



Munich Re Group

Half-Year Financial Report as at 30 June 2021

10 August 2021

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Half-Year Financial Report as at 30 June 2021

Agenda

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Munich Re

Munich Re Group Ambition 2025

Making good progress towards scaling and shaping our business

Scale



Expansion of core

Preference for organic growth

Leverage superior underwriting

Uplift asset performance



Shape

Create additional business

Monetise digital business investments

Create new strategic options



Succeed

Shareholders

Growing earnings and RoE

Clients

Long-term partner – superior products, experience and capacity

Employees

Employer of choice: skill-driven, fostering digital culture, risk entrepreneurs

Communities

Comprehensive climate strategy matching Paris Agreement

ERGO on track to deliver on Ambition 2025

Achievements in H1 2021

Germany



Scale¹

Secure profitability and market share

- Very good new business development (+28%) and premium growth (+5%)
- Strong growth in P-C, high profitability (combined ratio: 93.4%) despite large losses
- Continued growth of life new book (+19%), further expansion of capital-market-oriented product portfolio

International

Increase net profit contribution

- Strong premium growth (+7%), especially in Poland and Spain
- Profitability continuously at a very good level (combined ratio: 93.0%)
- Successful launch of supplementary health insurance in Austria

Digital projects and technology

Expand new business models and continue IT modernisation

- International roll-out of online marketing channels
- Solid growth of Great Wall Motors-ERGO JV (service company) in China
- Observation of increasing recovery in the travel market



Shape

Strengthen hybrid customer model and digital processes

- Further development of claims excellence through simple, intuitive claims processes developed from customer's perspective

Expand cross-border synergies

- Extended cross-border initiatives along the value chain

Enhance digital footprint and deploy technologies

- Reshaping employee technology learning

Scaling up digital technologies nationally and internationally
(already >200 robotics use cases, >50 AI use cases, >30 voice skills)

Reinsurance leveraging favourable market environment while building basis for future growth – Achievements in H1 2021

Life and health reinsurance



Scale

Build on growth of underlying markets

- Biometric risk transfer: strong new business development, particularly in the US
- Growing result contribution from FinMoRe, supported by several new transactions
- In-force management: Agreement on price increase in Australian disability business

Core P-C reinsurance

Grow in mature and emerging markets

- Profitable growth in 2021 renewals with premium increase of 11.7%
- Strengthen local footprint in selected markets. e.g. market leadership in Japan, strong growth in India
- Very selective underwriting of global and US-related casualty business

Risk Solutions

Extend business based on strong client base

- Expansion into US SME market, incl. E&S
- Facultative & Corporate Direct: Large single risk opportunities in a positive cycle
- Munich Re Syndicate and aerospace: Utilise various opportunities in a hard market



Shape

Drive new business opportunities

- Execution of digital strategy, predictive analytics developed further
- Acquisition of remaining interest in GroupHEALTH, a leading third-party administrator for group business in Canada

Create business opportunities and shape product landscape

- Ongoing product innovations, e.g. growth in global credit¹ and mortgage
- Expansion of risk appetite for new segments, e.g. insurance for battery performance

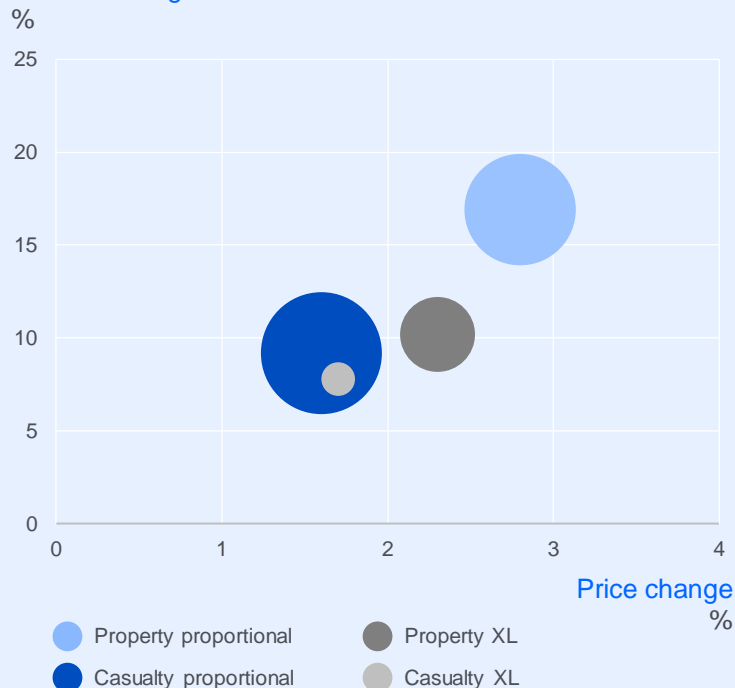
Develop new products suites and leverage on digitalisation

- American Modern: Shaping footprint in niche segments – growth above expectations
- MR specialty insurance: Leverage on business via Munich Engine (automated underwriting)
- Hartford Steam Boiler: New product lines, e.g. cyber home systems, strongly support scale activities

Successful July renewals support earnings path

Overall price change ~ 2%, volume change 11.1%

Volume change



Bubble size reflects relative volume up for renewal.

Europe

Less positive price momentum compared with the US.
Main drivers: Low interest rates, general market sentiment and uncertainty around COVID-19

North America

Strong rate increases in all lines of business due to social inflation (casualty) and cat losses (property)

APAC/Africa

Hardened prices especially in loss-affected segments and regions (e.g. Australia, South Africa)

Latin America

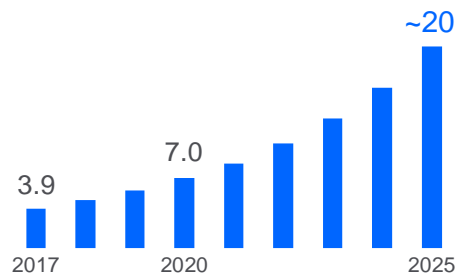
Rate increases driven by loss experience

Worldwide

Pricing clearly reacted to loss trends as well as a lack of interest income and capacity reductions

Munich Re profitably participates in a steadily growing cyber insurance market

Global cyber market premium
USD bn



Major drivers of market growth

- Digitalisation and connectivity of devices
- Sharp increase and further professionalism of cyber crime
- Stronger regulation

Cyber losses and higher risk awareness to drive demand

Disciplined participation in market growth

- Selective underwriting, improved by data-driven approach
- Effective risk management addresses the dynamic landscape (e.g. increasing number of ransomware attacks), sustains profitability of our book
- Ongoing enhancement of accumulation models safeguards diversification and limiting risk exposure
- Focus on loss prevention
- Further investments in partnerships and global collaboration

Profitable growth in line with market supported by new business and significant rate increases

Outlook



Less capacity available in the market



Improvements regarding terms and wordings



Further increased transparency



Stricter risk selection


Hardening market conditions expected to prevail

Recent up-tick in inflation is not challenging our financial targets

Uncertainty about claims inflation ...

Increase of insurers' claims severity and frequency due to different drivers, e.g.

- Construction cost
- Medical inflation
- Wage inflation
- Social inflation

 CPI with limited
significance

... well controlled by Munich Re



Underwriting

- ERGO and L/H reinsurance business marginally exposed to inflation
- P-C reinsurance: Low exposure in new business due to risk selection, reflection of inflation in pricing and contract wording (e.g. index clauses), while impact on back book is manageable



Reserving

- Prudent assessment of most recent contract years
- Sophisticated, claims-specific inflation forecasts considered when setting reserves
- High proportion of short-term liabilities in P-C reinsurance allows for timely adaption to inflation up-tick



Investments

- Inflation-linked bonds together with other inflation-sensitive assets (in total ~25% of our reinsurance portfolio¹) mitigate inflation risks of our claims reserves

Continuous improvements to uplift asset performance while considering ESG criteria – Achievements in H1 2021



ESG investment strategy

Close alignment with our AOA commitments

- Roadmap implemented to achieve climate ambition 2025
- Implementation of ESG dashboard to derive investment decisions and enable monitoring and reporting of carbon emissions
- Enhanced corporate engagement: monitoring of engagement progress set up

Group Investment Management

Improving risk-return profile



- Building up alternative assets: ~€2bn committed YTD, thereof €500m in renewable energy investments
- Outsourcing defined asset classes: Various new asset managers successfully onboarded
- Successful implementation of new investment strategies to improve performance

Asset management – MEAG

Increasing investment returns



- MEAG achieved pleasing positions in peer investment performance rankings, e.g. Morningstar
- Continued delivery on third-party business growth, e.g. new Infrastructure Debt Fund II, commitments >€1bn
- Substantial progress towards sustainable operating model: new organisational setup with focus on ESG

Making good progress towards achieving our ESG targets



Environment

Ambitious decarbonisation targets

- Climate protection targets for our (re)insurance business
- Decarbonisation of our investments
- Reduction of our own emissions

Climate-related disclosure

- TCFD Report published in April 2021
- “A-” rating by CDP (Climate Change 2020)

Commitments

- Decarbonisation strategy for treaty business
- Founding member of the Net Zero Insurance Alliance



Social

Diverse workforce

- 40% female managers by 2025
- 25% women on the Board of Management (BoM) by 2025

Increased transparency

- Actuals and targets of gender ambition separately disclosed for various management levels

Recognition

- Rank 5 on the German Diversity Index 2021 (Beyond Gender Agenda)



Governance

ESG criteria in BoM remuneration

- ESG criteria relevant for variable remuneration and multi-year bonus

Strengthening of ESG Governance

- Board Level “ESG Committee” established
- High-level “ESG Management Team”, with top managers from different fields of business
- Separate “ESG Investment Committee” specifically designated for investments

Group	Gross premiums written ~ €58bn (prev. ~ €57bn)	Net result ~ €2.8bn	Return on investment >2.5%	
ERGO	Gross premiums written ~ €18bn (prev. ~ €17.5bn)	Net result ~ €0.5bn	Combined ratio P-C Germany ~ 92% ¹	International ~ 93%
Reinsurance	Gross premiums written ~ €40bn (prev. ~ €39bn)	Net result ~ €2.3bn	Combined ratio P-C ~ 96% ²	Technical result, incl. fee income in life and health ~ €400m ³

Group finance

After strong results well on track to achieve annual targets

Munich Re

Q2 2021 (H1 2021)

Net result

€1,106m (€1,695m)

Reinsurance: Good underlying performance overall and below-average major losses in property-casualty

ERGO: Strong result of €155m

Return on investment¹

3.1% (2.9%)

Pleasing performance slightly ahead of expectations – reinvestment yield up to 1.7%

Return on equity¹

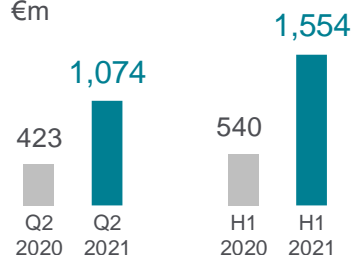
19.2% (15.0%)

Shareholders' equity: €29.9bn

Solvency II ratio: 225%

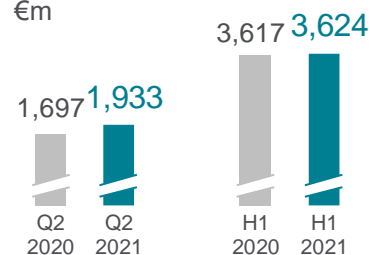
Technical result

€m



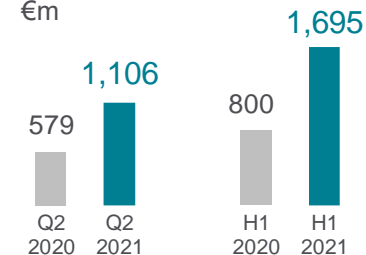
Investment result

€m



Net result

€m



Reinsurance

Life and health: Technical result, incl. fee income: €64m (€115m), incl. higher-than-expected COVID-19 losses of €140m (€302m) – net result of €93m (€145m)

Property-casualty: Combined ratio: 90.1% (94.3%) – Major loss ratio: 6.8% (11.0%) incl. COVID-19 losses of €101m (€203m); reserve releases²: –4.0% (–4.0%) – net result of €858m (€1,217m)

July renewals: Risk-adjusted price change: ~ +2.0%, premium change: +11.1%

ERGO

Life and Health Germany

Rol: 3.1% (2.9%) – net result of €33m (€126m)

Property-casualty Germany

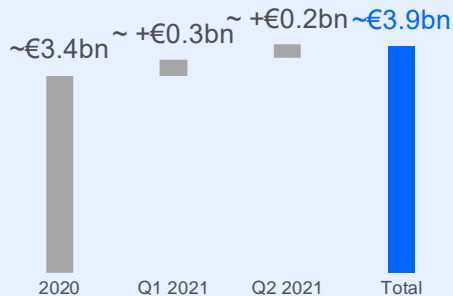
C/R: 92.6% (93.4%) – net result of €81m (€106m)

International

C/R: 92.2% (93.0%) – net result of €41m (€102m)

Accumulated COVID-19-related financial impact for 2020 and H1 2021

Re-insurance (pre-tax)¹



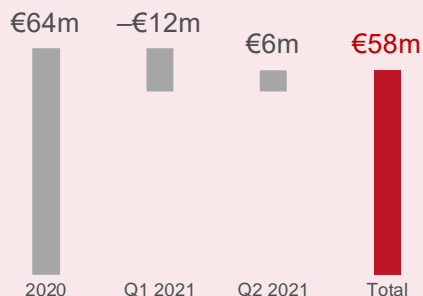
Contingency	1,853
Property/BI	997
Credit	203
D&O/WC	200
Marine	16
Life and health	672

€m

Q2 2021: Provisions increased by €241m

- Increase in P-C: €101m (largely driven by contingency business), L&H: €140m (higher-than-expected mortality in India and South Africa)
- P-C: 68% of the COVID-19 accumulated losses are IBNR, down from 73% as at Q1 2021
- Expected COVID-19-related claims for full-year 2021
 - P-C: ~€300m
 - L&H: ~€400m (prev. ~€200m)

ERGO (after tax)



Claims	10
Result impact from lost premiums	42
Other	6

€m

Q2 2021: Earnings impact increased by €6m

- Claims -€29m: Lower claims in travel and frequency benefits mainly in motor
- Result impact from lost premiums +€20m: Especially continued low travel activity
- Other +€15m: Mainly due to JV in India being affected by higher claims
- COVID-19-related earnings impact for full-year 2021 decreased to ~€40–50m due to better development in Germany, partly compensated for by India

¹ Total incurred losses, including paid claims and reserves.

Capital position

Equity

€m

Equity 31.12.2020	29,994		Change in Q2
Consolidated result	1,695		1,106
Changes			
Dividend	-1,373		-1,373
Unrealised gains/losses	-1,262		828
Exchange rates	528		-113
Share buy-backs	0		0
Other	337		79
Equity 30.6.2021	29,920		528

Unrealised gains/losses

Fixed-interest securities

H1: -€2,094m Q2: €453m

Non-fixed-interest securities

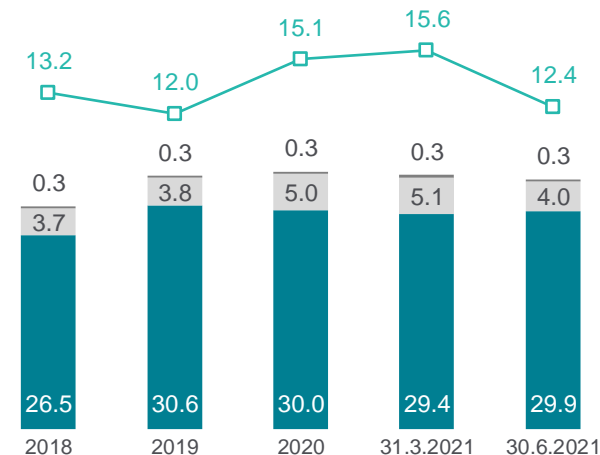
H1: €804m Q2: €355m

Exchange rates

Mainly driven by US\$

Capitalisation

€bn

Debt leverage¹ (%)

Senior and other debt

Subordinated debt

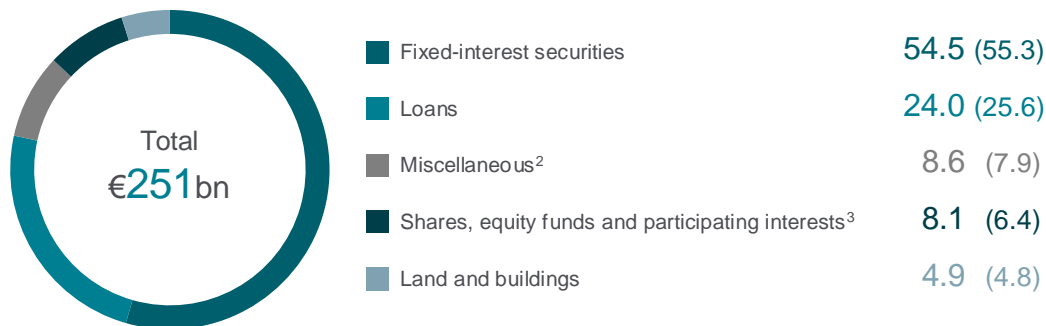
Equity

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

Investment portfolio

Investment portfolio¹




%






Portfolio management

- Increase of equity exposure due to investments and favourable development of stock markets
- Expansion of emerging-market bonds at the expense of covered bonds
- Further investments in infrastructure
- Reinvestment yield up to 1.7%

Portfolio duration¹

		Assets	Liabilities
Reinsurance	6.6 (6.6)		7.0 (6.7)
ERGO	9.8 (10.1)		9.7 (10.3)
Munich Re	8.7 (8.9)		8.9 (9.3)

DV01^{1,4}

		Assets	Liabilities	€m Net
	47 (49)		39 (38)	8
	130 (141)		132 (146)	-2
	178 (190)		172 (184)	6

¹ Fair values as at 30.6.2021 (31.12.2020). ² Deposits retained on assumed reinsurance, deposits with banks, investment funds (excl. equities), derivatives and investments in renewable energies and gold. ³ Incl. derivatives: 7.5% (6.0%). ⁴ 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

€m	Q2 2021	Return ¹	H1 2021	Return ¹	H1 2020	Return ¹
Regular income	1,645	2.6%	3,073	2.5%	3,265	2.6%
Write-ups/write-downs	–77	–0.1%	–248	–0.2%	–1,567	–1.3%
Disposal gains/losses	627	1.0%	1,610	1.3%	1,566	1.3%
Derivatives ²	–90	–0.1%	–458	–0.4%	694	0.6%
Other income/expenses	–172	–0.3%	–353	–0.3%	–342	–0.3%
Investment result	1,933	3.1%	3,624	2.9%	3,617	2.9%
Total return		4.3%		–2.0%		4.7%


3-month reinvestment yield	Q2 2021	Write-ups/ write-downs	Disposal gains/losses	Derivatives	H1 2021	Write-ups/ write-downs	Disposal gains/losses	Derivatives
Q2 2021	1.7%							
		–10	379	–8	Fixed income	–16	926	–217
		–32	56	–125	Equities	–118	396	–318
Q1 2021	1.5%							
		0	0	52	Commodities/Inflation	0	0	88
Q4 2020	1.3%							
		–34	192	–9	Other	–115	288	–10

ERGO

ERGO Life and Health Germany

Gross premiums written

€m

H1 2020		4,464
Foreign exchange		0
Divestments/investments		0
Organic change		105
H1 2021		4,569

Major result drivers

€m

	H1 2021	H1 2020	▲	Q2 2021	Q2 2020	▲
Technical result	188	46	142	72	−36	108
Non-technical result	30	89	−59	11	182	−171
thereof investment result	1,863	1,757	106	964	917	47
Other	−92	−66	−26	−50	−82	32
Net result	126	69	57	33	63	−31

- **Life** (+€90m): Increase driven by growth through new products
- **Health** (−€14m): Increase in supplementary insurance, negative COVID-19 effect in travel
- **Digital Ventures** (+€29m): Growth mainly due to health business

Technical result

Strong improvement in Q2 driven by:

- Continuously good operational performance in health
- Lost premiums in travel more than offset by decreased claims due to reduced travel activity
- High intra-year volatility in previous year due to COVID-19, with negative impact in Q2

Investment result

- Q2/H1: Disposal gains exceed losses from derivatives in rising capital markets
- H1: Disproportionately high ZZR funding
- Q2: Return on investment of 3.1%

Other

- FX result of −€33m in H1 (H1 2020: −€26m), thereof −€45m in Q2 (Q2 2020: −€47m)

ERGO Property-casualty Germany

Gross premiums written

€m

H1 2020		2,135
Foreign exchange		-2
Divestments/investments		0
Organic change		208
H1 2021		2,341

- Strong organic growth in almost all lines of business; driven by liability (+€75m), fire/property (+€41m), marine (+€23m), motor (+€22m) and other (+€49m)

Major result drivers

€m

	H1 2021	H1 2020	▲	Q2 2021	Q2 2020	▲
Technical result	121	145	-24	70	85	-15
Non-technical result	42	-20	61	55	-16	71
thereof investment result	140	93	47	110	42	68
Other	-57	-54	-3	-44	-19	-25
Net result	106	71	35	81	50	31

Technical result

Combined ratio in H1 of 93.4% (92.9%), in Q2 of 92.6% (92.5%); only slightly above guidance level although

- nat cat and man-made losses significantly above expectations ...
- ... due to good operating performance, strong growth and lower expenses

Investment result

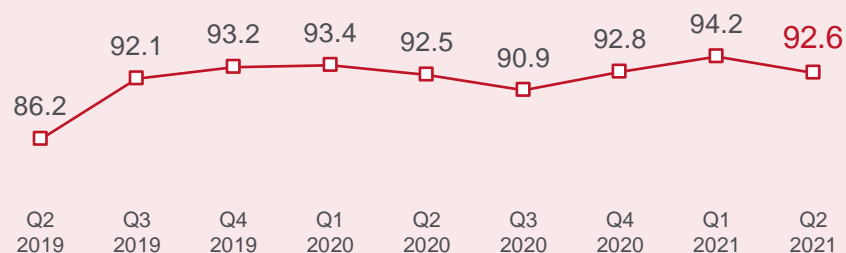
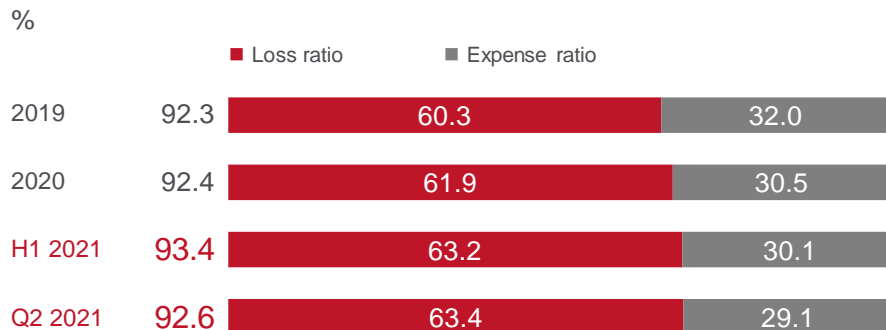
- Q2: Strong result due to one-offs from alternative investments and real estate
- Q2: Return on investment of 5.7%

Other

- FX result of €3m in H1 (H1 2020: -€11m), thereof €1m in Q2 (Q2 2020: -€2m)

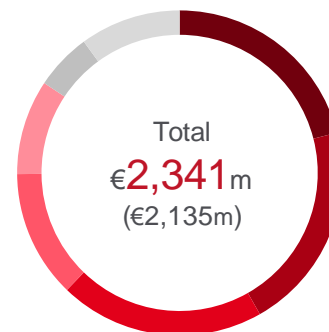
ERGO Property-casualty Germany

Combined ratio



Gross premiums written in H1 2021 (H1 2020)


€m



Motor	492 (470)	Legal protection	221 (218)
Fire/property	486 (444)	Marine	132 (108)
Liability	478 (403)	Other	235 (186)
Personal accident	297 (304)		

Gross premiums written

€m

H1 2020		2,422
Foreign exchange		–24
Divestments/investments		–2
Organic change	■	201
H1 2021		2,596

- **Life** (–€8m): Lower premiums due to run-down in Belgium, partially compensated for by Poland
- **Health** (+€44m): Positive business development in Spain and Belgium
- **P-C** (+€139m): Increase driven by strong growth in Poland

Major result drivers

€m

	H1 2021	H1 2020	▲	Q2 2021	Q2 2020	▲
Technical result	129	111	18	78	75	3
Non-technical result	10	19	–9	–6	0	–6
thereof investment result	167	179	–12	72	79	–7
Other	–37	–25	–12	–31	–16	–15
Net result	102	105	–4	41	59	–18

Technical result

Stable development in Q2:

- **Life**: Better result driven by Belgium
- **Health**: Stable development, strong operational performance in Spain
- **P-C**: Lower result driven by large losses in Baltic states and nat cat event in Austria, ongoing good operational performance in Poland and Greece

Investment result

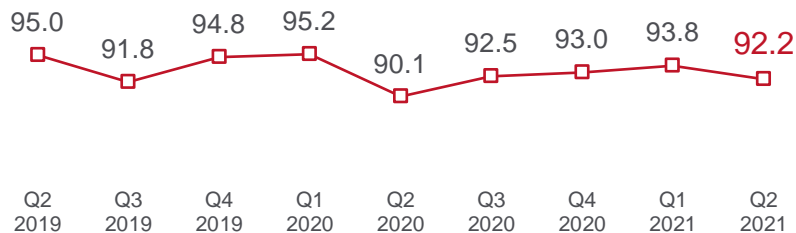
- Q2/H1: Decrease driven by lower ordinary result due to joint ventures; disposal gains and write-ups compensate for losses from derivatives
- Q2: Return on investment of 1.4%

Other

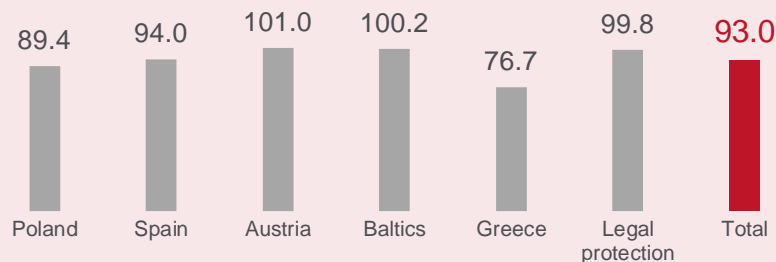
- FX result of €1m in H1 (H1 2020: –€1m), thereof –€2m in Q2 (Q2 2020: –€5m)

ERGO International

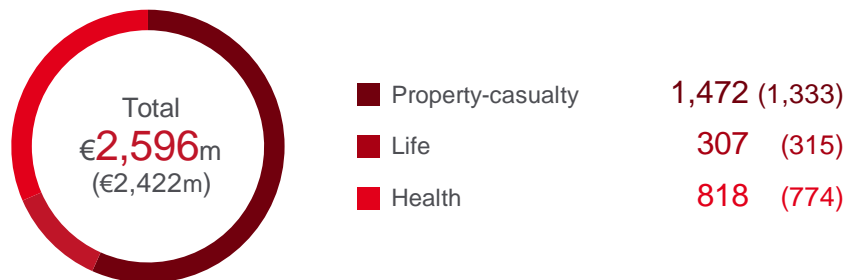
Combined ratio %



H1 2021



Gross written premiums in H1 2021 (H1 2020) €m







P-C	H1 2021	H1 2020	Life	H1 2021	H1 2020
Thereof:			Thereof:		
Poland	809	703	Austria	158	164
Legal protection	368	338	Belgium	66	74
Greece	117	122	Health	H1 2021	H1 2020
Baltics	100	96	Thereof:		
Austria	60	52	Spain	486	455
			Belgium	331	319

Reinsurance

Reinsurance life and health

Gross premiums written

€m

H1 2020		6,411
Foreign exchange		-197
Divestments/investments		0
Organic change		-11
H1 2021		6,202

- Negative FX effects mainly driven by US\$
- Overall stable organic development – growth in North America largely compensates for decrease in Europe and Asia

Major result drivers

€m

	H1 2021	H1 2020	▲	Q2 2021	Q2 2020	▲
Technical result	5	21	-16	9	7	2
Non-technical result	178	96	82	69	44	25
thereof investment result	411	400	11	166	174	-8
Other	-39	-51	12	15	8	7
Net result	145	67	78	93	59	34

Technical result, incl. fee income of €64m in Q2 (H1: €115m)

- Higher-than-expected COVID-19-related losses of €140m in Q2 driven by India and South Africa
- Adjusted for COVID-19, performance better than expected, supported by one-offs
- Overall, positive experience in Europe and Asia largely compensates for negative experience in the US (including large losses)
- Ongoing strong fee income

Investment result

- H1: Disposal gains on fixed income investments and equities, in Q2 significantly lower than in Q1
- Q2: Return on investment: 2.3%




Other

- FX result of -€24m in H1 (H1 2020: +€14m), thereof -€16m in Q2 (Q2 2020: +€20m)

Property-casualty reinsurance

Gross premiums written

€m

H1 2020		11,680
Foreign exchange		-835
Divestments/investments		0
Organic change		2,640
H1 2021		13,486

- Negative FX effects mainly driven by US\$
- Strong organic growth across all lines of business
- Risk Solutions: Substantial growth across all units
- Core reinsurance: Increase from new business as well as benefits from primary rate increases in proportional business

Major result drivers

€m

	H1 2021	H1 2020	▲	Q2 2021	Q2 2020	▲
Technical result	1,110	217	893	845	291	554
Non-technical result	538	428	110	351	122	228
thereof investment result	1,043	1,188	-144	621	485	136
Other	-432	-157	-275	-337	-66	-272
Net result	1,217	488	728	858	348	510

Technical result

- Q2/H1: Below-average major losses
- COVID-19-related claims of €101m in Q2 in line with expectations
- Improved expense ratio due to cost reductions and positive impact from hardening market
- Underlying performance remains sound – normalised combined ratio at 95.3%

Investment result

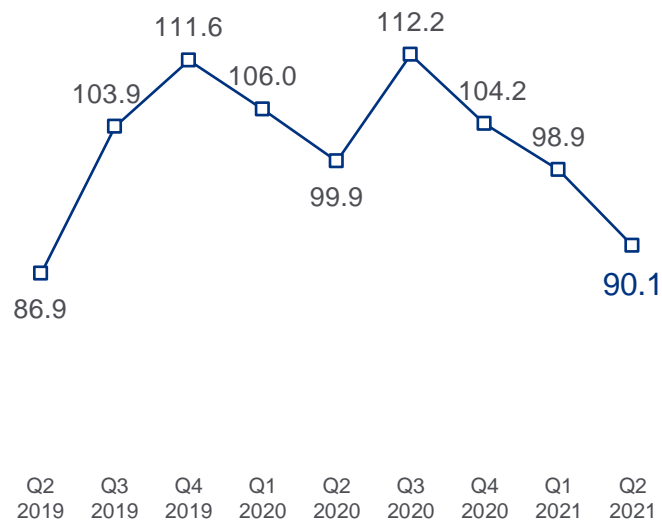
- H1: Disposal gains on fixed income investments and equities
- Q2: Return on investment of 3.7% supported by disposal gains

Other

- FX result of -€88m in H1 (H1 2020: +€191m), thereof -€55m in Q2 (Q2 2020: +€57m)

Property-casualty reinsurance

Combined ratio



%

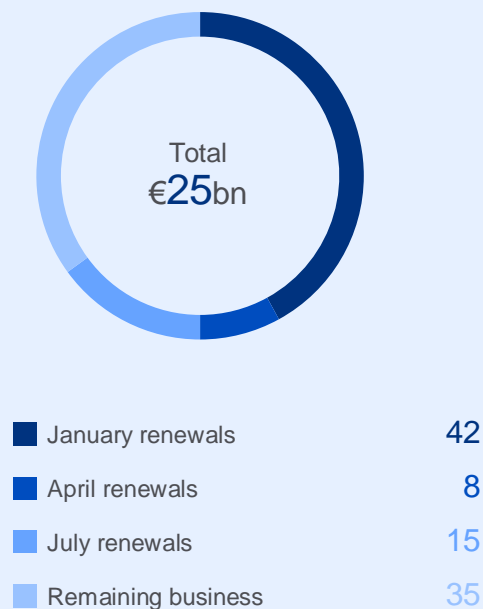
		Basic losses	Major losses	Expense ratio
2019	100.2	51.4	15.2	33.6
2020	105.6	53.9	20.8	30.9
H1 2021	94.3	54.1	11.0	29.3
Q2 2021	90.1	53.7	6.8	29.6

	Major losses	Nat cat	Man-made	Reserve releases ¹	Normalised combined ratio ²
H1 2021	11.0	7.0	3.9	−4.0	95.3
Q2 2021	6.8	3.2	3.6	−4.0	95.3
Ø Annual expectation	~ 12.0	~ 8.0	~ 4.0	~ −4.0	

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

July renewals

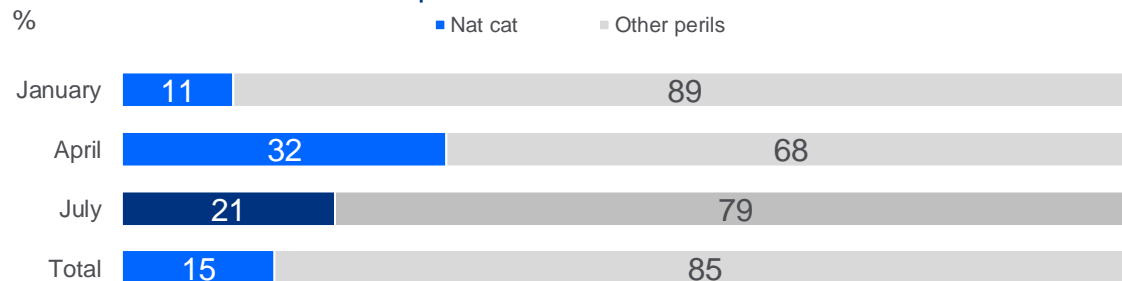
Total property-casualty book¹
%



Regional allocation of July renewals
%



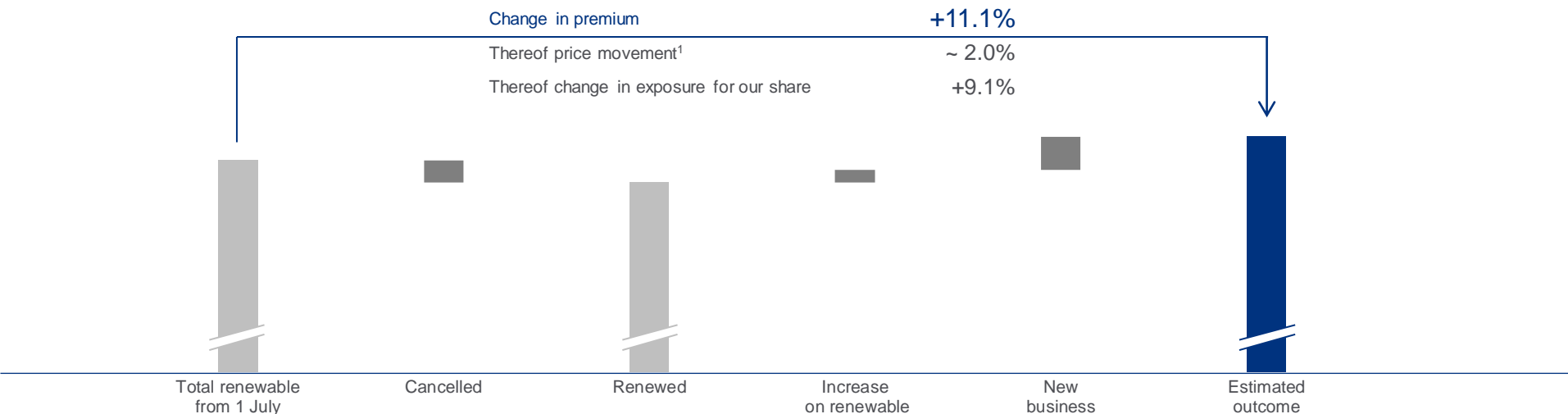
Nat cat shares of renewable portfolio²



Positive price dynamics continue

July renewals 2021

%	100	-10.2	89.8	+5.7	15.6	111.1
€m	3,528	-361	3,167	+202	+550	3,918



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).

Additional information

Segment income statement Q2 2021

€m	Reinsurance L/H ¹	Reinsurance P-C	ERGO L/H Germany	ERGO P-C Germany	ERGO International	Total Q2 2021
Gross premiums written	3,144	7,155	2,304	805	1,234	14,642
Net earned premiums	2,828	6,339	2,300	969	1,192	13,628
Income from technical interest	156	221	1,057	13	127	1,574
Net expenses for claims and benefits	-2,543	-3,840	-2,968	-629	-911	-10,890
Net operating expenses	-432	-1,875	-318	-282	-330	-3,238
Technical result	9	845	72	70	78	1,074
Investment result	166	621	964	110	72	1,933
Insurance-related investment result	44	24	198	0	86	352
Other operating result	15	-73	-94	-42	-37	-231
Deduction of income from technical interest	-156	-221	-1,057	-13	-127	-1,574
Non-technical result	69	351	11	55	-6	481
Operating result	78	1,196	83	126	72	1,554
Other non-operating result	0	-4	-2	-2	-1	-9
Currency result	-16	-55	-45	1	-2	-117
Net finance costs	-9	-30	-5	-2	-6	-53
Taxes on income	40	-249	2	-40	-22	-270
Net result	93	858	33	81	41	1,106
Tax rate	-75.5%	22.5%	-5.1%	33.1%	34.8%	19.6%

1 Technical result, incl. fee income: €64m.

Segment income statement H1 2021

€m	Reinsurance L/H ¹	Reinsurance P-C	ERGO L/H Germany	ERGO P-C Germany	ERGO International	Total H1 2021
Gross premiums written	6,202	13,486	4,569	2,341	2,596	29,193
Net earned premiums	5,602	12,082	4,532	1,837	2,347	26,399
Income from technical interest	312	426	2,099	26	277	3,140
Net expenses for claims and benefits	-4,965	-7,862	-5,820	-1,188	-1,845	-21,680
Net operating expenses	-943	-3,536	-623	-554	-650	-6,305
Technical result	5	1,110	188	121	129	1,554
Investment result	411	1,043	1,863	140	167	3,624
Insurance-related investment result	54	85	434	0	192	765
Other operating result	25	-164	-167	-72	-72	-451
Deduction of income from technical interest	-312	-426	-2,099	-26	-277	-3,140
Non-technical result	178	538	30	42	10	798
Operating result	184	1,648	218	163	139	2,352
Other non-operating result	0	-10	-4	-5	-2	-21
Currency result	-24	-88	-33	3	1	-140
Net finance costs	-20	-65	-10	-4	-13	-112
Taxes on income	5	-269	-45	-51	-24	-384
Net result	145	1,217	126	106	102	1,695
Tax rate	-3.7%	18.1%	26.3%	32.4%	19.3%	18.5%

1 Technical result, incl. fee income: €115m.

Actual vs. analysts' consensus

Operating result – Actual vs. analysts' consensus¹

€m	Q2 2021	Consensus	Delta
Property-casualty reinsurance	1,196	779	417
Life and health reinsurance	78	121	–43
ERGO Life and Health Germany	83	95	–12
ERGO Property-casualty Germany	126	65	61
ERGO International	72	71	1
Operating result	1,554	1,140	414

FX	–117		
Other	–62		
Taxes	–270		
Net result	1,106	808	298

KPIs – Actual vs. analysts' consensus¹

€m	Q2 2021	Consensus	Impact ²
Combined ratio	90.1%	92.9%	176
Tech. result, incl. fee income	64	82	–18

Combined ratio	92.6%	93.1%	5
Combined ratio	92.2%	93.3%	10

Segment ROI

%	Q2 2021
Property-casualty reinsurance	3.7
Life and health reinsurance	2.3
ERGO Life and Health Germany	3.1
ERGO Property-casualty Germany	5.7
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 (as at 19 July 2021, before pre-release of the Q2 2021 net result on 20 July 2021).


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


Premium development


Gross premiums written

€m

H2 2020  27,112

Foreign exchange  -1,059

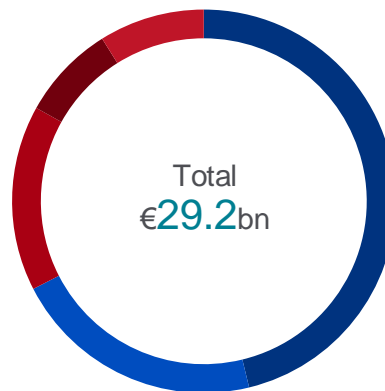
Divestments/
investments  -2

Organic change  3,143

H2 2021  29,193

Segmental breakdown

€m



Property-casualty reinsurance	13,486	(46%)	(▲ 15.5%)
Life and health reinsurance	6,202	(21%)	(▲ -3.3%)
ERGO Life and Health Germany	4,569	(16%)	(▲ 2.3%)
ERGO Property-casualty Germany	2,341	(8%)	(▲ 9.7%)
ERGO International	2,596	(9%)	(▲ 7.2%)

Development of combined ratio

Combined ratio vs. basic losses



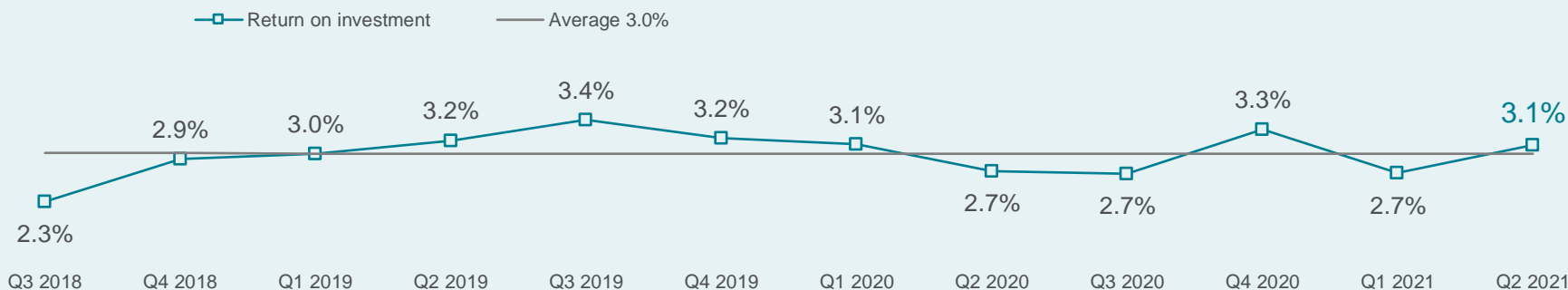
Nat cat vs. man-made



Return on investment by asset class and segment

H1 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	136,350
Afs non-fixed-income	6.0	-1.2	4.0	0.0	0.0	8.8	19,775
Derivatives	4.8	0.0	0.0	-44.9	-0.9	-41.0	2,038
Loans	2.6	0.0	1.3	0.0	0.0	3.9	61,958
Real estate	4.6	-1.2	1.4	0.0	0.0	4.7	12,185
Other ²	1.2	-0.4	2.2	0.0	-3.7	-0.7	18,391
Total	2.5	-0.2	1.3	-0.4	-0.3	2.9	250,698
Reinsurance	2.2	-0.3	1.3	0.1	-0.3	3.0	96,153
ERGO	2.6	-0.1	1.3	-0.7	-0.2	2.8	154,545



Investment result – Reinsurance

Life and health reinsurance

€m	Q2 2021	Return ¹	H1 2021	Return ¹	H1 2020	Return ¹
Regular income	171	2.3%	340	2.3%	386	2.6%
Write-ups/write-downs	–3	0.0%	–5	0.0%	–14	–0.1%
Disposal gains/losses	13	0.2%	107	0.7%	50	0.3%
Derivatives ²	6	0.1%	7	0.0%	21	0.1%
Other income/expenses	–21	–0.3%	–39	–0.3%	–42	–0.3%
Investment result	166	2.3%	411	2.8%	400	2.7%
Average market value		29,450		29,347		29,507

Property-casualty reinsurance

€m	Q2 2021	Return ¹	H1 2021	Return ¹	H1 2020	Return ¹
Regular income	368	2.2%	734	2.2%	854	2.6%
Write-ups/write-downs	–36	–0.2%	–138	–0.4%	–224	–0.7%
Disposal gains/losses	240	1.4%	511	1.5%	360	1.1%
Derivatives ²	107	0.6%	60	0.2%	320	1.0%
Other income/expenses	–59	–0.4%	–123	–0.4%	–122	–0.4%
Investment result	621	3.7%	1,043	3.1%	1,188	3.6%
Average market value		67,269		66,806		65,624

Investment result – ERGO

Life and Health Germany

€m	Q2 2021	Return ¹	H1 2021	Return ¹	H1 2020	Return ¹
Regular income	960	3.1%	1,745	2.8%	1,768	2.8%
Write-ups/write-downs	–39	–0.1%	–112	–0.2%	–1,244	–2.0%
Disposal gains/losses	317	1.0%	881	1.4%	1,064	1.7%
Derivatives ²	–187	–0.6%	–476	–0.8%	322	0.5%
Other income/expenses	–88	–0.3%	–176	–0.3%	–153	–0.2%
Investment result	964	3.1%	1,863	2.9%	1,757	2.8%
Average market value			125,155		126,550	126,657

Property-casualty Germany

€m	Q2 2021	Return ¹	H1 2021	Return ¹	H1 2020	Return ¹
Regular income	70	3.6%	107	2.8%	81	2.2%
Write-ups/write-downs	–6	–0.3%	–11	–0.3%	–62	–1.7%
Disposal gains/losses	46	2.3%	59	1.6%	74	2.0%
Derivatives ²	0	0.0%	–10	–0.3%	13	0.3%
Other income/expenses	1	0.0%	–6	–0.1%	–12	–0.3%
Investment result	110	5.7%	140	3.6%	93	2.5%
Average market value			7,759		7,671	7,495

Investment result – ERGO

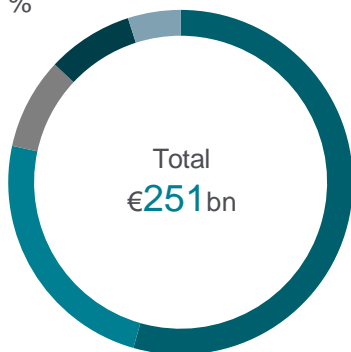
International

€m	Q2 2021	Return ¹	H1 2021	Return ¹	H1 2020	Return ¹
Regular income	76	1.5%	147	1.4%	176	1.9%
Write-ups/write-downs	6	0.1%	17	0.2%	–22	–0.2%
Disposal gains/losses	11	0.2%	51	0.5%	19	0.2%
Derivatives ²	–16	–0.3%	–38	–0.4%	19	0.2%
Other income/expenses	–5	–0.1%	–10	–0.1%	–13	–0.1%
Investment result	72	1.4%	167	1.6%	179	1.9%
Average market value		20,019		20,324		18,839

Investment portfolio

Investment portfolio

%



Fixed-interest securities	54.5 (55.3)
Loans	24.0 (25.6)
Miscellaneous ³	8.6 (7.9)
Shares, equity funds and participating interests ²	8.1 (6.4)
Land and buildings	4.9 (4.8)

Fixed-interest securities¹ (%)

	30.6.2021	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	38	38
Loans to policyholders/mortgage loans	14	13
Corporates	6	5
Banks	1	1

Miscellaneous

Deposits on reinsurance	40	40
Bank deposits	16	17
Investment funds ⁵	10	10
Derivatives ⁴	6	7
Other	29	26

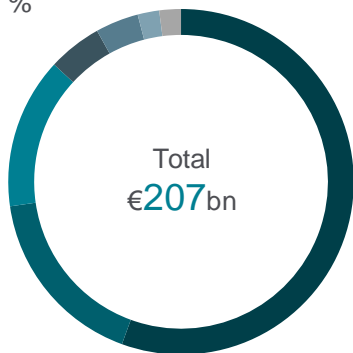
1 Approximation – not fully comparable with IFRS figures. Fair values as at 30.6.2021 (31.12.2020). 2 Incl. derivatives: 7.5 (6.0%). 3 Deposits retained on assumed reinsurance, deposits with banks, investment funds (excl. equities), derivatives and investments in renewable energies and gold. 4 Non-fixed derivatives. 5 Non-fixed property funds and non-fixed bond funds

Fixed-income portfolio

Total

Fixed-income portfolio

%

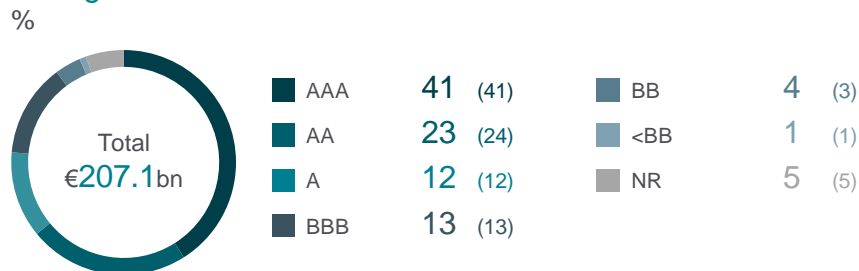


■ Governments/Semi-governments	55	(55)	■ Loans to policyholders/Mortgage loans	4	(4)
■ Pfandbriefe/Covered bonds	17	(18)	■ Structured products	2	(2)
■ Corporates	14	(14)	■ Bank bonds	2	(2)
■ Cash/Other	5	(5)			

Fixed-income portfolio

Total

Rating structure



Maturity structure



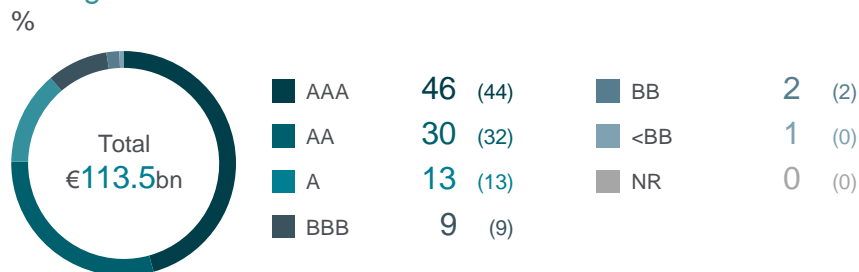
Regional breakdown

%	Without policyholder participation	With policyholder participation	Total 30.6.2021	31.12.2020
Germany	5.0	19.8	24.8	25.9
US	14.6	2.1	16.7	15.7
France	2.0	4.9	6.9	7.2
Canada	4.3	0.7	5.0	4.9
UK	2.7	1.9	4.5	4.6
Netherlands	1.4	2.8	4.2	4.5
Australia	3.2	0.7	3.9	3.5
Supranationals	0.7	2.8	3.5	3.7
Spain	0.8	2.0	2.8	2.8
Ireland	0.8	1.8	2.6	2.4
Austria	0.5	2.0	2.5	2.6
Belgium	0.6	1.7	2.3	2.5
Poland	1.3	0.4	1.7	1.8
Italy	0.6	0.8	1.4	1.3
Luxembourg	0.4	1.0	1.4	1.5
Other	7.3	8.4	15.7	15.2
Total	46.2	53.8	100.0	100.0

Fixed-income portfolio

Governments/Semi-governments

Rating structure



Maturity structure



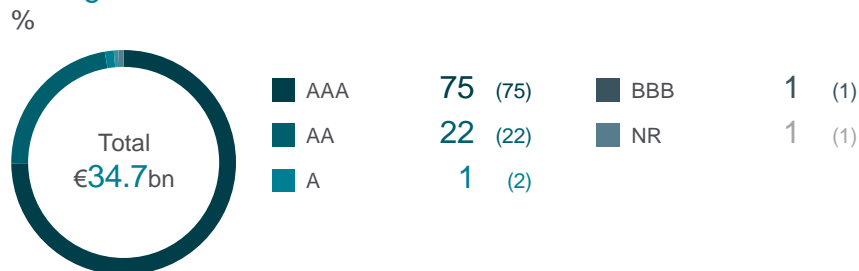
Regional breakdown

%	Without policyholder participation	With policyholder participation	Total 30.6.2021	31.12.2020
Germany	3.8	18.9	22.6	24.0
US	16.6	1.6	18.2	16.9
Canada	6.2	0.7	6.9	6.7
Supranationals	1.3	5.1	6.4	6.7
Australia	5.3	0.6	5.9	5.2
Belgium	1.0	2.9	3.9	4.2
France	1.4	2.0	3.4	3.7
Spain	0.8	2.5	3.3	3.4
Austria	0.6	2.6	3.2	3.3
Poland	2.3	0.8	3.1	3.1
UK	2.0	0.0	2.0	1.9
Finland	0.2	1.7	1.9	2.0
Netherlands	0.5	1.1	1.7	1.9
Ireland	0.4	1.1	1.5	1.6
Italy	0.6	0.6	1.2	1.4
Other	7.5	7.4	14.9	14.0
Total	50.5	49.5	100.0	100.0

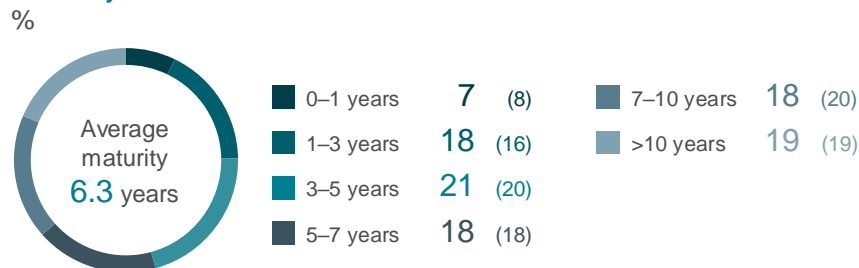
Fixed-income portfolio

Pfandbriefe/Covered bonds

Rating structure



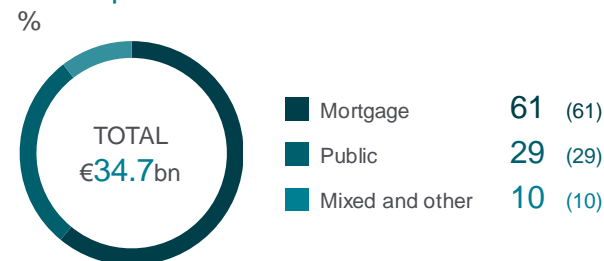
Maturity structure



Regional breakdown

%	30.6.2021	31.12.2020
Germany	31.3	32.2
France	22.1	20.9
UK	10.2	10.2
Netherlands	8.4	8.3
Norway	5.4	5.7
Sweden	5.3	5.8
Spain	1.8	1.9
Italy	1.2	1.1
Ireland	0.3	0.3
Other	14.1	13.5

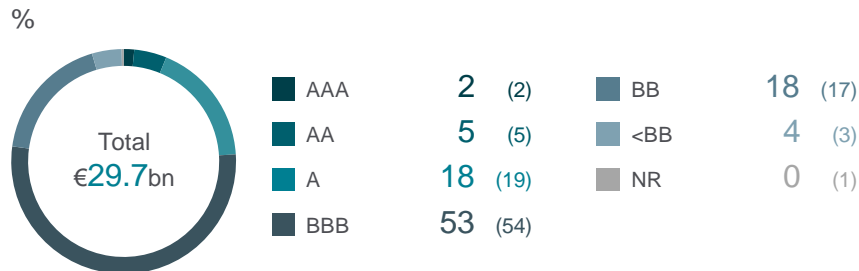
Cover pools



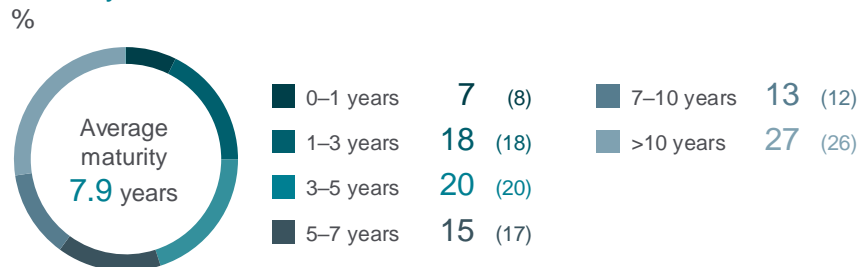
Fixed-income portfolio

Corporate bonds (excluding bank bonds)

Rating structure



Maturity structure



Sector breakdown

%	30.06.2021	31.12.2020
Utilities	13.9	13.9
Industrial goods and services	13.8	12.9
Oil and gas	11.1	11.2
Financial services ¹	9.6	11.8
Telecommunications	8.5	8.5
Healthcare	6.3	6.9
Automobiles	4.8	5.3
Technology	4.5	5.8
Construction	3.9	2.9
Food and beverages	3.9	4.0
Travel and leisure	3.4	2.4
Personal and household goods	3.0	3.0
Real estate ¹	2.8	0.0
Other	10.7	11.4

Fixed-income portfolio

Structured products

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

€m

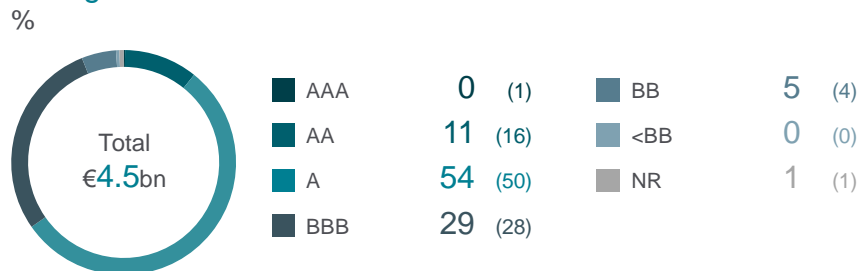
		Rating						Region		Total	Market-to-par
		AAA	AA	A	BBB	<BBB	NR	USA + RoW	Europe		
ABS	Consumer-related ABS ¹	273	208	31	0	0	0	393	118	511	101%
	Corporate-related ABS ²	81	27	275	39	0	0	126	296	422	100%
	Subprime HEL	0	0	0	0	0	0	0	0	0	0%
CDO/ CLN	Subprime-related	0	0	0	0	0	0	0	0	0	0%
	Non-subprime-related	996	1,809	12	1	0	20	705	2,133	2,838	100%
MBS	Agency	598	18	0	0	0	0	615	0	615	106%
	Non-agency prime	21	11	0	0	0	0	1	31	32	100%
	Non-agency other (not subprime)	236	18	0	0	0	0	10	244	254	100%
	Commercial MBS	386	47	59	0	0	0	371	121	491	105%
Total 30.6.2021		2,590	2,136	376	40	0	20	2,220	2,943	5,163	101%
In %		50%	41%	7%	1%	0%	0%	43%	57%	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 30.6.2021 (31.12.2020).

Fixed-income portfolio

Bank bonds

Rating structure



Maturity structure



Regional breakdown

%	Senior bonds	Sub-ordinated	Loss-bearing	Total	
				30.6.2021	31.12.2020
US	34.6	4.1	0.0	38.8	31.6
UK	8.6	0.7	0.2	9.5	11.4
Germany	8.1	0.1	0.8	9.0	8.4
Canada	7.8	0.0	0.0	7.8	8.9
France	6.4	0.6	0.0	7.0	6.2
Ireland	6.2	0.0	0.0	6.2	6.4
Netherlands	4.3	0.1	0.0	4.3	4.7
Switzerland	2.8	0.0	0.0	2.8	2.0
Japan	1.4	0.0	0.0	1.4	2.1
Other	12.5	0.7	0.0	13.2	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	+9.1	+4.4	–8.2	–15.6
Change in on-balance-sheet reserves, net	+2.4	+1.2	–2.2	–4.3
Change in off-balance-sheet reserves, net	+0.4	+0.2	–0.4	–0.7
P&L (investment result), gross	+0.3	+0.2	–0.3	–0.6
P&L, net	+0.2	+0.1	–0.2	–0.3

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

	+50bps	+100bps
Change in market value, gross	–5.7	–10.8
Change in on-balance-sheet reserves, net	–1.4	–2.6
Change in off-balance-sheet reserves, net	–0.3	–0.5
P&L (investment result), gross	–0.2	–0.4
P&L, net	–0.1	–0.2

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

	–30%	–10%	+10%	+30%
Change in market value, gross	–3.0	–1.3	+1.4	+4.2
Change in on-balance-sheet reserves, net	–1.0	–0.4	+0.6	+1.8
P&L (investment result), gross	–0.9	–0.3	–0.0	+0.1
P&L, net	–0.8	–0.2	+0.1	+0.2

¹ Rough calculation with limited reliability assuming unchanged portfolio as at 30.6.2021. 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 the fixed income portfolio, except government securities with AAA ratings. ³ Sensitivities to 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	31.3. 2021	30.6. 2021	▲ in Q2
Market value of investments	247,310	252,789	248,707	250,597	1,890
Total reserves	33,120	37,269	30,397	31,135	738
On-balance-sheet reserves					
Fixed-interest securities	10,738	14,426	9,377	9,766	389
Non-fixed-interest securities	3,632	2,866	3,740	4,569	829
Other on-balance-sheet reserves ¹	203	137	139	165	26
Subtotal	14,574	17,430	13,256	14,499	1,244
Off-balance-sheet reserves					
Real estate ²	5,600	5,592	5,652	5,629	–23
Loans ³	12,147	12,778	10,095	9,503	–592
Associates	799	1,469	1,394	1,504	110
Subtotal	18,546	19,839	17,142	16,636	–506
Reserve ratio	13.4%	14.7%	12.2%	12.4%	0.2%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

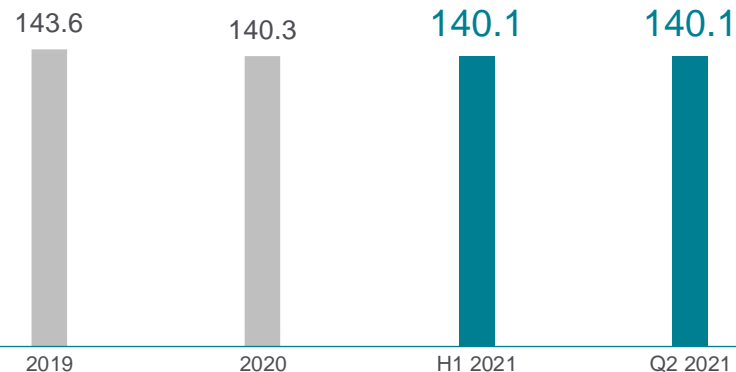
€m	On-balance-sheet reserves	Off-balance-sheet reserves ¹
Total reserves (gross)	14,499	16,636
Provision for deferred premium refunds	–5,781	–8,821
Deferred tax	–1,963	–2,247
Minority interests	–11	–
Consolidation and currency effects	–63	–
Shareholders' stake	6,682	5,568

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

Changes to shares in circulation

Shares (millions)	31.12. 2020	Acquisition of own shares in Q1 2021	Retirement of own shares in Q1 2021	30.6. 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 2021



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