



Financial results 9M 2023

DFV Deutsche Familienversicherung AG

23 November 2023

Welcome

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+8 %

Insurance revenue

96 %

Combined ratio

€4.4M

Profit before tax



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Improved combined ratio of 96 % reflects DFV's operating profitability

Statement of comprehensive income

€m	9M 2022	9M 2023	Delta
Insurance revenue	90.5	97.3	+6.8 ①
Insurance service expenses	-53.2	-58.7	-5.5
Acquisition cost	-15.2	-18.6	-3.4
Other insurance expenses	-14.7	-14.3	+0.4
Net expenses from reinsurance contracts held	-4.6	-1.9	+2.7
Insurance service result	2.8	3.8	+1.0 ④
<i>Claims ratio</i>	61.9%	61.5%	
<i>Acquisition expense ratio</i>	17.7%	19.4%	⑤
<i>Admin expense ratio</i>	17.1%	15.0%	
<i>Combined ratio</i>	96.7%	96.0%	

① **Insurance revenue**, including the unlocking of the CSM which contains future profits of the contracts. Inwards reinsurance business is recognised with its P&L effect only.

② Amortisation of historical customer acquisition cost (PAA); current distribution cost.

③ Recalibration of outwards reinsurance cash flows under the GMM measurement model.

④ **Insurance service result**: Increase y-o-y as a result of the enhanced operating profitability. Further performance improvement initiatives scheduled to materialise from 2024.

⑤ **Key performance indicators** compared to 9M 2022:

- Stable claims ratio;
- Increased acquisition expense ratio;
- Reduced admin expense ratio;
- Improved combined ratio.

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
 GMM: General measurement model, the default measurement model under IFRS 17 for long-term non-participating business
 PAA: Premium allocation approach, the optional, simplified measurement model under IFRS 17 for short-term business
 Adoption of IFRS 17/9 in both reporting periods; simplified

Combined ratio looks different under IFRS 17

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

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Volatile net financial results – 2023 profit guidance is confirmed

Statement of comprehensive income

€m	9M 2022	9M 2023	Delta
Insurance service result	2.8	3.8	+1.0
Net investment income	9.7	1.3	-8.4
Net insurance finance expenses	-5.1	1.1	+6.2
Net financial result	4.6	2.4	-2.2
Net insurance and investment result	7.4	6.3	-1.2
Other result	-1.3	-1.8	-0.5
Profit before tax	6.1	4.4	-1.7

- ① **Great volatility:** 26 % decline of the net financial result y-o-y, with a certain recovery in Q3 2023.
 - Remarkable increase of the net financial result in Q3 2023 (H1 2023: €0.1 million).
 - Continued focus on real estate risks.
 - DFV's current investment return remains stable.
 - Net insurance finance expenses are driven by effects from changes in estimates (VFA).
- ② Item contains €0.6 million one-off restructuring expenses.
- ③ On the background of a robust operating performance and a volatile net financial result – DFV's full-year profit **guidance of €3 to 5 million is confirmed.**

VFA: Variable fee approach, the compulsory measurement model under IFRS 17 for long-term participating business

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 audit firms. As a result, we were forced to make adjustments to the opening balance (or changes in equity) between the publication of the 2022 Annual Report and the H1 2023 Interim Report. In particular, these adjustments related to the measurement of outwards reinsurance contracts under the GMM using the OCI option. It is possible that further changes will have to be taken into consideration in the 2023 Annual Report.

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Key messages

- 1 Revenue growth of 8 % y-o-y, while further initiatives to drive profit and growth are set**
- 2 Robust operating profitability, accompanied by a continuous improvement of internal processes**
- 3 Bearing in mind volatile investment income: 2023 profit guidance of €3 to 5 million is confirmed**

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Our next IR appointments in 2023

27 November

German Equity Forum

06 & 07 December

Insurtech Insights Asia

