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VIENNA INSURANCE GROUP

## **Preliminary 12M 2025 results**

Conference call – Q&A session

12 March 2026

Transcript

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August Marcan

Hi, good afternoon. Thanks for taking my questions. I have three, if that's okay. First one's on the combined ratio. Could you please help us with a bit more details on the underlying drivers of the combined ratio, particularly how much was the NatCat impact in 2025? I think at nine months you gave a number which was I think [EUR] 170 million, correct me if I'm wrong. What was that number for full year and what is kind of the normalized level of NatCats that you take into account when you are planning?

Second one on the dividend. I appreciate you grew the dividend 12%, however, your earnings grew 30% and your payout now is one of the lowest in the sector, below 30%. Did you maybe consider stepping up dividend as a one-off step up to use as a new base? And if not, I'm just curious as to your thoughts in that segment.

And then finally on slide 35, the Solvency walk that you give is very helpful. Could you just give a bit more detail on the [EUR] 508 million other changes? What were they and how should we think about them going forward? Should they trend around zero in the long term, or should they be positive in the long term? Thank you.

Peter Höfinger:

Thank you for your questions. I will answer the first one, the combined ratio topic. If you look on the drivers of the combined ratio, there are various drivers. One of it is inflation. We have been quite successful over the last years to increase rates according to inflation.

What we have seen then last year is that there was a slowing down of the dynamic of the inflation, which was supporting us in claims costs. Nevertheless, we had before that and we are still able to increase certain rates, which was positive to our margin.

On the motor book, we have been, specifically on track. We have new pricing tools in many of our markets and we were able with a more precise segmentation to increase the profitability in our motor book.

And yes, we have been also supported by the NatCat activity. The difference of the NatCat topic to our combined ratio from the year 2024 and the year 2025 is 1.1 percentage points.

There is one topic which is slightly seen then in the overall result which is on the cost ratio. In more and more markets, we are reaching economies of scale, which is then allowing us, and also for the years to come, to see a continuous decrease of our cost ratio. I hope this is answering your question.

Liane Hirner

I'm happy to take your questions, the next two questions. The first was regarding the dividend policy. We have decided to have dividends at least at the dividend level from the prior year. So, there will be an increase, or at least a stable dividend, but we expect an increase as the business volume and the results are increasing also in the in the next years.

There are no plans to change the dividend policy currently. And the increase of 12%, in our view, is also a positive sign. On the other hand, the group is growing very strongly and also new acquisitions, regarding Nürnberger, is financed by our own funds. So, this year the payout ratio was some percentages below 30%, but I expect that this will increase again in the upcoming years.

To the [EUR] 508 million other changes in the own funds development table, these other changes are the valuation differences, or the change of the valuation differences, between especially Solvency II best estimate and IFRS 17 reserves, and also a main portion of these differences is deferred taxes.

These changes are supported by the positive interest rate development of the last year. So, the valuation differences further increased for the next upcoming quarters. I would rather expect a stable development here as I do not really expect big changes in the interest rate curve. I hope this answers your questions.

August Marcan

Thank you.

Operator

The next question comes from the line of Youdish Chicooree from Autonomous Research. Please go ahead.

Youdish Chicooree

Good afternoon, everyone. Thank you for taking my question. So, I'll ask for three questions as well, if possible. The first one is on your guidance. As you said 2025 was an exceptional year and your guidance basically implies you're looking for growth of around 8% to 12%. So maybe if you could just comment on how you see the various moving parts that will drive this growth in terms of top line, life, non-life, and whether you expect the combined ratio to improve further. So, if you could just talk around that, that'd be helpful?

Secondly, on the combined ratio improvement year-on-year. I think for a few countries, especially Czech Republic, Türkiye, you talk about favourable trends in motor. Could you expand on that, whether you are seeing better frequency, better severity, combination of both, and whether you think it's sustainable near term.

And then finally, on the CSM, I mean obviously there was a big help from, according to your slides, higher interest rates that gave a boost of 15%. But looking at interest rate changes, I think they moved around 50 to 65 basis points. So, I was wondering is that the kind of sensitivity we should expect in your CSM, as in roughly 50 basis points can produce an uplift of roughly 10%? Thank you.

Peter Höfing

Thank you. I will start with your second question which is about the combined ratio. There are two different effects in Czech Republic and in Türkiye. In Czech Republic, it is on one hand side, a lower frequency, but at the same time a very disciplined claims management which enabled us to keep the average claim flat, even a bit reduce, last year which is supporting the result in Czech Republic.

In Türkiye, we are more and more strong in the segmentation, and are able to get the right segments which we are desiring and this is shown also by the results. Nevertheless, one has to say, in Türkiye we do have there the challenges of inflation and the devaluation of the currency, having in mind that some spare parts still are in Euro equivalent, but the segmentation - obviously we have been successful in Türkiye.

Liane Hirner

So I'm happy to take your answer for your question for the CSM development. You are right, there was quite a positive impact in the VFA business, which relates to the changes in variable fee, and the increase of [EUR] 800 and forty million. This was mainly driven by the interest rates, but please bear in mind that also the interest rate structure, or the structure of the interest rate curve, here plays an important role, because in 2024 we had an inverse interest rate curve and in 2025 this disappeared and especially the interest rates in the mid-term or longer-term period increased. Not so much in the first years, but from the fourth year onwards, the interest rate curve increased substantially, so this gave this positive impact.

Hartwig Löger

Okay, so I will go on with your first question, Youdish, thanks for that. You mentioned the guidance I gave for 2026 and midterm, also out of evolve<sup>28</sup>, till 2028. So, from the growth perspective what we see is that we expect, also following what I mentioned, the dynamic growth situation in the Central Eastern European countries where we are strongly located, there is still the potential also on organic growth.

We have the diversification, we showed on the slide of regions and business lines, also in sales. And there we see that also on the one side with our strong partner Erste Group, there is potential in the existing countries. Erste is

also expanding on Central Eastern Europe and we see here also the potential for higher growth out of that.

Besides that, there are many countries where Erste is not located, where we are active and we already have, but with a strategic group program on that will also come in, especially in life business, where we see also the possibility being strong part of the growth in this all-over targeting. Hope this answers your questions.

Youdish Chicooree

Thanks very much. Can I ask a follow-up question on the second topic actually? Because I think you've mentioned a couple of times that you're using new pricing tools for more precise segmentation and that's improving margins in some countries. To what extent have these, you know, these newer tools, more sophisticated tools been rolled out across all your markets, i.e., what is the potential for further improvements coming from these new techniques?

Peter Höfinger

I cannot now really quantify the further improvements of this topic because it always has to do, on one hand side, with the size of our portfolio which we have in the respective market, and also with our market share, which depending on the market share, it's a different room of manoeuvre which we have with our pricing tools. But I think it shows that it is successful, and we're looking forward to see further improvements on it.

Youdish Chicooree

Alright, okay. Thank you very much.

Operator

As a reminder, if you wish to register for a question, please press star and one on your telephone. We now have a question from the line of Rok Stibric from ODDO BHF. Please go ahead.

Rok Stibric

Hi, good afternoon. Thank you for the presentation and the opportunity to ask questions. I would have actually two questions. The first one is related to combined ratio, and you mentioned before the delta arising from NatCats on 2025 over 2024. I was just wondering if there is like a number or a budget that you have in mind going forward, what percentage do you allocate to NatCat events, for example, in your strategic plan?

And the second question is related to the US-Israel-Iran conflict, and you elaborated before that you have like limited direct exposure. Fully understand that, but I was thinking more in the direction of other adverse effects. For example, if you know some missiles or drones are being shot down over the area of Türkiye, which is one of your very promising markets. My question here is, is there like a cap to claims that you would expect coming from these kinds of events? Thank you.

Peter Höfing

Thank you for your questions. I start with the second one. I hope that I understood it fully. Principally, for claims which are done out of a war activity there is no coverage. So therefore, we are not expecting out of war activity to have here any claims.

We are not really in the international marine business, so also this area, which potentially could be affected, is not something which should affect our book here. So, it will be more secondary effects, on one hand side, which is stock markets and increasing of inflation which will challenge us in managing our claims costs.

On the other hand side, what we have also seen in the past, rising petrol prices also do have a certain effect on our frequency, a more positive one. So, there will be different effects on it, but there is not really a direct effect out of it.

To your first question, which is combined ratio. Yes, we do have a budget. You have to differentiate – so first of all, due to our structure which we have in our planning logic, there is a budget for each and every company, and there we differentiate between NatCat events and weather-related claims.

NatCat events, as we have proved and seen 2 years ago when we had the big flood events, even if there is a very big event, we are buying in quite a resilient coverage with a low retention. So also big events, in the end, do not have a major impact overall. It is more the frequency. And the same is true for weather-related claims, but this is very much budgeted on a local level, and I cannot tell you here now the exact figure.

Rok Stibric

Okay, yeah. Thank you very much. All clear.

Operator

We have a follow-up question from the line of August Marcan from UBS. Please go ahead.

August Marcan

Hi, thanks for taking my follow-ups. Just two quick ones. One is on the Solvency II review in EU. Do you have any estimates on potential impact for VIG? And then the second one is just on the adjustments we had from mostly Hungary. It was about [EUR] 100 million last year, about [EUR] 100 million this year as well. Do you think it's all done now, or do you expect this number to still be a bit of a drag? And if so, where do you think that would come from? Thank you.

Liane Hirner

I am happy to take your two questions. Regarding the goodwill in Hungary, the write-down of the goodwill this year was the entire write-down so there is nothing left for

the upcoming years, so we have no goodwills anymore in our books regarding Hungary.

Regarding the Solvency II review, this has different impacts depending on the on the portfolios of the companies. So, it very much depends on if you have a life portfolio or non-life portfolio, long-term or short-term. Overall, for the group I would not expect a big difference. So rather stable development, no big positive or no big negative impact due to our diversification. I hope this answers your questions.

Operator

Ladies and Gentlemen, that was the last question. I would like to turn the conference back over to Nina Higatzberger-Schwarz, Head of Investor Relations for any closing remarks.

Nina Higatzberger-Schwarz

Thank you for your participation and for listening in. The 2025 Group Annual Report will be published on the 28<sup>th</sup> of April. If you require specific information for your models or analysis, please get in touch with Investor Relations, we are happy to help, and up to now thanks and goodbye.