Munich Re
Quarterly Report

3/2012

Munich RE

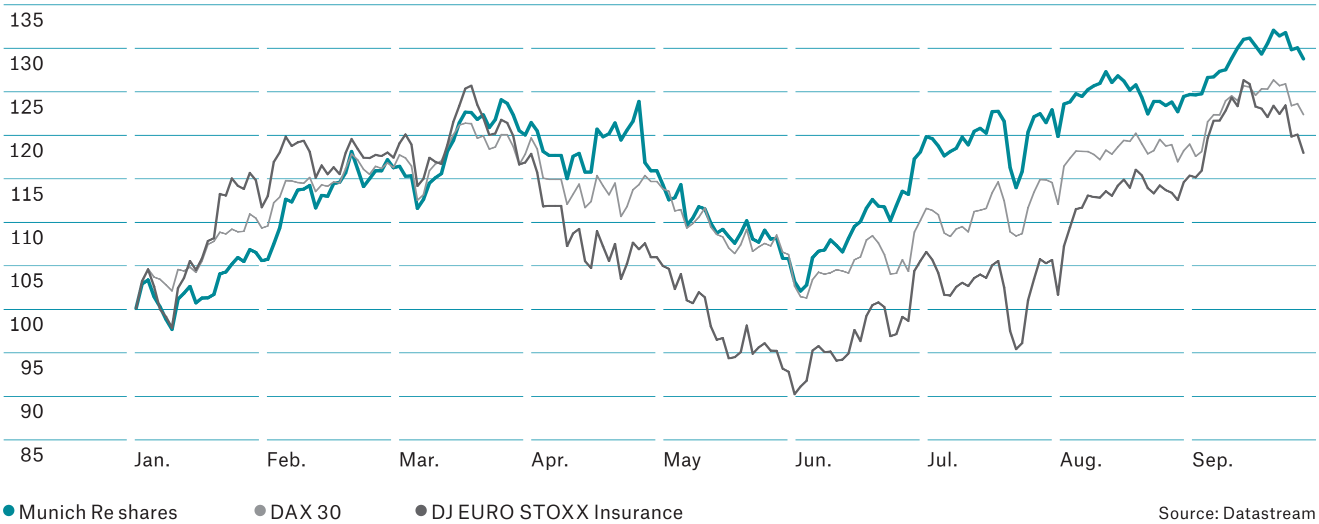
Supervisory Board

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

Share price performance 1.1.2012 = 100



Key figures (IFRS)

Munich Re at a glance

		Q1-3 2012	Q1-3 2011	Change	Q3 2012	Q3 2011	Change
				%			%
Consolidated result	€m	2,730	80	>1,000.0	1,136	290	291.7
Thereof attributable to non-controlling interests	€m	12	5	140.0	6	4	50.0
Earnings per share	€	15.30	0.42	>1,000.0	6.36	1.61	295.0
Return on risk-adjusted capital (RORAC)	%	14.9	0.3		18.7	5.4	
Return on investment (RoI)	%	3.9	3.3[1]		4.0	2.7	
Return on equity (RoE)	%	14.5	0.5		17.3	5.5	
					30.9.2012	31.12.2011	Change
							%
Book value per share	€				151.30	129.86	16.5
Munich Reinsurance Company's market capitalisation	€bn				21.8	17.0	28.2
Share price	€				121.50	94.78	28.2

		30.9.2012	31.12.2011	Change
				%
Equity	€m	27,124	23,309	16.4
Investments	€m	213,077	201,707	5.6
Net technical provisions	€m	186,742	181,161	3.1
Balance sheet total	€m	258,636	247,580	4.5
Number of staff		46,374	47,206	-1.8

[1] 3.1% excluding the earnings from economic risk transfer to the capital markets that are posted in the investment result.

Contents

To our shareholders

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

Dear Shareholders,

Munich Re's Group performance in the first nine months of 2012 was extremely pleasing. The high profit for the year to date and for the third quarter is not only a consequence of the low burden from natural catastrophes, it is also impressive proof of the quality of our business portfolio. Despite the still-challenging macroeconomic climate, we anticipate that we will significantly surpass our previously stated target for the year. We are now predicting a consolidated profit of around €3bn, if the burdens from Hurricane Sandy and other potential major loss events remain within the currently expectable range. We can be very satisfied with this development in times of great uncertainty and high capital-market volatility.

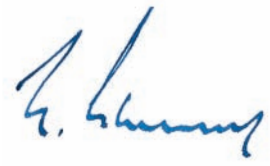
In our constantly growing life reinsurance business, claims experience remained favourable. Furthermore, we are benefiting from sustained demand for reinsurance solutions as capital relief, and posted further growth in Asia's expanding primary insurance markets thanks to our strong market position. We are no less satisfied with our property-casualty business. The quality of this portfolio has been elevated to a notable level by a systematic focus over many years on risk-commensurate prices, terms and conditions and a conservative reserving policy, by a sense of proportion with regard to growth ambitions, and by the capability and willingness to develop innovative solutions for our clients.

In view of the market environment, we are satisfied with ERGO's business performance overall. Worthy of particular mention is the significant improvement in results in ERGO's international property-casualty insurance business. Here, our vigorous restructuring measures in critical portfolios are proving effective. In Germany, our business developed unremarkably in the past quarter. ERGO remains the subject of coverage by parts of the media over accusations whose basic character was already apparent last year and which had also been discussed publicly. ERGO is tackling these accusations of misconduct on incentive trips and events with the greatest possible transparency and, in particular, is ensuring that there is no repeat of such incidents.

In Munich Health, our third field of business, which pools the Group's international health activities, the result grew in the first nine months, despite cost burdens from US primary insurance business. In sum, we consider ourselves well positioned in both insurance and reinsurance to benefit from the growing healthcare market in the future.

What topics will occupy us in the period ahead? We can be certain that the financial crisis will be with us for the foreseeable future, and we must devote our attention to the potential grave effects of conceivable scenarios in its further course. However, that must not lead us to lose sight of other weighty challenges. The extraordinarily wide-ranging Hurricane Sandy, which caused severe losses on the east coast of the United States and a state of emergency in New York, confirms the need to focus on the trend in natural catastrophes. For example, in a recently published study, we found that the number of weather-related loss events in North America had increased by a factor of 4.5 since 1980. The main drivers of the rise in losses are socioeconomic factors such as population growth, increased settlement of exposed regions and a higher concentration of values, but we are also of the opinion – corroborated by scientific findings – that this development cannot be fully explained without climate change. And it is important to recognise that, given a 100-year atmospheric lifetime of CO_2 emissions, we have yet to see the true effects of climate change. That alone is reason for us to concern ourselves with questions involving climate development to an even greater extent in future.

Yours sincerely,



Nikolaus von Bomhard

Interim management report

Business environment

// Global economy still subdued
// Interest rates stay at a low level; share prices rise considerably
// Further outlook remains primarily dependent on the progression of the sovereign debt and banking crisis in the eurozone

The global economy again lost momentum in the third quarter of 2012, chiefly impacted by the sovereign debt and banking crisis in the eurozone, but also by sluggish economic growth in the USA.

For the second successive quarter, the eurozone's economy shrank against the previous quarters. Hindrances to recovery were in particular the continued fragile position of the Spanish banking sector, the uncertainty over Greece's further development, and fiscal consolidation measures in many states. Even the German economy, which had been relatively unaffected by the sovereign debt and banking crisis in the eurozone until this point, showed signs of deceleration, growing more slowly than in the previous quarters according to recent estimates. The European Central Bank announcement that under certain circumstances it would buy up unlimited government bonds of crisis countries on the secondary market, and the German Federal Constitutional Court's decision in favour of the ESM (European Stability Mechanism) rescue fund were main factors in alleviating the situation on the finance markets. Interest rates on the government bonds of the peripheral states fell back noticeably, but the implications for the real economy are as yet unforeseeable.

In the USA, economic growth continued unchanged at only a moderate pace. There was little improvement in the labour market. Towards the end of the quarter, the Federal Reserve announced further bond-buying plans to support the economy.

Whereas at the start of the year, Japan had still been benefiting economically from reconstruction activities in the wake of 2011's earthquake, the curbing effects of lower export demand from Europe and China were now apparent.

Decelerating global growth also had a cooling effect on the emerging markets. Despite state stimuli, even the Chinese economy was unable to buck this trend entirely and saw decreased economic growth, albeit still at a high level.

Even with continued expansionary monetary policy and higher commodities prices, the weak economy had a clearly beneficial effect on inflation. In the third quarter of 2012, the annual inflation rate sank from 1.9% in the second quarter to 1.7% in the USA and from 2.9% to 1.9% in China, while rising slightly from 2.5% to 2.6% in the eurozone.

Monetary policy in the most important economies remained very expansive. 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%. The European Central Bank lowered its reference interest rate at the start of July from 1.0% to 0.75%, whilst the Chinese central bank also reduced its key interest rate in a second step in early July by 0.31 percentage points to 6.0%. In addition, the aforementioned central banks and the Bank of Japan resolved further measures, chief among them being the purchase of government bonds to stimulate the economy and stabilise the financial markets.

Tensions on the finance markets reduced perceptibly in the third quarter. Overall, the stock markets posted significant price gains. The S&P 500 gained 5.8% in the third quarter, closing at 1,362 points at the end of September, and the EURO STOXX 50 climbed by 8.4% to 2,265 points. The Japanese Nikkei fell 1.5% to 9,007 points. Many investors in search of safe investments again favoured German and US government bonds. Yields on ten-year bonds thus remained low: at the end of September, yields on US bonds were 1.6%, the same level as at the beginning of the quarter, while those on German bonds sank from 1.6% at the end of June to 1.4% at the end of September. The euro regained some ground against the US dollar, closing the quarter at US$ 1.29.

Business performance

Overview

Key figures

	Q1–3 2012	Q1–3 2011	Change	Q3 2012	Q3 2011	Change
	€m	€m	%	€m	€m	%
Gross premiums written	39,133	37,166	5.3	13,236	12,217	8.3
Technical result	2,832	–212	–	1,129	1,054	7.1
Investment result	6,271	4,815	30.2	2,221	1,347	64.9
Operating result	3,738	402	829.9	1,434	839	70.9
Taxes on income	525	–408	–	202	62	225.8
Consolidated result	2,730	80	>1,000.0	1,136	290	291.7
Thereof: Attributable to non-controlling interests	12	5	140.0	6	4	50.0
				30.9.2012	31.12.2011	Change
				€bn	€bn	%
Equity				27.1	23.3	16.4

Munich Re's Group performance in the first nine months of the year was very pleasing despite the difficult macroeconomic climate. Overall, our result and the positive development of our Group's equity capital reflect our forward-looking risk management, prudent investment policy, profit-oriented underwriting approach, and a random low burden from natural catastrophes.

Despite our strict profitability requirements, we achieved a moderate rise in our gross premium income. Our claims expenditure was significantly lower than in the same period last year with its exceptional burden from natural catastrophes. An increased investment result also contributed to the generally satisfying development, again benefiting from a good result from the disposal of equities and interest-bearing securities.

All in all, the operating result and consolidated result were appreciably higher than in the same period last year.

Given our robust position in the European markets, our fixed-interest investments are mainly denominated in euros and comprise in particular claims on sovereign borrowers. As part of our risk management, we naturally take account of the risks from the sovereign debt and banking crisis in the European currency union. We thus gear our risk capital requirements to the ratings of the relevant issuers, and in the past have also repeatedly and significantly lowered the Group-wide limits for individual countries and banks, and have introduced additional investment restrictions. Only 1% of our government bond portfolio still relates to Greece, Ireland, Portugal and Cyprus, 3% to Italy and a further 1% to Spain. These bonds are held almost entirely by our primary insurers.

Despite the dividend payout of €1.1bn at the end of April, our equity increased by €3.8bn to €27.1bn compared with the beginning of the year, thanks to the high consolidated profit of €2.7bn for the first nine months of 2012, the positive development of on-balance-sheet gains and losses on our investments as a result of falling interest rates on government bonds with a good credit rating, and rises on the stock market. The annualised return on risk-adjusted capital (RORAC) totalled 14.9% (0.3%), whilst the return on equity (RoE) amounted to 14.5% (0.5%).

Until 2011, the segment balance sheet and segment income statement had reflected the situation prior to the elimination of intra-Group business (including a separate column for consolidation). From the first quarter of 2012, the segments are shown after the elimination of intra-Group business, with the previous year's figures adjusted accordingly. Further information can be found in the notes to the financial statements on page 43 ff.

Reinsurance

// Rise in premium income to €21.2bn (19.6bn) for January to September and €7.5bn (6.5bn) for the third quarter
// Life reinsurance with highly satisfying result
// Satisfactory treaty renewals in property-casualty reinsurance
// Combined ratio of 93.6% (118.1%[1]) for the first nine months and 89.4% (87.3%) for the third quarter
// Very good consolidated result of €2,329m (–168m) for the first three quarters and €1,036m (308m) for July to September

Munich Re operates in virtually all classes of reinsurance. We offer a full range of products, from traditional reinsurance to innovative solutions for risk assumption, using our extensive risk knowledge to develop individual solutions for our clients in response to complex issues.

Reinsurance – Life

Key figures[1]

		Q1–3 2012	Q1–3 2011	Change	Q3 2012	Q3 2011	Change
				%			%
Gross premiums written	€m	8,191	7,104	15.3	2,897	2,316	25.1
Share of gross premiums written in reinsurance	%	38.7	36.3		38.7	35.5	
Operating result	€m	514	431	19.3	176	–9	–
Consolidated result	€m	390	147	165.3	123	–111	–

1 Previous year's figures adjusted owing to the change in segment reporting (see "Segment reporting" section).

Premium

Owing to the capital market crisis, demand for large-volume treaties where reinsurance primarily serves as a capital substitute for our clients surged from 2008 onwards in North America, Asia and Continental Europe. The fact that we concluded several large-volume treaties, most of which run for multi-year periods, is reflected in the premium growth recorded for the first nine months of the year.

Growth is also being driven by the expanding primary insurance markets in Asia, a development that benefits us as reinsurers thanks to our strong market position.

In other regions of the world, particularly in Europe, the sluggish economy has impacted our clients' business development and hence our own. In addition, our clients are retaining a higher proportion of the risks themselves, which is having a curbing effect on the growth of our new business in many developed markets.

As we generate a large share of our income outside Europe, this development was favoured to a large degree by currency translation effects from the weakening euro. If exchange rates had remained unchanged, our premium income would have shown a year-on-year increase of 7.0% for the first nine months and 12.5% for the third quarter.

1 116.2% taking into account the economic risk transfer to the capital markets.

Result

The highly satisfying technical result of €370m (290m) for the first three quarters of the year benefited from business and claims development in our core markets that was very good overall. The technical result for the third quarter totalled €115m (46m).

The result development of large-volume reinsurance treaties written in the last few years mainly to provide capital relief has been within the expected range.

The investment result for the first nine months of the year was slightly up year on year at €635m (632m) and amounted to €237m (103m) for the third quarter. Happily, we posted fewer write-downs of derivatives and equities than in the previous year. The investment result for 2011 had benefited from high gains on disposals in connection with the restructuring of our portfolio of fixed-interest securities in North America. The decline in regular income reflects the general decrease in interest rates.

Overall, we are very satisfied with the operating result and consolidated result posted.

Reinsurance – Property-casualty

Key figures

		Q1–3 2012	Q1–3 2011	Change	Q3 2012	Q3 2011	Change
				%			%
Gross premiums written	€m	12,995	12,489	4.1	4,598	4,208	9.3
Share of gross premiums written in reinsurance	%	61.3	63.7		61.3	64.5	
Loss ratio[1]	%	64.4	88.4		61.4	57.9	
Thereof: Major losses[1]	Percentage points	8.4	34.8		7.8	7.5	
Expense ratio	%	29.2	29.7		28.0	29.4	
Combined ratio[1]	%	93.6	118.1		89.4	87.3	
Operating result	€m	2,395	–799	–	1,031	674	53.0
Consolidated result	€m	1,939	–315	–	913	419	117.9

[1] The figure for Q1–3 is not adjusted for relief of 1.9 percentage points from economic risk transfer to the capital markets.

Premium

Gross premiums by division – Q1–3 2012

Our premium income in property-casualty reinsurance increased year on year by 4.1% to €13.0bn (12.5bn) in the period from January to September, with the months July to September contributing €4.6bn (4.2bn). If exchange rates had remained the same, there would have been a decline in premium income of 2.9% for the first nine months and 0.5% for the third quarter. Rate increases in natural catastrophe covers and rising premium income owing to new business in agricultural reinsurance had a particularly positive effect. In motor business, premium volume fell because large-volume quota share treaties concluded with an Asian primary insurer in the previous year were not renewed, as expected, on account of the client's improved solvency.

As at 1 July 2012, some 12% of our treaty business with a volume of around €1.9bn was up for renewal. It concerned in particular parts of the US portfolio, Australia and Latin America, and business with individual global clients. Altogether, we succeeded in significantly raising our premium volume by 18.5%, mainly owing to new business in agricultural reinsurance. As previously, we reduced business in cases where prices, terms and conditions did not meet the requirements of our profit-oriented underwriting policy. As in the past renewals, we reached a good profitability level, coupled with a year-on-year price increase of some 2.0% that was mainly attributable to natural catastrophe covers. We recorded average price increases of 5% in the USA, 5–10% in Latin America and the Caribbean, and up to 30% in Australia.

Result

The technical result in the property-casualty reinsurance segment totalled €1,773m (–1,056m) for January to September, of which €784m (834m) was accounted for by the third quarter. The technical result benefited from the positive outcome of this year's treaty renewals and especially from the moderate major-loss trend.

As in the first half of the year, the burden from major losses was below average in the third quarter. Total major-loss expenditure after retrocession to reinsurers and before tax fell to €1,054m (3,933m[1]) for the period January to September and to €337m (291m) for the third quarter.

At the end of August, Hurricane Isaac hit the US Gulf Coast with heavy rain and gale-force gusts, costing Munich Re around €80m in total.

Based on current estimates, we anticipate a net burden of approximately €160m (after sliding-scale commission) from losses under crop failure covers due to the persistent drought in large agricultural areas in the USA. We posted provisions for these losses in the second quarter of the year.

For the earthquakes that caused substantial damage in the Italian Emilia Romagna region in the second quarter of the year, we adjusted our original assessment of €79m to €150m, given that the claims notifications from our clients were significantly in excess of expectations. A positive impact on the result derived from the release of provisions totalling around €60m, which we were able to make in the period from January to September for Hurricanes Katrina, Ike, and Irene.

[1] Taking into account the economic risk transfer to the capital markets, the figure came to €3,722m.

Man-made losses totalled €478m (345m) for the first nine months and €95m (60m) for the period July to September. The two largest individual losses in the period under review were an explosion in a German industrial park in March 2012 and the accident involving cruise ship Costa Concordia, which ran aground off the Italian island of Giglio on 13 January 2012. Based on current estimates, Munich Re expects its claims costs for each of these loss events to be in the mid double-digit million euro range.

The combined ratio amounted to 93.6% (118.1%[1]) of net earned premiums for the first nine months of the year and 89.4% (87.3%) for the third quarter. The overall burden from major losses included in this figure was 8.4 (34.8) percentage points for the first three quarters and 7.8 (7.5) for the months July to September, i.e. below the average volume to be expected. The combined ratio for the first three quarters also contains a run-off loss from major losses of approximately €200m and, as a consequence of reviewing our reserving position, a profit of around €300m from the release of provisions for other losses, especially in aviation and property business.

Our investment result totalled €1,646m (1,242m) for January to September and €590m (171m) for July to September 2012. The increase in the third quarter was mainly attributable to higher capital gains on restructuring our fixed-interest securities and on the disposal of equities. By contrast, the result from derivatives was down. The operating result thus improved to €2,395m (–799m) for the first nine months of the year and €1,031m (674m) for the third quarter.

Following a generally favourable third quarter, we achieved an exceptionally good consolidated result overall.

[1] Not adjusted for relief of 1.9 percentage points from economic risk transfer to the capital markets.

Primary insurance

// Total premium volume of €13.9bn (14.4bn) for the first three quarters; €4.4bn (4.6bn) for the third quarter
// Improved result in life primary insurance for the first nine months
// Satisfying result increase in health primary insurance
// Combined ratio of 96.9% (98.2%) for January to September and 100.3% (102.7%) for the third quarter
// Investment result of €3,882m (2,838m) for the first nine months and €1,354m (1,035m) for July to September
// Nine-month consolidated result of €333m, with €38m attributable to the period July to September

Munich Re's primary insurance segment comprises the activities of the ERGO Insurance Group (ERGO). ERGO operates in nearly all lines of life, health and property-casualty insurance. ERGO is a leading provider across all classes of business in its domestic market of Germany. In international business, ERGO's focus is mainly on the growth markets in central and eastern Europe, and Asia. The claim "To insure is to understand" is being systematically implemented by ERGO in the form of needs-based sales advice, tailored products, clear and understandable communication, innovative services and swift support when loss or damage occurs. ERGO is resolved to consistently pursue this course of realignment with the brand proposition "To insure is to understand".

In the quarter under review, there was again considerable media coverage on misconduct at ERGO. In aiming to become more transparent and win back lost trust, ERGO has decided to publish all cases of misconduct in connection with incentive trips and events. In the Corporate Governance section of its website, ERGO has been providing extensive information since the end of September 2012 not only on the trips to Budapest and Jamaica already publicly known but also, for instance, on conduct outside the official programme during trips to Hamburg and New York in 2010. ERGO stresses once again that rule breaches of this nature will not be tolerated and that everything is being done to avoid misconduct during incentive trips.

Primary insurance – Life

Key figures

		Q1–3 2012	Q1–3 2011	Change	Q3 2012	Q3 2011	Change
				%			%
Total premium income[1]	€m	5,244	5,744	–8.7	1,680	1,855	–9.4
Gross premiums written	€m	4,246	4,474	–5.1	1,348	1,490	–9.5
Share of gross premiums written in primary insurance	%	32.9	34.0		33.2	35.1	
Operating result	€m	237	174	36.2	–19	171	–
Consolidated result	€m	175	111	57.7	–3	130	–

1 Total premium income includes not only gross premiums written but also savings premiums for unit-linked life insurance and capitalisation products in accordance with the statutory accounting guidelines applicable in the insurer's home country.

Premium

Our life insurers posted lower premium income in the period January to September 2012 and in the third quarter than in the same periods last year. In international business, overall premium volume was down to €1.3bn (1.5bn) year on year. Especially Austrian business showed reduced income in unit-linked life insurance. Overall premium totalled €3.9bn (4.3bn) in Germany, reflecting a significant decline above all in single-premium revenue (–26.3%) due mainly to the capitalisation product MaxiZins: having lowered the interest rates on this product to take account of capital market conditions, we posted a decrease of €213m in premium compared with the same period last year. Gross premiums written totalled €4.2bn (4.5bn) for the first nine months of the year. In Germany, this figure declined overall by 5.3% to €3.1bn (3.3bn), with international business contributing €1.1bn (1.2bn), a reduction of 4.6%. Regular premium income in German new business was down by 10.7% in the months of January to September, partly due to the lowering of the guaranteed interest rate with effect from 1 January 2012. Development of new business in private provision for old age was subdued, also because of the widespread economic uncertainty. In total, new business volume in Germany declined by 23.5%, or 15.7% in terms of annual premium equivalent (APE) – the customary international performance measure. Outside Germany, new business decreased by 16.8% to €584m (702m). In terms of APE, the decrease totalled 11.3%, mainly owing to the lower volume of new business in Austria and the sale of the Portuguese subsidiary in the third quarter of 2011.

Result

The technical result developed positively to €96m (27m) for the period January to September 2012, while the third-quarter figure was slightly negative at –€5m (18m), impacted by the need for additional write-downs of deferred acquisition costs due to low interest-rate levels. The investment result rose to €2.7bn (1.7bn) for the first nine months and €1.0bn (0.9bn) for July to September 2012. In the previous year, the investment result had been burdened by high write-downs on Greek government bonds.

The rise in the investment result was also the main reason for the increased operating result. However, the long-term risks from low market interest rates are not fully reflected in IFRS accounting. All in all, the consolidated result was therefore good.

The German Federal Court of Justice has issued two judgements in 2012 declaring the invalidity of insurance terms and conditions relating to surrender values, lapse deductions and the offsetting of acquisition costs. Specifically, this can have implications for cash value life insurance and deferred or unit-linked annuity insurance in the event of cancellation or waiver of premium. A judgement in a similar case against ERGO Lebensversicherung AG is still pending. In the third quarter 2012, we took the precaution of adjusting the provisions already established.

Primary insurance – Health

Key figures

		Q1–3 2012	Q1–3 2011	Change	Q3 2012	Q3 2011	Change
				%			%
Gross premiums written	€m	4,304	4,322	–0.4	1,435	1,440	–0.3
Share of gross premiums written in primary insurance	%	33.3	32.8		35.3	33.9	
Operating result	€m	162	85	90.6	84	34	147.1
Consolidated result	€m	79	22	259.1	48	12	300.0

Premium

In health insurance, premium income since the beginning of the year amounted to €4.30bn (4.32bn) and was thus at practically the same level as last year (–0.4%); the figure for the months of July to September was €1.4bn (1.4bn). German business expanded by 0.3%, while premium income from international business was down by 15.8% owing to individual portfolio remedial measures. In Germany, business with supplementary benefit covers rose by 3.2% year on year, whilst premium income in comprehensive health insurance declined slightly by 0.4%. As expected, new business in comprehensive health insurance in the first three quarters of 2012 was down (–31.6%) compared with the same period last year, which had benefited from the abolition as at 1 January 2011 of the three-year waiting period for switching to private health insurance. In travel insurance, which we account for in the health segment and operate in Germany and abroad, we registered a decline in premium volume of 4.5% to €361m (378m).

Result

The technical result totalled €285m (308m) for the first three quarters and €129m (125m) for the third quarter. At €900m (784m) for January to September and €293m (203m) for July to September, the investment result developed favourably, also benefiting from not having to absorb write-downs on Greek government bonds.

Overall, the operating result and consolidated result both showed a rise.

Primary insurance – Property-casualty

Key figures

		Q1–3 2012	Q1–3 2011	Change	Q3 2012	Q3 2011	Change
				%			%
Gross premiums written	€m	4,369	4,371	0.0	1,278	1,316	–2.9
Share of gross premiums written in primary insurance	%	33.8	33.2		31.5	31.0	
Loss ratio	%	63.9	64.8		68.1	69.6	
Expense ratio	%	33.0	33.4		32.2	33.1	
Combined ratio	%	96.9	98.2		100.3	102.7	
Operating result	€m	271	360	–24.7	55	–99	–
Consolidated result	€m	79	90	–12.2	–7	–156	95.5

Premium

In property-casualty insurance, premium volume since the beginning of the year was stable compared with the same period last year. German business grew by 3.1% to €2.6bn (2.5bn). As in the previous quarters, growth was particularly apparent (+7.7%) in commercial and industrial business. By contrast, personal accident insurance showed a decrease of 1.7% for the period since January 2012, reflecting lower sales of personal accident insurance policies with premium return. In motor insurance, premium rose by 1.7% in the same period, while in German legal protection business premium income was roughly the same as in the first nine months of 2011 (–0.4%). Premium in international business was adversely affected by the sale of our Portuguese subsidiary, whose premium income had been included in the first nine months of 2011. Our focus on improved profitability and thus on price increases has led to pressure on premium income in several international markets, exacerbated by slightly negative currency translation effects. We posted good growth especially in legal protection insurance in the United Kingdom. Our international business showed a decline in premium volume of 4.5% overall.

Result

The technical result was good, amounting to €234m (166m) for the first three quarters and €33m (–1m) for the third quarter. Paid claims and the change in claims provisions totalling €2.6bn (2.6bn), along with net operating expenses of €1.3bn (1.3bn), compared with net earned premiums of €4.0bn (3.9bn).

The combined ratio for the period from January to September was 96.9% of net earned premiums – an improvement on the same period last year (98.2%). The combined ratio for German business was 95.6% in the first nine months of 2012 – 1.2 percentage points higher than in the same period last year – mainly owing to higher expenses for claims and benefits as a consequence of several major losses (our segment disclosure does not reflect the ameliorating effect of intra-Group reinsurance). In international business, we recorded a significantly improved combined ratio of 99.1% (103.9%). In Poland, which had been badly hit by natural catastrophes in 2010, the combined ratio was again very satisfying at 93.8% (99.4%). The improvement in results in Turkey is making progress. We succeeded in lowering the combined ratio thanks to our consolidation measures. Nevertheless, at the reporting date, the figure still stood at 122.8% (127.8%).

The investment result declined year on year from €360m to €247m, mainly owing to the fact that the figure for the previous year's second quarter benefited from the sale of a real-estate company in Singapore. Reserves for the loss of around €30m currently to be expected on the sale of ERGO Daum have been posted with impact on the income statement. Taken in isolation, however, the investment result for the third quarter was up from –€47m to €104m.

Overall, we posted a lower operating result and consolidated result for property-casualty business.

Munich Health

// Revenue growth continues
// Combined ratio of 99.2% for January to September 2012
// Investment result higher year on year

With the exception of the German health insurers belonging to ERGO, Munich Re's global healthcare insurance and reinsurance expertise is combined under the Munich Health brand. Over 5,000 experts at 26 locations use this wealth of knowledge to offer our international clients innovative solutions and individual consultancy and services.

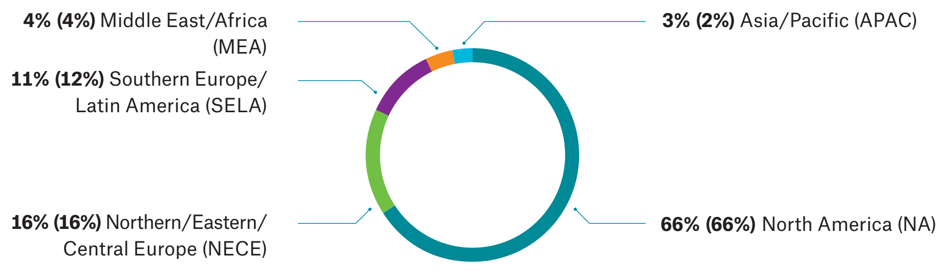
Key figures

		Q1–3 2012	Q1–3 2011	Change	Q3 2012	Q3 2011	Change
				%			%
Gross premiums written	€m	5,028	4,406	14.1	1,680	1,447	16.1
Loss ratio[1]	%	84.0	80.6		88.2	78.7	
Expense ratio[1]	%	15.2	18.6		8.2	19.1	
Combined ratio[1]	%	99.2	99.2		96.4	97.8	
Operating result	€m	131	109	20.2	96	44	118.2
Consolidated result	€m	64	17	276.5	58	–18	–

[1] Excluding business conducted like life insurance.

Premium

Gross premiums by market region – Q1–3 2012



Gross premiums written increased further year on year. In reinsurance, they were up by 14.0% to €3.3bn (2.9bn) in the first nine months, mainly owing to higher premium income from large-volume treaties and organic growth in North America and the UK in particular. In primary insurance, the premium income from our European companies and North America grew by 14.3% to €1.7bn (1.5bn) overall. If exchange rates had remained unchanged, Munich Health's gross premiums would have shown a year-on-year increase of 7.2% for the first nine months and 5.5% for the third quarter.

Result

The technical result increased, totalling €74m (53m) for the first nine months of 2012 and €73m (32m) for the third quarter, which benefited from a positive one-off effect from claims settlement in the Windsor Health Group in the current financial year.

The combined ratio was 99.2% (99.2%) for the period from January to September, and 96.4% (97.8%) for July to September. This ratio relates only to short-term health business, not to business conducted like life insurance, which made up 7.3% (8.0%) of gross premiums written in the first nine months. In reinsurance, the lower combined ratio of 98.7% is attributable to more favourable claims experience overall and profitable new business. In primary insurance, the combined ratio was 100.3%. The deterioration is due to costs from US Medicare Advantage business (private health insurance for seniors), a consequence of high expenditure for pure cost reimbursement products and increased burdens from managed care products offered by Windsor.

The investment result improved on the previous year's level, totalling €95m (80m) for the first nine months and €35m (22m) for the third quarter. The operating result for the first three quarters of the year was up 20.2% to €131m (109m). In the third quarter, it totalled €96m (44m).

Overall, the consolidated result was also higher than in the same period last year.

Investment performance

// Rise in carrying amount to €213.1bn (201.7bn) and in market value to €222.4bn (207.1bn)
// Investments geared to liabilities, with continued strong emphasis on safety through a broad spread
// Investment result of €6.3bn for the first three quarters

We gear the selection of our investments to the economic characteristics of our technical provisions and liabilities. In addition, we use derivative financial instruments for portfolio management and hedging against fluctuations on the interest-rate, equity and currency markets. The high volatilities in the markets are currently resulting in substantial changes in the values of derivatives, which under IFRS accounting we recognise in profit or loss, i.e. as income or expense in our income statement.

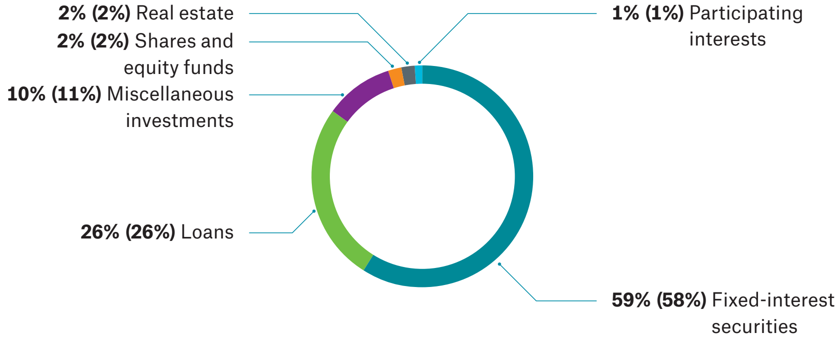
Investment mix

	Reinsurance					
	Life		Property-casualty		Life	
€m	30.9.2012	31.12.2011	30.9.2012	31.12.2011	30.9.2012	31.12.2011
Land and buildings, including buildings on third-party land	243	257	1,213	1,187	1,404	1,445
Investments in affiliated companies	19	14	84	62	31	31
Investments in associates	1	75	664	391	89	101
Loans	14	14	56	56	35,191	33,910
Other securities held to maturity	–	–	–	–	9	13
Other securities available for sale						
Fixed-interest	14,560	13,594	51,014	46,664	34,577	32,584
Non-fixed-interest	1,009	895	4,334	4,691	1,875	1,768
Other securities at fair value through profit or loss						
Held for trading						
Fixed-interest	–	–	672	508	54	59
Non-fixed-interest	–	–	33	28	–	–
Derivatives	609	549	313	373	880	765
Designated as at fair value through profit or loss						
Fixed-interest	–	–	–	–	160	161
Non-fixed-interest	–	–	–	–	3	4
Deposits retained on assumed reinsurance	7,425	7,784	1,190	1,196	160	165
Other investments	240	193	1,153	943	321	925
Investments for the benefit of life insurance policyholders who bear the investment risk	–	–	–	–	5,748	5,092
Total	**24,120**	**23,375**	**60,726**	**56,099**	**80,502**	**77,023**

		Primary insurance		Munich Health		Asset management		Total	
	Health	Property-casualty							
30.9.2012	**31.12.2011**	**30.9.2012**	**31.12.2011**	**30.9.2012**	**31.12.2011**	**30.9.2012**	**31.12.2011**	**30.9.2012**	**31.12.2011**
783	796	99	109	30	31	67	64	3,839	3,889
12	12	72	76	2	11	8	8	228	214
120	86	160	150	88	71	71	66	1,193	940
16,804	16,934	2,312	2,323	23	23	–	–	54,400	53,260
–	–	–	–	–	–	–	–	9	13
14,422	12,686	5,492	5,656	3,425	3,864	815	171	124,305	115,219
581	387	602	433	169	216	73	68	8,643	8,458
–	–	–	–	1	–	–	–	727	567
2	3	–	–	1	–	–	–	36	31
110	67	18	9	7	9	–	–	1,937	1,772
–	–	–	–	–	–	–	–	160	161
–	–	–	–	–	1	–	–	3	5
1	1	4	4	411	280	–	–	9,191	9,430
268	76	340	139	84	114	251	265	2,657	2,655
–	–	–	–	1	1	–	–	5,749	5,093
33,103	**31,048**	**9,099**	**8,899**	**4,242**	**4,621**	**1,285**	**642**	**213,077**	**201,707**

Distribution of investments by type

Total: €213bn (202bn)



The carrying amount of our investment portfolio, which continues to be dominated by fixed-interest securities, loans and short-term fixed-interest investments, rose compared with the position at the beginning of the year. At 30 September 2012, its market value amounted to €222.4bn (207.1bn). The reasons for this increase included the lower interest-rate level in the second and third quarters, which had a positive effect on the market values of fixed-interest securities. Government bonds and covered bonds benefited particularly from this. Furthermore, new investments due to the higher volume of business drove up the market value of our portfolio. The development of global exchange rates against the euro also led to a slight increase.

Together with restructuring within the asset classes, we were able to realise a higher weighting of low-risk bonds overall.

Risk spreads on fixed-interest securities continued to fall over the course of the year and are at a lower level than at the end of 2011. Our on- and off-balance-sheet unrealised gains and losses (excluding owner-occupied property), which would be posted as net gains upon disposal of the relevant investments, climbed from €11.2bn at 31 December 2011 to €20.1bn at 30 September 2012.

Other securities available for sale

	Carrying amounts		On-balance-sheet unrealised gains and losses		At amortised cost	
€m	30.9.2012	31.12.2011	30.9.2012	31.12.2011	30.9.2012	31.12.2011
Fixed-interest	124,305	115,219	9,240	4,892	115,065	110,327
Non-fixed-interest	8,643	8,458	1,218	693	7,425	7,765
Total	**132,948**	**123,677**	**10,458**	**5,585**	**122,490**	**118,092**

Off-balance-sheet unrealised gains and losses

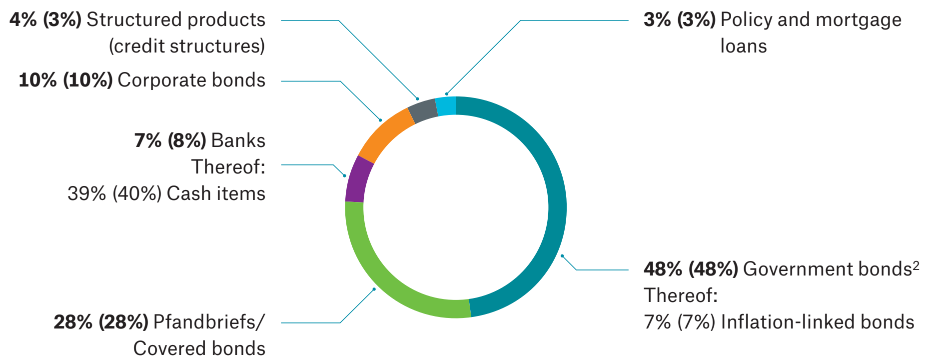
	Fair values		Off-balance-sheet unrealised gains and losses		Carrying amounts	
€m	30.9.2012	31.12.2011	30.9.2012	31.12.2011	30.9.2012	31.12.2011
Land and buildings[1]	7,905	8,013	1,691	1,739	6,214	6,274
Associates	1,544	1,250	368	326	1,176	924
Loans	61,936	56,893	7,536	3,633	54,400	53,260
Other securities	9	13	–	–	9	13
Tangible assets in renewable energies	510	267	17	7	493	260
Total	**71,904**	**66,436**	**9,612**	**5,705**	**62,292**	**60,731**

[1] Including owner-occupied property.

As at the reporting date, our portfolio of fixed-interest securities was made up as follows:

Fixed-interest portfolio according to economic categories[1]

Total: €194bn (178bn)



[1] Presentation essentially shows fixed-interest securities and loans, including deposits with banks, at market value. The economic view is not fully comparable with the IFRS figures.
[2] Including other public issuers and government-guaranteed bank bonds.

Nearly half our portfolio of fixed-interest investments comprises government bonds, the vast majority of which are from countries with a high credit rating. Pursuing our risk-conscious investment policy, we had already reduced our investments in southern European government bonds considerably in 2011. Only around 1% of our government bond portfolio still relates to Greece, Ireland, Portugal and Cyprus, 3% to Italy, and 1% to Spain. These bonds are held almost entirely by our primary insurers. In the course of the financial year to date, we have invested more extensively in US government bonds and bonds issued by European Union institutions. New investments in government bonds from the emerging markets are also part of our balanced investment strategy. We have marginally reduced our portfolio of French government bonds.

In addition, our portfolio of covered bonds grew as we expanded our investments in the UK, France and Scandinavia, but German pfandbriefs continue to dominate our holdings in this category. Owing to the aggravated crisis in Spain, we reduced our portfolio of Spanish cédulas hipotecarias significantly to 5% of the total, switching mainly into Australian, French and British covered bonds. The remaining cédulas hipotecarias are also held almost entirely by our primary insurers.

We reduced our investments in banks (chiefly bank bonds) slightly. These now make up only 7% of our portfolio of fixed-interest securities. Corporate bonds from other industries account for 10% (10%). Our exposure in this area is increased by a further percentage point through credit derivatives. The share of such corporate bonds rose somewhat, although this was mainly due to market values being increased by the lower interest-rate level and the fall in risk spreads.

In the current environment of low interest rates and higher volatility, our active duration management also helps reduce risk. Although the average durations of fixed-interest investments exceed those of liabilities in reinsurance, the durations of fixed-interest items in primary insurance are shorter than those of liabilities. On balance, this prudent diversification at Group level matches the durations of our overall portfolio of fixed-interest securities to those of our liabilities, thus reducing the interest-rate risk.

Fixed-interest securities: Bank portfolio[1]

%	30.9.2012	31.12.2011
Senior bonds	36	39
Loss-bearing and subordinated liabilities	8	9
Cash items	39	40
Refinancing loans	1	2
Investment funds	7	7
Derivatives	9	3

[1] Presentation essentially shows fixed-interest securities and loans, including deposits with banks, at market value. The economic view is not fully comparable with the IFRS figures.

The bank bonds from southern Europe and Ireland account for less than 3% of our overall bank bond holdings.

The carrying amount of our equity portfolio (including investments in affiliated companies and associates at market value) remained virtually unchanged. At the reporting date, our equity-backing ratio was 3.2% (3.2%). In the third quarter, however, we sold a large portion of the derivatives acquired to hedge our equity portfolio. Including the remaining hedging derivatives, the equity-backing ratio now amounts to 2.9% (2.0%).

Besides this, we are protecting ourselves against rapid inflation in an environment of continuing low interest rates. Inflation-linked bonds and inflation-linked swaps with a total (nominal) value of €11.3bn (9.2bn), real assets like shares, property and commodities, and investments in renewable energies also have a positive diversification effect on the overall portfolio.

Investment result

	Q1–3 2012	Return[1]	Q1–3 2011	Return[1]	Q3 2012	Q3 2011
	€m	%	€m	%	€m	€m
Regular income	5,808	3.6	6,064	4.1	1,934	2,007
Write-ups/write-downs	–97	–	–1,640	–1.1	58	–834
Net realised capital gains	525	0.3	1,196	0.8	145	556
Other income/expenses	35	–	–805	–0.5	84	–382
Total	**6,271**	**3.9**	**4,815**	**3.3[2]**	**2,221**	**1,347**

[1] Annualised return in % p.a. on the average market value of the investment portfolio at the quarterly reporting dates.
[2] 3.1% excluding the earnings from economic risk transfer to the capital market that are posted in the investment result.

Investment result by type of investment

	Q1–3 2012	Q1–3 2011	Change	Q3 2012	Q3 2011	Change
	€m	€m	%	€m	€m	%
Real estate	236	245	-3.7	77	71	8.5
Investments in affiliated companies	-21	254	–	8	2	300.0
Investments in associates	12	85	-85.9	12	35	-65.7
Mortgage loans and other loans	1,740	1,645	5.8	563	551	2.2
Other securities	3,961	3,064	29.3	1,360	963	41.2
Deposits retained on assumed reinsurance, and other investments	235	190	23.7	86	57	50.9
Investments for the benefit of life insurance policyholders who bear the investment risk	451	-344	–	242	-221	–
Expenses for the management of investments, other expenses	343	324	5.9	127	111	14.4
Total	**6,271**	**4,815**	**30.2**	**2,221**	**1,347**	**64.9**

Regular income

Owing to the continuing overweight of investments in highly rated government bonds and covered bonds with simultaneously low interest rates, the amount of regular income fell slightly compared with the previous year.

Write-ups and write-downs

In the write-ups and write-downs of our investments, we posted slight net write-downs of €97m (1,640m), especially on equities. On the other hand, we recorded particular gains on our swaptions and other interest-rate derivatives, as their market values had been bolstered by falling interest-rate levels. Swaptions are used in hedging long-term interest-rate guarantees extended to life insurance clients. The previous year's result had been burdened primarily by write-downs on Greek government bonds.

Realised gains/losses on investments

In the first three quarters of 2012, we posted net gains on disposal of €525m (1,196m) through active asset management, especially from gains realised on equities. We continued to benefit from high market values and realise gains when restructuring our investments in government bonds, covered bonds and corporate bonds. On the other hand, we posted losses on disposal when selling a substantial portion of the equity derivatives with which we hedge our equity portfolio against price setbacks.

Insurance derivatives

Also included in investments are securitisations by means of which we pass on or assume underwriting risks via capital market covers. These include catastrophe bonds and special forms of unit-linked life insurance (variable annuities). Regular income or expenditure, realised gains and write-ups/write-downs arising from changes in the value of our capital market covers are shown as a result from derivatives in the investment result. Up to 30 September 2012, such covers contributed approximately –€22m to the investment result for the current year, whereas in the previous year a particularly high positive balance of €200m from write-ups and write-downs was posted in the wake of the earthquake in Japan.

Asset management for clients

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.

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 €44.0bn (39.8bn).

Assets under management for third parties

				30.9.2012	31.12.2011	Change
				€bn	€bn	%
Third-party investments				11.1	10.4	6.7
Thereof: External institutional investors				9.1	8.5	7.1
Thereof: Private-client business				2.0	1.9	5.3
	Q1–3 2012	Q1–3 2011	Change	Q3 2012	Q3 2011	Change
	€m	€m	%	€m	€m	%
Group asset management result	4	8	–50.0	4	14	–71.4

Prospects

// Premium income of around €52bn expected
// Return on investment of just over 3.5%
// Profit guidance substantially increased to around €3bn

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 Group are based primarily on planning figures, forecasts and expectations, whose realisation we of course cannot guarantee.

Changes in segment reporting

Since the first quarter of 2012, the figures in our segment reporting have been shown after elimination of intra-Group business. For this reason, the outlook we gave for 2012 in the 2011 annual report for the segments reinsurance, primary insurance and Munich Health can no longer be directly compared with the forecasts of this quarterly report for these segments. In general, the projections for segment premiums and the segment result are lower or at most the same compared with the view prior to the elimination of intra-Group business. As an example, in the reinsurance segments, the premiums and results from intra-Group reinsurance or dividend income from the shareholding in ERGO Versicherungsgruppe AG are no longer included. By contrast, the effects on the combined ratio are of minor relevance. In the following outlook for the individual segments, reference will be made to any expectations that have changed from those indicated in the 2011 annual report. The changes to segment reporting have no effect on the consolidated result expected for the Group. Further information can be found in the notes to the financial statements on page 43.

Business environment

The global economy is unlikely to gather much momentum before the end of 2012, and even for next year we expect only a marginal recovery. Currently, any prognosis is very uncertain, owing chiefly to the sovereign debt and banking crisis in the eurozone, and its effects on global economic development. The world economy is further threatened by possible drastic fiscal policy impacts in the USA next year, by a potentially deepening rift between China and Japan, or exacerbation of the conflicts in the Middle East. Given the subdued economic situation, it is likely that the monetary policy pursued by many central banks will remain expansionary, which could result in inflation risks in the medium term.

In the European Union, state supervision for primary insurers and reinsurers is set to undergo profound changes with the new rules planned under Solvency II. The first-time application of the new supervisory regulations was initially postponed to 1 January 2014, and there is now the prospect of further delays. The European Union recently commissioned a study to assess the impact of various measures for valuing long-term guarantees in insurance contracts (Long Term Guarantee Assessment). Given the scope of this study, the European supervisory authority EIOPA will not be able to submit its report on the outcome until sometime in 2013. This is likely to delay the first-time application of Solvency II capital requirements by at least two years to 2016. The first-time application of the IFRS for insurance contracts is currently scheduled for 1 January 2018.

Reinsurance

Reinsurance continues to hold considerable promise for the future, with a wide variety of earnings opportunities. Particularly after major losses, general risk awareness is heightened. 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 against major claims and accumulation losses, or strengthening their capital base. In addition to this, we devise innovative coverage concepts that go beyond the scope of traditional reinsurance. And we partner our clients in the often challenging task of adjusting to changes in regulatory requirements, which will be altered significantly in many countries in the coming years.

We see further strong potential for development in life reinsurance, where opportunities will derive from the privatisation trends in provision for old age, long term care and disability, and from the need for asset protection. In regional terms, we see growth opportunities in the dynamic Asian markets. Capital substitute solutions will continue to play a role in our business, not least due to changes in supervisory law and accounting. For 2012, we are aiming for an increase in gross premiums written to almost €11bn. We are targeting a technical result of around €400m; and given the highly satisfying business performance in the first nine months of the year, we are well on track to surpass this goal. In 2010, we set ourselves the objective of achieving value added by new business of €450m a year by 2015 based on Market Consistent Embedded Value (MCEV) Principles. Thanks to significant growth, we are likely to exceed this target again in 2012.

In property-casualty reinsurance, which as experience shows is exposed to market cycles, Munich Re will maintain its clear, profit-oriented underwriting policy and accept risks only at commensurate prices, terms and conditions.

For 2012, we expect gross premiums written to rise to around €17bn in property-casualty reinsurance. We aim for a combined ratio of approximately 96% of net earned premiums over the market and interest-rate cycle as a whole. After favourable claims experience until well into the fourth quarter, Hurricane Sandy hit the US East Coast on 29 October. Besides the great human suffering it caused, the disaster gave rise to high losses of a still unquantifiable amount. It is therefore not yet possible to give a reliable estimate of how high our share will be: so far, we are reckoning with an amount in the mid three-digit million euro range. Given the possibility of our being able to reduce provisions for prior accident years in the fourth quarter, we expect an overall combined ratio for 2012 that is well below the 96% mark, despite the burdens from Hurricane Sandy. The uncertainties involved in such an estimate lie in the risk of random fluctuations with regard to other major losses that may occur before the end of the year.

For the renewals at 1 January 2013, we expect prices, terms and conditions to remain at least stable in most reinsurance markets, with sufficient capacities available. In particular, the low interest-rate level needs to be considered in pricing. We consider it possible that the current capital market environment will result in an increase in prices for long-tail business in future, especially in the casualty sector. It is also foreseeable that Hurricane Sandy will lead to a further rise in prices in US property business and for non-proportional natural catastrophe covers.

Subject to the uncertainties connected with major losses and the further development of the capital markets, the consolidated result in reinsurance should be in the region of €2.7bn, an increase on the outlook given in the 2011 annual report and the report for the second quarter.

If exchange rates remain constant, gross premiums in reinsurance should amount to around €28bn in 2012. The expected figure has risen compared with the forecasts made in the 2011 annual report and the report for the second quarter.

Primary insurance

We see good opportunities not only in evolving foreign markets but also in various sectors of our German domestic market. For 2012, we expect premium development in the individual segments to be varied.

In July, ERGO announced details of the plans for its sales quality and efficiency programme. Sales organisations are to be merged and managed under the umbrella of an ERGO sales company. The programme is intended to achieve gross annual savings of over €160m as from 2015. The planned changes are currently being negotiated between company management and the co-determination bodies. Depending on the progress of the negotiations, we plan to post provisions for the restructuring expenses in the fourth quarter of 2012.

In life primary insurance, our total premium income is likely to be below the previous year's level at between €7bn and €7.5bn, with gross premiums written totalling nearly €6bn. In this forecast, it should be borne in mind that developments in German and international business strongly depend on single-premium business; in the first three quarters of 2012, we wrote less business owing to interest-rate developments and profitability expectations that were not always satisfactory. We currently do not expect the development of single-premium volume to improve significantly by the end of the year.

Due to the lowering of the guaranteed interest rate in Germany with effect from 1 January 2012 and the very low interest rates, the weak development of new business in private provision for old age could persist. It remains to be seen how the introduction of unisex pricing as at 21 December 2012 will influence premium development.

In the health segment, we are aiming for a slight increase in premium income to €5.5–6bn. While we should be able to achieve premium growth in supplementary health cover, premium volume in comprehensive health insurance should more or less attain last year's level.

Gross premiums written in property-casualty insurance are expected to amount to somewhat more than €5.5bn. We are proceeding on the assumption that the combined ratio for property-casualty business will be just over 97%, while in international business we anticipate a considerable improvement compared with 2011.

Total premium income in primary insurance should be a little over €18.5bn in 2012, i.e. marginally lower than expected at the end of 2011, while gross premiums written are likely to be slightly higher than €17bn.

We are continuing to target a consolidated result of around €450m for the primary insurance segment and €400m for the ERGO Group, disregarding restructuring expenses that may be accounted for already in 2012 in connection with the sales reorganisation programme. The difference between the two figures is mainly attributable to intra-Group business between primary insurance and reinsurance.

Munich Health

There are a host of growth avenues in the international healthcare markets, in particular due to advances in medicine and the related costs, and to improved life expectancy. We intend to utilise these opportunities.

We take a generally positive view of the US Supreme Court's decision upholding the core of the healthcare reform. In reinsurance, we anticipate rising demand as a result of increasing numbers of insureds at our clients and various changes in the risk transfer models. In the Medicare sector (health insurance for seniors), which is assignable to primary insurance, we see a continuation of the growth trend. However, this is accompanied by lower margins owing to regulatory changes such as bonus mechanisms linked to the quality of care and a more restrictive reimbursement approach.

Altogether, large-volume capital substitute solutions in reinsurance will ensure continued growth in Munich Health. Gross premiums written are likely to be well above €6.5bn in 2012, a somewhat higher forecast than given in the 2011 annual report and the report for the second quarter. We anticipate that the combined ratio will be around 100%. For the fourth quarter, we expect cost burdens from our US primary insurance business and thus a negative result. For 2012 as a whole, we anticipate a consolidated result of slightly over €50m.

Munich Re (Group)

Our assumption for 2012 is that gross premiums written will total around €52bn, provided there are no significant changes in exchange rates compared with the average rates for the first nine months. Our expected premium volume is thus €2bn higher than the upper end of the target corridor we gave in 2011 annual report.

We are adhering to our long-term objective of a 15% return on our risk-adjusted capital (RORAC) after tax across the cycle of the insurance and interest-rate markets. However, this target will be difficult to achieve given the currently low level of interest rates on low-risk investments. At the latest when the requirements of Solvency II and the fundamentals of 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.

Assuming the absence of dramatic loss events in the remaining two months of the year, we project that the technical result will be considerably higher in the current year than in 2011. Our return on investment for 2012 should be just over 3.5%, and thus slightly above our forecast in the 2011 annual report, provided there are no serious setbacks on the capital markets. The further development of the sovereign debt and banking crisis poses the greatest risks in this regard. A collapse of the European financial system, especially major banks defaulting chaotically, or a sustained low interest-rate level with simultaneously rising inflation would hit the whole insurance industry hard, as it would all major investors. We systematically limit our risks and strive for a balanced exposure, so regard ourselves as well prepared. Owing to our broad diversification, every scenario involves losses on certain investments, but as a rule would also involve asset gains elsewhere, because diversification effects and our Group-wide asset-liability management are designed to effectively dampen any potentially negative effect economically.

At the beginning of the year, our target for 2012 as a whole was a profit in the order of €2.5bn, equivalent to a RORAC of around 10%. With a profit of €2.7bn for the first nine months alone, we have already clearly surpassed this target. Consequently, and despite the burdens from Hurricane Sandy, we are markedly increasing our profit guidance: for 2012, we now expect a consolidated result of around €3bn. This profit guidance is subject to claims experience with regard to major losses being within normal bounds and no severe currency or capital market movements occurring in the weeks remaining until the end of 2012.

Such a high profit for the year would point to an increase in the dividend beyond the €6.25 per share we paid for the financial year 2011. Two months before the end of the financial year, however, it is too early for us to make a definite announcement.

Beyond this, the statements relating to opportunities and risks as presented in the Munich Re Group Annual Report 2011 apply unchanged.

Interim consolidated financial statements
Consolidated balance sheet as at 30 September 2012

Assets

			30.9.2012	31.12.2011		Change
	€m	€m	€m	€m	€m	%
A. Intangible assets						
I. Goodwill		3,526		3,511	15	0.4
II. Other intangible assets		1,637		1,581	56	3.5
			5,163	**5,092**	**71**	**1.4**
B. Investments						
I. Land and buildings, including buildings on third-party land		3,839		3,889	-50	-1.3
Thereof: Held for sale		–		13	-13	-100.0
II. Investments in affiliated companies and associates		1,421		1,154	267	23.1
Thereof: Associates accounted for using the equity method		1,176		924	252	27.3
III. Loans		54,400		53,260	1,140	2.1
IV. Other securities						
1. Held to maturity	9			13	-4	-30.8
2. Available for sale	132,948			123,677	9,271	7.5
Thereof: Held for sale	77			52	25	48.1
3. At fair value through profit or loss	2,863			2,536	327	12.9
		135,820		126,226	9,594	7.6
V. Deposits retained on assumed reinsurance		9,191		9,430	-239	-2.5
VI. Other investments		2,657		2,655	2	0.1
			207,328	**196,614**	**10,714**	**5.4**
C. Investments for the benefit of life insurance policyholders who bear the investment risk			**5,749**	**5,093**	**656**	**12.9**
D. Ceded share of technical provisions			**5,910**	**5,634**	**276**	**4.9**
Thereof: Held for sale			14	13	1	7.7
E. Receivables						
I. Current tax receivables		610		802	-192	-23.9
II. Other receivables		11,955		11,292	663	5.9
			12,565	**12,094**	**471**	**3.9**
F. Cash at bank, cheques and cash in hand			**2,456**	**2,490**	**-34**	**-1.4**
G. Deferred acquisition costs						
Gross		9,373		9,386	-13	-0.1
Ceded share		102		44	58	131.8
Net			9,271	9,342	-71	-0.8
H. Deferred tax assets			**6,620**	**7,547**	**-927**	**-12.3**
I. Other assets			**3,574**	**3,674**	**-100**	**-2.7**
Total assets			**258,636**	**247,580**	**11,056**	**4.5**

Equity and liabilities

		30.9.2012	31.12.2011		Change
	€m	€m	€m	€m	%
A. Equity					
I. Issued capital and capital reserve	7,388		7,388	–	–
II. Retained earnings	11,023		11,588	–565	–4.9
III. Other reserves	5,750		3,384	2,366	69.9
IV. Consolidated result attributable to Munich Reinsurance Company equity holders	2,718		702	2,016	287.2
V. Non-controlling interests	245		247	–2	–0.8
		27,124	**23,309**	**3,815**	**16.4**
B. Subordinated liabilities		**5,519**	**4,683**	**836**	**17.9**
C. Gross technical provisions					
I. Unearned premiums	8,697		8,391	306	3.6
Thereof: Held for sale	74		24	50	208.3
II. Provision for future policy benefits	109,845		108,477	1,368	1.3
III. Provision for outstanding claims	55,215		54,392	823	1.5
Thereof: Held for sale	37		16	21	131.3
IV. Other technical provisions	12,847		10,162	2,685	26.4
		186,604	**181,422**	**5,182**	**2.9**
D. Gross technical provisions for life insurance policies where the investment risk is borne by the policyholders		**6,048**	**5,373**	**675**	**12.6**
E. Other accrued liabilities		**3,711**	**3,522**	**189**	**5.4**
F. Liabilities					
I. Bonds and notes issued	265		263	2	0.8
II. Deposits retained on ceded business	2,930		2,726	204	7.5
III. Current tax liabilities	3,640		3,388	252	7.4
IV. Other liabilities	13,402		13,051	351	2.7
		20,237	**19,428**	**809**	**4.2**
G. Deferred tax liabilities		**9,393**	**9,843**	**–450**	**–4.6**
Total equity and liabilities		**258,636**	**247,580**	**11,056**	**4.5**

Consolidated income statement for the period 1 January to 30 September 2012

Items

			Q1–3 2012	Q1–3 2011		Change
	€m	€m	€m	€m	€m	%
Gross premiums written	**39,133**			**37,166**	**1,967**	**5.3**
1. Earned premiums						
Gross	38,952			36,110	2,842	7.9
Ceded	1,307			1,069	238	22.3
Net		37,645		35,041	2,604	7.4
2. Income from technical interest[1]		**5,274**		**4,203**	**1,071**	**25.5**
3. Expenses for claims and benefits						
Gross	31,525			31,796	–271	–0.9
Ceded share	647			891	–244	–27.4
Net		30,878		30,905	–27	–0.1
4. Operating expenses						
Gross	9,595			8,789	806	9.2
Ceded share	386			238	148	62.2
Net		9,209		8,551	658	7.7
5. Technical result (1–4)			**2,832**	**–212**	**3,044**	**–**
6. Investment result						
Investment income	10,984			12,331	–1,347	–10.9
Investment expenses	4,713			7,516	–2,803	–37.3
Total		**6,271**		**4,815**	**1,456**	**30.2**
Thereof: Income from associates accounted for using the equity method		12		84	–72	–85.7
7. Other operating income		**564**		**551**	**13**	**2.4**
8. Other operating expenses		**655**		**549**	**106**	**19.3**
9. Deduction of income from technical interest		**–5,274**		**–4,203**	**–1,071**	**–25.5**
10. Non-technical result (6–9)			**906**	**614**	**292**	**47.6**
11. Operating result			**3,738**	**402**	**3,336**	**829.9**
12. Other non-operating result			**–239**	**–491**	**252**	**51.3**
13. Impairment losses of goodwill			**22**	**25**	**–3**	**–12.0**
14. Net finance costs			**–222**	**–214**	**–8**	**–3.7**
15. Taxes on income			**525**	**–408**	**933**	**–**
16. Consolidated result			**2,730**	**80**	**2,650**	**>1,000.0**
Thereof: Attributable to Munich Reinsurance Company equity holders			2,718	75	2,643	>1,000.0
Attributable to non-controlling interests			12	5	7	140.0
			€	€	€	%
Earnings per share			**15.30**	**0.42**	**14.88**	**>1,000.0**

1 Previous year's figures adjusted owing to IAS 8, see "Recognition and measurement".

Consolidated income statement for the period 1 July to 30 September 2012

Items

			Q3 2012	Q3 2011		Change
	€m	€m	€m	€m	€m	%
Gross premiums written	**13,236**			**12,217**	**1,019**	**8.3**
1. Earned premiums						
Gross	13,346			12,119	1,227	10.1
Ceded	588			323	265	82.0
Net		12,758		11,796	962	8.2
2. Income from technical interest[1]		**1,866**		**1,573**	**293**	**18.6**
3. Expenses for claims and benefits						
Gross	10,553			9,648	905	9.4
Ceded share	203			252	-49	-19.4
Net		10,350		9,396	954	10.2
4. Operating expenses						
Gross	3,378			2,995	383	12.8
Ceded share	233			76	157	206.6
Net		3,145		2,919	226	7.7
5. Technical result (1-4)			**1,129**	**1,054**	**75**	**7.1**
6. Investment result						
Investment income	3,621			4,982	-1,361	-27.3
Investment expenses	1,400			3,635	-2,235	-61.5
Total		**2,221**		**1,347**	**874**	**64.9**
Thereof: Income from associates accounted for using the equity method		12		35	-23	-65.7
7. Other operating income		**171**		**200**	**-29**	**-14.5**
8. Other operating expenses		**221**		**189**	**32**	**16.9**
9. Deduction of income from technical interest		**-1,866**		**-1,573**	**-293**	**-18.6**
10. Non-technical result (6-9)			**305**	**-215**	**520**	**-**
11. Operating result			**1,434**	**839**	**595**	**70.9**
12. Other non-operating result			**-2**	**-407**	**405**	**99.5**
13. Impairment losses of goodwill			**17**	**4**	**13**	**325.0**
14. Net finance costs			**-77**	**-76**	**-1**	**-1.3**
15. Taxes on income			**202**	**62**	**140**	**225.8**
16. Consolidated result			**1,136**	**290**	**846**	**291.7**
Thereof: Attributable to Munich Reinsurance Company equity holders			1,130	286	844	295.1
Attributable to non-controlling interests			6	4	2	50.0
			€	€	€	%
Earnings per share			**6.36**	**1.61**	**4.75**	**295.0**

[1] Previous year's figures adjusted owing to IAS 8, see "Recognition and measurement".

Consolidated income statement (quarterly breakdown)

Items

	Q3 2012	Q2 2012	Q1 2012	Q4 2011	Q3 2011	Q2 2011	Q1 2011
	€m	€m	€m	€m	€m	€m	€m
Gross premiums written	**13,236**	**12,632**	**13,265**	**12,406**	**12,217**	**11,969**	**12,980**
1. Earned premiums							
Gross	13,346	12,832	12,774	13,024	12,119	11,934	12,057
Ceded	588	355	364	653	323	359	387
Net	12,758	12,477	12,410	12,371	11,796	11,575	11,670
2. Income from technical interest	**1,866**	**1,421**	**1,987**	**1,749**	**1,573**	**1,177**	**1,453**
3. Expenses for claims and benefits							
Gross	10,553	10,476	10,496	10,527	9,648	9,599	12,549
Ceded share	203	224	220	398	252	238	401
Net	10,350	10,252	10,276	10,129	9,396	9,361	12,148
4. Operating expenses							
Gross	3,378	3,008	3,209	3,516	2,995	2,860	2,934
Ceded share	233	93	60	78	76	85	77
Net	3,145	2,915	3,149	3,438	2,919	2,775	2,857
5. Technical result (1–4)	**1,129**	**731**	**972**	**553**	**1,054**	**616**	**-1,882**
6. Investment result							
Investment income	3,621	3,677	3,686	4,240	4,982	3,755	3,594
Investment expenses	1,400	1,871	1,442	2,299	3,635	2,243	1,638
Total	**2,221**	**1,806**	**2,244**	**1,941**	**1,347**	**1,512**	**1,956**
Thereof: Income from associates accounted for using the equity method	12	2	-2	16	35	43	6
7. Other operating income	**171**	**234**	**159**	**292**	**200**	**166**	**185**
8. Other operating expenses	**221**	**248**	**186**	**259**	**189**	**170**	**190**
9. Deduction of income from technical interest	**-1,866**	**-1,421**	**-1,987**	**-1,749**	**-1,573**	**-1,177**	**-1,453**
10. Non-technical result (6–9)	**305**	**371**	**230**	**225**	**-215**	**331**	**498**
11. Operating result	**1,434**	**1,102**	**1,202**	**778**	**839**	**947**	**-1,384**
12. Other non-operating result	**-2**	**-42**	**-195**	**-216**	**-407**	**2**	**-86**
13. Impairment losses of goodwill	**17**	**5**	**–**	**–**	**4**	**–**	**21**
14. Net finance costs	**-77**	**-79**	**-66**	**-74**	**-76**	**-69**	**-69**
15. Taxes on income	**202**	**164**	**159**	**-144**	**62**	**142**	**-612**
16. Consolidated result	**1,136**	**812**	**782**	**632**	**290**	**738**	**-948**
Thereof: Attributable to Munich Reinsurance Company equity holders	1,130	808	780	627	286	736	-947
Attributable to non-controlling interests	6	4	2	5	4	2	-1
	€	€	€	€	€	€	€
Earnings per share	**6.36**	**4.54**	**4.39**	**3.53**	**1.61**	**4.14**	**-5.28**

Statement of recognised income and expense for the period 1 January to 30 September 2012

€m	Q1–3 2012	Q1–3 2011
Consolidated result	**2,730**	**80**
Currency translation		
Gains (losses) recognised in equity	260	–69
Recognised in the consolidated income statement	–	–
Unrealised gains and losses on investments		
Gains (losses) recognised in equity	2,580	1,369
Recognised in the consolidated income statement	–465	–783
Change resulting from valuation at equity		
Gains (losses) recognised in equity	29	–3
Recognised in the consolidated income statement	–	–
Change resulting from cash flow hedges		
Gains (losses) recognised in equity	1	4
Recognised in the consolidated income statement	1	5
Actuarial gains and losses on defined benefit plans	–180	27
Other changes	11	–5
Income and expense recognised directly in equity	**2,237**	**545**
Total recognised income and expense	**4,967**	**625**
Thereof:		
Attributable to Munich Reinsurance Company equity holders	4,933	621
Attributable to non-controlling interests	34	4

Statement of recognised income and expense for the period 1 July to 30 September 2012

€m	Q3 2012	Q3 2011
Consolidated result	**1,136**	**290**
Currency translation		
Gains (losses) recognised in equity	–86	723
Recognised in the consolidated income statement	–	–
Unrealised gains and losses on investments		
Gains (losses) recognised in equity	879	1,259
Recognised in the consolidated income statement	–113	–335
Change resulting from valuation at equity		
Gains (losses) recognised in equity	3	–11
Recognised in the consolidated income statement	–	–
Change resulting from cash flow hedges		
Gains (losses) recognised in equity	1	5
Recognised in the consolidated income statement	1	–
Actuarial gains and losses on defined benefit plans	–68	–4
Other changes	–	–4
Income and expense recognised directly in equity	**617**	**1,633**
Total recognised income and expense	**1,753**	**1,923**
Thereof:		
Attributable to Munich Reinsurance Company equity holders	1,741	1,915
Attributable to non-controlling interests	12	8

Group statement of changes in equity

€m	Issued capital	Capital reserve
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 30.9.2011	**588**	**6,800**
Status at 31.12.2011	**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 30.9.2012	**588**	**6,800**

Retained earnings: Retained earnings before deduction of own shares	Retained earnings: Own shares held	Unrealised gains and losses	Other reserves: Reserve from currency translation	Other reserves: Valuation result from cash flow hedges	Consolidated result	Non-controlling interests	Total equity
				Equity attributable to Munich Reinsurance Company equity holders			
11,581	**-846**	**2,850**	**-610**	**-2**	**2,422**	**245**	**23,028**
1,312	–	–	–	–	-1,312	–	–
–	–	–	–	–	75	5	80
26	–	581	-69	8	–	-1	545
–	–	–	-69	–	–	–	-69
–	–	585	–	–	–	1	586
1	–	-4	–	–	–	–	-3
–	–	–	–	8	–	1	9
24	–	–	–	–	–	3	27
1	–	–	–	–	–	-6	-5
26	–	581	-69	8	75	4	625
–	–	–	–	–	–	-1	-1
1	–	–	–	–	–	–	1
–	–	–	–	–	-1,110	-5	-1,115
–	-323	–	–	–	–	–	-323
-999	999	–	–	–	–	–	–
11,921	**-170**	**3,431**	**-679**	**6**	**75**	**243**	**22,215**
11,758	**-170**	**3,603**	**-223**	**4**	**702**	**247**	**23,309**
-408	–	–	–	–	408	–	–
–	–	–	–	–	2,718	12	2,730
-151	–	2,113	257	-4	–	22	2,237
–	–	–	257	–	–	3	260
–	–	2,105	–	–	–	10	2,115
27	–	8	–	-6	–	–	29
–	–	–	–	2	–	–	2
-180	–	–	–	–	–	–	-180
2	–	–	–	–	–	9	11
-151	–	2,113	257	-4	2,718	34	4,967
-11	–	–	–	–	–	-33	-44
–	–	–	–	–	–	–	–
–	–	–	–	–	-1,110	-3	-1,113
–	5	–	–	–	–	–	5
–	–	–	–	–	–	–	–
11,188	**-165**	**5,716**	**34**	**–**	**2,718**	**245**	**27,124**

Condensed consolidated cash flow statement for the period from 1 January to 30 September 2012

€m	Q1–3 2012	Q1–3 2011
Consolidated result	**2,730**	**80**
Net change in technical provisions	3,410	9,375
Change in deferred acquisition costs	71	–298
Change in deposits retained and accounts receivable and payable	1,193	–3,654
Change in other receivables and liabilities	–759	228
Gains and losses on the disposal of investments	–525	–1,193
Change in securities at fair value through profit or loss	–498	–925
Change in other balance sheet items	–34	–219
Other income and expenses without impact on cash flow	–550	2,545
I. Cash flows from operating activities	5,038	5,939
Change from losing control of consolidated subsidiaries	27	446
Change from obtaining control of consolidated subsidiaries	–260	–278
Change from the acquisition, sale and maturities of other investments	–4,049	–1,886
Change from the acquisition and sale of investments for unit-linked life insurance	–303	–374
Other	55	19
II. Cash flows from investing activities	–4,530	–2,073
Inflows from increase in capital and from non-controlling interests	–	–
Outflows to ownership interests and non-controlling interests	43	345
Dividend payments	1,113	1,115
Change from other financing activities	590	–1,487
III. Cash flows from financing activities	–566	–2,947
Cash flows for the financial year (I + II + III)	**–58**	**919**
Effect of exchange rate changes on cash	24	–30
Cash at the beginning of the financial year	2,490	2,900
Cash at 30 September of the financial year	2,456	3,789

Selected notes to the consolidated financial statements

Recognition and measurement

This quarterly report as at 30 September 2012 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 2012. For existing or unchanged IFRSs, the same principles of recognition, measurement, consolidation and disclosure have been applied as in our consolidated financial statements as at 31 December 2011, with the exception of the changes mentioned below. In accordance with the rules of IFRS 4, underwriting items are recognised and measured on the basis of US GAAP (United States Generally Accepted Accounting Principles) at first-time adoption of IFRS 4 on 1 January 2005.

The following standards in particular have been newly adopted or amended:

The amendments to IFRS 7 (rev. 10/2010), Financial Instruments: Disclosures, Improving Disclosures about Financial Instruments, contain more extensive disclosure requirements regarding the transfer of financial assets, with a view to making more transparent the influence of such transactions on the entity's risk exposure and hence its financial situation. This change currently has no practical significance for Munich Re.

The amendments to IAS 12 (rev. 12/2010), Taxes on Income, Deferred Tax: Recovery of Underlying Assets, address the issue that the measurement of deferred tax items depends on whether the carrying amount of an asset is expected to be recovered through use or through sale. In practice, the two are often difficult to distinguish. The amendments provide a solution through the introduction of a rebuttable presumption that recovery of the carrying amount will normally be through sale. These amendments are mandatory for financial years beginning on or after 1 January 2012, but their adoption in the EU is still outstanding. As the clarification currently has no practical significance for Munich Re, no consequences result from this delay.

Our method of calculating the technical interest has been modified in the primary insurance segments with effect from the first quarter of 2012. This particularly affects the life primary insurance segment. In addition to the components used hitherto, the deposits retained on ceded business are now also taken into account as a basis for the technical interest. Thus the portion of investment income that corresponds to the deposit interest expense is included as a new component in the calculation of the technical interest and reallocated to the technical result. This change provides for a more accurate presentation of the technical result, since the latter now also reflects the interest expense for deposits retained. Pursuant to IAS 8.22, the modification has been applied with retroactive effect and the previous year's figures have been adjusted accordingly. As a result of the change, the income from technical interest in the life primary insurance segment in the first three quarters of 2012 is higher than it would have been under the previous method. It is impracticable to determine the exact amount of this for the current period, but there was an increase of €86m for the same period last year, which includes the effect from the retroactive adjustment of a consolidated entry. In addition, the estimate for policyholders' bonuses has been refined, with the improved estimate being used as from the first quarter of 2012 for future periods.

Changes in the consolidated group

With legal effect from 6 June 2012, via its subsidiary MR RENT-Investment GmbH, Munich, Munich Re acquired 100% of the voting shares in the solar park operating company Magaz Fotovoltaica, S.L.U. (Magaz), Alcobendas, Spain, from BP Solar España (BP Solar), S.A.U., Alcobendas, Spain, and the BP Solar photovoltaic plant. The transaction makes the photovoltaic plant part of Magaz's assets.

A purchase price of €26.2m was paid for Magaz and the photovoltaic plant. No contingent purchase price adjustments were agreed. The purchase price comprises €4.6m for the acquisition of the acquired company's assets and a cash capital increase of €21.6m at Magaz for the acquisition of the photovoltaic plant. The goodwill of €5.2m arithmetically resulting from the transaction was written off in full after we carried out an impairment test.

On 29 June 2012, via its subsidiary MR RENT-Investment GmbH, Munich, Munich Re acquired 100% of the voting shares in the solar park company Sun Energy & Partners S.r.l. (SunEnergy), Brindisi, Italy, from SunEdison Solar B.V., Amsterdam, Netherlands. SunEnergy operates a photovoltaic plant on the outskirts of the town of Brindisi (near Lecce, in the Apulia region of Italy). A provisional purchase price of €75.2m was paid for the acquisition of SunEnergy. No contingent purchase price adjustments were agreed. The negative difference of €4.6m arithmetically resulting from the transaction was reversed after expert evaluation, and this was recognised in "other operating income".

With economic effect from 6 July 2012, via its subsidiary MR RENT-Investment GmbH, Munich, Munich Re acquired 100% of the voting shares in six wind park companies. The wind park portfolio comprises wind parks already operating in various regions of Germany with a total of 19 wind turbines and an installed capacity of 48 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 onshore GmbH & Co. KG, Bremen, all the limited partner shares in each of the following wind park companies (wpd):

// Windpark Borghorst-Laer GmbH & Co. KG, Bremen
// Windpark Westeregeln GmbH & Co. KG, Bremen
// Windpark Markee 6 GmbH & Co. KG, Bremen
// Windpark Dargelütz GmbH & Co. KG, Bremen
// Windpark Kladrum-Zölkow GmbH & Co. KG, Schwerin
// Einzelanlage Frauenmark I GmbH & Co. KG, Bremen

The purchase price for the wind park companies is €27.3m and was settled in cash. The purchase price comprises various forms of conditional consideration of insignificant amount. The goodwill of €1.4m arithmetically resulting from the transaction was written off in full after we carried out an impairment test.

With legal effect from 10 August 2012, via its subsidiaries MR RENT UK Investment Limited, London, and Bagmoor Holdings Limited, London, Munich Re acquired 100% of the voting shares in three wind parks in the United Kingdom. The acquired portfolio comprises the wind parks Tir Mostyn in North Wales, Scout Moor near Manchester, and Bagmoor in Lincolnshire. The wind park portfolio (Bagmoor/Scout Moor/Tir Mostyn) consists of the following companies:

// Bagmoor Wind Limited, Bristol
// Scout Moor Group Limited, Manchester
// Scout Moor Wind Farm Limited, Manchester
// Scout Moor Holdings (No.1) Limited, Manchester
// Scout Moor Holdings (No.2) Limited, Manchester
// Scout Moor Wind Farm (No.2) Limited, Manchester
// UK Wind Holdings Limited, London
// Tir Mostyn and Foel Goch Limited, London

A purchase price of £114.3m (€145.6m) in cash was paid for acquisition of the wind parks. It was fully financed from Munich Re's own resources. No contingent purchase price adjustments were agreed. The goodwill of €15.5m arithmetically resulting from the transaction was written off in full after we carried out an impairment test.

The acquisitions are part of the RENT programme (Renewable Energy and New Technologies), through which Munich Re invests in renewable energies and new environmental technologies.

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

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

€m	Magaz	SunEnergy	wpd	Bagmoor/ Scout Moor/ Tir Mostyn
Purchase price	**26**	**75**	**27**	**146**
Cash	26	75	27	146
Liabilities incurred	–	–	–	–
Assets acquired	**22**	**90**	**85**	**301**
Intangible assets	8	19	21	142
Investments	9	52	54	138
Receivables[1]	1	10	1	1
Cash at bank, cheques and cash in hand	–	–	4	10
Deferred tax assets	4	5	5	8
Other assets	–	4	–	2
Liabilities assumed	**1**	**10**	**59**	**171**
Other reserves	–	–	1	–
Liabilities	–	3	53	124
Deferred tax liabilities	1	7	5	47
Other liabilities[2]	–	–	–	–
Revenue included in the consolidated income statement since the acquisition date	2	3	1	4
Result included in the consolidated income statement since the acquisition date	1	1	–1	–3
Contributions to the consolidated revenues as if the acquisition date for the business combination had been 1 January 2012[3]	4	8	5	18

1 The fair value of the receivables acquired as part of the transactions corresponds to the carrying amount. No defaults were expected at the acquisition date.
2 No contingent liabilities, contingent payments or separate transactions within the meaning of IFRS 3 were identified.
3 The change in the consolidated result cannot be accurately calculated owing to lack of data at the beginning of the year.

On 23 July 2012, MEAG purchased a share of 18.75% in Open Grid Europe Gmbh (OGE), Essen, on Munich Re's behalf. The company owns and operates the longest regulated supra-regional gas transmission network in Germany. The purchase price for our share is in the low three-digit million euro range. We will account for the participation as an associate. The transaction has already been approved under antitrust law.

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

	Balance sheet		Income statement					
Rate for €1	30.9.2012	31.12.2011	Q3 2012	Q2 2012	Q1 2012	Q3 2011	Q2 2011	Q1 2011
Australian dollar	1.23715	1.26620	1.20458	1.27053	1.24301	1.34548	1.35471	1.36117
Canadian dollar	1.26585	1.32185	1.24578	1.29628	1.31298	1.38415	1.39349	1.34905
Pound sterling	0.79670	0.83530	0.79195	0.81098	0.83444	0.87730	0.88272	0.85434
Rand	10.61520	10.48050	10.33260	10.41550	10.17240	10.08520	9.77872	9.56836
Swiss franc	1.20905	1.21390	1.20345	1.20146	1.20792	1.16407	1.25180	1.28747
US dollar	1.28650	1.29815	1.25111	1.28368	1.31077	1.41210	1.43956	1.36872
Yen	100.0900	99.8797	98.3731	102.8660	103.9420	109.6890	117.3950	112.5780

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 business outside Germany)
// Asset management (management of assets for the Group and for external investors)

Munich Re's primary insurance segments comprise all the activities of the ERGO Insurance Group (ERGO). In addition, 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.

From the first quarter of 2012, our segment reporting under IFRS 8 no longer has a consolidation column. It thus reflects internal management criteria more closely and provides for greater transparency with regard to the result contributions of the individual segments. The previous year's figures have been adjusted accordingly.

The changeover does not lead to any changes to the consolidated result. The adjustments result in shifts within and between the segments. This applies to both technical and non-technical items.

The segments reported under IFRS 8 are now shown after elimination of all intra-Group transactions (mainly dividend payments, sales, reinsurance transactions, receivables and corresponding interest income).

The conventions for the allocation of provisions for premium refunds have been defined Group-wide. In the case of the transfer of the international DKV companies to Munich Health Holding in 2011, a provision for deferred premium refunds totalling €50m was posted in the acquiring segment, i.e. Munich Health. This reserve has been allocated retroactively to health primary insurance and the figure for 2011 adjusted accordingly.

Intra-Group loans are completely eliminated in the balance sheet through consolidation. By contrast, the expenditure for the borrowers and income for the lenders is shown unconsolidated in the "other non-operating result" for the segments concerned. All intra-Group shareholdings are consolidated, and all earnings and expenditure of the subsidiaries are shown in their segments.

Segment assets

	Reinsurance					
	Life		Property-casualty		Life	
€m	30.9. 2012	31.12. 2011	30.9. 2012	31.12. 2011	30.9. 2012	31.12. 2011
A. Intangible assets	**177**	**169**	**2,117**	**2,007**	**1,069**	**1,104**
B. Investments						
I. Land and buildings, including buildings on third-party land	243	257	1,213	1,187	1,404	1,445
Thereof: Held for sale	–	–	–	–	–	13
II. Investments in affiliated companies and associates	20	89	748	453	120	132
Thereof: Associates accounted for using the equity method	1	75	660	386	89	101
III. Loans	14	14	56	56	35,191	33,910
IV. Other securities						
1. Held to maturity	–	–	–	–	9	13
2. Available for sale	15,569	14,489	55,348	51,355	36,452	34,352
Thereof: Held for sale	–	–	–	52	–	–
3. At fair value through profit or loss	609	549	1,018	909	1,097	989
	16,178	15,038	56,366	52,264	37,558	35,354
V. Deposits retained on assumed reinsurance	7,425	7,784	1,190	1,196	160	165
VI. Other investments	240	193	1,153	943	321	925
	24,120	**23,375**	**60,726**	**56,099**	**74,754**	**71,931**
C. Investments for the benefit of life insurance policyholders who bear the investment risk	**–**	**–**	**–**	**–**	**5,748**	**5,092**
D. Ceded share of technical provisions	**1,171**	**929**	**2,357**	**2,517**	**1,843**	**1,816**
Thereof: Held for sale	–	–	–	13	–	–
E. Other segment assets	**6,084**	**5,877**	**10,881**	**11,153**	**7,930**	**8,354**
Total segment assets	**31,552**	**30,350**	**76,081**	**71,776**	**91,344**	**88,297**

			Primary insurance		Munich Health		Asset management		Total	
		Health	Property-casualty							
	30.9. 2012	31.12. 2011	30.9. 2012	31.12. 2011	30.9. 2012	31.12. 2011	30.9. 2012	31.12. 2011	30.9. 2012	31.12. 2011
	679	**683**	**919**	**911**	**190**	**199**	**12**	**19**	**5,163**	**5,092**
	783	796	99	109	30	31	67	64	3,839	3,889
	–	–	–	–	–	–	–	–	–	13
	132	98	232	226	90	82	79	74	1,421	1,154
	119	86	158	148	87	71	62	57	1,176	924
	16,804	16,934	2,312	2,323	23	23	–	–	54,400	53,260
	–	–	–	–	–	–	–	–	9	13
	15,003	13,073	6,094	6,089	3,594	4,080	888	239	132,948	123,677
	–	–	77	–	–	–	–	–	77	52
	112	70	18	9	9	10	–	–	2,863	2,536
	15,115	13,143	6,112	6,098	3,603	4,090	888	239	135,820	126,226
	1	1	4	4	411	280	–	–	9,191	9,430
	268	76	340	139	84	114	251	265	2,657	2,655
	33,103	**31,048**	**9,099**	**8,899**	**4,241**	**4,620**	**1,285**	**642**	**207,328**	**196,614**
	–	**–**	**–**	**–**	**1**	**1**	**–**	**–**	**5,749**	**5,093**
	24	**11**	**382**	**310**	**133**	**51**	**–**	**–**	**5,910**	**5,634**
	–	–	14	–	–	–	–	–	14	13
	3,787	**3,459**	**3,689**	**3,938**	**2,013**	**2,229**	**102**	**137**	**34,486**	**35,147**
	37,593	35,201	14,089	14,058	6,578	7,100	1,399	798	258,636	247,580

Segment liabilities

	Reinsurance					
	Life		Property-casualty		Life	
€m	30.9.2012	31.12.2011	30.9.2012	31.12.2011	30.9.2012	31.12.2011
A. Subordinated liabilities	**1,347**	**1,350**	**3,850**	**3,041**	**73**	**72**
B. Gross technical provisions						
I. Unearned premiums	40	45	6,104	6,070	11	8
Thereof: Held for sale	–	–	–	24	–	–
II. Provision for future policy benefits	13,496	13,682	33	–	69,689	69,334
III. Provision for outstanding claims	5,553	5,087	40,803	40,670	1,569	1,581
Thereof: Held for sale	–	–	–	16	–	–
IV. Other technical provisions	561	489	35	79	4,069	2,378
	19,650	**19,303**	**46,975**	**46,819**	**75,338**	**73,301**
C. Gross technical provisions for life insurance policies where the investment risk is borne by the policyholders	**–**	**–**	**–**	**–**	**6,047**	**5,372**
D. Other accrued liabilities	**174**	**164**	**656**	**672**	**477**	**506**
E. Other segment liabilities	**6,565**	**5,778**	**10,445**	**11,132**	**7,137**	**7,234**
Total segment liabilities	**27,736**	**26,595**	**61,926**	**61,664**	**89,072**	**86,485**

			Primary insurance		Munich Health		Asset management		Total	
	Health		Property-casualty							
	30.9. 2012	31.12. 2011	30.9. 2012	31.12. 2011	30.9. 2012	31.12. 2011	30.9. 2012	31.12. 2011	30.9. 2012	31.12. 2011
	–	**–**	**–**	**–**	**249**	**220**	**–**	**–**	**5,519**	**4,683**
	115	97	2,000	1,728	427	443	–	–	8,697	8,391
	–	–	74	–	–	–	–	–	74	24
	25,310	24,216	423	409	894	836	–	–	109,845	108,477
	941	944	5,339	5,034	1,010	1,076	–	–	55,215	54,392
	–	–	37	–	–	–	–	–	37	16
	7,943	7,009	159	152	80	55	–	–	12,847	10,162
	34,309	**32,266**	**7,921**	**7,323**	**2,411**	**2,410**	**–**	**–**	**186,604**	**181,422**
	–	**–**	**–**	**–**	**1**	**1**	**–**	**–**	**6,048**	**5,373**
	207	**222**	**1,994**	**1,756**	**163**	**160**	**40**	**42**	**3,711**	**3,522**
	1,460	**1,160**	**2,226**	**2,126**	**1,638**	**1,751**	**159**	**90**	**29,630**	**29,271**
	35,976	**33,648**	**12,141**	**11,205**	**4,462**	**4,542**	**199**	**132**	**231,512**	**224,271**
							Equity		**27,124**	**23,309**
							Total equity and liabilities		**258,636**	**247,580**

Segment income statement 1.1.–30.9.2012

	Reinsurance			
	Life		Property-casualty	
€m	Q1–3 2012	Q1–3 2011	Q1–3 2012	Q1–3 2011
Gross premiums written	**8,191**	**7,104**	**12,995**	**12,489**
1. Earned premiums				
Gross	8,197	7,108	13,029	11,798
Ceded	335	314	486	490
Net	7,862	6,794	12,543	11,308
2. Income from technical interest	488	501	997	1,028
3. Expenses for claims and benefits				
Gross	6,088	5,335	8,244	10,603
Ceded share	217	134	134	578
Net	5,871	5,201	8,110	10,025
4. Operating expenses				
Gross	2,231	1,913	3,722	3,459
Ceded share	122	109	65	92
Net	2,109	1,804	3,657	3,367
Thereof:				
Amortisation and impairment losses of acquired insurance portfolios	2	4	–	–
5. Technical result (1–4)	**370**	**290**	**1,773**	**–1,056**
6. Investment result				
Investment income	1,484	1,902	4,176	4,596
Investment expenses	849	1,270	2,530	3,354
Total	635	632	1,646	1,242
Thereof:				
Interest and similar income	537	572	1,141	1,208
Interest charges and similar expenses	2	16	10	71
Write-downs of investments	498	760	950	1,405
Write-ups of investments	413	512	823	852
Income from associates accounted for using the equity method	–	11	–5	54
7. Other operating income	68	52	173	190
Thereof:				
Interest and similar income	41	14	23	25
Write-ups of other operating assets	8	8	10	24
8. Other operating expenses	71	42	200	147
Thereof:				
Interest charges and similar expenses	32	8	39	13
Write-downs of other operating assets	3	4	6	9
9. Deduction of income from technical interest	–488	–501	–997	–1,028
10. Non-technical result (6–9)	**144**	**141**	**622**	**257**
11. Operating result	**514**	**431**	**2,395**	**–799**
12. Other non-operating result, net finance costs and impairment losses of goodwill	–67	–111	–168	–282
13. Taxes on income	57	173	288	–766
14. Consolidated result	**390**	**147**	**1,939**	**–315**
Thereof:				
Attributable to Munich Reinsurance Company equity holders	390	148	1,939	–312
Attributable to non-controlling interests	–	–1	–	–3

Primary insurance						Munich Health		Asset management		Total	
Life		Health		Property-casualty							
Q1-3 2012	Q1-3 2011	Q1-3 2012	Q1-3 2011	Q1-3 2012	Q1-3 2011	Q1-3 2012	Q1-3 2011	Q1-3 2012	Q1-3 2011	Q1-3 2012	Q1-3 2011
4,246	**4,474**	**4,304**	**4,322**	**4,369**	**4,371**	**5,028**	**4,406**	**–**	**–**	**39,133**	**37,166**
4,243	4,476	4,287	4,296	4,157	4,069	5,039	4,363	–	–	38,952	36,110
75	82	38	12	164	162	209	9	–	–	1,307	1,069
4,168	4,394	4,249	4,284	3,993	3,907	4,830	4,354	–	–	37,645	35,041
2,583	1,533	1,005	991	157	119	44	31	–	–	5,274	4,203
5,803	5,173	4,503	4,476	2,756	2,674	4,131	3,535	–	–	31,525	31,796
50	48	20	6	158	118	68	7	–	–	647	891
5,753	5,125	4,483	4,470	2,598	2,556	4,063	3,528	–	–	30,878	30,905
910	786	500	500	1,347	1,326	885	805	–	–	9,595	8,789
8	11	14	3	29	22	148	1	–	–	386	238
902	775	486	497	1,318	1,304	737	804	–	–	9,209	8,551
21	23	4	4	–	2	–	–	–	–	27	33
96	**27**	**285**	**308**	**234**	**166**	**74**	**53**	**–**	**–**	**2,832**	**-212**
3,569	3,552	1,177	1,325	407	747	157	186	14	23	10,984	12,331
834	1,858	277	541	160	387	62	106	1	–	4,713	7,516
2,735	1,694	900	784	247	360	95	80	13	23	6,271	4,815
2,094	2,246	957	933	225	237	77	93	4	6	5,035	5,295
3	24	2	9	1	9	–	2	–	–	18	131
163	1,105	44	328	65	107	17	43	1	1	1,738	3,749
314	608	54	81	22	39	15	17	–	–	1,641	2,109
-5	–	3	3	6	3	10	1	3	12	12	84
79	64	35	34	113	103	59	58	37	50	564	551
4	7	5	1	1	4	14	11	3	6	91	68
15	1	1	–	9	1	5	6	–	–	48	40
90	78	53	50	166	150	53	51	22	31	655	549
4	6	14	8	43	40	23	5	1	1	156	81
6	12	2	3	24	27	2	4	–	–	43	59
-2,583	-1,533	-1,005	-991	-157	-119	-44	-31	–	–	-5,274	-4,203
141	**147**	**-123**	**-223**	**37**	**194**	**57**	**56**	**28**	**42**	**906**	**614**
237	**174**	**162**	**85**	**271**	**360**	**131**	**109**	**28**	**42**	**3,738**	**402**
1	-5	-36	-23	-179	-231	-28	-61	-6	-17	-483	-730
63	58	47	40	13	39	39	31	18	17	525	-408
175	**111**	**79**	**22**	**79**	**90**	**64**	**17**	**4**	**8**	**2,730**	**80**
175	112	79	22	69	80	62	17	4	8	2,718	75
–	-1	–	–	10	10	2	–	–	–	12	5

Segment income statement 1.7.–30.9.2012

	Reinsurance			
	Life		Property-casualty	
€m	Q3 2012	Q3 2011	Q3 2012	Q3 2011
Gross premiums written	**2,897**	**2,316**	**4,598**	**4,208**
1. Earned premiums				
Gross	2,902	2,320	4,496	4,019
Ceded	145	99	177	143
Net	2,757	2,221	4,319	3,876
2. Income from technical interest	173	166	336	351
3. Expenses for claims and benefits				
Gross	2,062	1,765	2,684	2,388
Ceded share	55	48	21	135
Net	2,007	1,717	2,663	2,253
4. Operating expenses				
Gross	871	651	1,231	1,177
Ceded share	63	27	23	37
Net	808	624	1,208	1,140
Thereof:				
Amortisation and impairment losses of acquired insurance portfolios	–2	–2	–	–
5. Technical result (1–4)	**115**	**46**	**784**	**834**
6. Investment result				
Investment income	491	819	1,374	1,828
Investment expenses	254	716	784	1,657
Total	237	103	590	171
Thereof:				
Interest and similar income	185	196	371	422
Interest charges and similar expenses	1	6	4	29
Write-downs of investments	121	477	200	790
Write-ups of investments	123	258	235	169
Income from associates accounted for using the equity method	–	2	13	12
7. Other operating income	19	22	58	66
Thereof:				
Interest and similar income	10	5	5	10
Write-ups of other operating assets	3	–	4	–
8. Other operating expenses	22	14	65	46
Thereof:				
Interest charges and similar expenses	9	2	10	3
Write-downs of other operating assets	–	1	2	–
9. Deduction of income from technical interest	–173	–166	–336	–351
10. Non-technical result (6–9)	**61**	**–55**	**247**	**–160**
11. Operating result	**176**	**–9**	**1,031**	**674**
12. Other non-operating result, net finance costs and impairment losses of goodwill	–17	–129	–11	–225
13. Taxes on income	36	–27	107	30
14. Consolidated result	**123**	**–111**	**913**	**419**
Thereof:				
Attributable to Munich Reinsurance Company equity holders	123	–111	913	419
Attributable to non-controlling interests	–	–	–	–

				Primary insurance		Munich Health		Asset management		Total	
	Life		Health	Property-casualty							
Q3 2012	Q3 2011	Q3 2012	Q3 2011	Q3 2012	Q3 2011	Q3 2012	Q3 2011	Q3 2012	Q3 2011	Q3 2012	Q3 2011
1,348	**1,490**	**1,435**	**1,440**	**1,278**	**1,316**	**1,680**	**1,447**	**–**	**–**	**13,236**	**12,217**
1,348	1,491	1,459	1,460	1,401	1,376	1,740	1,453	–	–	13,346	12,119
24	26	13	3	51	50	178	2	–	–	588	323
1,324	1,465	1,446	1,457	1,350	1,326	1,562	1,451	–	–	12,758	11,796
948	718	337	288	53	40	19	10	–	–	1,866	1,573
1,902	1,926	1,497	1,439	986	972	1,422	1,158	–	–	10,553	9,648
17	19	7	3	51	44	52	3	–	–	203	252
1,885	1,907	1,490	1,436	935	928	1,370	1,155	–	–	10,350	9,396
394	260	172	185	442	448	268	274	–	–	3,378	2,995
2	2	8	1	7	9	130	–	–	–	233	76
392	258	164	184	435	439	138	274	–	–	3,145	2,919
9	9	1	1	–	1	–	–	–	–	8	9
-5	**18**	**129**	**125**	**33**	**-1**	**73**	**32**	**–**	**–**	**1,129**	**1,054**
1,134	1,612	422	451	143	181	52	76	5	15	3,621	4,982
177	733	129	248	39	228	17	54	–	-1	1,400	3,635
957	879	293	203	104	-47	35	22	5	16	2,221	1,347
690	744	320	311	74	79	25	32	1	3	1,666	1,787
1	9	1	4	–	1	–	1	–	–	7	50
34	311	13	177	5	61	4	24	–	–	377	1,840
45	514	22	38	5	21	5	6	–	–	435	1,006
-7	2	1	5	1	2	3	1	1	11	12	35
20	24	7	11	33	37	22	22	12	18	171	200
1	2	–	1	–	1	3	4	1	3	20	26
–	–	1	–	3	–	1	1	–	–	12	1
43	32	8	17	62	48	15	22	6	10	221	189
1	1	4	3	14	18	9	1	1	1	48	29
2	5	–	1	10	6	–	–	–	–	14	13
-948	-718	-337	-288	-53	-40	-19	-10	–	–	-1,866	-1,573
-14	**153**	**-45**	**-91**	**22**	**-98**	**23**	**12**	**11**	**24**	**305**	**-215**
-19	**171**	**84**	**34**	**55**	**-99**	**96**	**44**	**11**	**24**	**1,434**	**839**
14	14	-14	-7	-68	-66	2	-70	-2	-4	-96	-487
-2	55	22	15	-6	-9	40	-8	5	6	202	62
-3	**130**	**48**	**12**	**-7**	**-156**	**58**	**-18**	**4**	**14**	**1,136**	**290**
-3	130	48	12	-10	-159	55	-18	4	13	1,130	286
–	–	–	–	3	3	3	–	–	1	6	4

Non-current assets by country[1]

€m	30.9.2012	31.12.2011
Germany	7,618	7,721
USA	2,082	2,109
UK	561	296
Austria	414	441
Italy	261	201
Sweden	256	245
Spain	177	161
France	157	159
Poland	156	129
Netherlands	152	160
Switzerland	97	99
Portugal	66	69
Others	262	287
Total	**12,259**	**12,077**

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

Investments in non-current assets per segment[1]

€m	30.9.2012	31.12.2011
Reinsurance life	87	89
Reinsurance property-casualty	424	330
Primary insurance life	33	69
Primary insurance health	10	26
Primary insurance property-casualty	95	182
Munich Health	23	115
Asset management	3	7
Total	**675**	**818**

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

Gross premiums written

	Reinsurance		Primary insurance		Munich Health		Total	
€m	Q1-3 2012	Q1-3 2011	Q1-3 2012	Q1-3 2011	Q1-3 2012	Q1-3 2011	Q1-3 2012	Q1-3 2011
Europe	6,627	6,366	12,796	13,024	1,352	1,215	20,775	20,605
North America	9,256	8,036	2	–	3,321	2,916	12,579	10,952
Asia and Australasia	3,514	3,543	113	136	149	104	3,776	3,783
Africa, Near and Middle East	589	571	3	2	203	166	795	739
Latin America	1,200	1,077	5	5	3	5	1,208	1,087
Total	**21,186**	**19,593**	**12,919**	**13,167**	**5,028**	**4,406**	**39,133**	**37,166**

Gross premiums written

	Reinsurance		Primary insurance		Munich Health		Total	
€m	Q3 2012	Q3 2011	Q3 2012	Q3 2011	Q3 2012	Q3 2011	Q3 2012	Q3 2011
Europe	2,210	1,930	4,021	4,198	389	425	6,620	6,553
North America	3,391	2,714	1	–	1,169	947	4,561	3,661
Asia and Australasia	1,264	1,293	37	46	50	26	1,351	1,365
Africa, Near and Middle East	200	186	1	–	70	48	271	234
Latin America	430	401	1	2	2	1	433	404
Total	**7,495**	**6,524**	**4,061**	**4,246**	**1,680**	**1,447**	**13,236**	**12,217**

Notes to the consolidated balance sheet

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

Development of goodwill

€m		Reinsurance		Primary insurance	Munich Health	Total Q1–3 2012	Total Q1–3 2011
Goodwill from acquisition of	Munich Re America	Other	ERGO Insurance Group	Other	Other		
Gross carrying amount at 31 Dec. previous year	1,062	435	1,754	554	154	3,959	3,876
Accumulated impairment losses at 31 Dec. previous year	–	27	–	381	40	448	423
Carrying amount at 31 Dec. previous year	1,062	408	1,754	173	114	3,511	3,453
Currency translation differences	10	5	–	–	–	15	–10
Additions	–	22	–	–	–	22	43
Disposals	–	–	–	–	–	–	–
Reclassifications	–	–	–	–	–	–	–
Impairment losses	–	22	–	–	–	22	25
Carrying amount at 30 September	1,072	413	1,754	173	114	3,526	3,461
Accumulated impairment losses at 30 September	–	49	–	381	40	470	448
Gross carrying amount at 30 September	1,072	462	1,754	554	154	3,996	3,909

Breakdown of other intangible assets

€m	30.9.2012	31.12.2011
Acquired insurance portfolios	477	533
Software	360	367
Self-developed	136	158
Other	224	209
Acquired brand names	74	85
Acquired distribution networks/client bases	392	433
Acquired licences/patents	285	110
Other	49	53
Self-developed	–	–
Other	49	53
Total	**1,637**	**1,581**

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

	30.9.2012	31.12.2011
Number of shares in circulation	177,651,478	177,588,750
Number of own shares held	1,689,734	1,752,462
Total	**179,341,212**	**179,341,212**

Non-controlling interests

€m	30.9.2012	31.12.2011
Unrealised gains and losses	18	10
Consolidated result	12	10
Other equity	215	227
Total	**245**	**247**

These are mainly non-controlling interests in individual companies of the primary insurance group and a real-estate company in Stockholm.

Subordinated liabilities

€m	30.9.2012	31.12.2011
Munich Reinsurance Company, Munich, 6.25% until 2022, thereafter floating, €900m, Bonds 2012/2042 S&P rating: A	892	–
Munich Reinsurance Company, Munich, 6.625% until 2022, thereafter floating, £450m, Bonds 2012/2042 S&P rating: A	562	–
Munich Reinsurance Company, Munich, 6.00% until 2021, thereafter floating, €1,000m, Bonds 2011/2041 S&P rating: A	988	987
Munich Reinsurance Company, Munich, 5.767% until 2017, thereafter floating, €1,349m, Bonds 2007/perpetual S&P rating: A	1,596	1,562
Munich Reinsurance Company, Munich, 6.75% until 2013, thereafter floating, €1,000m[1], Bonds 2003/2023 S&P rating: A	995	1,669
Munich Reinsurance Company, Munich, 7.625% until 2018, thereafter floating, £300m, Bonds 2003/2028 S&P rating: A	375	357
Bank Austria Creditanstalt Versicherung AG, Vienna, 4.95%, €50m, Registered bonds 2004/2014 Rating: –	51	51
Bank Austria Creditanstalt Versicherung AG, Vienna, secondary market yield on federal government bonds (Austria) +70 BP, €12m[2], Registered bonds 2001/perpetual Rating: –	10	10
Bank Austria Creditanstalt Versicherung AG, Vienna, secondary market yield on federal government bonds (Austria) +70 BP, €13m[3], Registered bonds 1998/perpetual Rating: –	12	11
HSB Group Inc., Delaware LIBOR +91 BP, US$ 76m, Bonds 1997/2027 Rating: –	38	36
Total	**5,519**	**4,683**

1 In the first half-year 2012, the issuer bought back bonds with a nominal value of €678m.
2 ERGO International AG holds bonds with a nominal value of €3m; the volume outstanding has been reduced accordingly.
3 ERGO Versicherungsgruppe AG holds bonds with a nominal value of €3m; the volume outstanding has been reduced accordingly.

On 29 March 2012, we issued two subordinated bonds with a volume of €900m and £450m respectively. With a term of 30 years, the bonds are first callable on 26 May 2022. Up to then, they have a coupon rate of 6.25% and 6.625% p.a. respectively and thereafter a floating rate. In return, as part of our active capital management, we bought back around €660m of our subordinated bond 2003/2023 via a tender offer at a price of 106%. Acceptance of this tender offer became legally effective on 23 March 2012. The repurchased amount of the subordinated bond 2003/2023 was cancelled from the books as at the settlement date of 2 April 2012, whilst the effect of the buy-back on the result was recognised in the first quarter. At the end of April, a further €18m of our subordinated bond 2003/2023 was repurchased at a price of 106% in an open-market buy-back.

Bonds and notes issued

€m	30.9.2012	31.12.2011
Munich Re America Corporation, Wilmington, 7.45%, US$ 342m, Senior notes 1996/2026 S&P rating: A–	265	263
Total	**265**	**263**

Notes to the consolidated income statement

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

Premiums

	Reinsurance			
	Life		Property-casualty	
€m	Q1–3 2012	Q1–3 2011	Q1–3 2012	Q1–3 2011
Gross premiums written	8,191	7,104	12,995	12,489
Change in gross unearned premiums	–6	–4	–34	691
Gross earned premiums	**8,197**	**7,108**	**13,029**	**11,798**
Ceded premiums written	335	314	550	427
Change in unearned premiums – Ceded share	–	–	64	–63
Earned premiums ceded	**335**	**314**	**486**	**490**
Net earned premiums	**7,862**	**6,794**	**12,543**	**11,308**

→	Primary insurance					
	Life		Health		Property-casualty	
€m	Q1–3 2012	Q1–3 2011	Q1–3 2012	Q1–3 2011	Q1–3 2012	Q1–3 2011
Gross premiums written	4,246	4,474	4,304	4,322	4,369	4,371
Change in gross unearned premiums	3	–2	17	26	212	302
Gross earned premiums	**4,243**	**4,476**	**4,287**	**4,296**	**4,157**	**4,069**
Ceded premiums written	75	82	47	13	167	167
Change in unearned premiums – Ceded share	–	–	9	1	3	5
Earned premiums ceded	**75**	**82**	**38**	**12**	**164**	**162**
Net earned premiums	**4,168**	**4,394**	**4,249**	**4,284**	**3,993**	**3,907**

→	Munich Health		Total	
€m	Q1–3 2012	Q1–3 2011	Q1–3 2012	Q1–3 2011
Gross premiums written	5,028	4,406	39,133	37,166
Change in gross unearned premiums	–11	43	181	1,056
Gross earned premiums	**5,039**	**4,363**	**38,952**	**36,110**
Ceded premiums written	278	10	1,452	1,013
Change in unearned premiums – Ceded share	69	1	145	–56
Earned premiums ceded	**209**	**9**	**1,307**	**1,069**
Net earned premiums	**4,830**	**4,354**	**37,645**	**35,041**

Premiums

			Reinsurance	
		Life		Property-casualty
€m	Q3 2012	Q3 2011	Q3 2012	Q3 2011
Gross premiums written	2,897	2,316	4,598	4,208
Change in gross unearned premiums	-5	-4	102	189
Gross earned premiums	**2,902**	**2,320**	**4,496**	**4,019**
Ceded premiums written	145	99	142	153
Change in unearned premiums – Ceded share	–	–	-35	10
Earned premiums ceded	**145**	**99**	**177**	**143**
Net earned premiums	**2,757**	**2,221**	**4,319**	**3,876**

→

					Primary insurance	
		Life		Health		Property-casualty
€m	Q3 2012	Q3 2011	Q3 2012	Q3 2011	Q3 2012	Q3 2011
Gross premiums written	1,348	1,490	1,435	1,440	1,278	1,316
Change in gross unearned premiums	–	-1	-24	-20	-123	-60
Gross earned premiums	**1,348**	**1,491**	**1,459**	**1,460**	**1,401**	**1,376**
Ceded premiums written	24	26	13	3	42	47
Change in unearned premiums – Ceded share	–	–	–	–	-9	-3
Earned premiums ceded	**24**	**26**	**13**	**3**	**51**	**50**
Net earned premiums	**1,324**	**1,465**	**1,446**	**1,457**	**1,350**	**1,326**

→

		Munich Health		Total
€m	Q3 2012	Q3 2011	Q3 2012	Q3 2011
Gross premiums written	1,680	1,447	13,236	12,217
Change in gross unearned premiums	-60	-6	-110	98
Gross earned premiums	**1,740**	**1,453**	**13,346**	**12,119**
Ceded premiums written	176	2	542	330
Change in unearned premiums – Ceded share	-2	–	-46	7
Earned premiums ceded	**178**	**2**	**588**	**323**
Net earned premiums	**1,562**	**1,451**	**12,758**	**11,796**

Income from technical interest

	Reinsurance			
	Life		Property-casualty	
€m	Q1–3 2012	Q1–3 2011	Q1–3 2012	Q1–3 2011
Income from technical interest	488	501	997	1,028

→	Primary insurance					
	Life		Health		Property-casualty	
€m	Q1–3 2012	Q1–3 2011	Q1–3 2012	Q1–3 2011	Q1–3 2012	Q1–3 2011
Income from technical interest	2,583	1,533	1,005	991	157	119

→	Munich Health		Total	
€m	Q1–3 2012	Q1–3 2011	Q1–3 2012	Q1–3 2011
Income from technical interest	44	31	5,274	4,203

Income from technical interest

	Reinsurance			
	Life		Property-casualty	
€m	Q3 2012	Q3 2011	Q3 2012	Q3 2011
Income from technical interest	173	166	336	351

→	Primary insurance					
	Life		Health		Property-casualty	
€m	Q3 2012	Q3 2011	Q3 2012	Q3 2011	Q3 2012	Q3 2011
Income from technical interest	948	718	337	288	53	40

→	Munich Health		Total	
€m	Q3 2012	Q3 2011	Q3 2012	Q3 2011
Income from technical interest	19	10	1,866	1,573

Expenses for claims and benefits

			Reinsurance	
		Life		Property-casualty
€m	Q1–3 2012	Q1–3 2011	Q1–3 2012	Q1–3 2011
Gross				
Claims and benefits paid	5,876	4,762	8,595	7,176
Changes in technical provisions				
Provision for future policy benefits	–150	178	–	–6
Provision for outstanding claims	360	396	–387	3,389
Provision for premium refunds	–	–	4	9
Other technical result	2	–1	32	35
Gross expenses for claims and benefits	**6,088**	**5,335**	**8,244**	**10,603**
Ceded share				
Claims and benefits paid	173	206	367	389
Changes in technical provisions				
Provision for future policy benefits	–55	–38	–	–
Provision for outstanding claims	119	–12	–232	189
Provision for premium refunds	–	–	–	–
Other technical result	–20	–22	–1	–
Expenses for claims and benefits – Ceded share	**217**	**134**	**134**	**578**
Net				
Claims and benefits paid	5,703	4,556	8,228	6,787
Changes in technical provisions				
Provision for future policy benefits	–95	216	–	–6
Provision for outstanding claims	241	408	–155	3,200
Provision for premium refunds	–	–	4	9
Other technical result	22	21	33	35
Net expenses for claims and benefits	**5,871**	**5,201**	**8,110**	**10,025**

					Primary insurance	
		Life		Health		Property-casualty
€m	Q1–3 2012	Q1–3 2011	Q1–3 2012	Q1–3 2011	Q1–3 2012	Q1–3 2011
Gross						
Claims and benefits paid	4,459	4,800	2,979	2,928	2,461	2,469
Changes in technical provisions						
Provision for future policy benefits	593	–112	832	768	13	14
Provision for outstanding claims	–12	13	–4	–11	253	182
Provision for premium refunds	631	354	699	796	16	10
Other technical result	132	118	–3	–5	13	–1
Gross expenses for claims and benefits	**5,803**	**5,173**	**4,503**	**4,476**	**2,756**	**2,674**
Ceded share						
Claims and benefits paid	77	68	16	6	94	93
Changes in technical provisions						
Provision for future policy benefits	26	44	–	–	–	–
Provision for outstanding claims	1	–8	4	–	66	25
Provision for premium refunds	–	1	–	–	–1	–
Other technical result	–54	–57	–	–	–1	–
Expenses for claims and benefits – Ceded share	**50**	**48**	**20**	**6**	**158**	**118**
Net						
Claims and benefits paid	4,382	4,732	2,963	2,922	2,367	2,376
Changes in technical provisions						
Provision for future policy benefits	567	–156	832	768	13	14
Provision for outstanding claims	–13	21	–8	–11	187	157
Provision for premium refunds	631	353	699	796	17	10
Other technical result	186	175	–3	–5	14	–1
Net expenses for claims and benefits	**5,753**	**5,125**	**4,483**	**4,470**	**2,598**	**2,556**

Continued on next page

→	Munich Health		Total	
€m	Q1–3 2012	Q1–3 2011	Q1–3 2012	Q1–3 2011
Gross				
Claims and benefits paid	4,141	3,547	28,511	25,682
Changes in technical provisions				
Provision for future policy benefits	59	59	1,347	901
Provision for outstanding claims	–72	–71	138	3,898
Provision for premium refunds	–	–	1,350	1,169
Other technical result	3	–	179	146
Gross expenses for claims and benefits	**4,131**	**3,535**	**31,525**	**31,796**
Ceded share				
Claims and benefits paid	56	5	783	767
Changes in technical provisions				
Provision for future policy benefits	–	–	–29	6
Provision for outstanding claims	12	2	–30	196
Provision for premium refunds	–	–	–1	1
Other technical result	–	–	–76	–79
Expenses for claims and benefits – Ceded share	**68**	**7**	**647**	**891**
Net				
Claims and benefits paid	4,085	3,542	27,728	24,915
Changes in technical provisions				
Provision for future policy benefits	59	59	1,376	895
Provision for outstanding claims	–84	–73	168	3,702
Provision for premium refunds	–	–	1,351	1,168
Other technical result	3	–	255	225
Net expenses for claims and benefits	**4,063**	**3,528**	**30,878**	**30,905**

Expenses for claims and benefits

			Reinsurance	
	Life		Property-casualty	
€m	Q3 2012	Q3 2011	Q3 2012	Q3 2011
Gross				
Claims and benefits paid	2,030	1,568	3,254	2,326
Changes in technical provisions				
Provision for future policy benefits	–145	50	–	8
Provision for outstanding claims	175	146	–581	42
Provision for premium refunds	–	–	1	2
Other technical result	2	1	10	10
Gross expenses for claims and benefits	**2,062**	**1,765**	**2,684**	**2,388**
Ceded share				
Claims and benefits paid	21	105	130	132
Changes in technical provisions				
Provision for future policy benefits	–25	–8	–	–
Provision for outstanding claims	70	–43	–108	2
Provision for premium refunds	–	–	–	–
Other technical result	–11	–6	–1	1
Expenses for claims and benefits – Ceded share	**55**	**48**	**21**	**135**
Net				
Claims and benefits paid	2,009	1,463	3,124	2,194
Changes in technical provisions				
Provision for future policy benefits	–120	58	–	8
Provision for outstanding claims	105	189	–473	40
Provision for premium refunds	–	–	1	2
Other technical result	13	7	11	9
Net expenses for claims and benefits	**2,007**	**1,717**	**2,663**	**2,253**

Continued on next page

→						Primary insurance
		Life		Health		Property-casualty
€m	Q3 2012	Q3 2011	Q3 2012	Q3 2011	Q3 2012	Q3 2011
Gross						
Claims and benefits paid	1,489	1,614	969	970	803	800
Changes in technical provisions						
Provision for future policy benefits	38	–185	274	246	3	3
Provision for outstanding claims	27	16	20	18	168	167
Provision for premium refunds	296	443	235	208	5	4
Other technical result	52	38	–1	–3	7	–2
Gross expenses for claims and benefits	**1,902**	**1,926**	**1,497**	**1,439**	**986**	**972**
Ceded share						
Claims and benefits paid	26	20	6	2	33	33
Changes in technical provisions						
Provision for future policy benefits	9	17	–	–	–	–
Provision for outstanding claims	–	1	1	1	18	11
Provision for premium refunds	–	–	–	–	–	–
Other technical result	–18	–19	–	–	–	–
Expenses for claims and benefits – Ceded share	**17**	**19**	**7**	**3**	**51**	**44**
Net						
Claims and benefits paid	1,463	1,594	963	968	770	767
Changes in technical provisions						
Provision for future policy benefits	29	–202	274	246	3	3
Provision for outstanding claims	27	15	19	17	150	156
Provision for premium refunds	296	443	235	208	5	4
Other technical result	70	57	–1	–3	7	–2
Net expenses for claims and benefits	**1,885**	**1,907**	**1,490**	**1,436**	**935**	**928**

€m	Munich Health Q3 2012	Munich Health Q3 2011	Total Q3 2012	Total Q3 2011
Gross				
Claims and benefits paid	1,502	1,111	10,047	8,389
Changes in technical provisions				
Provision for future policy benefits	19	18	189	140
Provision for outstanding claims	-100	25	-291	414
Provision for premium refunds	–	3	537	660
Other technical result	1	1	71	45
Gross expenses for claims and benefits	**1,422**	**1,158**	**10,553**	**9,648**
Ceded share				
Claims and benefits paid	43	1	259	293
Changes in technical provisions				
Provision for future policy benefits	–	–	-16	9
Provision for outstanding claims	9	2	-10	-26
Provision for premium refunds	–	–	–	–
Other technical result	–	–	-30	-24
Expenses for claims and benefits – Ceded share	**52**	**3**	**203**	**252**
Net				
Claims and benefits paid	1,459	1,110	9,788	8,096
Changes in technical provisions				
Provision for future policy benefits	19	18	205	131
Provision for outstanding claims	-109	23	-281	440
Provision for premium refunds	–	3	537	660
Other technical result	1	1	101	69
Net expenses for claims and benefits	**1,370**	**1,155**	**10,350**	**9,396**

Operating expenses

€m	Reinsurance Life Q1–3 2012	Reinsurance Life Q1–3 2011	Reinsurance Property-casualty Q1–3 2012	Reinsurance Property-casualty Q1–3 2011
Acquisition costs, profit commission and reinsurance commission paid	1,952	1,713	2,791	2,922
Administrative expenses	224	208	874	772
Change in deferred acquisition costs and contingent commissions, amortisation and impairment losses of acquired insurance portfolios	55	-8	57	-235
Gross operating expenses	**2,231**	**1,913**	**3,722**	**3,459**
Ceded share of acquisition costs, profit commission and reinsurance commission paid	121	112	60	67
Ceded share of change in deferred acquisition costs and contingent commissions	1	-3	5	25
Operating expenses – Ceded share	**122**	**109**	**65**	**92**
Net operating expenses	**2,109**	**1,804**	**3,657**	**3,367**

Continued on next page

€m	Life Q1–3 2012	Life Q1–3 2011	Health Q1–3 2012	Health Q1–3 2011	Primary insurance Property-casualty Q1–3 2012	Primary insurance Property-casualty Q1–3 2011
Acquisition costs, profit commission and reinsurance commission paid	608	627	415	451	860	879
Administrative expenses	181	184	103	115	537	516
Change in deferred acquisition costs and contingent commissions, amortisation and impairment losses of acquired insurance portfolios	121	–25	–18	–66	–50	–69
Gross operating expenses	**910**	**786**	**500**	**500**	**1,347**	**1,326**
Ceded share of acquisition costs, profit commission and reinsurance commission paid	8	10	17	3	31	23
Ceded share of changes in deferred acquisition costs and contingent commissions	–	1	–3	–	–2	–1
Operating expenses – Ceded share	**8**	**11**	**14**	**3**	**29**	**22**
Net operating expenses	**902**	**775**	**486**	**497**	**1,318**	**1,304**

€m	Munich Health Q1–3 2012	Munich Health Q1–3 2011	Total Q1–3 2012	Total Q1–3 2011
Acquisition costs, profit commission and reinsurance commission paid	743	687	7,369	7,279
Administrative expenses	131	115	2,050	1,910
Change in deferred acquisition costs and contingent commissions, amortisation and impairment losses of acquired insurance portfolios	11	3	176	–400
Gross operating expenses	**885**	**805**	**9,595**	**8,789**
Ceded share of acquisition costs, profit commission and reinsurance commission paid	194	1	431	216
Ceded share of change in deferred acquisition costs and contingent commissions	–46	–	–45	22
Operating expenses – Ceded share	**148**	**1**	**386**	**238**
Net operating expenses	**737**	**804**	**9,209**	**8,551**

Operating expenses

€m	Reinsurance Life Q3 2012	Reinsurance Life Q3 2011	Reinsurance Property-casualty Q3 2012	Reinsurance Property-casualty Q3 2011
Acquisition costs, profit commission and reinsurance commission paid	766	574	979	940
Administrative expenses	76	65	305	264
Change in deferred acquisition costs and contingent commissions, amortisation and impairment losses of acquired insurance portfolios	29	12	-53	-27
Gross operating expenses	**871**	**651**	**1,231**	**1,177**
Ceded share of acquisition costs, profit commission and reinsurance commission paid	62	30	23	34
Ceded share of changes in deferred acquisition costs and contingent commissions	1	-3	–	3
Operating expenses – Ceded share	**63**	**27**	**23**	**37**
Net operating expenses	**808**	**624**	**1,208**	**1,140**

→

€m	Primary insurance Life Q3 2012	Primary insurance Life Q3 2011	Primary insurance Health Q3 2012	Primary insurance Health Q3 2011	Primary insurance Property-casualty Q3 2012	Primary insurance Property-casualty Q3 2011
Acquisition costs, profit commission and reinsurance commission paid	191	216	139	156	271	281
Administrative expenses	58	60	32	39	169	170
Change in deferred acquisition costs and contingent commissions, amortisation and impairment losses of acquired insurance portfolios	145	-16	1	-10	2	-3
Gross operating expenses	**394**	**260**	**172**	**185**	**442**	**448**
Ceded share of acquisition costs, profit commission and reinsurance commission paid	2	2	8	1	16	11
Ceded share of change in deferred acquisition costs and contingent commissions	–	–	–	–	-9	-2
Operating expenses – Ceded share	**2**	**2**	**8**	**1**	**7**	**9**
Net operating expenses	**392**	**258**	**164**	**184**	**435**	**439**

Continued on next page

→	Munich Health		Total	
€m	Q3 2012	Q3 2011	Q3 2012	Q3 2011
Acquisition costs, profit commission and reinsurance commission paid	208	238	2,554	2,405
Administrative expenses	47	41	687	639
Change in deferred acquisition costs and contingent commissions, amortisation and impairment losses of acquired insurance portfolios	13	–5	137	–49
Gross operating expenses	**268**	**274**	**3,378**	**2,995**
Ceded share of acquisition costs, profit commission and reinsurance commission paid	91	–	202	78
Ceded share of change in deferred acquisition costs and contingent commissions	39	–	31	–2
Operating expenses – Ceded share	**130**	**–**	**233**	**76**
Net operating expenses	**138**	**274**	**3,145**	**2,919**

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

	Reinsurance			
	Life		Property-casualty	
€m	Q1–3 2012	Q1–3 2011	Q1–3 2012	Q1–3 2011
Land and buildings, including buildings on third-party land	**12**	**15**	**68**	**73**
Investments in affiliated companies	**4**	**–**	**5**	**1**
Investments in associates	**–**	**11**	**-5**	**54**
Loans	**1**	**1**	**2**	**5**
Other securities held to maturity	**–**	**–**	**–**	**–**
Other securities available for sale				
Fixed-interest	442	432	1,506	1,265
Non-fixed-interest	81	61	394	274
Other securities at fair value through profit or loss				
Held for trading				
Fixed-interest	–	–	9	9
Non-fixed-interest	–	–	3	–
Derivatives	–58	–97	–241	–293
Designated as at fair value through profit or loss				
Fixed-interest	–	–	–	–
Non-fixed-interest	–	–	–	–
Deposits retained on assumed reinsurance, and other investments	**190**	**232**	**30**	**-30**
Investments for the benefit of life insurance policyholders who bear the investment risk	**–**	**–**	**–**	**–**
Expenses for the management of investments, other expenses	**37**	**23**	**125**	**116**
Total	**635**	**632**	**1,646**	**1,242**

€m	Life Q1–3 2012	Life Q1–3 2011	Health Q1–3 2012	Health Q1–3 2011	Primary insurance Property-casualty Q1–3 2012	Primary insurance Property-casualty Q1–3 2011
Land and buildings, including buildings on third-party land	**106**	**72**	**41**	**38**	**4**	**42**
Investments in affiliated companies	**5**	**-3**	**-7**	**-3**	**-27**	**258**
Investments in associates	**-5**	**–**	**3**	**3**	**6**	**3**
Loans	**1,169**	**1,097**	**490**	**471**	**78**	**71**
Other securities held to maturity	**–**	**1**	**–**	**–**	**–**	**–**
Other securities available for sale						
Fixed-interest	872	542	350	311	169	131
Non-fixed-interest	63	-46	13	2	42	-32
Other securities at fair value through profit or loss						
Held for trading						
Fixed-interest	5	10	–	–	–	–
Non-fixed-interest	–	–	–	–	–	–
Derivatives	165	498	48	1	-12	-91
Designated as at fair value through profit or loss						
Fixed-interest	16	3	–	–	–	–
Non-fixed-interest	–	-2	–	–	–	–
Deposits retained on assumed reinsurance, and other investments	**7**	**-9**	**1**	**-6**	**5**	**-1**
Investments for the benefit of life insurance, policyholders who bear the investment risk	**451**	**-344**	**–**	**–**	**–**	**–**
Expenses for the management of investments, other expenses	**119**	**125**	**39**	**33**	**18**	**21**
Total	**2,735**	**1,694**	**900**	**784**	**247**	**360**

€m	Munich Health Q1–3 2012	Munich Health Q1–3 2011	Asset management Q1–3 2012	Asset management Q1–3 2011	Total Q1–3 2012	Total Q1–3 2011
Land and buildings, including buildings on third-party land	**2**	**2**	**3**	**3**	**236**	**245**
Investments in affiliated companies	**-1**	**–**	**–**	**1**	**-21**	**254**
Investments in associates	**10**	**2**	**3**	**12**	**12**	**85**
Loans	**–**	**–**	**–**	**–**	**1,740**	**1,645**
Other securities held to maturity	**–**	**–**	**–**	**–**	**–**	**1**
Other securities available for sale						
Fixed-interest	83	82	4	3	3,426	2,766
Non-fixed-interest	9	10	2	–	604	269
Other securities at fair value through profit or loss						
Held for trading						
Fixed-interest	–	–	–	–	14	19
Non-fixed-interest	–	–	–	–	3	–
Derivatives	-4	-10	–	–	-102	8
Designated as at fair value through profit or loss						
Fixed-interest	–	–	–	–	16	3
Non-fixed-interest	–	–	–	–	–	-2
Deposits retained on assumed reinsurance, and other investments	**1**	**–**	**1**	**4**	**235**	**190**
Investments for the benefit of life insurance policyholders who bear the investment risk	**–**	**–**	**–**	**–**	**451**	**-344**
Expenses for the management of investments, other expenses	**5**	**6**	**–**	**–**	**343**	**324**
Total	**95**	**80**	**13**	**23**	**6,271**	**4,815**

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

			Reinsurance	
		Life		Property-casualty
€m	Q3 2012	Q3 2011	Q3 2012	Q3 2011
Land and buildings, including buildings on third-party land	**4**	**4**	**23**	**20**
Investments in affiliated companies	**–**	**–**	**1**	**–1**
Investments in associates	**–**	**2**	**13**	**12**
Loans	**1**	**–1**	**1**	**–3**
Other securities held to maturity	**–**	**–**	**–**	**–**
Other securities available for sale				
Fixed-interest	156	103	526	375
Non-fixed-interest	47	–17	228	–77
Other securities at fair value through profit or loss				
Held for trading				
Fixed-interest	–	–	5	7
Non-fixed-interest	–	–	1	–1
Derivatives	–27	–56	–170	–109
Designated as at fair value through profit or loss				
Fixed-interest	–	–	–	–
Non-fixed-interest	–	–	–	–
Deposits retained on assumed reinsurance, and other investments	**69**	**75**	**10**	**–14**
Investments for the benefit of life insurance policyholders who bear the investment risk	**–**	**–**	**–**	**–**
Expenses for the management of investments, other expenses	**13**	**7**	**48**	**38**
Total	**237**	**103**	**590**	**171**

					Primary insurance	
		Life		Health	Property-casualty	
€m	Q3 2012	Q3 2011	Q3 2012	Q3 2011	Q3 2012	Q3 2011
Land and buildings, including buildings on third-party land	33	28	14	18	1	-1
Investments in affiliated companies	5	–	-1	–	4	2
Investments in associates	-7	2	1	5	1	2
Loans	394	370	146	162	21	23
Other securities held to maturity	–	–	–	–	–	–
Other securities available for sale						
Fixed-interest	312	267	129	106	54	47
Non-fixed-interest	34	-80	4	-104	38	-47
Other securities at fair value through profit or loss						
Held for trading						
Fixed-interest	-2	10	–	–	–	–
Non-fixed-interest	–	–	–	–	–	–
Derivatives	-22	552	15	30	-12	-67
Designated as at fair value through profit or loss						
Fixed-interest	8	–	–	–	–	–
Non-fixed-interest	–	1	–	–	–	–
Deposits retained on assumed reinsurance, and other investments	2	-5	1	-3	3	2
Investments for the benefit of life insurance policyholders who bear the investment risk	242	-221	–	–	–	–
Expenses for the management of investments, other expenses	42	45	16	11	6	8
Total	957	879	293	203	104	-47

		Munich Health		Asset management		Total
€m	Q3 2012	Q3 2011	Q3 2012	Q3 2011	Q3 2012	Q3 2011
Land and buildings, including buildings on third-party land	1	1	1	1	77	71
Investments in affiliated companies	-1	–	–	1	8	2
Investments in associates	3	1	1	11	12	35
Loans	–	–	–	–	563	551
Other securities held to maturity	–	–	–	–	–	–
Other securities available for sale						
Fixed-interest	31	24	2	1	1,210	923
Non-fixed-interest	5	–	1	–	357	-325
Other securities at fair value through profit or loss						
Held for trading						
Fixed-interest	–	–	–	–	3	17
Non-fixed-interest	–	–	–	–	1	-1
Derivatives	-3	-2	–	–	-219	348
Designated as at fair value through profit or loss						
Fixed-interest	–	–	–	–	8	–
Non-fixed-interest	–	–	–	–	–	1
Deposits retained on assumed reinsurance, and other investments	1	–	–	2	86	57
Investments for the benefit of life insurance policyholders who bear the investment risk	–	–	–	–	242	-221
Expenses for the management of investments, other expenses	2	2	–	–	127	111
Total	35	22	5	16	2,221	1,347

Investment income by segment (before deduction of technical interest)

	Reinsurance			
	Life		Property-casualty	
€m	Q1-3 2012	Q1-3 2011	Q1-3 2012	Q1-3 2011
Regular income	676	714	1,457	1,476
Thereof:				
Income from interest	537	572	1,141	1,208
Income from write-ups	413	512	823	852
Gains on the disposal of investments	395	676	1,896	2,268
Other income	–	–	–	–
Total	**1,484**	**1,902**	**4,176**	**4,596**

→

	Primary insurance					
	Life		Health		Property-casualty	
€m	Q1-3 2012	Q1-3 2011	Q1-3 2012	Q1-3 2011	Q1-3 2012	Q1-3 2011
Regular income	2,251	2,423	1,061	1,050	258	277
Thereof:						
Income from interest	2,094	2,246	957	933	225	237
Income from write-ups	314	608	54	81	22	39
Gains on the disposal of investments	471	405	62	194	127	431
Other income	533	116	–	–	–	–
Total	**3,569**	**3,552**	**1,177**	**1,325**	**407**	**747**

→

	Munich Health		Asset management		Total	
€m	Q1-3 2012	Q1-3 2011	Q1-3 2012	Q1-3 2011	Q1-3 2012	Q1-3 2011
Regular income	93	101	12	23	5,808	6,064
Thereof:						
Income from interest	77	93	4	6	5,035	5,295
Income from write-ups	15	17	–	–	1,641	2,109
Gains on the disposal of investments	49	68	2	–	3,002	4,042
Other income	–	–	–	–	533	116
Total	**157**	**186**	**14**	**23**	**10,984**	**12,331**

Investment income by segment (before deduction of technical interest)

			Reinsurance	
		Life		Property-casualty
€m	Q3 2012	Q3 2011	Q3 2012	Q3 2011
Regular income	228	245	474	496
Thereof:				
Income from interest	185	196	371	422
Income from write-ups	123	258	235	169
Gains on the disposal of investments	140	316	665	1,163
Other income	–	–	–	–
Total	**491**	**819**	**1,374**	**1,828**

→					Primary insurance	
		Life		Health		Property-casualty
€m	Q3 2012	Q3 2011	Q3 2012	Q3 2011	Q3 2012	Q3 2011
Regular income	743	796	374	334	82	86
Thereof:						
Income from interest	690	744	320	311	74	79
Income from write-ups	45	514	22	38	5	21
Gains on the disposal of investments	121	234	26	79	56	74
Other income	225	68	–	–	–	–
Total	1,134	1,612	422	451	143	181

→		Munich Health		Asset management		Total
€m	Q3 2012	Q3 2011	Q3 2012	Q3 2011	Q3 2012	Q3 2011
Regular income	30	35	3	15	1,934	2,007
Thereof:						
Income from interest	25	32	1	3	1,666	1,787
Income from write-ups	5	6	–	–	435	1,006
Gains on the disposal of investments	17	35	2	–	1,027	1,901
Other income	–	–	–	–	225	68
Total	**52**	**76**	**5**	**15**	**3,621**	**4,982**

Investment expenses by segment (before deduction of technical interest)

	Reinsurance			
		Life		Property-casualty
€m	Q1-3 2012	Q1-3 2011	Q1-3 2012	Q1-3 2011
Write-downs of investments	498	760	950	1,405
Losses on the disposal of investments	288	467	1,419	1,760
Management expenses, interest charges and other expenses	63	43	161	189
Thereof: Interest charges	2	16	10	71
Total	**849**	**1,270**	**2,530**	**3,354**

→	Primary insurance					
		Life		Health		Property-casualty
€m	Q1-3 2012	Q1-3 2011	Q1-3 2012	Q1-3 2011	Q1-3 2012	Q1-3 2011
Write-downs of investments	163	1,105	44	328	65	107
Losses on the disposal of investments	467	143	186	168	77	253
Management expenses, interest charges and other expenses	204	610	47	45	18	27
Thereof: Interest charges	3	24	2	9	1	9
Total	**834**	**1,858**	**277**	**541**	**160**	**387**

→		Munich Health		Asset management		Total
€m	Q1-3 2012	Q1-3 2011	Q1-3 2012	Q1-3 2011	Q1-3 2012	Q1-3 2011
Write-downs of investments	17	43	1	1	1,738[1]	3,749
Losses on the disposal of investments	40	55	–	–	2,477	2,846
Management expenses, interest charges and other expenses	5	8	–	-1	498	921
Thereof: Interest charges	–	2	–	–	18	131
Total	**62**	**106**	**1**	**–**	**4,713**	**7,516**

[1] This figure contains write-downs for impairment of €49m on investments in associates.

Investment expenses by segment (before deduction of technical interest)

	Reinsurance			
	Life		Property-casualty	
€m	Q3 2012	Q3 2011	Q3 2012	Q3 2011
Write-downs of investments	121	477	200	790
Losses on the disposal of investments	106	222	523	798
Management expenses, interest charges and other expenses	27	17	61	69
Thereof: Interest charges	1	6	4	29
Total	**254**	**716**	**784**	**1,657**

→	Primary insurance					
	Life		Health		Property-casualty	
€m	Q3 2012	Q3 2011	Q3 2012	Q3 2011	Q3 2012	Q3 2011
Write-downs of investments	34	311	13	177	5	61
Losses on the disposal of investments	117	80	97	57	28	161
Management expenses, interest charges and other expenses	26	342	19	14	6	6
Thereof: Interest charges	1	9	1	4	–	1
Total	**177**	**733**	**129**	**248**	**39**	**228**

→	Munich Health		Asset management		Total	
€m	Q3 2012	Q3 2011	Q3 2012	Q3 2011	Q3 2012	Q3 2011
Write-downs of investments	4	24	–	–	377	1,840
Losses on the disposal of investments	11	27	–	–	882	1,345
Management expenses, interest charges and other expenses	2	3	–	-1	141	450
Thereof: Interest charges	–	1	–	–	7	50
Total	**17**	**54**	**–**	**-1**	**1,400**	**3,635**

Other operating result

€m	Reinsurance Life Q1–3 2012	Reinsurance Life Q1–3 2011	Reinsurance Property-casualty Q1–3 2012	Reinsurance Property-casualty Q1–3 2011
Other operating income	68	52	173	190
Other operating expenses	71	42	200	147

€m	Primary insurance Life Q1–3 2012	Primary insurance Life Q1–3 2011	Primary insurance Health Q1–3 2012	Primary insurance Health Q1–3 2011	Primary insurance Property-casualty Q1–3 2012	Primary insurance Property-casualty Q1–3 2011
Other operating income	79	64	35	34	113	103
Other operating expenses	90	78	53	50	166	150

€m	Munich Health Q1–3 2012	Munich Health Q1–3 2011	Asset management Q1–3 2012	Asset management Q1–3 2011	Total Q1–3 2012	Total Q1–3 2011
Other operating income	59	58	37	50	564	551
Other operating expenses	53	51	22	31	655	549

Other operating result

€m	Reinsurance Life Q3 2012	Reinsurance Life Q3 2011	Reinsurance Property-casualty Q3 2012	Reinsurance Property-casualty Q3 2011
Other operating income	19	22	58	66
Other operating expenses	22	14	65	46

€m	Primary insurance Life Q3 2012	Primary insurance Life Q3 2011	Primary insurance Health Q3 2012	Primary insurance Health Q3 2011	Primary insurance Property-casualty Q3 2012	Primary insurance Property-casualty Q3 2011
Other operating income	20	24	7	11	33	37
Other operating expenses	43	32	8	17	62	48

€m	Munich Health Q3 2012	Munich Health Q3 2011	Asset management Q3 2012	Asset management Q3 2011	Total Q3 2012	Total Q3 2011
Other operating income	22	22	12	18	171	200
Other operating expenses	15	22	6	10	221	189

Other operating income mainly comprises income of €351m (329m) from services rendered, interest and similar income of €91m (68m), income of €90m (117m) from the release/reduction of miscellaneous provisions and adjustments of values for receivables, and income of €16m (22m) from owner-occupied property, some of which is also leased out.

In addition to expenses of €276m (241m) for services rendered, other operating expenses chiefly include interest charges and similar expenses of €156m (81m), other write-downs of €38m (41m), and other tax of €31m (27m). They also contain expenses of €9m (21m) for owner-occupied property, some of which is also leased out.

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

	Reinsurance			
		Life		Property-casualty
€m	Q1–3 2012	Q1–3 2011	Q1–3 2012	Q1–3 2011
Other non-operating income	648	396	864	713
Other non-operating expenses	661	465	911	886
Impairment losses of goodwill	4	1	18	4
Net finance costs	–50	–41	–103	–105

→	Primary insurance					
		Life		Health		Property-casualty
€m	Q1–3 2012	Q1–3 2011	Q1–3 2012	Q1–3 2011	Q1–3 2012	Q1–3 2011
Other non-operating income	122	112	319	230	172	198
Other non-operating expenses	155	148	360	260	258	318
Impairment losses of goodwill	–	–	–	–	–	20
Net finance costs	34	31	5	7	–93	–91

→		Munich Health		Asset management		Total
€m	Q1–3 2012	Q1–3 2011	Q1–3 2012	Q1–3 2011	Q1–3 2012	Q1–3 2011
Other non-operating income	363	253	3	11	2,491	1,913
Other non-operating expenses	380	303	5	24	2,730	2,404
Impairment losses of goodwill	–	–	–	–	22	25
Net finance costs	–11	–11	–4	–4	–222	–214

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

	Reinsurance			
		Life		Property-casualty
€m	Q3 2012	Q3 2011	Q3 2012	Q3 2011
Other non-operating income	299	93	388	188
Other non-operating expenses	296	210	350	383
Impairment losses of goodwill	3	1	14	3
Net finance costs	–17	–11	–35	–27

→	Primary insurance					
		Life		Health		Property-casualty
€m	Q3 2012	Q3 2011	Q3 2012	Q3 2011	Q3 2012	Q3 2011
Other non-operating income	56	41	108	74	60	69
Other non-operating expenses	52	39	123	84	97	88
Impairment losses of goodwill	–	–	–	–	–	–
Net finance costs	10	12	1	3	–31	–47

→		Munich Health		Asset management		Total
€m	Q3 2012	Q3 2011	Q3 2012	Q3 2011	Q3 2012	Q3 2011
Other non-operating income	168	81	1	6	1,080	552
Other non-operating expenses	162	147	2	8	1,082	959
Impairment losses of goodwill	–	–	–	–	17	4
Net finance costs	–4	–4	–1	–2	–77	–76

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 €2,359m (1,802m), it contains other non-technical income of €132m (111m).

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 €2,397m (1,947m), they include write-downs of €73m (92m) on other intangible assets and other non-technical expenses of €260m (365m), such as expenses unrelated to the accounting period, project costs and other amounts that cannot be allocated elsewhere, and restructuring expenses.

Non-current assets and disposal groups held for sale

We decided in the second quarter of 2011 to sell our fully consolidated subsidiaries American Modern Life Insurance Company, Amelia, Ohio, and Southern Pioneer Life Insurance Company, Jonesboro, Arkansas. A contract regarding the sale of these companies, with economic effect from January 2012, was signed in the third quarter of 2011; the sales price totalled around €26m.

In the fourth quarter of 2011, with economic effect from March 2012, the ERGO Insurance Group sold an office investment property with a carrying amount of €13m. The sales price was €52m.

In the first quarter of 2012, the ERGO Insurance Group decided to sell its fully consolidated subsidiary San Marino Life Impresa sammarinese di assicurazione sulla vita S.p.A., San Marino. A contract for the sale of this company, with economic effect from July 2012, was signed in the second quarter of 2012; the sales price totalled €5m.

In the second quarter of 2012, with expected economic effect in October 2012, the ERGO Insurance Group sold its shares in the fully consolidated subsidiary ERGO Daum Direct General Insurance Co. Ltd., Seoul. At the balance sheet date, reserves had been made for the expected loss of around €30m on the sale of ERGO Daum.

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 30 September 2012 totalled 23,935 (24,299) in Germany and 22,439 (22,907) in other countries.

Number of staff

	30.9.2012	31.12.2011
Reinsurance	11,170	11,163
Primary insurance	30,677	31,311
Munich Health	3,720	3,927
Asset management	807	805
Total	**46,374**	**47,206**

Contingent liabilities, other financial commitments

In comparison with the situation at 31 December 2011, financial commitments of significance for the assessment of the Group's financial position show a change essentially due to a reduction of €455m in loan commitments and the derecognition of the guarantees from the sale of Capital Square Pte. Ltd. No contingent liabilities have been entered into for the benefit of Board members.

A subsidiary in the USA is currently re-underwriting policies in part of its portfolio to validate rates charged. This could result in refund obligations for the company, the possible amount of which is currently unknown.

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

		Q1–3 2012	Q3 2012	Q1–3 2011	Q3 2011
Consolidated result attributable to Munich Reinsurance Company equity holders	€m	2,718	1,130	75	286
Weighted average number of outstanding shares		177,625,229	177,645,140	178,114,717	177,588,750
Earnings per share	€	15.30	6.36	0.42	1.61

Events after the balance sheet date

On 29 October 2012, Hurricane Sandy hit the US East Coast. Besides the great human suffering it caused, the disaster gave rise to high losses of a still unquantifiable amount. It is therefore not yet possible to give a reliable estimate of how high our share will be: so far, we are reckoning with an amount in the mid three-digit million euro range.

The ERGO Insurance Group signed a joint venture agreement with the Avantha Group on 1 November 2012. The new company, which will be based in Mumbai and go by the name of Avantha ERGO Life Insurance Company, will offer life insurance products for private clients. Operations are scheduled to commence in early 2014, subject to approval by the competent authorities. ERGO will initially hold a 26% stake in the joint venture.

Drawn up and released for publication, Munich,
6 November 2012.

The Board of Management

Review report

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 and the selected notes – together with the interim Group management report of Münchener Rückversicherungs-Gesellschaft Aktiengesellschaft in München, for the period from 1 January 2012 to 30 September 2012, 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 parent company's management. Our responsibility is to issue a report on the condensed interim consolidated financial statements and the interim Group management report based on our review.

We performed our review of the condensed interim consolidated financial statements and the interim Group management report in accordance with the German generally accepted standards for the review of financial statements promulgated by the Institute of Public Auditors in Germany (IDW). Those standards require that we plan and perform the review so that we can preclude through critical evaluation, with a certain level of assurance, that the condensed interim consolidated financial statements have not been prepared, in material aspects, in accordance with the IFRS applicable to interim financial reporting as adopted by the EU, and that the interim Group management report has not been prepared, in material aspects, in accordance with the requirements of the 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, 7 November 2012
KPMG Bayerische Treuhandgesellschaft
Aktiengesellschaft Wirtschaftsprüfungsgesellschaft
Steuerberatungsgesellschaft

Klaus Becker
Wirtschaftsprüfer
(Certified public accountant)

Martin Berger
Wirtschaftsprüfer
(Certified public accountant)

Important dates

2013	
12 March 2013	Balance sheet press conference for 2012 consolidated financial statements
25 April 2013	Annual General Meeting
7 May 2013	Interim report as at 31 March 2013
6 August 2013	Interim report as at 30 June 2013
6 August 2013	Half-year press conference
7 November 2013	Interim report as at 30 September 2013

Münchener Rückversicherungs-Gesellschaft
Königinstrasse 107
80802 München
Germany
www.munichre.com

Responsible for content
Group Reporting

Editorial deadline: 5 November 2012
Publication date: 7 November 2012

Printed by
Druckerei Fritz Kriechbaumer
Wettersteinstrasse 12
82024 Taufkirchen/München
Germany

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

Service for private investors
Alexander Rappl
Tel.: +49 89 38 91-22 55
Fax: +49 89 38 91-45 15
shareholder@munichre.com

Service for investors and analysts
Christian Becker-Hussong
Tel.: +49 89 38 91-39 10
Fax: +49 89 38 91-98 88
ir@munichre.com

Service for media
Johanna Weber
Tel.: +49 89 38 91-26 95
Fax: +49 89 38 91-35 99
presse@munichre.com

Order number 302-07356