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# Quarterly statement as at 30 September 2016

9 November 2016

Jörg Schneider

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# Business highlights Q3 2016

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

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

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

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

Munich Health study<sup>1</sup> 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<sup>1</sup>

2.7% (9M: 3.4%)

Resilient return given low interest rates – increased value of equity portfolio but write-downs of hedges

### Shareholders' equity

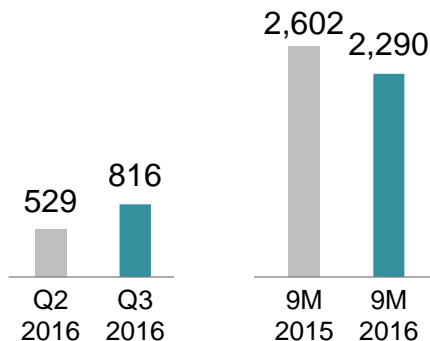
€32.4bn (+1.1% vs. 30.6.)

Further increase of valuation reserves – Solvency II ratio stable at ~250%

<sup>1</sup> Annualised.

### Technical result

€m



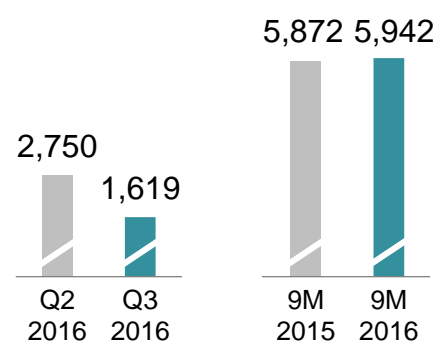
### Reinsurance

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%)

### Investment result

€m



### ERGO

L/H Germany: Result impacted by low interest rates

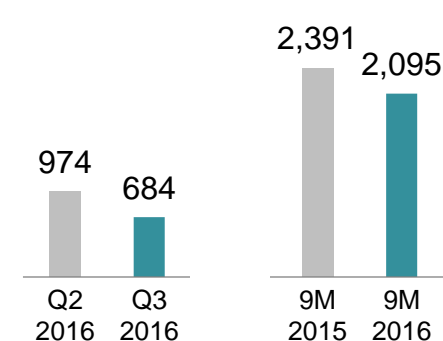
P-C: Combined ratio 96.1% (9M: 96.0%)

International: Combined ratio 98.6% (9M: 98.5%)

Q3 2016 (9M 2016)

### Net result

€m











### Munich Health

Reinsurance: Combined ratio 98.7% (9M: 100.9%)

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

# IFRS capital position

## Equity

		€m		€m
Equity 31.12.2015	30,966		Change Q3	
Consolidated result	2,095			684
Changes				
Dividend	-1,329			-
Unrealised gains/losses	2,315			304
Exchange rates	-565			-177
Share buy-backs	-711			-318
Other	-416			-149
Equity 30.9.2016	32,355			343

## Unrealised gains/losses

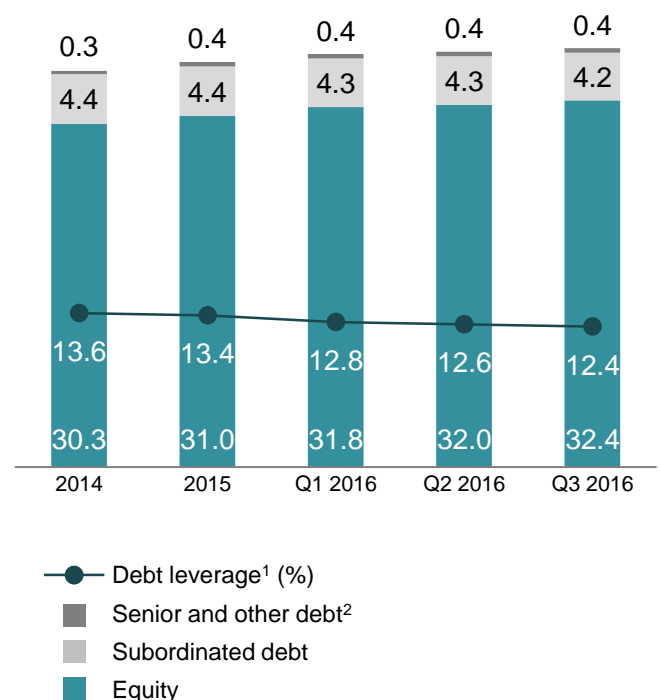
Fixed-interest securities  
9M: +€2,353m Q3: +€84m

Non-fixed-interest securities  
9M: -€31m Q3: +€222m

## Exchange rates

FX effect mainly driven by US\$

## Capitalisation



# Investment portfolio

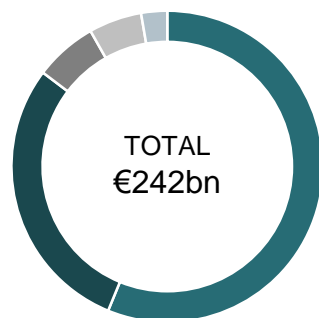
## Investment portfolio<sup>1</sup>

Land and buildings  
2.7 (2.9)

Shares, equity funds and participating interests<sup>2</sup>  
5.5 (5.2)

Miscellaneous<sup>3</sup>  
6.5 (7.5)

Loans  
29.1 (28.7)



Fixed-interest securities  
56.2 (55.7)

%

## 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

## Portfolio duration<sup>4</sup>

DV01<sup>1,4</sup>

€m

	Assets		Liabilities		Assets		Liabilities		Net
Reinsurance	6.1 (5.4)			5.1 (4.8)	47 (41)			47 (44)	–
ERGO	9.5 (8.4)			10.7 (9.1)	130 (111)			151 (126)	–21
Munich Re (Group)	8.3 (7.3)			8.5 (7.4)	177 (151)			198 (170)	–21

<sup>1</sup> Fair values as at 30.9.2016 (31.12.2015). <sup>2</sup> Net of hedges: 4.4% (4.8%). <sup>3</sup> Deposits retained on assumed reinsurance, deposits with banks, investment funds (excl. equities), derivatives and investments in renewable energies and gold. <sup>4</sup> 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

	Q2 2016	Return <sup>1</sup>	Q3 2016	Return <sup>1</sup>	9M 2016	Return <sup>1</sup>	9M 2015	Return <sup>1</sup>
Regular income	1,823	3.1%	1,550	2.6%	5,001	2.8%	5,588	3.1%
Write-ups/write-downs	–22	–0.0%	–43	–0.1%	–284	–0.2%	–653	–0.4%
Disposal gains/losses	910	1.5%	696	1.2%	1,823	1.0%	2,321	1.3%
Derivatives <sup>2</sup>	176	0.3%	–446	–0.7%	–196	–0.1%	–999	–0.6%
Other income/expenses	–137	–0.2%	–137	–0.2%	–402	–0.2%	–385	–0.2%
<b>Investment result</b>	<b>2,750</b>	<b>4.7%</b>	<b>1,619</b>	<b>2.7%</b>	<b>5,942</b>	<b>3.4%</b>	<b>5,872</b>	<b>3.3%</b>
<b>Total return</b>		<b>8.9%</b>		<b>5.8%</b>		<b>9.3%</b>		<b>0.7%</b>

3-month reinvestment yield		Q3 2016	Write-ups/ write-downs	Disposal gains/losses	Derivatives	9M 2016	Write-ups/ write-downs	Disposal gains/losses	Derivatives
Q3 2016	1.8%	Fixed income <sup>3</sup>	15	506	–50	Fixed income <sup>3</sup>	–25	1,620	356
		Equities	–41	190	–421	Equities	–296	334	–538
Q2 2016	1.6%	Commodities/Inflation			7	Commodities/Inflation	78		–14
Q1 2016	1.9%	Other	–17	–1	18	Other	–41	–131	1

<sup>1</sup> Annualised return on quarterly weighted investments (market values) in %.

<sup>2</sup> Result from derivatives without regular income and other income/expenses.

<sup>3</sup> Thereof interest-rate hedging ERGO: Q3 €48m/€7m (gross/net); 9M €494m/€59m (gross/net).

ERGO

2



# ERGO Life and Health Germany

## 9M 2016 vs. 9M 2015

### Gross premiums written

	€m
9M 2015	7,025
Foreign exchange	-2
Divestments/investments	0
Organic change	-200
<b>9M 2016</b>	<b>6,823</b>

- Life: -€177m  
Decline in regular premiums due to ordinary attrition while single premiums suffered from lower product sales
- Health: -€23m  
Positive development in supplementary insurance but overcompensated by discontinuation of a large contract; comprehensive cover flat

### Major result drivers

	9M 2016	9M 2015	▲
Technical result	207	263	-55
Non-technical result	331	51	280
thereof investment result	3,698	3,141	557
Other	-519	-181	-339
<b>Net result</b>	<b>19</b>	<b>133</b>	<b>-113</b>

	Q3 2016	Q2 2016	▲
Technical result	5	119	-114
Non-technical result	10	227	-217
thereof investment result	895	1,538	-642
Other	-64	-291	227
<b>Net result</b>	<b>-49</b>	<b>55</b>	<b>-104</b>

### Technical result

- Q3: Decrease mainly due to usual assessment of interest-rate assumptions in Life -€97m/-€66m (gross<sup>1</sup>/net)

### Investment result

- 9M: Significant increase of derivative result, partly reversed in Q3
- 9M: Release of unrealised gains for ZZR, mainly in H1 2016
- 9M: Lower regular income
- Q3: Return on investment 2.9%

### Other

- 9M: Restructuring expenses of €218m/€40m (gross/net) in Q2; negative one-off effect from accounting difference between IFRS and local GAAP regarding pension liabilities and extraordinary tax charges (Health) in Q1
- 9M: Tax rate of 86.0% vs. 25.6%

<sup>1</sup> Effect on technical result after policyholder participation.

# ERGO Property-casualty Germany (1)

## 9M 2016 vs. 9M 2015

Gross premiums written	€m
9M 2015	2,529
Foreign exchange	0
Divestments/investments	0
Organic change	37
<b>9M 2016</b>	<b>2,566</b>

- Positive development in almost all lines of business

Major result drivers	€m		
	9M 2016	9M 2015	
Technical result	124	141	▲ -17
Non-technical result	-37	106	-144
thereof investment result	31	171	-140
Other	-169	-13	-156
<b>Net result</b>	<b>-83</b>	<b>234</b>	<b>-317</b>
	Q3 2016	Q2 2016	
Technical result	40	69	▲ -29
Non-technical result	8	2	6
thereof investment result	23	23	0
Other	-39	-139	101
<b>Net result</b>	<b>10</b>	<b>-68</b>	<b>77</b>

### Technical result

- 9M: Combined ratio up slightly to 96.0%
- 9M: Expansion of title insurance caused higher expense ratio (+2.0%-pts.) as well as lower loss ratio (-1.9%-pts.)
- 9M: Major losses slightly lower compared to previous year
- Q3: Losses esp. in fire and liability

### Investment result

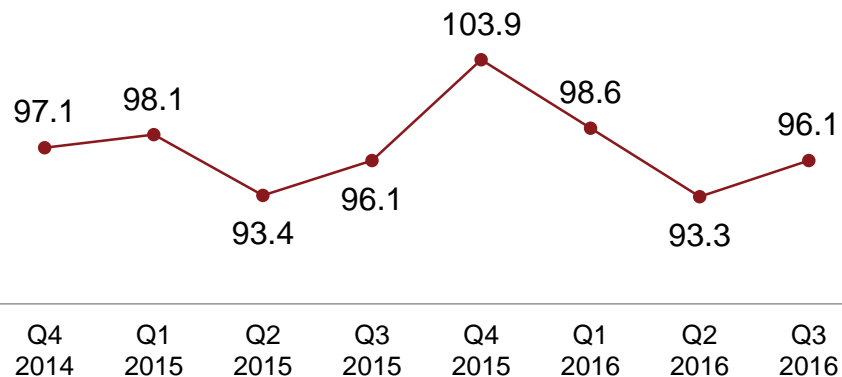
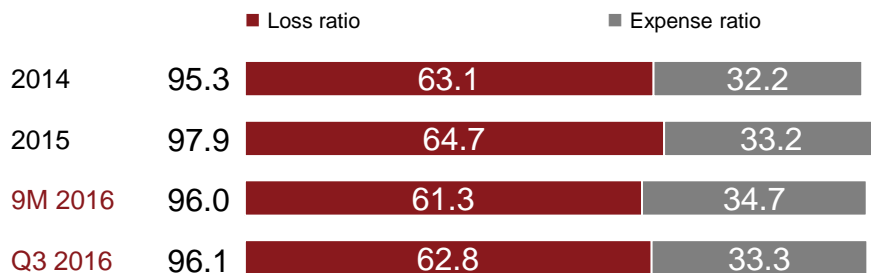
- 9M: Lower disposal gains
- Q3: Lower equity impairments and losses on derivatives
- Q3: Return on investment: 1.4%

### Other

- 9M: Restructuring expenses of €173m/€116m (gross/net) in Q2; negative one-off effect from accounting difference between IFRS and local GAAP regarding pension liabilities in Q1
- 9M: Tax rate of 26.6% vs. -21.4%

# ERGO Property-casualty Germany (2)

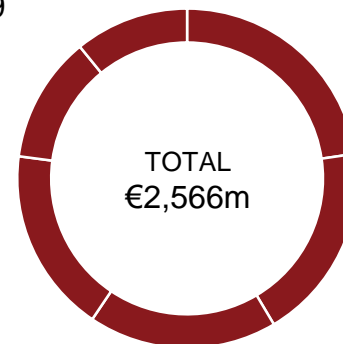
## Combined ratio %



## Gross premiums written €m

Other 279 582 Motor

Legal protection 309



Fire/property 453

Liability 461

482 Personal accident

# ERGO International

## 9M 2016 vs. 9M 2015

### Gross premiums written

	€m
9M 2015	2,936
Foreign exchange	-96
Divestments/investments	-47
Organic change	-46
<b>9M 2016</b>	<b>2,747</b>

#### Negative FX effects driven by PLN and TRY

Life: -€247m

- Poland: Lower sales of bancassurance products
- Belgium: Decrease mainly due to reclassification of premiums
- Disposal of ERGO Italy (€77m)

P-C: +€58m

- Increase mainly driven by price increases in motor business in Poland and Baltic states
- First-time consolidation of ATE (€19m)

### Major result drivers

	9M 2016	9M 2015	▲
Technical result	-33	49	-82
Non-technical result	125	79	46
thereof investment result	396	390	6
Other	-140	-78	-62
<b>Net result</b>	<b>-47</b>	<b>50</b>	<b>-98</b>

	Q3 2016	Q2 2016	▲
Technical result	-23	-35	12
Non-technical result	41	63	-23
thereof investment result	103	166	-62
Other	-29	-49	20
<b>Net result</b>	<b>-12</b>	<b>-21</b>	<b>9</b>

#### Technical result

Life: -€119m (9M)

- Usual assessment of interest-rate assumptions in Belgium in Q3: -€32m/-€22m (gross/net)
- Sale of ERGO Italy
- P-C: +€37m (9M)
- UK: Lower claims expenses
- Turkey: Better loss development in motor TPL

#### Investment result

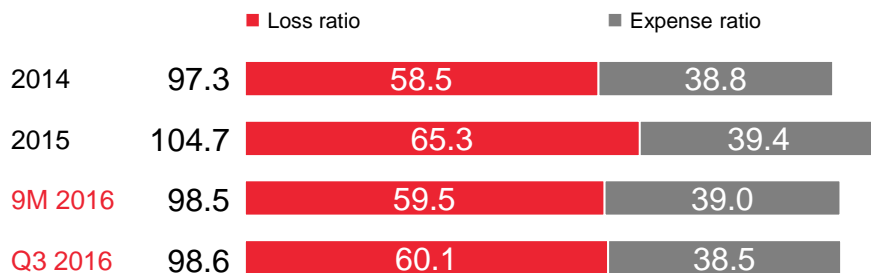
- Q3: Decline in net balance of derivatives
- Q3: Return on investment 2.9%

#### Other

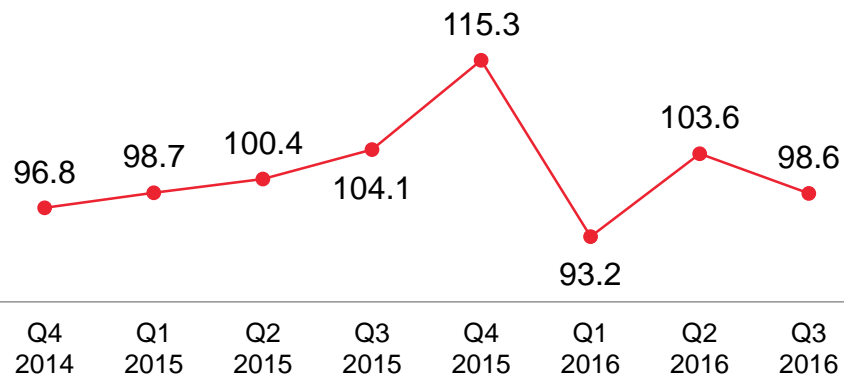
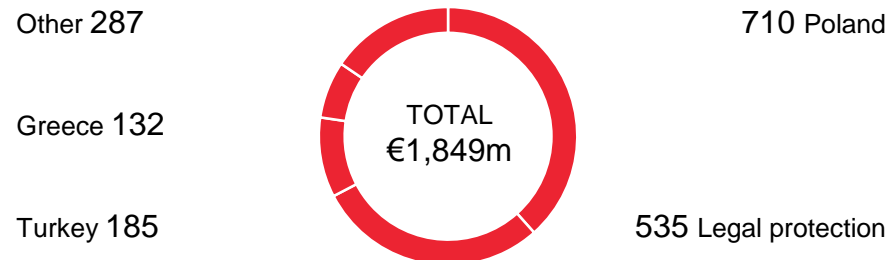
- 9M: Restructuring expenses of €10m/€7m (gross/net) in Q2; payments for an exclusivity agreement in Q1
- 9M: Tax rate of 3.4% vs. 35.4%

# ERGO International – Property-casualty

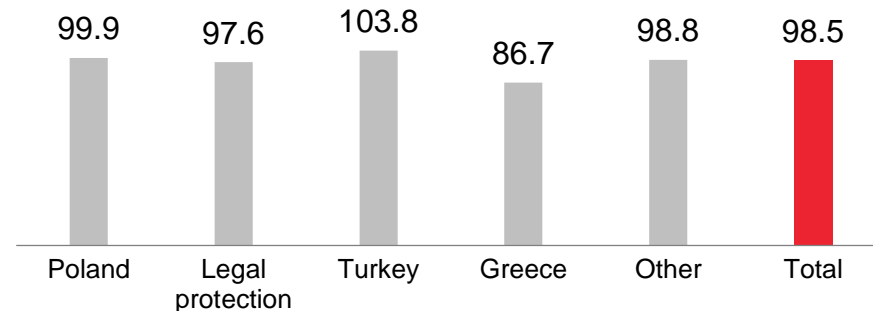
## Combined ratio %



## Gross premiums written – Property-casualty €m



## Combined ratio 9M 2016 %



Munich Health

3

# Munich Health

## 9M 2016 vs. 9M 2015

Gross premiums written	€m
9M 2015	4,260
Foreign exchange	-101
Divestments/investments	0
Organic change	-458
<b>9M 2016</b>	<b>3,701</b>

- Negative FX effects mainly due to Can\$
- Organic decrease mainly driven by reduced share and restructuring of one large treaty, and in US termination of poorly performing accounts...
- ... partly offset by growth in China, Middle East and Spain

Major result drivers	€m		
	9M 2016	9M 2015	▲
Technical result	32	33	-1
Non-technical result	59	53	6
thereof investment result	81	92	-11
Other	-15	-2	-13
<b>Net result</b>	<b>76</b>	<b>84</b>	<b>-8</b>
	Q3 2016	Q2 2016	▲
Technical result	52	-16	68
Non-technical result	12	24	-12
thereof investment result	23	29	-6
Other	-19	8	-27
<b>Net result</b>	<b>44</b>	<b>16</b>	<b>28</b>

### 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

4



# Reinsurance Life

## 9M 2016 vs. 9M 2015

### Gross premiums written

	€m
9M 2015	7,653
Foreign exchange	-263
Divestments/investments	0
Organic change	-178
9M 2016	7,212

- 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

### Major result drivers

	9M 2016	9M 2015	▲
Technical result	318	247	71
Non-technical result	66	88	-21
thereof investment result	469	628	-159
Other	-16	-163	147
<b>Net result</b>	<b>369</b>	<b>172</b>	<b>197</b>

	Q3 2016	Q2 2016	▲
Technical result	146	103	43
Non-technical result	20	119	-99
thereof investment result	164	240	-76
Other	-31	-7	-24
<b>Net result</b>	<b>134</b>	<b>214</b>	<b>-80</b>

### Technical result

- Q3: Strong contribution mainly from Asia, Canada and Europe supported by one-off effects
- Well on track to achieve annual target of ~€400m

### Investment result

- 9M: Lower interest income from deposits retained on assumed reinsurance due to cancellation/modification of large capital-relief deals
- 9M: Lower disposal gains
- Q3: Return on investment 2.7%

### Other

- 9M: FX result of €84m vs. -€79m, high contribution from GBP
- 9M: Tax rate of 16.7% vs. 24.0%

# Reinsurance Property-casualty

## 9M 2016 vs. 9M 2015

### Gross premiums written

	€m
9M 2015	13,583
Foreign exchange	-330
Divestments/investments	0
Organic change	480
9M 2016	13,733

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

### Major result drivers

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

	Q3 2016	Q2 2016	▲
Technical result	597	289	308
Non-technical result	108	498	-390
thereof investment result	411	754	-343
Other	-147	-10	-137
<b>Net result</b>	<b>558</b>	<b>778</b>	<b>-220</b>

### 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%

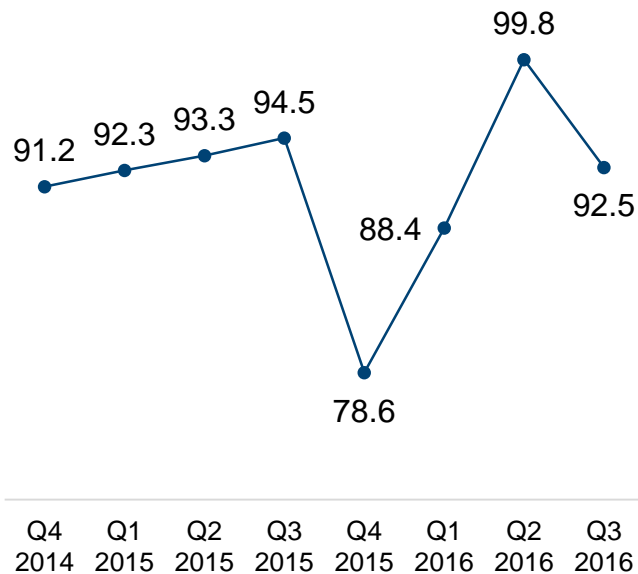
### Other

- 9M: FX result of €299m vs. -€225m, high contribution from GBP
- 9M: Tax rate 20.2% vs. 11.0%

# Combined ratio

## Combined ratio

%



		■ Basic losses	■ Major losses	■ Expense ratio
2014	92.7	53.0	7.2	32.5
2015	89.7	50.8	6.2	32.6
9M 2016	93.7	55.2	7.2	31.3
Q3 2016	92.5	55.3	6.6	30.6

	Major losses	Nat cat	Man-made	Reserve releases <sup>1</sup>	Normalised combined ratio <sup>2</sup>
9M 2016	7.2	3.7	3.5	-5.4	99.9
Q3 2016	6.6	3.4	3.1	-5.0	98.9
Ø Annual expectation	~12.0	~8.0	~4.0		

<sup>1</sup> Basic losses; in Q3 mainly fire; no corresponding sliding-scale effects.

<sup>2</sup> Based on 4%-pts. reserve releases.

Outlook

5

## Munich Re (Group)

### Net result

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Significantly above **€2.3bn**  
(prev. €2.3bn)

### Return on investment

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**~3%**  
Solid return given ongoing  
low-interest-rate environment

### Gross premiums written

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**€47–49bn**  
Focus on bottom-line growth prevails

### Combined ratio

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<b>~95%</b> Reinsurance	<b>~98%</b> ERGO Germany
<b>~99%</b> Munich Health	<b>~99%</b> ERGO International

Backup

6

# Premium development

## Gross premiums written

€m

9M 2015  37,986

Foreign exchange  -792

Divestments/  
investments  -47

Organic change  -365

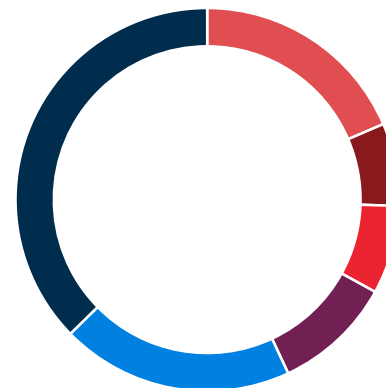
9M 2016  36,782

## Segmental breakdown

€m

Reinsurance  
Property-casualty  
13,733 (37%) (▲ 1.1%)

ERGO  
Life and Health Germany  
6,823 (19%) (▲ -2.9%)



Reinsurance  
Life  
7,212 (20%) (▲ -5.8%)

ERGO  
International  
2,747 (7%) (▲ -6.4%)

Munich Health  
3,701 (10%) (▲ -13.1%)

# Reconciliation of operating result with net result

## Reconciliation of operating result with net result

	9M 2016	Q3 2016
Operating result	3,202	1,014
Other non-operating result	-313	-112
Goodwill impairments	-9	0
Net finance costs	-162	-54
Taxes	-623	-164
<b>Net result</b>	<b>2,095</b>	<b>684</b>

## Other non-operating result

	€m	€m
	9M 2016	Q3 2016
Foreign exchange	325	6
Restructuring expenses	-410	-9
Other	-229	-108

## Tax rates

	%	%
	9M 2016	Q3 2016
Group	22.9	19.3
Reinsurance	19.6	20.2
ERGO	-356.0	37.7
Munich Health	18.7	31.2



# Actual vs. analysts' consensus

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

	Q3 2016	Consensus	€m	Delta
Reinsurance P-C	705	768		-63
Reinsurance Life	165	154		11
ERGO L/H Germany	15	72		-57
ERGO P-C Germany	48	51		-3
ERGO International	17	44		-27
Munich Health	64	25		39
<b>Operating result</b>	<b>1,014</b>	<b>1,115</b>		<b>-101</b>
FX	6			
Other	-171			
Taxes	-164			
<b>Net result</b>	<b>684</b>	<b>753</b>		<b>-69</b>

## Major developments in Q3 2016

### Reinsurance Property-casualty

Combined ratio: 92.5% (consensus: 91.9%) – major-loss ratio: 6.6%, reserve releases: ~5.0%; return on investment: 2.6%

### Reinsurance Life

Technical result of €146m

### ERGO Life and Health Germany

Interest-rate hedge +€45m/+€4m (gross/net), assessment of interest-rate assumptions -€97m/-€66m (gross<sup>2</sup>/net)

### ERGO Property-casualty Germany

Combined ratio: 96.1% (consensus: 97.5%)

### ERGO International

Combined ratio: 98.6% (consensus: 99.8%), assessment of interest-rate assumptions in Belgium -€32m/-€22m (gross/net)

### Munich Health

Positive seasonal effects in Spain and Belgium (+€34m)

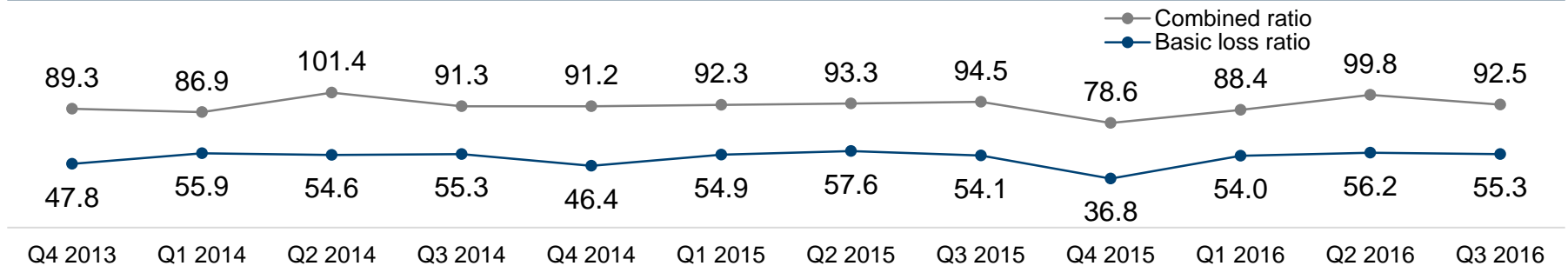
<sup>1</sup> Simple average of estimates the Munich Re Investor Relations team has gathered from analysts covering Munich Re, not taking into account any external data providers.

<sup>2</sup> Effect on technical result after policyholder participation.

# Development of combined ratio

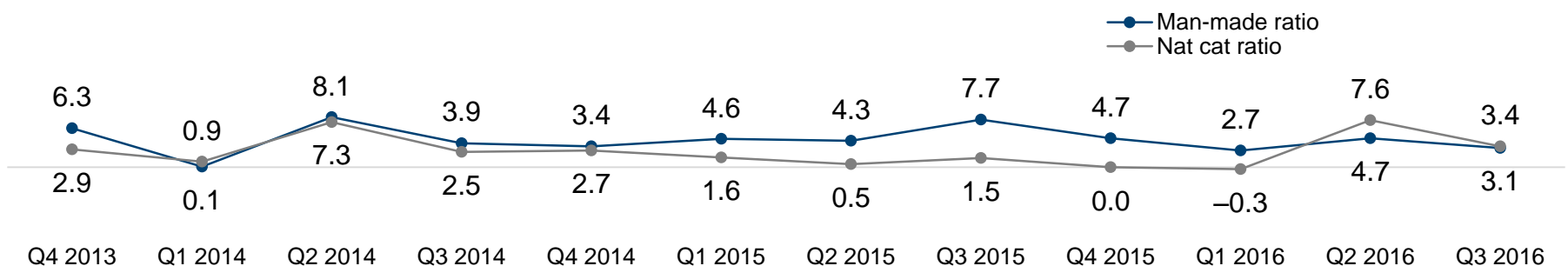
## Combined ratio vs. basic losses

%



## Nat cat vs. man-made

%

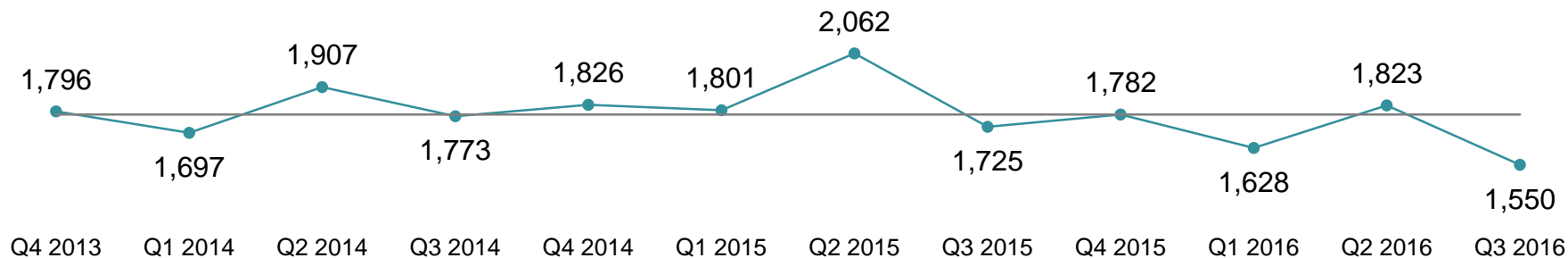


# Breakdown of regular income

## Investment result – Regular income (€m)

	Q3 2016	9M 2016	9M 2015	Change
Afs fixed-interest	764	2,427	2,661	-234
Afs non-fixed-interest	81	443	517	-74
Derivatives	26	88	104	-16
Loans	499	1,515	1,573	-58
Real estate	100	302	268	34
Deposits retained on assumed reinsurance and other investments	78	226	466	-240
<b>Total</b>	<b>1,550</b>	<b>5,001</b>	<b>5,588</b>	<b>-588</b>

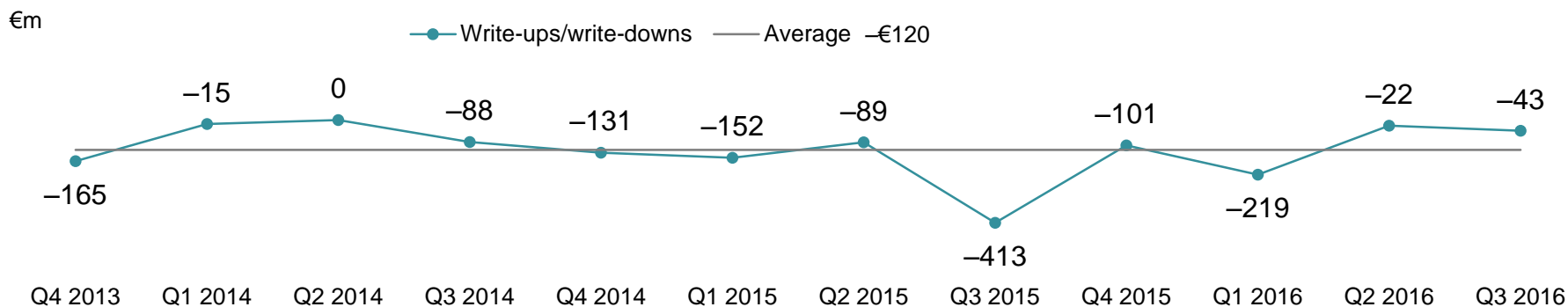
€m ● Regular income — Average €1,781m



# Breakdown of write-ups/write-downs

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

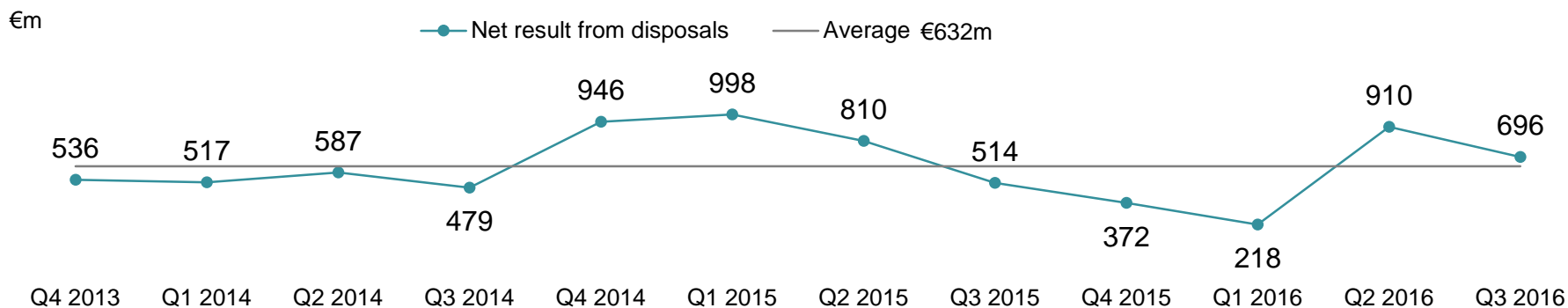
	Q3 2016	9M 2016	9M 2015	Change
Afs fixed-interest	13	0	-56	57
Afs non-fixed-interest	-41	-296	-418	122
Loans	2	-26	-65	39
Real estate	-21	-55	-58	3
Deposits retained on assumed reinsurance and other investments	5	92	-56	149
<b>Total</b>	<b>-43</b>	<b>-284</b>	<b>-653</b>	<b>369</b>



# Breakdown of net result from disposals

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

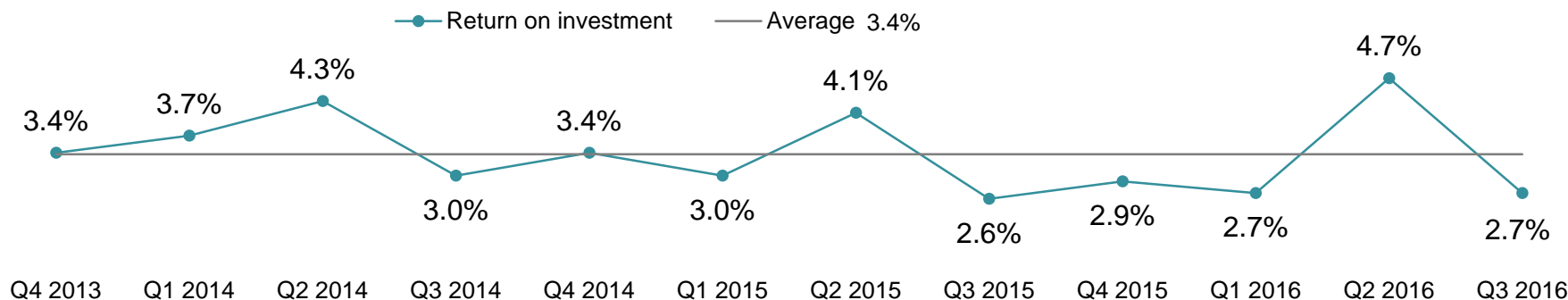
	Q3 2016	9M 2016	9M 2015	Change
Afs fixed-interest	480	1,113	1,208	–94
Afs non-fixed-interest	190	334	790	–456
Loans	26	507	92	414
Real estate	3	14	5	9
Deposits retained on assumed reinsurance and other investments	–3	–145	226	–371
<b>Total</b>	<b>696</b>	<b>1,823</b>	<b>2,321</b>	<b>–498</b>



# Return on investment by asset class and segment

## 9M 2016

% <sup>1</sup>	Regular income	Write-ups/-downs	Disposal result	Extraord. derivative result	Other inc./exp.	Rol	Market value (€m)
Afs fixed-income	2.5	0.0	1.1	0.0	0.0	3.6	131,525
Afs non-fixed-income	4.2	-2.8	3.2	0.0	0.0	4.6	13,967
Derivatives	4.2	0.0	0.0	-9.4	-0.3	-5.5	2,783
Loans	2.9	0.0	1.0	0.0	0.0	3.9	68,618
Real estate	6.2	-1.1	0.3	0.0	0.0	5.3	6,541
Other <sup>2</sup>	2.5	1.0	-1.6	0.0	-4.3	-2.4	12,268
<b>Total</b>	<b>2.8</b>	<b>-0.2</b>	<b>1.0</b>	<b>-0.1</b>	<b>-0.2</b>	<b>3.4</b>	<b>235,703</b>
Reinsurance	2.7	-0.1	1.3	-1.0	-0.3	2.6	88,482
ERGO	3.0	-0.2	0.9	0.4	-0.2	3.9	142,818
Munich Health	2.0	0.0	0.7	-0.1	-0.1	2.4	4,404



# Investment result by segment

## Investment result – Reinsurance Life

	Q3 2016	Return <sup>1</sup>	9M 2016	Return <sup>1</sup>	9M 2015	Return <sup>1</sup>
Regular income	167	2.7%	506	2.8%	665	3.4%
Write-ups/write-downs	-6	-0.1%	-17	-0.1%	-58	-0.3%
Disposal gains/losses	79	1.3%	139	0.8%	212	1.1%
Derivatives <sup>2</sup>	-62	-1.0%	-121	-0.7%	-154	-0.8%
Other income/expenses	-15	-0.2%	-39	-0.2%	-38	-0.2%
<b>Investment result</b>	<b>164</b>	<b>2.7%</b>	<b>469</b>	<b>2.6%</b>	<b>628</b>	<b>3.2%</b>
Average market value		24,361		24,139		26,250

## Investment result – Reinsurance Property-casualty

	Q3 2016	Return <sup>1</sup>	9M 2016	Return <sup>1</sup>	9M 2015	Return <sup>1</sup>
Regular income	388	2.4%	1,258	2.6%	1,401	2.9%
Write-ups/write-downs	-28	-0.2%	-40	-0.1%	-253	-0.5%
Disposal gains/losses	363	2.3%	728	1.5%	1,127	2.3%
Derivatives <sup>2</sup>	-261	-1.6%	-532	-1.1%	-683	-1.4%
Other income/expenses	-50	-0.3%	-149	-0.3%	-141	-0.3%
<b>Investment result</b>	<b>411</b>	<b>2.6%</b>	<b>1,266</b>	<b>2.6%</b>	<b>1,450</b>	<b>3.0%</b>
Average market value		64,412		64,342		65,108

# Investment result by segment

## Investment result – ERGO Life/Health Germany

€m

	Q3 2016	Return <sup>1</sup>	9M 2016	Return <sup>1</sup>	9M 2015	Return <sup>1</sup>
Regular income	859	2.7%	2,724	3.0%	2,923	3.3%
Write-ups/write-downs	-23	-0.1%	-170	-0.2%	-172	-0.2%
Disposal gains/losses	187	0.6%	844	0.9%	681	0.8%
Derivatives <sup>2,3</sup>	-67	-0.2%	481	0.5%	-119	-0.1%
Other income/expenses	-61	-0.2%	-180	-0.2%	-171	-0.2%
<b>Investment result</b>	<b>895</b>	<b>2.9%</b>	<b>3,698</b>	<b>4.0%</b>	<b>3,141</b>	<b>3.5%</b>
Average market value		125,509		122,414		118,845

## Investment result – ERGO Property-casualty Germany

€m

	Q3 2016	Return <sup>1</sup>	9M 2016	Return <sup>1</sup>	9M 2015	Return <sup>1</sup>
Regular income	34	2.1%	123	2.4%	152	2.8%
Write-ups/write-downs	-7	-0.4%	-57	-1.1%	-108	-2.0%
Disposal gains/losses	20	1.2%	12	0.2%	162	2.9%
Derivatives <sup>2</sup>	-21	-1.2%	-34	-0.7%	-23	-0.4%
Other income/expenses	-4	-0.2%	-12	-0.2%	-12	-0.2%
<b>Investment result</b>	<b>23</b>	<b>1.4%</b>	<b>31</b>	<b>0.6%</b>	<b>171</b>	<b>3.1%</b>
Average market value		6,682		6,772		7,351

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: Q3 €45m/€4m (gross/net); 9M €472m/€45m (gross/net).



# Investment result by segment

## Investment result – ERGO International

	€m					
	Q3 2016	Return <sup>1</sup>	9M 2016	Return <sup>1</sup>	9M 2015	Return <sup>1</sup>
Regular income	81	2.3%	325	3.2%	382	2.8%
Write-ups/write-downs	21	0.6%	0	0.0%	-61	-0.4%
Disposal gains/losses	42	1.2%	76	0.7%	108	0.8%
Derivatives <sup>2</sup>	-35	-1.0%	13	0.1%	-19	-0.1%
Other income/expenses	-5	-0.2%	-18	-0.2%	-20	-0.1%
<b>Investment result</b>	<b>103</b>	<b>2.9%</b>	<b>396</b>	<b>3.9%</b>	<b>390</b>	<b>2.9%</b>
Average market value		14,194		13,632		18,063

## Investment result – Munich Health

	€m					
	Q3 2016	Return <sup>1</sup>	9M 2016	Return <sup>1</sup>	9M 2015	Return <sup>1</sup>
Regular income	20	1.8%	65	2.0%	65	2.1%
Write-ups/write-downs	0	0.0%	-1	-0.0%	-1	-0.0%
Disposal gains/losses	5	0.4%	23	0.7%	31	1.0%
Derivatives <sup>2</sup>	-1	-0.1%	-2	-0.1%	0	0.0%
Other income/expenses	-1	-0.1%	-4	-0.1%	-3	-0.1%
<b>Investment result</b>	<b>23</b>	<b>2.0%</b>	<b>81</b>	<b>2.4%</b>	<b>92</b>	<b>3.0%</b>
Average market value		4,514		4,404		4,064

# 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)	+9.6	+4.7	–8.8	–16.9
Change in on-balance-sheet reserves, net (€bn) <sup>1</sup>	+2.1	+1.0	–1.9	–3.7
Change in off-balance-sheet reserves, net (€bn) <sup>1</sup>	+0.4	+0.2	–0.4	–0.8
P&L impact (€bn) <sup>1</sup>	+0.1	+0.0	–0.1	–0.1

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

			+50	+100
Change in gross market value (€bn)			–6.5	–12.3
Change in on-balance-sheet reserves, net (€bn) <sup>1</sup>			–1.2	–2.3
Change in off-balance-sheet reserves, net (€bn) <sup>1</sup>			–0.3	–0.6
P&L impact (€bn) <sup>1</sup>			–0.0	–0.1

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

	–30%	–10%	+10%	+30%
EURO STOXX 50 (3,002 as at 30.9.2016)	2,101	2,702	3,302	3,903
Change in gross market value (€bn)	–4.3	–1.4	+1.4	+4.5
Change in on-balance-sheet reserves, net (€bn) <sup>1</sup>	–0.9	–0.4	+0.8	+2.5
Change in off-balance-sheet reserves, net (€bn) <sup>1</sup>	–0.8	–0.3	+0.3	+0.8
P&L impact (€bn) <sup>1</sup>	–1.7	–0.5	+0.0	+0.2

<sup>1</sup> Rough calculation with limited reliability assuming unchanged portfolio as at 30.9.2016. 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	31.3.2016	30.6.2016	30.9.2016
Market value of investments	235,849	230,529	232,941	237,519	241,824
Total reserves	31,470	25,969	32,025	34,530	36,401
On-balance-sheet reserves					
Fixed-interest securities	11,967	7,886	11,494	13,685	14,077
Non-fixed-interest securities	2,270	2,446	2,239	1,966	2,357
Other on-balance-sheet reserves <sup>1</sup>	311	201	179	164	182
Subtotal	14,548	10,533	13,911	15,816	16,617
Off-balance-sheet reserves					
Real estate <sup>2</sup>	2,006	2,273	2,184	2,176	2,190
Loans and investments (held to maturity)	14,400	12,610	15,350	15,926	16,991
Associates	516	553	579	613	603
Subtotal	16,922	15,436	18,114	18,714	19,784
Reserve ratio	13.3%	11.3%	13.7%	14.5%	15.1%

# On-balance-sheet reserves

## On-balance-sheet reserves

€m

	30.9.2016	Change Q3
Investments afs	16,434	783
Valuation at equity	75	8
Unconsolidated affiliated enterprises	85	11
Cash-flow hedging	22	-1
Total on-balance-sheet reserves (gross)	16,617	801
Provision for deferred premium refunds	-7,566	-456
Deferred tax	-2,350	-45
Minority interests	-17	-1
Consolidation and currency effects	-205	13
Shareholders' stake	6,479	312

# Off-balance-sheet reserves

## Off-balance-sheet reserves

€m

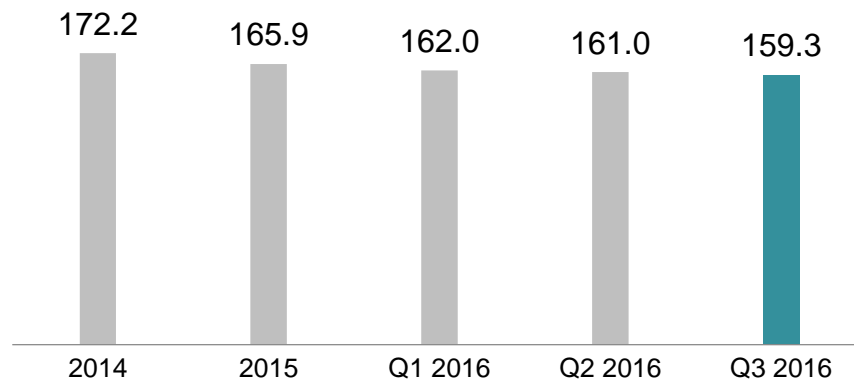
	30.9.2016	Change Q3
Real estate <sup>1</sup>	2,190	15
Loans	16,991	1,065
Associates	603	-9
<b>Total off-balance-sheet reserves (gross)</b>	<b>19,784</b>	<b>1,070</b>
Provision for deferred premium refunds	-14,870	-899
Deferred tax	-1,503	-60
Minority interests	-1	0
Shareholders' stake	3,410	111

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

# Development of shares in circulation

Shares (millions)	31.12. 2015	Acquisition of own shares in 9M 2016	Retirement of own shares in 9M 2016	30.9. 2016
Shares in circulation	162.8	-4.4	-	158.4
Own shares held	4.1	+4.4	-5.8	2.6
<b>Total</b>	<b>166.8</b>	<b>-</b>	<b>-5.8</b>	<b>161.1</b>

## Weighted average number of shares in circulation (millions)



# Financial calendar

## 2017

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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 2017 <sup>1</sup>
9 August	Half-year financial report as at 30 June 2017
9 November	Quarterly statement as at 30 September 2017 <sup>1</sup>

<sup>1</sup> 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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