

Good start to 2015

Quarterly financial statements as at 31 March 2015

7 May 2015

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| | |
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| Munich Re (Group) | 2 |
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| Business field ERGO | 13 |
| Reinsurance | 19 |
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Good start to 2015

Munich Re (Group) – Q1 2015

NET RESULT
€790m

Good operating performance in core business supported by benign major losses in reinsurance

SHAREHOLDERS' EQUITY
€34.8bn (+14.7% vs. 31.12.)

Sound capital position – continuation of €1bn share buy-backs until AGM 2016

INVESTMENT RESULT
Rol of 3.0%

Solid return given low interest rates – Economic ALM resulting in losses on derivatives, with usual portfolio turnover leading to disposal gains

Reinsurance

NET RESULT
€668m



P-C
Combined ratio 92.3%
Major-loss ratio 6.2%

LIFE
Technical result of €103m in line with pro-rata annual guidance

ERGO

NET RESULT
€99m



P-C GERMANY
Combined ratio 98.1% – above-average major losses

L/H GERMANY
Pleasing result

INTERNATIONAL
Combined ratio 98.7%

Munich Health

NET RESULT
€23m

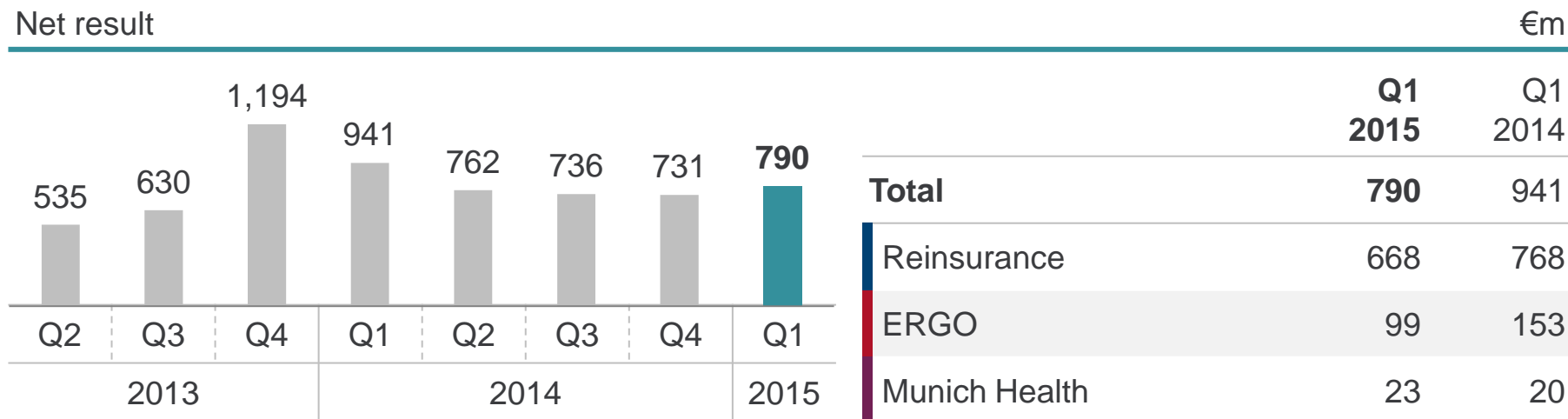


REINSURANCE
Combined ratio 100.8%

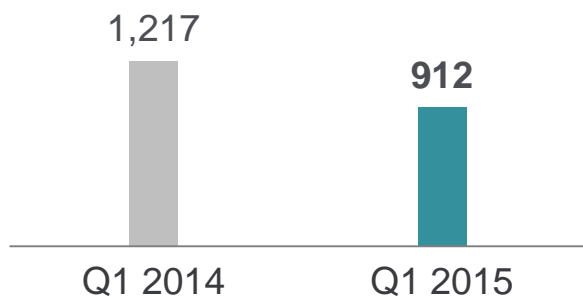
PRIMARY INSURANCE
Combined ratio 98.0%

Net result

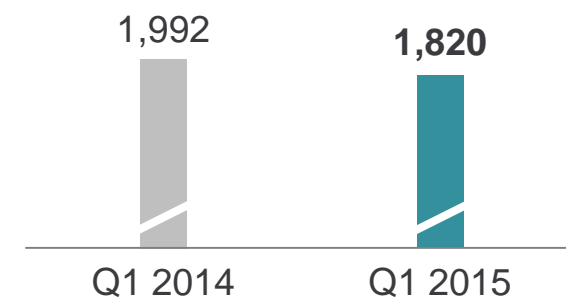
Net result



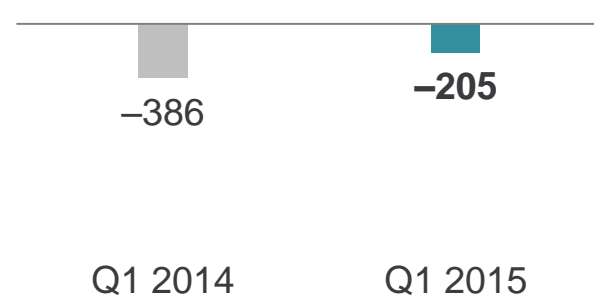
Technical result



Investment result



Other¹



Benign major losses in reinsurance
Q1 2014: 1.0%, Q1 2015: 6.2%

Solid performance given ongoing
decline of interest rates

Low tax rate (16.0%) and positive
FX result (€66m)

¹ Other non-operating result, goodwill impairments, net finance costs, taxes.

IFRS capital position

| Equity | | €m |
|-------------------------|---------------|----|
| Equity 31.12.2014 | 30,289 | |
| Consolidated result | 790 | |
| Changes | | |
| Dividend | – | |
| Unrealised gains/losses | 2,035 | |
| Exchange rates | 1,857 | |
| Share buy-backs | –279 | |
| Other | 61 | |
| Equity 31.3.2015 | 34,753 | |

UNREALISED GAINS/LOSSES

Fixed-interest securities
€1,077m

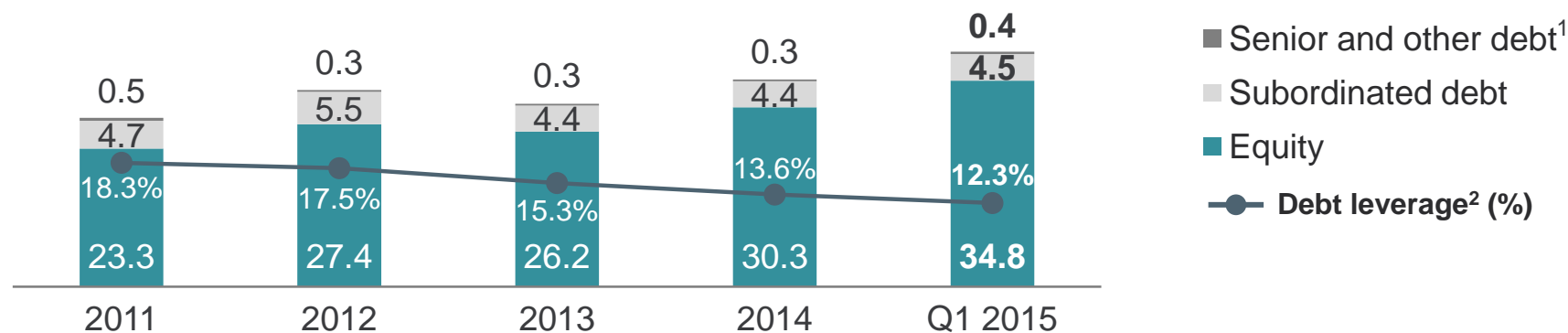
Non-fixed-interest securities
€945m

EXCHANGE RATES

Positive FX contribution
mainly driven by US\$

Capitalisation

€bn



¹ Other debt includes bank borrowings of Munich Re and other strategic debt.

² Strategic debt (senior, subordinated and other debt) divided by total capital (strategic debt + equity).

Investment portfolio

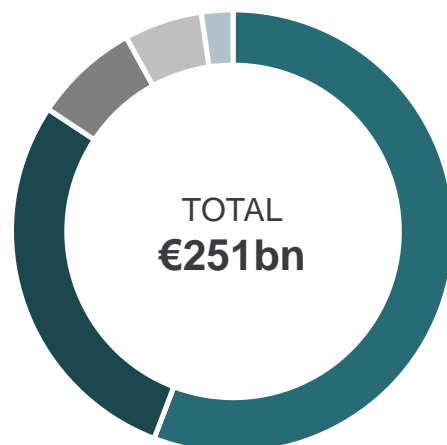
Investment portfolio¹

%

Land and buildings
2.3 (2.4)

Shares, equity funds and participating interests²
5.7 (5.2)

Miscellaneous³
7.7 (7.7)



Loans
28.5 (29.2)

Fixed-interest securities
55.8 (55.5)

Portfolio management

Overall increase in market values driven by FX and lower interest rates

Ongoing reduction of German government bonds to further improve diversification ...

... by cautiously increasing exposure in USA, Spain, Ireland and emerging markets

Purchase of corporate bonds (esp. in USA) while reducing ABS/MBS



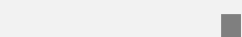
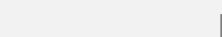
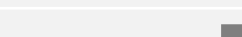
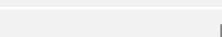
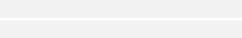
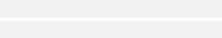
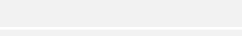
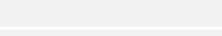
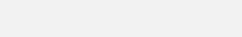
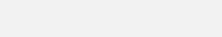
Enlarged hedges keep equity quota stable at 4.2%

¹ Fair values as at 31.3.2015 (31.12.2014). ² Net of hedges: 4.2% (4.3%). ³ Deposits retained on assumed reinsurance, deposits with banks, investment funds (excl. equities), derivatives and investments in renewable energies and gold.

Investment result

Investment result

€m

| | Q1 2015 | | Return ¹ % | Q1 2014 | | Return ¹ % |
|--------------------------|--------------|---|-----------------------|--------------|---|-----------------------|
| Regular income | 1,801 |  | 3.0% | 1,697 |  | 3.2% |
| Write-ups/write-downs | -151 |  | -0.2% | -15 |  | 0.0% |
| Disposal gains/losses | 997 |  | 1.6% | 517 |  | 0.9% |
| Derivatives ² | -706 |  | -1.2% | -96 |  | -0.2% |
| Other income/expenses | -121 |  | -0.2% | -111 |  | -0.2% |
| Investment result | 1,820 |  | 3.0% | 1,992 |  | 3.7% |
| Total return % | | | 16.2% | | | 10.8% |

| 3-month reinvestment yield | | Write-ups/ write-downs | Q1 2015 | Q1 2014 | Disposal gains/losses | Q1 2015 | Q1 2014 | Derivatives | Q1 2015 | Q1 2014 |
|----------------------------|------|---------------------------|------------|------------|--------------------------|------------|------------|---------------------------|------------|------------|
| Q1 2015 | 2.0% | Fixed income | -97 | 0 | Fixed income | 620 | 364 | Fixed income ³ | 134 | 25 |
| Q4 2014 | 2.1% | Equities | -31 | -19 | Equities | 369 | 145 | Equities | -760 | -86 |
| | | Real estate | -19 | -16 | | | | Commodities | -68 | 7 |
| Q1 2014 | 2.5% | Other | -4 | 20 | Other | 8 | 8 | Other | -12 | -42 |

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: €209m/€35m (gross/net).

Munich Re (Group)

Munich Health

Business field ERGO

Reinsurance

Outlook

Munich Health – Premium development

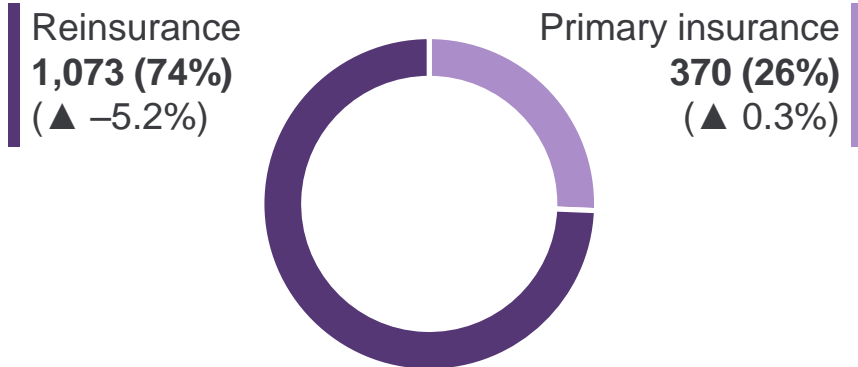
Gross premiums written €m

| | | |
|--------------------------------------|--------------|--|
| Q1 2014 | 1,501 | |
| Foreign-exchange effects | 85 | |
| Divestments/investments ¹ | -11 | |
| Organic change | -132 | |
| Q1 2015 | 1,443 | |

Gross premiums written €m

| | | |
|-------------------|--------------|--|
| Q1 2014 | 1,501 | |
| Reinsurance | -59 | |
| Primary insurance | 1 | |
| Q1 2015 | 1,443 | |

Segmental breakdown €m



Regional breakdown %

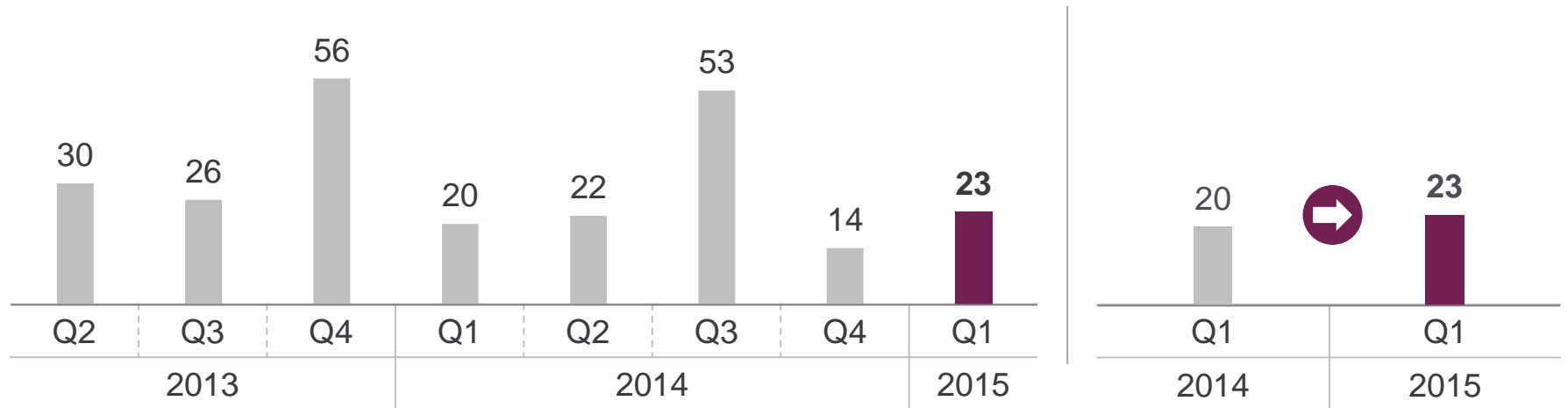


¹ DKV Luxembourg.

Munich Health – Key figures

Net result

€m



Technical result

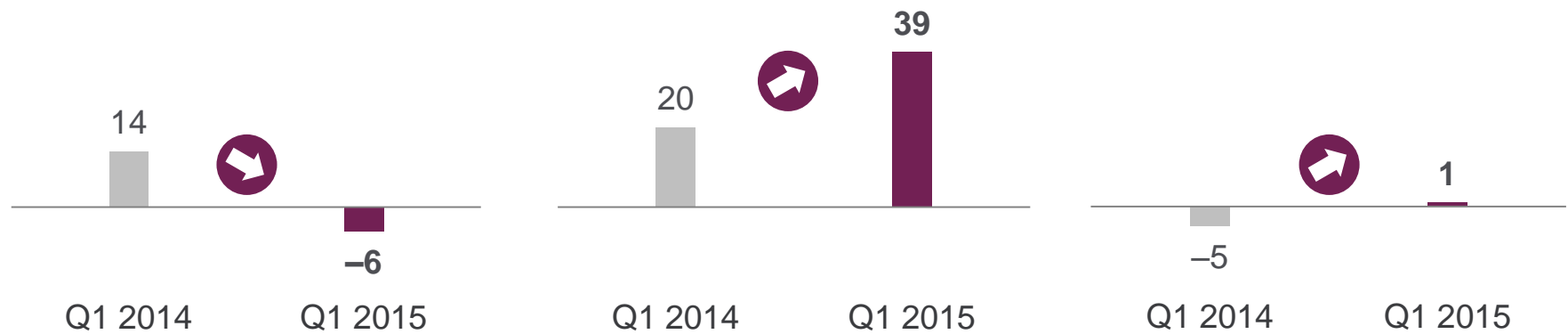
€m

Investment result

€m

Other¹

€m



¹ Other non-operating result, goodwill impairments, net finance costs, taxes.

Munich Health – Highlights

Q1 2015 vs. Q1 2014

Gross premiums

 –3.9% 

- Organic change –€132m: Reduced share of large-volume deals, partly compensated for by organic growth in Middle East
- Positive FX effects (€85m), mainly CAD

Technical result



- Overall combined ratio up slightly to 100.4% due to change in cost allocation for administrative expenses in reinsurance
- Reinsurance combined ratio: 100.8% (+1.1%)
- Primary insurance combined ratio: 98.0% (–1.4%)

Investment result

 +95.0% 

- Higher regular income (e.g. Daman) and disposal gains mainly driven by associated companies

Other¹

- Low tax rate of 4.2%

¹ Other non-operating result, goodwill impairments, net finance costs, taxes.

Munich Re (Group)

Munich Health

Business field ERGO

Reinsurance

Outlook

Slight growth – mainly in international business

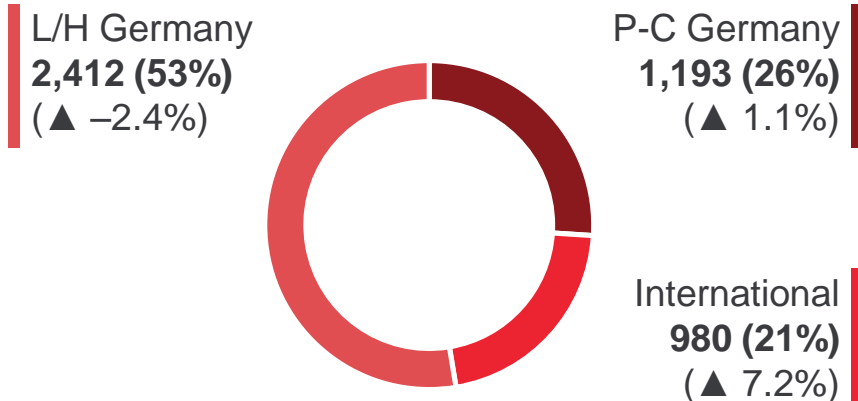
Gross premiums written €m

| | | |
|--------------------------|--------------|---|
| Q1 2014 | 4,565 |  |
| Foreign-exchange effects | 2 | |
| Divestments/investments | 10 | |
| Organic change | 8 | |
| Q1 2015 | 4,585 |  |

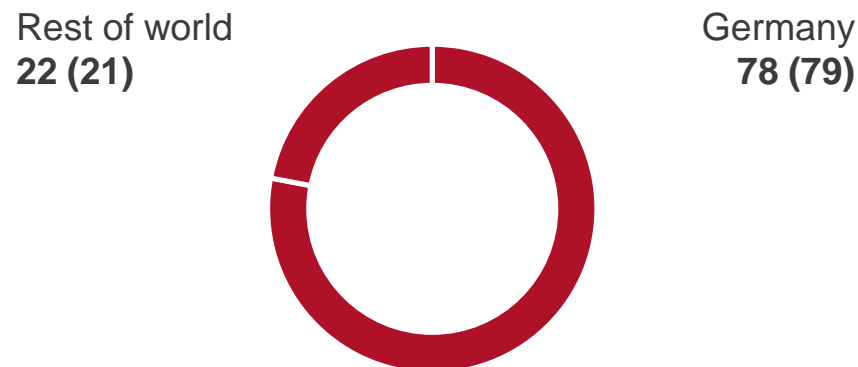
Gross premiums written €m

| | | |
|---------------------------|--------------|---|
| Q1 2014 | 4,565 |  |
| Life/Health Germany | -59 | ■ |
| Property-casualty Germany | 13 | |
| International | 66 | ■ |
| Q1 2015 | 4,585 |  |

Segmental breakdown €m



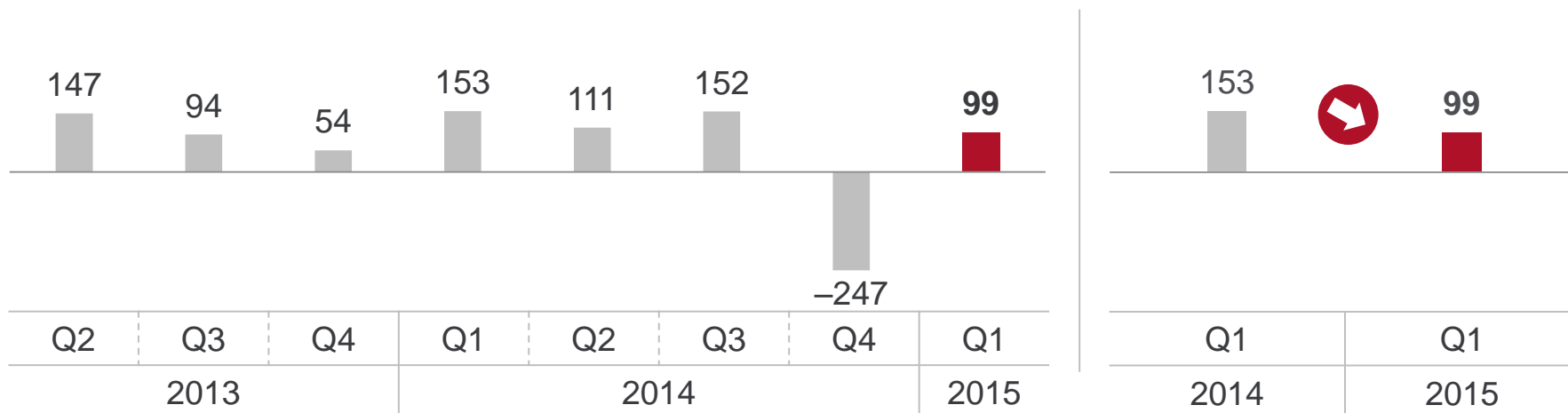
Regional breakdown %



Nat cat losses and lower investment result – net result lower in Q1 2015

Net result

€m



Technical result

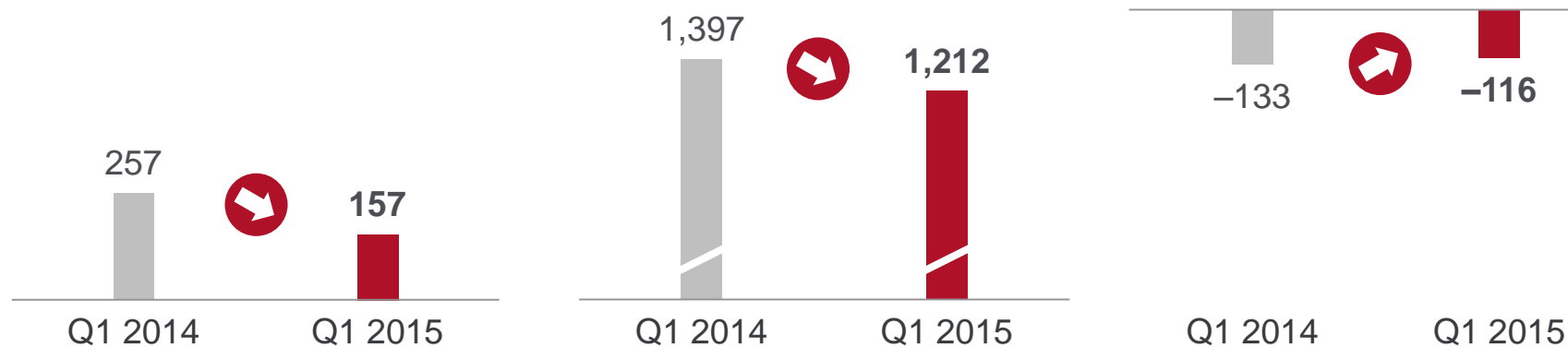
€m

Investment result

€m

Other¹

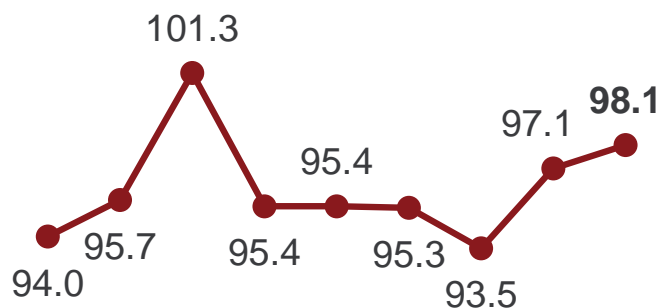
€m



¹ Other non-operating result, goodwill impairments, net finance costs, taxes.

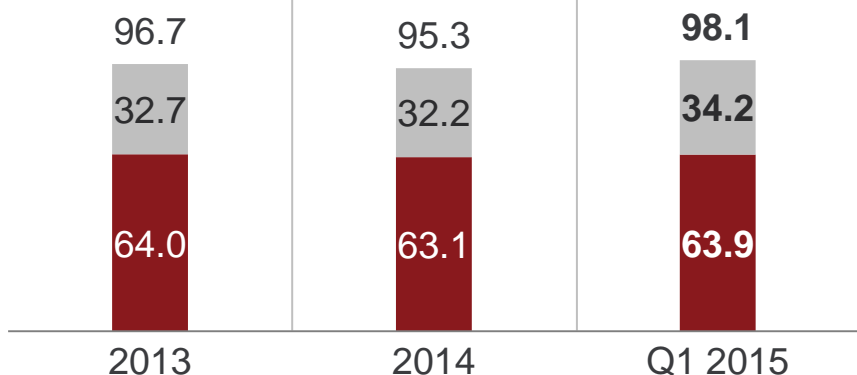
Combined ratio affected by storm Niklas and large losses in commercial/industrial business

Combined ratio %

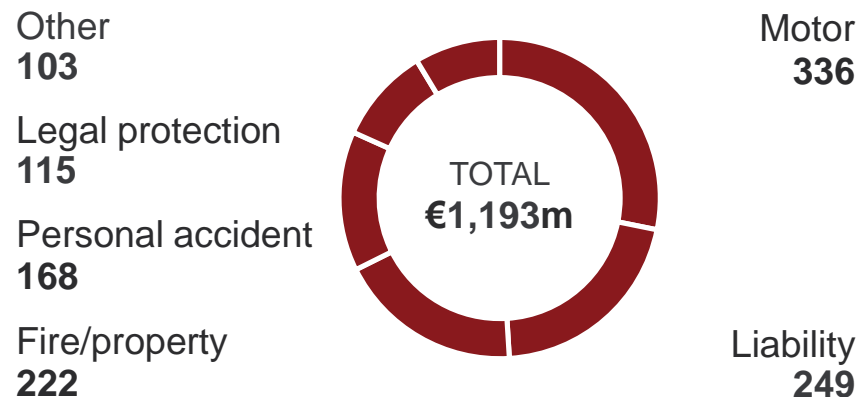


Q1 Q2 Q3 Q4 Q1 Q2 Q3 Q4 Q1 Q2 Q3 Q4

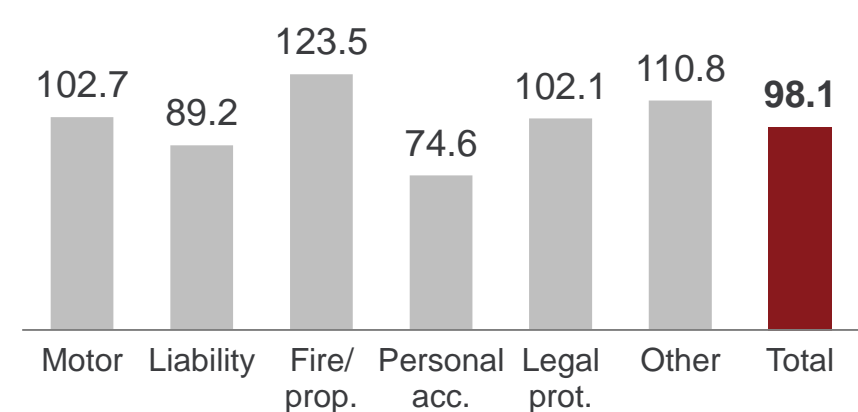
■ Expense ratio
■ Loss ratio



Gross premiums written €m

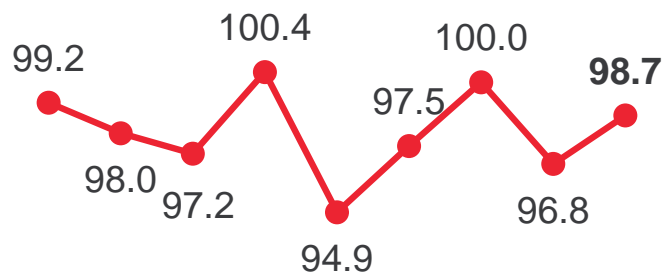


Combined ratio %

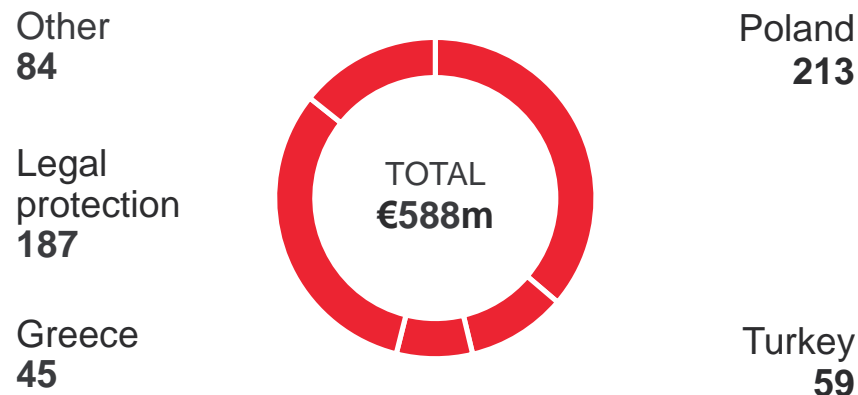


Combined ratio in seasonal range – previous year's figure was extraordinary good

Combined ratio %

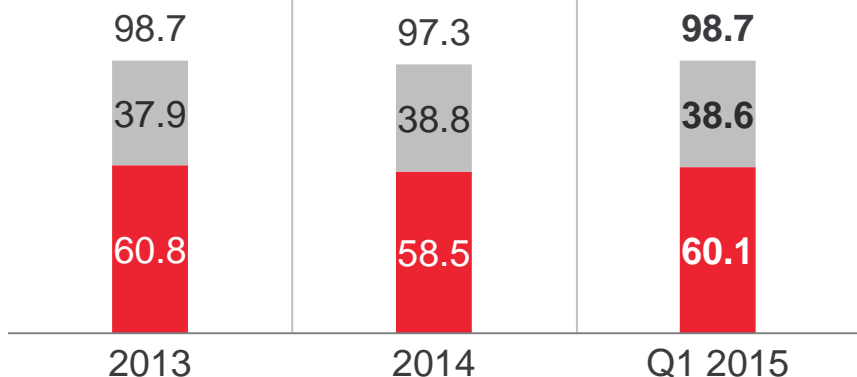


Gross premiums written €m

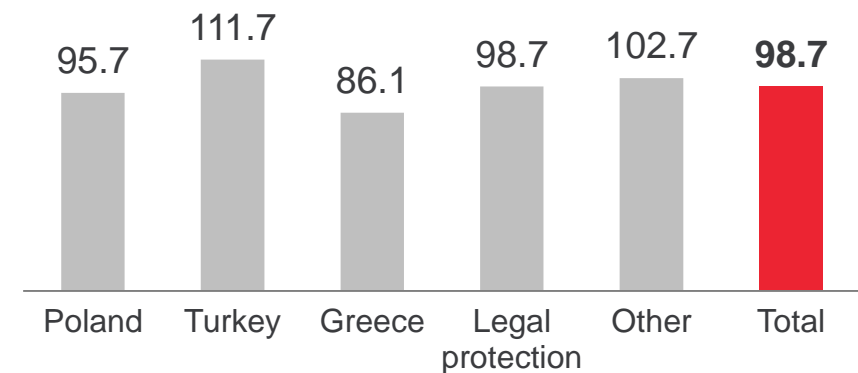


Q1 Q2 Q3 Q4 Q1 Q2 Q3 Q4 Q1 Q2 Q3 Q4

■ Expense ratio
■ Loss ratio



Combined ratio %



Business field ERGO – Highlights

Q1 2015 vs. Q1 2014

Total premiums

+0.7% 

- Life Germany: Lower business in force; higher savings premiums resulting from unit-linked business
- Health Germany: Decrease in comprehensive health cover; stable premium income in supplementary insurance
- P-C Germany: Increase mainly driven by fire/property and liability
- International: Good growth esp. in Poland, Turkey and UK; new company in Singapore

Technical result

-38.9% 

- Slight improvement in life, decrease in health and direct business
- Seasonal effects and several large losses (e.g. storm Niklas)

Investment result

-13.2% 

- Impairment on HETA -€104m/-€32m (gross/net)
- Losses on equity derivatives
- High contribution of interest-rate hedging

Net result

-35.3% 

- Technical and investment results with decreasing effect
- Lower tax expenditures in Life/Health Germany and International, higher taxes in Property-casualty Germany

Munich Re (Group)

Munich Health

Business field ERGO

Reinsurance

Outlook

Reinsurance – Premium development

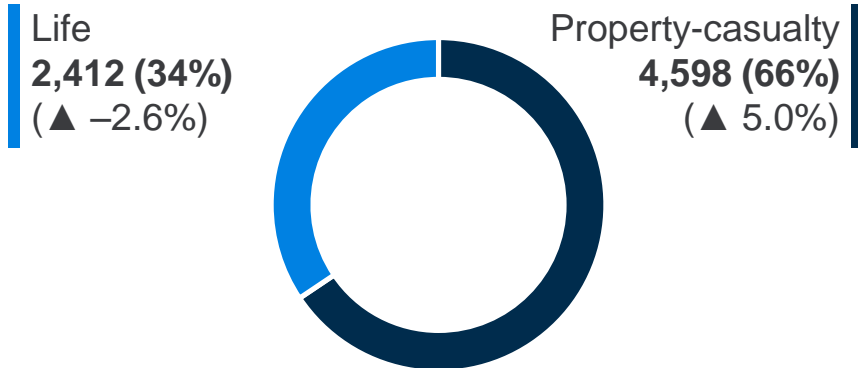
Gross premiums written €m

| | | |
|--------------------------|--------------|--|
| Q1 2014 | 6,858 | |
| Foreign-exchange effects | 731 | |
| Divestments/Investments | 18 | |
| Organic change | -597 | |
| Q1 2015 | 7,010 | |

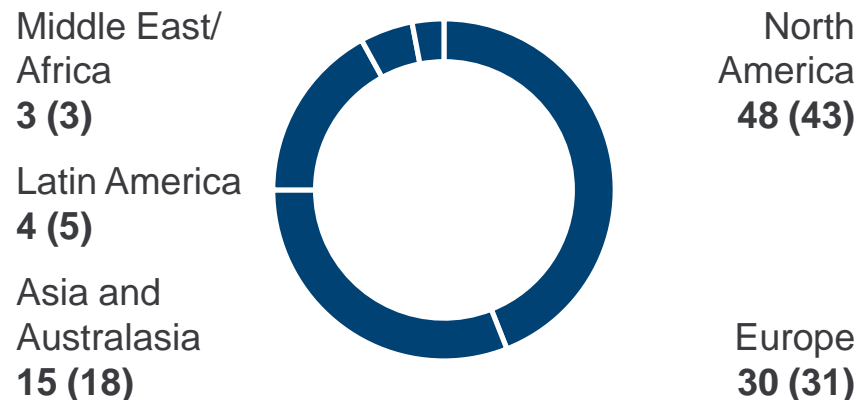
Gross premiums written €m

| | | |
|-------------------|--------------|--|
| Q1 2014 | 6,858 | |
| Life | -65 | |
| Property-casualty | 217 | |
| Q1 2015 | 7,010 | |

Segmental breakdown €m



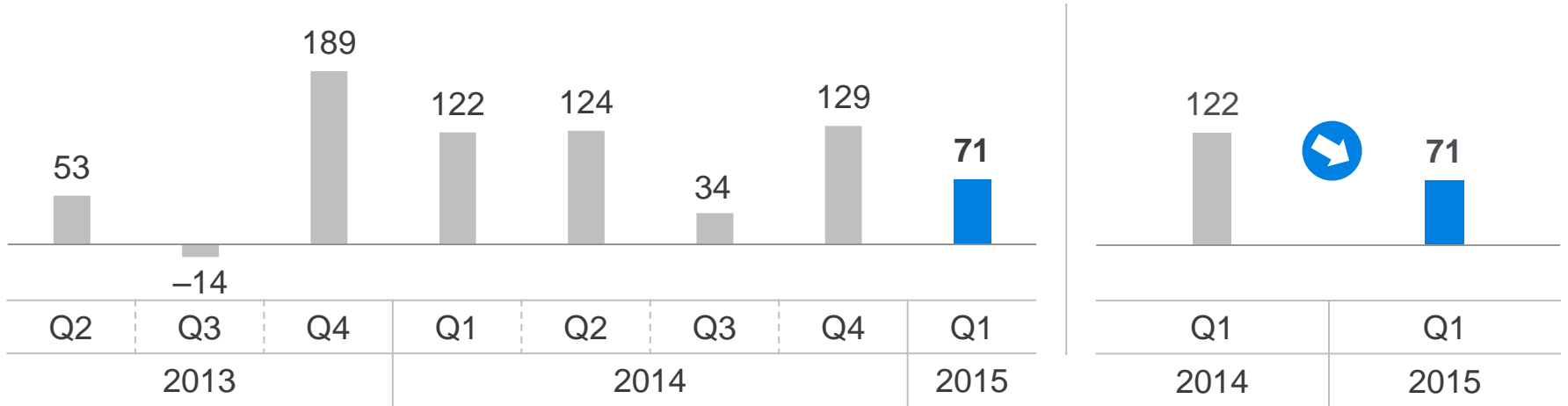
Regional breakdown %



Reinsurance Life – Key figures

Net result

€m



Technical result

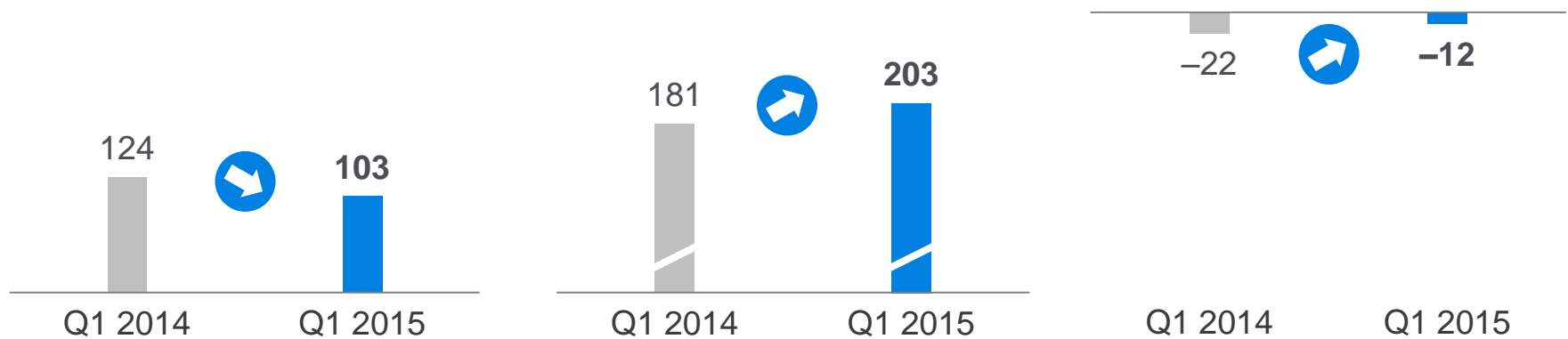
€m

Investment result

€m

Other¹

€m



¹ Other non-operating result, goodwill impairments, net finance costs, taxes.

Reinsurance Life – Highlights

Q1 2015 vs. Q1 2014

Gross premiums

–2.6% 

- Positive FX effects of €197m driven by the US and Canadian dollars
- Organic change –€262m chiefly due to reduced share of large volume deals

Investment result


+12.2% 

- Regular income increased due to exchange rate development
- Higher disposal gains but higher losses on equity derivatives

Insurance-related investment result

- Negative impact –€42m mainly from GmxB

Technical result

–16.9% 

- Technical result in line with full-year ambition of €400m
- All main markets performed largely as expected
- Ongoing solid contributions from Canada, Continental Europe and the UK, development in Asia once again very pleasing
- No further negative news emerged from US mortality and Australian disability business

Other¹

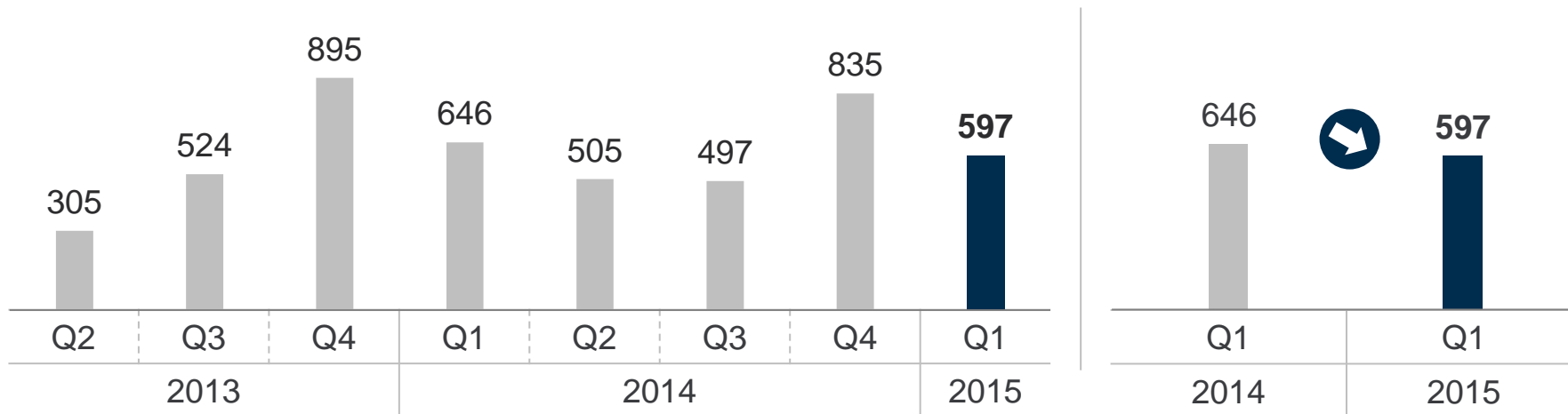
- Positive currency impact €11m
- Tax rate: 14.5%

¹ Other non-operating result, goodwill impairments, net finance costs, taxes.

Reinsurance Property-casualty – Key figures

Net result

€m



Technical result

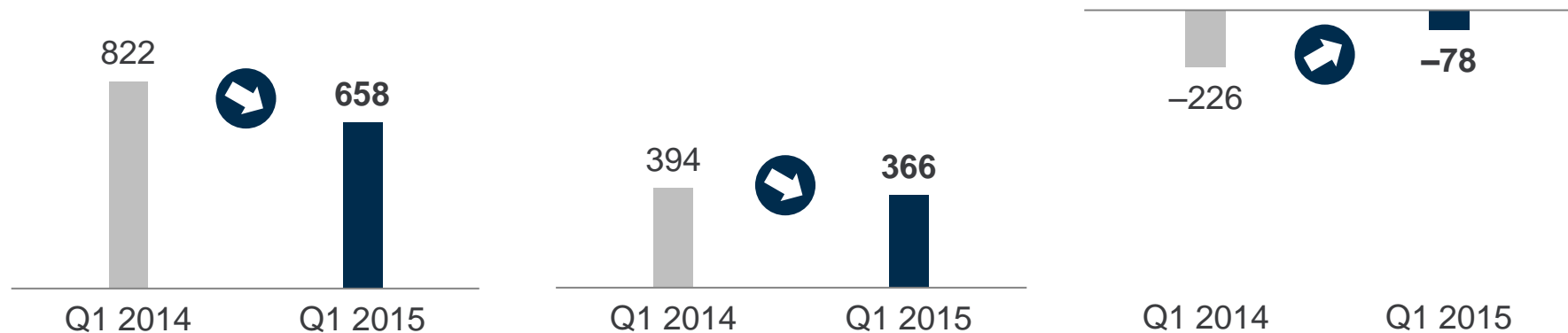
€m

Investment result

€m

Other¹

€m



¹ Other non-operating result, goodwill impairments, net finance costs, taxes.

Q1 2015 vs. Q1 2014

Gross premiums**+5.0%** 

- Significant positive FX effects €534m mainly driven by USD
- Negative organic change –€335m resulting from motor (prior-year effect), fire and credit business
- Acquisition of Australian entity Calliden (€18m)

Technical result**–20.0%** 

- Again low level of major nat cat losses, but higher than prior year
- Reduced basic loss ratio driven by positive currency effects overcompensating renewal impact

Investment result**–7.1%** 

- Regular income increased due to higher contribution of foreign exchange investments
- Derivative result decreased mainly due to equity and commodity derivatives, compensated by disposal gains

Other¹

- Improved non-operating result driven by FX €77m
- Tax rate: 15.7%

¹ Other non-operating result, goodwill impairments, net finance costs, taxes.

Combined ratio

Actual Q1 2015

Combined ratio

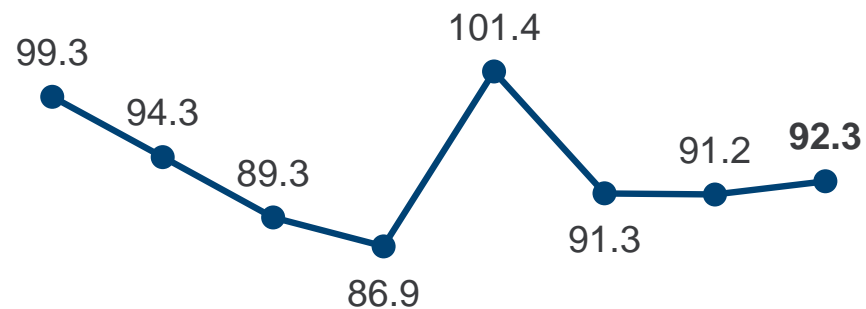
%

■ Basic losses ■ Nat cat losses ■ Man-made losses ■ Expense ratio

| Year | Combined ratio | Basic losses | Nat cat losses | Man-made losses | Expense ratio |
|----------------|----------------|--------------|----------------|-----------------|---------------|
| 2012 | 91.0 | 50.2 | 7.7 | 3.1 | 30.0 |
| 2013 | 92.1 | 51.3 | 4.7 | 5.7 | 30.4 |
| 2014 | 92.7 | 53.0 | 3.3 | 3.9 | 32.5 |
| Q1 2015 | 92.3 | 54.9 | 1.6 | 4.6 | 31.2 |

Combined ratio

%



| Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 | Q1 |
|------|----|----|------|----|----|------|----|
| 2013 | | | 2014 | | | 2015 | |

Major losses

%

| | Total | Nat cat | Man-made |
|-------------------------|------------|------------|------------|
| Q1 2015 | 6.2 | 1.6 | 4.6 |
| Avg. annual expectation | ~12.0 | ~8.5 | ~3.5 |

| Reserve releases basic losses ¹ | €m | %-points |
|--|-------------|-------------|
| Q1 2015 | ~165 | ~4.0 |

Normalised combined ratio: ~98.1%

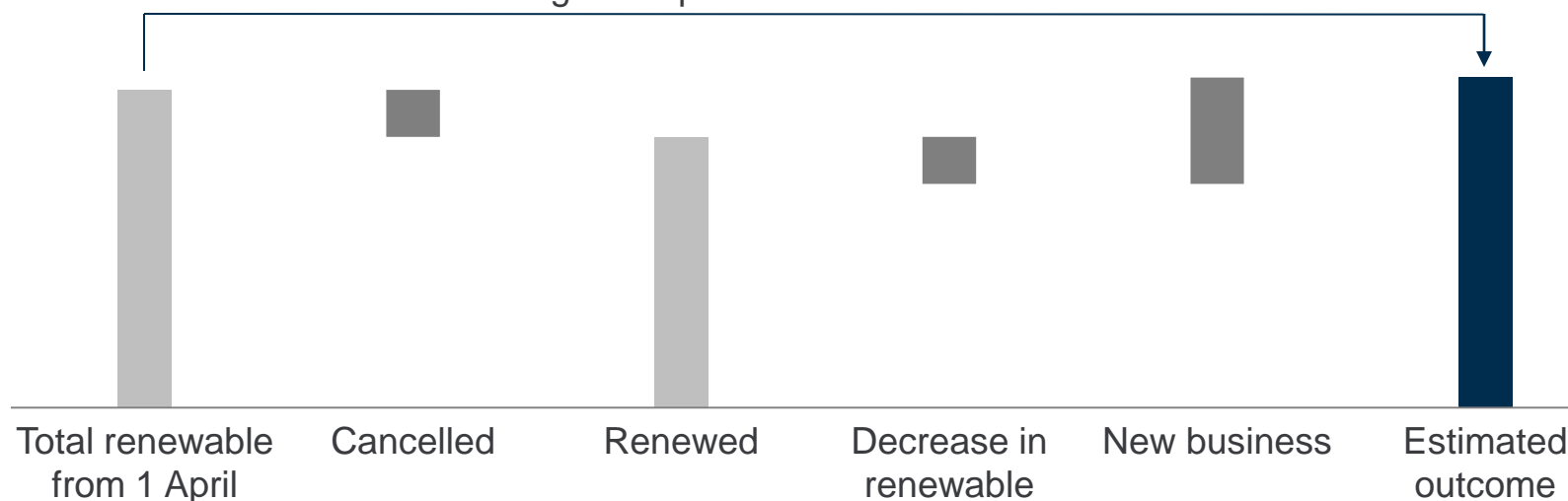
¹ Mainly fire and motor; no corresponding sliding scale effects.

Moderate price decline reflects cycle management and realisation of profitable new business opportunities

April renewals 2015

| | | | | | | |
|----|-------|-------|------|-------|------|--------------|
| % | 100 | -14.8 | 85.2 | -14.8 | 33.5 | 103.9 |
| €m | 1,045 | -155 | 890 | -155 | 350 | 1,085 |

| | |
|--|--------------|
| Change in premium | +3.9% |
| Thereof price movement ¹ | ~ -2.6% |
| Thereof change in exposure for our share | +6.5% |

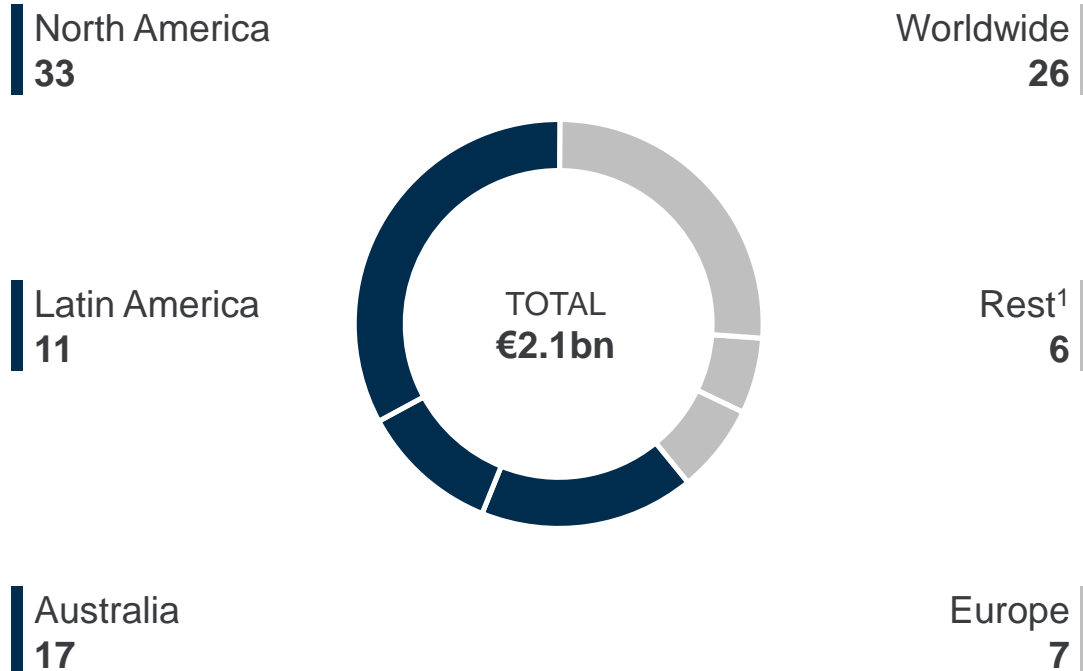


Portfolio profitability continues to comfortably meet cost of capital

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

Outlook July renewals – Regional focus on North and Latin America, main renewal date in Australia

Regional allocation of July renewals



Outlook for July renewal

- Capacity and competition expected to remain high unless major losses occur
- Due to the relatively high nat cat share of ~21%, overall pricing trend will largely depend on nat cat prices

Clear focus on profitability to maintain portfolio quality

¹ Asia, Pacific and Africa.

Munich Re (Group)

Munich Health

Business field ERGO

Reinsurance

Outlook

Munich Re (Group)

GROSS PREMIUMS WRITTEN¹

€49–51bn
(prev. €47–49bn)

Higher expectation due to FX

RETURN ON INVESTMENT

At least 3%

Solid return given ongoing low-interest-rate environment

NET RESULT

€2.5–3bn

RoRaC target of 15% after tax over the cycle to stand

Reinsurance

COMBINED RATIO

~97%
(prev. 98%)

NET RESULT

at least €2bn

ERGO

COMBINED RATIO

Germany: **~93%**
International: **~97%**

NET RESULT

~€500m

Munich Health

COMBINED RATIO

~99%

NET RESULT

€50–100m

¹ By segment: Reinsurance ~€28bn, ERGO €16–16.5bn, Munich Health ~€5.5bn.

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 conform them to future events or developments.

Figures up to 2010 are shown on a partly consolidated basis.

"Partly consolidated" means before elimination of intra-Group transactions across segments.

ERGO new segmentation: 2009–2010 before elimination of business with Munich Re, 2011–2014 consolidated, after elimination of all intra-Group business, 2013–2014 new segmentation, earnings include share of holding costs.