

Munich Re Group

Quarterly financial statement as at 31.3.2008

Media telephone conference

Changing Gear

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8 May 2008



Münchener Rück
Munich Re Group



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Primary insurance segment	15
ERGO	
Strategic orientation	
International expansion – India	
Changing Gear	
Initiatives are taking effect	
Growth field MGA business – Expansion of marine network	
Best in class – Cycle management in reinsurance	
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Successful business model

Solid result despite major losses and capital market turbulence

**Well within the target corridor for 2008
despite a 19% decline in the first quarter**

**Random major losses in reinsurance
burden the Q1 result with over €0.5bn**

**Investment result with 3.9% return
very satisfactory in view of the market situation**

**Changing Gear is taking effect
Market environment puts even more focus on active cycle management**

Overview

Financial reporting Q1 2008

Munich Re Group in total

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Initiatives are taking effect

Growth field MGA business – Expansion of marine network

Best in class – Cycle management in reinsurance

Summary and outlook

Financial reporting Q1 2008 – Munich Re Group in total

Overview

Solid results in difficult environment

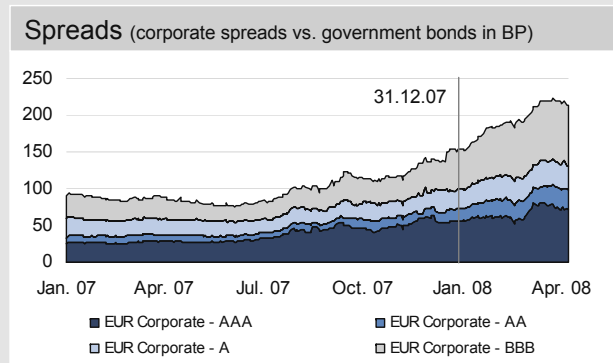
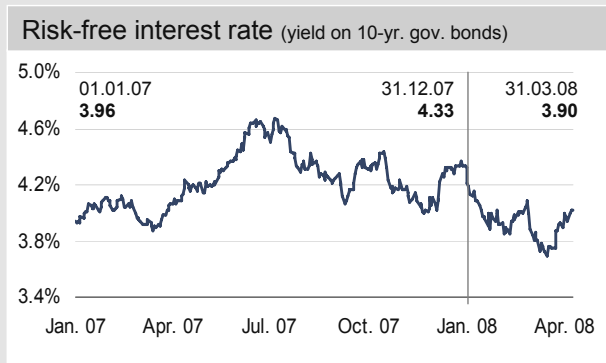
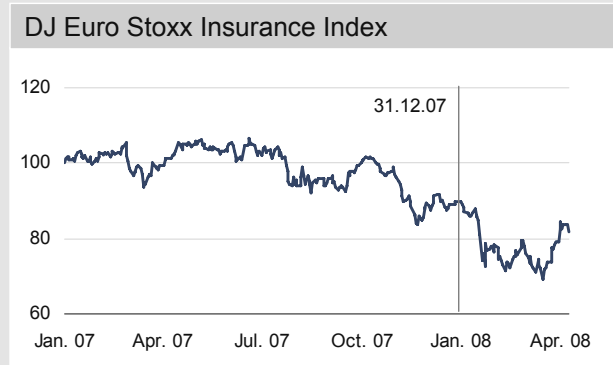
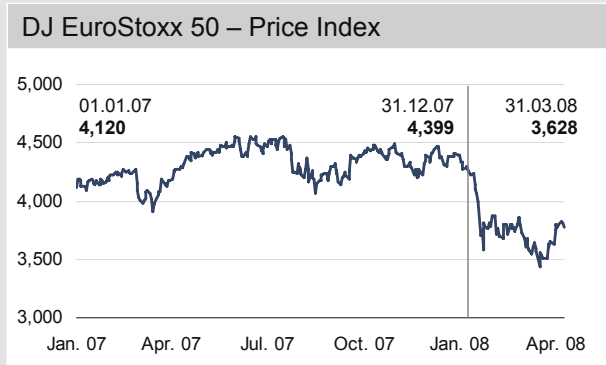
GROUP Gross premiums written		REINSURANCE Combined ratio property-casualty		PRIMARY INSURANCE Combined ratio property-casualty ¹	
€m		%		%	
Q1 2007	10,020	Q1 2007	101.8	Q1 2007	102.1
Q1 2008	9,844	Q1 2008	103.8	Q1 2008	89.0
Organic growth only partially compensates currency impact		Above-average number of major claims		Favourable claims and cost development	
GROUP Investment result		GROUP Operating result		GROUP Consolidated result	
€m		€m		€m	
Q1 2007	3,161	Q1 2007 ²	1,313	Q1 2007 ²	974
Q1 2008	1,687	Q1 2008	1,151	Q1 2008	785
Satisfactory 3.9% RoI, given challenging market environment		Strong despite high level of major claims		Full-year €3.0–3.4bn target range confirmed	

¹ Incl. legal expenses.

² Adjusted due to IAS 8.

Investment result

Financial market parameters



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Return on investment

Satisfactory return, given volatile markets

- Strong euro and share-price losses led to reduction in investment portfolio to €170.2bn, decrease only 3.4%:
 - Low-risk structure of fixed-interest portfolio leading to capital gains
 - Timely reduction of equity exposure before market downturn
 - Gains on derivatives partially compensate losses on equities
- Still high valuation reserves, decreased in Q1 2008 by €1.5bn to €5.6bn
- Subprime-exposed investments reduced further to ~€280m; no significant losses

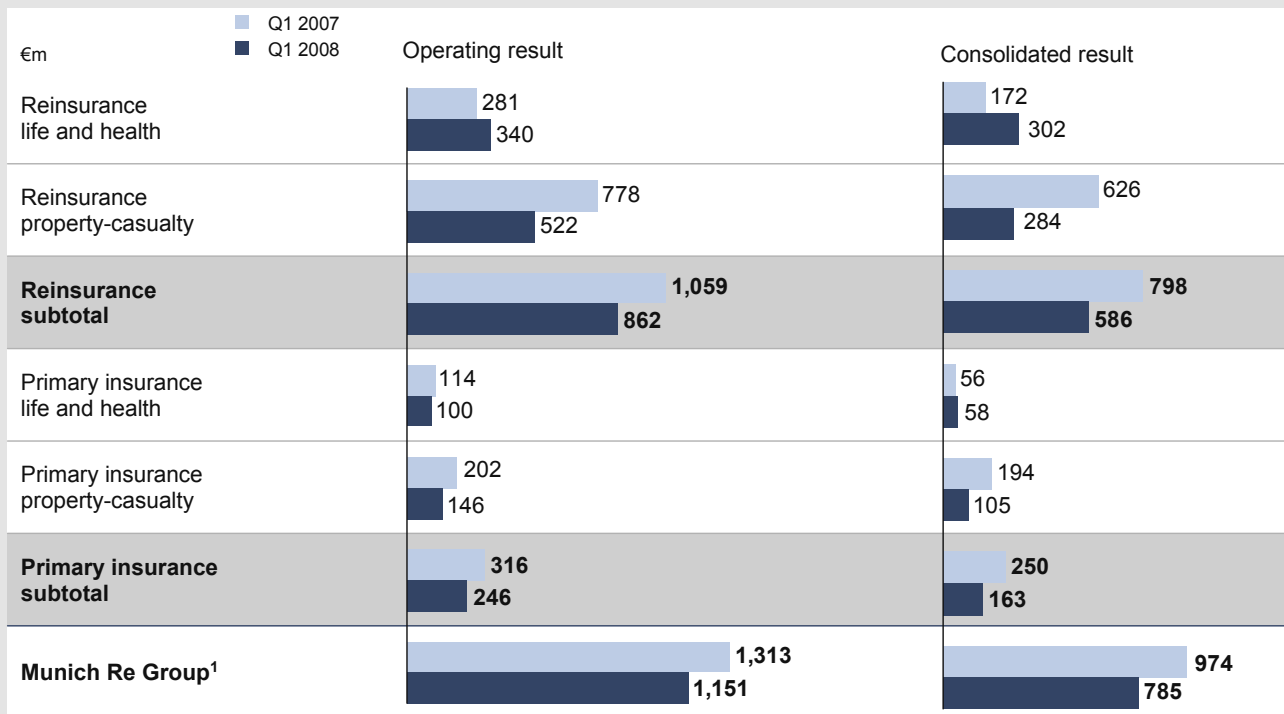
Q1 2008	€m	Return ¹
Regular income	1,770	4.1%
Other income/expenses	-332	-0.8%
Gains/losses on the disposal of investments	742	1.7%
Write-downs/write-ups of investments	-493	-1.1%
Investment result	1,687	3.9%²

¹ Return on quarterly weighted investments (market values) in % p.a.
² Incl. change in on- and off-balance-sheet reserves 0.5%.

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Consolidated result

All segments contribute to Group result

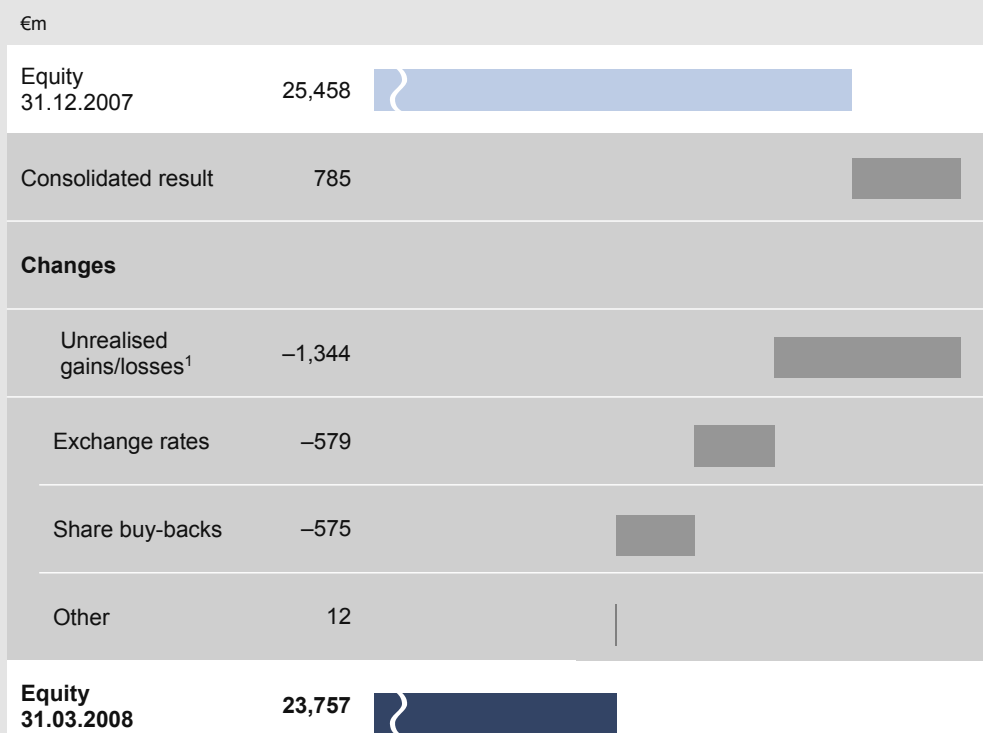


¹ Operating result Q1 2008 including asset management (€31m, Q1 2007 €46m) and consolidation (€12m, Q1 2007 –€108m). Consolidated result Q1 2008 including asset management (€25m, Q1 2007 €34m) and consolidation (€11m, Q1 2007 –€108m).

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Equity

Impacted by volatile capital markets



- Total economic capital available has risen to >€34bn²
- Economic Risk Capital has fallen to €16.5bn
- Very strong capitalisation provides headroom
- Further share buy-back with a volume of at least €1bn planned before 2009 AGM

¹ On other securities.

² Reported equity + economic adjustments + hybrid capital, as at 31 December 2007.

Munich Re Group – Quarterly financial statements as at 31.3.2008 – 8 May 2008

Overview

Financial reporting Q1 2008

Munich Re Group in total

Reinsurance segment

Primary insurance segment

ERGO

Strategic orientation

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Initiatives are taking effect

Growth field MGA business – Expansion of marine network

Best in class – Cycle management in reinsurance

Summary and outlook

Highlights

Satisfying in difficult environment

Gross premiums written

€m

Q1 2007 5,820 

Q1 2008 5,492 

Decline due to currency effects

Investment result

€m

Q1 2007 1,324 

Q1 2008 1,000 

Write-ups of derivatives partially offset write-downs on shares

Combined ratio – Property-casualty

%

Q1 2007 101.8 

Q1 2008 103.8 

Above-average NatCat and man-made claims in addition to rate decline

Operating result

€m

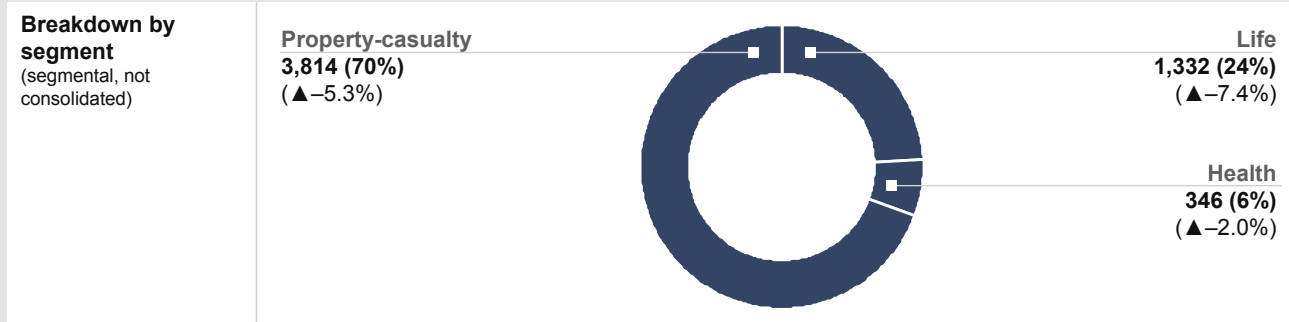
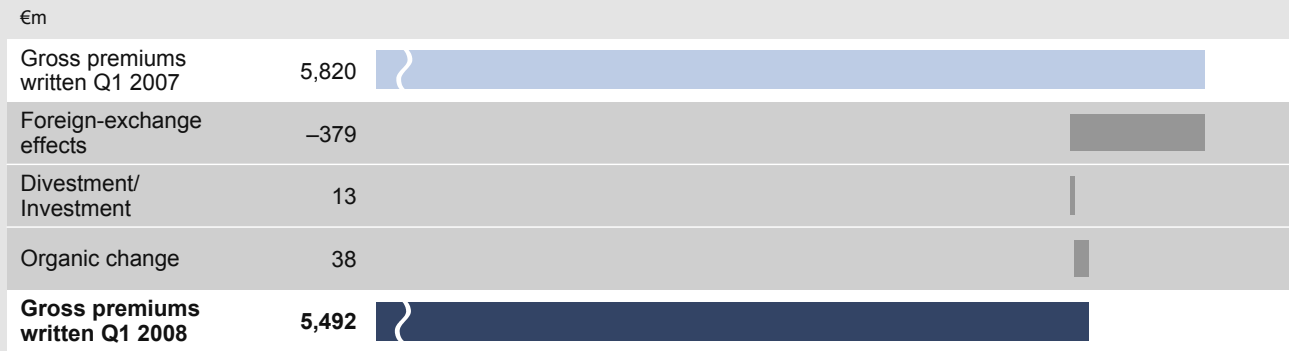
Q1 2007 1,059 

Q1 2008 862 

Satisfying in difficult reinsurance and capital markets

Premium development

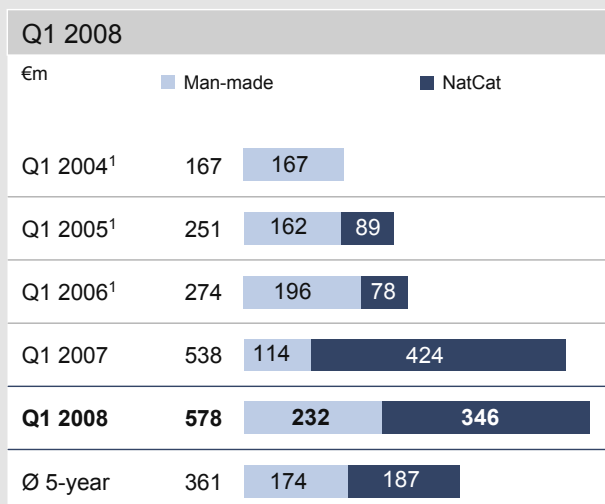
Decline due to currency effects



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Claims experience Q1 2008

Major losses far above five-year average



Losses above long-term average

- Two floods in Queensland, Australia: each nearly €100m
- Winter Storm Emma: around €75m
- Other major losses: e.g. snow catastrophe in China
- Man-made losses also above average

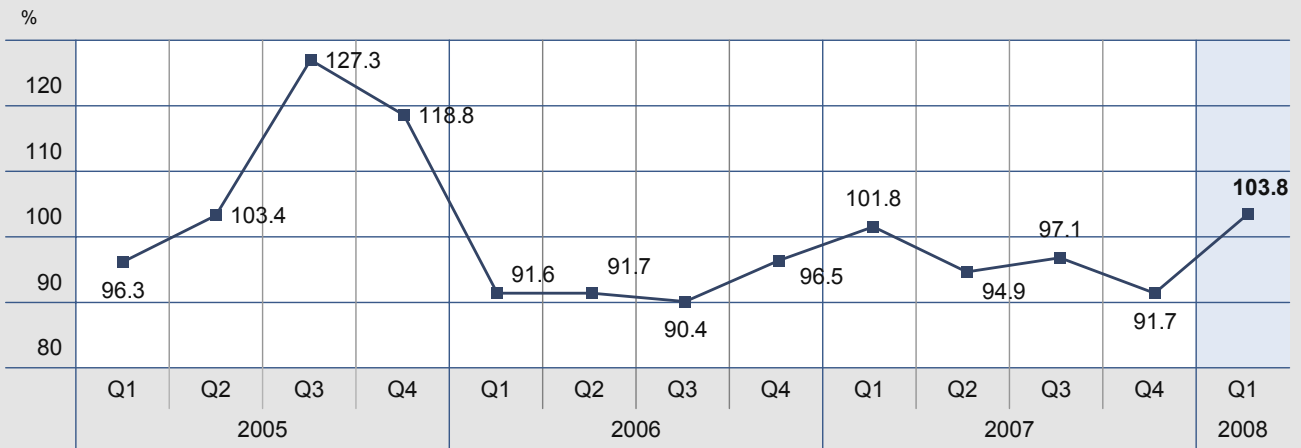
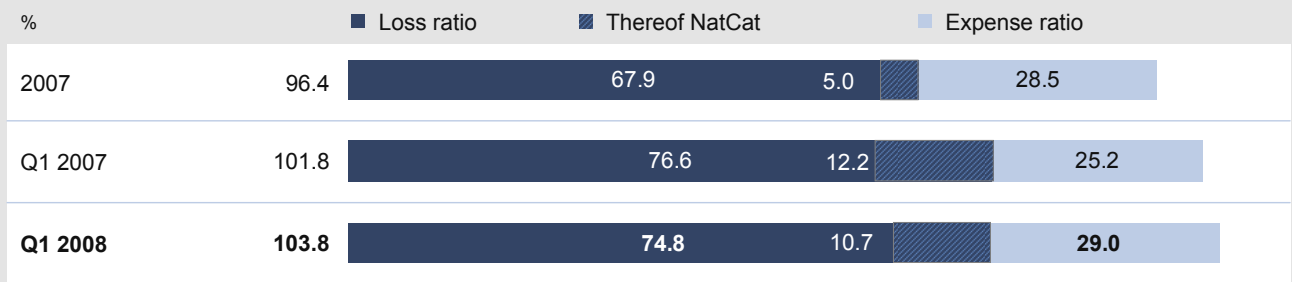
 Random clustering of losses on a quarterly basis is certainly typical in our business

¹ Incl. run-off-profits.

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Combined ratio – Property-casualty

Above-average major claims in addition to rate decline



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Agenda

Overview

Financial reporting Q1 2008

Munich Re Group in total
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Primary insurance segment

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Strategic orientation
International expansion – India

Changing Gear

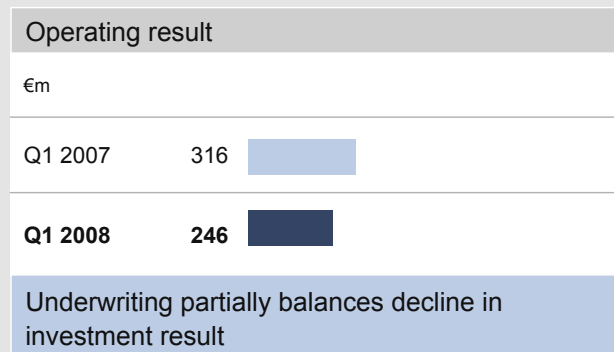
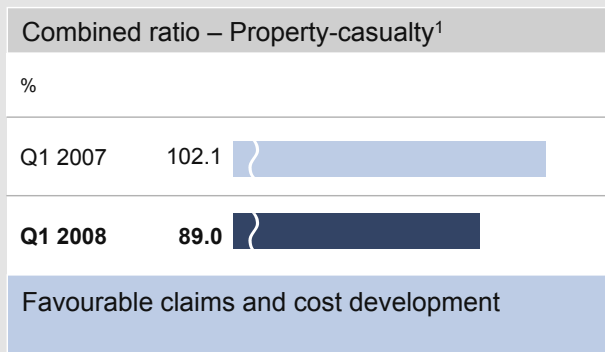
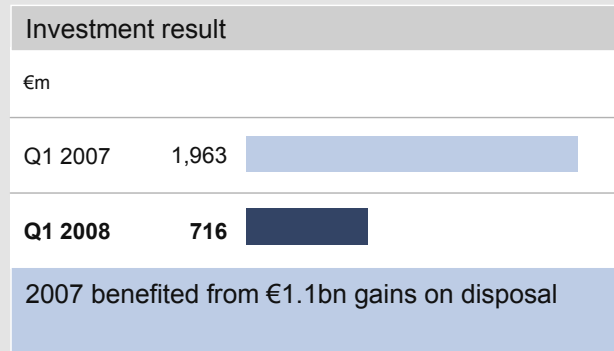
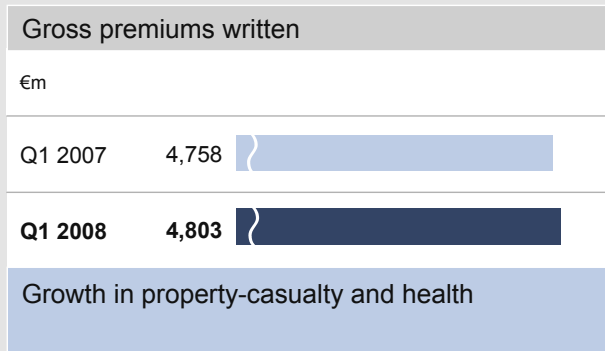
Initiatives are taking effect
Growth field MGA business – Expansion of marine network
Best in class – Cycle management in reinsurance

Summary and outlook

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Highlights

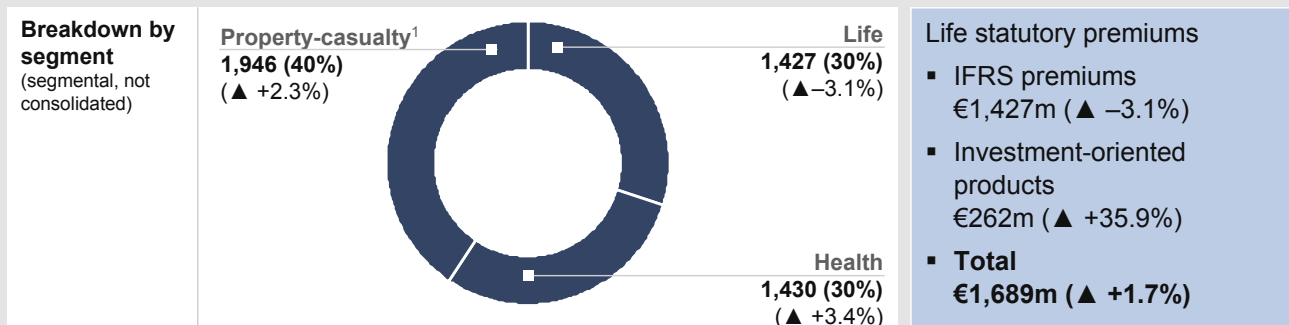
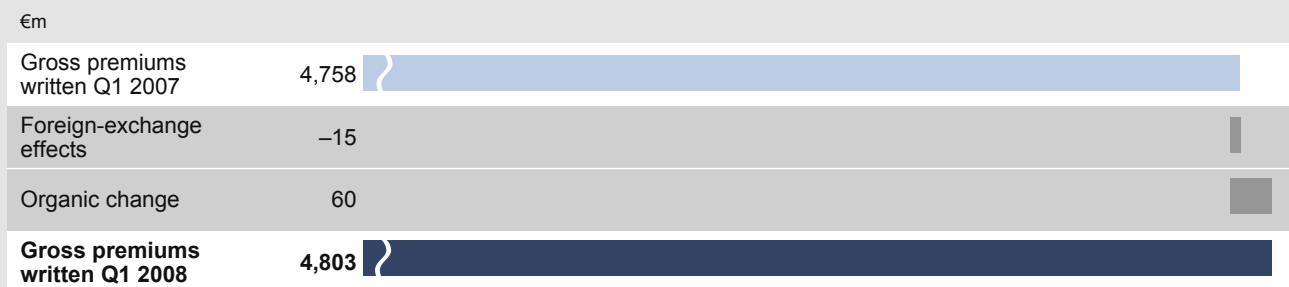
Satisfying result due to favourable claims development



¹ Incl. legal expenses.

Premium development

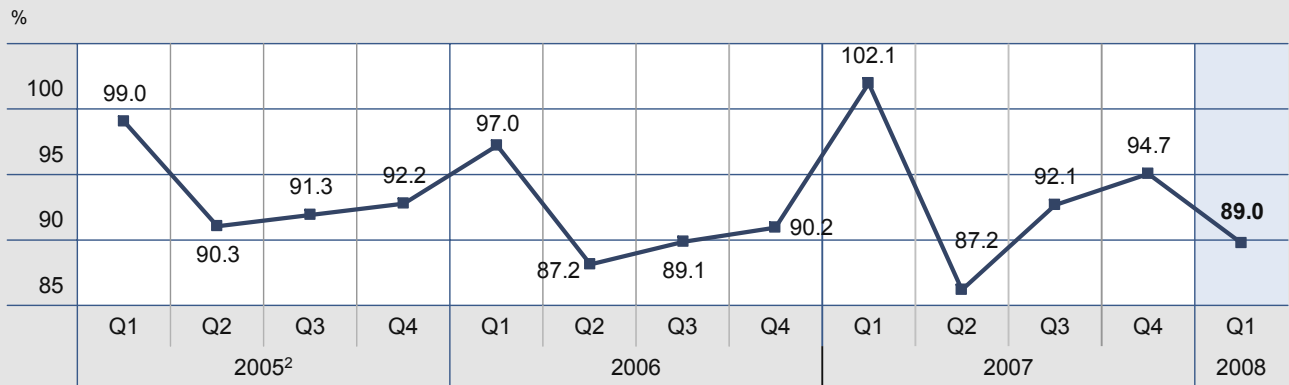
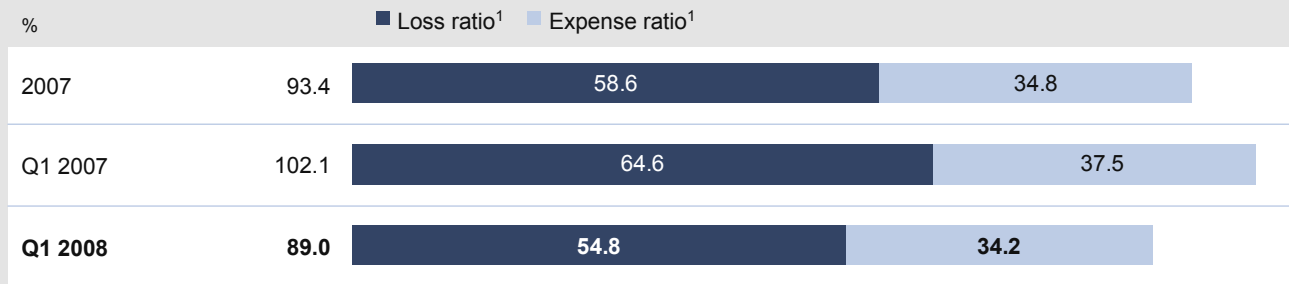
Growth in property-casualty and health



¹ Incl. legal expenses.

Combined ratio – Property-casualty

Favourable claims and cost development



¹ Incl. legal expenses.

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

Agenda

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Summary and outlook

International growth a focal point of strategy

Update on strategic programme by 2012



Enhance distribution

- Bundle broker sales forces
- Consistently implement revised German insurance contract law

Realign ERGO in market for private provision

- Introduce capital-market-based products
- New business boost from 4th Riester subsidisation stage

Internationalise ERGO

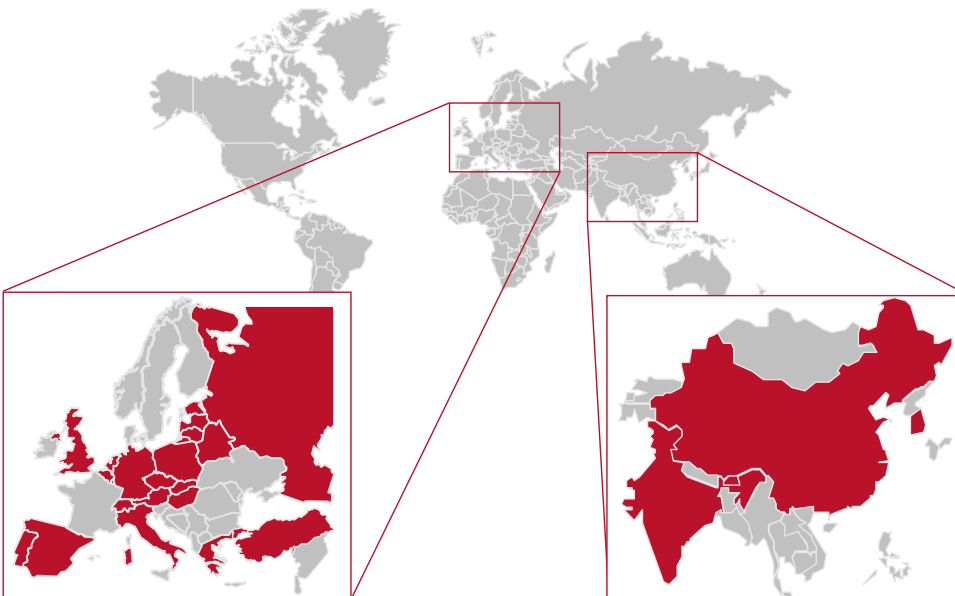
- Majority stake in Austrian BA-CA Insurance
- Joint venture with HERO in Indian life insurance market

Optimise capital structure

- ERGO's AGM resolves payment of a €1bn dividend
- Financing through Group loan

Profit growth of 15% p.a. abroad up to 2010

Increase value share of international business from 1/5 to 1/3 by 2012



Focus region Europe

Focus region Asia

Management priority to strengthen profitability

Emerging markets: M&A or greenfield

Regional approach and line-of-business focus

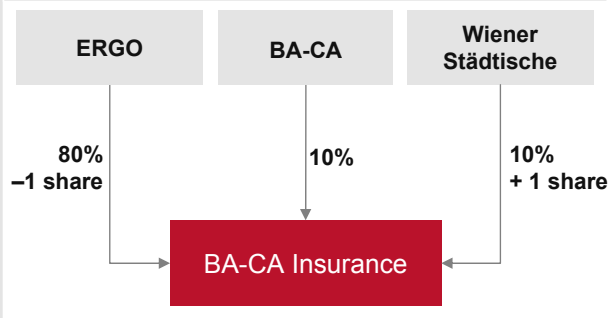
Partner approach in distribution

Transfer of technical and administrative know-how

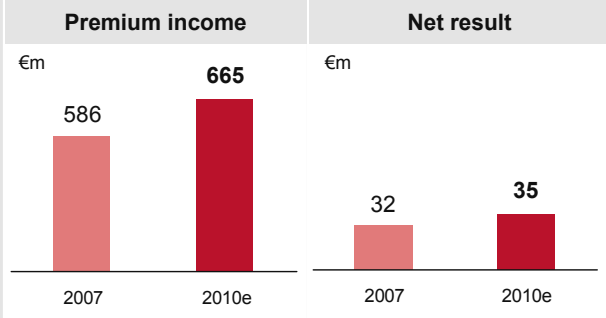
Ambitious growth targets

Taking majority stake in Austrian BA-CA Insurance

New owner structure



BA-CA Insurance key figures



BA-CA Insurance main aspects

- Activities in life and non-life insurance
- Among the top five life and personal accident insurers
- Market share in life nearly 8% in Austria
- 732,000 insurance policies in life
- Already favourable administration expense ratio compared to market, with ambition of further reduction

ERGO's focus in Austria

- Activities in life, property-casualty and legal expenses
- Other brands: Victoria Volksbanken, D.A.S., Quelle
- Premium income for 2007 (as if) €853m
- Market share of around 10% in life
- Vienna as centre for bank cooperation business with UniCredit in central and eastern Europe

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Ambitious growth targets

Successful entry in Indian life insurance market

HERO ERGO Life Insurance Company Ltd.

74% **The HERO GROUP**

26% **ERGO**



The HERO Group

- Hugely respected Indian brand – stands for reliability
- Core business: bicycles and motorbikes; well-diversified group
- Strong distribution and service network
- Experienced management
- Many years of joint venture experience

The business model

- Leverage HERO brand: Link life insurance product characteristics with the trust and reliability of the HERO brand
- Selective roll-out, using the existing HERO infrastructure; lean branch model
- Open for bancassurance model
- Start with less complex products
- Develop alternative channels: Complement tied-agency and bancassurance distribution with innovative distribution models

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- Growth field MGA business – Expansion of marine network**
- Best in class – Cycle management in reinsurance**

Summary and outlook

Overview Changing Gear

Basis for profitable growth

Changing Gear programme 2007–2010

Ambitious growth target

Best in class

Capital efficiency

TARGET

Returning >€8bn to shareholders

CURRENT STATUS

**>€3bn
already repatriated**

TARGET

Average EPS growth >10% p.a.

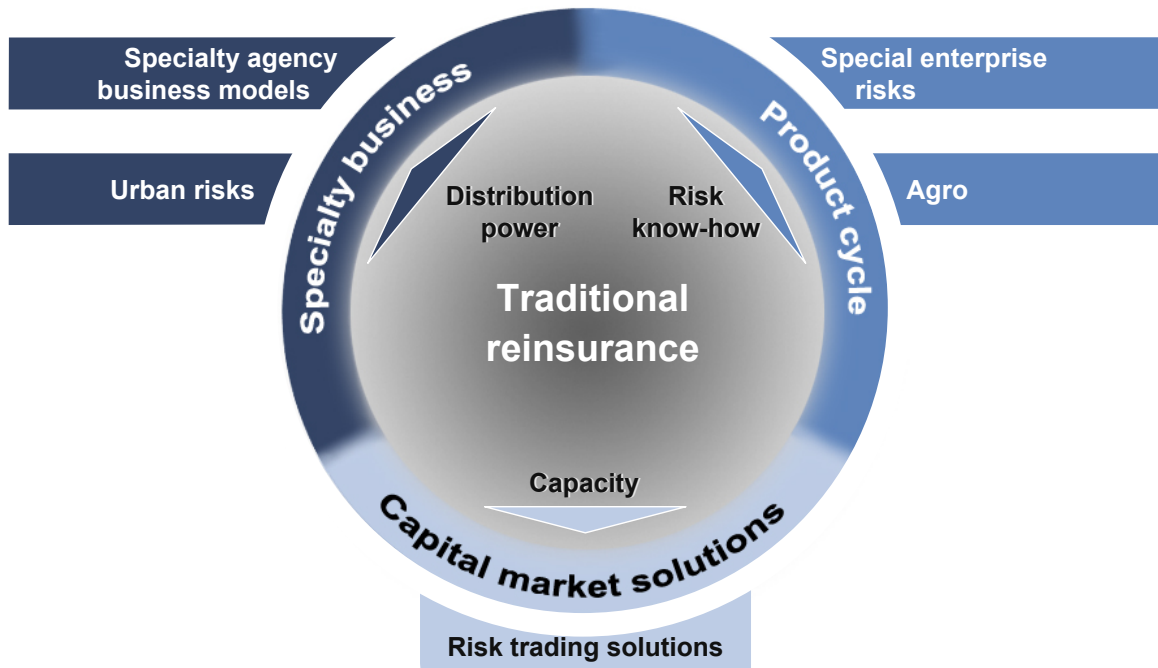
CURRENT STATUS

**Normalised EPS growth 2008
well above 10%**

**2010 EPS TARGET CONFIRMED
>€18**

Examples of concrete initiatives in p-c reinsurance

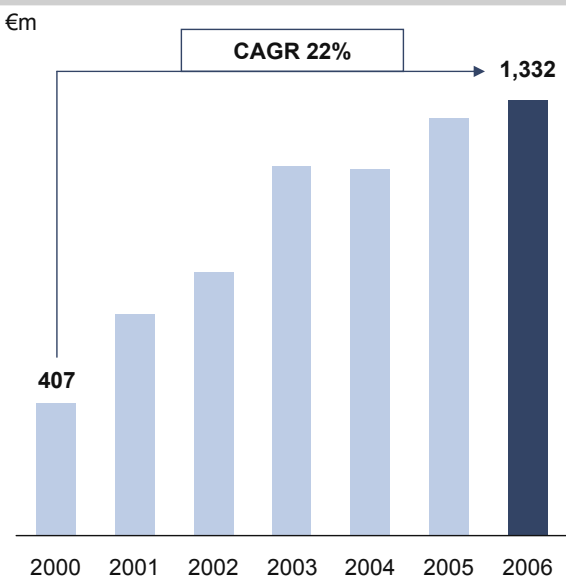
Execution of 15 defined growth initiatives



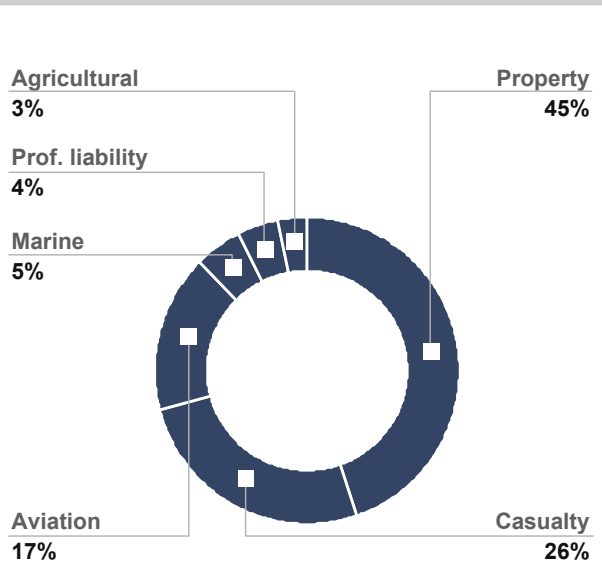
Top initiatives deliver >€250m net profit in 2010

Munich Re's MGA portfolio shows high growth and attractive mix

Munich Re's MGA business development



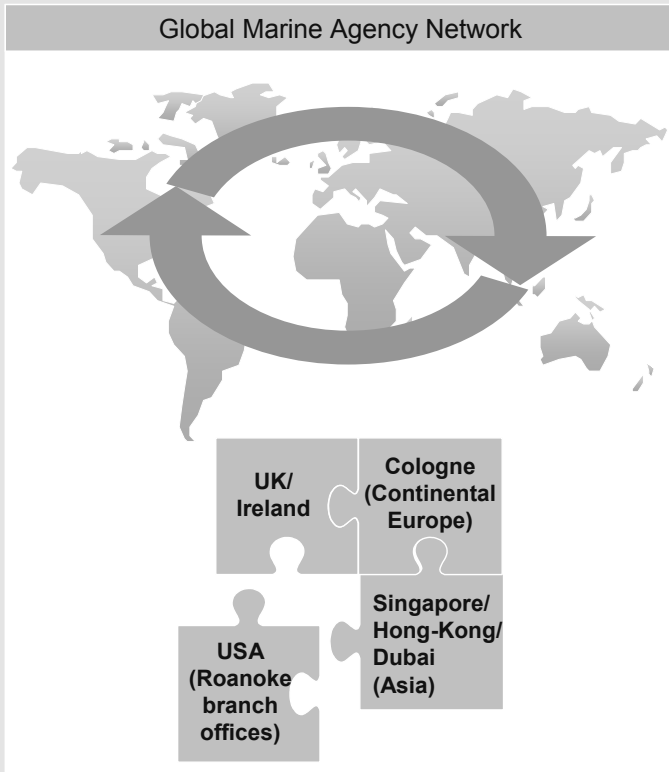
Portfolio by line of business



AVERAGE COMBINED RATIO
<90%¹

¹ Excluding KRW. Including KRW: <94%.

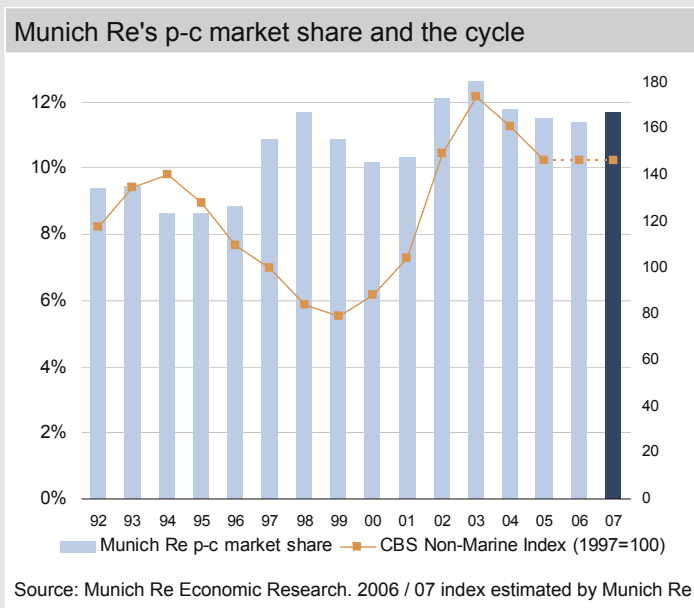
Acquisition of Roanoke
Enhancement of MGA business



- ### Roanoke – Strategic Fit
- Completion of Global Marine Agency Network to service the needs of international direct insurance clients
 - Improved access to the direct US Marine Market for the Munich Re Group through increased market know-how and extensive local office and distribution network
 - Opportunity to execute primary specialty niche market growth strategy
 - Cross-selling of Roanoke's products by Watkins and vice versa
 - Acquisition price US\$ 52.5m
 - Placed premiums 2007: US\$ 100m

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Cycle management in reinsurance
Maximising profits in cyclical business environment



OBJECTIVE

RoRaC
at least 15%

+

Combined ratio
97% over the cycle

STRATEGY

Unbiased evaluation of risk and price

Leverage competitive position

Active portfolio steering

Develop less cyclical segments

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Strong commitment to cycle management supports ambitious targets

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Summary and outlook

Summary and outlook 2008

Ambitious targets confirmed despite above-average claims level

€bn	Q1 2008	Target 2008
Consolidated result	0.8	3.0–3.4
Gross premiums written	9.8	36.0–37.5 ¹
Combined ratio reinsurance	103.8%	98.0%
thereof NatCat	10.7%	6.5%
Combined ratio primary insurance	89.0%	<95.0%
Return on investment ²	3.9%	4.5%
RoRaC	~17% ²	>15%
RoE	~13% ²	~12% ³

€3.0–3.4bn net profit target range confirmed

¹ Gross premiums written reinsurance adjusted from €21.5–22.5bn to €20.0–21.0bn primarily due to currency impact, but also due to softening cycle.

² Annualised. ³ Side consideration.

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