DELIVERING SUSTAINABLE RISK-ADJUSTED GROWTH
Morgan Stanley “European Financials Conference 2011”

London, 31 March 2011

Jörg Schneider
Munich Re: A leading global (re)insurer

Key business segments

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 presence in attractive growth markets in Eastern Europe and Asia
- Offers P.C, life and German health insurance
- Multi-channel sales strategy and a powerful new brand

Munich Health
- A leading specialised risk carrier in selected international health markets
- Unique selling proposition: Flexible combination of business models and products across healthcare sector value chain

Premium breakdown by segment 2010

<table>
<thead>
<tr>
<th>Segment</th>
<th>Premium (€bn)</th>
<th>Growth (2010 compared to 2009)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reinsurance</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Property-casualty</td>
<td>15.4 (34%)</td>
<td>▲ 5%</td>
</tr>
<tr>
<td>Life</td>
<td>7.6 (17%)</td>
<td>▲ 21%</td>
</tr>
<tr>
<td>Munich Health</td>
<td>5.0 (11%)</td>
<td>▲ 31%</td>
</tr>
<tr>
<td>Total</td>
<td>28.0 (65%)</td>
<td></td>
</tr>
</tbody>
</table>

Primary insurance

<table>
<thead>
<tr>
<th>Segment</th>
<th>Premium (€bn)</th>
<th>Growth (2010 compared to 2009)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Property-casualty</td>
<td>5.4 (12%)</td>
<td>▲ 7%</td>
</tr>
<tr>
<td>Life</td>
<td>6.4 (14%)</td>
<td>▲ 3%</td>
</tr>
<tr>
<td>Health Germany</td>
<td>5.5 (12%)</td>
<td>▲ 6%</td>
</tr>
<tr>
<td>Total</td>
<td>17.4 (34%)</td>
<td></td>
</tr>
</tbody>
</table>

2010 highlights – Key achievements

- Again demonstrated strength of diversified activities as leading global (re)insurer
- 10% growth of gross premiums written in 2010
- Favourable net income of €2.4bn in challenging environment (high claims, low yields)
- Annualised RoRaC of 13.5%, RoE 10.4%
- ROI of 4.5% - solid returns within boundaries of moderate risk profile
- Group equity further strengthened to €23.0bn despite attractive dividend and share buy-backs
- Strong capitalisation by all relevant measures (regulatory, rating and internal model)
- Ability to further increase dividend for 2010 (+9%)
- Despite major claims, reinsurance remains dominant earnings contributor to the Group
- Cycle management: Underwrite tailor-made solutions – and cancel underpriced business
- ERGO confirms positive trend – net income at €355m more than doubled
- Successful introduction of new brand strategy
- Consolidation process well on track
- Expansion of health business model across selected areas
Extreme nat cat activity leaving its mark on 2011 results

High claims in Jan/Feb…

Beginning of 2011 marked by natural catastrophes in Australia and New Zealand

- Earthquake New Zealand A$ 1bn
- Cyclone Yasi A$ 135m
- Floods in Brisbane A$ 350m

Claims burden of around A$ 1.5bn²

...even exceeded by the Japanese earthquake losses

- Devastating earthquake with 9.0 magnitude and major tsunami
- Strongest EQ ever recorded in Japan, 4th most severe globally
- Owing to extend of destruction and given many covers do not attach until high losses, assessment of losses is complex and will take long time
- Further uncertainties result from impact on supply chains
- Private insurance industry not significantly affected by accidents at nuclear power plants
- With the exception of mutuals, residential covers solely provided by JER
- Losses for Munich Re mainly result from commercial business
- Loss estimate includes a blanket amount for CBI¹

Initial claims estimate at around €1.5bn after retrocession / before tax solely based on modeling

Profit target for 2011 of around €2.4bn can no longer be maintained

1 Contingent Business Interruption.
2 In addition further smaller nat cat claims.

Munich Re highlights – Steering philosophy

Munich Re generates solid shareholder returns

Attractive risk-reward¹ …

<table>
<thead>
<tr>
<th>% Total shareholder return (p.a.)</th>
<th>% Volatility of total shareholder return (p.a.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Munich RE</td>
<td>Peer 1</td>
</tr>
<tr>
<td>12%</td>
<td>4%</td>
</tr>
</tbody>
</table>

Book value per share

<table>
<thead>
<tr>
<th>€</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Book value per share (plus dividend / share buy-back)</td>
<td>105.4</td>
<td>116.6</td>
<td>119.3</td>
<td>129.1</td>
<td>132.3</td>
<td>134.5</td>
</tr>
<tr>
<td>Book value per share</td>
<td>105.4</td>
<td>116.6</td>
<td>119.3</td>
<td>129.1</td>
<td>132.3</td>
<td>134.5</td>
</tr>
</tbody>
</table>

CAGR: 9.2% |

CAGR: 6.2% |

Stringent execution of our strategy “delivering sustainable risk-adjusted growth”

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.

Sustainable value generation based on prudent business and financial management

RoE in excess of cost of capital

<table>
<thead>
<tr>
<th>Year</th>
<th>Return on equity</th>
<th>Cost of capital</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005</td>
<td>12.5%</td>
<td>9.8%</td>
</tr>
<tr>
<td>2006</td>
<td>14.1%</td>
<td>9.3%</td>
</tr>
<tr>
<td>2007</td>
<td>15.3%</td>
<td>8.0%</td>
</tr>
<tr>
<td>2008</td>
<td>7.0%</td>
<td>9.8%</td>
</tr>
<tr>
<td>2009</td>
<td>11.8%</td>
<td>7.2%</td>
</tr>
<tr>
<td>2010</td>
<td>10.4%</td>
<td>7.5%</td>
</tr>
<tr>
<td>Average</td>
<td>10.9%</td>
<td>8.0%</td>
</tr>
</tbody>
</table>

High persistence in strategic execution

- Strong track record of sustainable earnings
- Current low interest rates a drag on RoE with decreasing running yield and increasing capital base...
- ... while Munich Re keeps excess of RoE above cost of capital at relatively stable levels – average spread ~50%
- Low cost of capital as a consequence of liability-driven business model and well-diversified investment portfolio
- Single outlier years due to large claims are part of the reinsurance business

Components of Munich Re’s ERM

- Risk strategy
  - Clear limits define framework for operational actions
- System consisting of triggers, limits and measures in conjunction with responsible management actions
- Early warning
  - Comprehensive overview with special focus on main issues
- Risk modeling
  - Based on right balance between flexibility and stability

Objectives of Munich Re’s ERM

- Protect and generate sustainable shareholder value
- Ensure high degree of confidence in meeting claims
- Protect Munich Re’s reputation

Embedding of Munich Re’s ERM

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

Risk management is a key part of our corporate management
### Risk management

**Strongly diversified natural catastrophe exposure**

#### Munich Re Group’s nat cat exposures

<table>
<thead>
<tr>
<th>AggVaR (return period 200 years)</th>
<th>€m (pre-tax, gross)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Atlantic Hurricane</td>
<td>4,000</td>
</tr>
<tr>
<td>Storm Europe</td>
<td>3,000</td>
</tr>
<tr>
<td>Earthquake Japan</td>
<td>2,000</td>
</tr>
<tr>
<td>Top 35 nat cat exposures</td>
<td>€1.000</td>
</tr>
</tbody>
</table>

#### Highlights

- High level of diversification due to
  - Global geographical diversification of nat cat-business,
  - Strong diversification between perils (storm, earth-quake, flood),
  - Peak risk and accumulation management

Despite recent claims experience nat cat business remains one of Munich Re’s most profitable business lines

- Large nat cat losses in 2011 ytd captured by modelled scenarios

---

**Munich Re continues to commit substantial capacity to nat cat-business**

1 Exposures relate to the full year, e.g. 2011 relates to the period from 1.1.2011 to 31.12.2011.

---

### Risk management

**Enterprise risk management dedicated to improve Munich Re’s risk/return profile**

#### Business opportunities

- New oil spill cover
  - Deepwater Horizon case expected to lead to demand for additional liability cover with attractive margin
- Munich Re able to use competitive advantage to offer complex structured reinsurance solutions, especially in life reinsurance
- 2011 renewals include Solvency II-triggered business for the first time (more than €50m premium volume)

#### Risk management involvement

- Comprehensive risk assessment by Corporate Underwriting
- In-depth cooperation with business units
- Complementing risk strategy with an explicit risk appetite
- Comprehensive risk assessment
- In-depth assessment at Board level
- Structuring of transactions reflective of original risk concerns
- Close cooperation with client management
- Identification of solutions optimising clients’ risk capital relief under Solvency II
- External and internal training and seminars

---

**Business-enabling using expertise from deeply entrenched risk management**
Active asset management on the basis of a well-diversified investment portfolio

**Investment portfolio**

- **Land and buildings**: 2.9% (3.0%)
- **Loans**: 25.7% (25.9%)
- **Miscellaneous**: 9.7% (8.3%)
- **Shares, equity funds and participating interests**: 4.0% (2.8%)
- **Fixed-interest securities**: 57.7% (60.0%)
- **TOTAL**: €196bn

**Portfolio duration**

<table>
<thead>
<tr>
<th></th>
<th>Assets</th>
<th>Liabilities</th>
<th>Net DV01 (€m)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reinsurance</td>
<td>5.9</td>
<td>5.1</td>
<td>-17.6</td>
</tr>
<tr>
<td>Primary insurance</td>
<td>6.6</td>
<td>8.3</td>
<td>18.8</td>
</tr>
<tr>
<td>Munich Re Group</td>
<td>6.3</td>
<td>7.3</td>
<td>1.2</td>
</tr>
</tbody>
</table>

**Active portfolio management in 2010**

- Lengthening of asset duration proves beneficial in low-yield environment:
- Focus on German and US government bonds with digestible exposure in peripheral countries
- Reduction of corporate and bank bonds
- Increase of equity exposure
- Offsetting interest rate sensitivities in primary and reinsurance mitigate sensitivity at Group level

**Investment decisions for 2011**

- Slight duration decrease in reinsurance while keeping asset-liability mismatch tight
- Further diversification of sovereign exposure

**Available financial resources/Economic basis**

<table>
<thead>
<tr>
<th></th>
<th>€bn</th>
<th>Solvency II capital based on VaR 99.5%</th>
<th>Hybrid capital</th>
</tr>
</thead>
<tbody>
<tr>
<td>Available financial resources (AFR)</td>
<td>29.6</td>
<td>29.6</td>
<td>28.4</td>
</tr>
<tr>
<td>Economic risk capital</td>
<td>11.8</td>
<td>8.9</td>
<td>20.7</td>
</tr>
<tr>
<td>Economic capital buffer</td>
<td>4.1</td>
<td>4.8</td>
<td>8.9</td>
</tr>
<tr>
<td>Economic capital buffer after share buy-back and dividends</td>
<td>4.8</td>
<td>7.4</td>
<td>9.3</td>
</tr>
</tbody>
</table>

**Economic solvency ratio**

- Ratio as at 31.12.10: 136%
- Interest-rate +100bps: 148%
- Interest-rate −100bps: 123%
- Equity markets +30%: 139%
- Equity markets −30%: 134%
- Interest rates −100bps/Equity markets −30%: 118%

**Efficient capital management**

Strong capital position providing strategic flexibility

**Efficient capital management**

**Strong capital position providing strategic flexibility**

**Economic solvency ratio resilient to major capital market movements**

- Solvency ratio defined as Available Financial Resources (AFR) over capital requirement. AFR after announced dividend for 2010 of €1.1bn to be paid in April 2011 and €0.4bn outstanding share buy-back.
- Solvency in capital based on VaR 99.5%. Munich Re internal risk model based on 175% of Solvency II capital. 2 After announced dividend for 2010 of €1.1bn to be paid in April 2011 and €0.4bn outstanding share buy-back programme.
Capital repatriation: We have delivered on our promise

... integral part of our financial strategy

- Capital repatriation of more than €10bn since 2007 via dividends and share buy-backs, delivering on our promise of the Changing Gear programme
- Sustaining high underwriting discipline
- Dividend is our strong commitment, whereas share buy-backs are considered a flexible tool
- Proposed dividend of €6.25 per share for 2010, an increase of almost 9%
- New €500m buy-back programme put on hold for the time being

High cash payout to remain a cornerstone of Munich Re’s active capital management

1 Dividend refers to calendar year, actual cash flow is in the consecutive year. In 2010 dividend payout estimate based on €6.25 dividend per share assuming completed share buy-back until AGM 2011.
2 Total payout (dividend and buy-back) divided by average market capitalisation.

Efficient capital management

Capital repatriation: We have delivered on our promise

Well-balanced business portfolio

Liability-driven strategy facilitating diversification and sustainable earnings

Providing the best solution for each risk category

Risk capacity and know-how

- Shaping diverging market trends with sharpened value proposition
- Strict cycle management in commodity business ...
- ... while leveraging underwriting expertise and customer proximity in know-how intensive business
- Continued growth in life

Distribution power and process efficiency

- Global health markets providing ample opportunities
- MH making good progress on consolidation path in 2010 ...
- ... pursuing a transition towards managed care in the US
- Flexible use of primary and reinsurance facilitates growth

Well-set to perform in any market conditions

Flexible business model covering health risk value chain

Munich Re offering a value-adding integrated business model

- Introduction of new ERGO brand creating momentum
- While domestic p-c business keeps outperforming competitors ...
- ... Life performs below ambitions but ERGO is addressing the challenges
- International expansion with focus on improving profitability

Emphasis on accelerating ERGO’s positive earnings trend
Striking the balance between capital generation and redeployment

Portfolio of complementary profiles providing strategic flexibility

- Strong bottom-line focus
- … enabling profitable growth

High earnings stability
- P-C reinsurance business – diversification and innovation at work
- Primary p-c business – strong contributor to ERGO’s overall performance

Performance improvement
- Re-positioning of primary life business in Germany

Generating sustainable returns remains the fundament of capital repatriation

Focus on organic growth while considering bolt-on acquisitions

Munich Re running a well-balanced business portfolio “delivering sustainable risk-adjusted growth”

Continued growth through consistent execution of business initiatives

<table>
<thead>
<tr>
<th>Life re share within reinsurance segment</th>
</tr>
</thead>
<tbody>
<tr>
<td>% of GWP</td>
</tr>
<tr>
<td>2000</td>
</tr>
<tr>
<td>P-C</td>
</tr>
<tr>
<td>78</td>
</tr>
<tr>
<td>22</td>
</tr>
<tr>
<td>+ 50%</td>
</tr>
</tbody>
</table>

Global market leader (market share)¹

<table>
<thead>
<tr>
<th></th>
<th>Munich Re</th>
<th>Swiss Re</th>
<th>PAG</th>
<th>Hannover Re</th>
<th>SCOR</th>
<th>GenRe</th>
<th>Transamerica</th>
</tr>
</thead>
<tbody>
<tr>
<td>2000</td>
<td>22%</td>
<td>21%</td>
<td>12%</td>
<td>12%</td>
<td>8%</td>
<td>6%</td>
<td>5%</td>
</tr>
<tr>
<td>2010</td>
<td>33%</td>
<td>33%</td>
<td>12%</td>
<td>12%</td>
<td>8%</td>
<td>6%</td>
<td>5%</td>
</tr>
</tbody>
</table>
| Global life and health market share. Estimates based on net earned premiums 2009 as reported in company reports. Source: Munich Re Economic Research.

Strategic focus on…

- Customised solutions for financially motivated reinsurance (large deals)
- Market development in Asia based on global product expertise and capital strength
- Continuation of disciplined underwriting of asset protection business
- Prudent underwriting of longevity products

¹ Life re share within reinsurance segment

European Financials Conference 2011
Selective growth as integrated health risk manager

Munich Health – Premium breakdown

Globally diversified portfolio balancing primary and reinsurance business

Health risk service provider – Examples

Well-balanced business portfolio – ERGO International

ERGO continues expansion in Eastern Europe and Asia

Growth of international business with strong focus on improving profitability
Key takeaways

<table>
<thead>
<tr>
<th>Value-adding integrated business model</th>
<th>covers important parts of the value chain of risks</th>
</tr>
</thead>
<tbody>
<tr>
<td>Diversification and sophisticated risk management</td>
<td>are cornerstones of our strategy</td>
</tr>
<tr>
<td>Financial strength and track record of solid returns</td>
<td>allow participation in market opportunities mainly via organic growth</td>
</tr>
<tr>
<td>Capital management and cycle management</td>
<td>are key to our future success</td>
</tr>
</tbody>
</table>

Appendix

<table>
<thead>
<tr>
<th>Mission</th>
<th>Feedback</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial calendar</td>
<td>Contacts</td>
</tr>
<tr>
<td>Disclaimer</td>
<td></td>
</tr>
</tbody>
</table>

European Financials Conference 2011
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.

Investor & Rating Agency Relations facilitates targeted, systematic and ongoing communication between current and potential investors, financial analysts and rating agencies on the one hand, and Munich Re’s senior management on the other, with the aim of enhancing Munich Re’s visibility and attractiveness in the international financial community.

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

<table>
<thead>
<tr>
<th>Date</th>
<th>Event</th>
</tr>
</thead>
<tbody>
<tr>
<td>20 April 2011</td>
<td>Annual General Meeting, Munich</td>
</tr>
<tr>
<td>21 April 2011</td>
<td>Dividend payment</td>
</tr>
<tr>
<td>9 May 2011</td>
<td>Interim report as at 31 March 2011</td>
</tr>
<tr>
<td>20 May 2011</td>
<td>Deutsche Bank “German &amp; Austrian Corporate Conference”, Frankfurt</td>
</tr>
<tr>
<td>4 August 2011</td>
<td>Interim report as at 30 June 2011 Half-year press conference</td>
</tr>
<tr>
<td>8 November 2011</td>
<td>Interim report as at 30 September 2011</td>
</tr>
</tbody>
</table>

### Investor Relations Team

<table>
<thead>
<tr>
<th>Name</th>
<th>Role</th>
<th>Contact Information</th>
</tr>
</thead>
<tbody>
<tr>
<td>Christian Becker-Hussong</td>
<td>Head of Investor &amp; Rating Agency Relations</td>
<td>Tel.: +49 (89) 3891-3910 E-mail: <a href="mailto:cbecker-hussong@munichre.com">cbecker-hussong@munichre.com</a></td>
</tr>
<tr>
<td>Ralf Kleinschroth</td>
<td></td>
<td>Tel.: +49 (89) 3891-4559 E-mail: <a href="mailto:rkleinschroth@munichre.com">rkleinschroth@munichre.com</a></td>
</tr>
<tr>
<td>Thorsten Dzuba</td>
<td></td>
<td>Tel.: +49 (89) 3891-8030 E-mail: <a href="mailto:tdzuba@munichre.com">tdzuba@munichre.com</a></td>
</tr>
<tr>
<td>Christine Franziszi</td>
<td></td>
<td>Tel.: +49 (89) 3891-3875 E-mail: <a href="mailto:cfranziszi@munichre.com">cfranziszi@munichre.com</a></td>
</tr>
<tr>
<td>Britta Hamberger</td>
<td></td>
<td>Tel.: +49 (89) 3891-3504 E-mail: <a href="mailto:bhamberger@munichre.com">bhamberger@munichre.com</a></td>
</tr>
<tr>
<td>Andreas Silberhorn</td>
<td></td>
<td>Tel.: +49 (89) 3891-3366 E-mail: <a href="mailto:asilberhorn@munichre.com">asilberhorn@munichre.com</a></td>
</tr>
<tr>
<td>Dr. Alexander Becker</td>
<td>Head of External Communication ERGO</td>
<td>Tel.: +49 (211) 4937-1510 E-mail: <a href="mailto:alexander.becker@ergo.de">alexander.becker@ergo.de</a></td>
</tr>
<tr>
<td>Mareike Berkling</td>
<td></td>
<td>Tel.: +49 (211) 4937-5077 E-mail: <a href="mailto:mareike.berkling@ergo.de">mareike.berkling@ergo.de</a></td>
</tr>
<tr>
<td>Andreas Hoffmann</td>
<td></td>
<td>Tel.: +49 (211) 4937-1573 E-mail: <a href="mailto:andreas.hoffmann@ergo.de">andreas.hoffmann@ergo.de</a></td>
</tr>
</tbody>
</table>

For information, please contact

Münchener Rückversicherungs-Gesellschaft | Investor & Rating Agency Relations | Königstraße 107 | 80802 München, Germany
Fax: +49 (89) 3891-9888 | E-mail: IR@munichre.com | Internet: www.munichre.com
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.