



TURNING RISK INTO SUSTAINABLE VALUE

Balance sheet press conference 2011

10 March 2011

Agenda

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Munich Re (Group) – Overview

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

Munich Re (Group)

Net result: €2.43bn

RoRaC of 13.5%
Proposed dividend of €6.25
per share for 2010
(prev. €5.75)

**Shareholders' equity
further strengthened to
€23.0bn**

Current share buy-back
programme almost
completed¹ – will be
continued with €500m

High investment result

RoI of 4.5% in 2010
Portfolio and duration
management proved
beneficial

Reinsurance**Despite significant claims,
remains the foundation of
earnings power**

High claims burden in p-c
leading to combined ratio
of 100.5%

Primary insurance**Positive trend confirmed**

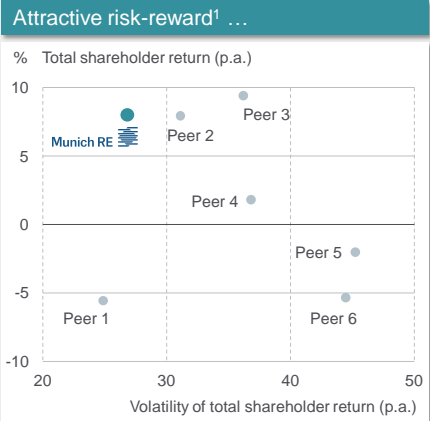
ERGO net income at €355m
more than doubled
(prev. €173m)

Munich Health**Consolidation process
well on track**

Strong premium growth and
resilient operating result

¹ As at 28 February 2011, €649m completed since AGM in April 2010.

Munich Re generates solid shareholder returns

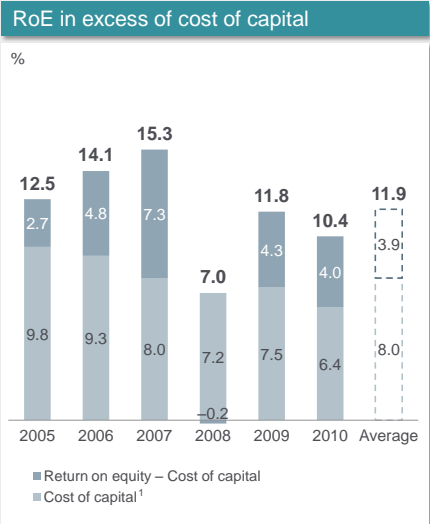


- ... result of our steering philosophy
- 1 Managing insurance risks as main source of value creation
 - 2 Deeply-embedded risk management
 - 3 Disciplined asset-liability management
 - 4 Efficient capital management
 - 5 Well-balanced business portfolio

Munich Re managing for value – Stringent execution of strategy delivering reliable earnings

¹ Annualised total shareholder return defined as price performance plus dividend yields over a 6-year period (01.01.2005–31.12.2010); based on Datastream total return indices in local currency; volatility calculation with 250 trading days per year. Peers: Allianz, Axa, Generali, Hannover Re, Swiss Re, Zurich Financial Services.

Sustainable value generation



- High persistency in strategic execution
- Low interest-rates a drag on RoE with decreasing running yield and increasing capital base ...
 - ... while Munich Re keeps excess of RoE above cost of capital at relatively stable levels – average spread ~50%
 - Low cost of capital as a consequence of liability-driven business model and well-diversified investment portfolio
 - Attractive book value growth

¹ Calculation using CAPM with ten-year German government bonds, 5% market risk premium and one-year raw beta to DJ Stoxx600, daily basis. Source: Bloomberg

Capturing major events in the risk management framework

Risk management topics in 2010

Sovereign debt crisis – Increased volatility

Spread peripheral countries ↑	Risk-free interest-rates ↓	FX volatility, especially USD ↑
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Natural catastrophes – Severe events in 2010

Earthquake Chile	Earthquake New Zealand	Flood Australia
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Solvency II – Current status

Conduct of QIS5	Implementing measures drafted	Pre-application process
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Impact on Munich Re's risk management

- Duration lengthening to reduce asset-liability mismatch risk in primary life
- Focus on German and US government bonds with digestible exposure in peripheral countries

Enhancement of well-established credit risk framework by introducing sovereign risk limits

- Chile represents about 1-in-250-year loss event
- Events well-captured in Munich Re risk model

Case by case evaluation if new insights from major events could further refine our models

- Further progress in the pre-application process
- First Solvency II triggered business already part of 2011 renewals

Munich Re well positioned

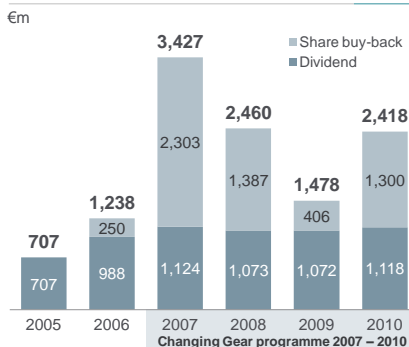
Risk-bearing capacity remains strong and controlled

Capital repatriation: We have delivered on our promise

Active capital management¹ ...

Cash yield² (%)

3.3 4.7 11.8 10.4 7.3 11.5



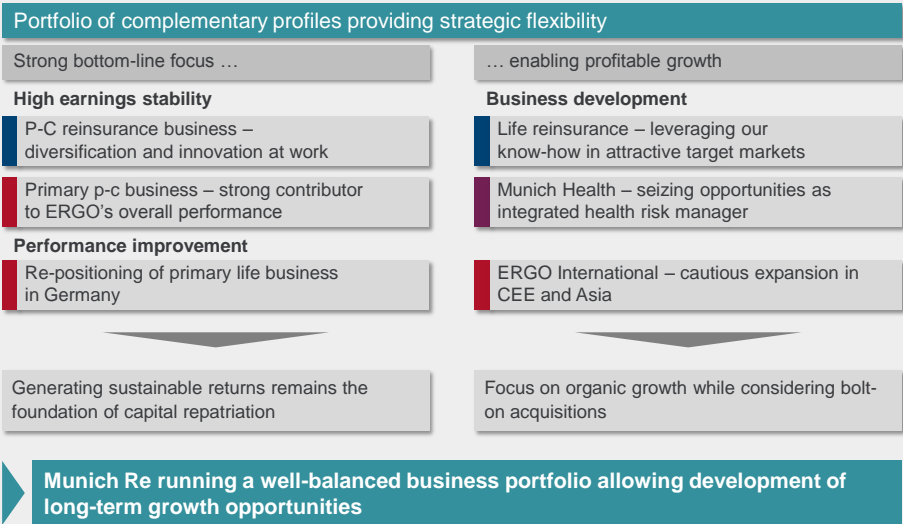
... integral part of our financial strategy

- Capital repatriation of >€10bn³ since 2007 via dividends and share buy-backs
→ Delivering on our promise of the Changing Gear programme
- Safeguarding an efficient use of capital, still allowing for growth and risk appetite
- Sustaining high underwriting discipline – capital management and cycle management go hand in hand
- Dividend is our strong commitment whereas share buy-backs are considered a flexible tool
- Proposed dividend of €6.25 per share for 2010, an increase of almost 9%. Share buy-back to be continued with €500m

High cash payout to remain a cornerstone of Munich Re's active capital management

¹ Dividend refers to calendar year, actual cash flow is in the subsequent year. In 2010, dividend payout estimate based on €6.25 dividend per share and assuming completed share-buy-back until AGM 2011. ² Total payout (dividend and buy-back) divided by average market capitalisation. ³ Incl. assumed €350m outstanding share buy-back until AGM 2011.

Striking the balance between capital generation and redeployment



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Munich Re (Group) – Financial highlights 2010

Resilient earnings based on prudent business and financial management



GROUP Gross premiums written	GROUP Operating result	GROUP Consolidated result
€m	€m	€m
Q1–4 2009 41,423	Q1–4 2009 4,721	Q1–4 2009 2,564
Q1–4 2010 45,541	Q1–4 2010 3,978	Q1–4 2010 2,430
Organic growth in addition to positive FX effects	High investment result mitigates impact of claims activity	Almost emulating the strong prior year result
REINSURANCE Consolidated result	PRIMARY INSURANCE Consolidated result	MUNICH HEALTH Consolidated result
€m	€m	€m
Q1–4 2009 2,576	Q1–4 2009 367	Q1–4 2009 27
Q1–4 2010 2,099	Q1–4 2010 656	Q1–4 2010 63
Above average nat cat claims, reserve strengthening in life re	All segments with increased net income – ERGO result €355m	Good progress – 2009 burdened by Sterling goodwill impairment

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Munich Re (Group) – Capitalisation

Increase in shareholders' equity despite €2.3bn capital repatriation



€m	Q1–4	Change Q4
Equity 31.12.2009 22,278		–
Consolidated result 2,430		475
Changes		
Dividend –1,072		–
Unrealised gains/losses 130		–1,497
Exchange rates 645		240
Share buy-backs –1,268		–258
Other –115		–68
Equity 31.12.2010 23,028 		–1,108
<div> Unrealised gains/losses High unrealised gains in Q1–3 2010 absorbed by sharp yield increase in Q4 </div> <div> Share buy-backs Until 28 February 2011, shares for further €200m were repurchased </div> <div> Exchange rates Positive FX development (mainly US\$, Can\$, A\$) </div>		

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Munich Re (Group) – Capitalisation

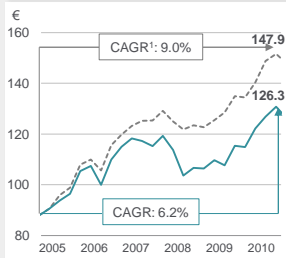
Strong capital base maintained



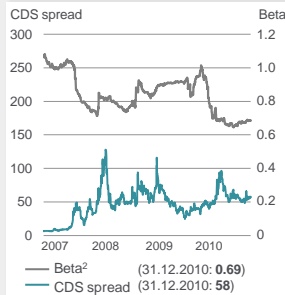
Munich Re (Group)

Sound capitalisation according to all capital measures (regulatory, rating, internal model)

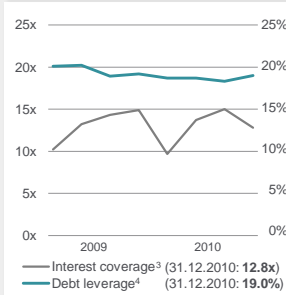
Book value per share – Substantial growth



Financial solidity – External evidence



Financial strength – High security



¹ 31.12.2004 – 31.12.2010.

² Raw beta to DJ Stoxx 500, total return, daily basis, 1-year.

³ Earnings before interest expenses, tax and depreciation divided by finance costs.

⁴ Strategic debt divided by total capital (= sum of strategic debt + shareholders' equity). All subordinated bonds treated as strategic debt.

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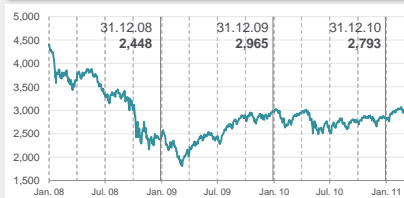
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Munich Re (Group) – Market environment

Successful asset management in a low-interest environment



DJ EURO STOXX 50 – Price index



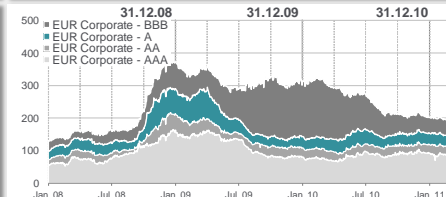
Spreads (country-spreads in BP)



Risk-free interest-rate



Spreads (corporate spreads vs. government bonds in BP)



Source: Datastream and Bloomberg, 1 March 2011.

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The Group – Premium development

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

Munich RE 

€m	
Gross premiums written Q1–4 2009	41,423
Foreign-exchange effects	1,998
Divestment/Investment	149
Organic change	1,971
Gross premiums written Q1–4 2010	45,541

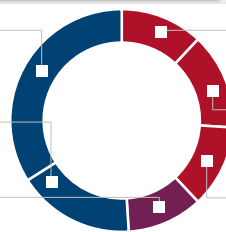
- Positive FX development (mainly US\$, Can\$, A\$)
- HSB acquisition: First-time consolidation as from Q2 2009
- Large-volume deals predominately included as from Q2 2009
- ERGO: Organic growth in all segments

Breakdown by segment (consolidated)

Reinsurance
Property-casualty
15,377 (34%)
(▲ 4.8%)

Reinsurance
Life: 7,766 (17%)
(▲ 20.8%)

Munich Health
4,962 (11%)
(▲ 31.4%)



Primary insurance
Property-casualty
5,459 (12%)
(▲ 7.4%)

Primary insurance
Life: 6,484 (14%)
(▲ 3.0%)

Total premiums: 8,158 (▲ 3.6%)

Primary insurance
Health Germany: 5,493 (12%)
(▲ 6.4%)

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Munich Re (Group) – Munich Health – Premium development

Large-volume deals in addition to favourable FX driving significant premium increase

Munich RE 

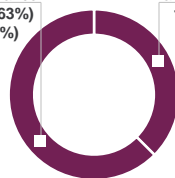
€m	
Gross premiums written Q1–4 2009	3,974
Foreign-exchange effects	362
Divestment/Investment	0
Organic change	804
Gross premiums written Q1–4 2010	5,140

- Positive currency contribution, especially Can\$
- Organic growth owing to large-volume deals in North America and Asia

Breakdown by segment (segmental, not consolidated)

Reinsurance
3,215 (63%)
(▲ 45.5%)

Primary insurance
1,925 (37%)
(▲ 9.1%)



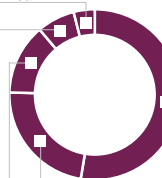
Middle East/Africa
4% (5%)

Asia/Pacific
7% (3%)

Southern Europe/Latin America
13% (16%)

North America
53% (52%)

Northern Europe/Central Europe
23% (24%)



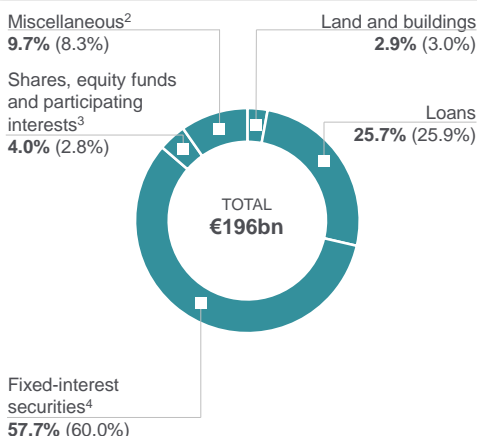
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The Group – Investments

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

Munich RE 

Investment portfolio¹



Active portfolio management in 2010

- Increase of economic equity exposure to 4.4%
- Reducing corporate and bank bonds
- Further improving geographic diversification
- Increase in "Miscellaneous" mainly resulting from higher cash deposits
- Slight duration lengthening

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) and derivatives held for trading with non-fixed-interest underlying. ³ Exposure including derivatives: 4.4% (2.8%). ⁴ Categories "available for sale", "held to maturity" and "at fair value".

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Munich Re (Group) – Investment result

Substantially increased investment result driven by beneficial investment decisions

Munich RE 

Investment result

	€m	Q1–4 2010	Return ¹	€m	Q1–4 2009	Return ¹
Regular income	7,749		4.0%	7,629		4.2%
Write-ups/write-downs of investments	-403		-0.2%	-1,122		-0.6%
Gains/losses on the disposal of investments	1,649		0.9%	1,612		0.9%
Other income/expenses	-353		-0.2%	-236		-0.2%
Investment result	8,642		4.5%	7,883		4.3%

Regular income

Higher asset base as well as cautious investment in credit-exposed fixed-interest securities and better result from associated companies

Write-ups/write-downs

Strongly improved result from derivatives, mainly due to swaptions

Gains on disposal

High level sustained as a result of the sale of corporate and government bonds, gains from equities

¹ Return on quarterly weighted investments (market values) in % p.a.

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Primary insurance – Highlights
ERGO well positioned in all segments



Good growth in consolidated income: Primary insurance contributes €656m (€367m)

Primary insurance – Highlights

ERGO confirms positive trend



Gross premiums written

€m

Q1–4 2009 16,596

Q1–4 2010 17,481

Growth across all segments – overall +5.3%, mostly organic

Technical result

€m

Q1–4 2009 814

Q1–4 2010 648

Higher claims in international p-c business and increased policyholder participation in life/health

Investment result¹

€m

Q1–4 2009 4,615

Q1–4 2010 5,575

Significant improvement – lower write-downs, positive effect from swaptions

Operating result

€m

Q1–4 2009 908

Q1–4 2010 1,269

Substantial increase in operating result – all segments contribute

¹ Investment result incl. unrealised gains/losses from investments in unit-linked life insurance; thereof unit-linked business: €271m in Q1–4 2010 (€441m in Q1–4 2009).

Primary insurance – Premium development

Growth from all business segments



€m

Gross premiums written Q1–4 2009 16,596

Foreign-exchange effects 143

Divestment/Investment –

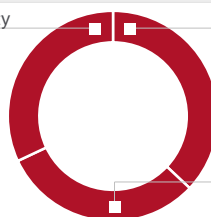
Organic change 742

Gross premiums written Q1–4 2010 17,481

- Life business up in Germany and abroad
- Strong growth in health also due to premium rate increases
- Property-casualty business grows in Germany and abroad; positive exchange rate effects

Breakdown by segment
(segmental, not consolidated)

Property-casualty
5,498 (31%)
(▲ 7.2%)



Life
6,484 (37%)
(▲ 3.0%)

Health Germany
5,499 (32%)
(▲ 6.3%)

Total premiums life:

- IFRS premiums € 6,484 m (▲ 3.0%)
- Savings component of unit-linked and capitalisation products €1,674m (▲ 5.9%)
- **Total premiums €8,158m (▲ 3.6%)¹**

¹ Total premiums German life Q1–4 2010: € 6,032 m, ▲ 3.0%.

Primary insurance – Life – New business

New business life insurance (statutory premiums) – International business: healthy growth

Munich RE

Total				
€m	Total	Regular premiums	Single premiums	APE ¹
Q1–4 2009	2,503	505	1,998	705
Q1–4 2010	2,920	511	2,409	752
Δ	16.7%	1.2%	20.6%	6.7%

Germany				
€m	Total	Regular premiums	Single premiums	APE ¹
Q1–4 2009	1,600	340	1,260	466
Q1–4 2010	1,940	331	1,609	492
Δ	21.3%	-2.6%	27.7%	5.6%

Comments

Germany

- Strong growth in traditional single premium annuity business
- Only small decrease in regular premium business – Mostly in line with market

International

- Strong growth in Poland (especially bancassurance)
- Austrian new business (APE) 15.1% below excellent previous year's figures, as expected

International

€m	Total	Regular premiums	Single premiums	APE ¹
Q1–4 2009	903	165	738	239
Q1–4 2010	980	180	800	260
Δ	8.5%	9.1%	8.4%	8.8%

¹ Annual premium equivalent (APE = regular premiums + 10% single premiums).

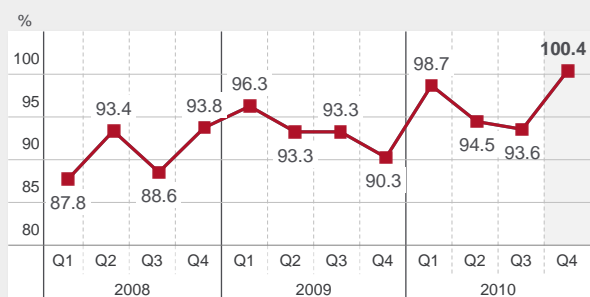
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Primary insurance – Property-casualty – Combined ratio

High claims activity in Germany and international business

Munich RE

%		Loss ratio	Expense ratio
2008	90.9	58.4	32.5
2009	93.2	60.3	32.9
2010	96.8	63.1	33.7



- Germany: Continued low combined ratio (89.8%) despite Xynthia, floods and tornados
- ERGO International: Combined ratio (107.8%) affected by floods and hard winter in Poland; intense competition in Turkey and Korea
- Expense ratio higher – strong business growth in international business

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Primary insurance

ERGO initiatives 2011

Munich RE

Property-casualty

German business: strong contribution to overall performance

- Continue delivering excellent combined ratios
- Carefully expand in commercial/ industrial business
- Ambition: Improve profitability in motor and homeowners' insurance

International business: Focus on improving combined ratio

- Accomplish improvements of claims trend in Turkey and Poland
- Manage market entry in Vietnam

Life

Life business in **Germany** a challenge for many

- Make use of improved competitive position
- Continued focus on back-book management: hedging and duration management
- Introduction of "Zinszusatz-reserve" a positive factor
- Prepare for reduction of technical interest-rate

Further expansion of

international life business

- Continue expansion of bancassurance activities with UniCredit Group
- Work on China Joint Venture

Health

German business stable earnings contributor for ERGO

- Capitalize on abolishment of 3 year waiting period positive
- Spur growth in supplementary health insurance with optimized new product portfolio
- Introduction of innovative after-the-event-product "instant dental cover" in April 2011 at ERGO Direct

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Primary insurance – New brand strategy

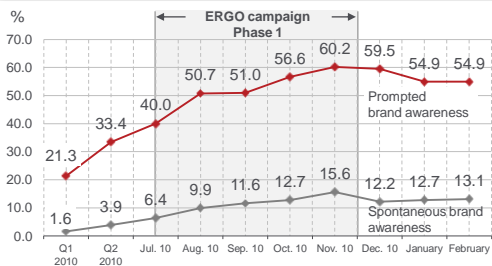
Successful groundwork in 2010 provides good starting point for activities 2011

Munich RE

Legal milestones in 2010

- **Renamings:**
ERGO Direkt, ERGO Life, ERGO P-C
- **Mergers:**
ERGO P-C, DKV, D.A.S.
- **Portfolio transfer:**
Corporate pensions from Victoria Life to ERGO Life

Pleasing increase in brand awareness in 2010



Strategic activities in 2011 focused on

Clarity of communication

- Complete rebrush of all letters to customers
- Revision of terms of contracts for private customer products

Customer participation

- Implementation of customer advocate
- Implementation of customer panel

Products and services

- Expanding claims management services
- Develop easy-to-understand products

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Takeaways

2010 was a good year for ERGO – Pleasing growth of premiums and results

In Germany, delivery on brand promises is top priority for 2011

International business: Focus on improvement of bottom-line result in non-life

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Reinsurance – Overview

Result burdened by higher losses in property-casualty and reserve strengthening in life reinsurance



Gross premiums written		
€m		
Q1–4 2009	21,783	<div></div>
Q1–4 2010	23,602	<div></div>
Favourable FX contribution as main driver for premium growth		
Investment result		
€m		
Q1–4 2009	3,796	<div></div>
Q1–4 2010	3,436	<div></div>
Investment result again at a high level due to disposal gains		

Technical result		
€m		
Q1–4 2009	1,940	<div></div>
Q1–4 2010	1,302	<div></div>
High claims activity in property-casualty and reserve strengthening of long-term care business		
Operating result		
€m		
Q1–4 2009	4,099	<div></div>
Q1–4 2010	2,943	<div></div>
Good investment result partly mitigating lower technical result		

Reinsurance – Premium development

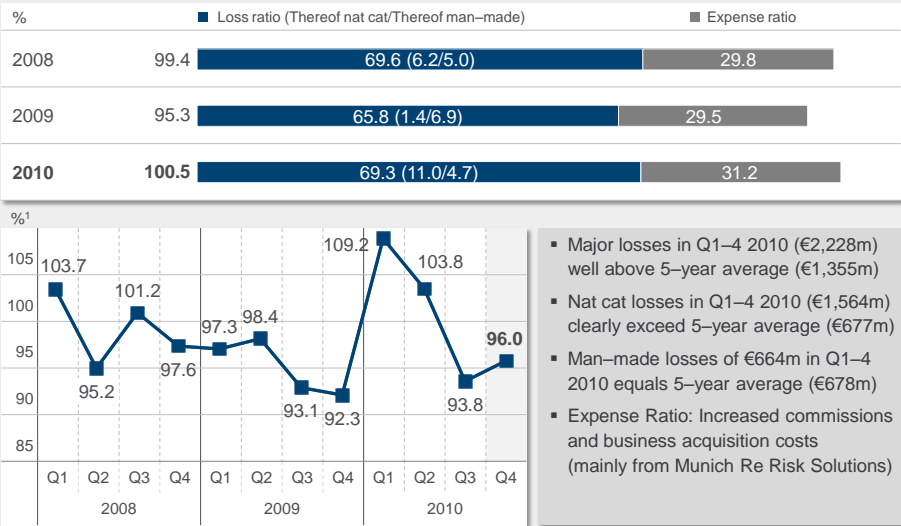
Favourable FX contribution as main driver of premium growth



€m		
Gross premiums written Q1–4 2009	21,783	<div></div>
Foreign-exchange effects	1,493	<div></div>
Divestment/Investment	149	<div></div>
Organic change	177	<div></div>
Gross premiums written Q1–4 2010	23,602	<div></div>
<ul style="list-style-type: none">Substantial FX contribution (mainly Can\$, US\$, A\$)Premium growth through acquisition of HSBOrganic growth mainly from large-volume deals in life reinsurance		
Breakdown by segment (segmental, not consolidated)	Property-casualty	Life
	15,701 (67%) (▲ 4.8%)	7,901 (33%) (▲ 16.3%)

Non-life reinsurance – Combined ratio

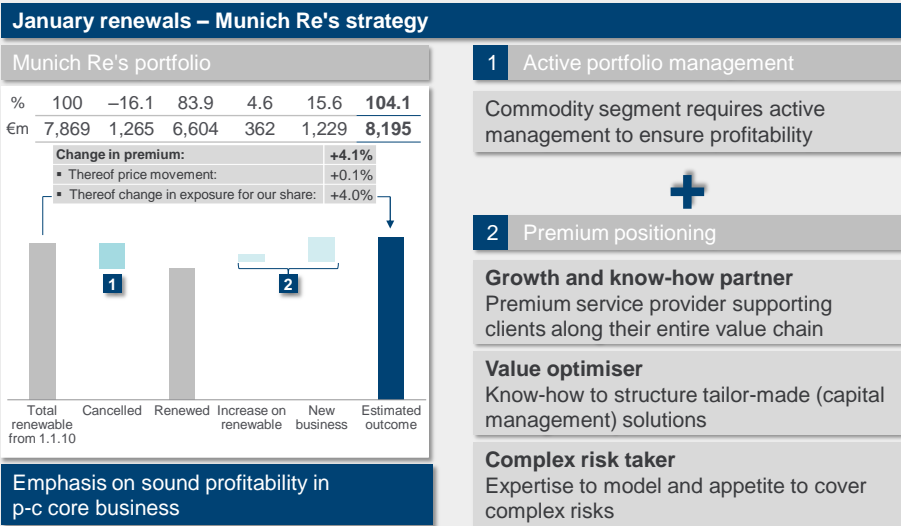
Combined ratio reflects exceptionally high nat cat losses Q1–4 2010



¹ Incl. credit and overhead costs

Non-life reinsurance – January renewals 2011

Munich Re's strategy allowed profitable growth in January renewals – in spite of challenging market conditions

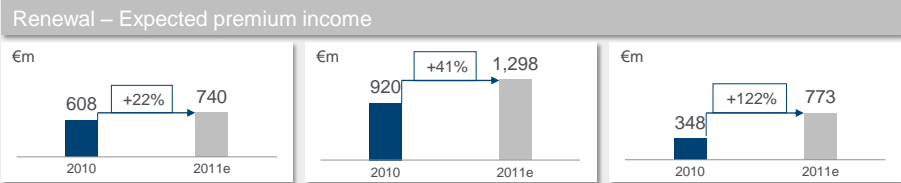


Non-life reinsurance – Strategic outlook

We support our clients in expanding and optimising their operations globally – with capacity and risk expertise



Premium positioning – Growth and know-how partner (examples)		
Agro	Selected partnerships	Greater China / SEA
<ul style="list-style-type: none">Fostering insurability of agricultural production risks through public-private partnerships (PPPs)Providing cover for yield and market risk, mainly USARapid Eye technology partnership	<ul style="list-style-type: none">Prominent market position enables us to see (all) new opportunities and business models at a very early stageExpertise and appetite for comprehensive relationships with strategic partnersCapacity to underwrite multi-year global reinsurance treaties	<ul style="list-style-type: none">Unique support of ambitious growth path of key clients in emerging markets that only a leading reinsurer can provideRisk transfer through tailor-made solutionsTransfer of underwriting concepts from mature to developing markets



Reinsurance property-casualty – Strategy

Munich Re sets the standard for renewable energy insurance solutions



Wind energy Innovative solution for major losses in the form of guarantees – manufacturers profit from the capital relief this provides	Photovoltaic energy New type of insurance to cover performance guarantees – benefits customers and manufacturers; high demand around the world	Geothermal energy The exploration risk is frequently a stumbling block for projects – there is rising demand for Munich Re's special covers <small>Picture © Geothermie Unterhaching GmbH & Co KG</small>
Munich Re's strategy Growth market: Renewable energies Investments in renewable energies are rising fast: <ul style="list-style-type: none">In 2010 by 30% to US\$ 243bn¹Further major growth expected <ul style="list-style-type: none">Thanks to Munich Re's risk-transfer solutions, investors receive the security they needSpecial covers for renewable energies offer significant potential for profitable businessPossible business volume by 2015: mid three-digit million range		

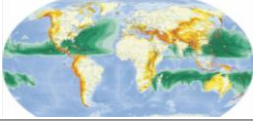
¹ Source: Bloomberg New Energy Finance

Our technical expertise allows us to insure complex risks today and tomorrow




Premium positioning – Complex risk taker

Nat cat: World Map of Natural Hazards



- Munich Re continues to commit substantial capacity to nat cat business
- High geographical diversification of worldwide large, medium and small scenarios in Munich Re's portfolio is key as diversification reduces earnings volatility by mitigating dependence on top scenarios
- Despite recent claims experience nat cat remains one of Munich Re's most profitable business lines

SOSCover (Sudden Oil Spill Cover)



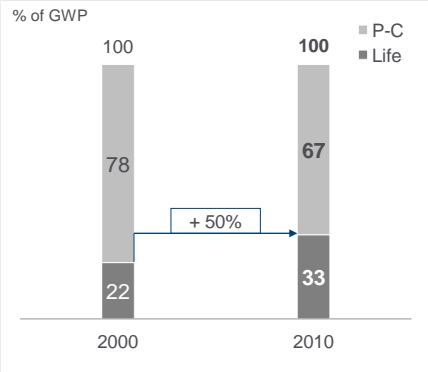
- Munich Re developed the initial concept
- AON Benfield, Guy Carpenter and Willis Re act as consortium managers and placement advisers. They bring together insurers and reinsurers as capacity providers to the consortium
- This consortium will deliver a new meaningful limit on a per well basis
- With this on-top product, all covers of the marine, energy and liability market remain in place

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Life reinsurance essential and increasingly important pillar within Munich Re Group

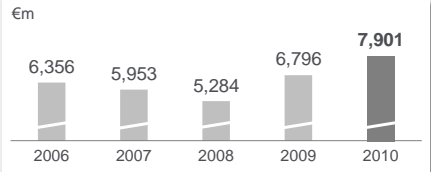


Share of life business within reinsurance segment¹



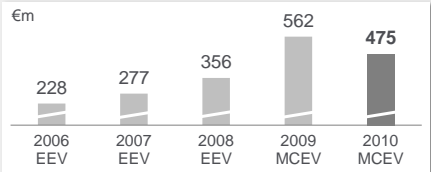
Year	P-C (%)	Life (%)
2000	78	22
2010	67	33

Gross written premium (GWP)



Year	GWP (€m)
2006	6,356
2007	5,953
2008	5,284
2009	6,796
2010	7,901

Value of new business (VNB)



Year	VNB (€m)	Measure
2006	228	EEV
2007	277	EEV
2008	356	EEV
2009	562	MCEV
2010	475	MCEV

Life reinsurance share continuously increased

Solid growth in life reinsurance

¹ Segmental share of gross written premium (health reinsurance excluded).

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Agenda

Munich RE

Turning risk into sustainable value	Nikolaus von Bomhard
Financial highlights 2010	Jörg Schneider
Primary insurance	Torsten Oletzky
Reinsurance	Torsten Jeworrek
Summary and outlook	Nikolaus von Bomhard

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Munich Re (Group)		
RoRAC Target of 15% after tax over-the-cycle to stand – remains a real challenge given the low-yield environment, while well-balanced business and investment portfolio stabilises profitability	CAPITAL REPATRIATION Proposed dividend of €6.25 per share (prev. €5.75) Continuation of share buy-back programme of up to €500m ¹	
GROSS PREMIUMS WRITTEN €46–48bn ²	NET INCOME ~€2.4bn	RETURN ON INVESTMENT < 4.0%
Reinsurance	Primary insurance	Munich Health
COMBINED RATIO P-C ~97% over-the-cycle	COMBINED RATIO P-C < 95%	Positive earnings contribution while concluding consolidation phase

¹ Against the backdrop of major claims burdens in the first two months of 2011 only achievable, if random large losses remain below our expectation over the rest of the year

² Full execution remains subject to developments in the capital markets and the general economic environment.
² Thereof €24–25bn in reinsurance, €17–18bn in primary insurance and ~€6bn in Munich Health (all on basis of segmental figures).

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Disclaimer

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