Overview – Financial Highlights Q1–2 2010

Strong result considering the high amount of losses in reinsurance – good performance at ERGO

Munich Re (Group)

Strong net result of €1.194bn in Q1–2 2010 (€709m in Q2 standalone)

Investment result mitigating high amount of losses

Annualised RoRaC of 13.2%

Reinsurers' equity further strengthened to €23.7bn

Share buy-back plan on track: €207m\(^1\) completed since AGM in April 2010

High investment result

Annualised RoI of 5.3% in Q1–2 2010 based on high disposal gains and write-ups as portfolio and duration management proves beneficial

Reinsurance

Result burdened by significant losses

Major losses in P-C (CR: 106.4%) partially offset by improved result in life re

Renewals in P-C maintain good profitability

Primary insurance

Good operating performance

€164m consolidated ERGO result in Q1–2 2010 despite goodwill impairment

Positive response to introduction of new ERGO brand

Munich Health

Q2 2010 shows improved financial development

Consolidation of activities in order to strengthen sustainable earnings generation well underway

\(^1\) As at 31 July 2010.

Munich Re generates solid returns for its shareholders

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

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 1/2-year period (31.12.2004–30.06.2010); 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 …

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

Risk capacity
Distribution power/
Process efficiency
Risk know-how

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

Experience from the crisis

Global imbalances
Funding mismatch
Inadequate regulatory framework
Lack of risk-oriented incentive structures
Government bail-outs leading to decreasing risk responsibility
Need for portfolio restructuring

Leverage
Misappreciation of risks
Solvency II

Munich Re passed well through the crisis thanks to sustainable strategy

Long-term opportunities

Asset liability management
Product/underwriting policy
Reinsurance policy
Capital management

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

Continuity, stability and sustainability becoming increasingly attractive
Solvency II – Regulatory quantum leap as from 2013
Risk-based capital requirements
Holistic risk management taking account of benefits of diversification
Active asset management on the basis of a well-diversified investment portfolio

Investment portfolio

<table>
<thead>
<tr>
<th>Assets</th>
<th>Liabilities</th>
<th>Net DV01</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reinsurance</td>
<td>5.5</td>
<td>3.7</td>
</tr>
<tr>
<td>Primary insurance</td>
<td>6.9</td>
<td>7.4</td>
</tr>
<tr>
<td>Munich Re Group</td>
<td>6.3</td>
<td>5.8</td>
</tr>
</tbody>
</table>

Active portfolio management

Fixed income
- Duration lengthening proves beneficial in the current low interest environment
- Well-positioned for a lower for longer scenario in primary life (interest hedging via receiver swaptions)
- FX impact contributes to a significant increase in market value of assets
- Selected credit exposure mitigates lower regular income of reinvestments

Non-fixed income
- Gradual expansion of gross equity exposure with downside protection (net equity exposure: 2.5%)
- Further enhance position in renewable energies and new technologies

Portfolio duration

<table>
<thead>
<tr>
<th>Assets</th>
<th>Liabilities</th>
<th>Net DV01</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loans</td>
<td>26.1%</td>
<td>(25.9%)</td>
</tr>
<tr>
<td>Land and buildings</td>
<td>2.9%</td>
<td>(3.0%)</td>
</tr>
<tr>
<td><strong>TOTAL</strong> €197bn</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Capital management

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

Return on equity vs. cost of capital

- Cost of capital vs. Return on equity
- Average
  - RoE 12.1%
  - CoC 8.4%

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

Munich Re combines capital strength with good capital quality

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

- Calculation using CAPM with 10-year German government bonds, 5% market risk premium and 1-year raw beta
- CoC at 30.6.2010
- Source: Bloomberg
3. Capital management

Strong book value growth based on shareholder-friendly capital repatriation

![Graph showing book value per share from 2005 to 2010 with CAGR: 10.0% and CAGR: 6.9%]

1. Book value per share (plus dividend) vs. Book value per share

- As at 31 August 2010.
- Strategic debt divided by total capital (= sum of strategic debt + shareholders’ equity). All subordinated/bonds treated as strategic debt.
- Earnings before interest expenses, tax and depreciation divided by finance costs.

4. Reinsurance

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

![Graph showing demand patterns of major client segments and combined ratio and volatility (2005–2009)]

- High level of sophistication:
  - Growth and know-how-driven segment
    - Majority of customers in emerging and transforming markets
    - Non-globals
  - Value optimisation and complex risks-driven segment
    - Globals
    - Regional multinationals
    - National champions
- Moderate level of sophistication:
  - Emerging markets
  - Transforming markets
  - Mature markets
  - Highly mature markets

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
Reinsurance

Non-Life business development demonstrates strict portfolio management

Combined ratio and volatility (2005–2009)

Average combined ratio 2005–2009

Volatility of combined ratio

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 includes 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.

Reinsurance

Life reinsurance – Consistently profitable core segment with leading market position

Life reinsurance – Global market share

Projected VANB development

- Clearly on track with respect to doubling VANB between 2006 and 2011
- Exceptional 2009 VANB; partly benefiting from one-off business opportunities arising from Munich Re’s financial strength during the capital market crisis
- New business profitability in excess of 15% target RoRaC
- Foundation laid for further growth in line with our ambition

1 Source: Munich Re Economic Research. Estimates based on life and health net earned premiums 2009 as reported in company reports.
2 After pro forma restatement to MCEV methodology as per 2009 year-end publication; actual VANB on EEV basis: €228m.
3 Based on MCEV methodology as per 2009 year-end publication.
4 Calibrated to MCEV methodology as per 2009 year-end publication.

5 Source: Unicredit - German Investment Conference 2010
ERGO well positioned throughout all segments – Fostering growth through new brand strategy

Well-balanced business mix

<table>
<thead>
<tr>
<th>Premium Breakdown by segment in €m (segmental, not consolidated)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Property-casualty 1,731 (37%) (▲ 6.7%)</td>
</tr>
<tr>
<td>Life 1,569 (33%) (▲ 4.0%)</td>
</tr>
<tr>
<td>Total Q1 2010 4,714</td>
</tr>
<tr>
<td>Health Germany 1,414 (30%) (▲ 5.7%)</td>
</tr>
</tbody>
</table>

Solid performance in comparison to peers

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

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

Primary Insurance


<table>
<thead>
<tr>
<th></th>
<th>Peer 1</th>
<th>Peer 2</th>
<th>Peer 3</th>
<th>Peer 4</th>
</tr>
</thead>
<tbody>
<tr>
<td>ERGO</td>
<td></td>
<td></td>
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<td></td>
</tr>
<tr>
<td>Peer 1</td>
<td></td>
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<td></td>
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<tr>
<td>Peer 2</td>
<td></td>
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</tr>
<tr>
<td>Peer 3</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Peer 4</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

ERGO Life

Managing life business – Focus on increasing profitability for new business

Improve market position

<table>
<thead>
<tr>
<th></th>
<th>#1</th>
<th>HM</th>
<th>Vic</th>
<th>Market</th>
<th>#40</th>
</tr>
</thead>
<tbody>
<tr>
<td>Valuation reserves¹</td>
<td>8.7%</td>
<td>2.8%</td>
<td>1.8%</td>
<td>1.6%</td>
<td>-1.9%</td>
</tr>
<tr>
<td>Net investment yield²</td>
<td>4.9%</td>
<td>3.8%</td>
<td>3.6%</td>
<td>3.5%</td>
<td>3.0%</td>
</tr>
<tr>
<td>Solvability⁴</td>
<td>332%</td>
<td>227%</td>
<td>176%</td>
<td>120%</td>
<td></td>
</tr>
</tbody>
</table>

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 yield as % of average investments.
⁴ Solvency I.
International health markets will continue to grow above GDP and shift to private sector

Total health expenditure\(^1\) (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</td>
<td>7,000</td>
</tr>
<tr>
<td>2000</td>
<td>3.100</td>
<td></td>
</tr>
<tr>
<td>2006</td>
<td>3,800</td>
<td></td>
</tr>
<tr>
<td>2010</td>
<td>4,700</td>
<td></td>
</tr>
<tr>
<td>2015</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

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

Total health expenditure\(^1\) grows above GDP – PHE grows even stronger

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

Business model flexibility across the health risk value chain

<table>
<thead>
<tr>
<th>Munich Health business models</th>
<th>Example</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reinsurance – Traditional</td>
<td>Proportional, Non-proportional</td>
</tr>
<tr>
<td>Reinsurance – Non-traditional</td>
<td>Capital relief reinsurance, Consultative reinsurance</td>
</tr>
<tr>
<td>Integrated reinsurance</td>
<td>MedNet model</td>
</tr>
<tr>
<td>Primary insurance</td>
<td>Daman (UAE), DKV Belgium, Sterling (USA)</td>
</tr>
<tr>
<td>Integrated delivery system</td>
<td>DKV Seguros (Spain)</td>
</tr>
</tbody>
</table>

Risk-taking

<table>
<thead>
<tr>
<th>Financial protection</th>
<th>Service</th>
<th>Sales</th>
<th>Administration</th>
<th>Medical mgmt</th>
<th>Network mgmt</th>
<th>Health supply</th>
</tr>
</thead>
</table>

Risk management

- Market-specific
### Outlook

**Outcome 2010 – Munich Re to continue to place high emphasis on execution and sustainable earnings**

#### Munich Re (Group)

<table>
<thead>
<tr>
<th>Metric</th>
<th>Target/Details</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Return on investment</strong></td>
<td>Slightly above 4% (prev. &lt; 4%)</td>
</tr>
<tr>
<td><strong>Capital repatriation</strong></td>
<td>Continuation of share buy-back programme of up to €1bn until AGM 2011³</td>
</tr>
<tr>
<td><strong>Gross premiums written</strong></td>
<td>€44–46bn¹</td>
</tr>
<tr>
<td><strong>Net income</strong></td>
<td>Achievement of net income &gt;€2.0bn remains ambitious², but within reach</td>
</tr>
<tr>
<td><strong>Combined ratio P-C</strong></td>
<td>Target: 97% over-the-cycle</td>
</tr>
<tr>
<td><strong>Combined ratio P-C</strong></td>
<td>Target: &lt; 95%</td>
</tr>
<tr>
<td><strong>Gross premiums written</strong></td>
<td>€44–46bn¹ (prev. €43–45bn)</td>
</tr>
</tbody>
</table>

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1. Thereof €23–24bn in reinsurance, €17–18bn in primary insurance and approx. €5bn in Munich Health (all on basis of segmental figures).
2. Net income target subject to normal claims development and strong investment results in the remainder of the year 2010.
3. Until end of July Munich Re repurchased own shares amounting to €207m.

### Reinsurance

- **Combined ratio P-C**: Target: 97% over-the-cycle. In 2010 hardly achievable.

### Primary insurance

- **Combined ratio P-C**: Target: < 95%.

### Munich Health

- **Gross premiums written**: ~€5bn.

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1. Thereof €23–24bn in reinsurance, €17–18bn in primary insurance and approx. €5bn in Munich Health (all on basis of segmental figures).
2. Net income target subject to normal claims development and strong investment results in the remainder of the year 2010.
3. Until end of July Munich Re repurchased own shares amounting to €207m.

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### Appendix

- Mission
- Feedback
- Financial calendar
- Contacts
- Disclaimer
Investor & Rating Agency Relations’ Mission

Investor & Rating Agency Relations is a central function responsible for Munich Re’s communication with the capital market. Its main objective is an active communication to support a fair capital-market valuation of Munich Re shares and outstanding bonds.

External communication...

... should increase the transparency of Munich Re’s recent financial performance, strategy and its expectations about future perspectives, while complying with the principles of a credible, accurate, complete and timely provision of relevant information.

... has the goal of achieving a fair valuation and optimising the cost of capital by increasing information efficiency between Munich Re and the financial community and developing a relationship of trust with our investor base.

Internal communication...

... entails the transmission of investors’ and creditors’ demands, and the capital markets’ perception of Munich Re, to management and staff.

... aims to support management in the setting of ambitious targets as well as in the execution of a value-based and shareholder-oriented strategy.

Appendix

Feedback - Anything missing?

The purpose of this presentation is to provide you with comprehensive, transparent, and user friendly information.

In case that you have any proposals to improve this presentation with respect to content and illustration, we would very much appreciate your feedback by phone (+49 89 3891-4559) or via e-mail (ir@munichre.com). Thank you very much for your kind support.
### Financial Calendar

**9 November 2010**
- Interim report as at 30 September 2010

**3 February 2011**
- Reporting on the renewal of reinsurance treaties; key figures 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

**21 April 2011**
- Dividend payment

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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.

Backup: Shareholder information