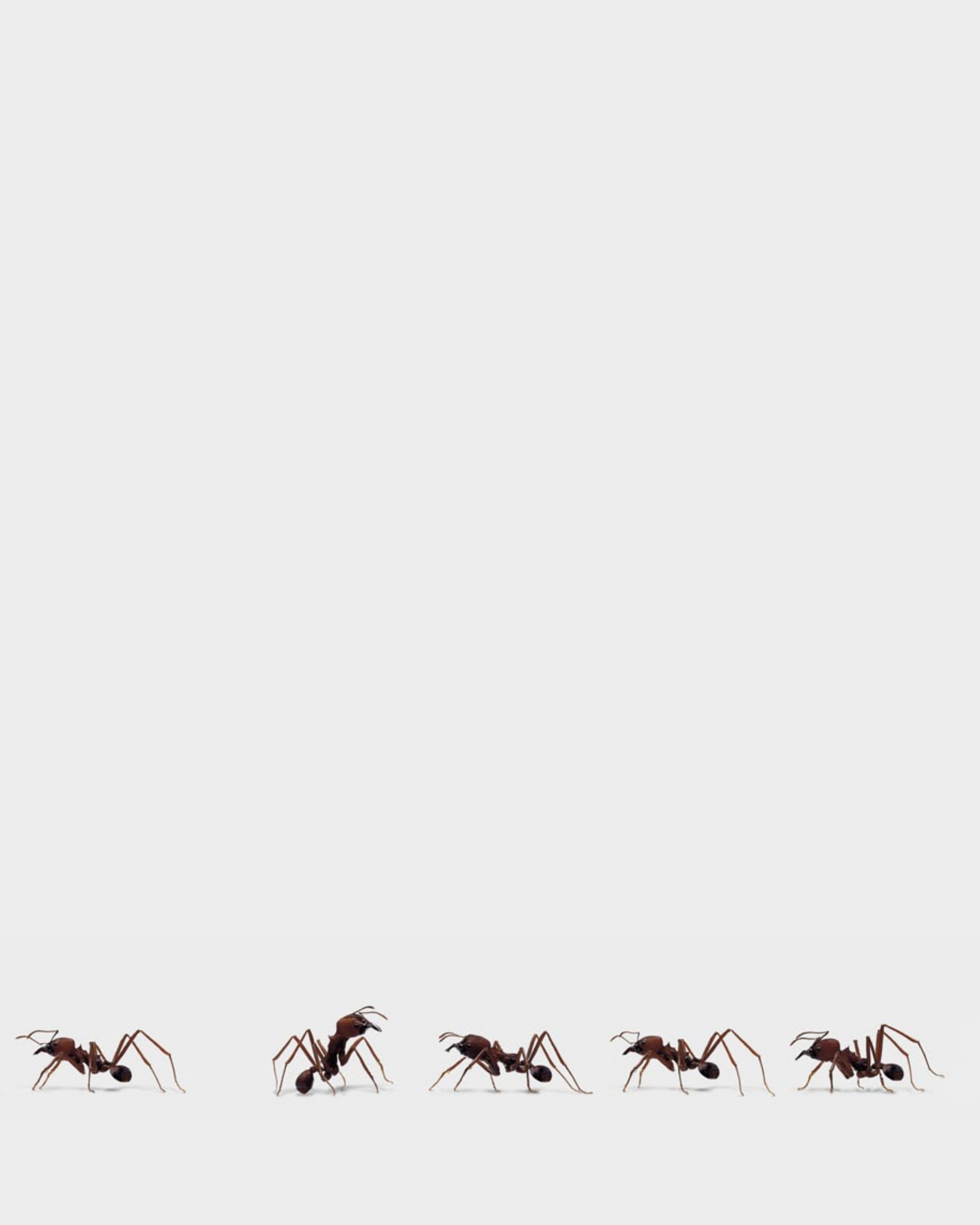


Financial Statements 2011

Local GAAP format
(Swiss Code of Obligations)

risk. covered.

Summary

Key figures

IN CHF	2011	2010
Gross premiums written	1,402,241,933	1,289,395,657
Net earned premiums	1,148,291,746	1,161,960,475
Investment result	114,302,105	147,164,113
Management expenses	–34,460,039	–38,041,873
Result for the year	108,939,128	136,342,439
Investments	3,392,637,250	3,015,560,810
Technical provisions (net)	2,630,169,823	2,456,558,000
Shareholder's equity*	815,091,969	842,457,841

*before appropriation of available earnings

Main events during the year and outlook for 2012

Growth in business and satisfactory result

In 2011, NewRe achieved a net result of CHF 108.9 m, 20 % down on last year's result of CHF 136.3 m, which was paid by way of dividend to Munich Re in 2011. Premium volume was CHF 1.40 bn compared to CHF 1.29 bn for the previous year (+8.8 %).

While NewRe chose to further reduce business in traditional segments due to the inadequacy of the prices achievable, the development of structured reinsurance solutions (life and non-life) had a positive effect on volume and the result.

Combined ratio below 100 % despite global accumulation of natural catastrophes

NewRe incurred total claims of CHF 50 m in the accumulation of NatCat events in 2011 (storms in Scandinavia, earthquakes in Japan and New Zealand, floods in Thailand and the winter freeze in Ireland). The largest single loss event was a pharma loss of CHF 30 m.

The non-life combined ratio rose to 97.8 % after the outstanding years of 2009 and 2010, for which the combined ratios were 84.1 % and 89.4 % respectively.

Investments and other result

The further appreciation of the Swiss Franc against major currencies led to a negative effect of CHF 21 m. The investment return in original currencies amounted to 4.0 %. CHF 14 m gains were realised trough sales of investments.

Strong equity base

With shareholder's equity of CHF 815 m and an equalisation reserve of CHF 212 m, NewRe remains a strongly capitalised and reliable partner. The S&P rating continues to be AA-.

Outlook for 2012

For the first time after several years of softening markets, market conditions look more promising for 2012. NewRe expects a slight increase in traditional segments and continues to build on its expertise in tailor-made structured solutions.

Due to the debt crisis and low interest rates, the environment for investments remains challenging.

Contents

«You never get a second chance to make a first impression. I really enjoy greeting our guests with a smile and looking after them every day.»

Katja Buis // Receptionist

Balance sheet as at 31 December 2011

(BEFORE APPROPRIATION OF AVAILABLE EARNINGS)

Assets

IN CHF		2011		2010
Bank and post office accounts and cash		133,229,584		69,465,569
Short-term investments		227,633,958		36,214,668
Securities		2,986,625,910		2,862,897,304
Real estate		45,147,798		46,983,269
Amounts due from companies for reinsurance business:				
Current account		140,033,076		156,966,797
Thereof affiliated companies	20,521,177		31,435,172	
For deposits made		899,717,213		842,877,693
Thereof affiliated companies	68,331,279		104,934,231	
Sundry debtors and transitory assets		217,620,493		163,149,476
TOTAL		**4,650,008,032**		**4,178,554,776**

Liabilities and equity

IN CHF		2011		2010
Capital subscribed		260,000,000		260,000,000
General reserve fund		130,000,000		130,000,000
Free reserves		316,152,841		316,115,402
Retained earnings (incl. profit/loss brought forward)		108,939,128		136,342,439
SHAREHOLDER'S EQUITY		815,091,969		842,457,841
Technical provisions for own account:				
Future policy benefits reserves		704,089,144		716,313,096
Unearned premiums		302,874,732		134,191,636
Claims reserves		1,411,242,954		1,403,345,275
Equalisation reserves		211,962,993		202,707,993
Amounts due to companies for reinsurance business:				
Current account		283,078,793		340,805,353
Thereof affiliated companies	29,727,742		25,577,718	
For deposits retained		16,256,491		17,761,261
Thereof affiliated companies	0		31,104	
Sundry creditors and transitory liabilities		905,410,956		520,972,321
TOTAL LIABILITIES		3,834,916,063		3,336,096,935
TOTAL		**4,650,008,032**		**4,178,554,776**

Profit and loss account for the business year 2011

Technical accounts

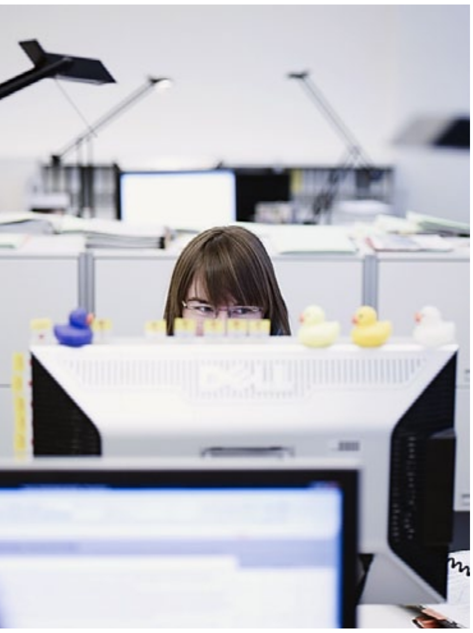
IN CHF

LIFE			2011			2010
1. Net earned premiums:						
Gross premiums	590,178,103			541,305,096		
Premiums retroceded	−22,656,719			−16,602,080		
Change in unearned premiums	−100,371,018			2,104,378		
		467,150,366			526,807,395	
2. Expenditure for claims on death or maturity for own account, incl. change in claims reserves and change in premium funds		−356,938,459			−383,793,321	
3. Commissions for own account		−61,536,549			−85,454,651	
4. Interest for own account						
On premium funds	22,223,144			22,714,656		
On other technical provisions	5,916,337			4,370,401		
		28,139,481			27,085,057	
5. Management expenses		−1,500,543			−1,837,039	
TECHNICAL RESULT FOR LIFE			**75,314,296**			**82,807,441**

NON-LIFE			2011			2010
6. Net earned premiums:						
Gross premiums	812,063,830			748,090,561		
Premiums retroceded	−64,776,815			−54,283,894		
Change in unearned premiums	−66,145,635			−58,653,587		
		681,141,380			635,153,080	
7. Claims for own account, incl. change in claims reserves		−512,530,156			−362,006,991	
8. Commissions for own account		−135,732,627			−154,885,185	
9. Interest on technical provisions for own account		42,884,510			47,781,000	
10. Management expenses		−18,459,439			−20,625,109	
TECHNICAL RESULT FOR NON-LIFE			**57,303,668**			**145,416,795**
OVERALL TECHNICAL RESULT			**132,617,964**			**228,224,236**

General accounts

IN CHF			2011			2010
11. Investment income	808,505,043			643,463,080		
12. Investment expenses	−694,202,938			−496,298,967		
Investment result		114,302,105			147,164,113	
13. Interest on technical provisions						
Interest on technical provisions – life	−28,139,481			−27,085,057		
Interest on technical provisions – other classes	−42,884,510			−47,781,000		
		−71,023,991			−74,866,057	
			43,278,114			72,298,056
14. Other result			−42,332,893			−132,757,959
15. Management expenses		−34,460,039			−38,041,873	
Management expenses – life f.o.a.		1,500,543			1,837,039	
Management expenses – other classes f.o.a.		18,459,439			20,625,109	
			−14,500,057			−15,579,724
16. Writedowns and value adjustments			−949,088			−2,083,240
17. Taxes			−9,174,912			−13,758,929
RESULT FOR THE YEAR			**108,939,128**			**136,342,439**
Profit/loss brought forward from previous year			0			0
BALANCE SHEET RETAINED EARNINGS			**108,939,128**			**136,342,439**



«I love challenges – especially when it involves finding creative solutions for our clients.»

Michaela Unsinn // Underwriter

«Accounting is more than just producing figures. It is needed as a basis for forward-looking management decisions.»

Dieter Werner // Head of Accounting

Notes to the financial statements

1. Accounting principles

The company's accounting policies are in line with those prescribed by the Swiss Code of Obligations (OR) and the Insurance Supervisory Ordinance (AVO). They are consistent with those applied in the prior year. The accounting and valuation principles applied for the main balance sheet items are as follows:

Financial instruments

Equity investments and investment funds are valued at the lower of cost or reported market value.

Fixed-interest securities are valued at amortised cost. The annual amortisation amount is recognised as current income.

Derivative assets and liabilities in the variable annuities business are booked at their market value.

Real estate

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

Accounts receivable

Receivables are booked at nominal values and adjusted if there is a risk of their not being fully recoverable. The adjustment is calculated on the basis of individual exposures and a general allowance based on analysis of the receivables.

Technical provisions

Case reserves are recorded for the amounts reported by ceding companies. At year-end closing, most statements of account received for recent underwriting years are incomplete and are subject to estimates. The claims 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, less claims paid.

Other assets and liabilities

These are shown at their nominal value or fair value.

Acquisition costs that are directly attributable to non-life reinsurance contracts are capitalised and amortised over the lifetime of the contract in accordance with the premium earning.

Commissions paid in respect of financing type life reinsurance contracts are capitalised and amortised in proportion to the gross profit amounts expected to be realised over the life of the contract. Deferred acquisition costs are regularly tested for impairment using a liability adequacy test.

2. Transactions conducted in foreign currencies

All balance sheet items are translated from their original currency into CHF using the year-end exchange rate. The methodology for the translation of the profit and loss account into CHF changed in 2010, when year-to-date average rates were used. The company posts a provision for net unrealised foreign exchange gains.

3.
Other information according to the Swiss Code of Obligations (OR)

Art. 663b N° 2 OR

The assets pledged or assigned to secure NewRe's commitments, plus the assets under reservation of ownership, amounted to CHF 351 m as at 31 December 2011 (2010: CHF 350 m).

Art. 663b N° 4 OR

Insured values of tangible assets (fire cover):

IN TCHF	2011	2010
Buildings	26,000	42,000
Furniture and computer equipment	2,800	4,000
TOTAL	**28,800**	**46,000**

Art. 663b N°12 OR Information on risk assessment

Risk management objectives and methodology

The careful selection of reinsurance risks is at the core of the NewRe business model. The company deploys a variety of risk management tools, processes and functions to manage its operational and financial risks, and seeks to optimise the balance between risks taken and earnings opportunities.

NewRe's risk management strategy is aimed at:
– protecting the reputation of NewRe and the Munich Re Group,
– ensuring the highest degree of confidence in meeting policyholders' claims,
– enabling the Munich Re (Group) to protect and generate sustainable shareholder value.

The two main elements of NewRe's risk management approach are:
– a system of internal controls aimed at avoiding and reducing risk and
– the regular analysis and measurement (quantification) of risks.

The primary tool for measuring and quantifying risks at the legal-entity level is the risk modelling framework developed for the Swiss Solvency Test (SST) and based on the Munich Re (Group) capital model.

Risk identification

Risk identification is organised by risk categories and is based on the Risk Catalogue. It identifies and evaluates the most significant risks.

The majority of NewRe's risk and control activities are in the area of reinsurance, focusing on the correct assessment of risk, exposure, price, wording and guidelines.

Risk evaluation and measurement

The evaluation and quantitative measurement of the risks is documented in the quarterly Internal Risk Report.

Risk is defined as the possibility of a future deviation from a predefined goal, which can, individually or cumulatively, significantly affect the financial situation of NewRe.

NewRe determines the economic capital required to carry its risks by using the stochastic risk model as developed for the Swiss Solvency Test (SST). The economic risk capital corresponds to the 99% tail value at risk (TVaR) over a one-year time horizon. This represents an estimate of the expected annual loss likely to occur with a frequency of less than once in one hundred years.

Internal control system (ICS)

NewRe has a holistic approach to the ICS and its application is a continuing process, mainly based on the segregation of duties. The ICS is adjusted periodically to reflect changes in the business and control environment.

As part of the Munich Re (Group), NewRe adheres to the group compendium of regulations and guidelines.

Responsibilities

The responsibilities for risks and controls are clearly allocated. It is one of the objectives of an efficient ICS to promote and enhance the risk and control culture at NewRe in all areas and at all levels.

All staff are instructed to proactively report deficiencies and risks in their areas of activity to enable timely action to be taken to remedy them.

Risk aspects arising are reviewed by the Risk Management Committee, which initiates any necessary action and escalates matters to the Executive Board if necessary.

The Board of Directors is responsible for the risk management principles and policies, as well as for approving the overall risk tolerance.

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

Art. 663c OR

NewRe's shareholder is the Munich Reinsurance Company (Münchener Rückversicherungs-Gesellschaft Aktiengesellschaft in München), which holds 100 % of the shares in the company.

The share capital consists of 1.3 million shares, each with a nominal value of CHF 200.

*«I enjoy my work.
One of the most important
things a manager does
is to communicate well with
clients and staff.»*

Jean-Luc Bourgault // Chief Underwriting Officer

Proposed appropriation of the 2011 available earnings

Retained earnings 2011 amounted to CHF 108,939,128 (2010: CHF 136,342,439). The Board of Directors proposes to the Annual General Meeting that a dividend of CHF 83.75 per share be paid, resulting in the following appropriation of the balance sheet retained earnings of CHF 108,939,128 (2010: CHF 136,342,439):

IN CHF	2011
Allocation to free reserve	64,128
Dividend	108,875,000
BALANCE SHEET RETAINED EARNINGS	**108,939,128**

As the general reserve fund meets the regulatory requirement, no further allocations to the fund will be made.

Zurich, 21 June 2012

The Chairman
of the Board of Directors

Dr. Thomas Blunck

The Chairman
of the Executive Board

Andreas Molck-Ude

Report of the Statutory Auditor on the Financial Statements to the General Meeting of Shareholders of New Reinsurance Company Ltd., Zurich

As statutory auditor, we have audited the accompanying financial statements of New Reinsurance Company Ltd. on pages 7 to 15, which comprise the balance sheet, the profit and loss account and the notes for the year ended 31 December 2011.

Board of Directors' Responsibility
The board of directors is responsible for the preparation of the financial statements in accordance with the requirements of Swiss law and the company's articles of incorporation. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The board of directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the financial statements for the year ended 31 December 2011 comply with Swiss law and the company's articles of incorporation.

Report on Other Legal Requirements
We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO and article 11 AOA) and that there are no circumstances incompatible with our independence.

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of financial statements according to the instructions of the board of directors.

We further confirm that the proposed appropriation of available earnings on page 18 complies with Swiss law and the company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

KPMG AG

Ian Sutcliffe Licensed Audit Expert Auditor in Charge	Patrick Scholz Licensed Audit Expert

Zurich, 21 June 2012

* *different*

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