



GOOD START TO THE YEAR 2013

Goldman Sachs Seventeenth Annual European Financials Conference

Brussels, 11 June 2013

Nikolaus von Bomhard

Reliable business strategy contributing to attractive shareholder return

Focus on mastering industry challenges ...

Managing the low-yield environment

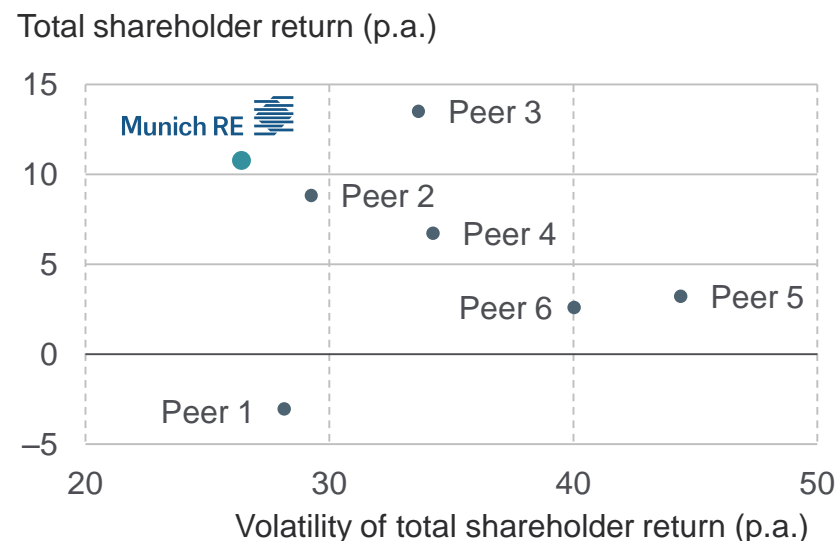
Value-adding capital deployment

Strengthening operational profitability

... based on our strategic thrusts ...

- 1 Creating value in core business**
Constantly improving technical profitability compensating for lower investment income
- 2 Strong balance sheet**
Providing financial flexibility based on stringent risk management
- 3 Active capital management**
Attractive capital repatriation while seizing opportunities for profitable growth

... leading to an attractive risk/return profile¹ %

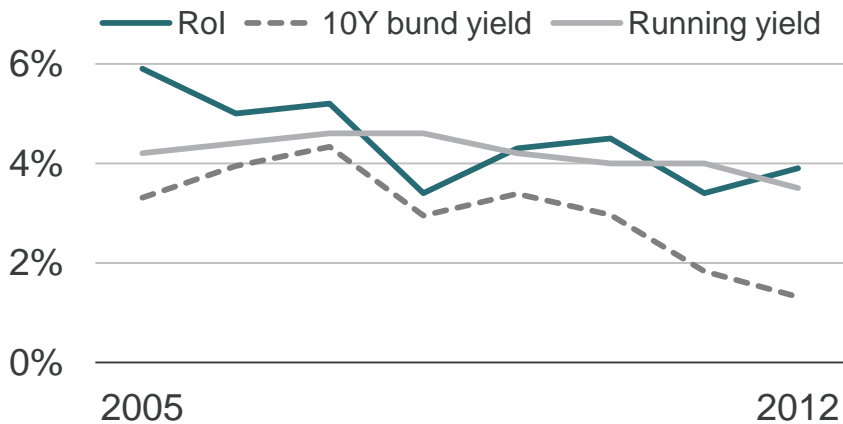


Despite decreasing earnings contribution from investments, Munich Re paving the way for sustainably high earnings levels

¹ Annualised total shareholder return defined as price performance plus dividend yield over the period from 1.1.2005 until 31.5.2013; 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, ZIG.

1 Creating value in core business – becoming even more important in times of financial repression

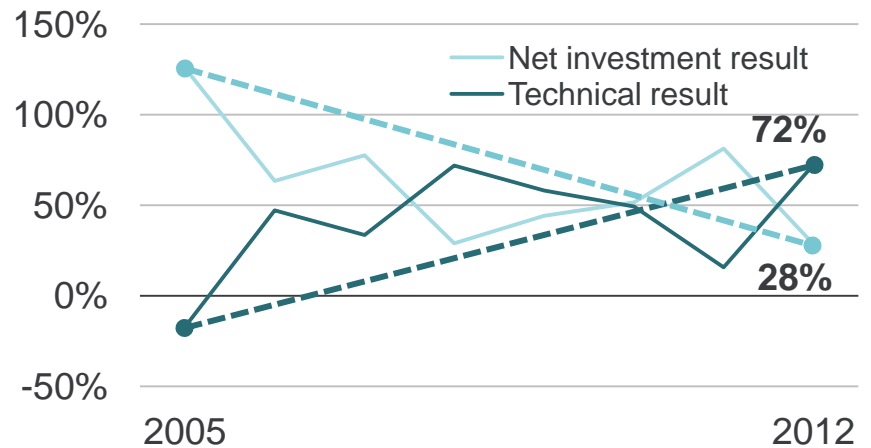
Consistently decreasing capital market yields; hence drop in investment income ... %



Investments

Reducing interest-rate sensitivity and mitigating attrition of running yield, while diversification remains key – No intention of substantial re-risking to compensate for lower investment income

... compensated for by increasing earnings contribution from insurance business¹ %



Underwriting

Increasing profitability via efficient allocation of risk capital and disciplined underwriting – Continuously enhancing value creation in core business

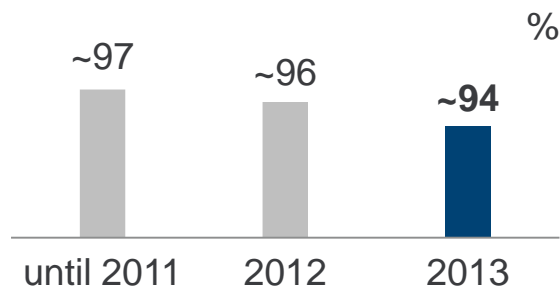
Actively managing the low-yield environment – Munich Re creating value with comparatively low correlation to capital markets

¹ Contribution of net investment result (investment result minus income from technical interest) and technical result as a percentage of operating result.

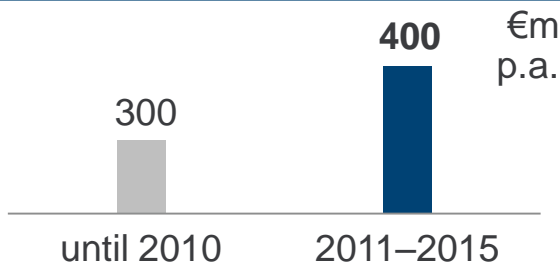
1 Underwriting – Core insurance business building the foundation for earnings growth

Reinsurance

Non-life – Target combined ratio at attractive level

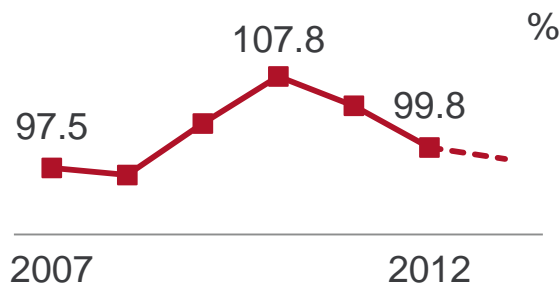


Life – Delivering on increased technical result ambition



Primary insurance

International – Combined ratio back to normal

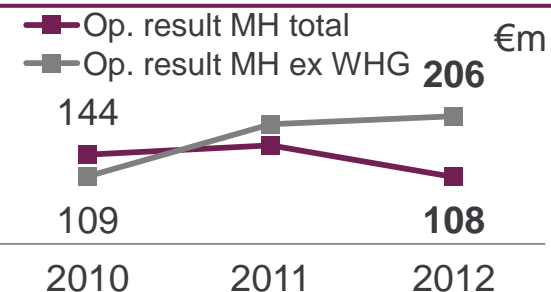


Germany – Strengthening profitability

- Sales reorganisation
- Launch of new product family in life insurance
- Ongoing focus on cost management

Munich Health (MH)

Short-term – Focus on Windsor Health Group (WHG)

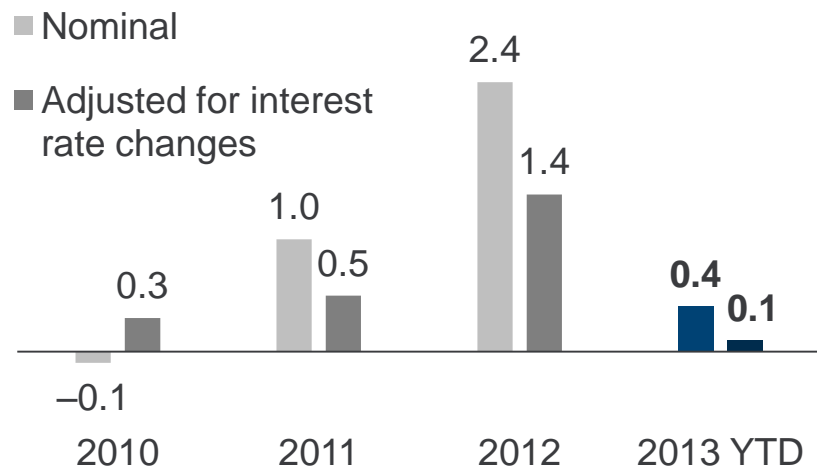


Long-term – Good financial development

- Participating in development of attractive health markets through flexible business models
- Still adhering to our mid-term financial ambition

Execution and delivery – Management measures securing sound profitability irrespective of interest-rate level

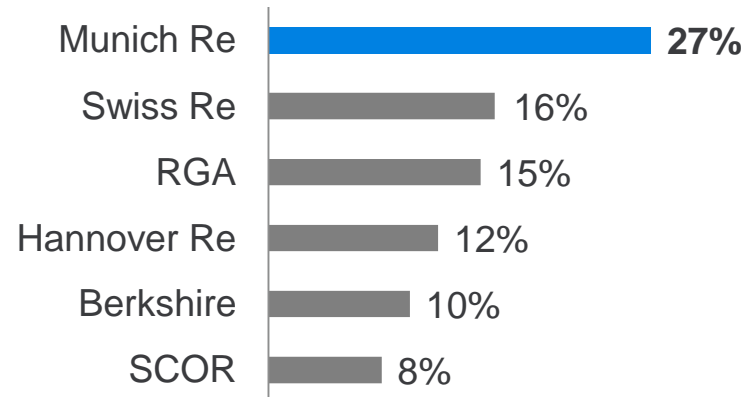
Renewals – Price change and profitability



- Strict focus on bottom line
- Active cycle and portfolio management
- Solutions beyond capacity – Expansion of know-how-driven and specialty business
- Profitable growth in business not freely available in the market (e.g. agriculture, UK motor client)

Preserving good profitability of highly diversified portfolio

Global life market share¹



Financially motivated reinsurance

Market development strategy Asia

Financial solutions / asset protection

Longevity

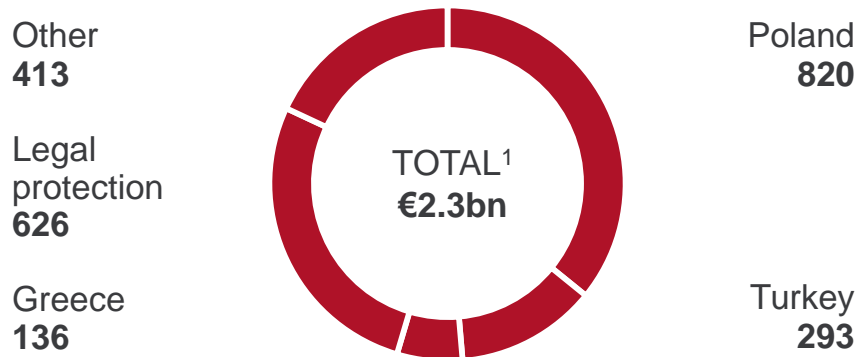
Life Re increasingly becoming a stable earnings contributor

¹ Source: Munich Re Economic Research. Estimates based on net earned premiums as reported in company reports. As at 31.12.2011.

1 Primary insurance – Taking measures to increase profitability

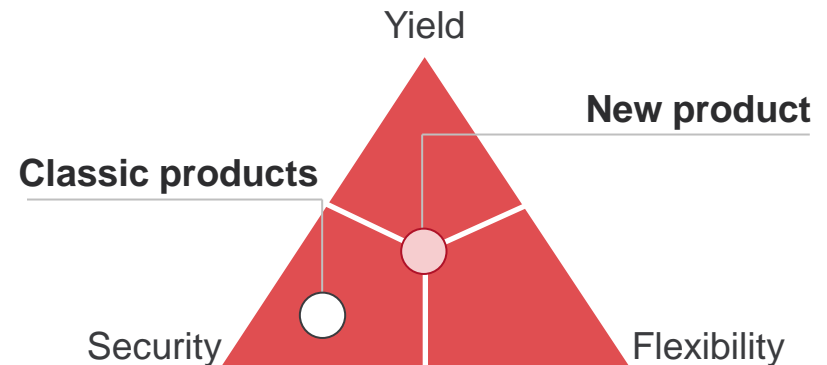
P-C international – Back to normal

- | | |
|------------------|---|
| Divest-ment | <p>Portugal: Not a core market, subcritical company size and unstable economic situation</p> <p>South Korea: Highly competitive motor market with strict regulation</p> |
| Turn-around | <p>Turkey: Good progress in highly competitive market</p> <p>Italy: De-risking of non-life business</p> |
| Good performance | <p>Poland: Delivering sustainably good results (only 2010 affected by high nat cat)</p> <p>Greece: Sound development despite economic crisis</p> |



Germany – New product in life insurance

- | | |
|-------------|---|
| Shareholder | <ul style="list-style-type: none"> ▪ Significant reduction of risk capital allows higher RoRaC ▪ Hedgeable guarantees |
| Customer | <ul style="list-style-type: none"> ▪ Guarantee component ▪ Risk/return profiles for different levels of risk appetite ▪ Highly flexible pay-out/pay-in |
| Sales force | <ul style="list-style-type: none"> ▪ Competitive product features |



¹ Gross written premiums in €m as at 31.12.2012.

Fixing issues at Windsor Health Group ...

- Rapid regulatory changes and implementation of healthcare reform
- Despite good brand and increase in its membership, Windsor Health Group has so far not been able to turn growing Medicare Advantage portfolio into profits
- Result: Loss at Windsor Health Group and goodwill/intangible impairments on segment level – in line with Munich Re's resolute accounting approach – burdening net income of Munich Health in 2012
- Munich Health has taken extensive measures at Windsor Health Group to rapidly achieve operational improvements

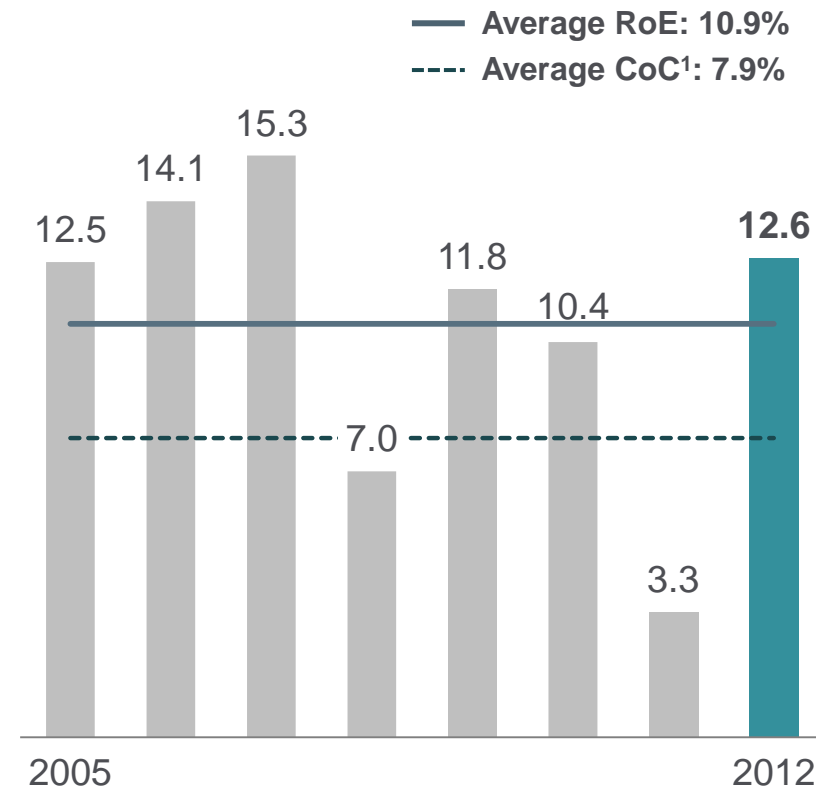
... while other business is well on track

- Operating performance of Munich Health (ex WHG) remains favourable and fully in line with expectations
- Well-positioned to benefit from growing global health market in a disciplined way
- Good financial development apart from Windsor Health Group driven by reinsurance, European primary insurance and promising development in Arab world and India
- As of today – further loss for Munich Health in 2013 cannot be ruled out

Mid-term net result for Munich Health of ~€100m p.a. remains achievable

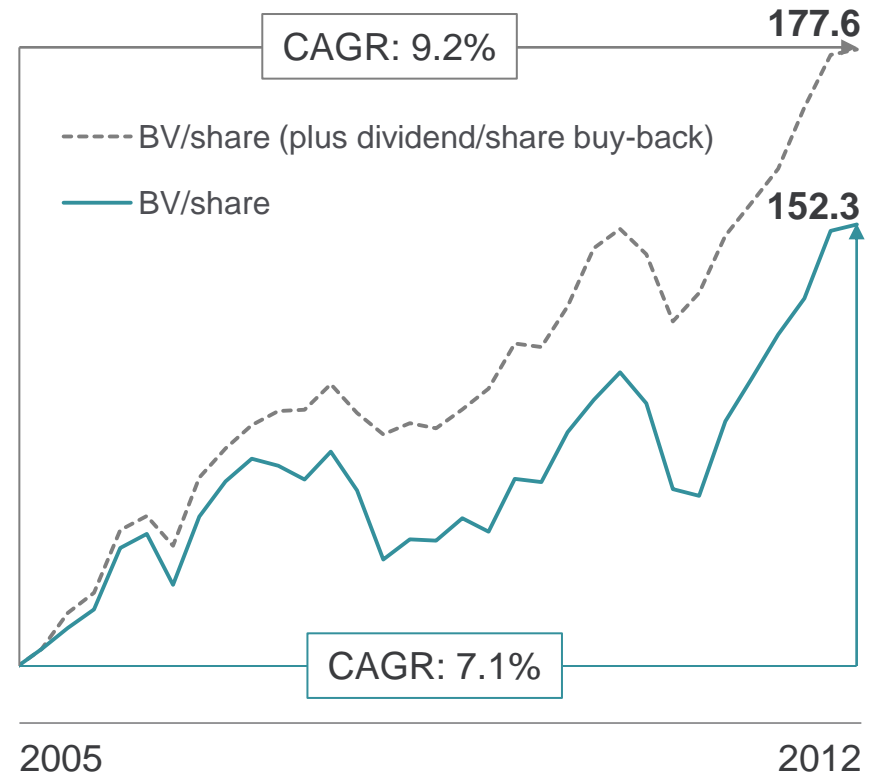
1 Sustainable operating performance leading to good financial results

Return on equity in excess of cost of capital %



Value creation – RoE clearly exceeding cost of capital by ~300 basis points

Book value per share €

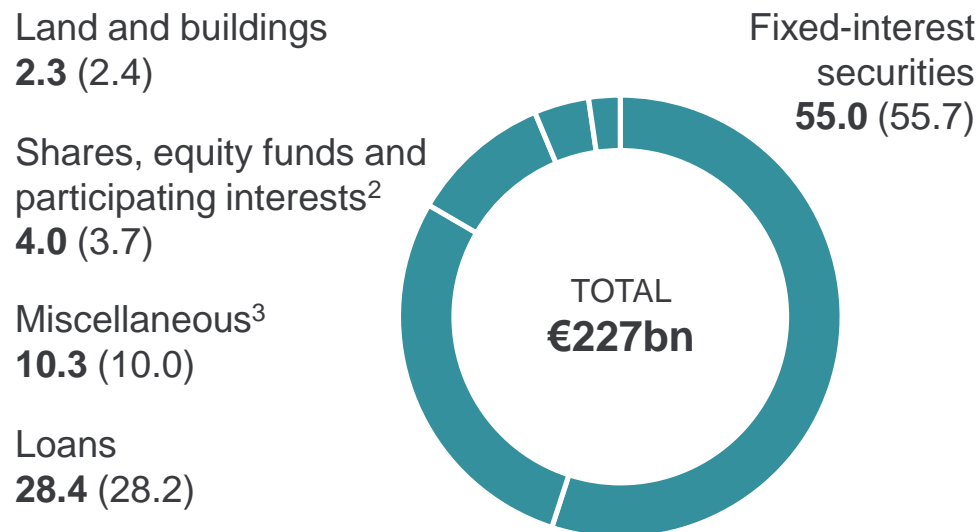


Substantial book value growth

¹ Calculation using CAPM with 10-year bunds, 5% market risk premium and one-year raw beta to Dow Jones Stoxx 600, daily basis.

2 Strong balance sheet supported by defensive investment portfolio safeguarding earnings stability

Investment portfolio¹ %



Portfolio management

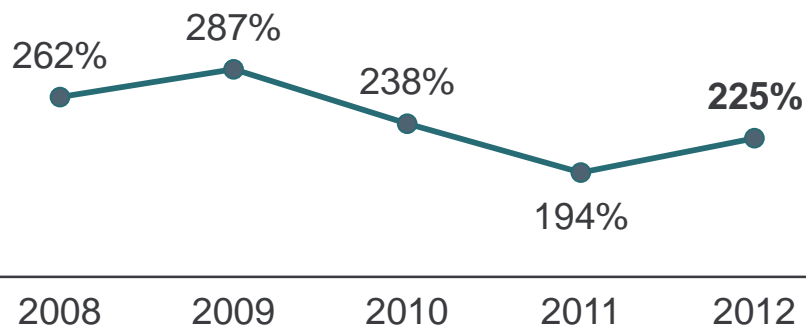
- Slightly reducing overweight position in “safe haven” government bonds
- Slight reduction and ongoing geographic diversification of covered bonds
- Further increase of inflation-linked exposure to 5.6% and investments in corporate bonds
- Cautious expansion of net equity exposure to 3.9%
- Long asset duration mitigating yield attrition, AL-match at Group level remains tight

Portfolio duration⁴

	Assets	Liabilities	Net DV01 (€m)
Reinsurance	6.2 (6.7)	6.0 (6.1)	-15.4
Primary insurance	8.0 (8.1)	8.9 (9.2)	13.5
Munich Re (Group)	7.3 (7.6)	8.1 (8.3)	-1.9

¹ Fair values as at 31.3.2013 (31.12.2012). ² Net of hedges: 3.9% (3.4%). ³ Deposits retained on assumed reinsurance, unit-linked investments, deposits with banks, investment funds (excl. equities), derivatives and investments in renewable energies and gold. ⁴ As at 31.3.2013 (31.12.2012). Net DV01: Sensitivity to parallel upward shift of yield curve by one basis point reflecting portfolio size.

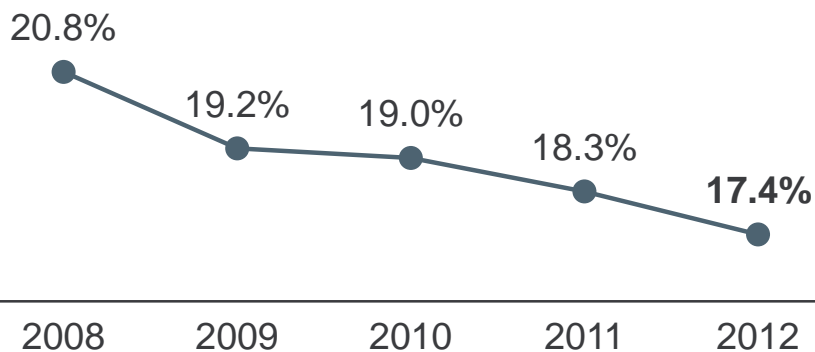
2 Strong balance sheet reflected in favourable external perception



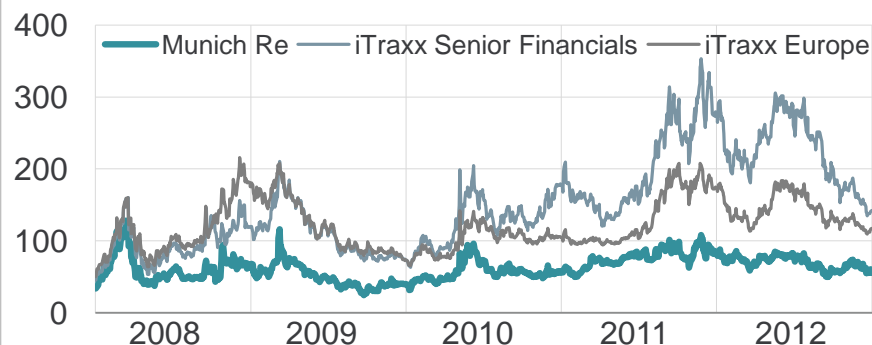
Comfortable economic solvency ratio¹ – resistant to stress scenarios

Agency	Rating	Outlook
A.M. Best	A+ (Superior)	stable
Fitch	AA– (Very strong)	stable
Moody's	Aa3 (Excellent)	stable
S&P	AA– (Very strong)	stable

Stable AA rating from all agencies since 2006 – reliable partner for our clients



Low debt leverage – Munich Re is one of the least leveraged groups in the industry

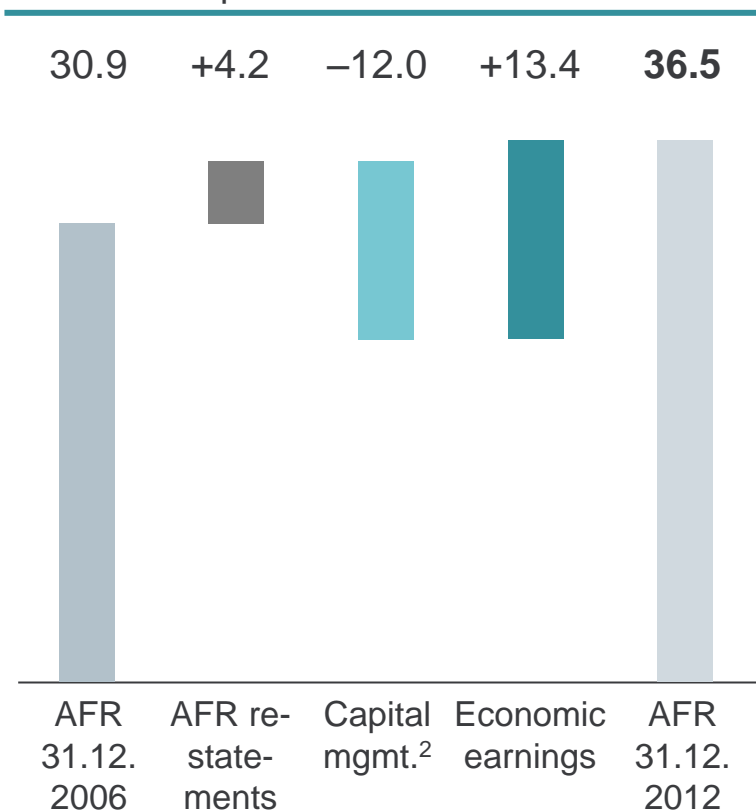


Ongoing low CDS spread – reflecting high market credibility

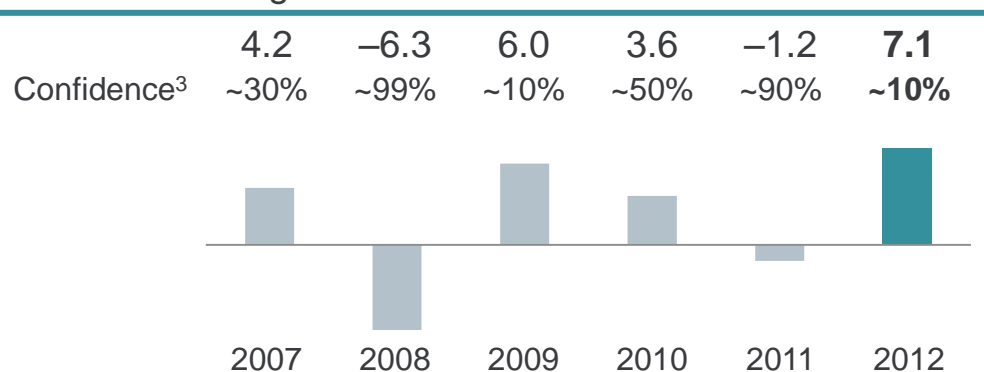
¹ Based on VaR 99.5% of Munich Re capital model, defined as available financial resources over economic risk capital.

2 Significant increase in economic equity despite challenging environment ...

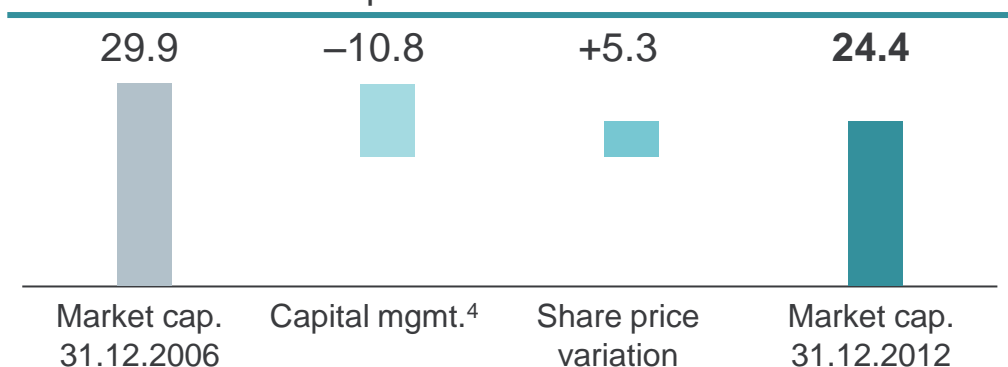
AFR¹ development 2007–2012 €bn



Economic earnings €bn



Munich Re market capitalisation €bn



Strong economic earnings not yet matched by Munich Re's share performance

¹ Available financial resources. ² Dividends, share buy-back, hybrid capital replacement and higher goodwill/intangibles.

³ Probability of achieving at least the corresponding economic earnings. ⁴ Dividends, share buy-back.

3 ... allowing for attractive capital repatriation

Munich Re actions¹

>120% Excellent capitalisation

- Capital repatriation
- Increased risk-taking
- Holding excess capital to meet external constraints

100%–120% Comfortable capitalisation

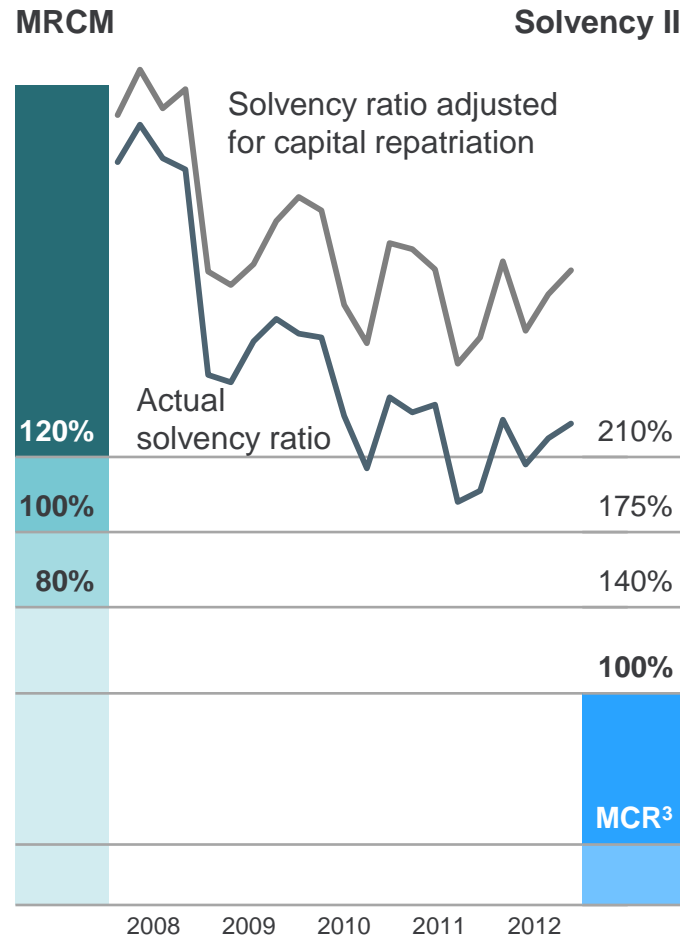
80%–100% Adequate capitalisation

- Tolerate and monitor
- (Partial) suspension of capital repatriation

<80% Below target capitalisation

- Risk transfer
- Scaling down of activities
- Raising of (hybrid) capital

Munich Re solvency ratio



Regulatory actions²

MCR–100% Below target capitalisation

- Obligation to submit a comprehensive and realistic recovery plan
- Insurer to take necessary measures to achieve compliance with the SCR

<MCR Insufficient capitalisation

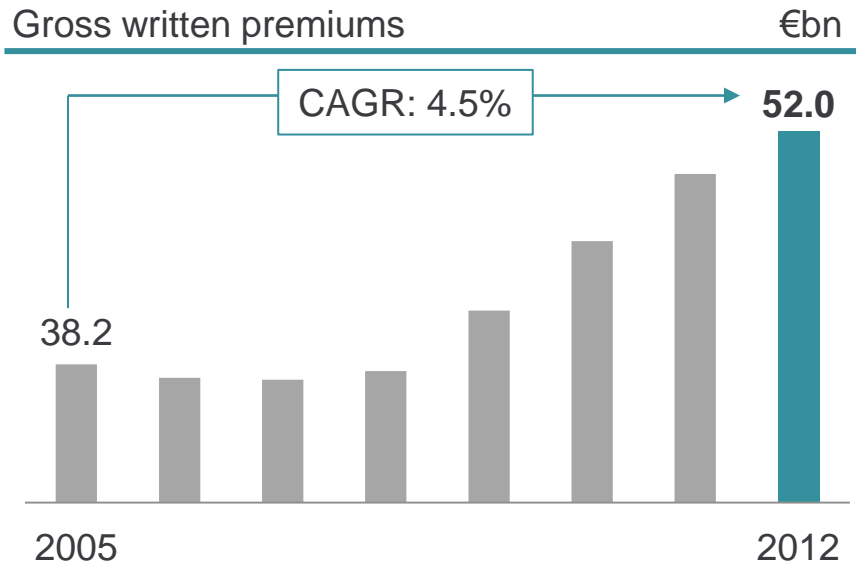
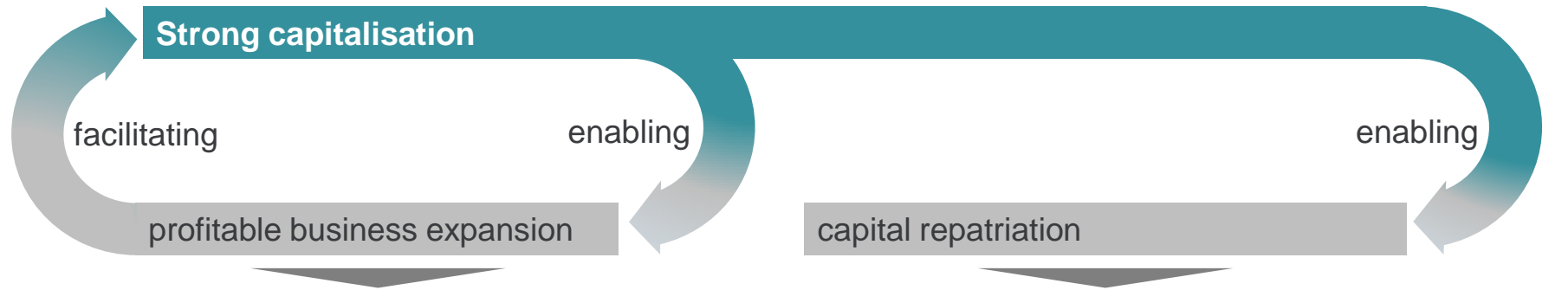
- Obligation to submit a short-term realistic finance scheme
- Regulator may restrict or prohibit the free disposal of insurer's assets
- Ultimate supervisory intervention: Withdrawal of authorisation

¹ Based on Munich Re capital model (MRCM): 175% of VaR 99.5%.

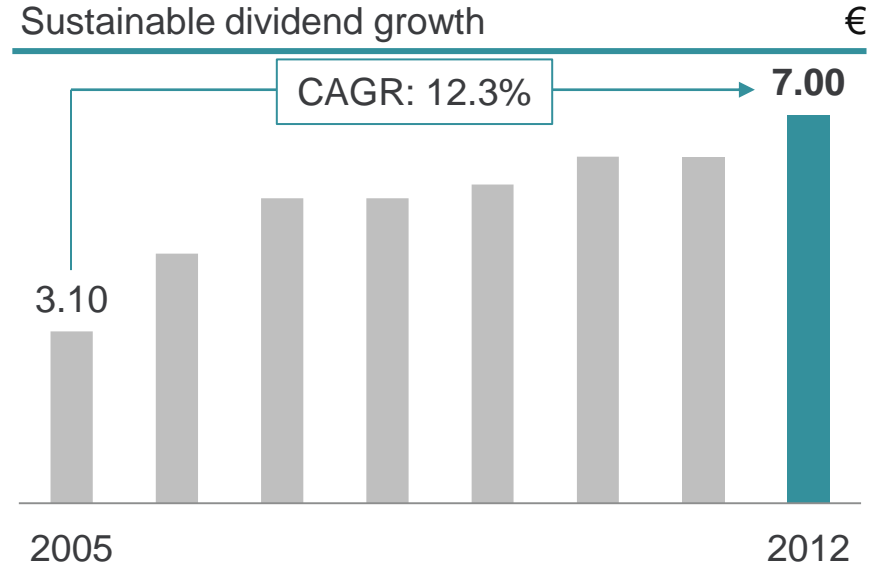
² Based on Solvency II calibration: VaR 99.5%.

³ MCR = Minimum Capital Requirement, typically between 25% and 45%; for groups called "Group SCR floor".

3 Active capital management based on profitable growth

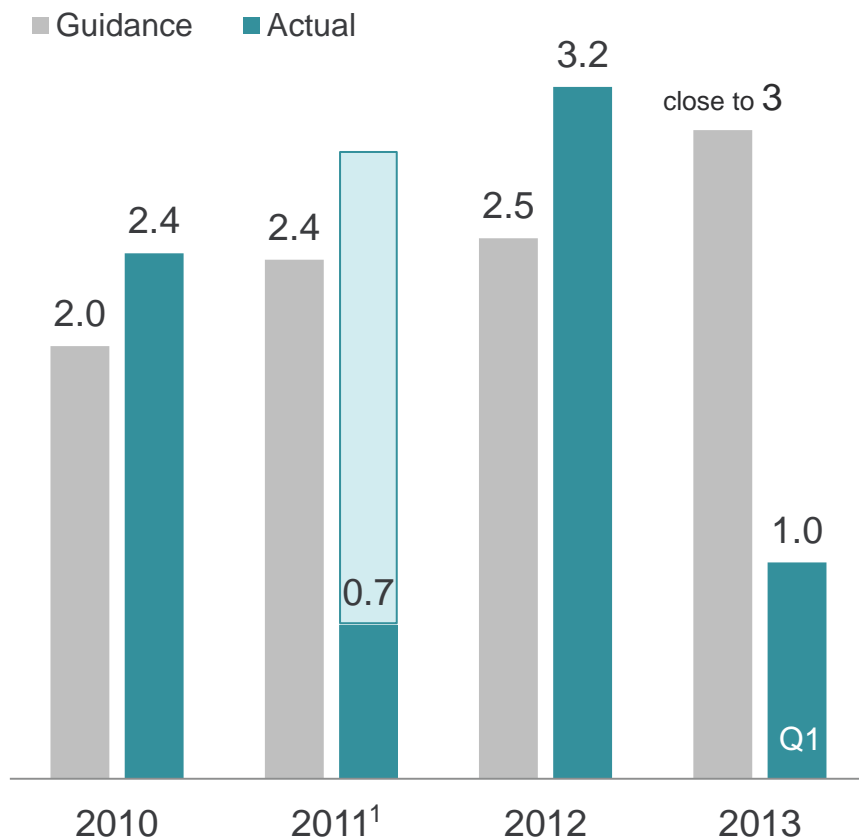


Financial solidity allowing us to seize opportunities for focused business expansion ...



... and facilitating reliable shareholder participation

Delivering on our promise €bn



Good track record

Successfully dealing with challenging economic conditions – Focus on insurance risks safeguarding sustainable value creation

Strong capital position

We remain a strong partner for clients and predictable for shareholders

Effective capital management

Continuing track record of reliable capital repatriation while keeping flexibility to seize opportunities for profitable growth

¹ Upper bar: Assuming normal nat cat claims based on 8.5% budget.

FINANCIAL CALENDAR

10 July 2013	Investor Briefing on ERGO International
6 August 2013	Interim report as at 30 June 2013
8 – 10 September 2013	Les Rendez-Vous de Septembre, Monte Carlo
18 September 2013	KBW “Financials Conference”, London (no presentation)
23 September 2013	Berenberg Bank/Goldman Sachs "2nd Annual German Corporate Conference 2013", Munich/Unterschleißheim
25 September 2013	Bank of America Merrill Lynch "18th Annual Banking & Insurance CEO Conference", London
7 November 2013	Interim report as at 30 September 2013

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Figures up to 2010 are shown on a partly consolidated basis.

"Partly consolidated" means before elimination of intra-Group transactions across segments.