Strong track record – and new ideas

Munich, 16 March 2016
Munich Re

Agenda

2 Strong track record – and new ideas
Nikolaus von Bomhard

10 Munich Re (Group)
Jörg Schneider

16 ERGO
Markus Rieß

22 Reinsurance
Torsten Jeworrek

30 Outlook
Nikolaus von Bomhard

Strong track record – and new ideas

Under-promise/over-deliver – Strong balance sheet continues to support sound earnings …

Delivering on promised net result

<table>
<thead>
<tr>
<th>Year</th>
<th>Guidance</th>
<th>Actual</th>
<th>€bn</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>2.5</td>
<td>2.4</td>
<td>2.8</td>
</tr>
<tr>
<td>2011</td>
<td>2.4</td>
<td>0.7</td>
<td>2.6</td>
</tr>
<tr>
<td>2012</td>
<td>2.5</td>
<td>3.2</td>
<td>3.3</td>
</tr>
<tr>
<td>2013</td>
<td>3.0</td>
<td>3.1</td>
<td>3.2</td>
</tr>
<tr>
<td>2014</td>
<td>3.0</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2015</td>
<td>2.5–3.3</td>
<td>3.1</td>
<td>3.1</td>
</tr>
</tbody>
</table>

Earnings outlook 2016

- Strong balance sheet
- Challenging reinsurance and capital markets

- Munich Re’s balance sheet

Sound capitalisation according to all metrics
High level of unrealised investment gains
Rock-solid reserving position
Low goodwill in relation to shareholders’ equity

Munich Re once again delivering strong results, despite persistent challenges of declining reinsurance margins and low interest rates

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

2 As at 31.12.2015.
Strong track record — and new ideas

... while safeguarding reliable shareholder payouts

Further increase of dividend per share to €8.25 in 2016 —
Total of €20bn returned to shareholders in the last ten years

Attractive shareholder participation

<table>
<thead>
<tr>
<th>Year</th>
<th>Share buy-back</th>
<th>Dividend</th>
<th>Cash yield (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>1.5</td>
<td>2.4</td>
<td>11.2</td>
</tr>
<tr>
<td>2011</td>
<td>1.1</td>
<td>1.5</td>
<td>7.8</td>
</tr>
<tr>
<td>2012</td>
<td>1.6</td>
<td>2.2</td>
<td>5.4</td>
</tr>
<tr>
<td>2013</td>
<td>2.7</td>
<td>2.6</td>
<td>6.0</td>
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<tr>
<td>2014</td>
<td>2.3</td>
<td>2.5</td>
<td>9.6</td>
</tr>
<tr>
<td>2015</td>
<td>2.3</td>
<td>2.5</td>
<td>7.7</td>
</tr>
</tbody>
</table>

1 Cash-flow view.  
2 Total payout (dividend and buy-back) divided by average market capitalisation.

Strong track record — and new ideas

Global environment becoming increasingly challenging

Political risks
- Military conflicts
- Sovereign debt crisis
- Brexit/Grexit
- Refugees
- New "cold war"

Economic risks
- Low interest rates
- Low commodity prices
- Economic cooldown in China
- High capital-market volatility

Changing risks
- Digitalisation
- Cyber
- Terror
- Climate change

Cumulative uncertainties

Regulatory risks
- Solvency II
- ComFrame
- IFRS 4 and 9

Proactive risk management builds up resilience in an unpredictable and unstable environment
Proactive risk management builds up resilience in an unpredictable and unstable environment.

**Current environment**

- **Political risks**  
  - High volatility

- **Economic risks**

- **Insurance risks**

**Risk management measures stabilise SII ratio**

- Diversified investment portfolio
- Group-wide trigger system for ALM risks
- Hedging strategy
- Limits for sovereigns
- High quality of counterparties
- Forward-looking scenario analysis

- Limits and budgets
- Management of accumulations
- Strict underwriting guidelines
- Retrocession for peak cat scenarios

**Munich Re well prepared for turbulent market conditions**

**Changing risks – Munich Re actively shaping the transformation of the (re-)insurance industry**

- Munich Re’s strong footprint facilitates expansion to attractive growth markets
- Providing services and capacity to (new) clients
- Short-term: Important earnings generator
- Mid-long-term: Declining contribution – compensated for by new products and markets

- Underwriting know-how and expert network key to developing innovative solutions
- Munich Re with the right infrastructure
- Client proximity important for understanding changing demand
- Munich Re launches new products that meet evolving/ changing client needs

**Efficiently running the traditional book while continuously exploring new products/markets**

1. e.g. Cyber insurance, performance guarantees for renewable energies.
2. e.g. Liability risks of atomic power plants or oil platforms.
3. e.g. Satellite life-time insurance.
Munich Re


Future growth driven by demographic/economic changes – Munich Re is tapping the potential with know-how, client proximity and a strong capital position

Demographic changes – Rise of affluent middle class and significant population growth …

Insurance penetration still low:

Insured share of nat cat losses:

Young and growing population:

Gross national income per capita:

Future growth driven by demographic/economic changes – Munich Re is tapping the potential with know-how, client proximity and a strong capital position

Insurance penetration (%)

North America 43
Australia 38
Europe 28
South America 10
Asia 8
Africa 5

Underinsurance in emerging markets provides business opportunities

… drive economic growth – Higher wealth and better education further increases insurance spending/penetration

Emerging markets often highly exposed to nat cat risks – Higher risk awareness reduces underinsurance

Strong track record – and new ideas

Integrated business model and infrastructure is facilitating swift adaption to a changing environment

Munich Re provides solutions along the entire value chain …

New clients and demands

Adapting to changing purchasing behaviour and new client needs

Efficient and digital business processes

Exploiting potential for digital processes – reducing complexity

New risk-related services

Predictive and preventive services are being linked to insurance products

New (re-) insurance products

Pushing out the frontiers of insurability with covers for previously uninsured new and changing risks

New business models

Digital technology allows the value chain to be redesigned

… facilitated by our core competencies

Data analytics

Data aggregation and analysis

Cooperation

Partnership models inside and outside the insurance industry

Agile IT

Fast, efficient and flexible

Munich Re combines core competencies within the Group – ~€500m premium generated by innovative products

2 Source: Munich Re, Economic Research, Non-We., 2014.
## Agenda

**Strong track record – and new ideas**

Nikolaus von Bomhard

**Munich Re (Group)**

Jörg Schneider

**ERGO**

Markus Rieß

**Reinsurance**

Torsten Jeworrek

**Outlook**

Nikolaus von Bomhard

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### IFRS result driven by strong reinsurance contribution

#### Munich Re (Group) – IFRS view

<table>
<thead>
<tr>
<th><strong>2015 (Q4 2015)</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>NET RESULT</strong></td>
</tr>
<tr>
<td>£3,122m (£731m)</td>
</tr>
<tr>
<td>Overall sound operating performance – One-offs in both directions</td>
</tr>
</tbody>
</table>

#### Reinsurance

| **NET RESULT** | **£3,261m (£1,371m)** |
|----------------|
| Combined ratio 89.7% (78.6%) |
| Major-loss ratio 6.2% (4.7%) |

#### ERGO

| **NET RESULT** | **€227m (£644m)** |
|----------------|
| Technical result of €335m – Slightly below ambition of €400m p.a. |

#### Munich Health

| **NET RESULT** | **€68m (£5m)** |
|----------------|
| Combined ratio 97.9% (103.9%) |
| Goodwill impairment |

---

**P-C GERMANY**

<table>
<thead>
<tr>
<th><strong>COMBINED RATIO</strong></th>
<th><strong>INTERNATIONAL</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Combined ratio 101.1% (102.2%)</td>
<td></td>
</tr>
</tbody>
</table>

P-C Global

<table>
<thead>
<tr>
<th><strong>COMBINED RATIO</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Combined ratio 93.2% (94.5%)</td>
</tr>
</tbody>
</table>
Munich Re (Group) – Strong capitalisation

Strong capital position according to all metrics ...

... facilitates financial flexibility, including high shareholder distribution

1 According to internal model.  2 Strategic debt (senior, subordinated and other debt) divided by total capital (strategic debt + equity).  3 S&P capital.

Munich Re (Group) – IFRS view

Short-term earnings pressure mitigated by strong balance sheet

Conservative accounting translates into earnings as a result of ordinary business activity

1 In % of net earned premiums, adjusted for commission effects.
**Munich Re**

**Munich Re (Group) – IFRS view**

**Long duration stabilises investment returns**

![Graph showing running and reinvestment yield from 2011 to 2015](image)

- Solid reinvestment yield without taking high risks
- In addition to long duration, geographic diversification mitigates attrition of running yield
- At current interest-rate levels, expected annual attrition of running yield ~20bps in 2016

**Discipline prevails: No risky hunt for yield to compensate for low interest rates**

1 Bubble size reflects reinvestment volume.

---

**Munich Re (Group) – Munich Health – Key figures**

**Munich Health – Key figures**

**Net result** €m

<table>
<thead>
<tr>
<th></th>
<th>Q1</th>
<th>Q2</th>
<th>Q3</th>
<th>Q4</th>
<th></th>
<th>Q1</th>
<th>Q2</th>
<th>Q3</th>
<th>Q4</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>20</td>
<td>22</td>
<td>53</td>
<td>14</td>
<td>2015</td>
<td>23</td>
<td>15</td>
<td>46</td>
<td>5</td>
</tr>
</tbody>
</table>

**Technical result** €m

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>77</td>
<td>24</td>
<td></td>
</tr>
</tbody>
</table>

**Investment result** €m

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>87</td>
<td>118</td>
<td></td>
</tr>
</tbody>
</table>

**Other** €m

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>109</td>
<td>88</td>
<td></td>
</tr>
<tr>
<td>-9</td>
<td>9</td>
<td></td>
</tr>
</tbody>
</table>

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

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Nikolaus von Bomhard

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Jörg Schneider

ERGO
Markus Rieß

Reinsurance
Torsten Jeworrek

Outlook
Nikolaus von Bomhard

ERGO – Key financials

<table>
<thead>
<tr>
<th></th>
<th>€bn</th>
<th>Net result</th>
<th>€m</th>
<th>Major result drivers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross premiums written</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2014</td>
<td>16.7</td>
<td>3.8</td>
<td>169</td>
<td>GWP: Decline in traditional life offsets growth in P-C Germany and International</td>
</tr>
<tr>
<td>2015</td>
<td>16.5</td>
<td>3.9</td>
<td>-227</td>
<td>Net income: Negative result primarily driven by goodwill impairment of €429m</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Line of business</th>
<th>Combined ratio</th>
<th>%</th>
<th>Economic earnings</th>
<th>€bn</th>
<th>Return on investment</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Germany</td>
<td>95.3 97.9</td>
<td></td>
<td>-1.9</td>
<td>-1.9</td>
<td>3.9</td>
<td></td>
</tr>
<tr>
<td>International</td>
<td>97.3 104.7</td>
<td></td>
<td>1.3</td>
<td>1.3</td>
<td>3.1</td>
<td></td>
</tr>
</tbody>
</table>

ERGO – Life/Health Germany

Low interest rates leave their mark on German life business

Segmental breakdown – Total premiums €m

<table>
<thead>
<tr>
<th>Segment</th>
<th>Total premiums</th>
<th>%</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Life</td>
<td>4,016</td>
<td>(39%)</td>
<td>–7.9%</td>
</tr>
<tr>
<td>Health</td>
<td>5,202</td>
<td>(50%)</td>
<td>–0.9%</td>
</tr>
<tr>
<td>Direct</td>
<td>1,104</td>
<td>(11%)</td>
<td>–1.1%</td>
</tr>
</tbody>
</table>

TOTAL €10.3bn

Net result €m

<table>
<thead>
<tr>
<th>Year</th>
<th>Total result</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>–329</td>
</tr>
<tr>
<td>2015</td>
<td>269</td>
</tr>
</tbody>
</table>

- Life
  - €346m lower premiums due to lower traditional business
- Health
  - Growth in supplementary insurance, lower premiums in comprehensive insurance
- Direct
  - Lower single premium capitalisation business in life (–€15m) while dental insurance remains growth driver in Health

- Significant decrease driven by non-operating result, mainly non-tax deductible goodwill impairment

ERGO – Property-casualty Germany – Operating profitability weaker than previous year due to one-offs

GWP by lines of business €m

<table>
<thead>
<tr>
<th>Lines of business</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Other</td>
<td>336 (8%)</td>
</tr>
<tr>
<td>Legal protection</td>
<td>395 (13%)</td>
</tr>
<tr>
<td>Liability</td>
<td>536 (17%)</td>
</tr>
</tbody>
</table>

TOTAL €3,162m

Combined ratio %

<table>
<thead>
<tr>
<th>Year</th>
<th>Accident</th>
<th>Motor</th>
<th>Fire/property</th>
<th>Combined ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>95.3</td>
<td>663</td>
<td>577</td>
<td>95.3</td>
</tr>
<tr>
<td>2015</td>
<td>97.9</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Net result €m

<table>
<thead>
<tr>
<th>Year</th>
<th>Total result</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>176</td>
</tr>
<tr>
<td>2015</td>
<td>214</td>
</tr>
</tbody>
</table>

- Balanced portfolio
- Increase by €47m vs. 2014 driven by UK branch – higher level of new business in title insurance and transfer from assumed to direct business

- Large losses 2.4%-pts. above budget
- Reserve adjustments: 1.5%-pts.

- Positive tax and FX effects overcompensate for weaker underwriting result
ERGO – International

International business – Challenges for profitability

Breakdown by lines of business €m

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Life</td>
<td>1,991 (45%)</td>
<td>1,991 (45%)</td>
</tr>
<tr>
<td>Property-casualty</td>
<td>2,392 (55%)</td>
<td>2,392 (55%)</td>
</tr>
<tr>
<td>TOTAL</td>
<td>4,382</td>
<td>4,382</td>
</tr>
</tbody>
</table>

Combined ratio %

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Life</td>
<td>104.7</td>
<td>104.7</td>
</tr>
<tr>
<td>Property-casualty</td>
<td>97.3</td>
<td>97.3</td>
</tr>
</tbody>
</table>

Net result Mio. €

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Life</td>
<td>-276</td>
<td>-112</td>
</tr>
<tr>
<td>Property-casualty</td>
<td>-112</td>
<td>-112</td>
</tr>
</tbody>
</table>

Property-casualty

- Poland: High competition in corporate business, new guidelines for claims regulation
- Turkey: High combined ratio – mainly legacy effect. Gaining market share in new business despite premium rate increases
- Legal protection: Overall stable – except for DAS UK, due to higher claims reserves and restructuring
- India: Stake increased to 49%; ongoing strong growth (+9%)

Life

- Product strategy in important markets – Austria, Belgium, Poland – geared towards non-traditional life business
- Sale of Italian subsidiary: Exiting a traditional life market
- Joint Ventures: China (50%) in line with plan; India (49%) reached first step of regulatory approval (R1) in 2015

ERGO – Outlook

Structural basis for ERGO realignment

ERGO Group AG
- International alignment
- Strategic steering

ERGO Deutschland AG
- Traditional business “Run”
  - Strengthen sales force
  - Improve cost structure
  - Modernise systems

ERGO International AG
- Improve results
- Explore cross-country synergies
- Identify growth areas

ERGO Digital Ventures AG
- Digital and direct business “Build and change”
  - Create cultural environment for innovation
  - Build strong digital pillar – integrate ERGO Direkt
  - Enable transformation of traditional business
### Agenda

- **Strong track record – and new ideas**
  - Nikolaus von Bomhard

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  - Jörg Schneider

- **ERGO**
  - Markus Rieß

- **Reinsurance**
  - Torsten Jeworrek

- **Outlook**
  - Nikolaus von Bomhard

### Reinsurance – Key financials

<table>
<thead>
<tr>
<th></th>
<th></th>
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<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Gross premiums written</strong></td>
<td>26.8</td>
<td>28.2</td>
<td>2.9</td>
<td>3.3</td>
<td>2.5</td>
<td>2.9</td>
<td><strong>Life</strong></td>
<td></td>
</tr>
<tr>
<td><strong>€bn</strong></td>
<td>10.0</td>
<td>10.5</td>
<td>10.0</td>
<td>10.5</td>
<td>16.7</td>
<td>17.7</td>
<td><strong>Property-casualty</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Net result</strong></td>
<td>2.5</td>
<td>2.9</td>
<td>2.5</td>
<td>2.9</td>
<td></td>
<td></td>
<td><strong>P-C: Combined ratio</strong></td>
<td></td>
</tr>
<tr>
<td><strong>€bn</strong></td>
<td>2.9</td>
<td>3.3</td>
<td>2.9</td>
<td>3.3</td>
<td></td>
<td></td>
<td><strong>%</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Major result drivers</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td><strong>Life</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Return on investment</strong></td>
<td>3.1</td>
<td>3.2</td>
<td>3.1</td>
<td>3.2</td>
<td></td>
<td></td>
<td><strong>%</strong></td>
<td></td>
</tr>
</tbody>
</table>

- **Life**
  - Underlying performance across all regions almost compensates for single large mortality claims

- **Property-casualty**
  - Benign major claims and substantial reserve releases

- **P-C: Combined ratio**
  - Normalised combined ratio: 98.7% (~98% in 2014)
  - Slightly below annual target of ~€400m

- **Return on investment**
  - Disposal gains offset derivative losses (hedging) and impairments
Munich Re well positioned and relatively resilient to pressure on rates

January renewals

Premium volume up for renewal: €9.1bn  
Price change: ~1.0%  
Volume change: +0.7%

Rate changes January renewals

<table>
<thead>
<tr>
<th>Region</th>
<th>Property</th>
<th>Casualty</th>
<th>Property</th>
<th>Casualty</th>
</tr>
</thead>
<tbody>
<tr>
<td>Europe/Latin America</td>
<td></td>
<td></td>
<td>±20</td>
<td>±20</td>
</tr>
<tr>
<td>Asia-Pacific</td>
<td>±20</td>
<td>±20</td>
<td>±20</td>
<td>±20</td>
</tr>
<tr>
<td>US/Global accounts</td>
<td>±20</td>
<td>±20</td>
<td>±20</td>
<td>±20</td>
</tr>
</tbody>
</table>

Munich Re Market range

Current market developments

- Reinsurance capital remained abundant, but slowdown of growth of alternative capital
- Slowing pace of rate decrease in key segments
- Continued tiering of reinsurers, preference for major, best-rated reinsurers
- Increasing demand for complex programmes
- Hardly any pressure on wordings and largely stable retentions

Implications for Munich Re

- Globally well-positioned to counterbalance regional rate differences and flexibly shape the portfolio
- Scale and financial strength providing competitive advantage through the cycle
- Value proposition as strategic partner strongly valued by clients
- Tailor-made solutions meeting clients’ demand

Reinsurance Property-casualty – Portfolio quality

Sustainable earnings level supported by broad set-up

Total P-C book

<table>
<thead>
<tr>
<th>Traditional</th>
<th>%</th>
<th>Risk Solutions</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nat cat XL</td>
<td>10 (10)</td>
<td>Other</td>
<td>23 (22)</td>
</tr>
<tr>
<td>Casualty</td>
<td>47 (45)</td>
<td>American Modern</td>
<td>23 (23)</td>
</tr>
<tr>
<td>Other</td>
<td>23 (22)</td>
<td>Hartford Steam Boiler</td>
<td>19 (17)</td>
</tr>
<tr>
<td>Watson</td>
<td>9 (10)</td>
<td>Corporate Insurance Partner</td>
<td>13 (15)</td>
</tr>
<tr>
<td>Total</td>
<td>€13bn</td>
<td>Total</td>
<td>€5bn</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Tailor-made solutions</th>
<th>%</th>
<th>Tailor-made solutions</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>18 (18)</td>
<td></td>
<td>Total1</td>
<td>€18bn</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Risk Solutions 28 (25)</th>
<th>Tailor-made solutions 18 (18)</th>
<th>Total1</th>
<th>€18bn</th>
</tr>
</thead>
<tbody>
<tr>
<td>Other traditional business 54 (57)</td>
<td>Other property 33 (34)</td>
<td>Specialty 10 (11)</td>
<td>Specialty markets 13 (13)</td>
</tr>
<tr>
<td>Hartford Steam Boiler 19 (17)</td>
<td>Total2</td>
<td>€5bn</td>
<td></td>
</tr>
</tbody>
</table>

Superior diversification provides flexibility in managing the portfolio

- Well-diversified portfolio
- Stabilising impact from Risk Solutions and tailor-made transactions
- Cycle management reduces traditional business
- Shift from property and specialty to casualty
- Cycle management mitigates price pressure
- Continued (slight) growth of US specialty primary business
- Deliberate reductions at more cycle-exposed units, e.g. CIP, Watkins

2 Aviation, marine and credits. 3 Part of Special and Financial Risks providing solutions for large corporate clients.
Risk Solutions –

Track record of solid result delivery is confirmed

Drivers in 2015

- Top-line driven by FX and organic growth of US specialty entities
- Strong bottom-line supported by low major losses and reserve releases
- Highest result contribution from Hartford Steam Boiler

Highly valuable business segment with strong top- and bottom-line contribution – Detaches Munich Re from the cycle in reinsurance

1 Management view, not comparable with IFRS reporting.

Reinsurance Property-casualty – Innovation

Munich Re drives innovation in four key areas –
Launches 2015 (selection)

New clients and demands

- Capital optimisation
  “Capital Partners” combines structuring and technical expertise for integrated risk, financial and capital management
- Public-sector climate-risk insurance
  Successful renewal of “African Risk Capacity” cat insurance pool

New (re) insurance products

- Cyber solutions for broad range of risks
  Cooperations with multiple cyber security companies, enhancements of accumulation models/products
- Non-damage business interruption
  “NDBI Pharma IQ” insurance for R&D of life-science companies
- Business-enabling for start-ups
  Insurance for cash-in of pre-IPO firms’ employee shares

Innovation-related business steadily growing – currently generating a premium volume of ~€500m

1 e.g. Digit@all, CyberOne
2 e.g. Fuzzy matching, text mining, natural language processing
3 Munich Re (Group)
Cyber (re)insurance – Securing profitable growth through diversification, innovation and accumulation control

Reinsurance (RI)  First-mover and global market leader

- Dynamic growth through joint projects with cedants (including white label products) in developing markets
- Steady increase of profitable cyber portfolios in the US
- Continuous update of our accumulation models (e.g. virus, cloud, critical infrastructure)

Munich Re well positioned

- Bundling of cyber expertise in dedicated cyber unit
- Market differentiation through talent acquisition
- Systematic build-up of cyber exposure, loss and threat database

Primary insurance (PI)  Specialised single-risk taker for a broad range of cyber risks

- Hartford Steam Boiler  Established US market for cyber liability/privacy covers for SMEs and individuals. Introducing HSB Total Cyber for mid-size companies
- Corporate Insurance Partner  Traditional and non-traditional cyber solutions for large corporate clients. Cooperation with IT providers for holistic cyber protection

Munich Re with leading-edge expertise and strong global market presence to profitably exploit innovative cyber-insurance segments

1 Premium development.
2 Estimates based on different external sources (Marsh & McLennan, Barbican Insurance, Allianz).

Cyber insurance market1 US$bn

<table>
<thead>
<tr>
<th>Year</th>
<th>2015e</th>
<th>2020e</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>~3</td>
<td>~6</td>
</tr>
</tbody>
</table>

CAGR: ~18%

Munich Re cyber portfolio2 US$m

<table>
<thead>
<tr>
<th>Year</th>
<th>PI</th>
<th>CAGR</th>
<th>RI</th>
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</thead>
<tbody>
<tr>
<td>2013</td>
<td>126</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2014</td>
<td>135</td>
<td>23%</td>
<td></td>
</tr>
<tr>
<td>2015</td>
<td>191</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Innovation: Infrastructure for innovation activities is fully in place and anchored in organisation

Achievements

Scouting and partnering

- First reinsurer to establish permanent presence in Silicon Valley
- Innovation scouts networking in relevant, global innovation centers

Innovation labs1

- Successful lab pilot with TechFounders2
- Munich Re-owned labs in Munich, Beijing and New York

Data analytics

- Building central and decentral analytical capabilities
- Investments in IT big data infrastructure

Outlook

- Understand the relevant start-up eco system
- Establish corporate partnerships
- Strategically evolve Munich Re business model

- Environment to develop and test ideas together with clients
- Drastically reduce time-to-market through learning effects
- Speed up and improve loss experience
- Create new data insights
- Create added value for cedants and Munich Re (new products, new covers, new insights)
- Prepare for data-driven business models

Munich Re is shaping the dynamic change of the industry – Broad and decentral up-skilling of the organisation

1 Only reinsurance, some activities are joint with ERGO.
2 Munich-based accelerator for tech startups.
Agenda

Strong track record – and new ideas
Nikolaus von Bomhard

Munich Re (Group)
Jörg Schneider

ERGO
Markus Rieß

Reinsurance
Torsten Jeworrek

Outlook
Nikolaus von Bomhard

Outlook 2016

Munich Re (Group)

<table>
<thead>
<tr>
<th>Segment</th>
<th>Gross Premiums Written</th>
<th>Return on Investment</th>
<th>Net Result</th>
</tr>
</thead>
<tbody>
<tr>
<td>Munich Re (Group)</td>
<td>€47–49bn</td>
<td>~3%</td>
<td>€2.3–2.8bn</td>
</tr>
<tr>
<td>Focus on bottom-line growth prevails</td>
<td>Solid return given ongoing low interest-rate environment</td>
<td>RoRAC target of 15% after tax over the cycle to stand</td>
<td></td>
</tr>
</tbody>
</table>

Reinsurance

<table>
<thead>
<tr>
<th>Segment</th>
<th>Combined Ratio</th>
<th>Net Result</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reinsurance</td>
<td>~98%</td>
<td>€1.9–2.4bn</td>
</tr>
</tbody>
</table>

ERGO

<table>
<thead>
<tr>
<th>Segment</th>
<th>Combined Ratio</th>
<th>Net Result</th>
</tr>
</thead>
<tbody>
<tr>
<td>Germany: ~95% International: ~99%</td>
<td>€250–350m</td>
<td>€50–100m</td>
</tr>
</tbody>
</table>

Munich Health

<table>
<thead>
<tr>
<th>Segment</th>
<th>Combined Ratio</th>
<th>Net Result</th>
</tr>
</thead>
<tbody>
<tr>
<td>~99%</td>
<td>€50–100m</td>
<td>€50–100m</td>
</tr>
</tbody>
</table>

1 By segment: Reinsurance €26–28bn, ERGO €15.5–16bn, Munich Health slightly below €5bn.
Disclaimer

This presentation contains forward-looking statements that are based on current assumptions and forecasts of the management of Munich Re. Known and unknown risks, uncertainties and other factors could lead to material differences between the forward-looking statements given here and the actual development, in particular the results, financial situation and performance of our Company. The Company assumes no liability to update these forward-looking statements or to make them conform to future events or developments.