



DELIVERING GROWTH IN BOTTOM-LINE RESULTS

BALANCE SHEET PRESS CONFERENCE 2013

12 March 2013

Munich RE 

Agenda



Delivering growth in bottom-line results	Nikolaus von Bomhard	2
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Delivering on our promise – Strong position for successful business development



Focus on mastering industry challenges ...

- Managing the low-yield environment
- Active capital management
- Strengthening operational profitability

Main drivers of future earnings growth

Reinsurance – Solid profitability

Non-life: Expansion of know-how-intensive business, active portfolio and cycle management and strong reserving position

Life: Producing steady results above market average – focused approach paying off

Primary insurance – Delivering on plan

Life: Proactive management of back book and launch of less interest-rate-prone products

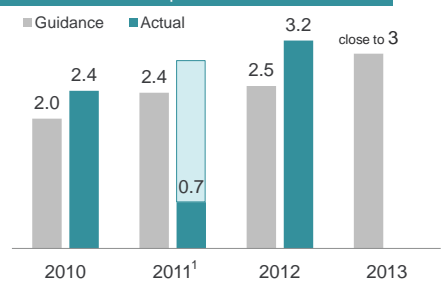
International: Back to normal

Group: Streamlining sales organisation

Munich Health – Consolidation

Fixing problems in US primary – building on solid foundation to develop other business

... to deliver on our promise



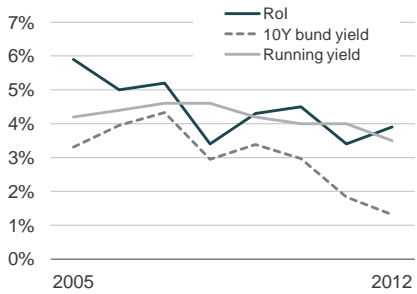
Despite decreasing earnings contribution from investments, Munich Re paving the way for continuously improving net income

¹ Upper bar: Assuming normal nat cat claims based on 8.5% budget.

Profitability in core business becoming even more important in times of financial repression

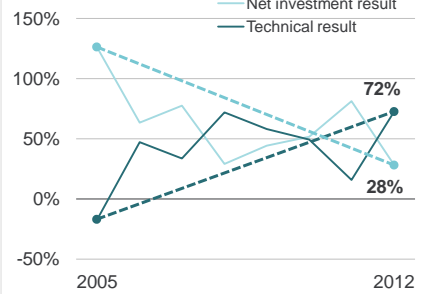


Consistently decreasing capital market yields, hence investment income ...



1 Investments
Proactively reducing interest rate sensitivity and mitigating attrition of running yield

... compensated for by increasing earnings contribution from core insurance business¹



2 Underwriting
Continuously increasing profitability via efficient allocation of risk capital and disciplined u/w

Successfully dealing with low-yield environment

¹ Contribution of net investment result (investment result minus income from technical interest) and technical result as a percentage of operating result. Balance sheet press conference 2013 4

1 Investments – Striking the balance between thorough diversification and earnings resilience



Limited interest-rate sensitivity – Duration

	Assets	Liabilities	Net DV01 ¹ (€m)
Reinsurance	6.7	6.1	-18.3
Primary insurance	8.1	9.2	16.1
Munich Re (Group)	7.6	8.3	-2.2

Disciplined ALM

Ongoing increase of asset duration reducing interest-rate sensitivity at Group level – Continuation of hedging programme in primary life

Portfolio diversification

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

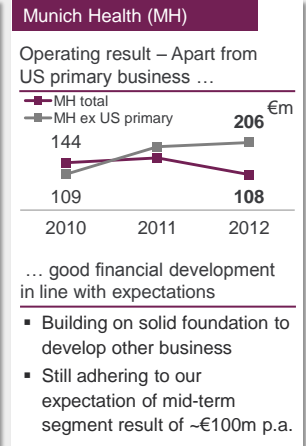
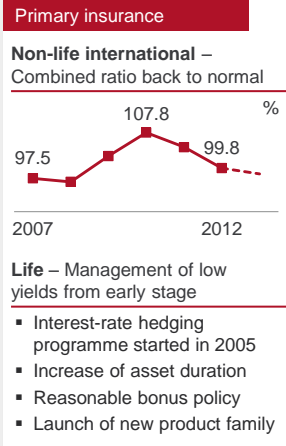
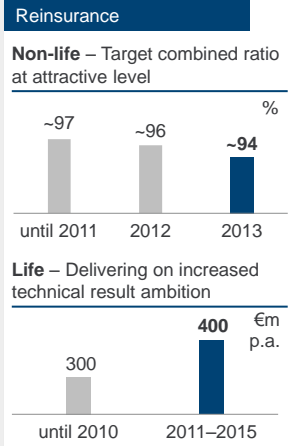
Mitigating yield attrition

Cautious expansion of credit risk and real assets mitigating attrition of running yield while increasing inflation protection

Earnings stability by strictly limiting investment risks and keeping high level of diversification while actively managing the low-yield environment

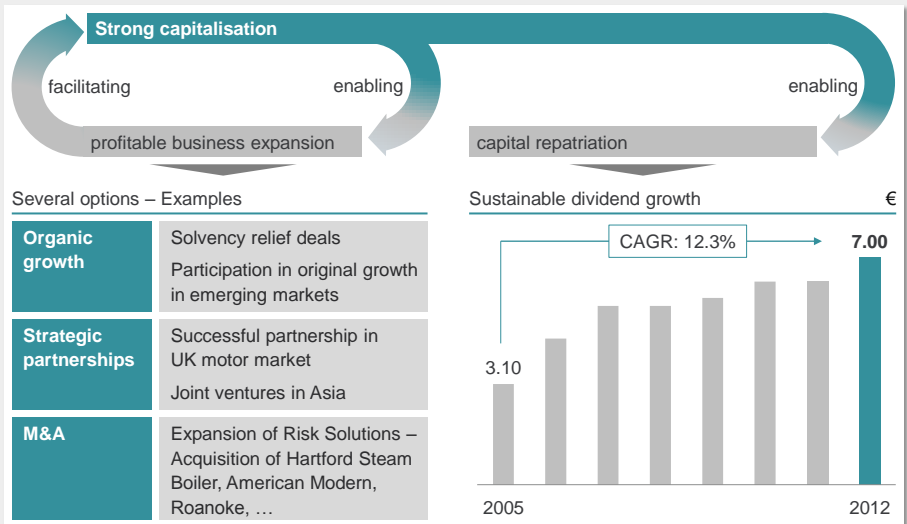
¹ As at 31.12.2012. Value represents the change in the economic capital at an interest rate increase of 0.01%. Balance sheet press conference 2013 5

2 Underwriting – Continuously improved value creation building the foundation for earnings growth



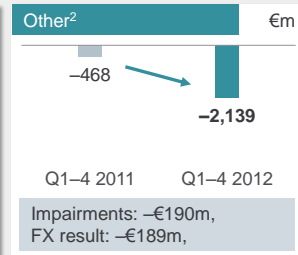
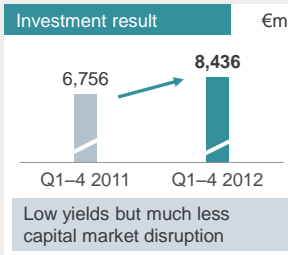
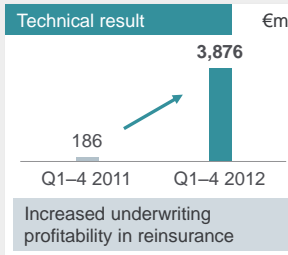
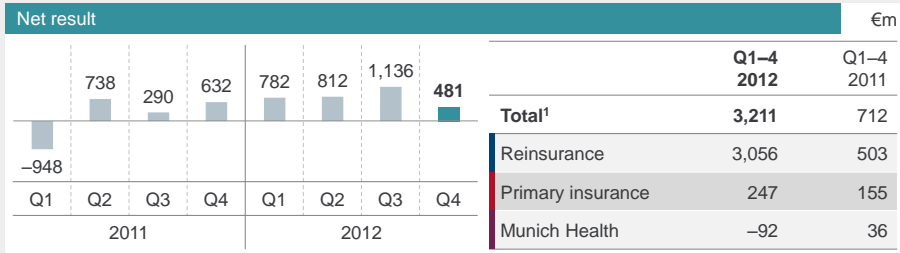
Execution and delivery – Management measures securing sound profitability irrespective of interest-rate level

Sound capitalisation providing flexibility – Dividend continuity and seizing opportunities for profitable growth



Munich Re (Group) – Key figures

Sound development of insurance business and investment income



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 further strengthened



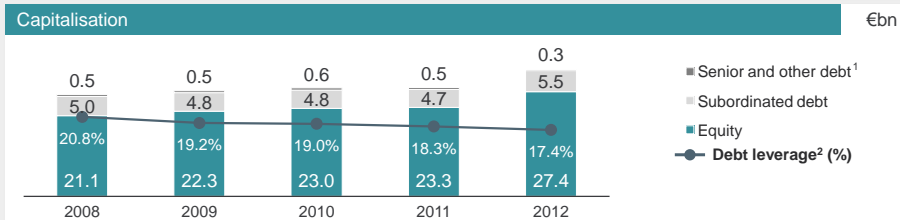
Equity		€m
Equity 31.12.2011	23,309	
Consolidated result	3,211	481
Changes		
Dividend	-1,110	-
Unrealised gains/losses	2,347	232
Exchange rates	-67	-327
Own shares	121	116
Other	-388	-203
Equity 31.12.2012	27,423	299

UNREALISED GAINS/LOSSES

Afs fixed-interest securities: +€1,680m
 Afs non-fixed-interest securities: +€635m

EXCHANGE RATES

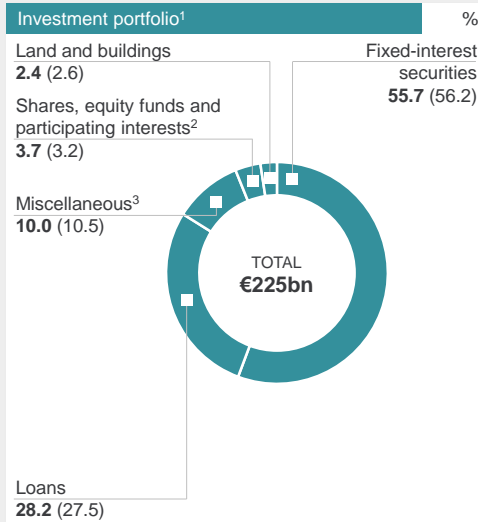
Negative FX contribution mainly driven by US dollar



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

Government bonds

- Overweight of government bonds with high credit ratings, slight reduction in eurozone peripherals
- Expansion of securities issued by EU institutions⁴ and emerging countries

Inflation-sensitive investments

- Increase of inflation-linked exposure to 5.3% of total assets
- Cautious expansion of net equity exposure to 3.4%

Renewable energies and infrastructure

Expansion of investments, technologically diversified

¹ Fair values as at 31.12.2012 (31.12.2011). ² Net of hedges: 3.4% (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

Substantially fewer write-downs compensating for lower regular income and disposal gains



Investment result	Q1–4 2012		Q1–4 2011		Q4 2012	
	€m	Return ¹	€m	Return ¹	€m	Return ¹
Regular income ²	7,755	3.6%	8,039	4.0%	1,947	3.5%
Write-ups/write-downs	8	0.0%	-1,625	-0.8%	105	0.2%
Disposal gains/losses	652	0.3%	1,244	0.6%	127	0.2%
Other income/expenses ³	21	0.0%	-902	-0.4%	-14	0.0%
Investment result	8,436	3.9%	6,756	3.4%	2,165	3.9%

Regular income

Overweight position in safe-haven bonds and lower interest rates gradually reducing regular income – Six-month-average reinvestment yield dropped to -2.2% (-3.0% in H2 11)

Write-ups/write-downs

Major effects	Q1–4 2012	Q4 2012
Equities	-191	-44
Swaptions	172	33
Derivatives (ex. swaptions)	175	124
Other	-148	-8

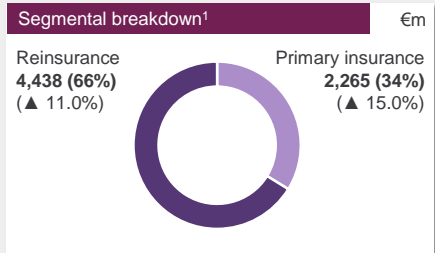
Disposal gains/losses

Major effects	Q1–4 2012	Q4 2012
Equities	524	52
Fixed-income	559	147
Derivatives	-495	-81
Other	64	9

¹ Return on quarterly weighted investments (market values) in % p.a. ² -0.4%-pts lower running yield 1/4 driven by lower reinvestment rate and 3/4 by appreciation of market values. ³ Including impact from unit-linked business: €603m (+0.3%-pts) in 2012 (-€263m (-0.1%-pts) in 2011).

Significant premium growth

Gross premiums written		€m
Q1–4 2011	5,967	
Foreign-exchange effects	386	
Divestment/Investment	–	
Organic change	350	
Q1–4 2012	6,703	



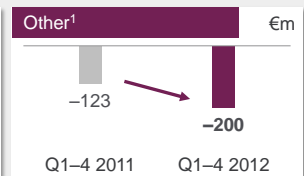
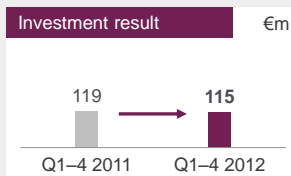
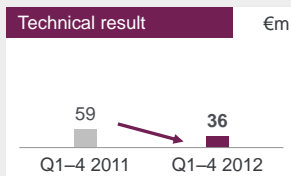
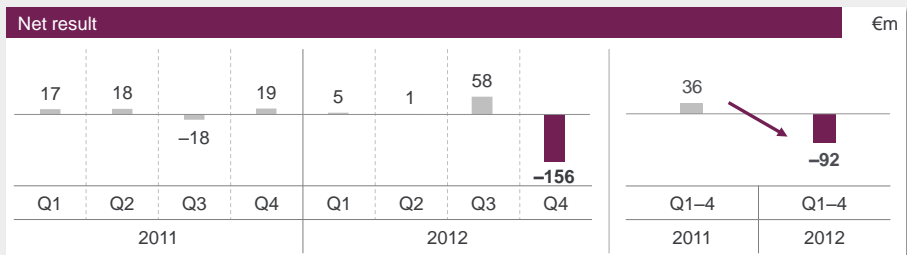
Gross premiums written		€m
Q1–4 2011	5,967	
Reinsurance	440	
Primary insurance	296	
Q1–4 2012	6,703	

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

Primary insurance
Premium growth in USA and Spain

¹ Gross premiums written.

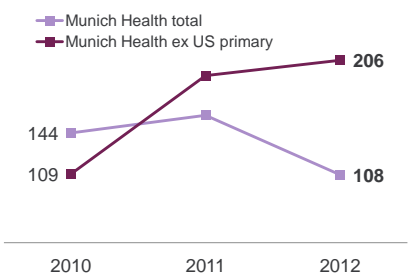
Munich Health – Key figures



Loss for the year attributable to the US Medicare business at Windsor Health Group (–€86m, net of tax) and to the resultant impairments of goodwill and other intangible assets (–€166m)

¹ Other non-operating result, goodwill impairments, net finance costs, taxes.

Financial performance – Operating result €m



Good financial development apart from Windsor Health Group driven by reinsurance and European primary insurance units (e.g. Spain and Belgium) as well as promising development in Arab world and India

Outlook

- Operating performance of Munich Health (€108m in 2012) remains favourable and in line with expectations
- Given the difficult situation at Windsor Health Group, a further loss for Munich Health in 2013 cannot be ruled out
- Well-positioned to benefit from rapidly growing health market in a disciplined way

Mid-term net result for Munich Health of ~€100m achievable

Apart from US primary business, operating performance of Munich Health in line with expectations

Agenda

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Outlook	Nikolaus von Bomhard

Primary insurance – Key figures

Results 2011 and 2012 with large one-off effects



Net result Munich Re primary insurance		€m	Net result ERGO		€m
	2012	2011			
Total	247	155			
Life	164	67			
Health	87	23			
Property-casualty	-4	65			

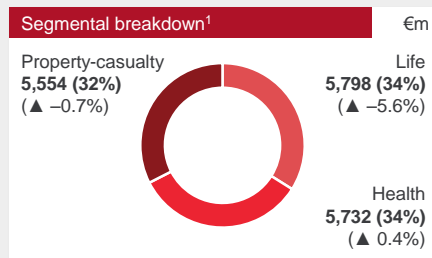
<p>Munich Re and ERGO 2012 results influenced by one-off effects from expenses for restructuring German sales forces (-€128m net effect)</p>	<p>Net result Munich Re primary insurance does not include reinsurance between ERGO and Munich Re</p>	<p>Net result ERGO is after reinsurance with Munich Re and other transactions (e.g. sale of international health companies in 2011)</p>
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Primary insurance – Premium development

Decrease in premium income mainly from life insurance and disposals



Gross premiums written		€m
Q1-4 2011	17,447	
Foreign-exchange effects	1	
Divestment/Investment	-141	
Organic change	-223	
Q1-4 2012	17,084	



Gross premiums written		€m
Q1-4 2011	17,447	
Life	-344	
Health	22	
Property-casualty	-41	
Q1-4 2012	17,084	

Life: Lower single premiums in Germany and Austria

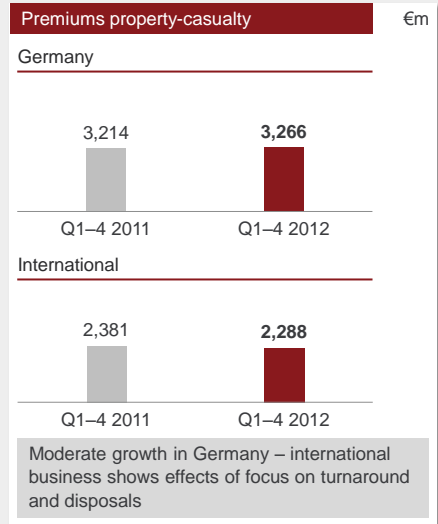
Health: Only small price increases in comprehensive business, growth in supplementary

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–Q4 2011	2,741	534	2,207	754
Q1–Q4 2012	2,227	527	1,700	697
▲	-18.8%	-1.3%	-23.0%	-7.6%

- 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–Q4 2011	1,806	352	1,454	497
Q1–Q4 2012	1,433	340	1,093	449
▲	-20.7%	-3.4%	-24.9%	-9.7

International €m

	Total	Regular premiums	Single premiums	APE ¹
Q1–Q4 2011	935	182	753	257
Q1–Q4 2012	794	187	607	248
▲	-15.1%	2.7%	-19.4%	-3.5%

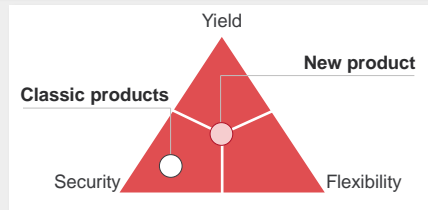
¹ Annual premium equivalent (APE = regular premiums +10% single premiums).

Primary insurance – Life – Germany

Launch of less interest-rate-prone new products – Concept for Germany well advanced



- Solution: New product aligns different aspects**
- 1 Guarantee of total premiums
 - 2 High flexibility in all phases
 - 3 Innovative hedging concept



Primary insurance – Health

Health – Introduction of new unisex products



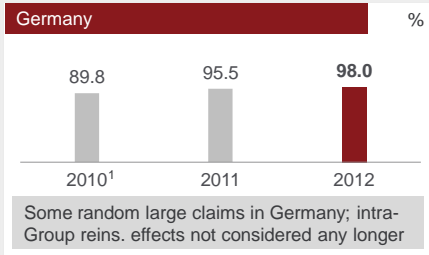
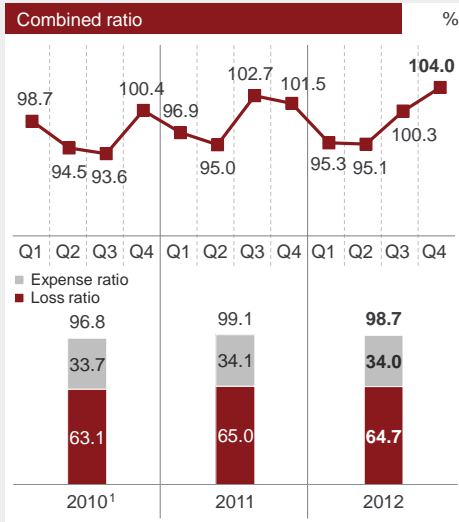
- Comprehensive**
"Return to normality" after strong growth from abolition of 3-year-waiting period in 2011
- Supplementary**
- Shift of new business towards business calculated like property-casualty
 - Introduction of state-subsidised long-term care product "Pflege-Bahr" in January 2013

- Comprehensive insurance in 2013**
- Newly calculated new business tariffs with significant price increases
 - Calculation aspects
 - Unisex
 - Reduction of technical interest rate from 3.5% to 2.75%
 - Medical inflation (e.g. new price regulation for dentists)
 - New mortality tables
 - Change in lapse assumptions
 - Change in risk calibration
 - Improved benefits catalogue
 - Price effect for man (woman) age 40²:
 - Total price effect: +37.6% (+22.3%)
 - Thereof Unisex +6.6% (-10.0%)

¹ Without travel insurance business, which is short-term business only.
² Tariff BM40.

Primary insurance – Property-casualty – Combined ratio

Significantly improved combined ratio in international business – random large claims in Germany



¹ Figures up to 2010 are shown on a partly consolidated basis. Change from segmental to consolidated view eliminating intra-Group transactions.

Primary insurance – Sales initiative in Germany

Sales quality and efficiency programme started



A new advice process ...

- Brand promise "to insure is to understand" demands all-round yet individual advice process for all sales organisations
- New tool "ERGO compass" also brings advantages for documentation of advice

... and structural changes ...

- Streamlining sales organisations of tied agents:
 - 5 existing organisations will be merged into 2
 - Uniform instruments for sales management and quality assurance
 - Reducing regional sales offices from 218 to 120 regional representative offices ...
 - ... while maintaining a broad regional presence: ERGO present in 66 (previously 83) towns and cities in future
- Foundation of a sales company
- Measures to be implemented in 2014

... will lead to improved efficiency and costs

- Cutback of 1,350 jobs
- Savings volume of ~€160m gross and ~€60m net from 2015

Key takeaways



Life

New product in Germany from mid-2013 is the right answer to challenges from low-interest-rate environment

Health

In-force premium growth and shift to supplementary insurance

Property-casualty

Overall combined ratio in 2013 to be improved to below 95% – Continue turnaround in international business to sustainable combined ratio levels below 100%

Sales and distribution

Improve quality and efficiency with new organisational structure in Germany

Agenda



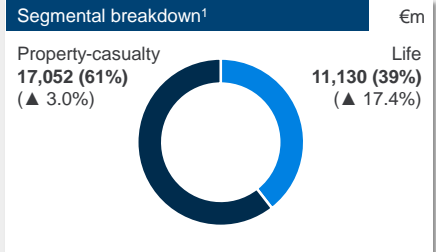
Delivering growth in bottom-line results	Nikolaus von Bomhard
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Reinsurance – Premium development

Strong increase driven by organic growth



Gross premiums written		€m
Q1–4 2011	26,038	
Foreign-exchange effects	1,775	
Divestment/Investment	–	
Organic change	369	
Q1–4 2012	28,182	



Gross premiums written		€m
Q1–4 2011	26,038	
Life	1,649	
Property-casualty	495	
Q1–4 2012	28,182	

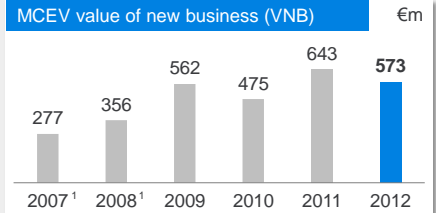
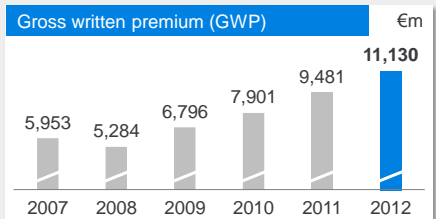
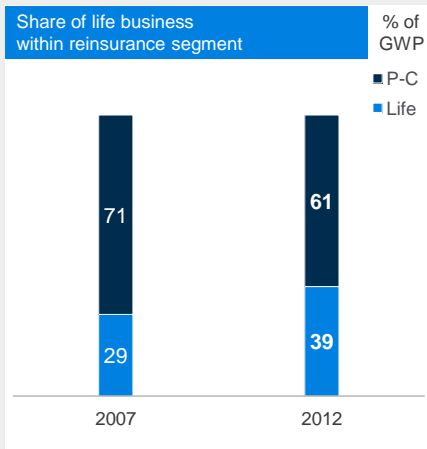
Life
Organic growth (€905m) based on capital relief deals and expansion in Asia – positive FX effects (€744m), mainly US\$ and Can\$

Property-casualty
Positive FX effects (€1,031m) more than compensating for negative organic change due to expiry of solvency relief deals

¹ Gross premiums written.

Reinsurance life

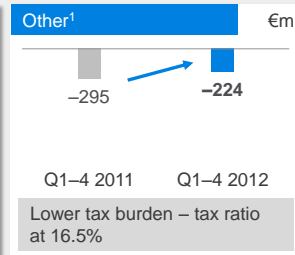
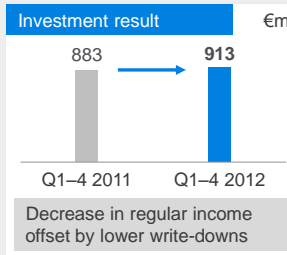
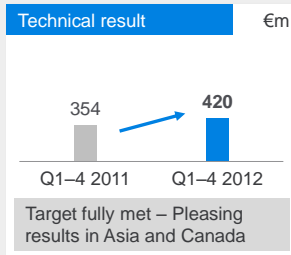
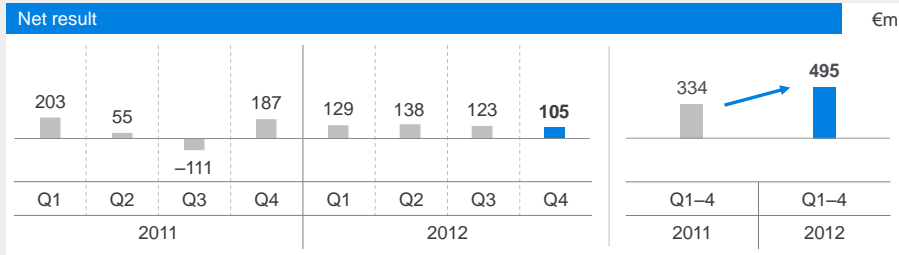
Reinsurance life on a sustained growth path



Strong portfolio growth – again extraordinarily high VNB

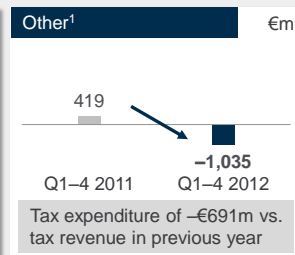
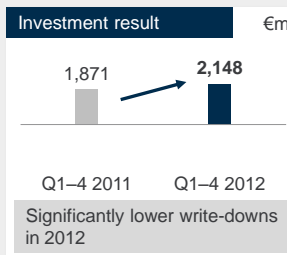
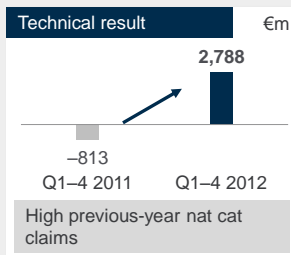
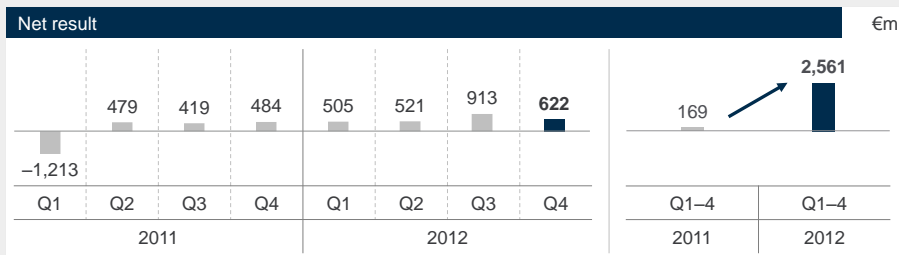
¹ EEV figures.

Reinsurance life – Key figures
Reinsurance life



¹ Other non-operating result, goodwill impairments, net finance costs, taxes.

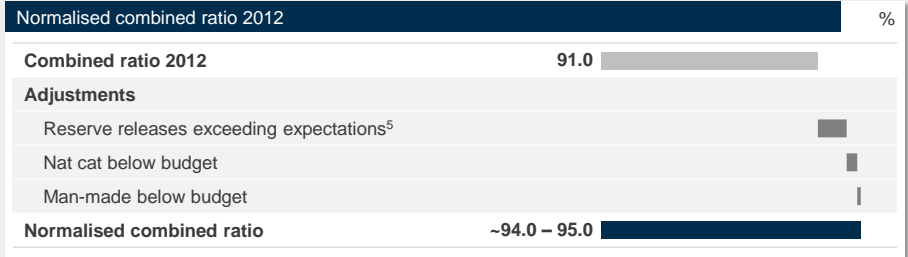
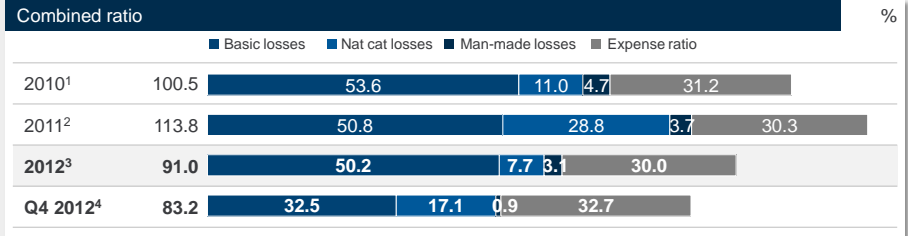
Reinsurance non-life – Key figures
Reinsurance non-life



¹ Other non-operating result, goodwill impairments, net finance costs, taxes.

Reinsurance non-life – Combined ratio

Combined ratio – Benign large losses and reserve releases



¹ Figures up to 2010 are shown on a partly consolidated basis. Including reserve releases of –€400m (~3%).
² Including reserve releases of –€600m (~4%). ³ Including reserve release of –€900m (~5.5%).
⁴ Including reserve release of –€600m (~15%). ⁵ Expectation defined as the most likely outcome in any given year.

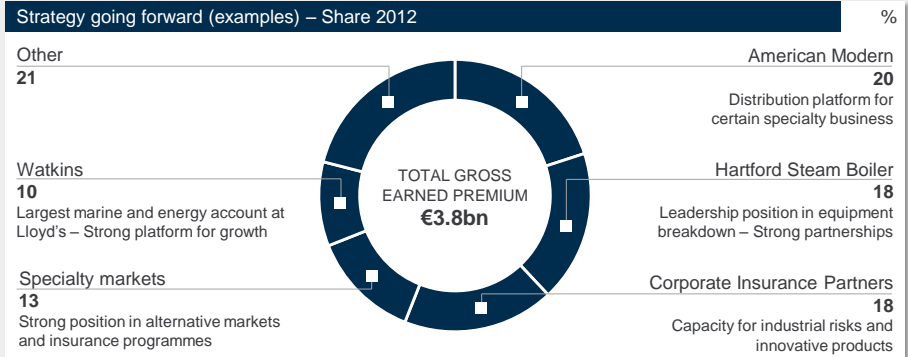
Reinsurance non-life – Promising business fields – Risk Solutions

Risk Solutions – Well-positioned to profitably expand the business

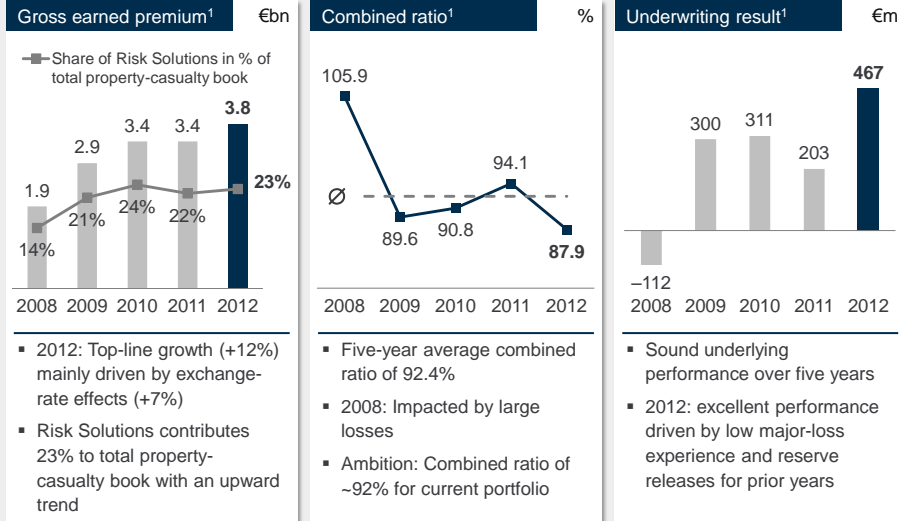


Strategic rationale achieved

- Applying expertise to selected, highly profitable risk segments and exploiting trends via specialised distribution channels
- Seizing independent growth potentials based on a broader scope of business
- Adding profitable business to detach from reinsurance cycle

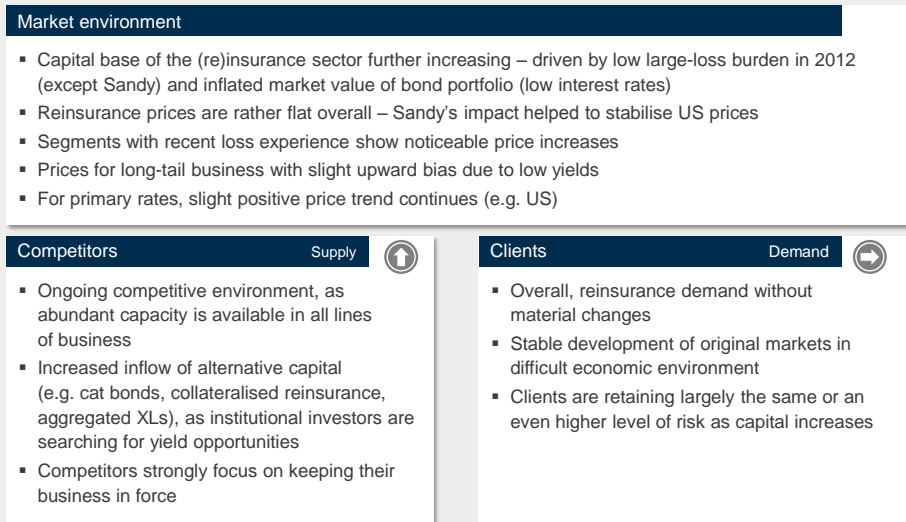


Risk Solutions – Strong bottom-line contribution



¹ Management view, not comparable with IFRS reporting. Figures for acquired companies only included since consolidation: American Modern as from April 2008 and HSB as from April 2009. Exchange rate YTD as of each year. Balance sheet press conference 2013 34

Ongoing strong competition due to ample reinsurance capacity, while demand tends to be unchanged



Reinsurance non-life – January renewals 2013

Top-line remains quite stable – Focus on underwriting discipline maintained

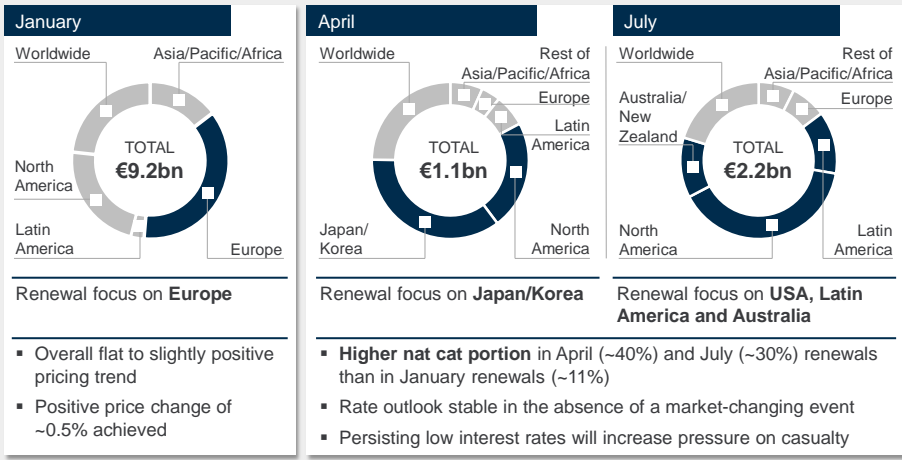


Portfolio quality further improved in a still competitive market environment

¹ Price movement is risk-adjusted, i.e. includes claims inflation/loss trend and is adjusted for portfolio mix effects. Furthermore, price movement is calculated on a wing-to-wing basis (including cancelled and new business). Balance sheet press conference 2013 36

Reinsurance non-life – Renewal outlook

Current pricing trend is expected to continue in upcoming renewals



Disciplined underwriting approach is key to maintaining portfolio quality in a very competitive market environment

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Reinsurance	Torsten Jeworrek

Outlook	Nikolaus von Bomhard
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Outlook 2013



Munich Re (Group)					
GROSS PREMIUMS WRITTEN		RETURN ON INVESTMENT		NET RESULT	
2012	€52bn	2012	3.9%	2012	€3.2bn
Target 2013 ¹	€50–52bn	Target 2013	~3.3%	Target 2013	Close to €3bn
Focus on profitable growth prevails – No specific top-line ambition		Ongoing low interest rate environment gradually reducing running yield to ~3.5%		RoRaC target of 15% after tax over the cycle to stand	

Reinsurance	
COMBINED RATIO	
2012	91.0%
Target 2013	~94%
NET RESULT	
2012	€3.1bn
Target 2013	€2.3–2.5bn

Primary insurance	
COMBINED RATIO	
2012	98.7%
Target 2013	~95%
NET RESULT	
2012	€247m
Target 2013	€400–500m

Munich Health	
COMBINED RATIO	
2012	100.2%
Target 2013	~100%
NET RESULT	
2012	–€92m
Further loss cannot be excluded	

¹ By segment: Reinsurance €27–28bn, primary insurance slightly above €17bn, Munich Health slightly above €6.5bn.

Delivering growth in bottom-line results

Good track record

Successfully dealing with challenging economic conditions –
We remain a strong partner for clients and reliable for shareholders,
delivering on our promises

Business strategy

Focus on insurance risks safeguarding sustainable value creation –
Complementary business profiles limiting correlation to capital
market development

Rigorous risk management

Based on a high level of diversification, actively managing the low-
yield environment and strictly budgeting all our insurance risks

Strong capital position

Reliability – Continuing the long-term track record of attractive
capital repatriation while keeping the flexibility to seize opportunities
for profitable growth

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.