



# Strong balance sheet – Strong returns

Analysts' conference 2014

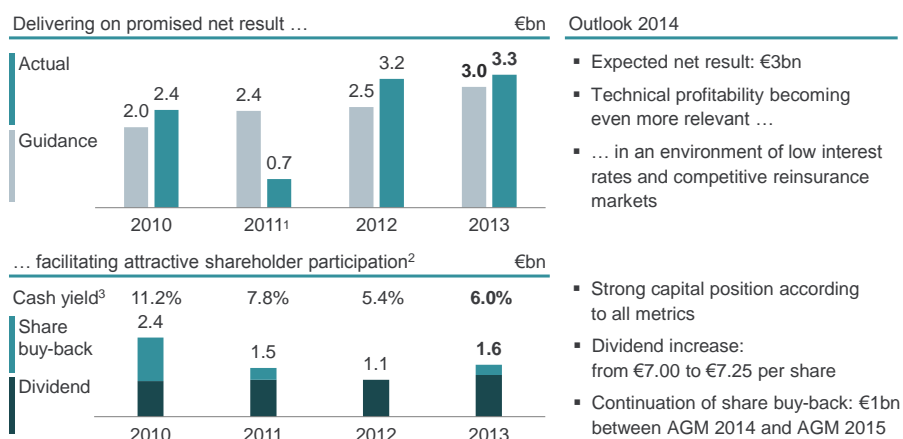
Munich, 20 March 2014

## Agenda

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## Strong balance sheet – Strong returns

## Delivering on our promise, reliable for shareholders ...



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

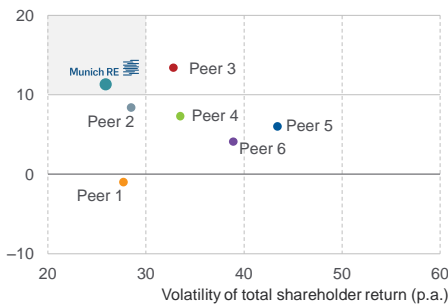
<sup>1</sup> Assuming normal nat cat claims based on 8.5% budget, net result would have exceeded guidance.  
<sup>2</sup> Cash-flow view. <sup>3</sup> Total payout (dividend and buy-back) divided by average market capitalisation.

Strong balance sheet – Strong returns  
... resulting in stable long-term shareholder returns  
throughout different market phases



Attractive risk/return profile<sup>1</sup> ... %

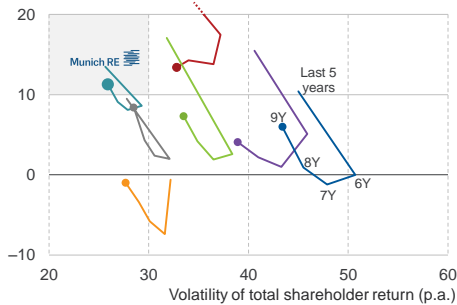
Total shareholder return (p.a.)



Below-average volatility leading to lower cost of capital

... throughout multiple time periods<sup>2</sup> %

Total shareholder return (p.a.)



Performing well – irrespective of fluctuations in the capital markets

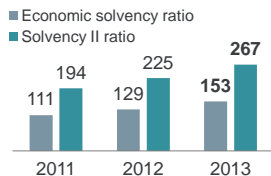
Munich Re shareholders enjoy attractive returns with comparatively low volatility

<sup>1</sup> 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. <sup>2</sup> Same calculation as left chart with different starting points until 31.12.2013.

Strong balance sheet – Strong returns  
Stability reflected in solid financial position



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
2011	2.3
2012	3.4
2013	3.7

Strong capitalisation according to all metrics facilitating financial flexibility

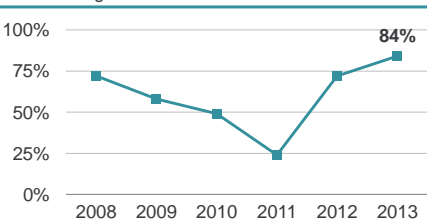
<sup>1</sup> German statutory accounting standards.

Strong balance sheet – Strong returns

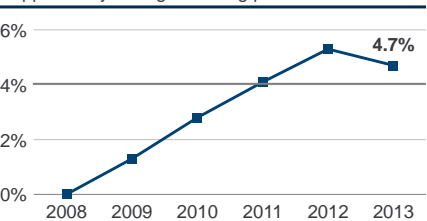
Low interest rates – Technical profitability becoming even more relevant



Increasing earnings contribution from underwriting<sup>1</sup>



Run-off result<sup>2</sup>: Profitability in p-c reinsurance supported by strong reserving position



Low sensitivity to interest-rate changes	Net DV01 <sup>3</sup>		IFRS net result <sup>4</sup>	
		€m		€bn
	Reinsurance	-7.7	+100bps	0.2
	Primary insurance	10.3	+50bps	0.1
	Munich Re (Group)	2.6	-50bps	-0.1

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

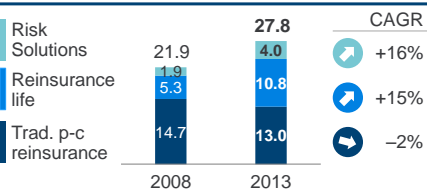
<sup>1</sup> Contribution of technical result as a percentage of operating result. <sup>2</sup> Run-off result in % of net earned premiums in property-casualty reinsurance (incl. large losses). <sup>3</sup> As at 31.12.2013. Net DV01: Sensitivity to parallel upward shift of yield curve by one basis point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

Strong balance sheet – Strong returns

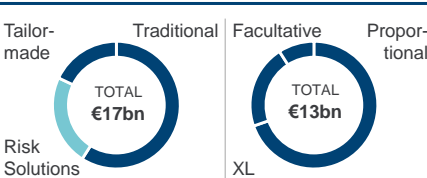
Reinsurance – Competitive environment in property-casualty following increasing supply of capacity



Structural increase of business diversification<sup>1</sup> €bn



Property-casualty – Diversified business portfolio<sup>1</sup>



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

<sup>1</sup> Gross premiums written.

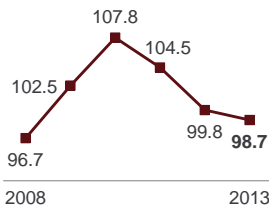


Strong balance sheet – Strong returns

Primary insurance – Proactively tackling challenges

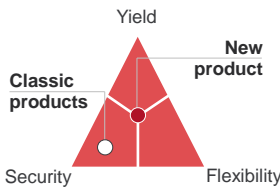


International – Combined ratio %



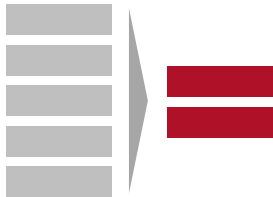
- Getting back to normal – Management measures bearing fruit, reflected in further improving technical profitability
- Combined ratio close to mid-term target of ~98%

German life – New product



- Successful introduction of new life product – Already making up ~50% of new business in private pensions<sup>1</sup>
- 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

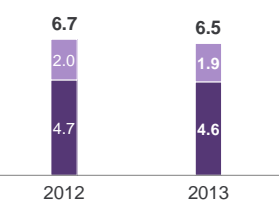
<sup>1</sup> Annual premium equivalent (APE), only third-layer private provision and tied agent organisations.

Strong balance sheet – Strong returns

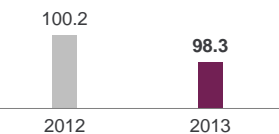
Munich Health – Key financials



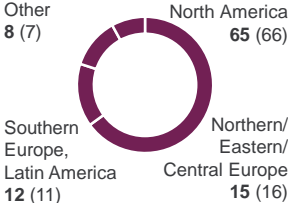
Gross premiums written €bn



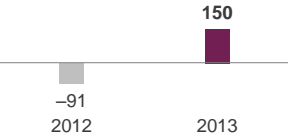
Combined ratio %



Regional premium breakdown<sup>1</sup> %



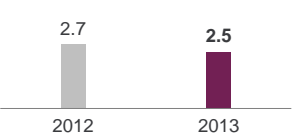
Net income €m



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

Return on investment %



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

<sup>1</sup> Gross premiums written as at 31.12.2013 (31.12.2012).

Strong balance sheet – Strong returns

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

Munich RE 

	Recent key findings	Management measures
<b>Excellence</b> Strengthen core capabilities	<b>Reinsurance</b> <ul style="list-style-type: none"> <li>Underwriting results too volatile</li> <li>Portfolio highly concentrated</li> </ul>	<ul style="list-style-type: none"> <li>Strengthen underwriting and client management capabilities in Europe and the US</li> <li>Foster international know-how exchange and intensify use of primary insurance capabilities for reinsurance</li> </ul>
<b>Execution</b> Manage downsides, improve effectiveness	<ul style="list-style-type: none"> <li>Missing scale in US primary insurance business</li> <li>High steering complexity</li> </ul>	<ul style="list-style-type: none"> <li>Sale of Windsor Health Group and revised US strategy focused on reinsurance</li> <li>Streamline organisational structure</li> </ul>
<b>Expansion</b> Realise prioritised growth opportunities	<ul style="list-style-type: none"> <li>Reinsurance: Limited growth</li> <li>Primary insurance: Limited attention on growth due to focus on turnaround challenges</li> </ul>	<ul style="list-style-type: none"> <li>Reinsurance: Focus on capital relief transactions</li> <li>Primary insurance: Expansion through leveraging existing platforms in emerging markets</li> </ul>

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

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Strong balance sheet – Strong returns

## Solvency II – Impact on the European insurance industry

Munich RE 

### 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**

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Strong balance sheet – Strong returns

## Outlook 2014



### Munich Re (Group)

GROSS PREMIUMS WRITTEN		RETURN ON INVESTMENT		NET RESULT	
2013	€51bn	2013	3.5%	2013	€3.3bn
Target 2014 <sup>1</sup>	~€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

### Munich Health

COMBINED RATIO	
2013	98.3%
Target 2014	~99%

NET RESULT	
2013	€150m
Target 2014	~€100m

<sup>1</sup> By segment: Reinsurance ~€28bn, primary insurance slightly above €16.5bn, Munich Health slightly above €5.5bn.

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## 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

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## All segments contributing to strong Group result

## Munich Re (Group) – FY 2013

NET RESULT  
**€3,342m** (€1,198m in Q4)

Delivering good net result supported by sound core business and low tax rate

SHAREHOLDERS' EQUITY  
**€26.2bn** (+1.4% vs. 30.9.)

Strong capital position according to all metrics allowing for dividend increase and share buy-back

INVESTMENT RESULT  
**Rol of 3.5%** (3.7% in Q4)

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

FY 2013 – Major drivers of difference between actual and expected net result<sup>1</sup>

€m

Net result (actual)	3,342	Reinsurance	Actual	Expected	Diff.
Taxes on income (actual)	+108	Rol	3.1%	~3.3%	-0.2%
Pre-tax profit	3,450	Average investments			82,269
Differences in the operating result		Difference			-165
Reinsurance: Investment result	-165	Reinsurance	Actual	Expected	Diff.
Reinsurance: Combined ratio	+308	Combined ratio	92.1%	~94%	-1.9%
Primary insurance: Combined ratio	-116	Net earned premiums			16,236
Primary insurance: Life tax refund <sup>2</sup>	-167	Difference			+308
Total difference	-140	Prim. insurance	Actual	Expected	Diff.
Total deviation from expected operating result	+140	Combined ratio	97.2%	~95%	+2.2%
FX losses	+310	Net earned premiums			5,260
Pre-tax profit adjusted for operating and FX deviation	3,900	Difference			-116
Tax (expectation: ~20%)	-780				
As-if net result adjusted for deviations	~3,100				

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

<sup>1</sup> 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.

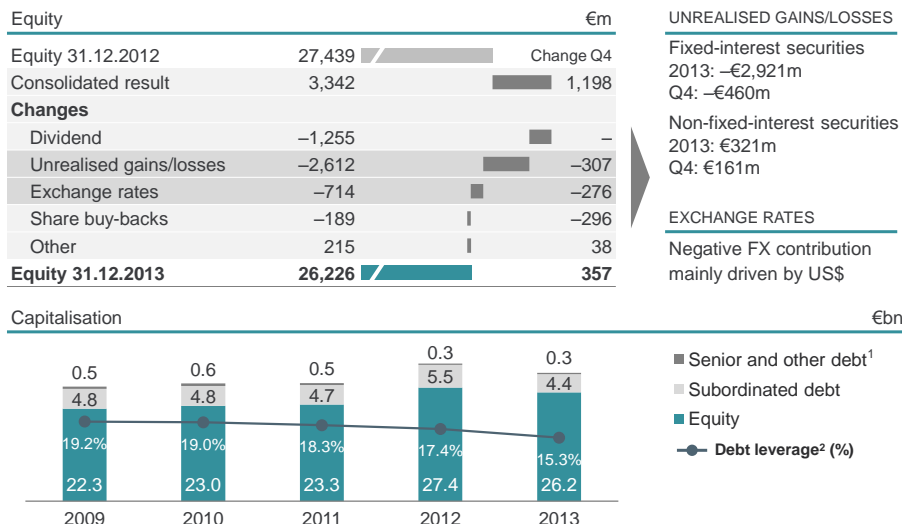
<sup>2</sup> Elimination of policyholder participation in tax refund. Assumption: ~85% of €197m tax refund from prior years.



Munich Re (Group) – Capitalisation

## Strong IFRS capital position

Munich RE

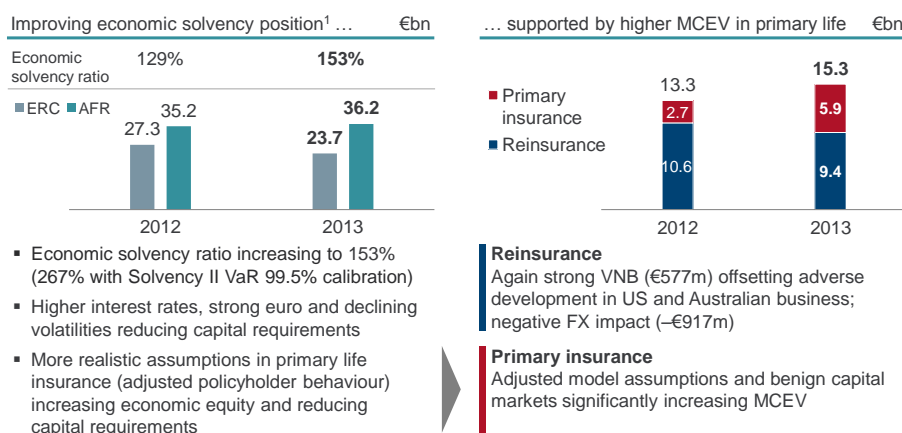


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Munich Re (Group) – Capitalisation

## Economic capital base further improved

Munich RE



## Very substantial economic capital buffer

<sup>1</sup> 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.

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Munich Re (Group) – Capitalisation – German GAAP (HGB)

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

Munich RE 

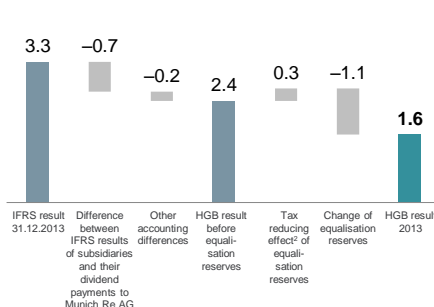
HGB earnings financing capital repatriation €bn



Average 2009–2013

-1.1 -0.5 1.8

Reconciliation IFRS to HGB result in 2013 €bn



Average 2009–2013

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

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

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Munich Re (Group) – Investment result

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

Munich RE 

Investment result

Mio. €

	2013	Return <sup>1</sup>	2012	Return <sup>1</sup>	Q4 2013	Return <sup>1</sup>
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 <sup>2</sup>	-230	-0.1%	21	0.0%	-18	0.0%
<b>Investment result</b>	<b>7,657</b>	<b>3.5%</b>	<b>8,442</b>	<b>3.9%</b>	<b>1,995</b>	<b>3.7%</b>

	Write-ups/write-downs	2013	2012	Disposal gains/losses	2013	2012
Regular income						
3-month average reinvestment yield increased to ~2.5% in Q4 2013 (~2.2% in Q4 2012)	Equities	-108	-23	Fixed-income	921	216
	Derivatives	-232	38	Equities	849	313
	t/o swaptions	-134	-23	Derivatives	-701	-210
	Other	-330	-144	Other	-10	11

### Pleasing investment result given low interest rates and moderate risk profile

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

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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

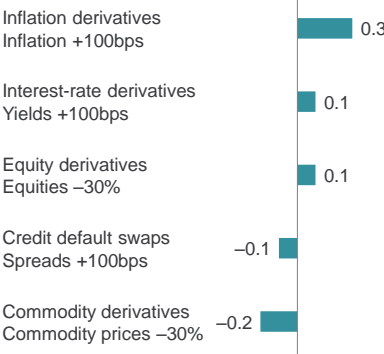


Accounting mismatch

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

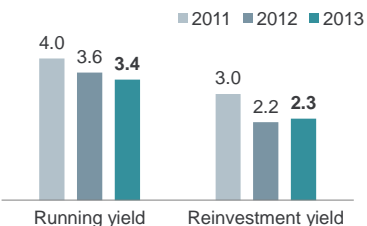


Accounting mismatch not jeopardising sustainable earnings generation

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

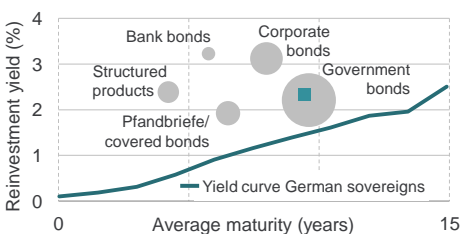


Running and reinvestment yield %



- 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<sup>1</sup>



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

<sup>1</sup> Bubble size reflecting reinvestment volume. Yield curve as at 31.12.2013.

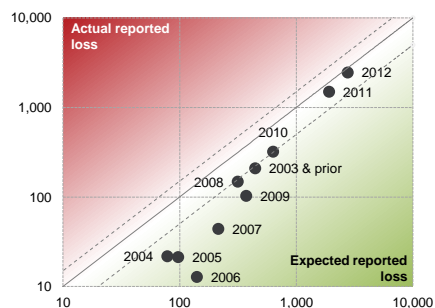
Munich Re (Group) – Reinsurance – Reserving position

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

Reinsurance group – Comparison of incremental expected losses with actual reported losses<sup>1</sup>

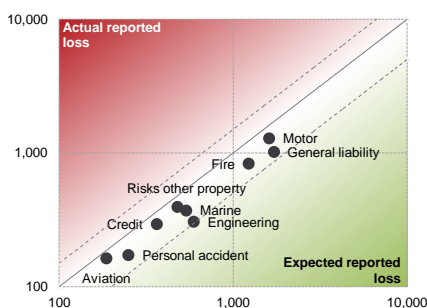
€m

By exposure year



**Legend:**  
 Green Actuals below expectation  
 Red Actuals above expectation

By line of business



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

### Actual losses consistently below actuarial expectations – Very strong reserve position

<sup>1</sup> 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).

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Munich Re (Group) – Reserves – Property-casualty – Group

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



Ultimate losses (adjusted to exchange rates as at 31.12.2013)

€m

Ultimate reduction

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

Reinsurance basic losses:  
 €845m – Main drivers

### Property

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

### Specialty<sup>2</sup>

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<sup>1</sup> €759m  
 Primary insurance €101m

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

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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



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 <sup>1</sup> 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

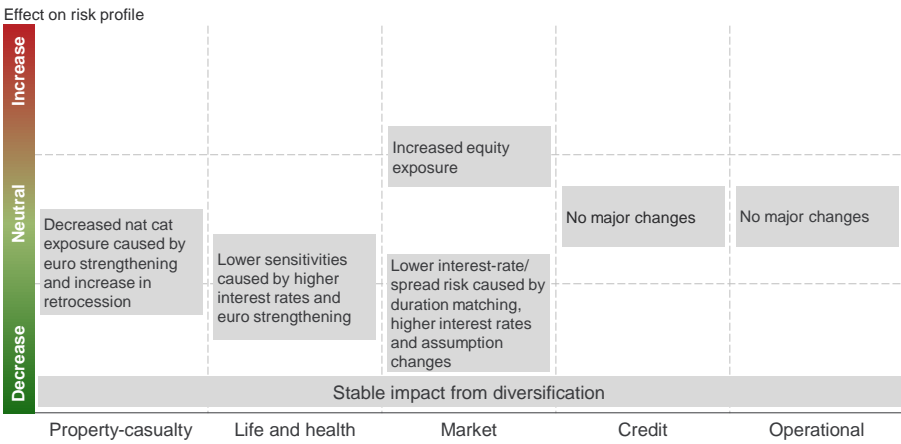
<sup>1</sup> Reinsurance property-casualty.

Agenda



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Munich Re (Group)	Jörg Schneider
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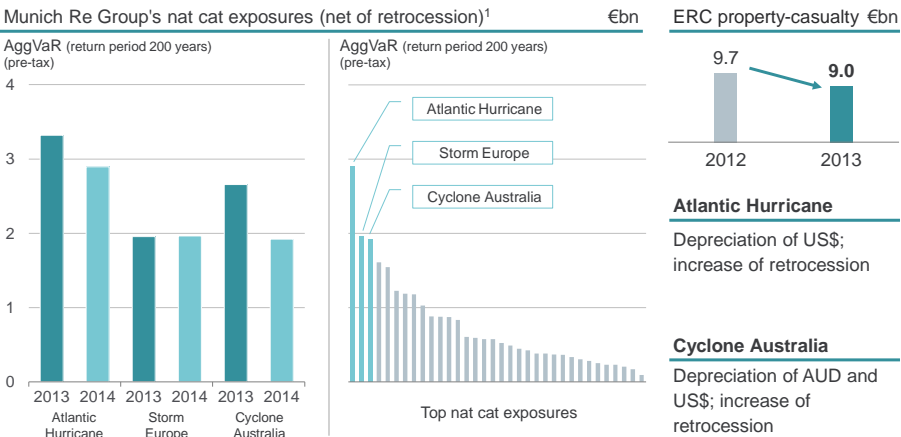
Risk management – Overview on changes of risk profile  
Major developments at Group level



Reduction in market risk leads to a more balanced risk profile



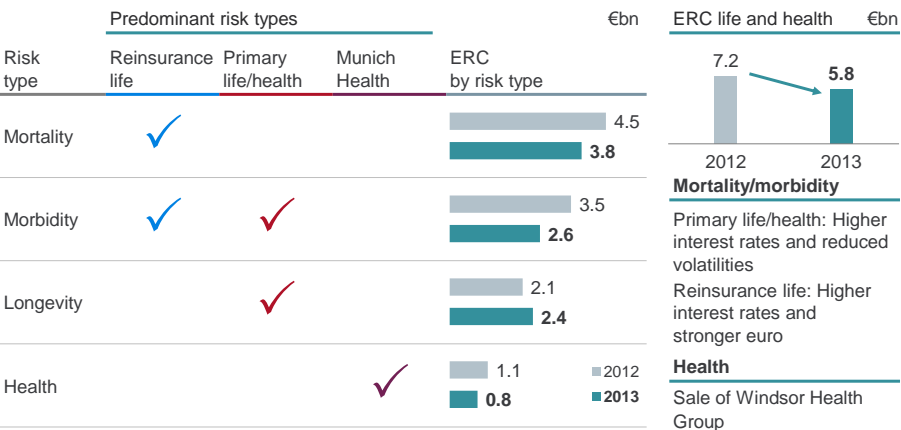
Property-casualty risks: Natural catastrophe exposure



Munich Re benefits from strong diversification between natural catastrophe risks

<sup>1</sup> Exposures relate to the full year, e.g. 2014 relates to the period from 1.1.2014 to 31.12.2014. Analysts' conference 2014 28

Life and health risks



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

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Risk management – Overview on changes of risk profile

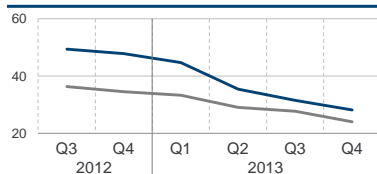
## Decrease in market risk driven by improved ALM and favourable market conditions

Munich RE 

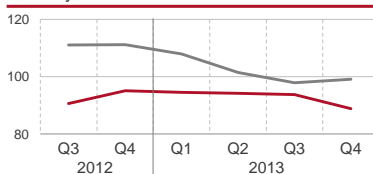
Risk category	Group		RI	PI	Div.	Explanation
Year-end €bn	2012	2013	2013	2013	2013	
Equity	5.7	6.5	5.0	1.5	±0.0	Higher net equity exposure (3.4% to 4.5%)
General interest rate	8.3	5.1	2.7	4.9	-2.5	Improved duration matching, favourable market conditions (increased interest rates, reduced implied volatilities) 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)
<b>Simple sum</b>	<b>24.1</b>	<b>20.1</b>	<b>12.2</b>	<b>11.2</b>	<b>-3.3</b>	
Diversification	-10.1	-8.5	-5.6	-4.1	-	Reduced diversification due to overall ERC decrease
<b>Total ERC</b>	<b>14.0</b>	<b>11.6</b>	<b>6.6</b>	<b>7.1</b>	<b>-2.1</b>	

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

### Reinsurance



### Primary insurance



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Risk management – Risk disclosure

## Group economic risk capital (ERC) Breakdown by risk category

Munich RE 

Economic risk capital – Breakdown by risk category							€bn	Development of Group ERC		€bn
Risk category	Group		RI	PI	MH	Div.				
	2012	2013	2013	2013	2013	2013				
Prop.-casualty <sup>1</sup>	9.7	9.0	8.9	0.6	0.0	-0.5		ERC 31.12.2012		27.3
Life and health	7.2	5.8	4.4	2.1	0.5	-1.2		Property-casualty risk		-0.7
Market	14.0	11.6	6.6	7.1	0.0	-2.1		Life and health risk		-1.4
Credit <sup>2</sup>	6.7	6.3	4.3	2.1	0.0	-0.1		Market risk		-2.4
Operational risk	1.4	1.4	1.1	0.5	0.1	-0.3		Credit risk		-0.4
<b>Simple sum</b>	<b>39.0</b>	<b>34.1</b>	<b>25.3</b>	<b>12.4</b>	<b>0.6</b>	<b>-4.2</b>		Operational risk		0.0
Diversification	-11.7	-10.4	-8.5	-2.8	-0.1	-		Diversification		1.3
<b>Total ERC</b>	<b>27.3</b>	<b>23.7</b>	<b>16.8</b>	<b>9.6</b>	<b>0.5</b>	<b>-3.2</b>		ERC 31.12.2013		23.7

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

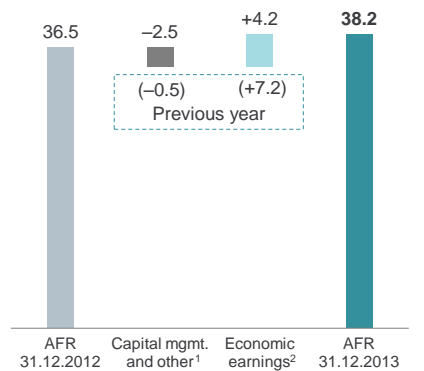
<sup>1</sup> Credit (re)insurance included.  
<sup>2</sup> Default and migration risk.

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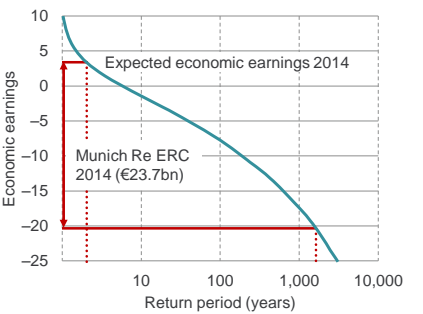
Available financial resources (AFR)  
Change and relation to economic earnings



AFR development in 2013 €bn



Probability distribution of economic earnings €bn



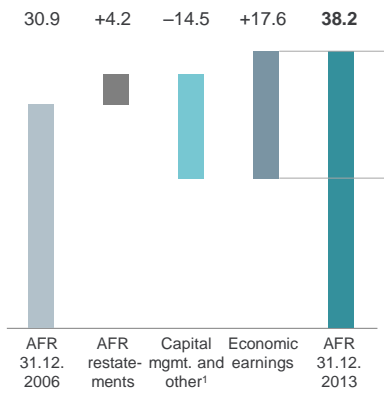
**Economic earnings in 2013, adjusted to eliminate special factors, are in line with expectations for a "normal" year**

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

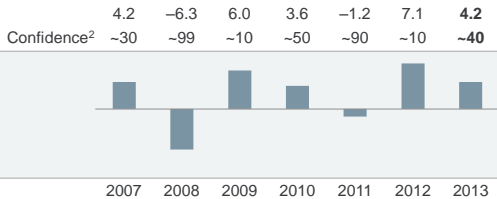
Strong increase in AFR over the last seven years despite  
capital repatriation and difficult economic environment



AFR development 2007–2013 €bn



Economic earnings €bn



Munich Re market capitalisation €bn

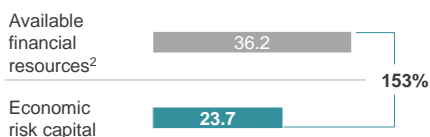


**Strong performance despite highly adverse environment, but economic earnings not yet matched by share performance**

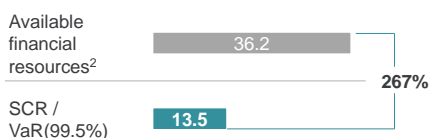
<sup>1</sup> Dividends, share buy-back, hybrid capital replacement and other.  
<sup>2</sup> Probability of achieving at least the corresponding economic earnings. <sup>3</sup> Dividends, share buy-back.

## Summary of economic capital disclosure

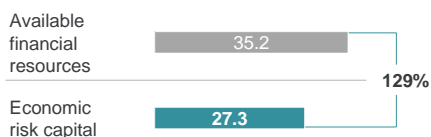
## Solvency ratio as at 31 December 2013 €bn

Internal model<sup>1</sup>

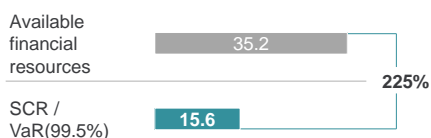
## Solvency II risk measure



## Solvency ratio as at 31 December 2012 €bn

Internal model<sup>1</sup>

## Solvency II risk measure



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

<sup>1</sup> Solvency II capital based on VaR 99.5%, Munich Re internal risk model based on 175% of Solvency II capital.

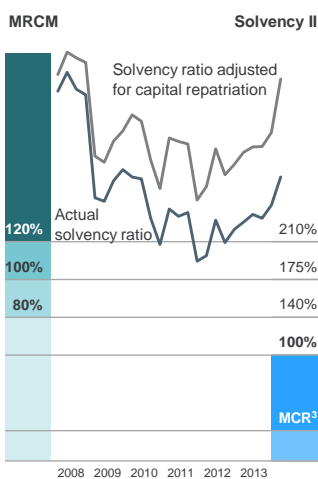
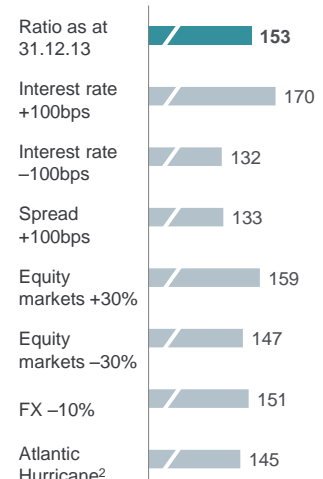
<sup>2</sup> After announced dividend payout of –€1.3bn for 2013 to be paid in April 2014 and outstanding share buy-backs of –€0.7bn.

## Strong capitalisation allowing for attractive capital repatriation

Munich Re actions<sup>1</sup>

- >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<sup>1</sup> – Sensitivity

<sup>1</sup> Based on Munich Re capital model (MRCM): 175% of VaR 99.5%.

<sup>2</sup> Based on 200-year event.

<sup>3</sup> MCR = minimum capital requirement, typically between 25% and 45%; for groups, called "Group SCR floor".

## Key takeaways

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

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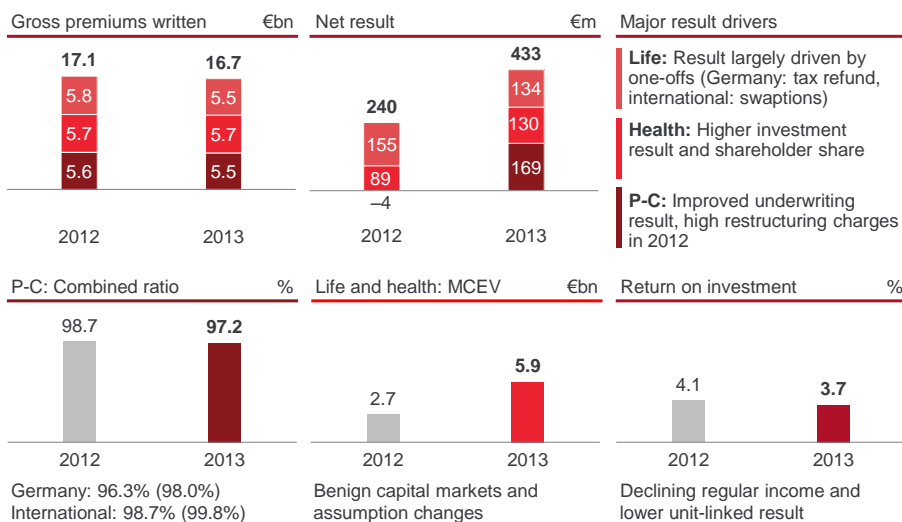
Reinsurance property-casualty	Torsten Jeworrek
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Reinsurance life	Joachim Wenning
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Backup	
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## Primary insurance – Key financials

## Primary insurance – Key financials



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## Primary insurance

## Business initiatives focusing on improving profitability



	Initiatives	Impact mid-term
Life	<ul style="list-style-type: none"> <li>Actively tackling challenges of the low-interest rate environment               <ul style="list-style-type: none"> <li>Launch of new product generation</li> <li>Various measures stabilising the back book</li> </ul> </li> <li>Growth in China and India</li> </ul>	<ul style="list-style-type: none"> <li>Reduced risk capital (~75% compared to classic products)</li> <li>Optimised risk-return steering</li> <li>Growth in profitable business</li> </ul>
Health	<ul style="list-style-type: none"> <li>Stabilising comprehensive insurance portfolio ...</li> <li>... while further expanding market leading position in supplementary insurance</li> </ul>	<ul style="list-style-type: none"> <li>Better diversification</li> <li>Reduced vulnerability to political risks</li> <li>Higher profitability</li> </ul>
Property-casualty	<ul style="list-style-type: none"> <li>Modular products for mass markets</li> <li>Germany: Continuing the successful expansion of profitable tailor-made business of recent years</li> <li>International business: Improving profitability while further expanding in Asia and Eastern Europe</li> </ul>	<ul style="list-style-type: none"> <li>Improved margins</li> <li>Growth in profitable business</li> <li>Combined ratio target: ~95%</li> </ul>
Orga-nisation	<ul style="list-style-type: none"> <li>Leveraging direct sales capabilities</li> <li>Strengthening sales in Germany</li> <li>Establishing COO function</li> <li>Automation and lean processes</li> </ul>	<ul style="list-style-type: none"> <li>Focus on hybrid customers</li> <li>Growth in profitable business</li> <li>Simplified structures and reduced costs</li> <li>Cost savings</li> </ul>

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Primary insurance life – Germany

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

Munich RE 

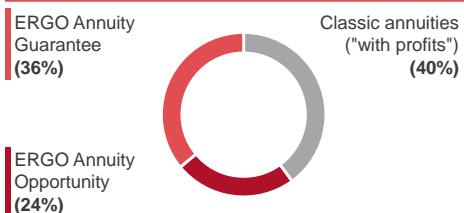
### In an environment of political discussion ...

- "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)

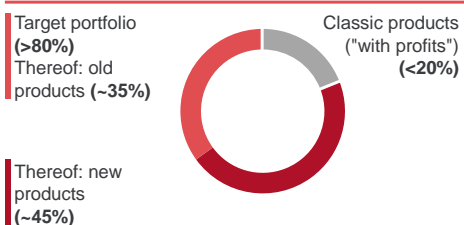
### ... ERGO holds frontrunner position

- 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)<sup>1</sup>



### Share of target portfolio<sup>2</sup> – Plan 2016+ (all products)<sup>1</sup>

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

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Primary insurance life

## 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<sup>1</sup> (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**

<sup>1</sup> German GAAP figures for ERGO Leben, Victoria Leben and ERGO Direkt Leben.

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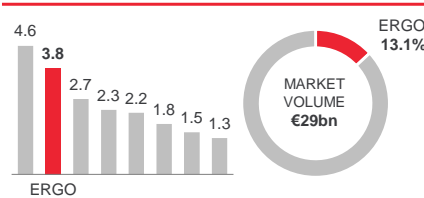
Primary insurance health

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



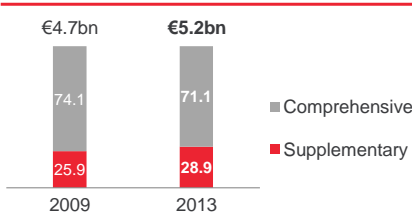
Comprehensive insurance<sup>1</sup>

€bn



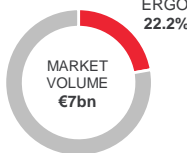
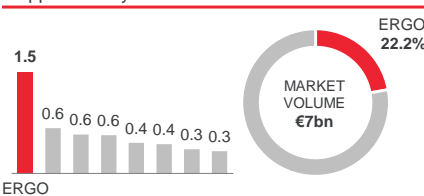
ERGO business mix<sup>2</sup>

%



Supplementary insurance<sup>1</sup>

€bn



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

<sup>1</sup> Gross premiums written as at 31.12.2012. Source: PKV Verband.

<sup>2</sup> Gross premiums written.

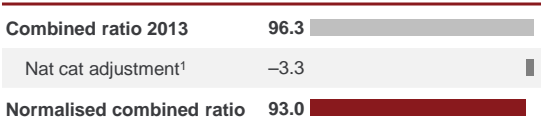
Primary insurance property-casualty – Germany

German business affected by nat cats



Normalised combined ratio 2013

%



Severe nat cat events in 2013

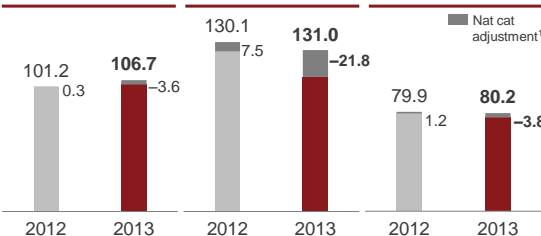
- Flood in June most expensive catastrophe in terms of economic losses
- Hailstorms that hit some regions in Germany most expensive event for insurance industry

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%

<sup>1</sup> Relative to budget/long-term average.

## Optimisation of sales activities

**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

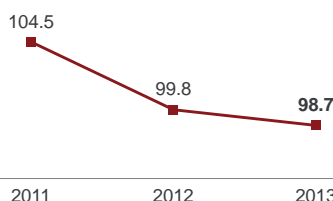
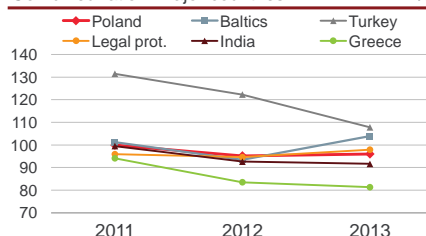
- Market access – Direct sales know-how for all brands, coordinated direct sales activities, offer all channels to our customers
- Product development – Online capability of all products, strengthening product identity "Made by ERGO"
- Cooperation – Unique e-services for all brands, strong competence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

**Achieving significant cost savings and additional growth**

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

Combined ratio – Total international %

Combined ratio – Major countries<sup>1</sup> %

Highlights<sup>2</sup>

**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**<sup>3</sup> (€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

<sup>1</sup> GWP >€100m. <sup>2</sup> Figures in brackets GWP as at 31.12.2013.

<sup>3</sup> India: GWP on 100% shareholding basis. Non-calendar FY from April to March.

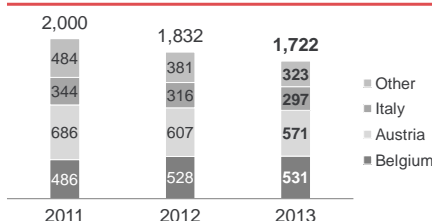
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Primary insurance life – International

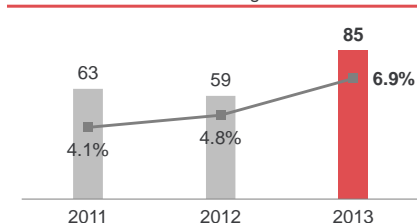
## International life – Attractive margins, decreasing premium volume

Munich RE

### Total premiums €m



### New business value and margins<sup>1</sup> €m


<sup>1</sup> Value of new business (VNB) / Present value of new business premium (PVNBP).

### 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

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Primary insurance – Summary

## 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

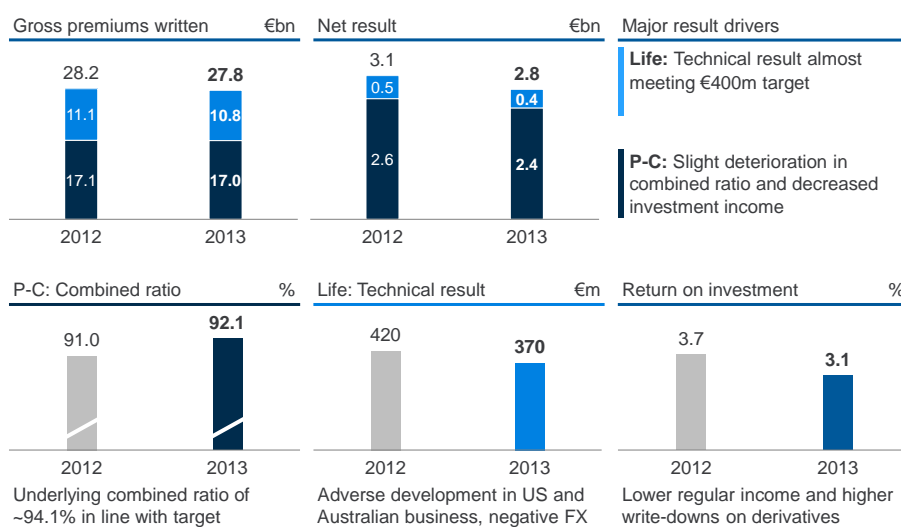
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## Agenda

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

## Reinsurance

## Reinsurance – Key financials



Munich Re well equipped to grow business in challenging markets




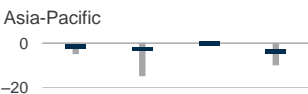
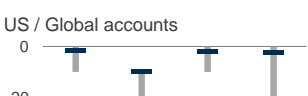
Comprehensive challenges ... requiring the right mix of skills to stand out

Margin compression	1	Portfolio profitability	<ul style="list-style-type: none"><li>▪ Sound profitability despite market pressure</li><li>▪ Well positioned for demanding outlook</li></ul>
	2	Tailored solutions	<ul style="list-style-type: none"><li>▪ Excellent client access – valued benefit</li><li>▪ Growing share of structured complex deals</li></ul>
Change in demand and purchasing patterns	3	Risk Solutions	<ul style="list-style-type: none"><li>▪ Continued business expansion</li><li>▪ Strong bottom-line contribution</li></ul>
	4	ART Alternative risk transfer	<ul style="list-style-type: none"><li>▪ Munich Re taking advantage of dynamic market ...</li><li>▪ ... for clients and its own book</li></ul>
Extended competitive landscape	5	Product innovation	<ul style="list-style-type: none"><li>▪ Growing business solutions portfolio</li><li>▪ Continued extension of strong know-how base</li></ul>

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



Twofold impact of current market environment

Rate changes 1 January 2014	%	Supply side – Abundant capacity
Europe / Latin America		<ul style="list-style-type: none"><li>▪ Increased capital base of the (re)insurance sector – due to low large-loss burden in 2013 and low interest rates</li><li>▪ Continued inflow of alternative capital – institutional investors searching for yield opportunities and uncorrelated returns</li></ul>
Asia-Pacific		<ul style="list-style-type: none"><li>▶ Pressure on reinsurance pricing esp. in nat cat business – some spillover effects into other segments</li></ul>
US / Global accounts		<p>Demand side – Sustained change</p> <ul style="list-style-type: none"><li>▪ Rising retention levels of larger primary insurers</li><li>▪ More centralised buying decisions and streamlined reinsurance programmes</li></ul> <p>▶ Change of demand towards tailor-made solutions</p>
<p>Property prop.   Property XL   Casualty prop.   Casualty XL</p> <p>█ Market range<sup>1</sup>   █ Munich Re</p>		<p><b>Increasing bifurcation of reinsurance market – Munich Re well positioned to seize opportunities</b></p>

<sup>1</sup> Range of market rate changes in 1 January 2014 renewals published by brokers, media and observed by own experts.



Reinsurance property-casualty – January renewals 2014

## 1 Consistent cycle management safeguarding sound profitability

Munich RE 

### 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 <sup>1</sup>	€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%			15.5%				
		-2.3%	-3.9%		-3.6%	-8.0%	-2.7%	-14.9%

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

<sup>1</sup> Relative premium share in relation to total renewable business in January.

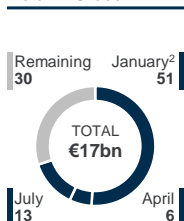
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Reinsurance property-casualty – Renewal outlook

## 1 High capacity and competition expected in upcoming renewals

Munich RE 

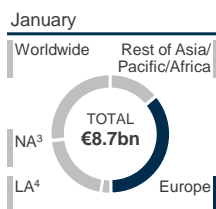
### Total P-C book<sup>1</sup>



Nat cat share: 15%

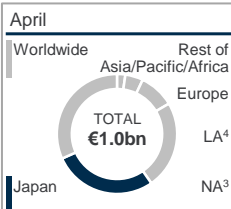
- Business up for renewal in January roughly 50% of total P-C book

### Treaty business



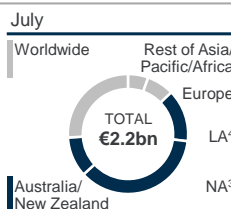
Focus: **Europe**  
Nat cat share: 12%

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



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

- Ongoing competitive market environment unless no 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



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

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

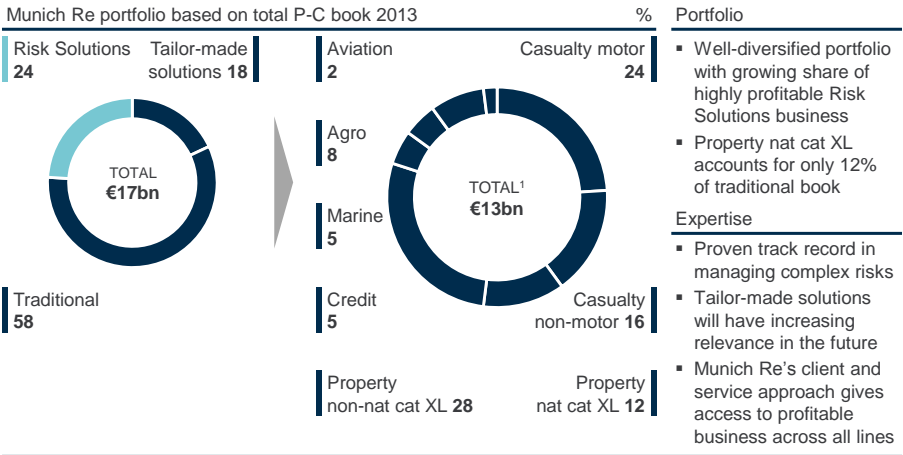
<sup>1</sup> Approximation – not fully comparable with IFRS figures.

<sup>2</sup> Includes Risk Solutions business (11% of January business respectively 5% of total P-C book).

<sup>3</sup> NA = North America. <sup>4</sup> LA = Latin America.

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1 Munich Re set-up supports sustainable earnings level

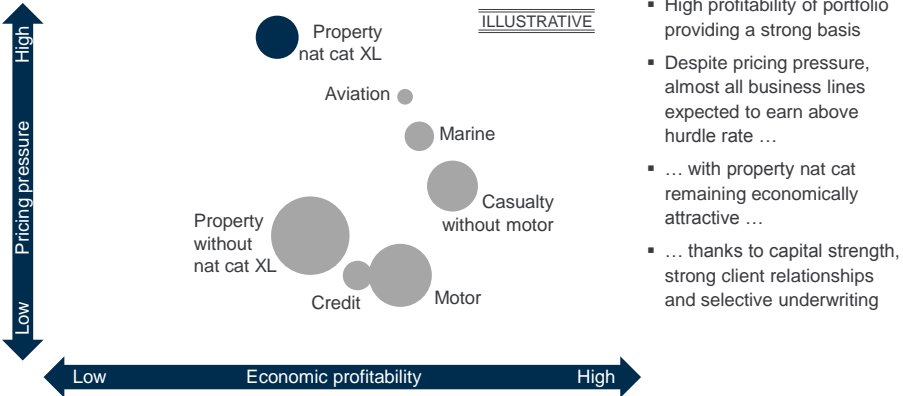


<sup>1</sup> Traditional reinsurance incl. tailor-made solutions premium. Allocation based on management view, not comparable with IFRS reporting. Gross premiums written 2013.

1 Positive outlook despite challenging market environment



Munich Re traditional property-casualty reinsurance business – Outlook 2014<sup>1</sup>



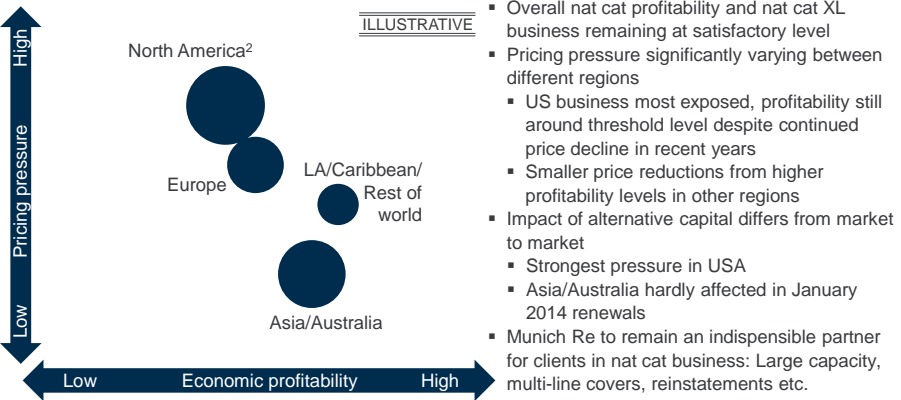
**Traditional business to continue to comfortably surpass profitability threshold**

<sup>1</sup> 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



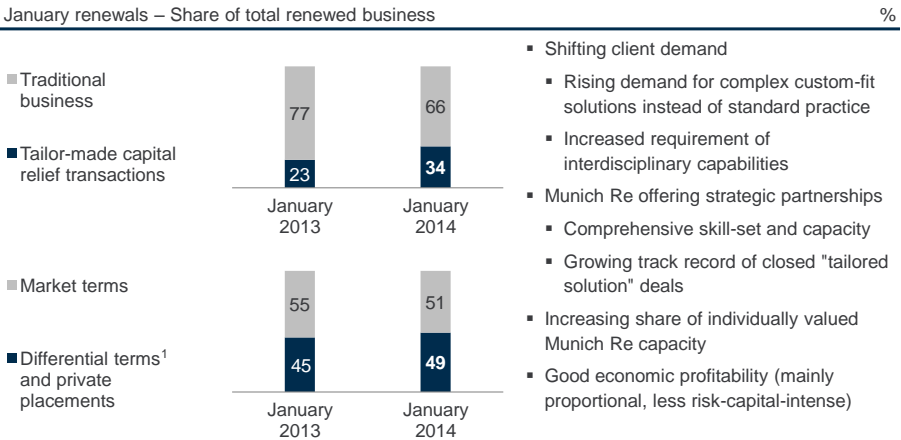
Munich Re property nat cat XL portfolio – Outlook 2014<sup>1</sup>



Despite decreasing prices, nat cat business remains attractive

<sup>1</sup> Bubble size reflecting gross premiums written as at 31.12.2013. Traditional reinsurance only.  
<sup>2</sup> Incl. worldwide business. Analysts' conference 2014 56

2 Harvesting the benefits of our value proposition with tailored solutions



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

<sup>1</sup> Differential terms either in pricing or conditions. Analysts' conference 2014 57

Reinsurance property-casualty – Munich Re Risk Solutions

### 3 Risk Solutions – Continued business expansion

Munich RE

#### 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

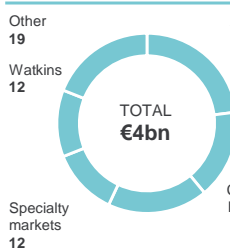
Differentiating pillar

Additional competitive edge

Further growth potential

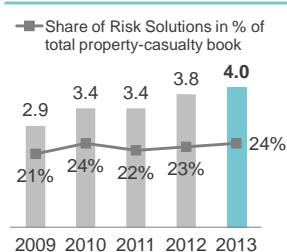
#### Premium split<sup>1</sup>

%



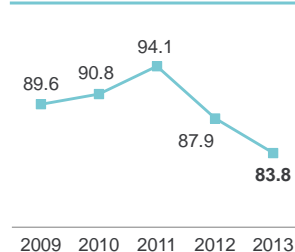
#### Premium development<sup>1</sup>

€m



#### Combined ratio<sup>1</sup>

%



#### Increasingly valuable business segment with strong bottom-line contribution

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

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Reinsurance property-casualty – ART (Alternative risk transfer)

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

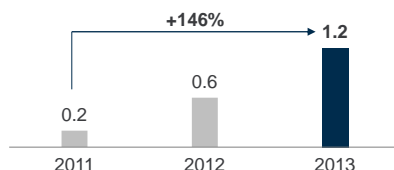
Munich RE

#### 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<sup>1</sup>

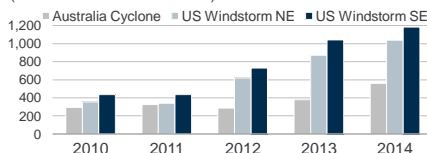
Completing our offer as customised stand-alone service or integrated in traditional solutions

##### Extension of Munich Re retrocession

€m

Protection per nat cat scenario<sup>2</sup>

(Selection of main scenarios)



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

##### New Munich Re aggregate XL sidecar – "Eden Re"<sup>3</sup>

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

#### Strengthened Munich Re solutions offering and enhanced collateralised Munich Re capacity

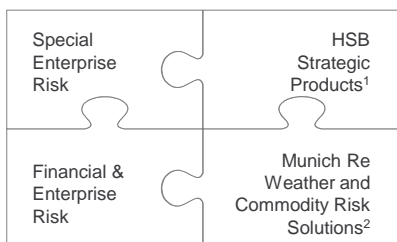
<sup>1</sup> Market wide ILS issuance in 2013 totaled US\$ 7.4bn. <sup>2</sup> Including indemnity retrocession, ILW/Derivatives, risk swaps and cat bonds. <sup>3</sup> Munich Re structured, serviced and arranged fully-collateralised Bermuda domiciled sidecar in cooperation with Willis Capital Markets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

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

### 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"<sup>3</sup>

- 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

<sup>1</sup> HSB awarded three "Innovation Showcases" in Best's Review, 01/2014. <sup>2</sup> Ex-"REAL", Houston acquired from RenRe in 09/2013.  
<sup>3</sup> 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



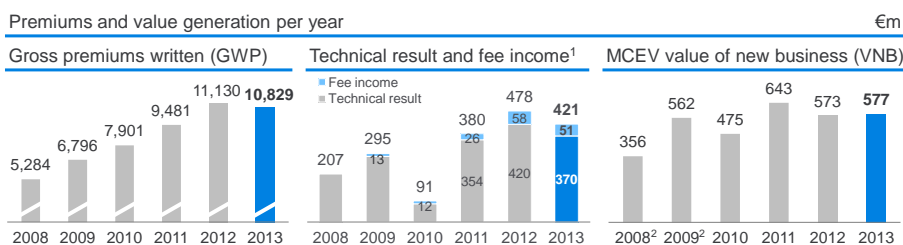
Strong balance sheet – Strong returns	Nikolaus von Bomhard
Munich Re (Group)	Jörg Schneider
Risk management	Bernhard Kaufmann
Primary insurance	Torsten Oletzky
Reinsurance property-casualty	Torsten Jeworrek
<b>Reinsurance life</b>	Joachim Wenning

Backup

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Reinsurance life

## Another year of very strong new business generation



- New business value at sustainably high level with growth initiatives paying off
  - FinMoRe<sup>3</sup> 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**

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

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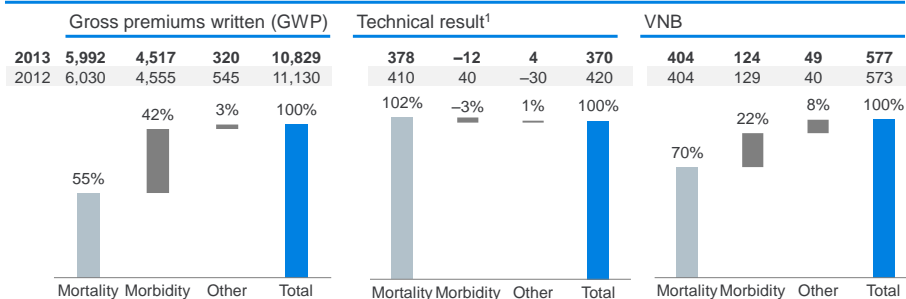
Reinsurance life

## Favourable financial performance overall – despite two slips

Munich RE 

### Premiums and value generation by product

€m



### 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

<sup>1</sup> Additional non-technical result contribution ("fee income"): €58m in 2012; €51m in 2013.

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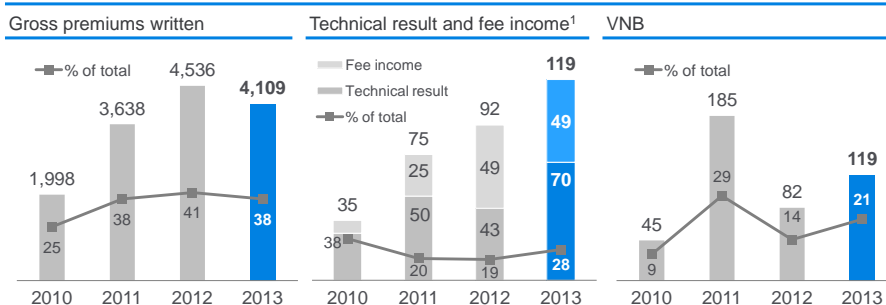
Reinsurance life – Strategic positioning

## Financially Motivated Reinsurance remains a key strategic pillar

Munich RE 

### Financially Motivated Reinsurance

€m



### 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

<sup>1</sup> Result from FinMoRe business partly shown as non-technical result (deposit accounting – "fee income").

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Reinsurance life – Strategic positioning

## Asia – Sustained growth across all major markets

Munich RE

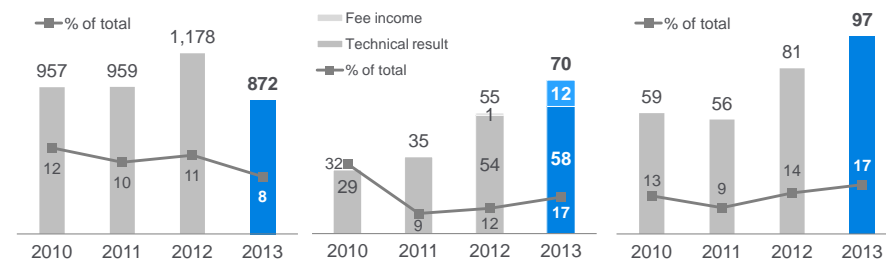
## Reinsurance life Asia – Business development

€m

## Gross premiums written

## Technical result

## VNB



## 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<sup>1</sup>)

## Expectations going forward

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

<sup>1</sup> Munich Re Automation Solutions Ltd., Dublin.

Reinsurance life – Australian disability and US mortality business

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

Munich RE

## 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

Reinsurance life – Market Consistent Embedded Value 2013

## MCEV result 2013

Munich RE 

## MCEV – Reinsurance life 2013

€m

<b>MCEV 31.12.2012</b>	<b>10,616</b>		<b>3</b> Value of new business	577
<b>1</b> Opening adjustments	–265		Expected return	317
<b>Adjusted MCEV 31.12.2012</b>	<b>10,352</b>		<b>4</b> Experience variances	–113
<b>Operating MCEV earnings</b>	<b>369</b>		<b>4</b> Assumption changes	–301
<b>2</b> Economic variances	–168		Other operating variance	–111
Other non-operating variance	–54		<b>Operating MCEV earnings</b>	<b>369</b>
<b>Total MCEV earnings</b>	<b>147</b>			
<b>MCEV before closing adjustments</b>	<b>10,499</b>			
<b>1</b> Closing adjustments	–1,117			
<b>MCEV 31.12.2013</b>	<b>9,382</b>			

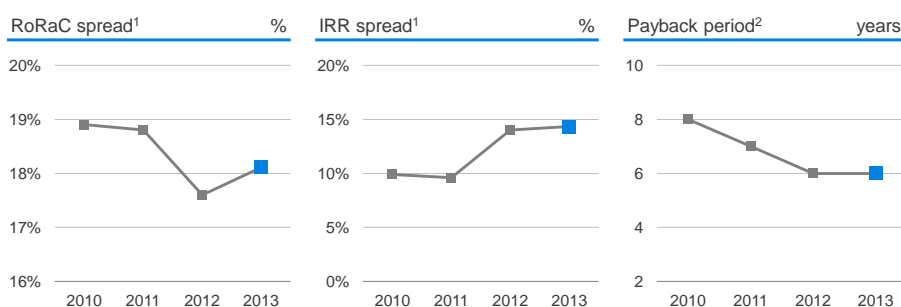
## Main drivers

- 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

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Reinsurance life – New business profitability

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

Munich RE 

- 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

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

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## Key takeaways and outlook

### 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






Backup: Munich Re (Group)

## 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%)

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Backup: Munich Re (Group) – Financial highlights 2013

## Financial highlights 2013

Munich RE 

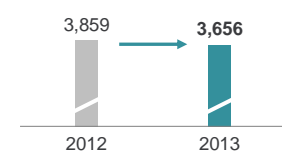
## Net result

€m

781	812	1,134	477	970	542	632	1,198			
Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4			
2012				2013						
								2013	2012	
								Total <sup>1</sup>	3,342	3,204
								Reinsurance	2,797	3,055
								Primary insurance	433	240
								Munich Health	150	−91

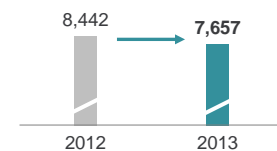
## Technical result

€m

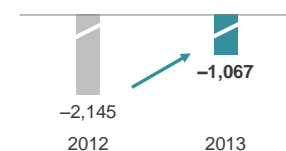


## Investment result

€m

Other<sup>2</sup>

€m



Pleasant development in non-life,  
decrease in life business

Attrition of regular income, lower  
contribution from unit-linked

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

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

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Backup: Munich Re (Group)

## Q4 2013 – Actual vs. expected net result

Munich RE Q4 2013 – Major drivers of difference between actual and expected net result<sup>1</sup>

€m

<b>Net result (actual)</b>	<b>1,198</b>	Reinsurance	Actual	Expected	Diff.
Taxes on income (actual)	-241	RoI	3.5%	~3.3%	+0.2%
<b>Pre-tax profit</b>	<b>957</b>	Average investments			80,381
<b>Differences in the operating result</b>		<b>Difference</b>			<b>+40</b>
Reinsurance: Investment result	+40				
Reinsurance: Combined ratio	+200	Reinsurance	Actual	Expected	Diff.
Primary insurance: Combined ratio	-33	Combined ratio	89.2%	~94%	-4.8%
Primary insurance: Life tax refund <sup>2</sup>	-128	Net earned premiums			4,158
<b>Total difference</b>	<b>+79</b>	<b>Difference</b>			<b>+200</b>
<b>Total deviation from expected operating result</b>	<b>-79</b>				
FX losses	+34	Prim. insurance	Actual	Expected	Diff.
<b>Pre-tax profit adjusted for operating and FX deviation</b>	<b>912</b>	Combined ratio	97.5%	~95%	+2.5%
Tax (expectation: ~20%)	-182	Net earned premiums			1,303
<b>As-if net result adjusted for deviations</b>	<b>-730</b>	<b>Difference</b>			<b>-33</b>

<sup>1</sup> 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.

<sup>2</sup> Elimination of policyholder participation in tax refund. Assumption: ~85% of €151m tax refund from prior years.

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Backup: Munich Re (Group)

## Reconciliation of operating to net result

Munich RE 

Reconciliation of operating to net result

€m

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

Other non-operating result	€m
	2013
	Q4
Foreign exchange	-310
Restructuring charges	-154
Other	-209

Tax rates	%
	2013
	Q4
<b>Group</b>	<b>3.1</b>
Reinsurance	-6.7
Primary insurance	-39.7
Munich Health	-33.3

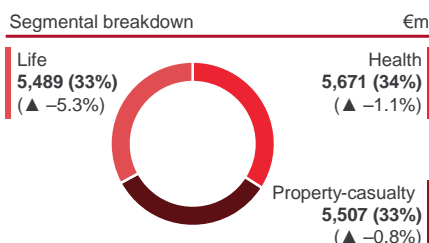
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Backup: Primary insurance – Premium development

## Primary insurance – Premium development

Munich RE

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



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

**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)

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Backup: Primary insurance life – New business

Primary insurance life –  
New business (statutory premiums)

Munich RE

Total				€m
	Total	Regular premiums	Single premiums	APE¹
2012	2,227	527	1,700	697
2013	1,936	441	1,495	591
▲	-13.1%	-16.3%	-12.1%	-15.2%

Germany				€m
	Total	Regular premiums	Single premiums	APE¹
2012	1,433	340	1,093	449
2013	1,144	259	885	348
▲	-20.2%	-23.8%	-19.0%	-22.5%

## 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

International				€m
	Total	Regular premiums	Single premiums	APE <sup>1</sup>
2012	794	187	607	248
2013	792	182	610	243
▲	-0.3%	-2.7%	0.5%	-2.0%

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

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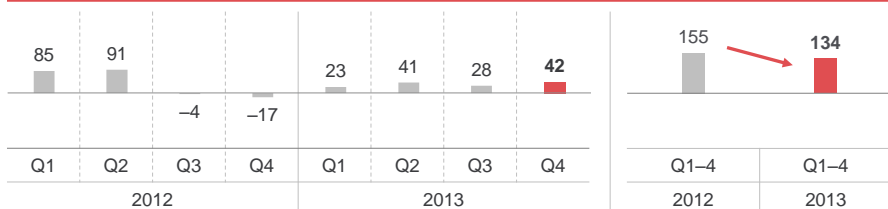
Backup: Primary insurance life – Key figures

## Primary insurance life – Key figures

Munich RE

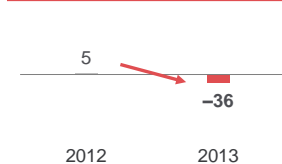
## Net result

€m



## Technical result

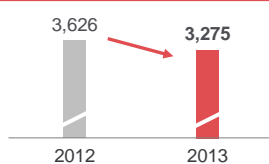
€m



Decrease abroad as consequence of low-interest-rate environment

## Investment result

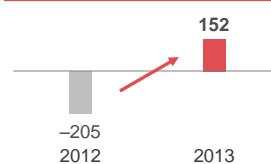
€m



Lower unit-linked result, negative impact from hedging programme

Other<sup>1</sup>

€m



Tax refunds and lower restructuring expenses

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

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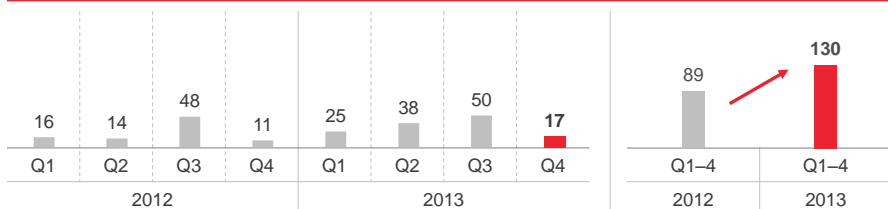
Backup: Primary insurance health – Key figures

## Primary insurance health – Key figures

Munich RE

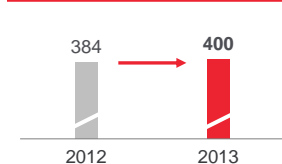
## Net result

€m



## Technical result

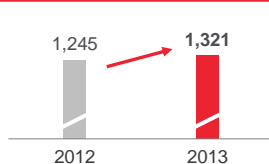
€m



Better-than-expected claims experience

## Investment result

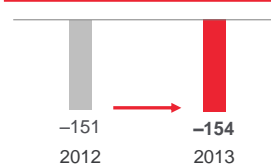
€m



Higher regular income mainly from dividends

Other<sup>1</sup>

€m



Higher taxes in line with result increase

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

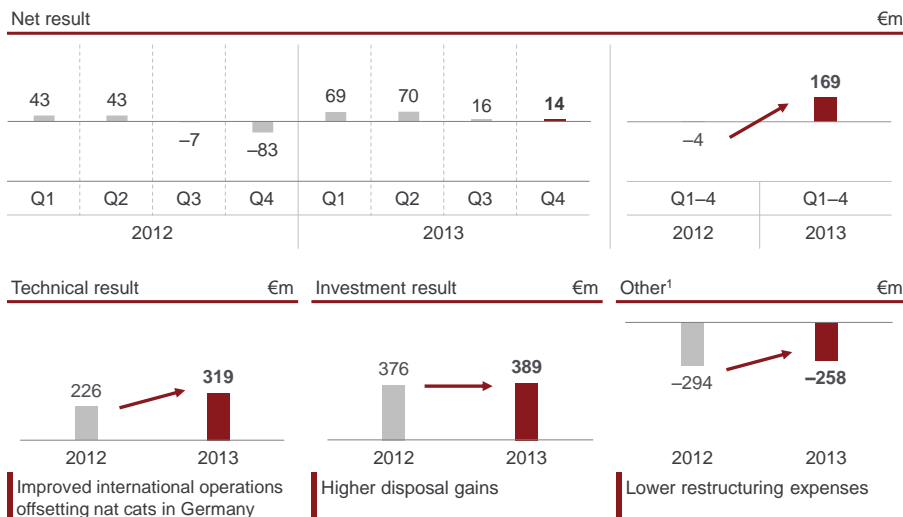
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Backup: Primary insurance property-casualty – Key figures

## Primary insurance property-casualty – Key figures

Munich RE

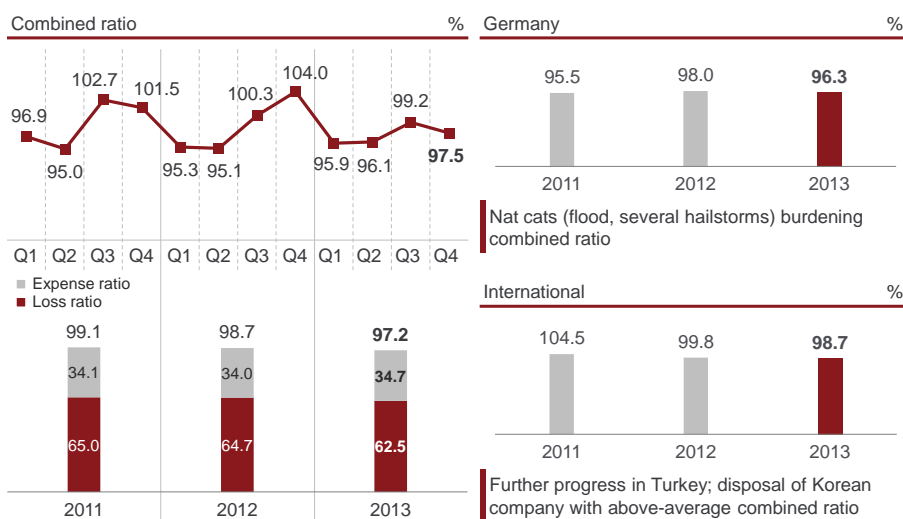


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Backup: Primary insurance property-casualty – Combined ratio

## Improvement of combined ratio

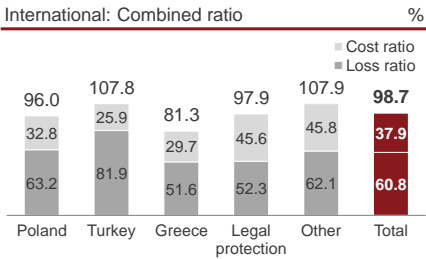
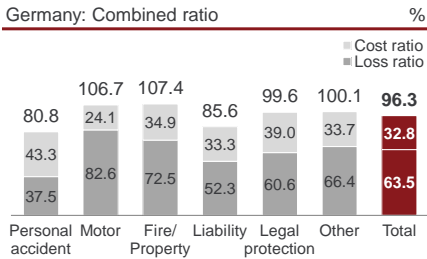
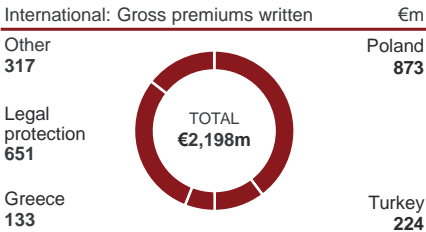
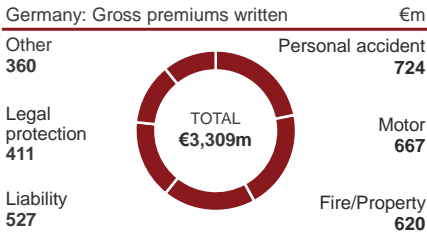
Munich RE



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Backup: Primary insurance property-casualty

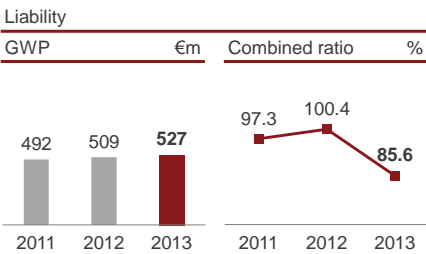
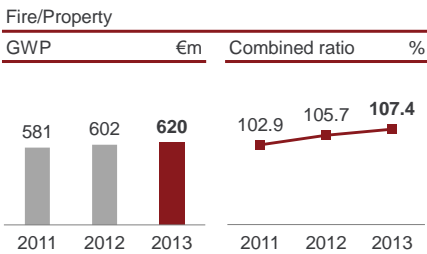
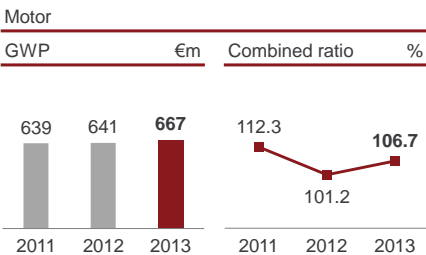
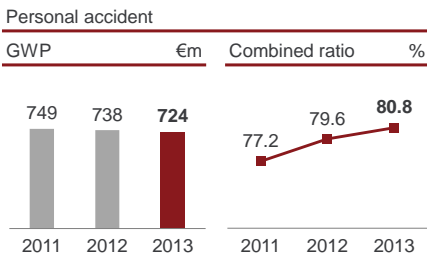
Gross premiums written and combined ratio



Analysts' conference 2014 82

Backup: Primary insurance property-casualty – Germany

Property-casualty – Germany

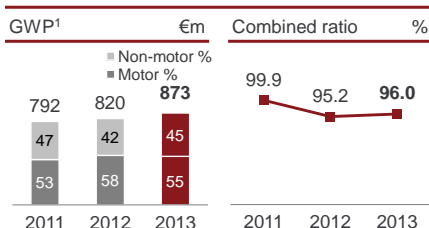


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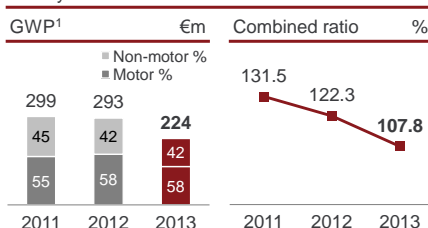
Backup: Primary insurance property-casualty – International  
**Property-casualty – International**



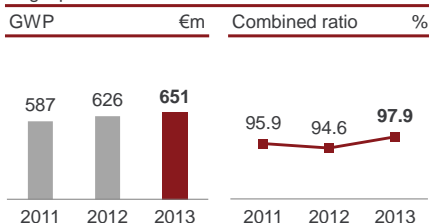
**Poland**



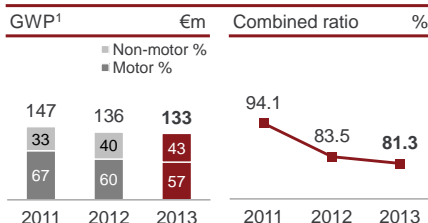
**Turkey**



**Legal protection**



**Greece**



<sup>1</sup> Excluding legal protection.

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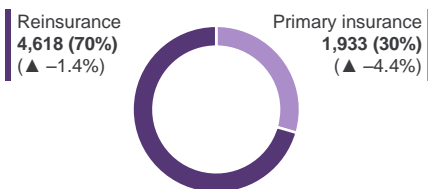
Backup: Munich Health – Premium development

**Munich Health – Premium development**



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

**Segmental breakdown** €m



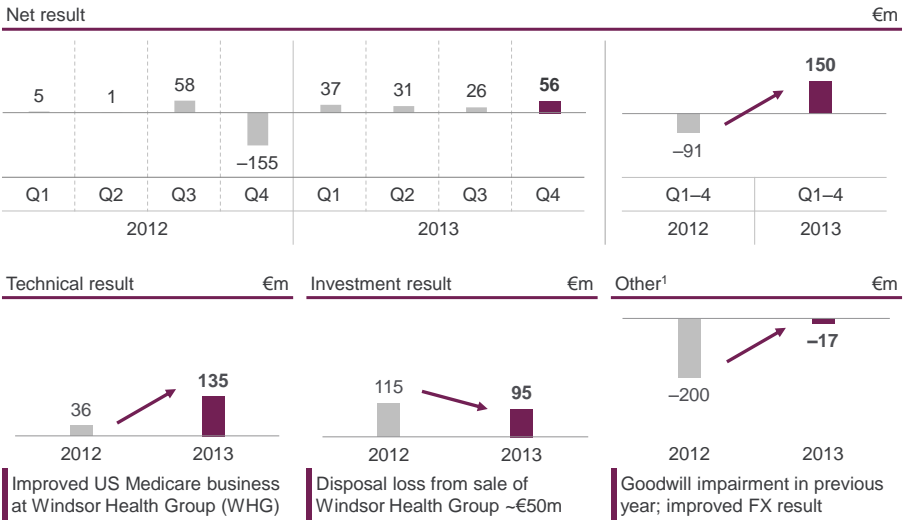
Gross premiums written	€m
2012	6,703
Reinsurance	–64
Primary insurance	–88
<b>2013</b>	<b>6,551</b>

**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

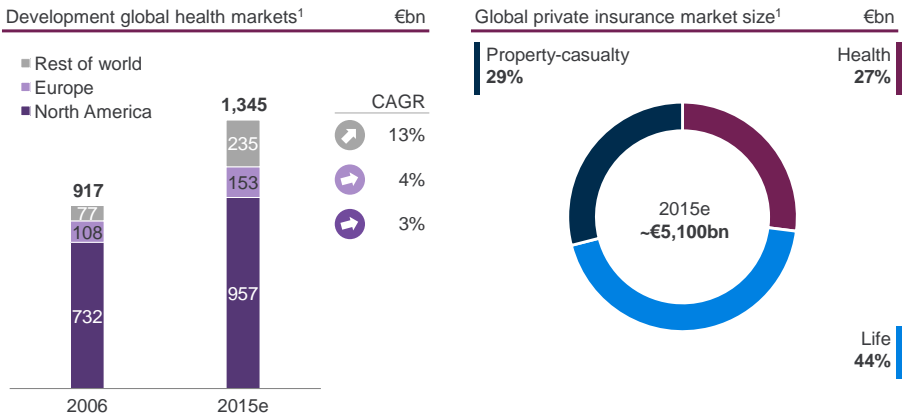
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Backup: Munich Health – Key figures  
Munich Health – Key figures



<sup>1</sup> Other non-operating result, goodwill impairments, net finance costs, taxes. Analysts' conference 2014 86

Backup: Munich Health  
Global private health insurance markets with growth above GDP



Health insurance providing portfolio diversification and growth potential

<sup>1</sup> Gross premiums written. Analysts' conference 2014 87

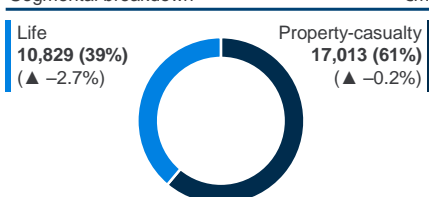
Backup: Reinsurance – Premium development

## Reinsurance – Premium development

Munich RE

Gross premiums written	€m
2012	28,182
Foreign-exchange effects	-1,208
Divestment/Investment	-
Organic change	868
<b>2013</b>	<b>27,842</b>

## Segmental breakdown



Gross premiums written	€m
2012	28,182
Life	-301
Property-casualty	-39
<b>2013</b>	<b>27,842</b>

## 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

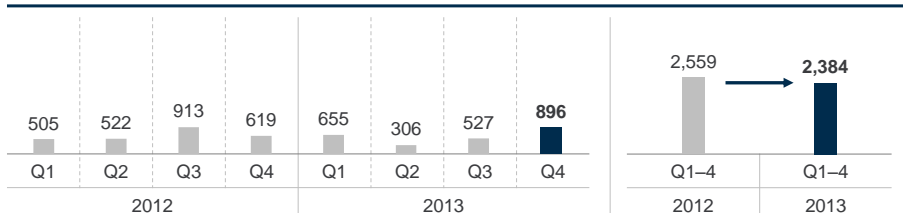
Analysts' conference 2014 88

Backup: Reinsurance property-casualty – Key figures

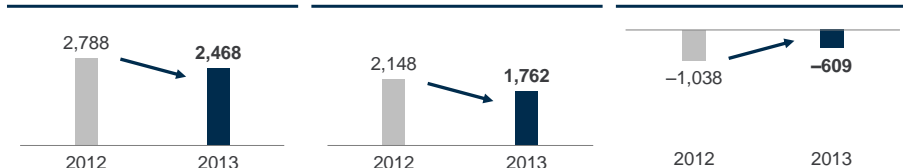
## Reinsurance property-casualty – Key figures

Munich RE

## Net result

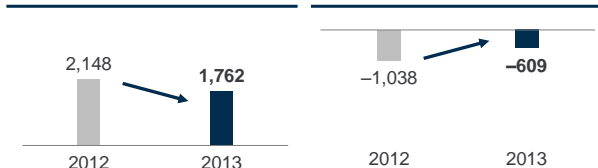


## Technical result

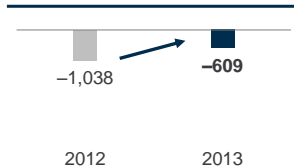


Slight deterioration of combined ratio

## Investment result



Lower regular income and higher write-downs on derivatives

Other<sup>1</sup>

Low tax rate: 6.2%  
FX result: -€257m

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

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Backup: Reinsurance property-casualty – Combined ratio

## Combined ratio – Benign large losses and reserve releases

Munich RE 

Combined ratio %

		Basic losses	Nat cat losses	Man-made losses	Expense ratio
2011	113.8	50.7	29.4	3.8	30.4
2012	91.0	50.2	7.7	3.1	30.0
2013 <sup>1</sup>	92.1	51.3	4.7	5.7	30.4
Q4 2013 <sup>2</sup>	89.3	47.8	2.9	6.3	32.3

Normalised combined ratio 2013 %

Combined ratio 2013 92.1 

### Adjustments

Reserve releases exceeding expectations <sup>3</sup>	0.4	
Nat cat below budget	3.8	
Man-made above budget	2.2	

Normalised combined ratio 94.1 

<sup>1</sup> Including reserve releases for basic losses –€845m (~5.2%). <sup>2</sup> Including reserve releases for basic losses –€375m (~9.0%).  
<sup>3</sup> 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.

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Backup: Reinsurance property-casualty – Combined ratio

## Normalised combined ratio

Munich RE 

Normalised combined ratio FY 2013 %

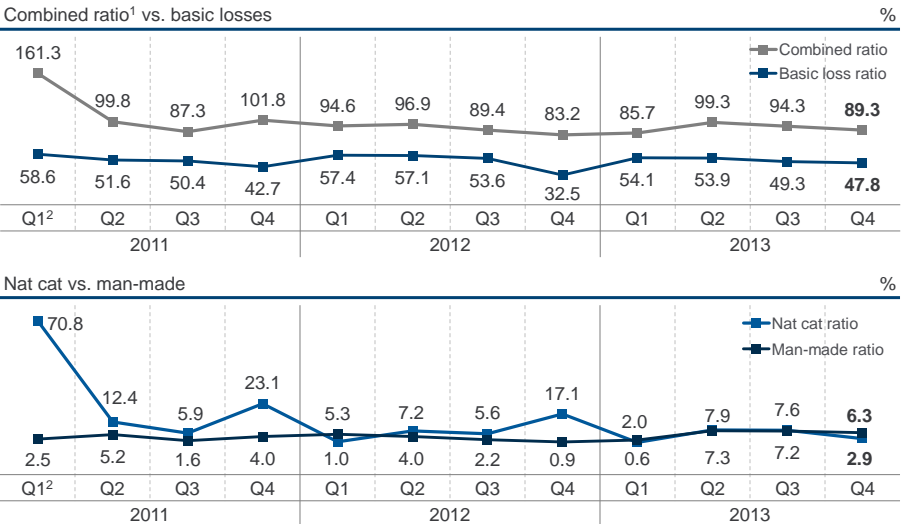
	Reported combined ratio	Reported major losses	Expectation major losses <sup>1</sup>	Reported reserve releases <sup>2</sup>	Changes sliding-scale provisions	Modelled assumption on reserve releases	Normalised combined ratio
Q1	85.7	-2.6	+12.0	+2.5	-0.0	-4.0	93.6
Q2	99.3	-15.2	+12.0	+4.0	-0.0	-4.0	96.1
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

<sup>1</sup> Simplified assumption of evenly distributed major losses over every quarter.

<sup>2</sup> Basic losses.

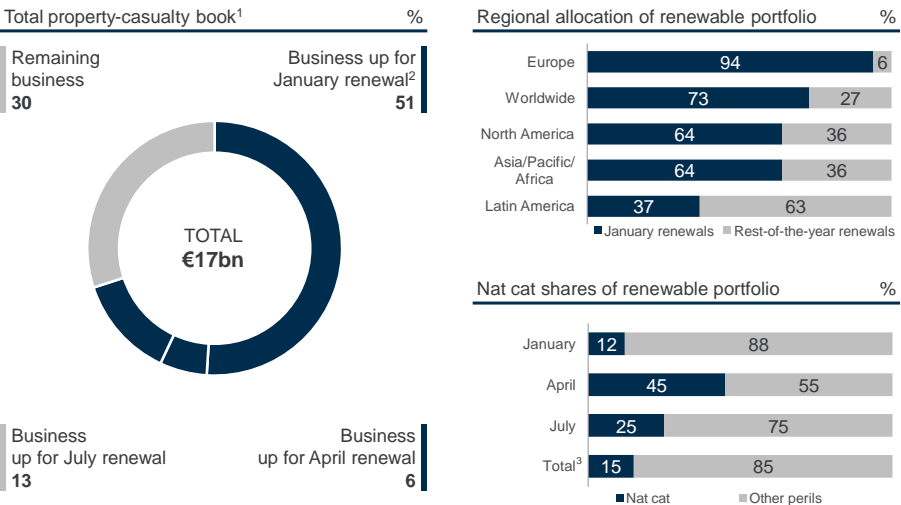
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Backup: Reinsurance property-casualty – Combined ratio  
Development of combined ratio



<sup>1</sup> Including overhead costs.  
<sup>2</sup> After insurance risk transfer to the capital markets.

Backup: Reinsurance property-casualty – January renewals 2014  
Business up for renewal in January ~50% of total property-casualty book – Geographic focus on Europe



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

Backup: Reinsurance property-casualty – January renewals 2014

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

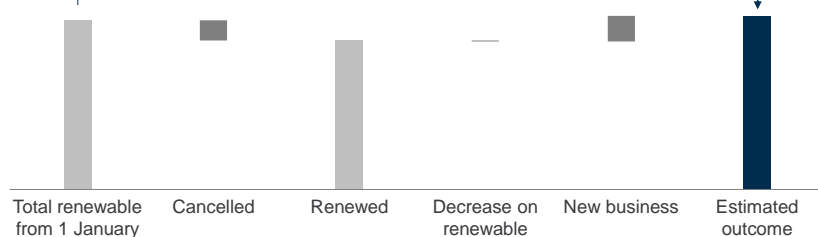
Munich RE 

### January renewals 2014

%	100	-11.8	88.2	-0.7	15.1	<b>102.7</b>
€m	8,718	-1,025	7,693	-57	1,319	<b>8,955</b>

#### Change in premium

- Thereof price movement<sup>1</sup> ~ -1.5%
- Thereof change in exposure for our share +4.2%



### Strong client orientation creates new business opportunities

<sup>1</sup> 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).

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Backup: Reinsurance property-casualty – January renewals 2014

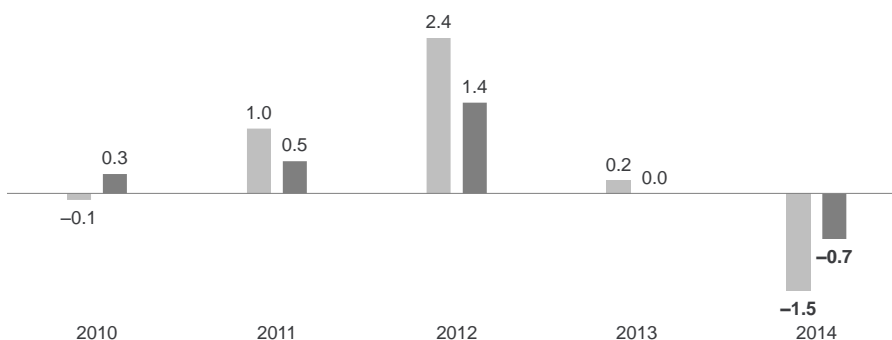
## January 2014 renewals – Disciplined underwriting prevails

Munich RE 

### Year-to-date price change 2010–2014

%

■ Nominal ■ Adjusted for interest-rate changes



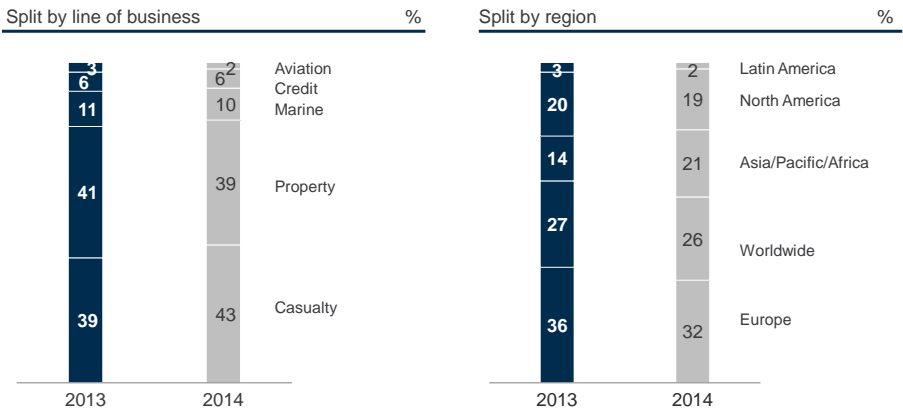
### Minor economic price decline and largely stable terms and conditions

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Backup: Reinsurance property-casualty – January renewals 2014

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

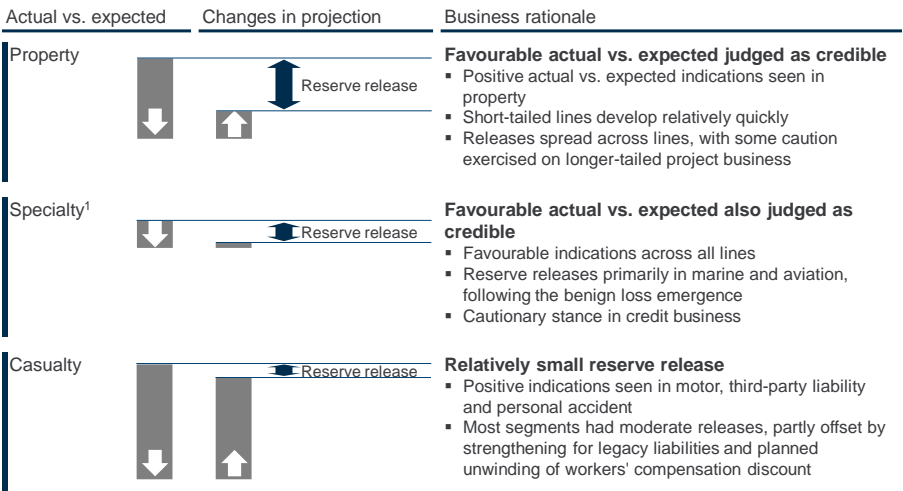


Growth due to large deals in proportional casualty business in Asia/Pacific/Africa. Traditional reinsurance business reduced, especially in Europe.

<sup>1</sup> GWP, management view, not comparable with IFRS reporting.

Backup: Reserves – Property-casualty – Reinsurance

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



<sup>1</sup> Aviation, credit and marine.

Backup: Reserves – Property-casualty – Group

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

Munich RE 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	<b>30,425</b>										
31.12.2004	30,878	<b>31,740</b>									
31.12.2005	31,275	32,259	<b>34,667</b>								
31.12.2006	31,361	32,375	34,833	<b>35,462</b>							
31.12.2007	31,762	32,549	35,148	35,583	<b>36,682</b>						
31.12.2008	32,025	32,489	34,688	35,007	36,294	<b>37,826</b>					
31.12.2009	31,925	32,115	34,277	34,423	35,629	37,381	<b>38,466</b>				
31.12.2010	32,357	32,278	34,054	33,941	35,076	36,820	37,876	<b>38,542</b>			
31.12.2011	32,346	32,267	33,878	33,679	34,775	36,258	36,919	37,787	<b>41,388</b>		
31.12.2012	32,299	32,142	33,566	33,221	33,972	35,353	35,940	36,701	40,345	<b>40,750</b>	
31.12.2013	32,292	32,057	33,408	33,094	33,648	34,844	35,439	36,283	39,651	39,890	<b>41,486</b>
Run-off result <sup>1</sup>	-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

<sup>1</sup> 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

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Backup: Reserves

## Asbestos and environmental survival ratio 31 December 2013

Munich RE 

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

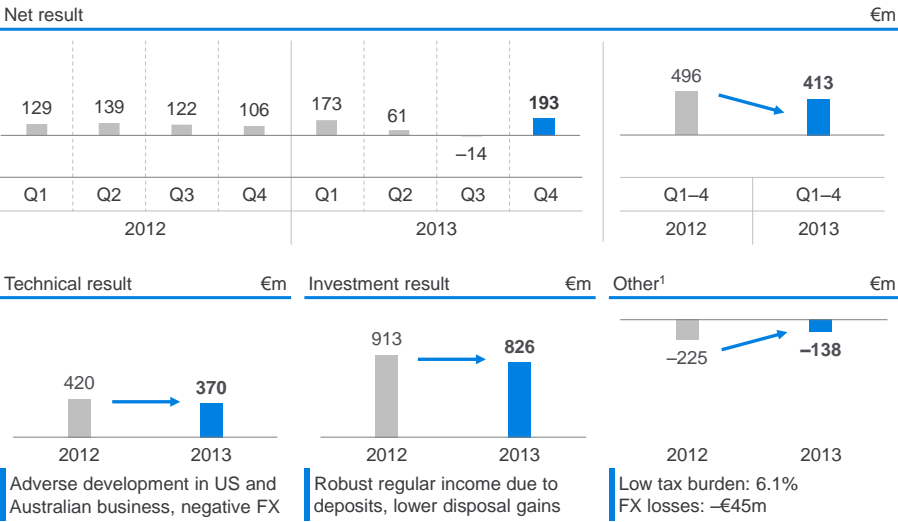
€m

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

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

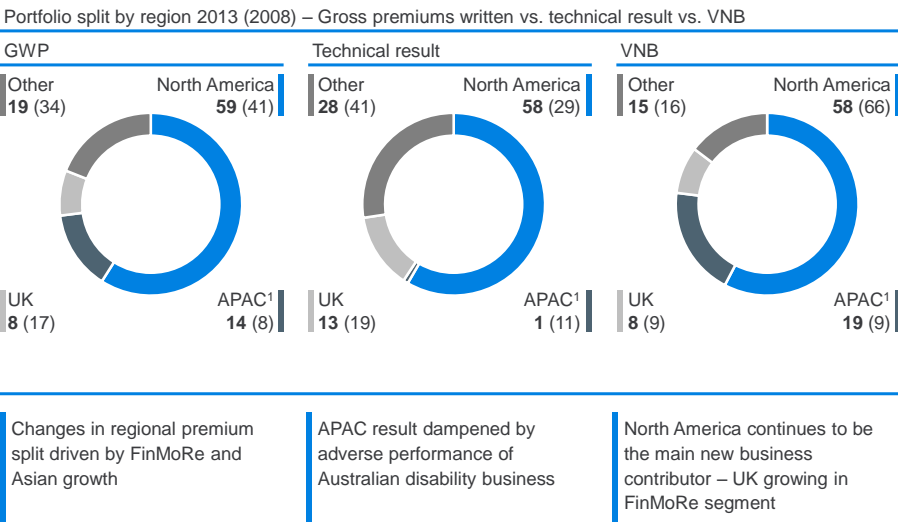
Analysts' conference 2014 99

Backup: Reinsurance life – Key figures  
Reinsurance life – Key figures



<sup>1</sup> Other non-operating result, goodwill impairments, net finance costs, taxes. Analysts' conference 2014 100

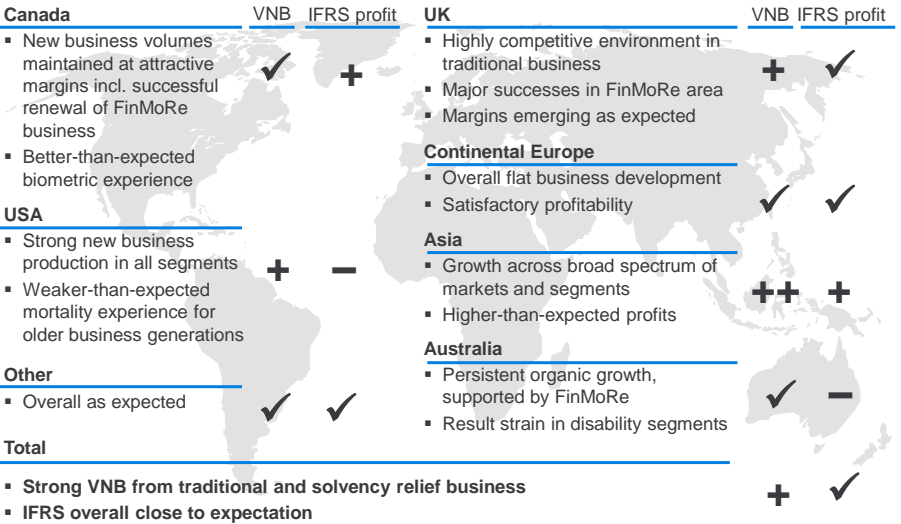
Backup: Additional segmental information – Reinsurance life  
Bulk of top and bottom line from North America –  
Largest growth rates in Asian markets



<sup>1</sup> Asia, Australia, New Zealand. Analysts' conference 2014 101

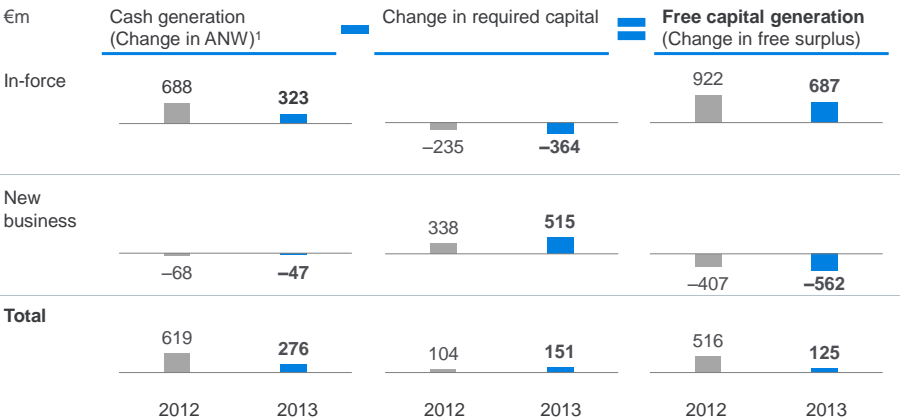
Backup: Additional segmental information – Reinsurance life

Actual vs. expected business development 2013



Backup: Additional segmental information – Reinsurance life

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

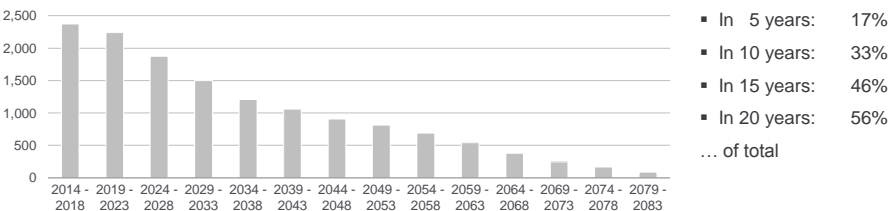
<sup>1</sup> Adjusted net worth.

Backup: Additional segmental information – Reinsurance life

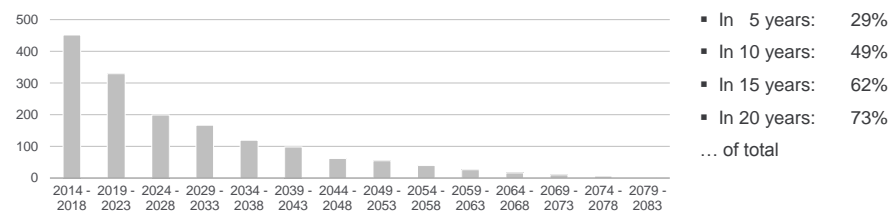
Sustainably high paybacks from in-force business  
secure capital generation going forward



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

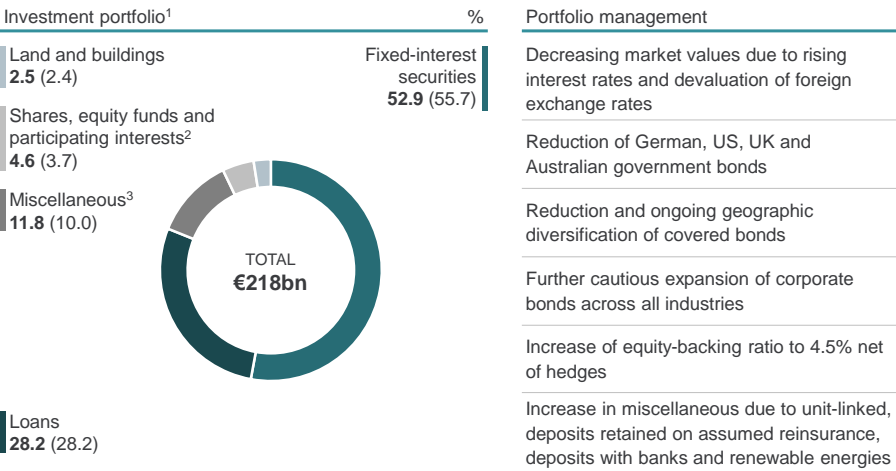


Free capital generation from new business written in 2013 €m



Backup: Munich Re (Group) – Investment portfolio

Investment portfolio



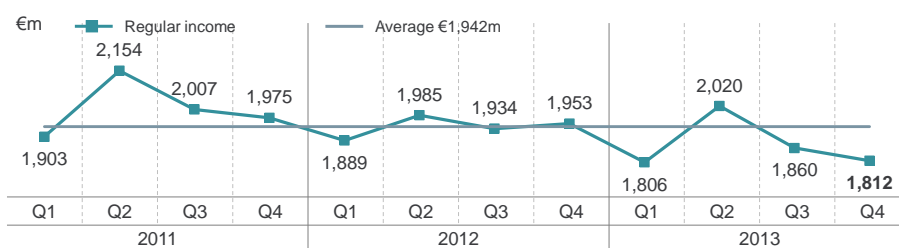
<sup>1</sup> Fair values as at 31.12.2013 (31.12.2012). <sup>2</sup> Net of hedges: 4.5% (3.4%). <sup>3</sup> Deposits retained on assumed reinsurance, unit-linked investments, deposits with banks, investment funds (excl. equities), derivatives and investments in renewable energies and gold.

Backup: Investments

## 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
<b>Total regular income</b>	<b>1,812</b>	<b>7,498</b>	<b>7,761</b>	<b>–263</b>



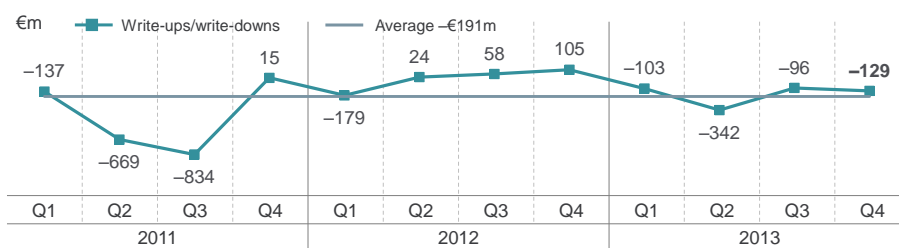
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Backup: Investments

## 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
<b>Total net write-ups/write-downs</b>	<b>–129</b>	<b>–670</b>	<b>8</b>	<b>–678</b>



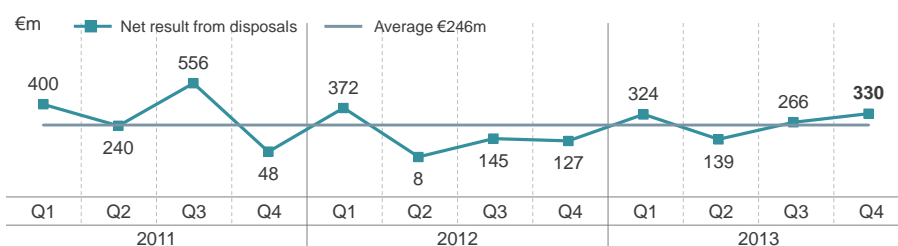
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Backup: Investments

## 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
<b>Total net result from disposals</b>	<b>330</b>	<b>1,059</b>	<b>652</b>	<b>407</b>



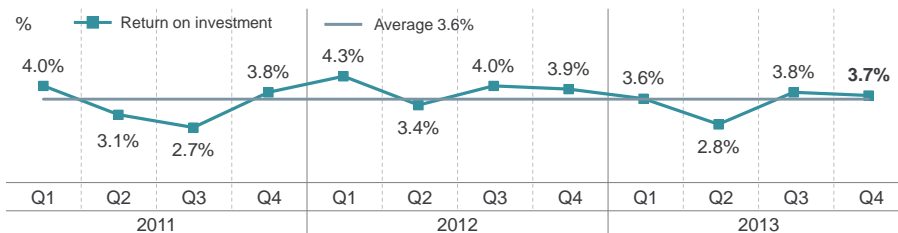
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Backup: Investments

## Return on investment by asset class and segment

Munich RE

% <sup>1</sup>	Regular income	Write-ups/downs	Disposal result	Other inc./exp.	RoI	Market value <sup>3</sup>
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 <sup>2</sup>	2.5	-1.2	-0.1	-0.7	0.5	21,920
<b>Total</b>	<b>3.4</b>	<b>-0.3</b>	<b>0.5</b>	<b>-0.1</b>	<b>3.5</b>	<b>221,270</b>
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



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

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Backup: Investments

## Investment result by segment

Munich RE 

Investment result – Reinsurance – Life						€m	Q4 2013	€m
	2013	Return <sup>1</sup>	2012	Return <sup>1</sup>			Q4 2013	Return <sup>1</sup>
Regular income	893	3.8%	910	3.8%			205	3.5%
Write-ups/write-downs	-6	0.0%	-20	-0.1%			29	0.5%
Disposal gains/losses	84	0.3%	115	0.5%			19	0.3%
Other income/expenses	-145	-0.6%	-92	-0.3%			-46	-0.8%
<b>Investment result</b>	<b>826</b>	<b>3.5%</b>	<b>913</b>	<b>3.9%</b>			<b>207</b>	<b>3.5%</b>
Average market value	23,704		23,694				23,728	

Investment result – Reinsurance – Property-casualty						€m	Q4 2013	€m
	2013	Return <sup>1</sup>	2012	Return <sup>1</sup>			Q4 2013	Return <sup>1</sup>
Regular income	1,783	3.0%	1,933	3.3%			418	2.9%
Write-ups/write-downs	-299	-0.5%	-66	-0.1%			-43	-0.3%
Disposal gains/losses	474	0.8%	504	0.8%			166	1.2%
Other income/expenses	-196	-0.3%	-223	-0.4%			-48	-0.3%
<b>Investment result</b>	<b>1,762</b>	<b>3.0%</b>	<b>2,148</b>	<b>3.6%</b>			<b>493</b>	<b>3.5%</b>
Average market value	58,565		59,392				56,653	

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

Analysts' conference 2014 110

Backup: Investments

## Investment result by segment

Munich RE 

Investment result – Primary insurance – Life						€m	Q4 2013	€m
	2013	Return <sup>1</sup>	2012	Return <sup>1</sup>			Q4 2013	Return <sup>1</sup>
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 <sup>2</sup>	226	0.2%	428	0.5%			108	0.5%
<b>Investment result</b>	<b>3,275</b>	<b>3.8%</b>	<b>3,626</b>	<b>4.3%</b>			<b>870</b>	<b>4.1%</b>
Average market value	86,650		83,837				85,693	

Investment result – Primary insurance – Property-casualty						€m	Q4 2013	€m
	2013	Return <sup>1</sup>	2012	Return <sup>1</sup>			Q4 2013	Return <sup>1</sup>
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%
<b>Investment result</b>	<b>389</b>	<b>3.9%</b>	<b>376</b>	<b>4.0%</b>			<b>89</b>	<b>3.6%</b>
Average market value	9,862		9,357				9,913	

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

Analysts' conference 2014 111



Backup: Investments

## Investment result by segment

Munich RE 

Investment result – Primary insurance – Health					€m	Q4 2013	€m
	2013	Return <sup>1</sup>	2012	Return <sup>1</sup>		Q4 2013	Return <sup>1</sup>
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%
<b>Investment result</b>	<b>1,321</b>	<b>3.5%</b>	<b>1,245</b>	<b>3.6%</b>		<b>320</b>	<b>3.4%</b>
Average market value	37,387		34,773			37,582	

Investment result – Munich Health					€m	Q4 2013	€m
	2013	Return <sup>1</sup>	2012	Return <sup>1</sup>		Q4 2013	Return <sup>1</sup>
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%
<b>Investment result</b>	<b>95</b>	<b>2.5%</b>	<b>115</b>	<b>2.7%</b>		<b>28</b>	<b>3.1%</b>
Average market value	3,817		4,286			3,646	

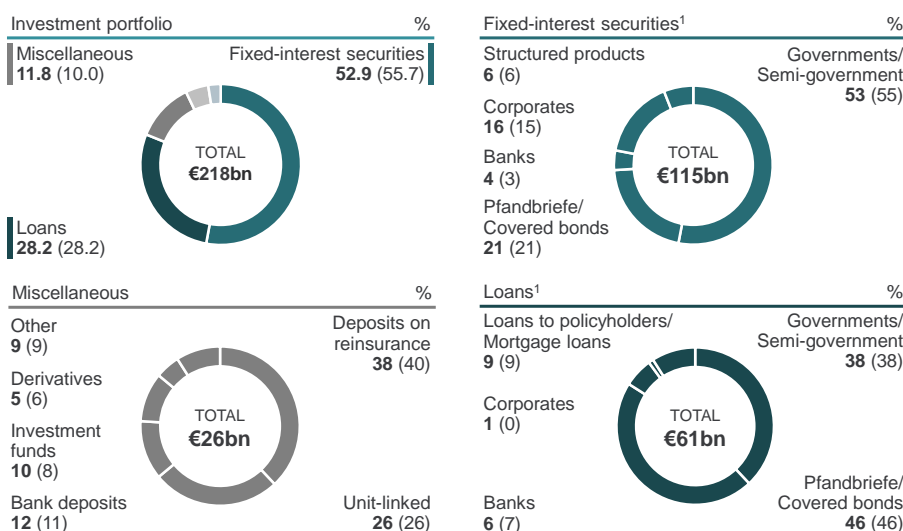
<sup>1</sup> Return on quarterly weighted investments (market values) in % p.a.

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Backup: Investments

## Investment portfolio

## Fixed-interest securities and miscellaneous

Munich RE <sup>1</sup> Approximation – not fully comparable with IFRS figures. Fair values as at 31.12.2013 (31.12.2012).

Analysts' conference 2014 113

Backup: Investments

## Fixed-income portfolio Total

Munich RE 

### Fixed-income portfolio

%

Loans to policyholders/  
Mortgage loans  
**3** (3)

Governments/  
Semi-government  
**46** (48)

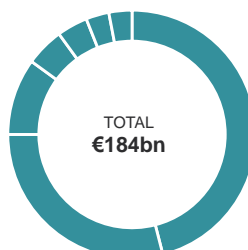
Bank bonds  
**3** (3)

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).

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Backup: Investments



## Fixed-income portfolio Total

Munich RE 

### Rating structure

%

<BB and NR  
**6** (6)

AAA  
**42** (48)

BB  
**2** (1)

BBB  
**12** (9)

A  
**12** (12)

AA  
**26** (24)



### Maturity structure

%

n.a.  
**2** (2)

0–1 years  
**9** (9)

>10 years  
**31** (34)

1–3 years  
**16** (15)

7–10 years  
**14** (14)

3–5 years  
**15** (15)

5–7 years  
**13** (11)



### Regional breakdown

%

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

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

Analysts' conference 2014 115

Backup: Investments

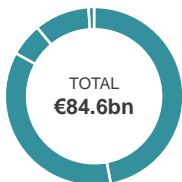


## Fixed-income portfolio Governments/Semi-government

Munich RE

### Rating structure %

BB	AAA
1 (1)	47 (55)
BBB	
10 (7)	
A	
6 (6)	
AA	
36 (31)	



### Maturity structure %

>10 years	0–1 years
39 (42)	9 (9)
	1–3 years
	17 (16)
	3–5 years
	13 (12)
7–10 years	5–7 years
10 (11)	12 (10)



### Regional breakdown %

	Without policyholder participation	With	Total	
			31.12. 2013	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
<b>Total</b>	<b>49.7</b>	<b>50.3</b>	<b>100.0</b>	<b>100.0</b>

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Backup: Investments

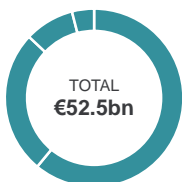


## Fixed-income portfolio Pfandbriefe/Covered bonds

Munich RE

### Rating structure %

BBB	AAA
4 (2)	61 (64)
A	
9 (7)	
AA	
26 (27)	



### Maturity structure %

>10 years	0–1 years
38 (41)	4 (5)
	1–3 years
	13 (11)
	3–5 years
	13 (15)
7–10 years	5–7 years
19 (18)	13 (10)

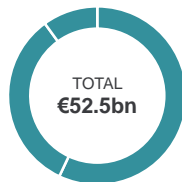


### Regional breakdown %

	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

### Covered pools %

Mixed and other	Mortgage
10 (10)	57 (56)



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

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Backup: Investments



## Fixed-income portfolio

### Corporate bonds (excluding bank bonds)

Munich RE

Rating structure		%
<BB and NR 1 (1)	<p>TOTAL €18.9bn</p>	AAA 1 (1)
BB 9 (5)		AA 7 (8)
BBB 48 (44)		A 34 (41)
Maturity structure		%
>10 years 13 (12)	<p>AVERAGE MATURITY 7.0 years</p>	0–1 years 7 (6)
7–10 years 18 (21)		1–3 years 19 (19)
5–7 years 17 (18)		3–5 years 26 (24)

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).

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Backup: Investments



## Fixed-income portfolio

### Structured products

Munich RE

Structured products portfolio (at market values): Split by rating and region										€m
		Rating						Region		Market-to-par
		AAA	AA	A	BBB	<BBB	NR	USA + RoW	Europe	
ABS	Consumer-related ABS <sup>1</sup>	308	283	201	60	4	–	280	576	856 101%
	Corporate-related ABS <sup>2</sup>	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%

<sup>1</sup> Consumer loans, auto, credit cards, student loans.<sup>2</sup> Asset-backed CPs, business and corporate loans, commercial equipment.

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

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Backup: Investments

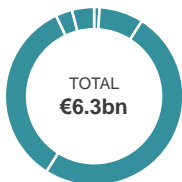


## Fixed-income portfolio Bank bonds

Munich RE

### Rating structure %

<BB and NR	AAA
4 (5)	1 (1)
BB	AA
3 (3)	8 (9)
BBB	A
34 (29)	50 (53)



### 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

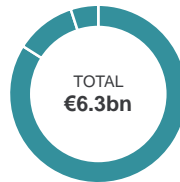
### Maturity structure %

>10 years	0–1 years
4 (8)	5 (6)
7–10 years	1–3 years
16 (13)	16 (14)
5–7 years	3–5 years
24 (38)	35 (21)



### Investment category of bank bonds %

Loss-bearing <sup>1</sup>	Senior
5 (6)	84 (82)
Subordinated <sup>2</sup>	
11 (12)	



<sup>1</sup> Classified as Tier 1 and upper Tier 2 capital for solvency purposes. <sup>2</sup> 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).

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Backup: Investments



## Fixed-income portfolio Bank bonds

Munich RE

### Senior, subordinated and loss-bearing bonds exposure by country

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
<b>Total</b>	<b>5,302</b>	<b>673</b>	<b>324</b>	<b>6,299</b>

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

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Backup: Investments

## 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) <sup>1</sup>	+1.5	+0.7	–1.4	–2.7
Change in off-balance-sheet reserves, net (€bn) <sup>1</sup>	+0.4	+0.2	–0.3	–0.6
P&L impact (€bn) <sup>1</sup>	–0.1	–0.0	+0.1	+0.2
Sensitivity to spreads <sup>2</sup> (change in basis points)			+50	+100
Change in gross market value (€bn)			–4.2	–8.0
Change in on-balance-sheet reserves, net (€bn) <sup>1</sup>			–0.9	–1.7
Change in off-balance-sheet reserves, net (€bn) <sup>1</sup>			–0.2	–0.4
P&L impact (€bn) <sup>1</sup>			+0.0	+0.1
Sensitivity to equity and commodity markets <sup>3</sup>	–30%	–10%	+10%	+30%
<b>EURO STOXX 50 (3,109 as at 31.12.2013)</b>	<b>2,176</b>	<b>2,798</b>	<b>3,420</b>	<b>4,042</b>
Change in gross market value (€bn)	–3.7	–1.2	+1.2	+3.8
Change in on-balance-sheet reserves, net (€bn) <sup>1</sup>	–1.0	–0.5	+0.7	+2.2
Change in off-balance-sheet reserves, net (€bn) <sup>1</sup>	–0.6	–0.2	+0.2	+0.7
P&L impact (€bn) <sup>1</sup>	–1.5	–0.4	+0.1	+0.3

<sup>1</sup> 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.

<sup>2</sup> Sensitivities to changes of spreads are calculated for every category of fixed-interest securities, except government securities with AAA ratings.

<sup>3</sup> Worst-case scenario assumed including commodities; impairment as soon as market value is below acquisition cost. Approximation – not fully comparable with IFRS figures.

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Backup: Investments

## 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
<b>Total reserves</b>	<b>7,374</b>	<b>11,236</b>	<b>22,478</b>	<b>16,117</b>	<b>15,192</b>
<b>On-balance-sheet reserves</b>					
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 <sup>1</sup>	249	250	291	280	292
<b>Subtotal</b>	<b>4,084</b>	<b>5,835</b>	<b>11,774</b>	<b>7,481</b>	<b>6,928</b>
<b>Off-balance-sheet reserves</b>					
Real estate <sup>2</sup>	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
<b>Subtotal</b>	<b>3,290</b>	<b>5,401</b>	<b>10,704</b>	<b>8,636</b>	<b>8,264</b>
Reserve ratio (%)	3.8%	5.4%	10.0%	7.4%	7.0%

<sup>1</sup> Unrealised gains/losses from unconsolidated affiliated companies, valuation at equity and cash-flow hedging.











<sup>2</sup> Excluding reserves from owner-occupied property.

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Backup: Investments

## On-balance-sheet reserves

Munich RE 


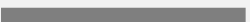






On-balance-sheet reserves		€m
	2013	Change Q4
Investments afs	6,636 	-565
Valuation at equity	100 	21
Unconsolidated affiliated enterprises	158 	-10
Cash flow hedging	34 	1
<b>Total on-balance-sheet reserves (gross)</b>	<b>6,928</b> 	-553
Provision for deferred premium refunds	-2,786 	48
Deferred tax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

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Backup: Investments

## Off-balance-sheet reserves

Munich RE 

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

<sup>1</sup> Excluding reserves for owner-occupied property.

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Backup: Risk management – Capital position 31.12.2013

## 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 <sup>1</sup>	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 <sup>2</sup>			12.5	7.9
Capital buffer after share buy-back and dividends <sup>2</sup> under Solvency II calibration			22.7	19.6

**Strong capitalisation: Economic capital buffer of €12.5bn<sup>2</sup> according to internal model and €22.7bn<sup>2</sup> applying Solvency II risk tolerance**

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

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Backup: Risk management – Capital position 31.12.2013

## Reconciliation of AFR with IFRS equity

Munich RE 

Reconciliation of AFR with IFRS equity

€bn

IFRS equity	26.2
Off-balance-sheet reserves	1.3
Valuation adjustments <sup>1</sup>	9.1
Goodwill and other intangibles <sup>2</sup>	–4.0
Loss carry-forward component of deferred tax assets <sup>3</sup>	–0.2
Economic equity	32.4
Hybrid capital <sup>4</sup>	5.8
Available financial resources	38.2

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

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Backup: Risk management – Capital position 31.12.2013

## Composition of economic earnings

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Risk category €bn	ΔAFR 2013		Explanation	Remarks
	ERC 1.1.2013	Rough estimates		
Equity	5.7	<b>+0.8</b>	Gains on equity investments	<b>Market and credit risk</b> Relief in capital markets esp. in second half of 2013 lead to positive result, partially offset by balanced currency position suffering from euro strengthening
Credit	6.7	<b>+0.2</b>	No material default	
Interest rate	10.9	<b>+0.7</b>	Tightening of credit spreads and lower implied volatilities	
Currency	1.9	<b>-1.2</b>	Mainly Can\$ and US\$	
Technical result and new business <sup>1</sup>		<b>+4.2</b>		<b>Insurance risk</b> Good technical result in property-casualty reinsurance and new business in life reinsurance
AFR roll-forward <sup>2</sup> and other <sup>3</sup>		<b>-0.5</b>		
<b>Economic earnings</b>		<b>+4.2</b>		

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.

## Satisfactory technical results and favourable interest-rate environment

<sup>1</sup> Includes unwind of market value margin, P-C result, Life VANB, experience variances, assumption changes.

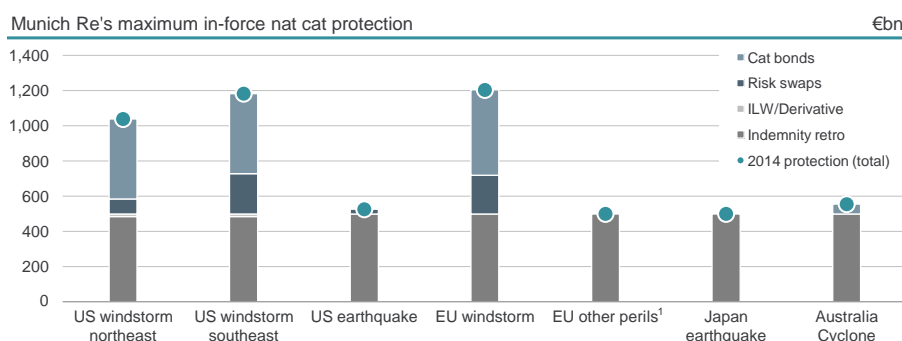
<sup>2</sup> Investment return on AFR.

<sup>3</sup> Includes MCEV model changes.

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Backup: Munich Re (Group) – Risk transfer

## Munich Re's maximum in-force nat cat protection

Munich RE 

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.  
<sup>1</sup> Earthquake Europe, including Turkey.

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Backup: Primary insurance – Market Consistent Embedded Value 2013

## MCEV result sees strong recovery in 2013

Munich RE 

## MCEV – Primary insurance

€m

<b>MCEV 31.12.2012</b>	<b>2,728</b>		Value of new business	213
Opening adjustments	-247		Expected return	95
<b>Adjusted MCEV 31.12.2012</b>	<b>2,482</b>		Experience variances	200
<b>Operating MCEV earnings</b>	<b>2,175</b>		Assumption changes	1,963
Economic variances	1,132		Other operating variance	-295
Other non-operating variance	0		<b>Operating MCEV earnings</b>	<b>2,175</b>
<b>Total MCEV earnings</b>	<b>3,308</b>			
<b>MCEV before closing adjustments</b>	<b>5,789</b>			
Closing adjustments	160			
<b>MCEV 31.12.2013</b>	<b>5,949</b>			

## 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

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Backup: Primary insurance – Market Consistent Embedded Value 2013

## MCEV result 2013

Munich RE 

## MCEV – Primary insurance – German life

€m

<b>MCEV 31.12.2012</b>	<b>-970</b>		Value of new business	44
Opening adjustments	-29		Expected return	30
<b>Adjusted MCEV 31.12.2012</b>	<b>-999</b>		Experience variances	159
<b>Operating MCEV earnings</b>	<b>1,352</b>		Assumption changes	1,318
Economic variances	887		Other operating variance	-199
Other non-operating variance	0		<b>Operating MCEV earnings</b>	<b>1,352</b>
<b>Total MCEV earnings</b>	<b>2,238</b>			
<b>MCEV before closing adjustments</b>	<b>1,239</b>			
Closing adjustments	0			
<b>MCEV 31.12.2013</b>	<b>1,239</b>			

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Backup: Primary insurance – Market Consistent Embedded Value 2013

## MCEV result 2013

Munich RE 

## MCEV – Primary insurance – International life

€m

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

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

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Backup: Primary insurance – Market Consistent Embedded Value 2013

## MCEV result 2013

Munich RE 

## MCEV – Primary insurance – Health

€m

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

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

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Backup: Market Consistent Embedded Value 2013

## Sensitivities of MCEV

Munich RE 

€m	Reinsurance			Primary insurance		
	MCEV	Change in €m	Change in %	MCEV	Change in €m	Change in %
<b>Base case</b>	<b>9,382</b>			<b>5,949</b>		
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

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Backup: Market Consistent Embedded Value 2013

## Sensitivities of value of new business

Munich RE 

€m	Reinsurance			Primary insurance		
	VNB	Change in €m	Change in %	VNB	Change in €m	Change in %
<b>Base case</b>	<b>577</b>			<b>213</b>		
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

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Backup: Market Consistent Embedded Value 2013

## IFRS uplift

Munich RE

### 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

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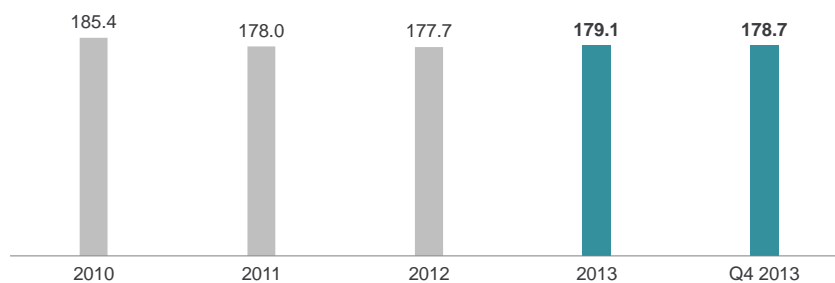
Backup: Shareholder information

## Development of shares in circulation

Munich RE

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
<b>Total</b>	<b>179.3</b>	<b>-</b>	<b>-</b>	<b>179.3</b>

Weighted average number of shares in circulation (millions)



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Backup: Shareholder information  
**Financial calendar**




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**FINANCIAL CALENDAR**


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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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Backup: Shareholder information  
**For information, please contact**




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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.