

3/2006

Munich Re Group Quarterly Report



Münchener Rück
Munich Re Group

Supervisory Board

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(Chairman)

Board of Management

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 John Phelan
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 Dr. Wolfgang Strassl
 Karl Wittmann (until 31 December 2006)

Munich Re Group

Key figures (IFRS)

| | | Q1-3 2006 | Q1-3 2005 ^{1,2} | Change % | Q3 2006 | Q3 2005 ^{1,2} | Change % |
|---|----|---------------|-----------------------------|-------------|--------------|------------------------|-------------|
| Gross premiums written | €m | 28,080 | 28,625 | -1.9 | 9,017 | 9,245 | -2.5 |
| Investment result | €m | 6,993 | 8,052 | -13.2 | 2,236 | 3,078 | -27.4 |
| Result before impairment losses of goodwill | €m | 4,638 | 2,895 | 60.2 | 1,316 | 656 | 100.6 |
| Taxes on income | €m | 1,539 | 1,211 | 27.1 | 510 | 56 | 810.7 |
| Consolidated result | €m | 2,861 | 1,390 | 105.8 | 732 | 514 | 42.4 |
| Thereof attributable to minority interests | €m | 62 | 50 | 24.0 | 17 | 20 | -15.0 |
| Earnings per share | € | 12.29 | 5.87 | 109.4 | 3.15 | 2.17 | 45.2 |

Combined ratio

| | | | | | | | |
|---------------------------------------|---|-------------|-------|--|-------------|-------|--|
| - Reinsurance non-life | % | 92.1 | 108.2 | | 92.0 | 124.6 | |
| - Primary insurance property-casualty | % | 91.0 | 93.4 | | 89.1 | 91.3 | |

¹Adjusted owing to first-time application of IAS 19 (rev. 2004). Details can be found in the notes on recognition and measurement.

²Adjusted owing to first-time application of IAS 1 (rev. 2003) in the business year 2005. Details can be found in the notes on recognition and measurement in the Group Annual Report 2005.

| | | 30.9.2006 | 31.12.2005 | Change % |
|-----------------------------------|-----|----------------|----------------------|-------------|
| Investments | €m | 178,167 | 177,171 | 0.6 |
| Equity | €m | 25,651 | 24,397 ¹ | 5.1 |
| Net underwriting provisions | €m | 155,287 | 154,048 ¹ | 0.8 |
| Staff | | 36,788 | 37,953 | -3.1 |
| Share price | € | 124.71 | 114.38 | 9.0 |
| Munich Re's market capitalisation | €bn | 28.6 | 26.3 | 9.0 |

¹Adjusted owing to first-time application of IAS 19 (rev. 2004).

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To our shareholders



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

Dear Shareholders,

Munich Re continued to develop very well in the third quarter. A result of €732m, a combined ratio of 92.0% in reinsurance and 89.1% in primary insurance – these figures speak for themselves, though they will not make us complacent.

The exceptionally good result is partly due to the fact that, unlike in the two previous years, we have been spared severe natural catastrophes, especially in the hurricane season now coming to an end. But that is not the decisive factor – absorbing random fluctuations is part of our business as a reinsurer. That we have now been able to report positive quarterly results for more than three years in succession reflects, above all, our intensive efforts to gear our basic reinsurance business to sustained profitability. And we will not cease working to refine the tools with which we manage our risks and steer our business. The consequence of this approach is a marked improvement in the stability of our results.

Stable results at a high level are in the interests of our investors. The performance of Munich Re's share price in the last few months shows that the capital markets are increasingly registering and appreciating our efforts to manage and stabilise our result. In the first three quarters of this year, Munich Re's share price rose appreciably, outperforming the DAX and the DJ EURO STOXX 50. Given that capital markets are volatile, it would be wrong to simply extrapolate this trend in linear fashion, of course, but I still see good potential for further upward movement in our share price.

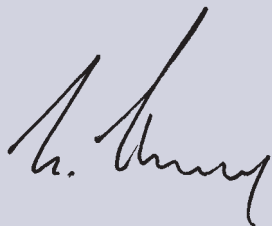
I would welcome such a development, especially in the interests of our investors, both institutional and private. In recent years, our shareholder profile has changed considerably. As a result of the process of reducing cross-holdings in the German financial industry, former major shareholders have sold their shares in Munich Re. The group of investors has thus broadened both in composition and geographically. I regard the way this substantial shift has been accomplished in the capital markets as a success, and evidence of the confidence in our shares.

Our attention continues to focus on private investors as well as major shareholders, since we also attach great importance to private individuals investing directly in Munich Re shares. We aim to encourage their interest by, among other things, further improving their access to information about Munich Re and through the service we provide in relation to our shares.

Ultimately, however, the crucial point is that Munich Re remains an attractive investment, particularly compared with our competitors. This objective is also served by active capital management, something to which we are committed. In the light of this, we have decided to buy back shares with a volume of up to one billion euros. The buy-back is to be completed by the Annual General Meeting on 26 April 2007, and the repurchased shares will be retired in order to optimise our capital structure. Together with our dividend policy, we believe this step makes clear that we take the subject of capital management just as seriously as risk management.

If our business performs as expected in the remaining weeks of this year, 2006 should be yet another very satisfactory year for our shareholders.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'A. Baumgartner', is positioned on the left side of the page.

Key parameters

- **Global growth remains robust**
- **Cooling of the US economy now appreciable**
- **Growth climate in the eurozone still positive**

Overall, as in the previous quarters, the global economy sustained its robust growth in the period under review, although development in the USA was subject to considerable strains. Growth in China, however, remained high, and in the eurozone the positive economic climate also continued by and large, even if some early indicators were already signalling a cooling tendency.

According to initial estimates, the US economy grew by 1.6% in real terms in the third quarter, i.e. when seasonally adjusted and annualised. Having already slowed considerably between April and June (2.6%), growth thus decreased again, due not least to the housing market, which continued to weaken. In the eurozone, early indicators such as the purchasing manager's index for the manufacturing industry pointed to a still positive economic climate, although there are signs of a moderate slackening. Despite the ifo business climate index falling slightly in the third quarter, the economic situation also remained favourable in Germany. Once again, the German labour market benefited from the positive development.

The third-quarter economic data received thus far for Japan are ambivalent: whereas several figures were worse than anticipated by the market participants (e.g. for industrial production and new orders in mechanical engineering), the business climate improved. China lost some momentum in the period under review, with growth dropping to an estimated 10.4% compared with the previous year. On the whole, the other emerging markets of Asia,

eastern Europe and Latin America also benefited from the continued stability of the global economy.

On the foreign exchange markets, the euro had fallen back slightly by the end of September to US\$ 1.27, which nevertheless represents an increase compared with its closing rate in the previous year (US\$ 1.18). Against the Japanese yen, the euro also gained ground somewhat on its position at the end of 2005, closing the quarter at ¥149.56. Inflation rates moved down in both the USA and the eurozone. The Federal Reserve retained the same federal funds rate in the reporting period, whereas the European Central Bank increased its key interest rate again by a quarter of a percentage point to 3.00% in August, before adding a further 0.25 percentage points in October. Against a background of economic cooling, long-term interest rates in the USA and the eurozone sank. For the most part, investments on the international stock markets yielded price gains.

In the coming twelve months, we expect worldwide economic growth to slacken and the US economy to grow at rates below those of recent years. A slowdown is also likely in the eurozone. In addition, significant risks continue to threaten the world economy: geopolitical uncertainties (Middle East, oil price), a greater-than-expected weakening of the US economy, the risk of a marked decrease in the value of the dollar as a consequence of the still-high US current account deficit, a significant increase in credit spreads, and a bird flu pandemic.

Business experience from 1 January to 30 September 2006

Reinsurance

- Excellent consolidated result of €2.4bn in the first three quarters
- Outstanding combined ratio of 92.1%
- Low burden from major losses, with risk-adequate prices
- Successful renewals at 1 July 2006

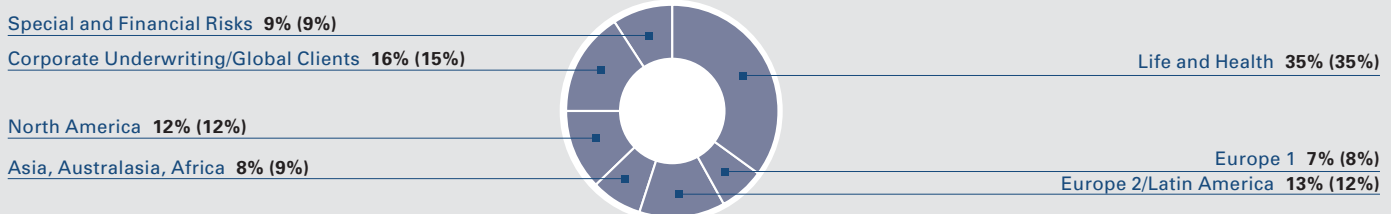
Compared with the same period last year, which was impacted by substantial losses especially from natural catastrophes, the Munich Re Group's reinsurance result for the third quarter 2006 was under much less pressure, particularly because we were not affected by any severe natural catastrophes in the period under review. Moreover, an attractive environment allowed us to largely maintain and, where necessary, optimise the conditions of our basic business, which we had already improved considerably in the preceding renewals.

The consolidated result of our reinsurers climbed to €605m (345m) in the third quarter and totalled €2,361m (1,030m) for the first three quarters.

Premium income decreased marginally to €5.50bn (5.51bn) in the months July to September and showed a year-on-year rise in the first three quarters of 0.6% to €16.8bn (16.7bn).

The average exchange rate for the euro against the most important currencies for us was somewhat lower in the first three quarters compared with the same period last year. These currency translation effects raised our premium volume by €217m, an amount which includes negative currency translation effects of €21m resulting from a strengthening of the euro in the third quarter.

Gross premiums by division Q1–3 2006



In the renewal negotiations in non-life reinsurance at 1 July 2006 in the USA and Latin America, we achieved appreciable price increases, especially for property and offshore energy risks with natural catastrophe exposure, such as oil rigs. The reason for this is the noticeable increase in the frequency and size of claims incurred in these lines in previous years, which has been responsible for a general rise in risk awareness and a considerably higher assessment of the loss potential involved. With our competence in writing this business, we see ourselves well-equipped to evaluate these risks adequately; we therefore continue to be able to cover them at risk-adequate prices, terms and conditions. The reinsurance markets are also increasingly coming to realise that commensurate terms and conditions are absolutely essential. Munich Re has maintained its overall liability for natural catastrophe covers at the same level, whilst further optimising its portfolio and thus improving its sustainable profit expectations.

In areas not exposed to natural catastrophes, we were generally able to keep prices constant at risk-adequate levels.

In the segment of life and health reinsurance, our premium income in the third quarter was unchanged at €1.9bn. In the first nine months of 2006, premium totalled €5.8bn (5.8bn). By establishing Munich Reinsurance Company – Life Reinsurance Eastern Europe/Central Asia, Munich Re is the first foreign reinsurer to have its own company operating in Moscow. We are thus entering a new era in the support of our life reinsurance clients and expect that the general economic upswing in this region will also trigger substantial growth in the insurance markets.

Our premium income in property-casualty reinsurance decreased slightly by 0.5% to €3.56bn (3.58bn) in the quarter under review, and rose by 0.8% to €11.0bn (10.9bn) for the first nine months.

Essentially, stagnating premium volume continues to be attributable to our strict adherence to the principle of "profitability before growth" in underwriting. As part of our related portfolio management, we are converting our reinsurance treaties in certain market segments and for specific clients to non-proportional covers if and insofar as this allows us to create higher added value. We are prepared to accept that the premium volume generated in these cases is lower than under proportional treaty forms of cover. Nevertheless, we have already partially offset the lower volume with the large rate increases we achieved in last year's treaty renewals for property and offshore energy risks with natural catastrophe exposure in the USA and Latin America.

We expect premium growth impulses from our licence for transacting ReTakaful business in the Malaysian life and non-life sector. Munich Re is the first foreign reinsurer to offer reinsurance cover in compliance with the principles of Islamic theology and thus presents itself as a suitable partner for the growing number of Takaful companies in the Islamic world.

The operating result in reinsurance totalled €1,107m (314m) in the third quarter and €3,694m (2,154m) in the first nine months of 2006.

Compared with the same period last year, the impact from major losses was below average at €146m (1,367m) in the third quarter and €564m (1,779m) in the first nine months, a welcome feature being that we were not affected

by severe natural catastrophe losses in the third quarter, with its usually strong seasonal burden. The combined ratio consequently stood at an excellent 92.0% (124.6%) for the months of July to September 2006 and at 92.1% (108.2%) for the first three quarters.

Our reinsurers' investment result totalled €1,056m (1,458m) in the third quarter and €3,409m (3,637m) for the period from January to September.

Since long-term interest rates fell again in the period under review and stock markets developed favourably, valuation reserves grew. The valuation reserves for non-fixed-interest securities available for sale show a rise of €628m since the end of June 2006, despite realised capital gains amounting to €295m. Net unrealised gains on fixed-interest securities available for sale grew by €996m in the same period.

In September, Munich Re's largest subsidiary, American Re-Insurance Company, was renamed Munich Reinsurance America, Inc. The name change is a logical step in the extensive integration of American Re into the Munich Re Group and accentuates our clear and unambiguous commitment both to the significant US market and to our subsidiary American Re, now Munich Re America. The company will hence be able to benefit more strongly from the global Munich Re brand name, which stands for exceptional financial strength, know-how and innovation in the insurance industry.

Key reinsurance figures

| | | Q1-3 2006 | Q1-3 2005 ¹ | Q3 2006 | Q3 2005 ¹ |
|---|-------------------|-----------|------------------------|---------|----------------------|
| Gross premiums written | €bn | 16.8 | 16.7 | 5.5 | 5.5 |
| Loss ratio non-life | % | 65.1 | 79.8 | 64.5 | 97.0 |
| Expense ratio non-life | % | 27.0 | 28.4 | 27.5 | 27.6 |
| Combined ratio non-life | % | 92.1 | 108.2 | 92.0 | 124.6 |
| Thereof natural catastrophes | Percentage points | 0.7 | 12.6 | 0.4 | 32.9 |
| Investment result | €m | 3,409 | 3,637 | 1,056 | 1,458 |
| Result before impairment losses of goodwill | €m | 3,694 | 2,154 | 1,107 | 314 |
| Consolidated result | €m | 2,361 | 1,030 | 605 | 345 |
| Thereof attributable to minority interests | €m | - | - | - | - |

¹Adjusted owing to first-time application of IAS 19 (rev. 2004).

| | | 30.9.2006 | 31.12.2005 |
|-----------------------------|-----|-----------|------------|
| Investments | €bn | 86.5 | 87.0 |
| Net underwriting provisions | €bn | 62.2 | 63.4 |

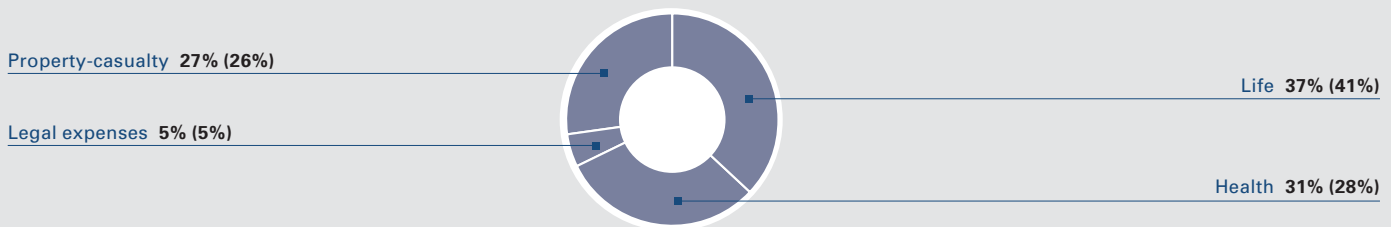
Primary insurance

- **Very satisfactory consolidated result of €573m in the first nine months**
- **Combined ratio still very good at 91.0%**
- **Premium development influenced by previous year's disposals**
- **Ongoing uncertainty about health reform**

The Munich Re Group's primary insurers, essentially comprising the ERGO Insurance Group, Europäische Reiseversicherung and the Watkins Syndicate, posted an operating result of €202m in the third quarter of 2006. In the same period last year, the result of €300m had been positively influenced by gains on disposals which had been almost twice as high. Given the much lower result of disposals compared with the previous year, our operating result between January and September was a very satisfactory €997m (795m), equivalent to an increase of 25.4%. The consolidated result for the first three quarters of 2006 totalled €573m (461m), of which €125m (137m) was

apportionable to the period July to September. At €3.9bn, gross premiums written were 6.6% lower in the months July to September than in the same period last year (€4.1bn). Adjusted for the sale of Karlsruher Insurance Group in the second half of 2005, this corresponded to a modest decline of 0.1%. All in all, gross premiums have shown a decrease of 6.7% to €12.4bn (13.3bn) since the beginning of the year. This reduction reflects both the sale of the Karlsruher Insurance Group and that of the Nieuwe Hollandse Lloyd Verzekeringsgroep (NHL) at 30 June 2005.

Gross premiums by class of insurance Q1–3 2006



Our life insurers wrote gross premiums of €1.5bn (1.7bn) in the third quarter of 2006, a reduction of 13.7% compared with the same period last year. In the course of this year, premium volume fell by 14.9% to €4.6bn (5.4bn). Premium in Germany declined to €3.9bn (4.7bn) in the first nine months of 2006. Even after adjusting the figures for the sale of Karlsruher Insurance Group, this still amounts to a decrease of 2.4%. Besides many policies terminating, the reason for the reduction was a rising share of unit-linked and Riester business, whose savings premiums are not recognised as premiums under IFRS. In other countries, premiums showed a decrease of 4.0% to €720m between

January and September, mainly resulting from lower single-premium business in Italy. German new business for the third quarter was 8.6% higher than in the same period last year; between January and September, it was up by 0.6%, primarily because policies taken out at the end of the previous year were not placed to account until the first quarter of 2005. In terms of total premiums, new business grew by 8.1% in the first nine months. Demand for annuity policies, especially for Riester products, developed positively. Since January, we have sold 100,000 new Riester policies – an increase of 46.5% on the same period last year.

In the health segment, we wrote premiums of €1.3bn (1.2bn) in the third quarter of 2006, which is equivalent to growth of 4.3% year on year. Premium income since the beginning of the year rose by 4.2% to €3.8bn (3.7bn). This increase was mainly ascribable to the favourable development of new business in supplementary insurance, where we recorded growth of 9.7% over last year. By contrast, comprehensive health insurance grew only moderately by 0.3%. The German government's draft on health reform provides for the portability of ageing reserves and a basic policy for the uninsured self-employed, which would have a sustained impact on the business model of private health insurance. Client ties and the generation of added value from the basic policies would then be important success factors. The planned three-year transition period for employees who wish to switch over to private health insurance would restrict the market potential of this line of business. The German health reform will not solve the problems of the compulsory health insurance scheme, however. Private health insurance, which is demography-resistant and provides guaranteed benefits, remains the only alternative to compulsory health insurance.

As in the previous quarters, foreign business was again favourable, with a double-digit growth rate of 12.9%.

In property-casualty insurance, gross premiums written fell by 7.5% in the third quarter to €1.1bn (1.2bn). Since the beginning of the year, premium income has shown a decline of 5.8% to €4.0bn (4.2bn), essentially because of the sale of the Karlsruher Insurance Group and NHL in the previous year. Adjusted for the effect of these sales, premium grew by 9.1% in foreign business and by 1.8% overall. The high growth in foreign business was primarily attributable to the pleasing performance in Poland and the Baltic States, whereas premium in German business was down 8.1%, mainly because of the development of motor insurance. Fierce competition in this area has caused a reduction in new business premiums since the beginning of the year. On top of this, the increased number of policyholders reassigned to higher no-claims bonus classes is responsible for falling premium income in the portfolio.

By contrast, a favourable development was registered in personal accident insurance and personal lines property business, which grew by 2.1% and 1.9% respectively. Thanks to our consistently strict, risk-based underwriting policy, we bucked the market trend and were able to achieve 3.3% growth in commercial property business.

Legal expenses insurance at ERGO showed nearly stable premium income of €209m (208m) in the third quarter, but grew year on year by 0.9% to €652m (646m) in the months January to September, driven by an increase in foreign business to €321m (311m).

At 91.0%, the combined ratio for property-casualty business including legal expenses insurance remained at a very good level and was even better than the previous year's satisfactory figure (93.4%). The third quarter was characterised by very favourable claims experience, with a combined ratio of 89.1% (91.3%).

The primary insurers' investment result totalled €3,700m (4,514m) in the first nine months, the third quarter accounting for €1,196m (1,598m). Since interest rates for long-term securities were down in the third quarter, the value of our derivative financial instruments used for hedging in life primary insurance climbed again, by €102m. The valuation reserves of our fixed-interest securities also rose as a consequence of the situation on the bond markets.

At the beginning of October, the acquisition of a majority stake in the Turkish insurance group İsviçre was concluded as agreed between ERGO and the Balci family after the necessary approvals had been obtained from the competent Turkish supervisory authorities. ERGO thus holds a 65.1% stake in the İsviçre Group. Another 9.9% will shortly be acquired, raising ERGO's future share to 75%. The total purchase price will be €213.8m. A 25% stake will be retained by the Balci family. The group includes Turkey's fifth-largest property-casualty insurer (İsviçre Sigorta), which focuses on personal lines business, but it also operates in the steadily growing segments of life and health. We are therefore excellently positioned to tap the great opportunities offered by the Turkish market in the years ahead.

Key primary insurance figures

| | | Q1–3 2006 | Q1–3 2005 ^{1,2} | Q3 2006 | Q3 2005 ^{1,2} |
|---|-----|-----------|--------------------------|---------|------------------------|
| Gross premiums written | €bn | 12.4 | 13.3 | 3.9 | 4.1 |
| Loss ratio property-casualty | % | 55.3 | 59.2 | 53.5 | 59.1 |
| Expense ratio property-casualty | % | 34.2 | 32.5 | 34.0 | 29.9 |
| Combined ratio property-casualty | % | 89.5 | 91.7 | 87.5 | 89.0 |
| Combined ratio legal expenses insurance | % | 96.5 | 99.9 | 95.2 | 100.5 |
| Combined ratio property-casualty including legal expenses insurance | % | 91.0 | 93.4 | 89.1 | 91.3 |
| Investment result | €m | 3,700 | 4,514 | 1,196 | 1,598 |
| Result before impairment losses of goodwill | €m | 997 | 799 | 202 | 300 |
| Consolidated result | €m | 573 | 461 | 125 | 137 |
| Thereof attributable to minority interests | €m | 60 | 53 | 16 | 22 |

¹Adjusted owing to first-time application of IAS 19 (rev. 2004).

²Adjusted owing to first-time application of IAS 1 (rev. 2003) in the business year 2005.

| | | 30.9.2006 | 31.12.2005 |
|-----------------------------|-----|-----------|-------------------|
| Investments | €bn | 107.3 | 105.9 |
| Net underwriting provisions | €bn | 93.1 | 90.7 ¹ |

¹Adjusted owing to first-time application of IAS 19 (rev. 2004).

Key figures of the ERGO Insurance Group

| | | Q1–3 2006 | Q1–3 2005 ^{1,2} | Q3 2006 | Q3 2005 ^{1,2} |
|---|-----|-----------|--------------------------|---------|------------------------|
| Gross premiums written | €bn | 11.8 | 11.8 | 3.7 | 3.7 |
| Loss ratio property-casualty | % | 55.3 | 57.9 | 53.5 | 58.5 |
| Expense ratio property-casualty | % | 33.5 | 33.0 | 33.9 | 31.6 |
| Combined ratio property-casualty | % | 88.8 | 90.9 | 87.4 | 90.2 |
| Combined ratio legal expenses insurance | % | 96.5 | 99.7 | 95.2 | 100.8 |
| Combined ratio property-casualty including legal expenses insurance | % | 90.6 | 93.0 | 89.2 | 92.6 |
| Investment result | €m | 3,863 | 4,215 | 1,251 | 1,553 |
| Result before impairment losses of goodwill | €m | 987 | 759 | 190 | 308 |
| Consolidated result | €m | 566 | 416 | 116 | 149 |
| Thereof attributable to minority interests | €m | 34 | 16 | 11 | 9 |

¹Adjusted owing to first-time application of IAS 19 (rev. 2004).

²Adjusted owing to first-time application of IAS 1 (rev. 2003) in the business year 2005.

| | | 30.9.2006 | 31.12.2005 |
|-----------------------------|----|-----------|---------------------|
| Investments | €m | 101,846 | 100,193 |
| Equity | €m | 4,269 | 4,117 ¹ |
| Net underwriting provisions | €m | 93,485 | 91,133 ¹ |

¹Adjusted owing to first-time application of IAS 19 (rev. 2004).

Asset management

- Equities and bonds perform positively
- Excellent investment result of €7.0bn in the first three quarters
- MEAG acquires shareholding in the Chinese asset manager PAMC

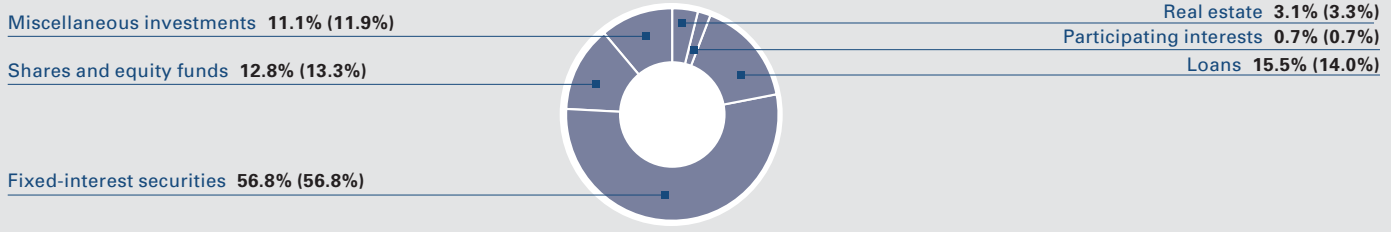
The carrying amount of the Munich Re Group's investments on 30 September 2006 was €178.2bn (177.2bn). Following a drop in their volume in the first half-year due to equity and bond market developments, we recorded an increase again in the third quarter. Since the beginning of the year, the balance sheet value of the Group's investments showed growth of €1.0bn or 0.6%, and as much as

€5.7bn or 3.3% since the end of the first half-year 2006. Key factors in this were the increases recorded since the middle of the year in the market value of our bond investments available for sale. We invested cash flows from our underwriting business and disposals to an increased extent in loans and fixed-interest securities.

Investment mix

| | Reinsurance | | | | Primary insurance | | | | Asset management | | Total | |
|--|-----------------|---------------|-------------------|---------------|-------------------|---------------|-------------------|--------------|------------------|------------|----------------|----------------|
| | Life and health | | Property-casualty | | Life and health | | Property-casualty | | 30.9. | 31.12. | 30.9. | 31.12. |
| | 2006 | 31.12. 2005 | 2006 | 31.12. 2005 | 2006 | 31.12. 2005 | 2006 | 2005 | 2006 | 2005 | 2006 | 2005 |
| All figures in €m ¹ | | | | | | | | | | | | |
| Land and buildings, including buildings on third-party land | 589 | 663 | 775 | 759 | 3,939 | 4,169 | 181 | 179 | 27 | 28 | 5,511 | 5,798 |
| Investments in affiliated companies | 24 | 18 | 28 | 20 | 41 | 34 | 56 | 101 | 13 | 11 | 162 | 184 |
| Investments in associates | 65 | 64 | 183 | 175 | 470 | 451 | 341 | 400 | 58 | 38 | 1,117 | 1,128 |
| Loans | 105 | 74 | 117 | 68 | 25,982 | 23,192 | 1,395 | 1,444 | 15 | 17 | 27,614 | 24,795 |
| Other securities held to maturity | – | – | – | – | 251 | 432 | 11 | 13 | – | – | 262 | 445 |
| Other securities available for sale | | | | | | | | | | | | |
| – Fixed-interest | 17,523 | 17,478 | 29,062 | 27,487 | 49,075 | 50,106 | 4,158 | 4,010 | 6 | 25 | 99,824 | 99,106 |
| – Non-fixed-interest | 4,971 | 5,883 | 7,128 | 6,912 | 10,045 | 10,198 | 1,813 | 2,345 | 7 | 8 | 23,964 | 25,346 |
| Other securities held for trading | | | | | | | | | | | | |
| – Fixed-interest | 18 | 13 | 809 | 545 | 31 | 32 | 262 | 310 | – | – | 1,120 | 900 |
| – Non-fixed-interest | – | – | 6 | 4 | – | – | 8 | 5 | – | – | 14 | 9 |
| – Derivatives | 129 | 133 | 163 | 151 | 359 | 685 | 14 | 1 | – | – | 665 | 970 |
| Deposits retained on assumed reinsurance business | 5,594 | 6,740 | 7,322 | 7,610 | 249 | 225 | 5 | 6 | – | – | 13,170 | 14,581 |
| Other investments | 218 | 321 | 580 | 539 | 919 | 638 | 244 | 276 | 1,145 | 705 | 3,106 | 2,479 |
| Investments for the benefit of life insurance policyholders who bear the investment risk | – | – | – | – | 1,638 | 1,430 | – | – | – | – | 1,638 | 1,430 |
| Total | 29,236 | 31,387 | 46,173 | 44,270 | 92,999 | 91,592 | 8,488 | 9,090 | 1,271 | 832 | 178,167 | 177,171 |

¹After elimination of intra-Group transactions across segments.

Distribution of investments as at 30.9.2006 (31.12.2005)

We have placed approximately 72% of our Group's assets in fixed-interest investments. Fixed-income securities available for sale made up 56.0% of our total investment portfolio at the balance sheet date. Net unrealised gains on these were up €1.9bn to €1.8bn in the third quarter following a 36 basis point decline in the interest rate for ten-year government bonds to 3.71% in the same period, which broke the upward yield trend for long-term securities that has persisted since autumn 2005. This turnaround was triggered largely by the US bond market, which has a significant influence on long European bonds. Yields on ten-year US government bonds shrank by 51 basis points in the third quarter to 4.63%, reflecting the impact of the weakening US economy on the bond markets and their anticipation of a cut in the federal funds rate.

Equities and equity funds accounted for 12.8% of our investments at book values as at 30 September 2006. Our equity-backing ratio, which also includes participations, amounted to 13.5% at the same date. This represents a decrease of 0.3 percentage points in the third quarter and 0.6 percentage points since the beginning of the year.

Net unrealised gains on our non-fixed-interest securities available for sale totalled €7.1bn at the end of the quar-

ter. This corresponds to an increase of €1.0bn or 16.9% in the third quarter, with the dynamic growth of the European stock markets having a decisive influence. In the same period, the EURO STOXX 50 climbed 6.9% to 3,899 points. The representative US stock market index, the S&P 500, moved up 5.2%, climbing to 1,336 points on 30 September. At the end of the quarter, both indices had exceeded the previous annual highs they had reached in May 2006.

The Japanese Nikkei 225 advanced by 4.0% between July and September and closed at 16,128 points.

At the end of the quarter, net unrealised gains on securities available for sale totalled €8.9bn, up €2.9bn on the first half of the year; compared with 31 December 2005, there was a decline of €2.0bn. Our off-balance-sheet valuation reserves grew by €0.7bn in the third quarter and totalled €1.9bn at the end of September. The reason for this was the positive development of the valuation reserves of our existing investments in loans as a consequence of the fall in interest rates.

With the inclusion of off-balance-sheet valuation reserves, investments totalled €180.0bn (179.6bn) at market values.

Investment result by type of investment and segment

| All figures in €m ¹ | Reinsurance | | | | Primary insurance | | | | Asset management | | Total | |
|--|-----------------|--------------|-------------------|--------------|-------------------|--------------|-------------------|--------------|------------------|--------------|--------------|--------------|
| | Life and health | | Property-casualty | | Life and health | | Property-casualty | | Q1-3 2006 | Q1-3 2005 | Q1-3 2006 | Q1-3 2005 |
| | Q1-3 2006 | Q1-3 2005 | Q1-3 2006 | Q1-3 2005 | Q1-3 2006 | Q1-3 2005 | Q1-3 2006 | Q1-3 2005 | | | | |
| Land and buildings, including buildings on third-party land | 13 | 14 | 59 | 46 | 192 | 187 | 11 | 4 | - | 1 | 275 | 252 |
| Investments in affiliated companies | 1 | - | 6 | 1 | 13 | 1 | 15 | 15 | - | -2 | 35 | 15 |
| Investments in associates | 6 | 12 | 31 | 75 | 12 | 55 | 23 | 24 | 4 | -6 | 76 | 160 |
| Loans | 2 | 2 | 4 | 2 | 815 | 883 | 41 | 32 | - | 1 | 862 | 920 |
| Other securities held to maturity | - | - | - | - | 12 | 21 | 1 | 1 | - | - | 13 | 22 |
| Other securities available for sale | | | | | | | | | | | | |
| - Fixed-interest | 421 | 585 | 954 | 962 | 1,484 | 2,140 | 127 | 176 | 1 | 1 | 2,987 | 3,864 |
| - Non-fixed-interest | 279 | 278 | 1,204 | 1,011 | 1,387 | 1,169 | 214 | 213 | -1 | 2 | 3,083 | 2,673 |
| Other securities held for trading | | | | | | | | | | | | |
| - Fixed-interest | - | - | 22 | 8 | - | 5 | 7 | 7 | - | - | 29 | 20 |
| - Non-fixed-interest | - | - | - | - | 8 | 1 | 1 | - | - | - | 9 | 1 |
| - Derivatives | -27 | 7 | -114 | 32 | -337 | -97 | 6 | -3 | - | - | -472 | -61 |
| Deposits retained on assumed and ceded reinsurance, and other investments | 354 | 374 | 75 | 53 | -73 | -65 | 3 | 6 | 30 | 24 | 389 | 392 |
| Investments for the benefit of life insurance policyholders who bear the investment risk | - | - | - | - | 39 | 145 | - | - | - | - | 39 | 145 |
| Expenses for the management of investments, other expenses | 24 | 26 | 106 | 104 | 183 | 199 | 19 | 22 | - | - | 332 | 351 |
| Total | 1,025 | 1,246 | 2,135 | 2,086 | 3,369 | 4,246 | 430 | 453 | 34 | 21 | 6,993 | 8,052 |

¹After elimination of intra-Group transactions across segments.

Investment result by type of investment and segment

| All figures in €m ¹ | Reinsurance | | | | Primary insurance | | | | Asset management | | Total | |
|--|-----------------|------------|-------------------|--------------|-------------------|--------------|-------------------|------------|------------------|----------|--------------|--------------|
| | Life and health | | Property-casualty | | Life and health | | Property-casualty | | Q3 | Q3 | Q3 | Q3 |
| | Q3 2006 | Q3 2005 | Q3 2006 | Q3 2005 | Q3 2006 | Q3 2005 | Q3 2006 | Q3 2005 | 2006 | 2005 | 2006 | 2005 |
| Land and buildings, including buildings on third-party land | 5 | 4 | 17 | 20 | 55 | 106 | 4 | 4 | - | 1 | 81 | 135 |
| Investments in affiliated companies | 1 | - | 6 | - | -2 | -3 | -4 | 16 | - | -2 | 1 | 11 |
| Investments in associates | 3 | 4 | 10 | 20 | 17 | -35 | 9 | 10 | - | 1 | 39 | - |
| Loans | 1 | 1 | 2 | - | 282 | 272 | 13 | 11 | - | 1 | 298 | 285 |
| Other securities held to maturity | - | -1 | - | - | 2 | 7 | 1 | - | - | - | 3 | 6 |
| Other securities available for sale | | | | | | | | | | | | |
| - Fixed-interest | 101 | 114 | 362 | 434 | 514 | 698 | 36 | 54 | 1 | 1 | 1,014 | 1,301 |
| - Non-fixed-interest | 59 | 144 | 263 | 585 | 254 | 525 | 19 | 76 | -1 | 2 | 594 | 1,332 |
| Other securities held for trading | | | | | | | | | | | | |
| - Fixed-interest | - | - | 20 | 6 | - | 2 | 2 | 5 | - | - | 22 | 13 |
| - Non-fixed-interest | - | - | - | - | 7 | 1 | 1 | - | - | - | 8 | 1 |
| - Derivatives | 9 | -7 | 37 | -16 | 58 | -5 | 1 | -2 | - | - | 105 | -30 |
| Deposits retained on assumed and ceded reinsurance, and other investments | 124 | 79 | 25 | 20 | -26 | -16 | 1 | - | 10 | 4 | 134 | 87 |
| Investments for the benefit of life insurance policyholders who bear the investment risk | - | - | - | - | 56 | 62 | - | - | - | - | 56 | 62 |
| Expenses for the management of investments, other expenses | 8 | 7 | 36 | 37 | 67 | 68 | 8 | 13 | - | - | 119 | 125 |
| Total | 295 | 331 | 706 | 1,032 | 1,150 | 1,546 | 75 | 161 | 10 | 8 | 2,236 | 3,078 |

¹After elimination of intra-Group reinsurance across segments.

For the period January to September we achieved an excellent investment result of €6,993m (8,052m). The third-quarter result amounted to €2,236m (3,078m). By restructuring and selling portfolios, we took advantage of the favourable mood on the capital markets.

We realised gains of €443m (1,414m) from the disposal of investments in the third quarter, €531m of which was from non-fixed-interest securities available for sale.

In the same period, we recorded a positive result of €105m (-30m) from derivatives, mainly due to increases in the value of derivative financial instruments that we use for hedging against changing interest rates.

MEAG MUNICH ERGO AssetManagement GmbH is the asset manager of Munich Re and the ERGO Insurance Group. As at 30 September 2006, it had Group investments of €171.8bn (168.7bn) under management.

Another significant aspect of its operations is business with partners outside the Munich Re Group: at the end of the third quarter, MEAG had €8.1bn (7.2bn) for institutional clients and €2.6bn (3.4bn) for private clients under management. When ERGO Trust GmbH was integrated into MEAG MUNICH ERGO AssetManagement in the first quarter of 2006, the private-client business managed by ERGO Trust remained with ERGO, which explains the decrease in the figure for assets managed for private clients.

Subject to the approval of the Chinese supervisory authorities, MEAG acquired a 19% stake in PICC Asset Management Company Ltd. (PAMC), Shanghai, on 25 July 2006. PAMC is the asset management subsidiary of PICC, one of the largest Chinese insurance groups.

Prospects

- **Successful treaty renewals as basis for good performance in reinsurance**
- **Brisk demand for private-provision products in life primary insurance**
- **Expectations for the annual result 2006 (subject to normal major-loss incidence and capital market developments)**
 - **Generally stable insurance and reinsurance premiums**
 - **Outstanding consolidated result of between €3.2bn and €3.4bn**
 - **Clear surpassing of 15% target return (RORAC)**
 - **Dividend increase envisaged**

This quarterly report contains forward-looking statements that are based on current assumptions and estimates of the management of Munich Re. Although we assume that the expectations expressed by these forward-looking statements are realistic, we cannot guarantee that they will prove to be accurate. Known and unknown risks, uncertainties and other factors could lead to material differences between the forward-looking statements given here and the actual development, in particular the results, financial situation and performance of our Company. The factors that could cause such deviations include changes in the economic and business environment, exchange-rate and interest-rate fluctuations, and changes in our business strategy. Munich Re does not plan to update these forward-looking statements or to conform them to future events or developments, nor does it undertake to do so.

Moreover, there are various reasons why the quarterly results of insurance companies, including Munich Re, do not allow reliable conclusions to be drawn with regard to the further course of business and thus for the overall results of the business year as a whole. Losses from natural catastrophes and other major losses have a disproportionate impact on the result of the reporting period in which they randomly and unforeseeably occur. Late-reported claims for major loss events from previous periods can also lead to substantial fluctuations in future quarterly results. Furthermore, gains and losses on the disposal of investments and write-downs of investments do not follow a regular pattern. Consequently, our quarterly figures do not provide more than significant pointers to future quarters and thus to the result for the year that may be expected.

Reinsurance

Reinsurance continues to offer considerable promise for the future. In line with our long-term, strategic orientation, we expect the global reinsurance industry to grow in the next ten years. Development in property-casualty business is likely to be surpassed by the dynamic growth in life and health reinsurance. Regionally speaking, the highest percentage growth rates are predicted for the emerging markets of Asia and Latin America. However, Europe and North America are expected to attain much greater absolute growth, albeit with lower percentage increases, given their higher starting level. These markets thus continue to be very interesting from a marketing point of view.

With its traditional worldwide presence and special initiatives geared to expansion in regions with particularly dynamic growth, the Munich Re Group is excellently positioned to tap the opportunities arising in all regions and fields of business. In life reinsurance, we have appreciably expanded our units specialised in the private-provision market in the course of the last few years, most recently by setting up a new life reinsurance subsidiary in Moscow. In the health sector, we are pursuing an especially flexible approach geared to the requirements of each market. With our integrated product portfolio consisting of services, primary insurance and reinsurance, we are able to cover the whole insurance value chain. Our intention is to optimise in particular the management of medical care. Throughout the whole treatment process – from searching for the right specialist, through diagnosis and therapy, to rehabilitation – we provide services whose benefits go far beyond insurance itself.

In property-casualty reinsurance, the risk-adequate prices, terms and conditions we have established in recent years have created the basis for the high profitability we need to achieve in "normal times" in order to handle potential peak burdens. In past renewals, the prices, terms and conditions we achieved in both treaty business (which accounts for some 85% of our premium income) and facultative business (which is designed for covering individual risks) were appropriate and in some cases exceptionally attractive, and we have been able to stabilise them at a high level. In the renewal negotiations for 2007, which will take place at the end of the year and involve some 65% of our treaty business, we will remain firm in this regard, despite possible adverse repercussions for the strength of our growth. This is the only way we can ensure our long-term viability, thus allowing us to remain the strong and reliable partner our clients can count on for providing consistently high cover capacities for increasing risks.

This strict profit orientation is likely to be reflected in our financial statements for 2006. Barring further major movements in exchange rates, our gross premium income will probably remain relatively stable in 2006, in the range of €22–23bn. Up to 30 September, experience in property-casualty reinsurance business was excellent. The burden from major losses was low and we achieved high profits, also thanks to the favourable situation in the capital markets. Nevertheless, the tropical cyclone season is not completely over, and we have repeatedly been hard hit in past years by strong autumn and winter storms in northern Europe. Provided that we do not have any major claims burdens to cope with in the last two months of the year, we would achieve a combined ratio of less than 95%.

Primary insurance

Gross premiums written in life insurance are likely to decline again slightly in 2006, also taking into account the effect of changes in the consolidated group. In contrast, new business for the companies remaining in the Group is showing gratifying growth compared with 2005, estimated at 5–10%. We anticipate that the increased demand for Riester pension products will continue until the end of the year.

We are proceeding on the assumption that premium volume in health insurance will increase by about 3–4% in 2006. However, the good growth in supplementary health insurance contrasts with subdued development in comprehensive health insurance. This reflects the profound uncertainty among German clients concerning the Federal government's plans to reform the health insurance system and the ongoing political debate about its details and further developments.

In property-casualty insurance, we expect premium income to decrease marginally overall in 2006. The moderately positive economic situation has not yet been able to provide this part of the insurance market with any perceptible stimuli in the second half of the year either. At the same time, we are adhering to our profit-oriented underwriting policy. We are very optimistic that this year we will again be able to achieve a combined ratio of about 93% in property-casualty business, including legal expenses insurance.

All in all, gross premiums written in primary insurance in 2006 should attain approximately the same level as in the previous year (adjusted for the sale of the Karlsruher Insurance Group and NHL), totalling between €16.5bn and €17.0bn. Provided the investment result is good, we anticipate that the segment result will exceed our previous expectations and total €700–800m.

Munich Re Group

We expect the Munich Re Group's consolidated gross premiums written for 2006 to be in the range of €37–38bn, a level which – adjusted for the sale of the Karlsruher Insurance Group and NHL, as well as further positive exchange-rate influences – is about the same as last year's. We are fully on track with the envisaged investment result. Barring any unforeseeable adverse developments, we will surpass the return of 4.5% expected for 2006.

Our target for the annual result 2006 is a 15% return on risk-adjusted capital (RORAC) after tax, which on the basis of the situation at the turn of the year 2005/2006 would approximate to a consolidated profit of between €2.6bn and €2.8bn. In view of our outstanding performance in the first three quarters, we are confident that, provided claims experience in the remaining months of the year is normal and the capital markets keep stable, we will be able to clearly surpass this target and achieve a consolidated

profit ranging between €3.2bn and €3.4bn. Given such a good business performance, we will propose another dividend increase to the Supervisory Board and Annual General Meeting; in 2005, the dividend was €3.10 per share, i.e. a total of around €700m. However, the exact dimensions of such a dividend increase cannot be put into figures until the ongoing risk period has ended.

In addition to our shareholder-oriented dividend policy, we are intent on reducing future costs of capital to the benefit of our shareholders through active capital management. We therefore resolved on 7 November 2006 to buy back Munich Re shares with a volume of up to one billion euros by the Annual General Meeting on 26 April 2007 and to retire them after acquisition. With this step, we intend to further strengthen the confidence in our shares and give a clear signal that we are continuing our disciplined, profit-oriented corporate policy.

Munich, November 2006

The Board of Management

The image shows a grid of handwritten signatures in black ink. There are three rows of signatures. The first row contains four signatures: 'H. Hüny', 'A. Müller', 'B. Leuch', and 'C. Paulus'. The second row contains four signatures: 'Michael', 'V. Janssen', 'C. Ullrich', and 'J. P. Huber'. The third row contains three signatures: 'S. Schmidt', 'K. Heul', and 'M. Müller'.

Consolidated balance sheet as at 30 September 2006

| Assets | | | 31.12.2005 ¹ | | Change | |
|--|---------|---------|-------------------------|---------|--------|-------|
| | €m | €m | €m | €m | €m | % |
| A. Intangible assets | | | | | | |
| I. Goodwill | | 3,181 | | 3,264 | -83 | -2.5 |
| II. Other intangible assets | | 983 | | 1,036 | -53 | -5.1 |
| | | | 4,164 | 4,300 | -136 | -3.2 |
| B. Investments | | | | | | |
| I. Land and buildings, including buildings on third-party land | | 5,511 | | 5,798 | -287 | -4.9 |
| II. Investments in affiliated companies and associates | | 1,279 | | 1,312 | -33 | -2.5 |
| III. Loans | | 27,614 | | 24,795 | 2,819 | 11.4 |
| IV. Other securities | | | | | | |
| 1. Held to maturity | 262 | | | 445 | -183 | -41.1 |
| 2. Available for sale | 123,788 | | | 124,452 | -664 | -0.5 |
| 3. Held for trading | 1,799 | | | 1,879 | -80 | -4.3 |
| | | 125,849 | | 126,776 | -927 | -0.7 |
| V. Deposits retained on assumed reinsurance | | 13,170 | | 14,581 | -1,411 | -9.7 |
| VI. Other investments | | 3,106 | | 2,479 | 627 | 25.3 |
| | | | 176,529 | 175,741 | 788 | 0.4 |
| C. Investments for the benefit of life insurance policyholders who bear the investment risk | | | 1,638 | 1,430 | 208 | 14.5 |
| D. Ceded share of underwriting provisions | | | 6,853 | 7,980 | -1,127 | -14.1 |
| E. Receivables | | | 8,909 | 9,648 | -739 | -7.7 |
| F. Cash with banks, cheques and cash in hand | | | 2,231 | 2,337 | -106 | -4.5 |
| G. Deferred acquisition costs | | | | | | |
| – Gross | | 8,296 | | 8,222 | 74 | 0.9 |
| – Ceded share | | 97 | | 98 | -1 | -1.0 |
| – Net | | | 8,199 | 8,124 | 75 | 0.9 |
| H. Deferred tax | | | 5,575 | 5,213 | 362 | 6.9 |
| I. Other assets | | | 3,586 | 3,964 | -378 | -9.5 |
| Total assets | | | 217,684 | 218,737 | -1,053 | -0.5 |

¹Adjusted owing to first-time application of IAS 19 (rev. 2004).

| Equity and liabilities | | | 31.12.2005 ¹ | | Change |
|---|--------|---------|-------------------------|--------|--------|
| | €m | €m | €m | €m | % |
| A. Equity | | | | | |
| I. Issued capital and capital reserve | 7,388 | | 7,388 | – | – |
| II. Retained earnings | 9,719 | | 7,777 | 1,942 | 25.0 |
| III. Other reserves | 5,323 | | 6,100 | –777 | –12.7 |
| IV. Consolidated result attributable to Munich Re equity holders | 2,799 | | 2,679 | 120 | 4.5 |
| V. Minority interests | 422 | | 453 | –31 | –6.8 |
| | | 25,651 | 24,397 | 1,254 | 5.1 |
| B. Subordinated liabilities | | 3,416 | 3,408 | 8 | 0.2 |
| C. Gross underwriting provisions | | | | | |
| I. Unearned premiums | 6,211 | | 6,153 | 58 | 0.9 |
| II. Provision for future policy benefits | 94,865 | | 94,445 | 420 | 0.4 |
| III. Provision for outstanding claims | 48,791 | | 49,380 | –589 | –1.2 |
| IV. Other underwriting provisions | 10,476 | | 10,534 | –58 | –0.6 |
| | | 160,343 | 160,512 | –169 | –0.1 |
| D. Gross underwriting provisions for life insurance policies where the investment risk is borne by the policyholders | | 1,797 | 1,516 | 281 | 18.5 |
| E. Other accrued liabilities | | 5,288 | 4,926 | 362 | 7.3 |
| F. Liabilities | | | | | |
| I. Notes and debentures | 394 | | 1,097 | –703 | –64.1 |
| II. Deposits retained on ceded business | 2,360 | | 3,392 | –1,032 | –30.4 |
| III. Other liabilities | 10,629 | | 12,288 | –1,659 | –13.5 |
| | | 13,383 | 16,777 | –3,394 | –20.2 |
| G. Deferred tax liabilities | | 7,806 | 7,201 | 605 | 8.4 |
| Total equity and liabilities | | 217,684 | 218,737 | –1,053 | –0.5 |

¹Adjusted owing to first-time application of IAS 19 (rev. 2004).

Consolidated income statement for the period 1 January to 30 September 2006

| Items | Q1-3 2006 €m | Q1-3 2006 €m | Q1-3 2006 €m | Q1-3 2005 ^{1,2} €m | €m | Change % |
|---|-----------------|-----------------|-----------------|--------------------------------|--------|-------------|
| Gross premiums written | 28,080 | | | 28,625 | -545 | -1.9 |
| 1. Earned premiums | | | | | | |
| – Gross | 27,853 | | | 28,252 | -399 | -1.4 |
| – Ceded | 1,352 | | | 1,448 | -96 | -6.6 |
| – Net | | 26,501 | | 26,804 | -303 | -1.1 |
| 2. Investment result | | 6,993 | | 8,052 | -1,059 | -13.2 |
| Thereof: | | | | | | |
| – Income from associates | | 76 | | 160 | -84 | -52.5 |
| 3. Other income | | 1,253 | | 1,110 | 143 | 12.9 |
| Total income (1–3) | | | 34,747 | 35,966 | -1,219 | -3.4 |
| 4. Expenses for claims and benefits | | | | | | |
| – Gross | 23,038 | | | 26,614 | -3,576 | -13.4 |
| – Ceded share | 855 | | | 1,492 | -637 | -42.7 |
| – Net | | 22,183 | | 25,122 | -2,939 | -11.7 |
| 5. Operating expenses | | | | | | |
| – Gross | 6,722 | | | 7,034 | -312 | -4.4 |
| – Ceded share | 327 | | | 359 | -32 | -8.9 |
| – Net | | 6,395 | | 6,675 | -280 | -4.2 |
| 6. Other expenses | | 1,531 | | 1,274 | 257 | 20.2 |
| Total expenses (4–6) | | | 30,109 | 33,071 | -2,962 | -9.0 |
| 7. Result before impairment losses of goodwill | | | 4,638 | 2,895 | 1,743 | 60.2 |
| 8. Impairment losses of goodwill | | | – | 4 | -4 | -100.0 |
| 9. Operating result | | | 4,638 | 2,891 | 1,747 | 60.4 |
| 10. Finance costs | | | 238 | 290 | -52 | -17.9 |
| 11. Taxes on income | | | 1,539 | 1,211 | 328 | 27.1 |
| 12. Consolidated result | | | 2,861 | 1,390 | 1,471 | 105.8 |
| Thereof: | | | | | | |
| – Attributable to Munich Re equity holders | | | 2,799 | 1,340 | 1,459 | 108.9 |
| – Attributable to minority interests | | | 62 | 50 | 12 | 24.0 |
| | | | € | € | € | % |
| Earnings per share | | | 12.29 | 5.87 | 6.42 | 109.4 |

¹Adjusted owing to first-time application of IAS 19 (rev. 2004).

²Adjusted owing to first-time application of IAS 1 (rev. 2003) in the business year 2005.

Consolidated income statement for the period 1 July to 30 September 2006

| Items | Q3 2006 €m | Q3 2006 €m | Q3 2006 €m | Q3 2005 ^{1,2} €m | €m | Change % |
|---|---------------|---------------|---------------|------------------------------|--------|-------------|
| Gross premiums written | 9,017 | | | 9,245 | -228 | -2.5 |
| 1. Earned premiums | | | | | | |
| – Gross | 9,250 | | | 9,434 | -184 | -2.0 |
| – Ceded | 438 | | | 500 | -62 | -12.4 |
| – Net | | 8,812 | | 8,934 | -122 | -1.4 |
| 2. Investment result | | 2,236 | | 3,078 | -842 | -27.4 |
| Thereof: | | | | | | |
| – Income from associates | | 39 | | – | 39 | – |
| 3. Other income | | 337 | | 316 | 21 | 6.6 |
| Total income (1–3) | | | 11,385 | 12,328 | -943 | -7.6 |
| 4. Expenses for claims and benefits | | | | | | |
| – Gross | 7,714 | | | 9,981 | -2,267 | -22.7 |
| – Ceded share | 276 | | | 823 | -547 | -66.5 |
| – Net | | 7,438 | | 9,158 | -1,720 | -18.8 |
| 5. Operating expenses | | | | | | |
| – Gross | 2,261 | | | 2,300 | -39 | -1.7 |
| – Ceded share | 84 | | | 158 | -74 | -46.8 |
| – Net | | 2,177 | | 2,142 | 35 | 1.6 |
| 6. Other expenses | | 454 | | 372 | 82 | 22.0 |
| Total expenses (4–6) | | | 10,069 | 11,672 | -1,603 | -13.7 |
| 7. Result before impairment losses of goodwill | | | 1,316 | 656 | 660 | 100.6 |
| 8. Impairment losses of goodwill | | | – | – | – | – |
| 9. Operating result | | | 1,316 | 656 | 660 | 100.6 |
| 10. Finance costs | | | 74 | 86 | -12 | -14.0 |
| 11. Taxes on income | | | 510 | 56 | 454 | 810.7 |
| 12. Consolidated result | | | 732 | 514 | 218 | 42.4 |
| Thereof: | | | | | | |
| – Attributable to Munich Re equity holders | | | 715 | 494 | 221 | 44.7 |
| – Attributable to minority interests | | | 17 | 20 | -3 | -15.0 |
| | | | € | € | € | % |
| Earnings per share | | | 3.15 | 2.17 | 0.98 | 45.2 |

¹Adjusted owing to first-time application of IAS 19 (rev. 2004).

²Adjusted owing to first-time application of IAS 1 (rev. 2003) in the business year 2005.

Consolidated income statement (quarterly breakdown)

| Items | Q3 2006 €m | Q2 2006 €m | Q1 2006 €m | Q4 2005 ¹ €m | Q3 2005 ^{1,2} €m | Q2 2005 ¹ €m | Q1 2005 ¹ €m |
|---|---------------|---------------|---------------|----------------------------|------------------------------|----------------------------|----------------------------|
| Gross premiums written | 9,017 | 9,027 | 10,036 | 9,574 | 9,245 | 9,220 | 10,160 |
| 1. Earned premiums | | | | | | | |
| – Gross | 9,250 | 9,280 | 9,323 | 9,999 | 9,434 | 9,548 | 9,270 |
| – Ceded | 438 | 469 | 445 | 593 | 500 | 495 | 453 |
| – Net | 8,812 | 8,811 | 8,878 | 9,406 | 8,934 | 9,053 | 8,817 |
| 2. Investment result | 2,236 | 2,647 | 2,110 | 2,766 | 3,078 | 2,517 | 2,457 |
| Thereof: | | | | | | | |
| – Income from associates | 39 | 24 | 13 | 971 | – | 96 | 64 |
| 3. Other income | 337 | 485 | 431 | 355 | 316 | 476 | 318 |
| Total income (1–3) | 11,385 | 11,943 | 11,419 | 12,527 | 12,328 | 12,046 | 11,592 |
| 4. Expenses for claims and benefits | | | | | | | |
| – Gross | 7,714 | 7,609 | 7,715 | 8,946 | 9,981 | 8,451 | 8,182 |
| – Ceded share | 276 | 246 | 333 | 716 | 823 | 300 | 369 |
| – Net | 7,438 | 7,363 | 7,382 | 8,230 | 9,158 | 8,151 | 7,813 |
| 5. Operating expenses | | | | | | | |
| – Gross | 2,261 | 2,240 | 2,221 | 2,575 | 2,300 | 2,382 | 2,352 |
| – Ceded share | 84 | 115 | 128 | 85 | 158 | 103 | 98 |
| – Net | 2,177 | 2,125 | 2,093 | 2,490 | 2,142 | 2,279 | 2,254 |
| 6. Other expenses | 454 | 604 | 473 | 552 | 372 | 514 | 388 |
| Total expenses (4–6) | 10,069 | 10,092 | 9,948 | 11,272 | 11,672 | 10,944 | 10,455 |
| 7. Result before impairment losses of goodwill | 1,316 | 1,851 | 1,471 | 1,255 | 656 | 1,102 | 1,137 |
| 8. Impairment losses of goodwill | – | – | – | 3 | – | 4 | – |
| 9. Operating result | 1,316 | 1,851 | 1,471 | 1,252 | 656 | 1,098 | 1,137 |
| 10. Finance costs | 74 | 78 | 86 | 88 | 86 | 101 | 103 |
| 11. Taxes on income | 510 | 623 | 406 | –197 | 56 | 812 | 343 |
| 12. Consolidated result | 732 | 1,150 | 979 | 1,361 | 514 | 185 | 691 |
| Thereof: | | | | | | | |
| – Attributable to Munich Re equity holders | 715 | 1,125 | 959 | 1,339 | 494 | 167 | 679 |
| – Attributable to minority interests | 17 | 25 | 20 | 22 | 20 | 18 | 12 |
| | € | € | € | € | € | € | € |
| Earnings per share | 3.15 | 4.94 | 4.20 | 5.87 | 2.17 | 0.73 | 2.97 |

¹Adjusted owing to first-time application of IAS 19 (rev. 2004).

²Adjusted owing to first-time application of IAS 1 (rev. 2003) in the business year 2005.

Group statement of changes in equity

| | Equity attributable to Munich Re equity holders | | | | | | | Minority interests | Total equity | |
|--|---|-----------------|--|-----------------|-----------------------------|-----------------------------------|--|--------------------|--------------|---------------------|
| | Issued capital | Capital reserve | Retained earnings | | Other reserves | | | | | Consolidated result |
| | | | Retained earnings before deduction of own shares | Own shares held | Unrealised gains and losses | Reserve from currency translation | Valuation result from cash flow hedges | | | |
| All figures in €m | | | | | | | | | | |
| Status at 31.12.2005¹ | 588 | 6,800 | 7,978 | -201 | 6,128 | -34 | 6 | 2,679 | 453 | 24,397 |
| Currency translation | - | - | - | - | - | -389 | - | - | -1 | -390 |
| Allocation to retained earnings | - | - | 1,972 | - | - | - | - | -1,972 | - | - |
| Change in consolidated group | - | - | 13 | - | - | - | - | - | -55 | -42 |
| Change resulting from valuation at equity | - | - | 5 | - | 8 | - | - | - | - | 13 |
| Unrealised gains and losses on investments | - | - | - | - | -392 | - | - | - | -19 | -411 |
| Consolidated result | - | - | - | - | - | - | - | 2,799 | 62 | 2,861 |
| Dividend | - | - | - | - | - | - | - | -707 | - | -707 |
| Change in own shares held | - | - | - | -34 | - | - | - | - | - | -34 |
| Changes from cash flow hedges | - | - | - | - | - | - | -4 | - | - | -4 |
| Other changes | - | - | -14 | - | - | - | - | - | -18 | -32 |
| Status at 30.9.2006 | 588 | 6,800 | 9,954 | -235 | 5,744 | -423 | 2 | 2,799 | 422 | 25,651 |

¹Adjusted owing to first-time application of IAS 19 (rev. 2004).

Group statement of changes in equity

| | Equity attributable to Munich Re equity holders | | | | | | | | Minority interests ² | Total equity |
|--|---|-----------------|--|-----------------|-----------------------------|-----------------------------------|--|---------------------|---------------------------------|---------------|
| | Issued capital | Capital reserve | Retained earnings | | | Other reserves | | Consolidated result | | |
| | | | Retained earnings before deduction of own shares | Own shares held | Unrealised gains and losses | Reserve from currency translation | Valuation result from cash flow hedges | | | |
| All figures in €m | | | | | | | | | | |
| Status at 31.12.2004 | 588 | 6,800 | 7,031 | -158 | 4,621 | -674 | 10 | 1,833 | 441 | 20,492 |
| Currency translation | - | - | - | - | - | 525 | - | - | 1 | 526 |
| Allocation to retained earnings | - | - | 1,376 | - | - | - | - | -1,376 | - | - |
| Change in consolidated group | - | - | -32 | - | -8 | - | - | - | -11 | -51 |
| Change resulting from valuation at equity | - | - | 13 | - | 75 | - | - | - | 1 | 89 |
| Unrealised gains and losses on investments | - | - | - | - | 643 | - | - | - | 19 | 662 |
| Consolidated result | - | - | - | - | - | - | - | 1,340 | 50 | 1,390 |
| Dividend | - | - | - | - | - | - | - | -457 | - | -457 |
| Change in own shares held | - | - | - | -50 | - | - | - | - | - | -50 |
| Changes from cash flow hedges | - | - | - | - | - | - | -4 | - | - | -4 |
| Other changes | - | - | -142 | - | - | -9 | - | - | -64 | -215 |
| Status at 30.9.2005¹ | 588 | 6,800 | 8,246 | -208 | 5,331 | -158 | 6 | 1,340 | 437 | 22,382 |

¹Adjusted owing to first-time application of IAS 19 (rev. 2004).

²Adjusted owing to first-time application of IAS 1 (rev. 2003) in the business year 2005.

Consolidated cash flow statement for the period 1 January to 30 September 2006

| | Q1-3 2006 €m | Q1-3 2005 ^{1,2} €m |
|--|-----------------|--------------------------------|
| Consolidated result | 2,861 | 1,390 |
| Net change in underwriting provisions | 2,820 | 7,811 |
| Change in deferred acquisition costs | -100 | -282 |
| Change in deposits retained and accounts receivable and payable | -239 | 98 |
| Change in other receivables and liabilities | 1,758 | 360 |
| Gains and losses on the disposal of investments | -2,221 | -2,922 |
| Change in securities held for trading | -546 | -1,312 |
| Change in other balance sheet items | 716 | 560 |
| Other income/expenses without impact on cash flow | 898 | -63 |
| I. Cash flows from operating activities | 5,947 | 5,640 |
| Inflows from the sale of consolidated companies | 10 | 60 |
| Outflows from the acquisition of consolidated companies | - | 28 |
| Change from the acquisition, sale and maturities of other investments | -3,697 | -2,611 |
| Change from the acquisition and sale of investments for unit-linked life insurance | -171 | 51 |
| Other | 37 | -582 |
| II. Cash flows from investing activities | -3,821 | -3,110 |
| Inflows from increases in capital | - | - |
| Dividend payments | 727 | 468 |
| Change from other financing activities | -1,495 | -1,456 |
| III. Cash flows from financing activities | -2,222 | -1,924 |
| Cash flows for the business year (I+II+III) | -96 | 606 |
| Effects of exchange rate changes on cash | -10 | 21 |
| Cash at the beginning of the business year | 2,337 | 2,027 |
| Cash at the end of the business year | 2,231 | 2,654 |

¹Adjusted owing to first-time application of IAS 19 (rev. 2004).

²Adjusted owing to first-time application of IAS 1 (rev. 2003) in the business year 2005.

Segment reporting

| Assets | Reinsurance | | | |
|--|-----------------|-------------------------------|-------------------|-------------------------------|
| | Life and health | | Property-casualty | |
| | 30.9.2006 €m | 31.12.2005 ¹ €m | 30.9.2006 €m | 31.12.2005 ¹ €m |
| A. Intangible assets | 282 | 267 | 1,274 | 1,374 |
| B. Investments | | | | |
| I. Land and buildings, including buildings on third-party land | 589 | 663 | 775 | 759 |
| II. Investments in affiliated companies and associates | 2,554 | 2,910 | 3,289 | 3,238 |
| III. Loans | 184 | 310 | 215 | 323 |
| IV. Other securities | | | | |
| 1. Held to maturity | – | – | – | – |
| 2. Available for sale | 22,494 | 23,361 | 36,190 | 34,399 |
| 3. Held for trading | 147 | 146 | 978 | 700 |
| | 22,641 | 23,507 | 37,168 | 35,099 |
| V. Deposits retained on assumed reinsurance | 7,803 | 9,089 | 10,109 | 10,205 |
| VI. Other investments | 362 | 321 | 761 | 539 |
| | 34,133 | 36,800 | 52,317 | 50,163 |
| C. Investments for the benefit of life insurance policyholders who bear the investment risk | – | – | – | – |
| D. Ceded share of underwriting provisions | 1,032 | 1,647 | 3,867 | 4,077 |
| E. Other segment assets | 7,567 | 6,177 | 8,325 | 10,426 |
| Total segment assets | 43,014 | 44,891 | 65,783 | 66,040 |

¹Adjusted owing to first-time application of IAS 19 (rev. 2004).

| | Life and health | | Primary insurance | | Asset management | | Consolidation | | Total | |
|--|-----------------|-------------------------|-------------------|-------------------------|------------------|-------------------------|---------------|-------------------------|-----------|-------------------------|
| | 30.9.2006 | 31.12.2005 ¹ | 30.9.2006 | 31.12.2005 ¹ | 30.9.2006 | 31.12.2005 ¹ | 30.9.2006 | 31.12.2005 ¹ | 30.9.2006 | 31.12.2005 ¹ |
| | €m | €m | €m | €m | €m | €m | €m | €m | €m | €m |
| | 1,732 | 1,748 | 885 | 929 | 8 | 6 | -17 | -24 | 4,164 | 4,300 |
| | 3,940 | 4,170 | 181 | 179 | 27 | 28 | -1 | -1 | 5,511 | 5,798 |
| | 998 | 994 | 3,262 | 3,506 | 107 | 95 | -8,931 | -9,431 | 1,279 | 1,312 |
| | 27,551 | 24,808 | 1,473 | 1,514 | 114 | 151 | -1,923 | -2,311 | 27,614 | 24,795 |
| | 251 | 432 | 11 | 13 | - | - | - | - | 262 | 445 |
| | 59,120 | 60,304 | 5,998 | 6,385 | 13 | 33 | -27 | -30 | 123,788 | 124,452 |
| | 390 | 717 | 284 | 316 | - | - | - | - | 1,799 | 1,879 |
| | 59,761 | 61,453 | 6,293 | 6,714 | 13 | 33 | -27 | -30 | 125,849 | 126,776 |
| | 251 | 229 | 18 | 18 | - | - | -5,011 | -4,960 | 13,170 | 14,581 |
| | 1,383 | 638 | 587 | 276 | 1,145 | 705 | -1,132 | - | 3,106 | 2,479 |
| | 93,884 | 92,292 | 11,814 | 12,207 | 1,406 | 1,012 | -17,025 | -16,733 | 176,529 | 175,741 |
| | 1,638 | 1,430 | - | - | - | - | - | - | 1,638 | 1,430 |
| | 6,600 | 6,817 | 1,682 | 1,701 | - | - | -6,328 | -6,262 | 6,853 | 7,980 |
| | 10,787 | 11,097 | 3,466 | 3,990 | 127 | 203 | -1,772 | -2,607 | 28,500 | 29,286 |
| | 114,641 | 113,384 | 17,847 | 18,827 | 1,541 | 1,221 | -25,142 | -25,626 | 217,684 | 218,737 |

Segment reporting

| Equity and liabilities | Reinsurance | | | |
|---|-----------------|-------------------------------|-------------------|-------------------------------|
| | Life and health | | Property-casualty | |
| | 30.9.2006 €m | 31.12.2005 ¹ €m | 30.9.2006 €m | 31.12.2005 ¹ €m |
| A. Subordinated liabilities | 1,347 | 1,453 | 1,679 | 1,561 |
| B. Gross underwriting provisions | | | | |
| I. Unearned premiums | 194 | 209 | 4,694 | 4,865 |
| II. Provision for future policy benefits | 17,246 | 18,675 | 724 | 702 |
| III. Provision for outstanding claims | 5,607 | 5,493 | 37,323 | 38,080 |
| IV. Other underwriting provisions | 1,082 | 888 | 257 | 190 |
| | 24,129 | 25,265 | 42,998 | 43,837 |
| C. Gross underwriting provisions for life insurance policies where the investment risk is borne by the policyholders | – | – | – | – |
| D. Other accrued liabilities | 807 | 739 | 1,789 | 1,458 |
| E. Other segment liabilities | 4,157 | 3,807 | 7,001 | 8,397 |
| Total segment liabilities | 30,440 | 31,264 | 53,467 | 55,253 |

¹Adjusted owing to first-time application of IAS 19 (rev. 2004).

| | Primary insurance | | | | Asset management | | Consolidation | | Total | | |
|--|-------------------|-------------------------------|-------------------|-------------------------------|------------------|-------------------------------|-----------------|-------------------------------|-------------------------------------|-------------------------------|---------|
| | Life and health | | Property-casualty | | 30.9.2006 €m | 31.12.2005 ¹ €m | 30.9.2006 €m | 31.12.2005 ¹ €m | 30.9.2006 €m | 31.12.2005 ¹ €m | |
| | 30.9.2006 €m | 31.12.2005 ¹ €m | 30.9.2006 €m | 31.12.2005 ¹ €m | | | | | | | |
| | 2 | 19 | 400 | 404 | - | - | -12 | -29 | 3,416 | 3,408 | |
| | 117 | 86 | 1,495 | 1,221 | - | - | -289 | -228 | 6,211 | 6,153 | |
| | 81,496 | 79,647 | 261 | 224 | - | - | -4,862 | -4,803 | 94,865 | 94,445 | |
| | 2,002 | 1,993 | 4,768 | 4,765 | - | - | -909 | -951 | 48,791 | 49,380 | |
| | 9,339 | 9,669 | 121 | 104 | - | - | -323 | -317 | 10,476 | 10,534 | |
| | 92,954 | 91,395 | 6,645 | 6,314 | - | - | -6,383 | -6,299 | 160,343 | 160,512 | |
| | 1,797 | 1,516 | - | - | - | - | - | - | 1,797 | 1,516 | |
| | 1,073 | 1,195 | 1,654 | 1,547 | 43 | 66 | -78 | -79 | 5,288 | 4,926 | |
| | 14,453 | 14,698 | 4,062 | 5,319 | 1,347 | 1,035 | -9,831 | -9,278 | 21,189 | 23,978 | |
| | 110,279 | 108,823 | 12,761 | 13,584 | 1,390 | 1,101 | -16,304 | -15,685 | 192,033 | 194,340 | |
| | | | | | | | | | Equity | 25,651 | 24,397 |
| | | | | | | | | | Total equity and liabilities | 217,684 | 218,737 |

Segment reporting

Income statement 1.1–30.9.2006

| | Reinsurance | | | |
|---|-----------------|------------------------------|-------------------|------------------------------|
| | Life and health | | Property-casualty | |
| | Q1–3 2006 €m | Q1–3 2005 ¹ €m | Q1–3 2006 €m | Q1–3 2005 ¹ €m |
| Gross premiums written | 5,844 | 5,836 | 10,993 | 10,903 |
| Thereof: | | | | |
| – From insurance transactions with other segments | 551 | 673 | 578 | 709 |
| – From insurance transactions with external third parties | 5,293 | 5,163 | 10,415 | 10,194 |
| 1. Earned premiums | | | | |
| – Gross | 5,852 | 5,859 | 10,993 | 10,755 |
| – Ceded | 307 | 396 | 738 | 726 |
| – Net | 5,545 | 5,463 | 10,255 | 10,029 |
| 2. Investment result | 1,232 | 1,440 | 2,177 | 2,197 |
| Thereof: | | | | |
| – Income from associates | 6 | 12 | 30 | 75 |
| 3. Other income | 216 | 196 | 397 | 363 |
| Total income (1–3) | 6,993 | 7,099 | 12,829 | 12,589 |
| 4. Expenses for claims and benefits | | | | |
| – Gross | 4,574 | 4,669 | 7,026 | 8,972 |
| – Ceded share | 224 | 304 | 411 | 798 |
| – Net | 4,350 | 4,365 | 6,615 | 8,174 |
| 5. Operating expenses | | | | |
| – Gross | 1,674 | 1,731 | 2,960 | 2,980 |
| – Ceded share | 80 | 123 | 198 | 188 |
| – Net | 1,594 | 1,608 | 2,762 | 2,792 |
| 6. Other expenses | 266 | 197 | 541 | 398 |
| Total expenses (4–6) | 6,210 | 6,170 | 9,918 | 11,364 |
| 7. Result before impairment losses of goodwill | 783 | 929 | 2,911 | 1,225 |
| 8. Impairment losses of goodwill | – | – | – | – |
| 9. Operating result | 783 | 929 | 2,911 | 1,225 |
| 10. Finance costs | 72 | 63 | 120 | 164 |
| 11. Taxes on income | 282 | 184 | 859 | 713 |
| 12. Consolidated result | 429 | 682 | 1,932 | 348 |
| Thereof: | | | | |
| – Attributable to Munich Re equity holders | 429 | 682 | 1,932 | 348 |
| – Attributable to minority interests | – | – | – | – |

¹Adjusted owing to first-time application of IAS 19 (rev. 2004).

²Adjusted owing to first-time application of IAS 1 (rev. 2003) in the business year 2005.

| | Primary insurance | | | | Asset management | | Consolidation | | Total | |
|--|-------------------|--------------------------------|-------------------|------------------------------|------------------|------------------------------|-----------------|------------------------------|-----------------|--------------------------------|
| | Life and health | | Property-casualty | | Q1-3 2006 €m | Q1-3 2005 ¹ €m | Q1-3 2006 €m | Q1-3 2005 ¹ €m | Q1-3 2006 €m | Q1-3 2005 ^{1,2} €m |
| | Q1-3 2006 €m | Q1-3 2005 ^{1,2} €m | Q1-3 2006 €m | Q1-3 2005 ¹ €m | | | | | | |
| | 8,449 | 9,104 | 3,940 | 4,181 | - | - | -1,146 | -1,399 | 28,080 | 28,625 |
| | 1 | 1 | 16 | 16 | - | - | -1,146 | -1,399 | - | - |
| | 8,448 | 9,103 | 3,924 | 4,165 | - | - | - | - | 28,080 | 28,625 |
| | 8,418 | 9,083 | 3,678 | 3,841 | - | - | -1,088 | -1,286 | 27,853 | 28,252 |
| | 663 | 805 | 732 | 807 | - | - | -1,088 | -1,286 | 1,352 | 1,448 |
| | 7,755 | 8,278 | 2,946 | 3,034 | - | - | - | - | 26,501 | 26,804 |
| | 3,230 | 4,020 | 470 | 494 | 41 | 25 | -157 | -124 | 6,993 | 8,052 |
| | 12 | 55 | 24 | 24 | 4 | -6 | - | - | 76 | 160 |
| | 624 | 642 | 538 | 575 | 236 | 193 | -758 | -859 | 1,253 | 1,110 |
| | 11,609 | 12,940 | 3,954 | 4,103 | 277 | 218 | -915 | -983 | 34,747 | 35,966 |
| | 10,143 | 11,565 | 2,105 | 2,539 | - | - | -810 | -1,131 | 23,038 | 26,614 |
| | 625 | 827 | 410 | 675 | - | - | -815 | -1,112 | 855 | 1,492 |
| | 9,518 | 10,738 | 1,695 | 1,864 | - | - | 5 | -19 | 22,183 | 25,122 |
| | 1,175 | 1,465 | 1,229 | 1,253 | - | - | -316 | -395 | 6,722 | 7,034 |
| | 171 | 220 | 193 | 221 | - | - | -315 | -393 | 327 | 359 |
| | 1,004 | 1,245 | 1,036 | 1,032 | - | - | -1 | -2 | 6,395 | 6,675 |
| | 673 | 683 | 640 | 682 | 227 | 173 | -816 | -859 | 1,531 | 1,274 |
| | 11,195 | 12,666 | 3,371 | 3,578 | 227 | 173 | -812 | -880 | 30,109 | 33,071 |
| | 414 | 274 | 583 | 525 | 50 | 45 | -103 | -103 | 4,638 | 2,895 |
| | - | - | - | 4 | - | - | - | - | - | 4 |
| | 414 | 274 | 583 | 521 | 50 | 45 | -103 | -103 | 4,638 | 2,891 |
| | 1 | 2 | 44 | 62 | 3 | 2 | -2 | -3 | 238 | 290 |
| | 238 | 136 | 141 | 134 | 17 | 24 | 2 | 20 | 1,539 | 1,211 |
| | 175 | 136 | 398 | 325 | 30 | 19 | -103 | -120 | 2,861 | 1,390 |
| | 148 | 108 | 365 | 300 | 30 | 21 | -105 | -119 | 2,799 | 1,340 |
| | 27 | 28 | 33 | 25 | - | -2 | 2 | -1 | 62 | 50 |

Segment reporting

Income statement 1.7–30.9.2006

| | Reinsurance | | | |
|---|-----------------|----------------------------|-------------------|----------------------------|
| | Life and health | | Property-casualty | |
| | Q3 2006 €m | Q3 2005 ¹ €m | Q3 2006 €m | Q3 2005 ¹ €m |
| Gross premiums written | 1,945 | 1,929 | 3,559 | 3,577 |
| Thereof: | | | | |
| – From insurance transactions with other segments | 185 | 201 | 146 | 179 |
| – From insurance transactions with external third parties | 1,760 | 1,728 | 3,413 | 3,398 |
| 1. Earned premiums | | | | |
| – Gross | 1,919 | 1,957 | 3,658 | 3,648 |
| – Ceded | 77 | 187 | 262 | 228 |
| – Net | 1,842 | 1,770 | 3,396 | 3,420 |
| 2. Investment result | 400 | 515 | 656 | 943 |
| Thereof: | | | | |
| – Income from associates | 3 | 4 | 9 | 20 |
| 3. Other income | 59 | 50 | 96 | 89 |
| Total income (1–3) | 2,301 | 2,335 | 4,148 | 4,452 |
| 4. Expenses for claims and benefits | | | | |
| – Gross | 1,540 | 1,531 | 2,305 | 3,890 |
| – Ceded share | 60 | 161 | 164 | 440 |
| – Net | 1,480 | 1,370 | 2,141 | 3,450 |
| 5. Operating expenses | | | | |
| – Gross | 563 | 638 | 991 | 962 |
| – Ceded share | 12 | 74 | 59 | 49 |
| – Net | 551 | 564 | 932 | 913 |
| 6. Other expenses | 83 | 55 | 155 | 121 |
| Total expenses (4–6) | 2,114 | 1,989 | 3,228 | 4,484 |
| 7. Result before impairment losses of goodwill | 187 | 346 | 920 | –32 |
| 8. Impairment losses of goodwill | – | – | – | – |
| 9. Operating result | 187 | 346 | 920 | –32 |
| 10. Finance costs | 24 | 17 | 39 | 48 |
| 11. Taxes on income | 61 | 41 | 378 | –137 |
| 12. Consolidated result | 102 | 288 | 503 | 57 |
| Thereof: | | | | |
| – Attributable to Munich Re equity holders | 102 | 288 | 503 | 57 |
| – Attributable to minority interests | – | – | – | – |

¹Adjusted owing to first-time application of IAS 19 (rev. 2004).

²Adjusted owing to first-time application of IAS 1 (rev. 2003) in the business year 2005.

| | Primary insurance | | | | Asset management | | Consolidation | | Total | |
|--|-------------------|------------------------------|-------------------|----------------------------|------------------|----------------------------|---------------|----------------------------|---------------|------------------------------|
| | Life and health | | Property-casualty | | Q3 2006 €m | Q3 2005 ¹ €m | Q3 2006 €m | Q3 2005 ¹ €m | Q3 2006 €m | Q3 2005 ^{1,2} €m |
| | Q3 2006 €m | Q3 2005 ^{1,2} €m | Q3 2006 €m | Q3 2005 ¹ €m | | | | | | |
| | 2,758 | 2,944 | 1,093 | 1,181 | - | - | -338 | -386 | 9,017 | 9,245 |
| | - | - | 7 | 6 | - | - | -338 | -386 | - | - |
| | 2,758 | 2,944 | 1,086 | 1,175 | - | - | - | - | 9,017 | 9,245 |
| | 2,769 | 2,956 | 1,262 | 1,264 | - | - | -358 | -391 | 9,250 | 9,434 |
| | 218 | 249 | 239 | 227 | - | - | -358 | -391 | 438 | 500 |
| | 2,551 | 2,707 | 1,023 | 1,037 | - | - | - | - | 8,812 | 8,934 |
| | 1,111 | 1,436 | 85 | 162 | 13 | 9 | -29 | 13 | 2,236 | 3,078 |
| | 17 | -35 | 10 | 10 | - | 1 | - | - | 39 | - |
| | 201 | 220 | 164 | 203 | 69 | 65 | -252 | -311 | 337 | 316 |
| | 3,863 | 4,363 | 1,272 | 1,402 | 82 | 74 | -281 | -298 | 11,385 | 12,328 |
| | 3,456 | 3,936 | 689 | 987 | - | - | -276 | -363 | 7,714 | 9,981 |
| | 211 | 259 | 118 | 334 | - | - | -277 | -371 | 276 | 823 |
| | 3,245 | 3,677 | 571 | 653 | - | - | 1 | 8 | 7,438 | 9,158 |
| | 383 | 436 | 423 | 392 | - | - | -99 | -128 | 2,261 | 2,300 |
| | 49 | 100 | 64 | 62 | - | - | -100 | -127 | 84 | 158 |
| | 334 | 336 | 359 | 330 | - | - | 1 | -1 | 2,177 | 2,142 |
| | 208 | 241 | 216 | 228 | 73 | 56 | -281 | -329 | 454 | 372 |
| | 3,787 | 4,254 | 1,146 | 1,211 | 73 | 56 | -279 | -322 | 10,069 | 11,672 |
| | 76 | 109 | 126 | 191 | 9 | 18 | -2 | 24 | 1,316 | 656 |
| | - | - | - | - | - | - | - | - | - | - |
| | 76 | 109 | 126 | 191 | 9 | 18 | -2 | 24 | 1,316 | 656 |
| | - | 1 | 11 | 21 | 1 | 1 | -1 | -2 | 74 | 86 |
| | 47 | 78 | 19 | 63 | 5 | 7 | - | 4 | 510 | 56 |
| | 29 | 30 | 96 | 107 | 3 | 10 | -1 | 22 | 732 | 514 |
| | 21 | 16 | 88 | 99 | 3 | 10 | -2 | 24 | 715 | 494 |
| | 8 | 14 | 8 | 8 | - | - | 1 | -2 | 17 | 20 |

Segment reporting

| Investments ¹ | Reinsurance | | Primary insurance | | Asset management | | Total | |
|------------------------------|-----------------|------------------|-------------------|------------------|------------------|------------------|-----------------|------------------|
| | 30.9.2006 €m | 31.12.2005 €m | 30.9.2006 €m | 31.12.2005 €m | 30.9.2006 €m | 31.12.2005 €m | 30.9.2006 €m | 31.12.2005 €m |
| Europe | 43,573 | 43,942 | 98,459 | 97,902 | 1,215 | 804 | 143,247 | 142,648 |
| North America | 27,196 | 27,360 | 1,627 | 1,426 | 24 | 23 | 28,847 | 28,809 |
| Asia and Australasia | 3,121 | 2,776 | 1,113 | 1,024 | 32 | 5 | 4,266 | 3,805 |
| Africa, Near and Middle East | 655 | 753 | 166 | 81 | – | – | 821 | 834 |
| Latin America | 864 | 826 | 122 | 249 | – | – | 986 | 1,075 |
| Total | 75,409 | 75,657 | 101,487 | 100,682 | 1,271 | 832 | 178,167 | 177,171 |

¹After elimination of intra-Group transactions across segments.

| Gross premiums written ¹ | Reinsurance | | Primary insurance | | Total | |
|-------------------------------------|-----------------|-----------------|-------------------|-----------------|-----------------|-----------------|
| | Q1–3 2006 €m | Q1–3 2005 €m | Q1–3 2006 €m | Q1–3 2005 €m | Q1–3 2006 €m | Q1–3 2005 €m |
| Europe | 7,852 | 7,702 | 12,127 | 13,096 | 19,979 | 20,798 |
| North America | 5,230 | 5,051 | 121 | 85 | 5,351 | 5,136 |
| Asia and Australasia | 1,469 | 1,448 | 84 | 43 | 1,553 | 1,491 |
| Africa, Near and Middle East | 515 | 495 | 28 | 39 | 543 | 534 |
| Latin America | 642 | 661 | 12 | 5 | 654 | 666 |
| Total | 15,708 | 15,357 | 12,372 | 13,268 | 28,080 | 28,625 |

¹After elimination of intra-Group transactions across segments.

| Gross premiums written ¹ | Reinsurance | | Primary insurance | | Total | |
|-------------------------------------|---------------|---------------|-------------------|---------------|---------------|---------------|
| | Q3 2006 €m | Q3 2005 €m | Q3 2006 €m | Q3 2005 €m | Q3 2006 €m | Q3 2005 €m |
| Europe | 2,578 | 2,312 | 3,811 | 4,070 | 6,389 | 6,382 |
| North America | 1,698 | 1,739 | 6 | 32 | 1,704 | 1,771 |
| Asia and Australasia | 535 | 510 | 23 | – | 558 | 510 |
| Africa, Near and Middle East | 133 | 162 | 1 | 14 | 134 | 176 |
| Latin America | 229 | 403 | 3 | 3 | 232 | 406 |
| Total | 5,173 | 5,126 | 3,844 | 4,119 | 9,017 | 9,245 |

¹After elimination of intra-Group transactions across segments.

Notes

Recognition and measurement

This quarterly report as at 30 September 2006 has been prepared in accordance with International Financial Reporting Standards (IFRSs) as applicable in the European Union. We have complied with all new and amended IFRSs whose application is compulsory for the first time for periods beginning on 1 January 2006. Otherwise, the same principles of recognition, measurement and consolidation have been applied as in our consolidated financial statements as at 31 December 2005. In accordance with IAS 34.41, greater use is made of estimation methods and planning data in preparing our quarterly figures than in our annual financial reporting.

The following effects from the first-time application of new or amended IFRSs are of significance:

IAS 19, Employee Benefits, was amended in December 2004 and now provides the option of recognising actuarial gains and losses from defined benefit plans directly in equity, outside profit or loss. We are taking advantage of this option as from 1 January 2006. Previously, actuarial gains or losses were recognised as income or expense if at the end of the previous reporting period they exceeded the greater of 10% of the present value of the vested benefits or 10% of the fair value of the plan assets (corridor method).

In accordance with IAS 8 and the transitional provisions, the figures for the previous year have been adjusted retrospectively, without impact on profit or loss. The effects on the consolidated balance sheet as at 31 December 2005 and the consolidated income statement for 2005 are shown in our quarterly report as at 31 March 2006.

Owing to a one-off adjustment in preparing the IFRS figures of the consolidated special funds, retained earnings were reduced by €21m.

In order to provide more accurate information, the method used for eliminating intercompany profits of intra-Group transactions has been modified and standardised Group-wide. As changes in accounting methods have to be applied retrospectively, retained earnings have been reduced by €21m.

A top-up payment made by Munich Reinsurance Company to the Munich Re pension fund in the second quarter of 2006 for the 2005 business year has been accounted for by reducing retained earnings by €15m, without impact on profit or loss.

Changes in the consolidated group

In December 2005, ERGO Versicherungsgruppe AG signed agreements with GFKL Financial Services AG under which the latter would acquire its majority stake in the ADA-HAS Group, an IT systems specialist. The governing bodies and cartel authorities have given the formal approvals still outstanding when the agreements were signed, so that the sale was completed in the first quarter of 2006.

The special-purpose vehicle Carillon Ltd., used for issuing catastrophe bonds to mitigate possible burdens from the hurricane season in the USA, was consolidated for the first time in the second quarter of 2006. In the third quarter of 2006, the company was deconsolidated. There were no other significant changes in the group of consolidated companies in the first nine months of 2006.

Foreign currency translation

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

| Currency translation Rate for €1 | Balance sheet | | Q3 2006 | Income statement | | | Income statement | |
|-------------------------------------|---------------|------------|----------|------------------|----------|----------|------------------|----------|
| | 30.9.2006 | 31.12.2005 | | Q2 2006 | Q1 2006 | Q3 2005 | Q2 2005 | Q1 2005 |
| Australian dollar | 1.69750 | 1.60800 | 1.68366 | 1.68371 | 1.62793 | 1.60501 | 1.63782 | 1.68700 |
| Canadian dollar | 1.41325 | 1.37790 | 1.42841 | 1.41098 | 1.38917 | 1.46595 | 1.56661 | 1.60773 |
| Pound sterling | 0.67815 | 0.68710 | 0.67980 | 0.68804 | 0.68640 | 0.68331 | 0.67843 | 0.69373 |
| Rand | 9.84030 | 7.48125 | 9.10997 | 8.12931 | 7.40214 | 7.93395 | 8.07194 | 7.87516 |
| Swiss franc | 1.58845 | 1.55460 | 1.57688 | 1.56350 | 1.55929 | 1.55348 | 1.54375 | 1.54902 |
| US dollar | 1.26675 | 1.17955 | 1.27441 | 1.25700 | 1.20220 | 1.21973 | 1.25887 | 1.31156 |
| Yen | 149.5590 | 139.2220 | 148.0810 | 143.7610 | 140.5450 | 135.6200 | 135.3510 | 137.0570 |

Intangible assets

| All figures in €m | 30.9.2006 | 31.12.2005 |
|----------------------------------|--------------|--------------|
| I. Goodwill | 3,181 | 3,264 |
| II. Other intangible assets | 983 | 1,036 |
| – Software | 359 | 393 |
| – Purchased insurance portfolios | 563 | 577 |
| – Other | 61 | 66 |
| Total | 4,164 | 4,300 |

Other securities – Available for sale

| All figures in €m | Carrying amounts | | Unrealised gains/losses | | Amortised cost | |
|-------------------------------|------------------|----------------|-------------------------|---------------|----------------|----------------|
| | 30.9.2006 | 31.12.2005 | 30.9.2006 | 31.12.2005 | 30.9.2006 | 31.12.2005 |
| Fixed-interest securities | 99,824 | 99,106 | 1,760 | 3,652 | 98,064 | 95,454 |
| Non-fixed-interest securities | | | | | | |
| – Shares | 21,567 | 22,523 | 6,753 | 6,874 | 14,814 | 15,649 |
| – Investment funds | 1,835 | 1,911 | 388 | 336 | 1,447 | 1,575 |
| – Others | 562 | 912 | 36 | 111 | 526 | 801 |
| | 23,964 | 25,346 | 7,177 | 7,321 | 16,787 | 18,025 |
| Total | 123,788 | 124,452 | 8,937 | 10,973 | 114,851 | 113,479 |

Minority interests

These are mainly minority interests in the ERGO Insurance Group.

| All figures in €m | 30.9.2006 | 31.12.2005 ¹ |
|-----------------------------|------------|-------------------------|
| Unrealised gains and losses | 65 | 85 |
| Consolidated result | 51 | 75 |
| Other equity | 306 | 293 |
| Total | 422 | 453 |

¹Adjusted owing to first-time application of IAS 19 (rev. 2004).

Subordinated liabilities

| All figures in €m | 30.9.2006 | 31.12.2005 |
|--|--------------|--------------|
| Munich Re Finance B.V., Amsterdam 6.75%, €3,000m, Bonds 2003/2023 S&P rating: A– | 2,977 | 2,975 |
| Munich Re Finance B.V., Amsterdam 7.625%, £300m, Bonds 2003/2028 S&P rating: A– | 439 | 433 |
| Total | 3,416 | 3,408 |

Notes and debentures

| All figures in €m | 30.9.2006 | 31.12.2005 |
|---|------------|--------------|
| Munich Re America Corporation ¹ , Princeton 7.45%, US\$ 500m, Senior Notes 1996/2026 S&P rating: BBB+ | 394 | 423 |
| ERGO International AG, Düsseldorf 2.25%, €345m, Bonds Exchangeable into E.ON AG Shares 2001/2006 0.75%, €345m, Bonds Exchangeable into Sanofi-Aventis S.A. Shares 2001/2006 S&P rating: A- | - | 674 |
| Total | 394 | 1,097 |

¹Formerly American Re Corporation.

Premiums

| All figures in €m ¹ | Reinsurance | | | | Primary insurance | | | | Total | |
|--|-----------------|--------------|-------------------|---------------|-------------------|--------------|-------------------|--------------|---------------|---------------|
| | Life and health | | Property-casualty | | Life and health | | Property-casualty | | Q1-3 2006 | Q1-3 2005 |
| | Q1-3 2006 | Q1-3 2005 | Q1-3 2006 | Q1-3 2005 | Q1-3 2006 | Q1-3 2005 | Q1-3 2006 | Q1-3 2005 | | |
| Gross premiums written | 5,293 | 5,163 | 10,415 | 10,194 | 8,448 | 9,103 | 3,924 | 4,165 | 28,080 | 28,625 |
| Change in unearned premiums – Gross | -6 | -27 | -59 | 40 | 31 | 21 | 261 | 339 | 227 | 373 |
| Gross earned premiums | 5,299 | 5,190 | 10,474 | 10,154 | 8,417 | 9,082 | 3,663 | 3,826 | 27,853 | 28,252 |
| Ceded premiums written | 304 | 389 | 763 | 761 | 99 | 128 | 242 | 237 | 1,408 | 1,515 |
| Change in unearned premiums – Ceded share | -2 | -7 | 25 | 35 | - | - | 33 | 39 | 56 | 67 |
| Earned premiums – Ceded | 306 | 396 | 738 | 726 | 99 | 128 | 209 | 198 | 1,352 | 1,448 |
| Net earned premiums | 4,993 | 4,794 | 9,736 | 9,428 | 8,318 | 8,954 | 3,454 | 3,628 | 26,501 | 26,804 |

¹After elimination of intra-Group transactions across segments.

| All figures in €m ¹ | Reinsurance | | | | Primary insurance | | | | Total | |
|--|-----------------|--------------|-------------------|--------------|-------------------|--------------|-------------------|--------------|--------------|--------------|
| | Life and health | | Property-casualty | | Life and health | | Property-casualty | | Q3 2006 | Q3 2005 |
| | Q3 2006 | Q3 2005 | Q3 2006 | Q3 2005 | Q3 2006 | Q3 2005 | Q3 2006 | Q3 2005 | | |
| Gross premiums written | 1,760 | 1,728 | 3,413 | 3,398 | 2,758 | 2,944 | 1,086 | 1,175 | 9,017 | 9,245 |
| Change in unearned premiums – Gross | 27 | -28 | -77 | -64 | -12 | -11 | -171 | -86 | -233 | -189 |
| Gross earned premiums | 1,733 | 1,756 | 3,490 | 3,462 | 2,770 | 2,955 | 1,257 | 1,261 | 9,250 | 9,434 |
| Ceded premiums written | 85 | 185 | 310 | 246 | 29 | 44 | 17 | 60 | 441 | 535 |
| Change in unearned premiums – Ceded share | 9 | -2 | 48 | 18 | - | -1 | -54 | 20 | 3 | 35 |
| Earned premiums – Ceded | 76 | 187 | 262 | 228 | 29 | 45 | 71 | 40 | 438 | 500 |
| Net earned premiums | 1,657 | 1,569 | 3,228 | 3,234 | 2,741 | 2,910 | 1,186 | 1,221 | 8,812 | 8,934 |

¹After elimination of intra-Group transactions across segments.

Investment income and expenses by segment

| All figures in €m ¹ | Reinsurance | | | | Primary insurance | | | | Asset management | | Total | |
|--|-----------------|--------------|-------------------|--------------|-------------------|--------------|-------------------|--------------|------------------|--------------|--------------|--------------|
| | Life and health | | Property-casualty | | Life and health | | Property-casualty | | Q1-3 2006 | Q1-3 2005 | Q1-3 2006 | Q1-3 2005 |
| | Q1-3 2006 | Q1-3 2005 | Q1-3 2006 | Q1-3 2005 | Q1-3 2006 | Q1-3 2005 | Q1-3 2006 | Q1-3 2005 | | | | |
| Investment income | | | | | | | | | | | | |
| Regular income | 888 | 1,007 | 1,546 | 1,248 | 3,196 | 3,331 | 288 | 279 | 38 | 36 | 5,956 | 5,901 |
| Income from write-ups | 33 | 34 | 148 | 121 | 173 | 197 | 4 | 2 | - | - | 358 | 354 |
| Gains on the disposal of investments | 290 | 327 | 1,266 | 1,197 | 1,436 | 1,541 | 221 | 250 | 3 | 2 | 3,216 | 3,317 |
| Other income | - | - | - | - | 60 | 151 | - | - | - | - | 60 | 151 |
| | 1,211 | 1,368 | 2,960 | 2,566 | 4,865 | 5,220 | 513 | 531 | 41 | 38 | 9,590 | 9,723 |
| Investment expenses | | | | | | | | | | | | |
| Write-downs of investments | 64 | 39 | 292 | 157 | 701 | 489 | 17 | 20 | 1 | 1 | 1,075 | 706 |
| Losses on the disposal of investments | 87 | 32 | 393 | 129 | 473 | 190 | 42 | 34 | - | 11 | 995 | 396 |
| Management expenses, interest charges and other expenses | 35 | 51 | 140 | 194 | 322 | 295 | 24 | 24 | 6 | 5 | 527 | 569 |
| | 186 | 122 | 825 | 480 | 1,496 | 974 | 83 | 78 | 7 | 17 | 2,597 | 1,671 |
| Total | 1,025 | 1,246 | 2,135 | 2,086 | 3,369 | 4,246 | 430 | 453 | 34 | 21 | 6,993 | 8,052 |

¹After elimination of intra-Group transactions across segments.

| All figures in €m ¹ | Reinsurance | | | | Primary insurance | | | | Asset management | | Total | |
|--|-----------------|------------|-------------------|--------------|-------------------|--------------|-------------------|------------|------------------|----------|--------------|--------------|
| | Life and health | | Property-casualty | | Life and health | | Property-casualty | | Q3 2006 | Q3 2005 | Q3 2006 | Q3 2005 |
| | Q3 2006 | Q3 2005 | Q3 2006 | Q3 2005 | Q3 2006 | Q3 2005 | Q3 2006 | Q3 2005 | | | | |
| Investment income | | | | | | | | | | | | |
| Regular income | 253 | 206 | 526 | 510 | 958 | 1,063 | 81 | 87 | 11 | 11 | 1,829 | 1,877 |
| Income from write-ups | 23 | 2 | 105 | 13 | 141 | 109 | 1 | - | - | - | 270 | 124 |
| Gains on the disposal of investments | 72 | 163 | 317 | 665 | 333 | 595 | 28 | 107 | 1 | 2 | 751 | 1,532 |
| Other income | - | - | - | - | 37 | 62 | - | - | - | - | 37 | 62 |
| | 348 | 371 | 948 | 1,188 | 1,469 | 1,829 | 110 | 194 | 12 | 13 | 2,887 | 3,595 |
| Investment expenses | | | | | | | | | | | | |
| Write-downs of investments | 18 | 11 | 77 | 43 | 86 | 137 | 6 | 3 | - | 1 | 187 | 195 |
| Losses on the disposal of investments | 24 | 7 | 115 | 40 | 151 | 52 | 18 | 17 | - | 2 | 308 | 118 |
| Management expenses, interest charges and other expenses | 11 | 22 | 50 | 73 | 82 | 94 | 11 | 13 | 2 | 2 | 156 | 204 |
| | 53 | 40 | 242 | 156 | 319 | 283 | 35 | 33 | 2 | 5 | 651 | 517 |
| Total | 295 | 331 | 706 | 1,032 | 1,150 | 1,546 | 75 | 161 | 10 | 8 | 2,236 | 3,078 |

¹After elimination of intra-Group transactions across segments.

Expenses for claims and benefits

| | Reinsurance | | | | Primary insurance | | | | Total | |
|--|-----------------|--------------|-------------------|--------------|-------------------|---------------------------|-------------------|---------------------------|---------------|---------------------------|
| | Life and health | | Property-casualty | | Life and health | | Property-casualty | | Q1-3 2006 | Q1-3 2005 ² |
| | Q1-3 2006 | Q1-3 2005 | Q1-3 2006 | Q1-3 2005 | Q1-3 2006 | Q1-3 2005 ² | Q1-3 2006 | Q1-3 2005 ² | | |
| All figures in €m ¹ | | | | | | | | | | |
| Gross | | | | | | | | | | |
| Claims and benefits paid | 3,642 | 3,958 | 5,881 | 6,186 | 6,944 | 7,302 | 2,023 | 2,142 | 18,490 | 19,588 |
| Change in underwriting provisions | | | | | | | | | | |
| – Provision for future policy benefits | 207 | 409 | 22 | 53 | 1,507 | 2,003 | 32 | 34 | 1,768 | 2,499 |
| – Provision for outstanding claims | 206 | –356 | 787 | 2,304 | 8 | 53 | 28 | 318 | 1,029 | 2,319 |
| – Provision for premium refunds | –1 | –10 | – | 3 | 1,538 | 1,630 | 14 | 11 | 1,551 | 1,634 |
| Other underwriting result | –4 | – | 50 | 10 | 151 | 550 | 3 | 14 | 200 | 574 |
| Gross expenses for claims and benefits | 4,050 | 4,001 | 6,740 | 8,556 | 10,148 | 11,538 | 2,100 | 2,519 | 23,038 | 26,614 |
| Ceded share | | | | | | | | | | |
| Claims and benefits paid | 147 | 138 | 492 | 709 | 48 | 68 | 155 | 144 | 842 | 1,059 |
| Change in underwriting provisions | | | | | | | | | | |
| – Provision for future policy benefits | 50 | 93 | – | – | 60 | 69 | – | – | 110 | 162 |
| – Provision for outstanding claims | 27 | 73 | –81 | 89 | –8 | – | –34 | 98 | –96 | 260 |
| – Provision for premium refunds | – | – | – | – | – | – | – | – | – | – |
| Other underwriting result | – | – | – | – | – | – | –1 | 11 | –1 | 11 |
| Ceded share of expenses for claims and benefits | 224 | 304 | 411 | 798 | 100 | 137 | 120 | 253 | 855 | 1,492 |
| Net | | | | | | | | | | |
| Claims and benefits paid | 3,495 | 3,820 | 5,389 | 5,477 | 6,896 | 7,234 | 1,868 | 1,998 | 17,648 | 18,529 |
| Change in underwriting provisions | | | | | | | | | | |
| – Provision for future policy benefits | 157 | 316 | 22 | 53 | 1,447 | 1,934 | 32 | 34 | 1,658 | 2,337 |
| – Provision for outstanding claims | 179 | –429 | 868 | 2,215 | 16 | 53 | 62 | 220 | 1,125 | 2,059 |
| – Provision for premium refunds | –1 | –10 | – | 3 | 1,538 | 1,630 | 14 | 11 | 1,551 | 1,634 |
| Other underwriting result | –4 | – | 50 | 10 | 151 | 550 | 4 | 3 | 201 | 563 |
| Net expenses for claims and benefits | 3,826 | 3,697 | 6,329 | 7,758 | 10,048 | 11,401 | 1,980 | 2,266 | 22,183 | 25,122 |

¹After elimination of intra-Group transactions across segments.

²Adjusted owing to first-time application of IAS 19 (rev. 2004).

Expenses for claims and benefits

| All figures in €m ¹ | Reinsurance | | | | Primary insurance | | | | Total | |
|--|-----------------|--------------|-------------------|--------------|-------------------|----------------------|-------------------|------------|--------------|----------------------|
| | Life and health | | Property-casualty | | Life and health | | Property-casualty | | Q3 2006 | Q3 2005 ² |
| | Q3 2006 | Q3 2005 | Q3 2006 | Q3 2005 | Q3 2006 | Q3 2005 ² | Q3 2006 | Q3 2005 | Q3 2006 | Q3 2005 ² |
| Gross | | | | | | | | | | |
| Claims and benefits paid | 817 | 1,844 | 2,147 | 2,088 | 2,293 | 2,410 | 665 | 672 | 5,922 | 7,014 |
| Change in underwriting provisions | | | | | | | | | | |
| – Provision for future policy benefits | 73 | 116 | 12 | 4 | 479 | 567 | 12 | 15 | 576 | 702 |
| – Provision for outstanding claims | 473 | –623 | 29 | 1,629 | 10 | 12 | 2 | 276 | 514 | 1,294 |
| – Provision for premium refunds | –1 | – | 2 | 1 | 606 | 517 | 5 | 6 | 612 | 524 |
| Other underwriting result | 3 | –3 | 14 | 10 | 70 | 430 | 3 | 10 | 90 | 447 |
| Gross expenses for claims and benefits | 1,365 | 1,334 | 2,204 | 3,732 | 3,458 | 3,936 | 687 | 979 | 7,714 | 9,981 |
| Ceded share | | | | | | | | | | |
| Claims and benefits paid | –39 | 31 | 186 | 223 | 12 | 20 | 77 | 36 | 236 | 310 |
| Change in underwriting provisions | | | | | | | | | | |
| – Provision for future policy benefits | 42 | 76 | – | – | 24 | 32 | – | – | 66 | 108 |
| – Provision for outstanding claims | 57 | 54 | –22 | 217 | – | –1 | –62 | 139 | –27 | 409 |
| – Provision for premium refunds | – | – | – | – | – | –5 | – | – | – | –5 |
| Other underwriting result | – | – | – | – | – | 1 | 1 | – | 1 | 1 |
| Ceded share of expenses for claims and benefits | 60 | 161 | 164 | 440 | 36 | 47 | 16 | 175 | 276 | 823 |
| Net | | | | | | | | | | |
| Claims and benefits paid | 856 | 1,813 | 1,961 | 1,865 | 2,281 | 2,390 | 588 | 636 | 5,686 | 6,704 |
| Change in underwriting provisions | | | | | | | | | | |
| – Provision for future policy benefits | 31 | 40 | 12 | 4 | 455 | 535 | 12 | 15 | 510 | 594 |
| – Provision for outstanding claims | 416 | –677 | 51 | 1,412 | 10 | 13 | 64 | 137 | 541 | 885 |
| – Provision for premium refunds | –1 | – | 2 | 1 | 606 | 522 | 5 | 6 | 612 | 529 |
| Other underwriting result | 3 | –3 | 14 | 10 | 70 | 429 | 2 | 10 | 89 | 446 |
| Net expenses for claims and benefits | 1,305 | 1,173 | 2,040 | 3,292 | 3,422 | 3,889 | 671 | 804 | 7,438 | 9,158 |

¹After elimination of intra-Group transactions across segments.

²Adjusted owing to first-time application of IAS 19 (rev. 2004).

Operating expenses

| All figures in €m ¹ | Reinsurance | | | | Primary insurance | | | | Total | |
|--|-----------------|--------------|-------------------|--------------|-------------------|---------------------------|-------------------|---------------------------|--------------|---------------------------|
| | Life and health | | Property-casualty | | Life and health | | Property-casualty | | Q1-3 2006 | Q1-3 2005 ² |
| | Q1-3 2006 | Q1-3 2005 | Q1-3 2006 | Q1-3 2005 | Q1-3 2006 | Q1-3 2005 ² | Q1-3 2006 | Q1-3 2005 ² | | |
| Acquisition costs | -13 | -58 | 52 | 13 | 834 | 1,036 | 734 | 709 | 1,607 | 1,700 |
| Management expenses | 185 | 174 | 579 | 557 | 312 | 376 | 487 | 526 | 1,563 | 1,633 |
| Amortisation of PVFP | 1 | 2 | - | - | 14 | 37 | - | - | 15 | 39 |
| Reinsurance commission and profit commission | 1,358 | 1,417 | 2,156 | 2,217 | 16 | 16 | 7 | 12 | 3,537 | 3,662 |
| Gross operating expenses | 1,531 | 1,535 | 2,787 | 2,787 | 1,176 | 1,465 | 1,228 | 1,247 | 6,722 | 7,034 |
| Ceded share of acquisition costs | -16 | -2 | -7 | -3 | 31 | 3 | -3 | 2 | 5 | - |
| Commission received on ceded business | 97 | 125 | 205 | 191 | -10 | 14 | 30 | 29 | 322 | 359 |
| Operating expenses - Ceded share | 81 | 123 | 198 | 188 | 21 | 17 | 27 | 31 | 327 | 359 |
| Net operating expenses | 1,450 | 1,412 | 2,589 | 2,599 | 1,155 | 1,448 | 1,201 | 1,216 | 6,395 | 6,675 |

¹After elimination of intra-Group transactions across segments.

²Adjusted owing to first-time application of IAS 19 (rev. 2004).

| All figures in €m ¹ | Reinsurance | | | | Primary insurance | | | | Total | |
|--|-----------------|------------|-------------------|------------|-------------------|----------------------|-------------------|----------------------|--------------|----------------------|
| | Life and health | | Property-casualty | | Life and health | | Property-casualty | | Q3 2006 | Q3 2005 ² |
| | Q3 2006 | Q3 2005 | Q3 2006 | Q3 2005 | Q3 2006 | Q3 2005 ² | Q3 2006 | Q3 2005 ² | | |
| Acquisition costs | 4 | -12 | 57 | 13 | 272 | 299 | 259 | 223 | 592 | 523 |
| Management expenses | 60 | 57 | 215 | 174 | 101 | 126 | 163 | 159 | 539 | 516 |
| Amortisation of PVFP | - | - | - | - | 5 | 7 | - | - | 5 | 7 |
| Reinsurance commission and profit commission | 450 | 519 | 667 | 725 | 5 | 5 | 3 | 5 | 1,125 | 1,254 |
| Gross operating expenses | 514 | 564 | 939 | 912 | 383 | 437 | 425 | 387 | 2,261 | 2,300 |
| Ceded share of acquisition costs | -1 | -6 | -9 | -6 | 3 | 16 | 2 | 3 | -5 | 7 |
| Commission received on ceded business | 14 | 80 | 67 | 55 | -5 | 6 | 13 | 10 | 89 | 151 |
| Operating expenses - Ceded share | 13 | 74 | 58 | 49 | -2 | 22 | 15 | 13 | 84 | 158 |
| Net operating expenses | 501 | 490 | 881 | 863 | 385 | 415 | 410 | 374 | 2,177 | 2,142 |

¹After elimination of intra-Group transactions across segments.

²Adjusted owing to first-time application of IAS 19 (rev. 2004).

Number of staff

The number of staff employed by the Group as at 30 September 2006 totalled 25,724 (27,063) in Germany and 11,064 (10,890) in other countries.

| | 30.9.2006 | 31.12.2005 |
|-----------------------------|---------------|---------------|
| Reinsurance companies | 6,860 | 6,798 |
| Primary insurance companies | 29,160 | 30,465 |
| Asset management | 768 | 690 |
| Total | 36,788 | 37,953 |

Contingent liabilities, other financial commitments

In comparison with the situation at 31 December 2005, there have been no material changes in financial commitments of significance for the assessment of the Group's financial position. No contingent liabilities have been entered into for the benefit of Board members.

Earnings per share

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

| | | Q1-3 2006 | Q1-3 2005 ¹ | Q3 2006 | Q3 2005 ¹ |
|--|----|--------------|------------------------|-------------|----------------------|
| Consolidated result attributable to Munich Re equity holders | €m | 2,799 | 1,340 | 715 | 494 |
| Weighted average number of shares | | 227,798,199 | 228,287,183 | 227,500,163 | 227,992,836 |
| Earnings per share | € | 12.29 | 5.87 | 3.15 | 2.17 |

¹Adjusted owing to first-time application of IAS 19 (rev. 2004).

Events after the balance sheet date

The acquisition by ERGO of a majority stake in the Turkish insurance group Isviçre, which was agreed on 24 July 2006, became legally effective at the beginning of October after the competent Turkish authorities had given the requisite approvals. ERGO thus holds a 65.1% stake in the Isviçre Group. Further shares will shortly be acquired, raising ERGO's future shareholding to 75%. The total purchase price will amount to €213.8m. The group includes Turkey's fifth-largest property-casualty insurer (Isviçre Sigorta), which focuses on personal lines business, but it also operates in the strongly growing segments of life and health. Isviçre will be consolidated in our financial statements as from the fourth quarter of 2006. At present, its incorporation into our Group-wide reporting processes is not yet concluded, so that the furnishing of detailed figures is currently not possible.

The Group plans to sell a significant portion of its German real estate. The items involved are office, commercial and residential buildings located mainly in large cities but also in medium-sized centres. The intended sale will be carried out using a bidding process. As it is not yet sufficiently certain whether the prices expected by the Group can be achieved on the market, it is currently open whether the items will actually be sold.

At its meeting on 7 November 2006, the Board of Management resolved to buy back Munich Re shares via the stock exchange up to the 2007 Annual General Meeting. The buy-back volume is limited to one billion euros, and the intention is to retire the shares after acquisition.

Important dates

| | |
|-----------------|--|
| 19 March 2007 | Balance sheet meeting of the Supervisory Board |
| 20 March 2007 | Annual report for the business year 2006 |
| 20 March 2007 | Balance sheet press conference |
| 21 March 2007 | Analysts' conference |
| 26 April 2007 | Annual General Meeting |
| 7 May 2007 | Interim report at 31 March 2007 |
| 6 August 2007 | Interim report at 30 June 2007 |
| 5 November 2007 | Interim report at 30 September 2007 |

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

Service for investors and analysts

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

Tel.: (0 1802) 22 62 10

E-mail: shareholder@munichre.com

If you are an institutional investor or analyst, please contact our investor relations team:

Tel.: +49 (89) 38 91-39 01

Fax: +49 (89) 38 91-98 88

E-mail: investorrelations@munichre.com

Service for media

Journalists receive information from our Press Division:

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