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MUNICH RE EQUITY STORY

Executing business opportunities

April 2018

Why invest in Munich Re



Attractive
dividends



Digital transformation
opportunities



Diversified
business model



Strong
capital position



Good
sustainability ratings



Leading
global reinsurer

Munich Re at a glance – Key financials

Munich Re		2017	2016	2015	2014	2013
Gross written premiums	€bn	49.1	48.9	50.4	48.8	51.1
Operating result	€m	1,241	4,025	4,819	4,028	4,398
Taxes on income	€m	298	-760	-476	312	-108
Consolidated result	€m	392	2,581	3,122	3,171	3,333
Investments	€bn	217.6	219.4	215.1	218.9	202.2
Return on equity	%	1.3	8.1	10.0	11.3	12.5
Equity	€bn	28.2	31.8	31.0	30.3	26.2
Off-balance-sheet reserves ¹	€bn	15.0	17.3	16.0	17.4	8.7
Net technical provisions	€bn	205.8	202.2	198.5	198.4	187.7
Staff at 31 December		42,410	43,428	43,554	43,316	44,665

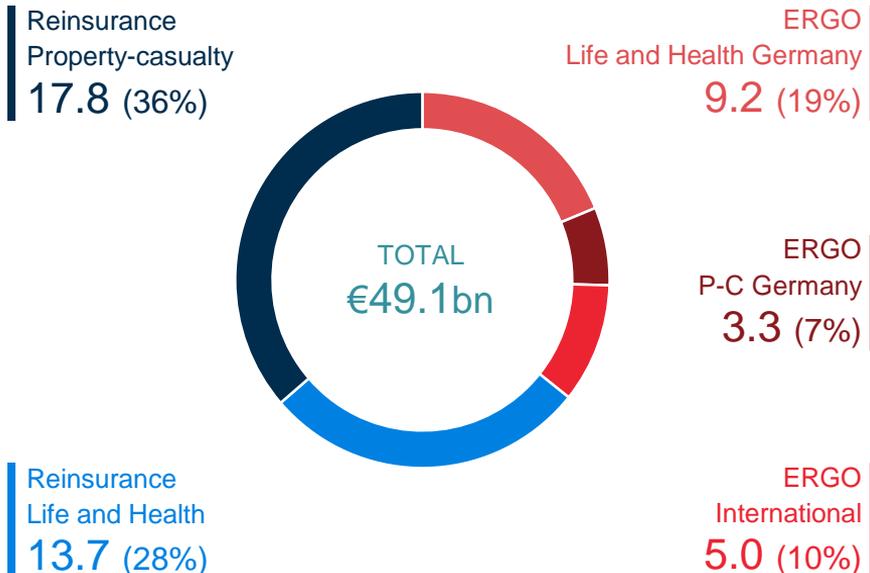
Our shares

Earnings per share	€	2.4	16.0	18.7	18.3	18.5
Dividend per share	€	8.60	8.60	8.25	7.75	7.25
Amount distributed	€m	1,290	1,338	1,329	1,293	1,254
Share price at 31 December	€	180.75	179.65	184.55	165.75	160.15
Market capitalisation at 31 December	€bn	28.0	28.9	30.8	28.7	28.7
No. of shares at year-end	m	155.0	161.1	166.8	172.9	179.3

¹ Including amounts attributable to minority interests and policyholders.

Integrated business model of primary and reinsurance allows us to realise synergies and economies of scope

Agile business model – Segmental breakdown €bn



Reinsurance – Well positioned to manage the current market environment and drive innovation

- P-C: Efficiently running the traditional book, steady expansion of innovative products/solutions – strong reserving position
- **Life and Health**: Strong position in all major markets – increasing contribution from initiatives portfolio

ERGO – Strategy Programme well on track, increasing earnings contribution

- **Life and Health Germany**: Continuously improving risk/return profile, including management of back book
- **P-C Germany**: Attractive business mix
- **International**: Strong presence in selected developed markets, capture opportunities in growth markets

Executing strategic priorities of the Group ...

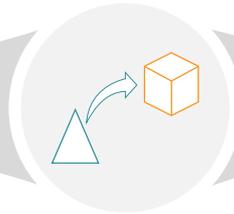
STRATEGIC PRIORITIES



Earnings stabilisation and increase of earnings power

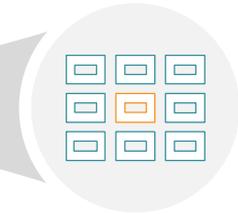
Focus on

- Profitability
- Business development
- Building new business models



Digital transformation

- Focus on leveraging all our strengths¹



Leanness, complexity reduction

- Focus on business and smart governance
- De-focus from rest, and divest from sub-critical business

... by strictly focusing on value-creating measures



GROUP

-  Corporate venture-capital activities
-  Munich Health integration into ERGO and Reinsurance
-  Interlocked business model

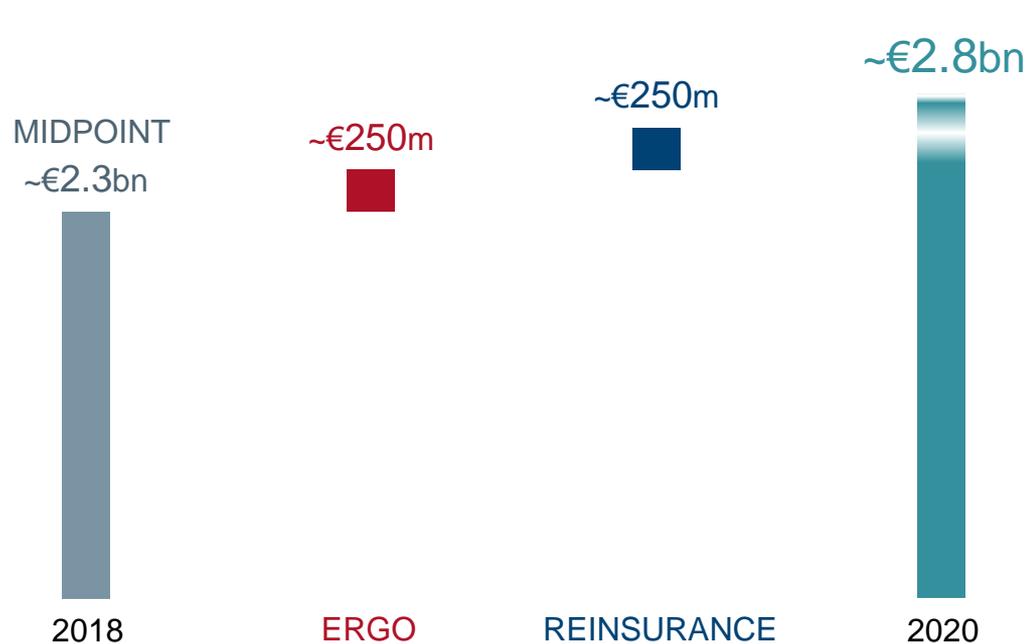
ERGO

-  German life back-book: New platform
-  Portfolio streamlining of international operations
-  nexible, Mobility Solutions, Digital IT, ...

REINSURANCE

-  Business growth in traditional Reinsurance
-  Business growth in Risk Solutions
-  Run growing traditional book at lower cost
-  Increasing investments into transformation competence and business cases: Digital Partners, IoT, data and analytics, cyber, multi-channel distribution, ...

Medium-term ambition – Pushing IFRS earnings beyond current level



ERGO >€0.5bn by 2020 

Strategy Programme well on track

- Substantial investments to strengthen position as leading primary insurer
- Cost savings to improve competitiveness

REINSURANCE ~€2.3bn by 2020 

Improving earnings quality in property-casualty

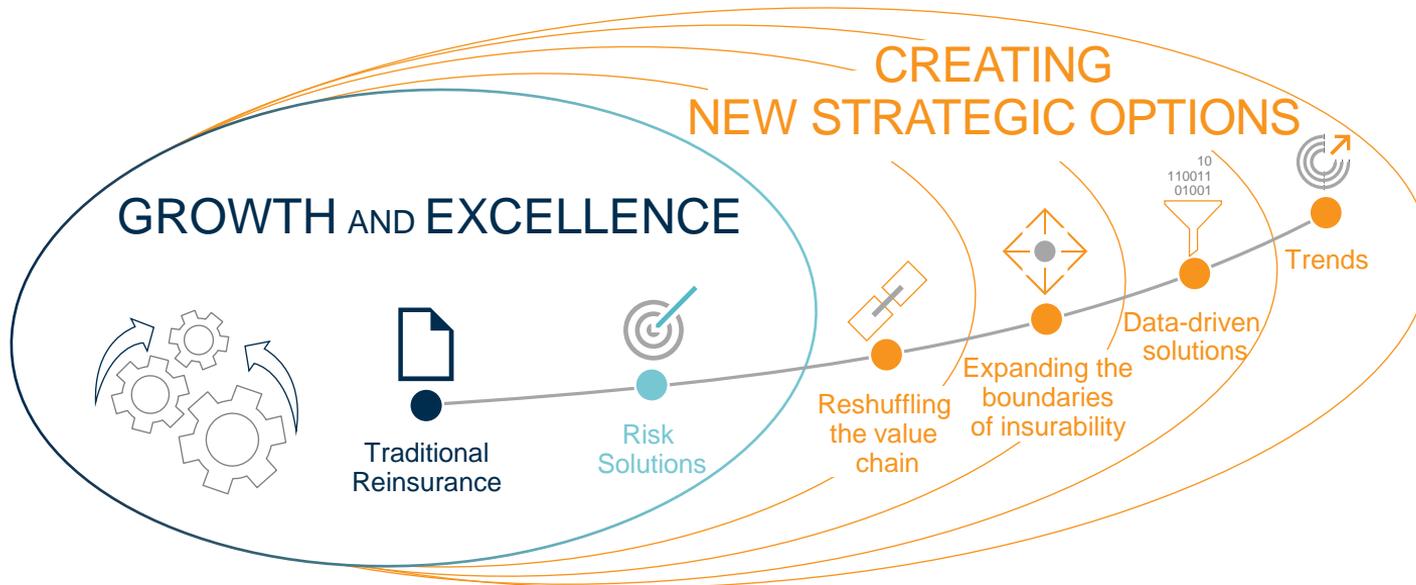
- Growth initiatives to increase underwriting result, including cost savings
- Prudent assumption as regards reserves – in tendency lower investment disposal gains, reserve releases cautiously set at 4%-points

Reinsurance – Well positioned to profitably grow its core business fields and drive innovation in the industry

1 | **TRADITIONAL REINSURANCE**
Effectively serving our clients and strengthening the business model

2 | **RISK SOLUTIONS**
Reinforcing underlying profitability and growth

3 | **NEW STRATEGIC OPTIONS**
Building a diversified profit base



1 | Strategic initiatives – Significant additional result contribution expected

BUSINESS GROWTH

Top position in core mature markets

- Expansion in currently under-represented segments/markets
- Stronger focus on US regional business
- Selective expansion of cat XL business

Smart growth in core emerging markets

- Focus on Asia, Latin America and Africa
- Expansion of specialty business
- Public sector development

Capital management solutions

- Expanding global footprint
- Diversifying portfolio

Living client centricity

- Shifting client-facing functions to regional centers, e.g. Asia, Latin America
- Strengthening client proximity, e.g. ADVANCE¹

First-class underwriting and risk management

- Invest in in-house cyber expertise and technology partnerships

Efficient and agile processes

- Complexity and cost reduction
- Digitalisation of selective processes and functions

2 | Risk Solutions: Continued strong earnings contribution adjusted for one-offs – medium-term ambition confirmed

GROSS
EARNED
PREMIUMS

€4.5bn (€4.8bn)

Portfolio consolidation –
profitability over growth

Organic
growth



- Hartford Steam Boiler (HSB) personal lines
- American Modern (AMIG)
- Lloyds

Continuous
M&A screening



- Focus on specialty lines

COMBINED
RATIO

106.7% (95.4%)

Adjusted for one-offs in line with
medium-term ambition

Build out digital
capabilities



- HSB multi-channel strategy
- AMIG renewed operational infrastructure

Spearhead
innovation



- Cyber
- Performance guarantees, e.g. Greentech

3 | We invest in data and technology as enablers for innovation and focus on tangible business impact

MUNICH RE STRATEGIC ADVANTAGES

Domain expertise in underwriting, claims, risk management

Efficient access to new solutions

Global presence

Financial strength

Strong brand and reputation

No IT legacy

Reshuffling the value chain



- Digital cooperation models (Digital Partners, multi-channel distribution, ...)
- IoT applications and services (via HSB)

Expanding the boundaries of insurability



- Cyber (re)insurance and embedded service solutions for cedants and insureds
- GWP 2017 US\$ 354m, low loss ratios, stringent accumulation control

Data-driven solutions



- Digitally augmented underwriting/claims solutions for our cedants

Investments in technology and people



- Bi-modal IT, smart data analytics, data storage (“data lake”), cooperation with technology analytics providers
- >150 FTEs with data-science background

Strategic investments in partnerships



- >€60m invested into >10 assets focusing on InsurTech, IoT and data specialists
- Focus on joint value creation

Reinsurance Life and Health – Tapping growth opportunities in North America and Asia

Canada

(€5.1bn / 37%)

- Competitive environment, but still very good profits under all metrics
- Leading market position allows for one-off opportunities
- Multi-channel distribution initiative to become a leading writer of group benefits

USA

(€2.8bn / 20%)

- High new business value with attractive risk-return profile
- Dedication to develop FinMoRe business and predictive analytics to foster growth
- Rigorous in-force management addressing performance issues in pre-2009 legacy block

UK (€1.9bn / 14%)

- Successful FinMoRe and longevity proposition
- Strong results from in-force portfolio
- Unattractive margins in protection business

Continental Europe

(€0.6bn / 5%)

- Sound but stagnating traditional business overall
- Solvency II generates demand for tailor-made solutions

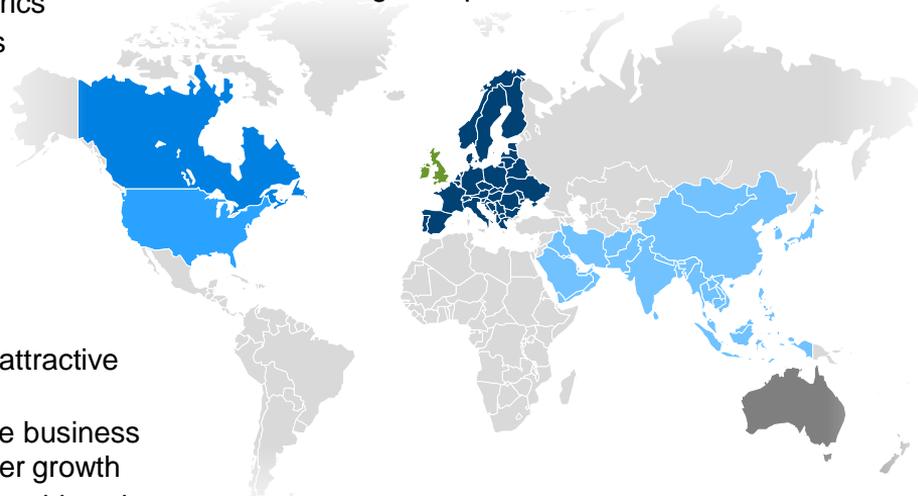
Asia

(€2.2bn / 16%)

- Pleasing development of new and in-force business
- Persistingly high demand for FinMoRe and successful offering of asset protection
- Substantial contribution from health business

Australia (€0.8bn / 6%)

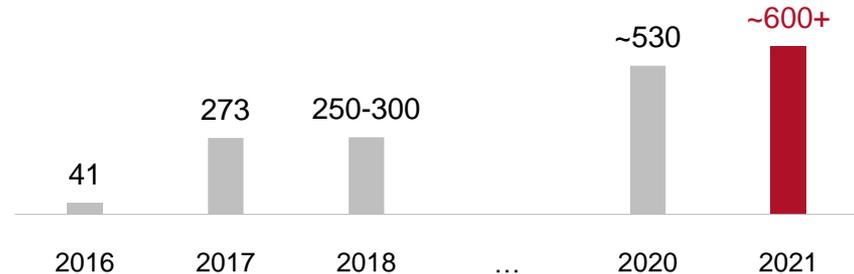
- Rehabilitation efforts and in-force management continue
- Opportunistic approach to new business



ERGO Strategy Programme – Continuously increasing net profit

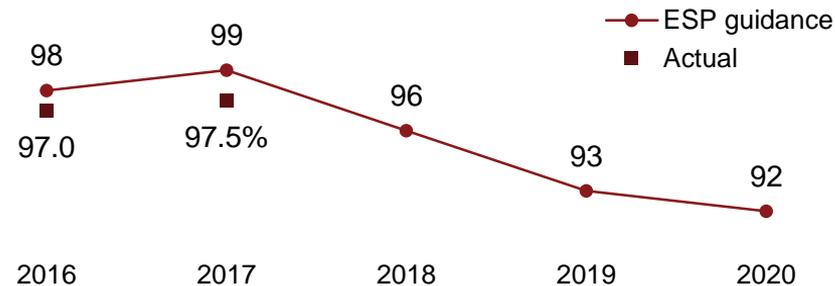
ERGO – Net profit

€m

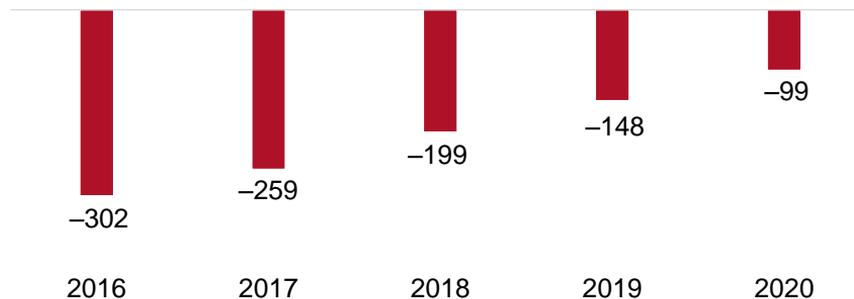


P-C Germany – Combined ratio

%

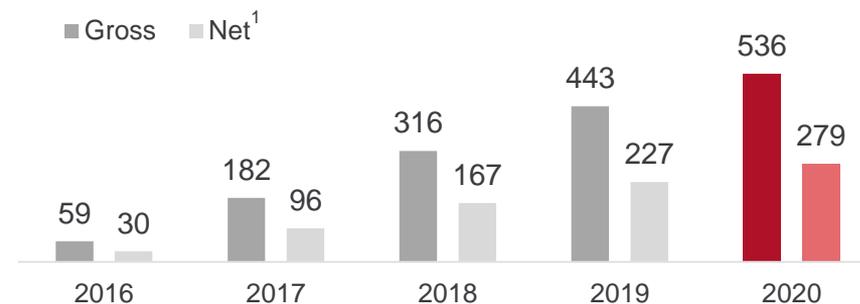
Net profit impact of investments¹

€m



Annual cost savings

€m



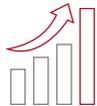
¹ After policyholder participation and taxes.

ERGO Strategy Programme (ESP) on track – Groundwork for growth laid, first success visible

	Guidance 2017	Actual 2017	ESP Plan 2020
Total premiums ERGO	€18–19bn ¹	€18.5bn	€19.5bn
Net profit ERGO	€200–250m ²	€273m	~€530m
Investments (net)	€259m ³	€170m	€1,008m
Total cost savings (accumulated)	€96m ³	€91m	€279m
Combined ratio P-C Germany	98% ²	97.5%	92%

GROUNDWORK FOR GROWTH

- Sales: Overheads reduced by 36%
- New products launched – revamping of portfolio P-C, Life and investment funds moving ahead
- Sales results 2017 higher than planned



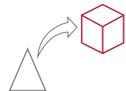
INNOVATIVE INITIATIVES

- Successful start of nexible in Germany
- Strategic partnership with Deutsche Telekom to develop Safe Home won “Insurance Innovation of the Year”
- ERGO Mobility Solutions started, strategic partnership with Ford Germany



DIGITAL TRANSFORMATION PROCEEDS

- Go-live of ERGO group-wide customer self-service portal, number of users increased by 43% to 685,000
- STP⁴ in P-C from 2015 to 2017 significantly increased, e.g. in motor to 53% (37%), in legal protection to 66% (52%)
- Digital IT fully up and running – currently ~120 experts at locations in Berlin and Warsaw



Strong balance sheet allows us to execute business opportunities



STRONG BALANCE SHEET

▲ facilitating earnings growth

▼ enabling

CAPITAL DEPLOYMENT

HIGH CAPITAL RETURN

- ✓ Organic growth
- ✓ M&A
- ✓ Partnerships

Sustainable dividend per share growth

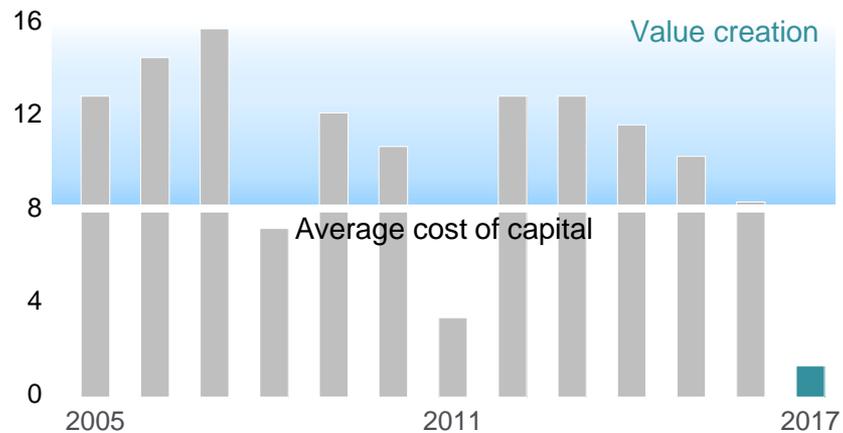


1 Subject to approval of AGM. 2 Further continuation of €1bn share buy-back until AGM 2019.

Munich Re proves a superior risk/return profile

RoE exceeds cost of capital

%



~10%
13-year average RoE

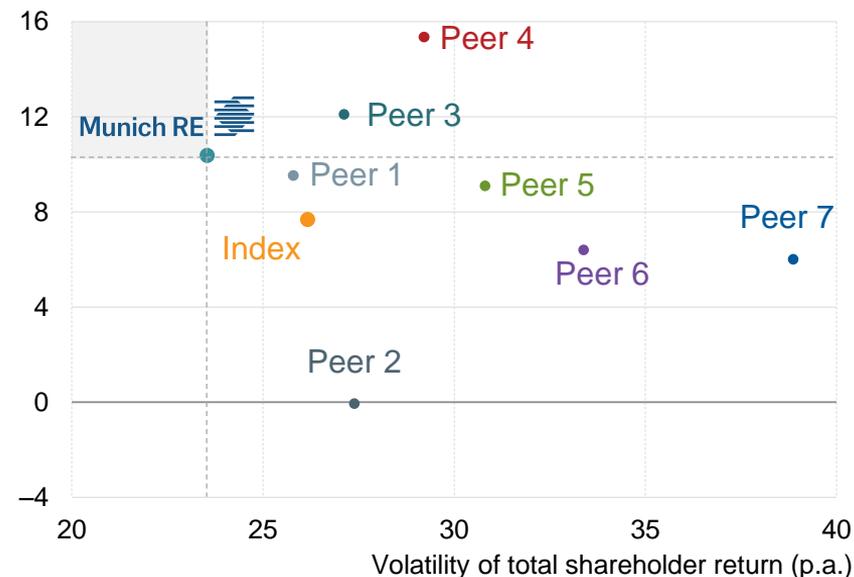
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~8%
Average cost of capital

Performance vs. major peers and insurance index¹

%

Total shareholder return (p.a.)



¹ Annualised total shareholder return defined as price performance plus dividend yield over the period from 1.1.2005 until 31.3.2018; based on Bloomberg data in local currency; volatility calculation with 250 trading days per year. Peers: Allianz, Axa, Generali, Hannover Re, Scor, Swiss Re, ZIG, Stoxx Europe 600 Insurance ("index").

Outlook 2018

GROUP

Gross premiums written

€46–49bn

Net result

€2.1–2.5bn

Return
on investment

~3%

REINSURANCE

Gross premiums written

€29–31bn

Net result

€1.8–2.2bn

P-C
combined ratio¹

~99%

L/H technical result
incl. fee income

≥€475m

ERGO

Gross premiums written

€17–18bn

Net result

€250–300m

P-C combined ratio

Germany	International
~96%	~97%

¹ Expectation of reserve releases in 2018 of at least 4%-pts.

Group

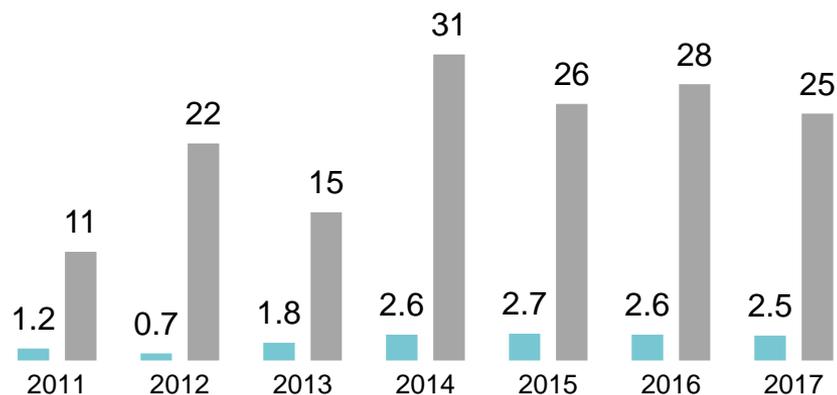
2

Conservative accounting translates into earnings as a result of ordinary business activity

Investment result €bn

+ Ongoing disposal gains — Low reinvestment yields

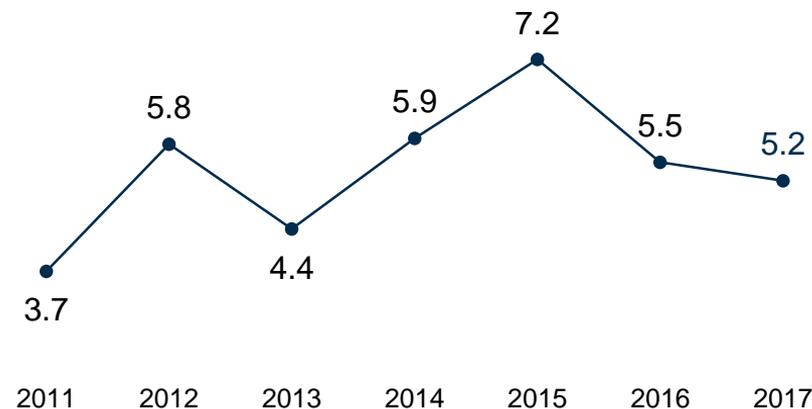
■ Net disposal gains ■ Unrealised gains



Part of the valuation reserves realised as a result of usual portfolio turnover

P-C reinsurance – Release of loss reserves¹ %

+ Strong reserving position — Reinsurance cycle

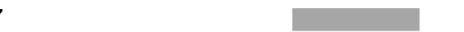


Ongoing releases of loss reserves without weakening resilience against future volatility

¹ Basic losses, in % of net earned premiums, adjusted for corresponding commission effects.

IFRS capital position

Equity

		€m		€m
Equity 31.12.2016	31,785		Change Q4	
Consolidated result	392			538
Changes				
Dividend	-1,333			0
Unrealised gains/losses	360			452
Exchange rates	-1,837			-267
Share buy-backs	-1,015			-272
Other	-154			-23
Equity 31.12.2017	28,198			428

Unrealised gains/losses

Fixed-interest securities

2017: €97m Q4: €217m

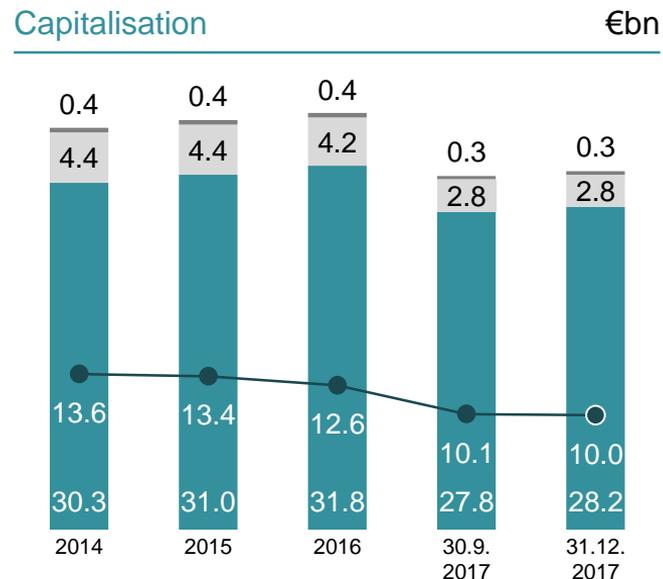
Non-fixed-interest securities

2017: €260m Q4: €224m

Exchange rates

FX effect mainly driven by US\$

Capitalisation



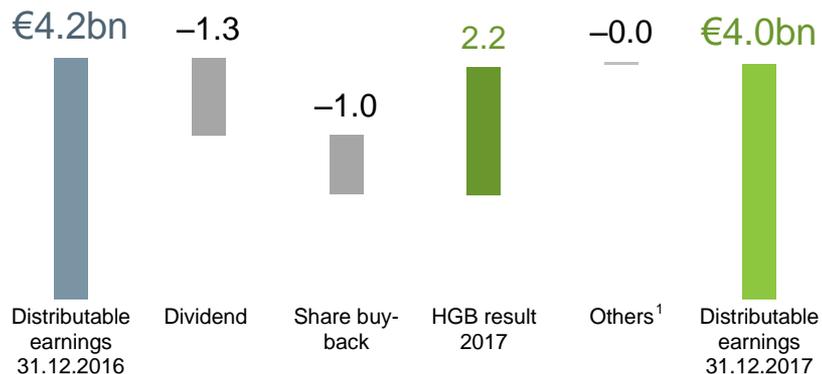
- Debt leverage¹ (%)
- Senior and other debt²
- Subordinated debt
- Equity



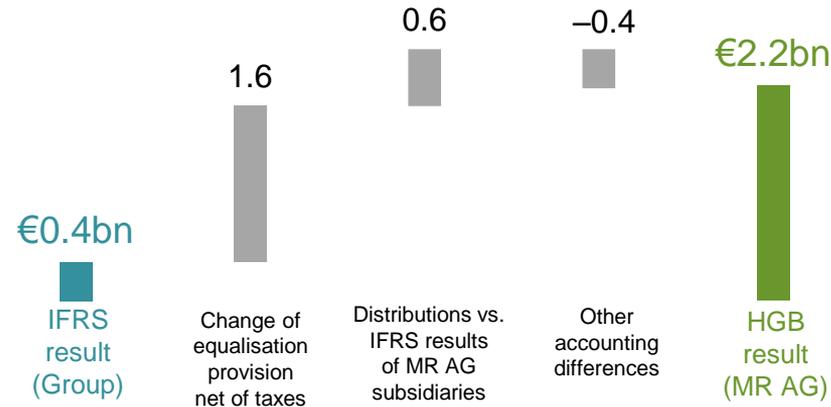
1 Strategic debt (senior, subordinated and other debt) divided by total capital (strategic debt + equity). 2 Other debt includes Munich Re bank borrowings and other strategic debt.

Distributable earnings largely stable – Solid result of parent company safeguards financing of capital repatriation

HGB result financing capital repatriation



Reconciliation of IFRS (Group) to German GAAP (HGB) result (Munich Reinsurance Company)



¹ Changes in restrictions on distribution.

Economic earnings 2017 – Outlook 2018: Slightly above IFRS result outlook of €2.1–2.5bn

€bn	Actual	Expectation
Operating economic earnings	0.1	1.9
Expected return existing business	0.7	
New business value	–1.0	
Operating variances existing business	0.4	
Economic effects	1.9	1.4
Interest rate	1.3	
Equity	1.2	
Credit	1.1	
Currency	–2.5	
Other ¹	0.7	
Other non-operating earnings	–1.4	–0.8
Total economic earnings 2017	0.5	2.4
Total economic earnings 2016	2.3	2.5

Operating economic earnings

- Positive operating economic earnings in Reinsurance Life and Health and ERGO offset by negative contribution from Reinsurance P-C (major losses –€2.3bn above expectation)
- Expectation: Operating economic earnings without variances in new and existing business

Economic effects

- Both reinsurance and ERGO with high economic gains on risk-free interest rates, credit spreads and infrastructure
- Reinsurance with high economic loss from FX development over the year, partially compensated for by high gains on equities
- Expectation: Influence of capital market parameters on assets and liabilities, assuming stability

Other non-operating earnings

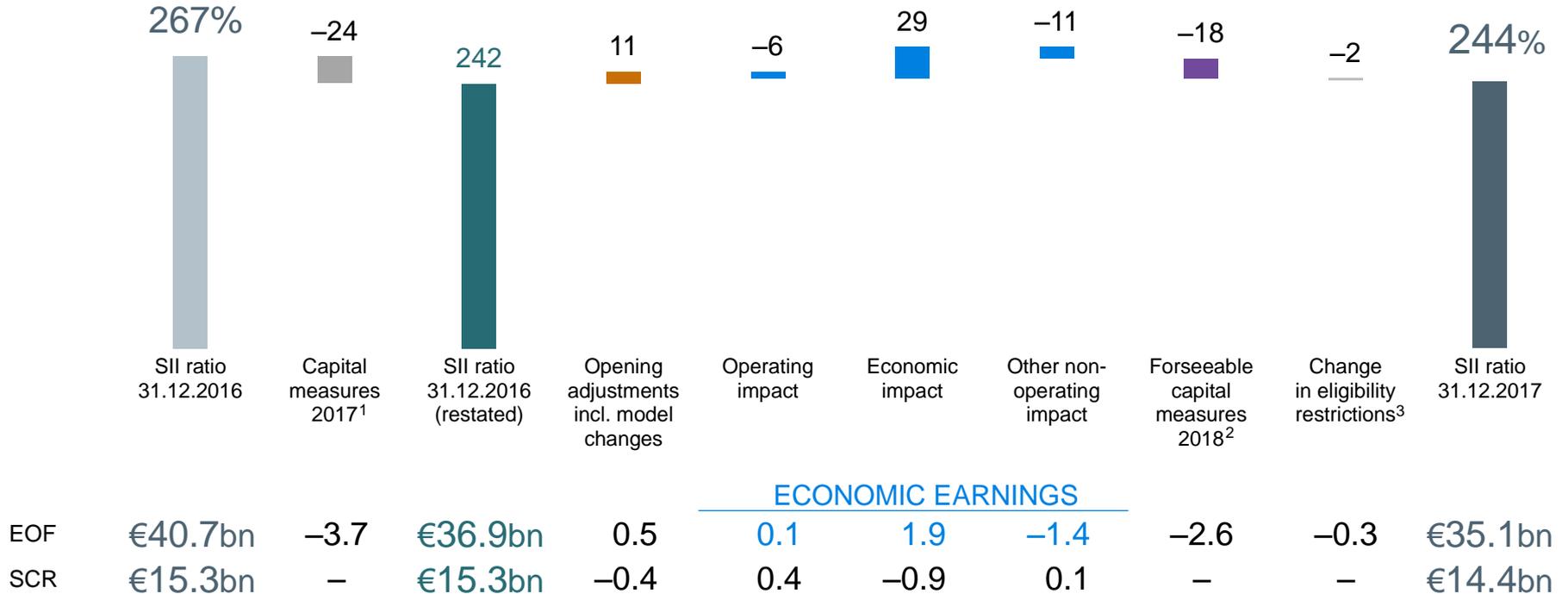
- Expectation: Taxes on expected earnings in particular, as all other line items are pre-tax

¹ Primarily related to illiquid investments: Property, infrastructure, forestry, hedge funds, private equity.

P&L attribution – Pleasing economic earnings in RI L/H and ERGO compensates for nat-cat-driven loss at RI P-C

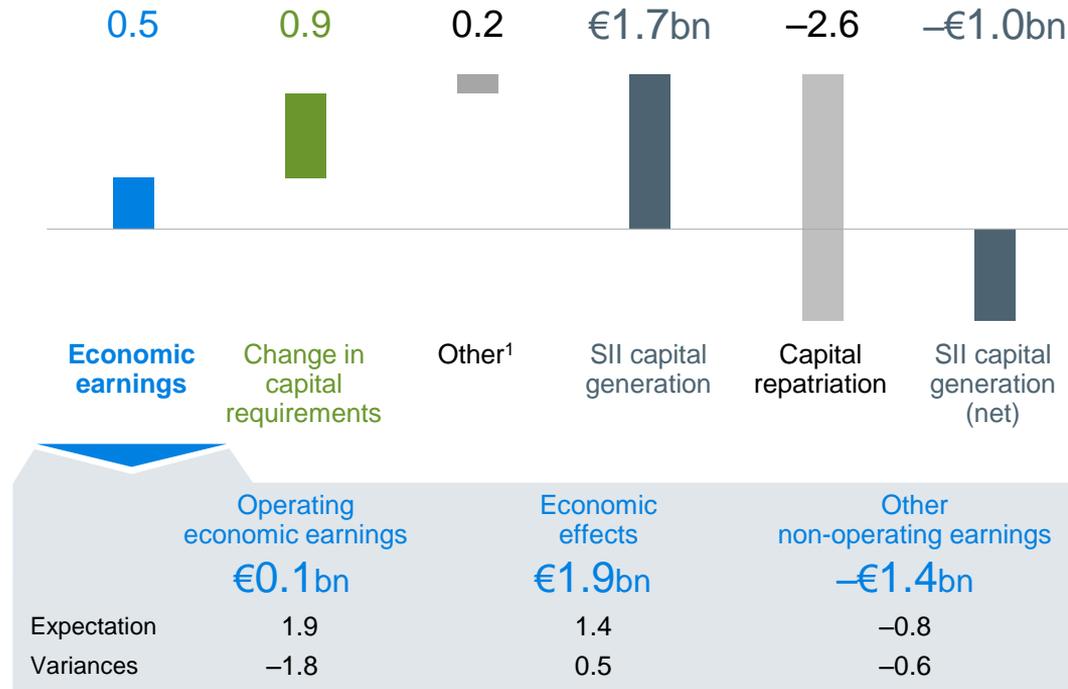
Munich Re (Group) 2017 €bn	Reinsurance L/H	Reinsurance P-C	ERGO L/H Germany	ERGO P-C Germany	ERGO International	Munich Re (Group)
Operating economic earnings	1.6	-2.0	0.0	0.2	0.3	0.1
Expected return existing business	0.2	0.2	0.2	0.0	0.1	0.7
New business value	1.1	-2.4	0.1	0.0	0.2	-1.0
Operating variances existing business	0.3	0.2	-0.3	0.2	0.0	0.4
Economic effects	0.3	0.6	0.6	0.2	0.3	1.9
Other non-operating earnings	-0.8	0.0	-0.3	-0.1	-0.2	-1.4
Total economic earnings	1.0	-1.4	0.3	0.2	0.3	0.5

SII ratio in a comfortable range



Operating impact and economic impact pre tax: taxes incl. in other non-operating impact. ¹ Dividend payment in 2017 (€1.3bn), share buy-back (€1.0bn) and repayment of subordinated bond in 2017 (€1.4bn). ² Foreseeable dividend for 2017 (€1.3bn), foreseeable share buy-back in 2018/19 (€1.0bn) and foreseeable repayment of subordinated bond in 2018 (€0.3bn). ³ Change in non-available own fund items.

Nat cat impact on economic earnings influences capital generation



Change in capital requirements

Reduction mainly driven by

- FX (strong euro)
- Higher interest rates

Economic earnings

- Operating: Reinsurance P-C impacted by major losses, pleasing contribution from Reinsurance Life/Health and ERGO
- Economic effects: Benefit from benign capital markets (interest rates, equities, credit spreads) partly offset by FX losses
- Other non-operating including tax effects
- Expected economic earnings of €2.4bn² supporting current level of capital repatriation

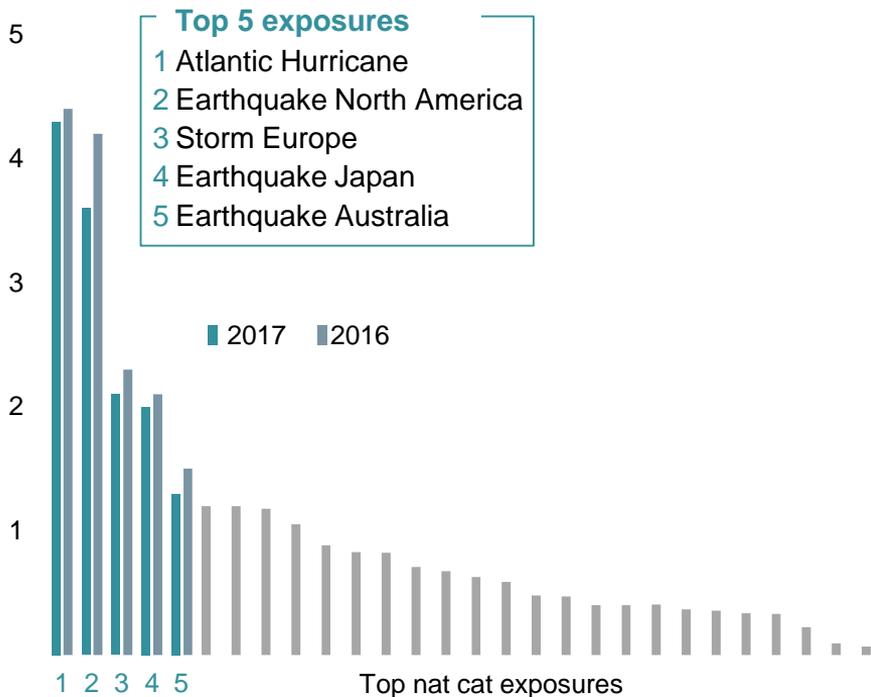
Breakdown of solvency capital requirement (SCR) by risk category and segment

Risk category (€bn)	Group		Delta	RI	ERGO	Div.	Remarks
	2016	2017		2017	2017	2017	
Property-casualty	6.8	6.3	-0.5	6.2	0.4	-0.3	Appreciation of euro
Life and Health	5.2	4.9	-0.3	4.3	0.8	-0.2	
Market	9.9	9.2	-0.7	5.9	5.6	-2.3	Higher interest rates reduce interest-rate risk
Credit	4.0	3.4	-0.6	2.2	1.3	-0.1	Appreciation of euro
Operational risk	1.4	1.2	-0.2	0.8	0.8	-0.3	
Other ¹	0.6	0.7	+0.1	0.5	0.2		
Simple sum	27.9	25.8	-2.1	19.9	9.1	-3.2	
Diversification	-10.0	-9.1	+0.9	-7.4	-2.0		Diversification benefit: 35%
Tax	-2.6	-2.3	+0.3	-2.1	-0.6		
Total SCR	15.3	14.4	-0.9	10.4	6.6	-2.6	

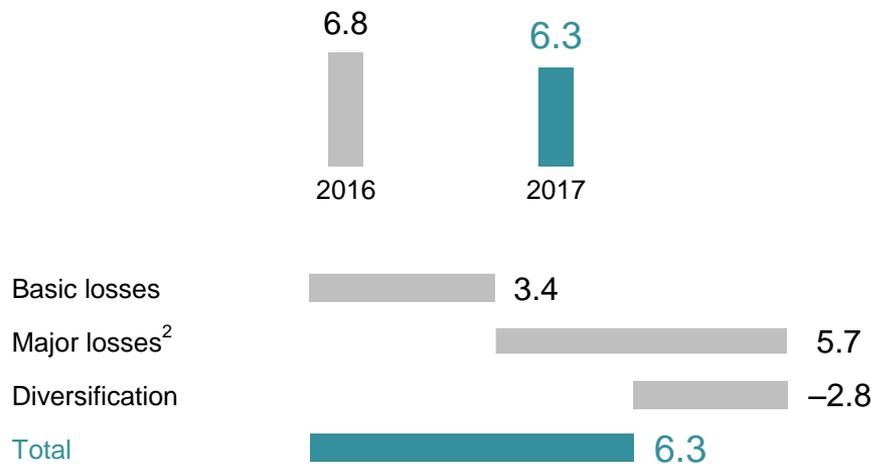
Appreciation of euro and increase in interest rates largest determinant of SCR changes

Property-casualty risk

Nat cat exposure (net of retrocession) – AggVaR¹ €bn



SCR property-casualty €bn



- Overall slight portfolio growth compared with last year
- SCR decrease mainly due to FX, esp. weaker US\$, affecting both major and basic losses

Development of Munich Re's Solvency II ratio

Munich Re actions

>220%: Above target capitalisation

- Capital repatriation
- Increased risk-taking
- Holding excess capital to meet external constraints

175–220%: Target capitalisation

- Optimum level of capitalisation

140–175%: Below target capitalisation

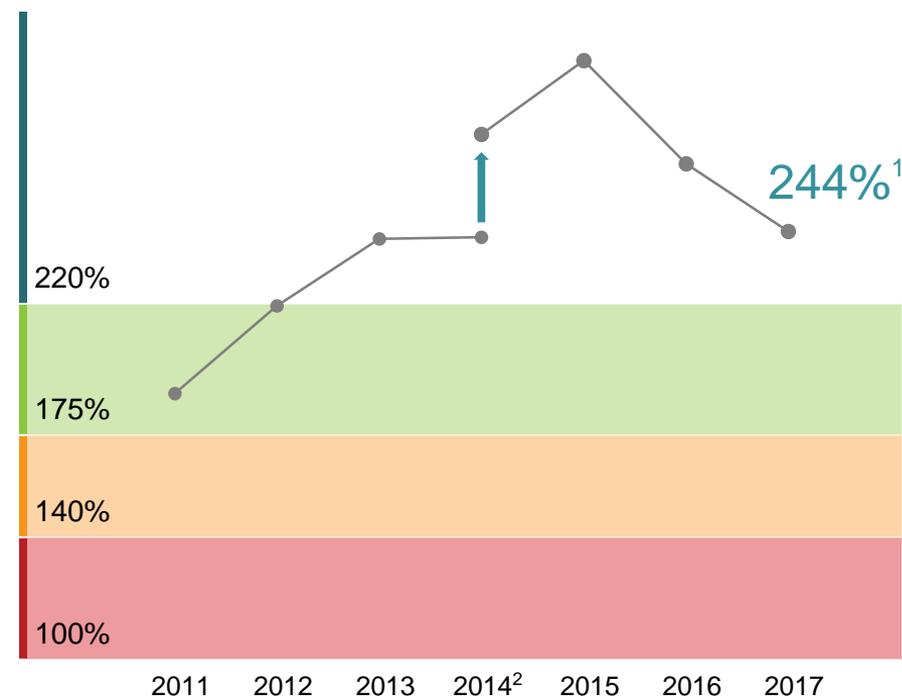
- Tolerate (management decision) or
- If necessary, take management action (e.g. risk transfer, scaling-down of activities; raising of hybrid capital)

<140%: Sub-optimal capitalisation

- Take risk-management action (e.g. risk transfer, scaling-down of activities; raising of hybrid capital) or
- In exceptional cases, tolerate situation (management decision)

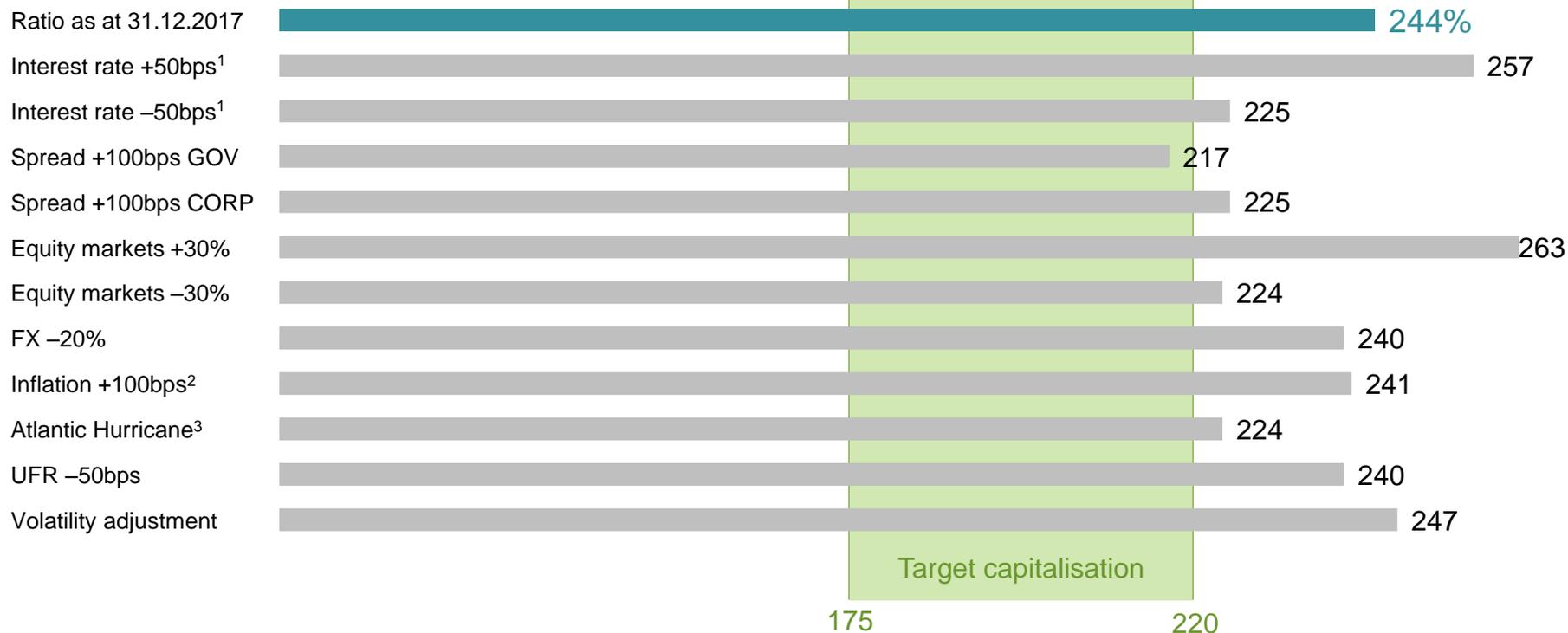
SII ratio

%



¹ Including all planned capital measures. ² Transition into SII metric.

Sensitivities of SII ratio

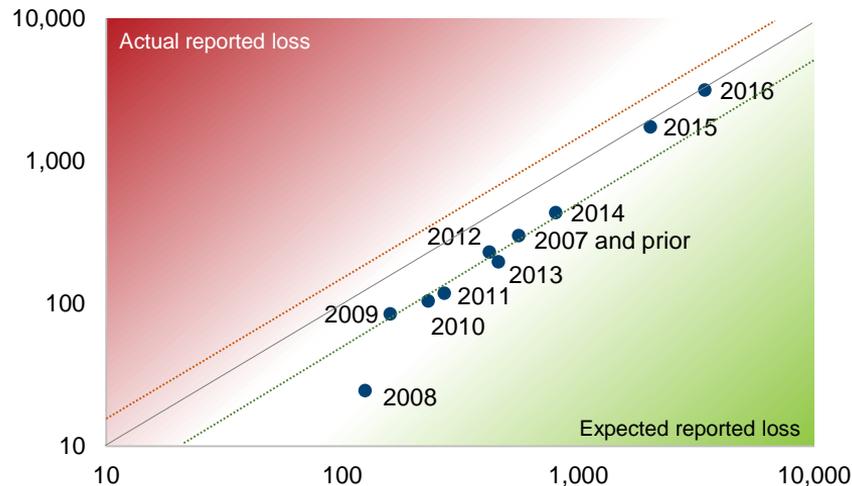


Very strong reserving position – Actual losses consistently below actuarial expectations throughout the years

Reinsurance group – Comparison of incremental expected losses with actual reported losses¹

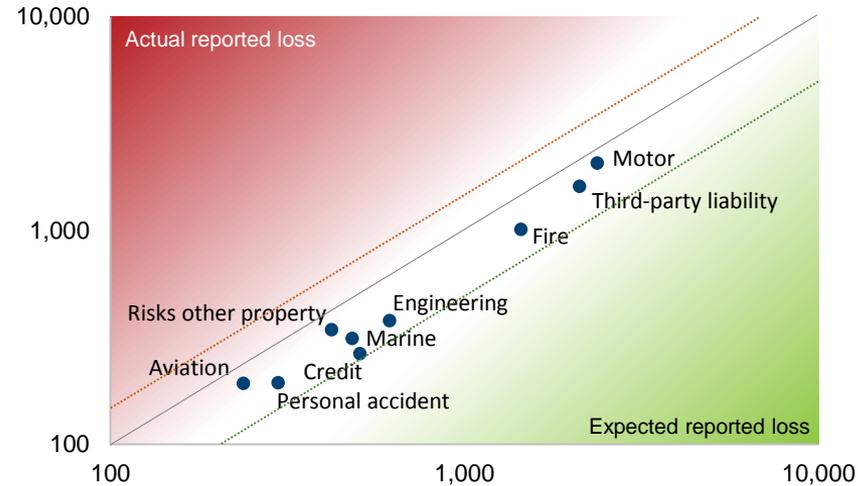
€m

By exposure year



Actuals for first run-off year (2016) are around 10% below expectations – consistent with picture in previous years

By line of business



Very stable actual-versus-expected development per line of business

Legend: **Green** Actuals below expectation **Red** Actuals above expectation **Solid line** Actuals equal expectation **Dotted line** Actuals 50% above/below expectations

¹ Reinsurance group losses as at Q4 2017, not including parts of Risk Solutions, special liabilities and major losses (i.e. events of over €10m or US\$ 15m for Munich Re's share).

Positive run-off result without weakening resilience against future volatility

Ultimate losses¹ (adjusted to exchange rates as at 31.12.2017)

€m

Ultimate reduction

Date	Accident year (AY)											Total	
	≤2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017		
31.12.2007	49,058												
31.12.2008	48,729	13,108											
31.12.2009	48,550	13,508	13,034										
31.12.2010	47,965	13,474	12,973	13,412									
31.12.2011	47,761	13,202	12,529	13,578	17,241								
31.12.2012	46,915	13,064	12,418	13,466	17,307	14,200							
31.12.2013	46,611	12,892	12,407	13,550	17,039	13,982	14,155						
31.12.2014	46,267	12,636	12,085	13,581	16,668	13,786	14,360	14,113					
31.12.2015	45,738	12,488	11,881	13,390	16,534	13,587	14,321	14,143	13,449				
31.12.2016	45,502	12,424	11,846	13,174	16,095	13,551	14,038	14,122	13,499	14,370			
31.12.2017	45,401	12,377	11,829	13,053	16,075	13,445	13,935	13,910	13,297	14,244	17,390		
CY 2017 run-off change	102	47	17	122	20	106	102	212	202	126	–	1,056	
CY 2017 run-off change (%)	0.2	0.4	0.1	0.9	0.1	0.8	0.7	1.5	1.5	0.9	–	0.6	

Prior-year releases of €1.1bn driven by reinsurance portfolio

- Favourable actual vs. expected comparison facilitates ultimate reductions for prior years
- Reserve position remains strong

Reinsurance²

€1,047m

ERGO

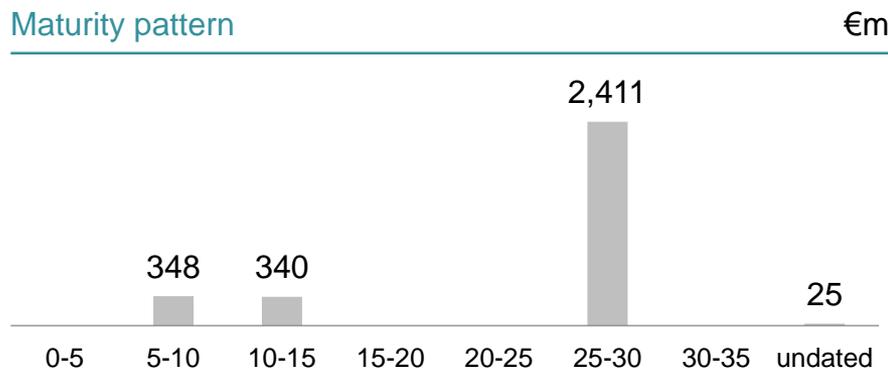
€9m

Munich Re (Group) – Outstanding bonds

Senior and subordinated bonds¹

Nominal volume	Coupon rate p. a.	Emission/Issue	Maturity	First possible redemption date
€900m	Until 2022 6.25% , thereafter variable	2012	2042	26 May 2022
£450m	Until 2022 6.625% , thereafter variable	2012	2042	26 May 2022
€1,000m	Until 2021 6.00% , thereafter variable	2011	2041	26 May 2021
£300m	Until 2018 7.625% , thereafter variable	2003	2028	21 June 2018
US\$342m	7.45%	1996	2026	

Maturity pattern



€m

Currency pattern

USD
11GBP
27

%

EUR
62

¹ As at 31 December 2017. Bonds with a nominal value below €100m not considered. In addition, Munich Re has placed some natural catastrophe bonds.

Turning risk into sustainable value – Company success through responsibility

Commitments...

... implementation ...

... external recognition



Environmental, Social, Governance (ESG)

Group-wide carbon-neutrality since 2015; shared-value projects closely related to our core business; high corporate governance standards

Corporate responsibility in insurance

Integration of ESG aspects into core business (process, guidelines, tools); prudent Group-wide control, support and training

Corporate responsibility in investment

Sustainability one criterion for investment decision; incorporated in our Group-wide investment guideline



We actively embrace ESG factors along the value chain in our insurance business operations and asset management

Reinsurance

3

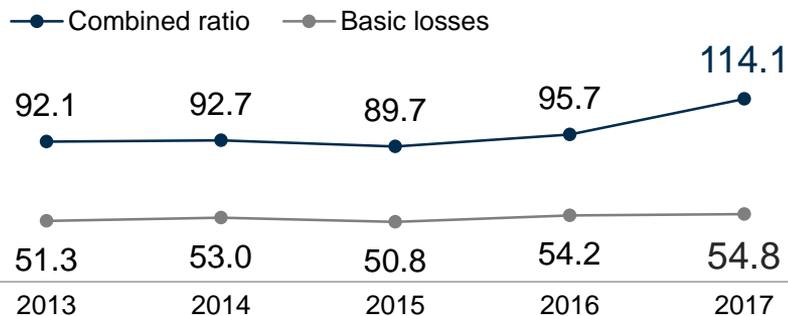
Munich Re – Leading global reinsurer

Rank	Company	Country	Net reinsurance premiums written 2016 (US\$ m)
1	Swiss Re	Switzerland	33,570
2	Munich Re	Germany	31,839
3	Hannover Re	Germany	15,363
4	Berkshire Hathaway Re	USA	13,917
5	SCOR	France	13,231
6	Reinsurance Group of America	USA	9,249
7	Lloyd's	UK	8,959
8	China Re	China	7,514
9	Everest Re	Bermuda	5,271
10	MS&AD Holdings	Japan	5,181
11	Partner Re	Bermuda	4,954
12	General Ins. Corp. of India	India	4,675
13	Transatlantic Holdings Inc.	USA	3,969
14	Korean Re	South Korea	3,891
15	XL Catlin	Bermuda	3,527
16	Mapfre Re	Spain	2,946
17	Sompo	Japan	2,874
18	Tokio Marine	Japan	2,685
19	Maiden Re	Bermuda	2,655
20	R+V Versicherung	Germany	2,302
	Total top 40		200,973

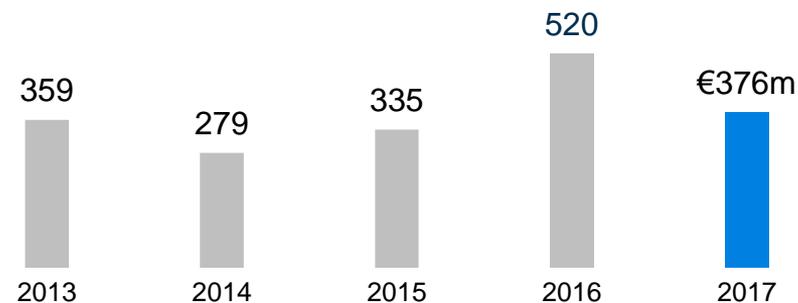
Reinsurance – Overview

		2017	2016	2015	2014	2013
Gross written premiums	€bn	31.6	31.5	28.2	26.8	27.8
Investments	€bn	85.8	91.9	89.2	88.0	79.2
Net technical provisions	€bn	68.1	67.1	65.4	63.5	60.5
Major losses (net)	€m	4,314	1,542	1,046	1,162	1,689
Thereof natural catastrophes	€m	3,678	929	149	538	764

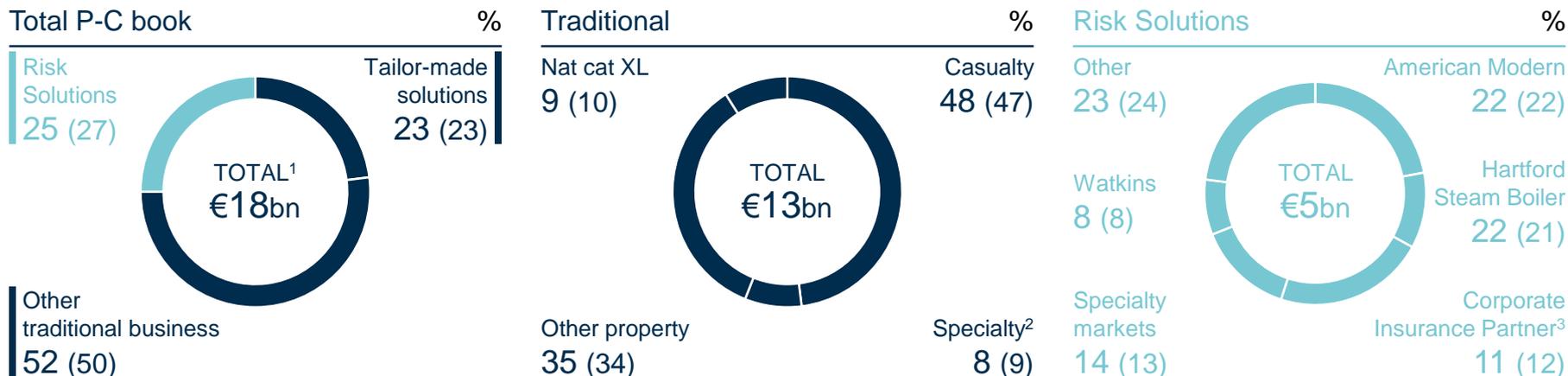
Property-casualty – Combined ratio %



Life and Health – Technical result €m



Stable top line despite portfolio management measures – well balanced diversified portfolio



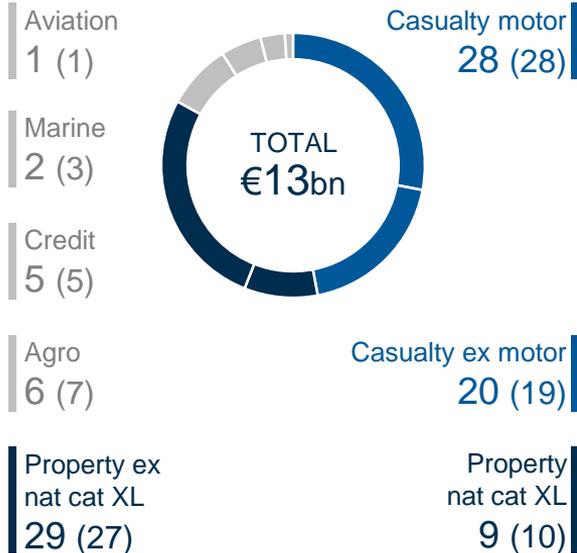
- Targeted withdrawal from unprofitable business
- Offset by selective underwriting of attractive business opportunities in traditional reinsurance
- Sustained high level of tailor-made solutions

- Well balanced traditional portfolio
- Slight move towards casualty and other property

- Dominated by US business – around 60%
- Consistent exit from underperforming business – profitability before growth

Portfolio management and high share of proportional business supports earnings resilience

Traditional



Proportional
75 (74)



%
Facultative
9 (9)

XL
16 (17)

Portfolio developments

Share increases

- Proportional property and casualty – following the realisation of profitable business opportunities
- Accordingly, ongoing slight shift towards proportional business

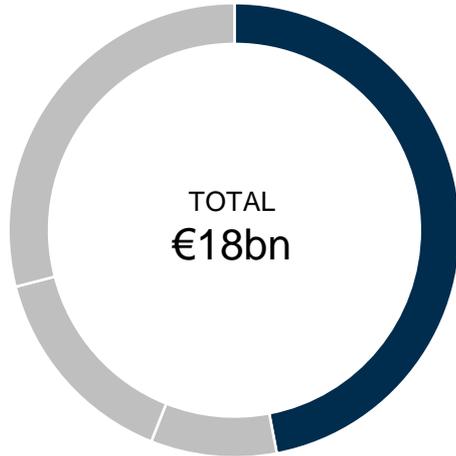
Share decreases

- Rigorous top-line reductions in agro and marine, credit volume slightly down
- Property nat cat XL portfolio relatively stable overall

January renewals – Roughly half of total P-C book up for renewal, regional focus on Europe

Total property-casualty book¹ %

Remaining business 29	January renewals 47
--------------------------	------------------------



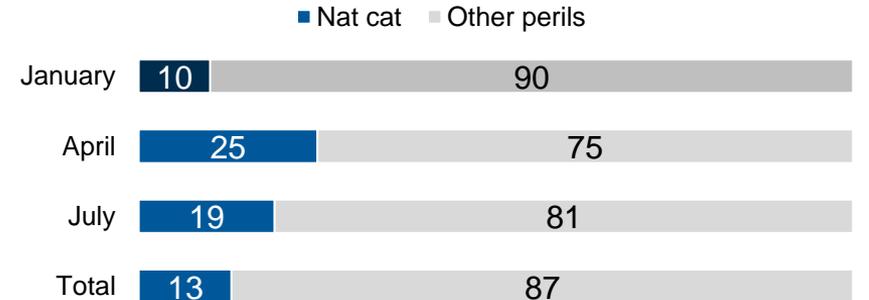
July renewals 15	April renewals 9
---------------------	---------------------

Regional allocation of January renewals %

Worldwide 24	Europe 33
Latin America 3	North America 27
Asia/Pacific/Africa 12	



Nat cat shares of renewable portfolio² %

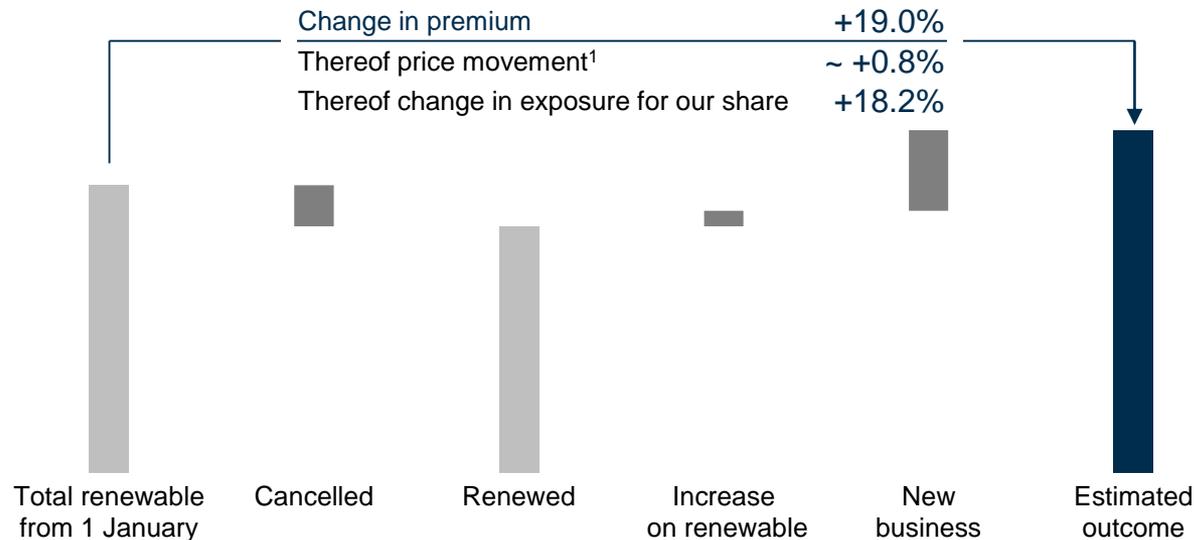


¹ Gross premiums written. Economic view – not fully comparable with IFRS figures. ² Total refers to total p-c book, incl. remaining business.

Substantial rate increases in loss-affected business – Attractive business opportunities lead to top-line growth

January renewals 2018

%	100	-14.3	85.7	5.4	27.9	119.0
€m	8,327	-1,190	7,138	446	2,327	9,909



- Positive price change for the first time in four years
- Nat cat losses in 2017 stop downward trend – substantial rate increases in loss-affected business, stabilisation elsewhere
- Significant top-line growth, seizing various opportunities in proportional casualty and property business, ...
- ... including a few very large transactions

¹ Price movement is risk-adjusted, i.e. includes claims inflation/loss trend and is adjusted for portfolio mix effects. Furthermore, price movement is calculated on a wing-to-wing basis (including cancelled and new business).

Improvement in market conditions expected to continue

Total P-C book¹



Nat cat share: 13%

~50% of total P-C book renewed in January

Treaty business

January

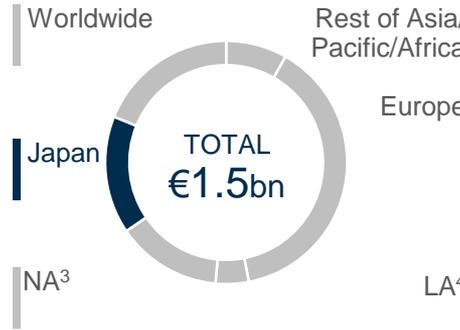


Focus: **Europe**

Nat cat share: 10%

Positive price change of ~+0.8%

April

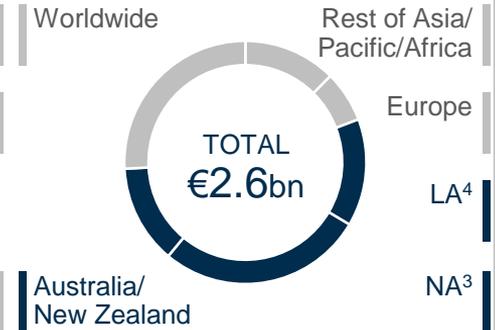


Focus: **Japan**

Nat cat share: 25%

- Capacity expected to remain high
- Claims experience in the individual market segments will play a major role

July



Focus: **USA, LA, Australia**

Nat cat share: 19%

1 Approximation – not fully comparable with IFRS figures. 2 Includes Risk Solutions business (12% of January business and 6% of total P-C book). 3 NA = North America. 4 LA = Latin America.

Munich Re is utilising multiple channels as instrument for risk management

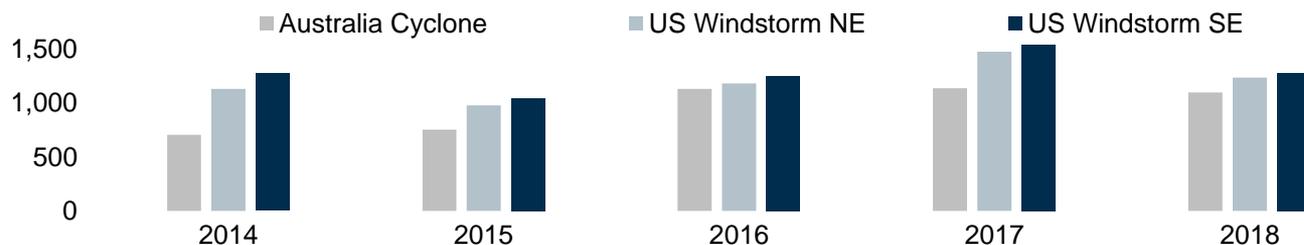
Munich Re channels to tap alternative capacity sources

Sidecar programme¹

- Size of programme placed to institutional investors increased to US\$ 700m
- Broad investor base
- Peak nat cat exposures

Retrocession – Protection per nat cat scenario²

€m



Retrocession use reflects favourable market terms and strong Munich Re capital base

Enhanced risk management and client offerings on basis of ART channels

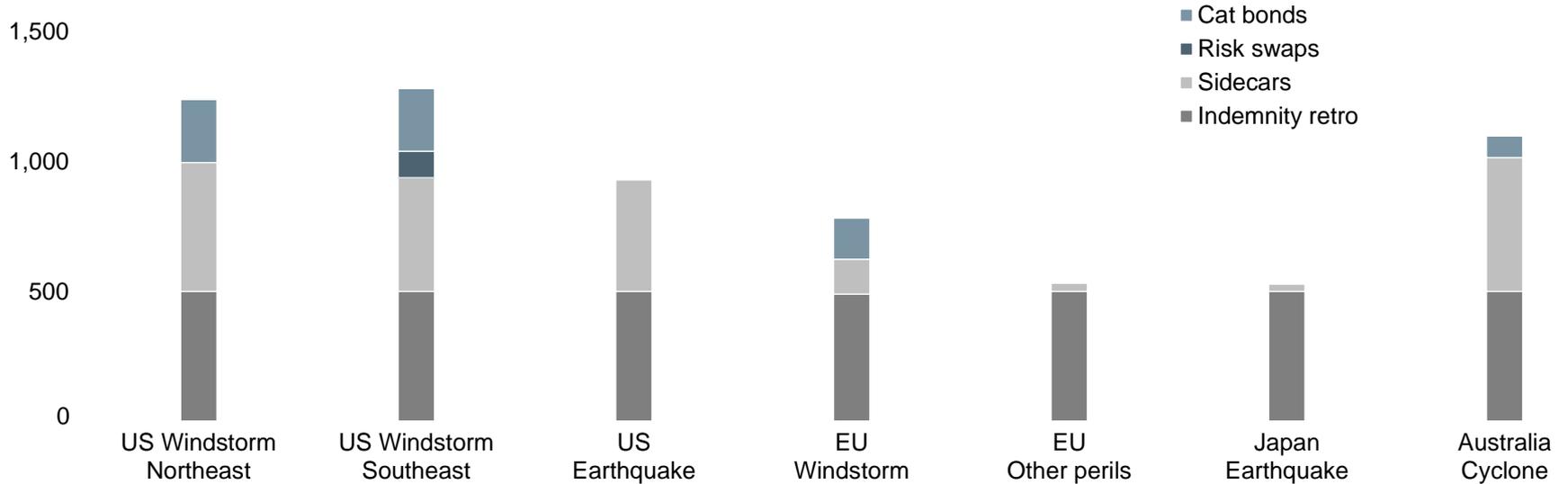
- Combining Munich Re's unique value proposition in managing peak risk with client access to institutional investor capacity
- Taking advantage of alternative sources of capital for clients and Munich Re's own book
- Munich Re ILS service for third parties completes offer as customised stand-alone service or integrated into traditional solutions

Broad distribution channels to ART markets increase flexibility of Munich Re balance sheet – relationship-based approach allows for scaling-up

Munich Re's maximum in-force nat cat protection

Nat cat protection before reinstatement premiums, as at January 2018

€m

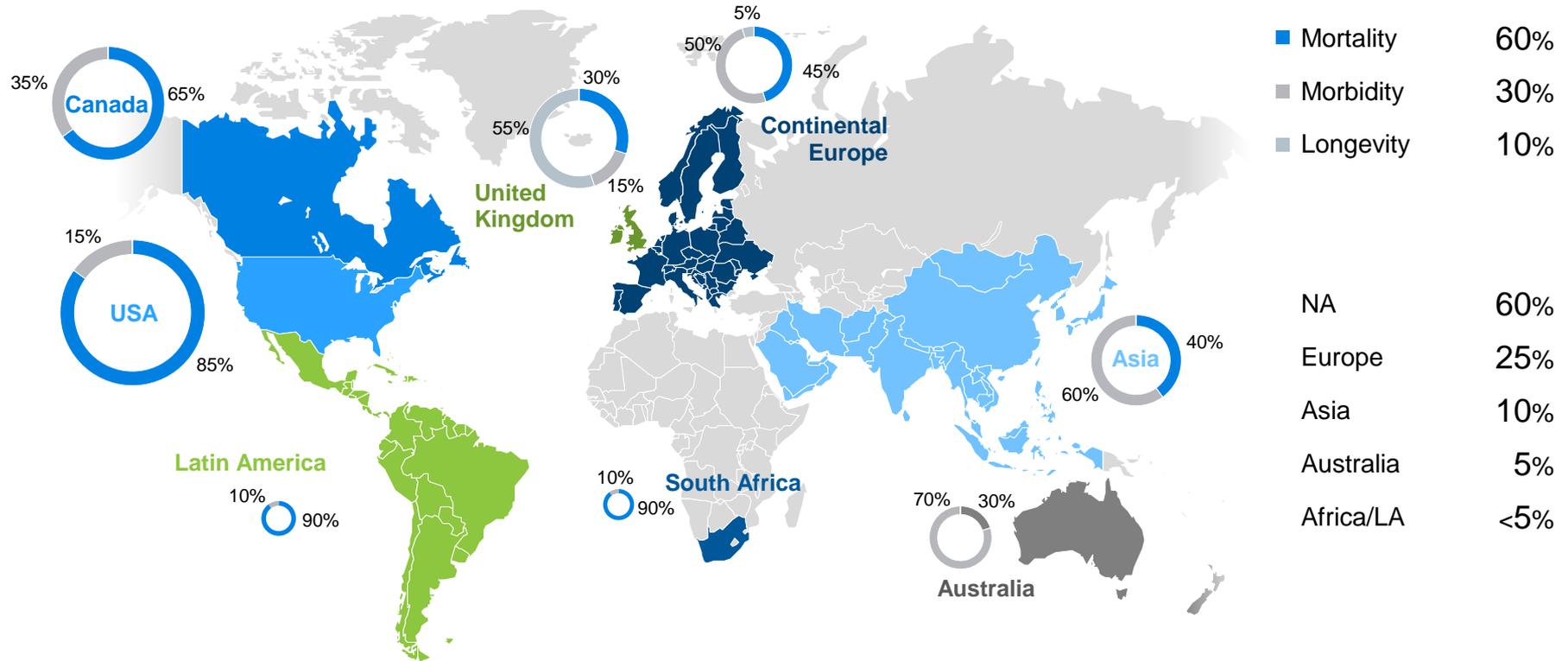


Outstanding insurance-linked securities (ILS) – Munich Re's Capital Partners unit is a recognised player in the ILS market

	Transaction	Closing	Maturity	Volume	Perils covered	
For clients	Pandemic Emergency Financing Facility	7/2017	7/2020	US\$ 225m	Class A – Pandemic influenza, Coronavirus	<ul style="list-style-type: none"> ▪ Generation of fee income ▪ Active investor in the primary and secondary market ▪ Improvement of own risk/return profile and cost efficiency ▪ Utilisation of unexhausted risk budgets ▪ Offering one-stop shopping to clients as sponsors
				US\$ 95m	Class B – Filovirus, Coronavirus, Lassa Fever, Rift Valley Fever, and Crimean Congo Hemorrhagic Fever	
	Lion Re II DAC	6/2017	7/2021	€200m	Europe Windstorm, Italy Earthquake, Europe Flood	
	Vitality Re VIII Re Ltd.	1/2017	1/2021	US\$ 200m	US health risks	
	Vitality Re VII Re Ltd.	1/2016	1/2020	US\$ 200m	US health risks	
	Bosphorus 2 Re Ltd.	8/2015	8/2018	US\$ 100m	Earthquake Turkey	
	Azzurro Re I DAC	6/2015	1/2019	€200m	Italy Earthquake	
	Fonden	8/2017	8/2020	US\$ 150m	Class A – Mexico Earthquake	
		8/2017	12/2019	US\$ 100m	Class B – Atlantic Hurricane	
		8/2017	12/2019	US\$ 110m	Class C – Pacific Earthquake	
For Munich Re's book ¹	Eden Re II Ltd. (Series 2018-1)	12/2017	3/2022	US\$ 300m	Various perils	
	Eden Re II Ltd. (Series 2017-1)	12/2016	3/2021	US\$ 360m	Various perils	
	Queen Street XII Re DAC	5/2016	4/2020	US\$ 190m	Hurricane US & Windstorm Europe	
	Queen Street XI Re DAC	12/2015	6/2019	US\$ 100m	Hurricane US & Cyclone Australia	
	Queen Street X Re DAC	3/2015	6/2018	US\$ 100m	Hurricane US & Cyclone Australia	

¹ Excluding private transactions.

Well diversified portfolio: North American overweight reflects market size – Biometric risk exposure dominated by mortality



■ Mortality	60%
■ Morbidity	30%
■ Longevity	10%

NA	60%
Europe	25%
Asia	10%
Australia	5%
Africa/LA	<5%

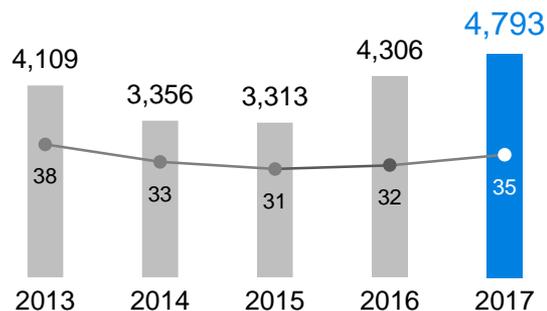
Size of bubbles indicative of present value of future claims.

Financially Motivated Reinsurance – Well established value proposition, strong demand prevails

Gross premiums written¹

€m

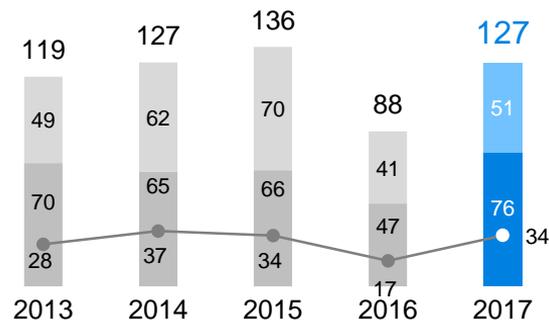
—● % of total



Technical result and fee income¹

€m

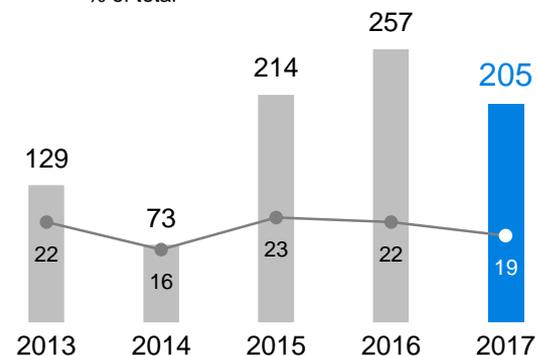
—■ Technical result —■ Fee income —● % of total



NBV²

€m

—● % of total



Portfolio development

- Geographically well diversified portfolio
- Transaction types tailored to client needs
- 17 new treaties concluded in 2017
- 2017 new business value again at very attractive level, dominated by APAC and Europe

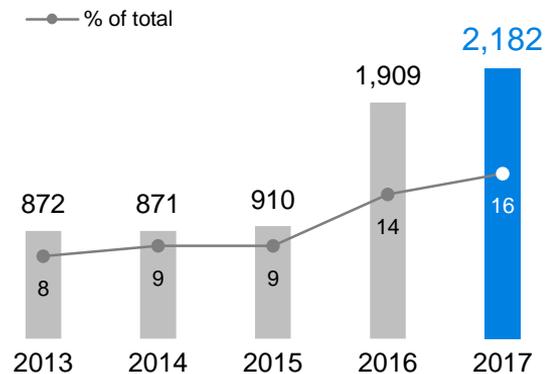
Expectations going forward

- Demand will remain high
- Number, size and type of transactions are difficult to predict and will vary on an annual basis

Asia – Vital new business production secures growth across the region

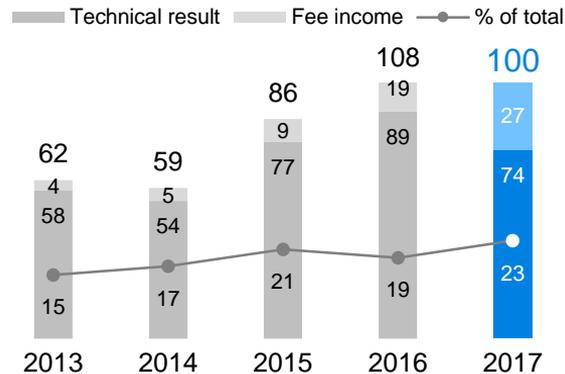
Gross premiums written¹

€m



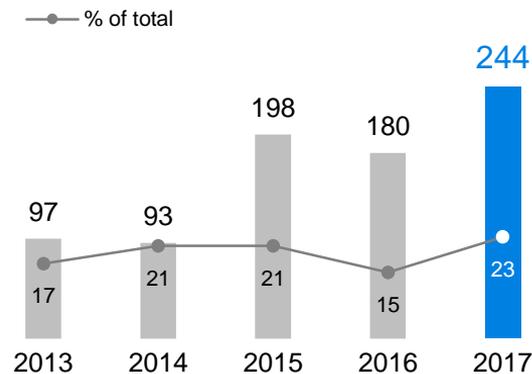
Technical result and fee income¹

€m



NBV²

€m



Portfolio development

- Sustained growth path – recurring business steadily increasing
- Recent growth particularly emanating from Greater China
- Tailor-made market and client strategies, growth supported by broad range of services
- Record NBV in 2017, supported by FinMoRe

Expectations going forward

- Reinsurance markets will continue their growth path
- Demand for solvency relief and financing solutions will remain high
- Underwriting discipline will remain high although competition and pressure on prices are expected to increase
- Closely watch product trends in critical illness

Longevity – Book developed carefully in line with risk appetite

Gross premiums written

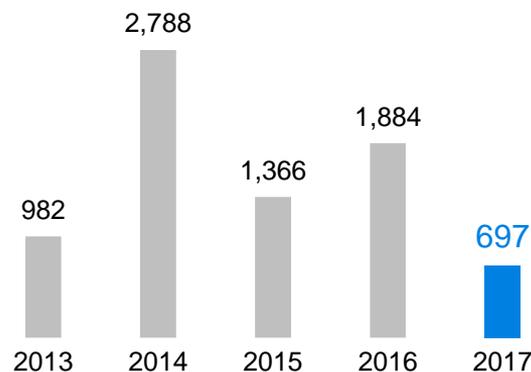
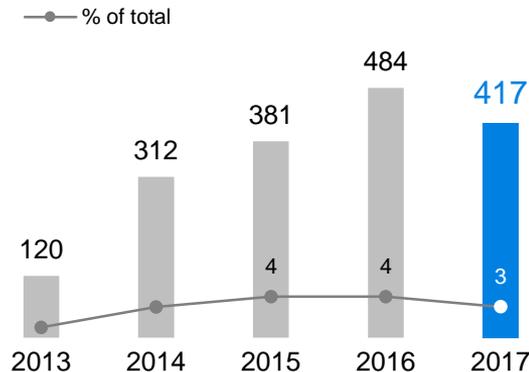
€m

Liability assumed p.a.

€m

Strategic proposition

—●— % of total



- Longevity considered to be primarily a risk-management tool to balance mortality portfolio and to stabilise earnings
- Prudent approach in pricing and valuation because of uncertainty about future mortality trend

Portfolio development

- Portfolio comprises longevity swaps in UK
- First transaction concluded in 2011 after in-depth research
- Execution of 1-2 transactions per year
- Claims emerge better than expected in pricing
- Reduction of 2017 premium driven by exchange rate movements

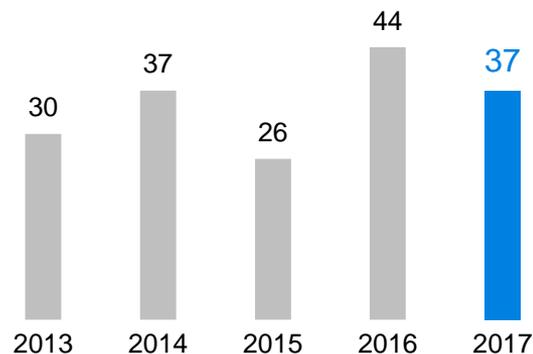
Expectations going forward

- Evolutionary development of portfolio within clearly defined risk tolerance
- Careful investigation of expansion into other markets
- High market potential but also significant pressure on prices
- Continuation of highly selective approach and prudent valuation (no significant recognition of NBV)

Asset protection – Comprehensive solutions to non-biometric financial risks gaining significance

IFRS earnings contribution¹

€m



Product portfolio

- Solutions to Basel III and Solvency II needs
- Resolution of accounting asymmetry
- ALM solutions for smaller players, i.e. reinsurance solutions for business with significant market risk
- Development of modern savings products

Strategic proposition

- Wide range of tailor-made solutions
- Legal, regulatory and structuring expertise
- State-of-the-art in-house hedging platform

Portfolio development

- Portfolio continues to gain significance
- Growing contribution to NBV
- Positive experience variances indicating effectiveness of market risk hedges

Expectations going forward

- Existing book dominated by Asia/Japan
- Current opportunities mainly in Europe, Asia/Japan and North America

¹ Part of non-technical-result, incl. insurance-related investment result.

New-business profitability continues to be strong

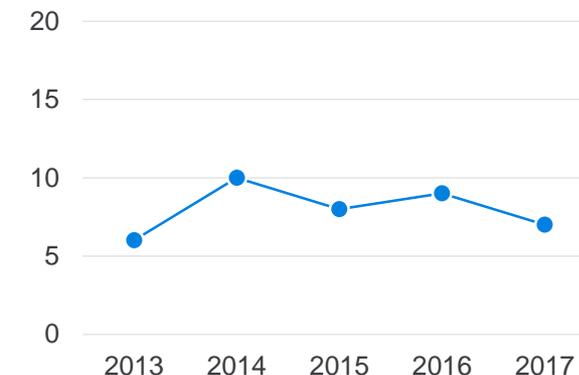
RORAC spread¹ %



IRR spread¹ %



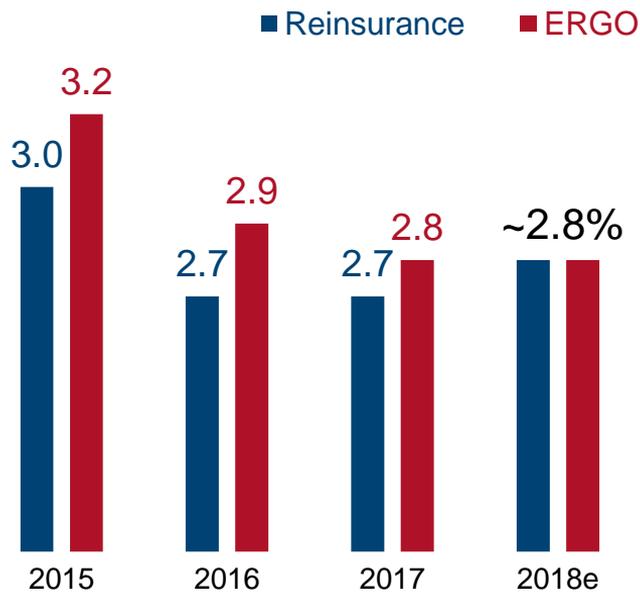
Payback period² years



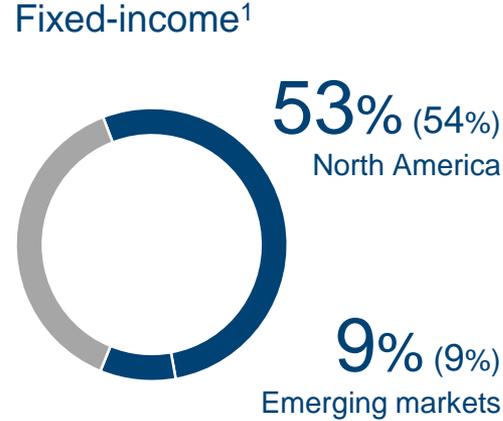
- Very good new-business profitability relative to economic risk capital and total investment
- Composition of new business portfolio main driver of changes over the years
- Positive impact in 2017 from US tax reform
- Payback period particularly influenced by share of business with financing character

Trough of running yield attrition reached – Diversification and real investments improve return

Running yield %

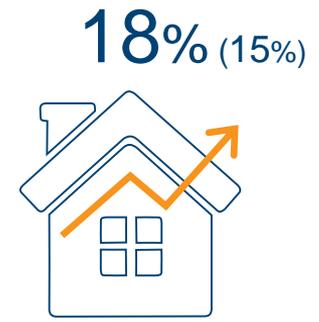


Reinsurance portfolio – Enhancement of running yield



Ongoing diversification –
Investments in countries
with higher yields

Share of real investments¹



Cautious increase in
real estate, infrastructure,
private and public equity

¹ As at 31.12.2017 (31.12.2016).

ERGO

4

ERGO – Overview

31.12.2017

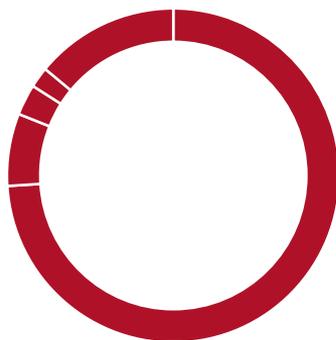
		2017	2016	2015	2014	2013
Gross written premiums	€bn	17.5	17.4	16.5	16.7	16.7
Investments	€bn	141.1	139.4	131.0	135.5	126.7
Net technical provisions	€bn	137.6	135.2	130.3	132.4	125.1
Combined ratio p-c Germany	%	97.5	97.0	97.9	95.3	96.7
Combined ratio p-c International	%	95.3	98.0	104.7	97.3	98.7

Premium split by region – 2016

Rest of World
14

Belgium
2

UK
3



%

Germany
74

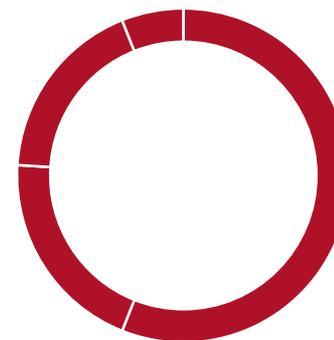
Poland
7

Distribution channels Germany – New business 2016

Banks/other
5

Direct
18

Broker
22



%

Tied agents
55

ERGO Life Germany – New set-up for traditional book, revised product portfolio

Strategic rationale

- Decision to keep and manage traditional life back-book – make most of value potential
- Run-off significantly improves capital position
- Dividends from traditional life companies for 2017
 - ▶ Continuous free-up of tied capital expected
 - ▶ Opportunity to unlock earnings potential in in-force

Ringfencing of back-book – building on expertise

- Long duration of fixed-income portfolio with return of 3.0% – above-average guarantee¹ (2.1%)
- ALM: Asset/liability duration difference about 1 year
- Hedging programme against reinvestment risk in place since 2005 – continuous roll-over and adjustments
- Cash flows matched for 40 years

¹ Actuarial interest rate incl. effect of ZZR. German GAAP figures.

Managing the run-off

- Separate organisational unit for traditional life business established – fully operational as at 1 January 2018
- ERGO and IBM agreed on life portfolio management partnership – start of migration onto new IT platform in 2018
- Medium-term ambition: transform existing entity into a professional run-off business model
- ▶ Significant earnings potential by reduction of IT costs (sourcing/partnership) and realisation of efficiency gains

New business approach – revised product portfolio

- New business via ERGO Vorsorge
- New product suite focusing on biometric and capital-efficient products
- New life and pension products successfully launched in 12/2017
- Dependency on products with long-term interest guarantees will be significantly lower compared with traditional life book

ERGO Life Germany – Key figures and ZZR

Key figures ¹	%				
	2021	...	2017	2016	2015
Reinvestment yield	n.a.		1.5	1.3	1.8
Average yield	~2.0		3.0	3.4	3.4
Average guarantee ⁴	~1.1		2.1	2.4	2.7

Key financials ³	€bn		
	2017	2016	2015
Free RfB	1.4	1.2	0.9
Terminal bonus fund	0.9	1.1	1.6
Unrealised gains	10.4	13.7	12.2

ZZR – Low interest-rate reserve

- Local GAAP reserve against low interest rates
- Partly financed through unrealised gains – positive impact on IFRS earnings when realised
- Expected accumulated ZZR in 2018: ~€6.5bn

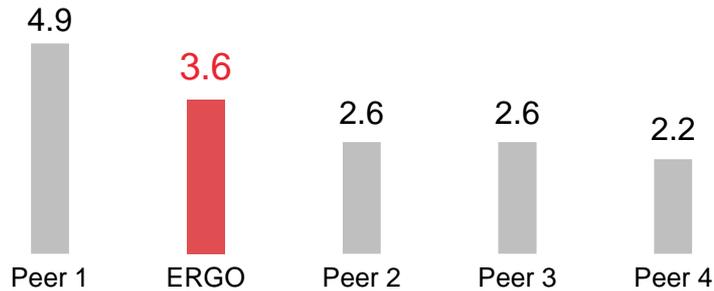
	2017	2016	2015	2014
Accumulated ZZR	5.0	3.6	2.5	1.5

ZZR reference rate – Projection²

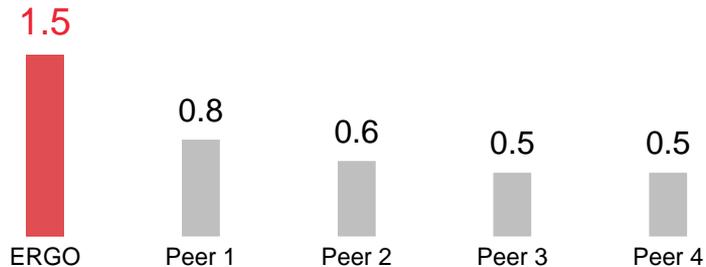


ERGO Health Germany – Stabilise comprehensive insurance, strengthen supplementary insurance

Market view on comprehensive insurance (GWP)¹ €bn

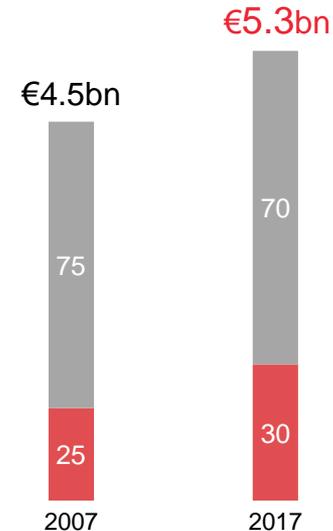


Market view on supplementary insurance (GWP)¹ €bn



ERGO business mix – Gross premiums written

%



Comprehensive insurance

ERGO number 2 in German market – stable results and stable political environment

Supplementary insurance

ERGO clear market leader – expansion in long-term care and direct insurance

ERGO International – Portfolio management

STRATEGY WELL ON TRACK

- Fostering strong market positions, e.g. in Poland (P-C result of +€50m in 2017) and India (31% profitable growth in 2017)
- Belgium: Run-down successfully initiated, de-risking of life business
- First results of portfolio optimisation: Sale of entities in Switzerland, Slovakia and Luxembourg
- Successful integration of international health business
- New governance implemented and executed

We laid a solid base for
our international business ...

ONGOING PORTFOLIO OPTIMISATION

- Analysing further divestment opportunities
- Realising efficiency gains and enhancing productivity
- nexible to launch its Austrian operations in 2018
- Coherent cost-saving programme initiated

... with multiple
initiatives on the way ...

ACHIEVING MEDIUM- TERM TARGETS

- Completing portfolio optimisation
- Identifying and securing new markets and business opportunities
- Driving technological innovation and thought leadership across all international business activities

... to further
improve profitability

Financial highlights 2017

5

Dividend stable at €8.60 per share¹, despite nat cat losses – Price and volume increase in January renewals

Munich Re (Group) – 2017 (Q4 2017)

Net result

€392m (€538m)

Reinsurance result of €120m affected by heavy nat cat claims, pleasing ERGO result of €273m – Tax income offsets FX losses

Operating result

€1,241m (€864m)

Technical result including fee income in Reinsurance Life and Health of €428m close to original guidance – Good technical profitability at ERGO

Investment result

RoI: **3.2%** (3.4%)

Solid investment return, attrition of running yield decelerating – Reinvestment yield at 1.9% in Q4

Shareholders' equity

€28.2bn

(+1.5% vs. 30.9., –11.3% vs. 31.12.16)
Strong capitalisation is basis for high pay-outs – SII ratio almost stable² at 244%

HGB result (German GAAP)

€2.2bn

Release of equalisation reserve in fire and aviation – Distributable earnings largely unchanged at €4.0bn

January Renewals

- Premium increase: 19.0%
- Price increase: ~0.8%

Reinsurance Property-casualty

Key financials 2017

Gross premiums written	€m
2016	17,826
Foreign exchange	-321
Divestments/investments	0
Organic change	338
2017	17,843

- Negative FX effects, mainly US\$ and GBP
- Growth from new and existing treaties, mainly in motor and property lines
- Cancellation/modification of large proportional treaties in China across several lines of business

Major result drivers	€m		
	2017	2016	▲
Technical result	-1,261	1,859	-3,120
Non-technical result	627	425	202
thereof			
investment result	1,895	1,589	306
Other	158	-259	417
Net result	-476	2,025	-2,501
	Q4	Q4	▲
	2017	2016	
Technical result	120	217	-97
Non-technical result	165	57	108
thereof			
investment result	459	323	136
Other	-94	-10	-84
Net result	191	264	-73

Technical result

- FY: High nat cat loss ratio of 22.0%, thereof impact from hurricanes Harvey, Irma and Maria: €2.7bn/16.4%
- Q4: Basic loss ratio relatively high, driven by cautious loss picks as well as individual nat cat and property losses
- FY: Elevated expense ratio of 33.5% due to true-ups from prior years (0.5%-pts.) and profit-commission adjustments

Investment result

- FY: Stable regular income; high disposal gains and improved derivative result
- Q4: Return on investment: 3.0%

Other

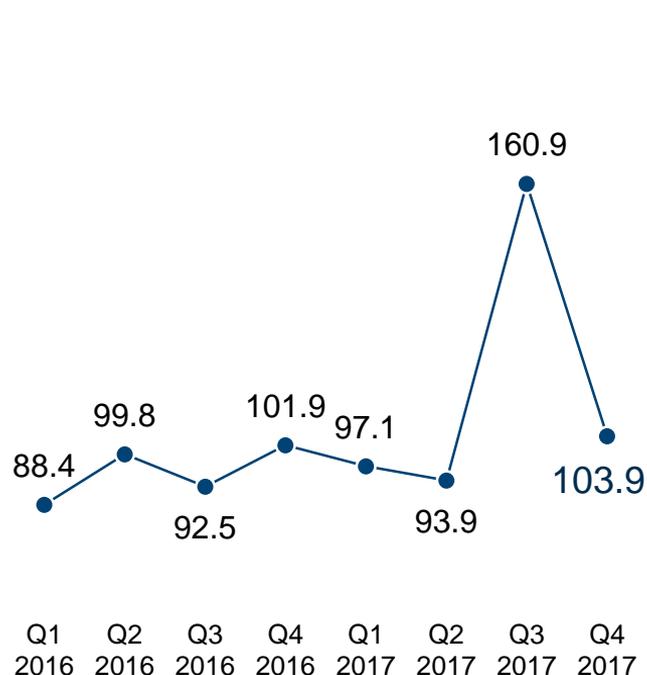
- FY: FX result of -€141m vs. €445m

Reinsurance Property-casualty – Combined ratio

2017

Combined ratio

%



		Basic losses	Major losses	Expense ratio
2015	89.7	50.8	6.2	32.6
2016	95.7	54.2	9.1	32.4
2017	114.1	54.8	25.8	33.5
Q4 2017	103.9	55.6	12.0	36.3

	Major losses	Nat cat	Man-made	Reserve releases ¹	Normalised combined ratio ²
2017	25.8	22.0	3.8	-5.2	100.9
Q4 2017	12.0	12.0	0.0	-3.1	102.7
Ø Annual expectation	~12.0	~8.0	~4.0	~-4.0	

¹ Basic losses prior years, already adjusted for directly corresponding sliding-scale and profit commission effects.
² Based on reserve releases of 4%-pts.; 2017 adjusted for several larger prior-year commission effects of 0.5%-pts.

Reinsurance Life and Health

Key financials 2017

Gross premiums written		€m
2016		13,637
Foreign exchange		-172
Divestments/investments		0
Organic change		261
2017		13,726

- Negative FX effects from GBP und US\$
- Business growth in Australia, Canada, Asia and Middle East

Major result drivers		€m		
	2017	2016	▲	
Technical result	376	520	-143	Technical result incl. fee income of €428m <ul style="list-style-type: none"> ▪ FY: Almost meeting original guidance, despite negative impact from recaptures in Q2 and Q3 ▪ Q4: Strong contribution from North America and the UK, some positive one-offs, partly offset by negative result in Australia
Non-technical result	331	116	216	
thereof investment result	865	686	179	
Other	-112	-120	8	
Net result	596	515	81	
	Q4	Q4	▲	
	2017	2016	▲	
Technical result	144	216	-72	Investment result <ul style="list-style-type: none"> ▪ FY: High regular income supported by deposits retained on assumed reinsurance; high disposal gains ▪ Q4: Return on investment: 3.2%
Non-technical result	94	22	72	
thereof investment result	204	179	25	
Other	61	-105	166	
Net result	299	132	167	
				Other <ul style="list-style-type: none"> ▪ FY: FX result of -€27m vs. €128m ▪ Q4: Tax gain of €80m driven by US tax reform

ERGO Life and Health Germany

Key financials 2017

Gross premiums written	€m
2016	9,177
Foreign exchange	-10
Divestments/investments	0
Organic change	43
2017	9,210

- Life: -€123m
Decline mainly in regular premiums due to attrition of back book
- Health: +€141m
Positive development due to premium adjustments and new business in supplementary health

Major result drivers	€m		
	2017	2016	▲
Technical result	435	270	164
Non-technical result	270	357	-87
thereof investment result	4,196	4,415	-219
Other	-529	-513	-16
Net result	175	114	61
	Q4 2017	Q4 2016	▲
Technical result	184	141	43
Non-technical result	58	-52	110
thereof investment result	1,066	717	349
Other	-176	6	-182
Net result	66	95	-28

Technical result

- FY: Enhanced profitability in Life, Health and Direct business supported by one-offs in Life
- Q4: Increased shareholder participation in Life

Investment result

- FY: Moderate decrease in regular income
- FY: Lower result from derivatives partly reversed in Q4
- Q4: Return on investment: 3.5%

Other

- FY: Restructuring expenses in 2016, ESP investments in 2016 and 2017
- FY: Tax rate of 34.4% vs. 25.3%
- Q4: Tax refund in 2016; higher costs for Strategy Programme

ERGO Property-casualty Germany

Key financials 2017

Gross premiums written	€m
2016	3,194
Foreign exchange	-8
Divestments/investments	0
Organic change	107
2017	3,293

- Organic growth mainly driven by fire/property and marine

Major result drivers	€m		
	<u>2017</u>	<u>2016</u>	<u>▲</u>
Technical result	138	139	0
Non-technical result	105	-11	116
thereof			
investment result	185	80	105
Other	-187	-200	13
Net result	57	-72	129
	<u>Q4</u>	<u>Q4</u>	<u>▲</u>
	<u>2017</u>	<u>2016</u>	
Technical result	16	15	1
Non-technical result	32	27	5
thereof			
investment result	48	48	0
Other	-55	-31	-24
Net result	-7	11	-18

Technical result

- FY: Combined ratio of 97.5% slightly above previous year's level, but below annual guidance; strategic investments had impact on combined ratio of ~1.7%-pts. vs. 2016
 - Loss ratio: Overall claims experience in 2017 slightly above expectations due to nat cats in Q4
 - Expense ratio improved by 1.6%-pts.
- Q4: Combined ratio at previous year's level, negatively impacted by nat cats

Investment result

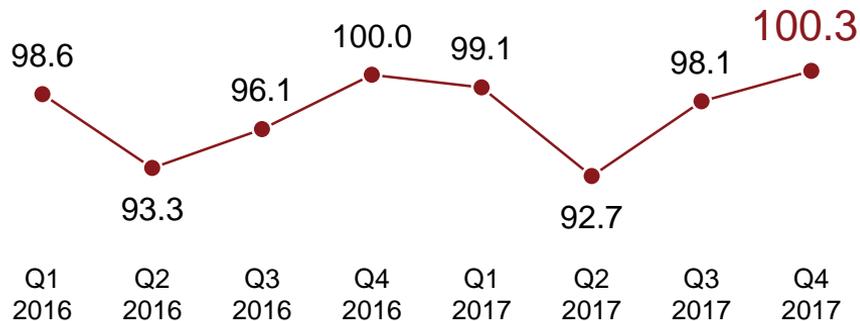
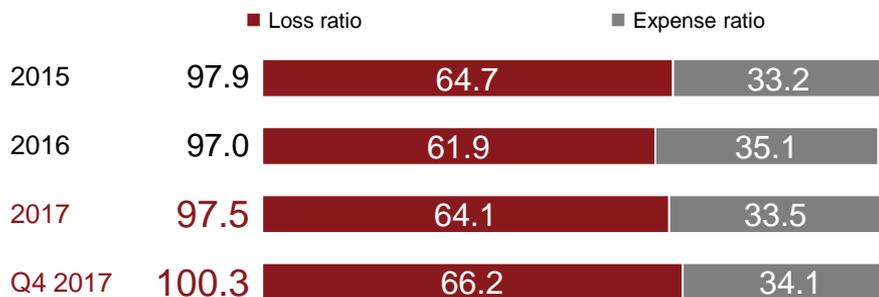
- FY: Higher disposal gains and lower equity impairments
- Q4: Return on investment: 2.8%

Other

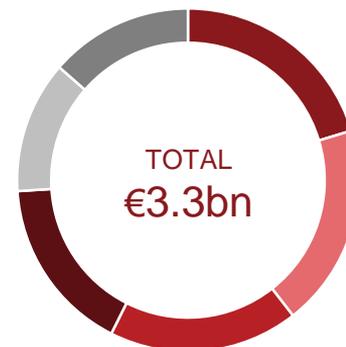
- FY: Restructuring expenses and one-offs in 2016, ESP investments in 2017
- FY: Tax rate of 2.7% vs. 37.0%

ERGO Property-casualty Germany 2017

Combined ratio %



Gross premiums written €m



ERGO International

Key financials 2017

Gross premiums written	€m
2016	5,018
Foreign exchange	-7
Divestments/investments	-84
Organic change	116
2017	5,043

- Life: -€306m
Italy: Sale of entity in Q2 2016 (-€112m)
Belgium: Discontinuation of new business as from Q3 2017, Poland and Austria: Less new single-premium business
- P-C¹: +€281m
Increase mainly driven by strong growth in Poland and the Baltics as well as by integration of ATE in Greece (+€53m)
- Health: +€50m
Growth in Belgium and Spain

Major result drivers	€m		
	2017	2016	▲
Technical result	20	-72	92
Non-technical result	199	423	-224
thereof investment result	470	797	-327
Other	-179	-352	173
Net result	40	-1	42
	Q4	Q4	▲
	2017	2016	
Technical result	-100	-86	-14
Non-technical result	151	267	-115
thereof investment result	206	359	-153
Other	-62	-197	134
Net result	-11	-16	5

Technical result

- Life (+€26m): Improvement mainly due to sale of Italian entity; Belgium again with negative result
- P-C¹ (+€70m): Improvement driven by Poland (tariff adjustments in motor lines)

Investment result

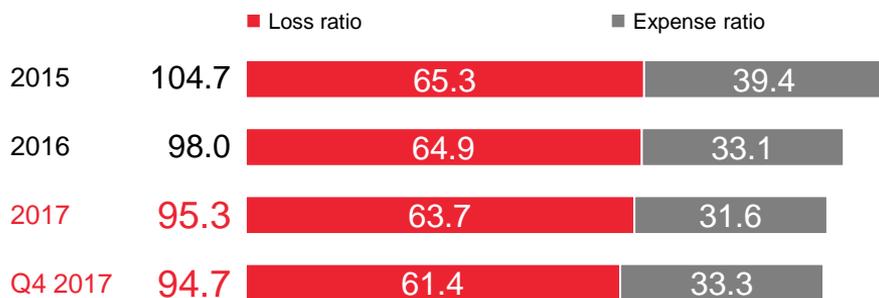
- FY/Q4: High level of realised gains at Belgium Life in 2016
- FY: Lower regular income due to sale of Italian entity
- Q4: Return on investment: 4.8%

Other

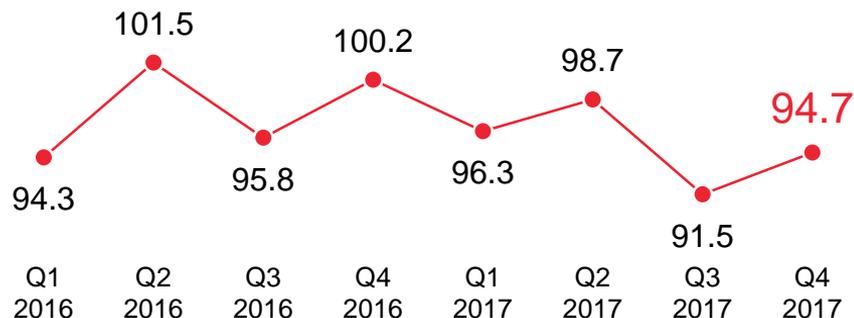
- FY/Q4: High provisions for restructuring expenses at Belgium Life in 2016
- FY: Tax rate of 34.4% vs. 124.2%

ERGO International – Property-casualty¹ 2017

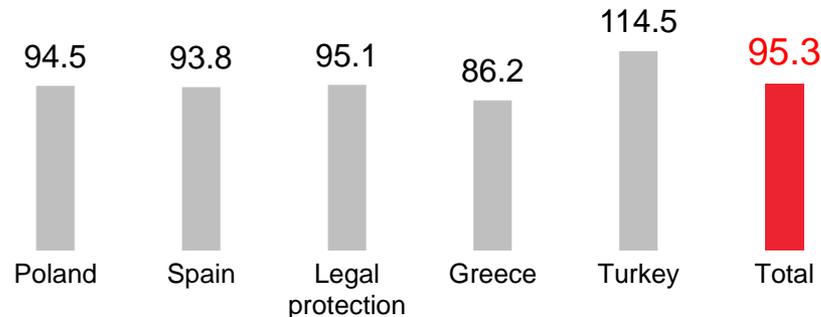
Combined ratio %



Gross premiums written €m



Combined ratio 2017 %



¹ Including short-term health business as from 2016.

Investments

6

Investment result

2017

Investment result (€m)	Q4 2017	Return ¹	2017	Return ¹	2016	Return ¹
Regular income	1,557	2.7%	6,438	2.7%	6,663	2.8%
Write-ups/write-downs	-82	-0.1%	-241	-0.1%	-400	-0.2%
Disposal gains/losses	755	1.3%	2,494	1.1%	2,603	1.1%
Derivatives ²	-59	-0.1%	-470	-0.2%	-713	-0.3%
Other income/expenses	-188	-0.3%	-609	-0.3%	-586	-0.2%
Investment result	1,982	3.4%	7,611	3.2%	7,567	3.2%
Total return		4.9%		1.9%		4.2%

3-month reinvestment yield		Q4 2017	Write-ups/ write-downs	Disposal gains/losses	Derivatives	2017	Write-ups/ write-downs	Disposal gains/losses	Derivatives
Q4 2017	1.9%	Fixed income ³	-9	578	-78	Fixed income ³	-13	1,605	-95
Q3 2017	2.0%	Equities	-60	184	11	Equities	-133	886	-363
		Commodities/inflation	2		16	Commodities/inflation	40		-3
Q2 2017	1.8%	Other	-14	-7	-7	Other	-136	3	-10

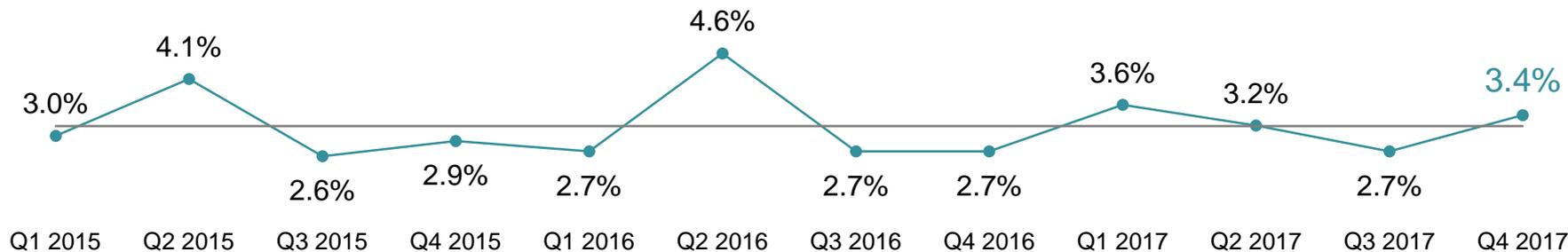
¹ Annualised return on quarterly weighted investments (market values) in %. ² Result from derivatives without regular income and other income/expenses. ³ Thereof interest-rate hedging ERGO: Q4 -€18m/€1m (gross/net); 2017 -€126m/-€18m (gross/net).

Return on investment by asset class and segment

2017

% ¹	Regular income	Write-ups/-downs	Disposal result	Extraord. derivative result	Other inc./exp.	RoI	Market value (€m)
Afs fixed-income	2.3	0.0	0.5	0.0	0.0	2.8	129,418
Afs non-fixed-income	3.6	-0.8	5.3	0.0	0.0	8.2	16,617
Derivatives	6.5	0.0	0.0	-27.1	-0.4	-21.0	1,738
Loans	2.9	0.0	1.4	0.0	0.0	4.3	65,894
Real estate	5.8	-1.5	0.1	0.0	0.0	4.4	7,346
Other ²	3.2	0.1	0.0	0.0	-4.6	-1.3	13,194
Total	2.7	-0.1	1.1	-0.2	-0.3	3.2	234,207
Reinsurance	2.7	-0.1	0.8	0.1	-0.3	3.1	89,359
ERGO	2.8	-0.1	1.2	-0.4	-0.2	3.3	144,849

—●— Return on investment — Average 3.2%



Investment portfolio

Investment portfolio¹

%

Land and buildings
3.4 (2.9)

Miscellaneous²
6.2 (6.2)

Shares, equity funds and
participating interests³
7.3 (6.1)

Loans
28.2 (28.6)

Fixed-interest securities
54.9 (56.2)



Portfolio management in Q4

- Ongoing geographic diversification
- Increase in Spanish government bonds
- Reduction in covered bonds and bank bonds
- Further increase in equity exposure
- Investments in infrastructure

Investment portfolio

2017

Investment portfolio¹

Land and buildings	3.4 (2.9)
Miscellaneous ²	6.2 (6.2)
Shares, equity funds and participating interests ³	7.3 (6.1)
Loans	28.2 (28.5)



Fixed-interest securities
54.9 (56.3)

%

Portfolio management in Q4

- Ongoing geographic diversification
- Increase in Spanish government bonds
- Reduction in covered bonds and bank bonds
- Further increase in equity exposure
- Investments in infrastructure

Portfolio duration¹DV01^{1,4}

€m

	Assets	Liabilities	Assets	Liabilities	Net
Reinsurance	5.8 (5.9)	4.2 (4.6)	39 (45)	35 (42)	3
ERGO	8.8 (9.3)	9.5 (10.6)	115 (121)	125 (143)	-10
Munich Re (Group)	7.8 (8.0)	7.5 (8.1)	153 (166)	160 (185)	-7

¹ Fair values as at 31.12.2017 (31.12.2016). ² Deposits retained on assumed reinsurance, deposits with banks, investment funds (excl. equities), derivatives and investments in renewable energies and gold. ³ Net of hedges: 6.7% (5.0%). ⁴ Market value change due to a parallel downward shift in yield curve by one basis point-considering the portfolio size of assets and liabilities (pre-tax). Negative net DV01 means rising interest rates are beneficial.



Investment portfolio

2017 – Fixed-interest securities and miscellaneous

Investment portfolio

%

Miscellaneous
6.2 (6.2)

Fixed-interest securities
54.9 (56.2)



Loans
28.2 (28.6)

Miscellaneous

%

Other
21 (19)

Deposits on
reinsurance
40 (35)



Derivatives²
7 (10)

Investment funds³
10 (15)

Fixed-interest securities¹

%

Cash/Other
0 (0)

Structured products
3 (4)

Corporates
17 (16)

Banks
2 (3)



Governments/
Semi-governments
64 (63)

Pfandbriefe/
Covered bonds
14 (15)

Loans¹

%

Loans to policyholders/
mortgage loans
11 (10)

Corporates
2 (1)

Banks
3 (3)



Governments/
Semi-governments
41 (41)

Pfandbriefe/
Covered bonds
44 (44)

Fixed-income portfolio

2017 – Allocation and regional structure

Fixed-income portfolio %

Loans to policyholders/
mortgage loans

3 (3)

Structured products

2 (2)

Bank bonds

2 (3)

Cash/other

4 (4)

Corporate bonds

11 (11)

Pfandbriefe/covered bonds

23 (24)



Governments/
semi-government
54 (53)

Regional structure %

	Without policyholder participation	With participation	Total 31.12.2017	31.12.2016
Germany	4.7	23.7	28.3	28.2
US	13.1	1.4	14.5	16.0
France	2.2	5.8	8.0	8.0
UK	2.8	2.3	5.1	5.3
Canada	4.0	0.4	4.4	4.5
Netherlands	1.2	3.0	4.3	4.3
Supranationals	0.7	3.2	3.9	4.0
Spain	1.1	1.9	3.0	2.8
Australia	2.2	0.5	2.7	2.4
Italy	0.7	1.6	2.3	2.4
Austria	0.4	1.9	2.3	2.0
Belgium	0.6	1.6	2.2	2.3
Ireland	0.6	1.5	2.1	2.0
Sweden	0.2	1.3	1.5	1.6
Norway	0.3	1.2	1.5	1.5
Other	7.6	6.2	13.8	12.6
Total	42.5	57.5	100.0	100.0



Fixed-income portfolio

2017 – Rating and maturity structure

Rating structure	Market value (€bn)	AAA (%)	AA	A	BBB	BB	<BB	NR
Total	199.4	43	24	12	13	3	–	5
Governments/semi-government	107.8	44	32	13	9	2	–	–
Pfandbriefe/covered bonds	45.4	74	20	4	1	–	–	1
Corporate bonds (excluding bank bonds)	22.6	1	5	25	55	12	1	0
Bank bonds	4.8	0	7	49	37	6	0	2
Structured products	3.7	52	33	11	4	–	0	0

Maturity structure	Average maturity (years)	0-1 years (%)	1-3 years	3-5 years	5-7 years	7-10 years	>10 years	n.a.
Total	9.8	8	13	12	12	17	35	2
Governments/semi-government	11.3	8	12	9	10	16	45	–
Pfandbriefe/covered bonds	7.9	4	12	16	16	24	28	–
Corporate bonds (excluding bank bonds)	7.4	7	19	22	16	14	22	–
Bank bonds	3.1	24	35	23	10	4	5	–



Fixed-income portfolio

2017 – Corporate bonds and bank bonds

Corporate bonds – Sector breakdown

	31.12.2017	31.12.2016	%
Utilities	16.5	18.5	
Industrial goods and services	13.6	12.5	
Oil and gas	11.1	11.8	
Telecommunications	9.1	8.8	
Financial services	8.0	7.1	
Healthcare	7.1	6.4	
Technology	5.7	5.0	
Food and beverages	4.1	4.9	
Personal and household goods	3.7	2.9	
Automobiles	3.5	3.8	
Media	3.4	3.8	
Retail	3.3	3.9	
Basic resources	3.1	3.9	
Other	7.8	6.7	

Bank bonds – Regional breakdown

	Senior bonds	Subordinated	Loss-bearing	Total	
				31.12.2017	31.12.2016
US	34.3	4.3	0.5	39.2	38.6
Germany	15.2	1.1	4.4	20.7	23.3
Ireland	7.6	0.1	0.0	7.7	6.8
UK	6.7	0.4	0.3	7.3	7.6
France	2.2	0.7	1.8	4.7	4.3
Canada	2.9	0.4	0.0	3.3	2.8
Jersey	2.4	0.0	0.0	2.4	2.4
Norway	1.7	0.0	0.0	1.7	0.6
Belgium	1.5	0.0	0.0	1.5	1.1
Other	9.8	1.5	0.1	11.5	12.4

Bank bonds – Investment category

Investment category	Value	%
Loss-bearing ¹	7 (6)	
Subordinated ²	9 (12)	
Senior	84 (82)	
TOTAL	€4.8bn	



¹ Classified as Tier 1 and upper Tier 2 capital for solvency purposes. ² Classified as lower Tier 2 and Tier 3 capital for solvency purposes. Approximation – not fully comparable with IFRS figures. Fair values as at 31.12.2017 (31.12.2016).

On and off-balance-sheet reserves (gross)

2017

€m	31.12.2015	31.12.2016	31.3.2017	30.6.2017	30.9.2017	31.12.2017
Market value of investments	233,023	238,490	237,562	231,786	231,313	231,885
Total reserves	25,969	28,496	26,180	24,743	24,565	25,395
On-balance-sheet reserves						
Fixed-interest securities	7,886	8,649	7,815	7,658	7,496	7,622
Non-fixed-interest securities	2,446	2,924	3,311	2,917	3,011	3,261
Other on-balance-sheet reserves ¹	201	186	201	191	196	189
Subtotal	10,533	11,759	11,327	10,766	10,702	11,072
Off-balance-sheet reserves						
Real estate ²	2,273	2,413	2,450	2,450	2,516	2,744
Loans	12,610	13,591	11,692	10,761	10,589	10,788
Associates	553	733	711	767	758	792
Subtotal	15,436	16,738	14,853	13,977	13,863	14,323
Reserve ratio %	11.1%	11.9%	11.0%	10.7%	10.6%	11.0%

Sensitivities to interest rates, spreads and equity markets

2017

Sensitivity to risk-free interest rates – Basis points

	–50	–25	+50	+100
Change in gross market value (€bn)	+8.2	+4.0	–7.5	–14.4
Change in on-balance-sheet reserves, net (€bn) ¹	+1.9	+0.9	–1.8	–3.4
Change in off-balance-sheet reserves, net (€bn) ¹	+0.4	+0.2	–0.3	–0.7
P&L impact (€bn) ¹	–0.0	–0.0	+0.0	+0.1

Sensitivity to spreads² (change in basis points)

		+50	+100
Change in gross market value (€bn)		–5.3	–10.3
Change in on-balance-sheet reserves, net (€bn) ¹		–1.1	–2.2
Change in off-balance-sheet reserves, net (€bn) ¹		–0.3	–0.5
P&L impact (€bn) ¹		–0.0	–0.0

Sensitivity to equity and commodity markets³

	–30%	–10%	+10%	+30%
EURO STOXX 50 (3,504 as at 31.12.2017)	2,453	3,154	3,854	4,555
Change in gross market value (€bn)	–5.5	–1.8	+1.8	+5.7
Change in on-balance-sheet reserves, net (€bn) ¹	–1.5	–0.7	+1.1	+3.2
Change in off-balance-sheet reserves, net (€bn) ¹	–0.8	–0.3	+0.3	+0.8
P&L impact (€bn) ¹	–1.8	–0.4	+0.0	+0.2

¹ Rough calculation with limited reliability assuming unchanged portfolio as at 31.12.2017. After rough estimation of policyholder participation and deferred tax; linearity of relations cannot be assumed. Approximation – not fully comparable with IFRS figures. ² Sensitivities to changes of spreads are calculated for every category of fixed-interest securities, except government securities with AAA ratings. ³ Worst-case scenario assumed, including commodities: impairment as soon as market value is below acquisition cost. Approximation – not fully comparable with IFRS figures.

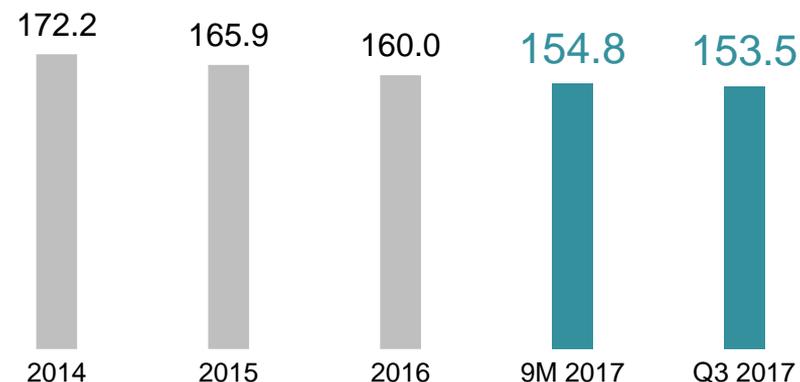
Shareholder information

Share information

Shares (millions)	31.12. 2016	Acquisition of own shares in 9M 2017	Retirement of own shares in 9M 2017	30.9. 2017
Shares in circulation	156.9	-4.2	-	152.7
Own shares held	4.2	4.2	-6.0	2.3
Total	161.1	-	-6.0	155.0

Weighted average number of shares in circulation

(millions)



Key company data

Sector	Insurance	Reuters	MUVGn
Country	Germany	Bloomberg	MUV2
Currency	Euro	WKN	843002
Accounting principles	IFRS	ISIN	DE0008430026

Securities codes

Type of share	No-par-value registered shares
Votes	Each share entitles the holder to one vote
Dividend	Paid out once per year in cash
Trading venues	All German stock exchanges plus Xetra

Mission of Investor & Rating Agency Relations

RESPONSIBILITY

Munich Re's communication with the capital market / financial community

EXTERNAL COMMUNICATION

Increase transparency on financial performance, strategy and expectations about future perspectives within the principles of a credible, accurate, complete and timely provision of relevant information

Target
Achieving a fair valuation and optimising the cost of capital by increasing information efficiency between Munich Re and the financial community while developing a relationship of trust with our investor base

MAIN OBJECTIVE

Active communication to support a fair capital-market valuation of Munich Re shares and outstanding bonds

INTERNAL COMMUNICATION

Transmission of investors' and creditors' demands, and the capital markets' perception of Munich Re, to management and staff

Target
Support management in the setting of ambitious targets as well as in the execution of a value-based and shareholder-oriented strategy

We aim to enhancing Munich Re's visibility and attractiveness in the international financial community

Financial calendar

2018



Annual General Meeting 2018, ICM – International Congress Centre, Munich



Quarterly statement as at 31 March 2018



Half-year financial report as at 30 June 2018



Quarterly statement as at 30 September 2018

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This presentation contains forward-looking statements that are based on current assumptions and forecasts of the management of Munich Re. Known and unknown risks, uncertainties and other factors could lead to material differences between the forward-looking statements given here and the actual development, in particular the results, financial situation and performance of our Company. The Company assumes no liability to update these forward-looking statements or to make them conform to future events or developments.

The primary insurance units of the disbanded Munich Health field of business are now recognised in the ERGO International segment, units with reinsurance business in the Reinsurance Life and Health segment. Previous year's figures were adjusted to ensure comparability.