



Munich Re Group

Quarterly Statement as at 30 September 2023

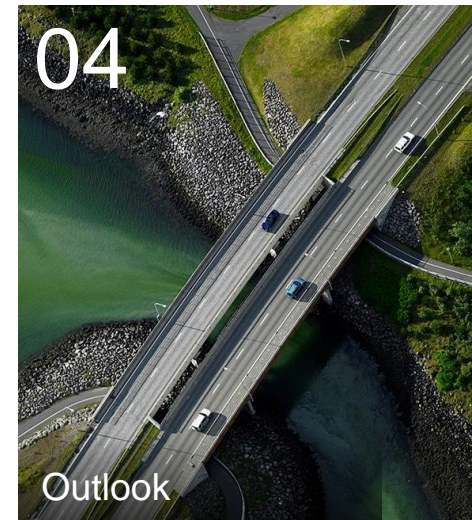
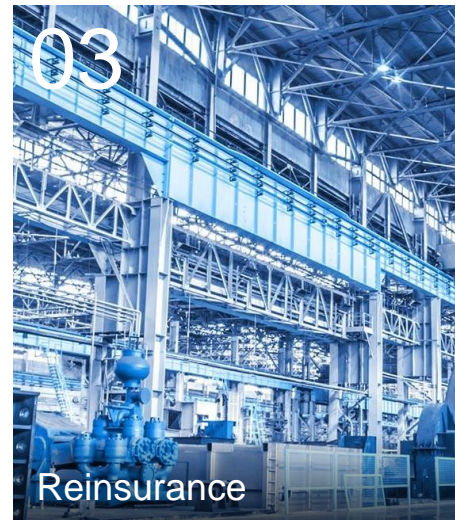
8 November 2023

Christoph Jurecka (CFO)



Quarterly Statement as at 30 September 2023

Agenda





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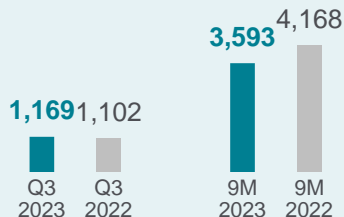
01

Munich Re

Consistently strong operating performance across all segments

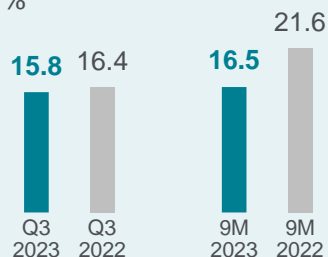
Net result

€m



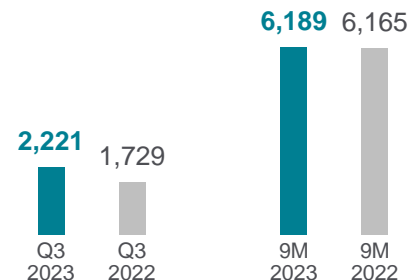
Return on equity¹

%



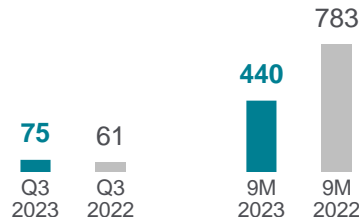
Total technical result

€m



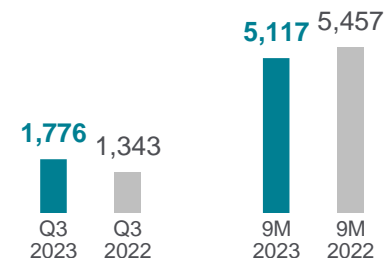
Net financial result

€m



Operating result

€m



RI net result Q3 (9M): €995m (€2,950m)

Below-average major losses in P-C, TTR in L&H again above pro-rata guidance, RoI¹ of 2.2% (2.4%)

Property-casualty: Combined ratio: 82.0% (83.0%) – major loss ratio: 11.7% (12.5%) – reserve releases²: –5.1% (–5.0%) – net result: €644m (€1,982m)

Life and health: Total technical result: €440m (€1,084m) – net result: €351m (€968m)

ERGO net result Q3 (9M): €173m (€643m)

Good TTR in L&H Germany, P-C Germany with higher major losses, strong result in International, RoI¹ of 0.9% (1.4%)

Life and Health Germany: Total technical result: €276m (€819m) – net result: €52m (€165m)









Property-casualty Germany: Combined ratio: 88.2% (85.8%) – net result: €31m (€260m)

International: Combined ratio: 87.9% (90.3%) – net result: €90m (€218m)

Capital position

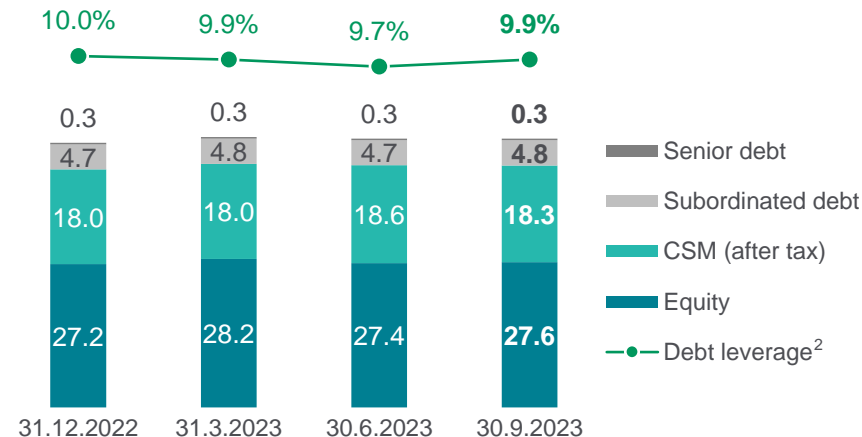
Equity

€m

Equity 31.12.2022	27,245		Change in Q3
Net result	3,593		1,168
Changes			
Dividend	−1,583		0
Share buy-backs	−955		−459
Unrealised gains/losses	−442		−949
Exchange rates	155		441
Other ¹	−366		10
Equity 30.9.2023	27,647		211

Capitalisation

€bn



Change in unrealised gains/losses

	Q3	9M
Investments	−€2,677m	−€1,407m
Insurance contracts	€1,728m	€964m

Return on equity

	Q3	9M
Reinsurance	16.5%	16.7%
ERGO	12.6%	15.4%

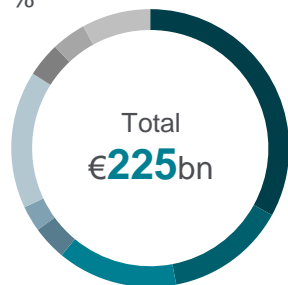
Solvency II ratio

271%

Investments

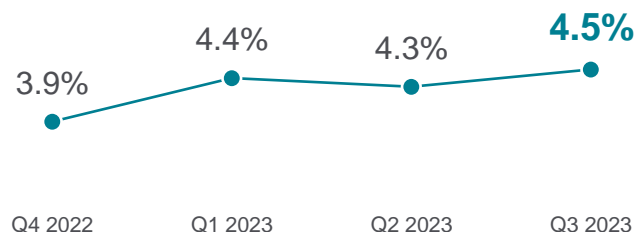
Investment portfolio¹

%



Government/semi-government bonds ²	33 (34)	Alternative investments	16 (15)
Covered bonds/mortgage loans	14 (15)	Equities ³	4 (4)
Corporate bonds	14 (14)	Business-related participations	4 (4)
Emerging market government bonds	4 (4)	Cash	8 (8)
ABS/MBS	3 (3)		

3-month reinvestment yield



Portfolio management in Q3

- Investment in corporate bonds and high interest rates support increase in reinvestment yield
- Expansion of alternative investments

¹ Management view – not fully comparable with IFRS figures, e.g. including real estate in own use and cash. Fair values as at 30.9.2023 (31.12.2022).
² Developed markets. ³ Including derivatives: 3.2% (2.0%).

Investment result

€m	Q3 2023	Return ¹	9M 2023	Return ¹	9M 2022	Return ¹
Regular income	1,797	3.3%	5,162	3.2%	4,718	2.7%
Write-ups/write-downs	–26	0.0%	–64	0.0%	–2,638	–1.5%
Change in expected credit loss (ECL)	–69	–0.1%	–95	–0.1%	0	0.0%
Disposal gains/losses	–196	–0.4%	–425	–0.3%	2,390	1.4%
Fair value change	–579	–1.1%	–1,114	–0.7%	–2,752	–1.6%
Other income/expenses	–168	–0.3%	–494	–0.3%	–452	–0.3%
Investment result	760	1.4%	2,969	1.8%	1,266	0.7%

	Q3 2023			9M 2023		
	Fixed income	Equities	Other	Fixed income	Equities	Other
Write-ups/write-downs	0	0	–26	0	0	–64
Disposal gains/losses	–198	0	2	–785	0	360
Fair value change	–252	–268	–60	–754	49	–409



02

ERGO

ERGO Life and Health Germany

Key messages



- Good total technical result in Q3, supported by a high contribution from health and travel business
- Net result in Q3 of €52m mainly due to life back book and health

Insurance revenue (gross)

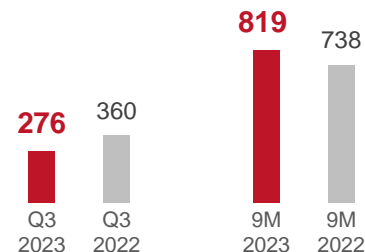
€m

9M 2022		7,149
Foreign exchange		-4
Divestments/investments		0
Organic change		258
9M 2023		7,404

- Increase in insurance revenues especially driven by short- and long-term health and travel

Total technical result

€m

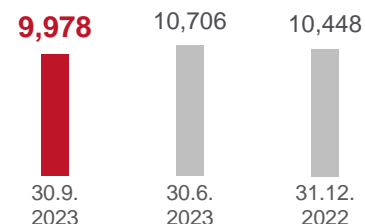


Q3 driven by:

- CSM release in line with expectations
- Strong contribution of €67m from PAA business in short-term health and travel

Contractual service margin (CSM)¹

€m



- 9M: CSM release in life back book and health partially compensated for by profitable new business and operating changes
- CSM as of 30.6. elevated due to intra-year effect

ERGO Property-casualty Germany

Key messages



- Solid total technical result, despite higher-than-expected nat cat losses in Q3
- Net result in Q3 at €31m mainly impacted by low investment result including realisation of unrealised losses

Insurance revenue (gross)

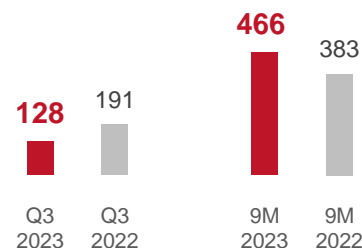
€m

9M 2022		3,137
Foreign exchange		-7
Divestments/investments		0
Organic change		216
9M 2023		3,346

- Growth mainly driven by motor and liability

Total technical result

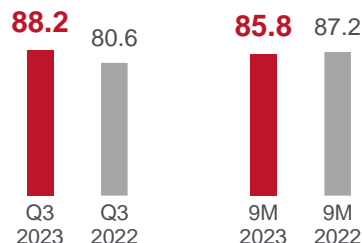
€m



- Good operating performance with total technical result in Q3 in line with expectations, despite higher expenses for nat cat losses
- Q1 to Q3: low acquisition costs due to seasonality in PAA business
- Q4: burden on technical result from significantly higher acquisition costs expected
- Discount effect: Q3 ~3.5pp, 9M ~3pp

Combined ratio

%



Key messages



- Total technical result in Q3 supported by insurance revenue growth, favourable claims development and CSM release within expectations
- Net result in Q3 at €90m due to strong operating performance

Insurance revenue (gross)

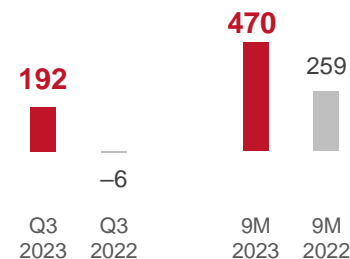
€m



- Increase mainly from Poland P-C (+€180m), Spain Health (+€84m) and Belgium Health (+€72m) and full consolidation of ERGO Thailand

Total technical result

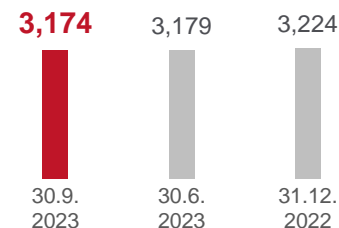
€m



- Strong CR in Q3 of 87.9% (114.8%):
 - Favourable development of basic loss and expense ratio
 - Stable result from large losses, despite nat cat in Greece
- In Q3 ongoing good development in life/health from CSM release and experience adjustment (claims reserves) in Belgium Health

Contractual service margin (CSM)¹

€m



- Development in 9M mainly due to:
 - profitable new business, ...
 - ... overcompensated for by CSM release and operating changes



04

Reinsurance

Life and health reinsurance

Key messages



- Strong total technical result in Q3 above pro-rata guidance, full-year guidance already exceeded after 9 months
- Pleasing new business development, especially in North America

Insurance revenue (gross)

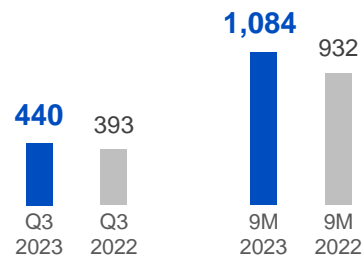
€m



- Decline in Continental Europe and Asia, partly offset by growing revenue in North America and UK

Total technical result

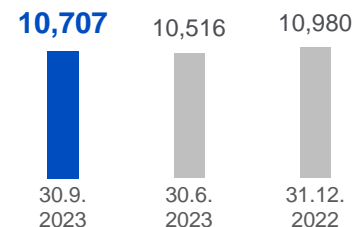
€m



- Release of CSM and RA in line with expectations
- Positive impact from new business
- Growing result from insurance-related financial instruments, including positive FX effects of €126m in Q3 (€7m in 9M)

Contractual service margin (CSM)¹

€m



- Pleasing contribution from new business, exceeding release into earnings
- Decline vs. year-end 2022 caused by a shift from CSM to RA

Property-casualty reinsurance

Key messages



- Revenue growth of 3.6% vs. 9M 2022 despite FX headwinds
- Good combined ratio of 82.0% in Q3 supported by lower-than-expected major losses
- Normalised combined ratio at 85.5% in Q3 slightly better than guidance

Insurance revenue (gross)

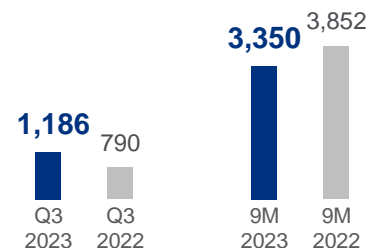
€m



- Proportional business: new business and primary rate increases compensate for non-renewed shares
- XL business: increased prices in nat cat
- Global Specialty Insurance: substantial growth across all units

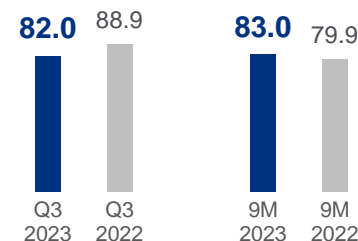
Total technical result

€m



Combined ratio

%



- Q3 2023 combined ratio lower than Q3 2022, which had been impacted by Hurricane Ian (major losses 11.7% vs. 30.8%)
- Q3 2023 marked by Wildfire Maui and several severe weather events in Europe
- Impact from major losses, currencies and shape of yield curves contribute to discount benefit in combined ratio of ~10pp in Q3 (~9pp in 9M) ...
- ... offset by prudent reflection of claims uncertainty in basic losses
- Release of loss component of -1.1pp (Q3 2022: -2.9pp) benefits the CR



Thorsten Henn / Getty Images

04

Outlook

Outlook 2023

Group

Insurance revenue (gross)
~ **€58bn**

Net result
~ **€4.5bn**
(prev. ~ €4.0bn)

Return on investment
> **2.2%**

ERGO

Insurance revenue (gross)
~ **€20bn**
(prev. ~ €19bn)

Net result
~ **€0.7bn**

Combined ratio
P-C Germany
~ **89%**

International
~ **90%**

Reinsurance

Insurance revenue (gross)
~ **€38bn**
(prev. ~ €39bn)

Net result
~ **€3.8bn**
(prev. ~ €3.3bn)

Combined ratio
Property-casualty
~ **85%**
(prev. ~ 86%)

Total technical result
Life and health
~ **€1.4bn**
(prev. ~ €1.0bn)

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