

Munich Re Group

Quarterly financial statements
as at 30 June 2009

Media conference

Nikolaus von Bomhard
Jörg Schneider
Torsten Oletzky
Torsten Jeworrek

4 August 2009



Münchener Rück
Munich Re Group



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Münchener Rück
Munich Re Group


Munich Re Group – Quarterly financial statements as at 30 June 2009 – 4 August 2009

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Overview	
On a solid path in difficult times – Benefiting from our strength	
<p>Satisfactory half-year profit: €1,123m</p> <p>Strategy pays off in the crisis and opens up opportunities</p>	Münchener Rück Munich Re Group
<p>Stable equity despite dividend payment and increase in interest-rates: €21.3bn</p> <p>Substantial capital buffer strengthens competitive position</p>	
<p>Primary insurance returns to the profit zone in the second quarter</p> <p>Progress in the efficiency programme improves perspectives for the future</p>	
<p>Reinsurance benefits from hardening market trend – Higher prices achieved</p> <p>Financial strength and know-how enable tailored client solutions</p>	
<p>▶ Risks of the crisis are manageable for Munich Re</p> <p>Opportunities are exploited</p>	

Munich Re Group – Quarterly financial statements as at 30 June 2009 – 4 August 2009

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Overview 

Our financial strength ensures consistent implementation of our strategy ...

Reinsurance

Our objective: Premium partner for traditional risk transfer and tailored solutions

▼

Our promise

One step ahead: Using our knowledge to create added value	Knowing our clients' needs: Developing innovative risk-transfer solutions	Forging ahead rather than standing still: Enhancing our risk competence through strategic partnerships
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▼

Our perspective

Thinking ahead – Managing future risks	Supporting visions – The Desertec Initiative for electricity from the desert: Climate protection and business potential in the future
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Munich Re Group – Quarterly financial statements as at 30 June 2009 – 4 August 2009

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Overview 

... positioning the Group for the future

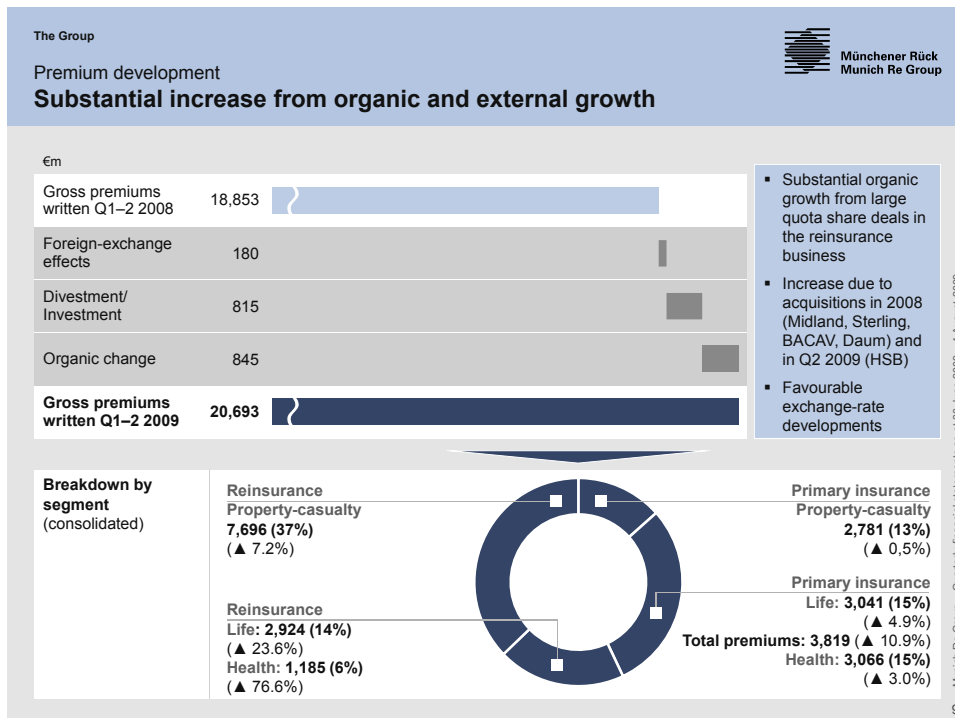
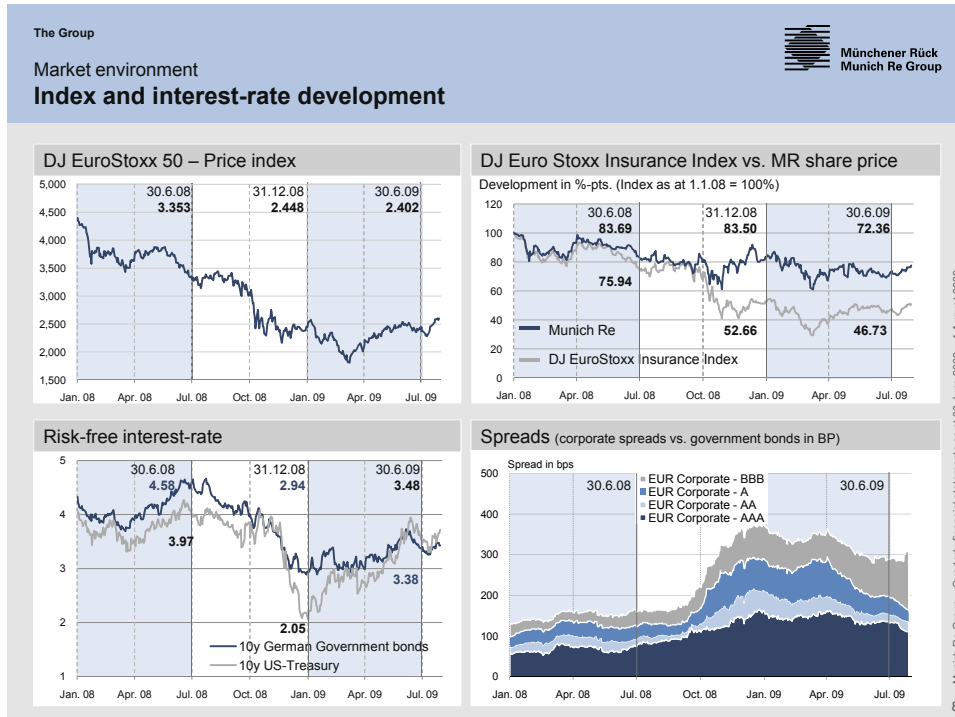
<div style="border: 1px solid black; padding: 5px; margin-bottom: 10px;"> <p style="text-align: center; background-color: #cc0000; color: white; padding: 2px;">Primary insurance</p> <ul style="list-style-type: none"> Implementation of the efficiency programmes well underway – Competitive position strengthened Consequences of the crisis perceptible – But well digested thanks to rigorous reporting Expansion of international business making good headway – Crisis in central and eastern Europe leads to delayed development </div>	<div style="border: 1px solid black; padding: 5px; margin-bottom: 10px;"> <p style="text-align: center; background-color: #660033; color: white; padding: 2px;">Munich Health</p> <ul style="list-style-type: none"> Promising outlook despite curbing effect of the crisis – Small-scale acquisitions conceivable for achieving goals Another joint venture in health insurance for expatriates in Saudi Arabia imminent Flexible business approach from combining primary insurance and reinsurance proves its value – Examples: Successful projects in Abu Dhabi and Spain </div>
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Reinsurance	Torsten Jeworrek
Outlook	Nikolaus von Bomhard

The Group																				
Overview																				
Satisfactory consolidated result																				
<p>GROUP Gross premiums written</p> <p>€m</p> <table border="1"> <tr> <td>Q1-2 2008</td> <td>18,853</td> <td></td> </tr> <tr> <td>Q1-2 2009</td> <td>20,693</td> <td></td> </tr> </table> <p>Good organic growth, acquisitions and positive FX effects</p>	Q1-2 2008	18,853		Q1-2 2009	20,693		<p>REINSURANCE Combined ratio property-casualty</p> <p>%</p> <table border="1"> <tr> <td>Q1-2 2008</td> <td>99.5</td> <td></td> </tr> <tr> <td>Q1-2 2009</td> <td>97.7</td> <td></td> </tr> </table> <p>Lower NatCat claims, higher recession-linked losses</p>	Q1-2 2008	99.5		Q1-2 2009	97.7		<p>PRIMARY INSURANCE Combined ratio property-casualty</p> <p>%</p> <table border="1"> <tr> <td>Q1-2 2008</td> <td>90.7</td> <td></td> </tr> <tr> <td>Q1-2 2009</td> <td>94.7</td> <td></td> </tr> </table> <p>H1 2008 exceptionally low, higher claims in Germany and abroad</p>	Q1-2 2008	90.7		Q1-2 2009	94.7	
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<p>GROUP Investment result</p> <p>€m</p> <table border="1"> <tr> <td>Q1-2 2008</td> <td>3,261</td> <td></td> </tr> <tr> <td>Q1-2 2009</td> <td>3,552</td> <td></td> </tr> </table> <p>Reduced write-downs, but lower regular income and realised gains</p>	Q1-2 2008	3,261		Q1-2 2009	3,552		<p>GROUP Operating result</p> <p>€m</p> <table border="1"> <tr> <td>Q1-2 2008</td> <td>2,281</td> <td></td> </tr> <tr> <td>Q1-2 2009</td> <td>2,119</td> <td></td> </tr> </table> <p>Operating result almost stable, consolidated result of €703m in Q2 shows earnings strength</p>	Q1-2 2008	2,281		Q1-2 2009	2,119		<p>GROUP Consolidated result</p> <p>€m</p> <table border="1"> <tr> <td>Q1-2 2008</td> <td>1,405</td> <td></td> </tr> <tr> <td>Q1-2 2009</td> <td>1,123</td> <td></td> </tr> </table>	Q1-2 2008	1,405		Q1-2 2009	1,123	
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The Group Münchener Rück
Munich Re Group

Operating and consolidated result
Reinsurance business supports Group earnings

€m	Q1-2 2008	Q1-2 2009	ERGO-dividend ¹	Operating result	Consolidated result
Reinsurance life and health	697	557			653 344
Reinsurance property-casualty	1,931	1,447			1,368 955
Reinsurance subtotal	2,628	2,004			2,021 1,299
Primary insurance life	181	24			94 -69
Primary insurance health	75	92			32 7
Primary insurance property-casualty	329	176			204 53
Primary insurance subtotal	585	292			330 -9
Munich Re Group²	2,281	2,119			1,405 1,123

¹ Q1-2 2008 incl. ERGO-dividend of €947m (before tax), thereof RI life and health: €180m, RI property-casualty: €767m.
² Operating result Q1-2 2009 including asset management (€29m, Q1-2 2008 €49m) and consolidation (-€206m, Q1-2 2008 -€981m).
 Consolidated result Q1-2 2009 including asset management (€16m, Q1-2 2008 €34m) and consolidation (-€183m, Q1-2 2008 -€980m). The consolidation figure in Q1-2 2009 includes the elimination of the intercompany sale of Europäische Reiseversicherung from Munich Re AG to ERGO AG amounting to €139m.

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The Group Münchener Rück
Munich Re Group

Investments
Low risk profile; advantage taken of opportunities in fixed-interest sector

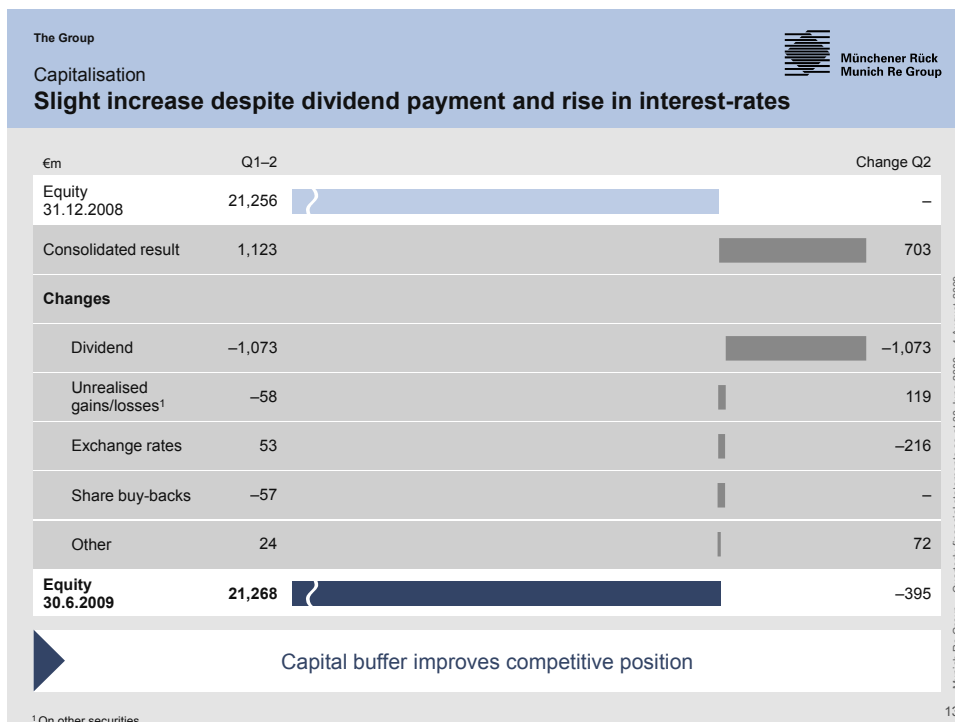
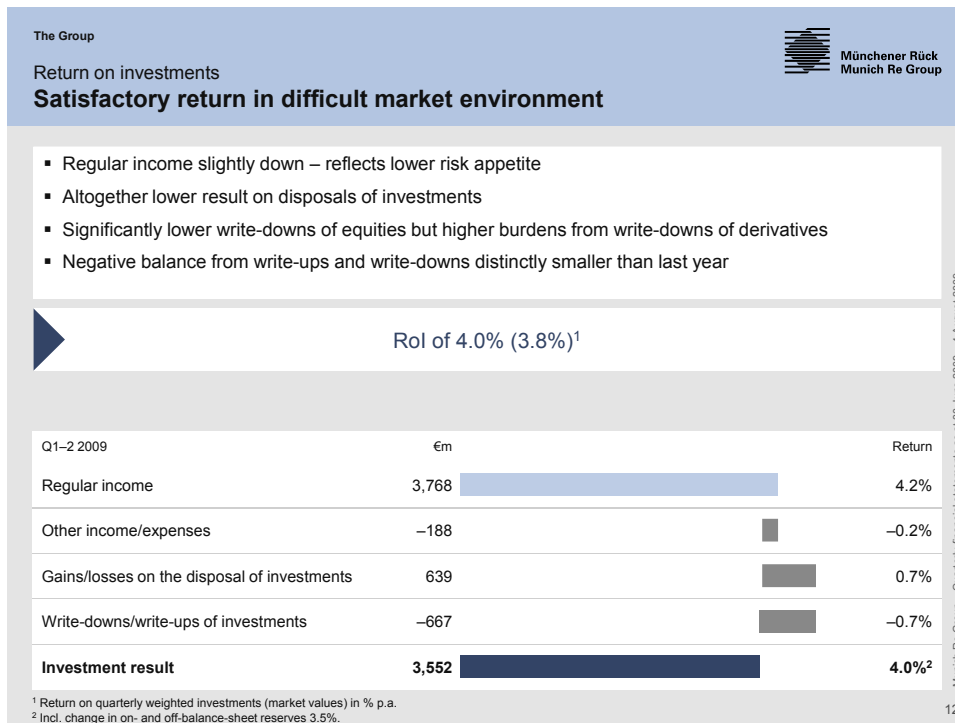
Investment structure by asset class (market values)

€bn	%	Land and buildings	Loans	Fixed-interest securities ¹	Shares, equity funds and participating interests	Miscellaneous ²
31.12.2007	176	2.8	19.4	54.2	13.8	8.6
31.12.2008	177	2.8	23.2	61.8	3.6	8.6
31.3.2009	179	2.8	24.1	62.1	2.6	8.4
30.6.2009	179	2.8	24.7	61.4	2.8 ³	8.3

Return on investment totalling a good 4% to be expected for 2009 as a whole

¹ Categories "available for sale", "held to maturity" and "at fair value".
² Deposits retained on assumed reinsurance, investments for unit-linked life, deposits with banks, investment funds (bond, property).
³ After taking equity derivatives into account: 2.0%.

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Primary insurance

Consequences of economic situation
Economic crisis with moderately negative effects

Opportunities/Risks	
<p>Overall</p> <ul style="list-style-type: none"> Negative exchange rate development puts pressure on premium income Growing unemployment and consumer attentism 	<p>Life insurance</p> <ul style="list-style-type: none"> Customers return to see guarantees and security as relevant criteria – with single-premium life business to profit Life insurance improves competitive position relative to mutual funds industry
<p>Health insurance</p> <ul style="list-style-type: none"> Self-employed private health insurance customers may run into financial difficulties Sick leave of employees at very low level 	<p>Property-casualty insurance</p> <ul style="list-style-type: none"> Growing demand for protection – but price sensitivity and competition increase Risk of higher claims amounts in non-euro markets due to lower exchange rates Property-related crime may rise

PREMIUMS INCOME
moderately burdened

LOSS RATIOS
to increase slightly

PROFITABILITY
somewhat under pressure

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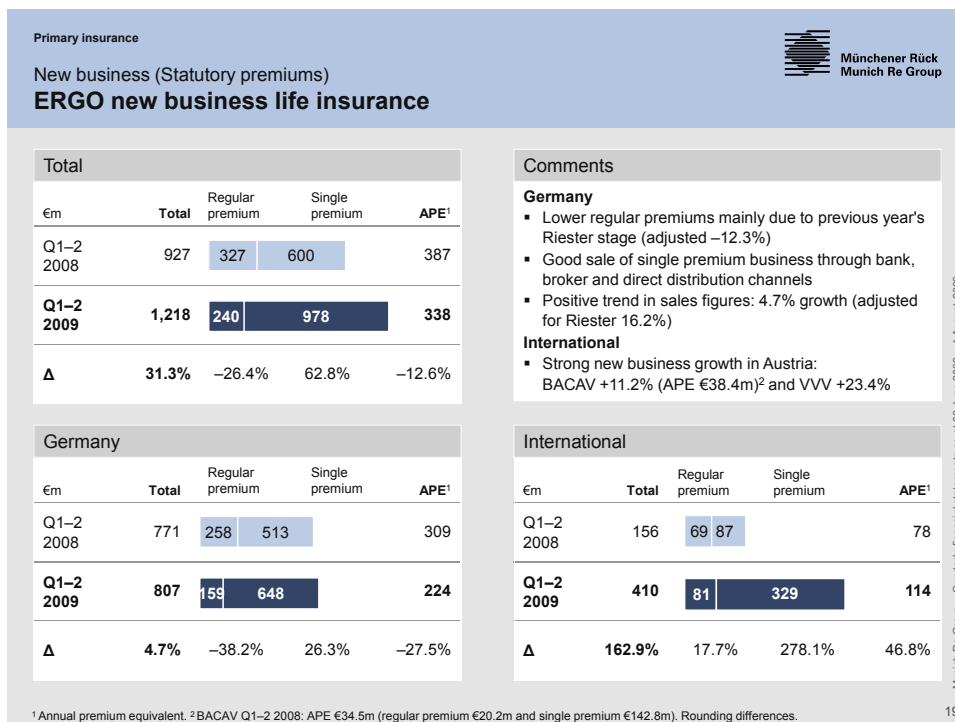
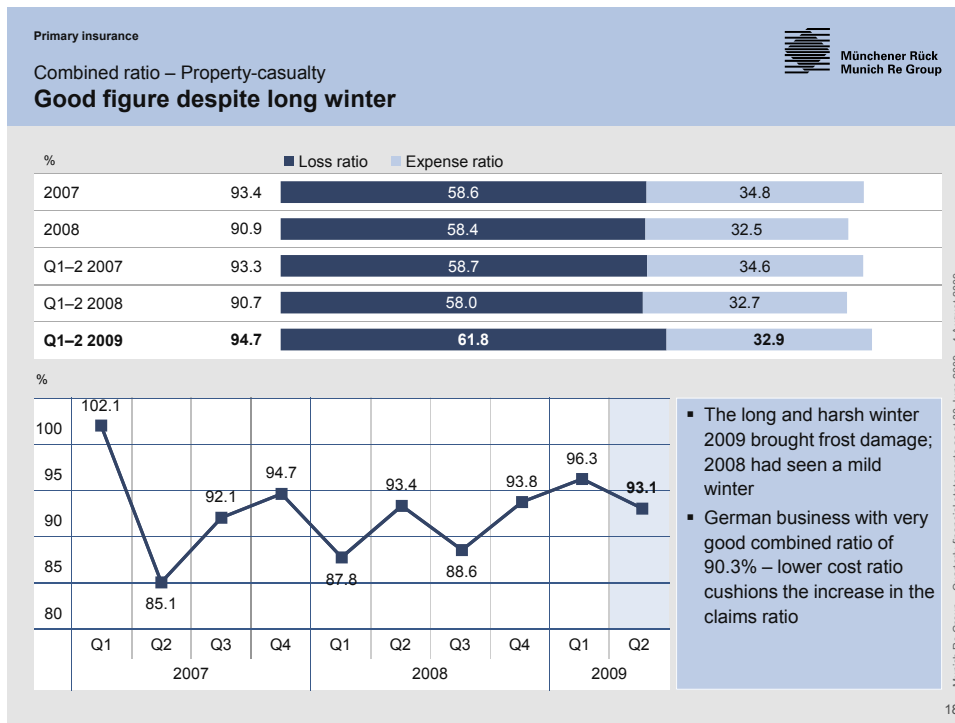
Primary insurance		Münchener Rück Munich Re Group			
Highlights					
Second quarter 2009 in the black again					
Gross premiums written		Combined ratio p-c		Technical result	
€m		%		€m	
Q1-2 2008	8,668	Q1-2 2008	90.7	Q1-2 2008	591
Q1-2 2009	8,895	Q1-2 2009	94.7	Q1-2 2009	521
Growth through acquisitions, negative exchange rate effects		Previous year's ratio very low – Q1 figure high due to harsh winter		Growth in life, declines in health and property-casualty	
Investment result ¹		Operating result		Consolidated result	
€m		€m		€m	
Q1-2 2008	1,606	Q1-2 2008	585	Q1-2 2008	330
Q1-2 2009	1,846	Q1-2 2009	292	Q1-2 2009	-9
Clearly improved extraordinary result – mainly for unit-linked bus.		Pleasing operating result for Q2 on stand-alone basis – Q2 Group result clearly in the black			

¹ Investment result incl. unrealised gains/losses from investments in unit-linked life insurance; excl. unit-linked business: €1,717m in Q1-2 2009 (€1,826m in Q1-2 2008).

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Primary insurance		Münchener Rück Munich Re Group	
Premium development			
Growth burdened by exchange rate development			
€m			
Gross premiums written Q1-2 2008	8,668		
Foreign-exchange effects	-137		
Divestment/Investment	256		
Organic change	108		
Gross premiums written Q1-2 2009	8,895		
Breakdown by segment (segmental, not consolidated)		Property-casualty 2,787 (31%) (▲ 0.0%)	Life 3,041 (34%) (▲ 4.7%)
		Health 3,067 (35%) (▲ 3.0%)	Life statutory premiums: ▪ IFRS premiums €3,041m (▲ 4.7%) ▪ Investment-oriented products €778m (▲ 44.7%) ▪ Total €3,819m (▲ 10.9%)

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Primary insurance



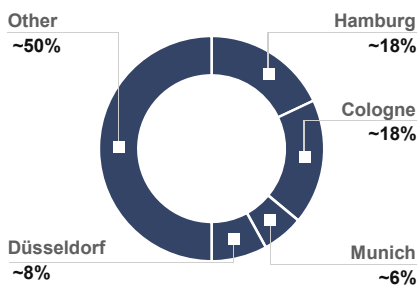
Continuous improvement of competitive position

Agreement on important topics achieved

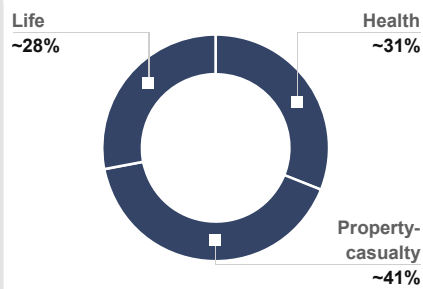
Cornerstones

- Reduction of 1,800 FTEs¹ by year-end 2010
- Approx. 500 free FTEs; in addition early retirement arrangements, etc. for approx. 580 employees
- Accord not to use forced redundancies until year-end 2012
- Agreement with workers' council achieved in principle – "balance of interests" to be completed by 15 August; subsequent implementation of measures by year-end 2010

Distribution of job cuts between locations
1,800 FTEs



Total savings from 2010 – Segment split
€180m



¹ Full time equivalent.

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Primary insurance



Summary

Turnaround on profits achieved

Q2 2009 firmly in the black

Strain from crisis on financial markets declines

Negative effects from economic environment only moderate – also opportunities

Good progress on cost savings – agreement with workers' council

Continue positive trend in results in the second half of 2009!

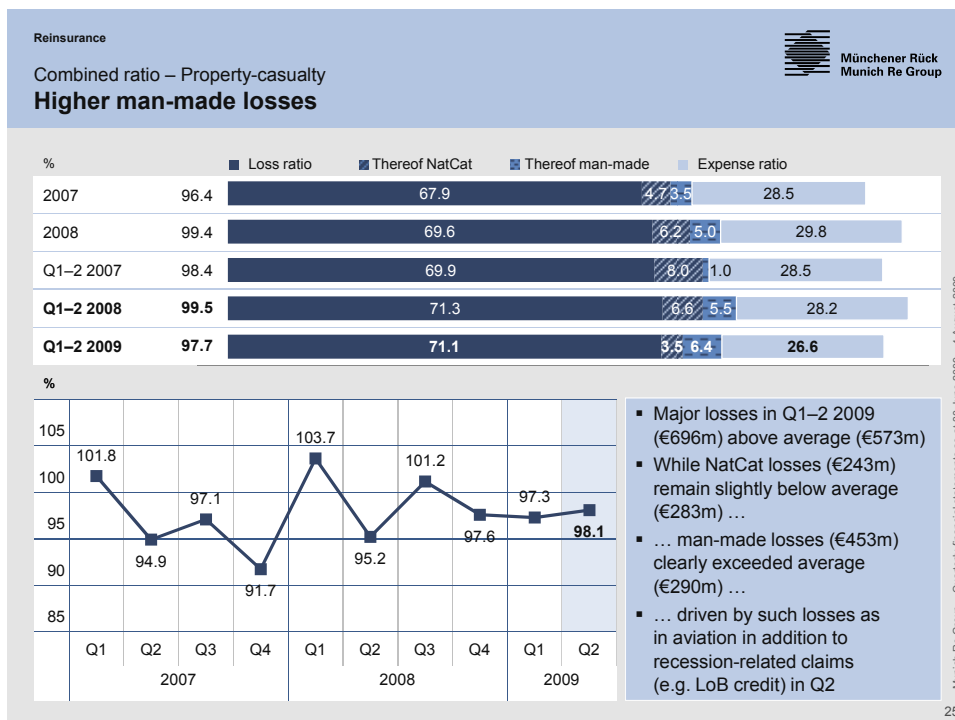
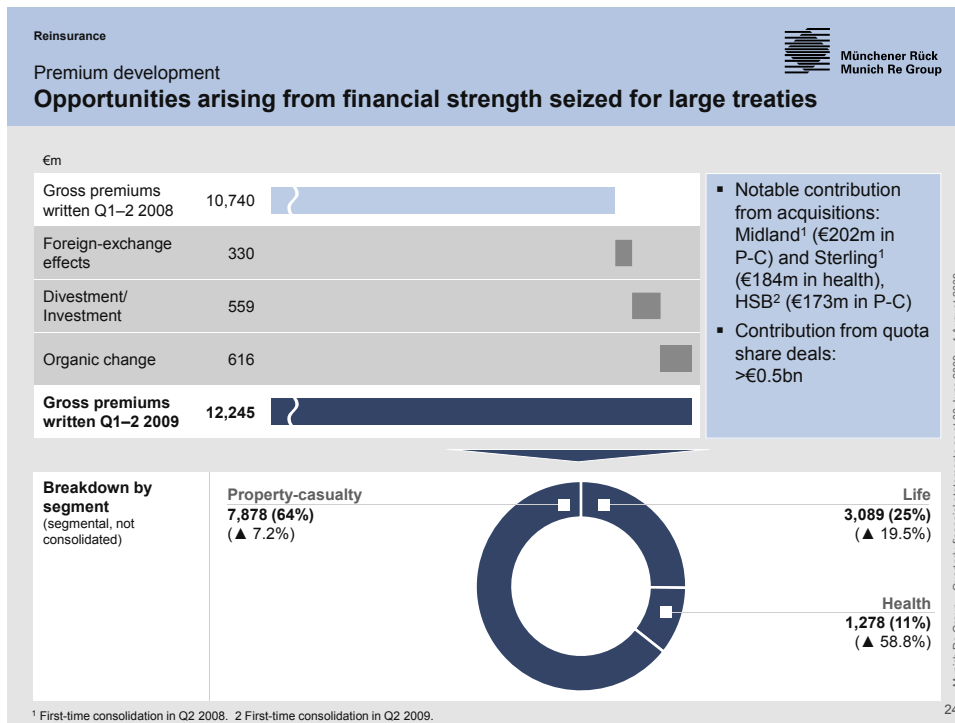
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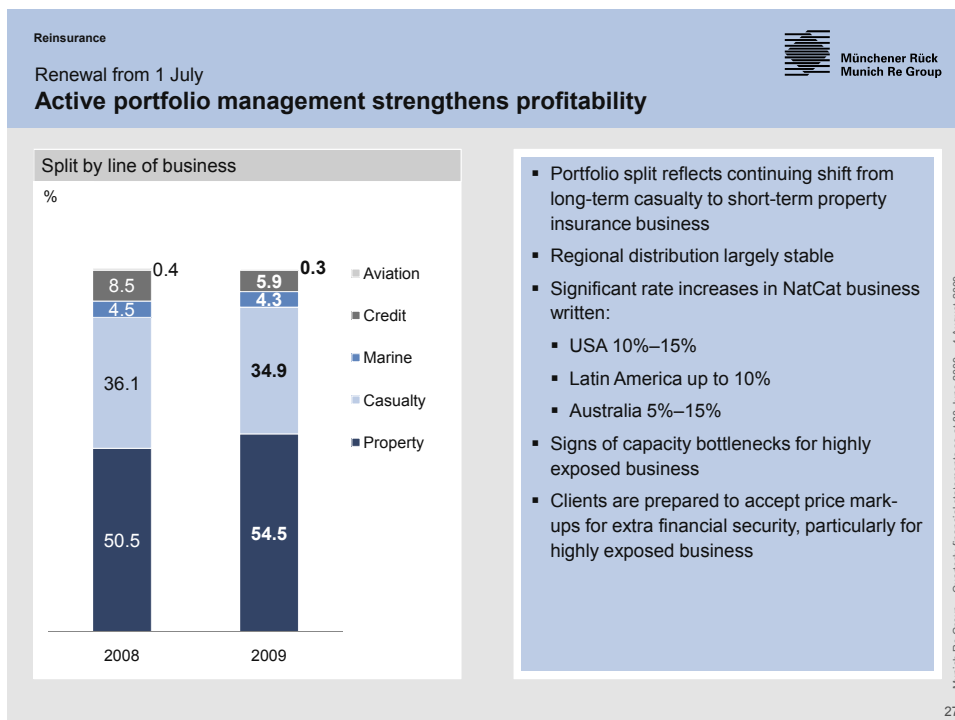
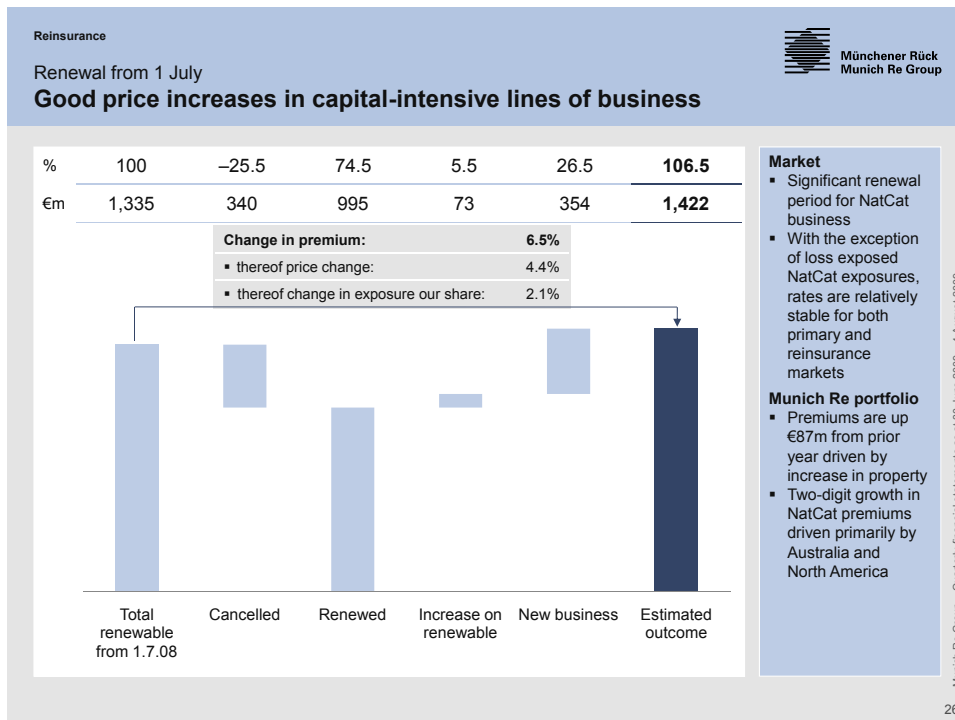
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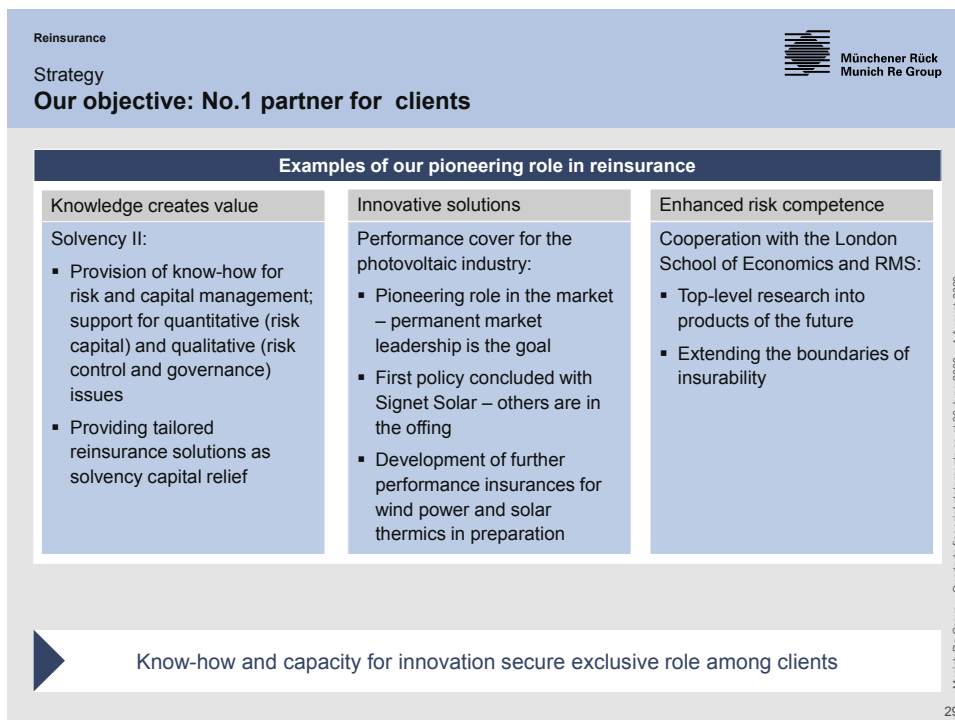
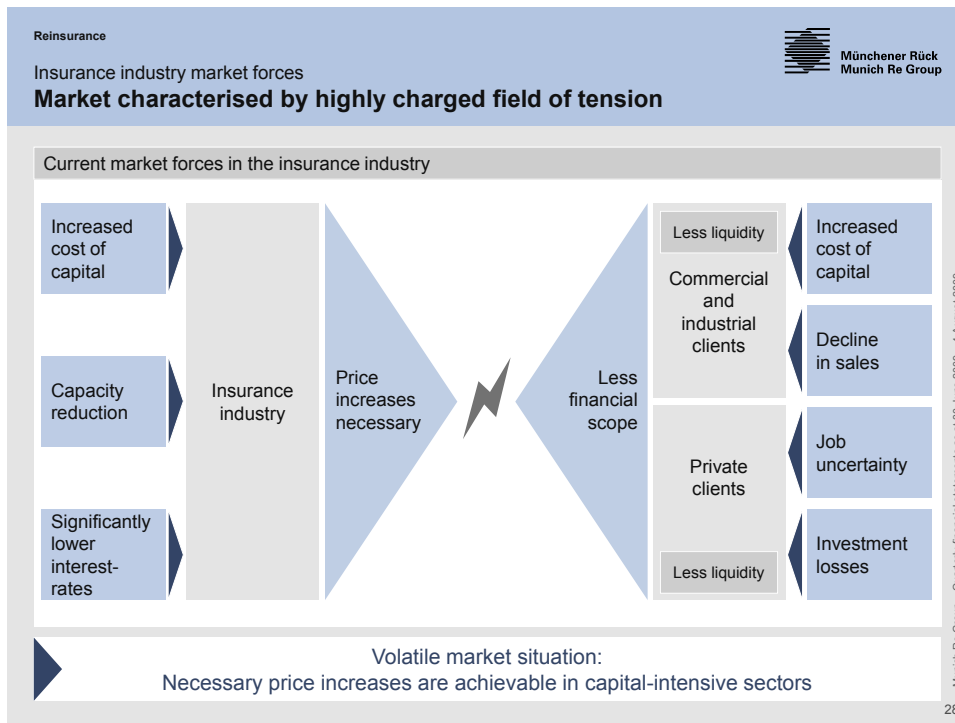


Reinsurance																
Highlights																
Satisfactory underwriting																
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Strong organic growth and positive effect of acquisitions	Improved combined ratio, slightly above expectations	Resilient technical result														
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Lower write-downs on equities	Pleasing improvement on comparable basis															
<p> ERGO dividend</p> <p>¹ Without taking into consideration tax effects on dividend in 2008.</p>																



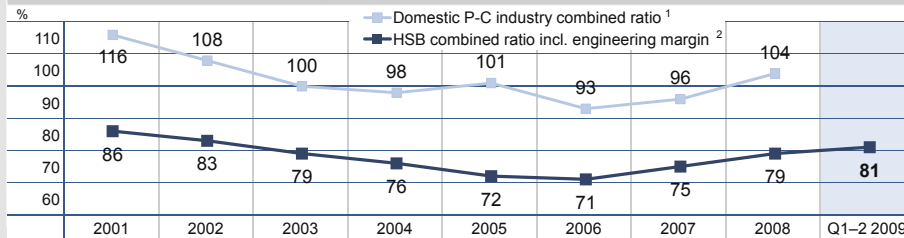






Hartford Steam Boiler – A perfect fit

HSB combined ratio and P&C industry



Financial highlights 2nd quarter 2009³

- HSB continues its track record of significantly outperforming the industry
- Gross written premium of €173.1m (Q1-2 2009 €349.6m) slightly below prior year mostly due to exchange rate movements of the international operations
- Engineering services achieved €31.3m in revenues with a stable profit margin
- Very solid 2nd quarter operating result with a consolidated combined ratio of 80% including engineering margin (Q1-2 2009 81%) and a net profit of €24.2m (Q1-2 2009 €33.7m)
- Successful de-risking of HSB's investment portfolio in order to meet Munich Re Group risk standards and HSB's business characteristics
- HSB well positioned as future dividend contributor to Munich Re

¹ Source: A.M. Best. ² Combined ratios for HSB Group, Inc. (US GAAP). ³ Preliminary IFRS figures.

Exploitation of profitable opportunities

Good earnings strength in reinsurance,
despite recession-induced losses

Capital strength enables
Munich Re to take advantage of market opportunities in renewals

Clients profit from know-how
and customised risk transfer solutions

Financial solidity and solution-focus
create sustained value for clients and Munich Re

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Outlook	
Strong focus on profitable growth prevails	
Reinsurance	
GROSS PREMIUMS WRITTEN €24–25bn¹	COMBINED RATIO approx. 97% (thereof NatCat 6.5%) – more difficult to achieve given recession-related increase of losses
Primary insurance	
GROSS PREMIUMS WRITTEN €17–17.5bn¹	COMBINED RATIO <95%
Munich Re Group	
GROSS PREMIUMS WRITTEN €40–42bn¹	RORAC 15% after tax over the cycle to stand
RETURN ON INVESTMENTS Running yield expected to be slightly above 4%	Growth opportunities based on capital strength still have priority – Resumption of share buy-back in H2 2009 possible depending on market outlook and economic development



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¹ Amended from €22.5–24bn in reinsurance and from €17–18bn in primary insurance (both on basis of segmental figures); for Munich Re Group increased from €39–41bn (total consolidated premium). Gross premiums written given stable currency exchange rates and limited impact from economic slowdown on premiums of primary insurers.

Disclaimer



This presentation 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.

Note regarding the presentation of the previous year's figures

- For the new reporting format in connection with the first-time application of IFRS 8 "Operating Segments" as at 1 January 2009, several prior-year figures have been adjusted in the income statement.
- For the sake of better comprehensibility and readability, we have refrained from adding the footnote "Previous year's figures adjusted owing to first-time application of IFRS 8" to every slide.
- For details and background information on IFRS 8, please read the presentation "How does Munich Re apply the accounting standard IFRS 8 'Operating Segments'?" on Munich Re's website (http://www.munichre.com/en/ir/contact_and_service/faq/default.aspx).