



plainpicture/fStop/Ralf Hiemisch

Preliminary financial statements as at 31 December 2016

7 February 2017

Jörg Schneider

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

Munich Re (Group) – 2016 (Q4 2016)

NET RESULT

€2.6bn (€0.5bn)

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

OPERATING RESULT

€4.0bn (€0.8bn)

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

INVESTMENT RESULT

RoI: 3.2% (2.7%)

Solid return given low interest rates – prudent asset liability management once again proved beneficial

SHAREHOLDERS' EQUITY

€31.8bn (–1.8% vs. 30.9.)

Strong capitalisation according to all metrics continues to provide the basis for high pay-outs

HGB RESULT (GERMAN GAAP)

Significantly above €3bn

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

JANUARY RENEWALS

Strict focus on bottom-line

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

Investment result

€bn	Q4 2016	2016	2015
Regular income	1.7	6.7	7.4
Write-ups/write-downs	-0.1	-0.4	-0.8
Disposal gains/losses	0.8	2.6	2.7
Derivatives	-0.5	-0.7	-1.2
Other income/expenses	-0.2	-0.6	-0.5
Investment result	1.6	7.6	7.5
Return on investment	2.7%	3.2%	3.2%
Reinsurance	2.2%	2.5%	3.2%
ERGO	3.0%	3.7%	3.1%

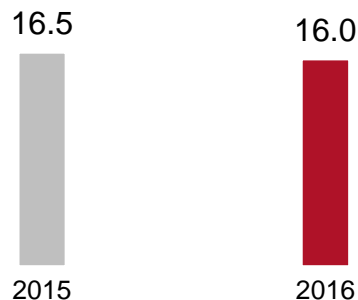
Highlights

- Ongoing attrition of running yield – decline ~30bps
- 3-month reinvestment yield stable at ~1.8% in Q4
- Disposal gains at prior-year level – higher gains at ERGO, lower gains in reinsurance
- Improved derivatives result largely driven by interest-rate hedging at ERGO and recovery of commodity markets, ...
- ... partly reversed in Q4 following a pick-up in interest rates and strong equity markets

ERGO – Key financials

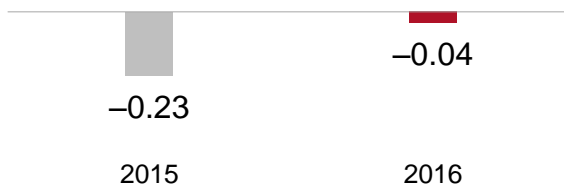
Gross premiums written

€bn



Net result

€bn

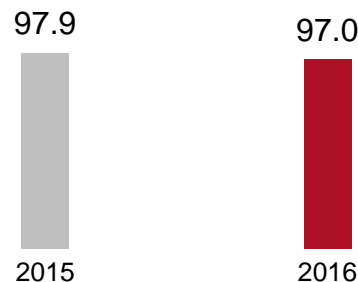


Major result drivers

- 2016: Net result in line with guidance, including impact from ERGO Strategy Programme (ESP)¹
 - Higher investment result
 - Germany P-C: Combined ratio 1% point better than guidance²
 - International P-C: Combined ratio improved, mainly in Poland, UK and Turkey
- Q4: Positive net result
 - High investment result in all segments more than offsets additional restructuring expenses in Belgium

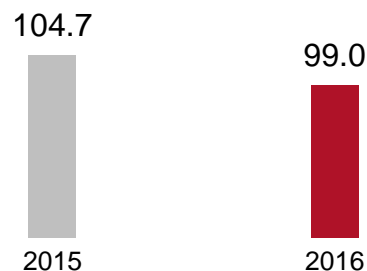
Germany P-C: Combined ratio

%



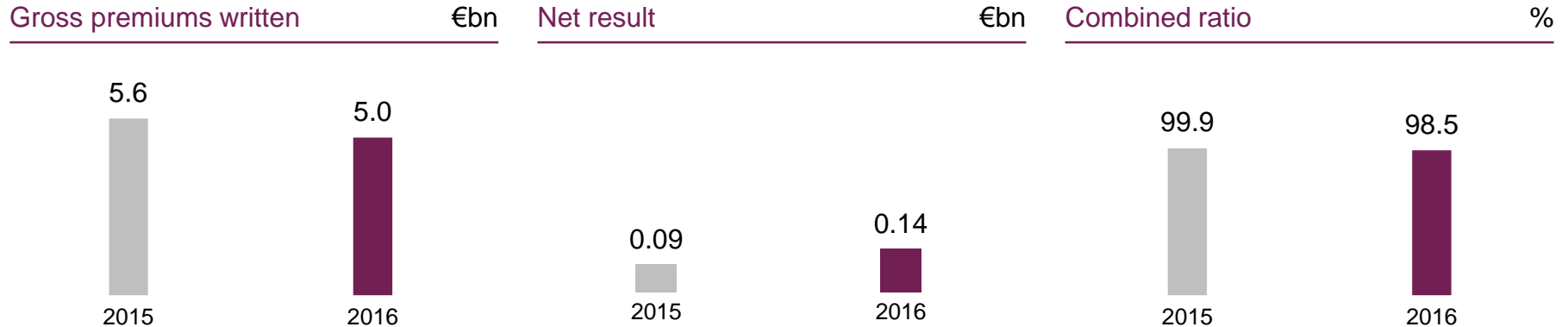
International P-C: Combined ratio

%



¹ Restructuring expenses: €0.2bn, investments: €0.1bn. ² ESP impact: ~1% point

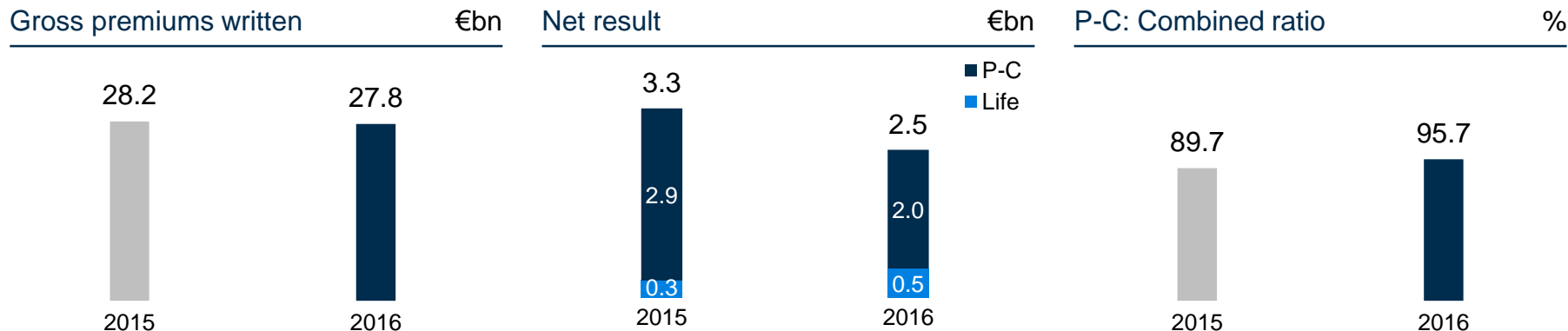
Munich Health – Key financials



Major result drivers

- Organic premium decrease mainly driven by reduced share and restructuring of one large treaty, partly offset by growth in China, Middle East and Spain
- Reinsurance combined ratio 99.5% (–1.7%) – Reserve release, as well as better claims experience and positive one-offs in the US
- Primary insurance combined ratio 94.2% (+1.0%) – Reserve release in Belgium

Reinsurance – Key financials



Life: Technical result ~€0.49bn

- Result well above annual target, despite large losses in Q1
- Strong contribution mainly from North America, Europe and Asia supported by one-off effects
- Reserve releases in H2 2016

Property-casualty: Major losses

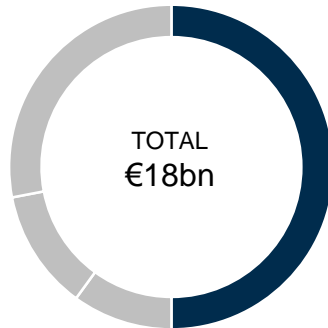
	Total	Nat cat	Man-made
FY 2016	9.1	5.5	3.6
Q4 2016	14.8	10.9	3.9
Reserve releases ¹		€bn	% points ²
FY 2016		~1.1	~5.5
Q4 2016		~0.4	~5.7

¹ Basic losses. ² Adjusted for commission effects. Gross reserve releases: ~6.2% (Q4 2016: ~8.7%).

Business up for renewal roughly half of total P-C book – Regional focus on Europe

Total property-casualty book¹ %

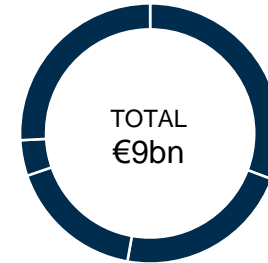
Remaining business 28	Business up for January renewal 50
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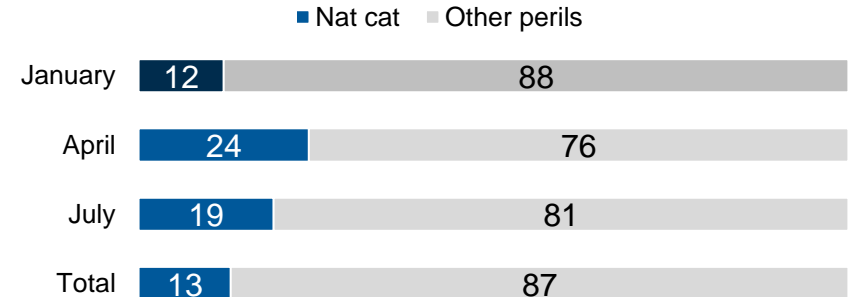
Business up for July renewal 12	Business up for April renewal 10
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Regional allocation of January renewals %

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



Nat cat shares of renewable portfolio² %

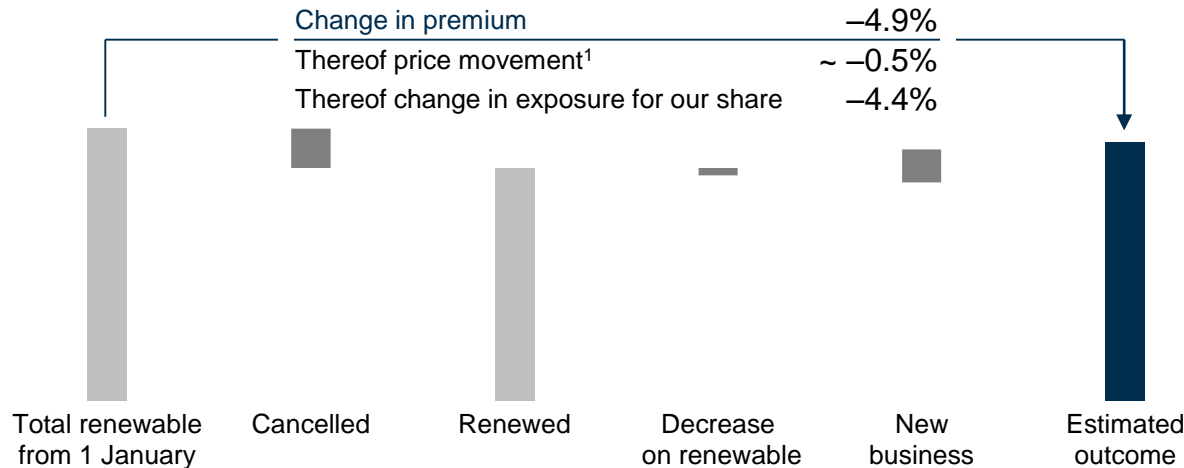


¹ Gross premiums written. Economic view – not fully comparable with IFRS figures. ² Total refers to total P-C book, incl. remaining business.

Cycle management reduction mitigated by new business opportunities – Further slow-down in price decline

January renewals 2017

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



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

Overall portfolio profitability was maintained and remains above cost of capital

¹ Price movement is risk-adjusted, i.e. includes claims inflation/loss trend and is adjusted for portfolio mix effects. Furthermore, price movement is calculated on a wing-to-wing basis (including cancelled and new business).

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