

Munich Re Group
Annual Press Conference

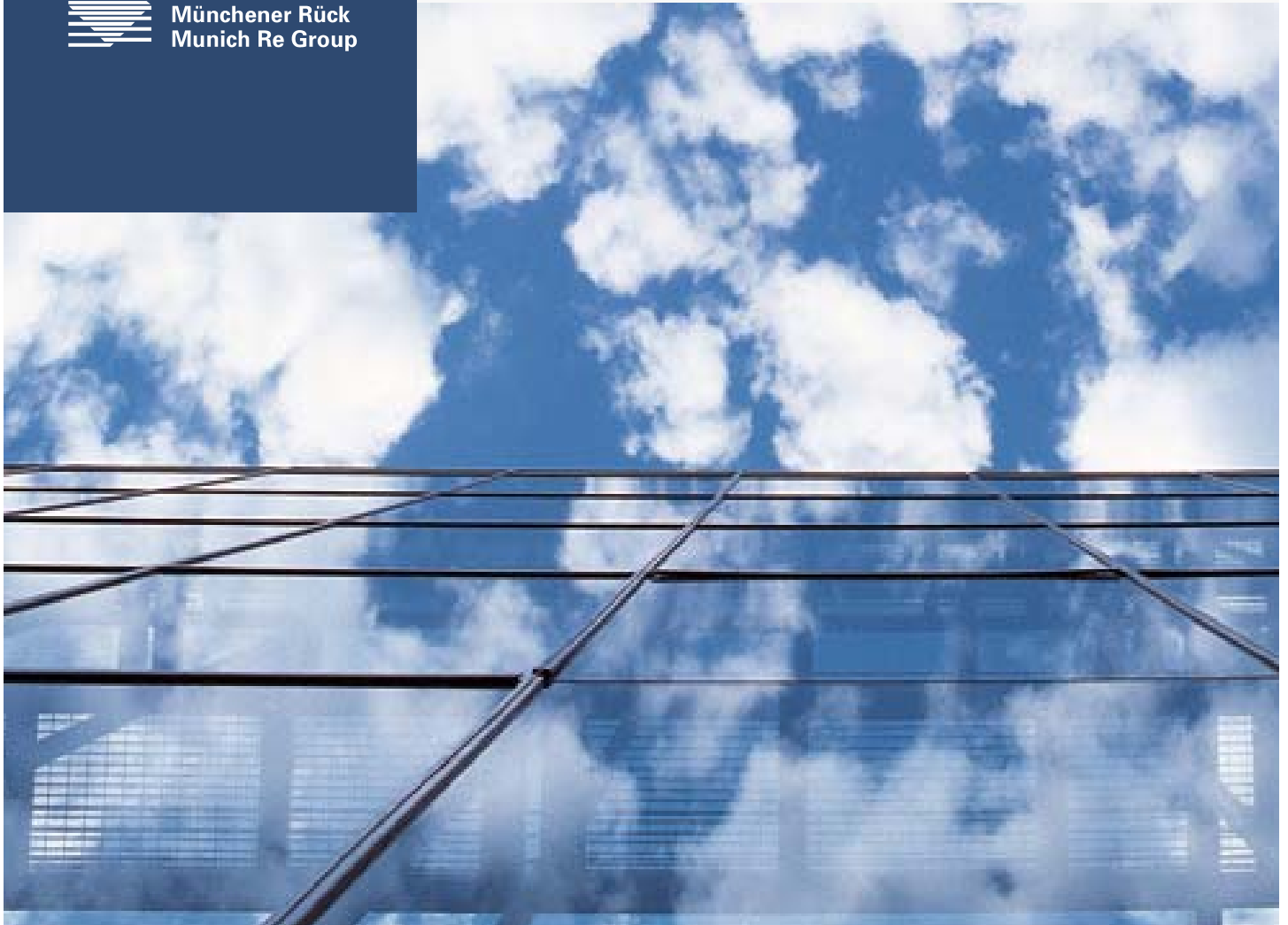
Preliminary results 2006

Nikolaus von Bomhard
Jörg Schneider

28 February 2007



Münchener Rück
Munich Re Group



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Reinsurance segment	16
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Successful continuation of our business strategy

Focus on
risk-adequate pricing
pays off again

Active
diversification
as value driver

Group result
€3,536m

Reinsurance and
primary insurance with
excellent results

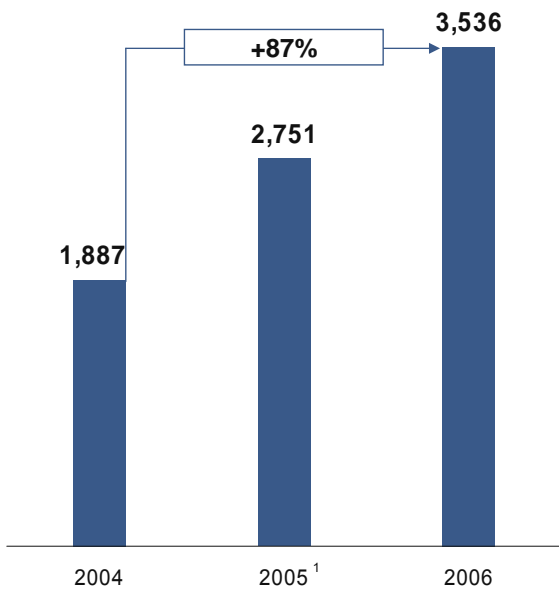
Growth initiatives
steadily evolving

Building a track record

Third record result in a row

Consolidated result

in €m



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

Record result 2006
€3.5bn (+29%)

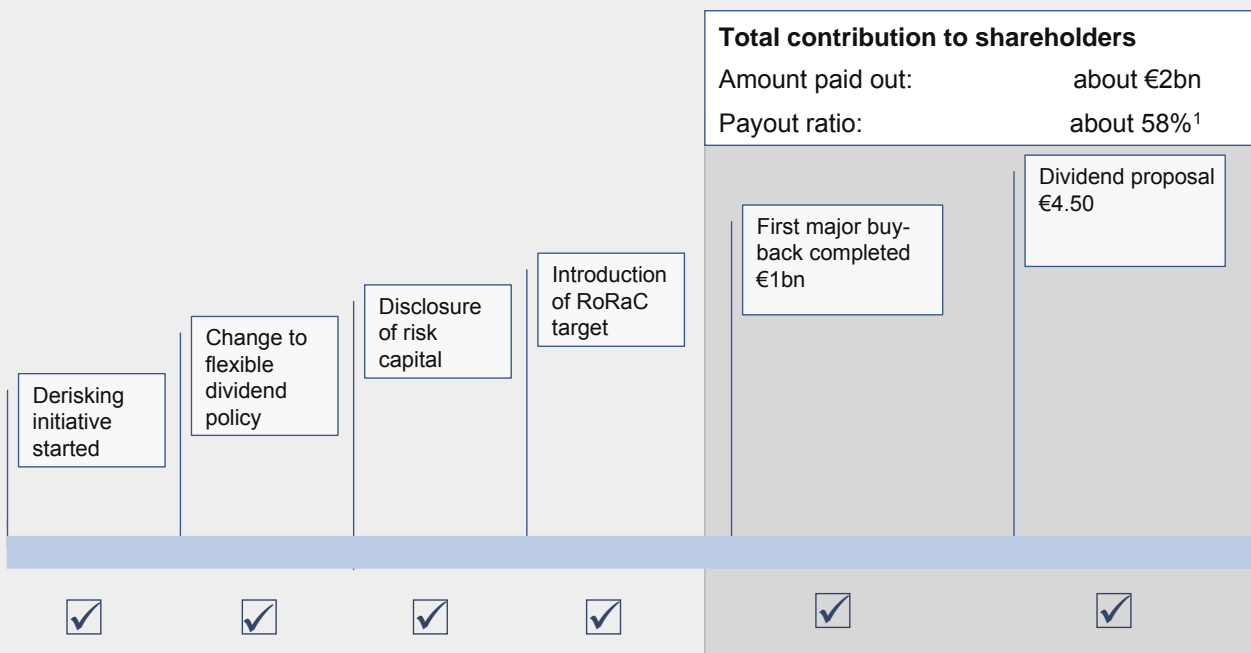
RoRaC
20.3%

Dividend per share
€4.50 (+45%)

**Cycle and capital management
to ensure future success**

Capital management

Dividend increase to €4.50



Capital and cycle management to ensure discipline and secure profitability

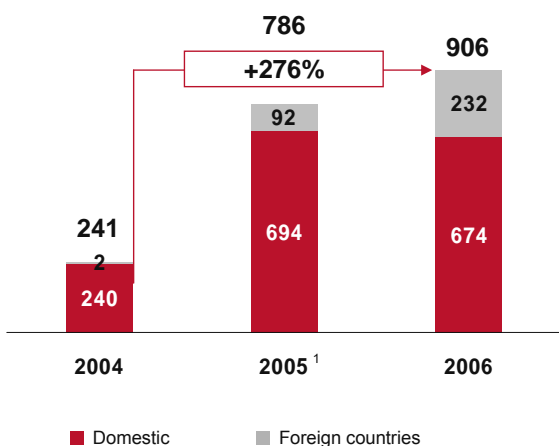
¹ Based on Group result 2006 after minorities.

Building a track record

Multi-pillar approach pays off – ERGO generates high profits

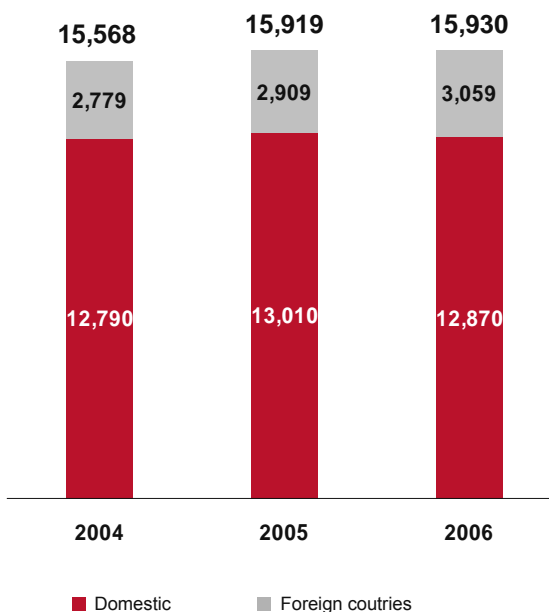
Consolidated result ERGO Group

in €m



Gross written premiums

in €m



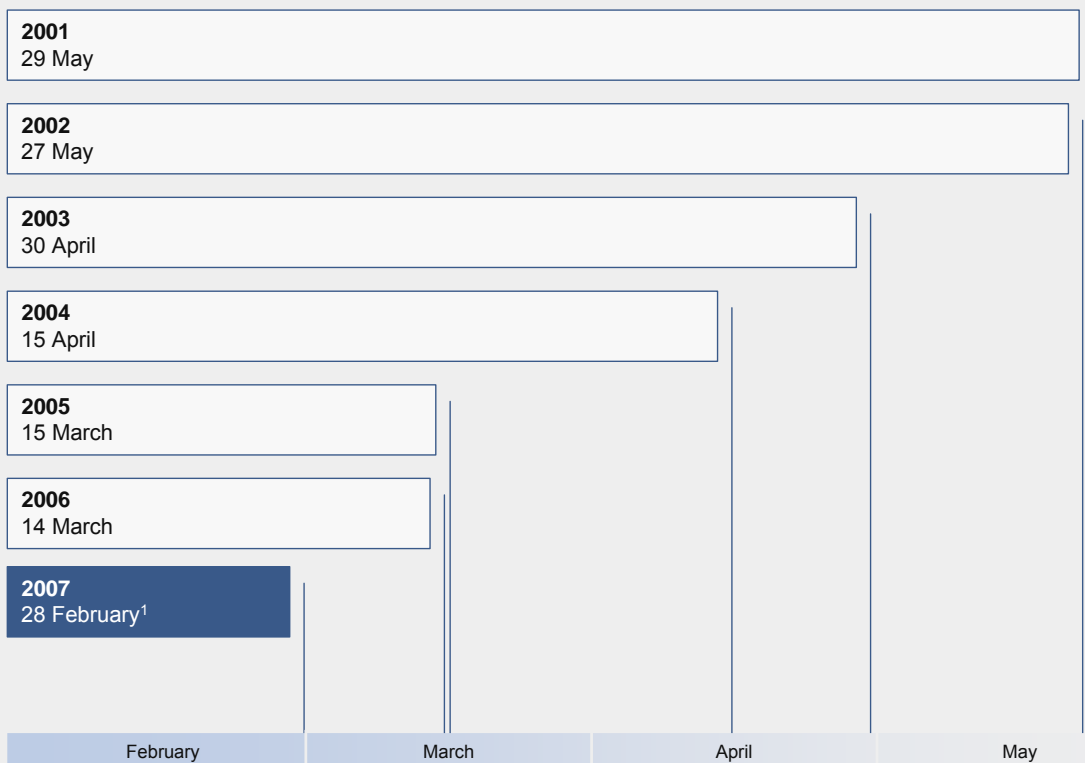
Munich Re Group – Annual Press Conference – Preliminary results 2006 – 28 February 2007

Agenda

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Annual press conferences Munich Re



¹ Preliminary results.

Overview 2006

Leveraging our excellent market position

Gross premiums written	Combined ratio reinsurance property-casualty	Combined ratio primary insurance property-casualty
in €m	in %	in %
2005 38,199	2005 111.7	2005 93.1
2006 37,436	2006 92.6	2006 90.8
Adjusted for divestments (Karlsruher, NHL) stable	Strong level reflects portfolio quality and benign NatCat season	Outstanding result further improved
Investment result	Equity	Group result
in €m	in €m	in €m
2005 10,818	31.12.2005 ¹ 24.4	2005 ¹ 2,751
2006 8,876	31.12.2006 26.4	2006 3,536
RoI of 5.0% Special effects in prev. year	Excellent result improves capital base	Ambitious target exceeded

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

Overview

One-off items in Q4 2006

in €m	Re-classification of tax benefits (SEStEG) ²	Write-off DTAs at MRAm	Reserve strengthening asbestos	Release of Group IBNR	Total
Total expenses after retro			465		465
Release of Group IBNR				-465	-465
Total expenses	23		465	-465	23
Operating result	-23		-465	465	-23
Taxes on income	379	-770	163 ¹	-186 ¹	-414
Net Group result	356	-770	-302	279	-437

Net Group result from tax effects	-414
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Net Group result from reserve strengthening	-23
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Group result	-437
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¹ Tax from reserve strengthening 35%, release of Group IBNR calculated with 40%.

² See slide 40 in the Appendix.

Premium development

Almost stable – small decrease only due to divestments

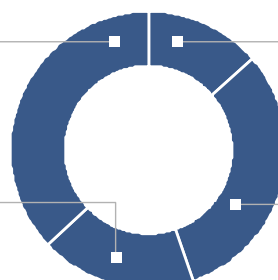
in €m

Gross premiums written 2005	38,199	
Foreign exchange effects	-33	
Divestment/Investment	-732	
Organic change	2	
Gross premiums written 2006	37,436	

Breakdown by segment (consolidated)

Reinsurance
Property-casualty
13,791 (37%)
 (▲+0.7%)

Reinsurance
Life: 5,844 (15%)
 (▲-0.8%)
Health: 1,070 (3%)
 (▲+0.7%)



Primary insurance
Property-casualty
5,126 (14%)
 (▲-1.8%)

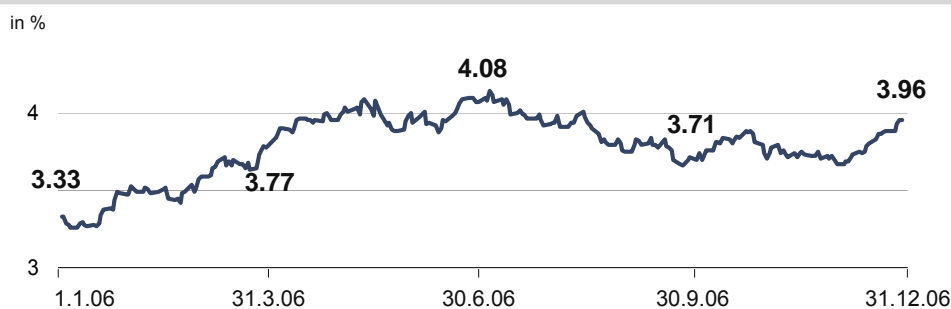
Primary insurance
Life: 6,503 (17%)
 (▲-12.6%)
Health: 5,102 (14%)
 (▲+4.3%)

Return on investment

Strong result with high level of regular income

2006	in €m	Return ¹
Regular income	7,834	4.4%
Other income/expenses	-652	-0.4%
Gains/losses on the disposal of investments	2,559	1.5%
Write-downs/write-ups of investments	-865	-0.5%
Investment result	8,876	5.0%

Interest-rate development (yield on ten-year German government bonds)



Including variation in reserves:

- Change in total reserves²: -2,432 (-1.4%)
- Total income: 6,444 (3.6%)

¹ Return on quarterly weighted investments (market values) in % p.a.
² On- and off-balance-sheet reserves.

Investments

Broad portfolio mix

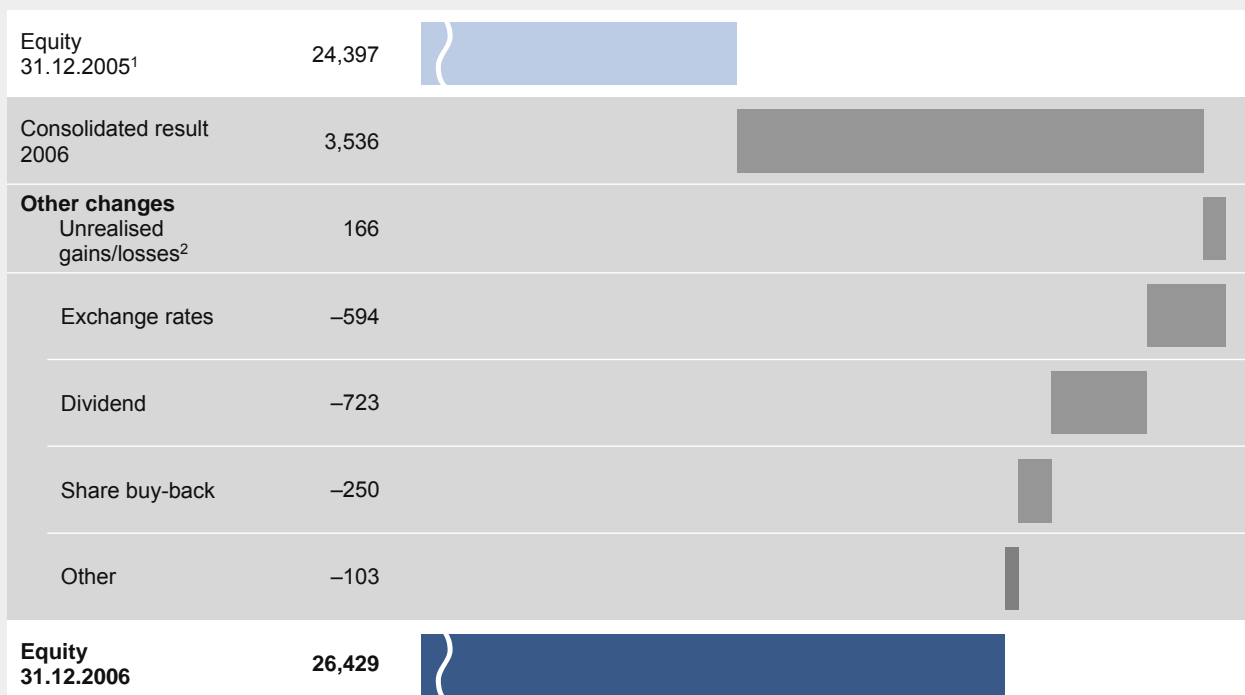
Investment structure by asset classes (market values)

	in €bn	Land and buildings	Loans	Fixed-interest securities	Shares, equity funds and participating interests	Miscellaneous
31.12.2003	174	6.7	9.1	57.5	15.2	11.5
31.12.2004 ¹	181	5.9	11.7	57.0	13.9	11.5
31.12.2005 ^{2,3}	180	4.0	14.3	56.0	14.0	11.7
31.12.2006	179	3.6	16.4	54.9	14.6⁴	10.5

¹ After reclassification of owner-occupied properties of Munich Reinsurance Company to other assets.
² After reclassification of owner-occupied properties of Munich Reinsurance Group to other assets.
³ Decrease of €13.2bn in assets (market values) due to sale of Karlsruher in Q4 2005.
⁴ After taking equity derivatives into account: 14.1%.

Equity Excellent result further enhances capital position

in €m

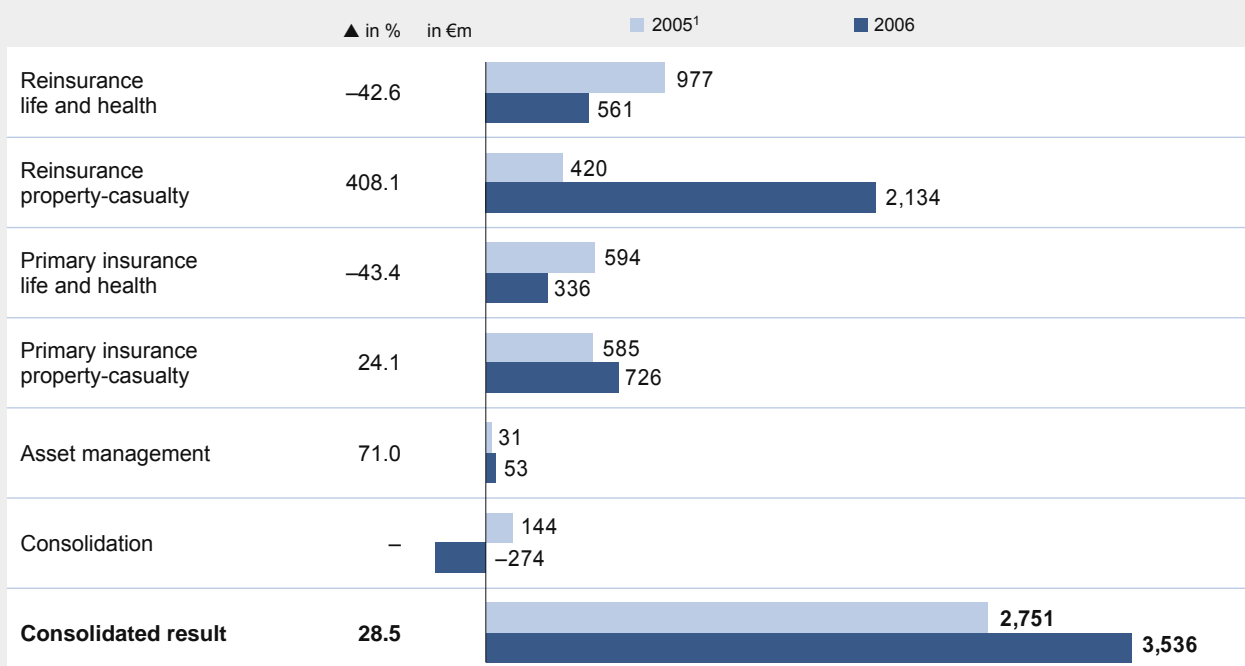


¹ Adjusted due to first time application of IAS 19 (rev. 2004).

² On other securities.

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Development of consolidated result Strongest contribution from property-casualty business



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

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Preliminary results 2006 – Reinsurance segment

Income statement

Result almost doubled

Gross premiums written



in €m

2005	22,358	
2006	22,216	

Stable development reflected in stable top line

Investment result

in €m

2005	4,756	
2006	4,365	

Very strong with 5.4% RoI

Combined ratio – property-casualty

in %

2005	111.7	
2006	92.6	

Best combined ratio in the last 10 years

Group result

in €m

2005 ¹	1,397	
2006	2,695	

Own expectations of €2.1 –2.3bn significantly exceeded

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

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Premium development

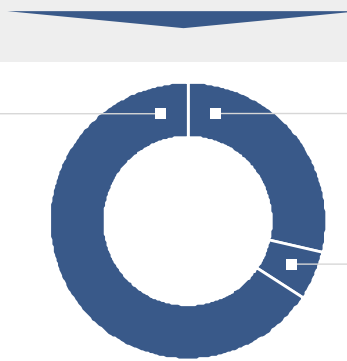
Stable – higher share of property-casualty

in €m

Gross premiums written 2005	22,358	
Foreign-exchange effects	-31	
Organic change	-111	
Gross premiums written 2006	22,216	

Breakdown by segment:
(segmental, not consolidated)

Property-casualty
14,551 (65%)
(▲0.0%)



Life
6,356 (29%)
(▲-2.1%)

Health
1,309 (6%)
(▲-0.8%)

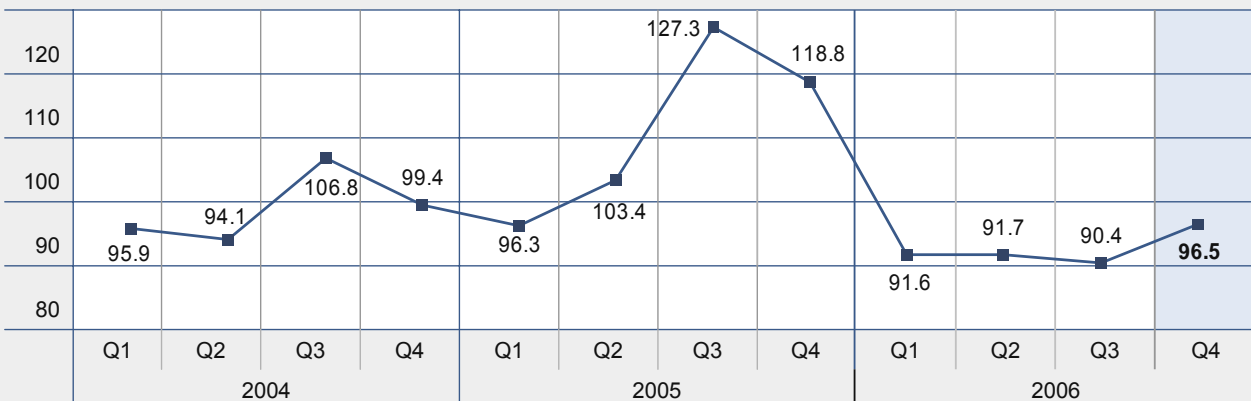
Combined ratio – property-casualty

Excellent level of underlying profitability

in %

		Loss ratio	Thereof NatCat	Expense ratio
2004	98.9	71.2	5.0	27.7
2005	111.7	83.5	19.4	28.2
2006	92.6	64.7	1.3	27.9

in %



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Preliminary results – Primary insurance segment

Income statement
Strong result

Gross premiums written

in €m

2005	17,572	
2006	16,753	

Decrease due to sale of Karlsruher and NHL

Investment result



in €m

2005	5,907	
2006	4,803	

2005 affected by HVB/UniCredit share swap, 2006 RoI 4.7%

Combined ratio¹ – property-casualty

in %

2005	93.1	
2006	90.8	

Reflects top quality portfolio

Group result

in €m

2005 ²	1,179	
2006	1,062	

Expectations of €600–700m significantly exceeded

¹ Incl. legal expenses.

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

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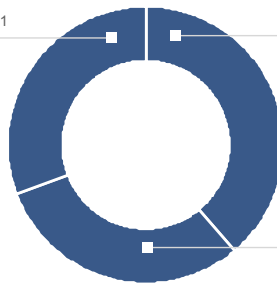
Premium development
... impacted by divestments

in €m

Gross premiums written 2005	17,572	
Foreign-exchange effects	1	
Divestment/Investment	-922	
Organic change	102	
Gross premiums written 2006	16,753	

Breakdown by segment:
(segmental, not consolidated)

Property-casualty¹
5,147 (31%)
(▲-1.8%)



Life
6,504 (39%)
(▲-12.6%)

Health
5,102 (30%)
(▲+4.3%)

Gross premiums written adjusted for divestments

- Property-casualty ▲+2.8%
- Life ▲-3.6%

¹ Incl. legal expenses.

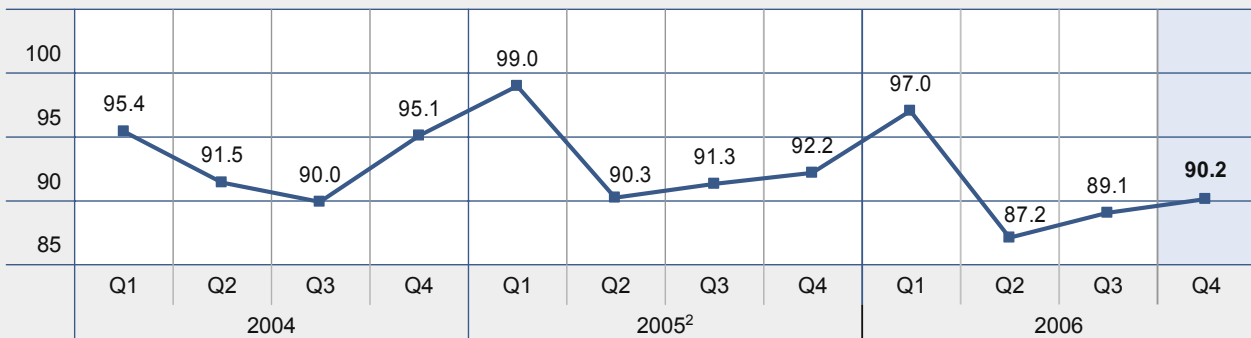
Combined ratio – Property-casualty
Outstanding performance due to well-balanced portfolio mix

in %

■ Loss ratio¹ ■ Expense ratio¹

2004	93.0	58.1	34.9
2005	93.1	58.4	34.7
2006	90.8	55.8	35.0

in %



¹ Incl. legal expenses.

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

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Reinsurance
Profitable growth in a tougher market environment

**Munich Re
 cycle and portfolio
 management**

1. Turning outstanding underwriting expertise into risk-adequate prices:

- Reallocation of capacity to most profitable programmes, e.g. property shift to XL
- Well-defined use of capacity in peak scenarios, e.g. US/Caribbean NatCat

2. Clear commitment to cancel unprofitable business

- No chasing of trends
- Reduction of highly competitive German motor business

3. Develop attractive growth opportunities

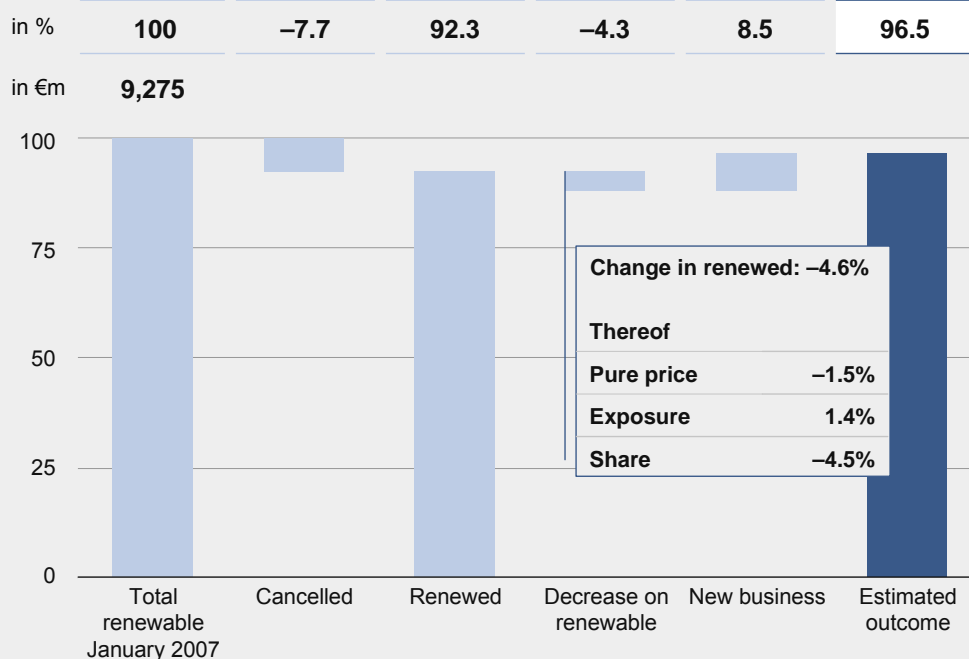
- Continued growth with strategic clients, e.g. agro
- Capitalising on expertise and financial strength, e.g. niche markets

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Examples of active portfolio management

Growth		Business rationale	
USA	Property NatCat	+€115m	▪ Capitalising on high prices
Global/ Special lines	Agro	+€50m	▪ Growth with strategic clients ▪ Co-operation with international US agricultural and bioenergy corporation for selling insurance cover
Cancelled/Decreased		Business rationale	
USA	WC	-€70m	▪ Further cancellation of not sufficiently priced business
Germany/ France	Casualty (mainly motor)	-€85m	▪ Reaction to increased competition and unprofitable business
China	Property/Casualty	-€210m	▪ Withdrawal from inadequately priced business

Consolidation at a high level



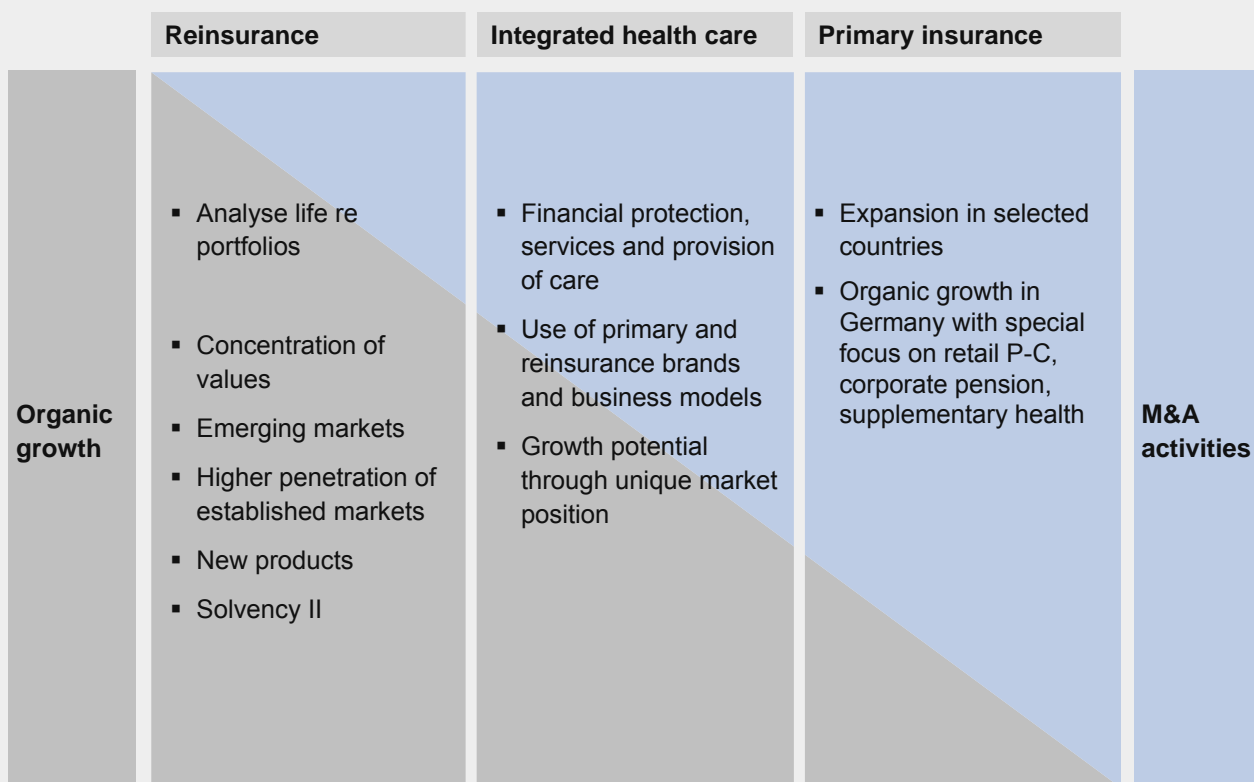
- 64% of total treaty property-casualty business was up for renewal
- Overall premium decrease of around 3%, due to selective underwriting
- Continued trend towards higher retentions

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Growth prospects

Growth perspectives
Unique position through diversification



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Selected initiatives to capture opportunities

	Germany	Europe	North America	Asia/Australia	Emerging Markets
Primary life	Full presence in core markets	Prioritised growth markets			
Primary property-casualty	Full presence in core markets	Selected examples: Isviçre			
International Health	Full presence in core markets	Prioritised growth markets	Prioritised growth markets	Selected examples: e.g. India, China	
Reinsurance life	Full presence in core markets	Full presence in core markets	Full presence in core markets	Full presence in core markets	Full presence in core markets
Reinsurance property-casualty	Full presence in core markets	Selected examples: Agro ¹		Full presence in core markets	Full presence in core markets
Insurance-based capital market solutions	Risk trading ¹				

■ Full presence in core markets
 ■ Prioritised growth markets
 ▨ Selected examples

¹ Further details on Slides 43 in the Appendix.

International Health's expansion in 2006

Asia/Latin America

- Initial successes with new business model of "consultative reinsurance"
- Holistic service and risk partnership with large and strongly growing clients

Abu Dhabi:
Daman exceeding projections as the country's first specialised health insurer: already more than 350,000 policyholders (Expatriates)

India
Formation of first specialised health insurer in a joint venture between DKV and the Apollo Hospitals Group

South Korea
DKV in the process of setting up first specialised health insurer

China
Strategic participation of DKV in PICC Health: expansion of distribution network through establishment of 12 branches

▶ International health market growing by around 6% p.a.
 MR expects annual growth of well over 20% for International Health

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Summary and outlook

Summary

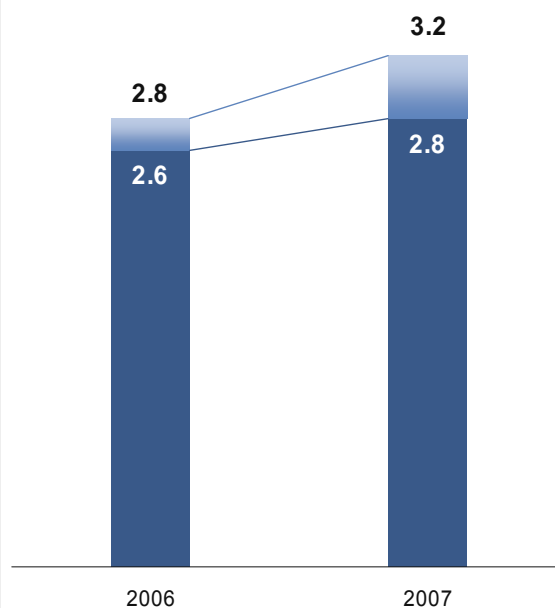
- Excellent operating performance in 2006
- Further dividend increase, €1bn share buy-back completed

Outlook 2007

- RoRaC 15%
- Net profit reinsurance: €2.3–2.6bn
- Net profit primary insurance: €0.6–0.75bn
- Consolidated net profit: €2.8–3.2bn

Consolidated net profit target

in €bn



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Consolidated financial statements

Consolidated balance sheet as at 31 December 2006 (1/2)

Assets	31.12.2006			Prev. year ¹ in €m	Change	
	in €m	in €m	in €m		in €m	in %
A. Intangible assets						
I. Goodwill		3,256		3,264	-8	-0.2
II. Other intangible assets		1,055		1,036	19	1.8
			4,311	4,300	11	0.3
B. Investments						
I. Land and buildings, including buildings on third-party land		4,720		5,798	-1,078	-18.6
II. Investments in affiliated companies and associates		1,303		1,312	-9	-0.7
III. Loans		29,528		24,795	4,733	19.1
IV. Other securities						
1. Held to maturity	252			445	-193	-43.4
2. Available for sale	122,915			124,452	-1,537	-1.2
3. Held for trading	1,343			1,879	-536	-28.5
		124,510		126,776	-2,266	-1.8
V. Deposits retained on assumed reinsurance		11,931		14,581	-2,650	-18.2
VI. Other investments		3,060		2,479	581	23.4
			175,052	175,741	-689	-0.4

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

Consolidated financial statements

Consolidated balance sheet as at 31 December 2006 (2/2)

Assets	31.12.2006			Prev. year ¹ in €m	Change	
	in €m	in €m	in €m		in €m	in %
C. Investments for the benefit of life insurance policyholders who bear the investment risk			1,820	1,430	390	27.3
D. Ceded share of technical provisions			6,593	7,980	-1,387	-17.4
E. Receivables			8,825	9,648	-823	-8.5
F. Cash with banks, cheques and cash in hand			2,172	2,337	-165	-7.1
G. Deferred acquisition costs						
– Gross		8,298		8,222	76	0.9
– Ceded		108		98	10	10.2
– Net			8,190	8,124	66	0.8
H. Deferred tax assets			5,370	5,213	157	3.0
I. Other assets			3,541	3,964	-423	-10.7
Total assets			215,874	218,737	-2,863	-1.3

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

Consolidated financial statements

Consolidated balance sheet as at 31 December 2006 (1/2)

Equity and liabilities	31.12.2006		Prev. year ¹ in €m	Change	
	in €m	in €m		in €m	in %
A. Equity					
I. Issued capital and capital reserve	7,388		7,388	–	–
II. Retained earnings	9,416		7,777	1,639	21.1
III. Other reserves	5,702		6,100	–398	–6.5
IV. Consolidated profit attributable to Munich Re equity holders	3,440		2,679	761	28.4
V. Minority interests	483		453	30	6.6
		26,429	24,397	2,032	8.3
B. Subordinated liabilities		3,419	3,408	11	0.3
C. Gross technical provisions					
I. Unearned premiums	5,870		6,153	–283	–4.6
II. Provision for future policy benefits	94,660		94,445	215	0.2
III. Provision for outstanding claims	47,076		49,380	–2,304	–4.7
IV. Other technical provisions	10,835		10,534	301	2.9
		158,441	160,512	–2,071	–1.3

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

Consolidated financial statements

Consolidated balance sheet as at 31 December 2006 (2/2)

Equity and liabilities	31.12.2006		Prev. year ¹ in €m	Change	
	in €m	in €m		in €m	in %
D. Gross technical provisions for life insurance policies where the investment risk is borne by the policyholders		1,930	1,516	414	27.3
E. Other accrued liabilities		4,865	4,926	-61	-1.2
F. Liabilities					
I. Bonds and notes issued	378		1,097	-719	-65.5
II. Deposits retained on ceded business	2,241		3,392	-1,151	-33.9
III. Other liabilities	10,015		12,288	-2,273	-18.5
		12,634	16,777	-4,143	-24.7
G. Deferred tax liabilities		8,156	7,201	955	13.3
Total equity and liabilities		215,874	218,737	-2,863	-1.3

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



Consolidated financial statements

Income statement

	2006			2005	Change	
	in €m	in €m	in €m		in €m	in %
Gross premiums written	37,436			38,199	-763	-2.0
1. Earned premiums						
Gross	37,613			38,251	-638	-1.7
Ceded	1,899			2,041	-142	-7.0
Net		35,714		36,210	-496	-1.4
2. Investment result		8,876		10,818	-1,942	-18.0
Thereof income from associates		44		1,131	-1,087	-96.1
3. Other income		1,784		1,465	319	21.8
Total income (1–3)			46,374	48,493	-2,119	-4.4
4. Expenses for claims and benefits						
Gross	30,798			35,560	-4,762	-13.4
Ceded	1,131			2,208	-1,077	-48.8
Net		29,667		33,352	-3,685	-11.0
5. Operating expenses						
Gross	9,333			9,609	-276	-2.9
Ceded	499			444	55	12.4
Net		8,834		9,165	-331	-3.6
6. Other expenses		2,375		1,826	549	30.1
Total expenses (4–6)			40,876	44,343	-3,467	-7.8
7. Result before impairment losses of goodwill			5,498	4,150	1,348	32.5
8. Impairment losses of goodwill			4	7	-3	-42.9
9. Operating result			5,494	4,143	1,351	32.6
10. Finance costs			310	378	-68	-18.0
11. Taxes on income			1,648	1,014	634	62.5
12. Consolidated result			3,536	2,751	785	28.5
Thereof attributable to MR equity holders			3,440	2,679	761	28.4
Thereof attributable to minority interests			96	72	24	33.3
Earnings per share			€15.12	€11.74	€3.38	28.8%

Reclassification of corporate tax benefit

Change in recognition

- Amendment leads to the refund of credits from previous corporate tax imputation system
- Entitles companies to a non-interest-bearing claim to this credit as at 31 December 2006, which will be paid out in ten equal annual instalments from 2008 to 2017
- Total corporate tax credits currently amount to approximately €483m
- Disclosure of an account receivable totalling approximately €379m (present value of the corporation tax credit)
- Participation of policyholders €23m
- One-time net P&L-effect of €356m in 2006 instead of annual prorated realisation linked to dividend payments

Major claims (gross)

Well below €1 billion**Claims for Munich Re Group (gross) over €m**

in €m		Man-made	Natural catastrophes
2002	1,886	1,298	588
2003	1,078	790	288
2004	1,212	499	713
2005	3,711	670	3,041
2006	854	677	177

Split by lines of business

	2006
Number of events	
Fire	34
Liability	17
Marine	9
Engineering	8
Aviation/Space	5
Credit	3
Motor	1
Total¹	77

¹ 12 events in several lines of business.

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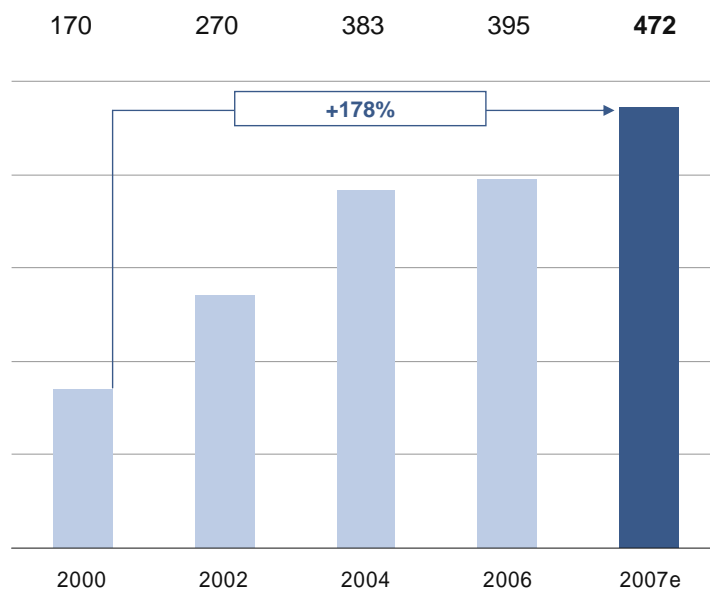
Munich Re Group – Annual Press Conference – Preliminary results 2006 – 28 February 2007

Smart growth

Agro – Distinctive competitive edge for Munich Re

Case study: Agro reinsurance

Premium volume in €m¹



¹ Excluding mandated business.

Technology-led expansion

- Growth fuelled by expanding global population and emerging bio-energy demands
- Food production becomes industrialised and must be insured as such
- Advances in farm technology allow insurers to offer innovative product
- Developing products in emerging markets
- Outstanding knowledge of Munich Re

Munich Re Group – Annual Press Conference – Preliminary results 2006 – 28 February 2007

Risk Trading – More than just securitisation

Munich Re’s risk trading approach

Managing our own risks

- Optimise portfolio
- Use of additional capacity

Improve our risk-return profile and save costs

Managing our clients’ risks

- Consulting, structuring, project management and placement support
- Risk fronting/transformation and (interim) capacity provider

Fee and risk-based income

Risk warehousing

- Retain risks
- Be active player in primary and secondary market

Risk-based, investment and arbitrage income

Restructuring and reselling

- Extension of “buy and hold” strategy
- Combine and restructure risks
- Sell at favourable terms and conditions

Fee and arbitrage income

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.