



QUARTERLY FINANCIAL STATEMENTS AS AT 30 SEPTEMBER 2010

Telephone conference with analysts and investors

9 November 2010

Jörg Schneider

Munich RE 

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Overview – Financial highlights

Sound financial development allowing for increased earnings outlook 2010

Munich Re (Group)

Pleasant net result of €1,955m in Q1–3 2010 (€761m in Q3 standalone)

Ongoing strong investment result and low claims in Q3
Annualised RoRaC of 14.5%

Shareholders' equity further strengthened to €24.1bn

Share buy-back programme on track: €475m¹ completed since AGM in April 2010

High investment result

Annualised RoI of 5.0% in Q1–3 2010 based on high disposal gains and write-ups as portfolio and duration management continues to prove beneficial

Reinsurance**Good Q3 mitigating significant claims in Q1–2 2010**

Benign claims development in p-c in Q3 (combined ratio in Q3 standalone: 93.8%)

Primary insurance**Good operating performance**

€301m consolidated ERGO result in Q1–3 2010 confirming positive trend

Munich Health**Resilient operating result**

Consolidation process well on track
Position in the US medicare market strengthened by the acquisition of Windsor

¹ As at 31 October 2010.

Overview – Financial highlights

Strong investment result compensates for higher claims



GROUP Gross premiums written	GROUP Operating result	GROUP Consolidated result
€m	€m	€m
Q1–3 2009 31,048	Q1–3 2009 3,321	Q1–3 2009 1,784
Q1–3 2010 34,060	Q1–3 2010 3,367	Q1–3 2010 1,955
Substantial organic growth in addition to positive FX effects	Investment result more than offsets impact of higher claims	Outlook net income 2010 increased to ~€2.4bn
REINSURANCE Consolidated result	PRIMARY INSURANCE Consolidated result	MUNICH HEALTH Consolidated result
€m	€m	€m
Q1–3 2009 1,869	Q1–3 2009 95	Q1–3 2009 -1
Q1–3 2010 1,659	Q1–3 2010 432	Q1–3 2010 57
Significant impact of higher claims in property-casualty	All segments achieving increased results	Pleasant result – 2009 burdened by Sterling goodwill impairment

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Munich Re (Group) – Capitalisation

Substantial increase in shareholders' equity despite €2.1bn capital repatriation in Q1–3 2010



€m	Q1–3	Change Q3
Equity 31.12.2009	22,278	–
Consolidated result	1,955	761
Changes		
Dividend	–1,072	–
Unrealised gains/losses ¹	1,627	1,066
Exchange rates	405	–1,107
Share buy-backs	–1,010	–277
Other	–47	–56
Equity 30.9.2010	24,136	387

Unrealised gains/losses

Strong increase mainly due to declining bond yields

Share buy-backs

In October 2010, shares for further €85m were repurchased

Exchange rates

Overall favourable development in Q1–3 mitigated by weaker US\$ in Q3

¹ On other securities in Q1–3 2010, thereof, €1,519m increase from afs fixed-interest securities and €110m from afs non-fixed-interest securities.

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Munich Re (Group) – Capitalisation

Strong capital base maintained



Munich Re (Group)

- **Sound capitalisation** according to all capital measures (regulatory, rating and internal model)
- **Substantial increase in book value per share** to €130.8 (equivalent to a CAGR of 7.1% since 2005) on to €151.6 incl. dividends and share buy-backs (equivalent to a CAGR of 9.9% since 2005)
- **Financial solidity as evidenced externally** by low CDS spread (52bps)¹ and low beta (0.67)¹ leading to low cost of capital
- **18.3% debt leverage² and 15.0x interest coverage³** reflects secure financial strength

¹ As at 31 October 2010.

² Strategic debt divided by total capital (= sum of strategic debt + shareholders' equity). All subordinated bonds treated as strategic debt.

³ Earnings before interest expenses, tax and depreciation divided by finance costs.

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Munich Re (Group) – Premium development

Strong FX contribution in addition to organic growth in life reinsurance and Munich Health

Munich RE

€m	
Gross premiums written Q1–3 2009	31,048
Foreign-exchange effects	1,404
Divestment/Investment	149
Organic change	1,459
Gross premiums written Q1–3 2010	34,060

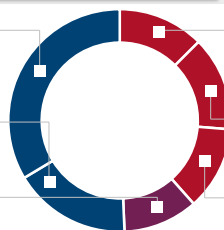
- Overall positive FX development (mainly US\$, Can\$ and AU\$)
- HSB acquisition: First-time consolidation as from Q2 2009
- Large-volume deals predominately included as from Q2 2009 (life reinsurance and Munich Health)

Breakdown by segment (consolidated)

Reinsurance
Property-casualty
11,445 (34%)
(▲ 0.5%)

Reinsurance
Life: 5,818 (17%)
(▲ 25.7%)

Munich Health
3,703 (11%)
(▲ 34.3%)



Primary insurance
Property-casualty
4,265 (12%)
(▲ 7.8%)

Primary insurance
Life: 4,683 (14%)
(▲ 6.1%)

Primary insurance
Health Germany: 4,146 (12%)
(▲ 6.1%)

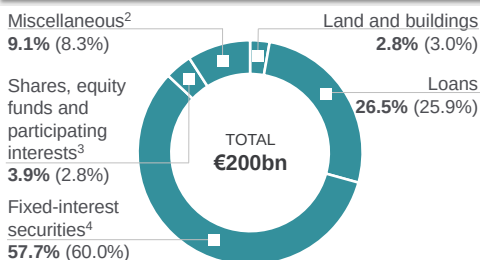
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Munich Re (Group) – Investments – Total portfolio

Active asset management on the basis of a well-diversified investment portfolio

Munich RE

Investment portfolio¹



Active portfolio management

- Ongoing tactical reallocation of fixed-income portfolio thereby realising disposal gains
- Slight shift from corporate and bank bonds to government bonds and equities
- Further improving geographic diversification
- Duration lengthening continues to prove beneficial as yields sharply declined

Portfolio duration⁵

	Assets	Liabilities	Net DV01 (€m)
Reinsurance	6.0	4.1	-10.9
Primary insurance	7.1	7.6	8.0
Munich Re Group	6.6	6.2	-2.9

Interest management

Increasing utilisation of derivative instruments (esp. interest rate futures and receiver swaptions) to efficiently manage interest sensitivity of the portfolio

¹ Fair values as at 30.9.2010 (31.12.2009). ² Deposits retained on assumed reinsurance, investments for unit-linked life, deposits with banks, investment funds (bond, property) and held for trading derivatives with non-fixed-interest underlying. ³ Net of hedges: 2.6% (2.8%). ⁴ Categories "available for sale", "held to maturity" and "at fair value". ⁵ As at 30.9.2010. Net DV01: Sensitivity to parallel upward shift of yield curve by one basis point reflecting portfolio size.

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Due to IFRS accounting mismatch, P&L effects are difficult to predict in volatile markets

Economic perspective

- Due to almost matched duration position at Group level (contrarian duration mismatch in reinsurance vs. primary insurance providing "internal hedge"), fair values of assets and liabilities change nearly in parallel
- Primary life/health: Slight increase in economic capital buffer in case of rising interest rates due to longer duration of provisions

View according to IFRS accounting

- Valuation of investments mainly at market values while large proportion of liabilities are valued at undiscounted best estimate
- Valuation mismatch of assets and liabilities leads to volatility of shareholders' equity (falling yields increasing equity)
- Different recognition of derivatives (FX forwards, interest-rate futures, swaptions, etc.) leads to volatility of profit and loss account

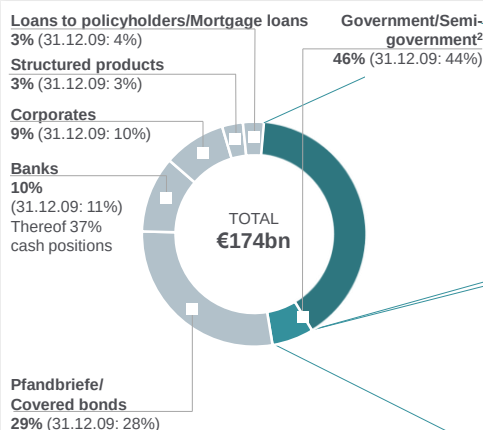
Economic approach to managing the investment portfolio

Munich Re making use of derivatives for hedging and duration management purposes: e.g. fixed-income derivatives managing duration, equity-based derivatives hedging equity holdings, swaptions in primary life protecting against adverse impact of low interest rates, FX forwards managing currency risk

Changes in value of derivatives are recognised in P&L while changes in value of underlyings are recognised in equity leading to accounting distortions

Emphasis on highly rated risks

Fixed-income portfolio¹



Governments per country²

In % of total government exposure			
	Without P/H ⁴ participation	With P/H ⁴ participation	Total
Germany	6	25	31
US	15	0	15
Canada	7	0	7
UK	5	1	6
France	5	1	6
Austria	2	2	4
Other	10	6	16
Total³	50%	35%	85%
"PIIGS"			
	Without P/H ⁴ participation	With P/H ⁴ participation	Total
Italy	5	2	7
Greece	0	1	1
Spain	1	2	3
Ireland	1	2	3
Portugal	0	1	1
Total³	7%	8%	15%

¹ Incl. loans, parts of other securities, other investments and cash positions. Fair values.

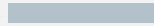
² Thereof 10% inflation-linked bonds. ³ Differences between totals possible due to rounding.

⁴ P/H = policyholder. Economic view – not fully comparable with IFRS figures. As at 30 September 2010.

Munich Re (Group) – Investment result

Substantially increased investment result driven by beneficial strategic investment decisions

Munich RE 

	€m	Q1–3 2010	Return ¹	€m	Q1–3 2009	Return ¹
Regular income	5,844		4.0%	5,704		4.2%
Write-ups/write-downs of investments	290		0.2%	–838		–0.6%
Gains/losses on the disposal of investments	1,409		1.0%	1,069		0.8%
Other income/expenses	–262		–0.2%	–143		–0.1%
Investment result	7,281		5.0%²	5,792		4.3%²

- Regular income: Slight increase in absolute terms due to higher asset base and cautious investments in higher yielding fixed-interest securities (e.g. longer durations and investment in loans) compensating for lower reinvestment rates
- Write-ups/write-downs: Strong improvement driven by write-ups on swaptions (increase of ~€800m) as a result of declined interest levels; lower write-downs on equities due to recovered capital markets
- Gains on disposal: High contribution from sale of corporate, government and covered bonds at relatively low interest-rate levels and narrowed credit spreads and gains of interest-rate futures

¹ Return on quarterly weighted investments (market values) in % p.a.

² Total return on investment Q1–3 2010 (incl. change in on- and off-balance-sheet reserves): 9.2% (7.3%).

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Munich RE 

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Primary insurance

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Primary insurance – Highlights

Improved operating result confirms consistently positive trend since Q2 2009



Gross premiums written

€m

Q1–3
2009

12,289

Q1–3
2010

13,132

Organic growth across all segments and favourable FX contribution

Technical result

€m

Q1–3
2009

637

Q1–3
2010

457

Higher claims in p-c business abroad and increased policyholder participation in life&health

Investment result¹

€m

Q1–3
2009

3,266

Q1–3
2010

4,567

Significant improvement driven by write-ups on swaptions and higher disposal gains

Operating result

€m

Q1–3
2009

500

Q1–3
2010

923

All segments achieving substantially increased results

¹ Investment result incl. unrealised gains/losses from investments in unit-linked life insurance; thereof unit-linked business: €178m in Q1–3 2010 (€352m in Q1–3 2009).

Primary insurance – Premium development

Growth from all business segments – no premium attrition following introduction of new ERGO brand



€m

Gross premiums
written Q1–3 2009

12,289

Foreign-exchange
effects

113

Divestment/
Investment

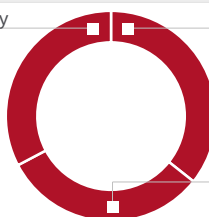
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Organic change

730

Gross premiums
written Q1–3 2010

13,132

Breakdown
by segment
(segmental, not
consolidated)Property-casualty
4,297 (33%)
(▲ 8.4%)Life
4,683 (36%)
(▲ 6.1%)Health
Germany
4,152 (31%)
(▲ 6.1%)

Life statutory premiums:

- IFRS premiums
€4,683m (▲ 6.1%)
- Savings component of
unit-linked and
capitalisation products
€1,340m (▲ 8.2%)
- **Total premiums**
€6,023m (▲ 6.6%)

Primary insurance – Life

Swing in consolidated result going along with higher investment result



€m	Q1–3 2010	Q1–3 2009
Gross premiums written	4,683	4,412
Income from technical interest	2,702	2,180
Net expenses for claims and benefits	6,485	5,446
Net operating expenses	764	671
Technical result	–58	122
Investment result	3,147	2,199
Non-technical result	389	–32
Operating result	331	90
Consolidated result	202	–34

- Rise in premiums mainly driven by higher new business with single premiums
- Investment result rises by more than 40% owing to an improvement of the swaptions result by ~€800m and increased disposal gains, allowing for higher policyholder participation resulting in a strongly growing non-technical result, overcompensating the lower technical result:
 - Increased net expenses for claims and benefits: Higher allocation to provision for premium refunds (RfB) ...
 - ... only partially balanced by rising income from technical interest: IFRS investment result in Q1–3 2009 distorted by financial market crisis leading to an allocation to technical result in excess of investment result ...
 - ... resulting in an artificially "inflated" technical result in Q1–3 2009: Reduction of technical result in Q1–3 2010 despite lower payments for surrenders, maturity and death
- Increase in net operating expenses driven by foreign business, mainly higher acquisition cost from bank distribution (Poland)
- Previous year impacted by goodwill impairments of €47m (mainly BACAV, Austria)
- Swaption impact on consolidated result amounts to €92m in Q1–3 2010 (Q1–3 2009: –€70m)

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Primary insurance – Life – New business

ERGO new business life insurance (statutory premiums)



Total				
€m	Total	Regular premiums	Single premiums	APE ¹
Q1–3 2009	1,804	344	1,460	490
Q1–3 2010	2,247	327	1,920	519
Δ	24.6%	–4.9%	31.5%	5.9%
Germany				
€m	Total	Regular premiums	Single premiums	APE ¹
Q1–3 2009	1,171	228	943	322
Q1–3 2010	1,505	216	1,289	345
Δ	28.5%	–5.3%	36.7%	7.1%

Comments

- Trend away from regular premiums and towards single premiums holds true for German and international business
- Germany
 - Strong growth in traditional annuity business
 - Total new business (regular premiums plus single premiums) up by 28.5%
- Strong growth in Poland (especially bancassurance) and Belgium

International

€m	Total	Regular premiums	Single premiums	APE ¹
Q1–3 2009	633	116	517	168
Q1–3 2010	742	111	631	174
Δ	17.2%	–4.3%	22.1%	3.6%

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

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Primary insurance – Health

Satisfactory financial development

Munich RE 

€m	Q1–3 2010	Q1–3 2009
Gross premiums written	4,152	3,912
Income from technical interest	1,026	933
Net expenses for claims and benefits	4,237	3,904
Net operating expenses	454	495
Technical result	290	274
Investment result	931	805
Non-technical result	–144	–152
Operating result	146	122
Consolidated result	90	33

- Premium increase mainly owing to premium adjustments in Germany
- Higher income from technical interest especially driven by higher policyholder participation on account of higher investment result
- Rise in net expenses for claims and benefits attributable to increased policyholder participation, higher claims payments and increase in provision for future policyholder benefits
- Reduced net operating expenses due to higher reinsurance commissions and lower DAC amortisation
- Investment result increased mainly due to higher regular income and improved result from write-ups/write-downs
- Positive effect from significant tax refunds

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Primary insurance – Property-casualty

Rising investment result overcompensates adverse claims development

Munich RE 

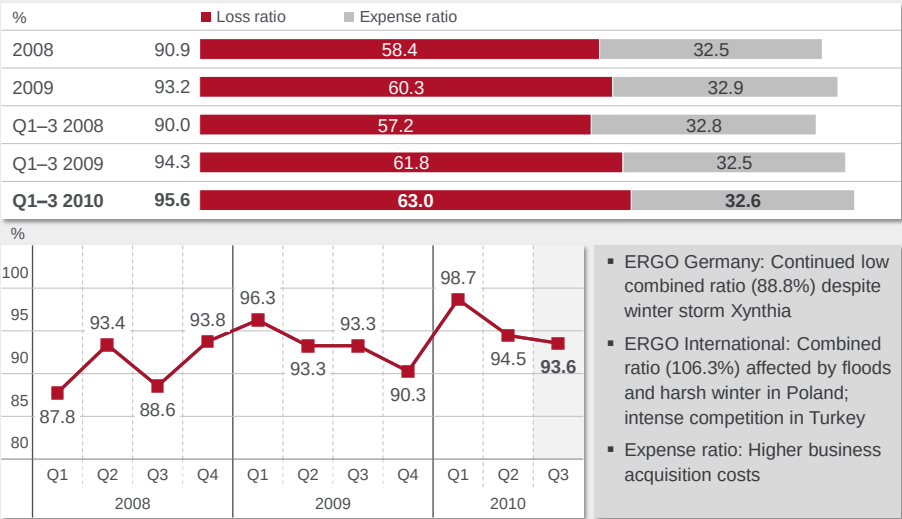
€m	Q1–3 2010	Q1–3 2009
Gross premiums written	4,297	3,965
Income from technical interest	130	112
Net expenses for claims and benefits	2,318	2,133
Net operating expenses	1,164	1,088
Technical result	225	241
Investment result	489	262
Non-technical result	221	47
Operating result	446	288
Consolidated result	140	96

- Premium increase in all lines of business driven by strengthening of distribution channels in business abroad as well as positive foreign currency exchange effects (esp. Poland)
- Higher claims expenses mainly driven by foreign business (esp. Poland with strong winter and floods); winter storm Xynthia, floods and tornados as main events in Germany
- Increase in net operating expenses owing to higher acquisition costs from bank distribution
- Improved investment result attributable to increased result from disposals and higher regular income
- Goodwill impairment losses in Q2 2010: ERGO Isvicre Sigorta €109m (prev. year: none)

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Primary insurance – Property-casualty – Combined ratio

Satisfactory with view to continued high claims activity especially in international business



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Primary insurance

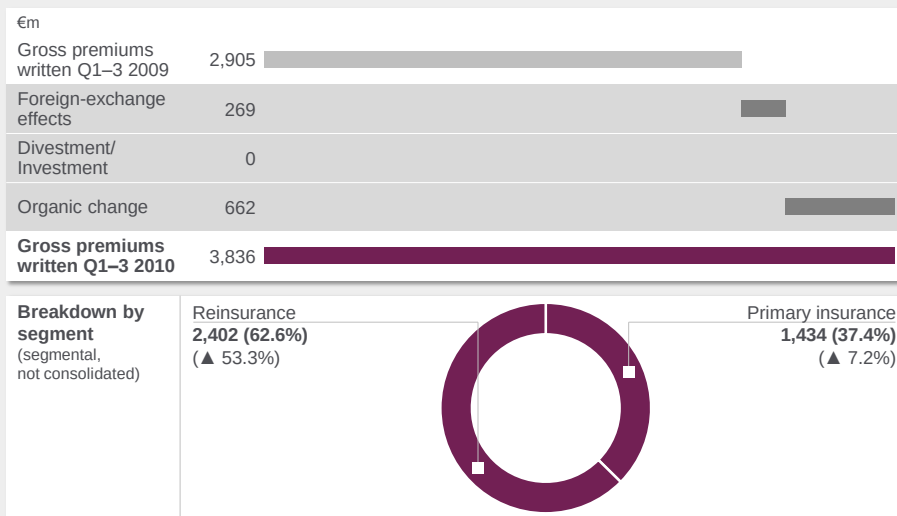
Munich Health

Reinsurance

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Large-volume deals as main driver of premium growth – Primary activities with solid development



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Strong top-line growth translating into pleasing bottom-line development

€m	Q1–3 2010	Q1–3 2009
Gross premiums written	3,836	2,905
Income from technical interest	67	64
Net expenses for claims and benefits	3,002	2,310
Net operating expenses	752	501
Technical result	57	41
Investment result	122	108
Non-technical result	57	48
Operating result	114	89
Consolidated result	57	–1

- Strong premium growth in the reinsurance segment owing to large-volume capital relief deals in North America and Asia in addition to positive currency impact
- Corresponding influence on all positions of the technical result with positive net effect on technical result
- Higher expense ratio mainly driven by rising reinsurance commissions
- Increased investment result as a consequence of higher regular income mainly from associates; in addition lower write-downs and increased net disposal gains
- Previous year's consolidated result strained by Sterling goodwill impairment

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Reinsurance – Highlights

Improved result in life reinsurance partly compensates for high losses in property-casualty



Gross premiums written

€m	
Q1–3 2009	16,531
Q1–3 2010	17,628
Large-volume deals and favourable FX contribution balancing selective underwriting	

Investment result

€m	
Q1–3 2009	2,812
Q1–3 2010	2,851
Higher regular income and increased gains on disposal	

Technical result

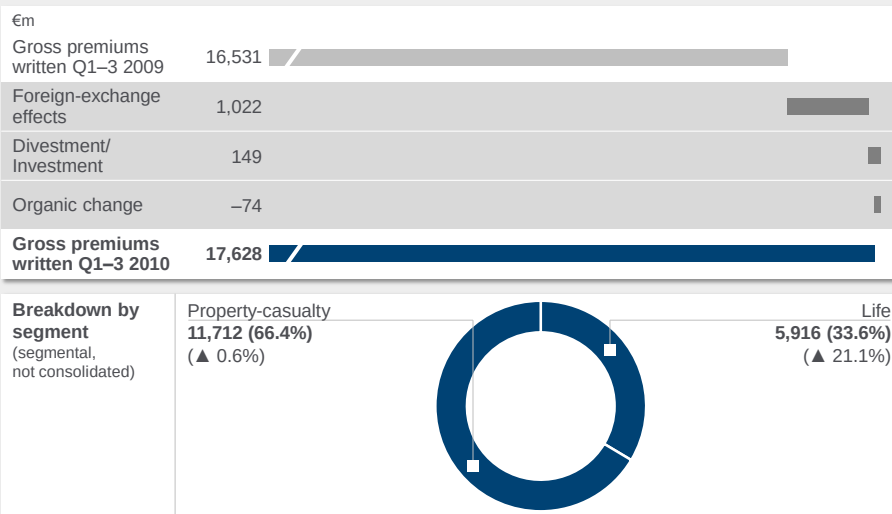
€m	
Q1–3 2009	1,256
Q1–3 2010	1,025
High claims activity in property-casualty mitigated by higher technical result in life reinsurance	

Operating result

€m	
Q1–3 2009	2,933
Q1–3 2010	2,512
Successful investment management partly mitigating higher major losses in p-c	

Reinsurance – Premium development

Favourable FX effect and large-volume deals in life re offset by strict cycle management in property-casualty



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Reinsurance – Life

Strong organic growth driven by large capital relief deals



€m	Q1–3 2010	Q1–3 2009
Gross premiums written	5,916	4,884
Income from technical interest	421	483
Net expenses for claims and benefits	4,219	3,539
Net operating expenses	1,591	1,413
Technical result	271	190
Investment result	702	791
Non-technical result	298	320
Operating result	569	510
Consolidated result	356	335

- Premium growth owing to large-volume deals (majority of deals included as from Q2 2009) and positive development of foreign-exchange (mainly Can\$)
- Corresponding positive effect of large-volume deals on technical and operating result
- Improvement of technical result reflects de-risking of investment portfolio in Q1–3 2009, with corresponding impact on interest-sensitive liability items, and positive new business from capital relief deals; allocation to provision for future risk of long term care business in Q3 2010 (€77m gross)
- Decrease of investment result due to reduced internal interest on deposit accounting and gains on disposal from sale of ERV¹ to ERGO in 2009

¹ Europäische Reiseversicherung.

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Reinsurance – Property-casualty

Result strongly impacted by high nat cat and man-made losses



€m	Q1–3 2010	Q1–3 2009
Gross premiums written	11,712	11,647
Income from technical interest	1,031	723
Net expenses for claims and benefits	7,637	7,179
Net operating expenses	3,169	2,994
Technical result	754	1,066
Investment result	2,149	2,021
Non-technical result	1,189	1,357
Operating result	1,943	2,423
Consolidated result	1,303	1,534

- Strict cycle management and recession-related decrease in original business; countervailing increase from currency and first-time consolidation of HSB
- Increase in income from technical interest owing to higher average risk-free interest-rate based on amendment of calculation method in Q3 2009 now adequately reflecting the term structure of the liabilities
- Technical result burdened by exceptionally high nat cat losses (earthquakes in Chile and New Zealand as main events) in addition to above-average man-made losses (e.g. Deepwater Horizon)
- Increasing net operating expenses on basis of growing share of Munich Re Risk Solutions business with structurally different cost structure, but lower loss ratios
- Higher investment result due to lower write-downs on equities and positive result from disposals in 2010

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Reinsurance – Property-casualty – Combined ratio

Good combined ratio of 93.8% in Q3 partly mitigating exceptionally high major losses in Q1–2 2010



% ¹		Loss ratio (Thereof nat cat/Thereof man-made)	Expense ratio
2008	99.4	69.6 (6.2/5.0)	29.8
2009	95.3	65.7 (1.4/6.9)	29.6
Q1–3 2008	100.1	71.4 (7.8/4.7)	28.7
Q1–3 2009	96.3	67.8 (2.6/6.1)	28.5
Q1–3 2010	102.1	72.0 (10.8/4.9)	30.1



- High major losses (€1,657m vs. 5-year average €1,027m)
- Nat cat losses (€1,134m) clearly exceed 5-year average (€587m)
- Man-made losses in (€523m) also above 5-year average (€440m)
- Expense ratio: Growing share of Munich Re Risk Solutions business with structurally different expense ratio (but lower loss ratios)

¹ Incl. credit, overhead costs and run-off result.

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Outlook

Munich Re to continue to place high emphasis on sustainable earnings in a low-yield environment

Outlook 2010

CAPITAL REPATRIATION

Continuation of share buy-back programme of up to **€1bn** until AGM 2011¹

GROSS PREMIUMS WRITTEN

€44–46bn²

RETURN ON INVESTMENT

~4.5% (prev. slightly >4%)

NET INCOME

~€2.4bn³ (prev. >€2.0bn)

COMBINED RATIO – REINSURANCE P-C

97% over-the-cycle – in 2010 slightly below 100% expected⁴

COMBINED RATIO – PRIMARY INSURANCE P-C

~95%

First indication 2011

RoRAC

15% a real challenge given sustainably very low interest rates, while economically balanced business and investment portfolio stabilises profitability and reduces cost of capital

RETURN ON INVESTMENT

Assuming insignificant non-recurring gains/losses and a continuation of the low interest-rate environment, RoI expected to drop below 4%

PROFIT

Expectation for net result to stand – Net result 2011 now presumably slightly below the increased outlook for 2010⁵ while higher technical result expected¹ Full execution remains subject to developments in the capital markets and the general economic environment. Until 31 October Munich Re repurchased own shares amounting to €475m.² Thereof €23–24bn in reinsurance, €17–18bn in primary insurance and approx. €5bn in Munich Health (all on basis of segmental figures).³ Assuming stable capital markets and FX developments as well as normal claims activity in Q4.⁴ Presuming normal claims activity in Q4.⁵ Assuming normal claims activity and generally stable prices in reinsurance.

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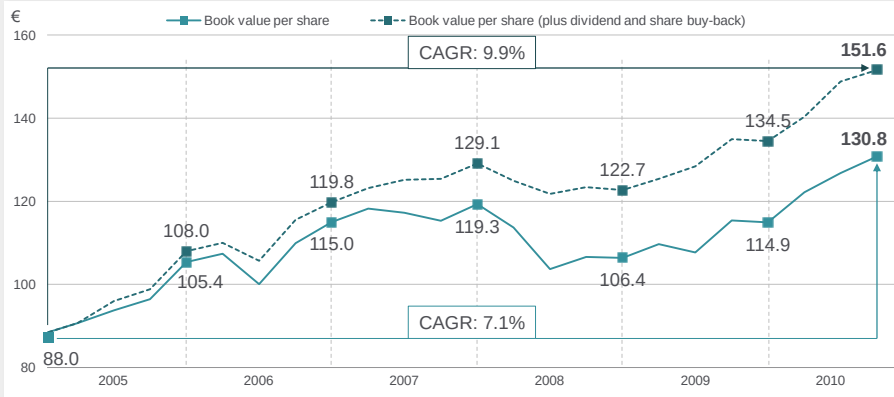
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Backup: Additional information

Strong growth of book value accompanied by consistent capital repatriation

Munich RE

Book value per share¹: 2005 – Q1–3 2010



7.1% CAGR since 1.1.2005 clearly above annual performance of insurance index²

¹ Shareholders' equity excl. minority interests divided by shares in circulation.

² Total return EURO STOXX Insurance: -5.4% p.a.

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Backup: Additional information

Continuously strong operating performance – reduction only by major losses

Munich RE

As reported (€m)	Q1–3 2010	Q1–3 2009	As-if calculation (€m)	Q1–3 2010	Q1–3 2009
Regular income on investments	5,844	5,704	Adjusted regular income on investm. ¹	5,343	5,150
Write-ups/write-downs and gains/losses on the disposal of investments	1,699	236	Policyholder participation in primary insurance life and health from write-ups/write-downs on investments ² and gains/losses on disposals	851	-93
Other investment income/expenses	-262	-137	Shareholder participation in write-ups/write-downs and gains/losses on disposal of investments ³	1,087	735
Investment result	7,281	5,792	Investment result	7,281	5,792
Deduction of income from technical interest	-5,311	-4,342	Deduction of income from technical interest	-5,311	-4,342
			Shareholder participation in write-ups/write-downs and gains/losses on disposal of investments ³	-1,087	-735
Other operating result	-65	1	Other operating result	-65	1
Non-technical result	1,905	1,451	Adjusted non-technical result	818	716
Technical result	1,462	1,870	Technical result	1,462	1,870
Operating result	3,367	3,321	Adjusted operating result	2,280	2,586

¹ Regular income on investments less planned amortisation of investment property plus other income/expenses on investments (excl. unrealised gains/losses on unit-linked life insurance).

² Incl. unrealised gains/losses from unit-linked life insurance.

³ In life and health primary insurance only shareholders' share of 10%.

Quarterly financial statements as at 30 September 2010 35

Backup: Additional information

Over €10bn capital repatriation since 1 January 2005

Munich RE 

€m	2005	2006	2007	2008	2009	2010ytd ¹	Total
Share buy-back		250	2,303	1,387	406	1,125	5,471
Dividend	707	988	1,124	1,073	1,072		4,964
Total amounts	707	1,238	3,427	2,460	1,478	1,125	10,435

High dividend yields and share buy-backs resulting in a cash yield of around 10%² – Share buy-back programme up to the 2011 AGM well underway

¹ As at 31 October 2010.² Assuming shareholders participated equally in €1bn share buy-back; based on 2009 closing share price as at 31.12.2009 (€108.67).

Quarterly financial statements as at 30 September 2010 36

Backup: Additional information

Strongly increased contribution of primary insurance to Group earnings

Munich RE 

€m	Q1–3 2009	Q1–3 2010	Operating result	Consolidated result
Reinsurance Life	510	569		335 356
Reinsurance Property-casualty	2,423	1,943		1,534 1,303
Reinsurance Subtotal	2,933	2,512		1,869 1,659
Primary insurance Life	90	331		–34 202
Primary insurance Health	122	146		33 90
Primary insurance Property-casualty	288	446		96 140
Primary insurance Subtotal	500	923		95 432
Munich Health	89	114		–1 57
Munich Re¹ (Group)	3,321	3,367		1,784 1,955

¹ Operating result Q1–3 2010 including asset management (€59m, Q1–3 2009 €42m) and consolidation (–€241m, Q1–3 2009 –€243m). Consolidated result Q1–3 2010 including asset management (€31m, Q1–3 2009 €25m) and consolidation (–€224m, Q1–3 2009 –€204m). The consolidation figure in Q1–3 2009 includes the elimination of the intercompany sale of Europäische Reiseversicherung from Munich Reinsurance Company to ERGO AG amounting to €139m.

Quarterly financial statements as at 30 September 2010 37

Backup: Additional information

Major losses: Above-average man-made claims in addition to exceptionally high nat cat losses



Reinsurance segment: Major losses ¹ over €10m each				
€m		■ Man-made	■ Natural catastrophes	
Q1–3 2006 ²	516	444	72	
Q1–3 2007 ³	829	132	697	
Q1–3 2008 ³	1,220	460	760	
Q1–3 2009 ³	910	640	270	
Q1–3 2010 ³	1,657	523	1,134	
5-year average	1,027	440	587	

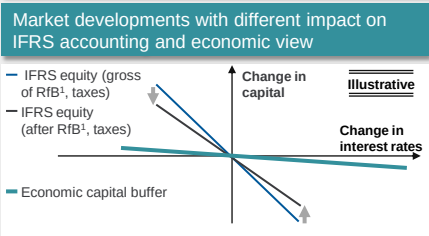
¹ Incl. claims in life.
² Major losses over €5m each; Q1–3 2006 incl. run-off profits.
³ Incl. run-off profits.

Backup: Additional information

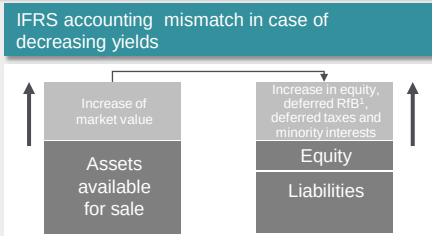
Due to IFRS accounting mismatch, P&L effects are difficult to predict in volatile markets



- Economic approach to managing the investment portfolio: Munich Re making use of derivatives for hedging and duration management purposes: e.g. fixed-income derivatives managing duration, equity-based derivatives hedging equity holdings, swaptions in primary life protecting against adverse impact of low interest rates, FX forwards managing currency
- Accounting according to IAS 39 often leads to distortions: fluctuations in value of derivatives are recognised in P&L whereas value changes of underlying investments are recognised in equity => Fair value hedging removes accounting mismatch to a large extent as fluctuations in value of derivatives are mirrored by underlying investments with net neutral P&L effect



- Economic perspective
- Due to almost matched duration position on Group level (contrarian duration mismatch in reinsurance vs. primary insurance providing "internal hedge") fair values of assets and liabilities change nearly in parallel
 - Primary life/health: Slight increase of economic capital buffer in case of rising interest rates due to longer duration of provisions



- View according to IFRS accounting
- Valuation of investments mainly at market values while large proportion of liabilities is valued at undiscounted best estimate
 - Valuation mismatch of assets and liabilities leads to volatility of shareholders' equity (falling yields increasing equity)
 - Different recognition of derivatives (FX forwards, interest rate futures, swaptions etc.) leads to volatility of P&L account

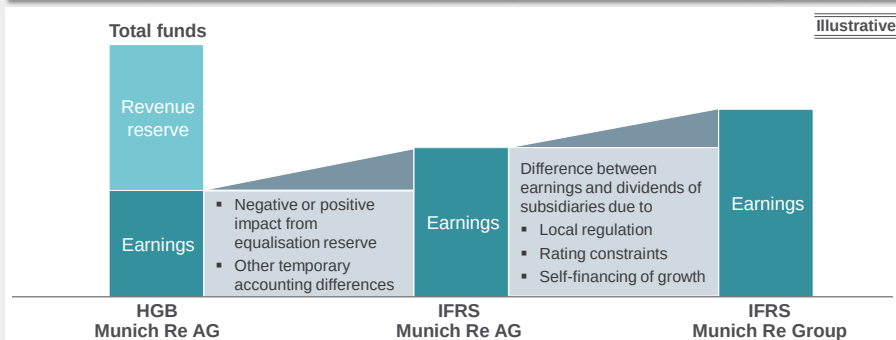
¹ RfB: Reserve for premium refunds (Rückstellungen für Beitragsrückertstattungen).

Backup: Additional information

Framework for capital management

Munich RE 

Local GAAP (HGB) funds of Munich Re AG providing financial framework for payout policy



- Active capital management to remain a cornerstone of Munich Re's strategy while maintaining a sensible balance between payout and capital strength to take advantage of options for profitable growth
- While short-term local GAAP constraints have to be considered, future capital repatriation will primarily be governed by the financial flexibility according to the internal model (Solvency II) and rating

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Backup: Additional information

Basics of the equalisation reserve under German local GAAP (HGB)

Munich RE 

Driving factors of the equalisation reserve

Net premium growth

Claims volatility

Legally stipulated maximum amount

Mode of action (for each line of business)

1. Minimum allocation

Annual allocation of 3.5% of legally stipulated maximum amount (as long as legally stipulated maximum amount has not been reached)

2. Actual claims vs. average

Comparison of current loss ratio (LR) with average LR for the past years¹ (Ø LR):

- If claims are below the average ratio ("good claims year"), an allocation is made to the equalisation reserve in the amount of the difference between Ø LR and (lower) current LR
→ Allocation only up to the legally stipulated maximum amount at most (allocation limit)
- If claims are above the average ratio ("bad claims year"), a withdrawal is made from the equalisation reserve in the amount of the difference between current LR and (lower) Ø LR

3. Allocation limit

The allocation limit is based on the calculation for individual lines of business (mainly fire, general liability, aviation, accident, credit) which are summed up to the total limit of the equalisation reserve. The higher the premium growth and the higher the claims volatility, the higher the total allocation limit. Partial reversal (of the excess amount) if the equalisation reserve exceeds the legally stipulated amount after consideration of steps 1. and 2.

¹ 15 or 30 years depending on lines of business.

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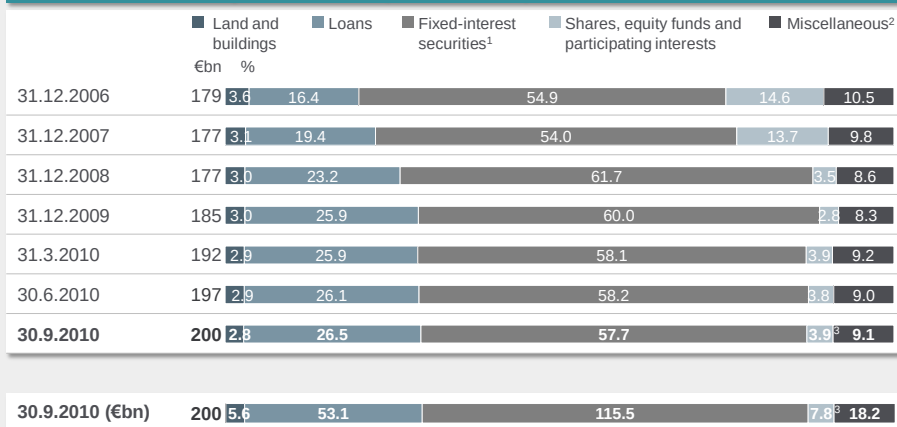
Agenda – Backup

Additional information

Investments and investment result

Shareholder information

Backup: Investments and investment result – Total investment portfolio

Maintenance of low to moderate investment risk profile**Investment structure by asset classes (market values)**¹ Categories "available for sale", "held to maturity" and "at fair value".² Deposits retained on assumed reinsurance, investments for unit-linked life, deposits with banks, investment funds (bond, property) and held for trading derivatives with non-fixed interest underlying.³ After taking equity derivatives into account: 2.6%.

Backup: Investments and investment result – Fixed-income portfolio

Continued emphasis on highly rated credit risks

Munich RE Rating classification of fixed-income portfolio¹

%	AAA	AA	A	BBB	BB	B and worse	NR	Total
Government/ Semi-government	59	31	7	1	2	–	–	100
Pfandbriefe/Covered bonds	85	14	0	0	–	–	1	100
Banks	8	17	35	4	0	1	35 ²	100
Corporates	2	11	39	44	3	0	1	100
Structured products	81	10	6	2	0	0	1	100
Loans to policyholders/ Mortgage loans	–	–	–	–	–	–	100	100
Total	55	21	10	5	1	0	8	100

¹ Economic view – not fully comparable with IFRS figures.² Including cash positions and shares in funds which are not rated. As at 30 September 2010.

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Backup: Investments and investment result – Fixed-income portfolio

Approx. 65% invested in eurozone,
absorbable exposure to "PIIGS" countriesMunich RE Geographic classification of fixed-income portfolio¹

%	Germany	France	UK	"PIIGS"	CEE	Rest of Europe	USA	Canada	Rest of world	Total
Government/ Semi-government	31	6	6	15	3	11	15	7	6	100
Pfandbriefe/ Covered bonds	44	16	6	12	0	22	0	0	0	100
Banks	40	8	7	3	1	13	15	2	11	100
Corporates	3	7	7	6	0	16	50	5	6	100
Structured products	3	1	9	14	–	9	62	1	1	100
Loans to policyholders/ Mortgage loans	99	–	–	–	–	–	–	–	1	100
Total	35	9	6	11	2	14	14	4	5	100

¹ Economic view – not fully comparable with IFRS figures.
As at 30 September 2010.

Quarterly financial statements as at 30 September 2010 45

Backup: Investments and investment result – Fixed-income portfolio

Maturity structure

Munich RE Maturity structure of fixed-income portfolio¹

%	Remaining time to maturity							Total
	0–1 year	1–3 years	3–5 years	5–7 years	7–10 years	>10 years	n.a.	
Government/ Semi-government	8	13	16	14	17	32	0	100
Pfandbriefe/Covered bonds	3	11	12	16	16	42	0	100
Banks	16	8	9	13	16	6	32	100
Corporates	7	24	24	13	20	12	0	100
Structured products	20	58	15	5	1	1	0	100
Loans to policyholders/ Mortgage loans	2	5	9	8	22	53	1	100
Total	8	14	14	14	17	30	3	100

¹ Economic view – not fully comparable with IFRS figures.
As at 30 September 2010.

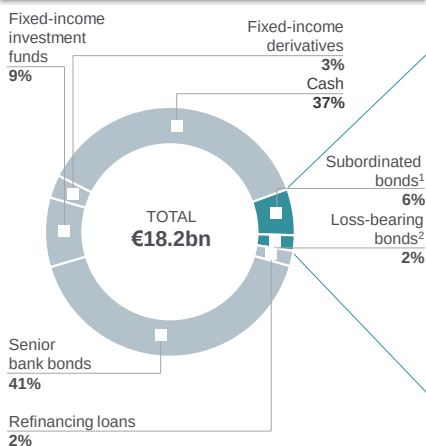
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Backup: Investments and investment result – Fixed-income portfolio

Banks: Decrease of subordinated and loss-bearing exposure by ~€0.2bn in Q3 2010

Munich RE 

IR/

BANKS
Split by investment categoryBANKS
Subordinated and loss-bearing exposure by country

Country	Market values €m (as at 30.9.2010)		
	Total	Subordinated bonds	Loss-bearing bonds
Germany	715	439	276
USA	414	355	59
Italy	49	49	–
UK	50	40	10
Austria	79	52	27
Other	129	69	60
Total market values	1,436	1,004	432

¹ Classified as lower Tier 2 and Tier 3 capital for solvency purposes.

² Classified as Tier 1 and upper Tier 2 capital for solvency purposes.
Economic view – not fully comparable with IFRS figures.

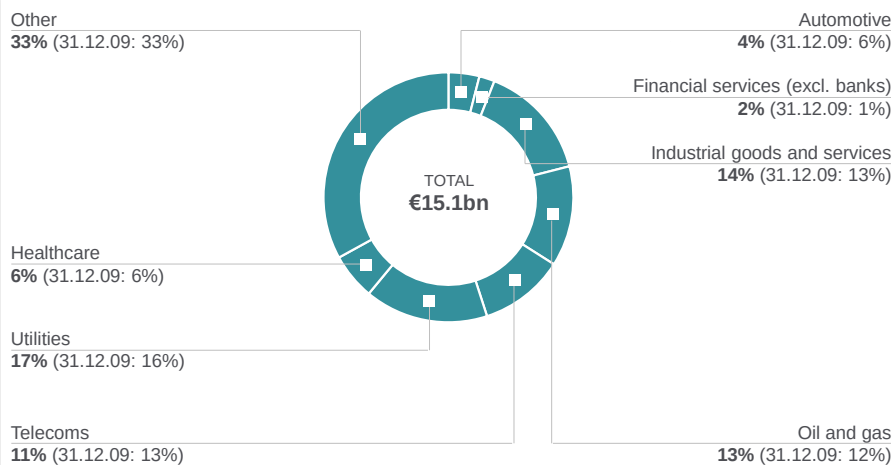
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Backup: Investments and investment result – Fixed-income portfolio

Corporates: Broadly diversified investment-grade portfolio

Munich RE

Corporate bonds: Sectoral split¹



¹ Economic view – not fully comparable with IFRS figures.
As at 30 September 2010.

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Backup: Investments and investment result – Fixed-income portfolio

Structured products: Substantial portion of exposure to agencies

Munich RE

Structured products portfolio (at market values): Split by rating and region

€m		AAA	AA	A	BBB	<BBB	NR	USA + RoW	Europe	Total	Market-to-par value
ABS	Consumer-related ABS ¹	755	80	91	3	–	13	597	345	942	101%
	Corporate-related ABS ²	173	116	40	10	4	3	3	343	346	95%
	Subprime HEL	21	–	23	–	4	–	48	–	48	95%
CDO/CLN	Subprime-related	–	–	–	–	0	0	0	0	0	0%
	Non-subprime-related	71	9	30	2	0	58	0	170	170	81%
MBS	Agency	2,130	84	–	–	–	–	2,214	–	2,214	99%
	Non-agency prime	600	61	51	46	0	–	60	698	758	97%
	Non-agency other (not subprime)	196	77	28	–	4	–	149	156	305	94%
	Commercial MBS	622	132	51	20	3	–	530	298	828	99%
Total 30.9.2010		4,568	559	314	81	15	74	3,601	2,010	5,611	97%
In %		81%	10%	6%	2%	0%	1%	64%	36%	100%	
Total 31.12.2009		4,592	315	235	20	15	85	3,993	1,269	5,262	95%

¹ Consumer loans, auto, credit cards, student loans.

² Asset-backed CPs, business and corporate loans, commercial equipment.

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Backup: Investments and investment result – Sensitivities to interest rates, spreads and equity markets

Sensitivities to interest rates, spreads and equity markets

Munich RE 

Sensitivity to risk-free interest rates – Basis points	–200	–100	+100	+200
Change in gross market value (€bn)	+27.1	+12.7	–10.9	–20.2
Change in on-balance-sheet reserves, net (€bn) ¹	+5.7	+2.7	–2.5	–4.6
Change in off-balance-sheet reserves, net (€bn) ¹	+1.3	+0.6	–0.5	–0.9
P&L impact (€bn) ¹	+1.0	+0.5	–0.4	–0.7
Sensitivity to spreads ² (change of bps)			+100	+200
Change in gross market value (€bn)			–7.9	–14.5
Change in on-balance-sheet reserves, net (€bn) ¹			–1.3	–2.5
Change in off-balance-sheet reserves, net (€bn) ¹			–0.4	–0.7
P&L impact (€bn) ¹			–0.4	–0.7
Sensitivity to equity markets ³	–30%	–10%	+10%	+30%
EURO STOXX 50 (2,748 as at 30.9.2010)	1,924	2,473	3,023	3,572
Change in gross market value (€bn)	–1.8	–0.6	+0.6	+1.9
Change in on-balance-sheet reserves, net (€bn) ¹	–0.6	–0.2	+0.6	+1.7
Change in off-balance-sheet reserves, net (€bn) ¹	–0.2	–0.1	+0.1	+0.2
P&L impact (€bn) ¹	–0.7	–0.2	–0.1	–0.3

¹ Rough calculation with limited reliability assuming unchanged portfolio as at 30.9.2010. After rough estimation of policyholder participation and deferred tax, linearity of relations cannot be assumed. Economic view – not fully comparable with IFRS figures.

² Sensitivities to changes of spreads are calculated for every category of fixed-interest securities, except governments with ratings AAA.

³ Worst-case scenario assumed: impairment as soon as market value is below acquisition cost.

Quarterly financial statements as at 30 September 2010 50

Backup: Investments and investment result – Investment result – On- and off-balance-sheet reserves

Unrealised gains/losses on securities (afs) and off-balance-sheet reserves

Munich RE 

On-balance-sheet reserves on afs securities	
€m	
Gross unrealised gains and losses	7,617
Provision for deferred premium refunds	–2,178
Deferred taxes	–1,328
Minority interests	–15
Effects from consolidation and currency	45
Shareholders' stake 30.9.2010	4,141
Off-balance-sheet reserves ¹	
€m	
Off-balance-sheet reserves 30.9.2010	6,163
Provision for deferred premium refunds	–4,043
Deferred taxes	–631
Minority interests	0
Shareholders' stake 30.9.2010	1,489

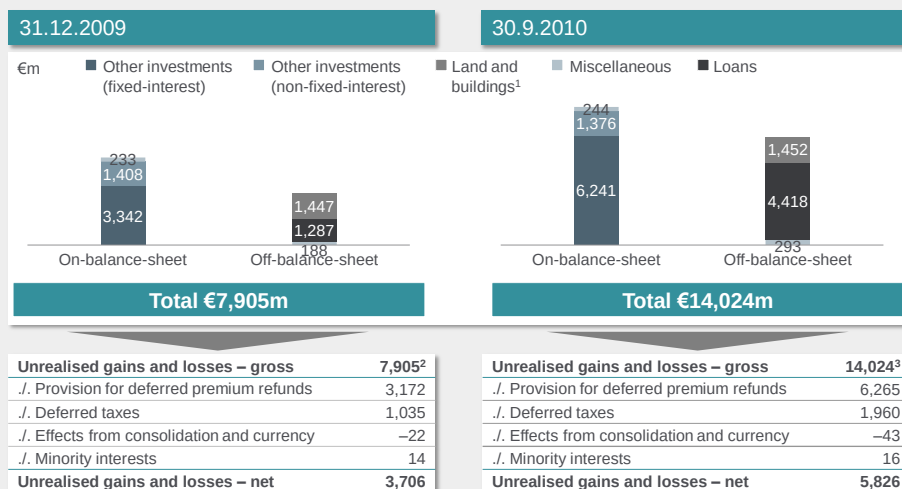
¹ Excluding reserves on owner-occupied properties.

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Backup: Investments and investment result – Investment result – On- and off-balance-sheet reserves

On- and off-balance-sheet reserves by asset class

Munich RE

¹ Without reserves for owner-occupied properties.² Incl. unrealised gains/losses from valuation at equity, unconsolidated affiliated enterprises and cash flow hedging of €233m and off-balance-sheet reserves of €186m for affiliated companies.³ Incl. unrealised gains/losses from valuation at equity, unconsolidated affiliated enterprises and cash flow hedging of €244m and off-balance-sheet reserves of €292m for affiliated companies.

Quarterly financial statements as at 30 September 2010 52

Backup: Investments and investment result – Investment result – Regular income

Increased asset base and shift into loans as main driver for increasing regular income

Munich RE

Investment result – Regular income (€m)	Q1–3 2010	Q1–3 2009	Change
Afs fixed-interest	3,263	3,322	–59
Afs non-fixed-interest	205	242	–37
Derivatives	182	130	52
Loans	1,587	1,449	138
Real estate	250	261	–11
Deposits retained on assumed reinsurance and other investments	275	272	3
Other	82	28	54
Total regular income	5,844	5,704	140

Main effects in Q1–3 2010

- Slight increase in absolute terms due to higher asset base and investments in higher yielding fixed-interest securities (e.g. longer durations and investment in loans) compensating for by lower reinvestment rates
- Higher income from derivatives mainly resulting from GMxB business
- "Other" mainly affected by higher income from affiliated and associated companies

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Backup: Investments and investment result – Investment result – Write-ups/write-downs

High write-ups on interest derivatives and significantly lower write-downs on equities

Munich RE 

Investment result – write-ups/write-downs (€m)	Q1–3 2010	Q1–3 2009	Change
Afs fixed-interest	4	–110	114
Afs non-fixed-interest	–148	–243	95
Derivatives	480	–352	832
Loans	14	0	14
Real estate	–85	–90	5
Other	25	–43	68
Total net write-ups/write-downs	290	–838	1,128

Main effects in Q1–3 2010

- Q1–3 2009 impacted by write-downs on afs fixed-interest securities (structured products and bank subordinated/loss-bearing bonds)
- Lower impairments on afs non-fixed-interest securities compared with previous year when stock markets were at their lowest points in March 2009
- Strongly improved result from derivatives driven by decreased interest rates: Mainly write-ups on swaptions (€440m vs. write-downs –€344m in Q1–3 2009), but also interest-rate futures to lengthen duration

Quarterly financial statements as at 30 September 2010 54

Backup: Investments and investment result – Investment result – Net result from disposal of investments

Gains on fixed-interest securities and equities overcompensate impact from derivatives

Munich RE 

Investment result – Net result from disposal of investments (€m)	Q1–3 2010	Q1–3 2009	Change
Afs fixed-interest	912	562	350
Afs non-fixed-interest	384	529	–145
Derivatives	–46	–93	47
Loans	35	29	6
Real estate	89	29	60
Other	35	13	22
Total net realised gains	1,409	1,069	340

Main effects in Q1–3 2010

- Afs fixed-interest: Realisation of substantial gains on disposal of corporate and government bonds at relatively low interest-rate levels and narrowed credit spreads, thereby benefiting from last year's cautious shift from government bonds and structured products into corporate bonds
- Afs non-fixed-interest: Lower disposal gains from equities as Q3 2009 profited from high realisations
- Derivatives: High gains on interest rate futures due to low interest rates, while taking up losses on other hedging instruments

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Backup: Investments and investment result – Investment result

Return on investment by asset class

Munich RE 

% ¹	Regular income	Write-ups/ write-downs	Gains/ losses on disposal	Other income/ expenses	Total RoI	Average market value in €m
Afs fixed-interest	3.9	0.0	1.1	0.0	5.0	111,956
Afs non-fixed-interest	3.5	-2.5	6.5	0.0	7.5	7,850
Derivatives	22.2	58.5	-5.6	0.0	75.1	1,094
Loans	4.2	0.0	0.1	0.0	4.3	50,567
Real estate	5.9	-2.0	2.1	0.0	6.0	5,603
Other ²	2.9	0.2	0.3	-2.1	1.2	16,582
Total	4.0	0.2	1.0	-0.2	5.0	193,652³
Reinsurance	3.9	-0.3	1.9	-0.4	5.1	72,203
Primary insurance	4.1	0.5	0.4	0.0	5.0	118,242
Munich Health	3.8	0.3	0.8	-0.1	4.7	2,549

Main effects in Q1–3 2010

- Reinsurance: High RoI driven by gains on disposals of fixed-interest securities and fixed-interest derivatives (interest-rates futures); in addition, sale of Helvetia shares leading to net gain of approx. €90m
- Primary insurance: As compared to reinsurance, higher running yield (longer duration) and higher write-ups (swaptions), but lower disposal gains
- Expectation for the remainder of 2010/2011: Gradual decrease of the running yield due to lower reinvestment rates and declining level of disposal gains as well as write-ups

¹ Annualised. ² Incl. management expenses. ³ Reinsurance, primary insurance and Munich Health do not add up to total amount; difference relates to the segment "asset management".

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Agenda – Backup

Munich RE 

Additional information

Investments and investment result

Shareholder information

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Backup: Shareholder information

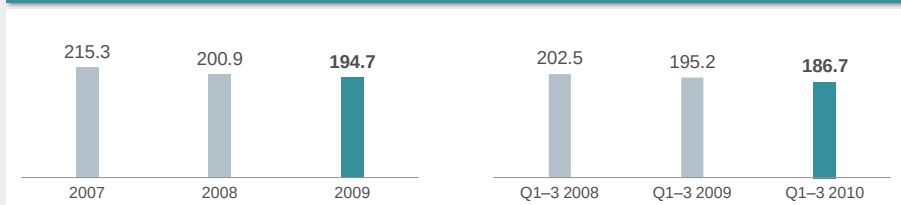
8.9 million own shares were retired in April 2010

Munich RE 

Development of shares in circulation

Shares million	31.12.2009	Acquisition of own shares in Q1–3 2010	Retirement of own shares in Q1–3 2010	30.9.2010
Shares in circulation	191.9	–9.2	0	182.7
Own shares held	5.5	9.2	–8.9	5.8
Total	197.4	0	–8.9	188.5

Weighted average number of shares in circulation



In October 2010, additional ~0.8 million shares were repurchased for an amount of €85m

Quarterly financial statements as at 30 September 2010 58

Backup: Shareholder information

Financial calendar

Munich RE 

FINANCIAL CALENDAR

11 January 2011	Commerzbank "German Investment Seminar", New York
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

Quarterly financial statements as at 30 September 2010 59

Backup: Shareholder information

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Backup: Shareholder information

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/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.

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