



QUARTERLY FINANCIAL STATEMENTS AS AT 30 SEPTEMBER 2011

Media telephone conference

8 November 2011

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Overview – Financial highlights

Sound underlying performance in core business in a year of extremes

Munich Re (Group)

Net profit of €290m in Q3

... including substantial countervailing non-recurring effects

Net profit of €80m after nine months

Strong capital position

... allowing market to be taken opportunities – Increase of Group equity to €22.2bn – High dividend capacity (supported by US dividend)

Resilient investment result given market turmoil

High level of portfolio diversification proves beneficial

Annualised RoI of 3.3%¹

Reinsurance**Combined ratio of 89.0% in Q3**

Following large nat cat losses in H1 combined ratio of 117.9% in Q1–3 2011

Life reinsurance sustains good underlying development

Primary insurance**Different lines of business showing diverging trends**

... partially impacted by non-recurring items

Consolidated ERGO result of €260m – in FY 2011 aiming for result on prior year's level

Munich Health**Combined ratio of 97.6% in Q3**

Stable operating result

Net result distorted by negative currency effects

¹ Adjusted for impact on insurance risk transfer to the capital markets: RoI 3.1%.

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Overview – Financial highlights

Munich Re (Group)

Primary insurance













Reinsurance

Summary and outlook

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Overview – Financial highlights

After nine months Munich Re returns to positive result

GROUP Gross premiums written	GROUP Operating result	GROUP Net result
€m	€m	€m
Q1–3 2010 34,060 	Q1–3 2010 3,367 	Q1–3 2010 1,955 
Q1–3 2011 37,166 	Q1–3 2011 402 	Q1–3 2011 80 
Continued strong organic growth, mainly in reinsurance	Severe large claims and capital market turmoil leaving their mark	Weaker euro putting additional pressure on net result
REINSURANCE Net result	PRIMARY INSURANCE Net result	MUNICH HEALTH Net result
€m	€m	€m
Q1–3 2010 1,659 	Q1–3 2010 432 	Q1–3 2010 57 
Q1–3 2011 108 	Q1–3 2011 418 	Q1–3 2011 31 
High cat losses, lower investment result and negative FX impact	Impairments on Greek bonds compensated for positive one-offs	Stable operating result burdened by negative FX impact

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Capital position remains solid –
Increase of IFRS equity in Q3



€m	Q1–3	Change Q3
Equity 31.12.2010	23,028	
Consolidated result	80	290
Changes		
Dividend	–1,110	–
Unrealised gains/losses	586	924
Exchange rates	–69	723
Share buy-backs	–323	–
Other	23	–30
Equity 30.9.2011	22,215	1,907

CHANGE IN UNREALISED
GAINS/LOSSES¹

+€1,459m from afs
fixed-interest
securities (falling
short-term interest
rates)

–€861m from afs
non-fixed-interest
securities

CHANGE IN EXCHANGE
RATES¹

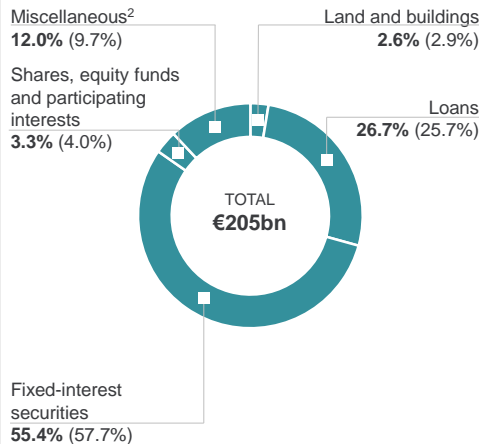
Adverse FX
development
(mainly US\$),
largely reversed
in Q3

¹ Equity impact in Q1–3.

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



Investment portfolio¹



Portfolio management in Q3

- Further shift from weaker to high-quality sovereigns, esp. Germany and western Europe – stronger focus on emerging market debt
- Active reduction of Italian bonds by €1.4bn
- Further cautious increase in corporate bonds
- Reduction of net exposure in equities: 2.0% after hedges

¹ Fair values as at 30.9.2011 (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.

Emphasis on highly rated securities

Fixed-income portfolio¹

Loans to policyholders/
Mortgage loans
3% (3%)

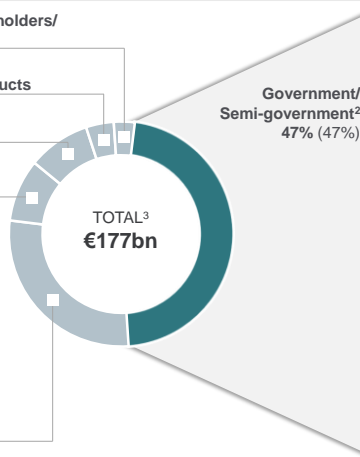
Structured products
4% (4%)

Corporates
9% (9%)

Banks
9% (9%)

Thereof 47%
cash positions

Pfandbriefe/
Covered bonds
28% (28%)

Government bonds per country²

%	Without P/H ⁴ participation	With P/H ⁴ participation	Total
Germany	7.6	25.5	32.8
USA	16.0	0.0	16.0
Canada	6.8	0.0	6.8
France	4.5	2.0	6.5
UK	5.1	0.3	5.4
Italy	2.9	1.4	4.3
Austria	0.9	2.4	3.3
Spain	0.8	1.5	2.3
Ireland	0.6	1.5	2.1
Greece	0.1	0.6	0.7
Portugal	0.0	0.5	0.5
Other	12.8	6.5	19.3
Total⁵	58.1	41.9	100%

¹ Incl. loans, parts of other securities, other investments and cash positions. Fair values as at 30.9.2011 (31.12.2010).

² Thereof 11% inflation-linked bonds. ³ Additional inflation-linked exposure in swaps 1% and bank and corporate exposure in credit default swaps 2% of fixed-income portfolio. ⁴ P/H = policyholder. Economic view – not fully comparable with IFRS figures. ⁵ Differences between totals possible due to rounding.

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Stable regular income despite low yields – Write-down on Greek government bonds

Investment result

	€m	Q1–3 2011	Return ¹	€m	Q1–3 2010	Return ¹
Regular income	6,064		4.1%	5,844		4.0%
Write-ups/write-downs of investments	-1,640		-1.1%	290		0.2%
Gains/losses on the disposal of investments	1,196		0.8%	1,409		1.0%
Other income/expenses	-805		-0.5% ²	-262		-0.2%
Investment result	4,815		3.3%	7,281		5.0%

Regular income

Higher dividend income
Increase in deposits retained on assumed reinsurance as a consequence of large-volume deals
Current reinvestment yield ~3.4%

Write-ups/write-downs

Write-down on Greek government bonds (€933m) and on equities (€456m)
High impact of derivatives: Swaptions (€275m) and other fixed-interest derivatives benefit from lower interest rates, while credit and inflation swaps depreciate
Write-up from insurance risk transfer to the capital markets (€211m)

Gains/losses on disposal

Disposal gain from sale of real estate in Singapore and reduction of equities
Gains on equity derivatives compensate for impairments on equities in Q3
Higher disposal gains on fixed-interest instruments in the previous year

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

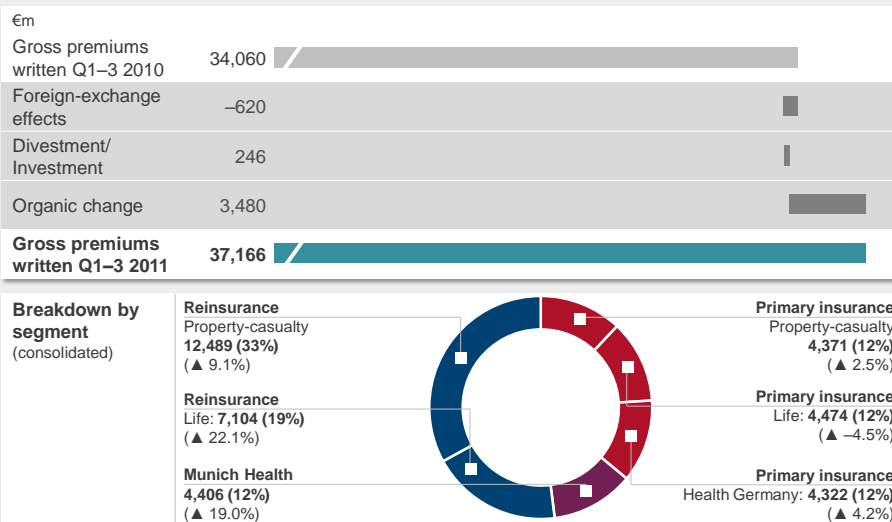
² Negative impact from unit-linked business included.

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Munich Re (Group) – Premium development

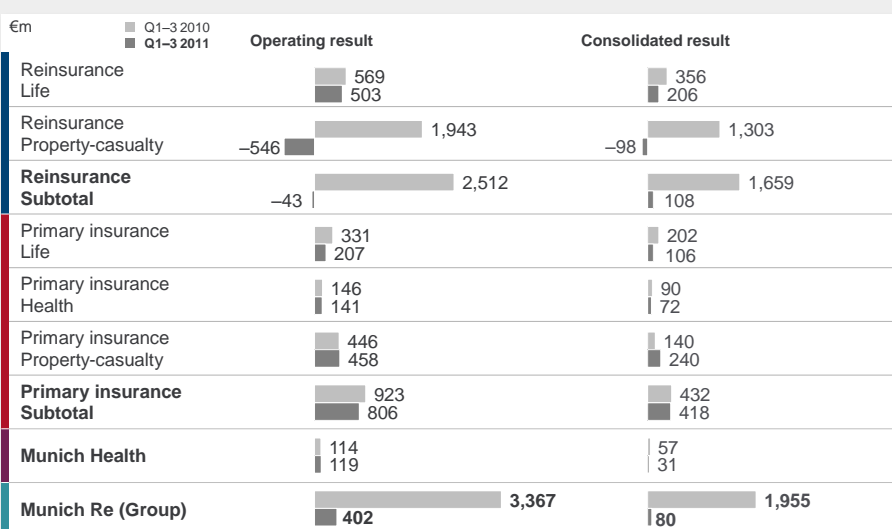
Strong organic growth



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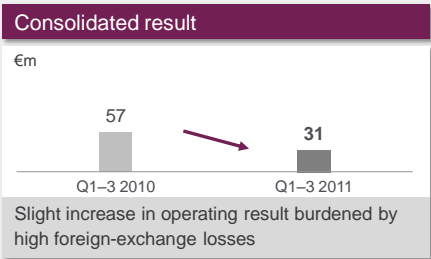
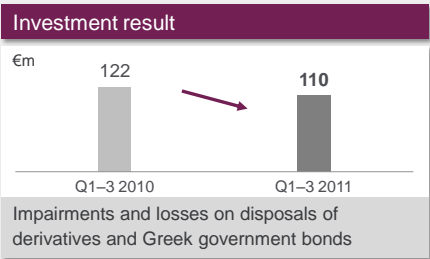
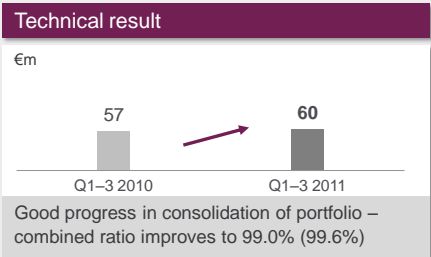
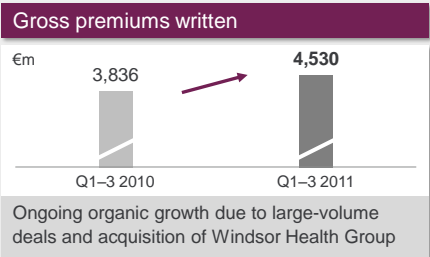
Munich Re (Group) – Operating and consolidated result

Segmental results



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Munich Health – Key figures
Munich Health



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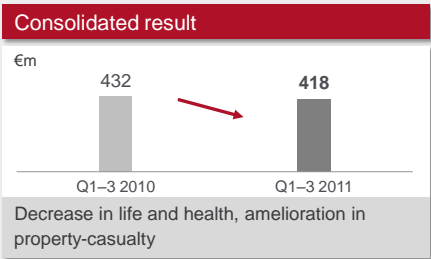
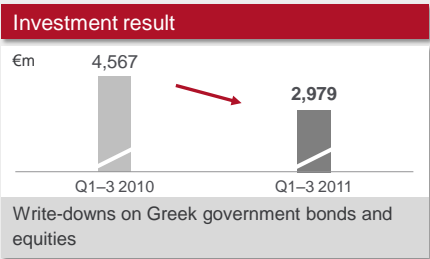
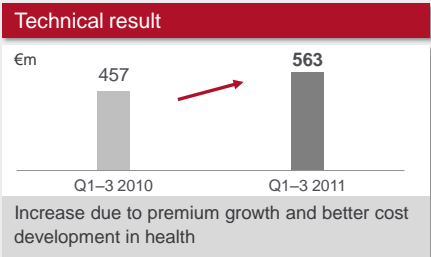
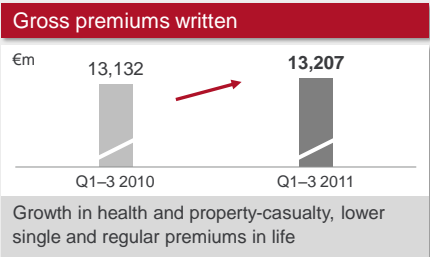
Munich Re (Group)

Primary insurance

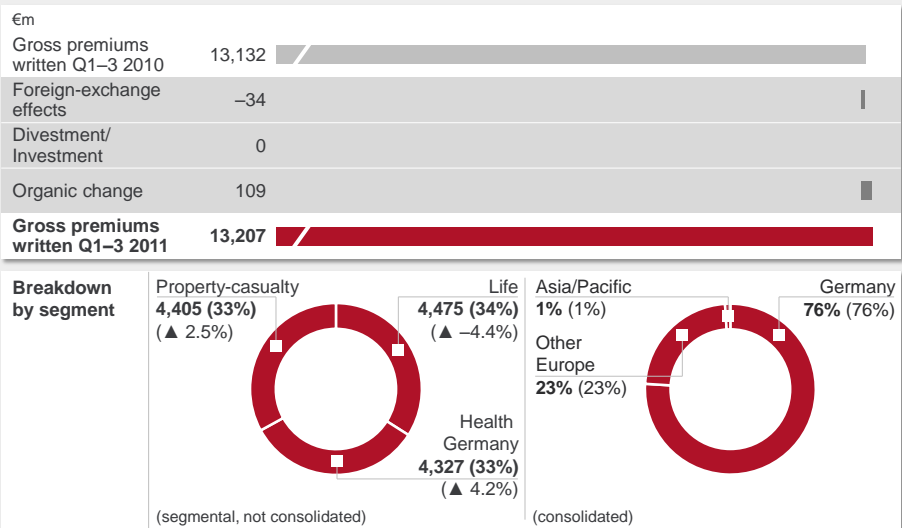
Reinsurance

Summary and outlook

Primary insurance
Key figures



Primary insurance – Premium development
Overall stable premium income



Primary insurance – Life – New business

Life: New business (statutory premiums)

Munich RE

Total				
€m	Total	Regular premiums	Single premiums	APE ¹
Q1–3 2010	2,247	327	1,920	519
Q1–3 2011	2,024	363	1,661	529
Δ	–9.9%	11.0%	–13.5%	1.9%

Germany				
€m	Total	Regular premiums	Single premiums	APE ¹
Q1–3 2010	1,505	216	1,289	345
Q1–3 2011	1,322	235	1,087	343
Δ	–12.2%	8.8%	–15.7%	–0.6%

Comments

Germany

- Growth of regular premiums
- Single-premium business down – for whole market
- Good growth in corporate pension business

International

- Strong growth in Belgium (APE 23.1%) and Poland (APE 20.3%)
- Austria (APE –30.6%): lower single premiums, mainly in unit-linked business

International

€m	Total	Regular premiums	Single premiums	APE ¹
Q1–3 2010	742	111	631	174
Q1–3 2011	702	128	574	186
Δ	–5.4%	15.3%	–9.0%	6.9%

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

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Primary insurance – Property-casualty – Combined ratio

Higher combined ratio in Germany – Improving international business

Munich RE

%		Loss ratio	Expense ratio
2009	93.2	60.3	32.9
2010	96.8	63.1	33.7
Q1–3 2010	95.6	63.0	32.6
Q1–3 2011	96.8	63.5	33.3



- Combined ratio Germany (91.7%¹) burdened by weather-related losses (severe storms)
- Improving combined ratio of international business (104.4%¹) despite still high claims and costs especially in motor business

¹ Q1–3 2011.

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Overview – Financial highlights

Munich Re (Group)

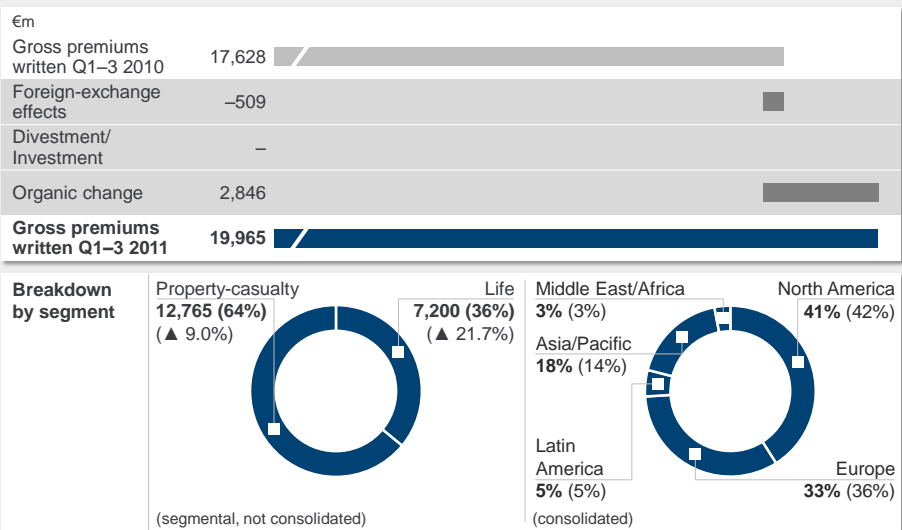
Primary insurance

Reinsurance

Summary and outlook

Reinsurance – Premium development

Strong increase driven by organic growth

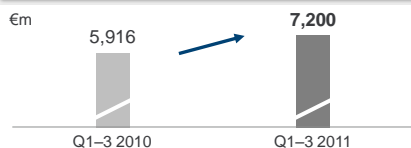


Reinsurance – Key figures

Life reinsurance

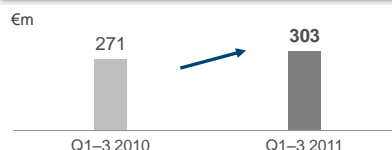
Munich RE

Gross premiums written



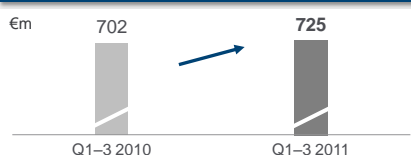
Substantial organic growth due to expansion in Asia and large-volume capital relief deals

Technical result



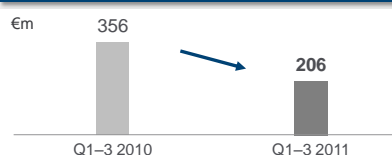
Despite reserve strengthening in Australia aspiration level of €400m for 2011 in reach

Investment result



Higher deposits retained on assumed business resulting from large-volume deals

Consolidated result



Decrease due to negative one-offs (including foreign-exchange effects)

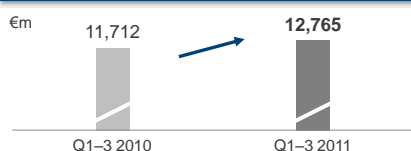
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Reinsurance – Key figures

Reinsurance property-casualty

Munich RE

Gross premiums written



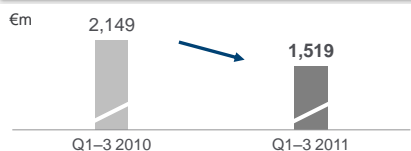
Good organic growth, especially in nat cat and motor business, as well as solvency-related deals

Technical result



Exceptionally high nat cat losses, sound development of basic claims

Investment result



Decrease due to write-downs on interest and credit derivatives and lower disposal gains

Consolidated result



Severe large claims and lower investment result, in Q3 negative currency effects

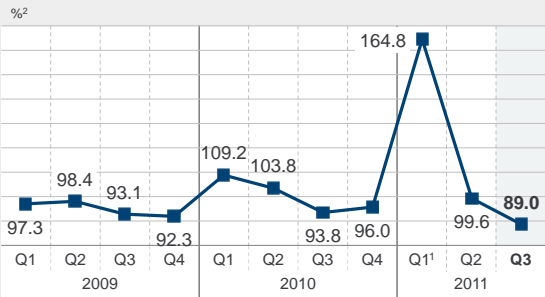
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Reinsurance – Property-casualty – Combined ratio

Combined ratio continues to reflect severe nat cat losses while underlying development remains sound



%		■ Basic losses	■ Nat cat losses	■ Man-made losses	■ Expense ratio
2009	95.3	57.5	1.4	6.9	29.5
2010	100.5	53.6	11.0	4.7	31.2
Q1–3 2010	102.1	56.3	10.8	4.9	30.1
Q1–3 2011 ¹	117.9	53.6	31.0	3.6	29.7



Major losses

€m			
Q1–3 2011	4,000	3,589	411
5-year average	1,723	1,290	433
	■ Natural catastrophes	■ Man-made	

€200m reserve release accounts for 1.8%³-pts. in Q1–3 2011 basic loss ratio

¹ Before insurance risk transfer to the capital markets.
² Including overhead costs.
³ Corresponds to 5.0% in Q3 stand-alone.

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Overview – Financial highlights

Munich Re (Group)

Primary insurance

Reinsurance

Summary and outlook

Outlook 2011

Positive annual result envisaged



Munich Re (Group)		
GROSS PREMIUMS WRITTEN €49–50bn (prev. €48–50bn)	RETURN ON INVESTMENT Slightly below 3.5% (prev. slightly below 4%)	PROFIT Aiming for a positive Q4 and FY 2011 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 Slightly above 95% (prev. <95%)	Positive earnings contribution while concluding consolidation phase
GROSS PREMIUMS WRITTEN ~€26.5bn (prev. ~€26bn)	GROSS PREMIUMS WRITTEN ~€17.5bn (prev. €17–18bn)	GROSS PREMIUMS WRITTEN ~€6bn

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Key takeaways

Munich Re – Crisis proven and aligned to sustainable value generation



Key takeaways
Good track record of dealing with challenging economic conditions We remain a strong partner for clients and reliable for shareholders in times of crisis
Highly diversified business model with strong capital position Focus on insurance risks – Limited correlation to economic cycles and capital markets
Rigorous approach to risk management – Clear limits for market and credit risk Ensuring high level of investment diversification – Able to cope with all kinds of scenarios
Stringent economic steering of utmost importance Safeguarding financial solidity while accepting some unavoidable accounting volatility
Well positioned to participate in market opportunities of profitable growth Largely stable rates, hardening tendency in select segments

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Disclaimer



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