



STRONG Q3 RESULTS – 2012 OUTLOOK RAISED

QUARTERLY FINANCIAL STATEMENTS AS AT 30 SEPTEMBER 2012

7 November 2012

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Munich RE 

Agenda



Munich Re (Group)	2
Primary insurance	8
Munich Health	15
Reinsurance	18
Outlook	23

Munich Re (Group) – Overview

Another strong quarter – Upgrading 2012 earnings outlook



Munich Re (Group) – Q1–3 2012

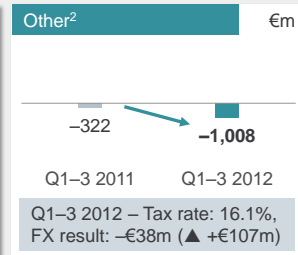
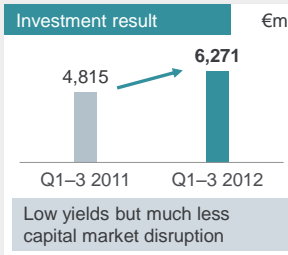
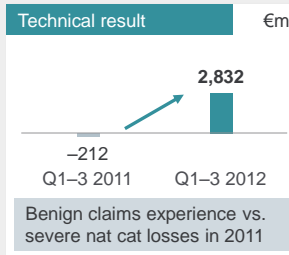
<p>NET RESULT €2,730m (€1,136m in Q3)</p> <p>Pleasing result supported by below-average large claims and calmer capital markets – Target 2012 raised to ~€3bn</p>	<p>SHAREHOLDERS' EQUITY €27.1bn (+6.9% vs. 30.6.)</p> <p>Further strengthened capitalisation according to all metrics providing high degree of financial flexibility</p>	<p>INVESTMENT RESULT RoI of 3.9% (4.0% in Q3)</p> <p>Resilient regular income benefiting from long duration position – Recovering capital markets</p>
<p>Reinsurance</p> <p>NET RESULT €2,329m (€1,036m in Q3)</p> <p>COMBINED RATIO 93.6% 89.4% in Q3 – Major-loss ratio of only 8.4% (7.8% in Q3)</p> <p>Life – With good technical result of €370m, well on track to exceed annual target</p>	<p>Primary insurance</p> <p>NET RESULT €333m (€38m in Q3)</p> <p>COMBINED RATIO 96.9% Further improving international business</p> <p>Improved life and health earnings in a challenging environment</p>	<p>Munich Health</p> <p>NET RESULT €64m (€58m in Q3)</p> <p>COMBINED RATIO 99.2% Increased result driven by one-off effects in Q3</p> <p>Ongoing organic growth and positive FX effects</p>

Munich Re (Group) – Overview

Sound development of core insurance business and investment income



Net result									€m		
475		738	290	632	782	812	1,136		Q1-3 2012	Q1-3 2011	
	-948								Total¹	2,730	80
									Reinsurance	2,329	-168
									Primary insurance	333	223
									Munich Health	64	17
2010	Q1	Q2	Q3	Q4	Q1	Q2	Q3				
	2011				2012						



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.

Munich Re (Group) – Capitalisation

Sound capital position



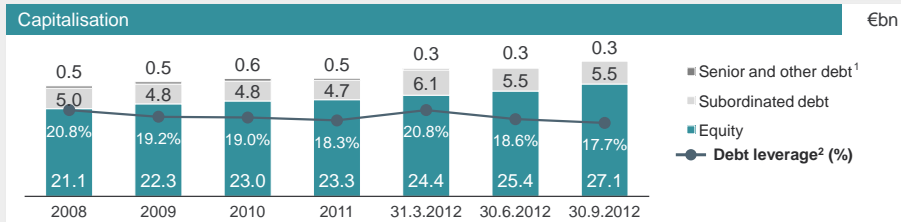
Equity			€m
Equity 31.12.2011	23,309		Change Q3
Consolidated result	2,730		1,136
Changes			
Dividend	-1,110		-
Unrealised gains/losses	2,115		766
Exchange rates	260		-86
Share buy-backs	5		1
Other	-185		-64
Equity 30.9.2012	27,124		1,753

UNREALISED GAINS/LOSSES

- Afs fixed-interest securities: +€1,617m
- Afs non-fixed-interest securities: +€470m

EXCHANGE RATES

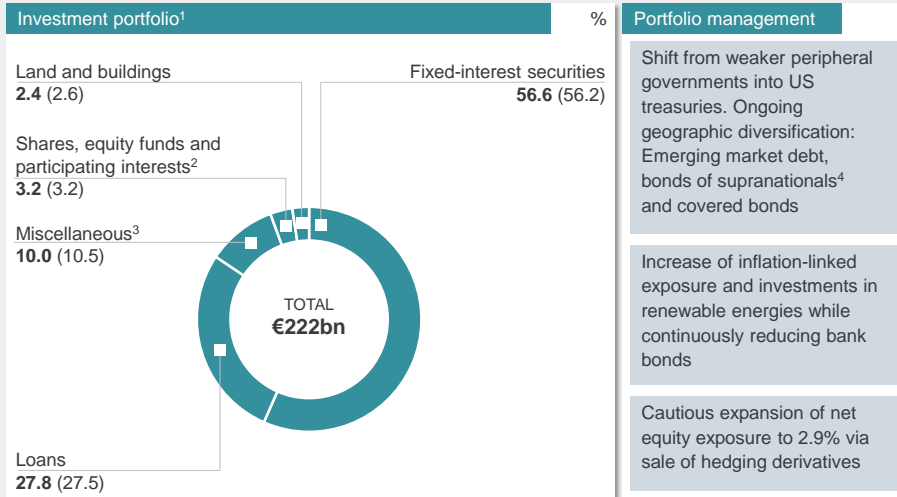
Positive FX development driven by weaker euro



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



Portfolio management

Shift from weaker peripheral governments into US treasuries. Ongoing geographic diversification: Emerging market debt, bonds of supranationals⁴ and covered bonds

Increase of inflation-linked exposure and investments in renewable energies while continuously reducing bank bonds

Cautious expansion of net equity exposure to 2.9% via sale of hedging derivatives

¹ Fair values as at 30.9.2012 (31.12.2011). ² Net of hedges: 2.9% (2.0%). ³ Deposits retained on assumed reinsurance, investments for unit-linked life, deposits with banks, investment funds (bond, property), derivatives and tangible assets 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	Q1–3 2012		Return ¹		Q1–3 2011		Return ¹		Q3 2012		Return ¹	
	€m		%		€m		%		€m		%	
Regular income	5,808		3.6%		6,064		4.1%		1,934		3.5%	
Write-ups/write-downs	-97		0.0%		-1,640		-1.1%		58		0.1%	
Disposal gains/losses	525		0.3%		1,196		0.8%		145		0.3%	
Other income/expenses ²	35		0.0%		-805		-0.5%		84		0.1%	
Investment result	6,271		3.9%		4,815		3.3%		2,221		4.0%	

Regular income

Overweight position in safe-haven bonds and falling reinvestment yield gradually reducing regular income – Six-month-average reinvestment yield dropped to -2.3 %

Write-ups/write-downs €m

Major effects	Q1–3 2012	Q3 2012
Equities	-147	-30
Swaptions	138	0
Derivatives (ex. swaptions)	52	111
Other	-140	-23

Disposal gains/losses €m

Major effects	Q1–3 2012	Q3 2012
Equities	472	285
Fixed-income	410	213
Derivatives	-414	-367
Other	57	14

¹ Return on quarterly weighted investments (market values) in % p.a.
² Including impact from unit-linked business: €242m in Q3 2012, €451m in Q1–3 2012 (-€344m in Q1–3 2011).

Agenda



Munich Re (Group)

Primary insurance

Munich Health

Reinsurance

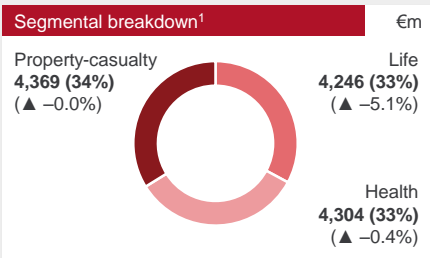
Outlook

Primary insurance – Premium development

Decrease in premium income mainly from life insurance



Gross premiums written		€m
Q1–3 2011	13,167	
Foreign-exchange effects	-26	
Divestment/Investment	-103	
Organic change	-119	
Q1–3 2012	12,919	



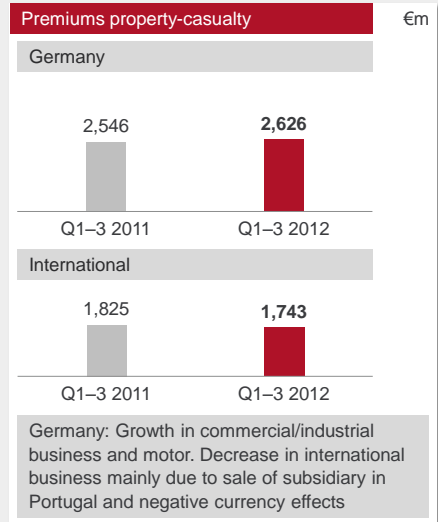
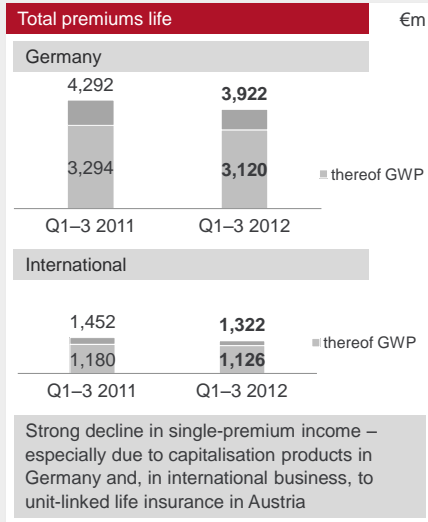
Gross premiums written		€m
Q1–3 2011	13,167	
Life	-228	
Health	-18	
Property-casualty	-2	
Q1–3 2012	12,919	

- Life:** Declining portfolio of policies
- Health:** Slight decrease in comprehensive and travel – increase in supplementary business
- P-C:** Growth in Germany, turnaround in international business at the expense of top line

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
Q1-3 2011	2,024	362	1,662	529
Q1-3 2012	1,595	327	1,268	454
▲	-21.2%	-9.7%	-23.7%	-14.2%

- Comments**
- Private old-age provision business muted by overall economic uncertainty
 - Germany: Lower single premiums mainly due to drop in short-term investment product "MaxiZins"
 - Decline in Austria, increase in Belgium

Germany €m

	Total	Regular premiums	Single premiums	APE ¹
Q1-3 2011	1,322	234	1,088	343
Q1-3 2012	1,011	209	802	289
▲	-23.5%	-10.7%	-26.2%	-15.7

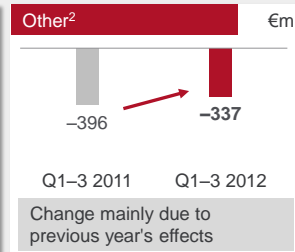
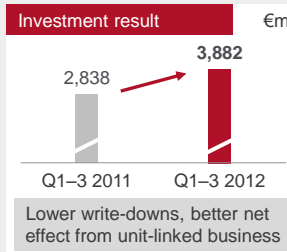
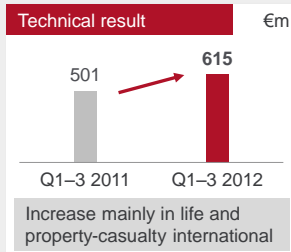
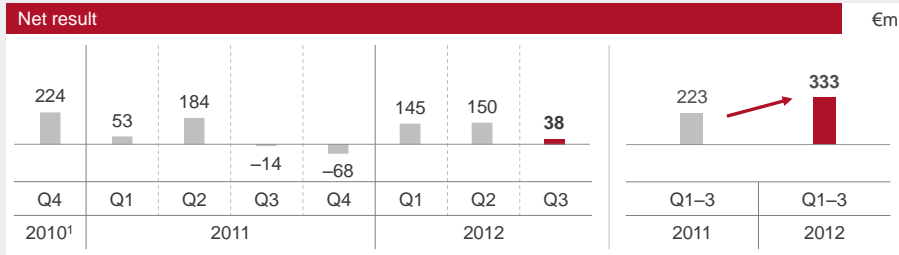
International €m

	Total	Regular premiums	Single premiums	APE ¹
Q1-3 2011	702	128	574	186
Q1-3 2012	584	118	466	165
▲	-16.8%	-7.8%	-18.8%	-11.3%

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

Primary insurance – Key figures

Improved net result in Q3 2012 – but restructuring expenses expected for Q4 2012

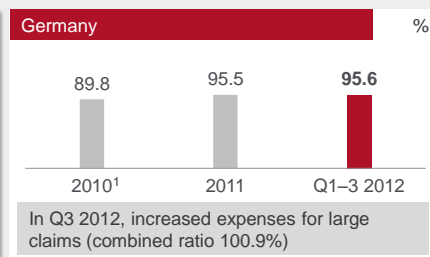
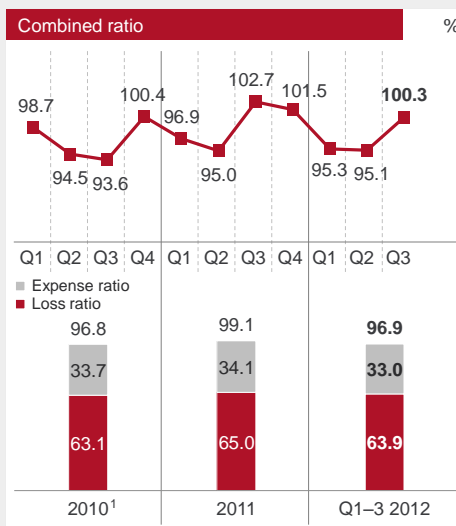


¹ Figures up to 2010 are shown on a partly consolidated basis.

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.

Primary insurance

ERGO with total transparency concerning incentive trips and events



Motivation
 Yet again critical coverage on incentive trips and events in German press

Consequence
 ERGO actively disclosing all information regarding any wrongdoings during incentive trips and events, and creating full transparency under www.ergo.com/transparency

Transparency ERGO Group ERGO Germany ERGO International

Transparency on incentive trips and incentive events



To insure is to understand.

We have understood that we have not met our own standards on transparent communication in every respect. We have therefore set up this section on our website to disclose information regarding any wrongdoings during incentive trips and events as well as accompanying material.

Agenda



Munich Re (Group)

Primary insurance

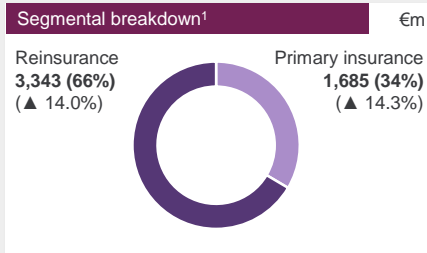
Munich Health

Reinsurance

Outlook

Significant organic growth

Gross premiums written		€m
Q1–3 2011	4,406	
Foreign-exchange effects	306	
Divestment/Investment	–	
Organic change	316	
Q1–3 2012	5,028	



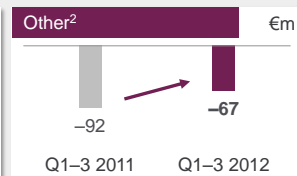
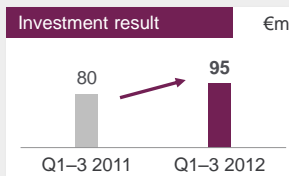
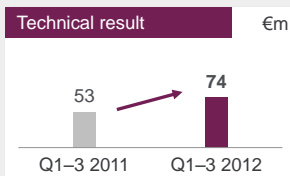
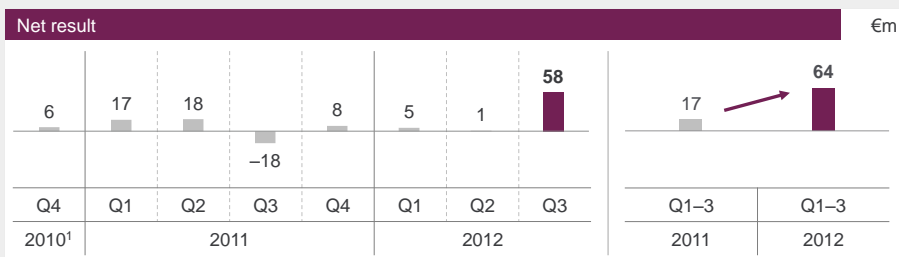
Gross premiums written		€m
Q1–3 2011	4,406	
Reinsurance	411	
Primary insurance	211	
Q1–3 2012	5,028	

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



Good development in Spain and MENA region as well as favourable FX effects – positive impact from one-off in Q3 2012 (combined ratio: 96.4%); deterioration in US primary business expected to burden Q4

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

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

Agenda



Munich Re (Group)

Primary insurance

Munich Health

Reinsurance

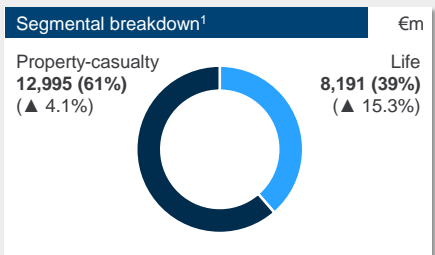
Outlook

Reinsurance – Premium development

Ongoing growth in life reinsurance and positive FX



Gross premiums written		€m
Q1–3 2011	19,593	
Foreign-exchange effects	1,457	
Divestment/Investment	–	
Organic change	136	
Q1–3 2012	21,186	



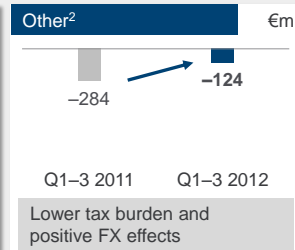
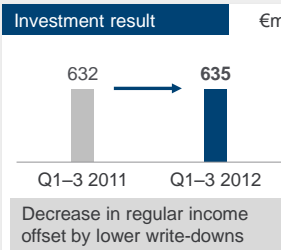
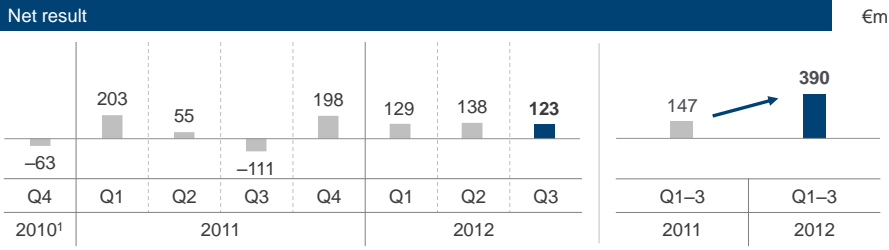
Gross premiums written		€m
Q1–3 2011	19,593	
Life	1,087	
Property-casualty	506	
Q1–3 2012	21,186	

Life
Organic growth (€500m) based on capital relief deals and expansion in Asia – positive FX effects (€587m), mainly US\$ and CAN\$

Property-casualty
Rate increases in loss-affected areas as well as growth in agriculture not fully compensating for expiry of solvency relief deals – FX: +€870m

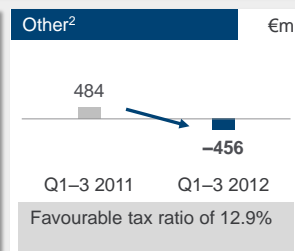
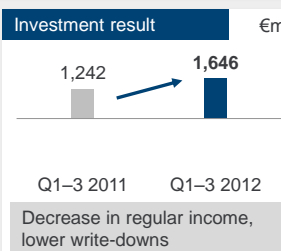
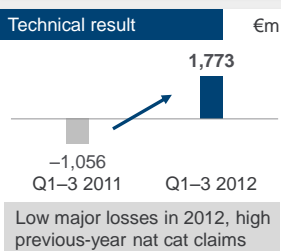
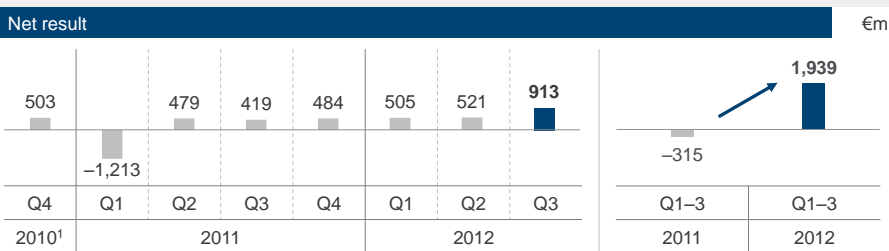
¹ Gross premiums written.

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.

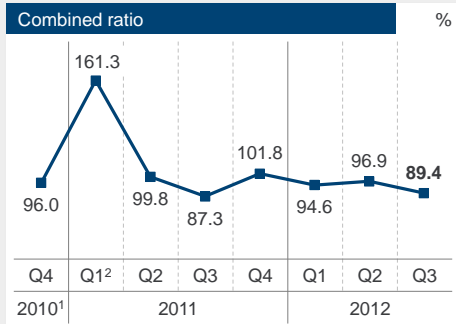
Reinsurance – Key figures
Reinsurance property-casualty



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

Low nat cat losses and first reserve releases

Combined ratio					%
		Basic losses	Nat cat losses	Man-made losses	Expense ratio
2010 ¹	100.5	53.6	11.0	4.7	31.2
2011	113.8	50.7	29.4	3.3	30.4
Q1–3 2012	93.6	56.0	4.6	3.3	29.2
Q3 2012	89.4	53.6	5.6	2.2	28.0



Major losses			€m
Q1–3 2012	1,054	576	478
Q3 2012	337	242	95

■ Nat cat ■ Man-made
 Net prior-year run-offs of approx. –€200m affecting large-loss ratio (mainly man-made)

Basic losses Q1–3
 Reserve release of ~€300m – positive impact on basic loss ratio

¹ Figures up to 2010 are shown on a partly consolidated basis.
² Adjusted for impact on insurance risk transfer to the capital markets.

Agenda

Munich Re (Group)

Primary insurance

Munich Health

Reinsurance

Outlook

Outlook 2012

Munich Re (Group)

GROSS PREMIUMS WRITTEN ~€52bn (prev. €50–52bn)			RETURN ON INVESTMENT slightly above ~3.5% (prev. ~3.5%)	NET RESULT ~€3bn (prev. slightly above €2.5bn)
€bn	New target	Prev.	Ongoing low-interest-rate environment gradually reducing running yield	Considerably increased earnings outlook after surpassing initial target already in the first nine months RoRaC target of 15% after tax over the cycle to stand
Re-insurance	~28	27–28		
Primary insurance	slightly above 17	17–18		
Munich Health	>6.5	~6.5		
Reinsurance			Primary insurance	Munich Health
COMBINED RATIO clearly below 96%			COMBINED RATIO slightly above 97% (prev. <95%)	COMBINED RATIO ~100%
NET RESULT ~€2.7bn (prev. above €2bn)			NET RESULT ~€450m (not incl. restructuring expenses to be expected in Q4)	NET RESULT slightly above €50m (prev. ~€50m)

Quarterly financial statements as at 30 September 2012 24

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.

Quarterly financial statements as at 30 September 2012 25