

New Reinsurance Company

Financial Statements as at 31st December 2007

Swiss Gaap format



Balance sheet as at 31st December 2007 (before appropriation of result)

Assets (CHF)	2007	2006
Bank and post office accounts and cash	49,065,386	41,493,155
Short-term investments	514,002,127	521,318,549
Securities	2,484,228,406	2,115,687,643
Real estate	73,903,636	73,903,636
Amounts due from companies for reinsurance business:		
- in current account	221,522,292	140,262,472
- for deposits made	1,265,792,749	1,313,925,745
Sundry debtors and transitory assets	239,416,012	335,399,712
Total	4,847,930,608	4,541,990,912

Liabilities (CHF)	2007	2006
Capital subscribed	260,000,000	260,000,000
General reserve fund	46,045,581	16,102,134
Free reserve	407,391,042	139,330,018
Result (incl. profit/loss brought forward)	227,290,363	299,434,471
Technical reserves for own account:		
- Premium funds	984,810,699	1,031,120,013
- Unearned premiums	73,558,015	82,219,844
- Claims reserves	2,469,657,493	2,242,770,580
Amounts due to companies for reinsurance business:		
- in current account	294,602,807	409,019,156
- for deposits retained	39,908,386	47,117,102
Sundry creditors and transitory liabilities	44,666,222	14,877,594
Total	4,847,930,608	4,541,990,912

Profit and loss account for the business year 2007

Technical accounts (CHF)			2007		2006
Life					
1. Net earned premiums:					
- Gross premiums	588,723,247			400,513,468	
- Premiums retroceded	-23,115,167			-17,391,970	
- Change in unearned premiums	7,652,163			5,382,947	
		573,260,243			388,504,445
2. Expenditure for claims on death or maturity for own account, incl. change in claims reserves and change in premium funds		-367,767,457			-243,874,765
3. Commissions for own account		-146,317,964			-143,810,926
4. Interest for own account					
- on premium funds	29,088,172			32,695,552	
- on other technical reserves	7,060,915			7,818,231	
		36,149,087			40,513,783
5. Management expenses		-2,472,092			-2,397,919
Technical result for life			92,851,817		38,934,618
Other classes					
6. Net earned premiums:					
- Gross premiums	652,604,715			606,769,902	
- Premiums retroceded	-39,714,541			-32,634,769	
- Change in unearned premiums	1,546,944			11,139,035	
		614,437,118			585,274,168
7. Claims for own account, incl. change in claims reserves		-424,232,004			-474,844,407
8. Commissions for own account		-87,479,970			-69,876,845
9. Interest on technical reserves for own account		53,442,903			47,146,383
10. Management expenses		-20,261,849			-21,390,963
Technical result for other classes			135,906,198		66,308,336
Overall technical result			228,758,015		105,242,954

General accounts (CHF)			2007		2006
Overall technical result (brought forward)			228,758,015		105,242,954
11. Investment income		103,708,149			110,729,241
Interest on technical reserves - life f.o.a.		-36,149,087			-40,513,783
Interest on technical reserves - other classes f.o.a.		-53,442,903			-47,146,383
			14,116,159		23,069,075
12. Other result			-5,830,857		181,925,995
13. Management expenses		-26,553,921			-27,597,311
Management expenses - life f.o.a.		2,472,092			2,397,919
Management expenses - other classes f.o.a.		20,261,849			21,390,963
			-3,819,980		-3,808,429
14. Writedowns and value adjustments			-1,575,081		-1,648,373
15. Taxes			-4,357,893		-5,346,751
Result for the year			227,290,363		299,434,471
Profit/loss brought forward from previous year			0		0
Balance sheet result			227,290,363		299,434,471

Notes to the financial statements

1. Key Figures	2007	2006
(in CHF)		
Gross premiums written	1,241,327,962	1,007,283,370
Net premiums written	1,178,498,254	957,256,631
Investment income	103,708,149	110,729,241
Management expenses	-26,553,921	-27,597,311
Result for the year	227,290,363	299,434,471
Investments	3,121,199,555	2,752,402,983
Technical reserves (net)	3,528,026,207	3,356,110,437
Shareholder's equity *)	940,726,986	714,866,623
*) 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 2007 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

With a Swiss GAAP result of CHF 227.3m, New Re has once more achieved an excellent result.

Premium volume (gross premiums written) has increased by 23.2% to CHF 1,241.3m. Both Life and Non-Life contributed to this growth.

Non-Life premiums increased by 7.6% to CHF 652.6m resulting in a technical profit of CHF 135.9m. A significant part of this exceptional result stems from the positive development of old underwriting years, particularly in the UK Motor business segment.

New Re has also significantly developed its Life business and incorporated additional segments into the portfolio. As a consequence, Life premium volume grew by 47.0% to CHF 588.7m. Furthermore, the Life result has more than doubled compared to 2006 and shows a technical profit of CHF 92.8m.

Investment income amounts to CHF 103.7m which is a slight reduction compared to last year.

Shareholders' equity increased by 31.6% to a total of CHF 940.7m.

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 142,875 as at 31.12.2007 (previous year: TCHF 137,694).

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	2007	2006
Amount due from companies for reinsurance business		
- current account	2,969	3,470
- deposits made	74,010	186,701
Total receivables	76,979	190,171
Amount due to companies for reinsurance business		
- current account	69,211	66,124
- deposits retained	2,509	7,228
Total liabilities	71,720	73,352

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	2007	2006
Buildings	101,760	97,935
Furniture	7,668	4,000
Computer equipment	3,500	3,500
Total	112,928	105,435

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 2007 net profit after tax

The 2007 result for the year amounts to CHF 227,290,363 (previous year: CHF 299,434,471). The Board of Directors proposes to the Annual General Meeting to pay out a dividend of 0,60 CHF per share, resulting therefore in the following appropriation of the balance sheet result of CHF 227,290,363 (previous year: CHF 299,434,471):

Increase of general reserve fund: (20% of the profit of the year)	CHF	45,458,073
Free reserve:	CHF	181,052,290
Dividend 2007:	CHF	780,000
Balance sheet result 2007	CHF	227,290,363

Geneva, 22 April 2008

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

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 2007.

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 auditing standards promulgated by the Swiss profession, 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

Ian Sutcliffe
Auditor in Charge

Patrick Scholz

Zurich, 22 April 2008

Enclosure:

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

New Reinsurance Company

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