



**WELL ON TRACK –
HALF-YEAR RESULT OF €1.6BN**
QUARTERLY FINANCIAL STATEMENTS AS AT 30 JUNE 2012

7 August 2012

Nikolaus von Bomhard
Jörg Schneider
Torsten Oletzky
Torsten Jeworrek

Agenda



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Munich Re (Group) – Overview

Q2 beating strong Q1 results – well on track to meet 2012 financial targets

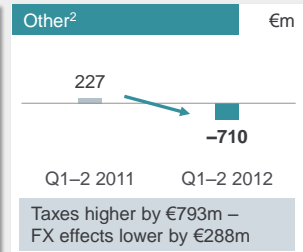
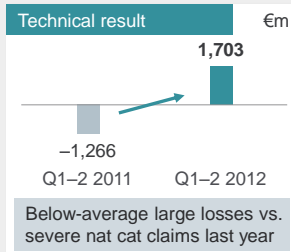


Munich Re (Group) – Q1–2 2012		
<p>NET RESULT €1,594m (€812m in Q2)</p> <p>Pleasing result supported by below-average large claims and high investment return in the first two quarters</p>	<p>SHAREHOLDERS' EQUITY €25.4bn (+3.9% vs. Q1)</p> <p>Capital base further strengthened despite dividend payment of €1.1bn in Q2 – book value per share increases to €142</p>	<p>INVESTMENT RESULT Rol of 3.8% (3.4% in Q2)</p> <p>Rol above full-year average expectation – continuous de-risking of fixed-income portfolio responding to ongoing high level of uncertainty</p>
<p>Reinsurance</p> <p>NET RESULT €1,293m (€659m in Q2)</p> <p>COMBINED RATIO 95.7% Major-loss ratio of only 8.7% (incl. provision for US drought)</p> <p>Life – Good technical result of €255m increasing confidence to meet €400m annual target</p>	<p>Primary insurance</p> <p>NET RESULT €295m (€150m in Q2)</p> <p>COMBINED RATIO 95.2% Improving international business – Germany on track</p> <p>Quality and efficiency programme in sales – Substantial future cost savings</p>	<p>Munich Health</p> <p>NET RESULT €6m (€1m in Q2)</p> <p>COMBINED RATIO 100.5% Challenging environment in the USA burdening results</p> <p>Ongoing organic growth – Net result distorted by FX effects</p>

Good development of core insurance business and investment income



Net result								€m	
Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q1–2 2012	Q1–2 2011
761	475	-948	738	290	632	782	812	Total¹	1,594
								Reinsurance	1,293
								Primary insurance	295
								Munich Health	6
									-210
									-476
									237
									35

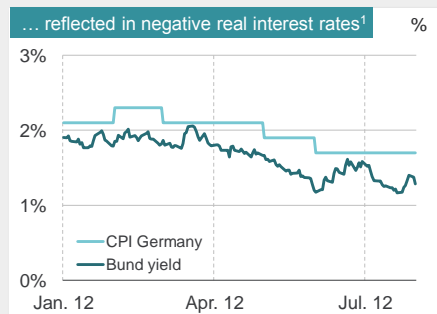


¹ Segments do not add up to total amount; difference relates to the segment "asset management".
² Other non-operating result, goodwill impairments, net finance costs, taxes.

Global growth cooling, eurozone crisis further escalating – "save haven" yields drop to historic lows



- Eurozone crisis intensified again in Q2 ...**
- Global growth dynamics have been slowing further
 - Eurozone in recessionary mode, Germany continuing to do better
 - USA still lacking strong growth impulses
 - Emerging markets softening as well, yet significant differences in growth rates compared to industrialised countries remain
 - Inflationary pressures recede, also due to temporarily weaker commodity prices



Outlook for global growth likely to improve again – but substantial uncertainties remain

Eurozone crisis the most important risk factor on a global scale

In the context of ongoing uncertainty, negative real interest rates could persist for an extended period

Further political integration in the eurozone decisive for rebuilding trust in the capital markets and increasing stability

¹ Source: Bloomberg

Munich Re's answer: Continued focus on liability side of balance sheet as main source of value creation ...



Reinsurance p-c: Renewal results YTD

Price ~2.4% Consistently improving portfolio quality – increase prices to reflect low yields and allocate capital according to the economic profitability of the business

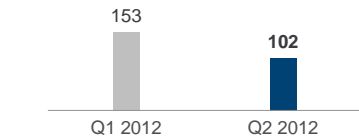
Exposure ~2.3%

ERGO Germany: Streamlining sales

Quality Reorganisation of sales increasing quality of consulting – reduction and merging of regional head-quarters saving expenses

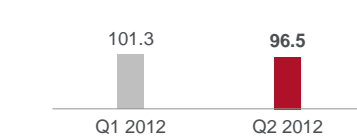
Efficiency

Reinsurance life: Good technical result €m



Focus on biometric risks – Well on track to achieve €400m p.a. technical result

ERGO international: Higher profitability %



Disposal of units in South Korea and Portugal (2011), return to profitable growth in Poland – first signs of recovery in Turkey

Continuously increasing profitability in core insurance business becoming even more important with decreasing investment yields

... while strictly limiting investment risks and closely managing interest rate sensitivity



Impact of Euro crisis – Low interest rates and continued high level of macroeconomic uncertainty

Active interest rate management¹ ...

	Assets	Liabilities	Net DV01 (€m)
Reinsurance	7.2	6.7	-19.9
Primary insurance	7.5	9.5	27.8
Munich Re (Group)	7.4	8.7	7.9

Continuous increase of asset duration mitigating attrition of running yield and reducing interest rate sensitivity at Group level

... high quality of investments and broad diversification²

"Safe haven" ³	206% (200%)
Bank bonds ⁴	26% (29%)
"PIIGS" gov. bonds	18% (25%)
Net equities	18% (18%)
Spanish cedulas	11% (18%)

Defensive investment portfolio safeguarding earnings stability by limiting downside risk of any kind of capital market scenario

No intention to significantly extend investment risk

¹ As at 30.6.2012. Net DV01: Sensitivity to parallel upward shift of yield curve by one basis point reflecting portfolio size.
² Asset gearing: Gross exposure divided by shareholders' equity. As at 30.6.2012 (31.12.2011). ³ German and US government bonds and Supranationals. ⁴ Senior, subordinated and loss-bearing. Quarterly financial statements as at 30 June 2012 7

Agenda



Overview

Munich Re (Group)

Primary insurance

Reinsurance

Outlook

Munich Re (Group) – Capitalisation
Sound capital position



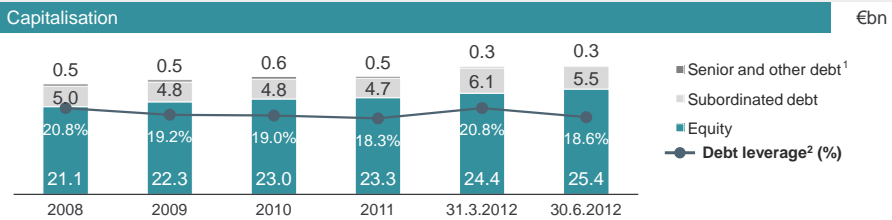
Equity		€m
Equity 31.12.2011	23,309	Change Q2
Consolidated result	1,594	812
Changes		
Dividend	-1,110	-1,110
Unrealised gains/losses	1,349	798
Exchange rates	346	581
Share buy-backs	4	1
Other	-121	-137
Equity 30.6.2012	25,371	945

UNREALISED GAINS/LOSSES

Afs fixed-interest securities: +€987m
 Afs non-fixed-interest securities: +€344m

EXCHANGE RATES

Positive FX development mainly driven by stronger US\$

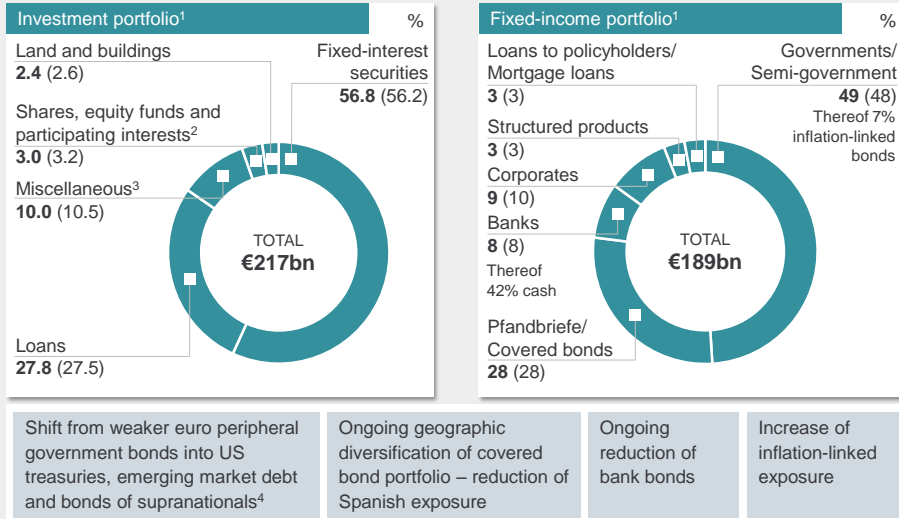


¹ Other debt includes bank borrowings of Munich Re and other strategic debt.

² Strategic debt (senior, subordinated and other debt) divided by total capital (strategic debt + equity).

Munich Re (Group) – Investment portfolio

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



¹ Fair values as at 30.6.2012 (31.12.2011). ² Net of hedges: 2.2% (2.0%). ³ Deposits retained on assumed reinsurance, unit-linked investments, deposits with banks, investment funds (excl. equities), derivatives and investments in renewable energies. ⁴ European Community, European Investment Bank, EFSF and other.

Munich Re (Group) – Investment result

High investment result given low-yield environment



Investment result	Q1–2 2012		Return ¹		Q1–2 2011		Return ¹		Q2 2012		Return ¹	
	€m		%		€m		%		€m		%	
Regular income	3,874		3.6%		4,057		4.2%		1,985		3.7%	
Write-ups/write-downs	-155		-0.2%		-806		-0.8%		24		0.1%	
Disposal gains/losses	380		0.4%		640		0.6%		8		0.0%	
Other income/expenses ²	-49		0.0%		-423		-0.4%		-211		-0.4%	
Investment result	4,050		3.8%		3,468		3.6%		1,806		3.4%	

Regular income

- In Q2 dividend effect positively impacting regular income ...
- ... while lower reinvestment yield pushing it down
- Average reinvestment yield -2.8 % in Q1–2

Write-ups/write-downs	€m	
Major effects	Q1–2 2012	Q2 2012
Equities	-117	-89
Swaptions	138	155
Derivatives (ex. swaptions)	-59	39
Other	-117	-81

Disposal gains/losses	€m	
Major effects	Q1–2 2012	Q2 2012
Equities	187	36
Fixed-income	198	-112
Derivatives	-47	84
Other	42	-

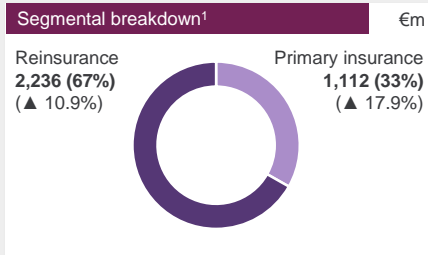
¹ Return on quarterly weighted investments (market values) in % p.a. ² Positive impact from unit-linked business of €209m (-€123m) included.

Munich Health – Premium development

Significant organic growth



Gross premiums written		€m
Q1–2 2011	2,959	
Foreign-exchange effects	152	
Divestment/Investment	–	
Organic change	237	
Q1–2 2012	3,348	



Gross premiums written		€m
Q1–2 2011	2,959	
Reinsurance	220	
Primary insurance	169	
Q1–2 2012	3,348	

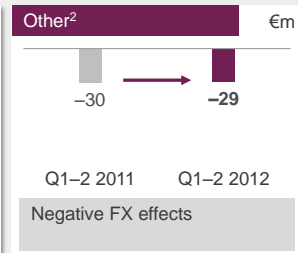
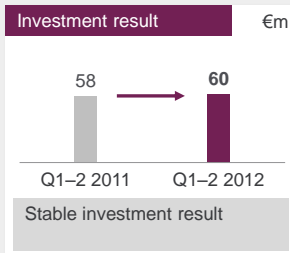
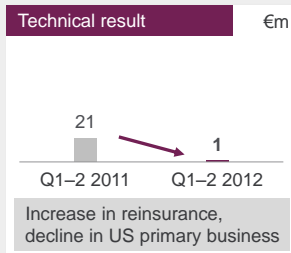
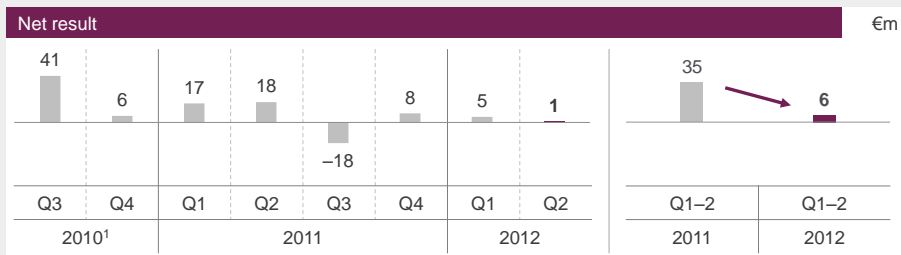
Reinsurance
Organic growth and large-volume deals, positive FX effects

Primary insurance
Premium growth in USA, Spain and United Kingdom

¹ Gross premiums written.

Munich Health – Key figures

Development of results



¹ Figures up to 2010 are shown on a partly consolidated basis.

² Other non-operating result, goodwill impairments, net finance costs, taxes.

Agenda



Overview

Munich Re (Group)

Primary insurance

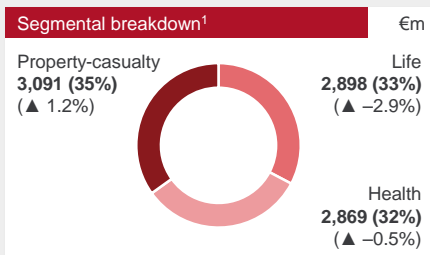
Reinsurance

Outlook

Primary insurance – Premium development
Slight decrease in premium income



Gross premiums written		€m
Q1–2 2011	8,921	
Foreign-exchange effects	-40	
Divestment/Investment	-75	
Organic change	52	
Q1–2 2012	8,858	



Gross premiums written		€m
Q1–2 2011	8,921	
Life	-86	
Health	-13	
Property-casualty	36	
Q1–2 2012	8,858	

Life: Declining portfolio of policies of regular-premium business

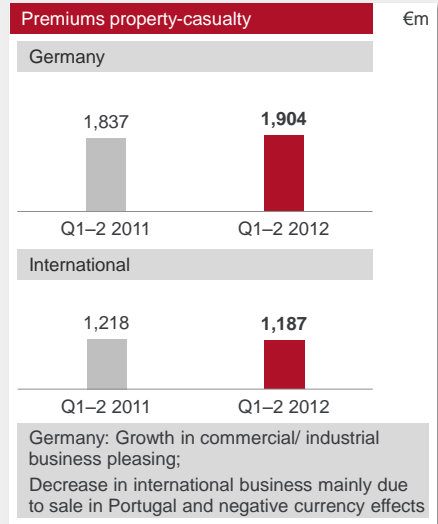
Health: Slight decrease in comprehensive and travel – increase in supplementary business

Property-casualty: Good organic growth, negative FX effects and sale of Portuguese unit

¹ Gross premiums written.

Primary insurance – Key figures

Increase in German property-casualty business – decrease of saving premiums in life



Primary insurance – Life – New business

New business (statutory premiums)



Total €m

	Total	Regular premiums	Single premiums	APE ¹
Q1-2 2011	1,385	249	1,136	362
Q1-2 2012	1,118	228	890	316
▲	-19.3%	-8.4%	-21.7%	-12.7%

Comments

Germany

- Lower single premiums fully accounted for by drop in short-term investment product "MaxiZins"
- Growth in corporate pension business

International

- Increase in Belgium
- Decline in Austria

Germany €m

	Total	Regular premiums	Single premiums	APE ¹
Q1-2 2011	914	162	752	237
Q1-2 2012	724	148	576	205
▲	-20.8%	-8.6%	-23.4%	-13.5

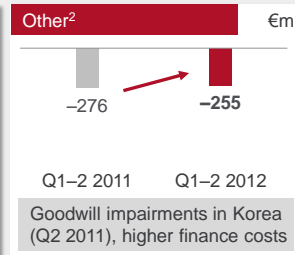
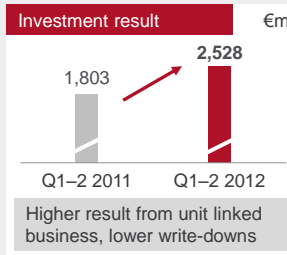
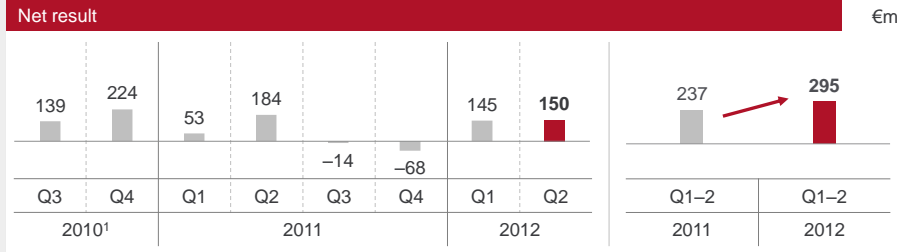
International €m

	Total	Regular premiums	Single premiums	APE ¹
Q1-2 2011	471	87	384	125
Q1-2 2012	394	80	314	111
▲	-16.3%	-8.0%	-18.2%	-11.2%

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

Primary insurance – Development of results

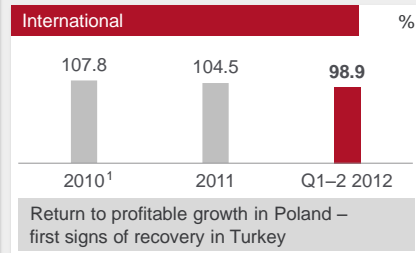
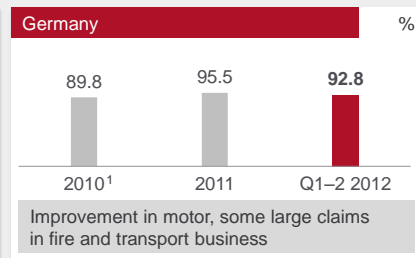
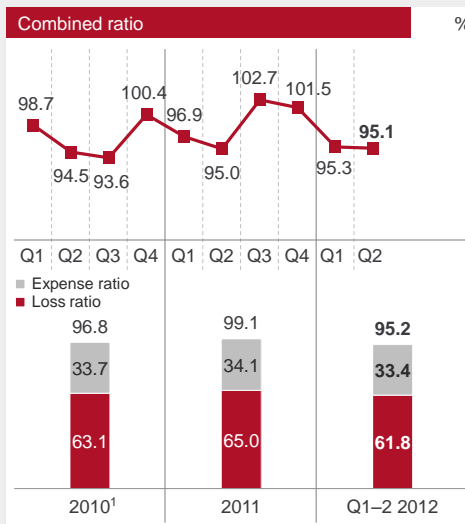
Improved result driven by life business



¹ Figures up to 2010 are shown on a partly consolidated basis. ² Other non-operating result, goodwill impairments, net finance costs, taxes.

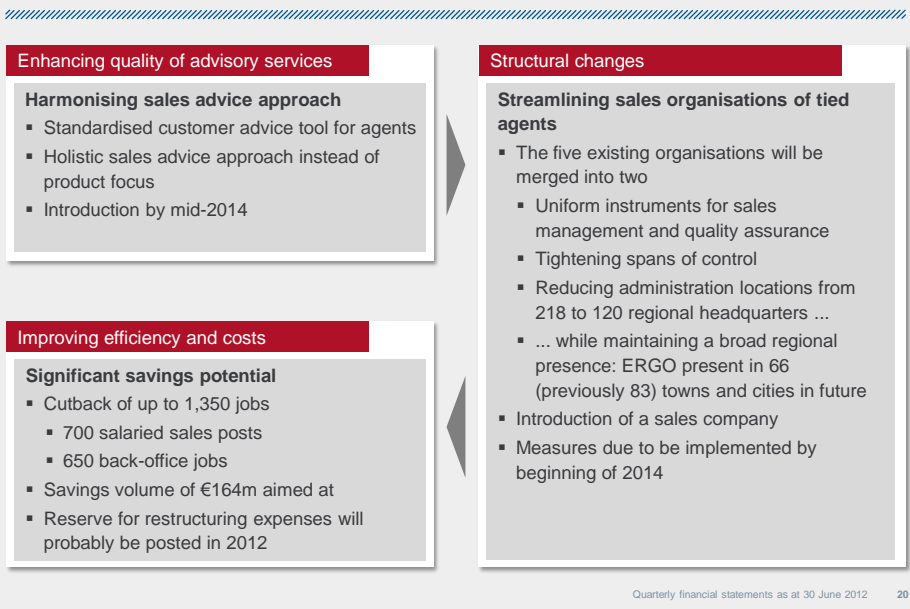
Primary insurance – Property-casualty – Combined ratio

Significantly improved combined ratio in international business



¹ Figures up to 2010 are shown on a partly consolidated basis.

Sales quality and efficiency programme



Agenda

Overview

Munich Re (Group)

Primary insurance

Reinsurance

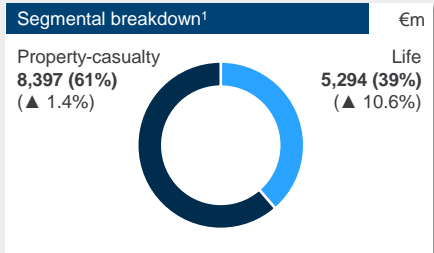
Outlook

Reinsurance – Premium development

Ongoing growth in life reinsurance



Gross premiums written		€m
Q1–2 2011	13,069	
Foreign-exchange effects	754	
Divestment/Investment	–	
Organic change	–132	
Q1–2 2012	13,691	



Gross premiums written		€m
Q1–2 2011	13,069	
Life	506	
Property-casualty	116	
Q1–2 2012	13,691	

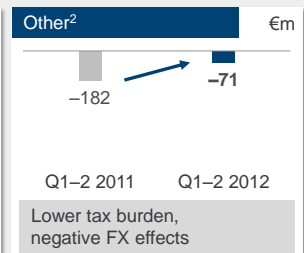
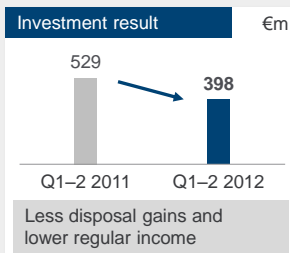
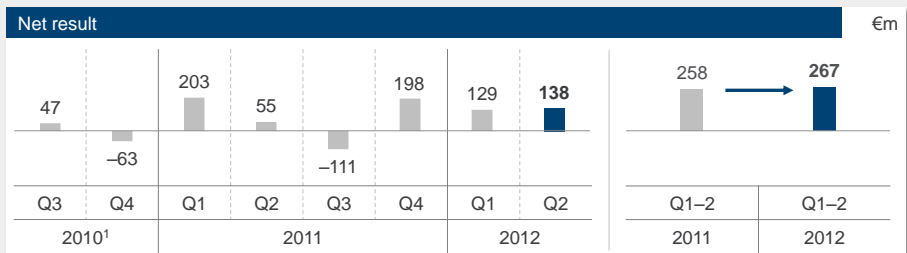
Life
Organic growth based on capital relief deals and positive currency effects, expansion in Asia

Property-casualty
Increase driven by positive currency effects – negative organic growth due to expiry of solvency relief deals

¹ Gross premiums written.

Reinsurance – Key figures

Life reinsurance

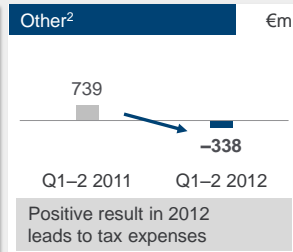
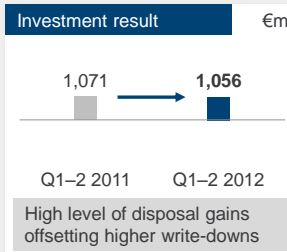
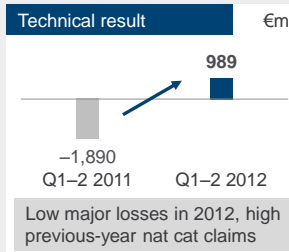
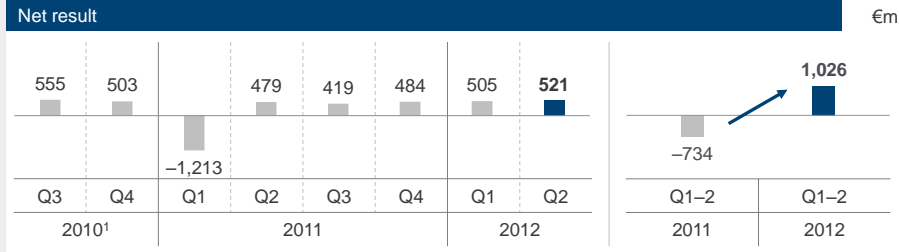


¹ Figures up to 2010 are shown on a partly consolidated basis.

² Other non-operating result, goodwill impairments, net finance costs, taxes.

Reinsurance – Key figures

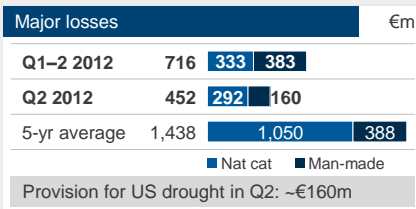
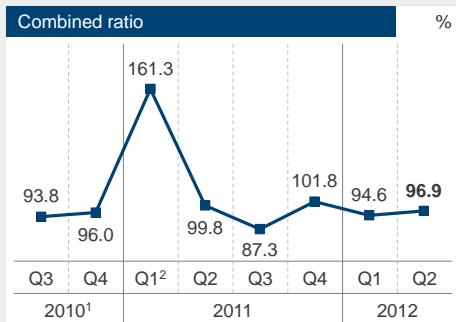
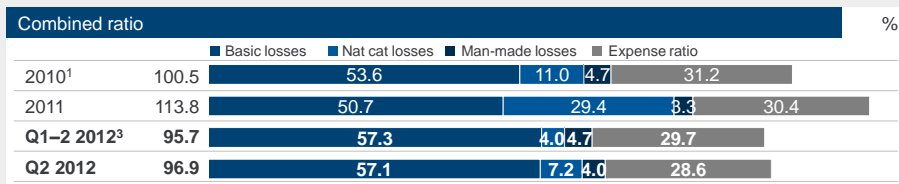
Reinsurance property-casualty



¹ Figures up to 2010 are shown on a partly consolidated basis.
² Other non-operating result, goodwill impairments, net finance costs, taxes.

Reinsurance – Property-casualty – Combined ratio

Back to normal



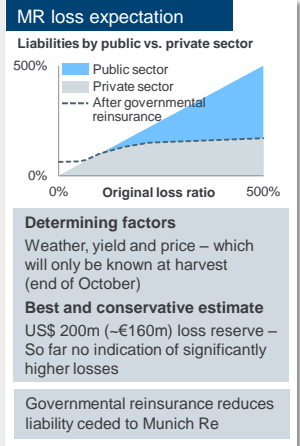
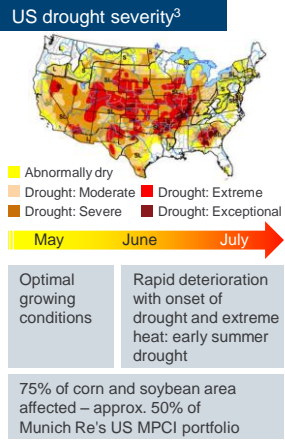
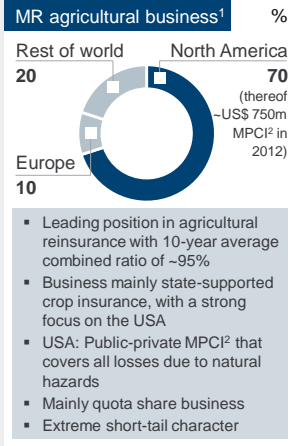
Basic losses Q1-2

Prudent reserving for new business –
 No impact from prior-year reserve changes

¹ Figures up to 2010 are shown on a partly consolidated basis.
² Adjusted for impact on insurance risk transfer to the capital markets.
³ Net negative prior-year run-offs (-1.5%-points) affecting large loss ratio (man-made).

Reinsurance – Property-casualty – US drought

US drought – Impact on Munich Re's agricultural business

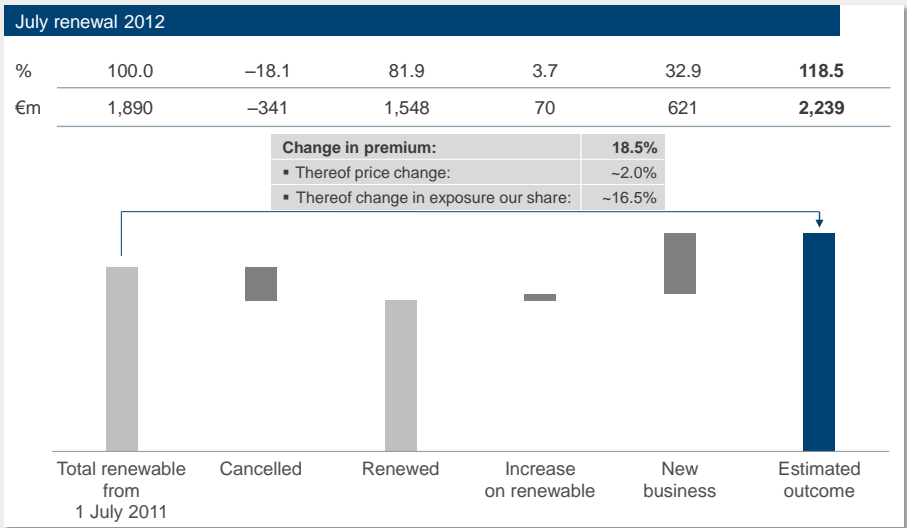


US drought confirms Munich Re's approach to agro insurance through public-private-partnerships, but will impact terms in US crop primary and reinsurance

¹ GWP = Estimated gross written premiums 2012 for agro line of business. ² MPCI = Multi-peril crop insurance that covers dominant crops: corn, soybeans, wheat. ³ Source: <http://droughtmonitor.unl.edu/> Quarterly financial statements as at 30 June 2012 26

Reinsurance – July renewal

Significant top-line growth while achieving a price increase of ~2.0%



July renewal: Portfolio quality further improved



Munich Re portfolio – Premium change in major business lines							
Business line Premium split ¹	Total			Property		Casualty	Specialty ²
	€1.9bn	Prop. 53%	XL 47%	Prop. 25%	XL 36%	Total 32%	Total 7%
Price change	~2.0%	0.2%	3.0%	1.4%	4.2%	1.0%	-1.1%
Volume change	18.5%	37.6%		61.5%		12.0%	13.3%
			-2.9%		-4.8%		

PRICE

- Price increase largely driven by property XL: Nat cat price increases in USA (+5%), Latin America/Caribbean (+5%–10%) and Australia (+15%–30%)
- Specialty lines: Price decrease mainly driven by credit
- Casualty: Bottoming-out of rates has not yet turned into a broad-based hardening, though positive factors are starting to outweigh negative ones

VOLUME

- Strong premium increase mainly driven by new agricultural business (€277m), third-party liability (€57m), aviation (€25m) and motor (€17m) ...
- ... leading to a substantial change in business mix with an increasing portion of proportional business

¹ Relative premium share in relation to total renewable business in July.
² Marine, credit and aviation.

Agenda



- Overview
- Munich Re (Group)
- Primary insurance
- Reinsurance

Outlook

Outlook 2012

Munich Re (Group)

GROSS PREMIUMS WRITTEN €50–52bn (prev. €49–51bn)	RETURN ON INVESTMENT ~3.5%	NET RESULT slightly above €2.5bn
Reinsurance €27–28bn (prev. €26–27bn)	Ongoing low interest rate environment gradually reducing running yield	After encouraging result at mid-year well on track RoRaC target of 15% after tax over the cycle to stand
Primary insurance €17–18bn		
Munich Health ~€6.5bn		

Reinsurance

COMBINED RATIO ~96% over the cycle
NET RESULT above €2bn (prev. €1.9 –2.1bn)

Primary insurance

COMBINED RATIO <95%
NET RESULT ~€450m (not incl. restructuring expenses)

Munich Health

COMBINED RATIO ~100% (prev. ~99%)
NET RESULT ~€50m

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.

Figures up to 2010 are shown on a partly consolidated basis.

"Partly consolidated" means before elimination of intra-Group transactions across segments.