

Half-Year Financial Report 2022

Munich Re



Key figures (IFRS)¹

Munich Re at a glance

		Q1-2 2022	Q1-2 2021	Change	Q2 2022	Q2 2021	Change
				%			%
Consolidated result	€m	1,376	1,695	-18.8	768	1,106	-30.5
Thereof attributable to non-controlling interests	€m	-1	-4	68.1	-2	0	-
Earnings per share	€	9.83	12.13	-18.9	5.50	7.89	-30.3
Return on equity (RoE)	%	11.2	15.0		12.3	19.2	
Return on investment (Rol)	%	1.6	2.9		1.6	3.1	
					30.6.2022	31.12.2021	
Share price	€				224.20	260.50	-13.9
Munich Reinsurance Company's market capitalisation	€bn				31.4	36.5	-13.9
Carrying amount per share	€				167.31	220.06	-24.0
Investments	€m				223,275	240,300	-7.1
Insurance-related investments	€m				11,119	12,283	-9.5
Equity	€m				23,486	30,945	-24.1
Off-balance-sheet unrealised gains and losses ²	€m				9,411	18,888	-50.2
Net technical provisions	€m				233,017	234,044	-0.4
Balance sheet total	€m				299,995	312,405	-4.0
Solvency II ratio	%				252	227	
Number of staff					40,177	39,281	2.3

Reinsurance

		Q1-2 2022	Q1-2 2021	Change	Q2 2022	Q2 2021	Change
				%			%
Gross premiums written	€m	22,646	19,688	15.0	11,339	10,299	10.1
Combined ratio property-casualty	%	90.5	94.3		89.7	90.1	
Investment result	€m	85	1,455	-94.2	-124	787	-
Consolidated result	€m	1,120	1,361	-17.7	608	951	-36.0
Thereof: Reinsurance – Life and health	€m	69	145	-52.6	147	93	58.3
Thereof: Reinsurance – Property-casualty	€m	1,051	1,217	-13.6	462	858	-46.2
Return on equity (RoE) ³	%	12.2	16.4		12.9	22.2	

ERGO

		Q1-2 2022	Q1-2 2021	Change	Q2 2022	Q2 2021	Change
				%			%
Gross premiums written	€m	10,037	9,506	5.6	4,511	4,343	3.9
Combined ratio Property-casualty Germany	%	91.9	93.4		86.9	92.6	
Combined ratio International	%	93.5	93.0		94.5	92.2	
Investment result	€m	1,874	2,169	-13.6	1,095	1,146	-4.5
Consolidated result	€m	256	334	-23.2	160	155	3.1
Thereof: Life and Health Germany	€m	103	126	-17.9	59	33	81.8
Thereof: Property-casualty Germany	€m	57	106	-46.6	45	81	-44.6
Thereof: International	€m	96	102	-5.3	56	41	34.9
Return on equity (RoE) ³	%	8.3	11.1		10.5	10.4	

1 You can download this information as an Excel file; please refer to the Financial Supplement under www.munichre.com/results-reports.

2 Including those apportionable to minority interests and policyholders.

3 The previous year's figures have been adjusted, see the condensed interim consolidated financial statements in the section entitled "Segment reporting".

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Interim management report

Business environment

In the first half of 2022, the global economy's recovery from the recession triggered by the COVID-19 pandemic slowed substantially. In response to the Russian invasion of Ukraine and subsequent economic sanctions imposed on Russia, commodity prices rose considerably around the globe. Lockdowns in China had a cooling effect on its economy and worsened existing bottlenecks in global supply chains. In many countries, inflation accelerated. The USA and Germany recorded the highest inflation rates in more than 40 years. Whereas consumer prices rose across the board in the USA, in Germany the inflation was largely due to higher energy and food prices. In an effort to get the persistently high inflation under control, the Federal Reserve in the United States raised its policy rate corridor from 0–0.25% to 1.5–1.75%. In addition, it announced plans to further reduce its monthly bond purchasing volume and start tightening its balance sheet in June. Although the European Central Bank (ECB) kept its interest rate for main refinancing operations at 0%, it announced plans at the beginning of June to raise it in July. With regard to its asset purchasing programme in place since 2015, the ECB also decided to make no more net purchases from July. The high inflation and rapid return to a tighter monetary policy in the USA were reflected in a substantial rise in bond yields. At the end of June, yields on ten-year government bonds in the United States and Germany were well above the unusually low levels seen in past years.

Exchange rates

One foreign currency unit is equivalent to €:	30.6.2022	31.12.2021	Q2 2022	Q2 2021
Australian dollar	0.65774	0.63932	0.67056	0.63899
Canadian dollar	0.74154	0.69614	0.73581	0.67558
Pound sterling	1.16171	1.19104	1.17922	1.16024
Polish zloty	0.21276	0.21818	0.21509	0.22078
Swiss franc	0.99910	0.96511	0.97367	0.91091
US dollar	0.95653	0.87935	0.93923	0.82967
Yen	0.00704	0.00764	0.00724	0.00758
Yuan renminbi	0.14289	0.13797	0.14215	0.12846

Yields on ten-year government bonds

%	30.6.2022	31.12.2021
USA	3.0	1.5
Germany	1.3	-0.2

Volatility in international financial markets rose considerably. Important equity indices collapsed due to fears of a recession: at the end of June, the US Dow Jones recorded losses of 15% compared with 31 December 2021; for the EURO STOXX 50, the losses were 20%.

Equity markets

	30.6.2022	31.12.2021
EURO STOXX 50	3,455	4,298
Dow Jones Index	30,775	36,338

On the currency markets, volatility also increased. At the end of June, the values of the US dollar and the Canadian dollar were significantly higher against the euro compared with 31 December 2021, while that of the pound sterling was somewhat lower. The average value of all three currencies against the euro increased year on year. For example, in the first half of 2022 the average value of the US dollar, at €0.92, was significantly higher than in the same period last year (€0.83).

Business performance of the Group and overview of investment performance

Key figures

		Q1-2 2022	Q1-2 2021	Change	Q2 2022	Q2 2021	Change
				%			%
Gross premiums written	€m	32,683	29,193	12.0	15,850	14,642	8.3
Technical result	€m	2,502	1,554	61.0	1,527	1,074	42.2
Investment result	€m	1,958	3,624	-46.0	971	1,933	-49.8
Insurance-related investment result	€m	-1,126	765	-	-703	352	-
Operating result	€m	1,543	2,352	-34.4	763	1,554	-50.9
Currency result	€m	502	-140	-	485	-117	-
Taxes on income	€m	-552	-384	-43.7	-422	-270	-56.5
Return on equity (RoE) ¹							
Group	%	11.2	15.0		12.3	19.2	
Reinsurance	%	12.2	16.4		12.9	22.2	
ERGO	%	8.3	11.1		10.5	10.4	
Consolidated result	€m	1,376	1,695	-18.8	768	1,106	-30.5
					30.6.2022	31.12.2021	Change
							%
Solvency II ratio	%				252	227	
Equity	€bn				23.5	30.9	-24.1

1 Further information on the RoE can be found in the Group Annual Report 2021 in the section entitled "Tools of corporate management and strategic financial objectives", and in the condensed interim consolidated financial statements under Segment reporting - Notes on determining the annualised return on equity (RoE).

During the first six months of 2022, gross premiums written by the Group increased significantly year on year. In addition to positive currency translation effects, this development was driven primarily by strong organic growth in all segments, in particular in property-casualty reinsurance.

Major-loss expenditure in property-casualty reinsurance corresponded to 8.3% (11.0%) of net earned premiums, and was thus appreciably below the long-term average expected value of 13%. Munich Re posted expenditure related to the war in Ukraine of approximately €200m. In life and health reinsurance, the technical result for the first six months was overall slightly above our expectations owing to gratifying performance in Q2 - despite continued COVID-19-related losses of €259m (302m). ERGO was able to increase its technical result compared with the same period last year thanks to good performance in the Property-casualty Germany and International segments. The technical result in ERGO Life and Health Germany normalised in the first half of the year owing to higher claims expenses for health benefits and the surge in travel.

The investment result was down considerably year on year. This was mainly attributable to impairment losses on equities, write-downs of Russian and Ukrainian bonds and derivative losses, especially owing to interest-rate hedging. By contrast, regular income from investments rose slightly,

chiefly on account of increased interest rates and the stronger US dollar. Changes in exchange rates during the first half of 2022 led to a positive currency result, mainly from the US dollar. The effective tax rate rose significantly to 28.6% (18.5%) in the first six months.

Group equity was significantly lower at the end of the reporting period than at the start of the year. In addition to the dividend payout in April, this decline was mainly driven by the considerably negative development of our valuation reserves triggered by the increased interest-rate environment. As a result, we posted net unrealised losses as at 30 June 2022.

In accordance with the terms of Munich Reinsurance Company's subordinated bonds 2012/2042, we exercised our call options and redeemed two subordinated bonds in May 2022. The first bond had a nominal volume of €900m and paid a fixed annual rate of 6.25%; the second bond had a nominal volume of £450m and paid a fixed annual rate of 6.625%. Munich Reinsurance Company issued its third subordinated green bond in May, with a volume of US\$ 1.25bn. Issued in the US market, it will mature in 2042 and is callable for the first time in 2031. The bond pays a fixed rate of 5.875% p.a. until 2032, and a variable rate thereafter. The Group's debt leverage as at 30 June 2022 was 17.7% (14.7%), which is low by industry comparison.

Investment mix

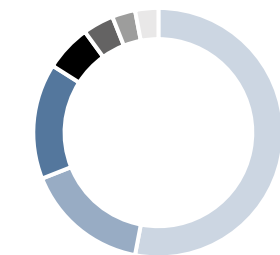
€m	Carrying amounts		Unrealised gains/losses ¹		Fair values	
	30.6.2022	31.12.2021	30.6.2022	31.12.2021	30.6.2022	31.12.2021
Land and buildings, including buildings on third-party land	7,029	7,029	6,204	6,291	13,233	13,320
Investments in affiliated companies, associates and joint ventures	3,875	3,635	2,775	2,812	6,463	6,258
Loans	49,531	50,389	-1,115	8,270	48,416	58,659
Other securities available for sale	145,860	162,468	-6,932	12,967	145,860	162,468
Thereof: Fixed-interest	123,789	138,209	-10,091	8,078	123,789	138,209
Thereof: Non-fixed-interest	22,072	24,259	3,158	4,888	22,072	24,259
Other securities at fair value through profit or loss	3,854	2,950	0	0	3,854	2,950
Thereof: Derivatives	2,201	1,718	0	0	2,201	1,718
Deposits retained on assumed reinsurance	9,393	9,027	0	0	9,393	9,027
Other investments	3,733	4,803	0	0	3,733	4,803
Total	223,275	240,300	932	30,340	230,951	257,485

1 Including on- and off-balance-sheet unrealised gains and losses.

The fair value of our investment portfolio decreased in the first half of the year, largely due to rising interest rates and falling stock market prices – which was offset by the development of exchange rates. Our portfolio continues to be dominated by fixed-interest securities and loans.

Fixed-interest portfolio by economic category¹

Total: €184bn (209bn)



Government bonds ²	53%	(55%)
Thereof: Inflation-linked bonds	4%	(8%)
Pfandbriefs/Covered bonds	16%	(16%)
Corporate bonds	15%	(14%)
Cash/Other	6%	(6%)
Policy and mortgage loans	4%	(4%)
Bank bonds	3%	(2%)
Structured products (credit structures)	3%	(3%)

1 Presentation essentially shows fixed-interest securities and loans, including deposits and cash at banks, at fair value.

2 Including other public-sector issuers and government-guaranteed bank bonds.

A total of 53% (55%) of our fixed-interest portfolio was invested in government bonds at the reporting date. In the first six months, our new investments were mainly made in French and Canadian government bonds. Reductions focused on our holdings of bonds from US and German issuers. The vast majority of our government bonds continue to come from countries with a high credit rating. The fair value of our portfolios of Russian government bonds is €0.2bn.

Our investment in bank bonds is limited and at the reporting date amounted to 3% (2%) of our portfolio of fixed-interest securities. Corporate bonds from other sectors totalled 15% (14%).

The carrying amount of our equity portfolio decreased, mostly due to the negative market development. The equity-backing ratio fell to 8.4% (8.7%). Including derivatives, the equity-backing ratio was 7.0% (7.7%). To hedge against accelerating inflation, we held inflation-linked bonds totalling €4.4bn (9.3bn) (at fair values). The inflation-linked bonds disposed of were replaced by inflation-linked swaps. Real and financial assets such as shares, property, commodities, and investments in infrastructure, renewable energies and new technologies also serve to guard against inflation. Additionally, our investments in real assets have a positive diversification effect on the overall portfolio.

Investment result¹

	Q1-2 2022	Return ²	Q1-2 2021	Return ²	Q2 2022	Q2 2021
	€m	%	€m	%	€m	€m
Regular income	3,258	2.7	3,073	2.5	1,800	1,645
Write-ups/write-downs of non-derivative investments	-2,030	-1.7	-248	-0.2	-908	-77
Gains/losses on the disposal of non-derivative investments	1,686	1.4	1,610	1.3	727	627
Net balance of derivatives	-562	-0.5	-458	-0.4	-446	-90
Other income/expenses	-394	-0.3	-353	-0.3	-202	-172
Total	1,958	1.6	3,624	2.9	971	1,933

1 Details of the result by type of investment can be found in the condensed interim consolidated financial statements in the section "Notes to the consolidated income statement".

2 Annualised return in % p.a. on the average fair value of the investment portfolio at the quarterly reporting dates. The investment portfolio used to determine the annualised return (1.6%) for the first six months is calculated as the mean value of the investment portfolios (carrying amounts) as at 31 December 2021 (€240,300m), 31 March 2022 (€233,308m) and 30 June 2022 (€223,275m), and the off-balance-sheet unrealised gains and losses (excluding owner-occupied property and insurance-based loans) as at 31 December 2021 (€17,185m), 31 March 2022 (€12,552m) and 30 June 2022 (€7,677m).

Regular income for the first six months and for Q2 increased year on year, mainly on account of higher interest rates and the stronger US dollar against the euro. The rise in regular income also benefited from increased dividends.

For the period from April to June, the return on reinvestment for our fixed-interest investments averaged 2.8% (1.7%). The higher interest-rate levels had an appreciable effect here.

We posted considerably higher net write-downs of non-derivative investments in the first half-year and in Q2 compared to the same periods last year. This resulted mainly from write-downs of Russian and Ukrainian fixed-interest bonds made above all in Q1. In the first six months, write-downs from these investments totalled €715m, with €417m attributable to reinsurance and €297 to ERGO. In

addition, the significant fall in stock market prices in the first half-year led to further impairment losses on our equity portfolio.

From January to June, the result from the disposal of non-derivative investments was slightly higher than in the same period last year. This was mainly due to gains on the disposal of equities.

The net balance of derivatives declined markedly compared with the first half of 2021. The lower net balance was mainly due to the strong increase in interest rates, which led to losses on hedging derivatives. Particularly worth mentioning in this regard are losses on ERGO's interest-rate hedging programme as well as losses from interest-rate swaps and interest futures.

Business performance of the segments

Reinsurance – Life and health

Key figures

		Q1-2 2022	Q1-2 2021	Change	Q2 2022	Q2 2021	Change
				%			%
Gross premiums written	€m	6,656	6,202	7.3	3,287	3,144	4.6
Share of gross premiums written in reinsurance	%	29.4	31.5		29.0	30.5	
Technical result, including result from insurance contracts with non-significant risk transfer	€m	259	115	125.8	240	64	277.4
Investment result	€m	252	411	-38.8	129	166	-22.2
Operating result	€m	147	184	-20.1	192	78	145.9
Consolidated result	€m	69	145	-52.6	147	93	58.3

Premium

Positive currency translation effects had an impact on the development of gross premiums written in the first half-year. We write the majority of our business in non-euro currencies (around 90%). Exchange-rate fluctuations therefore have a significant impact on premium development.

If exchange rates had remained unchanged, gross premiums written would have seen a year-on-year increase of 1.8% in the first half of the year. In contrast, Q2 saw a decrease of 2.3%. The increase in the first half-year is mainly attributable to our business in Asia and the USA. The decrease in Q2 is due to one-off effects in the same period last year.

The very pleasing growth in our financially motivated reinsurance is not reflected in gross premiums written, as the majority of new contracts are not posted in underwriting.

Result

At €112m (5m), the technical result for the first half-year was significantly higher than in the same period last year. This was mainly due to a pleasing result in the second quarter. Thus, the overall technical result for the first half of the year exceeded our expectations, even when continued COVID-19 losses are taken into account.

At €259m (302m) in the first half-year, €100m (140m) of which in Q2, COVID-19 losses were down on the previous year. While COVID-19-related expenditure was dominated by expenses for mortality covers in the USA, Q2 saw a clear

downward trend here, too. Expenditure in Asia and South Africa was down significantly on the previous year. There was a positive impact in Australia, where we were able to reduce reserves for expected IBNR losses. Overall, we were not notified of any significant expenditure in Australia during the reporting period.

In addition to the lower COVID-19 losses, Q2 saw positive effects on our claims reserves due to higher interest rates, and thus a positive impact on the result.

The COVID-19-adjusted claims experience also had a positive impact on the result. With the exception of Canada, the claims experience was better than expected across the board.

The result from insurance contracts with non-significant risk transfer continued to perform very favourably. At €148m (110m), the result in the first half of the year was significantly higher than in the same period last year. The contracts performed as expected, confirming their stabilising effect on the overall result.

The investment result for the first half-year and for Q2 was at a much lower level overall than in the same periods last year. The decline is primarily attributable to losses on interest-rate derivatives and to higher impairment losses on equities and fixed-interest bonds. Gains on the disposal of equities mitigated the decrease somewhat.

Reinsurance – Property-casualty

Key figures

		Q1-2 2022	Q1-2 2021	Change	Q2 2022	Q2 2021	Change
				%			%
Gross premiums written	€m	15,990	13,486	18.6	8,052	7,155	12.5
Share of gross premiums written in reinsurance	%	70.6	68.5		71.0	69.5	
Loss ratio	%	61.4	65.0		60.9	60.5	
Thereof: Major losses	Percentage points	8.3	11.0		7.5	6.8	
Expense ratio	%	29.1	29.3		28.8	29.6	
Combined ratio	%	90.5	94.3		89.7	90.1	
Technical result	€m	1,913	1,110	72.3	1,047	845	23.9
Investment result	€m	-167	1,043	-	-253	621	-
Operating result	€m	1,143	1,648	-30.7	444	1,196	-62.9
Consolidated result	€m	1,051	1,217	-13.6	462	858	-46.2

Premium

Gross premiums written chiefly benefited from new business and increased shares in renewed business, as well as from currency translation effects. If exchange rates had remained unchanged, premium income would have seen year-on-year increases of 11.4% for the first six months and 4.4% for the second quarter.

In the reinsurance renewals as at 1 January 2022, Munich Re was able to increase the volume of business written by 14.5% to €14.8bn. Around half of property-casualty business was renewed, with a focus on Europe, the USA (mainly excluding hurricane cover) and global business. Prices, terms and conditions improved overall. To varying degrees, prices showed an upward trend worldwide. All in all, prices for the Munich Re portfolio saw a risk-adjusted increase of 0.7%.

In the renewals as at 1 April 2022, Munich Re was able to increase the volume of business written by 7.6% to €2.7bn. It was possible to leverage growth opportunities, especially in Asia – particularly in Japan and India – as well as in Latin America. By contrast, Munich Re once again selectively discontinued business that no longer met risk/return expectations. Prices were up overall in the sectional markets, with significantly different trends dependent upon claims experience, future loss expectations and the situation in each individual market. Prices for reinsurance cover rose considerably in some markets, including the USA. All in all, prices for the Munich Re portfolio continued to be at a high level (-0.1%).

Result

The technical result rose in the first half-year and in Q2. The significant year-on-year improvement is attributable to positive claims experience in basic business and lower major-loss expenditure.

From January to June, we posted major-loss expenditure totalling €1,242m (1,324m), of which €575m (432m) was attributable to Q2, in each case after retrocessions and before tax. This amount includes run-off profits and losses for major claims from previous years, and is equivalent to

8.3% of net earned premium in the first half of the year and 7.5% in Q2. It was thus below our major-loss expectation of 13% of net earned premium, both for the first half of the year and for Q2.

Losses from natural catastrophes amounted to €734m (848m) for the first half of the year and €253m (203m) for Q2. The largest natural catastrophe losses in the first half of the year occurred in Australia and South America. Heavy rainfall in eastern Australia led to the biggest loss, which we expect to be in the region of €500m, followed by a drought in South America, with losses of around €130m.

Expenditure for man-made losses came to €508m (475m) for the first half of the year. The figure for Q2 was €322m (229m). We posted expenditure of around €200m related to the war in Ukraine, €90m of which in Q2.

In addition to the comprehensive reassessment of provisions for basic losses that we carry out primarily towards the end of the year, we also perform detailed quarterly analyses of the claims notifications we receive. As claims notifications continued to remain appreciably below the expected level, we made reserve releases in the first half-year. After adjustments for commissions, these releases amounted to around €600m, or 4.0% of net earned premium. We continue to aim to set the amount of provisions for newly emerging claims at the top end of the estimation range.

The combined ratio amounted to 90.5% (94.3%) of net earned premium for the first six months of the year and 89.7% (90.1%) for Q2. The figure for the first half-year is thus lower than the 94% target we projected at the beginning of the year for the whole of 2022.

The negative investment result for the first half-year and for Q2 was at a significantly lower level overall than in the previous year. The strong decline is primarily attributable to high losses on interest-rate derivatives and to higher impairment losses on equities and fixed-interest bonds. Higher gains on disposal of equities mitigated the decrease somewhat.

ERGO Life and Health Germany

Key figures

		Q1-2 2022	Q1-2 2021	Change	Q2 2022	Q2 2021	Change
				%			%
Total premium income ¹	€m	5,324	4,935	7.9	2,645	2,522	4.9
Gross premiums written	€m	4,896	4,569	7.2	2,435	2,304	5.7
Share of gross premiums written by ERGO	%	48.8	48.1		54.0	53.0	
Technical result	€m	154	188	-17.9	111	72	55.2
Investment result	€m	1,686	1,863	-9.5	1,040	964	7.9
Operating result	€m	-18	218	-	-32	83	-
Consolidated result	€m	103	126	-17.9	59	33	81.8

1 Total premium income includes not only gross premiums written but also savings premiums for unit-linked life insurance and capitalisation products in accordance with the applicable statutory accounting guidelines.

Premium

In the first six months of the year and in Q2, gross premiums written in the segment were higher than in the same periods in the previous year. Key drivers were the positive development in Health Germany, especially in travel and comprehensive health insurance, as well as growth attributable to new products in Life Germany. The segment's total premium income in the first half-year and in Q2 was also up compared with the same periods last year.

In Life Germany, gross premiums written in the first six months of the year amounted to €1,459m (1,435m), a rise of 1.7%. The figure for Q2 was €711m (721m). The growth in premium income in the first half-year was attributable in particular to the pleasing development of new business in capital-market-linked products and biometric products. Total premium income amounted to €1,887m (1,801m) in the first six months, and to €920m (939m) in Q2. We posted premium income of €102m (97m) in regular-premium new business and €458m (349m) in single-premium new business. The rise in single-premium and regular-premium income resulted mainly from the new banking cooperation with Santander Consumer Bank AG getting off to a successful start. In terms of annual premium equivalent (APE, i.e. regular premium income plus one-tenth of single-premium volume), which is the performance measure customary among investors, our new business increased by 12.2% to €148m (132m).

In Health Germany, gross premiums written were up by 10.3% to €2,991m (2,711m) in the first half of the year, with €1,508m (1,371m) attributable to Q2. Premiums grew by 3.8% in supplementary insurance and by 2% in comprehensive health insurance. The growth in supplementary insurance was for the most part attributable to new business not similar to life insurance, which increased by 7.8%, while portfolio effects in particular accounted for the increase in comprehensive

health insurance. Travel insurance, which saw strong growth of 109.8% year on year, also contributed significantly to premium growth in the division. This was due to the recovery of the travel market, which had been impacted by the coronavirus pandemic in the same period last year.

Gross premiums written in Digital Ventures were up 5.5% to €446m (423m) year on year in the first six months, with €216m (212m) attributable to Q2. The growth in premium income was partly due to a 4.5% rise in health insurance business, chiefly as a result of supplementary dental plans. Gross premiums written in property-casualty business were also up - by 8.4% compared with the previous year.

Result

The technical result generated in the first half-year was lower than in the same period last year. This was mainly because - following its very strong development in the first six months of 2021 - Health Germany business normalised as a result of higher claims expenses for health benefits and the surge in travel. In Q2, volatility during the year had a significantly positive impact on the technical result in Health Germany as compared with the same period the previous year.

The year-on-year investment result was down in the first half-year but increased in Q2. The drop in the first half-year was due to higher impairment losses on equities and write-downs of Russian and Ukrainian bonds; it was cushioned by higher gains on disposal and net balances of derivatives. In Q2, higher gains on disposal, especially from equities, together with an improved net balance of derivatives and increased regular income, more than offset the higher impairment losses, especially on equities. In Life Germany, due to the rise in interest rates compared with the first half of the previous year, we realised significantly fewer valuation reserves to finance the additional interest reserve.

ERGO Property-casualty Germany

Key figures

		Q1-2 2022	Q1-2 2021	Change	Q2 2022	Q2 2021	Change
				%			%
Gross premiums written	€m	2,515	2,341	7.5	836	805	3.8
Share of gross premiums written by ERGO	%	25.1	24.6		18.5	18.5	
Loss ratio	%	61.6	63.2		57.8	63.4	
Expense ratio	%	30.3	30.1		29.0	29.1	
Combined ratio	%	91.9	93.4		86.9	92.6	
Technical result	€m	166	121	37.3	144	70	105.4
Investment result	€m	64	140	-53.8	9	110	-92.3
Operating result	€m	126	163	-22.6	89	126	-29.0
Consolidated result	€m	57	106	-46.6	45	81	-44.6

Premium

Gross premiums written increased year on year for the first half-year and Q2. This improvement in the first six months of the year was due to growth of 26.1% in marine business, 21.1% in other classes of business – especially engineering, and 9.4% in fire and property insurance. Growth in gross premiums written was also posted in third-party liability insurance (6.3%), motor insurance (2.7%), and legal protection insurance (1.5%). We saw a slight decrease of 0.5% in gross premiums written in personal accident insurance in the first-half year.

Result

The technical result for the first half-year and for Q2 was significantly up year on year. The increase in the first half-year was mainly driven by a very strong operational performance, which more than offset the effects of major losses from natural catastrophes and man-made losses. For Q2, in addition to a very strong operational performance,

our expenditure for major losses was lower than in the same period last year.

The combined ratio for the first six months was down 1.4 percentage points year on year; owing to the strong operational performance, it thus remained at a very good level, despite major losses being higher. For Q2, the combined ratio improved by 5.7 percentage points year on year. This was mainly due to the very strong operational performance and favourable major claims experience.

The investment result for the first half-year and for Q2 was down year on year. In the first half-year, the increased net balance of derivatives and gains on disposal, especially of equities, year on year cushioned higher impairment losses on equities, write-downs of Russian bonds, and losses on disposal of fixed-interest bonds. In addition, high dividend payouts from alternative investments, especially in Q2 last year, had had a positive effect.

ERGO International

Key figures

		Q1-2 2022	Q1-2 2021	Change	Q2 2022	Q2 2021	Change
				%			%
Total premium income ¹	€m	2,746	2,702	1.6	1,301	1,290	0.9
Gross premiums written	€m	2,625	2,596	1.1	1,240	1,234	0.5
Share of gross premiums written by ERGO	%	26.2	27.3		27.5	28.4	
Loss ratio	%	62.7	63.5		63.6	62.4	
Expense ratio	%	30.8	29.5		31.0	29.7	
Combined ratio	%	93.5	93.0		94.5	92.2	
Technical result	€m	157	129	21.4	66	78	-15.4
Investment result	€m	124	167	-26.0	46	72	-36.4
Operating result	€m	146	139	4.8	70	72	-3.3
Consolidated result	€m	96	102	-5.3	56	41	34.9

1 Total premium income includes not only gross premiums written but also savings premiums for unit-linked life insurance and capitalisation products in accordance with the applicable statutory accounting guidelines.

Premium

Compared with the same periods last year, for the first six months and Q2 we posted an overall increase in gross premiums written, despite the sale of companies outside Germany. This was mainly thanks to strong premium growth in Poland and in Belgian health business. Adjusted to eliminate these sales and negative currency translation effects, gross premiums written in the ERGO International segment would have increased by 4.9% compared with the first half of 2021. The segment's total premium income in the first half-year and in Q2 was also up compared with the same periods last year.

In international property-casualty business, gross premiums written rose year on year by 3.3% to €1,520m (1,472m) in the first half-year, and by 3.6% to €734m (709m) in Q2. We posted significantly higher premiums year on year for the first six months, especially in Poland owing to growth particularly in motor insurance and engineering, and in the Baltic states, where premiums grew across nearly all classes of business.

In international health insurance, gross premiums written for the first half-year remained nearly constant compared with the previous year, down 0.6% to €813m (818m). The positive development in Belgium together with the strong growth of our Spanish health insurer partly offset the one-off effect resulting from the sale of a shareholding in Spain. The figure for Q2 was €363m (371m).

In international life insurance, gross premiums written for the first half-year amounted to €292m (307m), a 4.6% decrease compared with the same period last year. The

figure for Q2 was €143m (154m). In addition to reduced premiums in Belgium, where we stopped writing new business in 2017, this was chiefly due to a decrease in gross premiums written in Austria and the sale of companies outside Germany. Total premium income in the first six months totalled €413m (413m). The figure for Q2 was €204m (210m).

Result

The technical result for the first six months improved compared with the same period last year. The Q2 result was down on the previous year. The positive development in the first six months was primarily attributable to the higher result for health and life insurance in Belgium and for international legal protection business, and a strong operational performance in Greek property-casualty business.

In international property-casualty business, a higher loss ratio in Poland, especially in the motor vehicle third-party liability class of business, caused the combined ratio to increase in the first six months of the year. The combined ratio in international health business increased by 1.7 percentage points year on year in the first half-year; in Q2, the combined ratio was up 3.4 percentage points year on year, mainly as a result of claims experience and cost development in Spain.

The investment result both for the first half-year and for Q2 was down on the same periods last year, largely due to lower income from participating interests and higher impairment losses.

Prospects

This section contains forward-looking statements that are based on current assumptions and forecasts of the management of Munich Re. We do not accept any responsibility or liability in the event that they are not realised in part or in full.

It is not only the obvious fluctuations in the incidence of major losses that make an accurate forecast of IFRS results impossible. The pronounced volatility of the capital markets and exchange rates also complicate such predictions. Thus, there may be significant fluctuations in result figures and key performance indicators, despite the fact that our assets are geared to the characteristics of our liabilities.

Outlook for the Munich Re Group 2022

		As at 30.6.2022	From Q1 2022	From Annual Report 2021
Gross premiums written	€bn	64	64	61
Technical result - Life and health reinsurance ¹	€m	400	400	400
Combined ratio - Property-casualty reinsurance	%	94	94	94
Combined ratio - ERGO Property-casualty Germany	%	91	91	91
Combined ratio - ERGO Property-casualty International	%	92	92	92
Return on investment ²	%	Over 2.0	Over 2.5	Over 2.5
Consolidated result	€bn	3.3	3.3	3.3
Economic earnings	€bn	Over 3.3	Over 3.3	Over 3.3

¹ Including the result from insurance contracts with non-significant risk transfer.

² Excluding insurance-related investments.

Compared with our forecasts made in the “Prospects” section of the Group Annual Report 2021, and in the Quarterly Statement for Q1/2022, we anticipate the following changes to these key figures relevant for Munich Re after the first half of 2022:

In the 2021 Group Annual Report, we projected gross premiums written of around €42.5bn for reinsurance and €61bn for the Group. Given the continuing advantageous business opportunities in reinsurance in particular, we raised the guidance in our Q1/2022 quarterly statement to €45bn for this field of business and €64bn for the Group.

In the first half of 2022, our investment result was significantly impacted by impairment losses on equities and fixed-interest securities in particular. We therefore no longer expect that the target return on investment of over 2.5% we had envisaged in our 2021 Group Annual Report can still be achieved, and we have reduced our expected return figure to over 2.0%.

Munich Re is still aiming for a consolidated result of €3.3bn for the 2022 financial year. Given that major losses in the first half-year were lower than expected, a larger major-loss budget is available for the rest of the year and will support the achievement of our result target.

The other targets communicated for 2022 in Munich Re’s 2021 Group Annual Report remain unchanged.

At 1 July 2022, a volume of around €4.2bn, or roughly 20% of the overall portfolio, was up for renewal in the property-casualty reinsurance segment. About 40% of this was from North America, 17% from Australia, and 23% from worldwide business. These renewals represented a significant percentage of natural catastrophe business – around 24% of premium worldwide. Premium volume rose by approximately 6.4% to around €4.4bn. Of the increase, 35% pertains to property insurance and 62% to third-party liability and personal-accident insurance – with a moderate increase in special lines. Prices continued to develop positively overall, especially in loss-affected portfolios across all regions, but especially so in US business. Original rates are also increasing in many markets. The trend towards a hard insurance market continues. As a result, quality continues to play an important role in the selection of reinsurers. This allows financially solid reinsurers to position themselves as reliable long-term partners. It was possible to maintain overall the high price level for the portfolio (+0.1%). In light of higher inflation in particular, Munich Re was deliberately cautious in calculating future loss expectations.

Our geopolitical focus continues to be oriented in particular towards the ongoing war in Ukraine and a potential further escalation between Russia and the EU/USA. This has led to an exceptionally high level of uncertainty in the capital markets and a negative impact on the real economy. Munich Re's insurance business has relatively limited direct exposure in terms of the countries involved in the war, given that its traditional business is subject to war exclusion clauses. Our main exposures are in specialty classes such as aviation and marine – and in credit (re)insurance, where coverage is provided in part for political risks. On the investments side, our Russian – and, to a very limited extent, Ukrainian – government and corporate bonds are directly exposed in connection with the war in Ukraine.

Whilst the direct and indirect financial effects of the war are limited for Munich Re, the ongoing geopolitical and global economic trends bear considerable risks, including a possible interruption to the delivery of gas from Russia to the EU. In particular, Munich Re continually analyses global interest-rate and inflation levels and their potential impact on our risk profile. Persistently high inflation rates

significantly beyond expectations could have an adverse effect on claims settlement costs and claims reserves, and hence on Munich Re's business and its financial position and results. In the long run, Munich Re would benefit from higher interest rates, thanks in particular to higher regular interest income in the investment result and an increase in the solvency ratio. In the short and medium terms, however, an interest-rate increase has a negative impact on equity – especially given that fixed-interest securities lose market value and the interest-rate effect on technical provisions is not fully recognised under IFRS accounting. In addition, Munich Re continuously analyses the impact a gas cut-off would have on its insurance business, investments and own business operations.

All other statements relating to opportunities and risks as presented in the Munich Re Group Annual Report 2021 apply unchanged. Munich Re continues to enjoy a very solid capital base, and the solvency ratio (without the application of transitional measures) lies above the communicated optimal range of 175–220%.

Condensed interim consolidated financial statements

Consolidated balance sheet
as at 30 June 2022

Assets

	30.6.2022		31.12.2021	Change		
	€m	€m	€m	€m	%	
A. Intangible assets						
I. Goodwill		3,287	3,092	195	6.3	
II. Other intangible assets		1,335	1,286	49	3.8	
			4,622	243	5.6	
B. Investments						
I. Land and buildings, including buildings on third-party land		7,029	7,029	1	0.0	
II. Investments in affiliated companies, associates and joint ventures		3,875	3,635	240	6.6	
Thereof: Associates and joint ventures accounted for using the equity method		3,444	3,215	229	7.1	
III. Loans		49,531	50,389	-858	-1.7	
IV. Other securities						
1. Available for sale	145,860		162,468	-16,608	-10.2	
2. At fair value through profit or loss	3,854		2,950	904	30.6	
		149,714	165,418	-15,704	-9.5	
V. Deposits retained on assumed reinsurance		9,393	9,027	366	4.1	
VI. Other investments		3,733	4,803	-1,071	-22.3	
			223,275	240,300	-17,025	
C. Insurance-related investments			11,119	12,283	-1,163	
D. Ceded share of technical provisions			5,994	6,099	-104	
E. Receivables						
I. Current tax receivables		1,030	715	314	43.9	
II. Other receivables		32,169	29,058	3,111	10.7	
			33,198	29,773	3,425	
F. Cash at banks, cheques and cash in hand			6,312	5,413	899	
G. Deferred acquisition costs						
Gross		10,757	10,545	212	2.0	
Ceded share		-606	-608	2	0.4	
Net			10,151	9,937	214	2.2
H. Deferred tax assets			1,742	503	1,239	
I. Other assets			3,076	3,167	-91	
J. Non-current assets held for sale			506	552	-46	
Total assets			299,995	312,405	-12,409	

Equity and liabilities

	30.6.2022		31.12.2021		Change
	€m	€m	€m	€m	%
A. Equity					
I. Issued capital and capital reserve	7,431		7,432	-1	0.0
II. Retained earnings	15,765		13,822	1,943	14.1
III. Other reserves	-1,186		6,642	-7,829	-
IV. Consolidated result attributable to Munich Reinsurance Company equity holders	1,377		2,933	-1,555	-53.0
V. Non-controlling interests	98		116	-18	-15.2
		23,486	30,945	-7,460	-24.1
B. Subordinated liabilities		4,742	5,055	-313	-6.2
C. Gross technical provisions					
I. Unearned premiums	15,153		13,474	1,680	12.5
II. Provision for future policy benefits	115,845		114,586	1,259	1.1
III. Provision for outstanding claims	86,980		81,671	5,309	6.5
IV. Other technical provisions	13,245		21,414	-8,169	-38.1
		231,224	231,145	79	0.0
D. Gross technical provisions for unit-linked life insurance		7,787	8,998	-1,211	-13.5
E. Other provisions		2,854	4,958	-2,103	-42.4
F. Liabilities					
I. Bonds and notes issued	312		293	19	6.3
II. Deposits retained on ceded business	1,063		1,502	-439	-29.2
III. Current tax liabilities	1,518		1,845	-328	-17.8
IV. Other liabilities	26,620		26,069	551	2.1
		29,513	29,709	-197	-0.7
G. Deferred tax liabilities		133	1,300	-1,167	-89.8
H. Liabilities related to non-current assets held for sale		256	294	-38	-12.9
Total equity and liabilities		299,995	312,405	-12,409	-4.0

Consolidated income statement

1 January to 30 June 2022

	Q1-2 2022		Q1-2 2021		Change	
	€m	€m	€m	€m	€m	%
Gross premiums written	32,683			29,193	3,489	12.0
1. Earned premiums						
Gross	31,517			27,510	4,007	14.6
Ceded	-1,340			-1,111	-229	-20.6
Net		30,176		26,399	3,778	14.3
2. Income from technical interest		1,381		3,140	-1,759	-56.0
3. Expenses for claims and benefits						
Gross	-22,741			-22,405	-335	-1.5
Ceded	1,084			726	359	49.5
Net		-21,656		-21,680	24	0.1
4. Operating expenses						
Gross	-7,754			-6,516	-1,237	-19.0
Ceded	355			212	143	67.5
Net		-7,399		-6,305	-1,094	-17.4
5. Technical result (1-4)			2,502	1,554	948	61.0
6. Investment result		1,958		3,624	-1,666	-46.0
Thereof:						
Income from associates and joint ventures accounted for using the equity method		34		132	-97	-74.0
7. Insurance-related investment result		-1,126		765	-1,891	-
8. Other operating income		582		467	115	24.6
9. Other operating expenses		-992		-918	-74	-8.1
10. Deduction of income from technical interest		-1,381		-3,140	1,759	56.0
11. Non-technical result (6-10)			-959	798	-1,757	-
12. Operating result (5+11)			1,543	2,352	-809	-34.4
13. Other non-operating result			-24	-21	-3	-16.0
14. Currency result			502	-140	642	-
15. Net finance costs			-93	-112	19	17.0
16. Taxes on income			-552	-384	-168	-43.7
17. Consolidated result (12-16)			1,376	1,695	-319	-18.8
Thereof:						
Attributable to Munich Reinsurance Company equity holders			1,377	1,699	-322	-18.9
Attributable to non-controlling interests			-1	-4	3	68.1
			€	€	€	%
Earnings per share			9.83	12.13	-2.30	-18.9

Consolidated income statement

1 April to 30 June 2022

	Q2 2022		Q2 2021		Change	
	€m	€m	€m	€m	€m	%
Gross premiums written	15,850			14,642	1,208	8.3
1. Earned premiums						
Gross	16,029			14,251	1,777	12.5
Ceded	-640			-623	-16	-2.6
Net		15,389		13,628	1,761	12.9
2. Income from technical interest		817		1,574	-757	-48.1
3. Expenses for claims and benefits						
Gross	-11,328			-11,254	-75	-0.7
Ceded	452			363	89	24.4
Net		-10,877		-10,890	14	0.1
4. Operating expenses						
Gross	-3,949			-3,342	-607	-18.1
Ceded	146			105	42	39.7
Net		-3,803		-3,238	-565	-17.5
5. Technical result (1-4)			1,527	1,074	453	42.2
6. Investment result		971		1,933	-962	-49.8
Thereof:						
Income from associates and joint ventures accounted for using the equity method		13		86	-73	-84.4
7. Insurance-related investment result		-703		352	-1,055	-
8. Other operating income		302		226	76	33.8
9. Other operating expenses		-517		-457	-60	-13.2
10. Deduction of income from technical interest		-817		-1,574	757	48.1
11. Non-technical result (6-10)			-764	481	-1,244	-
12. Operating result (5+11)			763	1,554	-792	-50.9
13. Other non-operating result			-11	-9	-1	-14.6
14. Currency result			485	-117	601	-
15. Net finance costs			-46	-53	6	12.1
16. Taxes on income			-422	-270	-152	-56.5
17. Consolidated result (12-16)			768	1,106	-338	-30.5
Thereof:						
Attributable to Munich Reinsurance Company equity holders			770	1,106	-336	-30.4
Attributable to non-controlling interests			-2	0	-2	-
			€	€	€	%
Earnings per share			5.50	7.89	-2.39	-30.3

Consolidated income statement (quarterly breakdown)

	Q2 2022	Q1 2022	Q4 2021	Q3 2021	Q2 2021	Q1 2021
	€m	€m	€m	€m	€m	€m
Gross premiums written	15,850	16,833	14,894	15,480	14,642	14,551
1. Earned premiums						
Gross	16,029	15,488	15,430	14,657	14,251	13,258
Ceded	-640	-701	-594	-691	-623	-488
Net	15,389	14,787	14,836	13,967	13,628	12,771
2. Income from technical interest	817	565	1,292	1,350	1,574	1,566
3. Expenses for claims and benefits						
Gross	-11,328	-11,412	-11,595	-12,957	-11,254	-11,152
Ceded	452	633	282	567	363	362
Net	-10,877	-10,780	-11,313	-12,390	-10,890	-10,790
4. Operating expenses						
Gross	-3,949	-3,805	-4,058	-3,537	-3,342	-3,174
Ceded	146	208	90	135	105	107
Net	-3,803	-3,596	-3,968	-3,402	-3,238	-3,067
5. Technical result (1-4)	1,527	976	848	-475	1,074	480
6. Investment result	971	987	1,425	2,107	1,933	1,691
Thereof:						
Income from associates and joint ventures accounted for using the equity method	13	21	86	1	86	46
7. Insurance-related investment result	-703	-423	286	68	352	413
8. Other operating income	302	280	426	311	226	241
9. Other operating expenses	-517	-475	-732	-456	-457	-461
10. Deduction of income from technical interest	-817	-565	-1,292	-1,350	-1,574	-1,566
11. Non-technical result (6-10)	-764	-195	114	678	481	318
12. Operating result (5+11)	763	780	962	204	1,554	798
13. Other non-operating result	-11	-14	-52	-18	-9	-12
14. Currency result	485	17	160	242	-117	-23
15. Net finance costs	-46	-47	-48	-45	-53	-59
16. Taxes on income	-422	-130	-150	-18	-270	-114
17. Consolidated result (12-16)	768	608	871	366	1,106	589
Thereof:						
Attributable to Munich Reinsurance Company equity holders	770	607	868	365	1,106	594
Attributable to non-controlling interests	-2	0	3	1	0	-5
	€	€	€	€	€	€
Earnings per share	5.50	4.34	6.20	2.61	7.89	4.24

Statement of recognised income and expense

1 January to 30 June 2022

€m	Q1-2 2022	Q1-2 2021
Consolidated result	1,376	1,695
Currency translation		
Gains (losses) recognised in equity	1,257	528
Recognised in the consolidated income statement	0	0
Unrealised gains and losses on investments		
Gains (losses) recognised in equity	-8,434	-780
Recognised in the consolidated income statement	-648	-482
Change resulting from equity method measurement		
Gains (losses) recognised in equity	6	-47
Recognised in the consolidated income statement	0	0
Change resulting from cash flow hedges		
Gains (losses) recognised in equity	-3	-1
Recognised in the consolidated income statement	0	0
Other changes	13	7
I. Items where income and expenses recognised directly in equity are reallocated to the consolidated income statement	-7,808	-774
Remeasurements of defined benefit plans	589	383
Other changes	0	0
II. Items where income and expenses recognised directly in equity are not reallocated to the consolidated income statement	589	383
Income and expense recognised directly in equity (I + II)	-7,219	-392
Total recognised income and expense	-5,843	1,303
Thereof:		
Attributable to Munich Reinsurance Company equity holders	-5,833	1,302
Attributable to non-controlling interests	-10	1

Statement of recognised income and expense

1 April to 30 June 2022

€m		Q2 2022	Q2 2021
Consolidated result		768	1,106
Currency translation			
Gains (losses) recognised in equity	820		-113
Recognised in the consolidated income statement	0		0
Unrealised gains and losses on investments			
Gains (losses) recognised in equity	-4,533		959
Recognised in the consolidated income statement	-123		-130
Change resulting from equity method measurement			
Gains (losses) recognised in equity	-11		-40
Recognised in the consolidated income statement	0		0
Change resulting from cash flow hedges			
Gains (losses) recognised in equity	-2		0
Recognised in the consolidated income statement	0		0
Other changes	0		4
I. Items where income and expenses recognised directly in equity are reallocated to the consolidated income statement	-3,849		680
Remeasurements of defined benefit plans	400		120
Other changes	0		0
II. Items where income and expenses recognised directly in equity are not reallocated to the consolidated income statement	400		120
Income and expense recognised directly in equity (I + II)		-3,449	799
Total recognised income and expense		-2,681	1,906
Thereof:			
Attributable to Munich Reinsurance Company equity holders		-2,674	1,898
Attributable to non-controlling interests		-6	6

Group statement of changes in equity

	Issued capital	Capital reserve
€m		
Balance at 31.12.2020	588	6,845
Allocation to retained earnings	0	0
Consolidated result	0	0
Income and expense recognised directly in equity	0	0
Currency translation	0	0
Unrealised gains and losses on investments	0	0
Change resulting from equity method measurement	0	0
Change resulting from cash flow hedges	0	0
Remeasurements of defined benefit plans	0	0
Other changes	0	0
Total recognised income and expense	0	0
Change in shareholdings in subsidiaries	0	0
Change in consolidated group	0	0
Dividend	0	0
Purchase of own shares	0	0
Retirement of own shares	0	0
Balance at 30.6.2021	588	6,845
Balance at 31.12.2021	588	6,845
Allocation to retained earnings	0	0
Consolidated result	0	0
Income and expense recognised directly in equity	0	0
Currency translation	0	0
Unrealised gains and losses on investments	0	0
Change resulting from equity method measurement	0	0
Change resulting from cash flow hedges	0	0
Remeasurements of defined benefit plans	0	0
Other changes	0	0
Total recognised income and expense	0	0
Change in shareholdings in subsidiaries	0	0
Change in consolidated group	0	0
Dividend	0	0
Purchase of own shares	-1	0
Retirement of own shares	0	0
Balance at 30.6.2022	586	6,845

Equity attributable to Munich Reinsurance Company equity holders						Non-controlling interests	Total equity
Retained earnings		Other reserves			Consolidated result		
Retained earnings before deduction of own shares	Treasury shares	Unrealised gains and losses	Currency translation reserve	Remeasurement gains/losses from cash flow hedges			
13,568	0	7,936	-262	9	1,211	100	29,994
-162	0	0	0	0	162	0	0
0	0	0	0	0	1,699	-4	1,695
332	0	-1,258	527	1	0	6	-392
0	0	0	527	0	0	0	528
0	0	-1,262	0	0	0	0	-1,262
-53	0	4	0	2	0	0	-47
0	0	0	0	-1	0	0	-1
383	0	0	0	0	0	0	383
2	0	0	0	0	0	5	7
332	0	-1,258	527	1	1,699	1	1,303
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
0	0	0	0	0	-1,373	-4	-1,377
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
13,738	0	6,678	266	10	1,699	97	29,920
13,822	0	5,784	848	11	2,933	116	30,945
1,392	0	0	0	0	-1,392	0	0
0	0	0	0	0	1,377	-1	1,376
618	0	-9,087	1,257	1	0	-9	-7,219
0	0	0	1,257	0	0	0	1,257
0	0	-9,073	0	0	0	-9	-9,082
17	0	-14	0	4	0	0	6
0	0	0	0	-3	0	0	-3
589	0	0	0	0	0	0	589
13	0	0	0	0	0	0	13
618	0	-9,087	1,257	1	1,377	-10	-5,843
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
0	0	0	0	0	-1,541	-7	-1,548
0	-67	0	0	0	0	0	-68
0	0	0	0	0	0	0	0
15,832	-67	-3,303	2,105	12	1,377	98	23,486

Condensed consolidated cash flow statement

1 January to 30 June 2022

€m	Q1-2 2022	Q1-2 2021
Consolidated result	1,376	1,695
Net change in technical provisions	-2,880	6,179
Change in deferred acquisition costs	-103	-353
Change in deposits retained on assumed and ceded business	-717	-390
Change in other receivables and liabilities	-3,331	-1,697
Gains and losses on the disposal of investments and insurance-related investments	-1,520	-1,422
Change in securities at fair value through profit or loss	-1,190	-269
Change in other balance sheet items	-3,856	-960
Other non-cash income and expenses	3,777	-312
I. Cash flows from operating activities	-8,444	2,471
Change from losing control of consolidated subsidiaries	6	0
Change from obtaining control of consolidated subsidiaries	12	-133
Change from the acquisition, sale and maturity of investments	11,603	261
Change from the acquisition, sale and maturity of insurance-related investments	-413	-204
Other	59	76
II. Cash flows from investing activities	11,267	0
Inflows from increases in capital and from non-controlling interests	0	0
Outflows to ownership interests and non-controlling interests	-68	0
Dividend payments	-1,548	-1,377
Change from other financing activities	-415	-1,136
III. Cash flows from financing activities	-2,031	-2,513
Cash flows for the financial year (I + II + III)¹	792	-42
Effect of exchange-rate changes on cash and cash equivalents	120	50
Cash at the beginning of the financial year	5,413	5,615
Cash at 30 June of the financial year	6,326	5,622
Thereof:		
Cash not attributable to disposal group	6,312	5,598
Cash attributable to disposal group	14	24

¹ Cash mainly comprises cash at banks.

Selected notes to the consolidated financial statements

Recognition and measurement

This Half-Year Financial Report as at 30 June 2022 has been prepared in accordance with International Financial Reporting Standards (IFRSs) as applicable in the European Union. The condensed interim consolidated financial statements are prepared in accordance with IAS 34, Interim Financial Reporting. We have complied with all new and amended IFRSs and interpretations from the IFRS Interpretations Committee that Munich Re was first required to apply from 1 January 2022. For existing or unchanged IFRSs, the same principles of recognition, measurement, consolidation and disclosure have been applied as in our consolidated financial statements as at 31 December 2021, with the exception of the changes mentioned below.

As of the 2022 financial year, application of the following new or amended IFRSs is mandatory for the first time:

- Amendments published under the project "Annual Improvements to IFRSs" 2018-2020 cycle (rev. 5/2020): amendments to IFRS 1, First-time Adoption of International Financial Reporting Standards; IFRS 9, Financial Instruments; IFRS 16, Leases; and IAS 41, Agriculture
- Amendments to IFRS 3 (rev. 5/2020), Business Combinations – Reference to the Conceptual Framework
- Amendments to IAS 16 (rev. 5/2020), Property, Plant and Equipment – Proceeds before Intended Use
- Amendments to IAS 37 (rev. 5/2020), Provisions, Contingent Liabilities and Contingent Assets – Onerous Contracts – Cost of Fulfilling a Contract

Munich Re is exercising the option to defer application of IFRS 9, Financial Instruments, until the introduction of IFRS 17, Insurance Contracts, in order to prevent accounting mismatches arising from the measurement of underwriting liabilities and investments. As a consequence of deferring the introduction of IFRS 9, we must make additional disclosures

until we apply the standard for the first time. This will make it possible to compare our presentation of investments and other financial instruments with those of companies that already apply IFRS 9.

To make use of this exception under IFRS 4, Insurance Contracts, it was necessary to document on the basis of the financial statements as at 31 December 2015 that most of the Group's activity is in insurance. Insurance business is considered "predominant" if at the time of measurement more than 90% of total liabilities were related to insurance business. Besides liabilities that fall within the scope of IFRS 4, these also include liabilities from investment contracts measured at fair value and other liabilities resulting from insurance business. At Munich Re, liabilities related to insurance business accounted for a share of around 96.5% of total liabilities as at 31 December 2015. In the meantime, there have been no changes to our business activities that would necessitate a reassessment.

The introduction of IFRS 9 changes the requirements related to the classification and measurement of our financial assets; the measurement of these assets under IFRS 9 is geared to their contractual cash flows and to the relevant business model. If the cash flows only comprise the payment of interest and principal on the nominal amount outstanding, measurement is based either on amortised cost or - outside profit or loss - on the fair value, depending on the business model. By contrast, equities, derivatives and complex structured products are measured at fair value through profit or loss. We will similarly measure insurance-related investments at fair value through profit or loss, as we will manage these investments under IFRS 9 based on their fair value within the "Other" business model. The following table provides an overview of how we would measure our financial assets under IFRS 9. The financial assets that meet the cash flow requirement do not include those that are managed on the basis of their fair value within the "Other" business model under IFRS 9. Such assets are instead included in the "Cash flow requirement not met" columns, along with the instruments that do not meet the cash flow requirements.

Disclosures relating to fair value

€m	Cash flow requirement met			Cash flow requirement not met		
	30.6.2022	31.12.2021	Change	30.6.2022	31.12.2021	Change
Loans						
Mortgage loans	7,598	8,315	-717	0	0	0
Loans and advance payments on insurance policies	170	183	-13	5	0	5
Other loans	35,705	43,526	-7,821	4,938	6,635	-1,697
Other securities available for sale						
Fixed-interest securities						
Government bonds						
Germany	6,838	7,297	-459	16	17	-1
Rest of EU	19,992	24,710	-4,718	23	26	-3
USA	19,691	21,418	-1,727	0	0	0
Other	26,849	28,624	-1,774	43	106	-63
Corporate debt securities	40,919	44,700	-3,781	634	1,103	-470
Other	8,495	9,953	-1,459	289	253	36
Non-fixed-interest securities						
Equities	0	0	0	12,437	15,030	-2,593
Investment funds						
Equity funds	0	0	0	453	945	-493
Bond funds	0	0	0	2,049	2,096	-47
Real estate funds	0	0	0	268	304	-36
Other	0	0	0	6,863	5,882	981
Other securities at fair value through profit or loss						
Held for trading	29	14	15	2,259	1,809	450
Securities designated as at fair value through profit and loss	1,202	820	382	364	318	46
Other investments, deposits with banks	2,471	3,363	-892	0	0	0
Insurance-related investments						
Investments for unit-linked life insurance contracts	0	0	0	7,419	8,582	-1,163
Insurance contracts with non-significant risk transfer	0	0	0	4,367	4,088	279
Other insurance-related investments	0	0	0	3,702	3,703	-1
Other receivables¹, miscellaneous financial receivables	3,907	2,645	1,262	33	0	33
Cash at banks, cheques and cash in hand	6,312	5,413	899	0	0	0

1 We have broken down "Other receivables" into financial and non-financial receivables. The figures from the previous year were adjusted in line with IAS 1.41.

The following table provides for an assessment of the quality of our investments that will not be measured at fair value through profit or loss in line with IFRS 9 as their contractual cash flows only comprise the payment of principal and interest on the nominal amount outstanding. The amounts shown are the carrying amounts of these investments pursuant to IAS 39, Financial Instruments: Recognition and Measurement.

The table does not include cash with banks, cheques, cash in hand or "Miscellaneous financial receivables". However, these mainly comprise business with counterparties of first-class financial strength with a rating of at least BBB.

Ratings for investments that meet the cash flow requirement

€m	30.6.2022	31.12.2021
AAA	71,365	78,212
AA	38,878	40,276
A	21,076	24,666
BBB	22,394	25,415
Lower	8,198	9,170
No rating	7,877	8,758
Total	169,787	186,498

From the Group's perspective, financial assets with a higher credit risk - i.e. rated BB or lower, and measured at amortised cost under IAS 39 - were immaterial.

Financial assets held by subsidiaries already required to use IFRS 9 under national law were also immaterial from the Group's perspective.

For several associates and joint ventures that already use IFRS 9 and accounted for in Munich Re's consolidated financial statements using the equity method, we applied the exemption from IAS 28.36 provided in IFRS 4.200(b) and retained the financial statements of these associates and joint ventures prepared under IFRS 9 when applying the equity method.

Material effects on Munich Re as a result of the coronavirus pandemic are mentioned in the "Segment reporting" section and in the "Business performance of the segments" section of the management report. We have subjected all relevant items to an appropriate test, including in particular fixed-interest securities. With regard to the effects on the technical provisions, please refer to the section "Segment reporting". The analyses conducted did not identify any further material impact on the balance sheet.

The impact of the Russian war in Ukraine is described in the sections "Segment reporting" and "Notes to the consolidated balance sheet" and in the management report in the sections "Business performance of the Group and overview of investment performance" and "Business performance of the segments".

New standards and amendments to standards that are not yet effective

Unless otherwise stated, all new standards or amendments to standards that are not yet effective will be applied by Munich Re for the first time as from the mandatory effective date for entities with their registered office in the European Union. The relevant dates for mandatory initial application are shown in the following list of new standards.

IFRS 9 Financial Instruments

IFRS 9 (7/2014), Financial Instruments, supersedes the IAS 39 requirements relating to recognition and measurement of financial instruments. In future, financial assets will be categorised on the basis of contractual cash flow characteristics and the business model according to which the asset is managed. Accordingly, they are subsequently measured at amortised cost, at fair value outside profit or loss, or at fair value through profit or loss.

For financial liabilities, there are no changes in the measurement rules except that if the fair value option is applied, value changes attributable to a change in the entity's own credit risk must in future be recognised at value outside profit or loss, provided that this does not create or increase an accounting mismatch.

IFRS 9 envisages an expected loss model for recognising impairment losses, under which – unlike under the current IAS 39 incurred loss model – expected losses are anticipated before they arise and must be recognised as an expense. There will only be one model for recognising impairment losses. It must be used consistently for all financial assets falling under the IFRS 9 impairment rules.

Hedge accounting under IFRS 9 focuses more strongly on the entity's risk management activities than was the case under the current rules of IAS 39.

IFRS 9 requires extensive additional disclosures in the notes that were incorporated in IFRS 7, Financial Instruments: Disclosures.

The requirements are effective for financial years beginning on or after 1 January 2018. As an insurance company, we are exercising the option under IFRS 4 to defer initial application of IFRS 9 in order to implement it at a later date together with IFRS 17. For more information, please see the comments on IFRS 17 below.

A Group-wide project ensures that we implement the required processes within the specified period. As part of this project, we successfully conducted a global integration test of our accounting systems in 2022. The successful testing will be followed by preparations for the initial application as at 1 January 2023. Upon first-time application of the expected loss model, we anticipate a minor initial decrease in equity owing to the current capital market situation. In the scope of the first-time application of IFRS 17, Munich Re will exercise the option of applying IFRS 9 (without the expected loss model) to several selected securities holdings during the comparative period of 2022 for the 2023 consolidated financial statements. For more information, please see the comments on IFRS 17 below and the section "Recognition and measurement". Doing so will not affect the ongoing preparation of the 2022 consolidated financial statements pursuant to IFRS 4 and IAS 39. In line with IFRS 9, exhaustive comparative figures under IFRS 9 for the 2022 comparative period will not be published in the 2023 consolidated financial statements.

IFRS 17 Insurance Contracts

In **IFRS 17 (05/2017), Insurance Contracts**, the IASB has for the first time published a standard that governs the recognition, measurement and disclosure of insurance contracts in a comprehensive and uniform manner. The rules require extensive new disclosures in the notes to the financial statements. The new standard will replace IFRS 4.

IFRS 17 is applicable to all primary insurance contracts, reinsurance contracts and investment contracts with discretionary participation features. Measurement is not made at the individual contract level, but on the basis of portfolios that are subdivided into specified groups based on their profitability and on contracts concluded in annual cohorts. We do not make use of the option of exempting groups of contracts from the annual cohort requirement (annual cohort exemption).

IFRS 17 provides a consistent accounting model for all insurance contracts. The basic approach consists in applying the general measurement model, which is mainly used in life reinsurance. In view of the high complexity of the general measurement model, IFRS 17 provides the option of using a simplified measurement approach, called the premium allocation approach (PAA), primarily for short-term contracts. After transitioning to IFRS 17, we will make use of this option for the bulk of our primary insurance and reinsurance contracts in property-casualty business. In addition, the standard provides for a modified accounting model, called the variable fee approach (VFA), for certain participating primary insurance contracts. We apply this model for eligible life and health primary insurance contracts. A more detailed explanation of the basic features of these approaches is given below.

Contracts measured using the general measurement model (GMM)

Procedure

The general measurement model is based on a building block approach that consists of four blocks: The expected future cash flows for contract fulfilment form the basis for measuring our receivables and liabilities from insurance contracts under the general measurement model (building block 1). The cash flows are discounted in order to make them comparable even though they occur at different

times (building block 2). By comparing the present value of expected cash inflows against the present value of expected cash outflows, we arrive at the present value of the net cash flows relevant for the measurement. This present value is subjected to a risk adjustment to reflect the assumption of underwriting risk, i.e. uncertainty about the timing of cash flows and the amount of a loss (building block 3). For contracts that are expected to be profitable at initial recognition, we recognise a contractual service margin which represents the expected profit (building block 4). The latter is realised over time as insurance services are provided over the coverage period.

For all measurement models, there is a general distinction between a pre-claims stage (liability for remaining coverage) and a claims stage after the occurrence of an insured event (liability for incurred claims).

When recognising insurance contracts, we compare the present value of the expected inflows, the present value of the expected outflows, and the risk adjustment. If the present value of the expected inflows exceeds the present value of the expected outflows plus the risk adjustment, there is an expected profit, which we defer through the contractual service margin. By contrast, for groups of contracts where the sum of the present value of cash outflows and the risk adjustment exceeds the present value of the expected inflows, a loss component that reflects the expected loss on initial recognition is recognised directly as an expense.

For subsequent measurement of the liability for remaining coverage, building blocks 1 to 3 are remeasured using updated assumptions and inputs. The contractual service margin is adjusted to reflect changes in non-financial assumptions of future coverage and new business margins, among other things, and is amortised as services are provided over time. The carrying amount of the liability for remaining coverage is the sum of the present value of expected net outflows, the risk adjustment and the contractual service margin at the reporting date.

Cash flows (building block 1)

Insurance contract measurement is based on a current estimate of all cash flows required to fulfil the contract within the contract boundaries.

Cash flows that need to be taken into account include premium payments, expenses for claims and benefits, acquisition and administration costs, and loss adjustment expenses. The cash flows included in the measurement model reflect our current assessments and expectations regarding the fulfilment of our liabilities at the reporting date.

Discounting (building block 2)

Under the general measurement model, all future cash flows are discounted using current interest rates. Measurement thus takes account of the time value of money, so that cash flows expected to occur at different times are made comparable. We ensure that the interest-rate curves used for discounting are as consistent as possible with the overall cash flow characteristics of the insurance contracts, and make use of observable market inputs wherever possible. Interest-rate curves are determined using a bottom-up approach based on risk-free interest rates. As a consequence, credit spreads bear no influence on discounting the cash flows and risk adjustment. The interest-rate curves we use under IFRS 17 do not take into account any type of default risk. Furthermore, an illiquidity premium may be added to the interest-rate curve to take account of the differences in liquidity between the insurance liabilities and the liquid reference instruments used in determining the risk-free interest rate. We do this for the relevant portfolios in life primary insurance business, in particular.

At each reporting date, the expected fulfilment cash flows for the liability for remaining coverage and for the liability for incurred claims are remeasured using current interest rates. The same applies to the risk adjustment (building block 3), which is determined using current interest rates. IFRS 17 provides for the option, applied at portfolio level, to recognise the impact of changes in interest rates and other financial inputs directly in equity rather than in profit or loss. We make use of this option for the majority of our insurance portfolios, irrespective of the measurement model used.

Risk adjustment (building block 3)

Cash flows arising from insurance contracts usually involve a high degree of uncertainty regarding the timing and amount of a claim. In addition, there may be changes to the assumptions made about the insurance business as a result of changes in policyholder behaviour or in the use of available options. To account for this uncertainty, IFRS 17 provides for a third building block, namely an explicit risk adjustment for bearing non-financial risks. It represents the compensation we require for bearing the risk, and is added to the present value of the net cash flows to arrive at the present value of the fulfilment cash flows relevant for the measurement.

The risk adjustment is determined in accordance with our internal risk model, taking Group-wide risk diversification into account. We apply a cost-of-capital method for determining the risk adjustment. Like the present value of the cash flows, the risk adjustment is reviewed at each reporting date and updated to reflect a changed environment.

Contractual service margin (building block 4)

The contractual service margin represents the expected profit of a contract at initial recognition that is spread over the coverage period as services are provided. If at initial recognition the present value of expected inflows exceeds the present value of expected outflows plus the risk adjustment, the expected profit from the insurance cover is initially recognised as a contractual service margin, and taken into account as a liability item in measuring the technical provisions. Contracts that are expected to be profitable are thus recognised outside profit or loss. If additional profitable contracts are included in a group of contracts within an annual cohort over time, the expected profit from the new business is added to the contractual service margin at initial recognition. On subsequent measurement, the contractual service margin is recognised through profit or loss in the income statement as part of insurance revenue. The amount of the service margin to be released for each period is established using coverage units. These are used to determine the quantity of services provided for the in-force contracts in the current reporting period in relation to the expected total services provided over the whole of the coverage period. For all of our insurance business, we define the coverage units in such a way as to ensure that they reflect the services provided as accurately as possible. We generally use volume-based coverage units such as the sum insured or the capital at risk, which are sometimes adjusted to reflect the specific characteristics of the (re)insurance business concerned.

By contrast, if at inception of the contract we expect the insurance cover to produce a loss, we identify a corresponding portion of the present value of the expected net cash flows plus the risk adjustment as a loss component. We recognise the expected loss in the income statement directly upon conclusion of the contract, or as soon as we become aware that the group of contracts is onerous. When grouping contracts together, we always strive to ensure that contracts expected to be onerous are not put into the same group with profitable contracts. When making subsequent measurements, our control mechanisms are also designed to identify at an early stage any groups of contracts that are to be classified as onerous in terms of future coverage. A loss component will always reflect the expected loss from the services still to be provided at a given point in time. We systematically amortise the loss component based on the remaining fulfilment cash flows and risk adjustment until the end of the coverage period.

A profitable group of contracts within an annual cohort may become onerous on subsequent measurement. In this case, a loss component has to be recognised. Similarly, a group of contracts classified as onerous may become profitable on subsequent measurement, giving rise to a contractual service margin. At the end of the coverage period, both the loss component and the contractual service margin have been completely amortised in profit or loss.

Contracts measured using the premium allocation approach (PAA)

Scope of application

We use the premium allocation approach for all groups of contracts that meet the requirements for applying the simplified measurement model. This is the case if the coverage period of the contracts is one year or less, or (for longer coverage periods) if the simplified model produces a reasonable approximation of the general model. The length of the coverage period is mainly determined by the concept of contract boundaries under IFRS 17. We use the premium allocation approach for the bulk of our property-casualty insurance and reinsurance business. In addition, we generally use the PAA to account for health primary insurance contracts not conducted like life insurance.

Procedure

On initial recognition of a group of insurance contracts, we recognise a liability for remaining coverage, equal to the premiums received less acquisition costs paid. For business classified as profitable, neither the present value of the expected net cash flows, nor the risk adjustment, nor the contractual service margin are explicitly determined and recognised in the balance sheet. If the coverage period of the contracts in the group is one year or less, any acquisition costs incurred may be recognised directly as an expense. We avail ourselves of this option for a substantial part of our property-casualty primary insurance business. Moreover, IFRS 17 provides for simplifications in terms of the discounting of future cash flows compared with the general measurement model. If there is no significant financing component and if claims settlement is expected within a year of the occurrence of loss, no discounting is required. We currently do not apply this option. In order to provide for maximum transparency and comparability in measuring our business, we consistently take account of the time value of money also when using the premium allocation approach.

If we are aware of any indications that the contracts we conclude should be classified as onerous under the general measurement model, we compare the amount of the liability determined under the PAA with the result of the measurement under the general measurement model. If the comparison shows that the fulfilment cash flows for the liability for remaining coverage under the GMM exceed the carrying amount determined under the PAA, we directly recognise the balance as an expense in the form of a loss component. To this end, we explicitly calculate the present value of the net cash flows and the risk adjustment in order to be able to make a comparison with the general measurement model. Our onerous testing is consistently geared to identifying onerous contracts as soon as possible and ensures adequate reserving at all times.

For subsequent measurement of a profitable group of contracts, the carrying amount of the liability for remaining coverage is updated as follows: First, the carrying amount is increased outside profit or loss by adding the further premium payments received, less the acquisition costs paid. If the acquisition costs are expensed directly to profit or loss, the carrying amount of the liability is increased accordingly.

The liability for remaining coverage is reduced by the amount of insurance revenue earned as services are provided. We earn the insurance revenue by spreading the expected total premium for the coverage period within the contract boundaries over the accounting periods in a risk-commensurate manner. Again, for subsequent measurement of profitable contracts, the present value of the net cash flows, the risk adjustment and the contractual service margin are not explicitly determined, so that the PAA provides for effective simplification. By contrast, in keeping with the general measurement model, we explicitly determine risk-adjusted net outflows for groups of contracts that are expected to be onerous, and following the occurrence of an insured event.

Also for the premium allocation approach, a distinction is made between the liability for remaining coverage and the liability for incurred claims. Likewise, a risk adjustment needs to be determined for the liability for incurred claims when using the premium allocation approach.

Contracts measured using the variable fee approach (VFA) for contracts with direct participation features

Scope of application

Under an insurance contract, the insurer may not only be liable to pay for a claim after the occurrence of an insured event, but may also have to give policyholders a share in the profits. IFRS 17 also governs liabilities arising from contracts with direct participation features. These are measured using the VFA, subject to certain criteria. The VFA is a modified version of the general measurement model, and we use it for certain primary insurance contracts with direct participation features in the ERGO Life and Health Germany segment and the ERGO International segment. Contracts falling within the scope of application of the VFA have in common that they provide for policyholder participation in the performance of a reference value or "underlying item". This is the case for our German participating life and health primary insurance business and a substantial part of our international life and health primary insurance contracts. Unit-linked life insurance is another typical case for application of the VFA. However, both reinsurance contracts held and reinsurance contracts issued are excluded from the scope of this measurement approach.

Procedure

Because of the special characteristics of insurance contracts with direct participation features, we consider our share of the income from the underlying items to be a variable fee, which we recognise in accordance with the rules of the VFA. The variable fee comprises our share of the fair value of the underlying items, and is our compensation for administering and managing the underlying items. While the initial measurement of participating contracts is the same as under the general measurement model, special rules apply under IFRS 17 for subsequent measurement.

For example, we offset against the contractual service margin any effects that have an impact on our variable fee, i.e. on our share of the fair value of the underlying items.

For German life and health (similar to life) primary insurance business, profit participation provides for policyholders essentially sharing in the investment result, risk result and cost result. The underlying item is based on this profit participation, and consists of the present value of future payments and payments made in the current and prior periods. We use the fair values of the net assets covering our liabilities, including the assets covering equity, to measure the fair value of the underlying item. Because of the mechanics of German profit participation in particular, all financial and underwriting effects and assumption changes have an impact on profit participation, i.e. on our variable fee, which is the company's share in the underlying item. As a result, developments such as changes in the fair value of assets covering our liabilities, current loss realisations, effects related to policyholder lapse behaviour and other changes in financial and non-financial assumptions are initially offset against the contractual service margin.

The fulfilment cash flows for German life and health primary insurance business are determined on a market-consistent basis in accordance with the contractual options and guarantees, applying a risk-neutral measurement where risk-free interest rates only can be generated under the no-arbitrage principle. The real returns generated from the underlying items are usually higher, and the company's share in any excess return over the risk-neutral measurement is included in the contractual service margin under the VFA. After the contractual service margin has been adjusted, it is released to profit or loss based on the expected provision of future services, which are spread proportionally over the coverage units. For participating contracts, we take into account that we provide not only insurance services, but also investment-related services in managing the assets covering our liabilities.

Another difference compared with the general measurement model relates to the option of recognising the effect of changes in financial inputs on the measurement either directly in profit or loss, or directly in equity. This effect is not explicitly captured when using the VFA. Instead, because of the special link to the assets side, the result recognised in profit or loss for the liabilities side is mirrored in the income statement. A positive investment result is offset by corresponding finance expenses from insurance contracts issued. Changes outside profit or loss in the fair value of assets that are part of the underlying item are recognised directly in equity as insurance finance income or expenses. This value corresponds to the amounts recognised for the assets directly in equity plus off-balance-sheet valuation reserves.

Effects from the initial application of IFRS 17

Measurement at the transition date

IFRS 17, including the Amendments to IFRS 17 issued in June 2020, was adopted into European law in November 2021 and must be applied for the first time as at 1 January 2023. In addition, the amendment to IFRS 4 resulted in a deferral until 2023 of the mandatory initial application of IFRS 9 for those insurance undertakings that do not yet apply this standard, as a result of which the simultaneous initial application of the two standards is possible. Transitional rules were created to simplify the interplay of IFRS 17 and IFRS 9 upon initial joint application of both standards as at the mandatory effective date, particularly with regard to the requirements for reporting the previous year's figures. In this context, the IASB published a further amendment to IFRS 17 (rev. 12/2021), Insurance Contracts, in December 2021: Initial Application of IFRS 17 and IFRS 9 – Comparative Information.

Wherever possible, changes in accounting policies resulting from the introduction of IFRS 17 are applied retroactively to the contracts in force as at 1 January 2023 to prepare the opening balance sheet. Depending on the availability of the information required, we use one of the following three remeasurement approaches for the initial application of IFRS 17 to our in-force business.

We apply the full retrospective approach to remeasure contracts for which reasonable and supportable information can be made available as at the transition date. To this end, we identify and measure groups of contracts as if IFRS 17 had already been applied previously, without making use of transition simplifications. The information used for the full retrospective approach is primarily based on existing regular processes and internal reporting.

Where the information required for the full retrospective approach is not fully available, or cannot reasonably be made available, we apply the modified retrospective approach or the fair value approach to transition the contracts in force as at 1 January 2022 to the new accounting system.

The aim of the modified retrospective approach is to achieve a result that is as close as possible to the full retrospective approach using available historical information. Under the modified retrospective approach, we use the simplifications and modifications specified in the standard only to the extent that the information required for a full retrospective approach is not available. More specifically, this applies to simplifications used in identifying or classifying groups of contracts, determining the contractual service margin or the loss component, and determining insurance finance income or expenses. For our existing contracts in property-casualty business, we mainly apply the full retrospective approach for the one-off transition to IFRS 17; otherwise, we use the modified retrospective approach or the fair value approach.

In life reinsurance, if the available historical information is insufficient to use the full retrospective approach, we mostly use the fair value approach to measure our insurance contracts, striving to ensure market consistency as much as possible. Among other things, we rely on market analyses to validate the cost of capital used.

Comparative figures

For financial instruments accounted for under IFRS 9, we generally make use of the option to continue measuring these instruments in accordance with the provisions of IAS 39, rather than adjusting the figures for previous years. However, adjustments are necessary for those items which will be included in the measurement of insurance items under IFRS 17 going forward. In addition, we make use of the classification overlay approach for some of our financial instruments in order to avoid measurement mismatches when transitioning to IFRS 17. This approach provides us with the option to measure certain financial instruments as if the measurement rules of IFRS 9 had already entered into force as at 1 January 2022 for the 2022 comparative figures. We make use of this option for financial instruments which cover primary insurance business with direct participation features within the scope of the VFA, and which have previously been accounted for at amortised cost. Because the measurement of our primary insurance contracts with direct participation features is always based on the fair value of the assets, fair value measurement of loans covering our liabilities, in particular, helps us to avoid accounting mismatches and ensures that the presentation of our equity accurately reflects the economic situation. When applying the classification overlay approach, we do not make use of the concept for recognising expected credit losses under IFRS 9.

Current implementation status

IFRS 17 will involve fundamental changes to the recognition of insurance and reinsurance contracts and related processes. As the required adjustments involve a considerable amount of work, shortly after the initial publication of the new requirements we set up an implementation project based on preparatory analyses conducted from an early stage in which all the relevant units of reinsurance and primary insurance were involved. After the successful completion of the project, the various units involved continue their close and multidisciplinary cooperation. We thus consistently ensure that the specific characteristics of our individual lines of business are taken into account and implemented in our central IT solution. In the first half-year 2022, we prepared the comparative figures as at 1 January 2022 under IFRS 17. At the end of the reporting period, internal quality assurance and the auditor's review were still under way. As a consequence, we are of the opinion that the current draft of the IFRS 17 opening balance sheet is not yet fit to be published in our Half-Year Financial Report, as it does not come up to our own high standards for the publication of financial information.

IFRS 17 is expected to have the following major impacts:

- The initial application of IFRS 17 is expected to result in a moderate decrease in our equity compared to under IFRS 4 accounting. This is due in particular to the fact that for participating contracts, unrealised valuation reserves from investments previously recognised in equity will in future be taken into account in determining technical provisions for future expenses for claims and benefits, as well as in the contractual service margin.
- The contractual service margin (CSM), which reflects the expected profits at initial recognition and is released over time as services are provided, however, offsets the decrease in equity by far. Both our life reinsurance business and our life and health primary insurance business contribute to the level of the contractual service margin. It should be noted that business segments that are accounted for under the simplified approach (PAA) do not report CSMs under IFRS 17.
- We are guided by the risk capital requirements of our internal risk model when calculating risk adjustment. The risk adjustment is lower than the risk margin under Solvency II. This is due to the fact that – unlike in the calculation of the risk margin – the Group-wide risk diversification is included in the calculation of the risk adjustment, that neither operational nor credit risks are taken into account in the calculation of the risk adjustment under IFRS 17, and that there are also differences in the classification of insurance contracts and financial instruments compared to Solvency II.
- We intend to consistently maintain the reserving approach currently used under IFRS 4 as far as possible under IFRS 17. Maintaining the previous reserving approach will lead to a loss component for some contract groups, these may offset each other over time, leading to net run-off profits. In addition, loss components may result from non-profitable insurance contracts.
- With the introduction of IFRS 17, certain items that have thus far been disclosed separately in our financial statements will be omitted, since the resulting cash flows are already recognised as part of the measurement models. This mainly affects the items deferred acquisition costs and insurance-related receivables and liabilities such as accounts receivable and payable. Following the application of IFRS 17, deposits retained will also no longer be disclosed separately, but will rather be found in the insurance items.

Amendments to other standards

The IASB also published amendments to the following standards, which have been adopted into European law – with the exception of the amendments to IAS 1 regarding the classification of debt and the amendments to IAS 12:

- Amendments to IAS 1 – Presentation of Financial Statements – Classification of Liabilities as Current or Non-current (rev. 1/2020); Deferral of Effective Date of this Amendment (rev. 7/2020)
- Amendments to IAS 1 and IFRS Practice Statement 2 (rev. 2/2021) “Making Materiality Judgements” – Disclosure of Accounting Policies
- Amendments to IAS 8 (rev. 2/2021), Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates
- Amendments to IAS 12 (rev. 5/2021), Income Taxes – Deferred Tax related to Assets and Liabilities arising from a Single Transaction

According to the IASB, the amendments to IAS 1 and to IFRS Practice Statement 2 “Making Materiality Judgements” as well as the amendments to IAS 8 and IAS 12 will apply from 2023.

A draft proposing a further amendment to IAS 1 – in addition to the amendments regarding the classification of debt – was published in November 2021. The IASB therefore suggested that both amendments were to simultaneously enter into force, but only after adoption of the recently proposed amendment. This is expected to transpire in 2024 at the soonest.

The amendments to other standards listed above will have little or no material effects on Munich Re.

Changes in the consolidated group

On 1 January 2022, via its subsidiary GroupHealth Northern Partners Inc., Vancouver, Munich Re acquired 75% of the voting shares in Blewett & Associates Inc., London, Ontario (Blewett). Blewett's principal business activity is brokering group benefit sales. The purpose of acquiring Blewett was to secure and expand distribution, improve product range, and leverage the licensing model to optimise operations at GroupHealth Northern Partners Inc.

On 18 January 2022, via its subsidiary MR Falcon LP, Delaware, Munich Re acquired from EDF Renewables Development Inc. 50% of the voting shares in Maverick 67 HoldCo, LLC, Delaware, and 50% in Maverick 67 Class B HoldCo, LLC, Delaware, as a result of which we acquired 50% in Maverick Solar 6, LLC, Delaware, and 50% in Maverick Solar 7, LLC, Delaware.

On 1 April 2022, via its UK subsidiary HSB Engineering Insurance Limited, Munich Re acquired 100% of the voting shares in MD Insurance Services Limited and its seven subsidiaries, MDIS (International) Limited and MD Affinity Schemes Limited (together the MD Group), each having its registered office in Birkenhead, UK. The MD Group comprises a Managing General Agent, which sells and handles structural warranty insurance products, together with several related inspection services companies. The acquisition was intended to expand HSB's specialist core insurance offerings and enhance its distribution capabilities within the UK construction sector.

On April 14 2022, via its subsidiary Munich Life Holding Corporation, Delaware, Munich Re acquired 100% of the voting shares in MedVirginia, Inc., Delaware (Clareto). Clareto partners with health information exchanges and other data sources for electronic health records to facilitate the collection of electronic health information in accordance with Health Insurance Portability and Accountability Act (HIPAA)-compliant authorisations in order to support underwriting, claims, and other business processes in the life insurance industry. The acquisition was intended to allow Munich Re to structure electronic health records for optimal use in life insurance underwriting, thereby streamlining our life insurer clients' underwriting processes and delivering a better customer experience.

The transaction to sell the Romanian insurance companies ERGO ASIGURARI S.A., Bucharest, and ERGO ASIGURARI DE VIATA S.A., Bucharest, was completed in Q1 2022.

Foreign currency translation

Munich Re's presentation currency is the euro (€). The exchange rates of the most important currencies for our business are shown in the "Business environment" section of the interim management report.

Segment reporting

In accordance with the management approach, the segmentation of our business operations is based on the way in which Munich Re is managed internally.

We have identified five segments to be reported:

- Life and health reinsurance (global life and health reinsurance business)
- Property-casualty reinsurance (global property-casualty reinsurance business)
- ERGO Life and Health Germany (German life and health primary insurance business, global travel insurance business and Digital Ventures business)
- ERGO Property-casualty Germany (German property-casualty primary insurance business, excluding Digital Ventures)
- ERGO International (ERGO's primary insurance business outside Germany)

Certain primary insurers whose business requires special solution-finding competence are coupled to reinsurance as the risk carrier. We therefore transact their business from within reinsurance and consequently allocate them to the reinsurance segments.

The IFRS result contributions are the basis of planning and strategy in all segments, hence the IFRS segment result is the uniform assessment basis for internal control.

Income and expenses from intra-Group loans are shown unconsolidated under "Other non-operating result" for the segments concerned. These are otherwise shown after elimination of intra-Group transactions and shareholdings.

Since Q1 2022, the unconsolidated disclosure of receivables and liabilities in connection with intra-Group loans in the segment balance sheet has been adapted to reflect changes in internal management and simultaneously aligned with the presentation of income and expenses in connection with intra-Group loans in the segment income statement. The previous year's figures in the segment balance sheet have been adjusted accordingly. With regard to the item "Other segment liabilities", this has led to increases in the life and health reinsurance segment (€3m), in ERGO Property-Casualty Germany (€493m) and in ERGO International (€1,497m), as well as reductions in the property-casualty reinsurance segment (€728m) and in ERGO Life and Health Germany (€1,265m).

Segment assets

€m	Reinsurance			
	Life and health		Property-casualty	
	30.6.2022	31.12.2021	30.6.2022	31.12.2021
A. Intangible assets	546	521	2,404	2,204
B. Investments				
I. Land and buildings, including buildings on third-party land	230	274	3,226	3,160
II. Investments in affiliated companies, associates and joint ventures	48	45	2,148	1,951
Thereof:				
Associates and joint ventures accounted for using the equity method	0	0	1,907	1,714
III. Loans	659	659	694	643
IV. Other securities				
1. Available for sale	20,897	23,269	52,300	55,785
2. At fair value through profit or loss	243	181	1,569	980
	21,139	23,449	53,869	56,765
V. Deposits retained on assumed reinsurance	4,905	5,006	4,469	3,998
VI. Other investments	584	703	2,336	2,963
	27,567	30,137	66,743	69,480
C. Insurance-related investments	2,428	2,748	1,212	861
D. Ceded share of technical provisions	2,255	2,607	2,906	2,651
E. Non-current assets held for sale	0	0	34	0
F. Other segment assets	20,298	20,560	21,224	16,808
Total segment assets	53,094	56,572	94,523	92,004

Segment equity and liabilities

€m	Reinsurance			
	Life and health		Property-casualty	
	30.6.2022	31.12.2021	30.6.2022	31.12.2021
A. Subordinated liabilities	1,056	1,168	3,673	3,874
B. Gross technical provisions				
I. Unearned premiums	315	295	11,372	10,392
II. Provision for future policy benefits	13,752	13,420	0	0
III. Provision for outstanding claims	11,852	11,054	63,430	59,070
IV. Other technical provisions	98	169	184	318
	26,018	24,939	74,986	69,780
C. Gross technical provisions for unit-linked life insurance contracts	0	0	0	0
D. Other provisions	139	186	609	678
E. Liabilities related to non-current assets held for sale	0	0	0	0
F. Other segment liabilities	13,547	15,658	7,640	8,247
Total segment liabilities	40,760	41,952	86,907	82,579

							ERGO		Total
Life and Health Germany		Property-casualty Germany		International					
30.6.2022	31.12.2021	30.6.2022	31.12.2021	30.6.2022	31.12.2021	30.6.2022	31.12.2021		
156	161	1,344	1,320	172	172	4,622		4,379	
3,241	3,247	203	209	128	138	7,029		7,029	
401	396	113	110	1,164	1,133	3,875		3,635	
339	338	49	47	1,149	1,116	3,444		3,215	
46,130	47,166	1,457	1,383	591	538	49,531		50,389	
53,982	61,315	5,281	5,742	13,402	16,356	145,860		162,468	
1,764	1,553	115	52	162	184	3,854		2,950	
55,746	62,868	5,396	5,795	13,563	16,540	149,714		165,418	
11	15	7	8	0	0	9,393		9,027	
640	960	56	68	117	109	3,733		4,803	
106,169	114,653	7,233	7,573	15,563	18,458	223,275		240,300	
5,263	6,045	0	0	2,216	2,629	11,119		12,283	
15	15	265	262	554	564	5,994		6,099	
72	78	1	1	399	473	506		552	
7,761	7,224	2,509	1,844	2,687	2,358	54,480		48,792	
119,436	128,176	11,352	11,000	21,590	24,653	299,995		312,405	

							ERGO		Total
Life and Health Germany		Property-casualty Germany		International					
30.6.2022	31.12.2021	30.6.2022	31.12.2021	30.6.2022	31.12.2021	30.6.2022	31.12.2021		
0	0	0	0	13	13	4,742		5,055	
357	266	1,067	563	2,042	1,957	15,153		13,474	
92,181	91,203	350	362	9,563	9,601	115,845		114,586	
3,020	2,947	5,719	5,636	2,960	2,963	86,980		81,671	
12,808	20,248	123	118	32	562	13,245		21,414	
108,365	114,664	7,258	6,678	14,597	15,083	231,224		231,145	
5,574	6,375	0	0	2,213	2,623	7,787		8,998	
884	1,922	652	1,014	570	1,158	2,854		4,958	
0	8	0	0	256	286	256		294	
3,902	3,154	1,567	1,053	2,991	2,898	29,646		31,009	
118,725	126,123	9,477	8,745	20,640	22,061	276,510		281,459	
						Equity	23,486	30,945	
						Total equity and liabilities	299,995	312,405	

Segment income statement 1.1.-30.6.2022

€m	Reinsurance			
	Life and health		Property-casualty	
	Q1-2 2022	Q1-2 2021	Q1-2 2022	Q1-2 2021
Gross premiums written	6,656	6,202	15,990	13,486
1. Net earned premiums	6,058	5,602	14,984	12,082
2. Income from technical interest	336	312	492	426
3. Net expenses for claims and benefits	-5,324	-4,965	-9,201	-7,862
4. Net operating expenses	-959	-943	-4,362	-3,536
5. Technical result (1-4)	112	5	1,913	1,110
6. Investment result	252	411	-167	1,043
7. Insurance-related investment result	53	54	88	85
8. Other operating result	66	25	-199	-164
9. Deduction of income from technical interest	-336	-312	-492	-426
10. Non-technical result (6-9)	35	178	-770	538
11. Operating result (5+10)	147	184	1,143	1,648
12. Other non-operating result	-4	0	-9	-10
13. Currency result	67	-24	241	-88
14. Net finance costs	-14	-20	-68	-65
15. Taxes on income	-127	5	-256	-269
16. Consolidated result (11-15)	69	145	1,051	1,217

In the first half of 2022, we incurred COVID-19-related losses amounting to €259m (302m) in life and health reinsurance, due to higher mortality. There were no or only negligible effects of the pandemic at ERGO and in the property-casualty reinsurance segment (in contrast to the first half of the previous year, in which the property-casualty reinsurance segment incurred losses amounting to €203m, particularly owing to the cancellation or postponement of major events).

In reinsurance, Munich Re posted losses of around €200m related to the war in Ukraine in the first half of 2022, of which €90m was incurred in Q2 2022.

In the first half of 2022, there was a negative impact of around €715m on the investment result due to write-downs of Russian and Ukrainian bonds, of which €417m was attributable to reinsurance and €297m to ERGO. In Q2, the adverse impact was not significant, totalling €16m.

Segment income statement 1.4.-30.6.2022

€m	Reinsurance			
	Life and health		Property-casualty	
	Q2 2022	Q2 2021	Q2 2022	Q2 2021
Gross premiums written	3,287	3,144	8,052	7,155
1. Net earned premiums	3,057	2,828	7,705	6,339
2. Income from technical interest	168	156	254	221
3. Net expenses for claims and benefits	-2,575	-2,543	-4,692	-3,840
4. Net operating expenses	-492	-432	-2,221	-1,875
5. Technical result (1-4)	158	9	1,047	845
6. Investment result	129	166	-253	621
7. Insurance-related investment result	30	44	14	24
8. Other operating result	42	15	-110	-73
9. Deduction of income from technical interest	-168	-156	-254	-221
10. Non-technical result (6-9)	34	69	-603	351
11. Operating result (5+10)	192	78	444	1,196
12. Other non-operating result	-3	0	-5	-4
13. Currency result	74	-16	268	-55
14. Net finance costs	-7	-9	-32	-30
15. Taxes on income	-110	40	-213	-249
16. Consolidated result (11-15)	147	93	462	858

	ERGO						Total	
	Life and Health Germany		Property-casualty Germany		International		Q1-2 2022	Q1-2 2021
	Q1-2 2022	Q1-2 2021	Q1-2 2022	Q1-2 2021	Q1-2 2022	Q1-2 2021		
	4,896	4,569	2,515	2,341	2,625	2,596	32,683	29,193
	4,802	4,532	1,936	1,837	2,396	2,347	30,176	26,399
	832	2,099	21	26	-300	277	1,381	3,140
	-4,672	-5,820	-1,205	-1,188	-1,255	-1,845	-21,656	-21,680
	-807	-623	-586	-554	-685	-650	-7,399	-6,305
	154	188	166	121	157	129	2,502	1,554
	1,686	1,863	64	140	124	167	1,958	3,624
	-867	434	0	0	-400	192	-1,126	765
	-159	-167	-83	-72	-34	-72	-410	-451
	-832	-2,099	-21	-26	300	-277	-1,381	-3,140
	-172	30	-40	42	-11	10	-959	798
	-18	218	126	163	146	139	1,543	2,352
	-8	-4	-5	-5	2	-2	-24	-21
	202	-33	-9	3	1	1	502	-140
	6	-10	-1	-4	-16	-13	-93	-112
	-79	-45	-54	-51	-37	-24	-552	-384
	103	126	57	106	96	102	1,376	1,695

	ERGO						Total	
	Life and Health Germany		Property-casualty Germany		International		Q2 2022	Q2 2021
	Q2 2022	Q2 2021	Q2 2022	Q2 2021	Q2 2022	Q2 2021		
	2,435	2,304	836	805	1,240	1,234	15,850	14,642
	2,417	2,300	1,006	969	1,204	1,192	15,389	13,628
	562	1,057	11	13	-178	127	817	1,574
	-2,416	-2,968	-581	-629	-613	-911	-10,877	-10,890
	-452	-318	-292	-282	-346	-330	-3,803	-3,238
	111	72	144	70	66	78	1,527	1,074
	1,040	964	9	110	46	72	971	1,933
	-529	198	0	0	-218	86	-703	352
	-92	-94	-53	-42	-2	-37	-215	-231
	-562	-1,057	-11	-13	178	-127	-817	-1,574
	-143	11	-55	55	4	-6	-764	481
	-32	83	89	126	70	72	763	1,554
	-2	-2	-3	-2	2	-1	-11	-9
	146	-45	-4	1	1	-2	485	-117
	2	-5	-1	-2	-9	-6	-46	-53
	-54	2	-37	-40	-8	-22	-422	-270
	59	33	45	81	56	41	768	1,106

Notes on determining the combined ratio¹

€m	Reinsurance				ERGO	
	Property-casualty		Property-casualty Germany		Property-casualty International ²	
	Q1-2 2022	Q1-2 2021	Q1-2 2022	Q1-2 2021	Q1-2 2022	Q1-2 2021
Net earned premiums	14,984	12,082	1,936	1,837	1,766	1,714
Net expenses for claims and benefits	-9,201	-7,862	-1,205	-1,188	-1,113	-1,092
Net operating expenses	-4,362	-3,536	-586	-554	-544	-505
Loss-ratio calculation adjustments	6	5	11	28	5	3
Fire brigade tax and other expenses	15	11	14	11	12	11
Expenses for premium refunds	0	0	13	19	1	1
Other underwriting income	-7	-6	-2	-1	-4	-4
Change in other technical provisions and other underwriting expenses	-2	-1	-14	-1	-4	-5
Adjusted net expenses for claims and benefits	-9,195	-7,857	-1,194	-1,162	-1,108	-1,089
Loss ratio	% 61.4	65.0	61.6	63.2	62.7	63.5
Combined ratio	% 90.5	94.3	91.9	93.4	93.5	93.0

1 Information on the combined ratio is provided in the 2021 Group Annual Report under "Tools of corporate management and strategic financial objectives".

2 Property-casualty business and short-term health insurance not conducted like life insurance.

Notes on determining the annualised return on equity (RoE) for the first half-year 2022

€m	Reinsurance		ERGO		Total	
	30.6.2022	31.12.2021 ¹	30.6.2022	31.12.2021 ¹	30.6.2022	31.12.2021
Segment assets	147,617	148,576	152,379	163,828	299,995	312,405
Segment liabilities	127,667	124,530	148,843	156,929	276,510	281,459
Adjustments used in the calculation of equity						
Unrealised gains and losses, currency translation reserve, remeasurement gains/losses from cash flow hedges	254	4,759	-1,440	1,883	-1,186	6,642
Adjustment item for material asset transfers between reinsurance and ERGO	1,384	1,020	-1,384	-1,020	0	0
Adjusted equity	18,312	18,267	6,360	6,036	24,672	24,303
	Q1-2 2022		Q1-2 2022		Q1-2 2022	
Average adjusted equity	18,289		6,198		24,487	
Consolidated result	1,120		256		1,376	
Return on equity (RoE)	% 12.2		8.3		11.2	

1 Since Q1 2022, the unconsolidated disclosure of receivables and liabilities in connection with intra-Group loans in the segment balance sheet has been adapted to reflect changes in internal management and simultaneously aligned with the presentation of income and expenses in connection with intra-Group loans in the segment income statement. The previous year's figures in the segment balance sheet have been adjusted accordingly.

Notes on determining the annualised return on equity (RoE) for the first half-year 2021

€m	Reinsurance		ERGO		Total	
	30.6.2021	31.12.2020	30.6.2021	31.12.2020	30.6.2021	31.12.2020
Segment assets	140,272	133,892	163,708	164,055	303,980	297,946
Segment liabilities	117,459	112,138	156,600	155,815	274,059	267,952
Adjustments used in the calculation of equity						
Unrealised gains and losses, currency translation reserve, remeasurement gains/losses from cash flow hedges	4,805	4,994	2,149	2,689	6,954	7,683
Adjustment item for material asset transfers between reinsurance and ERGO	1,082	410	-1,082	-410	0	0
Adjusted equity	16,926	16,350	6,041	5,961	22,967	22,311
	Q1-2 2021		Q1-2 2021		Q1-2 2021	
Average adjusted equity	16,638		6,001		22,639	
Consolidated result	1,361		334		1,695	
Return on equity (RoE)	%	16.4	11.1		15.0	

Non-current assets by country¹

€m	30.6.2022	31.12.2021
Germany	6,892	7,367
USA	4,773	4,377
UK	570	545
France	443	420
Sweden	335	350
Canada	322	307
Spain	271	280
Poland	239	237
Malta	156	155
Austria	151	161
Italy	147	153
Netherlands	146	110
Belgium	109	105
Denmark	96	90
Switzerland	94	93
Finland	80	63
Portugal	70	42
Lithuania	52	52
Others	192	180
Total	15,138	15,087

¹ The non-current assets mainly comprise intangible assets (especially goodwill) and our owner-occupied and investment property, as well as investments in renewable energy.

Investments in non-current assets per segment¹

€m	Q1-2 2022	Q1-2 2021
Reinsurance - Life and health	27	294
Reinsurance - Property-casualty	123	94
ERGO Life and Health Germany	95	13
ERGO Property-casualty Germany	108	58
ERGO International	36	27
Total	389	485

¹ The non-current assets mainly comprise intangible assets (especially goodwill) and our owner-occupied and investment property, as well as investments in renewable energy.

Other segment disclosures

	Reinsurance			
	Life and health		Property-casualty	
€m	Q1-2 2022	Q1-2 2021	Q1-2 2022	Q1-2 2021
Interest income	482	414	516	413
Interest expenses	-14	-17	-24	-29
Depreciation and amortisation	-30	-26	-47	-49
Other operating income	237	178	209	159
Other operating expenses	-171	-153	-408	-323
Income from associates and joint ventures accounted for using the equity method	0	55	46	40

	ERGO						Total	
	Life and Health Germany		Property-casualty Germany		International			
€m	Q1-2 2022	Q1-2 2021	Q1-2 2022	Q1-2 2021	Q1-2 2022	Q1-2 2021	Q1-2 2022	Q1-2 2021
Interest income	1,203	1,268	44	39	138	144	2,383	2,278
Interest expenses	-18	-20	-5	-4	-5	-6	-65	-75
Depreciation and amortisation	-24	-25	-38	-36	-29	-30	-168	-167
Other operating income	69	48	39	43	29	40	582	467
Other operating expenses	-228	-215	-122	-115	-63	-113	-992	-918
Income from associates and joint ventures accounted for using the equity method	9	4	1	-1	-21	35	34	132

Gross premiums written

€m	Q1-2 2022	Q2 2022	Q1-2 2021	Q2 2021
Europe	16,986	7,897	15,710	7,315
North America	9,730	5,065	8,473	4,825
Asia and Australasia	3,810	1,824	3,301	1,700
Africa, Middle East	1,231	584	948	434
Latin America	925	481	761	368
Total	32,683	15,850	29,193	14,642

Notes to the consolidated balance sheet

The major items in the consolidated balance sheet are made up as follows:

Intangible assets

Development of intangible assets

€m	Goodwill		Other intangible assets		Total	
	Q1-2 2022	Q1-2 2021	Q1-2 2022	Q1-2 2021	Q1-2 2022	Q1-2 2021
Gross carrying amount at 31 Dec. previous year	4,655	4,341	4,882	4,781	9,537	9,122
Accumulated amortisation and impairment losses at 31 Dec. previous year	-1,563	-1,559	-3,596	-3,558	-5,159	-5,117
Carrying amount at 31 Dec. previous year	3,092	2,782	1,286	1,223	4,379	4,005
Currency translation differences	174	56	28	21	202	77
Additions	20	185	127	133	147	318
Disposals	0	0	-1	-9	-1	-9
Reclassifications	1	0	-11	-19	-10	-19
Impairment losses reversed	0	0	0	0	0	0
Impairment losses	0	0	-95	-94	-95	-94
Carrying amount at 30 June financial year	3,287	3,024	1,335	1,255	4,622	4,279
Accumulated amortisation and impairment losses at 30 June financial year	-1,563	-1,559	-3,746	-3,500	-5,309	-5,059
Gross carrying amount at 30 June financial year	4,850	4,583	5,081	4,756	9,931	9,339

Financial assets

IFRS 13, Fair Value Measurement, defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. All investments and other assets and liabilities that are recognised at fair value, and such investments and other items for which a fair value is disclosed solely in the Notes, are allocated to one of the fair value hierarchy levels of IFRS 13, which provides for three levels. The allocation of an instrument to a level indicates the extent to which observable market inputs helped to measure the instrument. The fair value hierarchy categorises three levels of inputs: quoted prices in active markets (Level 1), inputs based on observable market prices (Level 2) and inputs that are not directly observable in active markets (Level 3). If market prices are available, these constitute the most objective yardstick for measurement at

fair value and are to be used. If measurement is carried out using a model, any available inputs observable in the market are used first. If necessary, these inputs are supplemented with unobservable input factors and internal estimates. Regularly, at the end of each reporting period, we assess whether the allocation of our assets to the levels of the fair value hierarchy is still appropriate.

If changes in the basis of valuation have occurred – for instance, if a market is no longer active or the valuation was performed using inputs requiring another allocation – we make the necessary adjustments.

The following table provides an overview of the models used to measure the fair values of our investments when market prices are not available.

Valuation techniques for assets

Bonds	Pricing method	Parameters	Pricing model
Interest-rate risks			
Loans against borrower's note/ registered bonds	Theoretical price	Sector-, rating- or issuer-specific yield curve	Present-value method
Russian Government Bonds in RUB	Theoretical price	term-adjusted recovery rates	Present-value method
Cat bond (host)	Theoretical price	Interest-rate curve	Present-value method
Mortgage loans	Theoretical price	Sector-specific yield curve considering the profit margin included in the nominal interest rate	Present-value method
Derivatives			
Equity and index risks			
OTC stock options	Theoretical price	Listing of underlying shares Effective volatilities Money-market interest-rate curve Dividend yield	Black-Scholes (European) Cox, Ross and Rubinstein (American)
Equity forwards	Theoretical price	Listing of underlying shares Money-market interest-rate curve Dividend yield	Present-value method
Interest-rate risks			
Interest-rate swaps	Theoretical price	Swap and CSA curve ¹	Present-value method
Swaptions/interest-rate guarantee	Theoretical price	At-the-money volatility matrix and skew OIS/swap curve	Bachelier/ Normal Black
Interest-rate currency swaps	Theoretical price	Swap and CSA curve ¹ Currency spot rates	Present-value method
Inflation swaps	Theoretical price	Zero-coupon inflation swap rates OIS curve	Present-value method
Bond forwards (forward transactions)	Theoretical price	Listing of underlying OIS curve	Present-value method
Currency risks			
Currency options	Theoretical price	Volatility skew Currency spot rates Money-market interest-rate curve	Garman-Kohlhagen (European)
Currency forwards	Theoretical price	Currency spot rates Currency forward rates/ticks Money-market interest-rate curve	Present-value method
Other transactions			
Insurance derivatives (natural and weather risks)	Theoretical price	Fair values of cat bonds Historical event data Interest-rate curve	Present-value method
Insurance derivatives (variable annuities)	Theoretical price	Biometric rates and lapse rates Volatilities Interest-rate curve Currency spot rates	Present-value method
Credit default swaps	Theoretical price	Credit spreads Recovery rates CSA curve ¹	ISDA CDS Standard Model
Total return swaps on commodities	Theoretical price	Listing of underlying index	Index ratio calculation
Commodity options	Theoretical price	Listing of underlying Effective volatilities Money-market interest-rate curve Cost of carry	Black-Scholes (European) Cox, Ross and Rubinstein (American)

Bonds with embedded derivatives	Pricing method	Parameters	Pricing model
Callable bonds	Theoretical price	Swap curve Issuer-specific spreads Volatility matrix	Hull-White model
CMS floaters	Theoretical price	Swap curve Issuer-specific spreads Volatility matrix	Replication model (Hagan)
CMS floaters with variable cap	Theoretical price	Swap curve Issuer-specific spreads Volatility matrix and skews	Replication model (Hagan)
Inverse CMS floaters	Theoretical price	Swap curve Issuer-specific spreads Volatility matrix and skews	Hull-White model
CMS steepeners	Theoretical price	Swap curve Issuer-specific spreads Volatility matrix and skews Correlation matrix	Replication model (Hagan) Stochastic volatility model
Convergence bonds	Theoretical price	Swap curve Issuer-specific spreads Volatility matrix Correlation matrix	Replication model (Hagan) Stochastic volatility model
Multi-tranches	Theoretical price	At-the-money volatility matrix and skew Swap curve Sector-, rating- or issuer-specific yield curve	Bachelier/ Normal Black, Present-value method Hull-White model
FIS loans against borrower's note	Theoretical price	At-the-money volatility matrix and skew Swap curve Sector-, rating- or issuer-specific yield curve	Bachelier/ Normal Black, Present-value method
Swaption notes	Theoretical price	At-the-money volatility matrix and skew Swap curve Money-market interest-rate curve Sector-, rating- or issuer-specific yield curve	Bachelier/ Normal Black, Present-value method
Funds	Pricing method	Parameters	Pricing model
Real estate funds	-	-	Net asset value
Alternative investment funds (e.g. private equity, infrastructure, forestry)	-	-	Net asset value
Other	Pricing method	Parameters	Pricing model
Real estate	Theoretical market price	Interest-rate curve Market rents	Present-value method or valuation
Alternative direct investments (e.g. infrastructure, forestry)	Theoretical market price	Interest-rate curve (among others) Electricity price forecast and inflation forecast	Present-value method or valuation
Insurance contracts with non-significant risk transfer	Theoretical market price	Biometric rates and lapse rates Historical event data Interest-rate curve Currency spot rates	Present-value method

1 The OIS curve is used if the quotation currency is the CSA currency.

Insurance derivatives are mostly allocated to Level 3 of the fair value hierarchy, as observable market inputs are often not available. The decision is made on a case-by-case basis, taking into account the characteristics of the financial instrument concerned. If no observable inputs are available for customised insurance-linked derivatives, the present-value method on the basis of current interest-rate curves and historical event data is used.

The derivative components of catastrophe bonds are measured based on the values supplied by brokers for the underlying bonds, which is why the extent to which inputs used were not based on observable market data cannot readily be assessed.

The inputs requiring consideration in measuring variable annuities are derived either directly from market data (in particular volatilities, interest-rate curves and currency spot rates) or from actuarial data (especially biometric and lapse rates). The lapse rates used are modelled dynamically depending on the specific insurance product and current situation of the capital markets. The assumptions with regard to mortality are based on client-specific data or published mortality tables, which are adjusted with a view to the target markets and the actuaries' expectations. The dependency between different capital market inputs is modelled by correlation matrices. Where the valuation of these products is not based on observable inputs, which is usually the case, we allocate them to Level 3 of the fair value hierarchy.

The other investments allocated to Level 3 are mainly external fund units (in particular, private equity, real estate and funds that invest in a variety of assets that are subject

to theoretical valuation). Since market quotes are not available for these on a regular basis, net asset values (NAVs) are provided by the asset managers. We thus do not perform our own valuations using inputs that are not based on observable market data. We regularly subject the valuations supplied to plausibility tests on the basis of comparable investments.

We have taken climate risks and other ESG risks into account implicitly in our determination of fair values using the respective forward-looking valuation inputs, provided that they have an influence on price in the capital markets in which the products of relevance here are traded.

At 30 June 2022, we allocated around 10% (10%) of the assets listed in the following table to Level 1 of the fair value hierarchy, 68% (71%) to Level 2 and 22% (18%) to Level 3.

We reviewed the level allocation of our financial assets as part of the review process in Q2. On account of the Western sanctions against Russia, dealing in rouble-denominated securities of Russian issuers has come to a standstill. There are consequently no reliable quoted prices in an active market and/or no observable market inputs that could be used to measure the fair value of such bonds and other securities. This primarily affects Munich Re holdings in rouble-denominated government bonds issued by the Russian Federation. The fair value has been measured by means of the expected rates of repayment since the cessation of market quotations. We have therefore transferred these securities from Level 2 to Level 3 of the fair value hierarchy (see second-next table). The review process did not lead to any other significant changes in level allocation.

Allocation of financial instruments (including insurance-related investments) to levels of the fair value hierarchy

				30.6.2022
€m	Level 1	Level 2	Level 3	Total
Financial instruments measured at fair value				
Investments in affiliated companies measured at fair value	0	0	253	253
Investments in associates and joint ventures measured at fair value	0	0	178	178
Other securities available for sale				
Fixed-interest	0	121,999	1,790	123,789
Non-fixed-interest	12,092	2,142	7,837	22,072
Other securities at fair value through profit or loss				
Held for trading, and hedging derivatives ¹	735	1,527	26	2,288
Designated as at fair value through profit or loss	1	1,562	4	1,567
Other investments	0	36	640	676
Insurance-related investments	5,277	3,478	2,366	11,119
Total	18,104	130,744	13,095	161,942
Financial instruments not measured at fair value				
Loans	0	36,728	11,688	48,416
Deposits retained on assumed reinsurance	0	2	9,326	9,329
Other receivables ² , miscellaneous financial receivables	1,076	1,317	20,299	22,692
Cash at banks and deposits with banks, cheques and cash in hand	6,407	2,376	0	8,783
Total	7,483	40,424	41,313	89,220

				31.12.2021
€m	Level 1	Level 2	Level 3	Total
Financial instruments measured at fair value				
Investments in affiliated companies measured at fair value	0	0	258	258
Investments in associates and joint ventures measured at fair value	0	0	162	162
Other securities available for sale				
Fixed-interest	0	136,351	1,858	138,209
Non-fixed-interest	15,350	2,208	6,701	24,259
Other securities at fair value through profit or loss				
Held for trading, and hedging derivatives ¹	385	1,436	2	1,823
Designated as at fair value through profit or loss	21	1,116	1	1,139
Other investments	0	36	458	494
Insurance-related investments	6,237	3,916	2,132	12,283
Total	21,993	145,064	11,571	178,626
Financial instruments not measured at fair value				
Loans	0	45,927	12,732	58,659
Deposits retained on assumed reinsurance	0	3	8,973	8,975
Other receivables ² , miscellaneous financial receivables	1,334	825	17,326	19,485
Cash at banks and deposits with banks, cheques and cash in hand	5,416	3,360	0	8,775
Total	6,750	50,114	39,031	95,895

1 Including hedging derivatives of €0m (12m) accounted for under "Other assets".

2 We have broken down "Other receivables" into financial and non-financial receivables. The figures from the previous year were adjusted in line with IAS 1.41.

Gains (losses) recognised in the consolidated income statement are shown in the investment result or insurance-related investment result, while gains (losses) recognised in equity are shown in the statement of recognised income and expense for the first half of 2022 under "Unrealised gains and losses on investments" as "Gains (losses) recognised in equity". Gains (losses) recognised in the consolidated income statement that are attributable to investments recognised at the end of the half-year are shown in the statement of recognised income and expense for the first half of 2022 under the line item "Unrealised gains and losses on investments" as "Recognised in the consolidated income statement".

The decrease in the fair values of the fixed-interest securities in the first half of 2022 is largely attributable to an increase in interest rates. This led to a corresponding decline in unrealised gains and to higher unrealised losses on these securities. Consequently, this also results in changes to deferred tax items and to technical provisions with participating features.

The following table presents the reconciliation from the opening balances to the closing balances for investments allocated to Level 3.

Reconciliation for investments allocated to Level 3

	Investments in affiliated companies measured at fair value		Investments in associates and joint ventures measured at fair value	
	Q1-2 2022	Q1-2 2021	Q1-2 2022	Q1-2 2021
€m				
Carrying amount at 31 Dec. previous year	258	213	162	55
Gains and losses	-23	19	4	28
Gains (losses) recognised in the income statement	0	1	0	0
Gains (losses) recognised in equity	-23	18	4	28
Acquisitions	23	88	15	19
Disposals	-6	-31	-13	0
Transfer to Level 3	0	0	11	0
Transfer out of Level 3	0	0	0	0
Changes in the fair value of derivatives	0	0	0	0
Carrying amount at 30 June financial year	253	289	178	102
Gains (losses) recognised in the income statement that are attributable to investments shown at 30 June financial year	0	-2	0	0



	Other securities available for sale			
	Fixed-interest		Non-fixed-interest	
	Q1-2 2022	Q1-2 2021	Q1-2 2022	Q1-2 2021
€m				
Carrying amount at 31 Dec. previous year	1,858	1,693	6,701	4,468
Gains and losses	-335	32	848	731
Gains (losses) recognised in the income statement	-48	8	14	5
Gains (losses) recognised in equity	-287	24	834	725
Acquisitions	147	424	696	893
Disposals	-30	-36	-359	-385
Transfer to Level 3	151	0	19	0
Transfer out of Level 3	0	-59	-67	0
Changes in the fair value of derivatives	0	1	0	0
Carrying amount at 30 June financial year	1,790	2,055	7,837	5,706
Gains (losses) recognised in the income statement that are attributable to investments shown at 30 June financial year	-48	8	-4	-5

Continued on next page

→	Designated as at fair value through profit or loss		Held for trading, and hedging derivatives		Other investments	
	Q1-2 2022	Q1-2 2021	Q1-2 2022	Q1-2 2021	Q1-2 2022	Q1-2 2021
€m						
Carrying amount at 31 Dec. previous year	1	0	2	4	458	335
Gains and losses	0	0	16	0	65	18
Gains (losses) recognised in the income statement	0	0	16	0	28	8
Gains (losses) recognised in equity	0	0	0	0	37	10
Acquisitions	3	0	9	0	132	58
Disposals	-1	0	0	-4	-15	-10
Transfer to Level 3	0	0	0	0	0	0
Transfer out of Level 3	0	0	0	0	0	0
Changes in the fair value of derivatives	0	0	0	0	0	0
Carrying amount at 30 June financial year	4	1	26	0	640	400
Gains (losses) recognised in the income statement that are attributable to investments shown at 30 June financial year	0	0	16	0	28	8

→	Insurance-related investments		Total	
	Q1-2 2022	Q1-2 2021	Q1-2 2022	Q1-2 2021
€m				
Carrying amount at 31 Dec. previous year	2,132	1,547	11,571	8,315
Gains and losses	552	226	1,127	1,055
Gains (losses) recognised in the income statement	472	217	481	239
Gains (losses) recognised in equity	81	9	646	815
Acquisitions	73	266	1,098	1,749
Disposals	-341	-98	-765	-565
Transfer to Level 3	0	0	181	0
Transfer out of Level 3	0	0	-67	-59
Changes in the fair value of derivatives	-50	-26	-50	-25
Carrying amount at 30 June financial year	2,366	1,916	13,095	10,469
Gains (losses) recognised in the income statement that are attributable to investments shown at 30 June financial year	430	206	421	215

Further explanatory information on investments can be found in the section “Segment reporting”, and in the “Business performance of the Group and investment performance” section of the interim management report.

Equity

Number of shares in circulation and number of treasury shares

	30.6.2022	31.12.2021
Number of shares in circulation	139,789,880	140,098,931
Number of treasury shares	309,051	0
Total	140,098,931	140,098,931

Subordinated liabilities

Breakdown of subordinated liabilities

€m	Fitch	Moody's	S&P	30.6.2022	31.12.2021
Munich Reinsurance Company, Munich, 5.875% until 2032, thereafter floating, US\$ 1,250m, Bonds 2022/2042	-	A2 (hyb)	A	1,200	0
Munich Reinsurance Company, Munich, 1.00% until 2032, thereafter floating, €1,000m, Bonds 2021/2042	A	-	A	993	994
Munich Reinsurance Company, Munich, 1.25% until 2031, thereafter floating, €1,250m, Bonds 2020/2041	A	-	A	1,236	1,244
Munich Reinsurance Company, Munich, 3.25% until 2029, thereafter floating, €1,250m, Bonds 2018/2049	A	A2 (hyb)	-	1,244	1,264
Munich Reinsurance Company, Munich, 6.25% until 2022, thereafter floating, €900m ¹ , Bonds 2012/2042	-	-	-	0	933
Munich Reinsurance Company, Munich, 6.625% until 2022, thereafter floating, £450m ¹ , Bonds 2012/2042	-	-	-	0	557
ERGO Versicherung Aktiengesellschaft, Vienna, secondary market yield on federal government bonds (Austria) +70 BP, €6m, Registered bonds 2001/perpetual	-	-	-	6	6
ERGO Versicherung Aktiengesellschaft, Vienna, secondary market yield on federal government bonds (Austria) +70 BP, €7m, Registered bonds 1998/perpetual	-	-	-	7	7
HSB Group Inc., Delaware, LIBOR +91 BP, US\$ 76m, Bonds 1997/2027	-	-	-	56	51
Total				4,742	5,055

1 Munich Reinsurance Company fully redeemed the bond in Q2 2022.

Munich Reinsurance Company issued a subordinated green bond in Q2 2022, with a volume of US\$ 1,250m. This bond will mature on 23 May 2042 and is callable for the first time in 2032. It pays a fixed rate of 5.875% p.a. until 23 May 2032, and a variable rate thereafter.

The fair value of the subordinated liabilities at the reporting date amounted to €4,131m (5,234m). For the

Munich Reinsurance Company bonds, we take the stock market prices as fair values. For the other subordinated liabilities, we determine the fair values using net present-value methods with observable market inputs.

Possible bond maturities are determined by the terms of the bond.

Liabilities

Breakdown of bonds and notes issued

€m	A.M. Best	Fitch	Moody's	S&P	30.6.2022	31.12.2021
Munich Re America Corporation, Wilmington, 7.45%, US\$ 326m ¹ , Senior Notes 1996/2026	a	A+	A2	A-	312	293
Total					312	293

1 The issuer executed a partial redemption in Q2 2022, with a nominal volume of US\$ 7m.

We use the prices provided by price quoters to determine the fair value of the bonds and notes issued. The fair value at the reporting date amounted to €379m (370m).

The following table shows the allocation of the financial liabilities to levels of the fair value hierarchy.

Allocation of financial liabilities to levels of the fair value hierarchy

€m				30.6.2022
	Level 1	Level 2	Level 3	Total
Liabilities measured at fair value				
Other liabilities				
Derivatives ¹	176	2,433	1,550	4,159
Total	176	2,433	1,550	4,159
Liabilities not measured at fair value				
Subordinated liabilities	4,064	65	2	4,131
Bonds and notes issued	379	0	0	379
Amounts due to banks	0	1,029	76	1,105
Other liabilities from financial transactions	366	1,885	519	2,770
Deposits retained on ceded business	0	4	1,059	1,063
Other financial liabilities	371	1,017	7,717	9,105
Total	5,180	4,000	9,372	18,552

€m				31.12.2021
	Level 1	Level 2	Level 3	Total
Liabilities measured at fair value				
Other liabilities				
Derivatives ¹	56	1,582	1,819	3,457
Total	56	1,582	1,819	3,457
Liabilities not measured at fair value				
Subordinated liabilities	5,170	64	0	5,234
Bonds and notes issued	370	0	0	370
Amounts due to banks	0	948	70	1,017
Other liabilities from financial transactions	674	1,203	521	2,398
Deposits retained on ceded business	0	0	1,502	1,502
Other financial liabilities	269	837	7,624	8,730
Total	6,483	3,051	9,717	19,251

1 Including hedging derivatives of €5m (0m) accounted for under "Other liabilities".

Only derivatives with a negative fair value are currently recognised at fair value. Of these, we mainly allocate the insurance derivatives to Level 3 of the fair value hierarchy, depending on the observation of specific market inputs. As regards the valuation models used, please refer to the notes on investments.

Gains (losses) recognised in the consolidated income statement are shown in the insurance-related investment result, while gains (losses) recognised in equity are shown in the statement of recognised income and expense for the first half of 2022 under the line item "Unrealised gains and

losses on investments" as "Gains (losses) recognised in equity". Gains (losses) recognised in the consolidated income statement that are attributable to liabilities recognised at the end of the half-year are shown in the statement of recognised income and expense for the first half of 2022 under "Unrealised gains and losses on investments" as "Recognised in the consolidated income statement".

The following table presents the reconciliation from the opening balances to the closing balances for other liabilities allocated to Level 3.

Reconciliation for liabilities allocated to Level 3

€m	Other liabilities at fair value through profit or loss	
	Q1-2 2022	Q1-2 2021
Carrying amount at 31 Dec. previous year	1,819	1,630
Gains and losses	154	167
Gains (losses) recognised in the income statement	186	171
Gains (losses) recognised in equity	-32	-4
Acquisitions	282	339
Disposals	-348	-149
Transfer to Level 3	0	0
Transfer out of Level 3	0	0
Change in the fair value of derivatives	-50	-26
Carrying amount at 30 June financial year	1,550	1,627
Gains (losses) recognised in the consolidated income statement that are attributable to liabilities shown at 30 June financial year	178	141

Notes to the consolidated income statement

The major items in the consolidated income statement are made up as follows:

Premiums

€m	Q1-2 2022	Q2 2022	Q1-2 2021	Q2 2021
Gross premiums written	32,683	15,850	29,193	14,642
Change in gross unearned premiums	-1,166	178	-1,684	-391
Gross earned premiums	31,517	16,029	27,510	14,251
Ceded premiums written	-1,434	-627	-1,235	-601
Change in unearned premiums - Ceded share	94	-12	124	-23
Earned premiums ceded	-1,340	-640	-1,111	-623
Net earned premiums	30,176	15,389	26,399	13,628

Expenses for claims and benefits

€m	Q1-2 2022	Q2 2022	Q1-2 2021	Q2 2021
Gross				
Claims and benefits paid	-20,702	-10,787	-18,144	-9,181
Change in technical provisions				
Provision for future policy benefits	577	404	-980	-506
Provision for outstanding claims	-1,866	-384	-2,226	-990
Provision for premium refunds	-716	-564	-966	-525
Other technical result	-34	3	-90	-52
Gross expenses for claims and benefits	-22,741	-11,328	-22,405	-11,254
Ceded share				
Claims and benefits paid	775	459	499	332
Change in technical provisions				
Provision for future policy benefits	233	126	267	124
Provision for outstanding claims	75	-136	-21	-85
Provision for premium refunds	0	0	0	0
Other technical result	1	4	-19	-8
Expenses for claims and benefits - Ceded share	1,084	452	726	363
Net				
Claims and benefits paid	-19,927	-10,328	-17,645	-8,849
Change in technical provisions				
Provision for future policy benefits	810	530	-714	-382
Provision for outstanding claims	-1,791	-521	-2,247	-1,075
Provision for premium refunds	-716	-565	-966	-525
Other technical result	-33	7	-108	-60
Net expenses for claims and benefits	-21,656	-10,877	-21,680	-10,890

Operating expenses

€m	Q1-2 2022	Q2 2022	Q1-2 2021	Q2 2021
Acquisition costs, profit commission and reinsurance commission paid	-6,400	-3,235	-5,598	-2,879
Administrative expenses	-1,602	-775	-1,479	-718
Change in deferred acquisition costs and contingent commissions, amortisation and impairment losses on acquired insurance portfolios	248	62	560	254
Gross operating expenses	-7,754	-3,949	-6,516	-3,342
Acquisition costs, profit commission and reinsurance commission paid	429	178	285	132
Change in deferred acquisition costs and contingent commissions	-74	-31	-73	-28
Operating expenses - Ceded share	355	146	212	105
Net operating expenses	-7,399	-3,803	-6,305	-3,238

Investment result by type of investment (before deduction of income from technical interest)

€m	Q1-2 2022	Q2 2022	Q1-2 2021	Q2 2021
Land and buildings, including buildings on third-party land	261	107	289	170
Investments in affiliated companies	-29	-13	-33	-10
Investments in associates and joint ventures	33	12	132	86
Loans	1,114	534	1,220	585
Other securities available for sale				
Fixed-interest	779	643	1,729	795
Non-fixed-interest	621	254	867	456
Other securities at fair value through profit or loss				
Held for trading				
Fixed-interest	0	0	0	0
Non-fixed-interest	-10	-7	5	2
Derivatives	-541	-438	-417	-72
Designated at fair value through profit or loss				
Fixed-interest	-157	-96	11	8
Non-fixed-interest	-1	2	26	10
Deposits retained on assumed reinsurance, and other investments	206	136	97	59
Expenses for the management of investments, other expenses	-317	-164	-302	-156
Total	1,958	971	3,624	1,933

Result from insurance-related investments

€m	Q1-2 2022	Q2 2022	Q1-2 2021	Q2 2021
Result from investments for unit-linked life insurance contracts	-1,169	-696	657	286
Result from other insurance-related investments	43	-7	108	66
Total	-1,126	-703	765	352

Other operating result

€m	Q1-2 2022	Q2 2022	Q1-2 2021	Q2 2021
Other operating income	582	302	467	226
Thereof:				
Interest and similar income	165	82	114	59
Write-ups of other operating assets	16	5	11	6
Other operating expenses	-992	-517	-918	-457
Thereof:				
Interest and similar charges	-58	-29	-69	-37
Write-downs of other operating assets	-21	-7	-34	-16

Other operating income in the first six months of the year mainly comprised income of €327m (285m) from services rendered, interest income of €51m (24m), income of €31m (32m) from the release/reduction of provisions grouped under "Miscellaneous" and provisions for bad and doubtful debts, and income of €32m (12m) from owner-occupied property, some of which is also leased out.

In addition to expenses of €249m (270m) for services rendered, other operating expenses chiefly included

interest expenses of €52m (63m), thereof €3m (4m) from leases, and other tax of €77m (70m). They also contained expenses of €6m (6m) for owner-occupied property, some of which is also leased out.

The other operating result also included a large share of the result from reinsurance treaties with non-significant risk transfer totalling €109m (83m). A total of €109m (83m) derived from the life and health reinsurance segment.

Other non-operating result, currency result and net finance costs

€m	Q1-2 2022	Q2 2022	Q1-2 2021	Q2 2021
Other non-operating result	-24	-11	-21	-9
Currency result	502	485	-140	-117
Net finance costs	-93	-46	-112	-53

The other non-operating result is unrelated to the conclusion, administration or settlement of insurance contracts or the administration of investments. In the first six months, this item included restructuring expenses of €3m (4m).

Other information

Non-current assets and disposal groups held for sale or sold during the reporting period

Composition of the non-current assets and disposal groups held for sale

€m	30.6.2022	31.12.2021
Assets		
Land and buildings, including buildings on third-party land	72	42
Other securities available for sale	305	309
Other investments	1	3
Other assets of the disposal group	128	198
Total assets	506	552
Liabilities		
Gross technical provisions	201	201
Other liabilities of the disposal group	55	94
Total liabilities	256	294

Digital Affect Insurance Company, New York, and Digital Edge Insurance Company, Delaware, were classified as held for sale in Q1 2022; value adjustments were not necessary. The transactions are subject to the approval of the local supervisory authorities. The sale is expected in the course of 2022.

DAS Defensa del Automovilista y de Siniestros Internacional S.A. de Seguros y Reaseguros, Madrid, was classified as held for sale in April 2022. ERGO Versicherung AG is the shareholder. We expect that the company will be deconsolidated in 2022. No value adjustments resulted from the classification.

The Romanian insurance companies ERGO ASIGURARI S.A., Bucharest, and ERGO ASIGURARI DE VIATA S.A., Bucharest, were sold in March 2022. The portfolio transfer of cash at bank and liabilities of ERGO Insurance N.V., Brussels, was effected at the beginning of January 2022.

At the end of December 2021, JSC "ERV Travel Insurance", Moscow, was classified as held for sale. Although the transaction was to be structured as a share deal, a decision was made in Q1 2022 to execute the sale of the company as an asset deal instead. The insurance portfolio was sold in Q2; the remaining assets were written off. The write-downs amounted to €5m. We have filed an application for the surrender of the company's insurance licence.

We reclassified Imofloresmira – Investimentos Imobiliários S.A., Lisbon, and no longer classify it as held for sale because it is no longer likely that it will be sold within a year.

The item "Land and buildings, including buildings on third-party land" includes four properties that we classified as held for sale in the first half of 2022; they are allocated to the ERGO Life and Health segment. No value adjustments resulted from the classification of the four properties. Two investment properties were sold in the first two quarters. The prospective buyer of another property classified for sale in Q1 withdrew from the intended acquisition. We no longer classify it as held for sale because it is unlikely that it will be sold soon.

Further information on gains and losses from losing control can be found in the section "Changes in the consolidated group".

The other reserves of Group equity include an amount of €2m for disposal groups, of which €1m is attributable to unrealised losses on fixed-interest securities, and €3m to unrealised gains on the currency translation reserve.

In our segment reporting, we disclose how the non-current assets held for sale are allocated between the segments. Transactions between the disposal group and the Group's continuing operations continued to be fully eliminated.

Other securities available for sale are allocated to Level 1 and Level 2 of the fair value hierarchy.

Related parties

Transactions between Munich Reinsurance Company and subsidiaries that are to be deemed related parties have been eliminated in consolidation and are not disclosed in the Notes. Business relations with unconsolidated subsidiaries are of subordinate importance as a whole; this also applies to business relations with associates and joint ventures.

Munich Reinsurance Company has established a contractual trust agreement in the form of a two-way trust for its unfunded company pension obligations. The Munich Re pension scheme is considered a related party in accordance with IAS 24. Contributions to the pension scheme are recognised as expenses for defined contribution plans.

No significant transactions were conducted between Board members and Munich Re.

Number of staff

The number of staff employed by the Group as at 30 June 2022 totalled 18,457 (18,409) in Germany and 21,720 (20,872) in other countries.

Breakdown of number of staff

	30.6.2022	31.12.2021
Reinsurance	14,709	13,771
ERGO	25,468	25,510
Total	40,177	39,281

Contingent liabilities, other financial commitments

Contingent liabilities and other financial commitments that are important for assessing the Group's financial position show no material changes since 31 December 2021.

Earnings per share

Diluting effects to be disclosed separately for the calculation of earnings per share were not present either in the current reporting period or in the same period last year. Earnings per share can potentially be diluted in future through the issue of shares or subscription rights from amounts authorised for increasing the share capital and from contingent capital.

Earnings per share

		Q1-2 2022	Q2 2022	Q1-2 2021	Q2 2021
Consolidated result attributable to Munich Reinsurance Company equity holders	€m	1,377	770	1,699	1,106
Weighted average number of outstanding shares		140,082,846	140,066,937	140,098,931	140,098,931
Earnings per share	€	9.83	5.50	12.13	7.89

Events after the balance sheet date

No events of material significance have occurred since the balance sheet date.

Drawn up and released for publication,
Munich, 8 August 2022

The Board of Management

Review report

To Münchener Rückversicherungs-Gesellschaft
Aktiengesellschaft in München, Munich

We have reviewed the condensed interim consolidated financial statements of Münchener Rückversicherungs-Gesellschaft Aktiengesellschaft in München, Munich – which comprise the consolidated balance sheet, consolidated income statement, statement of recognised income and expense, group statement of changes in equity, condensed consolidated cash flow statement and selected notes to the consolidated financial statements – and the interim group management report for the period from 1 January to 30 June 2022, which are part of the half-year financial report pursuant to Sec. 115 WpHG (“Wertpapierhandelsgesetz”: German Securities Trading Act). The Company’s management is responsible for the preparation of the condensed interim consolidated financial statements in accordance with IFRSs on interim financial reporting as adopted by the EU and of the interim group management report in accordance with the requirements of the WpHG applicable to interim group management reports. Our responsibility is to issue a report on the condensed interim consolidated financial statements and the interim group management report based on our review.

We conducted our review of the condensed interim consolidated financial statements and of the interim group management report in compliance with the German Generally Accepted Standards for the Review of Financial Statements promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Those standards require that we plan and perform the

review to obtain a certain level of assurance in our critical appraisal to preclude that the condensed interim consolidated financial statements are not prepared, in all material respects, in accordance with IFRSs on interim financial reporting as adopted by the EU and that the interim group management report is not prepared, in all material respects, in accordance with the requirements of the WpHG applicable to interim group management reports. A review is limited primarily to making inquiries of the Company’s employees and analytical assessments and therefore does not provide the assurance obtainable from an audit of financial statements. Since, in accordance with our engagement, we have not performed an audit of financial statements, we cannot issue an auditor’s report.

Based on our review, nothing has come to our attention that causes us to believe that the condensed interim consolidated financial statements are not prepared, in all material respects, in accordance with IFRSs on interim financial reporting as adopted by the EU or that the interim group management report is not prepared, in all material respects, in accordance with the provisions of the WpHG applicable to interim group management reports.

Munich, 8 August 2022

Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft

Dr. Ott
Wirtschaftsprüfer
(German Public Auditor)

Dr. Kagermeier
Wirtschaftsprüfer
(German Public Auditor)

Responsibility statement

"To the best of our knowledge, and in accordance with the applicable reporting principles for half-year financial reporting, the consolidated half-year financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the interim management report of the Group includes a fair review of the development and performance of the business and the position of the Group, together with a description of the material opportunities and risks associated with the expected development of the Group for the remaining months of the financial year."

Munich, 8 August 2022



Dr. Joachim Wenning



Dr. Thomas Blunck



Nicholas Gartside



Stefan Golling



Dr. Torsten Jeworrek



Dr. Christoph Jurecka



Dr. Achim Kassow



Dr. Markus Rieß

Supervisory Board

Dr. Nikolaus von Bomhard
(Chairman)

Board of Management

Dr. Joachim Wenning
(Chairman)
Dr. Thomas Blunck
Nicholas Gartside
Stefan Golling
Dr. Torsten Jeworrek
Dr. Christoph Jurecka
Dr. Achim Kassow
Dr. Markus Rieß

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Münchener Rückversicherungs-Gesellschaft (Munich Reinsurance Company) is a reinsurance company organised under the laws of Germany. In some countries, including the United States, Munich Reinsurance Company holds the status of an unauthorised reinsurer. Policies are underwritten by Munich Reinsurance Company or its affiliated insurance and reinsurance subsidiaries. Certain coverages are not available in all jurisdictions.

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[Editorial note](#)

The official German original of this report is also available from the Company. In addition, you can find our annual and interim reports, along with other current information about Munich Re and its shares, on the internet at www.munichre.com.

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Important dates 2022

8 November 2022

Quarterly Statement as at 30 September 2022

Important dates 2023

23 February 2023

Balance sheet media conference for 2022 consolidated financial statements (preliminary figures)

16 March 2023

Publication of the Group Annual Report 2022

5 May 2023

Annual General Meeting

17 May 2023

Quarterly Statement as at 31 March 2023

10 August 2023

Half-Year Financial Report as at 30 June 2023

8 November 2023

Quarterly Statement as at 30 September 2023