



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%.

Agenda



Overview – Financial highlights

Munich Re (Group)

Primary insurance

Reinsurance

Summary and outlook

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

Munich Re (Group) – Capitalisation

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

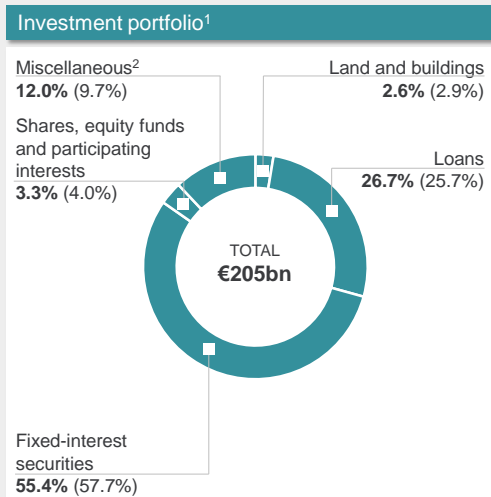
CHANGE IN EXCHANGE RATES¹

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

¹ Equity impact in Q1–3.

Munich Re (Group) – Investments – Total portfolio

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

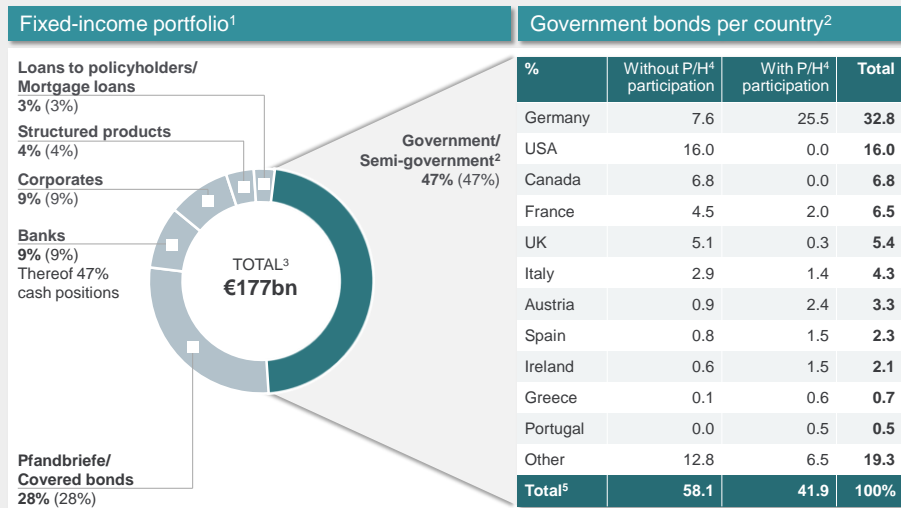


- Portfolio management in Q3**
- Further shift from weaker to high-quality sovereigns, esp. Germany and western Europe – stronger focus on emerging market debt
 - Active reduction of Italian bonds by €1.4bn
 - Further cautious increase in corporate bonds
 - Reduction of net exposure in equities: 2.0% 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



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. Quarterly financial statements as at 30 September 2011 8

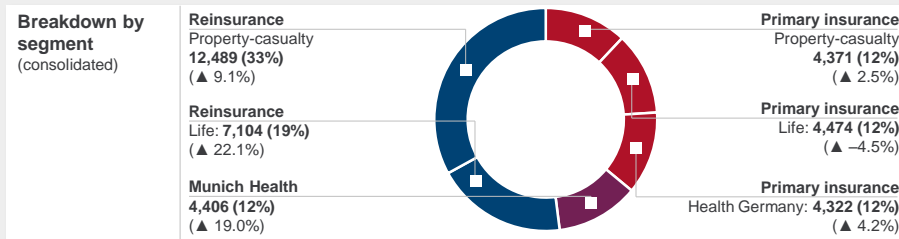
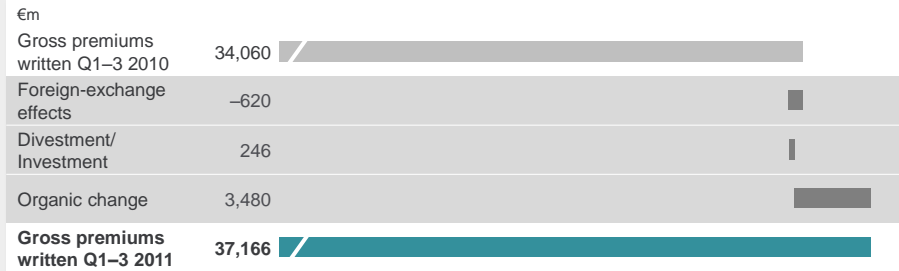
Stable regular income despite low yields – Write-down on Greek government bonds

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%	

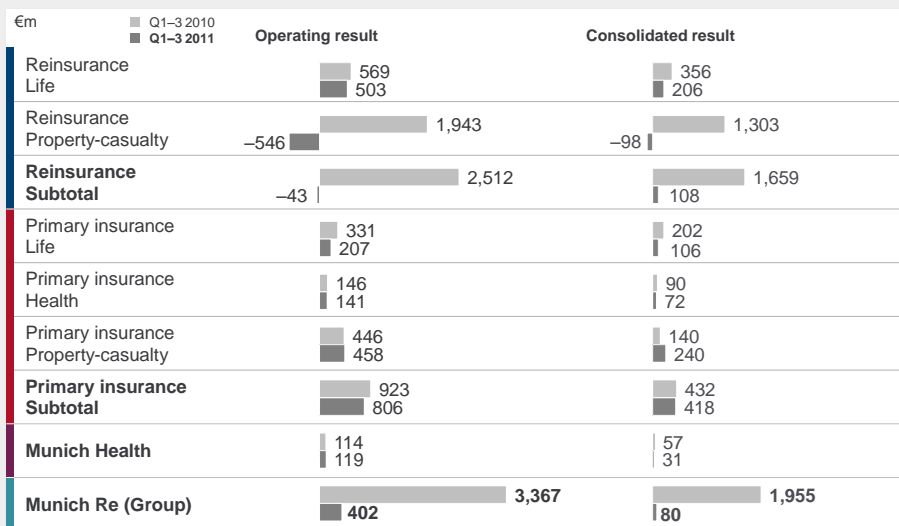
<p>Regular income</p> <p>Higher dividend income Increase in deposits retained on assumed reinsurance as a consequence of large-volume deals Current reinvestment yield ~3.4%</p>	<p>Write-ups/write-downs</p> <p>Write-down on Greek government bonds (€933m) and on equities (€456m) High impact of derivatives: 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)</p>	<p>Gains/losses on disposal</p> <p>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</p>
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¹ Return on quarterly weighted investments (market values) in % p.a.
² Negative impact from unit-linked business included. Quarterly financial statements as at 30 September 2011 9

Strong organic growth



Segmental results

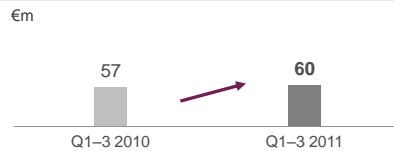


Gross premiums written



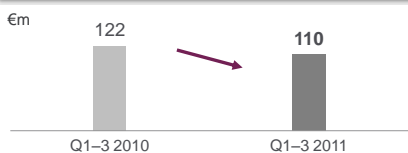
Ongoing organic growth due to large-volume deals and acquisition of Windsor Health Group

Technical result



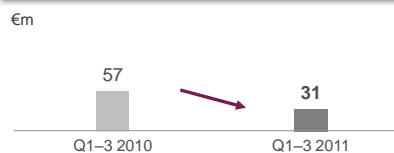
Good progress in consolidation of portfolio – combined ratio improves to 99.0% (99.6%)

Investment result



Impairments and losses on disposals of derivatives and Greek government bonds

Consolidated result



Slight increase in operating result burdened by high foreign-exchange losses

Agenda

Overview – Financial highlights

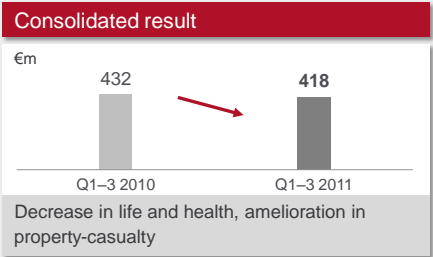
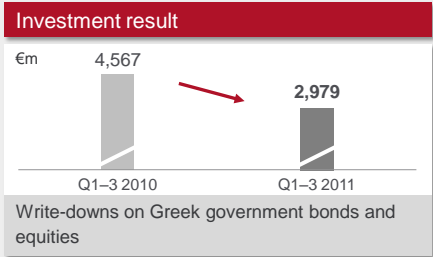
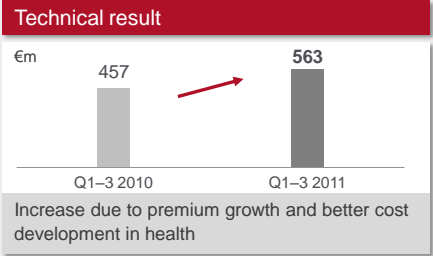
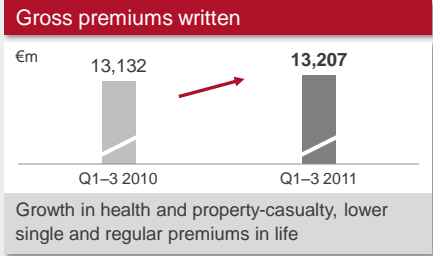
Munich Re (Group)

Primary insurance

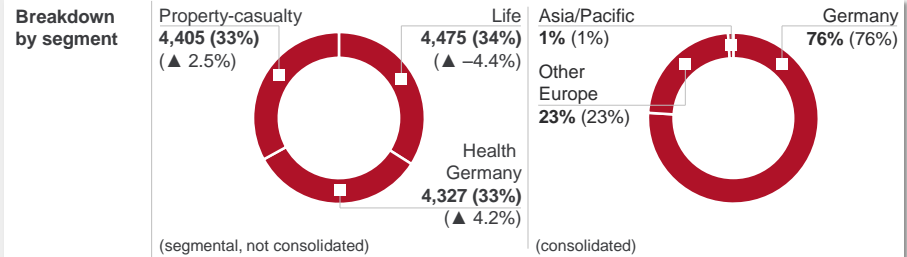
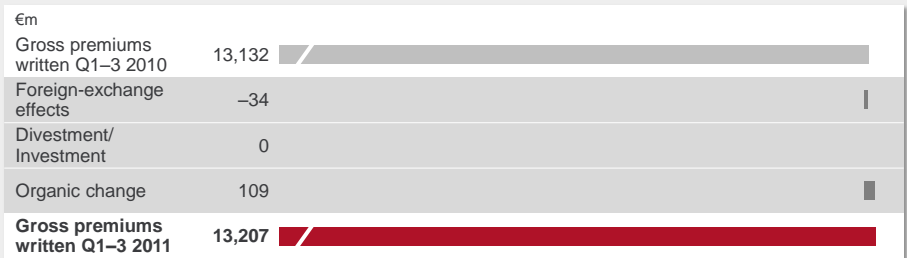
Reinsurance

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)



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%

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

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%

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%

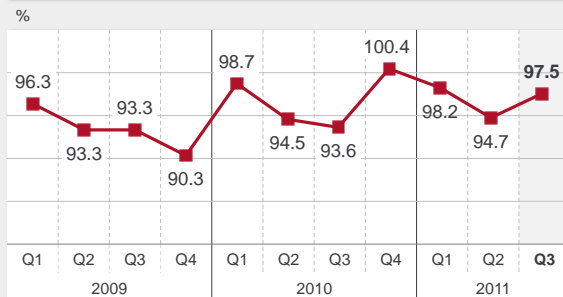
¹ Annual premium equivalent (APE = regular premiums +10% single premiums).

Primary insurance – Property-casualty – Combined ratio

Higher combined ratio in Germany – Improving international business



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



- 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 Q1–32011.

Agenda



Overview – Financial highlights

Munich Re (Group)

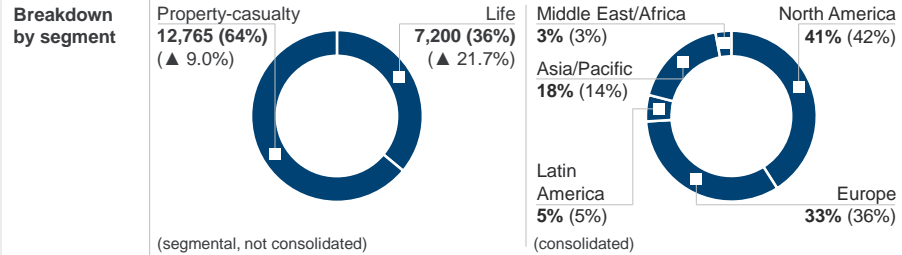
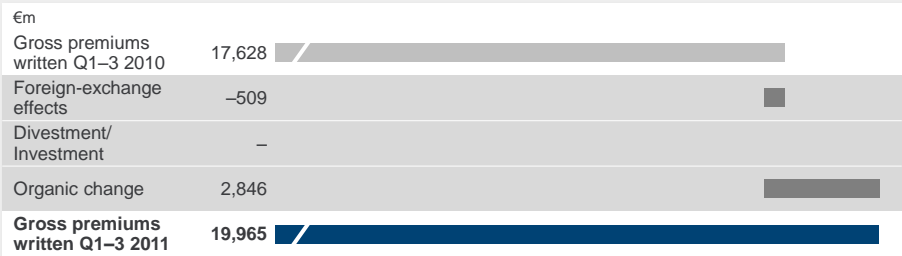
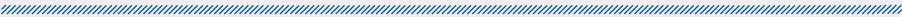
Primary insurance

Reinsurance

Summary and outlook

Reinsurance – Premium development

Strong increase driven by organic growth

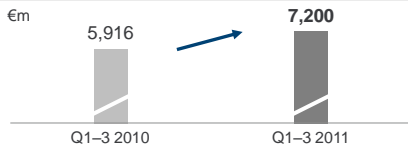


Reinsurance – Key figures

Life reinsurance

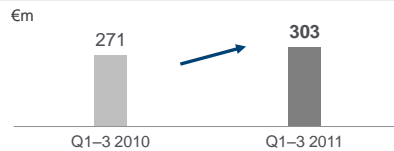


Gross premiums written



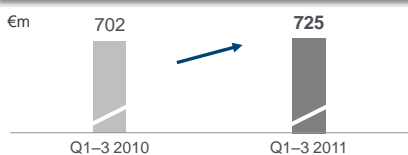
Substantial organic growth due to expansion in Asia and large-volume capital relief deals

Technical result



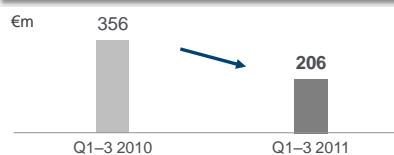
Despite reserve strengthening in Australia aspiration level of €400m for 2011 in reach

Investment result



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

Consolidated result



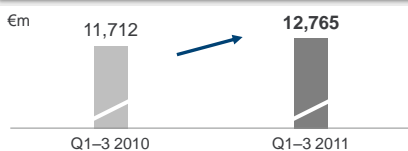
Decrease due to negative one-offs (including foreign-exchange effects)

Reinsurance – Key figures

Reinsurance property-casualty

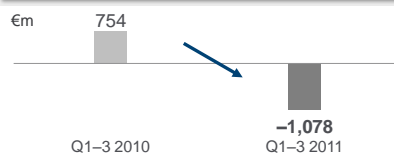


Gross premiums written



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

Technical result



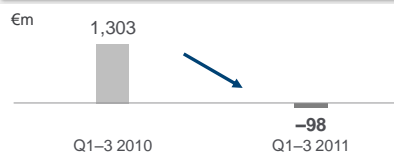
Exceptionally high nat cat losses, sound development of basic claims

Investment result



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

Consolidated result



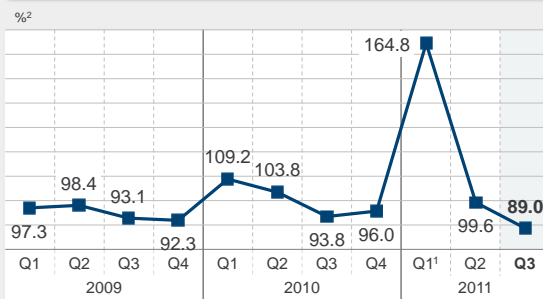
Severe large claims and lower investment result, in Q3 negative currency effects

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.

Agenda



Overview – Financial highlights

Munich Re (Group)

Primary insurance

Reinsurance

Summary and outlook

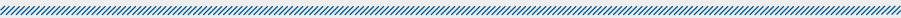
Positive annual result envisaged

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

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

Disclaimer



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