STRINGENT EXECUTION DELIVERING SUSTAINABLE EARNINGS

Analysts' Conference 2010

11 March 2010

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Munich RE

Agenda

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Munich Re (Group) – Highlights 2009

Strong earnings and sound capitalisation allow for increase in dividend

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Munich Re (Group)

Profitable top-line growth by leveraging our capital strength

Substantial organic growth (incl. large solvency relief deals in life and health reinsurance[1]) and first-time consolidation of recent acquisitions in primary insurance and reinsurance business

Strong consolidated result in challenging markets

Net result of €2.56bn (€1.58bn) equivalent to RoRaC of 15.1%, thus meeting the target over the cycle; proposed dividend for 2009 increases to €5.75 per share (€5.50)

Sound capitalisation further strengthened

Shareholders' equity increased to €22.3bn as at December 2009 despite approx. €1.5bn capital repatriation in 2009; capital buffer according to internal model risen to €9.3bn[2]

[1] In total ~20 large quota share deals with an additional €2.3bn gross premiums written and VANB contribution >€100m in 2009. Until 2013, these deals are expected to generate gross premiums written of €2.5bn p.a. (on average).

[2] After announced dividend for 2009 of €1.1bn to be paid in April 2010 and €0.6bn outstanding from 2009/10 share buy-back programme.

Munich Re (Group) – Highlights

Munich Re generates solid returns for the shareholder – Combined with a low-risk profile

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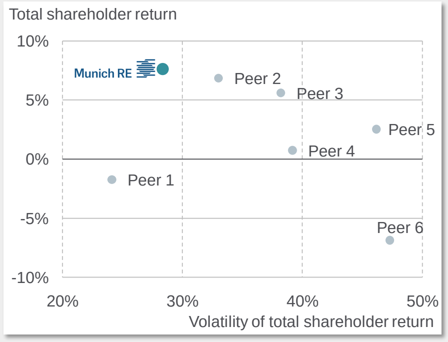
Investment profile

- High dividend yields and share buy-backs – cash yield of around 10%[1]
- Strictly value-based, risk-adjusted management approach
- Managing insurance risks as main source of value creation
- Stringent bottom-line focus

Total shareholder return vs. risk[2]



Strict execution of our strategy leads to an attractive risk-return profile – High shareholder return with a low downside risk

[1] Assuming shareholders participate equally in €1bn share buy-back; based on 2009 closing share price as per 31.12.2009 (€108.67).
[2] Annualised total shareholder return defined as price performance plus dividend yields over a 5-year period (2005–2009); based on Datastream total return indices in local currency; volatility calculation with 250 trading days per year.
Peers: Allianz, Axa, Generali, Hannover Re, Swiss Re, Zurich Financial Services.

Munich Re (Group) – Highlights

Liability-driven integrated business model facilitating diversification and predictable results

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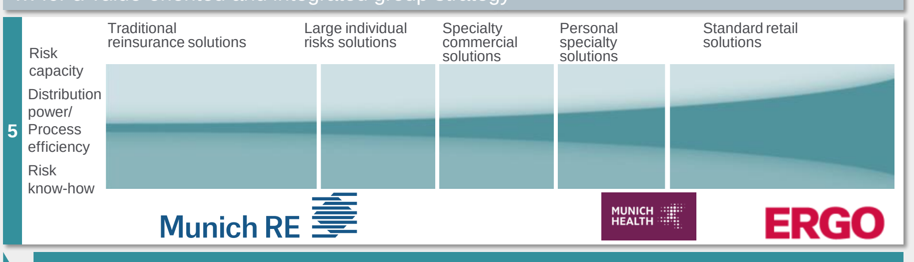
Disciplined financial management as a strong basis …

1. RISK MANAGEMENT – Proven integrated risk management – well-prepared for Solvency II
2. ASSET MANAGEMENT – Well-diversified investment portfolio – disciplined asset-liability management
3. CAPITAL MANAGEMENT – Sound capitalisation – attractive return on equity compared to cost of capital
4. PORTFOLIO MANAGEMENT – Diversified profitable growth based on strict portfolio and cycle management

… for a value-oriented and integrated group strategy



Munich Re offers a value proposition based on a business model largely uncorrelated with the equity markets

1 Risk management

Risk management well positioned to cope with regulatory changes

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Munich Re further improves its risk management position

Further strengthened economic capital position driven by increase of available financial resources

Risk model refined in light of crisis, leading to an increase in economic risk capital

Internal risk model in the Solvency II approval process

Solvency II will have significant impact on the insurance industry

- Insurance industry will be required to **significantly improve its enterprise risk management** – a challenge mainly for small and medium-sized insurance companies
- In particular, **refinements in ALM necessary** – especially relevant for primary life insurance
- Specialised insurers will face **higher capital requirements**
- **Global, well-diversified reinsurers with good credit ratings** will benefit from top- and bottom-line growth opportunities

Insurance industry has to master the Solvency II revolution – Munich Re risk management already anticipates expected changes

2 Asset management

Well-diversified investment portfolio with low-risk profile – Notwithstanding exploiting tactical opportunities

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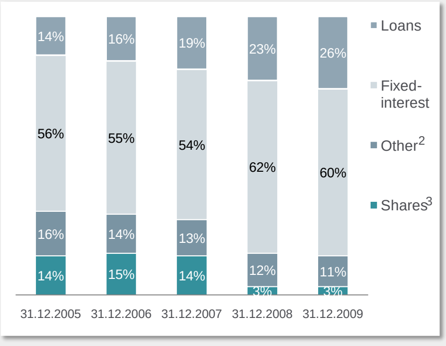
Allocation of investment portfolio[1] (2005–2009)



Asset management concept

Liability-driven investment process limiting ALM mismatch

Portfolio geared toward fixed-income investments (~86% of total) – potential re-risking with limited risk appetite

MEAG with proven track record to grasp tactical market opportunities generating additional returns

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

1 Based on fair values.
2 Other includes real estate, deposits retained on assumed reinsurance, investments for unit-linked life insurance, deposits with banks, investment funds (bond, property).
3 Shares, equity funds and participating interests (before taking equity derivatives into account).

2 Asset management

Focus on economic steering – Accepting the need to forgo profit opportunities

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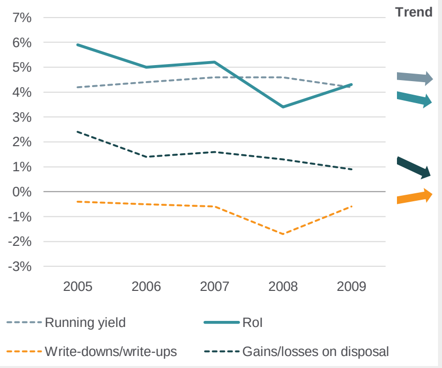
RoI of less than 4% expected for 2010



De-risking and low interest-rate environment

Deliberately accepting impact on P&L …

- Running yield to gradually come down according to roll-over of fixed-income portfolio
- Significantly less contribution from gains/losses on disposal (mainly affecting reinsurance segment)
- Only partially offset by normalisation of balance from write-ups/write-downs

… as economic view remains key

- Limited impact of interest-rate shifts on the asset-liability matched portfolio
- Reduced risk capital consumption and stable risk-based returns

Lower RoI expectation making 15% RoRaC target even more ambitious – In turn low volatility of investment returns positively affecting our cost of capital

3 Capital management

Uncorrelated business model generates predictable returns – Well above (low) cost of capital

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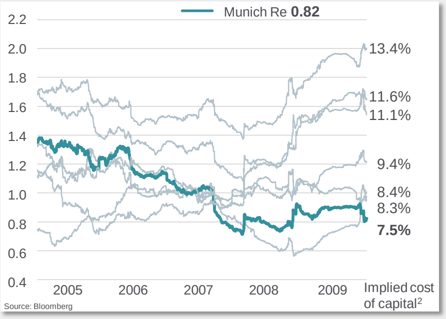
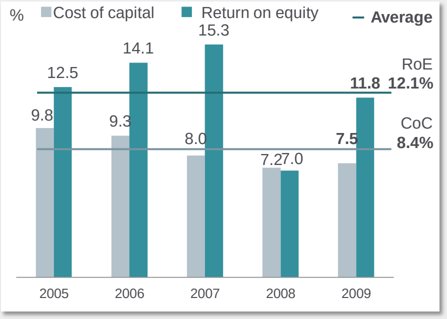
Beta values vs. Peers[1] 2005–2009 (as at 31.12.2009)



Return on equity vs. cost of capital[2] 2005–2009



Low cost of capital

- Investment portfolio marginally geared to equity markets
- Insurance risks largely independent of capital markets

→ Low correlation of share price to market index

RoE continuously exceeds cost of capital

- Strong average RoE despite our solid capitalisation
- Reliable value creation of Munich Re
- High predictability based on liability-driven business model

[1] Peers: Allianz, AXA, Generali, Hannover Re, Swiss Re, Zurich Financial Services; Raw beta to DJ Stoxx 600, total return, daily basis, 1-year.
[2] Calculation using CAPM with 10-year German government bonds, 5% market risk premium and 1-year raw beta to DJ Stoxx600, daily basis. Source: Bloomberg.

3 Capital management

Strong book value growth based on shareholder-friendly capital repatriation

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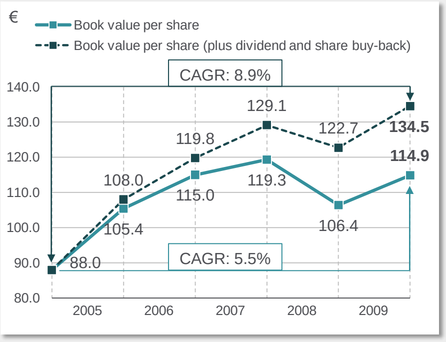
Book value per share[1] 2005–2009



Value-based capital management

€5.1bn dividend payments[2] from 2005 to 2009; 5.3% dividend yield in 2009[3]

Around €3bn investment in selected M&A and greenfield activities (2005–2009) to foster our integrated Group strategy

€4.4bn share buy-backs from 2005 to 2009, up to €0.6bn until AGM 2010

Strong capitalisation provides strategic flexibility going forward

[1] Shareholders' equity excl. minority interests divided by shares in circulation.
[2] Dividend payments for the correspondent business years which are paid in the following year.
[3] Based on 2009 closing share price as per 31.12.2009 (€108.67).

4 Portfolio management

Disciplined execution of our growth strategy combining M&A and greenfield activities

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M&A and greenfield concept

Bolt-on acquisitions – gradual and targeted completion of full value chain coverage

Selection based on strict value-based principles – centralised evaluation with high management attention

HSB as best-case example with out-performing results

Efficient post-merger integration: completed on time for US acquisitions

M&A and greenfield activities to complement our integrated Group strategy (2005–2009)[1]

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- HSB (USA)
- Midland (USA)
- Bell & Clements (UK)
- MSP Underwriting (UK)
- Roanoke (USA)

MUNICH HEALTH
- Sterling (USA)
- Apollo Munich Health (India)
- Daman (Abu Dhabi)

ERGO
- BACAV (Austria)
- ISVIÇRE (Turkey)
- Daum Direct (South Korea)
- HDFC (India)

We are well prepared to continue our strategy with selected value-enhancing growth opportunities based on clear-cut strategic and financial criteria

[1] Selected examples.

5 Integrated Group strategy

Following our Group strategy of covering the entire insurance value chain, we steer a well-balanced portfolio

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risk-based economic steering

Focus on profitability …	**… as well as growth**
Reliable cash generation A Reinsurance business – capital strength and diversification D ERGO P-C business **Sustainable performance improvement** D New ERGO branding strategy; re-positioning of life business in Germany	**Exploiting mid- and long-term opportunities** B Refined positioning in reinsurance C International healthcare E ERGO international

Balanced portfolio contributes to low earnings volatility and diversification of risk capital

5 Integrated Group strategy – A Reinsurance business

Solvency II to fully crystallise the value of the reinsurance business model

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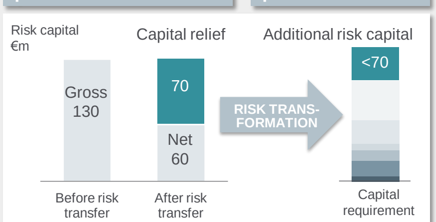
Risk transfer – Illustrative

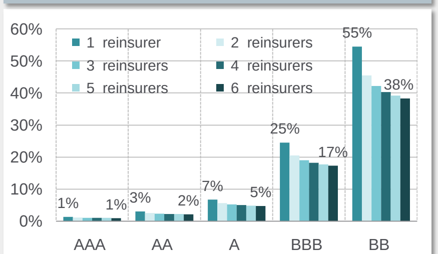
Primary insurer's portfolio | **Reinsurer's portfolio**



Diversification of reinsurers is higher due to
- Number of individual risks
- Geographical spread (global business model)
- Product and line of business mix

Well-diversified reinsurers will benefit from Solvency II

Deduction on capital relief for the counterparty default risk[1]



- Explicit consideration of reinsurance credit risk through a deduction from capital relief
- Example: Capital relief from a reinsurance treaty with only one AA-rated reinsurer greater than with a panel of six A-rated reinsurers

Financial strength to provide a clearer competitive edge

[1] Graph based on Consultation Paper No. 51: SCR standard formula – further advice on the counterparty default risk module A.9.

5 Integrated Group strategy – B Refined positioning in reinsurance

Refined positioning generates attractive growth opportunities

Value-optimising solutions	(Re)insurance of complex and new risks	Tapping into new client groups
▪ Customised solutions for risk and balance-sheet management ▪ Insurance-specific consulting ▪ Risk transfer to capital markets	▪ Expanding the limits of insurability by developing new coverage concepts ▪ First-class modelling ▪ Investing substantially in actuarial and underwriting skills	▪ Demand-driven client management set-up ▪ Highly specialised primary insurance niche business; cooperation with MGAs ▪ Public-private partnerships ▪ Insurance pools
Examples: ▪ Solvency II consulting ▪ Know-how-driven business approach in life, e.g. Asia	Examples: ▪ High-severity casualty ▪ Financial solutions in life	Examples: ▪ Corporate risks/SME[1] (HSB) ▪ Agro business

Clear positioning of Munich Re as a premium reinsurer

[1] Small and medium -sized enterprises.

5 Integrated Group strategy – C International health

Munich Re meets the opportunities of the international health markets

Heterogeneous markets and regulatory environments

Rising complexity of business models and increasing competition

Expertise
Leveraging best-practice know-how along the health risk value chain for both primary insurance and reinsurance

Specialisation
Offering solutions in complex markets by bundling the global health expertise of Munich Re Group under one roof

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Innovation
Providing value-adding services to customers along the complete health risk value chain

Flexibility
Reflecting local health market specifics and customer needs by providing tailor-made solutions

Customer request for high-quality health insurance

Tightening public budgets – Need for affordable private health solutions

Fundamental demographic and socio-economic developments will continue to drive global health markets growth substantially above GDP

5 Integrated Group strategy – C International health

Munich Health – Strict value orientation and selective growth approach

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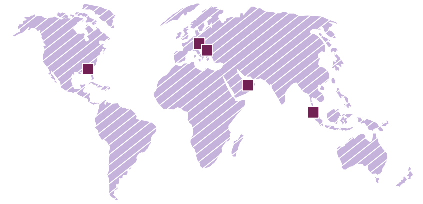
Portfolio management on a global scale



- **Premium volume**: €4.0bn in 2009 (€2.7bn in 2008)
- **Staff**: More than 5,000 health experts at 26 international locations
- **Presence**: Five regional hubs with local presence
- **Clients**: >7 million primary and over 400 reinsurance clients

Opportunities

- New brand and unified organisation for strong market positioning
- Competence profile provides competitive advantage
- Healthcare markets with continued attractive growth perspectives
- Leverage financial strength of Munich Re to meet customer demand from financial crisis and Solvency II

Challenges

- Challenging economic environment
- Ongoing consolidation in parts of the existing portfolio
- Currently limited opportunities and risk appetite for M&A deals
- Uncertainty about US health care regulation[1]

Building a customer-centric organisation developing operational excellence

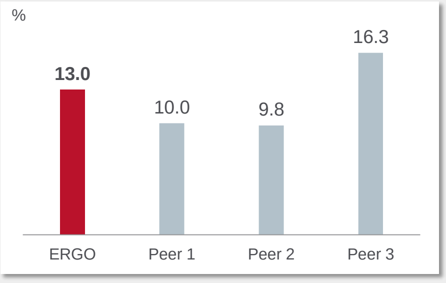
[1] Substantially affecting Sterling.

5 Integrated Group strategy – D ERGO

Implementing new ERGO brand strategy and increasing competitiveness in life

Munich RE ERGO

RoE: Compared with selected peers, solid performance of ERGO 2005–2009[1]



- P-C business contributes strongly to the overall performance
  - Value-generating business mix
  - Combined ratio below market average
- Life business in Germany a challenge for many

New ERGO branding strategy: One brand per line of business

- Building a powerful new brand – further strengthening our sales power
- Make the new brand a source of increasing motivation for sales partners, tied agents and employees

Life: Focus points for increasing competitive strength

- Concentrate new business in one stronger risk carrier to foster competitiveness ...
- ...on the basis of
  - products attractive to policyholders and shareholders alike
  - sound financials (incl. policyholder surplus)
- Further optimisation of back book ALM – significant reduction of shareholders' risk

[1] Comparison of ERGO RoE with selected peers (average 2005-2009). Peers: Allianz, Axa, Zurich Financial Services; RoE 2009 not yet publicly available for Generali. Source: Bloomberg, reported figures for ERGO and for Axa RoE 2009.

5 Integrated Group strategy – E ERGO international

Continue sustainable growth and take opportunities to tap new markets

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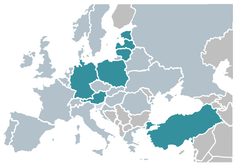
ERGO

ERGO in Europe



- Market position among TOP 5 in either life or non-life
- Market presence

ERGO in Asia

- Market presence

Regions
- Presence in over 30 countries with focus on Europe and selected Asia
- Market-specific entry strategies

Products
- Major part of international activities in retail business
- Emphasis on P-C business
- Expertise in niche markets

Distribution
- Focus on agents and bancassurance as sales channels
- Capability to add sales channels, e.g. direct sales
- Building strong partnerships (HDFC, Unicredit)

Steering
- Technical and actuarial know-how as core competence
- Disciplined economic steering

International operations to continuously increase earnings contribution going forward – new business contributes nearly 50% to total ERGO new business

Summary and outlook

Munich Re to continue to place high emphasis on sustainable earnings

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Exploiting the strong 2009 position ...

Stringent execution of our long-term strategy in a challenging environment – we kept our promise

Strong earnings and attractive cash returns fully meeting financial targets

Long-term business development initiatives in all lines of business well underway

… for successful development in 2010

RoRaC: Ambitious target of 15% after tax over the cycle to stand

- Net income expectation above €2.0bn 1
- Combined ratio reinsurance P-C of 97% over the cycle 2
- Combined ratio primary insurance P-C below 95%
- RoI expected to be below 4%

Capital repatriation

- Attractive dividend of €1.1bn as a key part of our capital management strategy
- Further share buy-back as an option

1 This target remains achievable despite the claims burdens from the earthquake in Chile and Winter Storm Xynthia, although the further development of major losses in relation to the expected annual average will naturally be a significant factor. For 2011 we anticipate an increase in results.

2 Combined ratio of 97% over the cycle in 2010 with view to the earthquake in Chile and Winter Storm Xynthia over Europe only achievable if random large losses remain below expectation over the course of the year.

Agenda

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Stringent execution delivering sustainable earnings	Nikolaus von Bomhard
Risk management	**Joachim Oechslin**
Reinsurance	Torsten Jeworrek
Primary insurance	Torsten Oletzky

Overview on changes of risk profile 2009

Major developments at group level

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Effect on risk profile

Effect on risk profile	Property-casualty	Life and health	Market	Credit
Increase	Slight increase in Atlantic Hurricane exposures due to capacity shortages in July renewal		Careful re-risking in equities (equity backing ratio up to 2.8% from 1.7%)[1]	Careful re-risking through corporate bonds and sovereign debt in both insurance and reinsurance
Neutral		Solvency relief transactions add material premium volumes but little risk	Offsetting interest-rate position at group level maintained; Further de-risking of interest-rate risks at life primary carriers, long duration position in RI extended	Reduced concentration in financial sector bonds
Decrease	Sharp decline in Storm Europe exposures due to softening prices and more retrocession	Higher interest-rates reduce the impact of trend risks (e.g. mortality)	Further addressed inflation risk in reinsurance segment	

Continuity in terms of overall group risk profile

[1] Approximate composition of increase: Market appreciation (+0.6%), reduction of hedges (+0.3%), active exposure increase (+0.5%), other factors (–0.3%)

Overview on changes of risk profile 2009

Insurance risks

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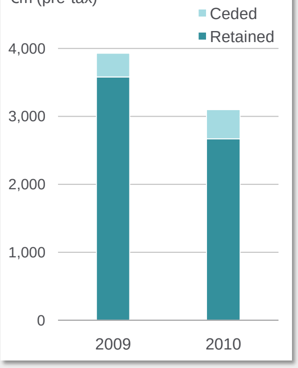
Storm Europe

AggVaR (return period 200 years)
€m (pre-tax)



Atlantic Hurricane

AggVaR (return period 200 years)
€m (pre-tax)

Highlights

Exposure for peak NatCat risk Storm Europe decreased on the back of a softening price cycle – available budgets considerably underutilised

Slight increase of Atlantic Hurricane, on the back of capacity shortage in July renewal – available budgets also underutilised

Cycle management at work

Overview on changes of risk profile 2009

Market and credit risks

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Risk category	Reinsurance segment	Primary insurance segment
Interest-rate/ inflation	▪ Long duration position extended: DV01[1] decreased to –€12.9m (2009) from –€7.1m (2008) ▪ Inflation linked bonds extended to ~€8bn (2009) from ~€6bn (2008). Inflation-correlated assets[2] now amount to some 30% of reinsurance liabilities	▪ Further reduction of duration gap in life carriers through lengthening of asset duration[3] and shorter liability duration driven by higher interest-rates (convexity) ▪ DV01 reduced to €6.1m (2009) from €11.9m (2008)
Equities	▪ Increase of exposures due to market appreciation and slight re-risking in P-C carriers	
Credit	▪ Considerable extension of credit exposures (~€5bn) as of Q1 2009 through corporate bonds, MBS, ABS and covered bonds ▪ Profits partially locked-in in Q4 2009[4]	▪ Extension of credit exposures through corporate and sovereign bonds

Consistent action across group on all risk categories

[1] Sensitivity to +1bp parallel shift of all interest-rate curves. [2] Inflation-linked bonds, equities, commodities, real estate.
[3] E.g. prolongation of bonds. [4] Continuation of profit-taking in Q1 2010.

Risk management at work

Balancing business enabling and risk mitigation/control

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Business enabling

- Solvency consulting – first signs of emerging business opportunities
- Business integration (e.g. HSB post merger integration)
- New product roll-out (e.g. variable annuities)
- Training (underwriting excellence)
- Pricing tools (market consistent pricing for credit risks)

Risk mitigation/control

- Risk assessment of large reinsurance transactions
- Identification of key risks in M&A processes
- De-risking of life primary insurance business continued (interest-rate risk)
- Refinement of counterparty risk limit framework in light of crisis
- Certification of internal risk model in context of Solvency II (pre-application phase)
- Strengthening of Internal Control System

Growing the business while minimising the risk of catastrophic losses

Risk disclosure 31.12.2009

Breakdown of Group required economic risk capital (ERC)

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Risk category[1]	Group		RI	PI	Div.	Explanation
Year end	2008	2009	2009	2009	2009	
€bn						
Property-casualty[2]	8.0	**7.6**	7.5	0.5	–0.4	Lower exposure in Storm Europe
Life and health	4.0	**3.7**	3.2	0.9	–0.4	Higher interest-rates reduce present value of trend risks
Market	5.4	**6.8**	4.0	5.3	–2.5	See separate slide
Credit[3]	2.7	**3.1**	2.4	0.7	0.0	Higher exposures in corporate bond investments and model refinements in order to mitigate potential pro-cyclical effects
Operational risk	1.4	**1.5**	1.3	0.5	–0.3	Separate quantification of scenarios for RI and PI
Simple sum	**21.5**	**22.7**	**18.4**	**7.9**	**–3.6**	
Diversification effect[4]	–5.0	**–5.3**	–4.9	–1.2	–	
Sum ERC	**16.5**	**17.4**	**13.5**	**6.7**	**–2.8**	Net of model changes, ERC up €0.4bn

Increase in ERC reflects the slight re-risking in market and credit risk

[1] Risk categories broadly based on refined "Fischer II" risk categories recommended for standardised industry disclosures.
[2] Contains credit insurance and reinsurance.
[3] Default and migration risk.
[4] The measured diversification effect depends on the risk categories considered and the explicit modelling of fungibility constraints.

Risk disclosure 31.12.2009

Breakdown of Group required ERC for market risk

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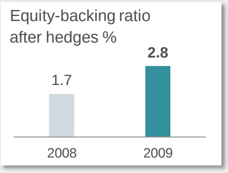
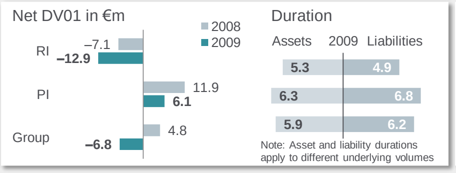
Risk category Year end	Group 2008	Group 2009	RI 2009	PI 2009	Div. 2009	Explanation
€bn						
Equity	2.4	3.8	2.1	1.7	0.0	Increase due to rising equity-backing ratio
Interest-rate	3.6	4.0	3.1	4.5	–3.6	Interest-rate risk now includes implied volatility risk; still offsetting positions in RI and PI segments
Credit spread		2.2	1.5	1.3	–0.6	Model refinement and separate disclosure of credit spread risk.
Real estate	1.5	1.8	1.0	0.8	0.0	Driven by MCEV model updates in primary insurance
Currency	2.3	2.3	2.2	0.1	0.0	No material change
Simple sum	9.8	14.1	9.9	8.4	–4.2	
Diversification	–4.4	–7.3	–5.9	–3.1	–	Diversification increased due to better balance between interest-rate and equity risk and separate presentation of credit spread risk
Sum ERC	5.4	6.8	4.0	5.3	–2.5	

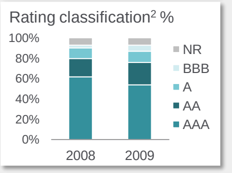
Equity



Interest-rate



Credit spread



[1] Includes volatility risk. [2] Fixed-income portfolio.

Risk disclosure 31.12.2009

Development of Group ERC in 2009

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Development of Group ERC equally driven by changes in risk profile (+€0.4bn) and model changes (+€0.5bn)

Risk disclosure 31.12.2009

Model changes

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Market risk and update of MCEV models (ERC impact +€0.8bn)

- Update of MCEV models in life primary insurance segment
- Introduction of implied volatility as risk factor (relevant for life primary insurance carriers)
- Reflection of spread risk in life primary insurance carriers
- Improved reflection of inflation risk in RI segment
- Refinement and in-sourcing of scenario generation

Model refinements announced in March 2009 analyst conference implemented

Other model changes (–€0.3bn)

- Property-casualty risk (–€0.1bn)
- Life and health risk (–€0.3bn)
- Credit risk (+€0.3bn)
- Operational risk (+€0.1bn)
- Diversification (–€0.3bn)

Marginal impact

Capital position 31.12.2009

Summary of economic capital disclosure

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Position as at 31 December 2009

€bn	Solvency II capital	Hybrid capital	31.12.2009	31.12.2008
Available financial resources (AFR)	28.4		**28.4**	24.6
Economic risk capital[1]	9.9	7.5	**17.4**	16.5
Economic capital buffer	6.2	4.8	**11.0**	8.1
Economic capital buffer after share buy-back and dividends[2]	4.5	4.8	**9.3**	7.0

Enhanced economic capital position driven by remarkable AFR increase

[1] Solvency II capital based on VaR 99.5%, Munich Re internal risk model based on 175% of Solvency II capital.
[2] After announced dividend for 2009 of €1.1bn to be paid in April 2010 and €0.6bn outstanding from 2009/10 share buy-back programme.

Capital position 31.12.2009

Reconciliation of AFR with IFRS equity – Economic equity now at €23.6bn

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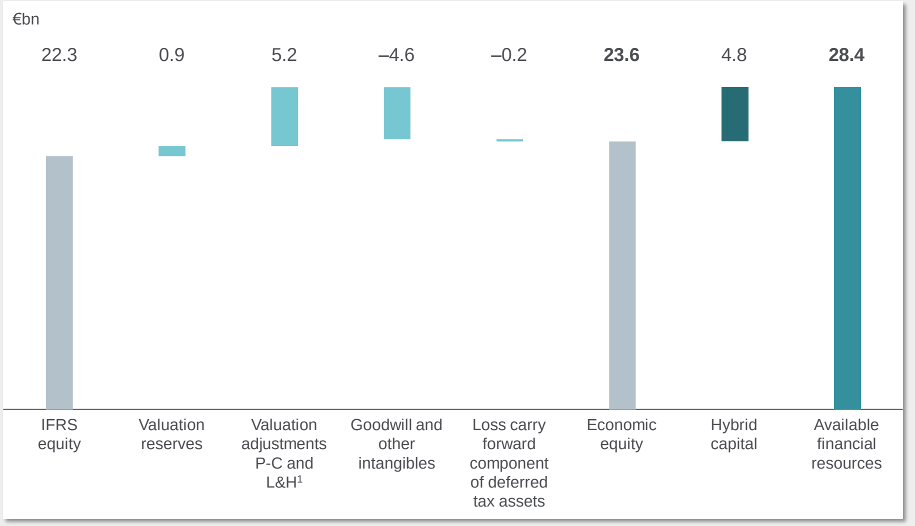

[1] Includes discount of reserves and embedded value not recognised in IFRS equity.

Capital position 31.12.2009

Available financial resources – Change and relation to economic earnings

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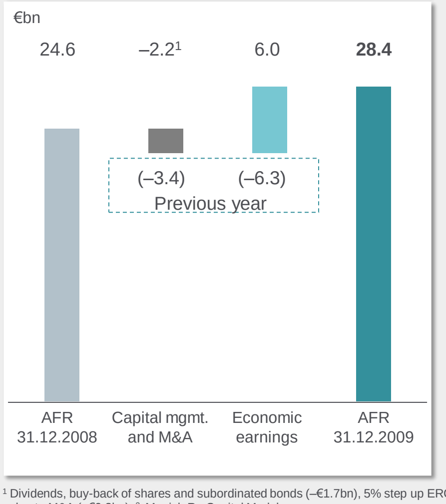
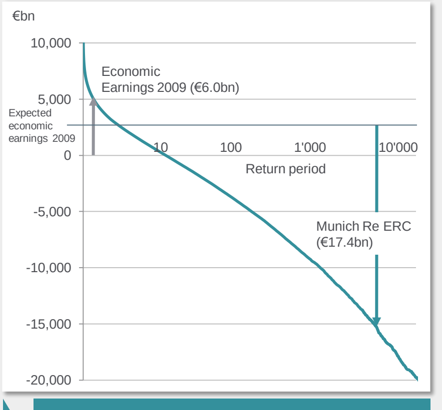
AFR development in 2009



Relation to probability distribution of MRCM[2]



Strong economic result in 2009

[1] Dividends, buy-back of shares and subordinated bonds (–€1.7bn), 5% step up ERGO (–€0.3bn) and higher goodwill/intangibles due to M&A (–€0.2bn). [2] Munich Re Capital Model.

Capital position 31.12.2009

Available financial resources – Components of change

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Risk category €bn	ERC 1.1.	ERC 31.12.	ΔAFR[1] 2009	Explanation
Equity	2.4	3.8	**+0.5**	EURO STOXX up 21%
Credit default	2.7	3.1	**0.0**	No material defaults
Interest-rate	3.6	4.4	**+2.1**	Yield curve increase, spread tightening, implied volatility decline
Currency	2.3	2.3	**+0.2**	Profits in CAD and GBP, losses in US$
All other effects			**+3.2**	Includes strong earnings in insurance business
Economic earnings			**+6.0**	

Note: This table is meant to illustrate how various risk factors have impacted the AFR in the course of the year 2009 (column ΔAFR), and compare this to the respective ERC, which gives an indication of what an extreme impact could have been.

Remarks

Market and credit risk
Positive impact of market developments on Munich Re's portfolio of market and credit risks

- Partly a reversal of 2008 economic losses (e.g. on yield curve increase, implied volatility decline)
- Partly gains on new positions (e.g. on credit risk)

Insurance risk
Strong technical results in core insurance business, in particular few losses through NatCat

Higher than expected economic earnings

[1] Rough estimates, after tax and policyholder participation.

Risk strategy 2010

Major cornerstones and changes to risk strategy – Portfolio criteria

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Portfolio criteria

Financial strength criteria

- Purpose: Maintain minimum financial strength through three sub-criteria (unchanged):
  - Maintain current Solvency 1 requirements
  - Maintain economic capital requirements corresponding to 175% x VaR 99.5%
  - Maintain a AA (or corresponding) rating

Financial distress criteria

- Purpose: Maintain reasonable earnings and capital buffer to protect financial strength over the year
- 10 year economic earnings-at-risk[1] for 2010 limited to €3.3bn, up from €3.0bn for 2009[2]
- Probability of negative economic earnings slightly higher than 10% as a result

Proven risk strategy – Modest modifications for 2010

[1] Change of AFR before capital management measures.
[2] €4.0bn for 2008.

Risk strategy 2010

Major cornerstones and changes to risk strategy – Supplementary criteria

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Supplementary criteria

Peak insurance exposures
(NatCat, pandemic, terror, longevity)
- Individual budgets tied to AFR
- Limit system allows capturing of opportunities in stressed markets

ALM exposures
(market and credit risk)
- Reinsurance: ERC limit at €7.9bn, up from €6.9bn for 2009. Increase partly reflects changes of risk model
- Primary insurance: Further reduction of interest-rate risk in life carriers, in line with new ERGO strategy
- Consistent Group-wide counterparty limits for corps., financials, countries and sectors

Liquidity risk
Considers four areas
- Expected cash flows
- Claims shock (€1bn within first 6 months, €2.4bn within 24 months)
- Margin/collateral calls based on 1,000-year event
- Shock lapses and accelerated demands on liquidity following a material downgrade

Proven risk strategy – modest modifications for 2010

[1] Change of AFR pre capital management measures.
[2] €4.0bn for 2008.

Risk strategy 2010

Investment strategy – Fixed-income securities

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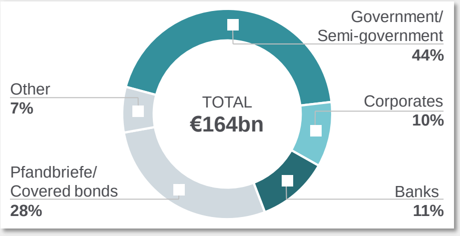
Fixed-income portfolio[1]



Duration – Careful lengthening

- Reinsurance: Longer duration to earn yield pick-up in a continuously steep interest-rate environment
- Life primary insurance: Continuation of proactive asset-liability management, in line with new ERGO strategy

Government bonds – Good diversification

Country	31.12.09	Comment
Germany	34%	Keep a well-diversified investment portfolio
US	15%	
Italy	**6%**	
Canada	6%	Maintain overweight in German bunds
UK	6%	
France	6%	
Austria	3%	Continue to hold digestible positions in weaker sovereign bonds
Greece	**3%**	
Spain	**3%**	
Ireland	**3%**	

Corporate bonds – Slight reduction

Reduction of exposure through sale and purchase of credit default swaps

Bank bonds – Still cautious view

Further reduction of financial institutions exposure

Keeping an eye on potential market disruptions …

[1] Incl. loans, parts of other securities, other investments and cash positions. Fair values. Economic view – not fully comparable with IFRS figures. As at 31 December 2009.

Risk strategy 2010

Investment strategy – Other asset classes

Munich RE

Asset class	Gradual re-risking anticipated in 2010	Overall

Equities	▪ Cautious increase with downside protection (out-of-the money puts)
	▪ Already partly realised
		▪ Maintain focus on underwriting risk, with investment risk being an important but not dominant element in the risk profile of Munich Re
		▪ Careful increase of risky assets partly to
		  ▪ provide for upside in case of rising yields and inflation
		  ▪ earn long-term risk premium

Alternative assets	▪ Increase in commodities ▪ Further enhance position in renewable energies through private and public equity and debt instruments	
Real estate	▪ Slight increase with focus on residential and prime commercial real estate in core Europe	

… while carefully re-risking in diversified asset classes

Regulatory developments

Implications of Solvency II for the insurance industry

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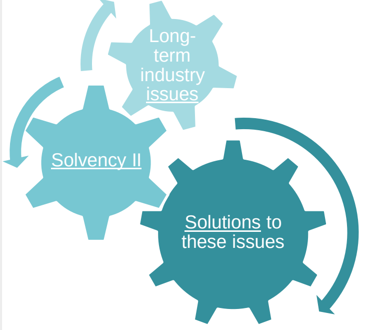
Solvency II acts as a catalyst …



… to resolve some old industry issues

Example: Primary life insurance
- Issue: Long-term guarantees and options often not properly priced and hedged
- Solvency II: Requires capital for mismatch; demonstrates where return is insufficient for risk taken
- Solution: Improving ALM, product design

Example: Reinsurance
- Issue: Reinsurance programmes not always optimal in terms of risk transfer
- Solvency II: Reinsurance matters for capital requirements
- Solution: Impact of reinsurance structures can be measured and optimised

Example: Investments
- Issue: Insufficient profitability of underwriting compensated by taking high investment risks
- Solvency II: Risk capacity places limit on this strategy
- Solution: Focusing on profitable underwriting

Solvency II brings more discipline to the industry

Regulatory developments

Solvency II – Current calibration issues

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Solvency II calibration process

- Capital requirements suggested by CEIOPS in 3 waves of consultations in 2009 are excessive
  - Increase of risk factors for market and credit risk expected, but not to this degree
  - Increase of risk factors for insurance risks and correlations unexpected and insufficiently motivated
  - Suggested calibration would lead to massive capital shortfall in insurance industry
- In Jan 2010, CEIOPS has adapted its view on market and credit risk factors substantially
- Further adaptations for insurance risks expected prior to finalisation of QIS5 specifications

Still high uncertainty in terms of Solvency II calibration, but signs of convergence visible

Analysis of uncertainty for Munich Re

Overstated capital requirements

Potential implications on MR balance-sheet …
- Limitations to capital management
- Limitations to business opportunities

–

…but:
- MR plans to apply internal model, not the standard formula
- Limitations may affect peers harder than MR

+

Potential business opportunities for MR…
- Need for risk transfer may rise stronger than expected

+

…but:
- Business opportunities based on temporarily over-calibrated capital requirements may not be sustainable

–

Munich Re in a position of relative strength even in a regime of excessive capital requirements – Nevertheless advocates a reasonable calibration

Key takeaways

Munich RE

Capital position further strengthened

Continuity in terms of risk profile – Cycle management at work

Risk model refined in light of crisis

Disciplined liability-driven business approach to be maintained

Well-prepared for Solvency II – Potential business opportunities emerging

Agenda

Munich RE

Stringent execution delivering sustainable earnings	Nikolaus von Bomhard
Risk management	Joachim Oechslin
Reinsurance	**Torsten Jeworrek**
Primary insurance	Torsten Oletzky

Reinsurance – Highlights 2009

Strong organic growth predominately in life and health – Good underwriting performance in non-life

Munich RE

Reinsurance

Strong top-line development through exploitation of market opportunities

Increase attributable to organic growth (€2.0bn incl. large solvency relief deals in life and health reinsurance) and first-time consolidation of recent acquisitions (€0.8bn)

Increase of segmental net result to €2.56bn[1]

Good technical result in non-life as well as in life and health; improved investment result[2] (based on significant disposal gains) contributing to increased net result

Non-life

Good underwriting performance in 2009

95.3% combined ratio given low NatCat losses more than compensating for recession-induced claims; strict portfolio and cycle management prevails

Life

Very satisfactory embedded value results

MCEV for reinsurance increased from €4,657m[3] to €6,773m in 2009 driven by an excellent value of new business (€562m) and favourable capital markets

[1] Segmental figures, before elimination of intra-Group transactions across segments. [2] Excluding ERGO dividend in 2008.
[3] After –€1,459m impact from restatement as at December 2008 due to refinement in methodology.

Reinsurance – Overview business model

Diversified business model allows for consistent cycle management and optimisation of risk capital allocation

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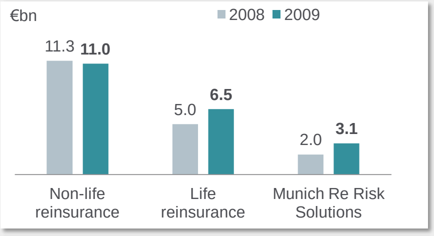
Net earned premium development[1]



Description of business model

- Within each business segment, Munich Re steers according to strict profitability targets in each phase of the cycle
- Seizing diversification benefits and asynchronous market cycles
- Allocation of risk capital according to relative risk-reward characteristics

Competitive advantages of Munich Re

1 Non-life reinsurance

- Strong capacity for efficient provision of standard solutions
- Know-how and appetite for complex risks
- Leveraging risk expertise from non-life reinsurance via Munich Re Risk Solutions (MRRS)
- Realisation of synergies between MRRS units and traditional reinsurance activities

2 Advanced steering

- Technical excellence
- More granular data set based on size and scope of liability portfolio

3 Life reinsurance

- Biometric excellence and international presence
- In-depth consulting services beyond traditional reinsurance (know-how transfer)

4 Sharpened positioning

- Munich Re well prepared for challenges and opportunities

[1] Management view, not comparable with IFRS reporting. Life reinsurance does excl. health business: ~€2.8bn in 2009 (~€1.8bn). Munich Re Risk Solutions (MRRS) includes specialised B2B primary insurance solutions out of reinsurance. Figures for acquired companies only included since consolidation: Midland as from April 2008, Roanoke as from May 2008 and HSB as from April 2009.

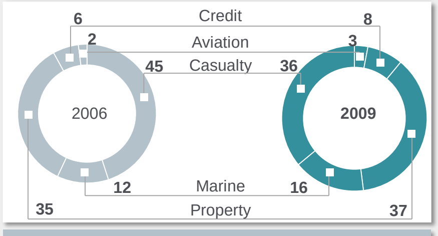
Non-life reinsurance

Portfolio development demonstrates strict portfolio management and stable underwriting results

Munich RE

1 Non-life reinsurance

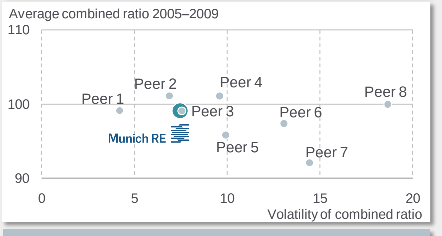
Portfolio development: Treaty business[1]



Comment

- Reallocation of capacities to short-tail lines taking advantage of better risk-reward characteristics thereby continuously improving the portfolio quality
- Casualty business reduced significantly given the lower attractiveness of prices and terms
- Share of non-proportional business increased from 23% (2006) to 27% (2009) by taking opportunities in pricing

Combined ratio and volatility (2005–2009)[2]



Comment

- Munich Re's average combined ratio impacted by peak catastrophe year 2005 (KRW); however in 3 out of 5 years the combined ratio was below the over-the-cycle target of 97%
- Comparatively low volatility of combined ratio due to superior portfolio diversification resulting in high predictability of earnings

[1] Management view, not comparable with IFRS reporting. Treaty business amounts to 86% of Munich Re's non-life portfolio; remainder 14% facultative business. [2] Source: Company reports. Peer group include Everest Re, Hannover Re, Odyssey Re, Partner Re, Scor, Swiss Re, Transatlantic Re and XL Capital. Munich Re's combined ratio incl. all components of losses and expenses. Volatility measured by standard deviation.

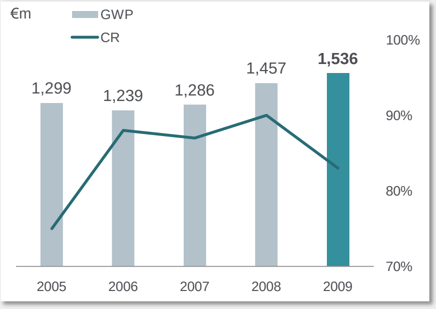
Non-life reinsurance

Considerable appetite for engineering risks as a competitive advantage has been crafted over decades

Munich RE

1 **Non-life reinsurance** – Underwriting complex short-tail risks

Engineering – Business development[1]



Portfolio management

Share of engineering business in non-life portfolio	
2005	**2009**
8.9 %	**10.4 %**

Engineering – Success factors

Engineering business is characterised by expertise-based high entry barriers

Unique value generation model for reinsurance clients ranging from underwriting to pricing tools and high-end client seminars

Effective combination of risk transfer solutions with engineering services (e.g. risk inspection, loss prevention) for corporate clients

Clear competitive advantage and limited competition resulting in superior margins

[1] Fiscal year view including MRRS.

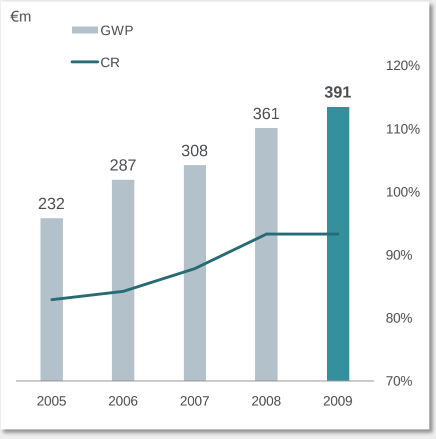
Non-life reinsurance

Profitable underwriting of complex casualty risks based on best-in-class know-how

Munich RE

1 **Non-life reinsurance** – Underwriting complex long-tail risks

High-severity casualty – Business development[1]



High-severity casualty – Success factors

Segment

- Major classes written are:
  - Industrial liability (incl. pharma)
  - Environmental impairment liability
  - US medical malpractice
  - Financial lines
- Predominantly proportional participations in clients' high excess business
- Amplitude of cycle comparatively low
- Expertise-driven high entry barriers

Cedents

- Highly professional first tier primary insurers
- Superior underwriting and pricing skills

Quality assurance

- Regular audits of cedents books
- Tight internal control and monitoring system

[1] Management view, not comparable with IFRS reporting. Fiscal year view.

Non-life reinsurance

Munich Re Risk Solutions enlarges the playing field for the Group

Munich RE

1 Munich Re Risk Solutions – Selected milestones – Strategic rational

1997	1998	1999	2007	2008	2009
Watkins	MARP[1]	GAUM[1]	MSP	Midland, Roanoke	HSB[1]

Acquisition
Foundation/organic development

Strategic cornerstones

- Munich Re applies its expertise to selected, highly profitable risk segments and exploits trends via specialised distribution channels to access niche businesses within the primary insurance market
- Seizing independent growth potentials based on a broader scope of business
- Effective global network of risk carriers ("fronters"), e.g. Great Lakes in UK or Temple Insurance in Canada
- Rigorous application of specifically adapted monitoring and controlling processes

Munich Re Risk Solutions detaches Munich Re from the cycle in traditional reinsurance business

[1] MARP: Munich-American RiskPartners; GAUM: Global Aerospace Underwriting Managers (Munich Re has an equity share of 40% and underwrites 45% of the business); HSB: Hartford Steam Boiler.

Non-life reinsurance

Munich Re Risk Solutions units leverage existing expertise and skills of Munich Re

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1 Munich Re Risk Solutions – Risk profile of selected entities

	Core risks underwritten	Strategic fit
HSB	**Equipment breakdown insurance** (e.g. property damage, business interruption, spoilage losses)	▪ Complements Munich Re's traditional strength in engineering ▪ Top-line synergies - international roll-out of HSB's business model
Midland	**Specialty commercial insurance covers** (e.g. physical damage to rental dwellings or inventory)	▪ Distribution channel for US specialty business and enabling access to additional client segments (e.g. via banks)
Watkins/ Roanoke	**Marine insurance covers** (e.g. cargo, offshore energy, marine liability)	▪ Enlarges Munich Re's scope in marine business due to optimal access to risks
GAUM	**Aviation** (e.g. aviation hull, liabilities to passengers and third parties, aviation products liability)	▪ Expansion into profitable primary insurance niches ▪ Improved access to US general aviation primary insurance market

Non-life reinsurance

Segment characterised by strong organic and M&A-driven growth

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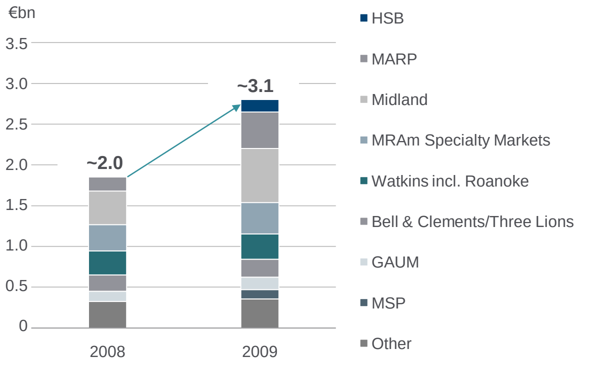
1 **Munich Re Risk Solutions** – Business development – Split by earned premiums[1]



- MARP grew strongly (premiums up 27%) by seizing market opportunities especially in engineering business
- Midland was particularly successful in mortgage fire with premium growth >20%
- Good profitability: Combined ratio ~90%

Earnings contribution expected to continuously increase going forward

[1] Management view, not comparable with IFRS reporting. Figures for acquired companies only included since consolidation: Midland as from April 2008, Roanoke as from May 2008 and HSB as from April 2009. MRAm Specialty Markets: Munich Re America Specialty Markets.

Non-life reinsurance

Integration of HSB nears completion while sustaining track record of strong performance

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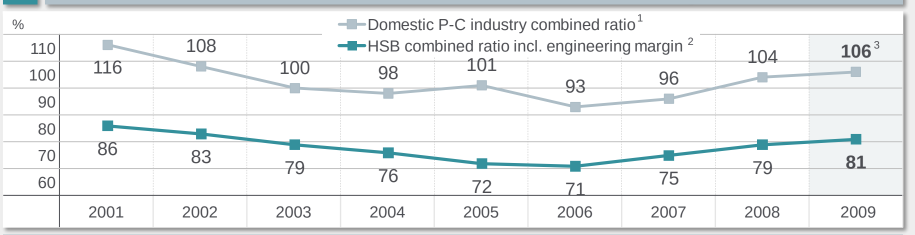
1 **Munich Re Risk Solutions** – HSB combined ratio and P-C industry



Financial highlights in 2009

- HSB continues its track record of significantly outperforming the industry
- Gross premiums written of €458m (Q2–Q4 2009) slightly above business plan estimates
- Engineering services achieved €122m in revenues (Q2–Q4 2009) with a stable profit of €14m
- Successful de-risking of HSB's investment portfolio in order to meet Munich Re Group risk standards and HSB's business characteristics
- Return on purchase price ~25.0%[4] based on pre tax profit US$ 187m and final purchase price US$ 748m
- RoE 18%[4]
- Significant synergies already captured, driven by successful cross-selling activities in the US and Canada

[1] Source: A.M. Best. [2] Management view, not comparable with IFRS reporting. Combined ratios for HSB as per local GAAP.
[3] Munich Re internal estimate. [4] Calculated on US$ basis for 12-month 2009 HSB financials, return on purchase price pre-tax.

Advanced steering

Advanced steering and underwriting capabilities are based on several competitive advantages in "production"

Munich RE

2 Advanced steering – Pricing

Price for reinsurance cover is composed of several components

Components of combined ratio

Price > **Profit loading** (15% RORAC) + **Admin. costs** + **Expected loss** + **Deductions**

Competitive advantages of Munich Re

Profit loading
- High degree of diversification due to regional and LoB mix
- Efficient capital management

Admin. costs
- Effective cost structure – reflecting business model and positioning as premium reinsurer

Expected loss

Superior pricing quality due to:
- Skills/people
- Broad corporate knowledge – globally and market specific

Deductions
- Ability to negotiate differential terms due to strong market position, quality of offering and conditional selling

Main profitability driver (see next slide)

Advanced steering

Granularity of global data base and expertise level are critical success factors

Munich RE

2 Advanced steering – Expected loss estimation

Estimation of expected loss

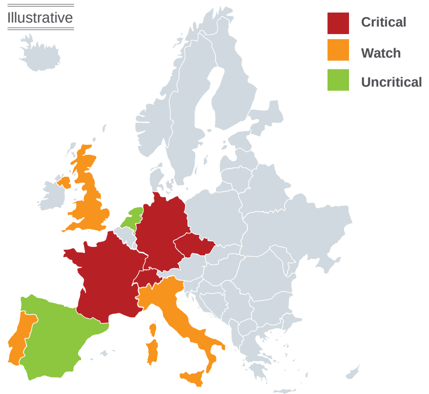
Influence factors	Munich Re success factors
▪ Claims inflation (e.g. medical costs, cost of care)	▪ High data granularity due to large risk portfolio ▪ Specialist know-how ▪ Continuous trend assessments by lines of business and markets
▪ Rising economic inflation and interest-rates	▪ Effective ALM ▪ Underwriting features to manage risk of change ▪ Pricing tools
▪ Economic climate (e.g. recession)	▪ In-house modelling expertise and continuous determination of risk appetite in line with market conditions (e.g. FI/credit)
▪ Large and complex risks ("portfolio outliers")	▪ Large pool of specialist risk and UW expertise ▪ Claims data-base ▪ Sophisticated risk assessment tools
▪ Transparency of risk and exposure ▪ Monitoring of performance ▪ Quality assurance of pricing	▪ Coherent systems landscape developed on basis of superior in-house expertise

Advanced steering

Qualitative steering based on efficient resource endowment complements quantitative steering

Munich RE

2 Advanced steering – Claims inflation analysis for bodily injury business



Claims inflation differs by loss driver (sample market)

	Cost of care	Medical treatment	Loss of earnings	Pain and suffering	Others
Share in total loss	25%	9%	34%	18%	14%
Claims inflation	14%	8%	2%	10%	–

Development of individual loss drivers is highly dependent on idiosyncratic market trends

Munich Re closely assesses development of loss drivers based on specialist know-how, tools, scale and composition of portfolio

Munich Re is able to compile high-quality data analyses resulting in more adequate pricing and definition of risk appetite

Life reinsurance

Portfolio composition in life reinsurance

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3 Life reinsurance – Portfolio split by regions and products

Net earned premiums 2009

- Overall premium volume rose to €6.5bn (€5.0bn) owing to conclusion of several solvency relief deals[1]
- North America and Asia are main areas for future growth
- Mortality risks remain dominant for top-line while mortality portfolio successfully complemented and diversified by living benefits covers

VANB 2009

- Very strong VANB growth in 2009 to €562m (€356m) driven by favourable capital markets and exploitation of market opportunities, probably not repeatable in 2010
- Cautious approach to longevity covers as reflected by insignificant VANB

[1] Solvency relief deals are partly attributable to health reinsurance.
Management view, not comparable with IFRS reporting.

Life reinsurance

Munich Re has closely aligned its products and service offering to the demand patterns of its clients

Munich RE

3 Life reinsurance – Strategic positioning

Primary insurance demand pattern	Need for support in underwriting and product development	Importance of asset-liability mismatch risk has strongly increased	Treatment of asset risk under Solvency II might sustain recently increased demand for capital relief transactions
Customised solution space	Transfer of know-how/Traditional solutions	Holistic asset-liability solutions	Capital relief transactions

Munich Re's competitive advantage

- **Global product expertise**
- **Balance sheet and capital management know-how**
- **Biometric excellence**
- **Capital strength**

Focus initiatives (selected examples)

- **A** **Market development strategy Asia**
- **B** **Asset protection**

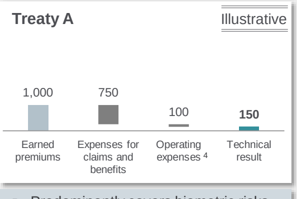
Life reinsurance

Different treaty structures with different impact on P&L – Munich Re steers according to economic value creation

Munich RE

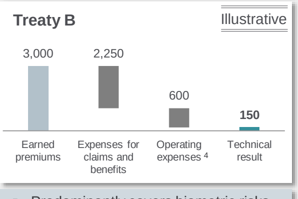
3 Life reinsurance – IFRS vs. MCEV

IFRS P&L: Standard risk premium business without profit sharing[1]



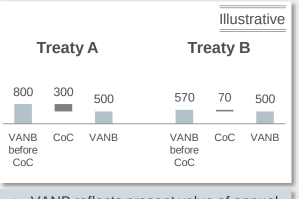
- Predominantly covers biometric risks
- Low-margin business, but profit not to be shared with client
- Relatively high technical profit margin (as % of lower earned premiums)
- High risk capital requirements (relative to earned premiums) due to absence of buffer function provided by profit-sharing mechanism

IFRS P&L: Solvency relief business with profit sharing[2]



- Predominantly covers biometric risks
- High-margin business, but profit to be shared with client as per agreement
- Relatively low technical profit margin (as % of higher earned premiums)
- Low risk capital requirements (relative to earned premiums) due to buffer function provided by profit-sharing mechanism

MCEV can lead to largely identical economic value contribution[3]



- VANB reflects present value of annual result contributions
- VANB considers inherent business risk via cost of capital
- Potentially similar economic value creation despite completely different transaction structure

P&L impact dependent on particular structure of transaction – Economic value creation most appropriately reflected in MCEV metrics

[1] Quota share treaty without profit sharing; portfolio duration assumed to be 8 years.
[2] Quota share treaty with profit sharing; portfolio duration assumed to be 5 years.
[3] Present value of annual regulatory earnings after cost of capital. [4] Incl. commissions and profit commissions.

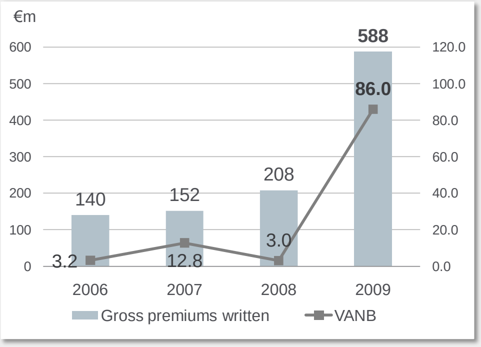
Life reinsurance

Growth fostered by transfer of global know-how into local markets

Munich RE

3 **Life reinsurance –** **A** Market development strategy Asia

Life reinsurance Asia – Business development[1]



Approach

- Offering in-depth consulting services beyond traditional reinsurance support to help Munich Re clients solve their most critical issues (e.g. product development, processes optimisation)

Munich Re's competitive advantage

- Broad hands-on experience from mature markets
- Team of local actuaries and medical doctors with excellent knowledge of local markets
- Proven ability to transform experience into value-adding practical solutions

Know-how-transfer-based transactions are the key driver of portfolio growth in Asia

[1] Management view, not comparable with IFRS reporting. Growth in written premium heavily influenced by financially motivated transactions. VANB calculated in accordance with EEV in 2006–2008 and MCEV since 2009. Growth mainly driven by know-how-transfer-based deals.

Life reinsurance

Primary life insurers expected to have significant Solvency-II-induced demand for asset protection

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3 **Life reinsurance –** **B** Solvency-II-induced changes

Solvency II will trigger additional capital requirements for the investment risk

Primary insurers might be forced to reduce investment risk in order to meet solvency requirements

Negative impact on return on equity and investment result for policyholders

Customised reinsurance solutions can mitigate negative impact

Coverage of interest-rate risk

Transfer of equity risk

- Competitive advantage compared to investment banks as downside risk can be transferred via portfolio specific reinsurance treaties spanning asset and liability side
- Primary insurance clients keep upside potential and reduce capital requirements
- Munich Re transfers the assumed asset risks to capital markets via its hedging platform
- Well positioned to benefit from expected demand without increasing own asset exposure

Sharpened positioning

Munich Re offering value propositions adapted to differing demand patterns of major client segments

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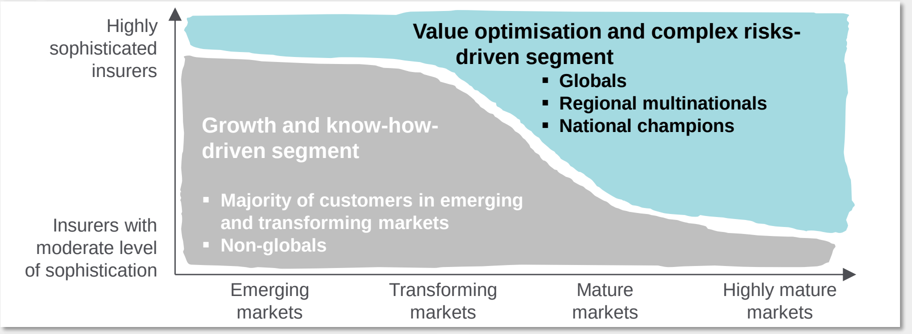
4 **Sharpened positioning** – Suitable value propositions



Growth and know-how	Value optimisation and complex risks
Reinsurance demand mainly characterised by: ▪ Risk-driven services (e.g. underwriting tools) ▪ Product development support ▪ Facultative service and support	Reinsurance demand mainly characterised by: ▪ Capital management know-how ▪ Expertise and appetite for complex risk

Overview

Key takeaways

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Reinsurance segment

Best-in-class underwriting capabilities and profound risk know-how supporting customized client solutions and allowing for differentiation in the competitive landscape

Munich Re Risk Solutions leverages Munich Re's risk expertise and enables detachment from the cycle in the traditional reinsurance business facilitating higher earnings stability

Munich Re's diversified reinsurance business allows for flexible allocation of risk capital to the most attractive segments while active portfolio and cycle management prevails

Agenda

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Stringent execution delivering sustainable earnings	Nikolaus von Bomhard
Risk management	Joachim Oechslin
Reinsurance	Torsten Jeworrek
Primary insurance	**Torsten Oletzky**

Primary insurance – Highlights 2009

Continued turnaround in a difficult market environment

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Primary insurance

Good top-line growth
Gross premiums written increase in property-casualty, life and health by 3% in total due to first-time consolidations (BACAV, Daum) and organic growth while FX effects have a burdening impact

Significantly improved net result
Financial turnaround continued in Q4, consolidated result of €375m in 2009 significantly better than in 2008 (€156m) – ERGO result of €173m (2009) vs. €73m (2008)

Property-casualty

Favourable combined ratio of 93.1% and significantly increased contribution to Group result of €263m (+73%) as strong earnings in Germany over-compensate FX-driven lower premiums and higher claims abroad

Life

Despite a premium development reflecting the financial crisis as well as a stringent focus on economic profitability and write-downs on hedging instruments primary life achieves a net result of €30m (–€12m)

Health

Rising premiums based on business expansion abroad and a substantially increased investment result support increase in net earnings of €82m (€16m)

Primary insurance – Strategy

ERGO strategy: Uphold key priorities and supplement them with additional components

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Primary insurance – Achieve greater sales performance

Strengthen ERGO's sales organisations

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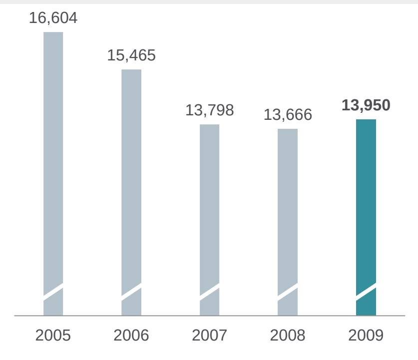
Development of self-employed tied agents plus employed sales force



Highlights

- Reduction partly consequence of restructuring targeted on increasing productivity
- Market as a whole lost agents due to stricter regulation
- Turnaround achieved: 2009 expansion in almost all important tied agent sales organisations within ERGO Group
- Introduction of new agency models: Fostering trend towards larger units
- Integration of broker organisation successful – new business growth in broker channel of 22.4% in 2009

Sales organisations – Trend has been reversed

Primary insurance – Expenses

Good progress in reducing costs

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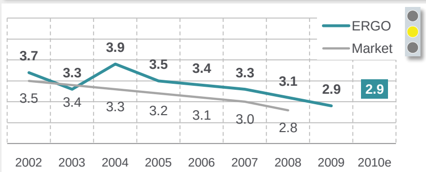
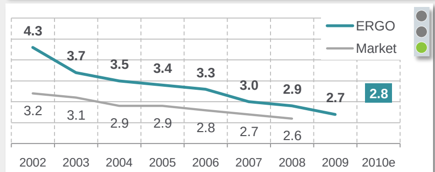
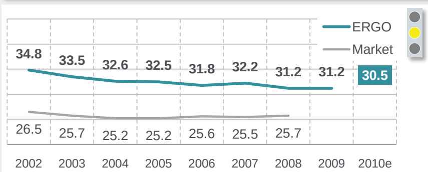
Administrative expense ratio – Life[1]



Administrative expense ratio – Health[1]



Operating expense ratio – Non-life[1]



- Reduction in FTEs of 1,800 by year-end 2010 is already secured
- Successful cost reduction in life insurance – partly offset by lagging premium development
- Health target will most likely be overachieved
- Non-life progress somewhat burdened by decreasing motor premiums

Consistent reduction of expense ratios – even in a low-growth environment

[1] Germany, gross figures German GAAP (HGB).

Primary insurance – German life

Strict economic steering principle for life insurance

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Steering concept

Back-book: MCEV

- MCEV clearly dominated by pre-2004 business: almost 90% of technical reserves
- Over 95% traditional with-profit business with guarantees
- Profitability for the back-book more or less locked in – levers are
  - Manage lapses
  - Reduce administrative expenses
  - Increase investment income
  - Manage fair value of options and guarantees
- Back-book main driver for IFRS profit
- Reduction of bonus rates

New business: VANB

Management initiatives to improve new business

1. Product mix – reduce dependence on guarantee contracts by increasing
   - Investment-type business
   - Corporate pensions business
   - Occupational disability business
2. Decrease expenses
   - Increase cost loadings
   - Reduce first-year lapses
   - Make better use of fixed costs
3. Focus on one balance-sheet with stronger financials (shareholder equity and policyholder capital) – Stop writing new business into Victoria Life

Primary insurance – German life

Making the back-book more profitable and secure

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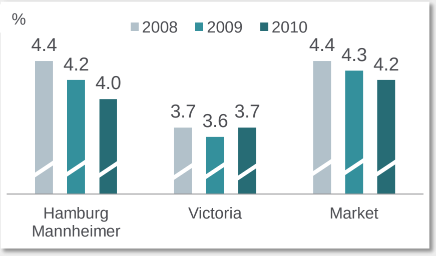
Levers to increase profit margins

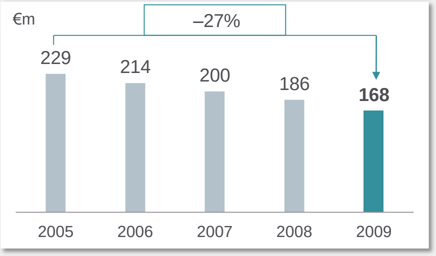
Policyholder participation

Administration expenses

Conservative bonus policy



Decreasing administration expenses[1]



Focus on sustainable bonus rates – Success on cost side clearly visible

[1] Local GAAP.

Primary insurance – German life

ALM of the back-book – Managing duration and convexity

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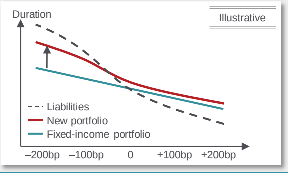
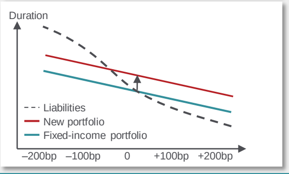
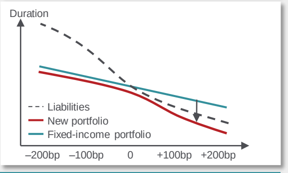
	Convexity in falling interest-rates – Servicing guarantees	Managing duration risk	Convexity in rising interest-rates – Managing lapse risk
			
LIABILITIES	Reduce policyholder bonus rates	Keep policyholder bonus rates stable	Increase policyholder bonus rates
ASSETS	Purchase interest-rate receiver swaptions to receive coupons above guarantee level in a low interest environment	Reduce asset-liability mismatch by increasing asset duration (buying long-term bonds)	By investing in floored CMS floater purchasing additional income to retain new business

ERGO takes comprehensive measures to efficiently manage the back-book – Priority on protecting the balance-sheet

Primary insurance – German life

New business focused on increasing profitability

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Germany

€m	Total	Regular premiums	Single premiums	APE[1]
Q1–4 2008	1,445	464	981	563
Q1–4 2009	**1,600**	**340**	**1,260**	**466**
Δ	**10.7%**	–26.7%	28.4%	–17.1%

New business trends

- Market-wide decline of regular premiums and growth of single premiums
- Single premiums particularly influenced by
  - Customer behaviour
  - Capital market/economic environment
  - Profit participation

Prudent underwriting guidelines

- Only moderate growth in single premiums in 2009 compared to market
- Drivers are annuities but also large capitalisation contracts
- Achieving more growth would have been possible – but only at the expense of profitability
- Illustrative list of offers declined in 2009:
  - Broker 4 x €20m
  - Bank 4 x €20m
  - Broker €60m
  - Broker 5 x €10m
  - Broker €20m
  - Insurance consortium €160m
- Economic steering well established in ERGO's underwriting guidelines

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

Primary insurance – German life

Growth trend for investment-type products – but adverse market conditions in 2009

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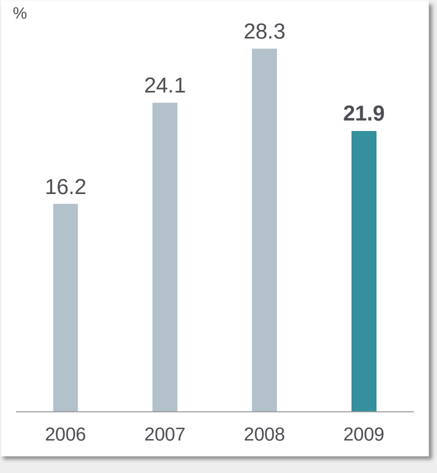
Share of investment-type products (new business)[1]



Management activities

- Investment-type products
  - Economic environment 2009 not favourable for investment-type products
  - 30% share of new business target still valid
- Stable new business in corporate pensions; no unprofitable large single premium business written
- New opportunities from ERGO brand strategy in Germany: ERGO Life with stronger financials (shareholders' equity and policyholder capital) than market average
- First-year lapses down after sales quality initiative

[1] APE ERGO Life Germany, excl. ERGO Direct.

Primary insurance – German health business

Health market changes due to challenges in the social security system

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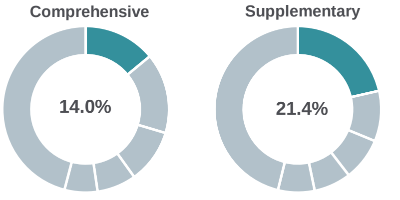
A High market shares[1] …



B a unique position in health sector …

- Innovative approach with the refinement of Think Healthcare!® strategy
- Control over superior healthcare structures

almeda goDentis goMedus miCura

C and a better political environment …

- Health reform environment still demanding
- New government discussing potential changes
  - Three-year waiting period expected to be omitted
  - Initiative to improve funded long term care insurance (individually funded instead of pay-as-you-go)

D should offer opportunities

- State-of-the-art product portfolio in comprehensive insurance
- Sharpen product portfolio and concentrate on best tariffs after merger of DKV and Victoria Health
- Invest in even better claims management skills to reign in increasing healthcare costs and dampen rate increases

Safeguard sustainability of the business model and resume stronger growth

[1] Based on gross premiums written, direct business

Primary insurance – German property-casualty business

Further growth potential in property-casualty

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Gross premiums written: Attractive business mix in property-casualty[1]

€m	2006	2007	2008	**2009**	**Market share 2008 %**
Personal accident	722	727	728	**750**	**11.0**
Motor	657	619	611	**591**	**3.0**
Fire/Property	468	490	520	**534**	**4.0**
Liability	435	448	457	**464**	**5.8**
Legal expenses	433	440	440	**428**	**13.1**
Others	189	187	194	**205**	**2.7**
Total	**2,904**	**2,911**	**2,950**	**2,971**	**~5.0**

Highly profitable business model with further growth potential

ERGO is overweight in lines of business with structurally higher profitability

Number 5 in Germany with a market share of ~5%

Expansion in profitable commercial and industrial business

[1] Local GAAP, excl. direct business.

Primary insurance – German property-casualty business

Excellent combined ratios

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Combined ratios: Mostly better than the market

%	ERGO 2006	ERGO 2007	ERGO 2008	ERGO 2009	Market 2006	Market 2007	Market 2008	Market 2009
Personal accident	81.2	75.5	74.1	**70.9**	85.4	81.7	81.8	**n.a.**
Motor	96.2	98.9	100.6	**105.1**	95.7	98.4	101.9	**n.a.**
Fire/Property	87.4	104.1	94.0	**90.1**	88.3	101.9	92.5	**n.a.**
Liability	87.7	88.3	87.1	**88.4**	87.5	90.2	89.5	**n.a.**
Legal expenses	99.5	96.4	92.2	**92.5**	99.1	97.4	94.2	**n.a.**
Others	93.9	91.1	89.3	**91.1**	84.8	86.6	85.3	**n.a.**
Total	**90.1**	**91.4**	**88.8**	**88.4**	**90.6**	**94.6**	**93.5**	**n.a.**

Focus on profitable business

- Ratio consistently below over-the-cycle target of 95% (seven years in a row)
- Ongoing cost reduction efforts start paying off

- Consistent steering of sales forces
- Superior underwriting and risk assessment
- Excellence in claims management

[1] Gross combined ratios, local GAAP, excl. direct business.

Primary insurance – Direct sales

Direct insurance with new brand and ambitious plans

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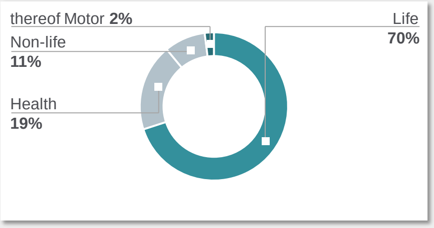
KarstadtQuelle Insurance very successful

- Germany's most popular direct insurer – more than four million customers and GWP of more than €1bn
- Market leader in personalised direct insurance
- Excellent position in 45+ target group – ample scope for growth
- Successful customer retention and cross-selling strategy

Business mix 2009 – Total premiums



Rebranding necessary step for return to stronger growth

- Tap into additional target groups: Young – Affluent – Demanding
- Focus on USP "easy, fair and self-explanatory products"
- Add "pull" to "push" sales concept
- Extending cooperation with
  - Statutory health insurance schemes
  - Banks
  - Other financial services providers

Primary insurance – International business

Continue to grow and open up new international markets – Examples

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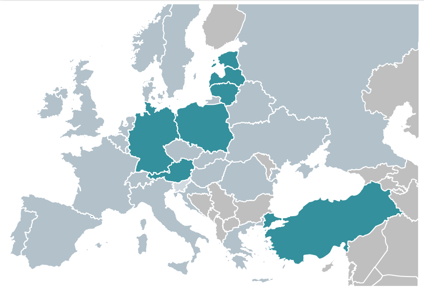
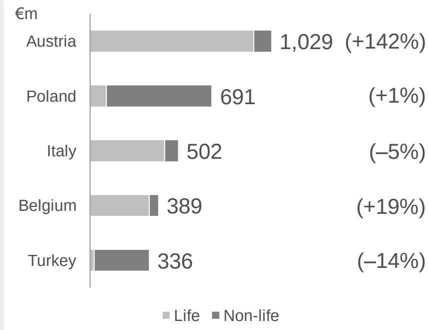
Details on Europe



Total premiums[1]



Overall good development – mitigated by economic crisis, FX effects and goodwill impairments

[1] As at 31.12.2009 (percentaged change vs. 2008) in local GAAP, excluding Munich Health.

Primary insurance – International business

Continue to grow and open up new international markets

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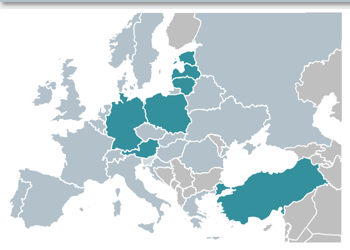
ERGO in Europe



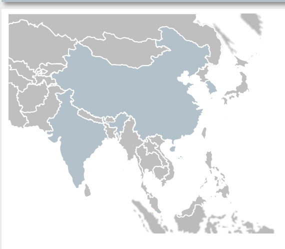
Expansion and additional partners in bank assurance

UniCredit
Bank DnB NORD
PIRAEUS BANK

- **Austria:** Number 3 in life; market share 13.2%
- Integration of back offices
- BACAV with good organic growth in 2009: Premiums +24.9% New business APE +41.1%

- **Poland :** Number 2 in non-life; market share 10.7%
- ERGO Hestia grew 20.1% in 2009 – but adverse FX effects
- MTU brand for cooperation with Polish post

ERGO in Asia



- Excellent development of HDFC ERGO
- GWP growth of 182.6% in 2009
- Now number 5 among private non-life insurers
- Partnership with HDFC bank

HDFC

All data in local GAAP and local currency.

Primary insurance – New brand strategy

ERGO brand to be introduced in German market

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Four main reasons for switch towards ERGO brand in Germany

- Changing customer behaviour – give customers switching between sales channels access to ERGO under one common brand
- KQV brand tarnished by Arcandor insolvency
- Life insurance improvements – competitiveness as well as profitability
- Brand awareness – achieve economies of scale in marketing spending

ERGO 2010

Direct	Life	P-C[1]	International	Health	Travel
ERGO Direkt Versicherungen	ERGO	ERGO DAS (legal expenses)	ERGO DAS (legal expenses)	DKV	ERV

Goal: To attract additional customers and foster growth

[1] Including legal expenses (D.A.S.).

Primary insurance – New brand strategy

Next steps under consideration for 2010 for the implementation process in Germany

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Life	Renaming of Hamburg-Mannheimer	HAMBURG MANNHEIMER	ERGO
	Switch new business from Victoria to ERGO	VICTORIA	ERGO
Health	Merger of Victoria into DKV	VICTORIA	DKV
P-C	Merger of Victoria, D.A.S. and Hamburg-Mannheimer into ERGO	VICTORIA DAS HAMBURG MANNHEIMER	ERGO
Legal	Merger of Hamburg-Mannheimer into D.A.S.	HAMBURG MANNHEIMER	DAS

Primary insurance – New brand strategy

Challenges for next months

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Germany

- Define value proposition of the ERGO brand
- Develop marketing campaign for ERGO
- Position ERGO as an attractive employer
- Changeover to new ERGO brand for more than 11,000 full-time tied agents and sales people
- Implementation of planned changes for the second half of the year

International business

Change double-branding in Poland and Turkey to pure ERGO brand

Initiate rebranding of Victoria companies in Portugal and Greece

Fine-tune branding strategy for cooperation partner companies

Primary insurance – New brand strategy

ERGO gets visible

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Primary insurance – Conclusion

ERGO well positioned

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Progress in existing initiatives and strategic move on brand

Sustainable contribution from financial turnaround expected in 2010

RoE ambition of 12–15% for 2012 confirmed

Appendix: Shareholder information

Financial calendar

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FINANCIAL CALENDAR	
24 March 2010	Morgan Stanley "European Financials Conference", London
28 April 2010	Annual General Meeting
29 April 2010	Dividend payment
18–19 May 2010	Credit Suisse "Global Insurance Conference", New York
21 May 2010	Deutsche Bank "German & Austrian Corporate Conference", Frankfurt am Main
7 May 2010	Interim report as at 31 March 2010
10–11 June 2010	Goldman Sachs "Financial Services Conference", Madrid
4 August 2010	Interim report as at 30 June 2010; Half-year press conference
9 November 2010	Interim report as at 30 September 2010

Appendix: Shareholder information

For information, please contact

Munich RE

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Appendix: Shareholder information

Disclaimer

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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.

Note regarding the presentation of the previous year's figures

- For the new reporting format in connection with the first-time application of IFRS 8 "Operating Segments" as at 1 January 2009, several prior-year figures have been adjusted in the income statement.
- For the sake of better comprehensibility and readability, we have refrained from adding the footnote "Previous year's figures adjusted owing to first-time application of IFRS 8" to every slide.
- For details and background information on IFRS 8, please read the presentation "How does Munich Re apply the accounting standard IFRS 8 'Operating Segments'?" on Munich Re's website (http://www.munichre.com/en/ir/contact_and_service/faq/default.aspx).
- On 30 September 2008, through its subsidiary ERGO Austria International AG, Munich Re increased its stake in Bank Austria Creditanstalt Versicherung AG (BACAV) and included it in the consolidated group. The figures disclosed at the time of first consolidation were of a provisional nature. Therefore, several previous year figures have been adjusted in order to complete the initial accounting for a business combination (IFRS 3.62).
- Previous year figures also adjusted according to IAS 8.