



Munich Re Group

Quarterly statement as at 31 March 2022

10 May 2022
Christoph Jurecka



Quarterly statement as at 31 March 2022

Agenda

01 Munich Re

02 ERGO

03 Reinsurance

04 Outlook

05 Additional information

Munich Re

Resilient result given the challenging geopolitical and macroeconomic environment

Munich Re

Q1 2022 (Q1 2021)

Consolidated result

€608m (€589m)

Reinsurance (€511m): Below-average major losses in P-C, COVID-19-related claims in L&H and low investment result (RoI: 0.8%)

ERGO (€96m): Good underlying performance given high major losses in P-C Germany and impact of Russia/Ukraine conflict on RoI

Return on investment¹

1.6% (2.7%)

Write-downs on Russian/Ukrainian bonds of ~€700m/~€370m (gross/net) and derivative losses – reinvestment yield rose to 2.1%

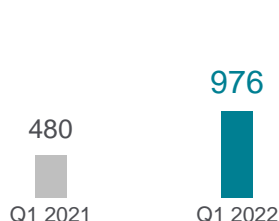
Return on equity¹

9.8% (10.4%)

Shareholders' equity: €27.8bn
Solvency II ratio: 231%

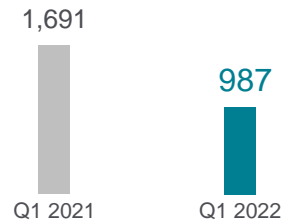
Technical result

€m



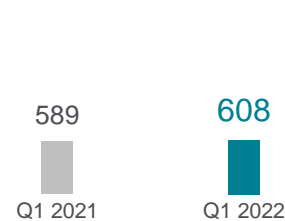
Investment result

€m



Consolidated result

€m



Reinsurance

Life and health: Technical result, incl. fee income: €20m (€51m), incl. COVID-19-related losses of €150m – consolidated result of –€78m (€52m)

Property-casualty: Combined ratio: 91.3% (98.9%) – Major-loss ratio: 9.2% (15.5%), reserve releases²: –4.0% (–4.0%) – consolidated result of €589m (€358m)

April renewals: Risk-adjusted price change: ~ –0.1%, premium change: +7.6%

ERGO

Life and Health Germany
RoI: 2.1% (2.8%) – consolidated result of €44m (€94m)

Property-casualty Germany
C/R: 97.4% (94.2%) – consolidated result of €12m (€24m)

International
C/R: 92.6% (93.8%) – consolidated result of €40m (€60m)

Capital position

Equity

€m

Equity 31.12.2021	30,945	
Consolidated result	608	
Changes		
Dividend	0	
Unrealised gains/losses	–4,425	
Exchange rates	437	
Share buy-backs	0	
Other	218	
Equity 31.3.2022	27,783	

Unrealised gains/losses

Fixed-interest securities

–€4,016m

Non-fixed-interest securities

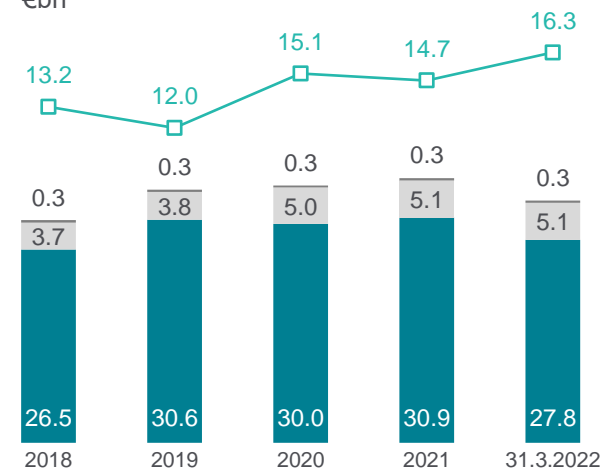
–€413m

Exchange rates

Mainly driven by US\$

Capitalisation

€bn

Debt leverage¹ (%)

Senior and other debt

Subordinated debt

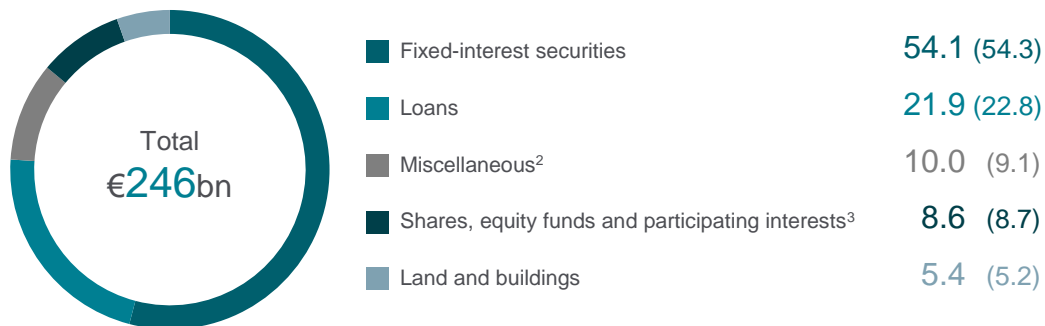
Equity

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

Investment portfolio

Investment portfolio¹

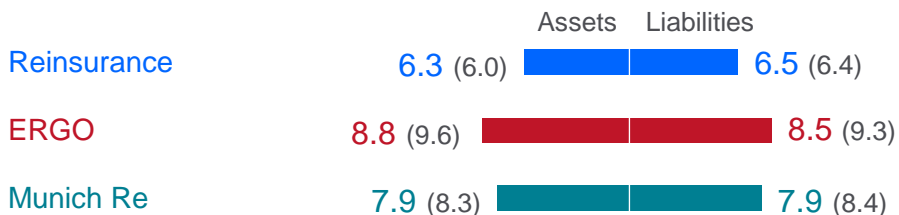
%



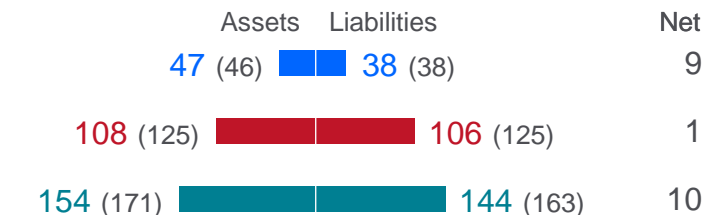
Portfolio management

- Further expansion of illiquid investments
- Slight reduction of equity investments
- In response to the sharp increase in bond yields: lower market values of fixed-income investments and decrease of duration, ...
- ... while the reinvestment yield rose significantly to 2.1%

Portfolio duration¹



DV01^{1,4}



¹ Fair values as at 31.3.2022 (31.12.2021). 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% (7.7%). 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	Q1 2022		Return ¹	Q1 2021		Return ¹
Regular income	1,458		2.3%	1,429		2.3%
Write-ups/write-downs	-1,122		-1.8%	-171		-0.3%
Disposal gains/losses	960		1.5%	983		1.6%
Derivatives ²	-116		-0.2%	-368		-0.6%
Other income/expenses	-192		-0.3%	-182		-0.3%
Investment result	987		1.6%	1,691		2.7%
Total return			-20.9%			-8.3%

3-month reinvestment yield		Q1 2022	Write-ups/ write-downs	Disposal gains/losses	Derivatives	Q1 2021	Write-ups/ write-downs	Disposal gains/losses	Derivatives
Q1 2022	2.1%	Fixed income	-695	408	-495	Fixed income	-6	547	-209
Q4 2021	1.4%	Equities	-313	507	210	Equities	-85	340	-193
Q3 2021	1.4%	Commodities/Inflation	0	0	96	Commodities/Inflation	0	0	36
		Other	-114	44	74	Other	-81	96	-1

ERGO

ERGO Life and Health Germany

Key messages

- Lower technical result due to normalisation of operating performance
- Comparatively low investment result (esp. Life)
- Higher FX result

Gross premiums written

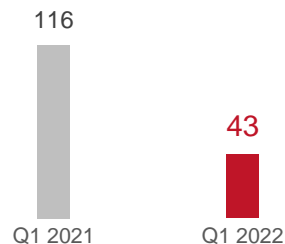
€m

Q1 2021		2,265
Foreign exchange		0
Divestments/investments		0
Organic change		196
Q1 2022		2,461

- **Life** (+€35m): Continued good growth in Life New Book from biometric and capital-light products
- **Health** (+€142m): Growth mainly from recovery of travel market; in addition, increase in health insurance
- **Digital Ventures** (+€20m): Growth due to property-casualty and health business

Technical result

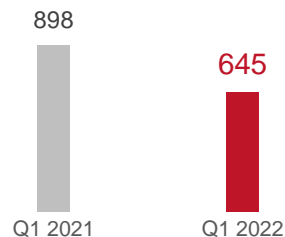
€m



- Decrease driven by normalisation of claims development in health and travel (due to increased travel activity) after very good prior-year quarter

Investment result

€m



- Low investment result driven by Russia/Ukraine conflict, lower ZZR requirement and interest rate derivatives
- Return on investment of 2.1%

ERGO Property-casualty Germany

Key messages

- Strong growth above market estimate
- Technical result significantly impacted by major losses ...
- ... partly compensated for by strong operating performance and higher investment result

Gross premiums written

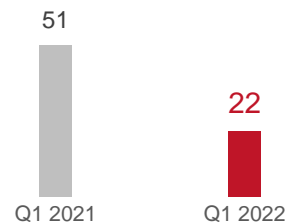
€m



- Strong organic growth mainly driven by fire/property (+€65m), liability (+€23m), motor (+€15m) and others (+€26m)

Technical result

€m

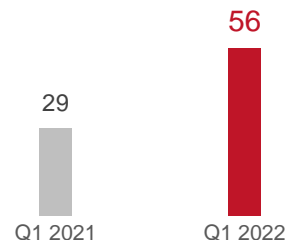


Combined ratio of 97.4% (94.2%) above guidance level driven by:

- Significantly higher than expected major man-made and nat cat losses ...
- ... as well as seasonally lower earned premiums ...
- ... partly compensated for by strong operating performance and growth

Investment result

€m

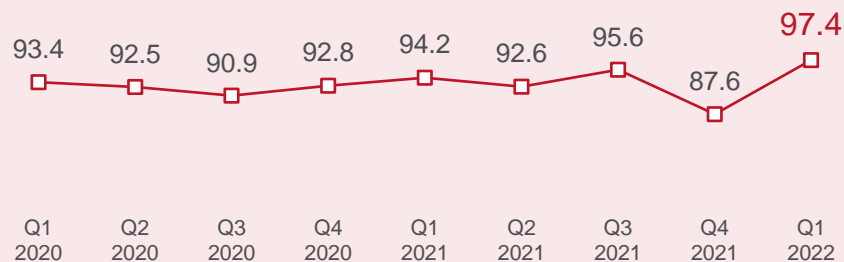
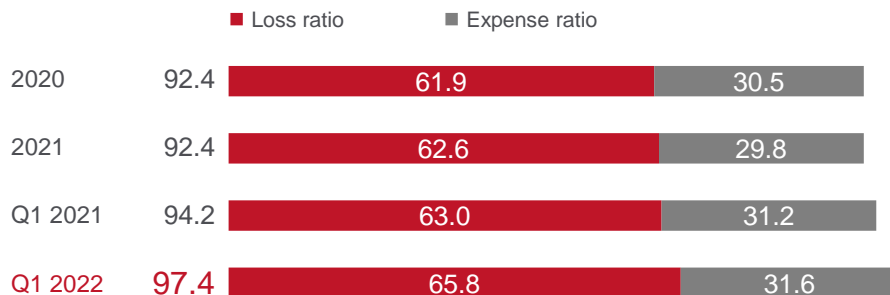


- High results from disposals and derivatives more than compensated for impairments
- Return on investment of 2.9%

ERGO Property-casualty Germany

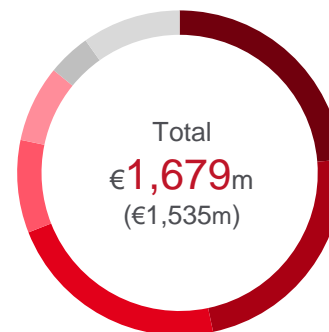
Combined ratio

%



Gross premiums written in Q1 2022 (Q1 2021)

€m



Motor	398 (383)	Legal protection	128 (124)
Fire/property	386 (321)	Marine	72 (63)
Liability	375 (353)	Other	165 (139)
Personal accident	155 (153)		

Key messages

- Good portfolio growth despite divestments
- Improved technical result across all lines of business
- Lower investment result and higher taxes

Gross premiums written

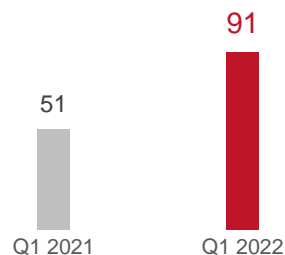
€m

Q1 2021		1,362
Foreign exchange		-5
Divestments/investments		-41
Organic change		69
Q1 2022		1,386

- **Life** (–€3m): Stable premium development
- **Health** (+€4m): Positive business development in Belgium
- **P-C** (+€23m): Increase driven by growth in Poland

Technical result

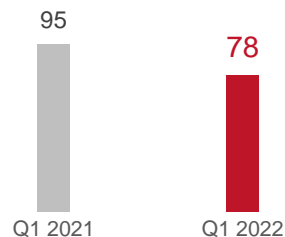
€m



- Combined ratio improved to 92.6% (93.8%), supported by:
 - Strong operational performance in Greece and Poland
 - Increase in technical result in legal protection
 - Improvements in life and health, esp. in Belgium

Investment result

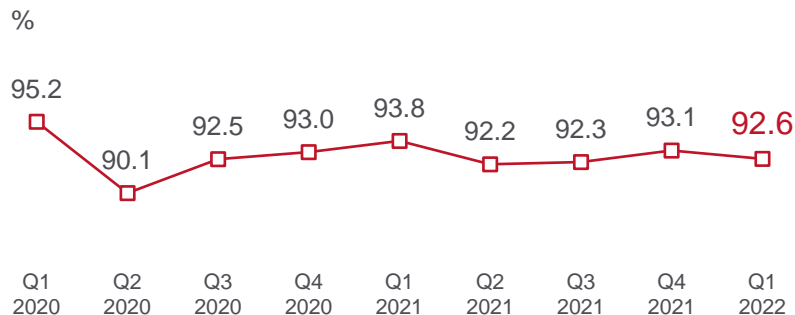
€m



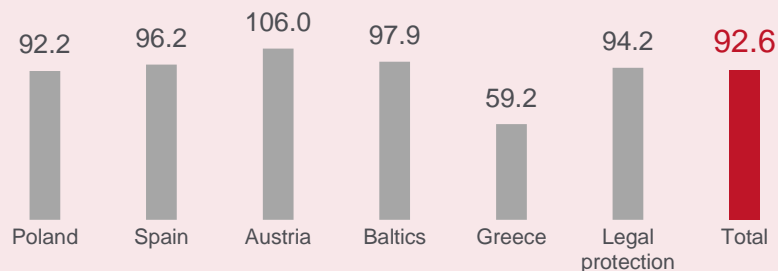
- Decrease mainly driven by lower result from participations
- Disposal gains more than compensated for impairments and losses from derivatives
- Return on investment of 1.5%

ERGO International

Combined ratio



Q1 2022



Gross written premiums in Q1 2022 (Q1 2021)

€m



Property-casualty	786	(763)
Life	150	(153)
Health	450	(446)

P-C

Thereof:

	Q1 2022	Q1 2021
Poland	432	419
Legal protection	199	194
Greece	61	60
Baltics	49	48
Austria	36	32

Life

Thereof:

	Q1 2022	Q1 2021
Austria	74	76
Belgium	33	33

Health

Thereof:

	Q1 2022	Q1 2021
Spain	271	274
Belgium	179	173

Reinsurance

Life and health reinsurance

Key messages

- Technical result incl. fee income of €20m below pro-rata annual ambition owing to ...
- ... prevailing pandemic and a few individual large mortality claims, while fee income continues to be strong
- Low return on investment due to write-downs on Russian/Ukrainian bonds

Gross premiums written

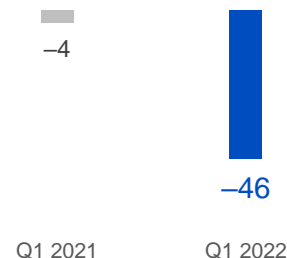
€m



- Positive FX effects mainly driven by US\$ and Can\$
- Organic growth particularly in Asia and the US, partially offset by termination of treaties in Europe

Technical result

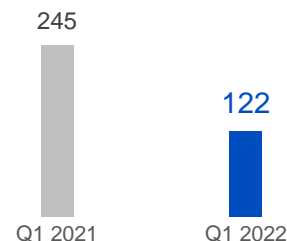
€m



- COVID-19-related losses of €150m, mainly in the US
- Apart from COVID-19, slightly positive experience despite a few individual large mortality claims in North America
- Strong fee income of €66m

Investment result

€m



- Write-downs on Russian/Ukrainian bonds and derivative losses partially offset by disposal gains on equities
- Return on investment: 1.7%

Property-casualty reinsurance

Key messages

- Strong premium growth of 25.4%
- Pleasing technical performance
- Expense ratio benefits from cost reductions and premium growth
- Low investment return due to write-downs and derivative losses

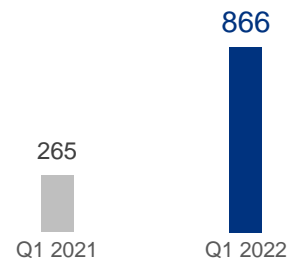
Gross premiums written



- Positive FX effects mainly driven by US\$
- Strong organic growth across nearly 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 and improved pricing in non-proportional business

Technical result

€m



- Below-average major losses – remaining major-loss budget for the rest of the year: ~€3.3bn
- Expenditure related to war in Ukraine of slightly above €100m in specialty lines
- Underlying performance remains sound – normalised combined ratio at 94.8%, expected to further improve in the course of the year

Investment result

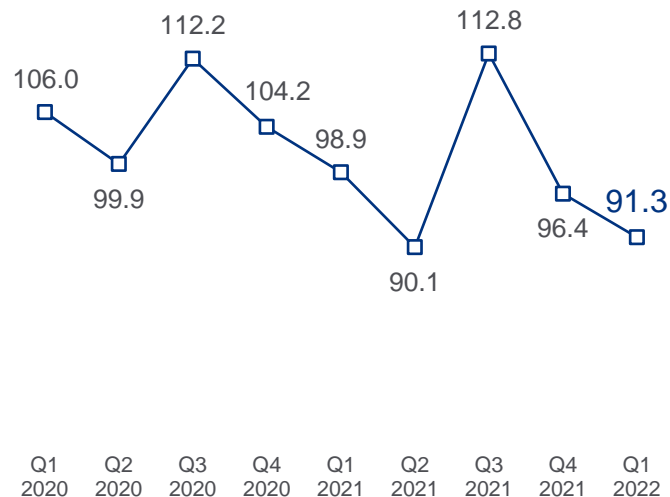
€m



- Write-downs on Russian/ Ukrainian bonds and losses on fixed-interest derivatives
- Disposal gains on equities and inflation-linked bonds
- Return on investment: 0.5%

Property-casualty reinsurance

Combined ratio



%

		Basic losses	Major losses	Expenses
2020	105.6	53.9	20.8	30.9
2021	99.6	52.2	16.5	30.9
Q1 2021	98.9	54.4	15.5	28.9
Q1 2022	91.3	52.7	9.2	29.4

	Major losses ¹	Nat cat ¹	Man-made ¹	Reserve releases ²	Normalised combined ratio ³
Q1 2022	9.2	6.6	2.5	−4.0	94.8
Ø Annual expectation	~ 13.0	~ 8.5	~ 4.5	−4.0	

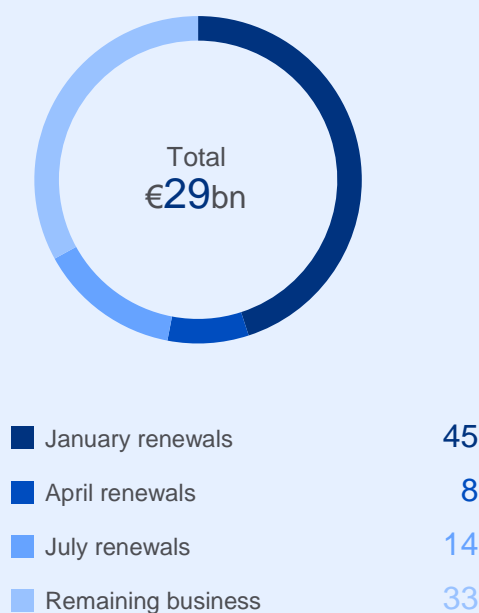
¹ Absolute figures: Major losses €667, nat cat €481m, man-made €185m.

² Basic losses prior years, already adjusted for directly corresponding sliding-scale and profit-commission effects. Absolute figures: −€291m.

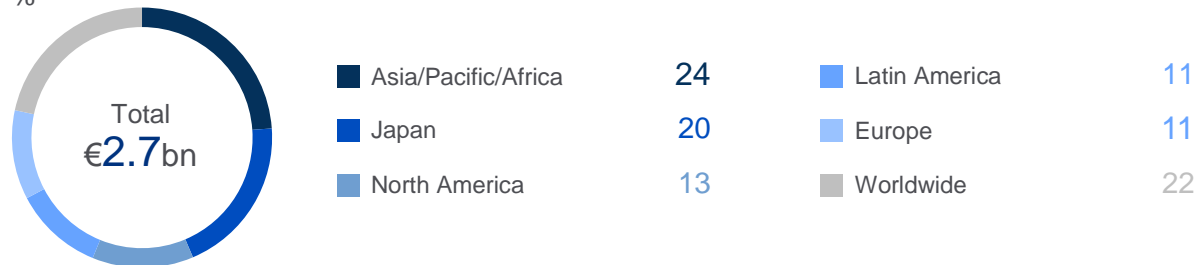
³ Based on reserve releases of 4%-pts.; adjusted by −0.3%-pts. covering additional expenditures including reinstatement premiums related to the Ukraine war.

April renewals

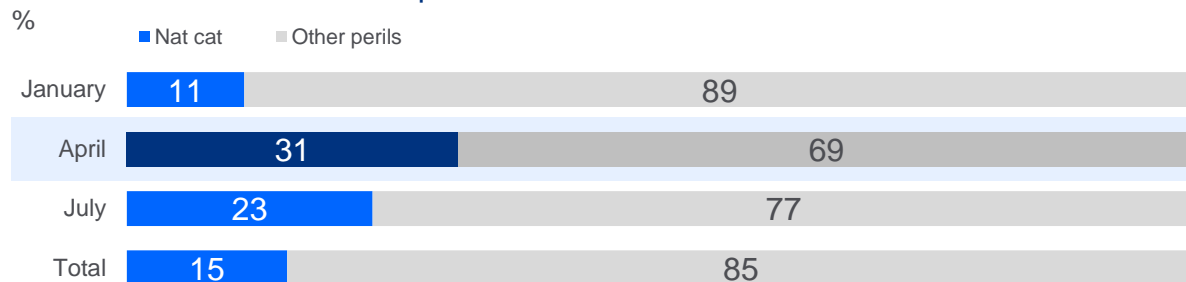
Total property-casualty book¹



Regional allocation of April renewals



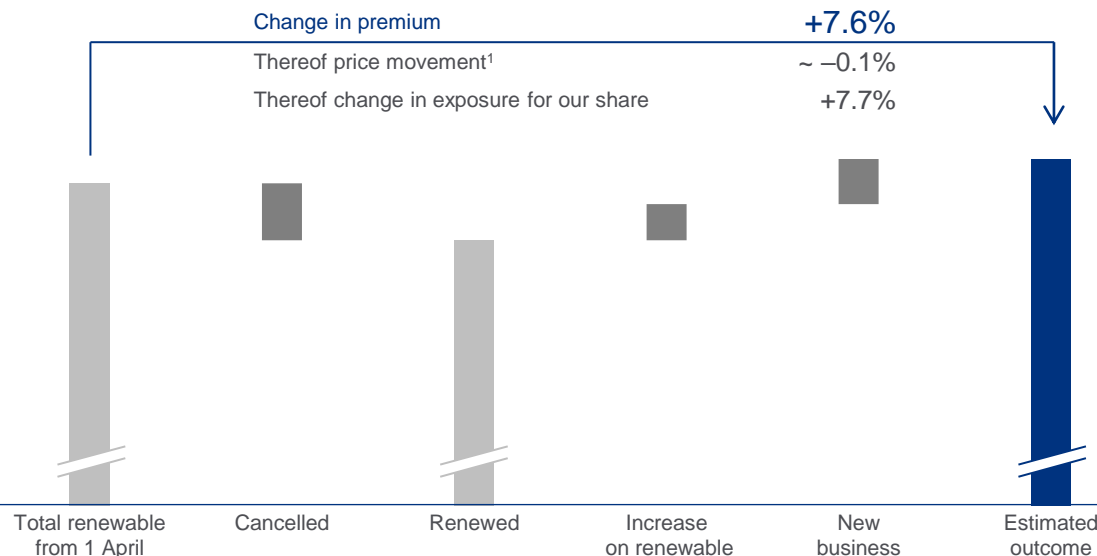
Nat cat shares of renewable portfolio²



Selective growth in stable market environment

April renewals 2022

%	100	-17.7	82.3	+11.3	+14.0	107.6
€m	2,508	-445	2,063	+282	+352	2,697



- Overall, stable rates on good level
- Japan: Several consecutive years of rate increase and low loss experience
- Increasing claims/social inflation impact business, but are economically fully offset by rate improvements
- (Alternative) capacity currently stable, disciplined competition

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).

Regional allocation of July renewals

Outlook



- Regional focus on USA, Latin America and Australia
- Comparatively high nat cat share of ~ 23%



North America	27%	Asia/Pacific/Africa	9%
Australia/New Zealand	23%	Europe	5%
Latin America	11%	Worldwide	26%

Outlook

Group	Gross premiums written ~ €64bn (prev. ~ €61bn)	Consolidated result ~ €3.3bn	Return on investment >2.5%	
ERGO	Gross premiums written ~ €18.5bn	Consolidated result ~ €0.6bn¹	Combined ratio P-C Germany ~ 91%	International ~ 92%
Reinsurance	Gross premiums written ~ €45bn (prev. ~ €42.5bn)	Consolidated result ~ €2.7bn¹	Combined ratio P-C ~ 94%	Technical result, incl. fee income in life and health ~ €400m¹

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

Additional information

Segment income statement Q1 2022

€m	L&H ¹ reinsurance	P-C reinsurance	ERGO L&H Germany	ERGO P-C Germany	ERGO International	Total Q1 2022
Gross premiums written	3,369	7,938	2,461	1,679	1,386	16,833
Net earned premiums	3,001	7,279	2,385	930	1,192	14,787
Income from technical interest	168	238	270	11	-122	565
Net expenses for claims and benefits	-2,749	-4,509	-2,256	-625	-641	-10,780
Net operating expenses	-467	-2,142	-355	-294	-339	-3,596
Technical result	-46	866	43	22	91	976
Investment result	122	86	645	56	78	987
Insurance-related investment result	23	74	-338	0	-182	-423
Other operating result	24	-89	-67	-31	-32	-195
Deduction of income from technical interest	-168	-238	-270	-11	122	-565
Non-technical result	1	-167	-29	15	-15	-195
Operating result	-45	699	14	37	76	780
Other non-operating result	-1	-4	-6	-3	0	-14
Currency result	-6	-27	56	-5	0	17
Net finance costs	-8	-36	4	-1	-7	-47
Taxes on income	-17	-43	-24	-17	-29	-130
Consolidated result	-78	589	44	12	40	608
Tax rate	-27.9%	6.7%	35.3%	59.2%	41.9%	17.6%

1 Technical result, incl. fee income: €20m.

Actual vs. analysts' consensus

Operating result – Actual vs. analysts' consensus¹

€m

	Q1 2022	Consensus	Delta
Property-casualty reinsurance	699	609	90
Life and health reinsurance	–45	16	–61
ERGO Life and Health Germany	14	83	–69
ERGO Property-casualty Germany	37	70	–33
ERGO International	76	69	7
Operating result	780	847	–67

FX	17		
Other	–60		
Taxes	–130		
Consolidated result	608	597	11

KPIs – Actual vs. analysts' consensus¹

€m

	Q1 2022	Consensus	Impact ²
Combined ratio	91.3%	95.9%	335
Tech. result, incl. fee income	20	–9	29
Policyholder participation in FX gains			
Combined ratio	97.4%	93.4%	–37
Combined ratio	92.6%	95.7%	27

Segment RoI

%

Q1 2022

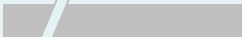
Property-casualty reinsurance	0.5
Life and health reinsurance	1.7
ERGO Life and Health Germany	2.1
ERGO Property-casualty Germany	2.9
ERGO International	1.5


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.


Premium development


Gross premiums written


€m

Q1 2021  14,551

Foreign exchange  507

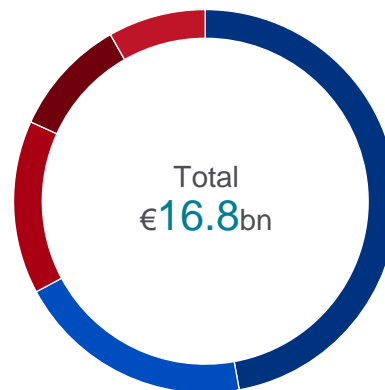
Divestments/
investments  -41

Organic change  1,816

Q1 2022  16,833

Segmental breakdown

€m

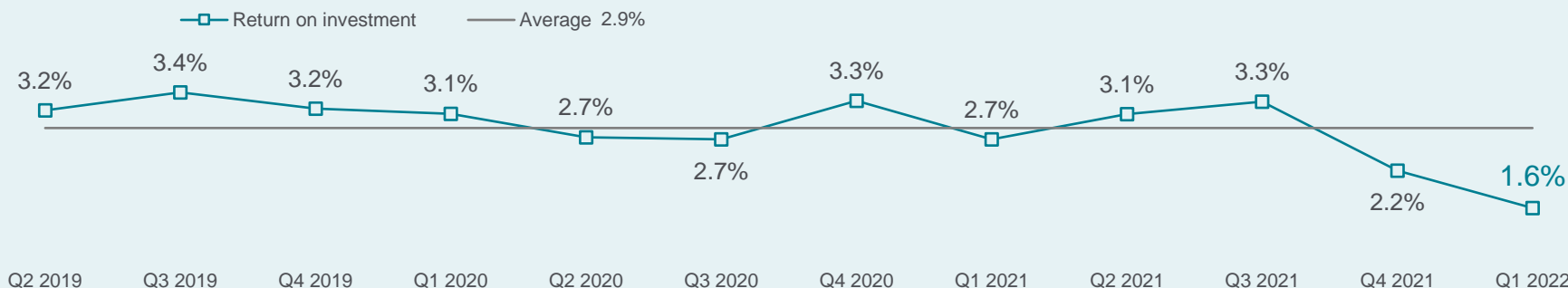


Property-casualty reinsurance	7,938	(47%) (▲ 25.4%)
Life and health reinsurance	3,369	(20%) (▲ 10.2%)
ERGO Life and Health Germany	2,461	(15%) (▲ 8.7%)
ERGO Property-casualty Germany	1,679	(10%) (▲ 9.4%)
ERGO International	1,386	(8%) (▲ 1.7%)

Return on investment by asset class and segment

Q1 2022

% ¹	Regular income	Write-ups/ -downs	Disposal result	Extraord. derivatives result	Other inc./exp.	Rol	Market value (€m)
Afs fixed-income	1.8	−2.1	0.7	0.0	0.0	0.4	134,618
Afs non-fixed-income	2.9	−5.3	8.6	0.0	0.0	6.2	23,712
Derivatives	5.3	0.0	0.0	−24.9	−2.6	−22.1	1,869
Loans	2.7	0.1	1.3	0.0	0.0	4.1	56,276
Real estate	4.4	−1.1	1.3	0.0	0.0	4.6	13,282
Other ²	2.0	−1.4	0.0	0.0	−3.3	−2.7	21,915
Total	2.3	−1.8	1.5	−0.2	−0.3	1.6	251,673
Reinsurance	2.3	−2.3	1.8	−0.7	−0.3	0.8	102,854
ERGO	2.3	−1.4	1.3	0.2	−0.3	2.1	148,818



Investment result – Reinsurance

Life and health reinsurance

€m	Q1 2022	Return ¹	Q1 2021	Return ¹
Regular income	181	2.4%	169	2.3%
Write-ups/write-downs	-57	-0.8%	-2	0.0%
Disposal gains/losses	29	0.4%	94	1.3%
Derivatives ²	-11	-0.2%	1	0.0%
Other income/expenses	-19	-0.3%	-18	-0.2%
Investment result	122	1.7%	245	3.3%
Average market value		29,612		29,275

Property-casualty reinsurance

€m	Q1 2022	Return ¹	Q1 2021	Return ¹
Regular income	413	2.3%	367	2.2%
Write-ups/write-downs	-526	-2.9%	-102	-0.6%
Disposal gains/losses	433	2.4%	271	1.6%
Derivatives ²	-170	-0.9%	-48	-0.3%
Other income/expenses	-64	-0.3%	-64	-0.4%
Investment result	86	0.5%	423	2.5%
Average market value		73,242		66,363

Investment result – ERGO

Life and Health Germany

€m	Q1 2022	Return ¹	Q1 2021	Return ¹
Regular income	771	2.6%	785	2.5%
Write-ups/write-downs	-490	-1.6%	-73	-0.2%
Disposal gains/losses	409	1.4%	565	1.8%
Derivatives ²	54	0.2%	-289	-0.9%
Other income/expenses	-98	-0.3%	-88	-0.3%
Investment result	645	2.1%	898	2.8%
Average market value		120,882		127,020

Property-casualty Germany

€m	Q1 2022	Return ¹	Q1 2021	Return ¹
Regular income	34	1.8%	37	1.9%
Write-ups/write-downs	-43	-2.2%	-6	-0.3%
Disposal gains/losses	49	2.6%	14	0.7%
Derivatives ²	21	1.1%	-10	-0.5%
Other income/expenses	-6	-0.3%	-6	-0.3%
Investment result	56	2.9%	29	1.6%
Average market value		7,750		7,587

Investment result – ERGO

International

€m

	Q1 2022	Return ¹	Q1 2021	Return ¹
Regular income	59	1.2%	72	1.4%
Write-ups/write-downs	-6	-0.1%	11	0.2%
Disposal gains/losses	39	0.8%	39	0.8%
Derivatives ²	-10	-0.2%	-22	-0.4%
Other income/expenses	-4	-0.1%	-5	-0.1%
Investment result	78	1.5%	95	1.9%
Average market value		20,187		20,503

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	+8.3	+4.1	–7.6	–14.4
Change in on-balance-sheet reserves, net	+2.3	+1.1	–2.1	–4.1
Change in off-balance-sheet reserves, net	+0.4	+0.2	–0.3	–0.6
P&L (investment result), gross	+0.5	+0.2	–0.5	–0.9
P&L, net	+0.3	+0.1	–0.3	–0.6

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

		+50bps	+100bps
Change in market value, gross		–5.1	–9.8
Change in on-balance-sheet reserves, net		–1.2	–2.4
Change in off-balance-sheet reserves, net		–0.3	–0.5
P&L (investment result), gross		–0.3	–0.6
P&L, net		–0.2	–0.3

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

	–30%	–10%	+10%	+30%
Change in market value, gross	–2.4	–1.1	+1.2	+3.7
Change in on-balance-sheet reserves, net	–0.4	–0.1	+0.5	+1.6
P&L (investment result), gross	–1.2	–0.6	–0.1	–0.3
P&L, net	–1.0	–0.4	–0.0	–0.0

¹ Rough calculation with limited reliability assuming unchanged portfolio as at 31.3.2022. 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 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	31.12. 2021	31.3. 2022	▲ in Q1
Market value of investments	247,310	252,789	257,485	245,860	−11,625
Total reserves	33,120	37,269	30,357	16,209	−14,148
On-balance-sheet reserves					
Fixed-interest securities	10,738	14,426	8,078	−604	−8,683
Non-fixed-interest securities	3,632	2,866	4,888	4,059	−829
Other on-balance-sheet reserves ¹	203	137	205	202	−3
Subtotal	14,574	17,430	13,172	3,657	−9,515
Off-balance-sheet reserves					
Real estate ²	5,600	5,592	6,291	6,309	18
Loans ³	12,147	12,778	8,270	3,685	−4,586
Associates	799	1,469	2,624	2,559	−65
Subtotal	18,546	19,839	17,185	12,552	−4,633
Reserve ratio	13.4%	14.7%	11.8%	6.6%	−5.2 pp.

1 Unrealised gains/losses from unconsolidated affiliated companies, valuation at equity and cash-flow hedging.

2 Excluding reserves from owner-occupied property. 3 Excluding insurance-related loans.

On- and off-balance-sheet reserves

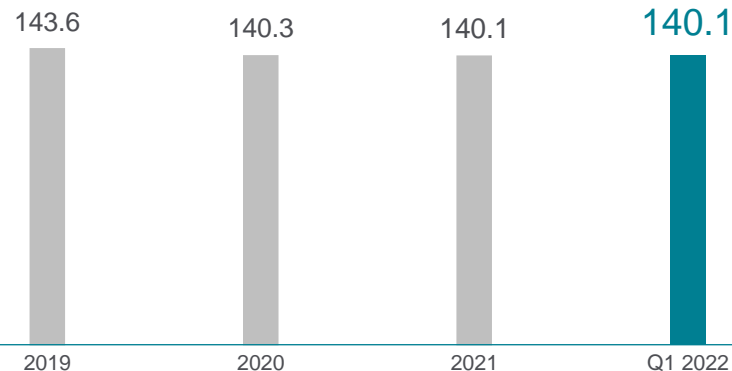
€m	On-balance-sheet reserves		Off-balance-sheet reserves ¹	
	31.3.2022	31.12.2021	31.3.2022	31.12.2021
Total reserves (gross)	3,657	13,172	12,552	17,185
Provision for deferred premium refunds	–1,641	–5,409	–4,704	–8,115
Deferred tax	–487	–1,848	–2,134	–2,496
Minority interests	–6	–10		
Consolidation and currency effects	–174	–127		
Shareholders' stake	1,350	5,778	5,714	6,574

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

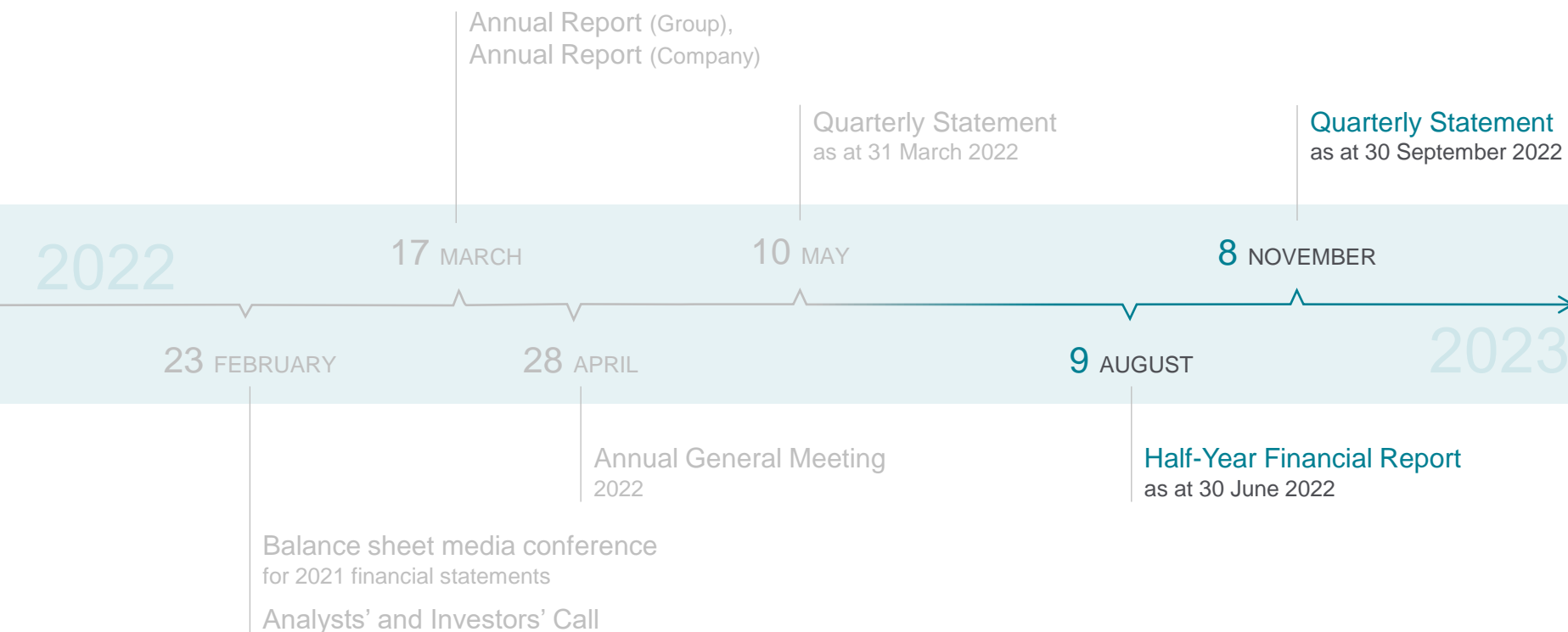
Changes to shares in circulation

Shares (millions)	31.12. 2021	Acquisition of own shares in Q1 2022	Retirement of own shares in Q1 2022	31.3. 2022
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



For more information, please contact

Investor Relations team

Christian Becker-Hussong

Head of Investor & Rating Agency Relations

Tel.: +49 (89) 3891-3910

Email: cbecker-hussong@munichre.com

Thorsten Dzuba

Tel.: +49 (89) 3891-8030

Email: tdzuba@munichre.com

Christine Franziszi

Tel.: +49 (89) 3891-3875

Email: cfranziszi@munichre.com

Ralf Kleinschroth

Tel.: +49 (89) 3891-4559

Email: rkleinschroth@munichre.com

Andreas Silberhorn (rating agencies)

Tel.: +49 (89) 3891-3366

Email: asilberhorn@munichre.com

Ingrid Grunwald (ESG)

Tel.: +49 (89) 3891-3517

Email: igrunwald@munichre.com

Maximiliane Gerstner (ERGO)

Tel.: +49 (211) 477-7483

Email: maximiliane.gerstner@ergo.de

This presentation contains forward-looking statements that are based on current assumptions and forecasts of the management of Munich Re. Known and unknown risks, uncertainties and other factors could lead to material differences between the forward-looking statements given here and the actual development, in particular of the results, financial situation and performance of our Group. Obvious fluctuations in the incidence of major losses in addition to the pronounced volatility of the capital markets and exchange rates – as well as the special features of IFRS accounting – make an accurate forecast of results impossible. Moreover, there is considerable uncertainty regarding the further development of the coronavirus pandemic. The Group assumes no liability to update these forward-looking statements or to make them conform to future events or developments. Figures from Q1 2019 onwards are restated reflecting the new cost-allocation method. Due to rounding, there may be minor deviations in summations and in the calculation of percentages in this presentation.