



The Munich Re Group

Analysts' and Investors' Call 2022

23 February 2022

Please note: Presentation based on 2021 preliminary figures



Analysts' and Investors' Call 2022

Agenda

- | | |
|----|------------------------|
| 01 | Munich Re |
| 02 | Group finance and risk |
| 03 | Additional information |

Munich Re

Munich Re delivers in 2021, successfully mastering multiple challenges

Financial performance

Exceeding guidance with a net income of €2.9bn – strong underlying performance across all segments



Capital repatriation

Attractive pay-out to our shareholders –
DPS lifted to €11¹, resuming €1bn
share buy-back



Economic environment

Proven active inflation
management protects
capital and earnings



Major losses

Strong underlying earnings
compensate for elevated nat cat
losses and COVID-19 claims



Strong results in 2021 paving the way to deliver on Ambition 2025



Ambition
2025



Achievements
in 2021

ROE	12–14%	12.6%	Profitability well above cost of capital and above plan
EPS growth	≥5% ¹	+4.7% ²	Delivering in a challenging year
DPS growth	≥5% ¹	+12.2% ³	Shareholders participate above plan in strong earnings growth
Solvency II ratio	175–220%	227% ⁴	Sound capitalisation supports Ambition 2025 capital management strategy

¹ CAGR – compound annual growth rate 2020–25 (EPS 2020 normalised). ² vs. 2020 normalised EPS. ³ Subject to the approval of the Supervisory Board and the Annual General Meeting. ⁴ Proposed dividend already deducted. Considering share buy-back the Solvency II ratio stands at ~222%.

ERGO growing sustainably and increasing profit contribution

Achievements in 2021

Continuing legacy system replacement, especially in Germany

- Effective in-force management of German life back book and successful migration of first cluster of contracts to new run-off platform
- Transformation on track, e.g. new sales architecture, cross-border IT operating model

Cost and customer focus paying off

- Continuing high profitability shows resilience considering large losses (CR P-C Germany: 92.4%, CR International: 92.9%)
- Digitalisation of processes leading to increased customer satisfaction and proving effective, e.g. fast claims handling during July flood
- Further scaling technologies: already >250 robotics and >70 AI use cases, >35 voice skills
- Up-streamed €500m dividend to Munich Re
- RoE increased to 10.1%

Growing business across all segments

Germany

- Ongoing excellent new business development (+13% APE)
- Strong premium development across all segments supported by hybrid customer model

International

- High premium growth, especially in Poland (+13%) and Spain (+6%)¹
- Continued positive premium development of joint ventures (+13%)², despite COVID-19

Ambition 2025

Sustainable RoE

12–14%

CR P-C Germany

~ 90%

CR International

~ 91%

GWP growth

~ 2.5%³

Effective German life in-force management: Transformation on track – strong earnings contribution – strategic opportunity

Decision for internal run-off proven to be in the best interest of all stakeholders

Superior financial return¹

- Average dividend more than doubled since separation of back book
- ~€600m overall dividend payout (2017–2021)

Keeping high reserves¹

- Valuation reserves: €9.6bn
- Accumulated additional interest reserve (ZZR): €7.5bn
- Future ZZR to be funded²: €1.0bn

Good and sustainable return for customers¹

- Reinvestment yield: 2.0%
- Vs. average guarantee: 1.5%

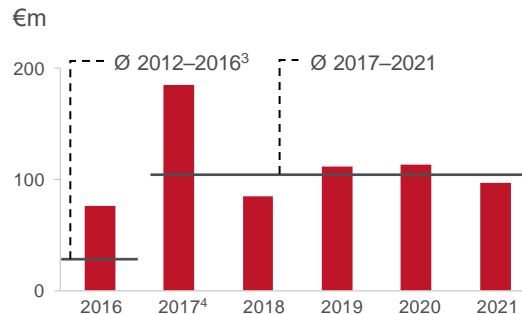
Maintaining full control over customer interface

- Customer satisfaction improved
- + 30pp. in NPS from 2017–2021

Preserve strategic opportunity: Entering TPA market with vast economies of scale

- ERGO ready to enter in TPA market
- Potential for additional earnings and fixed cost degression

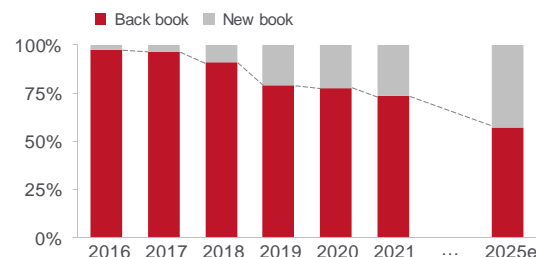
Dividend cash flow from German life back book



Strong contribution to earnings, cash generation and diversification

- Focused management of back book – efficient steering due to clear run-off pattern
- Stringent cost management
- Risk diversification within the Munich Re Group supported by German life back book, enhancing capital efficiency
- Balanced consideration of different stakeholder groups

GWP shares of German life book



Portfolio transformation on track – back-book share decreasing

- Planned decrease in back book
- Sustainable growth in new book
- Focusing on capital-light and biometric products
- New business up by 42% in 2021

Strong profitable growth across all segments

Supported by new products and hybrid customer model

GWP growth in 2021

Property-casualty
Germany

+6.6%

Main drivers

Excellent growth above market while maintaining high profitability level, mainly in

- Retail business, e.g. strong motor renewal and increased demand for residential buildings insurance after nat cat events
- Commercial and industrial business lines, e.g. liability and marine

International

+4.7%¹

Strong growth, despite run-down of life business in Belgium, mainly in

- Poland and Austria across almost all P-C business lines
- Health business in Belgium and Spain, driven by increasing demand

Life and Health
Germany

+1.9%

Growth despite life back-book run-down, mainly in

- Life, supported by capital-light and biometric products; introduction of sustainable pension product²
- Supplementary health insurance, esp. dental products; recovery of travel business

Total

+3.7%

Reinsurance benefitting from market cycle while shaping new business opportunities

Achievements in 2021

Strategy for value creation

- Enhancing our core business and pushing back its boundaries using digital ingredients
- High profitability with RoE of 13.5%

Scaling on solid foundation

- **P-C**: Seizing tailwind from a hardening market
- **Risk Solutions**: Profitable business expansion with all units above expectations, especially strong performance of Hartford Steam Boiler and Munich Re Syndicate
- **Life and Health**: Excellent performance excluding COVID-19 impact; expansion of global position as FinMoRe partner of choice, strong new business proposition in biometric risk solutions

Shaping new business opportunities

- Digitalised business models with more than 50 initiatives within six focus domains¹
- Leveraging on more mature investments, e.g. GroupHEALTH in Canada ...
- ... while exploring playing fields that fit our to expertise, e.g. insurance solutions for artificial intelligence
- Investments in global innovation portfolio starting to pay off, top- and bottom-line contribution expected by 2025
- Additional value creation with CVC investments

Ambition 2025

Sustainable RoE

12–14%

P-C combined ratio
~ **95%**

L&H technical result
incl. fee income
~ **€850m**

GWP growth
~ **5%**

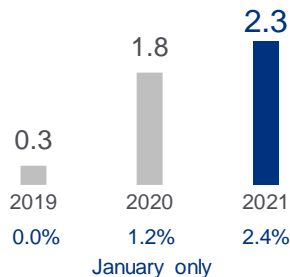
Continuation of market hardening in P-C reinsurance

Profitable business growth in January renewals



Price
change

Renewals 2019–2021 %



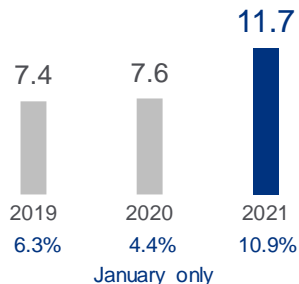
January renewals 2022

+0.7%

Optimistic for
April and July renewals



Volume
change



+14.5%

Well-positioned for
further business growth

Market drivers

- High loss experience in 2021, especially in nat cat, increased risk awareness of cedants ...
- ... resulting in flight to quality and upward pressure on reinsurance rates
- Increased demand for protection meets rather tightened (alternative) capacity
- Low interest rates and inflationary pressures are reflected in rate increases

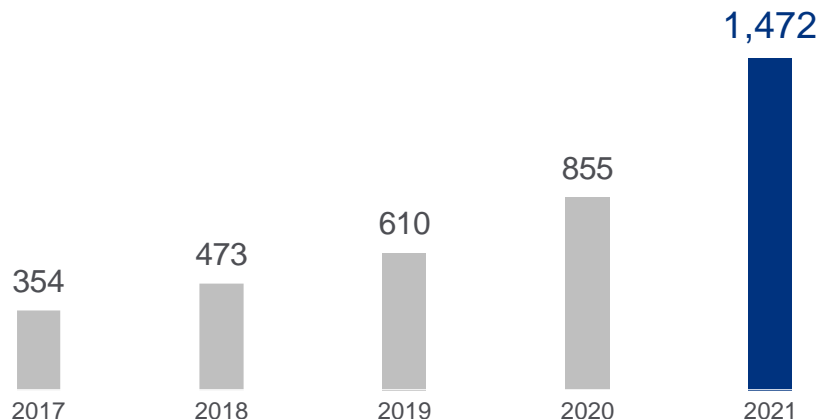
Munich Re portfolio

- Price change is fully risk- and business-mix-adjusted, considering diligent actual inflation and loss-trend assumptions
- Strong but selective growth preserves well-diversified portfolio ...
- ... while implementing targeted exposure limitations and risk mitigating features in new and existing (nat cat) contracts
- Increase of structured quota-share business, unchanged share of nat cat premiums

Cyber business: Sustainable profitability and long-term growth – substantial rate increases in original market

Gross premiums written

US\$ m



- Premium increase in 2021 largely due to rate increases
- Continued profitable growth in diversified book of business based on clearly defined risk appetite, expertise and discipline
- Actively balancing disciplined growth and effective cyber risk management

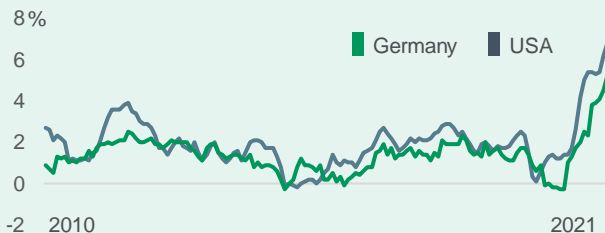
- Ongoing hardening market – Munich Re continues to provide capacity in a cyber market with decreased offering and further increasing demand
- Cyber risk management (e.g. internal models, accumulation control) safeguards pleasing level of profitability – despite dynamic risk landscape, recent vulnerabilities and emergence of attacks
- Ongoing measures to increase cyber resilience, e.g. vulnerability treatment, patch management requirements
- Investments in partnerships, services and leading cyber expertise continually enhanced
- Dedicated cyber data strategy
- Tackling industry challenges to expand boundaries of insurability – in close cooperation with multiple partners

High costs from natural catastrophes enforced by surge in inflation – Munich Re managing volatility to delivery

1

Inflation pushed to multi-decade high

Consumer price inflation (CPI)



Source: Bloomberg

- Strong recovery-driven demand, supply shortages, energy prices and base effects have shifted up CPI substantially ...
- ... with even more pronounced price increases in certain segments with relevance for insurance claims, e.g. construction materials

2

High nat cat volatility increases demand



US\$ 280bn economic losses from nat cats – 1/3 higher than last year



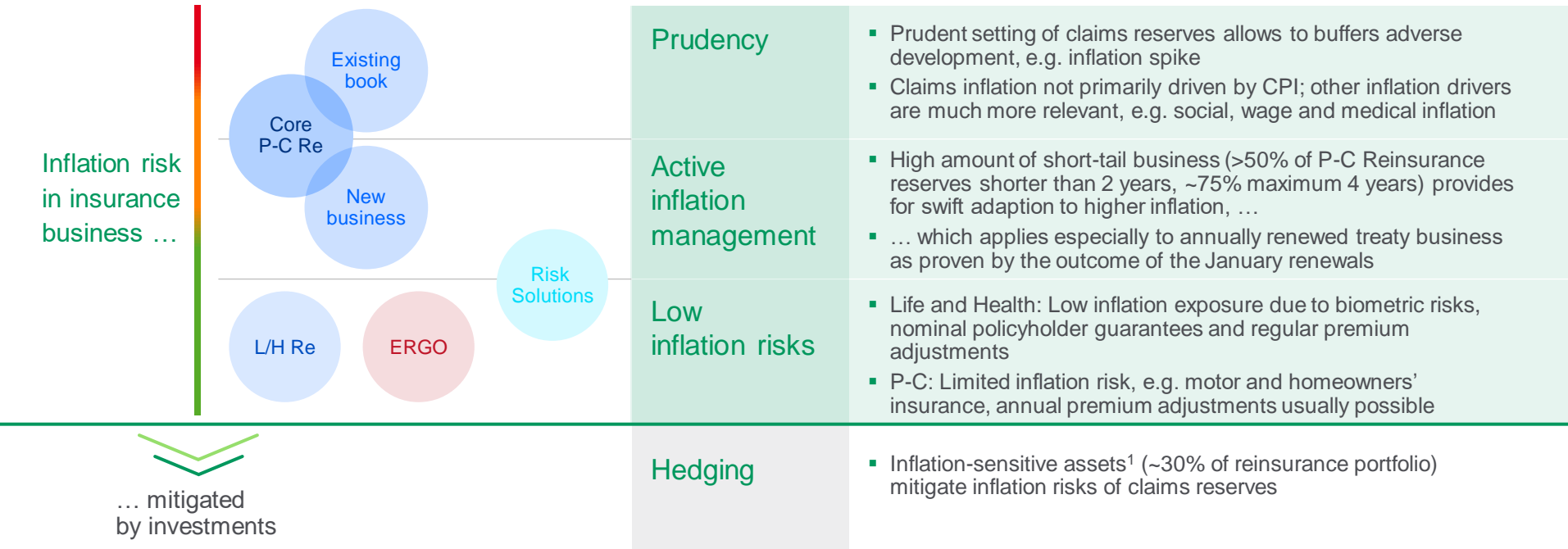
Exceptionally high proportion of weather-related losses in the US



Flash floods in Europe caused costliest nat cat claims in German history

Inflation surge well manageable due to diversified book of business, reserve prudence and hedges in the investment portfolio

CPI with limited significance in insurance business, other drivers much more relevant



2 Managing nat cat-driven short-term accounting volatility



Earnings / capital position

- Dampening IFRS P&L volatility through earnings diversification
- HGB earnings generally more stable
- Strong balance sheet
- Stable retro programme
- Excellent capitalisation
- Supporting capital management strategy

Increased dividend, resumed share buy-back



Portfolio / modelling

Portfolio measures

- Exposure and cycle management decisive for profitability
- Restrictive on covering event frequency and aggregate covers

State-of-the-art modelling

- >100 internal nat cat models capturing peak and non-peak risk scenarios
- Permanently incorporating new data and forward-looking findings
- Prudent consideration of inflation changes, incl. post-loss amplification

Increase of outlier expectation to ~13% without any negative impact on combined ratio¹



Business opportunities

- Volatility is inherent to our business model – we get paid for taking volatility from our cedants' books
- Existing protection gaps and increasing uncertainty driving demand
- Munich Re as tier 1 reinsurer well-positioned to benefit from hardening market environment

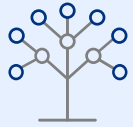
Substantial growth in January renewals

Nat cat one of the most profitable lines of business

¹ Due to shift from basic to major losses, outlier expectation (claims above the €10m threshold) increases from 12% to 13% (nat cat from ~8% to ~8.5%, man-made from ~4% to ~4.5%).

2 | Ambition 2025 paves the way to reduce earnings volatility

Scale



Expansion of core

Preference for organic growth

Leverage superior underwriting



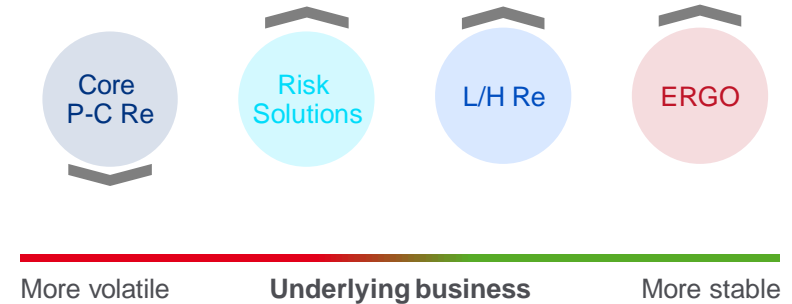
Create additional business

Monetise digital business investments

Shape

Create new strategic options








Relative earnings contribution by 2025



 Development of earnings contribution relative to the Group result. High relative earnings contribution of Core P-C RI will be reduce over time.

Continuous expansion of less risk-exposed business lines
reducing the volatility of our insurance results in the long-term

Munich Re climate approach following a clear path

Climate ambition	 Financed emissions	 Insured emissions	 Own emissions
<p>Clear roadmap to reduce CO₂ emissions</p>	<p>Ambitious interim targets to achieve net-zero investment portfolio by 2050</p>	<p>Strict underwriting guidelines regulate phase-out of oil/gas and thermal coal</p>	<p>Continuously improving operational emissions and efficiency</p>
	 Know-how and data sharing	 Partnerships and cooperations	 Products and services
<p>Risk transfer solutions for climate mitigation and adaptation</p>	<p>Closely working with the research community, in continual dialogue with leading technology providers</p>	<p>Establishing public-private partnerships to reduce insurance gap, especially in poorer countries</p>	<p>Providing solutions to enable low-carbon energy transition, e.g. via green tech solutions</p>

Delivery on climate ambition through emission reductions

Major achievements in 2021



Climate ambition 2025



Decarbonisation achievements in 2021

Assets	<div>Emissions</div> <div>Total¹ –25% to –29%</div> <div>Thermal coal –35%</div> <div>Oil and gas –25%</div>	<div>Emissions</div> <div>Total –31%</div> <div>Thermal coal –47%</div> <div>Oil and gas –14%</div>	<ul style="list-style-type: none"> Green bond investments: €2.2bn Forest investments⁴: €1.1bn Certified real estate: €2.2bn Renewable energies: €1.7bn
Liabilities ²	<div>Emissions</div> <div>Thermal coal mining –35%</div> <div>Thermal coal power –35%</div> <div>Oil and gas production –5%</div>	Reporting as of fiscal year 2022	<ul style="list-style-type: none"> “Green Tech” Solutions: >800 projects in ~80 countries with rated capacity >41 gigawatts
Own emissions	– 12% emissions per employee	~ –25% (in 2020) ³	<ul style="list-style-type: none"> Purchase of gold standard carbon removal certificates for 40 years through Munich Re start-up Tree Trust Tree planting campaign with ~1,000 employees in 22 sites worldwide

¹ Base year 2019; assets based on sub-portfolio of listed shares, corporate bonds and directly-held real estate. ² Base year 2019; “tons of thermal coal” and “installed operational capacity in MW” of insureds used as proxy for coal emissions, liabilities comprise primary insurance, direct and facultative business; O&G comprises operational property business with self-calculated scope 1–3 CO₂ emissions linked to the insurance policy. ³ In 2021 we expect our carbon emissions to remain at the previous year’s very low level of 25% below 2019 figures. ⁴ Certified forestry management.

Gender ambition 2025 – Approaching the targeted 40% women in leadership roles



Share of women
at management level

40%



Achievements
in 2021 (2020)

37.8%
(35.1%)

Gender as a focus topic in 2021

- Gender diversity a top priority for the Munich Re Group
- New Group-wide approach regarding staffing and talent management processes to increase the number of women in leadership roles
- Share of women in top talent programme “Group Management Platform” increased from 31% in 2020 to 38% in 2021

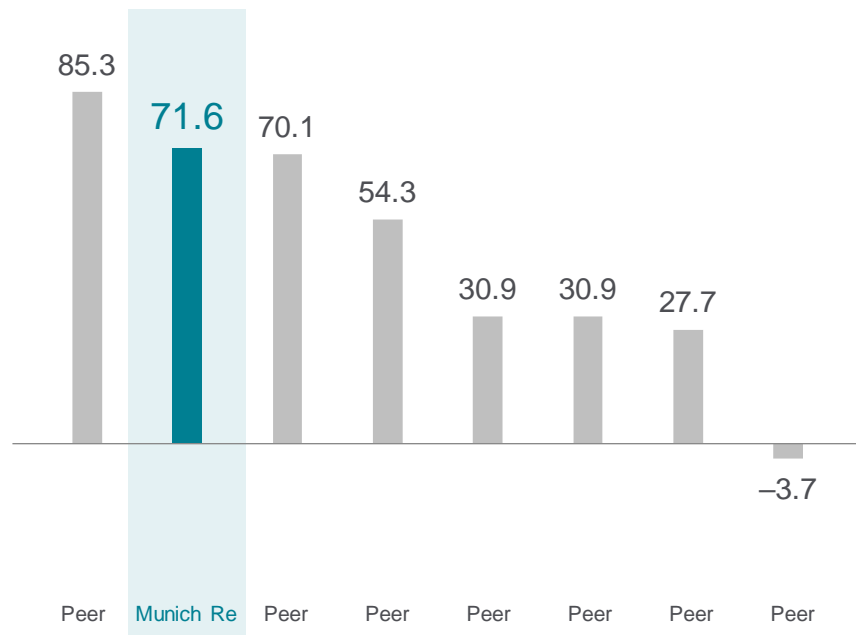
Further extension of diversity and inclusion embracing all its aspects in planning

Our commitment to succeed

Leading total shareholder return (TSR)

TSR 1.1.2018–31.12.2021¹

%



Profitability

RoE clearly above cost of capital



Growth

Strong premium growth while improving margins



Capital repatriation

Attractive dividend yield and share buy-back

Outlook 2022

On the way to achieving our Group Ambition 2025

Group	Gross premiums written ~ €61bn	Net result ~ €3.3bn	Return on investment >2.5%	
ERGO	Gross premiums written ~ €18.5bn	Net result ~ €0.6bn ¹	Combined ratio P-C Germany ~ 91%	International ~ 92%
Reinsurance	Gross premiums written ~ €42.5bn	Net result ~ €2.7bn ¹	Combined ratio P-C ~ 94%	Technical result, incl. fee income in life and health ~ €400m ¹

¹ Including COVID-19 impact of ~€300m (before tax) in L&H reinsurance; insignificant COVID-19 impact at ERGO and P-C reinsurance.

Group finance and risk

Financial results 2021

Strong earnings and capitalisation, reserves strengthened in all segments



FY 2021 COVID-19-related financial impact

Majority of claims in 2021 driven by L&H reinsurance (€785m)

IFRS 

Re-insurance (pre-tax)¹

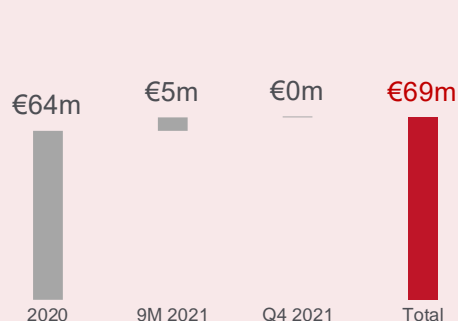


	€m
Contingency	1,846
Property/BI	968
D&O/WC	236
Credit	210
Marine	17
Life and health	1,155

Q4 2021: Provisions increased by €320m

- P-C: Small increase of €5m; 60% of the accumulated losses are IBNR, down from 65% as at Q3 2021
- L&H: Increase of €315m; claims continue to be dominated by the US, India and South Africa
- Expected COVID-19-related claims for 2022
 - P-C: No material losses
 - L&H: ~€300m

ERGO (after tax)



	€m
Claims incurred	2
Result impact from lost premiums	39
Other	28

Q4 2021: Overall no earnings impact

- No material COVID-19-related earnings impact for 2022 expected

¹ Total incurred losses, including paid claims and reserves.

Result Q4 2021

Major drivers



Net income

€871m
(€212m)

Reinsurance: €734m

P-C: Profitable business growth, strengthened reserve prudence, high investment result

L&H: Strong result given COVID-19 claims (€315m, incl. prudent IBNR), driven by healthy underlying business and ongoing high fee income

ERGO: €137m

Strong operating performance in P-C Germany and international business; low investment result, maintaining unrealised gains in L&H Germany



Technical result

€848m
(-€1m)

P-C reinsurance

Combined ratio: 96.4%
Major-loss ratio: 13.7%
Reserve releases¹: 4.0%
Normalised C/R: 95.0%

L&H reinsurance

Technical result including fee income: €94m – positive experience beyond COVID-19 and positive impact from year-end reserve review

ERGO P-C Germany
Combined ratio: 87.6%

ERGO International
Combined ratio: 93.1%


Investment result

€1,425m
(€2,090m)

Return on investment
2.2%

- Reinsurance: 3.5% – supported by disposal gains from equities
- ERGO: 1.4% – losses on hedging derivatives, while preserving unrealised gains on equities (low level of disposal gains)
- Group: Reinvestment yield stable at 1.4%

Investment result

Resilient performance



- **Running yield**
Attrition of ~10 bps due to low interest rates expected to persist in 2022
- **Disposal gains**
Mainly driven by tactical asset allocation, ZZR financing, and outsourcing activities to third-party asset managers
- **Derivatives result**
Reflects hedging of equity and interest-rate risk in an improving market

ERGO – IFRS key financials 2021

Continued strong result and high growth momentum in all segments

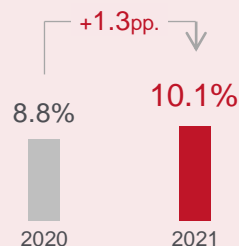
IFRS 

ERGO

GWP **€18.2bn**
(€17.6bn)

Net result **€605m**
(€517m)

Return on equity



L&H Germany

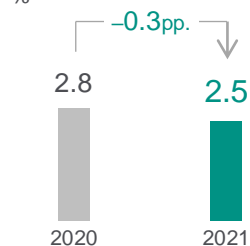
€9.2bn (€9.0bn)

High growth in new life and health book, recovery in travel insurance

€164m (€130m)

Good technical result with improvements in health and travel; lower investment and higher currency result

Return on investment



P-C Germany

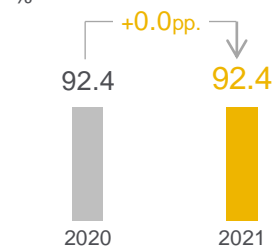
€3.9bn (€3.7bn)

Excellent premium development in almost all lines of business, significantly above market growth

€234m (€157m)

Strong operating performance, impact from European floods fully mitigated, higher investment result

Combined ratio



International

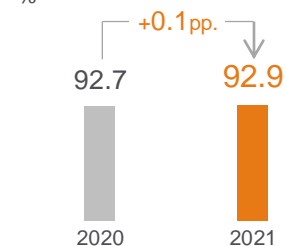
€5.1bn (€4.9bn)

Substantial growth driven by Poland, health and legal protection

€207m (€230m)

Strong operating performance, despite large losses (Austria, Baltics) – prior year impacted by positive one-off

Combined ratio



Reinsurance – IFRS key financials 2021

Strong profitable growth in P-C, continued COVID-19-related losses in L&H

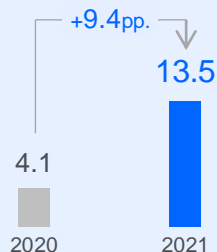


Reinsurance

GWP **€41.4bn**
(€37.3bn)

Net result **€2,328m**
(€694m)

Return on equity



P-C reinsurance

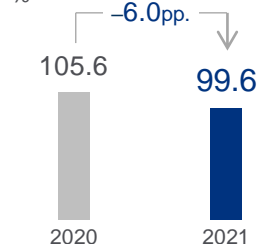
€28.8bn (€24.6bn)

Strong organic growth in almost all lines of business, taking advantage of hardening markets and new business opportunities

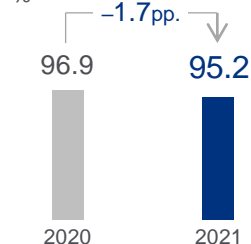
€2,003m (€571m)

Elevated major losses, albeit lower than in 2020 (less COVID-19 claims) – rate increases reflected in improving normalised combined ratio, fully in line with expectations

Combined ratio
%



Normalised C/R
%



L&H reinsurance

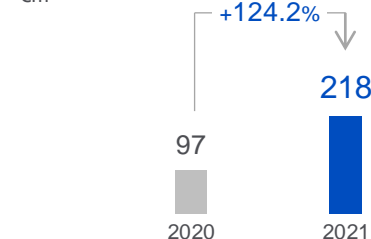
€12.6bn (€12.7bn)

Growth in North America, decline in Europe and Asia

€325m (€123m)

Very strong performance adjusted for COVID-19 – some positive one-offs and ongoing very pleasing development of fee income

Technical result incl. fee income
€m

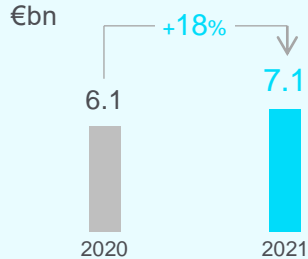


Risk Solutions

Strong organic growth and increased profitability ahead of plan trajectory

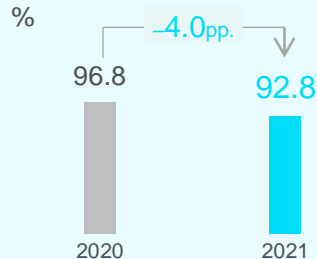


Gross premiums written



- Strong organic growth across all units, taking advantage of profitable business opportunities in a hardening market
- MR Specialty Insurance: Successfully on track with growth strategy in all their segments
- Facultative & Corporate Direct: Strong overall worldwide growth facilitating portfolio diversification
- Munich Re Syndicate: Better market conditions and strong standing within Lloyd's support ongoing diversification in specialty lines and a sustainably strong growth path

Combined ratio



- Improved profitability despite (once again) elevated nat cat experience for US Risk Solutions carriers (active hurricane, storm and wildfire season), on track with ambition
- Hartford Steam Boiler: Commercial book continues to drive very pleasing and strongly growing performance
- Facultative & Corporate Direct: Favourable market conditions support achievement of good normalised result
- Munich Re Syndicate: Excellent financial year supported by growth and performance of the book

Overall reserve prudence further strengthened

Protect balance sheet against unexpected developments

Managing industry hot spots

COVID-19



Loss complex affects multiple lines with challenging loss assessment; slow pace of loss development in a situation where pandemic is still evolving

Economic inflation



Increase of consumer price inflation; higher uncertainty about future inflation developments and its impact on reserve position

US liability



High litigation and ongoing social inflation risks despite temporary lower activity due to courts being closed in lockdowns

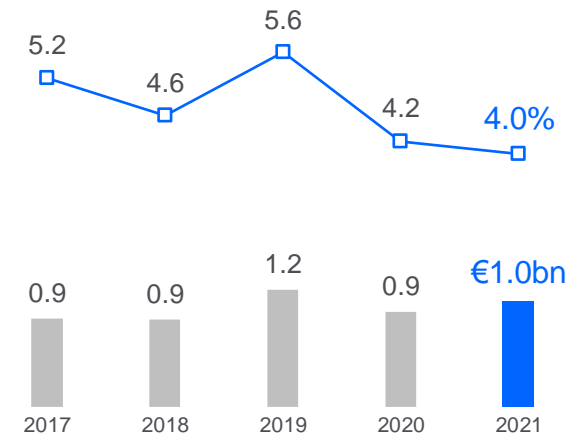
Munich Re measures

Thorough claims assessment; solid reserve position with 60% IBNR; additional P-C losses in 2021 lower than anticipated one year ago

Further strengthened reserve prudence level, considering inflationary trends in a particularly conservative way

New losses below expectation and below level of previous years; nevertheless, reserve position further strengthened to provide additional resilience in case of future catch-up effects

Ongoing reserve releases¹



Significant reserve releases – reserve position even stronger than one year ago

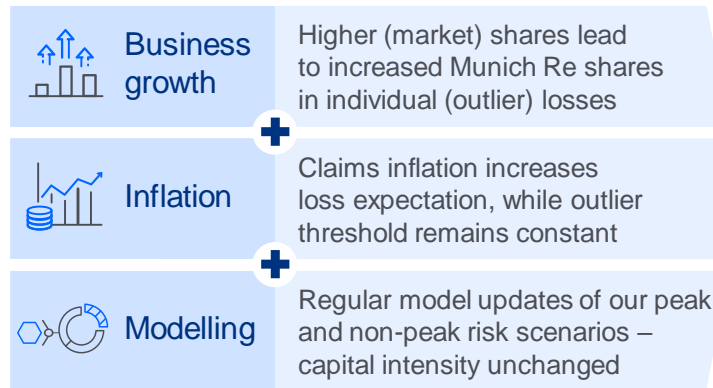
P-C reinsurance: Shift from basic to major losses results in outlier expectation of ~13% for 2022 (previously ~12%)

Softening market

Hardening market



- Outlier expectation (losses > outlier threshold) derived from exposure-specific analysis – incorporates most recent business mix, claims expectation and regular model updates
- Outlier threshold, separating basic from outlier losses, unchanged at €10m since 2006
- Outlier expectation comparatively stable (~12% since 2012), despite constant outlier threshold, significant business growth and rising loss costs

IFRS 

Fully reflected in pricing

New outlier expectation



Nat cat

2022

~8.5%

Previously

~8%



Man-made

~4.5%

~4%

~13%

~12%

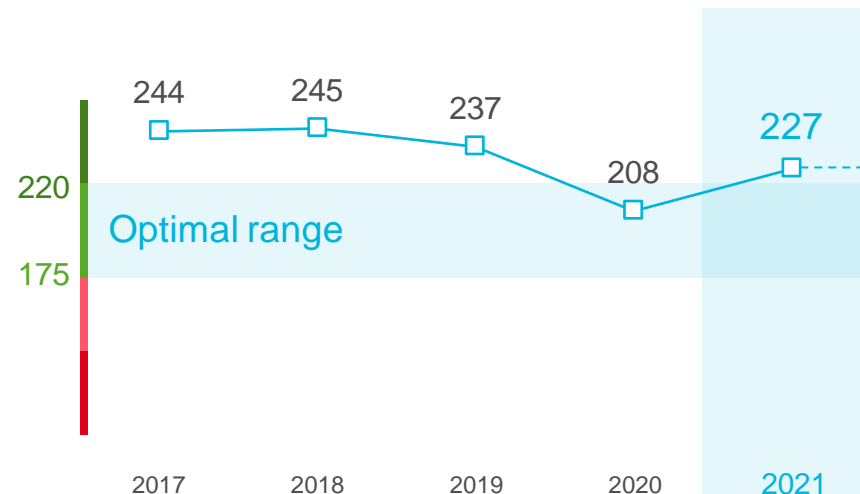
Shift from basic to major losses without impact on combined ratio

Solvency II ratio

Sound capitalisation supports growth and attractive capital repatriation

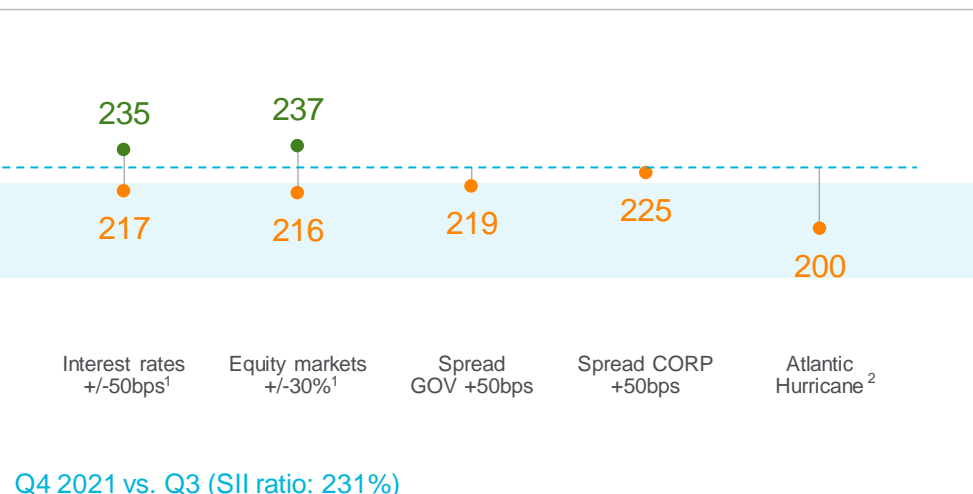
Development of Solvency II ratio

%



SII sensitivities

%

Economic 

	2017	2018	2019	2020	2021
EOF	35.1	36.0	41.5	39.9	€46.6bn
SCR	14.4	14.7	17.5	19.2	€20.5bn

Q4 2021 vs. Q3 (SII ratio: 231%)

- Strong EOF growth from positive operating earnings and market variances
- EOF already includes deduction of proposed dividend – adjusted for share buy-back to be deducted in Q1 2022, SII ratio stands at ~222%
- Moderate SCR increase

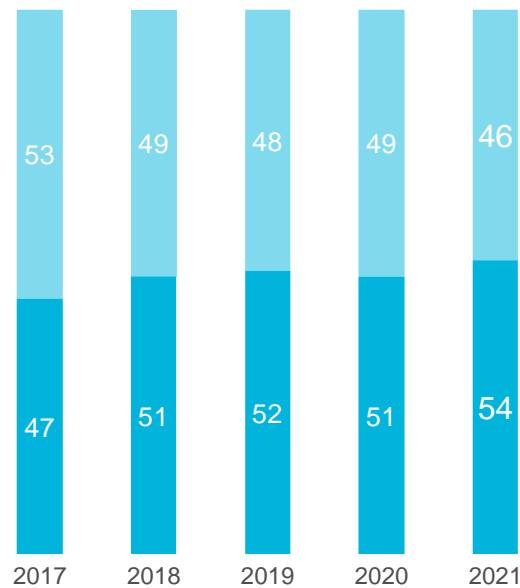
Continuously increasing share of insurance risks

Overall balanced risk profile

SCR composition of investment and insurance risks

%

Economic 



Investment risks

Largely unchanged risk appetite, despite pressure on investment returns in the persisting low-interest-rate environment



Insurance risks

Balanced business growth across products and markets in recent years

Stable diversification benefit between risk categories of >30%

SCR development

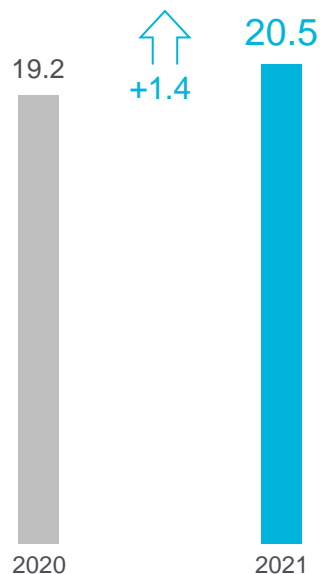
Increase driven by business growth and currency effects

Economic 

Total SCR

(incl. diversification)

€bn



Investment risks



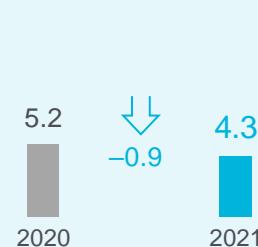
Insurance risks



Market

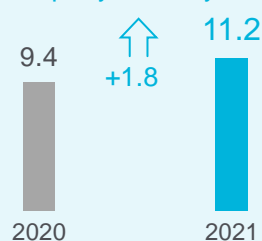


Credit

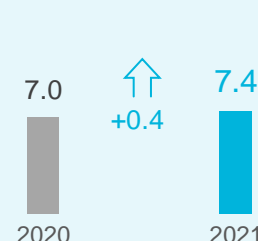


- Higher market risk mainly due to exposure- and market-driven change in equity holdings
- Significant reduction in credit risk: higher interest rates reduce exposure in fixed-income assets and lower shareholders' share at ERGO

Property-casualty



Life and health



- SCR increase in line with premium growth
- Capital intensity remains stable – diversified portfolio enables efficient growth
- Loss-cost trends fully captured

German GAAP (HGB) result 2021 supported by one-offs

Capital repatriation well-funded

€bn

Average
2012–2021

–1.3

–0.7

2.5

4.0

HGB result 2020
€bn

3.2

Underwriting
result

+4.1

Investment
result

–1.5

Other

–1.7

HGB result 2021

4.1

4.3

–1.4

–

4.1

7.0

Distributable
earnings
31.12.2020

Dividend

Share
buy-back¹HGB result
2021Distributable
earnings
31.12.2021²Equalisation provision
€bn

10.0



–2.1

7.9

2020

2021

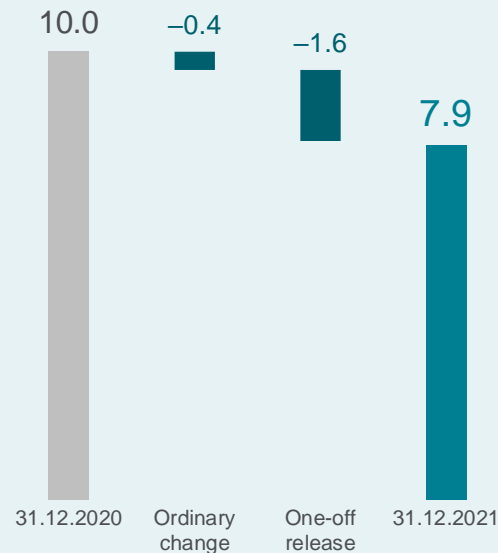
1 No share buy-back in 2021. 2 Distributable earnings amount to €4.5bn after deduction of dividend FY 2021 and share buy-back in 2022/2023.

Changes in the setting of equalisation provision increase capital flexibility

Capital 

Equalisation provision (EQP)

€bn



Drivers of one-off release

- Munich Re has reviewed and refined the mapping to lines of business for the calculation of the EQP
- Non-mandatory lines of business are excluded from the EQP to better align with IFRS and Solvency II

P&L impact

- HGB result 2021 increases by the amount of EQP release¹ – retained earnings increase accordingly
- Future HGB results supported by lower EQP build up
- Claims events falling into excluded classes of business will not be dampened by releases from EQP in the future

Implications for capital management

- Increased distributable earnings lead to higher capital flexibility and broader loss-absorbing capacity (e.g. man-made and capital-market losses)
- Munich Re will hold a higher minimum amount of distributable earnings to sustainably ensure stable/increasing dividends, even in years with outsized losses

1 Net of taxes.

Introduction of IFRS 9/17 – More stringent profitability measurement of insurance contracts, including adjustment for risk

Current status

Overall good progress of IFRS 17 implementation in Munich Re Group in 2021

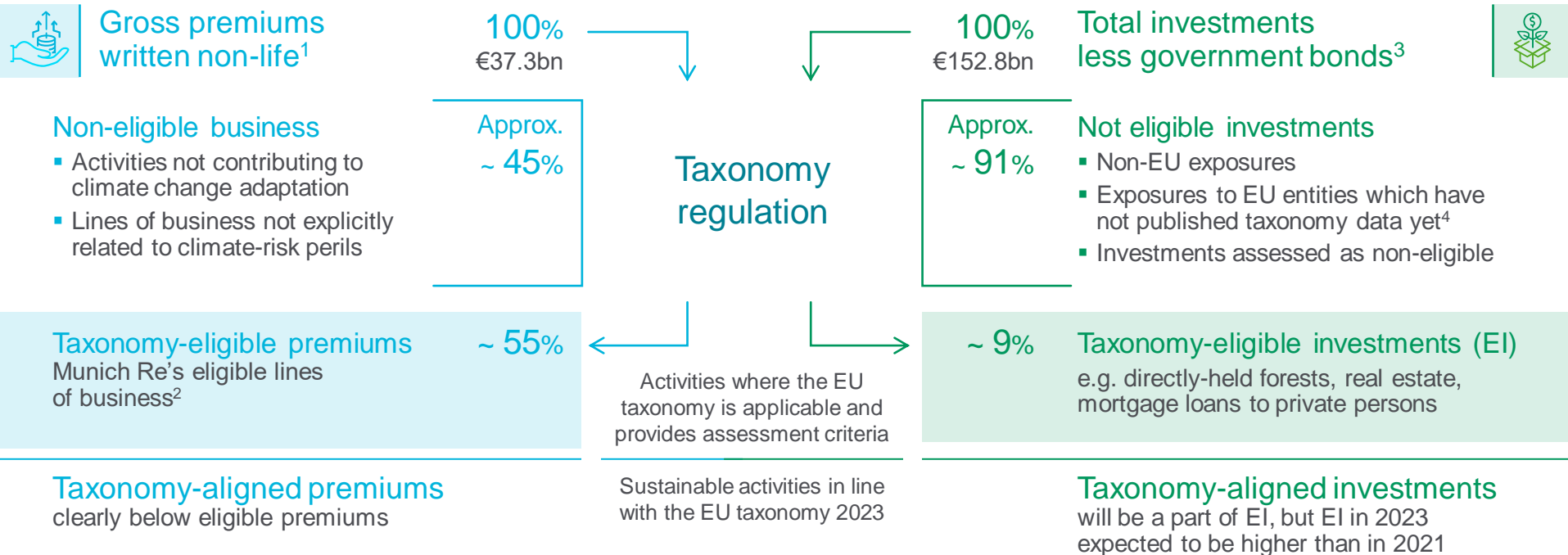
Currently, preparations to produce the Group's IFRS 17 opening balance sheet 1.1.2022 and comparative figures during 2022

Implications

- Higher transparency in reporting, e.g. through CSM, showing unearned profits of in-force contracts
- Market-consistent valuation might increase P&L volatility
- New concept for insurance revenue, including the insurance service provided over the period – shrinkage of reportable revenues¹ in reinsurance not affecting results
- Reserve prudence to be sustained
- KPIs will be affected

¹ Reinsurance commissions will for the most part not be included in insurance revenue, as they are classified as a non-distinct investment component.

First-time disclosure of taxonomy-eligible/-aligned investments and liabilities



Additional information

Segment income statement Q4 2021

€m	Reinsurance L/H ¹	Reinsurance P-C	ERGO L/H Germany	ERGO P-C Germany	ERGO International	Total Q4 2021
Gross premiums written	3,196	7,311	2,366	769	1,253	14,894
Net earned premiums	2,962	7,325	2,372	985	1,192	14,836
Income from technical interest	170	243	745	13	122	1,292
Net expenses for claims and benefits	-2,619	-4,596	-2,708	-551	-839	-11,313
Net operating expenses	-481	-2,473	-345	-300	-368	-3,968
Technical result	32	499	64	146	108	848
Investment result	239	654	437	26	70	1,425
Insurance-related investment result	2	-24	222	0	86	286
Other operating result	6	-143	-77	-18	-73	-306
Deduction of income from technical interest	-170	-243	-745	-13	-122	-1,292
Non-technical result	77	244	-163	-5	-39	114
Operating result	108	743	-99	141	68	962
Other non-operating result	-9	8	-34	-12	-5	-52
Currency result	22	50	78	3	8	160
Net finance costs	-8	-37	1	0	-4	-48
Taxes on income	-27	-116	13	-25	6	-150
Net result	86	648	-42	106	73	871
Tax rate	24.3%	15.2%	23.0%	19.3%	-9.2%	14.7%

1 Technical result, incl. fee income: €94m.

Segment income statement 2021

€m	Reinsurance L/H ¹	Reinsurance P-C	ERGO L/H Germany	ERGO P-C Germany	ERGO International	Total 2021
Gross premiums written	12,561	28,793	9,203	3,919	5,092	59,567
Net earned premiums	11,464	26,071	9,173	3,764	4,730	55,202
Income from technical interest	639	889	3,732	51	472	5,783
Net expenses for claims and benefits	-10,239	-17,933	-11,283	-2,390	-3,537	-45,383
Net operating expenses	-1,873	-8,054	-1,273	-1,122	-1,352	-13,674
Technical result	-9	972	349	302	313	1,927
Investment result	860	2,562	3,201	209	324	7,156
Insurance-related investment result	75	94	661	0	290	1,119
Other operating result	58	-388	-276	-107	-189	-902
Deduction of income from technical interest	-639	-889	-3,732	-51	-472	-5,783
Non-technical result	353	1,380	-147	51	-47	1,590
Operating result	344	2,352	202	354	266	3,517
Other non-operating result	-10	-7	-46	-21	-6	-91
Currency result	43	119	77	14	10	262
Net finance costs	-36	-135	-9	-4	-20	-205
Taxes on income	-16	-326	-59	-109	-43	-552
Net result	325	2,003	164	234	207	2,932
Tax rate	4.7%	14.0%	26.6%	31.8%	17.0%	15.9%

1 Technical result, incl. fee income: €218m.

Actual vs. analysts' consensus

Operating result – Actual vs. analysts' consensus¹

€m	Q4 2021	Consensus	Delta
Property-casualty reinsurance	743	963	–220
Life and health reinsurance	108	65	43
ERGO Life and Health Germany	–99	42	–141
ERGO Property-casualty Germany	141	66	75
ERGO International	68	58	10
Operating result	962	1,205	–243

FX	160		
Other	–100		
Taxes	–150		
Net result	871	825	46

KPIs – Actual vs. analysts' consensus¹

€m	Q4 2021	Consensus	Impact ²
Combined ratio	96.4%	93.3%	–227
Tech. result, incl. fee income	94	65	29
Investment result below technical interest, policyholder participation in FX gains			
Combined ratio	87.6%	92.4%	47
Combined ratio	93.1%	92.5%	–5

Segment ROI

%	Q4 2021
Property-casualty reinsurance	3.6
Life and health reinsurance	3.2
ERGO Life and Health Germany	1.4
ERGO Property-casualty Germany	1.3
ERGO International	1.4

¹ 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. ² For combined ratios: Delta between actual and consensus times net earned premiums.

Capital position

Equity

€m

Equity 31.12.2020	29,994		Change in Q4
Consolidated result	2,932		871
Changes			
Dividend	-1,373		0
Unrealised gains/losses	-2,162		-550
Exchange rates	1,110		299
Share buy-backs	0		0
Other	444		270
Equity 31.12.2021	30,945		890

Unrealised gains/losses

Fixed-interest securities

2021: -€2,870m Q4: -€379m

Non-fixed-interest securities

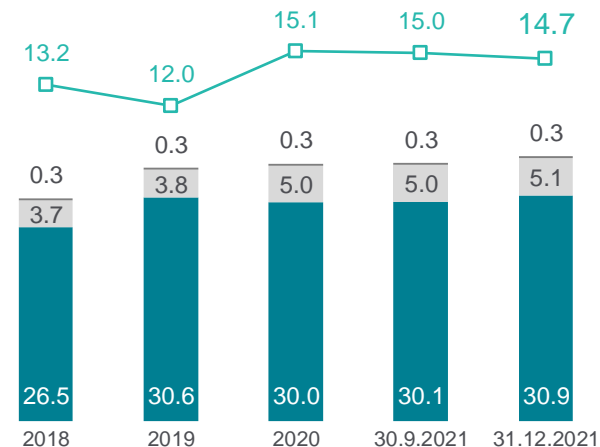
2021: €654m Q4: -€189m

Exchange rates

Mainly driven by US\$

Capitalisation

€bn

— Debt leverage¹ (%)

■ Senior and other debt

■ Subordinated debt

■ Equity


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


Premium development


Gross premiums written

€m

2020  54,890

Foreign exchange  -716

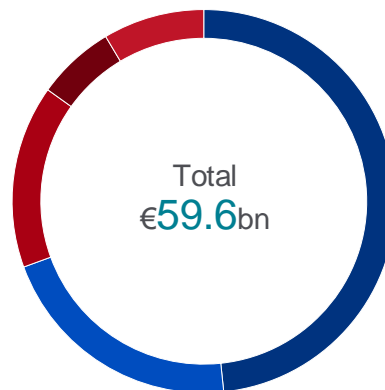
Divestments/
investments  -34

Organic change  5,427

2021  59,567

Segmental breakdown

€m



Property-casualty reinsurance	28,793	(48%)	(▲ 17.0%)
Life and health reinsurance	12,561	(21%)	(▲ -1.1%)
ERGO Life and Health Germany	9,203	(15%)	(▲ 1.9%)
ERGO Property-casualty Germany	3,919	(7%)	(▲ 6.6%)
ERGO International	5,092	(9%)	(▲ 4.7%)

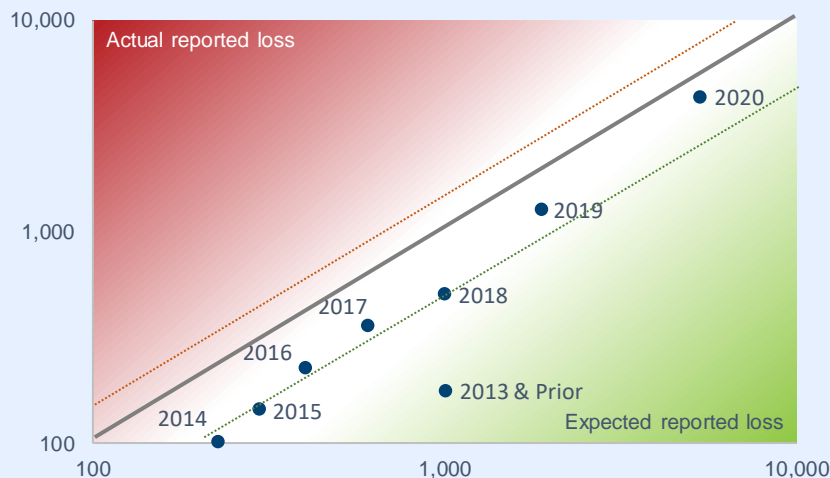
Very strong reserve position

Actual basic losses continue to be consistently below actuarial expectations

Reinsurance group – Comparison of incremental expected losses with actual reported losses¹

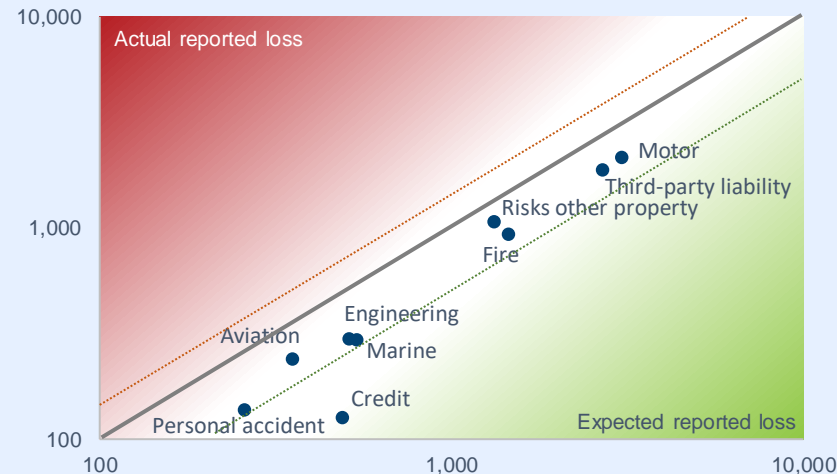
€m

By exposure year



Actuals below expectation for all exposure years – overall picture consistent with previous years

By line of business



Also on a line-of-business view all actuals are below expectations

Legend: **Green** actuals below expectation **Red** actuals above expectation **Solid line** actuals equal expectation **Dotted line** actuals 50% above/below expectations

Once again high positive run-off result, despite anticipated additional COVID-19 losses in accident year 2020

Ultimate losses¹ – Favourable actual vs. expected comparison facilitates ultimate reductions for prior years

€m

	Accident year (AY)												Total
	≤2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021		
31.12.2011	58,011												
31.12.2012	56,849	14,322											
31.12.2013	56,157	14,093	14,173										
31.12.2014	54,861	13,897	14,400	14,072									
31.12.2015	53,605	13,689	14,361	14,116	13,366								
31.12.2016	52,577	13,644	14,069	14,099	13,421	14,274							
31.12.2017	52,244	13,551	13,996	13,889	13,208	14,098	17,394						
31.12.2018	51,071	13,292	13,702	13,623	12,999	14,144	17,402	17,572					
31.12.2019	49,584	13,060	13,550	13,437	12,851	13,961	17,279	18,405	18,520				
31.12.2020	48,719	12,863	13,177	13,221	12,740	13,603	17,190	18,761	19,041	21,749			
31.12.2021	48,105	12,750	13,066	12,934	12,580	13,486	16,907	18,658	19,157	22,054	23,594		
CY 2021 run-off change	614	113	111	288	159	117	283	102	-116	-306	-	1,366	
CY 2021 run-off change (%)	1.3	0.9	0.9	2.2	1.3	0.9	1.7	0.5	-0.6	-1.4	-	0.7	

- Again, very favourable overall run-off, in particular for basic losses
- Negative run-off for major losses impacted by increases for COVID-19 in AY 2020, being already anticipated in last year's outlook
- Small remaining negative run-off for AYs 2019 and 2020 due to established prudent reserving approach, responding to individual adverse developments in these recent years but not yet incorporating favourable performance to a large extent
- Reserve position further strengthened

Reinsurance² €1,246m
ERGO €119m

1 Basic and major losses; accident-year split partly based on approximations. Adjusted to exchange rates as at 31.12.2021.
2 Basic losses: €1,464m, major losses: -€217m.

Response to benign emergence of basic losses in line with considered judgement

Actual vs.
expected

Changes in
projection

Business
rationale

Property



Particularly favourable loss development leads to releases

- Favourable indications across all lines
- Short-tail lines develop relatively quickly
- Releases spread across various property lines of business
- Lower loss level due to COVID-19 related lockdowns

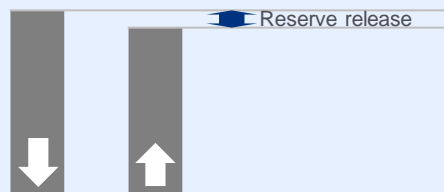
Specialty¹



Releases follow favourable indications

- Positive actual-versus-expected indications across all lines
- Reserve release primarily in marine and credit
- Cautious reaction to favourable indications in aviation

Casualty



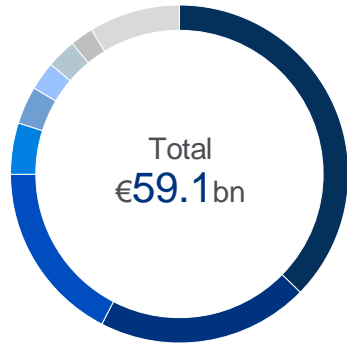
Despite favourable indications, only very small release

- Clearly favourable actual-versus-expected development, but only very cautious response, as reduced court activity due to COVID-19 related lockdowns can lead to future catch-ups
- Further resilience built up in reserve position to ongoing social inflation trends
- Releases mainly in motor with clearly below average loss development

Property-casualty provision for outstanding claims

By line of business

%

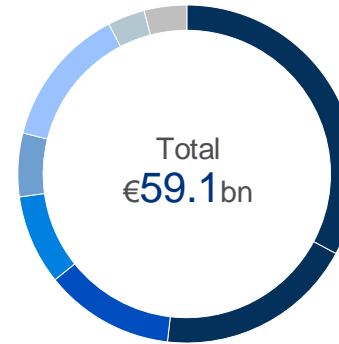


Third-party liability	37	(37)
Motor	20	(21)
Fire	17	(16)
Engineering	5	(5)
Personal accident	4	(4)

Marine	3	(3)
Credit	3	(3)
Aviation	2	(2)
Other	9	(8)

By maturity

%



0–1 years	33	(34)
1–2 years	19	(19)
2–3 years	12	(12)
3–4 years	9	(8)
4–5 years	6	(6)

5–10 years	13	(13)
10–15 years	4	(3)
>15 years	4	(4)

Asbestos and environmental survival ratio

Munich Re



Net definitive as at 31 December 2021¹

€m

	Asbestos	Environmental	A&E total
Paid	3,381	1,014	4,396
Case reserves	422	139	561
IBNR	530	184	714
Total reserves	952	323	1,275
3-year average annual paid losses	56	13	69
Survival ratio 3-year average	17.0	25.5	18.6

¹ Non-euro currencies converted at rate of exchange year-end 2021

Investment result

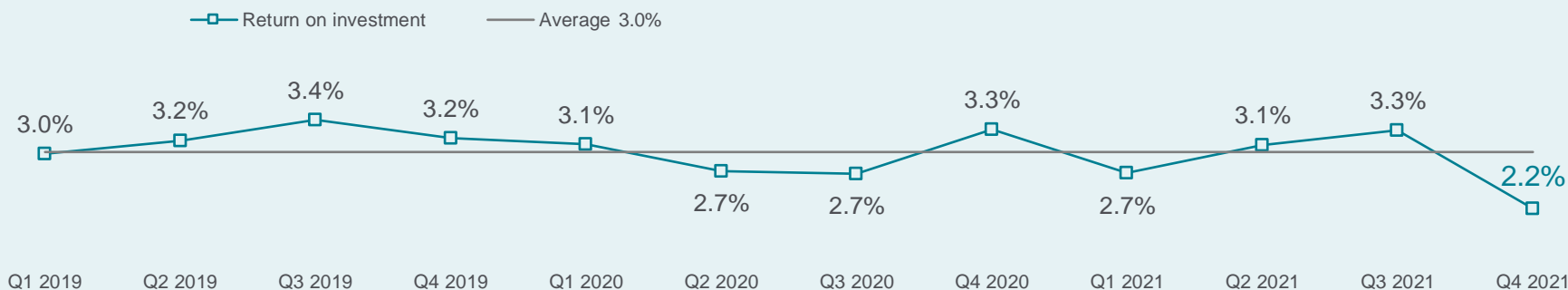
€m	Q4 2021	Return ¹	2021	Return ¹	2020	Return ¹
Regular income	1,437	2.3%	6,017	2.4%	6,273	2.5%
Write-ups/write-downs	–88	–0.1%	–505	–0.2%	–1,957	–0.8%
Disposal gains/losses	691	1.1%	3,182	1.3%	3,698	1.5%
Derivatives ²	–377	–0.6%	–774	–0.3%	74	0.0%
Other income/expenses	–238	–0.4%	–764	–0.3%	–690	–0.3%
Investment result	1,425	2.2%	7,156	2.8%	7,398	3.0%
Total return		2.9%		0.1%		4.6%

3-month reinvestment yield	Q4 2021	Write-ups/ write-downs	Disposal gains/losses	Derivatives	2021	Write-ups/ write-downs	Disposal gains/losses	Derivatives
Q4 2021	1.4%							
		–46	121	–166	Fixed income	–65	1,456	–351
		–88	554	–265	Equities	–334	1,302	–553
Q3 2021	1.4%				Commodities/inflation	0	0	146
Q2 2021	1.7%				Other	–106	424	–15

Return on investment by asset class and segment

2021

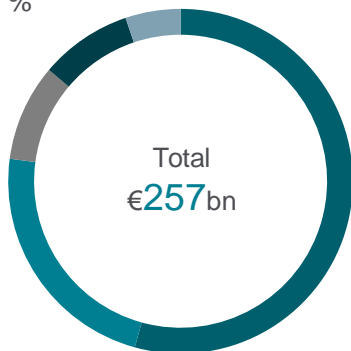
% ¹	Regular income	Write-ups/ -downs	Disposal result	Extraord. derivatives result	Other inc./exp.	Rol	Market value (€m)
Afs fixed-income	1.8	-0.0	0.7	0.0	0.0	2.5	136,947
Afs non-fixed-income	4.6	-1.6	6.1	0.0	0.0	9.2	21,219
Derivatives	5.4	0.0	0.0	-39.3	-1.0	-34.9	1,969
Loans	2.6	-0.1	0.8	0.0	0.0	3.4	60,784
Real estate	4.5	-1.0	1.2	0.0	0.0	4.6	12,435
Other ²	1.6	0.1	1.5	0.0	-3.9	-0.7	19,139
Total	2.4	-0.2	1.3	-0.3	-0.3	2.8	252,493
Reinsurance	2.3	-0.1	1.6	0.0	-0.3	3.5	98,521
ERGO	2.4	-0.2	1.0	-0.5	-0.3	2.4	153,972



Investment portfolio

Investment portfolio

%



Fixed-interest securities	54.3	(55.3)
Loans	22.8	(25.6)
Miscellaneous ³	9.1	(7.9)
Shares, equity funds and participating interests ²	8.7	(6.4)
Land and buildings	5.2	(4.8)

Fixed-interest securities¹ (%)

	31.12.2021	31.12.2020
Governments/semi-governments	65	64
Pfandbriefe/covered bonds	9	10
Cash/other	0	1
Corporates	19	19
Banks	3	3
Structured products	4	4

Loans¹

Governments/semi-governments	41	43
Pfandbriefe/covered bonds	37	38
Loans to policyholders/mortgage loans	15	13
Corporates	7	5
Banks	1	1

Miscellaneous

Deposits on reinsurance	39	40
Bank deposits	14	17
Investment funds ⁵	11	10
Derivatives ⁴	5	7
Other	31	26

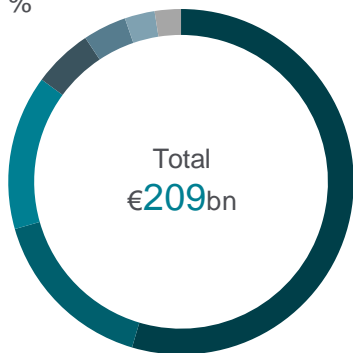
1 Approximation – not fully comparable with IFRS figures. Fair values as at 31.12.2021 (31.12.2020). 2 Incl. derivatives: 7.7 (6.0%). 3 Deposits retained on assumed reinsurance, deposits with banks, investment funds (excl. equities), derivatives and investments in renewable energies and gold. 4 Derivatives. 5 Property funds and bond funds.

Fixed-income portfolio

Total

Fixed-income portfolio

%

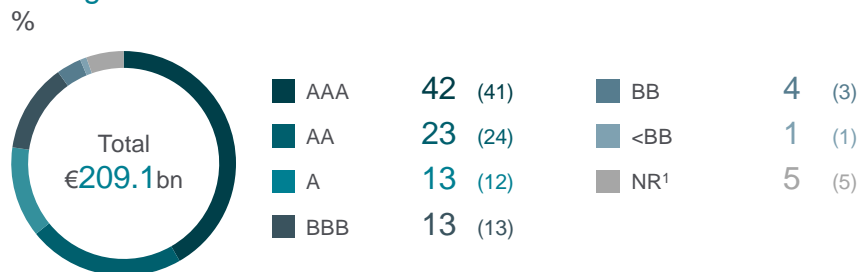


■ Governments/semi-governments	55	(55)	■ Loans to policyholders/mortgage loans	4	(4)
■ Pfandbriefe/covered bonds	16	(18)	■ Structured products	3	(2)
■ Corporates	14	(14)	■ Bank bonds	2	(2)
■ Cash/other	6	(5)			

Fixed-income portfolio

Total

Rating structure



Maturity structure



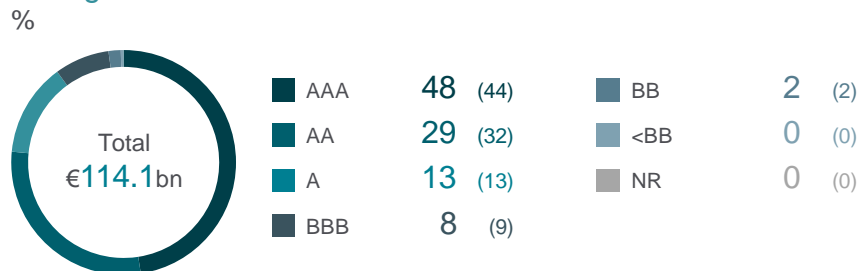
Regional breakdown

%	Without policyholder participation	With	Total 31.12.2021	31.12.2020
Germany	4.4	19.1	23.5	25.9
US	15.8	2.2	18.0	15.7
France	2.0	4.8	6.8	7.2
Canada	4.5	0.7	5.2	4.9
UK	2.8	1.8	4.6	4.6
Netherlands	1.3	2.8	4.1	4.5
Australia	3.4	0.7	4.0	3.5
Supranationals	0.7	2.7	3.4	3.7
Spain	0.9	1.9	2.8	2.8
Ireland	0.9	1.9	2.8	2.4
Austria	0.5	1.9	2.4	2.6
Belgium	0.7	1.6	2.4	2.5
Luxembourg	0.5	1.1	1.6	1.5
Poland	1.1	0.4	1.5	1.8
Italy	0.6	0.8	1.3	1.3
Other	7.6	7.9	15.5	15.2
Total	47.6	52.4	100.0	100.0

Fixed-income portfolio

Governments/semi-governments

Rating structure



Maturity structure



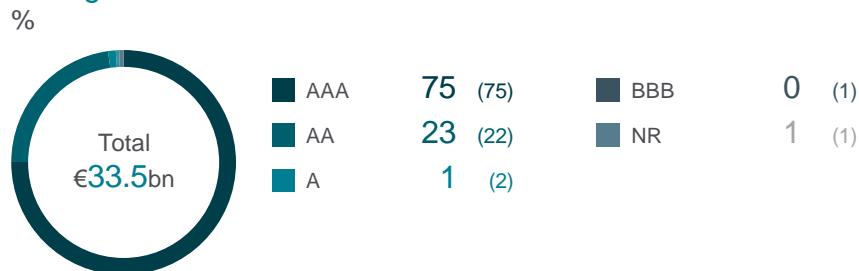
Regional breakdown

%	Without policyholder participation	With policyholder participation	Total 31.12.2021	31.12.2020
Germany	3.8	18.1	21.9	24.0
US	18.2	1.6	19.8	16.9
Canada	6.3	0.7	7.0	6.7
Supranationals	1.3	4.9	6.2	6.7
Australia	5.6	0.6	6.2	5.2
Belgium	1.1	2.8	3.9	4.2
France	1.3	2.1	3.4	3.7
Spain	1.0	2.3	3.3	3.4
Austria	0.6	2.4	3.0	3.3
Poland	2.0	0.7	2.7	3.1
UK	2.4	0.1	2.4	1.9
Netherlands	0.6	1.1	1.7	1.9
Finland	0.2	1.4	1.6	2.0
Ireland	0.4	1.1	1.5	1.6
Italy	0.6	0.7	1.2	1.4
Other	7.3	6.9	14.2	14.0
Total	52.7	47.3	100.0	100.0

Fixed-income portfolio

Pfandbriefe/covered bonds

Rating structure



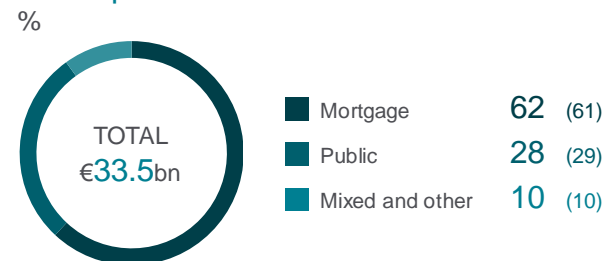
Maturity structure



Regional breakdown

%	31.12.2021	31.12.2020
Germany	30.0	32.2
France	22.4	20.9
UK	10.5	10.2
Netherlands	8.7	8.3
Norway	5.5	5.7
Sweden	5.3	5.8
Spain	1.9	1.9
Italy	1.2	1.1
Ireland	0.3	0.3
Other	14.2	13.5

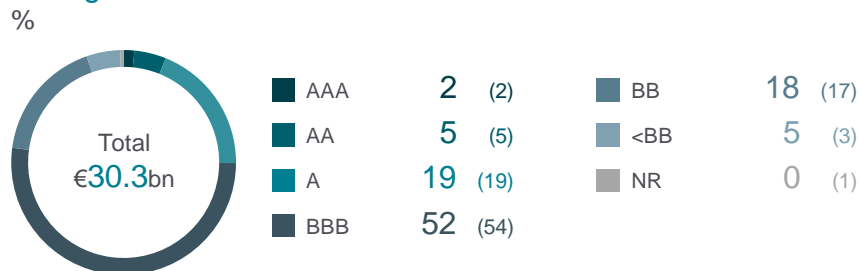
Cover pools



Fixed-income portfolio

Corporate bonds (excluding bank bonds)

Rating structure



Maturity structure



Sector breakdown

%	31.12.2021	31.12.2020
Industrial goods and services	14.1	12.9
Utilities	13.9	13.9
Oil and gas	9.9	11.2
Financial services ¹	9.2	11.8
Telecommunications	8.3	8.5
Healthcare	6.8	6.9
Technology	4.7	5.8
Automobiles	4.1	5.3
Travel and leisure	3.9	2.4
Food and beverages	3.7	4.0
Construction	3.6	2.9
Real estate ¹	3.5	0.0
Personal and household goods	3.1	3.0
Other	11.3	11.4

Fixed-income portfolio

Structured products

Structured products portfolio (at market values): Breakdown by rating and region

€m

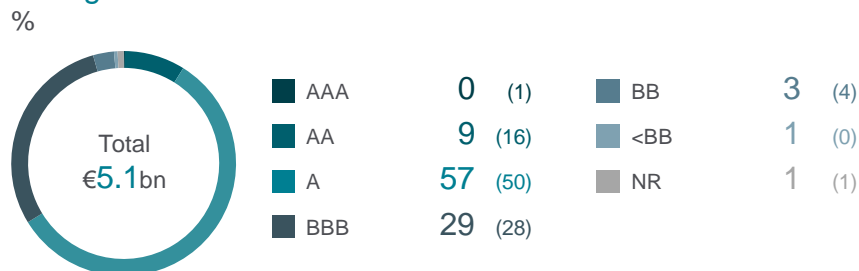
		Rating						Region		Total	Market-to-par
		AAA	AA	A	BBB	<BBB	NR	USA + RoW	Europe		
ABS	Consumer-related ABS ¹	384	250	26	0	0	0	512	148	660	100%
	Corporate-related ABS ²	93	20	374	46	0	0	172	359	532	100%
	Subprime HEL	0	0	0	0	0	0	0	0	0	0%
CDO/ CLN	Subprime-related	0	0	0	0	0	0	0	0	0	0%
	Non-subprime-related	1,156	1,923	13	1	0	0	738	2,355	3,093	100%
MBS	Agency	736	16	0	0	0	0	752	0	752	104%
	Non-agency prime	27	8	0	0	0	0	0	35	35	100%
	Non-agency other (not subprime)	199	14	0	0	0	0	5	207	213	100%
	Commercial MBS	443	71	86	0	0	0	482	118	600	103%
Total 31.12.2021		3,038	2,301	498	47	0	0	2,662	3,222	5,883	101%
In %		52%	39%	8%	1%	0%	0%	45%	55%	100%	
Total 31.12.2020		2,759	1,909	554	63	0	5	2,463	2,826	5,289	102%

¹ Consumer loans, auto, credit cards, student loans. ² Assetbacked CPs, business and corporate loans, commercial equipment.
Approximation – not fully comparable with IFRS figures. Fair values as at 31.12.2021 (31.12.2020).

Fixed-income portfolio

Bank bonds

Rating structure



Maturity structure



Regional breakdown

%	Senior bonds	Sub-ordinated	Loss-bearing	Total	
				31.12.2021	31.12.2020
US	33.4	3.4	0.7	37.5	31.6
Canada	11.9	0.0	0.0	11.9	8.9
UK	7.3	0.5	0.2	8.0	11.4
France	7.5	0.4	0.0	7.9	6.2
Germany	6.5	0.1	0.3	6.9	8.4
Ireland	5.3	0.0	0.0	5.3	6.4
Netherlands	4.1	0.1	0.0	4.2	4.7
Japan	2.2	0.0	0.0	2.2	2.1
Switzerland	2.1	0.0	0.0	2.1	2.0
Other	11.3	2.2	0.6	14.1	18.3

Cover pools



Sensitivities to interest rates, spreads and equities¹

Sensitivity to risk-free interest in €bn (change in basis points)

	–50bps	–25bps	+50bps	+100bps
Change in market value, gross	+8.9	+4.4	–8.1	–15.3
Change in on-balance-sheet reserves, net	+2.5	+1.2	–2.3	–4.4
Change in off-balance-sheet reserves, net	+0.4	+0.2	–0.4	–0.7
P&L (investment result), gross	+0.2	+0.1	–0.2	–0.4
P&L, net	+0.1	+0.0	–0.1	–0.2

Sensitivity to spreads² in €bn (change in basis points)

		+50bps	+100bps
Change in market value, gross		–5.5	–10.3
Change in on-balance-sheet reserves, net		–1.3	–2.6
Change in off-balance-sheet reserves, net		–0.3	–0.5
P&L (investment result), gross		–0.2	–0.3
P&L, net		–0.0	–0.1

Sensitivity to share prices³ in €bn (change in %)

	–30%	–10%	+10%	+30%
Change in market value, gross	–2.9	–1.2	+1.3	+4.0
Change in on-balance-sheet reserves, net	–0.9	–0.4	+0.6	+1.8
P&L (investment result), gross	–0.7	–0.3	–0.1	–0.3
P&L, net	–0.6	–0.1	–0.0	–0.1

¹ Rough calculation with limited reliability assuming unchanged portfolio as at 31.12.2021. After rough estimation of policyholder participation and deferred tax; linearity of relations cannot be assumed. Approximation – not fully comparable with IFRS figures. ² Sensitivities to changes of spreads are calculated for every category of fixed income portfolio, except government securities with AAA ratings. ³ Sensitivities to a change in share prices are calculated for listed shares only; assumptions: equity impairments as soon as market value drops below acquisition cost and best estimate calculation of hedging impact.

On- and off-balance-sheet reserves

€m	31.12. 2019	31.12. 2020	30.9. 2021	31.12. 2021	▲ in Q4
Market value of investments	247,310	252,789	252,883	257,485	4,602
Total reserves	33,120	37,269	29,930	30,357	427
On-balance-sheet reserves					
Fixed-interest securities	10,738	14,426	9,003	8,078	−925
Non-fixed-interest securities	3,632	2,866	4,533	4,888	356
Other on-balance-sheet reserves ¹	203	137	179	205	26
Subtotal	14,574	17,430	13,715	13,172	−543
Off-balance-sheet reserves					
Real estate ²	5,600	5,592	5,753	6,291	538
Loans ³	12,147	12,778	8,948	8,270	−678
Associates	799	1,469	1,514	2,624	1,110
Subtotal	18,546	19,839	16,215	17,185	970
Reserve ratio	13.4%	14.7%	11.8%	11.8%	0.0%pp.

1 Unrealised gains/losses from unconsolidated affiliated companies, measured using the equity method and cash-flow hedging.
2 Excluding reserves from owner-occupied property. 3 Excluding insurance-related loans.

On- and off-balance-sheet reserves

€m	On-balance-sheet reserves	Off-balance-sheet reserves ¹
Total reserves (gross)	13,172	17,185
Provision for deferred premium refunds	–5,409	–8,115
Deferred tax	–1,848	–2,496
Minority interests	–10	–
Consolidation and currency effects	–127	–
Shareholders' stake	5,778	6,574

¹ Excluding reserves for owner-occupied property and insurance-related loans.

Breakdown of SCR

Increase driven by business growth and currency effects

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	Business growth reinforced by stronger US\$
Life and health	7.0	7.4	0.4	6.5	1.4	−0.4	Expansion of business mainly in reinsurance
Market	10.7	11.5	0.8	7.1	6.5	−2.1	Higher equity and FX exposure, partly mitigated by impact from higher interest rates
Credit	5.2	4.3	−0.9	2.5	1.9	−0.1	Higher interest rates lead to lower market values and decreased shareholders' share at ERGO
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		Stable diversification effect
Tax	−3.4	−3.6	−0.2	−3.0	−1.1		
Total SCR	19.2	20.5	1.4	15.9	8.7	−3.2	

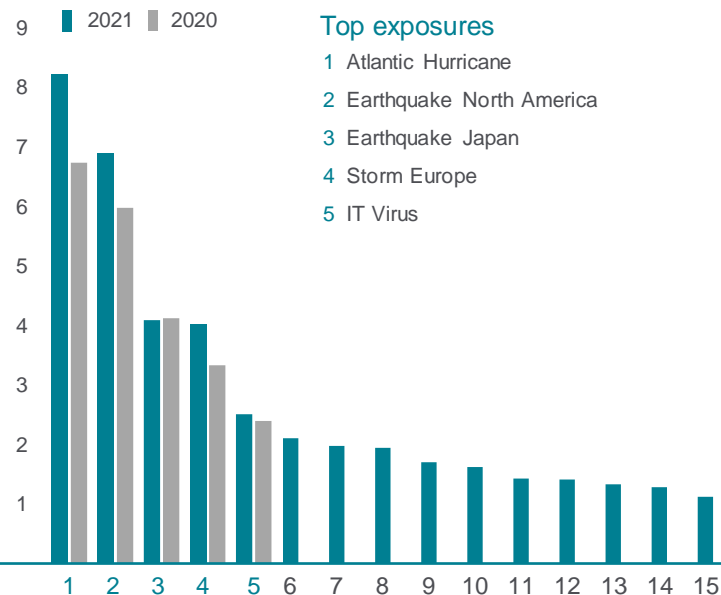
¹ Capital requirements for associated insurance undertakings and other financial sectors, e.g. institutions for occupational retirement provisions.

Property-casualty risk

Growth in almost all scenarios facilitated by excellent risk-bearing capacity

Top scenario exposures of the Group (net of retrocession) – AggVaR¹

€bn



€bn

2021

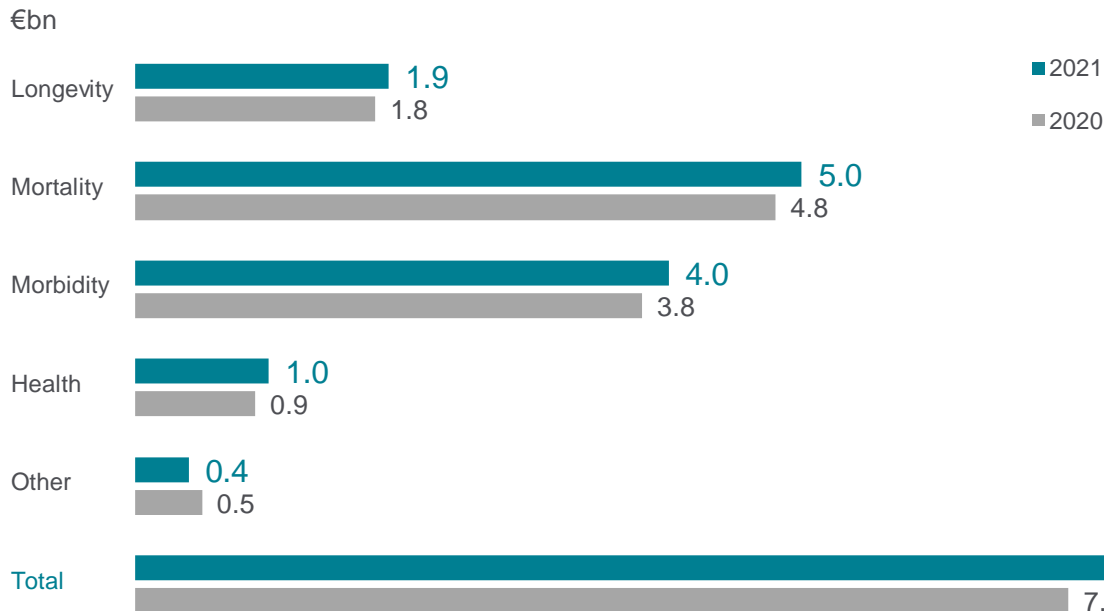
2020

Basic losses	4.7	4.1
Major losses ²	10.6	8.9
Diversification	-4.1	-3.7
Total	11.2	9.4

- Well-diversified portfolio across perils and regions – stable capital intensity (P-C reinsurance: FX-adjusted GWP growth³: 19.5%, SCR growth³: 19.1%)
- Loss-cost trends fully captured in models
- SCR increase also driven by FX

Life and health risk

Life and health – VaR¹



Overall increase driven by

Reinsurance

- Business development, especially US mortality and UK longevity business
- Higher interest rates offset by weaker euro

ERGO

- SCR remains stable

Market risk

SCR by risk category

€bn








	Group		RI	ERGO	Div.	
	2020	2021	2021	2021	2021	
Equity	4.1	5.7	3.0	2.8	−0.2	Active build-up of equity exposure, as well as positive stock market performance
General interest rate	3.1	2.6	1.8	1.5	−0.7	Higher interest rates especially beneficial for ERGO, improved diversification
Credit spread	5.0	4.0	1.6	3.1	−0.8	Higher interest rates lead to lower market values of fixed-income assets and reduced shareholders' share at ERGO
Real estate	2.3	2.4	1.6	0.9	−0.1	
Currency	3.4	5.1	4.9	0.2	0.0	Increase of FX mismatch position
Simple sum	18.0	19.8	12.9	8.6	−1.7	
Diversification	−7.3	−8.3	−5.9	−2.1		
Total market risk SCR	10.7	11.5	7.1	6.5	−2.1	

Market risk

Asset-liability mismatch

DV01¹

€m

	Net DV01			Assets	Liabilities		
Munich Re ²	 8 (5)	171 (190)			163 (184)		
Reinsurance	 8 (11)		46 (49)		38 (38)		
ERGO	0 (–6)	125 (141)			125 (146)		

Portfolio duration

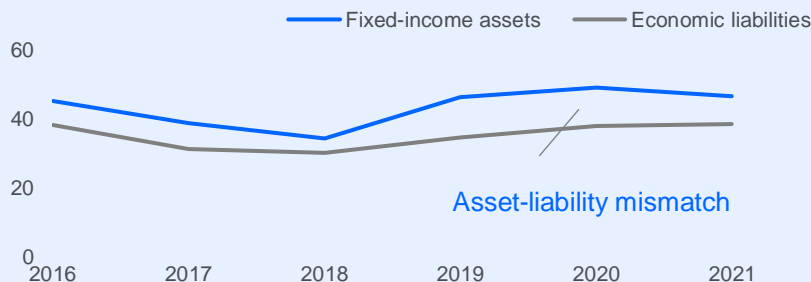
Assets Liabilities

8.3 (8.9)  8.4 (9.3)6.0 (6.6)  6.4 (6.7)9.6 (10.1)  9.3 (10.3)

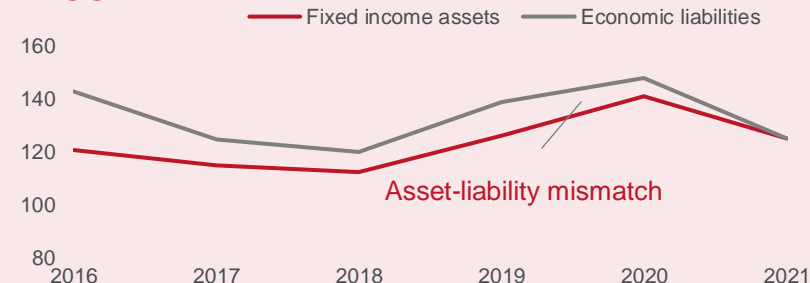
DV01 development

€m

Reinsurance



ERGO



1 Fair values as at 31.12.2021 (31.12.2020): Market value change due to a parallel downward shift in yield curve by one basispoint, considering the portfolio size of assets and liabilities (pre-tax). Negative net DV01 means rising interest rates are beneficial. 2 Liabilities comprise technical provisions according to Solvency II. 3 Figures for ERGO and consequently the Munich Re Group include VA.

Sensitivities of SII ratio



1 Parallel shift until last liquid point, extrapolation to unchanged UFR. 2 Based on CPI inflation. 3 Based on 200year event.

Preliminary SII ratios

Munich Re and solo entities¹

Internal model

€bn

	EOF (without TM ²)	SCR (without TM ²)	S-II Ratio (without TM ²)	S-II Ratio (incl. TM ²)
Munich Re	46.6	20.5	227%	254%
Munich Reinsurance Company	47.0	20.5	229%	256%
Munich Re of Malta	3.0	0.8	367%	—
GLISE	0.7	0.4	163%	—
ERGO Versicherung AG	3.1	0.7	436%	—
DKV	4.7	1.8	264%	—
ERGO Poland P-C (PLN bn)	2.4	0.9	257%	—

Standard Formula

ERGO Leben	1.8 ³	2.0	88%	365%
Victoria Leben	1.3 ⁴	0.5	263%	638%
ERGO Vorsorge Leben	0.9	0.2	440%	—
ERGO Austria	0.5 ⁵	0.3	185%	309%
ERGO Belgium Life	0.8	0.4	220%	—

1 Entities with internal model and selected companies with standard formula application. 2 Transitional measures. 3 EOF including transitional measures: €5.4bn.
4 EOF including transitional measures: €3.0bn. 5 EOF including transitional measures: €0.9bn.

Strategy of internal German life back book run-off on track

Start of “special unit”

- Creation of model for a sustainable and holistic solution to mitigate administrative challenges on legacy systems
- Creating transparency about platform deficits in the media

Ramp-up of new IT platform

- Contract to build multi-tenant platform with IBM
- Joint venture with IBM to develop TPA business model
- Continuous development of platform and increase of functionality

Outlook

- Completing IT migration
- Continuously contributing to result and cash generation

2015

2016–2017

2018–2020

2021 & status quo

2025

Decision for internal run-off

- Decision to stop selling traditional life business
- Separation of life back book from new products
- Designation of new life carrier “ERGO Vorsorge” for all new capital-light businesses
- After market testing decision for internal run-off considering value of back book plus TPA opportunity
- Design of full back book migration in partnership with IBM in four tranches by 2025


Start of migration and TPA-readiness

- Portfolio preparation for migration well on track – administrative challenges in legacy systems significantly reduced:
 - 90% of all system errors solved
 - Automated tool in use for quality assurance and (if necessary) correction on contract level
 - Prior to migration, all contracts are quality assured
- Migration of first tranche with ~500,000 policies onto new platform achieved
- TPA: service offering defined and acquisition discussions started

ERGO Life and Health Germany

Gross premiums written

€m

2020		9,030
Foreign exchange		1
Divestments/investments		0
Organic change		172
2021		9,203

Major result drivers

€m

	Q4 2021	Q4 2020	▲	2021	2020	▲
Technical result	64	26	38	349	353	-4
Non-technical result	-163	147	-310	-147	95	-242
thereof investment result	437	1,152	-715	3,201	3,605	-405
Other	56	-142	199	-38	-318	279
Net result	-42	31	-73	164	130	33

Life and Health Germany

	Q4 2021	Return ¹	2021	Return ¹	2020	Return ¹
Regular income	764	2.4%	3,304	2.6%	3,394	2.7%
Write-ups/write-downs	-106	-0.3%	-334	-0.3%	-1,464	-1.1%
Disposal gains/losses	173	0.6%	1,379	1.1%	2,263	1.8%
Derivatives ²	-277	-0.9%	-769	-0.6%	-257	-0.2%
Other income/expenses	-117	-0.4%	-379	-0.3%	-330	-0.3%
Investment result	437	1.4%	3,201	2.5%	3,605	2.8%
Average market value	124,965		125,916		127,596	

ERGO Life and Health Germany

Key figures

Life Germany

%

Key figures ¹	2019	2020	2021
Reinvestment yield	1.8	1.9	1.9
Average yield	2.9	2.7	2.4
Average guarantee ²	1.9	1.7	1.5

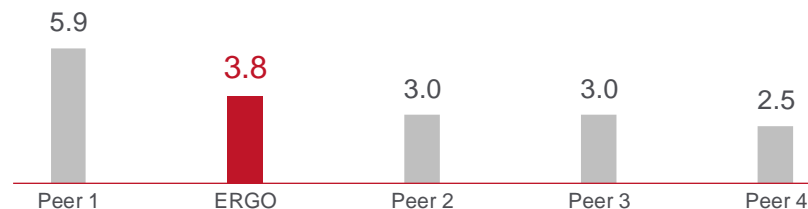
€bn

Key financials ¹	2019	2020	2021
Free RfB	1.6	1.6	1.7
Terminal bonus fund	0.8	0.8	0.7
Unrealised gains	13.3	14.8	9.9
Accumulated ZZR	6.2	7.0	7.7

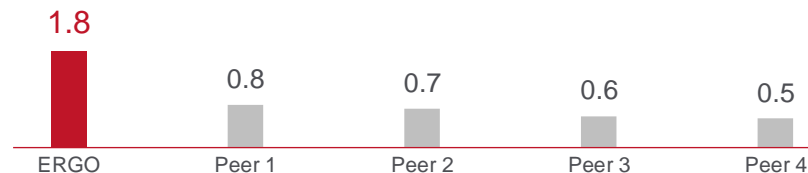
Health Germany GWP – Market view³

€bn

Comprehensive insurance – ERGO is number 2 in German market



Supplementary insurance – ERGO is clear market leader



ERGO Property-casualty Germany

Gross premiums written

€m

2020		3,677
Foreign exchange		4
Divestments/investments		0
Organic change		238
2021		3,919

Major result drivers

€m

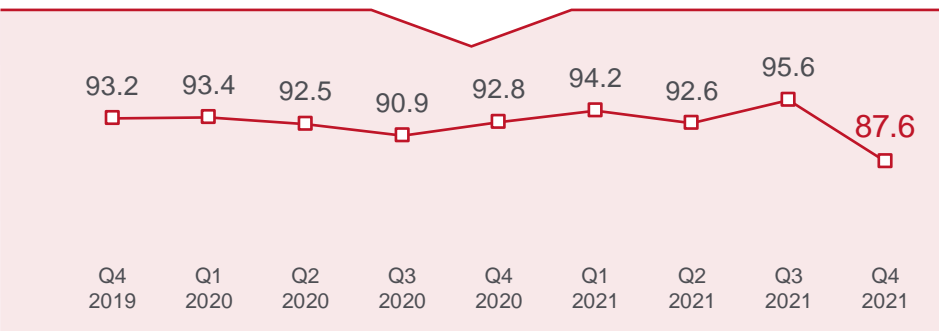
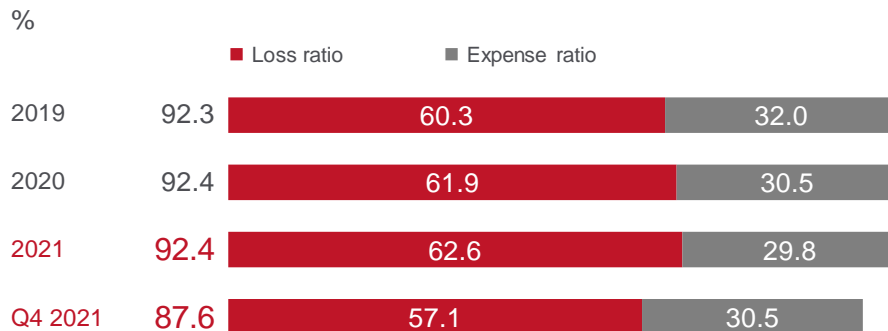
	Q4 2021	Q4 2020	▲	2021	2020	▲
Technical result	146	57	89	302	294	8
Non-technical result	-5	-6	0	51	-39	91
thereof investment result	26	53	-28	209	175	34
Other	-35	-14	-21	-120	-98	-22
Net result	106	38	68	234	157	76

Investment result

	Q4 2021	Return ¹	2021	Return ¹	2020	Return ¹
Regular income	37	1.9%	188	2.4%	163	2.2%
Write-ups/write-downs	-7	-0.4%	-27	-0.4%	-89	-1.2%
Disposal gains/losses	5	0.3%	75	1.0%	121	1.6%
Derivatives ²	1	0.1%	-4	-0.1%	-6	-0.1%
Other income/expenses	-10	-0.5%	-22	-0.3%	-14	-0.2%
Investment result	26	1.3%	209	2.7%	175	2.3%
Average market value		7,857		7,745		7,515

ERGO Property-casualty Germany

Combined ratio



Gross premiums written in 2021 (2020)

€m




Motor	728 (707)	Legal protection	415 (409)
Fire/property	742 (731)	Marine	320 (277)
Liability	718 (626)	Other	413 (331)
Personal accident	583 (596)		

ERGO International

Gross premiums written

€m

2020		4,861
Foreign exchange		−41
Divestments/investments		−34
Organic change	■	305
2021		5,092

Major result drivers

€m

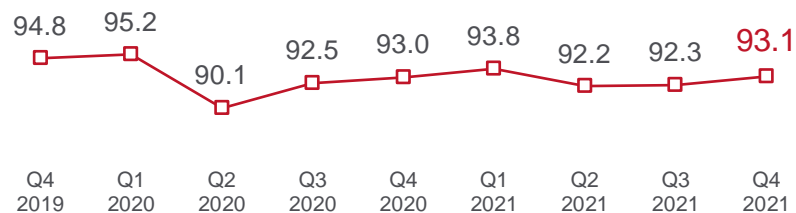
	Q4 2021	Q4 2020	▲	2021	2020	▲
Technical result	108	13	94	313	202	111
Non-technical result	−39	76	−115	−47	96	−143
thereof investment result	70	165	−95	324	425	−101
Other	5	−22	27	−59	−69	10
Net result	73	68	6	207	230	−22

Investment result

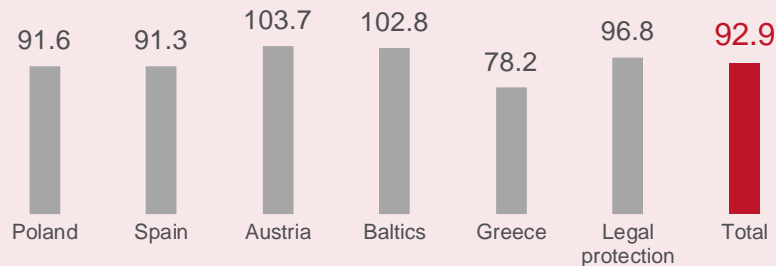
	Q4 2021	Return ¹	2021	Return ¹	2020	Return ¹
Regular income	68	1.3%	272	1.3%	335	1.7%
Write-ups/write-downs	−14	−0.3%	2	0.0%	−10	−0.1%
Disposal gains/losses	28	0.6%	118	0.6%	132	0.7%
Derivatives ²	−5	−0.1%	−47	−0.2%	−7	0.0%
Other income/expenses	−7	−0.1%	−21	−0.1%	−25	−0.1%
Investment result	70	1.4%	324	1.6%	425	2.2%
Average market value			20,289		20,310	
						19,475

ERGO International

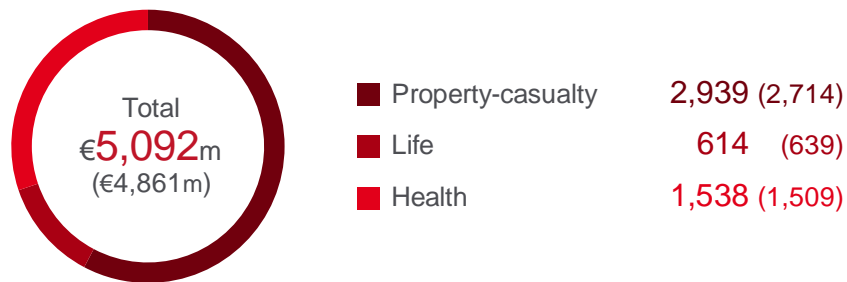
Combined ratio %



2021



Gross written premiums in 2021 (2020) €m



P-C	2021	2020	Life	2021	2020
Thereof:			Thereof:		
Poland	1,625	1,442	Austria	305	336
Legal protection	715	690	Belgium	137	146
Greece	249	246	Health	2021	2020
Baltics	199	194	Thereof:		
Austria	115	103	Spain	882	877
			Belgium	656	632

Strong position in biometric risk solutions supplemented by financially-motivated reinsurance and data-driven services

Gross premium written



25% Asia/MENA

- Growing book of business building on strong foundation and growth of underlying markets
- Development of data-driven services
- Strong demand for FinMoRe solutions
- Largest health reinsurance book of all regions
- Expand financial markets business

24% USA

- Positioned amongst market leaders
- Further develop FinMoRe business and predictive analytics to foster growth
- Attractive risk-return profile of new business
- Develop footprint in financial markets business
- Successful in-force management

14% Continental Europe

- Sound but stagnating biometric risk business
- Promote digital services
- Demand for tailor-made FinMoRe solutions
- Expand financial markets business

14% Canada

- Leading position in biometric risk business
- Attractive margins despite competitive environment
- Innovative approach to group business

12% UK/Ireland

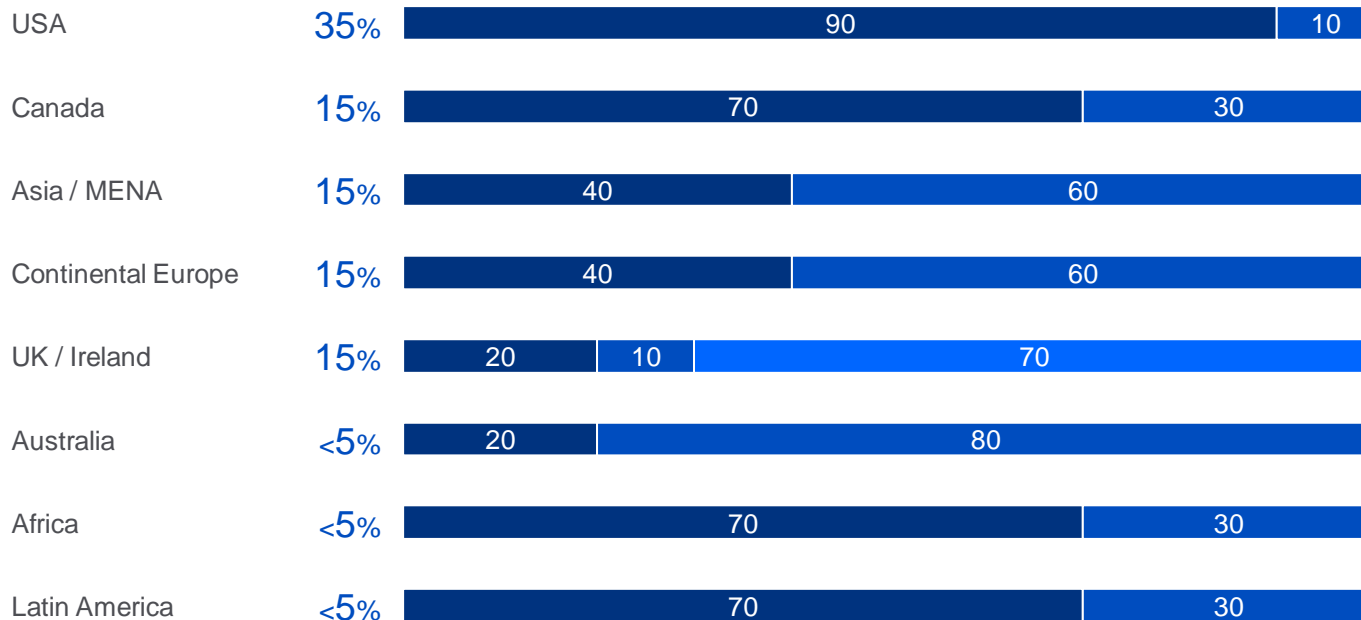
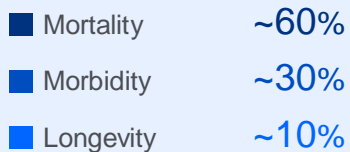
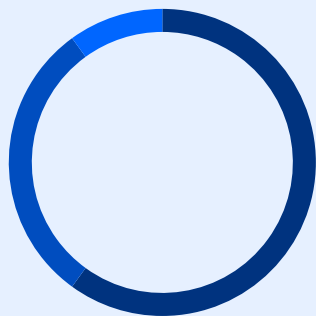
- Successful FinMoRe proposition
- Prudent expansion of longevity book
- Margins in protection business widely unattractive

7% Australia

- Rehabilitation of in-force top priority, good progress being made
- Disability market remains an area of concern
- Highly selective new business proposition

Overweight in North America and traditional mortality risk

Present value of future claims



Life and health reinsurance

Gross premiums written

€m

2020		12,707
Foreign exchange		-68
Divestments/investments		0
Organic change		-77
2021		12,561

Major result drivers

€m

	Q4 2021	Q4 2020	▲	2021	2020	▲
Technical result	32	-109	140	-9	-78	69
Non-technical result	77	96	-19	353	303	50
thereof investment result	239	207	33	860	846	14
Other	-23	-17	-5	-19	-102	83
Net result	86	-30	116	325	123	202

Investment result

€m

	Q4 2021	Return ¹	2021	Return ¹	2020	Return ¹
Regular income	183	2.4%	701	2.4%	743	2.5%
Write-ups/write-downs	0	0.0%	-6	0.0%	-23	-0.1%
Disposal gains/losses	82	1.1%	237	0.8%	178	0.6%
Derivatives ²	-6	-0.1%	5	0.0%	18	0.1%
Other income/expenses	-20	-0.3%	-77	-0.3%	-71	-0.2%
Investment result	239	3.2%	860	2.9%	846	2.9%
Average market value		30,141		29,665		29,428

IFRS result below expectations

Technical result burdened by COVID-19 – strong development of fee income

€m

	2021	2020
Gross premiums written	12,561	12,707
Mortality	6,354	6,293
Morbidity	5,021	5,206
Other	1,186	1,208
Technical result	–9	–78
Mortality	–494	–113
Morbidity	438	–38
Other	47	73
Fee income	227	175

Biometric risk
solutions
90.7%



Financially-motivated
reinsurance
9.3%

Technical result

- COVID-19 claims amount to €785m, driven by higher mortality in the US, India and South Africa
- Positive impact from year-end reserve review, including aggregate positive impact of interest rates on claims reserves; in addition, several positive business-driven one-offs – significant part of these effects related to morbidity business
- Biometric experience beyond COVID-19 on aggregate in line with expectation; positive experience in Asia, Europe and Australia balancing higher than expected claims in North America and South Africa
- Morbidity: positive experience in Asia, Australia and the US

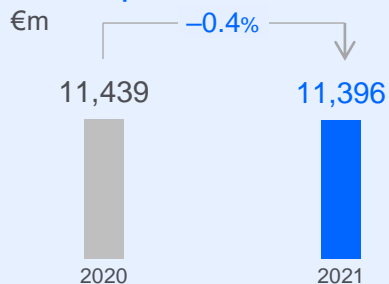
Fee income

- Strong growth particularly in Asia and the US
- Portfolio is performing as expected, unaffected by COVID-19

Biometric risk solutions

Strong fundament supplemented by promising business opportunities

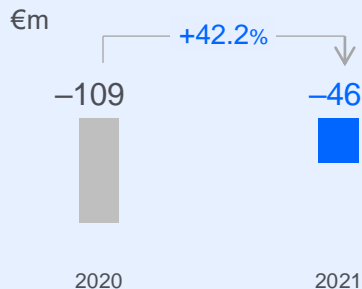
Gross premiums written



Portfolio

- Leading footprint in all major markets
- Strong new business proposition building on excellence in assessment of biometric risks, enhanced by digital solutions and data-driven services
- Growth across many regional markets, particularly in the US and Asia
- Selective growth in longevity business
- Development of new (re)insurance products, e.g. for savings products

Technical result



Outlook

- Maintaining our excellent underwriting and pricing discipline
- Watching product trends and experience closely, particularly in critical illness and dismemberment business
- Blending more and more with our digital initiatives
- Fostering growth by further developing predictive analytics
- Monetising digital solutions
- Continuing in-force management where needed

Biometric risk solutions

Selective growth in longevity business – new products in financial markets

Longevity

Successful growth path –
maintaining prudent underwriting approach

Portfolio development



- Market entry in 2011 after in-depth research, focus on UK market
- Growing contribution to top line, also in relative terms
- Accretive to earnings, claims evolve better than assumed in pricing
- Positive hedge against adverse mortality proven in case of COVID-19
- 2020: First transaction signed outside the UK
- Three UK transactions executed in 2021

Expectations going forward



- No change in risk appetite
- Maintain prudent underwriting and valuation approach
- Prepared to write higher volumes of new business if opportunities are attractive and meet our risk appetite
- Carefully consider expansion beyond UK (initial step taken in 2020) and extension of product offering

Financial markets

Comprehensive market risk solutions
for the financial services industry

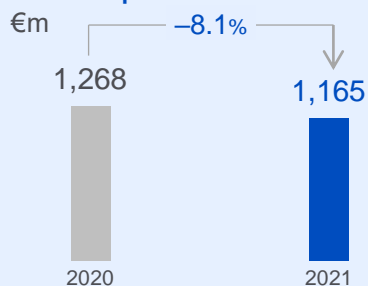
- Initial focus on Europe and Asia (mainly Japan)
- Meantime expansion across Europe, Asia, and North America
- Explore business potential in Latin America and Australia
- New business development negatively affected by COVID-19 environment
- Portfolio accretive to IFRS bottom line
- Asset-liability hedging successfully managed the volatile capital market environment during the pandemic

- Intensify coverage of existing markets and expand into further markets
- Support growth by further scaling up the organisation
- Broaden product, service and regulatory scope
- Grow contribution to IFRS earnings

Financially-motivated reinsurance

Strong demand prevails

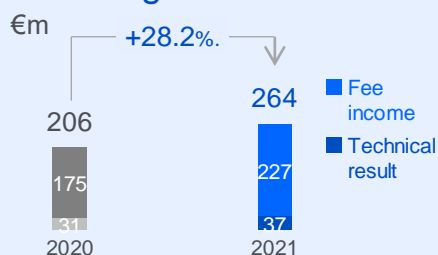
Gross premiums written



Portfolio

- Portfolio comprises ~240 transactions worldwide
- 37 new treaties executed during 2021
- New business opportunities arising mainly from Asia and the US
- Top line declining as majority of new business recognised as “fee income”
- Steady growth of bottom line; stable and predictable result contribution, unaffected by current pandemic environment

Technical result, including fee income



Outlook

- Demand expected to remain high
- Success depends on ability to structure tailor-made client solutions
- Execution power supported by strong balance sheet

Property-casualty reinsurance

Gross premiums written

€m

2020		24,615
Foreign exchange		−612
Divestments/investments		0
Organic change		4,790
2021		28,793

Major result drivers

€m

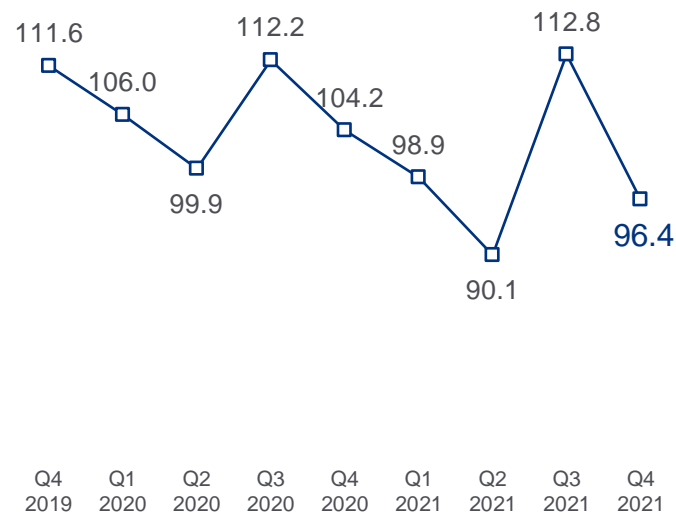
	Q4 2021	Q4 2020	▲	2021	2020	▲
Technical result	499	10	488	972	−171	1,144
Non-technical result	244	169	75	1,380	931	449
thereof investment result	654	513	140	2,562	2,347	215
Other	−95	−74	−21	−349	−188	−161
Net result	648	105	543	2,003	571	1,432

Investment result

	Q4 2021	Return ¹	2021	Return ¹	2020	Return ¹
Regular income	386	2.1%	1,552	2.3%	1,637	2.5%
Write-ups/write-downs	39	0.2%	−139	−0.2%	−371	−0.6%
Disposal gains/losses	403	2.2%	1,373	2.0%	1,005	1.5%
Derivatives ²	−90	−0.5%	41	0.1%	327	0.5%
Other income/expenses	−84	−0.5%	−265	−0.4%	−251	−0.4%
Investment result	654	3.6%	2,562	3.7%	2,347	3.6%
Average market value		71,932		68,856		65,803

Property-casualty reinsurance

Combined ratio



%

		■ Basic loss ratio	■ Major loss ratio	■ Expense ratio
2019	100.2	51.4	15.2	33.6
2020	105.6	53.9	20.8	30.9
2021	99.6	52.2	16.5	30.9
Q4 2021	96.4	48.9	13.7	33.8

	Major losses ¹	Nat cat ¹	Man-made ¹	Reserve releases ²	Normalised combined ratio ³
2021	16.5	12.0	4.5	−4.0	95.2
Q4 2021	13.7	7.7	6.1	−4.0	95.0
Ø Annual expectation	~ 12.0	~ 8.0	~ 4.0	~ −4.0	

¹ Absolute figures 2021/Q4 2021: Major losses €4,304m/€1,006m, nat cat €3,139m/€562m, man-made €1,165m/€444m.

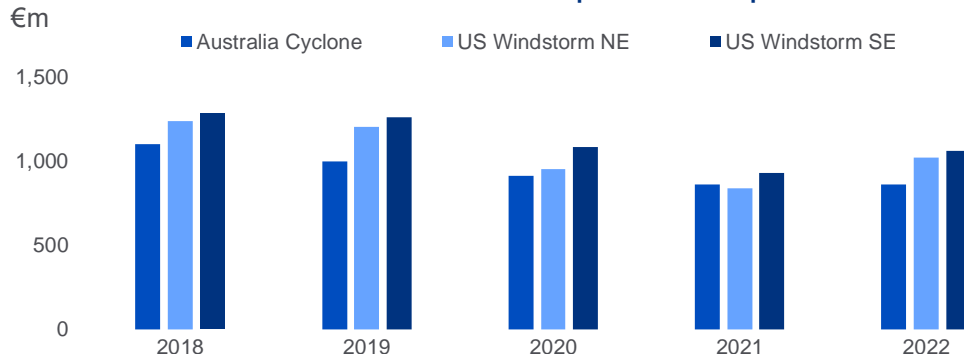
² Basic losses prior years, already adjusted for directly corresponding sliding-scale and profit-commission effects. Absolute figures for 2021/Q4 2021: −€1,041m/−€294m.

³ Based on reserve releases of 4%-pts.; adjusted for favourable one-off commission effect (corresponding to +0.3%-pts in Q4 2021 and +0.1%-pts in 2021).

Core P-C reinsurance

Retrocession – Continuity despite a difficult market

Retrocession – Maximum in-force protection per nat cat scenario¹



- Protection against peak risks mainly via traditional retrocession (CXL) and sidecars
- Well-balanced buying strategy reflects
 - strong Munich Re capital base and risk-bearing capacity
 - expected IFRS result stabilisation and market terms
- Multi-format programme providing material scalability and access to rated-paper capacity, as well as multiple and diverse investment buckets

Munich Re key channels

Traditional retrocession

- Munich Re still has one of the largest retrocession programmes worldwide
- Despite another challenging market environment, Munich Re placement again well received

Sidecar programme

- Quota share cessions of certain lines of business, collateralised by US\$ 590m in 2022
- Targeting long-term partnerships with institutional investors, predominantly pension funds

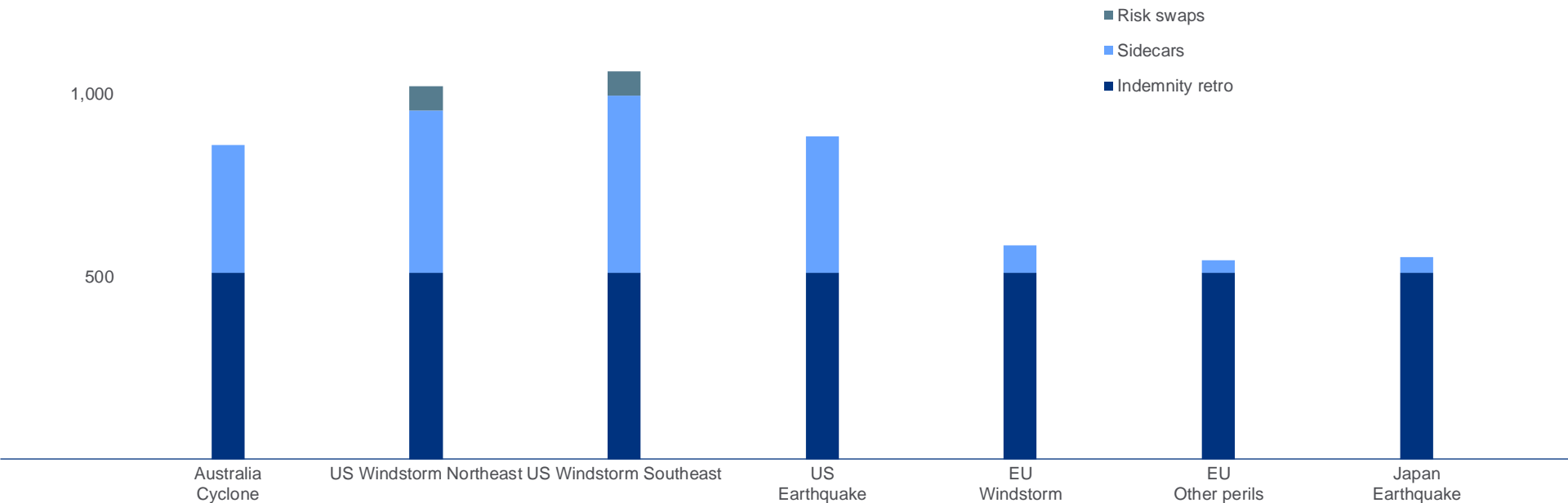
¹ Including indemnity retrocession, ILW/derivatives, risk swaps, cat bonds and the sidecars including Eden Re. Selection of main scenarios.

Core P-C reinsurance

Munich Re's maximum in-force nat cat protection

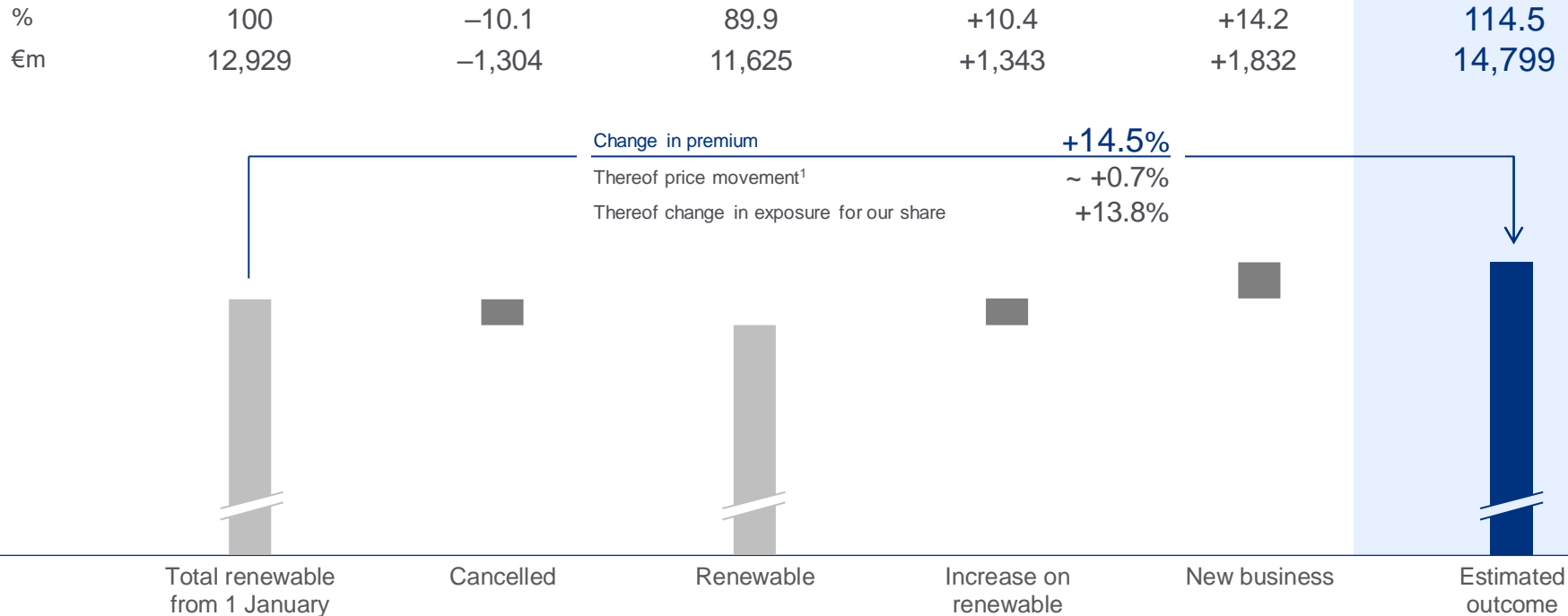
Nat cat protection before reinstatement premiums, as at January 2022

€m



Selective growth in firming market environment

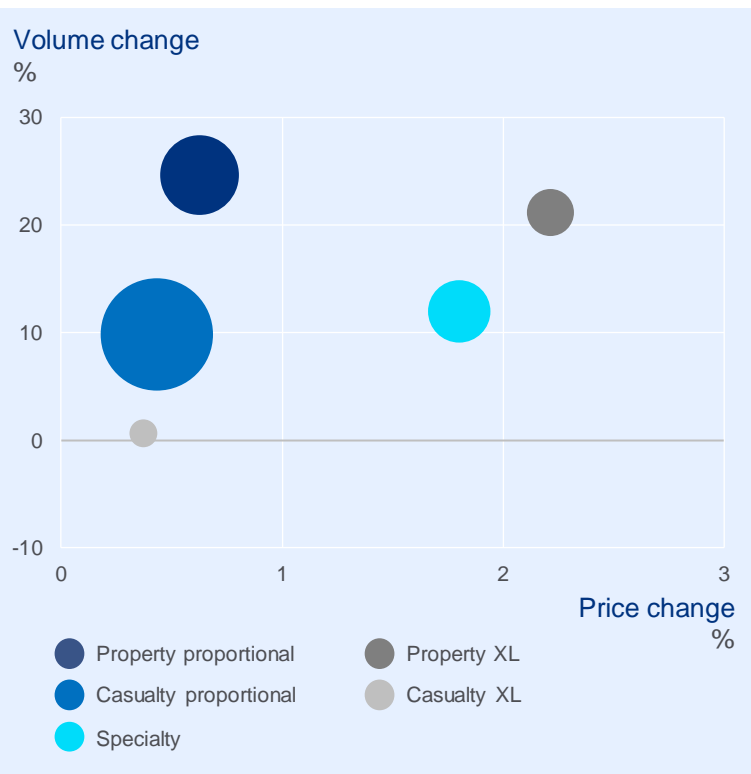
January renewals in 2022



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).

January renewals in 2022

Profitable growth across all regions and perils



Bubble size reflects relative volume up for renewal.

Europe

Hardened prices, especially in loss-affected segments and regions (e.g. Germany), additional upward pressure due to low interest rates and increasing inflation

North America

Strong nominal rate increases in all lines of business due to inflation (casualty) and cat losses (property), risk-adjusted pricing slightly improved due to cautious loss assumptions

APAC/Africa

Higher rates, especially in loss-affected segments and regions (e.g. South Africa), remainder rather flat

Latin America

Rate increases driven by loss experience

Worldwide/Specialty

Pricing clearly reacted to loss trends, as well as specific occurrences, lack of interest income and capacity reductions; risk-adjusted rates rather flat

Optimistic outlook for upcoming renewals

Total P-C book¹
%



January	45
April	8
July	14
Remaining	33

Nat cat share: 15%

Treaty business
January

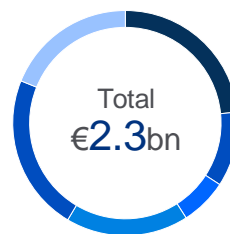


Asia/Pacific/Africa	North America
Europe	Worldwide
Latin America	

Focus: USA, Europe
Nat cat share: 11%

Price increase of ~0.7%

April



Rest of Asia/Pacific/Africa	North America
Europe	Japan
Latin America	Worldwide

Focus: Japan
Nat cat share: 33%

Claims experience in individual market segments will play a major role

July



Rest of Asia/Pacific/Africa	Australia/New Zealand
Latin America	Europe
North America	Worldwide

Focus: USA, LA, Australia
Nat cat share: 23%

P-C reinsurance portfolio

Total P-C book²

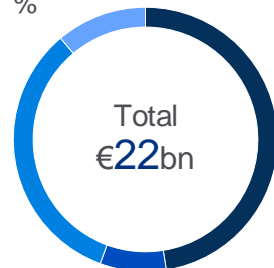
%



■ Tailor-made solutions	19 (19)
■ Other traditional business	54 (56)
■ Risk Solutions	27 (25)

Core P-C reinsurance²

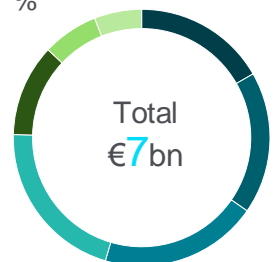
%



■ Casualty	47 (48)
■ Specialty ³	8 (9)
■ Other property	33 (32)
■ Nat cat XL	11 (11)

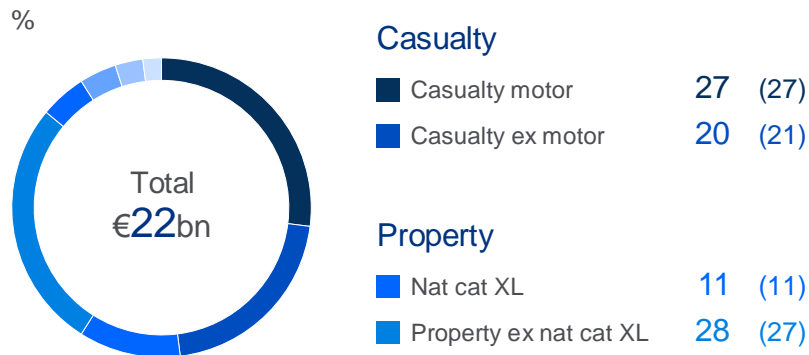
Risk Solutions

%



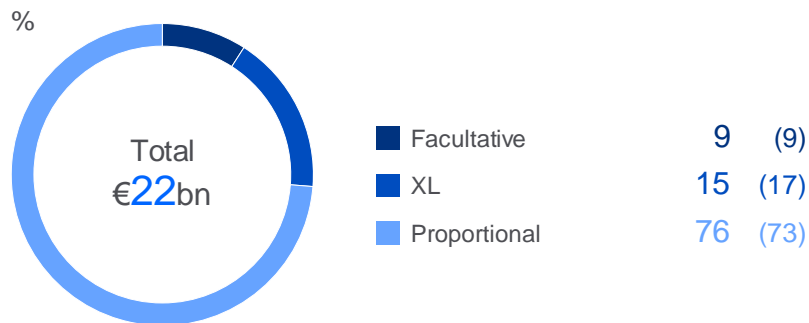
■ American Modern	18 (19)	■ MR Specialty Insurance	22 (23)
■ Hartford Steam Boiler	18 (19)	■ Munich Re Syndicate	12 (12)
■ Facultative & Corporate Direct	21 (19)	■ Aerospace	6 (7)

Core P-C reinsurance portfolio



Specialty

Credit	4	(4)
Marine	3	(3)
Aviation	1	(2)
Agro	5	(5)

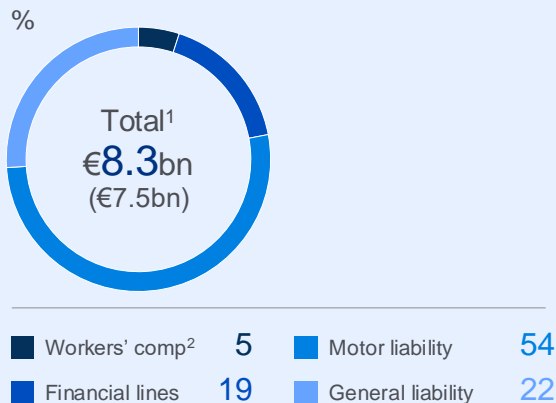


- Well-balanced portfolio
- Portfolio management and higher share of proportional business support earnings resilience

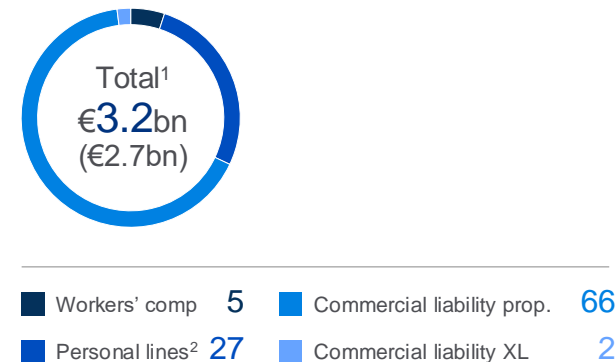
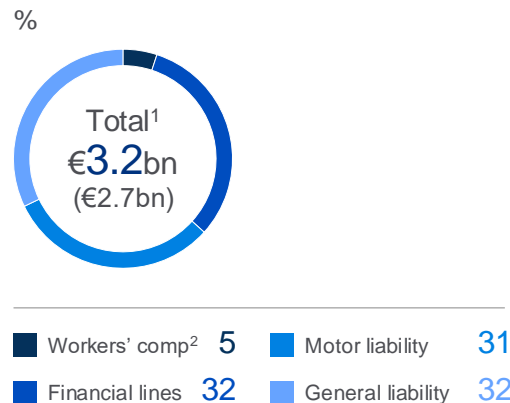
US casualty

Portfolio quality further improved, well-positioned for selective future growth

Global traditional casualty book



US traditional casualty book



Risk Solutions

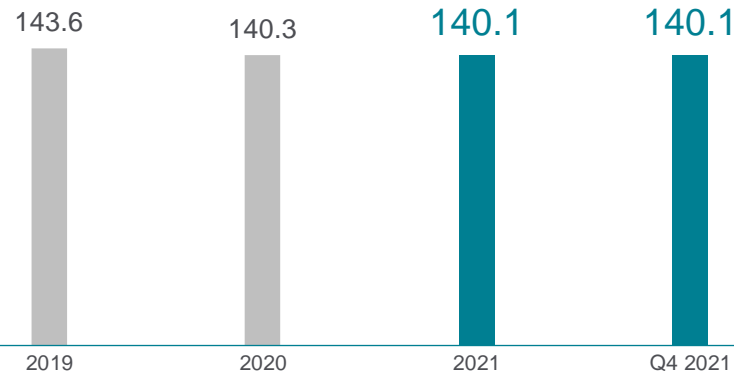
- Additional casualty premium of ~€1.2bn (thereof ~€850m from US casualty)
- Taking advantage of market momentum and selectively growing the book with attractive margins, ...
- ... while continuing to focus on smaller commercial and personal lines

- US traditional casualty book stable at less than 40% of global traditional casualty book
- Premium growth vs. prior year mainly driven by rate increases and expansion of structured quota share business, reinforcing the high share of proportional reinsurance (>90% of portfolio)
- Portfolio quality further improved through de-risking measures in response to social inflation, e.g. ongoing capacity reductions on the original side, as well as share reductions in XL in commercial business, coverage restrictions and continued focus on technical pricing
- Growth in personal lines business improves diversification and further reduces volatility

Changes to shares in circulation

Shares (millions)	31.12. 2020	Acquisition of own shares in 2021	Retirement of own shares in 2021	31.12. 2021
Shares in circulation	140.1	—	—	140.1
Treasury shares	—	—	—	—
Total	140.1	—	—	140.1

Weighted average number of shares in circulation (millions)



Financial calendar

2022



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