

Image: Getty Images/Oaltindag

Half-year financial report as at 30 June 2018

8 August 2018

1	Executing business opportunities	2	3	ERGO	14
2	Munich Re (Group)	9	4	Reinsurance	20
			5	Backup	26

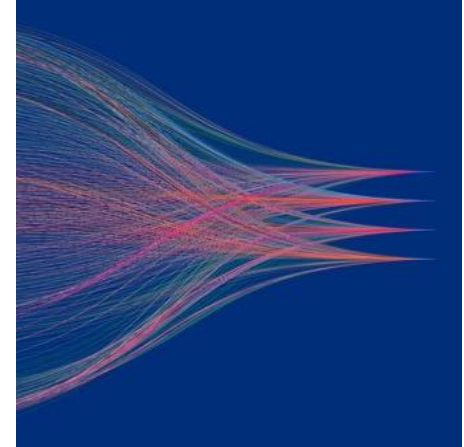
Strategic priorities pave the way for profitable growth



1 | Increase earnings



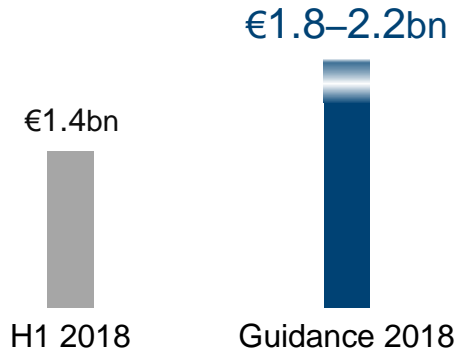
2 | Digital transformation



3 | Reduce complexity

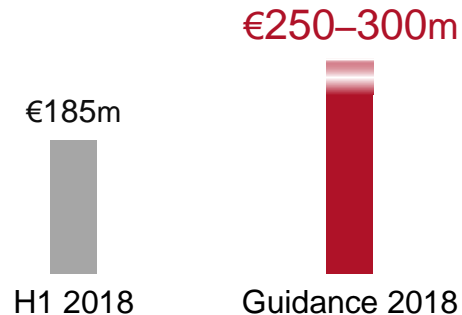
1 | Increase earnings – Pleasing half-year result

REINSURANCE NET RESULT



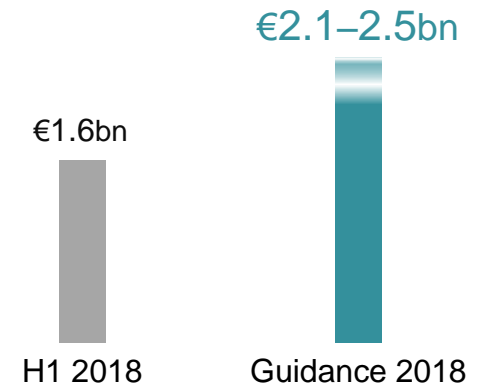
Profitable premium growth in P-C, including renewals, and strong contribution from Life and Health

ERGO NET RESULT



Improved underwriting result in all segments compensates for significantly lower disposal gains

GROUP NET RESULT



H1 result confirms Group net profit target

1 | Increase earnings – Strategic initiatives at ERGO and in reinsurance taking effect

REINSURANCE

Growth initiatives and cost savings
to boost earnings growth



- Mature markets: Pleasing development of traditional business – US strategy with focus on regional clients and brokered business pays off in recent renewals
- Emerging markets: Growth in new business, e.g. agro
- Expansion of global footprint for complex, structured deals: Several deals concluded
- Cyber business: Continued growth in H1 2018 – new service offering for incident management launched
- Admin expense ratio improved due to top-line development

ERGO

Stringent execution of ERGO
Strategy Programme (ESP)



- ERGO well on track towards its 2020 strategic and financial targets
- New product portfolio well positioned within peer group (e.g. market leader in supplementary health insurance)
- Productivity of sales agents shows initial increases (y-o-y +14%)
- ESP cost programme in Germany according to plan
- International portfolio further streamlined through sale of subsidiaries in Croatia and Ukraine

2 | Digital transformation – Concrete progress at ERGO and in reinsurance

REINSURANCE

- Strategic partnerships concluded with global industry leaders BOSCH and KUKA/MHP (open IoT smart factory)
- Pleasing business development and further international expansion of Digital Partners
- Implementation of GDPR solution with five pilot clients, already generating new income streams in cyber
- Launch of insurance cover of AI algorithm to improve security of online sales together with Fraugster
- Smart Thinking Consulting “Si Tao” in China – Several cooperation agreements signed, two deals concluded



ERGO

- Digital transformation pushed forward, e.g.
 - Processes in motor further automated to 57% (53%)¹
 - User base on customer self-service portal enlarged by 17% in 2018
- Initial successes of new business models achieved, e.g. nexible: more than 30,000 policies with 49,000 risks and nearly €15m APE since market launch

¹ Compared to 2017.

3 | Transformation programme in reinsurance

Traditional
business

New business models
and traditional business



INVESTMENTS IN DIGITALISATION

- Competencies
- Improvements
- New business models
- Business hypothesis

COMPLEXITY REDUCTION

- Reduce resource requirements (-12%)
 - Voluntary programme very successful
- Simplify structures and processes

Secure
earnings
power for
the future

Run growing
business
with fewer
resources

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
~97%

L/H technical result incl. fee income
≥€475m

ERGO

Gross premiums written
€17–18bn

Net result
€250–300m

P-C combined ratio
 Germany **~96%** International **~96%**
 (prev. ~97%)

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

Munich Re (Group)

2

After good Q2 result, well on track to meet annual guidance

Munich Re (Group)

Net result

€728m (€1,555m)

Above-average large losses in P-C reinsurance, strong contribution from L&H reinsurance and ERGO, low tax burden

Return on investment¹

3.1% (3.1%)

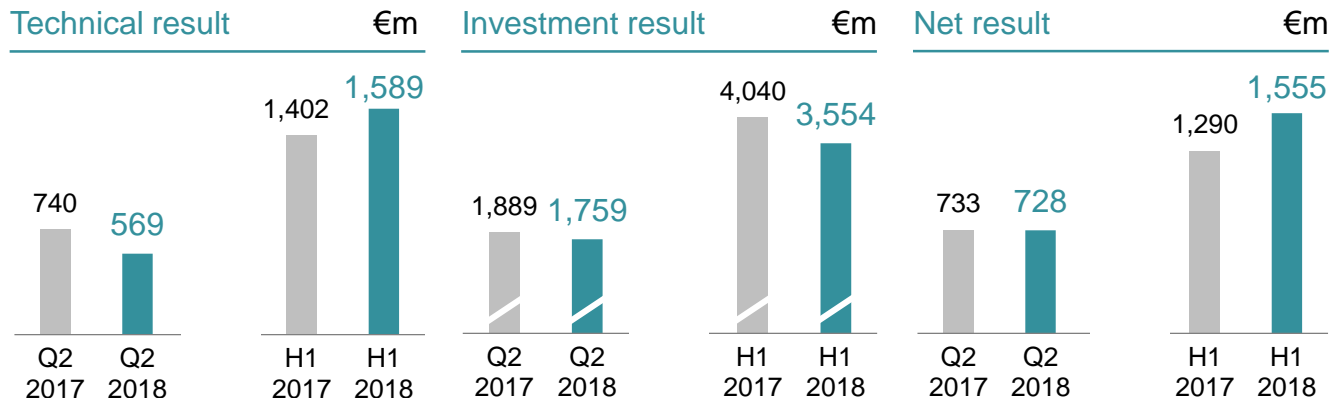
Increasing regular income (incl. dividend seasonality) – Reinvestment yield up to 2.3%

Shareholders' equity

€26.9bn (–4.6% vs. 31.12.)

Solvency II ratio at ~250%

Q2 2018 (H1 2018)



Reinsurance

Life and Health: Technical result incl. fee income: €176m (€331m) – On course to achieve annual target of ≥€475m

Property-casualty: Combined ratio: 102.0% (95.5%) – Major-loss ratio: 13.3% (7.5%)

July renewals:
Price change: +0.9%, exposure change: +40.7%

ERGO

Life and Health Germany:
Return on investment: 2.7% (3.1%)

Property-casualty Germany:
Combined ratio: 90.3% (95.6%)

International:
Combined ratio: 95.6% (95.4%)

IFRS capital position

Equity		€m	
Equity 31.12.2017	28,198		Change Q2
Consolidated result	1,555		728
Changes			
Dividend	-1,286		-1,286
Unrealised gains/losses	-1,366		-195
Exchange rates	197		510
Share buy-backs	-417		-106
Other	18		57
Equity 30.6.2018	26,899		-292

Unrealised gains/losses

Fixed-interest securities

H1: -€963m Q2: -€404m

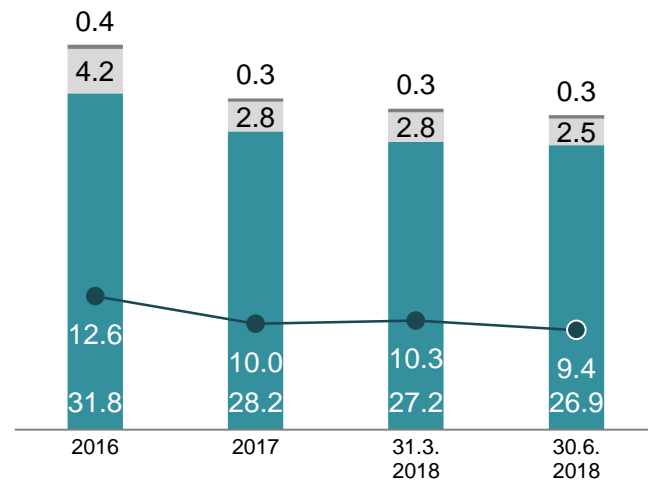
Non-fixed-interest securities

H1: -€397m Q2: €215m

Exchange rates

FX effect mainly driven by US\$

Capitalisation



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



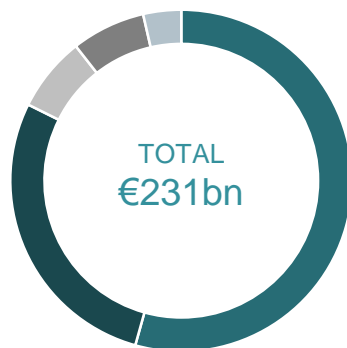
1 Strategic debt (senior, subordinated and other debt) divided by total capital (strategic debt + equity).

2 Other debt includes Munich Re bank borrowings and other strategic debt.

Investment portfolio

Investment portfolio¹

Land and buildings	3.6 (3.4)
Miscellaneous ²	7.0 (6.2)
Shares, equity funds and participating interests ³	7.1 (7.3)
Loans	28.0 (28.2)



Fixed-interest securities
54.3 (54.9)

%

Portfolio management in Q2

- Expansion of corporate bonds and emerging market bonds
- Reduction of Italian and Spanish government bonds
- Further reduction of bank bonds
- Ongoing investments in infrastructure
- Reduction of equity-backing ratio net of hedges

Portfolio duration¹

	Assets		Liabilities		DV01 ^{1,4}	Assets		Liabilities		Net
	€	(€)	€	(€)	€	(€)	€	(€)	€	
Reinsurance	5.4	(5.8)	4.3	(4.2)	35	(39)	36	(35)	-1	
ERGO	8.8	(8.8)	9.8	(9.5)	113	(115)	128	(125)	-14	
Munich Re (Group)	7.6	(7.8)	7.7	(7.5)	148	(153)	163	(160)	-15	

¹ Fair values as at 30.6.2018 (31.12.2017). 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: 6.2 (6.7%). 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 result

Investment result (€m)	Q1 2018	Return ¹	Q2 2018	Return ¹	H1 2018	Return ¹	H1 2017	Return ¹
Regular income	1,493	2.6%	1,836	3.2%	3,329	2.9%	3,354	2.8%
Write-ups/write-downs	-115	-0.2%	-140	-0.2%	-256	-0.2%	-76	-0.1%
Disposal gains/losses	584	1.0%	282	0.5%	866	0.7%	1,480	1.3%
Derivatives ²	-17	-0.0%	-53	-0.1%	-70	-0.1%	-449	-0.4%
Other income/expenses	-149	-0.3%	-165	-0.3%	-314	-0.3%	-270	-0.2%
Investment result	1,796	3.1%	1,759	3.1%	3,554	3.1%	4,040	3.4%
Total return		-1.3%		2.2%		0.5%		0.2%

3-month reinvestment yield	Q2 2018	Write-ups/ write-downs	Disposal gains/losses	Derivatives	H1 2018	Write-ups/ write-downs	Disposal gains/losses	Derivatives
Q2 2018 2.3%	Fixed income ³	-5	112	-8	Fixed income ³	-6	437	-132
	Equities	-83	138	-88	Equities	-162	346	21
Q1 2018 1.9%	Commodities/inflation	-20	-	53	Commodities/inflation	-12	-	59
Q4 2017 1.9%	Other	-32	32	-10	Other	-77	82	-18

1 Annualised return on quarterly weighted investments (market values) in %. Impact from dividends on regular income 0.6%-pts in Q2 2018 and 0.2%-pts in Q1 2018.

2 Net balance of derivatives without regular income and other income/expenses. 3 Thereof interest-rate hedging ERGO: Q2 -€1m/-€1m (gross/net); H1 €1m/-€2m (gross/net).

ERGO

3

ERGO Life and Health Germany

Gross premiums written

	€m
H1 2017	4,568
Foreign exchange	-5
Divestments/investments	32
Organic change	38
H1 2018	4,633

- Life: -€9m
Decline in regular premiums from ordinary attrition
- Health: +€55m
Travel growing, positive development in supplementary health insurance
- Direct: +€19m
Growth driven by dental tariffs

Major result drivers

	H1 2018	H1 2017	
Technical result	158	155	▲ 3
Non-technical result	59	174	-114
thereof investment result	1,857	2,356	-500
Other	-196	-216	20
Net result	21	113	-91
	Q2 2018	Q2 2017	▲
Technical result	67	85	-18
Non-technical result	-1	71	-71
thereof investment result	807	1,020	-213
Other	-81	-106	24
Net result	-15	50	-65

Technical result

- H1: Improvements in Life and Health, partly offset by Direct (primarily one-offs)
- Q2: Impacted by a decline in Direct

Investment result

- H1: Significantly lower disposal gains from fixed-income securities in Life, partly compensated for by a higher derivatives result
- Q2: Return on investment: 2.7%

Other non-technical result

- Q2: Tax-related negative one-off effects

Other

- H1: Lower tax expenses

ERGO Property-casualty Germany (1)

Gross premiums written

	€m
H1 2017	1,897
Foreign exchange	0
Divestments/investments	0
Organic change	50
H1 2018	1,947

- Positive premium development in almost all lines of business
- Organic growth mainly driven by fire/property (+€23m) and liability (+€12m)

Major result drivers

	H1 2018	H1 2017	
Technical result	92	90	▲ 2
Non-technical result	47	53	-6
thereof investment result	77	98	-21
Other	-82	-83	1
Net result	57	61	-3
	Q2 2018	Q2 2017	▲
Technical result	98	74	24
Non-technical result	27	25	2
thereof investment result	40	50	-9
Other	-68	-51	-17
Net result	57	48	9

Technical result

- H1: Combined ratio of 95.6% in line with annual guidance of ~96%
 - Loss ratio (62.3%) slightly increased mainly due to nat cat (esp. Winter Storm Friederike); underlying loss ratio improved
 - Expense ratio (33.3%) improved due to lower strategic investments and cost degression
- Q2: Combined ratio of 90.3% mainly driven by good claims experience in core business

Investment result

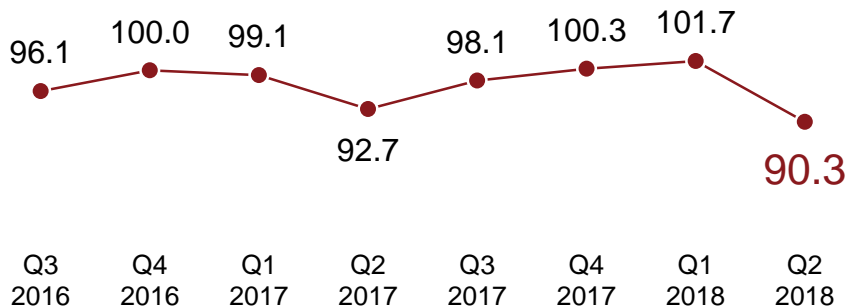
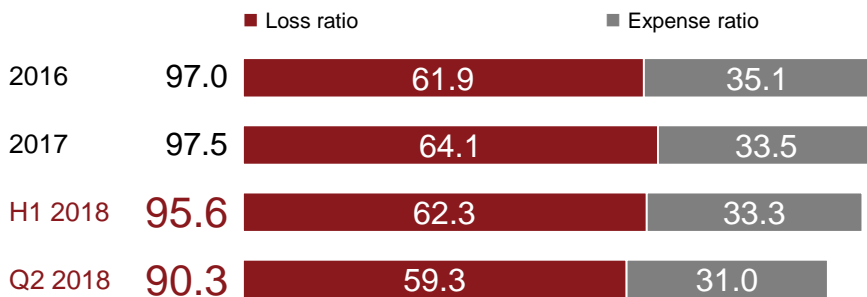
- H1: Lower disposal gains from equities and lower regular income
- Q2: Return on investment: 2.3%

Other

- Q2: Higher tax expenses, lower FX result
- Lower non-operating result

ERGO Property-casualty Germany (2)

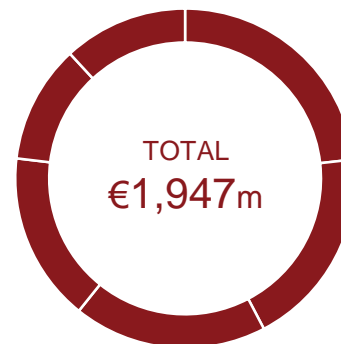
Combined ratio %



Gross premiums written €m

Other 231 Motor 452

Legal protection 219








Fire/property 372

Personal accident 314

Liability 359

Gross premiums written €m

H1 2017		2,555
Foreign exchange		-29
Divestments/investments		-32
Organic change		125
H1 2018		2,619

- Life: +€2m
Overall moderate growth due to Belgium as new business was discontinued as a result of the run-off
- P-C: +€86m
Strong premium contribution from Poland and Baltics
- Health: -€25m

Major result drivers

	H1 2018	H1 2017	
Technical result	111	23	▲ 88
Non-technical result	54	34	19
thereof investment result	211	176	35
Other	-57	-35	-22
Net result	107	22	85
	Q2 2018	Q2 2017	▲
Technical result	63	-22	85
Non-technical result	41	27	14
thereof investment result	113	102	11
Other	-39	0	-39
Net result	66	5	61

Technical result

- H1: Positive development driven by Belgium (Life) and Poland
- H1: Combined ratio of 95.4% on low level and ahead of original FY guidance

Investment result

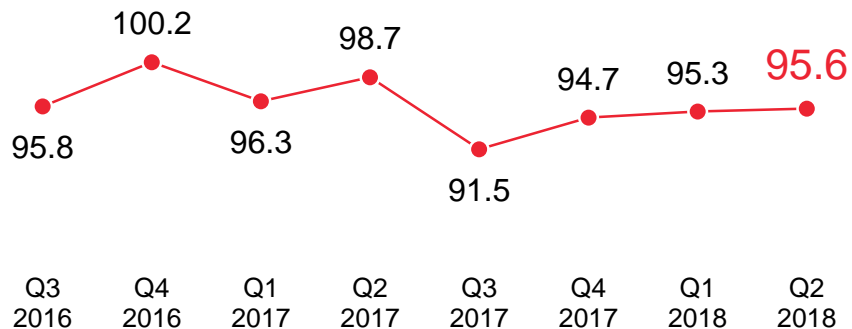
- H1: Increase in derivatives result
- Q2: Higher disposal gains, including sale of D.A.S. Switzerland
- Q2: Return on investment: 2.6%

Other

- Q2: Higher taxes vs. tax income in Q2 2017

ERGO International – Property-casualty, including Health¹

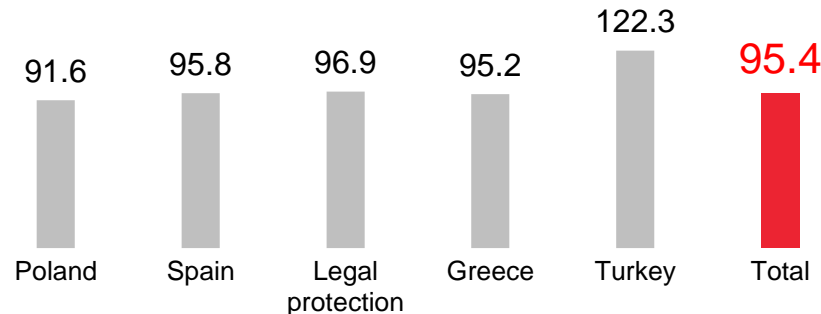
Combined ratio %



Gross premiums written €m



Combined ratio H1 2018 %



¹ Only short-term health business.

Reinsurance

4

Reinsurance Life and Health

Gross premiums written

	€m
H1 2017	6,924
Foreign exchange	-417
Divestments/investments	0
Organic change	-1,333
H1 2018	5,174

- Negative FX effects mainly from US\$
- Termination and restructuring of two large capital-relief transactions

Major result drivers

	H1 2018	H1 2017	▲
Technical result	296	209	87
Non-technical result	249	159	90
thereof investment result	510	453	57
Other	-100	-131	30
Net result	444	237	207
	Q2 2018	Q2 2017	▲
Technical result	156	64	92
Non-technical result	167	112	55
thereof investment result	302	231	71
Other	-38	-64	26
Net result	285	112	174

Technical result incl. fee income of €331m

- H1: Benign claims experience in the aggregate and positive impact from a recapture in Q1
- Q2: Better-than-expected claims experience in USA, Asia and Europe
- Well on track to achieve annual target of ≥€475m

Investment result

- H1: High regular income supported by deposits retained on assumed reinsurance; disposal gains on equities and fixed income
- Q2: Return on investment: 4.7%

Other

- H1: FX result of €5m vs. -€26m, thereof €11m in Q2
- Q2: Low tax rate of 8.6%

Reinsurance Property-casualty

Gross premiums written

	€m
H1 2017	8,781
Foreign exchange	-831
Divestments/investments	0
Organic change	1,990
H1 2018	9,940

- Negative FX effects mainly from US\$
- Growth from new and existing treaties, mainly in motor and property lines

Major result drivers

	H1 2018	H1 2017	
Technical result	933	925	▲
Non-technical result	283	286	-4
thereof investment result	900	957	-56
Other	-290	-353	63
Net result	925	858	68
	Q2 2018	Q2 2017	▲
Technical result	184	537	-353
Non-technical result	194	182	11
thereof investment result	496	487	9
Other	-43	-202	159
Net result	335	517	-183

€m

Technical result

- H1: Benefitting from low major losses in Q1, while man-made claims in Q2 significantly exceeded the anticipated amount for a single quarter
- Q2: Elevated basic losses mainly due to seasonality of larger weather-related losses in US Risk Solutions business

Investment result

- H1: Stable regular income also compared with previous year; disposal gains mainly from equities
- Q2: Return on investment: 3.3%

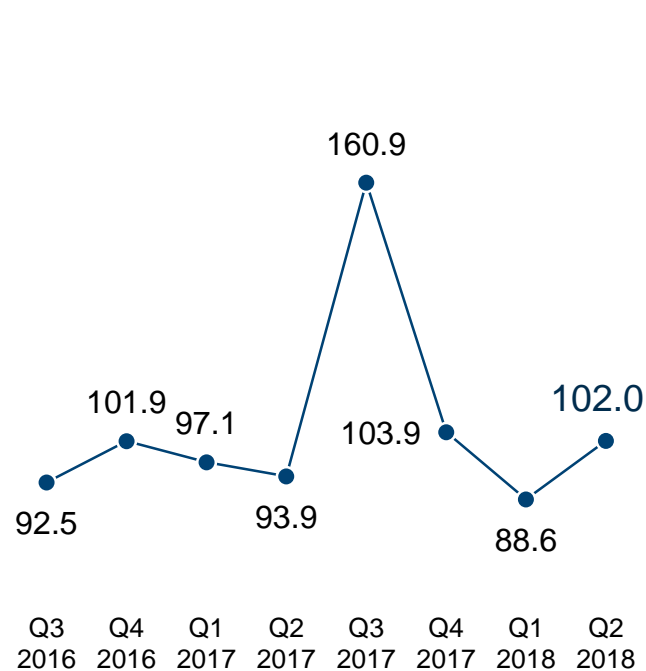
Other

- H1: FX result of €1m vs. -€129m, thereof €29m in Q2
- Q2: Low tax rate of 1.2%

Combined ratio

Combined ratio

%



		Basic losses	Major losses	Expenses
2016	95.7	54.2	9.1	32.4
2017	114.1	54.8	25.8	33.5
H1 2018	95.5	54.5	7.5	33.5
Q2 2018	102.0	55.7	13.3	33.0

	Major losses	Nat cat	Man-made	Reserve releases ¹	Normalised combined ratio ²
H1 2018	7.5	0.6	6.9	-4.3	100.3
Q2 2018	13.3	2.3	11.0	-4.4	101.2
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 4%-pts. reserve releases.

July renewals

Total property-casualty book¹ %

Remaining business 32	Business up for January renewal 47
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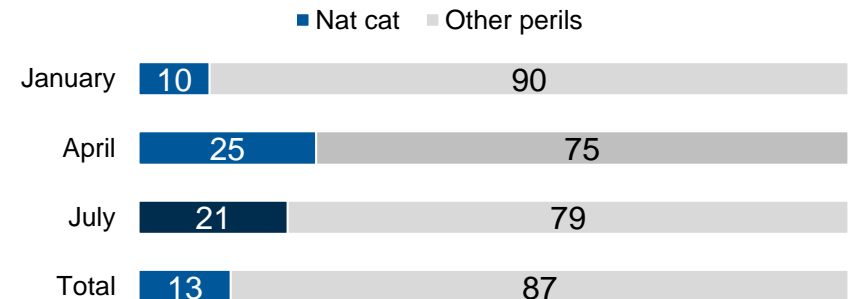
Business up for July renewal 13	Business up for April renewal 8
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Regional allocation of July renewals %

Rest 7	North America 27
Worldwide 30	Latin America 15
Europe 7	Australia 14



Nat cat shares of renewable portfolio² %

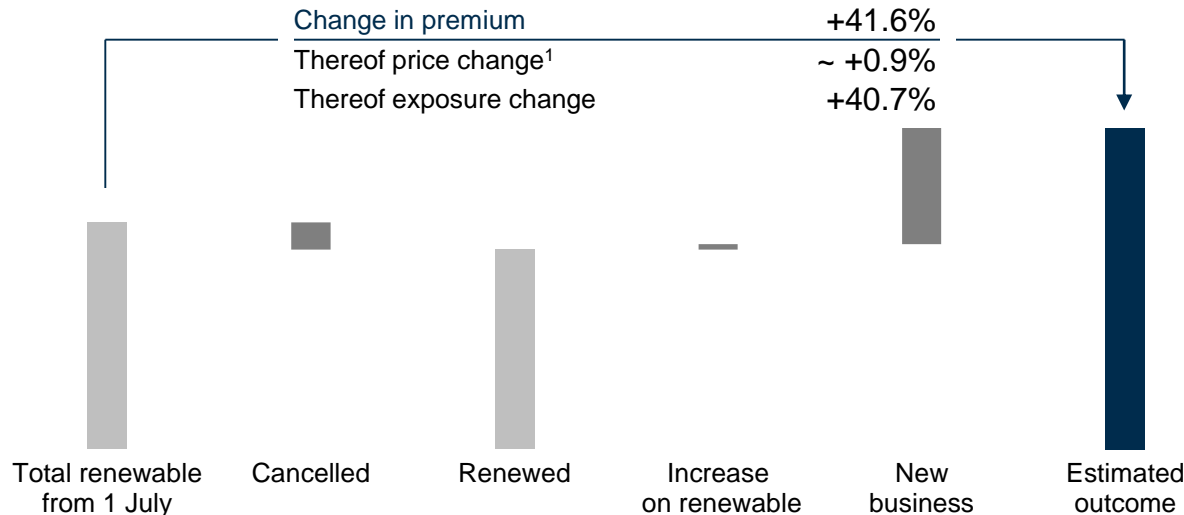


¹ Gross premiums written. Economic view – not fully comparable with IFRS figures. ² Total refers to total P-C book, incl. remaining business.

Top-line increase driven by growth opportunities in Australia and the US – Rate increases improve profitability

July renewals 2018

%	100	-12.0	88.0	+2.5	+51.1	141.6
€m	2,296	-275	2,021	+57	+1,174	3,252



- Price change including interest-rate effects ~2.1%
- Substantial rate increases for loss-affected nat cat XL business, in particular in Latin America/Caribbean
- Increases in US markets lost momentum – stabilisation of other business, incl. Australia
- Top-line growth driven by a large deal in Australia and attractive new proportional programmes in the US

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).

Backup

5

Premium development

Gross premiums written

€m

H1 2017  24,725

Foreign exchange  -1,282

Divestments/
investments 0

Organic change  871

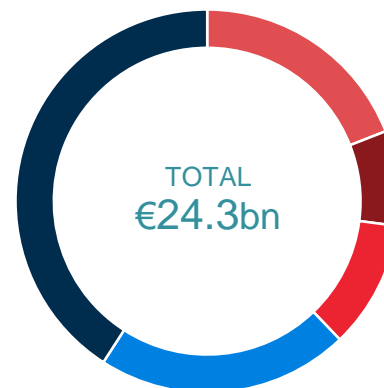
H1 2018  24,313

Segmental breakdown

€m

Reinsurance
Property-casualty
9,940 (41%) (▲ 13.2%)

ERGO
Life and Health Germany
4,633 (19%) (▲ 1.4%)



ERGO
Property-casualty Germany
1,947 (8%) (▲ 2.6%)

Reinsurance
Life and Health
5,174 (21%) (▲ -25.3%)

ERGO
International
2,619 (11%) (▲ 2.5%)

Reconciliation of operating result with net result

Reconciliation of operating result with net result

	H1 2018	Q2 2018	€m
Operating result	2,281		997
Other non-operating result	-345		-151
Goodwill impairments	0		0
Net finance costs	-101		-50
Taxes	-280		-68
Net result	1,555		728

Other non-operating result (€m)

	H1 2018	Q2 2018	Tax rates (%)	H1 2018	Q2 2018
Foreign exchange	-28	41	Group	15.2	8.5
Restructuring expenses	-56	-52	Reinsurance	16.2	4.7
Other	-261	-140	ERGO	7.3	25.5

Actual vs. analysts' consensus

Operating result – Actual vs. analysts' consensus¹

	Q2 2018	Consensus	Delta
Reinsurance Life and Health	323	182	141
Reinsurance Property-casualty	378	675	-297
ERGO Life and Health Germany	67	116	-49
ERGO Property-casualty Germany	125	75	50
ERGO International	105	59	46
Operating result	997	1,107	-110
FX	41		
Other	-242		
Taxes	-68		
Net result	728	719	9

Major developments in Q2 2018

Reinsurance Life and Health

Technical result, incl. fee income: €176m;
 Rol: 4.7% (higher regular income and disposal gains)

Reinsurance Property-casualty

Combined ratio: 102.0% (consensus: 94.5%) – major-loss ratio:
 13.3%; higher basic losses; reserve releases: ~-4.4%; Rol: 3.3%

ERGO Life and Health Germany

Rol: 2.7% (lower disposal gains)

ERGO Property-casualty Germany

Combined ratio: 90.3% (consensus: 95.4%);
 Rol: 2.3%

ERGO International

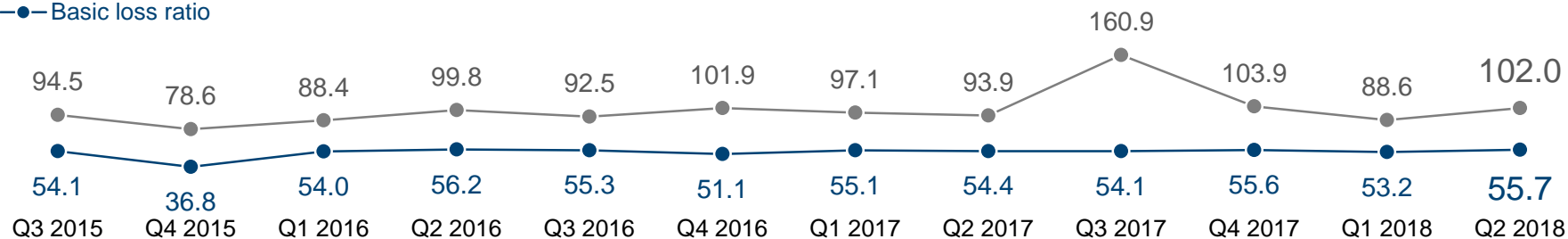
Combined ratio: 95.6% (consensus: 97.6%);
 Rol: 2.6%

Development of combined ratio

Combined ratio vs. basic losses

%

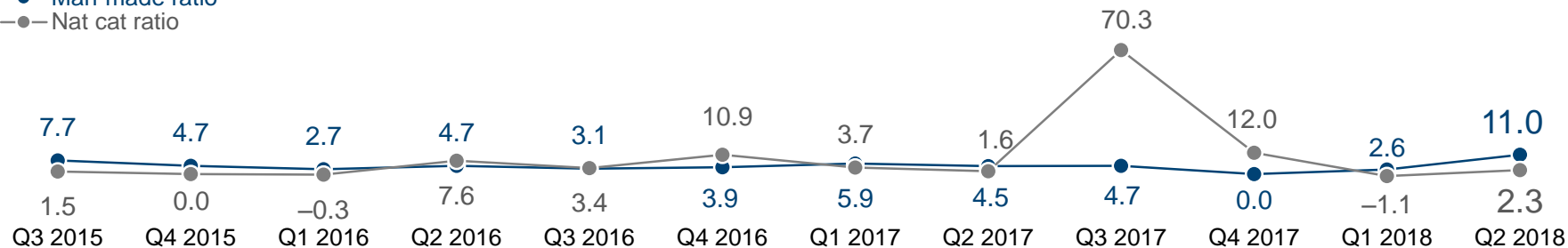
- Combined ratio
- Basic loss ratio



Nat cat vs. man-made

%

- Man-made ratio
- Nat cat ratio



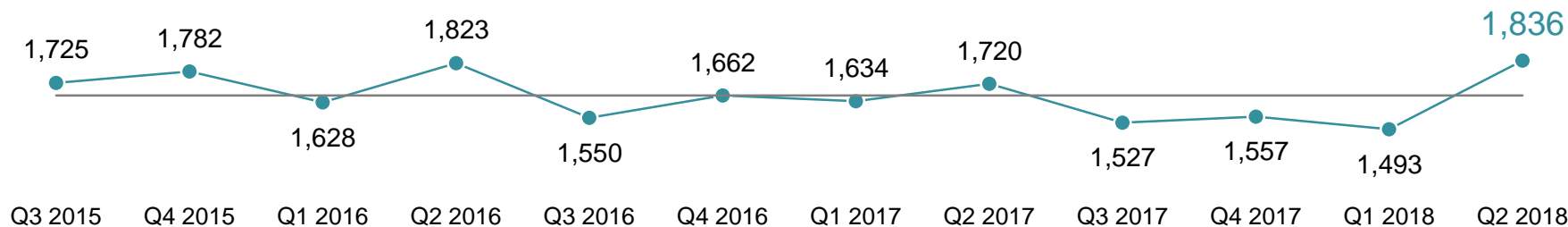
Breakdown of regular income

Investment result – Regular income (€m)

	Q2 2018	H1 2018	H1 2017	Change
Afs fixed-interest	722	1,412	1,499	-87
Afs non-fixed-interest	324	415	408	7
Derivatives	41	67	59	8
Loans	463	944	966	-22
Real estate	123	241	199	42
Deposits retained on assumed reinsurance and other investments	163	250	224	26
Total	1,836	3,329	3,354	-26

€m

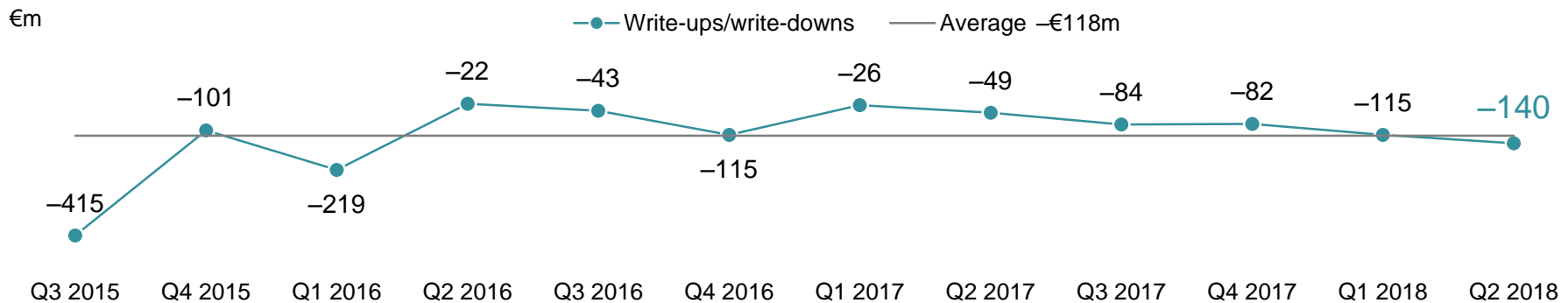
—●— Regular income — Average €1,661m



Breakdown of write-ups/write-downs

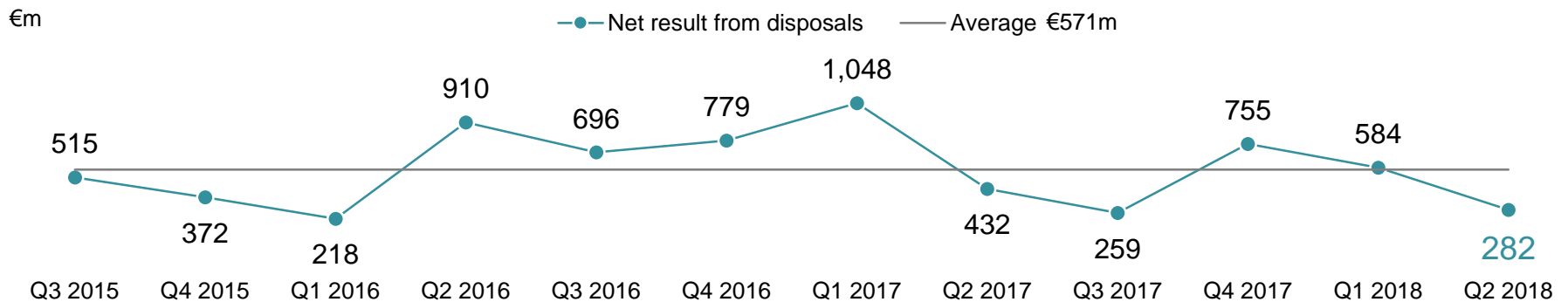
Investment result – Write-ups/write-downs (€m)

	Q2 2018	H1 2018	H1 2017	Change
Afs fixed-interest	-2	-3	-4	1
Afs non-fixed-interest	-83	-162	-35	-127
Loans	-2	-3	2	-4
Real estate	-22	-44	-51	7
Deposits retained on assumed reinsurance and other investments	-31	-44	12	-56
Total	-140	-256	-76	-180



Breakdown of net result from disposals

Investment result – Net result from disposal of investments (€m)	Q2 2018	H1 2018	H1 2017	Change
Afs fixed-interest	112	246	192	54
Afs non-fixed-interest	138	346	560	-214
Loans	0	192	721	-529
Real estate	0	43	6	37
Deposits retained on assumed reinsurance and other investments	32	39	1	38
Total	282	866	1,480	-614

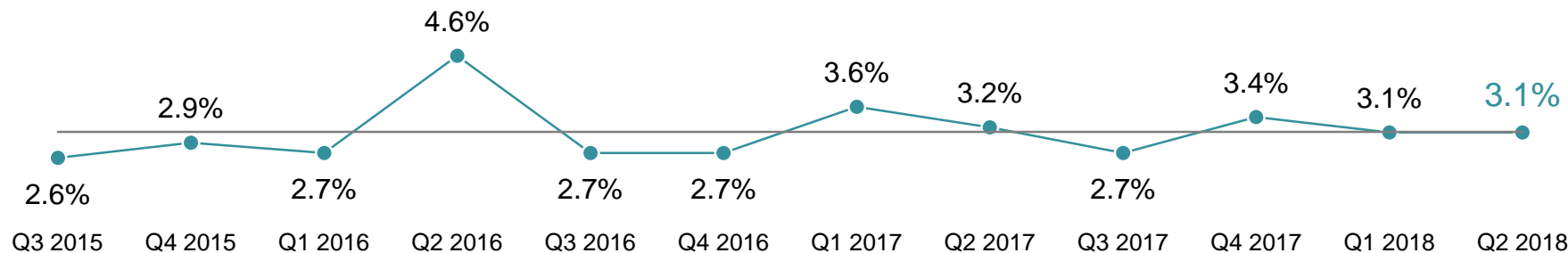


Return on investment by asset class and segment

H1 2018

% 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	0.4	0.0	0.0	2.6	125,144
Afs non-fixed-income	4.9	-1.9	4.1	0.0	0.0	7.0	17,021
Derivatives	7.6	0.0	0.0	-8.0	-0.2	-0.5	1,768
Loans	2.9	0.0	0.6	0.0	0.0	3.5	65,055
Real estate	5.9	-1.1	1.1	0.0	0.0	5.9	8,124
Other ²	3.6	-0.6	0.6	0.0	-4.5	-1.0	13,827
Total	2.9	-0.2	0.7	-0.1	-0.3	3.1	230,939
Reinsurance	2.9	-0.3	1.1	-0.1	-0.3	3.3	85,788
ERGO	2.8	-0.2	0.6	0.0	-0.2	3.0	145,151

—●— Return on investment — Average 3.1%



Investment result by segment

Reinsurance Life and Health (€m)	Q2 2018	Return ¹	H1 2018	Return ¹	H1 2017	Return ¹
Regular income	203	3.2%	376	2.9%	400	3.0%
Write-ups/write-downs	-15	-0.2%	-26	-0.2%	-6	-0.0%
Disposal gains/losses	130	2.0%	198	1.5%	94	0.7%
Derivatives ²	0	0.0%	-8	-0.1%	-7	-0.1%
Other income/expenses	-15	-0.2%	-30	-0.2%	-29	-0.2%
Investment result	302	4.7%	510	4.0%	453	3.4%
Average market value		25,584		25,698		26,748

Reinsurance Property-casualty (€m)	Q2 2018	Return ¹	H1 2018	Return ¹	H1 2017	Return ¹
Regular income	518	3.5%	888	3.0%	863	2.7%
Write-ups/write-downs	-59	-0.4%	-100	-0.3%	-26	-0.1%
Disposal gains/losses	87	0.6%	254	0.8%	256	0.8%
Derivatives ²	7	0.0%	-29	-0.1%	-37	-0.1%
Other income/expenses	-57	-0.4%	-113	-0.4%	-99	-0.3%
Investment result	496	3.3%	900	3.0%	957	3.0%
Average market value		59,765		60,090		64,331

Investment result by segment

ERGO Life and Health Germany (€m)	Q2 2018	Return ¹	H1 2018	Return ¹	H1 2017	Return ¹
Regular income	980	3.2%	1,799	3.0%	1,805	3.0%
Write-ups/write-downs	-57	-0.2%	-100	-0.2%	-34	-0.1%
Disposal gains/losses	17	0.1%	340	0.6%	1,051	1.7%
Derivatives ^{2,3}	-51	-0.2%	-34	-0.1%	-346	-0.6%
Other income/expenses	-82	-0.3%	-149	-0.2%	-120	-0.2%
Investment result	807	2.7%	1,857	3.1%	2,356	3.9%
Average market value		120,636		120,722		120,973

ERGO Property-casualty Germany (€m)	Q2 2018	Return ¹	H1 2018	Return ¹	H1 2017	Return ¹
Regular income	45	2.6%	76	2.2%	83	2.4%
Write-ups/write-downs	-5	-0.3%	-11	-0.3%	-3	-0.1%
Disposal gains/losses	7	0.4%	22	0.6%	38	1.1%
Derivatives ²	-3	-0.1%	-1	-0.0%	-12	-0.3%
Other income/expenses	-5	-0.3%	-9	-0.3%	-7	-0.2%
Investment result	40	2.3%	77	2.2%	98	2.9%
Average market value		7,111		7,060		6,837

1 Return on quarterly weighted investments (market values) in % p.a. 2 Result from derivatives without regular income and other income/expenses.

3 Thereof interest-rate hedging ERGO: Q2 €0m/€0m (gross/net); H1 €4m/€0m (gross/net).

Investment result by segment

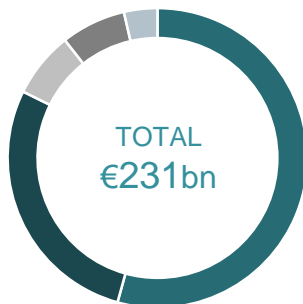
ERGO International (€m)	Q2 2018	Return¹	H1 2018	Return¹	H1 2017	Return¹
Regular income	89	2.0%	190	2.2%	203	2.4%
Write-ups/write-downs	-4	-0.1%	-19	-0.2%	-7	-0.1%
Disposal gains/losses	40	0.9%	51	0.6%	41	0.5%
Derivatives ²	-6	-0.1%	2	0.0%	-48	-0.6%
Other income/expenses	-6	-0.1%	-13	-0.1%	-14	-0.2%
Investment result	113	2.6%	211	2.4%	176	2.1%
Average market value		17,371		17,369		17,056

Investment portfolio

Fixed-interest securities and miscellaneous

Investment portfolio

Miscellaneous
7.0 (6.2)



Fixed-interest securities
54.3 (54.9)

Loans
28.0 (28.2)

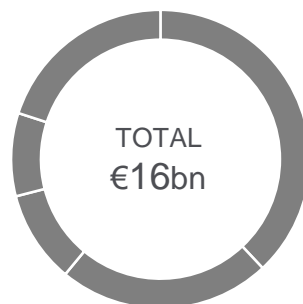
Miscellaneous

Other
20 (21)

Derivatives²
9 (7)

Investment funds³
10 (10)

Bank deposits
23 (22)



Deposits on
reinsurance
38 (40)

Fixed-interest securities¹

Structured products
3 (3)

Corporates
18 (17)

Banks
2 (2)

Pfandbriefe/
Covered bonds
13 (14)



Governments/
Semi-government
64 (64)

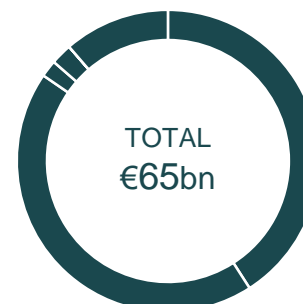
Cash/Other
0 (0)

Loans¹

Loans to policyholders/
mortgage loans
11 (11)

Corporates
2 (2)

Banks
2 (3)



Governments/
Semi-government
41 (41)

Pfandbriefe/
Covered bonds
44 (44)

¹ Approximation – not fully comparable with IFRS figures. Fair values as at 30.6.2018 (31.12.2017).

² Non-fixed derivatives. ³ Non-fixed property funds and non-fixed bond funds

Fixed-income portfolio

Total

Fixed-income portfolio

%

Structured products

2 (2)

Governments/
Semi-government
54 (54)

Bank bonds

2 (2)

Loans to policyholders/
mortgage loans

4 (3)

Cash/other

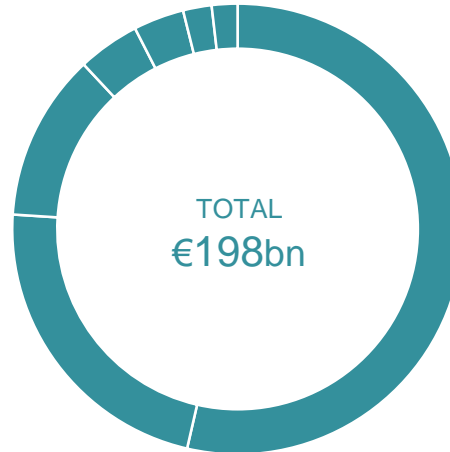
4 (4)

Corporate bonds

12 (11)

Pfandbriefe/covered bonds

22 (23)



Fixed-income portfolio

Total

Rating structure



Maturity structure



Regional breakdown

	Without policyholder participation	With participation	Total 30.6.2018	31.12.2017
Germany	5.0	23.6	28.7	28.3
US	12.5	1.4	13.9	14.5
France	2.3	5.5	7.9	8.0
UK	2.6	2.1	4.7	5.1
Netherlands	1.5	3.1	4.6	4.3
Canada	3.9	0.5	4.4	4.4
Supranationals	0.7	3.2	3.9	3.9
Australia	2.3	0.5	2.7	2.7
Spain	0.8	1.8	2.6	3.0
Austria	0.4	2.0	2.4	2.3
Belgium	0.7	1.6	2.3	2.2
Ireland	0.8	1.4	2.1	2.1
Italy	0.8	1.3	2.1	2.3
Sweden	0.3	1.3	1.6	1.5
Poland	1.1	0.5	1.6	1.5
Other	7.2	7.3	14.5	13.8
Total	42.7	57.3	100.0	100.0

Fixed-income portfolio

Governments/semi-government

Rating structure



Maturity structure



Regional breakdown

	Without policyholder participation	With participation	Total 30.6.2018	31.12.2017
Germany	3.8	22.1	25.9	25.6
US	14.4	0.9	15.3	16.1
Supranationals	1.2	6.1	7.3	7.3
Canada	5.5	0.5	6.1	6.0
France	1.6	2.2	3.8	4.1
Belgium	1.0	2.8	3.8	3.7
Spain	1.4	2.4	3.7	4.2
Australia	3.5	0.0	3.5	3.3
Austria	0.5	2.7	3.2	3.0
Poland	1.9	0.9	2.9	2.7
Italy	1.0	1.7	2.7	3.0
UK	2.4	0.0	2.5	3.0
Netherlands	0.7	1.4	2.2	2.0
Finland	0.3	1.9	2.2	2.1
Ireland	0.4	1.4	1.8	1.9
Other	7.8	5.5	13.3	12.0
Total	47.5	52.5	100.0	100.0

Fixed-income portfolio

Pfandbriefe/covered bonds

Rating structure



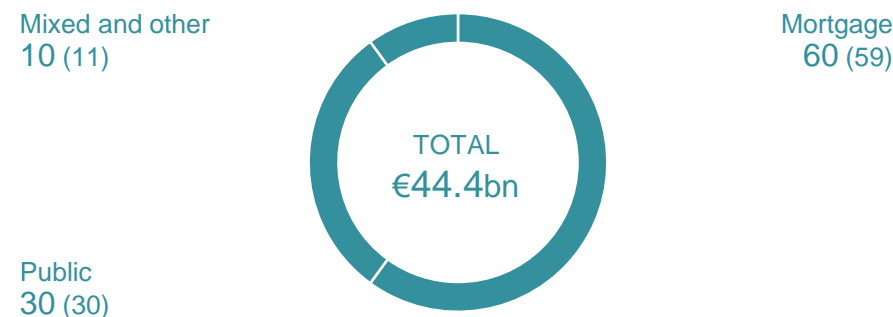
Maturity structure



Regional breakdown

	30.6.2018	31.12.2017
Germany	36.6	37.1
France	19.7	20.0
UK	8.5	8.6
Netherlands	8.1	8.0
Sweden	6.2	6.1
Norway	6.0	5.9
Spain	2.0	2.1
Italy	1.2	1.0
Ireland	0.3	0.3
Other	11.5	11.1

Cover pools





Fixed-income portfolio

Corporate bonds (excluding bank bonds)

Rating structure

	%
NR 1 (0)	AAA 1 (1)
<BB 2 (1)	AA 5 (5)
BB 11 (12)	A 24 (25)
BBB 56 (55)	

TOTAL
€23.8bn

Maturity structure

	%
>10 years 21 (22)	0–1 years 12 (7)
7–10 years 13 (14)	1–3 years 19 (19)
5–7 years 15 (16)	3–5 years 20 (22)

AVERAGE
MATURITY
7.0 years

Regional breakdown

	30.6.2018	31.12.17
Utilities	16.0	16.5
Industrial goods and services	14.3	13.6
Oil and gas	11.3	11.1
Financial services	8.4	8.0
Telecommunications	8.0	9.1
Healthcare	6.7	7.1
Technology	5.0	5.7
Food and beverages	4.1	4.1
Personal and household goods	3.9	3.7
Media	3.7	3.4
Construction	3.5	2.9
Automobiles	3.1	3.5
Retail	3.1	3.3
Other	8.8	8.1

Fixed-income portfolio

Bank bonds

Rating structure



Maturity structure



Regional breakdown

Region	Senior bonds	Subordinated	Loss-bearing	Total	
				30.6.2018	31.12.2017
US	35.5	5.4	0.6	41.5	39.2
Germany	6.6	1.1	4.0	11.6	20.7
UK	7.4	0.4	0.3	8.2	7.3
Ireland	7.7	0.1	0.0	7.8	7.7
Canada	5.5	0.3	0.0	5.9	3.3
France	2.4	0.7	1.2	4.4	4.7
Guernsey Island	2.1	0.0	0.0	2.1	1.1
Belgium	1.7	0.0	0.0	1.7	1.5
Norway	1.6	0.0	0.0	1.6	1.7
Other	12.8	2.3	0.1	15.2	12.8

Investment category of bank bonds





Fixed-income portfolio

Structured products

Structured products portfolio (at market values): Breakdown by rating and region

%

		Rating					Region		Total Market-to-par		
		AAA	AA	A	BBB	<BBB	NR	USA + RoW			Europe
ABS	Consumer-related ABS ¹	191	148	45	27	0	0	222	190	411	100%
	Corporate-related ABS ²	2	17	270	46	0	0	0	336	336	100%
	Subprime HEL	0	1	0	0	0	0	1	0	1	98%
CDO/ CLN	Subprime-related	0	0	0	0	0	0	0	0	0	0%
	Non-subprime-related	493	903	105	33	0	69	632	971	1,603	101%
MBS	Agency	716	35	0	0	0	0	751	0	751	101%
	Non-agency prime	14	93	19	0	0	0	2	125	127	100%
	Non-agency other (not subprime)	82	43	5	0	0	0	22	108	130	100%
	Commercial MBS	257	27	0	7	0	0	225	66	291	101%
Total 30.6.2018		1,756	1,268	444	113	0	69	1,854	1,796	3,650	100%
In %		48%	35%	12%	3%	0%	2%	51%	49%	100%	
Total 31.12.2017		1,915	1,218	422	138	0	15	1,936	1,771	3,708	101%

Sensitivities to interest rates, spreads and equity markets

Sensitivity to risk-free interest rates – basis points	–50	–25	+50	+100
Change in gross market value (€bn)	+7.9	+3.8	–7.2	–13.8
Change in on-balance-sheet reserves, net (€bn) ¹	+1.8	+0.9	–1.7	–3.2
Change in off-balance-sheet reserves, net (€bn) ¹	+0.4	+0.2	–0.3	–0.6
P&L impact (€bn) ¹	–0.0	–0.0	+0.0	+0.0

Sensitivity to spreads ² (change in basis points)		+50	+100
Change in gross market value (€bn)		–5.3	–10.2
Change in on-balance-sheet reserves, net (€bn) ¹		–1.1	–2.1
Change in off-balance-sheet reserves, net (€bn) ¹		–0.2	–0.5
P&L impact (€bn) ¹		–0.1	–0.1

Sensitivity to equity and commodity markets ³	–30%	–10%	+10%	+30%
EURO STOXX 50 (3,396 as at 30.6.2018)	2,377	3,056	3,736	4,415
Change in gross market value (€bn)	–5.2	–1.7	+1.7	+5.4
Change in on-balance-sheet reserves, net (€bn) ¹	–1.1	–0.4	+1.0	+2.9
Change in off-balance-sheet reserves, net (€bn) ¹	–0.8	–0.3	+0.3	+0.8
P&L impact (€bn) ¹	–1.8	–0.6	+0.0	+0.1

¹ Rough calculation with limited reliability assuming unchanged portfolio as at 30.6.2018. 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.

On- and off-balance-sheet reserves (gross)

€m	31.12.2016	31.12.2017	31.3.2018	30.6.2018	▲ in Q2
Market value of investments	238,490	231,885	229,781	231,150	1,369
Total reserves	28,496	25,395	22,852	22,382	-470
On-balance-sheet reserves					
Fixed-interest securities	8,649	7,622	6,736	5,955	-781
Non-fixed-interest securities	2,924	3,261	2,338	2,632	293
Other on-balance-sheet reserves ¹	186	189	198	192	-6
Subtotal	11,759	11,072	9,272	8,778	-494
Off-balance-sheet reserves					
Real estate ²	2,413	2,744	2,726	2,809	83
Loans ³	13,591	10,788	10,034	10,011	-23
Associates	733	792	820	784	-37
Subtotal	16,738	14,323	13,580	13,604	24
Reserve ratio %	11.9%	11.0%	9.9%	9.7%	-0.3%-pts.

1 Unrealised gains/losses from unconsolidated affiliated companies, valuation at equity and cash-flow hedging. 2 Excluding reserves from owner-occupied property.
3 Excluding insurance-related loans.

On- and off-balance-sheet reserves

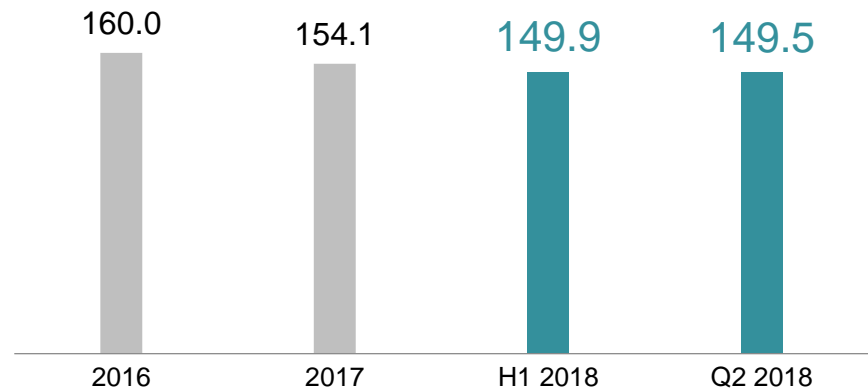
€m	On-balance-sheet reserves	Off-balance-sheet reserves ¹
Total reserves (gross)	8,778	13,604
Provision for deferred premium refunds	−4,234	−9,300
Deferred tax	−877	−1,288
Minority interests	−7	0
Consolidation and currency effects	−197	0
Shareholders' stake	3,463	3,016

¹ Excluding reserves for owner-occupied property and insurance related loans.

Changes to shares in circulation

Shares (millions)	31.12. 2017	Acquisition of own shares in H1 2018	Retirement of own shares in H1 2018	30.6. 2018
Shares in circulation	151.3	-2.3	-	149.0
Own shares held	3.8	2.3	-5.5	0.5
Total	155.0	-	-5.5	149.5

Weighted average number of shares in circulation (millions)



Financial calendar

2018

7 NOVEMBER Quarterly statement as at 30 September 2018

2019

6 FEBRUARY Preliminary key figures 2018 and renewals

20 MARCH Balance sheet press conference for 2018 financial statements
Analysts' call

30 APRIL Annual General Meeting 2019

8 MAY Quarterly statement as at 31 March 2019

7 AUGUST Half-year financial report as at 30 June 2019

7 NOVEMBER Quarterly statement as at 30 September 2019

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