STRINGENT EXECUTION DELIVERING SUSTAINABLE EARNINGS
Deutsche Bank "German & Austrian Corporate Conference"

Frankfurt, 21 May 2010

Joachim Oechslin
Strong earnings and sound capitalisation allow continuation of share buy-back

Munich Re (Group) – Q1 result

Pleasing Q1 result – Net income increased to €485m
Investment result mitigating high NatCat losses
Annualised RoRaC of 10.7%

Shareholders’ equity further strengthened to €23.2bn
Continuation of share buy-back of up to €1bn until the AGM 2011

Strong investment result
Annualised RoI of 5.2%
High disposal gains not repeatable in the remainder of 2010

Reinsurance

Result burdened by high NatCat losses
NatCat losses (combined ratio: 109.2%) partially compensated by improved result in life reinsurance

Primary insurance

Performance fosters turnaround
All three business segments demonstrate improvements leading to a good segmented result of €165m (consolidated ERGO result €78m)

Munich Health

First-time disclosure of new business field
Focus on consolidation to strengthen sustainable earnings generation

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

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. risk2

Munich Re managing for value in an uncertain environment – stringent execution of our strategy delivering sustainable earnings

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**

**Disciplined financial management as a strong basis …**

<table>
<thead>
<tr>
<th>RISK MANAGEMENT</th>
<th>ASSET MANAGEMENT</th>
<th>CAPITAL MANAGEMENT</th>
</tr>
</thead>
<tbody>
<tr>
<td>Proven integrated risk management – well-prepared for Solvency II</td>
<td>Well-diversified investment portfolio – disciplined asset-liability management</td>
<td>Sound capitalisation – attractive return on equity compared to cost of capital</td>
</tr>
</tbody>
</table>

**… for a value-oriented and integrated group strategy**

1. Risk management
2. Asset management
3. Capital management

- Traditional reinsurance solutions
- Large individual risks solutions
- Specialty commercial solutions
- Personal specialty solutions
- Standard retail solutions

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

**Risk management well positioned to cope with regulatory changes**

- Munich Re further improves its risk management position
- Solvency II will have significant impact on the insurance industry
- 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
- Insurance industry has to master the Solvency II revolution – Munich Re risk management already anticipates expected changes

- 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

**Deutsche Bank “German & Austrian Corporate Conference”**
1  Risk management

Major changes to risk profile during 2009

Effect on risk profile

- Slight increase in Atlantic Hurricane exposures due to capacity shortages in July renewal
- Sharp decline in Storm-Europe exposures due to softening prices and more retrocessions
- Higher interest rates reduce the impact of trend risks (e.g. mortality)

<table>
<thead>
<tr>
<th>Property-casualty</th>
<th>Life and health</th>
<th>Market</th>
<th>Credit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Careful re-risking in equities (equity backing ratio up to 2.8% from 1.7%)(^1)</td>
<td>Offsetting interest rate position at group level maintained</td>
<td>Careful re-risking through corporate bonds and sovereign debt in both re- and primary insurance</td>
<td>Reduced concentration in financial sector bonds</td>
</tr>
<tr>
<td>Solvency relief transactions add material premium volumes but little risk</td>
<td>Further de-risking of interest rate risks at life primary carriers, long duration position in RI extended</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Further addressed inflation risk in reinsurance segment</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Continuity in terms of overall group risk profile

\(^1\) Approximate composition of increases: Market appreciation (+0.6%), reduction of hedges (+0.3%), active exposure increase (+0.5%), other factors (-0.3%)

2  Asset management

Investment strategy – Fixed-income securities

Fixed-income portfolio\(^1\)

- Government/Semi-government: 44%
- Corporates: 10%
- Government/Semi-government Other: 7%
- Corporate bonds: 28%
- Pfandbriefe/Covered bonds: 28%
- TOTAL €164bn

Duration – Careful lengthening

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

Government bonds – Good diversification

<table>
<thead>
<tr>
<th>Country</th>
<th>31.12.09 Comment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Germany</td>
<td>34% Keep a well-diversified investment portfolio</td>
</tr>
<tr>
<td>US</td>
<td>15% Maintain overweight in German bunds</td>
</tr>
<tr>
<td>Italy</td>
<td>6% Continue to hold digestible positions in weaker sovereign bonds</td>
</tr>
<tr>
<td>Canada</td>
<td>6%</td>
</tr>
<tr>
<td>UK</td>
<td>6%</td>
</tr>
<tr>
<td>France</td>
<td>6%</td>
</tr>
<tr>
<td>Austria</td>
<td>3%</td>
</tr>
<tr>
<td>Austria</td>
<td>3%</td>
</tr>
<tr>
<td>Greece</td>
<td>3%</td>
</tr>
<tr>
<td>Spain</td>
<td>3%</td>
</tr>
<tr>
<td>Ireland</td>
<td>3%</td>
</tr>
</tbody>
</table>

Corporate bonds – Slight reduction

- Reduction of exposure through sale and purchase of credit default swaps in Q1

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.
Asset management

Investment strategy – Other asset classes

<table>
<thead>
<tr>
<th>Asset class</th>
<th>Gradual re-risking anticipated in 2010</th>
<th>Overall</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equities</td>
<td>Cautious increase with downside protection (out-of-the money puts)</td>
<td>Maintain focus on underwriting risk, with investment risk being an important but not dominant element in the risk profile of Munich Re</td>
</tr>
<tr>
<td>Alternative assets</td>
<td>Increase in commodities</td>
<td>Careful increase of risky assets partly to provide for upside in case of rising yields and inflation</td>
</tr>
<tr>
<td>Real estate</td>
<td>Slight increase with focus on residential and prime commercial real estate in core Europe</td>
<td>earn long-term risk premium</td>
</tr>
</tbody>
</table>

... while carefully re-risking in diversified asset classes

Capital management

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

Beta values vs. Peers

<table>
<thead>
<tr>
<th>Year</th>
<th>Allianz</th>
<th>AXA</th>
<th>Generali</th>
<th>Hannover Re</th>
<th>Swiss Re</th>
<th>Zurich Financial Services</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005</td>
<td>2.2</td>
<td>2.0</td>
<td>1.8</td>
<td>1.6</td>
<td>1.4</td>
<td>1.2</td>
</tr>
<tr>
<td>2006</td>
<td>1.9</td>
<td>1.8</td>
<td>1.6</td>
<td>1.4</td>
<td>1.2</td>
<td>1.0</td>
</tr>
<tr>
<td>2007</td>
<td>1.6</td>
<td>1.5</td>
<td>1.3</td>
<td>1.1</td>
<td>0.9</td>
<td>0.8</td>
</tr>
<tr>
<td>2008</td>
<td>1.5</td>
<td>1.4</td>
<td>1.2</td>
<td>1.0</td>
<td>0.8</td>
<td>0.6</td>
</tr>
<tr>
<td>2009</td>
<td>1.3</td>
<td>1.2</td>
<td>1.0</td>
<td>0.8</td>
<td>0.6</td>
<td>0.4</td>
</tr>
</tbody>
</table>

Return on equity vs. cost of capital

<table>
<thead>
<tr>
<th>Year</th>
<th>Cost of capital</th>
<th>Return on equity</th>
<th>Average</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005</td>
<td>12.5</td>
<td>9.0</td>
<td>11.8</td>
</tr>
<tr>
<td>2006</td>
<td>14.1</td>
<td>9.3</td>
<td>12.1</td>
</tr>
<tr>
<td>2007</td>
<td>15.3</td>
<td>9.0</td>
<td>12.2</td>
</tr>
<tr>
<td>2008</td>
<td>1.27</td>
<td>7.5</td>
<td>7.5</td>
</tr>
<tr>
<td>2009</td>
<td>7.5</td>
<td>8.4</td>
<td>8.4</td>
</tr>
</tbody>
</table>

Low cost of capital

- Investment portfolio marginally geared to equity markets
- Low correlation of share price to market index
- Insurance risks largely independent of capital markets

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
### Capital management

**Strong book value growth based on shareholder-friendly capital repatriation**

**Book value per share**

<table>
<thead>
<tr>
<th>Year</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value</td>
<td>88.0</td>
<td>108.0</td>
<td>119.8</td>
<td>129.1</td>
<td>122.7</td>
<td>134.5</td>
</tr>
<tr>
<td>CAGR</td>
<td>6.5%</td>
<td>7.3%</td>
<td>7.8%</td>
<td>7.8%</td>
<td>7.8%</td>
<td>7.8%</td>
</tr>
</tbody>
</table>

**Shareholder friendly capital management**

- €5.0bn dividend payments from 2005 to 2010 ytd
- €5.0bn share buy-back from 2006 to 2010 ytd

**Strong capitalisation provides strategic flexibility going forward**

- High dividend yields and share buy-backs resulting in a cash yield of around 10%

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### Reinsurance

**Implications of Solvency II for the insurance industry**

**Solvency II acts as a catalyst…**

- Long-term industry issues

**…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**
Reinsurance

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

**Risk transfer – Illustrative**

<table>
<thead>
<tr>
<th>Primary insurer’s portfolio</th>
<th>Reinsurer’s portfolio</th>
</tr>
</thead>
<tbody>
<tr>
<td>Risk capital €m</td>
<td>Capital relief</td>
</tr>
<tr>
<td>Gross 130</td>
<td>70</td>
</tr>
<tr>
<td>Net 60</td>
<td></td>
</tr>
<tr>
<td>Before risk transfer</td>
<td>After risk transfer</td>
</tr>
</tbody>
</table>

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

**Deduction on capital relief for the counterparty default risk**

- 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

**Well-diversified reinsurers will benefit from Solvency II**

**Financial strength to provide a clearer competitive edge**

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International health markets will continue to grow above GDP and shift to private sector

**Total health expenditure** (THE) grows above GDP – PHE grows even stronger

<table>
<thead>
<tr>
<th>Year</th>
<th>Public health expenditure</th>
<th>Private health expenditure (PHE)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1995</td>
<td>1,800 €bn</td>
<td></td>
</tr>
<tr>
<td>2000</td>
<td>3,100 €bn</td>
<td></td>
</tr>
<tr>
<td>2005</td>
<td>3,800 €bn</td>
<td></td>
</tr>
<tr>
<td>2010e</td>
<td>4,700 €bn</td>
<td></td>
</tr>
<tr>
<td>2015e</td>
<td>7,000 €bn</td>
<td></td>
</tr>
</tbody>
</table>

CAGR: GDP 5%
CAGR: THE 7%
CAGR: PHE 8%

Increase in total health expenditure mainly driven by four significant growth drivers:
- Demographic trends: Population growth and longevity
- Advances in medicine and technology
- Lifestyle changes: Increased focus on health, but also unhealthy lifestyles
- Improved economic conditions in many developing countries

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

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Source: WHO, Global Insight, Munich Health research
Munich Health – Specialised health risk management with global set-up

**Munich Health – Overview**
- Premium volume: €4.0bn in 2009 (€2.7bn in 2008)
- Staff: More than 5,000 health experts at 26 international locations
- Clients: Over six million primary insurance and 400 reinsurance clients
- Munich Health Board: Experienced management team
- Organisational structure: Five regional hubs with accountable local management teams

**Key success factors**
- Consistent steering of global health activities under one roof
- Specialisation as a driver for utilisation of synergies ...
- ... increasing expertise through sharing best practices ...
- ... enabling business model flexibility ...
- ... drive innovation along health risk value chain

**Integrated Munich Health platform is basis for success**

Munich Health perfectly complements Munich Re’s integrated business model with growth potential

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**Implementing new ERGO brand strategy and increasing competitiveness in life**

**RoE: Compared with selected peers, solid performance of ERGO 2005–2009**

<table>
<thead>
<tr>
<th>%</th>
<th>ERGO</th>
<th>Peer 1</th>
<th>Peer 2</th>
<th>Peer 3</th>
<th>Peer 4</th>
</tr>
</thead>
<tbody>
<tr>
<td>13.0</td>
<td>10.0</td>
<td>9.7</td>
<td>16.3</td>
<td>13.4</td>
<td></td>
</tr>
</tbody>
</table>

**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

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Munich Re to continue to place high emphasis on sustainable earnings

**Munich Re (Group) – Outlook**

**Munich Re (Group)**

- **RoRAC**
  - Target of achieving 15% after tax over-the-cycle to stand

- **GROSS PREMIUMS WRITTEN**
  - €43–45bn

- **NET INCOME**
  - Striving for > €2.0bn
  - Getting increasingly ambitious

- **RETURN ON INVESTMENT**
  - Expectation: < 4%
  - High RoI in Q1 not sustainable in the remainder of the year

- **CAPITAL REPATRIATION**
  - Continuation of share buy-back programme of up to €1bn until AGM 2011

**Reinsurance**

- **COMBINED RATIO P-C**
  - Target: 97% over-the-cycle
  - In 2010 presumably not achievable

**Primary insurance**

- **COMBINED RATIO P-C**
  - Target: < 95%

**Munich Health**

- **GROSS PREMIUMS WRITTEN**
  - ~€4.5bn

---

1. Thence €20–23bn in reinsurance, €17–18bn in primary insurance and approx. €4.5bn in Munich Health (all on basis of segmental figures).

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FINANCIAL CALENDAR

10–11 June 2010  Goldman Sachs "Financial Services Conference", Madrid
4 August 2010  Interim report as at 30 June 2010; half-year press conference
29 September 2010  Bank of America Merrill Lynch "Banking & Insurance CEO Conference", London
9 November 2010  Interim report as at 30 September 2010
10 March 2011  Balance sheet press conference for 2010 financial statements
20 April 2011  Annual General Meeting, Munich
Disclaimer

This presentation contains forward-looking statements that are based on current assumptions and forecasts of the management of Munich Re. Known and unknown risks, uncertainties and other factors could lead to material differences between the forward-looking statements given here and the actual development, in particular the results, financial situation and performance of our Company. The Company assumes no liability to update these forward-looking statements or to conform them to future events or developments.

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.