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Half-year financial report as at 30 June 2016

9 August 2016

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Munich RE 

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Munich Re well-positioned to prevail through challenging times

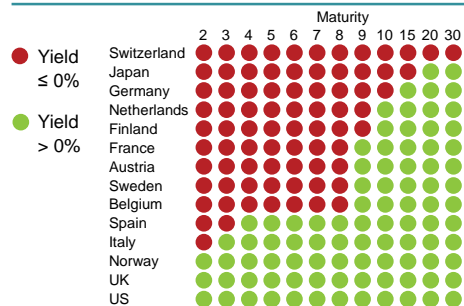
After Brexit vote – Quick recovery following nervous capital markets ...



... while enormous uncertainty still remains

- Political risks
- Macroeconomic risks

Many countries now have negative government bond yields¹



- Ongoing decline of reinvestment yield
- Pressure on running yield mitigated by long duration
- Positive contribution from interest-rate hedging
- Valuation reserves increasing to €34.5bn

Increasing capital-market volatility

Strong FX moves



Equity markets



Financial sector



Precious metals

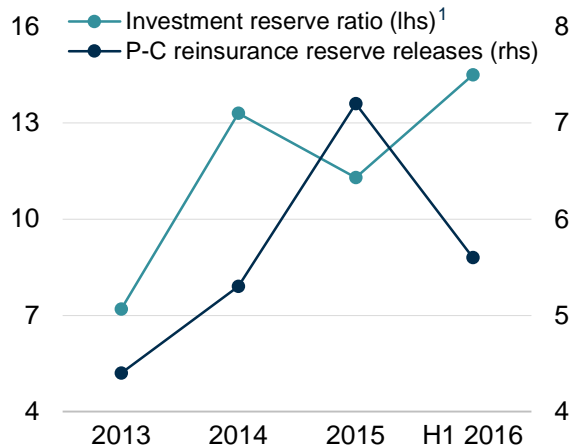


- Well-balanced investment portfolio provides resilience
- Limited exposure to credit risks, esp. banks
- Commodity investments serving as hedge
- International diversification benefiting the FX result

Resilience in an unpredictable and unstable environment – No hunt for yields to compensate for low interest rates

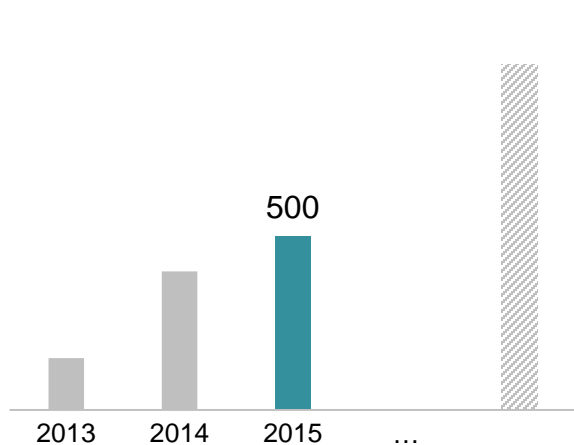
Short-term earnings pressure mitigated by strong balance sheet – Attractive mid to long-term growth perspectives

Strong balance sheet



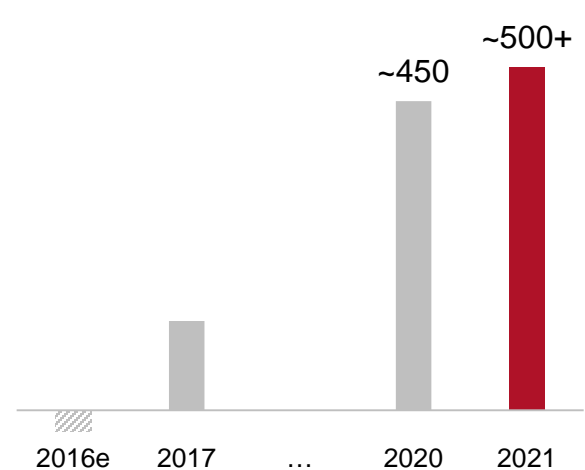
Conservative accounting eventually translates into earnings

Promoting innovative products²



Munich Re actively shaping the transformation of the (re-) insurance industry

ERGO: Increasing earnings



ERGO becoming a significant earnings contributor for Munich Re (Group)

Annual net profit guidance of €2.3bn to stand so long as pressure from low interest rates and ongoing (albeit slowing) attrition of reinsurance margins remains – Munich Re paving the way for a more balanced earnings structure

1 Unrealised gains in % of total investments. 2 Premium Munich Re (Group).

Munich Re (Group)

2

High Q2 result – Prudent positioning and strong balance sheet offset earnings pressure

Munich Re (Group)

Net result

€974m (H1: €1,411m)

High investment and currency result compensates for lower technical result and ERGO restructuring expenses

Return on investment¹

4.7% (H1: 3.7%)

Portfolio de-risking prior to Brexit vote proves beneficial

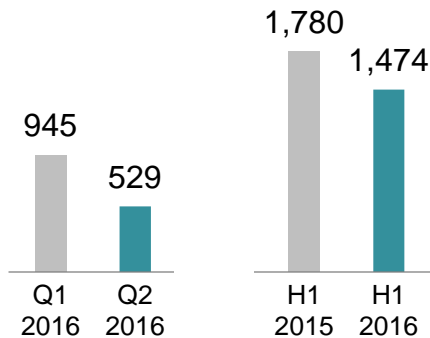
Shareholders' equity

€32.0bn (+0.7% vs. 31.3.)

Increase despite capital repatriation of €1.5bn in Q2 – ESR reduction mainly driven by declining interest rates

Technical result

€m



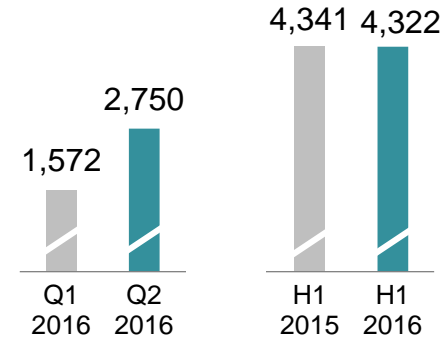
Reinsurance

Life: Technical result €103m (H1: €172m) – In line with expectations

P-C: Combined ratio 99.8% (H1: 94.3%) – Major-loss ratio of 12.3% (H1: 7.5%)

Investment result

€m



ERGO

L/H Germany: High investment result

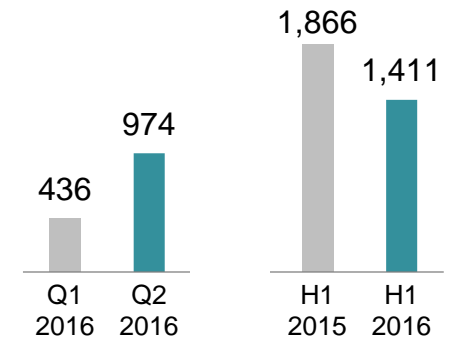
P-C: Combined ratio 93.3% (H1: 95.9%)

International: Combined ratio 103.6% (H1: 98.5%)

Q2 2016 (H1 2016)

Net result

€m



Munich Health

Reinsurance: Combined ratio 103.0% (H1: 102.1%)

Primary insurance: Combined ratio 94.6% (H1: 95.6%)

IFRS capital position

Equity

		€m		€m
Equity 31.12.2015	30,966		Change Q2	
Consolidated result	1,411			974
Changes				
Dividend	-1,329			-1,329
Unrealised gains/losses	2,011			616
Exchange rates	-388			272
Share buy-backs	-393			-158
Other	-267			-156
Equity 30.6.2016	32,012			218

Unrealised gains/losses

Fixed-interest securities

H1: +€2,269m Q2: +€796m

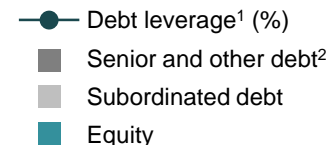
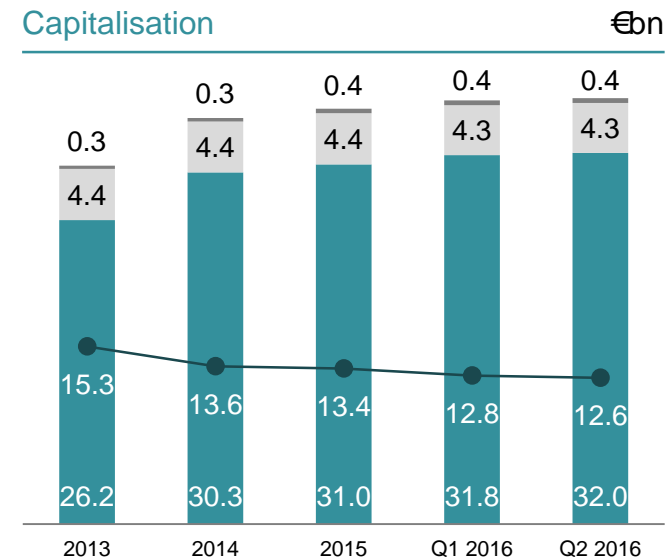
Non-fixed-interest securities

H1: -€253m Q2: -€180m

Exchange rates

FX effect mainly driven by US\$

Capitalisation



Investment portfolio

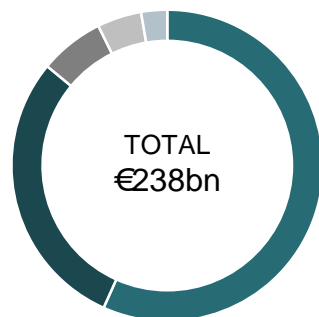
Investment portfolio¹

Land and buildings
2.7 (2.9)

Shares, equity funds and
participating interests²
4.6 (5.2)

Miscellaneous³
6.7 (7.5)

Loans
29.3 (28.7)



Fixed-interest securities
56.7 (55.7)

%

Portfolio management in Q2

- Government bonds: Shift from Germany, UK and Portugal to France, USA and Canada
- Covered bonds: Overall reduction, esp. in Germany and Ireland
- Decrease of inflation exposure
- Shift from ABS/MBS to cash
- Reduction of net equity exposure to 3.6%
- Further decline of interest rates leads to increase of duration and market values

Portfolio duration⁴

DV01^{1,4}

€m

	Assets		Liabilities		Assets		Liabilities		Net
Reinsurance	5.7 (5.4)			5.1 (4.8)	45 (41)			47 (44)	-2
ERGO	9.4 (8.4)			10.7 (9.1)	126 (111)			148 (126)	-22
Munich Re (Group)	8.0 (7.3)			8.4 (7.4)	171 (151)			195 (170)	-24

¹ Fair values as at 30.6.2016 (31.12.2015). ² Net of hedges: 3.6% (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 result

Investment result

€m

	Q1 2016	Return ¹	Q2 2016	Return ¹	H1 2016	Return ¹	H1 2015	Return ¹
Regular income	1,628	2.8%	1,823	3.1%	3,451	3.0%	3,863	3.2%
Write-ups/write-downs	-219	-0.4%	-22	-0.0%	-242	-0.2%	-239	-0.2%
Disposal gains/losses	218	0.4%	910	1.5%	1,128	1.0%	1,806	1.5%
Derivatives ²	74	0.1%	176	0.3%	251	0.2%	-841	-0.7%
Other income/expenses	-128	-0.2%	-137	-0.2%	-266	-0.2%	-250	-0.2%
Investment result	1,572	2.7%	2,750	4.7%	4,322	3.7%	4,341	3.6%
Total return		13.2%		8.9%		11.0%		-0.4%

3-month reinvestment yield		Q2 2016	Write-ups/ write-downs	Disposal gains/losses	Derivatives	H1 2016	Write-ups/ write-downs	Disposal gains/losses	Derivatives
Q2 2016	1.6%	Fixed income ³	47	894	177	Fixed income ³	-40	1,114	406
		Equities	-105	147	19	Equities	-255	144	-117
Q1 2016	1.9%	Commodities	26		40	Commodities	78		10
		Inflation			-52	Inflation			-32
Q4 2015	1.8%	Other	10	-131	-7	Other	-25	-130	-16

1 Annualised return on quarterly weighted investments (market values) in %. Impact from dividends on regular income 0.4%-pts in Q2 and 0.2%-pts in Q1.

2 Result from derivatives without regular income and other income/expenses. 3 Thereof interest-rate hedging ERGO: Q2 €179m/€19m (gross/net); H1 €446m/€53m (gross/net).

ERGO

3

ERGO Life and health Germany

H1 2016 vs. H1 2015

Gross premiums written

	€m
H1 2015	4,727
Foreign exchange	-1
Divestments/investments	0
Organic change	-205
H1 2016	4,520

- Life: -€190m
Decline of regular premiums due to ordinary attrition while single premiums suffered from lower product sales
- Health: -€14m
Positive development in supplementary insurance but overcompensated by discontinuation of a large contract; comprehensive cover flat

Net result

	€m
H1 2015	105
Technical result	-9
Non-technical result ¹	301
Other	-329
H1 2016	69
Q1 2016	14
Technical result	35
Non-technical result ¹	132
Other	-126
Q2 2016	55

- Technical result
 - Decrease in Health, partly compensated for by Life and Direct business
 - Q2 vs. Q1: Main improvement in Life, Health slightly positive
- Investment result (+€824m)
 - Significant increase of derivative result – Swaption impact +€574m/+€55m (gross/net)
 - Release of unrealised gains for ZZR
 - Lower regular income
- Other
 - Restructuring expenses in Q2 €215m/€41m (gross/net)
 - Negative one-off effect from accounting difference between IFRS and local GAAP regarding pension liabilities in Q1
 - Health: Extraordinary tax charges in Q1

ERGO Property-casualty Germany (1)

H1 2016 vs. H1 2015

Gross premiums written

	€m
H1 2015	1,831
Foreign exchange	0
Divestments/investments	0
Organic change	34
H1 2016	1,865

- Organic growth mainly driven by expansion of title insurance in the UK branch, motor and homeowners' insurance

Net result

	€m
H1 2015	186
Technical result	-11
Non-technical result ¹	-205
Other	-62
H1 2016	-92
Q1 2016	-25
Technical result	55
Non-technical result ¹	50
Other	-148
Q2 2016	-68

Technical result

Combined ratio slightly increased to 95.9%

- Expansion of title insurance caused higher expense ratio (+2.4%-pts.) as well as lower loss ratio (-2.2%-pts.)
- Large losses slightly higher compared to H1 2015 – Nat cat (several storms) in Q2 with comparably low impact

Investment result (-€192m)

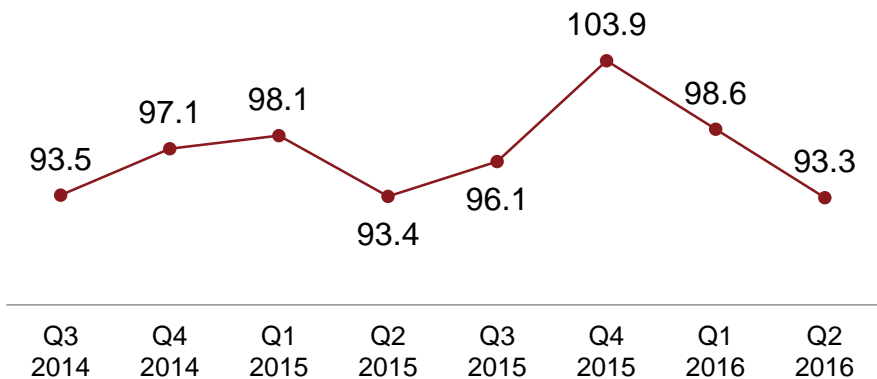
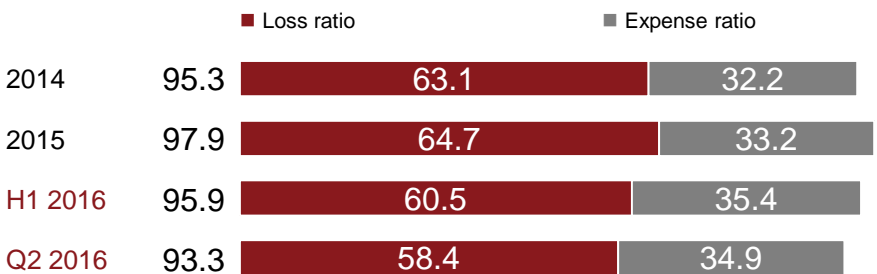
- High disposal gains in H1 2015 €164m vs. H1 2016 -€8m
- Higher equity impairments

Other

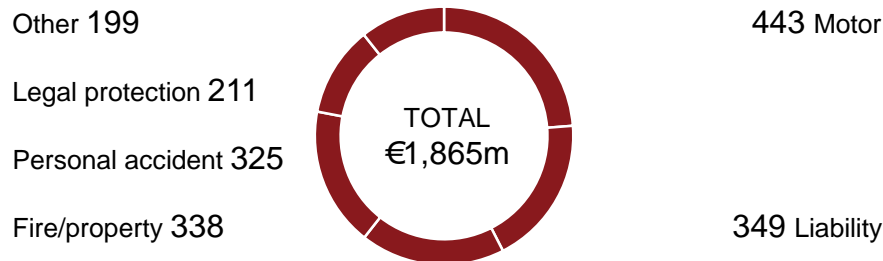
- Restructuring expenses in Q2 €170m/€116m (gross/net)
- Negative one-off effect from accounting difference between IFRS and local GAAP regarding pension liabilities in Q1

ERGO Property-casualty Germany (2)

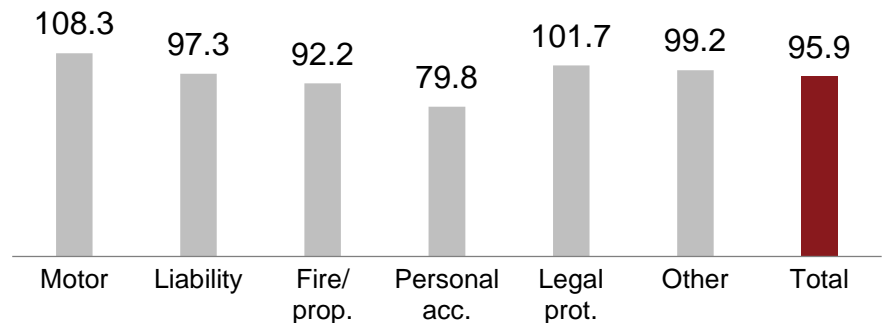
Combined ratio %



Gross premiums written €m



Combined ratio H1 2016 %



ERGO International

H1 2016 vs. H1 2015

Gross premiums written

	€m
H1 2015	1,961
Foreign exchange	-73
Divestments/investments	0
Organic change	12
H1 2016	1,901

Negative FX effects driven by PLN and TRY

Life: -€107m

- Poland: Lower sales of bancassurance products
- Belgium: Decrease mainly due to reclassification of premiums

P-C: +€47m

- Increase mainly driven by motor business in Poland and Baltic states

Net result

	€m
H1 2015	25
Technical result	-54
Non-technical result ¹	40
Other	-46
H1 2016	-35
Q1 2016	-14
Technical result	-61
Non-technical result ¹	42
Other	12
Q2 2016	-21

Technical result

Life: -€62m

Q1: Adverse impact of Austrian entities and additional expenses following the sale of ERGO Italia in 2015

P-C: +€7m

- Turkey: Better loss development and higher technical interest in motor TPL
- Poland: Reserve increase for MTPL in Q2
- Greece: Run-off result diminished in Q2

Investment result (+€53m)

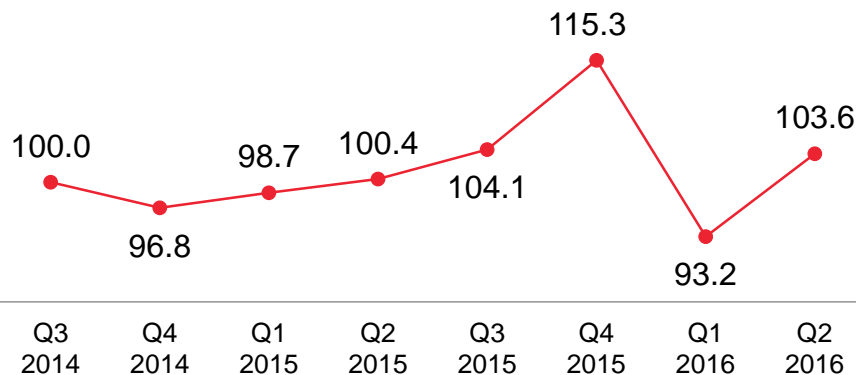
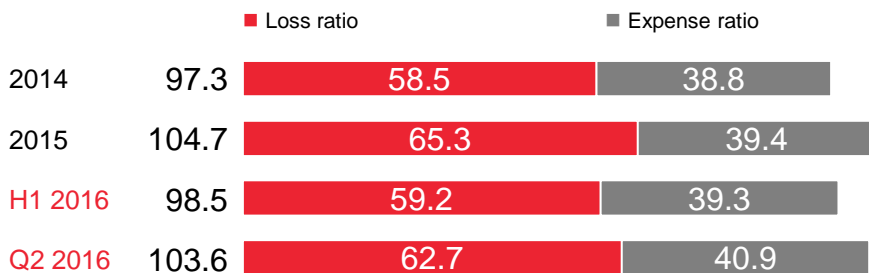
- Improved derivative result partly offset by disposal losses

Other

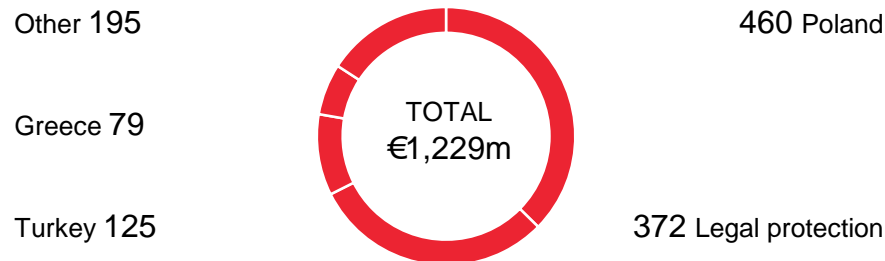
- Restructuring expenses in Q2 €10m/€7m (gross/net)
- Payments for an exclusivity agreement in Q1

ERGO International – Property-casualty

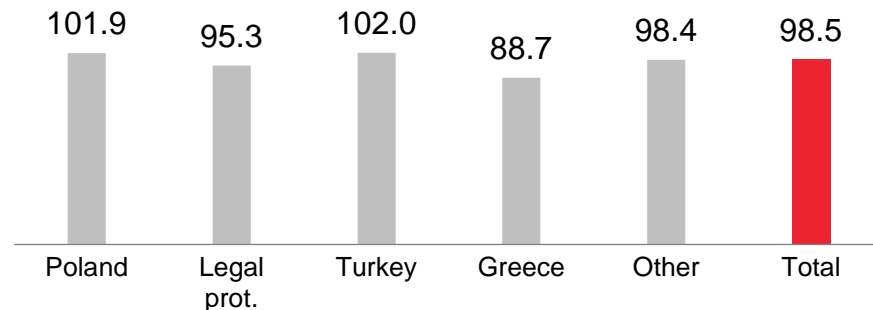
Combined ratio %



Gross premiums written – Property-casualty €m



Combined ratio H1 2016 %



Munich Health

4

Munich Health

H1 2016 vs. H1 2015

Gross premiums written

	€m
H1 2015	2,867
Foreign exchange	-94
Divestments/investments	0
Organic change	-315
H1 2016	2,459

- Negative FX effects mainly driven by Can\$
- Organic decrease mainly driven by reduced share and restructuring of one large treaty, ...
- ... partly offset by growth in Middle East and China

Net result

	€m
H1 2015	39
Technical result	-18
Non-technical result ¹	1
Other	10
H1 2016	32
Q1 2016	16
Technical result	-12
Non-technical result ¹	0
Other	12
Q2 2016	16

Technical result

Overall combined ratio increased to 100.8%

- Reinsurance: 102.1% (+1.4%)
Burden from US business
- Primary insurance: 95.6% (-1.6%)
Bottom-line increase driven by Spain

Investment result (-€9m)

- Stable regular income
- Lower disposal gains due to one-off effect in prior year

Other

- Tax income and positive FX effect

¹ Non-technical result including investment result, insurance-related investment result, other operating result and deduction of income from technical interest.

Reinsurance

5

Reinsurance Life

H1 2016 vs. H1 2015

Gross premiums written

	€m
H1 2015	5,116
Foreign exchange	-228
Divestments/investments	0
Organic change	-312
H1 2016	4,576

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

Net result

	€m
H1 2015	123
Technical result	39
Non-technical result ¹	-92
Other	164
H1 2016	234
Q1 2016	20
Technical result	33
Non-technical result ¹	191
Other	-30
Q2 2016	214

Technical result

- Q2 result of €103m in line with expectations (Q1 affected by two large single claims)
- On track to achieve annual target of ~€400m

Investment result (-€219m)

- Lower interest income from deposits retained on assumed reinsurance due to cancellation/modification of large capital-relief deals
- High contribution from disposal gains in Q2

Other

- FX result +€74m vs. -€75m, high contribution from GBP and USD in Q2
- Tax rate of 14.9% in H1 2016

Reinsurance Property-casualty

H1 2016 vs. H1 2015

Gross premiums written	€m
H1 2015	9,002
Foreign exchange	-231
Divestments/investments	0
Organic change	346
H1 2016	9,117

- Negative FX effects mainly driven by GBP
- Organic growth in motor, liability and fire

Net result	€m
H1 2015	1,387
Technical result	-253
Non-technical result ¹	-363
Other	433
H1 2016	1,203
Q1 2016	425
Technical result	-466
Non-technical result ¹	737
Other	82
Q2 2016	778

Technical result

- Major losses in Q2 slightly above expectation of 12.0%, while H1 ratio is clearly below – nat cat ratio benefits from run-off profits
- Higher basic losses in Q2 largely driven by various larger claims just below the outlier threshold and business mix effects

Investment result (–€475m)

- Lower regular income, seasonal dividend payments in Q2
- High investment return of 4.7% in Q2 supported by realised gains and improved derivative result

Other

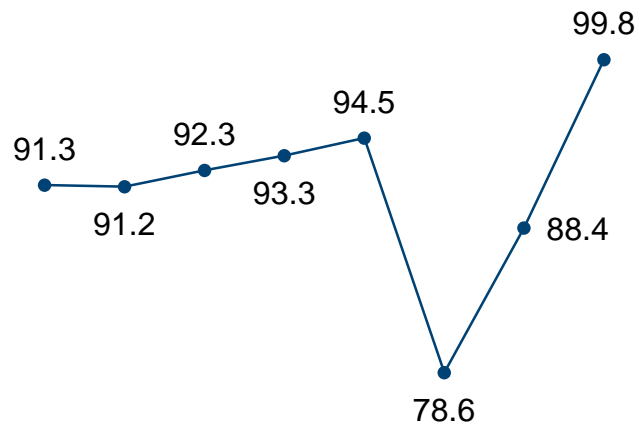
- FX result +€268m vs. –€198m, high contribution from GBP and USD in Q2
- Tax rate: 20.1% in H1 2016

¹ Non-technical result including investment result, insurance-related investment result, other operating result and deduction of income from technical interest.

Combined ratio

Combined ratio

%



Q3 2014 Q4 2014 Q1 2015 Q2 2015 Q3 2015 Q4 2015 Q1 2016 Q2 2016

		Basic losses	Major losses	Expense ratio
2014	92.7	53.0	7.2	32.5
2015	89.7	50.8	6.2	32.6
H1 2016	94.3	55.1	7.5	31.6
Q2 2016	99.8	56.2	12.3	31.3

	Major losses	Nat cat	Man-made	Reserve releases ¹	Normalised combined ratio ²
H1 2016	7.5	3.8	3.7	5.6	100.3
Q2 2016	12.3	7.6	4.7	5.1	100.6
Ø Annual expectation	~12.0	~8.0	~4.0		

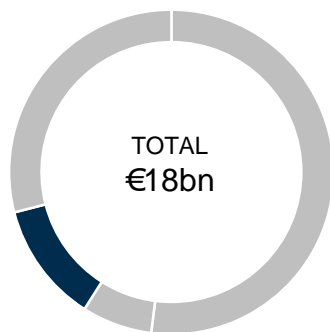
¹ Basic losses; in Q2 mainly fire, engineering, marine and motor, contrary reserve increase in credit; no corresponding sliding-scale effects.

² Based on 4%-pts. reserve releases.

July renewals – Regional focus on Australia, North and Latin America

Total property-casualty book¹ %

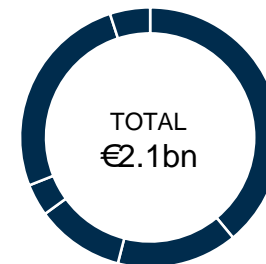
Remaining business 29	Business up for January renewal 52
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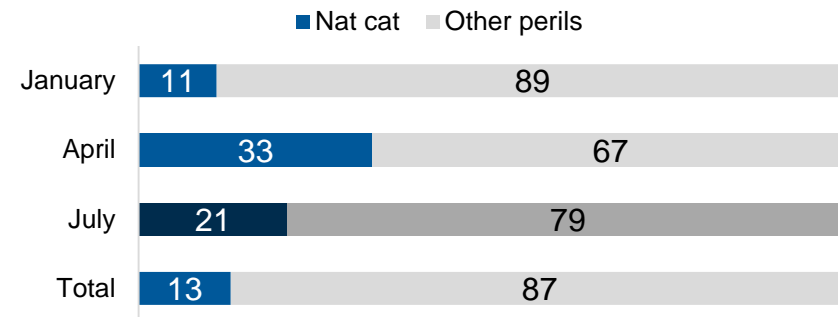
Business up for July renewal 12	Business up for April renewal 7
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Regional allocation of July renewal %

Rest ² 5	North America 39
Worldwide 26	Australia 15
Europe 4	Latin America 11



Nat cat shares of renewable portfolio³ %

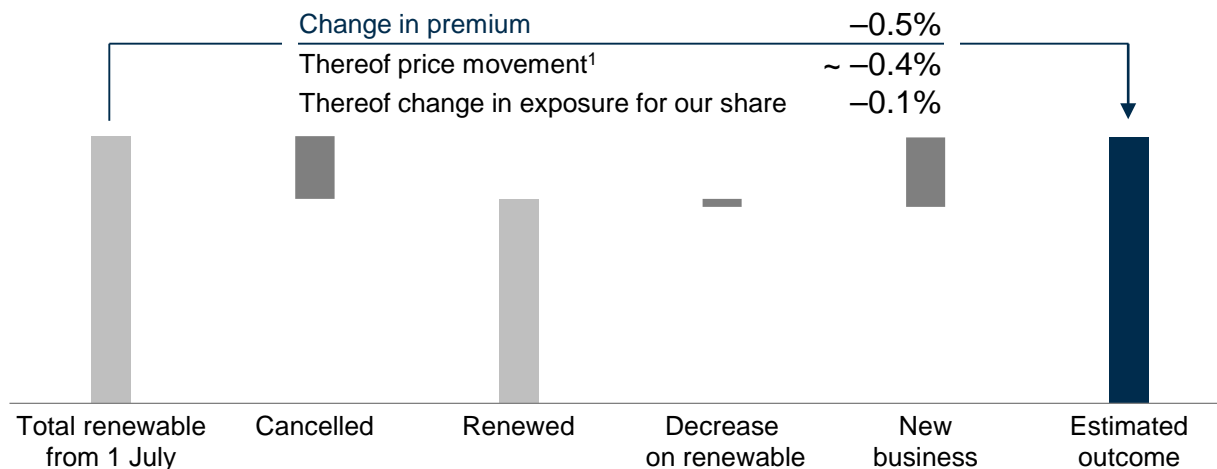


¹ Gross premiums written. Economic view – not fully comparable with IFRS figures. ² Asia, Pacific and Africa. ³ Total refers to total p-c book, incl. remaining business.

July renewals – Further slowdown of price softening

July renewals 2016

%	100	-23.5	76.5	-3.0	26.0	99.5
€m	2,103	-494	1,609	-62	546	2,093



- While current market trends continue, the price reduction is slowing further
- Top line remains stable with a clear shift from property to casualty business
- Price change of -0.4% is less pronounced compared with previous renewals, with continued pressure on XL business, but resilient proportional business

Overall portfolio profitability could be maintained and remains clearly 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).

Outlook

6

Munich Re (Group)

Net result

€2.3bn

Return on investment

~3%

Solid return given ongoing
low-interest-rate environment

Gross premiums written

€47–49bn

Focus on bottom-line growth prevails

Combined ratio

~95%

Reinsurance

~99%

Munich Health

~98% (prev. 95%)

ERGO Germany

~99%

ERGO International

Backup

7

Premium development

Gross premiums written

€m

H1 2015  25,505

Foreign exchange  -627

Divestments/
investments 0

Organic change  -440

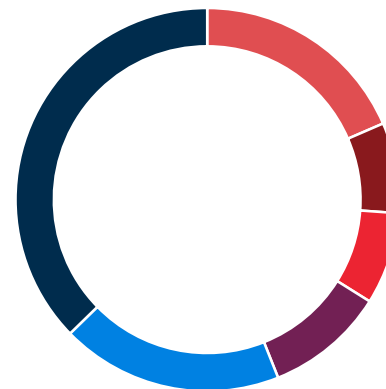
H1 2016  24,438

Segmental breakdown

€m

Reinsurance
Property-casualty
9,117 (37%) (▲ 1.3%)

ERGO
Life and health Germany
4,520 (18%) (▲ -4.4%)



ERGO
Property-casualty Germany
1,865 (8%) (▲ 1.9%)

ERGO
International
1,901 (8%) (▲ -3.1%)

Reinsurance
Life
4,576 (19%) (▲ -10.6%)

Munich Health
2,459 (10%) (▲ -14.3%)

Reconciliation of operating result with net result

Reconciliation of operating result with net result

	H1 2016	Q2 2016
Operating result	2,188	1,463
Other non-operating result	-201	-120
Goodwill impairments	-9	-9
Net finance costs	-108	-58
Taxes	-459	-302
Net result	1,411	974

Other non-operating result

	€m	
	H1 2016	Q2 2016
Foreign exchange	320	340
Restructuring expenses	-400	-397
Other	-120	-63

Tax rates

	%	
	H1 2016	Q2 2016
Group	24.5	23.7
Reinsurance	19.3	24.5
ERGO	199.7	31.6
Munich Health	-8.4	-37.6

Actual vs. analysts' consensus

Operating result – Actual vs. analysts' consensus¹

	Q2 2016	Consensus	€m	Delta
Reinsurance P-C	788	530		258
Reinsurance Life	222	152		70
ERGO L/H Germany	346	78		268
ERGO P-C Germany	72	44		28
ERGO International	28	44		-16
Munich Health	8	29		-21
Operating result	1,463	868		595
FX	340			
Other	-527			
Taxes	-302			
Net result	974	475		499

Major developments in Q2 2016

Reinsurance Property-casualty

Combined ratio: 99.8% (consensus: 99.6%), major loss ratio: 12.3%, reserve releases ~5.1%, higher investment result (RoI: 4.7%)

Reinsurance Life

Technical result of €103m in line with expectations, higher investment result (RoI: 4.1%)

ERGO Life/Health Germany

Higher investment result (RoI: 5.0%) supported by interest-rate hedge +€176m/+€17m (gross/net) and disposal gains (financing of ZZR)

ERGO Property-casualty Germany

Combined ratio: 93.3% (consensus: 99.5%)

ERGO International

Combined ratio: 103.6% (consensus: 98.0%)

Other

ERGO restructuring expenses €395m/€164m (gross/net)

New business (statutory premiums)

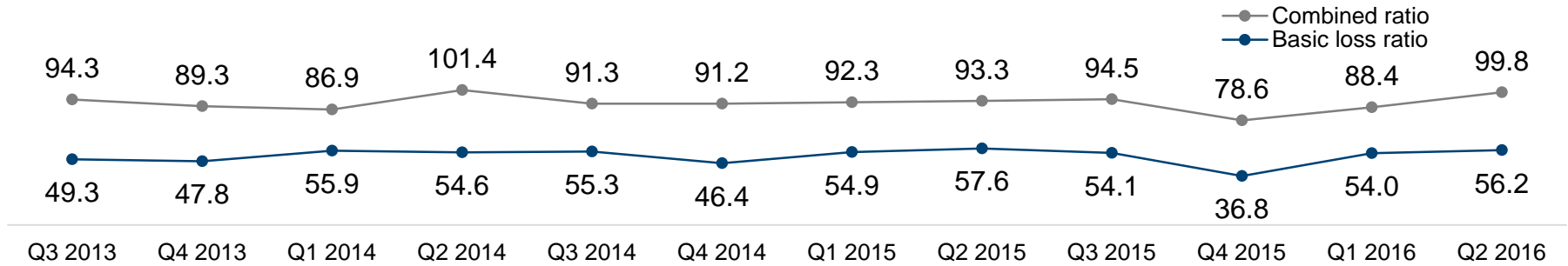
Germany (including direct business)	H1 2016	H1 2015	▲ abs.	▲ %
New business	408	515	-107	-20.7
Regular premiums	104	108	-5	-4.4
Single premiums	305	407	-102	-25.1
Annual premium equivalent (APE) ¹	134	149	-15	-10.1
International				
New business	365	494	-128	-26.0
Regular premiums	69	65	5	7.1
Single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

1 Regular premiums +10% single premiums.

Development of combined ratio

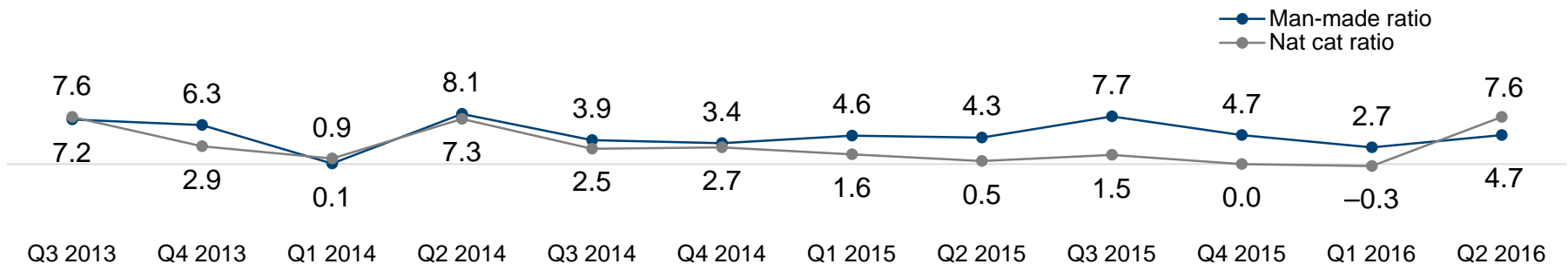
Combined ratio vs. basic losses

%



Nat cat vs. man-made

%

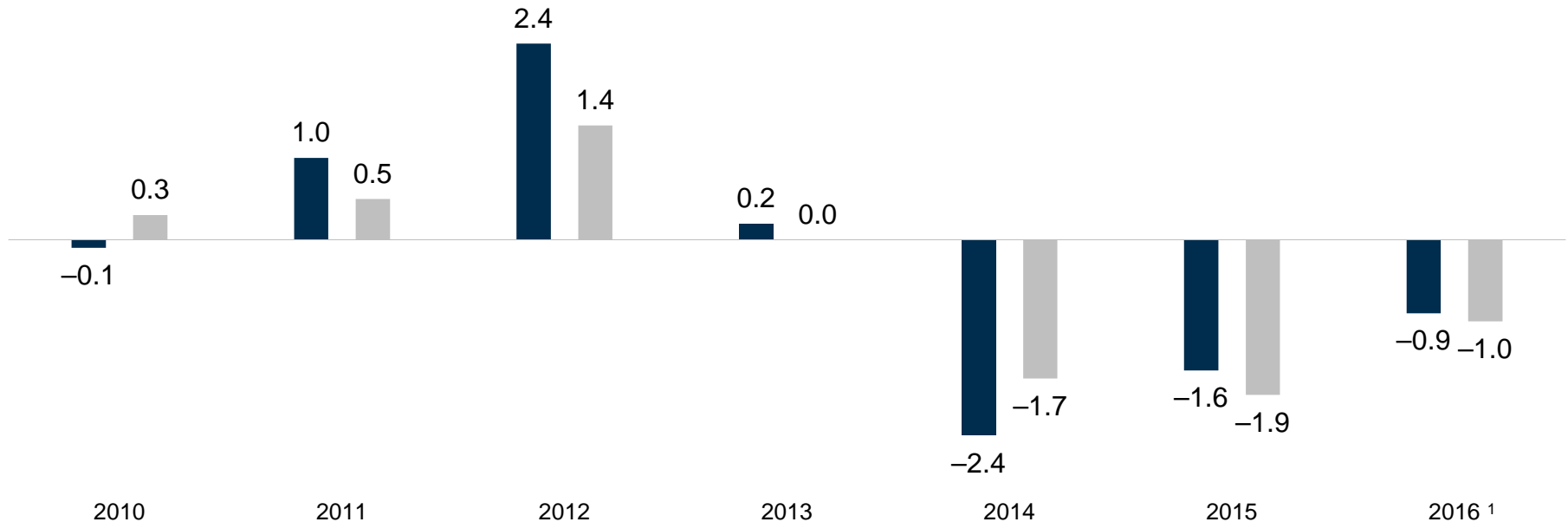


Renewal results

Year-to-date price change 2010–2016

%

■ Nominal ■ Adjusted for interest-rate changes

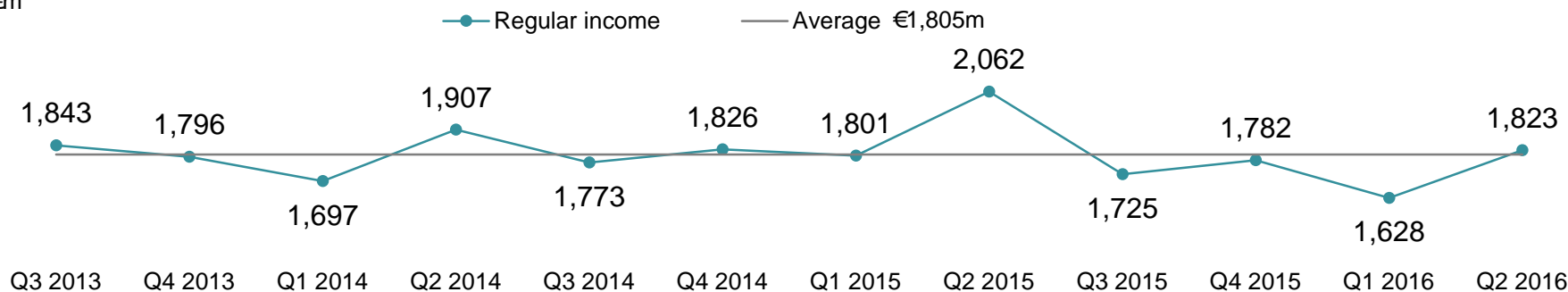


Breakdown of regular income

Investment result – Regular income (€m)

	Q2 2016	H1 2016	H1 2015	Change
Afs fixed-interest	834	1,662	1,805	-142
Afs non-fixed-interest	254	362	412	-51
Derivatives	30	62	71	-10
Loans	505	1,016	1,051	-35
Real estate	103	202	177	24
Deposits retained on assumed reinsurance and other investments	97	148	347	-199
Total	1,823	3,451	3,863	-412

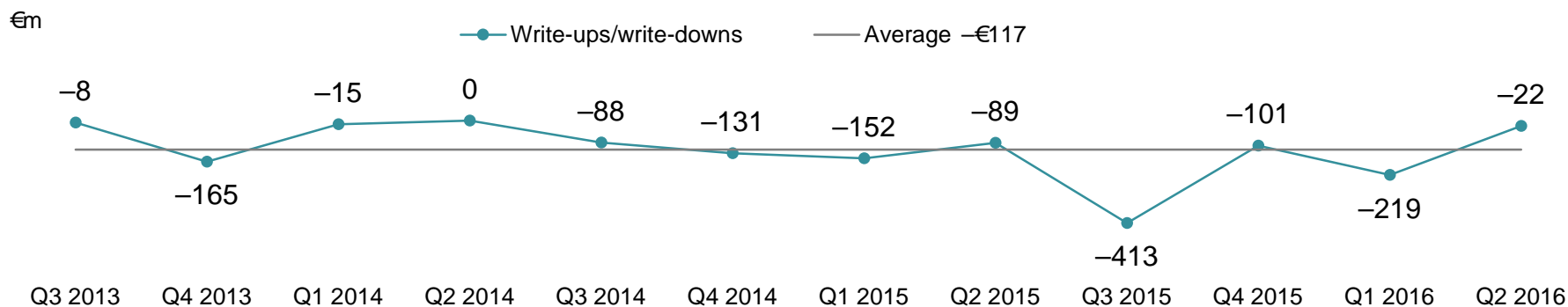
€m



Breakdown of write-ups/write-downs

Investment result – Write-ups/write-downs (€m)

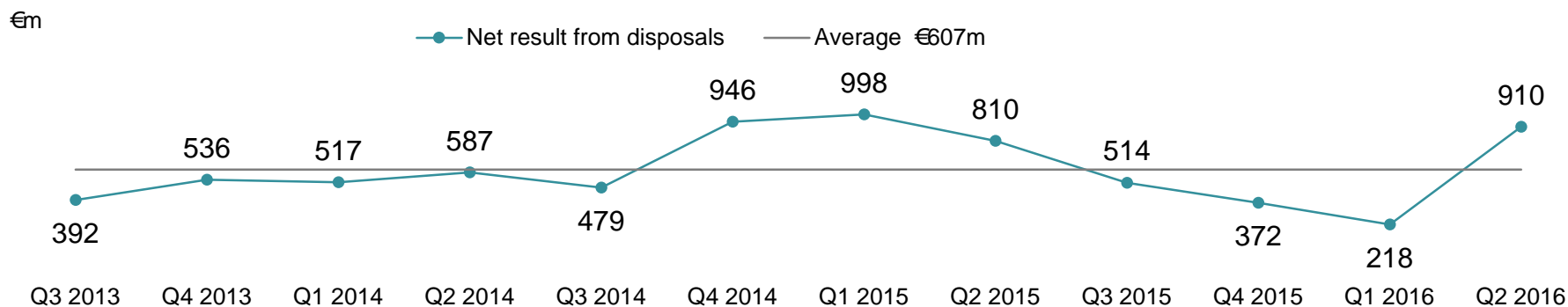
	Q2 2016	H1 2016	H1 2015	Change
Afs fixed-interest	35	-12	-30	17
Afs non-fixed-interest	-105	-255	-75	-180
Loans	12	-28	-65	37
Real estate	-14	-35	-37	2
Deposits retained on assumed reinsurance and other investments	49	88	-32	120
Total	-22	-242	-239	-3



Breakdown of net result from disposals

Investment result – Net result from disposal of investments (€m)

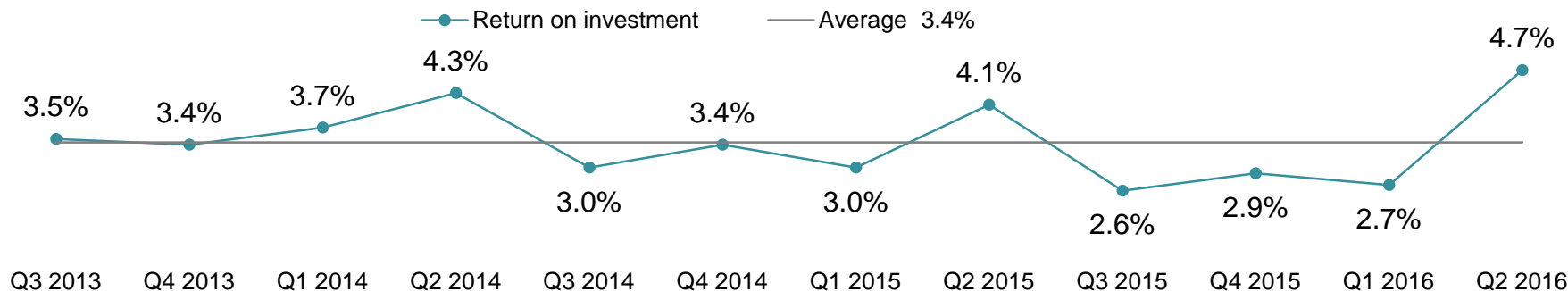
	Q2 2016	H1 2016	H1 2015	Change
Afs fixed-interest	585	633	957	-323
Afs non-fixed-interest	147	144	769	-625
Loans	308	480	70	411
Real estate	2	11	5	6
Deposits retained on assumed reinsurance and other investments	-132	-141	5	-146
Total	910	1,128	1,806	-678



Return on investment by asset class and segment

H1 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	1.0	0.0	0.0	3.5	130,439
Afs non-fixed-income	5.3	-3.7	2.1	0.0	0.0	3.7	13,649
Derivatives	4.5	0.0	0.0	18.3	-0.2	22.7	2,733
Loans	3.0	-0.1	1.4	0.0	0.0	4.3	68,053
Real estate	6.2	-1.1	0.3	0.0	0.0	5.5	6,540
Other ²	2.4	1.4	-2.3	0.0	-4.3	-2.8	12,249
Total	3.0	-0.2	1.0	0.2	-0.2	3.7	233,663
Reinsurance	2.7	-0.1	1.0	-0.7	-0.3	2.6	88,164
ERGO	3.1	-0.3	1.0	0.8	-0.2	4.4	141,146
Munich Health	2.0	0.0	0.8	-0.1	-0.1	2.7	4,353



Investment result by segment

Investment result – Reinsurance Life

	Q2 2016	Return ¹	H1 2016	Return ¹	H1 2015	Return ¹
Regular income	176	3.0%	339	2.8%	453	3.4%
Write-ups/write-downs	3	0.1%	-11	-0.1%	-15	-0.1%
Disposal gains/losses	89	1.5%	60	0.5%	190	1.4%
Derivatives ²	-16	-0.3%	-59	-0.5%	-79	-0.6%
Other income/expenses	-12	-0.2%	-24	-0.2%	-25	-0.2%
Investment result	240	4.1%	305	2.5%	524	4.0%
Average market value		23,328		24,042		26,293

Investment result – Reinsurance Property-casualty

	Q2 2016	Return ¹	H1 2016	Return ¹	H1 2015	Return ¹
Regular income	483	3.0%	870	2.7%	991	3.0%
Write-ups/write-downs	55	0.3%	-12	-0.0%	-66	-0.2%
Disposal gains/losses	336	2.1%	365	1.1%	834	2.5%
Derivatives ²	-69	-0.4%	-271	-0.8%	-339	-1.0%
Other income/expenses	-50	-0.3%	-98	-0.3%	-91	-0.3%
Investment result	754	4.7%	855	2.7%	1,330	4.0%
Average market value		64,006		64,122		65,751

Investment result by segment

Investment result – ERGO Life/Health Germany

	Q2 2016	Return ¹	H1 2016	Return ¹	H1 2015	Return ¹
Regular income	975	3.2%	1,865	3.1%	2,017	3.4%
Write-ups/write-downs	-51	-0.2%	-147	-0.2%	-79	-0.1%
Disposal gains/losses	431	1.4%	658	1.1%	498	0.8%
Derivatives ^{2,3}	245	0.8%	547	0.9%	-347	-0.6%
Other income/expenses	-62	-0.2%	-119	-0.2%	-109	-0.2%
Investment result	1,538	5.0%	2,803	4.6%	1,979	3.3%
Average market value		123,216		121,063		119,426

Investment result – ERGO Property-casualty Germany

	Q2 2016	Return ¹	H1 2016	Return ¹	H1 2015	Return ¹
Regular income	48	2.9%	88	2.6%	104	2.8%
Write-ups/write-downs	-26	-1.6%	-50	-1.5%	-34	-0.9%
Disposal gains/losses	6	0.4%	-8	-0.2%	164	4.4%
Derivatives ²	-1	-0.0%	-13	-0.4%	-25	-0.7%
Other income/expenses	-4	-0.3%	-8	-0.2%	-8	-0.2%
Investment result	23	1.4%	8	0.2%	200	5.4%
Average market value		6,602		6,776		7,407

1 Return on quarterly weighted investments (market values) in % p.a. 2 Result from derivatives without regular income and other income/expenses.
3 Thereof ERGO interest-rate hedging (gross/net) H1 2016 €428m/€41m; Q2 2016: €176m/€17m.

Investment result by segment

Investment result – ERGO International

	Q2 2016	Return ¹	H1 2016	Return ¹	H1 2015	Return ¹
Regular income	122	3.6%	244	3.7%	257	2.8%
Write-ups/write-downs	-3	-0.1%	-21	-0.3%	-43	-0.5%
Disposal gains/losses	37	1.1%	35	0.5%	93	1.0%
Derivatives ²	17	0.5%	48	0.7%	-52	-0.6%
Other income/expenses	-7	-0.2%	-13	-0.2%	-15	-0.2%
Investment result	166	4.9%	293	4.4%	240	2.6%
Average market value		13,598		13,307		18,194

Investment result – Munich Health

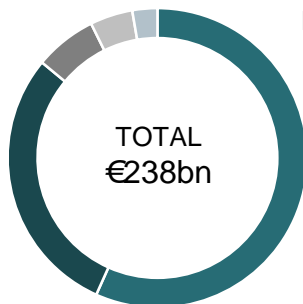
	Q2 2016	Return ¹	H1 2016	Return ¹	H1 2015	Return ¹
Regular income	20	1.8%	44	2.0%	42	2.1%
Write-ups/write-downs	0	0.0%	-1	-0.0%	-1	-0.0%
Disposal gains/losses	11	1.0%	18	0.8%	28	1.4%
Derivatives ²	0	-0.0%	-1	-0.1%	0	-0.0%
Other income/expenses	-1	-0.1%	-3	-0.1%	-2	-0.1%
Investment result	29	2.6%	58	2.7%	67	3.3%
Average market value		4,481		4,353		4,047

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)

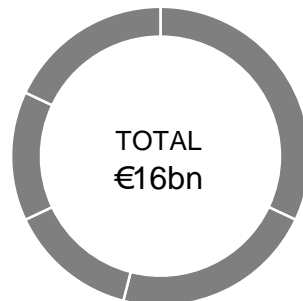
Miscellaneous

Other
18 (16)

Derivatives
14 (9)

Investment funds
14 (11)

Bank deposits
22 (22)



Deposits on
reinsurance
32 (42)

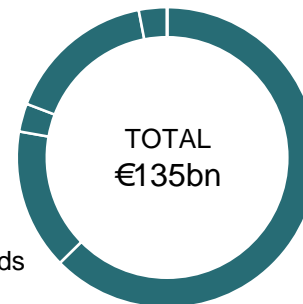
Fixed-interest securities¹

Structured products
3 (4)

Corporates
16 (16)

Banks
3 (3)

Pfandbriefe/covered bonds
15 (15)



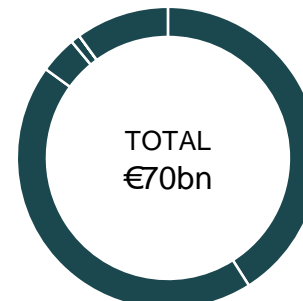
Governments/
semi-government
62 (62)

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

Fixed-income portfolio

Loans to policyholders/
mortgage loans

3 (3)

Structured products

2 (2)

Bank bonds

3 (3)

Cash/other

5 (4)

Corporate bonds

10 (10)

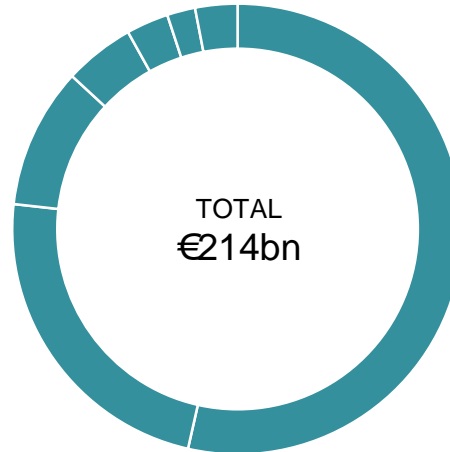
Pfandbriefe/covered bonds

23 (24)

%

Governments/
semi-government

53 (52)



Fixed-income portfolio

Total

Rating structure

<BB and NR

6 (6)

BB

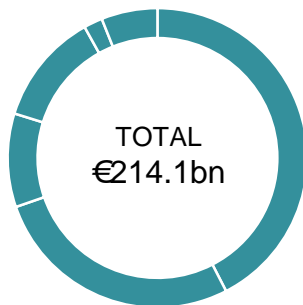
2 (2)

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

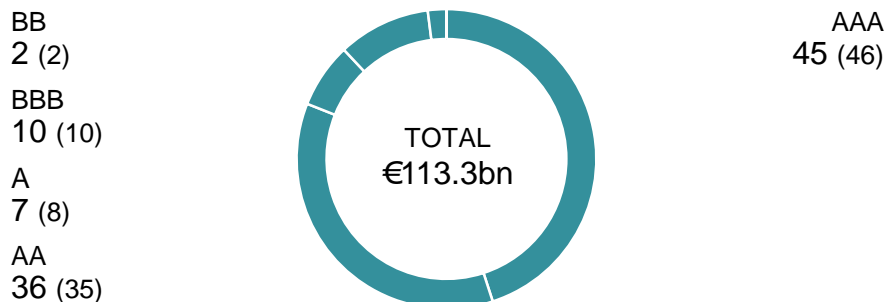
%

	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

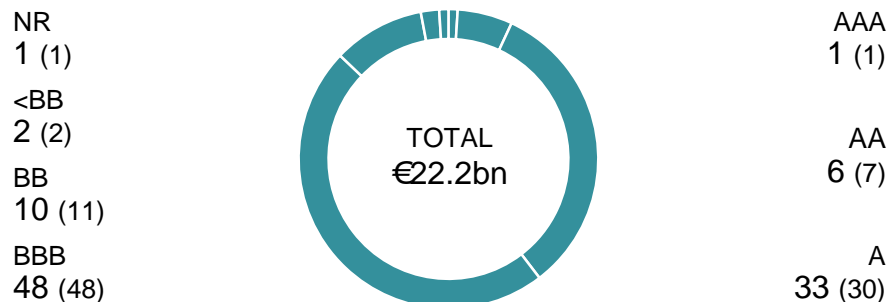
	%		%	
	Without Participation	With participation	30.6.2016	31.12.2015
Germany	3.1	24.1	27.3	27.4
US	17.0	1.1	18.1	18.9
Supranationals	1.3	6.1	7.5	6.6
Canada	5.4	0.2	5.7	5.2
France	1.6	2.2	3.8	3.5
Belgium	1.2	2.7	3.8	3.1
UK	3.7	0.0	3.7	4.9
Italy	1.5	1.9	3.4	3.1
Spain	1.2	1.9	3.1	3.5
Australia	2.7	0.0	2.7	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



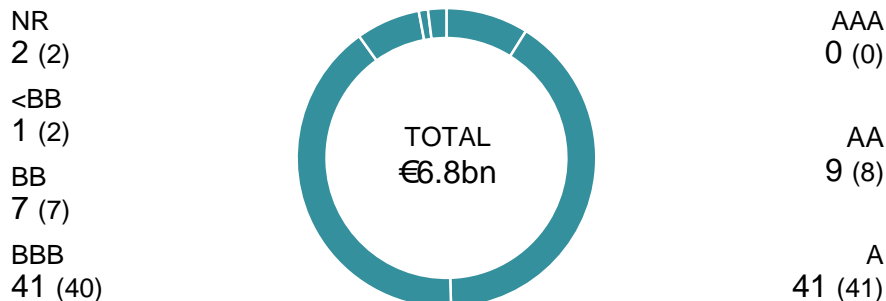
Regional breakdown

	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



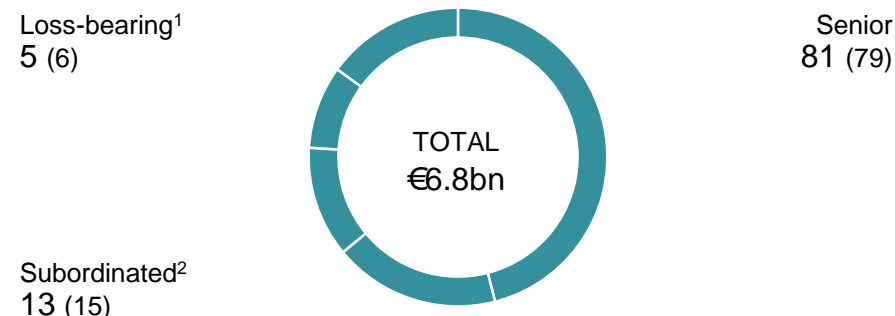
Maturity structure



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





Fixed-income portfolio

Structured products

Structured products portfolio (at market values): Breakdown by rating and region

%

		Rating					Region		Total Market-to-par		
		AAA	AA	A	BBB	<BBB	NR	USA + RoW			Europe
ABS	Consumer-related ABS ¹	296	313	26	6	0	60	279	421	701	101%
	Corporate-related ABS ²	4	143	157	127	1	0	0	434	434	100%
	Subprime HEL	0	0	1	0	0	0	1	0	1	87%
CDO/ CLN	Subprime-related	0	0	0	0	0	0	0	0	0	0%
	Non-subprime-related	480	743	84	6	0	5	191	1,126	1,317	100%
MBS	Agency	1,136	60	0	0	0	0	1,196	0	1,196	107%
	Non-agency prime	182	207	39	4	0	0	14	418	432	100%
	Non-agency other (not subprime)	94	80	21	0	16	0	0	211	211	97%
	Commercial MBS	307	42	83	22	7	0	273	189	462	102%
Total 30.6.2016		2,500	1,587	412	165	25	65	1,954	2,799	4,753	102%
In %		53%	33%	9%	3%	1%	1%	41%	59%	100%	
Total 31.12.2015		2,668	1,450	430	116	12	51	2,099	2,628	4,727	100%

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)	+9.4	+4.6	–8.6	–16.3
Change in on-balance-sheet reserves, net (€bn) ¹	+2.0	+1.0	–1.9	–3.6
Change in off-balance-sheet reserves, net (€bn) ¹	+0.4	+0.2	–0.4	–0.7
P&L impact (€bn) ¹	+0.0	+0.0	–0.0	–0.0

Sensitivity to spreads² (change in basis points)

		+50	+100
Change in gross market value (€bn)		–6.2	–11.8
Change in on-balance-sheet reserves, net (€bn) ¹		–1.2	–2.2
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 (2,865 as at 30.6.2016)	2,006	2,579	3,152	3,725
Change in gross market value (€bn)	–3.7	–1.2	+1.2	+3.8
Change in on-balance-sheet reserves, net (€bn) ¹	–0.7	–0.2	+0.7	+2.0
Change in off-balance-sheet reserves, net (€bn) ¹	–0.8	–0.3	+0.3	+0.8
P&L impact (€bn) ¹	–1.4	–0.5	+0.0	+0.2

¹ Rough calculation with limited reliability assuming unchanged portfolio as at 30.6.2016. 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.

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

€m	31.12.2013	31.12.2014	31.12.2015	31.3.2016	30.6.2016
Market value of investments	210,431	235,849	230,529	232,941	237,519
Total reserves	15,192	31,470	25,969	32,025	34,530
On-balance-sheet reserves					
Fixed-interest securities	4,661	11,967	7,886	11,494	13,685
Non-fixed-interest securities	1,975	2,270	2,446	2,239	1,966
Other on-balance-sheet reserves ¹	292	311	201	179	164
Subtotal	6,928	14,548	10,533	13,911	15,816
Off-balance-sheet reserves					
Real estate ²	1,763	2,006	2,273	2,184	2,176
Loans and investments (held to maturity)	6,071	14,400	12,610	15,350	15,926
Associates	430	516	553	579	613
Subtotal	8,264	16,922	15,436	18,114	18,714
Reserve ratio	7.2%	13.3%	11.3%	13.7%	14.5%

On-balance-sheet reserves

On-balance-sheet reserves

€m

	30.6.2016	Change Q2
Investments afs	15,651	1,919
Valuation at equity	67	-7
Unconsolidated affiliated enterprises	74	-1
Cash flow hedging	23	-6
Total on-balance-sheet reserves (gross)	15,816	1,905
Provision for deferred premium refunds	-7,110	-807
Deferred tax	-2,305	-279
Minority interests	-16	1
Consolidation and currency effects	-217	-216
Shareholders' stake	6,167	604

Off-balance-sheet reserves

Off-balance-sheet reserves

€m

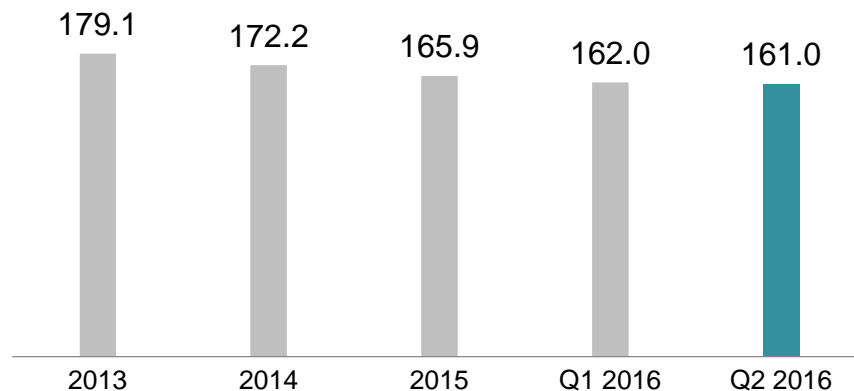
	30.6.2016	Change Q2
Real estate ¹	2,176	-9
Loans	15,926	575
Associates	613	34
Total off-balance-sheet reserves (gross)	18,714	600
Provision for deferred premium refunds	-13,971	-463
Deferred tax	-1,443	-37
Minority interests	-1	0
Shareholders' stake	3,299	100

¹ Excluding reserves for owner-occupied property.

Development of shares in circulation

Shares (millions)	31.12. 2015	Acquisition of own shares in H1 2016	Retirement of own shares in H1 2016	30.6. 2016
Shares in circulation	162.8	-2.3	-	160.5
Own shares held	4.1	2.3	-5.8	0.6
Total	166.8	-	-5.8	161.1

Weighted average number of shares in circulation (millions)



Financial calendar

2016

9 November Quarterly statement as at 30 September 2016¹

2017

7 February Preliminary key figures 2016 and renewals

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 2017¹

9 August Half-year financial report as at 30 June 2017

9 November Quarterly statement as at 30 September 2017¹

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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