



Munich Re Group

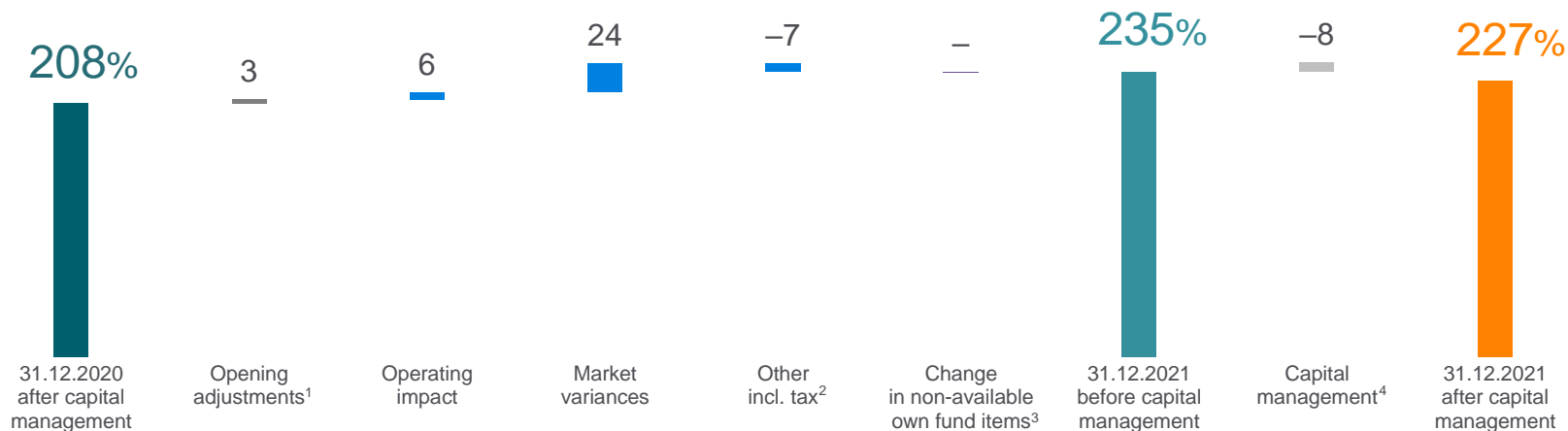
Solvency II Disclosure 2021

17 March 2022



SII ratio slightly above the upper end of the optimal range

Favourable capital markets and strong operating earnings support profitable business growth



Economic earnings €8.1bn

EOF	€39.9bn	0.2	5.5	4.3	-1.7	0.0	€48.2bn	-1.5	€46.6bn
SCR	€19.2bn	-0.2	2.0	-0.3	-0.1	-	€20.5bn	-	€20.5bn
SII capital generation		0.4	3.5	4.7	-1.6	0.0	€6.9bn	-1.5	€5.3bn

1 Opening adjustments mainly from M&A activity and model changes at ERGO. 2 Operating impact and market variances pre-tax. 3 Change in eligibility restrictions and other items. 4 Foreseeable dividend for 2021 (-€1.5bn).

Comments on EOF and SCR roll-forward

Munich Re Group 2021

EOF €46.6bn –
increase of €6.7bn;
thereof economic
earnings €8.1bn,
capital management
–€1.5bn

- **Opening adjustments (€0.2bn)** mainly from M&A activities and model changes.
- **Operating impact (€5.5bn)** includes €2.9bn of expected in-force contribution and positive new business contribution of €1.9bn, despite major losses from nat cat events. Operating variances from in-force business are positive in P-C reinsurance and at ERGO. Negative impact in life and health reinsurance mainly driven by COVID-19 losses.
- **Market variances (€4.3bn)** reflect positive economic earnings contribution versus expected real-world return on in-force business (€2.4bn, included in operating impact). Positive effects mainly from the appreciation of foreign currencies against the euro, as well as inflation and equity investments.
- **Other, including tax (–€1.7bn)** consists of tax expenses on operating impact and market variances that are presented pre-tax, as well as various minor non-operating items.
- **Capital management (–€1.5bn)** includes foreseeable dividend for 2021 to be paid out in 2022.

SCR €20.5bn –
increase of €1.4bn

- **Opening adjustments (–€0.2bn):** Mainly model changes.
- **Operating impact (€2.0bn):** Mainly business growth in both non-life and life business and exposure increases in foreign currency and equity.
- **Market variances (–€0.3bn):** Higher interest rates partly offset by foreign currency effects and higher equity valuations.
- **Other incl. taxes (–€0.1bn):** Mainly risk-mitigating effect of taxes.

Outlook for 2022
higher than IFRS
result outlook

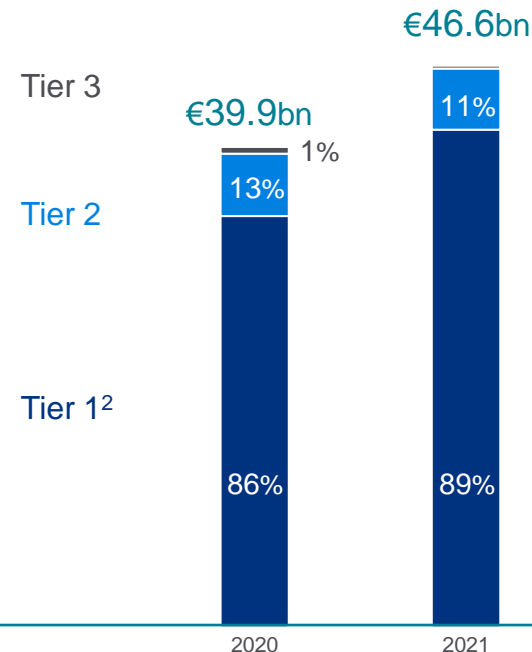
- **Economic earnings >€3.3bn** based on the assumption of stable environment and capital markets, normal major losses and unchanged modelling parameters.

Breakdown of SCR and EOF

SCR by risk category

€bn	Group			RI	ERGO	Div.
	2020	2021	Delta	2021	2021	2021
Property-casualty	9.4	11.2	+1.8	11.0	0.6	-0.5
Life and Health	7.0	7.4	+0.4	6.5	1.4	-0.4
Market	10.7	11.5	+0.8	7.1	6.5	-2.1
Credit	5.2	4.3	-0.9	2.5	1.9	-0.1
Operational risk	1.2	1.2	+0.0	0.8	0.6	-0.2
Other ¹	0.8	0.8	+0.0	0.5	0.4	-0.0
Simple sum	34.3	36.4	+2.1	28.3	11.4	-3.3
Diversification	-11.7	-12.3	-0.6	-10.3	-1.6	-
Tax	-3.4	-3.6	-0.2	-3.0	-1.1	-
Total SCR	19.2	20.5	+1.4	15.1	8.7	-3.2

EOF by tier



¹ Capital requirements for associated insurance undertakings and other financial sectors, e.g. institutions for occupational retirement provisions. 2 99.97% unrestricted, 0.03% hybrid capital in 2021.

Positive economic earnings across all business units

Profit and loss attribution

2021 €bn	Reinsurance L/H	Reinsurance P-C	ERGO L/H Germany	ERGO P-C Germany	ERGO International	Munich Re Group
Operating impact	1.3	2.4	1.2	0.5	0.0	5.5
New business contribution	1.1	-0.1	0.4	0.3	0.2	1.9
Expected in-force contribution	0.7	1.7	0.4	0.1	-0.1	2.9
Operating variances in-force business	-0.4	1.0	0.6	0.2	0.0	1.3
Debt costs	0.0	-0.1	0.0	0.0	0.0	-0.2
Other, including holding costs	-0.1	-0.1	-0.1	-0.1	-0.2	-0.5
Market variances	0.8	2.3	0.4	0.5	0.3	4.3
Other, including tax	-0.3	-0.5	-0.2	-0.4	-0.2	-1.7
Other, non-operating and non-market changes	0.0	0.4	0.0	-0.2	-0.1	0.1
Tax	-0.3	-0.9	-0.2	-0.2	-0.1	-1.8
Economic earnings	1.7	4.2	1.4	0.7	0.1	8.1

Munich Re Group

Economic earnings

€bn

	2021	2020
Operating impact	5.5	2.1
New business contribution	1.9	0.8
Expected in-force contribution	2.9	2.5
Operating variances in-force business	1.3	-0.6
Debt costs	-0.2	-0.2
Other, including holding costs	-0.5	-0.5
Market variances	4.3	-2.9
Other, including tax	-1.7	-1.4
Other, non-operating and non-market changes	0.1	-1.1
Tax	-1.8	-0.3
Economic earnings	8.1	-2.2

Operating impact

- New business contribution above previous year's level, despite burden from nat cat outlier losses
- Operating variances within in-force business positive, although still affected by COVID-19

New business contribution

- Strong new business contribution in life and health reinsurance
- P-C reinsurance with strong growth affected by nat cat losses and structurally by prudency margin
- New business contribution of ERGO on previous year's level

Operating variances in-force business

- Contribution from L&H reinsurance negatively impacted by COVID-19
- Main drivers for variances of P-C reinsurance are reserve releases and a reduced COVID-19 burden
- ERGO with improved models and assumptions for German health business and positive overall portfolio performance both in P-C Germany and International

Life and health reinsurance

Economic earnings

€bn

	2021	2020
Operating impact	1.3	0.6
New business contribution	1.1	1.5
Expected in-force contribution	0.7	0.6
Operating variances in-force business	-0.4	-1.4
Debt costs	0.0	-0.1
Other, including holding costs	-0.1	-0.1
Market variances	0.8	-0.5
Other, including tax	-0.3	-0.3
Other, non-operating and non-market changes	0.0	-0.3
Tax	-0.3	0.0
Economic earnings	1.7	-0.2

Operating impact

- Strong new business contribution, although not quite reaching the exceptional previous year level
- Expected in-force contribution comparable to 2020
- Negative operating variances in-force business driven by COVID-19

New business contribution

- Strong new business from North America
- Again, successful year in terms of financially-motivated reinsurance

Operating variances in-force business

- Negative variances driven by COVID-19
- Normalised for the COVID-19 impact, variances would have been positive
- Positive variances emerged particularly from in-force management activities in Australia and the US, as well as from our longevity book

Property-casualty reinsurance

Economic earnings

€bn

	2021	2020
Operating impact	2.4	0.1
New business contribution	-0.1	-1.6
Expected in-force contribution	1.7	1.4
Operating variances in-force business	1.0	0.4
Debt costs	-0.1	-0.1
Other, including holding costs	-0.1	-0.1
Market variances	2.3	-1.4
Other, including tax	-0.5	-0.2
Other, non-operating and non-market changes	0.4	-0.3
Tax	-0.9	0.1
Economic earnings	4.2	-1.5

Operating impact

- Strong operating performance based on profitable growth compensating for high nat cat outlier losses

New business contribution

- Nat cat outliers affecting new business above expectation, but below the level of the previous year, which was materially burdened by COVID-19
- New business prudency margin at a similar level to 2020 due to continued reserving discipline along with top-line growth
- Both drivers mentioned above are to some extent compensated by the strong growth driven by rate increases and better terms and conditions

Operating variances in-force business

- Reserve releases for basic losses of 4% of NEP were achieved in line with expectations, despite strong premium growth and further strengthened reserve prudency
- Man-made outliers, including COVID-19, significantly lower than last year

ERGO

Economic earnings

€bn

	2021	2020
Operating impact	1.8	1.4
New business contribution	0.9	0.9
Expected in-force contribution	0.5	0.5
Operating variances in-force business	0.7	0.4
Debt costs	-0.1	-0.1
Other, including holding costs	-0.3	-0.3
Market variances	1.2	-1.0
Other, including tax	-0.8	-0.9
Other, non-operating and non-market changes	-0.3	-0.4
Tax	-0.5	-0.5
Economic earnings	2.2	-0.5

Operating impact

- Overall strong development in 2021

New business contribution

- Increased new business contribution in German health
- Stable new business contribution in International and P-C segment

Operating variances in-force business

- Improved models and assumptions for German health business
- Strong overall portfolio performance of P-C Germany offset flood losses
- Overall positive performance in International with favourable portfolio development and model adjustments as main drivers

Market variances

- Positive market variances predominantly resulting from increased interest rates, equity and inflation

For more information, please contact

Investor Relations team

Christian Becker-Hussong

Head of Investor & Rating Agency Relations

Tel.: +49 (89) 3891-3910

Email: cbecker-hussong@munichre.com

Thorsten Dzuba

Tel.: +49 (89) 3891-8030

Email: tdzuba@munichre.com

Christine Franziszi

Tel.: +49 (89) 3891-3875

Email: cfranziszi@munichre.com

Ralf Kleinschroth

Tel.: +49 (89) 3891-4559

Email: rkleinschroth@munichre.com

Andreas Silberhorn (rating agencies)

Tel.: +49 (89) 3891-3366

Email: asilberhorn@munichre.com

Ingrid Grunwald (ESG)

Tel.: +49 (89) 3891-3517

Email: igrunwald@munichre.com

Maximiliane Gerstner (ERGO)

Tel.: +49 (211) 477-7483

Email: maximiliane.gerstner@ergo.de

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