Quarterly statement as at 30 September 2016

9 November 2016

Jörg Schneider
Agenda

1. Munich Re (Group)  
2. ERGO  
3. Munich Health  
4. Reinsurance  
5. Outlook
Business highlights Q3 2016

ERGO Strategy Programme well on track – Reconciliation of interests’ agreement for German sales force reached in August

New big-data-based platform M.I.N.D. improves clients’ risk management in Mexico

Developing innovative propositions with digital insurance start-ups and digital verticals, e.g. Slice, Trov

ERGO completes acquisition of ATE and becomes largest property-casualty insurer in Greece

July renewals with signs of price stabilisation – Munich Re almost entirely offsets decreases by writing attractive new business

Excellent position in the Dow Jones Sustainability Indices – for the 15th consecutive year

Global No. 13 on Fortune’s Change the World Top 50 List

Munich Health study¹ shows private health insurance in China will surge fivefold to RMB 1.1 trillion by 2020

Developing a new Pandemic product which provides insurance solutions for companies that could suffer financial loss as a result of epidemics
After pleasing Q3 result, annual profit to significantly exceed €2.3bn guidance

Munich Re (Group)

Net result

€684m (9M: €2,095m)
Good underwriting performance across most segments – investment result in line with expectations

Return on investment

2.7% (9M: 3.4%)
Resilient return given low interest rates – increased value of equity portfolio but write-downs of hedges

Shareholders’ equity

€32.4bn (+1.1% vs. 30.6.)
Further increase of valuation reserves – Solvency II ratio stable at ~250%

Technical result €m

<table>
<thead>
<tr>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td>Reinsurance</td>
<td>529</td>
<td>816</td>
<td>2,602</td>
<td>2,290</td>
</tr>
<tr>
<td>ERGO</td>
<td>2,750</td>
<td>1,619</td>
<td>5,872</td>
<td>5,942</td>
</tr>
<tr>
<td>Munich Health</td>
<td>974</td>
<td>684</td>
<td>2,391</td>
<td>2,095</td>
</tr>
</tbody>
</table>

Investment result €m

<table>
<thead>
<tr>
<th></th>
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<td>2,095</td>
</tr>
</tbody>
</table>

Reinsurance

Life: Technical result €146m (9M: €318m) – Well on track to achieve annual target of €400m
P-C: Combined ratio 92.5% (9M: 93.7%) – Major-loss ratio 6.6% (9M: 7.2%)

ERGO

L/H Germany: Result impacted by low interest rates
P-C: Combined ratio 96.1% (9M: 96.0%)
International: Combined ratio 98.6% (9M: 98.5%)

Munich Health

Reinsurance: Combined ratio 98.7% (9M: 100.9%)
Primary insurance: Combined ratio 86.8% (9M: 92.6%)

1 Annualised.
# IFRS capital position

## Equity

<table>
<thead>
<tr>
<th>Description</th>
<th>€m</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equity 31.12.2015</td>
<td>30,966</td>
</tr>
<tr>
<td>Consolidated result</td>
<td>2,095</td>
</tr>
<tr>
<td>Change Q3</td>
<td>684</td>
</tr>
<tr>
<td>Changes</td>
<td></td>
</tr>
<tr>
<td>Dividend</td>
<td>-1,329</td>
</tr>
<tr>
<td>Unrealised gains/losses</td>
<td>2,315</td>
</tr>
<tr>
<td>Exchange rates</td>
<td>-565</td>
</tr>
<tr>
<td>Share buy-backs</td>
<td>-711</td>
</tr>
<tr>
<td>Other</td>
<td>-416</td>
</tr>
<tr>
<td>Equity 30.9.2016</td>
<td>32,355</td>
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</tbody>
</table>

## Capitalisation

<table>
<thead>
<tr>
<th>Year</th>
<th>€bn</th>
</tr>
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<tbody>
<tr>
<td>2014</td>
<td>13.6</td>
</tr>
<tr>
<td>2015</td>
<td>13.4</td>
</tr>
<tr>
<td>Q1 2016</td>
<td>12.8</td>
</tr>
<tr>
<td>Q2 2016</td>
<td>12.6</td>
</tr>
<tr>
<td>Q3 2016</td>
<td>12.4</td>
</tr>
</tbody>
</table>

## 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$

## Notes

1. Strategic debt (senior, subordinated and other debt) divided by total capital (strategic debt + equity).
2. Other debt includes Munich Re bank borrowings and other strategic debt.
Investment portfolio

<table>
<thead>
<tr>
<th>Investment portfolio</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Land and buildings</td>
<td>2.7 (2.9)</td>
</tr>
<tr>
<td>Shares, equity funds and participating interests</td>
<td>5.5 (5.2)</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>6.5 (7.5)</td>
</tr>
<tr>
<td>Fixed-interest securities</td>
<td>56.2 (55.7)</td>
</tr>
</tbody>
</table>

TOTAL €242bn

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

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.
## Investment result

### Investment result

<table>
<thead>
<tr>
<th></th>
<th>Q2 2016</th>
<th>Return¹</th>
<th>Q3 2016</th>
<th>Return¹</th>
<th>9M 2016</th>
<th>Return¹</th>
<th>9M 2015</th>
<th>Return¹</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regular income</td>
<td>1,823</td>
<td>3.1%</td>
<td>1,550</td>
<td>2.6%</td>
<td>5,001</td>
<td>2.8%</td>
<td>5,588</td>
<td>3.1%</td>
</tr>
<tr>
<td>Write-ups/write-downs</td>
<td>-22</td>
<td>-0.0%</td>
<td>-43</td>
<td>-0.1%</td>
<td>-284</td>
<td>-0.2%</td>
<td>-653</td>
<td>-0.4%</td>
</tr>
<tr>
<td>Disposal gains/losses</td>
<td>910</td>
<td>1.5%</td>
<td>696</td>
<td>1.2%</td>
<td>1,823</td>
<td>1.0%</td>
<td>2,321</td>
<td>1.3%</td>
</tr>
<tr>
<td>Derivatives²</td>
<td>176</td>
<td>0.3%</td>
<td>-446</td>
<td>-0.7%</td>
<td>-196</td>
<td>-0.1%</td>
<td>-999</td>
<td>-0.6%</td>
</tr>
<tr>
<td>Other income/expenses</td>
<td>-137</td>
<td>-0.2%</td>
<td>-137</td>
<td>-0.2%</td>
<td>-402</td>
<td>-0.2%</td>
<td>-385</td>
<td>-0.2%</td>
</tr>
<tr>
<td>Investment result</td>
<td>2,750</td>
<td>4.7%</td>
<td>1,619</td>
<td>2.7%</td>
<td>5,942</td>
<td>3.4%</td>
<td>5,872</td>
<td>3.3%</td>
</tr>
<tr>
<td>Total return</td>
<td></td>
<td>8.9%</td>
<td></td>
<td></td>
<td></td>
<td>9.3%</td>
<td></td>
<td>0.7%</td>
</tr>
</tbody>
</table>

### 3-month reinvestment yield

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Q3 2016</td>
<td>1.8%</td>
<td>15</td>
<td>506</td>
<td>-50</td>
<td>Fixed income³</td>
<td>-25</td>
<td>1,620</td>
<td>356</td>
</tr>
<tr>
<td>Q2 2016</td>
<td>1.6%</td>
<td>-41</td>
<td>190</td>
<td>-421</td>
<td>Equities</td>
<td>-296</td>
<td>334</td>
<td>-538</td>
</tr>
<tr>
<td>Q1 2016</td>
<td>1.9%</td>
<td>-17</td>
<td>-1</td>
<td>18</td>
<td>Commodities/Inflation</td>
<td>78</td>
<td>-14</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Other</td>
<td>-41</td>
<td>-131</td>
<td></td>
</tr>
</tbody>
</table>

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).

Quarterly statement as at 30 September 2016
### ERGO

**9M 2016 vs. 9M 2015**

<table>
<thead>
<tr>
<th>Gross premiums written</th>
<th>€m</th>
</tr>
</thead>
<tbody>
<tr>
<td>9M 2015</td>
<td>12,490</td>
</tr>
<tr>
<td>Foreign exchange</td>
<td>−98</td>
</tr>
<tr>
<td>Divestments/investments</td>
<td>−47</td>
</tr>
<tr>
<td>Organic change</td>
<td>−209</td>
</tr>
<tr>
<td>9M 2016</td>
<td>12,136</td>
</tr>
</tbody>
</table>

#### Major result drivers

<table>
<thead>
<tr>
<th></th>
<th>9M 2016</th>
<th>9M 2015</th>
<th>▲</th>
</tr>
</thead>
<tbody>
<tr>
<td>Technical result</td>
<td>298</td>
<td>453</td>
<td>−154</td>
</tr>
<tr>
<td>Non-technical result</td>
<td>419</td>
<td>236</td>
<td>183</td>
</tr>
<tr>
<td>thereof investment result</td>
<td>4,126</td>
<td>3,703</td>
<td>423</td>
</tr>
<tr>
<td>Other</td>
<td>−828</td>
<td>−272</td>
<td>−556</td>
</tr>
<tr>
<td>Net result</td>
<td>−111</td>
<td>417</td>
<td>−528</td>
</tr>
</tbody>
</table>

#### Technical result

- **9M**: Life and Health Germany (−€202m)
  - Property-casualty Germany (+€36m)
  - International (−€189m)

- **Life Germany**: Decline of regular premiums due to ordinary attrition while single premiums suffered from lower product sales
- **Property-casualty Germany**: positive development in almost all lines of business
- **International**: Increase in Property-casualty, decrease Life (esp. Poland, Belgium and disposal of Italian entity)

### Increase in investment result

- **Q3**: Return on investment 2.8%
- **9M**: Derivatives result significantly higher; in Q3: decline
- **9M**: Release of unrealised gains for ZZR, mainly in first half of 2016

#### Other

- **Q2**: Restructuring expenses
- **Q1**: Negative one-off effect from accounting difference between IFRS and local GAAP regarding pension liabilities
- **9M**: Higher tax expenses
ERGO Property-casualty Germany

Combined ratio

<table>
<thead>
<tr>
<th>Year</th>
<th>Loss ratio</th>
<th>Expense ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>95.3</td>
<td>63.1</td>
</tr>
<tr>
<td>2015</td>
<td>97.9</td>
<td>64.7</td>
</tr>
<tr>
<td>9M 2016</td>
<td>96.0</td>
<td>61.3</td>
</tr>
<tr>
<td>Q3 2016</td>
<td>96.1</td>
<td>62.8</td>
</tr>
</tbody>
</table>

Gross premiums written

- Other 279
- Motor 582
- Legal protection 309
- Fire/property 453
- Liability 461

TOTAL €2,566m
# ERGO International – Property-casualty

## Combined ratio %

<table>
<thead>
<tr>
<th>Year</th>
<th>Loss ratio</th>
<th>Expense ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>97.3</td>
<td>58.5</td>
</tr>
<tr>
<td>2015</td>
<td>104.7</td>
<td>65.3</td>
</tr>
<tr>
<td>9M 2016</td>
<td>98.5</td>
<td>59.5</td>
</tr>
<tr>
<td>Q3 2016</td>
<td>98.6</td>
<td>60.1</td>
</tr>
</tbody>
</table>

## Gross premiums written – Property-casualty €m

- **Other** 287
- **Greece** 132
- **Turkey** 185
  - **Total** €1,849m
  
  - **Poland** 710
  - **Legal protection** 535

## Combined ratio 9M 2016 %

<table>
<thead>
<tr>
<th>Country</th>
<th>Loss ratio</th>
<th>Expense ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>Poland</td>
<td>99.9</td>
<td>97.6</td>
</tr>
<tr>
<td>Legal protection</td>
<td>103.8</td>
<td>86.7</td>
</tr>
<tr>
<td>Turkey</td>
<td>98.8</td>
<td>98.5</td>
</tr>
<tr>
<td>Greece</td>
<td>98.8</td>
<td>98.5</td>
</tr>
<tr>
<td>Other</td>
<td>99.9</td>
<td>97.6</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>99.9</td>
<td>97.6</td>
</tr>
</tbody>
</table>
Munich Health
Munich Health
9M 2016 vs. 9M 2015

<table>
<thead>
<tr>
<th>Gross premiums written</th>
<th>€m</th>
</tr>
</thead>
<tbody>
<tr>
<td>9M 2015</td>
<td>4,260</td>
</tr>
<tr>
<td>Foreign exchange</td>
<td>-101</td>
</tr>
<tr>
<td>Divestments/investments</td>
<td>0</td>
</tr>
<tr>
<td>Organic change</td>
<td>-458</td>
</tr>
<tr>
<td>9M 2016</td>
<td>3,701</td>
</tr>
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</table>

### Major result drivers

<table>
<thead>
<tr>
<th></th>
<th>9M 2016</th>
<th>9M 2015</th>
<th>▲</th>
</tr>
</thead>
<tbody>
<tr>
<td>Technical result</td>
<td>32</td>
<td>33</td>
<td>-1</td>
</tr>
<tr>
<td>Non-technical result</td>
<td>59</td>
<td>53</td>
<td>6</td>
</tr>
<tr>
<td>thereof investment result</td>
<td>81</td>
<td>92</td>
<td>-11</td>
</tr>
<tr>
<td>Other</td>
<td>-15</td>
<td>-2</td>
<td>-13</td>
</tr>
<tr>
<td>Net result</td>
<td>76</td>
<td>84</td>
<td>-8</td>
</tr>
</tbody>
</table>

### 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%
Reinsurance
### Reinsurance Life
9M 2016 vs. 9M 2015

<table>
<thead>
<tr>
<th>Gross premiums written</th>
<th>€m</th>
</tr>
</thead>
<tbody>
<tr>
<td>9M 2015</td>
<td>7,653</td>
</tr>
<tr>
<td>Foreign exchange</td>
<td>–263</td>
</tr>
<tr>
<td>Divestments/investments</td>
<td>0</td>
</tr>
<tr>
<td>Organic change</td>
<td>–178</td>
</tr>
<tr>
<td>9M 2016</td>
<td>7,212</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Major result drivers</th>
<th>9M 2016</th>
<th>9M 2015</th>
<th>▲</th>
</tr>
</thead>
<tbody>
<tr>
<td>Technical result</td>
<td>318</td>
<td>247</td>
<td>71</td>
</tr>
<tr>
<td>Non-technical result</td>
<td>66</td>
<td>88</td>
<td>–21</td>
</tr>
<tr>
<td>thereof</td>
<td>469</td>
<td>628</td>
<td>–159</td>
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<tr>
<td>investment result</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td>–16</td>
<td>–163</td>
<td>147</td>
</tr>
<tr>
<td>Net result</td>
<td>369</td>
<td>172</td>
<td>197</td>
</tr>
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<table>
<thead>
<tr>
<th>Technical result</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q3: Strong contribuion mainly from Asia, Canada and Europe supported by one-off effects</td>
</tr>
<tr>
<td>Well on track to achieve annual target of ~€400m</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Investment result</th>
</tr>
</thead>
<tbody>
<tr>
<td>9M: Lower interest income from deposits retained on assumed reinsurance due to cancellation/modification of large capital-relief deals</td>
</tr>
<tr>
<td>9M: Lower disposal gains</td>
</tr>
<tr>
<td>Q3: Return on investment 2.7%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Other</th>
</tr>
</thead>
<tbody>
<tr>
<td>9M: FX result of €84m vs. –€79m, high contribution from GBP</td>
</tr>
<tr>
<td>9M: Tax rate of 16.7% vs. 24.0%</td>
</tr>
</tbody>
</table>

- 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
## Reinsurance Property-casualty
### 9M 2016 vs. 9M 2015

<table>
<thead>
<tr>
<th></th>
<th>€m</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross premiums written</td>
<td></td>
</tr>
<tr>
<td>9M 2015</td>
<td>13,583</td>
</tr>
<tr>
<td>Foreign exchange</td>
<td>–330</td>
</tr>
<tr>
<td>Divestments/investments</td>
<td>0</td>
</tr>
<tr>
<td>Organic change</td>
<td>480</td>
</tr>
<tr>
<td>9M 2016</td>
<td>13,733</td>
</tr>
</tbody>
</table>

### Major result drivers

<table>
<thead>
<tr>
<th></th>
<th>9M 2016</th>
<th>9M 2015</th>
<th>▲</th>
</tr>
</thead>
<tbody>
<tr>
<td>Technical result</td>
<td>1,642</td>
<td>1,870</td>
<td>–228</td>
</tr>
<tr>
<td>Non-technical result</td>
<td>368</td>
<td>414</td>
<td>–46</td>
</tr>
<tr>
<td>thereof</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>investment result</td>
<td>1,266</td>
<td>1,450</td>
<td>–184</td>
</tr>
<tr>
<td>Other</td>
<td>–248</td>
<td>–565</td>
<td>317</td>
</tr>
<tr>
<td>Net result</td>
<td>1,761</td>
<td>1,718</td>
<td>43</td>
</tr>
</tbody>
</table>

### 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%

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

Reinsurance

Combined ratio

<table>
<thead>
<tr>
<th></th>
<th>Basic losses</th>
<th>Major losses</th>
<th>Expense ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>92.7</td>
<td>53.0</td>
<td>7.2</td>
</tr>
<tr>
<td>2015</td>
<td>89.7</td>
<td>50.8</td>
<td>6.2</td>
</tr>
<tr>
<td>9M 2016</td>
<td>93.7</td>
<td>55.2</td>
<td>7.2</td>
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<td>Q3 2016</td>
<td>92.5</td>
<td>55.3</td>
<td>6.6</td>
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<table>
<thead>
<tr>
<th></th>
<th>Major losses</th>
<th>Nat cat</th>
<th>Man-made</th>
<th>Reserve releases¹</th>
<th>Normalised combined ratio²</th>
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<tr>
<td>9M 2016</td>
<td>7.2</td>
<td>3.7</td>
<td>3.5</td>
<td>-5.4</td>
<td>99.9</td>
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<tr>
<td>Q3 2016</td>
<td>6.6</td>
<td>3.4</td>
<td>3.1</td>
<td>-5.0</td>
<td>98.9</td>
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<td>Ø Annual expectation</td>
<td>~12.0</td>
<td>~8.0</td>
<td>~4.0</td>
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</tbody>
</table>

1 Basic losses; in Q3 mainly fire; no corresponding sliding-scale effects.
2 Based on 4%-pts. reserve releases.
Outlook
Outlook 2016

Munich Re (Group)

Net result

Significantly above €2.3bn
(prev. €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

~98%
ERGO Germany

~99%
Munich Health

~99%
ERGO International
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.