OPPORTUNITIES AND CHALLENGES ON THE ROAD TO RECOVERY

Goldman Sachs Financial Services Conference

Madrid, 10 June 2010

Jörg Schneider

Munich RE

A leading global (re)insurer

Munich RE

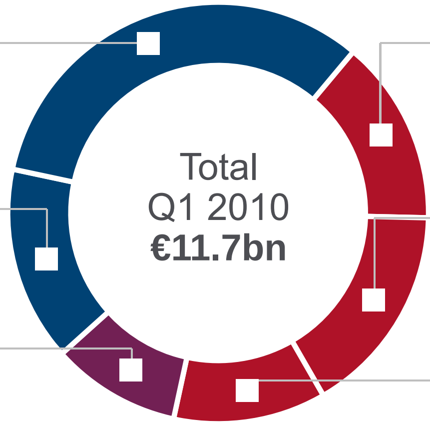
Munich Re – Premium breakdown by segment (consolidated)

€bn

Reinsurance
Property-casualty
3,949 (34%)
(▲ 0.6%)

Reinsurance
Life: **1,808 (16%)**
(▲ 43.7%)

Munich Health
1,199 (10%)
(▲ 66.1%)



Primary insurance
Property-casualty
1,718 (15%)
(▲ 6.2%)

Primary insurance
Life: **1,569 (13%)**
(▲ 4.0%)

Primary insurance
Health Germany: **1,414 (12%)**
(▲ 5.8%)

Reinsurance

- Leading expertise worldwide for 130 years
- Full range of products: from traditional reinsurance to alternative risk financing
- Diversification – a key success factor

Primary insurance

- Germany-based with growing importance in selected European and Asian markets
- Multi channel sales strategy and unified brand to foster leading market position

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- Munich Health – a leading specialised health risk carrier with global scope
- Flexible combination of business model and products as unique selling proposition

Good Q1 result despite overall challenging start into 2010

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Munich Re (Group)

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 its shareholders

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Investment profile

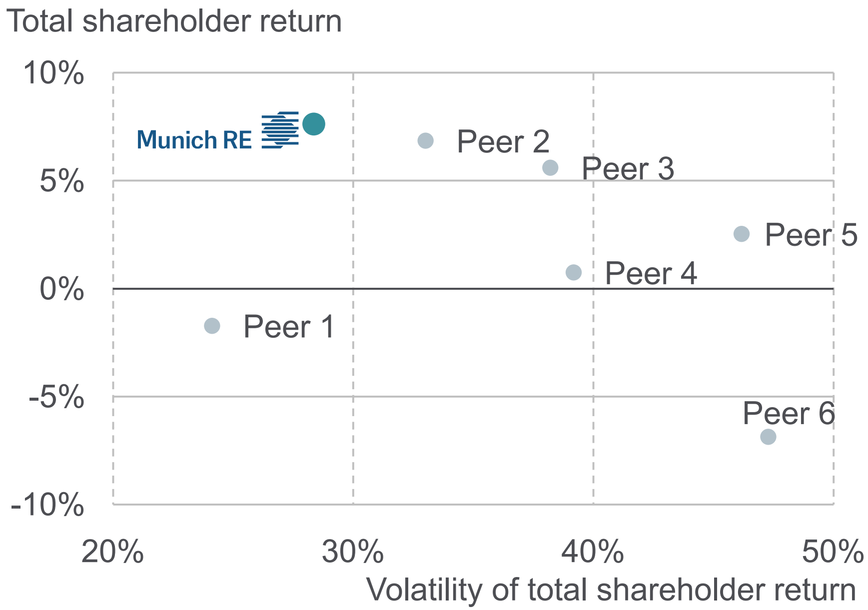
High dividend yields and share buy-backs – cash yield of around 10%[1]

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]



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.

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

… for a value-oriented and integrated group strategy

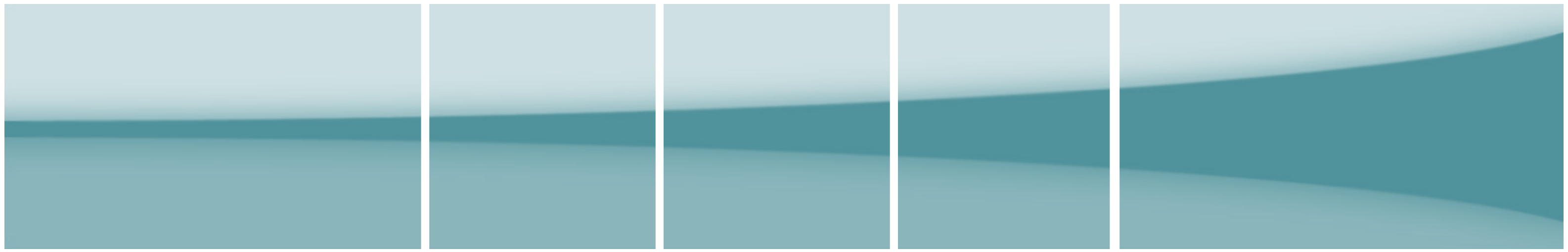
4

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

Risk capacity

Distribution power/ Process efficiency

Risk know-how

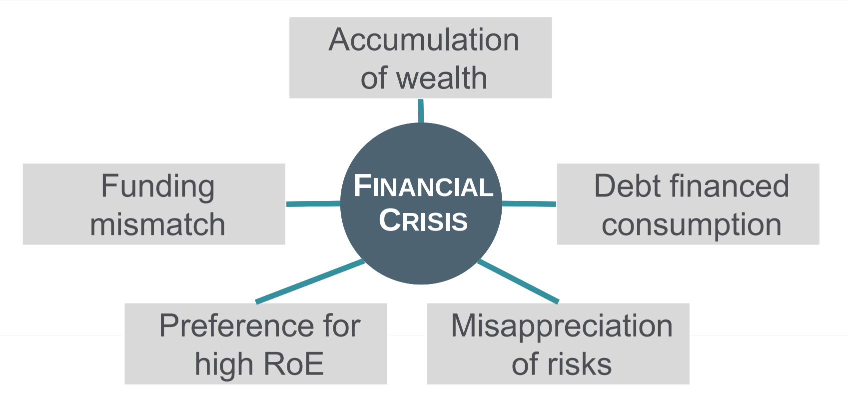


Munich RE | MUNICH HEALTH | ERGO

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

Solvency II – Regulatory response to the financial crisis promotes professional and holistic corporate management

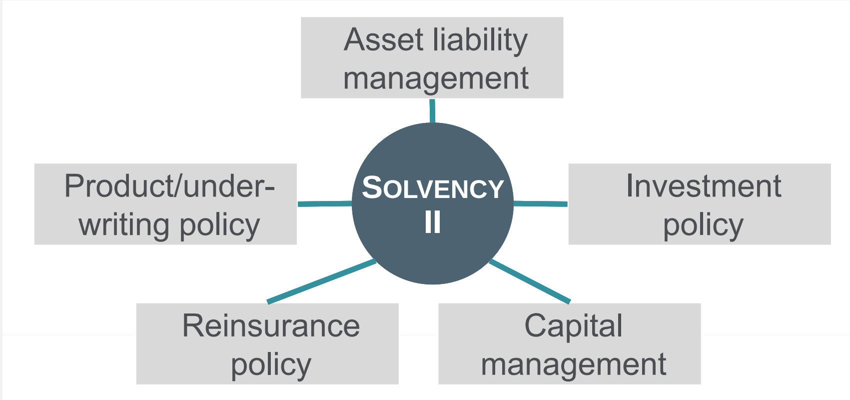
Experience from the crisis



- Lacking risk-oriented incentive structures
- Government bail-outs leading to decreasing
  - risk responsibility
  - need for portfolio restructuring
  - risk-free interest rates

Munich Re did not benefit as much as expected from the financial crisis

Long-term opportunities



- Continuity, stability and sustainability becoming increasingly attractive
- Solvency II – Regulatory quantum leap to start from end of 2012
  - Risk-adjusted capital requirements
  - Holistic risk management taking account of benefits of diversification

Opportunities for Munich Re as a strongly capitalised, well-diversified reinsurer

Solvency II – Latest developments are going in the right direction but further corrections seem necessary

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Developments	Overall changes
Diversification	Increased allowance for diversification
Correlation	Reduced correlation between risk modules
Calibration	Reduced risk factors
Non-life risk	Improved recognition of non-proportional reinsurance transactions
Treatment of own funds	Extended eligibility of Tier 1 own funds
Risk free rates	Improved solutions related to the discount rate for technical provisions

European Commission has made significant corrections to make the rules more reasonable and announced further refinements of implementing measures in 2010

Solvency II provides business potential fully crystallising the value of the reinsurance business model

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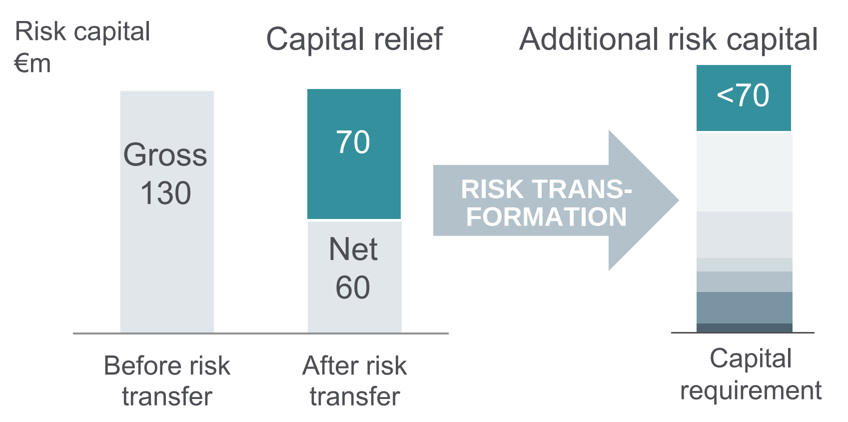
Risk transfer – Illustrative

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

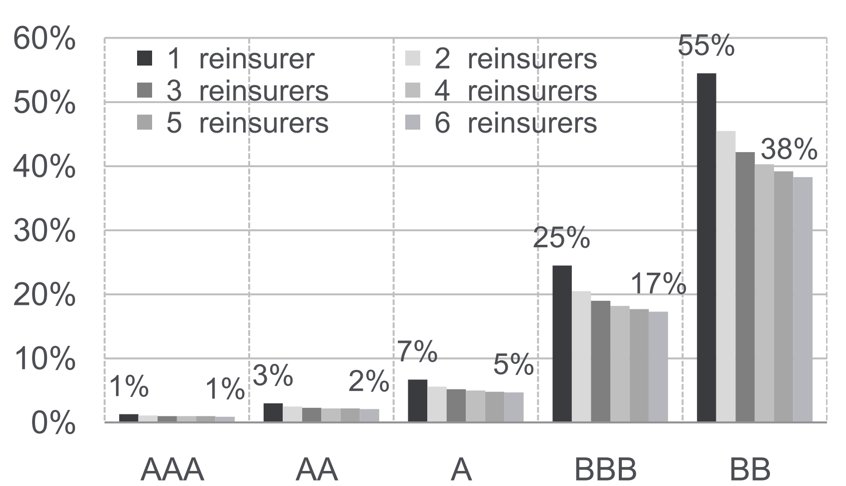


Diversification of reinsurers is higher due to

- 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.

Fixed-income portfolio focused on highly rated credit risk – Weaker sovereigns remain a challenge but with limited impact

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Fixed-income portfolio[1]

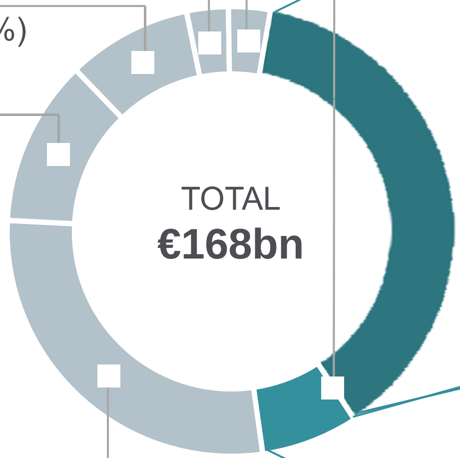
Loans to policyholders/Mortgage loans
3% (31.12.09: 4%)

Structured products
3% (31.12.09: 3%)

Corporates
9% (31.12.09: 10%)

Banks
12% (31.12.09: 11%)
Thereof 37% cash positions

Government/Semi-government[2]
45%
(31.12.09: 44%)



Pfandbriefe/ Covered bonds
28% (31.12.09: 28%)

Governments per country[2]

In % of total government exposure	Without P/H[4] participation	With P/H[4] participation	Total
Germany	7	26	**33**
US	15	0	**15**
Canada	6	0	**6**
UK	5	1	**6**
France	4	1	**5**
Austria	1	2	**3**
Other	13	3	**16**
Total[3]	**84%**		

"PIIGS"	Without P/H[4] participation	With P/H[4] participation	Total
Italy	4	2	**6**
Greece	1	2	**3**
Spain	1	2	**3**
Ireland	1	2	**3**
Portugal	0	1	**1**
Total[3]	**16%**		

[1] Incl. loans, parts of other securities, other investments and cash positions. Fair values.
[2] Thereof 10% inflation-linked bonds and 16% "PIIGS". [3] Differences between totals possible due to rounding. [4] P/H = policyholder. Economic view – not fully comparable with IFRS figures. As at 31 March 2010.

Investment strategy for 2010 – Well-prepared for different economic and capital market scenarios

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Fixed-income portfolio positioned with an eye on potential market disruptions …

Sovereign debt
- Maintain overweight in German bunds
- Hold digestible positions in weaker sovereign bonds

Corporate bonds
- Exposure reduction in Q1 2010 – Plan to keep rather stable for the time being
- Further reduction of financial institutions exposure

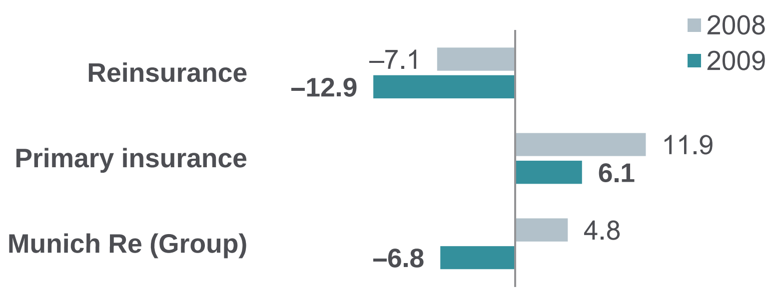
… complemented by careful re-risking in diversified asset classes

Equities
Cautious increase with downside protection (out-of-the money puts) – equities exposure as at 31 march 2010: 3.9% (3.1% net of hedges)

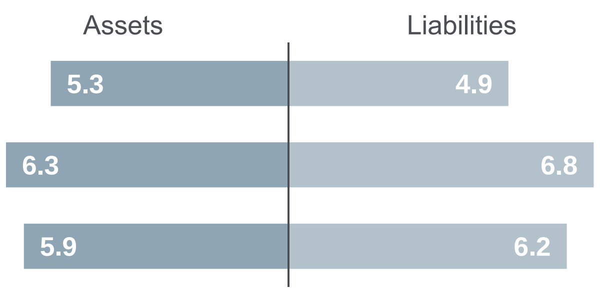
Alternative assets
- Increase in commodities
- Further enhance position in renewable energies
- Slight increase of real estate exposure with focus on residential and prime commercial in core Europe

Longer duration: Earn yield pick-up in low interest-rate environment – improve ALM position

Net DV01[1]



Duration[2]



[1] DV01: Sensitivity in absolute terms (€m) to parallel upward shift of yield curve by one basis point. DV01 reflects the size of the fixed-income portfolio.
[2] Sensitivity in %. Asset and liability durations apply to different underlying volumes .

Diversified business model generates returns well above (low) cost of capital

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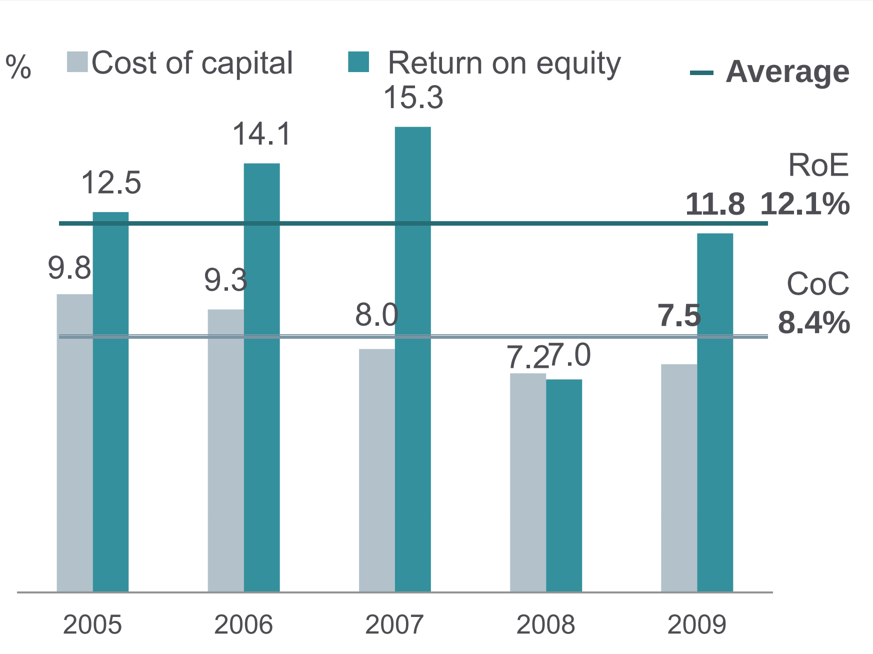
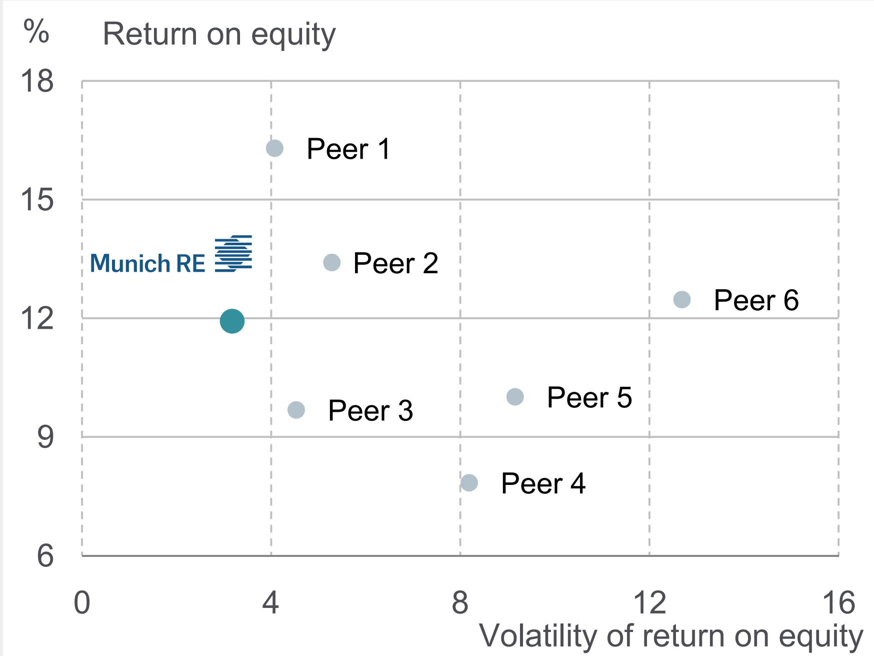
Return on equity vs. cost of capital[1]



Cost of capital resulting from low correlation of share price to market index

Return on equity and volatility[2]



Munich Re combines capital strength with good capital quality

Reliable value creation with high predictability based on liability-driven integrated business model

[1] 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.
[2] FYE 2005 – 2009. Peers: Allianz, Axa, Generali, Hannover Re, Swiss Re, Zurich Financial Services.

Strong book value growth based on shareholder-friendly capital repatriation

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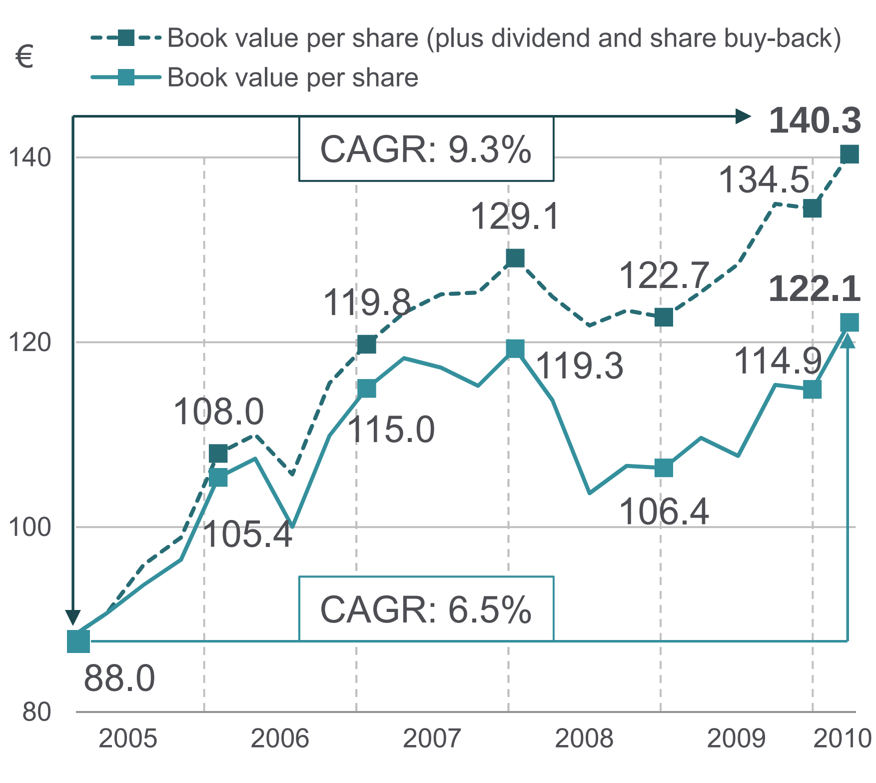
Book value per share[1]



Sound capital base[2]

Regulatory solvency capital ratio of 260%

AA rating – Low/mid single-digit €bn capital buffer according to rating agencies

€9.3bn[3] economic capital buffer according to internal model

18.7% debt leverage[4] and 9.7x interest coverage[5]

Low beta (0.71)[6] of Munich Re stock and low CDS spread of 79bps[6]

[1] 2005 – Q1 2010. Shareholders' equity excl. minority interests divided by shares in circulation.
[2] If not otherwise stated as at 31 March 2010. [3] As at 31 December 2009, however already taking into consideration the dividend of €1.1bn paid in April 2010 and the completion of the 2009/10 share buy-back programme in the amount of €0.6bn from January to April 2010. [4] Strategic debt divided by total capital (= sum of strategic debt + shareholders' equity). All subordinated bonds treated as strategic debt. [5] Earnings before interest expenses, tax and depreciation divided by finance costs. [6] As at 31 May 2010.

Non-Life business development demonstrates strict portfolio management

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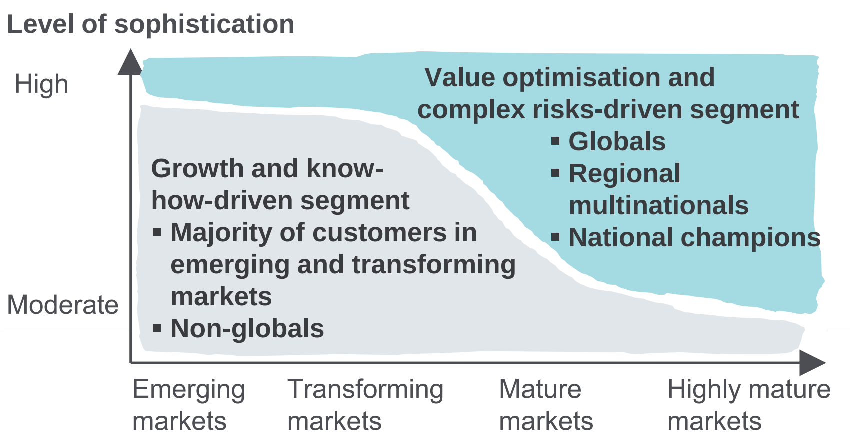
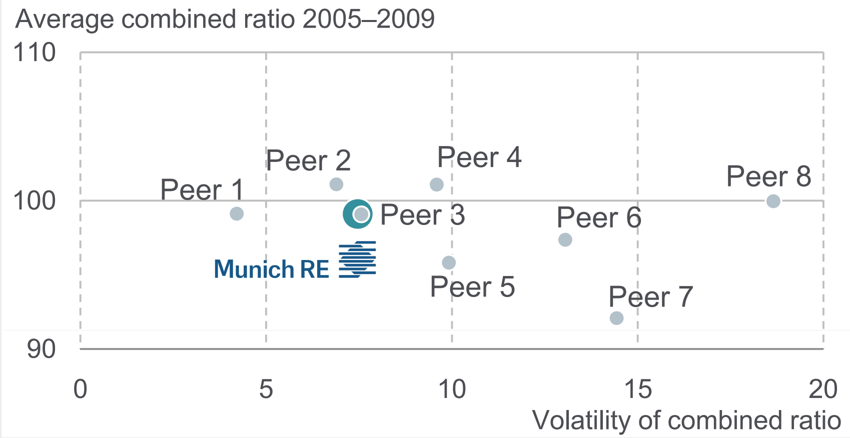
Demand patterns of major client segments



Combined ratio and volatility (2005–2009)[1]



Main characteristics reinsurance demand

- Risk-driven services (e.g. underwriting tools)
- Product development support
- Facultative service and support

- Capital management know-how
- Expertise and appetite for complex risk

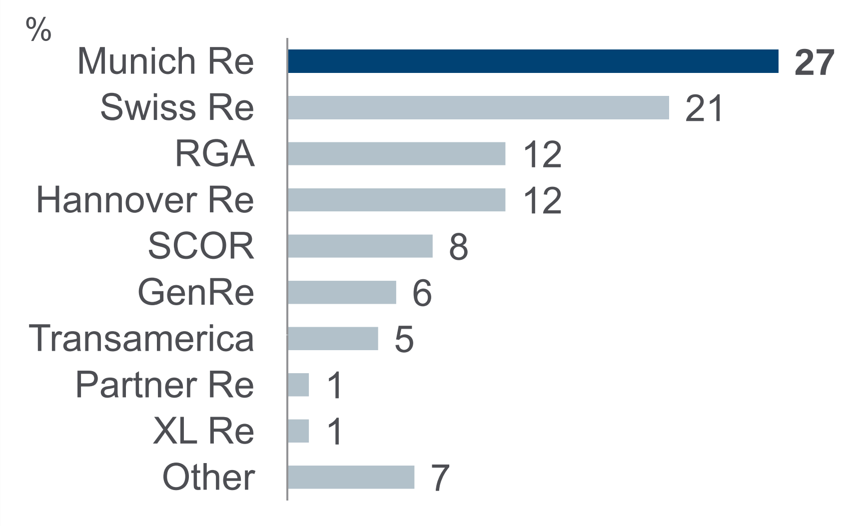
Comment

- In 3 out of 5 years the combined ratio was below the over-the-cycle target of 97%
- Low volatility of combined ratio due to portfolio diversification

[1] 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.

Life reinsurance – Consistently profitable and less volatile core segment with leading market position

Life reinsurance – Global market share[1]



- Market leaders to continue increasing their market shares as increasing demand for know-how and capital-intensive solutions is expected to benefit the leading players
- Traditional life reinsurance business to provide earnings stability going forward

Life reinsurance – Strategic positioning

Primary insurance demand
- Need for support in underwriting and product development
- Importance of asset-liability mismatch risk has strongly increased
- Demand for capital relief

Customised solutions
- 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

Products / Markets
- Financially motivated reinsurance
- Market development strategy Asia
- Asset protection
- Longevity

1 Source: Munich Re Economic Research. Estimates based on life and health net earned premiums 2009 as reported in company reports.

ERGO well positioned throughout all segments – Fostering growth through new brand strategy

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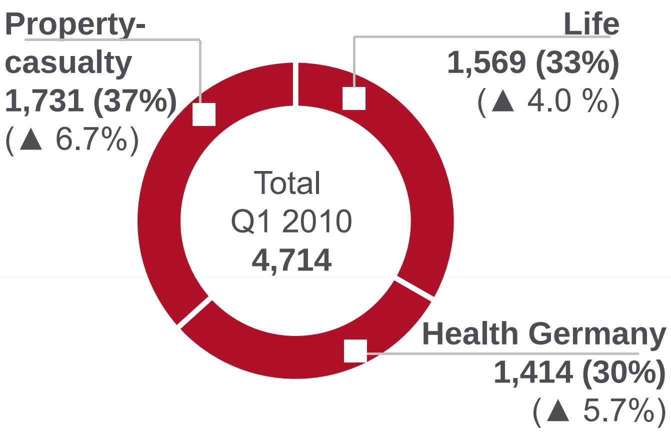
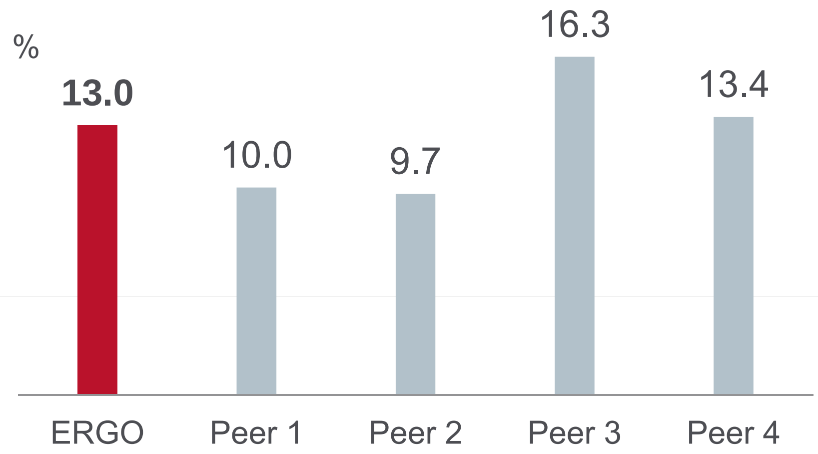
Well-balanced business mix

Premium Break-down by segment in €m (segmental, not conso-lidated)



Solid performance in comparison to peers[1]



- P-C business contributes strongly to the overall performance
  - Value-generating business mix
  - Combined ratio below market average
- A market leader in German health business, low capital intensity
- 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

[1] Comparison of ERGO RoE with selected peers (average 2005-2009). Peers: Allianz, Axa, Zurich Financial Services, Generali. Source: Bloomberg, reported figures for ERGO.

Managing life business – Stringent ALM of the back-book, focus on increasing profitability for new business

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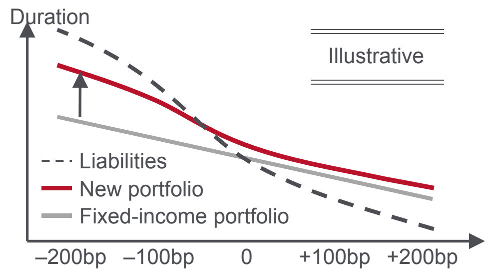
Economic business steering

Effectively managing the back-book



Well-prepared for a 'lower for longer' interest environment

- Main levers for increasing the profitability of the back-book
  - Purchase **interest-rate receiver swaptions**
  - Manage lapses
  - Reduce administrative expenses
  - Carefully managing bonus rates

New business focus: increasing profitability

- Reduce dependency from traditional guarantee products
- Investment-type product range developed in recent years (30% share of new business target)
- First-year lapses down after sales quality initiative

Improve market position

Sound financial stability[1]

Valuation reserves[2]		Net investment yield[3]		Solvability[4]	
#1	8.7%	#1	4.9%	#1	332%
HM	2.8%	HM	3.8%	HM	227%
Vic	1.8%	Vic	3.6%		
Market	1.6%	Market	3.5%	Market	195%
				Vic	176%
#40	-1.9%	#40	3.0%	#40	120%

HM = future ERGO Life

Further increasing competitive strength

- Concentrate new business in one strong risk carrier to foster competitiveness on the basis of
  - Products attractive to policyholders and shareholders alike
  - Sound financials (incl. policyholder surplus)

[1] Comparison of the 40 largest German insurers according to GWP in 2008. Source: GDV based on German GAAP.
[2] Valuation reserves as % of investments. [3] Net investment result as % of average investments. [4] Solvency I.

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

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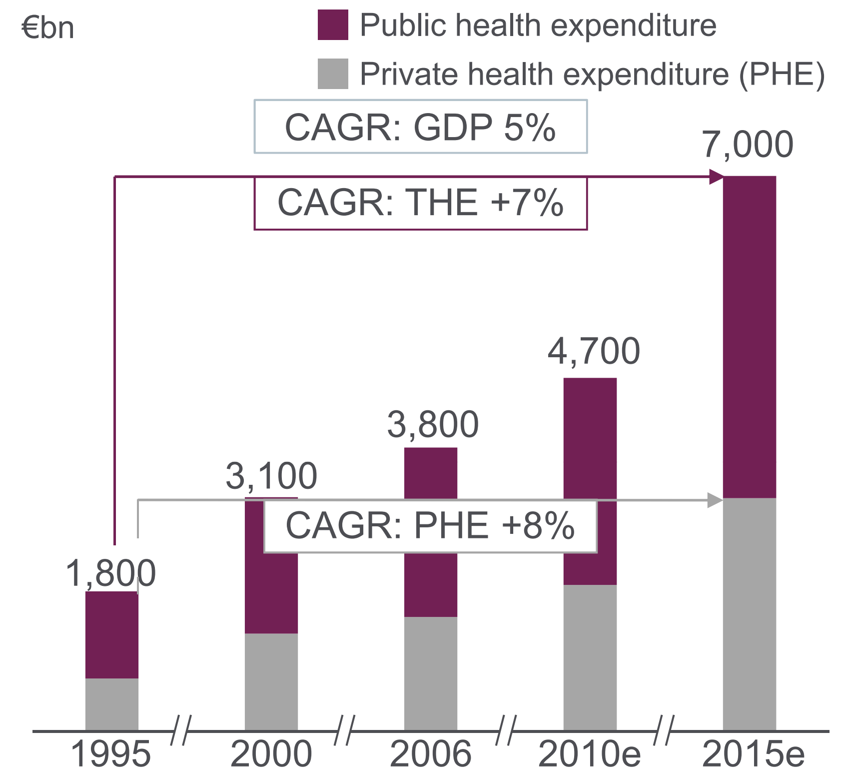
Total health expenditure[1] (THE) grows above GDP – PHE grows even stronger



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 maintain growth in global health markets substantially above GDP

[1] Total health expenditure = sum of public and private health expenditure.
Source: WHO, Global Insight, Munich Health research

Business model flexibility across the health risk value chain

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Munich Health business models	Example
Reinsurance – Traditional	▪ Proportional ▪ Non-proportional
Reinsurance – Non-traditional	▪ Capital relief reinsurance ▪ Consultative reinsurance
Integrated reinsurance	▪ MedNet model
Primary insurance	▪ Daman (UAE) ▪ DKV Belgium ▪ Sterling (USA)
Integrated delivery system	▪ DKV Seguros (Spain)

Parts of the value chain covered.

Well balanced portfolio allows Munich Re to seize opportunities 'on the road to recovery'

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RoRaC

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

Capital repatriation

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

Gross premiums written

€43–45bn[1]

Net income

Striving for > €2.0bn

Increasingly ambitious

Return on investment

Expectation: < 4%

High RoI in Q1 not sustainable in the remainder of the year

Reinsurance

Combined ratio P-C

Target: 97% over-the-cycle

In 2010 presumably not achievable

Primary insurance

Combined ratio P-C

Target: < 95%

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Gross premiums written

~€4.5bn

[1] Thereof €22–23bn in reinsurance, €17–18bn in primary insurance and approx. €4.5bn in Munich Health (all on basis of segmental figures).

Financial calendar

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Financial calendar

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
11 March 2011	Analysts' conference, London
20 April 2011	Annual General Meeting, Munich

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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.