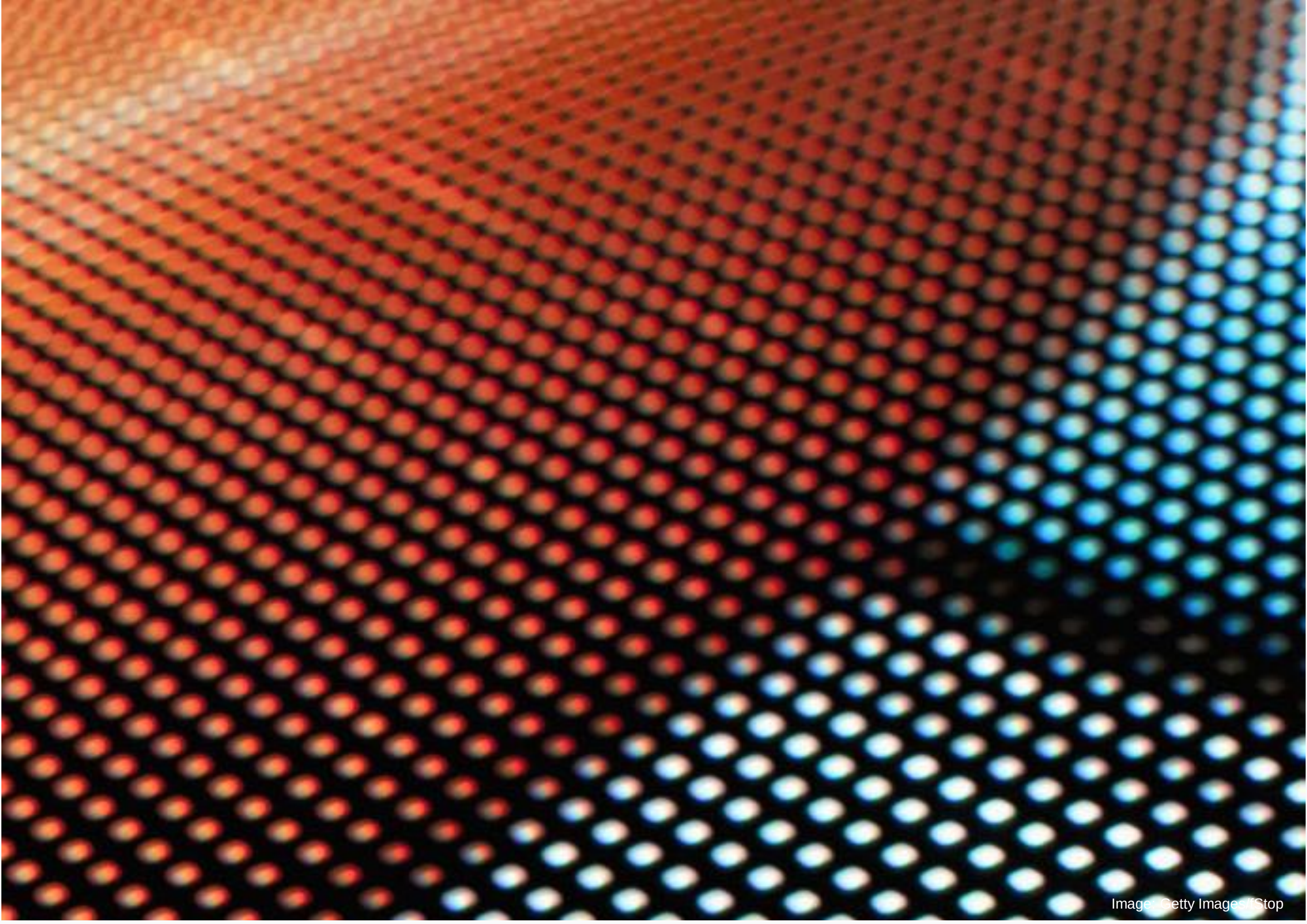


Image: Getty Images/fStop

Shaping change in insurance

Balance sheet press conference 2017

Munich, 15 March 2017

Munich RE

Agenda

Munich RE

Strategic keystones laying foundation for Munich Re's good positioning

Munich RE

Integrated Risk Management

PI and RI under one roof

Emphasis on profitable Underwriting

Conservative Asset Management

Innovative Solutions

Shareholder friendly dividend policy

Corporate Responsibility

Munich Re delivers financial stability

IFRS net income

€2.6bn

Meeting guidance

HGB result

€3.4bn

Safeguards
capital repatriation

Solvency II ratio

267%

Well above
target capitalisation

Dividend per share[1]

€8.60

▲ +4.2%

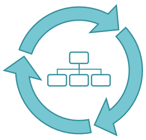
---

[1] Subject to approval of AGM.

Seizing long-term opportunities while managing short-term pressure

Changing competitive landscape

- Emergence of new players and business models
- Proliferation of “alternative” capital
- Transformation of traditional value chain



GOAL

Agile business model

Digitalisation

- New technologies and partnerships
- Dramatically enhanced availability of data and analysis tools
- Changing customer expectations

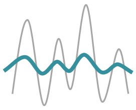
Source: Shutterstock [M]

GOAL

Fostering innovation

Macroeconomic/political risks

- Persistently low interest rates
- Reflation
- Global political uncertainty



GOAL

Dampening volatility

Strong balance sheet supports sound profitability

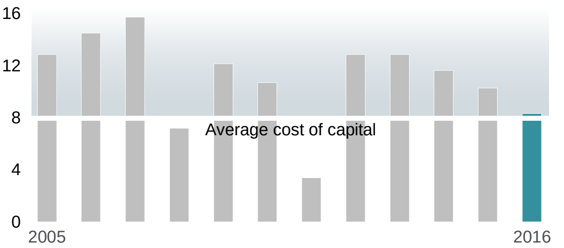
Medium
Low
High

Strong capitalisation
according to all metrics

Rock-solid
reserving position

€28bn
unrealised investment gains[1]

RoE exceeds cost of capital



~10.7%
12-year average RoE

>

~8%
Average cost of capital

---

[1] As at 31.12.2016.

Attractive shareholder returns
Further dividend increase, continuation of share buy-back

Continuous growth of dividend per share

CAGR: 9.7%

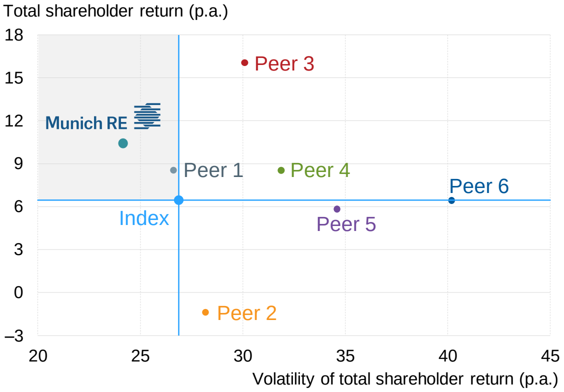
>€23bn
Total pay-out since 2005
(dividend and share buy-back)

74 million
Shares repurchased
since 2006

>

50.9 million
Shares issued in 2003
(capital increase)

Outperforming major peers and insurance index[2]



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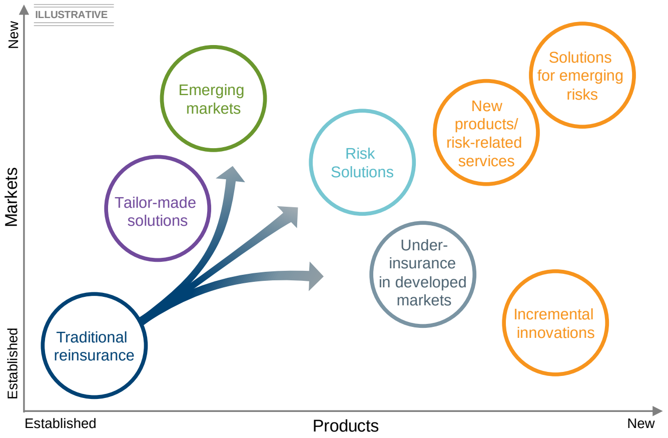
[1] Subject to approval of AGM. [2] Annualised total shareholder return defined as price performance plus dividend yield over the period from 1.1.2005 until 28.2.2017; based on Datastream total return indices in local currency; volatility calculation with 250 trading days per year. Peers: Allianz, Axa, Generali, Hannover Re, Swiss Re, ZIG, Stoxx Europe 600 Insurance ("index").

Reinsurance – Well positioned to manage the current market environment and drive innovative solutions

Munich RE



Traditional reinsurance

Successfully managing the soft cycle

TOTAL[1,2] €23bn

Risk Solutions

Continuous growth in specialty and niche business

TOTAL[3] €4.8bn

Innovation

Steady expansion of innovative products/solutions

TOTAL[1,4] ~€650m

---

[1] Gross premiums written as at 31.12.2016. [2] Life (traditional and strategic initiatives): €10bn, traditional P-C: €13bn. [3] Management view, not comparable with IFRS reporting. [4] Munich Re (Group); indirect effects on traditional business not included.

ERGO – Turnaround initiated, well on track to become a significant earnings contributor

Munich RE

ERGO Strategy Programme/International Strategy

Fit

Leaner and more efficient structures

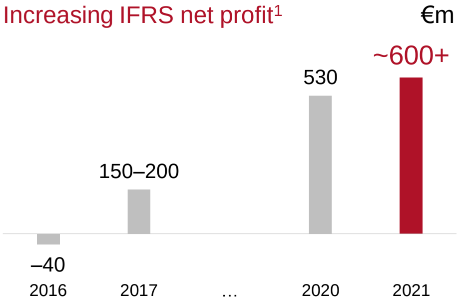
Digital

Transforming the business model

Successful!

Convincing solutions, committed to profitable growth

Increasing IFRS net profit[1]



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[1] From 2017, figures include primary insurance business of Munich Health.

Innovation – Munich Re establishing a strong position to tap opportunities – Focus on tangible business impact

Munich Re has successfully laid the groundwork …

Innovation strategy

- Defined innovation areas
- Corporate venturing and partnering
- Innovation infrastructure

Group-wide approach

- Intensive know-how and resource sharing
- Joint business development

Leveraging core competencies

- Data analysis
- Agile IT
- Cooperation models

… to seize opportunities from digitalisation

Business model

- Provide digital infrastructure
- Digitalise insurance offerings
- Improve process efficiency

Products/services

- Improve customer experience
- Expand offering for online customers (e.g. “nexible”)
- Customised products and tailor-made solutions
- Foster customer-centric support

Group Finance

2

2016 net result meets annual guidance

Munich Re (Group)

2016 (Q4 2016)

Net result

€2,581m (Q4: €486m)

Sound underlying performance without dilution of strong balance sheet – investments in ERGO strategy programme and FX gains

Return on investment[1]

3.2% (Q4: 2.7%)

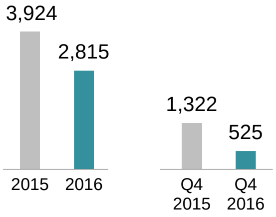
Solid return given low interest rates – prudent asset liability management once again proved beneficial

Shareholders' equity

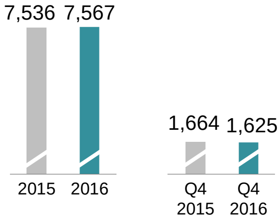
€31.8bn (–1.8% vs. 30.9.)

Strong capitalisation according to all metrics

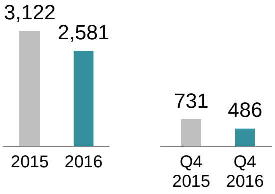
Technical result €m



Investment result €m



Net result €m



Reinsurance

Life: Technical result €487m (Q4: €169m)

P-C:
Combined ratio 95.7% (Q4: 101.9%)
Major-loss ratio 9.1% (Q4: 14.8%)

ERGO

L/H Germany:
Result impacted technical one-offs

P-C:
Combined ratio 97.0% (Q4: 100.0%)

International:
Combined ratio 99.0% (Q4: 100.4%)

Munich Health

Reinsurance:
Combined ratio 99.5% (Q4: 95.4%)

Primary insurance:
Combined ratio 94.2% (Q4: 98.8%)

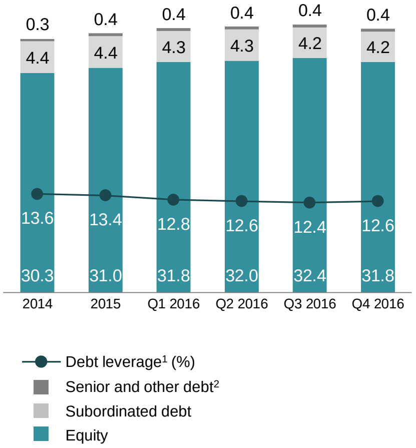
[1] Annualised.

IFRS capital position

Equity €m

		Change Q4
Equity 31.12.2015	30,966	
Consolidated result	2,581	486
Changes		
Dividend	–1,329	–
Unrealised gains/losses	265	–2,049
Exchange rates	345	910
Share buy-backs	–971	–260
Other	–71	344
Equity 31.12.2016	31,785	–570

Capitalisation €bn



Unrealised gains/losses

Fixed-interest securities
2016: –€37m Q4: –€2,390m

Non-fixed-interest securities
2016: +€304m Q4: +€335m

Exchange rates

FX effect mainly driven by US$

[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.

High Solvency II ratio

Munich RE

Munich Re actions

>220%: Above target capitalisation
- Capital repatriation
- Increased risk-taking
- Holding excess capital to meet external constraints

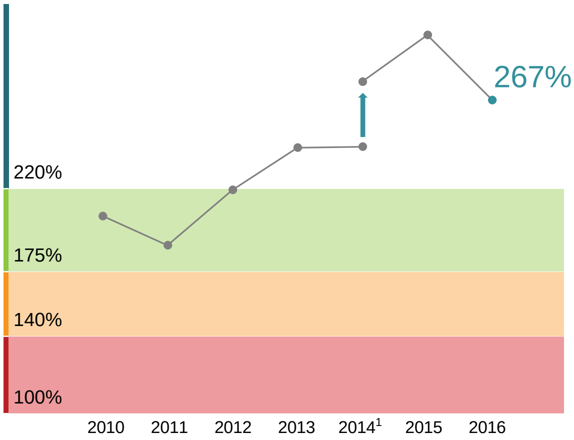
175% – 220%: Target capitalisation
- Optimum level of capitalisation

140% – 175%: Below target capitalisation
- Tolerate (management decision) or
- If necessary, take management action (e.g. risk transfer, scaling-down of activities; raising of hybrid capital)

<140%: Sub-optimal capitalisation
- Take risk-management action (e.g. risk transfer, scaling-down of activities; raising of hybrid capital) or
- In exceptional cases, tolerate situation (management decision)

SII ratio

%



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[1] Transition into SII metric.

Well diversified investment portfolio

Munich RE

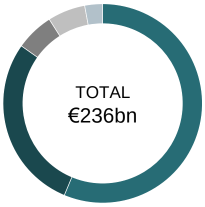
Investment portfolio[1]

%

Land and buildings
2.9 (2.9)

Fixed-interest securities
56.3 (55.7)

Shares, equity funds and participating interests[2]
6.1 (5.2)



Miscellaneous[3]
6.2 (7.5)

Loans
28.5 (28.7)

Portfolio management in Q4

- Ongoing geographic diversification
- Slight decrease in corporate bonds
- Reduction of cash and bank bonds
- Increase of net equity exposure to 5.0%
- Increase of asset duration in reinsurance

---

[1] Fair values as at 31.12.2016 (31.12.2015). [2] Net of hedges: 5.0% (4.8%). [3] Deposits retained on assumed reinsurance, deposits with banks, investment funds (excl. equities), derivatives and investments in renewable energies and gold.

Investment result

Investment result (€m)	2016	Return[1]	2015	Return[1]
Regular income	6,663	2.8%	7,370	3.1%
Write-ups/write-downs	–400	–0.2%	–754	–0.3%
Disposal gains/losses	2,603	1.1%	2,693	1.1%
Derivatives[2]	–713	–0.3%	–1,226	–0.5%
Other income/expenses	–586	–0.2%	–548	–0.2%
Investment result	7,567	3.2%	7,536	3.2%
Total return		4.3%		0.9%

2016	Write-ups/ write-downs	Disposal gains/losses	Derivatives
Fixed income[3]	–23	2,263	70
Equities	–323	440	–777
Commodities/Inflation	27		–2
Other	–69	–99	4

[1] Annualised return on quarterly weighted investments (market values) in %. [2] Result from derivatives without regular income and other income/expenses.
[3] Thereof interest-rate hedging ERGO: Q4 2016 (–€261m gross/–€34m net) and 2016 (€233m gross/€25m net).

ERGO

3

ERGO Strategy Programme (ESP) fully on track seven months after announcement

		ESP guidance as at 1 June 2016		
	Actual 2016	2016	2017	2020
Total premiums[1]	13,202	13,180	–	13,460
Net profit	–40	Slightly negative	130	~450
Investments[2] *(net)*	–247	–302	–259	–1,008[3]
Total cost savings *(net)*	30	30	96[3]	279[3]
Combined ratio P-C Germany	97.0	98	99	92

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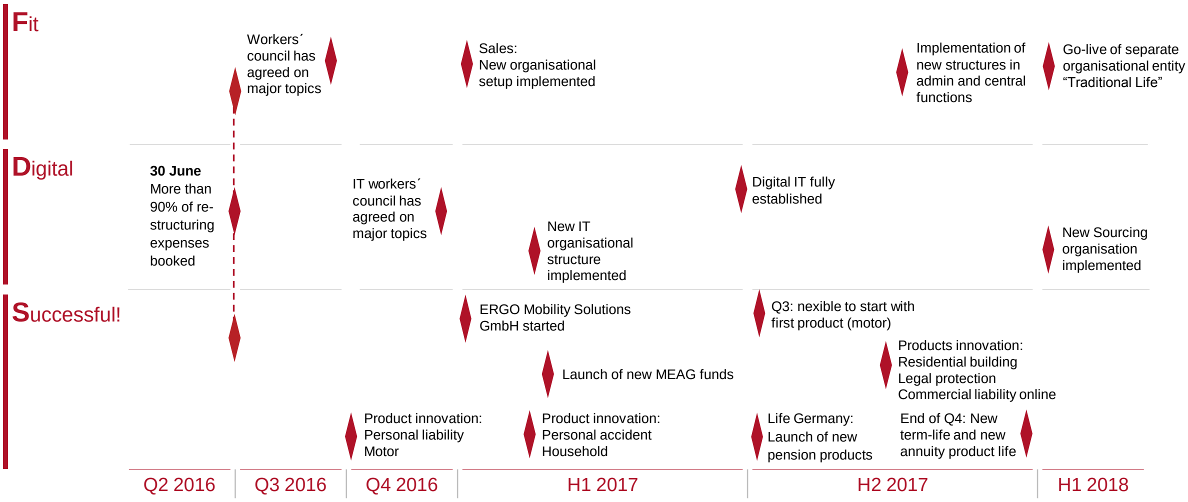
1 L/H Germany, P-C Germany. 2 Including restructuring expenses. 3 Accumulated.

ESP – Timeline



Fit

Workers´ council has agreed on major topics

Sales: New organisational setup implemented

Implementation of new structures in admin and central functions

Go-live of separate organisational entity “Traditional Life”

Digital

30 June More than 90% of re-structuring expenses booked

IT workers´ council has agreed on major topics

New IT organisational structure implemented

Digital IT fully established

New Sourcing organisation implemented

Successful!

ERGO Mobility Solutions GmbH started

Launch of new MEAG funds

Product innovation: Personal liability Motor

Product innovation: Personal accident Household

Q3: nexible to start with first product (motor)

Products innovation: Residential building Legal protection Commercial liability online

Life Germany: Launch of new pension products

End of Q4: New term-life and new annuity product life

ERGO

Life and Health Germany – Status 2016

Munich RE

Gross premiums written

€9.2bn

Successful launch of new risk-type product ("Solo-BU") – 24,000 policies sold

Discontinuation of traditional life

Positive development in supplementary health

Net result

€114m

Above expectation, given restructuring expenses

Exceptionally high technical result in Q4

ROI

3.6%

High investment result – Positive contribution from derivatives and disposal gains offset lower regular income

---

ERGO

Property-casualty Germany – Status 2016

Munich RE

Gross premiums written

€3.2bn

Profitable growth in almost all lines of business

Product innovations – Launch of cyber protection

Net result

–€72m

Impacted by strategic investments and restructuring charges – In line with expectations

Combined ratio

97.0%

Better than ESP[1] guidance (–1%-pt.)

Strategic investments impacted combined ratio ~1%-pt.

Confidence level of reserves increased

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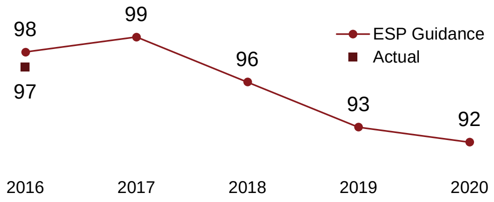
[1] ERGO Strategy Programme.

Property-casualty Germany – Attractive portfolio for customers, consistent cost reduction

Munich RE

P-C Germany – Combined ratio



- P-C Germany to maintain and strengthen balanced portfolio
- Significant cost reduction in the medium term – improvement of expense ratio as main driver of higher profitability

Product innovations

- Launch of new cyber product in 2016
- Start of new modular product concept in H2 2016 (motor and private liability)
- Further products consistent in look and feel (e.g. personal accident, household contents, homeowners' insurance) will follow in 2017

International – Status 2016

Munich RE

P-C – Gross premiums written

€2.5bn

Strong new business growth, driven by Poland

Life – Gross premiums written

€1.2bn

De-risking classical life business – Italy, Belgium

P-C – Combined ratio

99.0%

Improvement in Poland – Recovering results and reduction of losses in UK and Turkey

Net result

–€82m

Restructuring of Belgian life entity planned

Several one-offs, e.g. goodwill impairment, strategic investments

International strategy embedded in ERGO Strategy Programme (ESP) to achieve ambitious goals

Munich RE

Fit

Governance
- Central steering with dedicated responsibilities

Portfolio
- Foster strong market positions
- Establish efficient global business models
- Exploit growth market exposure

Establishing leaner and more effective structures to ensure swift execution

Digital

Best practice exchange
- Interregional transfer of capabilities, e.g. implementation of adapted iMonitor from Poland in Turkey

Regional cooperation
- Integration of back offices, e.g. in Baltics and Poland

Accelerated innovation
- Digital delivery, e.g. via omni-channel communication to customers in India

Laying the foundations for transforming the business model

Successful!

Interlocked business model reinsurance/primary insurance
- Identify value drivers in an interlocked business model between ERGO entities and MR

Commercial business
- Strengthen commercial business internationally

Pure digital player
- Roll-out of nexible in attractive markets

Committing to profitable growth

Munich Health primary insurance business to be managed by ERGO in 2017

ERGO International portfolio focuses on three pillars

Munich RE

Rank Share

Strong presence in selected developed markets

Country	GWP 2016 €m	Focus segment	Market position[5]
Poland	1,178	Non-life	2 14%
Austria	627	Life	4 9%
Baltics	206	Non-life	3 5%
Greece[1]	194	Non-life	1 8%

Leverage existing scale to strengthen organic growth

Specialised global business expertise

Existing global businesses[2]	GWP 2016 €m
Legal protection *Market presence in 18 countries*	1,146[6]
Travel *Market presence in 24 countries*	452[7]

Launch new global businesses

@ Pure Digital Player

Mobility Solutions

Efficient management and expansion of global businesses

Promising exposure in prioritised growth markets

JVs	GWP[3] 2016 €m	Segment	Expected CAGR 2016-20, %
China	25	Life	70
India[4]	270	Non-life	21
Vietnam	11	Non-life	16
Thailand	21	Non-life	8
Subsidiaries			
Turkey	249	Non-life	10

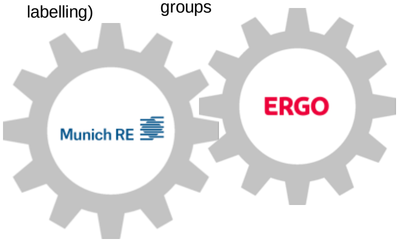
Capture opportunities in growth markets

[1] ATE acquisition effective 1 June 2016; hence, only half year of ATE premium included. [2] Respective German and international business; D.A.S. including Italian JV. [3] ERGO share. [4] Step-up during 2016; premiums based on average share during the year. [5] In focus segment
[6] Thereof German LPI business: €401m. [7] Thereof German travel business: €182m.

ESP facilitates an interlocked business model between primary insurance and reinsurance

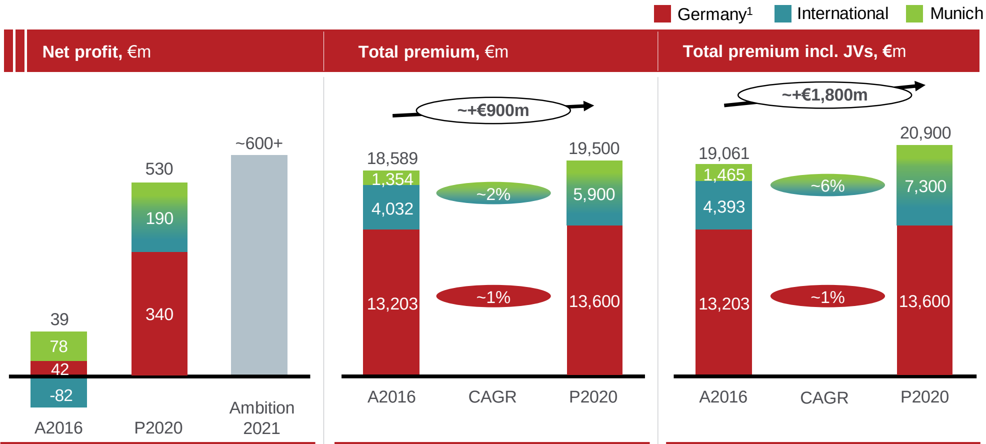
Munich RE

Strategy development	Innovation	Product development	Sales and distribution	Risk analysis/ underwriting	Policy administration	Claims management	Asset management	HR
▪ Leveraging Munich Re's presence for market entries ▪ Regional market committees to coordinate strategic initiatives	▪ Joint approach to FinTech and InsurTech start-ups, combining RI and PI capabilities ▪ Common data analytics methodologies ▪ PI sales skills to support RI services	▪ Link innovation labs and development processes ▪ Bundled product solutions	▪ International broker management ▪ Cooperation in commercial lines ▪ Facilitation of cross-selling (white labelling)	▪ Automated underwriting ▪ Leverage technical skills from RI and PI – establish business lines expert groups	▪ Group-wide churn rate analysis ▪ Joint policy administration	▪ Group-wide fraud analytics tool ▪ Data analytics to identify claims prevention and risk mitigation	▪ Leverage MEAG's investment expertise ▪ Monitor investment risks centrally ▪ MEAG to support financial product initiatives	▪ Employee rotation to exchange RI and PI skills



International business to contribute substantially to ERGO's results by 2020

Munich RE



International and MH PI to contribute ~€190m to overall profit in 2020

International and MH PI premiums amount to ~€5,900m in 2020

Premiums generated by JVs amount to ~€1,400m in 2020

- Reduction of traditional back book in international Life business between 2016 and 2020 of more than €300m GWP (Italy, Belgium)
- Required capital will be financed within ERGO Group, i.e. there will be no capital injection from Munich Re

---

[1] Includes segments "Life and Health Germany" as well as "Property-casualty Germany", hence including German share of LPI business as well as German and international travel business.

Reinsurance

4

Strong 2016 result at the upper end of guidance – Reinsurance P-C remains profitable core of our business

Munich RE

P-C – Gross premiums written

€17.8bn

Active cycle and
portfolio management

P-C – Net result

€2.0bn

Strong technical result

Life – Gross premiums written

€10.0bn

Reduction of one large deal,
increasing contribution from initiatives

P-C – Combined ratio

95.7%

Below average
major loss activity

P-C – Reserve releases

5.5%

At least preserved
confidence level

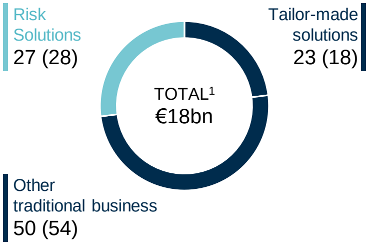
Life – Net result

€459m

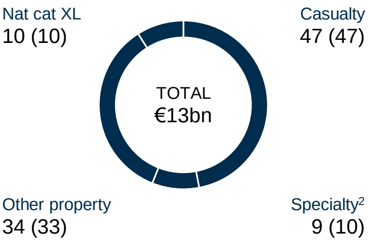
Sound result
contribution

Traditional book and Risk Solutions complement each other and provide diversification

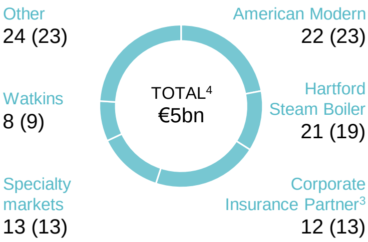
Total P-C book %



1 Traditional %



2 Risk Solutions %



- Demand for tailor-made solutions compensates for the reduction in other traditional business
- Risk Solutions an important pillar for top-line contribution

- Well-balanced traditional portfolio
- Slight shift from specialty lines to other property

- Dominated by US business – More than 50%
- HSB top-line growth driven by new innovative products

Well balanced portfolio from a regional and line of business perspective

---

[1] Gross premiums written property-casualty reinsurance as at 31.12.2016 (31.12.2015). [2] Aviation, marine and credit. [3] Part of Special and Financial Risks providing solutions for large corporate clients. [4] Management view with rounded figures, not comparable with IFRS reporting.

Resilient January renewals – Client-centric approach pays off

Market developments

- Abundant reinsurance capital, but signs of price stabilisation
- Flattening alternative capital growth
- Continued tiering – increasing discipline for Tier 1 reinsurers
- Hardly any pressure on wordings

January renewals

Price change

–0.5%

Decline slowed down further

Exposure change

–4.4%

Cycle management reduction mitigated by new business opportunities

Munich Re

- Well positioned to counter-balance regional rate differences and flexibly shape the portfolio
- Scale and financial strength provide competitive advantage
- Value proposition as strategic partner strongly valued
- Tailor-made solutions meet client demand

Best-in-class solutions in mature markets – Dynamic growth and opportunities in emerging markets

Structured, holistic 3-year programme for regional US client

Flood Re: One of Europe's largest natural hazard RI programmes

National Flood Insurance Program (NFIP) in the US

Northern Marmara Motorway – world's longest suspension bridge

Sample deals/opportunities

First foreign reinsurer to establish branch in India – Highly dynamic insurance market

Nat cat schemes to mitigate extreme weather events

Rating solution South Africa Sovereign rating-triggered transaction for regional player

Product development for digital business models in Asia together with insurers and internet giants

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Munich Re fosters innovation throughout the global organisation – Strong focus on tangible business impact

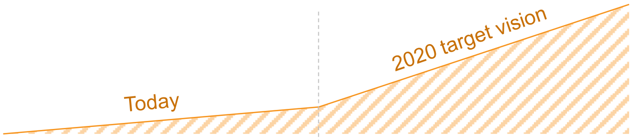
Significant focus on innovation …

Innovation infrastructure
- Innovation scouting
- Innovation labs
- Ideation
- Corporate partnering

Innovation areas
1. New (re)insurance products
2. New business models
3. New clients and demands
4. New risk-related services

Innovation enabler
- Data analytics
- Agile IT
- Collaboration

… with significant impact on business already today



- Innovation-related business already generating premium volume of

€650m[1]

- Risk carrier for established and new (digital) insurance and non-insurance companies
- Provider of integrated risk services (e.g. sensor-based)
- Tailored risk solutions and white-label products
- Data analytics-based services

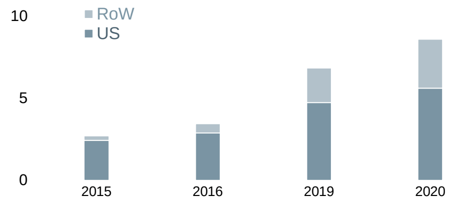
---

[1] Munich Re (Group); indirect effects on traditional business not included.

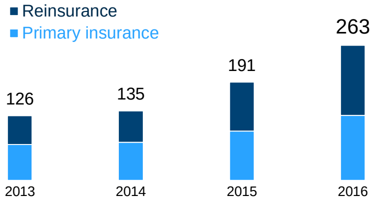
Strong long-term growth in cyber (re)insurance expected – Munich Re with leading-edge expertise and market presence

1 New (re)insurance products

GWP global cyber insurance market[1] US$ bn



GWP Munich Re cyber portfolio US$ m



Reinsurance: First mover and global market leader

- Dynamic growth through joint projects with cedents
- Steady growth in the US
- Strong accumulation models

Primary insurance: Specialised single-risk taker

- Hartford Steam Boiler: Established player in US for SMEs and individuals
- Corporate Insurance Partner: Focus on larger corporate clients – Cooperation with IT providers and Beazley

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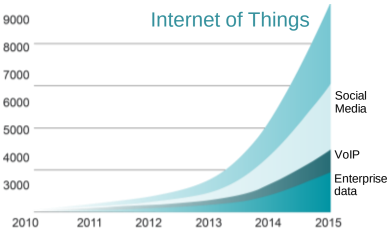
[1] Estimates based on different external sources (Marsh & McLennan, Barbican Insurance, Allianz).

Focus areas: Internet of Things (IoT), corporate partnering and data analytics

2 New business models

IoT is expected to disrupt the (re)insurance industry – Munich Re well positioned

Data volume in exabytes



3 New clients and demands

Digital Partners – Partnering with start-ups to digitalise insurance

Digital distribution

Making insurance like the rest of the internet

For example: trōv

Digital economy

Insuring the sharing and gig economies

For example: Slice

Digital data

Using new sources of data to price risk better

For example: WRISK

4 New risk-related services

Most advanced data analytics platform

Early Loss Detection System

Digital Risk Management Platform

Sales analytics

Source: "IDC's Worldwide Internet of Things Taxonomy, 2015" IDC, May 2015.

Outlook

5

Outlook 2017

Group

Gross premiums written
€48–50bn

Net result
€2.0–2.4bn

Return on investment
~3%

Reinsurance

Gross premiums written
€31–33bn

Net result
€1.8–2.2bn

Combined ratio[1]
~97%

ERGO

Gross premiums written
€17–17.5bn

Net result
€150–200m

Combined ratio
~99% Germany
~98% International

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[1] ~100% on a normalised basis (12%-pts. major losses, 4%-pts. reserve releases). Expectation for reserve releases in 2017 ~6%.

Disclaimer

Munich RE