidation		Group value	
30 June 2008	31 Dec 2007	30 June 2008	31 Dec 2007	30 June 2008	31 Dec 2007	30 June 2008	31 Dec 2007
€million	€million	€million	€million	€million	€million	€million	€million
-	-	-	-	346,9	382,8	379,9	382,8
1.395,8	994,3	358,1	341,0	-2,4	-0,7	1.895,6	1.439,4
330,3	310,2	-	-	-45,7	-44,5	85.688,3	84.223,6
3.336,9	3.248,1	1.091,6	1.087,2	-1,7	-1,6	6.572,3	6.520,0
53,1	52,0	2,6	2,6	66,9	58,5	8.096,2	10.265,6
-	-	-	-	-	-86,6	-80,9	-172,3
54,0	52,2	13,7	13,1	-0,4	-0,6	91,0	79,4
5.170,0	4.656,7	1.466,0	1.443,9	16,6	11,1	102.343,5	102.528,0
-	-	-	-	-	-	2.253,8	2.308,0
246,3	266,2	117,0	131,1	815,3	824,1	1.942,8	1.995,2
1.420,2	1.507,8	201,5	210,8	557,7	-587,9	16.271,8	15.510,7
-	-	-	-	19,0	19,2	19,0	19,2
6.836,5	6.430,6	1.784,5	1.785,7	1.736,6	630,1	123.191,8	122.724,6
						3.711,7	5.081,4
						126.903,5	127.806,0

Consolidated Annual Accounts

Segment reporting - classification according to business segments

Consolidated income statement	Life		Health	
	1 Jan - 30 June 2008 €million	1 Jan - 30 June 2007 €million	1 Jan - 30 June 2008 €million	1 Jan - 30 June 2007 €million
1. Gross premiums written				
From insurance transactions with other segments	4,6	1,0	-	-
From insurance transactions with external third parties	2.900,7	2.978,4	2.757,2	2.686,1
	2.905,3	2.979,3	2.757,3	2.686,1
2. Earned premiums				
- Gross	2.905,6	2.979,9	2.711,3	2.641,2
- Ceded reinsurance	291,4	312,3	132,4	127,3
- Net	2.614,1	2.667,6	2.578,8	2.513,9
3. Investment result				
- Investment income	2.524,9	2.783,6	992,6	966,4
- Investment expenses	1.534,0	567,3	635,0	216,7
- Total	990,9	2.216,3	357,6	749,7
Thereof: income from associates	-0,6	30,8	0,2	1,4
4. Other income	583,5	443,3	214,6	145,7
Total income (2.-4.)	4.188,5	5.327,2	3.151,1	3.409,3
5. Expenses for claims and benefits				
- Gross	3.163,6	4.527,4	2.603,6	2.959,8
- Ceded reinsurance	181,1	204,7	92,9	84,2
- Net	2.982,5	4.322,7	2.510,7	2.875,7
6. Operating expenses				
- Gross	496,2	529,8	375,8	343,8
- Ceded reinsurance	77,3	80,1	32,0	35,8
- Net	419,0	449,7	343,8	308,0
7. Other expenses	595,9	411,6	242,3	149,4
Total expenses (5.-7.)	3.997,4	5.183,9	3.096,7	3.333,0
8. Result before impairment losses of goodwill	191,1	143,2	54,4	76,2
9. Impairment losses of goodwill	-0,1	-	-	-
10. Operating result	191,2	143,2	54,4	76,2
11. Finance costs	-	-	-	-
12. Taxes on income	97,4	70,2	28,2	36,9
13. Consolidated result	93,9	73,0	26,2	39,3
Thereof:				
- Attributable to ERGO equity holders	79,9	60,6	25,8	41,5
- Attributable to minority interests	14,0	12,4	0,4	-2,2

Property and casualty		Legal expenses		Other/ consolidation		Group value	
1 Jan - 30 June 2008	1 Jan - 30 June 2007	1 Jan - 30 June 2008	1 Jan - 30 June 2007	1 Jan - 30 June 2008	1 Jan - 30 June 2007	1 Jan - 30 June 2008	1 Jan - 30 June 2007
€million	€million	€million	€million	€million	€million	€million	€million
7,3	8,2	-	-	-11,9	-9,2	-	-
2.297,4	2.137,4	477,3	468,8	-	-	8.432,6	8.270,7
2.304,7	2.145,6	477,3	468,8	-11,9	-9,2	8.432,6	8.270,7
1.983,5	1.836,3	454,7	445,8	-10,2	-8,7	8.044,8	7.894,5
238,5	298,0	1,0	1,5	-10,2	-8,7	653,3	730,5
1.744,9	1.538,3	453,6	444,3	-	-	7.391,5	7.164,0
280,5	274,2	56,5	55,7	-3,2	86,5	3.851,3	4.166,4
143,7	40,9	21,2	10,6	7,6	3,6	2.341,5	839,1
136,8	233,4	35,3	45,1	-10,8	82,9	1.509,8	3.327,2
0,7	-3,7	0,8	0,5	23,5	14,4	24,7	43,4
95,0	87,1	66,4	65,2	-228,5	-234,8	731,0	506,6
1.976,7	1.858,8	555,4	554,6	-239,3	-152,0	9.632,4	10.997,8
1.188,9	1.139,5	262,9	248,2	-	21,1	7.219,1	8.896,0
140,0	189,8	0,7	0,9	-3,3	-1,0	411,4	478,6
1.049,0	949,6	262,3	247,3	3,3	22,1	6.807,7	8.417,4
591,7	559,6	173,6	169,9	36,3	18,5	1.673,7	1.621,6
50,5	56,1	0,1	0,2	-6,0	-5,7	153,9	166,5
541,3	503,5	173,5	169,7	42,3	24,2	1.519,8	1.455,1
105,1	96,7	74,5	73,3	-190,3	-212,9	827,4	518,0
1.695,3	1.549,8	510,3	490,3	-144,7	-166,6	9.154,9	10.390,5
281,4	309,0	45,1	64,3	-94,5	14,6	477,5	607,4
-	-	-	-	-0,2	-	-0,3	-
281,4	309,0	45,1	64,3	-94,4	14,6	477,7	607,4
-	-	-	-	10,1	10,8	10,1	10,9
70,8	73,1	14,1	18,0	-11,6	-4,3	198,8	194,0
210,6	235,9	30,9	46,3	-92,9	8,1	268,8	402,5
205,3	232,4	27,8	43,0	-93,6	9,5	245,2	387,1
5,3	3,5	3,1	3,3	0,7	-1,5	23,6	15,4

Consolidated Annual Accounts

Segment reporting - classification according to business segments

Consolidated income statement	Life		Health	
	1 Apr - 30 June 2008 €million	1 Apr - 30 June 2007 €million	1 Apr - 30 June 2008 €million	1 Apr - 30 June 2007 €million
1. Gross premiums written				
From insurance transactions with other segments	-	1,0	-	-
From insurance transactions with external third parties	1.473,3	1.506,6	1.328,0	1.302,6
	1.473,3	1.507,6	1.328,1	1.302,6
2. Earned premiums				
- Gross	1.473,4	1.508,0	1.352,9	1.324,1
- Ceded reinsurance	139,7	154,6	56,1	58,8
- Net	1.333,7	1.353,4	1.296,8	1.265,3
3. Investment result				
- Investment income	1.203,7	1.201,0	478,7	482,7
- Investment expenses	669,0	274,1	272,4	150,1
- Total	534,7	926,8	206,3	332,6
Thereof: income from associates	2,5	28,0	-	0,7
4. Other income	244,8	234,6	63,2	80,5
Total income (2.-4.)	2.113,2	2.514,8	1.566,3	1.678,4
5. Expenses for claims and benefits				
- Gross	1.658,4	2.118,8	1.337,9	1.451,4
- Ceded reinsurance	88,7	93,5	36,6	25,9
- Net	1.569,7	2.025,3	1.301,3	1.425,4
6. Operating expenses				
- Gross	246,6	281,8	179,6	161,8
- Ceded reinsurance	38,9	35,2	15,6	27,4
- Net	207,7	246,6	164,0	134,3
7. Other expenses	226,9	188,4	67,3	79,3
Total expenses (5.-7.)	2.004,3	2.460,3	1.532,6	1.639,0
8. Result before impairment losses of goodwill	108,9	54,6	33,7	39,3
9. Impairment losses of goodwill	-0,1	-	-	-
10. Operating result	109,0	54,6	33,7	39,3
11. Finance costs	-	-	-	-
12. Taxes on income	66,3	24,0	17,5	23,5
13. Consolidated result	42,6	30,5	16,2	15,8
Thereof:				
- Attributable to ERGO equity holders	33,2	21,8	15,3	16,9
- Attributable to minority interests	9,4	8,7	0,9	-1,1

Property and casualty		Legal expenses		Other/ consolidation		Group value	
1 Apr - 30 June 2008	1 Apr - 30 June 2007	1 Apr - 30 June 2008	1 Apr - 30 June 2007	1 Apr - 30 June 2008	1 Apr - 30 June 2007	1 Apr - 30 June 2008	1 Apr - 30 June 2007
€million	€million	€million	€million	€million	€million	€million	€million
3,3	3,7	-	-	-3,4	-4,7	-	-
931,0	856,7	226,3	221,9	-	-	3.958,6	3.887,9
934,3	860,5	226,3	221,9	-3,4	-4,7	3.958,6	3.887,9
1.022,6	939,4	224,4	223,2	-4,9	-4,1	4.068,4	3.990,7
122,2	141,4	0,7	0,8	-4,9	-4,1	313,7	351,5
900,4	798,0	223,7	222,4	-	-	3.754,7	3.639,1
144,0	101,6	26,8	25,0	-	-15,8	1.853,1	1.794,5
63,0	23,2	10,1	6,0	5,4	1,7	1.019,9	455,1
81,0	78,4	16,7	19,0	-5,4	-17,4	833,3	1.339,4
-0,4	-2,4	0,4	0,3	12,5	4,3	15,0	30,9
37,8	40,3	26,3	30,9	-105,3	-109,6	266,7	276,6
1.019,2	916,6	266,6	272,3	-110,7	-127,0	4.854,7	5.255,1
656,0	522,6	132,0	124,2	-3,0	-6,3	3.781,3	4.210,8
74,9	89,4	-	0,2	-2,5	-0,1	197,8	208,9
581,1	433,3	132,0	124,0	-0,5	-6,2	3.583,6	4.001,8
301,1	276,6	85,8	82,1	26,9	4,0	840,1	806,2
31,3	36,2	0,1	0,1	-2,7	-2,7	83,1	96,2
269,8	240,3	85,8	82,0	29,6	6,7	757,0	710,0
42,0	45,7	29,4	33,2	-92,5	-90,5	273,0	256,0
892,9	719,3	247,2	239,2	-63,4	-90,0	4.613,6	4.967,8
126,3	197,3	19,5	33,1	-47,3	-37,0	241,1	287,3
-	-	-	-	-0,2	-	-0,3	-
126,3	197,3	19,5	33,1	-47,1	-37,0	241,4	287,3
-	-	-	-	4,9	5,5	4,9	5,6
27,9	68,4	6,1	11,2	0,6	2,1	118,4	129,2
98,4	128,9	13,4	21,9	-52,7	-44,6	118,0	152,5
94,6	126,2	12,2	20,1	-53,4	-42,7	101,8	142,3
3,9	2,7	1,3	1,8	0,7	-1,9	16,2	10,2

Accounting and valuation principles

This half-year report as at 30 June 2008 has been prepared in accordance with International Financial Reporting Standards (IFRSs) as applicable in the European Union. We have complied with all new and amended IFRSs and IFRIC interpretations whose application is compulsory for the first time for periods beginning on 1 January 2008. These amendments do not have any material impact.

Otherwise, the same principles of recognition, measurement and consolidation have been applied as in our consolidated financial statements as at 31 December 2007. In accordance with IAS 34.41, greater use is made of estimation methods and planning data in preparing our interim financial figures than in our annual financial reporting.

Taxes on income in the ERGO Versicherungsgruppe AG interim financial statements are calculated in the same way as for the consolidated financial statements as at 31 December 2007, i.e. a direct tax calculation is made per quarterly result of the individual consolidated companies.

As at 28 March 2008, we acquired 65% of the share capital of ERGO Daum Direct Auto Insurance Co., Seoul, for a price of €68.9m, which includes all the incidental acquisition expenses and other charges, such as fees for consulting services and taxes incurred, and was partially paid through a capital increase.

ERGO Daum Direct has an exceptional competitive position in the South Korean direct motor insurance market and is the country's second-largest motor insurer.

The opening balance sheet at the time of acquisition includes the following IFRS figures (amounts directly prior to the business combination): intangible assets of €26.4m (1.8m), investments of €112.2m (112.1m), a ceded share of technical provisions of €55.0m (52.1m), other assets of €49.7 (48.2m), gross technical provisions of €120.7m (116.0m), and other liabilities of €58.8m (52.1m).

In connection with the acquisition of the shareholding in ERGO Daum Direct Auto Insurance, goodwill of €26.3m and other intangible assets of €24.6m have been recognised. The goodwill and other intangible assets are based on our expectations regarding the group's profitability and growth potential, deriving in particular from the company's good reputation and brand, experienced management team, and integration in ERGO's international insurance network.

The income and expenses for the months of April to June 2008 have been recognised in the consolidated income statement. During this period, Daum Direct contributed €1m to the consolidated result for the first half of 2008. In the whole first half of 2008, Daum Direct posted gross premiums written of €80.4m and a result of -€11.2m.

[1] Intangible assets

	30 June 2008	31 Dec 2007
	€million	€million
I. Goodwill	412,0	404,1
II. Other intangible assets	243,6	268,6
Thereof:		
Software	64,6	90,8
Purchased insurance portfolios	80,9	87,5
Other	98,0	90,3
Total	655,6	672,7

[2] Other securities - available for sale

	Amortised cost		Unrealised gains/losses		Carrying amounts	
	30 June 2008	31 Dec 2007	30 June 2008	31 Dec 2007	30 June 2008	31 Dec 2007
	€million	€million	€million	€million	€million	€million
Non-fixed-interest						
Shares	7.631,6	8.463,8	787,2	2.059,1	8.418,8	10.522,9
Investment funds	1.280,0	1.319,6	144,3	281,8	1.424,3	1.601,3
Other	527,7	496,6	-24,6	67,4	503,1	564,0
	9.439,3	10.279,9	906,9	2.408,3	10.346,2	12.688,2
Fixed-interest	47.554,5	47.614,5	-1.483,6	-489,9	46.070,9	47.124,6
Total	56.993,8	57.894,4	-576,7	1.918,4	56.417,1	59.812,8

[3] Minority interests in equity

	30 June 2008	31 Dec 2007
	€million	€million
Unrealised gains and losses on investments	-43,0	1,8
Share in consolidated result	22,5	43,9
Other equity	334,1	280,8
Total	313,6	326,6

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Notes on the balance sheet

[4] Subordinated liabilities

The subordinated liabilities item shows solely ERGO Versicherungsgruppe AG's entry into an existing subordinated loan incurred by the Munich Re.

[5] Premiums*

	Life		Health	
	1 Jan - 30 June 2008 €million	1 Jan - 30 June 2007 €million	1 Jan - 30 June 2008 €million	1 Jan - 30 June 2007 €million
Total premiums	3.438,7	3.373,0	2.757,2	2.686,1
Gross premiums written	2.900,7	2.978,4	2.757,2	2.686,1
Change in unearned premiums (- = expense)	2,4	1,3	-46,0	-44,9
Gross earned premiums	2.903,0	2.979,7	2.711,2	2.641,2
Ceded premiums written	283,9	303,7	129,9	127,1
Change in unearned premiums (reinsurers' shares) (- = income)	-	0,2	-0,1	0,1
Ceded premiums	283,9	303,9	129,8	127,1
Net earned premiums	2.619,1	2.675,9	2.581,4	2.514,0

Gross premiums written by lines of business*	1 Jan - 30 June 2008 €million	1 Jan - 30 June 2007 €million
	Property and casualty	2.297,4
Thereof:		
Motor	875,5	768,3
Personal accident	429,3	419,0
Fire and property	409,2	406,7
Liability	319,6	313,5
Transport and aviation	70,1	73,5
Other	193,7	156,4

* Figures based on fully consolidated Group values

Property and casualty		Legal expenses		Group value	
1 Jan - 30 June 2008	1 Jan - 30 June 2007	1 Jan - 30 June 2008	1 Jan - 30 June 2007	1 Jan - 30 June 2008	1 Jan - 30 June 2007
€million	€million	€million	€million	€million	€million
2.297,4	2.137,4	477,3	468,8	8.970,6	8.665,4
2.297,4	2.137,4	477,3	468,8	8.432,6	8.270,7
-321,5	-309,6	-22,6	-23,0	-387,8	-376,2
1.975,9	1.827,8	454,7	445,8	8.044,8	7.894,5
259,5	351,4	1,0	1,1	674,2	783,3
-20,9	-53,5	0,1	0,4	-20,9	-52,8
238,5	297,9	1,0	1,5	653,3	730,5
1.737,4	1.529,9	453,6	444,3	7.391,5	7.164,0

Gross premiums written by regions	1 Jan - 30 June 2008	1 Jan - 30 June 2007
	€million	€million
Germany	6.493,1	6.534,4
International business	1.939,5	1.736,3

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Notes on the consolidated profit and loss account

[6a] Investment result according to segments*

	Life		Health	
	1 Jan - 30 June 2008 € million	1 Jan - 30 June 2007 € million	1 Jan - 30 June 2008 € million	1 Jan - 30 June 2007 € million
Land and buildings, including buildings on third-party land	74,9	382,8	18,5	51,9
Investments in affiliated companies	1,0	14,9	-	0,2
Investments in associates	-0,6	30,8	0,2	1,4
Mortgage loans and other loans	547,7	446,1	230,7	176,8
Other securities				
Held to maturity	4,1	5,8	-	-
Available for sale				
Non-fixed-interest	-421,5	820,1	-218,2	310,9
Fixed-interest	752,4	673,1	241,3	235,9
	330,9	1.493,2	23,1	546,8
Held for trading	310,6	-143,9	98,3	-13,8
	645,6	1.355,1	121,4	533,0
Other investments	-306,6	-7,3	-23,9	-22,8
Total	962,0	2.222,4	347,0	740,4

* Figures based on fully consolidated Group values

Property and casualty		Legal expenses		Other		Group value	
1 Jan - 30 June 2008	1 Jan - 30 June 2007	1 Jan - 30 June 2008	1 Jan - 30 June 2007	1 Jan - 30 June 2008	1 Jan - 30 June 2007	1 Jan - 30 June 2008	1 Jan - 30 June 2007
€million	€million	€million	€million	€million	€million	€million	€million
3,6	25,4	0,4	0,3	1,8	1,4	99,2	461,8
0,3	-11,9	-	0,6	-4,5	-	-3,2	3,8
0,7	-3,7	0,8	0,5	23,5	14,4	24,7	43,4
29,0	23,5	4,7	3,0	1,7	1,8	813,9	651,2
-	-	0,2	0,3	-	-	4,3	6,1
-6,1	130,0	-2,3	20,2	2,0	72,0	-646,1	1.353,2
89,4	65,3	25,5	21,6	3,4	3,9	1.112,0	999,8
83,3	195,3	23,2	41,8	5,4	75,8	465,9	2.353,1
12,9	-0,5	5,8	-0,7	-0,1	-	427,5	-158,9
96,2	194,8	29,3	41,5	5,3	75,8	897,8	2.200,2
5,9	0,9	-0,3	-0,8	2,3	-3,1	-322,6	-33,1
135,7	229,0	35,0	45,1	30,1	90,4	1.509,8	3.327,2

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Notes on the consolidated profit and loss account

[6b] Investment income and expenses according to segments*

	Life		Health	
	1 Jan - 30 June 2008 €million	1 Jan - 30 June 2007 €million	1 Jan - 30 June 2008 €million	1 Jan - 30 June 2007 €million
Regular income	1.605,5	1.608,1	674,7	655,6
Write-ups	451,2	21,2	146,8	8,8
Gains on the disposal of investments	431,6	1.065,2	160,4	292,5
Other income from investments	7,0	90,7	-	-
Total income from investments	2.495,3	2.785,2	981,8	957,0
Write-downs	869,7	247,1	328,4	55,1
Losses on the disposal of investments	307,6	171,1	265,6	122,5
Interest charges	40,5	36,4	13,7	11,7
Management expenses for investment	60,8	63,3	18,3	17,9
Other expenses for investments	254,6	45,0	8,8	9,6
Total expenses for investments	1.533,2	562,9	634,8	216,6
Investment result	962,0	2.222,4	347,0	740,4

* Figures based on fully consolidated Group values

Property and casualty		Legal expenses		Other		Group value	
1 Jan - 30 June 2008	1 Jan - 30 June 2007	1 Jan - 30 June 2008	1 Jan - 30 June 2007	1 Jan - 30 June 2008	1 Jan - 30 June 2007	1 Jan - 30 June 2008	1 Jan - 30 June 2007
€million	€million	€million	€million	€million	€million	€million	€million
150,6	152,9	36,0	35,8	31,7	26,5	2.498,4	2.478,9
14,2	2,0	3,8	0,2	0,4	-	616,4	32,3
114,5	115,0	16,4	19,7	6,7	72,1	729,6	1.564,5
-	-	-	-	-	-	7,0	90,7
279,3	269,9	56,1	55,7	38,8	98,5	3.851,3	4.166,4
83,6	9,1	9,1	1,8	0,7	0,9	1.291,6	314,0
51,6	26,6	9,1	5,9	5,7	1,3	639,6	327,3
0,7	0,6	-	-	-	4,0	54,8	52,6
5,6	3,6	2,9	2,9	2,2	1,9	89,9	89,5
2,0	1,0	0,1	-	0,1	0,1	265,6	55,7
143,7	40,9	21,2	10,6	8,7	8,2	2.341,5	839,1
135,7	229,0	35,0	45,1	30,1	90,4	1.509,8	3.327,2

Consolidated Annual Accounts

Notes on the consolidated profit and loss account

[7] Net expenses for claims and benefits*

	Life		Health	
	1 Jan - 30 June 2008 €million	1 Jan - 30 June 2007 €million	1 Jan - 30 June 2008 €million	1 Jan - 30 June 2007 €million
Claims and benefits paid	3.024,2	3.238,3	1.913,2	1.714,5
Change in provision for outstanding claims	-10,3	-199,1	-27,7	102,7
Change in provision for future policy benefits and other provisions	159,7	613,2	571,9	575,0
Expenses for premium refunds and policyholders' bonuses	-59,6	788,6	151,7	566,9
Other technical result (- = income)	45,0	109,1	0,1	0,6
Gross expenses for claims and benefits	3.159,1	4.550,1	2.609,3	2.959,7
Claims and benefits paid	233,6	217,6	81,1	79,7
Change in provision for outstanding claims	2,1	12,3	0,4	2,1
Change in provision for future policy benefits and other provisions	52,5	79,9	26,6	22,5
Expenses for premium refunds and policyholders' bonuses	-	-	1,3	12,9
Other technical result (- = expense)	-108,0	-105,9	-18,8	-33,1
Reinsurers' share of expenses for claims and benefits	180,2	203,8	90,6	84,0
Claims and benefits paid	2.790,6	3.020,7	1.832,1	1.634,8
Change in provision for outstanding claims	-12,3	-211,4	-28,1	100,7
Change in provision for future policy benefits and other provisions	107,3	533,3	545,4	552,5
Expenses for premium refunds and policyholders' bonuses	-59,6	788,6	150,4	554,0
Other technical result (- = income)	152,9	215,0	18,9	33,6
Net expenses for claims and benefits	2.978,9	4.346,2	2.518,7	2.875,6

* Figures based on fully consolidated Group values

Property and casualty		Legal expenses		Group value	
1 Jan - 30 June 2008	1 Jan - 30 June 2007	1 Jan - 30 June 2008	1 Jan - 30 June 2007	1 Jan - 30 June 2008	1 Jan - 30 June 2007
€million	€million	€million	€million	€million	€million
1.089,5	1.024,8	247,1	242,4	6.274,0	6.219,9
57,6	76,4	18,7	8,7	38,3	-11,2
19,8	20,8	1,1	1,1	752,6	1.210,0
6,6	8,0	0,5	0,6	99,3	1.364,1
14,2	8,0	-4,5	-4,6	54,8	113,1
1.187,8	1.138,0	262,9	248,2	7.219,1	8.896,0
135,2	164,2	1,2	2,0	451,1	463,5
1,5	22,3	-0,4	-0,9	3,6	35,7
-1,2	-0,6	-0,2	-0,1	77,6	101,6
0,4	0,7	-	-	1,7	13,6
4,0	3,2	-	-	-122,7	-135,8
140,0	189,8	0,7	0,9	411,4	478,6
954,3	860,5	245,9	240,4	5.822,9	5.756,4
56,0	54,1	19,0	9,7	34,7	-46,9
21,1	21,4	1,3	1,2	675,0	1.108,4
6,2	7,3	0,5	0,6	97,5	1.350,5
10,2	4,9	-4,5	-4,6	177,5	249,0
1.047,8	948,2	262,2	247,3	6.807,7	8.417,4

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Notes on the consolidated profit and loss account

[8] Net operating expenses*

	Life		Health	
	1 Jan - 30 June 2008	1 Jan - 30 June 2007	1 Jan - 30 June 2008	1 Jan - 30 June 2007
	€million	€million	€million	€million
Acquisition costs	445,8	443,7	314,2	290,6
Administration expenses	135,4	140,5	83,0	86,9
Deferred acquisition costs	-81,5	-51,5	0,1	-22,5
Amortisation of PVFP	4,6	3,9	0,6	0,6
Gross operating expenses	504,3	536,6	397,9	355,6
Reinsurers' share of acquisition costs	-	-	-	-
Reinsurers' share of deferred acquisition costs	-12,0	-11,1	-	-
Commission received on ceded business	83,5	85,6	31,8	35,8
Reinsurers' share of operating expenses	71,5	74,4	31,8	35,8
Net operating expenses	432,8	462,2	366,2	319,9

* Figures based on fully consolidated Group values

Property and casualty		Legal expenses		Group value	
1 Jan - 30 June 2008	1 Jan - 30 June 2007	1 Jan - 30 June 2008	1 Jan - 30 June 2007	1 Jan - 30 June 2008	1 Jan - 30 June 2007
€million	€million	€million	€million	€million	€million
381,0	339,6	109,9	106,3	1.250,8	1.180,2
246,1	239,5	72,2	68,9	536,9	535,9
-36,2	-22,6	-1,6	-2,6	-119,2	-99,2
-	-	-	0,2	5,2	4,7
590,9	556,5	180,5	172,8	1.673,7	1.621,6
0,5	0,8	-	-	0,5	0,8
-6,7	-17,2	-	-	-18,7	-28,4
56,6	72,5	0,1	0,2	172,1	194,1
50,5	56,1	0,1	0,2	153,9	166,5
540,4	500,4	180,3	172,6	1.519,8	1.455,1

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Other disclosures

[9] Number of employees

	30 June 2008	31 Dec 2007
In-house employees	23,852	23,396
Salaried sales force	6,330	5,731
Total	30,182	29,127

The number of staff employed by the Group at 30 June 2008 totalled 20,802 (20,789) in Germany and 9,380 (8,338) in other countries.

[10] Contingent and secondary liabilities as well as investment and other financial obligations

There are no substantial changes compared with the consolidated annual accounts for the 2007 financial year.

[11] Long-term assets relating to disposal groups or held for disposal

Transfers of equitable property took place in the second quarter of 2008 for commercial and residential property classified in the first quarter of 2007 as "held for disposal" as well as portfolios of six international plots of land and buildings of the iii fund leased by third parties and classified as "held for disposal" in the first quarter of 2008. This means that the figure recorded for land and buildings leased by third parties has been reduced by € 55 m.

The balance sheet value of land and buildings of the HGE Haus- und Grundbesitzgesellschaft Elsterwerda mbH, which were combined to form disposal groups for sale in the second quarter of 2007, remains unchanged at the cut-off date. We currently anticipate concluding the sales agreement in 2008.

Furthermore, we decided in the fourth quarter of 2007 to put up for sale our shareholding in MPE Hotel I L.L.C., New York. The subsequent evaluation on the balance sheet date resulted in writing off (proportional takeover of losses) an amount of € 6 m. We still anticipate selling this shareholding in the 2008 financial year.

Moreover, in the third quarter of 2007 ERGO decided in favour of the plan to sell holdings in hotels. The subprime crisis in the USA led to a revised behaviour of prospective clients which is seen to be permanent, meaning that a sale of hotels under the prevailing circumstances is no longer deemed attractive. At the time that the activities related to the sales process were terminated, expenses incurred for the business units to be continued had accumulated to less than € 1 m.

[12] Relations to associated companies

The ERGO Insurance Group has various reinsurance relationships with the Münchener Rückversicherungs-Gesellschaft AG in Munich (Munich Re) as well as with some of its reinsurance subsidiary companies. During the first six months of 2008 a total of € 522.0 (594.8) m in premiums, i.e. 77.4% (75.9%) of all reinsurance premiums were reinsured with them. In the reporting period a total of € 362.9 (368.9) m in payments made for claims came from reinsurers. The share by these companies in deposits retained from insurance business ceded to reinsurers amounts to € 2.3 (2.5) m, the amount in deposits due amounts to € 5,148.1 (5,103.4) m. As regards accounts receivable from reinsurance business, this comes to € 31.5 (63.8) m and for accounts due € 29.4 (25.9) m.

[13] Events after the balance sheet date

No events have occurred since the balance sheet date which require separate disclosure.

Assurance of legal representatives

We hereby assure to the best of our knowledge that the consolidated interim financial statements convey a fair view of the assets, liabilities, financial position and income situation of the Group which correspond to the actual situation in accordance with the accounting principles to be applied to interim reporting, and that the consolidated interim management report on business activities, including business results and the situation of the Group, is presented in such a way that it represents a true picture of the actual situation and suitably presents the major opportunities and risks of probable Group development for the remainder of the financial year.

Signed in Düsseldorf, August 2008

ERGO Versicherungsgruppe Aktiengesellschaft

The Board of Management

Supervisory Board

Chairman: Dr. Nikolaus von Bomhard

Board of Management

Chairman: Dr. Torsten Oletzky
Dr. Bettina Anders
Dr. Daniel von Borries
Günter Dibbern
Christian Diedrich
Dr. Klaus Flemming
Dr. Ulf Mainzer
Dr. Rolf Ulrich
Jürgen Vetter

