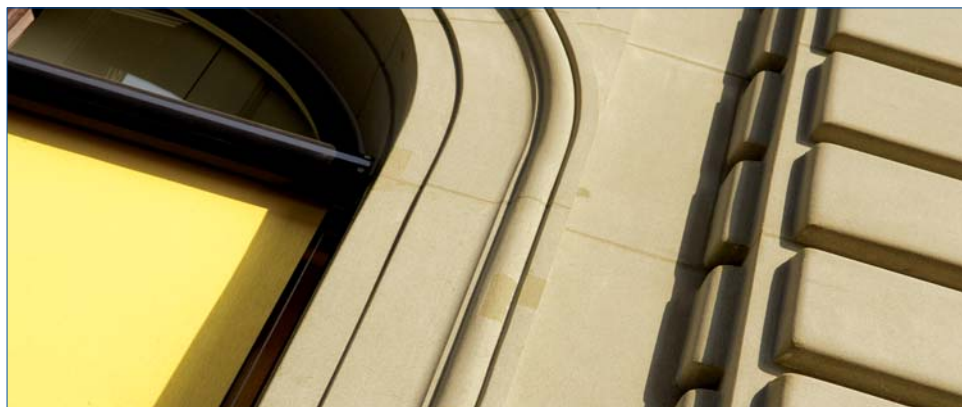


# New Reinsurance Company

## Financial Statements as at 31<sup>st</sup> December 2006

Swiss Gaap format



**Balance sheet as at 31<sup>st</sup> December 2006  
(before appropriation of result)**

<b>Assets</b> (CHF)	<b>2006</b>	2005
Bank and post office accounts and cash	41,493,155	19,798,687
Short-term investments	521,318,549	451,434,846
Securities	2,115,687,643	1,748,151,579
Real estate	73,903,636	72,967,942
Amounts due from companies for reinsurance business:		
- in current account	140,262,472	230,902,133
- for deposits made	1,313,925,745	1,249,934,714
Sundry debtors and transitory assets	335,399,712	384,588,266
<b>Total</b>	<b>4,541,990,912</b>	<b>4,157,778,167</b>

<b>Liabilities</b> (CHF)	<b>2006</b>	2005
Capital subscribed	260,000,000	260,000,000
General reserve fund	16,102,134	14,212,123
Free reserve	139,330,018	0
Result (incl. profit/loss brought forward)	299,434,471	142,715,029
Technical reserves for own account:		
- Premium funds	1,031,120,013	911,498,816
- Unearned premiums	82,219,844	95,521,583
- Claims reserves	2,242,770,580	2,182,144,845
Amounts due to companies for reinsurance business:		
- in current account	409,019,156	482,454,411
- for deposits retained	47,117,102	61,586,095
Sundry creditors and transitory liabilities	14,877,594	7,645,265
<b>Total</b>	<b>4,541,990,912</b>	<b>4,157,778,167</b>

## Profit and loss account for the business year 2006

Technical accounts (CHF)			2006		2005
<b>Life</b>					
1. Net earned premiums:					
- Gross premiums	400,513,468			315,470,034	
- Premiums retroceded	-17,391,970			-2,249,614	
- Change in unearned premiums	5,382,947			6,089,313	
		388,504,445			319,309,733
2. Expenditure for claims on death or maturity for own account, incl. change in claims reserves and change in premium funds		-243,874,765			-223,316,535
3. Commissions for own account		-143,810,926			-109,600,342
4. Interest for own account					
- on premium funds	32,695,552			27,669,823	
- on other technical reserves	7,818,231			6,812,233	
		40,513,783			34,482,056
5. Management expenses		-2,397,919			-3,393,925
<b>Technical result for life</b>			<b>38,934,618</b>		<b>17,480,987</b>
<b>Other classes</b>					
6. Net earned premiums:					
- Gross premiums	606,769,902			552,214,699	
- Premiums retroceded	-32,634,769			-36,360,248	
- Change in unearned premiums	11,139,035			-8,358,836	
		585,274,168			507,495,615
7. Claims for own account, incl. change in claims reserves		-474,844,407			-596,659,745
8. Commissions for own account		-69,876,845			-79,191,705
9. Interest on technical reserves for own account		47,146,383			40,699,175
10. Management expenses		-21,390,963			-21,696,082
<b>Technical result for other classes</b>			<b>66,308,336</b>		<b>-149,352,742</b>
<b>Overall technical result</b>			<b>105,242,954</b>		<b>-131,871,755</b>

<b>General accounts</b> (CHF)			<b>2006</b>		2005
Overall technical result (brought forward)			105,242,954		-131,871,755
11. Investment income		110,729,241		95,048,953	
Interest on technical reserves - life f.o.a.		-40,513,783		-34,482,056	
Interest on technical reserves - other classes f.o.a.		-47,146,383		-40,699,175	
			23,069,075		19,867,722
12. Other result			181,925,995		133,688,303
13. Management expenses		-27,597,311		-27,890,181	
Management expenses - life f.o.a.		2,397,919		3,393,925	
Management expenses - other classes f.o.a.		21,390,963		21,696,082	
			-3,808,429		-2,800,174
14. Writedowns and value adjustments			-1,648,373		1,833,766
15. Taxes			-5,346,751		-1,817,756
<b>Result for the year</b>			<b>299,434,471</b>		<b>18,900,106</b>
Profit/loss brought forward from previous year			0		123,814,923
<b>Balance sheet result</b>			<b>299,434,471</b>		<b>142,715,029</b>

## Notes to the financial statements

<b>1. Key Figures</b>	<b>2006</b>	2005
(in CHF)		
Gross premiums written	<b>1,007,283,370</b>	867,684,733
Net premiums written	<b>957,256,631</b>	829,074,871
Investment income	<b>110,729,241</b>	95,048,953
Management expenses	<b>-27,597,311</b>	-27,890,181
Result for the year	<b>299,434,471</b>	18,900,106
Investments	<b>2,752,402,983</b>	2,292,353,054
Technical reserves (net)	<b>3,356,110,437</b>	3,189,165,244
Shareholder's equity *)	<b>714,866,623</b>	416,927,152
*) before appropriation of profit		

## 2. Accounting principles

The company's accounting principles are in line with those prescribed by the Swiss Code of Obligations (OR). They are consistent with those applied in the prior year. The accounting and valuation principles of the main balance sheet captions are the following:

### Investments

Equity investments and investment funds are valued at lowest ever of cost or market value.

Fixed interest securities are valued at cost less/plus amortisation. The annual amortisation amount is recognised as current income.

Unrealised gains are not recognised either in equity or income statement. For investments in foreign currencies, exchange rates as at 31 December 2006 are used.

**Real estate**

Buildings are valued at the lower of either cost of original acquisition plus the cost of renovations or market value.

**Accounts receivables**

Receivables are booked at nominal values and written down if there is a risk that they cannot be recovered, which is calculated considering individual exposures and a general depreciation per ageing category.

**Technical reserves**

Technical reserves are systematically recorded for the amounts reported by ceding companies. At the year-end closing most accounts received for recent underwriting years are incomplete and are subject to estimates. The technical reserves are valued at the expected ultimate cost - including reserves for incurred but not reported claims - either reported by ceding companies or estimated by underwriters and the actuarial department.

**Other assets and liabilities**

These are held at their nominal value using year-end rates for foreign currencies.

**3. Transactions conducted in foreign currencies**

All transactions are recorded in their original currency. All balance sheet and profit & loss account items are translated into CHF using the year-end exchange rate.

**4. Main events during the year****Business development**

In 2006, net earned premiums have increased by 17,8% to a total of CHF 973,8 mio. Gross premiums written have exceeded the CHF 1 bio threshold. The result, too, has been very positive in 2006. It increased from CHF 18,9 mio in 2005 to CHF 299,4 mio in 2006.

Both Life and Non-Life have contributed to this success. In Non-Life growth again stems from the New Re core business, namely non-proportional property business. Premium income increased by 15,3% to a total of CHF 585,3 mio. Due to losses well below average, the Non-Life result in 2006 totalled CHF 66,3 mio.

In Life, premium income 2006 grew by 21,7% to CHF 388,5 mio. Life results 2006 have more than doubled compared to the year before and totalled CHF 38.9 mio.

Despite the significant growth, management expenses could be reduced by 1,1% to a total of CHF 27,6 mio.

In Non-Life New Re keeps its selective approach towards profitable business especially in the non-proportional property business. In Life we have been seeing good opportunities for a while now and are confident to see them in future, too. We therefore expect further growth in 2007.

In order to support this further business development, the shareholder, Munich Re, has strengthened the capital base by CHF 191 mio which are accounted for under "Other result".

## **5. Other information according to the Swiss Code of Obligations (OR)**

### **Art. 663b N°2 OR**

The assets pledged or assigned to secure New Re's commitments, plus the assets under reservation of ownership, amounted TCHF 137,694 as at 31.12.2006 (previous year: TCHF 134,064).



#### **Art. 663a N°4 OR**

At the balance sheet date there were receivables and liabilities in respect of other affiliated companies belonging to the Munich Re Group, as follows:

in TCHF	<b>2006</b>	2005
Amount due from companies for reinsurance business		
- current account	3,470	165
- deposits made	186,701	148,955
<b>Total receivables</b>	<b>190,171</b>	<b>149,120</b>
Amount due to companies for reinsurance business		
- current account	66,124	66,695
- deposits retained	7,228	18,978
<b>Total liabilities</b>	<b>73,352</b>	<b>85,673</b>

The above-mentioned figures for amounts due from or to group companies include estimations of technical positions at year-end.

#### **Art. 663b N°4 OR**

##### **Insured values of tangible assets (fire cover):**

in TCHF	<b>2006</b>	2005
Buildings	97,935	96,650
Furniture	4,000	4,000
Computer equipment	3,500	3,350
<b>Total</b>	<b>105,435</b>	<b>104,000</b>

#### **Art. 663c OR**

New Re's main shareholder is the Munich Reinsurance Company (Münchener Rückversicherungs-Gesellschaft, Aktiengesellschaft in München) with a 99,99% shareholding.

The share capital is made up of 200 CHF shares. New Re's financial statements are consolidated within the financial statement of Munich Re Group.

There are no other facts requiring disclosure under Art. 663b OR.

## 6. Appropriation of the 2006 net profit after tax

The 2006 result for the year amounts to CHF 299,434,471 (previous year: CHF 18,900,106). The Board of Directors proposes to the Annual General Meeting to pay out a dividend of 1,10 CHF per share, resulting therefore in the following appropriation of the balance sheet result of CHF 299,434,471 (previous year: CHF 142,715,029):

Increase of general reserve fund: (10 % of the profit of the year)	CHF	29,943,447
Free reserve:	CHF	268,061,024
Dividend 2006:	CHF	1,430,000
<b>Balance sheet result 2006</b>	<b>CHF</b>	<b>299,434,471</b>

Geneva, 27th June 2007

The Chairman  
of the Board of Directors

Dr. Thomas Blunck

The Chairman  
of the Executive Board

Dr. Joachim Wenning



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Report of the Statutory Auditors to the General Meeting of  
**New Reinsurance Company, Geneva**

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As statutory auditors, we have audited the accounting records and the financial statements (balance sheet, income statement and notes) of New Reinsurance Company for the year ended 31 December 2006.

These financial statements are the responsibility of the board of directors. Our responsibility is to express an opinion on these financial statements based on our audit. We confirm that we meet the legal requirements concerning professional qualification and independence.

Our audit was conducted in accordance with Swiss Auditing Standards, which require that an audit be planned and performed to obtain reasonable assurance about whether the financial statements are free of material misstatement. We have examined on a test basis evidence supporting the amounts and disclosures in the financial statements. We have also assessed the accounting principles used, significant estimates made and the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the accounting records and financial statements and the proposed appropriation of available earnings comply with Swiss law and the company's articles of incorporation.

We recommend that the financial statements submitted to you be approved.

KPMG Ltd

Bill Schiller  
*Auditor in Charge*

Patrick Scholz

Zurich, 27 March 2007

*Enclosures:*

- Financial statements (balance sheet, income statement and notes)
- Proposed appropriation of available earnings

**New Reinsurance Company**

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