



# Well on course to meet 2013 financial targets

Quarterly financial statements as at 30 September 2013

7 November 2013

Agenda



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Munich Re (Group) – Financial highlights

All business fields on track to meet full-year targets



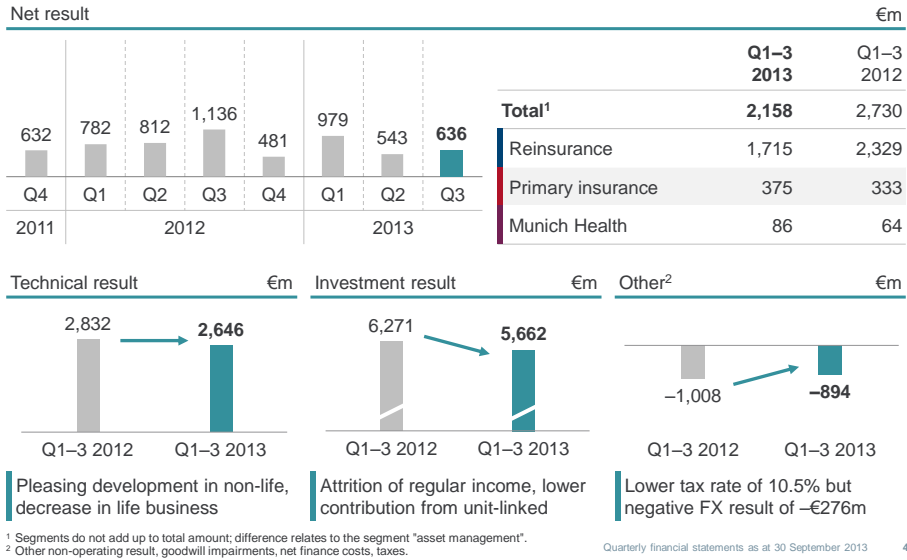
Munich Re (Group) – Q1–3 2013

<b>NET RESULT</b> <b>€2,158m</b> (€636m in Q3)		<b>SHAREHOLDERS' EQUITY</b> <b>€25.9bn</b> (+0.8% vs. 30.6.)		<b>INVESTMENT RESULT</b> <b>Rol of 3.4%</b> (3.8% in Q3)	
Well on course to meet 2013 financial targets – Q3 results impacted by various non-recurring effects		Stable IFRS equity supported by good operating result – Resuming share buy-back based on strong capital position		Solid result given low interest rates – Increased reinvestment yield	

<b>Reinsurance</b> <b>NET RESULT</b> <b>€1,715m</b> (€510m in Q3)		<b>Primary insurance</b> <b>NET RESULT</b> <b>€375m</b> (€100m in Q3)		<b>Munich Health</b> <b>NET RESULT</b> <b>€86m</b> (€27m in Q3)	
1,499      216		154      107      114		86	
<b>P-C</b> Combined ratio 93.1% (94.3% in Q3) – Slightly better than full-year target of ~94%	<b>LIFE</b> In Q3 adverse development in Australian disability business impacting technical result	<b>P-C</b> Combined ratio 97.1% (99.2% in Q3) – Nat cats in Germany		<b>REINSURANCE</b> Combined ratio 99.4% (100.3% in Q3)	
		<b>LIFE</b> Result in line with expectations	<b>HEALTH</b> Solid, stable performance	<b>PRIMARY INSURANCE</b> Combined ratio 93.4% (83.2% in Q3) – Disposal of Windsor Health	

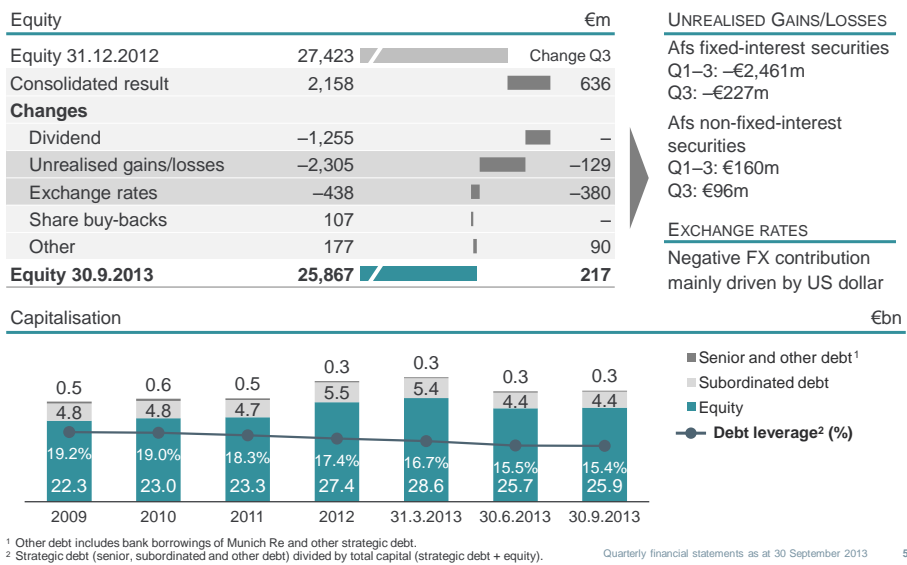
Munich Re (Group) – Key figures

Sound performance in core business but lower investment income leaving its mark



Munich Re (Group) – Capitalisation

Capital position remaining strong despite impact from rising yields

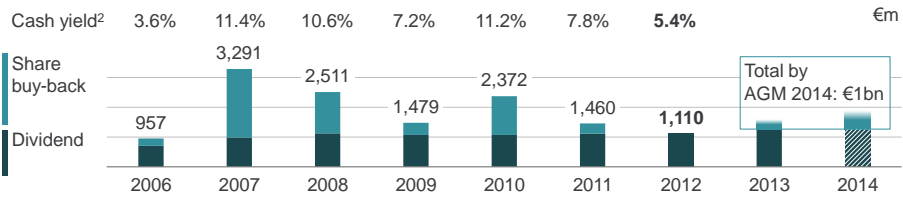


Munich Re (Group) – Capitalisation

€1bn share buy-back by AGM 2014 – Munich Re continues to actively manage its capital base



Strong track record in capital repatriation<sup>1</sup> based on solid financial development and sound balance sheet



Sound capitalisation according to all metrics



Excellent economic solvency ratio based on 175% of VaR 99.5%



Capital a clear rating strength for Munich Re



Algorithm of equalisation reserve reducing upward and downward sensitivity of distributable funds

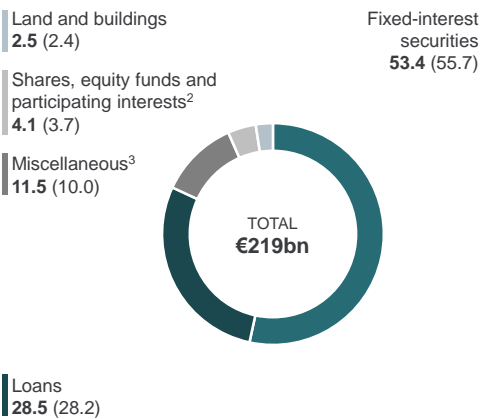
<sup>1</sup> Cash-flow view. <sup>2</sup> Total payout (dividend and buy-back) divided by average market capitalisation. <sup>3</sup> German statutory accounting standards.

Munich Re (Group) – Investment portfolio

Active asset management on the basis of a well-diversified investment portfolio



Investment portfolio<sup>1</sup> %



Portfolio management

Asset-liability gap at Group level remains very low

Reduction of government bonds but also declining market values (FX, interest rates)

Slight reduction and ongoing geographic diversification of covered bonds

Further cautious expansion of corporate bonds across all industries

Decrease of asset duration in reinsurance – increase of bank deposits ("miscellaneous")

<sup>1</sup> Fair values as at 30.9.2013 (31.12.2012). <sup>2</sup> Net of hedges: 3.6% (3.4%). <sup>3</sup> Deposits retained on assumed reinsurance, unit-linked investments, deposits with banks, investment funds (excl. equities), derivatives and investments in renewable energies and gold.

Munich Re (Group) – Investment result

## Solid result given low interest rates – Increased reinvestment yield



Investment result							€m
	Q1–3 2013	Return <sup>1</sup>	Q1–3 2012	Return <sup>1</sup>	Q3 2013	Return <sup>1</sup>	
Regular income	5,686	3.4%	5,808	3.6%	1,860	3.4%	
Write-ups/write-downs	-541	-0.3%	-97	0.0%	-96	-0.2%	
Disposal gains/losses	729	0.4%	525	0.3%	266	0.5%	
Other income/expenses <sup>2</sup>	-212	-0.1%	35	0.0%	69	0.1%	
<b>Investment result</b>	<b>5,662</b>	<b>3.4%</b>	<b>6,271</b>	<b>3.9%</b>	<b>2,099</b>	<b>3.8%</b>	

Regular income	Write-ups/write-downs	€m		Disposal gains/losses	€m	
	Major effects	Q1–3 2013	Q3 2013	Major effects	Q1–3 2013	Q3 2013
Decelerating attrition of running yield after increase in interest rates – 3-month average reinvestment yield increased to ~2.6% in Q3 2013 (~2.3% in Q2 2013)	Equities	-84	-16	Fixed-income	705	109
	Derivatives	-271	-89	Equities	536	314
	t/o swaptions	-110	-23	Derivatives	-491	-123
	Other	-186	9	Other	-21	-34

<sup>1</sup> Return on quarterly weighted investments (market values) in % p.a.

<sup>2</sup> Including impact from unit-linked business. Q1–3 2013: €241m (Q1–3 2012: €451m). Q3 2013: €218m (0.4%-points).

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Munich Re (Group)

**Primary insurance**

Munich Health

Reinsurance

Outlook

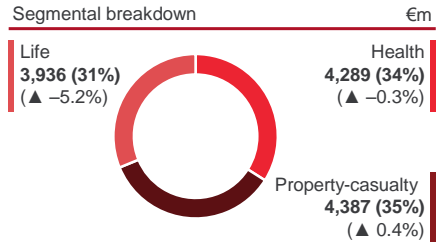
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Primary insurance – Premium development

Decrease in premium income mainly from life insurance and divestment ...



Gross premiums written		€m
Q1–3 2012	12,824	
Foreign-exchange effects	-24	
Divestment/Investment	-105	
Organic change	-83	
<b>Q1–3 2013</b>	<b>12,612</b>	



Gross premiums written		€m
Q1–3 2012	12,824	
Life	-215	
Health	-15	
Property-casualty	18	
<b>Q1–3 2013</b>	<b>12,612</b>	

**Life:** Premium income decreasing in both German -4.0% and international business -8.8%

**Health:** Growth in supplementary partially offsetting decline in comprehensive and travel business

**P-C:** Pleasing growth of ~4% in German business compensating for disposal of Korean entity

Primary insurance – Key figures

... but increase in property-casualty business



Total premiums life		€m
Germany		
		■ thereof GWP
Q1–3 2012	3,922	
<b>Q1–3 2013</b>	<b>3,709</b>	
International		
		■ thereof GWP
Q1–3 2012	1,322	
<b>Q1–3 2013</b>	<b>1,210</b>	

Still difficult market environment in Germany and international business

Premiums property-casualty		€m
Germany		
Q1–3 2012	2,626	
<b>Q1–3 2013</b>	<b>2,730</b>	
International		
Q1–3 2012	1,743	
<b>Q1–3 2013</b>	<b>1,657</b>	

Considerable growth in Germany– disposal of Korean entity covers up good organic growth in international business

Primary insurance life – New business

New business (statutory premiums)



Total	€m			
	Total	Regular premiums	Single premiums	APE <sup>1</sup>
Q1–3 2012	1,595	327	1,268	454
<b>Q1–3 2013</b>	<b>1,362</b>	<b>294</b>	<b>1,068</b>	<b>400</b>
▲	<b>-14.6%</b>	-10.1%	-15.8%	-11.9%

Comments

- Germany: Lower single premiums from short-term investment product "MaxiZins" and from German corporate pensions insolvency scheme – difficult environment for regular premium business; sale of new product started positively
- International business: Lower single premiums in Austria, Belgium and Poland – higher regular premiums mainly in Poland and Russia

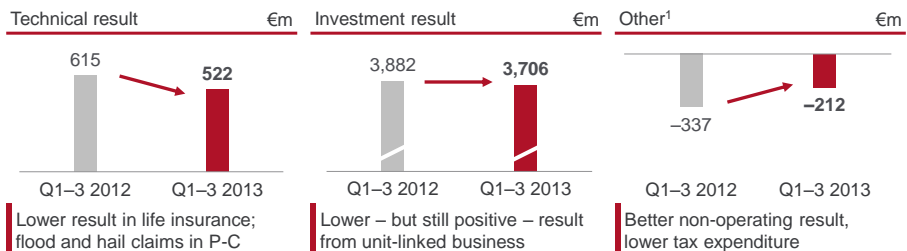
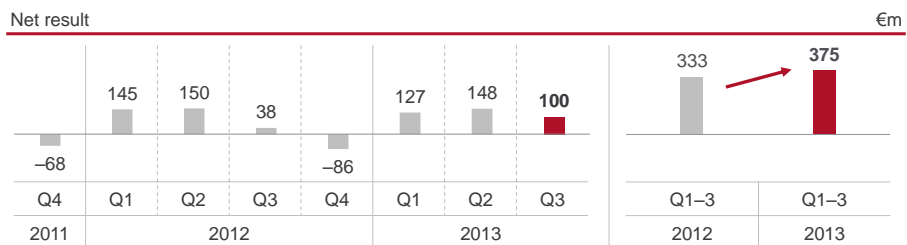
Germany	€m			
	Total	Regular premiums	Single premiums	APE <sup>1</sup>
Q1–3 2012	1,011	209	802	289
<b>Q1–3 2013</b>	<b>826</b>	<b>178</b>	<b>648</b>	<b>242</b>
▲	<b>-18.3%</b>	-14.8%	-19.2%	-15.9%

International	€m			
	Total	Regular premiums	Single premiums	APE <sup>1</sup>
Q1–3 2012	584	118	466	165
<b>Q1–3 2013</b>	<b>536</b>	<b>116</b>	<b>420</b>	<b>158</b>
▲	<b>-8.2%</b>	-1.7%	-9.9%	-4.2%

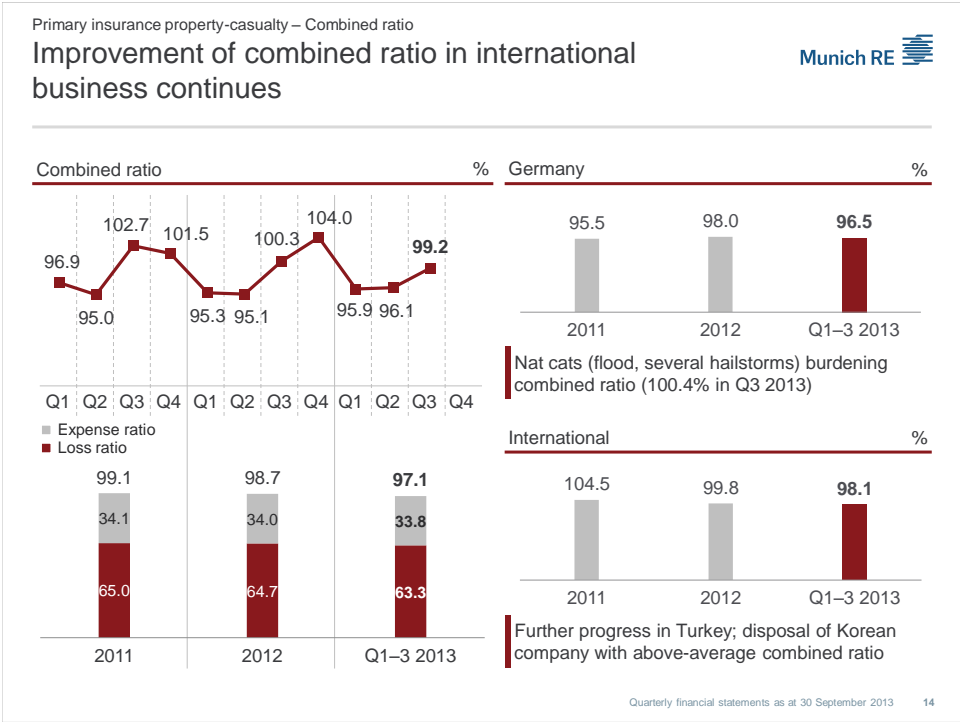
<sup>1</sup> Annual premium equivalent (APE = regular premiums +10% single premiums).

Primary insurance – Key figures

Good result in Q3 in primary insurance



<sup>1</sup> Other non-operating result, goodwill impairments, net finance costs, taxes.



### Agenda

- Munich Re (Group)
- Primary insurance
- Munich Health**
- Reinsurance
- Outlook

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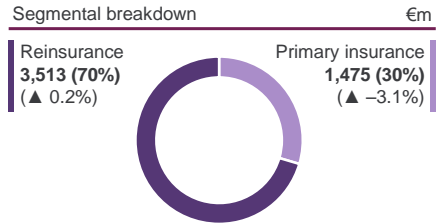


Munich Health – Premium development

Munich Health – Premium development



Gross premiums written		€m
Q1–3 2012	5,028	
Foreign-exchange effects	-152	
Divestment/Investment	-	
Organic change	112	
<b>Q1–3 2013</b>	<b>4,988</b>	



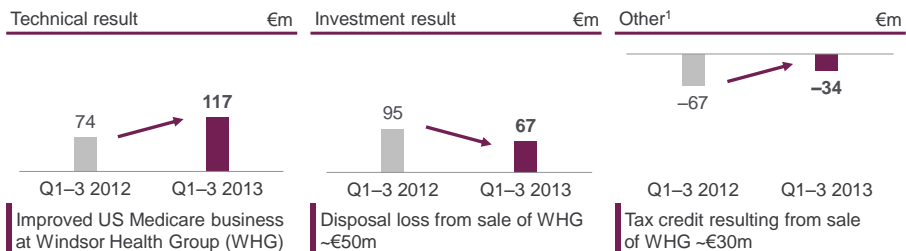
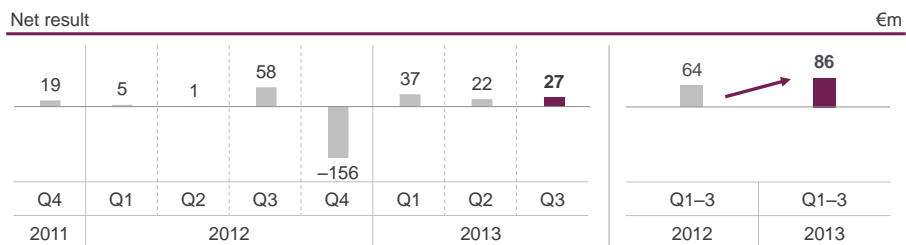
Gross premiums written		€m
Q1–3 2012	5,028	
Reinsurance	7	
Primary insurance	-47	
<b>Q1–3 2013</b>	<b>4,988</b>	

**Reinsurance**  
New business in Middle East compensating for negative FX effects of -€136m

**Primary insurance**  
Organic growth in Spain and Belgium, decline in USA due to exit from PFFS business

Munich Health – Key figures

Munich Health – Key figures



<sup>1</sup> Other non-operating result, goodwill impairments, net finance costs, taxes.

Agenda



Munich Re (Group)

Primary insurance

Munich Health

**Reinsurance**

Outlook

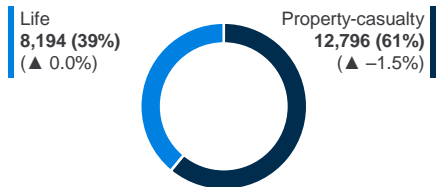
Reinsurance – Premium development

Reinsurance – Premium development



Gross premiums written		€m
Q1–3 2012	21,186	
Foreign-exchange effects	-777	
Divestment/Investment	-	
Organic change	581	
<b>Q1–3 2013</b>	<b>20,990</b>	

Segmental breakdown



Gross premiums written		€m
Q1–3 2012	21,186	
Life	3	
Property-casualty	-199	
<b>Q1–3 2013</b>	<b>20,990</b>	

**Life**  
Organic growth of €350m especially in USA and Australia – negative FX effects of –€347m, mainly Can\$

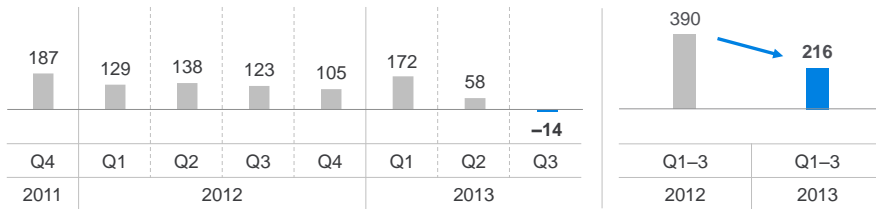
**Property-casualty**  
Organic growth of €231m mainly due to new business in agriculture – negative FX effects of –€430m

Reinsurance life – Key figures

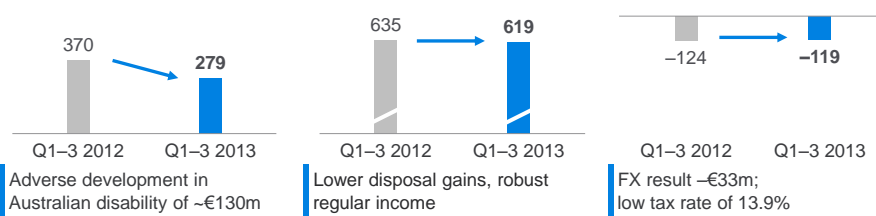
Reinsurance life – Key figures



Net result €m



Technical result €m    Investment result €m    Other<sup>1</sup> €m



Q1-3 2012    Q1-3 2013  
Adverse development in Australian disability of -€130m

Q1-3 2012    Q1-3 2013  
Lower disposal gains, robust regular income

Q1-3 2012    Q1-3 2013  
FX result -€33m; low tax rate of 13.9%

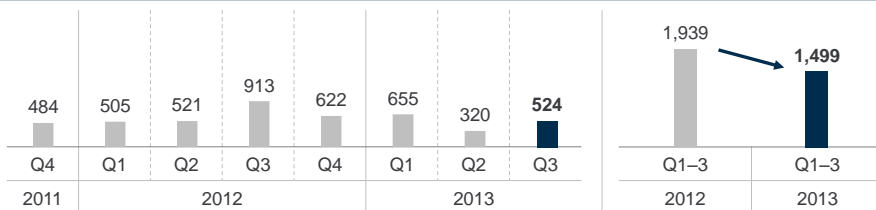
<sup>1</sup> Other non-operating result, goodwill impairments, net finance costs, taxes.

Reinsurance property-casualty – Key figures

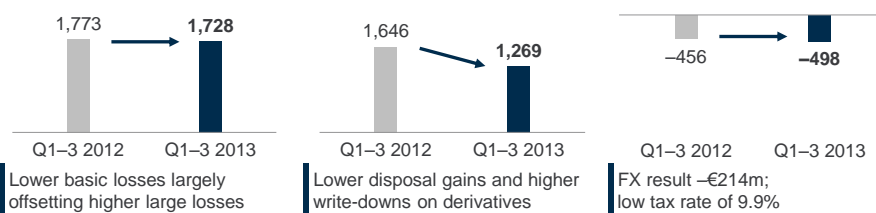
Reinsurance property-casualty – Key figures



Net result €m



Technical result €m    Investment result €m    Other<sup>1</sup> €m



Q1-3 2012    Q1-3 2013  
Lower basic losses largely offsetting higher large losses

Q1-3 2012    Q1-3 2013  
Lower disposal gains and higher write-downs on derivatives

Q1-3 2012    Q1-3 2013  
FX result -€214m; low tax rate of 9.9%

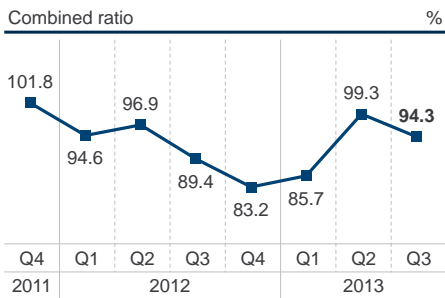
<sup>1</sup> Other non-operating result, goodwill impairments, net finance costs, taxes.

Reinsurance property-casualty – Combined ratio

Reinsurance property-casualty – Combined ratio



Combined ratio						%
		Basic losses	Nat cat losses	Man-made losses	Expense ratio	
2011	113.8	50.7	29.4	3.3	30.4	
2012	91.0	50.2	7.7	3.1	30.0	
<b>Q1–3 2013</b>	<b>93.1</b>	<b>52.5</b>	<b>5.3</b>	<b>5.5</b>	<b>29.8</b>	
<b>Q3 2013</b>	<b>94.3</b>	<b>49.3</b>	<b>7.6</b>	<b>7.2</b>	<b>30.2</b>	



Large losses Q1–3 2013				%
Actual				
<b>Q1–3 2013</b>	<b>10.8</b>	<b>5.3</b>	<b>5.5</b>	
Avg. annual expectation	~12.0	~8.5	~3.5	
Reserve releases <sup>1</sup>		€m	%-points	
2011		~600	~4.0	
2012		~900	~5.5	
<b>Q1–3 2013</b>		<b>~470</b>	<b>~4.0</b>	
<b>Q3 2013</b>		<b>~235</b>	<b>~6.0</b>	

<sup>1</sup> Basic losses.

Agenda



Munich Re (Group)

Primary insurance

Munich Health

Reinsurance

**Outlook**

