



Wüstenrot & Württembergische AG

Annual Report 2021 W&W Group

31 March 2022

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Where we come from – 200 years of experience in financial topics



1828 Würtembergische Privat-Feuer-Versicherungsgesellschaft was established, the oldest private property insurance in southern Germany

1921 Wüstenrot (Gemeinschaft der Freunde) was founded, Germany's first home loan and savings bank

1999 Merger of Wüstenrot und Würtembergische

2005 Acquisition of Karlsruher Versicherungsgruppe

2010 Acquisition of Allianz Dresdner Bauspar AG

2017 Introducing new digital brand "Adam Riese"

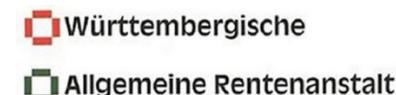
2018 online platform Wüstenrot Wohnwelt started



1833 Allgemeine Rentenanstalt, the first pension insurance in Germany was established



1991 Würtembergische Feuerversicherung and Allgemeine Rentenanstalt merged into Würtembergische Versicherung AG



2001 Acquisition of Leonberger Bausparkasse AG



2009 Acquisition of Vereinsbank Victoria Bauspar AG



2017 Participation in treefin GmbH; creating "W&W FinanzGuide-App"

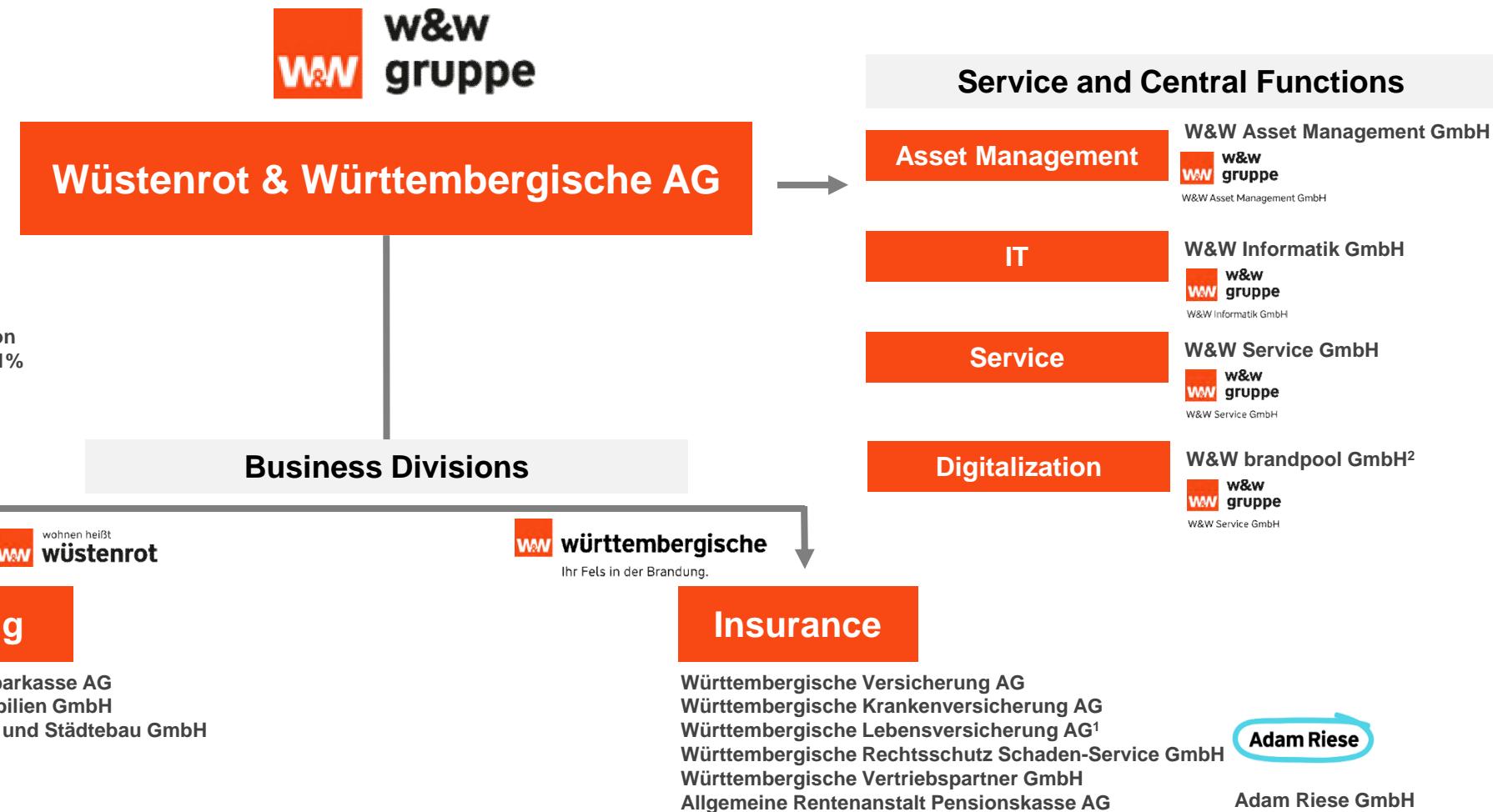
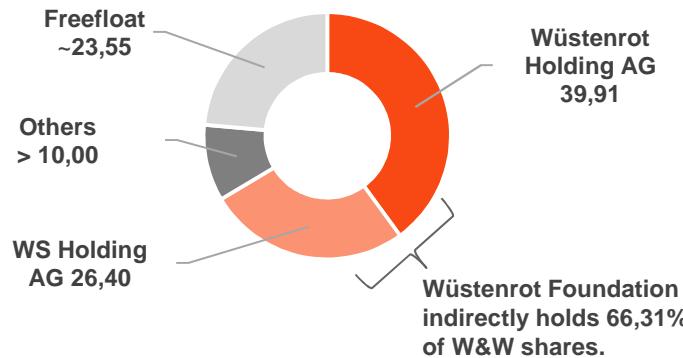


2018 Acquisition of Aachener Bausparkasse AG



W&W Group structure

Shareholder Structure W&W AG in %



Notes: 1) 94,89% stake in Würtembergische Lebensversicherung AG. 2) W&W brandpool GmbH also invests in other startups.

Leading banking and insurance group in Germany



Excellent client base with growth potential

~6.6 mn

Customers¹



Multiple contracts per customer



High client retention (low churn rate)



Solvent customer base



Increasing digital affinity

Note: 1) as of Feb. 2022

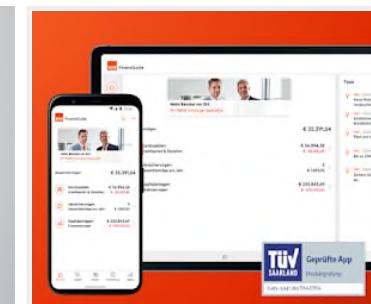
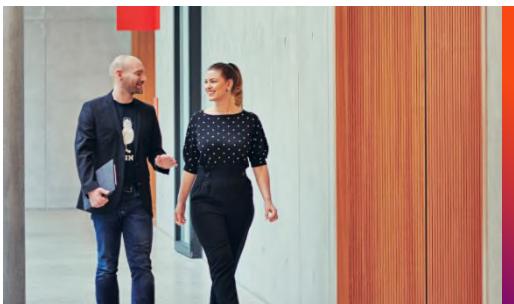
Our strong sales force is broadly positioned to capture further growth

Own sales channels

~ 3,000 tied agents
Württembergische

~ 3,000 tied agents
Wüstenrot

Direct channels



treefin



Adam Riese

Partnerships and cooperations

Banks



Insurance companies



Financial sales networks



Brokers

10,000
brokers

Others



Diversified banking & insurance business with strong earnings and solid balance sheet

Group IFRS net profit (FY 2021)

in €mn

Property & Casualty:
59%



Focus on domestic business

W&W Group operates almost exclusively in Germany¹

Split of insurance GBB (FY2021)



P&C
L&H

Split of housing business (FY2021)



Constr. financing
Home loan savings

Consolidated balance sheet (IFRS)

31 Dec 2020

in €bn

31 Dec 2021

in €bn

Total assets	76.5	75.2
Capital investments	51.3	48.8
Building loans	22.8	23.8
Technical provisions	39.4	38.4
Equity	5.1	4.9

Regulatory capital of group key entities²

31 Dec 2020

(in %)

31 Dec 2021

(in %)

W&W Group	232.8	243.3
W&W AG (solo)	404.7	407.9
Württembergische Vers. AG (P&C)	201.4	206.2
Württembergische LV AG (Life)	421.5	409.0
Wüstenrot Bausparkasse AG	17.7	19.4

Notes: 1) More than 99% of revenues from external customers are generated in Germany, 2) Solvency II ratios for insurance entities, CET1 ratio for Wüstenrot Bausparkasse

W&W Group's sustainability goals in a nutshell

- Implementation of "green" product features and components in all business areas
- Increased consideration of social and environmental considerations into the investment strategy, ongoing reduction of the capital investments' carbon emissions
- Reduction of printing and consumption, goal of making the own operations emission-free
- Increasing employer attractiveness and employee satisfaction through the "Future of Work" package and the Diversity Charter (flexible work and diversity)
- We will continue to be a strong sponsor of cultural, sporting, social and regional offerings as well as expanding educational partnerships
- Organizational implementation of sustainability¹ through a Sustainability Board as well as a sustainability officer

Signatory of: May 13, 2020



August 4, 2020



W&W Group is implementing these goals as part of a new sustainability strategy

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Overview 2021

IFRS group result of EUR 352.2 million significantly above the previous year's figure (EUR 210.8 million).

The result is supported by a strong financial result (particularly distributions and valuation result) and a good claims experience in property/casualty insurance – despite high natural hazards.

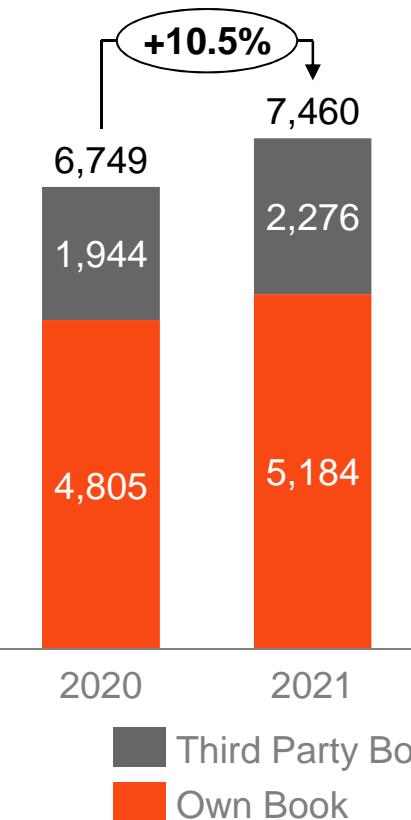
A good underwriting result in property/casualty insurance is secured by the reinsurance program.

Administrative expenses at EUR 1,037 million (previous year: EUR 1,014 million). The increase of around 2% is lower than the inflation rate in Germany of approx. 3%.

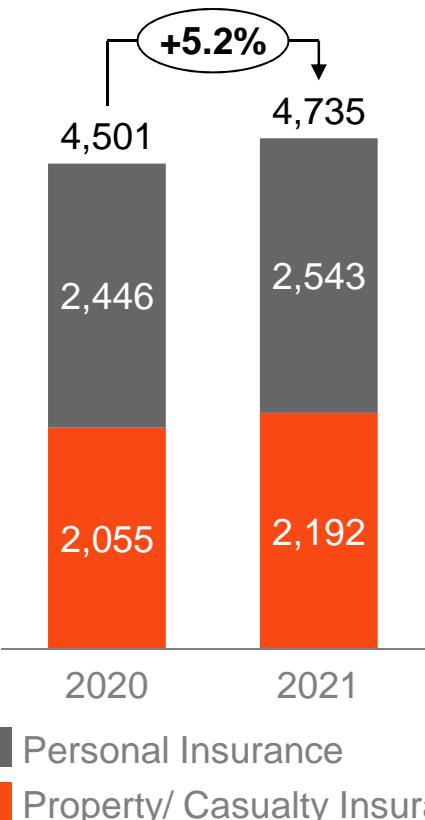
Strong growth in W&W's core business, especially in mortgage lending (+10%) and gross premiums (+5%) from insurance (property/casualty insurance and personal insurance).

Strong growth in W&W core business

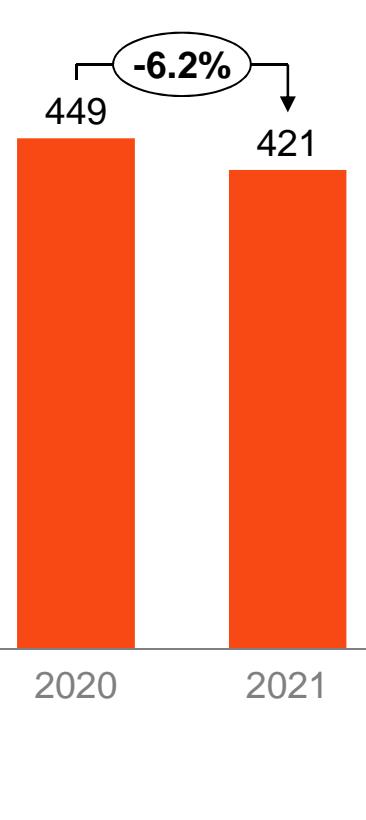
Construction financing
in EUR millions



Gross premiums
in EUR millions



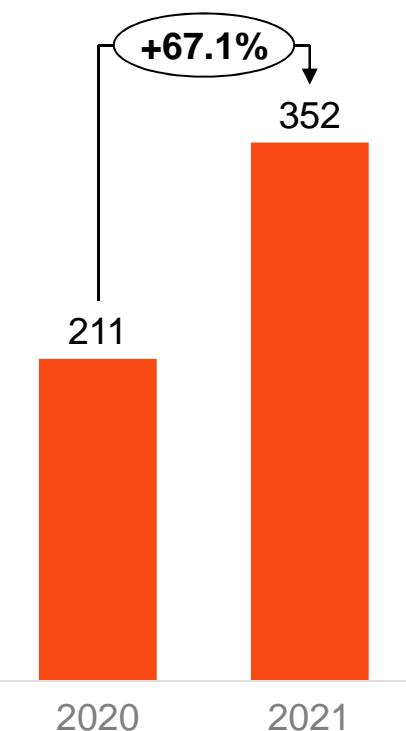
New customers
in EUR thousands



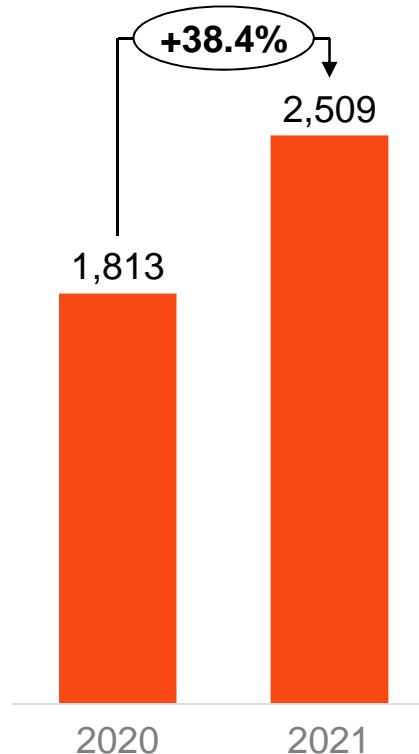
- Significant increase in mortgage lending and gross insurance premiums (property/casualty insurance and personal insurance).
- There was a slight decline in the number of new customers, particularly due to an expected stronger decline in the housing segment as a result of inventory measures.

Record result thanks to good claims experience and strong financial result

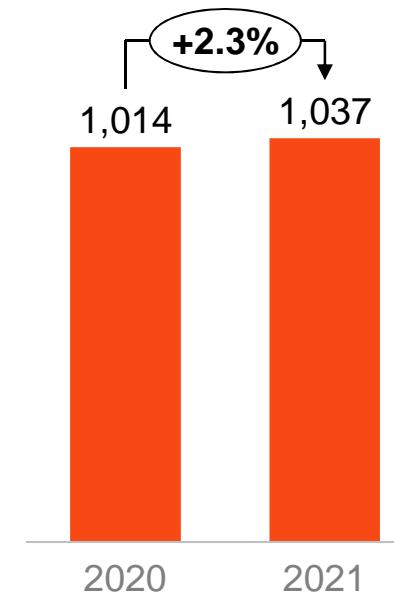
Net profit
in EUR millions



Financial income
in EUR millions



General administrative expenses
in EUR millions



- Group result at record level. As a result of the overall good claims experience in property/casualty insurance – despite the natural disasters in the summer – and the positive capital market development, which led to high distributions and valuation gains.
- Strong financial result, mainly due to distributions and valuation result.
- Slight increase in administrative expenses, but less than inflation.

IFRS consolidated income statement: 2021 with record result

Consolidated income statement (in EUR millions)	2020	2021	Change
Net financial income	1,813	2,509	696
<i>Current net income</i>	1,097	1,153	56
<i>Net expense from risk provision</i>	-55	1	56
<i>Net measurement gain/loss</i>	-55	505	560
<i>Net income from disposals</i>	826	849	23
Earned premiums (net)	4,415	4,638	223
Insurance benefits	-4,455	-5,150	-695
Net commission expense	-497	-535	-38
General administrative expenses	-1,014	-1,037	-23
Net other operating income/expense	46	54	8
Consolidated net income before income taxes	307	481	174
Income taxes	-96	-129	-33
IFRS consolidated net profit	211	352	141

- Financial result: 2021 marked by positive capital market development. Valuation gains on stocks, alternative investments, mutual funds and ULIP¹.
- Current result increased due to significantly higher distributions, especially in alternative investments.
- Increase in premiums both in personal insurance and in property/casualty insurance.
- Increase in benefits from insurance contracts resulted esp. from personal insurance. In addition, higher property/casualty benefits due to portfolio growth and natural hazards.

IFRS consolidated balance sheet: total assets and equity down due to interest rate developments

Consolidated balance sheet (in EUR millions)	2020	2021	Change
Financial assets at fair value <u>through profit or loss</u>	8,800	10,722	1,922
Financial assets at fair value <u>through other comprehensive income</u>	38,863	34,493	-4,370
Financial assets at amortised cost	25,174	26,171	997
Investment property	1,874	1,909	35
Other assets	1,777	1,918	141
Liabilities	27,826	27,964	138
<i>thereof deposits</i>	24,675	24,734	59
Technical provisions	39,402	38,423	-979
Other provisions	3,135	2,720	-415
Other liabilities	1,040	1,232	192
Equity	5,085	4,874	-211
Total assets/liabilities	76,488	75,213	-1,275

- Valuation gains / portfolio expansion for shares, alternative investments & ULIP¹ assets as well as structured products.
- Interest-related valuation losses and portfolio reductions in fixed-income securities.
- Increased home loans. Continued growth in BSW's new lending business.
- Issue of a subordinated bond by W&W with a nominal volume of EUR 300 million.

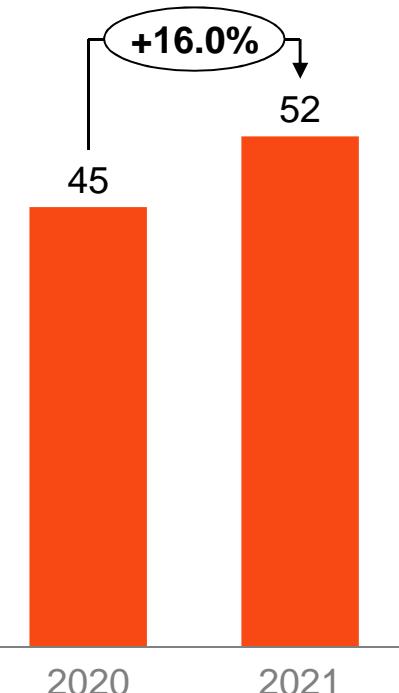
Segment overview – strong result, particularly in property/casualty insurance

Reportable segments (in EUR millions)	2020	2021	Change
Housing segment	44.9	52.1	7.2
Life and Health Insurance segment	22.6	40.4	17.8
Property/Casualty Insurance segment	142.0	207.0	65.0
All other segments/consolidation	1.3	52.6	51.3
Consolidated net income	210.8	352.2	141.4
<i>Net income before taxes</i>	306.9	480.7	173.8
Taxes	-96.1	-128.5	32.4

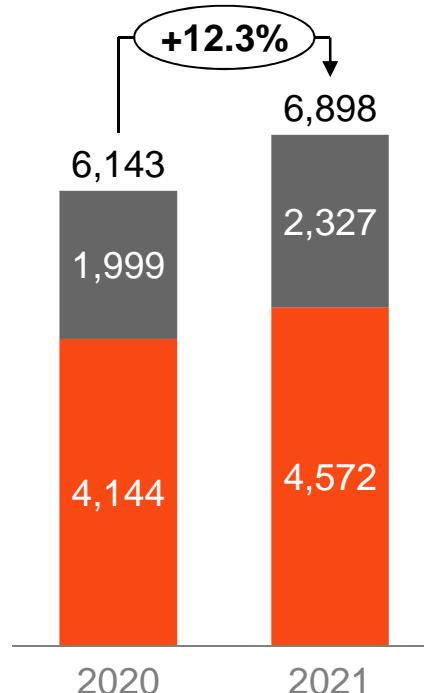
- Stronger development than the market in the residential segment, again significant gains in the construction financing business in particular.
- In the insurance business field, Würtembergische Versicherung was able to exceed the ambition of double market growth in almost all lines.

Housing segment: double-digit earnings growth

Segment net income
in EUR millions



Construction financing
in EUR millions



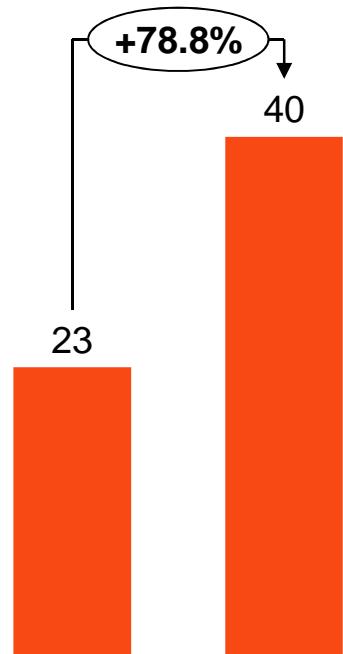
New home loan savings business (net)
in EUR millions



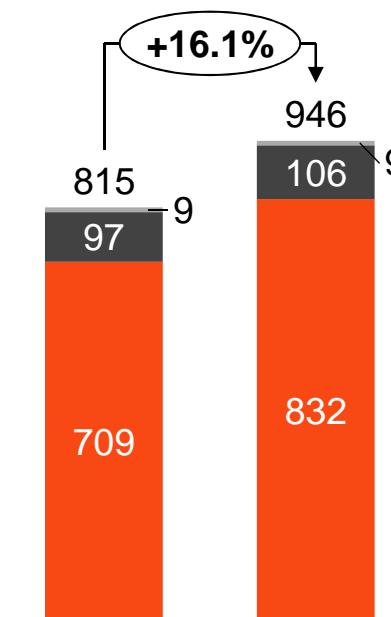
- The forecast of a significant increase in the segment result compared to the previous year was achieved.
- Home financing exceeded in new business forecast.
- We recorded a slight decline in net new home savings business compared to the previous year. The restrictions in the course of the coronavirus pandemic had a particularly negative effect.

Life and health insurance segment: significant jump in results

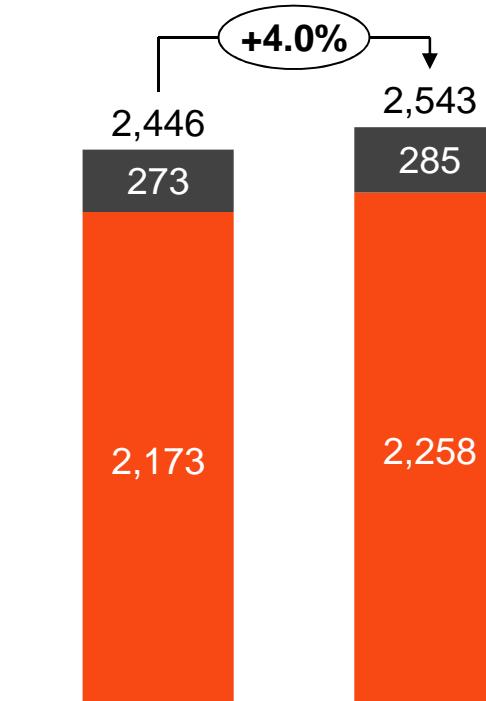
Segment net income
in EUR millions



New business premiums
in EUR millions



Gross premiums written
in EUR millions



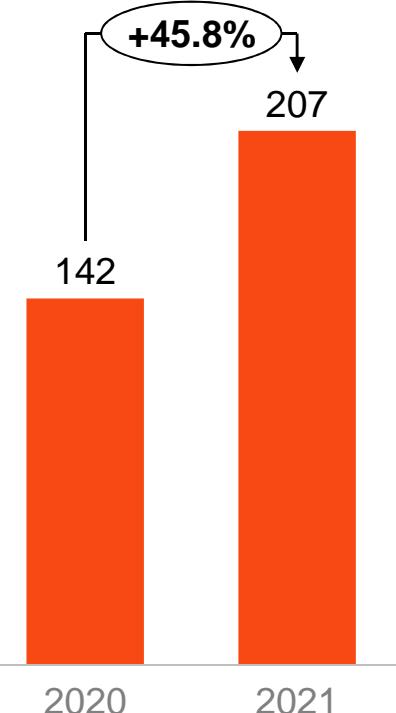
- The segment result reached the upper end of the forecast corridor.
- The forecast for the increase in the premium amount was achieved.
- Gross premiums written have shown solid growth.

Health
 Regular Premiums, Life
 Single Premiums, Life

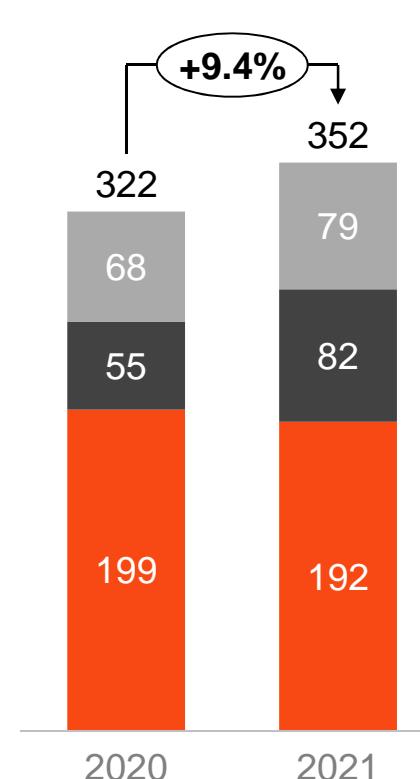
Health
 Life

Property/casualty insurance segment: earnings exceed EUR 200 mn for the first time

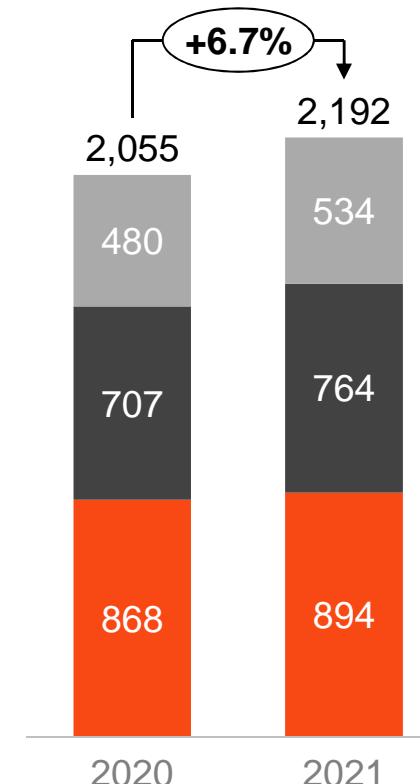
Segment net income
in EUR millions



New business
in EUR millions



Gross premiums written
in EUR millions



- The segment result is significantly above the previous year's level.
- New business forecast significantly exceeded. The Private Customers business segment achieved outstanding growth of +49.1%.
- Gross premiums written showed solid growth, with the Corporates segment in particular achieving the highest growth (+11.3%).

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Outlook 2022

We expect a consolidated profit after tax of around EUR 250 million.¹

In 2022 we will continue the digital transformation. Due to digitalization-linked investments we expect Group administrative expenses in 2022 will be slightly above the level of the reporting year.

The W&W Better! will be continued in 2022. The products, services and processes throughout W&W Group should lead to increases in efficiency and will continue to be consistently geared towards customer requirements. In line with our strategic goal, we will serve at least 6.5 million customers by 2022.

In particular, the development of the capital markets and of the claims represent opportunities and risks. Furthermore, the developments in the economy or the political environment could have a positive or negative impact on the W&W Group.

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Key figures show stability and resilience of W&W Group's business

Key figures last 5 years In EUR mn	2016	2017	2018	2019	2020	2021
Gross written premiums	3,988.8	3,873.4	4,065.4	4,319.7	4,491.0	4,718.5
Construction financing	5,388.5	5,517.5	6,280.2	6,347.7	6,748.8	7,459.7
P&C combined ratio (gross)	90.1%	90.7%	89.5%	89.4%	90.6%	105.4%
P&C combined ratio (net)	89.8%	88.9%	88.1%	89.5%	89.0%	87.7%
Consolidated net income	235.3	258.0	215.2	249.1	210.8	352.2
Total assets (EUR bn)	72.3	72.0	72.0	75.2	76.5	75.2
Group IFRS Equity (EUR bn)	3.8	4.0	4.2	4.8	5.1	4.9
Solvency II (incl. Transitional measures)	194%	201%	255%	238%	233%	243%
W&W Group Financial Strength Rating (S&P)	A- stable					

Source: Company Annual Reports and SFCR reports, S&P

Selected figures for financial years 2020 / 2021

Key P&L and Balance Sheet figures In EUR mn		2020	2021	change
Gross written premiums ¹	in EUR mn	4,491.0	4,718.5	5.1%
o/w L&H insurance	in EUR mn	2,445.7	2,543.0	4.0%
o/w P&C insurance	in EUR mn	2,054.7	2,192.0	6.7%
Construction financing	in EUR mn	6,748.8	7,459.7	10.5%
Sales of own and 3rd party investment funds	in EUR mn	530.2	671.3	26.6%
Net financial result ²	in EUR mn	1,812.5	2,509.2	38.4%
General administrative expenses	in EUR mn	1,014.0	1,036.7	2.2%
Consolidated net income	in EUR mn	210.8	352.2	67.1%
o/w Housing net income	in EUR mn	44.9	52.1	16.0%
o/w L&H net income	in EUR mn	22.6	40.4	78.8%
o/w P&C net income	in EUR mn	142.0	207.0	45.8%
Total assets	in EUR bn	76.5	75.2	-1.7%
Financial assets	in EUR bn	51.3	48.8	-4.9%
Technical provisions	in EUR bn	39.4	38.4	-2.5%
Group IFRS Equity	in EUR bn	5.1	4.9	-3.9%

Note: 1) Includes effects of consolidation between segments. 2) After credit risk adjustment

Source: Annual Report 2021

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13 May 2022

Quarterly Statement 31 March

25 May 2022

Annual General Meeting W&W AG

12 Aug 2022

Interim Report 30 June

11 Nov 2022

Quarterly Statement 30 September

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- the impact of regulatory decisions and changes in the regulatory environment;
- the impact of political and economic developments in Germany and other countries in which the Group operates;
- the impact of fluctuations in exchange rates and interest rates; and
- the ability of the Group to generate the expected income from the investments and capital expenditures that it has made in Germany and abroad.

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