

Quarterly Statement 1/2017
Munich Re

1/2017

Key figures (IFRS)

Munich Re at a glance

		Q1 2017	Q1 2016	Change
				%
Consolidated result	€m	557	436	27.7
Thereof attributable to non-controlling interests	€m	4	6	-41.7
Earnings per share	€	3.55	2.65	34.0
Return on risk-adjusted capital (RORAC)	%	8.3	7.3	
Return on investment (RoI)	%	3.6	2.7	
Return on equity (RoE)	%	7.0	5.6	

		31.3.2017	31.12.2016	Change
				%
Carrying amount per share	€	205.63	200.86	2.4
Munich Reinsurance Company's market capitalisation	€bn	29.5	28.9	2.1
Share price	€	183.40	179.65	2.1
Equity	€m	32,160	31,785	1.2
Investments	€m	220,546	219,416	0.5
Insurance-related investments	€m	9,630	9,558	0.8
Net technical provisions	€m	204,173	202,240	1.0
Balance sheet total	€m	271,153	267,805	1.3
Number of staff		43,198	43,428	-0.5

Reinsurance¹

		Q1 2017	Q1 2016	Change
				%
Gross premiums written	€m	8,046	7,624	5.5
Combined ratio property-casualty	%	97.1	88.4	
Investment result	€m	692	181	281.6
Consolidated result	€m	466	449	3.9
Thereof: Reinsurance - Life and health	€m	126	24	432.8
Thereof: Reinsurance - Property-casualty	€m	340	425	-19.9

ERGO¹

		Q1 2017	Q1 2016	Change
				%
Gross premiums written	€m	4,879	4,887	-0.2
Combined ratio Property-casualty Germany	%	99.1	98.6	
Combined ratio International	%	96.3	94.3	
Investment result	€m	1,459	1,391	4.9
Consolidated result	€m	91	-12	-
Thereof: Life and Health Germany	€m	63	14	352.5
Thereof: Property-casualty Germany	€m	12	-25	-
Thereof: International	€m	16	-1	-

¹ Previous year's figures adjusted owing to a change in the composition of the reporting segments.

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Quarterly Statement¹

Business environment

In the first quarter of 2017, global monetary policy divergence continued to grow. Given the robust labour market and rising inflation, the US Federal Reserve pursued its cycle of interest-rate increases in March. By contrast, monetary policies in other major economies remained strongly expansionary. The European Central Bank (ECB), the Bank of England and the Japanese central bank adhered to their bond-buying programmes and low key interest rates.

Yields on ten-year government bonds

%	31.3.2017	31.12.2016
USA	2.4	2.4
Germany	0.3	0.2

The low-interest-rate environment continued to pose great challenges for investors. After rising in the last few [months](#)

months of last year, yields on ten-year government bonds in Germany and the USA saw hardly any increase in the first quarter of 2017. However, the spread between the yields of German government bonds and the bonds of other eurozone countries widened. This was mainly attributable to concerns about another potential crisis in the eurozone, and doubts about how long the ECB's quantitative easing programme could be sustained.

Equity markets

	31.3.2017	31.12.2016
DJ EuroStoxx 50	3,501	3,291
Dow Jones Index	20,663	19,763

There was low volatility on international equity markets. Important share price indices such as the US Dow Jones Index, the DJ EuroStoxx 50 and the German Dax were up slightly. By contrast, the Japanese Nikkei dipped below its level at the beginning of the year.

Currency translation rates

Rate for €1	31.3.2017	31.12.2016	Q1 2017	Q1 2016
Australian dollar	1.40205	1.45660	1.40705	1.52774
Canadian dollar	1.42640	1.41445	1.41077	1.51388
Pound sterling	0.85530	0.85360	0.85995	0.77068
US dollar	1.06955	1.05475	1.06557	1.10273

The euro exchange rate increased somewhat against the US dollar (+1.4%), the Canadian dollar (+0.8%) and the pound sterling (+0.2%) in the course of the first quarter, but fell against the Australian dollar (-3.7%). In the first quarter of 2017, the average value of the euro was down significantly year on year against most currencies (US dollar: -3.4%; Canadian dollar: -6.8%; Australian dollar: -7.9%), but appreciated 11.6% against the pound sterling.

¹ This Quarterly Statement was drawn up in accordance with IFRS principles. It is not an interim report within the meaning of IAS 34, or a financial statement pursuant to IAS 1.

Business performance of the Group and overview of investment performance

Key figures

		Q1 2017	Q1 2016	Change
				%
Gross premiums written	€m	12,925	12,511	3.3
Technical result	€m	694	945	-26.5
Investment result	€m	2,151	1,572	36.8
Insurance-related investment result	€m	156	-208	-
Operating result	€m	952	726	31.2
Taxes on income	€m	-188	-157	-19.8
Return on risk-adjusted capital (RORAC)	%	8.3	7.3	
Return on equity (RoE)	%	7.0	5.6	
Consolidated result	€m	557	436	27.7
		31.3.2017	31.12.2016	Change
		€bn	€bn	%
Equity		32,160	31,785	1.2

Munich Re (Group) disbanded the Munich Health field of business with effect from 1 February 2017, and re-allocated responsibilities. The reinsurance units of Munich Health were merged with the life reinsurance segment, and health primary insurance business was transferred to ERGO International.

The consolidated profit of €557m (436m) for the first quarter of 2017 was gratifying, and largely attributable to below-average major-loss expenditure and a good investment result.

Our premium income increased by 3.3% year on year due to currency translation effects and newly concluded treaties, especially in life and health reinsurance.

The operating result also benefited from the depreciation of the euro. We achieved a higher result contribution from the conversion of profits from underwriting business, and from investments held in foreign currencies. The revaluation of balance-sheet items in foreign currencies led to a currency result of -€57m, which is recognised in the "other non-operating result".

The tax expenditure of €188m, or 25.2% of the result before tax, was in line with our expectations.

As at 31 March 2017, Group equity was up on the start of the year, mainly owing to the consolidated profit and to higher unrealised gains on equities. These contrasted with marginal losses on our interest-bearing securities owing to slightly higher interest rates and the associated decrease in market values. In addition, we repurchased a total of 1.8 million Munich Re shares with a volume of €0.3bn since the beginning of the year.

The annualised return on risk-adjusted capital (RORAC) for the first quarter of the year amounted to 8.3% (7.3%), and the return on equity (RoE) to 7.0% (5.6%).

Investment mix

€m	Carrying amounts		Unrealised gains/losses ¹		Fair values	
	31.3.2017	31.12.2016	31.3.2017	31.12.2016	31.3.2017	31.12.2016
Land and buildings, including buildings on third-party land	4,432	4,444	2,450	2,413	6,882	6,857
Investments in affiliated companies, associates and joint ventures	1,859	1,711	891	903	2,569	2,445
Loans	53,723	53,691	11,692	13,591	65,416	67,282
Other securities available for sale	147,875	147,843	11,126	11,573	147,875	147,843
Thereof: Fixed-interest	130,827	132,018	7,815	8,649	130,827	132,018
Thereof: Non-fixed-interest	17,048	15,826	3,311	2,924	17,048	15,826
Other securities at fair value through profit or loss	2,096	2,672	0	0	2,096	2,672
Thereof: Derivatives	1,622	2,184	0	0	1,622	2,184
Deposits retained on assumed reinsurance	5,602	5,240	0	0	5,602	5,240
Other investments	4,961	3,814	0	0	4,961	3,814
Total	220,546	219,416	26,159	28,480	235,399	236,153

¹ Including on- and off-balance-sheet unrealised gains and losses.

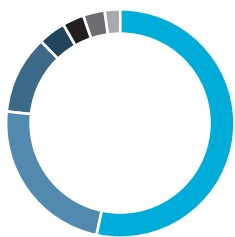
The fair value of our investment portfolio and net unrealised gains declined mainly on account of rising interest rates; the portfolio continues to be dominated by fixed-interest securities and loans.

In the period under review, we expanded our portfolio of government bonds and cash, but reduced our investments in corporate bonds.

At the reporting date, our portfolio of fixed-interest securities was made up as follows:

Fixed-interest portfolio by economic category¹

Total: €205bn (207bn)



Government bonds ²	53% (53%)
Thereof: Inflation-linked bonds	9% (9%)
Pfandbriefs/covered bonds	23% (24%)
Corporate bonds	11% (11%)
Cash positions/other	4% (4%)
Bank bonds	3% (3%)
Policy and mortgage loans	3% (3%)
Structured products (credit structures)	2% (2%)

¹ Presentation essentially shows fixed-interest securities and loans, including deposits and cash at banks, at fair value. The approximation is not fully comparable with IFRS figures.

² Including other public-sector issuers and government-guaranteed bank bonds.

A total of 53% of our portfolio of fixed-interest securities was invested in government bonds at the reporting date. In the current financial year, our new investments were mainly made in US and Italian government bonds. Reductions focused on our holdings of bonds from German and Turkish issuers.

The vast majority of our government bonds continued to come from countries with a high credit rating. Our investment in bank bonds is limited, and at the reporting date was unchanged at 3% (3%) of our portfolio of fixed-interest securities. Corporate bonds from other sectors made up 11% (11%). We increased our credit exposure by a further percentage point through derivatives.

Our equity portfolio saw a slight increase in the first quarter. Our equity-backing ratio amounted to 6.6% (6.1%). We also increased the derivatives used to hedge our equity portfolio, thus slightly reducing our equity exposure. Including derivatives, our equity-backing ratio was 5.3% (5.0%). To hedge against accelerating inflation, we held inflation-linked bonds in the amount of €9.7bn (9.9bn) (at market values) and inflation swaps with an exposure of €0.2bn (0.2bn). Real assets like shares, property, commodities, and investments in infrastructure and renewable energies also served as hedges against inflation. Additionally, our investments in real assets had a positive diversification effect on the overall portfolio.

Investment result

	Q1 2017	Return ¹	Q1 2016	Return ¹
	€m	%	€m	%
Regular income	1,634	2.8	1,628	2.8
Write-ups/write-downs of non-derivative investments	-26	0.0	-219	-0.4
Gains/losses on the disposal of non-derivative investments	1,048	1.8	218	0.4
Net balance of derivatives	-362	-0.6	74	0.1
Other income/expenses	-143	-0.2	-128	-0.2
Total	2,151	3.6	1,572	2.7

¹ Annualised return in % p.a. on the average market value of the investment portfolio at the quarterly reporting dates.

Regular income in the first quarter of 2017 remained stable overall year on year. Whilst dividend income rose, interest income declined. Our reinvestment return amounted to 2.0% (1.9%) for the first three months of the year, and was thus still below the average return on our existing investment portfolio.

Munich Re posted much lower net year-on-year write-downs of non-derivative investments for the past quarter. This applied chiefly to our equity portfolio, but also to our portfolio of fixed-interest securities, on which we had to make virtually no write-downs.

From January to March 2017, we posted net gains on the disposal of non-derivative investments that were €830m higher than in the same period last year. These derived especially from the sale of fixed-interest securities in primary insurance.

The net balance of derivatives was appreciably lower year on year. This deterioration chiefly stems from losses on interest-rate derivatives (particularly from the ERGO interest-rate hedging programme) owing to increased market-interest-rate levels.

Business performance

Reinsurance - Life and health

Key figures¹

		Q1 2017	Q1 2016	Change
				%
Gross premiums written	€m	3,488	3,096	12.7
Share of gross premiums written in reinsurance	%	43.3	40.6	
Technical result, incl. result from reinsurance treaties with insufficient risk transfer	€m	158	74	112.2
Investment result	€m	221	80	175.6
Operating result	€m	192	2	>1,000.0
Consolidated result	€m	126	24	432.8

¹ Previous year's figures adjusted owing to a change in the composition of the reporting segments.

Premium

We write the majority of our business in non-euro currencies, in particular Canadian dollars (38%) and US dollars (21%). The year-on-year depreciation of the euro against these and other important currencies, and its appreciation against the pound sterling, had a positive effect overall on our premium income. If exchange rates had remained unchanged, our premium income would have shown an increase of 7.8%, mainly owing to a number of large-volume treaties written in Canada, Australia and Europe in the second half of 2016.

Result

The technical result developed well in the first quarter. This was due not only to the new large-volume treaties mentioned above, but also especially to favourable claims experience overall. In geographical terms, the good result derived in particular from North American and European markets.

The result from business that is not recognised in the technical result owing to insufficient risk transfer was in line with that of previous quarters and met our expectations.

The improved investment result is attributable to gains on the disposal of equities. In the same period last year, the result from the disposal of equities had been negative. In addition, Munich Re posted higher regular income and an improved net balance from derivatives.

Reinsurance – Property-casualty

Key figures

		Q1 2017	Q1 2016	Change
				%
Gross premiums written	€m	4,558	4,528	0.7
Share of gross premiums written in reinsurance	%	56.7	59.4	
Loss ratio	%	64.7	56.4	
Thereof: Major losses	Percentage points	9.6	2.4	
Expense ratio	%	32.4	32.0	
Combined ratio	%	97.1	88.4	
Technical result	€m	387	755	-48.7
Investment result	€m	470	101	365.9
Operating result	€m	491	517	-4.9
Consolidated result	€m	340	425	-19.9

Premium

Property-casualty reinsurance also benefited from currency translation effects. However, our systematic withdrawal from unprofitable business resulted in attrition of gross premiums written. If exchange rates had remained the same, premium volume for the first three months would have fallen by 0.8% year on year.

During the renewals of reinsurance treaties at 1 January 2017, prices declined only slightly, while global demand for reinsurance cover and capacity remained largely unchanged.

Around half of our non-life reinsurance business was up for renewal at 1 January 2017, representing premium volume of almost €9.0bn. Of this, 14% (around €1.3bn) was not renewed. By contrast, Munich Re wrote new business with a volume of approximately €1.1bn. The total volume of business renewed at 1 January 2017 thus decreased by 4.9% to around €8.5bn. Prices fell by about 0.5%, compared with price erosion of around 1.0% in the same period last year.

Result

The technical result in the property-casualty reinsurance segment was down year on year due to increased major-loss expenditure in the first three months of 2017 which, at €403m before tax, was around four times as high as in the first quarter of 2016 (€100m). This figure, which includes gains and losses from the run-off of major losses from previous years, represents 9.6% of net earned premiums which – despite the significant increase – is still below the average expected figure of 12% of net earned premiums.

Natural catastrophes accounted for losses totalling €156m (+11m). Cyclone Debbie, which caused severe flooding, was the largest single loss, for which we anticipate expenditure of around €100m.

Man-made losses amounted to €247m (111m).

In addition to the comprehensive reassessment of provisions for basic losses that we carry out primarily towards the end of the year, we also perform detailed analyses of the claims notifications we receive every quarter. As the claims notifications remained appreciably below the expected level, we made reserve releases of around €250m in the first quarter, which is equivalent to 6.0 percentage points of the combined ratio. We continue to aim to set the amount of provisions for newly emerging claims at the very top end of the estimation range, so that profits from the release of a portion of these reserves are possible at a later stage, especially while inflation remains low.

At 97.1% (88.4%) of net earned premiums, the combined ratio was at a good level, and thus on track to reach our target of around 97% for the full year 2017.

We generated an investment result of €470m (101m) in the first quarter. This significant year-on-year increase was mainly attributable to the improved net balance of derivatives, especially from equity hedging. In addition, we posted an appreciable increase in the extraordinary result from equities and higher regular income.

ERGO Life and Health Germany

Key figures

		Q1 2017	Q1 2016	Change
				%
Total premium income ¹	€m	2,476	2,500	-1.0
Gross premiums written	€m	2,324	2,333	-0.4
Share of gross premiums written by ERGO	%	47.6	47.7	
Technical result	€m	102	83	22.5
Investment result	€m	1,337	1,266	5.6
Operating result	€m	173	178	-3.0
Consolidated result	€m	63	14	352.5

¹ Total premium income includes not only gross premiums written but also savings premiums for unit-linked life insurance and capitalisation products in accordance with the applicable statutory accounting guidelines.

Premium

The decline in overall premium income and gross premiums written in the first quarter of 2017 is mainly attributable to lower regular premium volume and reduced income from single-premium business in life insurance.

At €861m (919m), overall premium income in the Life Germany field of business was down by 6.3% on the previous year. Gross premiums written decreased by 6.6% to €722m (773m). The decline derived from lower regular premium income owing to the ongoing portfolio reduction, which could not be compensated for by new business. New regular premium business showed a 2.3% increase to €52m (51m), whilst single-premium business was down by 26.6% to €68m (92m). The fall in single-premium income resulted from lower levels of new business. Overall, our new business decreased by 16.4%. In terms of annual premium equivalent (APE, i.e. regular premium income plus one-tenth of single-premium volume), which is the performance measure customary among investors, our new business volume dropped by 2.2%.

In the Health Germany field of business, we posted an increase in premium income of 3.5% to €1,339m (1,294m) in the first quarter. Supplementary health insurance saw a 3.3% rise in premium income, and premium in comprehensive health insurance grew by 3.5%. These developments were due to premium adjustments in

compulsory long-term care insurance and supplementary long-term care insurance as at 1 January 2017. New business in comprehensive health insurance increased by 2.7% between January and March 2017 compared with the same period last year. We saw a decline of 18.7% in new business in supplementary health insurance.

Direct business in Germany saw a year-on-year decline in total premium income of 3.9% to €276m (287m) in the period from January to March 2017. This was mainly attributable to decreases in life insurance and property-casualty business, which could be offset in part by growth in health insurance. Gross premiums written were down slightly by 0.8% to €263m (265m). In terms of annual premium equivalent, new business in life insurance was 18.1% lower than in the same period last year.

Result

The technical result for the months of January to March 2017 was up year on year. Slight improvements in the Life Germany and Health Germany fields of business more than compensated for the decrease in German direct business. The investment result was up compared with the same period last year, mainly due to significantly higher gains on disposals used above all to finance the additional interest reserve.

Overall, the consolidated result saw an improvement, which was due in part to the increased investment result.

ERGO Property-casualty Germany

Key figures

		Q1 2017	Q1 2016	Change
				%
Gross premiums written	€m	1,240	1,219	1.7
Share of gross premiums written by ERGO	%	25.4	25.0	
Loss ratio	%	63.3	62.8	
Expense ratio	%	35.8	35.8	
Combined ratio	%	99.1	98.6	
Technical result	€m	16	14	9.0
Investment result	€m	49	-15	-
Operating result	€m	44	-34	-
Consolidated result	€m	12	-25	-

Premium

The increase in premium income was mainly due to growth in fire and property insurance (+6.6%) and in liability insurance (+3.7%). We were also able to generate an increase in premium volume in legal protection insurance (+1.7%) and motor insurance (+1.6%). By contrast, personal accident insurance saw a year-on-year decline in premium of 1.6%.

Result

The technical result in the ERGO Property-casualty Germany segment increased in the first quarter of 2017. Major-loss expenditure in the first quarter of 2017 was down year on year. The investment result was up on the same period last year, benefiting mainly from sales of equities.

The slight year-on-year deterioration in the combined ratio for the first quarter was exclusively attributable to a higher loss ratio in the motor, fire and property lines of business.

The increase in the consolidated result since the beginning of the year was attributable to the higher investment result and somewhat improved technical result.

ERGO International

Key figures¹

		Q1 2017	Q1 2016	Change
				%
Total premium income ²	€m	1,398	1,428	-2.1
Gross premiums written	€m	1,315	1,335	-1.5
Share of gross premiums written by ERGO	%	27.0	27.3	
Loss ratio	%	65.3	62.9	
Expense ratio	%	31.0	31.4	
Combined ratio	%	96.3	94.3	
Technical result	€m	45	28	57.8
Investment result	€m	74	141	-47.6
Operating result	€m	52	62	-16.5
Consolidated result	€m	16	-1	-

¹ Previous year's figures adjusted owing to a change in the composition of the reporting segments.

² Total premium income includes not only gross premiums written but also savings premiums for unit-linked life insurance and capitalisation products in accordance with the applicable statutory accounting guidelines.

Our business figures for the first quarter of 2017 and the same period last year recognise international health business in primary insurance. This business was integrated into the ERGO field of business as at 1 February 2017 after being transferred from Munich Health to the ERGO International segment.

Premium

In terms of the segment's premium income, approximately 22% is attributable to life insurance, around 29% to health insurance and about 49% to property-casualty insurance. ERGO's biggest markets include Poland (accounting for approximately 22% of premium volume), Belgium (about 20%) and Spain (around 17%).

The overall decline in gross premiums written was exclusively due to life insurance business. Adjusted to eliminate currency translation effects, gross premiums written in the ERGO International segment would have decreased by 1.3% compared with the same period last year.

At €306m (420m), overall premium income in international life insurance decreased by 27.1% year on year. The significant decline is largely due to the sale of our Italian business and to developments in Poland and Austria. In terms of annual premium equivalent, new business in international life insurance was therefore down by 43.1% year on year in the first quarter of 2017. In health insurance, premium income developed favourably, particularly in Spain and Belgium, rising by 4.8% to €411m (392m). We posted an increase in premium income of 10.7% to €681m (615m) in international

property-casualty insurance, chiefly owing to growth in Poland, but also in Greece, where the business of AGROTIKI Insurance S.A. (ATE Insurance) – which had not yet been included in the figures for the same quarter last year – accounted for a total of €30m in premium development in the first quarter of 2017.

Result

The technical result in the ERGO International segment improved compared with the first quarter of 2016. This positive development was partly due to the discontinuation of prior-year effects in Italy and to price adjustments in Polish property-casualty business. The investment result in the period under review was down on the same period last year, mainly owing to a lower net balance of derivatives and reduced regular income.

Our international property-casualty insurance saw a deterioration in the combined ratio, although at 96.3%, this figure was still at a good level and within our annual target ratio of around 98%. In Greece, the loss ratio was up because of the integration of ATE, whilst there had been positive effects from reserve releases in the Netherlands and from run-off results in Turkey in the same period last year. Spanish health business saw a deterioration in the loss ratio owing to a change in the way premiums are booked. There were improvements in Poland.

The increased technical result and discontinuation of one-off effects in the "other non-operating result" from the same quarter last year were largely responsible for the improved consolidated result.

Prospects

Our predictions for the further development of our Group are based on planning figures, forecasts and expectations. Consequently, this outlook merely reflects our imperfect assumptions and subjective views. It follows that we do not accept any responsibility or liability in the event that they are not realised in part or in full. It is not only the ↗

obvious fluctuations in the incidence of major losses that make an accurate forecast of IFRS results impossible. The pronounced volatility of the capital markets and exchange rates, as well as the special features of IFRS accounting, also make this difficult. Thus, there may be significant fluctuations in the investment result, currency result and consolidated result, despite the fact that our assets are geared to the characteristics of our liabilities.

Outlook Munich Re (Group) 2017

		As at 31.3.2017	From Annual Report 2016
Gross premiums written	€bn	48-50	48-50
Technical result - Life and health reinsurance ¹	€m	at least 450	at least 450
Combined ratio - Property-casualty reinsurance	%	97	97
Combined ratio - ERGO Property-casualty Germany	%	99	99
Combined ratio - ERGO Property-casualty International	%	98	98
Return on investment ²	%	around 3	around 3
RORAC	%	15	15
Consolidated result	€bn	2.0-2.4	2.0-2.4

1 Including the result from reinsurance treaties recognised in the non-technical result owing to insufficient risk transfer.

2 Excluding insurance-related investments.

Compared with our forecasts made in the Annual Report 2016, we did not make any adjustments to key figures for Munich Re at the end of the first quarter of 2017.

Selected financial information

Consolidated balance sheet as at 31 March 2017

Assets

	31.3.2017		31.12.2016	Change		
	€m	€m	€m	€m	%	
A. Intangible assets						
I. Goodwill		2,793	2,817	-24	-0.8	
II. Other intangible assets		1,268	1,303	-35	-2.7	
		4,061	4,120	-59	-1.4	
B. Investments						
I. Land and buildings, including buildings on third-party land		4,432	4,444	-12	-0.3	
II. Investments in affiliated companies, associates and joint ventures		1,859	1,711	147	8.6	
Thereof: Associates and joint ventures accounted for using the equity method		1,695	1,565	130	8.3	
III. Loans		53,723	53,691	32	0.1	
IV. Other securities						
1. Available for sale	147,875		147,843	31	0.0	
2. At fair value through profit or loss	2,096		2,672	-576	-21.6	
		149,971	150,515	-545	-0.4	
V. Deposits retained on assumed reinsurance		5,602	5,240	362	6.9	
VI. Other investments		4,961	3,814	1,147	30.1	
		220,546	219,416	1,131	0.5	
C. Insurance-related investments			9,630	9,558	72	0.8
D. Ceded share of technical provisions			3,877	3,669	208	5.7
E. Receivables						
I. Current tax receivables		675	623	52	8.4	
II. Other receivables		15,694	13,919	1,775	12.7	
			16,368	14,542	1,827	12.6
F. Cash at banks, cheques and cash in hand			3,514	3,353	161	4.8
G. Deferred acquisition costs						
Gross		9,665	9,634	31	0.3	
Ceded share		-91	-95	4	4.6	
Net			9,574	9,539	35	0.4
H. Deferred tax assets			390	328	62	18.8
I. Other assets			3,192	3,280	-88	-2.7
Total assets			271,153	267,805	3,348	1.3

Equity and liabilities

		31.3.2017	31.12.2016		Change
	€m	€m	€m	€m	%
A. Equity					
I. Issued capital and capital reserve	7,411		7,417	-7	-0.1
II. Retained earnings	17,146		14,890	2,256	15.2
III. Other reserves	6,776		6,628	149	2.2
IV. Consolidated result attributable to Munich Reinsurance Company equity holders	554		2,580	-2,027	-78.5
V. Non-controlling interests	273		269	4	1.5
		32,160	31,785	376	1.2
B. Subordinated liabilities		4,188	4,218	-30	-0.7
C. Gross technical provisions					
I. Unearned premiums	9,708		8,984	724	8.1
II. Provision for future policy benefits	108,521		108,108	413	0.4
III. Provision for outstanding claims	62,495		61,362	1,133	1.8
IV. Other technical provisions	18,685		19,026	-340	-1.8
		199,410	197,480	1,930	1.0
D. Gross technical provisions for unit-linked life insurance		8,640	8,429	211	2.5
E. Other provisions		4,881	4,895	-14	-0.3
F. Liabilities					
I. Bonds and notes issued	319		324	-4	-1.4
II. Deposits retained on ceded business	944		828	116	14.0
III. Current tax liabilities	2,271		2,429	-158	-6.5
IV. Other liabilities	16,066		15,187	878	5.8
		19,600	18,768	832	4.4
G. Deferred tax liabilities		2,274	2,230	44	2.0
Total equity and liabilities		271,153	267,805	3,348	1.3

Consolidated income statement

1 January to 31 March 2017

Items	Q1 2017			Q1 2016		Change
	€m	€m	€m	€m	€m	%
Gross premiums written	12,925			12,511	415	3.3
1. Earned premiums						
Gross	12,202			11,685	517	4.4
Ceded share	-360			-342	-17	-5.0
Net		11,842		11,342	500	4.4
2. Income from technical interest		2,001		1,511	490	32.4
3. Expenses for claims and benefits						
Gross	-10,298			-9,166	-1,132	-12.3
Ceded share	120			197	-77	-39.2
Net		-10,178		-8,969	-1,209	-13.5
4. Operating expenses						
Gross	-3,041			-2,998	-43	-1.4
Ceded share	70			58	12	20.1
Net		-2,971		-2,940	-31	-1.1
5. Technical result (1-4)			694	945	-250	-26.5
6. Investment result		2,151		1,572	578	36.8
Thereof:						
Income from associates and joint ventures accounted for using the equity method		2		2	0	4.7
7. Insurance-related investment result		156		-208	364	-
8. Other operating income		186		181	5	2.8
9. Other operating expenses		-234		-254	19	7.7
10. Deduction of income from technical interest		-2,001		-1,511	-490	-32.4
11. Non-technical result (6-10)			258	-219	477	-
12. Operating result (5+11)			952	726	227	31.2
13. Other non-operating result			-153	-82	-71	-87.3
14. Impairment losses on goodwill			0	0	0	-
15. Net finance costs			-54	-51	-3	-6.9
16. Taxes on income			-188	-157	-31	-19.8
17. Consolidated result (12-16)			557	436	121	27.7
Thereof:						
Attributable to Munich Reinsurance Company equity holders			554	430	123	28.7
Attributable to non-controlling interests			4	6	-3	-41.7
			€	€	€	%
Earnings per share			3.55	2.65	0.90	34.0

Statement of recognised income and expense

1 January to 31 March 2017

€m		Q1 2017	Q1 2016
Consolidated result		557	436
Currency translation			
Gains (losses) recognised in equity	-101		-660
Recognised in the consolidated income statement	0		0
Unrealised gains and losses on investments			
Gains (losses) recognised in equity	379		1,312
Recognised in the consolidated income statement	-158		83
Change resulting from equity method measurement			
Gains (losses) recognised in equity	8		15
Recognised in the consolidated income statement	0		0
Change resulting from cash flow hedges			
Gains (losses) recognised in equity	0		0
Recognised in the consolidated income statement	0		0
Other changes	2		0
I. Items where income and expenses recognised directly in equity are reallocated to the consolidated income statement	130		750
Remeasurements of defined benefit plans	14		-128
Other changes	0		0
II. Items where income and expenses recognised directly in equity are not reallocated to the consolidated income statement	14		-128
Income and expense recognised directly in equity (I + II)		144	622
Total recognised income and expense		701	1,058
Thereof:			
Attributable to Munich Reinsurance Company equity holders		697	1,058
Attributable to non-controlling interests		3	0

Segmentation of our business

In accordance with the management approach, the segmentation of our business operations is based on the way in which Munich Re is managed internally.

We have consequently identified five segments to be reported:

- Life and health reinsurance (global life reinsurance business)
- Property-casualty reinsurance (global property-casualty reinsurance business)
- ERGO Life and Health Germany (German life and health primary insurance business, German property-casualty direct insurance business, and global travel insurance business)
- ERGO Property-casualty Germany (German property-casualty insurance business, excluding direct business)
- ERGO International (ERGO primary insurance business outside Germany)

Certain primary insurers whose business requires special solution-finding competence are coupled to reinsurance as the risk carrier. We therefore transact their business from within reinsurance and consequently allocate them to the reinsurance segments.

Information on the changes in the composition of the reporting segments owing to the disbanding of the former Munich Health segment is available in the section “Business performance of the Group and overview of investment performance”.

Segment assets¹

€m	Reinsurance			
	Life and health		Property-casualty	
	31.3.2017	31.12.2016	31.3.2017	31.12.2016
A. Intangible assets	149	145	2,502	2,550
B. Investments				
I. Land and buildings, including buildings on third-party land	323	291	1,639	1,683
II. Investments in affiliated companies, associates and joint ventures	47	42	856	735
Thereof:				
Associates and joint ventures accounted for using the equity method	29	29	814	701
III. Loans	140	127	619	629
IV. Other securities				
1. Available for sale	22,234	21,086	56,654	57,889
2. At fair value through profit or loss	92	59	432	340
	22,326	21,145	57,086	58,229
V. Deposits retained on assumed reinsurance	3,952	3,749	1,596	1,436
VI. Other investments	522	416	1,882	1,704
	27,310	25,770	63,677	64,416
C. Insurance-related investments	937	957	80	148
D. Ceded share of technical provisions	1,031	923	2,075	2,004
E. Other segment assets	9,322	9,024	10,584	8,770
Total segment assets	38,749	36,819	78,918	77,888

¹ Previous year's figures adjusted owing to a change in the composition of the reporting segments.

Segment equity and liabilities¹

€m	Reinsurance			
	Life and health		Property-casualty	
	31.3.2017	31.12.2016	31.3.2017	31.12.2016
A. Subordinated liabilities	1,185	995	2,991	3,198
B. Gross technical provisions				
I. Unearned premiums	294	372	6,404	6,265
II. Provision for future policy benefits	11,246	11,221	26	26
III. Provision for outstanding claims	9,638	9,197	43,128	42,355
IV. Other technical provisions	339	317	135	243
	21,517	21,106	49,693	48,888
C. Gross technical provisions for unit-linked life insurance contracts	0	0	0	0
D. Other provisions	257	235	679	674
E. Other segment liabilities	7,533	7,498	8,694	7,949
Total segment liabilities	30,492	29,835	62,057	60,709

¹ Previous year's figures adjusted owing to a change in the composition of the reporting segments.

	ERGO						Total	
	Life and Health Germany		Property-casualty Germany		International		31.3.2017	31.12.2016
	31.3.2017	31.12.2016	31.3.2017	31.12.2016	31.3.2017	31.12.2016		
	201	206	958	963	251	256	4,061	4,120
	2,202	2,200	147	154	121	117	4,432	4,444
	302	299	56	54	597	582	1,859	1,711
	264	262	24	23	564	550	1,695	1,565
	51,315	51,392	1,472	1,369	178	174	53,723	53,691
	49,617	49,726	4,546	4,515	14,823	14,627	147,875	147,843
	1,030	1,710	21	21	520	542	2,096	2,672
	50,648	51,436	4,568	4,536	15,343	15,169	149,971	150,515
	32	34	21	21	0	0	5,602	5,240
	2,030	1,135	300	314	227	245	4,961	3,814
	106,529	106,495	6,563	6,448	16,466	16,286	220,546	219,416
	5,102	4,951	0	0	3,512	3,503	9,630	9,558
	17	17	128	128	625	597	3,877	3,669
	7,888	8,041	1,701	1,421	3,544	3,787	33,039	31,042
	119,736	119,709	9,351	8,960	24,399	24,428	271,153	267,805

	ERGO						Total		
	Life and Health Germany		Property-casualty Germany		International		31.3.2017	31.12.2016	
	31.3.2017	31.12.2016	31.3.2017	31.12.2016	31.3.2017	31.12.2016			
	0	0	0	0	13	25	4,188	4,218	
	245	204	927	465	1,837	1,677	9,708	8,984	
	87,065	86,676	443	440	9,743	9,745	108,521	108,108	
	2,720	2,841	4,264	4,254	2,746	2,715	62,495	61,362	
	17,551	17,749	95	96	565	621	18,685	19,026	
	107,580	107,471	5,728	5,255	14,891	14,759	199,410	197,480	
	5,496	5,341	0	0	3,145	3,088	8,640	8,429	
	1,730	1,920	1,018	983	1,197	1,083	4,881	4,895	
	3,735	3,542	450	449	1,463	1,561	21,874	20,998	
	118,540	118,273	7,195	6,687	20,708	20,515	238,993	236,020	
							Equity	32,160	31,785
							Total equity and liabilities	271,153	267,805

Segment income statement

1 January to 31 March 2017¹

€m	Reinsurance			
	Life and health		Property-casualty	
	Q1 2017	Q1 2016	Q1 2017	Q1 2016
Gross premiums written	3,488	3,096	4,558	4,528
1. Net earned premiums	3,482	3,017	4,204	4,110
2. Income from technical interest	163	138	265	280
3. Net expenses for claims and benefits	-2,830	-2,443	-2,720	-2,319
4. Net operating expenses	-670	-648	-1,362	-1,316
5. Technical result (1-4)	145	63	387	755
6. Investment result	221	80	470	101
7. Insurance-related investment result	-12	-5	-66	-16
8. Other operating result	0	1	-36	-43
9. Deduction of income from technical interest	-163	-138	-265	-280
10. Non-technical result (6-9)	48	-61	104	-238
11. Operating result (5+10)	192	2	491	517
12. Other non-operating result, net finance costs and impairment losses of goodwill	-16	-7	-28	-41
13. Taxes on income	-50	28	-123	-51
14. Consolidated result (11-13)	126	24	340	425

1 Previous year's figures adjusted owing to a change in the composition of the reporting segments.

	ERGO						Total	
	Life and Health Germany		Property-casualty Germany		International		Q1 2017	Q1 2016
	Q1 2017	Q1 2016	Q1 2017	Q1 2016	Q1 2017	Q1 2016		
	2,324	2,333	1,240	1,219	1,315	1,335	12,925	12,511
	2,276	2,282	753	761	1,127	1,173	11,842	11,342
	1,411	1,005	19	18	144	70	2,001	1,511
	-3,250	-2,852	-486	-492	-891	-862	-10,178	-8,969
	-335	-352	-269	-273	-335	-353	-2,971	-2,940
	102	83	16	14	45	28	694	945
	1,337	1,266	49	-15	74	141	2,151	1,572
	150	-149	0	0	83	-38	156	-208
	-5	-16	-2	-15	-6	1	-48	-72
	-1,411	-1,005	-19	-18	-144	-70	-2,001	-1,511
	71	95	29	-48	7	33	258	-219
	173	178	44	-34	52	62	952	726
	-89	-34	-41	4	-33	-55	-207	-133
	-21	-131	9	5	-3	-8	-188	-157
	63	14	12	-25	16	-1	557	436

Supervisory Board

Dr. Bernd Pischetsrieder
(Chairman)

Board of Management

Dr. Joachim Wenning
(Chairman)
Giuseppina Albo
Dr. Thomas Blunck
Dr. Doris Höpke
Dr. Torsten Jeworrek
Hermann Pohlchristoph (since 27 April 2017)
Dr. Markus Rieß
Dr. Peter Röder
Dr. Jörg Schneider

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Responsible for content

Financial and Regulatory Reporting

Editorial deadline: 8 May 2017
Publication date: 9 May 2017

Printed by

Kastner & Callwey
Jahnstrasse 5
85661 Forstinning
Germany

The official German original of this statement is also available from the Company. In addition, you can find our annual and interim reports, along with further information about Munich Re and its shares, on the internet at www.munichre.com

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Important dates 2017

9 August 2017
Half-Year Financial Report as at 30 June 2017
9 November 2017
Quarterly Statement as at 30 September 2017

Important dates 2018

15 March 2018
Balance sheet press conference
for 2017 consolidated financial statements
25 April 2018
Annual General Meeting
8 May 2018
Quarterly Statement as at 31 March 2018
8 August 2018
Half-Year Financial Report as at 30 June 2018
7 November 2018
Quarterly Statement as at 30 September 2018