



DELIVERING GROWTH IN BOTTOM-LINE RESULTS MORGAN STANLEY „EUROPEAN FINANCIALS CONFERENCE 2013“

London, 19 March 2013

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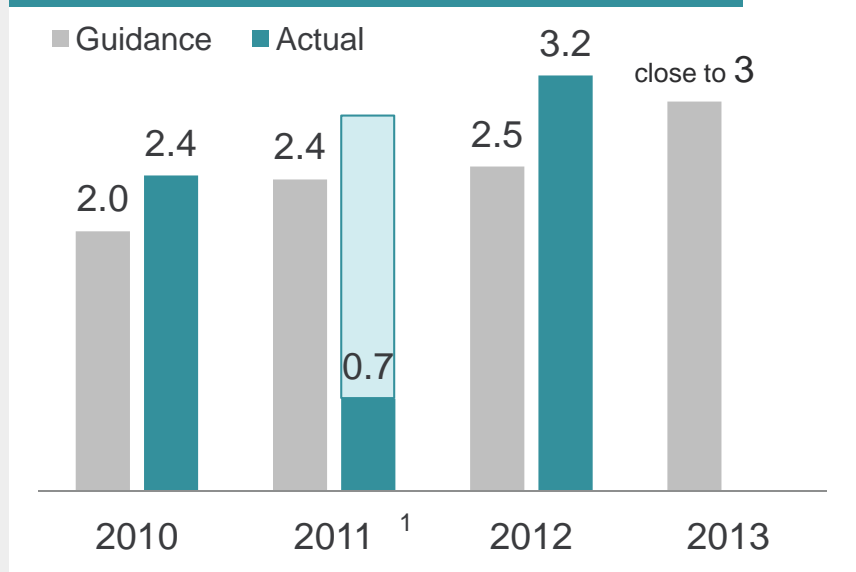
Munich RE 

Delivering on our promise – Strong position for successful business development

Focus on mastering industry challenges ...

Managing the low-yield environment	Active capital management	Strengthening operational profitability
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... to deliver on our promise



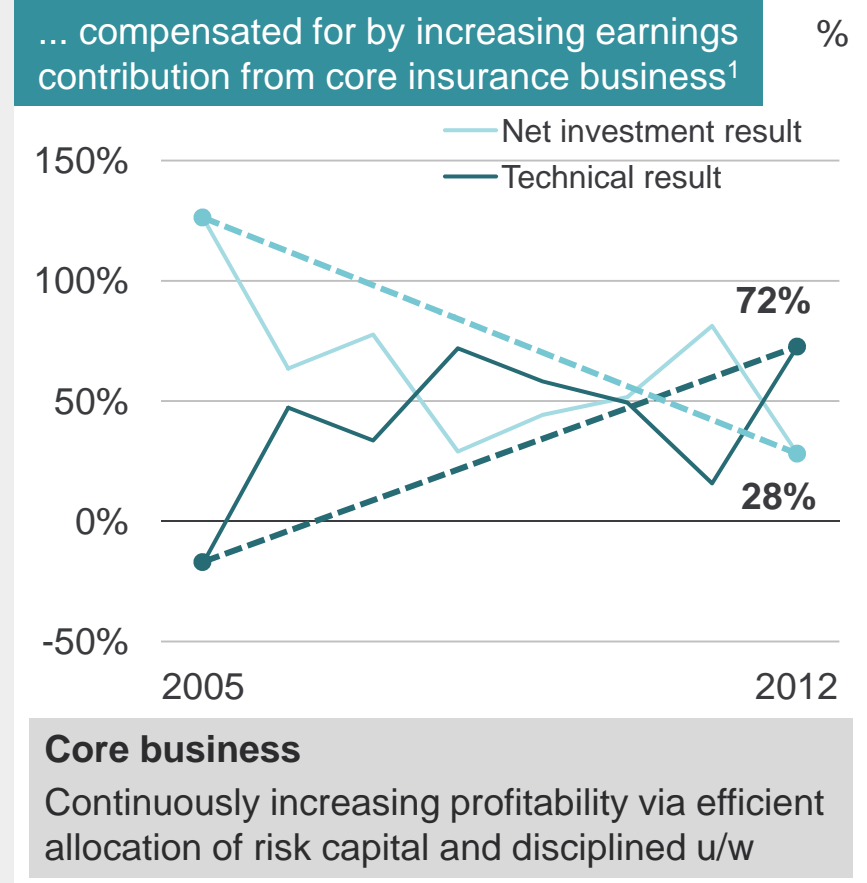
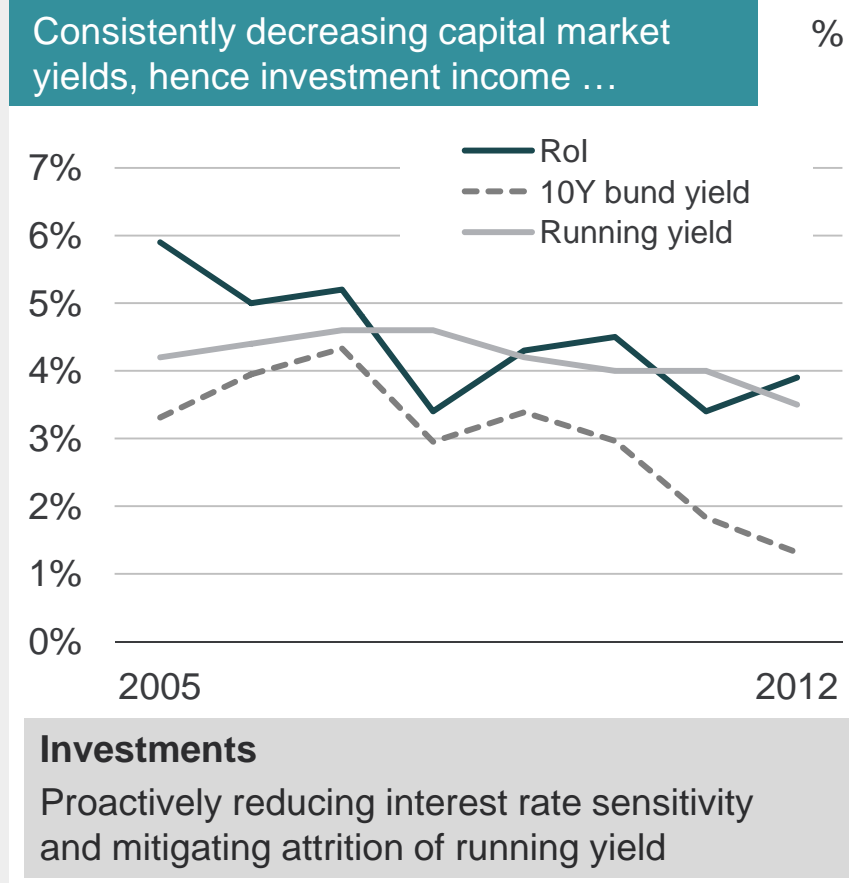
Main drivers of future earnings growth based on our strategic thrusts

- 1 Disciplined asset-liability management and underwriting – High level of diversification
- 2 Sound capital base – According to all measures
- 3 Stringent investment strategy – Active portfolio management
- 4 Well-balanced business portfolio – Continuously improved value creation

Despite decreasing earnings contribution from investments, Munich Re paving the way for continuously improving net income

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

1 Profitability in core business becoming even more important in times of financial repression



Successfully dealing with low-yield environment

¹ Contribution of net investment result (investment result minus income from technical interest) and technical result as a percentage of operating result. European Financials Conference 2013 3

1 Investments – Striking the balance between thorough diversification and earnings resilience

Limited interest-rate sensitivity – Duration			
	Assets	Liabilities	Net DV01 ¹ (€m)
Reinsurance	6.7	6.1	-18.3
Primary insurance	8.1	9.2	16.1
Munich Re (Group)	7.6	8.3	-2.2

Diversification mitigating yield attrition – Asset gearing ²		%
"Safe haven" bonds ³	191	(200)
Inflation-sensitive assets ⁴	99	(89)
Credit investments ⁵	97	(99)
Bank bonds	22	(28)
PIIGS governm. bonds	18	(25)

Disciplined ALM

Ongoing increase of asset duration reducing interest-rate sensitivity at Group level – Continuation of hedging programme in primary life

Portfolio diversification

Defensive investment portfolio safeguarding earnings stability by limiting downside risk of any kind of capital market scenario

Mitigating yield attrition

Cautious expansion of credit risk and real assets mitigating attrition of running yield while increasing inflation protection

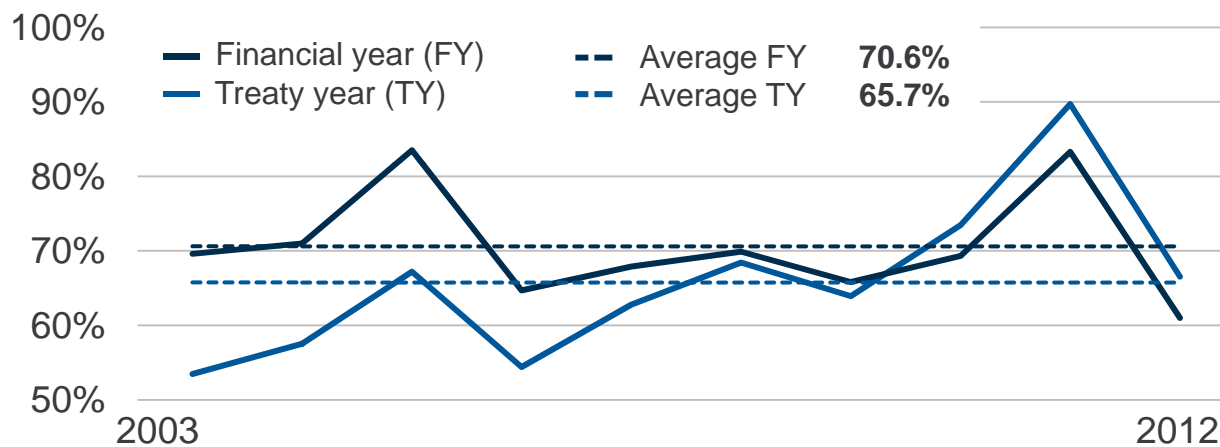
Earnings stability by strictly limiting investment risks and keeping high level of diversification while actively managing the low-yield environment

¹ As at 31.12.2012. Sensitivity to parallel upward shift of yield curve by one basis point reflecting portfolio size. ² Gross exposure divided by shareholders' equity. As at 31.12.2012 (31.12.2011). ³ German and US government bonds and supnationals. ⁴ Equities, European Financials Conference 2013
inflation linked bonds and swaps, renewable energies, real estate and commodities. ⁵ Corporate bonds and structured products.

1 Core business - Steady state with best-in-class processes and prudent reserve levels

Reserving process reflected in treaty-year and financial-year loss ratio

Treaty-year versus financial-year loss ratio: 2003–2012¹



Key developments

- Higher financial-year loss ratio in early years stems mainly from reserve strengthening of 90s treaty years
- Reserve conservatism had been increased from 2007
- Stable and consistently positive indications in the last three financial years increases our overall level of confidence in the reserve positions
- Reserve ratio² increased by ~20%
- Casualty share³ reduced from 44% to 35%

Addressing soft market cycle of the late 1990s

Enhanced governance: Group-wide Central Reserving function

Massive investment in harmonised IT infrastructure

Accelerating feedback loops and thus risk identification

Best-in-class quarterly/annual monitoring processes

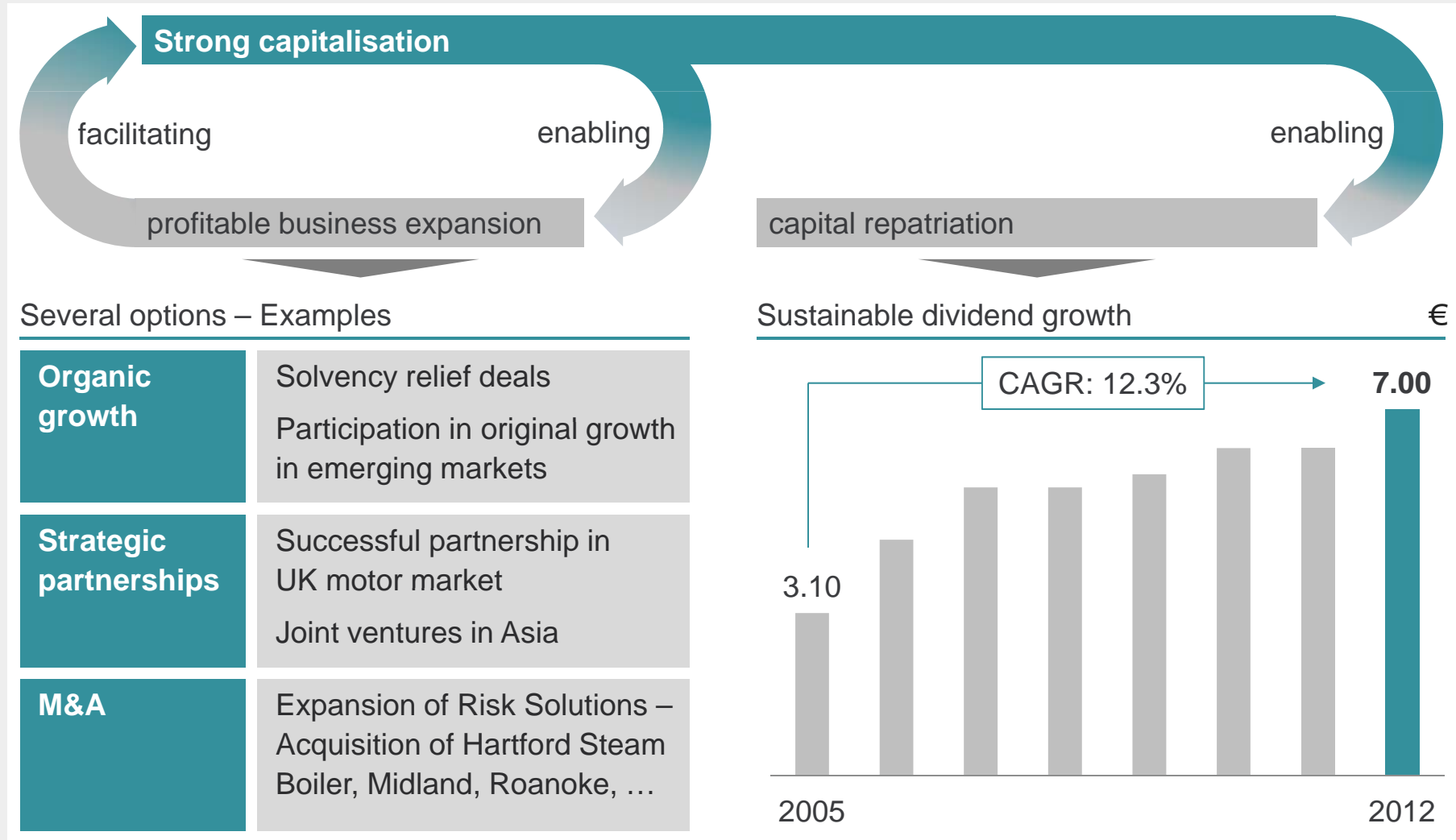
Restoration

Accumulating strength

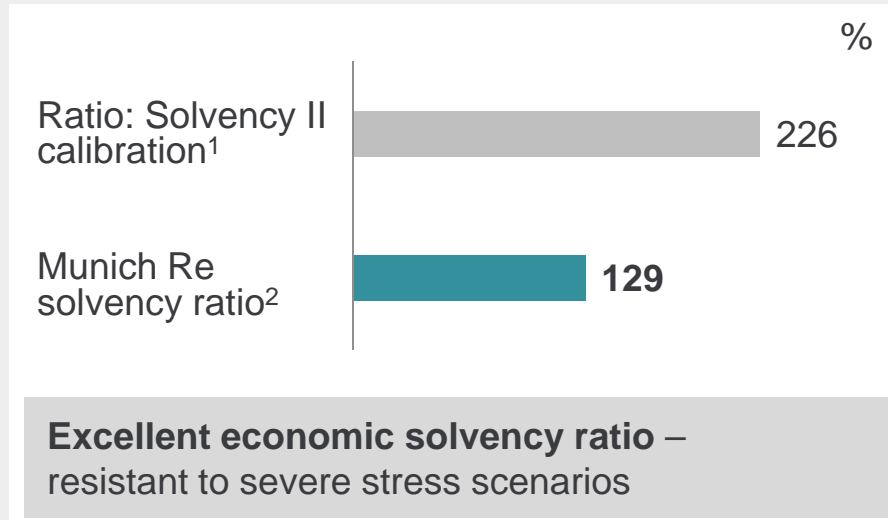
¹ Property-casualty reinsurance.

² Reserves to net earned premium 2012 vs. 2003. ³ In % of net earned premium 2012 vs. 2003.

2 Strong capitalisation providing flexibility – Dividend continuity and seizing opportunities for profitable growth

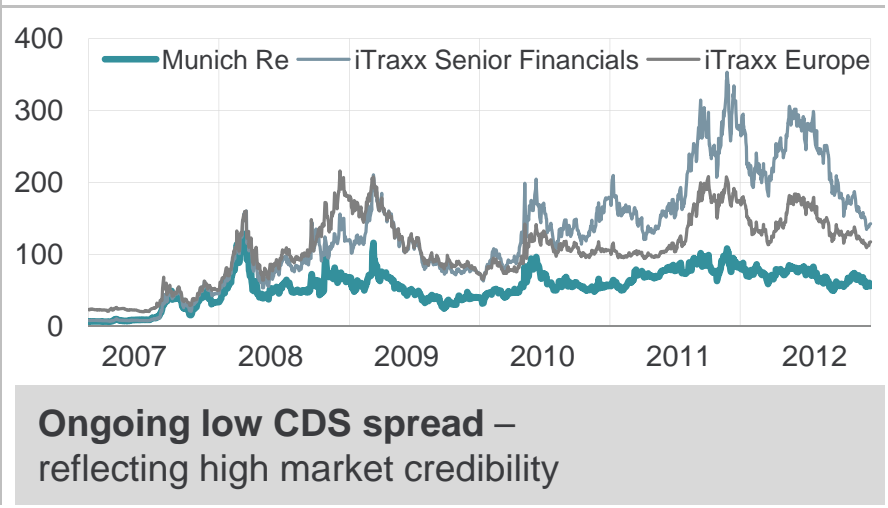
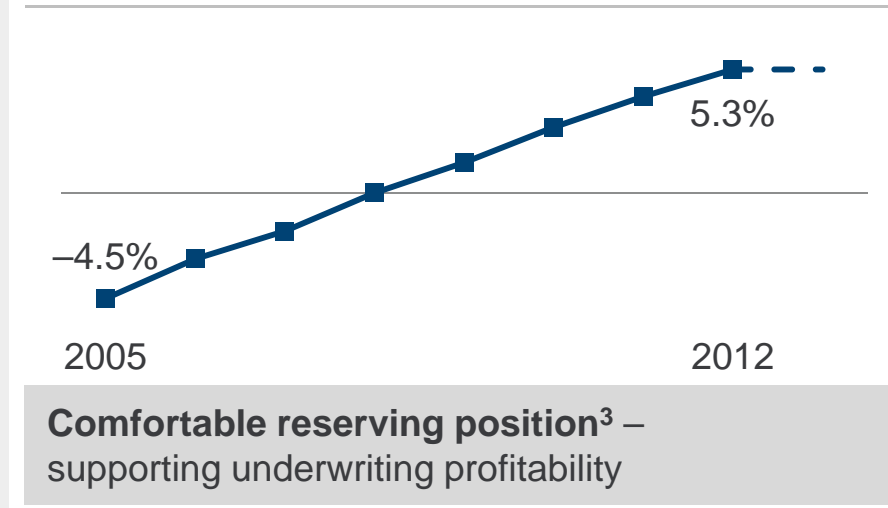


2 Rock solid balance sheet reflected in favourable external perception ...



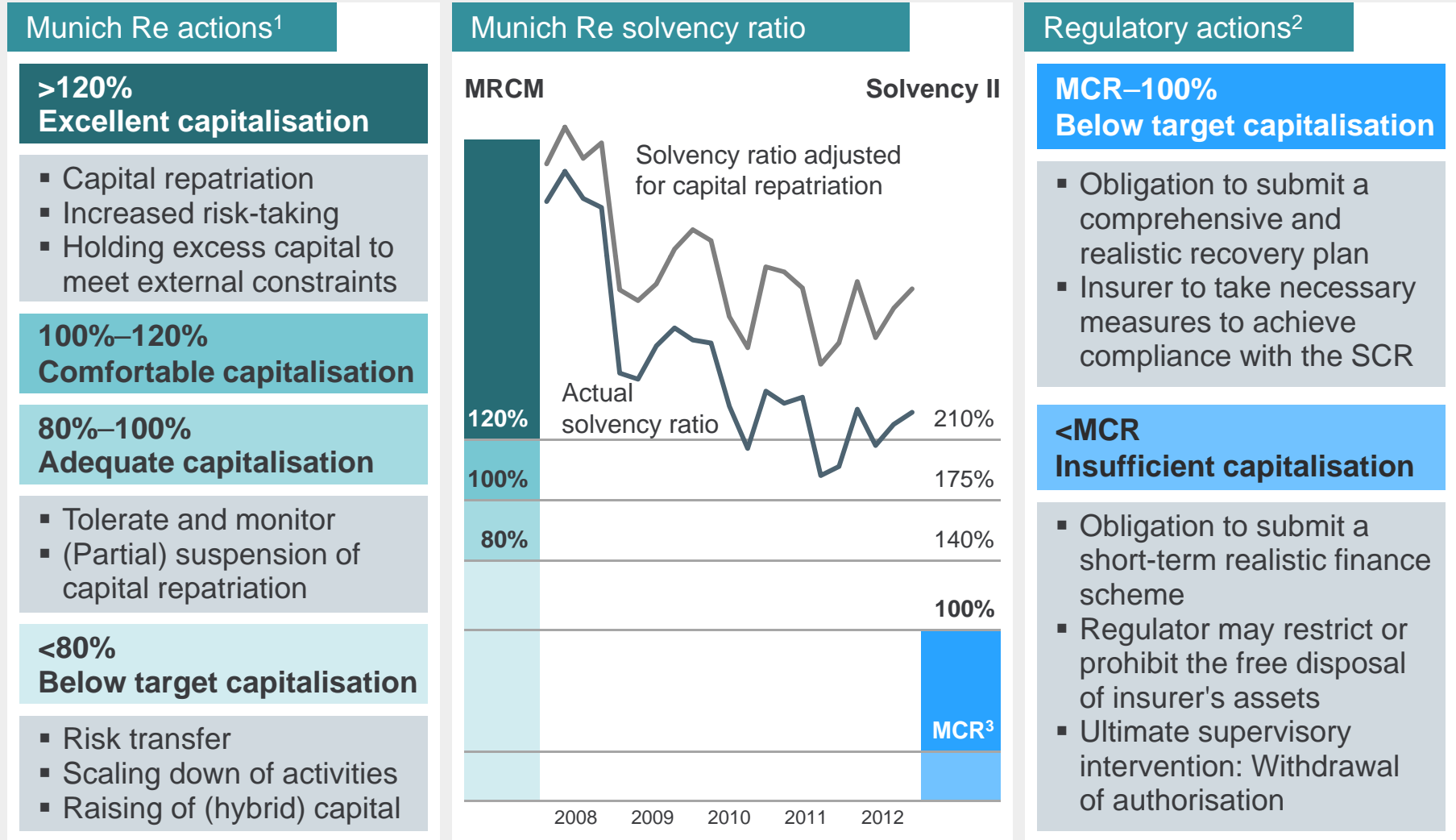
Agency	Rating	Outlook
A.M. Best	A+ (Superior)	stable
Fitch	AA– (Very strong)	stable
Moody's	Aa3 (Excellent)	stable
S&P	AA– (Very strong)	stable

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



¹ Based on VaR 99.5% of Munich Re capital model. ² Defined as Available Financial Resources (AFR) over Economic Risk Capital (ERC; 175% of Solvency II calibration). ³ Run-off result in % of net earned premiums in property-casualty reinsurance.

2 ... combined with strong capitalisation allowing for attractive capital repatriation ...

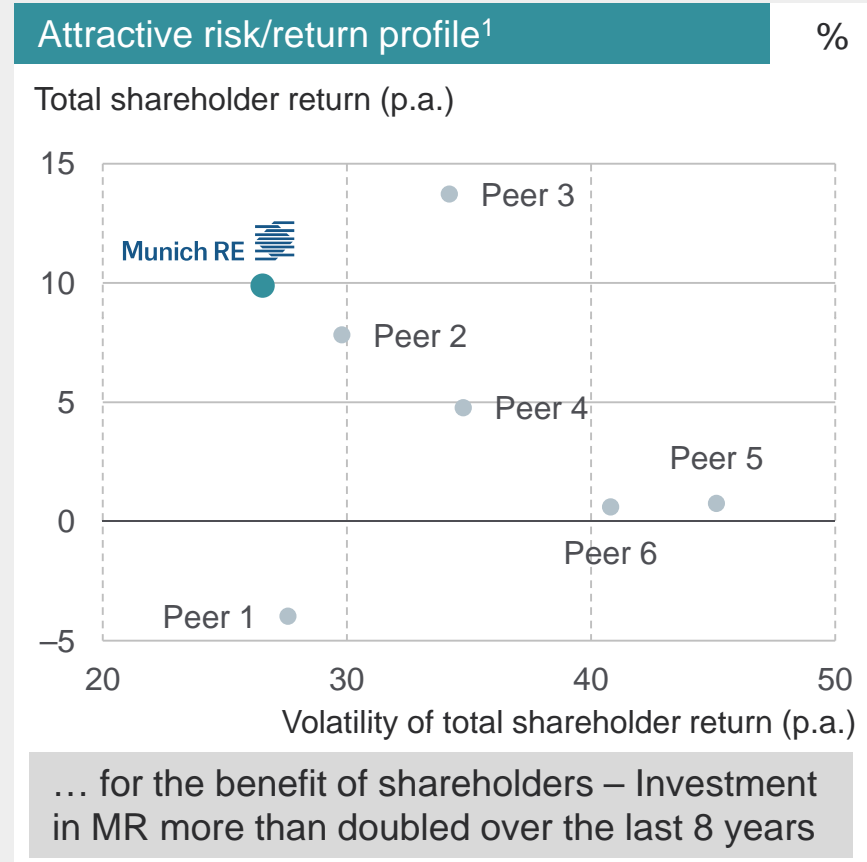
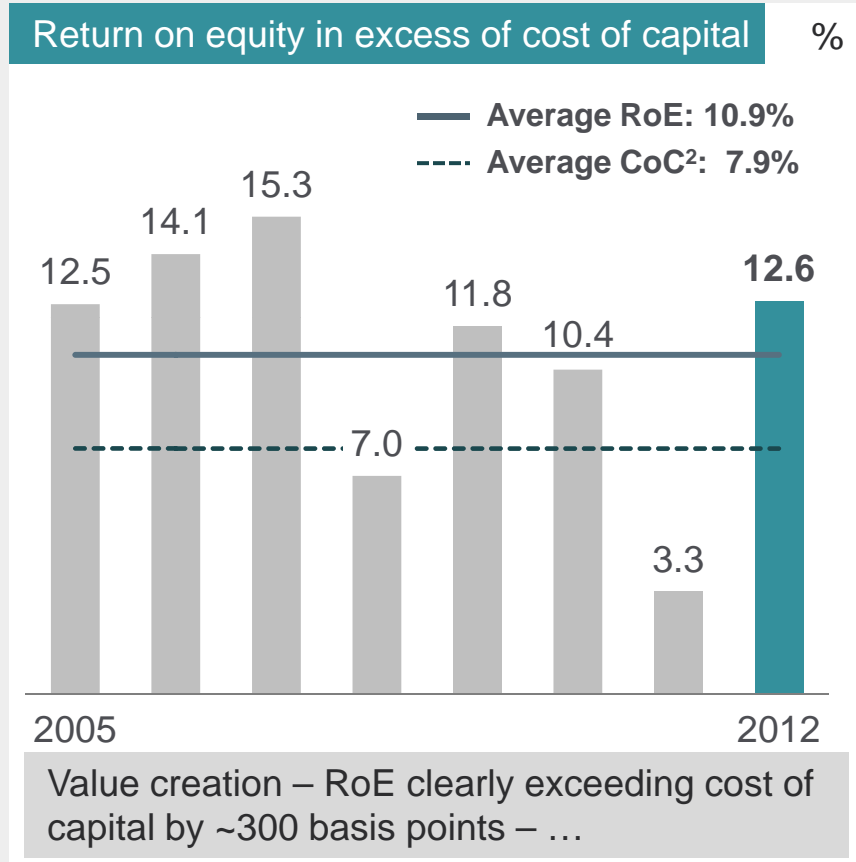


¹ Based on Munich Re capital model (MRCM): 175% of VaR 99.5%.

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".

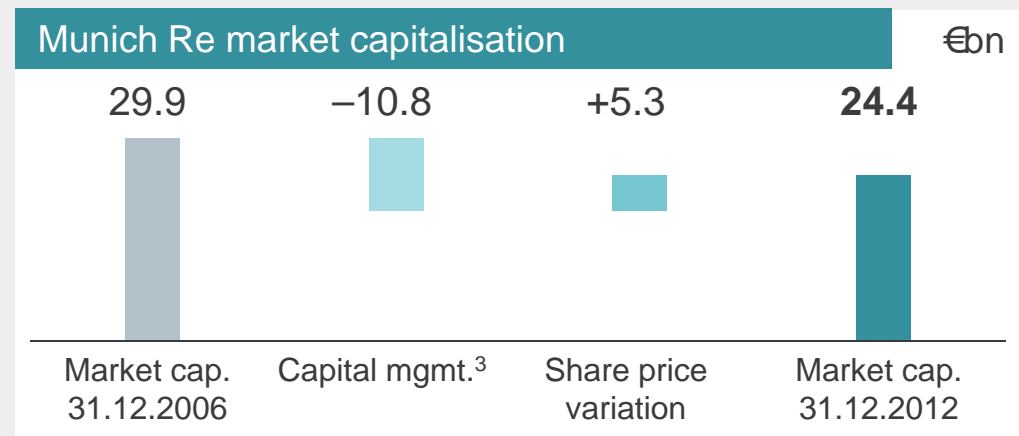
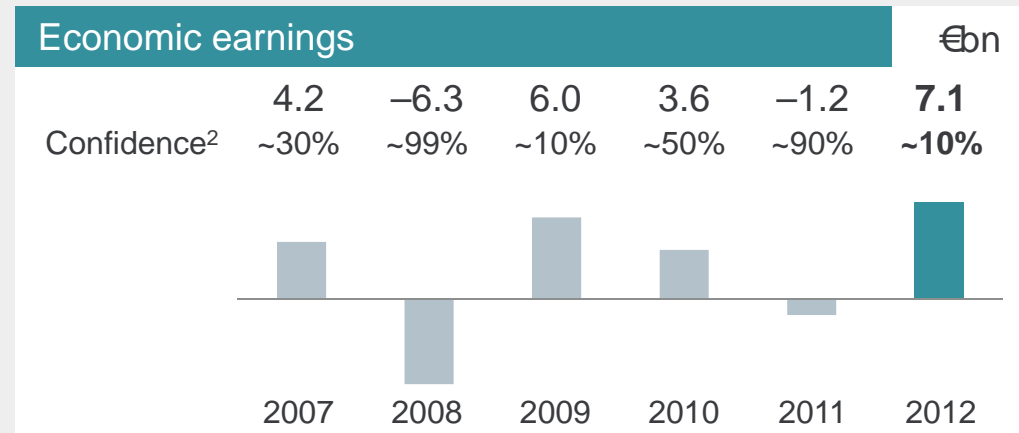
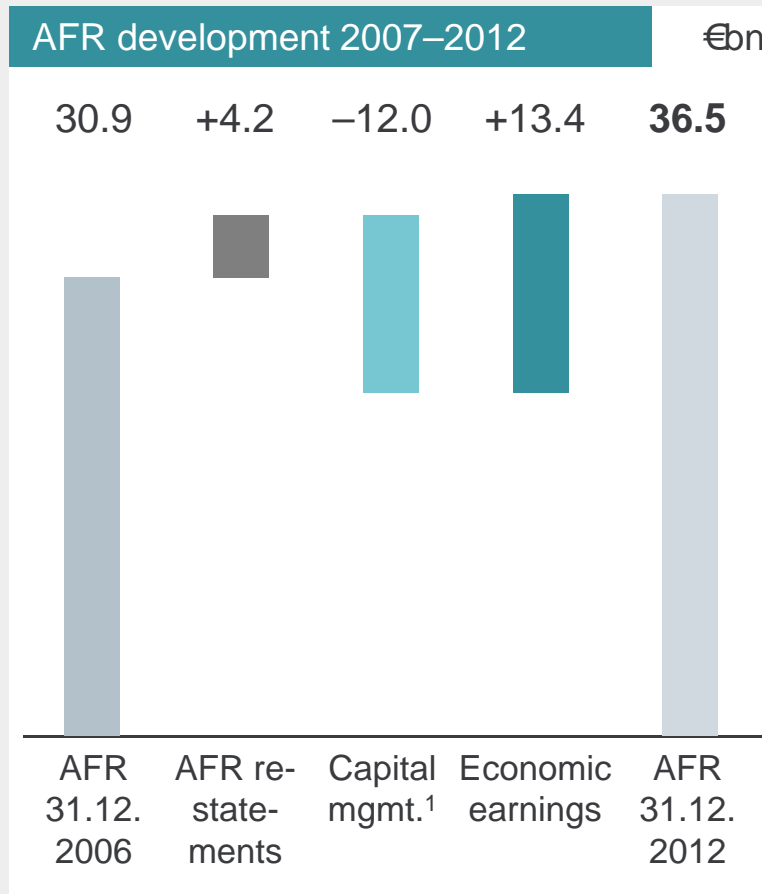
2 ... and good financial results contributing to substantial long-term shareholder return



Munich Re creating value with comparatively low correlation to capital markets

¹ Annualised total shareholder return defined as price performance plus dividend yield over the period from 1.1.2005 until 31.12.2012; 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. ² Calculation using CAPM with 10-year bonds, 5% market risk premium and one-year raw beta to DJ Stoxx600, daily basis.

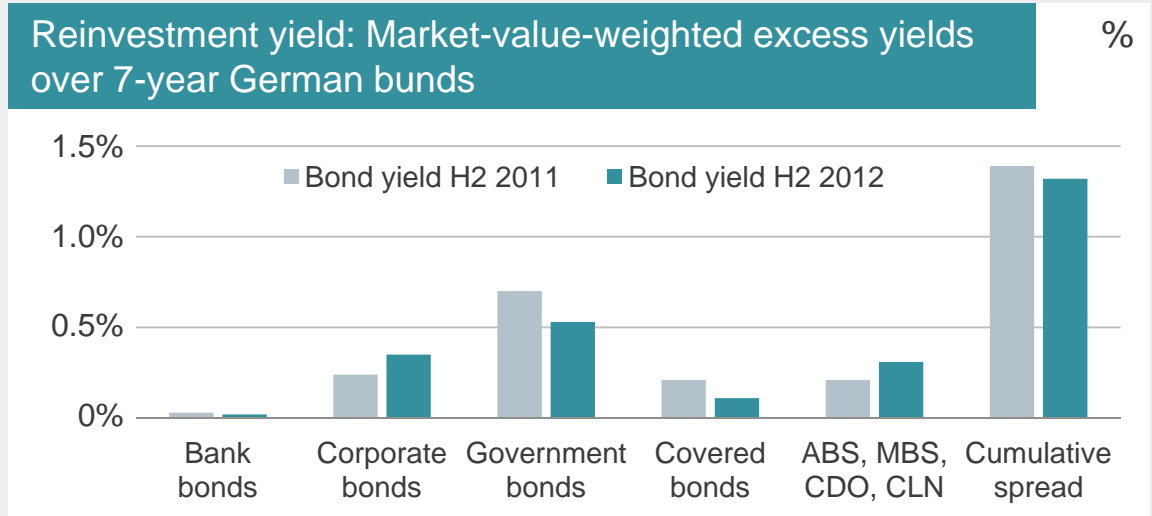
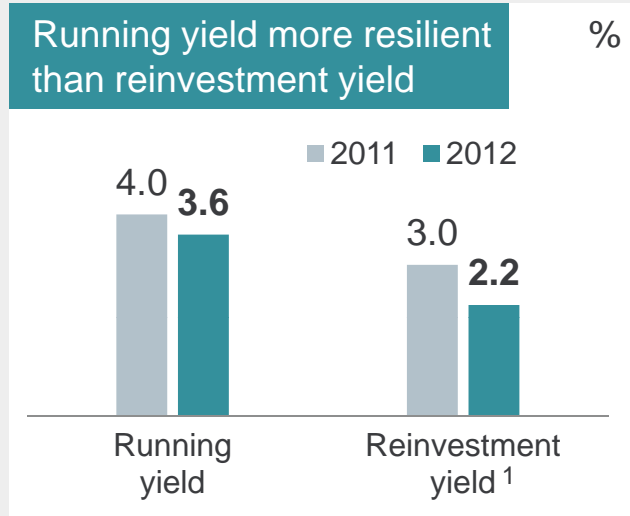
2 Significant increase in AFR despite capital repatriation and difficult economic environment



Strong performance despite highly adverse environment, but economic earnings not yet matched by share performance

¹ Dividends, share buy-back, hybrid capital replacement and higher goodwill/intangibles.
² Probability of achieving at least the corresponding economic earnings. ³ Dividends, share buy-back

3 Falling interest rates leaving their mark on reinvestment yield – still achieving significant spread above safe haven



Drivers to mitigate attrition of running yield

<p>Duration management</p> <p>Achieving higher yields by ongoing increase of asset duration</p>	<p>Illiquid asset classes</p> <p>Earning illiquidity premium by investing in renewable energies and infrastructure</p>	<p>International diversification</p> <p>Investing in higher-yielding international bond markets</p>	<p>Credit</p> <p>Finding attractive opportunities in corporate and structured credit</p>
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Further diversification of investment portfolio helps mitigate declining yields – spread above safe haven still above 130 basis points

¹ Average rate of second half of the year.

3 Investment outlook – Mitigating attrition of regular income as a consequence of low interest rates

ILLUSTRATIVE

Expand	<p>Corporate and emerging market bonds Improving yield – focus on high quality to contain default risk</p>	<p>Renewable energies/ infrastructure Attractive long-term cash flows¹</p>	<p>Equities and commodities Cautious expansion depending on market opportunities</p>
Stable exposure	<p>Inflation-sensitive investments Inflation-linked bonds and swaps</p>	<p>Real estate Keeping volume and structure</p>	
Reduce	<p>Safe haven government bonds Striking the balance between earnings resilience and lower income</p>	<p>Bank bonds Continuous reduction</p>	

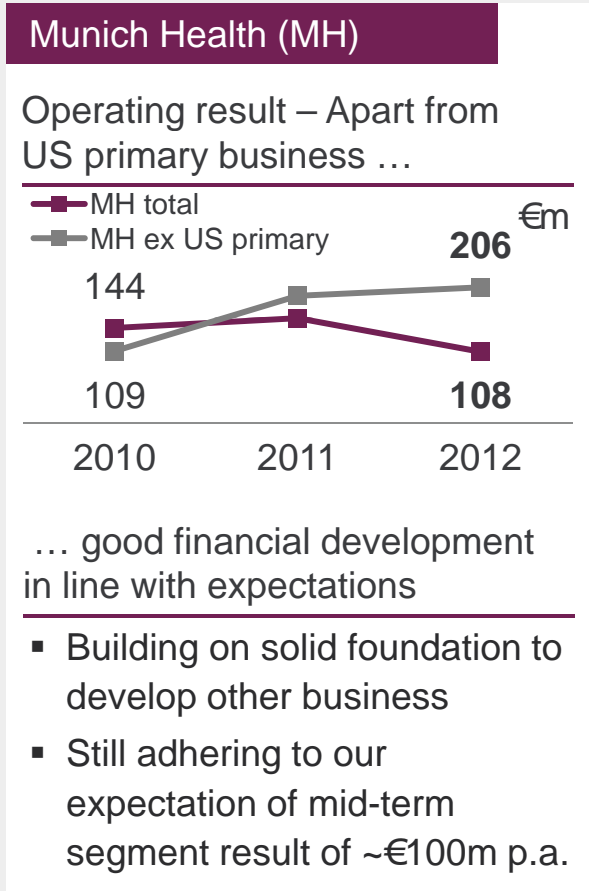
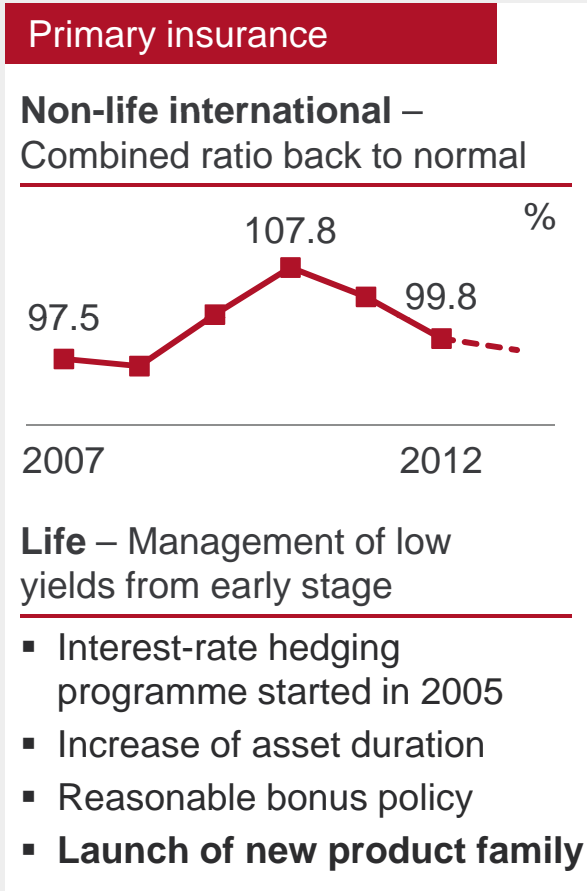
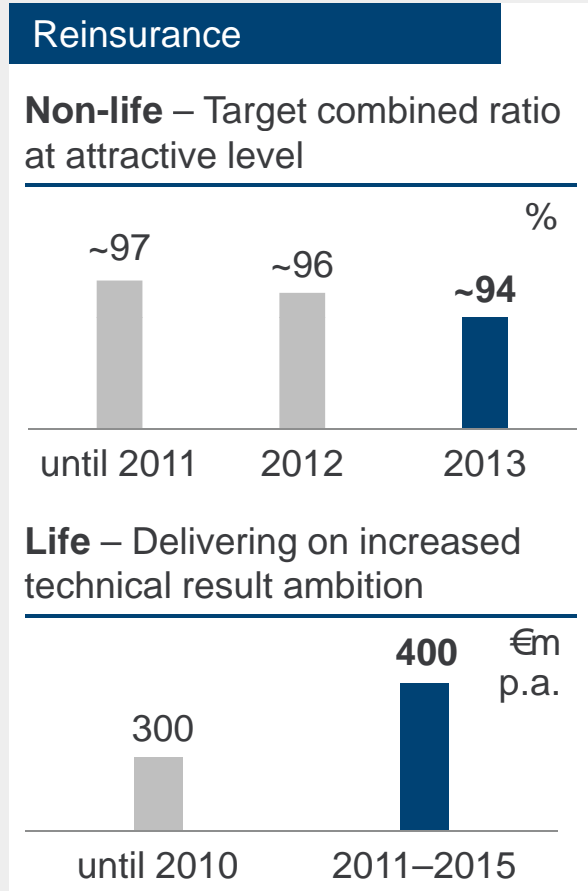


Higher
Investment yield
Lower

Within given investment risk budget, actively managing the portfolio to improve investment return

¹ Ambition to invest €2.5bn in renewable energies and €1.5bn in infrastructure.

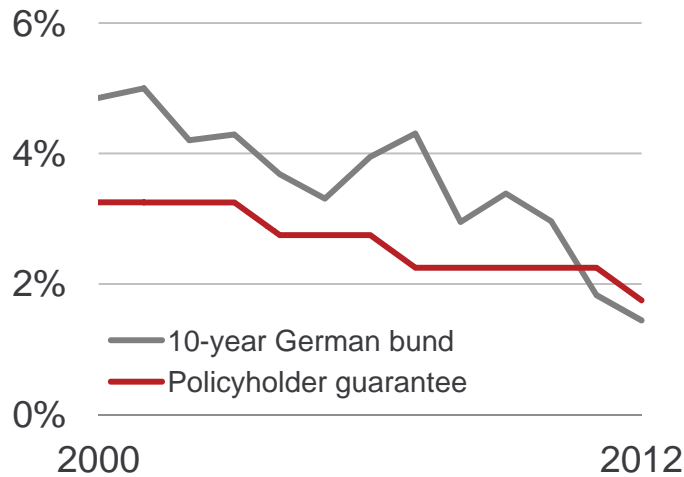
4 Continuously improved value creation building the foundation for earnings growth



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

4 Primary life insurance: Launch of less interest-rate-prone new products – Concept for Germany well advanced

Adverse interest rate environment ...

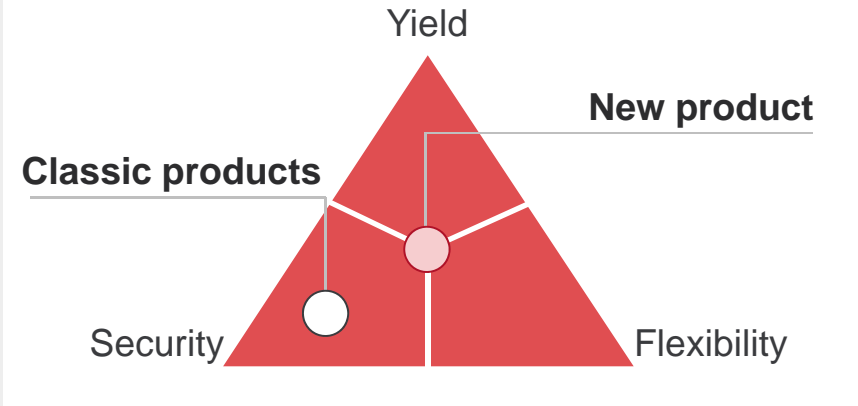


... requires action to meet stakeholder expectations

Shareholder	<ul style="list-style-type: none"> ▪ Significant reduction of risk capital ▪ Hedgeable guarantees ▪ Profitability in line with RoRaC ambitions
Customer	<ul style="list-style-type: none"> ▪ Guarantee component included ▪ Risk/return profiles for different risk appetite ▪ Highly flexible
Sales force	<ul style="list-style-type: none"> ▪ Competitive product features ▪ Highly flexible

Solution: New product aligns different aspects

- 1 Guarantee of total premiums
- 2 High flexibility in all phases
- 3 Innovative hedging concept



Munich Re (Group)

GROSS PREMIUMS WRITTEN		RETURN ON INVESTMENT		NET RESULT	
2012	€52bn	2012	3.9%	2012	€3.2bn
Target 2013 ¹	€50–52bn	Target 2013	~3.3%	Target 2013	Close to €3bn
Focus on profitable growth prevails – No specific top-line ambition		Ongoing low interest rate environment gradually reducing running yield to ~3.5%		RoRaC target of 15% after tax over the cycle to stand	

Reinsurance

COMBINED RATIO	
2012	91.0%
Target 2013	~94%
NET RESULT	
2012	€3.1bn
Target 2013	€2.3–2.5bn

Primary insurance

COMBINED RATIO	
2012	98.7%
Target 2013	~95%
NET RESULT	
2012	€247m
Target 2013	€400–500m

Munich Health

COMBINED RATIO	
2012	100.2%
Target 2013	~100%
NET RESULT	
2012	–€92m
Further loss cannot be excluded	

¹ By segment: Reinsurance €27–28bn, primary insurance slightly above €17bn, Munich Health slightly above €6.5bn

Delivering growth in bottom-line results



Good track record

Successfully dealing with challenging economic conditions – We remain a strong partner for clients and reliable for shareholders, delivering on our promises

Business strategy

Focus on insurance risks safeguarding sustainable value creation – Complementary business profiles limiting correlation to capital market development

Rigorous risk management

Based on a high level of diversification, actively managing the low-yield environment and strictly budgeting all our insurance risks

Strong capital position

Reliability – Continuing the long-term track record of attractive capital repatriation while keeping the flexibility to seize opportunities for profitable growth

FINANCIAL CALENDAR

25 April 2013	Annual General Meeting, Munich
26 April 2013	Dividend payment – Ex-dividend date
7 May 2013	Interim report as at 31 March 2013
7 August 2013	Interim report as at 30 June 2013
8 – 10 September 2013	Les Rendez-Vous de Septembre, Monte Carlo
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.