DELIVERING SUSTAINABLE RISK-ADJUSTED GROWTH

Morgan Stanley “European Financials Conference 2011”

London, 31 March 2011

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Munich RE

Munich Re highlights – Group

Munich Re: A leading global (re)insurer

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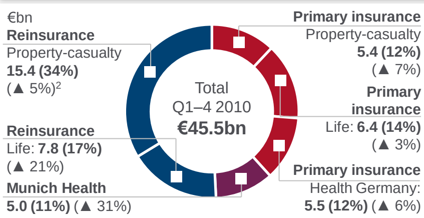
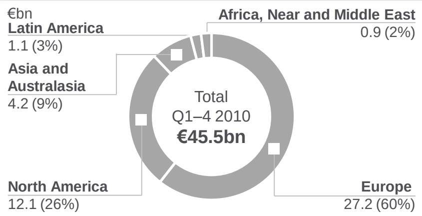
Premium breakdown by segment 2010[1]



Premium breakdown by geography 2010[1]



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

[1] Consolidated figures.
[2] 2010 compared to 2009.

Munich Re highlights

2010 highlights – Key achievements

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Group	Business model	▪ Again demonstrated strength of diversified activities as leading global (re)insurer
Group	Results	▪ 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	Capitalisation	▪ 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%)
Group	Risk management	▪ Stable results despite major nat cat losses ▪ Enhanced utilization of Munich Re´s risk-bearing capacity to seize business opportunities
Reinsurance		▪ Despite major claims, reinsurance remains dominant earnings contributor to the Group ▪ Cycle management: Underwrite tailor-made solutions – and cancel underpriced business
Primary insurance		▪ ERGO confirms positive trend – net income at €355m more than doubled ▪ Successful introduction of new brand strategy
Munich Health		▪ Consolidation process well on track ▪ Expansion of health business model across selected areas

Munich Re highlights

Extreme nat cat activity leaving its mark on 2011 results

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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$ 1.5bn[2]

…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 CBI[1]

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

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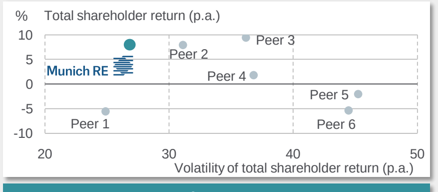
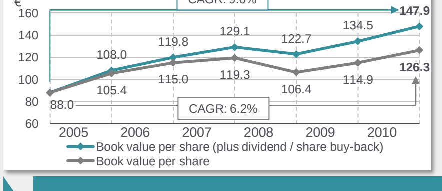
Attractive risk-reward[1] …



Book value per share[2]



… result of our steering philosophy

1. Managing insurance risks as main source of value creation
2. Deeply-embedded risk management
3. Disciplined asset-liability management
4. Efficient capital management
5. Well-balanced business portfolio

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.
[2] 31.12.2004 – 31.12.2010. Shareholders' equity excl. minority interests divided by shares in circulation.

1 Liability-driven business model

Sustainable value generation based on prudent business and financial management

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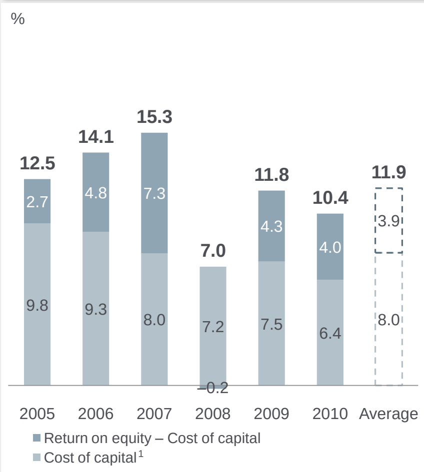
RoE in excess of cost of capital



High persistency 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

[1] Calculation using CAPM with ten-year German government bonds, 5% market risk premium and one-year raw beta to DJ Stoxx600, daily basis. Source: Bloomberg.

2 Risk management

Munich Re's Enterprise Risk Management (ERM) safeguards investors' interests and clients' protection

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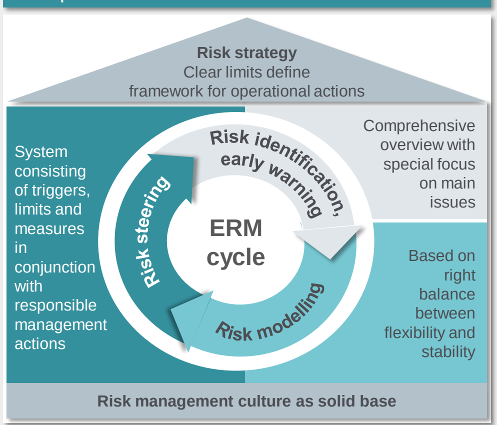
Components of Munich Re's ERM



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

2 Risk management

Strongly diversified natural catastrophe exposure

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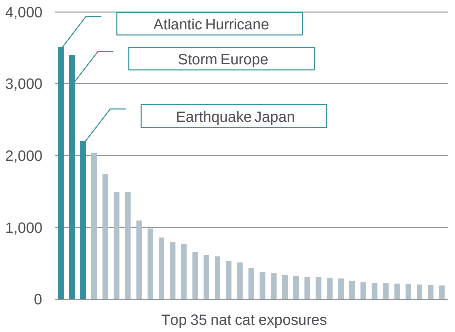
Munich Re Group's nat cat exposures[1]

AggVaR (return period 200 years)
€m (pre-tax, gross)



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.

2 Risk management

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

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Business opportunities	Risk management involvement
New oil spill cover Deepwater Horizon case expected to lead to demand for additional liability cover with attractive margin	▪ Comprehensive risk assessment by Corporate Underwriting ▪ In-depth cooperation with business units ▪ Complementing risk strategy with an explicit risk appetite
Munich Re able to use competitive advantage to offer complex structured reinsurance solutions, especially in life reinsurance	▪ Comprehensive risk assessment ▪ In-depth assessment at Board level ▪ Structuring of transactions reflective of original risk concerns
2011 renewals include Solvency II-triggered business for the first time (more than €50m premium volume)	▪ 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

3 Disciplined asset-liability management

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

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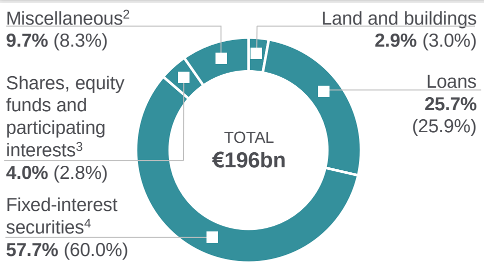
Investment portfolio[1]



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

Portfolio duration

	Assets	Liabilities[5]	Net DV01 (€m)[6]
Reinsurance	5.9	5.1	–17.6
Primary insurance	6.6	8.3	18.8
Munich Re Group	6.3	7.3	1.2

Investment decisions for 2011

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

[1] Fair values as at 31.12.2010 (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] Exposure including derivatives: 4.4% (2.8%).
[4] Categories "available for sale", "held to maturity" and "at fair value". [5] Based on replicating portfolio of liabilities.
[6] Net DV01: Sensitivity to parallel upward shift of yield curve by one basis point reflecting portfolio size.

4 Efficient capital management

Strong capital position providing strategic flexibility

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Available financial resources/Economic basis

€bn	Solvency II capital based on VaR 99.5%[2]	Hybrid capital	31.12. 2010	31.12. 2009
Available financial resources (AFR)	29.6		29.6	28.4
Economic risk capital[2]	11.8	8.9	20.7	17.4
Economic capital buffer	4.1	4.8	8.9	11.0
Economic capital buffer after share buy-back and dividends[3]	2.6	4.8	7.4	9.3

Economic solvency ratio[1] – Sensitivity

%	
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

Capital strength maintained despite higher risk exposure

Economic solvency ratio resilient to major capital market movements

[1] 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. [2] Solvency II capital based on VaR 99.5%, Munich Re internal risk model based on 175% of Solvency II capital. [3] After announced dividend for 2010 of ~€1.1bn to be paid in April 2011 and €0.4bn outstanding from 2010/11 share buy-back programme.

4 Efficient capital management

Capital repatriation: We have delivered on our promise

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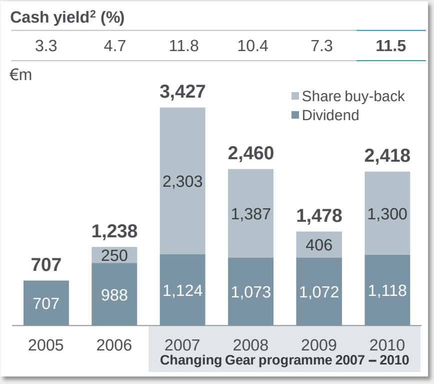
Active capital management[1] …



… 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.

5 Well-balanced business portfolio

Liability-driven strategy facilitating diversification and sustainable earnings

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Providing the best solution for each risk category

Risk capacity and know-how

Distribution power and process efficiency

Reinsurance

- 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

Well-set to perform in any market conditions

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- 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

Flexible business model covering health risk value chain

Primary insurance

- 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

Munich Re offering a value-adding integrated business model

5 Well-balanced business portfolio

Striking the balance between capital generation and redeployment

Portfolio of complementary profiles providing strategic flexibility

Strong bottom-line focus …

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

… enabling profitable growth

Business development

- a Life reinsurance – leveraging our know-how in attractive target markets
- b Munich Health – seizing opportunities as integrated health risk manager
- c ERGO international – cautious expansion in CEE and Asia

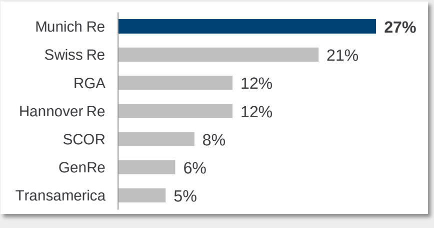
Focus on organic growth while considering bolt-on acquisitions

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

5a Well-balanced business portfolio – Life reinsurance

Continued growth trough consistent execution of business initiatives

Global market leader (market share)[1]

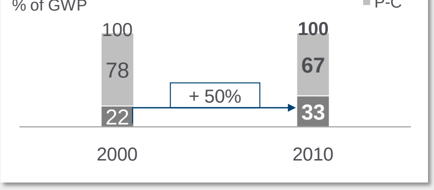


Strategic focus on …

Business lines

Mortality	Living benefits	Large-volume deals	Asset protection	Longevity
Fully productive			Experimental stage	

Life re share within reinsurance segment



… biometric risk (mainly mortality)

- 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] Global life and health market share. Estimates based on net earned premiums 2009 as reported in company reports. Source: Munich Re Economic Research.

5b Well-balanced business portfolio – Munich Health

Selective growth as integrated health risk manager

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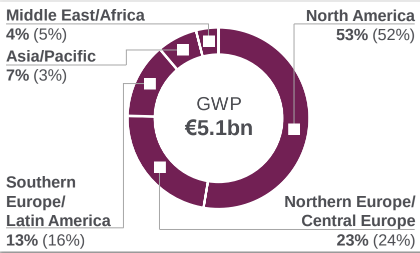
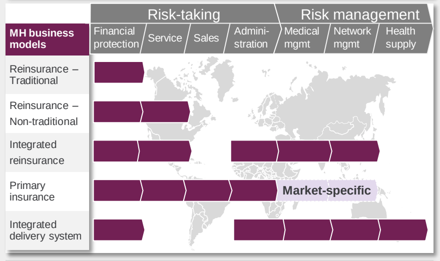
Munich Health – Premium breakdown[1]



Reinsurance (63%)
Strong footprint in proportional business and increasing importance of large-volume contract solutions

Primary insurance (37%)
Strengthening of existing business and selective build-up of green fields while benefiting from recovering growth

Health risk service provider – Examples



- Selection of business model according to market circumstances: primary and reinsurance with supporting risk management services
- Market evolution in global healthcare provides opportunities for the different business models

Globally diversified portfolio balancing primary and reinsurance business

[1] Gross premium written as at 31.12.2010 (31.12.2009). Segmental, not consolidated.

5c Well-balanced business portfolio – ERGO International

ERGO continues expansion in Eastern Europe and Asia

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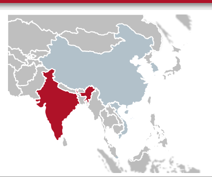
ERGO in Eastern Europe

- 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[2]
- Market presence

Eastern Europe
- Benefit from established market positions, especially in Austria, Poland and the Baltics
- Hub approach to extend market presence and leverage synergies across countries, e.g. via
  - Centralisation of back-office functions
  - Joint product development
- Know-how transfer e.g. in bancassurance via ICCB[1]

Asia
- Disciplined market entries as foundation of long-term profitable growth
  - India: Successful development of HDFC ERGO with growth of ~30% in 2010
  - China: Set up of joint venture (50%) for life insurance in the province of Shandong
  - Vietnam: Acquisition of 25% in local non-life player

Growth of international business with strong focus on improving profitability

[1] ICCB: International Center of Competence Bancassurance.
[2] Only private companies.

Key takeaways

Value-adding integrated business model
covers important parts of the value chain of risks

Diversification and sophisticated risk management
are cornerstones of our strategy

Financial strength and track record of solid returns
allow participation in market opportunities mainly via organic growth

Capital management and cycle management
are key to our future success

Appendix

- Mission
- Feedback
- Financial calendar
- Contacts
- Disclaimer

Appendix

Investor & Rating Agency Relations' Mission

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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.

Appendix

Feedback - Anything missing?

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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.

Appendix
Financial calendar

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Financial calendar

20 April 2011	Annual General Meeting, Munich
21 April 2011	Dividend payment
9 May 2011	Interim report as at 31 March 2011
20 May 2011	Deutsche Bank "German & Austrian Corporate Conference", Frankfurt
26 May 2011	Autonomous "Rendez-Vous 2011", London
20 July 2011	Munich Re Capital Markets Day 2011, New York
4 August 2011	Interim report as at 30 June 2011 Half-year press conference
8 November 2011	Interim report as at 30 September 2011

Appendix
For information, please contact

Munich RE

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Appendix

Disclaimer

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The Company assumes no liability to update these forward-looking statements or to conform them to future events or developments.