

The Munich Re Group

Quarterly financial statements at 31.3.2004

Telephone conference for analysts and investors

Jörg Schneider

3 June 2004



Consistent profit-oriented approach shows expected success

- Convincing quarterly profit of €534m, with all segments showing positive results
 - Reinsurance +€498m
 - Primary insurance +€43m
- Premium income down slightly by 4.3%; after factoring out currency effects, same high level as last year's 1st quarter
- Combined ratio further improved: reinsurance 96.3%, primary insurance 95.4%
- Investment result back to normal: €1.9bn
- Equity capital base strengthened by €630m to €19.5bn

Munich Re Group in total	3
Reinsurance segment	15
Primary insurance segment	21
Outlook and summary	26

Income statement

Solid quarterly results

in €m	Q1 2004	Q1 2003	▲ in %
Gross premiums written	10,358	10,826	-4.3
Investment result	1,854	-812	-
Total income	11,256	8,972	25.5
Total expenses	10,401	9,162	13.5
Result before amortisation of goodwill	855	-190	-
Amortisation of goodwill	55	83	-33.7
Operating result before tax	800	-273	-
Tax	257	298	-13.8
Minority interests in earnings	9	-14	-
Group result	534	-557	-
Earnings per share in €	2.33	-2.97	-

Strong investment returns

Additions to provisions for policyholders' bonuses accordingly high

Tax expenses back to normal

Operating and group result improved by more than €1bn

Gross premiums written

Consolidation on a high plateau

in €bn	Q1 2004	Q1 2003
Gross premiums written	10.3	10.8
Change	-4.3%	+0.8%
Adjusted change*	-0.5%	+6.8%
Reinsurers' share	53%	54%
Primary insurers' share	47%	46%

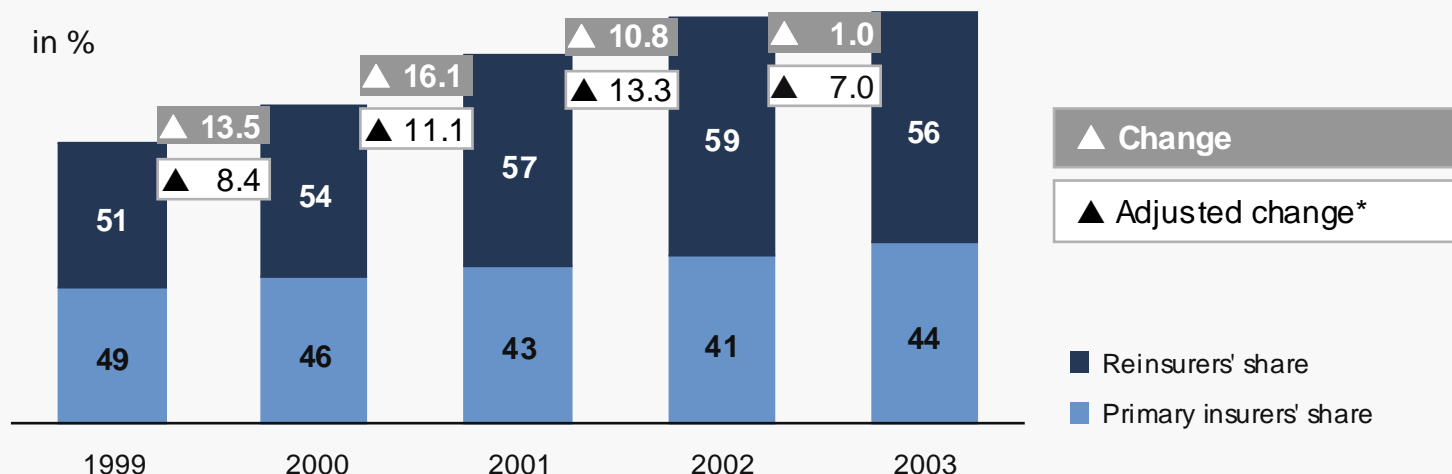
Result of strict underwriting policy

CAGR (Compound Annual Growth Rate)
1999-2003: 8.1%

Gross premiums written in €bn

27.4	31.1	36.1	40.0	40.4
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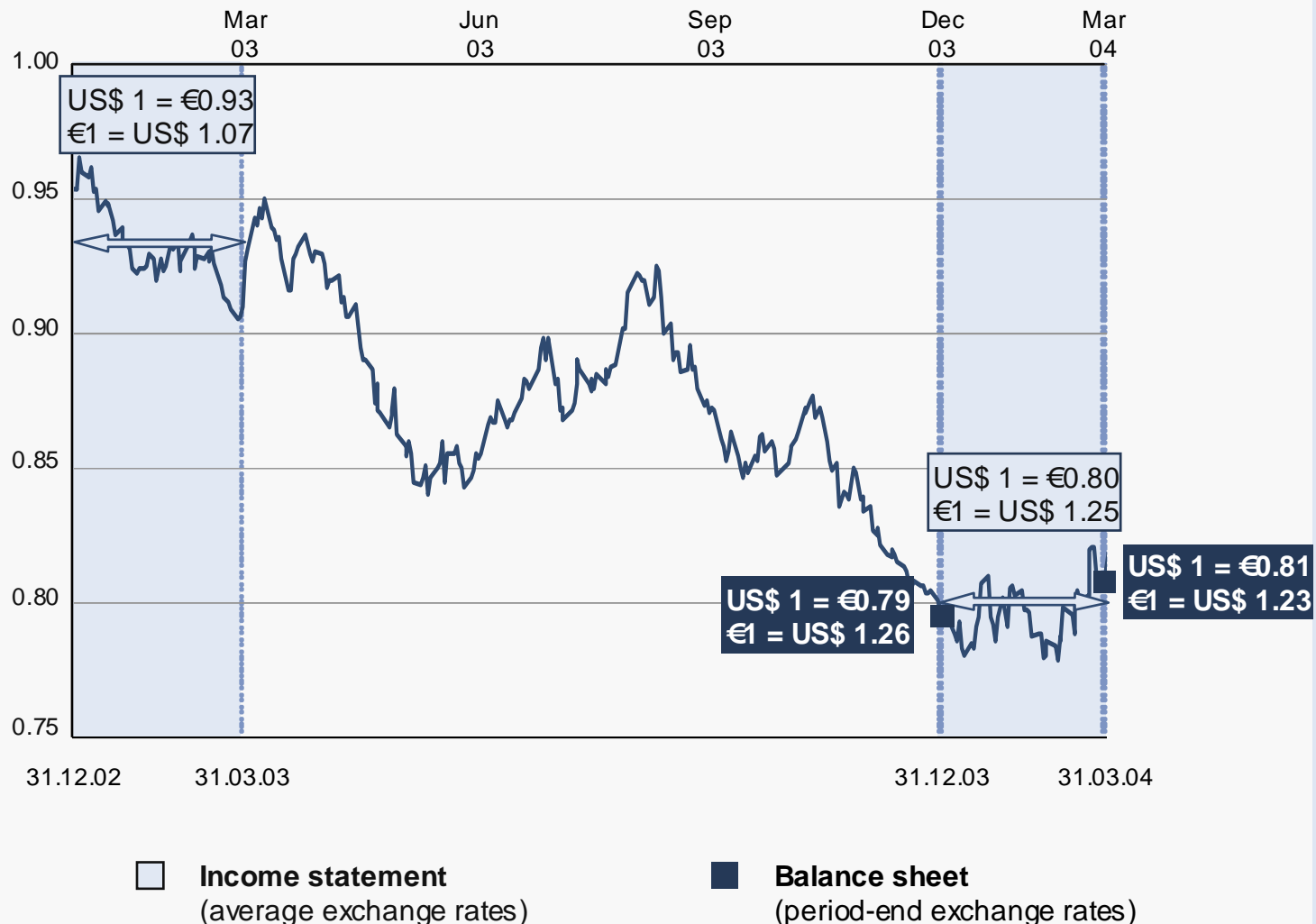
in %



*Excl. currency fluctuations and acquisitions/divestments

Development of exchange rates

Continued weak US dollar



Change in exchange rate compared with last year

For income statement:

Q1 2004
from
Q1 2003 -14.2%

For balance sheet:

31.03.04
from
31.12.03 +2.6%

US dollar weak compared with Q1 2003
⇒ reduction in premium income

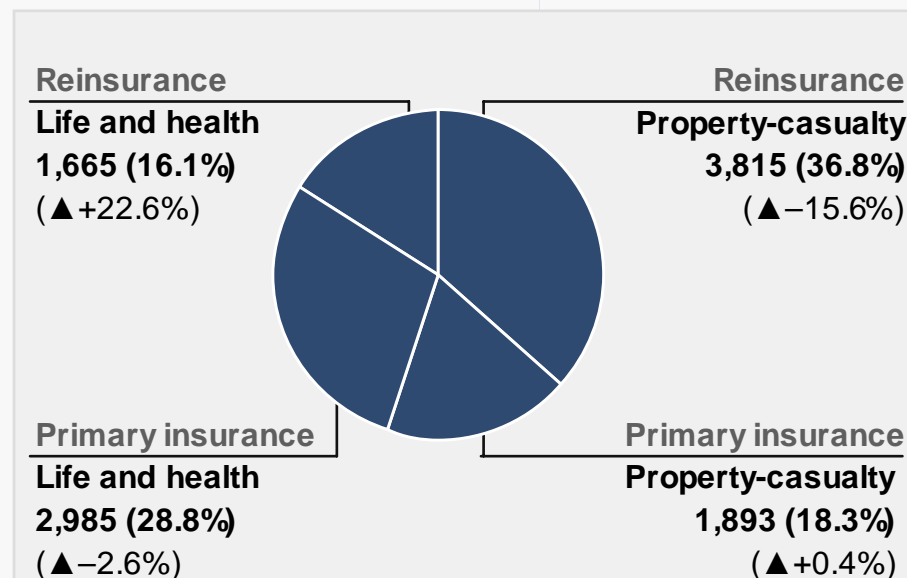
Analysis of premium development

Key driver: Life and health reinsurance

in €m

Gross premiums written Q1 2003	10,826
Foreign-exchange effects	-314 (-2.9%)
Divestments	-103 (-0.9%)
Organic growth	-51 (-0.5%)
Gross premiums written Q1 2004	10,358 (-4.3%)

Breakdown by segment



Investment results

Back to normal

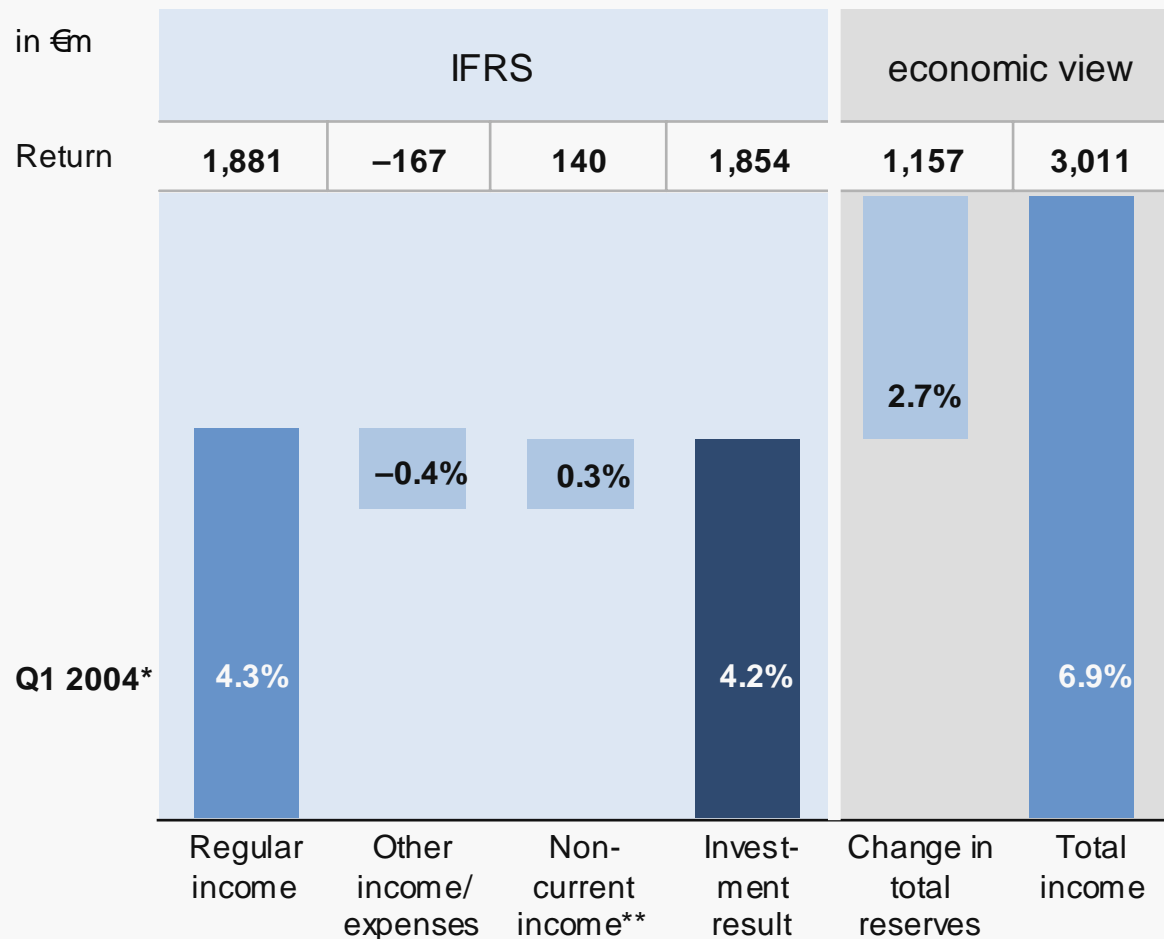
in €m	Q1 2004	Q1 2003	▲ in %
Regular income	1,881	1,804	4.3
Result from the disposal of investments	248	-1,282	–
Writedowns on investments	181	1,383	-86.9
thereof securities available for sale of reinsurance segment*	56	295	-81.0
thereof securities available for sale of primary insurance segment*	35	965	-96.4
thereof other investments of both segments	90	123	-26.8
Income from write-ups	73	354	-79.4
Other income/expenses	-167	-305	45.2
Total	1,854	-812	–

Significant improvement in net realised gains

Strong reduction in writedowns

*Net effect: €48m from non-fixed-interest securities available for sale including both segments.

Return on investment



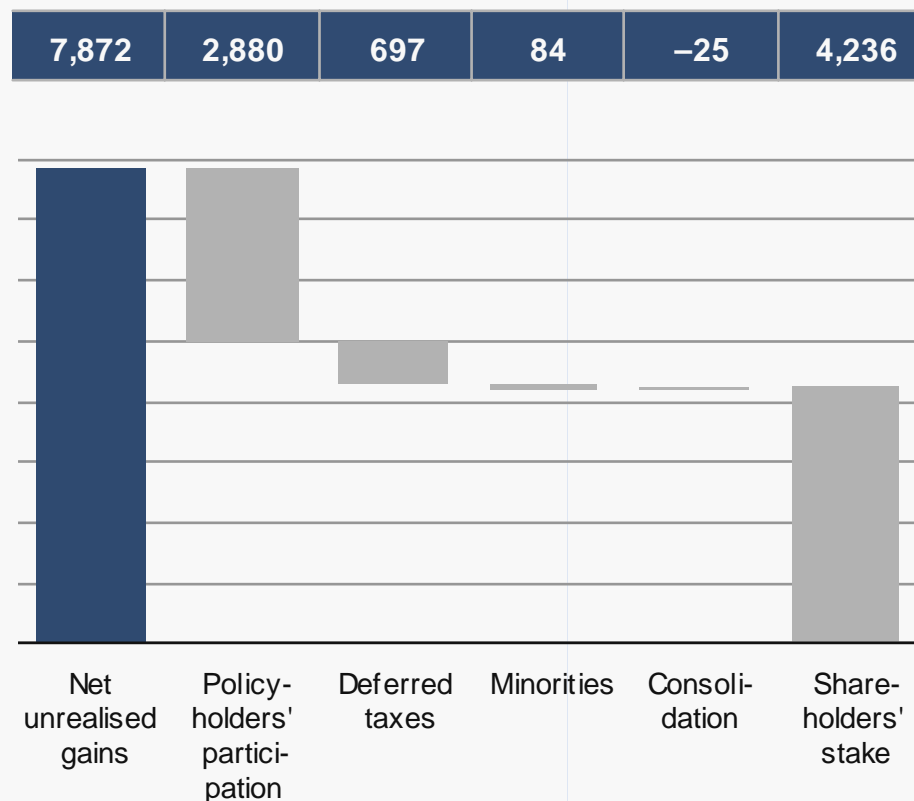
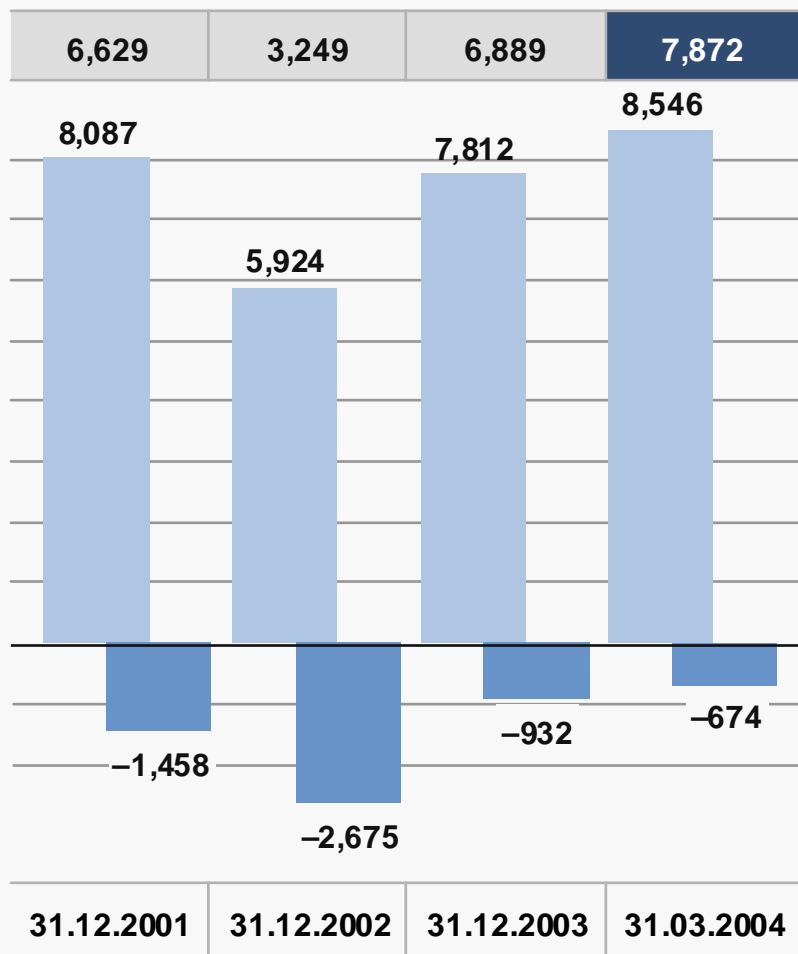
* Return on average investment market values in %

**Non-current income includes gains/losses on the disposal of investments, writedowns and write-ups on investments

Unrealised gains and losses on securities available for sale

Increase of €1.1 billion

in €m

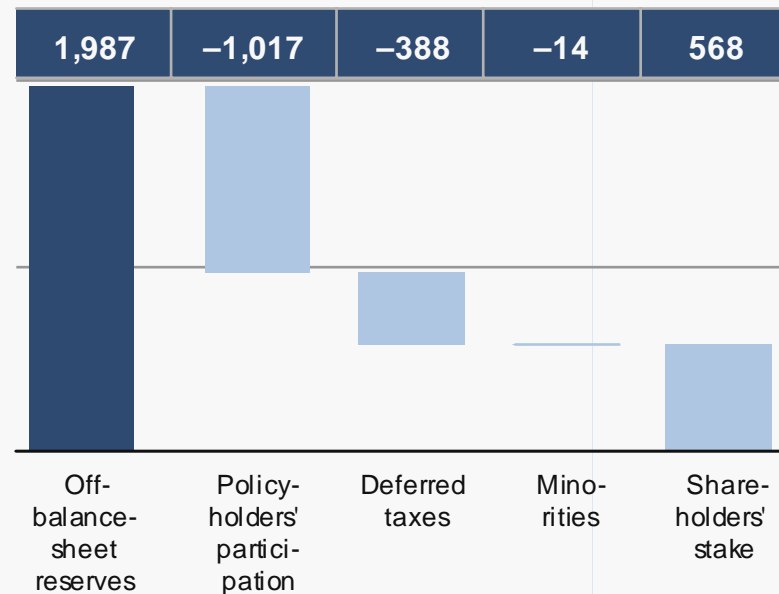
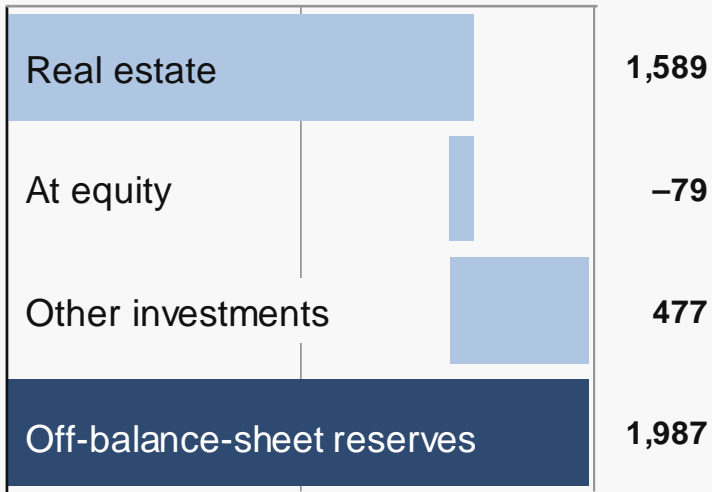


- Unrealised gains (gross)
- Unrealised losses (gross)



Investments: Off-balance-sheet reserves

in €m



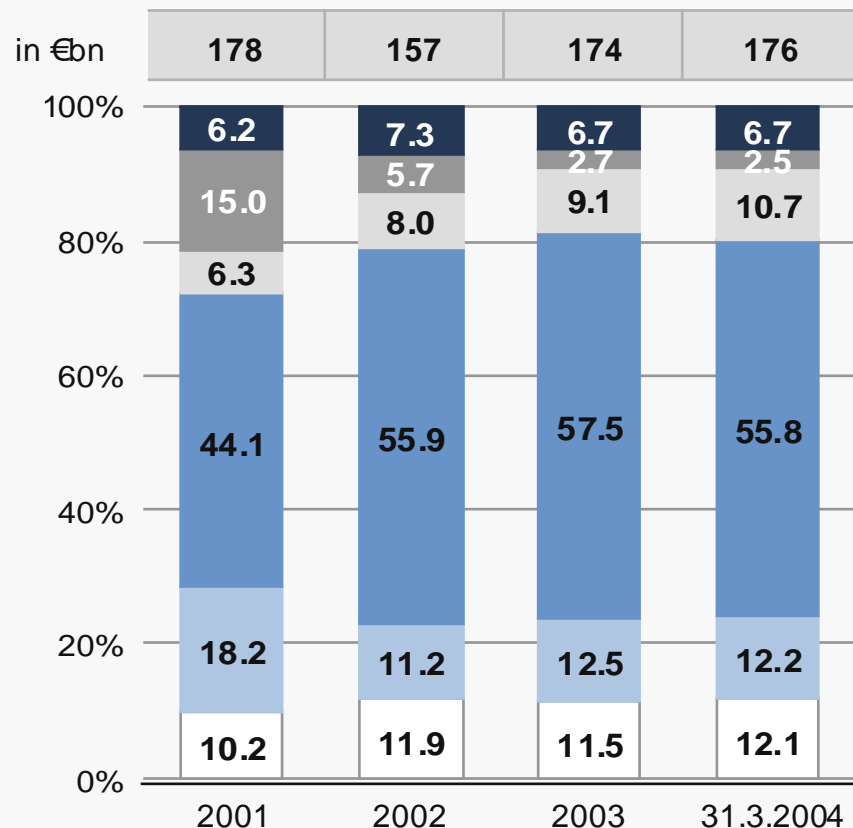


Investments: Asset allocation

Equity exposure further reduced

Investment structure by asset classes

(market values)



Equity exposure

in %

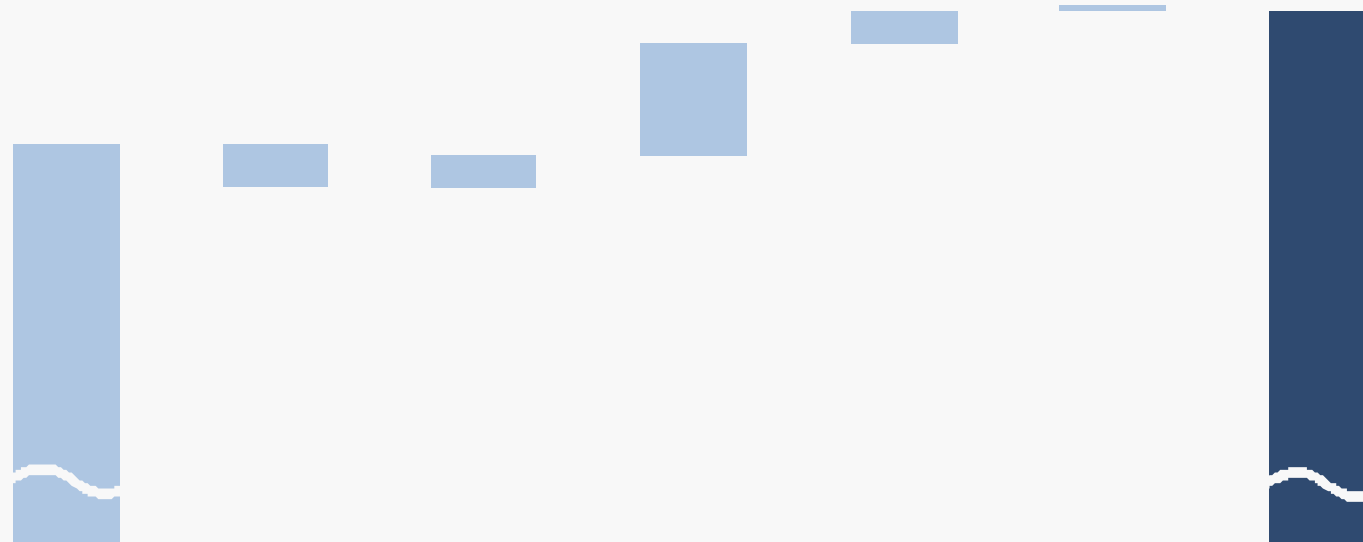
	31.03.2004	31.12.2003
before hedges	14.7	15.2
after hedges	13.8	14.5

- Real estate
- Participating interests
- Loans
- Fixed-interest securities
- Shares and equity funds
- Miscellaneous

Shareholders' equity Strengthened by Q1 earnings

in €m

18,899	-192	148	534	149	-9	19,529
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Shareholders' equity 31.12.03	Change in unrealised gains/losses*	Change resulting from valuation at equity	Consolidated result	Changes in exchange rates	Other changes	Shareholders' equity 31.03.04
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Increase of €630m
mainly due to net
profit

*On other securities

Segment results

Positive in all segments

in €m	Q1 2004	Q1 2003
Reinsurance	498	-29
Primary insurance	43	-545
Asset management	8	6
Consolidation	-15	11
Profit for the year	534	-557

Once again, strong earnings in reinsurance

Primary insurance back to profitability

Agenda

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Income statement

Excellent quarterly result

in €m	Q1 2004	Q1 2003	▲ in %
Gross premiums written	6,171	6,523	-5.4
Investment result	771	469	64.4
Total income	6,368	6,523	-2.4
Total expenses	5,654	6,230	-9.2
Result before amortisation of goodwill	714	293	143.7
Amortisation of goodwill	19	29	-34.5
Operating result before tax	695	264	163.3
Tax	192	293	-34.5
Minority interests in earnings	5	-	-
Group result	498	-29	-

Gross premium
income declined

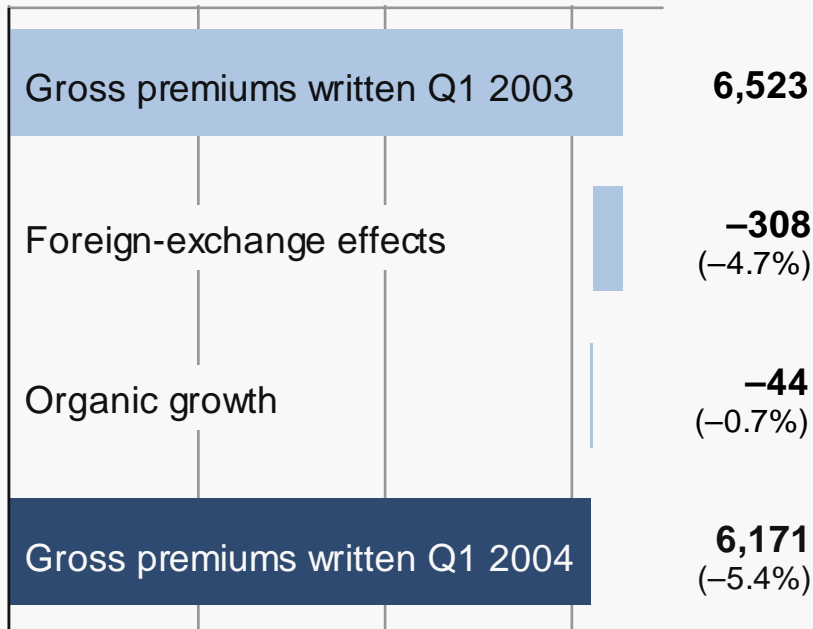
Significantly
improved investment
result

Operating result
more than doubled

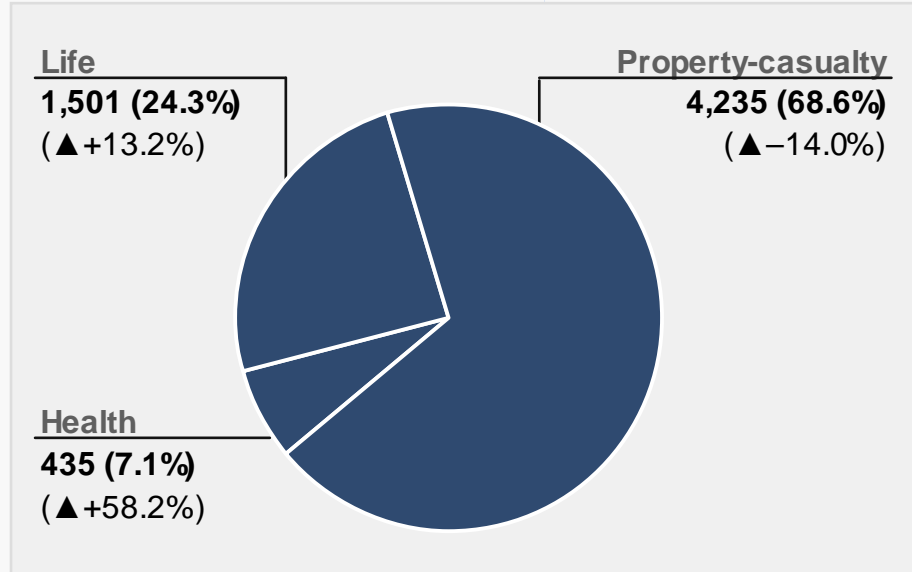
Analysis of premium development

Currency effect dilutes premiums

in €m



Breakdown by segment



Renewal Korea/Japan

Stable pricing, improved conditions

- Overall price situation stable at risk-adequate level
- Increased shares in EQ programmes with high margins
- Further improvement of terms and conditions through:
 - Introduction of event limits for engineering treaties as well and increased limits for fire treaties
 - Introduction of an event definition clause for property treaties
 - Introduction of co-insurance clause



Further sustainable enhancement of risk profile

Combined ratio non-life

Further improvement at 96.3%

in %	Q1 2004	Q1 2003	Q1 2002
Loss ratio	68.9	69.8	73.1
Expense ratio	27.4	27.0	28.6
Combined ratio in Non-Life	96.3	96.8	101.7

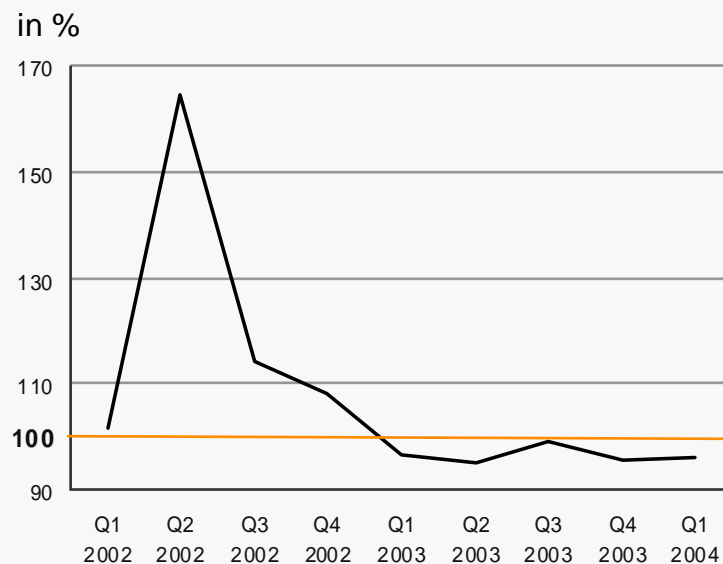
Lower combined ratio due to:

- Improved pricing
- Significantly enhanced conditions
- Moderate level of major claims
- Insignificant NatCat

Target 2004: 97%

Development of combined ratio

(Q1 2002 to Q1 2004)



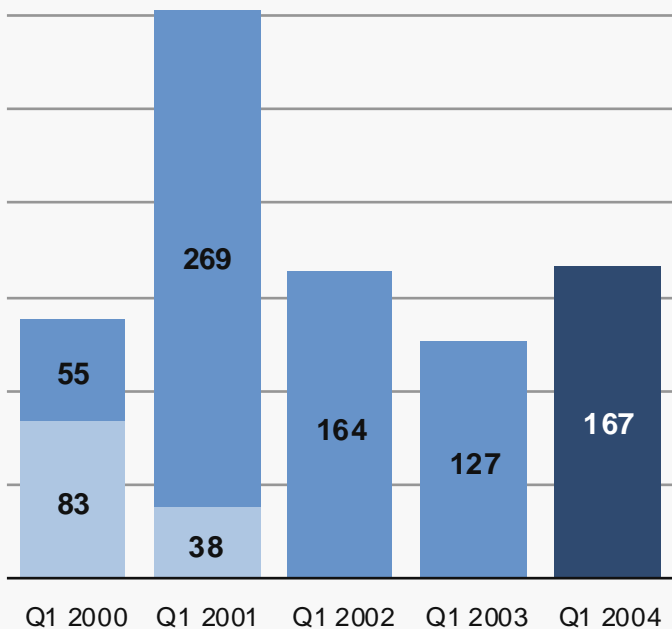
in %	2003	2002
Q1	96.8	101.7
Q2	94.9	164.5
Q3	99.3	114.1
Q4	95.8	108.4

Major claims (gross)

An ordinary burden in Q1

Claims for Munich Re Group over €5m

in €m



- Man-made
- Natural catastrophes

	Q1 2004
Number of major claims	8
Fire	4
Liability	2
Marine	1
Space	1

Number and size of man-made losses in line with long-term trend

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Income statement

Turnaround commenced

in €m	Q1 2004	Q1 2003	▲ in %
Gross premiums written	4,886	4,953	-1.4
Investment result	1,108	-1,249	-
Total income	5,148	2,678	92.2
Total expenses	4,999	3,176	57.4
Result before amortisation of goodwill	149	-498	-
Amortisation of goodwill	36	54	-33.3
Operating result before tax	113	-552	-
Tax	58	5	>1,000
Minority interests in earnings	12	-12	-
Group result	43	-545	-

Significant improvement in investment result

Additions to provisions for policyholders' bonuses accordingly high

Positive operating result

Group result improves by €588m



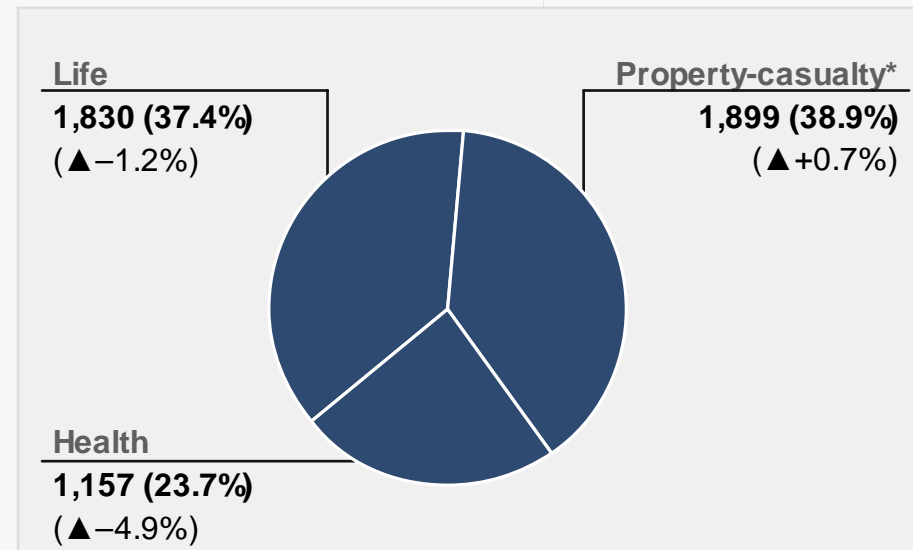
Analysis of premium development

Consolidation following some strong years

in €m

Gross premiums written Q1 2003	4,953
Foreign-exchange effects	-12 (-0.2%)
Divestment	-103 (-2.2%)
Organic growth	48 (+1.0%)
Gross premiums written Q1 2004	4,886 (-1.4%)

Breakdown by segment



*Inclusive legal protection

Taxation of endowment policies in Germany

Current situation and proposal by the mediation committee

31.12.2004

Current situation:

Premiums on endowment policies are paid practically **out of net income**, as tax-deductible amount is extremely limited.

All **earnings** resulting from a policy with a minimum duration of 12 years* **are tax-free**.

Current proposal:

Premiums on endowment policies are paid **out of net income**.

All earnings are taxable.

However, in case proceeds are paid after the age of 60 and a minimum duration of 12 years of the policy, only 50% of the earnings are taxable.

New business boom of endowment policies expected in 2004

New significant business opportunities from 2005 onwards (e.g. annuities and company pension business)

Traditional life products still remaining an important part of old-age provision

*and a premium payment over a period of at least 5 years

Combined ratio property-casualty

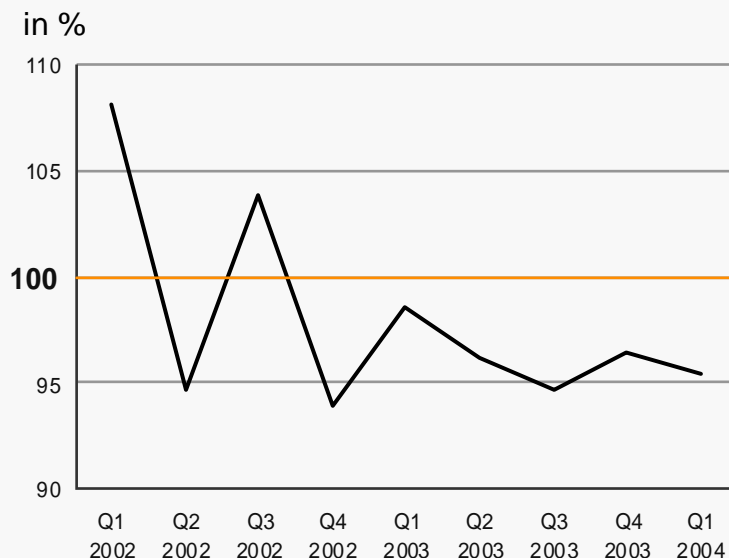
Continued improvement to 95.4%

in %	Q1 2004	Q1 2003	Q1 2002
Loss ratio*	59.5	63.9	70.9
Expense ratio*	35.9	34.6	37.2
Combined ratio in property-casualty*	95.4	98.5	108.1

*Inclusive legal protection

Development of combined ratio

(Q1 2002 to Q1 2004)



in %	2003	2002
Q1	98.5	108.1
Q2	96.2	94.6
Q3	94.6	103.8
Q4	96.5	93.9

Lower combined ratio due to:

- Improved pricing
- Significant enhanced conditions
- Excellent portfolio mix
- Insignificant NatCat claims

Target 2004: 97%

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Expectations for the business year 2004

- Solid capital base
- Consistently risk-adequate prices and conditions
- Consolidation of premium income at high level, depending on developments in exchange rates
- Combined ratios remaining low (subject to normal incidence of major losses)
- Flexibility to exploit sustainably profitable business opportunities
- Investment result reverting to solid level
- Profit target unchanged at €2bn

Good start to the year 2004

- Shareholders' equity increased by €630m to €19.5bn
- Profit takes precedence over growth
 - Premium income still at last year's high level after factoring out currency effects
 - Combined ratios further improved:
reinsurance 96.3%, primary insurance 95.4%
 - Investment result back to normal: €1.85bn
 - Quarterly profit of €534m
Outstanding result in reinsurance;
primary insurance in the black again



On track to our ambitious return target



Financial calendar



- **6 August 2004**
Interim report as at 30 June 2004; half-year press conference
- **8 November 2004**
Interim report as at 30 September 2004
- **15 March 2005**
Annual Report 2004;
Balance sheet press conference;
Analysts' conference, Munich
- **28 April 2005**
Annual General Meeting, Munich
- **29 April 2005**
Dividend payment
- **9 May 2005**
Interim report as at 31 March 2005
- **4 August 2005**
Interim report as at 30 June 2005
- **7 November 2005**
Interim report as at 30 September 2005

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