

CAPITAL MARKETS DAY 2023

14/09/2023 at 3 pm



#CMD23

DEUTSCHE 
Familierversicherung

Capital Markets Day 2023

Financial results H1 2023

+8 %

Insurance revenue

-7 %

Opex (Cost cutting)

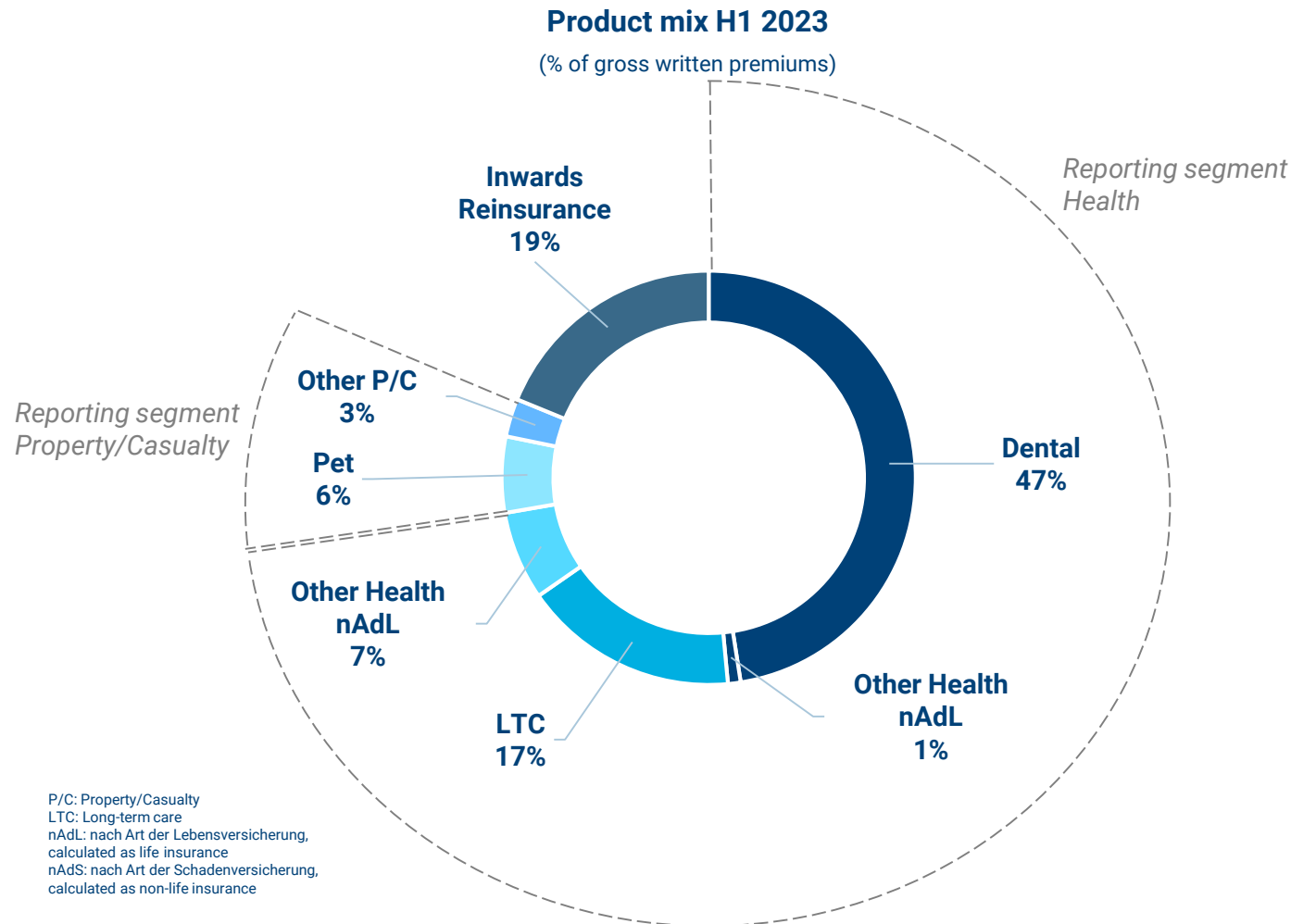
95 %

Combined ratio



Financial results H1 2023

Unchanged product/market approach



- Health remains the core product:
 - Unchanged focus on profitable products, in line with the core competencies of DFV.
 - Approx. two thirds of the new business stream results from established online channels with an increasing inflow from direct channels, fuelled by bespoke TV spots.
- Segment reporting:
 - Health and P/C are now the reporting segments in the consolidated financial report.
 - The previously existing reporting segment Inwards Reinsurance disappears due to IFRS 17 (IFRS 8.13).

Financial results H1 2023

Stronger insurance service result (IFRS 17)

Statement of comprehensive income

| €m | H1 2022 | H1 2023 | Delta |
|--|-------------|-------------|---------------|
| Insurance revenue | 60.3 | 64.9 | +4.5 ① |
| Insurance service expenses | -35.5 | -37.5 | -2.0 ② |
| Acquisition cost | -10.2 | -11.2 | -1.0 |
| Other insurance expenses | -9.8 | -9.1 | +0.7 ③ |
| Net expenses from reinsurance contracts held | -3.1 | -4.3 | -1.2 |
| Insurance service result | 1.8 | 2.8 | +0.9 ④ |
| <i>Claims ratio</i> | 61.9% | 61.9% | |
| <i>Acquisition expense ratio</i> | 17.8% | 18.5% | |
| <i>Admin expense ratio</i> | 17.1% | 15.0% | |
| <i>Combined ratio</i> | 96.8% | 95.5% | |

- ① **Insurance revenue**, including amounts from the release of the CSM. In this presentation, the Inwards Reinsurance business is recognised with its P&L effect only.
- ② **Insurance service expenses** increase by only €2.0 million; the claims ratio remains unchanged y-o-y, at 61.9 %.
- ③ **Other insurance expenses** decrease compared to H1 2022. The cost management programmes implemented are effective, despite intensified marketing efforts.
- ④ **Insurance service result**: Stronger operating performance compared to H1 2022. The **combined ratio** decreases from 96.8 % in H1 2022 to 95.5 % in H1 2023.

CSM: Contractual service margin, an item representing the unearned profit of a group of insurance contracts to be recognised as services are provided to policyholders
Adoption of IFRS 17/9 in both reporting periods; simplified

Combined ratio looks different under IFRS 17

$$= 1 - \left(\frac{\text{Insurance service result}}{\text{Insurance revenue} - \text{Net expenses from reinsurance contracts held}} \right)$$

Financial results H1 2023

Volatile net financial result (IFRS 9) – profit guidance for 2023 is confirmed

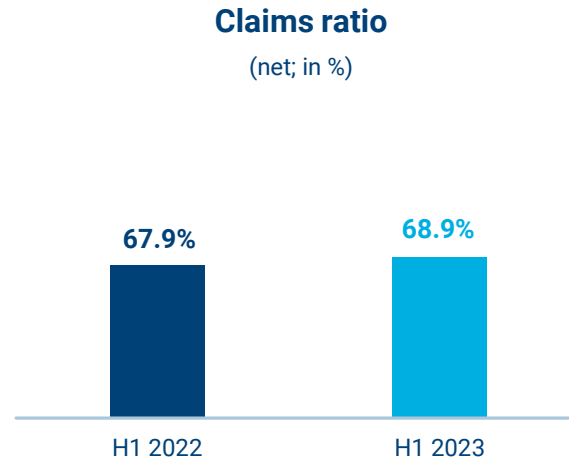
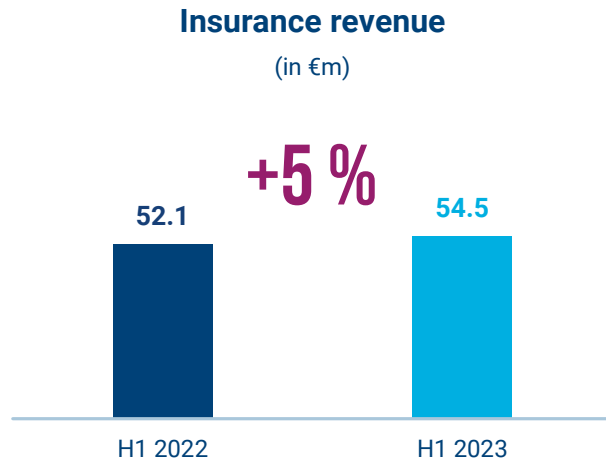
Statement of comprehensive income

| €m | H1 2022 | H1 2023 | Delta |
|--|------------|------------|-------------|
| Insurance service result | 1.8 | 2.8 | +0.9 |
| Net investment income | 9.8 | 0.6 | -9.2 |
| Net insurance finance expenses | -4.9 | -0.5 | +4.3 |
| Net financial result | 4.9 | 0.1 | -4.8 |
| Net insurance and investment result | 6.7 | 2.8 | -3.9 |
| Other result | -1.1 | -1.1 | -0.0 |
| Profit before tax | 5.6 | 1.7 | -3.9 |

- ① Significant reduction of the **net investment income** under volatile conditions on the capital market.
 - Compared to H1 2022, a lack of fair value changes recognised through P&L.
 - Consciously realising losses on fixed income as DFV seeks to reallocate its investment portfolio.
 - Impairment of a real estate bond.
 - DFV's current investment returns remain stable.
- ② Despite a volatile net financial result, DFV's profit before tax remains positive – the full-year profit **guidance of €3 to 5 million is confirmed.**

Financial results H1 2023

Reporting segment Health



- A recently moderate growth rate, in line with DFV's strategy
 - Continued concentration on our specialised core business.
 - New business inflow via established distribution channels.
 - Ongoing measures to further drive the automation rate and to increase the efficiency in our core product area Dental.

Financial results H1 2023

Reporting segment Property/Casualty

Insurance revenue

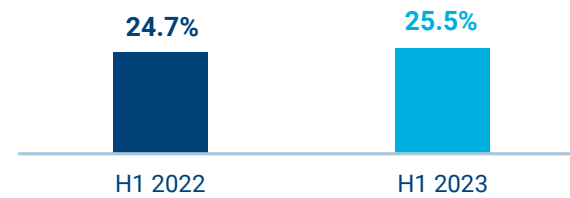
(in €m)

+25 %



Claims ratio

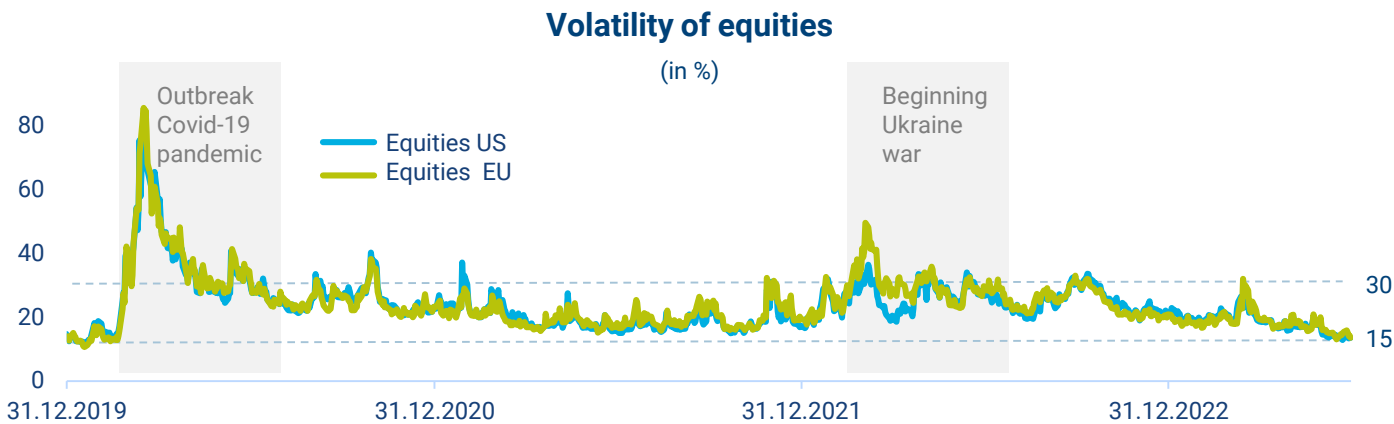
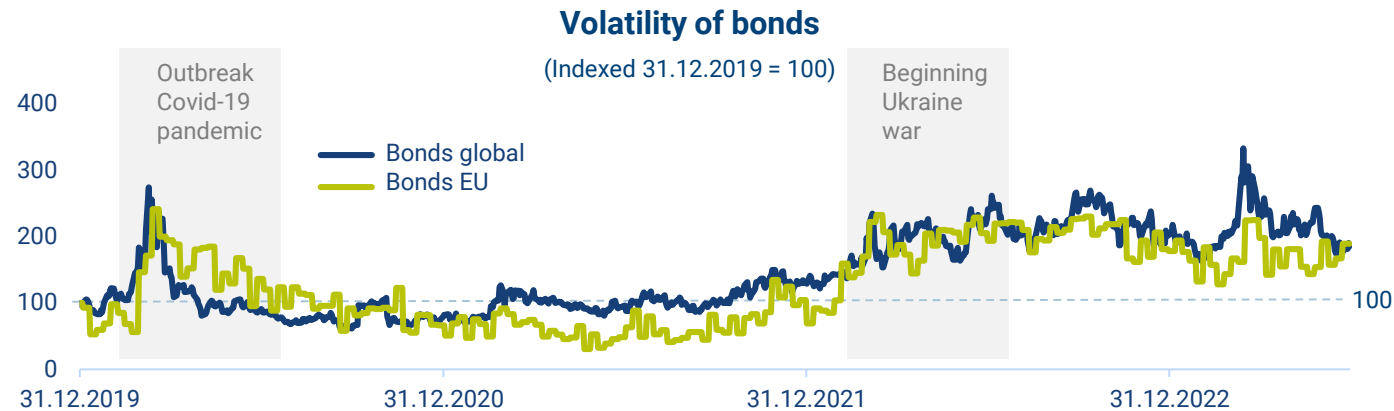
(net; in %)



- A continuously strong growth rate
 - Growth is driven by Pet, distributed mainly online.
 - Strengthened cross- and up-selling measures.
 - Continued favourable claims development.
 - New Kombi protection, on the market since January 2023, supported by TV spots.
 - New Pet product launched in June 2023 to address the adjusted fee schedule of German veterinarians (*Tierärztegebührenordnung*).

Financial results H1 2023

Volatility of investments



Source: Bloomberg

- Volatility of bond markets

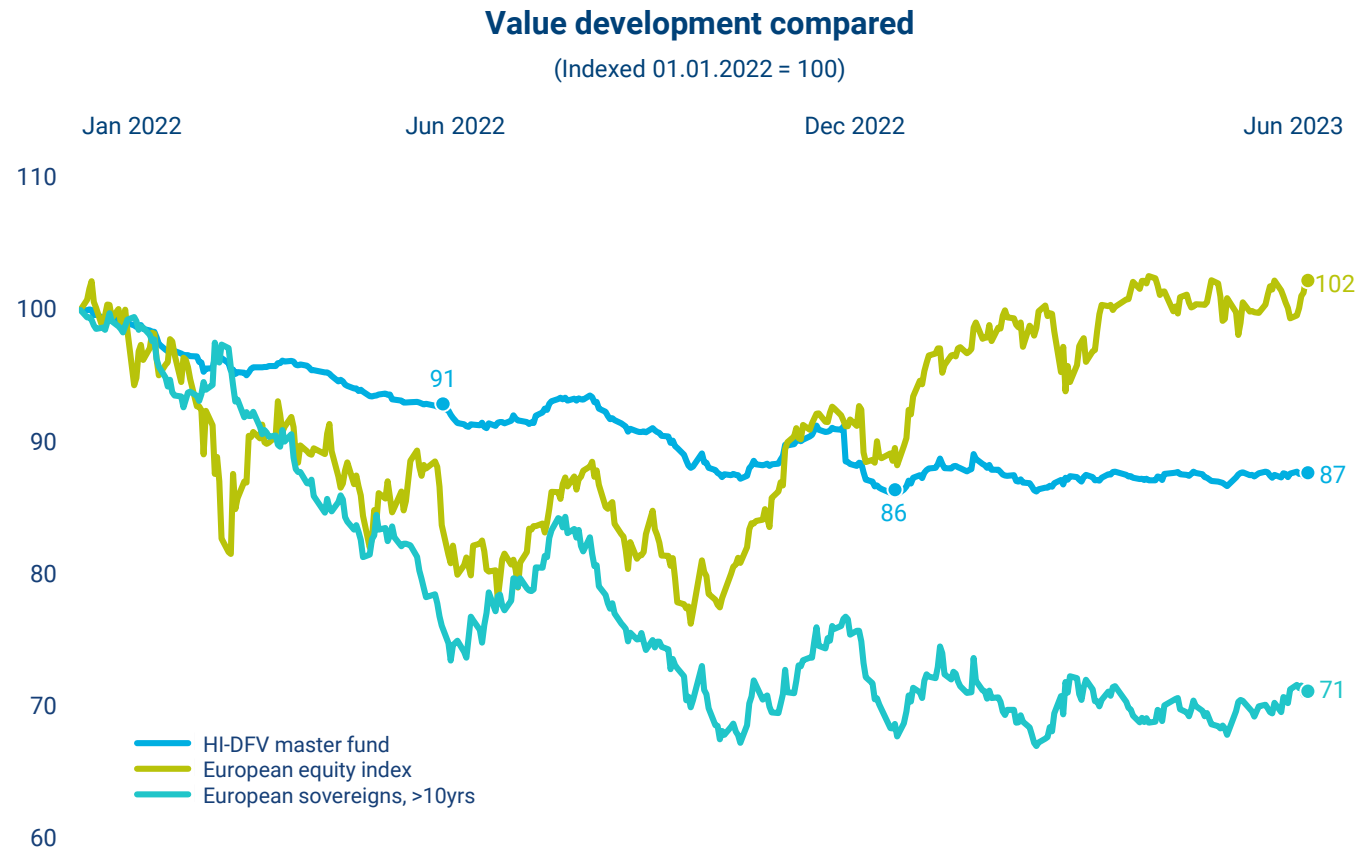
- DFV's dominant asset class.
- In April 2023 the bond markets were shaken by the US banking crisis.
- Applying a buy-and-hold strategy, while in H1 2023 the investment result was dampened by consciously realising losses on fixed income.
- Higher interest rate levels coming through.

- Volatility of equity markets

- Reduced volatility despite the continued Ukraine war.
- DFV has recently minimised the equity share quota in its ring-fenced 'guarantee assets' portfolio (*Sicherungsvermögen*).

Financial results H1 2023

Value of investments



- Stabilised investment portfolio
 - DFV's investment portfolio dominated by fixed income; equities in the *Sicherungsvermögen* portfolio are nearly nil.
 - De-risking strategy has been implemented.
 - Asset allocations of the master funds focus on current returns.

Financial results H1 2023

Movements in the financial position reflect the continued growth

Consolidated balance sheet

| €m | 2022 | H1 2023 | Delta |
|----------------------------------|--------------|--------------|--------------|
| Cash and cash equivalents | 11.5 | 9.8 | -1.6 |
| Investments | 180.4 | 198.6 | +18.2 |
| Insurance contract assets | 34.8 | 38.0 | +3.2 |
| Reinsurance contract assets | 1.5 | 1.2 | -0.3 |
| Deferred tax assets | 5.3 | 4.5 | -0.8 |
| Other assets | 7.5 | 7.8 | +0.4 |
| Intangible assets | 6.0 | 5.6 | -0.4 |
| Total assets | 246.9 | 265.5 | +18.6 |
| Insurance contract liabilities | 130.5 | 146.9 | +16.4 |
| Reinsurance contract liabilities | 22.8 | 23.7 | +0.9 |
| Other liabilities | 3.3 | 2.6 | -0.8 |
| Total liabilities | 156.6 | 173.1 | +16.5 |
| Total equity | 90.3 | 92.4 | +2.1 |
| Non-controlling interests | 0.1 | 0.1 | +0.0 |
| Shareholders' equity | 90.2 | 92.3 | +2.1 |

① **Growth of business volume** drives both the insurance contract liabilities and the corresponding investment portfolio.

② Equity bridge from 2022 to H1 2023:

| | |
|---------------------------------------|---------------|
| Shareholders' equity 2022 | €90.2m |
| Profit before tax | €1.7m |
| Tax | €-0.6m |
| Unrealised fair value movements (OCI) | €0.9m |
| Shareholders' equity H1 2023 | €92.3m |

DFV's solvency position remains robust and significantly above the regulatory requirements

OCI: other comprehensive income

With regard to the reconciliation and recognition of IFRS 17 insurance items, certain insurance contracts and accounting methods are currently still under discussion, both in the literature and among auditing firms. As a result of this situation, we were forced to make adjustments to the opening balance (or changes in equity) between the publication of the 2022 Annual Report in March 2023 and the current H1 2023 Report. In particular, these adjustments related to the measurement of reinsurance contracts under the General Measurement Model (GMM) using the OCI option. It is possible that further changes will have to be taken into consideration in the Annual Report for 2023.

Financial results H1 2023

ESG rating confirms DFV's sustainability engagement

Overall score Company Assessment

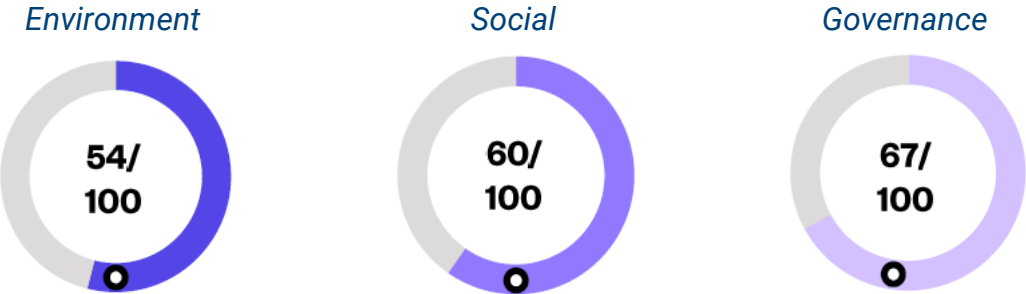
(Source: 2023 Company Assessment by ESG Book)



- Initial ESG rating in 2023
 - ESG Book, founded by Arabesque in 2018 and an investment of *inter alia* Allianz X since 2022.
 - DFV 'significantly above average of the insurance industry'.
 - DFV part of TOP 15 % of ESG Book's company universe (based on a total of 8,900 listed companies).
 - Very good rating (*sehr gute Leistung*) in all three sub-scores.

Sub-scores Company Assessment

(Source: 2023 Company Assessment by ESG Book)



Financial results H1 2023

Key messages

- 1 DFV's transition to a sustainable profitable business model is on track**
- 2 H1 2023 operating profit up 52 % y-o-y – cost discipline remains on the agenda**
- 3 Despite a volatile investment income: FY 2023 profit guidance of €3 to 5 million is confirmed**



Thank you
for your attention