EXECUTION AND DELIVERY
Commerzbank - German Investment Seminar 2011

New York, 11 January 2011

Nikolaus von Bomhard
Munich Re (Group) – Integrated business model
A leading global (re)insurer

Munich Re (Group) – Premium breakdown by segment (consolidated)

<table>
<thead>
<tr>
<th>Segment</th>
<th>Q1–3 2010</th>
<th>Net Loss</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reinsurance</td>
<td>€34.1bn</td>
<td></td>
</tr>
<tr>
<td>Property-casualty</td>
<td>11,445 (34%)</td>
<td>▲ 0.5%</td>
</tr>
<tr>
<td>Property-casualty</td>
<td>4,265 (12%)</td>
<td>▲ 7.8%</td>
</tr>
<tr>
<td>Life: 5,818 (17%)</td>
<td>▲ 25.7%</td>
<td></td>
</tr>
<tr>
<td>Munich Health: 3,703 (11%)</td>
<td>▲ 34.3%</td>
<td></td>
</tr>
</tbody>
</table>

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

Munich Health
- A leading specialised risk carrier in selected international health markets
- Flexible combination of business models and products as unique selling proposition

Munich Re (Group) – Financial highlights
Sound financial development in the first nine months of 2010

<table>
<thead>
<tr>
<th>Segment</th>
<th>Net Result</th>
<th>Shareholders’ Equity</th>
<th>High Investment Result</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reinsurance</td>
<td>€1,955m</td>
<td>€24.1bn</td>
<td>Annualised RoR of 5.0%</td>
</tr>
<tr>
<td>Primary insurance</td>
<td>€761m</td>
<td>Share buy-back programme on track: €650m completed since AGM in April 2010</td>
<td></td>
</tr>
<tr>
<td>Munich Health</td>
<td>€4,146 (12%)</td>
<td>Health Germany:</td>
<td>Position in the US Medicare market strengthened by the acquisition of Windsor</td>
</tr>
</tbody>
</table>

Good Q3 mitigating significant claims in Q1–2 2010
Benign claims development in P-C in Q3 (combined ratio in Q3 standalone: 93.8%)
Munich Re generates solid returns for its shareholders

**Investment profile**

A. Strictly value-based, risk-adjusted management approach
B. Efficient capital management a cornerstone of strategy
C. Managing insurance risks as main source of value creation
D. Disciplined growth with stringent bottom-line focus

**Total shareholder return vs. risk**

- **Munich Re**
- **Peer 1**
- **Peer 2**
- **Peer 3**
- **Peer 4**
- **Peer 5**
- **Peer 6**

<table>
<thead>
<tr>
<th>% Total shareholder return (p.a.)</th>
<th>Volatility of total shareholder return (p.a.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>10</td>
<td>50</td>
</tr>
<tr>
<td>5</td>
<td>40</td>
</tr>
<tr>
<td>0</td>
<td>30</td>
</tr>
<tr>
<td>-5</td>
<td>20</td>
</tr>
<tr>
<td>-10</td>
<td>10</td>
</tr>
</tbody>
</table>

**Munich Re managing for value – stringent execution of strategy delivering sustainable earnings**

1 Annualised total shareholder return defined as price performance plus dividend yields over a 6-year period (01.01.2005–31.12.2010); 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’s Enterprise Risk Management (ERM) safeguards investors’ interests and clients’ protection**

**Components of Munich Re’s ERM**

- **Risk strategy**
  - Clear limits define the framework for operational actions
- **System consisting of triggers, limits and measures in conjunction with responsible management actions**
- **Risk identification and early warning**
- **Risk modeling**
  - Based on right balance between flexibility and stability
- **Risk management culture as solid base**

**Objectives of Munich Re’s ERM**

- Protect and generate sustainable shareholder value
- Ensure the highest degree of confidence in meeting policyholders’ and cedants’ claims
- Protect Munich Re’s reputation

**Embedding of Munich Re’s ERM**

- Risk steering
- Pricing / Underwriting
- Liability-driven investment strategy
- Performance measurement
- Management compensation

**Risk management is a key part of our corporate management**
Value-based management approach – Well-balanced investment portfolio

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

Investment portfolio

<table>
<thead>
<tr>
<th>Land and buildings</th>
<th>Loans</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>2.8% (3.0%)</td>
<td>26.5% (25.9%)</td>
<td>€200bn</td>
</tr>
</tbody>
</table>

Active portfolio management

- Ongoing tactical reallocation of fixed-income portfolio thereby realising disposal gains
- Fixed-income portfolio well balanced, digestible positions in weaker sovereign bonds
- Duration lengthening proved beneficial as yields sharply declined

Portfolio duration

<table>
<thead>
<tr>
<th>Assets</th>
<th>Liabilities</th>
<th>Net DV01 (€m)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reinsurance</td>
<td>6.0</td>
<td>4.1</td>
</tr>
<tr>
<td>Primary insurance</td>
<td>7.1</td>
<td>7.6</td>
</tr>
<tr>
<td>Munich Re Group</td>
<td>6.6</td>
<td>6.2</td>
</tr>
</tbody>
</table>

Interest management

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

Interest management

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

Capital management – Value creation

Strong track record of returns well above (low) cost of capital

Return on equity vs. cost of capital

- Low cost of capital resulting from low correlation of share price to market index

Return on equity and volatility

- Reliable value creation with high predictability of financial results
Capital management – Sound capital base

Significant book value growth based on shareholder-friendly capital repatriation

Book value per share¹

<table>
<thead>
<tr>
<th>Year</th>
<th>Book value per share (plus dividend / share buy-back)</th>
<th>Book value per share</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005</td>
<td>88.0</td>
<td></td>
</tr>
<tr>
<td>2006</td>
<td>103.5</td>
<td></td>
</tr>
<tr>
<td>2007</td>
<td>115.0</td>
<td></td>
</tr>
<tr>
<td>2008</td>
<td>129.1</td>
<td></td>
</tr>
<tr>
<td>2009</td>
<td>134.5</td>
<td></td>
</tr>
<tr>
<td>2010</td>
<td>151.6</td>
<td></td>
</tr>
</tbody>
</table>

CAGR: 9.9%

CAGR: 7.1%

Sound capital base

Sound capitalisation according to all capital measures:
- Regulatory, rating and internal model

Financial solidity leading to low cost of capital:
- Low CDS spread (58bps)² and beta (0.69)²

Secure financial strength³
- 18.3% debt leverage⁴
- 15.0x interest coverage⁵

More than €10bn paid in dividend and share buy-backs since 2005

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¹ 2005 – Q1 2010, Shareholders’ equity excl. minority interests divided by shares in circulation.
² As at 31 December 2010.
³ As at 30 September 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.

Insurance risks as main source of value creation – Reinsurance

Positioning as a premium reinsurer

Innovative insurance solutions (examples) – Covering the whole risk value chain...

PRODUCTS
- Expanding the limits of insurability by developing new coverage concepts
- Holistic asset-liability solutions in life reinsurance
- Public-private partnerships in agro business

CLIENTS
- Demand-driven repositioning following changed client behaviour
- Governmental clients
- Munich Re Risk Solutions (specialty business)

MARKETS
- Know-how transfer (in-depth consulting services beyond traditional reinsurance, e.g., life reinsurance Asia)
- Customised solutions for risk and balance-sheet management

... while effectively addressing industry challenges

VOLATILE ECONOMIC DEVELOPMENT

Strictly focusing on generating value on the liability side of the balance sheet
ERGO with good financial performance

Well-balanced business mix

- 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

ERGO delivered a solid RoE on average over the last years

<table>
<thead>
<tr>
<th>%</th>
<th>ERGO</th>
<th>Peer 1</th>
<th>Peer 2</th>
<th>Peer 3</th>
<th>Peer 4</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>12.4</td>
<td>10.5</td>
<td>9.4</td>
<td>15.9</td>
<td>13.1</td>
</tr>
</tbody>
</table>

Comparison of ERGO RoE with selected peers (average 2005-H1 2010).
Peers: Allianz, Axa, Zurich Financial Services, Generali. Source: Bloomberg, reported figures for ERGO.

Insurance risks as main source of value creation – Primary insurance

Munich Health covering the entire value chain in selected international health markets

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

<table>
<thead>
<tr>
<th>€bn</th>
<th>Public health expenditure</th>
<th>Private health expenditure (PHE)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1995</td>
<td>CAGR: GDP 5%</td>
<td>CAGR: THE +7%</td>
</tr>
<tr>
<td>2000</td>
<td>3,100</td>
<td>4,700</td>
</tr>
<tr>
<td>2006</td>
<td>3,800</td>
<td>7,000</td>
</tr>
<tr>
<td>2010e</td>
<td>4,700</td>
<td>7,000</td>
</tr>
<tr>
<td>2015e</td>
<td>7,000</td>
<td>7,000</td>
</tr>
</tbody>
</table>

Global healthcare expertise across diverse healthcare systems and operating models

Risk-taking
- Reinsurance – Traditional
- Reinsurance – Non-traditional
- Integrated reinsurance
- Primary insurance
- Integrated delivery system

Risk management
- Market-specific

MH business models

CAGR: GDP 5%  CAGR: THE +7%
Solvency II provides growth potential by fully crystallising the value of the reinsurance business model

**Risk transfer – Illustrative**

<table>
<thead>
<tr>
<th>Primary insurer’s portfolio</th>
<th>Reinsurer’s portfolio</th>
</tr>
</thead>
<tbody>
<tr>
<td>Risk capital</td>
<td>Capital relief</td>
</tr>
<tr>
<td>Gross 130</td>
<td>70</td>
</tr>
<tr>
<td>Net 60</td>
<td>1%</td>
</tr>
</tbody>
</table>

Before risk transfer | After risk transfer | Capital requirement

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 from capital relief for the counterparty default risk**

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

Financial strength to provide a clearer competitive edge

**Net earned premium development**

<table>
<thead>
<tr>
<th>€bn</th>
<th>2008</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-life reinsurance</td>
<td>11.3</td>
<td>11.0</td>
</tr>
<tr>
<td>Life reinsurance</td>
<td>5.0</td>
<td>6.5</td>
</tr>
<tr>
<td>Munich Re Risk Solutions</td>
<td>2.0</td>
<td>3.1</td>
</tr>
</tbody>
</table>

**Description of business model**

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

**Munich Re Risk Solutions**

**Specialty business**
- Relatively low exposure to the cycle of traditional P-C reinsurance
- Attractive niche not directly competing with mass market primary insurance players
- Driven by risk know-how rather than distribution

**Risk profile**
- Engineering business (HSB), specialty commercial covers (Midland), marine (Watkins, Roanoke), aviation (GAUM)

**Advantages**
- Enlarging business scope, improving access to niche markets and enabling access to additional client segments
- Complementing traditional strengths of Munich Re in know-how-driven insurance business
### Life reinsurance – Global market share

<table>
<thead>
<tr>
<th>Reinsurer</th>
<th>Market Share</th>
</tr>
</thead>
<tbody>
<tr>
<td>Munich Re</td>
<td>27%</td>
</tr>
<tr>
<td>Swiss Re</td>
<td>21%</td>
</tr>
<tr>
<td>RGA</td>
<td>12%</td>
</tr>
<tr>
<td>Hannover Re</td>
<td>12%</td>
</tr>
<tr>
<td>SCOR</td>
<td>8%</td>
</tr>
<tr>
<td>GenRe</td>
<td>6%</td>
</tr>
<tr>
<td>Transamerica</td>
<td>5%</td>
</tr>
<tr>
<td>Partner Re</td>
<td>1%</td>
</tr>
<tr>
<td>XL Re</td>
<td>1%</td>
</tr>
<tr>
<td>Other</td>
<td>7%</td>
</tr>
</tbody>
</table>

- Market leaders to continue increasing their market shares as growing 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.

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### Life reinsurance – Growth initiatives

**Primary insurance demand**

- Need for support in underwriting and product development
- Importance of asset-liability solutions
- Demand for capital relief

**Transfer of know-how/Traditional solutions**

- Global product expertise
- Balance sheet and capital management know-how
- Biometric data base and knowledge
- Capital strength

**Financially motivated reinsurance**

- Market development strategy Asia
- Asset protection
- Longevity

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### Growth opportunities – Primary Insurance

Brands unified under ERGO umbrella and new brand positioning to attract further customer groups.

**Very popular advertising campaign**

- Spontaneous brand awareness
- Prompted brand awareness

**“To insure is to understand”**

- Deliver on the promise of the new brand by transforming it into real experience for customers
- Develop points of action to improve comprehensibility and dialogue with customers
- Inspire customers and employees alike

**Delivery on brand pledges work in progress**

- Portfolio of “Beacon Projects” implemented to deliver on brand pledges, e.g. regarding:
  - Clarity for customers
  - Feedback culture
  - Easy-to-understand products
  - Claims handling

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Growth opportunities – Primary Insurance

Continue sustainable growth and take opportunities to tap new markets in international business

ERGO in Europe
- Market position among top 5 in either life or non-life
- Market presence

ERGO in Asia
- Market position among top 5 in either life or non-life
- Market presence

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

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

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

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

International business to continuously grow going forward – new business contributes nearly 50% to total ERGO new business

Growth opportunities – Munich Health

By acquiring Windsor, Munich Health is pursuing a transition towards Managed Care in the US Medicare market

Strategy
- Sterling
  - 3-pillar strategy
    - Medicare / Managed Care
    - MedSupp / Insurance
    - TPA / Program Business
- Windsor
  - Well-established MA HMO brand and strong position in selected MA markets
  - Complementing medical and network management capabilities
  - Expandable MA admin platform

Target picture
- "Narrow and deep" strategy
- Sales-driven organisation
- Operational synergies
- Cost management
- Managed Care platform
- Medical management
- Medical network management
- Focus on beneficiary services
- Products
- Sales channel
- Revenue income

Rationales
- Exploit opportunities of the US Health Care Reform environment
- Transition of core business towards Managed Care
- Benefit from regulatory changes, e.g. selected regions, quality care bonus
- Benefit from market consolidation
- Commit to a lasting investment in Sterling
- Preserve and further build on existing membership base
- Further leverage operational improvements achieved
- Drive a sustainable business model in the MA space
- Enhance efficient and scalable operational platform
- Expand and enlarge revenue sources

Sustainable growth and value creation in US Medicare market

1 Only private companies.
Munich Re to continue to place high emphasis on sustainable earnings in a low-yield environment

<table>
<thead>
<tr>
<th>Outlook 2010</th>
<th>First indication 2011</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>CAPITAL REPATRIATION</strong></td>
<td><strong>RoRAC</strong></td>
</tr>
<tr>
<td>Continuation of share buy-back programme of up to €1bn until AGM 2011¹</td>
<td>15% a real challenge given sustainably very low interest rates, while economically balanced business and investment portfolio stabilises profitability and reduces cost of capital</td>
</tr>
<tr>
<td><strong>GROSS PREMIUMS WRITTEN</strong></td>
<td><strong>RETURN ON INVESTMENT</strong></td>
</tr>
<tr>
<td>€44–46bn²</td>
<td>Assuming insignificant non-recurring gains/losses and a continuation of the low interest-rate environment, RoI expected to drop below 4%</td>
</tr>
<tr>
<td><strong>RETURN ON INVESTMENT</strong></td>
<td><strong>PROFIT</strong></td>
</tr>
<tr>
<td>~4.5% (prev. slightly &gt;4%)</td>
<td>Expectation for net result to stand – Net result 2011 now presumably slightly below the increased outlook for 2010⁵ while higher technical result expected</td>
</tr>
<tr>
<td><strong>NET INCOME</strong></td>
<td></td>
</tr>
<tr>
<td>~€2.4bn³ (prev. &gt;€2.0bn)</td>
<td></td>
</tr>
<tr>
<td><strong>COMBINED RATIO – REINSURANCE P-C</strong></td>
<td></td>
</tr>
<tr>
<td>97% over-the-cycle – in 2010 slightly below 100% expected⁴</td>
<td></td>
</tr>
<tr>
<td><strong>COMBINED RATIO – PRIMARY INSURANCE P-C</strong></td>
<td></td>
</tr>
<tr>
<td>(–) ~95%</td>
<td></td>
</tr>
</tbody>
</table>

¹ Full execution remains subject to developments in the capital markets and the general economic environment. Until 31 December Munich Re repurchased own shares amounting to €650m.
² Thrinned €223–240bn in reinsurance, €17–18bn in primary insurance and approx. €3bn in Munich Health.
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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