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Quarterly statement as at 30 September 2018

7 November 2018

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9M result slightly above €2bn – Well on track to meet annual guidance

Munich Re (Group)

Net result

€483m (9M: €2,038m)

Strong ERGO result, also benefitting from one-offs – Robust reinsurance result despite accumulation of nat cat claims, higher taxes and FX losses

Return on investment¹

2.3% (9M: 2.8%)

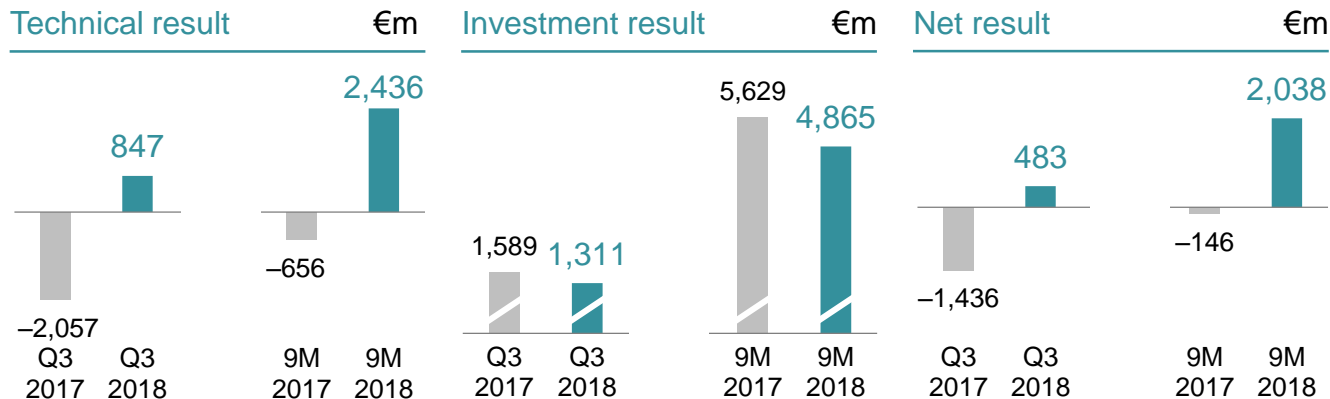
Reinsurance: 2.9%, ERGO: 1.9% – Low disposal gains: Less ZZR need and preservation of high valuation reserves

Shareholders' equity

€27.1bn (–3.8% vs. 31.12.)

Solvency II ratio increased to >260%

Q3 2018 (9M 2018)



Reinsurance

Life and Health: Technical result incl. fee income: €88m (incl. negative one-offs); (9M: €419m) – On course to achieve annual target of ≥€475m

Property-casualty: Combined ratio: 100.7% (9M: 97.3%) – Major-loss ratio: 12.5% (9M: 9.3%); Reserve release: ~4%

ERGO

Life and Health Germany: Positive contribution from changed profit-share assumptions

Property-casualty Germany: Combined ratio: 94.7% (9M: 95.3%)

International: Burden from portfolio optimisation; Combined ratio: 93.3% (9M: 94.7%)

IFRS capital position

Equity		€m
Equity 31.12.2017	28,198	
Consolidated result	2,038	483
Changes		
Dividend	-1,286	0
Unrealised gains/losses	-1,535	-168
Exchange rates	225	29
Share buy-backs	-617	-200
Other	93	75
Equity 30.9.2018	27,117	218

Unrealised gains/losses

Fixed-interest securities

9M: -€1,350m Q3: -€387m

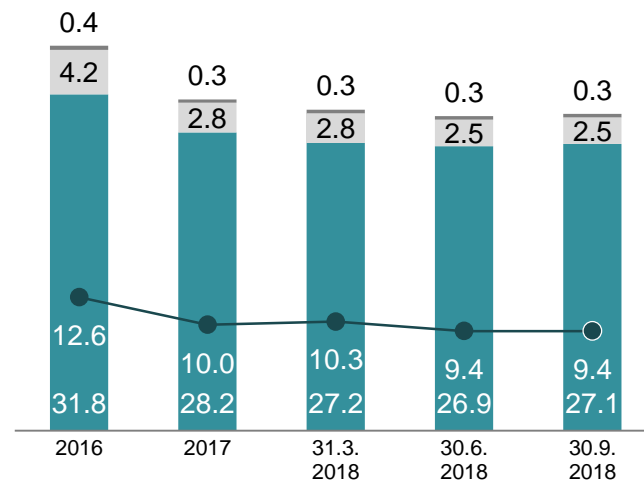
Non-fixed-interest securities

9M: -€165m Q3: €232m

Exchange rates

FX effect mainly driven by US\$

Capitalisation



● Debt leverage¹ (%)

■ Senior and other debt²

■ Subordinated debt

■ Equity

1%-point higher debt leverage corresponds to ~€0.3bn additional subordinated debt

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

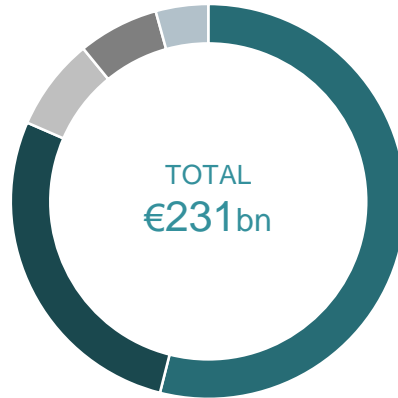
Investment portfolio¹

Land and buildings
4.3 (3.4)

Miscellaneous²
6.6 (6.2)

Shares, equity funds and participating interests³
7.6 (7.3)

Loans
27.6 (28.2)



%

Fixed-interest securities
53.9 (54.9)

Portfolio management in Q3

- Land and buildings: Increase due to updated market values
- Reallocations within government bond portfolio
- Further expansion of infrastructure investments
- Increase in equity quota at ERGO Life and Health Germany

Investment result

Investment result (€m)	Q2 2018	Return ¹	Q3 2018	Return ¹	9M 2018	Return ¹	9M 2017	Return ¹
Regular income	1,836	3.2%	1,598	2.8%	4,927	2.8%	4,881	2.8%
Write-ups/write-downs	-140	-0.2%	-219	-0.4%	-475	-0.3%	-160	-0.1%
Disposal gains/losses	282	0.5%	46	0.1%	912	0.5%	1,739	1.0%
Derivatives ²	-53	-0.1%	56	0.1%	-15	0.0%	-412	-0.2%
Other income/expenses	-165	-0.3%	-171	-0.3%	-485	-0.3%	-421	-0.2%
Investment result	1,759	3.1%	1,311	2.3%	4,865	2.8%	5,629	3.2%
Total return		2.2%		2.3%		1.1%		1.0%

3-month reinvestment yield		Q3 2018	Write-ups/ write-downs	Disposal gains/losses	Derivatives	9M 2018	Write-ups/ write-downs	Disposal gains/losses	Derivatives
Q3 2018	2.5%	Fixed income ³	0	15	37	Fixed income ³	-5	453	-95
		Equities	-151	88	-35	Equities	-314	434	-6
Q2 2018	2.3%	Commodities/inflation	-18		41	Commodities/inflation	-30		100
Q1 2018	1.9%	Other	-50	-57	13	Other	-126	25	-13

1 Annualised return on quarterly weighted investments (market values) in %. Impact from dividends on regular income: Q3 2018 0.2%-pts; 9M 2018 0.3%-pts.

2 Result from derivatives without regular income and other income/expenses. 3 Thereof interest-rate hedging ERGO: Q3 -€20m/-€5m (gross/net); 9M -€20m/-€7m (gross/net).

ERGO

2

Gross premiums written €m

9M 2017		13,234
Foreign exchange		-56
Divestments/investments		0
Organic change		245
9M 2018		13,423

- **Property-casualty Germany¹ (+€80m)**
Positive development in almost all lines of business, mainly in fire/property and marine
- **International (+€62m)**
Growth due to P-C, primarily Poland and the Baltic states
- **Life and Health Germany¹ (+€47m)**
Growth in Travel and Direct could overcompensate decrease in Life

Major result drivers

	9M 2018	9M 2017	
Technical result	880	493	387 ▲
Non-technical result	92	333	-241
thereof investment result	2,832	3,531	-699
Other	-614	-602	-12
Net result	359	224	134
	Q3 2018	Q3 2017	
Technical result	519	225	294 ▲
Non-technical result	-68	72	-140
thereof investment result	688	901	-213
Other	-278	-268	-11
Net result	173	29	144

Technical result

Q3: Improvements in all segments

- **L&H Germany:** Driven by a positive one-off effect due to changed profit share assumptions
- **International:** Primarily motor business in Poland as well as good performance in Health (Belgium and Spain)
- **P-C Germany:** Core business with favorable loss development

Investment result

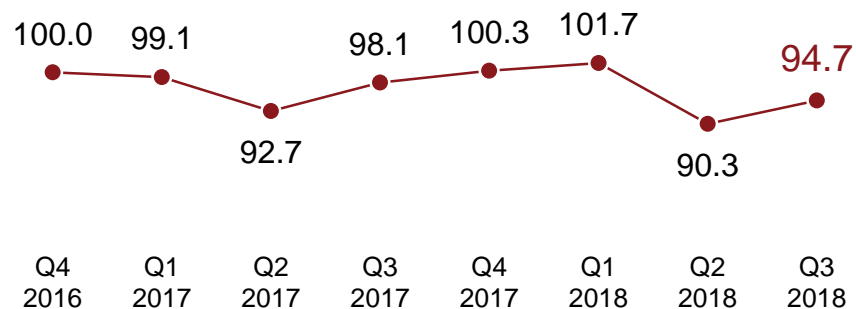
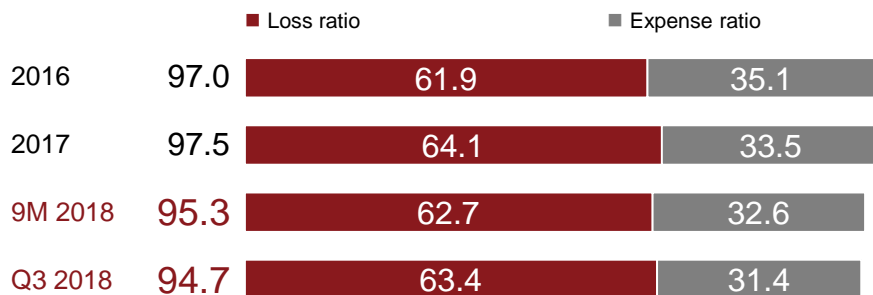
- 9M: Lower disposal gains due to less ZZR need; valuation reserves preserved
- 9M: Higher result from derivatives, primarily equities and fixed income
- Q3: Return on investment: 1.9%

Other

- Q3: Higher deferred tax expenses

ERGO Property-casualty Germany

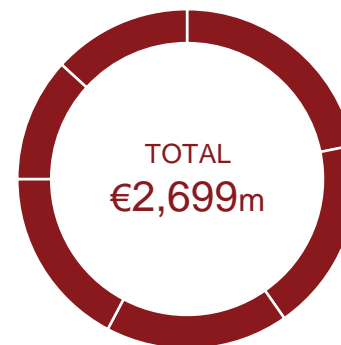
Combined ratio %



Gross premiums written 9M 2018 €m

Other	Motor
357	589

Legal protection
318



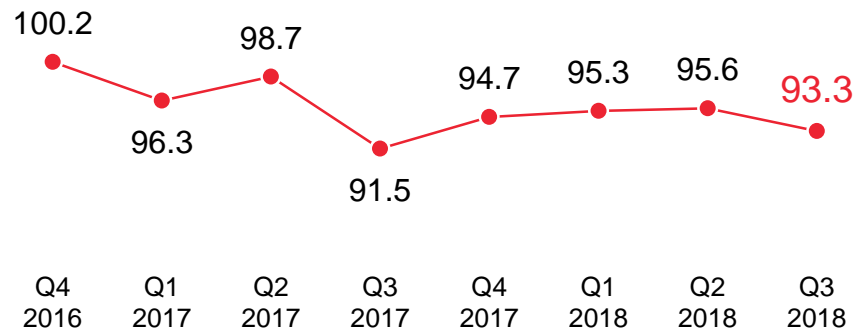
Fire/property
499

Personal accident
466

Liability
471

ERGO International – Property-casualty, including Health¹

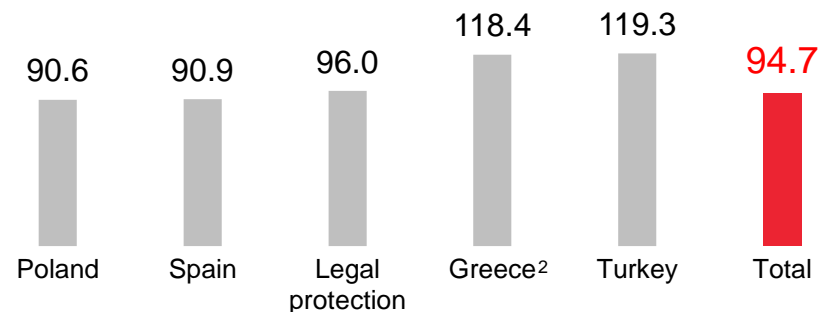
Combined ratio %



Gross premiums written 9M 2018 €m







Combined ratio 9M 2018 %



Reinsurance

3

Gross premiums written €m

9M 2017		10,246
Foreign exchange		-412
Divestments/investments		0
Organic change		-1,855
9M 2018		7,980

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

Major result drivers

	9M 2018	9M 2017	▲
Technical result	363	232	131
Non-technical result	386	238	149
thereof investment result	727	661	66
Other	-146	-173	27
Net result	603	297	307
	Q3 2018	Q3 2017	▲
Technical result	67	23	44
Non-technical result	137	78	59
thereof investment result	217	208	9
Other	-46	-42	-3
Net result	159	59	100

Technical result incl. fee income of €419m

- 9M: In aggregate, favourable claims experience, especially in the US
- Q3: Negative impact related to sale of Ellipse and a large single claim in Canada
- Well on track to achieve annual target of ≥€475m

Investment result

- 9M: High regular income supported by deposits retained on assumed re-insurance; disposal gains on equities and fixed income
- Q3: Return on investment: 3.4%

Other

- 9M: FX result of -€4m vs. -€37m, thereof -€9m in Q3
- Q3: Low tax rate of 15.1%

Reinsurance Property-casualty

Gross premiums written	€m
9M 2017	13,524
Foreign exchange	-825
Divestments/investments	-
Organic change	3,002
9M 2018	15,701

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

Major result drivers	€m		
	9M 2018	9M 2017	▲
Technical result	1,193	-1,381	2,574
Non-technical result	406	462	-56
thereof investment result	1,306	1,436	-130
Other	-523	252	-776
Net result	1,076	-667	1,743
	Q3 2018	Q3 2017	▲
Technical result	261	-2,306	2,566
Non-technical result	124	176	-52
thereof investment result	405	479	-74
Other	-234	605	-839
Net result	151	-1,525	1,675

Technical result

- 9M: Benefit from low major losses in Q1
- Q3: Significant nat cat losses (esp. Jebi, Florence) mitigated by positive run-off for prior-year major losses of 5.5%-pts.
- Q3: Elevated basic losses mainly due to larger losses below outlier threshold in North American Risk Solutions business

Investment result

- 9M: Increased regular income; disposal gains mainly from equities
- Q3: Return on investment: 2.7%

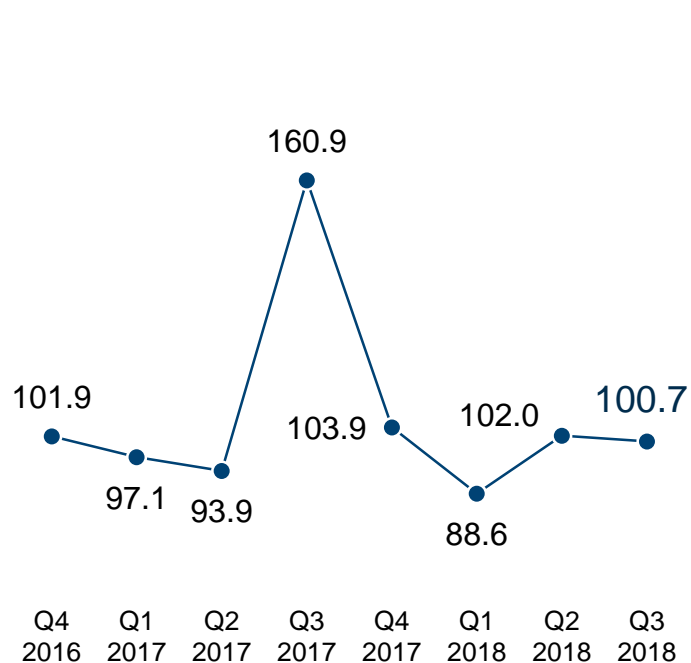
Other

- 9M: FX result of -€80m vs. -€168m, thereof -€81m in Q3
- Q3: Tax rate of 48.8%

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
9M 2018	97.3	54.8	9.3	33.3
Q3 2018	100.7	55.3	12.5	33.0

	Major losses	Nat cat	Man-made	Reserve releases ¹	Normalised combined ratio ²
9M 2018	9.3	4.1	5.2	-4.2	100.1
Q3 2018	12.5	10.5	2.0	-4.0	99.9
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; adjusted for extraordinary commission effect (Q3: 0.4%-pts. / 9M: 0.1%-pts.).

Outlook

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GROUP

Gross premiums written

€48–49bn

(prev. €46–49bn)

Net result

€2.1–2.5bn

Return on investment

~3%

REINSURANCE

Gross premiums written

~€31bn

(prev. €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

>€350m

(prev. €250–300m)

P-C combined ratio

Germany

~96%

International

~96%

¹ Expectation for reserve releases in 2018 at least 4%.

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