



Munich Re Group

Quarterly Statement as at 30 September 2022

8 November 2022

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Quarterly Statement as at 30 September 2022

Agenda

01 Munich Re

02 ERGO

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04 Outlook

Munich Re

Resilient result despite high major losses – Diversification between business segments and result drivers pays off

Munich Re

Q3 2022 (9M 2022)

Consolidated result

€527m (€1,903m)

Reinsurance (€81m): High major losses in P-C mainly driven by Hurricane Ian, strong technical result in L/H; low investment return (RoI: 0.0%) mitigated by high currency gains

ERGO (€446m): Positive one-off in L/H Germany, healthy underlying performance

Return on investment¹

1.6% (1.6%)

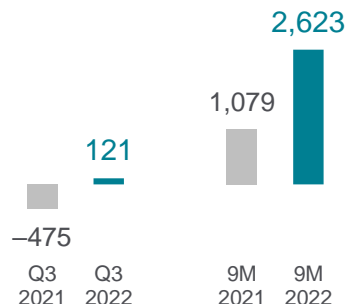
High currency gains of €846m (€1,348m) not included in investment result – reinvestment yield up to 3.0%

Return on equity¹

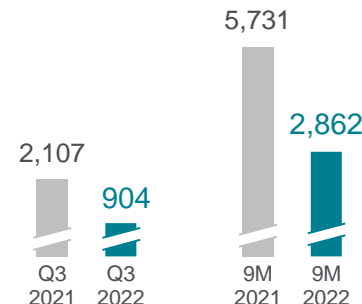
8.5% (10.3%)

Shareholders' equity: €21.4bn
Solvency II ratio: 254%

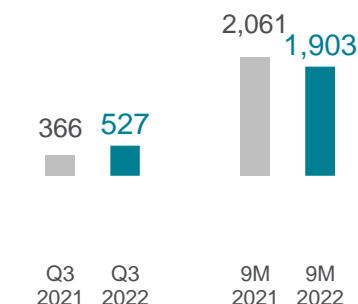
Technical result €m



Investment result €m



Consolidated result €m



Reinsurance

Life and health

Technical result, incl. fee income: €293m (€552m), incl. COVID-19-related losses of €35m (€323m) – consolidated result of €424m (€492m)

Property-casualty

Combined ratio: 108.2% (96.9%) – Major-loss ratio: 26.9% (15.1%), thereof Hurricane Ian 18.9% (6.9%); reserve releases²: -4.0% (-4.0%) – consolidated result of -€343m (€708m)

ERGO

Life and Health Germany

RoI: 3.3% (3.0%) – consolidated result of €344m (€448m), incl. positive one-off from updated IFRS profit-sharing assumptions of ~€200m

Property-casualty Germany

C/R: 87.2% (90.3%) – consolidated result of €67m (€123m)

International

C/R: 93.8% (93.6%) – consolidated result of €35m (€131m)

Capital position

Equity

€m

Equity 31.12.2021	30,945		Change in Q3
Consolidated result	1,903		527
Changes			
Dividend	-1,541		0
Unrealised gains/losses	-12,355		-3,273
Exchange rates	2,108		851
Share buy-backs	-317		-248
Other	673		74
Equity 30.9.2022	21,417		-2,069

Unrealised gains/losses

Fixed-interest securities

9M: -€11,629m Q3: -€3,353m

Non-fixed-interest securities

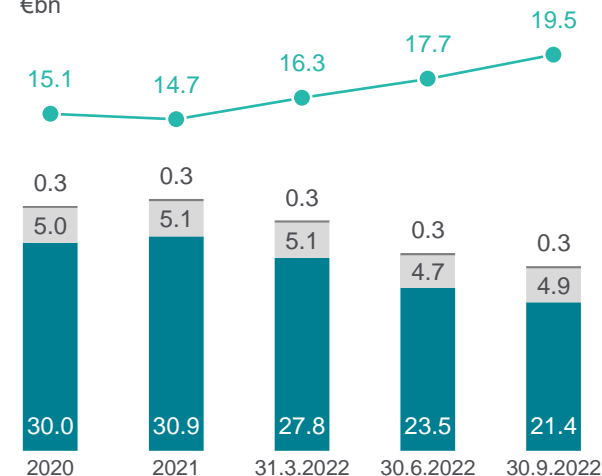
9M: -€713m Q3: €88m

Exchange rates

Mainly driven by US\$

Capitalisation

€bn

—●— Debt leverage¹ (%)

■ Senior debt

■ Subordinated debt

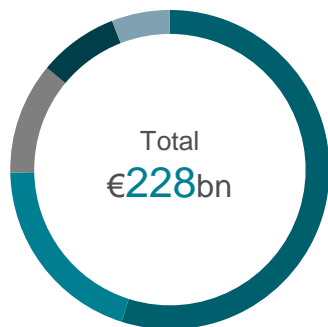
■ Equity

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

Investment portfolio

Investment portfolio¹

%



Fixed-interest securities	54.9	(54.3)
Loans	19.8	(22.8)
Miscellaneous ²	11.3	(9.1)
Shares, equity funds and participating interests ³	8.1	(8.7)
Land and buildings	5.9	(5.2)

Portfolio management

- Further increase in illiquid assets
- Reduction of equity-backing ratio driven by market development and disposals
- Decrease in duration due to higher interest rates
- Increase in reinvestment yield to ~3.0%, mainly due to increased interest rates and higher credit spreads

¹ Fair values as at 30.9.2022 (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: 6.6% (7.7%).

Investment result

€m	Q3 2022	Return ¹	9M 2022	Return ¹	9M 2021	Return ¹
Regular income	1,596	2.8%	4,853	2.7%	4,580	2.4%
Write-ups/write-downs	–914	–1.6%	–2,944	–1.6%	–416	–0.2%
Disposal gains/losses	747	1.3%	2,433	1.3%	2,491	1.3%
Derivatives ²	–319	–0.6%	–881	–0.5%	–397	–0.2%
Other income/expenses	–206	–0.4%	–600	–0.3%	–527	–0.3%
Investment result	904	1.6%	2,862	1.6%	5,731	3.0%
Total return		–15.0%		–20.0%		–0.9%

Three-month reinvestment yield		Q3 2022	Write-ups/ write-downs	Disposal gains/losses	Derivatives	9M 2022	Write-ups/ write-downs	Disposal gains/losses	Derivatives
Q3 2022	3.0%	Fixed income	–122	284	–180	Fixed income	–844	842	–1,283
Q2 2022	2.8%	Equities	–665	444	26	Equities	–1,704	1,472	341
Q1 2022	2.1%	Commodities/Inflation	–0	0	–121	Commodities/Inflation	–0	55	–93
		Other	–128	19	–44	Other	–395	64	154

ERGO

ERGO Life and Health Germany

Key messages

- Significant growth driven by travel and new life book
- Improved technical result in Q3 and positive FX result
- Segment net result additionally driven by a positive one-off effect of ~€200m from updated IFRS profit-sharing assumptions in life

Gross premiums written

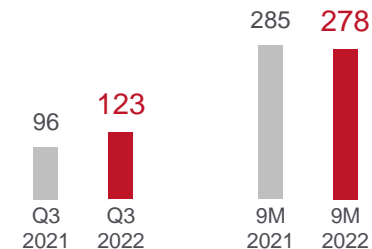
€m



- **Life** (+€31m): Continued growth in new life book from biometric and capital-light products
- **Health** (+€411m): Recovery of travel market and increase in health insurance
- **Digital Ventures** (+€24m): Growth mainly due to health business (dental cover)

Technical result

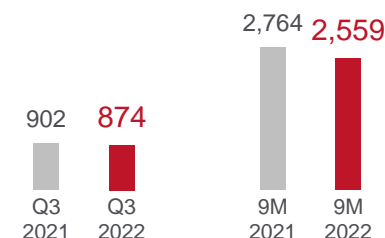
€m



- Q3: Improvement mainly driven by health business, mitigated by normalisation of claims in travel
- Q3: Life in line with expectation

Investment result

€m



- Q3: Higher impairments in excess of improvements in derivatives and disposal result, higher regular income
- Q3: Return on investment of 3.3%

ERGO Property-casualty Germany

Key messages

- Premium growth in almost all lines of business, significantly above prior-year period and above market expectations
- Strong improvement in technical result
- Low investment result

Gross premiums written

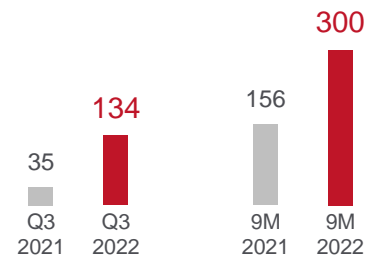
€m



- Strong organic growth mainly driven by fire/property (+€56m), liability (+€49m), marine (+€44m), motor (+€16m) and other (+€69m)

Technical result

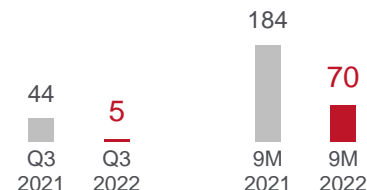
€m



- Combined ratio (CR) of 90.3% (94.1%) for 9M
- CR of 87.2% (95.6%) for Q3; significant improvement driven by:
 - Good basic-loss development and major losses below expectations
 - Continued high premium growth and lower expense ratio

Investment result

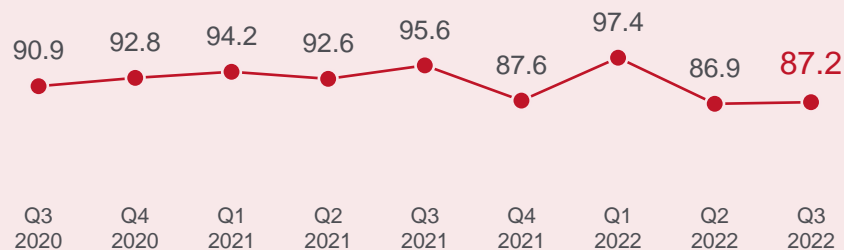
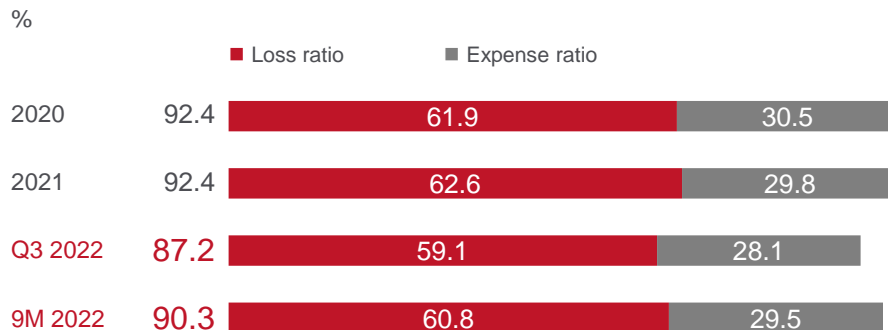
€m



- Q3: Higher equity impairments and lower disposal result
- Q3: Return on investment of 0.3%

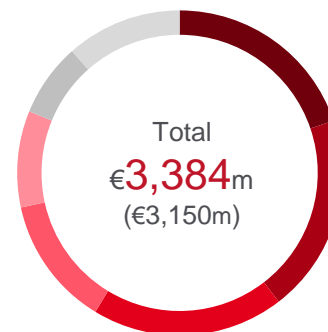
ERGO Property-casualty Germany

Combined ratio



Gross premiums written in 9M 2022 (9M 2021)

€m



Fire/property	670 (614)	Legal protection	325 (321)
Liability	669 (621)	Marine	247 (203)
Motor	647 (630)	Other	390 (321)
Personal accident	437 (440)		

Key messages

- Continued premium growth despite divestments
- Improvement in technical result
- Lower investment result

Gross premiums written

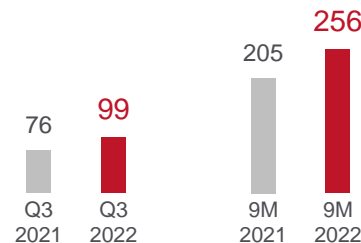
€m

9M 2021		3,839
Foreign exchange		–30
Divestments/Investments		–118
Organic change		174
9M 2022		3,864

- **Life** (–€25m): Lower premiums due to decrease in Austria and run-down in Belgium
- **Health** (–€1m): Positive business development in Belgium and Spain almost compensated for one-off from sale of a Spanish subsidiary
- **P-C** (+€52m): Increase mainly driven by growth in the Baltic states, Poland and Austria

Technical result

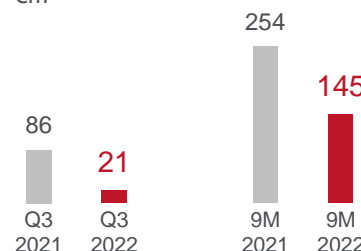
€m



- Higher-than-expected combined ratio (CR) of 93.6% (92.8%) for 9M, driven by Poland and health business in Spain
- Higher CR of 93.8% (92.3%) for Q3 due to:
 - Health business in Spain (lower positive seasonality effect) and higher expenses in legal protection ...
 - ... partially offset by the Baltic states, Poland and Austria
- Q3: Improved results in Belgian life and health business

Investment result

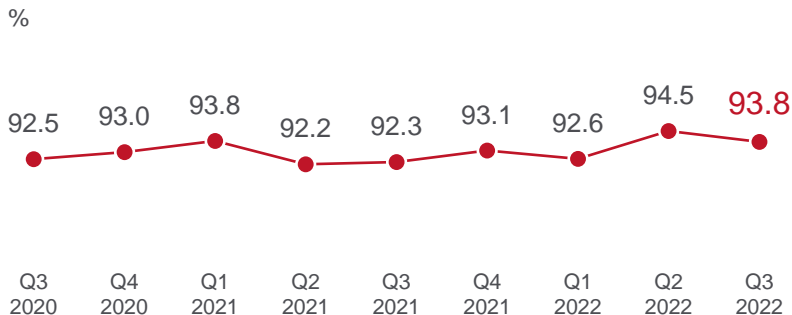
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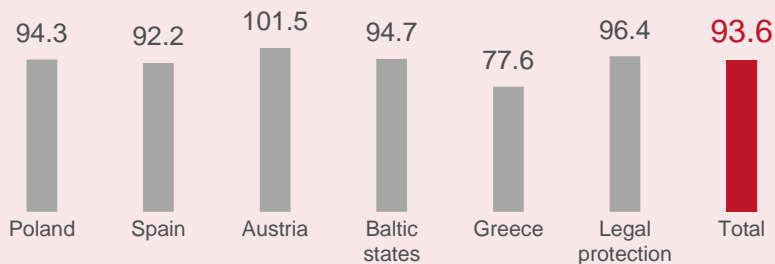
- Q3: Higher equity impairments and lower disposal result
- Q3: Return on investment of 0.5%

ERGO International

Combined ratio



9M 2022



Gross written premiums in 9M 2022 (9M 2021)

€m



P-C

Thereof:

	9M 2022	9M 2021
Poland	1,233	1,218
Legal protection	551	538
Greece	185	183
Baltic states	165	149
Austria	98	88

Life

Thereof:

	9M 2022	9M 2021
Austria	219	228
Belgium	92	97

	9M 2022	9M 2021
Spain	672	692
Belgium	506	487

Reinsurance

Life and health reinsurance

Key messages

- Strong technical result including fee income of €293m in Q3 (9M: €552m)
- Favourable claims experience, positive effects from interest rates and continuing strong fee income, declining COVID-19 losses
- Lower return on investment

Gross premiums written

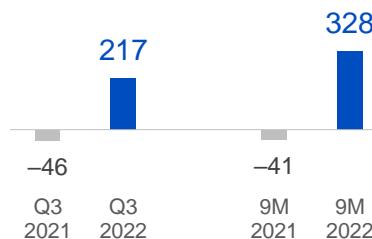
€m

9M 2021		9,365
Foreign exchange		566
Divestments/Investments		0
Organic change		196
9M 2022		10,128

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

Technical result

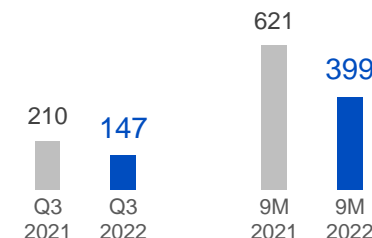
€m



- Q3/9M: Apart from COVID-19, favourable claims experience
- Ongoing strong fee income of €76m in Q3
- Q3/9M: Positive impact from higher interest rates on claims reserves (Q3: €31m; 9M: €94m)
- COVID-19-related losses of €35m in Q3 (9M: €323m)

Investment result

€m



- Q3/9M: Losses on derivatives and write-downs of equities
- 9M: Write-downs related to Russia/Ukraine, disposal gains on equities
- RoI: Q3 2.1%, 9M 1.9%

Property-casualty reinsurance

Key messages

- Strong premium growth of 22.1%
- Substantial major-loss burden from Hurricane Ian
- Expense ratio benefits from lower expenses and premium growth
- Negative investment return mitigated by high FX result

Gross premiums written

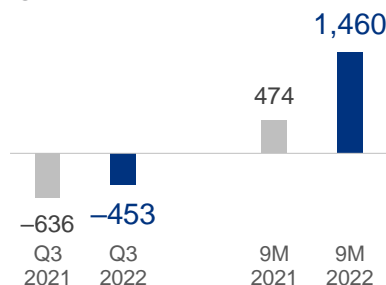
€m



- 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

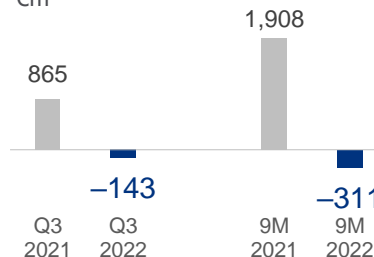
€m



- Q3: Above-average major losses, dominated by Hurricane Ian with €1.6bn
- Q3/9M: Expenditure of €60m in Q3 related to war in Ukraine (9M: ~€260m)
- Q3/9M: Underlying performance remains sound – normalised combined ratio of 94.3% (9M: 94.7%)

Investment result

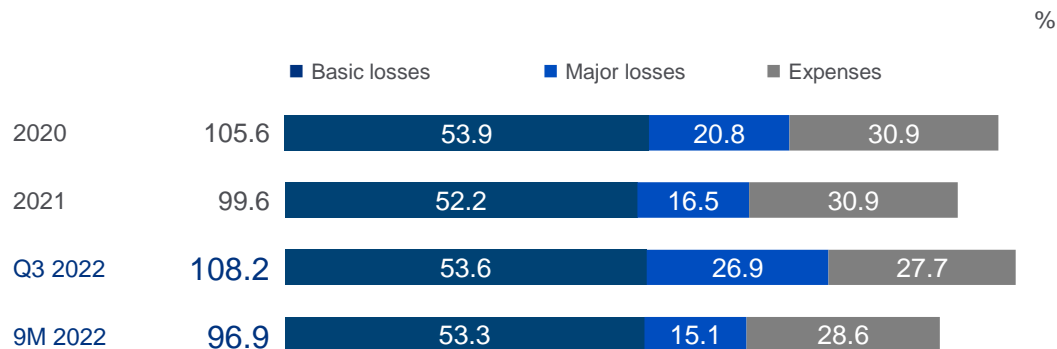
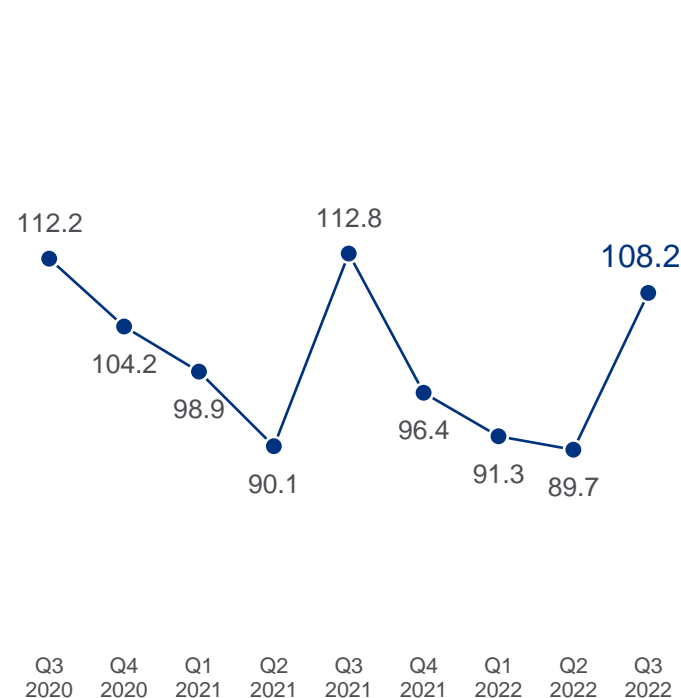
€m



- Q3/9M: Losses on derivatives, equity impairments and write-downs related to Russia/Ukraine
- Disposal gains on equities (Q3/9M) and inflation-linked bonds (9M)
- RoI: Q3 -0.8%, 9M -0.6%

Property-casualty reinsurance

Combined ratio



	Major losses ¹	Nat cat ¹	Man-made ¹	Reserve releases ²	Normalised combined ratio ³
Q3 2022	26.9	21.2	5.7	−4.0	94.3
9M 2022	15.1	10.9	4.2	−4.0	94.7
Ø Annual expectation	~ 13.0	~ 8.5	~ 4.5	−4.0	

1 Absolute figures Q3/9M: Major losses €2,316m/€3,558m, nat cat €1,827m/€2,561m, man-made €489m/€997m.

2 Basic losses in prior years, already adjusted for directly corresponding sliding-scale and profit-commission effects. Absolute figures Q3/9M: −€344m/−€943m.

3 Based on reserve releases of 4 pps.; adjusted for an adverse one-off commission effect from Q2 (corresponding to −0.1 pps. in 9M) and for additional expenditure including reinstatement premiums related to the war in Ukraine from Q1 (corresponding to −0.1 pps. in 9M).

Outlook

Outlook 2022

On the way to achieving our Group Ambition 2025

Group

Gross premiums written
~ **€67bn**
(prev. ~ €64bn)

Net result
~ **€3.3bn**

Return on investment
>2.0%

ERGO

Gross premiums written
~ **€19bn**
(prev. ~ €18.5bn)

Net result
~ **€0.8bn**
(prev. ~ €0.6bn)

Combined ratio
P-C Germany
~ **91%**

International
~ **94%**
(prev. ~ 92%)

Reinsurance

Gross premiums written
~ **€48bn**
(prev. ~ €45bn)

Net result
~ **€2.5bn¹**
(prev. ~ €2.7bn)

Combined ratio
P-C
~ **97%**
(prev. ~ 94%)

Technical result, incl. fee
income in life and health
~ **€800m¹**
(prev. ~ €400m)

¹ Including COVID-19 impact of up to ~€400m (before tax) in L/H reinsurance (previously ~€300m).

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.