

Munich Re Group

Quarterly financial statements as at 30.6.2007

Changing Gear – A first interim status report

Media conference

Nikolaus von Bomhard

Lothar Meyer

Jörg Schneider

Torsten Jeworrek

6 August 2007



Münchener Rück
Munich Re Group



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Munich Re at a glance

✓ Despite Kyrill, half-year result fully within planned range; combined with positive tax effects, this makes another record profit achievable for 2007

✓ High profitability after three years of consolidation
Focus now increasingly on profitable growth

✓ First project concepts are ready
Implementation is following step by step

✓ Consistent capital management effectively advanced
Hybrid bond placed, second share buy-back started

**Half-year profit
of €1bn
reflects discipline**

**Changing Gear
successfully launched**

**Profit guidance for the year
increased to €3.5–3.8bn**

Changing Gear

Initiatives successfully launched – First interim status report

Portfolio remediation successfully concluded – Now scope for profitable growth

Ambitious growth targets

- 15 growth initiatives in reinsurance – Realisation starting in autumn

Examples of the Changing Gear approach:

- Reinsurance closer to the original risk – Acquisition of Bell & Clements
- Innovative solutions: Catastrophe cover for Caribbean states in cooperation with World Bank
- Expansion of collaboration between ERGO and the UniCredit Group

Best in class

- "CLUE" – Focusing of underwriters on operative business
- "SIMPLIFY!" – Practising risk awareness makes simpler processes possible
- Optimised cycle management
- New incentive systems
- Business plan competition – Promoting entrepreneurial thinking

Capital efficiency

- Hybrid bond with a volume of €1.5bn placed
- New share buy-back programme almost halfway through
- Dividend payout of at least €1bn continues to be the target

Earnings per share average growth p.a. of over 10% (2007–2010)

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Primary insurance



10 years of ERGO

Excellently positioned for the future

ERGO – One entity ...

Uniform processes for products
and administration (2000 / 2004 / 2007)

Joint client service
(2004)

Restructuring of sales (2005)
Establishment of Board Division for Sales (2007)

Joint asset management:
MEAG (2000)

Formation of ITERGO, development of ERGO computer centre (from 2000)
Joint back office (completed with integration of DKV in April 2007)

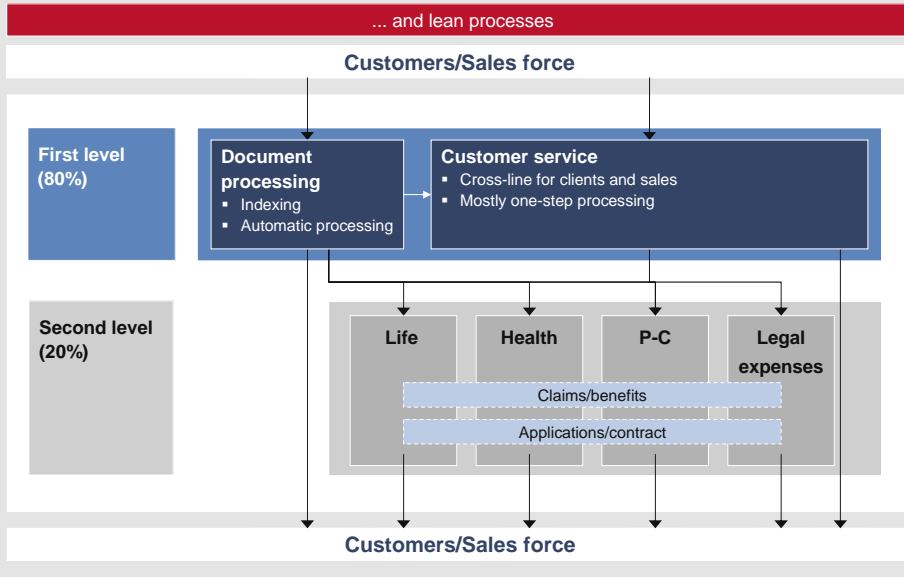
... with strong brands ...



... and a competitive edge thanks to single back office

10 years of ERGO

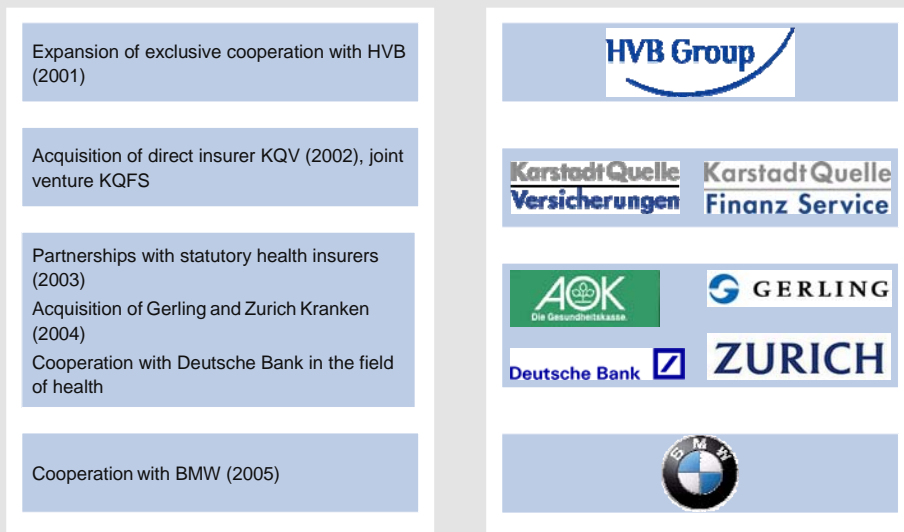
Overarching operation model established



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10 years of ERGO

Strengthening distribution through partnerships in Germany



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10 years of ERGO
ERGO growing in international business

Acquisitions in Poland, the Baltic States and Italy (2000)

Acquisition of İsviçre in Turkey (2006)

Expansion of UCI cooperation in central/eastern Europe (2007)

Preparation for entering the Indian and Chinese markets (2007)

Share of foreign business has grown from 8% (1997) to 21% (2007¹)



- A global market for risks – Munich Re strongly positioned with ERGO
- ERGO benefits from Munich Re's reputation and market position
- Focus on strongly growing international markets

ERGO abroad²

- 24 countries
- 18 million clients
- Around 8,000 independent insurance agents

ERGO Germany²

- 15 million clients
- Over 14,000 independent insurance agents

¹ Forecast for 2007. ² Status 2006.

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Overview

Excellent half-year despite above-average NatCat activity

GROUP Gross premiums written		REINSURANCE Combined ratio property-casualty		PRIMARY INSURANCE Combined ratio property-casualty	
in €m		in %		in %	
Q1-2 2006	19,063	Q1-2 2006	91.6	Q1-2 2006	92.0
Q1-2 2007	18,928	Q1-2 2007	98.4	Q1-2 2007	93.3
Stable premiums despite weak US dollar		Strong underlying business – 8.1%-pts. NatCat impact		Comfortably within assumptions	

GROUP Investment result		GROUP Equity		GROUP Group result	
in €m		in €bn		in €m	
Q1-2 2006	4,803	31.12.2006 ¹	26.3	Q1-2 2006 ¹	2,127
Q1-2 2007	5,646	30.06.2007	25.3	Q1-2 2007	2,132
Rol of 6.3% due to favourable capital markets		Only slight decrease despite share buy-back and dividend		At record level of previous year	

¹ Adjusted due to IAS 8.

Premium development

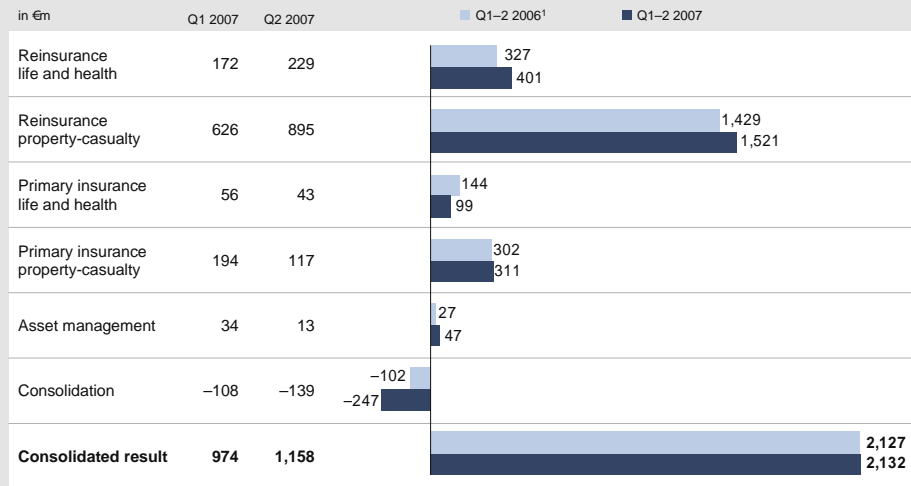
Stable premiums despite weaker US dollar

in €m

Gross premiums written Q1-2 2006	19,063	
Foreign exchange effects	-438	
Divestment/Investment	185	
Organic change	118	
Gross premiums written Q1-2 2007	18,928	

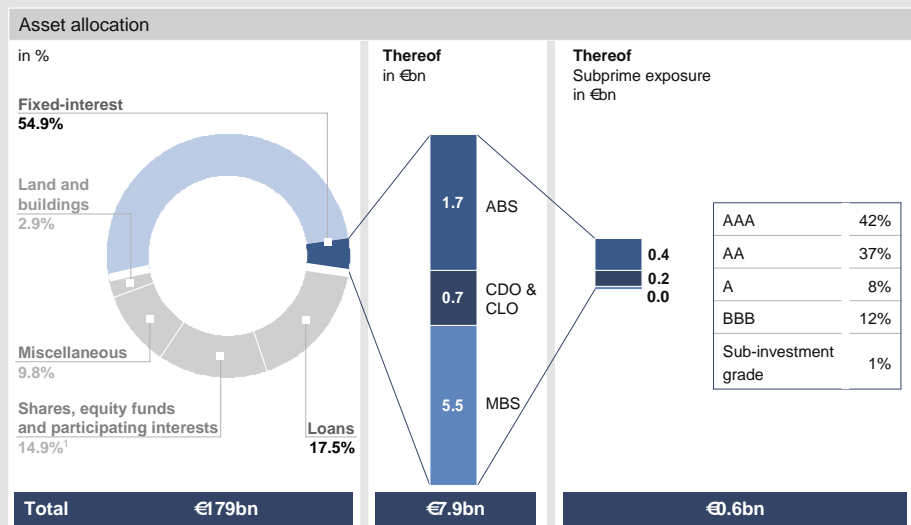
Breakdown by segment (consolidated)	Reinsurance		Primary insurance	
	Property-casualty	Life	Property-casualty	Life
	6,822 (36.0%)	2,722 (14.4%)	3,139 (16.6%)	2,969 (15.7%)
	(▲-2.6%)	(▲-7.9%)	(▲+10.6%)	(▲-5.0%)
	Health: 581 (3.1%)	Health: 2,695 (14.2%)		(▲+5.0%)
	(▲+0.3%)			

Consolidated result
Strong profitability in all segments



¹ Adjusted due to IAS 8.

Investments
Well balanced portfolio with limited credit risk exposure

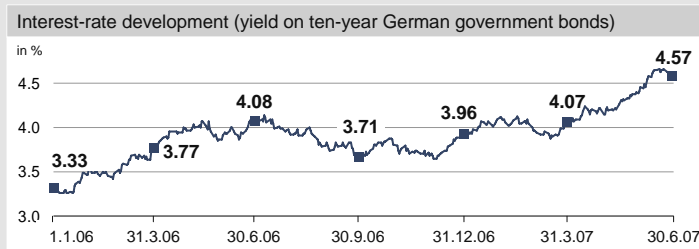


¹ After taking equity derivatives into account: 13.1%. As at 30 June 2007.

Return on investment

Extremely good due to high regular income and gains from disposal

Q1-2 2007	in €m	annualised Return ¹
Regular income	4,285	4.8%
Other income/expenses	-212	-0.2%
Gains/losses on the disposal of investments	2,013	2.2%
Write-downs/write-ups of investments	-440	-0.5%
Investment result	5,646	6.3%



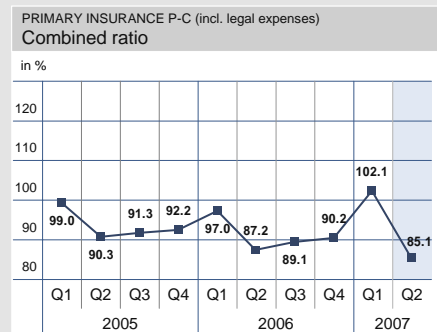
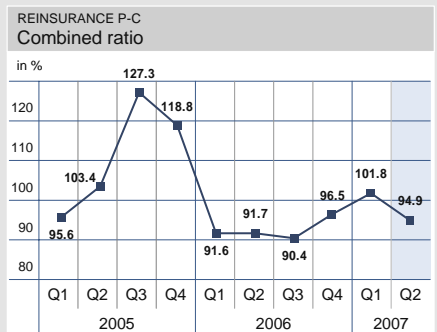
Including variation in reserves:

- Change in total reserves²: -4,583 (-5.1%)
- Total income: 1,063 (1.2%)

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

Underwriting result

Endorsement of the sustained profitability of our business



- High NatCat exposure in 1st half-year: 8.1 percentage points – mainly due to Kyrill
- Man-made losses significantly lower: 1.8 percentage points
- Strong profitability of basic business

- Half-year development also affected by Kyrill
- Otherwise excellent ratios

Equity

Profit offsets impact from share buy-backs and dividend payment

in €m

Equity 31.12.2006 ¹	26,320	
Consolidated result	2,132	
Changes		
Dividend	-988	
Unrealised gains/losses ²	-772	
Exchange rates	-54	
Share buy-backs	-1,302	
Other	-6	
Equity 30.06.2007	25,330	


¹ Adjusted due to IAS 8.
² On other securities.

Target and assumption set

Full-year net profit guidance increased

RoRaC target: 15%

	Reinsurance	Primary insurance
Gross premiums written	€21–21.5bn	€17–17.5bn
Currency environment	stable	
Normal major losses	NatCat 7%	NatCat n.a.
Combined ratio property-casualty	below 97%	below 95%
European Embedded Value Earnings	in the range of 8–9%	
Return on investment	5.0%	
Tax environment	Incl. one-off tax benefit ~€400m	
Net profit	€3.0–3.2bn	around 0.9bn
Consolidated net profit for the Group	€3.5–3.8bn	

 Assumption changes

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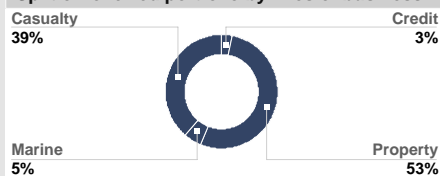
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Renewals in reinsurance at 1 July 2007

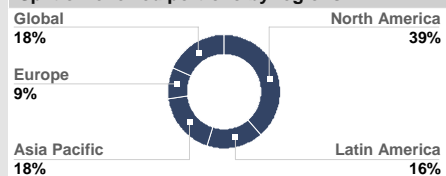
July renewals

Munich Re benefits from flight to quality

Split of renewed portfolio by lines of business



Split of renewed portfolio by regions



Renewal results

North America

- Shift of NatCat capacities leads to additional business in a still profitable market

Latin America

- Market consolidation and innovative solutions lead to growth

Global

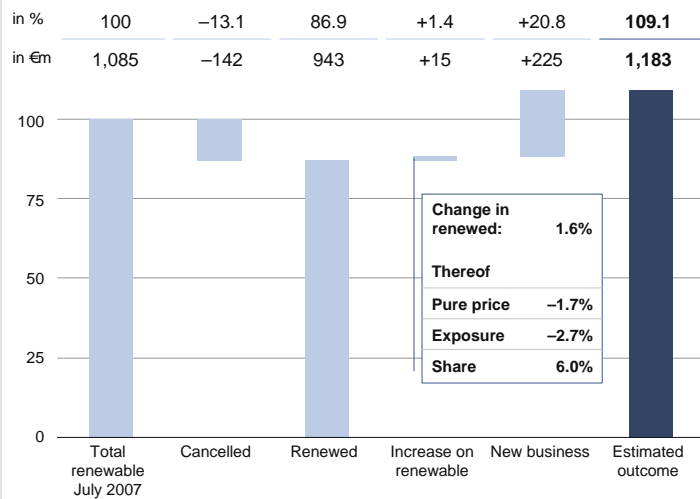
- Use of expertise and strong market position

Asia Pacific (Australia)

- Stable portfolio despite competitive environment and consolidation amongst our client base

Financial strength and innovative approach supports new business with adequate margins in a softening market

July renewals – Changes in premium
New business opportunities



- 10% of total treaty property-casualty business was up for renewal
- Premium increase mainly due to US business
- Pure price change on total book (incl. cancelled and new): Unchanged

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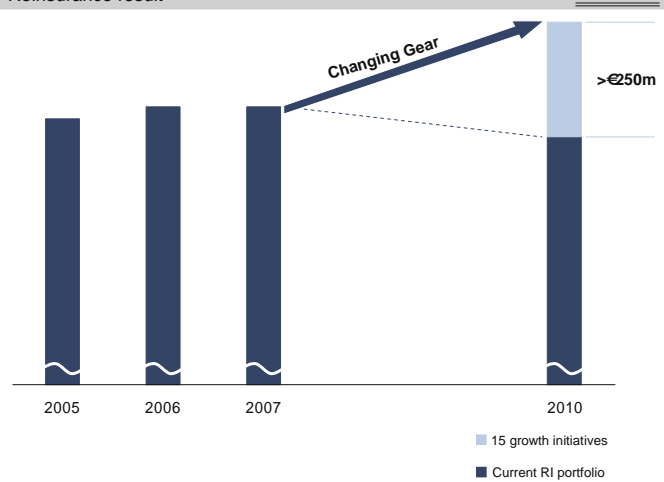
Nikolaus von Bomhard

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Changing Gear: Projects being implemented step by step

Reinsurance result

Illustration



- 15 initiatives for profitable growth are being realised

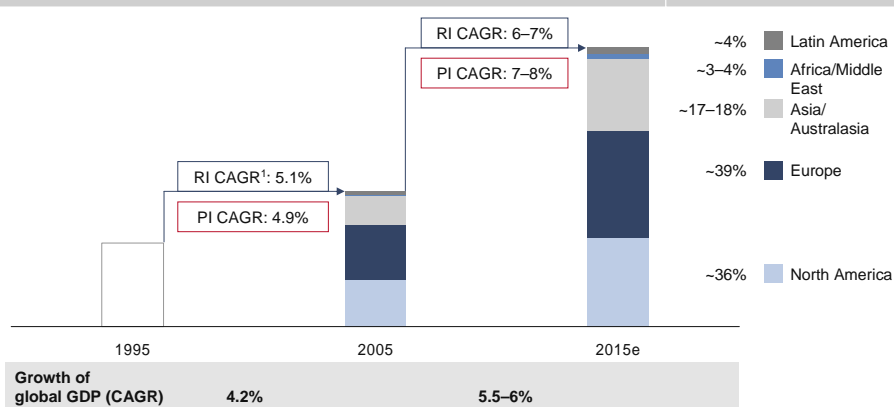
- Projects reflect Munich Re's special risk expertise such as
- Complex IT covers
 - Risk protection for renewable energies
 - Microinsurance

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RI and PI growing more strongly than global economy as a whole

Reinsurance (RI) and primary insurance (PI) premium growth worldwide

Expected RI market distribution 2015



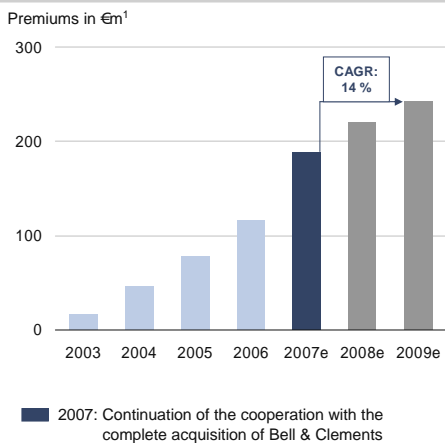
A key premise of Changing Gear is selective utilisation of market opportunities

Source: Munich Re Economic Research. ¹ Average growth rate p.a.

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Example: Getting closer to the original risks
Acquisition of Bell & Clements (B&C)

Previous cooperation with B&C



Reasons for the acquisition of B&C

- Component of our strategy to bring reinsurance closer to the original risks; developing a specific, profitable and clearly defined portfolio
- Securing a profitable book of business that Munich Re has developed in close partnership with B&C – with significant potential for organic growth
- Platform for consolidation and expansion of this business

¹ Munich Re's premium share from cooperation with B&C including Three Lions joint venture.

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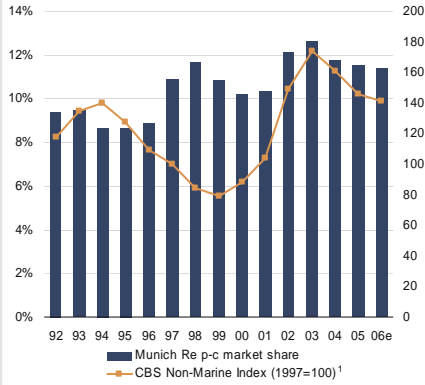
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Optimised cycle management for sustained profitability

Munich Re's share of property-casualty reinsurance in relation to the cycle



Source: Munich Re Economic Research

¹ CBS Non-Marine Index, commonly used for tracking the market cycle in reinsurance. Estimate for 2006.

Why we can view the future optimistically

- Munich Re's complete organisation is fully aligned to policy of risk-adequate pricing
- Personal commitment of Board and top management
- Market-share development in conformity with market cycle and results in recent years give clear indication of initial success of new approach

Further increase in capital efficiency

Q1 2007 €50m share buy-back executed	✓
+	
Since Q2 2007 €2bn buy-back almost halfway through	✓
+	
Q2 2007 €1.5bn hybrid bond issued	✓
+	
For financial year 2007 >€1bn dividend	

Changing Gear!

Profitable growth

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.