



QUARTERLY FINANCIAL STATEMENTS AS AT 30 JUNE 2011

Media conference

4 August 2011

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Overview

Year of challenges: Natural catastrophes, government debt crisis and incidents at ERGO

Severe catastrophes at the beginning of the year – Litmus test for risk management

Accumulation within the framework of model expectations – Core business of reinsurance

Rising risk awareness following very large events and market response offer potential for profitable growth

Incidents at ERGO – Learning from mistakes

Full investigation, major consequences

ERGO remains true to its strategy of transparency and openness, customer focus and high-quality consultancy

Debt crisis in Europe – Diversification of investments more important than ever

Greece package demonstrates ability to act

EU's future crisis mechanism, incentive for solid budget management required

Integrated business model ➡ Foundation of Munich Re's strategy

Financial highlights Q1–2 2011

After outlier first quarter, Munich Re back to “normal” in Q2

Munich RE 

Munich Re (Group)

Net gain of €738m in Q2

Q2 mitigating weak first quarter result – Net loss of €210m in Q1–2
Still aiming for positive annual result

Shareholders' equity in Q2 stable at €20.3bn

Almost unchanged capital position vs. Q1 despite dividend payment of €1.1bn in Q2

Solid investment result

Annualised RoI of 3.6%¹ burdened by impairment of Greek government bonds

Reinsurance

Significant nat cat claims

Major losses in property-casualty (combined ratio in Q2: 99.6%)
July renewals showing positive price trend

Primary insurance

Increasing earnings contribution

Consolidated ERGO result of €178m – Gain on real estate sale in Q2 offsetting impairment

Munich Health

Improving result

Consolidation process making good progress

¹ Adjusted for impact on insurance risk transfer to the capital markets: RoI 3.3%.

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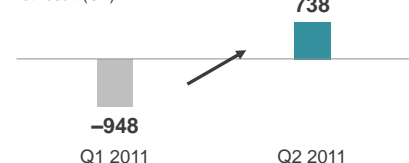
Financial highlights Q1 vs. Q2 2011

Good second quarter – Significantly improved reinsurance result and higher earnings of ERGO

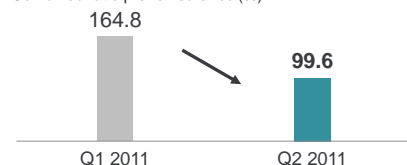
Munich RE 

Improved net result ...

Net result (€m)

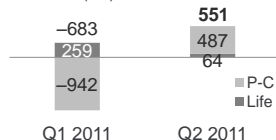


... following normalising nat cat claims

Combined ratio p-c reinsurance (%)¹

Reinsurance

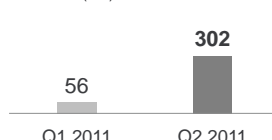
Net result (€m)



Life mitigating volatility of property-casualty business

Primary insurance

Net result (€m)



Countervailing one-off effects in Q2

Munich Health

Net result (€m)



Still small but stable contribution

¹ Before insurance risk transfer to the capital markets.

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Overview

The Group

- Primary insurance
- Reinsurance
- Summary and outlook

The Group – Overview
Strong premium growth, high nat cat claims



GROUP Gross premiums written	GROUP Operating result	GROUP Net result
€m	€m	€m
Q1–2 2010 22,613	Q1–2 2010 2,218	Q1–2 2010 1,194
Q1–2 2011 24,949	Q1–2 2011 –437	Q1–2 2011 –210
Substantial organic growth also a result of large-volume deals	Decline of technical and investment result	Good Q2 result largely compensates for severe losses in Q1
REINSURANCE Net result	PRIMARY INSURANCE Net result	MUNICH HEALTH Net result
€m	€m	€m
Q1–2 2010 1,057	Q1–2 2010 293	Q1–2 2010 16
Q1–2 2011 –132	Q1–2 2011 358	Q1–2 2011 36
Life reinsurance mitigates high claims burden in p-c	Germany performing well – international business still a challenge	Strong premium growth and resilient operating result

The Group – Premium development

Strong organic growth



€m	
Gross premiums written Q1–2 2010	22,613
Foreign-exchange effects	-176
Divestment/Investment	155
Organic change	2,357
Gross premiums written Q1–2 2011	24,949

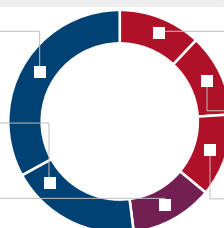
- Overall negative FX development (mainly from US\$)
- Windsor acquisition: First-time consolidation as from Q1 2011
- Large-volume deals in reinsurance segment and Munich Health

Breakdown by segment
(consolidated)

Reinsurance
Property-casualty
8,281 (33%)
(▲ 10.7%)

Reinsurance
Life: **4,788 (19%)**
(▲ 25.2%)

Munich Health
2,959 (12%)
(▲ 19.9%)



Primary insurance
Property-casualty
3,055 (12%)
(▲ 3.2%)

Primary insurance
Life: **2,984 (12%)**
(▲ -4.5%)

Total premiums: 3,890 (▲ -6.3%)

Primary insurance
Health Germany: **2,882 (12%)**
(▲ 4.6%)

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The Group – Operating and consolidated result

High claims burden – Life reinsurance and primary insurance compensates nat cat losses

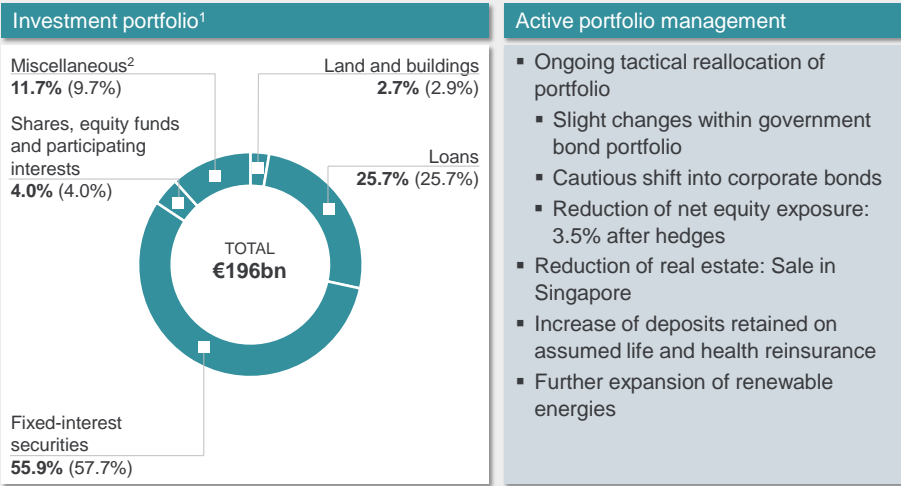


€m	Q1–2 2010	Q1–2 2011	Operating result	Consolidated result
Reinsurance Life			509	309
Reinsurance Life			508	323
Reinsurance Property-casualty			1,188	748
Reinsurance Property-casualty			-1,187	-455
Reinsurance Subtotal			1,697	1,057
Reinsurance Subtotal			-679	-132
Primary insurance Life			196	131
Primary insurance Life			36	-11
Primary insurance Health			80	49
Primary insurance Health			91	46
Primary insurance Property-casualty			351	113
Primary insurance Property-casualty			512	323
Primary insurance Subtotal			627	293
Primary insurance Subtotal			639	358
Munich Health			60	16
Munich Health			65	36
Munich Re (Group)			2,218	1,194
Munich Re (Group)			-437	-210

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The Group – Investments

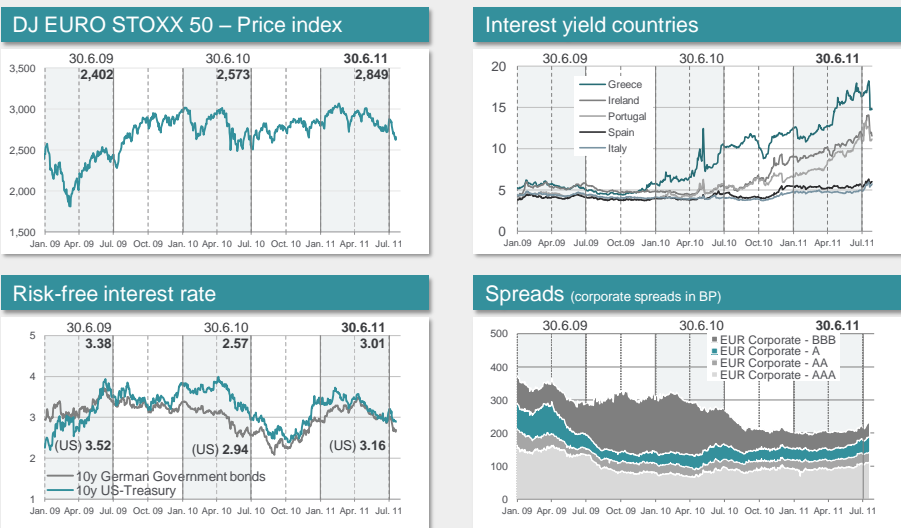
Active asset management on the basis of a well-diversified investment portfolio



¹ Fair values as at 30.6.2011 (31.12.2010).
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.

The Group – Market environment

Index and interest rate development



The Group – Investment result

Resilient investment result burdened by write-down on Greek government bonds



Investment result

	€m	Q1–2 2011	Return ¹	€m	Q1–2 2010	Return ¹
Regular income	4,057		4.2%	3,918		4.1%
Write-ups/write-downs of investments	-806		-0.8%	304		0.3%
Gains/losses on the disposal of investments	640		0.6%	1,047		1.1%
Other income/expenses	-423		-0.4% ²	-191		-0.2%
Investment result	3,468		3.6%	5,078		5.3%

Regular income

Higher dividend income
Increase of deposits retained on assumed reinsurance as a consequence of large-volume deals
Reinvestment yield slightly increased

Write-ups/write-downs

Write-down on Greek bonds and on swaptions
Write-up from insurance risk transfer to the capital markets

Gains on disposal

Disposal gain from sale of real estate in Singapore and reduction of equities
Disposal losses on equity and interest rate derivatives
Higher disposal gains on fixed-interest instruments in the previous year

¹ Return on quarterly weighted investments (market values) in % p.a.
² Negative impact from unit-linked business included.

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The Group – Investments – Alternative investments

Munich Re invests in market of the future – renewable energy and new technologies ("RENT")



Portfolio at 1.1.2011



Wind farms in Germany (output ~70 MW)
Photovoltaic facilities in Germany, Italy, Spain (~30 MW)

New projects in 2011



Grids – Backbone of supply. Basis for smart grid: Involvement in grid operator



Photovoltaics – Participation in 42 facilities in Spain and Italy (output: ~170 MW)



Photovoltaics – Acquisition of four facilities in Italy (output ~30 MW)

Munich Re has earmarked €2.5bn for RENT programme – around €0.5bn already invested

Insurance expertise is beneficial for investment decisions taken by MEAG



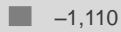




Attractive yield/risk profile, diversification advantage has positive impact

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The Group – Capitalisation

Reduction in shareholders' equity – Capital position remains solid

Munich RE 

€m	Q1–2	Change Q2
Equity 31.12.2010	23,028	
Consolidated result	–210	 738
Changes		
Dividend	–1,110	 –1,110
Unrealised gains/losses	–338	 399
Exchange rates	–792	 –235
Share buy-backs	–323	 –37
Other	53	 47
Equity 30.6.2011	20,308	–198

UNREALISED GAINS/LOSSES

–€35m from afs fixed-
interest securities
(rising short-term
interest rates)
–€294m from afs
non-fixed-interest
securities

EXCHANGE RATES

Adverse FX
development
(mainly US\$)

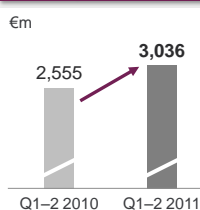
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MUNICH HEALTH – Financials

Munich Health

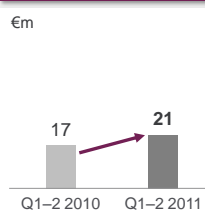
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Gross premiums written



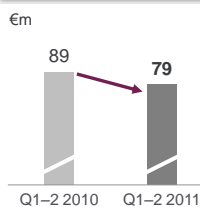
Large-volume deals
and acquisition of
Windsor Health
Group

Technical result



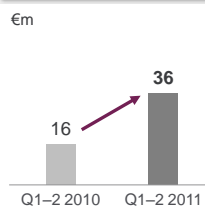
Positive effects from
business portfolio
consolidation and
large-volume deals

Investment result



Several counter-
vailing effects leading
to a small reduction

Consolidated result



Increased operating
result and positive
contribution from
foreign exchange

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Primary insurance

Reinsurance

Summary and outlook

Primary insurance Key figures

Gross premiums written



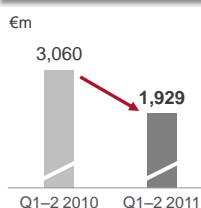
Growth in health and property-casualty
Lower single and regular premiums in life – stronger effect on total (statutory) premiums

Technical result



Improved result in all segments mainly due to lower costs, especially lower write-downs on deferred acquisition costs

Investment result



Write-downs on Greek government bonds and swaptions
Previous year with high write-ups on swaptions and unit-linked life insurance

Consolidated result



Higher technical result and lower goodwill impairments in abroad business

Primary insurance – Premium development

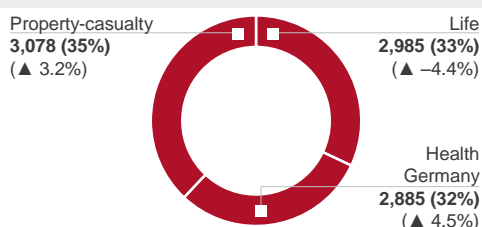
Overall stable premium income



€m	
Gross premiums written Q1–2 2010	8,866
Foreign-exchange effects	–4
Divestment/Investment	–
Organic change	86
Gross premiums written Q1–2 2011	8,948

- **Life:** Lower single-premiums in German and international business
- **Health:** Growth in comprehensive, supplementary and travel business
- **Property-casualty:** Organic growth in German and international business

Breakdown by segment
(segmental, not consolidated)

**Total premiums life:**

- IFRS premiums €2,985m (▲ –4.4%)
- Savings component of unit-linked and capitalisation products €905m (▲ –12.1%)
- **Total premiums €3,890m (▲ –6.3%)¹**

¹ Total premiums German life Q1–2 2011: €2,917m, ▲ –5.8%.

Primary insurance – Life – New business

Life: New business (statutory premiums)



Total				
€m	Total	Regular premiums	Single premiums	APE ¹
Q1–2 2010	1,606	224	1,382	362
Q1–2 2011	1,393	248	1,145	363
Δ	–13.3%	10.7%	–17.1%	0.3%

Comments				
Germany				
<ul style="list-style-type: none"> ▪ Growth of regular premiums ▪ Single-premium business down – for whole market ▪ Good growth in corporate pension business 				
International				
<ul style="list-style-type: none"> ▪ Strong growth in Belgium (APE 28.3%) and Poland (APE 49.2%) ▪ Austria (APE –26.0%): lower single premiums, mainly in unit-linked business 				

Germany				
€m	Total	Regular premiums	Single premiums	APE ¹
Q1–2 2010	1,093	151	942	245
Q1–2 2011	922	162	761	238
Δ	–15.6%	7.3%	–19.2%	–2.9%

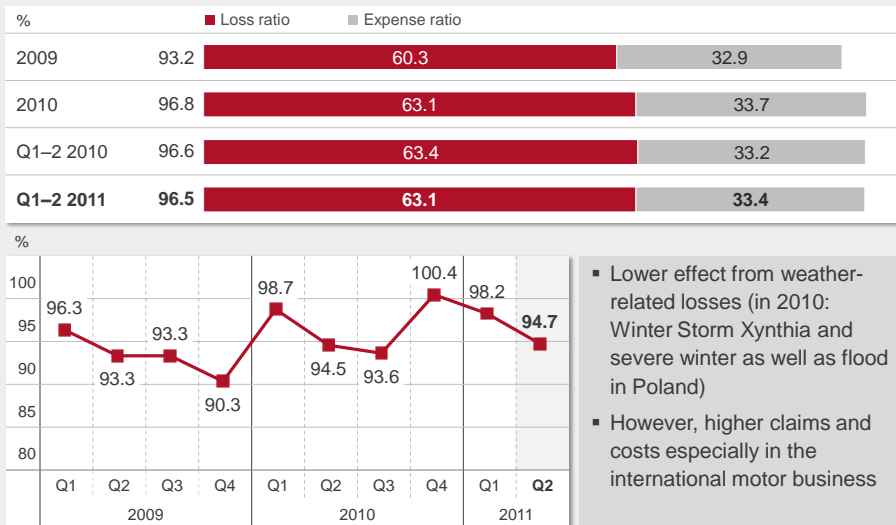
International				
€m	Total	Regular premiums	Single premiums	APE ¹
Q1–2 2010	513	73	440	117
Q1–2 2011	471	86	384	125
Δ	–8.2%	17.8%	–12.7%	6.8%

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

Primary insurance – Property-casualty – Combined ratio

Stable combined ratio – With diverging underlying trend

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Primary insurance

ERGO under fire – Audit findings and measures

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Main issues	Audit findings	Further procedure
<ul style="list-style-type: none"> Incentive trip to Budapest 2007 Flawed Riester proposal form (2005) Conversion of life policies into UBRE policies¹ 2009/2010 Alleged consultancy error in selling group policies 	<ul style="list-style-type: none"> PwC²: ERGO investigation of the Budapest trip appropriate and complete Riester: Errors identified, customers contacted, rectification announced UBRE customers offered consultancy and rescission 	<ul style="list-style-type: none"> Continue analysis process Strengthen compliance Take measures agreed to improve consultancy quality in sales Systematically implement ERGO realignment commenced at the end of 2009
<ul style="list-style-type: none"> Various accusations fundamentally justified – Weaknesses in processes identified ERGO's change process, based on the principle of maximum transparency and customer focus, needs to be implemented even more rapidly and uncompromisingly Ambition: Restore trust and reputation as quickly as possible 		

¹ UBRE = Single-premium personal accident cover with premium return.² The auditor PricewaterhouseCoopers (PwC) commissioned by ERGO to look into the Budapest trip and life insurance issues.

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Summary and outlook

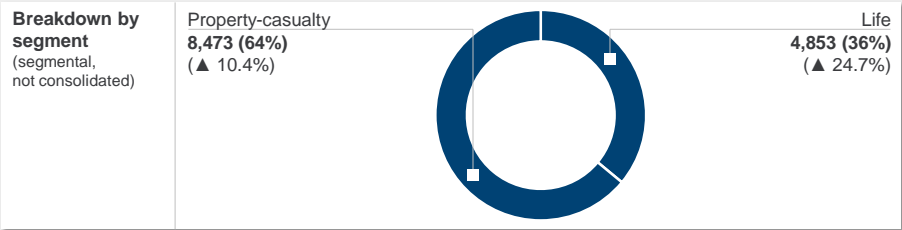
Reinsurance – Premium development

Strong increase driven by organic growth



€m	
Gross premiums written Q1–2 2010	11,567
Foreign-exchange effects	–161
Divestment/Investment	–
Organic change	1,920
Gross premiums written Q1–2 2011	13,326

- Negative FX effect (mainly US\$)
- **Property-casualty:** Organic growth mainly in motor, fire and solvency-related deals
- **Life:** Organic growth owing to large-volume deals



Reinsurance – Key figures

Life reinsurance



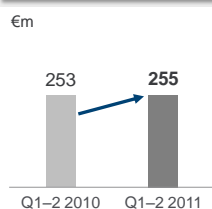
Gross premiums written



Strong growth owing to large-volume deals

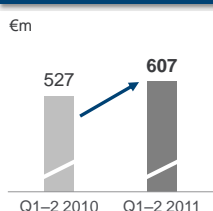
Only small positive FX contribution (mainly Au\$ and Can\$)

Technical result



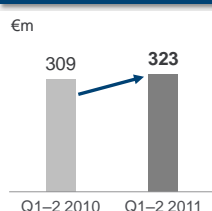
Higher claims experience compensated by large-volume deals with positive bottom-line impact

Investment result



Increase in regular income from higher deposits retained on assumed business following large-volume deals

Consolidated result



Stable operating result, positive contribution from foreign exchange

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Reinsurance – Key figures

Reinsurance property-casualty



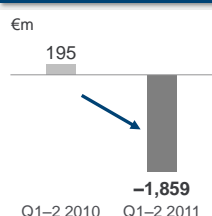
Gross premiums written



Premium increase from organic growth (especially in motor, fire and solvency-related deals)

Negative FX contribution from US\$

Technical result



Negative result from exceptionally high nat cat losses

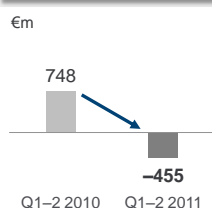
Basic claims remain at a good, profitable level

Investment result



Lower disposal gains partly compensated for by the impact of insurance risk transfer to the capital markets

Consolidated result

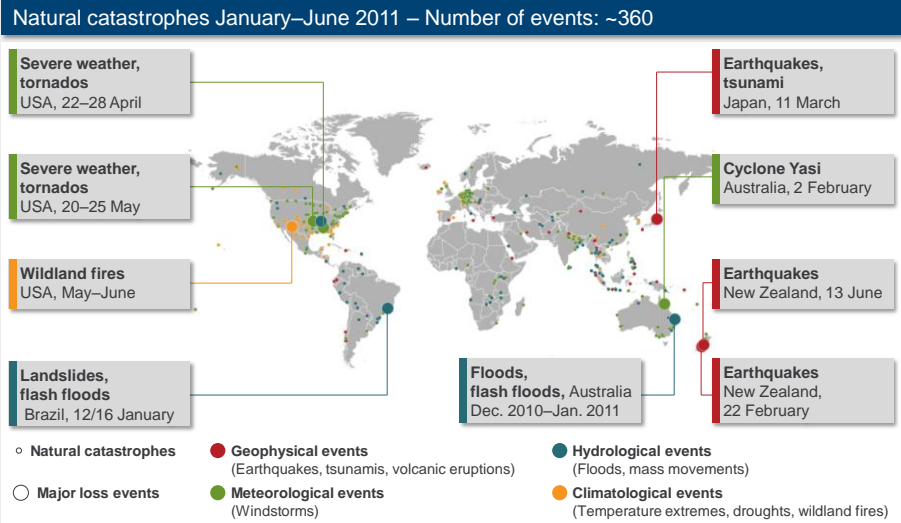


High nat cat losses and lower investment result, only partly mitigated by currency gains and tax relief

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Reinsurance – Natural catastrophes January–June 2011

Accumulation of extreme natural catastrophes at the start of the year

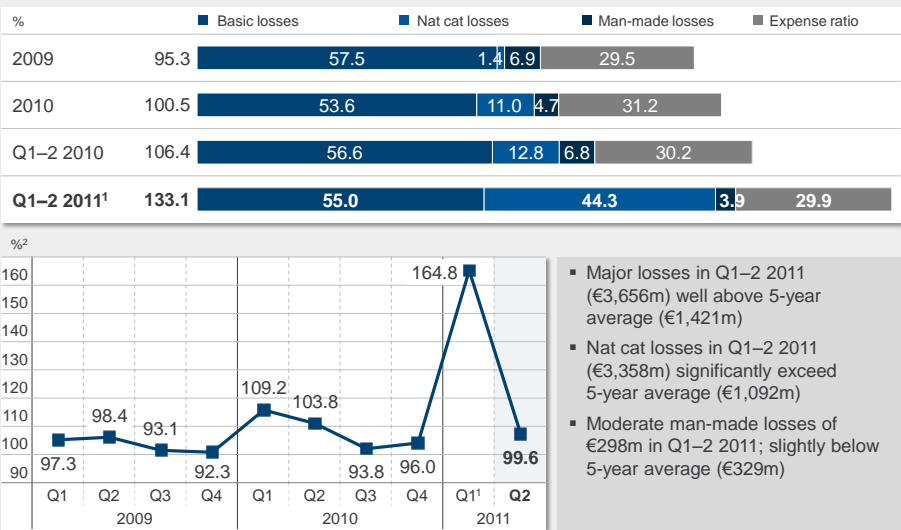


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Reinsurance – Property-casualty – Combined ratio

Combined ratio reflects high nat cat losses in Q1–2 2011



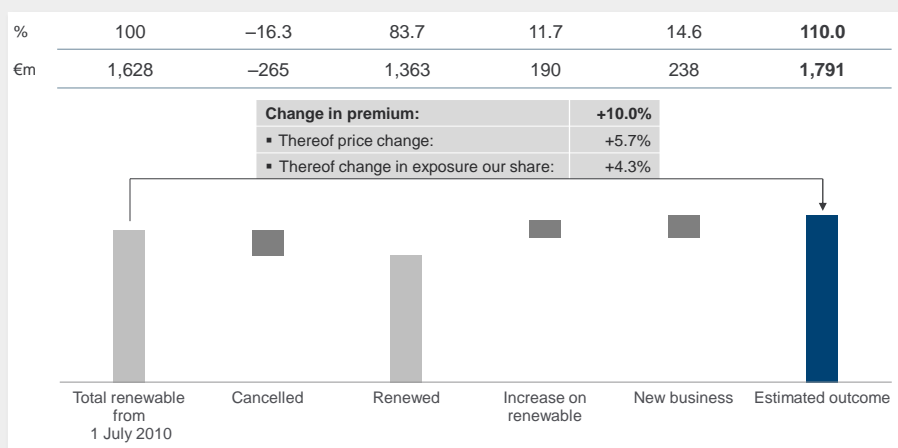
¹ Before insurance risk transfer to the capital markets.
² Including overhead costs.

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Reinsurance – July renewal

Price and exposure increase mainly the result of nat cat business expansion

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Overall, clearly improved nat cat profitability and increase in portfolio quality

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Reinsurance – July renewal

Strict bottom-line approach: Expected significant nat cat price increase achieved, unprofitable business reduced

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Property nat cat		Property non-nat-cat
USA	<ul style="list-style-type: none"> ~10% price increase, mainly driven by new RMS version and partly by tornado activity Capacity still plentiful, but not at any price 	<p>Overall, prices bottom out in all regions</p> <p>USA Flat to marginally increasing</p> <p>Latin America Slight reduction of commissions (up to -2%) achieved</p> <p>Australia/New Zealand Commission decrease/increase depended on loss experience/event limits</p>
Latin America/Caribbean	<ul style="list-style-type: none"> Price increases ~10% New innovative cover with Mexican government 	
Australia/New Zealand	<ul style="list-style-type: none"> Significant price increases from 40% to 50% Significant share increases for Munich Re boost premium volume, especially in Australia 	
Japan	<ul style="list-style-type: none"> Price increase for earthquake covers of more than 50%, in combination with wind and flood ~40% 	<p>Casualty</p> <ul style="list-style-type: none"> Still competitive market environment Active portfolio management necessary to preserve profitability (e.g. reduction of US exposure) Munich Re remains market leader for complex liability solutions First signs of improvement apparent

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- Reinsurance

Summary and outlook

Outlook
Munich Re’s integrated business model – Diversification
enhancing earnings resilience



Munich Re (Group)		
GROSS PREMIUMS WRITTEN €48–50bn (prev. €47–49bn)	RETURN ON INVESTMENT Slightly below 4%	PROFIT Still aiming for positive annual result RoRaC target of 15% after tax over the cycle to stand
Reinsurance	Primary insurance	Munich Health
COMBINED RATIO P-C 97% over the cycle – Not achievable in 2011	COMBINED RATIO P-C < 95%	Positive earnings contribution while concluding consolidation phase
GROSS PREMIUMS WRITTEN ~€26bn (prev. €25–26bn)	GROSS PREMIUMS WRITTEN €17–18bn	GROSS PREMIUMS WRITTEN ~€6bn

Disclaimer



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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.