

1/2001

Munich Re Group
Quarterly Report



Münchener Rück
Munich Re Group

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This is the first quarterly report of the Munich Re Group. Comparable figures for the first quarter of 2000 are not available (except for premiums). As a guide, we have therefore provided the figures for the whole of the business year 2000.

To our shareholders

Dear Shareholders,

In this interim report we wish to inform you about the performance of the Munich Re Group in the first three months of the business year 2001.

In reinsurance the renewal of treaties for the year 2001 went well: Munich Re and its reinsurance subsidiaries were able to implement price increases in many cases and also improve conditions in other respects. This had a positive impact on premium income and results in the first quarter. Overall, we are on the right track here. Nevertheless, the claims situation in the first three months of the business year 2001 clearly showed that further adjustments in premiums and conditions are still imperative.

We are very satisfied with the development of the primary insurers in our Group. The subsidiaries continue to be on a marked growth curve. The acquisitions made last year are being fully reflected in the figures for 2001 and will significantly increase the proportion of foreign business in this segment. Moreover, the pension reform in Germany will improve the basis for our future growth in German life insurance.

In the first quarter we wrote gross premiums of €8.9bn, or 16.9% more than in the same period last year. Our result before amortization of goodwill amounts to €995m. After tax and minority interests in earnings, the profit totals €805m. These figures are influenced by two special factors, however. On the one hand, owing to the weak state of the capital markets at the beginning of the year, we realized capital gains only where price assessments indicated that this was expedient. On the other hand, the investment result includes a positive one-off component of approximately €550m.

For the business year 2001 as a whole, we expect appreciable premium growth again in both insurance and reinsurance. In addition, we should be able to record a consolidated profit that follows on from the very good result of last year, provided no exceptional loss events occur and we are not hit by adverse developments on the capital markets.

At the end of March Munich Re and Allianz agreed to continue the restructuring of their shareholdings. Munich Re's minority stakes in Allianz Lebensversicherungs-AG and Dresdner Bank and – in accordance with the agreement of 2000 – its minority interests in Bayerische Versicherungsbank and Frankfurter Versicherungs-AG will be sold to Allianz. Besides this, Munich Re will make available shares of 4% in Allianz for Allianz's offer to Dresdner Bank shareholders. This will reduce our stake in Allianz to 21%.

We will use the substantial funds that accrue to us from these transactions in the year 2002 to increase our holding in the ERGO Insurance Group to up to 95% and to raise our interest in Hypo-Vereinsbank to 25.7%. Both moves will decisively improve the Munich Re Group's strategic position: they will lead to better utilization of the existing shareholders' equity and will open up additional avenues – especially due to the permanent strengthening of the cooperation between the Munich Re Group and the HVB Group.

Yours sincerely,



General economic development

- **Global slowdown in growth**
- **Financial markets stabilize after turbulent start**

The weakening in demand that has been spreading from the US since mid-2000 resulted in an appreciable cooling down of the world economy in the first quarter of 2001. Apart from the US, the main countries affected were Canada and the Asian tiger states. In Japan, growth remained weak throughout the first quarter of the fiscal year, up to 31st March.

By contrast, the economies in the European Monetary Union countries are proving more robust, even though this year's growth rates will also be below the figures for last year.

Monetary policy has reacted to the global slowdown by lowering interest rates. Up to April, the US Federal Reserve reduced its key rates in five stages by a total of 250 basis points. There were also reductions in Japan, the UK and Switzerland in the first quarter. The European Central Bank lowered its key rates by 25 basis points on 10th May.

The performance of the capital markets has clearly been shaped by economic developments. After a cheerful start to 2001, the equity markets took a sharp downturn in February, beginning with technology stocks. Even market segments from the old economy that had previously been stable could not withstand the pressure. But from around the middle of March, after a period sometimes marked by panic selling, the markets began to stabilize and a strong countertrend set in.

The bond markets were overshadowed by the equity markets. Until March, yield levels worldwide were pushed slightly further down from their lows at the start of the year. Parallel to the recovery trend among stocks, however, the bond markets entered into a phase of rising interest rates from mid-March onwards. Altogether, yield movements were distinctly less volatile than prices on the equity markets.

On the foreign exchange markets the whole of the first quarter 2001 was characterized by a rise in the value of the US dollar against all the major currency blocks. This was most marked in relation to the Japanese yen, but the euro also lost ground against the dollar.

The question of whether growth forces will revive in the US remains crucial for the global economy. More positive economic development would be likely to stimulate the capital markets. The main risks are a prolonged weakness of the US economy with contagion effects for other regions (especially Southeast Asia and Latin America) as well as for the US dollar.

Business experience in the first quarter 2001

There are various reasons why the quarterly results of the Munich Re Group are not a reliable indicator for the results of the business year as a whole. Losses from natural catastrophes and other major losses impact the result of the reporting period in which they occur. Subsequently reported claims for major loss events can lead to substantial fluctuations in individual quarterly results. Moreover, gains and losses on the disposal of investments are accounted for in the quarter in which the investments are sold.

REINSURANCE

- Reinsurance group continues on growth course
- Successful renewal campaign for 2001: prices and conditions significantly improved
- Combined ratio falls

The renewal of treaties for the year 2001 went well: Munich Re and its subsidiaries were able to implement price increases in many cases and also improve conditions in other respects. This had a positive impact on premium income and results in the first quarter.

Our reinsurance business recorded significant growth in the first quarter of 2001: at €5.0bn, our premium income was up 24.1% on the first quarter of 2000. Two of the main contributors to this were the large amount of new business written in life reinsurance and the acquisition of CNA Financial Corporation's life reinsurance business by our subsidiary Munich American Reassurance Company.

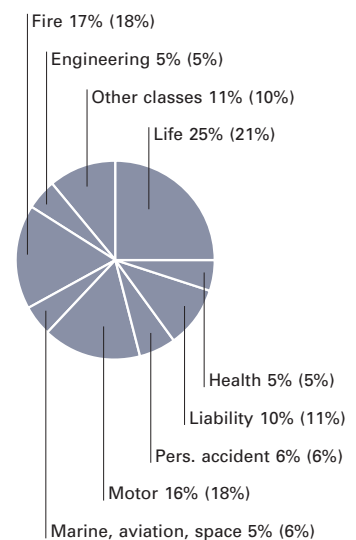
Reinsurance		31.3.2001	31.12.2000
Gross premiums	€bn	5.0	18.3
Loss ratio non-life	%	82.4	85.0
Expense ratio non-life	%	29.7	30.3
Result before amortization of goodwill	€m	881	1,525
Investments	€bn	67.8	64.9
Net underwriting provisions	€bn	45.6	43.9

Our result in life reinsurance developed according to plan in the first quarter. In the property-casualty sector there were some spectacular losses, such as the earthquakes in El Salvador, India, Greater Seattle and the Hiroshima region. The sinking of the world's largest mobile oil rig off the Brazilian coast was also reported widely in the media, as was the accident involving a land-rover vehicle that led to the collision of two trains in the UK at the beginning of the year.

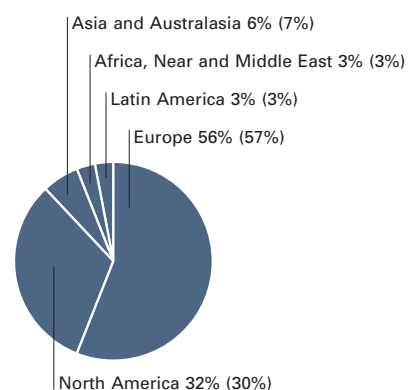
Claims costs from these loss events masked improvements that we were able to achieve in the renewal round for 2001. Nevertheless, our combined ratio fell to 112.1% in the first quarter. Excluding claims from natural catastrophes, it amounted to 110.4%. The comparable figures for the whole of last year were 115.3% and 113.3% respectively.

The result achieved by the reinsurers in our Group for the first quarter, before amortization of goodwill, totalled €881m. Their contribution to the result after tax amounted to €783m. This contained a one-off component of €550m, details of which are provided on page 9.

Gross premiums by class of business



Gross premiums by region



PRIMARY INSURANCE

- **Steady growth in Germany**
- **Strong growth abroad owing to first full consolidation of the companies acquired last year**

Our primary insurers achieved marked premium growth of 9.0% in the first quarter of 2001, writing premium income of €4.3bn. Major sources of this growth were the foreign subsidiaries that ERGO purchased last year. This meant that premium from outside Germany increased much more strongly than domestic premium.

In life insurance, premium income rose by 7.8% to €1.6bn in the first quarter of 2001. Growth abroad was outstanding, mainly owing to the acquisition of Bayerische Vita.

Health insurance premium climbed by 5.5% to €1.1bn in the first quarter. Here, too, the increase was especially pronounced abroad. This was due to good growth in new business and the assumption of a portfolio in Spain, included in last year's figures as from 1st March.

In property-casualty insurance, we succeeded in increasing our premium income by 12.7% to €1.6bn. A substantial part of this derived from the subsidiaries in Eastern Europe and Italy which we acquired last year.

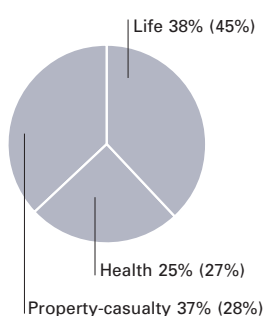
Expenses for claims and benefits and operating expenses developed as planned in the first quarter.

The weak state of the capital markets also had an effect on our primary insurers' investment results. They consciously refrained from realizing capital gains in their equity portfolio to the usual extent in the first quarter.

The result achieved by the primary insurers in the Group, before amortization of goodwill, amounted to €114m in the first quarter. Their share of the result after tax totalled €22m.

The last stage of the tax reform will have another positive impact on the annual results of our German primary insurers; the effects will also be reflected in the accounts for the fourth quarter of 2001. We expect our primary insurers to better the excellent profit for the year they achieved in 2000.

Gross premiums by class of insurance



Primary insurance		31.3.2001	31.12.2000
Gross premiums	€bn	4.3	14.4
Result before amortization of goodwill	€m	114	1,342
Investments	€bn	103.9	102.9
Net underwriting provisions	€bn	87.1	87.3

ASSET MANAGEMENT

- **Opportunities seized on stock markets**
- **Restrained investment in bonds**
- **Realized capital gains considerably lower**
- **Exceptional impact from valuation at equity**

The downward movement on the stock markets came to a stop in March 2001 and was followed by a promising upward trend. We continued to adhere to our long-term investment policy oriented towards stocks and real assets. Where prices fell, we expanded existing investments in shares and established new positions. In the coming months, too, we will selectively exploit price fluctuations to further diversify our portfolio internationally.

As last year, the bond markets were dominated by the stock markets in the first quarter of 2001. In view of the low yield levels, we have only made new investments in fixed-interest securities to a limited extent.

We have continued with the active management of our real estate portfolio, improving its regional spread through the acquisition of a major property in Paris.

The Group's investments grew only slightly by 2.6% to €163.6bn in the first quarter. The proportion of equities in our overall investment portfolio is relatively high compared to the industry norm. We are adhering to our investment policy oriented towards stocks and real assets because we are convinced that this will enable us to achieve better returns in the medium term than a portfolio largely geared to fixed-interest securities.

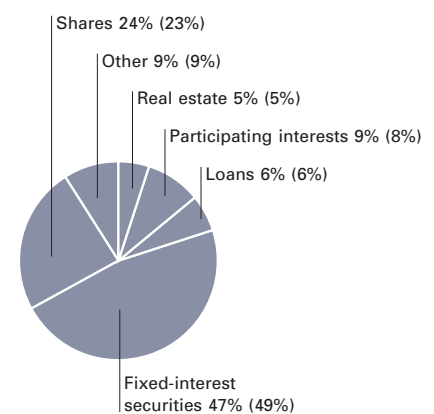
Our investment result in the first three months of the business year amounted to €2.8bn. This includes realized capital gains of €891m. Given the unsatisfactory situation on the stock markets and also the fact that gains on the sales of shares will be tax-free in Germany as from next year, we took profits on the equity markets only where price assessment made this seem expedient in the individual case. This had an impact on the results of our primary insurers in particular.

Otherwise investment income and expenses developed as planned.

There was a large exceptional effect on the result from the at-equity valuation of our shares in Allianz. Hitherto this valuation had been made on a deferred basis – i.e. in our consolidated financial statements for 2000, our shares were accounted for on the basis of Allianz's consolidated financial statements for 1999. The changeover to quarterly reporting enables us to substantially narrow the time gap in the valuation of these shares. In future we will take our figures from the financial statements published at the end of the preceding quarter, thus reducing the time lag to 90 days. Accordingly, in these quarterly financial statements the valuation of our shares in Allianz is based on the latter's financial statements as at 31st December 2000. This means that the result for investments in associated enterprises includes figures for a whole year in respect of Allianz and not just for one quarter, producing a one-off increase of approximately €550m.

The substantial profits resulting from the sale of shares in connection with the restructuring of our shareholdings with Allianz (see "Prospects") will for the most part not be realized until the business year 2002.

Investment mix



Prospects

- **Marked growth again in reinsurance and primary insurance**
- **Basis for a significantly improved reinsurance underwriting result**
- **Investment profit likely to be lower than last year**
- **Exceptional income for life and health insurers due to tax reform**
- **Another very good Group result expected**

For the whole business year 2001, at unchanged currency parities, we expect Group premium income to reach €33bn (31bn).

Among the reinsurers in the Group, life business is the main driver of growth. Here the acquisition of CNA Financial Corporation's life reinsurance business by our subsidiary Munich American Reassurance Company will have a considerable impact. But we will also be able to expand our life business in the UK and Canada at an above-average rate. Better prices and larger market shares will increase our gross premium income in non-life business as well. If claims costs are within the normal range in the current business year, our combined ratio will fall appreciably.

Our premium growth in primary insurance in the current year will exceed that of the business year 2000, partly in view of the pension reform in Germany. Life insurance premiums will also receive a strong boost from the first-time consolidation of Bayerische Vita for a full business year. In line with our objectives, the proportion of non-German business will therefore increase substantially. We do not expect any special developments in expenses for claims and benefits or operating expenses.

If no exceptional loss events occur, our profit for 2001 should again show double-digit growth. Adjusted to eliminate the special factors mentioned above, both our operating result and our result for the year should follow on from the very large profit of last year.

Further restructuring of shareholdings

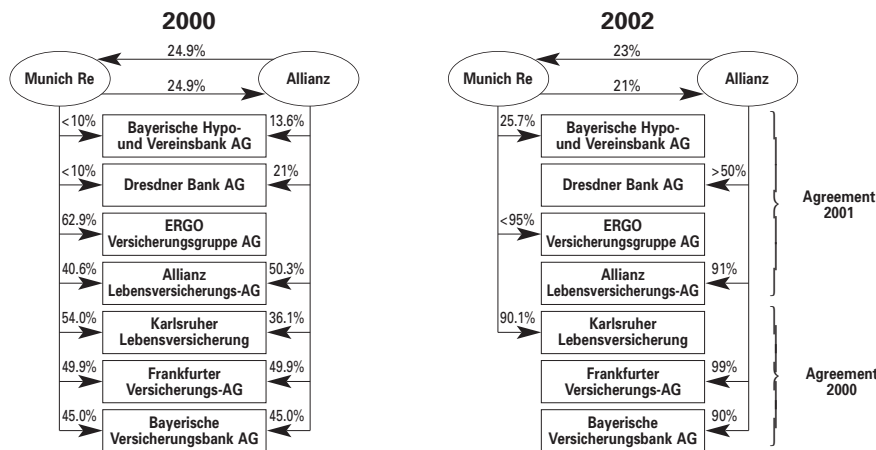
At the beginning of May 2000, Munich Re and Allianz AG announced their intention to reduce their reciprocal stakes of 25% to around 20% each. This reduction is to take place in several steps, with due consideration for the capital markets, and is scheduled to be completed by the end of 2003.

In a first step in the year 2000, the shareholdings were lowered to just under 25%. Following this, in June 2000 Munich Re successfully placed a €1.15bn bond exchangeable into Allianz shares.

It was also agreed in May 2000 that Allianz would acquire Munich Re's stakes of 45% in Bayerische Versicherungsbank AG and 49.9% in Frankfurter Versicherungs-AG. In return, Munich Re has already acquired Allianz's interest of 39% in Mercur Assistance and will obtain its holding of 36.1% in Karlsruher Lebensversicherung in 2002.

At the beginning of April 2001 Munich Re and Allianz AG announced a further restructuring of their shareholdings in jointly held subsidiaries and participating interests. Allianz will acquire from the Munich Re Group all its shares in Dresdner Bank and its 40.6% interest in Allianz Lebensversicherungs-AG. Besides this, Munich Re will make available shares of 4% in Allianz for the offer to Dresdner Bank shareholders. This will reduce Munich Re's stake in Allianz to 21%.

In return, the Munich Re Group will acquire from Allianz and Dresdner Bank all of their shares in the HVB Group (13.55% and 2.5% respectively). Furthermore, Munich Re will increase its holding in ERGO Versicherungsgruppe AG from 62.9% to up to 95%; the HBV Group will hold a 5% stake in ERGO. Allianz's stake in Munich Re will be reduced to 23%.



All the transactions are scheduled to be completed next year, following approval by the competent authorities. They will lead to better use of the existing shareholders' equity and, quite apart from the high tax-free capital gains, will have a lasting positive effect on results.

Munich, 29th May 2001

The Board of Management

Schneiders. James G. Henry 180013..
Mehrad Weyd I. Uly Mischard
Schneid im Stockhausen J. H. H. H.

Consolidated balance sheet as at 31st March 2001

ASSETS	€m	€m	€m	31.12.2000 €m
A. Intangible assets				
I. Goodwill		2,712		2,625
II. Other intangible assets		864		843
			3,576	3,468
B. Investments				
I. Real estate		8,616		8,405
II. Investments in affiliated enterprises and associated enterprises		15,272		13,538
III. Loans		9,290		9,150
IV. Other securities				
1. Held to maturity	1,163			1,186
2. Available for sale	113,188			112,756
3. Held for trading	237			259
		114,588		114,201
V. Other investments				
1. Deposits retained on assumed reinsurance	12,810			12,010
2. Miscellaneous	2,458			1,523
		15,268		13,533
			163,034	158,827
C. Investments for the benefits of life insurance policyholders who bear the investment risk			577	581
D. Ceded share of underwriting provisions			10,912	10,166
E. Receivables			10,055	9,145
F. Cash with banks, cheques and cash in hand			1,443	2,273
G. Deferred acquisition costs			6,083	6,361
H. Deferred tax			1,983	1,925
I. Other assets			756	821
Total assets			198,419	193,567

EQUITY AND LIABILITIES	€m	€m	31.12.2000 €m
A. Shareholders' equity			
I. Issued capital and capital reserve	3,165		3,165
II. Revenue reserves	11,642		9,174
III. Other reserves	9,369		9,513
IV. Consolidated profit	805		1,750
		24,981	23,602
B. Minority interests		2,181	2,354
C. Gross underwriting provisions			
I. Unearned premiums	5,817		5,376
II. Provision for future policy benefits	85,549		82,944
III. Provision for outstanding claims	32,661		31,248
IV. Other underwriting provisions	19,783		21,541
		143,810	141,109
D. Gross underwriting provisions for life insurance policies where the investment risk is borne by the policyholders		469	583
E. Other accrued liabilities		2,867	3,061
F. Liabilities			
I. Notes and debentures	1,869		1,793
II. Other liabilities	16,885		16,237
		18,754	18,030
G. Deferred tax liabilities		5,156	4,780
H. Other deferred items		201	48
Total equity and liabilities		198,419	193,567

Consolidated income statement for the period from 1st January to 31st March 2001

ITEMS	€m	1.1-31.12.2000 €m
1. Gross premiums written	8,914	31,113
2. Net earned premiums	7,614	28,129
3. Investment result	2,780	12,166
4. Other income	219	501
Total income (2-4)	10,613	40,796
5. Net expenses for claims and benefits	7,217	29,770
6. Net operating expenses	2,013	7,340
7. Other expenses	388	1,071
Total expenses (5-7)	9,618	38,181
8. Result before amortization of goodwill	995	2,615
9. Amortization of goodwill	42	145
10. Operating result before tax	953	2,470
11. Tax	132	399
12. Minority interests in earnings	16	321
13. Net profit	805	1,750
	€	1.1-31.12.2000 €
Earnings per share	4.55	9.89
Earnings per share, diluted	4.53	9.84

Consolidated cash flow statement for the period from 1st January to 31st March 2001

	€m	1.1-31.12.2000 €m
Profit for the year, including minority interests in earnings	821	2,071
Net change in underwriting provisions	1,841	7,673
Change in deferred acquisition costs	278	-372
Changes in deposits retained and accounts receivable and payable	-1,029	517
Change in other receivables and liabilities	-781	-480
Gains and losses on the disposal of investments	-242	-4,072
Change in securities held for trading	23	-72
Change in other balance sheet items	25	-487
Other income/expenses without impact on cash flow	-657	-414
I. Cash flows from operating activities	279	4,364
Outflows for the acquisition of consolidated enterprises	-86	-910
Inflows from the sale and maturities of other investments	12,140	47,513
Outflows for the acquisition of other investments	-13,268	-50,055
Inflows from the sale of investments for unit-linked life insurance	14	2
Outflows for the acquisition of investments for unit-linked life insurance	-16	-174
Other inflows	23	47
Other outflows	-67	-514
II. Cash flows from investing activities	-1,260	-4,091
Inflows from increases in capital	-	4
Dividend payments	-	-197
Inflows and outflows from other financing activities	160	1,711
III. Cash flows from financing activities	160	1,518
Cash flows for the business year (I + II + III)	-821	-1,791
Effect of exchange rate changes on cash	-9	-5
Cash at the beginning of the business year	2,273	487
Cash at the end of the business year	1,443	2,273
Additional information		
Tax on earnings (net)	58	444
Interest paid	66	215

Segment reporting

ASSETS	Reinsurance			
	Life and health		Property-casualty	
	31.3.2001 €m	31.12.2000 €m	31.3.2001 €m	31.12.2000 €m
A. Intangible assets	279	264	2,267	2,182
B. Investments				
I. Real estate	884	808	1,308	1,206
II. Investments in affiliated enterprises and associated enterprises	5,402	4,759	6,871	6,059
III. Loans	84	158	74	165
IV. Other securities				
1. Held to maturity	–	–	–	–
2. Available for sale	11,603	11,459	23,454	22,859
3. Held for trading	24	31	90	137
	11,627	11,490	23,544	22,996
V. Other investments	7,253	7,100	10,739	10,146
	25,250	24,315	42,536	40,572
C. Investments for the benefit of life insurance policyholders who bear the investment risk	–	–	–	–
D. Ceded share of underwriting provisions	3,137	3,090	4,333	4,268
E. Other segment assets	3,090	2,832	8,145	7,113
Total segment assets	31,756	30,501	57,281	54,135

		Primary insurance		Asset management		Consolidation		Total	
Life and health		Property-casualty							
31.3.2001 €m	31.12.2000 €m	31.3.2001 €m	31.12.2000 €m	31.3.2001 €m	31.12.2000 €m	31.3.2001 €m	31.12.2000 €m	31.3.2001 €m	31.12.2000 €m
412	419	452	461	18	10	148	132	3,576	3,468
5,640	5,608	745	743	–	–	39	40	8,616	8,405
3,132	2,933	2,240	2,254	85	78	–2,458	–2,545	15,272	13,538
10,273	9,918	351	294	304	282	–1,796	–1,667	9,290	9,150
1,131	1,153	32	33	–	–	–	–	1,163	1,186
72,105	72,188	6,017	6,241	9	9	–	–	113,188	112,756
70	47	40	31	13	13	–	–	237	259
73,306	73,388	6,089	6,305	22	22	–	–	114,588	114,201
1,040	615	558	248	9	9	–4,331	–4,585	15,268	13,533
93,391	92,462	9,983	9,844	420	391	–8,546	–8,757	163,034	158,827
577	581	–	–	–	–	–	–	577	581
7,072	6,872	1,592	1,319	–	–	–5,222	–5,383	10,912	10,166
7,745	9,207	2,663	2,318	90	116	–1,413	–1,061	20,320	20,525
109,197	109,541	14,690	13,942	528	517	–15,033	–15,069	198,419	193,567

Segment reporting

EQUITY AND LIABILITIES	Reinsurance			
	Life and health		Property-casualty	
	31.3.2001 €m	31.12.2000 €m	31.3.2001 €m	31.12.2000 €m
A. Gross underwriting provisions				
I. Unearned premiums	67	68	3,768	3,844
II. Provision for future policy benefits	18,424	17,834	717	694
III. Provision for outstanding claims	1,963	1,874	26,688	25,490
IV. Other underwriting provisions	92	90	1,387	1,348
	20,546	19,866	32,560	31,376
B. Gross underwriting provisions for life insurance policies where the investment risk is borne by the policyholders	–	–	–	–
C. Other accrued liabilities	352	392	943	1,134
D. Other segment liabilities	3,385	2,688	9,105	8,538
Total segment liabilities	24,283	22,946	42,608	41,048

		Primary insurance		Asset management		Consolidation		Total		
Life and health		Property-casualty								
31.3.2001 €m	31.12.2000 €m	31.3.2001 €m	31.12.2000 €m	31.3.2001 €m	31.12.2000 €m	31.3.2001 €m	31.12.2000 €m	31.3.2001 €m	31.12.2000 €m	
742	768	1,417	881	-	-	-177	-185	5,817	5,376	
70,609	68,916	40	39	-	-	-4,241	-4,539	85,549	82,944	
1,034	1,065	3,742	3,620	-	-	-766	-801	32,661	31,248	
17,662	19,517	101	113	-	-	541	473	19,783	21,541	
90,047	90,266	5,300	4,653	-	-	-4,643	-5,052	143,810	141,109	
467	579	2	-	-	-	-	4	469	583	
581	538	952	983	38	29	1	-15	2,867	3,061	
14,736	14,599	4,001	3,501	425	428	-7,541	-6,896	24,111	22,858	
105,831	105,982	10,255	9,137	463	457	-12,183	-11,959	171,257	167,611	
								Shareholders' equity*	27,162	25,956
								Total equity and liabilities	198,419	193,567

* Group shareholders' equity and minority interests.

Segment reporting

INCOME STATEMENT	Reinsurance			
	Life and health		Property-casualty	
	1.1- 31.3.2001 €m	1.1- 31.12.2000 €m	1.1- 31.3.2001 €m	1.1- 31.12.2000 €m
1. Gross premiums written	1,519	4,701	3,509	13,624
Thereof:				
– From insurance transactions with other segments	187	820	199	806
– from insurance transactions with external third parties	1,332	3,881	3,310	12,818
2. Net earned premiums	1,393	4,260	3,083	11,717
3. Investment result	639	1,684	931	2,801
Thereof:				
– Income from associated enterprises	389	404	493	515
4. Other income	32	44	86	150
Total income (2–4)	2,064	5,988	4,100	14,668
5. Net expenses for claims and benefits	1,211	3,643	2,567	10,069
6. Net operating expenses	402	1,336	914	3,547
7. Other expenses	49	105	140	431
Total expenses (5–8)	1,662	5,084	3,621	14,047
8. Result before amortization of goodwill	402	904	479	621
9. Amortization of goodwill	1	2	33	130
10. Operating result before tax	401	902	446	491
11. Tax	21	43	43	13
12. Minority interests in earnings	–	2	–	14
13. Net profit	380	857	403	464

		Primary insurance		Asset management		Consolidation		Total	
Life and health		Property-casualty							
1.1- 31.3.2001 €m	1.1- 31.12.2000 €m	1.1- 31.3.2001 €m	1.1- 31.12.2000 €m	1.1- 31.3.2001 €m	1.1- 31.12.2000 €m	1.1- 31.3.2001 €m	1.1- 31.12.2000 €m	1.1- 31.3.2001 €m	1.1- 31.12.2000 €m
2,667	10,304	1,607	4,110	-	-	-388	-1,626	8,914	31,113
2	-	-	-	-	-	-388	-1,626	-	-
2,665	10,304	1,607	4,110	-	-	-	-	8,914	31,113
2,368	9,226	770	2,926	-	-	-	-	7,614	28,129
1,164	7,339	99	881	9	22	-62	-561	2,780	12,166
24	89	18	28	-	15	-	-	924	1,051
166	707	145	520	31	122	-241	-1,042	219	501
3,698	17,272	1,014	4,327	40	144	-303	-1,603	10,613	40,796
2,998	14,287	498	1,776	-	-	-57	-5	7,217	29,770
428	1,347	269	1,070	-	-	-	40	2,013	7,340
201	1,116	204	661	33	125	-239	-1,367	388	1,071
3,627	16,750	971	3,507	33	125	-296	-1,332	9,618	38,181
71	522	43	820	7	19	-7	-271	995	2,615
-	1	6	6	-	-	2	6	42	145
71	521	37	814	7	19	-9	-277	953	2,470
42	70	27	265	-	6	-1	2	132	399
12	170	5	206	-	4	-1	-75	16	321
17	281	5	343	7	9	-7	-204	805	1,750

Segment reporting

INVESTMENTS	Reinsurers		Primary insurers		Asset management		Total	
	31.3.2001 €m	31.12.2000 €m	31.3.2001 €m	31.12.2000 €m	31.3.2001 €m	31.12.2000 €m	31.3.2001 €m	31.12.2000 €m
Europe	41,526	40,557	99,255	98,577	95	33	140,876	139,167
North America	18,490	16,357	1,235	1,094	221	246	19,946	17,697
Asia and Australasia	1,302	1,375	354	426	–	–	1,656	1,801
Africa, Near and Middle East	654	480	47	49	–	–	701	529
Latin America	374	187	58	27	–	–	432	214
Total	62,346	58,956	100,949	100,173	316	279	163,611	159,408

GROSS PREMIUMS WRITTEN*	Reinsurers		Primary insurers		Total	
	1.1– 31.3.2001 €m	1.1– 31.12.2000 €m	1.1– 31.3.2001 €m	1.1– 31.12.2000 €m	1.1– 31.3.2001 €m	1.1– 31.12.2000 €m
Europe	2,416	8,824	4,172	14,253	6,588	23,077
North America	1,637	5,487	73	109	1,710	5,596
Asia and Australasia	285	1,224	14	21	299	1,245
Africa, Near and Middle East	166	707	9	23	175	730
Latin America	136	457	6	8	142	465
Total	4,640	16,699	4,274	14,414	8,914	31,113

* After elimination of intra-Group reinsurance across segments.

Notes

Accounting and valuation policies

Munich Re's quarterly report has been prepared in accordance with International Accounting Standards. The same accounting, valuation and consolidation principles have been applied as in our consolidated financial statements as at 31st December 2000.

Changes in the consolidated group

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

Foreign currency translation

Munich Re's reporting currency is the euro. The following table shows the exchange rates of the most important currencies for our business (exchange rate for €1 in each case):

	Balance sheet		Income statement	
	31.3.2001	31.12.2000	1.1– 31.3.2000	1.1– 31.12.2000
Australian dollar	1.81060	1.68970	1.73976	1.58884
Canadian dollar	1.39200	1.41020	1.40940	1.37123
Pound sterling	0.62180	0.62850	0.63237	0.60936
Rand	7.08090	7.10710	7.21720	6.39340
Swiss franc	1.52580	1.52140	1.53293	1.55780
US dollar	0.88400	0.93890	0.92278	0.92400
Yen	110.783	107.217	108.987	99.5370

Changes in shareholders' equity

	Issued capital	Capital reserve	Revenue reserves	Other reserves	Consolidated profit	Total shareholders' equity
All figures in €m						
Status 31.12.1999	453	2,708	6,862	7,298	1,133	18,454
Changes in exchange rates	–	–	236	–5	–27	204
Capital increases	–	4	–	–	–	4
Allocation to revenue reserves	–	–	938	–	–938	–
Changes in the consolidated group	–	–	1,190	–1 152	–	38
Unrealized gains and losses resulting from valuation at equity	–	–	–	847	–	847
Unrealized gains and losses on other investments	–	–	–	2,528	–	2,528
Net profit	–	–	–	–	1,750	1,750
Dividends	–	–	–	–	–168	–168
Other changes	–	–	–52	–3	–	–55
Status 31.12.2000	453	2,712	9,174	9,513	1,750	23,602
Changes in exchange rates	–	–	314	–2	–15	297
Capital increases	–	–	–	–	–	–
Allocation to revenue reserves	–	–	1,735	–	–1,735	–
Changes in the consolidated group	–	–	–	–	–	–
Changes resulting from valuation at equity	–	–	424	353	–	777
Unrealized gains and losses on other investments	–	–	–	–495	–	–495
Net profit	–	–	–	–	805	805
Dividends	–	–	–	–	–	–
Other changes	–	–	–5	–	–	–5
Status 31.3.2001	453	2,712	11,642	9,369	805	24,981

Minority interests

These are mainly minority interests in the ERGO Insurance Group.

All figures in €m	31.3.2001	31.12.2000
Consolidated profit	16	321
Other equity components	2,165	2,033
Total	2,181	2,354

Notes and debentures

All figures in €m	31.3.2001	31.12.2000
Munich Reinsurance Company, Munich 1.0%, €1,150m Exchangeable Bonds 2000/2005	1,036	1,009
American Re Corporation, Princeton 7.45%, US\$ 500m Senior Notes 1996/2026	564	531
American Re Capital, Delaware 8.5%, US\$ 237.5m QUIPS 1995/2025	269	253
Total	1,869	1,793

Investment result

	Reinsurance				Primary insurance				Asset management		Total	
	Life and health		Property-casualty		Life and health		Property-casualty		1.1– 31.3. 2001	1.1– 31.12. 2000	1.1– 31.3. 2001	1.1– 31.12. 2000
	1.1– 31.3. 2001	1.1– 31.12. 2000	1.1– 31.3. 2001	1.1– 31.12. 2000	1.1– 31.3. 2001	1.1– 31.12. 2000	1.1– 31.3. 2001	1.1– 31.12. 2000				
All figures in €m*												
Investment income												
Regular income	601	1,316	893	2,211	1,109	4,589	102	508	15	28	2,720	8,652
Income from write-ups	14	9	26	67	20	31	4	5	–	–	64	112
Gains on the disposal of investments	51	509	89	875	682	4,768	70	459	–	–	892	6,611
Other income	–	–	1	–	6	2	3	2	8	–	18	4
	666	1,834	1,009	3,153	1,817	9,390	179	974	23	28	3,694	15,379
Investment expenses												
Writedowns on investments	7	20	19	62	60	91	12	21	–	–	98	194
Losses on the disposal of investments	37	214	68	355	487	1,722	58	248	–	–	650	2,539
Other expenses	11	59	26	115	100	267	15	23	14	16	166	480
	55	293	113	532	647	2,080	85	292	14	16	914	3,213
Total	611	1,541	896	2,621	1,170	7,310	94	682	9	12	2,780	12,166

* After elimination of intra-Group transactions across segments.

Net expenses for claims and benefits

	Reinsurance				Primary insurance				Total		
	Life and health		Property-casualty		Life and health		Property-casualty		1.1– 31.3. 2001	1.1– 31.12. 2000	
	1.1– 31.3. 2001	1.1– 31.12. 2000	1.1– 31.3. 2001	1.1– 31.12. 2000	1.1– 31.3. 2001	1.1– 31.12. 2000	1.1– 31.3. 2001	1.1– 31.12. 2000			
All figures in €m*											
Gross		1,398	3,188	2,602	10,743	3,247	15,223	775	2,639	8,022	31,793
Ceded share		186	357	327	1,301	137	114	155	251	805	2,023
Net		1,212	2,831	2,275	9,442	3,110	15,109	620	2,388	7,217	29,770

* After elimination of intra-Group transactions across segments.

Net operating expenses

	Reinsurance				Primary insurance				Total		
	Life and health		Property-casualty		Life and health		Property-casualty		1.1– 31.3. 2001	1.1– 31.12. 2000	
	1.1– 31.3. 2001	1.1– 31.12. 2000	1.1– 31.3. 2001	1.1– 31.12. 2000	1.1– 31.3. 2001	1.1– 31.12. 2000	1.1– 31.3. 2001	1.1– 31.12. 2000			
All figures in €m*											
Gross		473	1,333	942	3,620	497	1,789	367	1,399	2,279	8,141
Ceded share		71	304	140	318	15	115	40	64	266	801
Net		402	1,029	802	3,302	482	1,674	327	1,335	2,013	7,340

* After elimination of intra-Group transactions across segments.

Number of staff

The number of staff employed by the Group as at 31st March 2001 totalled 27,553 (27,283) in Germany and 9,509 (9,198) in other countries.

	31.3.2001	31.12.2000
Reinsurance companies	5,583	5,422
Primary insurance companies	30,983	30,569
Asset management	496	490
Total	37,062	36,481

Contingent liabilities, other financial commitments

There are no financial commitments of significance for the assessment of the Group's financial position. 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 net income for the reporting period by the weighted average number of shares.

New shares created in the first quarter of 2001 by the exercise of warrants are included pro rata temporis from the respective date of delivery. Shares acquired through share buy-backs are eliminated from the calculation pro rata temporis. The weighted average number of shares was 176,934,195 (176,922,611). This gives an earnings per share figure of €4.55 (9.89).

For the diluted earnings per share, the number of shares is increased by the weighted average of the potential number of shares that would have a diluting effect. Outstanding warrants are additionally included pro rata temporis up to the time they are exercised. At an average share price of €347.46 (323.85) and a warrant exercise price of €163.61, this results in a dilution of 913,037 (864,445) shares. The diluted earnings per share, the calculation of which was based on 177,847,232 (177,787,055) shares, thus amount to €4.53 (9.84).

Important dates

Annual General Meeting	18th July 2001
Dividend payment	19th July 2001
Interim report as at 30th June 2001	30th August 2001
Half-year press conference	30th August 2001
Interim report as at 30th September 2001	29th November 2001
Provisional figures for consolidated financial statements 2001	22nd March 2002
Balance sheet meeting of Supervisory Board	23rd May 2002
Balance sheet press conference	24th May 2002
Interim report as at 31st March 2002	28th May 2002
Annual General Meeting	17th July 2002
Dividend payment	18th July 2002
Interim report as at 30th June 2002	29th August 2002
Half-year press conference	29th August 2002
Interim report as at 30th September 2002	28th November 2002

The official German original of this interim report is also available from the company. In addition, you will find copies of our annual reports and interim reports, along with further current information about Munich Re and its shares, on our Internet website (<http://www.munichre.com>).

Service for investors and analysts

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