Strong balance sheet – Strong returns

Analysts' conference 2014

Munich, 20 March 2014

Munich RE

Agenda

Delivering on our promise, reliable for shareholders …

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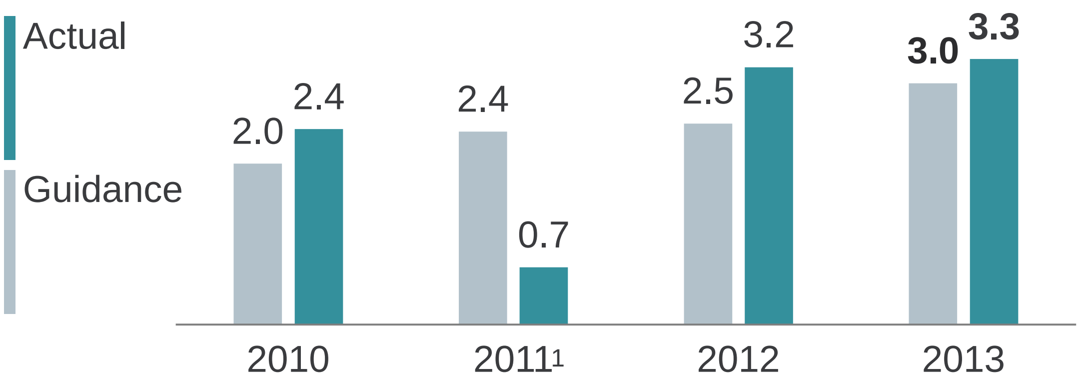
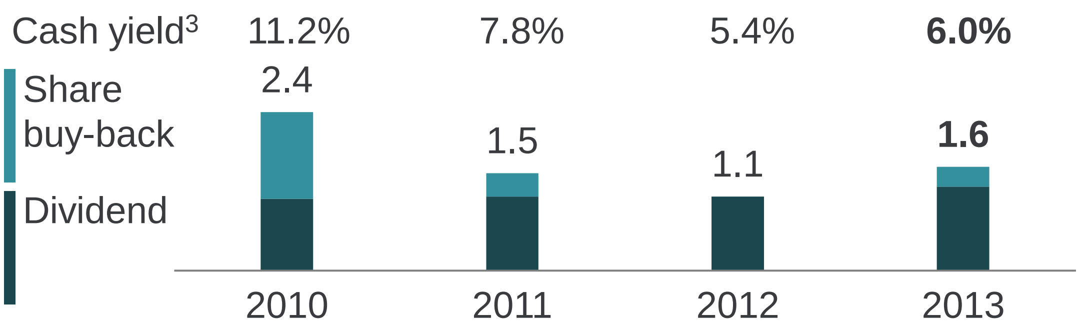
Delivering on promised net result … €bn



… facilitating attractive shareholder participation[2] €bn



Outlook 2014

- Expected net result: €3bn
- Technical profitability becoming even more relevant …
- … in an environment of low interest rates and competitive reinsurance markets

- Strong capital position according to all metrics
- Dividend increase: from €7.00 to €7.25 per share
- Continuation of share buy-back: €1bn between AGM 2014 and AGM 2015

High level of diversification and disciplined bottom-line focus facilitating reliable earnings generation

[1] Assuming normal nat cat claims based on 8.5% budget, net result would have exceeded guidance.
[2] Cash-flow view. [3] Total payout (dividend and buy-back) divided by average market capitalisation.

… resulting in stable long-term shareholder returns throughout different market phases

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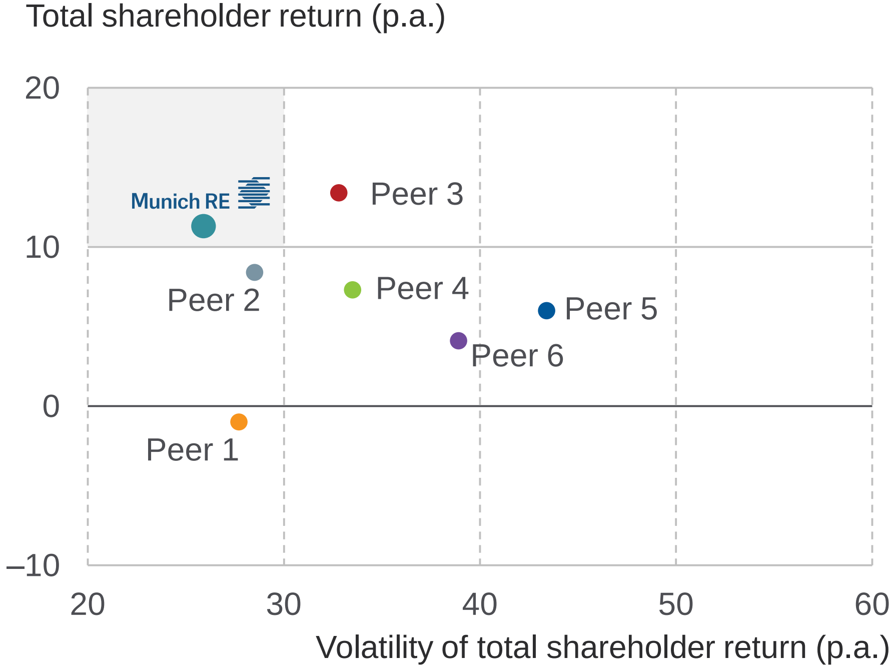
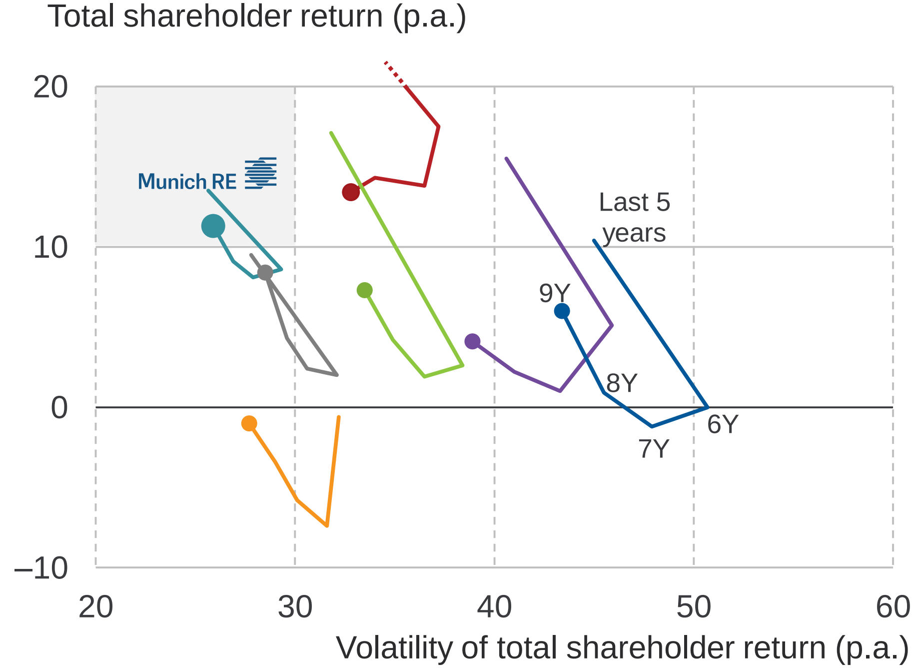
Attractive risk/return profile[1] … %



Below-average volatility leading to lower cost of capital

… throughout multiple time periods[2] %



Performing well – irrespective of fluctuations in the capital markets

Munich Re shareholders enjoy attractive returns with comparatively low volatility

[1] Annualised total shareholder return defined as price performance plus dividend yield over the period from 1.1.2005 until 31.12.2013; 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, ZIG. [2] Same calculation as left chart with different starting points until 31.12.2013.

Stability reflected in solid financial position

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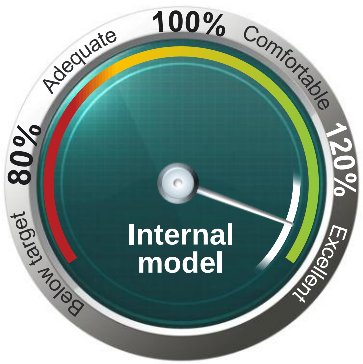
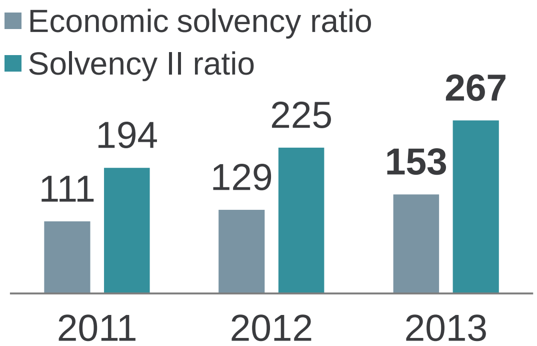
Excellent economic solvency ratio further improved



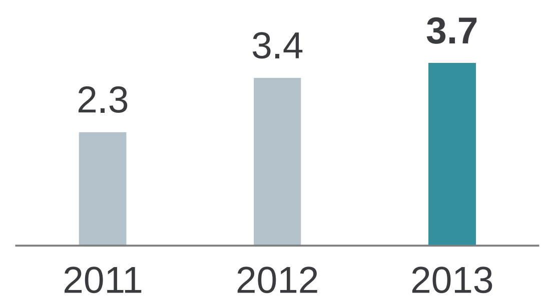


Substantial capital buffer supporting AA rating

Agency	Rating
A.M. Best	A+ (Superior)
Fitch	AA– (Very strong)
Moody’s	Aa3 (Excellent)
S&P	AA– (Very strong)

Strengthened German GAAP capital position

Distributable earnings €bn



Strong capitalisation according to all metrics facilitating financial flexibility

[1] German statutory accounting standards.

Low interest rates – Technical profitability becoming even more relevant

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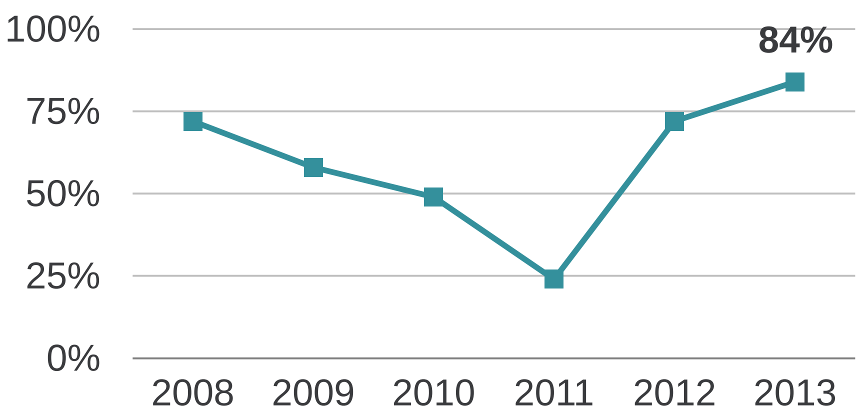
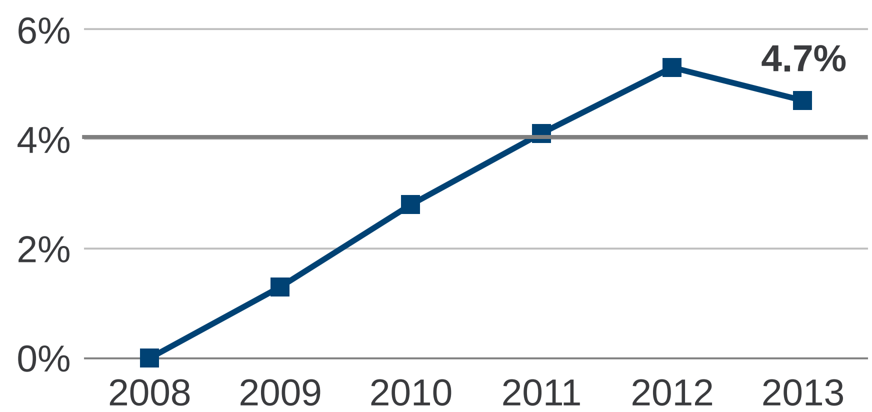
Increasing earnings contribution from underwriting[1]



Run-off result[2]: Profitability in p-c reinsurance supported by strong reserving position



Low sensitivity to interest-rate changes

Net DV01[3]	€m
Reinsurance	–7.7
Primary insurance	10.3
Munich Re (Group)	**2.6**

IFRS net result[4]	€bn
+100bps	0.2
+50bps	0.1
–50bps	–0.1

Becoming less dependent on investment income – focus remains on creating value in core underwriting business

[1] Contribution of technical result as a percentage of operating result. [2] Run-off result in % of net earned premiums in property-casualty reinsurance (incl. large losses). [3] As at 31.12.2013. Net DV01: Sensitivity to parallel upward shift of yield curve by one basis point reflecting portfolio size. [4] Rough calculation with limited reliability assuming unchanged portfolio as at 31.12.2013.

Reinsurance – Competitive environment in property-casualty following increasing supply of capacity

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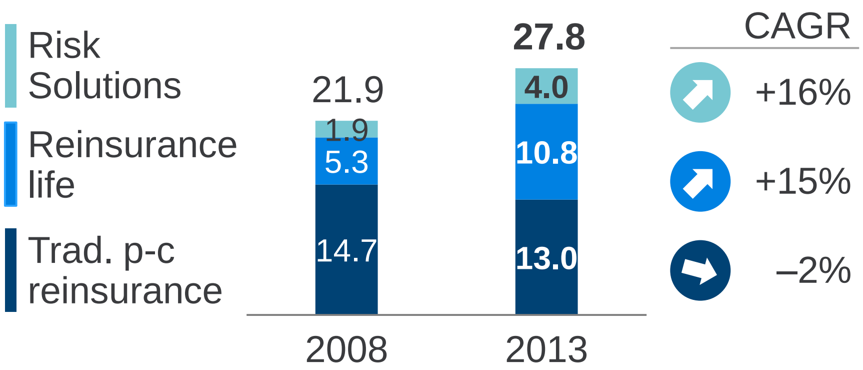
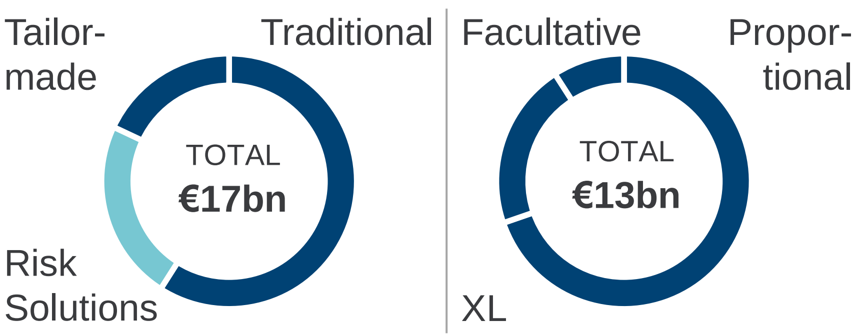
Structural increase of business diversification[1] €bn



Property-casualty – Diversified business portfolio[1]



Munich Re well prepared

Diversification

- Risk Solutions – Profitable specialty business largely detached from reinsurance market
- Reinsurance life – Global market leading position stabilising overall results
- Flexibility – Swiftly adjusting to client demand (e.g. regions, perils, proportional and XL)

Know-how and client proximity

- Structuring expertise – Providing holistic tailor-made solutions beyond pure capacity
- Innovation – Creating solutions for new and emerging risks
- Achieving differential terms and conditions

Increasing share of business largely decoupled from reinsurance cycle and competition in traditional reinsurance

[1] Gross premiums written.

Primary insurance – Proactively tackling challenges

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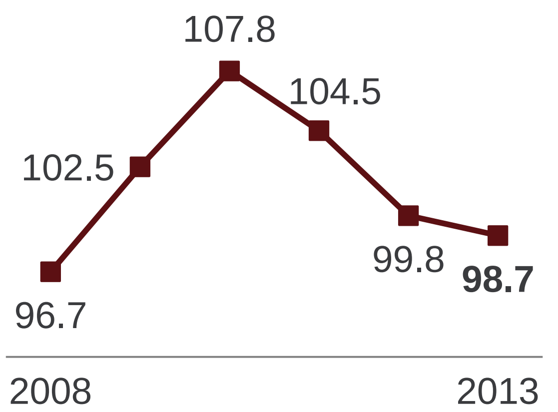
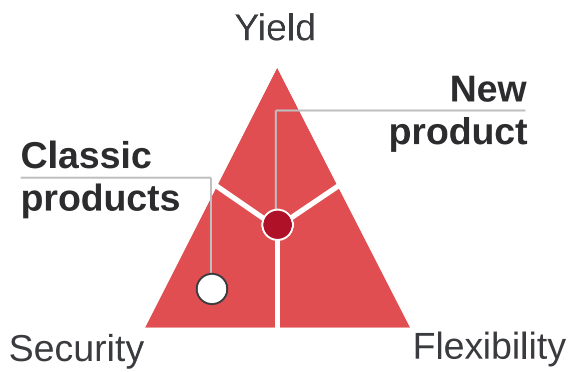
International – Combined ratio %



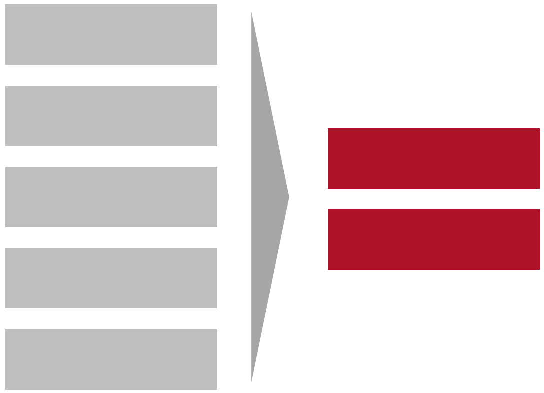
- Getting back to normal – Management measures bearing fruit, reflected in further improving technical profitability
- Combined ratio close to mid-term target of ~98%

German life – New product



- Successful introduction of new life product – Already making up ~50% of new business in private pensions[1]
- Continuously improving risk/return-profile

Reorganisation



- Streamlining of sales completed
- Organisational changes aiming for leaner structures and stronger customer orientation
- Improving cost efficiency over the coming years

Well on track to continuously increase earnings contribution

[1] Annual premium equivalent (APE), only third-layer private provision and tied agent organisations.

Munich Health – Key financials

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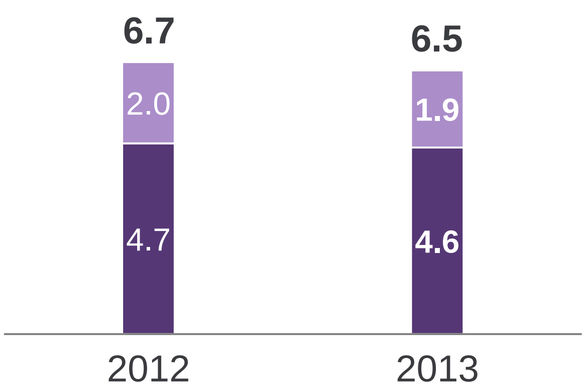
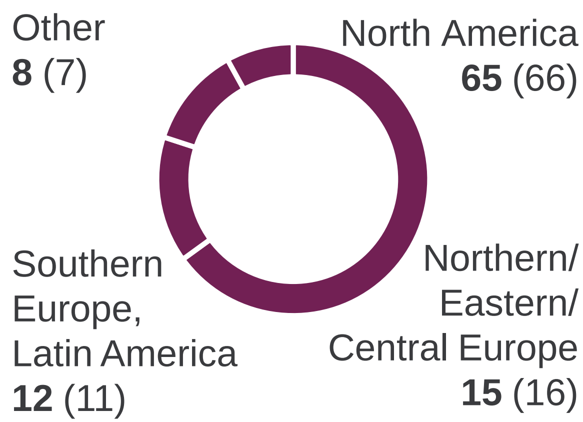
Gross premiums written €bn



Regional premium breakdown[1] %



Major drivers

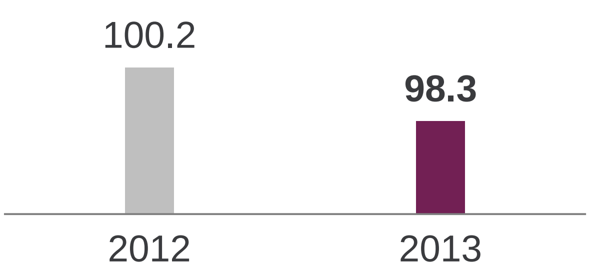
Primary insurance

Organic growth in Spain and Benelux, decline in USA due to exit from PFFS business

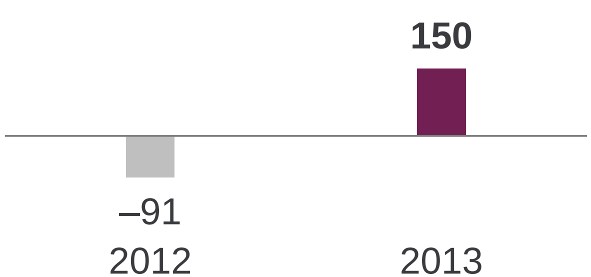
Reinsurance

Negative FX effects (–€242m); new business in Middle East and increased large-volume deals

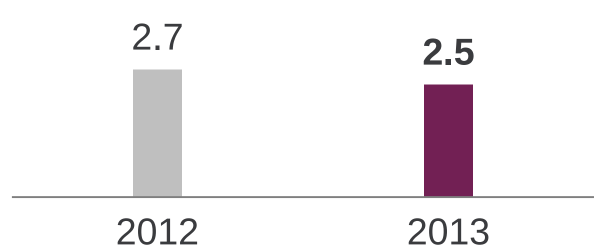
Combined ratio %



Net income €m



Return on investment %



2013 results driven by improved US Medicare business and release of premium deficiency reserve in the USA

[1] Gross premiums written as at 31.12.2013 (31.12.2012).

Munich Health – Strong earnings 2013 after fixing problems in the US primary business

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	Recent key findings	Management measures
Excellence Strengthen core capabilities	Reinsurance ▪ Underwriting results too volatile ▪ Portfolio highly concentrated	▪ Strengthen underwriting and client management capabilities in Europe and the US ▪ Foster international know-how exchange and intensify use of primary insurance capabilities for reinsurance
Execution Manage downsides, improve effectiveness	▪ Missing scale in US primary insurance business ▪ High steering complexity	▪ Sale of Windsor Health Group and revised US strategy focused on reinsurance ▪ Streamline organisational structure
Expansion Realise prioritised growth opportunities	▪ Reinsurance: Limited growth ▪ Primary insurance: Limited attention on growth due to focus on turnaround challenges	▪ Reinsurance: Focus on capital relief transactions ▪ Primary insurance: Expansion through leveraging existing platforms in emerging markets

Focus on excellence, execution and expansion to strengthen profitability and participate in growth of selected health markets

Solvency II – Impact on the European insurance industry

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Main implications of Solvency II

- Catalyst for the introduction of risk/value-based steering
- Stimulus for product innovation and corresponding (risk) management actions
- Improved comparability within financial services industry

Impact on the insurance industry

- Fostering a paradigm change towards economic steering concepts
- Development of products balancing capital needs and client demand for suitable retirement solutions
- Higher capital requirements and transparency may drive consolidation and increase reinsurance demand

Impact on Munich Re

Reinsurance

- Internal economic model adequately reflecting portfolio diversification effects
- Providing know-how and structuring expertise becoming even more important for our clients
- Business potential as strong partner for holistic capital management solutions

Primary insurance

- Adjustments for valuation of long-term guarantees leading to comparatively lower regulatory capital requirements
- Expansion of less capital-intensive new life products launched in July 2013
- Building on new brand approach

Munich Re well positioned for the introduction of Solvency II – ready for regulatory requirements while providing clients with capital management solutions

Outlook 2014

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Munich Re (Group)

GROSS PREMIUMS WRITTEN		RETURN ON INVESTMENT		NET RESULT	
2013	€51bn	2013	3.5%	2013	€3.3bn
Target 2014[1]	**~€50bn**	Target 2014	**~3.3%**	Target 2014	**€3bn**

Focus on bottom-line growth prevails

Solid return given ongoing low interest-rate environment

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

Reinsurance

COMBINED RATIO

2013	92.1%
Target 2014	**~94%**

NET RESULT

2013	€2.8bn
Target 2014	**€2.3–2.5bn**

Primary insurance

COMBINED RATIO

2013	97.2%
Target 2014	**~95%**

NET RESULT

2013	€433m
Target 2014	**€400–500m**

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COMBINED RATIO

2013	98.3%
Target 2014	**~99%**

NET RESULT

2013	€150m
Target 2014	**~€100m**

[1] By segment: Reinsurance ~€28bn, primary insurance slightly above €16.5bn, Munich Health slightly above €5.5bn.

Agenda

Strong balance sheet – Strong returns	Nikolaus von Bomhard
Munich Re (Group)	Jörg Schneider
Risk management	Bernhard Kaufmann
Primary insurance	Torsten Oletzky
Reinsurance property-casualty	Torsten Jeworrek
Reinsurance life	Joachim Wenning
Backup	

All segments contributing to strong Group result

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Munich Re (Group) – FY 2013

NET RESULT	SHAREHOLDERS' EQUITY	INVESTMENT RESULT
€3,342m (€1,198m in Q4)	**€26.2bn** (+1.4% vs. 30.9.)	**RoI of 3.5%** (3.7% in Q4)
Delivering good net result supported by sound core business and low tax rate	Strong capital position according to all metrics allowing for dividend increase and share buy-back	Solid result given low interest rates and moderate risk profile

Reinsurance

NET RESULT

€2,797m (€1,089m in Q4)

2,384 | 413

P-C

Combined ratio 92.1% (89.3% in Q4) – Better than target of 94%

LIFE

Technical result close to target – mix of positive and adverse developments

Primary insurance

NET RESULT

€433m (€73m in Q4)

169 | 134 | 130

P-C

Combined ratio 97.2% (97.5% in Q4) – Nat cats in Germany

LIFE

Result in line with expectations

HEALTH

Solid, stable performance

Munich Health

NET RESULT

€150m (€56m in Q4)

150

PRIMARY INSURANCE

Combined ratio 93.5% (93.7% in Q4) – Good result largely driven by improved US Medicare business

FY 2013 – Actual vs. expected net result

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FY 2013 – Major drivers of difference between actual and expected net result[1] €m

Net result (actual)		**3,342**
Taxes on income (actual)		+108
Pre-tax profit		**3,450**
Differences in the operating result		
Reinsurance: Investment result	–165	
Reinsurance: Combined ratio	+308	
Primary insurance: Combined ratio	–116	
Primary insurance: Life tax refund[2]	–167	
Total difference	**–140**	
Total deviation from expected operating result		**+140**
FX losses		+310
Pre-tax profit adjusted for operating and FX deviation		**3,900**
Tax (expectation: ~20%)		–780
As-if net result adjusted for deviations		**~3,100**

Reinsurance	Actual	Expected	Diff.
RoI	3.1%	~3.3%	–0.2%
Average investments			82,269
Difference			**–165**

Reinsurance	Actual	Expected	Diff.
Combined ratio	92.1%	~94%	–1.9%
Net earned premiums			16,236
Difference			**+308**

Prim. insurance	Actual	Expected	Diff.
Combined ratio	97.2%	~95%	+2.2%
Net earned premiums			5,260
Difference			**–116**

Slightly above €3bn profit target, even after adjusting for "special factors"

[1] This is a very informal calculation to consider major drivers that influenced the FY 2013 result in order to carve out the "underlying profitability", bearing in mind there is no one single accurate approach to normalising earnings.
[2] Elimination of policyholder participation in tax refund. Assumption: ~85% of €197m tax refund from prior years.

Strong IFRS capital position

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Equity

Equity	€m	Change Q4
Equity 31.12.2012	27,439	
Consolidated result	3,342	1,198
Changes		
Dividend	–1,255	–
Unrealised gains/losses	–2,612	–307
Exchange rates	–714	–276
Share buy-backs	–189	–296
Other	215	38
Equity 31.12.2013	**26,226**	**357**

UNREALISED GAINS/LOSSES

Fixed-interest securities
2013: –€2,921m
Q4: –€460m

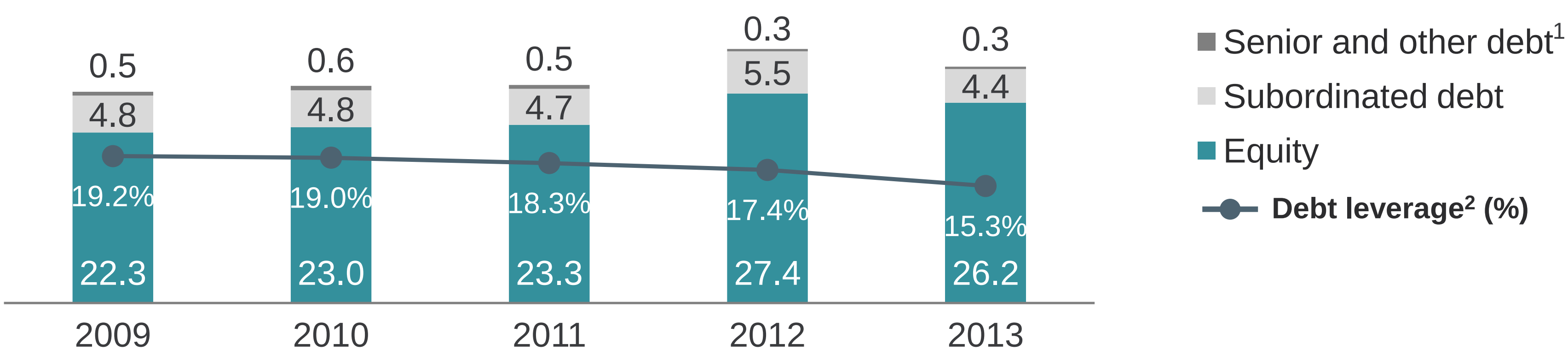
Non-fixed-interest securities
2013: €321m
Q4: €161m

EXCHANGE RATES

Negative 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).

Economic capital base further improved

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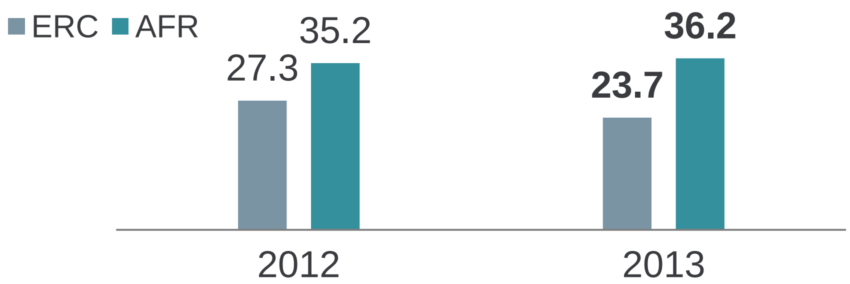
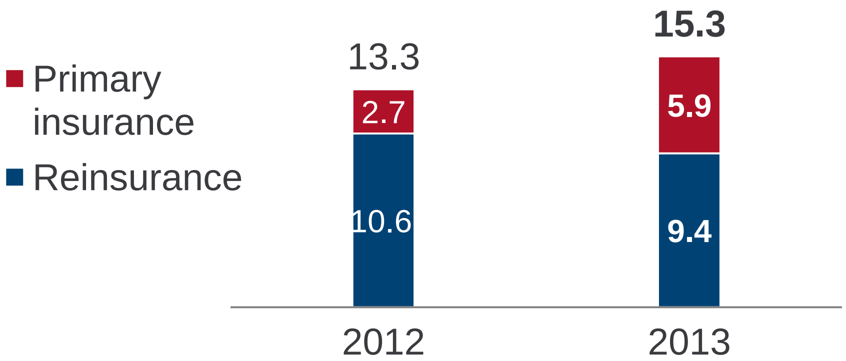
Improving economic solvency position[1] … €bn

	2012	2013
Economic solvency ratio	129%	**153%**



- Economic solvency ratio increasing to 153% (267% with Solvency II VaR 99.5% calibration)
- Higher interest rates, strong euro and declining volatilities reducing capital requirements
- More realistic assumptions in primary life insurance (adjusted policyholder behaviour) increasing economic equity and reducing capital requirements

… supported by higher MCEV in primary life €bn



Reinsurance
Again strong VNB (€577m) offsetting adverse development in US and Australian business; negative FX impact (–€917m)

Primary insurance
Adjusted model assumptions and benign capital markets significantly increasing MCEV

Very substantial economic capital buffer

[1] Solvency II capital based on VaR 99.5%, Munich Re internal risk model based on 175% of Solvency II capital. After announced dividend payout of ~€1.3bn for 2013 to be paid in April 2014 and outstanding share buy-backs of ~€0.7bn.

Distributable earnings of parent company very solid even after strengthening of equalisation reserves

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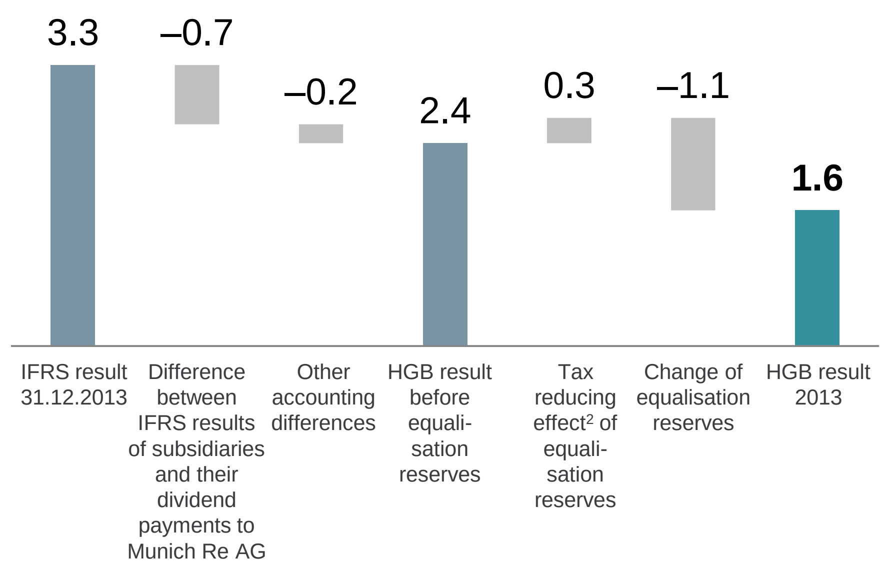
HGB earnings financing capital repatriation €bn

Average 2009–2013

Dividend	Share buy-back	HGB result 2013
–1.1	–0.5	1.8

Reconciliation IFRS to HGB result in 2013 €bn



Average 2009–2013

IFRS result	Difference between IFRS results of subsidiaries and their dividend payments	Other accounting differences	HGB result before equalisation reserves	Tax reducing effect of equalisation reserves	Change of equalisation reserves	HGB result 2013
2.5	–1.0	0.2	1.7	0.0	0.1	1.8

Solid cash at Group level – Increasing distributable earnings protected by strong equalisation reserves

[1] Disposal of own shares as well as changes in restrictions on distribution.
[2] Assuming a tax rate of 33% for Munich Re AG.

Investment result – Disposal gains partly compensating for higher write-downs and declining regular income

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Investment result

€m

	2013	Return[1]	2012	Return[1]	Q4 2013	Return[1]
Regular income	**7,498**	**3.4%**	7,761	3.6%	1,812	3.3%
Write-ups/write-downs	**–670**	**–0.3%**	8	0.0%	–129	–0.2%
Disposal gains/losses	**1,059**	**0.5%**	652	0.3%	330	0.6%
Other income/expenses[2]	**–230**	**–0.1%**	21	0.0%	–18	0.0%
Investment result	**7,657**	**3.5%**	**8,442**	**3.9%**	**1,995**	**3.7%**

Regular income

3-month average reinvestment yield increased to ~2.5% in Q4 2013 (~2.2% in Q4 2012)

Write-ups/write-downs	2013	2012
Equities	**–108**	–23
Derivatives	**–232**	38
t/o swaptions	**–134**	–23
Other	**–330**	–144

Disposal gains/losses	2013	2012
Fixed-income	**921**	216
Equities	**849**	313
Derivatives	**–701**	–210
Other	**–10**	11

Pleasing investment result given low interest rates and moderate risk profile

1 Return on quarterly weighted investments (market values) in % p.a.
2 Including impact from unit-linked business. 2013: €400m (0.2%-points). 2012: €603m. Q4 2013: €159m (0.3%-points).

Managing investment risks on an economic basis sometimes leading to short-term IFRS accounting volatility

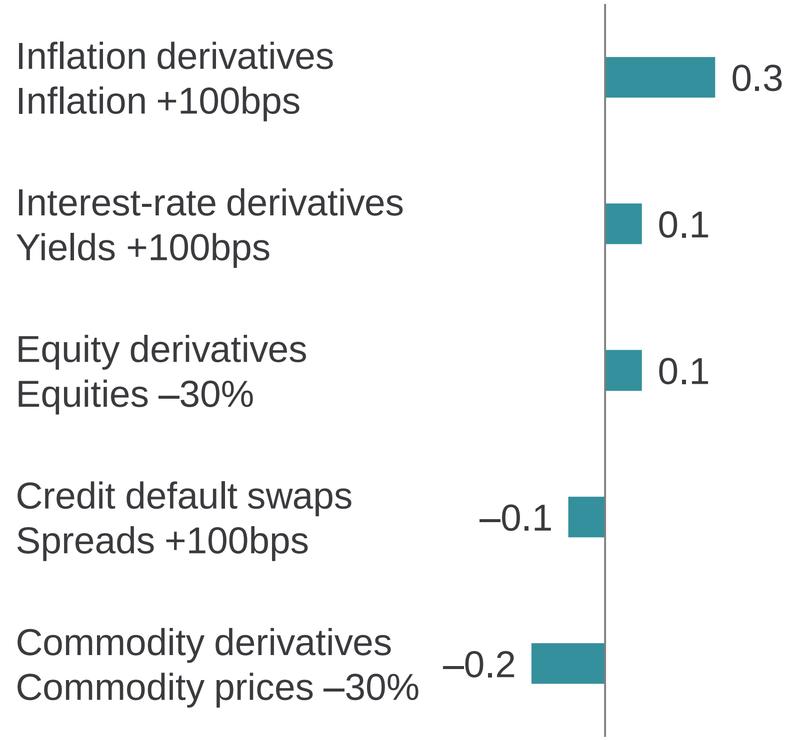
Asset-liability management guiding portfolio structure

- Aligning investments to the term and FX structure of insurance liabilities
- Derivatives used for
  - Hedging of interest-rate, FX and inflation risks
  - Swiftly adjusting asset allocations to changing market conditions

Accounting mismatch

Market value changes of derivatives usually considered in the P&L, unlike most changes in corresponding liabilities or underlying exposures

IFRS P&L sensitivity €bn



Accounting mismatch not jeopardising sustainable earnings generation

Well-balanced investment management in low-interest-rate environment

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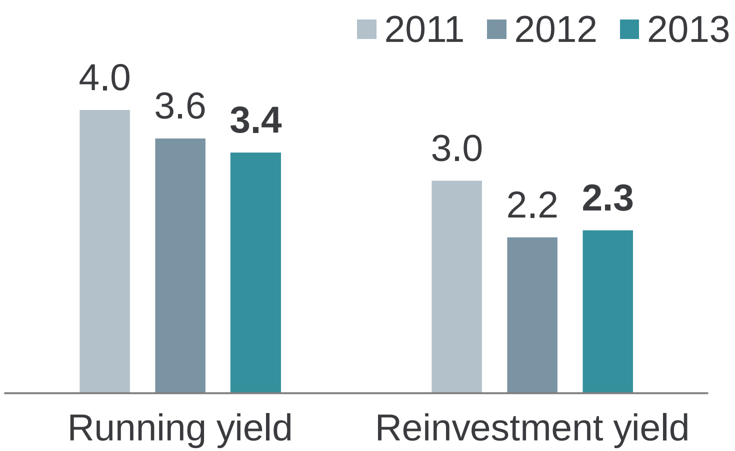
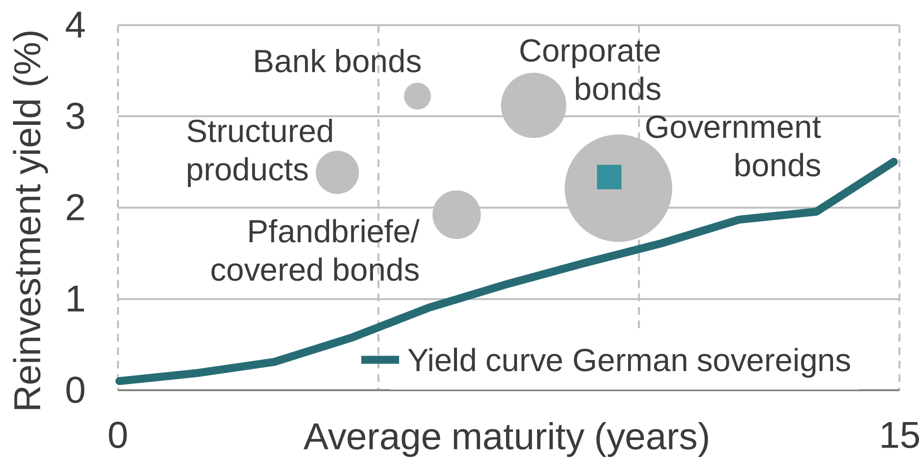
Running and reinvestment yield %



- Assets serving insurance liabilities – duration matching proving beneficial throughout recent years
- Solid results and reinvestment yields from well-balanced portfolio with limited economic exposures

Composition of reinvestment yield 2013[1]



Expansion

- Corporate and emerging market bonds
- Renewable energies and new technologies
- Real estate

Reduction

- Select developed market bonds
- Inflation-linked bonds

No need for yield hunting or re-risking in times of inflated asset prices

[1] Bubble size reflecting reinvestment volume. Yield curve as at 31.12.2013.

Actual versus expected comparison – Loss monitoring yields consistent picture across years

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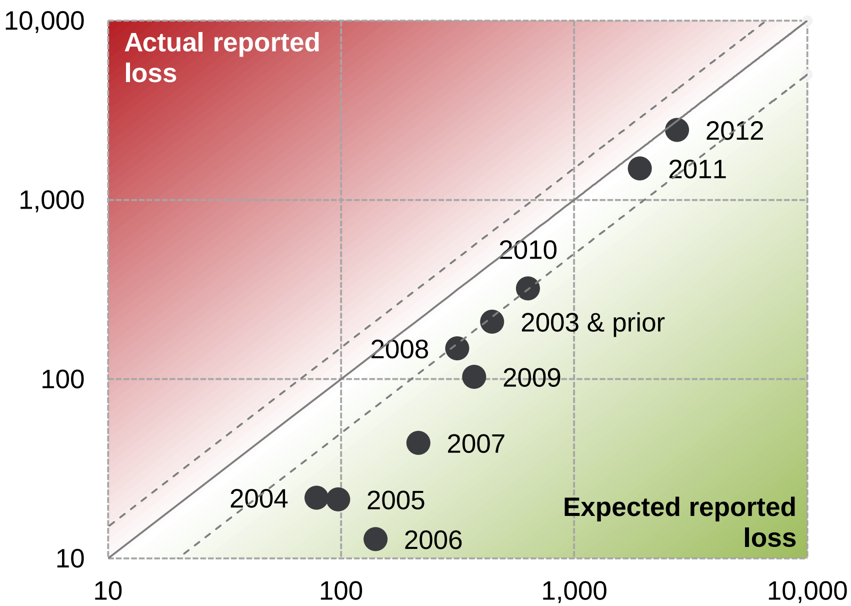
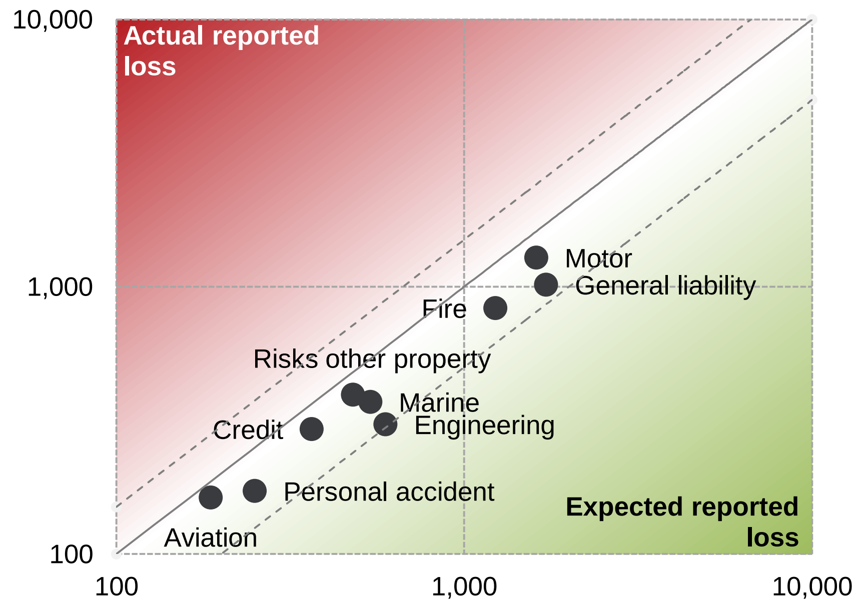
Reinsurance group – Comparison of incremental expected losses with actual reported losses[1] €m

By exposure year



By line of business



Legend:
Green Actuals below expectation
Red Actuals above expectation

Solid line Actuals equal expectation
Dotted line Actuals are 50% above/below expectations

Actual losses consistently below actuarial expectations – Very strong reserve position

[1] Reinsurance group losses as at Q4 2013, not including parts of Risk Solutions, special liabilities and major losses (i.e. events over €10m or US$ 15m for Munich Re's share).

Positive run-off result without weakening our ability to absorb potential future volatility

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Ultimate losses (adjusted to exchange rates as at 31.12.2013) €m

	Accident year											
Date	≤2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	**Total**
31.12.2003	40,967											
31.12.2004	41,420	11,096										
31.12.2005	41,817	11,218	12,129									
31.12.2006	41,903	11,247	12,180	10,648								
31.12.2007	42,304	11,021	12,321	10,453	11,614							
31.12.2008	42,567	10,698	11,920	10,338	11,802	12,649						
31.12.2009	42,467	10,424	11,885	10,164	11,721	12,869	12,480					
31.12.2010	42,899	10,154	11,498	9,906	11,649	12,862	12,451	12,921				
31.12.2011	42,888	10,154	11,333	9,819	11,610	12,601	12,056	13,124	16,684			
31.12.2012	42,841	10,077	11,146	9,673	11,266	12,498	11,982	13,017	16,727	13,684		
31.12.2013	42,834	9,999	11,072	9,705	11,069	12,314	11,990	13,099	16,452	13,517	13,772	
CY 2013 run-off change	**7**	**78**	**74**	**–32**	**197**	**184**	**–8**	**–82**	**275**	**167**	**–**	**860**
CY 2013 run-off change (%)	**0.0**	**0.8**	**0.7**	**–0.3**	**1.8**	**1.5**	**–0.1**	**–0.6**	**1.7**	**1.2**	**–**	**0.6**

Ultimate reduction

Reinsurance basic losses: €845m – Main drivers

Property
Releases spread across lines, with some caution exercised on long-tail project business

Specialty[2]
Reserve releases primarily in marine and aviation, following the benign loss emergence

Casualty
Moderate releases in most segments, partly offset by some strengthening for legacy liabilities and unwinding of discount in workers' compensation (–€54m)

Ultimate reduction

Reinsurance[1]	**€759m**
Primary insurance	**€101m**

1 Thereof €845m basic losses (including planned unwinding of discount in workers' compensation) and –€86m large losses.
2 Aviation, credit and marine.

Balance sheet strength strictly adhered to for many years, supporting resilience of future profits

Immediate response to early signs of adverse development, e. g. for

Tax assets

Goodwill

Claims reserves

- Provisions to absorb adverse impact even from those scenarios that are difficult to analyse and measure
- Reserve releases are not booked to earnings until manifestation confirmed

In hindsight: Performance was better than originally anticipated – higher base level for the future

No intention to embellish current earnings

Strong balance sheet providing further resilience against event risk and bad surprises

Future profitability dependant on market performance – but in any case solidly supported by strong balance sheet

Dividend increase after strong financial result 2013

Munich RE

Financial results	NET INCOME **€3.3bn**	Strong net income in 2013 driven by sound underwriting performance
Investment portfolio	ROI **3.5%**	Continued diversification of investment portfolio and active duration management
Reserving	COMBINED RATIO[1] **92.1%**	Careful reserving protects solid balance sheet and facilitates strong underwriting results
Capital position	DIVIDEND **+3.6%**	Strong capital position continuously built up over years establishing the basis for future earnings power

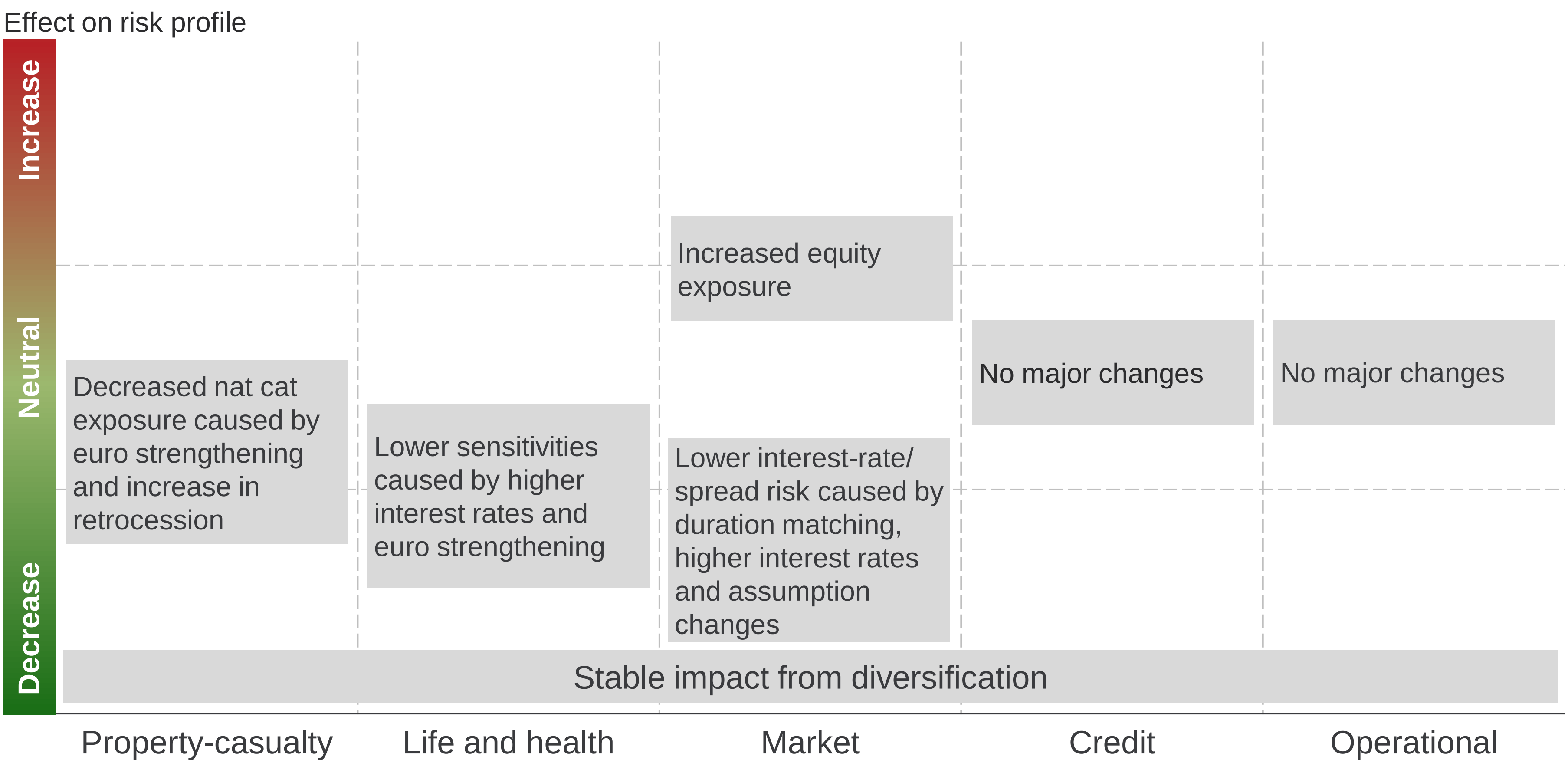
[1] Reinsurance property-casualty.

Agenda

Strong balance sheet – Strong returns	Nikolaus von Bomhard
Munich Re (Group)	Jörg Schneider
Risk management	Bernhard Kaufmann
Primary insurance	Torsten Oletzky
Reinsurance property-casualty	Torsten Jeworrek
Reinsurance life	Joachim Wenning
Backup	

Major developments at Group level

Munich RE



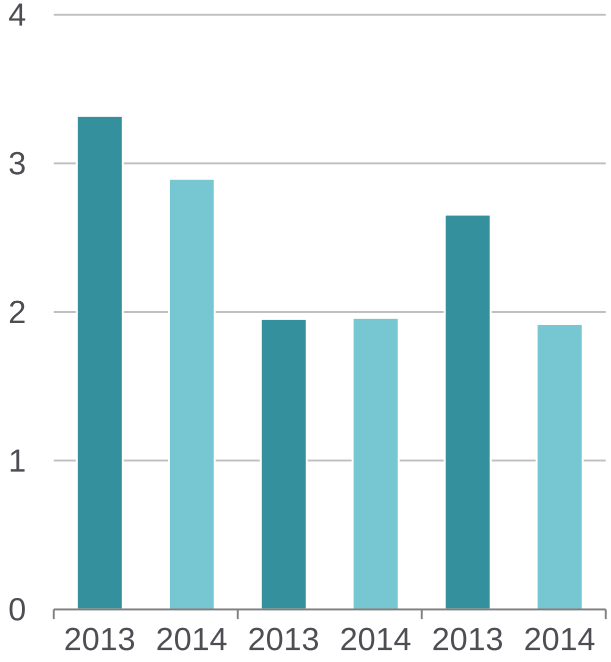
Reduction in market risk leads to a more balanced risk profile

Property-casualty risks: Natural catastrophe exposure

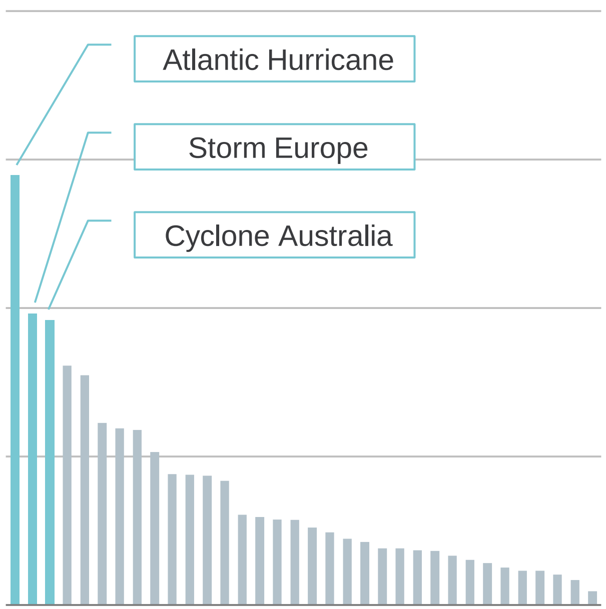
Munich RE

Munich Re Group's nat cat exposures (net of retrocession)[1] €bn

AggVaR (return period 200 years) (pre-tax)

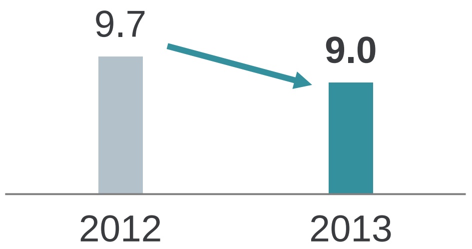


AggVaR (return period 200 years) (pre-tax)



Top nat cat exposures

ERC property-casualty €bn



Atlantic Hurricane

Depreciation of US$; increase of retrocession

Cyclone Australia

Depreciation of AUD and US$; increase of retrocession

Munich Re benefits from strong diversification between natural catastrophe risks

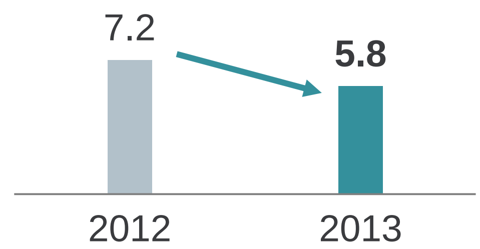
[1] Exposures relate to the full year, e.g. 2014 relates to the period from 1.1.2014 to 31.12.2014.

Life and health risks

Munich RE

Risk type	Reinsurance life	Primary life/health	Munich Health	ERC by risk type (€bn) 2012	2013
	Predominant risk types				
Mortality	✓			4.5	**3.8**
Morbidity	✓	✓		3.5	**2.6**
Longevity		✓		2.1	**2.4**
Health			✓	1.1	**0.8**

ERC life and health €bn



Mortality/morbidity

Primary life/health:
Higher interest rates and reduced volatilities

Reinsurance life:
Higher interest rates and stronger euro

Health

Sale of Windsor Health Group

Decrease in life and health risks driven by favourable market conditions and assumption changes for deriving technical provisions

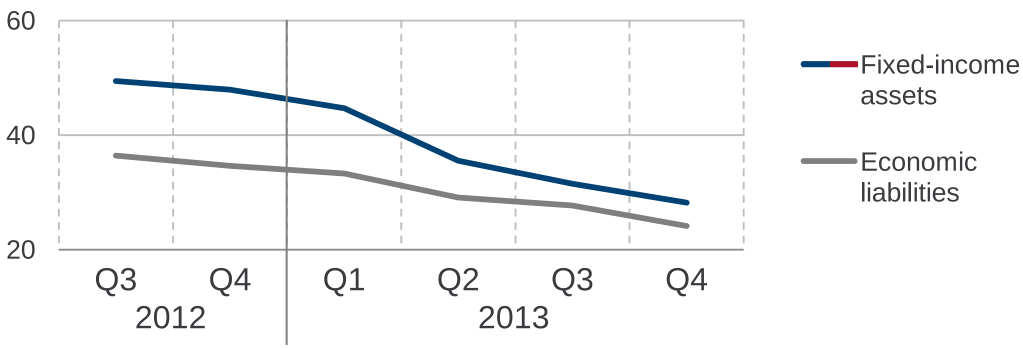
Decrease in market risk driven by improved ALM and favourable market conditions

Munich RE

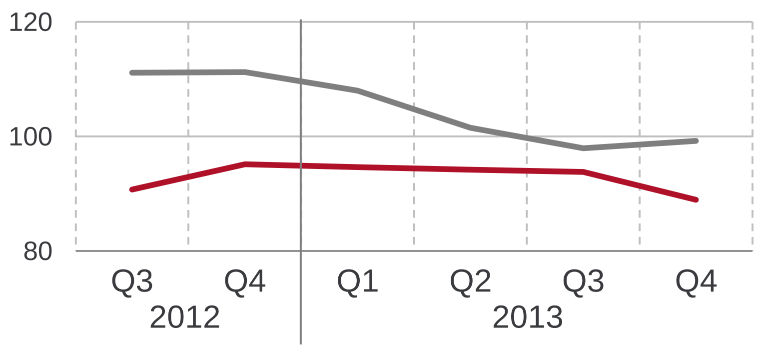
Risk category	Group		RI	PI	Div.	Explanation
Year-end €bn	2012	2013	2013	2013	2013	
Equity	5.7	6.5	5.0	1.5	±0.0	Higher net equity exposure (3.4% to 4.5%)
General interest rate	8.3	5.1	2.7	4.9	–2.5	Improved duration matching, favourable market conditions (increased interest rates, reduced implied volatilities) and assumption changes
Credit spread	6.1	4.6	1.7	3.5	–0.6	
Real estate	2.1	2.4	1.4	1.1	–0.1	Rising market values and refined model
Currency	1.9	1.5	1.4	0.2	–0.1	Decrease of FX mismatch (change in asset allocation)
Simple sum	**24.1**	**20.1**	**12.2**	**11.2**	**–3.3**	
Diversification	–10.1	–8.5	–5.6	–4.1	–	Reduced diversification due to overall ERC decrease
Total ERC	**14.0**	**11.6**	**6.6**	**7.1**	**–2.1**	

DV01 – Sensitivity to parallel upward shift of yield curve by one basis point reflecting portfolio size €m

Reinsurance



Primary insurance



Group economic risk capital (ERC) Breakdown by risk category

Economic risk capital – Breakdown by risk category €bn

Risk category	Group 2012	Group 2013	RI 2013	PI 2013	MH 2013	Div. 2013
Prop.-casualty[1]	9.7	**9.0**	8.9	0.6	0.0	–0.5
Life and health	7.2	**5.8**	4.4	2.1	0.5	–1.2
Market	14.0	**11.6**	6.6	7.1	0.0	–2.1
Credit[2]	6.7	**6.3**	4.3	2.1	0.0	–0.1
Operational risk	1.4	**1.4**	1.1	0.5	0.1	–0.3
Simple sum	**39.0**	**34.1**	**25.3**	**12.4**	**0.6**	**–4.2**
Diversification	–11.7	–10.4	–8.5	–2.8	–0.1	–
Total ERC	**27.3**	**23.7**	**16.8**	**9.6**	**0.5**	**–3.2**

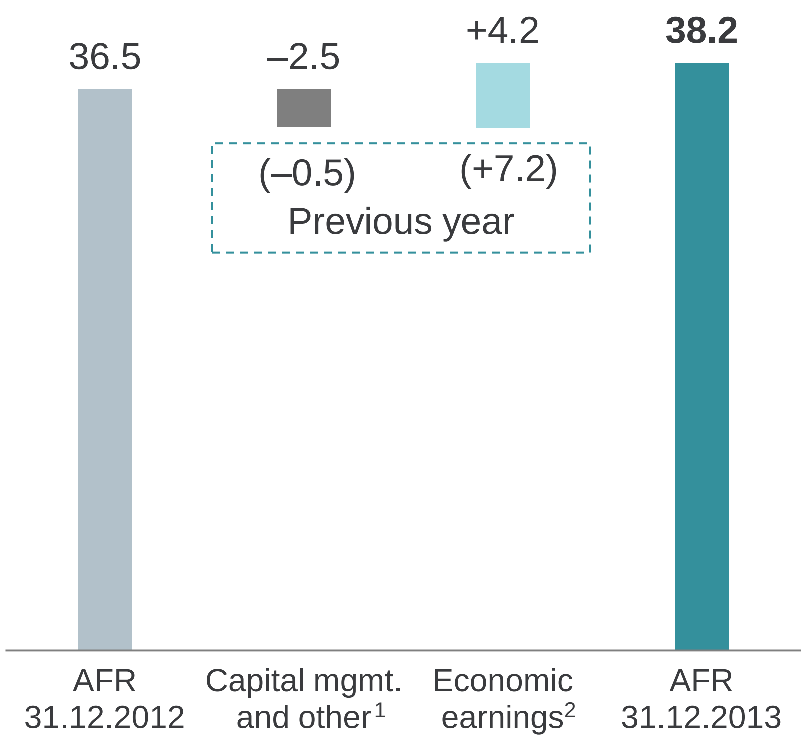
Development of Group ERC €bn

Improved balance between insurance and capital market risks leads to decrease of economic risk capital

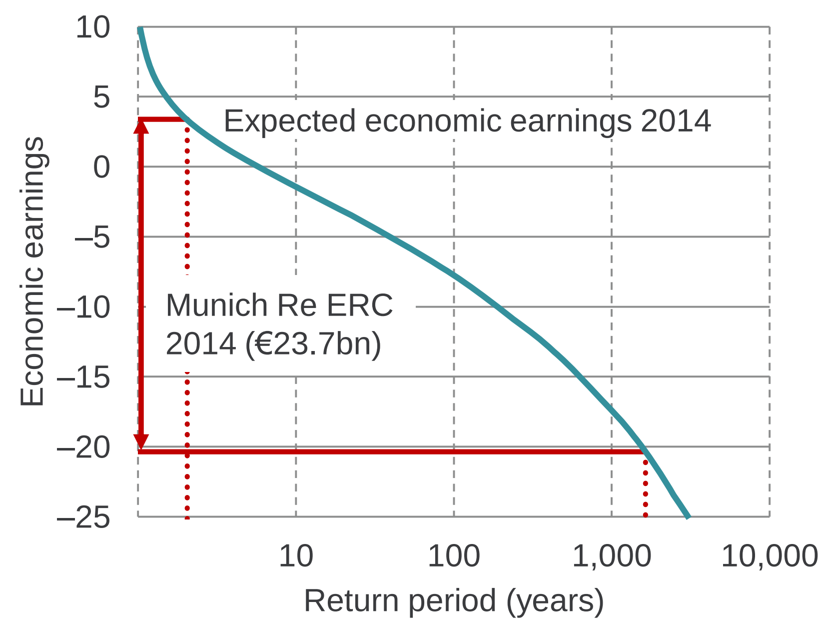
1 Credit (re)insurance included .
2 Default and migration risk.

Available financial resources (AFR) Change and relation to economic earnings

AFR development in 2013 €bn



Probability distribution of economic earnings €bn



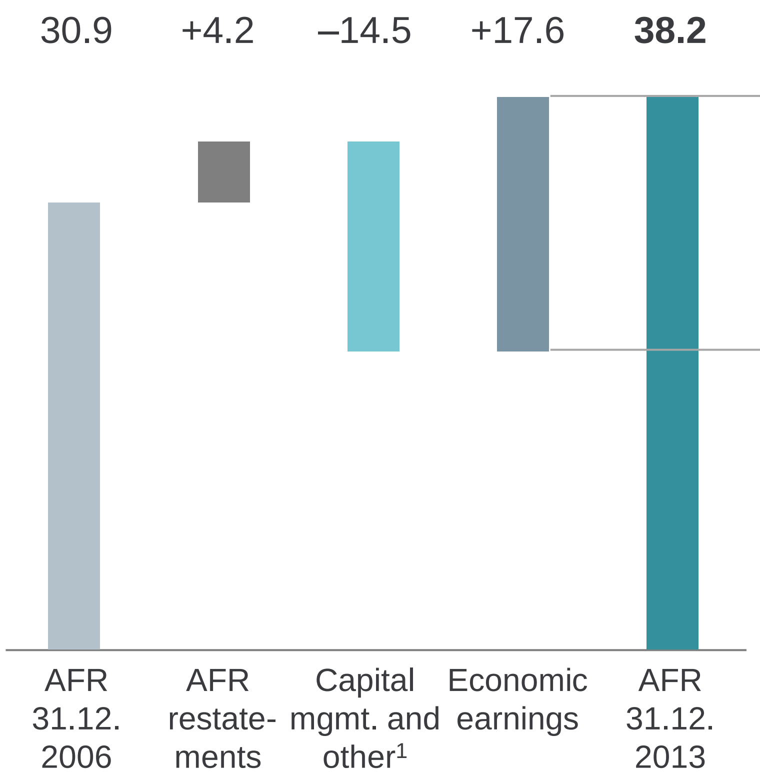
Economic earnings in 2013, adjusted to eliminate special factors, are in line with expectations for a "normal" year

[1] Mainly dividends (–€1.3bn) , share buy-back (–€0.3bn) and change in hybrid capital (–€1.1bn).
[2] Includes MCEV model changes.

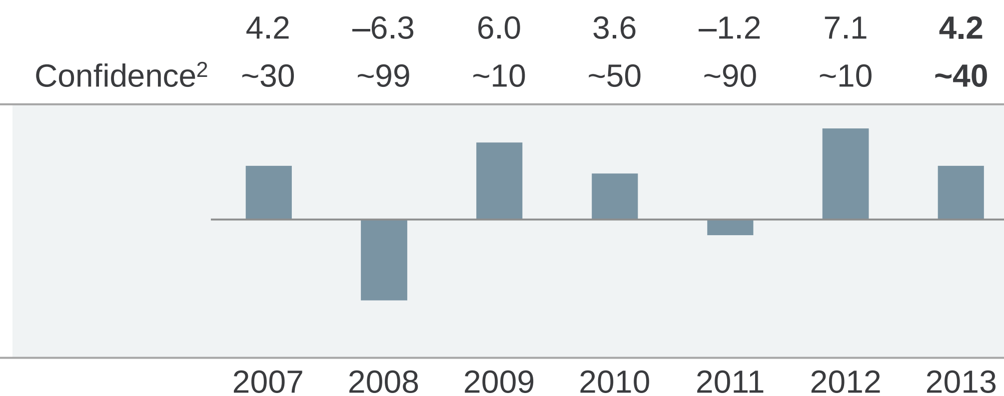
Strong increase in AFR over the last seven years despite capital repatriation and difficult economic environment

Munich RE

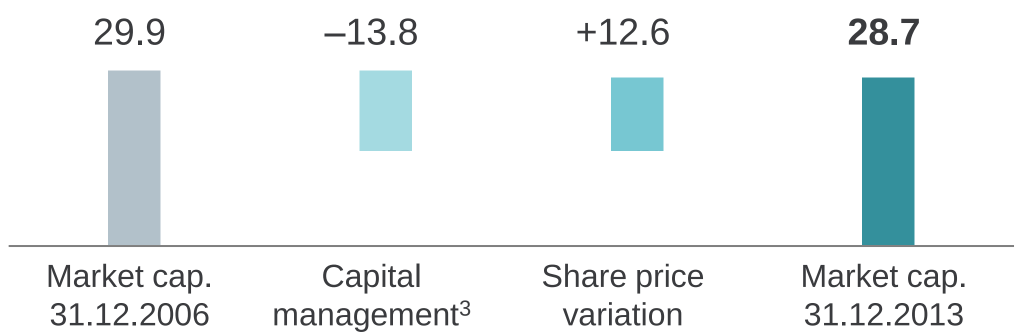
AFR development 2007–2013 €bn



Economic earnings €bn



Munich Re market capitalisation €bn



Strong performance despite highly adverse environment, but economic earnings not yet matched by share performance

1 Dividends, share buy-back, hybrid capital replacement and other.
2 Probability of achieving at least the corresponding economic earnings. 3 Dividends, share buy-back.

Summary of economic capital disclosure

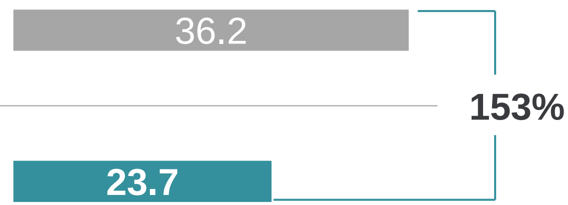
Munich RE

Solvency ratio as at 31 December 2013 €bn

Internal model[1]

Available financial resources[2]

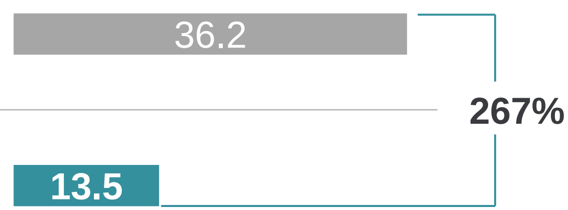
Economic risk capital



Solvency II risk measure

Available financial resources[2]

SCR / VaR(99.5%)

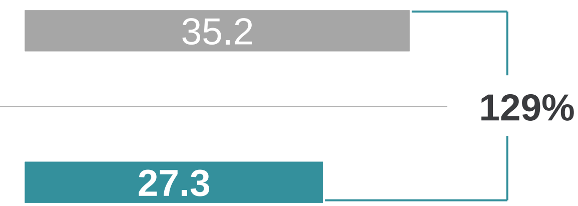


Solvency ratio as at 31 December 2012 €bn

Internal model[1]

Available financial resources

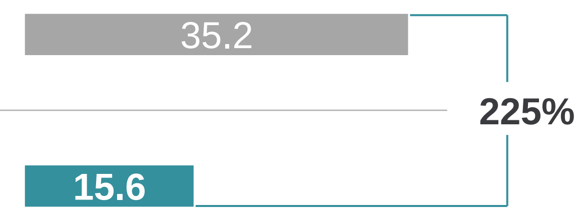
Economic risk capital



Solvency II risk measure

Available financial resources

SCR / VaR(99.5%)



Capitalisation remains very strong: Economic solvency ratio at 153% according to internal model and 267% applying Solvency II risk tolerance

1 Solvency II capital based on VaR 99.5%, Munich Re internal risk model based on 175% of Solvency II capital.
2 After announced dividend payout of ~€1.3bn for 2013 to be paid in April 2014 and outstanding share buy-backs of ~€0.7bn.

Strong capitalisation allowing for attractive capital repatriation

Munich RE

Munich Re actions[1]

>120%
Excellent capitalisation

- Capital repatriation
- Increased risk-taking
- Holding excess capital to meet external constraints

100%–120%
Comfortable capitalisation

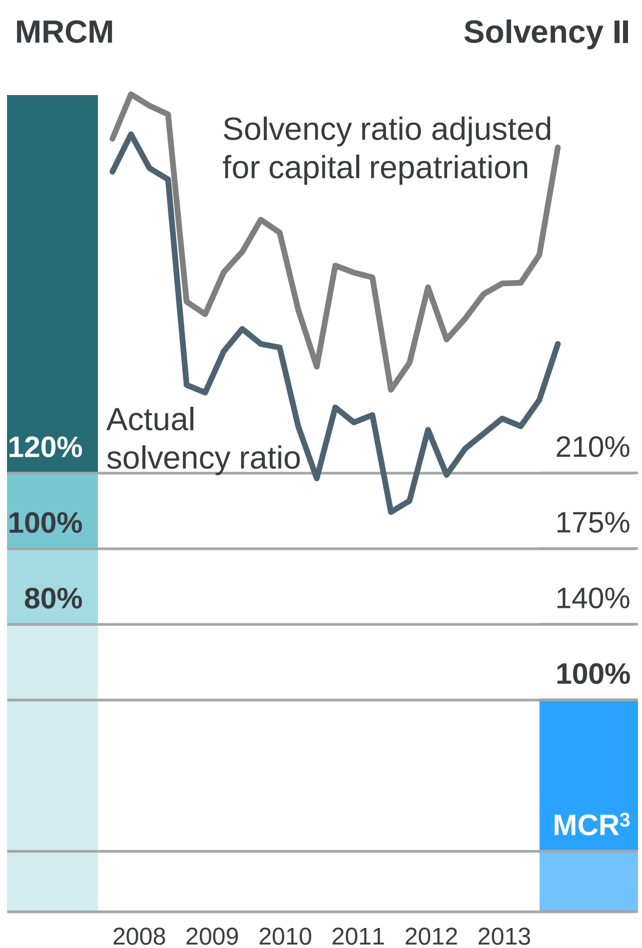
80%–100%
Adequate capitalisation

- Tolerate and monitor
- (Partial) suspension of capital repatriation

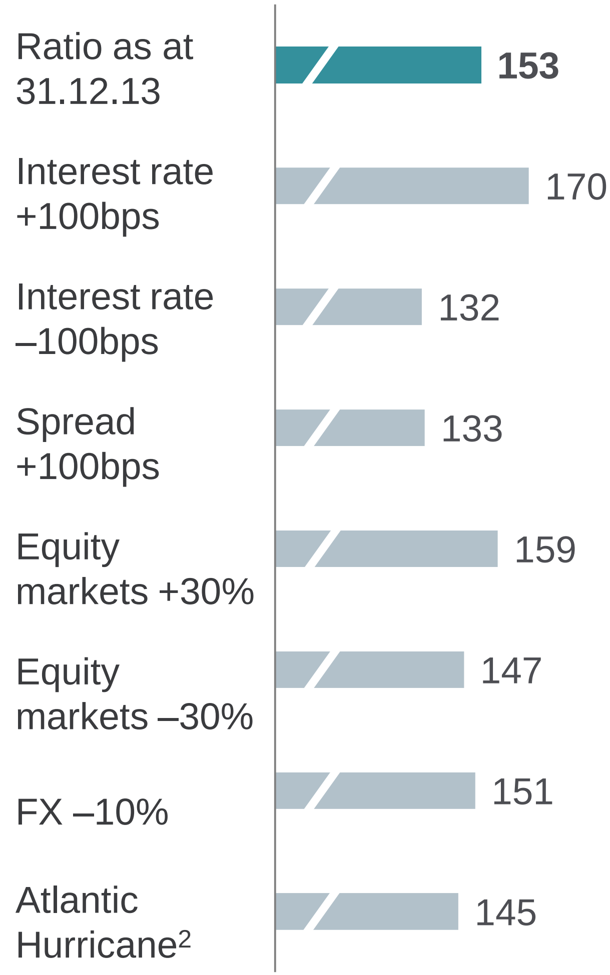
<80%
Below target capitalisation

- Risk transfer
- Scaling down of activities
- Raising of (hybrid) capital

Munich Re solvency ratio (ESR)



ESR[1] – Sensitivity %



[1] Based on Munich Re capital model (MRCM): 175% of VaR 99.5%.
[2] Based on 200-year event.
[3] MCR = minimum capital requirement, typically between 25% and 45%; for groups, called "Group SCR floor".

Key takeaways

Munich RE

Risk profile	Improved balance between insurance and capital market risks leading to decrease of economic risk capital
Profitability	Economic earnings are in line with expectations for a "normal" year
Solvency position	Sustainably strong economic solvency ratio (ESR) to withstand stress scenarios – ESR expected to remain very strong in the Solvency II regime
Business strategy	Focus on profitable underwriting and liability-driven investments support further balancing of risk profile

Agenda

Strong balance sheet – Strong returns	Nikolaus von Bomhard
Munich Re (Group)	Jörg Schneider
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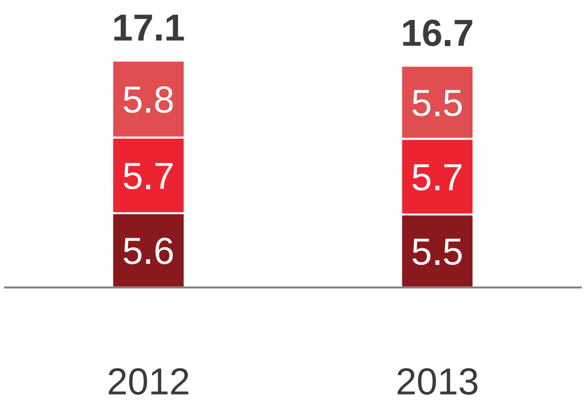
Backup	

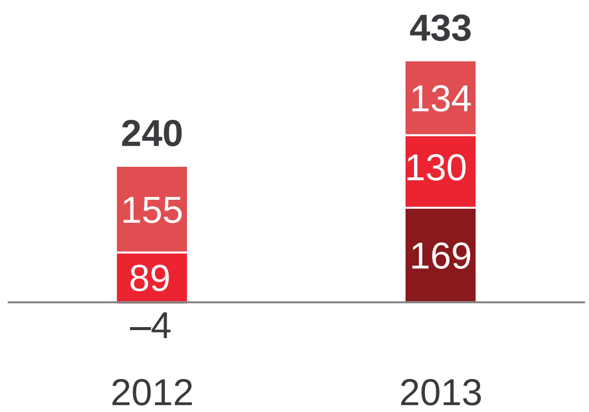
Primary insurance – Key financials

Munich RE

Gross premiums written €bn



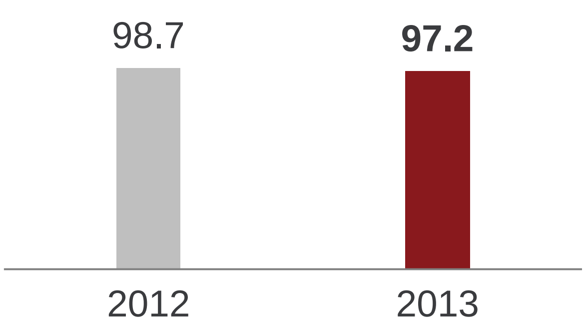
Net result €m



Major result drivers

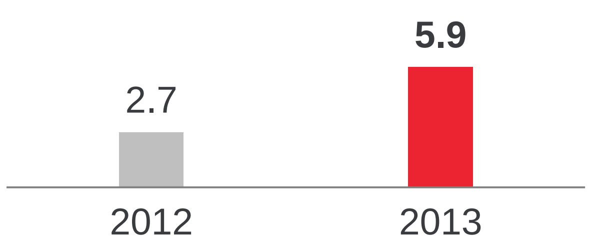
- **Life:** Result largely driven by one-offs (Germany: tax refund, international: swaptions)
- **Health:** Higher investment result and shareholder share
- **P-C:** Improved underwriting result, high restructuring charges in 2012

P-C: Combined ratio %



Germany: 96.3% (98.0%)
International: 98.7% (99.8%)

Life and health: MCEV €bn



Benign capital markets and assumption changes

Return on investment %

Declining regular income and lower unit-linked result

Business initiatives focusing on improving profitability

Munich RE

	Initiatives	Impact mid-term
Life	▪ Actively tackling challenges of the low-interest rate environment ▪ Launch of new product generation ▪ Various measures stabilising the back book ▪ Growth in China and India	▪ Reduced risk capital (~75% compared to classic products) ▪ Optimised risk-return steering ▪ Growth in profitable business
Health	▪ Stabilising comprehensive insurance portfolio … ▪ … while further expanding market leading position in supplementary insurance	▪ Better diversification ▪ Reduced vulnerability to political risks ▪ Higher profitability
Property-casualty	▪ Modular products for mass markets ▪ Germany: Continuing the successful expansion of profitable tailor-made business of recent years ▪ International business: Improving profitability while further expanding in Asia and Eastern Europe	▪ Improved margins ▪ Growth in profitable business ▪ Combined ratio target: ~95%
Orga-nisation	▪ Leveraging direct sales capabilities ▪ Strengthening sales in Germany ▪ Establishing COO function ▪ Automation and lean processes	▪ Focus on hybrid customers ▪ Growth in profitable business ▪ Simplified structures and reduced costs ▪ Cost savings

Launch of less interest-rate-prone new products – Concept for Germany well advanced

Munich RE

In an environment of political discussion …

- "We need changes in the products" (Gabriel Bernardino, EIOPA, 21 Nov. 2013)
- "Insurers must develop a more differentiated product portfolio and partly re-invent the life insurance product" (Elke König, BaFin president, 18 Jan. 2014)
- "More recent attempts by leading life insurers to offer products that are less interest-rate sensitive, with lower or no guarantees, underline the industry's attempts to innovate" (Standard & Poor's, 26 Nov. 2013)

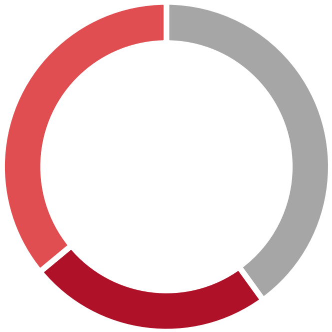
... ERGO holds frontrunner position

- ERGO first German life insurer to present new guarantee-type products in June 2013
- Offer restricted to third-layer private provision and tied agent organisations to start with
- Extension to other layers (Rürup, corporate pensions) and sales channels (brokers, banks) to follow in 2014/15

Share of new products – 2nd half 2013 (3rd layer only)[1]

ERGO Annuity Guarantee **(36%)**

Classic annuities ("with profits") **(40%)**

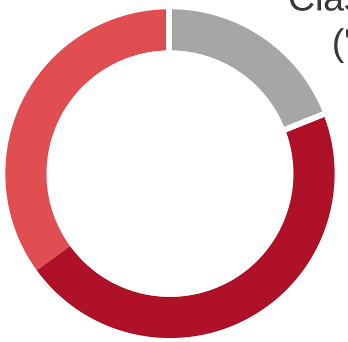


ERGO Annuity Opportunity **(24%)**

Share of target portfolio[2] – Plan 2016+ (all products)[1]

Target portfolio **(>80%)**
Thereof: old products **(~35%)**

Classic products ("with profits") **(<20%)**



Thereof: new products **(~45%)**

[1] New business APE excl. ERGO Direkt.
[2] Unit-linked insurance (with/without profits), term insurance, occupational disability insurance and death benefit.

Comprehensive management of back book

Munich RE

Implemented measures

- Interest-rate hedging programme – protection against reinvestment risk via receiver swaptions
- Duration gap in German life noticeably reduced to below one year for large life companies
- Comparatively low bonus rates: 3.2% vs. market average 3.4%
- Non-interest-bearing ZZR (accumulated reserve end of 2013: €814m) reducing average guarantee, partly financed from unrealised gains – Expected accumulated ZZR in 2014: ~€1.3bn
- Reduction of ERC due to better capital markets and assumption changes in risk model

Target: Deliver guarantee promise to customers without additional shareholders' equity

Buffers and key figures[1] (German business)

	Free RfB	Terminal bonus fund	Unrealised gains	Average coupon	Reinvestment rate	Average guarantee
2013	**€0.8bn**	**€1.9bn**	**€5.6bn**	**~3.7%**	**~2.7%**	**~3.2%**
2012	€0.9bn	€2.0bn	€8.1bn	~3.8%	~3.1%	~3.2%

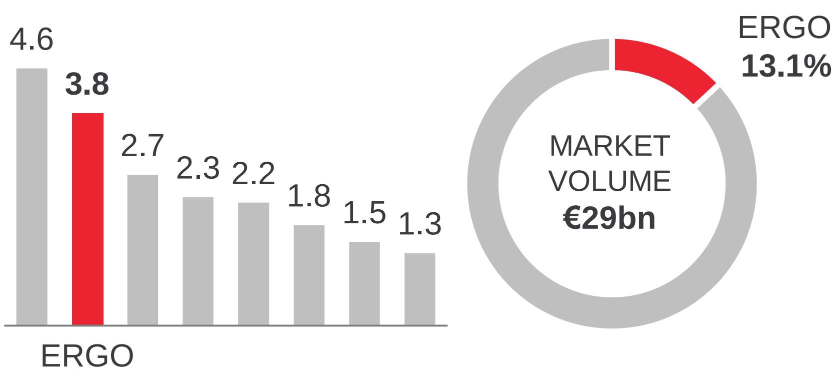
ERGO well protected against "lower for longer" scenario

[1] German GAAP figures for ERGO Leben, Victoria Leben and ERGO Direkt Leben.

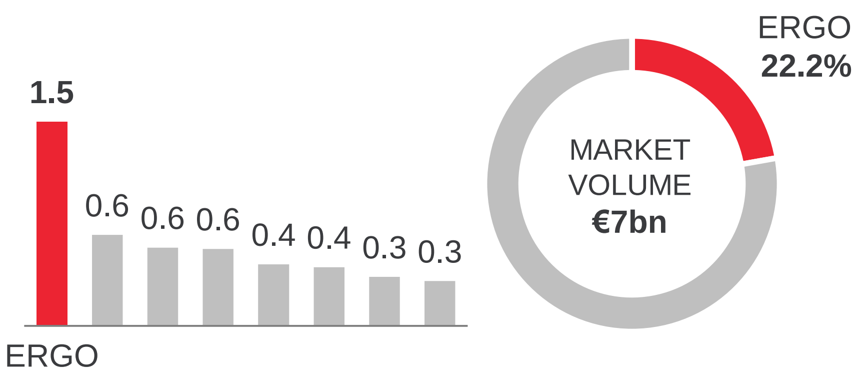
ERGO continues to be market leader in supplementary insurance by a long way

Munich RE

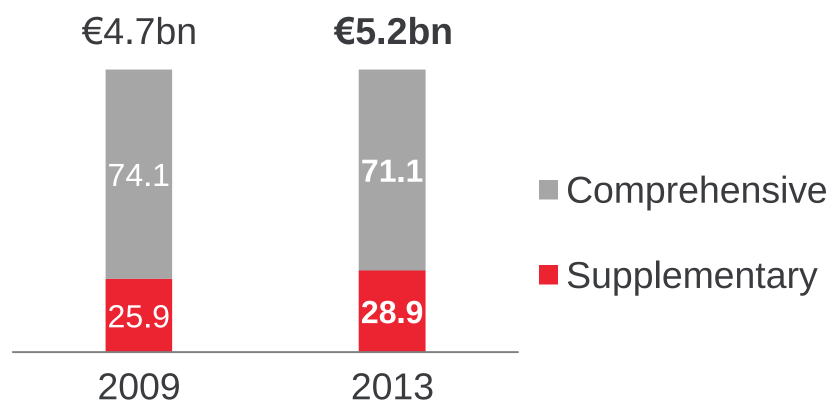
Comprehensive insurance[1] €bn



Supplementary insurance[1] €bn



ERGO business mix[2] %



Comprehensive insurance

ERGO number 2 in German market – stable results and stable political environment

Supplementary insurance

ERGO clear market leader – expansion in long-term care and direct insurance

Goal: Stabilise comprehensive insurance, strengthen supplementary insurance

1 Gross premiums written as at 31.12.2012. Source: PKV Verband.
2 Gross premiums written .

German business affected by nat cats

Munich RE

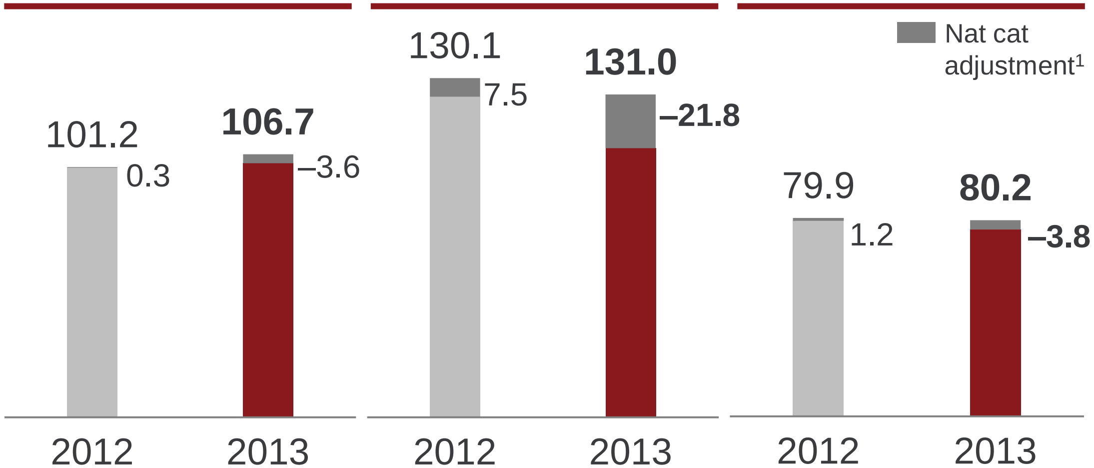
Normalised combined ratio 2013 %

Combined ratio 2013	**96.3**
Nat cat adjustment[1]	–3.3
Normalised combined ratio	**93.0**

Severe nat cat events in 2013

- Flood in June most expensive catas-trophe in terms of economic losses
- Hailstorms that hit some regions in Germany most expensive event for insurance industry

Motor | Homeowners | Household %



Technical aspects 2013

- **Motor**
  Deterioration in addition to nat cat demands discipline
- **Homeowners insurance**
  Change older policies to latest terms and conditions
- **Household contents insurance**
  Profitable line for ERGO and market
- Large man-made claims lower vs. 2012

Target: Improve combined ratio Germany to ~93%

1 Relative to budget/long-term average.

Optimisation of sales activities

Munich RE

Tied agents: Ongoing enhancement of productivity to reduce cost basis

2013: Streamlining of sales completed

- 5 sales organisations merged into 2
- Merger completed by April 2014

Savings volume: ~€160m gross and ~€60m net from 2015

2014: Further measures ensure sales success

- Harmonise product portfolios
- Focus sales management on generation and maintenance of profit-yielding customer relations

Enhance productivity per capita by 15% by 2018

Direct and hybrid sales: Focus on changing customer behaviour to generate additional growth potential

2013: Successful ERGO Direkt

- PASS Online-Insurance Awards 2013: "Best direct insurer"
- Occupational disability insurance: FINANZTEST label "sehr gut"

Significant increase: Net profit (€44m), premiums without MAXI-ZINS (~€1bn)

2014: Leveraging direct sales know-how in ERGO

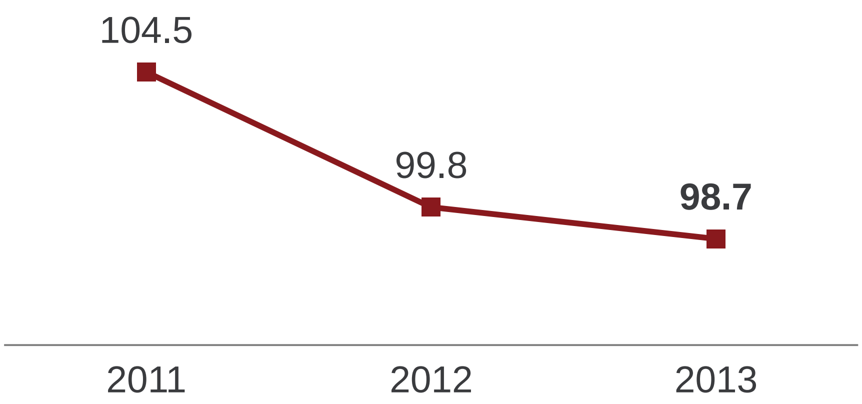
- Market access – Direct sales know-how for all brands, coordinated direct sales activities, offer all channels to our customers
- Product development – Online capability of all products, strengthening product identity "Made by ERGO"
- Cooperation – Unique e-services for all brands, strong competence centre for all direct sales in Nuremberg

Achieving significant cost savings and additional growth

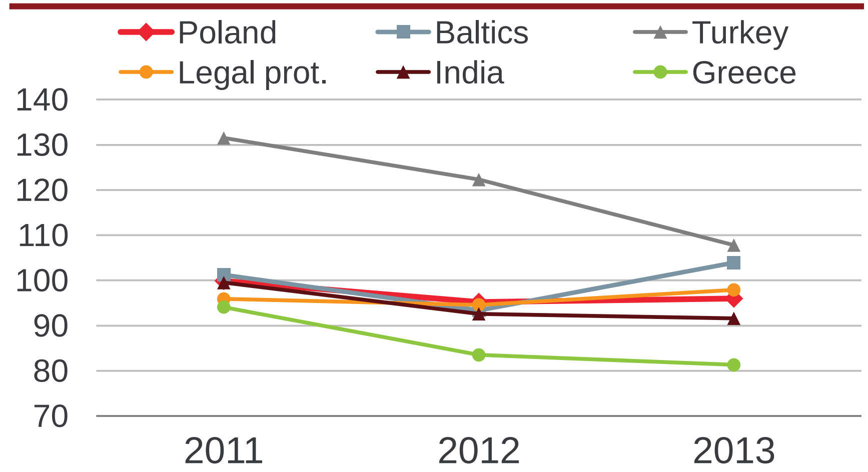
Technical improvements in recent years as a result of portfolio management measures

Munich RE

Combined ratio – Total international %



Combined ratio – Major countries[1] %



Highlights[2]

Strong/solid performance

- **Poland** (€873m): Continuing organic growth path with combined ratio <96%
- **Greece** (€133m): Technically sound despite economic crisis
- **Legal protection** (€651m): Distinct profile as LPI specialist
- **India[3]** (€362m): Successful JV HDFC ERGO (26% stake) since 2008 – among the best combined ratios in the market (2012: 91.6%)
- **Baltics** (€101m): Economic crisis dampening top- and bottom-line growth; Lithuania with good performance

Turnaround

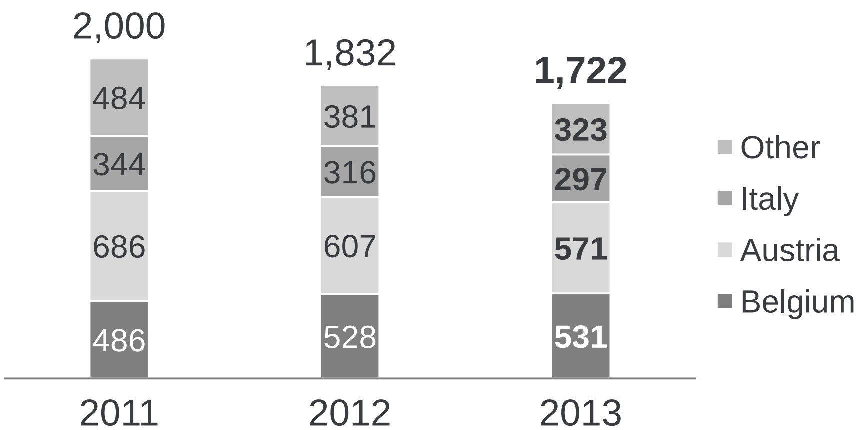
- **Turkey** (€224m): Good progress after significant reduction of motor TPL portfolio and improved pricing
  Target combined ratio <100% by 2015/16

[1] GWP >€100m. [2] Figures in brackets GWP as at 31.12.2013.
[3] India: GWP on 100% shareholding basis. Non-calendar FY from April to March.

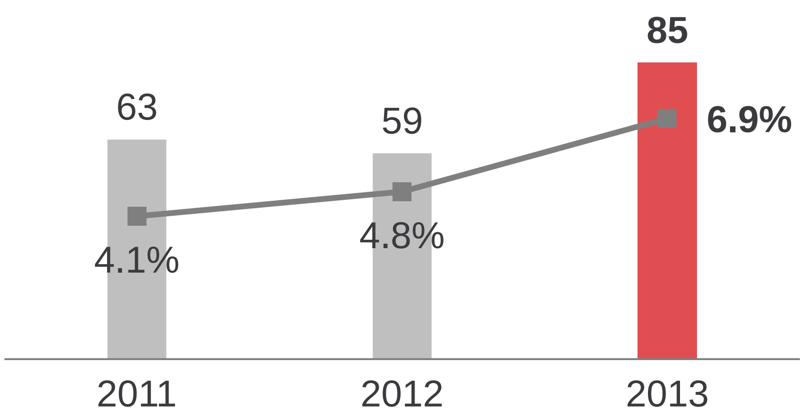
International life – Attractive margins, decreasing premium volume

Munich RE

Total premiums €m



New business value and margins[1] €m



Highlights

- Austria and Poland with lower premium volume
- Belgium: Growth slowing down due to reduction in guaranteed interest rates and increase in insurance tax
- VNB at a constantly high level and leading to high new business margin of 6.9% in 2013
- Development of new products with focus on reduced capital market risk (started in Belgium in 2013)
- Joint ventures in Asia
  - China: ERGO China Life commenced operations Q3 2013
    Ambition: Premiums of ~€600m in year 2024
  - India (Partner Avantha): Launch of business operations in 2014
    Ambition: Premiums of ~€800m in year 2024

[1] Value of new business (VNB) / Present value of new business premium (PVNBP).

Key takeaways

Munich RE

Life	New product in Germany from mid-2013 is the right answer to challenges from low-interest-rate environment
Health	In-force premium growth and gradual shift to supplementary insurance
Property-casualty	Overall combined ratio target: ~95% Germany ~93%, international ~98%
Organisation, sales, distribution	Improve quality and efficiency with new organisational structure in Germany

Agenda

Strong balance sheet – Strong returns	Nikolaus von Bomhard
Munich Re (Group)	Jörg Schneider
Risk management	Bernhard Kaufmann
Primary insurance	Torsten Oletzky
Reinsurance property-casualty	Torsten Jeworrek
Reinsurance life	Joachim Wenning
Backup	

Reinsurance – Key financials

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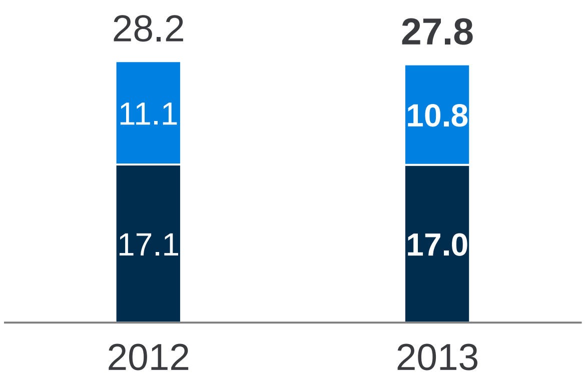
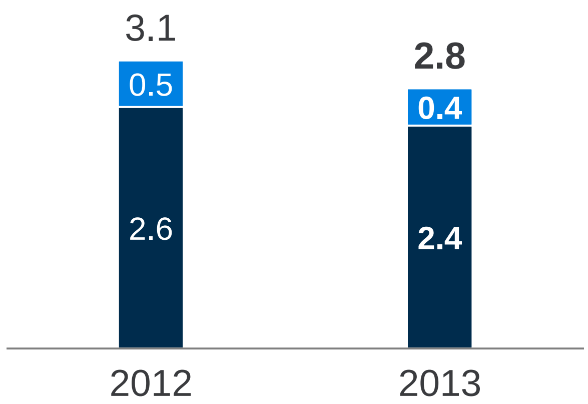
Gross premiums written €bn



Net result €bn

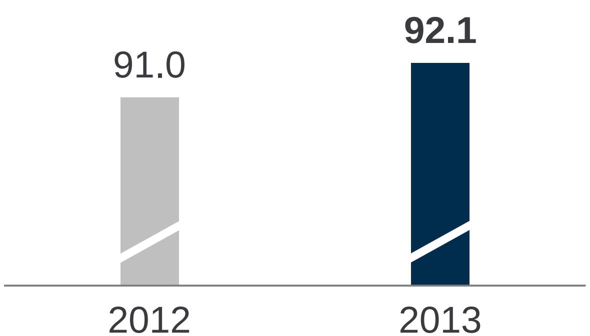


Major result drivers

Life: Technical result almost meeting €400m target

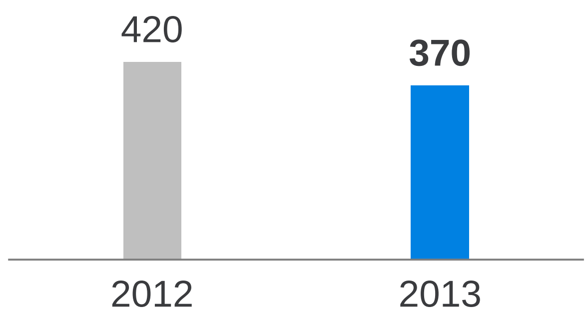
P-C: Slight deterioration in combined ratio and decreased investment income

P-C: Combined ratio %



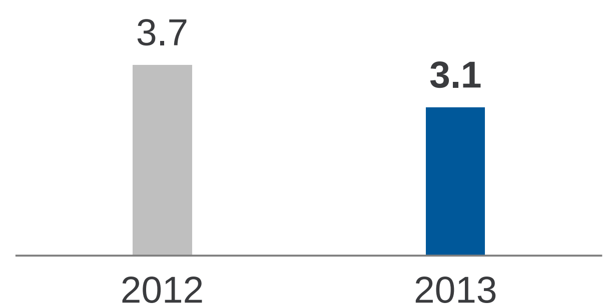
Underlying combined ratio of ~94.1% in line with target

Life: Technical result €m



Adverse development in US and Australian business, negative FX

Return on investment %



Lower regular income and higher write-downs on derivatives

Munich Re well equipped to grow business in challenging markets

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Comprehensive challenges …	… requiring the right mix of skills to stand out		
Margin compression	1	Portfolio profitability	▪ Sound profitability despite market pressure ▪ Well positioned for demanding outlook
	2	Tailored solutions	▪ Excellent client access – valued benefit ▪ Growing share of structured complex deals
Change in demand and purchasing patterns	3	Risk Solutions	▪ Continued business expansion ▪ Strong bottom-line contribution
	4	ART Alternative risk transfer	▪ Munich Re taking advantage of dynamic market … ▪ … for clients and its own book
Extended competitive landscape	5	Product innovation	▪ Growing business solutions portfolio ▪ Continued extension of strong know-how base

1 Increased pressure on rates – Munich Re less affected than market indicates

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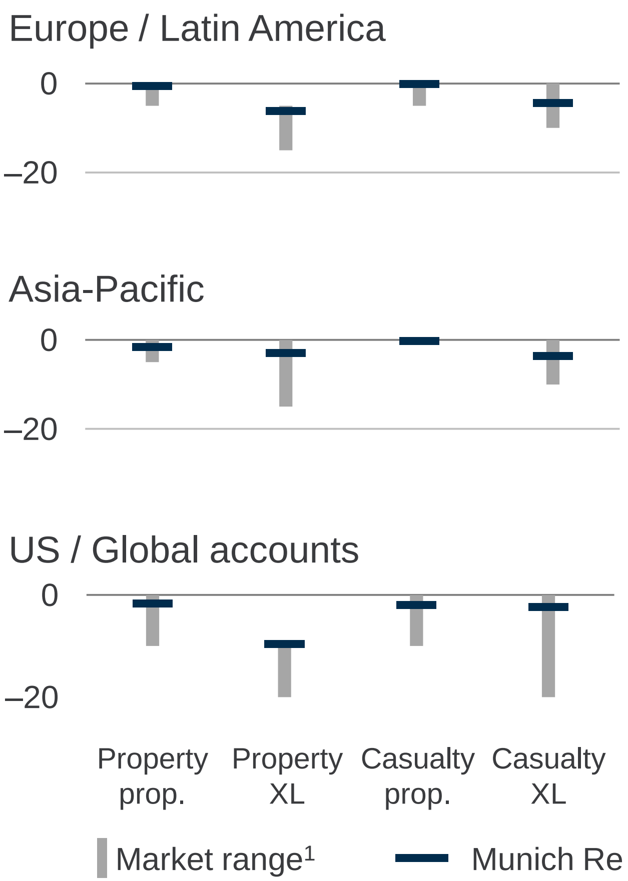
Twofold impact of current market environment

Rate changes 1 January 2014 %



Supply side – Abundant capacity

- Increased capital base of the (re)insurance sector – due to low large-loss burden in 2013 and low interest rates
- Continued inflow of alternative capital – institutional investors searching for yield opportunities and uncorrelated returns

Pressure on reinsurance pricing esp. in nat cat business – some spillover effects into other segments

Demand side – Sustained change

- Rising retention levels of larger primary insurers
- More centralised buying decisions and streamlined reinsurance programmes

Change of demand towards tailor-made solutions

Increasing bifurcation of reinsurance market – Munich Re well positioned to seize opportunities

[1] Range of market rate changes in 1 January 2014 renewals published by brokers, media and observed by own experts.

1 Consistent cycle management safeguarding sound profitability

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Munich Re portfolio – Premium change in major business lines

	Total	Property		Casualty		Specialty lines		
Business line		Prop.	XL	Prop.	XL	Marine	Credit	Aviation
Premium split[1]	**€8.7bn**	30%	11%	35%	4%	11%	6%	3%
Price change	**~ –1.5%**	–1.0%	–7.1%	–0.4%	–3.0%	–2.5%	–0.7%	–3.2%
Volume change	**2.7%**	–2.3%	–3.9%	15.5%	–3.6%	–8.0%	–2.7%	–14.9%

Disciplined underwriting with 0.7% price decline adjusted for interest-rate changes – growth with customised solutions

1 Relative premium share in relation to total renewable business in January.

1 High capacity and competition expected in upcoming renewals

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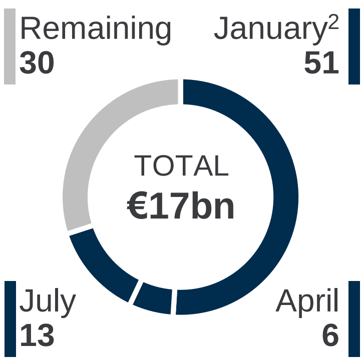
Total P-C book[1]

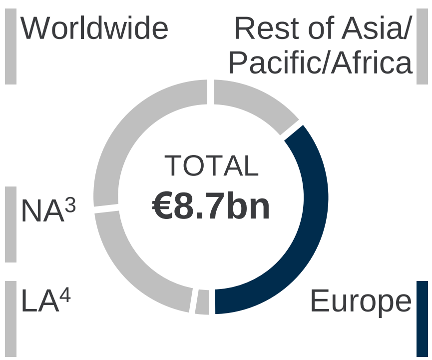


Nat cat share: 15%

- Business up for renewal in January roughly 50% of total P-C book

Treaty business

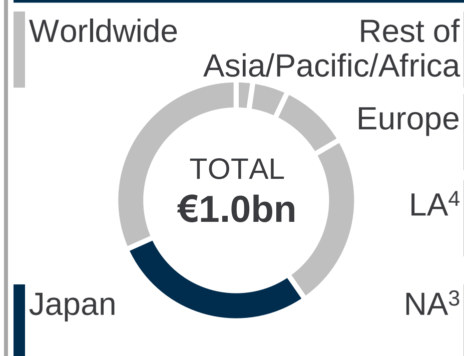
January



Focus: **Europe**
Nat cat share: 12%

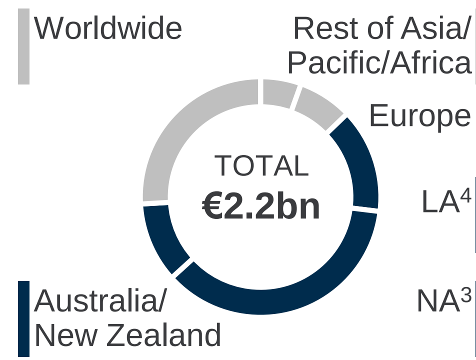
- Slightly negative price change of ~1.5%
- Terms and conditions largely stable

April



Focus: **Japan**
Nat cat share: 45%

July



Focus: **USA, LA, Australia**
Nat cat share: 25%

- Ongoing competitive market environment unless major losses occur
- Limited impact on Munich Re's portfolio based on its strong market position
- Decoupling from general market trends due to Munich Re's USP

Ongoing strict bottom-line orientation to maintain portfolio quality in a very competitive market environment

1 Approximation – not fully comparable with IFRS figures.
2 Includes Risk Solutions business (11% of January business respectively 5% of total P-C book).
3 NA = North America. 4 LA = Latin America.

1 Munich Re set-up supports sustainable earnings level

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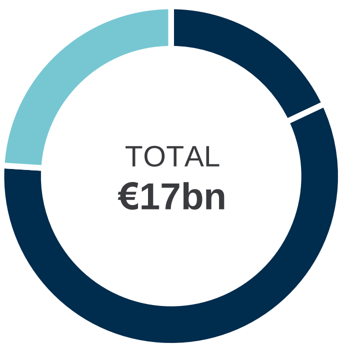
Munich Re portfolio based on total P-C book 2013 %

Risk Solutions **24**

Tailor-made solutions **18**



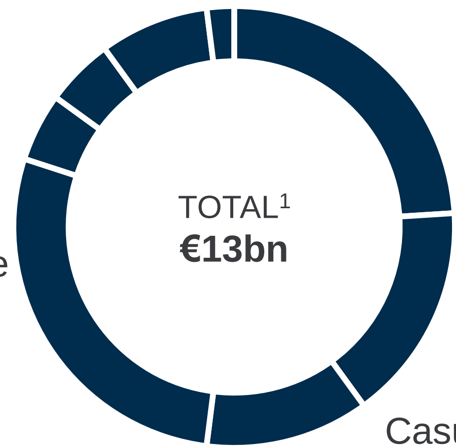
Traditional **58**

Aviation **2**

Casualty motor **24**

Agro **8**

Marine **5**



Credit **5**

Casualty non-motor **16**

Other property **28**

Property nat cat XL **12**

Portfolio

- Well-diversified portfolio with growing share of highly profitable Risk Solutions business
- Property nat cat XL accounts for only 12% of traditional book

Expertise

- Proven track record in managing complex risks
- Tailor-made solutions will have increasing relevance in the future
- Munich Re's client and service approach gives access to profitable business across all lines

Diversification and high level of expertise providing flexibility in managing the portfolio

[1] Traditional reinsurance incl. tailor-made solutions premium. Allocation based on management view, not comparable with IFRS reporting. Gross premiums written 2013.

1 Positive outlook despite challenging market environment

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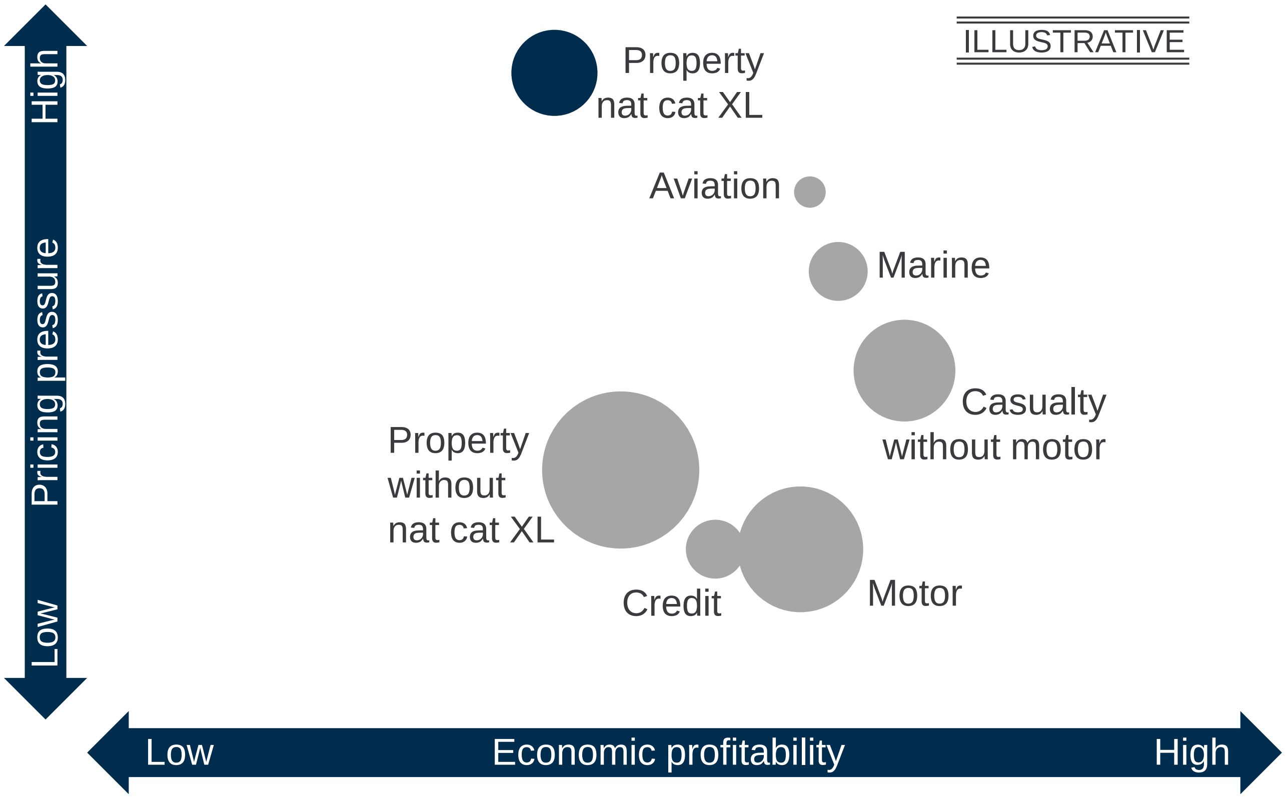
Munich Re traditional property-casualty reinsurance business – Outlook 2014[1]



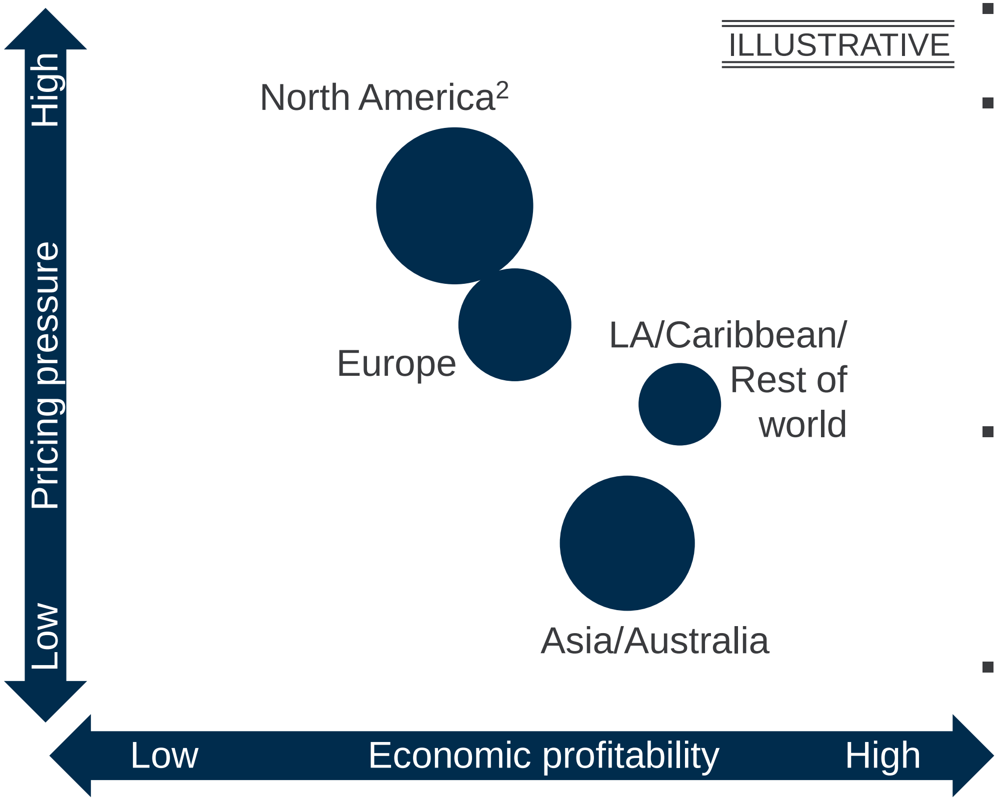
- High profitability of portfolio providing a strong basis
- Despite pricing pressure, almost all business lines expected to earn above hurdle rate …
- … with property nat cat remaining economically attractive …
- … thanks to capital strength, strong client relationships and selective underwriting

Traditional business to continue to comfortably surpass profitability threshold

[1] Bubble size reflecting gross premiums written as at 31.12.2013. Traditional reinsurance only.

1 Munich Re nat cat business still on a solid basis

Munich Re property nat cat XL portfolio – Outlook 2014[1]



- Overall nat cat profitability and nat cat XL business remaining at satisfactory level
- Pricing pressure significantly varying between different regions
  - US business most exposed, profitability still around threshold level despite continued price decline in recent years
  - Smaller price reductions from higher profitability levels in other regions
- Impact of alternative capital differs from market to market
  - Strongest pressure in USA
  - Asia/Australia hardly affected in January 2014 renewals
- Munich Re to remain an indispensible partner for clients in nat cat business: Large capacity, multi-line covers, reinstatements etc.

Despite decreasing prices, nat cat business remains attractive

[1] Bubble size reflecting gross premiums written as at 31.12.2013. Traditional reinsurance only.
[2] Incl. worldwide business.

2 Harvesting the benefits of our value proposition with tailored solutions

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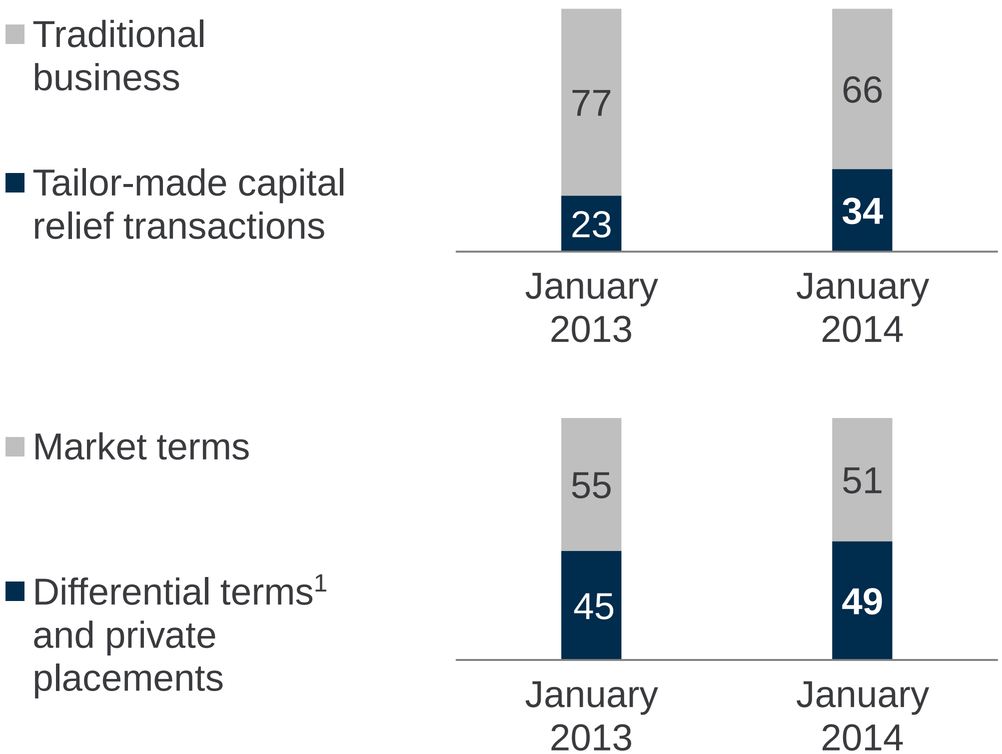
January renewals – Share of total renewed business

%



- Shifting client demand
  - Rising demand for complex custom-fit solutions instead of standard practice
  - Increased requirement of interdisciplinary capabilities
- Munich Re offering strategic partnerships
  - Comprehensive skill-set and capacity
  - Growing track record of closed "tailored solution" deals
- Increasing share of individually valued Munich Re capacity
- Good economic profitability (mainly proportional, less risk-capital-intense)

Tailored solutions delivering growing share of business less bound to market terms

[1] Differential terms either in pricing or conditions.

3 Risk Solutions – Continued business expansion

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Growing strategic importance

Growing portfolio

Upward performance trend

Less large losses

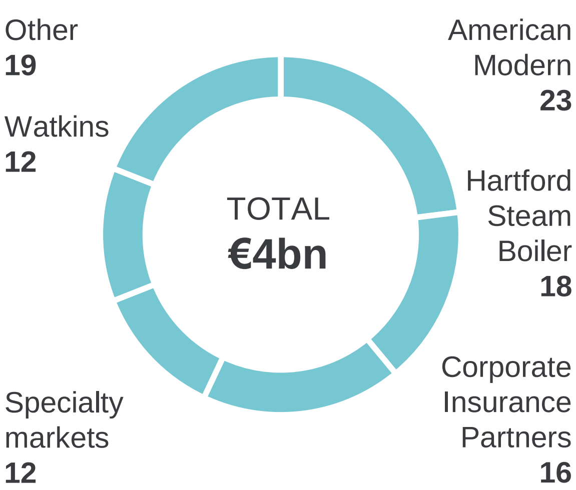
Leadership position in profitable specialty markets detached from reinsurance cycle, lower nat cat exposure

Differentiating pillar

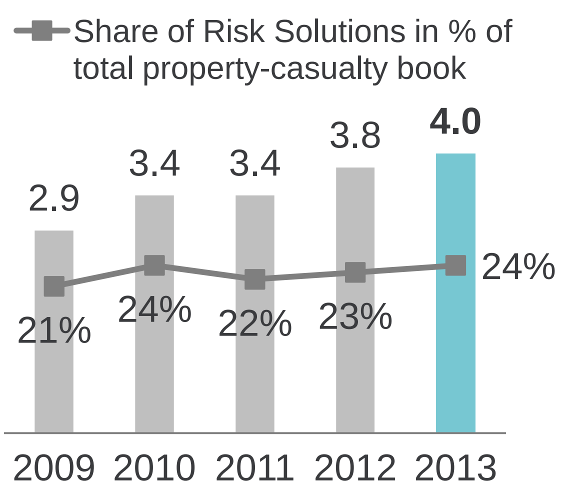
Additional competitive edge

Further growth potential

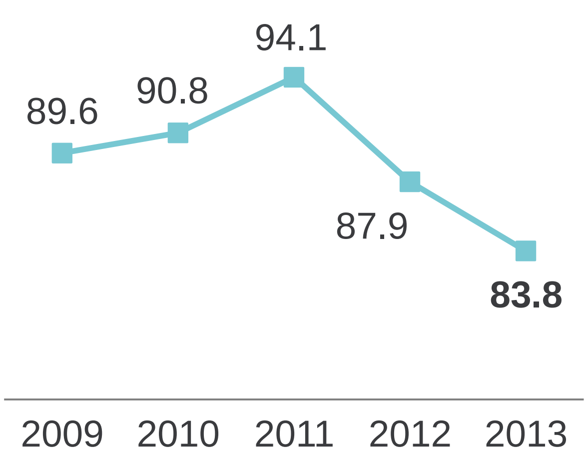
Premium split[1] %



Premium development[1] €m



Combined ratio[1] %



Increasingly valuable business segment with strong bottom-line contribution

[1] Gross earned premium. Management view, not comparable with IFRS reporting. Figures for Hartford Steam Boiler included since consolidation as at April 2009.

4 Enhanced leverage of alternative risk transfer – Strong Munich Re footprint in 2013

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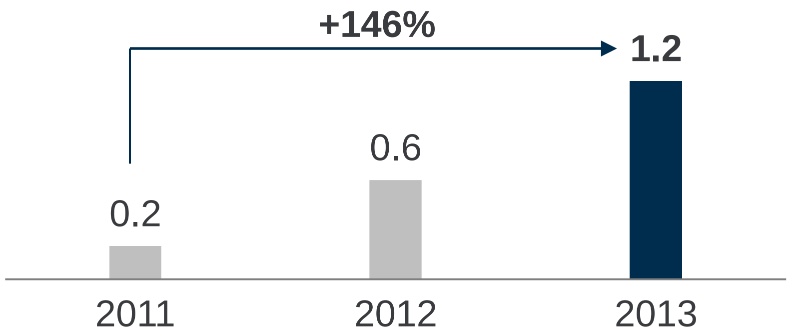
Alternative risk transfer (ART) solutions

Increased ILS service for clients — US$ bn

Munich Re ILS transactions for 3rd parties

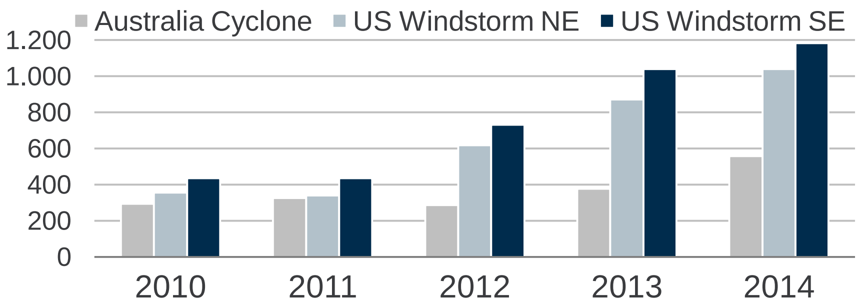


- Strong track record of ILS structuring, arrangements and placements for clients
- 2013 transaction volume corresponds with a 17% market share in total ILS market issuance[1]

Completing our offer as customised stand-alone service or integrated in traditional solutions

Extension of Munich Re retrocession — €m

Protection per nat cat scenario[2]
(Selection of main scenarios)



- Opportunistic use of favourable market terms
- Significantly increased scope of cover

New Munich Re aggregate XL sidecar – "Eden Re"[3]

Special purpose vehicle providing additional US$ 63m aggregate XL capacity for 2014

Strengthened Munich Re solutions offering and enhanced collateralised Munich Re capacity

[1] Market wide ILS issuance in 2013 totaled US$ 7.4bn. [2] Including indemnity retrocession, ILW/Derivatives, risk swaps and cat bonds. [3] Munich Re structured, serviced and arranged fully-collateralised Bermuda domiciled sidecar in cooperation with Willis Capital Markets & Advisory.

5 Strategic development of innovative business – Growing share of Munich Re's business portfolio

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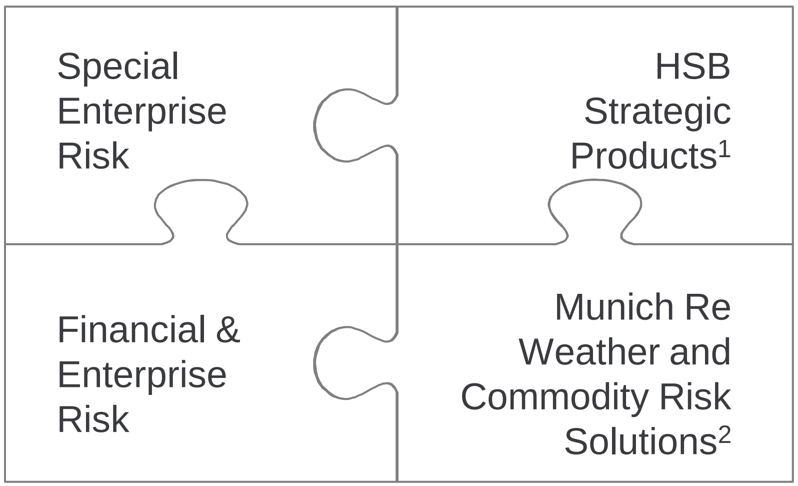
Creating solutions for new and emerging risks

Dedicated specialised business units



Strategic advantage

- Innovative business development platform
- First mover in different market segments
- Cross-linked expertise creating new solutions

Innovative risk solutions – Examples

Unit outage insurance

- Base load power plant outage protection

(First) LED module performance guarantee

- For manufacturers

Cyber liability products

- Cyber liability insurance for large industrial clients
- Data compromise by HSB for small- and medium-sized enterprises

"Project Risk Rating"[3]

- For investors and developers (industrial projects)
- Connecting Munich Re expertise with project business in early stage

Tapping new profit pools with innovative products and services

[1] HSB awarded three "Innovation Showcases" in Best's Review, 01/2014. [2] Ex-"REAL", Houston acquired from RenRe in 09/2013.
[3] In cooperation with TÜV SÜD Industrie Service GmbH.

Key takeaways

Financial results	Combined ratio once more beating target, lower investment income, negative FX result and low tax rate
Traditional portfolio	Stringent cycle management by focusing on promising business fields and disciplined underwriting with strict bottom-line orientation
Business expansion	Growing share of profitable Risk Solutions business – Leading market position in terms of know-how and innovation
Outlook	Pleasing result in January renewals despite unrelentingly competitive market environment; coming renewals expected to maintain good level of profitability – Target combined ratio in 2014: ~94%

Agenda

Strong balance sheet – Strong returns	Nikolaus von Bomhard
Munich Re (Group)	Jörg Schneider
Risk management	Bernhard Kaufmann
Primary insurance	Torsten Oletzky
Reinsurance property-casualty	Torsten Jeworrek
Reinsurance life	Joachim Wenning
Backup	

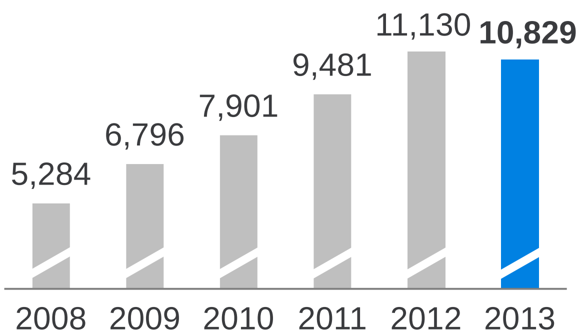
Another year of very strong new business generation

Munich RE

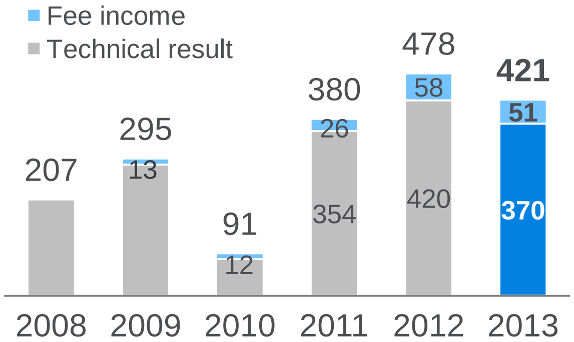
Premiums and value generation per year

€m

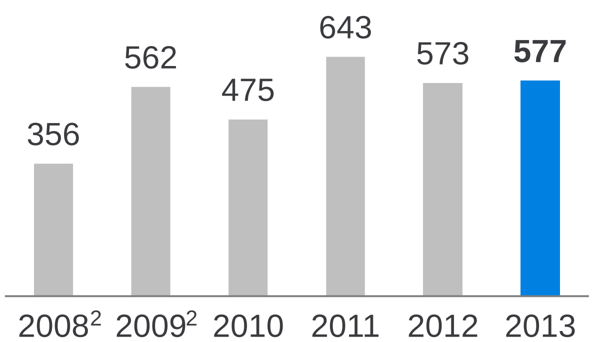
Gross premiums written (GWP)



Technical result and fee income[1]



MCEV value of new business (VNB)



- New business value at sustainably high level with growth initiatives paying off
  - FinMoRe[3] business performing well; continued strong demand (21% of total VNB)
  - Close to €100m VNB from Asian markets (17% of total)
  - Asset protection platforms fully operational – continuing demand for relevant solutions
  - Longevity book being developed carefully in line with risk appetite
- Strong production in base business, particularly in the US and Canada
- Premium decline mainly driven by FX effects

Favourable new business development – overall leading market position maintained

[1] "Fee income": Result contribution shown as part of non-technical result (deposit accounting).
[2] EEV figures. [3] Financially motivated reinsurance (solvency relief, financing).

Favourable financial performance overall – despite two slips

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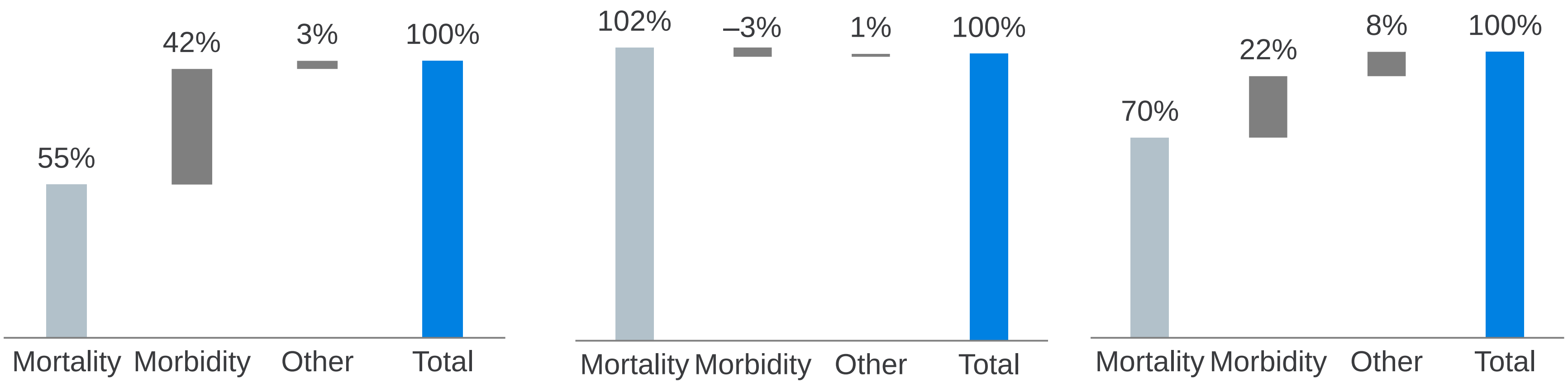
Premiums and value generation by product €m

	Gross premiums written (GWP)				Technical result[1]				VNB			
	Mortality	Morbidity	Other	Total	Mortality	Morbidity	Other	Total	Mortality	Morbidity	Other	Total
2013	**5,992**	**4,517**	**320**	**10,829**	**378**	**–12**	**4**	**370**	**404**	**124**	**49**	**577**
2012	6,030	4,555	545	11,130	410	40	–30	420	404	129	40	573



Favourable biometric experience in most segments with two exceptions

- Morbidity – Result impacted by Australian disability issues (group and individual)
- Mortality – Worse than expected for older issue age business in the USA

[1] Additional non-technical result contribution ("fee income"): €58m in 2012; €51m in 2013.

Financially Motivated Reinsurance remains a key strategic pillar

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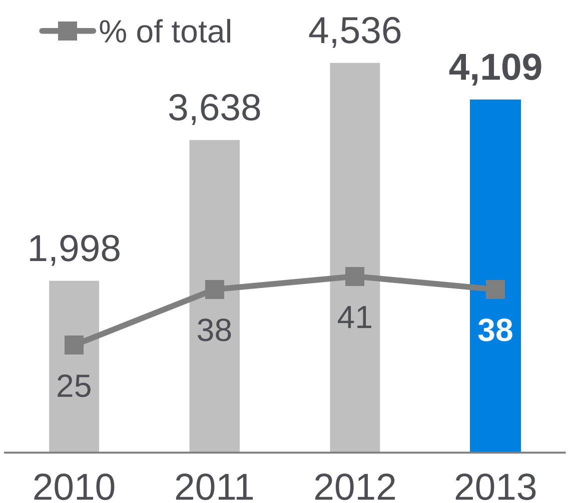
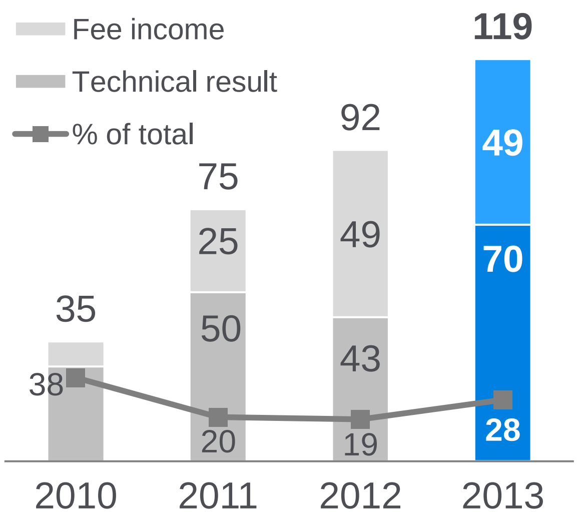
Financially Motivated Reinsurance

€m

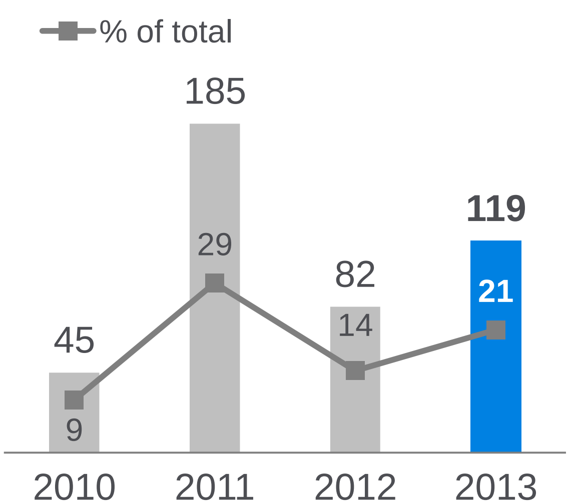
Gross premiums written



Technical result and fee income[1]



VNB



Portfolio development

- Several deals concluded in Europe (e.g. Iberian peninsula), Asia and North America
- Successful renewal of some existing deals
- Business performing well as expected

Expectations going forward

- Sustained high demand, especially in Europe and Asia
- Number, size and type of transactions difficult to project

[1] Result from FinMoRe business partly shown as non-technical result (deposit accounting – "fee income").

Asia – Sustained growth across all major markets

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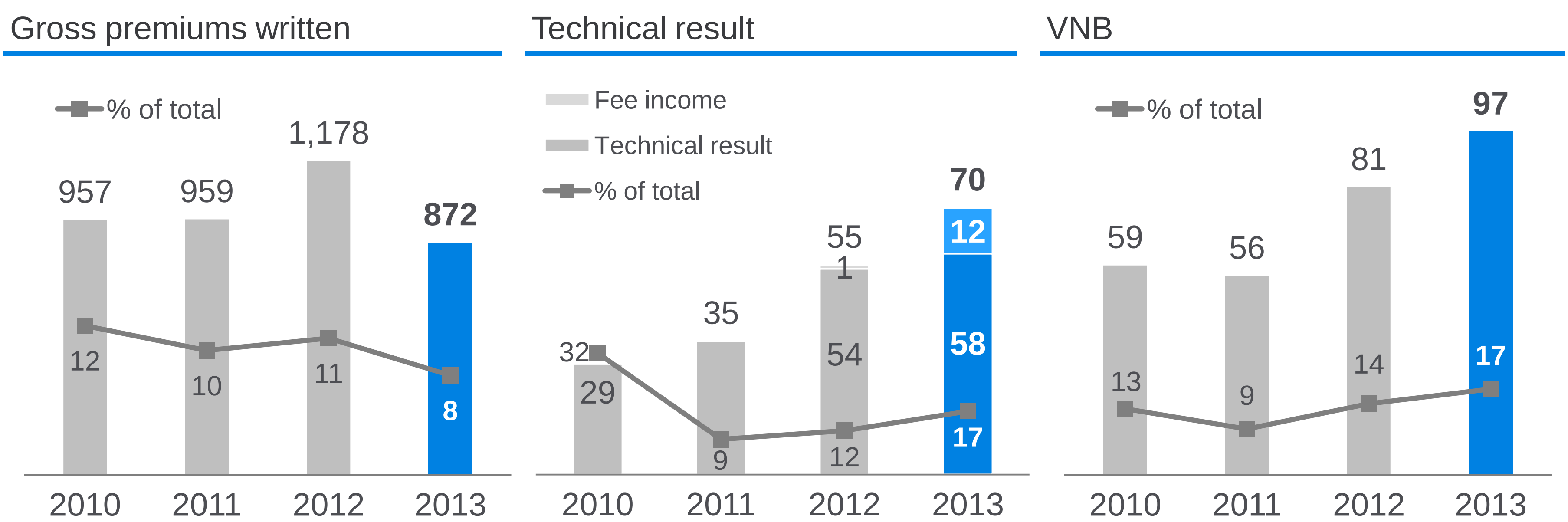
Reinsurance life Asia – Business development

€m



Portfolio development

- Sustained growth path
- Premium reduction from planned solvency-relief treaty terminations
- Growth supported by our state-of-the-art underwriting automation solutions (MRAS[1])

Expectations going forward

- Ongoing need for solvency-relief and financing solutions
- In some developing markets, demand gradually shifting from service to risk transfer

[1] Munich Re Automation Solutions Ltd., Dublin.

Australian disability and US mortality – Experience, current status and outlook

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	Australian disability	US older issue age mortality
Experience	▪ Approx. €130m pre-tax losses in disability segments ▪ Almost equally split between group and individual	▪ Elevated mortality in older issue age (70+) segment; business written pre 2009 ▪ Experience not fully credible yet
Status	▪ Rehabilitation project well under way (data, product design, claims, price) ▪ Very restrictive underwriting approach	▪ €300m negative MCEV assumption change made ▪ Weight of the segment in new business down to 1% from peak in mid-2000s

Outlook	▪ Group issue of rather short-term duration
	▪ For individual disability
	  ▪ Careful re-pricing with a critical view to selective lapsation
	  ▪ Longer-term uncertainty expected, but downside reduced
		▪ Expect lower annual mortality results under IFRS for a couple of years
		▪ No reserve strengthening required

MCEV result 2013

Munich RE

MCEV – Reinsurance life 2013

€m

MCEV 31.12.2012	**10,616**
1 Opening adjustments	–265
Adjusted MCEV 31.12.2012	**10,352**
Operating MCEV earnings	**369**
2 Economic variances	–168
Other non-operating variance	–54
Total MCEV earnings	**147**
MCEV before closing adjustments	**10,499**
1 Closing adjustments	–1,117
MCEV 31.12.2013	**9,382**

3 Value of new business	577
Expected return	317
4 Experience variances	–113
4 Assumption changes	–301
Other operating variance	–111
Operating MCEV earnings	**369**

Main drivers

1 FX impact: –€917m
Dividends: –€465m

2 Impact from rising interest rates

3 Second-highest value of new business ever

4 Impact from Australian disability and US mortality

Very satisfactory new business profitability on a pure economic and a regulatory basis

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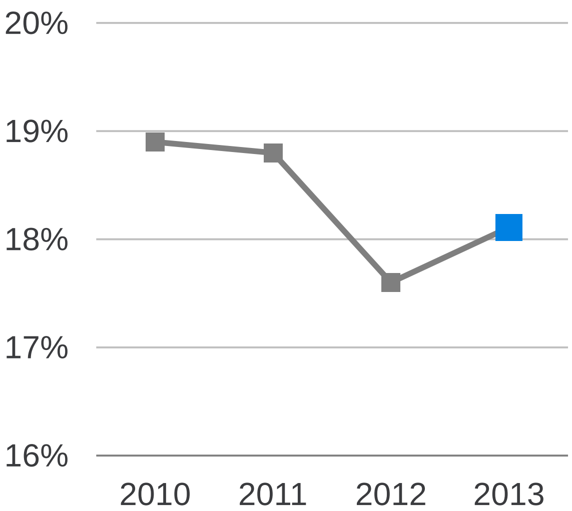
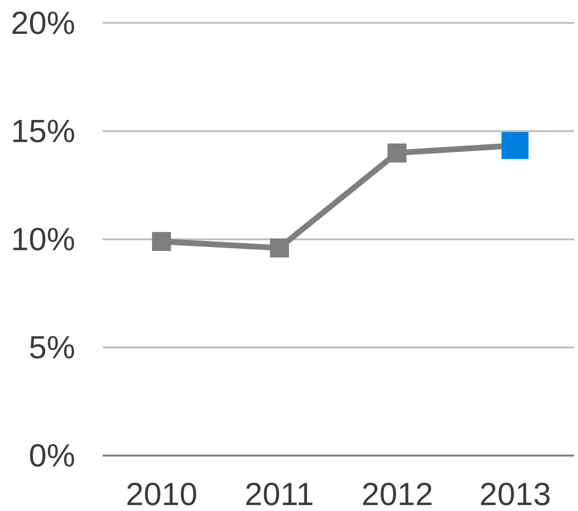
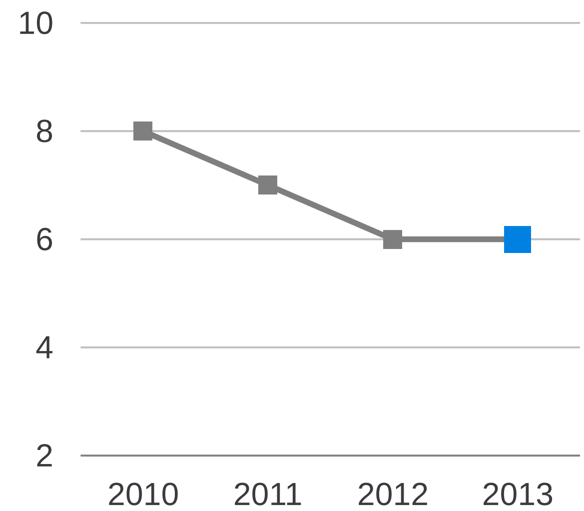
RoRaC spread[1] %



IRR spread[1] %



Payback period[2] years



- Very good new business profitability relative to economic risk capital (RoRaC spread)
- Large-volume deals written since 2009 support economic profitability of overall portfolio

- Equally satisfactory new business profitability relative to total investment in new business (IRR spread)

- Large share of generally shorter-duration FinMoRe business keeps payback period at low level

1 Spread in addition to reference rate (weighted-average swap yield curves).
2 Number of years it takes to amortise the total investment in new business through future (undiscounted) shareholder cash flows.

Key takeaways and outlook

Munich RE

Financial results	▪ Very strong new business value generation ▪ Overall favourable biometric experience ▪ Australian disability and US mortality prevent record result
Strategic positioning	▪ Very well positioned – both in large established markets and in dynamic growth segments (emerging Asia, FinMoRe) ▪ Future-oriented infrastructure in place (asset protection, longevity)
Portfolio	▪ Clear overweight in overall stable mortality business ▪ Sizeable and reliable contributions from FinMoRe segment ▪ Careful development of living benefits lines of business
Outlook	▪ Dynamic growth in emerging markets and FinMoRe ▪ Flat development in established markets ▪ IFRS technical result to sustainably surpass €400m mark

Agenda

Strong balance sheet – Strong returns	Nikolaus von Bomhard
Munich Re (Group)	Jörg Schneider
Risk management	Bernhard Kaufmann
Primary insurance	Torsten Oletzky
Reinsurance property-casualty	Torsten Jeworrek
Reinsurance life	Joachim Wenning

Backup

Premium development

Munich RE

Gross premiums written

€m

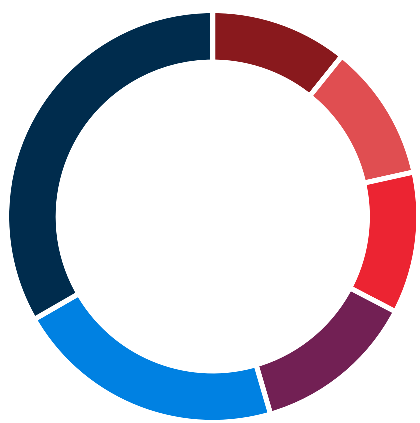
2012	51,969
Foreign-exchange effects	–1,498
Divestment/Investment	–105
Organic growth	694
2013	**51,060**

Segmental breakdown

€m

Reinsurance property-casualty
17,013 (33%) (▲ –0.2%)

Reinsurance life
10,829 (21%) (▲ –2.7%)



Primary insurance property-casualty
5,507 (11%) (▲ –0.8%)

Primary insurance life
5,489 (11%) (▲ –5.3%)

Primary insurance health
5,671 (11%) (▲ –1.1%)

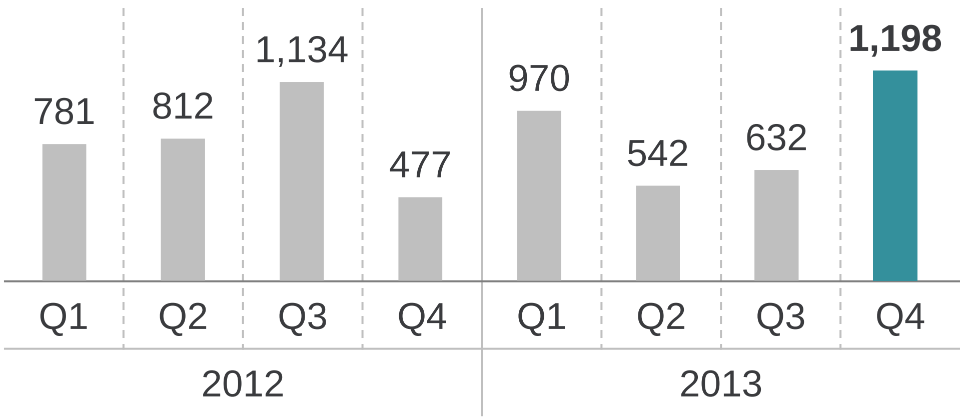
Munich Health
6,551 (13%) (▲ –2.3%)

Financial highlights 2013

Munich RE

Net result

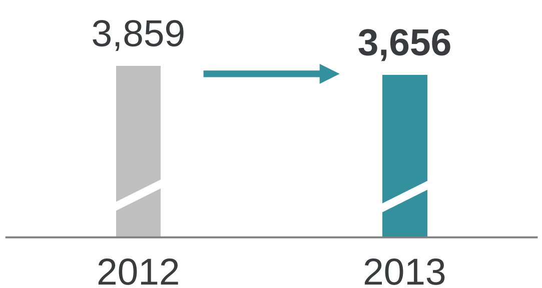
€m



	2013	2012
Total[1]	**3,342**	3,204
Reinsurance	2,797	3,055
Primary insurance	433	240
Munich Health	150	–91

Technical result

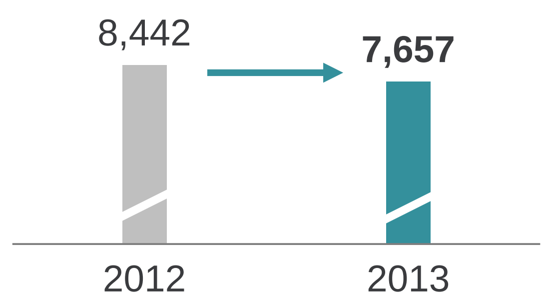
€m



Pleasing development in non-life, decrease in life business

Investment result

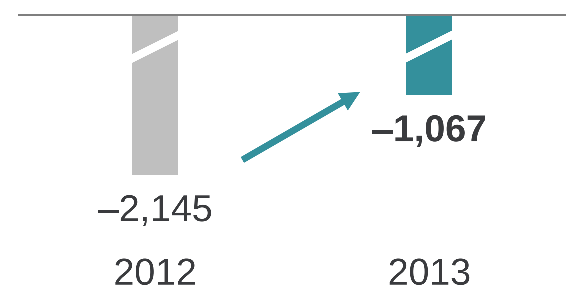
€m



Attrition of regular income, lower contribution from unit-linked

Other[2]

€m



Low tax rate: 3.1%; negative FX result: –€310m

1 Segments do not add up to total amount; difference relates to the segment "asset management".
2 Other non-operating result, goodwill impairments, net finance costs, taxes.

Q4 2013 – Actual vs. expected net result

Munich RE

Q4 2013 – Major drivers of difference between actual and expected net result[1] €m

Net result (actual)		**1,198**
Taxes on income (actual)		–241
Pre-tax profit		**957**
Differences in the operating result		
Reinsurance: Investment result	+40	
Reinsurance: Combined ratio	+200	
Primary insurance: Combined ratio	–33	
Primary insurance: Life tax refund[2]	–128	
Total difference	**+79**	
Total deviation from expected operating result		**–79**
FX losses		+34
Pre-tax profit adjusted for operating and FX deviation		**912**
Tax (expectation: ~20%)		–182
As-if net result adjusted for deviations		**~730**

Reinsurance	Actual	Expected	Diff.
RoI	3.5%	~3.3%	+0.2%
Average investments			80,381
Difference			**+40**

Reinsurance	Actual	Expected	Diff.
Combined ratio	89.2%	~94%	–4.8%
Net earned premiums			4,158
Difference			**+200**

Prim. insurance	Actual	Expected	Diff.
Combined ratio	97.5%	~95%	+2.5%
Net earned premiums			1,303
Difference			**–33**

1 This is a very informal calculation to consider major drivers that influenced the Q4 2013 result in order to carve out the "underlying profitability", bearing in mind there is no one single accurate approach to normalising earnings.
2 Elimination of policyholder participation in tax refund. Assumption: ~85% of €151m tax refund from prior years.

Reconciliation of operating to net result

Munich RE

Reconciliation of operating to net result

€m

	2013	Q4
Operating result	**4,409**	**1,276**
Other non-operating result	–673	–235
Goodwill impairments	–29	–29
Net finance costs	–257	–55
Taxes	–108	241
Net result	**3,342**	**1,198**

Other non-operating result

€m

	2013	Q4
Foreign exchange	**–310**	–34
Restructuring charges	**–154**	–126
Other	**–209**	–75

Tax rates

%

	2013	Q4
Group	**3.1**	–25.2
Reinsurance	**6.2**	–6.7
Primary insurance	**–39.7**	–179.3
Munich Health	**9.1**	–33.3

Primary insurance – Premium development

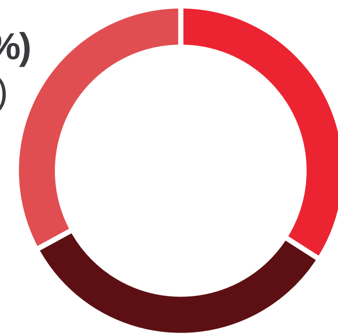
Munich RE

Gross premiums written

Gross premiums written	€m
2012	17,084
Foreign-exchange effects	–42
Divestment/Investment	–105
Organic change	–270
2013	**16,667**

Segmental breakdown

€m



Life
5,489 (33%)
(▲ –5.3%)

Health
5,671 (34%)
(▲ –1.1%)

Property-casualty
5,507 (33%)
(▲ –0.8%)

Gross premiums written

Gross premiums written	€m
2012	17,084
Life	–309
Health	–61
Property-casualty	–47
2013	**16,667**

Life: Premium income decreasing in both German –5.1% and international business –6.0%

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

P-C: Growth in German business +1.3% offset by decline abroad (disposal of Korean entity)

Primary insurance life – New business (statutory premiums)

Munich RE

Total

€m

	Total	Regular premiums	Single premiums	APE[1]
2012	2,227	527	1,700	697
2013	**1,936**	**441**	**1,495**	**591**
▲	**–13.1%**	–16.3%	–12.1%	–15.2%

Comments

- Germany: Lower single premiums from short-term investment product "MaxiZins" and from German corporate pensions insolvency fund – difficult environment for regular premium business; sale of new product started positively
- International business: Lower regular premiums mainly in Austria and Turkey – single premiums stable

Germany

€m

	Total	Regular premiums	Single premiums	APE[1]
2012	1,433	340	1,093	449
2013	**1,144**	**259**	**885**	**348**
▲	**–20.2%**	–23.8%	–19.0%	–22.5%

International

€m

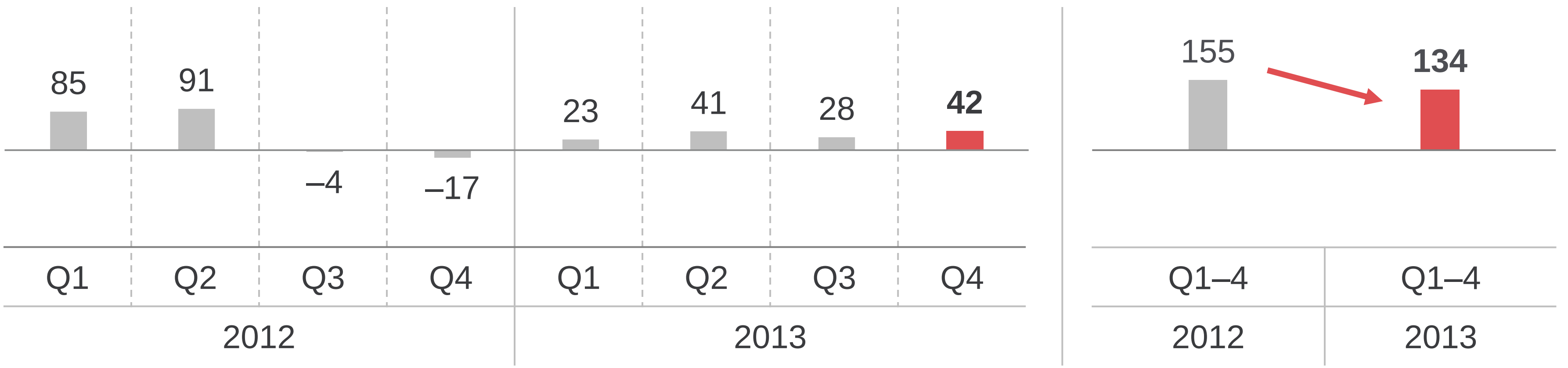
	Total	Regular premiums	Single premiums	APE[1]
2012	794	187	607	248
2013	**792**	**182**	**610**	**243**
▲	**–0.3%**	–2.7%	0.5%	–2.0%

[1] Annual premium equivalent (APE = regular premiums +10% single premiums).

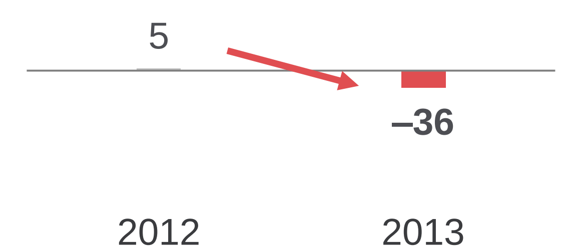
Primary insurance life – Key figures

Munich RE

Net result €m

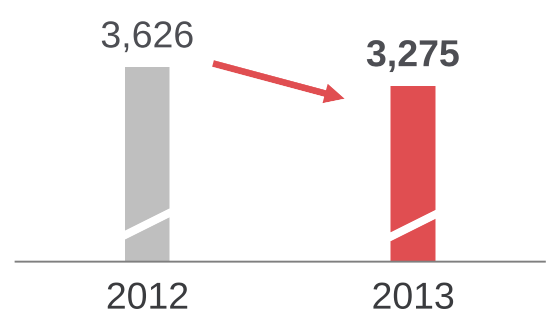


Technical result €m



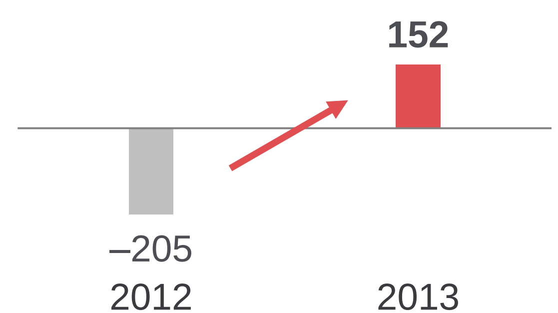
Decrease abroad as consequence of low-interest-rate environment

Investment result €m



Lower unit-linked result, negative impact from hedging programme

Other[1] €m



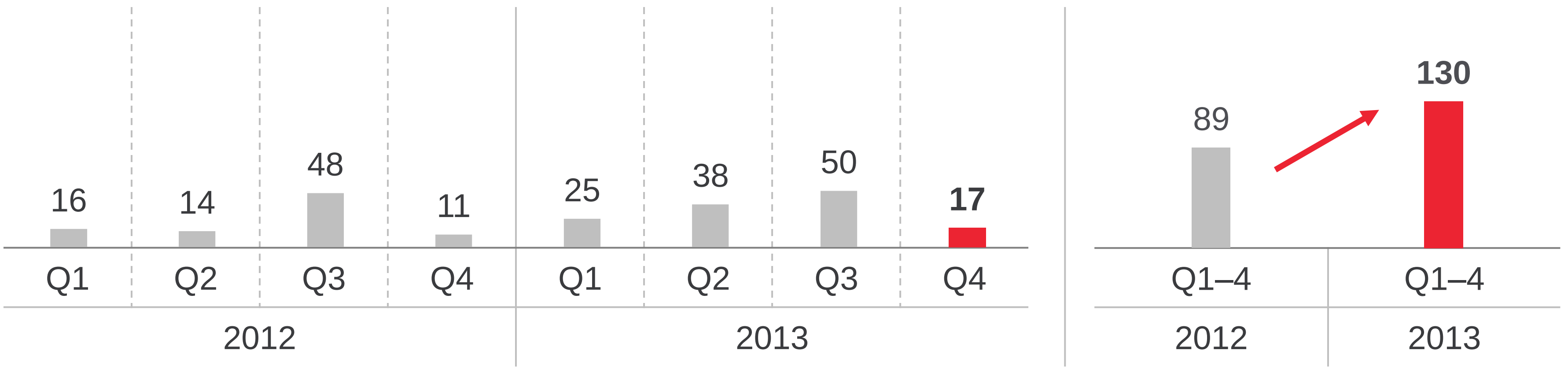
Tax refunds and lower restructuring expenses

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

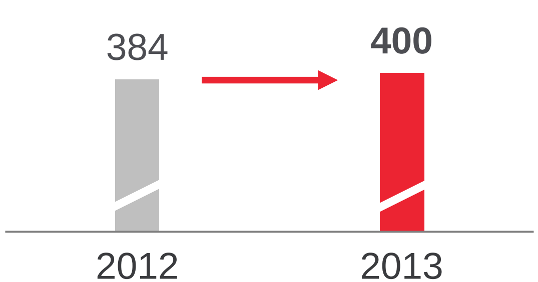
Primary insurance health – Key figures

Munich RE

Net result €m

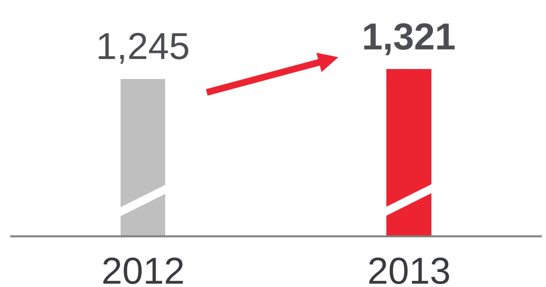


Technical result €m



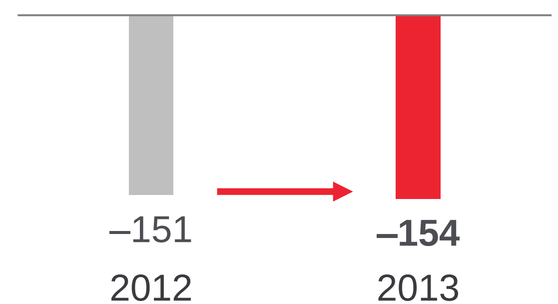
Better-than-expected claims experience

Investment result €m



Higher regular income mainly from dividends

Other[1] €m



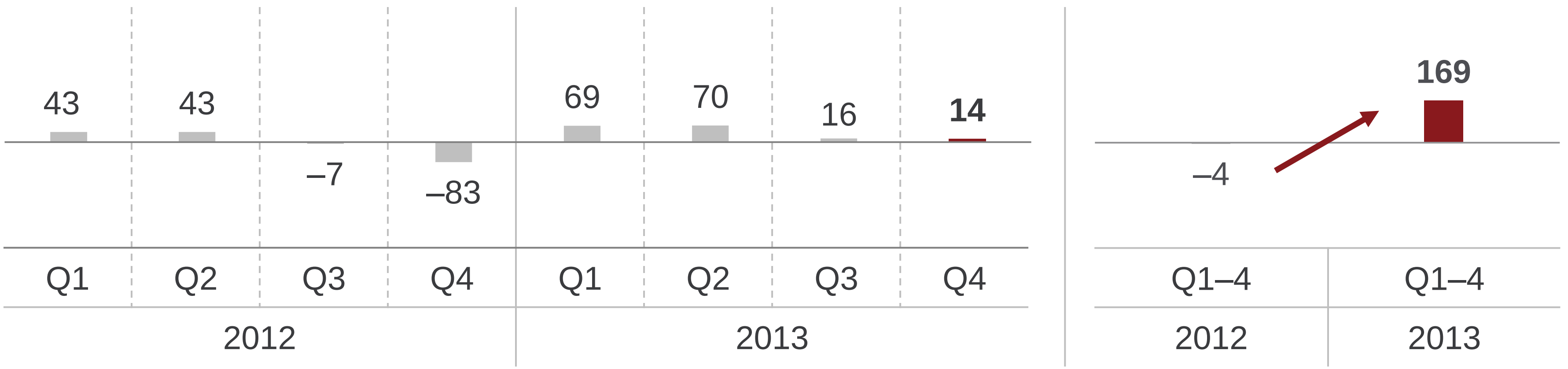
Higher taxes in line with result increase

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

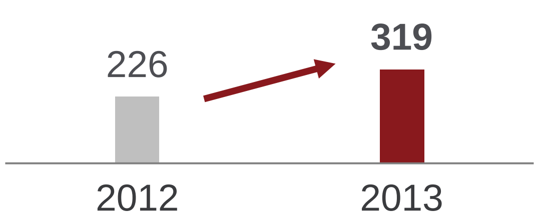
Primary insurance property-casualty – Key figures

Munich RE

Net result €m

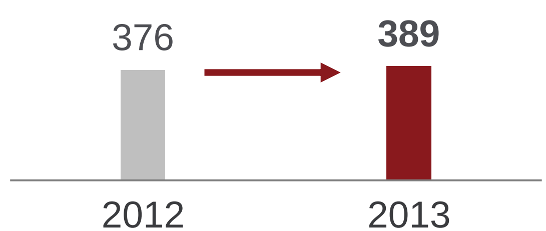


Technical result €m



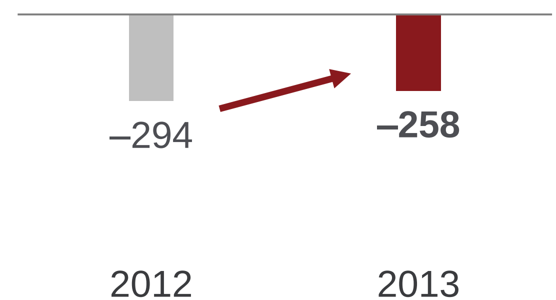
Improved international operations offsetting nat cats in Germany

Investment result €m



Higher disposal gains

Other[1] €m



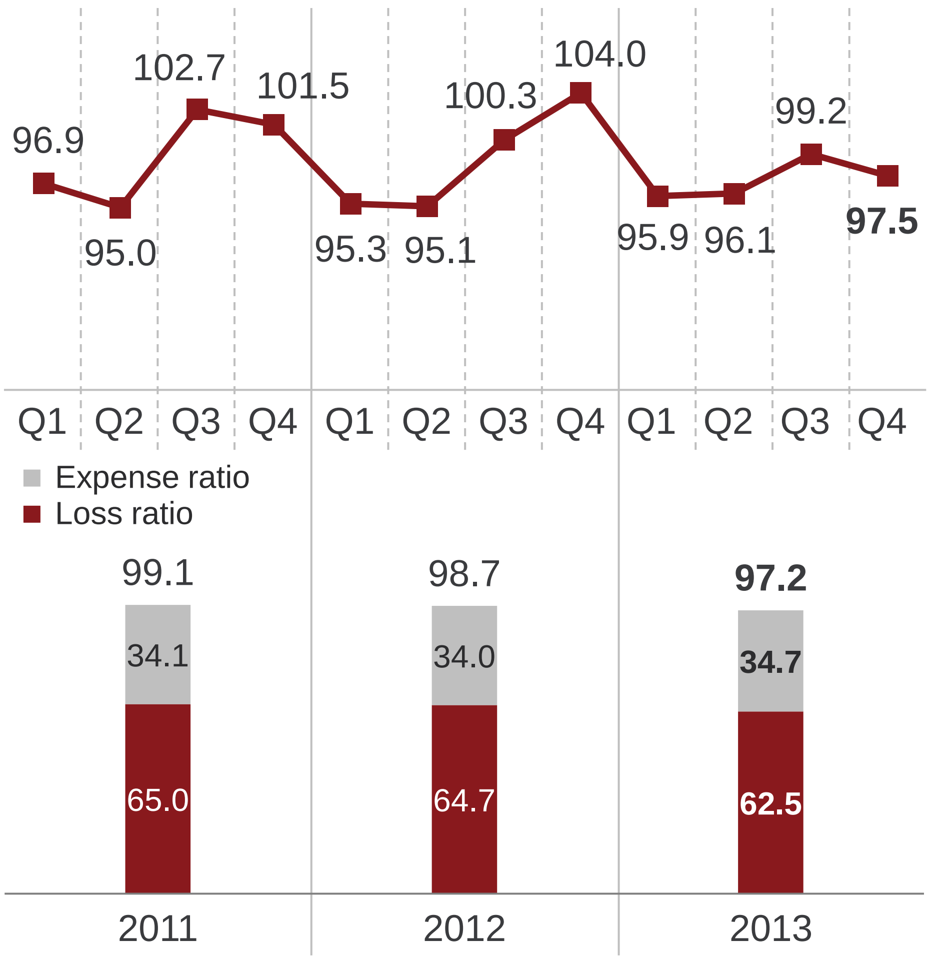
Lower restructuring expenses

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

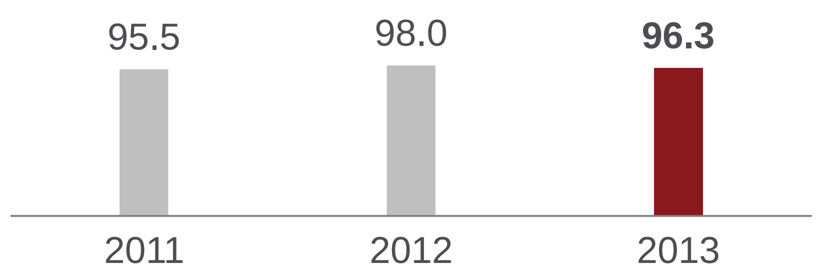
Improvement of combined ratio

Munich RE

Combined ratio %

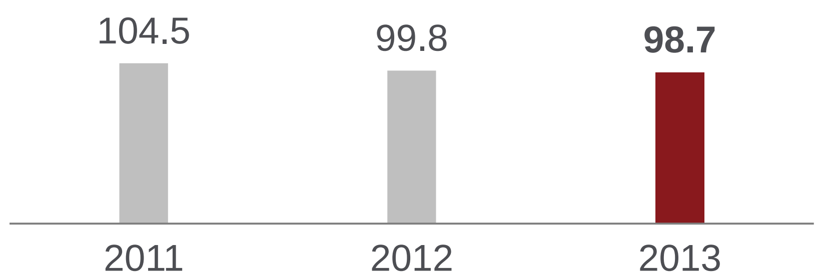


Germany %



Nat cats (flood, several hailstorms) burdening combined ratio

International %

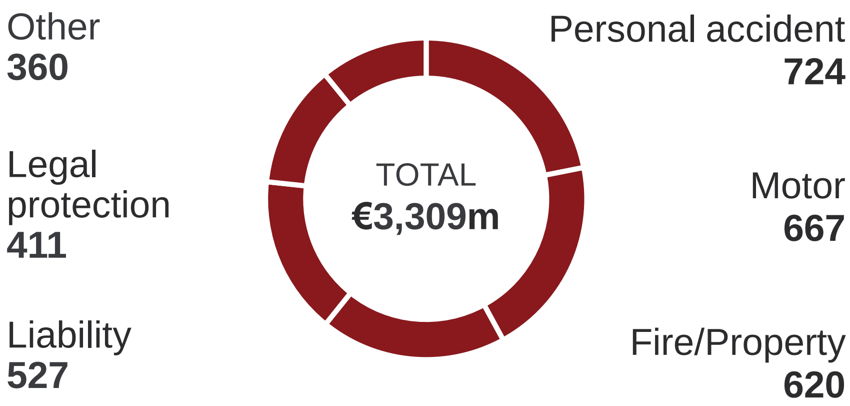


Further progress in Turkey; disposal of Korean company with above-average combined ratio

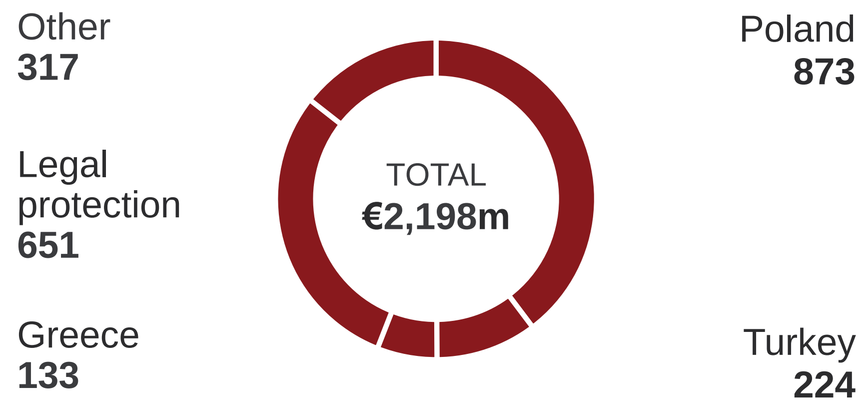
Gross premiums written and combined ratio

Munich RE

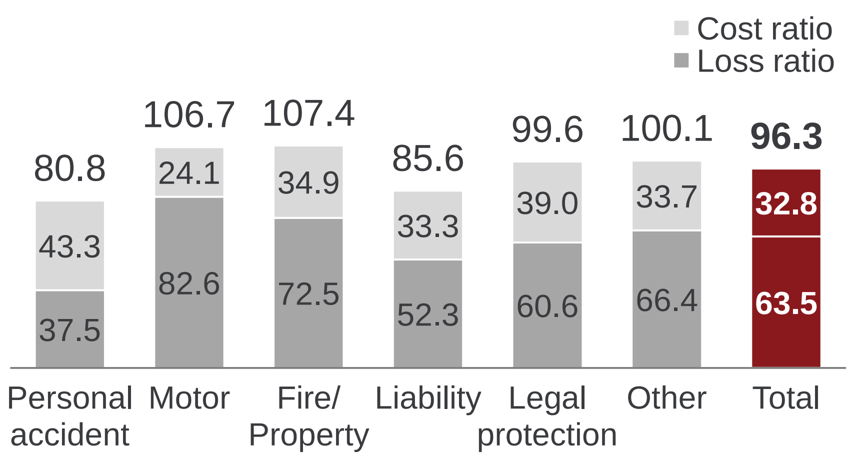
Germany: Gross premiums written €m



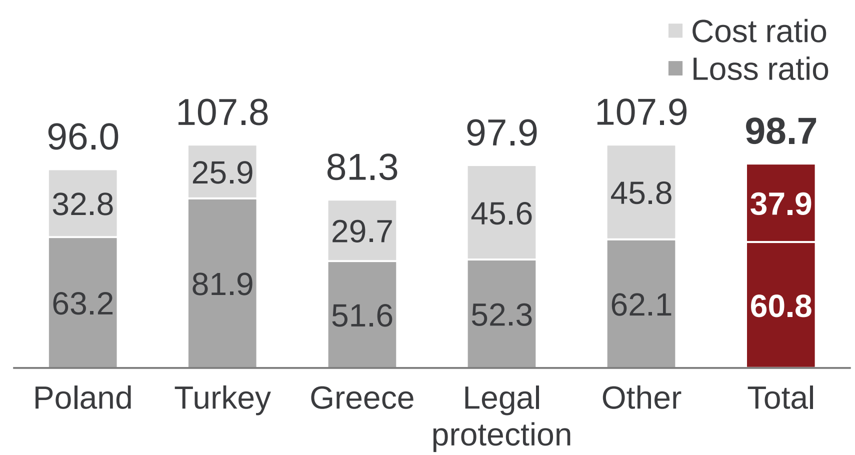
International: Gross premiums written €m



Germany: Combined ratio %



International: Combined ratio %

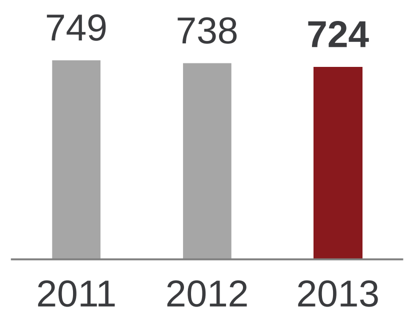


Property-casualty – Germany

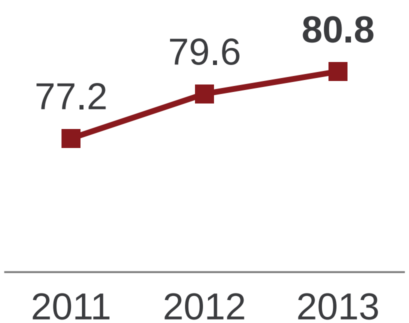
Munich RE

Personal accident

GWP €m

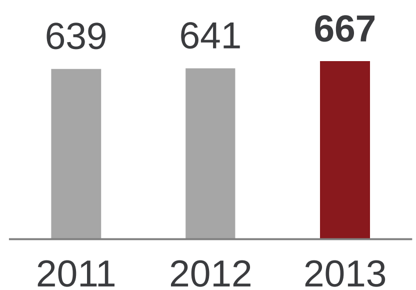


Combined ratio %

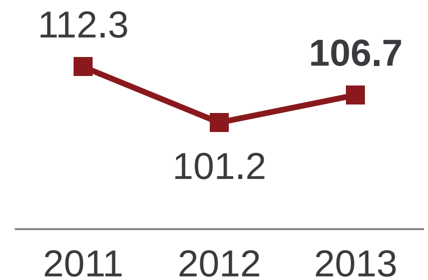


Motor

GWP €m

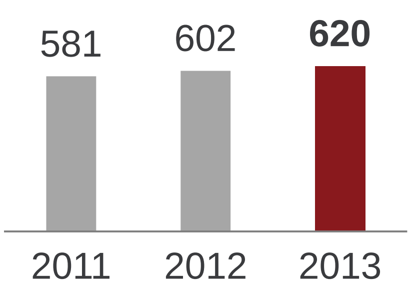


Combined ratio %

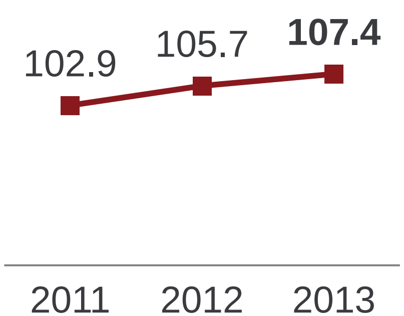


Fire/Property

GWP €m

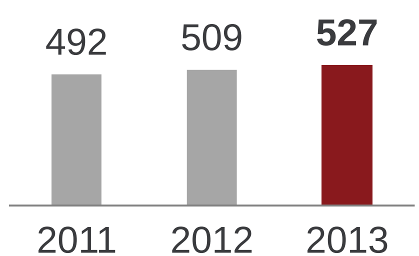


Combined ratio %

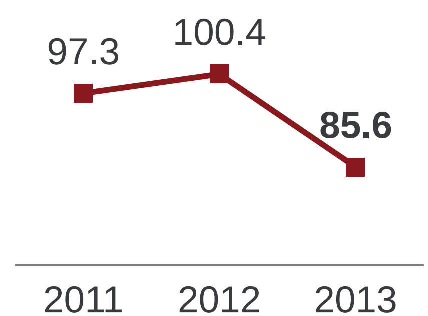


Liability

GWP €m



Combined ratio %

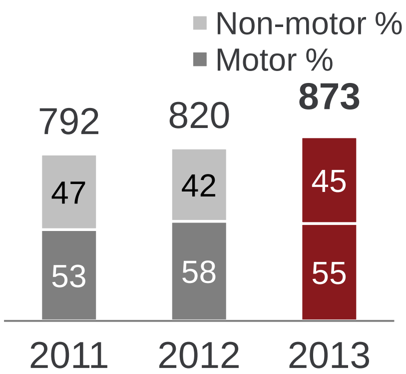


Property-casualty – International

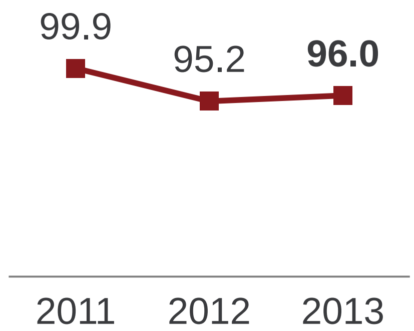
Munich RE

Poland

GWP[1] €m

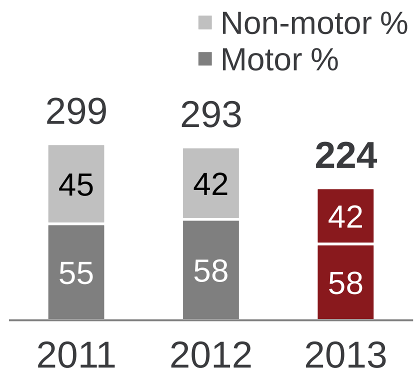


Combined ratio %

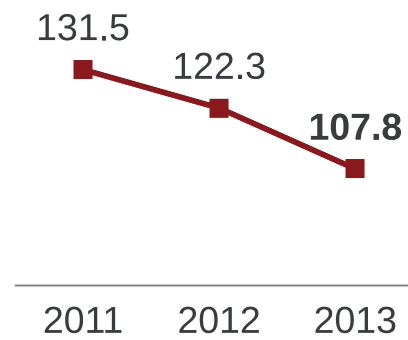


Turkey

GWP[1] €m

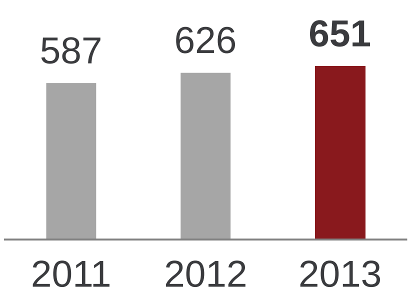


Combined ratio %

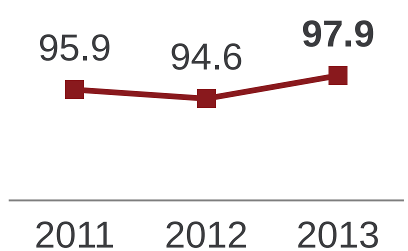


Legal protection

GWP €m

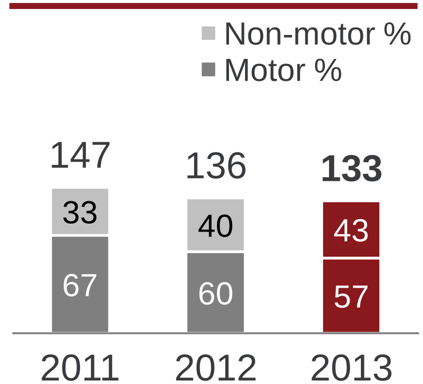


Combined ratio %

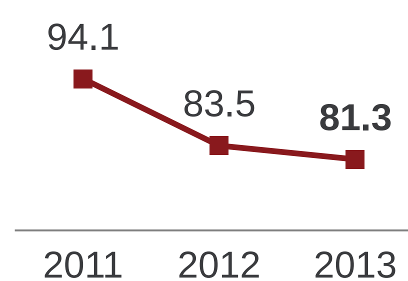


Greece

GWP[1] €m



Combined ratio %



[1] Excluding legal protection.

Munich Health – Premium development

Munich RE

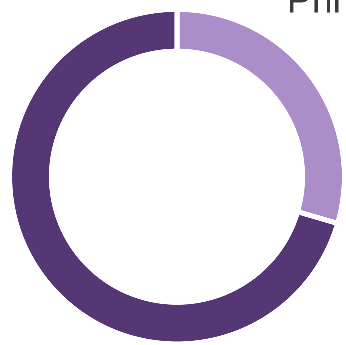
Gross premiums written	€m
2012	6,703
Foreign-exchange effects	–248
Divestment/Investment	–
Organic change	96
2013	**6,551**

Segmental breakdown

€m

Reinsurance
4,618 (70%)
(▲ –1.4%)

Primary insurance
1,933 (30%)
(▲ –4.4%)



Gross premiums written	€m
2012	6,703
Reinsurance	–64
Primary insurance	–88
2013	**6,551**

Reinsurance

Negative FX effects (–€242m); new business in Middle East and increased large-volume deals

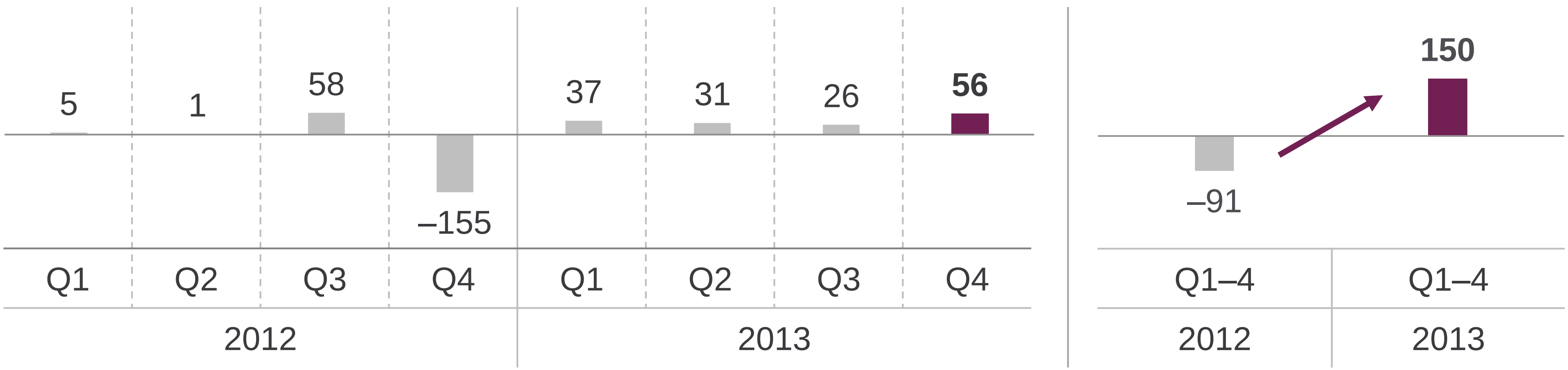
Primary insurance

Organic growth in Spain and Benelux, decline in USA due to exit from PFFS business

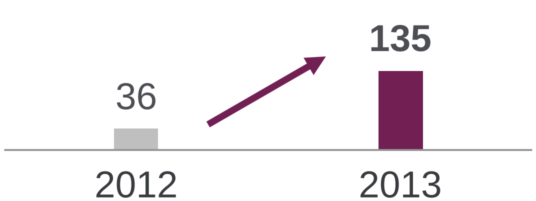
Munich Health – Key figures

Munich RE

Net result €m



Technical result €m

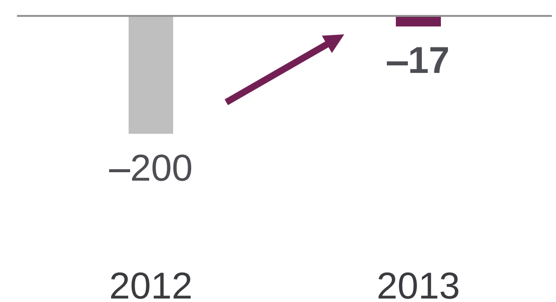


Improved US Medicare business at Windsor Health Group (WHG)

Investment result €m

Disposal loss from sale of Windsor Health Group ~€50m

Other[1] €m



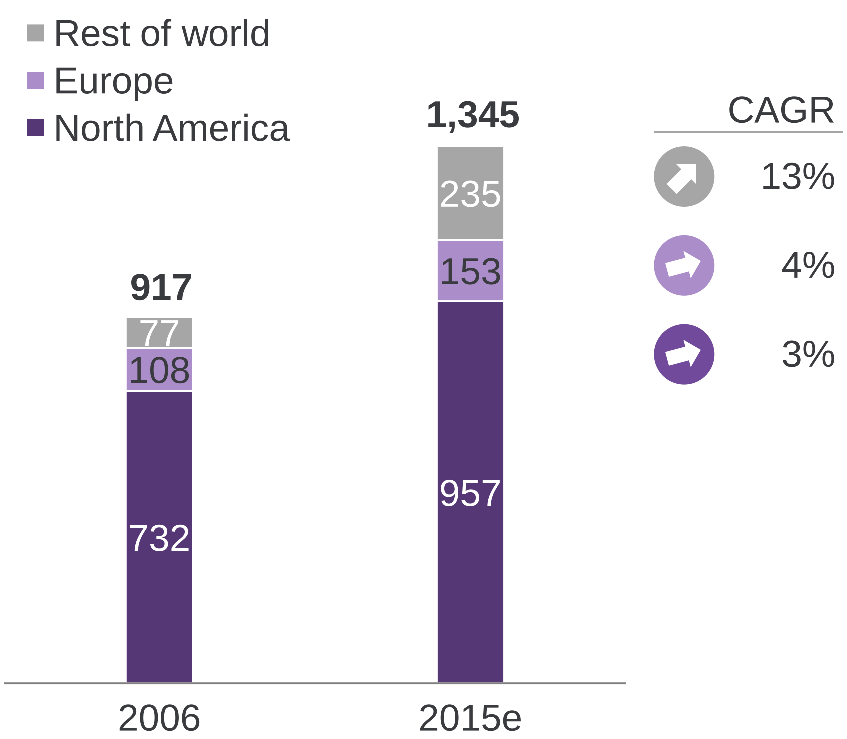
Goodwill impairment in previous year; improved FX result

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

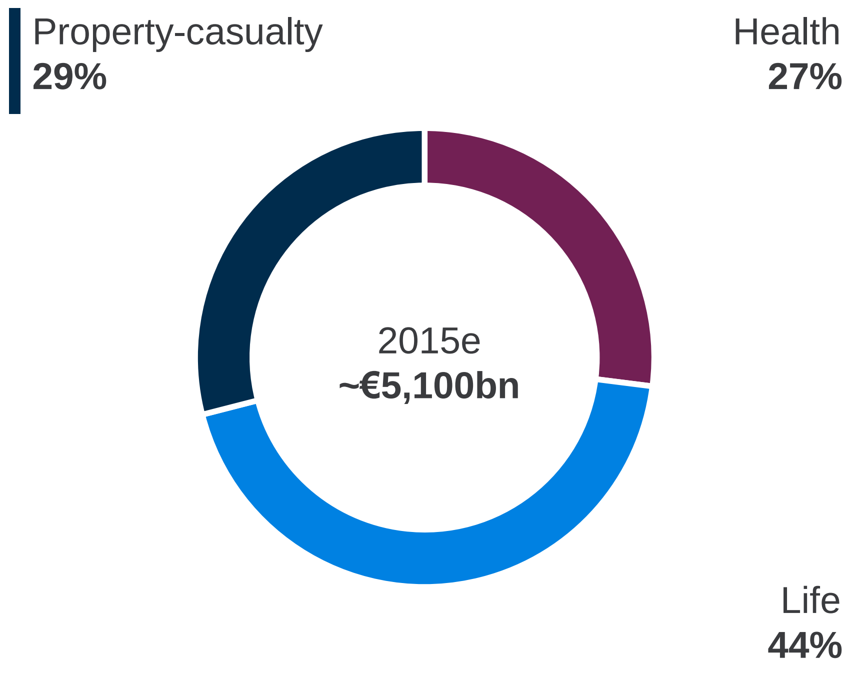
Global private health insurance markets with growth above GDP

Munich RE

Development global health markets[1] €bn



Global private insurance market size[1] €bn



Health insurance providing portfolio diversification and growth potential

[1] Gross premiums written .

Reinsurance – Premium development

Munich RE

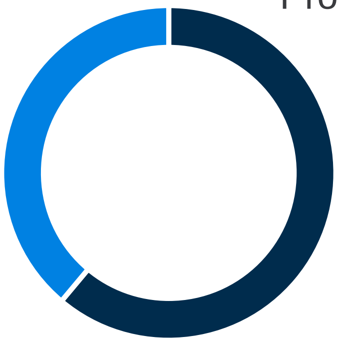
Gross premiums written (€m)

2012	28,182
Foreign-exchange effects	–1,208
Divestment/Investment	–
Organic change	868
2013	**27,842**

Segmental breakdown (€m)

Life
10,829 (39%)
(▲ –2.7%)

Property-casualty
17,013 (61%)
(▲ –0.2%)



Gross premiums written (€m)

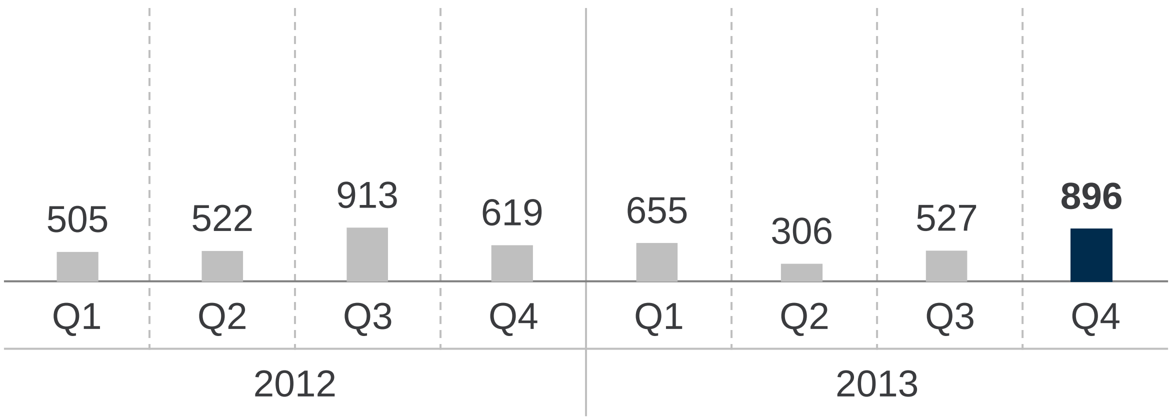
2012	28,182
Life	–301
Property-casualty	–39
2013	**27,842**

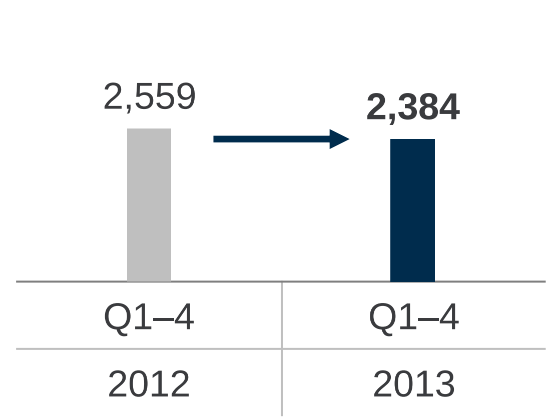
Life
Organic growth of €242m especially in USA and Australia – negative FX effects of –€543m, mainly Can$

Property-casualty
Organic growth of €626m mainly due to new business in agriculture and motor – negative FX effects of –€665m

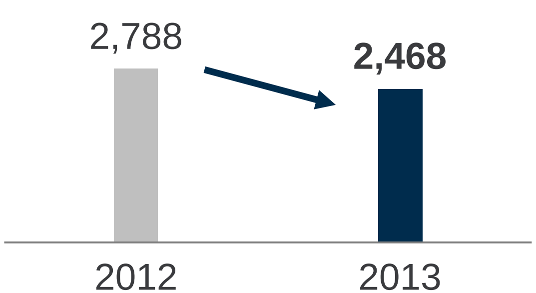
Reinsurance property-casualty – Key figures

Net result €m



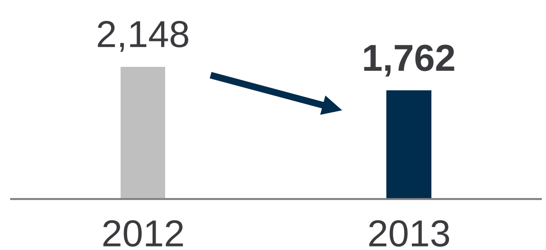


Technical result €m



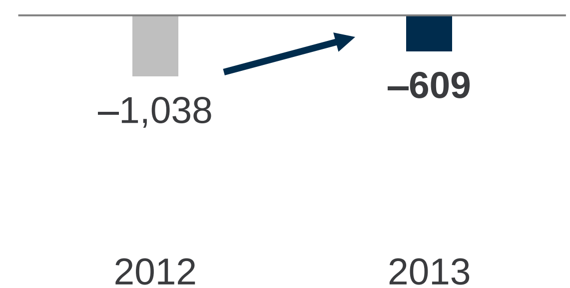
Slight deterioration of combined ratio

Investment result €m



Lower regular income and higher write-downs on derivatives

Other[1] €m



Low tax rate: 6.2%
FX result: –€257m

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

Combined ratio – Benign large losses and reserve releases

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Combined ratio

%

	Total	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
2013[1]	**92.1**	**51.3**	**4.7**	**5.7**	**30.4**
Q4 2013[2]	**89.3**	**47.8**	**2.9**	**6.3**	**32.3**

Normalised combined ratio 2013

%

Combined ratio 2013	**92.1**
Adjustments	
Reserve releases exceeding expectations[3]	0.4
Nat cat below budget	3.8
Man-made above budget	2.2
Normalised combined ratio	**94.1**

[1] Including reserve releases for basic losses ~€845m (~5.2%). [2]Including reserve releases for basic losses ~€375m (~9.0%).
[3] Reserve release for basic losses ~€845m (~5.2%) and countervailing effects due to sliding-scale commissions of €125m (~0.8%) exceed expectation of 4.0% by 0.4%-pts.

Normalised combined ratio

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Normalised combined ratio FY 2013

%

	Reported combined ratio	Reported major losses	Expectation major losses[1]	Reported reserve releases[2]	Changes sliding-scale provisions	Modelled assumption on reserve releases	**Normalised combined ratio**
Q1	85.7	–2.6	+12.0	+2.5	–0.0	–4.0	**93.6**
Q2	99.3	–15.2	+12.0	+4.0	–0.0	–4.0	**96.1**
Q3	94.3	–14.8	+12.0	+6.0	–0.7	–4.0	**92.8**
Q4	89.3	–9.2	+12.0	+9.0	–2.3	–4.0	**94.8**
FY 2013	**92.1**	**–10.4**	**+12.0**	**+5.2**	**–0.8**	**–4.0**	**94.1**

1 Simplified assumption of evenly distributed major losses over every quarter.
2 Basic losses.

Development of combined ratio

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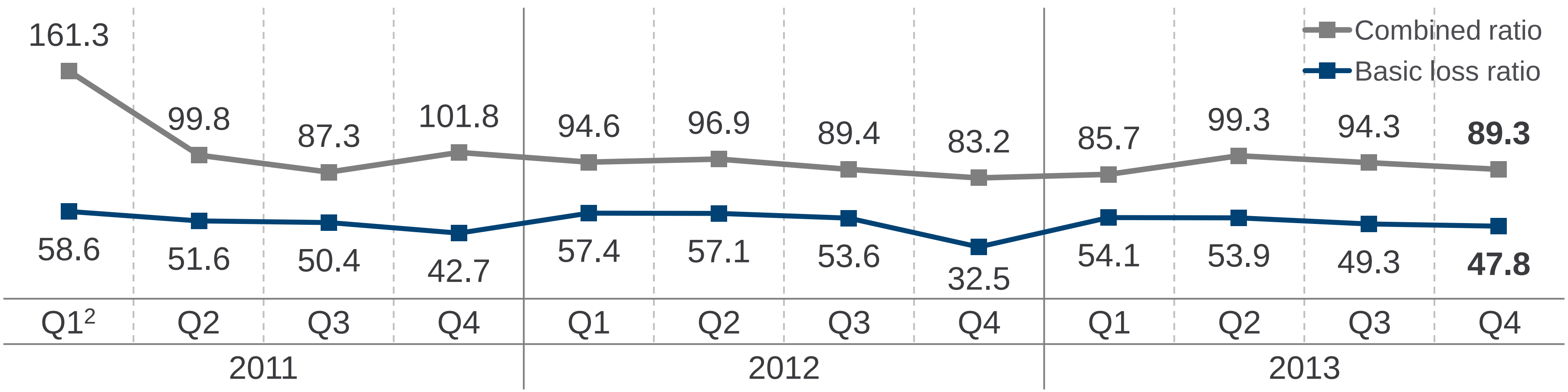
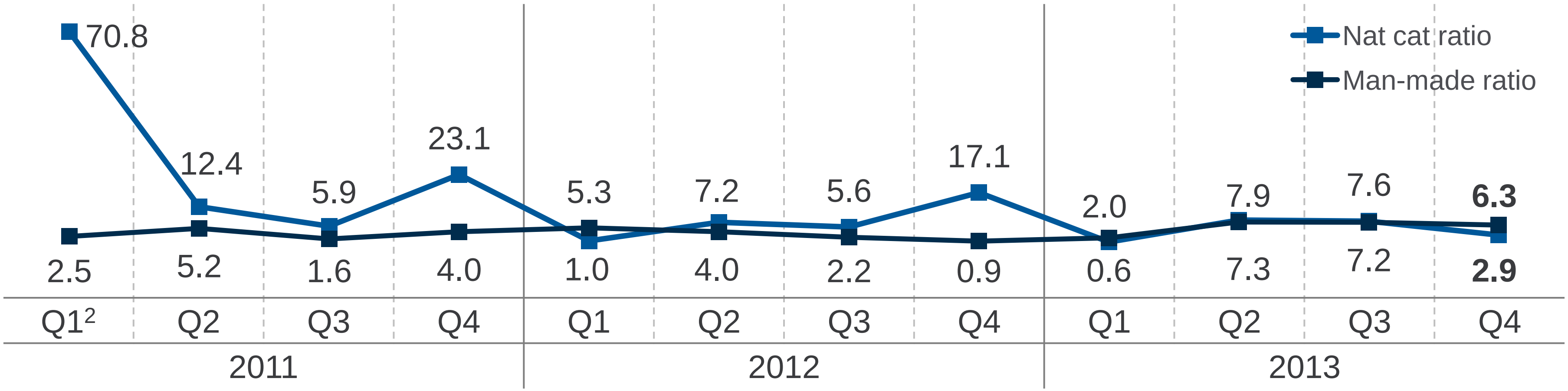
Combined ratio[1] vs. basic losses

%



Nat cat vs. man-made

%



1 Including overhead costs.
2 After insurance risk transfer to the capital markets.

Business up for renewal in January ~50% of total property-casualty book – Geographic focus on Europe

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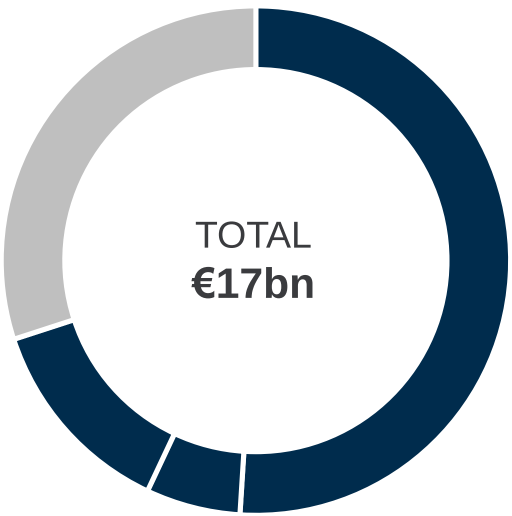
Total property-casualty book[1] %

Remaining business
30

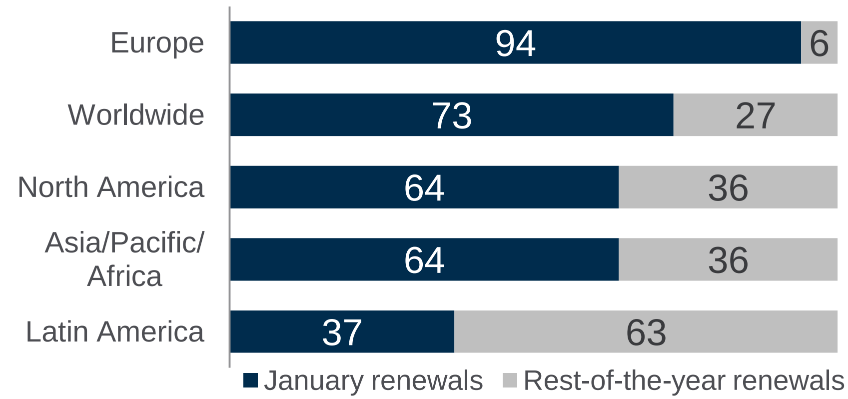
Business up for January renewal[2]
51



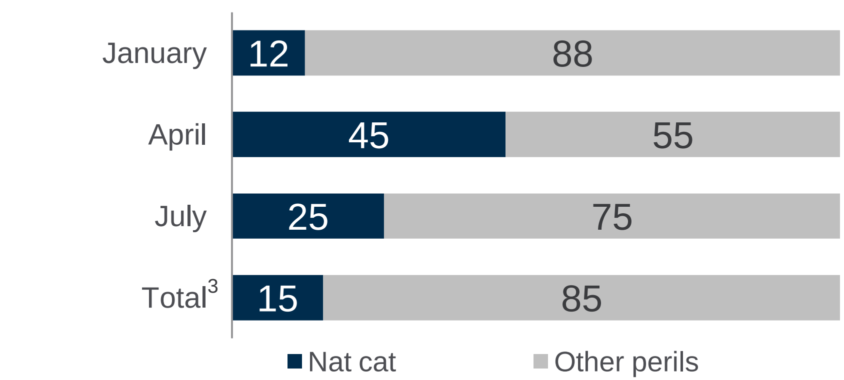
Business up for July renewal
13

Business up for April renewal
6

Regional allocation of renewable portfolio %



Nat cat shares of renewable portfolio %



1 Approximation – not fully comparable with IFRS figures.
2 Incl. Risk Solution business (11% of January business respectively 5% of total P-C book).
3 Total P-C book incl. remaining business.

Premium growth driven by tailor-made solutions with key clients – Cycle management in traditional business

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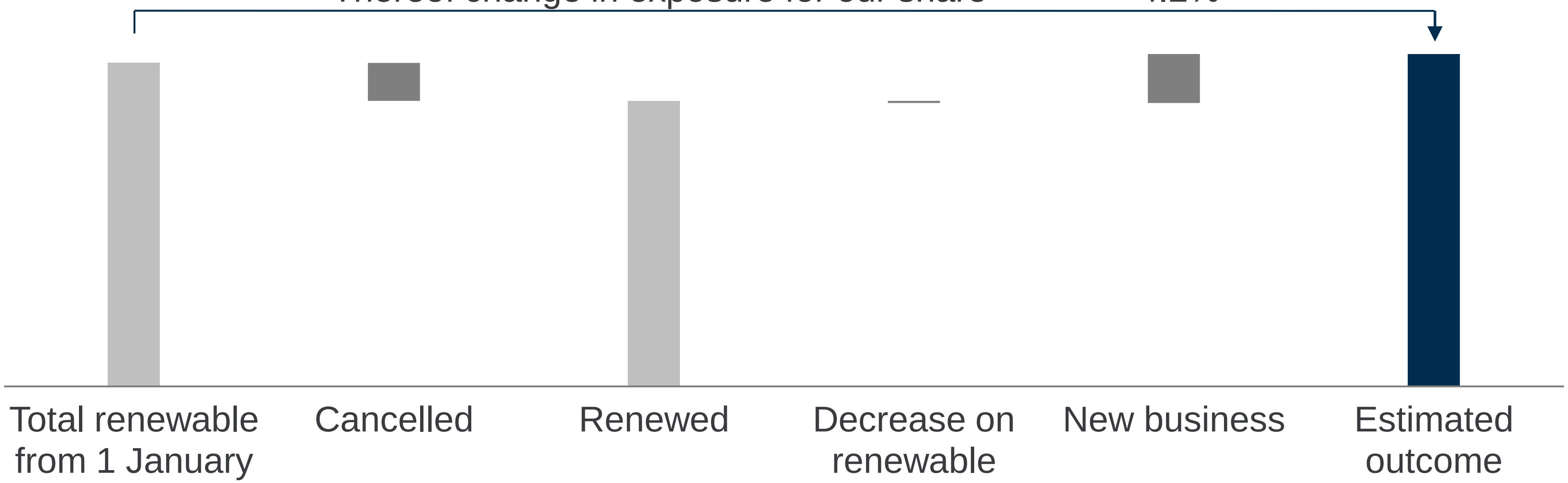
January renewals 2014

%	100	–11.8	88.2	–0.7	15.1	**102.7**
€m	8,718	–1,025	7,693	–57	1,319	**8,955**

Change in premium	**+2.7%**
▪ Thereof price movement[1]	~ –1.5%
▪ Thereof change in exposure for our share	+4.2%



Strong client orientation creates new business opportunities

[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).

January 2014 renewals – Disciplined underwriting prevails

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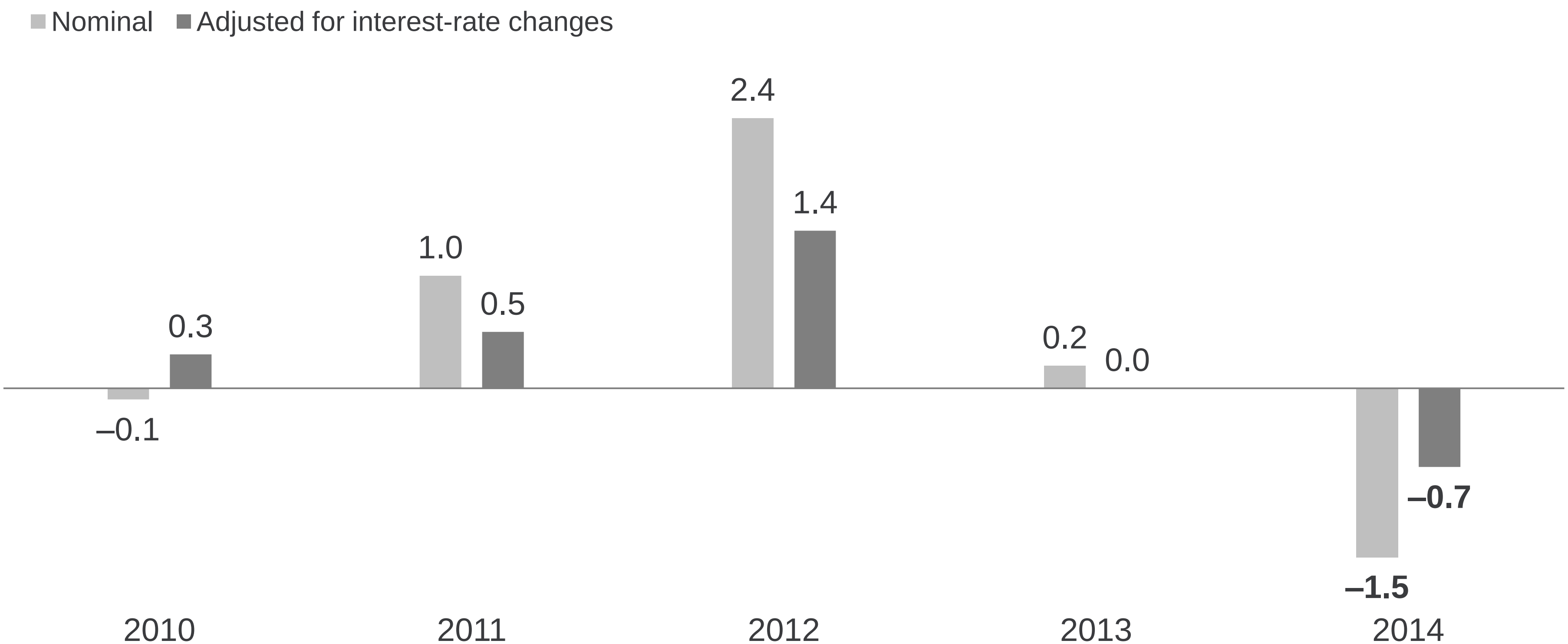
Year-to-date price change 2010–2014 %



Minor economic price decline and largely stable terms and conditions

Growth in casualty proportional shifts portfolio towards the Asia/Pacific/Africa region

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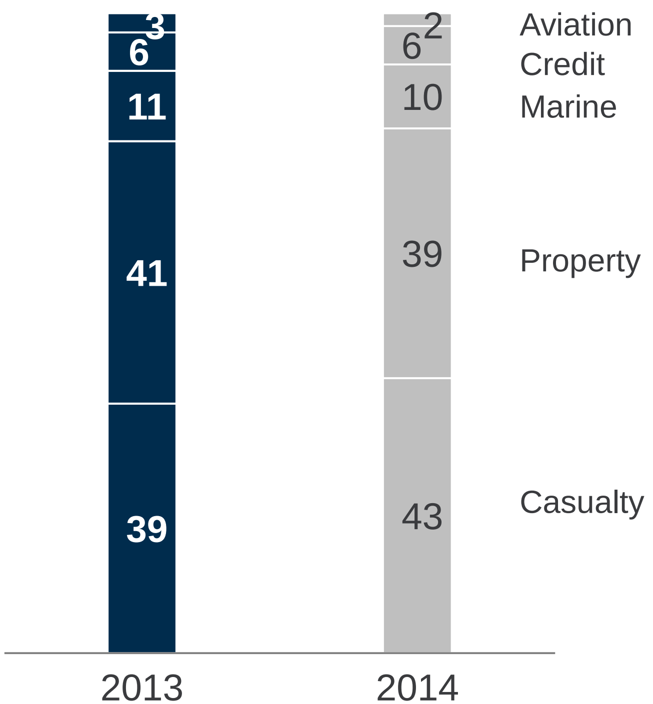
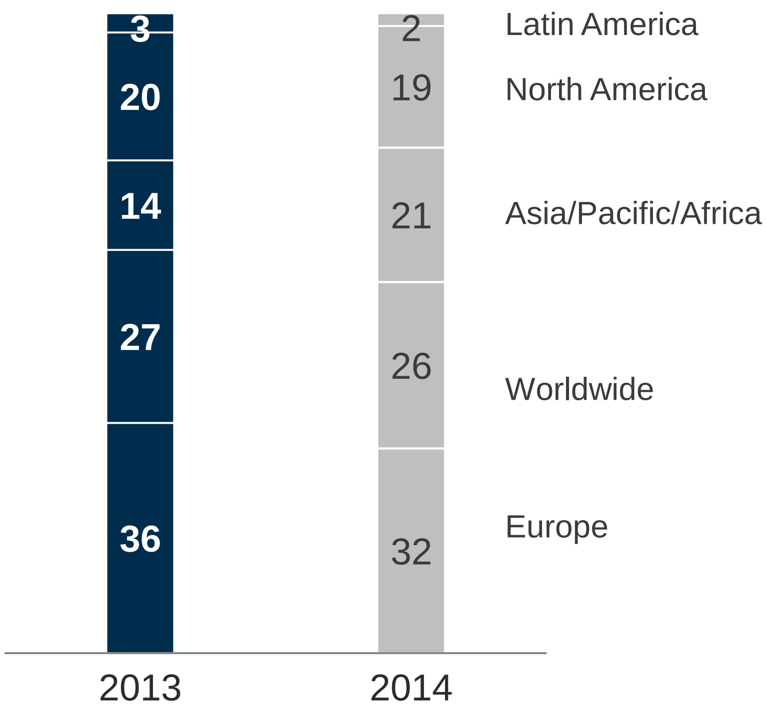
Split by line of business %



Split by region %



Growth due to large deals in proportional casualty business in Asia/Pacific/Africa. Traditional reinsurance business reduced, especially in Europe.

[1] GWP, management view, not comparable with IFRS reporting.

Response to favourable emergence of basic losses in line with considered judgement

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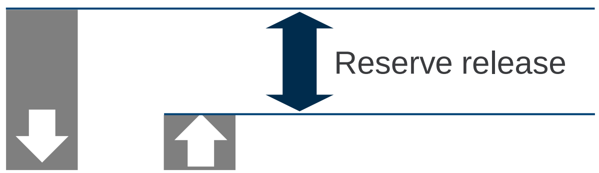
Actual vs. expected	Changes in projection	Business rationale

Property



Favourable actual vs. expected judged as credible

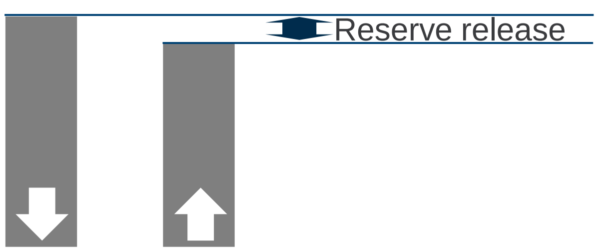
- Positive actual vs. expected indications seen in property
- Short-tailed lines develop relatively quickly
- Releases spread across lines, with some caution exercised on longer-tailed project business

Specialty[1]

Favourable actual vs. expected also judged as credible

- Favourable indications across all lines
- Reserve releases primarily in marine and aviation, following the benign loss emergence
- Cautionary stance in credit business

Casualty



Relatively small reserve release

- Positive indications seen in motor, third-party liability and personal accident
- Most segments had moderate releases, partly offset by strengthening for legacy liabilities and planned unwinding of workers' compensation discount

[1] Aviation, credit and marine.

Balance sheet reserve position of the Group clearly strengthened over the last decade

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Outstanding in €m (adjusted to exchange rates as at 31.12.2013)	Balance sheet year										
Date	**2003**	**2004**	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**
31.12.2003	**30,425**										
31.12.2004	30,878	**31,740**									
31.12.2005	31,275	32,259	**34,667**								
31.12.2006	31,361	32,375	34,833	**35,462**							
31.12.2007	31,762	32,549	35,148	35,583	**36,682**						
31.12.2008	32,025	32,489	34,688	35,007	36,294	**37,826**					
31.12.2009	31,925	32,115	34,277	34,423	35,629	37,381	**38,466**				
31.12.2010	32,357	32,278	34,054	33,941	35,076	36,820	37,876	**38,542**			
31.12.2011	32,346	32,267	33,878	33,679	34,775	36,258	36,919	37,787	**41,388**		
31.12.2012	32,299	32,142	33,566	33,221	33,972	35,353	35,940	36,701	40,345	**40,750**	
31.12.2013	32,292	32,057	33,408	33,094	33,648	34,844	35,439	36,283	39,651	39,890	**41,486**
Run-off result[1]	**–1,867**	**–317**	**1,259**	**2,368**	**3,034**	**2,982**	**3,027**	**2,259**	**1,737**	**860**	**n/a**
Run-off result % starting O/S	**–6.1**	**–1.0**	**3.6**	**6.7**	**8.3**	**7.9**	**7.9**	**5.9**	**4.2**	**2.1**	**n/a**

[1] Includes unwinding of discount in workers' compensation.

Balance sheet year – a different perspective
The table represents the run-off of the balance sheet reserves for closing periods 2003 to 2012, adjusted to take account of exchange rates as at 31.12.2013

Balance-sheet reserve position with ongoing strength
While reserves of balance sheet from year 2003 increased over time, the closing reserves from 2005 onwards yielded consistently favourable development
Drivers:

- Return to underwriting discipline
- Cautiously selected starting points
- Moderating loss trends

Asbestos and environmental survival ratio 31 December 2013

Munich Re (Group) – Net definitive as at 31 December 2013 €m

	Asbestos	Environmental	**Total**
Paid	2,031	722	**2,752**
Case reserves	564	98	**662**
IBNR	959	180	**1,139**
Total reserves	**1,523**	**278**	**1,801**
3-year average annual paid losses	127	23	**150**
Survival ratio 3-year average (%)	12.0	11.9	**12.0**

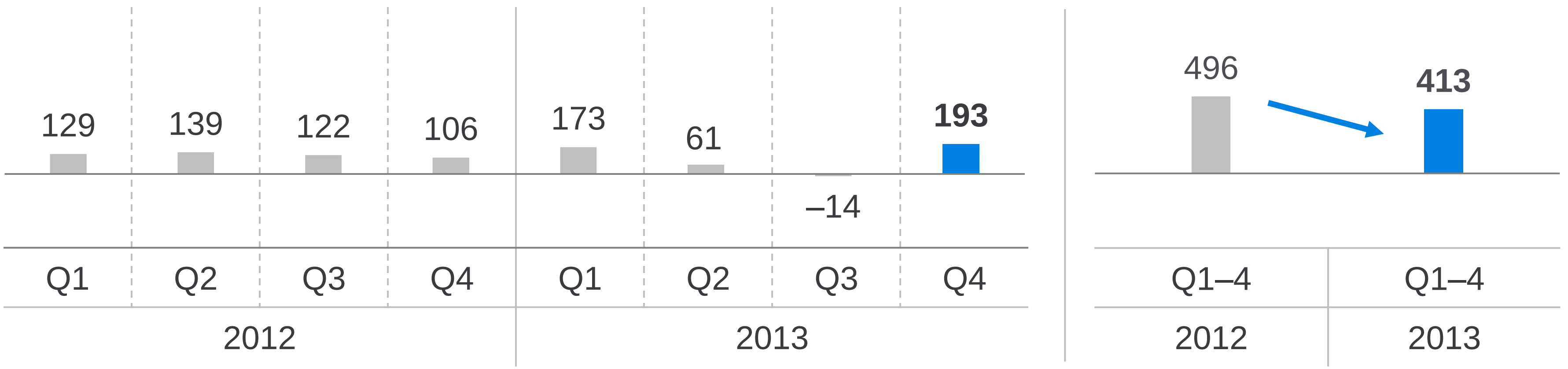
Non-€ currencies converted at rate of exchange year-end 2013.

Reinsurance life – Key figures

Munich RE

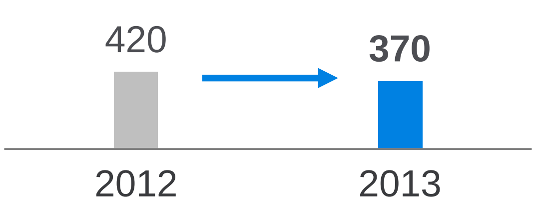
Net result

€m



Technical result

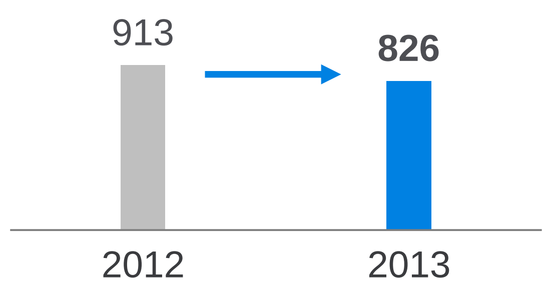
€m



Adverse development in US and Australian business, negative FX

Investment result

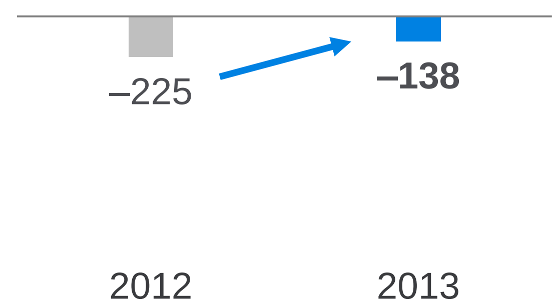
€m



Robust regular income due to deposits, lower disposal gains

Other[1]

€m



Low tax burden: 6.1%
FX losses: –€45m

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

Bulk of top and bottom line from North America – Largest growth rates in Asian markets

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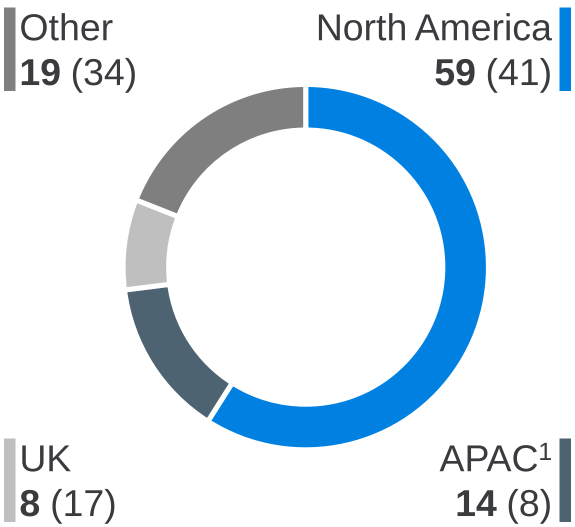
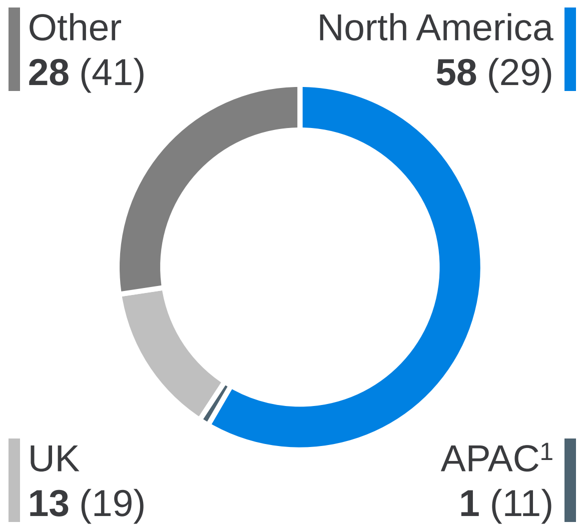
Portfolio split by region 2013 (2008) – Gross premiums written vs. technical result vs. VNB

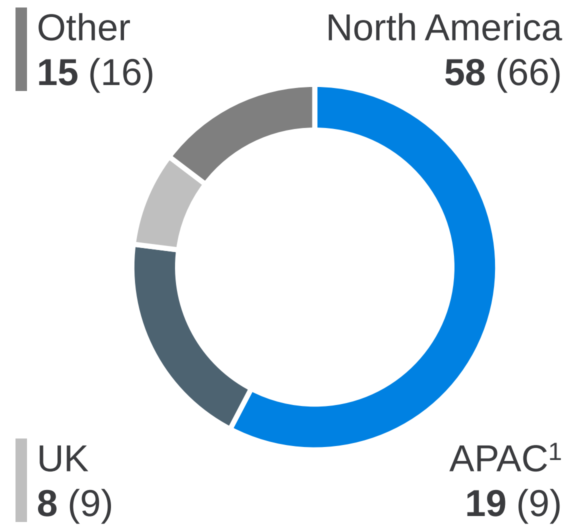
GWP



Technical result



VNB



Changes in regional premium split driven by FinMoRe and Asian growth

APAC result dampened by adverse performance of Australian disability business

North America continues to be the main new business contributor – UK growing in FinMoRe segment

[1] Asia, Australia, New Zealand.

Actual vs. expected business development 2013

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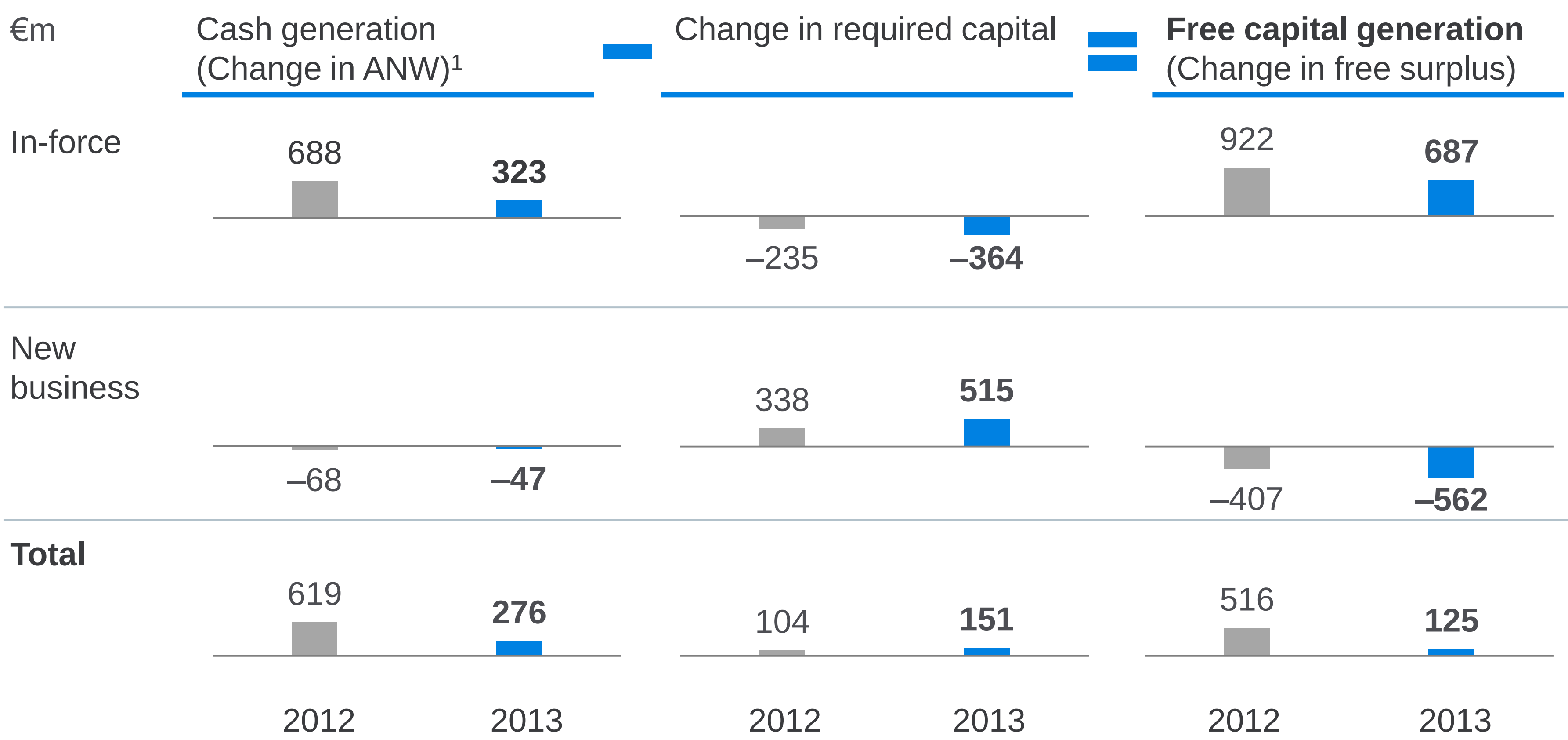
Region	Comments	VNB	IFRS profit
Canada	▪ New business volumes maintained at attractive margins incl. successful renewal of FinMoRe business ▪ Better-than-expected biometric experience	✓	+
USA	▪ Strong new business production in all segments ▪ Weaker-than-expected mortality experience for older business generations	+	–
Other	▪ Overall as expected	✓	✓
UK	▪ Highly competitive environment in traditional business ▪ Major successes in FinMoRe area ▪ Margins emerging as expected	+	✓
Continental Europe	▪ Overall flat business development ▪ Satisfactory profitability	✓	✓
Asia	▪ Growth across broad spectrum of markets and segments ▪ Higher-than-expected profits	++	+
Australia	▪ Persistent organic growth, supported by FinMoRe ▪ Result strain in disability segments	✓	–
Total	▪ **Strong VNB from traditional and solvency relief business** ▪ **IFRS overall close to expectation**	+	✓

Free capital generated from in-force run-off more than covers investment in profitable new business



Except for impacts from Australia and US; level of free capital generation comparable to prior years remaining on a good level

[1] Adjusted net worth.

Sustainably high paybacks from in-force business secure capital generation going forward

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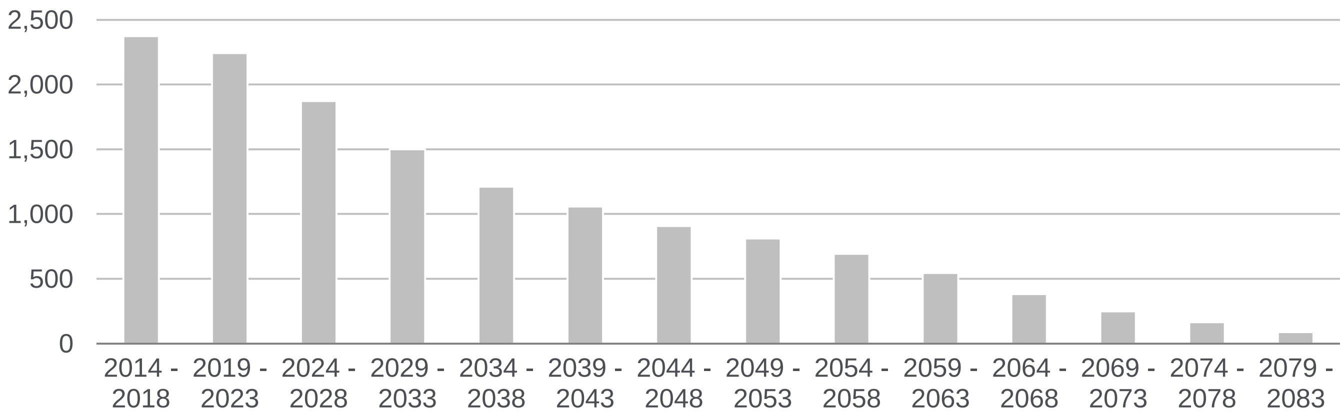
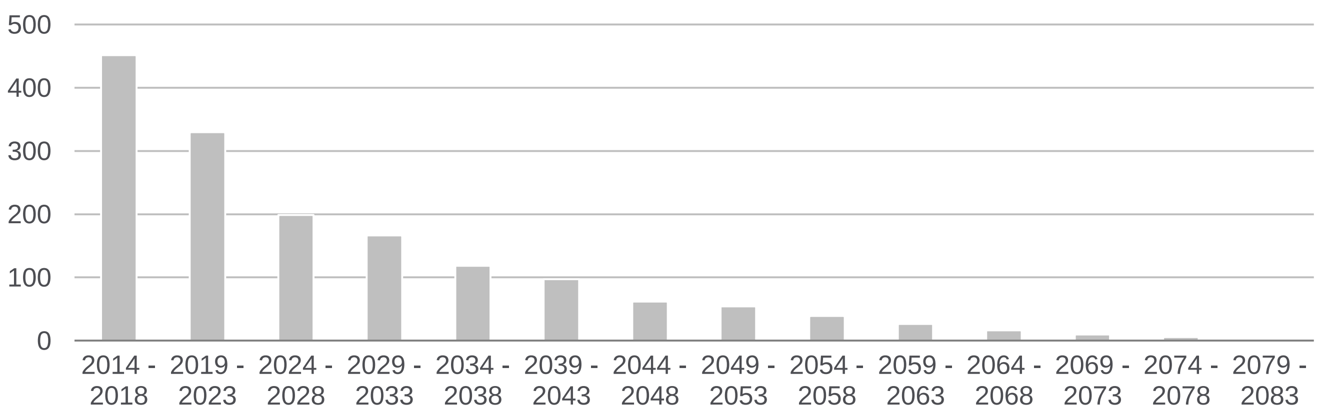
Free capital generation from in-force portfolio as at 31 December 2013 €m



- In 5 years: 17%
- In 10 years: 33%
- In 15 years: 46%
- In 20 years: 56%

… of total

Free capital generation from new business written in 2013 €m



- In 5 years: 29%
- In 10 years: 49%
- In 15 years: 62%
- In 20 years: 73%

… of total

Investment portfolio

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Investment portfolio[1] %

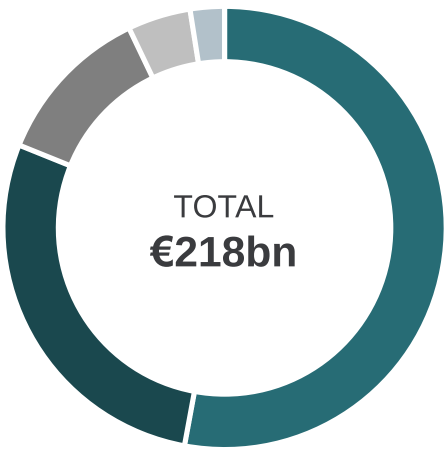
Land and buildings
2.5 (2.4)

Shares, equity funds and participating interests[2]
4.6 (3.7)

Miscellaneous[3]
11.8 (10.0)

Loans
28.2 (28.2)

Fixed-interest securities
52.9 (55.7)



Portfolio management

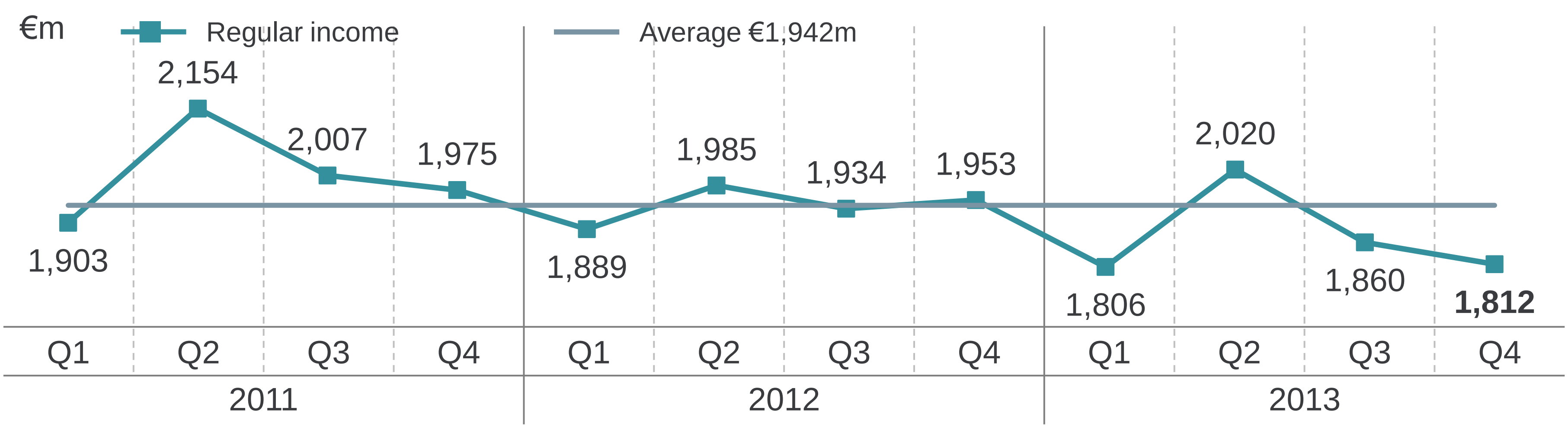
- Decreasing market values due to rising interest rates and devaluation of foreign exchange rates
- Reduction of German, US, UK and Australian government bonds
- Reduction and ongoing geographic diversification of covered bonds
- Further cautious expansion of corporate bonds across all industries
- Increase of equity-backing ratio to 4.5% net of hedges
- Increase in miscellaneous due to unit-linked, deposits retained on assumed reinsurance, deposits with banks and renewable energies

[1] Fair values as at 31.12.2013 (31.12.2012). [2] Net of hedges: 4.5% (3.4%). [3] Deposits retained on assumed reinsurance, unit-linked investments, deposits with banks, investment funds (excl. equities), derivatives and investments in renewable energies and gold.

Breakdown of regular income

Munich RE

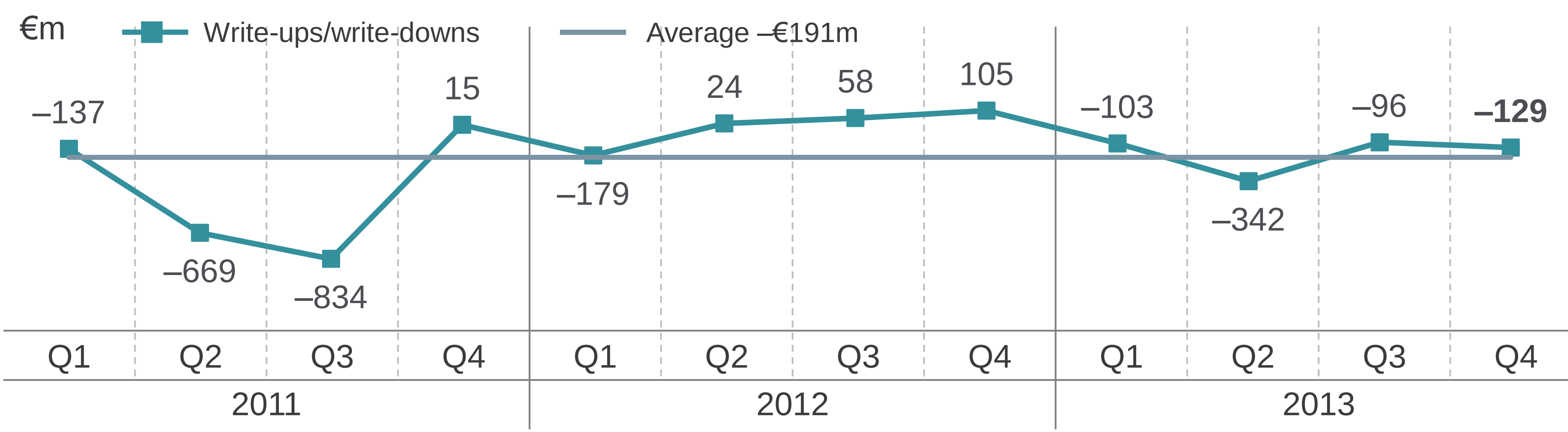
Investment result – Regular income (€m)	Q4 2013	2013	2012	Change
Afs fixed-interest	**884**	**3,698**	4,073	–375
Afs non-fixed-interest	**109**	**462**	352	110
Derivatives	**39**	**194**	232	–38
Loans	**566**	**2,250**	2,242	8
Real estate	**83**	**339**	334	5
Deposits retained on assumed reinsurance and other investments	**131**	**555**	528	27
Total regular income	**1,812**	**7,498**	7,761	–263



Breakdown of write-ups/write-downs

Munich RE

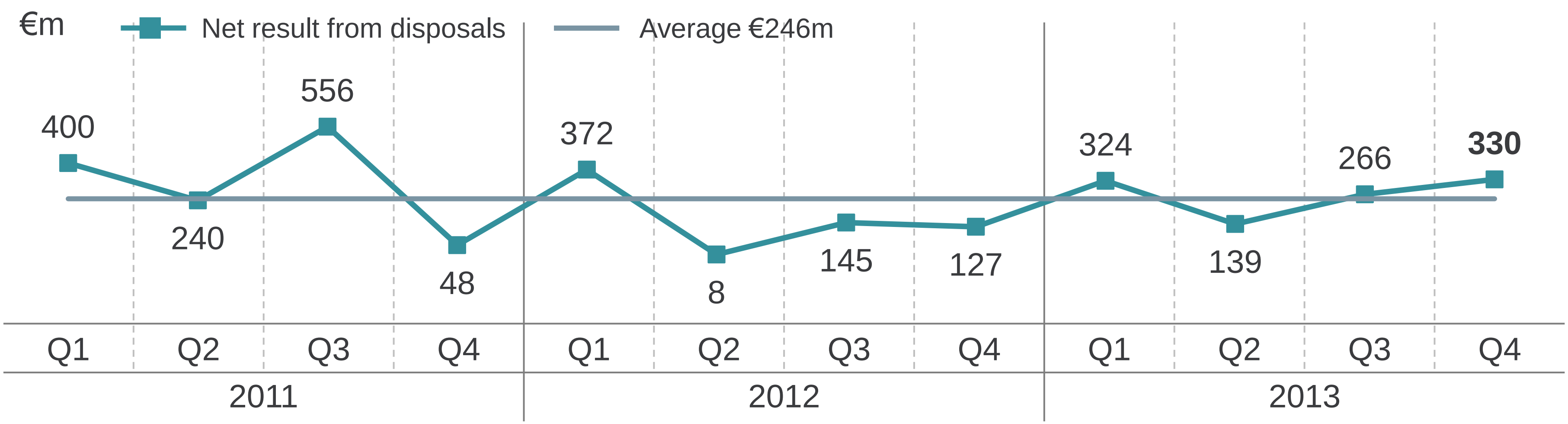
Investment result – Write-ups/write-downs (€m)	Q4 2013	2013	2012	Change
Afs fixed-interest	**0**	**4**	8	–4
Afs non-fixed-interest	**–23**	**–108**	–191	83
Derivatives	**38**	**–232**	347	–579
Loans	**–4**	**–4**	–7	3
Real estate	**–14**	**–74**	–84	10
Deposits retained on assumed reinsurance and other investments	**–126**	**–256**	–65	–191
Total net write-ups/write-downs	**–129**	**–670**	8	–678



Breakdown of net result from disposals

Munich RE

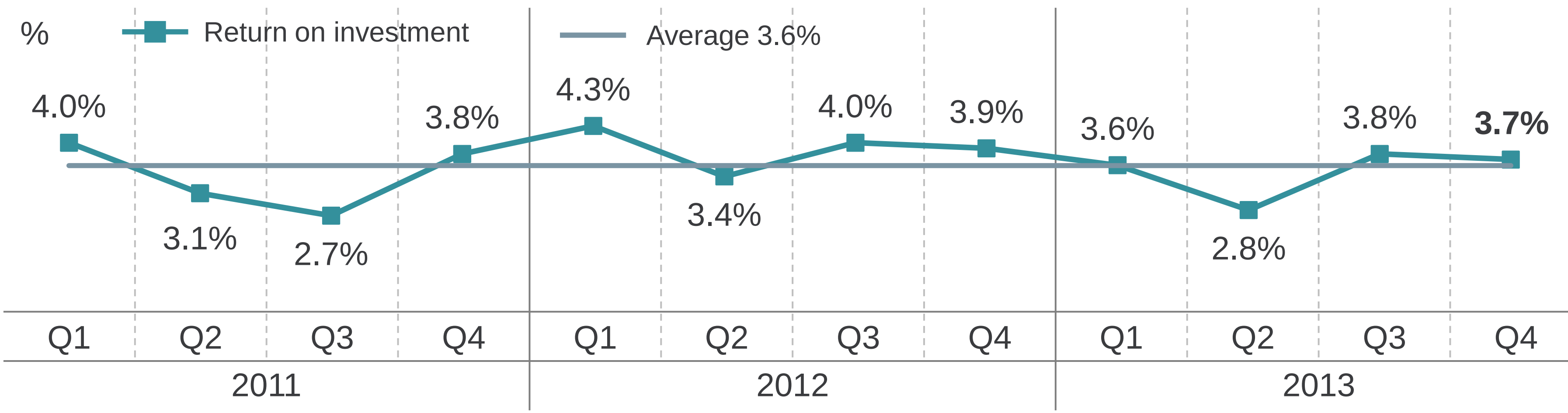
Investment result – Net result from disposal of investments (€m)	Q4 2013	2013	2012	Change
Afs fixed-interest	**203**	**793**	494	299
Afs non-fixed-interest	**313**	**849**	524	325
Derivatives	**–210**	**–701**	–495	–206
Loans	**13**	**128**	65	63
Real estate	**8**	**19**	59	–40
Deposits retained on assumed reinsurance and other investments	**3**	**–29**	5	–34
Total net result from disposals	**330**	**1,059**	652	407



Return on investment by asset class and segment

Munich RE

%[1]	Regular income	Write-ups/downs	Disposal result	Other inc./exp.	**RoI**	⌀ Market value[3]
Afs fixed-interest	3.1	–	0.7	–	**3.8**	118,501
Afs non-fixed-interest	4.3	–1.0	8.0	–	**11.3**	10,644
Derivatives	9.3	–11.1	–33.7	–3.3	**–38.8**	2,083
Loans	3.6	–	0.2	–	**3.8**	62,730
Real estate	6.3	–1.4	0.4	–	**5.3**	5,392
Other[2]	2.5	–1.2	–0.1	–0.7	**0.5**	21,920
Total	**3.4**	**–0.3**	**0.5**	**–0.1**	**3.5**	**221,270**
Reinsurance	3.2	–0.4	0.7	–0.4	**3.1**	82,269
Primary insurance	3.5	–0.3	0.4	0.1	**3.7**	133,899
Munich Health	2.3	0.2	0.1	–0.1	**2.5**	3,817



[1] Annualised. [2] Including management expenses and impact from unit-linked business.
[3] In €m. Segments do not add up to total amount; difference relates to the segment "asset management".

Investment result by segment

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Investment result – Reinsurance – Life (€m)

	2013	Return[1]	2012	Return[1]
Regular income	**893**	**3.8%**	910	3.8%
Write-ups/write-downs	**–6**	**0.0%**	–20	–0.1%
Disposal gains/losses	**84**	**0.3%**	115	0.5%
Other income/expenses	**–145**	**–0.6%**	–92	–0.3%
Investment result	**826**	**3.5%**	**913**	**3.9%**
Average market value	**23,704**		23,694	

Q4 2013 (€m)

	Q4 2013	Return[1]
Regular income	205	3.5%
Write-ups/write-downs	29	0.5%
Disposal gains/losses	19	0.3%
Other income/expenses	–46	–0.8%
Investment result	**207**	**3.5%**
Average market value	**23,728**	

Investment result – Reinsurance – Property-casualty (€m)

	2013	Return[1]	2012	Return[1]
Regular income	**1,783**	**3.0%**	1,933	3.3%
Write-ups/write-downs	**–299**	**–0.5%**	–66	–0.1%
Disposal gains/losses	**474**	**0.8%**	504	0.8%
Other income/expenses	**–196**	**–0.3%**	–223	–0.4%
Investment result	**1,762**	**3.0%**	**2,148**	**3.6%**
Average market value	**58,565**		59,392	

Q4 2013 (€m)

	Q4 2013	Return[1]
Regular income	418	2.9%
Write-ups/write-downs	–43	–0.3%
Disposal gains/losses	166	1.2%
Other income/expenses	–48	–0.3%
Investment result	**493**	**3.5%**
Average market value	**56,653**	

[1] Return on quarterly weighted investments (market values) in % p.a.

Investment result by segment

Munich RE

Investment result – Primary insurance – Life (€m) / Q4 2013 (€m)

	2013	Return[1]	2012	Return[1]	Q4 2013	Return[1]
Regular income	**2,914**	**3.4%**	2,994	3.6%	721	3.4%
Write-ups/write-downs	**–269**	**–0.3%**	144	0.1%	–74	–0.3%
Disposal gains/losses	**404**	**0.5%**	60	0.1%	115	0.5%
Other income/expenses[2]	**226**	**0.2%**	428	0.5%	108	0.5%
Investment result	**3,275**	**3.8%**	**3,626**	**4.3%**	**870**	**4.1%**
Average market value	**86,650**		83,837		**85,693**	

Investment result – Primary insurance – Property-casualty (€m) / Q4 2013 (€m)

	2013	Return[1]	2012	Return[1]	Q4 2013	Return[1]
Regular income	**304**	**3.1%**	368	3.9%	74	3.0%
Write-ups/write-downs	**–28**	**–0.3%**	–44	–0.5%	–3	–0.1%
Disposal gains/losses	**141**	**1.4%**	74	0.8%	23	0.9%
Other income/expenses	**–28**	**–0.3%**	–22	–0.2%	–5	–0.2%
Investment result	**389**	**3.9%**	**376**	**4.0%**	**89**	**3.6%**
Average market value	**9,862**		9,357		**9,913**	

1 Return on quarterly weighted investments (market values) in % p.a. 2 Including impact from unit-linked business. 2013: €400m (0.5%-points). 2012: €603m. Q4 2013: €159m (0.7%-points).

Investment result by segment

Munich RE

Investment result – Primary insurance – Health (€m) | Q4 2013 (€m)

	2013	Return[1]	2012	Return[1]	Q4 2013	Return[1]
Regular income	**1,503**	**4.0%**	1,418	4.1%	370	3.9%
Write-ups/write-downs	**–48**	**–0.1%**	7	0.0%	–20	–0.2%
Disposal gains/losses	**–50**	**–0.1%**	–115	–0.3%	–3	0.0%
Other income/expenses	**–84**	**–0.3%**	–65	–0.2%	–27	–0.3%
Investment result	**1,321**	**3.5%**	**1,245**	**3.6%**	**320**	**3.4%**
Average market value	**37,387**		34,773		**37,582**	

Investment result – Munich Health (€m) | Q4 2013 (€m)

	2013	Return[1]	2012	Return[1]	Q4 2013	Return[1]
Regular income	**89**	**2.3%**	123	2.9%	22	2.4%
Write-ups/write-downs	**8**	**0.2%**	–13	–0.3%	–1	–0.1%
Disposal gains/losses	**3**	**0.1%**	12	0.3%	9	1.0%
Other income/expenses	**–5**	**–0.1%**	–7	–0.2%	–2	–0.2%
Investment result	**95**	**2.5%**	**115**	**2.7%**	**28**	**3.1%**
Average market value	**3,817**		4,286		**3,646**	

1 Return on quarterly weighted investments (market values) in % p.a.

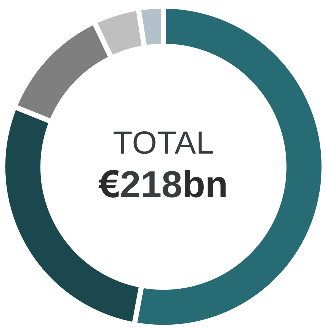
Investment portfolio
Fixed-interest securities and miscellaneous

Munich RE

Investment portfolio %

Miscellaneous
11.8 (10.0)

Fixed-interest securities
52.9 (55.7)



Loans
28.2 (28.2)

Fixed-interest securities[1] %

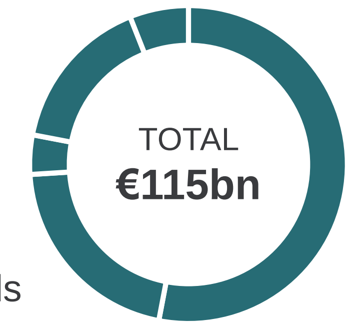
Structured products
6 (6)

Governments/
Semi-government
53 (55)

Corporates
16 (15)

Banks
4 (3)

Pfandbriefe/
Covered bonds
21 (21)



Miscellaneous %

Other
9 (9)

Deposits on
reinsurance
38 (40)

Derivatives
5 (6)

Investment
funds
10 (8)

Bank deposits
12 (11)

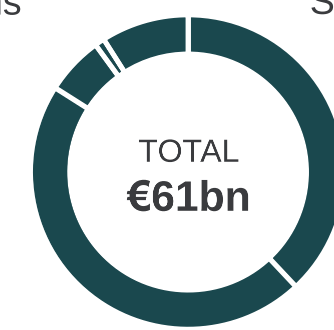
Unit-linked
26 (26)

Loans[1] %

Loans to policyholders/
Mortgage loans
9 (9)

Governments/
Semi-government
38 (38)

Corporates
1 (0)



Pfandbriefe/
Covered bonds
46 (46)

Banks
6 (7)

[1] Approximation – not fully comparable with IFRS figures. Fair values as at 31.12.2013 (31.12.2012).

Fixed-income portfolio Total

Fixed-income portfolio %

Loans to policyholders/ Mortgage loans
3 (3)

Governments/ Semi-government
46 (48)

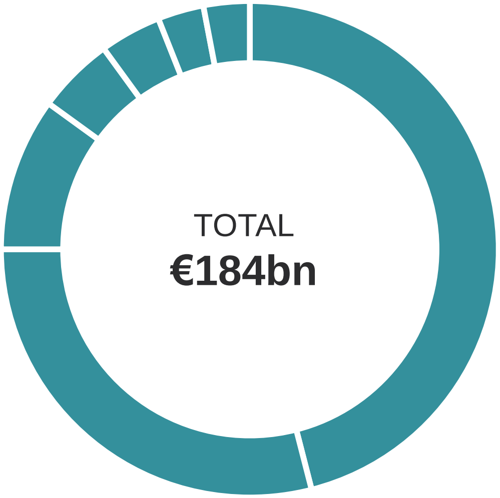
Bank bonds
3 (3)

Structured products
4 (4)

Cash/Other
5 (4)

Corporate bonds
10 (10)

Pfandbriefe/ Covered bonds
29 (28)



Approximation – not fully comparable with IFRS figures. Fair values as at 31.12.2013 (31.12.2012).

Fixed-income portfolio Total

Munich RE

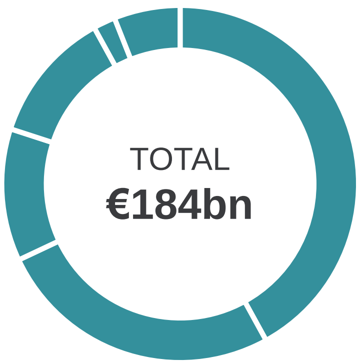
Rating structure %

<BB and NR
6 (6)

BB
2 (1)

BBB
12 (9)

A
12 (12)



AAA
42 (48)

AA
26 (24)

Maturity structure %

n.a.
2 (2)

>10 years
31 (34)

7–10 years
14 (14)

0–1 years
9 (9)

1–3 years
16 (15)

3–5 years
15 (15)

5–7 years
13 (11)

Regional breakdown %

	Without policyholder participation	With policyholder participation	Total **31.12. 2013**	Total 31.12. 2012
Germany	5.1	27.1	**32.2**	33.4
US	12.5	1.2	**13.7**	15.2
France	2.4	5.5	**7.9**	7.6
UK	3.5	2.9	**6.4**	6.9
Netherlands	1.9	2.9	**4.8**	4.6
Canada	3.4	0.1	**3.5**	4.0
Supra-nationals	0.9	2.4	**3.3**	2.8
Spain	0.9	1.9	**2.8**	2.4
Ireland	1.0	1.7	**2.7**	2.2
Italy	0.9	1.8	**2.7**	2.1
Austria	0.6	2.1	**2.7**	2.5
Other	9.2	8.1	**17.3**	16.3
Total	**42.3**	**57.7**	**100.0**	100.0

Approximation – not fully comparable with IFRS figures. Fair values as at 31.12.2013 (31.12.2012).

Fixed-income portfolio Governments/Semi-government

Rating structure %

Maturity structure %

Regional breakdown %

	Without policyholder participation	With policyholder participation	**Total 31.12. 2013**	Total 31.12. 2012
Germany	5.5	27.5	**33.0**	34.0
US	13.3	0.6	**13.9**	16.4
Supra-nationals	2.0	5.2	**7.2**	5.8
Canada	5.7	0.2	**5.9**	6.6
UK	4.3	0.2	**4.5**	5.2
Austria	1.0	2.9	**3.9**	3.6
Italy	0.9	2.8	**3.7**	2.8
France	1.8	1.8	**3.6**	3.4
Belgium	0.8	2.2	**3.0**	2.3
Spain	0.8	1.1	**1.9**	1.3
Ireland	0.4	1.3	**1.7**	1.2
Other	13.2	4.5	**17.7**	17.4
Total	**49.7**	**50.3**	**100.0**	100.0

Fixed-income portfolio
Pfandbriefe/Covered bonds

Munich RE

Rating structure %

BBB
4 (2)

A
9 (7)

AA
26 (27)

AAA
61 (64)

Regional breakdown %

	31.12.2013	31.12.2012
Germany	**36.2**	38.2
France	**18.0**	17.2
UK	**9.1**	9.8
Netherlands	**6.7**	6.9
Sweden	**6.0**	6.3
Spain	**5.6**	5.0
Norway	**5.6**	5.3
Ireland	**3.2**	2.7
Italy	**0.7**	0.3
Other	**8.9**	8.3

Maturity structure %

>10 years
38 (41)

7–10 years
19 (18)

0–1 years
4 (5)

1–3 years
13 (11)

3–5 years
13 (15)

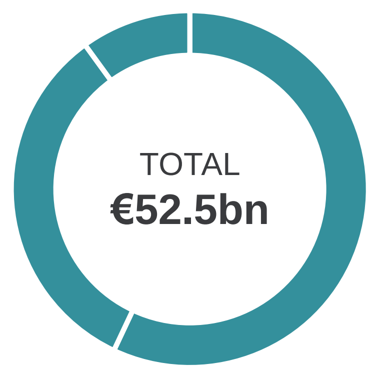
5–7 years
13 (10)

Covered pools %

Mixed and other
10 (10)

Mortgage
57 (56)

Public
33 (34)

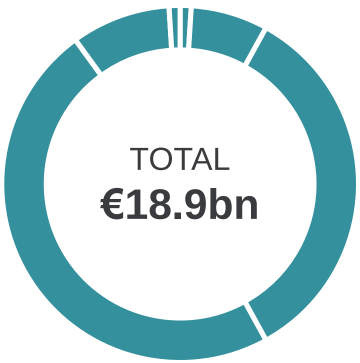


Approximation – not fully comparable with IFRS figures. Fair values as at 31.12.2013 (31.12.2012).

Fixed-income portfolio
Corporate bonds (excluding bank bonds)

Munich RE

Rating structure %



Maturity structure %

Sector breakdown %

	31.12.2013	31.12.2012
Utilities	**19.7**	18.8
Industrial goods and services	**13.2**	12.9
Oil and gas	**12.2**	12.8
Telecommunications	**10.0**	9.7
Healthcare	**6.2**	6.6
Food and beverages	**5.3**	6.3
Technology	**4.7**	4.7
Financial services	**4.4**	3.6
Media	**4.4**	5.6
Retail	**3.4**	3.7
Basic resources	**3.2**	2.9
Chemicals	**2.8**	2.8
Automobiles	**2.8**	3.0
Other	**7.7**	6.6

Approximation – not fully comparable with IFRS figures. Fair values as at 30.9.2013 (31.12.2012).

Fixed-income portfolio
Structured products

Munich RE

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

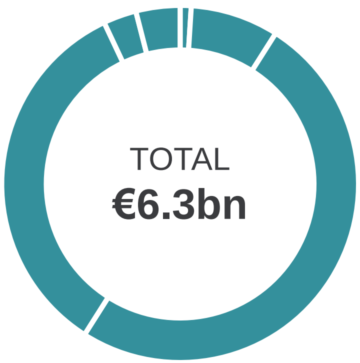
€m

		Rating						Region			
		AAA	AA	A	BBB	<BBB	NR	USA + RoW	Europe	**Total**	Market-to-par
ABS	Consumer-related ABS[1]	308	283	201	60	4	–	280	576	**856**	101%
	Corporate-related ABS[2]	103	135	225	111	9	–	–	583	**583**	100%
	Subprime HEL	–	3	2	3	–	–	8	–	**8**	100%
CDO/ CLN	Subprime-related	–	–	–	–	–	–	–	–	**–**	0%
	Non-subprime-related	431	363	218	66	–	60	283	855	**1,138**	96%
MBS	Agency	1,794	83	–	–	–	–	1,877	–	**1,877**	103%
	Non-agency prime	449	270	286	48	12	–	43	1,022	**1,065**	99%
	Non-agency other (not subprime)	139	84	34	2	–	–	15	244	**259**	100%
	Commercial MBS	651	132	327	92	134	3	639	700	**1,339**	101%
	Total 31.12.2013	**3,875**	**1,353**	**1,293**	**382**	**159**	**63**	**3,145**	**3,980**	**7,125**	99%
	In %	**55%**	**19%**	**18%**	**5%**	**2%**	**1%**	**44%**	**56%**	**100%**	
	Total 31.12.2012	4,617	916	1,508	380	30	32	3,897	3,586	7,483	101%

1 Consumer loans, auto, credit cards, student loans.
2 Asset-backed CPs, business and corporate loans, commercial equipment.
Approximation – not fully comparable with IFRS figures. Fair values as at 30.9.2013.

Fixed-income portfolio
Bank bonds

Rating structure %

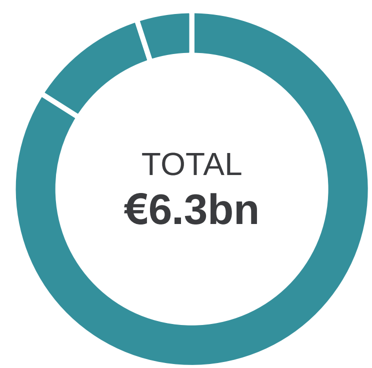


Regional breakdown %

	31.12.2013	31.12.2012
Germany	**34.7**	39.4
US	**29.6**	27.9
UK	**10.2**	10.4
Ireland	**5.4**	3.9
Canada	**3.6**	3.7
Australia	**3.5**	3.4
Austria	**2.7**	3.1
Jersey	**2.1**	2.2
France	**1.9**	1.7
Other	**6.3**	3.4

Maturity structure %

Investment category of bank bonds %



[1] Classified as Tier 1 and upper Tier 2 capital for solvency purposes. [2] Classified as lower Tier 2 and Tier 3 capital for solvency purposes. Approximation – not fully comparable with IFRS figures.
Fair values as at 31.12.2013 (31.12.2012).

Fixed-income portfolio
Bank bonds

Munich RE

Senior, subordinated and loss-bearing bonds exposure by country €m

Country	Senior bonds	Subordinated bonds	Loss-bearing bonds	**Total**
Germany	1,633	296	258	**2,187**
US	1,620	225	19	**1,864**
UK	580	55	8	**643**
Ireland	339	–	–	**339**
Canada	209	9	9	**227**
Australia	218	–	–	**218**
Austria	115	38	18	**171**
Jersey	119	9	2	**130**
France	107	12	–	**119**
Italy	61	4	–	**65**
Spain	21	–	1	**22**
Other	280	25	9	**314**
Total	**5,302**	**673**	**324**	**6,299**

Approximation – not fully comparable with IFRS figures. Fair values as at 31.12.2013 (31.12.2012).

Sensitivities to interest rates, spreads and equity markets

Munich RE

Sensitivity to risk-free interest rates – Basis points	**–50**	**–25**	**+50**	**+100**
Change in gross market value (€bn)	+6.4	+3.1	–5.8	–11.1
Change in on-balance-sheet reserves, net (€bn)[1]	+1.5	+0.7	–1.4	–2.7
Change in off-balance-sheet reserves, net (€bn)[1]	+0.4	+0.2	–0.3	–0.6
P&L impact (€bn)[1]	–0.1	–0.0	+0.1	+0.2

Sensitivity to spreads[2] (change in basis points)	**+50**	**+100**
Change in gross market value (€bn)	–4.2	–8.0
Change in on-balance-sheet reserves, net (€bn)[1]	–0.9	–1.7
Change in off-balance-sheet reserves, net (€bn)[1]	–0.2	–0.4
P&L impact (€bn)[1]	+0.0	+0.1

Sensitivity to equity and commodity markets[3]	**–30%**	**–10%**	**+10%**	**+30%**
EURO STOXX 50 (3,109 as at 31.12.2013)	**2,176**	**2,798**	**3,420**	**4,042**
Change in gross market value (€bn)	–3.7	–1.2	+1.2	+3.8
Change in on-balance-sheet reserves, net (€bn)[1]	–1.0	–0.5	+0.7	+2.2
Change in off-balance-sheet reserves, net (€bn)[1]	–0.6	–0.2	+0.2	+0.7
P&L impact (€bn)[1]	–1.5	–0.4	+0.1	+0.3

1 Rough calculation with limited reliability assuming unchanged portfolio as at 31.12.2013. 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)

Munich RE

€m	31.12. 2010	31.12. 2011	31.12. 2012	30.9. 2013	**31.12. 2013**
Market value of investments	196,398	207,108	224,537	218,911	**217,738**
Total reserves	**7,374**	**11,236**	**22,478**	**16,117**	**15,192**
On-balance-sheet reserves					
Fixed-interest securities	2,201	4,892	9,980	5,473	**4,661**
Non-fixed-interest securities	1,634	693	1,503	1,728	**1,975**
Other on-balance-sheet reserves[1]	249	250	291	280	**292**
Subtotal	**4,084**	**5,835**	**11,774**	**7,481**	**6,928**
Off-balance-sheet reserves					
Real estate[2]	1,425	1,435	1,519	1,582	**1,763**
Loans and investments (held to maturity)	1,554	3,633	8,831	6,650	**6,071**
Associates and tangible assets	311	333	354	404	**430**
Subtotal	**3,290**	**5,401**	**10,704**	**8,636**	**8,264**
Reserve ratio (%)	3.8%	5.4%	10.0%	7.4%	**7.0%**

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

On-balance-sheet reserves

Munich RE

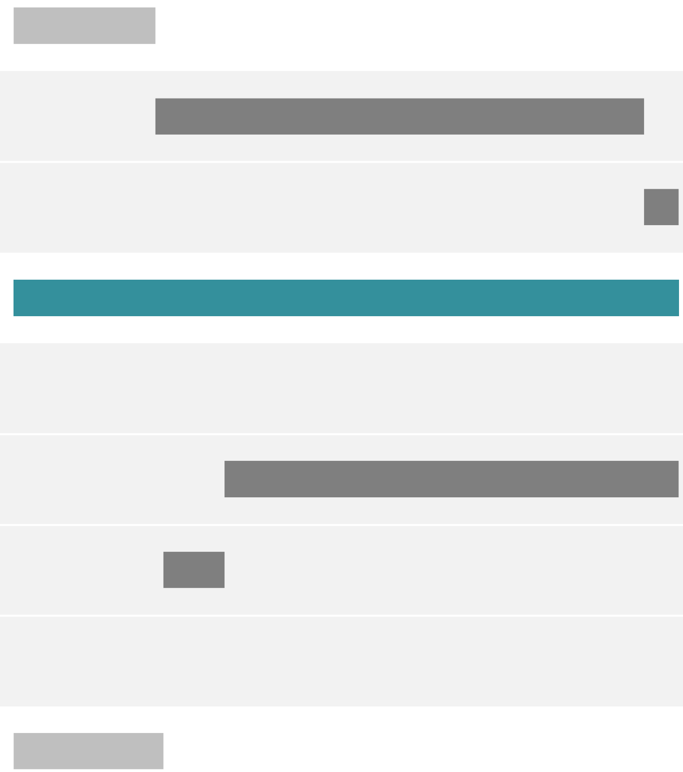
On-balance-sheet reserves €m

	2013	Change Q4
Investments afs	6,636	–565
Valuation at equity	100	21
Unconsolidated affiliated enterprises	158	–10
Cash flow hedging	34	1
Total on-balance-sheet reserves (gross)	**6,928**	–553
Provision for deferred premium refunds	–2,786	48
Deferred tax	–798	209
Minority interests	–8	0
Consolidation and currency effects	35	13
Shareholders' stake	**3,371**	–283

Off-balance-sheet reserves

Munich RE

Off-balance-sheet reserves	2013	Change Q4 (€m)
Real estate[1]	1,763	181
Loans and investments (held to maturity)	6,071	–579
Associates and tangible assets	430	26
Total off-balance-sheet reserves (gross)	**8,264**	–372
As if		
Provision for deferred premium refunds	–5,642	444
Deferred tax	–758	–18
Minority interests	0	0
Shareholders' stake	**1,864**	54



[1] Excluding reserves for owner-occupied property.

Summary of economic capital disclosure

Munich RE

Position as at 31 December 2013 — €bn

	Capital with Solvency II calibration	Additional 75% buffer	**31.12.2013**	31.12.2012
Available financial resources (AFR)			**38.2**	36.5
Economic risk capital[1]	13.5	10.2	**23.7**	27.3
Economic capital buffer			**14.5**	9.2
Capital buffer under Solvency II calibration			**24.7**	20.9
Economic capital buffer after share buy-back and dividends[2]			**12.5**	7.9
Capital buffer after share buy-back and dividends[2] under Solvency II calibration			**22.7**	19.6

Strong capitalisation: Economic capital buffer of €12.5bn[2] according to internal model and €22.7bn[2] applying Solvency II risk tolerance

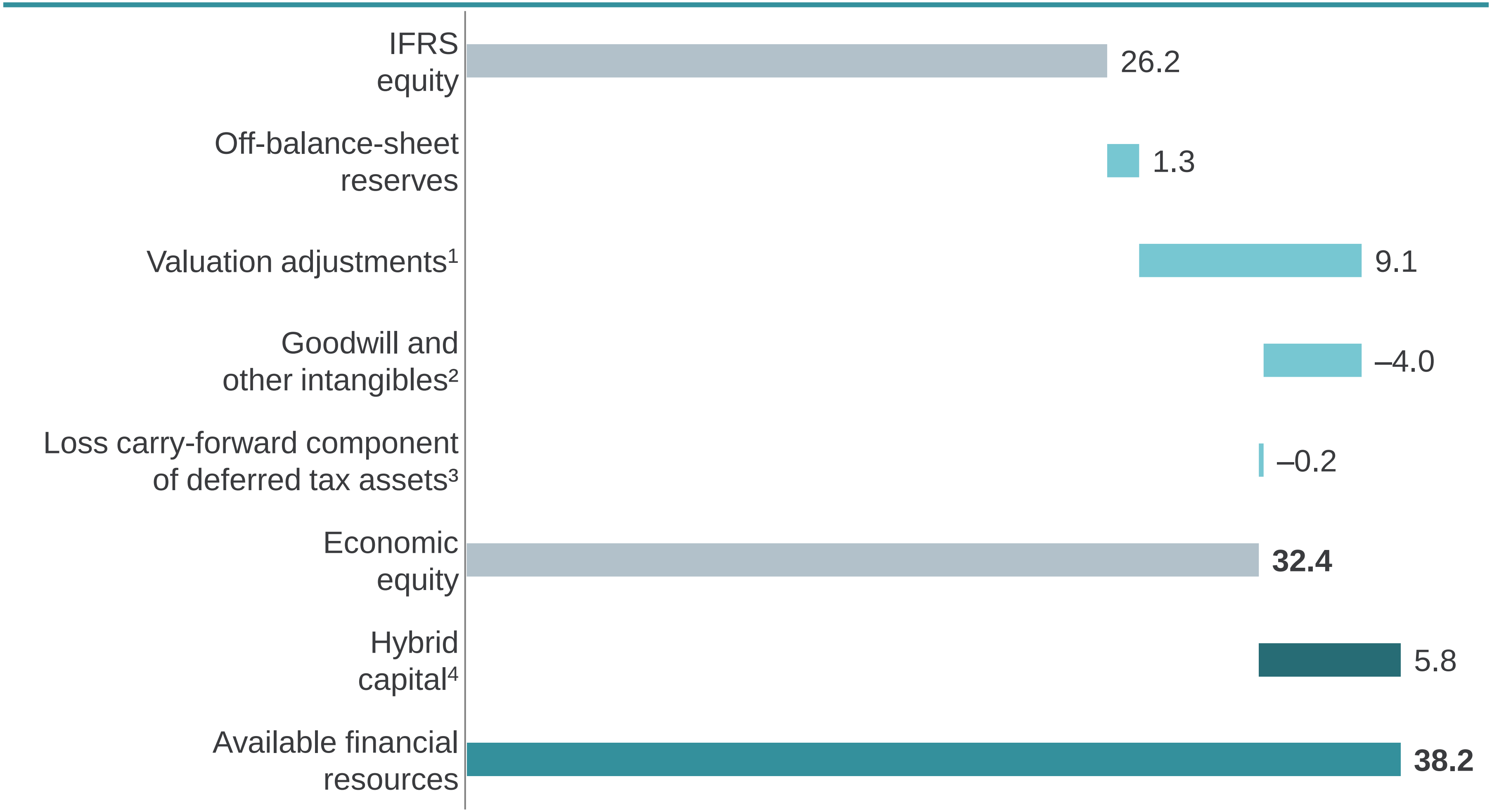
[1] Solvency II capital based on VaR 99.5%, Munich Re internal risk model based on 175% of Solvency II capital. [2] After announced dividend payout of ~€1.3bn for 2013 to be paid in April 2014 and outstanding share buy-backs of ~€0.7bn.

Reconciliation of AFR with IFRS equity

Munich RE

Reconciliation of AFR with IFRS equity

€bn



[1] Includes discount of reserves, embedded value not recognised in IFRS equity and change in P-C reserve basis: claims payments projected using actuarial methods. [2] Deduction net of tax effects. [3] Deduction only of the amount not covered by excess of deferred tax liabilities on single-entity level and US tax group respectively. [4] Including funds financing new business.

Composition of economic earnings

Munich RE

Risk category €bn	ERC 1.1.2013	ΔAFR 2013 Rough estimates	Explanation
Equity	5.7	**+0.8**	Gains on equity investments
Credit	6.7	**+0.2**	No material default
Interest rate	10.9	**+0.7**	Tightening of credit spreads and lower implied volatilities
Currency	1.9	**–1.2**	Mainly Can$ and US$
Technical result and new business[1]		**+4.2**	
AFR roll-forward[2] and other[3]		**–0.5**	
Economic earnings		**+4.2**	

Note: This table illustrates the impact of various risk factors on AFR (column ΔAFR), and compares this to the respective ERC, which gives an indication of what an extreme impact could have been.

Remarks

Market and credit risk

Relief in capital markets esp. in second half of 2013 lead to positive result, partially offset by balanced currency position suffering from euro strengthening

Insurance risk

Good technical result in property-casualty reinsurance and new business in life reinsurance

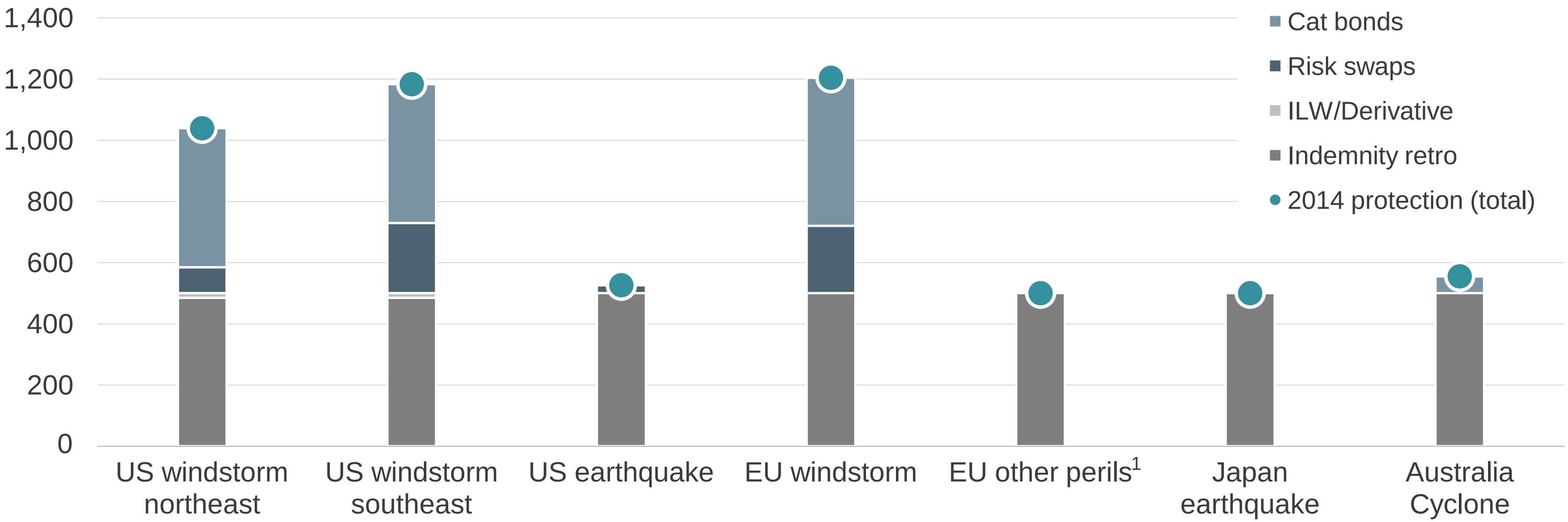
Satisfactory technical results and favourable interest-rate environment

1 Includes unwind of market value margin, P-C result, Life VANB, experience variances, assumption changes.
2 Investment return on AFR.
3 Includes MCEV model changes.

Munich Re's maximum in-force nat cat protection

Munich RE

Munich Re's maximum in-force nat cat protection €m



Expansion of indemnity retro placement to €500m

Broadening of territorial scope of retro protection

Australia cyclone protected in most recently issued Queen Street cat bond

Purchase of nat cat protection for 2014 increased opportunistically

As at January 2014. Protection before reinstatement premiums.
[1] Earthquake Europe, including Turkey.

MCEV result sees strong recovery in 2013

Munich RE

MCEV – Primary insurance

€m

MCEV 31.12.2012	**2,728**
Opening adjustments	–247
Adjusted MCEV 31.12.2012	**2,482**
Operating MCEV earnings	**2,175**
Economic variances	1,132
Other non-operating variance	0
Total MCEV earnings	**3,308**
MCEV before closing adjustments	**5,789**
Closing adjustments	160
MCEV 31.12.2013	**5,949**

Value of new business	213
Expected return	95
Experience variances	200
Assumption changes	1,963
Other operating variance	–295
Operating MCEV earnings	**2,175**

Main drivers

Positive effect due to tightened credit spreads and higher interest rates

Review of assumptions led to positive operating MCEV earnings, mainly driven by changes in dynamic policyholder behaviour

Increased value of new business in life business

MCEV result 2013

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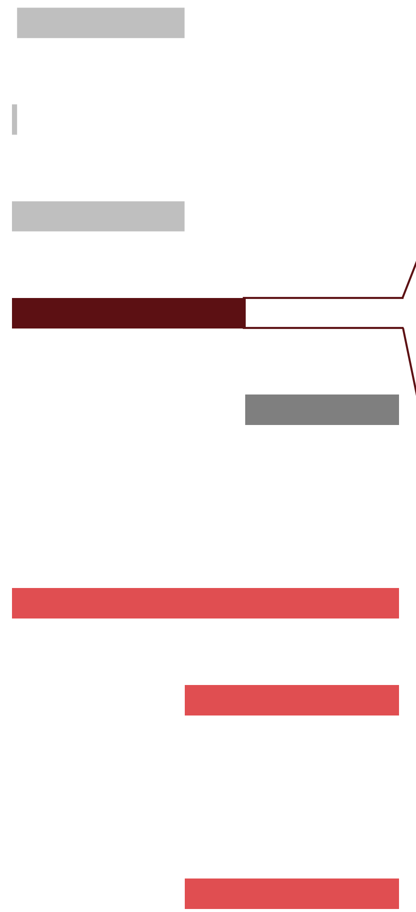
MCEV – Primary insurance – German life €m

MCEV 31.12.2012	**–970**
Opening adjustments	–29
Adjusted MCEV 31.12.2012	**–999**
Operating MCEV earnings	**1,352**
Economic variances	887
Other non-operating variance	0
Total MCEV earnings	**2,238**
MCEV before closing adjustments	**1,239**
Closing adjustments	0
MCEV 31.12.2013	**1,239**



Value of new business	44
Expected return	30
Experience variances	159
Assumption changes	1,318
Other operating variance	–199
Operating MCEV earnings	**1,352**

Backup: Primary insurance – Market Consistent Embedded Value 2013

MCEV result 2013

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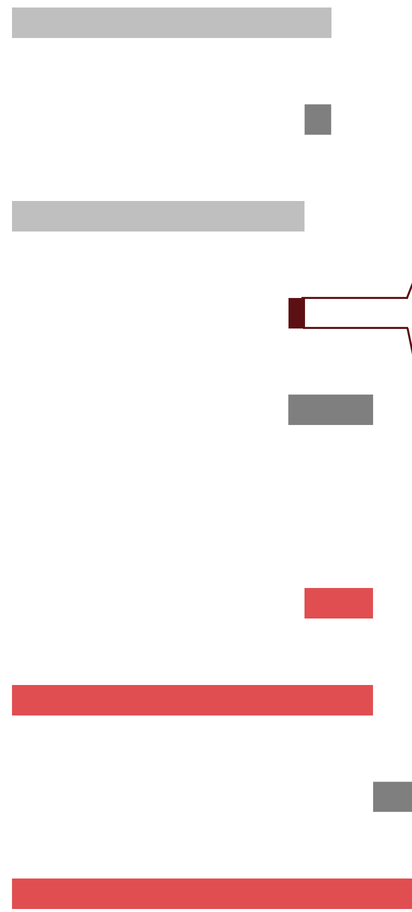
MCEV – Primary insurance – International life | €m

MCEV 31.12.2012	**1,229**
Opening adjustments	–102
Adjusted MCEV 31.12.2012	**1,127**
Operating MCEV earnings	**–63**
Economic variances	326
Other non-operating variance	0
Total MCEV earnings	**263**
MCEV before closing adjustments	**1,391**
Closing adjustments	160
MCEV 31.12.2013	**1,551**



Value of new business	85
Expected return	24
Experience variances	–85
Assumption changes	–104
Other operating variance	16
Operating MCEV earnings	**–63**

MCEV result 2013

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MCEV – Primary insurance – Health €m

MCEV 31.12.2012	**2,468**
Opening adjustments	–115
Adjusted MCEV 31.12.2012	**2,353**
Operating MCEV earnings	**887**
Economic variances	–81
Other non-operating variance	0
Total MCEV earnings	**806**
MCEV before closing adjustments	**3,159**
Closing adjustments	0
MCEV 31.12.2013	**3,159**

Value of new business	84
Expected return	41
Experience variances	125
Assumption changes	749
Other operating variance	–112
Operating MCEV earnings	**887**

Sensitivities of MCEV

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€m	Reinsurance			Primary insurance		
	MCEV	Change in €m	Change in %	**MCEV**	Change in €m	Change in %
Base case	**9,382**			**5,949**		
Interest rates –100bp	**9,817**	435	4.6	**4,223**	–1,727	–29.0
Interest rates +100bp	**8,961**	–421	–4.5	**7,178**	1,229	20.7
Equity/property values –10%	**9,374**	–8	–0.1	**5,745**	–205	–3.4
Equity/property-implied volatilities +25%	**9,371**	–12	–0.1	**5,881**	–68	–1.1
Swaption-implied volatilities +25%	**9,374**	-8	–0.1	**6,160**	210	3.5
Illiquidity premium 10bp	**9,421**	39	0.4	**6,275**	326	5.5
Maintenance expenses –10%	**9,487**	104	1.1	**6,010**	60	1.0
Lapse rates –10%	**9,675**	292	3.1	**5,909**	–40	–0.7
Lapse rates +10%	**9,130**	–252	–2.7	**5,987**	37	0.6
Mortality/morbidity (life business) –5%	**11,130**	1,748	18.6	**6,019**	70	1.2
Mortality (annuity business) –5%	**9,302**	–80	–0.9	**5,856**	–93	–1.6
No mortality improvements (life business)	**5,251**	–4,131	–44.0	**5,900**	–50	–0.8
Solvency II yield curve	**9,428**	45	0.5	**6,842**	893	15.0

Sensitivities of value of new business

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€m	Reinsurance			Primary insurance		
	VNB	Change in €m	Change in %	VNB	Change in €m	Change in %
Base case	**577**			**213**		
Interest rates –100bp	**627**	50	8.7	**142**	–71	–33.5
Interest rates +100bp	**525**	–53	–9.1	**233**	20	9.6
Equity/property values –10%	**577**	0	0.0	**211**	–2	–0.8
Equity/property-implied volatilities +25%	**578**	0	0.1	**214**	1	0.5
Swaption-implied volatilities +25%	**578**	0	0.1	**211**	–2	–0.8
Illiquidity premium 10bp	**573**	–5	–0.8	**213**	0	0.1
Maintenance expenses –10%	**589**	12	2.1	**218**	5	2.5
Lapse rates –10%	**657**	79	13.8	**223**	11	5.1
Lapse rates +10%	**511**	–66	–11.4	**204**	–8	–4.0
Mortality/morbidity (life business) –5%	**710**	133	23.0	**216**	3	1.5
Mortality (annuity business) –5%	**563**	–14	–2.5	**213**	0	0.0
No mortality improvements (life business)	**293**	–285	–49.3	**208**	–5	–2.2
Solvency II yield curve	**573**	–5	–0.8	**241**	28	13.2

IFRS uplift

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Reinsurance — €m

31.12.2012

Value not recognised in IFRS equity (IFRS uplift)

IFRS equity	6,653	
MCEV	10,616	3,963

31.12.2013

IFRS equity	**5,527**	
MCEV	**9,382**	**3,855**

Primary insurance — €m

31.12.2012

Value not recognised in IFRS equity (IFRS uplift)

IFRS equity	4,175	
MCEV	2,728	–1,447

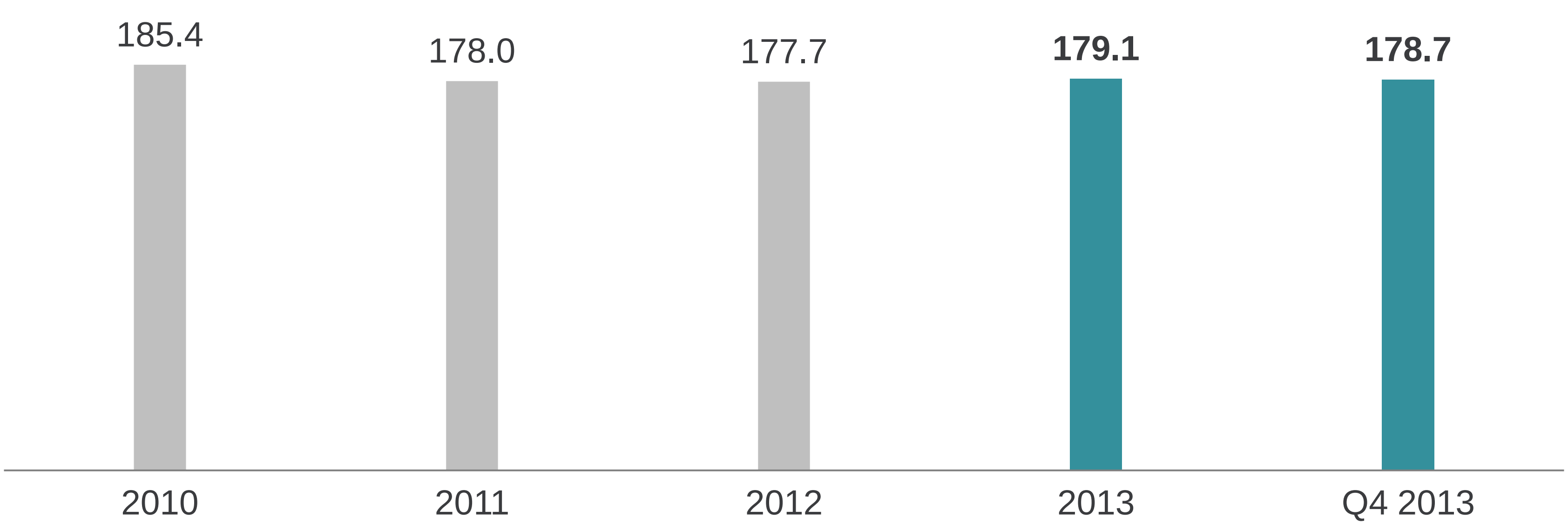
31.12.2013

IFRS equity	**3,947**	
MCEV	**5,949**	**2,002**

Development of shares in circulation

Shares millions	31.12. 2012	Acquisition of own shares in 2013	Retirement of own shares in 2013	**31.12. 2013**
Shares in circulation	178.5	–1.1	–	**177.4**
Own shares held	0.8	1.1	–	**1.9**
Total	**179.3**	**–**	**–**	**179.3**

Weighted average number of shares in circulation (millions)



Financial calendar

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FINANCIAL CALENDAR

26 March 2014	Morgan Stanley "European Financials Conference", London
30 April 2014	Annual General Meeting, ICM – International Congress Center Munich, Trade Fair Center, Munich
8 May 2014	Interim report as at 31 March 2014
27 May 2014	Deutsche Bank "Global Financial Services Investor Conference", New York
21 July 2014	Analysts' / Investor Briefing
7 August 2014	Interim report as at 30 June 2014, half-year press conference
6 November 2014	Interim report as at 30 September 2014

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Figures up to 2010 are shown on a partly consolidated basis.
"Partly consolidated" means before elimination of intra-Group transactions across segments.