



Munich Re Group

Quarterly statement as at 31 March 2022

10 May 2022
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Agenda

01 Munich Re

02 ERGO

03 Reinsurance

04 Outlook

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%

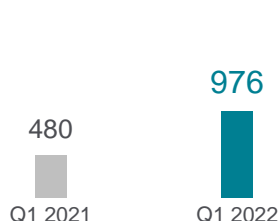
Return on equity¹

9.8% (10.4%)

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

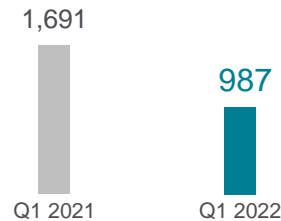
Technical result

€m



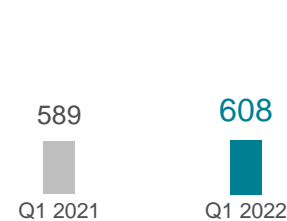
Investment result

€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

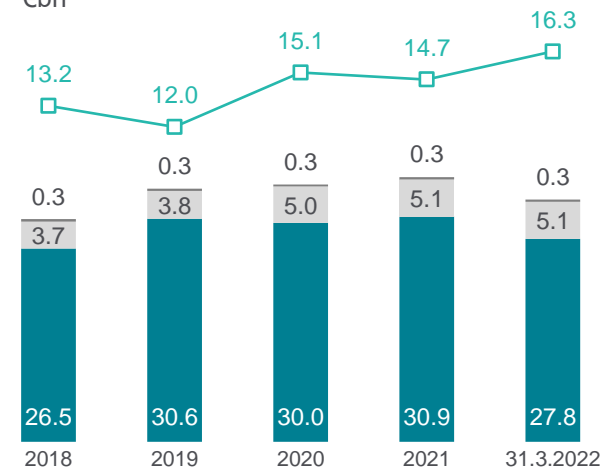
–€413m

Exchange rates

Mainly driven by US\$

Capitalisation

€bn

Debt leverage¹ (%)

Senior and other debt

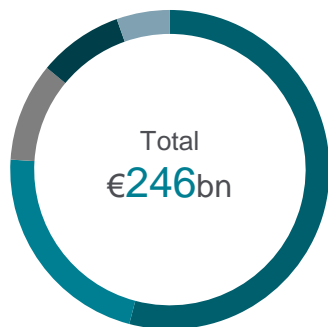
Subordinated debt

Equity

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

Investment portfolio

Investment portfolio¹ %



■ Fixed-interest securities	54.1	(54.3)
■ Loans	21.9	(22.8)
■ Miscellaneous ²	10.0	(9.1)
■ Shares, equity funds and participating interests ³	8.6	(8.7)
■ Land and buildings	5.4	(5.2)

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%

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 infrastructure, renewable energies and gold. ³ Incl. derivatives: 7.5% (7.7%).

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

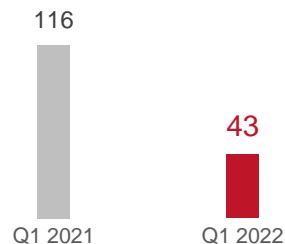
€m

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

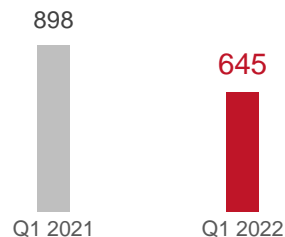
€m



- 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

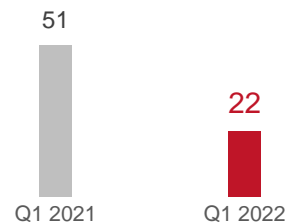
€m



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

Technical result

€m

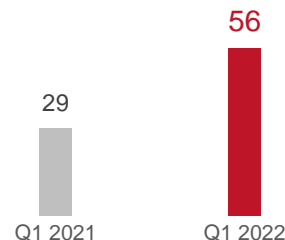


Combined ratio of 97.4% (94.2%) above guidance level driven by:

- 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

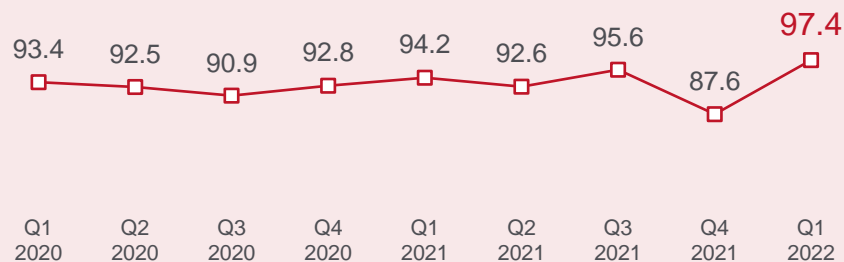
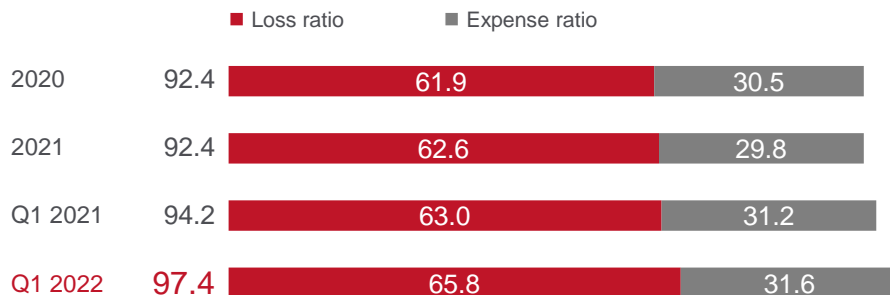


- High results from disposals and derivatives more than compensated for impairments
- Return on investment of 2.9%

ERGO Property-casualty Germany

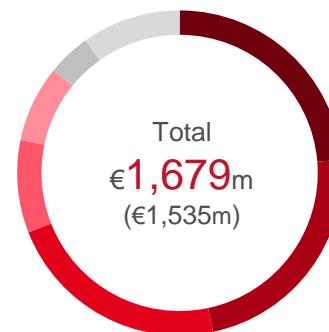
Combined ratio

%



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

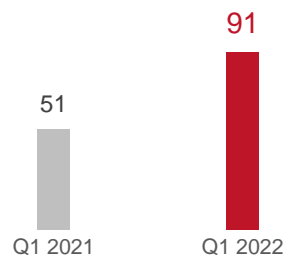
€m

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

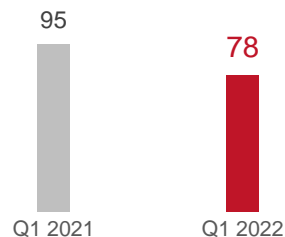
€m



- 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

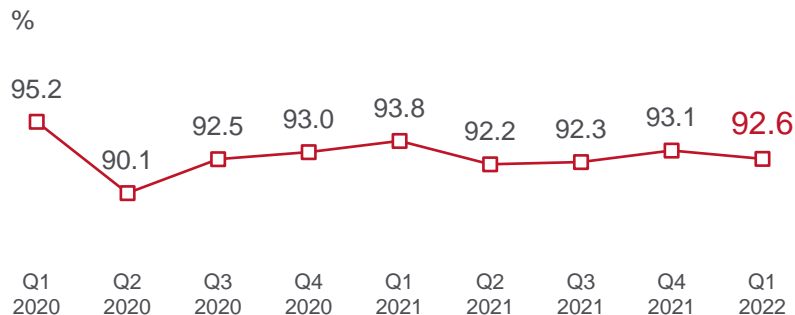
€m



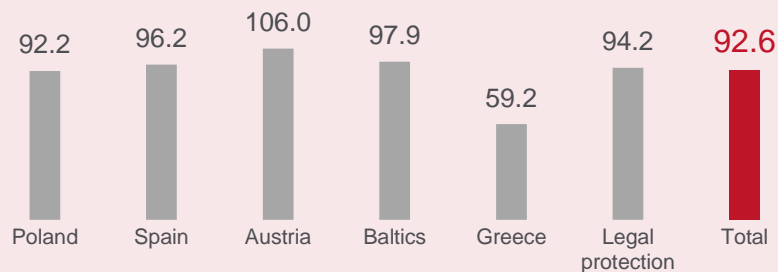
- Decrease mainly driven by lower result from participations
- Disposal gains more than compensated for impairments and losses from derivatives
- Return on investment of 1.5%

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	Life	Q1 2022	Q1 2021
Poland	432	419	Thereof:		
Legal protection	199	194	Austria	74	76
Greece	61	60	Belgium	33	33
Baltics	49	48	Health	Q1 2022	Q1 2021
Austria	36	32	Thereof:		
			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

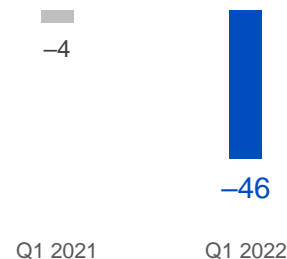
€m



- 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

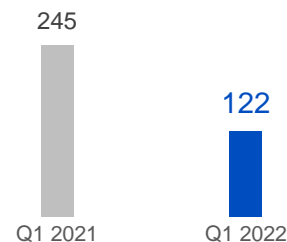
€m



- 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

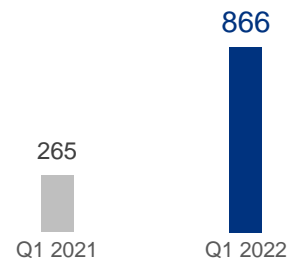
Gross premiums written



- 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

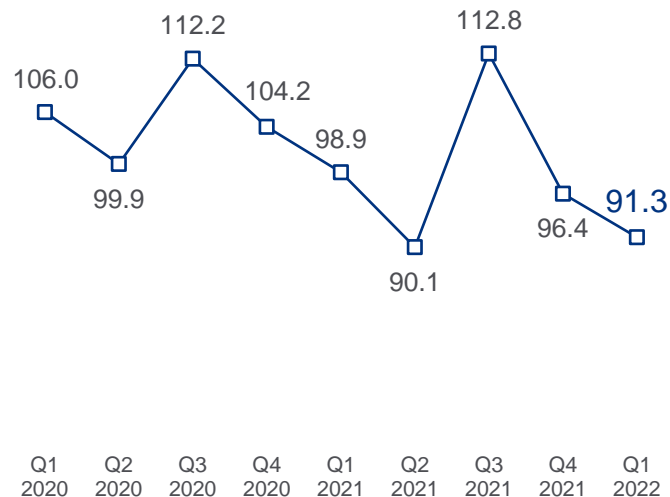
€m



- 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.

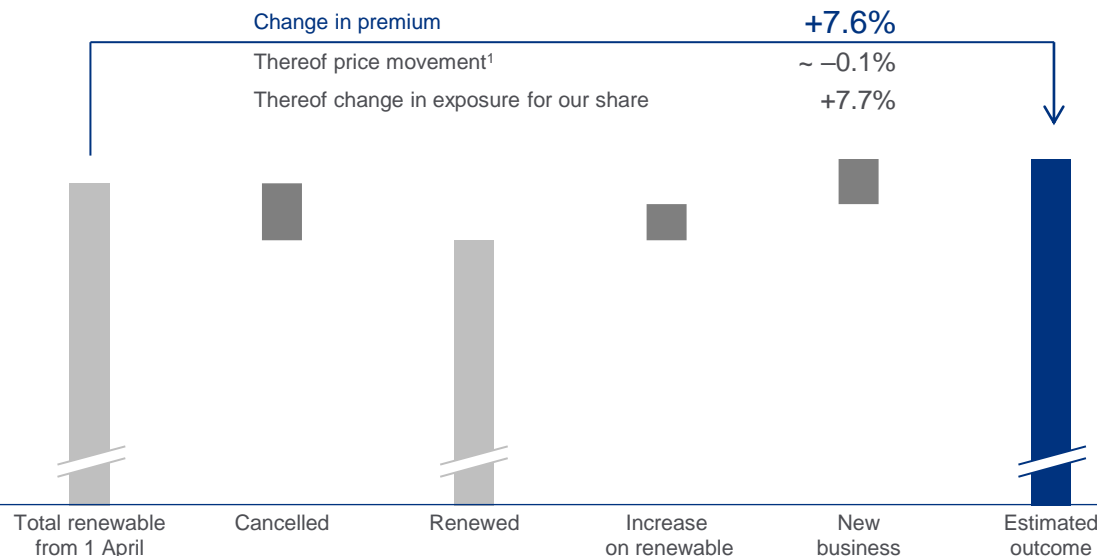
² Basic losses prior years, already adjusted for directly corresponding sliding-scale and profit-commission effects. Absolute figures: −€291m.

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

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).

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.

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