



# QUARTERLY FINANCIAL STATEMENTS AS AT 30 JUNE 2011

Telephone conference with analysts and investors

4 August 2011

Munich RE 

## Agenda

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## Financial highlights Q1–2 2011

## After outlier first quarter, Munich Re back to “normal” in Q2

## Munich Re (Group)

**Net gain of €738m in Q2**

Q2 mitigating weak first quarter result – Net loss of €210m in Q1–2  
Still aiming for positive annual result

**Shareholders' equity in Q2 stable at €20.3bn**

Almost unchanged capital position vs. Q1 despite dividend payment of €1.1bn in Q2

**Solid investment result**

Annualised RoI of 3.6%<sup>1</sup> burdened by impairment of Greek government bonds

**Reinsurance****Significant nat cat claims**

Major losses in property-casualty (combined ratio in Q2: 99.6%)  
July renewals showing positive price trend

**Primary insurance****Increasing earnings contribution**

Consolidated ERGO result of €178m – Gain on real estate sale in Q2 offsetting impairment of Greek bonds

**Munich Health****Improving result**

Consolidation process making good progress

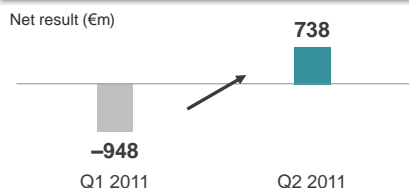
<sup>1</sup> Adjusted for impact on insurance risk transfer to the capital markets: RoI 3.3%.

Financial highlights Q1 vs. Q2 2011

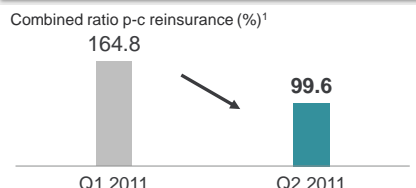
## Good second quarter – Significantly improved reinsurance result and higher earnings of ERGO

Munich RE 

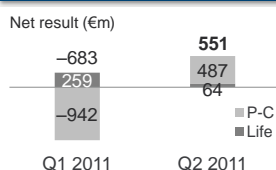
### Improved net result ...



### ... following normalising nat cat claims

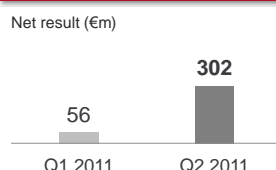


### Reinsurance



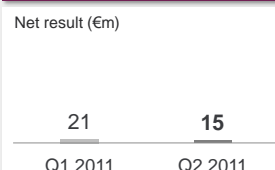
Life mitigating volatility of property-casualty business

### Primary insurance



Countervailing one-off effects in Q2

### Munich Health



Still small but stable contribution

<sup>1</sup> Before insurance risk transfer to the capital markets.

Quarterly financial statements as at 30 June 2011

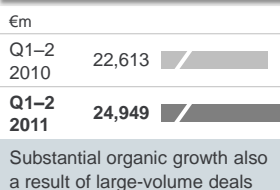
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Overview – Financial highlights

## Strong premium growth, high nat cat claims

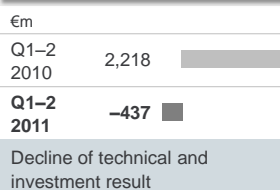
Munich RE 

### GROUP Gross premiums written



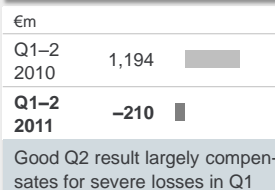
Substantial organic growth also a result of large-volume deals

### GROUP Operating result



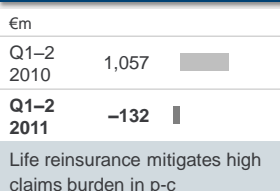
Decline of technical and investment result

### GROUP Net result



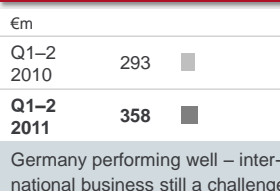
Good Q2 result largely compensates for severe losses in Q1

### REINSURANCE Net result



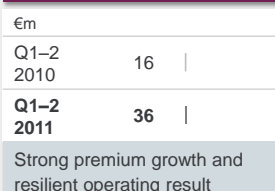
Life reinsurance mitigates high claims burden in p-c

### PRIMARY INSURANCE Net result



Germany performing well – international business still a challenge

### MUNICH HEALTH Net result



Strong premium growth and resilient operating result

Quarterly financial statements as at 30 June 2011

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Overview

## Financial reporting Q1–2 2011

## Munich Re (Group)

Primary insurance

Munich Health



Reinsurance

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Munich Re (Group) – Capitalisation

Reduction in shareholders' equity –  
Capital position remains solid

€m	Q1–2	Change Q2
Equity 31.12.2010	23,028	
Consolidated result	–210	738
<b>Changes</b>		
Dividend	–1,110	■ –1,110
Unrealised gains/losses	–338	399
Exchange rates	–792	■ –235
Share buy-backs	–323	–37
Other	53	47
<b>Equity 30.6.2011</b>	<b>20,308</b>	 –198

UNREALISED  
GAINS/LOSSES

–€35m from afs fixed-interest securities (rising short-term interest rates)

–€294m from afs non-fixed-interest securities

## EXCHANGE RATES

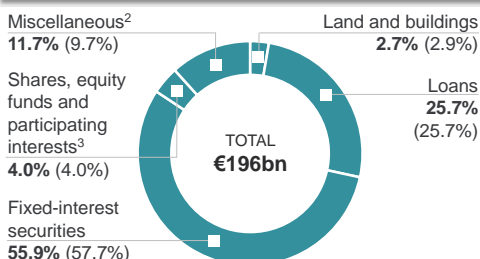
Adverse FX development (mainly US\$)

Munich Re (Group) – Investments – Total portfolio

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

Munich RE 

### Investment portfolio<sup>1</sup>



### Portfolio duration<sup>4</sup>

	Assets	Liabilities	Net DV01 (€m)
Reinsurance	5.6	5.6	-7.2
Primary insurance	6.6	7.9	13.7
Munich Re (Group)	6.2	7.2	6.5

<sup>1</sup> Fair values as at 30.6.2011 (31.12.2010). <sup>2</sup> Deposits retained on assumed reinsurance, investments for unit-linked life, deposits with banks, investment funds (bond, property), held for trading derivatives with non-fixed-interest underlying and tangible assets in renewable energies. <sup>3</sup> Net of hedges: 3.5% (4.4%). <sup>4</sup> As at 30.6.2011. Net DV01: Sensitivity to parallel upward shift of yield curve by one basis point reflecting portfolio size.

### Portfolio management

- Ongoing tactical reallocation of portfolio thereby realising disposal gains
- Slight changes within government bond portfolio
- Cautious shift into corporate bonds
- Reduction of net equity exposure: 3.5% after hedges
- Reduction of real estate: Sale in Singapore
- Increase of deposits retained on assumed life and health reinsurance
- Further expansion of renewable energies
- Duration mismatch remaining tight

Quarterly financial statements as at 30 June 2011

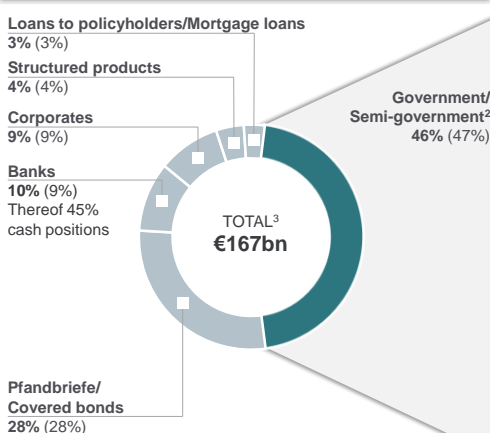
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Munich Re (Group) – Investments – Fixed-income portfolio

## Emphasis on highly rated securities

Munich RE 

### Fixed-income portfolio<sup>1</sup>



### Government bonds per country<sup>2</sup>

%	Without P/H <sup>4</sup> participation	With P/H <sup>4</sup> participation	Total
Germany	8	24	32
USA	14	–	14
Canada	7	–	7
Italy	5	2	7
UK	5	–	5
France	4	2	6
Spain	1	2	3
Austria	1	2	3
Ireland	1	1	2
Greece	–	1	1
Portugal	–	1	1
Other	12	7	19
<b>Total<sup>5</sup></b>	<b>58%</b>	<b>42%</b>	<b>100%</b>

<sup>1</sup> Incl. loans, parts of other securities, other investments and cash positions. Fair values as at 30.6.2011 (31.12.2010).

<sup>2</sup> Thereof 11% inflation-linked bonds. <sup>3</sup> Additional inflation-linked exposure in swaps 2% and bank and corporate exposure in credit default swaps 2% of fixed-income portfolio. <sup>4</sup> P/H = policyholder. Economic view – not fully comparable with IFRS figures. <sup>5</sup> Differences between totals possible due to rounding.

Quarterly financial statements as at 30 June 2011

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Munich Re (Group) – Investment result

## Investment result burdened by write-down on Greek government bonds

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## Investment result

	€m	Q1–2 2011	Return <sup>1</sup>	€m	Q1–2 2010	Return <sup>1</sup>
Regular income	4,057		4.2%	3,918		4.1%
Write-ups/write-downs of investments	–806		–0.8%	304		0.3%
Gains/losses on the disposal of investments	640		0.6%	1,047		1.1%
Other income/expenses	–423		–0.4% <sup>2</sup>	–191		–0.2%
<b>Investment result</b>	<b>3,468</b>		<b>3.6%</b>	<b>5,078</b>		<b>5.3%</b>

## Regular income

Higher dividend income

Increase of deposits retained on assumed reinsurance as a consequence of large-volume deals

Reinvestment yield slightly increased

## Write-ups/write-downs

Write-down on Greek bonds and on swaptions

Write-up from insurance risk transfer to the capital markets

## Gains on disposal

Disposal gain from sale of real estate in Singapore and reduction of equities

Disposal losses on equity and interest rate derivatives

Higher disposal gains on fixed-interest instruments in the previous year

<sup>1</sup> Return on quarterly weighted investments (market values) in % p.a.

<sup>2</sup> Negative impact from unit-linked business included.

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Munich Re (Group) – Premium development

## Strong organic growth

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€m	
Gross premiums written Q1–2 2010	22,613
Foreign-exchange effects	–176
Divestment/Investment	155
Organic change	2,357
<b>Gross premiums written Q1–2 2011</b>	<b>24,949</b>

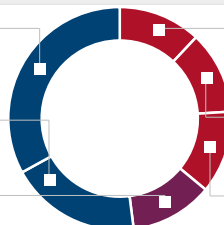
- Overall negative FX development (mainly from US\$)
- Windsor acquisition: First-time consolidation as from Q1 2011
- Large-volume deals in reinsurance segment and Munich Health

Breakdown by segment  
(consolidated)

**Reinsurance**  
Property-casualty  
8,281 (33%)  
(▲ 10.7%)

**Reinsurance**  
Life: 4,788 (19%)  
(▲ 25.2%)

**Munich Health**  
2,959 (12%)  
(▲ 19.9%)



**Primary insurance**  
Property-casualty  
3,055 (12%)  
(▲ 3.2%)

**Primary insurance**  
Life: 2,984 (12%)  
(▲ –4.5%)

**Primary insurance**  
Health Germany: 2,882 (12%)  
(▲ 4.6%)

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Munich Re (Group)

## Primary insurance

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Primary insurance – Premium development

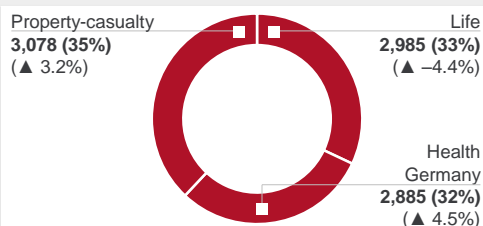
## Overall stable premium income



€m	
Gross premiums written Q1–2 2010	8,866
Foreign-exchange effects	–4
Divestment/Investment	–
Organic change	86
<b>Gross premiums written Q1–2 2011</b>	<b>8,948</b>

- **Life:** Lower single-premiums in German and international business
- **Health:** Growth in comprehensive, supplementary and travel business
- **Property-casualty:** Organic growth in German and international business

**Breakdown by segment**  
(segmental, not consolidated)



## Total premiums life:

- IFRS premiums €2,985m (▲ –4.4%)
- Savings component of unit-linked and capitalisation products €905m (▲ –12.1%)
- **Total premiums** €3,890m (▲ –6.3%)<sup>1</sup>

<sup>1</sup> Total premiums German life Q1–2 2011: €2,917m, ▲ –5.8%.

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Primary insurance – Life – New business

## Life: New business (statutory premiums)

Munich RE

Total				
€m	Total	Regular premiums	Single premiums	APE <sup>1</sup>
Q1–2 2010	1,606	224	1,382	362
Q1–2 2011	1,393	248	1,145	363
Δ	–13.3%	10.7%	–17.1%	0.3%

Germany				
€m	Total	Regular premiums	Single premiums	APE <sup>1</sup>
Q1–2 2010	1,093	151	942	245
Q1–2 2011	922	162	761	238
Δ	–15.6%	7.3%	–19.2%	–2.9%

## Comments

## Germany

- Growth of regular premiums
- Single-premium business down – for whole market
- Good growth in corporate pension business

## International

- Strong growth in Belgium (APE 28.3%) and Poland (APE 49.2%)
- Austria (APE –26.0%): lower single premiums, mainly in unit-linked business

## International

€m	Total	Regular premiums	Single premiums	APE <sup>1</sup>
Q1–2 2010	513	73	440	117
Q1–2 2011	471	86	384	125
Δ	–8.2%	17.8%	–12.7%	6.8%

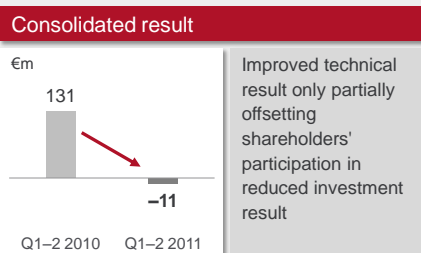
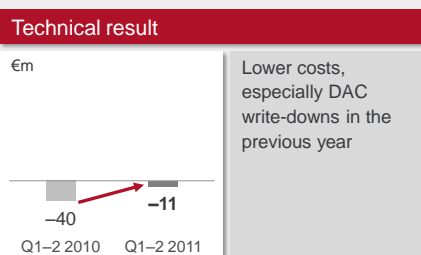
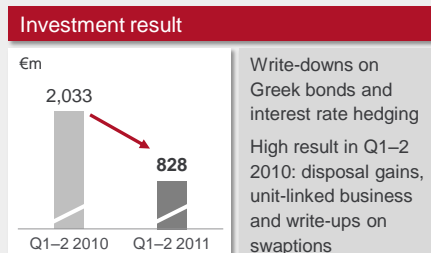
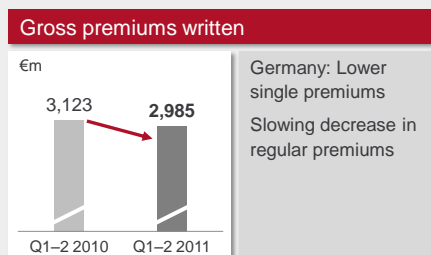
<sup>1</sup> Annual premium equivalent (APE = regular premiums +10% single premiums).

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Primary insurance – Key figures

## Primary life

Munich RE



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## Primary insurance – Key figures

## Primary health

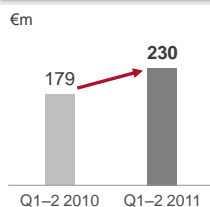


## Gross premiums written



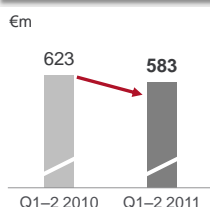
Premium growth in comprehensive (4.1%), supplementary (4.0%) and travel insurance (15.0%)

## Technical result



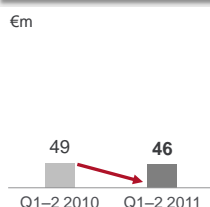
Decreased expenses for business acquisition and administration

## Investment result



Write-downs on Greek bonds mitigated by higher regular income and disposal gains

## Consolidated result



Improved technical result compensates for lower investment result  
Increase in taxes on income

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## Primary insurance – Key figures

## Primary property-casualty

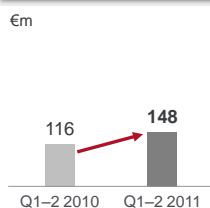


## Gross premiums written



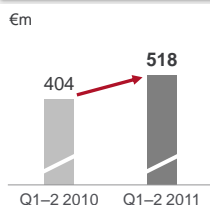
Growth in Germany (1.9%) mainly driven by commercial/ industrial business  
International business (+5.2%) mainly driven by motor business in Poland and Italy

## Technical result



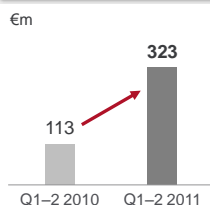
Combined ratio of international business remains at high level while German business improves further

## Investment result



Disposal gains from real estate sale in Singapore in Q2 2011

## Consolidated result



Higher operating result and lower impairments of goodwill

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Primary insurance – Property-casualty

## Still different situation in German and international business

Munich RE

Germany		
€m	Q1–2 2011	Q1–2 2010
Gross premiums written	1,857	1,822
Technical result	182	152
Consolidated result	320	129
Combined ratio (%)	89.7	91.0

- German business with stable growth
- Improved combined ratio due to lower weather-related claims (e.g. Xynthia in Q1 2010)
- Disposal gains from real estate sale in Singapore

International		
€m	Q1–2 2011	Q1–2 2010
Gross premiums written	1,221	1,161
Technical result	–34	–36
Consolidated result	3	–16
Combined ratio (%)	106.4	105.4

- Significant improvements in Poland start to take effect ...
- ... while situation in Turkey and Korea remains difficult – especially in motor; measures for improvement initiated

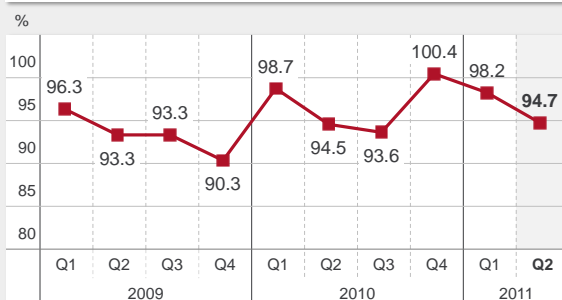
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Primary insurance – Property-casualty – Combined ratio

## Stable combined ratio – With diverging underlying trend

Munich RE

%		Loss ratio	Expense ratio
2009	93.2	60.3	32.9
2010	96.8	63.1	33.7
Q1–2 2010	96.6	63.4	33.2
Q1–2 2011	96.5	63.1	33.4



- Lower effect from weather-related losses (in 2010: Winter Storm Xynthia and severe winter as well as flood in Poland)
- However, higher claims and costs especially in the international motor business (Turkey, Korea)

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Financial reporting Q1–2 2011

Munich Re (Group)

Primary insurance

**Munich Health**

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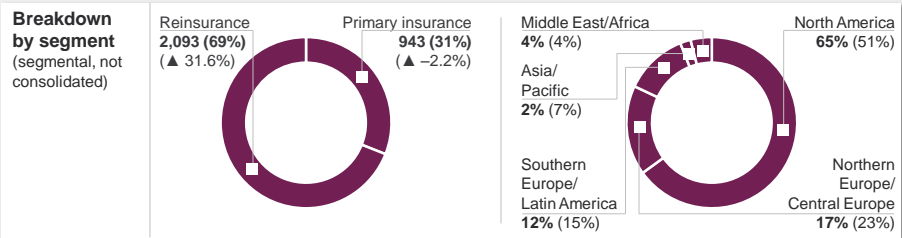
Munich Health – Premium development

Large-volume deals and Windsor acquisition driving significant premium increase

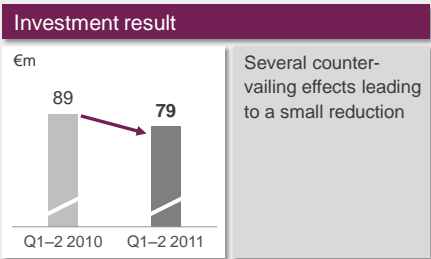
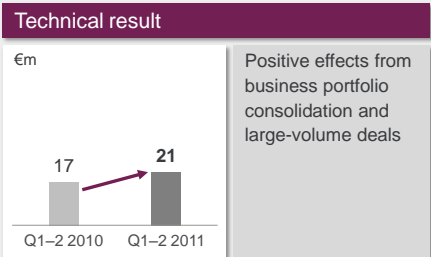
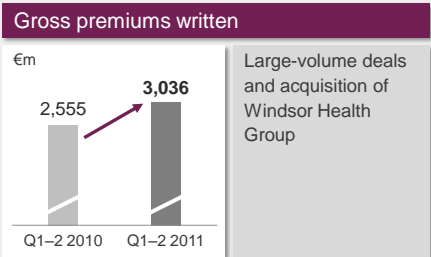


€m	
Gross premiums written Q1–2 2010	2,555
Foreign-exchange effects	–11
Divestment/Investment	155
Organic change	337
Gross premiums written Q1–2 2011	3,036

- Negative currency effects, especially Can\$ and US\$
- Windsor acquisition: First-time consolidation as from Q1 2011
- Organic growth owing to large-volume deals in North America



Munich Health – Key figures  
Munich Health



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Overview

**Financial reporting Q1-2 2011**

- Munich Re (Group)
- Primary insurance
- Munich Health

**Reinsurance**

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## Reinsurance – Premium development

## Strong increase driven by organic growth

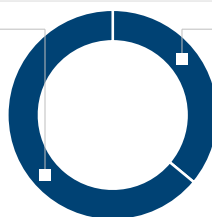


€m	
Gross premiums written Q1–2 2010	11,567
Foreign-exchange effects	–161
Divestment/Investment	–
Organic change	1,920
<b>Gross premiums written Q1–2 2011</b>	<b>13,326</b>

- Negative FX effect (mainly US\$)
- **Property-casualty:** Organic growth mainly in motor, fire and solvency-related deals
- **Life:** Organic growth owing to large-volume deals

**Breakdown by segment**  
 (segmental, not consolidated)

Property-casualty  
**8,473 (64%)**  
 (▲ 10.4%)



Life  
**4,853 (36%)**  
 (▲ 24.7%)

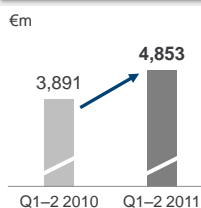
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## Reinsurance – Key figures

## Life reinsurance

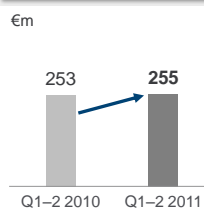


## Gross premiums written



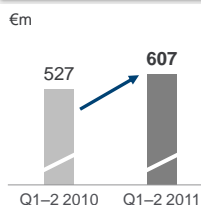
Strong growth owing to large-volume deals  
 Only small positive FX contribution (mainly Au\$ and Can\$)

## Technical result



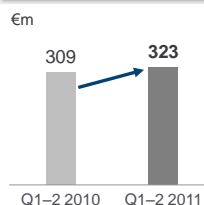
Higher claims experience compensated by large-volume deals with positive bottom-line impact

## Investment result



Increase in regular income from higher deposits retained on assumed business following large-volume deals

## Consolidated result



Stable operating result, positive contribution from foreign exchange, increase in tax expenses

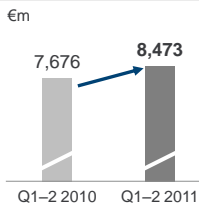
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## Reinsurance – Key figures

## Reinsurance property-casualty

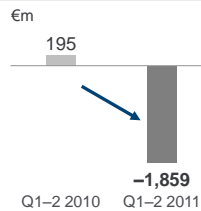


## Gross premiums written



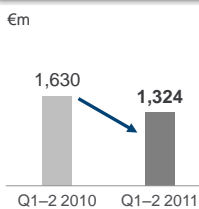
Premium increase from organic growth (especially in motor, fire and solvency-related deals)  
Negative FX contribution from US\$

## Technical result



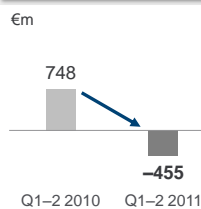
Negative result from exceptionally high nat cat losses  
Basic claims remain at a good, profitable level

## Investment result



Lower disposal gains partly compensated for by the impact of insurance risk transfer to the capital markets

## Consolidated result



High nat cat losses and lower investment result, only partly mitigated by currency gains and tax relief

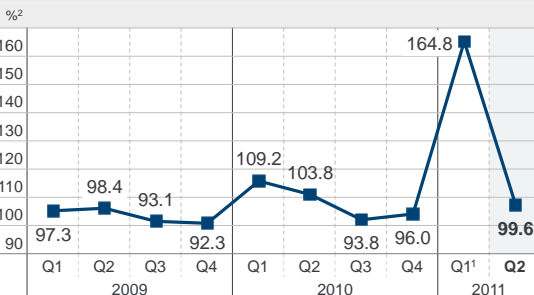
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## Reinsurance – Property-casualty – Combined ratio

## Combined ratio reflects high nat cat losses in Q1-2 2011



%		Basic losses	Nat cat losses	Man-made losses	Expense ratio
2009	95.3	57.5	1.4	6.9	29.5
2010	100.5	53.6	11.0	4.7	31.2
Q1-2 2010	106.4	56.6	12.8	6.8	30.2
Q1-2 2011 <sup>1</sup>	133.1	55.0	44.3	3.9	29.9

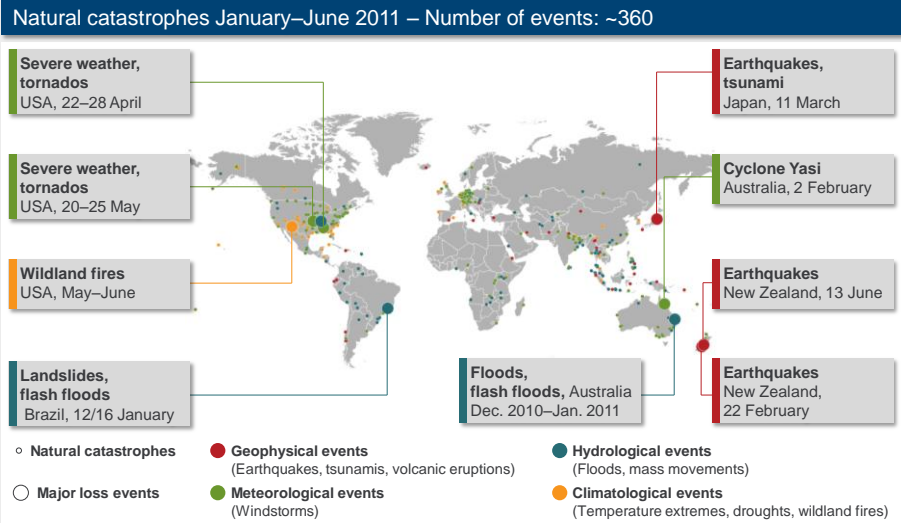


- Major losses in Q1-2 2011 (€3,656m) well above 5-year average (€1,421m)
- Nat cat losses in Q1-2 2011 (€3,358m) significantly exceed 5-year average (€1,092m)
- Moderate man-made losses of €298m in Q1-2 2011; slightly below 5-year average (€329m)
- No major impact from reserve changes

<sup>1</sup> Before insurance risk transfer to the capital markets.  
<sup>2</sup> Including overhead costs.

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Accumulation of extreme natural catastrophes at the start of the year



Changes in recent major nat cat claims estimates

Changes for recent nat cat losses in Q2 2011			Current status	
Incident	Change in Q2	New loss estimate <sup>1</sup>	<b>Earthquake Japan (Q1 2011)</b> Large portion of residential losses already settled – still uncertain situation in the industrial portfolio	
Earthquake Japan	–	€1,500m	<b>Earthquake New Zealand (Q1 2011)</b> Increased loss estimate based on updated client estimates – still high uncertainty with many losses in the so-called red zone, which is not accessible for loss adjusters	
Earthquake Christchurch New Zealand	+€260m	€1,000m	<b>Weather-related events Australia (Q4 2010 and Q1 2011)</b> Reduced loss estimates following progress in claims handling our clients' – remaining uncertainty very low	
Weather-related events Australia	–€110m	€520m		

Loss estimates becoming more reliable as our clients' claims handling progresses

<sup>1</sup> Rounded numbers. Adjusted for impact from the transfer of insurance risks to the capital markets.

Reinsurance – Major nat cat losses

## Nat cat losses in Q2 – High tornado activity in the USA and another earthquake in New Zealand

Munich RE 

Nat cat losses in Q2 2011		Key issues
Incident	Loss <sup>1</sup>	<b>Severe storms/tornados USA (April/May)</b> <ul style="list-style-type: none"> <li>Weather-related natural catastrophes can largely be explained by the La Niña phenomenon</li> <li>Overall loss amount in line with our model expectations</li> </ul> <b>Earthquake New Zealand (June)</b> <ul style="list-style-type: none"> <li>Caused incremental damage and loss, but no significant deterioration as regards undamaged buildings from the February event</li> <li>Sequence of earthquakes delaying the reconstruction and recovery process</li> <li>Shocks in New Zealand not linked to Japanese earthquake</li> </ul>
Severe storms/tornados USA	€210m	
Earthquake Christchurch New Zealand	€60m	
Other	€20m	
<b>Total</b>	<b>€290m</b>	

<sup>1</sup> Rounded numbers.

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Reinsurance – July renewal

## Strict portfolio and cycle management – Shift towards nat cat property and XL

Munich RE 

Market environment	
<ul style="list-style-type: none"> <li>Original rates rather stable</li> <li>Sufficient reinsurance capacity available, but not at any price, especially for nat cat</li> <li>Significant increase in nat cat prices – Extent differs by region and severity of nat cat losses experienced</li> <li>Overall, competitive market environment in property non-nat-cat, casualty and marine</li> </ul>	
Munich Re portfolio	
<ul style="list-style-type: none"> <li>€1.6bn was up for renewal</li> <li>Main markets: Australia/New Zealand, Latin America, USA and global clients business</li> <li>Total volume split: ~25% property nat cat, ~30% property non-nat-cat, 30% casualty</li> <li>Only minor renewal for marine, credit and aviation</li> </ul>	
VOLUME	PRICE
<ul style="list-style-type: none"> <li>Significant premium increase of 10% mainly driven by property nat cat</li> <li>Nat cat portion increases to ~30%</li> <li>Volume of casualty, marine and aviation almost stable</li> </ul>	<ul style="list-style-type: none"> <li>Substantial increase in portfolio quality</li> <li>Price increase driven by XL business, in particular nat cat, whereas proportional business remains flat</li> <li>Provision of nat cat capacity subject to adequate prices</li> </ul>

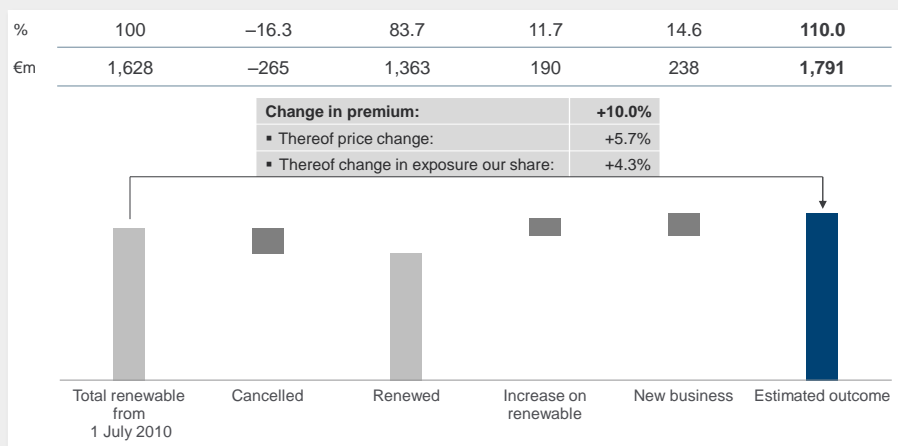
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Reinsurance – July renewal

## Price and exposure increase mainly the result of nat cat business expansion

Munich RE



**Overall, clearly improved nat cat profitability and increase in portfolio quality**

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Reinsurance – July renewal

## Strict bottom-line approach: Expected significant nat cat price increase achieved, unprofitable business reduced

Munich RE

Property nat cat		Property non-nat-cat
<b>USA</b>	<ul style="list-style-type: none"> <li>~10% price increase, mainly driven by new RMS version and partly by tornado activity</li> <li>Higher price increases rather for East Coast than for nationwide exposure</li> <li>Capacity still plentiful, but not at any price</li> </ul>	<p>Overall, prices bottom out in all regions</p> <p><b>USA</b> Flat to marginally increasing</p> <p><b>Latin America</b> Slight reduction of commissions (up to -2%) achieved</p> <p><b>Australia/New Zealand</b> Commission decrease/increase depended on loss experience/event limits</p>
<b>Latin America/Caribbean</b>	<ul style="list-style-type: none"> <li>Price increases ~10%</li> <li>New innovative cover with Mexican government</li> </ul>	
<b>Australia/New Zealand</b>	<ul style="list-style-type: none"> <li>Significant price increases from 40% to 50%</li> <li>Significant share increases for Munich Re boost premium volume, especially in Australia</li> </ul>	<b>Casualty</b>
<b>Japan</b>	<ul style="list-style-type: none"> <li>Price increase for earthquake covers of more than 50%, in combination with wind and flood ~40%</li> </ul>	<ul style="list-style-type: none"> <li>Still competitive market environment</li> <li>Active portfolio management necessary to preserve profitability (e.g. reduction of US exposure)</li> <li>Munich Re remains market leader for complex liability solutions</li> <li>First signs of improvement apparent</li> </ul>

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Agenda



Overview

- Financial reporting Q1–2 2011
  - Munich Re (Group)
  - Primary insurance
  - Munich Health
  - Reinsurance

Outlook

Backup

Outlook

Munich Re’s integrated business model – Diversification enhancing earnings resilience



Munich Re (Group)		
<b>GROSS PREMIUMS WRITTEN</b> €48–50bn (prev. €47–49bn)	<b>RETURN ON INVESTMENT</b> Slightly below 4%	<b>PROFIT</b> Still aiming for positive annual result RoRaC target of 15% after tax over the cycle to stand
Reinsurance	Primary insurance	Munich Health
<b>COMBINED RATIO P-C</b> 97% over the cycle – Not achievable in 2011	<b>COMBINED RATIO P-C</b> < 95%	Positive earnings contribution while concluding consolidation phase
<b>GROSS PREMIUMS WRITTEN</b> ~€26bn (prev. €25–26bn)	<b>GROSS PREMIUMS WRITTEN</b> €17–18bn	<b>GROSS PREMIUMS WRITTEN</b> ~€6bn

## Agenda – Backup

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## Backup: Additional information

### Capital repatriation since 2005

€m	2005	2006	2007	2008	2009	2010	2011	Total
Share buy-backs		250	2,303	1,387	406	1,300	350	5,996
Dividend	707	988	1,124	1,073	1,072	1,110		6,074
<b>Total amounts</b>	<b>707</b>	<b>1,238</b>	<b>3,427</b>	<b>2,460</b>	<b>1,478</b>	<b>2,410</b>	<b>350</b>	<b>12,070</b>

Backup: Additional highlights Q1–2 2011

## Segmental results

Munich RE 

€m	Q1–2 2010	Q1–2 2011	Operating result	Consolidated result
Reinsurance Life	509	508		309 323
Reinsurance Property-casualty	1,188	-1,187		748 -455
<b>Reinsurance Subtotal</b>	1,697	-679		1,057 -132
Primary insurance Life	196	36		131 -11
Primary insurance Health	80	91		49 46
Primary insurance Property-casualty	351	512		113 323
<b>Primary insurance Subtotal</b>	627	639		293 358
<b>Munich Health</b>	60	65		16 36
<b>Munich Re<sup>1</sup></b>	2,218	-437		1,194 -210

<sup>1</sup> Operating result Q1–2 2011 including asset management (€37m, Q1–2 2010 €49m) and consolidation (-€499m, Q1–2 2010 -€215m). Consolidated result Q1–2 2011 including asset management (€14m, Q1–2 2010 €31m) and consolidation (-€486m, Q1–2 2010 -€203m).

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## Agenda – Backup

Munich RE 

Additional highlights Q1–2 2011

## Investments

Shareholder information

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

## Breakdown of regular income

Munich RE 

Investment result – Regular income (€m)	Q1–2 2011	Q1–2 2010	Change
Afs fixed-interest	2,167	2,187	–20
Afs non-fixed-interest	214	176	38
Derivatives	139	115	24
Loans	1,072	1,048	24
Real estate	183	165	18
Deposits retained on assumed reinsurance and other investments	219	182	37
Other	63	45	18
<b>Total regular income</b>	<b>4,057</b>	<b>3,918</b>	<b>139</b>

## Main effects in Q1–2 2011

- Regular income higher due to larger dividend payments and increase in deposits retained on assumed reinsurance
- Reinvestment rate slightly improved

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

## Breakdown of write-ups/write-downs

Munich RE 

Investment result – Write-ups/write-downs (€m)	Q1–2 2011	Q1–2 2010	Change
Afs fixed-interest	–640	10	–650
Afs non-fixed-interest	–99	–76	–23
Derivatives	26	397	–371
Loans	–25	15	–40
Real estate	–60	–59	–1
Other	–8	17	–25
<b>Total net write-ups/write-downs</b>	<b>–806</b>	<b>304</b>	<b>–1,110</b>

## Main effects in Q1–2 2011

- Afs fixed-interest: Write-down on Greek government bonds
- Afs non-fixed-interest: Some write-downs on equities due to lower level of stock markets
- Derivatives: Negative impact of rising interest rates on swaptions
- Write-ups on derivatives as a result of insurance risk transfer to the capital markets

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

## Breakdown of net result from disposals

Munich RE 

Investment result – Net result from disposal of investments (€m)	Q1–2 2011	Q1–2 2010	Change
Afs fixed-interest	316	744	–428
Afs non-fixed-interest	479	310	169
Derivatives	–504	–136	–368
Loans	47	32	15
Real estate	51	51	–
Other	251	46	205
<b>Total net realised gains</b>	<b>640</b>	<b>1,047</b>	<b>–407</b>

## Main effects in Q1–2 2011

- Afs fixed-interest: Investment gains on corporate and government bonds at relatively low interest rate level only partially compensate for high previous-year gains on corporate bonds
- Afs non-fixed-interest: Higher disposal gains from equities
- Losses realised on interest rate and equity derivatives
- Positive result from disposal of real estate participation contributes to "other" investments gains

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Backup: Investments and investment result – Investment result

## Return on investment by asset class and segment

Munich RE 

% <sup>1</sup>	Regular income	Write-ups/ write-downs	Gains/ losses on disposal	Other income/ expenses	Total RoI	Average market value in €m
Afs fixed-interest	4.0	–1.2	0.6	0.0	3.4	109,469
Afs non-fixed-interest	4.3	–2.0	9.6	0.0	11.9	9,994
Derivatives	28.2	5.3	–102.3	–0.2	–69.0	986
Loans	4.3	–0.1	0.2	0.0	4.4	50,097
Real estate	6.7	–2.2	1.8	0.0	6.3	5,550
Other <sup>2</sup>	3.0	–0.1	2.7	–4.5	1.1	18,585
<b>Total<sup>3</sup></b>	<b>4.2</b>	<b>–0.8</b>	<b>0.6</b>	<b>–0.4</b>	<b>3.6</b>	<b>194,681</b>
Reinsurance	4.0	0.1	0.7	–0.4	4.4	73,547
Primary insurance	4.4	–1.4	0.6	–0.5	3.1	116,459
Munich Health	3.5	–0.4	0.3	–0.3	3.1	3,704

## Main effects in Q1–2 2011

- RoI at Group level 3.3% if adjusted for impact of insurance risk transfer to the capital markets
- Reinsurance: Disposal gains on equities and losses on derivatives, partly mitigated by gains from insurance risk transfer to the capital markets
- Primary insurance: Compared with reinsurance, higher running yield (longer investment duration); write-down on Greek bonds and swaptions; disposal gain from sale of real estate participation
- Total return decreases to 2.0% (Q1–2 2010: 8.7%); negative impact due to decreased valuation reserves (Δ –€1,512m) mainly from fixed-interest securities and loans as a result of increasing short-term yields and losses on market values in peripheral European government bonds

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

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Backup: Investments and investment result – Total investment portfolio

## Investment structure

Munich RE 

## Investment structure by asset class (market values)

	€bn	%	Land and buildings	Loans	Fixed-interest securities <sup>1</sup>	Shares, equity funds and participating interests	Miscellaneous <sup>2</sup>
31.12.2007	177		3.1	19.4	54.0	13.7	9.8
31.12.2008	177		3.0	23.2	61.7	3.5	8.6
31.12.2009	185		3.0	25.9	60.0	2.5	8.3
31.12.2010	196		2.9	25.7	57.7	4.0	9.7
31.3.2011	191		3.0	25.8	56.5	4.5	10.2
30.6.2011	196		2.7	25.7	55.9	4.0 <sup>3</sup>	11.7
<b>30.6.2011 (€bn)</b>	<b>196</b>		<b>5.3</b>	<b>50.4</b>	<b>109.7</b>	<b>7.9</b>	<b>23.0</b>

<sup>1</sup> Categories "available for sale", "held to maturity" and "at fair value".<sup>2</sup> Deposits retained on assumed reinsurance, investments for unit-linked life, deposits with banks, investment funds (bond, property) and derivatives held for trading with non-fixed interest underlying.<sup>3</sup> After taking equity derivatives into account: 3.5%.

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Backup: Investments and investment result – Fixed-income portfolio

## Credit portfolio

Munich RE Rating classification of fixed-income portfolio<sup>1</sup>

%	AAA	AA	A	BBB	BB	B and worse	NR	Total
Government/ Semi-government	52	35	7	4	1	1	0	100
Pfandbriefe/ Covered bonds	82	17	0	1	–	–	0	100
Banks	3	14	40	4	2	2	35 <sup>2</sup>	100
Corporates	1	11	39	43	5	0	1	100
Structured products	68	14	15	2	0	0	1	100
Loans to policyholders/ Mortgage loans	–	–	–	–	–	–	100	100
<b>Total</b>	<b>51</b>	<b>23</b>	<b>11</b>	<b>6</b>	<b>1</b>	<b>1</b>	<b>7</b>	<b>100</b>

<sup>1</sup> Economic view – not fully comparable with IFRS figures.<sup>2</sup> Including cash positions and shares in funds which are not rated. As at 30 June 2011.

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Backup: Investments and investment result – Fixed-income portfolio

Approx. 63% invested in eurozone,  
digestible exposure to “EUR umbrella” sovereigns

Munich RE Geographic classification of fixed-income portfolio<sup>1</sup>

%	Germany	France	Spain	Italy	UK	"EUR Umbrella" <sup>2</sup>	Other Europe	USA	Canada	Rest of World
Government/ Semi-government	32	6	3	7	5	4	15	14	7	7
Pfandbriefe/ Covered bonds	42	15	9	1	7	3	23	0	0	0
Banks	44	2	1	1	6	2	12	22	1	9
Corporates	3	8	2	2	7	2	18	46	5	7
Structured products	3	1	3	8	9	10	10	54	1	1
Loans to policyholders/ Mortgage loans	99	–	0	–	–	0	0	0	0	1
<b>Total</b>	<b>35</b>	<b>8</b>	<b>4</b>	<b>4</b>	<b>6</b>	<b>3</b>	<b>16</b>	<b>15</b>	<b>4</b>	<b>5</b>

<sup>1</sup> Economic view – not fully comparable with IFRS figures.<sup>2</sup> Portugal, Ireland and Greece. As at 30 June 2011.

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Backup: Investments and investment result – Fixed-income portfolio

## Maturity structure

Munich RE Maturity structure of fixed-income portfolio<sup>1</sup>

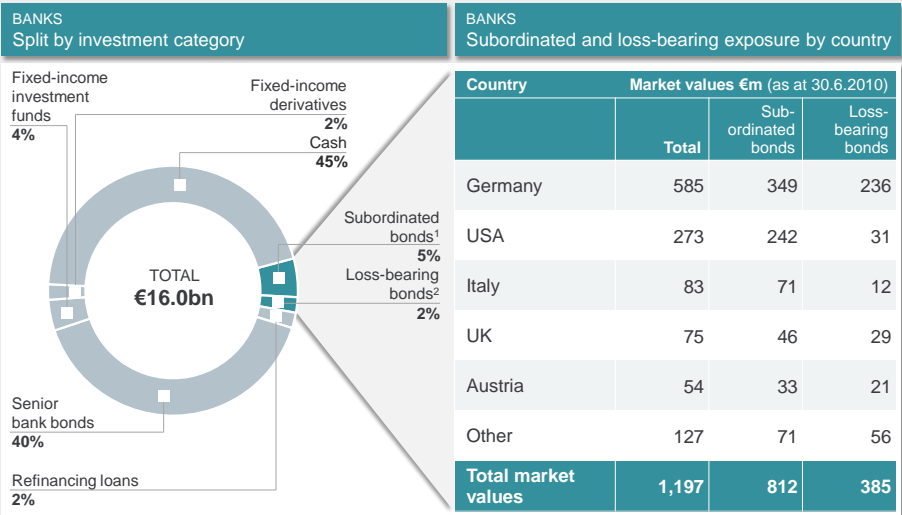
%	Remaining time to maturity							
	0–1 year	1–3 years	3–5 years	5–7 years	7–10 years	>10 years	n.a.	Total
Government/ Semi-government	10	15	17	12	16	30	0	100
Pfandbriefe/ Covered bonds	2	11	12	14	20	41	–	100
Banks	15	7	7	16	12	5	38	100
Corporates	6	23	21	20	17	13	0	100
Structured products	23	42	20	9	5	1	0	100
Loans to policyholders/ Mortgage loans	6	18	21	14	24	15	2	100
Total	8	15	15	14	16	28	4	100

<sup>1</sup> Economic view – not fully comparable with IFRS figures.  
As at 30 June 2011.

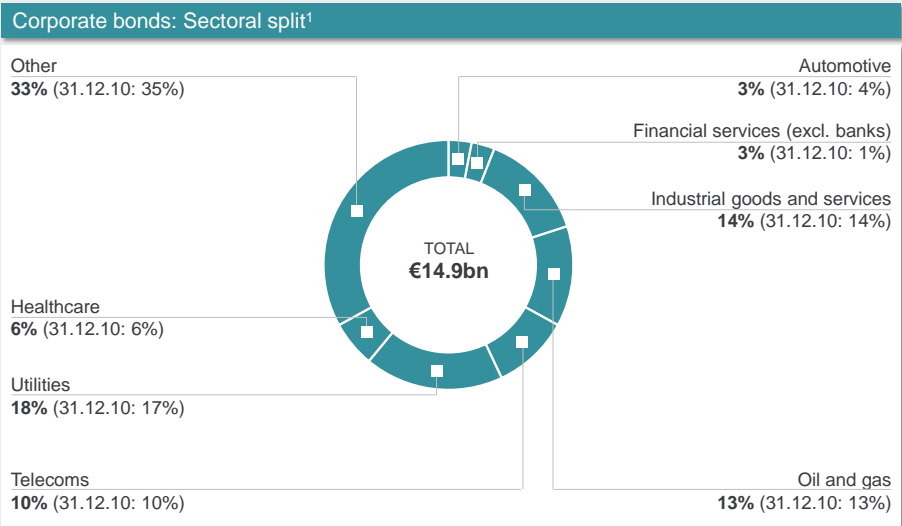
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Bank exposure



Corporate bonds



<sup>1</sup> Economic view – not fully comparable with IFRS figures. As at 30 June 2011.

Backup: Investments and investment result – Fixed-income portfolio

## Structured products

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 <sup>1</sup>	492	114	208	14	2	0	390	440	830	99%
	Corporate-related ABS <sup>2</sup>	234	194	85	38	4	–	1	554	555	96%
	Subprime HEL	7	3	20	7	2	–	39	–	39	98%
CDO/ CLN	Subprime-related	–	–	–	–	1	0	–	1	1	1%
	Non-subprime-related	69	23	49	2	0	38	10	171	181	82%
MBS	Agency	2,190	87	–	–	–	–	2,277	–	2,277	100%
	Non-agency prime	515	91	164	58	0	–	52	776	828	98%
	Non-agency other (not subprime)	169	94	30	0	3	–	86	210	296	94%
	Commercial MBS	644	291	366	13	6	–	647	673	1,320	99%
<b>Total 30.6.2011</b>		4,320	897	922	132	18	38	3,502	2,825	6,327	97%
<b>In %</b>		68%	14%	15%	2%	0%	1%	55%	45%	100%	
Total 31.12.2010		4,759	684	445	94	13	78	3,690	2,383	6,073	96%

<sup>1</sup> Consumer loans, auto, credit cards, student loans.<sup>2</sup> Asset-backed CPs, business and corporate loans, commercial equipment.  
As at 30 June 2011.

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Backup: Investments and investment result

## Sensitivities to interest rates, spreads and equity markets

Munich RE 

Sensitivity to risk-free interest rates – Basis points	–100	–50	+100	+200
Change in gross market value (€bn)	+10.8	+5.2	–9.3	–17.0
Change in on-balance-sheet reserves, net (€bn) <sup>1</sup>	+2.8	+1.4	–2.5	–4.7
Change in off-balance-sheet reserves, net (€bn) <sup>1</sup>	+0.6	+0.3	–0.5	–0.9
P&L impact (€bn) <sup>1</sup>	–0.1	–0.0	+0.1	+0.2
Sensitivity to spreads <sup>2</sup> (change in basis points)			+100	+200
Change in gross market value (€bn)			–6.9	–12.7
Change in on-balance-sheet reserves, net (€bn) <sup>1</sup>			–1.4	–2.6
Change in off-balance-sheet reserves, net (€bn) <sup>1</sup>			–0.4	–0.7
P&L impact (€bn) <sup>1</sup>			–0.0	–0.1
Sensitivity to equity markets <sup>3</sup>	–30%	–10%	+10%	+30%
<b>EURO STOXX 50 (2,849 as at 30.6.2011)</b>	<b>1,994</b>	<b>2,564</b>	<b>3,134</b>	<b>3,704</b>
Change in gross market value (€bn)	–2.4	–0.8	+0.8	+2.4
Change in on-balance-sheet reserves, net (€bn) <sup>1</sup>	–0.6	–0.3	+0.6	+1.7
Change in off-balance-sheet reserves, net (€bn) <sup>1</sup>	–0.3	–0.1	+0.1	+0.3
P&L impact (€bn) <sup>1</sup>	–1.1	–0.3	+0.0	+0.0

<sup>1</sup> Rough calculation with limited reliability assuming unchanged portfolio as at 30 June 2011. After rough estimation of policyholder participation and deferred tax; linearity of relations cannot be assumed. Economic view – not fully comparable with IFRS figures.<sup>2</sup> Sensitivities to changes of spreads are calculated for every category of fixed-interest securities, except government securities with AAA ratings.<sup>3</sup> Worst-case scenario assumed: impairment as soon as market value is below acquisition cost.

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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	3,024	
Provision for deferred premium refunds	-195	
Deferred taxes	-570	
Minority interests	-7	
Effects from consolidation and currency	59	
<b>Shareholders' stake 30.6.2011</b>	<b>2,311</b>	

### Off-balance-sheet reserves<sup>1</sup>

€m

<b>Off-balance-sheet reserves 30.6.2011</b>	<b>2,594</b>	
Provision for deferred premium refunds	-1,360	
Deferred taxes	-340	
Minority interests	-	
<b>Shareholders' stake 30.6.2011</b>	<b>894</b>	

<sup>1</sup> Excluding reserves on owner-occupied properties.

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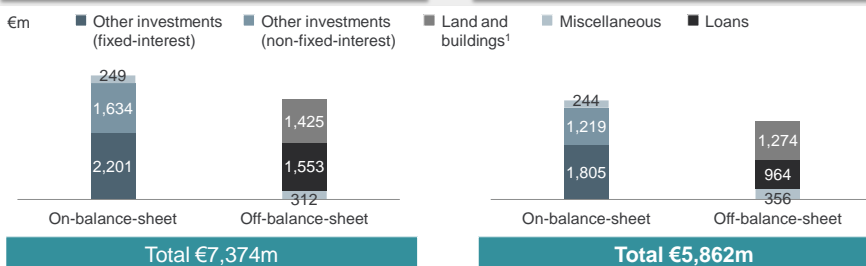
Backup: Investments and investment result – Investment result – On- and off-balance-sheet reserves

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

Munich RE 

31.12.2010

30.6.2011



<b>Unrealised gains and losses – gross</b>	<b>7,374<sup>2</sup></b>
./. Provision for deferred premium refunds	2,399
./. Deferred taxes	1,040
./. Effects from consolidation and currency	-
./. Minority interests	11
<b>Unrealised gains and losses – net</b>	<b>3,924</b>

<b>Unrealised gains and losses – gross</b>	<b>5,862<sup>3</sup></b>
./. Provision for deferred premium refunds	1,585
./. Deferred taxes	913
./. Effects from consolidation and currency	-57
./. Minority interests	7
<b>Unrealised gains and losses – net</b>	<b>3,414</b>

<sup>1</sup> Excluding reserves for owner-occupied properties.<sup>2</sup> Including unrealised gains/losses from valuation at equity, unconsolidated affiliated enterprises and cash flow hedging of €249m and off-balance-sheet valuation reserves of €311m for affiliated companies.<sup>3</sup> Including unrealised gains/losses from valuation at equity, unconsolidated affiliated enterprises and cash flow hedging of €244m and off-balance-sheet valuation reserves of €352m for affiliated companies.

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## Agenda – Backup

Additional highlights Q1–2 2011

Investments

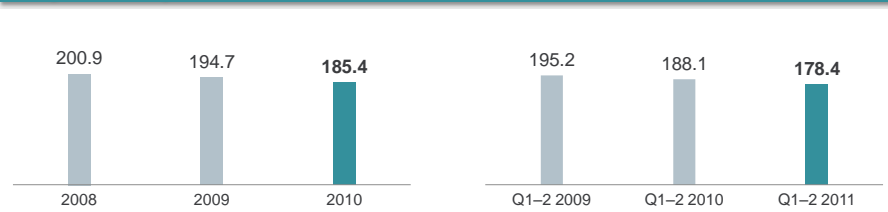
### Shareholder information

Backup: Shareholder information

## Development of shares in circulation

Shares million	31.12.2010	Acquisition of own shares in Q1–2 2011	Retirement of own shares in Q1–2 2011	30.6.2011
Shares in circulation	180.4	2.8	–	177.6
Own shares held	8.1	2.8	9.2	1.7
<b>Total</b>	<b>188.5</b>	<b>–</b>	<b>9.2</b>	<b>179.3</b>

### Weighted average number of shares in circulation



## Financial calendar

## FINANCIAL CALENDAR

11–13 September 2011	Les Rendez-Vous de Septembre, Monte Carlo
5 October 2011	Bank of America Merrill Lynch "Annual Banking & Insurance CEO Conference", London
8 November 2011	Interim report as at 30 September 2011
13 March 2012	Balance sheet press conference for 2011 financial statements
14 March 2012	Analysts' conference, London
26 April 2012	Annual General Meeting, Munich

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