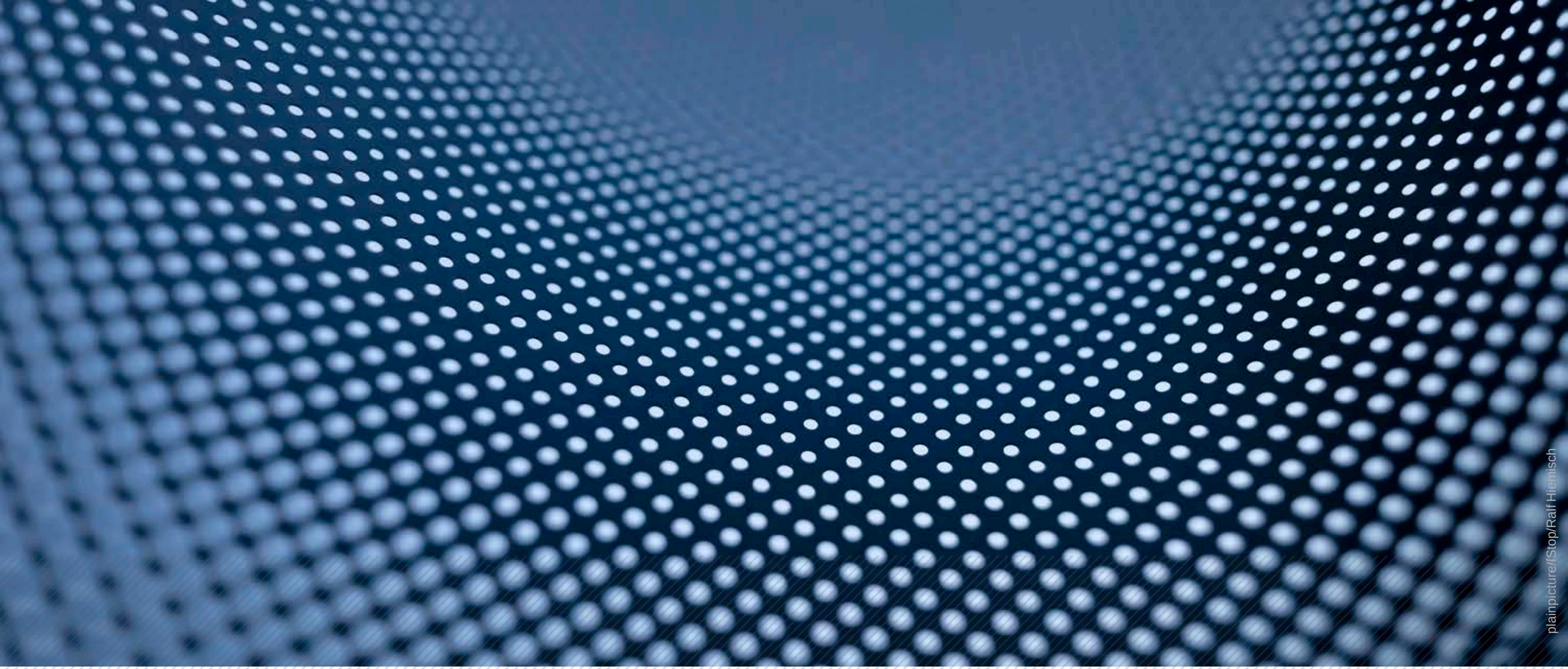

Delivering strong capital returns

Bank of America Merrill Lynch
20th Annual Banking, Insurance & Diversified Financials CEO Conference

London, 29 September 2015

Jörg Schneider

Munich RE

Munich Re stands for high reliability – Strong track record in value generation …

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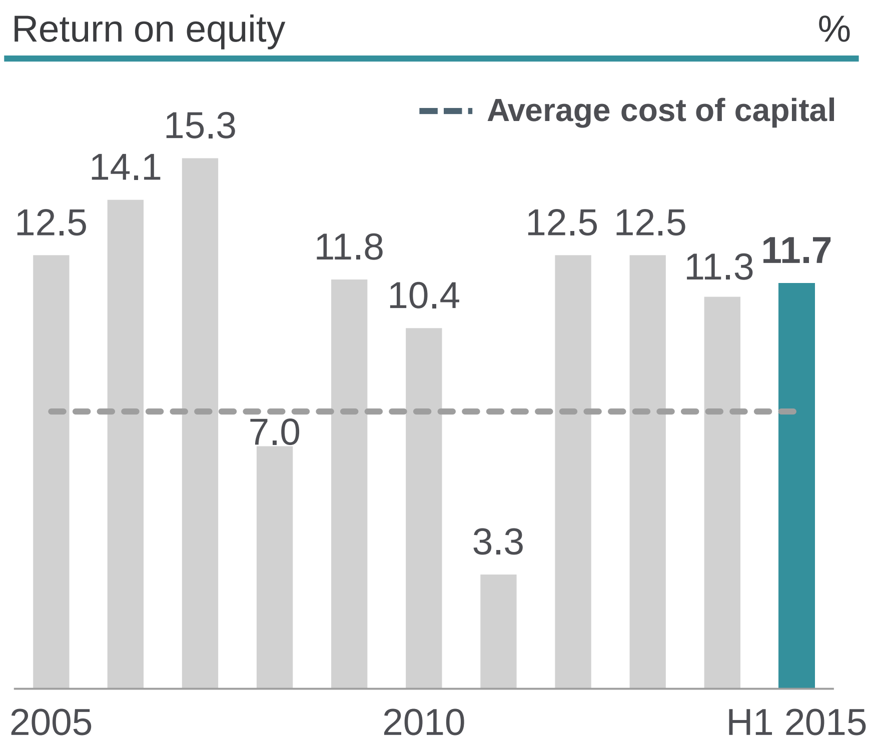
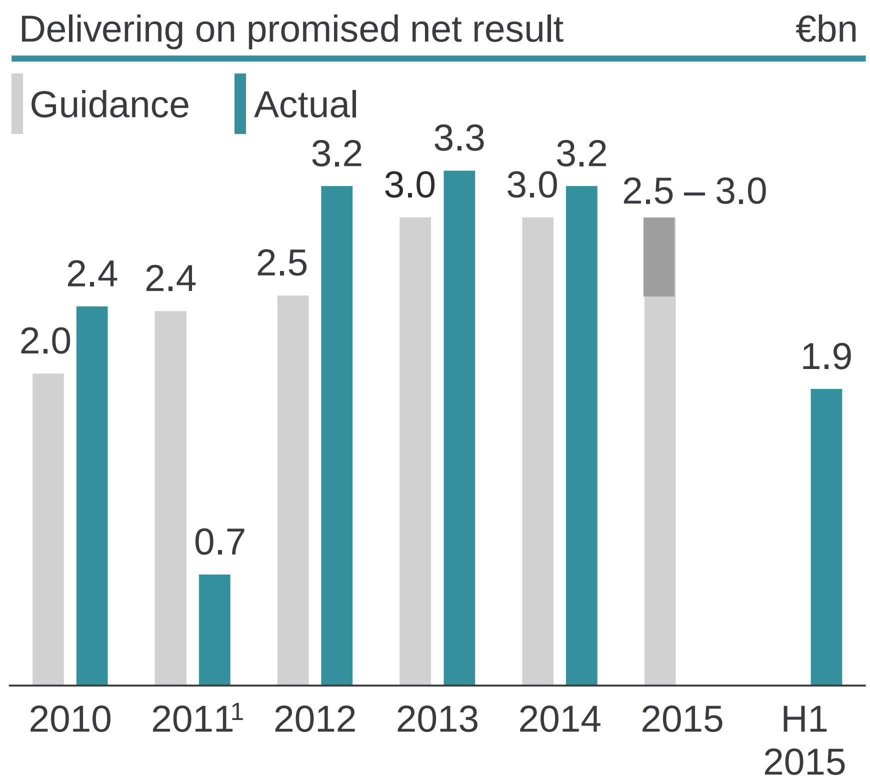


Average ROE: ~11.1% – Clearly exceeds cost of capital: ~8%



Well on track to beat initial 2015 guidance – New annual guidance raised to at least €3bn

Balanced business portfolio paves the way for sustainable profitability

[1] Assuming normal nat cat claims based on 8.5% budget, net result would have exceeded guidance.

… driving high shareholder returns with comparatively low risk profile

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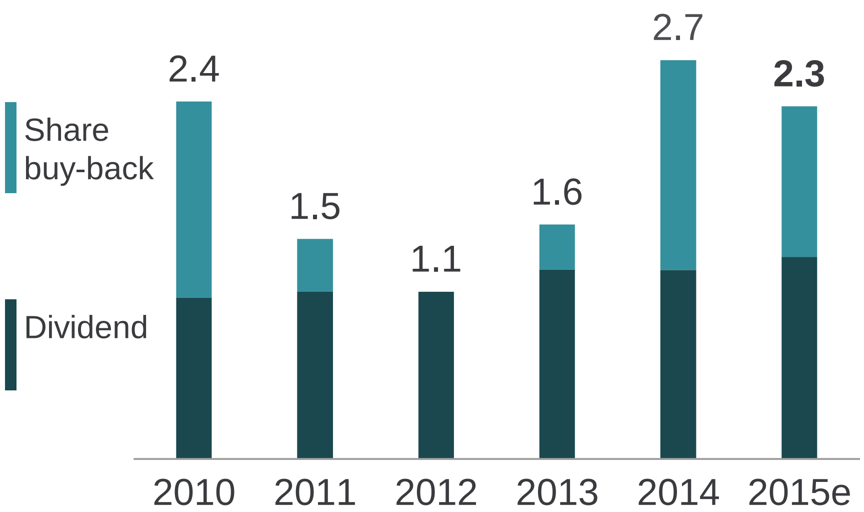
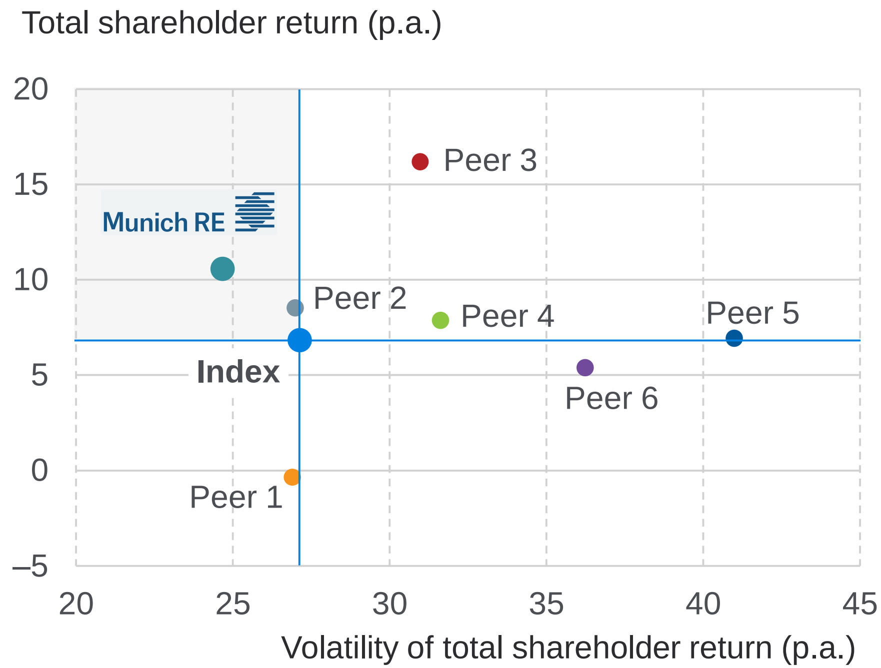
Attractive shareholder participation[1] €bn

Cash yield[2]	11.2%	7.8%	5.4%	6.0%	9.6%	**~7%**



Risk/return profile[3] %



Almost €20bn repatriated to shareholders since 2006

Annualised TSR: ~10.6% – Outperforming major peers and insurance index

Strong balance sheet facilitating high shareholder payout

1 Cash-flow view. 2 Total payout (dividend and buy-back) divided by average market capitalisation. 3 Annualised total shareholder return defined as price performance plus dividend yield over the period from 1.1.2005 until 31.8.2015; based on Datastream total return indices in local currency; volatility calculation with 250 trading days per year. Peers: Allianz, Axa, Generali, Hannover Re, Swiss Re, Zurich, Stoxx Europe 600 Insurance ("index").

Munich Re well positioned to cope with structural and cyclical industry challenges and opportunities

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	Industry impact	Munich Re's response
A 	▪ Lower investment yields ▪ Increasing volatilities ▪ A burden for German life	▪ Well-balanced investment portfolio ▪ Tight AL-matching and restrictive bonus policy of German life back-book, while new business continuously shifts towards our target portfolio
B 	▪ Increase in capacity ▪ Higher retentions ▪ Consolidation of panels ▪ More complex demand ▪ M&A wave	▪ Diversified portfolio, strict bottom-line focus ▪ Superior client access ▪ Know-how-driven business approach and high innovative potential ▪ Strong reserving position
C 	▪ Volatility of solvency ratios ▪ Capital fungibility ▪ Model consistency	▪ Strong capitalisation ▪ Proven internal risk model ▪ No major changes in capital allocation and distribution ▪ Business opportunities

Investment management in the low-interest-rate environment

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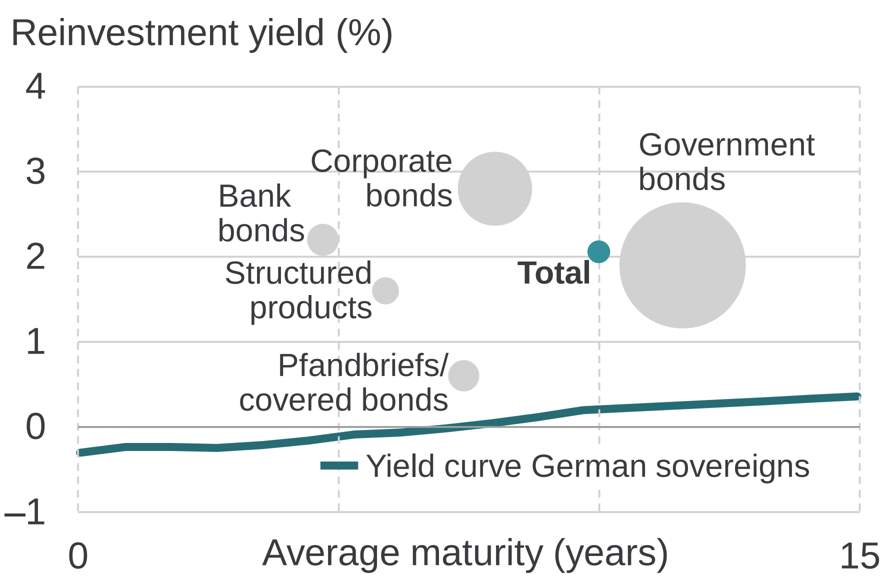
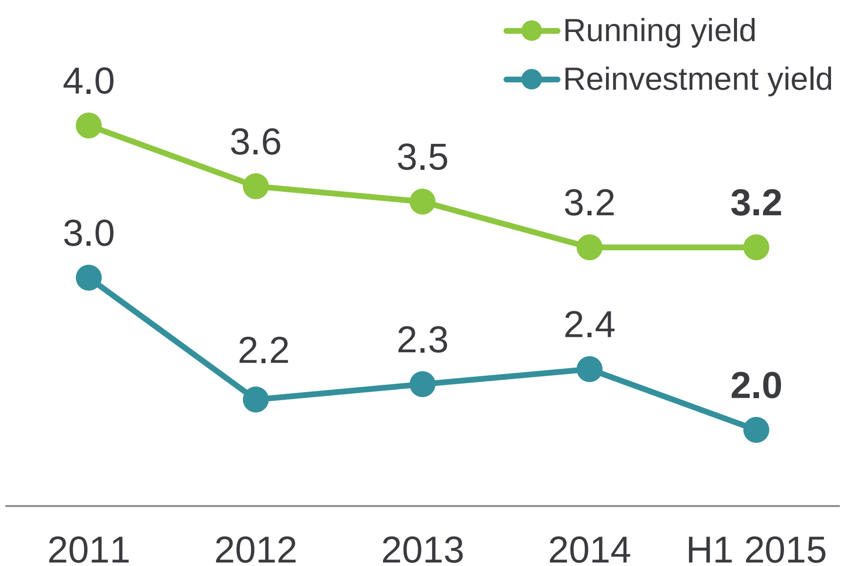
Composition of reinvestment yield H1 2015[1]



Declining running and reinvestment yield %



- Solid reinvestment yields without taking high risks
- Ongoing geographic diversification and cautious investments in credit mitigating yield attrition
- Long duration has been stabilising investment returns over recent years

Well-balanced portfolio – no intention to move up the risk curve

[1] Bubble size reflects reinvestment volume. Yield curve as at 31.3.2015.

High valuation reserves – Steady disposal gains and resilience against adverse capital market scenarios

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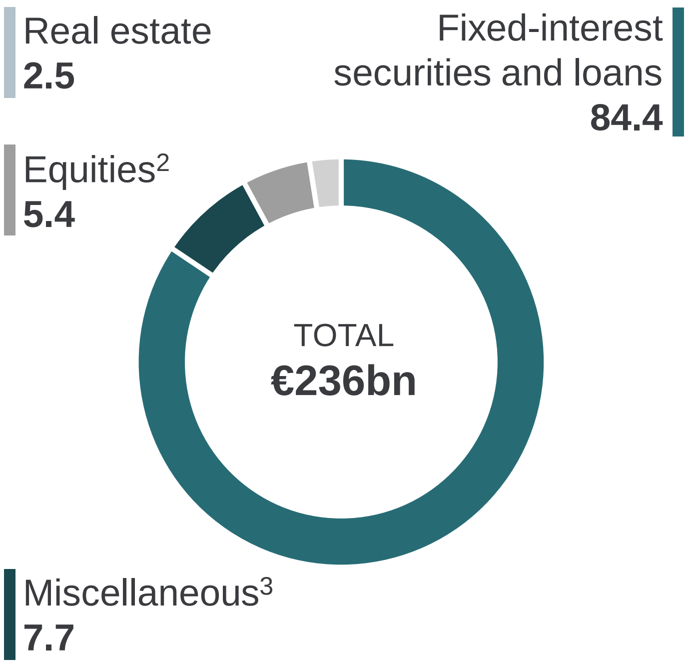
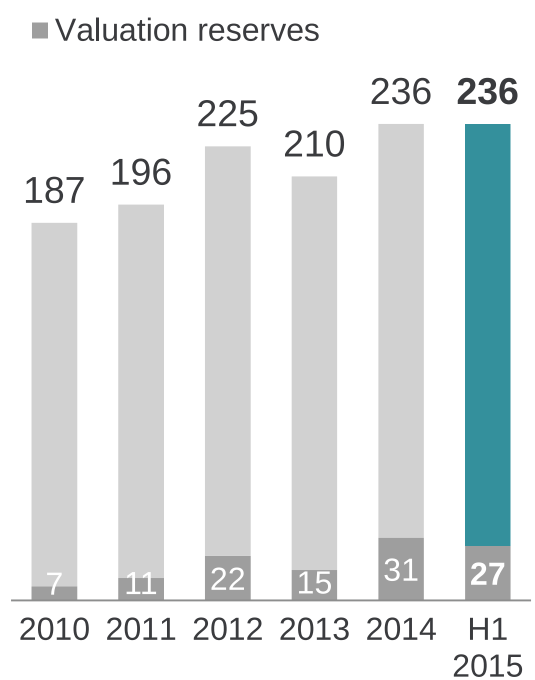
Investment portfolio[1] %



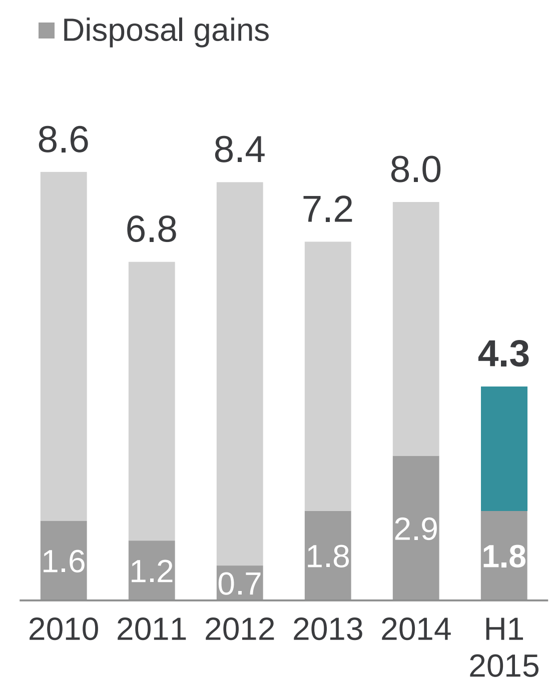
More than 85% fixed-income – Declining interest rates …

Total investments €bn



… significantly pushing up valuation reserves – …

Investment result €bn



… leading to disposal gains due to usual portfolio turnover

Strong balance sheet mitigates earnings pressure from low interest rates

1 Fair values as at 30.6.2015 . 2 Net of hedges: 4.0% (4.3%). 3 Deposits retained on assumed reinsurance, deposits with banks, investment funds (excl. equities), derivatives, and investments in renewable energies and gold.

Life Germany: Shift to less interest-rate-sensitive products

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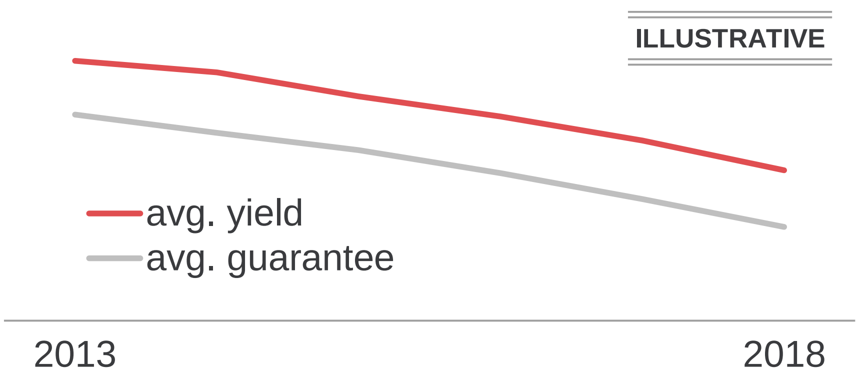
Comprehensive management of back book …

- Interest-rate hedging since 2005
- Strict duration management – long duration keeps average yield at relatively high level
- Restrictive bonus policy
- Statutory earnings of German Life insurance industry challenged by funding of the ZZR

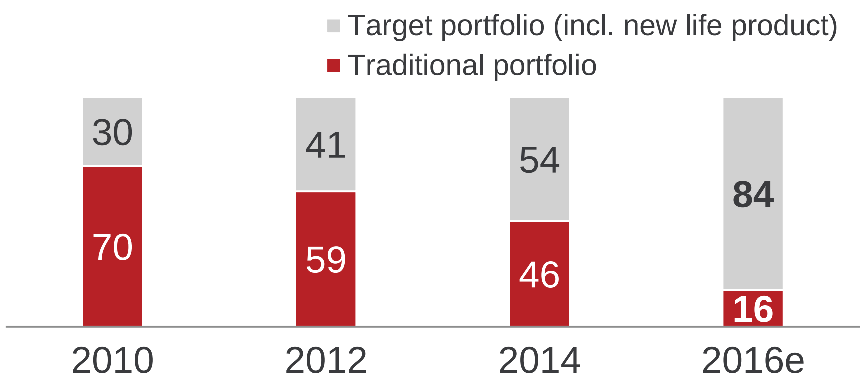
… while new business continuously shifts towards our target portfolio

- New product generation launched in June 2013
- Shift to less interest-rate-sensitive products with significantly lower capital requirements
- ERGO Life will close most of its classic products from 1 January 2016

Average yield vs. average guarantee



New business APE %



	2010	2012	2014	2016e
Target portfolio (incl. new life product)	30	41	54	84
Traditional portfolio	70	59	46	16

Management measures mitigating impact from low interest rates – clearly manageable in a Group context

Munich Re actively shaping the changing (re-) insurance landscape

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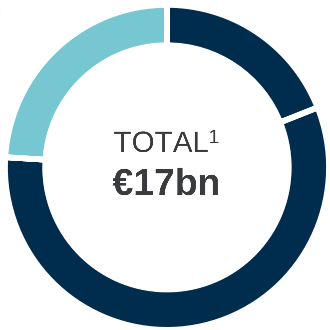
Total p-c book[1] %

Detaching from the cycle

Risk Solutions **25** (24)

Tailor-made solutions **18** (18)



Disciplined cycle management

Other traditional business **57** (58)

Benefitting from superior client access – around 40% of traditional business with differential terms/private placements

Future drivers of insurance demand

Traditional (re-) insurance

- Higher demand from emerging markets
- Large portion of non-insured or under-insured risks
- New forms of capital and risk management

Innovation-driven demand

- New risk landscape (e.g. cyber, supply chains, logistics, mobility)
- New data and IT technologies
- New distribution channels
- New services due to changes in customer behaviour

Well positioned to manage the soft cycle – emphasis on innovation

[1] Gross premiums written property-casualty reinsurance as at 31.12.2014 (31.12.2013).

Traditional reinsurance – Business comfortably meeting cost of capital

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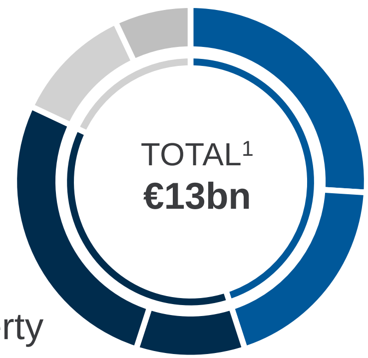
Traditional p-c book[1] %

Agriculture
7 (8)

Specialty
11 (12)

Other property
27 (28)

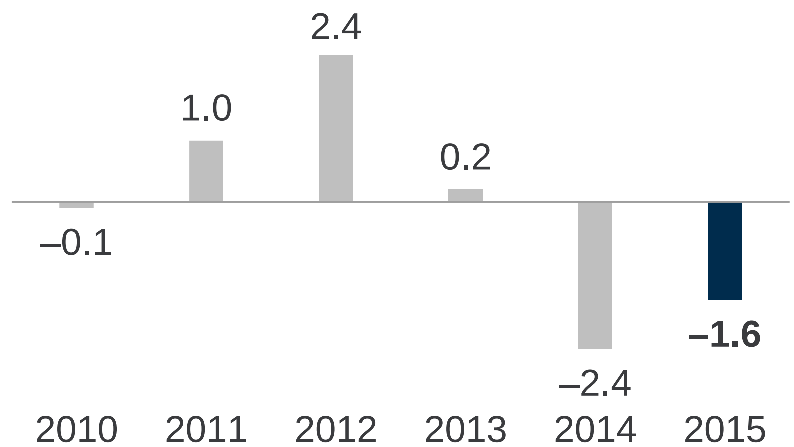


Casualty motor
26 (24)

Casualty non-motor
19 (16)

Property nat cat XL
10 (12)

Price changes renewals %



Share increases

- Profitable casualty lines
- Less volatile pro-portional business

Share reductions

- Deliberate cancellations and reductions in property
- Property nat cat XL share further reduced

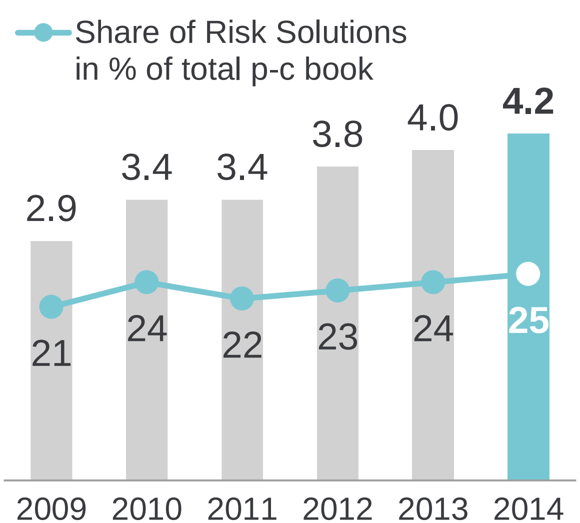
First signs of some stabilisation in July 2015 renewals

Broadest geographical reach – leading risk know how – superior diversification

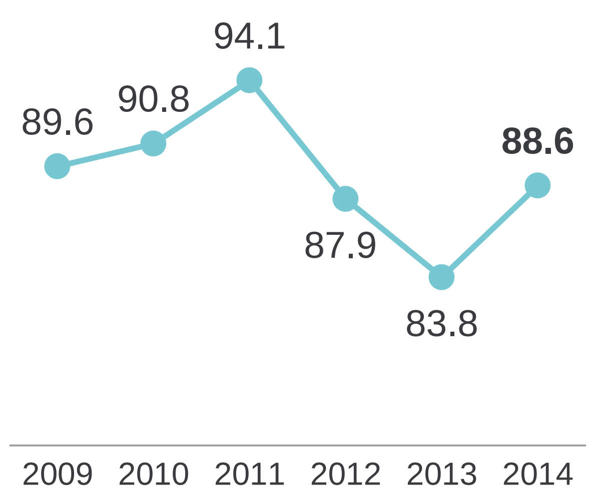
[1] Gross premiums written property-casualty reinsurance as at 31.12.2014 (31.12.2013).
[2] Aviation, marine and credit.

Risk Solutions – Know-how-driven niche business with high entry barriers

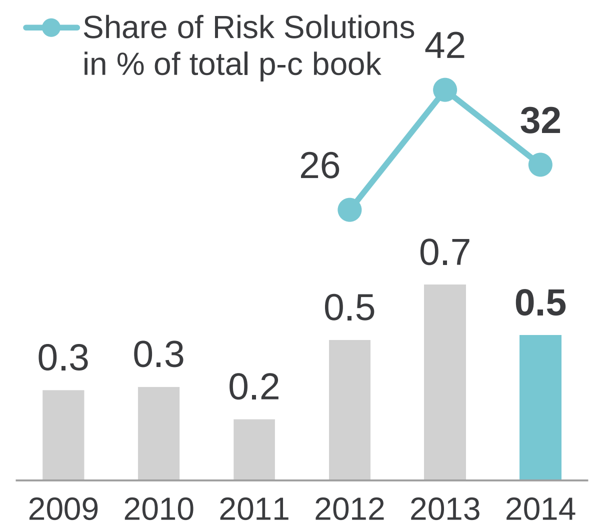
Gross earned premiums[1] €bn



Combined ratio[1] %



Underwriting result[1] €bn



Key characteristics

- Leadership position in profitable specialty markets largely detached from reinsurance cycle, lower nat cat exposure
- Strong bottom-line also driven by low major losses and reserve releases – highest result contribution from US special entities

Increasingly valuable business segment with strong premium growth and bottom-line contribution

1 Management view, not comparable with IFRS reporting.

Example: Protection gap in Asia – Underinsured market highly exposed to natural catastrophes

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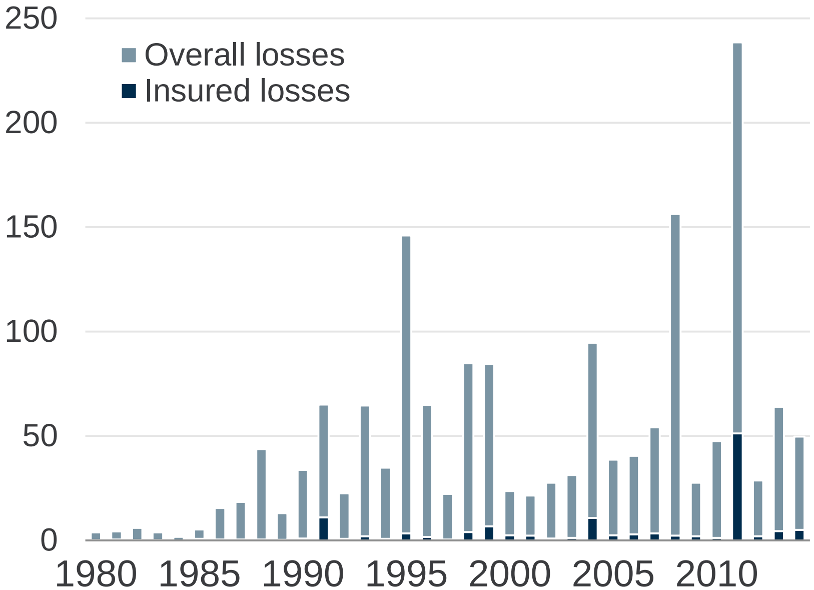
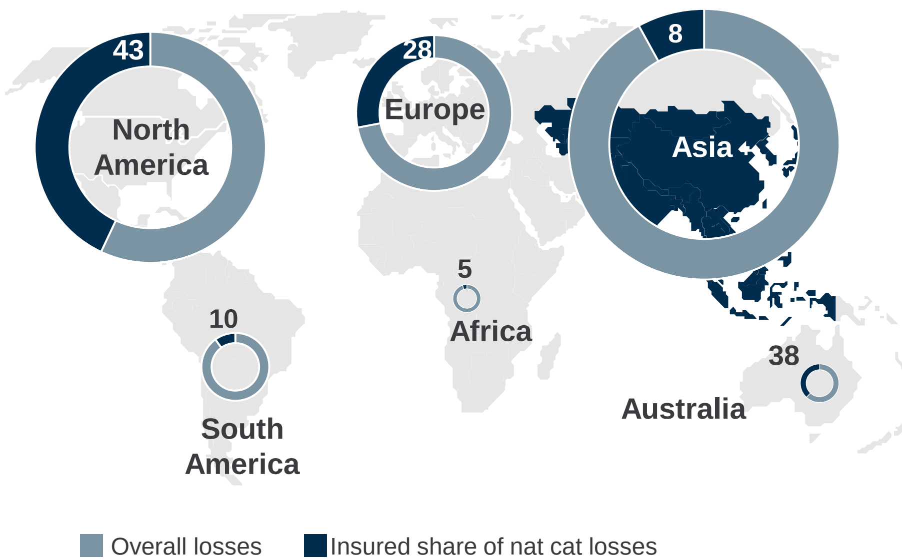
Asia – Overall and insured nat cat losses US$bn



Overall and insured nat cat losses per continent[1] %



- Munich Re providing sustainable reliable capacity – in particular after historic loss events such as in 2011 ...
- ... facilitated by strong capital position and expertise of modelling various nat cat scenarios

Demand for nat cat insurance covers expected to increase – Munich Re able to absorb high random losses by global diversification within regions and perils

[1] 1980–2014. Size of bubbles indicative for share of overall losses in this time period – Asian share ~40%.
Source: Munich Re, Geo Risks Research, NatCatSERVICE.

Example: Tapping new profit pools by expanding existing market boundaries – Key development areas

New (re-)insurance products

- Cyber risks
- Energy and technology (e.g. technical performance guarantees)
  - Non-damage BI
  - Weather and Climate
  - Project cost insurance
  - Product design in Life and Health based on enhanced data analytics

New business models

- Automation and digitalisation of processes (e.g. automated underwriting platform)
  - White labelling
  - Risk-sharing with pension funds

New risk-related services

- Consulting (e.g. Motor and Property Consulting services)
  - Project risk rating
  - Virtual simulation of e.g. constructions
  - Predictive and preventive services

New clients and demands

- Corporate finance / capital management solutions (e.g. Capital Partners)
  - Public-sector business development
  - Sharing economy / mobility

~ €400m[1] premium generated by innovative products

[1] Approximation – not fully comparable with IFRS figures for 2014.

Munich Re well positioned for the introduction of Solvency II

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	Impact on insurance industry	Munich RE
New standards in risk-based supervision	Fostering a paradigm change towards economic steering concepts and enhancing comparability and transparency	Risk management and economic steering already effective and integrated – Working on extensive pre-application phase of internal model with BaFin since several years – Official approval process started end of May ✓
Changing capital requirements	Depending on company size, level of diversification and product specifics – Shift towards less capital-intense products	Strong capitalisation – No major changes in capital allocation and distribution expected – Diversified portfolio – Strict bottom-line focus ✓
Market dynamics	Driver for consolidation, more complex reinsurance demands and product innovation – Volatility of solvency ratios	Market-leader in structuring complex, tailor-made solutions – Know-how-driven business approach and high innovative potential – Additional business potential due to increased capital requirements of cedents ✓

Ready for regulatory requirements while providing clients with capital management solutions

Strong economic solvency – The basis of our sound capitalisation

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Sound capitalisation according to all metrics

Economic solvency ratio well above 120% – good basis for distributions to shareholders

Substantial capital buffer supporting AA rating – providing high level of flexibility

German statutory earnings largely protected by huge equalisation reserve, financing capital repatriation

Transition to Solvency II

- No negative effects expected from final adoption of internal model (e.g. risk-mitigating effect of deferred taxes, treatment of fungibility restrictions, EIOPA curve)
- Internal model takes a prudent approach, for example via:
  - Fully considering default and credit spread risk of sovereign bonds
  - Modeling Group SCR based on consolidated accounts – no use of lower, statutory capital requirements via deduction and aggregation method
- Clients benefit from MR’s strong financial rating via lower SII counterparty default risk

Capitalisation in the Solvency II regime remains very strong –
No adverse impact on capital management to be expected

Looking ahead – World of opportunities

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Short-term priorities

Managing downside	Preserving profitability	Business expansion
ERGO traditional German Life	ERGO P-C Germany	ERGO International
	ERGO Health Germany	Risk Solutions
	Reinsurance Life	
	Traditional P-C reinsurance	
	Munich Health	

Mid-term outlook

- Remain disciplined with strict bottom-line focus
- Maintain focus on technical excellence and underwriting rigour
- Foster strong capital base and financial flexibility
- Continue to increase dividend with long-term earnings growth

Temporary earnings pressure outweighed by mid- and long-term growth perspectives – Innovative power key to success

Financial calendar

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2015

5 November	Interim report as at 30 September 2015
30 November	Briefing on Solvency II, London

2016

4 February	Preliminary key figures 2015 and renewals
16 March	Balance sheet press conference for 2015 financial statements Analysts' conference in Munich with videocast
27 April	Annual General Meeting 2016, ICM – International Congress Centre Munich
10 May	Interim report as at 31 March 2016
9 August	Interim report as at 30 June 2016
9 November	Interim report as at 30 September 2016

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