



Quarterly statement as at 31 March 2019

8 May 2019

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| | |
|-------------------|----|
| Munich Re (Group) | 2 |
| ERGO | 7 |
| Reinsurance | 11 |
| Outlook | 16 |

Good start to the year

MUNICH RE (GROUP)

Net result

€633m (€827m)

Solid underlying performance, positive currency effects and low tax expenses

Return on investment¹

2.9% (3.1%)

Disposal gains offset write-downs and derivative losses

Shareholders' equity

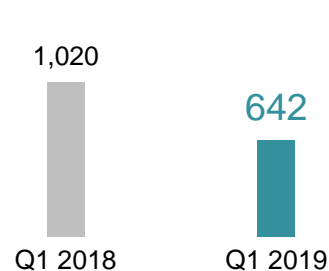
€29.0bn (+9.4% vs. 31.12.)

Sound capitalisation –
Solvency II ratio at ~250%

Q1 2019 (Q1 2018)

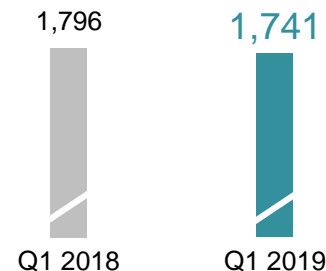
Technical result

€m



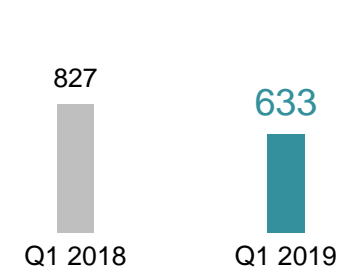
Investment result

€m



Net result

€m



Reinsurance

Life and Health: Technical result incl. fee income: €105m (€155m) – slightly below run-rate due to technical one-offs

Property-casualty: Combined ratio: 97.9% (88.6%) –
Major-loss ratio: 9.7% (1.4%)

April renewals:

Price change: ~ +1.4%, premium change: +10.3%

ERGO

Life and Health Germany:

Life: High RoI; Health: Sound performance

Property-casualty:

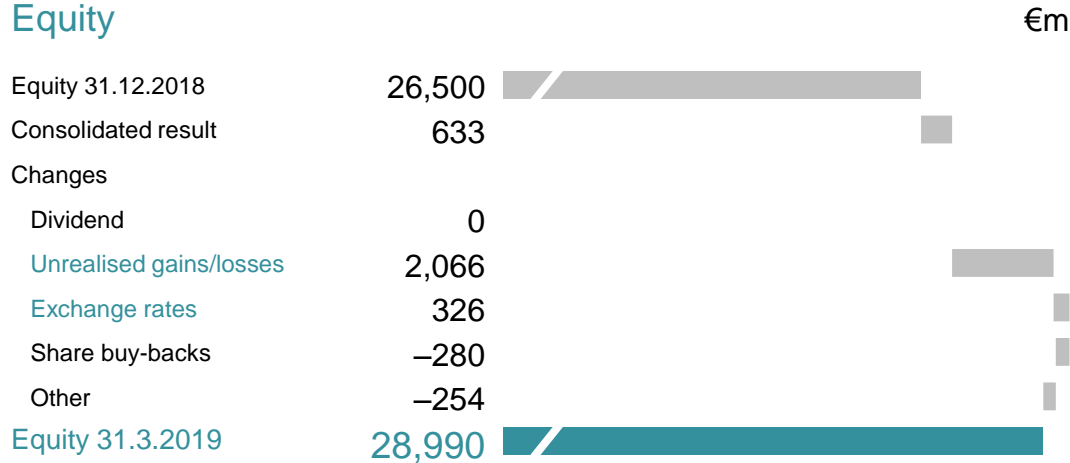
C/R: 98.1% (101.7%) – Storm Eberhard

International:

C/R: 95.4% (95.3%); disposal losses

IFRS capital position

Equity



Unrealised gains/losses

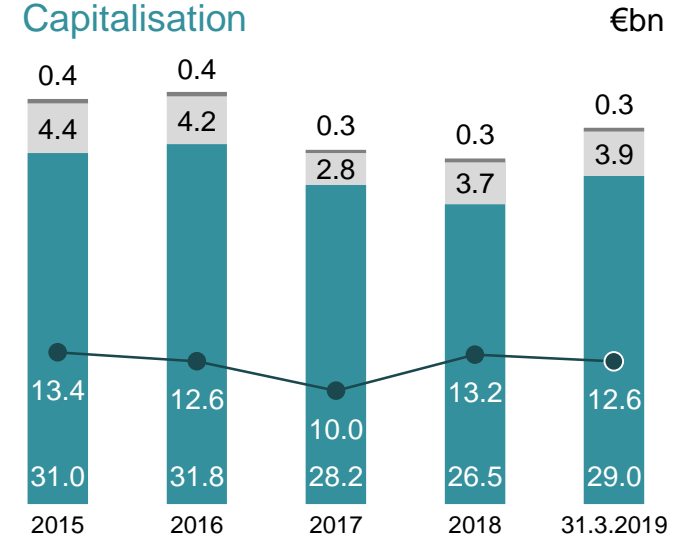
Fixed-interest securities
€1,366m





Non-fixed-interest securities
€698m

Exchange rates

FX effect mainly driven by US\$

Capitalisation



-  Debt leverage¹ (%)
-  Senior and other debt²
-  Subordinated debt
-  Equity

¹ Strategic debt (senior, subordinated and other debt) divided by total capital (strategic debt + equity).

² Other debt includes Munich Re bank borrowings and other strategic debt.

Investment portfolio

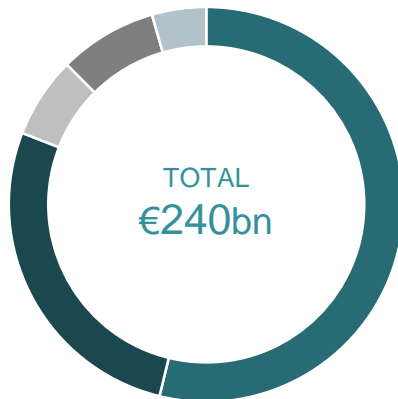
Investment portfolio¹

Land and buildings
4.4 (4.6)

Miscellaneous²
8.0 (7.7)

Shares, equity funds and participating interests³
6.6 (6.2)

Loans
27.1 (27.7)



Fixed-interest securities
53.8 (53.8)

%

Portfolio management in Q1

- Increased market values after decline of interest rates and strong equity markets
- Equity quota net of hedges up to 6.0% – derivatives position slightly reduced
- Further expansion of alternative and infrastructure investments
- Temporarily higher short-term investments (funding of dividend payment)

Investment result

| €m | Q1 2019 | Return ¹ | Q1 2018 | Return ¹ |
|--------------------------|--------------|---------------------|--------------|---------------------|
| Regular income | 1,611 | 2.7% | 1,493 | 2.6% |
| Write-ups/write-downs | -83 | -0.1% | -115 | -0.2% |
| Disposal gains/losses | 602 | 1.0% | 584 | 1.0% |
| Derivatives ² | -231 | -0.4% | -17 | 0.0% |
| Other income/expenses | -157 | -0.3% | -149 | -0.3% |
| Investment result | 1,741 | 2.9% | 1,796 | 3.1% |
| Total return | | 12.5% | | -1.3% |

| 3-month reinvestment yield | Q1 2019 | Write-ups/ write-downs | Disposal gains/losses | Derivatives | Q1 2018 | Write-ups/ write-downs | Disposal gains/losses | Derivatives |
|----------------------------|-----------------------|---------------------------|--------------------------|-------------|-----------------------|---------------------------|--------------------------|-------------|
| Q1 2019 2.1% | Fixed income | -9 | 370 | 16 | Fixed income | -1 | 326 | -124 |
| Q4 2018 2.1% | Equities | -68 | 188 | -321 | Equities | -79 | 209 | 109 |
| Q3 2018 2.5% | Commodities/Inflation | 5 | | 48 | Commodities/Inflation | 9 | | 7 |
| | Other | -11 | 44 | 25 | Other | -44 | 50 | -8 |

ERGO







Gross premiums written €m

| | | |
|-------------------------|---|--------------|
| Q1 2018 |  | 4,943 |
| Foreign exchange | | -22 |
| Divestments/investments | | -28 |
| Organic change | | 102 |
| Q1 2019 |  | 4,995 |

- **Property-casualty Germany¹ (+€83m):** Positive development by earlier receipt of some large contracts in broker channel; highest growth in fire/property, marine and liability
- **Life and Health Germany¹ (+€25m):** Positive development in Health, Travel and Direct; decline in Life despite growth from new products
- **International (-€56m):** Lower premium volume mainly due to divestments in 2018

Major result drivers

| | Q1 2019 | Q1 2018 | €m |
|---------------------------|---|---------|------|
| Technical result |  | 132 | ▲ 45 |
| Non-technical result |  | 93 | -28 |
| thereof investment result | 1,116 | 1,184 | -68 |
| Other |  | -147 | -9 |
| Net result |  | 77 | 8 |

Technical result

Increase driven by P-C Germany and L&H Germany

- **P-C Germany (+€29m)**, improvements driven by premium growth
- **L&H Germany (+€20m)**, adjusted distribution of shareholder profits during the year
- **International (-€3m)**, decrease in Health (mainly seasonality in Spain) is partly offset by improvements due to new reinsurance structure

Investment result

- Disposal gains to finance ZZR
- Lower derivatives result (driven by L&H Germany equity derivatives)
- Return on investment 3.0%

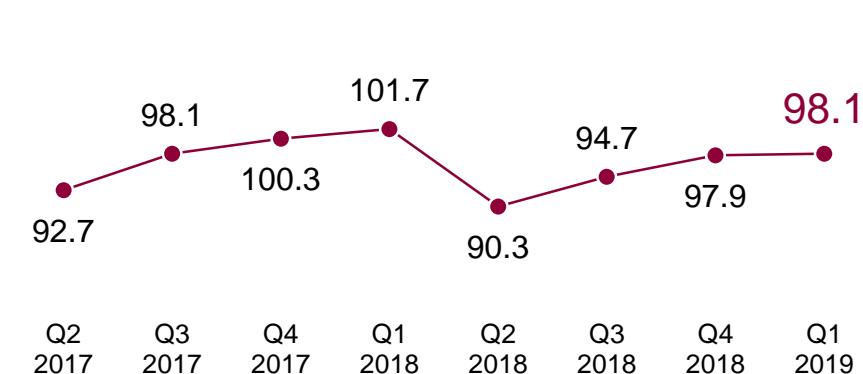
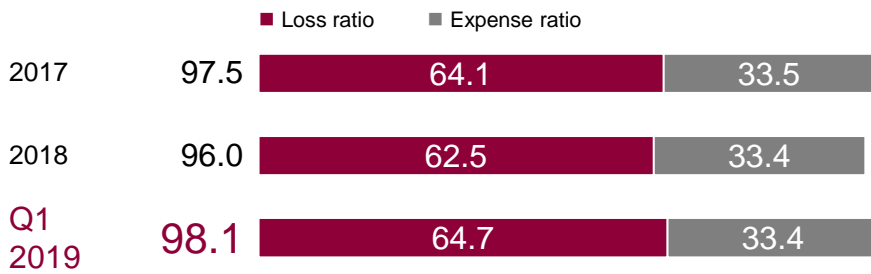
Other

- FX result improved, mainly in L&H Germany
- Higher tax expenses among others due to one-off effects in 2018

ERGO Property-casualty Germany

Combined ratio

%



Gross premiums written

€m

Other

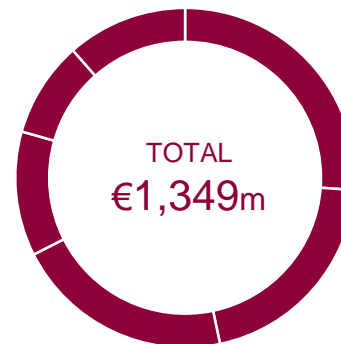
155 (124)

Motor

353 (358)

Legal protection

123 (122)



Personal accident

160 (162)

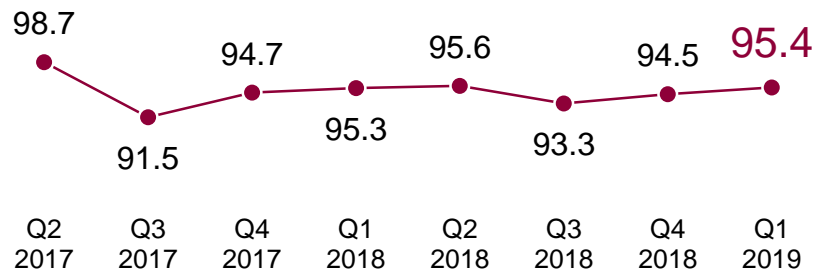
Fire/property

281 (241)

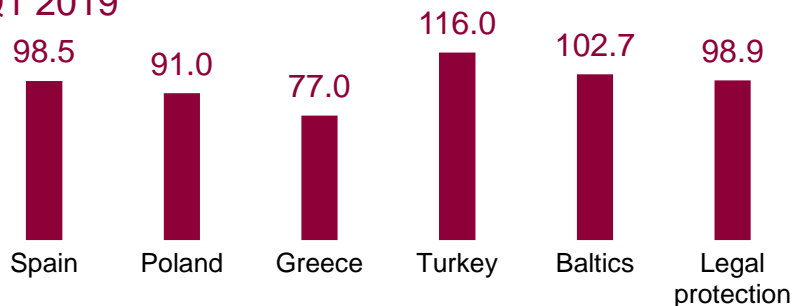
ERGO International

Combined ratio

%



Q1 2019

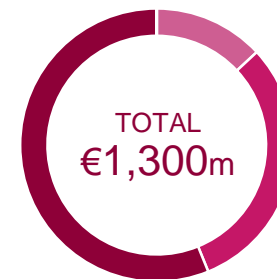


Gross premiums written

€m

Property-casualty
730 (756)

Life
170 (213)



Health
400 (387)

| P-C | Q1 2019 | Q1 2018 | Life | Q1 2019 | Q1 2018 |
|------------------|---------|---------|----------|---------|---------|
| thereof: | | | thereof: | | |
| Poland | 370 | 350 | Austria | 86 | 94 |
| Legal protection | 168 | 183 | Belgium | 37 | 45 |
| Greece | 57 | 72 | | | |
| Baltics | 48 | 44 | Health | | |
| Turkey | 34 | 46 | thereof: | | |
| | | | Spain | 241 | 234 |
| | | | Belgium | 159 | 153 |

Reinsurance



Reinsurance Life and Health

Gross premiums written

| | €m |
|-------------------------|--------------|
| Q1 2018 | 2,865 |
| Foreign exchange | 101 |
| Divestments/investments | 0 |
| Organic change | -71 |
| Q1 2019 | 2,896 |

- Positive FX effects mainly driven by US\$
- Restructuring of a large capital-relief transaction resulting in top-line decrease ...
- ... largely offset by organic growth in Asia and Europe

Major result drivers

| | Q1 2019 | Q1 2018 | €m |
|---------------------------|------------|------------|------------|
| Technical result | 78 | 140 | -62 |
| Non-technical result | 48 | 82 | -34 |
| thereof investment result | 177 | 207 | -31 |
| Other | 2 | -62 | 64 |
| Net result | 128 | 159 | -31 |

Technical result, incl. fee income of €105m

- Negative technical reserving effects
 - Australia: Strengthening of claims reserves due to declining interest rates
 - Canada: Shortening of asset duration
- Biometric experience in line with expectations overall – adverse development in Australia compensated for by positive experience in Continental Europe

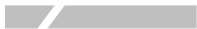




Investment result

- Disposal gains after shortening of asset duration in Canada (albeit major part allocated to P-C Reinsurance segment)
- Return on investment: 2.6%

Other

- FX result of €20m (-€6m)

Reinsurance Property-casualty

| Gross premiums written | | €m |
|-------------------------|---|-------|
| Q1 2018 |  | 5,317 |
| Foreign exchange |  | 214 |
| Divestments/investments |  | -41 |
| Organic change |  | -6 |
| Q1 2019 |  | 5,484 |

- Positive FX effects mainly driven by US\$
- Sale of MSP Underwriting

Major result drivers

| | Q1 2019 | Q1 2018 | €m | |
|---------------------------|---|---------|------|-----------|
| Technical result |  | 387 | 749 | ▲ -362 |
| Non-technical result |  | 121 | 89 | 32 |
| thereof investment result | 449 | 404 | 44 | |
| Other |  | -88 | -247 | 159 |
| Net result |  | 420 | 591 | -171 |

Technical result

- Below-average major losses despite negative run-off for prior-year claims of 5.1%-pts.
- Elevated basic losses due to larger losses below outlier threshold in North American Risk Solutions business and higher commissions

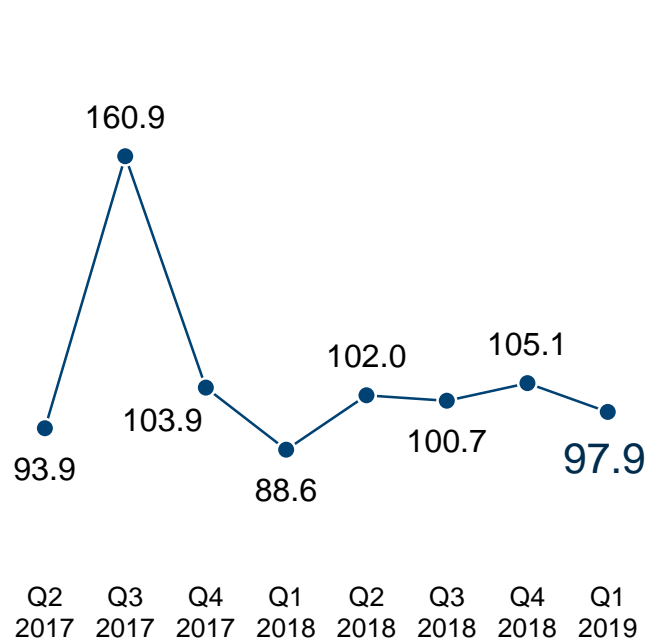
Investment result

- Disposal gains after shortening of asset duration in Canada and sale of MSP Underwriting
- Return on investment: 2.9%

Other

- FX result of €39m (-€28m)

Reinsurance Property-casualty – Combined ratio



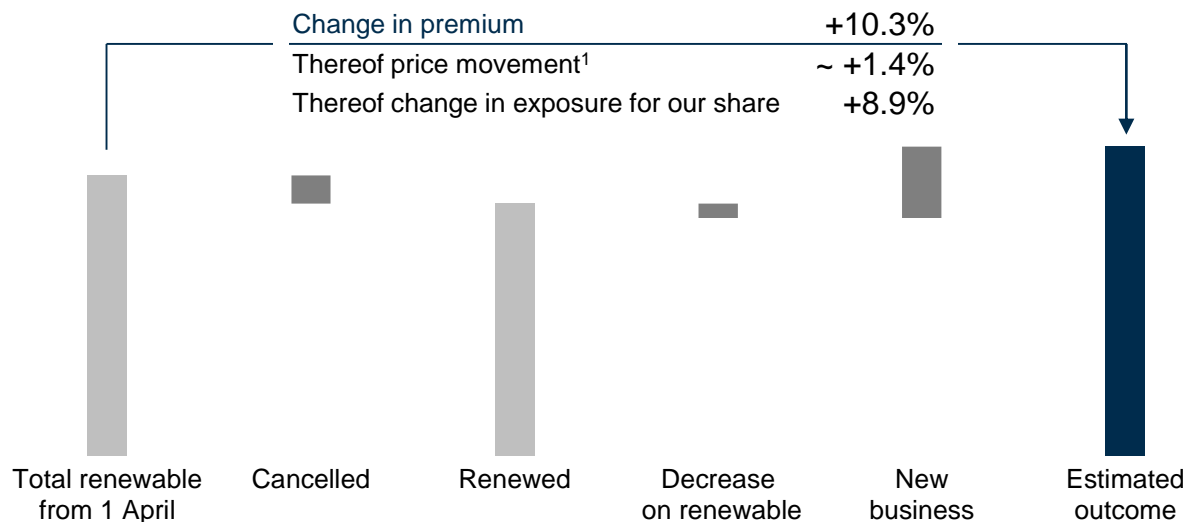
| | | Basic losses | Major losses | Expense ratio | | |
|----------------------|-------|--------------|--------------|---------------|-------------------------------|--|
| | | | | | % | |
| 2017 | 114.1 | 54.8 | 25.8 | 33.5 | | |
| 2018 | 99.4 | 53.6 | 11.6 | 34.2 | | |
| Q1 2019 | 97.9 | 54.8 | 9.7 | 33.4 | | |
| | | Major losses | Nat cat | Man-made | Reserve releases ¹ | Normalised combined ratio ² |
| Q1 2019 | | 9.7 | 4.0 | 5.7 | -4.0 | 100.2 |
| Ø Annual expectation | | ~12.0 | ~8.0 | ~4.0 | ~-4.0 | |

¹ Basic losses prior years, already adjusted for directly corresponding sliding-scale and profit-commission effects.
² Based on reserve releases of 4%-pts.

Overall portfolio profitability further improved – Rate increases in loss-affected business

April renewals 2019

| | | | | | | |
|----|-------|-------|-------|------|------|-------|
| % | 100 | -10.1 | 89.9 | -5.2 | 25.5 | 110.3 |
| €m | 1,658 | -167 | 1,491 | -86 | 423 | 1,828 |



- Price increase of 1.4% – improvement compared with January 2019 renewals
- Substantial rate increases for loss-affected nat cat XL business (Japan)
- Top-line growth in India, USA and aviation

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

Outlook



GROUP

Gross premiums written
~€49bn

Net result¹
~€2.5bn

Return on investment
~3%

ERGO

Gross premiums written
~€17.5bn

Net result
~€0.4bn

Combined ratio
P-C Germany
~93%

International
~95%

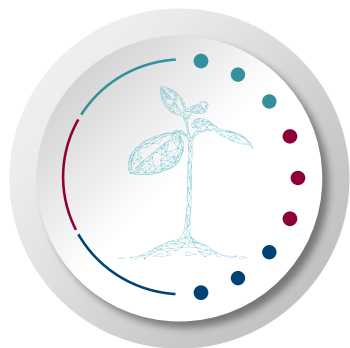
REINSURANCE

Gross premiums written
~€31bn

Net result
~€2.1bn

Combined ratio
Property-casualty²
~98%

Life and Health
Technical result incl. fee income
~€500m



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