Munich Re Group
Preliminary key figures 2008
and renewals

Telephone conference
with analysts and investors

Jörg Schneider
Torsten Jeworrek

4 February 2009
### Preliminary key figures 2008

<table>
<thead>
<tr>
<th></th>
<th>€bn</th>
<th>2008</th>
<th>2007&lt;sup&gt;1&lt;/sup&gt;</th>
<th>Q4 2008</th>
<th>Q4 2007&lt;sup&gt;1&lt;/sup&gt;</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross premiums written</td>
<td>37.8</td>
<td>37.3</td>
<td>9.7</td>
<td>9.2</td>
<td></td>
</tr>
<tr>
<td>Thereof reinsurance&lt;sup&gt;2&lt;/sup&gt;</td>
<td>21.8</td>
<td>21.5</td>
<td>5.6</td>
<td>5.0</td>
<td></td>
</tr>
<tr>
<td>Thereof primary insurance&lt;sup&gt;2&lt;/sup&gt;</td>
<td>17.4</td>
<td>17.3</td>
<td>4.4</td>
<td>4.5</td>
<td></td>
</tr>
<tr>
<td>Combined ratio reinsurance (%)</td>
<td>99.5%</td>
<td>96.4%</td>
<td>97.7%</td>
<td>91.7%</td>
<td></td>
</tr>
<tr>
<td>Combined ratio primary insurance (%)</td>
<td>91.2%</td>
<td>93.4%</td>
<td>94.2%</td>
<td>94.7%</td>
<td></td>
</tr>
<tr>
<td>Consolidated result</td>
<td>1.5</td>
<td>3.9</td>
<td>0.1</td>
<td>0.6</td>
<td></td>
</tr>
<tr>
<td>Dividend per share (€)</td>
<td>5.50</td>
<td>5.50</td>
<td>n.a</td>
<td>n.a</td>
<td></td>
</tr>
<tr>
<td>Shareholders’ equity (as per balance-sheet date)</td>
<td>21.3</td>
<td>25.5</td>
<td>n.a</td>
<td>n.a</td>
<td></td>
</tr>
</tbody>
</table>

- Consolidated result impacted by a significant lower investment result
- Combined ratio: Strong in primary insurance; above average major losses in reinsurance
- Further reduction of equity exposure in Q4 through sale and reduction of equities; stable market value of hedging positions
- Capitalisation at solid level of €21.3bn; stable shareholder’s equity in Q4

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<sup>1</sup> Adjusted pursuant to IAS 8.

<sup>2</sup> Segmental figures, before elimination of intra-Group transactions across segments.
## New business in primary life insurance

### ERGO new business life insurance

<table>
<thead>
<tr>
<th></th>
<th>€m</th>
<th>Total</th>
<th>Single premium</th>
<th>Regular premium</th>
<th>APE 1</th>
</tr>
</thead>
<tbody>
<tr>
<td>Germany</td>
<td></td>
<td>1,894</td>
<td>1,282</td>
<td>612</td>
<td>740</td>
</tr>
<tr>
<td></td>
<td>2007</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>2008</td>
<td>1,794</td>
<td>1,196</td>
<td>608</td>
<td>727</td>
</tr>
<tr>
<td>∆</td>
<td></td>
<td>–5.3%</td>
<td>–7.5%</td>
<td>–0.5%</td>
<td>–1.8%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>981</td>
<td>464</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>1,148</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>1,445</td>
<td>981</td>
<td>464</td>
<td>562</td>
</tr>
<tr>
<td>∆</td>
<td></td>
<td>–10.5%</td>
<td>–14.5%</td>
<td>–0.6%</td>
<td>–3.4%</td>
</tr>
</tbody>
</table>

### Comments

- **Germany**
  - Decrease of single premium business since Q4/2008 owing to financial market crisis
  - Impact of amended German insurance contract law on new business sales

- **International**
  - Excellent growth in Poland and Baltic states
  - Good unit-linked business in Austria

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1 Annual premium equivalent (10% of single premium plus regular premiums)
Turnaround achieved in nearly all segments

Market environment clearly changed

Market environment

- Financial crisis and AIG turmoil changed the renewal expectation significantly
- Munich Re started swing to hard market in Monte Carlo
- However, heterogeneous picture regarding regions and lines of business
- Negotiations significantly driven by recent loss experiences

Supply

- Major competitors generally showed a stricter underwriting strategy ...
- ... however, competitors often took a more heterogeneous underwriting approach
- Aggressive attitude in specific segments (e.g. US casualty, Central European motor, China)
- No major capacity reductions visible yet, but also no new market entrances
- Retrocession capacity only at prohibitive prices

Demand

- Trend of decreasing rates has stopped
- In general, cedants are clearly more sensitive to security
- Flight to quality; cedants increasingly accept differential terms
- However, some local markets demonstrate lack of perception for current developments and implications on underwriting policies and risk management
Munich Re approach and impact on portfolio

**Inflection point reached – Rates start to increase**

### Munich Re renewal approach
- Make use of strong balance sheet
- Underwriting policy adjusted for upcoming hard market
- Initiative to improve terms and conditions and achieve differential terms
- Clear communication of necessary price increases ahead of renewal
- Strict focus on profitability maintained
- Consistent cancellation of business not priced adequately

### Impact on Munich Re portfolio

#### Portfolio management
- Strong US renewal, mixed picture in Europe, and still competitive in Asia
- Shift from casualty to more profitable property and marine
- Independence of retrocession market pays off
- Substantial price increases in loss-affected regions and capital-intensive lines (e.g. US NatCat, specialty lines, offshore energy)
- Significant price increases in XL business
- Proportional: Original rates in most cases flat or slightly up
- Strict avoidance of unattractive segments

#### Terms and conditions
- Improved terms and conditions (e.g. exclusions, introduction of index clauses, sliding scales)
- Increased share of business at differential terms

### Changes in premium

**Total book: Market hardening successfully started**

<table>
<thead>
<tr>
<th>%</th>
<th>100</th>
<th>−17.6</th>
<th>82.4</th>
<th>3.1</th>
<th>11.5</th>
<th>97.0</th>
</tr>
</thead>
<tbody>
<tr>
<td>€m</td>
<td>8,290</td>
<td>1,457</td>
<td>6,833</td>
<td>256</td>
<td>954</td>
<td>8,044</td>
</tr>
</tbody>
</table>

**Change in premium:**
- −3.0%
  - thereof pure price change: +2.6%
  - thereof exposure change: −5.6%

### Market
- Financial crisis impact not yet as strong as expected, but inflection point reached

### Munich Re portfolio
- €8.3bn treaty business up for renewal
- 3% overall premium decrease due to strict underwriting
- Certain segments (US NatCat, offshore energy) with double-digit price increases
Split per line of business and region

Portfolio management leads to changes in business mix

Split per lines of business

<table>
<thead>
<tr>
<th></th>
<th>2008</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Aviation</td>
<td>2%</td>
<td>3%</td>
</tr>
<tr>
<td>Credit</td>
<td>11%</td>
<td>12%</td>
</tr>
<tr>
<td>Marine</td>
<td>38%</td>
<td>33%</td>
</tr>
<tr>
<td>Casualty</td>
<td>43%</td>
<td>44%</td>
</tr>
<tr>
<td>Property</td>
<td>6%</td>
<td>8%</td>
</tr>
<tr>
<td></td>
<td>2%</td>
<td>3%</td>
</tr>
</tbody>
</table>

Capacity allocation away from casualty towards short-tail lines

Regional split

<table>
<thead>
<tr>
<th></th>
<th>2008</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Worldwide</td>
<td>22%</td>
<td>24%</td>
</tr>
<tr>
<td>Asia/ Pacific/ Africa</td>
<td>12%</td>
<td>8%</td>
</tr>
<tr>
<td>Latin America</td>
<td>21%</td>
<td>24%</td>
</tr>
<tr>
<td>North America</td>
<td>42%</td>
<td>41%</td>
</tr>
<tr>
<td>Europe</td>
<td>42%</td>
<td>41%</td>
</tr>
</tbody>
</table>

Large-scale reductions in Germany and China
Increased presence in North America (agro, offshore energy and NatCat)

Decrease

Examples

<table>
<thead>
<tr>
<th><strong>Decrease</strong></th>
<th><strong>Examples</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Strict reduction of unprofitable business</td>
<td>Germany motor –€67m Proportional –30%, XL –50%</td>
</tr>
<tr>
<td></td>
<td>Germany others –€72m Mainly other casualty –€23m Property proportional –€36m</td>
</tr>
<tr>
<td></td>
<td>US casualty –€74m Split equally in motor and workers’ comp</td>
</tr>
<tr>
<td></td>
<td>China –€207m Proportional business</td>
</tr>
<tr>
<td></td>
<td>Commercial D&amp;O –€30m Substantial reduction of total D&amp;O business</td>
</tr>
</tbody>
</table>

Selective growth

Examples

<table>
<thead>
<tr>
<th><strong>Selective growth</strong></th>
<th><strong>Examples</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Take advantage of significant price increases</td>
<td>US property cat. +€75m Double-digit price increases</td>
</tr>
<tr>
<td></td>
<td>Offshore energy +€140m Double- to triple-digit price increases</td>
</tr>
<tr>
<td></td>
<td>UK motor +€39m Original market is hardening</td>
</tr>
<tr>
<td></td>
<td>US agro +€220m Further continuation of successful business model</td>
</tr>
</tbody>
</table>

Concrete initiatives

Improved portfolio quality due to consistent cycle management

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Outlook

Clear signs of a continued favourable reinsurance market

- Upcoming renewals 2009:
  - April: €1.2bn up for renewal, driven by Japan/Korea
  - July: €1.0bn up for renewal, driven by US, Australia, Latin America
- Strong expectation of further hardening in reinsurance markets (e.g. US hurricane)
- With balance sheets of insurers and reinsurers remaining under pressure, the supply-demand equation for reinsurance should lead to more attractive fundamentals
- We assume an increasing demand for security (flight to quality) and no new capacity to enter the market
- Reinsurance remains one of the few functioning capital markets for insurers
- Financial crisis will lead to specific opportunities for large deals in non-life and life reinsurance

Munich Re prepared to benefit from further hardening of reinsurance markets
Summary

Munich Re Group

Summary

- €1.5bn consolidated result satisfactory in view of the severity of the financial crisis
- Solid capitalisation enables unchanged high dividend of €5.50 per share for 2008
- New business development in life insurance adversely impacted by financial turmoil
- Further improvement of portfolio quality in reinsurance; hardening of reinsurance market will lead to further opportunities

Agenda

Preliminary key figures 2008 and renewals

- Preliminary key figures 2008: 2
- New business in primary life insurance: 4
- Renewals in property-casualty reinsurance: 6
- Summary: 13

Back-up: 15
### Changes in premium: Property

<table>
<thead>
<tr>
<th>%</th>
<th>100</th>
<th>–19.4</th>
<th>80.6</th>
<th>6.0</th>
<th>13.0</th>
<th>99.6</th>
</tr>
</thead>
<tbody>
<tr>
<td>€m</td>
<td>3,567</td>
<td>694</td>
<td>2,873</td>
<td>215</td>
<td>465</td>
<td>3,553</td>
</tr>
</tbody>
</table>

**Change in premium:** –0.4%
- thereof pure price change: +2.3%
- thereof exposure change: –2.7%

**Market**
- Strong rate increase for US NatCat
- Rate increases for loss affected Germany cat
- Stable or slightly positive development in most other regions

**Munich Re portfolio**
- Premium reductions in Europe and China
- Significant premium increase in profitable US business
- Double-digit rate increases for US NatCat business; overall rate increase 2.3%
- Slightly improved commissions

### Changes in premium: Casualty

<table>
<thead>
<tr>
<th>%</th>
<th>100</th>
<th>–18.0</th>
<th>82.0</th>
<th>–4.7</th>
<th>9.0</th>
<th>86.2</th>
</tr>
</thead>
<tbody>
<tr>
<td>€m</td>
<td>3,104</td>
<td>559</td>
<td>2,544</td>
<td>–146</td>
<td>278</td>
<td>2,677</td>
</tr>
</tbody>
</table>

**Change in premium:** –13.8%
- thereof pure price change: +0.4%
- thereof exposure change: –14.2%

**Market**
- Still enough capacity available
- High competition in USA, Germany and Asia
- Improving terms and conditions in UK motor

**Munich Re portfolio**
- 13.8% premium decrease due to deliberate cancellation in USA, Germany and China
- Reductions mainly driven by motor (–€270m), TPL, workers' comp (–€45m) and D&O (–€30m)
- Rates slightly increased (+0.4%)
- Improved terms and conditions

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1. TPL: Third-Party Liability
Changes in premium

Marine

<table>
<thead>
<tr>
<th>%</th>
<th>100</th>
<th>−16.9</th>
<th>83.1</th>
<th>5.0</th>
<th>18.4</th>
<th>106.5</th>
</tr>
</thead>
<tbody>
<tr>
<td>€m</td>
<td>929</td>
<td>157</td>
<td>771</td>
<td>47</td>
<td>171</td>
<td>989</td>
</tr>
</tbody>
</table>

Change in premium: +6.5%
- thereof pure price change: +9.3%
- thereof exposure change: −2.8%

Credit

<table>
<thead>
<tr>
<th>%</th>
<th>100</th>
<th>−7.2</th>
<th>92.8</th>
<th>20.8</th>
<th>7.4</th>
<th>121.0</th>
</tr>
</thead>
<tbody>
<tr>
<td>€m</td>
<td>499</td>
<td>36</td>
<td>463</td>
<td>104</td>
<td>37</td>
<td>604</td>
</tr>
</tbody>
</table>

Change in premium: +21.0%
- thereof pure price change: +0.2%
- thereof exposure change: +20.8%

Market
- Considerable impact due to economic recession; rapid risk selection by primary insurance
- Primary insurance significantly increased rates in order to compensate for higher risk

Munich Re portfolio
- Munich Re benefits from premium increases of primary insurers
- All rate increases commensurate with exposure increases (profitability level maintained)
- Significantly improved commissions: introduction of sliding scale instead of fixed commissions
Changes in premium

**Aviation**

<table>
<thead>
<tr>
<th>%</th>
<th>100</th>
<th>-5.9</th>
<th>94.1</th>
<th>20.1</th>
<th>1.6</th>
<th>115.8</th>
</tr>
</thead>
<tbody>
<tr>
<td>€m</td>
<td>191</td>
<td>11</td>
<td>180</td>
<td>38</td>
<td>3</td>
<td>221</td>
</tr>
</tbody>
</table>

- **Change in premium:** +15.8%
- thereof pure price change: +0.3%
- thereof exposure change: +15.5%

**Market**
- Considered to be at a turning point

**Munich Re portfolio**
- Premium increase of 15.8% driven by strategic investment (GAUM)
- Further softening could be stopped; small rate increases implemented
- Stable terms and conditions
- Favourable trend is expected to strengthen in later renewals in 2009

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**Appendix**

Shareholder information

**Financial calendar**

<table>
<thead>
<tr>
<th>Date</th>
<th>Event</th>
</tr>
</thead>
</table>
| 3 March 2009 | Balance sheet press conference for 2008 financial statements (preliminary figures)  
Analysts’ conference, Munich |
| 13 March 2009| Annual Report 2008                                   |
| 22 April 2009| Annual General Meeting                               |
| 23 April 2009| Dividend payment                                     |
| 6 May 2009   | Interim report as at 31 March 2009                   |
| 4 August 2009| Interim report as at 30 June 2009; Half-year press conference |
| 5 November 2009| Interim report as at 30 September 2009            |
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.