



Munich Re Group

# Quarterly Statement as at 30 September 2021

9 November 2021

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## Agenda

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Munich Re

# Resilient result as strong operating performance cushions substantial nat cat losses in Q3

## Munich Re

Q3 2021 (9M 2021)

### Net result

€366m (€2,061m)

Reinsurance: Solid net result of €232m – severe major nat cat losses partially offset by high investment result (RoI: 4.4%)  
ERGO: Strong result of €134m despite significant losses from Storm Bernd

### Return on investment<sup>1</sup>

3.3% (3.0%)

Pleasing performance supported by high disposal gains – reinvestment yield of 1.4%

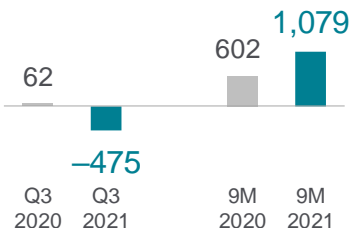
### Return on equity<sup>1</sup>

6.3% (12.1%)

Shareholders' equity: €30.1bn  
Solvency II ratio: 231%

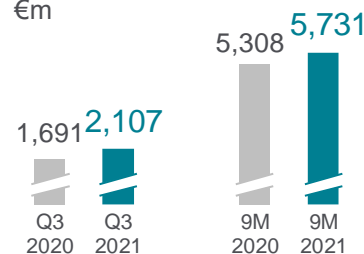
### Technical result

€m



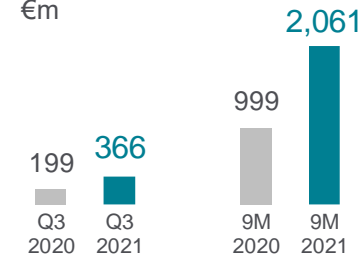
### Investment result

€m



### Net result

€m



## Reinsurance

**Life and health:** Technical result, incl. fee income: €9m (€124m), incl. COVID-19 losses of €168m (€470m) – net result of €94m (€239m)

**Property-casualty:** Combined ratio: 112.8% (100.9%) – Major-loss ratio: 29.6% (17.6%); COVID-19 losses of €4m (€206m); reserve releases<sup>2</sup>: -4.0% (-4.0%) – net result of €138m (€1,355m)

## ERGO

### Life and Health Germany

RoI: 2.9% (2.9%) – net result of €80m (€206m)

### Property-casualty Germany

C/R: 95.6% (94.1%), incl. €0.1bn for Storm Bernd – net result of €21m (€127m)

### International

C/R: 92.3% (92.8%) – net result of €32m (€134m)

# Accumulated COVID-19-related financial impact for 2020 and 9M 2021

## Re-insurance (pre-tax)<sup>1</sup>



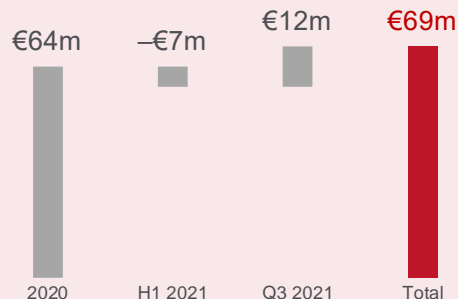
Contingency	1,846
Property/BI	968
D&O/WC	236
Credit	210
Marine	12
Life and health	840

€m

## Q3 2021: Provisions increased by €171m

- P-C: Small increase of €4m; 65% of the accumulated losses are IBNR, down from 68% as at Q2 2021
- L&H: Increase of €168m; surge in mortality in the US, ongoing high mortality in India and South Africa
- Expected COVID-19-related claims for full year of 2021
  - P-C: ~ €200m (prev. ~ €300m)
  - L&H: ~ €600m (prev. ~ €400m)

## ERGO (after tax)



Claims	5
Result impact from lost premiums	40
Other	24

€m

## Q3 2021: Earnings impact increased by €12m

- Claims -€5m: Lower claims in travel
- Other +€18m: Mainly due to JV in India being affected by higher claims
- Expected COVID-19-related earnings impact for full year of 2021 decreased to ~ €20–30m due to better development in Germany, especially travel

<sup>1</sup> Total incurred losses, including paid claims and reserves.

# Capital position

## Equity

€m

Equity 31.12.2020	29,994		Change in Q3
Consolidated result	2,061		366
Changes			
Dividend	-1,373		0
Unrealised gains/losses	-1,611		-349
Exchange rates	811		283
Share buy-backs	0		0
Other	174		-164
Equity 30.9.2021	30,055		135

## Unrealised gains/losses

Fixed-interest securities

9M: -€2,491m Q3: -€397m

Non-fixed-interest securities

9M: €843m Q3: €39m

## Exchange rates

Mainly driven by US\$

## Capitalisation

€bn

Debt leverage<sup>1</sup> (%)

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 portfolio<sup>1</sup>

%



■ Fixed-interest securities	55.0	(55.3)
■ Loans	23.5	(25.6)
■ Miscellaneous <sup>2</sup>	8.8	(7.9)
■ Shares, equity funds and participating interests <sup>3</sup>	7.8	(6.4)
■ Land and buildings	4.9	(4.8)

## Portfolio management

- Investments in corporate bonds and bank bonds
- Ongoing expansion of infrastructure debt
- Increase in equity exposure over the year, with slight reduction in Q3
- Investments in shorter maturities impact asset duration in reinsurance and reinvestment yield in Q3

# Investment result

€m	Q3 2021	Return <sup>1</sup>	9M 2021	Return <sup>1</sup>	9M 2020	Return <sup>1</sup>
Regular income	1,507	2.4%	4,580	2.4%	4,801	2.6%
Write-ups/write-downs	–168	–0.3%	–416	–0.2%	–1,832	–1.0%
Disposal gains/losses	881	1.4%	2,491	1.3%	2,210	1.2%
Derivatives <sup>2</sup>	61	0.1%	–397	–0.2%	629	0.3%
Other income/expenses	–173	–0.3%	–527	–0.3%	–500	–0.3%
<b>Investment result</b>	<b>2,107</b>	<b>3.3%</b>	<b>5,731</b>	<b>3.0%</b>	<b>5,308</b>	<b>2.8%</b>
<b>Total return</b>		<b>1.4%</b>		<b>–0.9%</b>		<b>4.4%</b>

3-month reinvestment yield	Q3 2021	Write-ups/ write-downs	Disposal gains/losses	Derivatives	9M 2021	Write-ups/ write-downs	Disposal gains/losses	Derivatives
<b>Q3 2021</b>	<b>1.4%</b>							
		–3	409	32	Fixed income	–18	1,335	–185
		–129	352	31	Equities	–247	747	–288
<b>Q2 2021</b>	<b>1.7%</b>							
		0	0	–3	Commodities/Inflation	0	0	85
<b>Q1 2021</b>	<b>1.5%</b>							
		–36	120	1	Other	–151	408	–8



ERGO

# ERGO Life and Health Germany

## Gross premiums written

€m

9M 2020		6,718
Foreign exchange		0
Divestments/investments		0
Organic change		119
9M 2021		6,837

## Major result drivers

€m

	9M 2021	9M 2020	▲	Q3 2021	Q3 2020	▲
Technical result	285	327	–42	96	281	–185
Non-technical result	16	–52	68	–14	–141	127
thereof investment result	2,764	2,454	311	902	697	205
Other	–95	–175	81	–2	–110	107
Net result	206	99	107	80	31	49

- **Life** (+€22m): Increase driven by growth through new products
- **Health** (+€55m): Increase mainly in supplementary insurance, reduced COVID-19 effect in travel due to growth in Q3
- **Digital Ventures** (+€43m): Growth mainly due to health business

## Technical result

Highlights in Q3:

- Continuously good operational performance in health
- Claims still at a low level in travel
- High intra-year volatility in previous year due to COVID-19, with extraordinary positive impact in Q3 2020

## Investment result

- 9M: Prior year affected by COVID-19
- Q3: Disposal gains on equities, fixed income investments and real estate
- Q3: Return on investment of 2.9%




## Other

- FX result of –€1m in 9M (9M 2020: –€91m), thereof €32m in Q3 (Q3 2020: –€65m)

# ERGO Property-casualty Germany

## Gross premiums written

€m

9M 2020		2,943
Foreign exchange		0
Divestments/investments		0
Organic change		207
9M 2021		3,150

- Strong organic growth in almost all lines of business; driven by liability (+€87m), fire/property (+€29m), marine (+€21m), motor (+€13m) and other (+€62m)

## Major result drivers

€m

	9M 2021	9M 2020	▲	Q3 2021	Q3 2020	▲
Technical result	156	237	–81	35	92	–57
Non-technical result	57	–34	90	15	–14	29
thereof investment result	184	122	62	44	29	15
Other	–86	–84	–2	–29	–30	1
Net result	127	120	8	21	48	–27

## Technical result

Combined ratio in 9M of 94.1% (92.2%), in Q3 of 95.6% (90.9%) above guidance level due to

- high nat cat claims (Storm Bernd: ~€0.1bn) above expectations...
- ... partially offset by strong underlying operating performance, solid growth, lower man-made large losses and continued stringent cost management

## Investment result

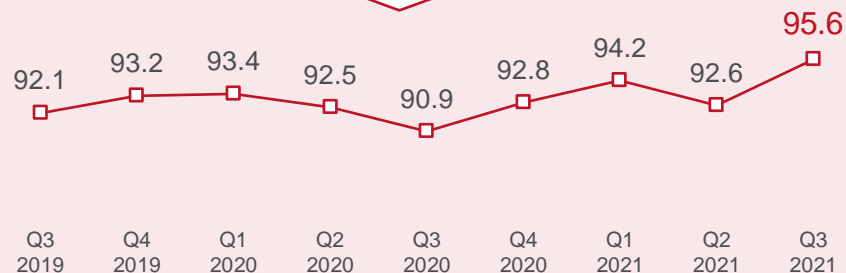
- 9M: Prior year affected by COVID-19
- Q3: Higher regular income from private equity
- Q3: Return on investment of 2.2%

## Other

- FX result of €11m in 9M (9M 2020: –€7m), thereof €7m in Q3 (Q3 2020: €4m)

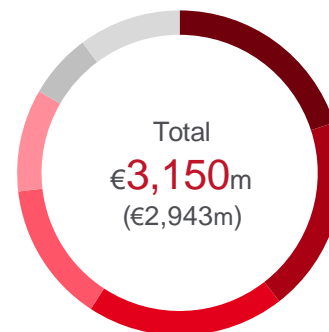
# ERGO Property-casualty Germany

## Combined ratio



## Gross premiums written in 9M 2021 (9M 2020)

€m



Motor	630 (617)	Legal protection	321 (316)
Fire/property	614 (585)	Marine	203 (182)
Liability	621 (534)	Other	321 (259)
Personal accident	440 (449)		

## Gross premiums written

€m

9M 2020		3,584
Foreign exchange		-33
Divestments/investments		-2
Organic change	■	290
9M 2021		3,839

- **Life** (–€14m): Lower premiums due to Austrian business and run-down in Belgium, partially compensated for by Poland
- **Health** (+€51m): Positive business development in Spain and Belgium
- **P-C** (+€218m): Increase driven by strong growth in Poland

## Major result drivers

€m

	9M 2021	9M 2020	▲	Q3 2021	Q3 2020	▲
Technical result	205	189	16	76	78	-2
Non-technical result	-7	20	-28	-17	1	-18
thereof investment result	254	260	-6	86	81	6
Other	-64	-47	-17	-26	-22	-4
Net result	134	162	-28	32	57	-25

## Technical result

Stable development in Q3:

- **Life**: Slight improvement mainly driven by Belgium and Poland
- **Health**: Continuously strong operational performance in Spain, higher claims in Belgium
- **P-C**: Minor increase due to Greek business and legal protection, partially offset by large losses in Baltics and Austria

## Investment result

- Q3/9M: Decrease driven by lower ordinary result due to joint ventures; disposal gains compensate for losses from derivatives
- Q3: Return on investment of 1.7%

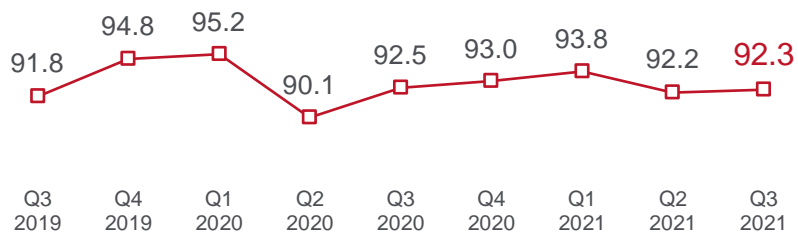
## Other

- FX result of €3m in 9M (9M 2020: €0m), thereof €1m in Q3 (Q3 2020: €1m)

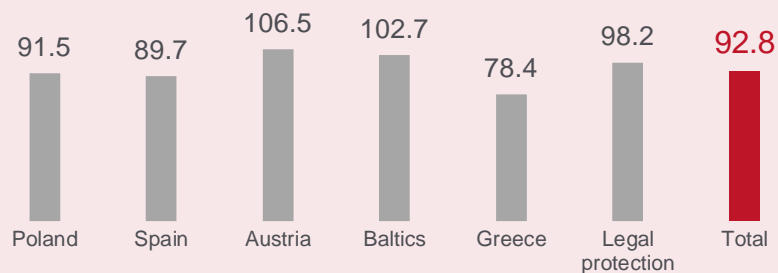


# ERGO International

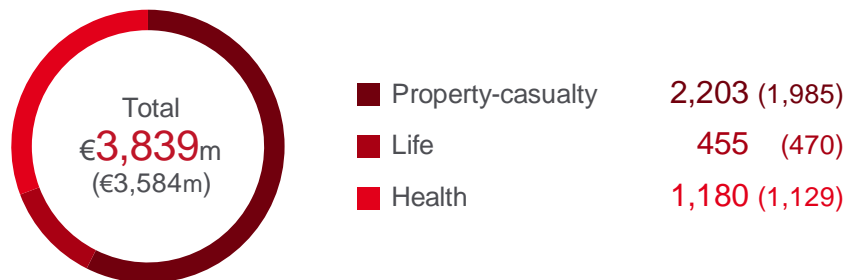
## Combined ratio %



## 9M 2021



## Gross written premiums in 9M 2021 (9M 2020) €m






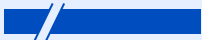
P-C	9M 2021	9M 2020	Life	9M 2021	9M 2020
Thereof:			Thereof:		
Poland	1,218	1,056	Austria	228	247
Legal protection	538	497	Belgium	97	106
Greece	183	180	Health	9M 2021	9M 2020
Baltic states	149	145	Thereof:		
Austria	88	79	Spain	692	660
			Belgium	487	469

# Reinsurance

# Reinsurance life and health

## Gross premiums written

€m

9M 2020		9,538
Foreign exchange		-167
Divestments/investments		0
Organic change		-5
9M 2021		9,365

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

## Major result drivers

€m

	9M 2021	9M 2020	▲	Q3 2021	Q3 2020	▲
Technical result	-41	31	-72	-46	10	-56
Non-technical result	276	207	69	97	110	-13
thereof investment result	621	639	-18	210	239	-29
Other	4	-85	89	43	-34	77
Net result	239	153	86	94	86	8

### Technical result, incl. fee income of €9m in Q3 (9M: €124m)

- Q3: COVID-19-related losses of €168m (€470m in 9M) driven by mortality surge in the US as well as ongoing high mortality in India and South Africa
- Q3/9M: Negative aggregate experience beyond COVID-19 in the US (including large losses in Q2) partially compensated for by positive experience in Europe, Asia and Australia
- Q3/9M: Ongoing strong fee income of €55m in Q3 (€165m in 9M)

### Investment result

- 9M: Disposal gains on fixed income investments and equities
- Q3: Return on investment: 2.8%



### Other

- FX result of €22m in 9M (9M 2020: -€5m), thereof €45m in Q3 (Q3 2020: -€19m)

# Property-casualty reinsurance

## Gross premiums written

€m

9M 2020		18,479
Foreign exchange		-822
Divestments/investments		0
Organic change		3,826
9M 2021		21,483

- 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 and benefits from primary rate increases in proportional business

## Major result drivers

€m

	9M 2021	9M 2020	▲	Q3 2021	Q3 2020	▲
Technical result	474	-182	656	-636	-399	-237
Non-technical result	1,135	762	373	597	334	263
thereof investment result	1,908	1,834	75	865	646	219
Other	-254	-115	-140	177	42	135
Net result	1,355	466	889	138	-23	161

### Technical result

- Q3/9M: Above-average major nat cat losses, including €1.2bn for Hurricane Ida and €0.5bn for Storm Bernd in Q3
- Q3: COVID-19 claims of only €4m (€206m in 9M)
- Q3: Higher expense ratio despite lower admin expense ratio due to increased share of proportional business
- Q3/9M: Continued improvement of basic loss ratio through rate increases
- Q3/9M: Underlying performance remains sound – normalised combined ratio ~95%

### Investment result

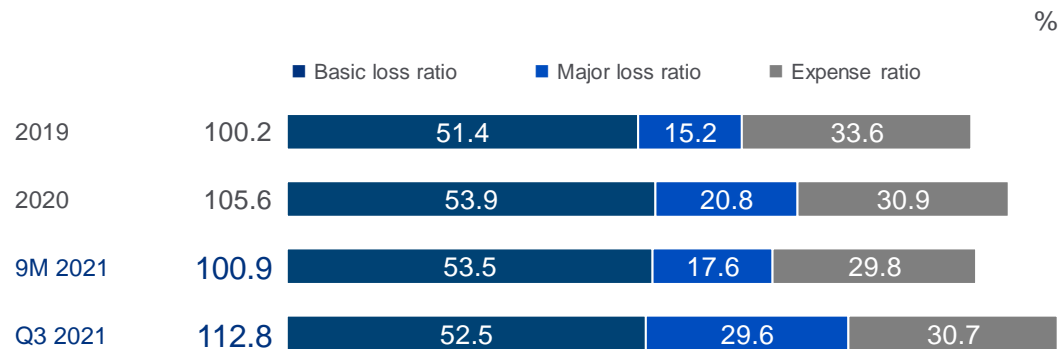
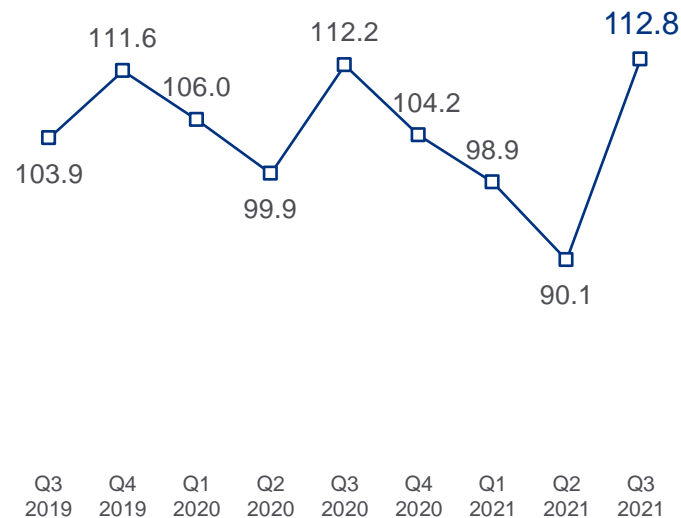
- 9M: Disposal gains on fixed income investments and equities
- Q3: Return on investment: 5.0% – high disposal gains and positive derivatives result

### Other

- FX result of €68m in 9M (9M 2020: €170m), thereof €156m in Q3 (Q3 2020: -€20m)

# Property-casualty reinsurance

## Combined ratio



	Major losses <sup>1</sup>	Nat cat <sup>1</sup>	Man-made <sup>1</sup>	Reserve releases <sup>2</sup>	Normalised combined ratio <sup>3</sup>
9M 2021	17.6	13.7	3.8	−4.0	95.3
Q3 2021	29.6	25.9	3.7	−4.0	95.2
Ø Annual expectation	~ 12.0	~ 8.0	~ 4.0	~ −4.0	

<sup>1</sup> Absolute figures 9M/Q3 2021: Major losses €3,298m/€1,974m, nat cat €2,577m/€1,729m man-made €721m/€245m.

<sup>2</sup> Basic losses prior years, already adjusted for directly corresponding sliding-scale and profit-commission effects. Absolute figures 9M/Q3 2021: −€747m/−€265m.

<sup>3</sup> Based on reserve releases of 4%-pts.



# Outlook

# Outlook 2021

Group	Gross premiums written ~ €58bn	Net result ~ €2.8bn	Return on investment >2.5%	
ERGO	Gross premiums written ~ €18bn	Net result ~ €0.5bn	Combined ratio P-C Germany ~ 92% <sup>1</sup>	International ~ 93%
Reinsurance	Gross premiums written ~ €40bn	Net result ~ €2.3bn	Combined ratio P-C ~ 100% (prev. ~ 96%)	Technical result, incl. fee income in life and health ~ €200m (prev. ~ €400m)

<sup>1</sup> Increased uncertainty, depending on further major-loss development.

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