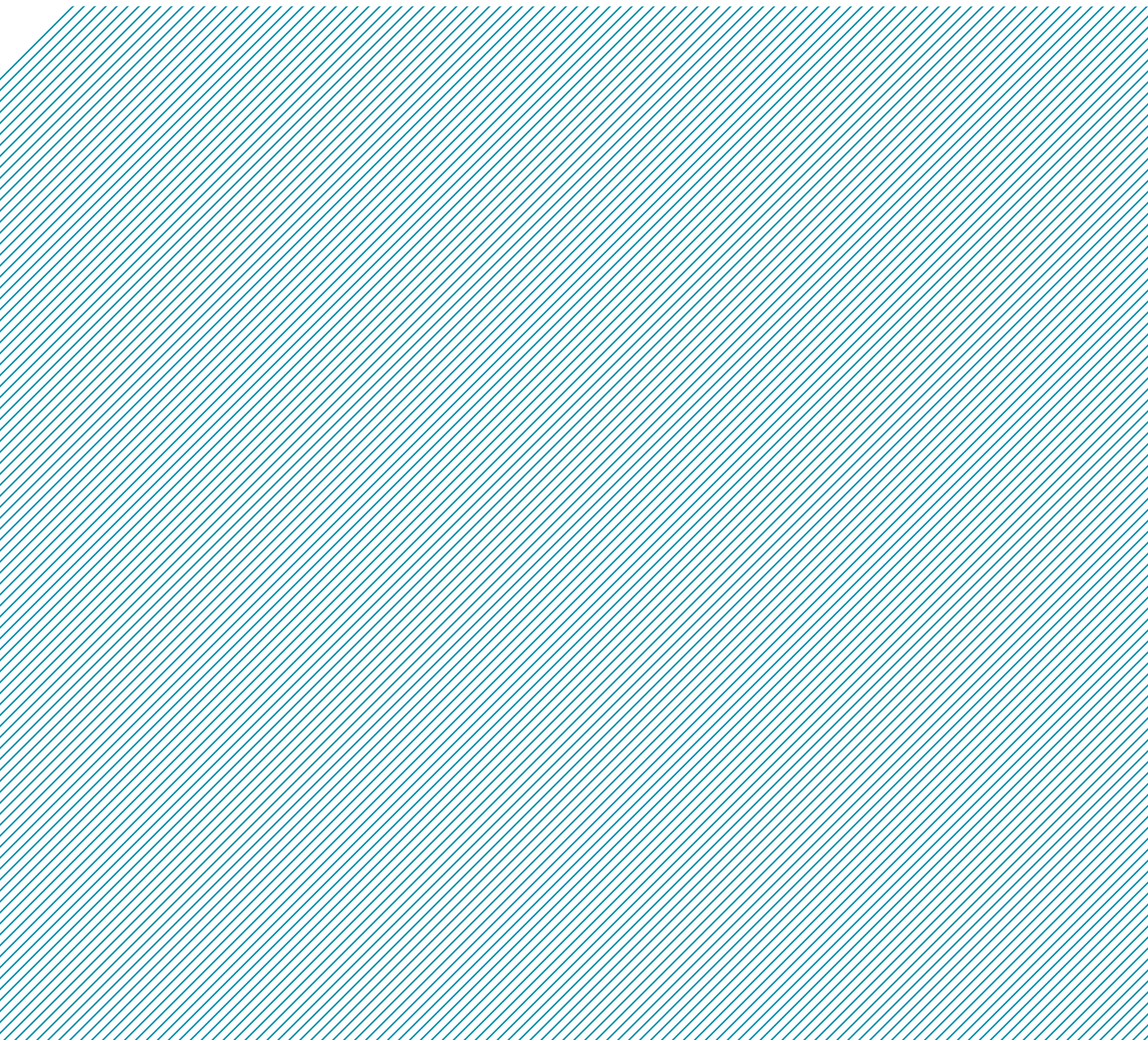


MUNICH RE
QUARTERLY REPORT
1/2011



Supervisory Board

Dr. Hans-Jürgen Schinzler
(Chairman)

Board of Management

Dr. Nikolaus von Bomhard
(Chairman)
Dr. Ludger Arnoldussen
Dr. Thomas Blunck
Georg Daschner
Dr. Torsten Jeworrek
Dr. Peter Röder
Dr. Jörg Schneider
Dr. Wolfgang Strassl
Dr. Joachim Wenning

Key figures (IFRS)

Munich Re (Group)

		Q1 2011	Q1 2010	Change
				%
Gross premiums written	€m	12,980	11,657	11.3
Technical result	€m	-1,912	138	-
Investment result	€m	1,956	2,460	-20.5
Operating result	€m	-1,384	770	-
Taxes on income	€m	-612	73	-
Consolidated result	€m	-948	485	-
Thereof attributable to non-controlling interests	€m	-1	3	-
Earnings per share	€	-5.28	2.54	-
Combined ratio				
Reinsurance property-casualty (incl. risk transfer to the capital markets)	%	159.4	109.2	
Primary insurance property-casualty	%	98.2	98.7	
Munich Health ¹	%	99.8	101.3	

		31.3.2011	31.12.2010	Change
				%
Investments	€m	189,408	193,108	-1.9
Equity	€m	20,506	23,028	-11.0
Net technical provisions	€m	172,776	171,068	1.0
Employees		46,885	46,915	-0.1
Share price	€	111.00	113.45	-2.2
Munich Reinsurance Company's market capitalisation ²	€bn	20.9	21.4	-2.2

¹ Excluding business conducted like life insurance.

² This includes own shares earmarked for retirement.

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To our shareholders



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

Dear Shareholders,

At the end of the first quarter, it is already clear that this year will place more of a strain on us than the three preceding years of global financial and economic crisis.

Last year's series of natural catastrophes continued into the first quarter: more floods and Cyclone Yasi in Australia, a second strong earthquake in New Zealand, and then the devastating earthquake in Japan. With an intensity of 9.0, it was the strongest quake ever recorded there and the fourth-severest ever measured anywhere in the world. We expect this event alone to give rise to a claims burden of €1.5bn for Munich Re. Including the losses from the other natural catastrophes, we have had to reserve a total of €2.7bn. That is a multiple of our projected amount for this period and makes the first quarter of 2011 the most loss-afflicted in reinsurance history in terms of natural catastrophes.

Accepting natural hazard risks is part of our core business. In doing so, we make risks calculable, protect households and firms effectively against the consequences of loss or damage, and provide active support for reconstruction after such events in the regions affected. We thus make an important contribution to the economic stability of the country in question.

We have been concerning ourselves intensively with these risks for more than 100 years. Munich Re has the world's largest database of natural hazard losses. With these data, we can feed our natural hazard models and, among other things, perform the loss scenario simulations that are so important for us. Each of the aforementioned loss events was within the framework of our expected values and defined limits, so none of them caught us unprepared.

What is exceptional, however, is the accumulation of several extremely strong earthquakes within a relatively short time. According to the experts, this is due to chance: statistically, the number of such events averages out over a sufficiently long period. And precisely that is the foundation of our business. We assume risks, which we diversify and pool more efficiently and cost-effectively than our clients could. We thereby smooth fluctuations in claims experience over time, across different lines of business and regions. It is in the nature of this business model that there may be quarters in which we make losses. But because we have a very solid balance sheet, our solvency is not jeopardised.

The claims burden from hurricanes last year was comparatively moderate, owing to the fact that (again due to chance) the tracks of the numerous storms that did occur proved favourable, with only a few making landfall.

Whether earthquakes, hurricanes or other natural catastrophes: their potential destructiveness also offers us business opportunities. Growing prosperity and higher concentrations of values are leading to a greater need for protection, and the real threat that exists is understandably increasing the demand for insurance cover. Accordingly – and also as a consequence of the re-evaluation of these risks by many providers – we are now seeing a strong rise in the prices for earthquake covers. And we expect this trend to continue in the further course of the year and to spread to cover for other natural perils. Provided terms and conditions are risk-commensurate, we will keep offering our clients capacity at unreduced levels and thus participate in this market development.

The Fukushima nuclear disaster has rekindled the energy debate worldwide. And that is a good thing – after all, we cannot simply carry on as if nothing had happened after this event. We need strategies for controllable and sustainable power generation. Munich Re is supporting a more rapid transition to renewable energies with a range of insurance solutions. We are thus also contributing significantly in our core business to curbing climate change and at the same time creating value for the Company and for you as shareholders.

Yours sincerely,

A handwritten signature in blue ink, appearing to read 'N. von Bomhard', is centered below the text 'Yours sincerely,'.

Nikolaus von Bomhard

Interim management report

Business environment

- // Global economic recovery continues despite challenges in Japan and unrest in the Arab world
- // Inflationary pressure due to rising oil prices; interest rates remain comparatively low
- // Stock markets in the USA and Europe with small price gains, but fall in Japan

The **global economy** continued to recover in the first quarter of 2011, although the earthquake in Japan and the unrest in the Arab world mean that major challenges need to be tackled at regional level. Rising crude oil prices in particular resulted in inflationary trends. Nevertheless, by the end of the first quarter, the central banks in the USA and in Europe had yet to take any restrictive monetary measures.

The positive global growth dynamics were once again distributed unevenly. Especially in Asia, the comparatively high growth rates of emerging countries were supported by strong private consumer demand and investments in real capital. Only a slight slowing down in China was apparent against the strong previous quarter. In the USA, the economic recovery underpinned by government support programmes continued, although unemployment remained high. Positive economic development in the eurozone was still driven by net exports, which were increasingly augmented by rising domestic demand. Nevertheless, the debt crisis of the peripheral euro countries remained virulent. Japan's economy had already weakened prior to the earthquake, in part because government economic stimulus programmes expired at the end of 2010. Owing to the consequences of the earthquake, lower growth is to be expected in Japan for 2011 as a whole.

In the light of the major political unrest in the Arab world, **crude oil** prices rose significantly in the first quarter: the price per Brent barrel climbed from US\$ 95 at the start of January to US\$ 117 at the end of March. Given the continued economic recovery, this added to inflationary pressure: in the first quarter of 2011, the rate of inflation was 2.1% in the USA, 4.1% in the UK and 5.0% in China. The US Federal Reserve kept its key interest rate in the range of 0% to 0.25%, while the Bank of England adhered to a rate of 0.5% and the European Central Bank to 1.0%, contrasting with the restrictive monetary policy measures already taken by the Chinese central bank.

Due to increased expectations of inflation, **yields** on ten-year US bonds moved up from 3.3% at the start of the year to 3.5% at the end of March, whilst those on German ten-year bonds advanced from 2.9% to 3.4% in the same period. During the period under review, the stock markets felt the impact of the political events in the Arab states, and most particularly the consequences of the earthquake in Japan, but recovered again by the end of the quarter. Overall, the S&P 500 was up 5.6% between January and March, closing at 12,320 points on 31 March. The EURO STOXX 50 climbed by 2.5% to 2,911 points, whilst the Japanese Nikkei fell 4.6% to 9,755 points. Following a bout of weakness in late 2010, the euro recovered against the US dollar, closing the quarter at US\$ 1.42.

Business performance

Overview

Munich Re's business performance in the first three months of 2011 was marked by **major losses** from natural catastrophes: the earthquake and tsunami in Japan, the earthquake in New Zealand, and the floods and Cyclone Yasi in Australia. According to current estimates, which are very uncertain especially in the case of Japan, our claims burden from natural catastrophes after retrocession to reinsurers and risk transfer to the capital markets and before tax is €2.7bn. Munich Re transferred earthquake risks to the capital markets for a major Japanese primary insurer. The pending payout to the primary insurer following the earthquake in Japan is included in the technical provisions. The balance-sheet relief of the same amount anticipated from capital-market cover is shown as a result from derivatives in the investment result. The claims burden for the first quarter far exceeds the average figure anticipated for this period. **Gross premium income** amounted to €13.0bn (11.7bn), an increase of 11.3%.

At €1,956m (2,460m), our result on investments was satisfying, although significantly down on the previous year, which had benefited from positive special effects. Regular income was up to €1,903m (1,882m). A negative net balance of write-ups and write-downs contrasted with gains on disposals. Without taking into account the income from the aforementioned capital-market cover for insurance risks, the **investment result** represents an annualised return of 3.6% on the average investment portfolio at market values.

All in all, this led to an operating result of -€1,384m (770m) and a **consolidated result** of -€948m (485m).

In the period under review, our **equity** decreased by €2.5bn to €20.5bn (23.0bn). This was due to the loss posted for the quarter, lower valuation reserves resulting from the slightly higher interest-rate level, the relatively strong euro and share buy-backs. The annualised return on risk-adjusted capital (RORAC) totalled -18.5%, whilst the return on equity (RoE) amounted to -17.4%.

In line with our active capital management, we bought back a nominal amount of €1.2bn of the subordinated bond 2003/2023 in the period under review, out of the total outstanding amount of €2.9bn as at the end of 2010. Furthermore, on 29 March 2011, with a settlement date of 5 April 2011, we issued a new subordinated bond of €1bn. This bond, which has a term of 30 years, is first callable after ten years. Up to then, it has a fixed coupon rate of 6% p.a. and thereafter a floating rate. The bond is designed to be compliant with the existing (Solvency I) and anticipated future (Solvency II) supervisory system, and meet current rating agency requirements.

Our financial strength, good competitive position and highly developed risk management are broadly recognised in our unchanged ratings, despite the losses in the first quarter.

Reinsurance

- // Good outcome of the treaty renewals at 1 January 2011
- // High combined ratio of 159.4% - taking into account risk transfer to the capital markets - due to major-loss burden from natural catastrophes
- // Investment result of €1.3bn
- // Quarterly loss of €0.7bn

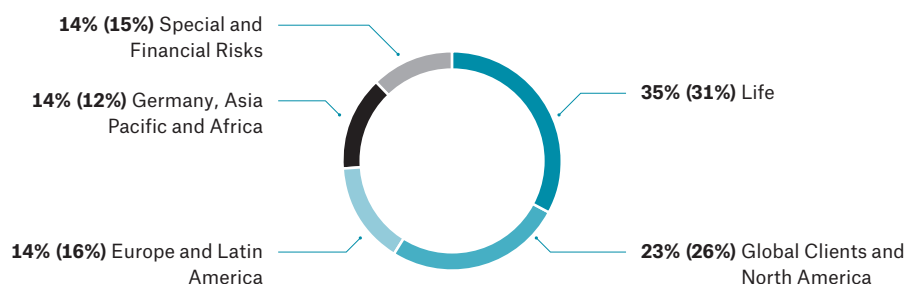
Key figures

		Q1 2011	Q1 2010	Change
				%
Gross premiums written	€bn	6.9	5.9	16.3
Loss ratio property-casualty (incl. risk transfer to the capital markets)	%	130.0	81.0	
Expense ratio property-casualty	%	29.4	28.2	
Combined ratio property-casualty (incl. risk transfer to the capital markets)	%	159.4	109.2	
Thereof natural catastrophes	Percentage points	69.2	20.8	
Technical result	€m	-2,050	108	-
Investment result	€m	1,256	935	34.3
Operating result	€m	-1,257	605	-
Consolidated result	€m	-683	424	-
		31.3.2011	31.12.2010	Change
				%
Investments	€bn	79.5	83.7	-5.0
Net technical provisions	€bn	58.1	56.6	2.7

In the first quarter of 2011, reinsurance business was impacted by especially heavy losses from natural catastrophes, which is reflected in the negative **consolidated result** and operating loss. At around €2.7bn, the burden from natural catastrophes after retrocession to reinsurers and risk transfer to the capital markets and before tax far exceeded the statistically expectable average figure of around €0.2bn. The investment result, by contrast, was satisfactory.

Our **premium income** rose significantly compared with the same period last year. Without currency translation effects, premium income would have been €721m higher, equivalent to an increase of 12.2% over the previous year.

Gross premiums by division - Q1 2011



In **life reinsurance**, our premium climbed by 30.1% to €2.4bn (1.8bn), mainly owing to the sustained demand for capital substitute solutions. We concluded another large-volume quota share treaty with effect from the first quarter. If exchange rates had remained the same, premium would have shown a rise of 23.5%.

In **property-casualty reinsurance**, our premium volume rose by 10.0% to €4.5bn (4.1bn), mainly because we expanded existing contractual relationships in the fire and motor classes and generated new business in the agricultural sector. Without currency translation effects, premium income would have increased by 7.0% compared with the same quarter last year.

At 1 January 2011, about two-thirds of Munich Re's global property-casualty reinsurance business was up for **renewal**, involving a premium volume of approximately €7.9bn. The outcome was very satisfactory, thanks to our strict focus on profitability and consistent withdrawal from unprofitable business. The market environment of the renewals at 1 January was characterised by intense competition and pressure on prices – especially in traditional business, the reason being insurers' continued high capitalisation. Reinsurers provided more than enough capacity. Prices in the international insurance and reinsurance markets generally showed a slight downward tendency, although we were able to obtain price increases in British motor insurance business and in some regions and classes of business recently affected by above-average losses, e.g. in Australia and in offshore energy business.

Overall, we renewed treaties with a volume of around €6.6bn, or 83.9% of our portfolio due for renewal. To secure our profitability, we terminated a volume of €1.3bn, or 16.1%, a substantial portion of this in continental Europe. We were able to compensate for part of the loss in premium by expanding profitable client relations in existing business by some €0.4bn. In addition, we wrote substantial new business volume totalling approximately €1.2bn, particularly in strongly growing markets. Roughly €0.5bn of this amount came from contracts providing equity relief through risk transfer, above all in Asia. As a provider of tailor-made solutions, we benefited from our close client relationships and high degree of underwriting expertise in this climate of keen competition. This enabled us to avoid the general pressure on prices to some extent. On balance, the renewals resulted in a slight increase in premium of some €0.3bn (4.1%). At +0.1%, the profitability level for our portfolio was around the same as in the previous year.

The **combined ratio** in the property-casualty reinsurance segment for the first three months of 2011 amounted to 159.4% (109.2%) on an adjusted basis, i.e. taking into account risk transfer to the capital markets. At €2.8bn (0.8bn) on an adjusted basis before tax, the total burden from major losses was far higher than the multi-year average. On an adjusted basis, this is equivalent to 71.7% (22.8%) of net earned premiums. The greatest portion – 69.2 (20.8) percentage points on an adjusted basis – derived from natural catastrophes. The latter were also responsible for the largest individual losses in the period under review. On 11 March 2011, a magnitude 9.0 earthquake – the strongest ever recorded in Japan – shook the northeast coast of the main island Honshu, triggering a massive tsunami that devastated whole towns and villages. According to provisional estimates, so far based solely on model calculations, we are expecting our claims burden to total around €1.5bn on an adjusted basis before tax. As we are the market leader, our involvement in Japan entails comparatively high capacities. Bearing in mind the complexity and severity of this natural catastrophe and potential aftershocks, it may take many weeks to establish the economic and insured losses and Munich Re's exact claims burden. What is more, many reinsurance covers do not attach until very high losses have been sustained by individual cedants. The losses to be borne by Munich Re derive mainly from covers in commercial business. These

include marine risks, as well as business interruption covers. Especially uncertain is the impact on international flows of goods and supply chains from business interruptions suffered by Japanese industrial producers. In Japan, earthquake insurance for residential buildings is provided solely by the Japanese earthquake pool. Due to supervisory regulations, these risks may not be transferred to the international reinsurance market. This does not apply, however, to cooperatives (Kyosai) that were originally mainly agricultural in nature: these are also covered by foreign reinsurers under contracts with high indemnity limits. Impacts due to major accidents in Japanese nuclear power plants should not significantly affect the private insurance industry.

The first quarter of 2011 was additionally impacted by other severe natural catastrophe losses. For the consequences of the January floods in Brisbane, Australia, we currently anticipate claims expenditure of some €260m. Cyclone Yasi, which caused significant damage on the northeast coast of Australia at the beginning of February, led to losses costing us around €100m in the first quarter. The estimated burdens from the earthquake in the region of Christchurch, New Zealand, on 22 February, currently amount to around €740m. The average annual expenditure for natural catastrophes of nearly €1bn was thus exceeded in the first quarter alone. Nevertheless, in terms of the individual events and their random accumulation, the losses remained within the range we are prepared and able to bear according to the risk tolerance defined in our risk model. Natural catastrophes of such magnitude present the insurance industry with high claims payments and burdens on results. In the past – particularly in the regions and classes of business affected – they have also regularly led to significantly rising prices in the reinsurance markets owing to generally heightened risk awareness, increased demand for insurance and a reduced level of capacity.

Primary insurance

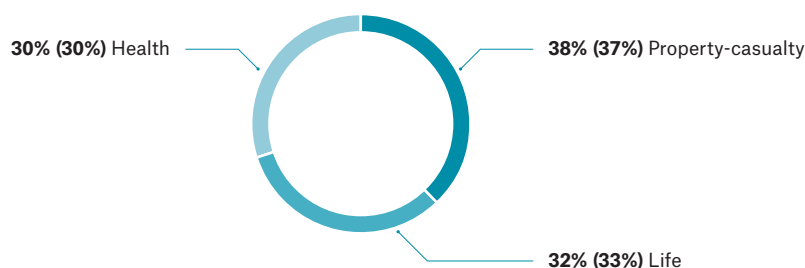
- // Total premium volume of €5.1bn
- // Good combined ratio of 98.2%
- // Investment result of €1.0bn
- // Consolidated result of €56m

Key figures

		Q1 2011	Q1 2010	Change
				%
Total premium income	€bn	5.1	5.1	-1.1
Gross premiums written	€bn	4.8	4.7	1.4
Loss ratio property-casualty	%	63.4	64.3	
Expense ratio property-casualty	%	34.8	34.4	
Combined ratio property-casualty	%	98.2	98.7	
Technical result	€m	155	51	203.9
Investment result	€m	1,024	1,622	-36.9
Operating result	€m	173	251	-31.1
Consolidated result	€m	56	165	-66.1
Thereof attributable to non-controlling interests	€m	-1	5	-
		31.3.2011	31.12.2010	Change
				%
Investments	€bn	121.5	121.8	-0.3
Net technical provisions	€bn	111.5	111.2	0.3

In primary insurance, we posted a lower operating result in the first quarter of 2011 than in the same period last year. The **consolidated result** decreased appreciably, the year-on-year reduction being chiefly attributable to the lower investment result and burdens from international business. We made write-downs of €34m for impairments of goodwill and other assets of ERGO Daum Direct General Insurance Co. Ltd. in South Korea, reflecting the persistently difficult market situation in Korean motor insurance business. This market continues to be subject to strict regulation, and regulatory interventions make risk-based pricing difficult. The investment result was down on the same period last year, which had benefited from high capital gains, whilst the period under review was impacted by write-downs of our interest-rate hedges triggered by rising interest rates. From an underwriting point of view, the first quarter of 2011 was satisfactory.

Gross premiums by segment - Q1 2011



The slight decline in **total premium income** is mainly due to lower single premiums from capitalisation products and unit-linked life insurances. The **gross premiums written** in all classes of business increased from January to March, with especially prominent growth in international business and German health insurance. Gross premiums written do not include the savings premiums from unit-linked life insurance and capitalisation products such as “Riester” pensions in Germany.

In the first three months of 2011, the total premium volume of our **life insurers** in the ERGO Insurance Group amounted to €1.8bn (2.0bn), a decline of 8.5%. In international business, ERGO's single-premium business with unit-linked life insurance in Austria showed a decrease, reducing overall premium volume to €495m (535m). Gross premiums written in Germany amounted to €1.3bn (1.4bn), with a reduction in single-premium revenue making itself felt here as well. Contrary to the recent trend, we wrote less single-premium business; due to lower interest rates, the decline in premium for our capitalisation product MaxiZins alone amounted to €53m. By contrast, new regular-premium business increased by 4.2% year on year to €91m (87m). In total, the fall in new business in Germany amounted to 23.6%, or 5.0% in terms of annual premium equivalent (APE)¹. International new business was down 16.4% to €220m. Measured in terms of APE, it increased by 11.4%, owing to strong growth in regular-premium business (+32.8%).

In the **health** insurance segment, premium income in the first three months of 2011 climbed by 3.0% to €1.5bn (1.4bn). Business with supplementary benefit covers rose by 4.2%, whilst premium income in comprehensive health insurance expanded by 2.6%, reflecting the abolition as at 1 January 2011 of the three-year waiting period for switching to private health insurance in Germany, which had a stimulating effect on new business. Compared with the same quarter last year, new comprehensive insurance business increased appreciably by 37.7%. In travel insurance, which is included in the health segment, we registered a rise in premium volume of 9.3% for the period from January to March 2011. It remains to be seen to what extent developments in the Arab world and Japan will have an impact on the travel insurance market.

The **property-casualty insurance** segment showed an increase in premium income to €1.8bn (1.7bn) in the first three months of the year, the rise of 3.9% largely deriving from international business. In Germany, we registered a rise in premium income of 2.2% to €1.19bn (1.16bn) in the same period, largely owing to commercial and industrial business, where we posted premium growth of 6.9%. In personal accident insurance, our largest single class, there was a decrease of 2.2%, due in particular to fewer sales of personal accident insurance with premium return. Motor insurance, by contrast, showed growth of 1.0% in the same period, also reflecting our rate increases at the beginning of the year. In the still difficult legal protection insurance market, we were able to post 1.1% premium expansion in Germany.

Compared with the first quarter of 2010, which had been burdened by losses from natural hazard events such as Winter Storm Xynthia and the long and harsh winter, claims experience in the first three months of 2011 was more favourable. In Japan, our direct exposure in primary insurance is only limited in scope. Thus far, we have not been affected by major claims burdens as a result of the earthquake. We anticipate that the direct claims burden will be in the single-digit million euro region. However, uncertainties remain with regard to indirect losses, such as contingent business interruption claims by non-Japanese clients.

¹ APE = Total regular premium income and one-tenth of single-premium volume.

At 98.2%, the combined ratio was at a good level and better than the previous year's figure (98.7%). In Germany, the figure was 91.2%, 1.6 percentage points higher than in the previous year. The combined ratio in international business was again unsatisfactory, totalling 108.4% (108.1%), but we are confident of being able to achieve an improvement for the year as a whole. Poland, which is an important market for us, had been significantly affected by special factors attributable to natural catastrophes in 2010; in the first quarter of 2011, its results showed an upward trend. In Turkey and South Korea, we have initiated result improvement measures.

The first quarter of 2011 saw an expansion of ERGO's activities in Asia. In China, a joint venture for life insurance was established with the Shandong State-owned Assets Investment Holding Company (SSAIH). The company will be set up as soon as the supervisory authority has given its approval. ERGO and SSAIH will each hold half of the shares in the planned joint venture, which will mainly offer life insurance products for private clients in Shandong. ERGO also acquired a 25% stake in the Vietnamese Global Insurance Company (GIC), which will essentially provide property-casualty products such as motor, fire and marine insurance.

Munich Health

- // Marked increase in premium volume by 22.7% in the period from January to March
- // Slightly improved combined ratio
- // Marked improvement in the result

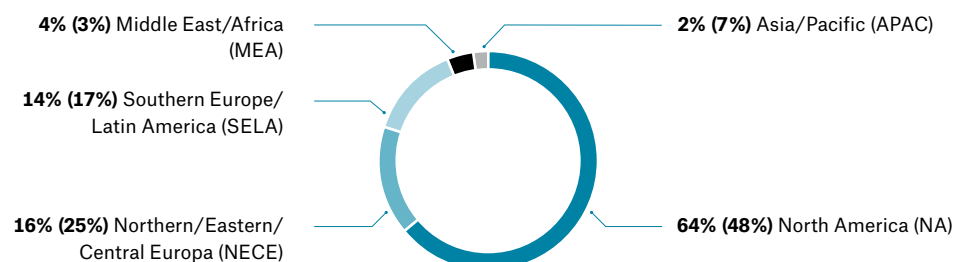
Key figures

		Q1 2011	Q1 2010	Change
				%
Gross premiums written	€bn	1.5	1.3	22.7
Loss ratio ¹	%	81.6	80.3	
Expense ratio ¹	%	18.2	21.0	
Combined ratio ¹	%	99.8	101.3	
Technical result	€m	8	-5	-
Investment result	€m	45	33	36.4
Operating result	€m	40	4	900.0
Consolidated result	€m	21	-11	-
		31.3.2011	31.12.2010	Change
				%
Investments	€bn	4.9	4.1	20.0
Net technical provisions	€bn	3.2	3.3	-2.5

¹ Excluding business conducted like life insurance.

In the first quarter of 2011, Munich Health posted a satisfying **consolidated result**. The investment result and operating result also increased. If exchange rates had remained the same, **premium volume** would have been 18.1% higher than in the first three months of the previous year.

Gross premiums by market region - Q1 2011



The growth of 37.7% in reinsurance premium income to €1,030m (748m) is essentially due to the conclusion of a new, large-volume quota share treaty in North America.

In international health primary insurance, premium grew in particular due to the acquisition of the Windsor Health Group (Windsor). This growth more than compensated for the decline in premium volume written by Sterling Life Insurance Company (Sterling). The purchase of Windsor with effect from 1 January 2011 was a further step

towards realising Munich Health's strategy of strengthening its position in the US Medicare market. Sterling's premium volume dropped in the first quarter because sales opportunities in the senior segment on which it focuses are limited in the current US regulatory environment. The premium volume posted by our European primary insurance companies remained nearly stable.

The **combined ratio** for the period from January to March 2011 was 99.8% (101.3%). This ratio relates only to short-term health business, not to business conducted like life insurance. The latter amounted to 11.5% (13.5%) of gross premiums written in the first quarter. The slight improvement in the combined ratio in reinsurance is attributable to more favourable claims experience in Asia and the Arab markets, as well as the new large-volume quota share treaty in North America. In primary insurance, the acquisition of Windsor had a positive effect.

Investment performance

- // Fixed-interest securities and loans continue to make up the predominant portion of the portfolio at around 83%
- // Duration of fixed-interest securities reduced in the first quarter
- // Economic equity-backing ratio decreased to 2.8%
- // Investment result of €2.0bn

Investment mix¹

€m	Reinsurance					
	Life		Property-casualty		Life	
	31.3.2011	31.12.2010	31.3.2011	31.12.2010	31.3.2011	31.12.2010
Land and buildings, including buildings on third-party land	255	267	1,173	1,178	1,747	1,760
Investments in affiliated companies	17	16	74	67	24	20
Investments in associates	58	54	304	282	180	192
Loans	37	47	156	188	31,084	31,045
Other securities held to maturity	-	-	-	-	35	42
Other securities available for sale						
Fixed-interest	10,956	11,905	41,938	45,110	34,437	35,803
Non-fixed-interest	959	974	5,524	5,419	1,912	1,892
Other securities at fair value through profit or loss						
Held for trading						
Fixed-interest	-	-	424	424	49	50
Non-fixed-interest	-	-	24	25	3	3
Derivatives	386	331	443	154	230	323
Designated as at fair value through profit or loss						
Fixed-interest	-	-	-	-	229	233
Non-fixed-interest	-	-	-	-	6	8
Deposits retained on assumed reinsurance	5,019	5,069	1,457	1,499	141	136
Other investments	346	330	1,081	787	823	623
Investments for the benefit of life insurance policyholders who bear the investment risk	-	-	-	-	5,069	4,953
Total	18,033	18,993	52,598	55,133	75,969	77,083

¹ After elimination of intra-Group transactions across segments.

The carrying amount of the Munich Re Group's investments showed a fall since the beginning of the year: gains made by the euro, particularly against the US dollar, caused the market values of our investments held in foreign currencies to decrease significantly when translated into euros. Furthermore, we saw falls in the market values of fixed-interest securities due to a slightly increased interest-rate level. Consequently, there was also a fall from €7.4bn to €4.2bn in our total valuation reserves (excluding owner-occupied property), which are partly recognised in the balance sheet.

At the end of the quarter, our investment portfolio continued to be dominated by fixed-interest securities, loans and short-term fixed-interest investments. Over 45% of these are government bonds or instruments for which public institutions are liable, of which 4% are bonds of Portuguese, Irish and Greek issuers, and a further 10% are from Italian and Spanish issuers. Beyond this, around 29% of our interest-bearing investments are in securities and debt instruments with top-quality collateralisation, around 42% of which are German pfandbriefs.

	Health		Primary insurance Property-casualty		Munich Health		Asset management		Total	
	31.3.2011	31.12.2010	31.3.2011	31.12.2010	31.3.2011	31.12.2010	31.3.2011	31.12.2010	31.3.2011	31.12.2010
	619	623	328	340	30	16	62	63	4,214	4,247
	19	20	58	71	3	1	8	8	203	203
	108	107	171	150	58	52	47	51	926	888
	15,609	15,319	2,424	2,312	26	24	-	-	49,336	48,935
	-	-	-	-	-	-	-	-	35	42
	11,485	11,794	5,043	5,202	3,201	2,447	167	93	107,227	112,354
	905	634	772	655	229	174	20	21	10,321	9,769
	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	1	-	-	473	475
	2	-	-	-	-	1	-	-	29	29
	27	37	27	12	16	10	-	-	1,129	867
	-	-	-	-	-	-	-	-	229	233
	-	-	-	-	-	-	-	-	6	8
	1	1	3	3	176	194	-	-	6,797	6,902
	223	87	208	463	126	129	606	780	3,413	3,199
	-	3	-	-	1	1	-	-	5,070	4,957
	28,998	28,625	9,034	9,208	3,866	3,050	910	1,016	189,408	193,108

Other securities available for sale

€m	Carrying amounts		Unrealised gains/losses		At amortised cost	
	31.3.2011	31.12.2010	31.3.2011	31.12.2010	31.3.2011	31.12.2010
Fixed-interest securities	107,227	112,354	639	2,201	106,588	110,153
Non-fixed-interest securities						
Equities	6,665	6,027	1,237	1,488	5,428	4,539
Investment funds	2,900	3,009	121	113	2,779	2,896
Other	756	733	43	33	713	700
	10,321	9,769	1,401	1,634	8,920	8,135
Total	117,548	122,123	2,040	3,835	115,508	118,288

Valuation reserves not recognised in the balance sheet

€m	Valuation reserves	Fair value	Carrying amount	Valuation reserves	Fair value	Carrying amount
	31.3.2011	31.3.2011	31.3.2011	31.12.2010	31.12.2010	31.12.2010
Land and buildings ¹	1,804	8,411	6,607	1,695	8,353	6,658
Associates	305	1,207	902	311	1,181	870
Loans	88	49,424	49,336	1,553	50,488	48,935
Other securities	-	35	35	1	43	42
Tangible assets in renewable energies	1	149	148	-	46	46
Total	2,198	59,226	57,028	3,560	60,111	56,551

¹ Including owner-occupied property.

Since the beginning of the year, we have cautiously reduced the duration of our fixed-interest portfolio in expectation of a slight rise in yields. Fixed-interest investments with shorter durations react less strongly to interest-rate changes, thus mitigating price losses due to rising interest rates.

At the reporting date, corporate bonds made up 9% of our fixed-interest portfolio. Our portfolio of structured products, which are held chiefly by our reinsurance companies, decreased by €0.1bn to €6.0bn (6.1bn) owing to currency developments, despite small acquisitions. Around 73% of these securities have an AAA rating.

In the period under review, we made further restructurings in our investments. As a consequence, our equity portfolio (before taking derivatives into account, and including investments in affiliated companies and associates at market value) increased to €8.6bn (7.9bn), or 4.5% (4.0%) of our total investments. Volatile market conditions in March caused us to substantially extend our hedging against falling share prices. At the reporting date, our equity exposure after hedging was thus only 2.8% (4.4%) of our total investments.

We hold inflation-indexed bonds with a volume of approximately €7.5bn (7.2bn). These offer a certain degree of protection against the risks of future inflation. Investments in inflation swaps (with a nominal amount of €1.0bn), and in real assets such as equities, real estate and commodities also diversify our portfolio and simultaneously increase the level of protection against the inflation risk.

Investment result

	Q1 2011	Q1 2010	Change
	€m	€m	%
Regular income	1,903	1,882	1.1
Write-ups/write-downs	-137	-93	-47.3
Net realised capital gains	400	655	-38.9
Other income/expenses	-210	16	-
Total	1,956	2,460	-20.5

Investment result by type of investment

	Q1 2011	Q1 2010	Change
	€m	€m	%
Real estate	72	53	35.8
Investments in affiliated companies	-2	44	-
Investments in associates	7	14	-50.0
Mortgage loans and other loans	535	540	-0.9
Other securities	1,471	1,705	-13.7
Deposits retained on assumed reinsurance, and other investments	45	53	-15.1
Investments for the benefit of life insurance policyholders who bear the investment risk	-73	147	-
Expenses for the management of investments, other expenses	99	96	3.1
Total	1,956	2,460	-20.5

Regular investment income rose slightly, with continued prudent investment in credit-exposed securities.

In the write-ups and write-downs of our investments, we posted net write-downs of €67m (10m) on our swaptions due to a slight rise in interest-rate levels. Swaptions are used in hedging long-term interest-rate guarantees extended to life insurance clients. In an environment of rising interest rates, the fulfilment of such guarantees increasingly takes place directly via higher regular income from reinvestment. As a result of the volatile markets, we recorded net write-downs on our equity derivatives, but this effect was more than offset by gains on equities. We posted write-ups of approximately €200m from a capital-market cover by means of which we transferred insurance risks from a major Japanese primary insurer to the capital markets on a parametric basis. These risks have been realised as a consequence of the earthquake in Japan. The write-ups are based on our calculation of the payout from the capital-market cover and are shown as a result from derivatives in the investment result. We are proceeding on the assumption that the coverage has been fully triggered.

In the period under review, we recorded net gains on disposal for our investment portfolio as a whole. In particular, we realised gains on the restructuring of equity investments we conducted prior to the market fall in March; in the same period last year, we had posted high gains on the disposal of corporate bonds which had recorded market-value gains due to falling risk spreads.

Altogether, Munich Re benefited from its conservative yet active asset management.

Assets under management for third parties

	31.3.2011	31.12.2010	Change
	€bn	€bn	%
Third-party investments	10.2	10.2	-
	Q1 2011	Q1 2010	Change
	€m	€m	%
Group asset management result	3	12	-75.0

MEAG MUNICH ERGO AssetManagement GmbH (MEAG) is the asset manager of Munich Re. In addition to its asset management function for the Group, MEAG also offers its expertise to private and institutional clients.

Assets under management for institutional clients outside the Group totalled €8.1bn (8.1bn). The amount managed by MEAG in private-client business via investment funds totalled €2.1bn (2.1bn).

The assets managed by PICC Asset Management Company Ltd. (PAMC), Shanghai, 81% of which belongs to PICC People's Insurance Company of China, and 19% to MEAG, reached €30.5bn (30.0bn).

Prospects

- // Consolidated result target no longer attainable after the natural catastrophes in Japan, New Zealand and Australia
- // Expected return on investment of just under 4%
- // Share buy-back programme on hold

Limits to forecasting results

There are various reasons why the quarterly results of insurance companies, including Munich Re, are not always a reliable indicator for the results of the entire financial year. Losses from natural catastrophes and other major losses have a disproportionate impact 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 substantial fluctuations in individual quarterly results. Finally, gains and losses on the disposal of investments, dividends, and write-ups or write-downs of investments do not follow a regular pattern. Predictions about the forthcoming development of our Company are based primarily on planning figures, forecasts and expectations, whose realisation we of course cannot guarantee.

Business environment

The global economy is likely to continue to recover in 2011, albeit at a reduced pace compared with 2010. The outlook, however, remains clouded by considerable uncertainty. The debt problems of the eurozone and USA and a potential further escalation of the unrest in the Arab region could destabilise the financial system again. There is also a danger that the substantial interventions of the central banks and related expansion of the money supply may result in higher inflation if the economic recovery continues. Rising oil prices could fuel inflationary pressure as well. In response to this situation, the European Central Bank raised its key interest rate in mid-April from 1.0% to 1.25%.

Reinsurance

Owing to the generally heightened risk awareness, particularly after major losses of the kind we experienced in the first quarter of the year, reinsurance is a sector that holds considerable promise for the future, with a wide variety of earnings opportunities. Munich Re offers its cedants specialist consulting services and extensive solutions, also for tasks such as balance-sheet management, risk modelling and asset-liability management. Reinsurance is an efficient and flexible option for protecting primary insurers from major claims and accumulation burdens or strengthening their capital base in other ways. In addition to this, we devise innovative coverage concepts that go beyond the scope of traditional reinsurance.

Life reinsurance continues to offer good growth potential. We are experiencing ongoing demand for large-volume capital substitute solutions. Opportunities will also emerge from the privatisation trends in provision for old age, long term care and disability, from the need for asset protection, and from the dynamic expansion of the Asian life insurance markets. For 2011, we anticipate gross premiums written of around €9.5bn and a technical result of some €0.4bn.

We have set ourselves the objective of doubling the value added by new business in life reinsurance in the period 2006 to 2011. On the basis of Market Consistent Embedded Value (MCEV) Principles, this objective corresponds to a value added by new business of €330m for 2011. Given the outstanding results of recent years, we are very confident of being able to surpass this goal. We aim to achieve sustained value added by new business in life reinsurance of €450m a year by 2015.

Owing to the high cost burdens from natural catastrophes in the first months of 2011, we project an appreciable deterioration in the annual result for **property-casualty reinsurance** compared with the previous year, even if performance from now on is good.

In the **renewals** of reinsurance treaties, Munich Re will maintain its clear, profit-oriented underwriting policy and accept risks only at commensurate prices, terms and conditions.

With a volume of approximately €1.1bn, the renewals at 1 April 2011 involved just under 10% of our total treaty business, 35% of which concerned the markets of Japan and Korea and another 40% North America and global clients. The renewal negotiations in Japan were marked by the earthquake losses. It was agreed with various Japanese clients to hold them covered under earthquake treaties at existing terms and conditions for a few weeks in view of the ongoing claims assessments. Treaties involving contract negotiations concluded after 11 March 2011 saw significant price increases of up to 50% for loss-affected earthquake covers.

In the renewals at 1 July 2011, involving parts of the US market, Australia and Latin America, the most recent loss events should have a hardening effect on the market for globally oriented and capacity-intensive lines of business such as natural catastrophe and industrial business. In loss-affected regions such as Australia and New Zealand, prices are likely to rise considerably. Munich Re continues to be very well positioned to utilise the opportunities that present themselves.

For 2011, we anticipate gross premiums written totalling just under €16bn in property-casualty reinsurance. We envisage a combined ratio of around 97% of net earned premiums over the market cycle as a whole, but this figure is likely to be significantly exceeded in 2011, since our long-term estimate is based on an average major-loss burden of 6.5 percentage points from natural catastrophes. But the first quarter of 2011 was already affected by very severe loss events, which in relation to the expected net premiums for the year as a whole accounted for approximately 18 percentage points of the loss ratio (after retrocession to reinsurers and risk transfer to the capital markets). The month of April was also impacted by further severe weather events. The US South and Midwest were hit by the most devastating tornadoes in decades. Munich Re expects a claims burden from the tornadoes in the region of €100-150m.

Gross premiums in reinsurance should range between €25bn and €26bn in 2011, provided that exchange rates remain constant.

Primary insurance

In 2011, the focus in Germany will be on implementing our brand proposition to make ERGO and its business more transparent and easier to understand for customers. ERGO has adopted a new approach with regard to its terms and conditions of insurance, significantly reducing their volume. Correspondence with customers is being overhauled: so far, a total of 13 million letters have been redesigned in a more customer-friendly manner. ERGO is also encouraging its customers to become actively involved in this change process on ERGO's client workshop website. Moreover, since the beginning of 2011 the interests of ERGO's customers have been represented by an ERGO customer advocate. The change process has been accompanied by the second stage of the ERGO advertising campaign launched in mid-March. Its aim is to boost the brand's awareness level even further beyond the 60% achieved at the end of the first campaign.

In **life insurance**, our total premium income should be somewhat below the previous year's level, i.e. just under €8bn, while gross premiums written should total around €6bn. Developments in German and international business will, however, greatly depend on whether the demand for single-premium business remains as strong as in 2010 and whether we can write this business profitably in the respective market environment.

In the **health** primary insurance segment, we continue to operate in a challenging financial and political environment. Given the currently stable healthcare policy framework in Germany, however, the abolition as at 1 January 2011 of the three-year waiting period for switching to private health insurance promises to result in an appreciable upturn in new business. Overall, we are aiming to increase gross premiums written to just under €6bn. We should be able to achieve premium growth in both comprehensive health insurance and supplementary health cover.

We expect premium growth in **property-casualty insurance** to total slightly less than €6bn. In Germany, we project growth of around 1%, i.e. above the market average. The increase is likely to be stronger for international business. We anticipate that the combined ratio for property-casualty business will remain at a good level, i.e. under 95%.

Total premium income in primary insurance should range between €19bn and €20bn in 2011. We expect that **gross premiums written** will total between €17bn and €18bn.

The **consolidated result** for the primary insurance segment is likely to continue developing favourably in 2011 and show growth compared with the previous year. For the ERGO subgroup, we project a figure of between €450m and €550m. This result includes a positive one-off effect in the second quarter from the sale of a group company in Singapore; further information on this is provided on page 58.

Munich Health

There are many growth avenues in the international healthcare markets, in particular due to medical advances and improved life expectancy. We intend to take advantage of these opportunities.

Gross premiums written by Munich Health are likely to be in the range of €6bn in 2011.

Large-volume capital substitute solutions and the acquisition of Windsor will provide for a continuation of past growth. Despite the financial crisis in southern Europe and the consolidating phase in primary insurance in the USA, we are currently expecting further moderate **increases in the results** for 2011 and 2012 overall.

Munich Re (Group)

For the Group as a whole, we are proceeding on the assumption that **gross premiums written** for 2011 will be in the range of €47-49bn (total consolidated premium), provided that exchange rates remain stable.

We do not anticipate any significant rise in capital market interest rates, so regular income from fixed-interest securities and loans should be somewhat lower. With our historically still low equity-backing ratio, write-downs are likely to be correspondingly moderate, but so are the opportunities to realise gains on disposal. From today's standpoint, we therefore project that **investment results** will be appreciably lower than in 2010, with a total return of just under 4% on the portfolio.

We are adhering to our long-term objective of a 15% return on our risk-based capital (**RORAC**) after tax across the cycle of the insurance and interest-rate markets. However, this target will be difficult to achieve with the currently still low level of interest rates and should be far beyond our reach for 2011, given the already substantial claims burden from major losses. As soon as the requirements of Solvency II and the new IFRSs for insurance contracts and financial instruments have been finalised, we will gear our target performance measures to the key indicators from this new framework with its strong economic focus.

Owing to the high losses in the first four months of the year, our original targets of a slightly improved technical result and a **consolidated result** of around €2.4bn can no longer be achieved. On the other hand, however, we still expect to close the year 2011 with a profit.

In Munich Reinsurance Company's individual financial statements prepared under the German Commercial Code, fluctuations in loss incidence are smoothed over time through allocations to and withdrawals from the claims equalisation provision. That is why the unusually large losses of the first quarter 2011 will only be reflected to a relatively small extent in its annual result and equity. On the one hand, this maintains Munich Reinsurance Company's dividend-paying capacity after a difficult financial year such as 2011; on the other hand, in the following years it will lead to phased burdens on the result and equity for replenishing the claims equalisation provision.

The **share buy-back programme** decided on by us in May 2010 was concluded as planned on 12 April 2011. As part of this programme, a total of 9.1 million Munich Re shares with a volume of €1bn were repurchased, €311m in the first quarter of 2011. The shares were withdrawn on 20 April 2011. Since the financial year 2005, we have returned a total of around €12bn, including dividend payouts, to our shareholders.

Subject to developments in the capital markets and the general economic environment, we intended to buy back more shares with a volume of up to €500m by the 2012 Annual General Meeting. In view of the high claims burdens triggered by the severe natural catastrophes in the first quarter and the ensuing market opportunities, we will refrain from buying back further shares for the moment.

On 3 May 2011, in civil proceedings instituted by a common interest group, the Hamburg regional court ordered the insurers in the case to refrain, when concluding new contracts and in processing existing contracts, from applying clauses relating to premium payment in instalments over the year unless they simultaneously quote the relevant effective annual interest rate for the extra charges. In the same matter, the court has set a date of 10 May 2011 for pronouncing a judgement in the case against ERGO Lebensversicherung AG, Hamburg. This may have repercussions for our primary insurance group. Moreover, the statements relating to opportunities and risks as presented in the Munich Re Group's Annual Report 2010 apply unchanged.

Interim consolidated financial statements

Consolidated balance sheet as at 31 March 2011

Assets

	31.3.2011		31.12.2010	Change		
	€m	€m	€m	€m	%	
A. Intangible assets						
I. Goodwill		3,391	3,453	-62	-1.8	
II. Other intangible assets		1,620	1,633	-13	-0.8	
			5,011	5,086	-75	-1.5
B. Investments						
I. Land and buildings, including buildings on third-party land		4,214	4,247	-33	-0.8	
Thereof:						
Held for sale		239	-	239	-	
II. Investments in affiliated companies and associates		1,129	1,091	38	3.5	
Thereof:						
Associates accounted for using the equity method		902	870	32	3.7	
III. Loans		49,336	48,935	401	0.8	
IV. Other securities						
1. Held to maturity	35		42	-7	-16.7	
2. Available for sale	117,548		122,123	-4,575	-3.7	
3. At fair value through profit or loss	1,866		1,612	254	15.8	
		119,449	123,777	-4,328	-3.5	
V. Deposits retained on assumed reinsurance		6,797	6,902	-105	-1.5	
VI. Other investments		3,413	3,199	214	6.7	
			184,338	188,151	-3,813	-2.0
C. Investments for the benefit of life insurance policyholders who bear the investment risk			5,070	4,957	113	2.3
D. Ceded share of technical provisions			5,608	5,490	118	2.1
E. Receivables						
I. Current tax receivables		567	492	75	15.2	
II. Other receivables		10,647	10,576	71	0.7	
			11,214	11,068	146	1.3
F. Cash at bank, cheques and cash in hand			3,034	2,900	134	4.6
Thereof:						
Held for sale			19	-	19	-
G. Deferred acquisition costs						
Gross		9,171	9,165	6	0.1	
Ceded share		56	72	-16	-22.2	
Net			9,115	9,093	22	0.2
H. Deferred tax assets			6,206	5,959	247	4.1
I. Other assets			3,472	3,654	-182	-5.0
Total assets			233,068	236,358	-3,290	-1.4

Consolidated balance sheet

Equity and liabilities

		31.3.2011	31.12.2010	Change	
	€m	€m	€m	€m	%
A. Equity					
I. Issued capital and capital reserve	7,388		7,388	-	-
II. Retained earnings	12,860		10,735	2,125	19.8
III. Other reserves	967		2,238	-1,271	-56.8
IV. Consolidated result attributable to Munich Reinsurance Company equity holders	-947		2,422	-3,369	-
V. Non-controlling interests	238		245	-7	-2.9
		20,506	23,028	-2,522	-11.0
B. Subordinated liabilities		3,637	4,847	-1,210	-25.0
C. Gross technical provisions					
I. Unearned premiums	8,539		7,879	660	8.4
II. Provision for future policy benefits	104,952		104,413	539	0.5
III. Provision for outstanding claims	50,823		49,501	1,322	2.7
IV. Other technical provisions	8,743		9,555	-812	-8.5
		173,057	171,348	1,709	1.0
D. Gross technical provisions for life insurance policies where the investment risk is borne by the policyholders		5,327	5,210	117	2.2
E. Other accrued liabilities		3,376	3,458	-82	-2.4
F. Liabilities					
I. Bonds and notes issued	274		290	-16	-5.5
II. Deposits retained on ceded business	2,848		2,762	86	3.1
III. Current tax liabilities	3,616		3,253	363	11.2
IV. Other liabilities	12,389		13,103	-714	-5.4
Thereof:					
Held for sale	10		-	10	-
		19,127	19,408	-281	-1.4
G. Deferred tax liabilities		8,038	9,059	-1,021	-11.3
Total equity and liabilities		233,068	236,358	-3,290	-1.4

Consolidated income statement for the period 1 January to 31 March 2011

Items

	Q1 2011			Q1 2010		Change
	€m	€m	€m	€m	€m	%
Gross premiums written	12,980			11,657	1,323	11.3
1. Earned premiums						
Gross	12,057			10,610	1,447	13.6
Ceded	387			457	-70	-15.3
Net		11,670		10,153	1,517	14.9
2. Income from technical interest		1,423		1,827	-404	-22.1
3. Expenses for claims and benefits						
Gross	12,549			9,642	2,907	30.1
Ceded share	401			248	153	61.7
Net		12,148		9,394	2,754	29.3
4. Operating expenses						
Gross	2,934			2,585	349	13.5
Ceded share	77			137	-60	-43.8
Net		2,857		2,448	409	16.7
5. Technical result (1-4)			-1,912	138	-2,050	-
6. Investment result						
Investment income	3,594			3,374	220	6.5
Investment expenses	1,638			914	724	79.2
Total		1,956		2,460	-504	-20.5
Thereof:						
Income from associates accounted for using the equity method		6		14	-8	-57.1
7. Other operating income		185		181	4	2.2
8. Other operating expenses		190		182	8	4.4
9. Deduction of income from technical interest		-1,423		-1,827	404	22.1
10. Non-technical result (6-9)			528	632	-104	-16.5
11. Operating result			-1,384	770	-2,154	-
12. Other non-operating result			-86	-143	57	39.9
13. Impairment losses of goodwill			21	-	21	-
14. Finance costs			69	69	-	-
15. Taxes on income			-612	73	-685	-
16. Consolidated result			-948	485	-1,433	-
Thereof:						
Attributable to Munich Reinsurance Company equity holders			-947	482	-1,429	-
Attributable to non-controlling interests			-1	3	-4	-
			€	€	€	%
Earnings per share			-5.28	2.54	-7.82	-

Consolidated income statement (quarterly breakdown)

Items

	Q1 2011	Q4 2010	Q3 2010	Q2 2010	Q1 2010
	€m	€m	€m	€m	€m
Gross premiums written	12,980	11,481	11,447	10,956	11,657
1. Earned premiums					
Gross	12,057	11,630	11,367	11,348	10,610
Ceded	387	509	491	423	457
Net	11,670	11,121	10,876	10,925	10,153
2. Income from technical interest	1,423	1,276	1,823	1,661	1,827
3. Expenses for claims and benefits					
Gross	12,549	9,112	9,517	9,476	9,642
Ceded share	401	389	209	318	248
Net	12,148	8,723	9,308	9,158	9,394
4. Operating expenses					
Gross	2,934	3,269	2,714	2,977	2,585
Ceded share	77	98	108	88	137
Net	2,857	3,171	2,606	2,889	2,448
5. Technical result (1-4)	-1,912	503	785	539	138
6. Investment result					
Investment income	3,594	3,072	3,364	3,856	3,374
Investment expenses	1,638	1,711	1,161	1,238	914
Total	1,956	1,361	2,203	2,618	2,460
Thereof:					
Income from associates accounted for using the equity method	6	-7	25	19	14
7. Other operating income	185	279	181	166	181
8. Other operating expenses	190	256	197	214	182
9. Deduction of income from technical interest	-1,423	-1,276	-1,823	-1,661	-1,827
10. Non-technical result (6-9)	528	108	364	909	632
11. Operating result	-1,384	611	1,149	1,448	770
12. Other non-operating result	-86	-229	100	-182	-143
13. Impairment losses of goodwill	21	-	-	109	-
14. Finance costs	69	74	74	76	69
15. Taxes on income	-612	-167	414	372	73
16. Consolidated result	-948	475	761	709	485
Thereof:					
Attributable to Munich Reinsurance Company equity holders	-947	467	764	709	482
Attributable to non-controlling interests	-1	8	-3	-	3
	€	€	€	€	€
Earnings per share	-5.28	2.58	4.15	3.80	2.54

Statement of recognised income and expense for the period 1 January to 31 March 2011

€m	Q1 2011	Q1 2010
Consolidated result	-948	485
Currency translation		
Gains (losses) recognised in equity	-557	523
Recognised in the consolidated income statement	-	-
Unrealised gains and losses on investments		
Gains (losses) recognised in equity	-368	755
Recognised in the consolidated income statement	-369	-396
Change resulting from valuation at equity		
Gains (losses) recognised in equity	21	-4
Recognised in the consolidated income statement	-	-
Change resulting from cash flow hedges		
Gains (losses) recognised in equity	-1	-1
Recognised in the consolidated income statement	-	-
Actuarial gains and losses on defined benefit plans	-9	2
Other changes	-2	-7
Income and expense recognised directly in equity	-1,285	872
Total recognised income and expense	-2,233	1,357
Thereof:		
Attributable to Munich Reinsurance Company equity holders	-2,230	1,346
Attributable to non-controlling interests	-3	11

Group statement of changes in equity

	Issued capital	Capital reserve
€m		
Status at 31.12.2009	588	6,800
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	-	-
Actuarial gains and losses on defined benefit plans	-	-
Other changes	-	-
Total recognised income and expense	-	-
Change in shareholdings in subsidiaries	-	-
Change in consolidated group	-	-
Dividend	-	-
Share buy-backs	-	-
Retirement of own shares	-	-
Status at 31.3.2010	588	6,800
Status at 31.12.2010	588	6,800
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	-	-
Actuarial gains and losses on defined benefit plans	-	-
Other changes	-	-
Total recognised income and expense	-	-
Change in shareholdings in subsidiaries	-	-
Change in consolidated group	-	-
Dividend	-	-
Share buy-backs	-	-
Retirement of own shares	-	-
Status at 31.3.2011	588	6,800

Group statement of changes in equity

Equity attributable to Munich Reinsurance Company						Non-controlling	Total
					equity holders	interests	equity
Retained earnings			Other reserves			Consolidated	
Retained earnings before deduction of own shares	Own shares held	Unrealised gains and losses	Reserve from currency translation	Valuation result from cash flow hedges	Consolidated result		
11,247	-580	2,717	-1,245	1	2,521	229	22,278
2,521	-	-	-	-	-2,521	-	-
-	-	-	-	-	482	3	485
-4	-	351	518	-1	-	8	872
-	-	-	518	-	-	5	523
-	-	355	-	-	-	4	359
-	-	-4	-	-	-	-	-4
-	-	-	-	-1	-	-	-1
2	-	-	-	-	-	-	2
-6	-	-	-	-	-	-1	-7
-4	-	351	518	-1	482	11	1,357
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-2	-2
-	-443	-	-	-	-	-	-443
-	-	-	-	-	-	-	-
13,764	-1,023	3,068	-727	-	482	238	23,190
11,581	-846	2,850	-610	-2	2,422	245	23,028
2,422	-	-	-	-	-2,422	-	-
-	-	-	-	-	-947	-1	-948
-12	-	-712	-558	-1	-	-2	-1,285
-	-	-	-558	-	-	1	-557
-	-	-733	-	-	-	-4	-737
-	-	21	-	-	-	-	21
-	-	-	-	-1	-	-	-1
-9	-	-	-	-	-	-	-9
-3	-	-	-	-	-	1	-2
-12	-	-712	-558	-1	-947	-3	-2,233
1	-	-	-	-	-	-1	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-3	-3
-	-286	-	-	-	-	-	-286
-	-	-	-	-	-	-	-
13,992	-1,132	2,138	-1,168	-3	-947	238	20,506

Condensed consolidated cash flow statement for the period from 1 January to 31 March 2011

€m	Q1 2011	Q1 2010
Consolidated result	-948	485
Net change in technical provisions	3,207	3,991
Change in deferred acquisition costs	-23	-285
Change in deposits retained and accounts receivable and payable	105	-806
Change in other receivables and liabilities	158	771
Gains and losses on the disposal of investments	-400	-655
Change in securities held for trading	-494	-224
Change in other balance sheet items	78	82
Other income and expenses without impact on cash flow	454	-344
I. Cash flows from operating activities	2,137	3,015
Change from losing control of consolidated subsidiaries	-	2
Change from obtaining control of consolidated subsidiaries	-103	-
Change from the acquisition, sale and maturities of other investments	1,157	-1,941
Change from the acquisition and sale of investments for unit-linked life insurance	-186	-243
Other	26	-33
II. Cash flows from investing activities	894	-2,215
Inflows from increase in capital and from non-controlling interests	-	-
Outflows to ownership interests and non-controlling interests	286	443
Dividend payments	-	2
Change from other financing activities	-2,543	-343
III. Cash flows from financing activities	-2,829	-788
Cash flows for the financial year (I + II + III)	202	12
Effect of exchange rate changes on cash	-68	26
Cash at the beginning of the financial year	2,900	3,082
Cash at 31 March of the financial year	3,034	3,120

Selected notes to the consolidated financial statements

Recognition and measurement

This quarterly report as at 31 March 2011 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 2011.

In particular, the following standards and interpretations have been adopted or amended:

The revision of [IAS 24 \(rev. 11/2009\), Related Party Disclosures](#), simplifies the disclosure requirements for state-controlled entities. Certain related parties that result from the participation of the state in private companies are exempted from some of the disclosure requirements of IAS 24 specified in the amended standard. In addition, the overall definition of related parties has been revised. These changes are of subordinate importance for Munich Re.

The changes to [IAS 32 \(rev. 10/2009\), Financial Instruments: Presentation](#), provide for certain subscription rights (also options or warrants) denominated in a foreign currency (i.e. a currency other than the entity's functional currency) to be classified as equity and not as a liability by the issuer to whose equity instruments these rights apply. The amendments are of no relevance for Munich Re.

The amended interpretation [IFRIC 14 \(rev. 11/2009\), IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction](#), applies in the circumstances when an entity is subject to minimum funding requirements and makes an early payment of contributions to cover those requirements. The amendment permits the entity to treat the benefit of such an early payment as an asset. This change has no practical significance for Munich Re.

The new interpretation [IFRIC 19 \(11/2009\), Extinguishing Financial Liabilities with Equity Instruments](#), contains guidelines on how financial liabilities are to be accounted for in accordance with IAS 39 if the creditor accepts the entity's shares or other equity instruments to settle these liabilities fully or partially. For Munich Re, the interpretation is currently of no significance.

The changes published as part of the IASB's [Annual Improvement Process](#) in May 2010 concern eleven IFRSs and the interpretation IFRIC 13. With the exception of the change to IAS 34, Interim Financial Reporting, these are not significant for Munich Re. The change to IAS 34 extends disclosure requirements in the notes to the financial statements. Of particular relevance is that significant transfers between levels of the fair value hierarchy for financial instruments now have to be published in interim financial statements as well. Munich Re has put in place a process to ensure that such transfers are made transparent and can be disclosed in interim reports where necessary.

Otherwise, the same principles of recognition, measurement and consolidation have been applied as in our consolidated financial statements as at 31 December 2010. In accordance with IAS 34.41, greater use is made of estimation methods and planning data in preparing our quarterly figures than in our annual financial reporting. To determine the allocation to the provision for premium refunds during the year, the latest expected ratio of surplus distribution to unadjusted result after tax is applied to unadjusted earnings at the end of the quarter. This change in estimation only affects the distribution of the allocation to the provision for premium refunds between quarters and not the amount of the allocation for the financial year as a whole. Taxes on income in Munich Re's quarterly financial statements are calculated in the same way as for the consolidated financial statements as at 31 December 2010, i.e. a direct tax calculation is made per quarterly result of the individual consolidated companies.

Changes in the consolidated group

The following disclosures regarding first-time recognition are provisional, since among other things there may still be changes in the purchase price or in tax items in the balance sheet.

On 1 January 2011, through its subsidiary Munich Health North America, Inc., Wilmington, Delaware, Munich Re acquired 100% of the shares in the Windsor Health Group, Inc. (Windsor), Brentwood, Tennessee, for a total of US\$ 131.5m (€98.0m) in cash, fully financed from our own resources.

Windsor operates government-sponsored health plans for the senior segment through its subsidiary Windsor Health Plan, Inc., Brentwood, Tennessee, which provides specialty managed healthcare services in the senior segment to more than 75,000 members in the US states of Alabama, Arkansas, Mississippi, South Carolina and Tennessee. The acquisition of Windsor strengthens the position of our US subsidiary Sterling Life Insurance Company, Bellingham, Washington State, in the senior segment by sharpening our competitive edge for the challenges of the US health reform.

In connection with the acquisition of Windsor, other intangible assets of €46.6m and goodwill of €38.1m have been recognised. The goodwill derives in particular from synergies with the rest of Munich Re's Medicare business as regards products and services offered, geographical spread and distribution channels. The goodwill includes the value assigned to Windsor's staff. We are proceeding on the assumption that the goodwill will not be tax-deductible.

Windsor's combined opening balance sheet at the time of acquisition, after elimination of its intra-group business, also includes the following provisional IFRS figures: investments of €9.0m, cash at banks, cheques and cash in hand of €29.5m, receivables of €24.7m, deferred tax assets of €6.5m and other asset items of €13.3m, technical provisions of €29.4m, other provisions and liabilities of €22.0m, and deferred taxes of €18.3m. Windsor's equity at the time of acquisition amounted to €31.0m.

The acquired receivables consist mainly of amounts payable by the Centers for Medicare and Medicaid Services (CMS), from which Windsor receives its premiums. At the time of acquisition, these receivables amounted to €13.4m. This represents the fair value, as we do not expect any defaults from CMS, given that it is a federal agency.

No contingent liabilities, contingent payments or separate transactions within the meaning of IFRS 3 were identified. The income and expenses for the months of January to March 2011 have been recognised in the consolidated income statement. In this period, Windsor contributed €2.0m to the consolidated result.

As Windsor was acquired with effect from 1 January 2011, the amounts included in the consolidated result for the first quarter tally with the figures since the commencement of the current financial year.

The provisional figures for Windsor were adjusted in the first quarter owing to the still ongoing determination of the tax impact. The adjustments mainly involve an increase of €6.5m in the deferred tax assets. Altogether, there was a decrease of €7.6m in goodwill.

With economic effect from 1 January 2011, via its subsidiary MR RENT-Investment GmbH, Munich, Munich Re acquired 100% of the voting shares in 11 wind park companies in a bidding process. The wind park portfolio comprises wind parks already operating in various regions of Germany with a total of 40 wind turbines and an output of 72.7 megawatts.

Through a purchase and share transfer contract and an agreement on the change of general partner, MR RENT-Investment GmbH, Munich, acquired from wpd windpark asset GmbH & Co. KG, Bremen, all the limited partner shares in each of the following limited partnerships:

- Windpark Mittelhausen GmbH & Co. KG, Bremen
- Windpark Sassenberg GmbH & Co. KG, Bremen
- Einzelanlage Hohenseefeld GmbH & Co. KG, Bremen
- wpd Windpark Wergzahna GmbH & Co. KG, Bremen
- Windpark Hillmersdorf GmbH & Co. KG, Bremen
- Windpark Marwitz GmbH & Co. KG, Bremen
- Windpark Großberndten 2 GmbH & Co. KG, Bremen
- Windpark Krüge GmbH & Co. KG, Bremen
- Windpark Geisleden Betriebs GmbH & Co. KG, Bremen
- Windpark Klein Bünzow GmbH & Co. KG, Bremen
- Windpark Langengrassau GmbH & Co. KG, Bremen

MR-RENT Management GmbH, Munich, also a subsidiary of Munich Re, became the new general partner in the limited partnerships. The acquisition is part of the RENT programme (Renewable Energy and New Technologies), through which Munich Re plans to invest in renewable energies and new technologies.

The provisional purchase price for the wind park portfolio is €40.5m in cash and will be fully financed from our own resources. The purchase price contains various components, dependent in particular on the final determination of the technical yield statement for the wind turbines at the acquisition date and the definitive financial statements of the wind park partnerships at 31 December 2010.

The provisional IFRS figures for the acquired assets and liabilities of the wind park portfolio at the time of acquisition are as follows: intangible assets of €23.8m, investments of €101.7m, other assets of €10.2m, liabilities of €90.7m and other liabilities of €5.4m.

The fair value of the acquired receivables from deliveries and services amounts to €3.6m and corresponds to the gross contract value. No defaults were expected at the time of acquisition. The goodwill of €0.9m arithmetically resulting from the transaction was written off in full after we carried out an impairment test.

The income and expenses for the months of January to March 2011 have been recognised in the consolidated income statement. During this period, the income and expenses in connection with the wind park portfolio balanced each other out. As the wind park portfolio was acquired with effect from 1 January 2011, the amounts included in the consolidated result for the first quarter tally with the figures since the commencement of the current financial year.

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	
	31.3.2011	31.12.2010	Q1 2011	Q1 2010
Australian dollar	1.37225	1.30875	1.36117	1.53014
Canadian dollar	1.38045	1.33300	1.34905	1.43929
Pound sterling	0.88530	0.85685	0.85434	0.88760
Rand	9.59235	8.87535	9.56836	10.38680
Swiss franc	1.29830	1.25045	1.28747	1.46288
US dollar	1.41910	1.34155	1.36872	1.38356
Yen	117.6150	108.8060	112.5780	125.5380

Segment reporting

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

We have consequently identified seven segments to be reported:

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

Segment assets

	Reinsurance					
	Life		Property-casualty		Life	
€m	31.3. 2011	31.12. 2010	31.3. 2011	31.12. 2010	31.3. 2011	31.12. 2010
A. Intangible assets	160	168	1,873	1,969	1,152	1,162
B. Investments						
I. Land and buildings, including buildings on third-party land	255	267	1,173	1,178	1,747	1,760
Thereof:						
Held for sale	-	-	-	-	-	-
II. Investments in affiliated companies and associates	1,245	1,274	5,480	5,418	441	406
Thereof:						
Associates accounted for using the equity method	62	58	316	295	179	179
III. Loans	227	339	1,005	1,436	33,069	32,708
IV. Other securities						
1. Held to maturity	-	-	-	-	35	42
2. Available for sale	11,915	12,879	47,462	50,529	36,349	37,695
3. At fair value through profit or loss	386	331	891	603	517	617
	12,301	13,210	48,353	51,132	36,901	38,354
V. Deposits retained on assumed reinsurance	6,075	6,121	1,458	1,500	142	137
VI. Other investments	429	457	1,455	1,333	973	624
	20,532	21,668	58,924	61,997	73,273	73,989
C. Investments for the benefit of life insurance policyholders who bear the investment risk	-	-	-	-	5,069	4,953
D. Ceded share of technical provisions	1,069	987	2,421	2,396	2,940	2,936
E. Other segment assets	5,670	5,631	10,111	10,183	8,873	9,085
Thereof:						
Held for sale	-	-	-	-	-	-
Total segment assets	27,431	28,454	73,329	76,545	91,307	92,125

Selected notes to the consolidated financial statements

Munich Re's primary insurance segments comprise all the activities of the ERGO Insurance Group (ERGO) with the exception of international health primary insurance business, which is handled by Munich Health. Moreover, 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.

	Health		Primary insurance Property-casualty		Munich Health		Asset management		Consolidation		Total	
	31.3. 2011	31.12. 2010	31.3. 2011	31.12. 2010	31.3. 2011	31.12. 2010	31.3. 2011	31.12. 2010	31.3. 2011	31.12. 2010	31.3. 2011	31.12. 2010
	689	691	922	955	198	124	21	21	-4	-4	5,011	5,086
	619	623	328	340	30	16	62	63	-	-	4,214	4,247
	-	-	239	-	-	-	-	-	-	-	239	-
	317	317	4,081	4,280	61	53	55	59	-10,551	-10,716	1,129	1,091
	108	107	163	153	51	51	38	42	-15	-15	902	870
	16,143	15,856	2,596	2,482	29	25	-	-	-3,733	-3,911	49,336	48,935
	-	-	-	-	-	-	-	-	-	-	35	42
	12,390	12,428	5,815	5,857	3,430	2,621	187	114	-	-	117,548	122,123
	29	37	27	12	16	12	-	-	-	-	1,866	1,612
	12,419	12,465	5,842	5,869	3,446	2,633	187	114	-	-	119,449	123,777
	1	1	20	20	1,237	1,251	-	-	-2,136	-2,128	6,797	6,902
	223	87	536	552	126	129	606	780	-935	-763	3,413	3,199
	29,722	29,349	13,403	13,543	4,929	4,107	910	1,016	-17,355	-17,518	184,338	188,151
	-	3	-	-	1	1	-	-	-	-	5,070	4,957
	1,071	1,062	949	894	30	30	-	-	-2,872	-2,815	5,608	5,490
	3,387	3,464	4,512	4,445	2,202	1,919	278	58	-1,992	-2,111	33,041	32,674
	-	-	19	-	-	-	-	-	-	-	19	-
	34,869	34,569	19,786	19,837	7,360	6,181	1,209	1,095	-22,223	-22,448	233,068	236,358

Segment reporting

Segment liabilities

€m	Reinsurance					
	Life		Property-casualty		Life	
	31.3. 2011	31.12. 2010	31.3. 2011	31.12. 2010	31.3. 2011	31.12. 2010
A. Subordinated liabilities	931	1,344	2,106	2,885	102	105
B. Gross technical provisions						
I. Unearned premiums	55	52	5,863	5,669	7	1
II. Provision for future policy benefits	11,405	11,605	311	317	69,774	69,606
III. Provision for outstanding claims	4,428	4,509	38,828	37,161	1,489	1,510
IV. Other technical provisions	518	498	154	138	1,541	2,167
	16,406	16,664	45,156	43,285	72,811	73,284
C. Gross technical provisions for life insurance policies where the investment risk is borne by the policyholders	-	-	-	-	5,326	5,206
D. Other accrued liabilities	164	174	586	623	556	565
E. Other segment liabilities	5,235	5,904	10,419	11,296	9,291	9,300
Thereof:						
Held for sale	-	-	-	-	-	-
Total segment liabilities	22,736	24,086	58,267	58,089	88,086	88,460

Selected notes to the consolidated financial statements

	Health		Primary insurance Property-casualty		Munich Health		Asset management		Consolidation		Total		
	31.3. 2011	31.12. 2010	31.3. 2011	31.12. 2010	31.3. 2011	31.12. 2010	31.3. 2011	31.12. 2010	31.3. 2011	31.12. 2010	31.3. 2011	31.12. 2010	
	23	23	364	366	171	185	-	-	-60	-61	3,637	4,847	
	142	97	2,127	1,691	473	444	-	-	-128	-75	8,539	7,879	
	23,417	22,855	449	443	1,627	1,591	-	-	-2,031	-2,004	104,952	104,413	
	846	939	4,876	4,915	946	1,075	-	-	-590	-608	50,823	49,501	
	6,296	6,508	180	182	196	215	-	-	-142	-153	8,743	9,555	
	30,701	30,399	7,632	7,231	3,242	3,325	-	-	-2,891	-2,840	173,057	171,348	
	-	3	-	-	1	1	-	-	-	-	5,327	5,210	
	282	316	1,765	1,776	132	102	46	47	-155	-145	3,376	3,458	
	2,227	2,080	5,876	6,037	1,707	1,559	1,080	909	-8,670	-8,618	27,165	28,467	
	-	-	10	-	-	-	-	-	-	-	10	-	
	33,233	32,821	15,637	15,410	5,253	5,172	1,126	956	-11,776	-11,664	212,562	213,330	
											Equity	20,506	23,028
											Total equity and liabilities	233,068	236,358

Segment reporting

Segment income statement 1.1.-31.3.2011

€m	Reinsurance					
	Life		Property-casualty		Life	
	Q1 2011	Q1 2010	Q1 2011	Q1 2010	Q1 2011	Q1 2010
Gross premiums written	2,398	1,843	4,495	4,085	1,523	1,569
Thereof:						
From insurance transactions with other segments	34	35	132	136	1	-
From insurance transactions with external third parties	2,364	1,808	4,363	3,949	1,522	1,569
1. Earned premiums						
Gross	2,392	1,838	4,075	3,582	1,522	1,567
Ceded	115	128	180	237	64	68
Net	2,277	1,710	3,895	3,345	1,458	1,499
2. Income from technical interest	151	147	335	332	514	943
3. Expenses for claims and benefits						
Gross	1,685	1,393	5,588	2,852	1,766	2,258
Ceded share	44	48	296	121	34	35
Net	1,641	1,345	5,292	2,731	1,732	2,223
4. Operating expenses						
Gross	680	468	1,167	1,007	252	294
Ceded share	48	63	24	62	14	13
Net	632	405	1,143	945	238	281
Thereof:						
Amortisation and impairment losses of acquired insurance portfolios	2	2	-	-	7	7
5. Technical result (1-4)	155	107	-2,205	1	2	-62
6. Investment result						
Investment income	629	386	1,752	1,150	913	1,252
Investment expenses	280	112	845	489	354	198
Total	349	274	907	661	559	1,054
Thereof:						
Interest and similar income	171	192	409	445	757	740
Interest charges and similar expenses	4	4	18	20	7	6
Write-downs of investments	161	42	354	171	185	95
Write-ups of investments	140	47	408	98	31	77
Income from associates accounted for using the equity method	2	3	7	14	-1	-
7. Other operating income	23	25	73	87	111	112
Thereof:						
Interest and similar income	7	10	11	20	1	1
Write-ups of other operating assets	-	-	-	-	-	-
8. Other operating expenses	20	16	53	55	131	137
Thereof:						
Interest charges and similar expenses	2	2	3	3	3	2
Write-downs of other operating assets	-	1	5	2	4	4
9. Deduction of income from technical interest	-151	-147	-335	-332	-514	-943
10. Non-technical result (6-9)	201	136	592	361	25	86
11. Operating result	356	243	-1,613	362	27	24
12. Other non-operating result, finance costs and impairment losses of goodwill	-9	-44	-84	-97	-15	-12
13. Taxes on income	88	-3	-755	43	2	-3
14. Consolidated result	259	202	-942	222	10	15
Thereof:						
Attributable to Munich Reinsurance Company equity holders	259	202	-942	223	11	14
Attributable to non-controlling interests	-	-	-	-1	-1	1

Selected notes to the consolidated financial statements

	Primary insurance		Munich Health		Asset management		Consolidation		Total			
	Health		Property-casualty		Q1 2011	Q1 2010	Q1 2011	Q1 2010	Q1 2011	Q1 2010		
	Q1 2011	Q1 2010	Q1 2011	Q1 2010							Q1 2011	Q1 2010
	1,456	1,414	1,799	1,731	1,536	1,252	-	-	-227	-237	12,980	11,657
	-	-	11	13	49	53	-	-	-227	-237	-	-
	1,456	1,414	1,788	1,718	1,487	1,199	-	-	-	-	12,980	11,657
	1,406	1,345	1,341	1,281	1,495	1,183	-	-	-174	-186	12,057	10,610
	60	67	137	135	5	8	-	-	-174	-186	387	457
	1,346	1,278	1,204	1,146	1,490	1,175	-	-	-	-	11,670	10,153
	384	361	39	43	21	24	-	-	-21	-23	1,423	1,827
	1,535	1,437	858	873	1,237	972	-	-	-120	-143	12,549	9,642
	47	53	80	105	3	4	-	-	-103	-118	401	248
	1,488	1,384	778	768	1,234	968	-	-	-17	-25	12,148	9,394
	146	178	438	419	270	237	-	-	-19	-18	2,934	2,585
	11	10	19	24	1	1	-	-	-40	-36	77	137
	135	168	419	395	269	236	-	-	21	18	2,857	2,448
	1	1	-	-	-	-	-	-	-	-	10	10
	107	87	46	26	8	-5	-	-	-25	-16	-1,912	138
	437	390	181	301	66	41	-1	6	-383	-152	3,594	3,374
	87	70	66	53	21	8	-	-	-15	-16	1,638	914
	350	320	115	248	45	33	-1	6	-368	-136	1,956	2,460
	305	284	82	87	41	30	2	2	-41	-46	1,726	1,734
	2	2	3	2	-	-	-	-	-1	-1	33	33
	27	18	13	9	8	3	-	-	-	-	748	338
	17	12	10	9	5	2	-	-	-	-	611	245
	1	-2	-	-1	1	-	-4	-	-	-	6	14
	34	31	248	221	24	17	61	60	-389	-372	185	181
	-	-	-	1	5	4	1	1	-1	-2	24	35
	-	-	-	-	-	-	-	-	-	-	-	-
	37	43	294	259	16	17	47	43	-408	-388	190	182
	3	3	19	26	2	2	3	3	-14	-15	21	26
	1	3	19	6	2	2	-	-	-	-	31	18
	-384	-361	-39	-43	-21	-24	-	-	21	23	-1,423	-1,827
	-37	-53	30	167	32	9	13	23	-328	-97	528	632
	70	34	76	193	40	4	13	23	-353	-113	-1,384	770
	-15	-7	-53	-40	-3	-15	-4	-4	7	7	-176	-212
	18	10	14	20	16	-	6	7	-1	-1	-612	73
	37	17	9	133	21	-11	3	12	-345	-105	-948	485
	37	17	9	129	21	-10	3	12	-345	-105	-947	482
	-	-	-	4	-	-1	-	-	-	-	-1	3

Segment reporting

Non-current assets by country¹

€m	31.3.2011	31.12.2010
Germany	7,787	7,651
USA	1,979	2,024
Austria	467	472
UK	286	296
Sweden	249	247
Singapore	239	251
Netherlands	174	177
France	161	161
Spain	135	136
Poland	132	126
Portugal	100	110
Switzerland	93	96
Italy	74	63
Greece	59	58
Others	249	299
Total	12,184	12,167

¹ The non-current assets mainly comprise intangible assets (especially goodwill) and our owner-occupied and investment property.

Gross premiums written¹

€m	Reinsurance		Primary insurance		Munich Health		Total	
	Q1 2011	Q1 2010	Q1 2011	Q1 2010	Q1 2011	Q1 2010	Q1 2011	Q1 2010
Europe	2,493	2,338	4,719	4,659	405	452	7,617	7,449
North America	2,730	2,313	-	-	984	612	3,714	2,925
Asia and Australasia	968	670	45	42	34	84	1,047	796
Africa, Near and Middle East	199	198	1	-	61	49	261	247
Latin America	337	238	1	-	3	2	341	240
Total	6,727	5,757	4,766	4,701	1,487	1,199	12,980	11,657

¹ After elimination of intra-Group reinsurance across segments.

Notes to the consolidated balance sheet

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

Intangible assets

€m	31.3.2011	31.12.2010
I. Goodwill	3,391	3,453
II. Other intangible assets	1,620	1,633
Thereof:		
Software	372	384
Purchased insurance portfolios	586	604
Other	662	645
Total	5,011	5,086

Given the difficult market environment in South Korean motor insurance business, increasingly evident regulation and the less favourable mid-term opportunity and risk profile, we subjected the goodwill of ERGO Daum Direct General Insurance Co. Ltd., Seoul, South Korea, to an impairment test. This test led to a complete write-off of its goodwill of €20m and to a write-down of other intangible assets of €5m. In addition, a write-down of other assets of €9m was made.

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

Number of shares in circulation and number of own shares held

	31.3.2011	31.12.2010
Number of shares in circulation	177,910,954	180,378,583
Number of own shares held	10,557,517	8,089,888
Total	188,468,471	188,468,471

Non-controlling interests

€m	31.3.2011	31.12.2010
Unrealised gains and losses	6	11
Consolidated result	-1	9
Other equity	233	225
Total	238	245

These are mainly minority interests in individual companies of the primary insurance group.

Selected notes to the consolidated financial statements

Subordinated liabilities

€m	31.3.2011	31.12.2010
Munich Reinsurance Company, Munich, 6.75% until 2013, thereafter floating, €1,746m ¹ Bonds 2003/2023 S&P rating: A	1,736	2,884
Munich Reinsurance Company, Munich, 7.625% until 2018, thereafter floating, £300m, Bonds 2003/2028 S&P rating: A	337	348
Munich Reinsurance Company, Munich, 5.767% until 2017, thereafter floating, €1,349m, Bonds 2007/perpetual S&P rating: A	1,465	1,513
Bank Austria Creditanstalt Versicherung AG, Vienna, 4.95%, €50m, Registered bonds 2004/2014 Rating: -	48	49
Bank Austria Creditanstalt Versicherung AG, Vienna, 6% until 2011, thereafter floating, €12m ² , Registered bonds 2001/perpetual Rating: -	9	9
Bank Austria Creditanstalt Versicherung AG, Vienna, secondary market yield on federal government bonds (Austria) +70 BP, €13m ³ , Registered bonds 1998/perpetual Rating: -	10	10
HSB Group Inc., Delaware LIBOR +91 BP, US\$ 76m, Bonds 1997/2027 Rating: -	32	34
Total	3,637	4,847

¹ In the first quarter of 2011, the issuer bought back notes with a nominal value of €1,154m.

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

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

In the period under review, as part of our active capital management, we bought back a nominal amount of €1,154m of the subordinated bond 2003/2023 issued by Munich Reinsurance Company, followed by a further nominal amount of €24m on 1 April 2011.

Besides this, on 29 March 2011, we placed a subordinated bond of €1bn with a consortium of investors. The resulting "other liability" was offset against the corresponding asset. The bond will be posted as a subordinated liability with effect from the settlement date of 5 April 2011. With a term of 30 years, the bond is first callable after ten years. Up to then, it has a coupon rate of 6% p.a. and thereafter a floating rate.

Bonds and notes issued

€m	31.3.2011	31.12.2010
Munich Re America Corporation, Princeton, 7.45%, US\$ 389m ¹ , Senior Notes 1996/2026 S&P rating: A-	274	290
Total	274	290

¹ In the first quarter of 2011, the issuer bought back notes with a nominal value of US\$ 0.1m.

Notes to the consolidated income statement

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

Premiums¹

€m	Life		Reinsurance Property-casualty	
	Q1 2011	Q1 2010	Q1 2011	Q1 2010
Gross premiums written	2,364	1,808	4,363	3,949
Change in gross unearned premiums	6	3	369	457
Gross earned premiums	2,358	1,805	3,994	3,492
Ceded premiums written	115	128	143	280
Change in unearned premiums - Ceded share	-	-	-37	44
Earned premiums ceded	115	128	180	236
Net earned premiums	2,243	1,677	3,814	3,256

€m	Life		Health		Primary insurance Property-casualty	
	Q1 2011	Q1 2010	Q1 2011	Q1 2010	Q1 2011	Q1 2010
Gross premiums written	1,522	1,569	1,456	1,414	1,788	1,718
Change in gross unearned premiums	-	1	51	70	455	447
Gross earned premiums	1,522	1,568	1,405	1,344	1,333	1,271
Ceded premiums written	28	32	6	7	74	53
Change in unearned premiums - Ceded share	-	-	2	2	18	4
Earned premiums ceded	28	32	4	5	56	49
Net earned premiums	1,494	1,536	1,401	1,339	1,277	1,222

€m	Munich Health		Total	
	Q1 2011	Q1 2010	Q1 2011	Q1 2010
Gross premiums written	1,487	1,199	12,980	11,657
Change in gross unearned premiums	42	69	923	1,047
Gross earned premiums	1,445	1,130	12,057	10,610
Ceded premiums written	4	8	370	508
Change in unearned premiums - Ceded share	-	1	-17	51
Earned premiums ceded	4	7	387	457
Net earned premiums	1,441	1,123	11,670	10,153

¹ After elimination of intra-Group transactions across segments.

Selected notes to the consolidated financial statements

Income from technical interest¹

€m	Reinsurance			
	Life		Property-casualty	
	Q1 2011	Q1 2010	Q1 2011	Q1 2010
Income from technical interest	141	136	335	332

€m	Primary insurance					
	Life		Health		Property-casualty	
	Q1 2011	Q1 2010	Q1 2011	Q1 2010	Q1 2011	Q1 2010
Income from technical interest	514	943	384	361	39	43

€m	Munich Health				Total
	Q1 2011	Q1 2010	Q1 2011	Q1 2010	
	Income from technical interest	10	12	1,423	

¹ After elimination of intra-Group transactions across segments.

Expenses for claims and benefits¹

€m	Reinsurance			
	Life		Property-casualty	
	Q1 2011	Q1 2010	Q1 2011	Q1 2010
Gross				
Claims and benefits paid	1,523	1,082	2,608	2,180
Changes in technical provisions				
Provision for future policy benefits	63	120	-5	3
Provision for outstanding claims	73	129	2,932	598
Provision for premium refunds	-	-	4	10
Other technical result	-7	27	15	17
Gross expenses for claims and benefits	1,652	1,358	5,554	2,808
Ceded share				
Claims and benefits paid	28	-31	140	181
Changes in technical provisions				
Provision for future policy benefits	-18	-6	-	-
Provision for outstanding claims	42	91	157	-59
Provision for premium refunds	-	-	-	-
Other technical result	-8	-5	-1	-1
Expenses for claims and benefits - Ceded share	44	49	296	121
Net				
Claims and benefits paid	1,495	1,113	2,468	1,999
Changes in technical provisions				
Provision for future policy benefits	81	126	-5	3
Provision for outstanding claims	31	38	2,775	657
Provision for premium refunds	-	-	4	10
Other technical result	1	32	16	18
Net expenses for claims and benefits	1,608	1,309	5,258	2,687

Selected notes to the consolidated financial statements

→	Primary insurance					
	Life		Health		Property-casualty	
€m	Q1 2011	Q1 2010	Q1 2011	Q1 2010	Q1 2011	Q1 2010
Gross						
Claims and benefits paid	1,612	1,536	1,024	988	856	789
Changes in technical provisions						
Provision for future policy benefits	109	470	264	288	6	14
Provision for outstanding claims	-22	-53	-92	-75	-19	47
Provision for premium refunds	27	266	346	238	2	3
Other technical result	40	38	-2	-2	6	16
Gross expenses for claims and benefits	1,766	2,257	1,540	1,437	851	869
Ceded share						
Claims and benefits paid	27	27	3	1	32	25
Changes in technical provisions						
Provision for future policy benefits	12	8	-	-	-	-
Provision for outstanding claims	-9	-4	-	-	14	35
Provision for premium refunds	-	-	-	-	-1	-
Other technical result	-19	-18	-	-	-1	1
Expenses for claims and benefits - Ceded share	11	13	3	1	44	61
Net						
Claims and benefits paid	1,585	1,509	1,021	987	824	764
Changes in technical provisions						
Provision for future policy benefits	97	462	264	288	6	14
Provision for outstanding claims	-13	-49	-92	-75	-33	12
Provision for premium refunds	27	266	346	238	3	3
Other technical result	59	56	-2	-2	7	15
Net expenses for claims and benefits	1,755	2,244	1,537	1,436	807	808

Selected notes to the consolidated financial statements

→	Munich Health		Total	
	Q1 2011	Q1 2010	Q1 2011	Q1 2010
€m				
Gross				
Claims and benefits paid	1,282	859	8,905	7,434
Changes in technical provisions				
Provision for future policy benefits	21	23	458	918
Provision for outstanding claims	-116	33	2,756	679
Provision for premium refunds	-	-1	379	516
Other technical result	-1	-1	51	95
Gross expenses for claims and benefits	1,186	913	12,549	9,642
Ceded share				
Claims and benefits paid	3	5	233	208
Changes in technical provisions				
Provision for future policy benefits	-	-	-6	2
Provision for outstanding claims	-	-2	204	61
Provision for premium refunds	-	-	-1	-
Other technical result	-	-	-29	-23
Expenses for claims and benefits - Ceded share	3	3	401	248
Net				
Claims and benefits paid	1,279	854	8,672	7,226
Changes in technical provisions				
Provision for future policy benefits	21	23	464	916
Provision for outstanding claims	-116	35	2,552	618
Provision for premium refunds	-	-1	380	516
Other technical result	-1	-1	80	118
Net expenses for claims and benefits	1,183	910	12,148	9,394

¹ After elimination of intra-Group transactions across segments.

Operating expenses¹

€m	Q1 2011	Life	Reinsurance	
			Property-casualty	Q1 2010
Acquisition costs, profit commission and reinsurance commission paid	571	677	911	845
Administrative expenses	71	63	249	254
Change in deferred acquisition costs and contingent commissions, amortisation and impairment losses of acquired insurance portfolios	29	-280	-15	-112
Gross operating expenses	671	460	1,145	987
Ceded share of acquisition costs, profit commission and reinsurance commission paid	45	76	6	61
Ceded share of changes in deferred acquisition costs and contingent commissions	2	-12	19	1
Operating expenses - Ceded share	47	64	25	62
Net operating expenses	624	396	1,120	925

Selected notes to the consolidated financial statements

→	Primary insurance					
	€m	Life		Health		Property-casualty
		Q1 2011	Q1 2010	Q1 2011	Q1 2010	Q1 2011
Acquisition costs, profit commission and reinsurance commission paid	210	219	147	158	304	284
Administrative expenses	62	63	42	42	183	169
Changes in deferred acquisition costs and contingent commissions, amortisation and impairment losses of acquired insurance portfolios	-16	18	-34	-12	-43	-35
Gross operating expenses	256	300	155	188	444	418
Ceded share of acquisition costs, profit commission and reinsurance commission paid	4	5	1	2	2	5
Ceded share of changes in deferred acquisition costs and contingent commissions	1	-	-	-	-3	-
Operating expenses - Ceded share	5	5	1	2	-1	5
Net operating expenses	251	295	154	186	445	413

→	Munich Health				Total	
	€m	Q1 2011	Q1 2010	Q1 2011	Q1 2010	Q1 2010
Acquisition costs, profit commission and reinsurance commission paid		229	207	2,372		2,390
Administrative expenses		39	33	646		624
Changes in deferred acquisition costs and contingent commissions, amortisation and impairment losses of acquired insurance portfolios		-5	-8	-84		-429
Gross operating expenses		263	232	2,934		2,585
Ceded share of acquisition costs, profit commission and reinsurance commission paid		-	-1	58		148
Ceded share of changes in deferred acquisition costs and contingent commissions		-	-	19		-11
Operating expenses - Ceded share		-	-1	77		137
Net operating expenses		263	233	2,857		2,448

¹ After elimination of intra-Group transactions across segments.

Investment result by investment class and segment (before deduction of technical interest)¹

€m	Reinsurance			
	Q1 2011	Life	Property-casualty	
		Q1 2010	Q1 2011	Q1 2010
Land and buildings, including buildings on third-party land	7	2	33	12
Investments in affiliated companies	-	-	-	3
Investments in associates	2	3	7	14
Loans	1	1	3	2
Other securities held to maturity	-	-	-	-
Other securities available for sale				
Fixed-interest	186	189	446	741
Non-fixed-interest	48	11	216	56
Other securities at fair value through profit or loss				
Held for trading				
Fixed-interest	-	-	1	4
Non-fixed-interest	-	-	-	-
Derivatives	-5	-	-9	-140
Designated as at fair value through profit or loss				
Fixed-interest	-	-	-	-
Non-fixed-interest	-	-	-	-
Deposits retained on assumed reinsurance and other investments	52	58	-3	-13
Investments for the benefit of life insurance policyholders who bear the investment risk	-	-	-	-
Expenses for the management of investments, other expenses	8	7	38	38
Total	283	257	656	641

€m	Primary insurance					
	Q1 2011	Life	Health		Property-casualty	
		Q1 2010	Q1 2011	Q1 2010	Q1 2011	Q1 2010
Land and buildings, including buildings on third-party land	13	22	10	10	7	6
Investments in affiliated companies	-1	-1	-1	-1	-	40
Investments in associates	-1	-	1	-2	-	-1
Loans	342	355	164	157	25	25
Other securities held to maturity	-	1	-	-	-	-
Other securities available for sale						
Fixed-interest	423	456	143	156	45	87
Non-fixed-interest	-4	73	66	22	6	14
Other securities at fair value through profit or loss						
Held for trading						
Fixed-interest	-	1	-	-	-	-
Non-fixed-interest	-	-	-	-	-	-
Derivatives	-101	20	-21	-16	1	-
Designated as at fair value through profit or loss						
Fixed-interest	-2	7	-	-	-	-
Non-fixed-interest	-2	-	-	-	-	-
Deposits retained on assumed reinsurance and other investments	-3	4	-2	3	-	-
Investments for the benefit of life insurance policyholders who bear the investment risk	-73	147	-	-	-	-
Expenses for the management of investments, other expenses	34	31	11	9	6	11
Total	557	1,054	349	320	78	160

Selected notes to the consolidated financial statements

→	Munich Health		Asset management		Total	
€m	Q1 2011	Q1 2010	Q1 2011	Q1 2010	Q1 2011	Q1 2010
Land and buildings, including buildings on third-party land	1	-	1	1	72	53
Investments in affiliated companies	-	-	-	3	-2	44
Investments in associates	2	-	-4	-	7	14
Loans	-	-	-	-	535	540
Other securities held to maturity	-	-	-	-	-	1
Other securities available for sale						
Fixed-interest	32	23	1	1	1,276	1,653
Non-fixed-interest	5	1	-	-	337	177
Other securities at fair value through profit or loss						
Held for trading						
Fixed-interest	-	-	-	-	1	5
Non-fixed-interest	-	-	-	-	-	-
Derivatives	-4	-2	-	-	-139	-138
Designated as at fair value through profit or loss						
Fixed-interest	-	-	-	-	-2	7
Non-fixed-interest	-	-	-	-	-2	-
Deposits retained on assumed reinsurance and other investments	-	-	1	1	45	53
Investments for the benefit of life insurance policyholders who bear the investment risk	-	-	-	-	-73	147
Expenses for the management of investments, other expenses	2	-	-	-	99	96
Total	34	22	-1	6	1,956	2,460

¹ After elimination of intra-Group transactions across segments.

Selected notes to the consolidated financial statements

Investment income by segment (before deduction of technical interest)¹

€m	Reinsurance			
	Life		Property-casualty	
	Q1 2011	Q1 2010	Q1 2011	Q1 2010
Regular income	198	199	466	487
Thereof:				
Income from interest	160	179	404	439
Income from write-ups	140	47	408	98
Gains on the disposal of investments	224	123	622	542
Other income	-	-	-	-
Total	562	369	1,496	1,127

€m	Primary insurance					
	Life		Health		Property-casualty	
	Q1 2011	Q1 2010	Q1 2011	Q1 2010	Q1 2011	Q1 2010
Regular income	797	780	319	299	91	92
Thereof:						
Income from interest	749	732	302	282	80	83
Income from write-ups	31	77	17	12	10	9
Gains on the disposal of investments	51	224	99	76	41	110
Other income	26	164	-	-	-	-
Total	905	1,245	435	387	142	211

€m	Munich Health		Asset management		Total	
	Q1 2011	Q1 2010	Q1 2011	Q1 2010	Q1 2011	Q1 2010
	Regular income	33	19	-1	6	1,903
Thereof:						
Income from interest	30	18	1	1	1,726	1,734
Income from write-ups	5	2	-	-	611	245
Gains on the disposal of investments	17	8	-	-	1,054	1,083
Other income	-	-	-	-	26	164
Total	55	29	-1	6	3,594	3,374

¹ After elimination of intra-Group transactions across segments.

Selected notes to the consolidated financial statements

Investment expenses by segment (before deduction of technical interest)¹

€m	Reinsurance			
	Life		Property-casualty	
	Q1 2011	Q1 2010	Q1 2011	Q1 2010
Write-downs of investments	161	42	354	171
Losses on the disposal of investments	106	59	430	257
Management expenses, interest charges and other expenses	12	11	56	58
Thereof:				
Interest charges	4	4	18	20
Total	279	112	840	486

€m	Primary insurance					
	Life		Health		Property-casualty	
	Q1 2011	Q1 2010	Q1 2011	Q1 2010	Q1 2011	Q1 2010
Write-downs of investments	185	95	27	18	13	9
Losses on the disposal of investments	20	42	44	37	43	29
Management expenses, interest charges and other expenses	143	54	15	12	8	13
Thereof:						
Interest charges	7	5	2	2	2	2
Total	348	191	86	67	64	51

€m	Munich Health		Asset management		Total	
	Q1 2011	Q1 2010	Q1 2011	Q1 2010	Q1 2011	Q1 2010
	Write-downs of investments	8	3	-	-	748
Losses on the disposal of investments	11	4	-	-	654	428
Management expenses, interest charges and other expenses	2	-	-	-	236	148
Thereof:						
Interest charges	-	-	-	-	33	33
Total	21	7	-	-	1,638	914

¹ After elimination of intra-Group transactions across segments.

Other operating result¹

€m	Reinsurance			
	Life		Property-casualty	
	Q1 2011	Q1 2010	Q1 2011	Q1 2010
Other operating income	21	21	69	82
Other operating expenses	17	13	49	50

€m	Primary insurance					
	Life		Health		Property-casualty	
	Q1 2011	Q1 2010	Q1 2011	Q1 2010	Q1 2011	Q1 2010
Other operating income	20	22	15	9	25	17
Other operating expenses	28	31	16	17	56	46

€m	Munich Health		Asset management		Total	
	Q1 2011	Q1 2010	Q1 2011	Q1 2010	Q1 2011	Q1 2010
	Other operating income	22	16	13	14	185
Other operating expenses	14	15	10	10	190	182

¹ After elimination of intra-Group transactions across segments.

Other operating income mainly comprises income of €107m (94m) from services rendered, interest and similar income of €24m (36m), income of €43m (9m) from the release/reduction of miscellaneous provisions and adjustments of values for receivables, and income of €6m (37m) from owner-occupied property, some of which is also leased out.

In addition to expenses of €75m (68m) for services rendered, other operating expenses chiefly include interest charges and similar expenses of €21m (29m), other write-downs of €22m (13m), and other tax of €10m (5m). They also contain expenses of €11m (12m) for owner-occupied property, some of which is also leased out.

Other non-operating result, impairment losses of goodwill and finance costs¹

€m	Reinsurance			
	Life		Property-casualty	
	Q1 2011	Q1 2010	Q1 2011	Q1 2010
Other non-operating income	177	166	297	326
Other non-operating expenses	168	192	336	379
Impairment losses of goodwill	-	-	1	-
Finance costs	17	18	43	43

€m	Primary insurance					
	Life		Health		Property-casualty	
	Q1 2011	Q1 2010	Q1 2011	Q1 2010	Q1 2011	Q1 2010
Other non-operating income	39	55	113	176	78	72
Other non-operating expenses	54	66	128	183	100	102
Impairment losses of goodwill	-	-	-	-	20	-
Finance costs	-	1	-	-	6	5

€m	Munich Health		Asset management		Total	
	Q1 2011	Q1 2010	Q1 2011	Q1 2010	Q1 2011	Q1 2010
	Other non-operating income	97	81	1	1	802
Other non-operating expenses	97	94	5	4	888	1,020
Impairment losses of goodwill	-	-	-	-	21	-
Finance costs	3	2	-	-	69	69

¹ After elimination of intra-Group transactions across segments.

Other non-operating income is income unrelated to the conclusion, administration or settlement of insurance contracts or the administration of investments. Besides foreign currency exchange gains of €759m (836m), it contains other non-technical income of €43m (41m).

Other non-operating expenses are expenses unrelated to the conclusion, administration or settlement of insurance contracts or the administration of investments. Besides foreign currency exchange losses of €692m (916m), they include write-downs of €29m (21m) on other intangible assets and other non-technical expenses of €167m (83m), such as expenses unrelated to the accounting period, project costs and other amounts that cannot be allocated elsewhere, and restructuring expenses.

Non-current assets held for sale

In the first quarter of 2011, with economic effect from 29 April 2011, the ERGO Insurance Group sold its shares in the fully consolidated Capital Square Pte. Ltd., Singapore, the sales price totalling around €500m. The disposal group mainly includes an office investment property with a carrying amount of €239m.

How the non-current assets held for sale and disposal groups are allocated between the segments is disclosed in the segment reporting.

Related parties

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

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

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

Number of staff

The number of staff employed by the Group as at 31 March 2011 totalled 24,236 (24,537) in Germany and 22,649 (22,378) in other countries.

Number of staff

	31.3.2011	31.12.2010
Reinsurance	11,346	11,370
Primary insurance	30,699	30,887
Munich Health	4,086	3,899
Asset management	754	759
Total	46,885	46,915

Contingent liabilities, other financial commitments

In comparison with the situation at 31 December 2010, contingent liabilities and other financial commitments of significance for the assessment of the Group's financial position show no material changes. No contingent liabilities have been entered into for the benefit of Board members.

Earnings per share

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

Earnings per share

		Q1 2011	Q1 2010
Consolidated result attributable to Munich Reinsurance Company equity holders	€m	-947	482
Weighted average number of outstanding shares		179,169,781	189,798,691
Earnings per share	€	-5.28	2.54

Events after the balance sheet date

In April 2011, the US South and Midwest were hit by the most devastating tornadoes in decades. Munich Re expects a claims burden from the tornadoes in the region of €100-150m.

Under the share buy-back programme decided on by Munich Reinsurance Company's Board of Management on 7 May 2010, we repurchased a further 0.3 million Munich Re shares with a volume of €39m after the reporting date up to end of the programme on 12 April 2011. By resolution of Munich Reinsurance Company's Board of Management on 20 April 2011, a total of 9,127,259 shares acquired in the buy-back programme were retired in a simplified process, without reducing the share capital but merely by adjusting the proportion of the Company's share capital represented by each of the remaining no-par-value shares.

On 3 May 2011, in civil proceedings instituted by a common interest group, the Hamburg regional court ordered the insurers in the case to refrain, when concluding new contracts and in processing existing contracts, from applying clauses relating to premium payment in instalments over the year unless they simultaneously quote the relevant effective annual interest rate for the extra charges. In the same matter, the court has set a date of 10 May 2011 for pronouncing a judgement in the case against ERGO Lebensversicherung AG, Hamburg. This may have repercussions for our primary insurance group.

Drawn up and released for publication, Munich,
6 May 2011

The Board of Management

To Münchener Rückversicherungs-Gesellschaft Aktiengesellschaft in München

We have reviewed the condensed interim consolidated financial statements – comprising the consolidated balance sheet, the consolidated income statement, the statement of recognised income and expense, the Group statement of changes in equity, the condensed consolidated cash flow statement as well as the selected explanatory notes – together with the interim group management report of Münchener Rückversicherungs-Gesellschaft Aktiengesellschaft in München, for the period from 1 January 2011 to 31 March 2011, that are part of the quarterly financial report according to Section 37 x para. 3 of the WpHG (German Securities Trading Act). The preparation of the condensed interim consolidated financial statements in accordance with those IFRSs applicable to interim financial reporting as adopted by the EU, and of the interim Group management report in accordance with the requirements of the WpHG applicable to interim group management reports, is the responsibility of the 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 have 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 Institut der Wirtschaftsprüfer (IDW). Those standards require that we plan and perform the review so that we can preclude through critical evaluation, with a certain level of assurance, that the condensed interim consolidated financial statements have not been prepared, in material aspects, in accordance with the IFRS applicable to interim financial reporting as adopted by the EU, and that the interim Group management report has not been prepared, in material aspects, in accordance with the requirements of the WpHG applicable to interim group management reports. A review is limited primarily to inquiries of company employees and analytical assessments and therefore does not provide the assurance attainable in a financial statement audit. Since, in accordance with our engagement, we have not performed a financial statement audit, we cannot issue an auditor's report.

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

Munich, 9 May 2011
KPMG Bayerische Treuhandgesellschaft
Aktiengesellschaft Wirtschaftsprüfungsgesellschaft
Steuerberatungsgesellschaft

Klaus Becker
(Certified public accountant)

Martin Berger
(Certified public accountant)

Important dates

2011

4 August 2011	Interim report as at 30 June 2011
4 August 2011	Half-year press conference
8 November 2011	Interim report as at 30 September 2011

2012

13 March 2012	Balance sheet press conference for 2011 financial statements
26 April 2012	Annual General Meeting
8 May 2012	Interim report as at 31 March 2012
7 August 2012	Interim report as at 30 June 2012
7 August 2012	Half-year press conference
7 November 2012	Interim report as at 30 September 2012

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Responsible for content
Group Reporting

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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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