Munich RE

MUNICH RE
QUARTERLY REPORT
1/2010

Supervisory Board

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(Chairman)

Board of Management

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(Chairman)
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Dr. Joachim Wenning

Key figures (IFRS)[1]

Munich Re (Group)		Q1 2010	Q1 2009	Change
				%
Gross premiums written	€m	11,657	10,367	12.4
Technical result	€m	138	540	–74.4
Investment result	€m	2,460	1,367	80.0
Operating result	€m	770	736	4.6
Taxes on income	€m	73	256	–71.5
Consolidated result	€m	485	437	11.0
Thereof attributable to minority interests	€m	3	4	–25.0
Earnings per share	€	2.54	2.22	14.4
Combined ratio				
Reinsurance property-casualty	%	109.2	97.3	
Primary insurance property-casualty	%	98.7	96.3	

		31.3.2010	31.12.2009	Change
				%
Investments	€m	187,768	182,175	3.1
Equity	€m	23,190	22,278	4.1
Net technical provisions	€m	169,136	163,934	3.2
Employees		47,017	47,249	–0.5
Share price	€	120.15	108.67	10.6
Munich Reinsurance Company's market capitalisation[2]	€bn	23.7	21.5	10.6

[1] Previous year's figures adjusted owing to first-time recognition of Munich Health as a separate segment (see "Recognition and measurement") and to IFRS 3.62 and IAS 8.
[2] This includes own shares earmarked for retirement.

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To our shareholders

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

Dear Shareholders,

Economic growth and key economic indicators such as incoming orders, business sentiment and consumer confidence stabilised further in the first quarter of 2010. It is to be hoped that this recovery is sustainable. All around the world, the economy and financial markets continue to be supported by extraordinarily expansive monetary and fiscal policy. Munich Re is monitoring this development closely, but above all we are concentrating on our core business as a risk carrier, where our financial strength was in great demand in the first few months of this year.

Exceptionally severe natural catastrophes occurred in the reporting period. Winter Storm Xynthia, which swept across Europe in late February, and the earthquake in Chile alone impacted Munich Re with a gross loss of almost €600m. In human terms, the major earthquake in Haiti in early January was particularly tragic; in terms of the number of victims, this was the severest in the history of North and South America. Owing to the low insurance density in Haiti, however, the impact on Munich Re was minimal. In addition, two major hailstorms hit Australia in March. In mid-April, the earth trembled again – this time in China. 2010 will thus clearly be a year with claims expenditure that is at least in line with the medium-term average and possibly even above this. Such major loss events demonstrate our importance as reinsurers and as a dependable partner for the insurance industry and those it insures. Given these heavy burdens, I am once again very satisfied with the result of €485m. In the first quarter, we were able to harvest the fruits of our investment policy of recent months, which bolstered our investment result with gains realised from a partial shift away from fixed-interest securities.

I am also satisfied with our resolve in advancing our integrated business model in the business fields of primary insurance, reinsurance and Munich Health. Since last May, our operations in health reinsurance worldwide and health primary insurance outside Germany have been unified under the Munich Health brand. The results of our newest field of business are included separately in our consolidated figures for the first time in these quarterly financial statements. Clearly, Munich Health is still in its start-up phase, which involves harmonising expansion with the consolidation of what has already been achieved. The important current consolidation also allows us to fine-tune our strategy.

The current year will without doubt still be shaped by the financial crisis and its effects. At present, the Greek debt crisis is keeping the capital markets in suspense. The joint support package agreed on by the International Monetary Fund and the euro member countries was the right decision in order to maintain the stability of the euro as a common currency. Now it is up to Greece to rigorously implement the savings and reform programme decided on. As a globally operating investor, with a very broadly diversified fixed-interest portfolio, we have also invested in Greece. But given the volume of our investment portfolio as a whole, we can absorb this risk.

Altogether, I am very optimistic for Munich Re. We are ideally positioned with our integrated business model, and our risk management has shown itself to be "storm-proof". Our clients and shareholders have been able to depend on us at all times, even in the crisis. That is also reflected in our share price, whose performance since 1 January 2007 (i.e. before the financial crisis hit) up to the end of the first quarter of 2010 bettered the MSCI insurance index significantly. It is particularly pleasing for me that our shareholders will be able to participate directly in the success of our business. We have raised the dividend for the past year to €5.75. Munich Re shares thus have one of the strongest dividends in the DAX, making them an extremely attractive investment in view of lower interest rates. In addition, we concluded our share buy-back programme up to the Annual General Meeting on 28 April as announced. Both of these measures show that we remain a strong and reliable partner.

Yours sincerely,

Nikolaus von Bomhard
Chairman of the Board of Management
of Munich Reinsurance Company

Interim management report

Key parameters

- Continued recovery of the global economy from severe recession, but sustainability uncertain
- Marginal price advances on the US and European stock markets
- Inflation and interest rates still low

The global economy continued to recover in the first quarter of 2010, as reflected in positive growth rates. Last year's monetary and fiscal policy stimuli are still playing a significant role. In addition, indicators for consumer confidence and corporate sentiment have improved worldwide. These positive signals are reinforced by further growth in the volume of world trade. In the emerging economies of Asia, consumer demand is becoming increasingly self-sustaining. Yet both the strength and durability of the economic recovery is still uncertain in many countries. For this reason, the central banks are persisting with their policy of low interest rates. There has generally been only a slight rise in inflation.

According to provisional estimates, the US economy grew by 3.2% in the first quarter of 2010 compared with the fourth quarter of last year. This means there was real growth for the third quarter in succession. Despite this, the unemployment rate remained at a high level of 9.7%, falling on a seasonally adjusted basis by 0.3 percentage points compared with December 2009. In seasonally adjusted terms, consumer prises rose by only 0.3% from the end of December 2009 to the end of March 2010, inflation still being subdued by restrained consumer spending.

The economic recovery in the eurozone, visible since the third quarter of 2009, started to falter in the fourth quarter, with GDP showing no quarter-on-quarter growth. The ifo business climate index for the eurozone rose from 91.0 points in the last quarter to 101.3 points in the first quarter of 2010. New orders in industry fell by 1.6% month on month in January, but increased again by 1.8% in February. A virtually unchanging unemployment rate and only moderately rising consumer prices underlined how fragile the economic recovery appears to be. The uncertainty has been exacerbated by the worsening of the Greek debt crisis.

In Japan, the economic situation stabilised further. Industrial production rose by 4.8% in the first three months of 2010, and the unemployment rate decreased from 5.2% in December 2009 to 5.0% in March 2010. In spite of this, consumer prices fell by 0.3% in the first quarter compared with December 2009.

The robust economic growth in China continued in the first quarter of 2010, with GDP growing in real terms by 11.9% compared with the first quarter of 2009.

In the first quarter, the US and Japanese central banks kept the target rates they had introduced at the end of 2009 at 0–0.25% and 0.1% respectively. The European Central Bank maintained its reference interest rate at 1.0%, to which it had been lowered in May 2009.

The oil price fluctuated within a range of US$ 69.8–81.1 per barrel in the first quarter and stood at US$ 81.0 at the end of March, about the same level as at the beginning of the quarter, but approximately 74% higher than one year before. The euro was unable to maintain its fourth-quarter level, declining from US$ 1.43 to US$ 1.35 at the end of March.

After a short bout of weakness, the stock markets in the USA and Europe continued the upward trend they had begun in March 2009. The Dow Jones closed at 10,857 points on 31 March 2010, having gained 4.1% over the quarter, while the EURO STOXX 50 almost regained its level of the fourth quarter, finishing on 2,931 points. After a temporary downward trend, the Japanese stock market was also able to recapture its previous-quarter level, the Nikkei closing the first quarter at 11,090 points, 5.2% up on the start of the year. At 31 March, yields on ten-year US and German government bonds were slightly lower than at the start of the quarter, standing at 3.83% and 3.09% respectively.

Although the indicators for consumer confidence and corporate sentiment are generally positive, the outlook for 2010 as a whole remains uncertain. The central question is whether the recovery will move from a state-supported to a self-sustaining phase. Rising unemployment could further weaken consumption and investment may only grow at a low rate, as production capacities lie idle. There is also the risk of the economic recovery being disrupted by an escalation of the public debt crisis, especially in Europe, by renewed destabilisation of the financial system, or by undesirable fiscal or monetary policy developments. Steeply rising oil prices cannot be ruled out either, as investments in production capacities have fallen due to the crisis. Another slump or prolonged stagnation of economic growth would harbour the risk of deflation. On the other hand, a stronger-than-expected upswing in the global economy would carry the risk of higher inflation.

Business experience from 1 January to 31 March 2010

Overview

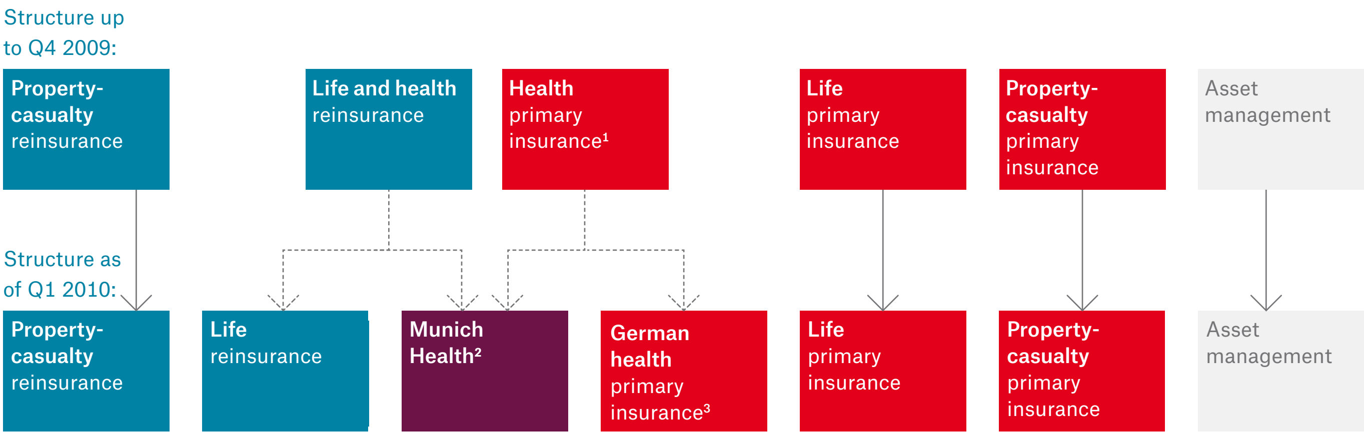
Munich Re's Group-wide business performed satisfactorily in the first quarter of 2010. Gross premium income amounted to €11.7bn (10.4bn), an increase of 12.4%. We recorded an operating result of €770m (736m) for the first three months. The consolidated result for January to March showed a year-on-year rise of 11.0% to €485m (437m). Including the income and expense recognised directly in equity, there was an improvement of €0.9bn compared with the same period last year (see table on page 30). The investment result benefited from the positive development of the markets, rising significantly to €2.5bn or by 80.0% compared with the first quarter of 2009. This represents an annualised return of 5.2% on the average investment portfolio at market values. The annualised return on risk-adjusted capital (RORAC) totalled 10.7%, whilst the return on equity (RoE) amounted to 8.5%.

Our 2009/2010 share buy-back programme, which ran until the Annual General Meeting on 28 April 2010 and had a volume of €1bn, was concluded as planned on 21 April 2010.

Changes regarding segmentation and the division of investment results between segments

As from this year, the business field of Munich Health, which covers our health reinsurance business worldwide and our health primary insurance outside Germany, is being shown for the first time as a separate segment. Munich Health's business was previously disclosed in the segments "life and health reinsurance" and "health primary insurance". Minus the business written by Munich Health, the segment "life and health reinsurance" has become simply "life reinsurance". The health primary insurance segment continues to include our German health insurance business and our travel insurance business. We have adjusted the figures for the previous year accordingly.

Changed segmentation



[1] German and international health primary insurance business.
[2] Health reinsurance business worldwide and health primary insurance business outside Germany.
[3] Health primary insurance business in Germany and travel insurance business.

Munich Health has a broad range of service providers and risk carriers, extending from pure reinsurers and traditional primary insurers to full-range providers of integrated insurance and healthcare services.

The following table shows the subsidiaries previously included under reinsurance or primary insurance that have been allocated to the business field of Munich Health as from this year.

Munich Health at a glance

Reinsurance	Companies that were managed from within reinsurance and are fully allocated to Munich Health
	Munich Health Holding AG, Munich MedNet Holding GmbH, Munich DKV Salute S.p.A., Milan DKV Globality S.A., Luxembourg Sterling Life Insurance Company, Bellingham, Washington Olympic Health Management Systems, Inc., Bellingham, Washington Olympic Health Management Services Inc., Bellingham, Washington Munich Health North America, Inc., Wilmington, Delaware Munich Re America Stop Loss Inc., Andover, Massachusetts Excess Reinsurance, Inc., Providenciales
	Companies that operate in more than one segment and are allocated proportionately to Munich Health
	Munich Reinsurance Company, Munich New Reinsurance Company, Geneva Great Lakes Reinsurance (UK) Plc., London Munich Re of Malta p.l.c., Floriana Munich Reinsurance America, Inc., Wilmington, Delaware American Alternative Insurance Corporation, Wilmington, Delaware
Primary insurance	DKV Luxembourg S.A., Luxembourg DKV BELGIUM S.A., Brussels DKV Seguros y Reaseguros, Sociedad Anónima Española, Saragossa Unión Médica la Fuencisla, S.A., Compañía de Seguros, Saragossa Marina Salud S.A., Alicante ERGO Generales Seguros y Reaseguros, S.A., Madrid ERGO Vida Seguros y Reaseguros, Sociedad Anónima, Saragossa

The assets we hold to cover our technical provisions and other liabilities are not managed separately by field of business. This means that for our reinsurance companies which conduct life, health and property-casualty reinsurance, we have to divide up investment results and investment portfolios that cannot be directly allocated to a particular segment. In those cases where, as reinsurers, we post technical provisions with our clients to collateralise our obligations, the original amounts of the resulting deposits retained and associated interest income are naturally allocated precisely to the respective segment. The same applies to the portfolios and investment income from reinsurance covers for unit-linked annuity insurance with variable guarantees ("GMxB"). For all other portfolios and investment income, we undertake what is inevitably an imprecise division based on an allocation key. We have refined the method employed for this. Up to 2009, with the exception of Munich Reinsurance Company, we divided investment portfolios and investment results on the basis of the amount of the technical provisions. For the division of Munich Reinsurance Company's investment result, certain result components were allocated to the segments directly and then the remainder according to premium volume. As of 2010, we are allocating investment result and investment portfolio according to a key based on the technical provisions. Compared with the previous method, the new approach gives rise to significant result shifts in favour of property-casualty reinsurance.

Reinsurance

- Treaty renewals at 1 January 2010: Consistent profit orientation at the expense of volume
- High combined ratio of 109.2% due to cost burden from major losses
- Investment result of €0.9bn
- Result of €0.4bn

Key reinsurance figures[1]		Q1 2010	Q1 2009
Gross premiums written	€bn	5.9	5.4
Loss ratio property-casualty	%	81.0	68.5
Expense ratio property-casualty	%	28.2	28.8
Combined ratio property-casualty	%	109.2	97.3
Thereof natural catastrophes	Percentage points	20.8	5.6
Technical result	€m	108	320
Investment result	€m	935	875
Operating result	€m	605	857
Consolidated result	€m	424	678
		31.3.2010	31.12.2009
Investments	€bn	79.7	76.8
Net technical provisions	€bn	56.3	53.4

[1] Previous year's figures adjusted owing to first-time recognition of Munich Health as a separate segment (see "Recognition and measurement") and to IFRS 3.62 and IAS 8.

Gross premiums by division
Q1 2010

Life	31% (25%)
Global Clients and North America	26% (28%)
Europe and Latin America	16% (18%)
Special and Financial Risks	15% (14%)
Germany, Asia Pacific and Africa	12% (15%)

The overall performance of reinsurance business in the first quarter of 2010 was satisfactory, as evidenced by the consolidated result of €424m (678m). The operating result decreased to €605m (857m), mainly due to the greater year-on-year burden from major losses, particularly the strong earthquake in Chile, the hailstorms in Australia and Winter Storm Xynthia, each of which had a distinctly negative impact on our result. By contrast, our investment result was good, largely owing to the realisation of gains on the disposal of fixed-interest securities, a product of our successful investment strategy in past months, with temporarily high volumes invested in corporate bonds.

Compared with the same quarter last year, premium volume climbed significantly by 9.7% to €5.9bn (5.4bn). Part of this increase was attributable to the gross premiums written by the Hartford Steam Boiler Group (HSB Group) acquired by Munich Re as at 31 March 2009. The euro fell against most other important currencies in the first quarter of 2010 compared with the same period last year. Without currency translation effects, premium income therefore would have been €71m lower, increasing by an overall 8.4% year on year.

In the life reinsurance segment, our premium income grew robustly by 35.7% to €1.8bn (1.4bn), essentially because we had concluded a number of large-volume quota share treaties during the first quarter of 2009, which have been recognised in the income statement since the second quarter of 2009. If exchange rates had remained the same, premium would have shown an increase of 29.8%. Owing to the economic recovery, demand for reinsurance as a capital substitute weakened in the first quarter of 2010 compared with 2009.

In property-casualty reinsurance, our premium volume rose only marginally by 1.0% to €4.1bn (4.0bn) on account of our acquisition of the HSB Group in 2009. A counterbalancing effect derived from our active cycle management in the form of shifts within the portfolio and our willingness to jettison unprofitable business. Without currency translation effects, premium income would have climbed by 1.2% compared with the same quarter last year. Around one-third of our business is generated via brokers, the predominant form of acquisition above all in the Anglo-American sphere.

At 1 January 2010, about three-quarters of Munich Re's global property-casualty reinsurance treaty business was up for renewal, involving a premium volume of approximately €7.9bn. As expected, the market environment was more difficult than in the previous year. The capital markets had recovered more quickly than anticipated, as had the balance sheets of many insurers and reinsurers. There was sufficient capacity available in most lines of business. Generally, prices showed a slight downward trend, also because the demand for insurance and reinsurance covers stagnated owing to the difficult economic environment. Marine business and the engineering classes were particularly hard hit by recession-related declines in prices and volume. All in all, we renewed treaties with a volume of around €6.8bn (85.4%), while 14.6% (around €1.2bn) were terminated in order to maintain our profitability. We were in part able to offset these terminations by means of new business with a volume of around €0.7bn. Altogether, the volume of renewed business fell by 6.7% (around €530m) to approximately €7.4bn year on year. The price level and hence profitability of the renewed portfolio remained gratifyingly stable (–0.3%) compared with the previous year, because Munich Re resolutely adhered to its profit-oriented underwriting policy and was prepared to dispense with unprofitable business where necessary.

The combined ratio for the first three months amounted to 109.2% (97.3%) of net earned premiums. At €761m (285m), the total burden from major losses was far higher than the projected amount and the multi-year average, representing 22.8% (8.6%) of net earned premiums, with 20.8 (5.6) percentage points attributable to natural catastrophes. In terms of the market cycle as a whole, a large part of the average annual expenditure for natural catastrophes thus occurred in the first quarter of the current financial year. Natural catastrophe covers are nevertheless among Munich Re's most profitable lines of business. We took account of the generally growing hazard potential and achieved annual price increases of 2–3% on average over the past years. For Xynthia, a typical winter storm that caused significant damage in Europe on 27 and 28 February, we paid and reserved some €70m. In addition, we established provisions of around €160m for the two hailstorms that occurred in Australia this March. Besides these claims burdens from natural catastrophes , the largest individual loss in the period under review was the devastating earthquake in Chile on 27 February, giving rise to expenditure of around €500m in the first quarter of 2010. Our original projection for these losses was approximately 20% lower. Given the high commercial and industrial insurance penetration in Chile, however, the loss amount incurred is expectedly high. The significant share of production facilities and buildings reinsured individually (facultative business) makes a reliable forecast of the overall burden difficult. Nevertheless, further increases in expenditure among insurers and reinsurers in general need not necessarily lead to a proportional increase of our loss burden. From the severe earthquake in Haiti, we anticipate a comparatively small loss burden in the single-digit to low double-digit million US dollar range, since far less insurance is purchased for people and buildings in countries like Haiti than in industrial nations.

Primary insurance

- Total premium growth to €5.1bn; increase in German and international business
- Combined ratio impacted by harsh winter (98.7%)
- Investment result of €1.6bn
- Result of €165m

Key primary insurance figures		Q1 2010	Q1 2009
Total premium income	€bn	5.1	4.8
Gross premiums written	€bn	4.7	4.5
Loss ratio property-casualty	%	64.3	61.7
Expense ratio property-casualty	%	34.4	34.6
Combined ratio property-casualty	%	98.7	96.3
Technical result	€m	51	244
Investment result	€m	1,622	726
Operating result	€m	251	63
Consolidated result	€m	165	–59
Thereof attributable to minority interests	€m	5	–6
		31.3.2010	31.12.2009
Investments	€bn	120.7	118.4
Net technical provisions	€bn	109.9	107.7

Munich Re's primary insurance segment comprises all the activities of the ERGO Insurance Group (ERGO), with the exception of health insurance business outside Germany and handled by Munich Health.

In the first quarter of 2010, ERGO was able to confirm the upward trend initiated in the second quarter of 2009. In the previous year, its results had still been impacted by the financial crisis. In the primary insurance segment, we achieved an operating result of €251m (63m) and a consolidated result after tax of €165m (–59m) in the quarter under review. From an underwriting perspective, the first quarter of 2010 was again good, although our claims expenditure in property-casualty insurance was significantly higher year on year owing to the long, harsh winter and Winter Storm Xynthia. The combined ratio in the property-casualty segment (including legal expenses insurance) amounted to 98.7% (96.3%) and was thus above the previous year's level. A major reason for the increased result compared with the same period last year was our good investment result, which rose by 123.4%. The previous year's figure had additionally been impacted by impairment losses of goodwill.

Gross premiums by class of business
Q1 2010

Health	30% (30%)
Life	33% (34%)
Property-casualty	37% (36%)

Overall premium volume across all lines of business increased by 7.3% to a total of €5.1bn (4.8bn), with growth especially apparent in international business, where – in contrast to the same quarter of the previous year – positive developments in exchange rates made themselves felt in important international markets such as Poland and Turkey. Gross premiums written rose to €4.7bn (4.5bn). Not included in this figure are the savings premiums of unit-linked life insurance and capitalisation products.

In the first quarter of 2010, the total premium income of our life insurers amounted to €2.0bn (1.8bn), a increase of 9.0% attributable to both German and international business. German new business was higher than in the same quarter last year (25.8%), thanks to the favourable performance of single-premium business. In this area, we posted double-digit growth rates, especially in traditional annuity covers. In terms of the annual premium equivalent (APE)[1] – the customary international performance measure – our new business volume totalled €117m (116m) and was thus a marginal 0.9% above that of the same period last year. Given the current economic environment, clients are still shying away from concluding long-term contracts with regular premium payments, as typically employed for old-age provision. From the marketing perspective, especially the business placed via our banking cooperation showed much better sales figures than in the same quarter last year. We were also able to record robust expansion through our tied agents. In international business, premiums climbed by 25.0% to €535m (428m), and we achieved good growth of 303.5% and 28.6% in Poland and Belgium respectively. The very gratifying increase in Poland is mainly attributable to our new bank cooperations with Alior and PKO Bank.

In the German health insurance segment, premium income in the first three months of 2010 climbed by 5.7% to €1.4bn (1.3bn). Business with supplementary benefit covers grew by 5.1%, while premium income in comprehensive health insurance expanded significantly by 7.2%, reflecting the marked price increases we were obliged to make at the beginning of 2010 owing to the general rise in medical costs. The conclusion of a major contract also had a positive effect on premium growth in comprehensive cover. We had to take a cut in new business acquired, which was down 23.6% on the same period last year. In 2009, many clients took out private insurance coverage at the conditions applying prior to the entry into force of major changes related to the health reform. In the period between January and March 2010, we posted an 8.7% increase in premium income in travel insurance. After a difficult 2009, we consider this to be a sign that the travel sector is gradually recovering.

The property-casualty insurance segment showed an increase in premium income to €1.7bn (1.6bn) in the first three months of the year. The improvement of 6.7% was largely attributable to international business. In Greece, we grew our premium income by 44.3% thanks to our exclusive partnership with Piraeus Bank. Premium expansion was also strong in Poland (+29.0%) and South Korea (+29.5%), reflecting favourable developments in exchange rates and double-digit organic growth. In Germany, we registered a rise in premium income of 2.5% to €1.2bn (1.1bn) in the same period. This development was largely driven by commercial and industrial business, where we posted 4.8% growth in premium. Our business with personal accident policies also showed a satisfying rise (+2.3%), while personal lines business as a whole essentially remained stable.

At 98.7% of net earned premiums, the combined ratio was good, albeit higher than in the same quarter last year (96.3%). Natural hazard events such as Winter Storm Xynthia and the long, harsh winter – also outside Germany – burdened the loss ratio for the first three months of 2010. For German business, the loss ratio rose to 58.7% (57.3%) in the first quarter of 2010, while for international business it increased to 73.2% (69.2%).

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

Munich Health

- Marked increase in premium volume by 62.8% in the period from January to March
- Combined ratio of 101.3% influenced by start-up costs of new subsidiaries
- Result of −€11m

Key Munich Health figures		Q1 2010	Q1 2009
Gross premiums written	€bn	1.3	0.8
Loss ratio[1]	%	80.3	84.2
Expense ratio[1]	%	21.0	16.3
Combined ratio[1]	%	101.3	100.5
Technical result	€m	–5	5
Investment result	€m	33	24
Operating result	€m	4	3
Consolidated result	€m	–11	–4
		31.3.2010	31.12.2009
Investments	€bn	3.5	3.1
Net technical provisions	€bn	2.9	2.9

[1] Excluding health insurance conducted like life insurance.

In 2006, Munich Re brought together its international health reinsurance and health primary insurance outside Germany in a separate business field, which has been operating since May 2009 under the Munich Health brand. We have pooled our Group-wide health market activities (except health primary insurance in Germany) in this field, thus covering the health-business value chain from insurance to healthcare provision. From January 2010 onwards, we show health business (except health primary insurance in Germany) as a separate business segment in accordance with IFRS 8. The cornerstones of Munich Health are the international subsidiaries of our health primary insurer DKV, the specialised US health insurer Sterling Life Insurance, Munich Re's worldwide health reinsurance business, and the service companies of the MedNet Group.

Munich Health's gross premiums written showed strong growth in the first quarter, owing to the conclusion of major treaties to provide our clients with capital relief due to the financial crisis, while the operating result remained constant at €4m (3m). The consolidated result amounted to –€11m (–4m) in the first quarter.

Gross premiums by market region Q1 2010

Northern/Eastern/ Central Europe (NECE)	25% (29%)
North America (NA)	48% (35%)
Asia/Pacific (APAC)	7% (3%)
Middle East/ Africa (MEA)	3% (9%)
Southern Europe/ Latin America (SELA)	17% (24%)

In the first quarter, premium income improved appreciably by 62.8% compared with the same period last year, rising to €1.3bn (0.8bn). International health primary insurance business showed a moderate increase of 5.7% to €504m (477m), with premium growth particularly in Spain and Belgium. Sterling Life's premium income was down because the US regulatory framework has been tightened for the senior segment on which it focuses: premium income is coming under pressure from sales restrictions and costs are rising on account of increasing requirements placed on contracts with providers. The growth in reinsurance premium income by 156.2% to €748m (292m) is essentially due to the conclusion of new, large-volume quota share treaties in North America and Asia. If exchange rates had remained the same, premium volume would have been 58.4% higher than in the first three months of 2009.

The combined ratio for the period from January to March 2010 was 101.3% (100.5%). This key indicator relates only to short-term health business, and not to business conducted like life insurance. The latter amounted to 10.4% (15.6%) of gross premiums written in the first quarter. The relatively high combined ratio is mainly attributable to start-up costs for our young subsidiaries DKV Salute, Italy, DKV Globality, Luxembourg, und Marina Salud, Spain, the increased figure being reflected in a decline of €10m to −€5m in the technical result for the period from January to March 2010.

Investment performance

- Cautious expansion of our economic equity exposure to 3.1%
- At 85%, proportion of investments in fixed-interest securities and loans remains a determining factor
- Investment result of €2.5bn up significantly on the crisis-induced low level of the previous year

Under our asset-liability management approach, our investment strategy is geared to the structure of our liabilities. The characteristics of the payment obligations from insurance business, including their dependence on economic factors such as interest rates, currency and inflation, thus determine the investments selected. This cushions our assets somewhat against the effects of capital market fluctuations. Our investment policy also considers the special features of the reinsurance, primary insurance and Munich Health business segments. The particularly long-tailed underwriting liabilities of our life primary insurers are reflected in the corresponding maturity structure of the related investments. Where possible, these investments are made in instruments that can be posted as loans so as to avoid fluctuations in carrying amounts due to interest rate changes.

In the period under review, we built up our equity portfolio via selective reallocations from corporate bonds. The gains on disposals thus realised and the improved net balance of write-ups and write-downs contributed significantly to the 80.0% increase in the investment result. The return on investment improved accordingly to 5.2% (3.1%).

As at the reporting date, the most important share price indices closed at almost the beginning-of-year levels, despite having slumped (markedly in some cases) in the middle of the first quarter. Risk spreads were also largely at the same level as at the beginning of January, whereas a fall in interest rates, especially for German government bonds, was apparent.

Investment mix[1]	Reinsurance				Primary insurance	
€m	Life		Property-casualty		Life	
	31.3. 2010	31.12. 2009	31.3. 2010	31.12. 2009	31.3. 2010	31.12. 2009
Land and buildings, including buildings on third-party land	243	211	1,086	1,095	1,775	1,775
Investments in affiliated companies	15	12	60	61	9	7
Investments in associates	52	43	270	256	190	190
Loans	67	61	267	283	30,166	29,852
Other securities held to maturity	–	–	–	–	76	83
Other securities available for sale						
Fixed-interest	11,447	10,461	44,074	44,711	36,144	36,456
Non-fixed-interest	826	359	3,986	1,832	1,808	1,913
Other securities at fair value through profit or loss						
Held for trading						
Fixed-interest	–	–	572	546	49	50
Non-fixed-interest	–	–	21	20	3	4
Derivatives	113	87	268	185	270	284
Designated as at fair value through profit or loss						
Fixed-interest	–	–	–	–	304	372
Non-fixed-interest	–	–	–	–	20	20
Deposits retained on assumed reinsurance	5,140	5,171	1,387	1,347	125	118
Other investments	121	141	613	882	1,335	633
Investments for the benefit of life insurance policyholders who bear the investment risk	–	–	–	–	4,419	4,024
Total	**18,024**	**16,546**	**52,604**	**51,218**	**76,693**	**75,781**

[1] After elimination of intra-Group transactions across segments.

Besides the development of the risk-free interest rates and the resulting increases in market value, foreign exchange gains of around €2.4bn in particular led to the carrying amount of investments climbing since the start of the year by €5.6bn or 3.1%.

Other securities available for sale	Carrying amounts		Unrealised gains/losses		At amortised cost	
€m	31.3.2010	31.12.2009	31.3.2010	31.12.2009	31.3.2010	31.12.2009
Fixed-interest securities	110,345	109,566	4,185	3,342	106,160	106,224
Non-fixed-interest securities						
Equities	5,680	3,471	1,367	1,253	4,313	2,218
Investment funds	2,215	1,835	151	130	2,064	1,705
Other	750	733	32	25	718	708
	8,645	6,039	1,550	1,408	7,095	4,631
Total	**118,990**	**115,605**	**5,735**	**4,750**	**113,255**	**110,855**

					Munich Health		Asset management		Total	
	Health		Property-casualty							
	31.3. 2010	31.12. 2009	31.3. 2010	31.12. 2009	31.3. 2010	31.12. 2009	31.3. 2010	31.12. 2009	31.3. 2010	31.12. 2009
	640	635	321	309	17	15	47	46	4,129	4,086
	20	19	67	67	2	2	10	10	183	178
	104	106	146	141	36	32	60	55	858	823
	14,546	14,225	2,263	2,184	26	17	–	–	47,335	46,622
	–	–	1	1	–	–	–	–	77	84
	11,260	11,099	5,188	5,063	2,027	1,692	205	84	110,345	109,566
	960	978	892	807	157	129	16	21	8,645	6,039
	–	–	–	–	4	4	–	–	625	600
	–	1	–	–	–	–	–	–	24	25
	38	32	5	5	5	3	–	–	699	596
	–	–	–	–	–	–	–	–	304	372
	–	–	–	–	–	–	–	–	20	20
	1	1	3	3	159	158	–	–	6,815	6,798
	338	68	286	341	22	10	573	265	3,288	2,340
	1	1	–	–	1	1	–	–	4,421	4,026
	27,908	**27,165**	**9,172**	**8,921**	**2,456**	**2,063**	**911**	**481**	**187,768**	**182,175**

Despite a shift away from fixed-interest securities to real assets, primarily equities, fixed-interest securities and loans made up €159bn (157bn) or approximately 85% of our total investments at carrying amounts at the end of the quarter. Besides foreign-currency exchange gains, this slight increase was also due to the interest-rate trend, which led to our net unrealised gains moving up €1.0bn to €5.7bn. Furthermore, our loans recognised at amortised cost showed valuation reserves of €2.4bn, an increase of €1.1bn.

Valuation reserves not recognised in the balance sheet	Valuation reserves	Fair value	Carrying amount	Valuation reserves	Fair value	Carrying amount
€m	31.3.2010	31.3.2010	31.3.2010	31.12.2009	31.12.2009	31.12.2009
Land and buildings[1]	1,703	8,343	6,640	1,722	8,280	6,558
Associates	277	1,101	824	186	982	796
Loans	2,385	49,720	47,335	1,287	47,909	46,622
Other securities	2	79	77	2	86	84
Total	**4,367**	**59,243**	**54,876**	**3,197**	**57,257**	**54,060**

[1] Including owner-occupied property.

A good 45% of our fixed-interest securities and loans, including short-term items, are in government bonds or instruments for which public institutions are liable. Some 16% of this is in bonds from Portuguese, Italian, Irish, Greek and Spanish issuers; 33% is apportionable to German issuers and 15% to US issuers. Additionally, approximately 28% of our portfolio of interest-bearing investments is in securities and debt instruments with top-quality collateralisation, mainly German pfandbriefs.

Following the above-mentioned reallocation, corporate bonds accounted for only 9% of our portfolio of fixed-interest investments as at the reporting date. Our portfolio of asset- and mortgage-backed securities, which are held chiefly by our reinsurance companies, expanded somewhat due largely to exchange- and interest-rate developments, increasing by €0.1bn to €5.4bn (5.3bn) – despite disposals. Around 87% of these securities have an AAA rating

Approximately 12% of our portfolio of fixed-interest securities and loans, which includes short-term items, was invested with banks at the reporting date. A small portion of our bank exposure, around 3%, consists of dormant holdings, participation certificates and other quasi-equity instruments. For these securities in particular, further write-downs cannot be ruled out. Another 6% of our bank exposure is in subordinated bonds with limited maturities.

We hold bonds with a volume of approximately €7.4bn (7.8bn) as protection against the risks of future inflation and the rise in interest rates typically associated with this.

The reallocation of investments to equities during the period under review led to our equity portfolio (including investments in affiliated companies and associates) growing to €7.5bn (5.2bn). As at the reporting date, our economic equity exposure after hedging was 3.1% (2.8%).

Investment result	Q1 2010	Q1 2009	Change
	€m	€m	%
Regular income	1,882	1,749	7.6
Write-ups/write-downs	–93	–543	82.9
Net realised capital gains	655	359	82.5
Other income/expenses	16	–198	–
Total	**2,460**	**1,367**	**80.0**

Investment result by type of investment	Q1 2010	Q1 2009	Change
	€m	€m	%
Real estate	53	90	–41.1
Investments in affiliated companies	44	–9	–
Investments in associates	14	–47	–
Mortgage loans and other loans	540	457	18.2
Other securities	1,705	977	74.5
Deposits retained on assumed reinsurance, and other investments	53	42	26.2
Investments for the benefit of life insurance policyholders who bear the investment risk	147	–42	–
Expenses for the management of investments, other expenses	96	101	–5.0
Total	**2,460**	**1,367**	**80.0**

Regular investment income rose, due especially to the larger portfolio of investments compared with the previous year and to careful investing in credit-exposed securities. In addition, there was an increase in income from associates.

In the first three months of the financial year, the net balance of write-ups and write-downs on our investments was –€93m (–543m). We made minor write-downs of only €10m (234m) on the swaptions used by our life primary insurers as protection against reinvestment risks in low-interest-rate phases. Given the favourable stock market performance at the end of the quarter, we made write-downs of only €11m (268m) on our equity portfolio. By contrast, in the previous year, prices had reached their lowest point towards the end of the first quarter and led to correspondingly high write-downs.

We made no write-downs on our fixed-interest securities and loans in the reporting period, compared with write-downs of €103m in the same period last year.

In the period under review, we again posted good net realised gains on disposal of €655m (359m). However, we do not anticipate that we can maintain this level in the quarters to come. We realised net gains on disposal of €551m (–89m) in our portfolio of fixed-interest securities available for sale, including gains on corporate bonds. In so doing, we benefited from our 2009 investment strategy of investing more strongly in corporate bonds, which subsequently record market-value gains as risk spreads fall. In the second half of 2009, we had already hedged some of these bonds against the risk of falling market values as a result of rising risk spreads.

Furthermore, we achieved a net result of €8m (408m) in the first quarter on the disposal of non-fixed-interest securities categorised as "available for sale" and of derivatives with non-fixed-interest underlying business.

In the period under review, we generated a result of €147m (–42m) from investments for the benefit of life insurance policyholders who bear the investment risk. We post this figure in the investment result under "other income/expenses".

Assets under management for third parties		31.3.2010	31.12.2009
Third-party investments	€bn	8.2	7.9
		Q1 2010	Q1 2009
Group asset management result	€m	12	8

MEAG MUNICH ERGO AssetManagement GmbH is Munich Re's asset manager. In addition to its function as asset manager for the Group, MEAG also offers its expertise to private and institutional clients. The monies managed by MEAG in private-client business via investment funds totalled €2.0bn (2.0bn).

MEAG's assets under management for institutional clients outside the Group rose to €6.2bn (5.9bn). The consolidated asset management result increased to €12m (8m). 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 €23.3bn (18.8bn).

Prospects

- Challenges for the Group owing to difficult economic environment, but also opportunities thanks to financial strength and know-how
- Sharpened positioning in reinsurance; ERGO to drive profitability with its new brand strategy
- Premium income in the range of €43–45bn expected
- Consolidated result target of over €2bn, albeit increasingly ambitious

There are various reasons why the quarterly results of insurance companies, including Munich Re, are not a suitable indicator for the results of the financial 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. Finally, gains and losses on the disposal of investments, dividends and write-downs of investments do not follow a regular pattern. Consequently, our quarterly figures do not provide more than pointers to the result for the year that may be expected.

Overview
The global economic recession seems to have bottomed out, although there is still uncertainty regarding the durability of the recovery and future prospects. Even if the downturn has come to an end, it will take a long time for economic performance to return to its pre-crisis level, for companies to again invest more and also insure these investments, and for consumers to spend a greater share of their income on private provision. Despite the difficult economic situation, there are many opportunities for us.

Reinsurance
Reinsurance continues to hold considerable promise for the future. We have responded to a shift in demand trends by repositioning ourselves in reinsurance. Even more so than in the past, Munich Re will offer its cedants specialist consulting services and solutions also for issues such as balance-sheet management, risk modelling or asset-liability management – wherever possible via customised insurance covers. For new and complex risks, we devise innovative coverage concepts that go beyond traditional reinsurance.

Life reinsurance offers good growth potential. We expect continuing demand for large-volume quote share treaties, albeit on a more limited scale than in 2009. Growth impulses will derive from the implementation of European supervisory rules (Solvency II), a revived privatisation trend in provision for old age, long-term care and disability in the developed markets, the need for asset protection, and the dynamic expansion of the Asian life insurance markets. Especially in Asia, we aim to take greater account of the regional conditions by means of specially developed insurance products, thereby expanding our business. Our gross premiums written should reach a volume of €7–8bn in 2010.

We are adhering to our objective of doubling the value added by new business in the period 2006 to 2011. On the basis of Market Consistent Embedded Value (MCEV) Principles, this objective corresponds to a value added by new business of €330m for the year 2011. Given the good results of recent years, we are at present confident of being able to continue surpassing this goal in future.

In property-casualty reinsurance, which historically moves in cycles, Munich Re will maintain its clear, profit-oriented underwriting policy and accept risks only at commensurate prices, terms and conditions. The renewals at 1 January 2010 therefore resulted in a net reduction in premium volume of some €530m (–6.7%).

With a volume of approximately €1.1bn, renewals at 1 April 2010 involved just under 10% of the total treaty business to be renewed, 35% of which concerned the markets of Japan and Korea and almost 40% North America and global clients. Overall, a continuation of the trend from the January renewals was observed. Markets moved sideways at best, with a slight downward tendency. Only through its consistent underwriting policy was Munich Re able to buck the trend and maintain the quality of its portfolio. This required a withdrawal from unprofitable business. The volume of business was nevertheless maintained at around the same level as in the previous year – thanks to the expansion of existing profitable client relationships and growth in the strongly know-how-driven segment of complex liability risks.

For the renewals at 1 July 2010 (parts of the US market, Australia and Latin America), markets should generally continue to move sideways, with the exception – as was already the case in the January renewals – of those with recent claims experience. For Australia, we reckon with significant price increases, given the accumulation and size of weather-related losses in the last few years and first quarter of 2010. Similarly, the earthquake in Chile is likely to have a positive impact on prices in the renewals in Latin America. We also anticipate higher rates for covering offshore risks, e.g. oil rigs. In the medium to long term, Munich Re will benefit from the constantly growing accumulation hazards and related strong demand for effective capital relief. Thanks to its professionalism and expertise, Munich Re is well positioned to make the most of these opportunities. In the short term, however, the weakness of the economy will continue to have a curbing effect on demand.

For 2010, we project gross premiums written of around €15bn in property-casualty reinsurance, where Munich Re's expectation is a combined ratio of around 97% of net earned premiums over the market cycle as a whole. The latter figure is likely to be exceeded in 2010, however, since our long-term estimate is based on an average major-loss burden of 6.5% from natural catastrophes. The first quarter of 2010, however, was already affected by very severe accumulation loss events, whose costs of around €700m alone accounted for about five percentage points of the loss ratio. The month of April saw further major losses, in particular in connection with the sinking of the oil rig in the Gulf of Mexico, which will impact Munich Re with a material-damage loss of around €60m. The assessment of the liability covers is highly complex; the covers potentially exposed are limited. Overall, our claims burden from this event will amount to a low triple-digit million euro amount at most. We will therefore only be able to achieve a combined ratio of 97% in 2010 if random major losses in the coming months remain significantly below our expectations.

We anticipate that gross premiums in reinsurance (excluding Munich Health) will range between €22bn and €23bn in 2010, provided that exchange rates remain more or less constant and the cyclical losses in premium income for primary insurers and their impact on reinsurance covers keep within reasonable bounds or can be offset by additional business. We thus essentially confirm the premium forecasts we made for the reinsurance segment, minus the health reinsurance business now included in Munich Health.

With only one quarter of the year elapsed, the consolidated result in reinsurance is subject to considerable uncertainty as far as major losses and capital-market developments are concerned.

Primary insurance

Last year, ERGO decided to revise its brand strategy with the aim of gearing itself even more strongly to the needs of its clients and winning new ones in order to generate better profitability. In future, ERGO will therefore also market life and property-casualty insurance policies in Germany under the ERGO brand. The brands Victoria and Hamburg-Mannheimer are to be withdrawn from the market. The renaming of KarstadtQuelle Versicherungen, which is now called ERGO Direkt Versicherungen, was completed in the first quarter of 2010. All other changes will be implemented in the further course of the year. ERGO is keeping the brands of its specialist insurers D.A.S. (legal expenses insurance), DKV (health insurance), and ERV (travel insurance). They are leaders in their fields and have numerous partnership agreements in and outside Germany, for which the special brands are important.

We expect that premium development will continue to vary between the segments. All in all, the positive trend of the previous year should continue in 2010.

In life insurance, our total premium income should be somewhat below the previous year's level, i.e. just under €8bn, while gross premiums written should total a good €6bn. We anticipate that there will be a moderate decline in premium revenue, since we do not expect to post the same high level of single-premium income as in 2009. We are proceeding on the assumption that premium income generated by German business will remain more or less constant. Our German new business should show a slight increase in 2010 – a trend that will be due partly to the good performance of capital-market-based products and company pension business.

In the German health insurance segment, we are aiming for an increase in premium income to a good €5bn. We should be able to achieve premium growth especially in comprehensive health insurance, where we raised prices significantly at the beginning of 2010 owing to the general rise in healthcare costs.

In property-casualty insurance, we anticipate slight premium growth to over €5bn, deriving from both German and international business. In Germany, premium volume should show an increase even though market premium as a whole is likely to decline marginally. Despite Winter Storm Xynthia and the long and harsh winter, which led to a combined ratio of 98.7% in the first quarter, we expect the ratio to remain within our target of below 95% for the year as a whole.

The total premium income written by our primary insurers (excluding Munich Health) should reach between €18bn and €19bn for 2010, thus exceeding last year's figure (€18.1bn). We project that gross premiums written will range between €17bn and €18bn (previous year: €16.6bn, excluding health primary insurance outside Germany). As previously explained, health primary insurance business outside Germany is no longer shown in the primary insurance segment as it was at the end of the financial year 2009, but is now included in Munich Health.

The consolidated result for the primary insurance segment is likely to continue developing positively this year. For the ERGO sub-group, we expect a result of €350–450m (previous year: €173m).

Munich Health

The international healthcare markets offer a host of long-term growth opportunities, particularly thanks to advances in medicine and increases in life expectancy. We intend to take full advantage of these opportunities.

We are focusing on the sustained profitability of the segment and on business models that are attractive in the long term in the countries in which we operate. To this end, for instance, we will apply the successful business model of our minority interest in DAMAN to neighbouring regions. We constantly subject our existing portfolio to critical scrutiny in order to improve its earnings strength.

The gross premiums written by Munich Health, comprising the premium for health insurance outside Germany and worldwide health reinsurance business, are likely to be a little over €4.5bn in 2010.

We are expecting the positive result contribution from this young field of business to be only low, owing to the start-up investments in several units.

Opportunities and risks will derive for our reinsurance business and for our health insurance subsidiary Sterling from the US healthcare reform adopted by Congress on 21 March 2010. We will analyse the implications of this legislation in detail and design our strategy and business models in the US market accordingly.

Munich Re (Group)

If exchange rates remain similar to the average values of the first quarter, we expect that the Group's gross premiums written will be in the range of €43–45bn (total consolidated premium).

For the current year, we project a return on investments (RoI) of under 4%, despite the high gains in the first quarter of the year. We do not consider a significant increase in capital-market interest rates to be likely in 2010. This will also be reflected in a correspondingly lower return on our new investments in interest-bearing instruments. We thus expect regular income from our portfolio of interest-bearing investments to be comparatively reduced in 2010. We do not expect further gains on disposals from our interest-bearing assets, but we must reckon with moderate burdens from losses on disposals and write-downs. Given our relatively low equity-backing ratio, which we are increasing over time but not to past levels, our exposure to share-related impairments is marginal, as are the opportunities to realise capital gains. From today's standpoint, we therefore consider it likely that investment results for the coming years will be lower than in previous years and in the first quarter of 2010, with a more pronounced decrease for reinsurance business. Even if economic and early indicators are slowly stabilising and the capital markets have recovered, further economic burdens on the result cannot be ruled out. Since we essentially aim to maintain the relatively moderate risk profile of our investments, we should be well protected against extreme losses.

We are adhering to our long-term objective of a 15% return on our risk-based capital (RORAC) after tax across the cycle. However, this target will be difficult to achieve given the currently low level of interest rates.

We are aiming for a consolidated result of over €2bn for 2010. Despite the burdens from the earthquake in Chile and the many other major losses, this target remains achievable, albeit very ambitious. For 2011 we anticipate an increase in results.

In the first quarter of 2010, we continued with our share buy-back programme. By the Annual General Meeting on 28 April, at total of 8.9 million Munich Re shares worth €1bn had been repurchased and retired as part of the share buy-back programme 2009/2010. We intend to make further share buy-backs of up to €1bn for the twelve-month period from May 2010 to April 2011, depending on the market conditions, capital market environment and further development of the Group parent company's revenue reserves under German commercial law.

The statements relating to opportunities and risks as presented in the Munich Re Group's Annual Report 2009 apply unchanged.

Interim consolidated financial statements
Consolidated balance sheet as at 31 March 2010[1]

Assets			31.3.2010	31.12.2009	Change	
	€m	€m	€m	€m	€m	%
A. Intangible assets						
I. Goodwill		3,564		3,477	87	2.5
II. Other intangible assets		1,712		1,718	–6	–0.3
			5,276	**5,195**	**81**	**1.6**
B. Investments						
I. Land and buildings, including buildings on third-party land		4,129		4,086	43	1.1
Thereof: Investment property held for sale		90		90	–	–
II. Investments in affiliated companies and associates		1,041		1,001	40	4.0
III. Loans		47,335		46,622	713	1.5
IV. Other securities						
1. Held to maturity	77			84	–7	–8.3
2. Available for sale	118,990			115,605	3,385	2.9
3. At fair value through profit or loss	1,672			1,613	59	3.7
		120,739		117,302	3,437	2.9
V. Deposits retained on assumed reinsurance		6,815		6,798	17	0.3
VI. Other investments		3,288		2,340	948	40.5
			183,347	**178,149**	**5,198**	**2.9**
C. Investments for the benefit of life insurance policyholders who bear the investment risk			**4,421**	**4,026**	**395**	**9.8**
D. Ceded share of technical provisions			**5,262**	**4,983**	**279**	**5.6**
E. Receivables						
I. Current tax receivables		521		700	–179	–25.6
II. Other receivables		11,027		10,070	957	9.5
			11,548	**10,770**	**778**	**7.2**
F. Cash at bank, cheques and cash in hand			**3,120**	**3,082**	**38**	**1.2**
G. Deferred acquisition costs						
Gross		8,890		8,604	286	3.3
Ceded share		77		76	1	1.3
Net			8,813	8,528	285	3.3
H. Deferred tax assets			**5,029**	**5,025**	**4**	**0.1**
I. Other assets			**3,659**	**3,654**	**5**	**0.1**
Thereof: Owner-occupied property held for sale			–	13	–13	–100.0
Total assets			**230,475**	**223,412**	**7,063**	**3.2**

[1] Previous year's figures adjusted owing to first-time recognition of Munich Health as a separate segment (see "Recognition and measurement") and to IFRS 3.62 and IAS 8.

Equity and liabilities	31.3.2010		31.12.2009	Change	
	€m	€m	€m	€m	%
A. Equity					
I. Issued capital and capital reserve	7,388		7,388	–	–
II. Retained earnings	12,741		10,667	2,074	19.4
III. Other reserves	2,341		1,473	868	58.9
IV. Consolidated result attributable to Munich Reinsurance Company equity holders	482		2,521	–2,039	–80.9
V. Minority interests	238		229	9	3.9
		23,190	**22,278**	**912**	**4.1**
B. Subordinated liabilities		**4,823**	**4,790**	**33**	**0.7**
C. Gross technical provisions					
I. Unearned premiums	8,249		6,946	1,303	18.8
II. Provision for future policy benefits	102,160		100,862	1,298	1.3
III. Provision for outstanding claims	49,031		46,846	2,185	4.7
IV. Other technical provisions	10,277		10,146	131	1.3
		169,717	**164,800**	**4,917**	**3.0**
D. Gross technical provisions for life insurance policies where the investment risk is borne by the policyholders		**4,681**	**4,117**	**564**	**13.7**
E. Other accrued liabilities		**3,263**	**3,206**	**57**	**1.8**
F. Liabilities					
I. Bonds and notes issued	289		276	13	4.7
II. Deposits retained on ceded business	2,300		2,176	124	5.7
III. Current tax liabilities	3,264		3,134	130	4.1
IV. Other liabilities	10,499		10,114	385	3.8
		16,352	**15,700**	**652**	**4.2**
G. Deferred tax liabilities		**8,449**	**8,521**	**-72**	**-0.8**
Total equity and liabilities		**230,475**	**223,412**	**7,063**	**3.2**

Consolidated income statement for the period 1 January to 31 March 2010[1]

Items			Q1 2010	Q1 2009		Change
	€m	€m	€m	€m	€m	%
Gross premiums written	**11,657**			**10,367**	**1,290**	**12.4**
1. **Earned premiums**						
Gross	10,610			9,386	1,224	13.0
Ceded	457			389	68	17.5
Net		10,153		**8,997**	**1,156**	**12.8**
2. **Income from technical interest**		1,827		**1,150**	**677**	**58.9**
3. **Expenses for claims and benefits**						
Gross	9,642			7,538	2,104	27.9
Ceded share	248			183	65	35.5
Net		9,394		**7,355**	**2,039**	**27.7**
4. **Operating expenses**						
Gross	2,585			2,336	249	10.7
Ceded share	137			84	53	63.1
Net		2,448		**2,252**	**196**	**8.7**
5. **Technical result (1–4)**			**138**	**540**	**-402**	**-74.4**
6. **Investment result**						
Investment income	3,374			3,591	-217	-6.0
Investment expenses	914			2,224	-1,310	-58.9
Total		2,460		**1,367**	**1,093**	**80.0**
Thereof: Income from associates		14		-47	61	–
7. **Other operating income**		181		**120**	**61**	**50.8**
8. **Other operating expenses**		182		**141**	**41**	**29.1**
9. **Deduction of income from technical interest**		-1,827		**-1,150**	**-677**	**-58.9**
10. **Non-technical result (6–9)**			**632**	**196**	**436**	**222.4**
11. **Operating result**			**770**	**736**	**34**	**4.6**
12. **Other non-operating result**			-143	97	-240	–
13. **Impairment losses of goodwill**			–	58	-58	-100.0
14. **Finance costs**			69	82	-13	-15.9
15. **Taxes on income**			73	256	-183	-71.5
16. **Consolidated result**			**485**	**437**	**48**	**11.0**
Thereof: Attributable to Munich Reinsuance Company equity holders			482	433	49	11.3
Attributable to minority interests			3	4	-1	-25.0
			€	€	€	%
Earnings per share			**2.54**	**2.22**	**0.32**	**14.4**

1 Previous year's figures adjusted owing to first-time recognition of Munich Health as a separate segment (see "Recognition and measurement") and to IFRS 3.62 and IAS 8.

Consolidated income statement (quarterly breakdown)

Items	Q1 2010	Q4 2009	Q3 2009	Q2 2009	Q1 2009
€m					
Gross premiums written	**11,657**	**10,375**	**10,355**	**10,326**	**10,367**
1. Earned premiums					
Gross	10,610	10,884	10,449	10,508	9,386
Ceded	457	470	466	376	389
Net	**10,153**	**10,414**	**9,983**	**10,132**	**8,997**
2. Income from technical interest	**1,827**	**1,452**	**1,858**	**1,334**	**1,150**
3. Expenses for claims and benefits					
Gross	9,642	8,177	8,676	8,772	7,538
Ceded share	248	156	319	113	183
Net	**9,394**	**8,021**	**8,357**	**8,659**	**7,355**
4. Operating expenses					
Gross	2,585	3,079	2,763	2,408	2,336
Ceded share	137	111	131	79	84
Net	**2,448**	**2,968**	**2,632**	**2,329**	**2,252**
5. Technical result (1–4)	**138**	**877**	**852**	**478**	**540**
6. Investment result					
Investment income	3,374	3,311	3,221	3,452	3,591
Investment expenses	914	1,220	984	1,264	2,224
Total	**2,460**	**2,091**	**2,237**	**2,188**	**1,367**
Thereof:					
Income from associates	14	–69	–25	18	–47
7. Other operating income	**181**	**199**	**164**	**205**	**120**
8. Other operating expenses	**182**	**315**	**183**	**164**	**141**
9. Deduction of income from technical interest	**–1,827**	**–1,452**	**–1,858**	**–1,334**	**–1,150**
10. Non-technical result (6–9)	**632**	**523**	**360**	**895**	**196**
11. Operating result	**770**	**1,400**	**1,212**	**1,373**	**736**
12. Other non-operating result	–143	–278	–43	–248	97
13. Impairment losses of goodwill	–	19	–	40	58
14. Finance costs	69	73	73	76	82
15. Taxes on income	73	250	446	312	256
16. Consolidated result	**485**	**780**	**650**	**697**	**437**
Thereof:					
Attributable to Munich Reinsurance Company equity holders	482	760	643	685	433
Attributable to minority interests	3	20	7	12	4
€					
Earnings per share	**2.54**	**3.94**	**3.29**	**3.51**	**2.22**

Statement of recognised income and expense for the period 1 January to 31 March 2010

	Q1 2010	Q1 2009
	€m	€m
Consolidated result	**485**	**437**
Currency translation		
Gains (losses) recognised in equity	523	267
Recognised in the consolidated income statement	–	–
Unrealised gains and losses on investments		
Gains (losses) recognised in equity	755	–47
Recognised in the consolidated income statement	–396	–127
Change resulting from valuation at equity		
Gains (losses) recognised in equity	–4	–23
Recognised in the consolidated income statement	–	–
Change resulting from cash flow hedges		
Gains (losses) recognised in equity	–1	1
Recognised in the consolidated income statement	–	–
Actuarial gains and losses on defined benefit plans	**2**	**–20**
Other changes	**–7**	**–12**
Income and expense recognised directly in equity	**872**	**39**
Total recognised income and expense	**1,357**	**476**
Thereof:		
Attributable to Munich Reinsurance Company equity holders	**1,346**	**498**
Attributable to minority interests	**11**	**–22**

Group statement of changes in equity

€m
Status at 31.12.2008
Allocation to retained earnings
Consolidated result
Income and expense recognised directly in equity
Currency translation
Unrealised gains and losses on investments
Change resulting from valuation at equity
Change resulting from cash flow hedges
Actuarial gains and losses on defined benefit plans
Other changes
Total recognised income and expense
Change in shareholdings in subsidiaries
Change in consolidated group
Dividend
Share buy-backs
Retirement of own shares
Status at 31.3.2009
Status at 31.12.2009
Allocation to retained earnings
Consolidated result
Income and expense recognised directly in equity
Currency translation
Unrealised gains and losses on investments
Change resulting from valuation at equity
Change resulting from cash flow hedges
Actuarial gains and losses on defined benefit plans
Other changes
Total recognised income and expense
Change in shareholdings in subsidiaries
Change in consolidated group
Dividend
Share buy-backs
Retirement of own shares
Status at 31.3.2010

Equity attributable to Munich Reinsurance Company equity holders								Minority interests	Total equity
Issued capital	Capital reserve	Retained earnings		Other reserves			Consolidated result		
		Retained earnings before deduction of own shares	Own shares held	Unrealised gains and losses	Reserve from currency translation	Valuation result from cash flow hedges			
588	**6,800**	**12,024**	**-1,181**	**2,227**	**-1,194**	**3**	**1,555**	**285**	**21,107**
–	–	1,555	–	–	–	–	-1,555	–	–
–	–	–	–	–	–	–	433	4	437
–	–	-21	–	-186	271	1	–	-26	39
–	–	–	–	–	271	–	–	-4	267
–	–	–	–	-163	–	–	–	-11	-174
–	–	–	–	-23	–	–	–	–	-23
–	–	–	–	–	–	1	–	–	1
–	–	-20	–	–	–	–	–	–	-20
–	–	-1	–	–	–	–	–	-11	-12
–	–	-21	–	-186	271	1	433	-22	476
–	–	–	–	–	–	–	–	–	–
–	–	3	–	–	–	–	–	1	4
–	–	–	–	–	–	–	–	–	–
–	–	–	-57	–	–	–	–	–	-57
–	–	–	–	–	–	–	–	–	–
588	**6,800**	**13,561**	**-1,238**	**2,041**	**-923**	**4**	**433**	**264**	**21,530**
588	**6,800**	**11,247**	**-580**	**2,717**	**-1,245**	**1**	**2,521**	**229**	**22,278**
–	–	2,521	–	–	–	–	-2,521	–	–
–	–	–	–	–	–	–	482	3	485
–	–	-4	–	351	518	-1	–	8	872
–	–	–	–	–	518	–	–	5	523
–	–	–	–	355	–	–	–	4	359
–	–	–	–	-4	–	–	–	–	-4
–	–	–	–	–	–	-1	–	–	-1
–	–	2	–	–	–	–	–	–	2
–	–	-6	–	–	–	–	–	-1	-7
–	–	-4	–	351	518	-1	482	11	1,357
–	–	–	–	–	–	–	–	–	–
–	–	–	–	–	–	–	–	–	–
–	–	–	–	–	–	–	–	-2	-2
–	–	–	-443	–	–	–	–	–	-443
–	–	–	–	–	–	–	–	–	–
588	**6,800**	**13,764**	**-1,023**	**3,068**	**-727**	**–**	**482**	**238**	**23,190**

Condensed consolidated cash flow statement for the period from 1 January to 31 March 2010

	Q1 2010	Q1 2009
	€m	€m
Consolidated result	**485**	**437**
Net change in technical provisions	3,991	2,899
Change in deferred acquisition costs	–285	–187
Change in deposits retained and accounts receivable and payable	–806	–1,085
Change in other receivables and liabilities	771	353
Gains and losses on the disposal of investments	–655	–359
Change in securities held for trading	–224	1,126
Change in other balance sheet items	82	81
Other income and expenses without impact on cash flow	–344	646
I. Cash flows from operating activities	**3,015**	**3,911**
Inflows from the sale of consolidated companies	2	–
Outflows for the acquisition of consolidated companies	–	532
Change from the acquisition, sale and maturities of other investments	–1,941	–1,823
Change from the acquisition and sale of investments for unit-linked life insurance	–243	–134
Other	–33	–135
II. Cash flows from investing activities	**–2,215**	**–2,624**
Inflows from increases in capital	–	–
Outflows for share buy-backs	443	57
Dividend payments	2	–
Change from other financing activities	–343	–539
III. Cash flows from financing activities	**–788**	**–596**
Cash flows for the financial year (I + II + III)	**12**	**691**
Effect of exchange rate changes on cash	26	23
Cash at the beginning of the financial year	3,082	2,365
Cash at 31 March of the financial year	3,120	3,079

Selected notes to the consolidated financial statements

Recognition and measurement

This quarterly report as at 31 March 2010 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 the first time for periods beginning on 1 January 2010.

The following new or revised standards are of significance:

The revision of IFRS 3 (rev. 01/2008), Business Combinations, and IAS 27 (rev. 01/2008), Consolidated and Separate Financial Statements, mainly involves changes in the balance sheet recognition of non-controlling interests, successive share purchases, acquisition-related costs and contingent consideration. In addition, there have been amendments to the rules for the treatment of changes in ownership interests with and without loss of control. This has resulted in a knock-on change to IAS 28, Investments in Associates. Effects of the new rules for Munich Re will, owing to their prospective application, result only for future acquisitions or sales of shareholdings and will be dependent on the conditions of the respective transaction.

The change in IAS 39 (rev. 07/2008), Financial Instruments: Recognition and Measurement, Eligible Hedged Items, provides guidance on designating a portion of cash flows or a risk as a "hedged item" and the extent to which inflation risks may be designated "hedged items". The new rules have had no impact for Munich Re.

The change to IFRS 2 (rev. 06/2009), Share-based Payment, clarifies the recognition of cash-settled share-based payment transactions. The new rules mainly concern the question of how individual subsidiaries in a group are to recognise (cash-settled) share-based payment agreements in their own financial statements. Under these agreements, the subsidiary receives goods or services from employees or suppliers which the parent or another group company pays for. The new rules have had no implications for Munich Re.

The changes published as part of the IASB's Annual Improvement Process in April 2009 are also to be applied for the first time for financial years beginning on or after 1 January 2010. Involving a total of ten standards and two interpretations, they are of subordinate importance for Munich Re.

The first-time application of the interpretation IFRIC 17, Distributions of Non-cash Assets to Owners, has had no material impact.

As from this year, the business field of Munich Health, which covers our health reinsurance business worldwide and our health primary insurance outside Germany, is being shown for the first time as a separate segment. Munich Health's business was previously disclosed in the segments "life and health reinsurance" and "health primary insurance". Minus the business written by Munich Health, the segment "life and health reinsurance" has become simply "life reinsurance". The health primary insurance segment continues to include our German health insurance business and our travel insurance business.

In the Munich Health segment, too, an interest component in the form of income from technical interest is recognised in the technical result. For international primary insurance business, the income from technical interest is based on the interest allocated to the provision for future policy benefits (actuarial interest rate) and the interest on technical provisions at the relevant national risk-free interest rate. In the case of long-term reinsurance treaties, the interest corresponds to the contractually agreed allocations of interest. For short-term reinsurance treaties, the technical interest is calculated on the basis of the risk-free interest on technical provisions at the relevant national interest rate. In addition, we have further refined the method of distributing the investment results between our segments. The figures for the previous year have been adjusted accordingly.

Otherwise, the same principles of recognition, measurement and consolidation have been applied as in our consolidated financial statements as at 31 December 2009. In accordance with IAS 34.41, greater use is made of estimation methods and planning data in preparing our quarterly figures than in our annual financial reporting. Taxes on income in Munich Re's quarterly financial statements are calculated in the same way as for the consolidated financial statements as at 31 December 2009, i.e. a direct tax calculation is made per quarterly result of the individual consolidated companies.

Foreign currency translation

Munich Re's presentation currency is the euro (€). The following table shows the exchange rates of the most important currencies for our business:

Currency translation rates	Balance sheet		Income statement	
Rate for €1	31.3.2010	31.12.2009	Q1 2010	Q1 2009
Australian dollar	1.47420	1.59530	1.53014	1.96394
Canadian dollar	1.37275	1,50410	1.43929	1.62405
Pound sterling	0.89205	0.88845	0.88760	0.90966
Rand	9.93710	10.56510	10.38680	12.96380
Swiss franc	1.42425	1.48315	1.46288	1.49659
US dollar	1.35310	1.43475	1.38356	1.30438
Yen	126.4340	133.5680	125.5380	122.1650

Segment reporting

Segment assets	Reinsurance				Primary insurance	
€m	Life		Property-casualty		Life	
	31.3. 2010	31.12. 2009	31.3. 2010	31.12. 2009	31.3. 2010	31.12. 2009
A. Intangible assets	**181**	**182**	**2,037**	**1,955**	**1,194**	**1,206**
B. Investments						
I. Land and buildings, including buildings on third-party land	243	211	1,086	1,095	1,776	1,776
Thereof: Investment property held for sale	9	8	38	39	43	43
II. Investments in affiliated companies and associates	1,250	1,086	5,330	5,442	359	356
III. Loans	375	357	1,585	1,760	31,651	31,334
IV. Other securities						
1. Held to maturity	–	–	–	–	76	83
2. Available for sale	12,273	10,820	48,060	46,543	37,953	38,370
3. At fair value through profit or loss	113	87	861	751	646	730
	12,386	10,907	48,921	47,294	38,675	39,183
V. Deposits retained on assumed reinsurance	6,171	6,201	1,390	1,351	126	119
VI. Other investments	166	160	806	977	1,476	633
	20,591	**18,922**	**59,118**	**57,919**	**74,063**	**73,401**
C. Investments for the benefit of life insurance policyholders who bear the investment risk	**–**	**–**	**–**	**–**	**4,419**	**4,024**
D. Ceded share of technical provisions	**524**	**397**	**2,695**	**2,603**	**2,846**	**2,833**
E. Other segment assets	**5,304**	**4,788**	**9,907**	**10,033**	**9,231**	**9,123**
Thereof: Owner-occupied property held for sale	–	3	–	9	–	–
Total segment assets	**26,600**	**24,289**	**73,757**	**72,510**	**91,753**	**90,587**

	Health		Property-casualty		Munich Health		Asset management		Consolidation		Total	
	31.3. 2010	31.12. 2009	31.3. 2010	31.12. 2009	31.3. 2010	31.12. 2009	31.3. 2010	31.12. 2009	31.3. 2010	31.12. 2009	31.3. 2010	31.12. 2009
	694	**696**	**1,022**	**1,008**	**138**	**138**	**13**	**13**	**–3**	**–3**	**5,276**	**5,195**
	640	635	321	309	17	15	47	46	–1	–1	4,129	4,086
	–	–	–	–	–	–	–	–	–	–	90	90
	320	321	4,031	4,025	38	34	71	66	–10,358	–10,329	1,041	1,001
	15,084	14,765	2,424	2,347	24	25	–	–	–3,808	–3,966	47,335	46,622
	–	–	1	1	–	–	–	–	–	–	77	84
	12,220	12,077	6,080	5,870	2,184	1,821	221	105	–1	–1	118,990	115,605
	38	33	5	5	9	7	–	–	–	–	1,672	1,613
	12,258	12,110	6,086	5,876	2,193	1,828	221	105	–1	–1	120,739	117,302
	5	5	20	20	1,242	1,232	–	–	–2,139	–2,130	6,815	6,798
	339	69	709	509	24	14	573	265	–805	–287	3,288	2,340
	28,646	**27,905**	**13,591**	**13,086**	**3,538**	**3,148**	**912**	**482**	**–17,112**	**–16,714**	**183,347**	**178,149**
	1	**1**	**–**	**–**	**1**	**1**	**–**	**–**	**–**	**–**	**4,421**	**4,026**
	1,091	**1,076**	**949**	**853**	**30**	**31**	**–**	**–**	**–2,873**	**–2,810**	**5,262**	**4,983**
	3,315	**3,277**	**4,149**	**4,056**	**1,712**	**1,522**	**149**	**89**	**–1,598**	**–1,829**	**32,169**	**31,059**
	–	–	–	–	–	1	–	–	–	–	–	13
	33,747	**32,955**	**19,711**	**19,003**	**5,419**	**4,840**	**1,074**	**584**	**–21,586**	**–21,356**	**230,475**	**223,412**

Segment reporting

Segment equity and liabilities	Reinsurance				Primary insurance	
€m	Life		Property-casualty		Life	
	31.3. 2010	31.12. 2009	31.3. 2010	31.12. 2009	31.3. 2010	31.12. 2009
A. Subordinated liabilities	**1,342**	**1,421**	**2,877**	**2,782**	**100**	**104**
B. Gross technical provisions						
I. Unearned premiums	125	113	5,731	4,955	3	1
II. Provision for future policy benefits	10,949	10,636	303	300	68,796	68,629
III. Provision for outstanding claims	4,161	3,830	37,668	35,756	1,422	1,475
IV. Other technical provisions	408	678	146	135	3,304	2,802
	15,643	15,257	43,848	41,146	73,525	72,907
C. Gross technical provisions for life insurance policies where the investment risk is borne by the policyholders	**–**	**–**	**–**	**–**	**4,679**	**4,115**
D. Other accrued liabilities	**179**	**136**	**616**	**630**	**512**	**486**
E. Other segment liabilities	**4,375**	**4,118**	**9,060**	**8,909**	**9,375**	**9,381**
Total segment liabilities	**21,539**	**20,932**	**56,401**	**53,467**	**88,191**	**86,993**

					Munich Health		Asset management		Consolidation		Total	
	Health		Property-casualty									
	31.3. 2010	31.12. 2009	31.3. 2010	31.12. 2009	31.3. 2010	31.12. 2009	31.3. 2010	31.12. 2009	31.3. 2010	31.12. 2009	31.3. 2010	31.12. 2009
	24	**24**	**370**	**371**	**170**	**147**	**–**	**–**	**-60**	**-59**	**4,823**	**4,790**
	158	89	1,978	1,494	382	370	–	–	-128	-76	8,249	6,946
	22,151	21,365	409	394	1,548	1,500	–	–	-1,996	-1,962	102,160	100,862
	869	943	4,733	4,657	790	798	–	–	-612	-613	49,031	46,846
	6,164	6,307	164	151	230	234	–	–	-139	-161	10,277	10,146
	29,342	28,704	7,284	6,696	2,950	2,902	–	–	-2,875	-2,812	169,717	164,800
	1	**1**	**–**	**–**	**1**	**1**	**–**	**–**	**–**	**–**	**4,681**	**4,117**
	258	**283**	**1,618**	**1,610**	**100**	**87**	**49**	**49**	**-69**	**-75**	**3,263**	**3,206**
	2,458	**2,227**	**5,918**	**5,992**	**1,016**	**1,190**	**910**	**399**	**-8,311**	**-7,995**	**24,801**	**24,221**
	32,083	**31,239**	**15,190**	**14,669**	**4,237**	**4,327**	**959**	**448**	**-11,315**	**-10,941**	**207,285**	**201,134**
Equity											**23,190**	**22,278**
Total equity and liabilities											**230,475**	**223,412**

Segment reporting

Segment income statement 1.1.–31.3.2010	Reinsurance				Primary insurance	
€m	Life		Property-casualty		Life	
	Q1 2010	Q1 2009	Q1 2010	Q1 2009	Q1 2010	Q1 2009
Gross premiums written	**1,843**	**1,358**	**4,085**	**4,046**	**1,569**	**1,508**
Thereof:						
From insurance transactions with other segments	35	100	136	121	–	–
From insurance transactions with external third parties	1,808	1,258	3,949	3,925	1,569	1,508
1. Earned premiums						
Gross	1,838	1,360	3,582	3,549	1,567	1,508
Ceded	128	62	237	228	68	135
Net	**1,710**	**1,298**	**3,345**	**3,321**	**1,499**	**1,373**
2. Income from technical interest	147	152	332	195	943	511
3. Expenses for claims and benefits						
Gross	1,393	1,048	2,852	2,398	2,258	1,609
Ceded share	48	37	121	106	35	49
Net	**1,345**	**1,011**	**2,731**	**2,292**	**2,223**	**1,560**
4. Operating expenses						
Gross	468	403	1,007	1,017	294	279
Ceded share	63	17	62	60	13	65
Net	**405**	**386**	**945**	**957**	**281**	**214**
Thereof:						
Amortisation and impairment losses of acquired insurance portfolios	2	2	–	–	7	20
5. Technical result (1–4)	**107**	**53**	**1**	**267**	**-62**	**110**
6. Investment result						
Investment income	386	448	1,150	1,596	1,252	1,234
Investment expenses	112	213	489	956	198	843
Total	**274**	**235**	**661**	**640**	**1,054**	**391**
Thereof:						
Interest and similar income	192	217	445	405	740	716
Interest charges and similar expenses	4	9	20	19	6	15
Write-downs of investments	42	118	171	358	95	390
Write-ups of investments	47	58	98	236	77	94
Income from associates	3	-1	14	-6	–	-19
7. Other operating income	**25**	**22**	**87**	**25**	**112**	**131**
Thereof:						
Interest and similar income	10	4	20	14	1	4
Write-ups of other operating assets	–	–	–	–	–	–
8. Other operating expenses	**16**	**12**	**55**	**26**	**137**	**146**
Thereof:						
Interest charges and similar expenses	2	3	3	9	2	1
Write-downs of other operating assets	1	1	2	3	4	9
9. Deduction of income from technical interest	-147	-152	-332	-195	-943	-511
10. Non-technical result (6–9)	**136**	**93**	**361**	**444**	**86**	**-135**
11. Operating result	**243**	**146**	**362**	**711**	**24**	**-25**
12. Other non-operating result, finance costs and impairment losses of goodwill	-44	8	-97	31	-12	-46
13. Taxes on income	-3	34	43	184	-3	–
14. Consolidated result	**202**	**120**	**222**	**558**	**15**	**-71**
Thereof:						
Attributable to Munich Reinsurance Company equity holders	202	120	223	558	14	-64
Atrributable to minority interests	–	–	-1	–	1	-7

	Health		Property-casualty		Munich Health		Asset management		Consolidation		Total	
	Q1 2010	Q1 2009	Q1 2010	Q1 2009	Q1 2010	Q1 2009	Q1 2010	Q1 2009	Q1 2010	Q1 2009	Q1 2010	Q1 2009
	1,414	**1,338**	**1,731**	**1,622**	**1,252**	**769**	**–**	**–**	**-237**	**-274**	**11,657**	**10,367**
	–	2	13	4	53	47	–	–	-237	-274	–	–
	1,414	1,336	1,718	1,618	1,199	722	–	–	–	–	11,657	10,367
	1,345	1,276	1,281	1,212	1,183	705	–	–	-186	-224	10,610	9,386
	67	51	135	127	8	10	–	–	-186	-224	457	389
	1,278	**1,225**	**1,146**	**1,085**	1,175	695	–	–	–	–	10,153	8,997
	361	291	43	44	24	20	–	–	-23	-63	1,827	1,150
	1,437	1,299	873	759	972	609	–	–	-143	-184	9,642	7,538
	53	45	105	73	4	5	–	–	-118	-132	248	183
	1,384	**1,254**	**768**	**686**	968	604	–	–	-25	-52	9,394	7,355
	178	199	419	397	237	108	–	–	-18	-67	2,585	2,336
	10	4	24	21	1	2	–	–	-36	-85	137	84
	168	**195**	**395**	**376**	236	106	–	–	18	18	2,448	2,252
	1	1	–	–	–	–	–	–	–	–	10	23
	87	**67**	**26**	**67**	**-5**	**5**	**–**	**–**	**-16**	**-29**	**138**	**540**
	390	383	301	175	41	40	6	4	-152	-289	3,374	3,591
	70	112	53	111	8	16	–	1	-16	-28	914	2,224
	320	**271**	**248**	**64**	**33**	**24**	**6**	**3**	**-136**	**-261**	**2,460**	**1,367**
	284	264	87	86	30	38	2	2	-46	-96	1,734	1,632
	2	5	2	3	–	1	–	–	-1	-1	33	51
	18	31	9	59	3	5	–	–	–	–	338	961
	12	16	9	12	2	2	–	–	–	–	245	418
	-2	8	-1	-29	–	–	–	–	–	–	14	-47
	31	**23**	**221**	**102**	**17**	**11**	**60**	**59**	**-372**	**-253**	**181**	**120**
	–	1	1	1	4	2	1	–	-2	-2	35	24
	–	–	–	–	–	–	–	–	–	–	–	–
	43	**28**	**259**	**143**	**17**	**17**	**43**	**46**	**-388**	**-277**	**182**	**141**
	3	5	26	35	2	3	3	3	-15	-24	26	35
	3	1	6	4	2	2	–	–	–	–	18	20
	-361	-291	-43	-44	-24	-20	–	–	23	63	-1,827	-1,150
	-53	**-25**	**167**	**-21**	**9**	**-2**	**23**	**16**	**-97**	**-174**	**632**	**196**
	34	**42**	**193**	**46**	**4**	**3**	**23**	**16**	**-113**	**-203**	**770**	**736**
	-7	-25	-40	-27	-15	-1	-4	-2	7	19	-212	-43
	10	14	20	10	–	6	7	6	-1	2	73	256
	17	**3**	**133**	**9**	**-11**	**-4**	**12**	**8**	**-105**	**-186**	**485**	**437**
	17	1	129	10	-10	-3	12	8	-105	-197	482	433
	–	2	4	-1	-1	-1	–	–	–	11	3	4

Segment reporting

Non-current assets by country[1]	31.3.2010	31.12.2009
€m		
Germany	7,750	7,759
USA	2,075	1,987
Austria	466	471
Spain	232	235
Singapore	232	219
Sweden	212	195
UK	181	185
Netherlands	181	182
France	161	162
Turkey	149	147
Portugal	114	118
Poland	108	102
Italy	102	71
Switzerland	79	80
Greece	56	56
Others	262	253
Total	**12,360**	**12,222**

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

Gross premiums written[1]	Reinsurance		Primary insurance		Munich Health		Total	
€m	Q1 2010	Q1 2009	Q1 2010	Q1 2009	Q1 2010	Q1 2009	Q1 2010	Q1 2009
Europe	2,338	2,559	4,659	4,429	452	321	7,449	7,309
North America	2,313	1,724	–	–	612	283	2,925	2,007
Asia and Australasia	670	515	42	33	84	25	796	573
Africa, Near and Middle East	198	150	–	–	49	90	247	240
Latin America	238	235	–	–	2	3	240	238
Total	**5,757**	**5,183**	**4,701**	**4,462**	**1,199**	**722**	**11,657**	**10,367**

[1] After elimination of intra-Group reinsurance across segments.

Notes to the consolidated balance sheet

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

Intangible assets		
€m	31.3.2010	31.12.2009
I. Goodwill	**3,564**	**3,477**
II. Other intangible assets	**1,712**	**1,718**
Thereof:		
Software	350	349
Purchased insurance portfolios	642	650
Other	720	719
Total	**5,276**	**5,195**

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

Number of shares in circulation and number of own shares held	31.3.2010	31.12.2009
Number of shares in circulation	187,910,076	191,910,177
Number of own shares held	9,491,548	5,491,447
Total	**197,401,624**	**197,401,624**

Minority interests		
€m	31.3.2010	31.12.2009
Unrealised gains and losses	16	12
Consolidated result	2	8
Other equity	220	209
Total	**238**	**229**

These are mainly minority interests in the ERGO Insurance Group.

Subordinated liabilities		
€m	31.3.2010	31.12.2009
Munich Reinsurance Company, Munich, 6.75% until 2013, thereafter floating, €2,900m Bonds 2003/2023 S&P rating: A	2,883	2,883
Munich Reinsurance Company, Munich, 7.625% until 2018, thereafter floating, £300m, Bonds 2003/2028 S&P rating: A	334	335
Munich Reinsurance Company, Munich, 5.767% until 2017, thereafter floating, €1,349m, Bonds 2007/perpetual S&P rating: A	1,509	1,475
Bank Austria Creditanstalt Versicherung AG, Vienna, 4.95%, €50m, Registered bonds 2004/2014 Rating: –	47	49
Bank Austria Creditanstalt Versicherung AG, Vienna, 6% until 2010, thereafter floating, €12m[1], Registered bonds 2001/perpetual Rating: –	8	9
Bank Austria Creditanstalt Versicherung AG, Vienna, secondary market yield on federal government bonds (Austria), +70 BP, €13m[2], Registered bonds 1998/perpetual Rating: –	9	9
HSB Group Inc., Delaware LIBOR +91 BP, US$ 76m, Bonds 1997/2027 S&P rating: –	33	30
Total	**4,823**	**4,790**

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

Bonds and notes issued		
€m	31.3.2010	31.12.2009
Munich Re America Corporation, Princeton, 7.45%, US$ 392m, senior notes 1996/2026[1] S&P rating: A–	289	276
Total	**289**	**276**

[1] In the first quarter of 2010, the issuer bought back notes with a nominal value of US$ 5m.

Notes to the consolidated income statement

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

Premiums[1]	Reinsurance			
	Life		Property-casualty	
€m	Q1 2010	Q1 2009	Q1 2010	Q1 2009
Gross premiums written	1,808	1,258	3,949	3,925
Change in gross unearned premiums	3	–3	457	448
Gross earned premiums	**1,805**	**1,261**	**3,492**	**3,477**
Ceded premiums written	128	62	280	255
Change in unearned premiums				
Ceded share	–	–	44	27
Earned premiums ceded	**128**	**62**	**236**	**228**
Net earned premiums	**1,677**	**1,199**	**3,256**	**3,249**

[1] After elimination of intra-Group transactions across segments.

Income from technical interest[1]	Reinsurance			
	Life		Property-casualty	
€m	Q1 2010	Q1 2009	Q1 2010	Q1 2009
Income from technical interest	136	99	332	195

[1] After elimination of intra-Group transactions across segments.

Primary insurance						Munich Health		Total	
Life		Health		Property-casualty					
Q1 2010	Q1 2009	Q1 2010	Q1 2009	Q1 2010	Q1 2009	Q1 2010	Q1 2009	Q1 2010	Q1 2009
1,569	1,508	1,414	1,336	1,718	1,618	1,199	722	11,657	10,367
1	–	70	62	447	408	69	66	1,047	981
1,568	**1,508**	**1,344**	**1,274**	**1,271**	**1,210**	**1,130**	**656**	**10,610**	**9,386**
32	32	7	3	53	45	8	7	508	404
–	–	2	1	4	–13	1	–	51	15
32	**32**	**5**	**2**	**49**	**58**	**7**	**7**	**457**	**389**
1,536	**1,476**	**1,339**	**1,272**	**1,222**	**1,152**	**1,123**	**649**	**10,153**	**8,997**

Primary insurance						Munich Health		Total	
Life		Health		Property-casualty					
Q1 2010	Q1 2009	Q1 2010	Q1 2009	Q1 2010	Q1 2009	Q1 2010	Q1 2009	Q1 2010	Q1 2009
943	511	361	291	43	44	12	10	1,827	1,150

Expenses for claims and benefits[1]	Reinsurance			
	Life		Property-casualty	
€m	Q1 2010	Q1 2009	Q1 2010	Q1 2009
Gross				
Claims and benefits paid	1,082	699	2,180	2,161
Change in technical provisions				
Provision for future policy benefits	120	105	3	–
Provision for outstanding claims	129	155	598	178
Provision for premium refunds	–	–	10	–2
Other technical result	27	12	17	5
Gross expenses for claims and benefits	**1,358**	**971**	**2,808**	**2,342**
Ceded share				
Claims and benefits paid	–31	–3	181	208
Change in technical provisions				
Provision for future policy benefits	–6	8	–	–
Provision for outstanding claims	91	33	–59	–95
Provision for premium refunds	–	–	–	–
Other technical result	–5	–2	–1	4
Expenses for claims and benefits – Ceded share	**49**	**36**	**121**	**117**
Net				
Claims and benefits paid	1,113	702	1,999	1,953
Change in technical provisions				
Provision for future policy benefits	126	97	3	–
Provision for outstanding claims	38	122	657	273
Provision for premium refunds	–	–	10	–2
Other technical result	32	14	18	1
Net expenses for claims and benefits	**1,309**	**935**	**2,687**	**2,225**

[1] After elimination of intra-Group transactions across segments.

Operating expenses[1]	Reinsurance			
	Life		Property-casualty	
€m	Q1 2010	Q1 2009	Q1 2010	Q1 2009
Acquisition costs	–3	9	41	21
Administration expenses	63	59	254	229
Amortisation and impairment losses of acquired insurance portfolios	2	2	–	–
Reinsurance commission and profit commission	398	274	692	747
Gross operating expenses	**460**	**344**	**987**	**997**
Ceded share of acquisition costs	–	1	7	14
Commission received on ceded business	64	18	55	46
Operating expenses – Ceded share	**64**	**19**	**62**	**60**
Net operating expenses	**396**	**325**	**925**	**937**

[1] After elimination of intra-Group transactions across segments.

Primary insurance						Munich Health		Total	
Life		Health		Property-casualty					
Q1 2010	Q1 2009	Q1 2010	Q1 2009	Q1 2010	Q1 2009	Q1 2010	Q1 2009	Q1 2010	Q1 2009
1,536	1,631	988	966	789	722	859	511	7,434	6,690
470	57	288	267	14	9	23	17	918	455
–53	7	–75	–62	47	18	33	26	679	322
266	–129	238	128	3	4	–1	–1	516	–
38	45	–2	–	16	8	–1	1	95	71
2,257	**1,611**	**1,437**	**1,299**	**869**	**761**	**913**	**554**	**9,642**	**7,538**
27	24	1	1	25	25	5	5	208	260
8	12	–	–1	–	–	–	–	2	19
–4	–2	–	–	35	–7	–2	–	61	–71
–	–	–	–	–	–	–	–	–	–
–18	–17	–	–	1	1	–	–11	–23	–25
13	**17**	**1**	**–**	**61**	**19**	**3**	**–6**	**248**	**183**
1,509	1,607	987	965	764	697	854	506	7,226	6,430
462	45	288	268	14	9	23	17	916	436
–49	9	–75	–62	12	25	35	26	618	393
266	–129	238	128	3	4	–1	–1	516	–
56	62	–2	–	15	7	–1	12	118	96
2,244	**1,594**	**1,436**	**1,299**	**808**	**742**	**910**	**560**	**9,394**	**7,355**

Primary insurance						Munich Health		Total	
Life		Health		Property-casualty					
Q1 2010	Q1 2009	Q1 2010	Q1 2009	Q1 2010	Q1 2009	Q1 2010	Q1 2009	Q1 2010	Q1 2009
229	190	142	157	247	233	32	24	688	634
64	65	42	45	170	164	33	32	626	594
7	20	1	1	–	–	–	–	10	23
–	9	3	2	1	2	167	51	1,261	1,085
300	**284**	**188**	**205**	**418**	**399**	**232**	**107**	**2,585**	**2,336**
–	–1	–	–	3	1	–	–	10	15
5	4	2	1	2	1	–1	–1	127	69
5	**3**	**2**	**1**	**5**	**2**	**–1**	**–1**	**137**	**84**
295	**281**	**186**	**204**	**413**	**397**	**233**	**108**	**2,448**	**2,252**

Investment result by investment class and segment (before deduction of technical interest)[1]	Reinsurance				Primary insurance	
	Life		Property-casualty		Life	
€m	Q1 2010	Q1 2009	Q1 2010	Q1 2009	Q1 2010	Q1 2009
Land and buildings, including buildings on third-party land	2	7	12	38	22	27
Investments in affiliated companies	–	–	3	–	–1	–5
Investments in associates	3	–1	14	–6	–	–19
Loans	1	2	2	7	355	293
Other securities held to maturity	–	–	–	–	1	2
Other securities available for sale						
Fixed-interest	189	79	741	262	456	352
Non-fixed-interest	11	6	56	13	73	–228
Other securities at fair value through profit or loss						
Held for trading						
Fixed-interest	–	–	4	4	1	4
Non-fixed-interest	–	–	–	–	–	–
Derivatives	–	18	–140	243	20	36
Designated as at fair value through profit or loss						
Fixed-interest	–	–	–	–	7	2
Non-fixed-interest	–	–	–	–	–	–
Deposits retained on assumed reinsurance and other investments	58	52	–13	–15	4	–2
Investments for the benefit of life insurance policyholders	–	–	–	–	147	–42
Expenses for the management of investments, other expenses	7	8	38	43	31	32
Total	**257**	**155**	**641**	**503**	**1,054**	**388**

[1] After elimination of intra-Group transactions across segments.

Investment income by segment (before deduction of technical interest)[1]	Reinsurance				Primary insurance	
	Life		Property-casualty		Life	
€m	Q1 2010	Q1 2009	Q1 2010	Q1 2009	Q1 2010	Q1 2009
Regular income	199	171	487	443	780	766
Thereof:						
Income from interest	179	166	439	403	732	704
Income from write-ups	47	58	98	236	77	94
Gains on the disposal of investments	123	137	542	769	224	341
Other income	–	–	–	–	164	20
Total	**369**	**366**	**1,127**	**1,448**	**1,245**	**1,221**

[1] After elimination of intra-Group transactions across segments.

					Munich Health		Asset management		Total	
	Health		Property-casualty							
	Q1 2010	Q1 2009	Q1 2010	Q1 2009	Q1 2010	Q1 2009	Q1 2010	Q1 2009	Q1 2010	Q1 2009
	10	10	6	7	–	–	1	1	53	90
	–1	–5	40	1	–	–	3	–	44	–9
	–2	8	–1	–29	–	–	–	–	14	–47
	157	132	25	23	–	–	–	–	540	457
	–	–	–	–	–	–	–	–	1	2
	156	117	87	44	23	13	1	2	1,653	869
	22	–28	14	–35	1	–	–	–	177	–272
	–	–	–	–	–	–	–	–	5	8
	–	–	–	–	–	–	–	–	–	–
	–16	42	–	27	–2	2	–	–	–138	368
	–	–	–	–	–	–	–	–	7	2
	–	–	–	–	–	–	–	–	–	–
	3	2	–	4	–	–	1	1	53	42
	–	–	–	–	–	–	–	–	147	–42
	9	9	11	7	–	1	–	1	96	101
	320	**269**	**160**	**35**	**22**	**14**	**6**	**3**	**2,460**	**1,367**

					Munich Health		Asset management		Total	
	Health		Property-casualty							
	Q1 2010	Q1 2009	Q1 2010	Q1 2009	Q1 2010	Q1 2009	Q1 2010	Q1 2009	Q1 2010	Q1 2009
	299	283	92	65	19	18	6	3	1,882	1,749
	282	258	83	83	18	16	1	2	1,734	1,632
	12	16	9	12	2	2	–	–	245	418
	76	79	110	67	8	10	–	1	1,083	1,404
	–	–	–	–	–	–	–	–	164	20
	387	**378**	**211**	**144**	**29**	**30**	**6**	**4**	**3,374**	**3,591**

Investment expenses by segment (before deduction of technical interest)[1]	Reinsurance				Primary insurance	
	Life		Property-casualty		Life	
€m	Q1 2010	Q1 2009	Q1 2010	Q1 2009	Q1 2010	Q1 2009
Write-downs of investments	42	118	171	358	95	390
Losses on the disposal of investments	59	80	257	520	42	333
Management expenses, interest charges and other expenses	11	13	58	67	54	110
Thereof:						
Interest charges	4	9	20	19	5	15
Total	**112**	**211**	**486**	**945**	**191**	**833**

[1] After elimination of intra-Group transactions across segments.

Other operating result[1]	Reinsurance				Primary insurance	
	Life		Property-casualty		Life	
€m	Q1 2010	Q1 2009	Q1 2010	Q1 2009	Q1 2010	Q1 2009
Other operating income	21	19	82	21	22	29
Other operating expenses	13	11	50	23	31	36

[1] After elimination of intra-Group transactions across segments.

Other operating income mainly comprises income of €94m (63m) from services rendered, interest and similar income of €36m (24m), income of €9m (20m) from the release/reduction of miscellaneous provisions and adjustments of values for receivables, and income of €37m (9m) from owner-occupied property, some of which is also leased out.

In addition to expenses of €68m (35m) for services rendered, other operating expenses chiefly include interest charges and similar expenses of €29m (38m), other write-downs of €13m (13m), and other tax of €5m (7m). They also contain expenses of €12m (7m) for owner-occupied property, some of which is also leased out.

Other non-operating result, impairment losses of goodwill and finance costs[1]	Reinsurance				Primary insurance	
	Life		Property-casualty		Life	
€m	Q1 2010	Q1 2009	Q1 2010	Q1 2009	Q1 2010	Q1 2009
Other non-operating income	166	101	326	398	55	376
Other non-operating expenses	192	71	379	319	66	371
Impairment losses of goodwill	–	–	–	–	–	48
Finance costs	18	22	43	50	1	1

[1] After elimination of intra-Group transactions across segments.

Other non-operating income is income unrelated to the conclusion, administration or settlement of insurance contracts or the administration of investments. Besides foreign currency exchange gains of €836m (1,096m), it contains other non-technical income of €41m (145m).

	Health		Property-casualty		Munich Health		Asset management		Total	
	Q1 2010	Q1 2009	Q1 2010	Q1 2009	Q1 2010	Q1 2009	Q1 2010	Q1 2009	Q1 2010	Q1 2009
	18	31	9	59	3	5	–	–	338	961
	37	61	29	41	4	10	–	–	428	1,045
	12	17	13	9	–	1	–	1	148	218
	2	5	2	2	–	1	–	–	33	51
	67	**109**	**51**	**109**	**7**	**16**	**–**	**1**	**914**	**2,224**

	Health		Property-casualty		Munich Health		Asset management		Total	
	Q1 2010	Q1 2009	Q1 2010	Q1 2009	Q1 2010	Q1 2009	Q1 2010	Q1 2009	Q1 2010	Q1 2009
	9	15	17	13	16	10	14	13	181	120
	17	12	46	35	15	13	10	11	182	141

	Health		Property-casualty		Munich Health		Asset management		Total	
	Q1 2010	Q1 2009	Q1 2010	Q1 2009	Q1 2010	Q1 2009	Q1 2010	Q1 2009	Q1 2010	Q1 2009
	176	229	72	106	81	29	1	2	877	1,241
	183	255	102	99	94	26	4	3	1,020	1,144
	–	–	–	10	–	–	–	–	–	58
	–	–	5	6	2	3	–	–	69	82

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 €916m (1,058m), they include write-downs of €21m (28m) on other intangible assets and other non-technical expenses of €83m (58m), such as expenses unrelated to the accounting period, project costs and other amounts that cannot be allocated elsewhere, and restructuring expenses.

Non-current assets held for sale

As from the financial year 2010, we are presenting disposal groups only if other assets or liabilities besides the non-current asset held for sale will actually be transferred to the respective acquirer. Assets or liabilities which are associated with the transferred asset but which will not be transferred are consequently not allocated to a disposal group. This concerns, for example, certain deferred tax items and provisions for deferred premium refunds.

In the fourth quarter of 2009, with economic effect from 1 January 2010, we sold one of our owner-occupied office properties. Its carrying amount of €13m is therefore no longer recognised at the reporting date. At the same time, we acquired an office property for own use at a price of €41m.

Also in the fourth quarter of 2009, with economic effect from 1 April 2010, we sold seven residential investment properties with a total carrying amount of €68m.

Besides this, in the fourth quarter of 2009, we decided to sell an investment office property with a carrying amount of €22m. A contract regarding the sale of this property was signed in April 2010, and the transfer of ownership is likely to be concluded by 1 July 2010 at the latest.

How the non-current assets held for sale 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.

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

Number of staff

The number of staff employed by the Group as at 31 March 2010 totalled 24,675 (24,951) in Germany and 22,342 (22,298) in other countries.

Number of staff	31.3.2010	31.12.2009
Reinsurance	11,316	11,309
Primary insurance	30,966	31,145
Munich Health	3,954	4,007
Asset management	781	788
Total	**47,017**	**47,249**

Contingent liabilities, other financial commitments

In comparison with the situation at 31 December 2009, financial commitments of significance for the assessment of the Group's financial position show the following main changes: an increase of €132m in commitments under work and service contracts and an increase of €81m in other investment commitments. Also, loan commitments amounting to €80m were given; the corresponding loans were extended to the recipients in April 2010. No contingent liabilities have been entered into for the benefit of Board members.

Earnings per share

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

Earnings per share		Q1 2010	Q1 2009
Consolidated result attributable to Munich Reinsurance Company equity holders	€m	482	433
Weighted average number of shares		189,798,691	195,347,079
Earnings per share	€	2.54	2.22

Events after the balance sheet date

Under the share buy-back programme decided on by Munich Reinsurance Company's Board of Management in the fourth quarter of 2009, we repurchased a further 1,572,056 Munich Re shares with a volume of €191m after the balance sheet date up to the conclusion of the programme on 21 April 2010. On 28 April 2010, Munich Reinsurance Company's Board of Management resolved that 8,933,153 own shares acquired in the share buy-back programme be retired in a simplified process, without reducing the share capital but merely by adjusting the proportion of the Company's share capital represented by each of the remaining no-par-value shares. The 8,933,153 own shares are thereby retired.

On 12 April 2010, we sold part of our stake in Helvetia Holding AG, St. Gall. The market value of the shares sold totalled €119m, while the gain on disposal amounted to €90m. This transaction reduced our shareholding in the company from around 8.2% to below 3%.

As a consequence of the sinking of the oil rig Deepwater Horizon in the Gulf of Mexico, we anticipate a material-damage loss of around €60m, and further burdens in the liability segment which cannot be predicted accurately owing to their complexity. Overall, Munich Re expects a claims burden in the low triple-digit million euro range at most.

Drawn up and released for publication,
Munich, 6 May 2010

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 statement of changes in Group equity, the condensed consolidated cash flow statement as well as the selected explanatory notes – and the interim management report of Münchener Rückversicherungs-Gesellschaft Aktiengesellschaft in München, for the period from 1 January 2010 to 31 March 2010, which are parts of the quarterly financial report in accordance with Section 37 x para. 3 of the WpHG (German Securities Trading Act). The preparation of the condensed interim consolidated financial statements in accordance with IFRS for Interim Financial Reporting, as adopted by the EU, and of the interim management report, which has been prepared according to the applicable regulations for interim management reports of the WpHG, are the responsibility of the Company's management. Our responsibility is to issue a report on these condensed interim consolidated financial statements and the interim management report based on our review.

We have performed our review of the condensed interim consolidated financial statements and the interim management report in accordance with the German generally accepted standards for the review of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW). Those standards require that we plan and conduct the review so that we can, through critical evaluation, preclude, with a certain level of assurance, that the interim consolidated financial statements have not been prepared, in material aspects, in accordance with IFRS for Interim Financial Reporting, as adopted by the EU, and that the interim management report has not been prepared according to the applicable regulations of the WpHG. 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 all material respects in accordance with IFRS for Interim Financial Reporting, as adopted by the EU, and that the interim management report has not been prepared according to the applicable regulations for interim management reports of the WpHG.

Munich, 7 May 2010
KPMG Bayerische Treuhandgesellschaft
Aktiengesellschaft Wirtschaftsprüfungsgesellschaft
Steuerberatungsgesellschaft

Klaus Becker
Wirtschaftsprüfer
(Certified public accountant)

Martin Berger
Wirtschaftsprüfer
(Certified public accountant)

Important dates 2010/2011

2010	
4 August 2010	Interim report as at 30 June 2010
4 August 2010	Half-year press conference
9 November 2010	Interim report as at 30 September 2010

2011	
10 March 2011	Balance sheet press conference for 2010 financial statements
20 April 2011	Annual General Meeting
21 April 2011	Dividend payment
9 May 2011	Interim report as at 31 March 2011
4 August 2011	Interim report as at 30 June 2011
4 August 2011	Half-year press conference
8 November 2011	Interim report as at 30 September 2011

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Responsible for content
Group Reporting

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

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