

Quarterly Report 3/2013
Munich Re

3/2013

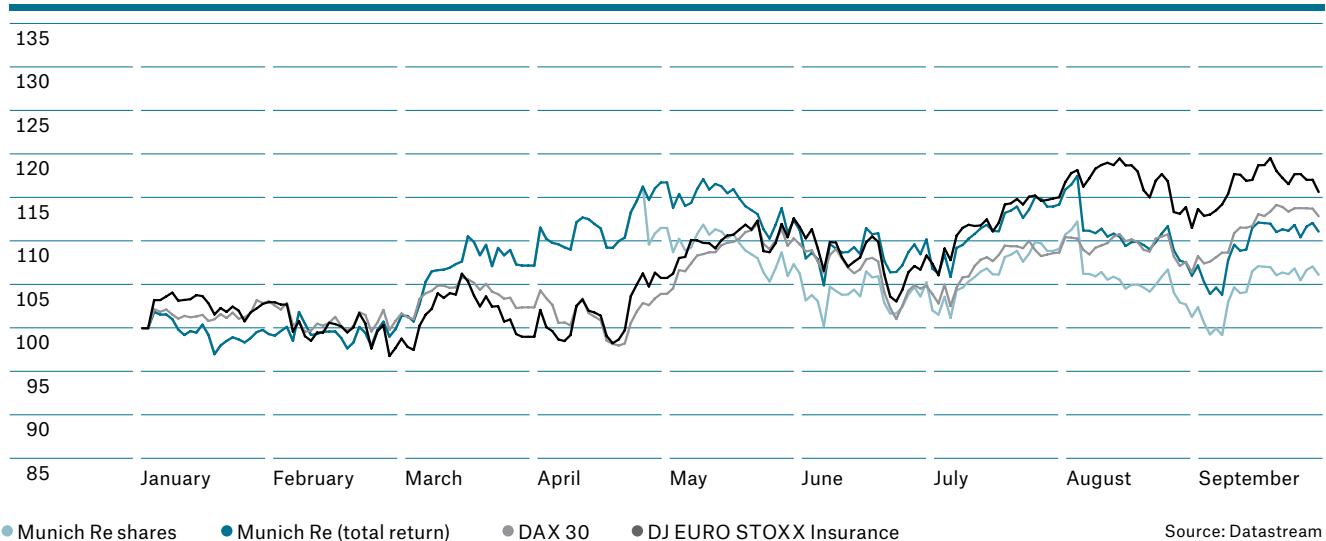
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Share price performance 1.1.2013 = 100



● Munich Re shares ● Munich Re (total return) ● DAX 30 ● DJ EURO STOXX Insurance

Source: Datastream

Key figures (IFRS)

Munich Re at a glance

		Q1-3 2013	Q1-3 2012	Change %	Q3 2013	Q3 2012	Change %
Consolidated result	€m	2,158	2,730	-21.0	636	1,136	-44.0
Thereof attributable to non-controlling interests	€m	20	12	66.7	-1	6	-
Earnings per share	€	11.93	15.30	-22.0	3.55	6.36	-44.2
Return on risk-adjusted capital (RORAC)	%	10.5	14.9		9.2	18.7	
Return on investment (RoI)	%	3.4	3.9		3.8	4.0	
Return on equity (RoE)	%	10.7	14.5		9.9	17.3	
					30.9.2013	31.12.2012	Change %
Book value per share	€				142.93	152.25	-6.1
Munich Reinsurance Company's market capitalisation	€bn				25.9	24.4	6.2
Share price	€				144.45	136.00	6.2

		30.9.2013	31.12.2012	Change %
Equity	€m	25,867	27,423	-5.7
Investments	€m	210,265	213,823	-1.7
Net technical provisions	€m	188,521	186,117	1.3
Balance sheet total	€m	256,259	258,360	-0.8
Number of staff		45,240	45,437	-0.4

Contents

Letter to shareholders	2
Interim management report	4
Business environment	4
Business performance	6
Overview	6
Reinsurance	7
Primary insurance	11
Munich Health	14
Investment performance	16
Prospects	23
Interim consolidated financial statements as at 30 September 2013	28
Review report	84
Important dates	

To our shareholders



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

Dear Shareholders,

The economic focal point of the world is shifting. Value creation and industrial production are increasingly taking place in emerging countries. The share of emerging and developing countries in global gross domestic product has almost doubled over the past ten years – from just over 20% in 2003 to around 40% in 2013.

Yet development in these countries is far from linear. The growth euphoria in some emerging economies currently appears to have cooled appreciably. The temporary rise in interest rates in the USA and other developed industrial countries recently led to a noticeable capital outflow from several Asian, Latin American and eastern European growth regions. The failure to implement timely structural reforms has also slowed growth in many emerging economies. As a result, this has increased the vulnerability of the respective states to turbulence caused by the financial markets. However, these countries are the markets of the future, where a young population and a growing middle-class drives economic growth and, accordingly, also the demand for insurance.

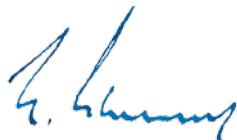
A significant risk for the development of the emerging countries is the threat to their economies from natural catastrophes. The relatively high economic values (production facilities, buildings, infrastructure), which in many cases are concentrated in coastal regions or along river banks, have so far been insufficiently protected and insured. Thus often there is no compensation for damage from natural catastrophes, with corresponding negative consequences for economic growth in the affected emerging country. Current studies – prepared in some cases using loss data from Munich Re – show that it is the emerging countries in particular that profit from additional insurance coverage. Even a slight increase in insurance penetration can provide effective support to the economic development of these countries and the gradually improving prosperity of the people who live there. Naturally, Munich Re is available as a partner to provide advice to the affected countries and their insurers in finding concrete solutions for these challenges. As a reinsurer, we also provide considerable worldwide capacity for the acceptance of natural catastrophe risks.

The commitment of Munich Re in emerging countries involves more than the reinsurance of natural catastrophe risks. In past years, we have built up our cooperation with supranational organisations and institutions for development financing. In Central and South America, initial talks are currently being held with the Interamerican Development Bank to facilitate the financing of infrastructure projects in the field of energy supply. Another example is the cooperation between Munich Re and the German Investment and Development Corporation, a subsidiary of the KfW Bank, concerning sustainable expansion of insurance markets in emerging countries. Munich Re also works with the International Finance Corporation, a member of the World Bank Group, on projects to enhance the financial strength of developing countries, where we are exploring new avenues such as the sharing of risks for infrastructure projects. What these projects have in common is that they all give the target countries access to know-how, insurance cover or capital that would not be available to them without this cooperation. These projects show how we seek and establish new partnerships in order to develop our business in growth markets.

Emerging countries offer interesting economic perspectives for the future. We want to make the most of opportunities offered, not only in reinsurance but also in primary insurance. ERGO has been active for many years in the emerging economies of central and eastern Europe. Another target region is the Asian market, where we have already established operations in Vietnam and India. In mid-September, ERGO began to market life insurance in the province of Shandong as part of its joint venture with ERGO China Life. In time, ERGO's business in Asia is to be selectively expanded.

With respect to our commitment in emerging countries, the focus for Munich Re is also on the profitability of our business rather than on growth. In light of this objective, which we have pursued for many years, we are happy with our performance in 2013 to date. The third quarter covered by this report was also satisfactory. More than three-quarters of the way into the financial year, we are very confident of achieving a profit of €3bn. And, finally, I am particularly happy that in this letter to you I am able to announce a share buy-back of €1bn.

Yours sincerely,



Nikolaus von Bomhard

Interim management report

Business environment

- Growth in the global economy still robust
- US monetary policy remains expansionary
- Capital outflows affecting financial markets in emerging countries

Growth in the global economy continued to be robust in the third quarter of 2013. The main growth drivers were China, the USA, Japan and the United Kingdom. Growth in the economy of the eurozone was weak. Inflation remained low in the USA and in the eurozone. Yields on US government bonds showed some temporary sharp increases, and the performance of currencies in major emerging countries was generally weak.

Economic growth in the USA was moderate, as cuts in government spending and somewhat stricter financing conditions slowed the economy. The economy in the eurozone moved out of recession in the previous quarter, but growth in the third quarter was still only weak. The economic upturn in Germany continued. As in the second quarter, momentum in the United Kingdom and Japan remained relatively high. In China, there was a growth spurt after a somewhat weaker previous quarter. However, economic activity cooled significantly in other major emerging economies, such as India and Brazil.

Inflation remained at a low level in the USA and the eurozone in the third quarter. In comparison with the second quarter, the annual inflation rate in the USA increased from 1.4% to 1.6%, and in the eurozone fell from 1.4% to 1.3%. After several years of deflationary tendencies in Japan, for the first time there was a distinct quarterly increase in prices of 0.7%. In China, the inflation rate rose from 2.4% to 2.6%.

Monetary policy in the most important economies remained very expansionary. Key interest rates in the USA, the eurozone, Japan and the United Kingdom were kept unchanged at their historic lows. The central banks of the United States, Japan and the United Kingdom also continued their government bond-buying programmes. Contrary to the expectations of many market participants, the US Federal Reserve did not start its gradual exit from bond buying ("tapering") in September that it had indicated for this year.

Thus government bond yields continued with the increases that began in the second quarter, but they fell again at the end of September. During the quarter, yields on US and German bonds with periods to maturity of ten years reached highs of just under 3% and just over 2% respectively. The end-of-quarter figures of 2.6% and 1.8% were only slightly above the levels at the start of the quarter. By historical standards, long-term interest rates remained very low.

There were capital outflows in major emerging countries in the third quarter, e.g. due to rising long-term interest rates in the USA. In India, Brazil, Indonesia and Turkey the currencies, and sometimes also the stock markets, came under pressure. In contrast, volatility in the financial markets in industrialised countries was relatively low, and less than in the previous quarter. The escalation of the war in Syria and the budget crisis in the USA caused uncertainty. However, stock markets in Europe and Japan still saw significant price gains, whereas stock markets in the USA advanced only slightly. Compared with share prices at the start of the year, significant indices showed clear improvements to the end of September: The Japanese Nikkei index was up 39%, the Dow Jones by almost 13% and the EURO STOXX 50 increased by almost 7%.

The euro rose from US\$ 1.31 at the start of the quarter to US\$ 1.35 at the end of the reporting period. It gained against the Japanese yen and the Canadian dollar, but fell relative to the British pound sterling.

Business performance

Overview

Key figures

	Q1-3 2013		Q1-3 2012		Change		Q3 2013		Q3 2012		Change	
	€m		€m		%		€m		€m		€m	%
Gross premiums written ¹	38,590		39,038		-1.1		12,497		13,211		-5.4	
Technical result	2,646		2,832		-6.6		745		1,129		-34.0	
Investment result	5,662		6,271		-9.7		2,099		2,221		-5.5	
Operating result	3,052		3,738		-18.4		1,070		1,434		-25.4	
Taxes on income	254		525		-51.6		-32		202		-	
Consolidated result	2,158		2,730		-21.0		636		1,136		-44.0	
Thereof: Attributable to non-controlling interests	20		12		66.7		-1		6		-	
							30.9.2013		31.12.2012		Change	
							€bn		€bn		%	
Equity							25.9		27.4		-5.7	

¹ Previous year's figures adjusted pursuant to IAS 8.

Overall, Munich Re's Group-wide business generated a good result for the first nine months of the year. Consolidated premium income decreased as against the same period last year due to changes in exchange rates. Adjusted for currency translation effects, our premium income showed a further moderate rise despite our strict profitability requirements.

Major-loss expenditure was at approximately the expected level. Relatively high man-made losses, the floods in central Europe, hailstorms in Germany and two hurricanes in Mexico had a particularly strong impact. In life reinsurance, we suffered negative effects on results in the USA and Australia due to higher mortality and disability rates. Overall, however, the technical result of €2,646m (2,832m) was again at a high level. Income from the release of loss reserves in property-casualty reinsurance also contributed to this result.

The investment result represents an annualised return of 3.4% on our investments, and thus remained at a pleasingly high level. There was a reduction in comparison to 2012 due to a fall in regular interest income and write-downs of the valuations of our derivatives, which we use to manage our inflation risk, equity risk and interest-rate risk. We generated large gains from the sale of shares. In the third quarter of 2013, we sold the Windsor Health Group (WHG). The transaction is part of the efforts being made by Munich Health to strengthen its focus on corporate clients in North America.

The operating result was adversely impacted by interest charges of €116m on back tax payments for prior years. At €3,052m for the first nine months of the year, this result was lower than in the previous year (3,738m).

The non-operating result of -€438m (-239m) for the first nine months of the year remained appreciably below the previous year's figure owing to currency losses.

At €254m (525m), expenditure for taxes on income was low due to reserve releases for prior years.

In total, the consolidated result from January to September 2013 was a pleasing €2,158m (2,730m).

Equity declined by €1.6bn to €25.9bn compared with the beginning of the year. The positive impact of the consolidated profit of €2,158m was offset mainly by the dividend payment of €1.3bn at the end of April and the reduction in balance-sheet unrealised gains and losses on our fixed-interest securities of €2.5bn owing to the higher interest-rate level. Overall, however, Munich Re will benefit in the long run from rising interest-rate levels.

The annualised return on risk-adjusted capital (RORAC) for the first nine months amounted to 10.5% (14.9%), and the return on equity (RoE) to 10.7% (14.5%).

With the acquisition of RenRe Commodity Advisors LLC, Delaware, we are adding above all to our expertise in covering weather risks, thereby expanding our customised business model in the Special and Financial Risks Division. The acquisition took place on 1 October 2013.

Reinsurance

- Decline in premium income to €21.0bn (21.2bn) for January to September and €6.9bn (7.5bn) for the third quarter
- Life reinsurance adversely affected by expenditure for disability and mortality covers in the third quarter
- Satisfactory treaty renewals in property-casualty reinsurance
- Combined ratio of 93.1% (93.6%) for the first nine months and 94.3% (89.4%) for the third quarter
- Consolidated result of €1,715m (2,329m) for the first three quarters and €510m (1,036m) for July to September

Munich Re operates in virtually all classes of reinsurance. We offer a full range of products, from traditional reinsurance to innovative risk covers, using our extensive risk knowledge to develop individual solutions geared to the specific needs of our clients.

Reinsurance - Life

Key figures

	Q1-3 2013	Q1-3 2012	Change %	Q3 2013	Q3 2012	Change %
Gross premiums written €m	8,194	8,191	0.0	2,631	2,897	-9.2
Share of gross premiums written in reinsurance %	39.0	38.7		38.2	38.7	
Operating result €m	335	514	-34.8	48	176	-72.7
Consolidated result €m	216	390	-44.6	-14	123	-

Premium

The gratifying growth in premium income we have seen in recent years is significantly attributable to a number of large-volume treaties where reinsurance primarily serves as a capital substitute for our clients. These treaties generally run for a period of several years and have been concluded mainly in North America, Asia and continental Europe. They continue to be a key driver of our premium development in 2013 as well. Our business is also being fuelled by the expanding primary insurance markets in Asia, where Munich Re has been successful with innovative coverage concepts. However, the weak economy in many markets is impacting our clients' business. This also has a dampening effect on the development of our premium income. Compared with the first nine months of 2012, the strengthened euro gave rise to negative exchange-rate influences. Since around 90% of our business is written outside the eurozone, exchange-rate influences play a major part in premium development.

If exchange rates had remained unchanged, our premium income would have shown a year-on-year increase of 4.2% for the first nine months and a decrease of 1.4% for the third quarter.

Result

The technical result amounted to €279m (370m) for January to September. For the third quarter, the technical result showed a deficit of €26m (-115m), mainly owing to two independent trends in Australia and the USA. In Australia, group disability business saw a market-wide increase in claims. We had to make additional provision for more frequent and more costly claims in individual disability business as well. We thus incurred expenses totalling some €130m for additional claims and the necessary adjustments to our technical provisions in the first nine months of the year, around €110m of which was attributable to the third quarter. We had already posted increased expenses for pure mortality covers in the USA in the second quarter. This trend persisted in the third quarter and involved in particular treaties written between 2000 and 2005. In the other markets, the result developed as expected.

The investment result of €619m for the first three quarters was roughly at the same level as in the same period last year (€635m), and totalled €257m (237m) for the third quarter. The reduction was mainly attributable to low disposal gains from the restructuring of our fixed-interest securities.

Following the exceptionally good first-quarter result, the result for the first nine months was at the lower end of the target corridor.

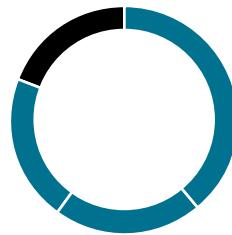
Reinsurance – Property-casualty

Key figures

	Q1-3 2013	Q1-3 2012	Change %	Q3 2013	Q3 2012	Change %
Gross premiums written €m	12,796	12,995	-1.5	4,263	4,598	-7.3
Share of gross premiums written in reinsurance %	61.0	61.3		61.8	61.3	
Loss ratio %	63.3	64.4		64.1	61.4	
Thereof: Major losses Percentage points	10.8	8.4		14.8	7.8	
Expense ratio %	29.8	29.2		30.2	28.0	
Combined ratio %	93.1	93.6		94.3	89.4	
Operating result €m	1,997	2,395	-16.6	803	1,031	-22.1
Consolidated result €m	1,499	1,939	-22.7	524	913	-42.6

Premium

Gross premiums by division – Q1-3 2013



- 39% (37%) Global Clients and North America
- 21% (20%) Special and Financial Risks
- 21% (23%) Europe and Latin America
- 19% (20%) Germany, Asia Pacific and Africa

Our premium income in property-casualty reinsurance decreased year on year by 1.5% to €12.8bn (13.0bn) in the period from January to September, with the months of July to September contributing €4.3bn (4.6bn). If exchange rates had remained the same, premium income would have risen by 1.8% for the first nine months and decreased by 0.7% for the third quarter. A positive effect derived from reallocations of non-proportional catastrophe business to proportional treaty business.

The renewals at 1 July 2013 mainly involved treaty business in the US market and in Australia, New Zealand and Latin America, with a volume of around €2.2bn up for renewal. This represents around 13% of Munich Re's property-casualty business. Given our broadly diversified portfolio, we were able to achieve our goal of realising risk-commensurate prices overall even in a competitive market environment. Despite sometimes substantial competitive pressure in natural catastrophe business, the price reduction of 0.9% for all of the business we renewed remained moderate.

Result

The technical result totalled €1,728m (1,773m) for January to September, of which €525m (784m) was attributable to the third quarter. Overall expenditure for major losses in the first nine months and in the third quarter was within the expected range. The figure after retrocession and before tax climbed year on year to €1,306m (1,054m) for the period from January to September and €595m (337m) for the third quarter.

The claims burden from natural catastrophes totalled €645m (576m) for the first nine months and €306m (243m) for the period July to September. In June and July, heavy rains and hailstorms gave rise to serious damage in various parts of Germany. Based on current estimates, we anticipate net expenditure of around €180m for these loss events. In mid-September, the Mexican mainland was hit by two hurricanes within 24 hours. The intense rainfall caused by Hurricane Manuel on the western coast and Hurricane Ingrid on the eastern coast triggered a large number of landslides and severe flooding, costing Munich Re an estimated €150m in total.

Man-made losses amounted to €661m (478m) for the first nine months and €288m (95m) for the third quarter. The largest individual loss for the third quarter was a liability claim impacting us with around €65m.

Due to our prudent reserving policy when initially assessing an underwriting year's claims expenditure, the losses actually reported for prior periods in the third quarter again remained well below the level originally expected. In addition, more detailed analyses of the reserve positions were performed for individual portfolios. As a consequence, we were able to release reserves totalling around €470m (approximately €300m) for the first nine months of the year and €235m (approximately €200m) for the third quarter.

The combined ratio amounted to 93.1% (93.6%) of net earned premiums for the first nine months of the year and 94.3% (89.4%) for the third quarter. The overall burden from major losses included in this figure was 10.8 (8.4) percentage points for the first three quarters and 14.8 (7.8) for the months July to September, i.e. altogether within the expected range.

We posted an investment result of €1,269m (1,646m) for January to September 2013 and €605m (590m) for the third quarter. The reduced figure for the first nine months was due to lower gains on the disposal of fixed-interest securities and to write-downs of our inflation and equity derivatives. Moreover, we posted write-downs on our portfolio of physical gold owing to the decline in the gold price.

Overall, we achieved a good operating result and consolidated result.

Primary insurance

- Total premium volume of €13.6bn (13.9bn) for the first three quarters and €4.3bn (4.4bn) for the third quarter
- Decreased result in life insurance for the first nine months
- Pleasing result improvement in health insurance and property-casualty insurance
- Combined ratio of 97.1% (96.9%) for January to September and 99.2% (100.3%) for the third quarter
- Nine-month consolidated result of €375m (333m), with €100m (38m) attributable to the period July to September

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

Primary insurance – Life

Key figures

		Q1-3 2013	Q1-3 2012	Change %	Q3 2013	Q3 2012	Change %
Total premium income ¹	€m	4,919	5,244	-6.2	1,595	1,680	-5.1
Gross premiums written	€m	3,936	4,151	-5.2	1,278	1,323	-3.4
Share of gross premiums written in primary insurance	%	31.2	32.4		32.0	32.8	
Operating result	€m	63	237	-73.4	15	-19	-
Consolidated result	€m	107	175	-38.9	34	-3	-

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

Premium

Our life insurers posted lower premium income in the period January to September 2013 and in the third quarter than in the same periods last year. Total premium volume in Germany amounted to €3.7bn (3.9bn), a decline of 5.4%. Single-premium income decreased by 19.2%, notably in business generated by the capitalisation product Maxi-Zins and in group life business, owing to lower premium from the German insolvency fund for pensions. New regular-premium business was down by 14.8% for the period January to September. Altogether, new business fell by 18.3% to €826m (1.011m) for the first three quarters. In terms of annual premium equivalent (APE, i.e. regular premium income plus one-tenth of single-premium volume, the performance measure normally used by investors) our new business volume was 15.9% lower than in the same period last year. Gross premiums written in Germany declined overall by 4.0% to €3.0bn (3.1bn) for the first nine months and by 1.1% to €0.98bn (0.99bn) for the third quarter. In international business, total premium volume for the first nine months decreased to €1.2bn (1.3bn) year on year. Premium volume was down in particular in Poland and Austria, mainly because of single-premium business. In Poland, we had refrained from participating in a tender for bancassurance business on grounds of low profitability. In Belgium, total premium increased only marginally (+0.9%) owing to this year's reduction in guaranteed interest rates and the increase in insurance tax. New international business fell by 8.2% to €536m (584m). Measured in terms of APE, however, new business decreased by only 4.2% owing to a minor dip in regular premium income (-1.7%),

with Poland and Russia accounting for a double-digit year-on-year increase. Gross premiums written outside Germany totalled €0.9bn (1.0bn) for January to September (-8.8%) and €300m (334m) for July to September (-10.2%).

There has been no significant impact yet from sales of the newly developed generation of life insurance products available from ERGO in two variants since 1 July 2013, but sales of the new products ERGO Annuity Guarantee and ERGO Annuity Opportunity got off to a promising start.

ERGO now also provides life insurance policies in the Chinese market through the joint venture ERGO China Life, which commenced operations at the beginning of September 2013. This joint venture, launched by ERGO and the Chinese state-owned financial investor SSAIH, is focusing on the economically attractive province of Shandong. With roughly 97 million inhabitants, Shandong is China's third-largest insurance market. As the company is accounted for using the equity method, its business is not included in the consolidated premiums written, but it is an important initiative for gaining a foothold in the Chinese market.

Result

The technical result showed a year-on-year decline to -€25m (96m) for the period January to September; in the third quarter, it amounted to -€4m (-5m). This decrease is partly due to lower shareholder participation compared with the same period last year. The investment result totalled €2.4bn (2.7bn) for the first nine months of the year and €0.9bn (1.0bn) for the third quarter, in part owing to significantly lower net unrealised gains from unit-linked life insurance and the resulting reduction in the investment result, which did not have any overall effect on the income statement. Due to the slight rise in market interest rates, our interest-rate hedging programme also had an adverse impact on the investment result. In German business, to finance the allocation at year-end 2013 to the additional interest reserve provided for under German commercial law, we sold fixed-interest securities, as a result of which we realised gains and reinvested the proceeds.

The lower technical result was the main reason for the reduced operating result. Overall, the consolidated result for the first nine months of 2013 was lower year on year.

Primary insurance – Health

Key figures

		Q1-3 2013	Q1-3 2012	Change %	Q3 2013	Q3 2012	Change %
Gross premiums written	€m	4,289	4,304	-0.3	1,421	1,435	-1.0
Share of gross premiums written in primary insurance	%	34.0	33.5		35.6	35.5	
Operating result	€m	222	162	37.0	93	84	10.7
Consolidated result	€m	114	79	44.3	51	48	6.3

Premium

In the health insurance segment, premium income since the beginning of the year amounted to €4.3bn (4.3bn), of which €1.4bn (1.4bn) was generated in the period July to September. Premiums for the first nine months of 2013 grew by 3.9% in supplementary health insurance but fell by a marginal 1.6% in comprehensive health insurance. New business reflected uncertainty regarding the continued existence of the German private health insurance model but also significant price increases following the introduction of the new unisex rates. As expected, growth in comprehensive health insurance was thus appreciably lower in the first three quarters of 2013 than in the same

period last year (-24.9%). In supplementary insurance business, the decrease in new policyholders was more moderate (-4.7%). In travel insurance, which we account for in the health segment and write in Germany and abroad, we registered a decrease in premium volume of 2.6% for the period January to September 2013. This was due to our risk- and profit-oriented underwriting policy, above all in Germany and Scandinavia, and the difficult economic situation, especially in southern Europe.

Result

We posted a technical result of €302m (285m) for the period January to September and €117m (129m) for the third quarter, benefiting from a greater increase in the income from technical interest than in the expenses for claims and benefits. At €1,001m (900m) for January to September and €305m (293m) for July to September, the investment result developed favourably, especially due to higher regular income.

Overall, we achieved a higher operating result and consolidated result.

Primary insurance – Property-casualty

Key figures

		Q1-3 2013	Q1-3 2012	Change %	Q3 2013	Q3 2012	Change %
Gross premiums written	€m	4,387	4,369	0.4	1,293	1,278	1.2
Share of gross premiums written in primary insurance	%	34.8	34.1		32.4	31.7	
Loss ratio	%	63.3	63.9		66.2	68.1	
Expense ratio	%	33.8	33.0		33.0	32.2	
Combined ratio	%	97.1	96.9		99.2	100.3	
Operating result	€m	302	271	11.4	69	55	25.5
Consolidated result	€m	154	79	94.9	15	-7	-

Premium

Premium volume in property-casualty insurance climbed by 0.4% overall for the first three quarters of 2013 and by 1.2% for the third quarter. In German business, our premium income rose by 4.0% to €2.7bn (2.6bn) for the first nine months of the year and totalled €0.8bn (0.7bn) for the third quarter. Developments in the individual classes of business differed in the first three quarters of 2013. At 0.3%, growth in commercial and industrial business was below average on account of remedial measures in property and marine insurance. By contrast, premium in commercial liability business was up significantly, partly due to the very good development of new business, especially in the hospital liability area. Personal lines property business showed premium growth of 2.5%, while motor insurance expanded by 3.8%. In personal accident insurance, there was a decrease of 1.9% in the period January to September 2013, reflecting the fact that we discontinued selling personal accident insurance with premium return at the end of 2012 and are now focusing on personal accident covers without a savings component. Premium income in legal protection insurance was also down by 1.6%. The figure for international property-casualty insurance was adversely affected in particular by the sale of our South Korean subsidiary ERGO Daum Direct General Insurance Co. Ltd (ERGO Daum), whose premium income of €105m had been included in the first three quarters of 2012. Growth was apparent especially in Poland and in legal protection business in the UK, but pleasing organic growth was partly masked by the influence of negative currency influences.

Result

The technical result showed a year-on-year increase to €245m (234m) in the first nine months of 2013 and €61m (33m) in the third quarter. The combined ratio for the period from January to September was 97.1% of net earned premiums – a deterioration on the same period last year (96.9%). The figure for the third quarter was 99.2% (100.3%). In German business, the combined ratio for the period January to September 2013 amounted to 96.5%, 0.9 percentage points higher than the same quarter last year. The figure was significantly impacted by heavy natural hazard losses from the catastrophic flooding in the second quarter, especially in eastern and southern Germany, and severe weather events involving intense rainfall and hailstorms in the third quarter. In international business, we recorded an improved combined ratio of 98.1% (99.1%) in the first three quarters, the main reasons being improved claims experience in Turkey and the sale of ERGO Daum.

The investment result improved year on year from €247m to €300m for the first nine months mainly owing to higher gains on disposals, but showed a decline from €104m to €81m for the third quarter.

The operating result and consolidated result showed a year-on-year rise.

Munich Health

- Gross premium income of €5.0bn for January to September slightly below previous-year level; €1.6bn (1.7bn) for the third quarter
- Improved combined ratio of 98.0% (99.2%) in the first nine months; 96.2% (96.4%) for the third quarter
- Higher consolidated result of €86m (64m) for the first three quarters; €27m (58m) for the third quarter

Key figures

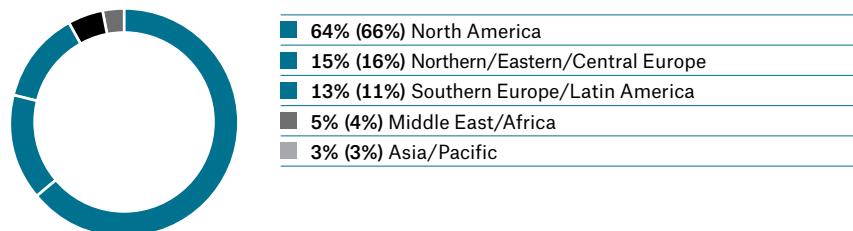
	Q1-3 2013	Q1-3 2012	Change %	Q3 2013	Q3 2012	Change %
Gross premiums written €m	4,988	5,028	-0.8	1,611	1,680	-4.1
Loss ratio ¹ %	79.7	84.0		79.2	88.2	
Expense ratio ¹ %	18.3	15.2		17.0	8.2	
Combined ratio ¹ %	98.0	99.2		96.2	96.4	
Operating result €m	120	131	-8.4	34	96	-64.6
Consolidated result €m	86	64	34.4	27	58	-53.4

¹ Excluding business conducted like life insurance.

With the exception of the German health insurers belonging to ERGO, Munich Re's global healthcare insurance and reinsurance business is combined under the Munich Health brand. At 26 locations worldwide, we offer our international clients innovative insurance solutions and individual consultancy and services. The sale of the Windsor Health Group, which was agreed upon in late August, does not put a significant strain on Munich Re's result; nor does its operating result. The losses on disposal total around €50m (around €20m after tax) and are largely already recognised in the result for the third quarter. As the transfer of ownership is not anticipated to become effective until the end of the year, WHG's income and expenditure and balance-sheet data will still be recognised in the Munich Health segment for the whole of 2013.

Premium

Gross premiums by market region – Q1–3 2013



Gross premiums written decreased slightly year on year both for the third quarter and since the start of the year owing to negative currency translation effects. In reinsurance, we posted a rise in premiums, though the negative currency translation effects meant that this was very small at 0.2% from January to September. In primary insurance, US Medicare business transacted by WHG showed a decline of 3.1% in premium income following the discontinuation of the loss-producing business with pure cost reimbursement products. If exchange rates had remained the same overall, Munich Health's gross premiums would have shown a year-on-year increase of 2.2% for the first nine months and 2.1% for the third quarter.

Result

The technical result rose, totalling €117m (74m) for the first nine months of 2013 and €72m (73m) for the third quarter.

The combined ratio improved in the period from January to September to 98.0% (99.2%), and was 96.2% (96.4%) for the third quarter. This ratio relates only to short-term health business, not to business conducted like life insurance, which made up 7.6% (7.3%) of gross premiums written in the first nine months. In reinsurance, the combined ratio amounted to 99.4% (99.2%) for the first nine months and 100.3% (99.0%) for the third quarter. In primary insurance, the combined ratio for the first nine months was 93.4% (99.3%), and 83.2% (89.5%) for the third quarter. The improvement is due in particular to the discontinuation of WHG's US Medicare business with pure cost reimbursement products.

In the period from January to September, we posted an investment result of €67m (95m), a significant decrease on the same period last year owing to the loss on the disposal of WHG. In the third quarter, the investment result was –€20m (35m).

Overall, an improvement in the operating and consolidated result compared with January to September of the previous year was apparent, especially with regard to the technical result.

Investment performance

- Rise in yields on fixed-interest securities in the first nine months causes fall in the market values of our assets to €218.9bn (224.5bn)
- Unrealised gains recognised in the balance sheet down further, but still at a high level of €7.5bn (11.8bn)
- Investment result of €5.7bn (6.3bn) in the first three quarters, €2.1bn (2.2bn) from July to September.

We gear the selection of our investments to the economic characteristics of our technical provisions and liabilities. In addition, we use derivative financial instruments for portfolio management and hedging against fluctuations on the interest-rate, equity and currency markets. Volatility in the markets results in changes in the values of derivatives, which under IFRS accounting we recognise in profit or loss.

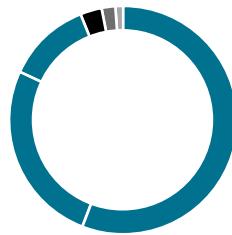
Investment mix

€m	Reinsurance					
	Life		Property-casualty		Life	
	30.9.2013	31.12.2012	30.9.2013	31.12.2012	30.9.2013	31.12.2012
Land and buildings, including buildings on third-party land	263	245	1,223	1,224	1,375	1,393
Investments in affiliated companies	19	20	87	89	21	22
Investments in associates	1	1	625	686	105	110
Loans	35	18	130	52	35,549	34,977
Other securities held to maturity	-	-	-	-	6	7
Other securities available for sale						
Fixed-interest	13,198	14,376	45,170	49,933	33,347	35,101
Non-fixed-interest	1,180	1,023	5,126	4,718	2,457	2,050
Other securities at fair value through profit or loss						
Held for trading						
Fixed-interest	-	-	626	644	53	58
Non-fixed-interest	-	-	36	32	-	-
Derivatives	594	605	458	366	844	947
Designated as at fair value through profit or loss						
Fixed-interest	-	-	-	-	165	167
Non-fixed-interest	-	-	-	-	1	2
Deposits retained on assumed reinsurance	7,924	7,240	1,220	1,181	139	147
Other investments	621	242	1,545	1,142	833	583
Investments for the benefit of life insurance policyholders who bear the investment risk	-	-	-	-	6,443	5,957
Total	23,835	23,770	56,246	60,067	81,338	81,521

	Primary insurance				Munich Health		Asset management		Total	
	Health		Property-casualty		30.9.2013	31.12.2012	30.9.2013	31.12.2012	30.9.2013	31.12.2012
	30.9.2013	31.12.2012	30.9.2013	31.12.2012						
	757	777	92	95	10	30	66	67	3,786	3,831
	12	12	39	40	1	2	9	9	188	194
	133	139	173	174	92	91	64	72	1,193	1,273
	17,952	17,138	2,027	2,210	22	23	-	-	55,715	54,418
	-	-	-	-	-	-	-	-	6	7
	14,526	14,664	5,877	5,612	2,872	3,436	448	377	115,438	123,499
	991	928	991	736	26	166	69	76	10,840	9,697
	-	-	-	-	-	-	-	-	679	702
	-	-	-	-	1	1	-	-	37	33
	134	155	27	22	16	16	-	-	2,073	2,111
	-	-	-	-	-	-	-	-	165	167
	-	-	-	-	-	-	-	-	1	2
	1	1	4	4	389	394	-	-	9,677	8,967
	210	82	418	594	135	66	261	255	4,023	2,964
	-	-	-	-	1	1	-	-	6,444	5,958
	34,716	33,896	9,648	9,487	3,565	4,226	917	856	210,265	213,823

Distribution of investments by type

Total: €210bn (214bn)



56% (59%) Fixed-interest securities
26% (25%) Loans
12% (10%) Miscellaneous investments
3% (3%) Shares and equity funds
2% (2%) Real estate
1% (1%) Participating interests

The carrying amount of our investment portfolio, which continues to be dominated by fixed-interest securities, loans and short-term fixed-interest investments, fell slightly compared with the position at the beginning of the year. At 30 September 2013, the carrying value of our investments amounted to €210.3bn (213.8bn).

The trend of increasing interest rates that began in the second quarter continued, but the end-of-quarter yield figures for US and German bonds were up only slightly on the level of early July 2013. The increased interest rates improve our Group's economic position, but have a negative impact on the market values of fixed-interest securities. Government bonds with high credit ratings in particular lost value compared with 31 December 2012. New investments made primarily due to our greater business volume were not able to compensate for this fall. The development of exchange rates also led to a decline in market values.

In the period under review, we reduced our portfolio of government and covered bonds to some extent and instead invested more in corporate bonds and short-term investments.

Our on- and off-balance-sheet unrealised gains and losses (excluding owner-occupied property), which would be posted to the income statement upon disposal of the relevant investments, fell from €22.5bn at 31 December 2012 to €16.1bn at 30 September 2013. In the third quarter, they decreased by €0.5bn.

Other securities available for sale

€m	Carrying amounts		On-balance-sheet unrealised gains and losses		At amortised cost	
	30.9.2013	31.12.2012	30.9.2013	31.12.2012	30.9.2013	31.12.2012
Fixed-interest	115,438	123,499	5,473	9,980	109,965	113,519
Non-fixed-interest	10,840	9,697	1,728	1,503	9,112	8,194
Total	126,278	133,196	7,201	11,483	119,077	121,713

Off-balance-sheet unrealised gains and losses

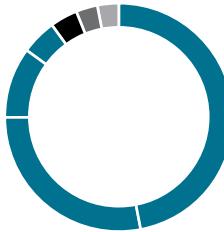
€m	Off-balance-sheet				Carrying amounts	
	Fair values	unrealised gains and losses	30.9.2013	31.12.2012	30.9.2013	31.12.2012
Land and buildings ¹	8,096	8,048	1,918	1,826	6,178	6,222
Associates	1,586	1,621	409	364	1,177	1,257
Loans	62,365	63,248	6,650	8,830	55,715	54,418
Other securities	6	8	-	1	6	7
Tangible assets in renewable energies	518	500	5	-	513	500
Total	72,571	73,425	8,982	11,021	63,589	62,404

1 Including owner-occupied property.

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

Fixed-interest portfolio according to economic categories¹

Total: €187bn (194bn)



- 47% (48%) Government bonds²
 - Thereof: 8% (7%) Inflation-linked bonds
- 28% (28%) Pfandbriefs/Covered bonds
- 10% (10%) Corporate bonds
- 5% (4%) Cash/Other
- 4% (4%) Structured products (credit structures)
- 3% (3%) Bank bonds
- 3% (3%) Policy and mortgage loans

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

2 Including other public issuers and government-guaranteed bank bonds.

Nearly half of our portfolio of fixed-interest investments comprises government bonds, the vast majority of which are from countries with a high credit rating. German and US bonds therefore make up a good 50% of our government bond portfolio. In the current financial year, portions of our German, British, Australian and US government bonds were disposed of or not reinvested. Due to the low volume of new investments and reduced market values, the share of government bonds in our portfolio of fixed-interest securities has fallen.

Fixed-interest securities: Bank bonds¹

%	30.9.2013	31.12.2012
Senior bonds	84	82
Loss-bearing bonds	5	6
Subordinated bonds	11	12

1 Presentation essentially shows fixed-interest securities and loans at market value. The approximation is not fully comparable with the IFRS figures.

Over the course of the last few years, we have reduced our holdings of bank bonds to only 3% of our portfolio of fixed-interest securities. At the reporting date, approximately 7% (5%) of this related to southern European and Irish issuers.

Corporate bonds from other sectors account for 10% (10%) of our interest-bearing investments, our exposure being increased by a further percentage point through credit derivatives. Since the beginning of the year, we have invested more heavily in corporate bonds, but have also seen losses in market value here owing to increased interest rates and exchange-rate developments.

Via our active duration management, we reduced the terms of fixed-interest investments in reinsurance by increasing short-term items, with the result that the average terms of our underwriting liabilities slightly exceed those of our fixed-interest investments. In primary insurance, we have brought the terms of fixed-interest securities into even closer alignment with those of the liabilities. This means that the interest-rate risk between fixed-interest investments and underwriting liabilities is currently very low at Group level.

The carrying amount of our equity portfolio (before taking derivatives into account, and including investments in affiliated companies and associates at market value) rose slightly in the first three quarters of the current year. The equity-backing ratio amounted to 4.1% (3.7%). In the third quarter of 2013, the derivatives used to hedge our equity portfolio were built up again, thus reducing our equity exposure. Including hedges, our equity backing was 3.6% (3.4%). Besides this, we are protecting ourselves against accelerated inflation in an environment of continuing low interest rates. For this, we hold inflation-linked bonds with a volume of €6.9bn (6.8bn) and inflation-linked swaps for a notional amount of €4.3bn (5.2bn). Real assets like shares, property and commodities, and investments in renewable energies and infrastructure also serve as protection against inflation, and have a positive diversification effect on the overall portfolio.

Investment result

	Q1-3 2013	Return ¹	Q1-3 2012	Return ¹	Q3 2013	Q3 2012
	€m	%	€m	%	€m	€m
Regular income	5,686	3.4	5,808	3.6	1,860	1,934
Write-ups/write-downs	-541	-0.3	-97	0.0	-96	58
Net realised capital gains	729	0.4	525	0.3	266	145
Other income/expenses	-212	-0.1	35	0.0	69	84
Total	5,662	3.4	6,271	3.9	2,099	2,221

¹ Annualised return in % p.a. on the average market value of the investment portfolio at the quarterly reporting dates.

Investment result by type of investment

	Q1-3 2013	Q1-3 2012	Change	Q3 2013	Q3 2012	Change
	€m	€m	%	€m	€m	%
Real estate	207	236	-12.3	66	77	-14.3
Investments in affiliated companies	-43	-21	-104.8	-44	8	-
Investments in associates	61	12	408.3	37	12	208.3
Mortgage loans and other loans	1,799	1,740	3.4	567	563	0.7
Other securities	3,557	3,961	-10.2	1,231	1,360	-9.5
Deposits retained on assumed reinsurance, and other investments	214	235	-8.9	153	86	77.9
Investments for the benefit of life insurance policyholders who bear the investment risk	241	451	-46.6	218	242	-9.9
Expenses for the management of investments, other expenses	374	343	9.0	129	127	1.6
Total	5,662	6,271	-9.7	2,099	2,221	-5.5

Regular income

Owing to the continued overweight of investments in highly rated government bonds and covered bonds with correspondingly low yields, the amount of regular income in the first nine months of the year and also in the third quarter fell slightly year on year. Yields on new fixed-interest securities are far lower than the average return on the fixed-interest securities expiring or sold.

Write-ups and write-downs

From January to September, we posted net write-downs of €541m (97m), particularly on our inflation and equity derivatives and swaptions. Swaptions are used in hedging long-term interest-rate guarantees extended to life insurance clients. Owing to highly volatile developments in gold prices, we made write-downs of approximately €104m on our gold portfolio in the second quarter, and write-ups of €38m in the third quarter. The original acquisition cost of the portfolio was around €400m.

The major factor impacting the higher write-downs compared with the previous year are our swaptions and interest-rate derivatives, their market values having declined due to rising interest rates in the current financial year. Even if derivatives are not sold, the changes in their value are reflected in the net balance from write-ups and write-downs.

Realised gains/losses on investments

In the first nine months of 2013, we posted net gains on disposal of €729m (525m) through active asset management, primarily from gains realised on our portfolio of fixed-interest securities, especially on government bonds. We realised the largest share of these gains in life primary insurance to finance the allocation to the additional interest reserve for German life business (Zinszusatzreserve).

We also benefited from price gains and realised profits in the restructuring of equities. By contrast, we posted losses on the disposal of equity derivatives and fixed-interest derivatives.

The result from disposals improved year on year owing to the prior year's high losses on the disposal of southern European government bonds.

Insurance derivatives

	30.9.2013	31.12.2012	Change
	€m	€m	%
Insurance derivatives in investments	498	532	-6.4
Liabilities from insurance derivatives	396	461	-14.1
	Q1-3 2013	Q1-3 2012	Change
	€m	€m	%
Result from insurance derivatives	-3	-22	86.4
	Q3 2013	Q3 2012	Change
	€m	€m	%
	1	-6	-

Insurance derivatives

Under insurance derivatives, we subsume the derivative portions of natural catastrophe bonds and of securitisations of mortality and morbidity risks, individually structured insurance derivatives, and derivative components separated from their host contract. This category also includes those derivatives used in hedging assumed insurance risks as part of retrocession in reinsurance, and embedded derivatives in variable annuities and their derivative hedging instruments. All income and expenditure arising from our insurance derivatives is shown as a result from derivatives in the investment result.

Asset management for clients

MEAG MUNICH ERGO AssetManagement GmbH (MEAG) is the asset manager of Munich Re. MEAG MUNICH ERGO Kapitalanlagegesellschaft mbH also offers its expertise to private and institutional clients.

The assets managed by PICC Asset Management Company Ltd. (PAMC), Shanghai, 81% of which belongs to PICC People's Insurance Company of China, and 19% to MEAG, reached €51.2bn (45.1bn).

Assets under management for third parties

	30.9.2013			31.12.2012			Change	
	€bn			€bn				
	Q1-3 2013	Q1-3 2012	Change	Q3 2013	Q3 2012	Change		
	€m	€m	%	€m	€m	%		
Third-party investments								
Thereof: External institutional investors	12.9	11.5	12.4	10.3	9.3	11.8		
Thereof: Private-client business	2.6	2.2	14.6					
Group asset management result	-18	4	-	-1	4	-		

Prospects

- Premium income of approximately €51bn forecast
- Expected return on investment of around 3.3%
- Consolidated result of €3bn achievable

Our expectations for the future are based primarily on planning figures and forecasts whose realisation we of course cannot guarantee. Losses from natural catastrophes and other major losses, for example, can have a strong effect 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 significant fluctuations in individual quarterly or annual results. In addition, changes in fiscal parameters and other special factors can have a considerable impact. The results of individual quarters are therefore not always a reliable indicator for the results of the financial year as a whole.

Fluctuations of the capital markets and exchange rates as well as the special features of IFRS accounting also make it difficult to provide a forecast. Thus, there may be significant fluctuations in the investment result, currency result and consolidated result, despite the fact that our assets are largely geared to the characteristics of our liabilities. In particular, given our current positioning, a rising interest-rate level will initially tend to lead to higher results, and falling interest rates to lower results. Net gains or losses on the disposal of derivatives used by us as hedging instruments and/or for fine-tuning investments can influence the result, as can alterations in their market value. Changes in exchange rates influence our premium income and our result in different directions, depending on which foreign currencies are affected. There may be significant swings if exchange-rate fluctuations are strong, although economically speaking – relative to the volume of our business and our investments – we hold few open currency items on our books.

Business environment

The global economy is likely to continue its robust expansion for the rest of 2013. The differences in economic dynamics will remain clear: strong growth in Japan and the United Kingdom and moderate growth in the USA contrasting with only slow recovery in the eurozone. In the emerging markets of Asia, growth rates for 2013 as a whole are likely to be weaker than in previous years. However, the region remains a key global growth engine. By contrast, economic development in Latin America and central and eastern Europe will remain subdued. The still smouldering sovereign debt and banking crisis in the eurozone continues to overshadow global economic development. The world economy is further threatened by a resumption of the initially only deferred dispute over the US debt ceiling and by possible international conflicts, for example in the Middle East and Gulf region. In the event of a sharper increase in the long-term interest rates in the USA, there is a risk of financial crises and severe economic downturns in some emerging countries. Moreover, a structurally induced extended phase of slower growth in the emerging markets – particularly in China – could curb the development of the global economy. Given the high unemployment figures in many industrialised countries, it is expected that monetary policy will remain expansionary, which could result in asset price bubbles and medium-term inflation risks.

Reinsurance

Reinsurance continues to be an attractive business field with a wide variety of earnings opportunities for us. Munich Re offers its cedants specialist consulting services and extensive solutions, also for tasks such as balance sheet management, risk modelling and asset-liability management. Reinsurance is an efficient and flexible option for protecting primary insurers against major claims and accumulation losses, and for strengthening their capital base. In addition to this, we devise innovative coverage concepts that go beyond the scope of traditional reinsurance. And we partner our clients in the often challenging task of adjusting to changes in regulatory requirements, which will be altered significantly in many countries in the coming years.

Gross premiums in reinsurance should be somewhat more than €27.5bn overall in 2013.

We see further good growth opportunities in life reinsurance. Stimuli will derive in particular from the dynamic expansion of the Asian life insurance markets and from the ongoing privatisation trends in provision for old age, long-term care and disability. We structure our products so that they are tailored to our clients' needs while conforming to our risk strategy.

We also see increasing demand for the management of investment risks in life insurance portfolios. We provide our clients with concepts for the hedging of options and guarantees dependent on the capital markets, which we transfer to the capital markets by means of hedging strategies.

For 2013, we anticipate gross premiums written of just under €11bn in life reinsurance. Our envisaged technical result target of €400m will be difficult to achieve given the negative figure posted for the third quarter.

In 2010, we set ourselves the objective of achieving value added by new business of €450m a year by 2015 based on Market Consistent Embedded Value (MCEV) Principles. Following our very good results in recent years, we consider ourselves well positioned to reach this goal, also in the current year.

In property-casualty reinsurance, which is traditionally exposed to pricing cycles and natural fluctuations in the amount of major losses, Munich Re will maintain its clear, profit-oriented underwriting policy and accept risks only at commensurate prices, terms and conditions. Business is competitive: insurance-linked securities are increasingly being favoured by investors such as pension funds in their search for a reasonable return. Capital is mainly being channelled into non-proportional catastrophe business such as covers for hurricane losses in the USA. The prices for reinsurance cover in this segment have already come under pressure during the renewals in 2013, albeit to a lesser degree than initially expected and with a focus on non-proportional property coverage. Munich Re's portfolio is only moderately affected by this development, because proportional treaty business accounts for the bulk – around two-thirds – of premium volume from traditional property business.

As a well diversified reinsurer with extensive know-how, we are also in a position to offer tailor-made solutions such as multi-year treaties, retroactive reinsurance solutions, transactions for capital relief, comprehensive consultation services on capital management, and the insurance of complex liability, credit and large industrial risks. This expertise, which enables us to provide clients with individual and holistic solutions, gives Munich Re a decisive edge.

For the renewals at 1 January 2014, we expect prices for our portfolio to remain largely stable overall. For non-proportional natural catastrophe business, we are proceeding on the assumption that prices will show a downward trend owing to the additional capacity available. In proportional business, we anticipate that especially because of the still relatively low interest rates, prices for primary insurance and thus reinsurance will remain largely stable and may even rise slightly in selected segments.

For 2013, we estimate that gross premiums written will be just under €17bn in property-casualty reinsurance. If the claims costs for major losses remain within normal bounds, we should be able to post a combined ratio which, including the run-off of loss reserves for prior accident years, is still within the target figure of around 94% of net earned premiums.

We project that the consolidated result in reinsurance will total between €2.4bn and €2.6bn for 2013.

Primary insurance

We see good opportunities for primary insurance not only in evolving foreign markets but also in various sectors of the German market.

In future, the ERGO Insurance Group will gear its business even more consistently to its clients in order to implement its brand proposition "To insure is to understand". Key points here include the further development of its management on the basis of a customer satisfaction index and the planned organisational amalgamation of all customer services and group processes. To this end, ERGO is grouping customer-oriented operations for all classes of business – applications, contracts and benefits – and assigning responsibility for these processes to a newly appointed Board member, the Chief Operating Officer (COO).

We are proceeding on the assumption that total premium income in primary insurance will range between €18.0bn and €18.5bn in 2013, while gross premiums written are likely to be slightly below €17bn.

In life primary insurance, our total premium income is likely to be below the previous year's level at around €7bn, with gross premiums written amounting to approximately €5.5bn, of which some €4.1bn is attributable to German business.

In the health primary insurance segment, the premium adjustments at 1 April 2013 and the political debate on the future of private health insurance are currently making it more difficult to attract new clients. In supplementary health insurance, we should achieve further premium growth, in part owing to the introduction of subsidised long-term care insurance. Overall, including reinsurance, we expect gross premiums written to range between €5.5bn and €6bn.

In property-casualty insurance, we project gross premiums written of around €5.5bn, some €3.3bn of this deriving from German business. We anticipate a slight decrease to €2.2bn in gross premium volume in international business, mainly because of the sale of our South Korean subsidiary ERGO Daum in the previous year. Owing to the major natural hazard events towards the middle of 2013, we expect our combined ratio in property-casualty primary insurance for the year to be in the range of 97%. For German business, we project a combined ratio of around 96%, an improvement compared with 2012, and for international business a ratio of close to 100%, i.e. roughly the same level as last year.

For the primary insurance segment, we are targeting a consolidated result in the range of €400–500m, and expect around €350–450m for the ERGO Group. The difference between the consolidated result targets for the primary insurance segment and the ERGO Group is mainly attributable to intra-Group business between primary insurance and reinsurance.

Munich Health

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

In reinsurance, we expect growth as a result of our clients' increasing numbers of insureds and a rise in demand for non-traditional reinsurance (e.g. as a capital substitute).

We anticipate that gross premiums written will amount to somewhat more than €6.5bn in 2013. The combined ratio is likely to be around 99%.

In the third quarter, we have already recognised the bulk of the losses in connection with the disposal of WHG, which was agreed upon in late August. These losses total around €50m before tax and approximately €20m after tax.

For the Munich Health segment, we are aiming for an overall result of just under €100m.

Munich Re (Group)

We expect the Group's gross premiums written for 2013 to total around €51bn.

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

Provided that loss experience in the fourth quarter is average, our assumption is that Munich Re will post a good technical result of around €3.2bn for 2013, albeit below the exceptionally high level of €3.9bn for 2012.

Given the low market interest-rate level, the investment return for the full year is expected to total around €7.4bn and thus to fall short of the previous year's figure of €8.4bn. The return based on the larger average fair values of our investments is therefore likely to be well below the 3.9% achieved in 2012. For 2013, we currently anticipate a total return on investment of around 3.3%.

Our shareholders will continue to participate in Munich Re's success. Before the next Annual General Meeting on 25 April 2014, we aim to repurchase shares with a volume of up to €1bn. We are using this instrument to return unneeded capital to shareholders. Despite the buy-back, our good capital position will allow us to continue selectively utilising opportunities for profitable growth. The buy-back is conditional on no major upheavals occurring on the capital markets or in underwriting business. The repurchased shares are to be retired. Since November 2006, Munich Re has carried out share buy-backs with a total volume of €6bn, the last buy-back having been concluded in April 2011.

Based on the good performance to date, the Group is confident of achieving a consolidated result of €3bn, naturally subject to development of capital markets, exchange rates and major losses in the last two months of the year.

Beyond this, the statements relating to opportunities and risks as presented in the Munich Re Group Annual Report 2012 apply unchanged.

Interim consolidated financial statements
Consolidated balance sheet as at 30 September 2013

Assets

	30.9.2013		31.12.2012		Change	
	€m	€m	€m	€m	€m	%
A. Intangible assets						
I. Goodwill		3,342		3,376	-34	-1.0
II. Other intangible assets		1,387		1,518	-131	-8.6
		4,729		4,894	-165	-3.4
B. Investments						
I. Land and buildings, including buildings on third-party land		3,786		3,831	-45	-1.2
II. Investments in affiliated companies and associates		1,381		1,467	-86	-5.9
Thereof:						
Associates accounted for using the equity method		1,177		1,257	-80	-6.4
III. Loans		55,715		54,418	1,297	2.4
IV. Other securities						
1. Held to maturity	6			7	-1	-14.3
2. Available for sale	126,278			133,196	-6,918	-5.2
Thereof:						
Held for sale	83			-	83	-
3. At fair value through profit or loss	2,955			3,015	-60	-2.0
	129,239			136,218	-6,979	-5.1
V. Deposits retained on assumed reinsurance		9,677		8,967	710	7.9
VI. Other investments		4,023		2,964	1,059	35.7
		203,821		207,865	-4,044	-1.9
C. Investments for the benefit of life insurance policyholders who bear the investment risk						
		6,444		5,958	486	8.2
D. Ceded share of technical provisions						
		5,564		5,730	-166	-2.9
E. Receivables						
I. Current tax receivables		717		572	145	25.3
II. Other receivables		11,957		11,475	482	4.2
Thereof:						
Held for sale	70			-	70	-
		12,674		12,047	627	5.2
F. Cash at bank, cheques and cash in hand						
Thereof:						
Held for sale		101		-	101	-
		3,331		2,860	471	16.5
G. Deferred acquisition costs						
Gross		9,603		9,256	347	3.7
Ceded share		69		74	-5	-6.8
Net				9,534	9,182	3.8
H. Deferred tax assets						
		6,651		6,219	432	6.9
I. Other assets						
Total assets		256,259		258,360	-2,101	-0.8

Equity and liabilities

	30.9.2013		31.12.2012		Change %
	€m	€m	€m	€m	
A. Equity					
I. Issued capital and capital reserve ¹	7,433		7,421	12	0.2
II. Retained earnings ¹	13,130		10,915	2,215	20.3
III. Other reserves	2,926		5,650	-2,724	-48.2
IV. Consolidated result attributable to Munich Reinsurance Company equity holders	2,138		3,195	-1,057	-33.1
V. Non-controlling interests	240		242	-2	-0.8
	25,867		27,423	-1,556	-5.7
B. Subordinated liabilities		4,430	5,504	-1,074	-19.5
C. Gross technical provisions					
I. Unearned premiums	8,371		8,134	237	2.9
II. Provision for future policy benefits	111,472		109,769	1,703	1.6
III. Provision for outstanding claims	53,946		53,751	195	0.4
Thereof:					
Held for sale	97		-	97	-
IV. Other technical provisions	13,528		13,935	-407	-2.9
Thereof:					
Held for sale	10		-	10	-
	187,317		185,589	1,728	0.9
D. Gross technical provisions for life insurance policies where the investment risk is borne by the policyholders		6,768	6,258	510	8.1
E. Other accrued liabilities		4,037	4,425	-388	-8.8
F. Liabilities					
I. Bonds and notes issued	252		259	-7	-2.7
II. Deposits retained on ceded business	2,911		2,947	-36	-1.2
III. Current tax liabilities	2,922		3,931	-1,009	-25.7
IV. Other liabilities	13,442		13,240	202	1.5
Thereof:					
Held for sale	50		-	50	-
	19,527		20,377	-850	-4.2
G. Deferred tax liabilities		8,313	8,784	-471	-5.4
Total equity and liabilities		256,259	258,360	-2,101	-0.8

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

Consolidated income statement 1 January to 30 September 2013

Items

	Q1-3 2013			Q1-3 2012 ¹		Change
	€m	€m	€m	€m	€m	
Gross premiums written	38,590			39,038	-448	-1.1
1. Earned premiums						
Gross	38,069			38,857	-788	-2.0
Ceded	1,257			1,307	-50	-3.8
Net		36,812		37,550	-738	-2.0
2. Income from technical interest	5,044			5,274	-230	-4.4
3. Expenses for claims and benefits						
Gross	30,731			31,430	-699	-2.2
Ceded share	627			647	-20	-3.1
Net		30,104		30,783	-679	-2.2
4. Operating expenses						
Gross	9,347			9,595	-248	-2.6
Ceded share	241			386	-145	-37.6
Net		9,106		9,209	-103	-1.1
5. Technical result (1-4)		2,646		2,832	-186	-6.6
6. Investment result						
Investment income	9,781			10,984	-1,203	-11.0
Investment expenses	4,119			4,713	-594	-12.6
Total		5,662		6,271	-609	-9.7
Thereof:						
Income from associates accounted for using the equity method		61		12	49	408.3
7. Other operating income	530			564	-34	-6.0
8. Other operating expenses						
742				655	87	13.3
9. Deduction of income from technical interest	-5,044			-5,274	230	4.4
10. Non-technical result (6-9)		406		906	-500	-55.2
11. Operating result (5 + 10)		3,052		3,738	-686	-18.4
12. Other non-operating result		-438		-239	-199	-83.3
13. Impairment losses of goodwill		-		22	-22	-100.0
14. Net finance costs		-202		-222	20	9.0
15. Taxes on income		254		525	-271	-51.6
16. Consolidated result (11-15)		2,158		2,730	-572	-21.0
Thereof:						
Attributable to Munich Reinsurance Company equity holders			2,138	2,718	-580	-21.3
Attributable to non-controlling interests			20	12	8	66.7
Undiluted earnings per share		€		€	€	%
		11.93		15.30	-3.37	-22.00

¹ Previous year's figures adjusted pursuant to IAS 8.

Consolidated income statement

1 July to 30 September 2013

Items

	Q3 2013			Q3 2012 ¹		Change
	€m	€m	€m	€m	€m	
Gross premiums written	12,497			13,211	-714	-5.4
1. Earned premiums						
Gross	12,544			13,321	-777	-5.8
Ceded	433			588	-155	-26.4
Net		12,111		12,733	-622	-4.9
2. Income from technical interest		1,735		1,866	-131	-7.0
3. Expenses for claims and benefits						
Gross	10,687			10,528	159	1.5
Ceded share	228			203	25	12.3
Net		10,459		10,325	134	1.3
4. Operating expenses						
Gross	2,725			3,378	-653	-19.3
Ceded share	83			233	-150	-64.4
Net		2,642		3,145	-503	-16.0
5. Technical result (1-4)			745	1,129	-384	-34.0
6. Investment result						
Investment income	3,315			3,621	-306	-8.5
Investment expenses	1,216			1,400	-184	-13.1
Total		2,099		2,221	-122	-5.5
Thereof:						
Income from associates accounted for using the equity method		37		12	25	208.3
7. Other operating income		172		171	1	0.6
8. Other operating expenses		211		221	-10	-4.5
9. Deduction of income from technical interest		-1,735		-1,866	131	7.0
10. Non-technical result (6-9)			325	305	20	6.6
11. Operating result (5 + 10)			1,070	1,434	-364	-25.4
12. Other non-operating result			-407	-2	-405	<-1.000.0
13. Impairment losses of goodwill			-	17	-17	-100.0
14. Net finance costs			-59	-77	18	23.4
15. Taxes on income			-32	202	-234	-
16. Consolidated result (11-15)			636	1,136	-500	-44.0
Thereof:						
Attributable to Munich Reinsurance Company equity holders			637	1,130	-493	-43.6
Attributable to non-controlling interests			-1	6	-7	-
Undiluted earnings per share			€ 3.55	€ 6.36	€ -2.81	% -44.2

¹ Previous year's figures adjusted pursuant to IAS 8.

Consolidated income statement (quarterly breakdown)

Items

	Q3 2013	Q2 2013	Q1 2013	Q4 2012	Q3 2012	Q2 2012	Q1 2012
	€m						
Gross premiums written	12,497	12,809	13,284	12,931	13,211	12,605	13,222
1. Earned premiums							
Gross	12,544	13,025	12,500	13,332	13,321	12,805	12,731
Ceded	433	420	404	383	588	355	364
Net	12,111	12,605	12,096	12,949	12,733	12,450	12,367
2. Income from technical interest	1,735	1,468	1,841	1,644	1,866	1,421	1,987
3. Expenses for claims and benefits							
Gross	10,687	10,296	9,748	10,407	10,528	10,449	10,453
Ceded share	228	231	168	199	203	224	220
Net	10,459	10,065	9,580	10,208	10,325	10,225	10,233
4. Operating expenses							
Gross	2,725	3,484	3,138	3,311	3,378	3,008	3,209
Ceded share	83	98	60	-30	233	93	60
Net	2,642	3,386	3,078	3,341	3,145	2,915	3,149
5. Technical result (1-4)	745	622	1,279	1,044	1,129	731	972
6. Investment result							
Investment income	3,315	3,423	3,043	3,040	3,621	3,677	3,686
Investment expenses	1,216	1,867	1,036	875	1,400	1,871	1,442
Total	2,099	1,556	2,007	2,165	2,221	1,806	2,244
Thereof:							
Income from associates accounted for using the equity method	37	33	-9	70	12	2	-2
7. Other operating income	172	198	160	315	171	234	159
8. Other operating expenses	211	314	217	268	221	248	186
9. Deduction of income from technical interest	-1,735	-1,468	-1,841	-1,644	-1,866	-1,421	-1,987
10. Non-technical result (6-9)	325	-28	109	568	305	371	230
11. Operating result (5 + 10)	1,070	594	1,388	1,612	1,434	1,102	1,202
12. Other non-operating result	-407	-141	110	-597	-2	-42	-195
13. Impairment losses of goodwill	-	-	-	118	17	5	-
14. Net finance costs	-59	-75	-68	-75	-77	-79	-66
15. Taxes on income	-32	-165	451	341	202	164	159
16. Consolidated result (11-15)	636	543	979	481	1,136	812	782
Thereof:							
Attributable to Munich Reinsurance Company equity holders	637	529	972	477	1,130	808	780
Attributable to non-controlling interests	-1	14	7	4	6	4	2
	€	€	€	€	€	€	€
Undiluted earnings per share	3.55	2.95	5.43	2.69	6.36	4.54	4.39

Statement of recognised income and expense
1 January to 30 September 2013

€m	Q1-3 2013	Q1-3 2012
Consolidated result	2,158	2,730
Currency translation		
Gains (losses) recognised in equity	-438	260
Recognised in the consolidated income statement	-	-
Unrealised gains and losses on investments		
Gains (losses) recognised in equity	-1,603	2,580
Recognised in the consolidated income statement	-702	-465
Change resulting from valuation at equity		
Gains (losses) recognised in equity	-6	29
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	-	1
Other changes	1	11
I. Items where income and expenses recognised directly in equity are reallocated to the consolidated income statement	-2,749	2,417
Remeasurements on defined benefit plans	187	-180
Other changes	-	-
II. Items where income and expenses recognised directly in equity are not reallocated to the consolidated income statement	187	-180
Income and expense recognised directly in equity (I + II)	-2,562	2,237
Total recognised income and expense	-404	4,967
Thereof:		
Attributable to Munich Reinsurance Company equity holders	-409	4,933
Attributable to non-controlling interests	5	34

Statement of recognised income and expense
1 July to 30 September 2013

€m	Q3 2013	Q3 2012
Consolidated result	636	1,136
Currency translation		
Gains (losses) recognised in equity	-380	-86
Recognised in the consolidated income statement	-	-
Unrealised gains and losses on investments		
Gains (losses) recognised in equity	37	879
Recognised in the consolidated income statement	-166	-113
Change resulting from valuation at equity		
Gains (losses) recognised in equity	4	3
Recognised in the consolidated income statement	-	-
Change resulting from cash flow hedges		
Gains (losses) recognised in equity	-	1
Recognised in the consolidated income statement	-	1
Other changes	1	-
I. Items where income and expenses recognised directly in equity are reallocated to the consolidated income statement	-504	685
Remeasurements on defined benefit plans	88	-68
Other changes	-	-
II. Items where income and expenses recognised directly in equity are not reallocated to the consolidated income statement	88	-68
Income and expense recognised directly in equity (I + II)	-416	617
Total recognised income and expense	220	1,753
Thereof:		
Attributable to Munich Reinsurance Company equity holders	219	1,741
Attributable to non-controlling interests	1	12

Group statement of changes in equity

	Issued capital	Capital reserve ¹
€m		
Status at 31.12.2011	588	6,831
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	-	-
Remeasurements on defined benefit plans	-	-
Other changes	-	-
Total recognised income and expense	-	-
Change in shareholdings in subsidiaries	-	-
Change in consolidated group	-	-
Dividend	-	-
Purchase/sale of own shares	-	-
Retirement of own shares	-	-
Status at 30.9.2012	588	6,831
Status at 31.12.2012	585	6,836
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	-	-
Remeasurements on defined benefit plans	-	-
Other changes	-	-
Total recognised income and expense	-	-
Change in shareholdings in subsidiaries	-	-
Change in consolidated group	-	-
Dividend	-	-
Purchase/sale of own shares	3	9
Retirement of own shares	-	-
Status at 30.9.2013	588	6,845

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

					Equity attributable to Munich Reinsurance Company equity holders	Non-controlling interests	Total equity
Retained earnings ¹		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			
11,727	-170	3,603	-223	4	702	247	23,309
-408	-	-	-	-	408	-	-
-	-	-	-	-	2,718	12	2,730
-151	-	2,113	257	-4	-	22	2,237
-	-	-	257	-	-	3	260
-	-	2,105	-	-	-	10	2,115
27	-	8	-	-6	-	-	29
-	-	-	-	2	-	-	2
-180	-	-	-	-	-	-	-180
2	-	-	-	-	-	9	11
-151	-	2,113	257	-4	2,718	34	4,967
-11	-	-	-	-	-	-33	-44
-	-	-	-	-	-	-	-
-	-	-	-	-	-1,110	-3	-1,113
-	5	-	-	-	-	-	5
-	-	-	-	-	-	-	-
11,157	-165	5,716	34	-	2,718	245	27,124
10,992	-77	5,946	-292	-4	3,195	242	27,423
1,940	-	-	-	-	-1,940	-	-
-	-	-	-	-	2,138	20	2,158
177	-	-2,292	-436	4	-	-15	-2,562
-	-	-	-436	-	-	-2	-438
-	-	-2,292	-	-	-	-13	-2,305
-11	-	-	-	5	-	-	-6
-	-	-	-	-1	-	-	-1
187	-	-	-	-	-	-	187
1	-	-	-	-	-	-	1
177	-	-2,292	-436	4	2,138	5	-404
3	-	-	-	-	-	-4	-1
-	-	-	-	-	-	-	-
-	-	-	-	-	-1,255	-3	-1,258
23	72	-	-	-	-	-	107
-	-	-	-	-	-	-	-
13,135	-5	3,654	-728	-	2,138	240	25,867

Condensed consolidated cash flow statement
1 January to 30 September 2013

€m	Q1-3 2013	Q1-3 2012
Consolidated result	2,158	2,730
Net change in technical provisions	4,324	3,410
Change in deferred acquisition costs	-352	71
Change in deposits retained and accounts receivable and payable	-935	1,193
Change in other receivables and liabilities	-1,227	-759
Gains and losses on the disposal of investments	-730	-525
Change in securities at fair value through profit or loss	-744	-498
Change in other balance sheet items	-35	-34
Other income/expenses without impact on cash flow	161	-550
I. Cash flows from operating activities	2,620	5,038
Change from losing control of consolidated subsidiaries	-	27
Change from obtaining control of consolidated subsidiaries	-49	-260
Change from the acquisition, sale and maturities of other investments	452	-4,049
Change from the acquisition and sale of investments for unit-linked life insurance	-249	-303
Other	16	55
II. Cash flows from investing activities	170	-4,530
Inflows from increase in capital and from non-controlling interests	107	-
Outflows to ownership interests and non-controlling interests	-	43
Dividend payments	1,258	1,113
Change from other financing activities	-1,096	590
III. Cash flows from financing activities	-2,247	-566
Cash flows for the financial year (I + II + III)	543	-58
Effect of exchange rate changes on cash	-72	24
Cash at the beginning of the financial year	2,860	2,490
Cash at 30 September of the financial year	3,331	2,456

Selected notes to the consolidated financial statements

Recognition and measurement

This quarterly report as at 30 September 2013 has been prepared in accordance with International Financial Reporting Standards (IFRSs) as applicable in the European Union. The condensed interim consolidated financial statements are prepared in accordance with IAS 34, Interim Financial Reporting. We have complied with all new and amended IFRSs and IFRIC interpretations whose application is compulsory for Munich Re for the first time for periods beginning on 1 January 2013. For existing or unchanged IFRSs, the same principles of recognition, measurement, consolidation and disclosure have been applied as in our consolidated financial statements as at 31 December 2012, with the exception of the changes mentioned below. In accordance with the rules of IFRS 4, underwriting items are recognised and measured on the basis of US GAAP (United States Generally Accepted Accounting Principles) at first-time adoption of IFRS 4 on 1 January 2005.

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

Under the amendment to **IAS 1 (rev. 06/2011), Presentation of Financial Statements, Presentation of Items of Other Comprehensive Income**, "other comprehensive income" must now be divided into items that will be reclassified to profit or loss at a later date, and items that will not. The purpose of this amendment is to improve the presentation of these items and align the approaches under IFRS and US GAAP. We have made the necessary adjustments in the statement of recognised income and expense.

IFRS 13 (05/2011), Fair Value Measurement, provides guidance on measuring items at fair value if another standard prescribes fair value measurement or fair value disclosure in the notes to the financial statements. The standard thus does not determine what items need to be measured at fair value. IFRS 13 revises the definition of fair value, defining it as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The standard includes detailed information on how to determine the fair value for different types of assets and liabilities. In addition, the standard requires further disclosures in the notes – for instance, the fair value hierarchy thus far only required for financial instruments under IFRS 7 has now been extended to include all items measured at fair value. On the basis of IFRS 13, we have verified whether Munich Re's fair value measurement is in compliance with the new provisions, and we have made any adjustments in measurement necessary. We have implemented that part of the new disclosures in the notes that relate to financial assets and liabilities that we measure at fair value in

the financial statements and that must now be published on a quarterly basis owing to a consequential amendment to IAS 34, Interim Financial Reporting. In conformity with requirements, we will implement the other new disclosures in the notes to the consolidated financial statements in the annual report as at the end of the year.

The amendments published as part of the **IFRS Annual Improvement Process** in May 2012 concern IFRS 1, First-time Adoption of International Financial Reporting Standards, which only includes rules for IFRS first-time users and is thus basically not relevant for Munich Re, as well as IAS 1, Presentation of Financial Statements, IAS 16, Property, Plant and Equipment, IAS 32, Financial Instruments: Presentation, IAS 34, Interim Financial Reporting, and the consequential amendment in the interpretation of IFRIC 2, Members' Shares in Co-operative Entities and Similar Instruments. Only the amendment to IAS 1, Presentation of Financial Statements, is of practical significance for Munich Re, and this simplifies the rules currently in place. Where a retrospective change in accounting policies or a retrospective adjustment or reallocation of items under IAS 8 requires publication of a binding third comparative balance sheet, it is no longer necessary to make the relevant disclosures in the notes.

As a result of the amendments to **IAS 19 (rev. 06/2011), Employee Benefits**, the option for deferring the recognition of actuarial gains and losses, in particular the "corridor approach", has been withdrawn. These gains and losses must now be recognised in equity with no effect on profit or loss. Furthermore, the past service cost for retroactive amendments in a defined benefit plan is to be immediately recognised in the income statement. The return on plan assets is now to be determined on the basis of the rate used to discount the present value of defined benefit obligations. The administrative costs and taxes payable by the plan are to be deducted from the return. The requirements regarding the asset ceiling have been integrated and further specified. Moreover, additional disclosures in the notes are required, e.g. analysing pension obligations in terms of their risks and sensitivities for the actuarial assumptions. The amendments will not have any material effects on Munich Re, since we have recognised actuarial gains and losses directly in equity since 2006. We have applied the amendments prospectively, as a retrospective application for prior periods did not appear appropriate, also from a cost-benefit point of view. The past service cost for a plan curtailment of €12m was recognised in the first quarter as income in the consolidated income statement. Based on an estimate, the return on plan assets recognised in the consolidated income statement is €16m lower in the first three quarters than it would have been under the previous method. Accordingly, the difference compared with the actual income is €16m higher and recognised as a revaluation in equity with no effect on profit or loss. In December 2012, the Accounting Standards Committee of Germany (DRSC) published "Implementation Guidance 1 (IFRS) Specific Issues Relating to Accounting for Partial Retirement Arrangements in Accordance with IFRSs" with regard to the revised IAS 19. For reasons of materiality and from a cost-benefit point of view, we have also applied this implementation guidance prospectively. This results in a reduction in "other provisions" of €5m, which we have recognised as income in the consolidated income statement in the first quarter. We will implement the extended disclosures in the notes in accordance with IAS 19 at the end of the year.

The amendments to **IFRS 7 (rev. 12/2011), Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities**, introduced new disclosures for the notes to the financial statements regarding such cases. These additional disclosures comprise gross and net amounts related to offsetting as well as amounts for existing rights to offset that do not satisfy the offsetting criteria.

At the same time as IFRS 7, amendments were also made to IAS 32 (rev. 12/2011), **Presentation – Offsetting Financial Assets and Financial Liabilities**, thus clarifying some issues in relation to the admissibility of offsetting financial assets and financial liabilities. However, this clarification will only be applicable for financial years beginning on or after 1 January 2014. These amendments currently have no practical significance for Munich Re.

IFRIC Interpretation 20 (10/2011), Stripping Costs in the Production Phase of a Surface Mine, clarifies when production stripping should lead to the recognition of an asset and how that asset should be measured, both initially and in subsequent periods. This interpretation has no practical relevance for Munich Re.

Our disclosure of costs directly connected with equity capital measures has been modified with effect from the first quarter of 2013. Previously, externally generated costs directly connected with equity capital measures were recognised in the capital reserve after taking tax effects into account. These costs are now shown in retained earnings. The informative function of the consolidated financial statements is thus enhanced, as the issued capital and capital reserve of Munich Reinsurance Company are directly evident in the consolidated financial statements. Pursuant to IAS 8.22, the modification has been applied retrospectively and the previous year's figures have been adjusted accordingly. As a result of the modification, the capital reserve has been increased by €31m, totalling €6,831m as at 31 December 2011 and €6,836m as at 31 December 2012. The retained earnings have been reduced by the same amount, totalling €11,557m as at 31 December 2011 and €10,915m as at 31 December 2012.

Our method of calculating the technical interest has been modified further with effect from the first quarter of 2013. The portion of investment income corresponding to the deposit interest expense is now included as a component in the calculation of the technical interest, and thus in the technical result also in the reinsurance segments and in the Munich Health segment. This change provides for a more accurate presentation of the technical result. As a consequence of the change, the income from technical interest in the financial year 2013 is higher than it would have been under the previous method.

Changes in the consolidated group

On 10 July 2013, via its subsidiary MR RENT-Investment GmbH, Munich, we acquired 100% of the voting shares in the wind park company Vingkraft Hakarp AB (VH AB), Hässleholm, Sweden, from Eolus Vind AG, Hässleholm, Sweden. Vingkraft Hakarp AB operates three completed Swedish wind parks (Hakarp, Kaptensberget and Åsen) that are connected to the power grid. Prior to the transaction, the wind parks were transferred as a contribution in kind by Eolus Vind AB to Vingkraft Hakarp AB. Immediately after acquisition, Vingkraft Hakarp AB was renamed Wind Farms Götaland Svealand AG (WFGS). The purchase price for the wind park company was €47.2m (SEK 411.5m) and was settled in cash. The goodwill of €0.3m arithmetically resulting from the transaction was written off in full after we carried out an impairment test.

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

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

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

€m	WFGS
Purchase price	47
Cash	47
Liabilities incurred	-
Assets acquired	49
Intangible assets	9
Investments	38
Receivables ¹	-
Cash at bank, cheques and cash in hand	-
Deferred tax assets	2
Other assets	-
Liabilities assumed	2
Other reserves	-
Liabilities	-
Deferred tax liabilities	2
Other liabilities ²	-
Revenue included in the consolidated income statement since the acquisition date	1
Result included in the consolidated income statement since the acquisition date	-
Contributions to the consolidated revenues as if the acquisition date for the business combination had been 1 January 2013 ³	1

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

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		
	30.9.2013	31.12.2012	Q3 2013	Q2 2013	Q1 2013	Q3 2012	Q2 2012	Q1 2012
Rate for €1								
Australian dollar	1.44765	1.26990	1.44637	1.31878	1.27085	1.20458	1.27053	1.24301
Canadian dollar	1.39140	1.31270	1.37610	1.33657	1.33091	1.24578	1.29628	1.31298
Pound sterling	0.83590	0.81110	0.85436	0.85048	0.85064	0.79195	0.81098	0.83444
Rand	13.62280	11.18580	13.22540	12.37200	11.81310	10.33260	10.41550	10.17240
Swiss franc	1.22405	1.20680	1.23438	1.23101	1.22778	1.20345	1.20146	1.20792
US dollar	1.35365	1.31840	1.32442	1.30583	1.32006	1.25111	1.28368	1.31077
Yen	132.8270	113.9960	130.9720	128.9230	121.6110	98.3731	102.8660	103.9420

Segment reporting

In accordance with the "management approach", the segmentation of our business operations is based on the way in which Munich Re is managed internally.

We have consequently identified seven segments to be reported:

- Life reinsurance (global life reinsurance business)
- Property-casualty reinsurance (global property-casualty reinsurance business)
- Life primary insurance (global life primary insurance business)
- Health primary insurance (German health primary insurance business and global travel insurance business)
- Property-casualty primary insurance (global property-casualty primary insurance business)
- Munich Health (global health reinsurance business and health primary insurance business outside Germany)
- Asset management (management of assets for the Group and for external investors)

Munich Re's primary insurance segments comprise all the activities of the ERGO Insurance Group (ERGO). In addition, certain primary insurers whose business requires special solution-finding competence are coupled to reinsurance as the risk carrier. We therefore transact their business from within reinsurance and consequently allocate them to the reinsurance segment.

Segment assets

€m		Reinsurance			
		Life		Property-casualty	
		30.9. 2013	31.12. 2012	30.9. 2013	31.12. 2012
A. Intangible assets		165	170	1,965	2,050
B. Investments					
I. Land and buildings, including buildings on third-party land		263	245	1,223	1,224
II. Investments in affiliated companies and associates		20	21	712	775
Thereof:					
Associates accounted for using the equity method		-	1	621	682
III. Loans		35	18	130	52
IV. Other securities					
1. Held to maturity		-	-	-	-
2. Available for sale		14,378	15,399	50,296	54,651
Thereof:					
Held for sale		-	-	-	-
3. At fair value through profit or loss		594	605	1,120	1,042
		14,972	16,004	51,416	55,693
V. Deposits retained on assumed reinsurance		7,924	7,240	1,220	1,181
VI. Other investments		621	242	1,545	1,142
		23,835	23,770	56,246	60,067
C. Investments for the benefit of life insurance policyholders who bear the investment risk		-	-	-	-
D. Ceded share of technical provisions		1,068	1,140	2,087	2,186
E. Other segment assets		6,809	6,019	10,598	9,765
Thereof:					
Held for sale		-	-	-	-
Total segment assets		31,877	31,099	70,896	74,068

Segment liabilities

€m		Reinsurance			
		Life		Property-casualty	
		30.9. 2013	31.12. 2012	30.9. 2013	31.12. 2012
A. Subordinated liabilities		1,139	1,343	3,179	3,838
B. Gross technical provisions					
I. Unearned premiums		31	37	5,765	5,776
II. Provision for future policy benefits		13,826	13,352	27	32
III. Provision for outstanding claims		5,870	5,652	38,919	39,097
Thereof:					
Held for sale		-	-	-	-
IV. Other technical provisions		441	432	71	81
Thereof:					
Held for sale		-	-	-	-
		20,168	19,473	44,782	44,986
C. Gross technical provisions for life insurance policies where the investment risk is borne by the policyholders		-	-	-	-
D. Other accrued liabilities		194	198	593	721
E. Other segment liabilities		5,627	6,600	10,642	10,406
Thereof:					
Held for sale		-	-	-	-
Total segment liabilities		27,128	27,614	59,196	59,951

	Life		Health		Primary insurance		Munich Health		Asset management		Total	
	30.9. 2013	31.12. 2012	30.9. 2013	31.12. 2012	30.9. 2013	31.12. 2012	30.9. 2013	31.12. 2012	30.9. 2013	31.12. 2012	30.9. 2013	31.12. 2012
	967	1,031	673	677	937	932	12	23	10	11	4,729	4,894
	1,375	1,393	757	777	92	95	10	30	66	67	3,786	3,831
	126	132	145	151	212	214	93	93	73	81	1,381	1,467
	105	109	132	138	170	172	92	90	57	65	1,177	1,257
	35,549	34,977	17,952	17,138	2,027	2,210	22	23	-	-	55,715	54,418
	6	7	-	-	-	-	-	-	-	-	6	7
	35,804	37,151	15,517	15,592	6,868	6,348	2,898	3,602	517	453	126,278	133,196
	-	-	-	-	-	-	83	-	-	-	83	-
	1,063	1,174	134	155	27	22	17	17	-	-	2,955	3,015
	36,873	38,332	15,651	15,747	6,895	6,370	2,915	3,619	517	453	129,239	136,218
	139	147	1	1	4	4	389	394	-	-	9,677	8,967
	833	583	210	82	418	594	135	66	261	255	4,023	2,964
	74,895	75,564	34,716	33,896	9,648	9,487	3,564	4,225	917	856	203,821	207,865
	6,443	5,957	-	-	-	-	1	1	-	-	6,444	5,958
	1,857	1,862	24	22	345	340	183	180	-	-	5,564	5,730
	7,627	7,893	3,851	3,575	4,644	4,456	2,087	2,085	85	120	35,701	33,913
	-	-	-	-	-	-	171	-	-	-	171	-
	91,789	92,307	39,264	38,170	15,574	15,215	5,847	6,514	1,012	987	256,259	258,360

	Life		Health		Primary insurance		Munich Health		Asset management		Total	
	30.9. 2013	31.12. 2012	30.9. 2013	31.12. 2012	30.9. 2013	31.12. 2012	30.9. 2013	31.12. 2012	30.9. 2013	31.12. 2012	30.9. 2013	31.12. 2012
	75	75	-	-	2	-	35	248	-	-	4,430	5,504
	23	15	102	99	2,000	1,755	450	452	-	-	8,371	8,134
	69,365	69,508	26,855	25,544	435	425	964	908	-	-	111,472	109,769
	1,704	1,648	887	917	5,675	5,483	891	954	-	-	53,946	53,751
	-	-	-	-	-	-	97	-	-	-	97	-
	4,557	4,688	8,241	8,475	138	149	80	110	-	-	13,528	13,935
	-	-	-	-	-	-	10	-	-	-	10	-
	75,649	75,859	36,085	35,035	8,248	7,812	2,385	2,424	-	-	187,317	185,589
	6,767	6,257	-	-	-	-	1	1	-	-	6,768	6,258
	529	590	259	293	2,244	2,396	168	178	50	49	4,037	4,425
	6,705	6,973	1,325	1,108	2,076	2,233	1,347	1,682	118	159	27,840	29,161
	-	-	-	-	-	-	50	-	-	-	50	-
	89,725	89,754	37,669	36,436	12,570	12,441	3,936	4,533	168	208	230,392	230,937
											Equity	25,867
											Total equity and liabilities	256,259
												258,360

Segment income statement 1.1.–30.9.2013

€m	Reinsurance			
	Life		Property-casualty	
	Q1-3 2013	Q1-3 2012	Q1-3 2013	Q1-3 2012
Gross premiums written	8,194	8,191	12,796	12,995
1. Earned premiums				
Gross	8,199	8,197	12,602	13,029
Ceded	328	335	524	486
Net	7,871	7,862	12,078	12,543
2. Income from technical interest	546	488	892	997
3. Expenses for claims and benefits				
Gross	6,297	6,088	7,843	8,244
Ceded share	157	217	199	134
Net	6,140	5,871	7,644	8,110
4. Operating expenses				
Gross	2,111	2,231	3,652	3,722
Ceded share	113	122	54	65
Net	1,998	2,109	3,598	3,657
Thereof:				
Amortisation and impairment losses of acquired insurance portfolios	2	2	-	-
5. Technical result (1–4)	279	370	1,728	1,773
6. Investment result				
Investment income	1,375	1,484	3,403	4,176
Investment expenses	756	849	2,134	2,530
Total	619	635	1,269	1,646
Thereof:				
Interest and similar income	567	537	1,026	1,141
Interest charges and similar expenses	3	2	14	10
Write-downs of investments	429	498	916	950
Write-ups of investments	394	413	660	823
Income from associates accounted for using the equity method	-	-	29	-5
7. Other operating income	65	68	161	173
Thereof:				
Interest and similar income	42	41	8	23
Write-ups of other operating assets	1	8	1	10
8. Other operating expenses	82	71	269	200
Thereof:				
Interest charges and similar expenses	47	32	56	39
Write-downs of other operating assets	1	3	5	6
9. Deduction of income from technical interest	-546	-488	-892	-997
10. Non-technical result (6–9)	56	144	269	622
11. Operating result (5 + 10)	335	514	1,997	2,395
12. Other non-operating result, net finance costs and impairment losses of goodwill	-84	-67	-345	-168
13. Taxes on income	35	57	153	288
14. Consolidated result (11–13)	216	390	1,499	1,939
Thereof:				
Attributable to Munich Reinsurance Company equity holders	216	390	1,496	1,939
Attributable to non-controlling interests	-	-	3	-

1 Previous year's figures adjusted pursuant to IAS 8.

	Primary insurance						Munich Health		Asset management		Total	
	Life		Health		Property-casualty							
	Q1-3 2013	Q1-3 2012 ¹	Q1-3 2013	Q1-3 2012	Q1-3 2013	Q1-3 2012	Q1-3 2013	Q1-3 2012	Q1-3 2013	Q1-3 2012	Q1-3 2013	Q1-3 2012
	3,936	4,151	4,289	4,304	4,387	4,369	4,988	5,028	-	-	38,590	39,038
	3,926	4,148	4,286	4,287	4,093	4,157	4,963	5,039	-	-	38,069	38,857
	75	75	36	38	136	164	158	209	-	-	1,257	1,307
	3,851	4,073	4,250	4,249	3,957	3,993	4,805	4,830	-	-	36,812	37,550
	2,338	2,583	1,081	1,005	157	157	30	44	-	-	5,044	5,274
	5,470	5,708	4,551	4,503	2,616	2,756	3,954	4,131	-	-	30,731	31,430
	55	50	20	20	86	158	110	68	-	-	627	647
	5,415	5,658	4,531	4,483	2,530	2,598	3,844	4,063	-	-	30,104	30,783
	810	910	511	500	1,354	1,347	909	885	-	-	9,347	9,595
	11	8	13	14	15	29	35	148	-	-	241	386
	799	902	498	486	1,339	1,318	874	737	-	-	9,106	9,209
	54	21	4	4	-	-	-	-	-	-	60	27
	-25	96	302	285	245	234	117	74	-	-	2,646	2,832
	3,142	3,569	1,298	1,177	432	407	119	157	12	14	9,781	10,984
	737	834	297	277	132	160	52	62	11	1	4,119	4,713
	2,405	2,735	1,001	900	300	247	67	95	1	13	5,662	6,271
	2,032	2,094	961	957	186	225	61	77	2	4	4,835	5,035
	1	3	2	2	-	1	-	-	-	-	20	18
	292	163	74	44	49	65	2	17	11	1	1,773	1,738
	97	314	46	54	24	22	11	15	-	-	1,232	1,641
	5	-5	8	3	20	6	5	10	-6	3	61	12
	86	79	25	35	109	113	46	59	38	37	530	564
	16	4	1	5	3	1	6	14	1	3	77	91
	22	15	-	1	3	9	1	5	-	-	28	48
	65	90	25	53	195	166	80	53	26	22	742	655
	4	4	9	14	85	43	29	23	4	1	234	156
	6	6	2	2	12	24	4	2	-	-	30	43
	-2,338	-2,583	-1,081	-1,005	-157	-157	-30	-44	-	-	-5,044	-5,274
	88	141	-80	-123	57	37	3	57	13	28	406	906
	63	237	222	162	302	271	120	131	13	28	3,052	3,738
	15	1	-44	-36	-167	-179	-10	-28	-5	-6	-640	-483
	-29	63	64	47	-19	13	24	39	26	18	254	525
	107	175	114	79	154	79	86	64	-18	4	2,158	2,730
	107	175	114	79	140	69	83	62	-18	4	2,138	2,718
	-	-	-	-	14	10	3	2	-	-	20	12

Segment income statement 1.7.-30.9.2013

€m	Reinsurance			
	Life		Property-casualty	
	Q3 2013	Q3 2012	Q3 2013	Q3 2012
Gross premiums written	2,631	2,897	4,263	4,598
1. Earned premiums				
Gross	2,637	2,902	4,205	4,496
Ceded	109	145	193	177
Net	2,528	2,757	4,012	4,319
2. Income from technical interest	189	173	296	336
3. Expenses for claims and benefits				
Gross	2,393	2,062	2,660	2,684
Ceded share	48	55	87	21
Net	2,345	2,007	2,573	2,663
4. Operating expenses				
Gross	436	871	1,230	1,231
Ceded share	38	63	20	23
Net	398	808	1,210	1,208
Thereof:				
Amortisation and impairment losses of acquired insurance portfolios	1	-2	-	-
5. Technical result (1-4)	-26	115	525	784
6. Investment result				
Investment income	441	491	1,249	1,374
Investment expenses	184	254	644	784
Total	257	237	605	590
Thereof:				
Interest and similar income	200	185	324	371
Interest charges and similar expenses	1	1	5	4
Write-downs of investments	86	121	259	200
Write-ups of investments	83	123	229	235
Income from associates accounted for using the equity method	-	-	13	13
7. Other operating income	25	19	61	58
Thereof:				
Interest and similar income	19	10	4	5
Write-ups of other operating assets	-	3	-	4
8. Other operating expenses	19	22	92	65
Thereof:				
Interest charges and similar expenses	6	9	9	10
Write-downs of other operating assets	-	-	2	2
9. Deduction of income from technical interest	-189	-173	-296	-336
10. Non-technical result (6-9)	74	61	278	247
11. Operating result (5 + 10)	48	176	803	1,031
12. Other non-operating result, net finance costs and impairment losses of goodwill	-85	-17	-282	-11
13. Taxes on income	-23	36	-3	107
14. Consolidated result (11-13)	-14	123	524	913
Thereof:				
Attributable to Munich Reinsurance Company equity holders	-14	123	524	913
Attributable to non-controlling interests	-	-	-	-

1 Previous year's figures adjusted pursuant to IAS 8.

				Primary insurance		Munich Health		Asset management		Total	
		Life		Health		Property-casualty					
		Q3 2013	Q3 2012 ¹	Q3 2013	Q3 2012	Q3 2013	Q3 2012	Q3 2013	Q3 2012	Q3 2013	Q3 2012
		1,278	1,323	1,421	1,435	1,293	1,278	1,611	1,680	-	-
		1,272	1,323	1,432	1,459	1,409	1,401	1,589	1,740	-	-
		23	24	12	13	53	51	43	178	-	-
		1,249	1,299	1,420	1,446	1,356	1,350	1,546	1,562	-	-
		853	948	335	337	52	53	10	19	-	-
		1,950	1,877	1,489	1,497	927	986	1,268	1,422	-	-
		13	17	9	7	28	51	43	52	-	-
		1,937	1,860	1,480	1,490	899	935	1,225	1,370	-	-
		169	394	161	172	459	442	270	268	-	-
		-	2	3	8	11	7	11	130	-	-
		169	392	158	164	448	435	259	138	-	-
		14	9	2	1	-	-	-	-	-	-
		-4	-5	117	129	61	33	72	73	-	-
		1,049	1,134	414	422	131	143	27	52	4	5
		181	177	109	129	50	39	47	17	1	-
		868	957	305	293	81	104	-20	35	3	5
		680	690	325	320	60	74	20	25	1	1
		-	1	-	1	-	-	-	-	-	6
		75	34	16	13	15	5	1	4	1	-
		24	45	10	22	10	5	1	5	-	-
		3	-7	3	1	14	1	3	3	1	1
		22	20	6	7	28	33	17	22	13	12
		9	1	-	-	1	-	3	3	-	1
		-	-	-	1	-	3	-	1	-	-
		18	43	-	8	49	62	25	15	8	6
		1	1	3	4	21	14	5	9	1	1
		1	2	1	-	4	10	3	-	-	11
		-853	-948	-335	-337	-52	-53	-10	-19	-	-
		19	-14	-24	-45	8	22	-38	23	8	11
		15	-19	93	84	69	55	34	96	8	11
		-5	14	-16	-14	-69	-68	-7	2	-2	-2
		-24	-2	26	22	-15	-6	-	40	7	5
		34	-3	51	48	15	-7	27	58	-1	4
		34	-3	51	48	17	-10	26	55	-1	4
		-	-	-	-	-2	3	1	3	-	-1
											6

Non-current assets by country¹

€m	30.9.2013	31.12.2012
Germany	7,463	7,601
USA	1,835	1,915
UK	520	548
Austria	368	390
Sweden	293	253
Italy	265	273
Poland	171	163
France	155	157
Netherlands	147	145
Spain	143	127
Switzerland	93	96
Portugal	61	66
Others	249	259
Total	11,763	11,993

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

Investments in non-current assets per segment¹

€m	Q1-3 2013	Q1-3 2012
Reinsurance life	29	87
Reinsurance property-casualty	84	424
Primary insurance life	20	33
Primary insurance health	2	10
Primary insurance property-casualty	480	95
Munich Health	34	23
Asset management	3	3
Total	652	675

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

Gross premiums written

€m	Reinsurance		Primary insurance		Munich Health		Total	
	Q1-3 2013	Q1-3 2012	Q1-3 2013	Q1-3 2012	Q1-3 2013	Q1-3 2012	Q1-3 2013	Q1-3 2012
Europe	6,311	6,627	12,600	12,701	1,396	1,352	20,307	20,680
North America	9,887	9,256	3	2	3,203	3,321	13,093	12,579
Asia and Australasia	3,116	3,514	5	113	123	149	3,244	3,776
Africa, Near and Middle East	531	589	1	3	242	203	774	795
Latin America	1,145	1,200	3	5	24	3	1,172	1,208
Total	20,990	21,186	12,612	12,824	4,988	5,028	38,590	39,038

Gross premiums written

€m	Reinsurance		Primary insurance		Munich Health		Total	
	Q3 2013	Q3 2012	Q3 2013	Q3 2012	Q3 2013	Q3 2012	Q3 2013	Q3 2012
Europe	2,101	2,210	3,990	3,996	434	389	6,525	6,595
North America	3,219	3,391	1	1	1,055	1,169	4,275	4,561
Asia and Australasia	1,010	1,264	-	37	34	50	1,044	1,351
Africa, Near and Middle East	166	200	-	1	82	70	248	271
Latin America	398	430	1	1	6	2	405	433
Total	6,894	7,495	3,992	4,036	1,611	1,680	12,497	13,211

Notes to the consolidated balance sheet

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

Intangible assets

Development of goodwill

Goodwill from the acquisition of	Reinsurance				Primary insurance	
	Munich Re America		Other		ERGO Insurance Group	
	Q1-3 2013	Q1-3 2012	Q1-3 2013	Q1-3 2012	Q1-3 2013	Q1-3 2012
€m						
Gross carrying amount at 31 Dec. previous year	1,046	1,062	454	435	1,754	1,754
Accumulated impairment losses at 31 Dec. previous year	-	-	51	27	-	-
Carrying amount at 31 Dec. previous year	1,046	1,062	403	408	1,754	1,754
Currency translation differences	-27	10	-10	5	-	-
Additions	-	-	-	22	-	-
Disposals	-	-	-	-	-	-
Reclassifications	-	-	-	-	-	-
Impairment losses	-	-	-	22	-	-
Carrying amount at 30 September financial year	1,019	1,072	393	413	1,754	1,754
Accumulated impairment losses at 30 September financial year	-	-	46	49	-	-
Gross carrying amount at 30 September financial year	1,019	1,072	439	462	1,754	1,754

Goodwill from the acquisition of	Primary insurance				Munich Health		Total	
	Other		Other		Other			
	Q1-3 2013	Q1-3 2012	Q1-3 2013	Q1-3 2012	Q1-3 2013	Q1-3 2012		
€m								
Gross carrying amount at 31 Dec. previous year	554	554	156	154	3,964	3,959		
Accumulated impairment losses at 31 Dec. previous year	381	381	156	40	588	448		
Carrying amount at 31 Dec. previous year	173	173	-	114	3,376	3,511		
Currency translation differences	-	-	-	-	-37	15		
Additions	3	-	-	-	3	22		
Disposals	-	-	-	-	-	-		
Reclassifications	-	-	-	-	-	-		
Impairment losses	-	-	-	-	-	22		
Carrying amount at 30 September financial year	176	173	-	114	3,342	3,526		
Accumulated impairment losses at 30 September financial year	381	381	156	40	583	470		
Gross carrying amount at 30 September financial year	557	554	156	154	3,925	3,996		

Breakdown of other intangible assets

€m	30.9.2013		31.12.2012	
Acquired insurance portfolios		377		447
Software				
Self-developed		112		130
Other		237		230
Acquired brand names		34		41
Acquired distribution networks/client bases		309		343
Acquired licences/patents		267		272
Other		-		-
Self-developed		51		55
Other				
Total		1,387		1,518

Investments

IFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. All financial instruments recognised at fair value are allocated to one of the valuation hierarchy levels of IFRS 13. This valuation hierarchy provides for three levels. The allocation reflects which of the fair values derive from transactions in the market and where valuation is based on models because market transactions are lacking.

Regularly, at each quarterly reporting date, we assess whether the allocation of our investments and liabilities to the levels of the valuation hierarchy is still appropriate. If changes in the basis of valuation have occurred – for instance, if a market is no longer active or the valuation was performed using inputs requiring another allocation – we make the necessary adjustments.

The following table provides an overview of the methods used to measure the fair value of our investments.

Valuation models

Bonds	Pricing method	Parameters	Pricing model
Interest-rate risks			
Loans against borrower's note/ registered bonds	Theoretical price	Sector-, rating- or issuer-specific yield curve	Present-value method
Cat bond (host)	Theoretical price	Interest-rate curve	Present-value method
Derivatives	Pricing method	Parameters	Pricing model
Equity and index risks			
OTC stock options	Theoretical price	Listing of underlying shares Effective volatilities Money-market interest rate Dividend yield	Black-Scholes (European) Cox, Ross and Rubinstein (American) Monte-Carlo simulation
Equity forwards	Theoretical price	Listing of underlying shares Money-market interest rate Dividend yield	Present-value method
Interest-rate risks			
Interest-rate swaps	Theoretical price	Swap curve Money-market interest-rate curve	Present-value method
Swaptions/interest-rate guarantee	Theoretical price	At-the-money volatility index and skew Swap curve Money-market interest-rate curve	Black-76
Interest-rate currency swaps	Theoretical price	Swap curve Money-market interest-rate curve Currency spot rates	Present-value method
Inflation swaps	Theoretical price	Zero-coupon inflation swap rates Swap curve Money-market interest-rate curve	Present-value method
Currency risks			
Currency options	Theoretical price	At-the-money volatility Currency spot rates Money-market interest-rate curve	Garman-Kohlhagen (European)
Currency forwards	Theoretical price	Currency spot rates Money-market interest-rate curve	Present-value method
Other transactions			
Insurance derivatives (excluding variable annuities)	Theoretical price	Market values of cat bonds Interest-rate curve	Present-value method
Insurance derivatives (variable annuities)	Theoretical price	Biometric and lapse rates Volatilities Interest-rate curve Currency spot rates	Present-value method
Credit default swaps	Theoretical price	Credit spreads Recovery rates Interest-rate curve	Present-value method ISDA CDS Standard Model
Total return swaps on commodities	Theoretical price	Listing of underlying index	Index ratio calculation
Commodity options	Theoretical price	Listing of underlying shares Effective volatilities Money-market interest rate	Black-Scholes (European) Cox, Ross and Rubinstein (American)

Continued on next page



Bonds with embedded options	Pricing method	Parameters	Pricing model
Callable bonds	Theoretical price	Money-market/swap interest-rate curve Issuer-specific spreads Volatility matrix	Hull-White model
CMS floaters	Theoretical price	Money-market/swap interest-rate curve Issuer-specific spreads Volatility matrix	Hull-White model
Zero-to-coupon switchable bonds	Theoretical price	Money-market/swap interest-rate curve Issuer-specific spreads Volatility matrix	Hull-White model
Volatility bonds	Theoretical price	Money-market/swap interest-rate curve Issuer-specific spreads Volatility matrix	LIBOR market model
CMS floaters with variable cap	Theoretical price	Money-market/swap interest-rate curve Issuer-specific spreads Volatility matrix	Replication model (Hagan)
Dax-Cliquet	Theoretical price	Listing of underlying shares Volatilities Issuer-specific spreads Money-market/swap interest-rate curve	Black-Scholes, present-value method
Convergence bonds	Theoretical price	Money-market/swap interest-rate curve Issuer-specific spreads Volatility matrix Correlation matrix	LIBOR market model
Multi-tranches	Theoretical price	At-the-money volatility index and skew Swap curve Money-market interest-rate curve Sector-, rating- or issuer-specific curve	Black-76, present-value method
Fund	Pricing method	Parameters	Pricing model
Real estate funds	-	-	Net asset value
Private equity funds	-	-	Net asset value

Insurance derivatives (excluding variable annuities) are allocated to Level 3 of the valuation hierarchy. Their valuation is based on the values supplied by brokers for the underlying bonds, which is why it is not possible to quantify the inputs used that were not based on observable market data.

At Munich Re, the valuation of variable annuities is performed on a fully market-consistent basis. The parameters requiring consideration in this valuation are biometric and lapse rates, volatilities, interest-rate curves and currency spot rates. The lapse rates used are modelled dynamically and range between 0.5% and 20%, depending on the specific insurance product and current situation of the capital markets. The assumptions with regard to mortality are based on published mortality tables, which are adjusted with a view to the target markets and the actuaries' expectations. The dependency between different capital market parameters is modelled by correlation matrices. Since parameters not observable on the market were also used in valuation, we allocate these products to Level 3 of the valuation hierarchy.

The other investments allocated to Level 3 are mainly external fund units (in particular, private equity and real estate) as well as relatively illiquid credit structures (especially collateralised mortgage-backed securities and credit-linked obligations). In the case of the former, market data are not available on a regular basis; rather, net asset values (NAVs) are provided by the asset managers. With regard to the latter, the quality of the

market quotes available from market data providers is insufficient, so we resort to broker valuations. With these investments, we thus do not perform our own valuations using inputs not based on observable market data but rely on what is supplied by the brokers. We regularly subject the valuations supplied to plausibility tests on the basis of comparable investments.

At 30 September 2013, around 84% of the investments measured at fair value were allocated to Level 1 of the fair value hierarchy, 12% to Level 2 and 4% to Level 3.

Allocation of investments measured at fair value to levels of the fair value hierarchy

	30.9.2013			
€m	Level 1	Level 2	Level 3	Total
Investments in affiliated companies measured at fair value	-	-	188	188
Investments in associates measured at fair value	-	-	16	16
Other securities available for sale				
Fixed-interest	98,855	13,819	2,764	115,438
Non-fixed-interest	8,713	65	2,062	10,840
Other securities at fair value through profit or loss				
Held for trading, and hedging derivatives ¹	833	2,146	50	3,029
Designated as at fair value through profit or loss	-	166	-	166
Investments for the benefit of life insurance policyholders who bear the investment risk	6,444	-	-	6,444
Total	114,845	16,196	5,080	136,121

→	31.12.2012			
€m	Level 1	Level 2	Level 3	Total
Investments in affiliated companies measured at fair value	-	-	194	194
Investments in associates measured at fair value	-	-	16	16
Other securities available for sale				
Fixed-interest	104,453	16,928	2,118	123,499
Non-fixed-interest	7,651	68	1,978	9,697
Other securities at fair value through profit or loss				
Held for trading, and hedging derivatives ¹	754	2,368	33	3,155
Designated as at fair value through profit or loss	-	169	-	169
Investments for the benefit of life insurance policyholders who bear the investment risk	5,958	-	-	5,958
Total	118,816	19,533	4,339	142,688

¹ Included are hedging derivatives of €240m (309m) accounted for under "other assets".

Since the beginning of the year, we have reallocated portions of the other mortgage-backed securities (MBSs) in our portfolio from Level 3 to Level 2. These portfolios are now valued solely on the basis of observable market inputs. At the same time, we reallocated commercial mortgage-backed securities (CMBSSs) from Level 2 to Level 3, since we did not use inputs observable in the market for valuing them, given the markets' lack of liquidity.

The only investments held for trading that are allocated to Level 3 are derivatives with the corresponding hierarchy-level allocation.

The following tables present the reconciliation from the beginning balances to the ending balances for investments allocated to Level 3.

Reconciliation for investments allocated to Level 3

	Other securities available for sale	Investments in affiliated companies measured at fair value		Investments in associates measured at fair value	
		Fixed-interest	Non-fixed-interest	Q1-3 2013	Q1-3 2013
€m		Q1-3 2013	Q1-3 2013	Q1-3 2013	Q1-3 2013
Carrying amount at 31 December previous year		2,118	1,978	194	16
Gains and losses		8	29	-6	-
Gains (losses) recognised in the income statement		35	-8	-2	-
Gains (losses) recognised in equity		-27	37	-4	-
Acquisitions		1,474	228	4	-
Disposals		1,221	170	4	-
Transfer to Level 3		480	-	-	-
Transfer out of Level 3		94	1	-	-
Changes in the market value of derivatives		-1	-2	-	-
Carrying amount at 30 September financial year		2,764	2,062	188	16
Gains (losses) recognised in the income statement that are attributable to investments shown at 30 September of the financial year		37	-10	-3	-

→		Other securities at fair value through profit or loss		Total
		Held for trading, and hedging derivatives	Designated as at fair value through profit or loss	
€m		Q1-3 2013	Q1-3 2013	Q1-3 2013
Carrying amount at 31 December previous year		33	-	4,339
Gains and losses		18	-	49
Gains (losses) recognised in the income statement		19	-	44
Gains (losses) recognised in equity		-1	-	5
Acquisitions		-	-	1,706
Disposals		1	-	1,396
Transfer to Level 3		-	-	480
Transfer out of Level 3		-	-	95
Changes in the market value of derivatives		-	-	-3
Carrying amount at 30 September financial year		50	-	5,080
Gains (losses) recognised in the income statement that are attributable to investments shown at 30 September of the financial year		19	-	43

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

Equity

Number of shares in circulation and number of own shares held

	30.9.2013	31.12.2012
Number of shares in circulation	179,299,923	178,527,270
Number of own shares held	41,289	813,942
Total	179,341,212	179,341,212

Non-controlling interests

€m	30.9.2013	31.12.2012
Unrealised gains and losses	8	20
Consolidated result	20	16
Other equity	212	206
Total	240	242

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

Subordinated liabilities

Breakdown of subordinated liabilities

€m	Identification number	A.M. Best	Fitch	Moody's	S&P	30.9.2013	Prev. year
Munich Reinsurance Company, Munich, 6.25% until 2022, thereafter floating, €900m, Bonds 2012/2042	WKN: A1ML16 ISIN: XS0764278528 Reuters: DE076427852=		a+	A	-	A	893
Munich Reinsurance Company, Munich, 6.625% until 2022, thereafter floating, £450m, Bonds 2012/2042	WKN: A1ML15 ISIN: XS0764278288 Reuters: DE076427828=		a+	A	-	A	536
Munich Reinsurance Company, Munich, 6.00% until 2021, thereafter floating, €1,000m, Bonds 2011/2041	WKN: A1KQYJ ISIN: XS0608392550 Reuters: DE060839255=		a+	A	-	A	990
Munich Reinsurance Company, Munich, 5.767% until 2017, thereafter floating, €1,349m, Bonds 2007/perpetual	WKN: A0N4EX ISIN: XS0304987042 Reuters: DE030498704=		a+	A	A3 (hyb)	A	1,540
Munich Reinsurance Company, Munich, 6.75% until 2013, thereafter floating, €1,000m ¹ , Bonds 2003/2023	WKN: 843278 ISIN: XS0166965797 Reuters: DE016696579=		-	-	-	-	995
Munich Reinsurance Company, Munich, 7.625% until 2018, thereafter floating, £300m, Bonds 2003/2028	WKN: 843449 ISIN: XS0167260529 Reuters: DE016726052=		a+	A	A2 (hyb)	A	357
ERGO Versicherung Aktiengesellschaft, Vienna, 4.95%, €50m, Registered bonds 2004/2014			-	-	-	-	52
ERGO Versicherung Aktiengesellschaft, Vienna, secondary market yield on federal government bonds (Austria) +70 BP, €12m ² , Registered bonds 2001/perpetual			-	-	-	-	12
ERGO Versicherung Aktiengesellschaft, Vienna, secondary market yield on federal government bonds (Austria) +70 BP, €13m ³ , Registered bonds 1998/perpetual			-	-	-	-	13
HSB Group Inc., Delaware, LIBOR +91 BP, US\$ 76m, Bonds 1997/2027			-	-	-	-	37
Total						4,430	5,504

1 In the second quarter of 2013, the issuer redeemed bonds with a nominal value of €1,000m.

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

3 ERGO Versicherungsgruppe AG holds bonds with a nominal value of €3m; the volume outstanding has been reduced accordingly.

The fair value of the subordinated liabilities at the balance sheet date amounted to €4,770m (5,953m). For the Munich Reinsurance Company bonds, we take the stock market prices as fair values. For the other subordinated liabilities, we determine the fair values using net present value methods with observable market parameters.

Liabilities

Breakdown of bonds and notes issued

€m	Identification number	A.M. Best	Fitch	Moody's	S&P	30.9.2013	31.12.2012
Munich Re America Corporation, Wilmington, 7.45%, US\$ 342m, Senior Notes 1996/2026	CUSIP No.: 029163AD4 ISIN, Reuters: - Bloomberg: AMER RE CORP MUNRE	a-	A+	A2	A-	252	259
Total						252	259

We calculate the fair value of the notes issued using a recognised valuation method with observable market inputs. The fair value at the reporting date amounts to €319m (340m).

The following table shows the allocation of the other liabilities measured at fair value to levels of the fair value hierarchy.

Allocation of other liabilities measured at fair value to levels of the fair value hierarchy

€m	30.9.2013			31.12.2012				
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Other liabilities								
Derivatives	132	592	140	864	29	749	191	969

In the other liabilities, only derivatives with a negative market value are currently recognised at fair value. Of these, we allocated the derivative portions of catastrophe bonds, weather derivatives, and derivative components of variable annuities to Level 3 of the fair value hierarchy. As regards the valuation models used, please refer to the notes on investments.

The following table presents the reconciliation from the beginning balances to the ending balances for other liabilities allocated to Level 3.

Reconciliation for other liabilities allocated to Level 3

	Other liabilities at fair value through profit or loss
€m	Q1-3 2013
Carrying amount at 31 December previous year	191
Gains and losses	78
Gains (losses) recognised in the income statement	74
Gains (losses) recognised in equity	4
Acquisitions	56
Disposals	29
Transfer to Level 3	-
Transfer out of Level 3	-
Change in the market value of derivatives	-
Carrying amount at 30 September financial year	140
Gains (losses) recognised in the income statement that are attributable to investments shown at 30 September of the financial year	73

Notes to the consolidated income statement

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

Premiums

	Life		Reinsurance	
	Q1-3 2013	Q1-3 2012	Q1-3 2013	Q1-3 2012
€m				
Gross				
Gross premiums written	8,194	8,191	12,796	12,995
Change in unearned premiums – Gross	-5	-6	194	-34
Gross earned premiums	8,199	8,197	12,602	13,029
Ceded share				
Ceded premiums written	328	335	580	550
Change in unearned premiums – Ceded share	-	-	56	64
Earned premiums ceded	328	335	524	486
Net earned premiums	7,871	7,862	12,078	12,543
→			Primary insurance	
	Life		Health	
€m	Q1-3 2013	Q1-3 2012	Q1-3 2013	Q1-3 2012
Gross				
Gross premiums written	3,936	4,151	4,289	4,304
Change in unearned premiums – Gross	10	3	3	17
Gross earned premiums	3,926	4,148	4,286	4,287
Ceded share				
Ceded premiums written	75	75	34	47
Change in unearned premiums – Ceded share	-	-	-2	9
Earned premiums ceded	75	75	36	38
Net earned premiums	3,851	4,073	4,250	4,249
→			Munich Health	
			Total	
€m	Q1-3 2013	Q1-3 2012	Q1-3 2013	Q1-3 2012
Gross				
Gross premiums written	4,988	5,028	38,590	39,038
Change in unearned premiums – Gross	25	-11	521	181
Gross earned premiums	4,963	5,039	38,069	38,857
Ceded share				
Ceded premiums written	140	278	1,301	1,452
Change in unearned premiums – Ceded share	-18	69	44	145
Earned premiums ceded	158	209	1,257	1,307
Net earned premiums	4,805	4,830	36,812	37,550

Premiums

	€m	Life		Reinsurance	
		Q3 2013	Q3 2012	Q3 2013	Q3 2012
Gross					
Gross premiums written		2,631	2,897	4,263	4,598
Change in unearned premiums – Gross		-6	-5	58	102
Gross earned premiums		2,637	2,902	4,205	4,496
Ceded share					
Ceded premiums written		109	145	154	142
Change in unearned premiums – Ceded share		-	-	-39	-35
Earned premiums ceded		109	145	193	177
Net earned premiums		2,528	2,757	4,012	4,319

→

	€m	Life		Health		Property-casualty	
		Q3 2013	Q3 2012	Q3 2013	Q3 2012	Q3 2013	Q3 2012
Gross							
Gross premiums written		1,278	1,323	1,421	1,435	1,293	1,278
Change in unearned premiums – Gross		6	-	-11	-24	-116	-123
Gross earned premiums		1,272	1,323	1,432	1,459	1,409	1,401
Ceded share							
Ceded premiums written		23	24	10	13	35	42
Change in unearned premiums – Ceded share		-	-	-2	-	-18	-9
Earned premiums ceded		23	24	12	13	53	51
Net earned premiums		1,249	1,299	1,420	1,446	1,356	1,350

→

	€m	Munich Health		Total	
		Q3 2013	Q3 2012	Q3 2013	Q3 2012
Gross					
Gross premiums written		1,611	1,680	12,497	13,211
Change in unearned premiums – Gross		22	-60	-47	-110
Gross earned premiums		1,589	1,740	12,544	13,321
Ceded share					
Ceded premiums written		40	176	371	542
Change in unearned premiums – Ceded share		-3	-2	-62	-46
Earned premiums ceded		43	178	433	588
Net earned premiums		1,546	1,562	12,111	12,733

Income from technical interest

€m			Life		Reinsurance	
	Q1-3 2013	Q1-3 2012	Q1-3 2013	Q1-3 2012	Property-casualty	Reinsurance
Income from technical interest	546	488	892	997		

→

€m			Life		Health		Primary insurance	
	Q1-3 2013	Q1-3 2012	Q1-3 2013	Q1-3 2012	Q1-3 2013	Q1-3 2012	Property-casualty	Primary insurance
Income from technical interest	2,338	2,583	1,081	1,005	157	157		

→

€m			Munich Health		Total	
	Q1-3 2013	Q1-3 2012	Q1-3 2013	Q1-3 2012	Q1-3 2013	Q1-3 2012
Income from technical interest	30	44	5,044	5,274		

Income from technical interest

€m			Life		Reinsurance	
	Q3 2013	Q3 2012	Q3 2013	Q3 2012	Property-casualty	Reinsurance
Income from technical interest	189	173	296	336		

→

€m			Life		Health		Primary insurance	
	Q3 2013	Q3 2012	Q3 2013	Q3 2012	Q3 2013	Q3 2012	Property-casualty	Primary insurance
Income from technical interest	853	948	335	337	52	53		

→

€m			Munich Health		Total	
	Q3 2013	Q3 2012	Q3 2013	Q3 2012	Q3 2013	Q3 2012
Income from technical interest	10	19	1,735	1,866		

Expenses for claims and benefits

	Reinsurance			
	Life		Property-casualty	
€m	Q1-3 2013	Q1-3 2012	Q1-3 2013	Q1-3 2012
Gross				
Claims and benefits paid	6,216	5,876	7,027	8,595
Changes in technical provisions				
Provision for future policy benefits	-395	-150	-5	-
Provision for outstanding claims	468	360	816	-387
Provision for premium refunds	-	-	4	4
Other technical result	8	2	1	32
Gross expenses for claims and benefits	6,297	6,088	7,843	8,244
Ceded share				
Claims and benefits paid	261	173	327	367
Changes in technical provisions				
Provision for future policy benefits	-64	-55	-	-
Provision for outstanding claims	-15	119	-127	-232
Provision for premium refunds	-	-	-	-
Other technical result	-25	-20	-1	-1
Expenses for claims and benefits – Ceded share	157	217	199	134
Net				
Claims and benefits paid	5,955	5,703	6,700	8,228
Changes in technical provisions				
Provision for future policy benefits	-331	-95	-5	-
Provision for outstanding claims	483	241	943	-155
Provision for premium refunds	-	-	4	4
Other technical result	33	22	2	33
Net expenses for claims and benefits	6,140	5,871	7,644	8,110

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	Primary insurance					
	Life		Health		Property-casualty	
€m	Q1-3 2013	Q1-3 2012	Q1-3 2013	Q1-3 2012	Q1-3 2013	Q1-3 2012
Gross						
Claims and benefits paid	4,475	4,442	3,068	2,979	2,348	2,461
Changes in technical provisions						
Provision for future policy benefits	-91	515	727	832	9	13
Provision for outstanding claims	62	-12	-30	-4	246	253
Provision for premium refunds	912	631	789	699	17	16
Other technical result	112	132	-3	-3	-4	13
Gross expenses for claims and benefits	5,470	5,708	4,551	4,503	2,616	2,756
Ceded share						
Claims and benefits paid	110	77	17	16	73	94
Changes in technical provisions						
Provision for future policy benefits	-5	26	-	-	-	-
Provision for outstanding claims	-	1	3	4	17	66
Provision for premium refunds	-	-	-	-	-	-1
Other technical result	-50	-54	-	-	-4	-1
Expenses for claims and benefits - Ceded share	55	50	20	20	86	158
Net						
Claims and benefits paid	4,365	4,365	3,051	2,963	2,275	2,367
Changes in technical provisions						
Provision for future policy benefits	-86	489	727	832	9	13
Provision for outstanding claims	62	-13	-33	-8	229	187
Provision for premium refunds	912	631	789	699	17	17
Other technical result	162	186	-3	-3	-	14
Net expenses for claims and benefits	5,415	5,658	4,531	4,483	2,530	2,598

→	Munich Health			Total
€m	Q1-3 2013	Q1-3 2012	Q1-3 2013	Q1-3 2012
Gross				
Claims and benefits paid	3,988	4,141	27,122	28,494
Changes in technical provisions				
Provision for future policy benefits	56	59	301	1,269
Provision for outstanding claims	-43	-72	1,519	138
Provision for premium refunds	-	-	1,722	1,350
Other technical result	-47	3	67	179
Gross expenses for claims and benefits	3,954	4,131	30,731	31,430
Ceded share				
Claims and benefits paid	83	56	871	783
Changes in technical provisions				
Provision for future policy benefits	-	-	-69	-29
Provision for outstanding claims	27	12	-95	-30
Provision for premium refunds	-	-	-	-1
Other technical result	-	-	-80	-76
Expenses for claims and benefits – Ceded share	110	68	627	647
Net				
Claims and benefits paid	3,905	4,085	26,251	27,711
Changes in technical provisions				
Provision for future policy benefits	56	59	370	1,298
Provision for outstanding claims	-70	-84	1,614	168
Provision for premium refunds	-	-	1,722	1,351
Other technical result	-47	3	147	255
Net expenses for claims and benefits	3,844	4,063	30,104	30,783

Expenses for claims and benefits

	Reinsurance			
	Life		Property-casualty	
€m	Q3 2013	Q3 2012	Q3 2013	Q3 2012
Gross				
Claims and benefits paid	2,253	2,030	1,920	3,254
Changes in technical provisions				
Provision for future policy benefits	-146	-145	-3	-
Provision for outstanding claims	289	175	741	-581
Provision for premium refunds	-	-	2	1
Other technical result	-3	2	-	10
Gross expenses for claims and benefits	2,393	2,062	2,660	2,684
Ceded share				
Claims and benefits paid	47	21	102	130
Changes in technical provisions				
Provision for future policy benefits	-21	-25	-	-
Provision for outstanding claims	32	70	-15	-108
Provision for premium refunds	-	-	-	-
Other technical result	-10	-11	-	-1
Expenses for claims and benefits – Ceded share	48	55	87	21
Net				
Claims and benefits paid	2,206	2,009	1,818	3,124
Changes in technical provisions				
Provision for future policy benefits	-125	-120	-3	-
Provision for outstanding claims	257	105	756	-473
Provision for premium refunds	-	-	2	1
Other technical result	7	13	-	11
Net expenses for claims and benefits	2,345	2,007	2,573	2,663

	Primary insurance					
	Life		Health		Property-casualty	
€m	Q3 2013	Q3 2012	Q3 2013	Q3 2012	Q3 2013	Q3 2012
Gross						
Claims and benefits paid	1,481	1,483	994	969	802	803
Changes in technical provisions						
Provision for future policy benefits	-113	19	223	274	2	3
Provision for outstanding claims	46	27	15	20	123	168
Provision for premium refunds	496	296	257	235	7	5
Other technical result	40	52	-	-1	-7	7
Gross expenses for claims and benefits	1,950	1,877	1,489	1,497	927	986
Ceded share						
Claims and benefits paid	31	26	7	6	34	33
Changes in technical provisions						
Provision for future policy benefits	-2	9	-	-	-	-
Provision for outstanding claims	-	-	2	1	-7	18
Provision for premium refunds	-	-	-	-	-	-
Other technical result	-16	-18	-	-	1	-
Expenses for claims and benefits – Ceded share	13	17	9	7	28	51
Net						
Claims and benefits paid	1,450	1,457	987	963	768	770
Changes in technical provisions						
Provision for future policy benefits	-111	10	223	274	2	3
Provision for outstanding claims	46	27	13	19	130	150
Provision for premium refunds	496	296	257	235	7	5
Other technical result	56	70	-	-1	-8	7
Net expenses for claims and benefits	1,937	1,860	1,480	1,490	899	935

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	Munich Health		Total	
€m	Q3 2013	Q3 2012	Q3 2013	Q3 2012
Gross				
Claims and benefits paid	1,230	1,502	8,680	10,041
Changes in technical provisions				
Provision for future policy benefits	19	19	-18	170
Provision for outstanding claims	29	-100	1,243	-291
Provision for premium refunds	-	-	762	537
Other technical result	-10	1	20	71
Gross expenses for claims and benefits	1,268	1,422	10,687	10,528
Ceded share				
Claims and benefits paid	13	43	234	259
Changes in technical provisions				
Provision for future policy benefits	-	-	-23	-16
Provision for outstanding claims	30	9	42	-10
Provision for premium refunds	-	-	-	-
Other technical result	-	-	-25	-30
Expenses for claims and benefits – Ceded share	43	52	228	203
Net				
Claims and benefits paid	1,217	1,459	8,446	9,782
Changes in technical provisions				
Provision for future policy benefits	19	19	5	186
Provision for outstanding claims	-1	-109	1,201	-281
Provision for premium refunds	-	-	762	537
Other technical result	-10	1	45	101
Net expenses for claims and benefits	1,225	1,370	10,459	10,325

Operating expenses

	€m	Reinsurance			
		Life		Property-casualty	
	Q1-3 2013	Q1-3 2012	Q1-3 2013	Q1-3 2012	
Gross					
Acquisition costs, profit commission and reinsurance commission paid	2,361	1,952	2,835	2,791	
Administrative expenses	201	224	862	874	
Change in deferred acquisition costs and contingent commissions, amortisation and impairment losses of acquired insurance portfolios	-451	55	-45	57	
Gross operating expenses	2,111	2,231	3,652	3,722	
Ceded share					
Acquisition costs, profit commission and reinsurance commission paid	113	121	61	60	
Change in deferred acquisition costs and contingent commissions	-	1	-7	5	
Operating expenses - Ceded share	113	122	54	65	
Net operating expenses	1,998	2,109	3,598	3,657	
→					Primary insurance
	€m	Life	Health	Property-casualty	
	Q1-3 2013	Q1-3 2012	Q1-3 2013	Q1-3 2012	Q1-3 2013
Gross					Q1-3 2012
Acquisition costs, profit commission and reinsurance commission paid	533	608	392	415	872
Administrative expenses	177	181	118	103	526
Change in deferred acquisition costs and contingent commissions, amortisation and impairment losses of acquired insurance portfolios	100	121	1	-18	-44
Gross operating expenses	810	910	511	500	1,354
Ceded share					
Acquisition costs, profit commission and reinsurance commission paid	11	8	12	17	15
Change in deferred acquisition costs and contingent commissions	-	-	1	-3	-
Operating expenses - Ceded share	11	8	13	14	15
Net operating expenses	799	902	498	486	1,339
Continued on next page					1,318

	Munich Health		Total	
€m	Q1-3 2013	Q1-3 2012	Q1-3 2013	Q1-3 2012
Gross				
Acquisition costs, profit commission and reinsurance commission paid	768	743	7,761	7,369
Administrative expenses	128	131	2,012	2,050
Change in deferred acquisition costs and contingent commissions, amortisation and impairment losses of acquired insurance portfolios	13	11	-426	176
Gross operating expenses	909	885	9,347	9,595
Ceded share				
Acquisition costs, profit commission and reinsurance commission paid	31	194	243	431
Change in deferred acquisition costs and contingent commissions	4	-46	-2	-45
Operating expenses - Ceded share	35	148	241	386
Net operating expenses	874	737	9,106	9,209

Operating expenses

€m	Reinsurance			
	Life		Property-casualty	
	Q3 2013	Q3 2012	Q3 2013	Q3 2012
Gross				
Acquisition costs, profit commission and reinsurance commission paid	500	766	930	979
Administrative expenses	64	76	280	305
Change in deferred acquisition costs and contingent commissions, amortisation and impairment losses of acquired insurance portfolios	-128	29	20	-53
Gross operating expenses	436	871	1,230	1,231
Ceded share				
Acquisition costs, profit commission and reinsurance commission paid	35	62	26	23
Change in deferred acquisition costs and contingent commissions	3	1	-6	-
Operating expenses - Ceded share	38	63	20	23
Net operating expenses	398	808	1,210	1,208

→	€m	Primary insurance					
		Life		Health		Property-casualty	
	Q3 2013	Q3 2012	Q3 2013	Q3 2012	Q3 2013	Q3 2012	
Gross							
Acquisition costs, profit commission and reinsurance commission paid							
	175	191	120	139	303	271	
Administrative expenses	57	58	41	32	165	169	
Change in deferred acquisition costs and contingent commissions, amortisation and impairment losses of acquired insurance portfolios	-63	145	-	1	-9	2	
Gross operating expenses	169	394	161	172	459	442	
Ceded share							
Acquisition costs, profit commission and reinsurance commission paid							
	-1	2	2	8	10	16	
Change in deferred acquisition costs and contingent commissions	1	-	1	-	1	-9	
Operating expenses - Ceded share	-	2	3	8	11	7	
Net operating expenses	169	392	158	164	448	435	
→		Munich Health				Total	
€m		Q3 2013	Q3 2012	Q3 2013	Q3 2012		
Gross							
Acquisition costs, profit commission and reinsurance commission paid							
	226	208	2,254	2,554			
Administrative expenses	41	47	648	687			
Change in deferred acquisition costs and contingent commissions, amortisation and impairment losses of acquired insurance portfolios	3	13	-177	137			
Gross operating expenses	270	268	2,725	3,378			
Ceded share							
Acquisition costs, profit commission and reinsurance commission paid							
	7	91	79	202			
Change in deferred acquisition costs and contingent commissions	4	39	4	31			
Operating expenses - Ceded share	11	130	83	233			
Net operating expenses	259	138	2,642	3,145			

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

€m	Life		Reinsurance	
	Q1-3 2013	Q1-3 2012	Q1-3 2013	Q1-3 2012
Land and buildings, including buildings on third-party land	13	12	69	68
Investments in affiliated companies	-	4	1	5
Investments in associates	-	-	29	-5
Loans	1	1	2	2
Other securities held to maturity	-	-	-	-
Other securities available for sale				
Fixed-interest	380	442	1,200	1,506
Non-fixed-interest	97	81	461	394
Other securities at fair value through profit or loss				
Held for trading				
Fixed-interest	-	-	2	9
Non-fixed-interest	-	-	1	3
Derivatives	-31	-58	-358	-241
Designated as at fair value through profit or loss				
Fixed-interest	-	-	-	-
Non-fixed-interest	-	-	-	-
Deposits retained on assumed reinsurance, and other investments	222	190	-22	30
Investments for the benefit of life insurance policyholders who bear the investment risk	-	-	-	-
Expenses for the management of investments, other expenses	63	37	116	125
Total	619	635	1,269	1,646

€m	Life		Health		Property-casualty	
	Q1-3 2013	Q1-3 2012	Q1-3 2013	Q1-3 2012	Q1-3 2013	Q1-3 2012
Land and buildings, including buildings on third-party land	71	106	46	41	4	4
Investments in affiliated companies	-	5	-8	-7	8	-27
Investments in associates	5	-5	8	3	20	6
Loans	1,192	1,169	540	490	63	78
Other securities held to maturity	-	-	-	-	-	-
Other securities available for sale						
Fixed-interest	1,107	872	452	350	177	169
Non-fixed-interest	94	63	62	13	80	42
Other securities at fair value through profit or loss						
Held for trading						
Fixed-interest	-6	5	-	-	-	-
Non-fixed-interest	-	-	-	-	-	-
Derivatives	-186	165	-51	48	-35	-12
Designated as at fair value through profit or loss						
Fixed-interest	1	16	-	-	-	-
Non-fixed-interest	-	-	-	-	-	-
Deposits retained on assumed reinsurance, and other investments	8	7	-1	1	6	5
Investments for the benefit of life insurance policyholders who bear the investment risk	241	451	-	-	-	-
Expenses for the management of investments, other expenses	122	119	47	39	23	18
Total	2,405	2,735	1,001	900	300	247

→	Munich Health		Asset management		Total	
€m	Q1-3 2013	Q1-3 2012	Q1-3 2013	Q1-3 2012	Q1-3 2013	Q1-3 2012
Land and buildings, including buildings on third-party land	-	2	4	3	207	236
Investments in affiliated companies	-44	-1	-	-	-43	-21
Investments in associates	5	10	-6	3	61	12
Loans	1	-	-	-	1,799	1,740
Other securities held to maturity	-	-	-	-	-	-
Other securities available for sale						
Fixed-interest	90	83	2	4	3,408	3,426
Non-fixed-interest	9	9	1	2	804	604
Other securities at fair value through profit or loss						
Held for trading						
Fixed-interest	-	-	-	-	-4	14
Non-fixed-interest	-	-	-	-	1	3
Derivatives	8	-4	-	-	-653	-102
Designated as at fair value through profit or loss						
Fixed-interest	-	-	-	-	1	16
Non-fixed-interest	-	-	-	-	-	-
Deposits retained on assumed reinsurance, and other investments	1	1	-	1	214	235
Investments for the benefit of life insurance policyholders who bear the investment risk	-	-	-	-	241	451
Expenses for the management of investments, other expenses	3	5	-	-	374	343
Total	67	95	1	13	5,662	6,271

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

€m	Reinsurance			
	Life		Property-casualty	
	Q3 2013	Q3 2012	Q3 2013	Q3 2012
Land and buildings, including buildings on third-party land	4	4	21	23
Investments in affiliated companies	-	-	2	1
Investments in associates	-	-	13	13
Loans	-	1	1	1
Other securities held to maturity	-	-	-	-
Other securities available for sale				
Fixed-interest	113	156	354	526
Non-fixed-interest	58	47	266	228
Other securities at fair value through profit or loss				
Held for trading				
Fixed-interest	-	-	3	5
Non-fixed-interest	-	-	-	1
Derivatives	-1	-27	-65	-170
Designated as at fair value through profit or loss				
Fixed-interest	-	-	-	-
Non-fixed-interest	-	-	-	-
Deposits retained on assumed reinsurance, and other investments	101	69	46	10
Investments for the benefit of life insurance policyholders who bear the investment risk	-	-	-	-
Expenses for the management of investments, other expenses	18	13	36	48
Total	257	237	605	590

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€m	Primary insurance					
	Life		Health		Property-casualty	
	Q3 2013	Q3 2012	Q3 2013	Q3 2012	Q3 2013	Q3 2012
Land and buildings, including buildings on third-party land	26	33	14	14	-	1
Investments in affiliated companies	-	5	-3	-1	1	4
Investments in associates	3	-7	3	1	14	1
Loans	363	394	183	146	20	21
Other securities held to maturity	-	-	-	-	-	-
Other securities available for sale						
Fixed-interest	351	312	142	129	48	54
Non-fixed-interest	17	34	17	4	21	38
Other securities at fair value through profit or loss						
Held for trading						
Fixed-interest	-2	-2	-	-	-	-
Non-fixed-interest	-	-	-	-	-	-
Derivatives	-69	-22	-30	15	-16	-12
Designated as at fair value through profit or loss						
Fixed-interest	2	8	-	-	-	-
Non-fixed-interest	-	-	-	-	-	-
Deposits retained on assumed reinsurance, and other investments	3	2	-	1	2	3
Investments for the benefit of life insurance policyholders who bear the investment risk	218	242	-	-	-	-
Expenses for the management of investments, other expenses	44	42	21	16	9	6
Total	868	957	305	293	81	104

€m	Munich Health		Asset management		Total	
	Q3 2013	Q3 2012	Q3 2013	Q3 2012	Q3 2013	Q3 2012
Land and buildings, including buildings on third-party land	-	1	1	1	66	77
Investments in affiliated companies	-44	-1	-	-	-44	8
Investments in associates	3	3	1	1	37	12
Loans	-	-	-	-	567	563
Other securities held to maturity	-	-	-	-	-	-
Other securities available for sale						
Fixed-interest	21	31	1	2	1,030	1,210
Non-fixed-interest	-	5	-	1	379	357
Other securities at fair value through profit or loss						
Held for trading						
Fixed-interest	-	-	-	-	1	3
Non-fixed-interest	-	-	-	-	-	1
Derivatives	-	-3	-	-	-181	-219
Designated as at fair value through profit or loss						
Fixed-interest	-	-	-	-	2	8
Non-fixed-interest	-	-	-	-	-	-
Deposits retained on assumed reinsurance, and other investments	1	1	-	-	153	86
Investments for the benefit of life insurance policyholders who bear the investment risk	-	-	-	-	218	242
Expenses for the management of investments, other expenses	1	2	-	-	129	127
Total	-20	35	3	5	2,099	2,221

Investment income by segment (before deduction of technical interest)

€m	Life		Reinsurance	
	Q1-3 2013	Q1-3 2012	Q1-3 2013	Q1-3 2012
Regular income	688	676	1,365	1,457
Thereof:				
Interest income	567	537	1,026	1,141
Income from write-ups	394	413	660	823
Gains on the disposal of investments	293	395	1,378	1,896
Other income	-	-	-	-
Total	1,375	1,484	3,403	4,176



€m	Life		Health		Primary insurance	
	Q1-3 2013	Q1-3 2012	Q1-3 2013	Q1-3 2012	Q1-3 2013	Q1-3 2012
Regular income	2,193	2,251	1,133	1,061	230	258
Thereof:						
Interest income	2,032	2,094	961	957	186	225
Income from write-ups	97	314	46	54	24	22
Gains on the disposal of investments	398	471	119	62	178	127
Other income	454	533	-	-	-	-
Total	3,142	3,569	1,298	1,177	432	407



€m	Munich Health		Asset management		Total	
	Q1-3 2013	Q1-3 2012	Q1-3 2013	Q1-3 2012	Q1-3 2013	Q1-3 2012
Regular income	67	93	10	12	5,686	5,808
Thereof:						
Interest income	61	77	2	4	4,835	5,035
Income from write-ups	11	15	-	-	1,232	1,641
Gains on the disposal of investments	41	49	2	2	2,409	3,002
Other income	-	-	-	-	454	533
Total	119	157	12	14	9,781	10,984

Investment income by segment (before deduction of technical interest)

€m		Reinsurance			
		Life	Property-casualty		
		Q3 2013	Q3 2012	Q3 2013	Q3 2012
Regular income		234	228	428	474
Thereof:					
Interest income		200	185	324	371
Income from write-ups		83	123	229	235
Gains on the disposal of investments		124	140	592	665
Other income		-	-	-	-
Total		441	491	1,249	1,374

€m		Primary insurance					
		Life	Health	Property-casualty			
		Q3 2013	Q3 2012	Q3 2013	Q3 2012	Q3 2013	Q3 2012
Regular income		721	743	374	374	77	82
Thereof:							
Interest income		680	690	325	320	60	74
Income from write-ups		24	45	10	22	10	5
Gains on the disposal of investments		84	121	30	26	44	56
Other income		220	225	-	-	-	-
Total		1,049	1,134	414	422	131	143

€m		Munich Health		Asset management		Total	
		Q3 2013	Q3 2012	Q3 2013	Q3 2012		
Regular income		23	30	3	3	1,860	1,934
Thereof:							
Interest income		20	25	1	1	1,610	1,666
Income from write-ups		1	5	-	-	357	435
Gains on the disposal of investments		3	17	1	2	878	1,027
Other income		-	-	-	-	220	225
Total		27	52	4	5	3,315	3,621

Investment expenses by segment (before deduction of technical interest)

€m	Life		Reinsurance	
	Q1-3 2013	Q1-3 2012	Q1-3 2013	Q1-3 2012
Write-downs of investments	429	498	916	950
Losses on the disposal of investments	228	288	1,070	1,419
Management expenses, interest charges and other expenses	99	63	148	161
Thereof:				
Interest charges	3	2	14	10
Total	756	849	2,134	2,530



€m	Life		Health		Primary insurance	
	Q1-3 2013	Q1-3 2012	Q1-3 2013	Q1-3 2012	Q1-3 2013	Q1-3 2012
Write-downs of investments	292	163	74	44	49	65
Losses on the disposal of investments	109	467	166	186	60	77
Management expenses, interest charges and other expenses	336	204	57	47	23	18
Thereof:						
Interest charges	1	3	2	2	-	1
Total	737	834	297	277	132	160



€m	Munich Health		Asset management		Total	
	Q1-3 2013	Q1-3 2012	Q1-3 2013	Q1-3 2012	Q1-3 2013	Q1-3 2012
Write-downs of investments	2	17	11	1	1,773	1,738
Losses on the disposal of investments	47	40	-	-	1,680	2,477
Management expenses, interest charges and other expenses	3	5	-	-	666	498
Thereof:						
Interest charges	-	-	-	-	20	18
Total	52	62	11	1	4,119	4,713

Investment expenses by segment (before deduction of technical interest)

€m		Life		Reinsurance	
		Q3 2013	Q3 2012	Q3 2013	Q3 2012
Write-downs of investments		86	121	259	200
Losses on the disposal of investments		73	106	339	523
Management expenses, interest charges and other expenses		25	27	46	61
Thereof:					
Interest charges		1	1	5	4
Total		184	254	644	784

€m		Life		Health		Property-casualty	
		Q3 2013	Q3 2012	Q3 2013	Q3 2012	Q3 2013	Q3 2012
Write-downs of investments		75	34	16	13	15	5
Losses on the disposal of investments		60	117	68	97	27	28
Management expenses, interest charges and other expenses		46	26	25	19	8	6
Thereof:							
Interest charges		-	1	-	1	-	-
Total		181	177	109	129	50	39

€m		Munich Health		Asset management		Total	
		Q3 2013	Q3 2012	Q3 2013	Q3 2012	Q3 2013	Q3 2012
Write-downs of investments		1	4	1	-	453	377
Losses on the disposal of investments		45	11	-	-	612	882
Management expenses, interest charges and other expenses		1	2	-	-	151	141
Thereof:							
Interest charges		-	-	-	-	6	7
Total		47	17	1	-	1,216	1,400

Other operating result

€m	Life		Reinsurance	
	Q1-3 2013	Q1-3 2012	Q1-3 2013	Q1-3 2012
Other operating income	65	68	161	173
Other operating expenses	82	71	269	200



€m	Life		Health		Primary insurance	
	Q1-3 2013	Q1-3 2012	Q1-3 2013	Q1-3 2012	Q1-3 2013	Q1-3 2012
Other operating income	86	79	25	35	109	113
Other operating expenses	65	90	25	53	195	166



€m	Munich Health		Asset management		Total	
	Q1-3 2013	Q1-3 2012	Q1-3 2013	Q1-3 2012	Q1-3 2013	Q1-3 2012
Other operating income	46	59	38	37	530	564
Other operating expenses	80	53	26	22	742	655

Other operating result

€m	Life		Reinsurance	
	Q3 2013	Q3 2012	Q3 2013	Q3 2012
Other operating income	25	19	61	58
Other operating expenses	19	22	92	65



€m	Life		Health		Primary insurance	
	Q3 2013	Q3 2012	Q3 2013	Q3 2012	Q3 2013	Q3 2012
Other operating income	22	20	6	7	28	33
Other operating expenses	18	43	-	8	49	62



€m	Munich Health		Asset management		Total	
	Q3 2013	Q3 2012	Q3 2013	Q3 2012	Q3 2013	Q3 2012
Other operating income	17	22	13	12	172	171
Other operating expenses	25	15	8	6	211	221

Other operating income mainly comprises income of €343m (351m) from services rendered, interest and similar income of €77m (91m), income of €69m (90m) from the release/reduction of miscellaneous provisions and adjustments of values for receivables, and income of €24m (16m) from owner-occupied property, some of which is also leased out.

In addition to expenses of €263m (276m) for services rendered, other operating expenses chiefly include interest charges and similar expenses of €234m (156m), other write-downs of €24m (38m), and other tax of €50m (31m). They also contain expenses of €10m (9m) for owner-occupied property, some of which is also leased out.

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

€m	Reinsurance					
	Life		Property-casualty			
	Q1-3 2013	Q1-3 2012	Q1-3 2013	Q1-3 2012		
Other non-operating income	446	648	896	864		
Other non-operating expenses	483	661	1,146	911		
Impairment losses of goodwill	-	4	-	18		
Net finance costs	-47	-50	-95	-103		

€m	Primary insurance					
	Life		Health		Property-casualty	
	Q1-3 2013	Q1-3 2012	Q1-3 2013	Q1-3 2012	Q1-3 2013	Q1-3 2012
Other non-operating income	112	122	373	319	179	172
Other non-operating expenses	126	155	420	360	260	258
Impairment losses of goodwill	-	-	-	-	-	-
Net finance costs	29	34	3	5	-86	-93

€m	Munich Health			Asset management		Total
	Q1-3 2013	Q1-3 2012	Q1-3 2013	Q1-3 2012	Q1-3 2013	Q1-3 2012
Other non-operating income	15	363	3	3	2,024	2,491
Other non-operating expenses	22	380	5	5	2,462	2,730
Impairment losses of goodwill	-	-	-	-	-	22
Net finance costs	-3	-11	-3	-4	-202	-222

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

	€m	Life		Reinsurance	
		Q3 2013	Q3 2012	Q3 2013	Q3 2012
Other non-operating income		82	299	130	388
Other non-operating expenses		154	296	388	350
Impairment losses of goodwill		-	3	-	14
Net finance costs		-13	-17	-24	-35

→	€m	Life		Primary insurance	
		Q3 2013	Q3 2012	Q3 2013	Q3 2012
Other non-operating income		31	56	106	108
Other non-operating expenses		44	52	123	123
Impairment losses of goodwill		-	-	-	-
Net finance costs		8	10	1	1

→	€m	Munich Health		Asset management		Total	
		Q3 2013	Q3 2012	Q3 2013	Q3 2012	Q3 2013	Q3 2012
Other non-operating income		3	168	1	1	415	1,080
Other non-operating expenses		9	162	2	2	822	1,082
Impairment losses of goodwill		-	-	-	-	-	17
Net finance costs		-1	-4	-1	-1	-59	-77

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 €1,893m (2,359m), it contains other non-technical income of €131m (132m).

Other non-operating expenses are expenses unrelated to the conclusion, administration or settlement of insurance contracts or the administration of investments. Besides foreign currency exchange losses of €2,169m (2,397m), they include write-downs of €63m (73m) on other intangible assets and other non-technical expenses of €230m (260m), such as expenses unrelated to the accounting period, project costs and other amounts that cannot be allocated elsewhere, and restructuring expenses.

Non-current assets and disposal groups held for sale and sold in the reporting period

In the third quarter of 2013, with expected economic effect from the fourth quarter of 2013, we sold the fully consolidated subsidiary Windsor Health Group, Inc., Atlanta, Georgia, including its subsidiaries. At the balance sheet date, we posted reserves for the expected loss of around €50m (around €20m after tax) on the sale of these companies.

How the non-current assets held for sale and disposal groups are allocated between the segments is disclosed in the segment reporting.

Related parties

Transactions between Munich Reinsurance Company and subsidiaries that are to be deemed related parties have been eliminated in consolidation and are not disclosed in the notes. Business relations with unconsolidated subsidiaries are of subordinate importance as a whole; this also applies to business relations with associates.

Munich Reinsurance Company has established a contractual trust agreement in the form of a two-way trust for its unfunded company pension obligations. The Munich Re pension scheme is considered a related party in accordance with IAS 24. Contributions to the pension scheme are recognised as expenses for defined contribution plans.

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

Number of staff

The number of staff employed by the Group as at 30 September 2013 totalled 23,247 (23,700) in Germany and 21,993 (21,737) in other countries.

Number of staff

	30.9.2013	31.12.2012
Reinsurance	11,289	11,094
Primary insurance	29,576	29,768
Munich Health	3,547	3,766
Asset management	828	809
Total	45,240	45,437

Contingent liabilities, other financial commitments

In comparison with the situation at 31 December 2012, contingent liabilities and financial commitments of significance for the assessment of the Group's financial position show a change essentially due to a reduction of €136m in investment commitments.

Earnings per share

Diluting effects to be disclosed for the calculation of earnings per share were not present either in the current reporting period or in the same period last year. Earnings per share can be potentially diluted in future through the issue of shares or subscription rights from amounts authorised for increasing the share capital and from contingent capital.

The earnings per share figure is calculated by dividing the consolidated result for the reporting period attributable to Munich Reinsurance Company equity holders by the weighted average number of outstanding shares.

Earnings per share

		Q1-3 2013	Q3 2013	Q1-3 2012	Q3 2012
Consolidated result attributable to Munich Reinsurance Company equity holders	€m	2,138	637	2,718	1,130
Weighted average number of outstanding shares		179,189,594	179,299,714	177,625,229	177,645,140
Earnings per share	€	11.93	3.55	15.30	6.36

Events after the balance sheet date

On 1 October 2013, via our subsidiary Dallas Acquisition Corporation, Delaware, Munich Re acquired 100% of the voting shares in RenRe Commodity Advisors LLC, Delaware, (RCA) for a cash payment. The RCA subsidiary, Renaissance Trading Ltd., Bermuda, assumes and trades with weather risks (derivatives). The business of Renaissance Trading also includes the trading of commodity contracts in oil and natural gas, with the aim of offering one-stop risk solutions. With the acquisition of RCA, we are actively expanding our know-how and product range for weather risks and increasing the diversification of our weather derivatives, as additional regions and classes of business are covered.

Drawn up and released for publication, Munich,

6 November 2013

The Board of Management

Review report

To Münchener Rückversicherungs-Gesellschaft Aktiengesellschaft in München

We have reviewed the condensed interim consolidated financial statements – comprising the consolidated balance sheet, the consolidated income statement, the statement of recognised income and expense, the Group statement of changes in equity, the condensed consolidated cash flow statement and the selected notes – together with the interim Group management report of Münchener Rückversicherungs-Gesellschaft Aktiengesellschaft in München, for the period from 1 January 2013 to 30 September 2013, that are part of the quarterly financial report according to Section 37 x para. 3 WpHG (German Securities Trading Act). The preparation of the condensed interim consolidated financial statements in accordance with those IFRSs applicable to interim financial reporting as adopted by the EU, and of the interim Group management report in accordance with the requirements of the WpHG applicable to interim group management reports, is the responsibility of the parent company's management. Our responsibility is to issue a report on the condensed interim consolidated financial statements and the interim Group management report based on our review.

We performed our review of the condensed interim consolidated financial statements and the interim Group management report in accordance with the German generally accepted standards for the review of financial statements promulgated by the Institute of Public Auditors in Germany (IDW). Those standards require that we plan and perform the review so that we can preclude through critical evaluation, with a certain level of assurance, that the condensed interim consolidated financial statements have not been prepared, in material aspects, in accordance with the IFRS applicable to interim financial reporting as adopted by the EU, and that the interim Group management report has not been prepared, in material aspects, in accordance with the requirements of the WpHG applicable to interim group management reports. A review is limited primarily to inquiries of company employees and analytical assessments and therefore does not provide the assurance attainable in a financial statement audit. Since, in accordance with our engagement, we have not performed a financial statement audit, we cannot issue an auditor's report.

Based on our review, no matters have come to our attention that cause us to presume that the condensed interim consolidated financial statements have not been prepared, in material respects, in accordance with the IFRSs applicable to interim financial reporting as adopted by the EU, or that the interim Group management report has not been prepared, in material aspects, in accordance with the requirements of the WpHG applicable to interim group management reports.

Munich, 7 November 2013

KPMG Bayerische Treuhandgesellschaft
Aktiengesellschaft Wirtschaftsprüfungsgesellschaft
Steuerberatungsgesellschaft

Martin Berger
Wirtschaftsprüfer
(Certified public accountant)

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Wirtschaftsprüfer
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Münchener Rückversicherungs-Gesellschaft (Munich Reinsurance Company) is a reinsurance company organised under the laws of Germany. In some countries, including in the United States, Munich Reinsurance Company holds the status of an unauthorised reinsurer. Policies are underwritten by Munich Reinsurance Company or its affiliated insurance and reinsurance subsidiaries. Certain coverages are not available in all jurisdictions.

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Responsible for content
Group Reporting

Editorial deadline: 5 November 2013
Publication date: 7 November 2013

Printed by
Color Offset GmbH
Geretsrieder Strasse 10
81379 München
Germany

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

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Important dates 2014

20 March 2014

Balance sheet press conference
for 2013 consolidated financial statements

30 April 2014

Annual General Meeting

8 May 2014

Interim report as at 31 March 2014

7 August 2014

Interim report as at 30 June 2014

7 August 2014

Half-year press conference

6 November 2014

Interim report as at 30 September 2014

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Order number 302-07819