



## **VIENNA INSURANCE GROUP (VIG)**

3M 2025 Key figures & Update

Q&A-Session Conference Call

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Transcript

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Operator	The first question comes from Youdish Chicooree from Autonomous Research. Please go ahead.
Youdish Chicooree	Good afternoon everyone. Can you hear me?
Nina Higatzberger-Schwarz	Yes, we can hear you.
Youdish Chicooree	<p>All right, thank you. I'll kickstart with two questions first. Firstly, just on your guidance, judging from your pre-tax profits, it seems quite a solid start to the year, but you have maintained your full year guidance unchanged. I'm just wondering, is that just because it's too early in the year, or is that a reflection of some increase in uncertainty or maybe some slowdown that we should be aware of further down the line? That's my first question.</p> <p>My second question is on Solvency actually. Just looking at your most recent sensitivities, it seems that your sensitivity to an increase of 50 basis points in corporate bond spreads is now minus 6%. But last year, I think it was closer to 15%. So, I was just wondering what has driven this change, please. Thank you.</p>
Liane Hirner	I'm happy to answer your questions. The first one regarding the guidance, the guidance remains unchanged. Usually, we start with a good first quarter. And also we did that in the last years. There is no increase of uncertainties. But for the moment, it's too early, and we stay with our outlook as presented.
Youdish Chicooree	All right, thank you.
Liane Hirner	The second question was regarding solvency, the spreads in corporate bonds of 50 basis points. Compared to last year, this year you would have to add spread corporate bonds and spread government bonds. This was shown in one figure last year, minus 14.9%. And this year, we split it. So you can see 5.55% downward sensitivity for corporate bonds and 8.96% downward sensitivity for corporate bonds – somehow unchanged.
Youdish Chicooree	All right, okay, that makes sense. Thank you very much.
Liane Hirner	Welcome.
Operator	As a reminder, if you wish to ask a question, please press star followed by one. The next question comes from August Marčan, UBS. Please go ahead.
August Marčan	Hi, Liane. Hi, Peter. Congrats on a solid set of results. My first question is on P&C. How are you seeing pricing versus inflation trends in your major geographies? And how do you see it developing in near-medium term? Any colour there would be helpful.

Then my second question is on your strategic plan, your current strategic plans ends this year. Are there any updates, any plans on an update for the market or anything there?

And then my final question is on excess capital. Again, you're still trending well above your target range. Now you have a bit more debt than you did before as well, so that also helps. Any thoughts about how do you see your capital? Do you see potential for an inorganic growth, distributions? Anything you can tell me here would be helpful. Thank you.

Peter Höfinger

Thank you for your questions. I will take the first two questions. The first question is rate increases versus inflation. You have to separate between Austria and Central Eastern Europe. In Central Eastern Europe, we have annual contracts. Therefore, we are adopting our contracts also to the claim costs and needs. And therefore, we are reflecting quite well the inflation and are able to increase rates with inflation.

In Austria, specifically in the retail book, we have long-term contracts with indexes. Indexes which are not CPI, but for example, in the household property, it's a construction price index, or in CASCO business, it's a repair cost index, which is generally higher than the CPI.

We are having here the effect that the indexation is always done at the original inception date of the policy. Therefore, quite a large part of our book gets inflated with the inflation rate from last year, increased this year, whereas the inflation in Austria is quite stable, even maybe a bit lower than at last year.

If I come to your second question, which is more about the topic about our strategy, you know that we are currently still having our strategy, VIG 25. We are in the middle of the process of making our new strategy for the next three years. As soon as there is something to deliver and to inform, we are happy to do so. I would expect this to be in the second half of the year. And I hand over to Liane.

Liane Hirner

Thank you. Your last question related to the capital position of VIG. We have a very solid Solvency ratio, I already mentioned, which has been positively influenced by the interest rate development. So, our capital is well above the target range that we published, between 150% and 200%.

As Peter already stated in his presentation, our M&A activities are ongoing. We have explained here some M&A activities in Albania, in Poland and in Moldova. So, the

excess capital, or the capital, is used for inorganic growth and also for organic growth. The growth rates in the gross return premium and insurance service revenue both amounted to 8% in the first quarter 2025, also need capital. This would be my answer.

Operator

The next question comes from Thomas Unger, Erste Group. Please go ahead.

Thomas Unger

Yes, hello, good afternoon. Thank you all for taking my question. I'd be interested in your expectations for the combined ratio, with a 92.3% in Q1. Presumably, you would expect weather-related claims to go up in the coming quarter or in the coming quarters. Do you expect any positive developments on the cost ratio? It increased a bit year over year, while the claims ratio was quite a bit better than last year in Q1.

And staying with the combined ratio, if you could just maybe talk a little bit about the individual segments and their development in Q1. I know you touched very briefly on Czech Republic and Poland. Maybe you can go into some more detail on the regions. Thank you.

Peter Höfinger

Thank you for your question. Combined ratio, 92.3%. You know it's the first quarter. You know that principally in the first quarter, there is low weather-related claims activity. The same is true for this first quarter. If there would be something like a NatCat season in our region, then it lies ahead of us.

I would expect that we will stay in the region of our combined ratio where we are today. There will be a certain smoothing out of the cost ratio over the year. And let's see how the Nat Cat and weather-related claims will develop. But if it would be not something very unexpected, one can expect that we will be in this range of the combined ratio.

To go more into details of the region, we see by our figures, that we are able, from the beginning of the year, to have again an attractive growth dynamic in Poland. We had the mergers and the reduction of complexity last year in merging companies.

The growth ratio which we are showing here is clearly a sign that we are again very much focused on the market development. Market development is very much supported by other property, as the GDP growth in Poland is quite outperforming, and there is a large economic activity there which we are benefiting from.

I mentioned, Czech Republic, where we also do have a decent growth, in property as well as in motor business. We are growing quite significantly in Romania. In Romania, on

one hand side, we are growing in motor business, CASCO and motor TPL, but also in property. Also in Romania, we see a favourable economic environment currently there, also driven by a certain number of repatriations of Romanian citizens back to Romania in the last years, and a certain increase of foreign direct investment.

Maybe to have a word about Bulgaria, in Bulgaria, we are growing with 9.9%. Also here, it is mainly driven by property business. Bulgaria does have a nice GDP growth which is supporting our premium growth there.

Again, generally, we are able to reflect in our rates the inflation of our claims costs. So, there is a certain automatic driver of the premium growth by inflation adaptation. But on the other hand side, the markets which I mentioned also had an increase of the number of risks. I hope this gave you a bit more details.

Thomas Unger

Thank you very much.

Operator

The next question comes from Tamás Cser, HOLD AM. Please go ahead.

Tamás Cser

Good afternoon to everyone, hi. I would have a question related to the interest rate environment. So it's quite a recent topic on the bond markets globally that loan rates are going up. And I would be curious on your opinion, how is it affecting VIG currently, and whether... Of course, it's more happening maybe in the US and Japan, but it might have an effect also on the European rates, and German rates are also higher due to the fiscal situation.

So generally, can you mention a little bit how is it affecting? Is it benefiting VIG or not? What is the sweet spot of loan rates for your business in your mind, and whether the current market rates we are seeing, it will continue to support the financial profits of the company or not? Thank you.

Liane Hirner

Thank you. I'm happy to take your question regarding interest rate developments. For VIG, interest rate developments of our countries are relevant. So, Euro, Czech Crown, Turkish Lira, Polish Złoty are in the main yield curve. And in the first quarter, we saw an increase, so this had a positive effect on our results, also on the Solvency ratio. In April, we saw a decrease again. The interest rate environment outside our markets do not have a huge impact on our business. Does this answer your question?

Tamás Cser

Yes. Maybe that part I would ask again is what do you think, what's an optimal level of Euro interest rates for your business?

Liane Hirner	I didn't catch your question. Optimal debt level?
Tamás Cser	Optimal level of long Euro rates for your business. Or this current environment is optimal for VIG, or higher rates would be more beneficial or not?
Liane Hirner	For us, a low-interest rate environment, as for every insurance group, I think, is not the best situation. But as it is currently, a smoothly increasing interest rate curve is positive and is something that we would be happy. But on the other hand, as we saw in the past years, we could manage very well all the interest sensitivities that we saw in the last years in various crisis times. So, we are quite well matched and very well diversified. So this makes our group very resilient also in this respect.
Tamás Cser	Okay, thank you.
Operator	Ladies and gentlemen, once again, to ask a question, please press star followed by one. That was the last question. I would now like to turn the conference back over to Nina for closing remarks.
Nina Higatzberger-Schwarz	Thank you. Thanks to everyone listening in, and for your questions and interest. We will publish the Half Year Results of Vienna Insurance Group on 27th August. If you have any questions in the meantime, please do not hesitate to contact the Investor Relations team. We are happy to help. Thank you and goodbye.