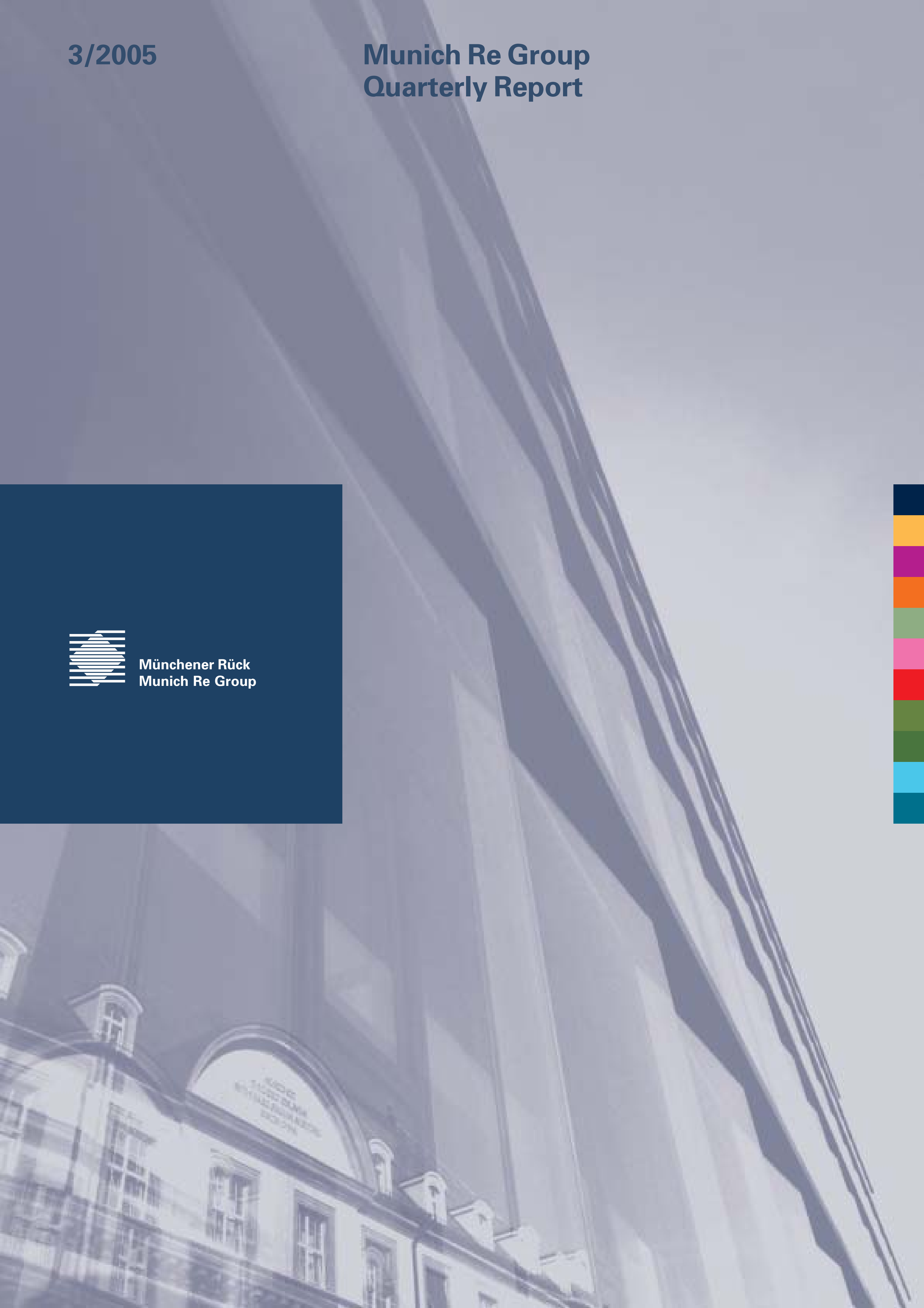
3/2005

Munich Re Group Quarterly Report



Münchener Rück
Munich Re Group

Supervisory Board

Dr. Hans-Jürgen Schinzler
(Chairman)

Board of Management

Dr. Nikolaus von Bomhard (Chairman)

Dr. Thomas Blunck (from 1 October 2005)

Georg Daschner

Dr. Heiner Hasford

Stefan Heyd (until 31 December 2005)

Dr. Torsten Jeworrek

Christian Kluge

John Phelan

Dr. Detlef Schneidawind (until 31 December 2005)

Dr. Jörg Schneider

Dr. Wolfgang Strassl (from 1 October 2005)

Karl Wittmann

125 years
Preferred partner in risk

Munich Re Group

Key figures (IFRS)

		Q1–3 2005	Q1–3 2004	Change in %	Q3 2005	Q3 2004	Change in %
Gross premiums written	€m	**28,625**	28,932	–1.1	**9,245**	9,256	–0.1
Investment result	€m	**8,052**	5,730	40.5	**3,078**	1,667	84.6
Result before amortisation of goodwill	€m	**2,883**	2,761*	4.4	**653**	589*	10.9
Taxes on income	€m	**1,206**	688	75.3	**54**	48	12.5
Consolidated result	€m	**1,383**	1,578*	–12.4	**513**	386*	32.9
Thereof attributable to minority interests	€m	**51**	51	–	**21**	21	–
Earnings per share	€	**5.83**	6.68	–12.7	**2.16**	1.60	35.0
Combined ratio							
– Reinsurance non-life	%	**108.2**	98.8		**124.6**	105.8	
– Primary insurance property-casualty	%	**93.5**	92.2		**91.4**	90.0	

*Adjusted owing to first-time application of IAS 1 (rev. 2003).

		30.9.2005	31.12.2004	Change in %
Investments	€m	**186,610**	178,132	4.8
Shareholders' equity	€m	**22,685**	20,737*	9.4
Net underwriting provisions	€m	**164,167**	154,327	6.4
Staff		**40,406**	40,962	–1.4
Share price	€	**95.00**	90.45	5.0
Munich Re's market capitalisation	€bn	**21.8**	20.8	5.0

*Adjusted owing to first-time application of IAS 1 (rev. 2003).

Contents

To our shareholders

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

Dear Shareholders,

Severe natural catastrophes have dominated the headlines since the beginning of the third quarter. The effects of the Atlantic hurricanes in particular have hit insurers and reinsurers hard. Starting as early as the middle of the year, an unprecedented number of tropical cyclones developed, leading to terrible damage in areas with high population density and high concentrations of values. This has almost pushed into the background the fact that there were widespread flood disasters in India and in Europe, particularly Switzerland, with considerable costs for the insurance industry. Other lines of insurance such as aviation recorded an above-average number of major losses in the third quarter as well.

The quite exceptional accumulation of major-loss events has had a substantial impact on our quarterly result and will also affect the result for the fourth quarter. You can find the meteorological facts and concrete consequences for our figures in the following pages of this report. Here I will attempt to subject the events to an evaluation.

It is quite natural that Munich Re, as the world's leading reinsurer, is affected to a special extent by such catastrophes. I drew attention to this last year, when we were also confronted by many severe storms. Our net claims burden from the reinsurance of natural catastrophes in the third quarter totals €1.2bn (2004: €554m), and our combined ratio for the first nine months has increased to 108.2% (2004: 98.8%) as a result. What conclusions can be drawn from this? These figures do not mean very much in themselves, if they are not viewed in relation to Munich Re's ability to absorb such losses and to the resilience of our projected result.

Two aspects are of importance to me here:

With random catastrophes even of this magnitude, Munich Re continues to be in a position to retain substantial portions of the risk, rather than merely to perform a risk-distribution function. We must therefore be willing to accept fluctuations in results caused by such losses. From the medium term perspective, we remain the preferred partner in risk for our clients, securing the sustained profitability of our business and turning risk into value.

At the same time, our risk model has to reflect the actual hazard potential as realistically as possible. Professional risk management – from underwriting principles, budgeting and portfolio diversification to the structuring of retrocessions – must then ensure that the loss to be expected for each scenario is financially bearable. Of course, every catastrophe event provides new insights, which we take into account in our risk modelling and our risk management. This will also be the case after this year's series of storm events.

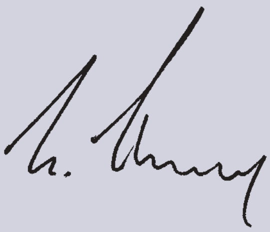
The figures for Hurricane Katrina, which caused by far the most serious damage, demonstrate the altered significance of retrocession for risk management. An estimated gross claims burden for the reinsurance group of €1.2bn contrasts with an estimated net claims burden after tax of €560m. In other words, the effects of retrocession are considerable. Up until about five years ago, our retrocession consisted mainly of comparatively small relief covers for individual lines of business. In the meantime, it has been gradually incorporated into our integrated risk management and embraces not only traditional covers but also innovative elements such as natural catastrophe bonds. Thus in our retrocession we want to utilise the whole repertoire of effective portfolio management tools to protect our financial resources from peak burdens and earn the best possible return on the capital deployed.

This strategy, enabling us to minimise the risks on the liabilities side of the balance sheet, is part of “derisking”, which we have recently also pursued in our investments. It gives an indication of our integrated approach to risk management, which considers both sides of the balance sheet. From the entrepreneurial point of view, what we are endeavouring to do is to optimise the allocation of risk capital to our core business and to create scope for expanding our business.

We see particularly good opportunities for this at present in reinsurance. The recent natural catastrophes have been a fresh reminder of how important sufficient high-quality insurance and reinsurance cover is, especially in property-casualty business. We intend to actively utilise the business opportunities arising from this changed market environment for reinsurance in the forthcoming treaty renewals. And it remains our declared aim only to accept risk-adequate prices and conditions. This applies not only to the business affected by the catastrophes but to all lines.

Ladies and gentlemen, in view of recent events, I have concentrated in this letter on a single topic. To conclude, however, a few words on the result for the business year 2005. Barring any further severe losses – and I count those caused by Hurricane Wilma in the losses incurred to date – I am confident that after inclusion of our investment result we will achieve our return target for the year.

Yours sincerely,



Key parameters

- **Global economic growth still strong**
- **Oil price hits new all-time high after Hurricane Katrina**
- **Improved outlook for the reinsurance markets**

The global economy continued to expand in the third quarter of 2005, maintaining the trend of the previous quarters, albeit with somewhat lower growth rates than last year. China and the USA were once more the principal engines of the global economy. Attention remained focused on the high oil price, which in the aftermath of Hurricane Katrina climbed to a new all-time high of US$ 67 per barrel.

According to initial estimates, the US economy showed a gain in momentum in the third quarter. Recent economic data from the eurozone also points to a slight acceleration in growth here. The ifo business climate index for Germany, for example, rose again marginally in September. Not least owing to the high unemployment rate, however, private consumption in Germany remained weak.

In Japan, domestic demand lost impetus. However, in China growth remained strong. The gradual slowdown of the world economy will probably have an effect on the economic data of emerging economies in Asia, Eastern Europe and Latin America.

On the foreign exchange markets, the euro recovered initially in the period under review, but then fell back to a rate of around US$ 1.20, its level at the beginning of the quarter. The Federal Reserve continued its policy of interest-rate increases in 0.25% stages. At the end of the quarter, the federal funds rate stood at 3.75%. By contrast, the European Central Bank retained its key interest rate at 2.00% in the period under review. Long-term interest rates in the USA and the eurozone rose until the beginning of August but then, especially in Europe, receded again owing to growing concerns about the economy. On the stock markets, the most important European indices and the Japanese Nikkei 225 advanced considerably, whereas in the USA the S&P 500 improved only slightly.

For the coming 12 months, we expect a moderate cooling of the global economy, proceeding from the USA and China. In the eurozone, a slight upturn in the domestic economy in the coming year should increase economic momentum somewhat. The main risks for the global economy continue to lie in geopolitical threats. In addition, there are the global imbalances, above all the large US budget and current account deficit, but also the uncertainty regarding the further trend in energy prices.

On the insurance markets, the high number of loss events worldwide in the third quarter (air crashes, floods in Europe, Atlantic hurricanes such as Katrina or Rita) hit individual market players hard, with some substantial claims burdens in relation to their equity capital. At the same time, these events underlined again the absolute necessity of risk-adequate pricing, terms and conditions.

Therefore, we take a more positive view of the reinsurance markets than three months ago. In property reinsurance, we expect rates to rise markedly in the forthcoming renewals, especially for catastrophe covers.

The outlook for the German primary insurance sector is significantly determined by the development of the German economy as a whole, which looks as if it will remain subdued. In the long term, however, the need for individual citizens to place more emphasis on private provision should provide additional impetus for growth.

Business experience from 1 January to 30 September 2005

Reinsurance

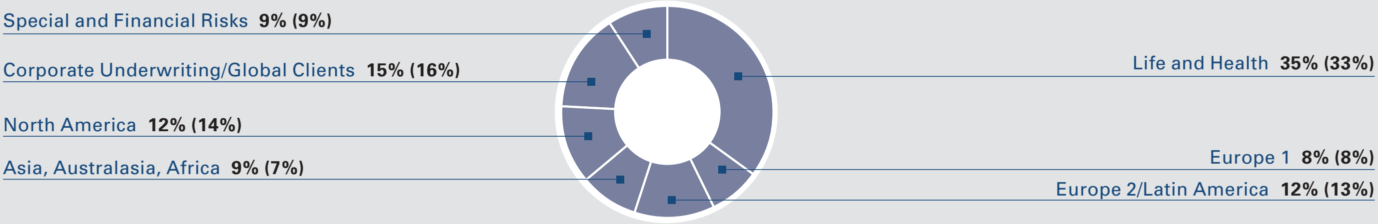
- **Consolidated result for the first three quarters of €1,027m**
- **Renewals as at 1 July 2005 within target requirements**
- **Combined ratio of 108.2% significantly burdened by natural catastrophes**

As in the same period last year, the Munich Re Group's reinsurance business in the third quarter 2005 was greatly influenced by severe natural catastrophes. Compared with the third quarter last year, the operating result for the period from July to September 2005 declined by 16.5% to €313m, whereas in the first nine months of 2005, it increased to €2,150m, a rise of 2.3% as against the same period last year. The good performance of our basic business and the capital gain from the reduction of our stake in Allianz more than compensated for the exceptional claims burdens from the hurricanes in the third quarter and the increase in the loss reserves of our US subsidiary American Re in the second quarter. The consolidated result in reinsurance rose to €344m (294m)* in the third quarter and totalled €1,027m (1,392m) in the first three quarters.

Premium income fell by 0.7% to €5.51bn (5.55bn) in the third quarter. As at 30 September 2005, premium was down 4.2% on the same period last year, totalling €16.7bn (17.5bn).

Given the minor fluctuations of the euro against the most important currencies for us, changes in exchange rates did not have any major influence on the development of our premium income in the third quarter.

Gross premiums by division Q1–3 2005



*The following principle applies to the reporting: figures relating to previous periods have partially been adjusted owing to the first-time application of IAS 1 (rev. 2003). For details, please see notes on recognition and measurement.

In the life and health segment, we recorded premium income of €1.9bn (1.8bn) in the third quarter, 5.3% more than in the same period last year. In the first nine months of 2005, premium rose by 1.7% to €5.8bn (5.7bn). While premium income in life reinsurance grew, premium volume in health decreased, mainly because of reductions in shares and higher primary insurer retentions. The operating result in the life and health segment increased to €346m (169m) for the third quarter and €929m (510m) for the first nine months.

As in the preceding renewals this year, the property-casualty reinsurance negotiations as at 1 July 2005 generally fulfilled our high expectations. We sustained the profitability of our portfolio with stable conditions, even though individual markets and lines of business showed a mixed picture. The latest renewals were essentially characterised by higher primary insurer retentions and price increases for loss-affected treaties but also by marginally lower prices and higher reinsurance capacity. We continued to put profitability before growth in underwriting. The prerequisites for treaty renewal were risk-adequate prices and conditions. Where these could not be obtained, we refrained from writing the business. For both new business and renewals, the conditions we obtained were generally attractive.

In property-casualty reinsurance, the non-renewal of the net quota share treaty with Royal & SunAlliance as at 1 January 2005 adversely affected premium income in the third quarter 2005, as it had from January to June. Likewise, American Re's withdrawal from US business where prices and conditions did not meet our requirements also made itself felt. The resulting losses in premium were partially offset by newly acquired business, especially from the Asian region. Overall, premiums decreased by 3.7% to €3.6bn (3.7bn) in the quarter under review. For the first nine months, premium income in this segment totalled €10.9bn (11.7bn), 7.1% less than in the previous year.

At €1,367m (639m), major-loss expenditure was above average in the third quarter. The tropical cyclone season in the Atlantic Ocean began uncommonly early this year, with Hurricanes Dennis and Emily striking in mid-July. The Munich Re Group's losses from these two natural catastrophes amount to €31m. Katrina, the third major hurricane in 2005, left a trail of devastation in its path from the southern tip of Florida across the Gulf of Mexico, especially where it made landfall on the US Gulf Coast. With wind speeds of up to 280 km/h and peak gusts of up to 350 km/h, Katrina was one of the severest storms ever to hit the Gulf of Mexico and one of the worst natural disasters in the history of the United States. Although hundreds of thousands of people from the area around New Orleans fled the storm, over a thousand people perished. The city and area around New Orleans were hit very hard. After the levees failed, parts of New Orleans lay under more than seven metres of water. The Munich Re Group's loss burdens will be limited by the retrocession covers concluded for the general lines of property business. On the basis of an overall economic loss of more than US$ 100bn, some US$ 30bn of which we assume was insured, we expect a burden for Munich Re of approximately €1,190m and of €817m after taking retrocession covers into account. However, the uncertainties are still high, especially with regard to the insured market loss.

Although Hurricane Rita, which followed in September, reached a loss potential similar to Katrina's in the course of its development, it caused far less devastation in the end. At present, we anticipate losses for the Munich Re Group of around €260m before tax.
Altogether, the Group's burden from the Atlantic cyclones in the third quarter of 2005 was €1.5bn before retrocessions and €1.1bn after; the post-tax impact on the Group result was around €750m.

In the third quarter, we also had to cope with considerable flood losses in other parts of the world. In August, heavy rains triggered floods in the German, Austrian and Swiss Alps, which we expect will result in a burden on the pre-tax result of approximately €115m. This is the most expensive natural catastrophe in Switzerland to date and the severest since the earthquake in Basle in 1356. On top of this, the Indian city of Mumbai was ravaged by floods caused by the heaviest monsoon rains in nearly 100 years, resulting in hundreds of fatalities. We anticipate that this natural catastrophe will cost us about €30m.

At €1,390m (554m), the cost burden from natural catastrophes for the first nine months of 2005 is far above the average. Of this total, €1,240m was attributable to the third quarter alone.

The combined ratio therefore stood at 124.6% (105.8%) for the months of July to September 2005 and at 108.2% (98.8%) for the first three quarters. It includes 12.6 percentage points for natural catastrophes and 3.5 percentage points for the strengthening of American Re's loss reserves in the second quarter.

Our reinsurers' investment result came to €1.5bn (0.8bn) between July and September and €3.6bn (2.5bn) in the first nine months. This favourable development compared with the previous year is primarily the result of three factors: lower writedowns, lower losses on disposals, and higher gains from the reduction of our portfolio of participating interests.

Key reinsurance figures

		Q1–3 2005	Q1–3 2004	Q3 2005	Q3 2004
Gross premiums written	€bn	16.7	17.5	5.5	5.5
Loss ratio non-life	%	79.8	70.8	97.0	77.5
Expense ratio non-life	%	28.4	28.0	27.6	28.3
Combined ratio non-life	%	108.2	98.8	124.6	105.8
Thereof natural catastrophes	Percentage points	12.6	4.6	32.9	14.2
Investment result	€m	3,637	2,460	1,458	755
Result before amortisation of goodwill	€m	2,150	2,173	313	400
Consolidated result	€m	1,027	1,392	344	294
Thereof attributable to minority interests	€m	–	5	–	–

		30.9.2005	31.12.2004
Investments	€bn	85.9	81.2
Net underwriting provisions	€bn	62.6	58.2

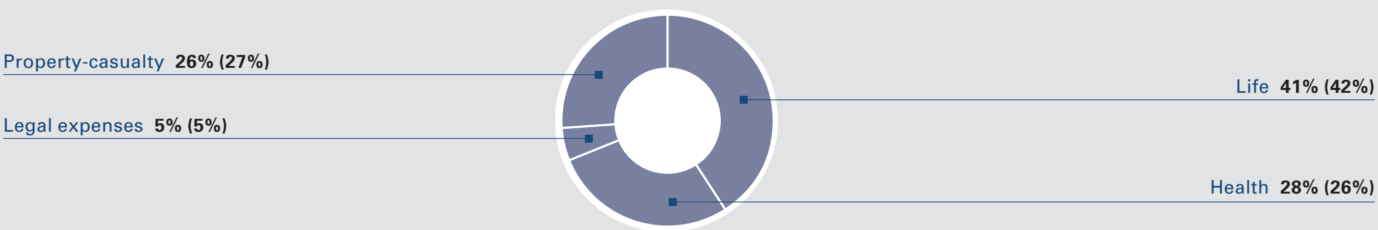
Primary insurance

- **Consolidated result for the first three quarters at €457m and thus about 150% higher than last year**
- **Premium growth of 0.6% in life insurance; new business in the third quarter 5.2% up on the same quarter last year**
- **Increased sales of supplementary health insurances**
- **New tariff in motor insurance introduced as at 1 July**
- **Karlsruher Insurance Group sold at the beginning of October**

The primary insurers in the Munich Re Group – ERGO, Karlsruher, Europäische Reiseversicherung and the Watkins Syndicate – continued their very good development in the third quarter. Compared with the same period last year, the operating result improved to €298m (151m). For the first nine months it rose to €787m (464m). At €457m (183m), the consolidated result for the primary insurance segment was substantially higher than in the same period last year.

Gross premiums written grew by 0.7% to €4.13bn (4.10bn) in the months July to September and show a rise of 2.5% to €13.3bn (13.0bn) since the beginning of the year. In the life and health segment, growth for the first nine months reached 3.5%. The property-casualty segment (including legal expenses insurance) recorded slight premium growth of 0.2% for this period.

Gross premiums by class of insurance Q1–3 2005



In life insurance, premium income was 3.3% lower than in the same quarter last year, totalling €1.7bn (1.8bn). Premium volume from January to September amounted to €5.43bn (5.40bn), an increase of 0.6% on the first nine months of last year. Including the savings premiums of unit-linked life insurance and capitalisation products like "Riester" pensions, premiums grew by 5.2%. For the ERGO life insurers new business in Germany in the first quarter of 2005 had been 8.2% down on the same quarter last year, as was to be expected after the year-end boom in 2004, despite some of these policies not being placed to account until the new year. Since then, new business has noticeably recovered and was 5.2% higher in the third quarter than in the same period last year. Altogether, owing to the subdued start to 2005, new business production since the beginning of the year is 3.6% lower than in the same period last year.

In health insurance, premium income grew to €1.2bn (1.1bn) in the third quarter, a rise of 6.5% on the same period last year. From January to September, premium was up 8.2% to €3.7bn (3.4bn). The better figures for Germany are partly attributable to the fact that at the beginning of the year we raised premiums for in-force policies to take account of the rise in healthcare costs. We were again very successful in selling supplementary insurances. Compared with last year, the number of persons insured increased by 1.6% in comprehensive insurance and by 11.0% in supplementary insurance, not least due to our partnerships with statutory health insurers and clients' growing need to make private provision.

In property-casualty business, including legal expenses insurance, we recorded premium income of €1.18bn (1.17bn) in the third quarter, representing slight growth of 1.3% compared with the same period last year. From January to September, our primary insurers wrote gross premiums of €4.18bn (4.17bn), or 0.2% more than in the same period last year. In personal lines business, growth was especially good in homeowners and liability insurance. With the scheduled introduction of a new motor tariff as at 1 July, which takes into account additional and more individual client risk features, we have responded to the keener price competition in German motor insurance. In this tariff, we have remained true to our principle of "profitability takes precedence over growth".

Despite the flooding in Bavaria and Austria, claims experience in the third quarter of 2005 was normal. Including legal expenses insurance, the combined ratio amounts to 91.4% (90.0%) and is thus, as expected, only slightly higher than the ratio for the same period last year, in which exceptionally low claims costs were incurred.

The primary insurers' investment result totalled €1.6bn (0.9bn) for the third quarter and showed a year-on-year rise of 36.7% to €4.5bn (3.3bn) for the first three quarters. We have taken advantage of the positive capital market environment to further reduce our investments in the financial sector. Owing to the favourable development of the stock markets and in particular to the fall in interest rates, net unrealised gains increased compared with the end of 2004.

At the beginning of the fourth quarter, Munich Re and Württembergische Leben agreed on the sale of the Karlsruher Insurance Group. As a result, Munich Re will sell its 90%-plus stake in Karlsruher Lebensversicherung AG. The transaction is subject to the approval of the regulatory authorities.

The buyer, Württembergische Leben, is a good partner for Karlsruher Leben with its strong regional orientation. The Karlsruher Insurance Group wrote gross premiums of €1,285m and recorded a consolidated result of €21m in the business year 2004.

Key primary insurance figures

		Q1–3 2005	Q1–3 2004	**Q3 2005**	Q3 2004
Gross premiums written	€bn	**13.3**	13.0	**4.1**	4.1
Loss ratio property-casualty	%	**58.2**	58.6	**58.4**	58.5
Expense ratio property-casualty	%	**32.8**	32.2	**30.3**	30.6
Combined ratio property-casualty	%	**91.0**	90.8	**88.7**	89.1
Combined ratio legal expenses insurance	%	**101.5**	97.7	**100.4**	93.1
Combined ratio property-casualty including legal expenses insurance	%	**93.5**	92.2	**91.4**	90.0
Investment result	€m	**4,514**	3,302	**1,598**	917
Result before amortisation of goodwill	€m	**791**	565	**298**	177
Consolidated result	€m	**457**	183	**137**	86
Thereof attributable to minority interests	€m	**54**	48	**23**	22

		30.9.2005	31.12.2004
Investments	€bn	**118.7**	115.2
Net underwriting provisions	€bn	**101.4**	96.1

Key figures of the ERGO Insurance Group

		Q1–3 2005	Q1–3 2004	Q3 2005	Q3 2004
Gross premiums written	€m	**11,796**	11,473	**3,689**	3,698
Loss ratio property-casualty	%	**57.9**	58.9	**58.5**	60.4
Expense ratio property-casualty	%	**33.0**	32.2	**31.7**	30.7
Combined ratio property-casualty	%	**90.9**	91.1	**90.2**	91.1
Combined ratio legal expenses insurance	%	**99.7**	97.5	**100.8**	93.3
Combined ratio property-casualty including legal expenses insurance	%	**93.0**	92.6	**92.6**	91.6
Investment result	€m	**4,215**	3,260	**1,552**	980
Result before amortisation of goodwill	€m	**755**	542	**308**	165
Consolidated result	€m	**414**	207	**149**	83
Thereof attributable to minority interests	€m	**18**	31	**11**	14

		30.9.2005	31.12.2004
Investments	€m	**98,851**	97,001
Shareholders' equity	€m	**4,069**	3,506
Net underwriting provisions	€m	**90,281**	85,494

Asset management

- **Investments in financial sector further reduced**
- **Pleasing investment result of €8,052m (5,730m) for the first three quarters**
- **Assets of around €2.6bn (2.4bn) in MEAG retail funds**

In the third quarter, which is traditionally difficult for equities, Hurricanes Katrina and Rita gave rise to considerable volatility on the stock markets. Despite the uncertainties surrounding the further development of the economy in the USA, the most important indices recorded gains. The S&P 500, the lead index for US shares, climbed by 3.2%. It thus shows a rise of 1.4% since the beginning of the year. The EURO STOXX 50 advanced by 7.8% in the past quarter, making its gain this year 16.2%. The Japanese Nikkei 225 registered an even more pronounced increase of 17.2% in the third quarter.

Money market rates and yields on ten-year German government bonds moved sideways in narrow bands in the period under review, remaining almost unchanged compared with the previous quarter at 2.18% and 3.15% respectively. In the USA, on the other hand, yields rose by 0.3 to 0.5 percentage points over the whole maturities range. This was a market reaction to the Federal Reserve's increase in the federal funds rate to 3.75%. At the end of the third quarter, the yield on ten-year US government bonds stood at 4.32%.

The exchange rate for the US dollar against the euro at the end of the quarter was US$ 1.20, almost the same level as at the beginning.

Our strategy of reducing the concentration risk of our investments in the German financial services sector was taken a stage further in the third quarter, when we cut back our stake in Allianz by almost three percentage points to just under 5%, realising a capital gain of €563m. In the first half-year, we had already reduced our participation in Commerzbank to just below 5% and sold our interest in BHW. In addition, the Munich Re Group had disposed of its shareholding in MAN.

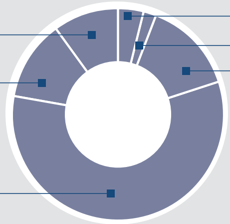
As far as the Munich Re Group's investment of 18.3% in HypoVereinsbank is concerned, we have accepted UniCredit's exchange offer. On completion of the exchange, our Group's stake in UniCredit will be at least 6.3%, approximately half of which will be held by Munich Re and half by the ERGO Insurance Group.

Investment mix

	Reinsurance				Primary insurance				Asset management		Total	
	Life and health		Property-casualty		Life and health		Property-casualty					
All figures in €m*	**30.9. 2005**	31.12. 2004	**30.9. 2005**	31.12. 2004	**30.9. 2005**	31.12. 2004	**30.9. 2005**	31.12. 2004	**30.9. 2005**	31.12. 2004	**30.9. 2005**	31.12. 2004
Real estate	**692**	731	**780**	928	**5,078**	6,634	**191**	710	**28**	43	**6,769**	9,046
Investments in affiliated enterprises	**15**	14	**17**	16	**54**	45	**125**	69	**12**	14	**223**	158
Investments in associated enterprises	**685**	625	**807**	753	**1,561**	1,726	**523**	543	**67**	78	**3,643**	3,725
Loans	**74**	40	**69**	34	**24,890**	19,279	**1,293**	929	**28**	28	**26,354**	20,310
Other securities held to maturity	**–**	–	**–**	–	**476**	518	**14**	44	**–**	–	**490**	562
Other securities available for sale												
– Fixed-interest	**16,859**	15,230	**27,357**	24,707	**57,471**	57,791	**4,619**	4,533	**12**	9	**106,318**	102,270
– Non-fixed-interest	**4,672**	4,373	**5,797**	5,473	**11,127**	10,822	**1,936**	1,999	**20**	19	**23,552**	22,686
Other securities held for trading												
– Fixed-interest	**14**	–	**553**	–	**64**	61	**304**	290	**–**	–	**935**	351
– Non-fixed-interest	**–**	–	**4**	–	**2**	–	**5**	5	**–**	–	**11**	5
– Derivatives	**131**	54	**144**	61	**695**	186	**3**	–	**–**	–	**973**	301
Other investments	**6,407**	6,818	**7,615**	8,354	**2,172**	2,913	**244**	260	**904**	373	**17,342**	18,718
Total	**29,549**	**27,885**	**43,143**	**40,326**	**103,590**	**99,975**	**9,257**	**9,382**	**1,071**	**564**	**186,610**	**178,132**

* After elimination of intra-Group reinsurance across segments.

Investment mix as at 30.9.2005 (31.12.2004)



As at 30 September 2005, the Munich Re Group's own investments amounted to €186.6bn (178.1bn).

The portfolio has grown by 4.8% since the beginning of the year, mainly due to investment of the cash flow from our underwriting business in fixed-interest securities and loans and to increases in the market prices of existing securities items.

Following the brief rise in interest rates in August, yields on ten-year German government bonds, which are significant for the European area, fell to a historical low of 3.0% in September, a fact that had a positive effect on the valuation reserves of our fixed-interest securities. The valuation reserves of our equities profited from the good performance of the stock market.

The investment result in the first three quarters totalled €8.1bn (5.7bn), the increase being largely due to the good result from the disposal of investments.

The retail funds of MEAG MUNICH ERGO AssetManagement GmbH acquired new assets of around €50m in the third quarter. Assets managed by MEAG in retail funds thus rose to over €2.6bn (2.4bn), also thanks to the pleasing development of the capital markets. The assets managed for institutional clients totalled €2.6bn (2.3bn).

At the end of the third quarter, MEAG and ERGO Trust had assets under management of €4.9bn (4.6bn) in open-ended and closed-end funds for private investors and €8.3bn (8.2bn) for institutional investors. As from the business year 2006, the real estate activities of ERGO Trust GmbH will be merged into those of MEAG MUNICH ERGO AssetManagement GmbH in Munich. This change will allow us not only to take greater advantage of the opportunities offered by the international real estate markets to meet the Munich Re Group's investment requirements but also to systematically expand institutional third-party business.

Since 21 June 2005 and 15 July 2005, the asset management units of the Munich Re Group in Hong Kong and New York have been renamed MEAG Hong Kong Ltd. and MEAG New York Corporation respectively, reflecting their stronger integration into MEAG.

Prospects

- **Overall premium volume of around €38bn expected for 2005**
- **Claims expenditure for reinsurance in 2005 significantly higher than originally projected**
- **Strong investment result aimed at**
- **Return-on-equity target of 12% after tax achievable**
- **Slightly higher prices and improved conditions possible for 2006 in our reinsurance business**

There are various reasons why the quarterly results of insurance companies, including Munich Re, are not a suitable indicator for the results of the business year as a whole. Losses from natural catastrophes and other major losses have a disproportionate impact on the result of the reporting period in which they randomly and unforeseeably occur. Late-reported claims for major loss events can also lead to substantial fluctuations in individual quarterly results. Furthermore, gains and losses on the disposal of investments and writedowns on investments do not follow a regular pattern. Consequently, our quarterly figures do not provide more than significant pointers to the result for the year that may be expected.

Reinsurance

In the forthcoming renewals for 2006, we will continue to focus on risk-adequate prices and conditions.

The many severe hurricanes, the flood losses in the Alpine region and heavy monsoon rains in Asia that have occurred are indicative of the huge loss potential of extreme weather-related events. Our experts also anticipate that the number of such loss events will tend to climb and that the growing concentration of values will lead to a disproportionate increase in loss amounts. The size and impact of the loss events will cause primary insurers to rethink their risk policies, a fact that will also favourably influence the demand for reinsurance products. Since demand currently exceeds supply, we anticipate that prices will at least remain stable at a high level.

We intend to consistently exploit the resultant business opportunities. However, there may be strong variations in the way the different classes of business, regions and client groups develop. With our underwriting experience, scientific expertise and well-diversified portfolio, we are exellently equipped for these challenges.

Hurricanes Katrina and Rita were followed in early October by a further two devastating natural catastrophes, Hurricane Stan in Central America and the severe earthquake in Kashmir. Shortly afterwards, Hurricane Wilma caused tremendous damage on its path through Central and North America. We estimate that the loss burden for the Munich Re Group from this event will total US$ 400m. The hurricane season ends in mid-November so that further losses cannot be ruled out. Major losses from natural catastrophes to date and the effect of the reserve strengthening at American Re alone will impact our technical income statement for 2005 to the tune of €1,390m and €388m respectively. This is equivalent to 12.1% of our net premiums earned in property-casualty reinsurance. Despite the very good performance of our basic business, the combined ratio will thus be higher than 100%. In the life and health segment, we expect an operating result that is significantly better than in the previous year.

Our premium income for the current business year is likely to fall marginally by 1.8% to €22.0bn if exchange rates remain steady. For the business year 2006, there is no question for us that only really risk-adequate prices and conditions are acceptable. We would be prepared to tolerate further losses in premium volume in order to adhere to our strictly profit-oriented underwriting policy, but such losses are unlikely given the now favourable market environment.

Primary insurance

On the basis of their performance in the first nine months of the year, the Munich Re Group expects its primary insurers to record a premium volume of €17.8bn for the whole of 2005. This would amount to a rise of 1.4%. As a consequence of the sale of Karlsruher Insurance Group, we are reducing premium volume projections for the business year 2005 by €100m.

For the life insurers, the growth trend is likely to continue, especially in new business with unit-linked products and "basic" and "Riester" pension products qualifying for subsidisation. Overall, our planning for the year as a whole remains based on the assumption that, given the subdued first half of 2005 and the exceptionally strong fourth quarter of 2004, new business will be down on the previous year's level.

In health insurance, premium growth is likely to be maintained in the fourth quarter. We estimate that new business in Germany will continue to benefit from the strong sales of supplementary insurance policies. In the areas of life and health, we expect the operating result for the business year 2005 to rise to €0.32bn (0.04bn).

Premium income in our property-casualty business, including legal expenses insurance, is expected to increase by approximately 0.9% in 2005. We are adhering to our objective of a combined ratio for the whole year of less than 95% in property-casualty business, including legal expenses insurance.

Munich Re Group

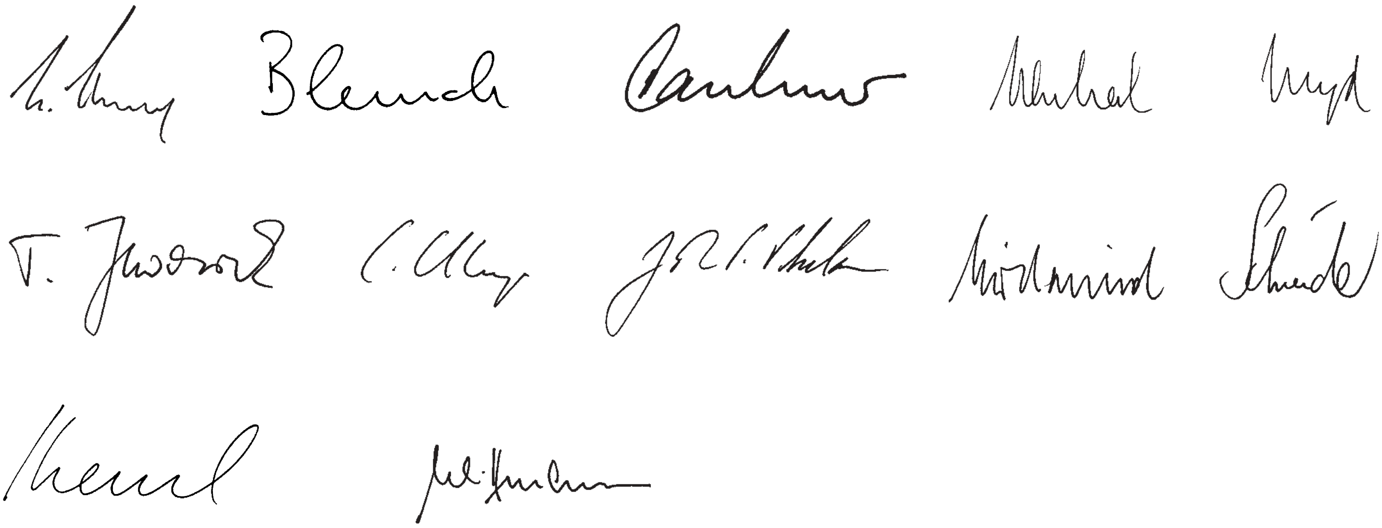
For the Munich Re Group as a whole, we estimate that premium volume will total about €38.0bn in the business year 2005, or 0.2% less than in the previous year.

The year to date has been marked by very positive experience in basic business in both reinsurance and primary insurance and by the exceptionally high burdens from the hurricane season. 2005 will also be affected by the reserve strengthening of €750m after tax at American Re and by the cutting back of our stake in Allianz by about three percentage points to under 5%, through which we realised a capital gain of €563m. Both measures have contributed to a clear reduction in the Group's risks. At the same time, these are non-periodic income and expenses, which partially cancel each other out.

Although the natural hazard events to date have caused far more losses than were to be expected for the first nine months, we anticipate that we will be able to achieve our return-on-equity target of 12% after tax. This is partly thanks to the high gains expected from the exchange of HVB shares into UniCredit stock, the outstanding investment result expected and the good performance of our underwriting business on the whole. All this presupposes, however, that there are no further exceptional major losses or negative developments on the capital market.

Munich, November 2005

The Board of Management



Consolidated balance sheet as at 30 September 2005

Assets				31.12.2004		Change
	€m	€m	€m	€m	€m	%
A. Intangible assets						
I. Goodwill		3,277		3,144	133	4.2
II. Other intangible assets		1,179		1,243	–64	–5.1
			4,456	4,387	69	1.6
B. Investments						
I. Real estate		6,769		9,046	–2,277	–25.2
II. Investments in affiliated enterprises and associated enterprises		3,866		3,883	–17	–0.4
III. Loans		26,354		20,310	6,044	29.8
IV. Other securities						
1. Held to maturity	490			562	–72	–12.8
2. Available for sale	129,870			124,956	4,914	3.9
3. Held for trading	1,919			657	1,262	192.1
		132,279		126,175	6,104	4.8
V. Other investments						
1. Deposits retained on assumed reinsurance	13,174			14,530	–1,356	–9.3
2. Miscellaneous	2,753			2,869	–116	–4.0
		15,927		17,399	–1,472	–8.5
			185,195	176,813	8,382	4.7
C. Investments for the benefit of life insurance policyholders who bear the investment risk			1,415	1,319	96	7.3
D. Ceded share of underwriting provisions			7,810	6,964	846	12.1
E. Receivables			9,158	8,683	475	5.5
F. Cash with banks, cheques and cash in hand			2,654	2,027	627	30.9
G. Deferred acquisition costs			8,702	8,396	306	3.6
H. Deferred tax			3,898	4,326	–428	–9.9
I. Other assets			3,853	1,876	1,977	105.4
Total assets			**227,141**	**214,791**	**12,350**	**5.7**

Equity and liabilities			31.12.2004		Change
	€m	**€m**	€m	€m	%
A. Shareholders' equity					
I. Issued capital and capital reserve	**7,388**		7,388	–	–
II. Revenue reserves	**8,236**		7,018	1,218	17.4
III. Other reserves	**5,188**		3,957	1,231	31.1
IV. Consolidated result attributable to Munich Re shareholders	**1,332**		1,833	–501	–27.3
V. Minority interests	**541**		541	–	–
		22,685	20,737*	1,948	9.4
B. Subordinated liabilities		**3,411**	3,393	18	0.5
C. Gross underwriting provisions					
I. Unearned premiums	**6,581**		5,874	707	12.0
II. Provision for future policy benefits	**103,885**		101,926	1,959	1.9
III. Provision for outstanding claims	**48,051**		42,839	5,212	12.2
IV. Other underwriting provisions	**12,037**		9,324	2,713	29.1
		170,554	159,963	10,591	6.6
D. Gross underwriting provisions for life insurance policies where the investment risk is borne by the policyholders		**1,423**	1,328	95	7.2
E. Other accrued liabilities		**3,788**	3,450	338	9.8
F. Liabilities					
I. Notes and debentures	**1,082**		2,242	–1,160	–51.7
II. Other liabilities	**16,909**		16,612	297	1.8
		17,991	18,854	–863	–4.6
G. Deferred tax liabilities		**7,225**	7,041	184	2.6
H. Other deferred items		**64**	25	39	156.0
Total equity and liabilities		**227,141**	**214,791**	**12,350**	**5.7**

*Adjusted owing to first-time application of IAS 1 (rev. 2003). For details, please see notes on recognition and measurement.

Consolidated income statement for the period 1 January to 30 September 2005

Items	Q1–3 2005	Q1–3 2004 (adjusted)*		Change
	€m	€m	€m	%
1. Gross premiums written	**28,625**	28,932	–307	–1.1
2. Net earned premiums	**26,804**	27,216	–412	–1.5
3. Investment result	**8,052**	5,730	2,322	40.5
Thereof:				
– Income from associated enterprises	**160**	131	29	22.1
4. Other income	**1,110**	846	264	31.2
Total income (2–4)	**35,966**	33,792	2,174	6.4
5. Net expenses for claims and benefits	**25,121**	23,816	1,305	5.5
6. Net operating expenses	**6,681**	6,302	379	6.0
7. Other expenses	**1,281**	913	368	40.3
Total expenses (5–7)	**33,083**	31,031	2,052	6.6
8. Result before amortisation of goodwill	**2,883**	2,761	122	4.4
9. Amortisation of goodwill	**4**	172	–168	–97.7
10. Operating result	**2,879**	2,589	290	11.2
11. Finance costs	**290**	323	–33	–10.2
12. Taxes on income	**1,206**	688	518	75.3
13. Consolidated result	**1,383**	1,578	–195	–12.4
Thereof:				
– Attributable to Munich Re shareholders	**1,332**	1,527	–195	–12.8
– Attributable to minority interests	**51**	51	–	–
	€	€	€	%
Earnings per share	**5.83**	6.68	–0.85	–12.7

*Adjusted owing to first-time application of IAS 1 (rev. 2003).

Consolidated income statement for the period 1 July to 30 September 2005

Items	Q3 2005	Q3 2004 (adjusted)*	Change	
	€m	€m	€m	%
1. Gross premiums written	**9,245**	9,256	–11	–0.1
2. Net earned premiums	**8,934**	9,055	–121	–1.3
3. Investment result	**3,078**	1,667	1,411	84.6
Thereof:				
– Income from associated enterprises	**–**	24	–24	–100.0
4. Other income	**316**	263	53	20.2
Total income (2–4)	**12,328**	10,985	1,343	12.2
5. Net expenses for claims and benefits	**9,157**	8,008	1,149	14.3
6. Net operating expenses	**2,145**	2,097	48	2.3
7. Other expenses	**373**	291	82	28.2
Total expenses (5–7)	**11,675**	10,396	1,279	12.3
8. Result before amortisation of goodwill	**653**	589	64	10.9
9. Amortisation of goodwill	**–**	51	–51	–100.0
10. Operating result	**653**	538	115	21.4
11. Finance costs	**86**	104	–18	–17.3
12. Taxes on income	**54**	48	6	12.5
13. Consolidated result	**513**	386	127	32.9
Thereof:				
– Attributable to Munich Re shareholders	**492**	365	127	34.8
– Attributable to minority interests	**21**	21	–	–
	€	€	€	%
Earnings per share	**2.16**	1.60	0.56	35.0

*Adjusted owing to first-time application of IAS 1 (rev. 2003).

Consolidated income statement (quarterly breakdown)

Items	Q3 2005	Q2 2005	Q1 2005	Q4 2004 (adjusted)*	Q3 2004 (adjusted)*	Q2 2004 (adjusted)*	Q1 2004 (adjusted)*
	€m	€m	€m	€m	€m	€m	€m
1. Gross premiums written	**9,245**	9,220	10,160	9,139	9,256	9,318	10,358
2. Net earned premiums	**8,934**	9,053	8,817	9,318	9,055	9,111	9,050
3. Investment result	**3,078**	2,517	2,457	2,311	1,667	2,209	1,854
Thereof:							
– Income from associated enterprises	**–**	96	64	–462	24	33	74
4. Other income	**316**	476	318	270	263	231	352
Total income (2–4)	**12,328**	12,046	11,592	11,899	10,985	11,551	11,256
5. Net expenses for claims and benefits	**9,157**	8,151	7,813	7,820	8,008	7,935	7,873
6. Net operating expenses	**2,145**	2,280	2,256	2,545	2,097	2,070	2,135
7. Other expenses	**373**	517	391	921	291	336	286
Total expenses (5–7)	**11,675**	10,948	10,460	11,286	10,396	10,341	10,294
8. Result before amortisation of goodwill	**653**	1,098	1,132	613	589	1,210	962
9. Amortisation of goodwill	**–**	4	–	172	51	66	55
10. Operating result	**653**	1,094	1,132	441	538	1,144	907
11. Finance costs	**86**	101	103	103	104	107	112
12. Taxes on income	**54**	811	341	24	48	388	252
13. Consolidated result	**513**	182	688	314	386	649	543
Thereof:							
– Attributable to Munich Re shareholders	**492**	164	676	306	365	628	534
– Attributable to minority interests	**21**	18	12	8	21	21	9
	€m	€m	€m	€m	€m	€m	€m
Earnings per share	**2.16**	0.72	2.96	1.34	1.60	2.75	2.33

*Adjusted owing to first-time application of IAS 1 (rev. 2003).

Changes in Group shareholders' equity

All figures in €m	Shareholder's equity attributable to Munich Re shareholders								Minority interests	Total shareholders' equity*
	Issued capital	Capital reserve	Revenue reserves		Other reserves			Consolidated result		
			Revenue reserves before deduction of own shares	Own shares held	Unrealised gains and losses	Reserve from currency translation	Valuation result from cash flow hedges			
Status at 31.12.2004	**588**	**6,800**	**7,176**	**–158**	**4,621**	**–674**	**10**	**1,833**	**541**	**20,737**
Currency translation	–	–	–	–	–	525	–	–	1	526
Allocation to revenue reserves	–	–	1,376	–	–	–	–	–1,376	–	–
Change in consolidated group	–	–	–32	–	–8	–	–	–	–11	–51
Change resulting from valuation at equity	–	–	13	–	75	–	–	–	1	89
Unrealised gains and losses on other securities	–	–	–	–	643	–	–	–	19	662
Consolidated result	–	–	–	–	–	–	–	1,332	51	1,383
Dividend	–	–	–	–	–	–	–	–457	–	–457
Share buy-backs	–	–	–	–50	–	–	–	–	–	–50
Changes from cash flow hedges	–	–	–	–	–	–	–4	–	–	–4
Other changes	–	–	–89	–	–	–	–	–	–61	–150
Status at 30.9.2005	**588**	**6,800**	**8,444**	**–208**	**5,331**	**–149**	**6**	**1,332**	**541**	**22,685**

*Adjusted owing to first-time application of IAS 1 (rev. 2003).

Changes in Group shareholders' equity

All figures in €m	Shareholder's equity attributable to Munich Re shareholders								Minority interests	Total share-holders' equity*
	Issued capital	Capital reserve	Revenue reserves		Other reserves			Consoli-dated result		
			Revenue reserves before deduction of own shares	Own shares held	Unrealised gains and losses	Reserve from currency translation	Valuation result from cash flow hedges			
Status at 31.12.2003	**588**	**6,800**	**7,930**	**–107**	**4,511**	**–399**	**10**	**–434**	**483**	**19,382**
Currency translation	–	–	–	–	–	62	–	–	2	64
Allocation to revenue reserves	–	–	–720	–	–	–	–	720	–	–
Change in consolidated group	–	–	8	–	–3	7	–	–	–	12
Change resulting from valuation at equity	–	–	–1	–	116	–	–	–	–	115
Unrealised gains and losses on other securities	–	–	–	–	–906	–	–	–	10	–896
Consolidated result	–	–	–	–	–	–	–	1,527	51	1,578
Dividend	–	–	–	–	–	–	–	–286	–	–286
Share buy-backs	–	–	–	–46	–	–	–	–	–	–46
Changes from cash flow hedges	–	–	–	–	–	–	–	–	–	–
Other changes	–	–	125	–	–	–	–	–	–26	99
Status at 30.9.2004	**588**	**6,800**	**7,342**	**–153**	**3,718**	**–330**	**10**	**1,527**	**520**	**20,022**

*Adjusted owing to first-time application of IAS 1 (rev. 2003).

Consolidated cash flow statement for the period 1 January to 30 September 2005

	Q1–3 2005 €m	Q1–3 2004 €m
Consolidated result	**1,383**	1,578
Net change in underwriting provisions	**7,812**	6,890
Change in deferred acquisition costs	**–282**	–485
Change in deposits retained and accounts receivable and payable	**98**	–1,612
Change in other receivables and liabilities	**386**	–646
Gains and losses on the disposal of investments	**–2,922**	–1,383
Change in securities held for trading	**–1,312**	–136
Change in other balance sheet items	**540**	–55
Other income/expenses without impact on cash flow	**–63**	964
I. Cash flows from operating activities	**5,640**	5,115
Inflows from the sale of consolidated enterprises	**60**	345
Outflows from the acquisition of consolidated enterprises	**–28**	–58
Change from the acquisition, sale and maturities of other investments	**–2,611**	–3,459
Change from the acquisition and sale of investments for unit-linked life insurance	**51**	–134
Other	**–582**	–61
II. Cash flows from investing activities	**–3,110**	–3,367
Inflows from increases in capital	**–**	–
Dividend payments	**–468**	–295
Change from other financing activities	**–1,456**	–488
III. Cash flows from financing activities	**–1,924**	–783
Cash flows for the reporting period (I+II+III)	**606**	965
Effects of exchange rate changes on cash	**21**	3
Cash at the beginning of the business year	**2,027**	1,884
Cash at the end of the reporting period	**2,654**	2,852
Additional information		
Taxes on income (net)	**289**	417
Interest paid	**375**	438

Segment reporting

Assets	Reinsurance			
	Life and health		Property-casualty	
	30.9.2005 €m	31.12.2004 €m	30.9.2005 €m	31.12.2004 €m
A. Intangible assets	259	239	1,339	1,206
B. Investments				
I. Real estate	692	731	780	928
II. Investments in affiliated enterprises and associated enterprises	3,610	3,449	3,956	3,842
III. Loans	309	244	322	258
IV. Other securities				
1. Held to maturity	–	–	–	–
2. Available for sale	21,531	19,603	33,154	30,180
3. Held for trading	145	54	701	61
	21,676	19,657	33,855	30,241
V. Other investments	9,597	9,949	11,119	11,890
	35,884	34,030	50,032	47,159
C. Investments for the benefit of life insurance policyholders who bear the investment risk	–	–	–	–
D. Ceded share of underwriting provisions	1,674	1,403	3,924	3,483
E. Other segment assets	5,272	4,720	9,234	9,173
Total segment assets	43,089	40,392	64,529	61,021

Primary insurance				Asset management		Consolidation		Total	
Life and health		Property-casualty							
30.9.2005 €m	31.12.2004 €m	**30.9.2005 €m**	31.12.2004 €m	**30.9.2005 €m**	31.12.2004 €m	**30.9.2005 €m**	31.12.2004 €m	**30.9.2005 €m**	31.12.2004 €m
1,917	1,961	**962**	1,014	**6**	5	**–27**	–38	**4,456**	4,387
5,080	6,642	**190**	710	**28**	43	**–1**	–8	**6,769**	9,046
2,728	3,009	**3,449**	3,361	**111**	119	**–9,988**	–9,897	**3,866**	3,883
26,518	20,893	**1,410**	1,011	**159**	185	**–2,364**	–2,281	**26,354**	20,310
476	518	**14**	44	**–**	–	**–**	–	**490**	562
68,598	68,613	**6,586**	6,532	**32**	28	**–31**	–	**129,870**	124,956
761	247	**312**	295	**–**	–	**–**	–	**1,919**	657
69,835	69,378	**6,912**	6,871	**32**	28	**–31**	–	**132,279**	126,175
761	1,597	**407**	390	**904**	373	**–6,861**	–6,800	**15,927**	17,399
104,922	101,519	**12,368**	12,343	**1,234**	748	**–19,245**	–18,986	**185,195**	176,813
1,415	1,319	**–**	–	**–**	–	**–**	–	**1,415**	1,319
9,035	8,756	**1,728**	1,529	**–**	–	**–8,551**	–8,207	**7,810**	6,964
11,907	10,001	**3,701**	2,801	**234**	183	**–2,083**	–1,570	**28,265**	25,308
129,196	**123,556**	**18,759**	**17,687**	**1,474**	**936**	**–29,906**	**–28,801**	**227,141**	**214,791**

Segment reporting

Equity and liabilities	Reinsurance			
	Life and health		Property-casualty	
	30.9.2005 €m	31.12.2004 €m	**30.9.2005 €m**	31.12.2004 €m
A. Subordinated liabilities	**1,474**	1,453	**1,584**	1,587
B. Gross underwriting provisions				
I. Unearned premiums	**224**	230	**5,071**	4,571
II. Provision for future policy benefits	**18,837**	19,468	**696**	642
III. Provision for outstanding claims	**5,457**	5,238	**36,833**	31,988
IV. Other underwriting provisions	**839**	722	**282**	214
	25,357	25,658	**42,882**	37,415
C. Gross underwriting provisions for life insurance policies where the investment risk is borne by the policyholders	**–**	–	**–**	–
D. Other accrued liabilities	**457**	300	**873**	785
E. Other segment liabilities	**3,741**	3,154	**8,025**	9,337
Total segment liabilities	**31,029**	**30,565**	**53,364**	**49,124**

	Primary insurance				Asset management		Consolidation		Total	
	Life and health		Property-casualty							
	30.9.2005 €m	31.12.2004 €m	**30.9.2005 €m**	31.12.2004 €m	**30.9.2005 €m**	31.12.2004 €m	**30.9.2005 €m**	31.12.2004 €m	**30.9.2005 €m**	31.12.2004 €m
	64	–	**363**	353	**–**	–	**–74**	–	**3,411**	3,393
	102	79	**1,504**	1,208	**–**	–	**–320**	–214	**6,581**	5,874
	90,751	88,155	**346**	278	**–**	–	**–6,745**	–6,617	**103,885**	101,926
	2,065	2,010	**4,753**	4,637	**–**	–	**–1,057**	–1,034	**48,051**	42,839
	11,137	8,604	**108**	108	**–**	–	**–329**	–324	**12,037**	9,324
	104,055	98,848	**6,711**	6,231	**–**	–	**–8,451**	–8,189	**170,554**	159,963
	1,423	1,343	**–**	–	**–**	–	**–**	–15	**1,423**	1,328
	1,018	1,024	**1,411**	1,287	**59**	84	**–30**	–30	**3,788**	3,450
	17,906	17,642	**5,304**	5,224	**1,326**	773	**–11,022**	–10,210	**25,280**	25,920
	124,466	**118,857**	**13,789**	**13,095**	**1,385**	**857**	**–19,577**	**–18,444**	**204,456**	**194,054**
							Shareholders' equity		**22,685**	**20,737**
							Total equity and liabilities		**227,141**	**214,791**

Segment reporting

Income statement **1.1–30.9.2005**	Reinsurance			
	Life and health		Property-casualty	
	Q1–3 2005 **€m**	Q1–3 2004 (adjusted)* €m	**Q1–3 2005** **€m**	Q1–3 2004 (adjusted)* €m
1. Gross premiums written	**5,836**	5,739	**10,903**	11,739
Thereof:				
– From insurance transactions with other segments	**673**	732	**709**	759
– From insurance transactions with external third parties	**5,163**	5,007	**10,194**	10,980
2. Net earned premiums	**5,463**	5,429	**10,029**	10,957
3. Investment result	**1,440**	994	**2,197**	1,466
Thereof:				
– Income from associated enterprises	**12**	9	**75**	57
4. Other income	**196**	113	**363**	302
Total income (2–4)	**7,099**	6,536	**12,589**	12,725
5. Net expenses for claims and benefits	**4,365**	4,739	**8,174**	7,858
6. Net operating expenses	**1,608**	1,206	**2,792**	2,970
7. Other expenses	**197**	80	**402**	235
Total expenses (5–7)	**6,170**	6,025	**11,368**	11,063
8. Result before amortisation of goodwill	**929**	511	**1,221**	1,662
9. Amortisation of goodwill	**–**	1	**–**	70
10. Operating result	**929**	510	**1,221**	1,592
11. Finance costs	**63**	80	**164**	194
12. Taxes on income	**184**	96	**712**	340
13. Consolidated result	**682**	334	**345**	1,058
Thereof:				
– Attributable to Munich Re shareholders	**682**	334	**345**	1,053
– Attributable to minority interests	**–**	–	**–**	5

*Adjusted owing to first-time application of IAS 1 (rev. 2003).

Primary insurance				Asset management		Consolidation		Total	
Life and health		Property-casualty							
Q1–3 2005 €m	Q1–3 2004 (adjusted)* €m	Q1–3 2005 €m	Q1–3 2004 (adjusted)* €m	Q1–3 2005 €m	Q1–3 2004 (adjusted)* €m	Q1–3 2005 €m	Q1–3 2004 (adjusted)* €m	Q1–3 2005 €m	Q1–3 2004 (adjusted)* €m
9,104	8,794	4,181	4,171	–	–	–1,399	–1,511	28,625	28,932
1	2	16	18	–	–	–1,399	–1,511	–	–
9,103	8,792	4,165	4,153	–	–	–	–	28,625	28,932
8,278	7,876	3,034	2,954	–	–	–	–	26,804	27,216
4,020	3,004	494	298	25	37	–124	–69	8,052	5,730
55	60	24	–	–6	5	–	–	160	131
642	502	575	558	193	171	–859	–800	1,110	846
12,940	11,382	4,103	3,810	218	208	–983	–869	35,966	33,792
10,737	9,439	1,864	1,780	–	–	–19	–	25,121	23,816
1,247	1,141	1,036	991	–	–	–2	–6	6,681	6,302
681	566	687	710	173	159	–859	–837	1,281	913
12,665	11,146	3,587	3,481	173	159	–880	–843	33,083	31,031
275	236	516	329	45	49	–103	–26	2,883	2,761
–	62	4	39	–	–	–	–	4	172
275	174	512	290	45	49	–103	–26	2,879	2,589
2	3	62	49	2	–	–3	–3	290	323
136	104	130	125	24	20	20	3	1,206	688
137	67	320	116	19	29	–120	–26	1,383	1,578
108	45	295	90	21	27	–119	–22	1,332	1,527
29	22	25	26	–2	2	–1	–4	51	51

Segment reporting

Income statement 1.7–30.9.2005	Reinsurance			
	Life and health		Property-casualty	
	Q3 2005 **€m**	Q3 2004 (adjusted)* €m	**Q3 2005** **€m**	Q3 2004 (adjusted)* €m
1. Gross premiums written	**1,929**	1,832	**3,577**	3,715
Thereof:				
– From insurance transactions with other segments	**201**	226	**179**	153
– From insurance transactions with external third parties	**1,728**	1,606	**3,398**	3,562
2. Net earned premiums	**1,770**	1,785	**3,420**	3,576
3. Investment result	**515**	297	**943**	458
Thereof:				
– Income from associated enterprises	**4**	–1	**20**	11
4. Other income	**50**	61	**89**	138
Total income (2–4)	**2,335**	2,143	**4,452**	4,172
5. Net expenses for claims and benefits	**1,370**	1,532	**3,450**	2,826
6. Net operating expenses	**564**	396	**913**	995
7. Other expenses	**55**	45	**122**	121
Total expenses (5–7)	**1,989**	1,973	**4,485**	3,942
8. Result before amortisation of goodwill	**346**	170	**–33**	230
9. Amortisation of goodwill	**–**	1	**–**	24
10. Operating result	**346**	169	**–33**	206
11. Finance costs	**17**	26	**48**	62
12. Taxes on income	**41**	2	**–137**	–9
13. Consolidated result	**288**	**141**	**56**	**153**
Thereof:				
– Attributable to Munich Re shareholders	**288**	**141**	**56**	**153**
– Attributable to minority interests	**–**	**–**	**–**	**–**

*Adjusted owing to first-time application of IAS 1 (rev. 2003).

Primary insurance				Asset management		Consolidation		Total	
Life and health		Property-casualty							
Q3 2005 €m	Q3 2004 (adjusted)* €m	**Q3 2005 €m**	Q3 2004 (adjusted)* €m	**Q3 2005 €m**	Q3 2004 (adjusted)* €m	**Q3 2005 €m**	Q3 2004 (adjusted)* €m	**Q3 2005 €m**	Q3 2004 (adjusted)* €m
2,944	2,929	**1,181**	1,166	**–**	–	**–386**	–386	**9,245**	9,256
–	–	**6**	7	**–**	–	**–386**	–386	**–**	–
2,944	2,929	**1,175**	1,159	**–**	–	**–**	–	**9,245**	9,256
2,707	2,673	**1,037**	1,021	**–**	–	**–**	–	**8,934**	9,055
1,436	827	**162**	90	**9**	10	**13**	–15	**3,078**	1,667
–35	18	**10**	–3	**1**	–1	**–**	–	**–**	24
220	125	**203**	143	**65**	54	**–311**	–258	**316**	263
4,363	3,625	**1,402**	1,254	**74**	64	**–298**	–273	**12,328**	10,985
3,676	3,052	**653**	598	**–**	–	**8**	–	**9,157**	8,008
337	380	**332**	330	**–**	–	**–1**	–4	**2,145**	2,097
239	156	**230**	186	**56**	51	**–329**	–268	**373**	291
4,252	3,588	**1,215**	1,114	**56**	51	**–322**	–272	**11,675**	10,396
111	37	**187**	140	**18**	13	**24**	–1	**653**	589
–	19	**–**	7	**–**	–	**–**	–	**–**	51
111	18	**187**	133	**18**	13	**24**	–1	**653**	538
1	1	**21**	16	**1**	–	**–2**	–1	**86**	104
78	6	**61**	42	**7**	6	**4**	1	**54**	48
32	**11**	**105**	**75**	**10**	**7**	**22**	**–1**	**513**	**386**
17	**1**	**97**	**63**	**10**	**7**	**24**	**–**	**492**	**365**
15	**10**	**8**	**12**	**–**	**–**	**–2**	**–1**	**21**	**21**

Segment reporting

Investments*	Reinsurance		Primary insurance		Asset management		Total	
	30.9.2005 €m	31.12.2004 €m	30.9.2005 €m	31.12.2004 €m	30.9.2005 €m	31.12.2004 €m	30.9.2005 €m	31.12.2004 €m
Europe	42,288	43,074	110,243	106,802	1,013	515	153,544	150,391
North America	25,884	21,540	1,466	1,669	46	38	27,396	23,247
Asia and Australasia	3,028	2,517	820	625	4	3	3,852	3,145
Africa, Near and Middle East	693	595	78	119	–	–	771	714
Latin America	799	485	240	142	8	8	1,047	635
Total	72,692	68,211	112,847	109,357	1,071	564	186,610	178,132

*After elimination of intra-Group transactions across segments.

Gross premiums written*	Reinsurance		Primary insurance		Total	
	Q1–3 2005 €m	Q1–3 2004 €m	Q1–3 2005 €m	Q1–3 2004 €m	Q1–3 2005 €m	Q1–3 2004 €m
Europe	7,702	8,515	13,096	12,751	20,798	21,266
North America	5,051	5,488	85	65	5,136	5,553
Asia and Australasia	1,448	1,126	43	56	1,491	1,182
Africa, Near and Middle East	495	494	39	69	534	563
Latin America	661	364	5	4	666	368
Total	15,357	15,987	13,268	12,945	28,625	28,932

*After elimination of intra-Group transactions across segments.

Gross premiums written*	Reinsurance		Primary insurance		Total	
	Q3 2005 €m	Q3 2004 €m	Q3 2005 €m	Q3 2004 €m	Q3 2005 €m	Q3 2004 €m
Europe	2,312	2,550	4,070	4,069	6,382	6,619
North America	1,739	1,955	32	2	1,771	1,957
Asia and Australasia	510	399	–	2	510	401
Africa, Near and Middle East	162	140	14	15	176	155
Latin America	403	124	3	–	406	124
Total	5,126	5,168	4,119	4,088	9,245	9,256

*After elimination of intra-Group transactions across segments.

Notes

Recognition and measurement

This quarterly report as at 30 September 2005 has been prepared in accordance with International Financial Reporting Standards.

In the quarterly financial statements, we have complied with all new and amended IFRS standards whose application is compulsory for the first time for periods beginning on 1 January 2005. The following changes are of significance in this context:

IAS 1, Presentation of Financial Statements, stipulates that for periods beginning on or after 1 January 2005, minority interests have to be shown in the income statement not as expenses before the consolidated result but as appropriation of profit after the consolidated result. Correspondingly, minority interests in the balance sheet have to be shown as part of shareholders' equity.

In order to provide a better insight into our operating result, we show finance costs separately in the income statement for periods beginning on or after 1 January 2005. By finance costs we understand all interest and other expenses attributable to strategic debt. Debt has a strategic character for us if it does not have an original, direct link with our underwriting business. The previous year's figures have been adjusted accordingly.

Under IFRS 2, Share-based Payment, obligations arising out of our long-term incentive plans (stock appreciation rights) have to be measured at fair value for periods beginning on or after 1 January 2005. Up to now, these obligations have been measured at their intrinsic value (difference between current share price and initial share price for the stock appreciation rights). The fair value takes into account not only the intrinsic value but also the possibility of growth in value up to the date of forfeiture or expiry of the rights and is determined on the basis of recognised valuation models, taking into account the exercise conditions. During the two-year vesting period, the amount to be reserved is measured pro rata temporis.

The changeover to fair value requires a one-off adjustment of €11.5m in the provisions concerned, which has been recognised in income in the business year.

Under the new IFRS 3, Business Combinations, and the updated IAS 36, Impairment of Assets, amortisation of goodwill on a straight-line basis has to be discontinued. Instead, the goodwill must be tested for impairment, i.e. the carrying amount of goodwill is compared with the recoverable amount and written down for impairment if necessary.

The amended rules of IAS 16, Property, Plant and Equipment, regarding the calculation of depreciation (component approach) have been taken into account in valuing developed real estate.

The first-time application of other new or amended IFRS standards, particularly IFRS 4, Insurance Contracts, has had no material impact.

The financial statements include adjustments of –€35.3m to the revenue reserves, made in accordance with IAS 8 as a result of a change in valuation methods to improve presentation.

Otherwise, the same principles of recognition, measurement and consolidation have been applied as in our consolidated financial statements as at 31 December 2004.

Changes in the consolidated group

There were no significant changes in the group of consolidated companies in the first nine months of 2005.

Foreign currency translation

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

	Balance sheet		Income statement					
Currency translation	**30.9.2005**	31.12.2004	**Q3 2005**	Q2 2005	Q1 2005	Q3 2004	Q2 2004	Q1 2004
Australian dollar	**1.57880**	1.73395	**1.60501**	1.63782	1.68700	1.72222	1.68814	1.63427
Canadian dollar	**1.39925**	1.62860	**1.46595**	1.56661	1.60773	1.59919	1.63748	1.64815
Pound sterling	**0.68150**	0.70795	**0.68331**	0.67843	0.69373	0.67228	0.66688	0.68042
Rand	**7.66515**	7.65770	**7.93395**	8.07194	7.87516	7.79333	7.93235	8.46186
Swiss franc	**1.55435**	1.54565	**1.55348**	1.54375	1.54902	1.53623	1.53775	1.56825
US dollar	**1.20565**	1.35925	**1.21973**	1.25887	1.31156	1.22233	1.20494	1.25018
Yen	**136.6480**	139.2820	**135.6200**	135.3510	137.0570	134.3640	132.1350	134.0120

Intangible assets

All figures in €m	30.9.2005	31.12.2004
I. Goodwill	3,277	3,144
II. Other intangible assets	1,179	1,243
– Software	434	461
– Purchased insurance portfolios	676	708
– Other	69	74
Total	4,456	4,387

Other securities – Available for sale

	Carrying amounts		Unrealised gains/losses		Amortised cost	
All figures in €m	30.9.2005	31.12.2004	30.9.2005	31.12.2004	30.9.2005	31.12.2004
Fixed-interest securities	106,318	102,270	4,862	3,764	101,456	98,506
Non-fixed-interest securities						
– Shares	20,789	19,950	5,536	4,342	15,253	15,608
– Investment funds	1,920	1,743	342	168	1,578	1,575
– Other	843	993	119	166	724	827
	23,552	22,686	5,997	4,676	17,555	18,010
Total	129,870	124,956	10,859	8,440	119,011	116,516

Minority interests

These are mainly minority interests in the ERGO Insurance Group.

All figures in €m	30.9.2005	31.12.2004
Unrealised gains and losses	107	87
Consolidated result	51	59
Other equity components	383	395
Total	541	541

Subordinated liabilities

All figures in €m	30.9.2005	31.12.2004
Munich Re Finance B.V., Amsterdam 6.75%, €3,000m, Bonds 2003/2023 S&P rating: A–	2,974	2,973
Munich Re Finance B.V., Amsterdam 7.625%, £300m, Bonds 2003/2028 S&P rating: A–	437	420
Total	3,411	3,393

Notes and debentures

All figures in €m	30.9.2005	31.12.2004
American Re Corporation, Princeton 7.45%, US$ 500m, Senior Notes 1996/2026 S&P rating: BBB	414	367
ERGO International AG, Düsseldorf 2.25%, €345m, Bonds Exchangeable into E.ON AG Shares 2001/2006 0.75%, €345m, Bonds Exchangeable into Sanofi-Aventis S.A. Shares 2001/2006 S&P rating: A–	668	652
Munich Reinsurance Company, Munich 1.0%, €1,150m, Bonds Exchangeable into Allianz AG Shares 2000/2005 S&P rating: A+	–	1,223
Total	**1,082**	**2,242**

Munich Reinsurance Company's exchangeable bonds were redeemed in June 2005.

Net earned premiums

	Reinsurance				Primary insurance				Total	
All figures in €m*	Life and health		Property-casualty		Life and health		Property-casualty			
	Q1–3 2005	Q1–3 2004	Q1–3 2005	Q1–3 2004	Q1–3 2005	Q1–3 2004	Q1–3 2005	Q1–3 2004	Q1–3 2005	Q1–3 2004
Gross premiums written	5,163	5,007	10,194	10,980	9,103	8,792	4,165	4,153	28,625	28,932
Ceded premiums	389	266	761	686	128	156	237	241	1,515	1,349
Change in unearned premiums	–20	36	5	15	21	20	300	296	306	367
Net earned premiums	4,794	4,705	9,428	10,279	8,954	8,616	3,628	3,616	26,804	27,216

*After elimination of intra-Group transactions across segments.

	Reinsurance				Primary insurance				Total	
All figures in €m*	Life and health		Property-casualty		Life and health		Property-casualty			
	Q3 2005	Q3 2004	Q3 2005	Q3 2004	Q3 2005	Q3 2004	Q3 2005	Q3 2004	Q3 2005	Q3 2004
Gross premiums written	1,728	1,606	3,398	3,562	2,944	2,929	1,175	1,159	9,245	9,256
Ceded premiums	185	75	246	258	44	37	60	64	535	434
Change in unearned premiums	–26	–30	–82	–42	–10	–10	–106	–151	–224	–233
Net earned premiums	1,569	1,561	3,234	3,346	2,910	2,902	1,221	1,246	8,934	9,055

*After elimination of intra-Group transactions across segments.

Investment result

	Reinsurance				Primary insurance				Asset management		Total	
	Life and health		Property-casualty		Life and health		Property-casualty					
All figures in €m*	**Q1–3 2005**	Q1–3 2004	**Q1–3 2005**	Q1–3 2004	**Q1–3 2005**	Q1–3 2004	**Q1–3 2005**	Q1–3 2004	**Q1–3 2005**	Q1–3 2004	**Q1–3 2005**	Q1–3 2004
Real estate	**14**	–10	**46**	–40	**187**	25	**4**	11	**1**	–	**252**	–14
Investments in affiliated enterprises	**–**	–	**1**	–1	**1**	–30	**15**	4	**–2**	–	**15**	–27
Investments in associated enterprises	**12**	9	**75**	57	**55**	60	**24**	–	**–6**	5	**160**	131
Loans	**2**	2	**2**	4	**883**	721	**32**	21	**1**	1	**920**	749
Other securities held to maturity	**–**	–	**–**	–	**21**	26	**1**	1	**–**	–	**22**	27
Other securities available for sale												
– Fixed-interest	**585**	481	**962**	836	**2,140**	2,151	**176**	160	**1**	1	**3,864**	3,629
– Non-fixed-interest	**278**	110	**1,011**	550	**1,169**	558	**213**	106	**2**	2	**2,673**	1,326
Other securities held for trading												
– Fixed-interest	**–**	–	**8**	2	**5**	2	**7**	–7	**–**	–	**20**	–3
– Non-fixed-interest	**–**	–	**–**	–	**1**	1	**–**	–	**–**	–	**1**	1
– Derivatives	**7**	–4	**32**	–15	**–97**	32	**–3**	–4	**–**	–	**–61**	9
Other investments	**374**	307	**53**	80	**80**	–143	**6**	3	**24**	26	**537**	273
Expenses for the management of investments, other expenses	**26**	20	**104**	103	**199**	226	**22**	19	**–**	3	**351**	371
Total	**1,246**	**875**	**2,086**	**1,370**	**4,246**	**3,177**	**453**	**276**	**21**	**32**	**8,052**	**5,730**

*After elimination of intra-Group transactions across segments.

	Reinsurance				Primary insurance				Asset management		Total	
	Life and health		Property-casualty		Life and health		Property-casualty					
All figures in €m*	**Q3 2005**	Q3 2004	**Q3 2005**	Q3 2004	**Q3 2005**	Q3 2004	**Q3 2005**	Q3 2004	**Q3 2005**	Q3 2004	**Q3 2005**	Q3 2004
Real estate	**4**	–25	**20**	–95	**106**	–182	**4**	–9	**1**	–	**135**	–311
Investments in affiliated enterprises	**–**	–	**–**	–	**–3**	–	**16**	1	**–2**	–	**11**	1
Investments in associated enterprises	**4**	–1	**20**	11	**–35**	18	**10**	–3	**1**	–1	**–**	24
Loans	**1**	1	**–**	–	**272**	278	**11**	7	**1**	1	**285**	287
Other securities held to maturity	**–1**	–	**–**	–	**7**	8	**–**	–	**–**	–	**6**	8
Other securities available for sale												
– Fixed-interest	**114**	79	**434**	387	**698**	790	**54**	51	**1**	–	**1,301**	1,307
– Non-fixed-interest	**144**	14	**585**	199	**525**	24	**76**	43	**2**	1	**1,332**	281
Other securities held for trading												
– Fixed-interest	**–**	–	**6**	–	**2**	3	**5**	2	**–**	–	**13**	5
– Non-fixed-interest	**–**	–	**–**	–	**1**	1	**–**	–	**–**	–	**1**	1
– Derivatives	**–7**	1	**–16**	4	**–5**	87	**–2**	–2	**–**	–	**–30**	90
Other investments	**79**	163	**20**	42	**46**	–115	**–**	2	**4**	9	**149**	101
Expenses for the management of investments, other expenses	**7**	4	**37**	38	**68**	79	**13**	7	**–**	–1	**125**	127
Total	**331**	**228**	**1,032**	**510**	**1,546**	**833**	**161**	**85**	**8**	**11**	**3,078**	**1,667**

*After elimination of intra-Group transactions across segments.

All figures in €m*	Reinsurance				Primary insurance				Asset management		Total	
	Life and health		Property-casualty		Life and health		Property-casualty					
	Q1–3 2005	Q1–3 2004	**Q1–3 2005**	Q1–3 2004	**Q1–3 2005**	Q1–3 2004	**Q1–3 2005**	Q1–3 2004	**Q1–3 2005**	Q1–3 2004	**Q1–3 2005**	Q1–3 2004
Investment income												
Regular income	**1,007**	855	**1,248**	1,251	**3,331**	3,348	**279**	272	**36**	32	**5,901**	5,758
Income from write-ups	**34**	12	**121**	67	**197**	137	**2**	7	**–**	–	**354**	223
Gains on the disposal of investments	**327**	133	**1,197**	710	**1,541**	1,166	**250**	152	**2**	7	**3,317**	2,168
Other income	**–**	12	**–**	–	**151**	34	**–**	–	**–**	–	**151**	46
	1,368	1,012	**2,566**	2,028	**5,220**	4,685	**531**	431	**38**	39	**9,723**	8,195
Investment expenses												
Writedowns on investments	**39**	50	**157**	323	**489**	577	**20**	60	**1**	–	**706**	1,010
Losses on the disposal of investments	**32**	43	**129**	182	**190**	488	**34**	72	**11**	–	**396**	785
Management expenses, interest expenses and other expenses	**51**	44	**194**	153	**295**	443	**24**	23	**5**	7	**569**	670
	122	137	**480**	658	**974**	1,508	**78**	155	**17**	7	**1,671**	2,465
Total	**1,246**	**875**	**2,086**	**1,370**	**4,246**	**3,177**	**453**	**276**	**21**	**32**	**8,052**	**5,730**

*After elimination of intra-Group transactions across segments.

All figures in €m*	Reinsurance				Primary insurance				Asset management		Total	
	Life and health		Property-casualty		Life and health		Property-casualty					
	Q3 2005	Q3 2004	**Q3 2005**	Q3 2004	**Q3 2005**	Q3 2004	**Q3 2005**	Q3 2004	**Q3 2005**	Q3 2004	**Q3 2005**	Q3 2004
Investment income												
Regular income	**206**	217	**510**	500	**1,063**	1,085	**87**	77	**11**	10	**1,877**	1,889
Income from write-ups	**2**	4	**13**	37	**109**	73	**–**	2	**–**	–	**124**	116
Gains on the disposal of investments	**163**	25	**665**	272	**595**	425	**107**	71	**2**	1	**1,532**	794
Other income	**–**	12	**–**	–	**62**	–	**–**	–	**–**	–	**62**	12
	371	258	**1,188**	809	**1,829**	1,583	**194**	150	**13**	11	**3,595**	2,811
Investment expenses												
Writedowns on investments	**11**	30	**43**	202	**137**	415	**3**	26	**1**	–	**195**	673
Losses on the disposal of investments	**7**	–	**40**	49	**52**	135	**17**	29	**2**	–	**118**	213
Management expenses, interest expenses and other expenses	**22**	–	**73**	48	**94**	200	**13**	10	**2**	–	**204**	258
	40	30	**156**	299	**283**	750	**33**	65	**5**	–	**517**	1,144
Total	**331**	**228**	**1,032**	**510**	**1,546**	**833**	**161**	**85**	**8**	**11**	**3,078**	**1,667**

*After elimination of intra-Group transactions across segments.

Net expenses for claims and benefits

All figures in €m*	Reinsurance Life and health Q1–3 2005	Reinsurance Life and health Q1–3 2004	Reinsurance Property-casualty Q1–3 2005	Reinsurance Property-casualty Q1–3 2004	Primary insurance Life and health Q1–3 2005	Primary insurance Life and health Q1–3 2004	Primary insurance Property-casualty Q1–3 2005	Primary insurance Property-casualty Q1–3 2004	Total Q1–3 2005	Total Q1–3 2004
Gross	4,001	4,012	8,556	7,794	11,537	10,466	2,519	2,239	26,613	24,511
Ceded share	304	153	798	322	137	144	253	76	1,492	695
Net	3,697	3,859	7,758	7,472	11,400	10,322	2,266	2,163	25,121	23,816

*After elimination of intra-Group transactions across segments.

All figures in €m*	Reinsurance Life and health Q3 2005	Reinsurance Life and health Q3 2004	Reinsurance Property-casualty Q3 2005	Reinsurance Property-casualty Q3 2004	Primary insurance Life and health Q3 2005	Primary insurance Life and health Q3 2004	Primary insurance Property-casualty Q3 2005	Primary insurance Property-casualty Q3 2004	Total Q3 2005	Total Q3 2004
Gross	1,334	1,319	3,732	2,789	3,935	3,331	979	725	9,980	8,164
Ceded share	161	48	440	83	47	19	175	6	823	156
Net	1,173	1,271	3,292	2,706	3,888	3,312	804	719	9,157	8,008

*After elimination of intra-Group transactions across segments.

Net operating expenses

All figures in €m*	Reinsurance Life and health Q1–3 2005	Reinsurance Life and health Q1–3 2004	Reinsurance Property-casualty Q1–3 2005	Reinsurance Property-casualty Q1–3 2004	Primary insurance Life and health Q1–3 2005	Primary insurance Life and health Q1–3 2004	Primary insurance Property-casualty Q1–3 2005	Primary insurance Property-casualty Q1–3 2004	Total Q1–3 2005	Total Q1–3 2004
Gross	1,535	1,240	2,787	2,891	1,467	1,303	1,251	1,240	7,040	6,674
Ceded share	123	138	188	146	17	51	31	37	359	372
Net	1,412	1,102	2,599	2,745	1,450	1,252	1,220	1,203	6,681	6,302

*After elimination of intra-Group transactions across segments.

All figures in €m*	Reinsurance Life and health Q3 2005	Reinsurance Life and health Q3 2004	Reinsurance Property-casualty Q3 2005	Reinsurance Property-casualty Q3 2004	Primary insurance Life and health Q3 2005	Primary insurance Life and health Q3 2004	Primary insurance Property-casualty Q3 2005	Primary insurance Property-casualty Q3 2004	Total Q3 2005	Total Q3 2004
Gross	564	401	912	973	438	429	389	420	2,303	2,223
Ceded share	74	11	49	53	22	43	13	19	158	126
Net	490	390	863	920	416	386	376	401	2,145	2,097

*After elimination of intra-Group transactions across segments.

Number of staff
The number of staff employed by the Group as at 30 September 2005 totalled 29,455 (29,851) in Germany and 10,951 (11,111) in other countries.

	30.9.2005	31.12.2004
Reinsurance companies	6,753	6,612
Primary insurance companies	32,969	33,703
Asset management	684	647
Total	**40,406**	**40,962**

Contingent liabilities, other financial commitments
In comparison with the situation at 31 December 2004 there have been no material changes in financial commitments of significance for the assessment of the Group's financial position. No contingent liabilities have been entered into for the benefit of Board members.

Earnings per share
The earnings per share figure is calculated by dividing the consolidated net income for the reporting period by the weighted average number of shares.

Events after the balance sheet date
On 5 October 2005, the governing bodies of our Group companies holding HVB shares accepted UniCredit's offer to HVB shareholders to exchange each HVB share for five UniCredit shares. On completion of the exchange offer, the Munich Re Group's stake in UniCredit would be between 6.5% and 7.0% as things stand at present, approximately half of which will be held by Munich Re and half by companies of the ERGO Insurance Group.

At the beginning of October, Munich Re and Württembergische Leben agreed on the sale of the Karlsruher Insurance Group. The sale is subject to the approval of the regulatory authorities.

In the second half of October, Hurricane Wilma caused heavy losses in Central and North America, which will probably impact us with an amount of US$ 400m.

Earnings per share		Q1–3 2005	Q1–3 2004	Q3 2005	Q3 2004
Consolidated result attributable to Munich Re shareholders	€m	1,332	1,527	492	365
Weighted average number of shares		228,287,183	228,802,101	227,992,836	228,586,159
Earnings per share	€	**5.83**	**6.68**	**2.16**	**1.60**

Important dates

13 March 2006	Balance sheet meeting of the Supervisory Board
14 March 2006	Annual report for the business year 2005
14 March 2006	Press conference
15 March 2006	Analysts' conference
19 April 2006	Annual General Meeting
9 May 2006	Interim report at 31 March 2006
3 August 2006	Interim report at 30 June 2006
7 November 2006	Interim report at 30 September 2006

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

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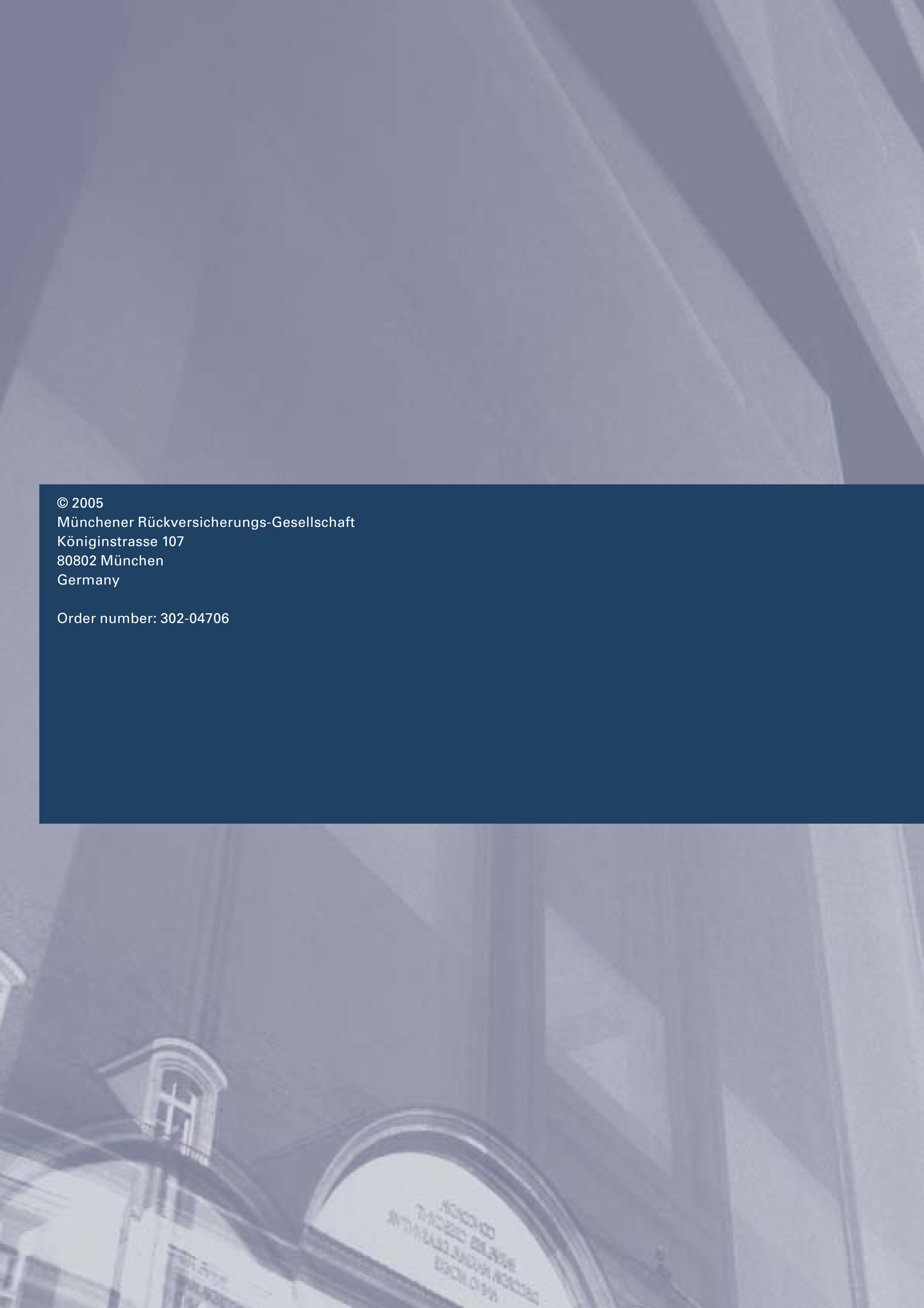

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