



Munich Re Group

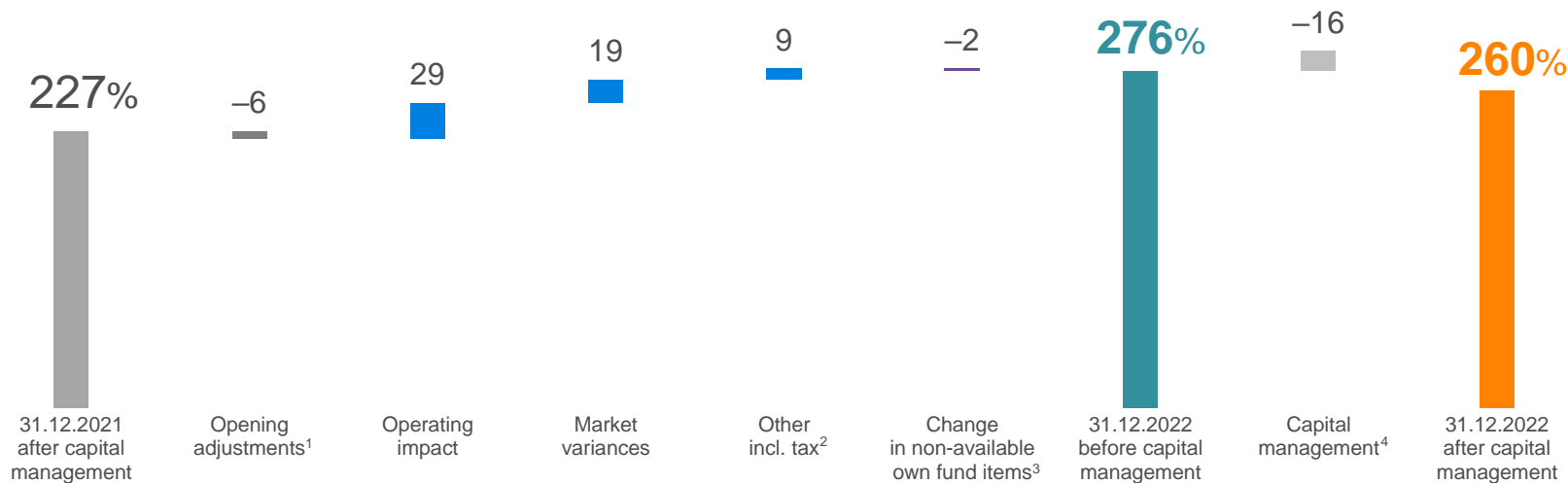
Solvency II Disclosure 2022

16 March 2023



SII ratio well above the upper end of target capitalisation

Strong capitalisation supports growth and attractive capital repatriation



Economic earnings €2.8bn

EOF	€46.6bn	-0.2	8.1	-5.2	-0.0	-0.4	€48.9bn	-2.9	€46.0bn
SCR	€20.5bn	0.5	0.8	-3.5	-0.6	-	€17.7bn	-	€17.7bn
SII capital generation		-0.7	7.3	-1.7	0.6	-0.4	€5.1bn	-2.9	€2.2bn

1 Opening adjustments mainly from M&A activity and model changes at RI L/H. 2 Operating impact and market variances pre-tax.
3 Change in eligibility restrictions and other items. 4 Includes share buy-back from AGM 2022 to AGM 2023 (–€1.0bn) and foreseeable dividend for 2022 (–€1.6bn).

Comments on EOF and SCR roll-forward

Munich Re Group 2022

**EOF €46.0bn –
Decrease of €0.6bn;
thereof
economic earnings €2.8bn,
capital management –€2.9bn**

- **Opening adjustments (–€0.2bn)** mainly from M&A activities and model changes.
- **Operating impact (€8.1bn)** includes €3.5bn of expected in-force contribution and positive new business contribution of €2.1bn. Operating variances from in-force business (€3.6bn) are positive in life and health reinsurance, P-C reinsurance and at ERGO. Major losses in P-C reinsurance were largely in line with expectations.
- **Market variances (–€5.2bn)** reflect negative economic earnings contribution versus expected real-world return on in-force business (€2.8bn, included in operating impact). Negative contribution mainly from interest rates (–€3.0bn), equity (–€1.5bn) and credit (–€1.1bn) partly offset by positive FX effects (+€1.0bn).
- **Capital management (–€2.9bn)** includes share buy-back from AGM 2022 to AGM 2023 (–€1.0bn) and foreseeable dividend for 2022 to be paid out in 2023 (–€1.6bn)

**SCR €17.7bn –
Decrease of €2.8bn**

- **Opening adjustments (€0.5bn):** Mainly model changes
- **Operating impact (€0.8bn):** Mainly business growth in both non-life and life reinsurance business
- **Market variances (–€3.5bn):** Substantially higher interest rates partly offset by foreign currency effects
- **Other incl. taxes (–€0.6bn):** Mainly risk-mitigating effect of taxes

**Outlook 2023
higher than IFRS
result outlook**

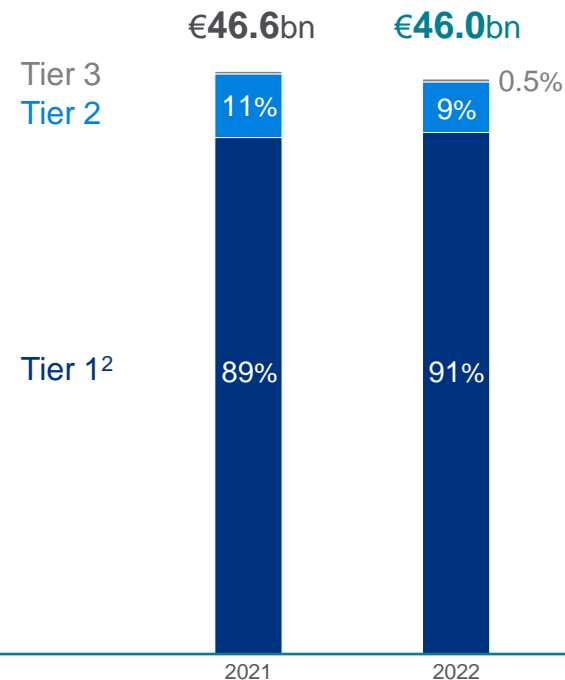
- **Economic earnings >€4.0bn** based on the assumption of stable environment and capital markets, normal major losses and unchanged modelling parameters.

Breakdown of SCR and EOF

SCR by risk category

€bn	Group		Delta	RI	ERGO	Div. 2022
	2021	2022		2022	2022	
Property-casualty	11.2	12.9	1.7	12.8	0.7	-0.6
Life and Health	7.4	6.3	-1.1	5.8	0.9	-0.3
Market	11.5	8.5	-3.0	6.2	3.5	-1.2
Credit	4.3	3.2	-1.1	2.4	0.9	-0.1
Operational risk	1.2	1.6	0.4	1.0	0.7	-0.2
Other ¹	0.8	0.8	0.0	0.5	0.3	
Simple sum	36.4	33.4	-3.0	28.6	7.1	-2.4
Diversification	-12.3	-11.8	0.6	-10.0	-1.6	
Tax	-3.6	-3.9	-0.4	-3.4	-1.0	
Total SCR	20.5	17.7	-2.8	15.2	4.6	-2.1

EOF by tier



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

Positive economic earnings across most business units

Profit and loss attribution

2022 €bn	Life and health reinsurance	Property-casualty reinsurance	ERGO L/H Germany	ERGO P-C Germany	ERGO International	Munich Re Group
Operating impact	2.1	4.1	1.8	0.4	-0.3	8.1
New business contribution	1.4	0.0	0.3	0.2	0.2	2.1
Expected in-force contribution	0.8	2.0	0.6	0.1	0.1	3.5
Operating variances in-force business	0.0	2.4	1.2	0.2	-0.2	3.6
Debt costs	0.0	-0.1	0.0	0.0	0.0	-0.1
Other, including holding costs	0.0	-0.2	-0.2	-0.1	-0.4	-0.9
Market variances	-1.0	-3.1	-1.3	0.4	-0.1	-5.2
Other, including tax	0.0	0.1	0.0	-0.3	0.1	0.0
Other, non-operating and non-market changes	0.2	0.3	0.0	-0.2	0.1	0.4
Tax	-0.2	-0.2	0.1	-0.1	0.0	-0.4
Economic earnings	1.1	1.1	0.5	0.5	-0.4	2.8

Munich Re Group

Economic earnings

€bn

	2022	2021
Operating impact	8.1	5.5
New business contribution	2.1	1.9
Expected in-force contribution	3.5	2.9
Operating variances in-force business	3.6	1.3
Debt costs	-0.1	-0.2
Other, including holding costs	-0.9	-0.5
Market variances	-5.2	4.3
Other, including tax	0.0	-1.7
Other, non-operating and non-market changes	0.4	0.1
Tax	-0.4	-1.8
Economic earnings	2.8	8.1

Operating impact

- Strong growth in reinsurance and positive new business contribution from all segments
- Expected in-force contribution includes expected investment return (€2.8bn)

New business contribution

- Exceptionally strong new business contribution in L/H reinsurance
- Positive new business contribution from ERGO

Operating variances in-force business

- Main drivers for variances in P-C reinsurance are reserve releases
- Negative variances from COVID-19 in L/H reinsurance, yet much lower than previous year
- ERGO with positive contribution from models and assumptions for ERGO L/H, stable overall portfolio performance of ERGO P-C and negative impact from ERGO International

Life and health reinsurance

Economic earnings

€bn

	2022	2021
Operating impact	2.1	1.3
New business contribution	1.4	1.1
Expected in-force contribution	0.8	0.7
Operating variances in-force business	0.0	-0.4
Debt costs	0.0	0.0
Other, including holding costs	0.0	-0.1
Market variances	-1.0	0.8
Other, including tax	0.0	-0.3
Other, non-operating and non-market changes	0.2	0.0
Tax	-0.2	-0.3
Economic earnings	1.1	1.7

Operating impact

- Exceptionally strong new business contribution
- Expected in-force contribution comparable to 2021

New business contribution

- Very strong new business from North America
- Various in-force transactions
- Again, successful year in terms of financially-motivated reinsurance

Operating variances in-force business

- On aggregate positive experience beyond COVID-19 driven by Asia, Australia and Europe
- Negative variances from COVID-19, yet much lower than previous year
- Impact from model refinements and assumption updates moderately negative

Property-casualty reinsurance

Economic earnings

€bn

	2022	2021
Operating impact	4.1	2.4
New business contribution	0.0	-0.1
Expected in-force contribution	2.0	1.7
Operating variances in-force business	2.4	1.0
Debt costs	-0.1	-0.1
Other, including holding costs	-0.2	-0.1
Market variances	-3.1	2.3
Other, including tax	0.1	-0.5
Other, non-operating and non-market changes	0.3	0.4
Tax	-0.2	-0.9
Economic earnings	1.1	4.2

Operating impact

- Strong operating performance based on profitable growth and high reserve releases

New business contribution

- Increased new business despite inflation
- Major losses affecting new business, driven by Hurricane Ian and war in Ukraine
- Prudency margin largely unchanged due to continued reserving discipline along with top-line growth

Operating variances in-force business

- Reserve releases for basic losses of 4% of NEP in line with expectation
- Reserve releases for major losses

ERGO

Economic earnings

€bn

	2022	2021
Operating impact	1.9	1.8
New business contribution	0.7	0.9
Expected in-force contribution	0.7	0.5
Operating variances in-force business	1.2	0.7
Debt costs	0.0	-0.1
Other, including holding costs	-0.7	-0.3
Market variances	-1.1	1.2
Other, including tax	-0.2	-0.8
Other, non-operating and non-market changes	-0.1	-0.3
Tax	-0.1	-0.5
Economic earnings	0.6	2.2

Operating impact

- Overall strong development in 2022

New business contribution

- New business contribution remains strong overall. Slight reduction compared to 2021 mainly due to higher interest rate environment

Operating variances in-force business

- ERGO L/H: Positive impact from model and assumption changes, and lower capital requirements reflected in the risk margin
- ERGO P-C: Stable overall portfolio performance
- ERGO International: Negative impact from model and assumption changes partly compensated by portfolio performance

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