“COMPETING IN THE NEW NORMAL”

BANK OF AMERICA MERRILL LYNCH BANKING & INSURANCE CEO CONFERENCE

London, 1 October 2009

Nikolaus von Bomhard

Munich RE

Overview – Relative total shareholder return

Munich Re committed to creating sustainable value

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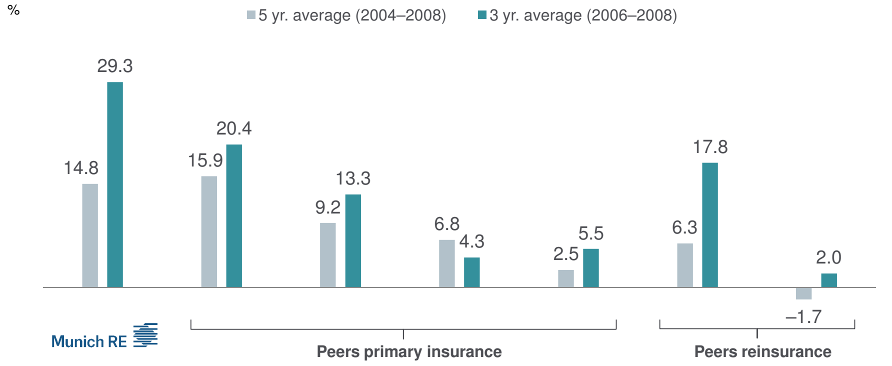
Average relative total shareholder return[1]



Peers: Allianz, Axa, Generali, Hannover Re, Swiss Re, ZFS

Munich Re offers a unique investment proposition based on a business model largely uncorrelated with global GDP and the development of the equity markets

[1] Dividends and share price increase relative to capital market (benchmark index: DJ EUROSTOXX Insurance); based on Datastream data.

Overview – Highlights Q1-2 2009

Stringent execution of strategy generates opportunities

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Munich Re

Net profit of €1,123m in Q1–2 2009

Earnings resilience in core (re)insurance business and improved investment result

Stable shareholders' equity at €21.3bn

Strong capital position despite dividend payment and increased interest rates

Stringent capital allocation

Clear commitment to liability-driven business model while consciously maintaining low investment risk profile

Reinsurance

Financial strength and portfolio diversification paying off

Flexible allocation of capital and profitable growth from taking opportunities in selected markets

Primary insurance

Returning to profit in Q2 2009

Consistent implementation of efficiency programme strengthening earnings generation and improving future business prospects

Munich Re continued to demonstrate earnings strength

Overview – Financial performance Q1-2 2009

Satisfactory consolidated result

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GROUP – Gross premiums written

€m	
Q1–2 2008	18,853
Q1–2 2009	**20,693**

Good organic growth, acquisitions and positive FX effects

REINSURANCE – Combined ratio property-casualty

%	
Q1–2 2008	99.5
Q1–2 2009	**97.7**

Improved combined ratio, slightly above expectations

PRIMARY INSURANCE – Combined ratio property-casualty

%	
Q1–2 2008	90.7
Q1–2 2009	**94.7**

H1 2008 exceptionally low; higher claims in Germany and abroad

GROUP – Investment result

€m	
Q1–2 2008	3,261
Q1–2 2009	**3,552**

Reduced write-downs, but lower regular income and realised gains

GROUP – Operating result

€m	
Q1–2 2008	2,281
Q1–2 2009	**2,119**

Lower technical not fully compensated by higher investment result

GROUP – Consolidated result

€m	
Q1–2 2008	1,405
Q1–2 2009	**1,123**

Consolidated result €703m in Q2 well above Q1 (€420m)

Overview – Integrated business model

Providing best solution for each risk

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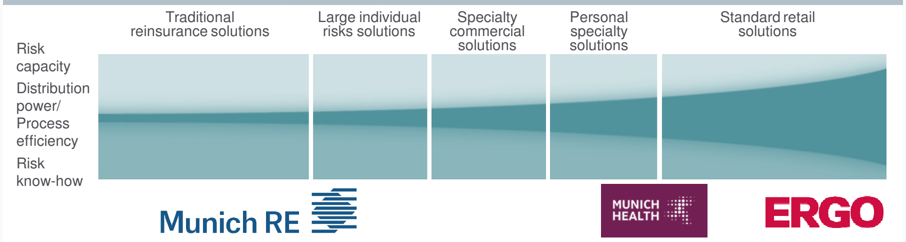
Munich Re Group

1. RISK MANAGEMENT
Strong integrated risk management with proven track record in financial crisis
2. INVESTMENTS
Well-diversified portfolio based on strictly limited risk appetite
3. CAPITAL MANAGEMENT
Sound capitalisation provides strategic flexibility

Successful business model [illustrative]



Financial strength and sustainable long-term strategy focusing on underwriting risks: continuing a solid path in the "new normal"

1

Munich Re Group – Risk management

Clear-cut comprehensive risk management framework

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Main criteria		Additional criteria	
Capital strength	**Financial distress**	**Accumulation risk**	**Liquidity**
▪ Economic risk capital: 175% * VaR 99.5% ▪ Rating: Target AA rating ▪ Regulatory: Solvency according to regulatory requirements	▪ Limiting the probability of having to raise capital resources to not more than 10% by considering the variability of economic earnings and the existence of the excess capital buffer	▪ Group-wide binding limits for ▪ nat cat ▪ terrorism ▪ pandemic ▪ counterparty credit risk ▪ individual risk accumulations	▪ Adequate liquid resources to meet ▪ known/expected requirements ▪ an insurance claims shock ▪ margin/collateral calls (derivatives) ▪ Liquidity implications of a run on the bank also monitored

Criteria for investments and ALM risks

e.g.
- Market/credit risks (value at risk): Limits set for each operating entity
- Investment limits for alternative investments, non-investment grade investments, etc.

Our portfolio is well structured to meet all defined criteria

2

Munich Re Group – Investments

Well-diversified investment portfolio

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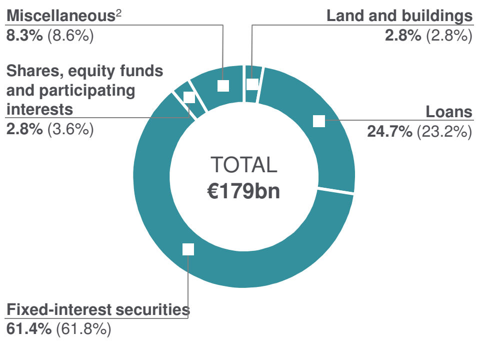
Investment portfolio[1] (market values)



Strategic Risk Management Framework

Liability-driven investment process reflects sensitivity of liabilities to capital markets

Allocation of economic risk capital budget

Clearly defined limits and triggers

Strategic decision to maintain a low to moderate risk profile for the investment portfolio

[1] As at 30.6.2009 (31.12.2008).
[2] Deposits retained on assumed reinsurance, investments for unit-linked life, deposits with banks, investment funds (bond, property).

3 Munich Re Group – Capital management

Strong capitalisation provides strategic flexibility

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Sound capitalisation according to all capital measures	**Strategic flexibility** to efficiently combine options of capital allocation
Regulatory group solvency capital ratio of 266%	Investment in organic growth and strategic initiatives
Low/mid single-digit €bn capital buffer according to rating agencies	Attractive cash returns: Continued high dividend yields, resumption of share buy-back as of October 2009[2]
€7.0bn[1] economic capital buffer according to internal model	Disciplined M&A approach strictly in line with our strategic and financial criteria
Stable shareholders' equity at €21.3bn, Sufficient revenue reserves under local GAAP	

Attractive business and growth opportunities based on value-oriented capital allocation

[1] As at 31 December 2008, but after dividend payment of €1.1bn in April 2009 and €0.05bn outstanding from 2008/2009 share buy-back programme.
[2] Total purchase price of up to €1bn until AGM on 28 April 2010.

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Primary insurance segment – Overview

ERGO positioned throughout all segments; cost-reduction initiative well under way

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Life	▪ Financial crisis puts pressure on growth and margins ▪ Implementation of strategic initiatives under way
Health	▪ A market leader in Germany; low capital intensity ▪ Possible political interventions critical for future developments
Property-casualty	▪ Strong profitability despite highly competitive market environment ▪ Combined ratio consistently well below 95% due to focus on attractive business lines
Direct	▪ Leading direct insurer in Germany ▪ Ongoing growth in life, health and P-C
IO	▪ Strong top-line growth in local currency[1]; adverse FX movements for non-euro-denominated growth ▪ International expansion focused on CEE and Asia
Cost reduction	▪ Simplification, harmonisation and continuous improvement of processes as well as reduction of expense ratios ▪ Project well under way for delivering €180m cost savings by 2010

[1] Organic growth Poland; acquisitions of BACAV, ERV.

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Primary insurance segment – ERGO Life

Strategic initiatives: customised approaches towards inforce and new business

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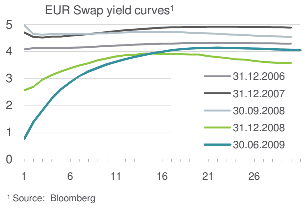
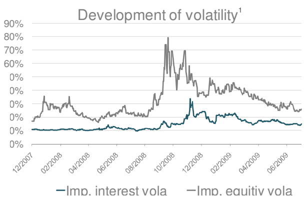
Challenges for business in force





Hedge against extreme interest-rate development scenarios

Challenges for new business …

- New competitors; advancements in alternative guarantee types (banks, investment/hedge funds)
- Low interest-rate environment
- Reduced customer acceptance of/preference for long-term investments ("flexibility first")
- Increased transparency and influence of rankings/ratings (products and companies)

ERGO Life's answer …

- Moving from pure risk carrier to risk manager: concentration on flexible product platform (unit-linked products)
- Convincing advisory skills and "sale of concepts" instead of products
- Increased transparency and improved positioning in product ratings and rankings
- One system fits it all: reduced complexity and further streamlining of processes and systems
- Expansion in occupational pensions business; focus on medium-sized companies

Reinsurance segment – Repositioning

Munich Re well positioned for future growth

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New global brand

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The three cornerstones of Munich Re's refined positioning

1 A high level of security and individual solutions[1]

- Efficient reinsurance of standard risks
- Customised solutions for risk and balance-sheet management
- Consulting on Solvency II / ALM, enterprise risk management
- Risk transfer to capital markets

2 (Re)insurance of complex and new risks[1]

- Expanding the limits of insurability by developing new coverage concepts
- First-class modelling
- Investing substantially in actuarial and underwriting skills

3 Tapping into new client groups[1]

- Highly specialised primary insurance niche business; cooperation with MGAs
- Public-private partnerships
- Insurance pools

Clear positioning as a comprehensive service reinsurer

[1] See following slides for examples

1

Reinsurance segment – Solvency II

Reinsurance business to benefit from regulatory changes

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New opportunity for profitable growth

- Paradigm change of solvency requirements under Solvency II (e.g., no longer "50 per cent" limit as in Solvency I)
- Reinsurance as a significant lever for solvency relief
- Improved return on retained risk-adjusted capital for primary insurers

Repositioning as service reinsurer

- Growing demand for in-depth know-how and expertise in risk management
- Munich Re Solvency Consulting provides workshops, tools and consulting services
- PODRA[1]: Open-source modelling software to determine risk-based capital requirement under Solvency II Pillar 1
- Enterprise risk management: Assisting clients in establishing ERM structures and systems

Reinsurance gains momentum under Solvency II

[1] PODRA = Pillar One Dynamic Reinsurance Analysis.

2

Reinsurance segment – Reinsurance life

Significant contribution to profitable growth

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Four key focus areas

Continuously improve core business	Grow non-traditional business	Expand business model
Capturing growth potential by applying specific regional initiatives	Providing holistic asset-liability solutions for efficient asset protection	Making ourselves indispensable for clients by systematically advancing service offerings

Capital relief transactions

Capitalising on opportunities arising from increasing need for reinsurance (strengthen capital base and provide growth financing)

Number of closed deals: 10	Expected total GPW of new business >€2bn p.a.	VANB of new business in the low three-digit million euro range

Solutions beyond traditional reinsurance ensure superior client access and acquisition of additional profitable business enabling strong top and bottom-line growth

3

Reinsurance segment – Reinsurance property-casualty

HSB to strongly contribute to cash-flow and capital generation

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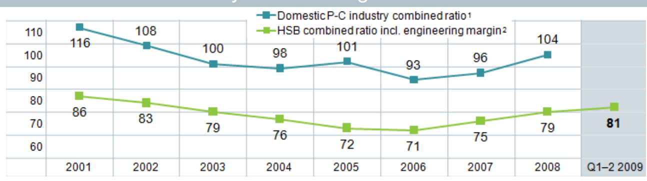
Financial highlights in Q2 2009[3]

- HSB significantly outperforming the industry
- Very solid 2nd quarter operating result with a consolidated combined ratio of 80% including engineering margin (Q1-2 2009 81%) and a net profit of €24.2m (Q1-2 €33.7m)
- Successful de-risking of HSB's investment portfolio in order to meet Munich Re Group risk standards and HSB's business characteristics
- HSB well positioned as future dividend contributor to Munich Re

Integration status

- Joint business development to leverage cross-selling synergies
- Legal and regulatory requirements implemented[4]
- Functional and technical integration activities well underway
- Investment management of HSB's asset portfolio transferred to MEAG
- Good progress in decoupling back-office services from AIG to Munich Re Group as shared-services

HSB combined ratio and P-C industry: Outstanding financial track record



[1] Source: A.M. Best. [2] Combined ratio for HSB Group, Inc. (US GAAP). [3] Preliminary IFRS figures.
[4] Full consolidation of HSB since 31 March 2009.

International Health segment – Business model

Different business models meeting regional demand with regional organisation

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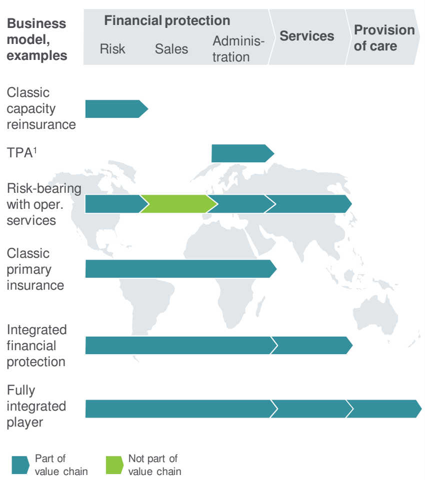
Munich Health covering the full value chain



International know-how

Munich Health integrates a long tradition of experience in health business addressing different parts of the value chain

- Expert know-how in bearing of risks in primary and reinsurance
- Expertise in health services and provision of care

International organisation with regional hubs enables Munich Health to meet regional and local demands of customers

- Princeton: North America
- Munich: Europe and Latin America
- Singapore: Asia
- Abu Dhabi: Middle East and Africa

Requirements fulfilled to support all parts of the value chain

[1] Third-party administrator.

International Health segment – Munich Health

Expecting continued positive business development

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Despite the financial crisis, continued but slower **growth of health expenditures** expected; more cooperations with public providers possible

Private health provisions by consumers **mostly stable**; health seen as valuable asset

Classic primary insurance business:
Predominantly group business negatively affected by growth decline

Classic reinsurance business:
Positive effects triggered by **increased need for capital and liquidity of primary insurers**

International health business provides good growth prospects

Outlook 2009

Seizing opportunities for profitable growth and value-oriented capital management

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Reinsurance

GROSS PREMIUMS WRITTEN **€24–25bn**	COMBINED RATIO **Approx. 97%**

Primary insurance

GROSS PREMIUMS WRITTEN **€17–17.5bn**	COMBINED RATIO **<95%**

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GROSS PREMIUMS WRITTEN **€40–42bn**	RORAC **15%** after tax over the cycle to stand
RETURN ON INVESTMENTS Running yield expected to be slightly above **4%**	Resumption of **share buy-back**, however, strong capitalisation enables to take advantage of opportunities for profitable growth