



plainpicture/fStop/Ralf Hiemisch

Strong track record – and new ideas

Munich Re equity story

February 2017

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Investments 78

Munich Re – Key metrics

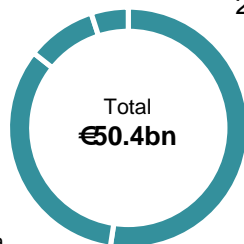
Key financial data¹

	2015	2014	2013
Shareholders' equity	31.0	30.3	26.2
Operating result	4.8	4.0	4.4
Net result	3.1	3.2	3.3
Debt leverage (%)	13.4	13.6	15.3
RoE (%)	10.0	11.3	12.5
RoRaC (%)	11.5	13.2	12.1

Geographic breakdown – Premiums² 2015

	€bn
Other	2.5 (5%)
Europe	26.3 (52%)

Asia-Pacific
4.7 (9%)



North America
16.7 (33%)

Key share data¹

	2015	2014	2013
Earnings per share (€)	18.7	18.3	18.5
Dividend per share (€)	8.25	7.75	7.25
Book value per share (€)	188.4	178.2	146.2
Share price (€)	184.6	165.8	160.2
Beta ⁴	0.6	0.8	1.0
P/E	9.9	9.1	8.7
P/B	1.0	0.9	1.1
Market capitalisation (€bn)	30.8	28.7	28.7
Dividend yield (%)	4.5	4.7	4.5
Avg. daily trading volume ('000)	813	700	667

Type of share No-par-value registered shares

Votes Each share entitles the holder to one vote

Dividend Paid out once per year in cash

Trading venues All German stock exchanges plus Xetra

Shares o/s 166,843,961

Compound annual growth rate¹: 2005 – 2015

Premiums ²	Earnings ³	Dividend ³	Book value ³
2.8% →	4.8% →	10.3% →	6.1% →

Key company data

Sector	Insurance	Currency	Euro
Country	Germany	Accounting principles	IFRS

Rating

Stable AA rating from all agencies since 2006

Securities codes

Reuters	MUVGn	WKN	843002
Bloomberg	MUV2	ISIN	DE0008430026

Munich Re covers the full insurance value chain

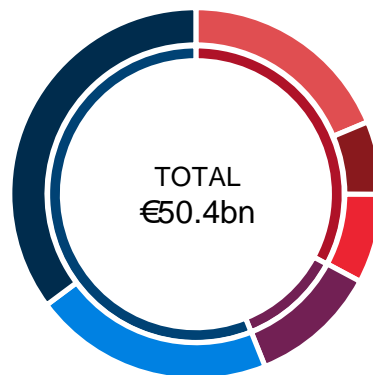
Segmental breakdown – Gross written premium 2015

€bn

Reinsurance
Property-casualty
17.7 (35%)

Reinsurance
Life
10.5 (21%)

Munich
Health
5.6 (11%)



ERGO
Life and Health Germany
9.4 (19%)

ERGO
P-C Germany
3.2 (6%)

ERGO
International
3.9 (8%)

Reinsurance – Solid profitability

- P-C: Efficiently running the traditional book while continuously exploring new products/markets, strong reserving position
- Life: Producing steady results above market average

ERGO –Strengthening the groundwork while paving the way for future set-up

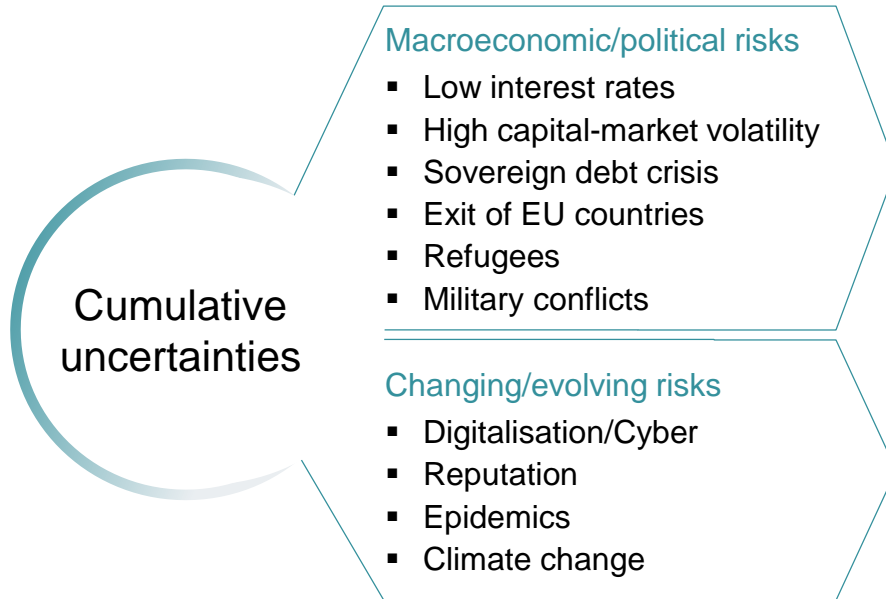
- L/H Germany: Continuously improving risk/return profile
- P-C Germany: Attractive business mix
- International: Profitability in p-c affected by local challenges, promoting capital-light products in life

Munich Health – Consolidation

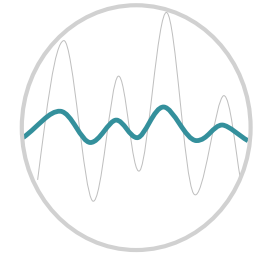
- Intensified attention on forward-looking strategies and increased future-oriented initiatives

Realising synergies and economies of scope by combining primary and reinsurance under one roof

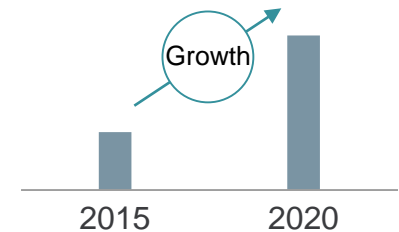
Global environment becoming increasingly challenging while changing risks provide opportunities



GOAL
Dampening volatility



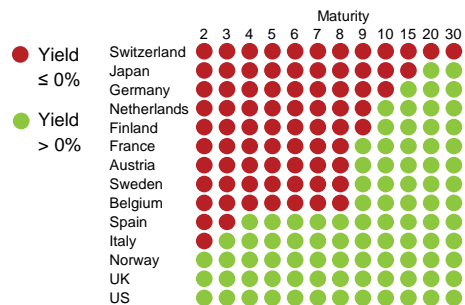
GOAL
Providing solutions



Proactive risk management builds up resilience in an unpredictable and unstable environment – Exploring attractive mid to long-term growth opportunities to overcome soft reinsurance markets

Macroeconomic/political risks – Proactively limiting the economic impact

Structural risks – Coping with negative government bond yields¹



Impact

Ongoing decline of reinvestment yield putting pressure on running yield

Munich Re strategy
Adhere to strict ALM

Event-driven risks – Increasing capital-market volatility, e.g. after Brexit vote



Strong FX moves

Equity markets

Financial sector

Precious metals



Impact

Volatile investment and FX result

Munich Re strategy
Diversification

Munich Re investment portfolio

Well diversified –
Group-wide trigger and limit system

Hedging of macroeconomic risks –
affecting both, assets and liabilities

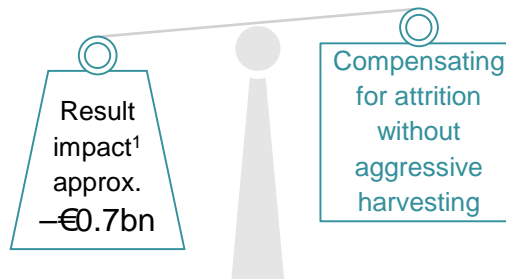
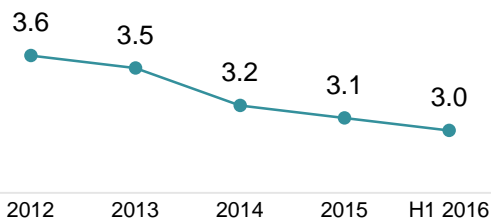
Reasonable credit exposure –
with high quality of counterparties

Munich Re well-positioned to prevail through challenging times

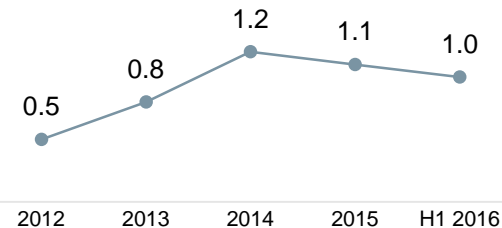
Strong balance sheet mitigates the impact of low interest rates and competitive p-c reinsurance markets

Low interest rates

Attrition of running yield – Munich Re (Group)

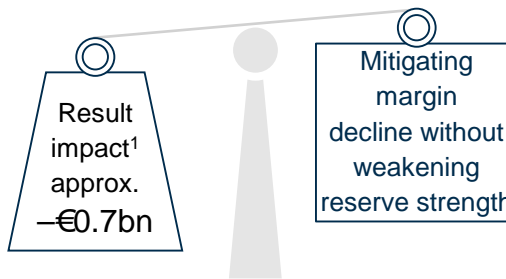
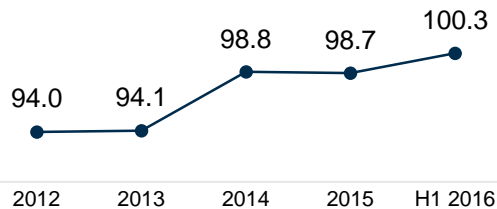


Ongoing disposal gains – Munich Re (Group)

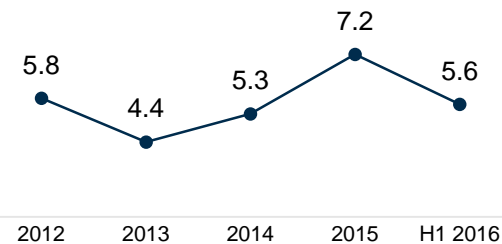


P-C re-insurance

Increasing normalised combined ratio



Ongoing reserve releases

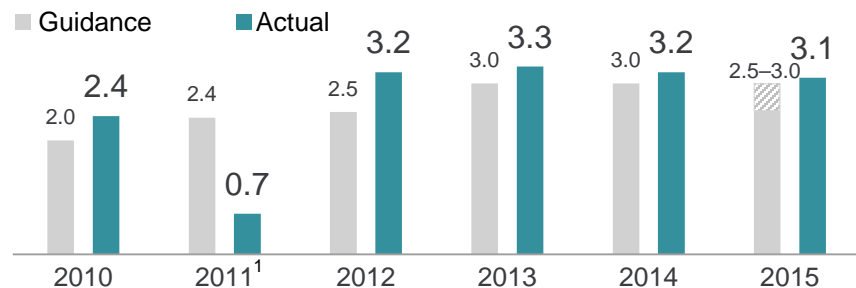


Strong balance sheet continues to translate into sustainable earnings

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

Delivering on promised net result

€bn

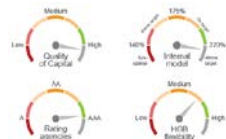


2016 preliminary results

Net result	Return on investment	Gross premiums written
€2.6bn	3.2%	€48.9bn
Combined ratio		
Reinsurance	95.7%	ERGO Germany 97.0%
Munich Health	98.5%	ERGO International 99.0%

Munich Re's balance sheet

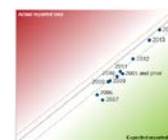
Sound capitalisation according to all metrics



High level of unrealised investment gains²



Rock-solid reserving position

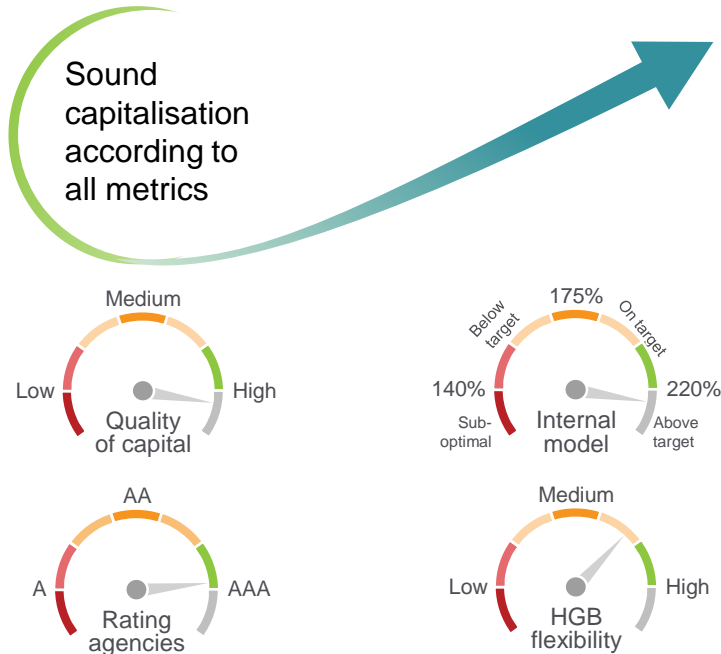


Low goodwill in relation to shareholders' equity³



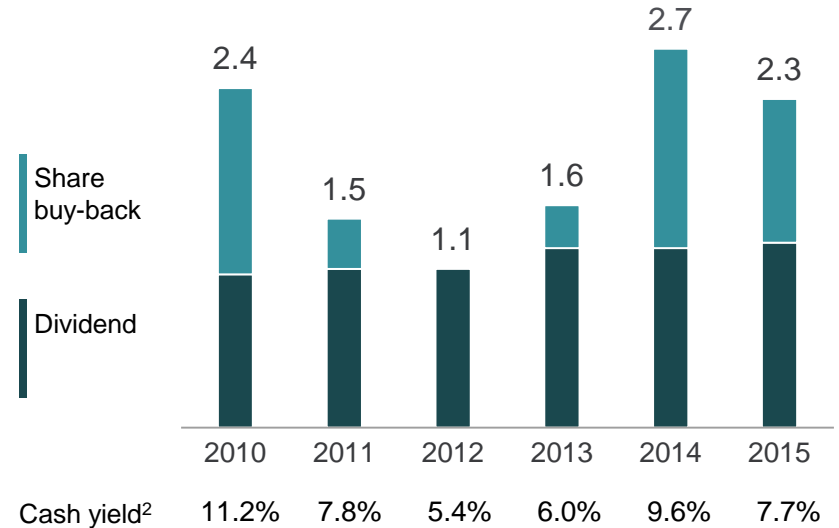
Munich Re once again delivering strong results, despite persistent challenges of declining reinsurance margins and low interest rates

Sound capital position according to all metrics facilitates financial flexibility, including high shareholder distribution



Attractive shareholder participation¹

€bn



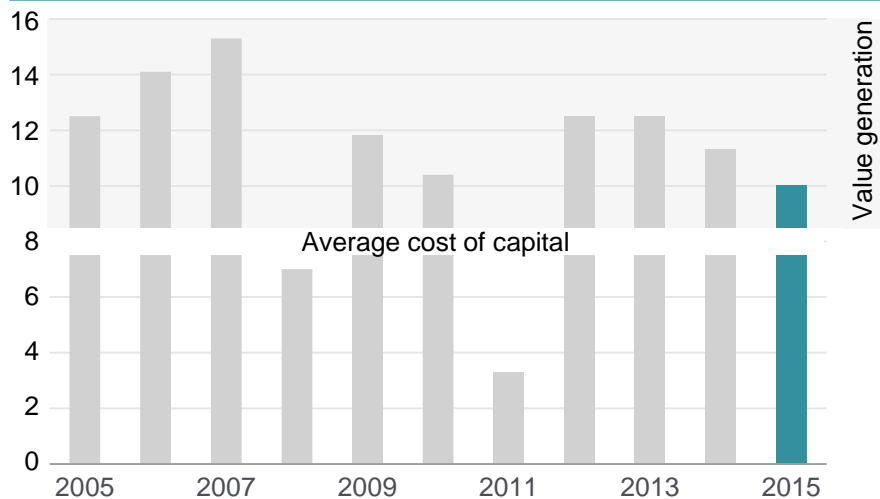
Cash yield² 11.2% 7.8% 5.4% 6.0% 9.6% 7.7%

Munich Re continues to provide high cash returns to shareholders –
Further increase of dividend per share to €8.60 in 2017

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

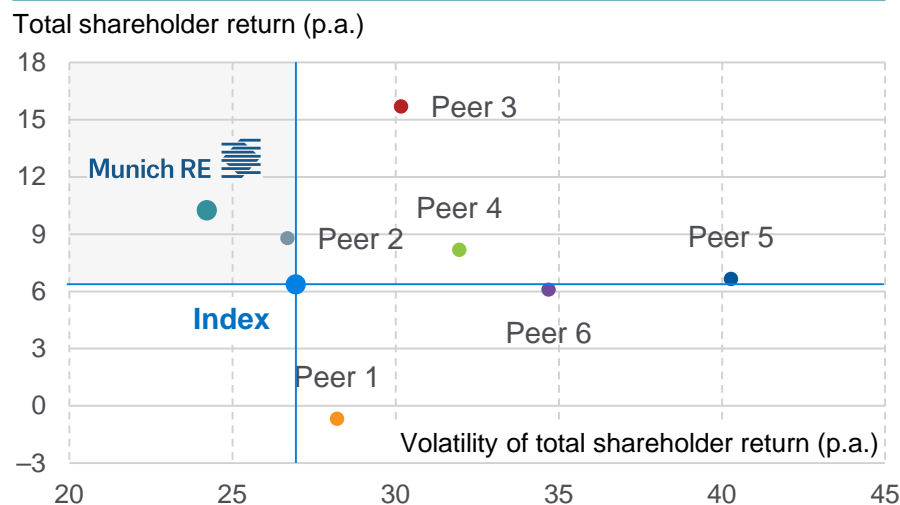
Convincing track record in value generation

Return on equity



11-year average ROE: ~11.0% –
Clearly exceeds average cost of capital: ~8%

Risk/return profile¹

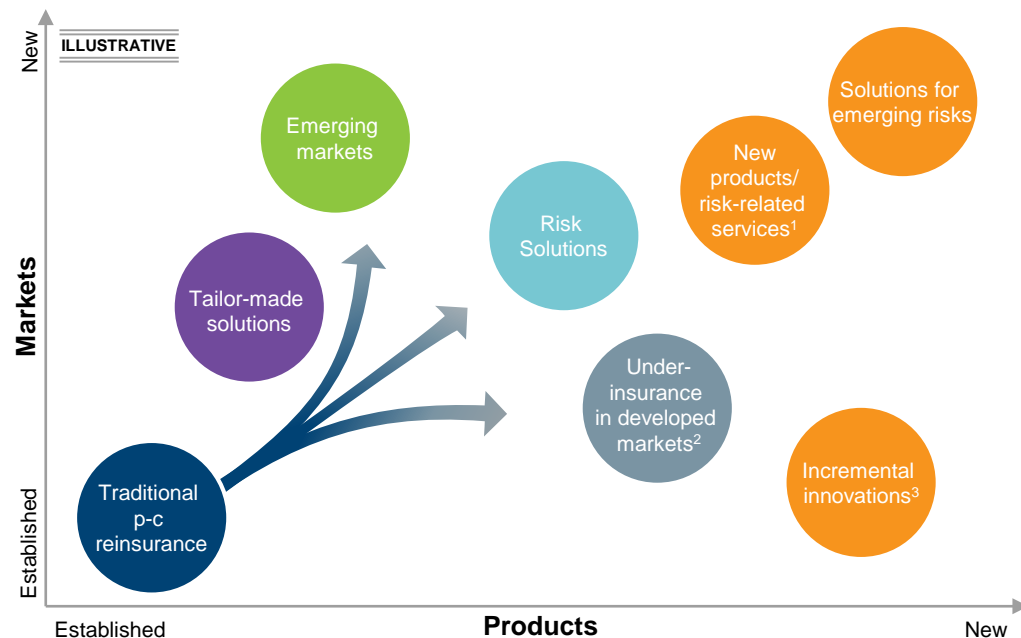


Annualised TSR: ~10.3% –
Outperforming major peers and insurance index

Balanced business portfolio paves the way for sustainable profitability

1 Annualised total shareholder return defined as price performance plus dividend yield over the period from 1.1.2005 until 31.1.2017; 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").

Munich Re is well positioned to manage the current market environment and drive industry innovation



Traditional p-c reinsurance
Munich Re in excellent position to successfully manage the soft cycle

TOTAL⁴
€13bn

Risk Solutions
Continuous growth in expertise-driven specialty and niche business

TOTAL⁴
€5bn

Innovation
Active development of business opportunities, tapping new profit pools

TOTAL^{4,5}
~€500m

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

Traditional p-c reinsurance – Portfolio profitability protected by disciplined underwriting and consistent cycle management

Profitable core business

Preferential client access

- ~50% private placements¹
- ~2/3 direct client business

Leading risk know-how

- ~30% tailor-made solutions¹
- Comprehensive service offering

Superior diversification

- As regards perils, forms of cover, regions, short/long-tail

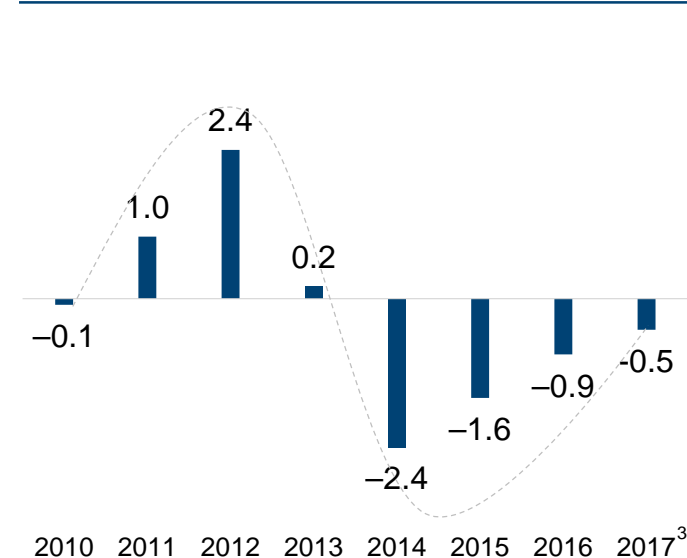
Stringent cycle management

- Strong u/w discipline and conservatism in reserving
- Deliberate portfolio shifts to less commoditised business



Renewals – Nominal price changes

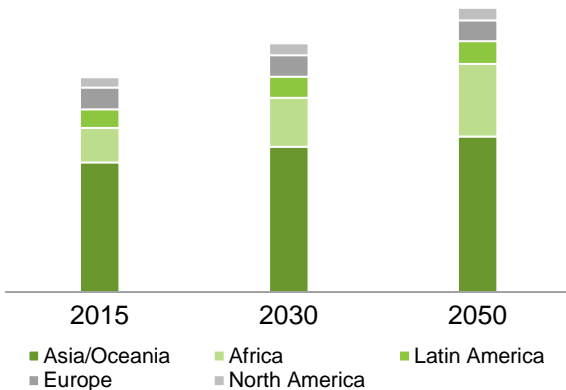
%



Traditional portfolio relatively resilient to pressure on rates – Diversification provides flexibility in managing the portfolio

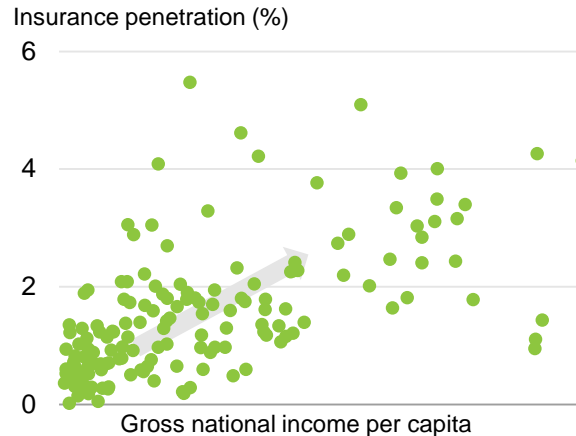
Emerging markets – Underinsurance provides business opportunities

Young and growing population¹ bn



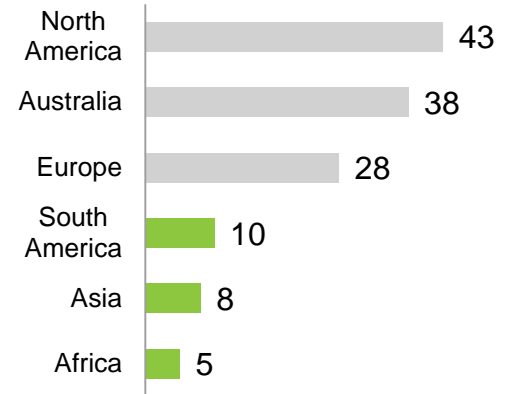
Demographic changes –
Rise of affluent middle class and significant population growth ...

Insurance penetration still low² %



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

Insured share of nat cat losses³ %



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

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

Risk Solutions – Highly valuable business segment with strong top and bottom-line contribution

Gross earned premiums¹

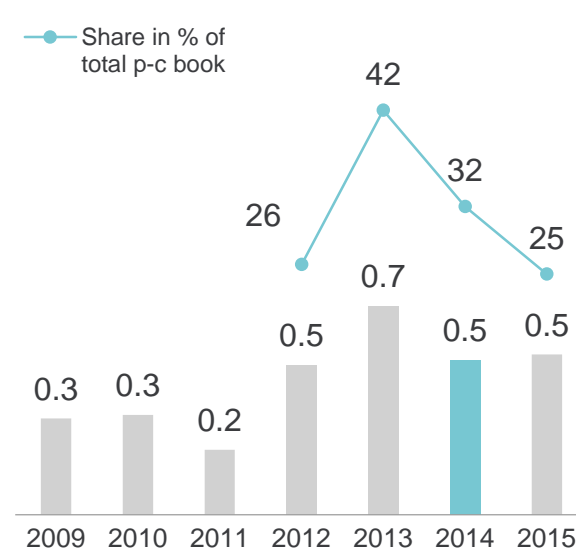
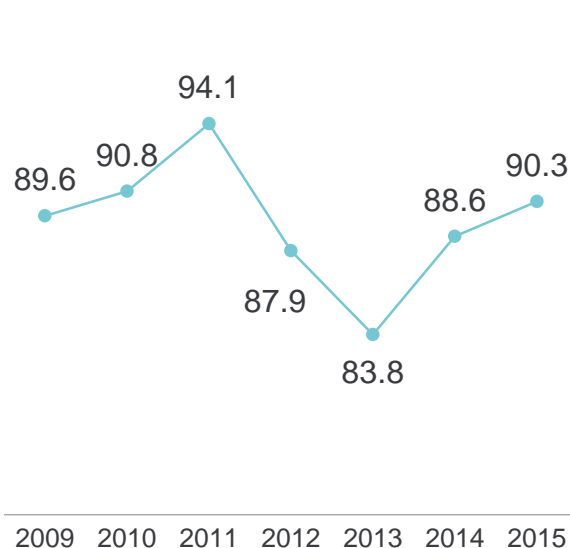
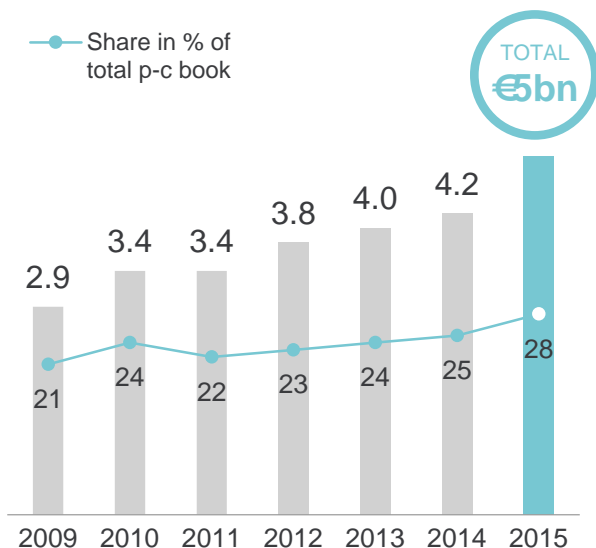
€bn

Combined ratio¹

%

Underwriting result¹

€bn



Business largely detached from reinsurance cycle

Innovation – Major innovation trends impact the industry, creating opportunities and challenges for (re)insurers

Major innovation trends – Impact on industry

Digitalisation and new technologies

- + New exposures and risks (e.g. cyber)
- + Bundled products
- + Corporate partnering
- + Cost reduction

Improved data availability and sophisticated analysis methods

- + Improved risk selection/pricing
- + Competitive advantage for data owners

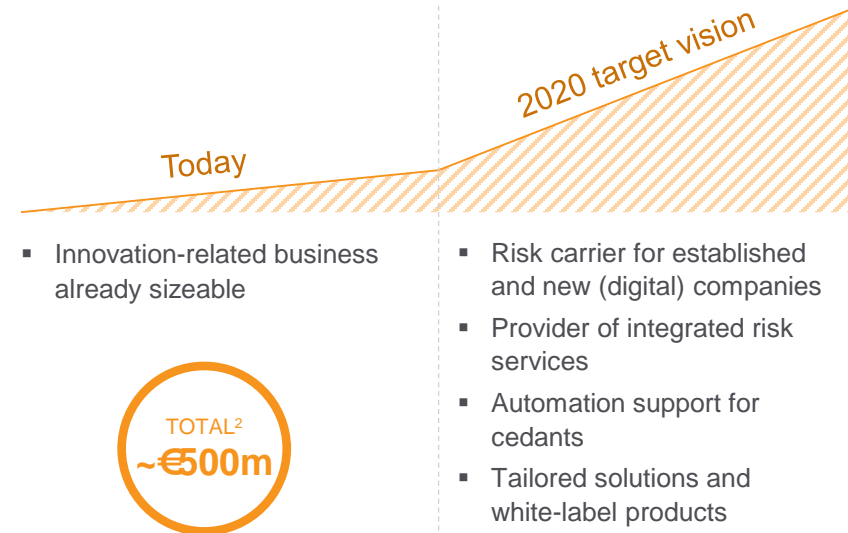
Changing customer expectations and behaviour¹

- + Efficient customer acquisition and improved retention
- New capabilities required to compete with current set-up

- Reduced risks/loss frequency
- Risk of disruption/disintermediation

- Danger of anti-selection

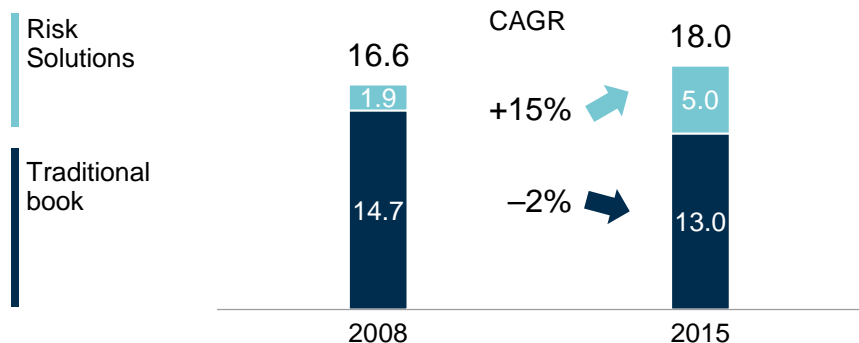
Munich Re – Active development of business opportunities



Munich Re fosters innovation throughout the global organisation –
Tapping new profit pools by expanding market boundaries with innovative products and services

Reinsurance – Portfolio mix on the move

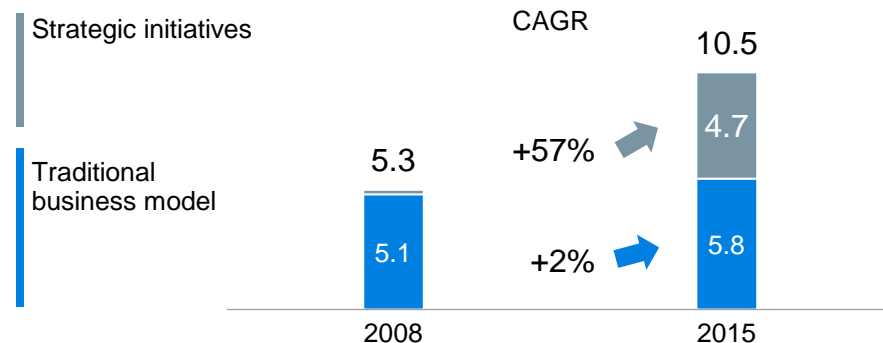
Property-casualty – GWP¹ %



As a leading Tier-1 reinsurer, successfully managing cyclical and structural market changes

- Active cycle and portfolio management in traditional business ...
- ... while continuously expanding attractive growth areas, e.g. Risk Solutions, as well as tailor-made and innovative products

Life – GWP¹ %



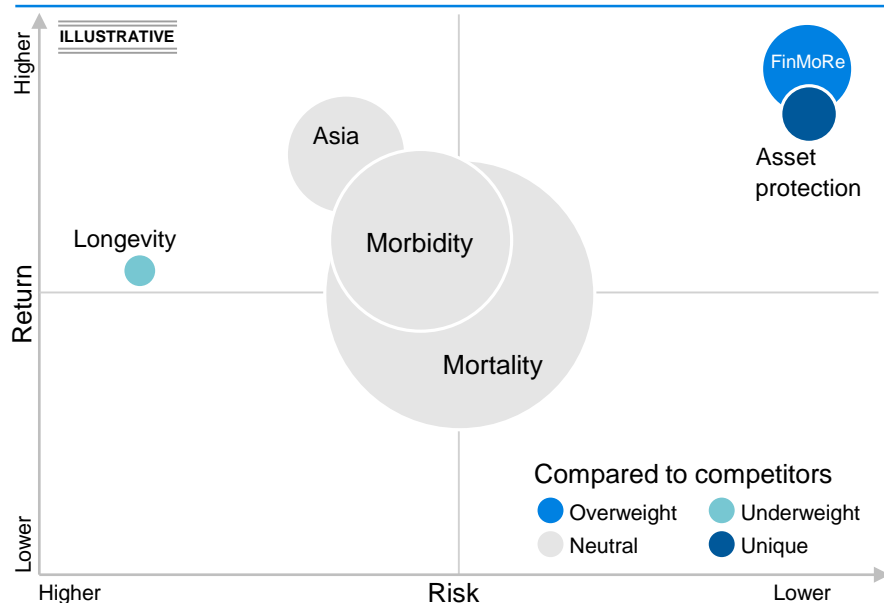
Strong existing book complemented with well-established initiatives and innovative capacity

- Traditional mortality risk remains core ...
- ... while strategic initiatives have become a substantial part of the portfolio, mainly driven by organic growth in Asia and financially motivated reinsurance business

▶ Traditional business remains an important earnings generator, while investment in new products/solutions safeguards future profitability

Reinsurance Life – Core business supplemented by well-established initiatives

Risk-return profile



Traditional business model

- Portfolio dominated by mortality risk – focus on improving risk-assessment process for insurer and reinsurer
- Growing exposure to morbidity risk – need to secure alignment of interest of policyholders, insurers and reinsurers
- Confidence that US old-issue-age mortality and Australian disability are fixed

Initiative portfolio

1 FinMoRe

2 Asia

3 Longevity

4 Asset protection

Mortality risk dominates, while contribution from initiatives is increasing

ERGO – Strategy Programme strengthens sustainable competitiveness

ERGO Strategy Programme – Ambition

- Strengthen role of leading primary insurer with strong domestic market
- Convince all stakeholders

Fit ...

Establish leaner and more effective structures

Digital ...

Lay the foundations for transforming the business model

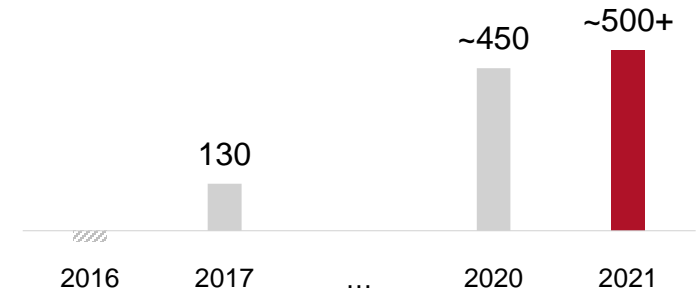
Successful!

Offer convincing solutions in all customer segments

Investments impacting net profit by ~€1bn until 2020

Annual cost savings from 2020 ~€540m/~€280m (gross/net)

ERGO: Increasing IFRS net profit €m



ERGO's profitability will cover its cost of capital from 2020 and create incremental added value thereafter

Munich Health – Business measures show first signs of stabilisation

Organisation



- Enhanced organisational structures implemented
- Improvements in underwriting and client management
- Further specified strategic focus
- Intensified Group-wide business synergies

Markets/clients



- Growth initiatives for South-East Asia and Middle East
- Repositioning in the US
- Enhanced customer experience across Munich Health
- Strengthened value proposition for reinsurance clients

Innovation/digitalisation



- Digital health target picture
- Development and implementation of innovative and digital health solutions
- Embedding of business analytics into processes, decisions and value proposition

Agenda 2016 – Intensified attention on forward-looking strategies and increased future-oriented initiatives

Strong track record – and new ideas

Strong track record

Successfully dealing with challenging economic conditions –
We remain a strong partner for clients and reliable for shareholders, delivering on our promises

Business strategy

Focus on insurance risks safeguarding sustainable value creation –
Complementary business profiles limiting correlation to capital market development

Rigorous risk management

Based on a high level of diversification, actively managing the low-yield environment and strictly budgeting all our insurance risks

Strong capital position

Continuously built up over years – Continuing the long-term track record of attractive capital repatriation while keeping the flexibility to seize opportunities for profitable growth

Backup

Key financials –

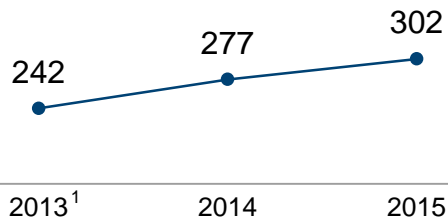
Our aim is sustained profitable growth

Munich Re		2015	2014	2013	2012	2011
Gross written premiums	€bn	50.4	48.8	51.1	52.0	49.5
Operating result	€m	4,819	4,028	4,398	5,349	1,180
Taxes on income	€m	–476	312	–108	–878	552
Consolidated result	€m	3,122	3,171	3,333	3,204	712
Thereof attributable to minority interests	€m	15	18	29	16	10
Investments	€bn	215.1	218.9	202.2	213.8	201.7
Return on equity	%	10.0	11.3	12.5	12.5	3.3
Equity	€bn	31.0	30.3	26.2	27.4	23.3
Off-balance-sheet reserves ¹	€bn	16.0	17.4	8.7	11.0	5.7
Net technical provisions	€bn	198.5	198.4	187.7	186.1	181.2
Staff at 31 December		43,554	43,316	44,665	45,437	47,206
Our shares						
Earnings per share	€	18.73	18.31	18.45	17.94	3.94
Dividend per share	€	8.25	7.75	7.25	7.00	6.25
Amount distributed	€m	1,335	1,298	1,254	1,255	1,110
Share price at 31 December	€	184.55	165.75	160.15	136.00	94.78
Market capitalisation at 31 December ²	€bn	30.8	28.7	28.7	24.4	17.0
No. of shares at year-end (ex own shares)	m	166.8	172.9	179.3	179.3	177.6

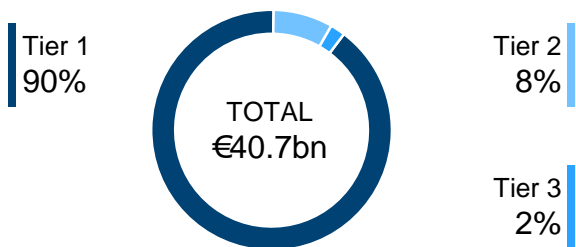
¹ Including amounts attributable to minority interests and policyholders. ² This includes own shares earmarked for retirement.

Sound capital position according to all metrics

Solvency II %

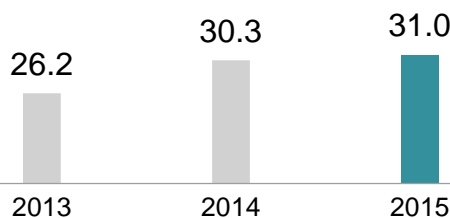


Solvency II ratio well above target capitalisation

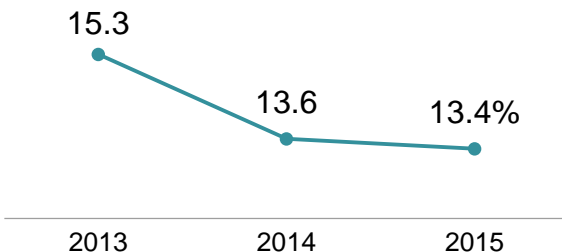


High-quality eligible own funds

IFRS €bn

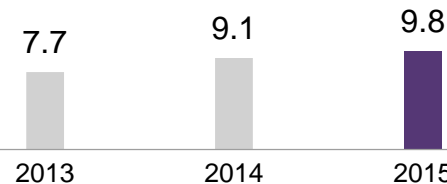


Strong shareholders' equity despite capital repatriation

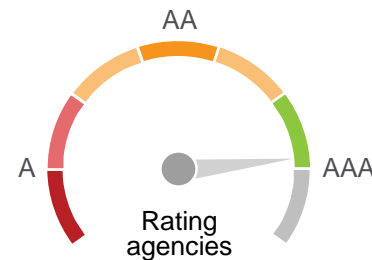


Debt leverage² among the lowest in the insurance industry

German GAAP/ Rating €bn



Strengthened equalisation provision largely protects HGB earnings



Substantial capital buffer³ supports AA rating

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

IFRS capital position

Equity

		€m		€m
Equity 31.12.2015	30,966		Change Q3	
Consolidated result	2,095			684
Changes				
Dividend	-1,329			-
Unrealised gains/losses	2,315			304
Exchange rates	-565			-177
Share buy-backs	-711			-318
Other	-416			-149
Equity 30.9.2016	32,355			343

Unrealised gains/losses

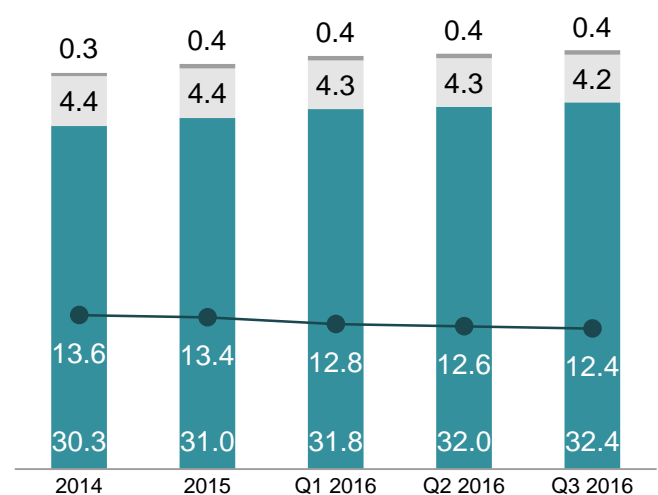
Fixed-interest securities
9M: +€2,353m Q3: +€84m

Non-fixed-interest securities
9M: -€31m Q3: +€222m

Exchange rates

FX effect mainly driven by US\$

Capitalisation

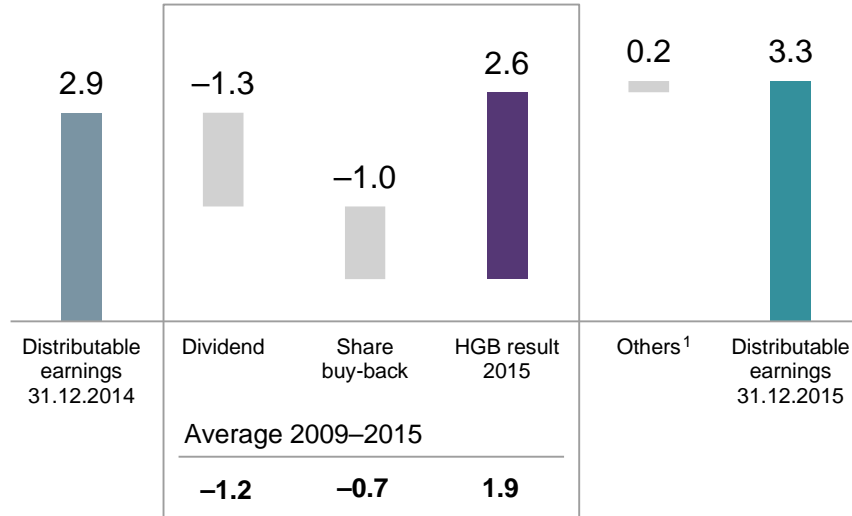


- Debt leverage¹ (%)
- Senior and other debt²
- Subordinated debt
- Equity

Distributable earnings of parent company – Main drivers

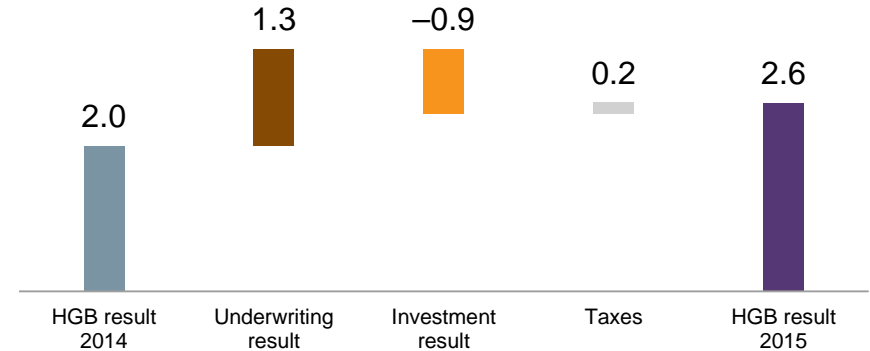
HGB result financing capital repatriation

€bn



HGB result – Main drivers 2015 vs. 2014

€bn



Underwriting result

- Benign large losses
- Higher reserve releases
- Reduced allocation to equalisation provision

Investment result

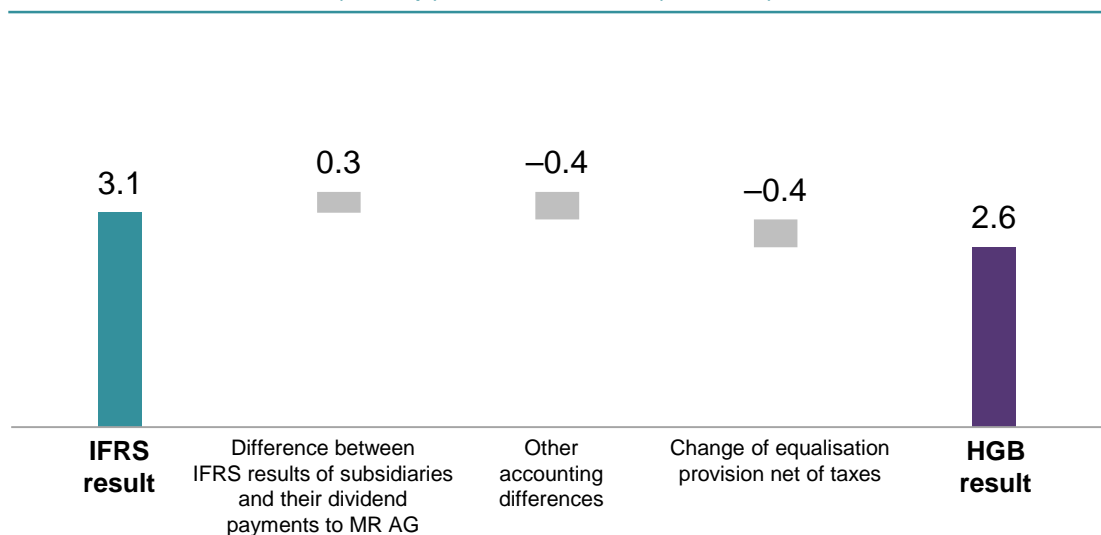
- Higher regular income (mainly dividends)
- Write-down of ERGO: -€1.1bn

Underwriting result protected by strong reserves, replenishment largely completed –
Distributable earnings sensitive to adverse capital market development

¹ Changes in restrictions on distribution.

Solid German GAAP (HGB) earnings

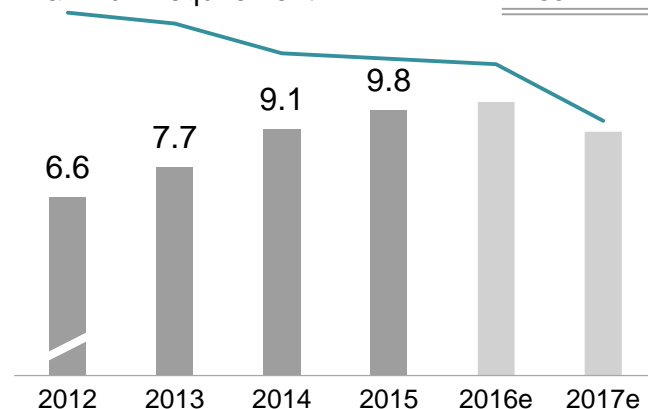
Reconciliation of IFRS (Group) to HGB result (MR AG) €bn



Equalisation provision €bn

Maximum requirement

ILLUSTRATIVE



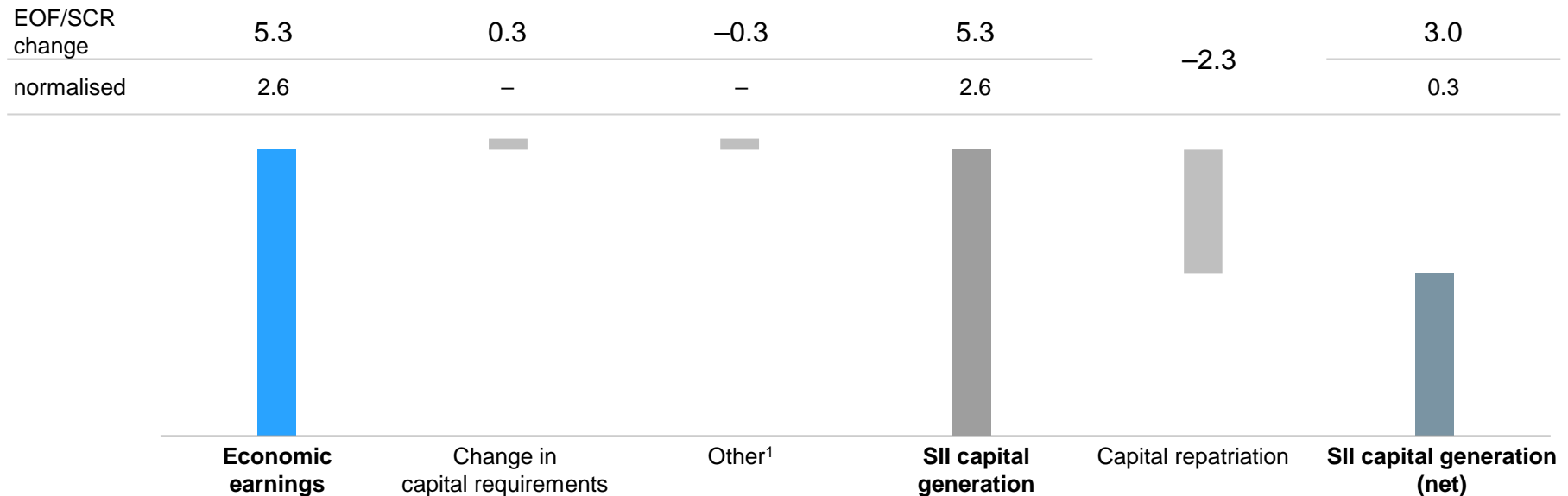
- 2012–2015: Strengthening of reserve – ~85% of max. requirement now achieved
- 2016e: No significant replenishment
- 2017e: Relief due to drop-out of extreme outliers

Underwriting result protected by strong reserves, replenishment largely completed –
Distributable earnings sensitive to adverse capital market development

Strong Solvency II capital generation supports financial flexibility

SII capital generation 2015 (including change in SCR)

€bn








SII capital generation exceeds capital repatriation

¹ Changes in other own funds items (-€0.1bn) and changes in consolidation group included in capital measures (-€0.2bn).

Change in eligible own funds

Change in SII eligible own funds

€bn

EOF 31.12.2014		38.2	
Opening adjustments		-0.3	Retrospective adjustments of own funds not qualifying as changes of reporting period
EOF 01.01.2015		38.0	Opening balance for determination of overall change in reporting period
Economic earnings		5.3	Economic performance of the period resulting in OF change
Capital measures		-2.5	Dividend: €1.3bn Share buy-back: €1.0bn and other ¹
Change in other own funds items		-0.1	Development of non-available own funds items and own funds for FCIIF and IORP ²
EOF 31.12.2015		40.7	Closing balance subject to SII Day-1 reporting

¹ Changes in consolidation group. ² Own funds for other financial sectors (financial, credit institutions and investment firms and institutions for occupational retirement provision).

Profit and loss attribution provides consistent reporting of economic performance across business units

Munich Re (Group) 2015

€bn	RI Life	RI P-C	ERGO Life and health Germany	ERGO P-C Germany	ERGO Intl.	Munich Health	Munich Re (Group)
Operating economic earnings	1.5	1.7	-0.3	0.1	0.0	0.0	3.0
Expected return existing business	0.2	0.2	0.2	0.0	0.1	0.0	0.7
New business value	0.9	0.2	0.3	0.3	0.0	0.0	1.7
Operating variances existing business	0.2	1.3	-0.7	-0.2	0.0	0.0	0.6
Other operating variances	0.1	0.0	0.0	0.0	0.0	0.0	0.0
Economic effects	0.3	0.7	0.8	0.0	0.1	0.0	2.0
Other non-operating earnings	0.1	-0.1	0.5	-0.1	-0.1	0.0	0.3
Total economic earnings	1.8	2.3	1.1	0.1	0.1	0.0	5.3
Capital measures							-2.5
Changes in other own funds items							-0.1
Change in SII EOF							2.7

Positive economic earnings contribution from all business units – But with differing underlying drivers

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

Current environment

Political risks

High volatility



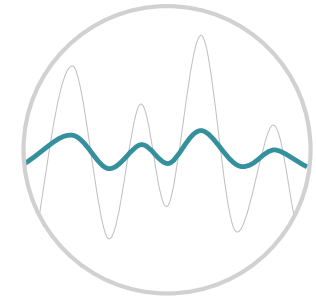
Economic risks

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

Dampening of volatility



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

▶ No major movement in SCR reflects unchanged risk profile of Munich Re (Group)

Breakdown of Solvency Capital Requirement (SCR) by risk category according to Munich Re internal model¹

Solvency capital requirement – Breakdown by risk category and segment

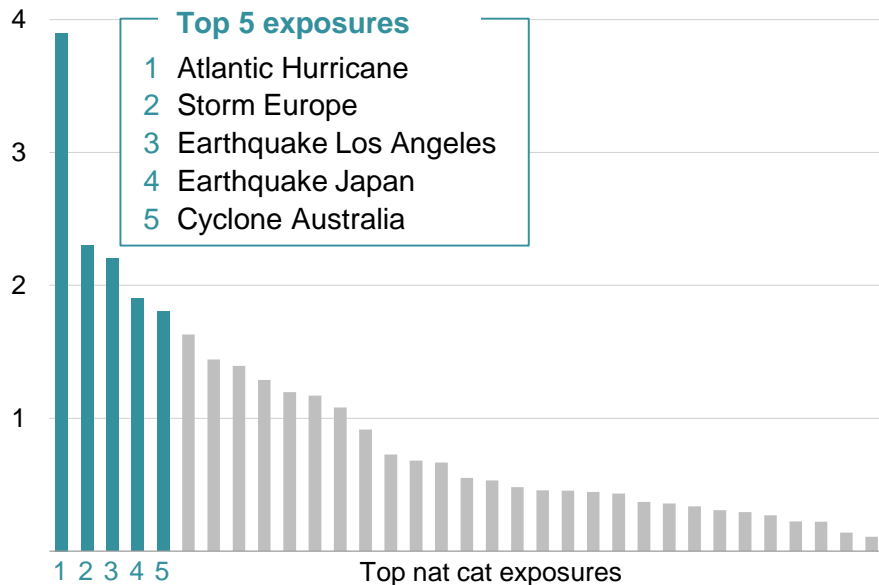
€bn

Risk category	Group			RI	ERGO	MH	Remarks
	2014 ²	2015	Delta	2015	2015	2015	
Prop.-Casualty	5.7	6.3	0.6	6.2	0.4		P-C: Increase driven by reinsurance – FX and growth in special risks
Life/Health	4.8	4.7	–0.1	3.8	1.3	0.3	
Market	8.8	8.7	–0.1	5.8	4.3		Credit: De-risking of investment portfolio and full implementation of SII methodology
Credit	4.6	4.2	–0.5	2.7	1.6		
Operational risk	1.0	1.0	–	0.8	0.4	0.1	
Other ³	0.2	0.1	–0.1				
Simple sum	25.1	25.1	–	19.3	8.0	0.4	
Diversification	–9.1	–9.3	–0.1	–7.4	–2.1	0.0	Diversification benefit: 37%
Tax	–2.2	–2.3	–0.2	–2.0	–0.7	–0.1	Loss-absorbing capacity of deferred taxes
Total SCR	13.8	13.5	–0.3	9.9	5.2	0.3	

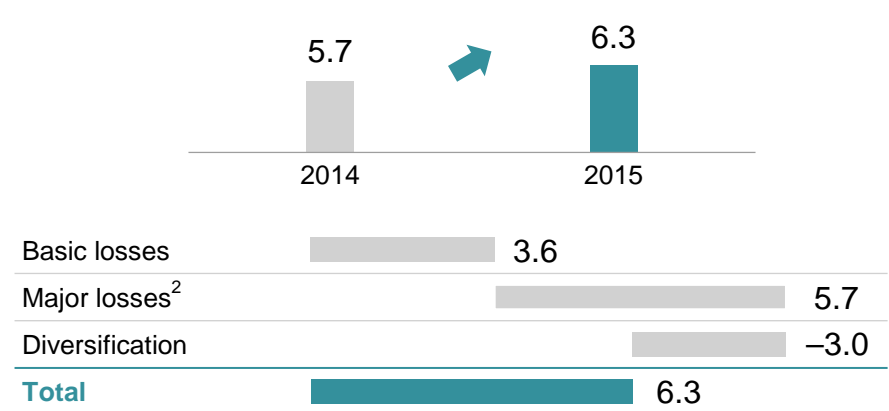
¹ Munich Re uses a full internal model, which was approved by BaFin and core college in 2015. ² After reconciliation into SII metric. ³ Capital requirements for other financial sectors, e.g. institutions for occupational retirement provisions.

Risk-bearing capacity allows high exposure for peak scenarios, but only at adequate price levels

Nat cat exposure (net of retrocession) – AggVaR¹ €bn



SCR property-casualty %

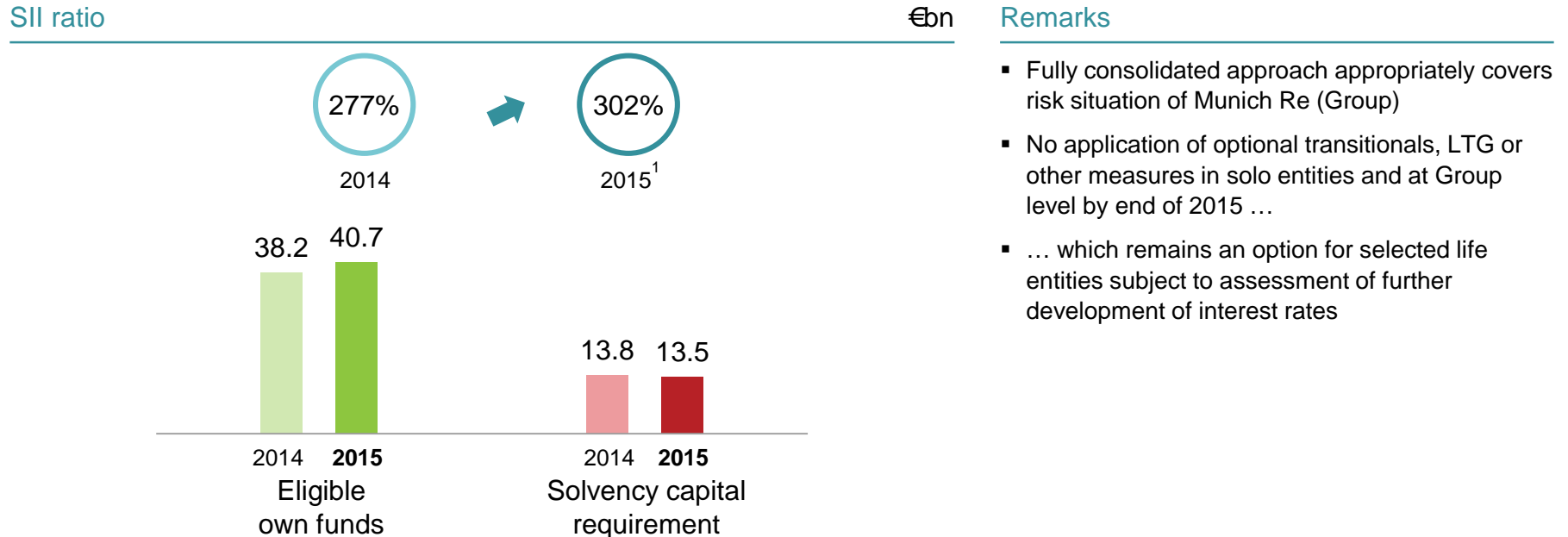


- Appreciation of major currencies (USD, AUD, GBP) against EUR, impact on basic/major losses
- Exposure increase in special risks (e.g. weather risks) impacts basic losses

High diversification between natural catastrophe risks, both by region and perils, adequately reflected in internal model

¹ Munich Re (Group). Return period 200 years, pre-tax. ² Natural catastrophes, man-made (including terrorism and casualty accumulation) and major single losses.

Further improvement of Solvency II ratio



Capitalisation in the SII regime remains very comfortable

¹ Ratio after dividend of –€1.3bn for 2015 to be paid in April 2016: 292%.

Further improvement of Solvency II ratio

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

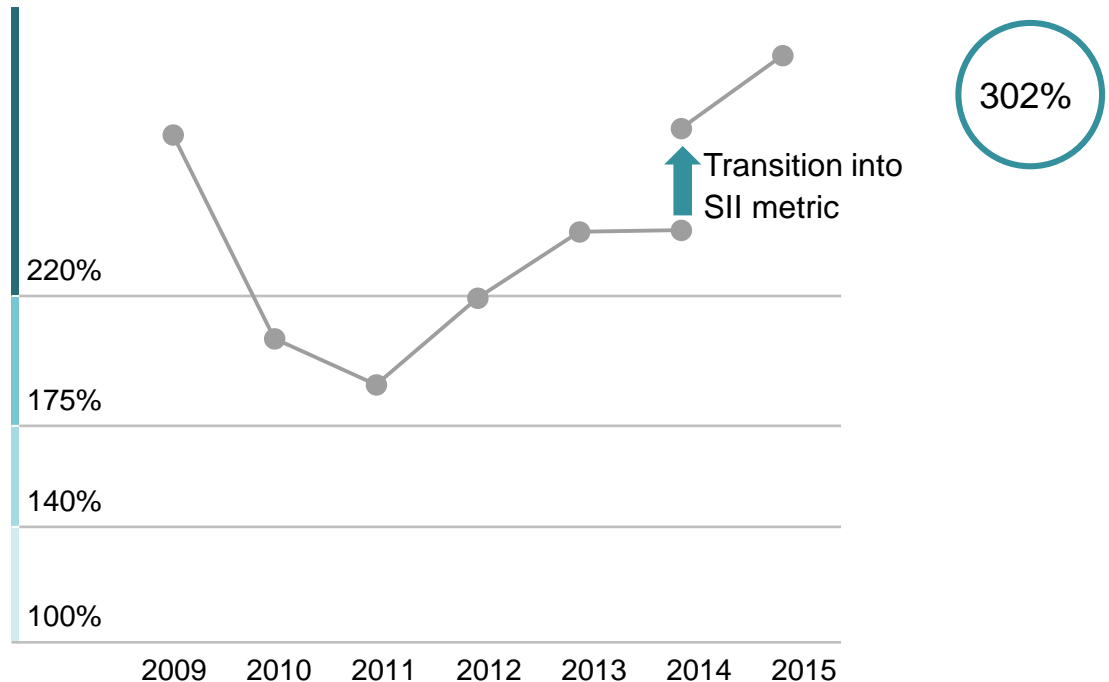
- Tolerate (management decision) or
- If necessary, take management action (e.g. risk transfer, scaling-down of activities; raising of hybrid capital)

<140%: Sub-optimum 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)

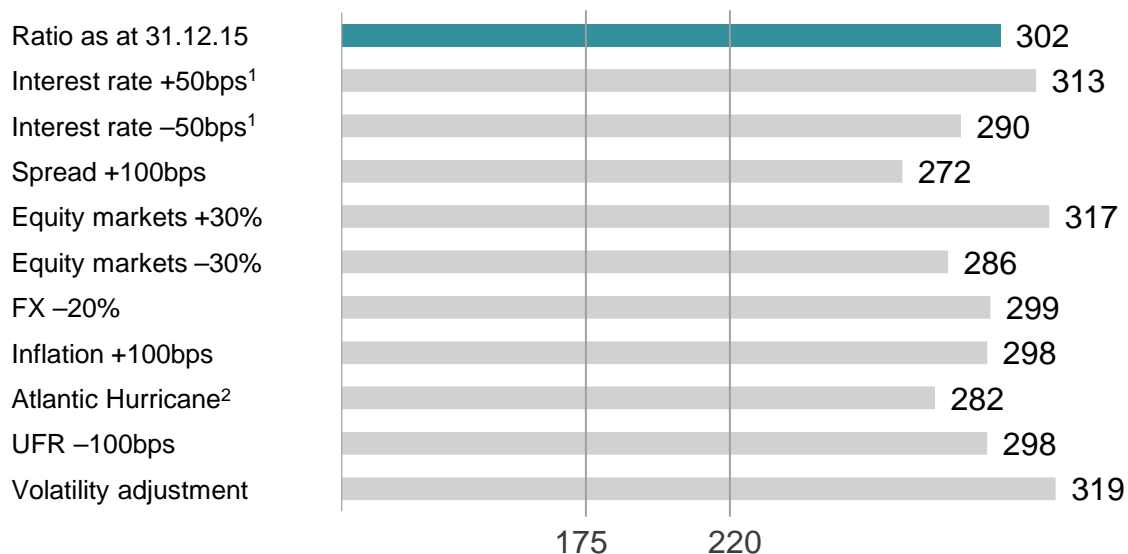
SII ratio

%



Sensitivities of SII ratio

SII ratio – Sensitivity



Assumptions

- Use of full consolidated accounts for Munich Re (Group)
- No consideration of optional long-term-guarantee measures, e.g.
 - Transitionals
 - (Dynamic) volatility adjustment
 - Matching adjustment
- Credit risk considered for all fixed-income securities, including government bonds (e.g. in EEA)

All relevant stress scenarios leave Munich Re's SII ratio in a comfortable range

SII ratio – Munich Re’s sensitivities reflect full economic impact

Application of optional SII measures – Impact on SII ratio and sensitivities

Reduction of ...	Use of dynamic volatility adjustment	No credit risk for EEA government bonds	Application of D&A method for US subsidiaries
... spread sensitivity	~1/2	~1/3	~1/5
... equity sensitivity			~1/3
SII ratio	~339%	~329%	~285%

Combined spread sensitivity would go down to ~10% pts. –
Spread +100bps: SII ratio 302% → 292% (instead of 272%)

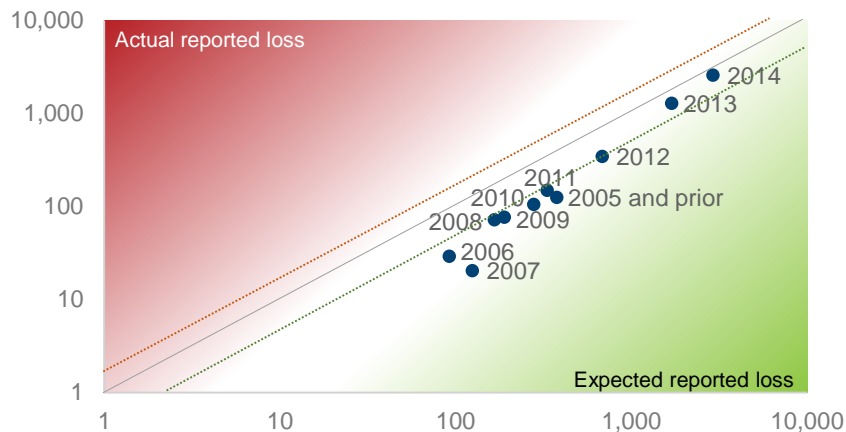
For comparability of published SII numbers, a detailed view on applied measures is necessary

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

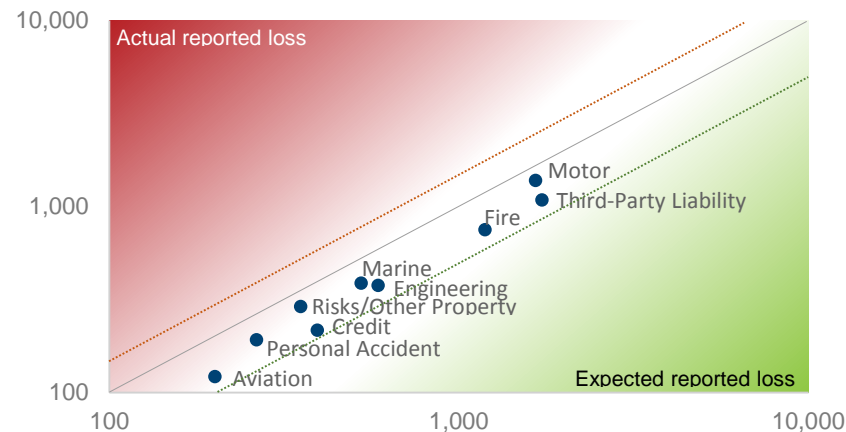
Reinsurance group – Comparison of incremental expected losses with actual reported losses¹

€m

By exposure year



By line of business



Legend:
Green Actuals below expectation
Red Actuals above expectation

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

Actual losses consistently below actuarial expectations – Very strong reserve position

Positive run-off result without weakening resilience against future volatility

Ultimate losses¹ (adjusted to exchange rates as at 31.12.2015)

Date	Accident year (AY)											Total	€m	Ultimate reduction			
	≤2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015						
31.12.2005	50,061																
31.12.2006	50,702	11,387															
31.12.2007	50,767	11,444	12,708														
31.12.2008	50,303	11,332	12,911	14,127													
31.12.2009	49,857	11,104	12,811	14,381	13,878												
31.12.2010	49,546	10,819	12,736	14,331	13,819	14,287											
31.12.2011	49,401	10,730	12,694	14,033	13,364	14,521	18,455										
31.12.2012	49,092	10,544	12,316	13,880	13,238	14,400	18,596	15,209									
31.12.2013	48,997	10,570	12,079	13,711	13,238	14,469	18,278	15,032	15,124								
31.12.2014	48,917	10,455	11,998	13,430	12,925	14,453	17,892	14,830	15,336	15,092							
31.12.2015	48,637	10,373	11,762	13,296	12,693	14,289	17,731	14,591	15,301	15,115	14,369						
CY 2015 run-off change	280	82	236	133	232	163	160	239	36	-23	-	1,538					
CY 2015 run-off change (%)	0.6	0.8	2.0	1.0	1.8	1.1	0.9	1.6	0.2	-0.2	-	0.9					

Prior-year releases of €1.5bn driven by reinsurance portfolio


- Favourable actual vs. expected comparison facilitates ultimate reductions for prior years
- Reserve position remains strong
- AY 2015: Prudent initial assessment

Reinsurance ²	€1,535m
ERGO	€3m


1 Basic and major losses. 2 Thereof €1,402m basic and €133m major losses.

Insurance financial strength ratings¹ providing for strong competitive position


A.M. Best

A++	Berkshire ² Berkshire/Gen Re
A+	Munich RE  Allianz Everest Re Hannover Re Renaissance Re Swiss Re Zurich
A	AIG Generali Lloyd's Partner Re SCOR pos Transatlantic Re XL Re
A–	
B++	


Fitch

AAA	
AA+	Berkshire/Gen Re
AA	Munich RE  Allianz Allianz ² Axa Berkshire ² Everest Re Hannover Re ³ Lloyd's SCOR Swiss Re ³
AA–	
A+	Partner Re Renaissance Re XL Re
A	
A–	AIG ² Generali
BBB+	

Moody's

Aaa	
Aa1	Berkshire/Gen Re
Aa2	Allianz Germany Berkshire ²
Aa3	Munich RE  Allianz SE Axa SCOR Swiss Re Zurich
A1	Everest Re Partner Re Renaissance Re Transatlantic
A2	XL Re
A3	Generali Germany
Baa1	Generali ²

Standard & Poor's

AAA	
AA+	Berkshire/Gen Re
AA	Allianz Berkshire ²
AA–	Munich RE  Axa Hannover Re Renaissance Re SCOR Swiss Re Zurich
A+	AIG Everest Re Lloyd's Partner Re Transatlantic Re XL Re
A	
A–	AIG ² neg
BBB+	

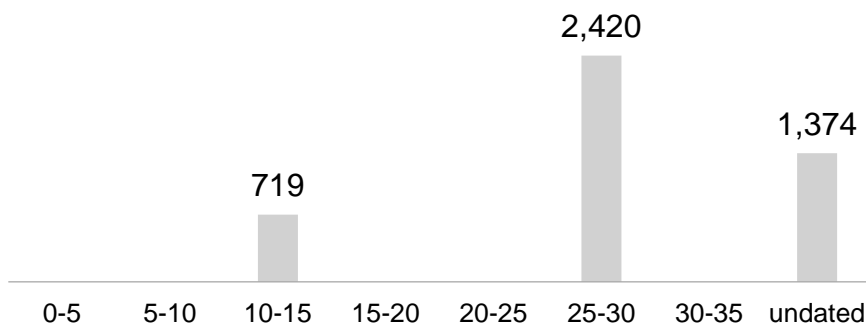
Munich Re (Group) – Outstanding bonds

Subordinated bonds¹

Nominal volume	Coupon rate p. a.	Emission/Issue	Maturity	First possible redemption date
€900m	Until 2022 6.25% , thereafter variable	2012	2042	26 May 2022
£450m	Until 2022 6.625% , thereafter variable	2012	2042	26 May 2022
€1,000m	Until 2021 6.00% , thereafter variable	2011	2041	26 May 2021
€1,349m	Until 2017 5.767% , thereafter variable	2007	Undated	12 June 2017
£300m	Until 2018 7.625% , thereafter variable	2003	2028	21 June 2018

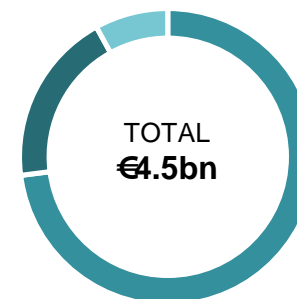
Maturity pattern of Munich Re Group bonds

€m



Currency pattern of Munich Re Group bonds

%

USD
8GBP
19EUR
73

¹ Bonds with a nominal value below €100m not considered. All specified bonds issued by Münchener Rückversicherungsgesellschaft AG, Munich. In addition, Munich Re has placed some natural catastrophe bonds. As at 30.9.2016.

ILS market platform complements our core business with alternative capacity and earnings potential

Strategic scope of our ILS market activity

Munich Re's view on ILS market benefits

- Multi-year price stability
- Diversification of capacity channels
- Collateralised capacity
- Complement of product range as regards earnings potential
- Profitable investment opportunities in insurance risks which fits Munich Re's portfolio

Munich Re's ILS related competencies

- Dedicated ILS team covering the whole ILS value chain from analytics to structuring and placement
- Deployment of our actuarial and geoscientific expertise to offer ILS structuring and advisory services – we act as neutral advisors
- Ability for opportunistic allocation of reinsurance capacity to ILS investments

Integrated ILS approach

Management of our own risks

- Portfolio optimisation and balance sheet protection (e.g. selling of peak risk overhangs)
- Management of P&L-volatility through cat bonds (cycle management)
- Diversification of capacity

Management of our clients' risks

- Complement to traditional reinsurance
- ILS consulting and project management
- Structuring and placement support
- Risk fronting and transformation

Propriety ILS investment portfolio

- Growing investor in the ILS primary and secondary market
- "Buy and hold"-strategy
- Opportunistic allocation of reinsurance capacity to profitable ILS investment opportunities

Outstanding insurance-linked securities (ILS)

	Transaction	Closing	Maturity	Volume	Perils covered
For clients	Vitality Re VIII Re Ltd.	1/2017	1/2021	US\$ 200m	US health risks
	Vitality Re VII Re Ltd.	1/2016	1/2020	US\$ 200m	US health risks
	Bosphorus 2 Re Ltd.	8/2015	8/2018	US\$ 100m	Earthquake Turkey
	Azzurro Re I Ltd.	6/2015	1/2019	€200m	Italy Earthquake
	World Bank CCRIF	6/2014	6/2017	US\$ 30m	Caribbean Wind & Earthquake
	Lion Re DAC	4/2014	4/2017	€190m	Windstorm Europe
For Munich Re's book ¹	Eden Re II Ltd. (Series 2017-1)	12/2016	3/2021	US\$ 360m	Various perils
	Queen Street XII Re DAC	5/2016	4/2020	US\$ 190m	Hurricane US & Windstorm Europe
	Queen Street XI Re DAC	12/2015	6/2020	US\$ 100m	Hurricane US & Cyclone Australia
	Queen Street X Re DAC	3/2015	6/2018	US\$ 100m	Hurricane US & Cyclone Australia
	Queen Street IX Re DAC	2/2014	6/2017	US\$ 100m	Hurricane US & Cyclone Australia

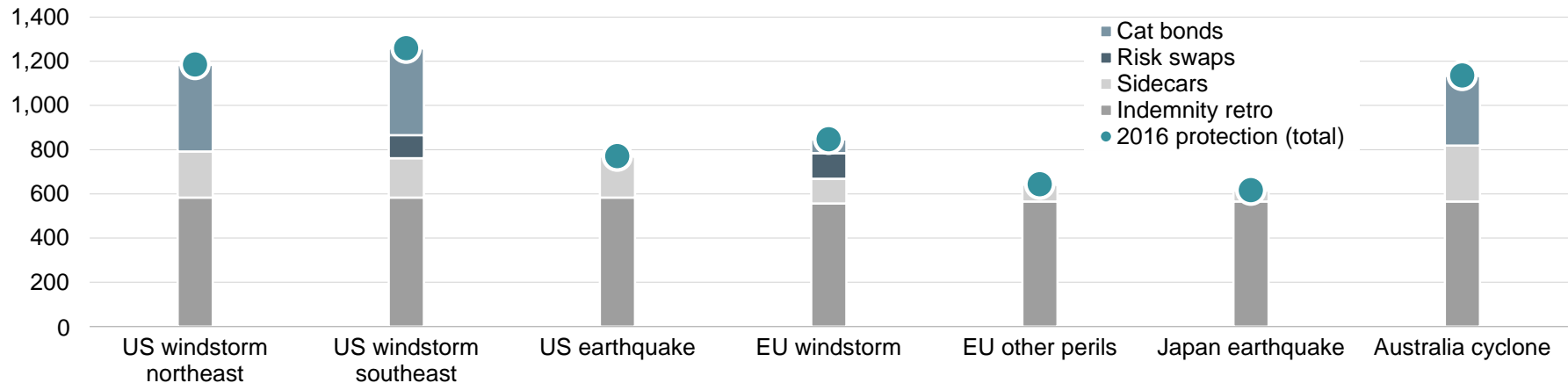
- Generation of fee income
- Active investor in the primary and secondary market
- Improvement of own risk/return profile and cost efficiency
- Utilisation of unexhausted risk budgets
- Offering one-stop shopping to clients as sponsors

Munich Re's Capital Partners unit is a recognised player in the ILS market

Munich Re's maximum in-force nat cat protection

Munich Re's maximum in-force nat cat protection as at January 2016

€m



Utilisation of opportunities in alternative-capital retro markets

Expansion of nat cat protection via indemnity retro, cat bonds and sidecar

Retrocession use reflects favourable market terms

Broad external recognition for Munich Re's corporate responsibility performance



Permanently listed since 2001



FTSE4Good

Permanently listed since 2001



The STOXX® Global ESG Leaders Index represents leading companies from an ESG point of view



Munich Re has been included in the Bronze Class of the best and most sustainable companies by Robeco SAM



Munich Re has constantly achieved high rating results (AAA) in the MSCI ESG rating



Ranked 3rd place in the insurance industry



Rated "Prime" in Corporate Responsibility Rating 2015; Munich Re counts to the best-in-class insurers



Munich Re is represented in the ESI Excellence Europe and ESI Excellence Global (based on ratings results from Vigeo)



Munich Re represented in Vigeo indexes

Munich Re's international cooperation – A strong commitment towards corporate responsibility

Examples



since 1999

UNEP FI

Munich Re has signed the UNEP FI's climate declaration and is an active member of the UNEP FI Climate Change Working Group.



since 2006

Principles for Responsible Investment (PRI)

Munich Re has actively developed the UN Principles for Responsible Investment (PRI), which it signed as first German company in April 2006.



since 2007

UN Global Compact

Munich Re has been a member of the UN Global Compact since August 2007. The ten principles of the UN Global Compact provide guidance for action in our business and set the basis for our corporate responsibility activities.



since 2012

Principles for Sustainable Insurance (PSI)

Munich Re played an active part in developing the Principles for Sustainable Insurance (PSI) since 2007 and was a founding signatory in June 2012. The PSI aim at anchoring ESG criteria in the core business along the value chain.

2016 net result of €2.6bn meets annual guidance – Increased dividend of €8.60 per share¹

Munich Re (Group) – 2016 (Q4 2016)

NET RESULT

€2.6bn (€0.5bn)

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

OPERATING RESULT

€4.0bn (€0.8bn)

Reinsurance combined ratio of 95.7% (101.9%), technical result of almost €500m in life re – ERGO with slightly negative 2016 (positive Q4) net result

INVESTMENT RESULT

RoI: 3.2% (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 continues to provide the basis for high pay-outs

HGB RESULT (GERMAN GAAP)

Significantly above €3bn

Distributable earnings improved substantially, despite capital repatriation of €2.3bn

JANUARY RENEWALS

Strict focus on bottom-line

- Premium change: –4.9%
- Price change: ~ –0.5%

¹ Subject to approval of Supervisory Board and AGM.

Reconciliation of operating result with net result

Reconciliation of operating result with net result

	9M 2016	Q3 2016
Operating result	3,202	1,014
Other non-operating result	-313	-112
Goodwill impairments	-9	0
Net finance costs	-162	-54
Taxes	-623	-164
Net result	2,095	684

Other non-operating result

	9M 2016	Q3 2016
Foreign exchange	325	6
Restructuring expenses	-410	-9
Other	-229	-108

Tax rates

	9M 2016	Q3 2016
Group	22.9	19.3
Reinsurance	19.6	20.2
ERGO	-356.0	37.7
Munich Health	18.7	31.2

Munich Re – The leading global reinsurer

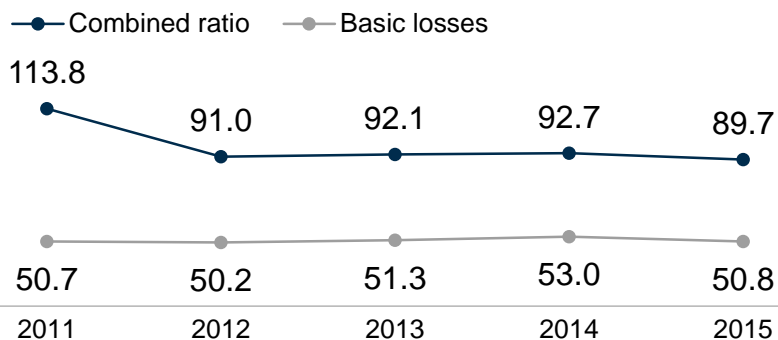
Rank	Company	Country	Net reinsurance premiums written 2015 (US\$ m)
1	Munich Re	Germany	33,624
2	Swiss Re	Switzerland	30,442
3	Hannover Re	Germany	16,121
4	Berkshire Hathaway Re	USA	13,382
5	SCOR	France	13,111
6	Lloyd's	UK	10,021
7	Reinsurance Group of America	USA	8,571
8	China Re	China	7,717
9	Everest Re	Bermuda	5,378
10	Partner Re	Bermuda	5,230
11	Korean Re	Korea	3,728
12	MS&AD Holdings	Japan	3,581
13	Transatlantic Holdings Inc.	USA	3,387
14	Sompo	Japan	2,978
15	Tokio Marine	Japan	2,747
16	Mapfre Re	Spain	2,725
17	Maiden Re	Bermuda	2,514
18	General Ins. Corp. of India	India	2,473
19	R+V Versicherung	Germany	2,106
20	XL Catlin	Bermuda	2,091
	Total top 40		193,687

Reinsurance – Overview

		2015	2014	2013	2012	2011
Gross written premiums	€bn	28.2	26.8	27.8	28.2	26.0
Investments	€bn	89.2	88.0	79.2	83.8	79.5
Net technical provisions	€bn	65.4	63.5	60.5	61.1	62.7
Major losses (net)	€m	1,046	1,162	1,689	1,799	5,048
Thereof natural catastrophes	€m	149	538	764	1,284	4,538

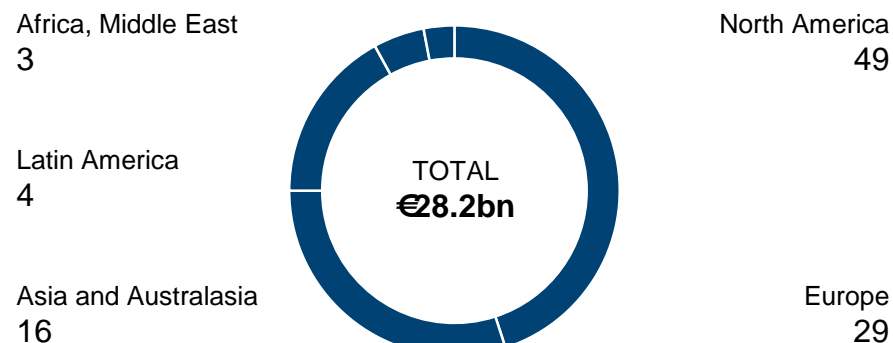
Combined ratio

%



Premium split by region – 2015

%



Reinsurance Property-casualty

9M 2016 vs. 9M 2015

Gross premiums written	€m
9M 2015	13,583
Foreign exchange	-330
Divestments/investments	0
Organic change	480
9M 2016	13,733

- Negative FX effects mainly driven by GBP
- Organic growth due to several new deals, particularly in motor and fire

Major result drivers	€m		
	9M 2016	9M 2015	▲
Technical result	1,642	1,870	-228
Non-technical result	368	414	-46
thereof investment result	1,266	1,450	-184
Other	-248	-565	317
Net result	1,761	1,718	43
	Q3 2016	Q2 2016	▲
Technical result	597	289	308
Non-technical result	108	498	-390
thereof investment result	411	754	-343
Other	-147	-10	-137
Net result	558	778	-220

Technical result

- 9M: Major loss ratio clearly below expectation of 12.0%
- Q3: Lower basic losses, as Q2 was inflated by various larger claims just below the outlier threshold

Investment result

- 9M: Reduced disposal gains and lower regular income
- Q3: Negative impact from equity derivatives (hedging) and less dividend income
- Q3: Return on investment 2.6%

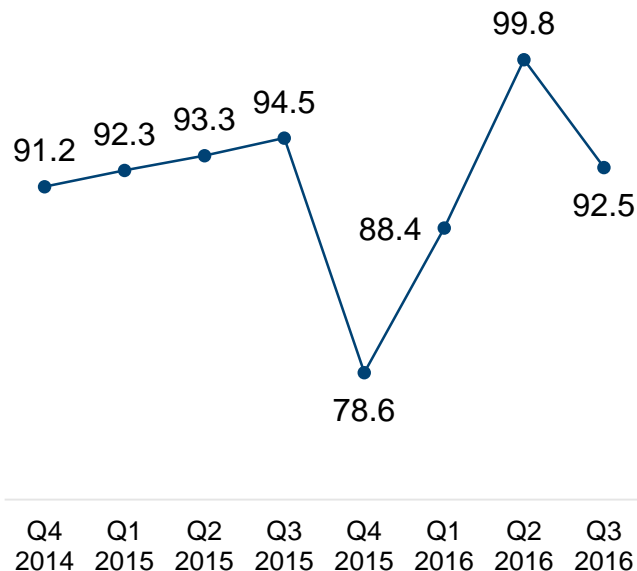
Other

- 9M: FX result of €299m vs. -€225m, high contribution from GBP
- 9M: Tax rate 20.2% vs. 11.0%

Reinsurance Property-casualty – Combined ratio

Combined ratio

%



		Basic losses	Major losses	Expense ratio
2014	92.7	53.0	7.2	32.5
2015	89.7	50.8	6.2	32.6
9M 2016	93.7	55.2	7.2	31.3
Q3 2016	92.5	55.3	6.6	30.6

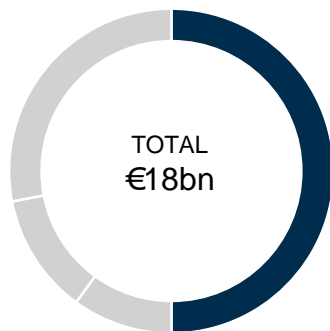
	Major losses	Nat cat	Man-made	Reserve releases ¹	Normalised combined ratio ²
9M 2016	7.2	3.7	3.5	-5.4	99.9
Q3 2016	6.6	3.4	3.1	-5.0	98.9
Ø Annual expectation	~12.0	~8.0	~4.0		

¹ Basic losses; in Q3 mainly fire; no corresponding sliding-scale effects.
² Based on 4%-pts. reserve releases.

January renewals – Business up for renewal roughly half of total P-C book, regional focus on Europe

Total property-casualty book¹ %

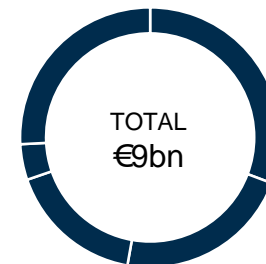
Remaining business	28	Business up for January renewal	50
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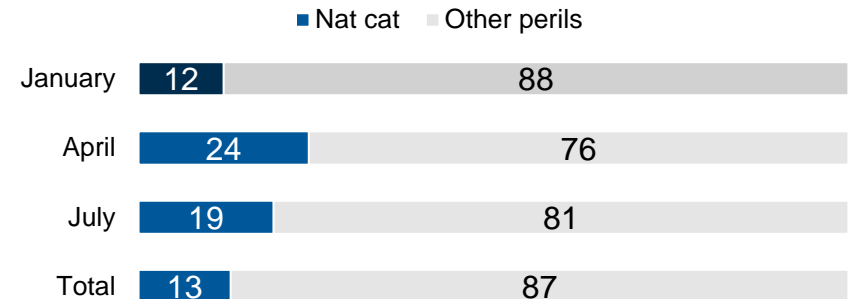
Business up for July renewal	12	Business up for April renewal	10
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Regional allocation of January renewals %

Worldwide	26	Europe	31
Latin America	4	North America	22
Asia-Pacific-Africa	17		



Nat cat shares of renewable portfolio² %

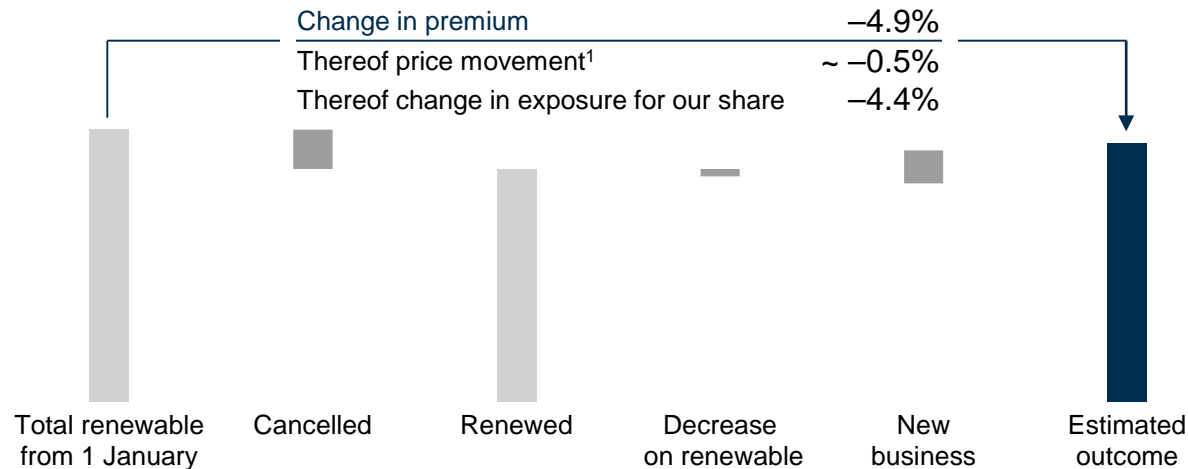


¹ Gross premiums written. Economic view – not fully comparable with IFRS figures. ² Total refers to total P-C book, incl. remaining business.

January renewals – Cycle management reduction mitigated by new business opportunities, further slow-down in price decline

January renewals 2017

%	100	-14.4	85.6	-2.7	12.2	95.1
€m	8,982	-1,297	7,685	-241	1,094	8,538



- Overall premium decline due to disciplined underwriting partly offset by new business opportunities
- Price change of -0.5% less pronounced compared with last year
- Continued pressure on XL business, while price decline for US nat cat lower than in the past
- Proportional business remains resilient





Overall portfolio profitability was maintained and remains above cost of capital

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).

Reinsurance Life

9M 2016 vs. 9M 2015

Gross premiums written €m

9M 2015		7,653
Foreign exchange		-263
Divestments/investments		0
Organic change		-178
9M 2016		7,212

- Negative FX effects driven by Can\$ and GBP
- Negative organic change due to cancellation/modification of large capital-relief deals, ...
- ... partly offset by growth in Asia, Canada, UK

Major result drivers €m

	9M 2016	9M 2015	▲
Technical result	318	247	71
Non-technical result	66	88	-21
thereof investment result	469	628	-159
Other	-16	-163	147
Net result	369	172	197

	Q3 2016	Q2 2016	▲
Technical result	146	103	43
Non-technical result	20	119	-99
thereof investment result	164	240	-76
Other	-31	-7	-24
Net result	134	214	-80

Technical result

- Q3: Strong contribution mainly from Asia, Canada and Europe supported by one-off effects
- Well on track to achieve annual target of ~€400m

Investment result

- 9M: Lower interest income from deposits retained on assumed reinsurance due to cancellation/modification of large capital-relief deals
- 9M: Lower disposal gains
- Q3: Return on investment 2.7%

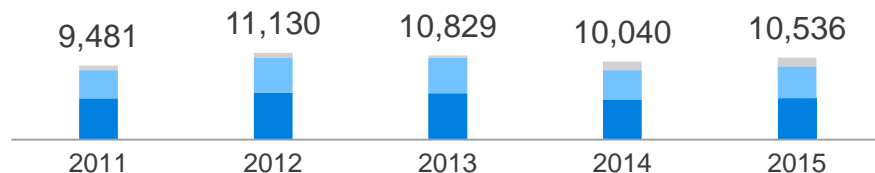
Other

- 9M: FX result of €84m vs. -€79m, high contribution from GBP
- 9M: Tax rate of 16.7% vs. 24.0%

Solid IFRS performance notwithstanding random large claims

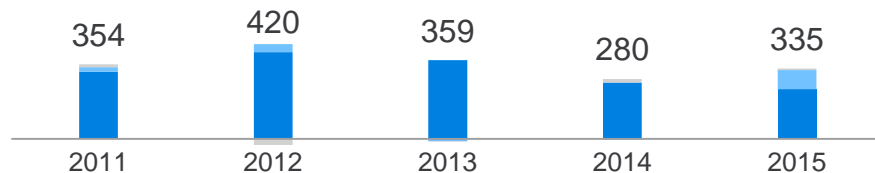
Gross premiums written

€m



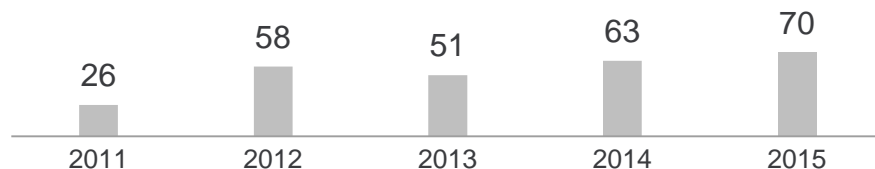
Technical result

€m



Fee income

€m



■ Mortality ■ Morbidity ■ Other

Main effects 2015

- Positive currency effects
- Largely flat development of traditional business
- Adjusted for two single large outlier claims in North America, ...
- ... performance in line with or slightly better than expectations
- Parts of financially-motivated reinsurance recognised outside the technical result
- Performance fully in line with expectations

Benefit from growth opportunities and closing open issues

Canada

- Pressure on volumes and margins increased significantly in 2015 – new business generation has dropped
- IFRS profits continue to be strong

UK

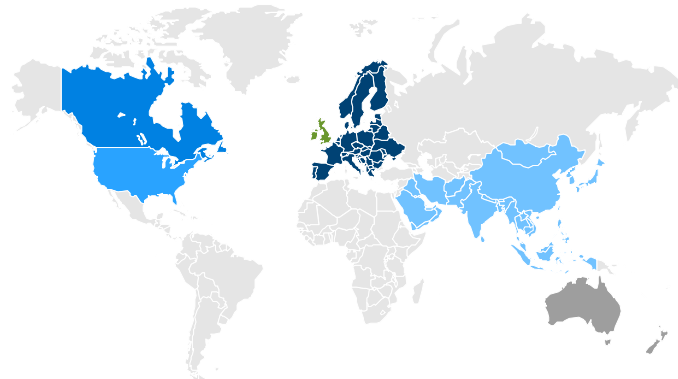
- Continued pressure on volumes/margins in protection business
- Successful proposition for financially motivated reinsurance and longevity
- Results from in-force portfolio continue to be healthy

Asia

- Very satisfactory development of new business and in-force portfolio
- Product drift trend to become challenging

USA

- High new business value with attractive risk-return profile
- Legacy block will continue to affect IFRS profits



Continental Europe

- Challenging market environment limits value generation
- Pleasing IFRS profit from healthy portfolio

Australia

- Disability business performing in line with expectations
- Transfer into new business proposition underway

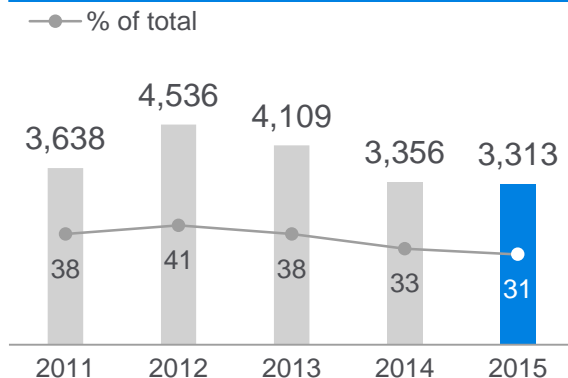
▶ Strong new business generation against pressure from competition and challenging economic environment

Financially Motivated Reinsurance – Well-established value proposition, strong demand prevails

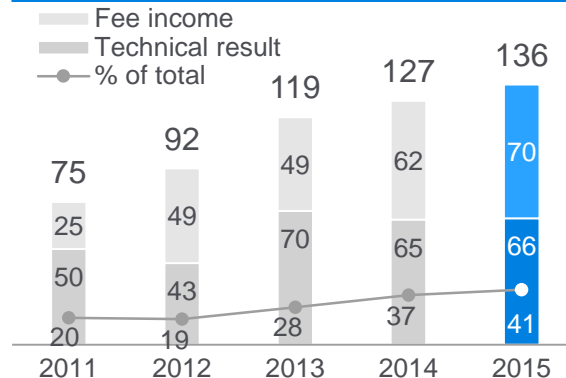
Financially Motivated Reinsurance

€m

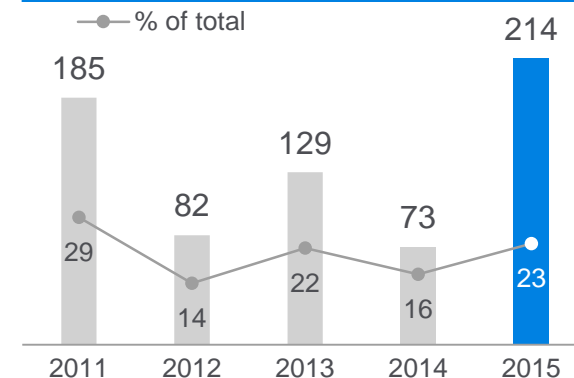
Gross premiums written



Technical result and fee income



VNB¹



Portfolio development

- Increasing result contribution an indicator of overall success
- Geographically well-diversified
- 2015 new business, particularly from Asia and Europe
- First Solvency II solutions executed

Expectations going forward

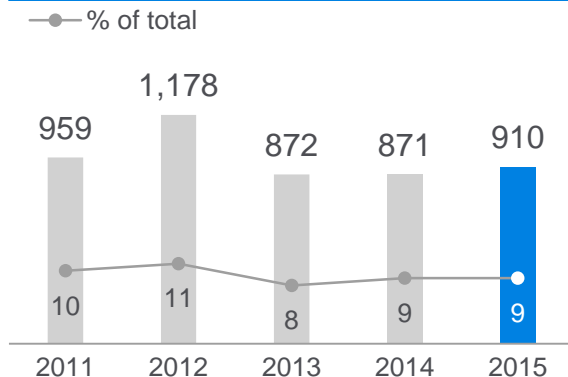
- Demand will remain high
- Number, size and type of transactions are difficult to predict and will vary on an annual basis

Asia – Sustained growth across all major markets

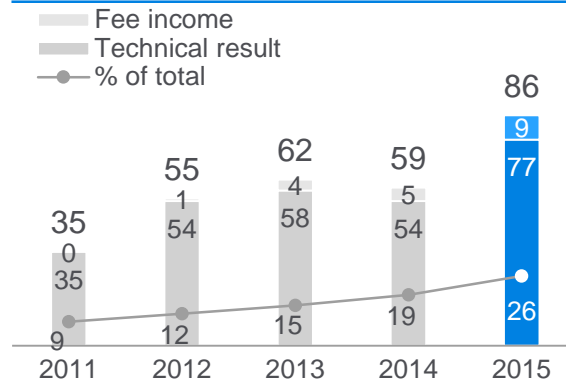
Asia

€m

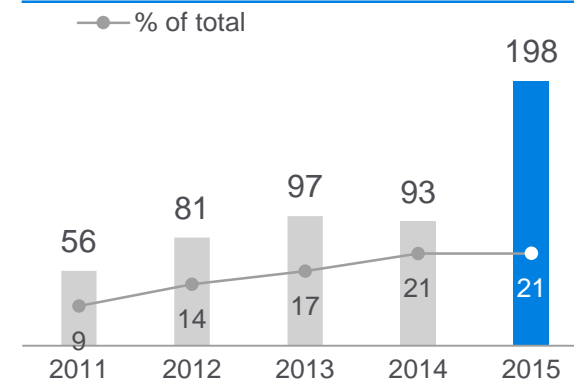
Gross premiums written



Technical result and fee income



VNB¹



Portfolio development

- Sustained growth path
- Premium volatility from financially-motivated deals
- Tailor-made market and client strategies
- Growth supported by broad range of services
- 2015 exceptional year in terms of IFRS profit and new business generation

Expectations going forward

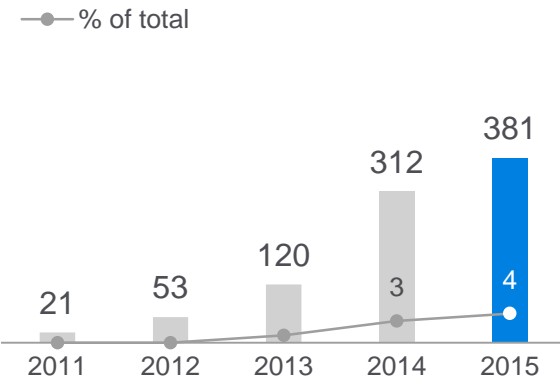
- Insurance and reinsurance markets will continue their growth path – flattening growth rates to be expected
- Demand for solvency relief and financing solutions remains high
- Increase in competition and pressure on prices, but underwriting discipline remains high

Longevity – Book developed carefully in line with risk appetite

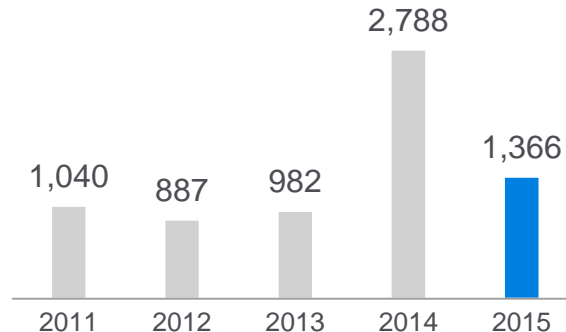
Longevity

€m

Gross premiums written



Technical result and fee income



Strategic proposition

- Longevity considered to be primarily a risk management tool to balance mortality portfolio and to stabilise earnings
- Uncertainty around future mortality trend requires prudent approach in pricing and valuation

Portfolio development

- Portfolio comprises longevity swaps in UK
- No significant VNB expectation
- 2014: Participation in the large AVIVA scheme
- 2015: One further transaction concluded with a leading specialist life insurer

Expectations going forward

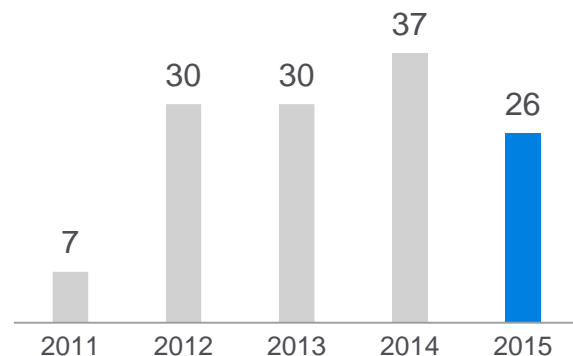
- Evolutionary development of portfolio within clearly defined risk tolerance
- Careful investigation of expansion into other markets
- High market potential but also significant pressure on prices
- Continuation of highly selective approach in choosing transactions on which to quote

Asset protection – Comprehensive solutions to complex financial risks

Asset protection

€m

IFRS contribution margin¹



Product portfolio

- Solutions to Basel III and Solvency II needs
- Resolution of accounting asymmetry
- ALM solutions for smaller players
- Development of modern savings products

Strategic proposition

- Legal, regulatory and structuring expertise
- Fully functional hedging platform

Portfolio development

- Portfolio continues to gain significance
- Growing contribution to new business value
- Previous years positively affected by terminations in the portfolio that caused an earlier-than-expected margin release

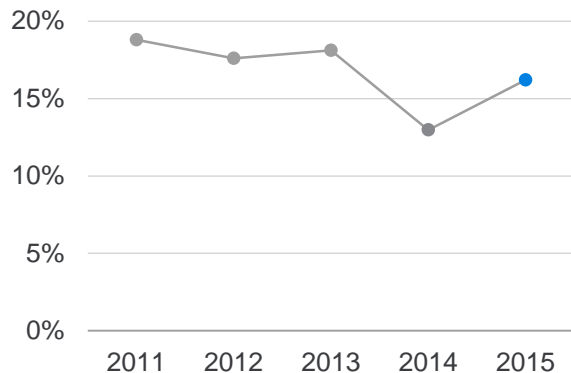
Expectations going forward

- Existing book dominated by Asia/Japan
- Current opportunities mainly in Europe and Asia/Japan
- Exploration of business potential in North America

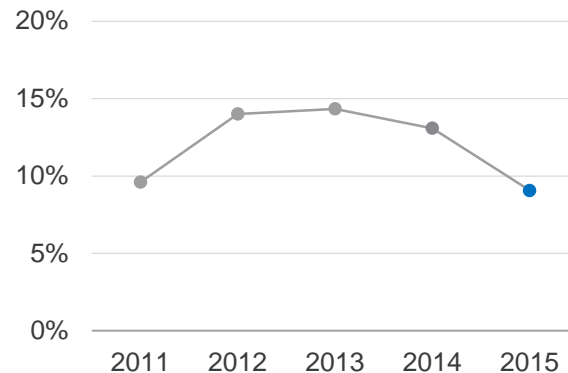
¹ Part of non-technical-result, incl. insurance-related investment result.

New business profitability

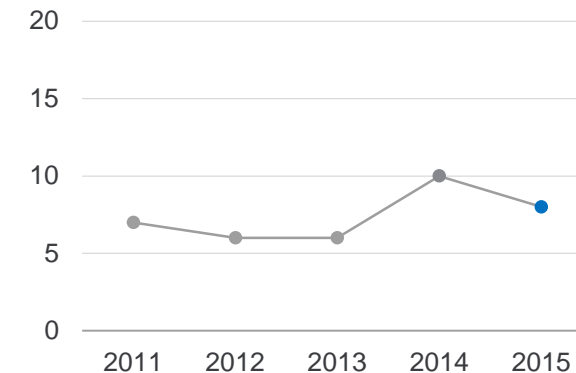
IFRS contribution margin¹ %



Product portfolio %



Strategic proposition years



- Very good new business profitability relative to economic risk capital (RoRaC spread)
- Relatively higher profitability drives the increased RoRaC spread (level of economic risk capital comparable to 2014)
- New business profitability relative to total investment in new business (IRR spread) influenced by increased level of supervisory capital (impact of Solvency II) and tailor-made re-insurance solutions (FinMoRe)
- Increased share of FinMoRe business (usually of shorter duration) decreases payback period of 2015 new business

¹ Spread in addition to reference rate (weighted-average swap yield curves), after tax. ² Number of years it takes to amortise the total investment in new business through future (undiscounted) earnings distributable to shareholders.

ERGO – Overview

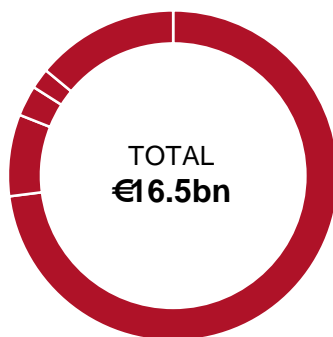
		2015	2014	2013	2012	2011
Gross written premiums	€bn	16.5	16.7	16.7	17.1	17.4
Investments	€bn	131.0	135.5	126.7	124.9	117.0
Net technical provisions	€bn	130.3	132.4	125.1	122.8	116.1
Combined ratio p-c Germany	%	97.9	95.3	96.7	98.0	95.5
Combined ratio p-c International	%	104.7	97.3	98.7	99.8	104.5

Premium split by region – 2015

Rest of World
14

Belgium
2

UK
3



%

Germany
73

Poland
8

Distribution channels – New business 2015

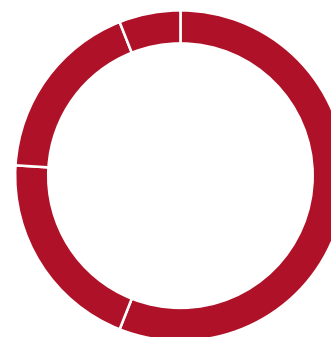
Banks/other
6

Direct
18

Broker
20

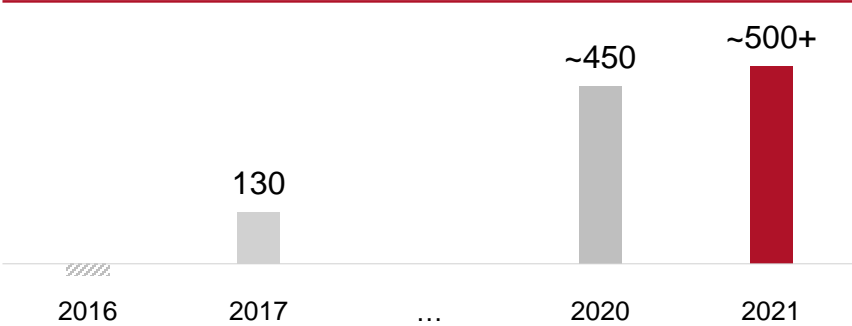
%

Tied agents
56

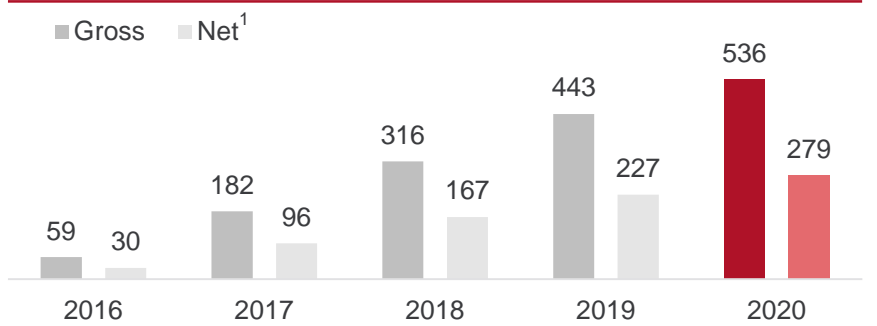


ERGO Strategy Programme – Financial impact

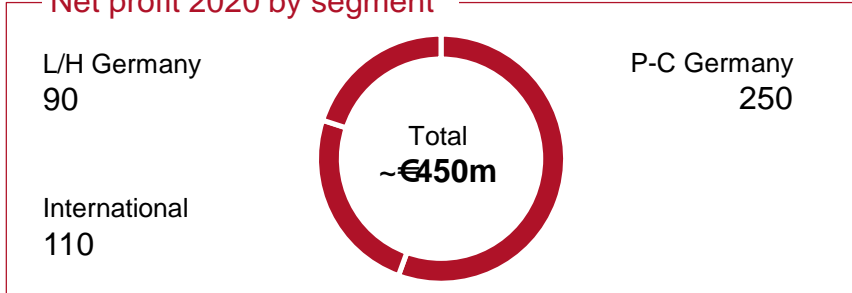
ERGO Group – Net profit €m



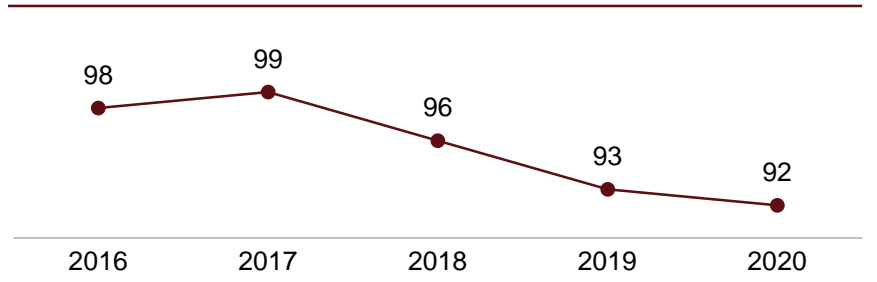
ERGO Group – Annual cost savings €m



Net profit 2020 by segment



P-C Germany – Combined ratio %






1 After policyholder participation and taxes.

ERGO Life and Health Germany

9M 2016 vs. 9M 2015

Gross premiums written €m

9M 2015		7,025
Foreign exchange		-2
Divestments/investments		0
Organic change		-200
9M 2016		6,823

- Life: -€177m
Decline in regular premiums due to ordinary attrition while single premiums suffered from lower product sales
- Health: -€23m
Positive development in supplementary insurance but overcompensated by discontinuation of a large contract; comprehensive cover flat

Major result drivers €m

	9M 2016	9M 2015	▲
Technical result	207	263	-55
Non-technical result	331	51	280
thereof investment result	3,698	3,141	557
Other	-519	-181	-339
Net result	19	133	-113

	Q3 2016	Q2 2016	▲
Technical result	5	119	-114
Non-technical result	10	227	-217
thereof investment result	895	1,538	-642
Other	-64	-291	227
Net result	-49	55	-104

Technical result

- Q3: Decrease mainly due to usual assessment of interest-rate assumptions in Life -€97m/-€66m (gross¹/net)

Investment result

- 9M: Significant increase of derivative result, partly reversed in Q3
- 9M: Release of unrealised gains for ZZR, mainly in H1 2016
- 9M: Lower regular income
- Q3: Return on investment 2.9%

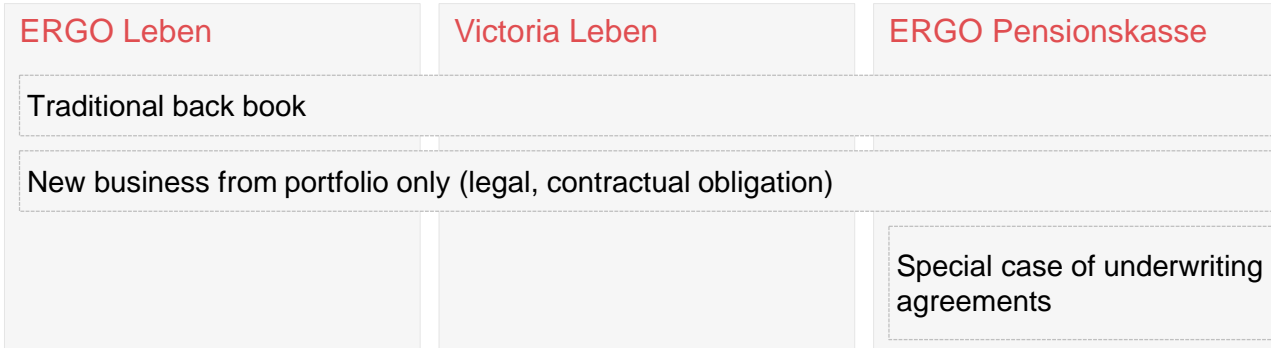
Other

- 9M: Restructuring expenses of €218m/€40m (gross/net) in Q2; negative one-off effect from accounting difference between IFRS and local GAAP regarding pension liabilities and extraordinary tax charges (Health) in Q1
- 9M: Tax rate of 86.0% vs. 25.6%

¹ Effect on technical result after policyholder participation.

ERGO Life Germany – Separation of traditional back book and new business strengthens focus

Life insurance legal entities – back book



Separation of traditional life back book

- Approx. €3.7bn in premium volume and more than five million policies
- Focus on administration
- Realisation of significant management advantages, such as
 - Reduced resource conflicts
 - Optimised prioritisation
 - Faster decision-making
 - Improved transparency

New business

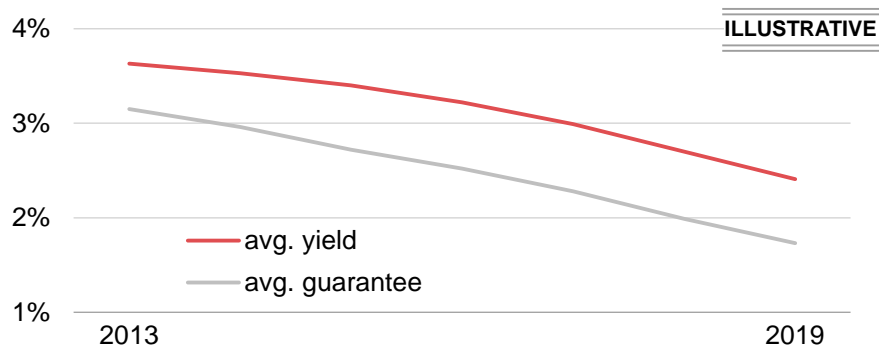
ERGO VORSORGE

New business promoting capital-light products

- Risk carrier for new business
- Concentration on capital-market-related and biometric products
- More efficient set-up and bundling of competencies in capital-market-related products

Declined reinvestment yield still with low impact on average yield ...

Average yield vs. average guarantee



Key figures¹ – Life Germany

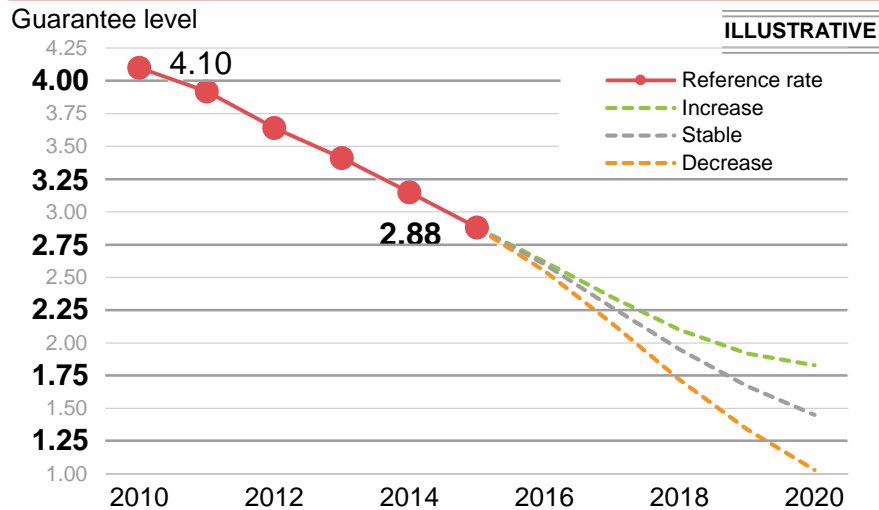
	Reinvestment yield	Average yield	Average guarantee	%
2015	~1.8	~3.4	~2.7	
2014	~2.6	~3.6	~3.0	
2013	~2.7	~3.6	~3.2	

Average yield vs. average guarantee

- Long duration of fixed-income portfolio keeps average yield at relatively high level
- Asset and liability duration difference far below one year
- Non-interest-bearing ZZR reduces average guarantee 2015 by ~50bp
- Low bonus rates: 2.7% vs. market average 2.85% (3.16% in previous year)

... while measures to support guarantees have financial impact in 2015

Average yield vs. average guarantee



ZZR – Low interest-rate reserve

- Local GAAP reserve against low interest rates
- Expected accumulated ZZR in 2016: ~€3.5bn
- Partly financed through unrealised gains – positive impact on IFRS earnings when realised
- Effect on IFRS net income in 2015: €71m**

Interest-rate hedging programme

- Started in 2005 – Protection against reinvestment risk via receiver swaptions
- Continuously buys additional slices, depending on capital market and portfolio development
- Effect on IFRS net income in 2015: –€11m**

Key financials ² – €bn	Free RfB	Terminal bonus fund	Unrealised gains	Accumulate ZZR
2015	0.9	1.6	12.2	2.5
2014	0.9	1.7	14.6	1.5
2013	0.8	2.0	5.9	0.8

ERGO Life

New business (statutory premiums)

Germany (including direct business)	H1 2016	H1 2015	▲ abs.	▲ %
New business	408	515	-107	-20.7
Regular premiums	104	108	-5	-4.4
Single premiums	305	407	-102	-25.1
Annual premium equivalent (APE) ¹	134	149	-15	-10.1
International				
New business	365	494	-128	-26.0
Regular premiums	69	65	5	7.1
Single premiums	296	429	-133	-31.0
Annual premium equivalent (APE) ¹	99	108	-9	-8.1

¹ Regular premiums +10% single premiums.

ERGO Property-casualty Germany (1)

9M 2016 vs. 9M 2015

Gross premiums written	€m
9M 2015	2,529
Foreign exchange	0
Divestments/investments	0
Organic change	37
9M 2016	2,566

- Positive development in almost all lines of business

Major result drivers	€m		
	9M 2016	9M 2015	
Technical result	124	141	▲ -17
Non-technical result	-37	106	-144
thereof investment result	31	171	-140
Other	-169	-13	-156
Net result	-83	234	-317
	Q3 2016	Q2 2016	▲
Technical result	40	69	-29
Non-technical result	8	2	6
thereof investment result	23	23	0
Other	-39	-139	101
Net result	10	-68	77

Technical result

- 9M: Combined ratio up slightly to 96.0%
- 9M: Expansion of title insurance caused higher expense ratio (+2.0%-pts.) as well as lower loss ratio (-1.9%-pts.)
- 9M: Major losses slightly lower compared to previous year
- Q3: Losses esp. in fire and liability

Investment result

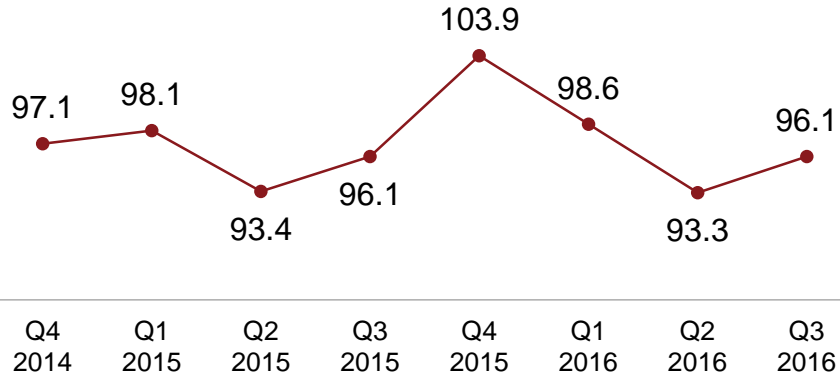
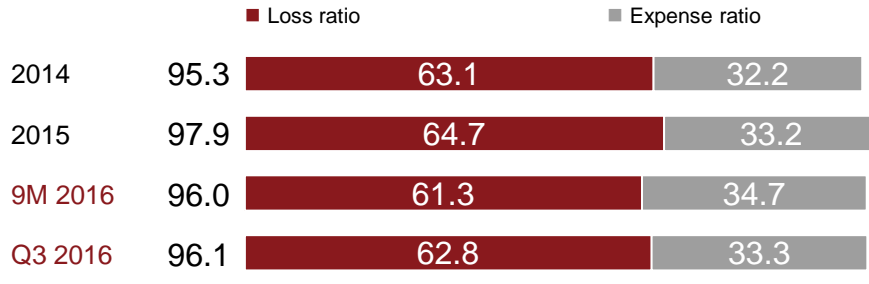
- 9M: Lower disposal gains
- Q3: Lower equity impairments and losses on derivatives
- Q3: Return on investment: 1.4%

Other

- 9M: Restructuring expenses of €173m/€116m (gross/net) in Q2; negative one-off effect from accounting difference between IFRS and local GAAP regarding pension liabilities in Q1
- 9M: Tax rate of 26.6% vs. -21.4%

ERGO Property-casualty Germany (2)

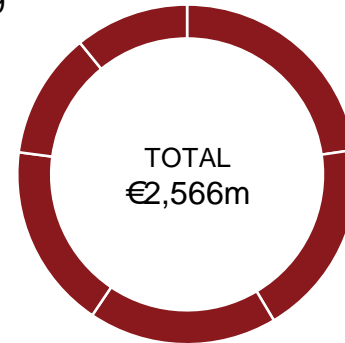
Combined ratio %



Gross premiums written €m

Other 279 582 Motor

Legal protection 309



Fire/property 453


Liability 461

482 Personal accident

ERGO International (1)

9M 2016 vs. 9M 2015

Gross premiums written €m

9M 2015		2,936
Foreign exchange		-96
Divestments/investments		-47
Organic change		-46
9M 2016		2,747

Negative FX effects driven by PLN and TRY

Life: -€247m

- Poland: Lower sales of bancassurance products
- Belgium: Decrease mainly due to reclassification of premiums
- Disposal of ERGO Italy (€77m)

P-C: +€58m

- Increase mainly driven by price increases in motor business in Poland and Baltic states
- First-time consolidation of ATE (€19m)

Major result drivers €m

	9M 2016	9M 2015	▲
Technical result	-33	49	-82
Non-technical result	125	79	46
thereof investment result	396	390	6
Other	-140	-78	-62
Net result	-47	50	-98

	Q3 2016	Q2 2016	▲
Technical result	-23	-35	12
Non-technical result	41	63	-23
thereof investment result	103	166	-62
Other	-29	-49	20
Net result	-12	-21	9

Technical result

Life: -€119m (9M)

- Usual assessment of interest-rate assumptions in Belgium in Q3: -€32m/-€22m (gross/net)
 - Sale of ERGO Italy
- P-C: +€37m (9M)
- UK: Lower claims expenses
 - Turkey: Better loss development in motor TPL

Investment result

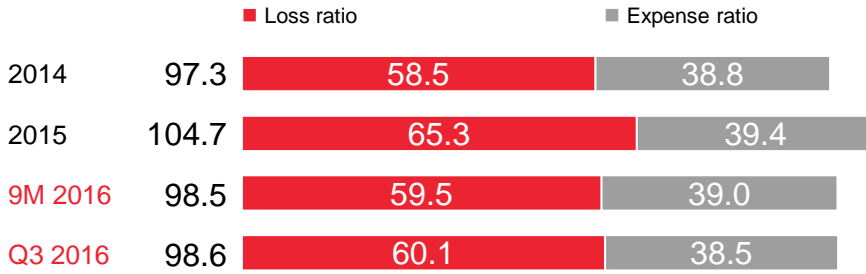
- Q3: Decline in net balance of derivatives
- Q3: Return on investment 2.9%

Other

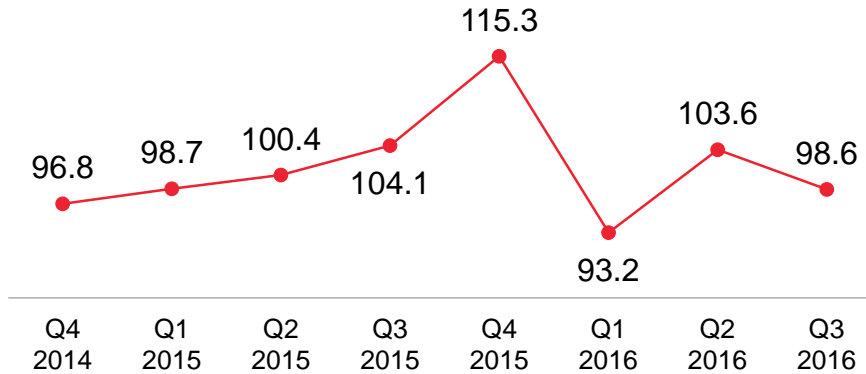
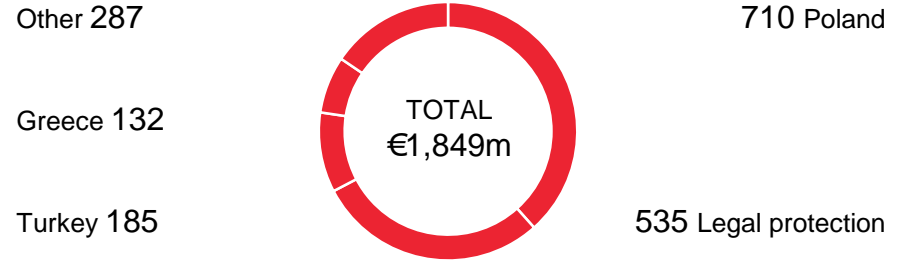
- 9M: Restructuring expenses of €10m/€7m (gross/net) in Q2; payments for an exclusivity agreement in Q1
- 9M: Tax rate of 3.4% vs. 35.4%

ERGO International (2)

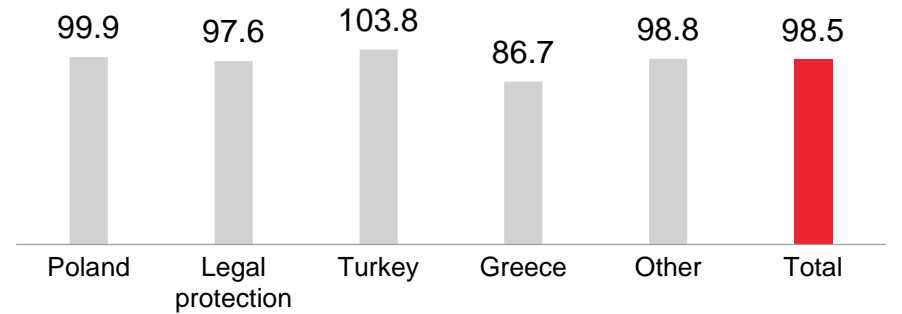
Combined ratio %



Gross premiums written – Property-casualty €m

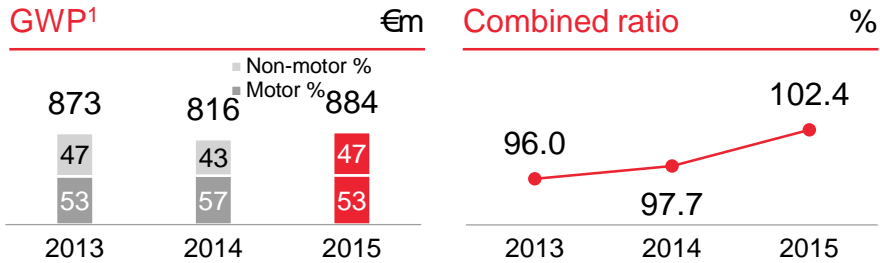


Combined ratio 9M 2016 %

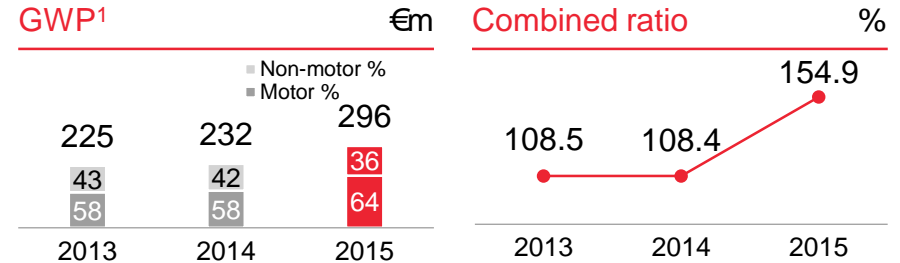


ERGO International (3)

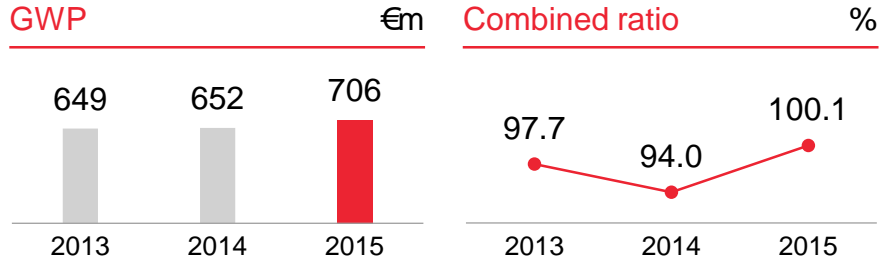
Poland



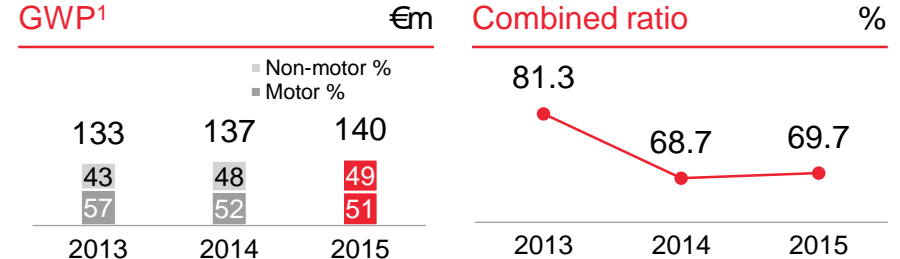
Turkey



Legal protection



Greece

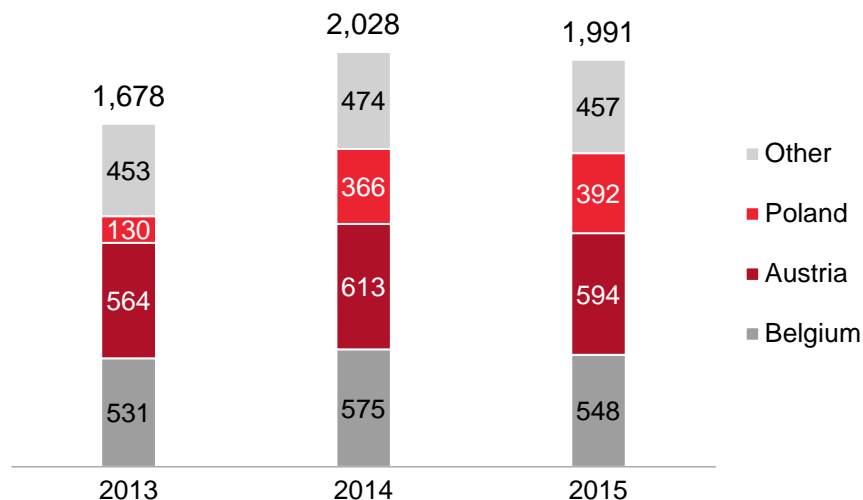


¹ Excluding legal protection.

International life – Focus on new product strategies and in-force management

Total premiums

%



New business – Promoting capital-light products

- Belgium
New product strategy with focus on capital-light products under development
- Austria
Introduction of new hybrid product in Q1 2016
- Poland
Already strong footprint with unit-linked products sold via bancassurance channel

Back-book – Stringent portfolio management

- Sale of ERGO Italy
Exposure reduction to traditional life business in non-core region
- In-force management
Ongoing efforts to reduce risk and enhance shareholder returns

Green-/brownfields, M&A and joint ventures (JV)

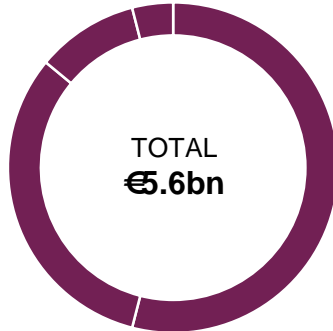
- **China** (50% participation) – Business development in line with plan
- **India** (49% participation) – First step of regulatory approval (R1) of JV granted in Q4 2015

Munich Health – Overview

		2015	2014	2013	2012	2011
Gross written premiums	€bn	5.6	5.3	6.6	6.7	6.0
Investments	€bn	4.1	3.9	3.6	4.2	4.6
Net technical provisions	€bn	2.8	2.5	2.2	2.2	2.4
Combined ratio	%	99.9	98.8	98.3	100.2	99.5

Regional premium breakdown – 2015

Asia and Australasia
4



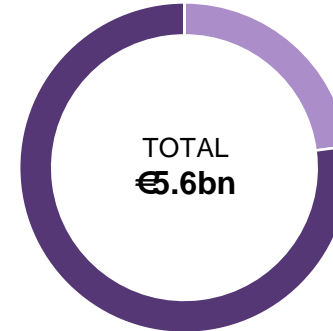
Middle East/Africa
10

North America
54

Europe
32

Segmental premium breakdown – 2015

Reinsurance
77



Primary insurance
23

Munich Health

9M 2016 vs. 9M 2015

Gross premiums written	€m
9M 2015	4,260
Foreign exchange	-101
Divestments/investments	0
Organic change	-458
9M 2016	3,701

- Negative FX effects mainly due to Can\$
- Organic decrease mainly driven by reduced share and restructuring of one large treaty, and in US termination of poorly performing accounts...
- ... partly offset by growth in China, Middle East and Spain

Major result drivers

	9M 2016	9M 2015	▲
Technical result	32	33	-1
Non-technical result	59	53	6
thereof investment result	81	92	-11
Other	-15	-2	-13
Net result	76	84	-8
	Q3 2016	Q2 2016	▲
Technical result	52	-16	68
Non-technical result	12	24	-12
thereof investment result	23	29	-6
Other	-19	8	-27
Net result	44	16	28

Technical result

- 9M: Overall combined ratio at 99.3% (-0.2%)
 - Reinsurance: 100.9% (+0.1%)
Adverse impact of US business, albeit improved result in Q3
 - Primary insurance: 92.6% (-0.1%)
Strong contribution from Spain
- Q3: Improvement driven by US reinsurance business and seasonal effects in Spain and Belgium

Investment result

- 9M: Stable regular income, lower disposal gains
- Q3: Return on investment 2.6%

Other

- 9M: Tax rate 18.7% vs. 1.3%

Private health insurance growing worldwide above GDP, with digitalisation becoming an increasing driver

Growth drivers

Demographic development



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Medical progress



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Life style changes



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Economic development



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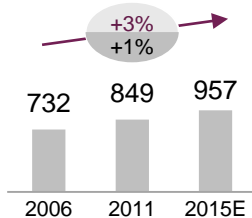
Digitalisation/innovation



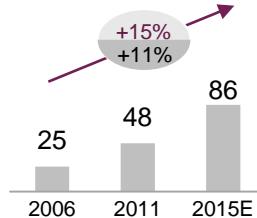
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Private health insurance – Volume per region (GWP)

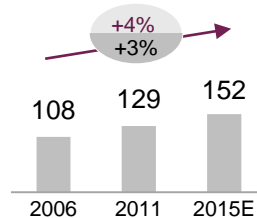
North America



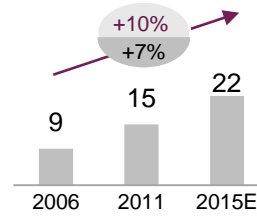
Latin America



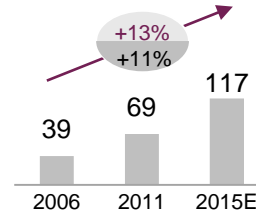
Europe



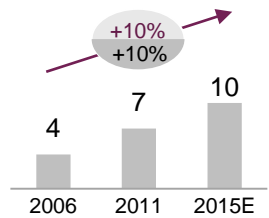
Africa



APAC



Middle East



Market composition

- Health specialist insurers
- Multi-line insurers

Growth (CAGR)

- PHI GWP
- Nominal GDP

Investment result

Investment result

€m

	Q2 2016	Return ¹	Q3 2016	Return ¹	9M 2016	Return ¹	9M 2015	Return ¹
Regular income	1,823	3.1%	1,550	2.6%	5,001	2.8%	5,588	3.1%
Write-ups/write-downs	-22	-0.0%	-43	-0.1%	-284	-0.2%	-653	-0.4%
Disposal gains/losses	910	1.5%	696	1.2%	1,823	1.0%	2,321	1.3%
Derivatives ²	176	0.3%	-446	-0.7%	-196	-0.1%	-999	-0.6%
Other income/expenses	-137	-0.2%	-137	-0.2%	-402	-0.2%	-385	-0.2%
Investment result	2,750	4.7%	1,619	2.7%	5,942	3.4%	5,872	3.3%
Total return		8.9%		5.8%		9.3%		0.7%

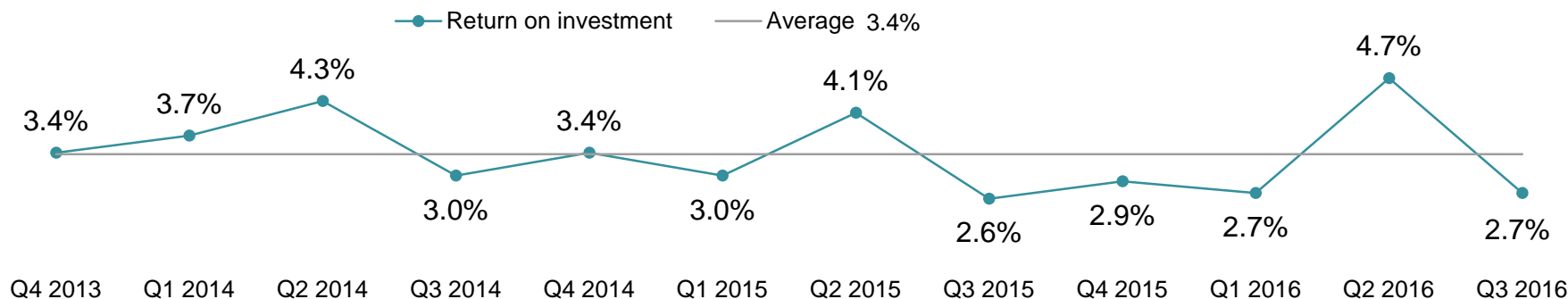
3-month reinvestment yield	Q3 2016	Write-ups/ write-downs	Disposal gains/losses	Derivatives	9M 2016	Write-ups/ write-downs	Disposal gains/losses	Derivatives
Q3 2016 1.8%	Fixed income ³	15	506	-50	Fixed income ³	-25	1,620	356
	Equities	-41	190	-421	Equities	-296	334	-538
Q2 2016 1.6%	Commodities/Inflation			7	Commodities/Inflation	78		-14
Q1 2016 1.9%	Other	-17	-1	18	Other	-41	-131	1

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: Q3 €48m/€7m (gross/net); 9M €494m/€59m (gross/net).

Return on investment by asset class and segment

9M 2016

% ¹	Regular income	Write-ups/-downs	Disposal result	Extraord. derivative result	Other inc./exp.	Rol	Market value (€m)
Afs fixed-income	2.5	0.0	1.1	0.0	0.0	3.6	131,525
Afs non-fixed-income	4.2	-2.8	3.2	0.0	0.0	4.6	13,967
Derivatives	4.2	0.0	0.0	-9.4	-0.3	-5.5	2,783
Loans	2.9	0.0	1.0	0.0	0.0	3.9	68,618
Real estate	6.2	-1.1	0.3	0.0	0.0	5.3	6,541
Other ²	2.5	1.0	-1.6	0.0	-4.3	-2.4	12,268
Total	2.8	-0.2	1.0	-0.1	-0.2	3.4	235,703
Reinsurance	2.7	-0.1	1.3	-1.0	-0.3	2.6	88,482
ERGO	3.0	-0.2	0.9	0.4	-0.2	3.9	142,818
Munich Health	2.0	0.0	0.7	-0.1	-0.1	2.4	4,404



Investment portfolio

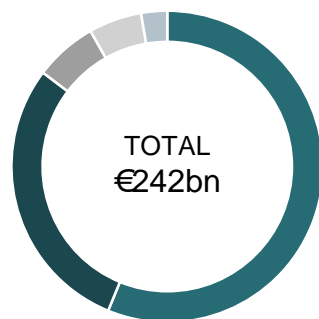
Investment portfolio¹

Land and buildings
2.7 (2.9)

Shares, equity funds and
participating interests²
5.5 (5.2)

Miscellaneous³
6.5 (7.5)

Loans
29.1 (28.7)



Fixed-interest securities
56.2 (55.7)

%

Portfolio management in Q3

- Ongoing geographic diversification
- Slight increase in corporate bonds
- Reduction of cash and bank bonds
- Increase of net equity exposure to 4.4%
- Increase of asset duration in reinsurance

Portfolio duration⁴

DV01^{1,4}

€m

	Assets	Liabilities	Assets	Liabilities	Net
Reinsurance	6.1 (5.4)	5.1 (4.8)	47 (41)	47 (44)	–
ERGO	9.5 (8.4)	10.7 (9.1)	130 (111)	151 (126)	–21
Munich Re (Group)	8.3 (7.3)	8.5 (7.4)	177 (151)	198 (170)	–21

¹ Fair values as at 30.9.2016 (31.12.2015). ² Net of hedges: 4.4% (4.8%). ³ Deposits retained on assumed reinsurance, deposits with banks, investment funds (excl. equities), derivatives and investments in renewable energies and gold. ⁴ Market value change due to a parallel downward shift in yield curve by one basis point-considering the portfolio size of assets and liabilities (pre-tax). Negative net DV01 means rising interest rates are beneficial.

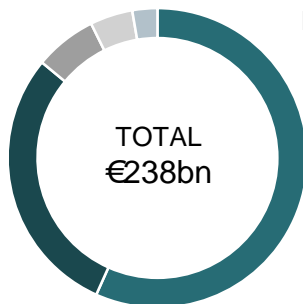
Investment portfolio

Fixed-interest securities and miscellaneous

Investment portfolio

%

Miscellaneous
6.7 (7.5)



Fixed-interest securities
56.7 (55.7)

Loans
29.3 (28.7)

Miscellaneous

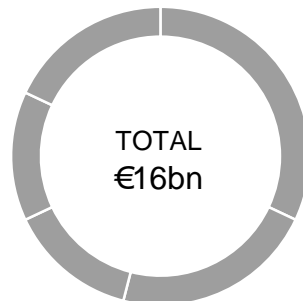
%

Other
18 (16)

Derivatives
14 (9)

Investment funds
14 (11)

Bank deposits
22 (22)



Deposits on
reinsurance
32 (42)

Fixed-interest securities¹

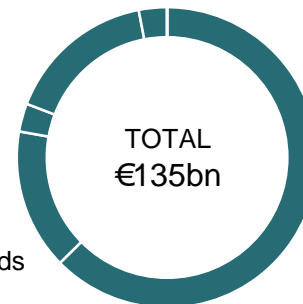
%

Structured products
3 (4)

Corporates
16 (16)

Banks
3 (3)

Pfandbriefe/covered bonds
15 (15)



Governments/
semi-government
62 (62)

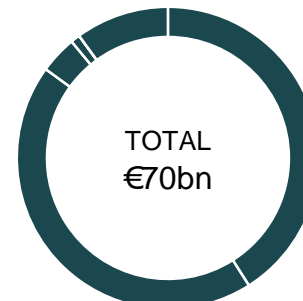
Loans¹

%

Loans to policyholders/
mortgage loans
10 (10)

Corporates
1 (1)

Banks
4 (4)



Governments/
semi-government
41 (39)

Pfandbriefe/
covered bonds
44 (46)

Fixed-income portfolio

Total

Rating structure

<BB and NR

6 (6)

BB

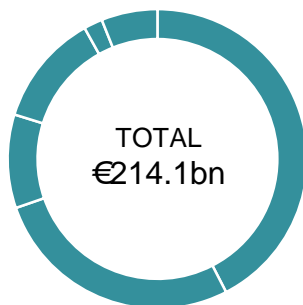
2 (2)

BBB

12 (12)

A

10 (10)



%

AAA
42 (42)AA
27 (27)

Maturity structure

n.a.

2 (2)

>10 years

36 (35)

7–10 years

16 (16)



%

0–1 years
10 (9)1–3 years
12 (13)3–5 years
13 (14)5–7 years
11 (11)

Regional breakdown

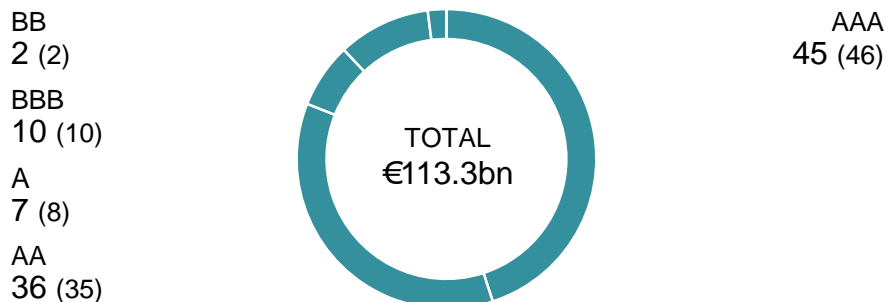
%

	Without Participation	With participation	Total 30.6.2016	31.12.2015
Germany	4.3	24.8	29.1	29.2
US	14.6	1.5	16.2	16.4
France	2.2	5.3	7.5	7.3
UK	3.3	2.3	5.6	6.1
Canada	3.8	0.4	4.2	3.8
Netherlands	1.1	3.0	4.1	4.0
Supranationals	0.7	3.2	4.0	3.4
Spain	1.2	1.7	2.9	3.3
Italy	1.2	1.4	2.6	2.4
Australia	1.9	0.6	2.4	2.5
Belgium	0.8	1.5	2.3	1.8
Ireland	0.6	1.5	2.0	2.5
Austria	0.3	1.7	2.0	2.1
Norway	0.3	1.2	1.5	1.6
Sweden	0.2	1.3	1.5	1.6
Other	7.1	5.0	12.1	11.9
Total	43.6	56.4	100.0	100.0

Fixed-income portfolio

Governments/semi-government

Rating structure



Maturity structure



Regional breakdown

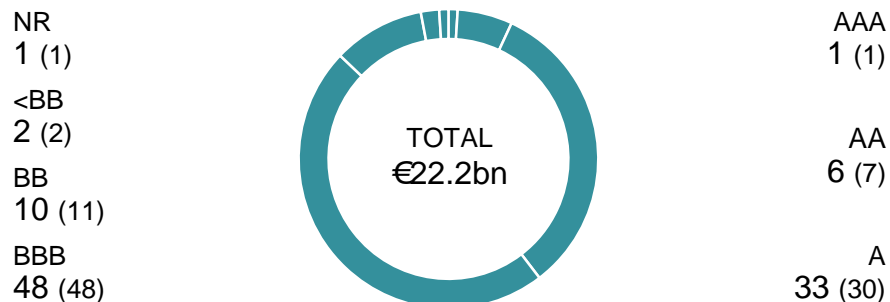
	%		Total	
	Without Participation	With participation	30.6.2016	31.12.2015
Germany	3.1	24.1	27.3	27.4
US	17.0	1.1	18.1	18.9
Supranationals	1.3	6.1	7.5	6.6
Canada	5.4	0.2	5.7	5.2
France	1.6	2.2	3.8	3.5
Belgium	1.2	2.7	3.8	3.1
UK	3.7	0.0	3.7	4.9
Italy	1.5	1.9	3.4	3.1
Spain	1.2	1.9	3.1	3.5
Australia	2.7	0.0	2.7	2.9
Austria	0.4	2.2	2.7	2.6
Poland	1.4	0.6	2.0	1.9
Netherlands	0.7	1.3	2.0	1.7
Finland	0.2	1.6	1.8	1.7
Ireland	0.3	1.5	1.8	1.9
Other	7.6	3.0	10.6	11.0
Total	49.4	50.6	100.0	100.0



Fixed-income portfolio

Corporate bonds (excluding bank bonds)

Rating structure



Maturity structure



Regional breakdown

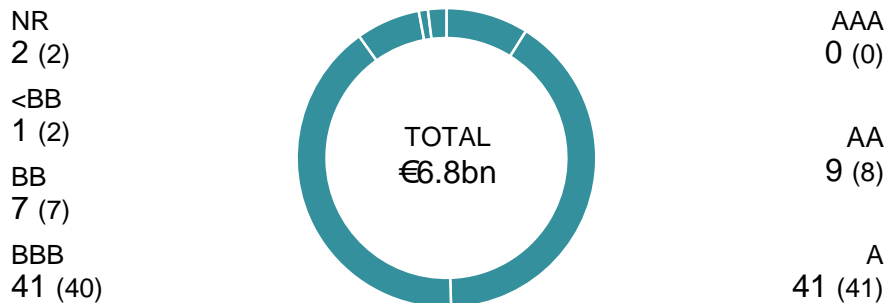
	30.6.2016	31.12.2015
Utilities	19.2	21.1
Industrial goods and services	12.5	12.7
Oil and gas	11.8	10.9
Telecommunications	8.4	8.5
Financial services	7.3	7.9
Healthcare	6.1	6.7
Technology	5.5	3.5
Food and beverages	5.0	4.1
Retail	4.4	3.9
Media	4.3	4.5
Automobiles	3.4	2.8
Basic resources	3.3	3.5
Personal and household goods	3.0	2.7
Other	5.7	7.2



Fixed-income portfolio

Bank bonds

Rating structure



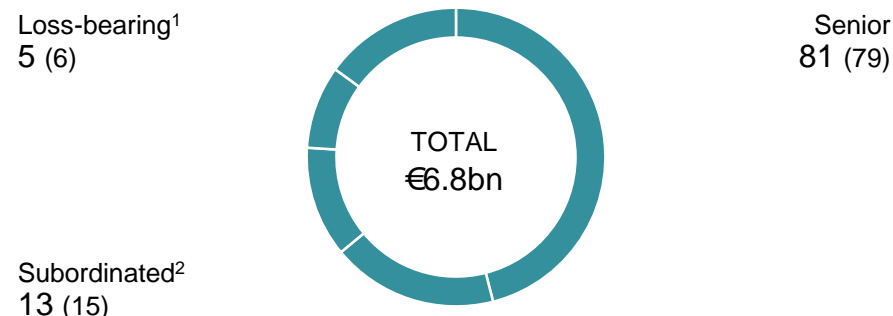
Maturity structure



Regional breakdown

Region	Senior bonds	Subordinated	Loss-bearing	Total	
				30.6.2016	31.12.2015
US	30.1	6.5	0.2	36.8	36.7
Germany	18.8	2.5	3.4	24.7	24.3
UK	6.7	1.1	0.2	8.0	8.7
Ireland	5.6	0.1	0.0	5.7	6.0
France	1.5	0.8	1.0	3.2	3.9
Canada	2.4	0.7	0.0	3.2	2.6
Australia	2.9	0.0	0.0	2.9	2.8
Jersey	2.0	0.0	0.0	2.0	1.7
Netherlands	1.9	0.1	0.0	2.0	1.4
Other	9.2	1.7	0.6	11.5	11.7

Investment category of bank bonds



On- and off-balance-sheet reserves (gross)

€m	31.12.2014	31.12.2015	31.3.2016	30.6.2016	30.9.2016
Market value of investments	235,849	230,529	232,941	237,519	241,824
Total reserves	31,470	25,969	32,025	34,530	36,401
On-balance-sheet reserves					
Fixed-interest securities	11,967	7,886	11,494	13,685	14,077
Non-fixed-interest securities	2,270	2,446	2,239	1,966	2,357
Other on-balance-sheet reserves ¹	311	201	179	164	182
Subtotal	14,548	10,533	13,911	15,816	16,617
Off-balance-sheet reserves					
Real estate ²	2,006	2,273	2,184	2,176	2,190
Loans and investments (held to maturity)	14,400	12,610	15,350	15,926	16,991
Associates	516	553	579	613	603
Subtotal	16,922	15,436	18,114	18,714	19,784
Reserve ratio	13.3%	11.3%	13.7%	14.5%	15.1%

On-balance-sheet reserves

On-balance-sheet reserves

€m

	30.9.2016	Change Q3
Investments afs	16,434	783
Valuation at equity	75	8
Unconsolidated affiliated enterprises	85	11
Cash-flow hedging	22	-1
Total on-balance-sheet reserves (gross)	16,617	801
Provision for deferred premium refunds	-7,566	-456
Deferred tax	-2,350	-45
Minority interests	-17	-1
Consolidation and currency effects	-205	13
Shareholders' stake	6,479	312

Off-balance-sheet reserves

Off-balance-sheet reserves

€m

	30.9.2016	Change Q3
Real estate ¹	2,190	15
Loans	16,991	1,065
Associates	603	-9
Total off-balance-sheet reserves (gross)	19,784	1,070
Provision for deferred premium refunds	-14,870	-899
Deferred tax	-1,503	-60
Minority interests	-1	0
Shareholders' stake	3,410	111

¹ Excluding reserves for owner-occupied property.

Sensitivities to interest rates, spreads and equity markets

Sensitivity to risk-free interest rates – Basis points

	–50	–25	+50	+100
Change in gross market value (€bn)	+9.6	+4.7	–8.8	–16.9
Change in on-balance-sheet reserves, net (€bn) ¹	+2.1	+1.0	–1.9	–3.7
Change in off-balance-sheet reserves, net (€bn) ¹	+0.4	+0.2	–0.4	–0.8
P&L impact (€bn) ¹	+0.1	+0.0	–0.1	–0.1

Sensitivity to spreads² (change in basis points)

			+50	+100
Change in gross market value (€bn)			–6.5	–12.3
Change in on-balance-sheet reserves, net (€bn) ¹			–1.2	–2.3
Change in off-balance-sheet reserves, net (€bn) ¹			–0.3	–0.6
P&L impact (€bn) ¹			–0.0	–0.1

Sensitivity to equity and commodity markets³

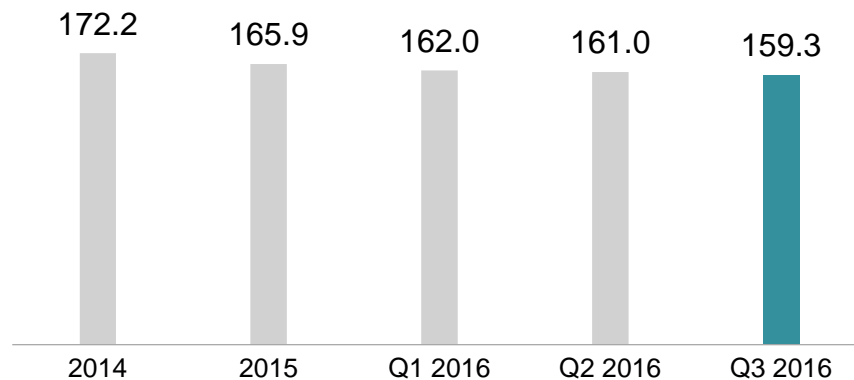
	–30%	–10%	+10%	+30%
EURO STOXX 50 (3,002 as at 30.9.2016)	2,101	2,702	3,302	3,903
Change in gross market value (€bn)	–4.3	–1.4	+1.4	+4.5
Change in on-balance-sheet reserves, net (€bn) ¹	–0.9	–0.4	+0.8	+2.5
Change in off-balance-sheet reserves, net (€bn) ¹	–0.8	–0.3	+0.3	+0.8
P&L impact (€bn) ¹	–1.7	–0.5	+0.0	+0.2

¹ Rough calculation with limited reliability assuming unchanged portfolio as at 30.9.2016. After rough estimation of policyholder participation and deferred tax; linearity of relations cannot be assumed. Approximation – not fully comparable with IFRS figures. ² Sensitivities to changes of spreads are calculated for every category of fixed-interest securities, except government securities with AAA ratings. ³ Worst-case scenario assumed including commodities: impairment as soon as market value is below acquisition cost. Approximation – not fully comparable with IFRS figures.

Development of shares in circulation

Shares (millions)	31.12. 2015	Acquisition of own shares in 9M 2016	Retirement of own shares in 9M 2016	30.9. 2016
Shares in circulation	162.8	-4.4	-	158.4
Own shares held	4.1	+4.4	-5.8	2.6
Total	166.8	-	-5.8	161.1

Weighted average number of shares in circulation (millions)



Mission of Investor & Rating Agency Relations

Responsibility

Munich Re's communication with the capital market / financial community

External communication

Increase transparency on financial performance, strategy and expectations about future perspectives within the principles of a credible, accurate, complete and timely provision of relevant information

Target

Achieving a fair valuation and optimising the cost of capital by increasing information efficiency between Munich Re and the financial community while developing a relationship of trust with our investor base

Main objective

Active communication to support a fair capital-market valuation of Munich Re shares and outstanding bonds

Internal communication

Transmission

of investors' and creditors' demands, and the capital markets' perception of Munich Re, to management and staff

Target

Support management in the setting of ambitious targets as well as in the execution of a value-based and shareholder-oriented strategy

▶ We aim to enhancing Munich Re's visibility and attractiveness in the international financial community

Financial calendar

2017

15 March	Balance sheet press conference for 2016 financial statements Analysts' conference in Munich with videocast
26 April	Annual General Meeting 2017, ICM – International Congress Centre Munich
9 May	Quarterly statement as at 31 March 2017 ¹
9 August	Half-year financial report as at 30 June 2017
9 November	Quarterly statement as at 30 September 2017 ¹

¹ Munich Re is adjusting its financial reporting format following an amendment to the regulations of the Frankfurt stock exchange. The half-year financial reports and annual reports will remain unchanged. However, instead of issuing quarterly reports for the first and third quarters, we will release reports in the new form of quarterly statements from 2016 onwards. We will continue to present and explain the figures for each quarter in telephone conferences for analysts and journalists, and in press releases.

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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.