

The Munich Re Group

Quarterly financial statements at 31.3.2006

Media telephone conference

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Münchener Rück
Munich Re Group



Overview Q1 2006

Excellent performance

Gross premiums written		Combined ratio reinsurance		Combined ratio primary insurance	
in €m		in %		in %	
Q1 2005	10,160	Q1 2005	96.5	Q1 2005 ¹	99.0
Q1 2006	10,036	Q1 2006	92.2	Q1 2006	97.0
<ul style="list-style-type: none"> Stable level despite divestments 		<ul style="list-style-type: none"> Lower loss and expense ratio 		<ul style="list-style-type: none"> Seasonal pattern 	
Investment result		Equity		Group result	
in €m		in €bn		in €m	
Q1 2005	2,457	31.12.2005 ¹	24.4	Q1 2005 ¹	691
Q1 2006	2,110	31.03.2006	25.1	Q1 2006	979
<ul style="list-style-type: none"> Strong – with RoI of 4.7% 		<ul style="list-style-type: none"> Increase driven by solid result 		<ul style="list-style-type: none"> Increase driven by property-casualty business 	

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

Agenda

Financial reporting Q1 2006

Munich Re Group in total	3
Reinsurance segment	8
Primary insurance segment	13

Premium development
Overall stable premiums

in €m

Gross premiums written Q1 2005	10,160	
Foreign-exchange effects	267 (2.6%)	
Divestment/Investment	-435 (-4.2%)	
Organic change	44 (0.4%)	
Gross premiums written Q1 2006	10,036 (-1.2%)	

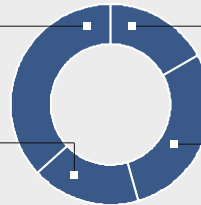
Breakdown by segment (consolidated)

Reinsurance
Property-casualty
3,710 (37.0%)
(▲+2.9%)

Primary insurance
Property-casualty
1,712 (17.1%)
(▲-3.6%)

Reinsurance
Life: 1,497 (14.9%)
(▲+9.3%)
Health: 262 (2.6%)
(▲-14.7%)

Primary insurance
Life: 1,539 (15.3%)
(▲-16.2%)
Health: 1,316 (13.1%)
(▲+4.0%)



Return on investment
Solid level

in €m

	Return	Q1 2006 ¹
IFRS	Regular income	1,770 4.0%
	Other income/expenses	-112 -0.3%
	Non-current income ²	452 1.0%
	Investment result	2,110 4.7%
Including variation in reserves	Change in total reserves ³	-2,077 -4.6%
	Total income	33 0.1%

■ RoI of 4.7%

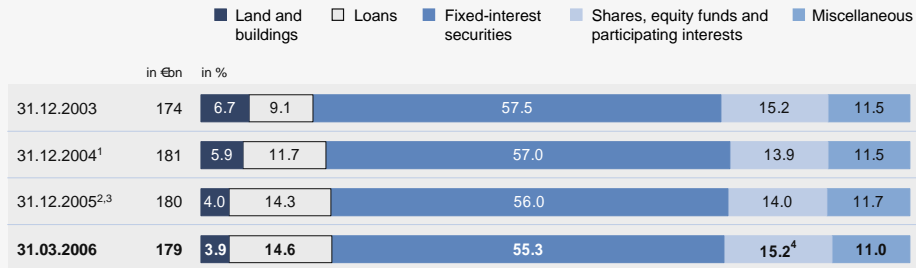
¹ Return on quarterly weighted investments (market values) in %.

² Non-current income includes gains/losses on the disposal of investments, write-downs and write-ups on investments.

³ On- and off-balance-sheet reserves.

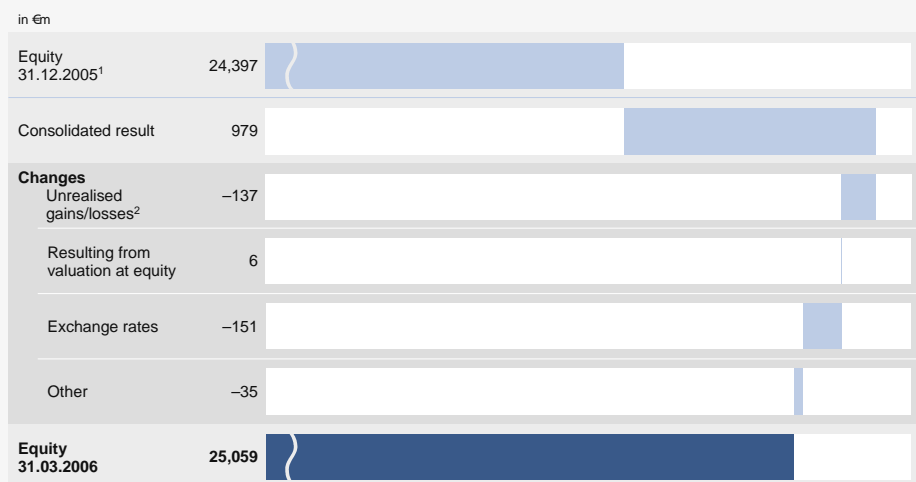
Investments Well-balanced portfolio mix

Investment structure by asset classes (market values)



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.
³ Decrease of assets of €13.2bn (market values) due to sale of Karlsruhe in Q4 2005.
⁴ After hedges: 31.3.2006 14.9%.

Equity Excellent result enhances capital position



¹ Adjusted due to first time application of IAS 19 (rev. 2004).
² On other securities.

Agenda



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Financial reporting Q1 2006 – Reinsurance segment



Income statement

High profitability reflects strict bottom-line orientation

Gross premiums written

in €m	
Q1 2005	5,841
Q1 2006	5,990

▪ Favourable renewals outcome

Investment result

in €m	
Q1 2005	1,014
Q1 2006	1,055

▪ Stable investment income

Combined ratio

in %	
Q1 2005	96.5
Q1 2006	92.2

▪ Substantially reduced due to high quality of portfolio

Group result

in €m	
Q1 2005 ¹	604
Q1 2006	841

▪ Both segments with high contribution

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

Premium development

Slight decline in premiums offset by positive currency effects

in €m

Gross premiums written Q1 2005	5,841	
Foreign-exchange effects	280 (4.8%)	
Organic change	-131 (-2.2%)	
Gross premiums written Q1 2006	5,990 (2.6%)	

Breakdown by segment
(segmental, not consolidated)



Health

Termination of one major contract in line with business plan

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Combined ratio – Non-life

Solid results despite higher major claims

in %

	Loss ratio	Thereof Nat Cat	Expense ratio
2005 ¹	110.5	82.0	28.5
Q1 2005	96.5	69.1	27.4
Q1 2006	92.2	65.3	26.9

in %



- Quality of overall portfolio improved
- High level of major claims

¹ Thereof reserve strengthening AmRe and release group IBNR 2.6%.
² Thereof reserve strengthening AmRe and release group IBNR 10.7%.

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Highlights of April renewals On track with profitability targets

Japan / Korea

- Munich Re written premiums +6.3%
- Typhoon exposure stable, capacity shift from proportional to XL, XL prices in our portfolio +5%
- EQ protections: Increased profitability of proportional protections due to increased original EQ rates (~5% in peak zones)
- Sufficient international reinsurance capacity

USA / Lloyd's

- Munich Re written premiums approximately +27%
- Stable prices in casualty and marine business
- Property (Lloyd's) rate increases of up to 100% due to 2005 hurricanes

- 6% of total portfolio was up for renewal in April
- Split by lines of business:
 - Property/ Casualty 90%
 - Marine/ Credit 10%
- Profitable growth in renewed and new business further enhancing overall portfolio profitability

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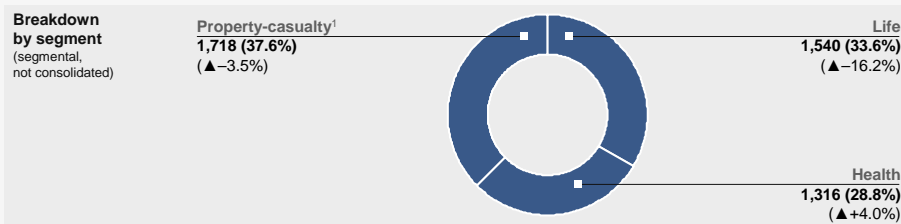
Income statement
Improved result

Gross premiums written		Investment result	
in €m		in €m	
Q1 2005	4,882	Q1 2005	1,456
Q1 2006	4,574	Q1 2006	1,064
<ul style="list-style-type: none"> Decrease due to sale of Karlsruher and NHL 		<ul style="list-style-type: none"> Lower gains on disposals Write-down on derivatives 	
Combined ratio		Group result	
in %		in €m	
Q1 2005 ¹	99.0	Q1 2005 ¹	121
Q1 2006	97.0	Q1 2006	138
<ul style="list-style-type: none"> Seasonal peak at improved level 		<ul style="list-style-type: none"> Promising operating result 	

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

Premium development
Decrease due to sale of Karlsruher and NHL

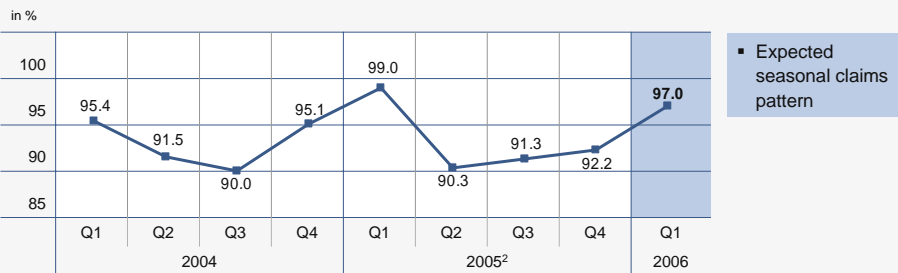
in €m	
Gross premiums written Q1 2005	4,882
Foreign-exchange effects	8 (0.2%)
Divestment/Investment	-435 (-8.9%)
Organic change	119 (2.4%)
Gross premiums written Q1 2006	4,574 (-6.3%)



¹ Incl. legal expenses.

Combined ratio – Property-casualty
Still on track

in %		Loss ratio ¹	Expense ratio ¹
2005	93.1	58.4	34.7
Q1 2005 ²	99.0	61.2	37.8
Q1 2006	97.0	59.9	37.1



¹ Incl. legal expenses.
² Adjusted due to first time application of IAS 19 (rev. 2004).

ERGO Highlights
Gratifying improvement in result

<p>Gross premiums written</p> <p>in €m</p> <table border="1"> <tr><td>Q1 2005</td><td>4,337</td></tr> <tr><td>Q1 2006</td><td>4,303</td></tr> </table> <ul style="list-style-type: none"> Adjusted for sale of NHL increase in premium income of 0.6 % 	Q1 2005	4,337	Q1 2006	4,303	<p>Investment result</p> <p>in €m</p> <table border="1"> <tr><td>Q1 2005</td><td>1,354</td></tr> <tr><td>Q1 2006</td><td>1,125</td></tr> </table> <ul style="list-style-type: none"> Write-downs of derivatives used for hedging 	Q1 2005	1,354	Q1 2006	1,125
Q1 2005	4,337								
Q1 2006	4,303								
Q1 2005	1,354								
Q1 2006	1,125								
<p>Combined ratio Property-casualty¹</p> <p>in %</p> <table border="1"> <tr><td>Q1 2005²</td><td>97.3</td></tr> <tr><td>Q1 2006</td><td>96.1</td></tr> </table> <ul style="list-style-type: none"> No particular burden due to the long winter 	Q1 2005 ²	97.3	Q1 2006	96.1	<p>Group result</p> <p>in €m</p> <table border="1"> <tr><td>Q1 2005²</td><td>70</td></tr> <tr><td>Q1 2006</td><td>145</td></tr> </table> <ul style="list-style-type: none"> Appreciable improvement in operating result (+67%) 	Q1 2005 ²	70	Q1 2006	145
Q1 2005 ²	97.3								
Q1 2006	96.1								
Q1 2005 ²	70								
Q1 2006	145								

¹ Incl. legal expenses.
² Adjusted due to first time application of IAS 19 (rev. 2004).

Summary



- Q1 as a strong start into 2006
 - Combined ratios at good levels, even in light of seasonal effects
 - Investment income again very favourable
 - Even after increase in interest rate, over €1bn unrealised gains

Major step towards full year target of 15% RoRaC

- Determined to explore growth opportunities for entire Munich Re Group, but continuation of strict bottom-line focus

Appendix

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.