

# IFRS 17/9 FOLLOW-UP

Full year 2022 comparative figures

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IFRS 17/9 financial figures and information in this presentation have not been audited and may be subject to change.

Please note that calculation differences may arise when rounded amounts and percentages are summed automatically.



## KEY ACCOUNTING DECISIONS & OVERVIEW

SUMMARY

APPENDIX



# CHANGES FROM IFRS 4 / IAS 39 TO IFRS 17/9

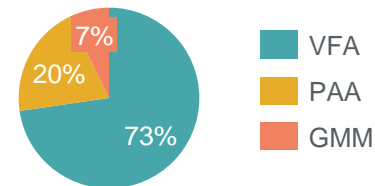
With regards to accounting of insurance contracts the most significant changes are:

- The use of current assumptions for measuring underwriting provisions.
- The introduction of the contractual service margin (CSM) for the unrealised future profits of a group of insurance contracts that is distributed over the term of the contract.
- The introduction of a risk adjustment (RA) to take account of the uncertainty in the cash flows from insurance contracts.
- The elimination of savings components (investment component) as revenue.
- The introduction of the OCI option to enable the offsetting of accounting mismatches, which can occur, for example, in the case of life insurance contracts with direct profit participation.

# KEY ACCOUNTING DECISIONS TAKEN BY VIG

## Measurement models

- VIG applies all Measurement Models.
- FY 2022 split of technical reserves by Measurement Model:



## Discount rate

- VIG uses bottom-up approach: risk free rate plus illiquidity premium.

## Risk adjustment

- VIG has decided to follow the cost of capital approach methodology of Solvency II when determining the risk adjustment under IFRS 17. This corresponds to the opportunity costs for allocated capital.

## Financial assets

- IFRS 9 split of financial assets by accounting type as of YE 2022: FVtOCI 63%, FVtPL 29%, amortized cost 8%.
- Real estate will still be accounted at amortized costs (purchase value minus regular depreciation).



# IFRS 17/9 RESULTS OVERVIEW

FY 2022

Insurance service revenue

**€ 9.7bn**

- IFRS 4: gross written premiums € 12.6bn

Profit before taxes

**€ 546.6mn**

- IFRS 4: € 562.4mn

Net Combined Ratio (P&C)

**92.3%**

- IFRS 4: 94.9%

Earnings per Share

**€ 3.4**

- IFRS 4: € 3.6

Operating Return on Equity

**10.7%**

- IFRS 4: 11.9%

New Business Margin (L&H)

**5.8%**

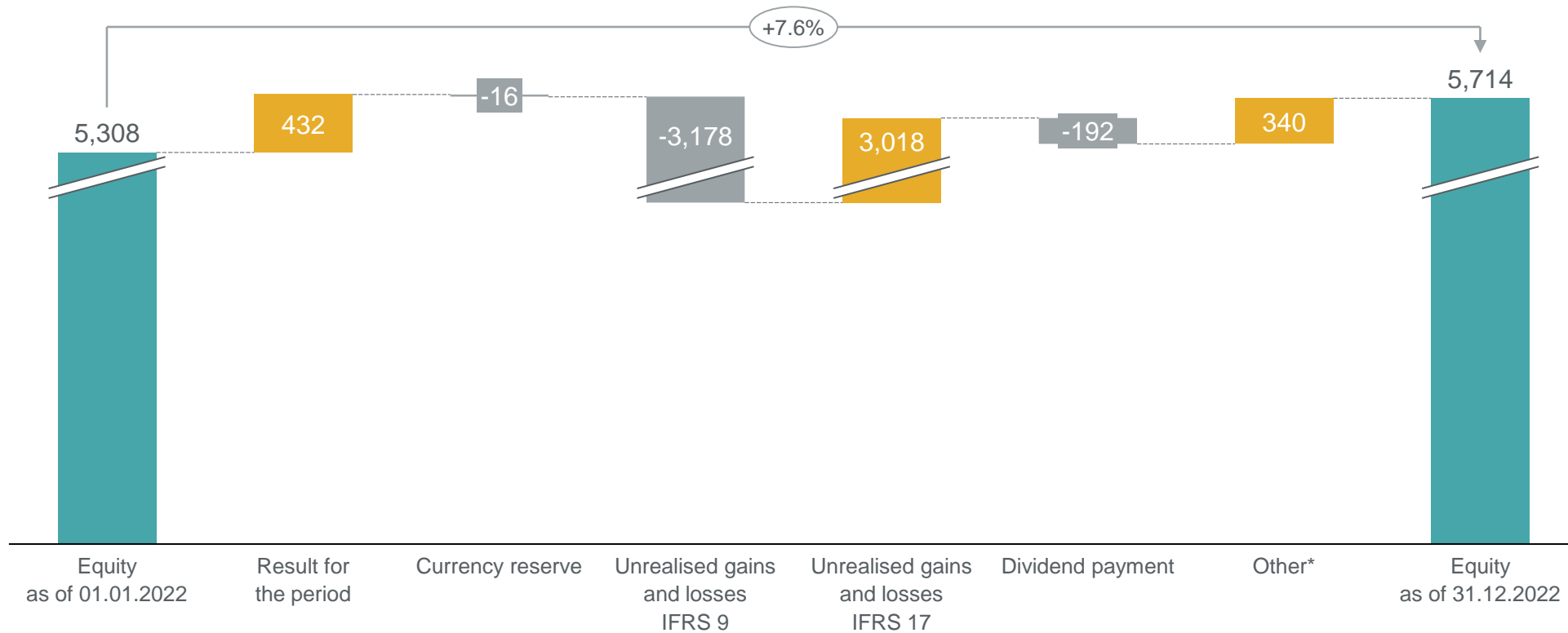
- L&H Embedded Value: 3.6% (different scope)



# EQUITY DEVELOPMENT

IFRS 17/9

Change in consolidated Shareholders' Equity (€ mn)



\*consists mostly of the effect of Aegon Transaction and IAS 19 Employee Benefits

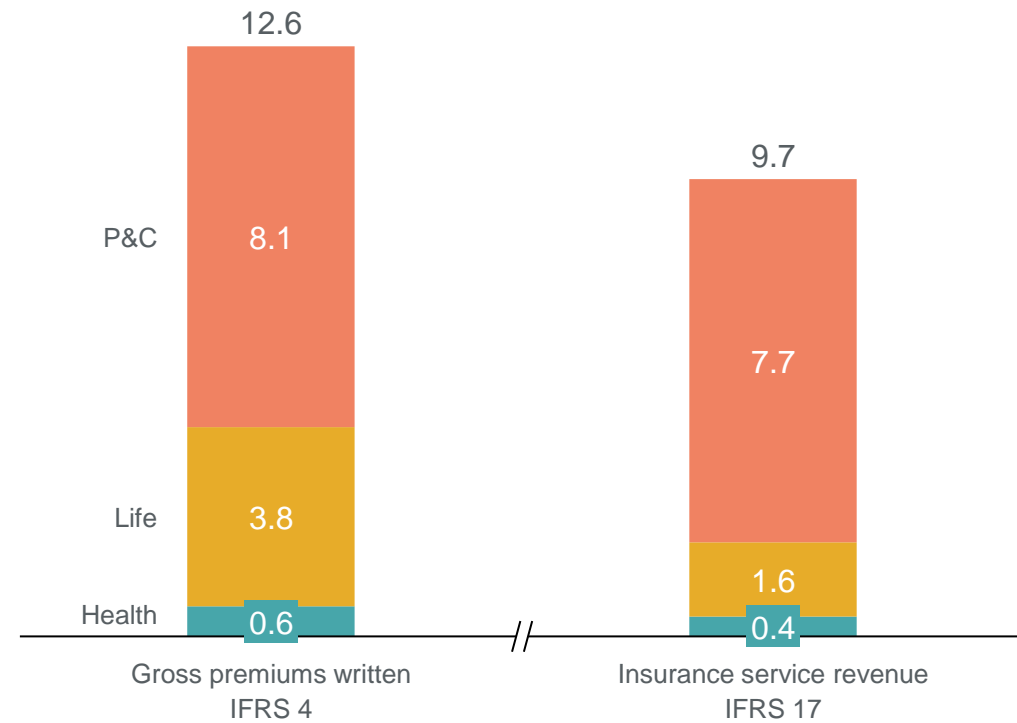
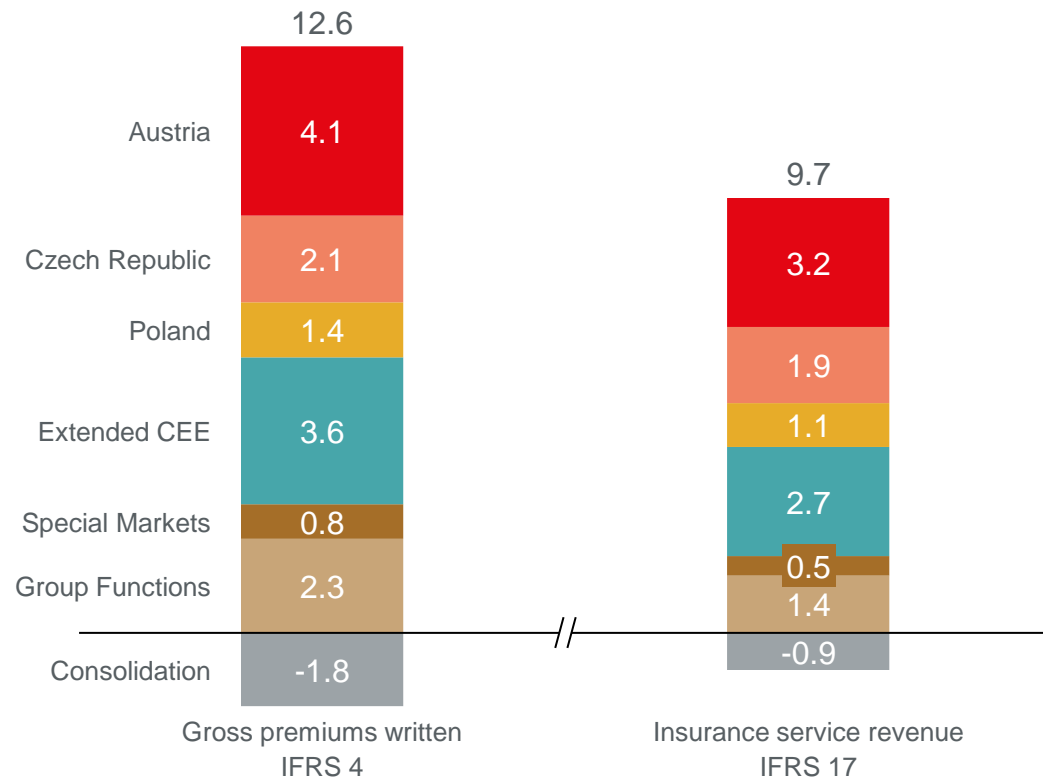


# INSURANCE SERVICE REVENUE

FY 2022

Segments (€ bn)

P&C, Life, and Health (€ bn)



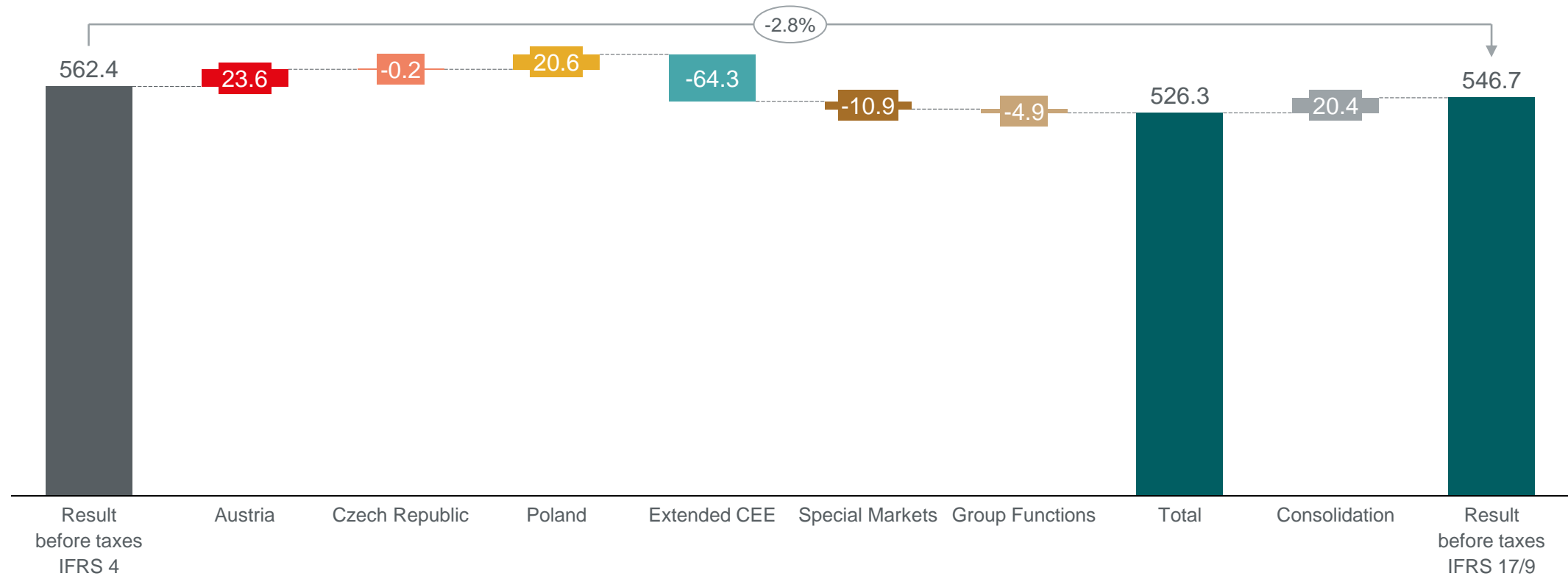




# GROUP RESULT BEFORE TAXES (I)

FY 2022

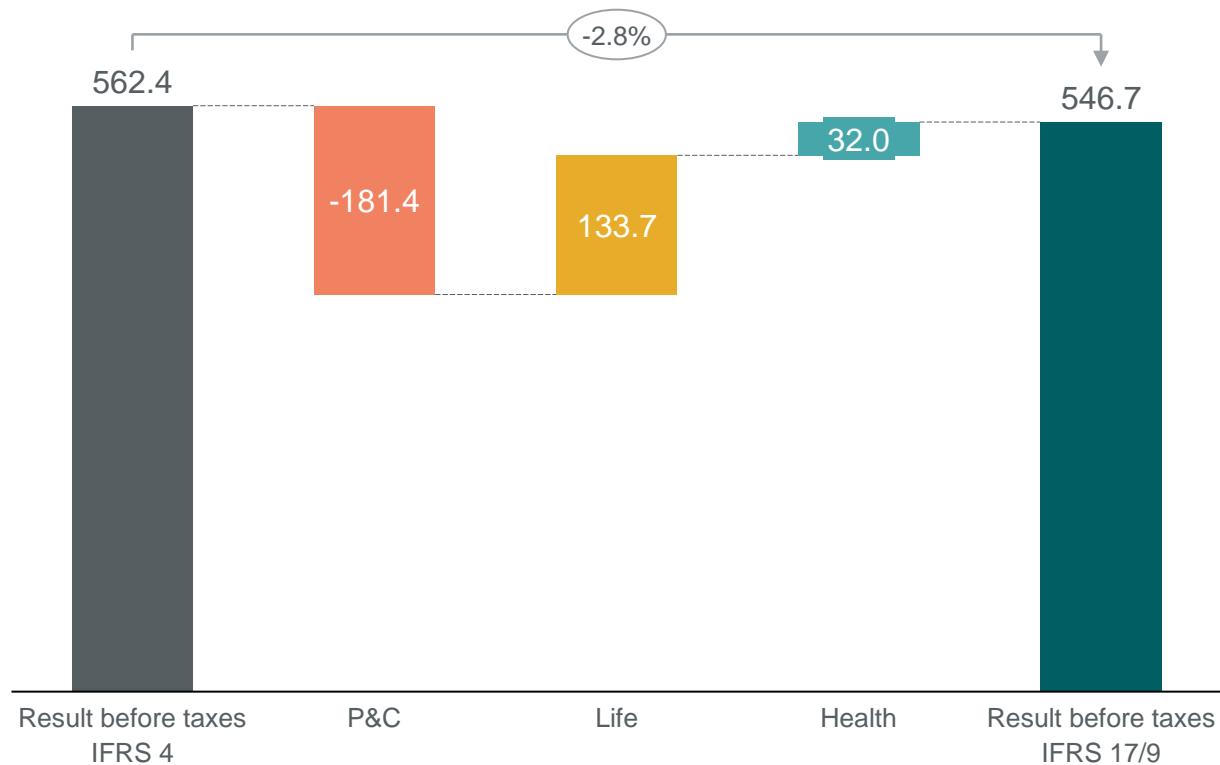
Segments (€ mn)



# GROUP RESULT BEFORE TAXES (II)

FY 2022

## P&C, Life, and Health (€ mn)

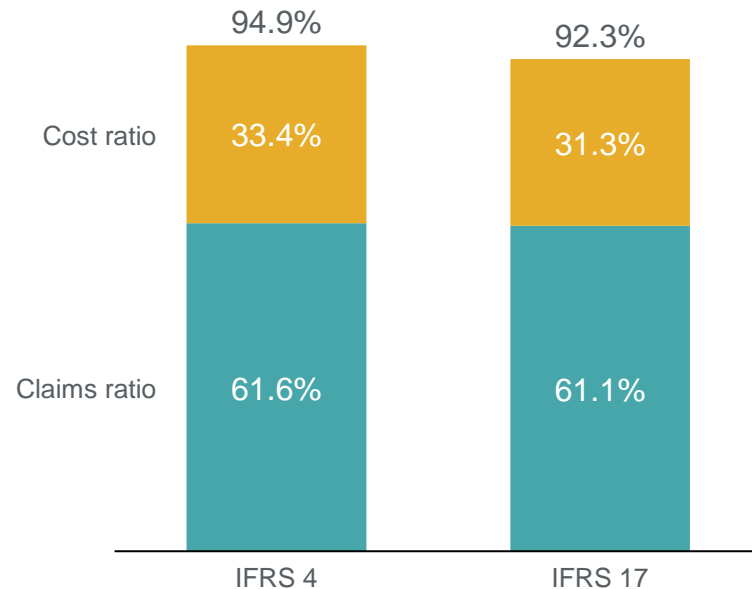


## Comments

- Less result before taxes in P&C according to IFRS 17/9 due to cost inflation leading to an increase of the liability for incurred claims (LIC) plus impact of IFRS 9 with effects out of the changed interest rate environment going through the P&L.
- Life business and Health business both experience positive effects from strong new business margin and the release of the CSM; the predominant application of the VFA measurement model balances the IFRS 9 effects.

# P&C COMBINED RATIO

FY 2022 Net Combined Ratio including attributable expenses



## Calculation

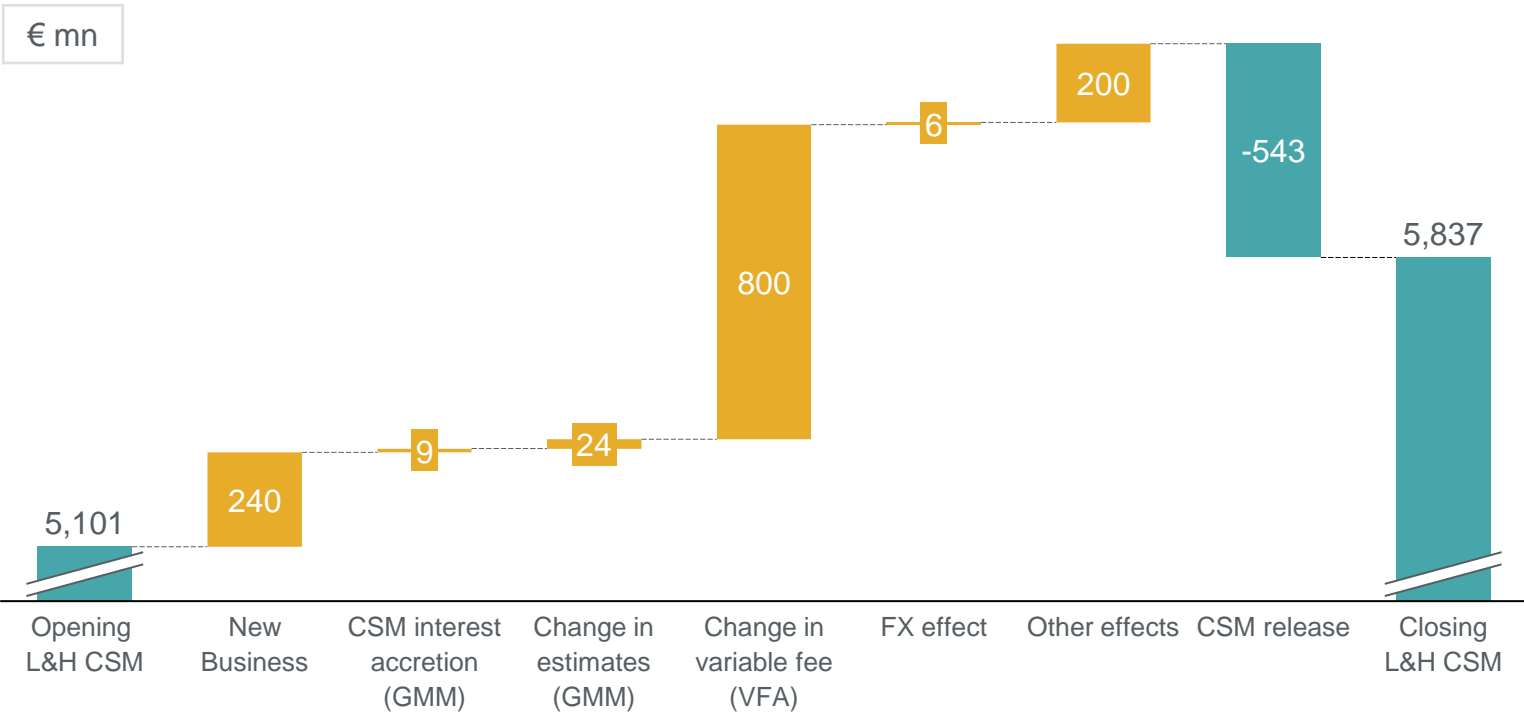
- Insurance service expenses P&C (net): € 6,047.8mn
- Insurance service revenue P&C (net): € 6,551.2mn
- Net attributable expenses P&C: € 2,047.7mn

## Comments

- CoR under IFRS 17 below level of IFRS 4 CoR
- CoR of 92.3% supported by positive discounting impact in claims ratio as well as lower cost base in Cost Ratio (non-attributable expenses)



# LIFE & HEALTH CSM



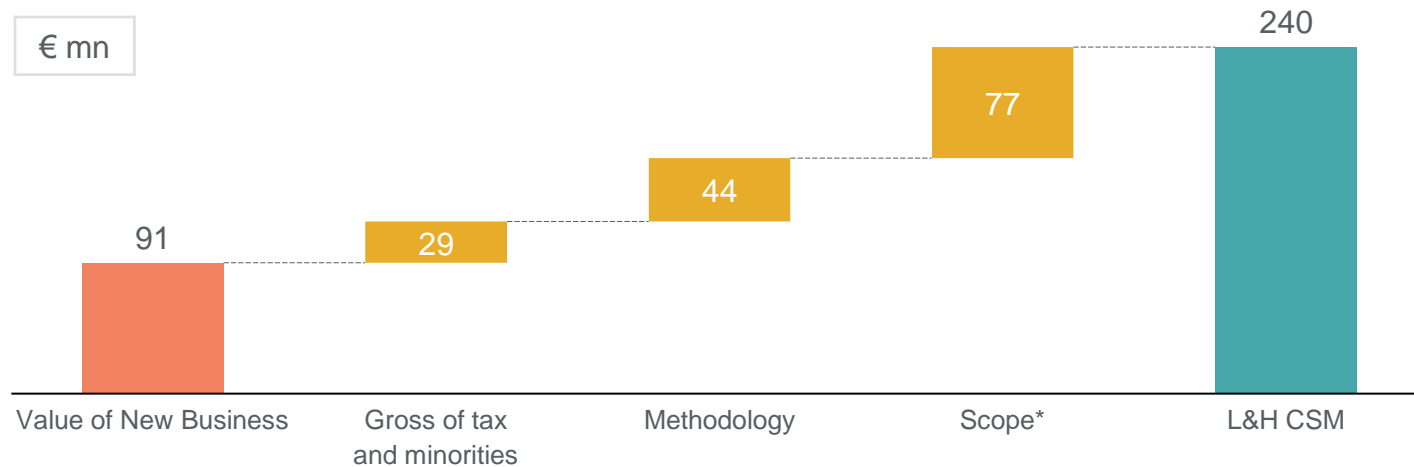
## Comments

- Contribution by profitable new business written
- Significant positive impact of the economic environment
- Includes profitable long-term-health business
- Acquisition of Aegon entities



# LIFE & HEALTH NEW BUSINESS

| € mn                          | Change | Value of New Business (VNB) | Present Value of New Business Premiums (PVNBP) | New Business Margin (in %) |
|-------------------------------|--------|-----------------------------|--|----------------------------|
| <b>L&amp;H Embedded Value</b> |        | <b>91</b>                   | <b>2,497</b>                                   | <b>3.6</b>                 |
| Gross of tax and minorities   | 29     | 119                         | 2,497  | 4.8                        |
| Methodology                   | 44     | 163                         | 3,261  | 5.0                        |
| Scope                         | 77     | 240                         | 4,134  | 5.8                        |
| <b>L&amp;H CSM</b>            |        | <b>240</b>                  | <b>4,134</b>                                   | <b>5.8</b>                 |



\*incl. acquisition of Aegon entities

## Comments on Methodology

- Contract Boundaries
- Attributable Expenses
- Assumptions BoY/EoY
- Experience Variance
- New Business Strain vs. Point of Sale



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# EXECUTIVE SUMMARY

IFRS 17/9 will not change how VIG runs its business

- New accounting standards have no impact on VIG's overall strategy and the Group's risk appetite.
- Dividend payment capacity of VIG remains unchanged.
- **FY 2022 IFRS 17/9 highlights:**
  - Insurance service revenue of € 9.7bn below IFRS 4 GWP mainly driven by removal of investment component in life business.
  - Calculation of Combined Ratio on a net basis considering attributable expenses leads to a solid P&C CoR of 92.3%.
  - Profitable new business in Life & Health with a favorable margin of 5.8%.
- Presentation and all available material online under [group.vig/investor-relations](https://group.vig/investor-relations) > Events.

- Comparative half year 2022 figures to be published together with half year 2023 results on 30 August 2023.
- Process of reviewing KPIs and targets based on IFRS 17/9 is still ongoing.



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# 2022 GROUP BALANCE SHEET

IFRS 17/9 (€ mn)

| <b>Assets</b>                            | <b>31.12.2022</b> |
|--|-------------------|
| Cash and cash equivalents                | 2,315.2           |
| Financial assets                         | 35,814.0          |
| Receivables                              | 490.7             |
| Current tax assets                       | 175.9             |
| Shares in consolidated companies         | 288.0             |
| Insurance contracts assets issued        | 140.8             |
| Reinsurance contracts assets held        | 1,874.5           |
| Investment property incl. building right | 2,645.0           |
| Property and equipment                   | 608.7             |
| Other assets                             | 120.5             |
| Goodwill                                 | 1,438.7           |
| Intangible assets                        | 585.8             |
| Deferred tax asset                       | 541.2             |
| Right-of-use assets                      | 178.7             |
| <b>Total assets</b>                      | <b>47,217.7</b>   |

| <b>Liabilities</b>                     | <b>31.12.2022</b> |
|--|-------------------|
| Liabilities and other payables         | 949.8             |
| Current tax liabilities                | 115.6             |
| Financial liabilities                  | 2,912.6           |
| Other liabilities                      | 78.4              |
| Insurance contracts liabilities issued | 36,370.4          |
| Reinsurance contracts liabilities held | 37.7              |
| Provisions                             | 669.9             |
| Deferred tax liabilities               | 369.4             |
| Consolidated shareholders' equity      | 5,472.6           |
| Non-controlling interests              | 241.3             |
| <b>Total liabilities</b>               | <b>47,217.7</b>   |



# 2022 GROUP INCOME STATEMENT

IFRS 17/9 (€ mn)

|  | <b>2022</b>  |
|--|--------------|
| Insurance service result   | 1,138.8      |
| Insurance service revenue – issued business                            | 9,737.6      |
| insurance service revenue (PAA)  | 7,516.8      |
| expected claims  | 1,017.7      |
| expected directly attributable expenses                                | 452.8        |
| experience of adjustment   | 2.9          |
| change of risk adjustment  | 157.8        |
| release of CSM   | 589.7        |
| Insurance service expenses – issued business                           | -8,525.8     |
| incurred claims and directly attributable expenses                     | -8,448.7     |
| other insurance expenses   | -77.2        |
| Insurance service result – reinsurance held                            | -73.0        |
| Insurance service revenue – reinsurance held                           | -1,247.1     |
| Insurance service expenses – reinsurance held                          | 1,174.1      |
| Net investment result  | -51.3        |
| Investment result  | -809.7       |
| Income and expenses from investment property                           | 37.8         |
| Insurance finance result   | 702.3        |
| Result from at-equity consolidated companies                           | 18.3         |
| Finance result   | -86.1        |
| Result of other income and expenses                                    | -406.7       |
| <b>Business operating result</b>                                       | <b>594.7</b> |
| Adjustments  | -48.1        |
| <b>Result for the period before taxes</b>                              | <b>546.6</b> |
| Taxes  | -114.3       |
| Non-controlling interests  | 8.3          |
| <b>Result for the period after taxes and non-controlling interests</b> | <b>440.7</b> |



# OPERATING RETURN ON EQUITY

IFRS 17/9 (€ mn)

|                           | 31.12.2022     | 31.12.2021     |
|---------------------------|----------------|----------------|
| Equity                    | 5,713.9        | 5,308.3        |
| OCI effects               | 20.1           | -139.4         |
| <b>Adjusted equity</b>    | <b>5,734.0</b> | <b>5,168.9</b> |
| Average adjusted equity   | 5,451.4        |                |
| Business operating result | 594.7          |                |
| <b>Operating RoE in %</b> | <b>10.9%</b>   |                |



# 2022 VIG SEGMENT OVERVIEW

IFRS 17/9 (€ mn)

|                 | Insurance service revenue | Result before taxes | P&C Combined ratio (in %) |
|-----------------|---------------------------|---------------------|---------------------------|
|                 | 2022                      | 2022                | 2022                      |
| Austria         | 3,163.4                   | 273.0               | 88.4                      |
| Czech Republic  | 1,860.8                   | 201.7               | 90.6                      |
| Poland          | 1,070.9                   | 72.3                | 93.6                      |
| Extended CEE    | 2,673.6                   | 48.4                | 95.6                      |
| Special Markets | 483.2                     | 38.5                | 96.4                      |

# Q&A

# CONTACT DETAILS / FINANCIAL CALENDAR

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## Financial calendar 2023

| Date          | Event  |
|---------------|--|
| 15 Mar. 2023  | Preliminary results for the financial year 2022                    |
| 19 Apr. 2023  | Results, Annual Report and Sustainability Report for the year 2022 |
| 16 May 2023   | Record date Annual General Meeting                                 |
| 26 May 2023   | Annual General Meeting   |
| 30 May 2023   | Ex-dividend day  |
| 31 May 2023   | Record date dividend   |
| 31 May 2023   | Update first quarter 2023  |
| 01 June 2023  | Dividend payment day   |
| 30 Aug. 2023* | Results for the first half-year 2023                               |
| 30 Nov. 2023* | Update first three quarters 2023                                   |

\* Preliminary planning



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