

1/2002

Munich Re Group
Quarterly Report



Münchener Rück
Munich Re Group

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Board of Management

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Dr. Detlef Schneidawind

Dr. Jörg Schneider

Dr. Hans-Wilmar von Stockhausen (until 30th June 2002)

Karl Wittmann

Key figures for the Munich Re Group

		Q1 2002	Q1 2001	Change in %
Gross premiums written	€m	10,741	8,914	20.5
Result before amortization of goodwill	€m	4,881	995	390.6
Minority interests in earnings	€m	11	16	-31.3
Net income	€m	4,481	805	456.6
Earnings per share	€	25.35	4.55	457.1

		31.3.2002	31.12.2001	Change in %
Investments	€m	164,035	161,994	1.3
Shareholders' equity	€m	22,834	19,357	18.0
Net underwriting provisions	€m	141,073	138,642	1.8
Staff		38,549	38,317	0.6
Share price	€	285.00	305.00	-6.6

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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 2002 and about our expectations for the rest of the current business year.

We are adhering to our objective of growth in all fields of our business, coupled above all with optimization of our profitability. Where do we stand after the first quarter?

In reinsurance we reached important intermediate goals in the renewals of treaties at 1st January and 1st April 2002, achieving substantial improvements in prices and conditions. These pleasing developments have contributed to the strong growth in the first quarter of 2002. Where prices are not yet risk-adequate, we will press for further adjustments at the next treaty renewals.

The environment for this is favourable: the losses of 11th September heightened cedants' awareness of the need for reinsurance with top security, and their readiness to pay appropriate prices for such cover has grown significantly.

It remains our aim to be number one or two in all the important markets with sustainable earnings potential. Following the restructuring of our operations last year, we are pursuing this aim with even greater focus, putting the emphasis on organic growth.

In primary insurance, too, we intend to continue expanding, particularly in the growth markets of Europe – also through acquisitions there. Our operations will remain clearly concentrated on personal lines business.

This does not rule out our seizing opportunities in Germany to expand and augment our business as well. An example is the strategic partnership in the area of financial services concluded between the ERGO Insurance Group and KarstadtQuelle AG on 14th March. In future, a joint-venture company will sell a comprehensive range of insurance and banking products, plus other financial services, via various distribution channels. This gives us access to around 19 million customers of the KarstadtQuelle Group. In the same context ERGO has acquired a majority interest in Quelle Versicherungen, the third-largest German direct insurer.

Our life insurers will also benefit significantly from the German pension reform, including the reform of company pensions. Trades union collective bargaining agreements will include such products to a greater extent in future. We will take systematic advantage of these opportunities through our alliance with the HVB Group.

In the field of asset management, our Group company MEAG is now among the best in its class. We are delighted at the awards that this still young company has received – most recently in March 2002 – and see this as an endorsement of our "quality before quantity" strategy. Our plan is for MEAG to expand its business with third parties from the current total of €2.4bn to an investment volume of €5bn by 2005.

In the first quarter of 2002 we recorded large book profits from the reduction of our shares in companies of the Allianz Group, as agreed on last April. We will realize further capital gains in the middle of this year when we sell our shares in Bayerische Versicherungsbank and Frankfurter Versicherung to Allianz.

It is not possible to give any firm predictions at this stage about the overall result we will achieve in the current business year, following the extremely difficult year 2001. Notwithstanding the considerable deterioration in the capital market situation, if we are spared exceptional claims burdens we should succeed in carrying on where we left off in 2000, even surpassing our very good result for that year after one-off effects have been eliminated. We are working hard to achieve this objective with our more than 38,000 staff. The first quarter has shown that we are on the right track!

Yours sincerely,

A handwritten signature in blue ink, reading "H. J. Schmitz". The signature is written in a cursive style with a period at the end.

Overall economic development

- **Disparate development of leading economies**
- **Signs of economic recovery**

In the first quarter of 2002 the global economy appeared to be back on course. The US again set the pace, with provisional figures showing a seasonally adjusted annualized real growth rate of 5.8% in GDP. However, less positive signs from important early indicators suggest that this highest quarterly growth since 1999 was substantially influenced by special factors.

The emerging markets of Asia have also been showing a strong revival in economic activity. In China, where this April Munich Re became the first foreign reinsurer to be given the green light for a nationwide reinsurance licence, real growth again exceeded expectations at 7.6%. For Japan we must continue to reckon with negative growth rates, although there are initial signs that the economy is stabilizing here as well.

In Euroland, the most important early indicators point to an economic upswing. Apart from industrial production, however, hard facts from the real economy that confirm this trend are rare.

The euro passed its first test of the year with flying colours – the introduction of coins and notes at the start of 2002. In trading against the US dollar, the European single currency fluctuated between US\$ 0.86 and 0.91. At the end of April it broke through the US\$ 0.90 barrier again as a consequence of the unexpectedly weak consumer confidence in the US.

Given the current geopolitical environment, predictions on further overall economic development harbour considerable risks. We are basically reckoning with a further recovery in the economy, with the main impetus coming from over the Atlantic. In this scenario, inflation should remain at a low level and rise only slightly at the end of the year. On the bond markets, yields should increase a little at year-end as well. Events on the stock markets will be crucially dependent on whether company profits recover; the economic factors are favourable. We expect the euro/dollar exchange rate to move within the range of the last two years.

Business experience from 1st January to 31st March 2002

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

REINSURANCE

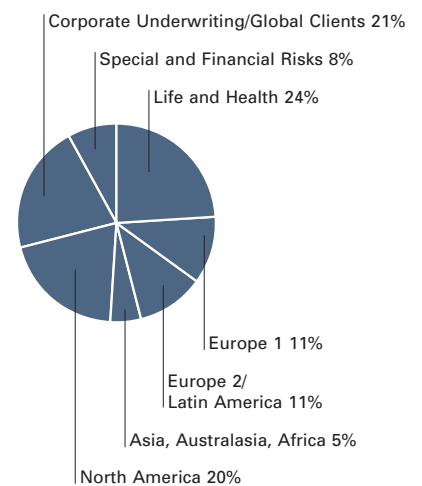
- **Successful renewal round for 2002: significant improvement in prices and conditions**
- **Strong growth in premium income**
- **Marked reduction in combined ratio**

The upward trend on the world's reinsurance markets is continuing. In the renewal of treaties for 2002, Munich Re and its subsidiaries were able to achieve notable price increases and improvements in conditions. This has had a very positive effect on the first-quarter result.

Compared to the first quarter of 2001, our premium income was up 37.8% to €6.9bn. This was due not only to appreciable adjustments in prices but also to the successful acquisition of attractive new business: at the beginning of the year, for instance, we were able to add a significant block of new business to our portfolio. For the year as a whole, however, we expect the growth rate to be considerably lower, since premium development in 2001 was influenced by several one-off transactions in the second half of the year.

In life and health reinsurance, we increased our premium income by 8.3% to €1.6bn, and in property-casualty business by 50.6% to €5.3bn. Claims costs for major losses were substantially lower than in the comparable period last year. To date we have been spared large claims burdens from natural catastrophes. Only in credit reinsurance have there been some spectacular losses, e.g. the collapse of the construction group Holzmann in Germany.

Gross premiums by division



We were able to reduce our combined ratio significantly to 101.7% (112.1%) in the first quarter of 2002. The combined ratio for the whole of the past business year totalled 135.1%, or 119.7% if the losses from the terrorist attack of 11th September are excluded.

The result recorded by the reinsurers in our Group amounted to €5,468m (881m) before amortization of goodwill. Their contribution to the result after tax totalled €5,156m (783m), with gains from the sale of shares in Allianz Group companies accounting for nearly €3.8bn; the result for the first quarter of 2001 included one-off income of €550m from the at-equity valuation of our shares in Allianz on a less deferred basis.

Reinsurance		Q1 2002	Q1 2001
Gross premiums	€bn	6.9	5.0
Loss ratio non-life	%	73.1	82.4
Expense ratio non-life	%	28.6	29.7
Result before amortization of goodwill	€m	5,468	881
		31.3.2002	31.12.2001
Investments	€bn	74.0	71.0
Net underwriting provisions	€bn	52.5	50.8

PRIMARY INSURANCE

- **Renewed steady growth and a large amount of new business in Germany**
- **Strong position in the market for pension-reform products and company pensions**
- **Strategic partnership between ERGO and KarstadtQuelle AG**

The primary insurers in our Group – ERGO, Karlsruher and Europäische Reiseversicherung – increased their premium income by 7.2% (9.0%). The high growth in the first quarter of last year was influenced by the first-time consolidation of the subsidiaries acquired by ERGO in the second half of 2000. In the first quarter of 2002, gross premiums written reached €4.6bn (4.3bn), with all business segments contributing to the growth.

In life insurance, we recorded premium income of €1.7bn (1.6bn) in the first quarter of 2002, a plus of 4.1% (7.8%). In Germany, our new business showed a double-digit increase, and our dynamic growth in the rest of Europe continued as well.

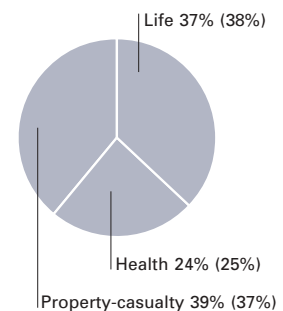
Our Group companies are profiting to an above-average extent from pension reform in Germany: VICTORIA, Hamburg-Mannheimer and Karlsruher have already sold around 400,000 policies. Our companies are also among the top group of insurers in the area of company pensions: more than half of the 100 largest German companies number among their clients.

In health insurance, our companies achieved a substantial increase in premium income of 5.4% (5.5%) to €1.1bn (1.1bn). Here, too, there was double-digit growth in new business in Germany. Over six million people have health insurance policies with companies of the ERGO Group, whose ability to keep premium increases moderate has played a decisive part in the competitiveness of their products.

In property-casualty insurance, our business showed growth of 11.2% (12.7%) in the first quarter of 2002; this was mainly attributable to the positive development of liability and motor insurance. As in life and health, growth in property-casualty insurance was stronger abroad than in Germany.

Our Group primary insurers' result before amortization of goodwill amounted to €109m (114m), and their contribution to the result after tax was €27m (22m).

Gross premiums by class of business



As part of the strategic partnership with the HVB Group, plans were unveiled last year for an intensive expansion of our cooperation, which are being realized in the current business year. The sales forces of the ERGO Insurance Group are already offering their clients HypoVereinsbank products. Conversely, HypoVereinsbank is offering its banking clients the life, health and property-casualty insurance products of the ERGO insurers nationwide and exclusively. Expansion of the cooperation in Poland, one of the most important growth markets for financial services in Europe, is also planned.

In the first half-year 2002 the ERGO Insurance Group acquired 100% of the shares in QVH Beteiligungs GmbH, which owns Quelle Versicherungen. ERGO has thus, in line with its multi-channel strategy, added a further string to its bow. At the same time the acquisition is a significant component of the new strategic partnership between ERGO and KarstadtQuelle: each partner holds 50% in the joint venture KarstadtQuelle Financial Services GmbH (KQFS). KQFS is a marketing and sales company which offers a comprehensive range of insurance and banking products plus other financial services. This cooperation gives the ERGO Insurance Group access to the enormous potential presented by 19 million customers of KarstadtQuelle.

Despite these moves, we have not lost sight of our aim to expand above all in markets outside Germany.

Primary insurance		Q1 2002	Q1 2001
Gross premiums	€bn	4.6	4.3
Result before amortization of goodwill	€m	109	114
		31.3.2002	31.12.2001
Investments	€bn	105.1	103.6
Net underwriting provisions	€bn	88.4	87.4

ASSET MANAGEMENT

- Further international diversification in equities and fixed-interest securities
- MEAG receives more awards
- Changes in shareholdings

Trends on the capital markets in the first quarter were heavily influenced by the conflicting data from the real economy. After a phase of lethargy up to mid-February, a positive mood set in, but this was soon replaced by disenchantment as profit warnings and insolvencies hit the markets. Overall, the most important share price indices showed a slight increase from the beginning to the end of the quarter. With our active equity management, we tactically reinvested cash positions and diversified our share portfolio internationally. Our objective is a marketable equities portfolio with an optimum risk and return structure.

On the bond markets, a rise in long-term yields had twin causes: inflationary expectations resulting from the prospective upturn in the economy, and concerns about oil price developments triggered by the political situation in the Middle East. The markets are now generally expecting first responses to these factors from the central banks in the US and Europe in the further course of the year.

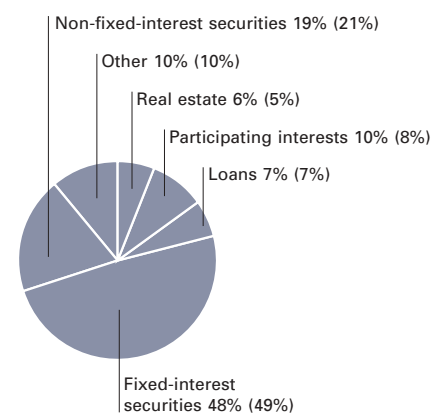
We have also continued to diversify our portfolio of fixed-interest securities. Among our bond investments, we have expanded individual segments whilst at the same time strictly limiting risks. The inclusion of corporate bonds and asset/mortgage-backed securities in our portfolio mix – with due regard for a balance in terms of default risks – is geared to long-term yield advantages.

At the beginning of the year we successfully completed the transactions for restructuring the shareholdings of Munich Re and Allianz, announced in 2001. We have reduced our share in the voting capital of Allianz AG to around 21%. Further details are given under "Prospects".

In March 2002 our asset management company MEAG MUNICH ERGO AssetManagement GmbH received further awards from rating agency Standard & Poor's, achieving a first place in the European bond sector and taking third place among an impressive list of investment companies for its overall performance as an asset manager. These new awards are proof that MEAG is on the right track in its retail business as well.

The Group's investments grew by 1.3% to €164.0bn in the first quarter. Our investment result in the first three months of the business year amounted to €6.9bn, of which nearly €3.8bn derived from the sale of shares in companies of the Allianz Group.

Investment mix



Prospects

- **Continued strong premium expansion in reinsurance and significantly lower combined ratio**
- **Primary insurers still on growth course**
- **Large capital gains on the sale of shareholdings and a very good Group result**

Premium income and result

In the current business year we expect to record consolidated premium income of €39bn (36bn). As far as the Group result is concerned, we want to resume the positive trend of the previous years, taking as our benchmark the very good 2000 Group result.

Whether we achieve our target depends not only on how the capital markets perform but also, to a significant extent, on the claims costs from natural catastrophes and other major losses.

Renewal of reinsurance treaties for 2002

In the negotiations for the renewal of reinsurance treaties, which were largely at the turn of the year, we reached important intermediate goals. Especially in highly exposed non-proportional business and cover for large individual risks, we succeeded in getting marked price adjustments and improvements in conditions. However, there is still a substantial need for further premium increases in the renewals for the coming risk periods.

In the past months our main aim has been to improve our portfolio in terms of quality – additional growth was not a prime concern. Of the reinsurance treaties up for renewal at 1st January, Munich Re terminated almost one fifth – measured in terms of premium volume – because appropriate improvements in prices and conditions were not possible; on the other hand, we were able to achieve appreciably better terms of trade for the business we did renew and to acquire attractive new business.

For this reason, and because we are assuming coverage of a particularly large block of business that will initially be limited to one year, our premium income for 2002 will show another strong increase: we anticipate growth of 11.0% (21.1%) and a substantially reduced combined ratio.

The foundations have thus been laid for healthy growth in 2002 and a satisfactory result again in reinsurance.

Primary insurers still on growth course

Over 80% of our primary insurance business comes from Germany. Around three-quarters of the premium income in the German insurance market derives from personal lines business. The trend with regard to personal incomes and consumer expenditure points to a stable demand for private insurance. The increase in premium income in the German market will be largely driven by growth in life and health insurance.

For our Group's primary insurance business, we expect premium growth of nearly 5% in 2002. Our primary insurers are unlikely to contribute as much to the consolidated result as in 2001, when they benefited from large one-off tax effects.

Besides, this, with a view to the situation on the capital markets, we must reckon with regular income from investments being lower than in the past.

Changes in shareholdings

In January we successfully completed the shareholding transactions announced in April 2001: the Munich Re Group now holds 25.7% of the share capital and 26.4% of the voting rights in HypoVereinsbank AG and 91.7% of ERGO AG. In return, we have sold our shares in Allianz Lebensversicherungs-AG and Dresdner Bank AG to Allianz AG and reduced our stake in the voting capital of Allianz AG to around 21%. The other measures envisaged in April 2000 are scheduled to be realized as planned in the middle of this year: Munich Re will sell its shares in Bayerische Versicherungsbank AG and Frankfurter Versicherungs-AG to Allianz AG and will increase its stake in Karlsruher Lebensversicherungs AG to 90.1%. The result for the year 2002 will be significantly influenced by the large book profits deriving from this complex reorganization of our shareholdings with Allianz.

Munich, May 2002

The Board of Management

Schmidt, James G. King 080013

Michael Meyer I. Ullrich J.P.L. Müller

Michael Schudel im Stockhausen J.P.L. Müller

Consolidated balance sheet as at 31st March 2002

ASSETS	€m	€m	€m	31.12.2001 €m	Change	
					€m	%
A. Intangible assets						
I. Goodwill		4,804		4,419	385	8.7
II. Other intangible assets		1,216		1,103	113	10.2
			6,020	5,522	498	9.0
B. Investments						
I. Real estate		9,362		9,044	318	3.5
II. Investments in affiliated enterprises and associated enterprises		16,183		12,558	3,625	28.9
III. Loans		11,603		11,182	421	3.8
IV. Other securities						
1. Held to maturity	930			980	-50	-5.1
2. Available for sale	109,822			111,251	-1,429	-1.3
3. Held for trading	390			412	-22	-5.3
		111,142		112,643	-1,501	-1.3
V. Other investments						
1. Deposits retained on assumed reinsurance	13,221			12,800	421	3.3
2. Miscellaneous	1,821			3,101	-1,280	-41.3
		15,042		15,901	-859	-5.4
			163,332	161,328	2,004	1.2
C. Investments for the benefit of life insurance policyholders who bear the investment risk			703	666	37	5.6
D. Ceded share of underwriting provisions			12,957	11,994	963	8.0
E. Receivables			10,764	9,713	1,051	10.8
F. Cash with banks, cheques and cash in hand			2,153	1,866	287	15.4
G. Deferred acquisition costs			7,098	7,286	-188	-2.6
H. Deferred tax			2,780	2,320	460	19.8
I. Other assets			1,210	1,359	-149	-11.0
Total assets			207,017	202,054	4,963	2.5

EQUITY AND LIABILITIES	€m	€m	31.12.2001 €m	Change	
				€m	%
A. Shareholders' equity					
I. Issued capital and capital reserve	3,167		3,167	0	0.0
II. Revenue reserves	11,669		11,522	147	1.3
III. Other reserves	3,517		4,418	-901	-20.4
IV. Consolidated profit	4,481		250	4,231	1,692.4
		22,834	19,357	3,477	18.0
B. Minority interests		714	990	-276	-27.9
C. Gross underwriting provisions					
I. Unearned premiums	6,735		5,812	923	15.9
II. Provision for future policy benefits	90,520		89,016	1,504	1.7
III. Provision for outstanding claims	41,038		39,511	1,527	3.9
IV. Other underwriting provisions	15,045		15,642	-597	-3.8
		153,338	149,981	3,357	2.2
D. Gross underwriting provisions for life insurance policies where the investment risk is borne by the policyholders		692	655	37	5.6
E. Other accrued liabilities		2,989	2,730	259	9.5
F. Liabilities					
I. Notes and debentures	2,223		2,474	-251	-10.1
II. Other liabilities	20,101		22,187	-2,086	-9.4
		22,324	24,661	-2,337	-9.5
G. Deferred tax liabilities		4,008	3,541	467	13.2
H. Other deferred items		118	139	-21	-15.1
Total equity and liabilities		207,017	202,054	4,963	2.5

Consolidated income statement for the period 1st January to 31st March 2002

ITEMS	Q1 2002	Q1 2001	Change	Change
	€m	€m	€m	%
1. Gross premiums written	10,741	8,914	1,827	20.5
2. Net earned premiums	8,756	7,614	1,142	15.0
3. Investment result	6,927	2,780	4,147	149.2
4. Other income	218	219	-1	-0.5
Total income (2-4)	15,901	10,613	5,288	49.8
5. Net expenses for claims and benefits	8,425	7,217	1,208	16.7
6. Net operating expenses	2,150	2,013	137	6.8
7. Other expenses	445	388	57	14.7
Total expenses (5-7)	11,020	9,618	1,402	14.6
8. Result before amortization of goodwill	4,881	995	3,886	390.6
9. Amortization of goodwill	74	42	32	76.2
10. Operating result before tax	4,807	953	3,854	404.4
11. Tax	315	132	183	138.6
12. Minority interests in earnings	11	16	-5	-31.3
13. Net profit	4,481	805	3,676	456.6

	Q1 2002	Q1 2001	Change	Change
	€	€	€	%
Earnings per share	25.35	4.55	20.80	457.1
Earnings per share, diluted	25.24	4.53	20.71	457.2

Consolidated income statement (quarterly breakdown)

	Q1 2002	Q4 2001	Q3 2001	Q2 2001	Q1 2001
ITEMS	€m	€m	€m	€m	€m
1. Gross premiums written	10,741	10,297	8,771	8,141	8,914
2. Net earned premiums	8,756	8,855	7,715	7,496	7,614
3. Investment result	6,927	2,703	2,404	2,533	2,780
4. Other income	218	247	186	240	219
Total income (2-4)	15,901	11,805	10,305	10,269	10,613
5. Net expenses for claims and benefits	8,425	9,243	10,332	7,370	7,217
6. Net operating expenses	2,150	2,067	1,739	1,939	2,013
7. Other expenses	445	663	300	136	388
Total expenses (5-7)	11,020	11,973	12,371	9,445	9,618
8. Result before amortization of goodwill	4,881	-168	-2,066	824	995
9. Amortization of goodwill	74	52	81	55	42
10. Operating result before tax	4,807	-220	-2,147	769	953
11. Tax	315	-464	-918	210	132
12. Minority interests in earnings	11	79	-16	66	16
13. Net profit	4,481	165	-1,213	493	805
	Q1 2002	Q4 2001	Q3 2001	Q2 2001	Q1 2001
	€	€	€	€	€
Earnings per share	25.35	0.93	-6.86	2.79	4.55
Earnings per share, diluted	25.24	0.93	-6.83	2.77	4.53

Consolidated cash flow statement for the period 1st January to 31st March 2002

	Q1 2002 €m	Q1 2001 €m
Profit for the year, including minority interests in earnings	4,492	821
Net change in underwriting provisions	2,899	1,841
Change in deferred acquisition costs	185	278
Changes in deposits retained and accounts receivable and payable	-834	-1,029
Change in other receivables and liabilities	-1,289	-781
Gains and losses on the disposal of investments	-5,279	-242
Change in securities held for trading	25	23
Change in other balance sheet items	636	25
Other income/expenses without impact on cash flow	400	-657
I. Cash flows from operating activities	1,235	279
Change from the acquisition and sale of consolidated enterprises	-277	-86
Change from the acquisition, sale and maturities of other investments	-1,011	-1,128
Change from the acquisition and sale of investments for unit-linked life insurance	-32	-2
Other	-115	-44
II. Cash flows from investing activities	-1,435	-1,260
Inflows from increases in capital	-	-
Dividend payments	-	-
Change from other financing activities	486	160
III. Cash flows from financing activities	486	160
Cash flows for the reporting period (I+II+III)	286	-821
Effects of exchange rate changes on cash	1	-9
Cash at the beginning of the business year	1,866	2,273
Cash at the end of the reporting period	2,153	1,443
Additional information		
Tax on earnings (net)	66	58
Interest paid	107	66

Segment reporting

ASSETS	Reinsurance			
	Life and health		Property-casualty	
	31.3.2002 €m	31.12.2001 €m	31.3.2002 €m	31.12.2001 €m
A. Intangible assets	236	233	2,094	2,098
B. Investments				
I. Real estate	914	989	1,379	1,260
II. Investments in affiliated enterprises and associated enterprises	6,829	6,583	9,014	7,181
III. Loans	72	77	66	61
IV. Other securities				
1. Held to maturity	–	–	–	–
2. Available for sale	11,561	12,384	24,149	23,786
3. Held for trading	59	48	166	166
	11,620	12,432	24,315	23,952
V. Other investments	8,228	8,199	11,566	10,227
	27,663	28,280	46,340	42,681
C. Investments for the benefit of life insurance policyholders who bear the investment risk	–	–	–	–
D. Ceded share of underwriting provisions	1,934	2,308	7,585	7,070
E. Other segment assets	4,231	3,977	9,091	7,987
Total segment assets	34,064	34,798	65,110	59,836

Primary insurance				Asset management		Consolidation		Total	
Life and health		Property-casualty							
31.3.2002 €m	31.12.2001 €m	31.3.2002 €m	31.12.2001 €m	31.3.2002 €m	31.12.2001 €m	31.3.2002 €m	31.12.2001 €m	31.3.2002 €m	31.12.2001 €m
2,440	2,072	1,228	1,095	24	25	-2	-1	6,020	5,522
6,307	6,039	733	724	-	-	29	32	9,362	9,044
5,649	2,585	2,979	2,869	90	97	-8,378	-6,757	16,183	12,558
12,189	12,016	513	494	486	481	-1,723	-1,947	11,603	11,182
887	935	43	45	-	-	-	-	930	980
67,942	68,824	6,110	6,242	60	15	-	-	109,822	111,251
93	123	59	62	13	13	-	-	390	412
68,922	69,882	6,212	6,349	73	28	-	-	111,142	112,643
621	1,597	287	392	297	336	-5,957	-4,850	15,042	15,901
93,688	92,119	10,724	10,828	946	942	-16,029	-13 522	163,332	161,328
703	666	-	-	-	-	-	-	703	666
7,660	7,393	1,850	1,550	-	-	-6,072	-6,327	12,957	11,994
9,192	9,452	3,872	2,670	354	156	-2,735	-1 698	24,005	22,544
113,683	111,702	17,674	16,143	1,324	1,123	-24,838	-21,548	207,017	202,054

Segment reporting

EQUITY AND LIABILITIES	Reinsurance			
	Life and health		Property-casualty	
	31.3.2002 €m	31.12.2001 €m	31.3.2002 €m	31.12.2001 €m
A. Gross underwriting provisions				
I. Unearned premiums	138	125	5,194	4,793
II. Provision for future policy benefits	17,270	17,300	877	738
III. Provision for outstanding claims	2,929	2,765	33,805	32,695
IV. Other underwriting provisions	124	48	1,709	1,671
	20,461	20,238	41,585	39,897
B. Gross underwriting provisions for life insurance policies where the investment risk is borne by the policyholder	–	–	–	–
C. Other accrued liabilities	395	316	1,036	795
D. Other accrued liabilities	3,538	4,364	10,964	12,180
Total segment liabilities	24,394	24,918	53,585	52,872

Primary insurance				Asset management		Consolidation		Total		
Life and health		Property-casualty								
31.3.2002 €m	31.12.2001 €m	31.3.2002 €m	31.12.2001 €m	31.3.2002 €m	31.12.2001 €m	31.3.2002 €m	31.12.2001 €m	31.3.2002 €m	31.12.2001 €m	
160	82	1,571	975	–	–	–328	–163	6,735	5,812	
76,851	75,790	70	65	–	–	–4,548	–4,877	90,520	89,016	
1,227	1,228	4,199	4,096	–	–	–1,122	–1,273	41,038	39,511	
13,036	13,331	125	125	–	–	51	467	15,045	15,642	
91,274	90,431	5,965	5,261	–	–	–4,947	–5,846	153,338	149,981	
685	647	–	–	–	–	7	8	692	655	
553	585	970	1,004	53	48	–18	–18	2,989	2,730	
16,229	15,145	5,187	4,280	1,013	798	–10,481	–8,426	26,450	28,341	
108,741	106,808	12,122	10,545	1,066	846	–16,439	–14,282	183,469	181,707	
								Shareholders' equity*	23,548	20,347
								Total equity and liabilities	207,017	202,054

* Group shareholders' equity and minority interests.

Segment reporting

INCOME STATEMENT 1.1–31.3.2002	Reinsurance			
	Life and health		Property-casualty	
	Q1 2002 €m	Q1 2001 €m	Q1 2002 €m	Q1 2001 €m
1. Gross premiums written	1,645	1,519	5,285	3,509
Thereof:				
– From insurance transactions with other segments	217	187	547	199
– From insurance transactions with external third parties	1,428	1,332	4,738	3,310
2. Net earned premiums	1,456	1,393	4,134	3,083
3. Investment result	1,183	639	4,726	931
Thereof:				
– Income from associated enterprises	680	389	3,297	493
4. Other income	28	32	82	86
Total income (2–4)	2,667	2,064	8,942	4,100
5. Net expenses for claims and benefits	1,327	1,211	3,010	2,567
6. Net operating expenses	306	402	1,187	914
7. Other expenses	79	49	232	140
Total expenses (5–7)	1,712	1,662	4,429	3,621
8. Result before amortization of goodwill	955	402	4,513	479
9. Amortization of goodwill	1	1	36	33
10. Operating result before tax	954	401	4,477	446
11. Tax	87	21	189	43
12. Minority interests in earnings	–	–	–1	–
13. Net profit	867	380	4,289	403

		Primary insurance		Asset management		Consolidation		Total	
Life and health		Property-casualty							
Q1 2002 €m	Q1 2001 €m	Q1 2002 €m	Q1 2001 €m	Q1 2002 €m	Q1 2001 €m	Q1 2002 €m	Q1 2001 €m	Q1 2002 €m	Q1 2001 €m
2,794	2,667	1,787	1,607	-	-	-770	-388	10,741	8,914
6	2	-	-	-	-	-770	-388	-	-
2,788	2,665	1,787	1,607	-	-	-	-	10,741	8,914
2,380	2,368	786	770	-	-	-	-	8,756	7,614
1,648	1,164	106	99	8	9	-744	-62	6,927	2,780
507	24	19	18	5	-	-	-	4,508	924
157	166	139	145	50	31	-238	-241	218	219
4,185	3,698	1,031	1,014	58	40	-982	-303	15,901	10,613
3,533	2,998	564	498	-	-	-9	-57	8,425	7,217
362	428	292	269	-	-	3	-	2,150	2,013
182	201	174	204	44	33	-266	-239	445	388
4,077	3,627	1,030	971	44	33	-272	-296	11,020	9,618
108	71	1	43	14	7	-710	-7	4,881	995
23	-	14	6	-	-	-	2	74	42
85	71	-13	37	14	7	-710	-9	4,807	953
18	42	14	27	8	-	-1	-1	315	132
9	12	4	5	-	-	-1	-1	11	16
58	17	-31	5	6	7	-708	-7	4,481	805

Segment reporting

INVESTMENTS*	Reinsurers		Primary insurers		Asset management		Total	
	31.3.2002 €m	31.12.2001 €m	31.3.2002 €m	31.12.2001 €m	31.3.2002 €m	31.12.2001 €m	31.3.2002 €m	31.12.2001 €m
Europe	39,825	39,486	98,487	97,169	402	405	138,714	137,060
North America	19,752	19,378	1,792	2,199	65	64	21,609	21,641
Asia and Australasia	1,808	1,589	456	435	3	3	2,267	2,027
Africa, Near and Middle East	549	487	75	78	–	–	624	565
Latin America	713	621	100	72	8	8	821	701
Total	62,647	61,561	100,910	99,953	478	480	164,035	161,994

* After elimination of intra-Group transactions across segments.

GROSS PREMIUMS WRITTEN*

1.1–31.3.2002	Reinsurers		Primary insurers		Total	
	Q1 2002 €m	Q1 2001 €m	Q1 2002 €m	Q1 2001 €m	Q1 2002 €m	Q1 2001 €m
Europe	3,291	2,416	4,401	4,172	7,692	6,588
North America	2,101	1,637	121	73	2,222	1,710
Asia and Australasia	425	285	23	14	448	299
Africa, Near and Middle East	156	166	19	9	175	175
Latin America	194	136	10	6	204	142
Total	6,167	4,640	4,574	4,274	10,741	8,914

* After elimination of intra-Group reinsurance across segments.

Notes

Accounting and valuation policies

This quarterly report as at 31st March 2002 has been prepared in accordance with International Accounting Standards and their interpretation by the Standing Interpretations Committee (SIC).

The same accounting, valuation and consolidation principles have been applied as in our consolidated financial statements as at 31st December 2001.

Changes in the consolidated group

There were no significant changes in the group of consolidated companies in the first three months of 2002.

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	
	31.3.2002	31.12.2001	Q1 2002	Q1 2001
Australian dollar	1.63460	1.73040	1.69359	1.73976
Canadian dollar	1.39180	1.40800	1.39858	1.40940
Pound sterling	0.61270	0.60880	0.61491	0.63237
Rand	9.91480	10.55960	10.11800	7.21720
Swiss franc	1.46720	1.48030	1.47346	1.53293
US dollar	0.87240	0.88180	0.87723	0.92278
Yen	115.6240	115.6920	116.1270	108.987

Intangible assets

All figures in €m	31.3.2002	31.12.2001
I. Goodwill	4,804	4,419
II. Other intangible assets	1,216	1,103
– Software	205	180
– Purchased insurance portfolios	925	844
– Other	86	79
Total	6,020	5,522

Changes in shareholders' equity

	Issued capital	Capital reserve	Revenue reserves	Other reserves	Consolidated profit	Total shareholders' equity
All figures in €m						
Status at 31.12.2000	453	2,712	9,174	9,513	1,750	23,602
Changes in exchange rates	–	–	314	–2	–15	297
Allocation to revenue reserves	–	–	1,735	–	–1,735	–
Change resulting from valuation at equity	–	–	424	353	–	777
Unrealized gains and losses on other investments	–	–	–	–495	–	–495
Consolidated profit for the year	–	–	–	–	805	805
Other changes	–	–	–5	–	–	–5
Status at 31.3.2001	453	2,712	11,642	9,369	805	24,981
All figures in €m						
Status at 31.12.2001	453	2,714	11,522	4,418	250	19,357
Changes in exchange rates	–	–	73	3	–25	51
Allocation to revenue reserves	–	–	225	–	–225	–
Change in consolidated group	–	–	–116	–9	–	–125
Change resulting from valuation at equity	–	–	–	192	–	192
Unrealized gains and losses on other investments	–	–	–	–1,087	–	–1,087
Consolidated net profit	–	–	–	–	4,481	4,481
Other changes	–	–	–35	–	–	–35
Status at 31.3.2002	453	2,714	11,669	3,517	4,481	22,834

Minority interests

These are mainly minority interests in the ERGO Insurance Group.

All figures in €m	31.3.2002	31.12.2001
Unrealized gains and losses	28	71
Consolidated profit	11	145
Other equity components	675	774
Total	714	990

Notes and debentures

All figures in €m	31.3.2002	31.12.2001
American Re Capital, Delaware 8.5%, US\$ 237.5m QUIPS 1995/2025 Rating: A+	–	269
American Re Corporation, Princeton 7.45%, US\$ 500m Senior Notes 1996/2026 Rating: AA	571	565
ERGO International AG, Düsseldorf 2.25%, €345m Bonds Exchangeable into E.ON Shares 2001/2006 0.75%, €345m Bonds Exchangeable into Aventis AG Shares 2001/2006 Rating: AA+	581	581
Munich Reinsurance Company, Munich 1.0%, €1,150m Bonds Exchangeable into Allianz AG Shares 2000/2005 Rating: AAA	1,071	1,059
Total	2,223	2,474

The QUIPS issued by American Re Capital Delaware have been redeemed.

Investment result

1.1–31.3.2002	Reinsurance				Primary insurance				Asset management		Total	
	Life and health		Property-casualty		Life and health		Property-casualty		Q1 2002	Q1 2001	Q1 2002	Q1 2001
	Q1 2002	Q1 2001	Q1 2002	Q1 2001	Q1 2002	Q1 2001	Q1 2002	Q1 2001				
All figures in €m*												
Investment income												
Regular income	154	601	693	893	997	1,109	96	102	5	15	1,945	2,720
Income from write-ups	8	14	39	26	25	20	–	4	–	–	72	64
Gains on the disposal of investments	823	51	3,913	89	1,033	682	63	70	1	–	5,833	892
Other income	–	–	–	1	5	6	–	3	–	8	5	18
	985	666	4,645	1,009	2,060	1,817	159	179	6	23	7,855	3,694
Investment expenses												
Writedowns on investments	21	7	106	19	136	60	8	12	–	–	271	98
Losses on the disposal of investments	42	37	209	68	264	487	39	58	–	–	554	650
Other expenses	7	11	34	26	54	100	5	15	3	14	103	166
	70	55	349	113	454	647	52	85	3	14	928	914
Total	915	611	4,296	896	1,606	1,170	107	94	3	9	6,927	2,780

* After elimination of intra-Group transactions across segments.

Net expenses for claims and benefits

1.1–31.3.2002	Reinsurance				Primary insurance				Total		
	Life and health		Property-casualty		Life and health		Property-casualty		Q1 2002	Q1 2001	
	Q1 2002	Q1 2001	Q1 2002	Q1 2001	Q1 2002	Q1 2001	Q1 2002	Q1 2001			
All figures in €m*											
Gross	1,166	1,398	3,234	2,602	3,739	3,247	844	775	8,983	8,022	
Ceded share	31	186	498	327	30	137	–1	155	558	805	
Net	1,135	1,212	2,736	2,275	3,709	3,110	845	620	8,425	7,217	

* After elimination of intra-Group transactions across segments.

Net operating expenses

1.1–31.3.2002	Reinsurance				Primary insurance				Total	
	Life and health		Property-casualty		Life and health		Property-casualty		Q1 2002	Q1 2001
	Q1 2002	Q1 2001	Q1 2002	Q1 2001	Q1 2002	Q1 2001	Q1 2002	Q1 2001		
All figures in €m*										
Gross	487	473	1,348	942	411	497	390	367	2,636	2,279
Ceded share	117	71	181	140	111	15	77	40	486	266
Net	370	402	1,167	802	300	482	313	327	2,150	2,013

* After elimination of intra-Group transactions across segments.

Number of staff

The number of staff employed by the Group as at 31st March 2002 totalled 28,191 (27,894) in Germany and 10,358 (10,423) in other countries.

	31.3.2002	31.12.2001
Reinsurance companies	5,977	5,872
Primary insurance companies	31,972	31,878
Asset management	600	567
Total	38,549	38,317

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 by the exercise of warrants are included pro rata temporis from the respective date of delivery.

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.

		Q1 2002	Q1 2001
Net income	€m	4,481	805
Weighted average number of shares		176,783,539	176,934,195
Earnings per share	€	25.35	4.55
Average share price	€	283.18	347.46
Warrant exercise price	€	163.61	163.61
Diluted number of shares		177,509,602	177,847,232
Diluted earnings per share	€	25.24	4.53

Important dates

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
Provisional figures for consolidated financial statements 2002	27th March 2003
Balance sheet meeting of Supervisory Board	28th April 2003
Balance sheet press conference	30th April 2003
Interim report as at 31st March 2003	2nd June 2003
Annual General Meeting	11th June 2003
Dividend payment	12th June 2003
Interim report as at 30th June 2003	28th August 2003
Half-year press conference	28th August 2003
Interim report as at 30th September 2003	1st December 2003

The official German original of this quarterly 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

If you have general questions on Munich Re shares, please use our shareholder hotline:

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