

Quarterly statement: Munich Re starts out strong in 2024; Q1 net result increases to €2.1bn

- Reinsurance: Combined ratio of 75.3% in property-casualty segment substantially better than expected; total technical result of €586m in life and health segment
- Primary insurance: ERGO contributes €252m to Group's net result
- April renewals generate considerable premium growth (+6.1%) at sustained high prices (–0.7%)
- Return on investment: Favourable capital market environment fosters rise to 3.8%
- Outlook reinforced by pleasing operational performance



“Munich Re kicked off the new financial year with great momentum. Our Q1 net result this year is nearly 70% higher than in 2023. Every line of business played a role in this impressive performance. In addition, we got a boost from the treaty renewals at 1 April, where we tapped into attractive growth opportunities against a backdrop of continuing high rates. We still expect to generate a profit of €5bn in 2024. In fact, it has become more likely that we will surpass that target.”

Christoph Jurecka, CFO

Summary of Q1 figures

Munich Re has begun the new financial year in excellent shape. Thanks to below-average major-loss expenditure, a high return on investment, and very good operational performance in all business segments, the Q1 net result increased significantly to €2,140m (1,271m). Insurance revenue from insurance contracts issued rose to €15,061m (14,273m), which is primarily attributable to organic growth in the reinsurance segment and at ERGO International. The total technical result rose to €2,785m (1,809m) and the currency result amounted to €176m (–145m) on account of

gains against the US dollar in particular. The operating result rose to €2,928m (1,768m) and the effective tax rate was 25.9% (26.4%).

Equity as at 31 March 2024 was €31,226m, higher than at 1 January 2024 (29,772m). Munich Re's solvency ratio increased to 273% (31 December 2023: 267%), thus remaining above the optimal range of 175–220%. A share buy-back with a volume of €1.5bn has already been planned.

The annualised return on equity (RoE) for Q1 2024 was 27.3% (17.6%).

Reinsurance: Net result of €1,888m

The reinsurance field of business contributed €1,888m (1,051m) to the net result in Q1, for a large year-on-year increase. Insurance revenue from insurance contracts issued rose to €9,858m (9,232m). The total technical result was up, at €2,203m (1,248m), as was the operating result of €2,592m (1,467m).

Life and health reinsurance generated a higher Q1 total technical result of €586m (320m). The contribution to the net result from the release of the contractual service margin was in line with expectations. Strong growth in new business more than offset the amount released. The segment's net result increased to €552m (291m); insurance revenue from insurance contracts issued rose to €3,027m (2,734m).

The property-casualty reinsurance segment generated a net result of €1,336m (760m) in Q1; insurance revenue from insurance contracts issued rose to €6,831m (6,498m). The combined ratio was only 75.3% (86.5%) of net insurance revenue. The normalised combined ratio was 79.5%.

Major losses in excess of €30m each totalled €650m (1,035m). These figures include gains and losses from the run-off of major losses from previous years. Major-loss expenditure corresponded to 9.9% (16.4%) of net insurance revenue, far below the expected average of 14%. Man-made major losses increased to €418m (165m); the largest individual loss was the collapse of the Francis Scott Key Bridge in Baltimore. Major losses from natural catastrophes fell to €232m (870m). The major-loss figures above take account of the effects from discounting and risk adjustment.

In the reinsurance renewals as at 1 April 2024, Munich Re was able to increase the volume of business written to €2.6bn (+6.1%). The company selectively exploited the ongoing favourable market conditions to expand attractive business, with growth opportunities being realised particularly in India, Latin America and Europe. These involved both strengthening existing client relationships and establishing new ones. At

the same time, Munich Re willingly discontinued business that was no longer appealing.

Price development was stable overall, and for the most part more than compensated for the higher loss estimates in some areas, which were primarily attributable to inflation and other loss trends. Primary insurance prices also increased in many markets, with Munich Re benefiting as regards proportional reinsurance contracts. Overall, the high price level of Munich Re's portfolio was practically unchanged, with a decrease of just -0.7%. When adjusted for portfolio diversification effects, rates rose by 0.6%. These figures are, as always, risk-adjusted. In other words, price increases are offset if they are associated with increased risk and, consequently, elevated loss expectations.

Despite market pressure increasing slightly, Munich Re expects the environment to remain positive in the upcoming July renewal round.

ERGO: Result of €252m

In the ERGO field of business, Munich Re posted a very good net result of €252m (219m) in Q1. Insurance revenue from insurance contracts issued increased to €5,204m (5,041m), driven by the International segment in particular.

The ERGO Property-casualty Germany segment made a very good contribution of €150m (166m) to the net result. Q1 2024 was underpinned by very low major losses, good operational performance, seasonally low expenses in acquisition cash flows, and a robust investment result. The very high result in Q1 2023 had been driven by extraordinarily low basic and major losses.

The ERGO International segment generated a noticeably higher net result of €65m (12m) – buoyed in large part by profitable growth, very good major-loss experience, and strong operational performance in property-casualty business. ERGO International likewise benefited from a significant result contribution driven by the good underwriting performance of its international life and health business.

The ERGO Life and Health Germany segment posted a net result of €36m (41m) – primarily attributable to the consistently high amounts released from the contractual service margin in long-term life and health business as well as higher claims expenditure in short-term business for health and travel insurance.

The total technical result for this field of business rose to €582m (561m); the operating result was €336m (301m). In the Property-casualty Germany segment, the combined

ratio was 84.4% (81.2%); the combined ratio in the International segment decreased to 89.5% (95.4%).

Investments: Investment result of €2,163m

Munich Re's Q1 investment result rose year on year to €2,163m (1,612m). Regular income from investments increased to €1,807m (1,601m), owing in part to sustained high interest rates. The balance from write-ups and write-downs was –€48m (–28m); the balance from gains and losses on the disposal of investments came to –€55m (166m). The change in fair value was €586m (74m). Munich Re was able to generate substantial profits here, mainly on account of positive developments in equity markets.

Overall, the investment result for Q1 represents a return of 3.8% on the average market value of the portfolio, which is considerably higher than our forecast of above 2.8% for the full year. The running yield was 3.2% and the reinvestment yield was 4.6%. As at 31 March 2024, the equity-backing ratio (including equity-linked derivatives) amounted to 2.8% (as at 31 December 2023: 3.7%). The carrying amount of the investment portfolio as at 31 March 2024 was €219,852m (218,462m).

Outlook for 2024: Full-year target of €5bn confirmed

Anticipating sustained advantageous business opportunities in coming quarters, Munich Re is aiming to generate a net result of €5.0bn for the 2024 financial year. The probability of surpassing our full-year profit guidance has increased, given the strong Q1 result. The targets communicated for 2024 in Munich Re's Group Annual Report 2023 remain unchanged.

All figures have been rounded. As usual, this projection is subject to increased uncertainties stemming from geopolitical and macroeconomic developments, to major losses remaining within normal bounds, and to the income statement not being impacted by severe fluctuations in the currency or capital markets, significant changes in the tax environment, or other one-off effects.

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Munich Re is one of the world's leading providers of reinsurance, primary insurance and insurance-related risk solutions. The group consists of the reinsurance and ERGO business segments, as well as the asset management company MEAG. Munich Re is globally active and operates in all lines of the insurance business. Since it was founded in 1880, Munich Re has been known for its unrivalled risk-related expertise and its sound financial position. Munich Re leverages its strengths to promote its clients' business interests and technological progress. Moreover, Munich Re develops covers for new risks such as rocket launches, renewable energies, cyber risks and artificial intelligence. In the 2023 financial year, Munich Re generated insurance revenue of €57.9bn and a net result of €4.6bn. The Munich Re Group employed about 43,000 people worldwide as at 31 December 2023.

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