

Munich Re Group

Quarterly financial statements at 30.9.2006

Media telephone conference

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7 November 2006



Münchener Rück
Munich Re Group



On track for third record result in succession

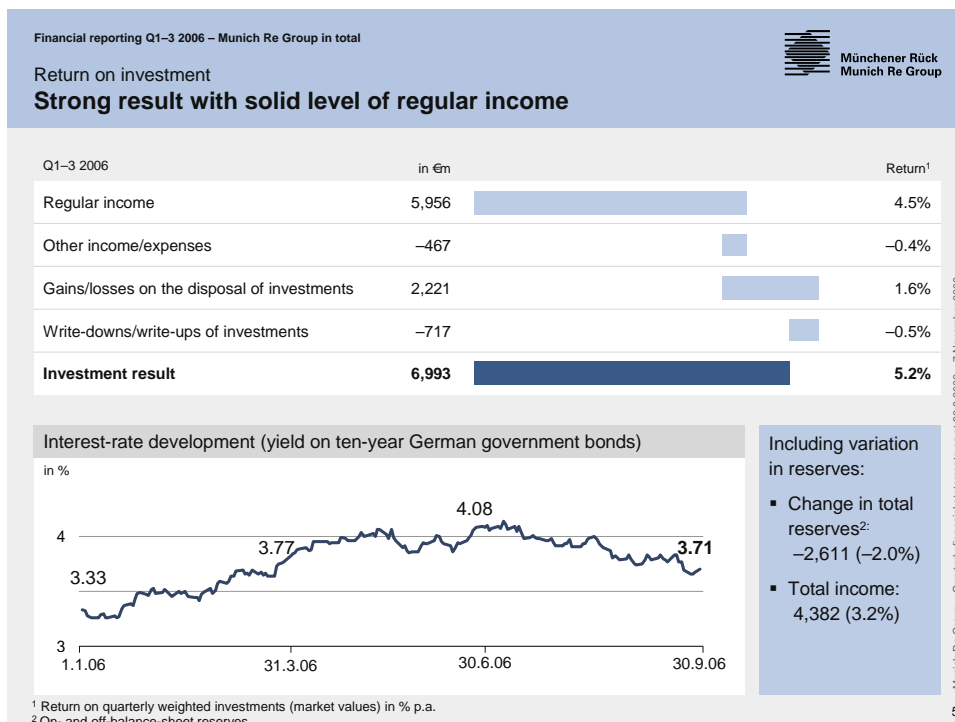
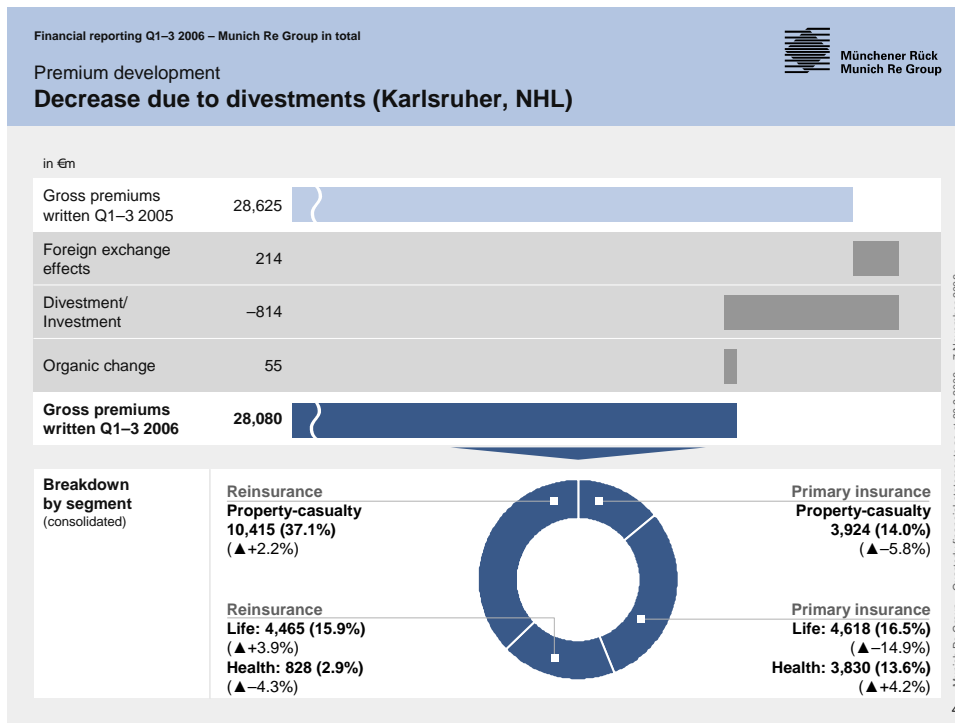
Gross premiums written		Combined ratio reinsurance		Combined ratio primary insurance	
in €m		in %		in %	
Q1–3 2005	28,625	Q1–3 2005	108.2	Q1–3 2005 ¹	93.4
Q1–3 2006	28,080	Q1–3 2006	92.1	Q1–3 2006	91.0
Decrease due to divestments (Karlsruher, NHL)		Further improvement at 92.0% in Q3		Remarkably good Q3 at 89.1%	
Investment result		Equity		Group result	
in €m		in €bn		in €m	
Q1–3 2005	8,052	31.12.2005 ¹	24.4	Q1–3 2005 ¹	1,390
Q1–3 2006	6,993	30.9.2006	25.7	Q1–3 2006	2,861
RoI of 5.2%		Improved by strong result		High profitability driven by very strong operating results	

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

Agenda

Financial reporting Q1–3 2006

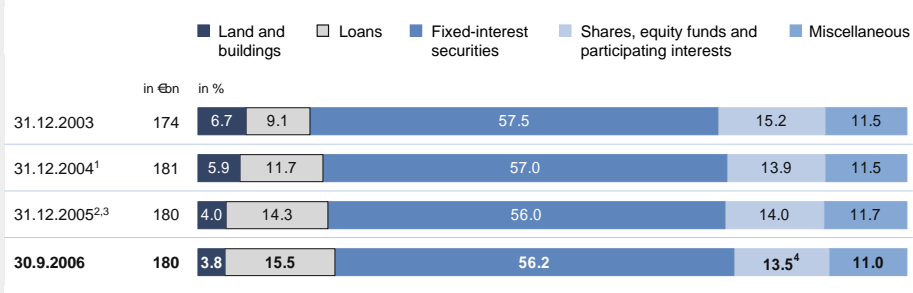
Munich Re Group in total	3
Reinsurance segment	9
Primary insurance segment	16
Summary and outlook	20



Investments

Well-balanced portfolio mix

Investment structure by asset classes (market values)

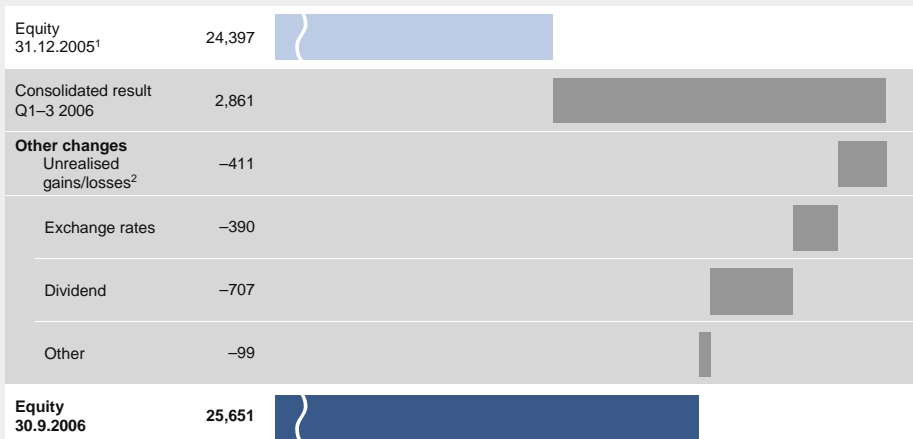


¹ After reallocation of owner-occupied properties of Munich Reinsurance Company to other assets.
² After reallocation of owner-occupied properties of Munich Reinsurance Group to other assets.
³ Decrease of assets of €13.2bn (market values) due to sale of Karlsruhe in Q4 2005.
⁴ After hedges: 30.9.2006 13.1%.

Equity

Excellent result further enhances capital position

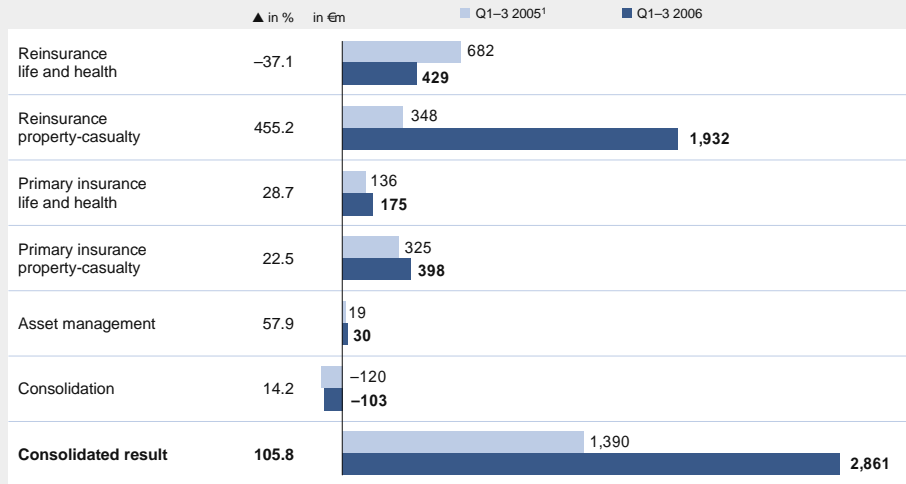
in €m



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

Development of consolidated result

Strongest contribution of property-casualty business



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

Agenda

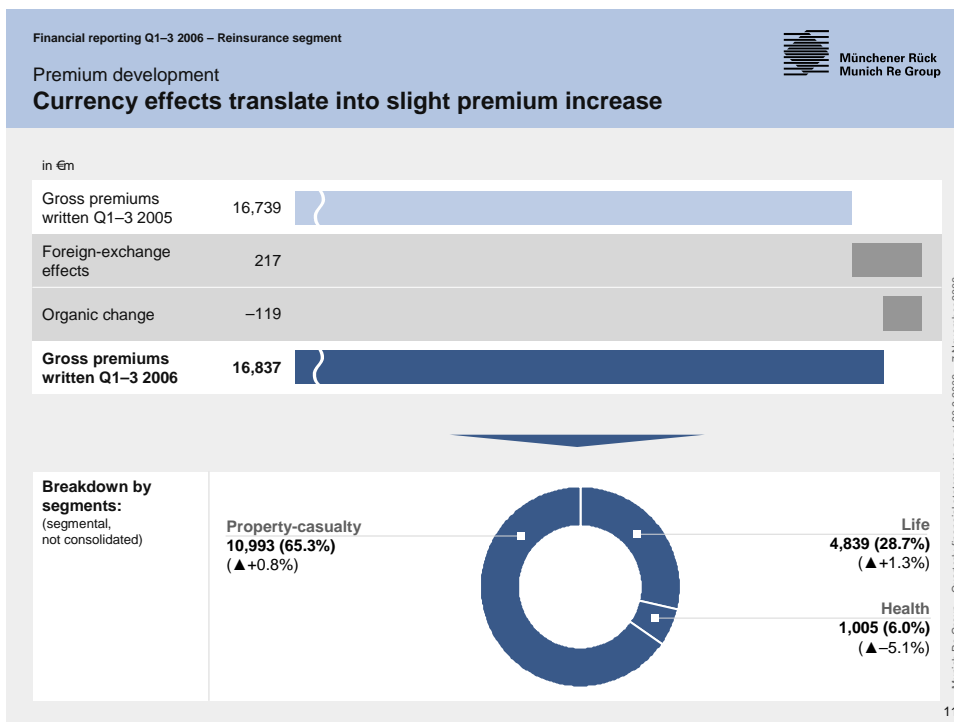
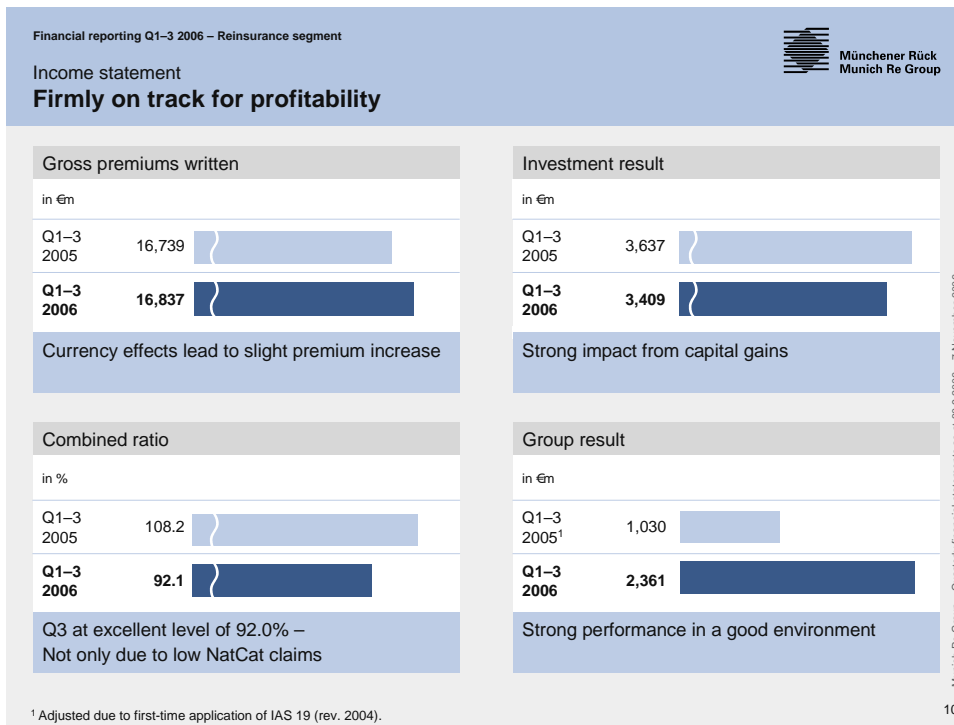
Financial reporting Q1-3 2006

Munich Re Group in total 3

Reinsurance segment 9

Primary insurance segment 16

Summary and outlook 20



Financial reporting Q1-3 2006 – Reinsurance segment



Combined ratio – Non-life

Excellent profitability – Not only due to low level of major claims

in %		Loss ratio	Thereof nat cat	Expense ratio
2005	110.5 ¹	82.0	17.7	28.5
Q1-3 2005	108.2	79.8	12.6	28.4
Q1-3 2006	92.1	65.1	0.7	27.0



¹ Thereof reserve strengthening Munich Re America and release group IBNR 2.6%.
² Thereof reserve strengthening Munich Re America and release group IBNR 10.7%.

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Financial reporting Q1-3 2006 – Reinsurance segment



Major claims (gross)

Prudent underwriting and benign major claims environment

Claims for Munich Re Reinsurance Group (gross) over €5m

in €m		Man-made	Natural catastrophes
Q1-3 2002	1,366	908	458
Q1-3 2003	776	594	182
Q1-3 2004	816	367	449
Q1-3 2005	2,052	362	1,689
Q1-3 2006	564	480	84

Split by lines of business

Number of events	Q1-3 2006
Fire	21
Liability	10
Marine	6
Engineering	6
Aviation/Space	4
Credit	2
Motor	1
Total¹	50

¹ Eight events in several lines of business.

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Still attractive environment in P&C reinsurance

Key P&C reinsurance market trends

- Overall reinsurance prices, terms and conditions
- No single cycle of reinsurance – But increasing subdivision between lines of business and geographical regions continues
 - US NatCat increase to high July renewal level
 - Property excluding US NatCat affected lines and casualty at least stable
 - Structural market growth in Emerging Markets at mainly stable prices
- Increased importance of diversification as capital requirements for monoliners rise

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- Strategy of risk-adequate pricing
 - Professional evaluation of the specifics of each risk
 - Clear value-based incentivisation throughout hierarchy
 - Shift to reinsurance product with adequate prices – Give up business that does not fulfil requirements and withdraw capacity
 - Resist the price erosion in original markets
 - Continuation of strict focus on profitability
- High diversification as competitive advantage

Munich Re: Profitable growth in renewed and new business over 2006, further enhancing overall portfolio profitability

Overall largely stable with diverging trends


Selected areas	Market	Munich Re's reactions
Property		
US NatCat	Increase to high July renewal level	Capacity optimisation with consideration of return targets
Non US NatCat	Stable to increasing prices	
European industrial business	Competitive pressure in primary insurance	Selective underwriting and detachment from primary insurance markets:
Casualty		
German motor	Downward trend on original rates	Compensation of lower premium levels by lower commissions offered to clients
Industrial liability; US D&O	Pressure on terms and conditions	Selective underwriting and detachment from original markets by designing and pricing risk-adequate XL protections
Marine		
US NatCat / Other	Mainly stable on achieved levels	Capacity optimisation with consideration of return targets, continuation in XL with US offshore energy second event cover
Hull	Further price reductions	
Aviation		
Aviation	In general stable and at attractive level, except for pressure on premiums for major airlines	Selective underwriting and withdrawal of capacity where business does not meet return targets

Adherence to risk-adequate pricing, terms and conditions remains key for Munich Re

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Financial reporting Q1–3 2006 – Primary insurance segment			
Income statement			
Strong result driven by technical performance			
Gross premiums written		Investment result	
in €m		in €m	
Q1–3 2005	13,285	Q1–3 2005	4,514
Q1–3 2006	12,389	Q1–3 2006	3,700
Decrease due to sale of Karlsruher and NHL		Decrease due to sale of Karlsruher and NHL and write-down of interest hedging instruments	
Combined ratio		Group result	
in %		in €m	
Q1–3 2005 ¹	93.4	Q1–3 2005 ¹	461
Q1–3 2006	91.0	Q1–3 2006	573
89.1% in Q3 reflects top portfolio quality		Strong result exceeds high expectations	

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

Financial reporting Q1-3 2006 – Primary insurance segment



Premium development
Top-line development impacted by divestments

in €m

Gross premiums written Q1-3 2005	13.285	
Foreign-exchange effects	11	
Divestment/Investment	-1.004	
Organic change	97	
Gross premiums written Q1-3 2006	12.389	

Breakdown by segments:
 (segmental, not consolidated)



Gross premiums written adjusted for divestments

- Property-casualty ▲+1.8%
- Life ▲-2.4%

¹ Incl. legal expenses.

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Financial reporting Q1-3 2006 – Primary insurance segment

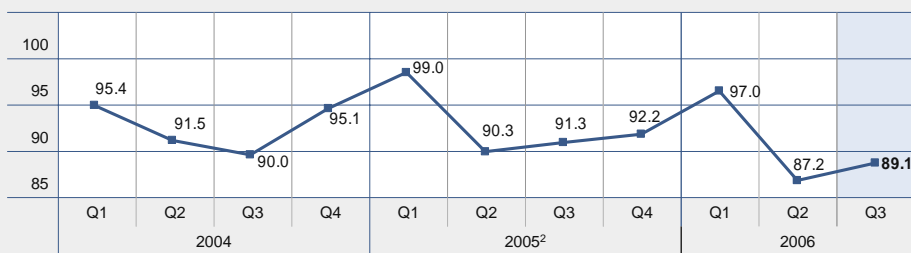


Combined ratio – Property-casualty
Outstanding performance: Result of well-balanced portfolio mix

in %

		Loss ratio ¹	Expense ratio ¹
2005	93.1	58.4	34.7
Q1-3 2005 ²	93.4	59.4	34.0
Q1-3 2006	91.0	55.8	35.2

in %



¹ Incl. legal expenses.

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Summary and outlook

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Capital Management
Share buy-back as next logical step

Derisking initiative started

Change to flexible dividend policy

Disclosure of risk capital

Introduction of RoRaC-target

Focus on efficient capitalisation:

Share buy-back programme

- Volume: €1bn
- Period: Nov 2006 – April 2007 (AGM)
- Cancellation of repurchased shares

Ensuring discipline within Munich Re and reinsurance market

Buy-backs as part of our ongoing capital management

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Summary and outlook

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- Excellent operating performance in first nine months Group-wide
- 16,5% RoRAC after nine months
- Net income outlook for 2006 increased to between €3.2bn and €3.4bn, reasonable claims environment and stable capital markets assumed
- Further dividend increase ahead
- January 2007 renewals in an attractive market keep technical profitability at high levels, but disciplined risk return awareness of increasing importance
- €1bn share buy-back underlines Munich Re's capital management initiatives, sending strong signal of discipline

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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.

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