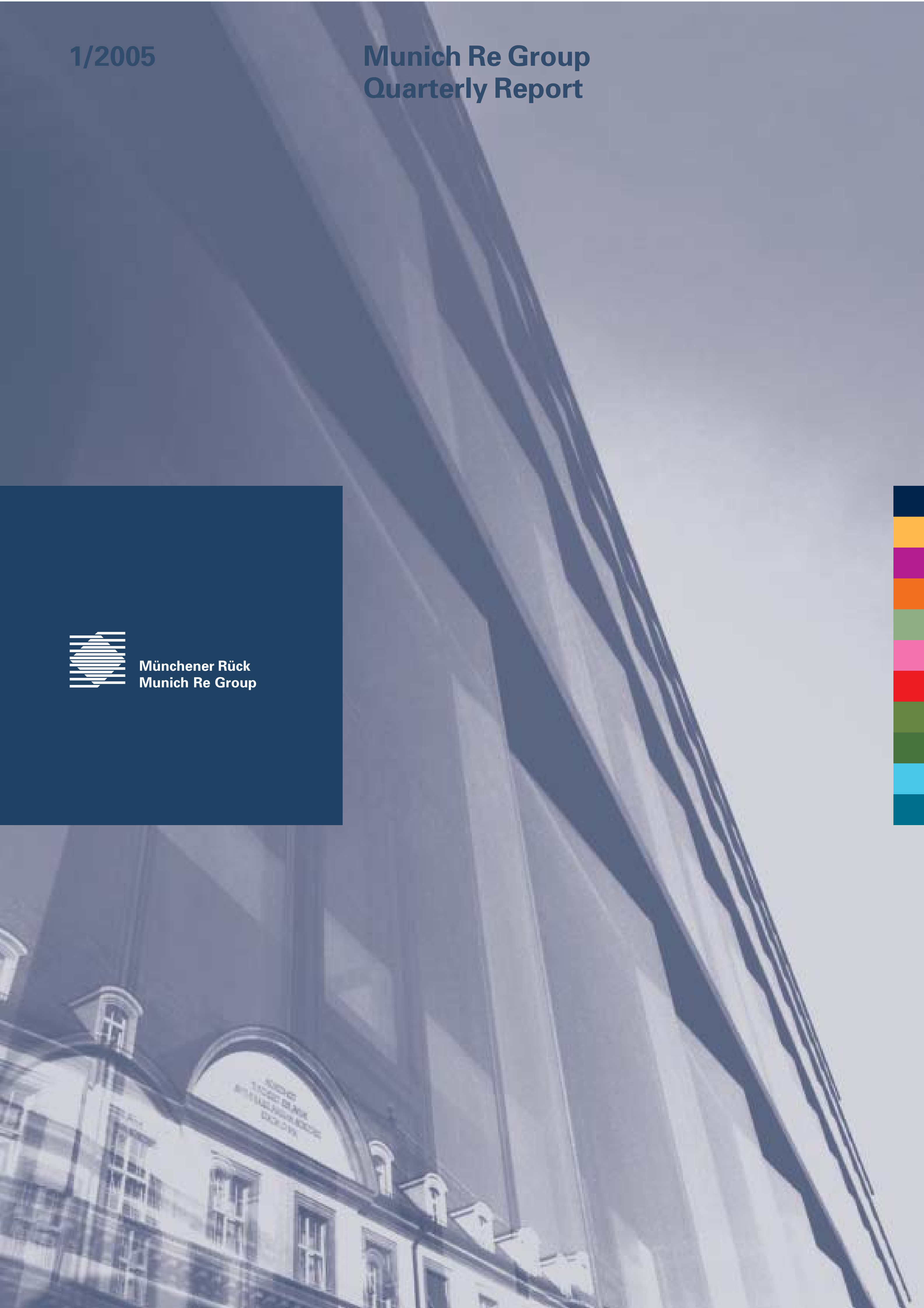
1/2005

Munich Re Group
Quarterly Report



Münchener Rück
Munich Re Group

Supervisory Board

Dr. Hans-Jürgen Schinzler (Chairman)

Board of Management

Dr. Nikolaus von Bomhard (Chairman)

Georg Daschner

Dr. Heiner Hasford

Stefan Heyd

Dr. Torsten Jeworrek

Christian Kluge

John Phelan

Dr. Detlef Schneidawind

Dr. Jörg Schneider

Karl Wittmann

125 years
Preferred partner in risk

Key figures for the Munich Re Group

		Q1 2005	Q1 2004	Change in %
Gross premiums written	€m	**10,160**	10,358	–1.9
Result before amortisation of goodwill	€m	**1,132**	962*	17.7
Consolidated result	€m	**688**	543*	26.7
Thereof attributable to minority interests	€m	**12**	9	33.3
Earnings per share	€	**2.96**	2.33	27.0

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

		31.3.2005	31.12.2004	Change in %
Investments	€m	**179,328**	178,132	0.7
Shareholders' equity	€m	**21,339**	20,737*	2.9
Net underwriting provisions	€m	**158,386**	154,327	2.6
Staff		**40,846**	40,962	–0.3
Share price	€	**92.94**	90.45	2.8

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

Contents

To our shareholders

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

Dear Shareholders,

Less than two weeks before publication of this quarterly report, my colleagues on the Board of Management and I reported to you on your Company at Munich Re's Annual General Meeting. We answered your questions and dealt with the points you raised. However, on 28 April I was unable to give you any information on the results for the first quarter of 2005, it being less than a month since the quarter had ended. We now have data of the requisite quality and accuracy for this.

As you know, we want to make the development of our business transparent for you as promptly as we can. In reporting now, in the first half of May, we have reached the limits of what is possible.

The advances made in prompt reporting are the result of a continual improvement in our consolidated accounting and require the appropriate infrastructures and systems. The related processes have been developed and operate in the background, more or less invisible for you. They nevertheless have a high priority for us. For along with controlling and actively managing risk as the underlying object of our business, I see the continual optimisation of administration systems – and especially methods and tools for business management – as one of the "cardinal virtues" that a successful insurer or reinsurer must possess. And accounting is at the very heart of this.

It is well known that quarterly figures, particularly for a reinsurer, are only of limited value, and this applies even more to the results of the first quarter of each business year. You have a legitimate claim to up-to-date information, but unfortunately it is not possible to give any really well-founded projections for the course of the whole business year after the first three months of the risk period. Renewed evidence of this was provided by our experience last year: it was not until well into the second half of the business year that an accumulation of severe natural catastrophes occurred, exceeding the statistical expectation for a single year.

Please bear this in mind when reading the figures in this quarterly report. They lie within the expected ambitious corridor for both primary insurance and reinsurance. The quarterly profit of €688m is extremely pleasing. The only slight aberration is that in reinsurance, unlike in the last three years, we have recorded higher claims costs for major losses in the first three months, including €70m from the European winter storm Erwin and €35m from the Madrid skyscraper fire. At 96.5% (96.3%), the combined ratio in property-casualty reinsurance is therefore slightly higher than in the comparable period last year, though still better than our target of 97% for the business year as a whole. It speaks for the quality of our basic business, which we improved further overall in the renewals of reinsurance treaties for 2005, that a higher incidence of major losses is only marginally apparent in the combined ratio. The most recent treaty renewals in Japan and Korea also went according to plan. I have thus no reason to doubt that we are on course for achieving our profitability objective, with a return on equity of 12% after taxes on income in the business year 2005.

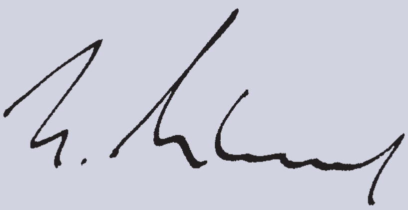
Ladies and gentlemen, Munich Re's 125th anniversary is an ideal occasion to demonstrate once again that we do not just pay lip service to the idea of social responsibility, which is something to which we have always felt committed. Therefore, at a gala event on 7 April 2005, we publicly announced the creation of the Munich Re Foundation with a capital of €50m. After 125 years of successful operations around the globe, our aim with this foundation is to give something back to people throughout the world who are threatened by a wide spectrum of risks. In the course of Munich Re's history, we have built up a unique fund of knowledge and outstanding competence in all aspects of risk. We want to share this knowledge and utilise it even more widely for the benefit of society.

The foundation will support projects that contribute to the better management of global risks arising from developments such as population growth, urbanisation, water scarcity, and climate and environmental changes. This year, the foundation will be setting up a "Munich Re Foundation Chair on Social Vulnerability" at the UN University's Institute for Environment and Human Security in Bonn. This will concern itself with topics like risk perception and disaster prevention among people and societies of different cultures. The foundation intends to help examine overarching aspects of these and related issues from various perspectives in order to then work out sustainable solutions for risk management.

On the occasion of our anniversary, we are also presenting risk from another angle. The exhibition “CHANCE : RISIKO” can be viewed at the Haus der Kunst in Munich from 1 July to 1 November 2005. The exhibition shows risk as something that accompanies us throughout our lives. It aims to open people’s eyes to the need to approach the risks we are exposed to every day with an open mind in order to reduce threats and grasp opportunities. I very much hope you have the chance to visit this exhibition.

You see, in our anniversary year, risk continues to be at the centre of everything, in keeping with our motto of turning risk into value. With this simple, clear business model, we aim to ensure that we meet your expectations of a sustained adequate return and growth in the capital you have invested in Munich Re.

Yours sincerely,



Key parameters

- **Robust but slightly decelerating economic growth worldwide**
- **Growth driven by USA and Asia**
- **Further interest-rate increases in the USA**

As expected, growth in the global economy has slowed slightly compared with last year. The eurozone has again produced few impulses, whereas the USA continues to show vigorous economic development.

Favoured by a supportive fiscal and monetary policy, seasonally adjusted GDP in the USA increased in real terms at an annualised rate of 3.1% according to initial estimates, albeit below the figure of 4.4% for 2004 as a whole.

In the eurozone, early indicators signal only subdued economic activity in the first quarter. The performance of the economy in Germany is still below par. In April, the German ifo business climate index – much heeded as an early indicator – declined for the third time in succession. This is probably due not least to the increase in the number of unemployed to over five million in the first quarter, even though this figure is partly attributable to statistical changes (Hartz IV reform). As in the global economy as a whole, growth in the emerging markets remained robust. Strong impulses continue to come from China and the economy in Japan picked up compared with the situation at the end of last year.

As a result of high demand and limited supply, the oil price maintained its upward trend, reaching over US$ 53 per barrel in March and thus even surpassing its record high of last autumn.

On the foreign exchange markets, the US dollar recovered somewhat compared with the beginning of the year and stood at US$ 1.30 per euro on 31 March. Given the dynamics of the US economy, the Federal Reserve continued its policy of increasing the federal funds rate with quarter per cent rises to 3.00%, whereas the European Central Bank left its main refinancing interest rate unchanged at 2.00%. In this environment, long-term interest rates rose further in the USA, whilst in Germany they barely changed compared with the start of the year.

The most important European and Asian share price indices moved upwards, especially in February, and despite a weaker March closed the quarter slightly up on their position at the beginning of the reporting period. Share prices in the USA, on the other hand, fell slightly in the first three months of the year, despite also showing a positive trend in February.

For the rest of the year, we expect the economy in the USA to slow down further, owing to waning impulses from monetary and fiscal policy. Parallel to this, there is likely to be a moderate decline in the growth rate of emerging-market economies. In the eurozone, too, we have to reckon with only subdued economic growth owing to the slowdown in export demand. Major risk factors for the world economy continue to be substantial global imbalances, such as the high US current account deficit, and geopolitical threats.

Business experience from 1 January to 31 March 2005

Reinsurance

- **Successful round of renewals at 1 January 2005**
- **Selective underwriting policy still geared to profitability**
- **Premium volume therefore slightly down**
- **Good combined ratio of 96.5% despite above-average claims costs for major losses**
- **Pleasing Group result of €601m**

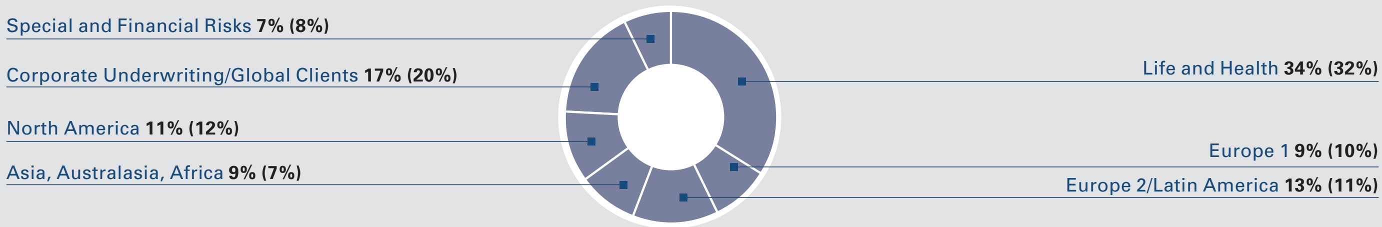
Following last year's excellent result, the Munich Re Group's reinsurance business also performed pleasingly in the first quarter of 2005. This is reflected in the operating result which, at €942m (790m)*, remains at a high level. The consolidated result after finance costs and taxes on income totalled €601m (503m).

Our annual renewals of reinsurance treaties as at 1 January 2005 remained characterised by a selective, profitability-oriented underwriting policy. We continue to be willing to sacrifice premium volume where conditions are unsatisfactory or prices are not risk-adequate.

Although reinsurance capacities are rising due to the currently positive market environment, the significant improvements in prices or conditions from prior renewals have proven necessary and therefore sustainable in most insurance markets and lines of business. Nevertheless, premiums came under pressure in property insurance, particularly with claims-free treaties, whereas the pricing structure in liability, personal accident and marine insurance remained largely unchanged. Premiums for natural hazards covers in the regions most recently affected rose in part, buoyed by the considerable natural catastrophe losses of the previous year, which once again served as a reminder of the necessity for risk-adequate prices and conditions. We improved the risk structure of our portfolio and with it our earnings quality.

As a consequence of our selective underwriting policy, our premium income of €5.8bn (6.2bn) was 5.3% below the previous year's level. The strong euro continued to have a slightly curbing effect; without the effects of changes in exchange rates, the decline would have been only 4.8%. In the life and health segment, our premium income of €1.92bn reached almost the same high level as last year (€1.94bn). In health reinsurance, isolated cancellations and reductions in shares led to a decline in premium, whereas in life business there was a small rise. Premium reductions in property-casualty reinsurance caused income to fall by 7.5% to €3.9bn (4.2bn). There were two main reasons for this: the scheduled withdrawal from the net quota share treaty with Royal & SunAlliance, which was not renewed at 1 January 2005, and the termination of US business in areas where we could not implement our requirements with regard to prices and conditions. We partially offset these losses in premium by acquiring attractive new business in Asia.

Gross premiums by division Q1 2005



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

Compared with the respective reporting periods in prior years, the underwriting result in the property-casualty segment was characterised by countervailing trends. Whilst we had not been affected by natural catastrophe losses in the first quarters of the last three years, losses from the winter storm Erwin, which hit northern Europe at the beginning of January 2005, impacted our quarterly result with about €70m. The fire in Madrid's Windsor Tower caused another major loss of €35m. In credit business, which performed well in the previous year, we had to cope with major losses at the beginning of 2005. In our property-casualty business, these above-average costs for major losses were offset by the distinct improvements in the quality of our portfolio. The combined ratio stood at 96.5% (96.3%) at the end of the first three months of the business year, and was thus within our target of 97% for 2005 as a whole.

Our reinsurers' investment result amounted to €1,014m (771m) in the first quarter. It was mainly influenced by lower writedowns and losses on disposals, and by higher gains on the disposal of investments as part of the reduction of our portfolio of participating interests.

Reinsurance

		Q1 2005	Q1 2004
Gross premiums written	€bn	**5.8**	6.2
Loss ratio non-life	%	**69.1**	68.9
Expense ratio non-life	%	**27.4**	27.4
Combined ratio non-life	%	**96.5**	96.3
Thereof natural catastrophes	Percentage points	**2.4**	–
Result before amortisation of goodwill	€m	**942**	809

		31.3.2005	31.12.2004
Investments	€bn	**81.9**	81.2
Net underwriting provisions	€bn	**60.3**	58.2

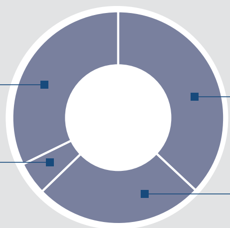
Primary insurance

- **Despite the harsh winter, combined ratio under 100%**
- **Investment result significantly improved**
- **Group result of €121m markedly higher than in the same period last year**

The primary insurers in the Munich Re Group – in particular ERGO, Karlsruher, Europäische Reiseversicherung and the Watkins Syndicate – made a satisfactory start to the year. The operating result improved to €198m (126m) compared with the same period last year. At €121m (55m) after finance costs and taxes on income, the consolidated result was also markedly higher than in the same quarter last year.

Premiums across all classes of business remained at last year's level of €4.9bn. In the life and health segment, growth amounted to more than 3.9%, whereas premiums in property-casualty (including legal expenses insurance) declined by 6.3%. The combined ratio was 99.1%, partly due to the harsh winter and several windstorms in northern and eastern Europe.

Gross premiums by class of insurance Q1 2005



Compared with the same period in the previous year, our life insurers recorded premium income of €1.84bn (1.83bn) in the first quarter of 2005. This 0.4% increase is also due to the good new regular-premium business acquired in our home market of Germany in the fourth quarter of 2004, which now influences our written premiums. The anticipatory effects in the run-up to the German Retirement Income Act were followed – as expected – by a decline in new business at the beginning of 2005, especially since agents were being trained for the new products arising from this Act. We doubled the amount of new business in unit-linked products. Partly for this reason, the increase in overall premium income was considerably higher than in premiums written.

In the growth market of company pensions insurance, corporate pensions schemes were again the most popular product. Here, written premiums and new business grew strongly. We are excellently positioned in this area thanks to the corporate pension schemes of Victoria and Hamburg-Mannheimer. The new legal provisions applying to the German life insurance market offer huge potential for further sustained growth, among other things because Germany has a substantial amount of catching-up to do with regard to supplementing state pension insurance with private and company pension products.

In health insurance, our premium income rose significantly by 9.2% to €1.3bn (1.2bn) in the first quarter of 2005. Especially in Germany, we appreciably expanded our portfolio of supplementary benefits compared with the same period last year. Here, the consequences of the gaps in the state health insurance coverage are becoming increasingly obvious, as is the success of our companies' cooperation with statutory health insurers.

The integration of Zürich Krankenversicherung AG in DKV Deutsche Krankenversicherung AG was finalised in the first quarter of the year. The corresponding entries in the commercial registers of Cologne and Berlin made the legal merger effective.

In property-casualty insurance, premium income fell to €1.8bn (1.9bn), this decline being chiefly attributable to changes in premium due dates at Watkins Syndicate. In motor insurance, price competition intensified. Even if we introduce a new tariff in summer that takes greater account of customers' individual risk aspects, we will remain true to our principle of "profitability before growth".

The harsh winter and storms of the last few months had a considerable impact on overall claims development. Therefore and due to a temporary increase in the expense ratio, the combined ratio for property-casualty business (including legal expenses insurance) was higher at 99.1% (95.4%).

The investment result improved substantially, totalling €1.5bn compared with €1.1bn in the first quarter of 2004. In March, ERGO sold its 9.2% stake in BHW to Deutsche Postbank AG, thereby consistently cutting back its investments in the financial sector. At the same time, it entered into a marketing cooperation with Postbank AG. Postbank's 400 financial planners now also sell the insurance products offered by the Hamburg-Mannheimer companies and DKV as well as the fund products provided by our asset manager MEAG. The fund products are also available on Postbank's internet platform and from its call centres.

Primary insurance

		Q1 2005	Q1 2004
Gross premiums written	€bn	**4.9**	4.9
Loss ratio property-casualty	%	**61.9**	59.6
Expense ratio property-casualty	%	**37.1**	35.0
Combined ratio property-casualty	%	**99.0**	94.6
Combined ratio legal expenses	%	**99.6**	98.5
Combined ratio property-casualty including legal expenses	%	**99.1**	95.4
Result before amortisation of goodwill	€m	**198**	162

		31.3.2005	31.12.2004
Investments	€bn	**115.1**	115.2
Net underwriting provisions	€bn	**98.1**	96.1

Key figures of the ERGO insurance Group

		Q1 2005	Q1 2004
Gross premiums written	€m	**4,337**	4,203
Investment result	€m	**1,354**	1,046
Expenses for claims and benefits	€m	**3,759**	3,458
Operating expenses	€m	**796**	670
Loss ratio property-casualty	%	**61.2**	59.5
Expense ratio property-casualty	%	**35.3**	33.3
Combined ratio property-casualty	%	**96.5**	92.8
Combined ratio legal expenses	%	**99.6**	98.5
Combined ratio property-casualty including legal expenses	%	**97.3**	94.1
Result before amortisation of goodwill	€m	**147**	150
Consolidated result	€m	**69**	55

		31.3.2005	31.12.2004
Investments	€m	**96,739**	97,001
Shareholders' equity	€m	**3,691**	3,508
Net underwriting provisions	€m	**85,901**	84,234

Asset management

- **Gains in European equities**
- **Sideways movement in the bond markets**
- **Investment result influenced above all by realised capital gains**

The international stock markets made a good start to the new year, although the gains on the European bourses contrasted with moderate losses on the US stock markets. Good company results and a favourable valuation based on the price/earnings ratio have made equity investments in Europe attractive, despite the strong increase in the oil price. The leading share price index for the eurozone, the EURO STOXX 50, closed the quarter at 3,056 points, just under 4% above the level registered at the beginning of the year.

In the USA, the clear rise in capital market interest rates prevented equities from performing positively in the first quarter. The S&P 500, the lead index of the US markets, fell 31 points to 1,181 in the same period of time, a decrease of just under 3%.

The bond markets also recorded gains at the beginning of the year. Emerging fears of inflation and rising Federal Reserve interest rates in the USA triggered a turnaround on the bond market starting in February. In the first quarter, the interest rates for ten-year US government bonds rose by 25 basis points to 4.48%. Compared with the low in February, they climbed by as much as 50 basis points.

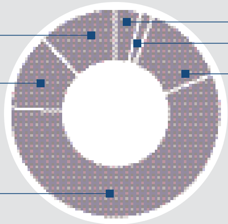
Despite weaker economic dynamics, interest rates in the eurozone rose in the US lead markets' undertow, albeit only momentarily. At the end of the quarter, the yields on ten-year German government bonds, which are significant for the eurozone, stood at 3.62%, dipping below the level of 3.68% registered at the beginning of the year. In February, they temporarily fell to 3.44%.

Investment mix

	Reinsurance				Primary insurance				Asset management		Total	
	Life and health		Property-casualty		Life and health		Property-casualty					
All figures in €m*	**31.3. 2005**	31.12. 2004	**31.3. 2005**	31.12. 2004	**31.3. 2005**	31.12. 2004	**31.3. 2005**	31.12. 2004	**31.3. 2005**	31.12. 2004	**31.3. 2005**	31.12. 2004
Real estate	**695**	731	**789**	928	**5,152**	6,634	**191**	710	**29**	43	**6,856**	9,046
Investments in affiliated enterprises	**14**	14	**17**	16	**46**	45	**68**	69	**12**	14	**157**	158
Investments in associated enterprises	**556**	625	**656**	753	**1,786**	1,726	**591**	543	**79**	78	**3,668**	3,725
Loans	**41**	40	**35**	34	**21,497**	19,279	**974**	929	**26**	28	**22,573**	20,310
Other securities held to maturity	**–**	–	**–**	–	**507**	518	**42**	44	**–**	–	**549**	562
Other securities available for sale												
– Fixed-interest	**15,832**	15,230	**24,316**	24,707	**56,652**	57,791	**4,588**	4,533	**64**	9	**101,452**	102,270
– Non-fixed-interest	**4,658**	4,373	**5,790**	5,473	**11,033**	10,822	**1,922**	1,999	**19**	19	**23,422**	22,686
Other securities held for trading												
– Fixed-interest	**–**	–	**–**	–	**62**	61	**308**	290	**–**	–	**370**	351
– Non-fixed-interest	**–**	–	**–**	–	**–**	–	**4**	5	**–**	–	**4**	5
– Derivatives	**63**	54	**71**	61	**242**	186	**8**	–	**–**	–	**384**	301
Other investments	**7,074**	6,818	**8,220**	8,354	**3,127**	2,913	**424**	260	**1,048**	373	**19,893**	18,718
Total	**28,933**	**27,885**	**39,894**	**40,326**	**100,104**	**99,975**	**9,120**	**9,382**	**1,277**	**564**	**179,328**	**178,132**

* After elimination of intra-Group reinsurance across segments.

Investment mix as at 31.3.2005 (31.12.2004)



As at 31 March 2005, the Munich Re Group's investments amounted to €179.3bn (178.1bn).

Our investment result in the first quarter totalled €2.5bn (1.9bn), a rise of 32.5%. This development was due in particular to the substantial increase in the result of disposals and a lower burden from writedowns on non-fixed-interest securities.

Since the yields on ten-year German government bonds at the end of the quarter closed at nearly the same level as at the beginning of the year, changes in market value had only a minor impact. The increase in interest rates on ten-year US government bonds in the first quarter of 2005 led to price losses on the bond market, but these were offset by price gains on the stock market.

In the first quarter of 2005, our asset management company MEAG posted improved net inflows from third-party business with retail funds compared with the same period last year. The success of retail business was mainly ascribable to above-average sales of bond funds. MEAG has assets under management of €2.4bn (2.3bn) in retail funds; in institutional business, investments as at 31 March 2005 stood at €2.5bn (2.3bn). As the asset manager of nearly all the investments of the insurance companies and corporate pension schemes belonging to the Munich Re Group, MEAG is familiar with the complex requirements of sophisticated clients. It once again also demonstrated this strength to other institutional investors in the market.

Prospects

- **Positive outcome of treaty renewals at beginning of April**
- **Decrease in premium income in reinsurance and moderate growth in primary insurance**
- **Overall premium volume of around €37.6bn expected**
- **RoE target of 12% after taxes on income**

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

Reinsurance

Following the pleasing outcome of the treaty renewals at 1 January 2005, we again focused on risk-adequate prices and conditions in the renewals in Japan and Korea at the beginning of April. In loss-affected sectors, we were able to increase prices, as expected. This was particularly necessary in property insurance. In the case of claims-free treaties, however, rates have come under pressure in some instances. Nevertheless, despite rising capacities worldwide, we have in general observed stable development and market behaviour commensurate with the risks, so that we expect a slight increase in premium income in both markets.

For the forthcoming renewals at 1 July for portions of the US and Latin American business and at 1 October for other US business, we expect competition and thus pressure on prices and conditions to persist. This applies especially to the US market, which is characterised by fiercer competition and greater volatility than in Europe, with a short-term-oriented buyer mentality. As everywhere, however, development will be very dependent on the particular classes of business, regions and client groups and may therefore vary strongly. With our underwriting experience, long-standing close ties with clients and well-diversified portfolio, we are well equipped for these challenges.

As far as loss reserves for past underwriting and accident years are concerned, there are still uncertainties in the USA, with a pronounced scope for estimation in individual lines of liability insurance business and particularly with regard to asbestos-related diseases.

If claims costs remain within normal bounds and we are not affected by major burdens from earlier underwriting years, our target for the year as a whole is a combined ratio of below 97%.

Barring any exceptional movements in exchange rates, we expect our premium income for 2005 to show a marginal fall of 4.1% to €21.5bn. Given unchanged parameters, our premium volume should have bottomed out at this level. We do not currently expect further reductions in premium income in the following years. Even so, if necessary we would be prepared to accept additional losses in premium as a side effect of our strictly profit-oriented underwriting policy.

Primary insurance

In life insurance, we are proceeding on the assumption that the level of new business will gradually return to normal in the second quarter, after the decline in the first few months of the year. The legal and fiscal parameters that now exist for policyholders in Germany are certainly still attractive. Thus, besides company pension schemes, traditional annuity insurances and “basic” and “Riester” pensions will increase in importance. We will do our utmost to reach last year’s high level, or at least come close to it. In health insurance, we should maintain the good growth of the first quarter.

In the property-casualty segment, including legal expenses insurance, our combined ratio has been excellent for many years, and we aim to keep it at well below 100%, despite the increasing competition. Our target is a rate of 95%.

We expect total premium income for primary insurance as a whole to rise by 2.7% to €18.0bn.

All in all, we anticipate further improvements in the good underwriting business in primary insurance, which should continue to have a positive impact on the result. We have absorbed the exceptional effects of recent years, especially those emanating from the capital markets, and the ERGO Group's cost-reduction programme will make itself fully felt as from this year, as planned, with an annual savings volume of €300m. In addition, ERGO's new management structure provides the basis for further improvements in efficiency.

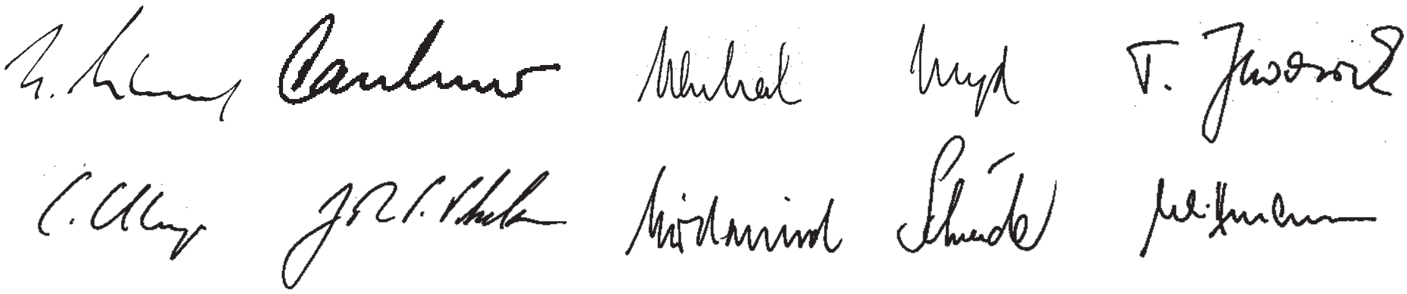
Group

For the Munich Re Group as a whole, we estimate that premium volume for 2005 will total around €37.6bn, comprising a reduction in reinsurance and a moderate increase in primary insurance. The goal for our investments is a return of 4.5%.

The most important objective of our operations is the profitability of the capital employed: with our consolidated result, we aim to earn a return on equity (including minority interests) of 12%. It is however, too early for a reliable result forecast at this stage.

Munich, May 2005

The Board of Management



Consolidated balance sheet as at 31 March 2005

Assets				31.12.2004		Change
	€m	€m	€m	€m	€m	%
A. Intangible assets						
I. Goodwill		3,192		3,144	48	1.5
II. Other intangible assets		1,210		1,243	–33	–2.7
			4,402	4,387	15	0.3
B. Investments						
I. Real estate		6,856		9,046	–2,190	–24.2
II. Investments in affiliated enterprises and associated enterprises		3,825		3,883	–58	–1.5
III. Loans		22,573		20,310	2,263	11.1
IV. Other securities						
1. Held to maturity	549			562	–13	–2.3
2. Available for sale	124,874			124,956	–82	–0.1
3. Held for trading	758			657	101	15.4
		126,181		126,175	6	0.0
V. Other investments						
1. Deposits retained on assumed reinsurance	14,602			14,530	72	0.5
2. Miscellaneous	3,867			2,869	998	34.8
		18,469		17,399	1,070	6.1
			177,904	176,813	1,091	0.6
C. Investments for the benefit of life insurance policyholders who bear the investment risk			1,424	1,319	105	8.0
D. Ceded share of underwriting provisions			7,185	6,964	221	3.2
E. Receivables			8,850	8,683	167	1.9
F. Cash with banks, cheques and cash in hand			2,628	2,027	601	29.6
G. Deferred acquisition costs			8,574	8,396	178	2.1
H. Deferred tax			4,542	4,326	216	5.0
I. Other assets			4,023	1,876	2,147	114.4
Total assets			219,532	214,791	4,741	2.2

Equality and liabilities			31.12.2004		Change
	€m	€m	€m	€m	%
A. Shareholders' equity					
I. Issued capital and capital reserve	7,388		7,388	–	–
II. Revenue reserves	8,800		7,018	1,782	25.4
III. Other reserves	3,953		3,957	–4	–0.1
IV. Consolidated result attributable to Munich Re shareholders	676		1,833	–1,157	–63.1
V. Consolidated result attributable to minority interests	522		541	–19	–3.5
		21,339	20,737*	609	2.9
B. Subordinated liabilities		3,406	3,393	13	0.4
C. Gross underwriting provisions					
I. Unearned premiums	6,926		5,874	1,052	17.9
II. Provision for future policy benefits	103,265		101,926	1,339	1.3
III. Provision for outstanding claims	44,339		42,839	1,500	3.5
IV. Other underwriting provisions	9,617		9,324	293	3.1
		164,147	159,963	4,184	2.6
D. Gross underwriting provisions for life insurance policies where the investment risk is borne by the policyholders		1,424	1,328	96	7.2
E. Other accrued liabilities		3,689	3,450	239	6.9
F. Liabilities					
I. Notes and debentures	2,279		2,242	37	1.7
II. Other liabilities	16,080		16,612	–532	–3.2
		18,359	18,854	–495	–2.6
G. Deferred tax liabilities		7,099	7,041	58	0.8
H. Other deferred items		69	25	44	176.0
Total equity and liabilities		219,532	214,791	4,741	2.2

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

Consolidated income statement for the period 1 January to 31 March 2005

Items	Q1 2005 €m	Q1 2004 (adjusted)* €m	€m	Change %
1. Gross premiums written	**10,160**	10,358	–198	–1.9
2. Net earned premiums	**8,817**	9,050	–233	–2.6
3. Investment result	**2,457**	1,854	603	32.5
Thereof:				
– Income from associated enterprises	**64**	74	–10	–13.5
4. Other income	**318**	352	–34	–9.7
Total income (2–4)	**11,592**	11,256	336	3.0
5. Net expenses for claims and benefits	**7,813**	7,873	–60	–0.8
6. Net operating expenses	**2,256**	2,135	121	5.7
7. Other expenses	**391**	286	105	36.7
Total expenses (5–7)	**10,460**	10,294	166	1.6
8. Result before amortisation of goodwill	**1,132**	962	170	17.7
9. Amortisation of goodwill	**–**	55	–55	–100.0
10. Operating result	**1,132**	907	225	24.8
11. Finance costs	**103**	112	–9	–8.0
12. Taxes on income	**341**	252	89	35.3
13. Consolidated result	**688**	543	145	26.7
Thereof:				
– Attributable to Munich Re shareholders	**676**	534	142	26.6
– Attributable to minority interests	**12**	9	3	33.3

	Q1 2005 €	Q1 2004 €	€	Change %
Earnings per share	**2.96**	2.33	0.63	27.0

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

Consolidated income statement (quarterly breakdown)

Items	Q1 2005 €m	Q4 2004 (adjusted)* €m	Q3 2004 (adjusted)* €m	Q2 2004 (adjusted)* €m	Q1 2004 (adjusted)* €m
1. Gross premiums written	**10,160**	9,139	9,256	9,318	10,358
2. Net earned premiums	**8,817**	9,318	9,055	9,111	9,050
3. Investment result	**2,457**	2,311	1,667	2,209	1,854
Thereof:					
– Income from associated enterprises	**64**	–462	24	33	74
4. Other income	**318**	270	263	231	352
Total income (2–4)	**11,592**	11,899	10,985	11,551	11,256
5. Net expenses for claims and benefits	**7,813**	7,820	8,008	7,935	7,873
6. Net operating expenses	**2,256**	2,545	2,097	2,070	2,135
7. Other expenses	**391**	921	291	336	286
Total expenses (5–7)	**10,460**	11,286	10,396	10,341	10,294
8. Result before amortisation of goodwill	**1,132**	613	589	1,210	962
9. Amortisation of goodwill	**–**	172	51	66	55
10. Operating result	**1,132**	441	538	1,144	907
11. Finance costs	**103**	103	104	107	112
12. Taxes on income	**341**	24	48	388	252
13. Consolidated result	**688**	314	386	649	543
Thereof:					
– Attributable to Munich Re shareholders	**676**	306	365	628	534
– Attributable to minority interests	**12**	8	21	21	9

	Q1 2005 €	Q4 2004 €	Q3 2004 €	Q2 2004 €	Q1 2004 €
Earnings per share	**2.96**	1.34	1.60	2.75	2.33

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

Changes in Group shareholders' equity

All figures in €m	Shareholder's equity attributable to Munich Re shareholders								Minority interests	Total share-holders' equity*
	Issued capital	Capital reserve	Revenue reserves		Other reserves			Consoli-dated result		
			Revenue reserves before deduction of own shares	Own shares held	Unrealised gains and losses	Reserve from currency translation	Valuation result from cash flow hedges			
Status at 31.12.2003	**588**	**6,800**	**7,930**	**–107**	**4,511**	**–399**	**10**	**–434**	**483**	**19,382**
Currency translation	–	–	–	–	–	149	–	–	2	151
Allocation to revenue reserves	–	–	–434	–	–	–	–	434	–	–
Change in consolidated group	–	–	–4	–	–2	–	–	–	–	–6
Change resulting from valuation at equity	–	–	–4	–	152	–	–	–	1	149
Unrealised gains and losses on other securities	–	–	–	–	–192	–	–	–	24	–168
Consolidated result	–	–	–	–	–	–	–	534	9	543
Share buy-backs	–	–	–	–7	–	–	–	–	–	–7
Changes from cash flow hedges	–	–	–	–	–	–	2	–	–	2
Other changes	–	–	2	–	–	–	–	–	17	19
Status at 31.3.2004	**588**	**6,800**	**7,490**	**–114**	**4,469**	**–250**	**12**	**534**	**536**	**20,065**
Status at 31.12.2004	**588**	**6,800**	**7,176**	**–158**	**4,621**	**–674**	**10**	**1,833**	**541**	**20,737**
Currency translation	–	–	–	–	–	178	–	–	1	179
Allocation to revenue reserves	–	–	1,833	–	–	–	–	–1,833	–	–
Change resulting from valuation at equity	–	–	18	–	49	–	–	–	1	68
Unrealised gains and losses on other securities	–	–	–	–	–231	–	–	–	–4	–235
Consolidated result	–	–	–	–	–	–	–	676	12	688
Other changes	–	–	–69	–	–	–	–	–	–29	–98
Status at 31.3.2005	**588**	**6,800**	**8,958**	**–158**	**4,439**	**–496**	**10**	**676**	**522**	**21,339**

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

Consolidated cash flow statement for the period 1 January to 31 March 2005

	Q1 2005 €m	Q1 2004 €m
Consolidated result	**688**	543
Net change in underwriting provisions	**3,525**	4,483
Change in deferred acquisition costs	**–168**	–348
Change in deposits retained and accounts receivable and payable	**–806**	–1,614
Change in other receivables and liabilities	**–120**	–366
Gains and losses on the disposal of investments	**–909**	–248
Change in securities held for trading	**–125**	–109
Change in other balance sheet items	**261**	–72
Other income/expenses without impact on cash flow	**82**	554
I. Cash flows from operating activities	**2,428**	2,823
Inflows from the sale of consolidated enterprises	**–**	101
Outflows from the acquisition of consolidated enterprises	**–23**	–
Change from the acquisition, sale and maturities of other investments	**–953**	–370
Change from the acquisition and sale of investments for unit-linked life insurance	**–77**	–22
Other	**–614**	–11
II. Cash flows from investing activities	**–1,667**	–302
Inflows from increases in capital	**–**	–
Dividend payments	**–1**	–
Change from other financing activities	**–164**	159
III. Cash flows from financing activities	**–165**	159
Cash flows for the reporting period (I+II+III)	**596**	2,680
Effects of exchange rate changes on cash	**5**	8
Cash at the beginning of the business year	**2,027**	1,884
Cash at the end of the reporting period	**2,628**	4,572
Additional information		
Tax on earnings (net)	**87**	329
Interest paid	**41**	76

Segment reporting

Assets	Reinsurance			
	Life and health		Property-casualty	
	31.3.2005 €m	31.12.2004 €m	**31.3.2005 €m**	31.12.2004 €m
A. Intangible assets	**249**	239	**1,252**	1,206
B. Investments				
I. Real estate	**695**	731	**790**	928
II. Investments in affiliated enterprises and associated enterprises	**3,473**	3,449	**3,797**	3,842
III. Loans	**218**	244	**225**	258
IV. Other securities				
1. Held to maturity	**–**	–	**–**	–
2. Available for sale	**20,490**	19,603	**30,106**	30,180
3. Held for trading	**63**	54	**71**	61
	20,553	19,657	**30,177**	30,241
V. Other investments	**10,278**	9,949	**11,739**	11,890
	35,217	34,030	**46,728**	47,159
C. Investments for the benefit of life insurance policyholders who bear the investment risk	**–**	–	**–**	–
D. Ceded share of underwriting provisions	**1,315**	1,403	**3,778**	3,483
E. Other segment assets	**5,996**	4,720	**9,324**	9,173
Total segment assets	**42,777**	**40,392**	**61,082**	**61,021**

Primary insurance				Asset management		Consolidation		Total	
Life and health		Property-casualty							
31.3.2005 €m	31.12.2004 €m	**31.3.2005 €m**	31.12.2004 €m	**31.3.2005 €m**	31.12.2004 €m	**31.3.2005 €m**	31.12.2004 €m	**31.3.2005 €m**	31.12.2004 €m
1,935	1,961	**995**	1,014	**6**	5	**–35**	–38	**4,402**	4,387
5,152	6,642	**191**	710	**29**	43	**–1**	–8	**6,856**	9,046
3,024	3,009	**3,433**	3,361	**118**	119	**–10,020**	–9,897	**3,825**	3,883
23,113	20,893	**1,090**	1,011	**164**	185	**–2,237**	–2,281	**22,573**	20,310
507	518	**42**	44	**–**	–	**–**	–	**549**	562
67,685	68,613	**6,510**	6,532	**83**	28	**–**	–	**124,874**	124,956
304	247	**320**	295	**–**	–	**–**	–	**758**	657
68,496	69,378	**6,872**	6,871	**83**	28	**–**	–	**126,181**	126,175
1,705	1,597	**567**	390	**1,048**	373	**–6,868**	–6,800	**18,469**	17,399
101,490	101,519	**12,153**	12,343	**1,442**	748	**–19,126**	–18,986	**177,904**	176,813
1,424	1,319	**–**	–	**–**	–	**–**	–	**1,424**	1,319
8,823	8,756	**1,641**	1,529	**–**	–	**–8,372**	–8,207	**7,185**	6,964
11,568	10,001	**3,788**	2,801	**214**	183	**–2,273**	–1,570	**28,617**	25,308
125,240	**123,556**	**18,577**	**17,687**	**1,662**	**936**	**–29,806**	**–28,801**	**219,532**	**214,791**

Segment reporting

Equity and liabilities	Reinsurance			
	Life and health		Property-casualty	
	31.3.2005 €m	31.12.2004 €m	**31.3.2005 €m**	31.12.2004 €m
A. Subordinated liabilities	**1,472**	1,453	**1,581**	1,587
B. Gross underwriting provisions				
I. Unearned premiums	**251**	230	**5,102**	4,571
II. Provision for future policy benefits	**19,600**	19,468	**683**	642
III. Provision for outstanding claims	**5,507**	5,238	**33,212**	31,988
IV. Other underwriting provisions	**756**	722	**255**	214
	26,114	25,658	**39,252**	37,415
C. Gross underwriting provisions for life insurance policies where the investment risk is borne by the policyholders	**–**	–	**–**	–
D. Other accrued liabilities	**438**	300	**839**	785
E. Other segment liabilities	**3,790**	3,154	**8,020**	9,337
Total segment liabilities	**31,814**	**30,565**	**49,692**	**49,124**

Primary insurance				Asset management		Consolidation		Total		
Life and health		Property-casualty								
31.3.2005 €m	31.12.2004 €m	**31.3.2005 €m**	31.12.2004 €m	**31.3.2005 €m**	31.12.2004 €m	**31.3.2005 €m**	31.12.2004 €m	**31.3.2005 €m**	31.12.2004 €m	
–	–	**353**	353	**–**	–	**–**	–	**3,406**	3,393	
127	79	**1,750**	1,208	**–**	–	**–304**	–214	**6,926**	5,874	
89,418	88,155	**299**	278	**–**	–	**–6,735**	–6,617	**103,265**	101,926	
1,965	2,010	**4,679**	4,637	**–**	–	**–1,024**	–1,034	**44,339**	42,839	
8,787	8,604	**107**	108	**–**	–	**–288**	–324	**9,617**	9,324	
100,297	98,848	**6,835**	6,231	**–**	–	**–8,351**	–8,189	**164,147**	159,963	
1,439	1,343	**–**	–	**–**	–	**–15**	–15	**1,424**	1,328	
1,038	1,024	**1,335**	1,287	**67**	84	**–28**	–30	**3,689**	3,450	
17,803	17,642	**5,367**	5,224	**1,522**	773	**–10,975**	–10,210	**25,527**	25,920	
120,577	118,857	**13,890**	13,095	**1,589**	857	**–19,369**	–18,444	**198,193**	194,054	
						Shareholders' equity		**21,339**	20,737	
						Total equity and liabilities		**219,532**	214,791	

Segment reporting

Income statement 1.1–31.3.2005	Reinsurance			
	Life and health		Property-casualty	
	Q1 2005 €m	Q1 2004 (adjusted)* €m	**Q1 2005 €m**	Q1 2004 (adjusted)* €m
1. Gross premiums written	**1,924**	1,936	**3,917**	4,235
Thereof:				
– From insurance transactions with other segments	**247**	271	**310**	420
– From insurance transactions with external third parties	**1,677**	1,665	**3,607**	3,815
2. Net earned premiums	**1,815**	1,810	**3,292**	3,660
3. Investment result	**430**	331	**584**	440
Thereof:				
– Income from associated enterprises	**2**	8	**29**	29
4. Other income	**53**	37	**99**	90
Total income (2–4)	**2,298**	2,178	**3,975**	4,190
5. Net expenses for claims and benefits	**1,533**	1,615	**2,238**	2,549
6. Net operating expenses	**478**	428	**907**	950
7. Other expenses	**61**	5	**114**	12
Total expenses (5–7)	**2,072**	2,048	**3,259**	3,511
8. Result before amortisation of goodwill	**226**	130	**716**	679
9. Amortisation of goodwill	**–**	–	**–**	19
10. Operating result	**226**	130	**716**	660
11. Finance costs	**27**	26	**55**	70
12. Taxes on income	**70**	30	**189**	161
13. Consolidated result	**129**	74	**472**	429
Thereof:				
– Attributable to Munich Re shareholders	**129**	74	**472**	424
– Attributable to minority interests	**–**	–	**–**	5

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

Primary insurance				Asset management		Consolidation		Total	
Life and health		Property-casualty							
Q1 2005 €m	Q1 2004 (adjusted)* €m	**Q1 2005 €m**	Q1 2004 (adjusted)* €m	**Q1 2005 €m**	Q1 2004 (adjusted)* €m	**Q1 2005 €m**	Q1 2004 (adjusted)* €m	**Q1 2005 €m**	Q1 2004 (adjusted)* €m
3,102	2,987	**1,780**	1,899	**–**	–	**–563**	–699	**10,160**	10,358
1	2	**5**	6	**–**	–	**–563**	–699	**–**	–
3,101	2,985	**1,775**	1,893	**–**	–	**–**	–	**10,160**	10,358
2,761	2,612	**949**	968	**–**	–	**–**	–	**8,817**	9,050
1,315	1,011	**141**	97	**13**	12	**–26**	–37	**2,457**	1,854
30	32	**2**	4	**1**	1	**–**	–	**64**	74
201	235	**181**	225	**62**	57	**–278**	–292	**318**	352
4,277	3,858	**1,271**	1,290	**75**	69	**–304**	–329	**11,592**	11,256
3,448	3,105	**595**	604	**–**	–	**–1**	–	**7,813**	7,873
508	400	**360**	348	**–**	–	**3**	9	**2,256**	2,135
223	257	**216**	272	**58**	54	**–281**	–317	**391**	286
4,179	3,762	**1,171**	1,224	**58**	54	**–279**	–305	**10,460**	10,294
98	96	**100**	66	**17**	15	**–25**	–24	**1,132**	962
–	22	**–**	14	**–**	–	**–**	–	**–**	55
98	74	**100**	52	**17**	15	**–25**	–24	**1,132**	907
1	1	**20**	16	**1**	–	**–1**	–1	**103**	112
40	34	**16**	20	**7**	7	**19**	–	**341**	252
57	39	**64**	16	**9**	8	**–43**	–23	**688**	543
51	32	**56**	11	**10**	8	**–42**	–15	**676**	534
6	7	**8**	5	**–1**	–	**–1**	–8	**12**	9

Segment reporting

Investments*	Reinsurers		Primary insurers		Asset management		Total	
	31.3.2005 €m	31.12.2004 €m	**31.3.2005 €m**	31.12.2004 €m	**31.3.2005 €m**	31.12.2004 €m	**31.3.2005 €m**	31.12.2004 €m
Europe	**42,696**	43,074	**106,473**	106,802	**1,109**	515	**150,278**	150,391
North America	**22,311**	21,540	**1,699**	1,669	**157**	38	**24,167**	23,247
Asia and Australasia	**2,644**	2,517	**793**	625	**3**	3	**3,440**	3,145
Africa, Near and Middle East	**589**	595	**110**	119	**–**	–	**699**	714
Latin America	**587**	485	**149**	142	**8**	8	**744**	635
Total	**68,827**	**68,211**	**109,224**	**109,357**	**1,277**	**564**	**179,328**	**178,132**

*After elimination of intra-Group transactions across segments.

Gross premiums written*	Reinsurers		Primary insurers		Total	
	Q1 2005 €m	Q1 2004 €m	**Q1 2005 €m**	Q1 2004 €m	**Q1 2005 €m**	Q1 2004 €m
Europe	**2,861**	3,192	**4,826**	4,747	**7,687**	7,939
North America	**1,633**	1,638	**16**	51	**1,649**	1,689
Asia and Australasia	**501**	376	**14**	50	**515**	426
Africa, Near and Middle East	**167**	168	**18**	26	**185**	194
Latin America	**122**	106	**2**	4	**124**	110
Total	**5,284**	**5,480**	**4,876**	**4,878**	**10,160**	**10,358**

*After elimination of intra-Group reinsurance across segments.

Notes

Recognition and measurement

This quarterly report as at 31 March 2005 has been prepared in accordance with International Financial Reporting Standards.

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

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

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

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

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

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

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

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

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

Changes in the consolidated group

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

Foreign currency translation

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

	Balance sheet		Income statement	
	31.3.2005	31.12.2004	**Q1 2005**	Q1 2004
Australian dollar	**1.68010**	1.73395	**1.68700**	1.63427
Canadian dollar	**1.57240**	1.62860	**1.60773**	1.64815
Pound sterling	**0.68775**	0.70795	**0.69373**	0.68042
Rand	**8.08870**	7.65770	**7.87516**	8.46186
Swiss franc	**1.54910**	1.54565	**1.54902**	1.56825
US dollar	**1.29965**	1.35925	**1.31156**	1.25018
Yen	**139.0110**	139.2820	**137.0570**	134.0120

Intangible assets

All figures in €m	**31.3.2005**	31.12.2004
I. Goodwill	**3,192**	3,144
II. Other intangible assets – Software	**1,210** **448**	1,243 461
– Purchased insurance portfolios	**689**	708
– Other	**73**	74
Total	**4,402**	**4,387**

Other securities – Available for sale

	Carrying amounts		Unrealised gains/losses		Amortised cost	
All figures in €m	**31.3.2005**	31.12.2004	**31.3.2005**	31.12.2004	**31.3.2005**	31.12.2004
Fixed-interest securities	**101,452**	102,270	**3,350**	3,764	**98,102**	98,506
Non-fixed-interest securities – Shares	**20,699**	19,950	**4,728**	4,342	**15,971**	15,608
– Investment funds	**1,814**	1,743	**212**	168	**1,602**	1,575
– Others	**909**	993	**97**	166	**812**	827
	23,422	22,686	**5,037**	4,676	**18,385**	18,010
Total	**124,874**	**124,956**	**8,387**	**8,440**	**116,487**	**116,516**

Minority interests

These are mainly minority interests in the ERGO Insurance Group.

All figures in €m	**31.3.2005**	31.12.2004
Unrealised gains and losses	**83**	87
Consolidated result	**12**	59
Other equity components	**427**	395
Total	**522**	**541**

Subordinated liabilities

All figures in €m	**31.3.2005**	31.12.2004
Munich Re Finance B.V., Amsterdam 6.75%, €3,000m, Bonds 2003/2023 Rating: A–	**2,975**	2,973
Munich Re Finance B.V., Amsterdam 7.625%, £300, Bonds 2003/2028 Rating: A–	**431**	420
Total	**3,406**	**3,393**

Notes and debentures

All figures in €m	31.3.2005	31.12.2004
American Re Corporation, Princeton 7.45%, US$ 500m, Senior Notes 1996/2026 Rating: BBB	384	367
ERGO International AG, Düsseldorf 2.25%, €345m, Bonds Exchangeable into E.ON AG Shares 2001/2006 0.75%, €345m, Bonds Exchangeable into Aventis AG Shares 2001/2006 Rating A–	658	652
Münchener Rück AG, München 1.0%, €1,150m, Bonds Exchangeable into Allianz AG Shares 2000/2005 Rating: A+	1,237	1,223
Total	2,279	2,242

Net earned premiums

	Reinsurance				Primary insurance				Total	
All figures in €m*	Life and health Q1 2005	Life and health Q1 2004	Property-casualty Q1 2005	Property-casualty Q1 2004	Life and health Q1 2005	Life and health Q1 2004	Property-casualty Q1 2005	Property-casualty Q1 2004	Q1 2005	Q1 2004
Gross premiums written	1,677	1,665	3,607	3,815	3,101	2,985	1,775	1,893	10,160	10,358
Ceded premiums	95	50	277	260	49	59	93	118	514	487
Change in unearned premiums	10	78	266	113	45	43	508	587	829	821
Net earned premiums	1,572	1,537	3,064	3,442	3,007	2,883	1,174	1,188	8,817	9,050

*After elimination of intra-Group transactions across segments.

Investment result

	Reinsurance				Primary insurance				Asset management		Total	
	Life and health		Property-casualty		Life and health		Property-casualty					
All figures in €m*	**Q1 2005**	Q1 2004	**Q1 2005**	Q1 2004	**Q1 2005**	Q1 2004	**Q1 2005**	Q1 2004	**Q1 2005**	Q1 2004	**Q1 2005**	Q1 2004
Real estate	**4**	10	**17**	34	**73**	113	**–1**	10	**–**	–	**93**	167
Investments in affiliated enterprises	**–**	–	**1**	–1	**4**	–29	**–**	1	**–**	–	**5**	–29
Investments in associated enterprises	**2**	8	**29**	29	**30**	32	**2**	4	**1**	1	**64**	74
Loans	**1**	–	**1**	2	**344**	217	**9**	7	**–**	–	**355**	226
Other securities held to maturity	**–**	–	**–**	–	**8**	10	**–**	–	**–**	–	**8**	10
Other securities available for sale												
– Fixed-interest	**233**	172	**265**	280	**725**	701	**63**	53	**–**	–	**1,286**	1,206
– Non-fixed-interest	**55**	–	**185**	–1	**299**	134	**50**	11	**–**	–	**589**	144
Other securities held for trading												
– Fixed-interest	**–**	–	**–**	–	**1**	–1	**1**	4	**–**	–	**2**	3
– Non-fixed-interest	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–
– Derivatives	**5**	–1	**17**	–2	**–27**	1	**1**	–2	**–**	–	**–4**	–4
Other investments	**141**	153	**20**	19	**–3**	–3	**3**	–	**11**	9	**172**	178
Management expenses, other expenses	**14**	9	**18**	34	**75**	70	**6**	6	**–**	2	**113**	121
Total	**427**	**333**	**517**	**326**	**1,379**	**1,105**	**122**	**82**	**12**	**8**	**2,457**	**1,854**

*After elimination of intra-Group transactions across segments.

	Reinsurance				Primary insurance				Asset management		Total	
	Life and health		Property-casualty		Life and health		Property-casualty					
All figures in €m*	**Q1 2005**	Q1 2004	**Q1 2005**	Q1 2004	**Q1 2005**	Q1 2004	**Q1 2005**	Q1 2004	**Q1 2005**	Q1 2004	**Q1 2005**	Q1 2004
Investment income Regular income	**365**	345	**309**	362	**1,026**	1,081	**75**	81	**14**	12	**1,789**	1,881
Income from write-ups	**8**	4	**31**	15	**12**	53	**1**	1	**–**	–	**52**	73
Gains on the disposal of investments	**84**	34	**287**	143	**588**	400	**69**	42	**–**	–	**1,028**	619
Other income	**–**	–	**–**	–	**32**	26	**–**	–	**–**	–	**32**	26
	457	383	**627**	520	**1,658**	1,560	**145**	124	**14**	12	**2,901**	2,599
Investment expenses Writedowns on investments	**10**	8	**40**	64	**90**	91	**10**	18	**–**	–	**150**	181
Losses on the disposal of investments	**10**	29	**32**	84	**71**	238	**6**	20	**–**	–	**119**	371
Management expenses, interest, other expenses	**10**	13	**38**	46	**118**	126	**7**	4	**2**	4	**175**	193
	30	50	**110**	194	**279**	455	**23**	42	**2**	4	**444**	745
Total	**427**	**333**	**517**	**326**	**1,379**	**1,105**	**122**	**82**	**12**	**8**	**2,457**	**1,854**

*After elimination of intra-Group transactions across segments.

Net expenses for claims and benefits

All figures in €m*	Reinsurance				Primary insurance				Total	
	Life and health		Property-casualty		Life and health		Property-casualty			
	Q1 2005	Q1 2004	**Q1 2005**	Q1 2004	**Q1 2005**	Q1 2004	**Q1 2005**	Q1 2004	**Q1 2005**	Q1 2004
Gross	**1,402**	1,317	**2,259**	2,611	**3,753**	3,507	**768**	757	**8,182**	8,192
Ceded share	**122**	–2	**129**	155	**48**	106	**70**	60	**369**	319
Net	**1,280**	1,319	**2,130**	2,456	**3,705**	3,401	**698**	697	**7,813**	7,873

*After elimination of intra-Group transactions across segments.

Net operating expenses

All figures in €m*	Reinsurance				Primary insurance				Total	
	Life and health		Property-casualty		Life and health		Property-casualty			
	Q1 2005	Q1 2004	**Q1 2005**	Q1 2004	**Q1 2005**	Q1 2004	**Q1 2005**	Q1 2004	**Q1 2005**	Q1 2004
Gross	**429**	446	**922**	922	**564**	445	**439**	432	**2,354**	2,245
Ceded share	**–2**	46	**89**	61	**6**	4	**5**	–1	**98**	110
Net	**431**	400	**833**	861	**558**	441	**434**	433	**2,256**	2,135

*After elimination of intra-Group transactions across segments.

Number of staff

The number of staff employed by the Group as at 31 March 2005 totalled 29,732 (29,851) in Germany and 11,114 (11,111) in other countries.

	31.3.2005	31.12.2004
Reinsurance companies	**6,691**	6,612
Primary insurance companies	**33,491**	33,703
Asset management	**664**	647
Total	**40,846**	**40,962**

Contingent liabilities, other financial commitments

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

Earnings per share

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

		Q1 2005	Q1 2004
Consolidated result attributable to Munich Re shareholders	€m	**676**	534
Weighted average number of shares		**228,519,407**	229,082,615
Earnings per share	€	**2.96**	**2.33**

Important dates

4 August 2005	Interim report at 30 June 2005
4 August 2005	Half-year press conference
7 November 2005	Interim report at 30 September 2005
13 March 2006	Balance sheet meeting of the Supervisory Board
14 March 2006	Annual report for the business year 2005
14 March 2006	Press conference and analysts’ conference
19 April 2006	Annual General Meeting
9 May 2006	Interim report at 31 March 2006
3 August 2006	Interim report at 30 June 2006
7 November 2006	Interim report at 30 September 2006

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

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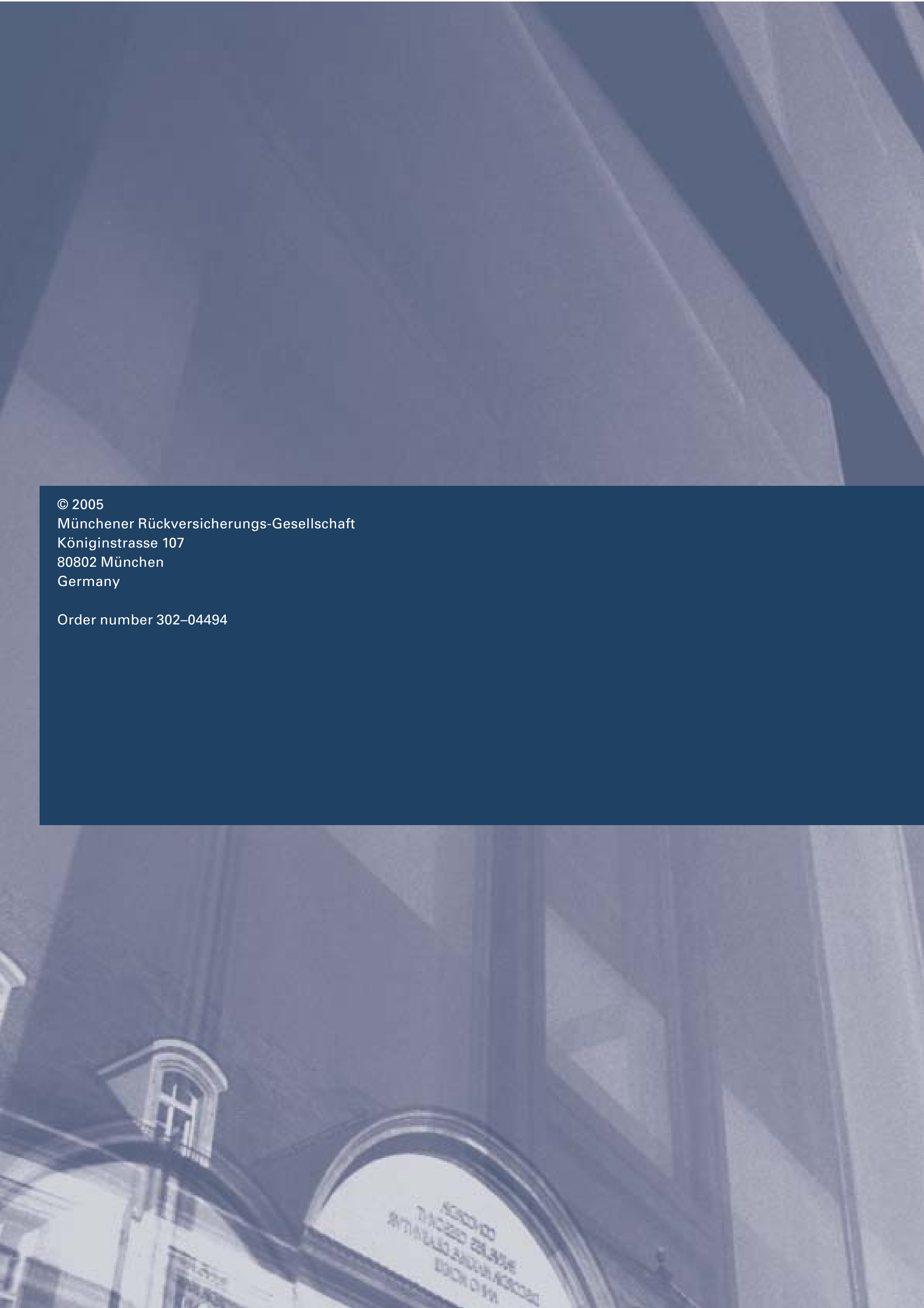

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