

Image: Getty Images/Stop

# Half-year financial report as at 30 June 2017

9 August 2017

Jörg Schneider

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# Well on track to meet annual guidance

## Munich Re (Group)

### Net result

€733m (H1: €1,290m)

Benign major losses and low tax burden overcompensate for negative currency contribution

### Return on investment<sup>1</sup>

3.2% (H1: 3.5%)

Solid investment result – Regular income supported by dividend seasonality

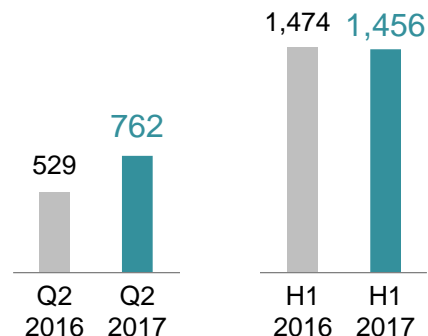
### Shareholders' equity

€30.1bn (–6.3% vs. 31.3.)

Sound capitalisation – Solvency II ratio up to 261%

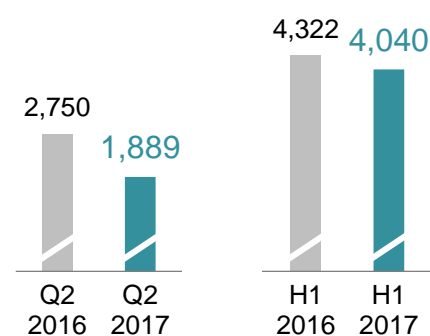
### Technical result

€m



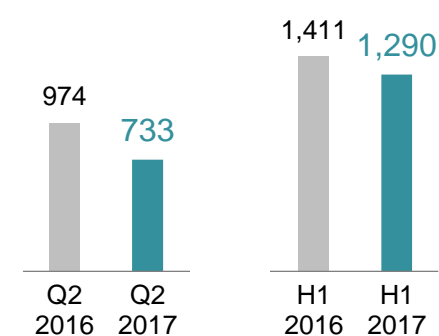
### Investment result

€m



### Net result

€m



Q2 2017 (H1 2017)

### Reinsurance

**Life and Health:** Technical result incl. fee income: €77m (H1: €234m) – reduced annual guidance to ~€400m

**Property-casualty:** Combined ratio: 93.9% (H1: 95.5%) – Major-loss ratio: 6.0% (H1: 7.8%)

**July renewals:**  
Price change: –0.4%, exposure change: +16.6%

### ERGO

**Life and Health Germany:**  
Return on investment: 3.4% (H1: 3.9%)

**Property-casualty Germany:**  
Combined ratio: 92.7% (H1: 95.8%)

**International:**  
Combined ratio: 98.7% (H1: 97.5%)

# IFRS capital position

## Equity

		€m		€m
Equity 31.12.2016	31,785		Change Q2	
Consolidated result	1,290			733
Changes				
Dividend	-1,333			-1,333
Unrealised gains/losses	3			-219
Exchange rates	-1,069			-967
Share buy-backs	-471			-145
Other	-66			-89
Equity 30.6.2017	30,139			-2,021

## Unrealised gains/losses

Fixed-interest securities

H1: **-€17m** Q2: **€32m**

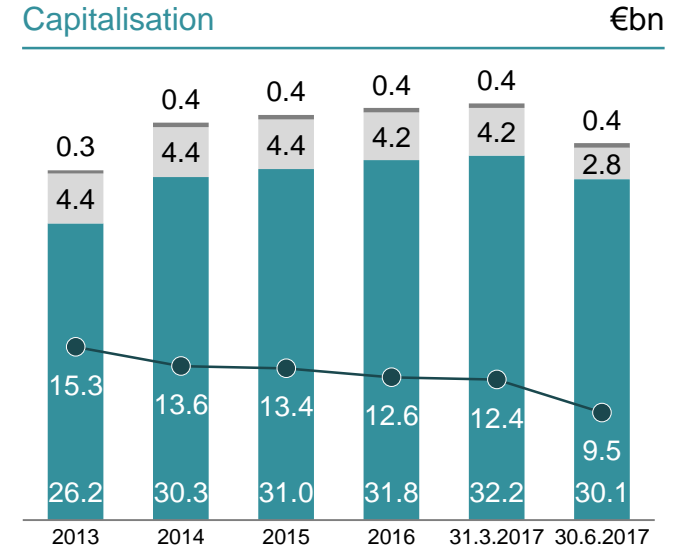
Non-fixed-interest securities





H1: **€28m** Q2: **-€249m**

## Exchange rates

FX effect mainly driven by US\$

## Capitalisation



-  Debt leverage<sup>1</sup> (%)
-  Senior and other debt<sup>2</sup>
-  Subordinated debt
-  Equity

<sup>1</sup> Strategic debt (senior, subordinated and other debt) divided by total capital (strategic debt + equity).

<sup>2</sup> Other debt includes Munich Re bank borrowings and other strategic debt.



# Investment result

Investment result (€m)	Q1 2017	Return <sup>1</sup>	Q2 2017	Return <sup>1</sup>	H1 2017	Return <sup>1</sup>	H1 2016	Return <sup>1</sup>
Regular income	1,634	2.8%	1,720	3.0%	3,354	2.9%	3,451	3.0%
Write-ups/write-downs	-26	-0.0%	-49	-0.1%	-76	-0.1%	-242	-0.2%
Disposal gains/losses	1,048	1.8%	432	0.7%	1,480	1.3%	1,128	1.0%
Derivatives <sup>2</sup>	-362	-0.6%	-87	-0.1%	-449	-0.4%	251	0.2%
Other income/expenses	-143	-0.2%	-127	-0.2%	-270	-0.2%	-266	-0.2%
<b>Investment result</b>	<b>2,151</b>	<b>3.6%</b>	<b>1,889</b>	<b>3.2%</b>	<b>4,040</b>	<b>3.5%</b>	<b>4,322</b>	<b>3.7%</b>
<b>Total return</b>		<b>-0.3%</b>		<b>0.8%</b>		<b>0.2%</b>		<b>11.0%</b>

3-month reinvestment yield	Q2 2017	Write-ups/ write-downs	Disposal gains/losses	Derivatives	H1 2017	Write-ups/ write-downs	Disposal gains/losses	Derivatives
Q2 2017 <b>1.8%</b>	Fixed income <sup>3</sup>	-3	185	-15	Fixed income <sup>3</sup>	-2	913	-133
	Equities	-19	248	-47	Equities	-35	560	-278
Q1 2017 2.0%	Commodities/Inflation	-3		-6	Commodities/Inflation	28		-25
Q4 2016 1.8%	Other	-25	-1	-18	Other	-67	7	-12

<sup>1</sup> Annualised return on quarterly weighted investments (market values) in %. Impact from dividends on regular income 0.5%-pts in Q2 and 0.2%-pts in Q1.

<sup>2</sup> Result from derivatives without regular income and other income/expenses. <sup>3</sup> Thereof interest-rate hedging ERGO: Q2 -€8m/-€3m (gross/net); H1 -€138m/-€17m (gross/net).

ERGO

2

# ERGO Life and Health Germany

## Gross premiums written

	€m
H1 2016	4,520
Foreign exchange	-7
Divestments/investments	0
Organic change	54
<b>H1 2017</b>	<b>4,568</b>

- Life: -€31m  
Decline in regular premiums from ordinary attrition, while single premiums mainly decreased due to lower product sales
- Health: +€75m  
Positive development in supplementary and comprehensive insurance driven by premium adjustments

## Major result drivers

	H1 2017	H1 2016	
Technical result	210	202	▲ 8
Non-technical result	119	322	-203
thereof investment result	2,356	2,803	-447
Other	-216	-455	239
<b>Net result</b>	<b>113</b>	<b>69</b>	<b>44</b>
	<b>Q2 2017</b>	<b>Q2 2016</b>	<b>▲</b>
Technical result	108	119	-11
Non-technical result	48	227	-179
thereof investment result	1,020	1,538	-518
Other	-106	-291	185
<b>Net result</b>	<b>50</b>	<b>55</b>	<b>-5</b>

### Technical result

- H1: Increase driven by Health due to premium adjustments in Q2 and lower costs

### Investment result

- H1: Result decreased due to significantly lower derivatives result (mainly interest-rate hedging)
- Q2: Lower disposal gains (financing of ZZR mainly in Q1 2017)
- Q2: Return on investment: 3.4%

### Other

- Q2: Positive effect from tax refund
- Q2: Restructuring expenses in Q2 2016



# ERGO Property-casualty Germany (1)

## Gross premiums written

	€m
H1 2016	1,865
Foreign exchange	-4
Divestments/investments	0
Organic change	36
<b>H1 2017</b>	<b>1,897</b>

- Positive premium development in almost all lines of business
- Organic growth mainly driven by marine and fire/property

## Major result drivers

	H1 2017	H1 2016	
Technical result	90	84	▲ 6
Non-technical result	53	-46	99
thereof			
investment result	98	8	90
Other	-83	-130	48
<b>Net result</b>	<b>61</b>	<b>-92</b>	<b>153</b>
	Q2 2017	Q2 2016	▲
Technical result	74	69	5
Non-technical result	25	2	23
thereof			
investment result	50	23	26
Other	-51	-139	88
<b>Net result</b>	<b>48</b>	<b>-68</b>	<b>116</b>

### Technical result

- Q2: Combined ratio of 92.7% below annual guidance
- Loss ratio (60.2%) at low level due to favourable claims experience thus far
- Expense ratio (32.5%) driven by lower strategic investments and lower general expenses

### Investment result

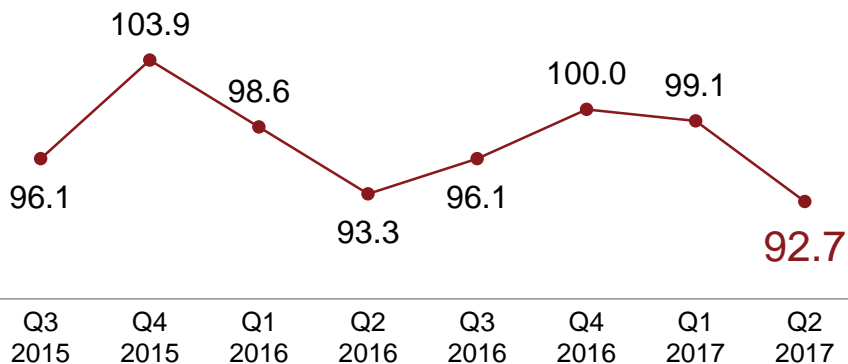
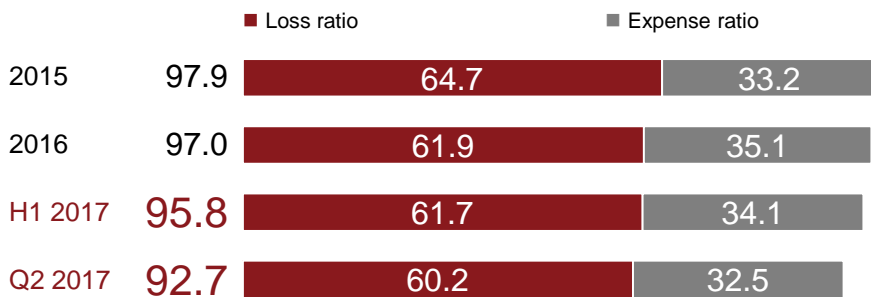
- H1: Disposal losses and equity impairments in H1 2016
- Q2: Return on investment: 2.9%

### Other

- Q2: Positive effect from tax refund
- Q2: Restructuring expenses in Q2 2016

# ERGO Property-casualty Germany (2)

## Combined ratio %



## Gross premiums written €m

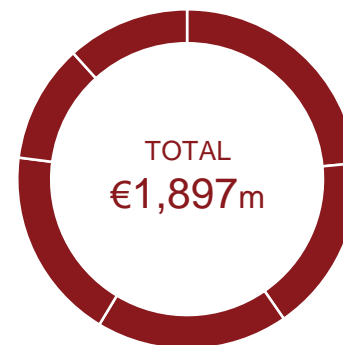
Other Motor  
222 446

Legal protection  
214

Fire/property  
349

Personal accident  
320

Liability  
347



**Gross premiums written** €m

H1 2016		2,607
Foreign exchange		2
Divestments/investments		-84
Organic change		30
<b>H1 2017</b>		<b>2,555</b>

- Life: -€240m  
Italy: Sale of entity in Q2 2016  
Less new business in Poland and Austria
- P-C: +€162m  
Increase mainly driven by motor business in Poland and ATE acquisition
- Health: +€27m  
Growth across all countries, especially due to premium adjustments

**Major result drivers**

	H1 2017	H1 2016	
Technical result	23	1	▲ 22
Non-technical result	34	107	-73
thereof investment result	176	321	-145
Other	-35	-114	78
<b>Net result</b>	<b>22</b>	<b>-6</b>	<b>27</b>
	Q2 2017	Q2 2016	
Technical result	-22	-28	▲ 6
Non-technical result	27	74	-47
thereof investment result	102	180	-78
Other	0	-50	50
<b>Net result</b>	<b>5</b>	<b>-4</b>	<b>10</b>

**Technical result**

- Q2: Good result in P-C and Health – Negative result in Life mainly from Belgium
- Q2: After strong Q1 2017 combined ratio on level of annual guidance of ~98% – Positive impact from tariff increases in Poland

**Investment result**

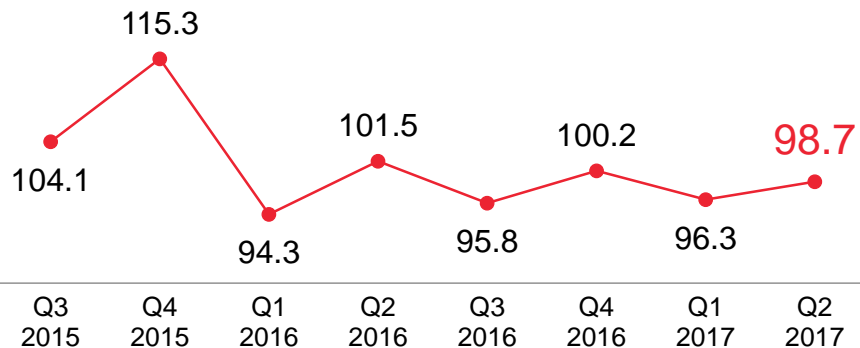
- H1: Lower derivative result and regular income (lower asset base due to disposal of Italian entity in 2016)
- Q2: Return on investment: 2.4%

**Other**

- Q2: Positive effect from tax refund
- H1: Several one-offs in 2016

# ERGO International – Property-casualty, including Health

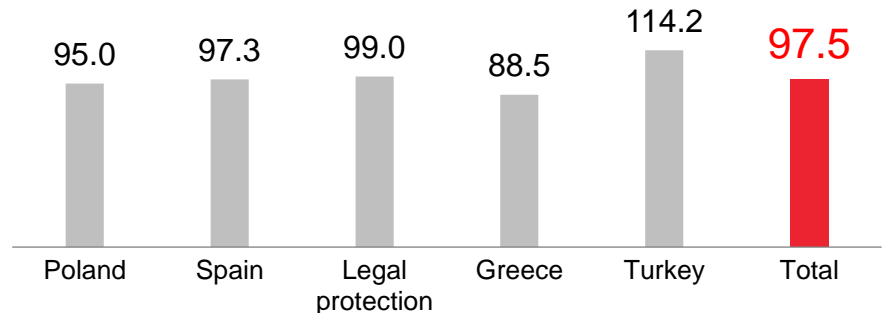
## Combined ratio<sup>1</sup> %



## Gross premiums written €m



## Combined ratio H1 2017<sup>1</sup> %



<sup>1</sup> Only short-term health business.

# Reinsurance

3

# Reinsurance Life and Health

## Gross premiums written

	€m
H1 2016	6,329
Foreign exchange	128
Divestments/investments	0
Organic change	467
<b>H1 2017</b>	<b>6,924</b>

- Positive FX effects driven by Can\$ and US\$
- Business growth in Australia, Asia and Canada, as well as from large capital-relief transactions

## Major result drivers

	H1 2017	H1 2016	▲
Technical result	209	143	66
Non-technical result	159	71	88
thereof investment result	453	335	118
Other	-131	23	-154
<b>Net result</b>	<b>237</b>	<b>237</b>	<b>0</b>
	Q2 2017	Q2 2016	▲
Technical result	64	80	-15
Non-technical result	112	132	-20
thereof investment result	231	255	-23
Other	-64	2	-66
<b>Net result</b>	<b>112</b>	<b>213</b>	<b>-102</b>

### Technical result, incl. fee income of €234m

- Q2 technical result below expectations due to
- Loss from recapture in the US
  - Several largely offsetting one-off effects within normal range of random fluctuations, e.g. increased mortality claims in a small part of the US life book and in Asia as well as reserve strengthening in US health
  - Annual guidance (incl. fee income) lowered to ~€400m

### Investment result

- H1: High regular income supported by deposits retained on assumed reinsurance
- Disposal gains on equities and fixed income
- Q2: Return on investment: 3.4%

### Other

- H1: FX result of -€26m vs. €77m, thereof -€20m in Q2

# Reinsurance Property-casualty

Gross premiums written	€m
H1 2016	9,117
Foreign exchange	153
Divestments/investments	0
Organic change	-489
H1 2017	8,781

- Positive FX effects mainly driven by US\$
- Cancellation/modification of large treaties especially in agro, fire and liability

Major result drivers	€m		
	H1 2017	H1 2016	
Technical result	925	1,044	▲ -120
Non-technical result	286	260	26
thereof investment result	957	855	102
Other	-353	-101	-252
<b>Net result</b>	<b>858</b>	<b>1,203</b>	<b>-345</b>
	Q2 2017	Q2 2016	
Technical result	537	289	▲ 248
Non-technical result	182	498	-316
thereof investment result	487	754	-267
Other	-202	-10	-193
<b>Net result</b>	<b>517</b>	<b>778</b>	<b>-261</b>

## Technical result

- Major loss ratio of 6.0% in Q2 (H1: 7.8%) significantly below expectations
- Elevated expense ratio of 33.5% in Q2 due to true-ups from prior years (1.6%-pts)

## Investment result

- H1: Stable regular income, seasonal dividend payments in Q2
- H1: Less disposal gains, improved derivative result
- Q2: Return on investment: 3.1%

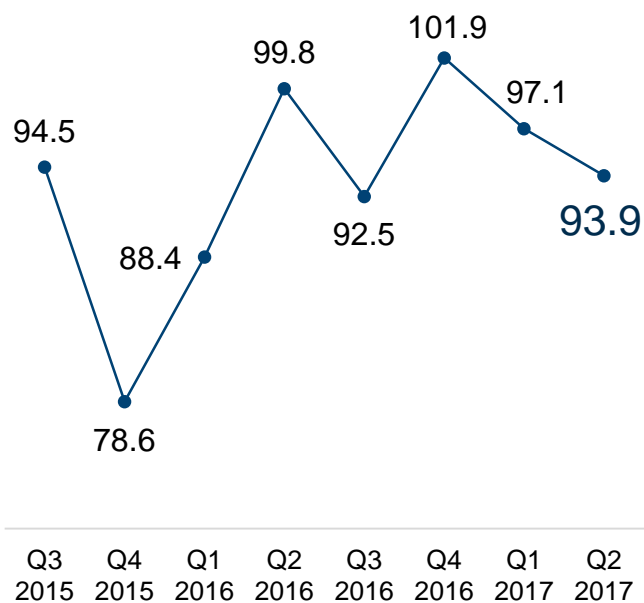
## Other

- H1: FX result of -€129m vs. €268m, thereof -€127m in Q2

# Combined ratio

## Combined ratio

%



		Basic losses	Major losses	Expense ratio
2015	89.7	50.8	6.2	32.6
2016	95.7	54.2	9.1	32.4
H1 2017	95.5	54.7	7.8	33.0
Q2 2017	93.9	54.4	6.0	33.5

	Major losses	Nat cat	Man-made	Reserve releases <sup>1</sup>	Normalised combined ratio <sup>2</sup>
H1 2017	7.8	2.6	5.2	-5.9	100.6
Q2 2017	6.0	1.6	4.5	-5.7	100.0
Ø Annual expectation	~12.0	~8.0	~4.0	~-4.0	

1 Basic losses prior years, already adjusted for directly corresponding sliding scale and profit commission effects.  
 2 Based on 4%-pts. reserve releases. Q2 2017 adjusted for several larger prior-year commission effects of 1.6%-pts.



# July renewals – Main renewal date in Australia, North and Latin America

## Total property-casualty book<sup>1</sup> %

Remaining business	Business up for January renewal
28	50



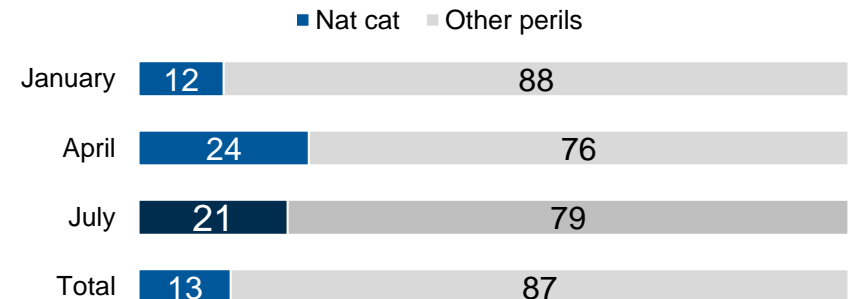
Business up for July renewal	Business up for April renewal
13	9

## Regional allocation of July renewals %

Rest	North America
12	23
Worldwide	Australia
27	17
Europe	Latin America
6	15



## Nat cat shares of renewable portfolio<sup>2</sup> %

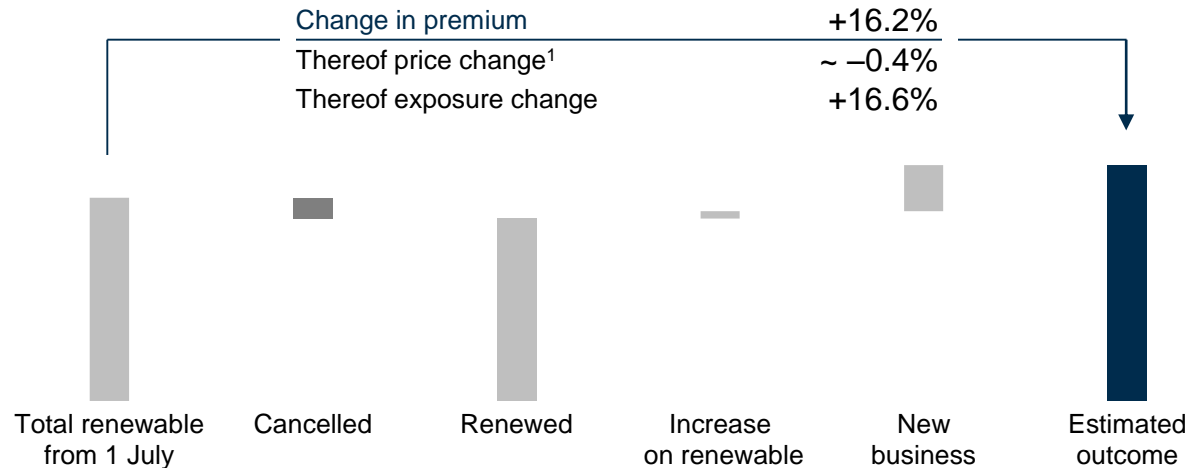


<sup>1</sup> Gross premiums written. Approximation – not fully comparable with IFRS figures. <sup>2</sup> Total refers to total P-C book, incl. remaining business.

# Attractive business opportunities lead to top-line increase, while the trend towards price stabilisation is confirmed

## July renewals 2017

%	100	-10.2	89.8	+3.6	+22.7	116.2
€m	2,234	-227	2,007	+80	+508	2,595



- Top line increases due to opportunities in proportional casualty and property business – with both new and existing clients
- Price change (–0.4%) is in line with last year
- Continued, but moderating, pressure on nat cat XL business
- Proportional business remains resilient

## Portfolio profitability safeguarded by disciplined underwriting

<sup>1</sup> Price change 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

4

## GROUP

Gross premiums written  
**€48–50bn**

Net result  
**€2.0–2.4bn**

Return on investment  
**~3%**

## REINSURANCE

Gross premiums written  
**€31–33bn**

Net result  
**€1.8–2.2bn**

L&H: Technical result  
 incl. fee income  
**~€400m**  
 (prev. €450m)

P-C  
 Combined ratio<sup>1</sup>  
**~97%**

## ERGO

Gross premiums written  
**€17–17.5bn**

Net result  
**€200–250m**  
 (prev. €150–200m)

P-C Combined ratio  
 Germany                      International  
**~98%**                              **~98%**  
 (prev. ~99%)

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

Backup


5

# Premium development

## Gross premiums written

€m

H1 2016  24,438

Foreign exchange  273

Divestments/  
investments  -84

Organic change  98

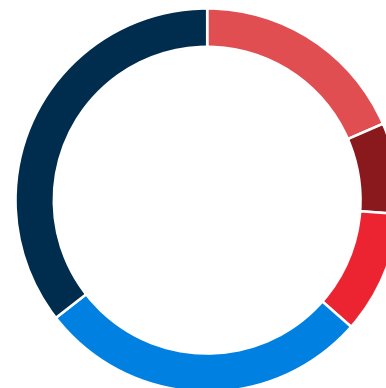
H1 2017  24,725

## Segmental breakdown

€m

Reinsurance  
Property-casualty  
8,781 (36%) (▲ -3.7%)

ERGO  
Life and Health Germany  
4,568 (18%) (▲ 1.1%)



Reinsurance  
Life and Health  
6,924 (28%) (▲ 9.4%)

ERGO  
International  
2,555 (10%) (▲ -2.0%)

# Reconciliation of operating result with net result

## Reconciliation of operating result with net result

	H1 2017	Q2 2017
Operating result	2,108	1,156
Other non-operating result	-417	-264
Goodwill impairments	0	0
Net finance costs	-106	-52
Taxes	-295	-108
<b>Net result</b>	<b>1,290</b>	<b>733</b>

Other non-operating result (€m)	H1 2017	Q2 2017	Tax rates (%)	H1 2017	Q2 2017
Foreign exchange	-219	-162	Group	18.6	12.8
Restructuring expenses	-10	-1	Reinsurance	19.5	12.9
Other	-188	-101	<b>ERGO</b>	<b>13.2</b>	<b>12.3</b>

# Actual vs. analysts' consensus

## Operating result – Actual vs. analysts' consensus<sup>1</sup>

	Q2 2017	Consensus	€m	Delta
Reinsurance Life and Health	176	162	14	14
Reinsurance Property-casualty	720	668	52	52
ERGO Life and Health Germany	156	93	63	63
ERGO Property-casualty Germany	99	45	54	54
ERGO International	5	54	-49	-49
<b>Operating result</b>	<b>1,156</b>	<b>1,027</b>	<b>129</b>	<b>129</b>
FX	-162			
Other	-154			
Taxes	-108			
<b>Net result</b>	<b>733</b>	<b>672</b>	<b>61</b>	<b>61</b>

## Major developments in Q2 2017

### Reinsurance Life and Health

Technical result, incl. fee income: €77m (incl. recapture); return on investment: 3.4%

### Reinsurance Property-casualty

Combined ratio: 93.9% (consensus: 95.8%) – major-loss ratio: 6.0%; reserve releases: ~5.7%; return on investment: 3.1%

### ERGO Life and Health Germany

Technical result supported by premium adjustments in health; return on investment: 3.4%

### ERGO Property-casualty Germany

Combined ratio: 92.7% (consensus: 98.6%): favourable claims experience and rather small amount of ESP investments; RoI: 2.9%

### ERGO International

Combined ratio: 98.7% (consensus: 99.6%); negative contribution from life business in Belgium; return on investment: 2.4%

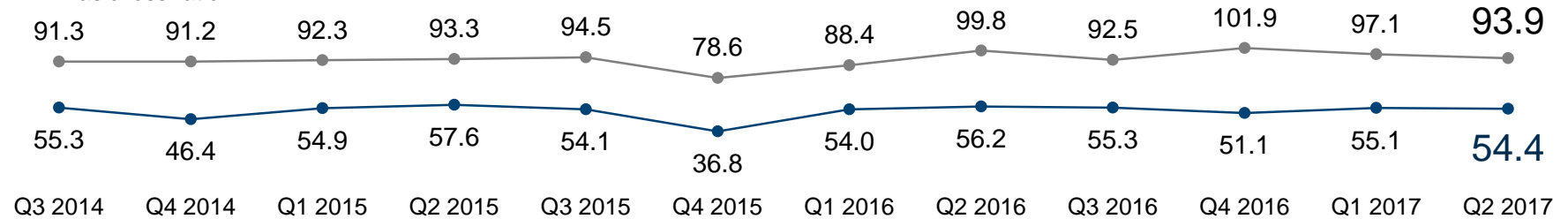


# Development of combined ratio

## Combined ratio vs. basic losses

%

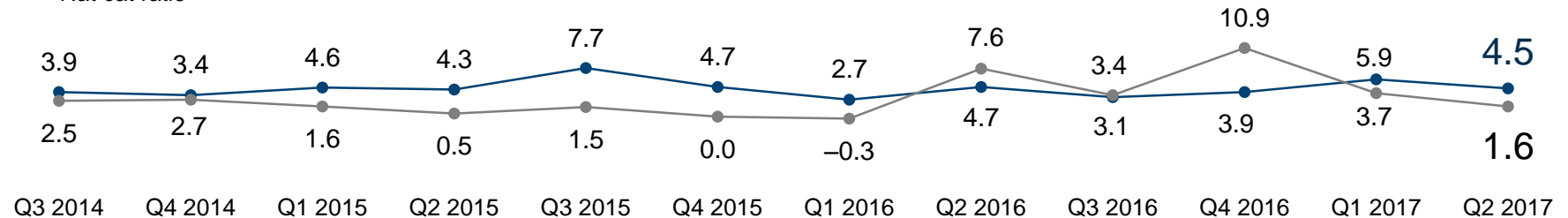
—●— Combined ratio  
—●— Basic loss ratio



## Nat cat vs. man-made

%

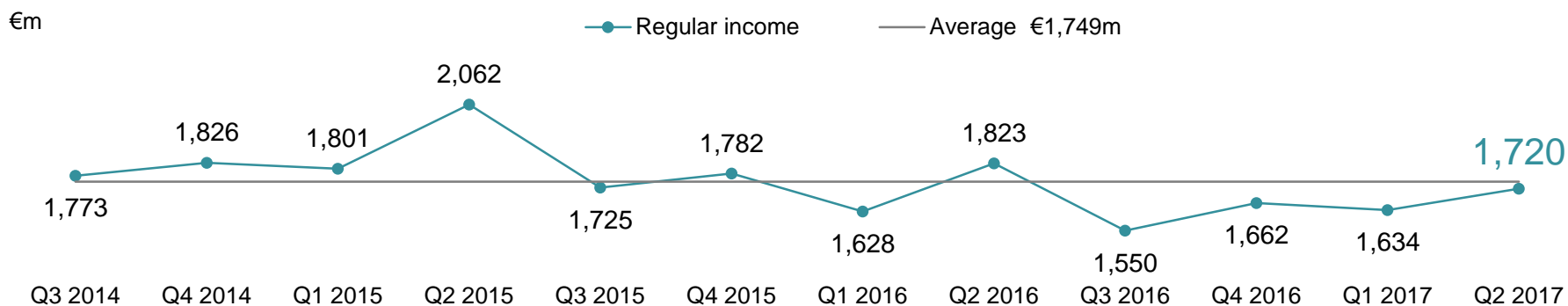
—●— Man-made ratio  
—●— Nat cat ratio



# Breakdown of regular income

## Investment result – Regular income (€m)

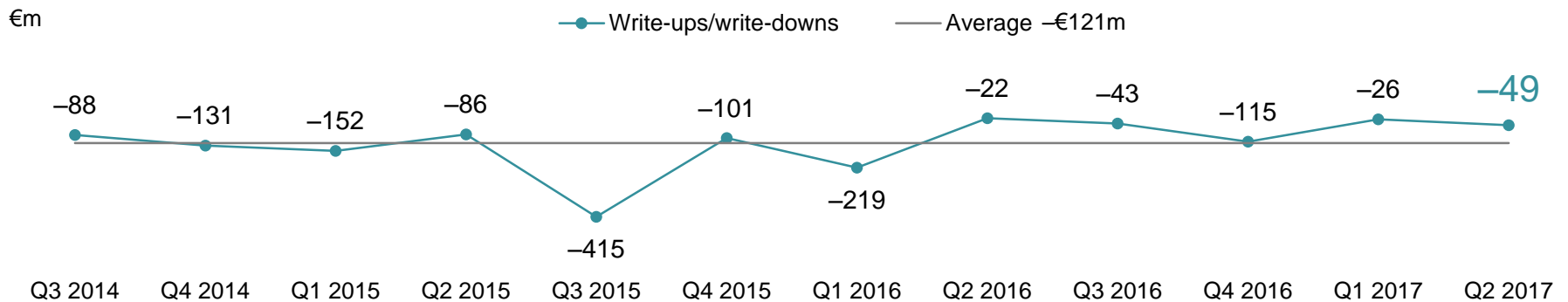
	Q2 2017	H1 2017	H1 2016	Change
Afs fixed-interest	747	1,499	1,662	-164
Afs non-fixed-interest	268	408	362	46
Derivatives	27	59	62	-2
Loans	478	966	1,016	-51
Real estate	101	199	202	-2
Deposits retained on assumed reinsurance and other investments	100	224	148	76
<b>Total</b>	<b>1,720</b>	<b>3,354</b>	<b>3,451</b>	<b>-97</b>



# Breakdown of write-ups/write-downs

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

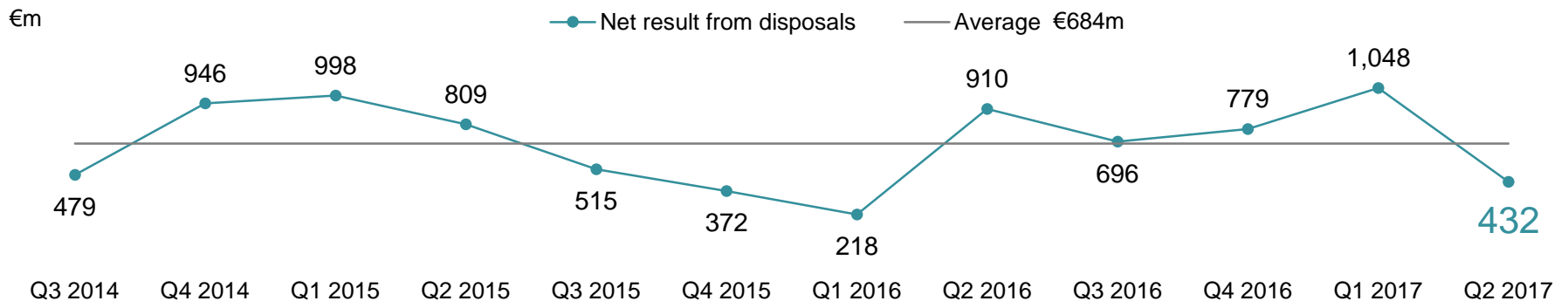
	Q2 2017	H1 2017	H1 2016	Change
Afs fixed-interest	-3	-4	-12	9
Afs non-fixed-interest	-19	-35	-255	220
Loans	0	2	-28	29
Real estate	-20	-51	-35	-16
Deposits retained on assumed reinsurance and other investments	-8	12	88	-76
<b>Total</b>	<b>-49</b>	<b>-76</b>	<b>-242</b>	<b>166</b>



# Breakdown of net result from disposals

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

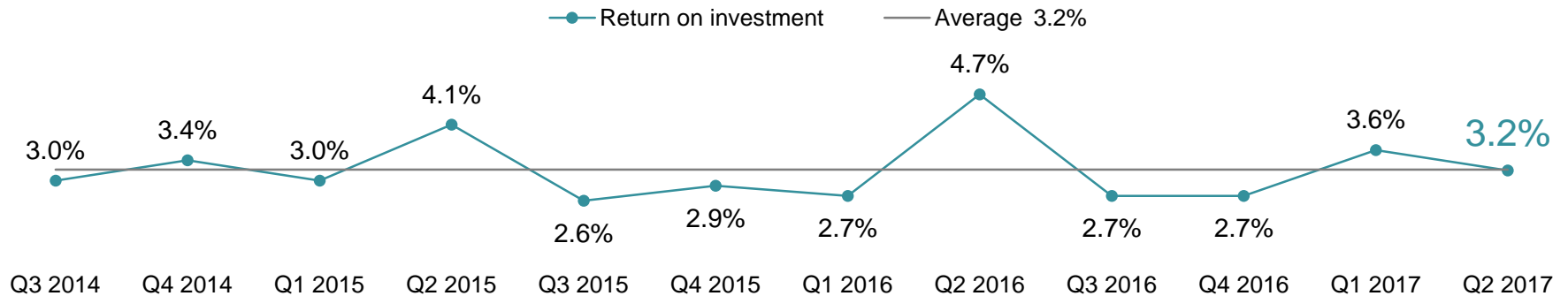
	Q2 2017	H1 2017	H1 2016	Change
Afs fixed-interest	143	192	633	-442
Afs non-fixed-interest	248	560	144	416
Loans	42	721	480	241
Real estate	0	6	11	-6
Deposits retained on assumed reinsurance and other investments	-1	1	-141	143
<b>Total</b>	<b>432</b>	<b>1,480</b>	<b>1,128</b>	<b>352</b>



# Return on investment by asset class and segment

## H1 2017

% <sup>1</sup>	Regular income	Write-ups/downs	Disposal result	Extraord. derivative result	Other inc./exp.	Rol	Market value (€m)
Afs fixed-income	2.3	0.0	0.3	0.0	0.0	2.6	130,088
Afs non-fixed-income	5.0	-0.4	6.9	0.0	0.0	11.4	16,310
Derivatives	6.5	0.0	0.0	-49.5	-0.4	-43.4	1,813
Loans	3.0	0.0	2.2	0.0	0.0	5.2	65,383
Real estate	5.6	-1.4	0.2	0.0	0.0	4.4	7,090
Other <sup>2</sup>	3.4	0.2	0.0	0.0	-4.1	-0.5	13,079
<b>Total</b>	<b>2.9</b>	<b>-0.1</b>	<b>1.3</b>	<b>-0.4</b>	<b>-0.2</b>	<b>3.5</b>	<b>233,763</b>
Reinsurance	2.8	-0.1	0.8	-0.1	-0.3	3.1	90,502
ERGO	2.9	-0.1	1.6	-0.6	-0.2	3.7	143,262



# Investment result by segment

Reinsurance Life and Health (€m)	Q2 2017	Return <sup>1</sup>	H1 2017	Return <sup>1</sup>	H1 2016	Return <sup>1</sup>
Regular income	199	3.0%	400	3.0%	357	2.7%
Write-ups/write-downs	-6	-0.1%	-6	-0.0%	-11	-0.1%
Disposal gains/losses	53	0.8%	94	0.7%	75	0.6%
Derivatives <sup>2</sup>	0	0.0%	-7	-0.1%	-60	-0.5%
Other income/expenses	-15	-0.2%	-29	-0.2%	-26	-0.2%
<b>Investment result</b>	<b>231</b>	<b>3.4%</b>	<b>453</b>	<b>3.4%</b>	<b>335</b>	<b>2.6%</b>
Average market value		26,833		26,563		26,248

Reinsurance Property-casualty (€m)	Q2 2017	Return <sup>1</sup>	H1 2017	Return <sup>1</sup>	H1 2016	Return <sup>1</sup>
Regular income	435	2.8%	863	2.7%	870	2.7%
Write-ups/write-downs	-25	-0.2%	-26	-0.1%	-12	-0.0%
Disposal gains/losses	133	0.8%	256	0.8%	365	1.1%
Derivatives <sup>2</sup>	-5	-0.0%	-37	-0.1%	-271	-0.8%
Other income/expenses	-52	-0.3%	-99	-0.3%	-98	-0.3%
<b>Investment result</b>	<b>487</b>	<b>3.1%</b>	<b>957</b>	<b>3.0%</b>	<b>855</b>	<b>2.7%</b>
Average market value		63,040		63,939		64,122

## Investment result by segment

**ERGO Life and Health Germany (€m)**

	Q2 2017	Return <sup>1</sup>	H1 2017	Return <sup>1</sup>	H1 2016	Return <sup>1</sup>
Regular income	945	3.2%	1,805	3.0%	1,865	3.1%
Write-ups/write-downs	-17	-0.1%	-34	-0.1%	-147	-0.2%
Disposal gains/losses	213	0.7%	1,051	1.8%	658	1.1%
Derivatives <sup>2,3</sup>	-69	-0.2%	-346	-0.6%	547	0.9%
Other income/expenses	-53	-0.2%	-120	-0.2%	-119	-0.2%
<b>Investment result</b>	<b>1,020</b>	<b>3.4%</b>	<b>2,356</b>	<b>3.9%</b>	<b>2,803</b>	<b>4.6%</b>
Average market value			118,878		119,585	121,048

**ERGO Property-casualty Germany (€m)**

	Q2 2017	Return <sup>1</sup>	H1 2017	Return <sup>1</sup>	H1 2016	Return <sup>1</sup>
Regular income	44	2.6%	83	2.4%	88	2.6%
Write-ups/write-downs	-2	-0.1%	-3	-0.1%	-50	-1.5%
Disposal gains/losses	12	0.7%	38	1.1%	-8	-0.2%
Derivatives <sup>2</sup>	-3	-0.2%	-12	-0.3%	-13	-0.4%
Other income/expenses	-2	-0.1%	-7	-0.2%	-8	-0.2%
<b>Investment result</b>	<b>50</b>	<b>2.9%</b>	<b>98</b>	<b>2.9%</b>	<b>8</b>	<b>0.2%</b>
Average market value			6,811		6,784	6,797

1 Return on quarterly weighted investments (market values) in % p.a. 2 Result from derivatives without regular income and other income/expenses.

3 Thereof interest-rate hedging ERGO: Q2 -€4m/€0m (gross/net); H1 -€131m/-€13m (gross/net).

# Investment result by segment

<b>ERGO International (€m)</b>	<b>Q2 2017</b>	<b>Return<sup>1</sup></b>	<b>H1 2017</b>	<b>Return<sup>1</sup></b>	<b>H1 2016</b>	<b>Return<sup>1</sup></b>
Regular income	96	2.3%	203	2.4%	271	3.5%
Write-ups/write-downs	0	-0.0%	-7	-0.1%	-21	-0.3%
Disposal gains/losses	20	0.5%	41	0.5%	37	0.5%
Derivatives <sup>2</sup>	-10	-0.2%	-48	-0.6%	48	0.6%
Other income/expenses	-4	-0.1%	-14	-0.2%	-14	-0.2%
<b>Investment result</b>	<b>102</b>	<b>2.4%</b>	<b>176</b>	<b>2.1%</b>	<b>321</b>	<b>4.2%</b>
Average market value		17,007		16,892		15,448



# Investment portfolio

## Fixed-interest securities and miscellaneous

### Investment portfolio

%

Miscellaneous  
6.5 (6.2)



Loans  
27.6 (28.5)

### Miscellaneous

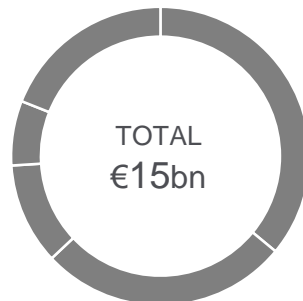
%

Other  
19 (19)

Derivatives<sup>2</sup>  
7 (11)

Investment funds<sup>3</sup>  
11 (15)

Bank deposits  
27 (20)



Deposits on  
reinsurance  
36 (36)

### Fixed-interest securities<sup>1</sup>

%

Cash/Other  
1 (0)

Structured products  
3 (4)

Corporates  
16 (16)

Banks  
2 (3)



Governments/  
Semi-government  
63 (62)

Pfandbriefe/  
Covered bonds  
14 (15)

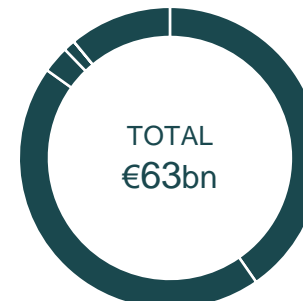
### Loans<sup>1</sup>

%

Loans to policyholders/  
mortgage loans  
11 (10)

Corporates  
1 (1)

Banks  
3 (4)



Governments/  
Semi-government  
40 (41)

Pfandbriefe/  
Covered bonds  
45 (44)

# Fixed-income portfolio

## Total

### Fixed-income portfolio

Loans to policyholders/  
mortgage loans

3 (3)

Structured products

2 (2)

Bank bonds

2 (3)

Cash/other

4 (4)

Corporate bonds

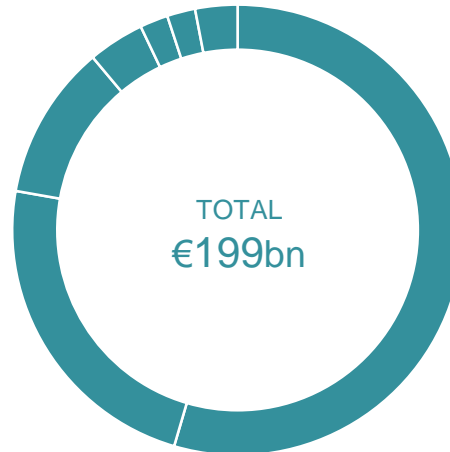
11 (11)

Pfandbriefe/covered bonds

23 (24)

%

Governments/  
Semi-government  
54 (53)



# Fixed-income portfolio

## Total

### Rating structure

	%
NR	AAA
5 (5)	46 (44)
BB	
2 (2)	
BBB	
12 (12)	
A	AA
12 (10)	23 (27)



### Maturity structure

	%
n.a.	0–1 years
2 (2)	9 (9)
>10 years	1–3 years
35 (35)	13 (13)
7–10 years	3–5 years
16 (17)	12 (12)
	5–7 years
	12 (12)



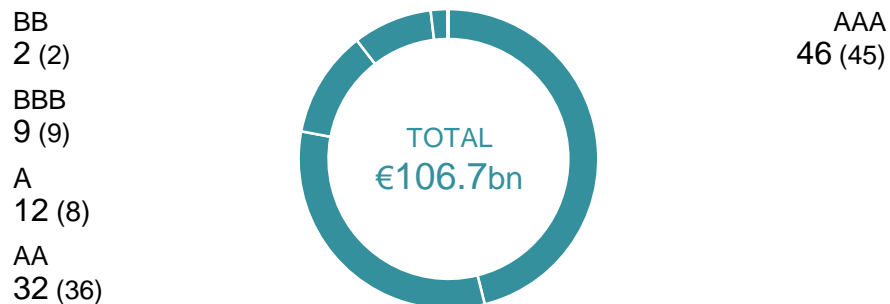
### Regional breakdown

	Without policyholder participation	With participation	Total 30.6.2017	31.12.2016
Germany	4.7	24.0	28.8	28.2
US	14.0	1.3	15.3	16.0
France	2.3	5.7	8.0	8.0
UK	2.9	2.3	5.2	5.3
Canada	4.0	0.4	4.4	4.5
Netherlands	1.3	3.1	4.4	4.3
Supranationals	0.7	3.3	4.0	4.0
Spain	1.0	1.5	2.5	2.8
Australia	2.0	0.5	2.5	2.4
Italy	0.8	1.5	2.3	2.4
Belgium	0.7	1.7	2.3	2.3
Austria	0.4	1.8	2.1	2.0
Ireland	0.6	1.4	1.9	2.0
Norway	0.3	1.3	1.6	1.5
Sweden	0.2	1.3	1.5	1.6
Other	7.7	5.3	13.1	12.6
<b>Total</b>	<b>43.5</b>	<b>56.5</b>	<b>100.0</b>	<b>100.0</b>

# Fixed-income portfolio

## Governments/semi-government

### Rating structure



### Maturity structure



### Regional breakdown

	Without policyholder participation	With participation	Total 30.6.2017	31.12.2016
Germany	4.0	22.1	26.1	26.7
US	16.6	0.9	17.4	18.0
Supranationals	1.3	6.1	7.4	7.4
Canada	5.6	0.3	5.9	6.1
France	1.5	2.5	4.0	4.2
Belgium	1.0	2.9	3.9	3.8
Italy	1.0	2.2	3.1	3.1
UK	3.0	0.1	3.0	3.4
Australia	3.0	0.0	3.0	2.8
Spain	1.1	1.8	3.0	3.1
Austria	0.5	2.3	2.8	2.7
Poland	1.8	0.8	2.6	2.3
Netherlands	0.7	1.5	2.2	2.2
Finland	0.3	1.5	1.9	1.7
Ireland	0.3	1.5	1.8	1.6
Other	7.8	4.1	11.9	10.8
<b>Total</b>	<b>49.5</b>	<b>50.5</b>	<b>100.0</b>	<b>100.0</b>

# Fixed-income portfolio

## Pfandbriefe/covered bonds

### Rating structure



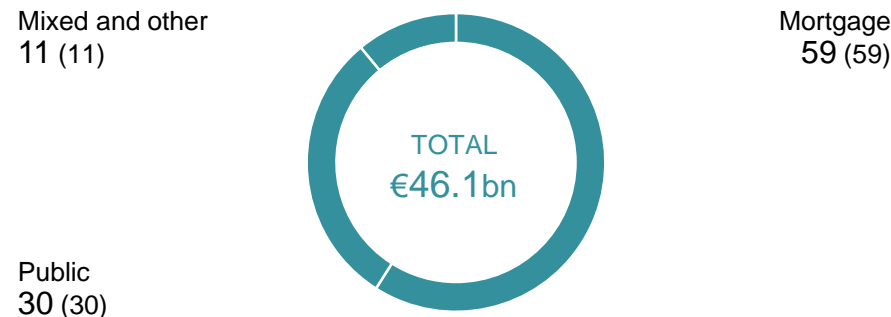
### Maturity structure



### Regional breakdown

	30.6.2017	31.12.2016
Germany	36.4	35.2
France	20.1	19.9
UK	8.8	8.6
Netherlands	7.7	7.4
Sweden	6.0	6.0
Norway	6.0	5.9
Spain	2.5	3.4
Italy	1.0	1.0
Ireland	0.3	1.0
Other	11.2	11.6

### Cover pools



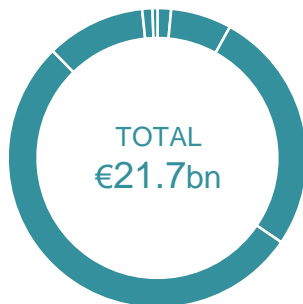


# Fixed-income portfolio

## Corporate bonds (excluding bank bonds)

### Rating structure

	%
NR	AAA
1 (0)	1 (1)
<BB	AA
1 (1)	7 (7)
BB	A
11 (10)	26 (31)
BBB	
53 (50)	



### Maturity structure

	%
>10 years	0–1 years
20 (19)	9 (9)
7–10 years	1–3 years
14 (14)	20 (21)
5–7 years	3–5 years
15 (15)	23 (22)



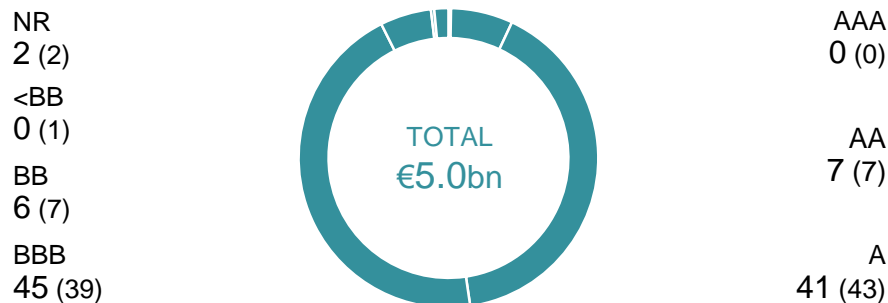
### Regional breakdown

	30.6.2017	31.12.2016
Utilities	17.6	18.5
Industrial goods and services	12.8	12.5
Oil and gas	11.7	11.8
Telecommunications	8.6	8.8
Financial services	7.4	7.1
Healthcare	6.7	6.4
Technology	5.8	5.0
Food and beverages	4.5	4.9
Basic resources	3.8	3.9
Automobiles	3.8	3.8
Media	3.6	3.8
Retail	3.4	3.9
Personal and household goods	3.2	2.9
Other	7.1	6.7

# Fixed-income portfolio

## Bank bonds

### Rating structure



### Maturity structure



### Regional breakdown

	Senior bonds	Subordinated	Loss-bearing	Total	
				30.6.2017	31.12.2016
US	32.6	5.1	0.6	38.3	38.6
Germany	15.0	1.6	4.3	20.9	23.3
UK	7.8	0.6	0.3	8.7	7.6
Ireland	7.2	0.1	0.0	7.3	6.8
France	2.6	0.9	1.8	5.3	4.3
Canada	2.1	0.6	0.0	2.7	2.8
Jersey	2.3	0.0	0.0	2.3	2.4
Austria	0.8	0.5	0.0	1.3	1.2
Belgium	1.3	0.0	0.0	1.3	1.1
Other	10.4	1.3	0.1	11.8	11.8

### 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-pair		
	AAA	AA	A	BBB	<BBB	NR	USA + RoW	Europe			
ABS	Consumer-related ABS <sup>1</sup>	265	245	80	10	0	2	253	349	602	101%
	Corporate-related ABS <sup>2</sup>	13	65	115	38	0	30	0	262	262	100%
	Subprime HEL	0	0	1	0	0	0	1	0	1	98%
CDO/ CLN	Subprime-related	0	0	0	0	0	0	0	0	0	0%
	Non-subprime-related	682	626	89	0	0	92	555	934	1,489	100%
MBS	Agency	905	44	0	0	0	0	950	0	950	104%
	Non-agency prime	128	158	29	3	0	0	2	316	318	100%
	Non-agency other (not subprime)	105	73	7	0	0	0	0	186	186	100%
	Commercial MBS	266	38	15	17	0	0	263	74	336	102%
<b>Total 30.6.2017</b>		<b>2,364</b>	<b>1,249</b>	<b>338</b>	<b>68</b>	<b>0</b>	<b>125</b>	<b>2,024</b>	<b>2,119</b>	<b>4,143</b>	<b>101%</b>
In %		57%	30%	8%	2%	0%	3%	49%	51%	100%	
Total 31.12.2016		2,823	1,622	261	95	8	31	2,303	2,537	4,839	101%



# 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)	+8.0	+3.9	–7.5	–14.4
Change in on-balance-sheet reserves, net (€bn) <sup>1</sup>	+1.9	+0.9	–1.8	–3.5
Change in off-balance-sheet reserves, net (€bn) <sup>1</sup>	+0.4	+0.2	–0.3	–0.7
P&L impact (€bn) <sup>1</sup>	–0.0	–0.0	+0.0	+0.1

## Sensitivity to spreads<sup>2</sup> (change in basis points)

		+50	+100
Change in gross market value (€bn)		–5.2	–10.1
Change in on-balance-sheet reserves, net (€bn) <sup>1</sup>		–1.1	–2.1
Change in off-balance-sheet reserves, net (€bn) <sup>1</sup>		–0.3	–0.5
P&L impact (€bn) <sup>1</sup>		–0.0	–0.0

## Sensitivity to equity and commodity markets<sup>3</sup>

	–30%	–10%	+10%	+30%
<b>EURO STOXX 50 (3,442 as at 30.6.2017)</b>	<b>2,409</b>	<b>3,098</b>	<b>3,786</b>	<b>4,475</b>
Change in gross market value (€bn)	–5.0	–1.7	+1.7	+5.2
Change in on-balance-sheet reserves, net (€bn) <sup>1</sup>	–1.3	–0.6	+1.0	+2.9
Change in off-balance-sheet reserves, net (€bn) <sup>1</sup>	–0.9	–0.3	+0.3	+0.9
P&L impact (€bn) <sup>1</sup>	–1.6	–0.4	+0.0	+0.1

<sup>1</sup> Rough calculation with limited reliability assuming unchanged portfolio as at 30.6.2017. After rough estimation of policyholder participation and deferred tax; linearity of relations cannot be assumed. Approximation – not fully comparable with IFRS figures. <sup>2</sup> Sensitivities to changes of spreads are calculated for every category of fixed-interest securities, except government securities with AAA ratings. <sup>3</sup> 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	31.12.2014	31.12.2015	31.12.2016	31.3.2017	30.6.2017
Market value of investments	235,849	230,529	236,153	235,399	229,737
Total reserves	31,470	25,969	28,496	26,180	24,743
On-balance-sheet reserves					
Fixed-interest securities	11,967	7,886	8,649	7,815	7,658
Non-fixed-interest securities	2,270	2,446	2,924	3,311	2,917
Other on-balance-sheet reserves <sup>1</sup>	311	201	186	201	191
Subtotal	14,548	10,533	11,759	11,327	10,766
Off-balance-sheet reserves					
Real estate <sup>2</sup>	2,006	2,273	2,413	2,450	2,450
Loans and investments (held to maturity)	14,400	12,610	13,591	11,692	10,761
Associates	516	553	733	711	767
Subtotal	16,922	15,436	16,738	14,853	13,977
Reserve ratio	13.3%	11.3%	12.1%	11.1%	10.8%

# On-balance-sheet reserves

## On-balance-sheet reserves

€m

	30.6.2017	Change Q2
Investments afs	10,575	-551
Valuation at equity	111	-7
Unconsolidated affiliated enterprises	60	-3
Cash-flow hedging	20	-1
Total on-balance-sheet reserves (gross)	10,766	-561
Provision for deferred premium refunds	-4,703	287
Deferred tax	-1,345	5
Minority interests	-15	1
Consolidation and currency effects	-230	59
Shareholders' stake	4,473	-210

# Off-balance-sheet reserves

## Off-balance-sheet reserves

€m

	30.6.2017	Change Q2
Real estate <sup>1</sup>	2,450	0
Loans	10,761	-932
Associates	767	56
Total off-balance-sheet reserves (gross)	13,977	-876
Provision for deferred premium refunds	-9,745	753
Deferred tax	-1,272	53
Minority interests	0	0
Shareholders' stake	2,960	-70

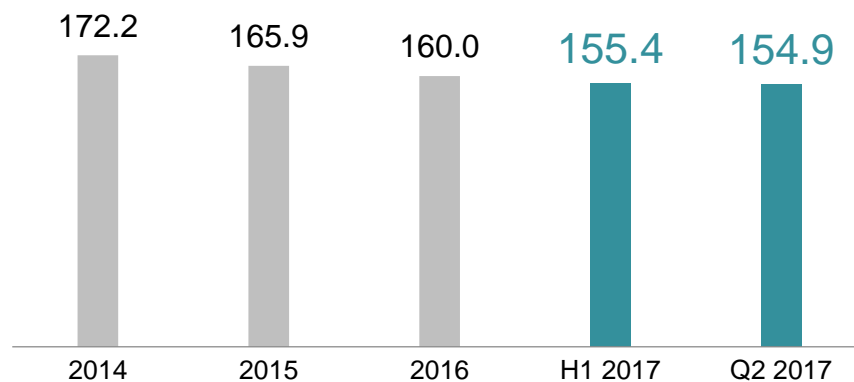
<sup>1</sup> Excluding reserves for owner-occupied property.

# Changes to shares in circulation

Shares (millions)	31.12. 2016	Acquisition of own shares in H1 2017	Retirement of own shares in H1 2017	30.6. 2017
Shares in circulation	156.9	-2.7	-	154.2
Own shares held	4.2	2.7	-6.0	0.8
<b>Total</b>	<b>161.1</b>	<b>-</b>	<b>-6.0</b>	<b>155.1</b>

## Weighted average number of shares in circulation

(millions)



# Financial calendar

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## 2017

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9 November	Quarterly statement as at 30 September 2017
21 November	Investor Day “Munich Re driving digital transformation”

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## 2018

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6 February	Preliminary key figures 2017 and renewals
15 March	Balance sheet press conference for 2017 financial statements Analysts' conference in Munich with videocast
25 April	Annual General Meeting 2018, ICM – International Congress Centre Munich
8 May	Quarterly statement as at 31 March 2018
8 August	Half-year financial report as at 30 June 2018
7 November	Quarterly statement as at 30 September 2018

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This presentation contains forward-looking statements that are based on current assumptions and forecasts of the management of Munich Re. Known and unknown risks, uncertainties and other factors could lead to material differences between the forward-looking statements given here and the actual development, in particular the results, financial situation and performance of our Company. The Company assumes no liability to update these forward-looking statements or to make them conform to future events or developments.

The primary insurance units of the disbanded Munich Health field of business are now recognised in the ERGO International segment, units with reinsurance business in the Reinsurance Life and Health segment. Previous year's figures were adjusted to ensure comparability.