

PRELIMINARY KEY FIGURES 2010 AND RENEWALS

Telephone conference with analysts and investors

3 February 2011

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Munich RE 

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Preliminary key figures 2010

Sound financial development allowing for increased dividend and continuation of share buy-back

Munich Re (Group)

Pleasant net result of €2.43bn in 2010

Annualised RoRaC of 13.5%
Proposed dividend for 2010 increases by almost 9% to €6.25 per share (prev. €5.75)

Shareholders' equity further strengthened to €23.0bn

Current share buy-back programme on track¹ – will be continued with €500m post AGM 2011

High investment result

RoI of ~4.5% in 2010 based on high disposal gains – portfolio and duration management proved beneficial

Reinsurance**Despite significant claims remaining the fundament of earnings power**

High claims burden in p-c leading to combined ratio of 100.5% (in Q4 standalone: 96.0%)

Primary insurance**Positive trend confirmed**

Good consolidated ERGO result of €0.36bn in 2010 (in Q4 standalone: €0.05bn)

Munich Health**Consolidation process well on track**

Strong premium growth and resilient operating result

¹ As at 31 January 2011, €752m completed since AGM in April 2010.

Preliminary key figures 2010

Increased earnings outlook achieved

Munich RE 

€bn	Q1–4 2010	Q1–4 2009 ¹	Q4 2010	Q4 2009 ¹
Gross premiums written	45.5	41.4	11.5	10.4
Reinsurance ²	23.6	21.8	6.0	5.3
Primary insurance ²	17.5	16.6	4.3	4.3
Munich Health ²	5.1	4.0	1.3	1.1
Investment result	8.6	7.9	1.4	2.1
Consolidated result	2.43	2.56	0.48	0.78
Reinsurance ²	2.10	2.58	0.44	0.71
Primary insurance ²	0.66	0.37	0.22	0.27
Munich Health ²	0.06	0.03	0.01	0.03
Combined ratio reinsurance (%) ³	100.5	95.3	96.0	92.3
Combined ratio primary insurance (%)	96.8	93.2	100.4	90.3
Combined ratio Munich Health (%)	99.7	99.4	100.0	99.8
Dividend per share (€)	6.25	5.75		
Shareholders' equity (as per balance-sheet date) ⁴	23.0	22.3		
Total investments (as per balance-sheet date)	193.1	182.2		

¹ Previous year's figures adjusted owing to first-time recognition of Munich Health as a separate segment.² Segmental figures, before elimination of intra-Group transactions across segments.³ Thereof major losses of 15.7% (8.3% in 2009) after net run-off gains of 0.7%.⁴ Including share buy-back (€0.3bn in Q4) and increase of unrealised gains/losses on fixed-interest securities (to €1.3bn).

Preliminary key figures 2010 and renewals

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Preliminary key figures 2010

Additional information on IFRS accounting figures
and first indication for key economic figuresMunich RE 

Munich Re (Group)

- Tax-free gains in addition to reduced tax risks leading altogether to net tax income in Q4 2010 of €167m
- Increase of economic risk capital at year-end mainly a consequence of low interest rates, higher implied interest-rate volatility and higher reinsurance risk exposure; increase of available financial resources

Reinsurance

- Major losses (loss ratio) in 2010¹ of 15.7% (8.3% in 2009)
Nat cat: €1,564m (11.0%), man-made: €664m (4.7%)
- Moderate reserve releases while further strengthening confidence level
- Significant major losses in Q4
Flood Australia (€267m) and increase for earthquake New Zealand (€111m) to €339m
- After normalisation of major losses, satisfactory business development in property-casualty
- Reserve strengthening and DAC write-down for long term core business in the USA in 2010: €315m (€215m after tax)
- Apart from that, pleasing business development in life
- Increase of MCEV in 2010 as a consequence of strong new business growth and currency effects

Primary insurance

- Major losses in 2010
Germany (esp. Xynthia, tornados, flood)
International (esp. flood and frost damage in Poland)
Combined ratio Germany: 89.8%, international: 107.8%
- New business in life
€2,920m, increase of 16.7% compared to last year, mainly driven by growth of single premium business (+20.6%); regular premium business in Germany declining (–2.6%)
- MCEV development
Some reduction due to decline of risk free interest rates, in life more than in health. No illiquidity premium applied.

¹ Including net run-off gains.

Preliminary key figures 2010 and renewals

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Preliminary key figures 2010 – Premium development

Strong organic growth in life reinsurance and Munich Health in addition to positive FX contribution

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€bn	
Gross premiums written Q1–4 2009	41.4
Foreign-exchange effects	2.0
Divestment/Investment	0.1
Organic change	2.0
Gross premiums written Q1–4 2010	45.5

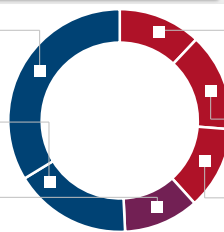
- Positive FX development (mainly US\$, Can\$, AU\$)
- HSB acquisition: First-time consolidation as from Q2 2009
- Large-volume deals predominately included as from Q2 2009
- ERGO: Organic growth in all segments

Breakdown by segment (consolidated, €bn)

Reinsurance
Property-casualty
15.4 (34%)
(▲ 5%)

Reinsurance
Life: **7.8 (17%)**
(▲ 21%)

Munich Health
5.0 (11%)
(▲ 31%)



Primary insurance
Property-casualty
5.4 (12%)
(▲ 7%)

Primary insurance
Life: **6.4 (14%)**
(▲ 3%)

Primary insurance
Health Germany: **5.5 (12%)**
(▲ 6%)

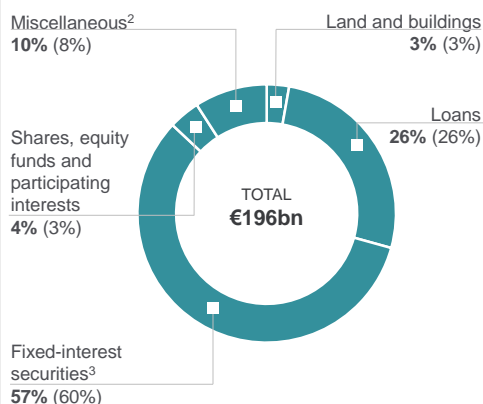
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Munich Re (Group) – Investments – Total portfolio

Active asset management on the basis of a well-diversified investment portfolio

Munich RE

Investment portfolio¹



Investment result Q1–4 2010

	€bn
Regular income	7.7
Write-ups/write-downs of investments	–0.4
Gains/losses on the disposal of investments	1.6
Other income/expenses	–0.3
Investment result	8.6
2009	7.9

- Write-downs: Sharp yield increase in Q4 negatively affecting interest-rate derivatives
- Gains on disposal: High contribution from sale of corporate, government and covered bonds mainly in Q1–3 2010

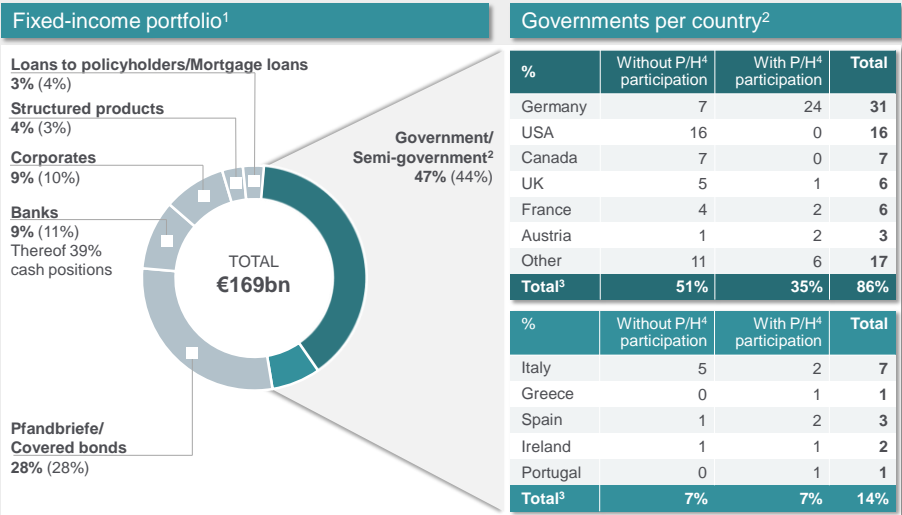
¹ Fair values as at 31.12.2010 (31.12.2009).

² Deposits retained on assumed reinsurance, investments for unit-linked life, deposits with banks, investment funds (bond, property), held for trading derivatives with non-fixed-interest underlying and tangible assets in renewable energies.

³ Categories "available for sale", "held to maturity" and "at fair value".

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Munich Re (Group) – Investments – Fixed-income portfolio
Emphasis on highly rated securities



¹ Incl. loans, parts of other securities, other investments and cash positions. Fair values as at 31.12.2010 (31.12.2009). ² Thereof 9% inflation-linked bonds. ³ Differences between totals possible due to rounding. ⁴ P/H = policyholder. Economic view – not fully comparable with IFRS figures. As at 31 December 2010.

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Preliminary key figures 2010

Renewals in property-casualty reinsurance

Summary

Backup

Ongoing competitive market environment with varied trends per segment and market



Market environment	
<ul style="list-style-type: none">▪ High level of capital in the (re)insurance sector – Capital base artificially increased due to valuation of bond portfolio (low interest-rate environment)▪ Overall, continued softening of prices on primary as well as reinsurance markets▪ Exceptions in few individual segments and/or markets with recent major loss experience▪ Low interest-rate environment with negligible influence on price development	
Competitors	Supply ↑
<ul style="list-style-type: none">▪ Abundant capacity provided and thus no constraints in all lines of business▪ Ongoing competitive environment, however, in general disciplined behaviour of reinsurers▪ In selected segments, some reinsurers apply top-line driven growth strategy	
Clients	Demand →
<ul style="list-style-type: none">▪ Pressure on reinsurance budgets due to price decreases in the insurance sector▪ Seek for solvency relief observable especially in growth markets	

Pleasing results due to sustainable Munich Re value proposition

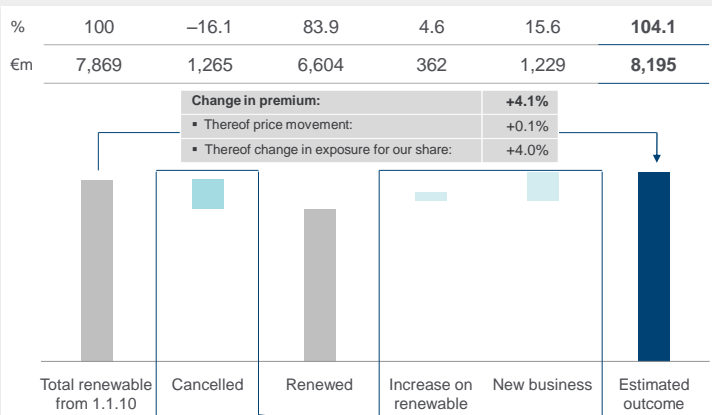


Munich Re approach		
<ul style="list-style-type: none">▪ Consistent cycle management on bread-and-butter-business where general market trends prevail: Conscious decision not to renew business if profitability targets are not met▪ Munich Re to deliver on value proposition that enables access to not freely available business opportunities		
Impact on Munich Re portfolio		
PRICE	VOLUME	TERMS AND CONDITIONS
<ul style="list-style-type: none">▪ Total portfolio experienced stable price development▪ Few segments have seen price increases due to recent loss experience (e.g. Offshore Energy, Australia) or general market trends (e.g. UK motor)▪ The bulk of the business shows generally flat to slightly negative price movement	<ul style="list-style-type: none">▪ Cycle management: Deliberate top-line reduction in case of inadequate price levels or in unattractive segments▪ Value proposition: Strategic new business and extension of profitable client relationships overcompensates for volume reduction▪ Geographical diversification as an enabler for profitable new business generation	<p>Stable terms and conditions with a softening trend</p>

Portfolio quality maintained in difficult competitive environment

Renewals in property-casualty reinsurance

Total book – Cycle-management-driven decrease overcompensated by strategic growth opportunities



Fragmentation of reinsurance market intensifies

- Competitive pressure in (local) commodity business continues as ample reinsurance capacity meets stagnating demand...
- ... leading to overall softening markets ...
- ... while demand in know-how-intensive areas exceeds supply
- As a consequence, providers of tailor-made solutions can partially decouple from the cycle and maintain profitability

Strict cycle management

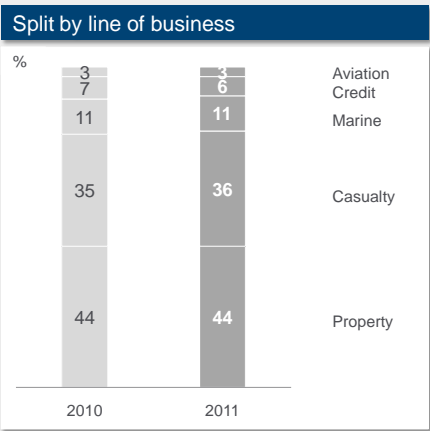
- Ample reinsurance capacity putting pressure on prices for pure commodity business
- Conscious reduction of unprofitable business
- Bottom-line orientation prevails

Leveraging Munich Re's competitive advantage

- Growth in business that is not freely available on the market
- Munich Re's access to this business is based on the unique combination of solution-oriented long-term client relationships and high underwriting sophistication

Renewals in property-casualty reinsurance

Premium split – Lines of business mix largely unchanged, strategic growth in Asia/Pacific



Slight trend to casualty, driven by selective growth with tailor-made structured solutions



Growth in Asia, driven by new quota share deals while reducing existing business in Europe

Concrete initiatives – Successful active portfolio management



Decrease	Examples		
Strict cancellation of unprofitable business	Motor (proportional)	~€40m	Netherlands
	Property	~€50m	US XL
	Casualty	~€35m	US XL
	Fire (proportional)	~€25m	Germany
Selective growth	Examples		
Strategic growth	Strategic business expansion	~€260m	Strong price increases in recovering markets (UK motor)
	Implementation of client-specific worldwide reinsurance programs	~70m	
Growth with tailor-made structured solutions	Quota share deals	~€500m	Mainly in Asia and Agro

Agenda



- Preliminary key figures 2009
- Renewals in property-casualty reinsurance

Summary

Backup

Summary

Munich Re to continue to place high emphasis on sustainable earnings



- Key takeaways
- Resilient earnings in a challenging environment with high claims activity and low capital market yields
 - Pleasing development at the January renewals based on strict bottom-line orientation in tandem with profitable strategic and opportunistic growth
 - Solid capitalisation and good operating performance enable increase of dividend to €6.25 per share and continuation of share buy-back programme post AGM 2011
 - Outlook 2011¹: Net result expected to be about the same as the high level of 2010 – Slightly improving technical result

¹ Assuming normal claims activity and stable capital markets.

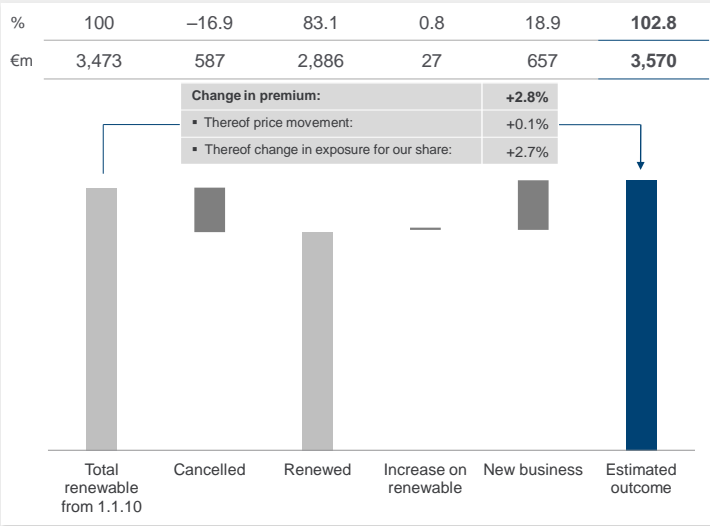
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- Preliminary key figures 2010
- Renewals in property-casualty reinsurance
- Summary

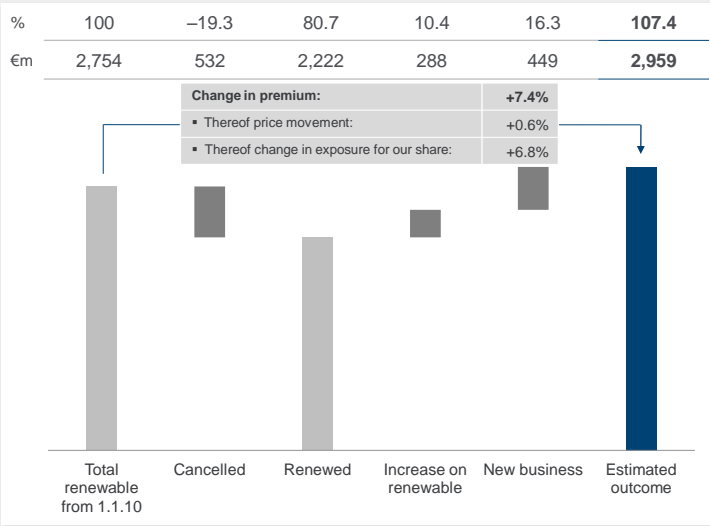
Backup

Backup: Renewals in property-casualty reinsurance
Changes in premium: Property



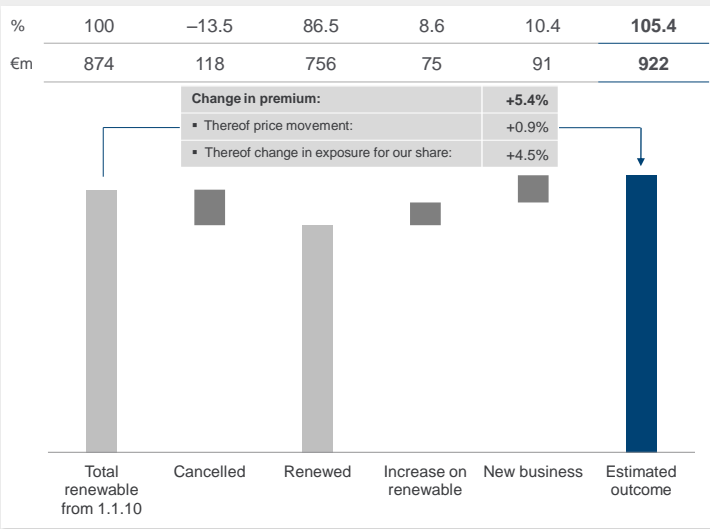
- Market**
- Ample reinsurance capacity available
 - Nat cat prices decrease by 5-10% – Storm Europe remains flat to slightly down while Atlantic Hurricane shows reductions of ~10%
- Munich Re portfolio**
- Growth in Asia/Pacific and Agro business over-compensating premium reductions in other markets and lines of business

Backup: Renewals in property-casualty reinsurance
Changes in premium: Casualty



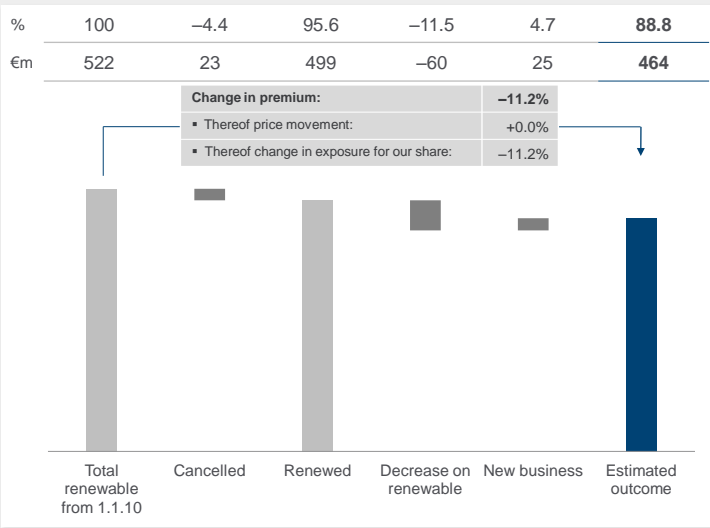
- Market**
- Prices in proportional business flat, slightly down in XL
 - Overall, low interest-rate environment did not lead to price increases
- Munich Re portfolio**
- Large-scale reductions overcompensated by opportunistically written new business and strategic growth

Backup: Renewals in property-casualty reinsurance
Changes in premium: Marine



- Market**
- Competitive environment and increased capacity
 - Overall, marine markets still under pressure
 - Observing price increases in offshore energy liability as a consequence of Deepwater Horizon
- Munich Re portfolio**
- Expansion of offshore energy business in Asia

Backup: Renewals in property-casualty reinsurance
Changes in premium: Credit

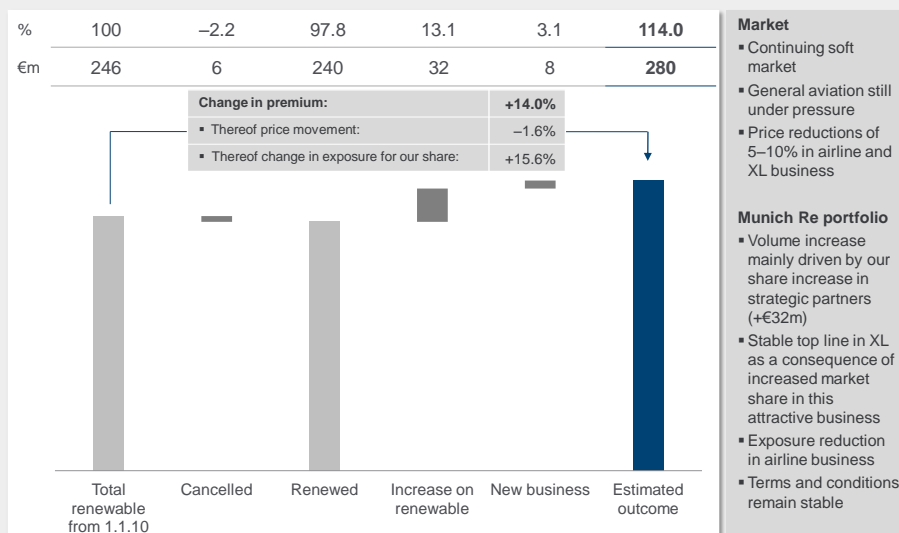


- Market**
- Primary credit insurance markets recovered rapidly
 - Excessive reinsurance capacity available: new market participants and increased risk appetite from reinsurers
- Munich Re portfolio**
- Strong focus on profitable business
 - Prices remain overall on an attractive level

Backup: Renewals in property-casualty reinsurance

Changes in premium: Aviation

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Backup: Shareholder information

Financial calendar

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FINANCIAL CALENDAR

10 March 2011	Balance sheet press conference for 2010 financial statements
11 March 2011	Analysts' conference, London
20 April 2011	Annual General Meeting, Munich
21 April 2011	Dividend payment
9 May 2011	Interim report as at 31 March 2011
4 August 2011	Interim report as at 30 June 2011 Half-year press conference
8 November 2011	Interim report as at 30 September 2011

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Backup: Shareholder information

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Backup: Shareholder information

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/service/faq/default.aspx>).
- On 30 September 2008, through its subsidiary ERGO Austria International AG, Munich Re increased its stake in Bank Austria Creditanstalt Versicherung AG (BACAV) and included it in the consolidated group. The figures disclosed at the time of first consolidation were of a provisional nature. Therefore, several previous year figures have been adjusted in order to complete the initial accounting for a business combination (IFRS 3.62).
- Previous year figures also adjusted according to IAS 8.