

The Munich Re Group

Quarterly financial statements as at 31.3.2005

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Executive summary

Q1 2005

Strict profit orientation pursued



- Convincing profit of €688m;
Result before amortisation of goodwill of €1,132m
- Gross premium income down by 1.9% to €10.2bn
- Good combined ratios:
in reinsurance at 96.5%
in primary insurance at 99.1%
- Good investment result: €2.5bn
- Shareholders' equity strengthened by €0.6bn to €21.3bn
- RoE in Q1 of 13.1% (annualised)

Agenda



- Financial reporting Q1 2005
 - Munich Re Group in total 4
 - Reinsurance segment 12
 - Primary insurance segment 17
- Summary and outlook 21

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Munich Re Group in total

Income statement Good result

in €m	Q1 2005	Q1 2004 ¹	▲ in %
Gross premiums written	10,160	10,358	-1.9
Net earned premiums	8,817	9,050	-2.6
Investment result	2,457	1,854	32.5
Total income	11,592	11,256	3.0
Total expenses	10,460	10,294	1.6
Result before amortisation of goodwill	1,132	962	17.7
Amortisation of goodwill	–	55	-100.0
Operating result	1,132	907	24.8
Finance costs	103	112	-8.0
Taxes on income	341	252	35.3
Group result	688	543	26.7
Thereof minority interests	12	9	33.3
Earnings per share in €	2.96	2.33	27.0

- Consolidation of premium income
- Strong investment result due to higher gains and lower losses on disposal
- Excellent operating result and Group result

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

Munich Re Group in total

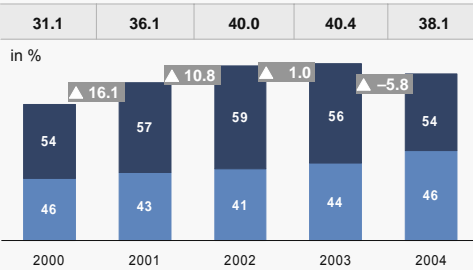
Gross premiums written
Same stable level as in previous year's first quarter



in €m	Q1 2005	Q1 2004
Gross premiums written	10,160	10,358
Change	-1.9%	-4.3%
Reinsurers' share	52%	53%
Primary insurers' share	48%	47%

Decrease in premiums due to strict underwriting policy
[CAGR (Compound Annual Growth Rate) 2000-2004: 5.2%]

Gross premiums written in €bn



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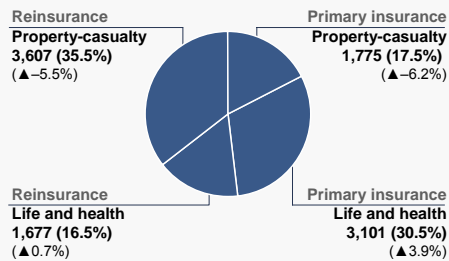
Munich Re Group in total

Analysis of premium development
Consolidation due to profit-oriented underwriting policy



in €m	
Gross premiums written Q1 2004	10,358
Foreign-exchange effects	-21 (-0.2%)
Divestment/Investment	32 (0.3%)
Organic change	-209 (-2.0%)
Gross premiums written Q1 2005	10,160 (-1.9%)

Breakdown by segment



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Munich Re Group in total
Investment result
Increased by one-third



in €m	Q1 2005	Q1 2004	▲ in %
Regular income	1,789	1,881	-4.9
Result from the disposal of investments	909	248	266.5
Writedowns on investments	150	181	-17.1
Thereof securities available for sale of reinsurance segment	24	56	-57.1
Thereof securities available for sale of primary insurance segment	16	35	-54.3
Thereof other investments of all segments	110	90	22.2
Income from write-ups	52	73	-28.8
Other income/expenses	-143	-167	14.4
Total	2,457	1,854	32.5

Good RoI of 5.4%

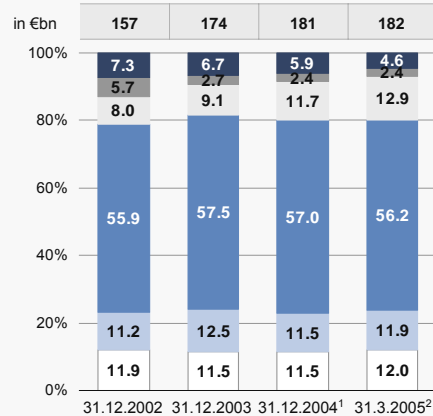
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Munich Re Group in total
Investments
Well-balanced portfolio mix



Investment structure by asset classes
 (market values)



Equity exposure

in %	31.3.2005	31.12.2004
Before hedges	14.3	13.9
After hedges	13.8	13.4

- Real estate
- Participating interests
- Loans
- Fixed-interest securities
- Shares and equity funds
- Miscellaneous

¹ After reallocation of own properties of Munich Reinsurance Company to other assets.
² After reallocation of own properties of Munich Reinsurance Group to other assets.

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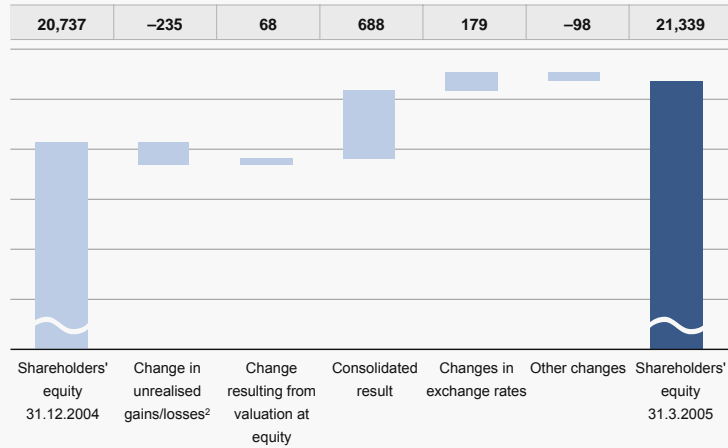
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Munich Re Group in total

Shareholders' equity¹ Benefited from good Q1 2005 result



in €m



¹ First-time application of IAS 1 (rev. 2003), i.e. minorities included in shareholders' equity.

² On other securities.

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Munich Re Group in total

Segment results Substantially increased in reinsurance and primary insurance



in €m

	Q1 2005	Q1 2004
Reinsurance	601	503
Primary insurance	121	55
Asset management	9	8
Consolidation	-43	-23
Group result	688	543
Thereof minority interests	12	9

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Reinsurance segment

Income statement Strict bottom-line orientation



in €m	Q1 2005	Q1 2004 ¹	▲ in %
Gross premiums written	5,841	6,171	-5.3
Net earned premiums	5,107	5,470	-6.6
Investment result	1,014	771	31.5
Total income	6,273	6,368	-1.5
Total expenses	5,331	5,559	-4.1
Result before amortisation of goodwill	942	809	16.4
Amortisation of goodwill	-	19	-100.0
Operating result	942	790	19.2
Finance costs	82	96	-14.6
Taxes on income	259	191	35.6
Group result	601	503	19.5
Thereof minority interests	-	5	-100.0

- Consolidation of premium income
- Strong investment result due to higher gains and lower losses on disposal
- Excellent operating result and Group result

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

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Reinsurance segment

Combined ratio non-life

Same solid level as in the previous years' first quarter



in %	Q1 2005	Q1 2004	Q1 2003
Loss ratio	69.1	68.9	69.8
Expense ratio	27.4	27.4	27.0
Combined ratio	96.5	96.3	96.8
Thereof NatCat	2.4	–	–
Combined ratio excl. NatCat	94.1	96.3	96.8

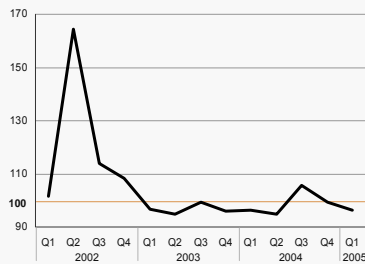
Good combined ratio ...

- ... despite more major losses
- ... owing to still attractive prices and conditions

Combined ratio

Performance from Q1 2002 to Q1 2005

in %



in %	2005	2004	2003
Q1	96.5	96.3	96.8
Q2		94.7	94.9
Q3		105.8	99.3
Q4		99.3	95.8

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Reinsurance segment

American Re (US GAAP key figures)

Expectations met



in US\$m	Q1 2005	Q1 2004	▲ in %
Gross premiums written	954	975	-2.2
Net earned premiums	402	315	27.6
Investment result	148	186	-20.4
Total income	550	501	9.8
Total expenses	388	352	10.2
Operating result before taxes on income	162	149	8.7
Finance costs	15	15	–
Taxes on income	58	52	11.5
Group result	89	81	9.9

in US\$m	31.3.2005	31.12.2004	▲ in %
Statutory surplus	3,493	3,386	3.2

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**Japan/South Korea renewals
Optimised portfolio**



Japan

- Munich Re written premiums +5%
- Typhoon XL prices +20% on average (+30% for loss-affected layers)
- Typhoon exposure stable (XL: increase, proportional: decrease)
- Substantially improved monetary terms for proportional fire business
- Stable Munich Re EQ exposure with slightly reduced but attractive XL prices and increased profitability of proportional business

South Korea

- Munich Re written premiums of around +15%
- Munich Re withstood the pressure to grant unreasonable price decreases, despite the positive year 2004
- New business via increased support for fast-growing internet and telephone-marketing insurers
- Further decrease of Munich Re exposure to car carriers in marine treaty

Executing cycle management

- Increased participations in typhoon XL and proportional EQ treaties (Japan)
- New business in Korea
- Decrease of our participations in unbalanced treaties and underpriced business, specifically in engineering business with long-tail exposures

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Primary insurance segment

Income statement
Profit more than doubled



in €m	Q1 2005	Q1 2004 ¹	▲ in %
Gross premiums written	4,882	4,886	-0.1
Net earned premiums	3,710	3,580	3.6
Investment result	1,456	1,108	31.4
Total income	5,548	5,148	7.8
Total expenses	5,350	4,986	7.3
Result before amortisation of goodwill	198	162	22.2
Amortisation of goodwill	-	36	-100.0
Operating result	198	126	57.1
Finance costs	21	17	23.5
Taxes on income	56	54	3.7
Group result	121	55	120.0
Thereof minority interests	14	12	16.7

- Stable premium income
- Strong investment result due to higher gains and lower losses on disposal
- Excellent operating result and Group result

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

Primary insurance segment

Combined ratio property-casualty
Still below the 100% mark

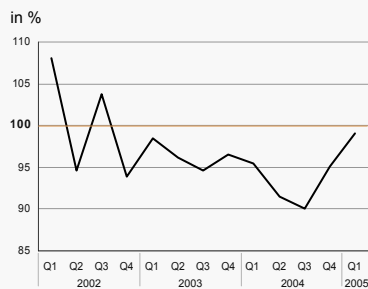


in %	Q1 2005	Q1 2004	Q1 2003
Loss ratio ¹	61.2	59.5	63.9
Expense ratio ¹	37.9	35.9	34.6
Combined ratio in property-casualty¹	99.1	95.4	98.5

¹ Including legal expenses insurance.

- Higher combined ratio due to:
- Storms in Baltic states
 - Increased losses due to cold winter

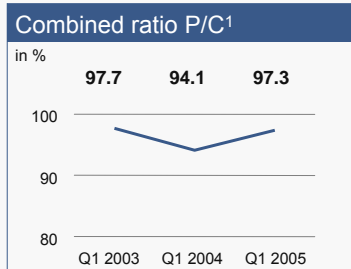
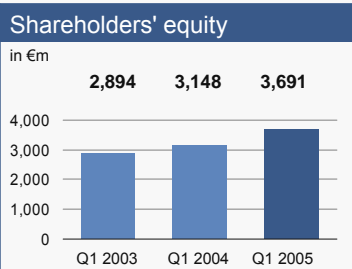
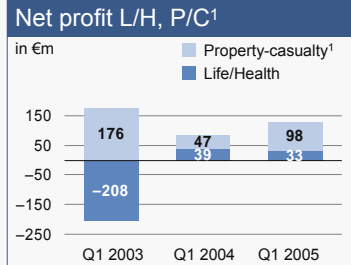
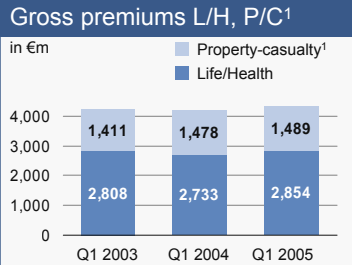
Combined ratio
Development from Q1 2002 to Q1 2005



in %	2005	2004	2003
Q1	99.1	95.4	98.5
Q2		91.5	96.2
Q3		90.0	94.6
Q4		95.1	96.5

Primary insurance segment

ERGO highlights



ERGO Group Q1/05 to Q1/04 (consolidated):

- Gross premiums written + 3.2% to €4,337m
- Net profit + 25.5% to €69m
- Shareholders' equity + €543m

¹ Incl. legal expenses insurance.

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Convincing performance

- Strict focus on profit over growth
 - Convincing Q1 profit of €688m
 - Outstanding result in reinsurance of €601m, primary insurance strong with €121m
 - Slight decrease in gross premiums (expected in 2005: –1%) as acceptable trade-off for increase in profit
 - Good combined ratios of 96.5% R/I and 99.1% P/I
- Still risk-adequate prices and conditions expected
- Good investment result: €2.5bn in Q1; with 5.4% RoI (annualised) clearly above return target of 4.5% p.a.
- Solid shareholders' capital base; as at 31 March 2005 strengthened by €0.6bn to €21.3bn
- RoE in Q1 of 13.1% (annualised)

On track for the RoE target of 12%
Q1 result with €688m as first milestone

Disclaimer

This report contains forward-looking statements that are based on current assumptions and forecasts of the management of Munich Re. 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 company assumes no liability to update these forward-looking statements or to conform them to future events or developments.