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Wüstenrot & Württembergische AG

Annual Report 2023
W&W Group

27 March 2024

Agenda

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Our business areas are supported by strong partners across the group

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Segment Housing

- Everything around housing: home loan savings, financing, project planning, sales and brokerage

wohnen heißt wüstenrot
Wüstenrot Haus- und Städtebau

wohnen heißt wüstenrot

wohnen heißt wüstenrot
Wüstenrot Immobilien

 # 2
Bausparen[1)]

Segment Insurance

- Service insurer in the Life and Health as well as Property/Casualty lines.
- Adam Riese: Direct and broker brand for private customers

Adam Riese

württembergische
Ihr Fels in der Brandung.

 # 12
Lebens-versicherung[2)]

 # 10
Schaden- & Unfallversicherung[2)]

Service and Central Functions

- Group-wide services around IT, investments, services and digitalization

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W&W Asset Management GmbH

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W&W Service GmbH

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W&W Informatik GmbH

6.5 Mio. customers, 6,500 employees, one common location in Kornwestheim: the W&W-Campus

Notes: 1) Comparison of Annual Reports German Bausparkassen, Gross new business by home loan savings. 2) GDV, Feb. 2024.

Excellent client base with growth potential

~6.5m

Customers[1]

- On average three contracts per customer
- High client retention (low churn rate)
- Solvent customer base
- Increasing digital affinity

Note: 1) As of Feb. 2024.

The W&W Group pursues a multi-channel sales approach

Own sales channels

3,000 tied agents

wüstenrot

3,000 tied agents

württembergische

Direct channels

wüstenrot württembergische

Adam Riese

55 Mn.

potential customers

Partnerships and cooperations

Insurances

Allianz ERGO ARAG HUK-COBURG Gothaer uniVersa WWK NÜRNBERGER LVM VPV Barmenia Mecklenburgische

Banks and financial distributors

CreditPlus COMMERZBANK OLB BANK Santander HypoVereinsbank

Sales networks& Brokers

SwissLife Select OVB MLP

Over 20.000 brokers

Parternships

dbb vorsorgewerk ver.di

Comprehensive multi-channel distribution approach opens up access to 55 million customers

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To the point: Sustainability goals of the W&W Group

E S G

Customers and products

"Green" product lines and components in the business areas

Sustainable and resource-saving customer communication

Capital investments and refinancing

Continuous reduction of CO_2 emissions towards climate-neutral capital investments by 2050

Own operations

CO_2 -neutral operation of own buildings and vehicle fleet through the use of ecological energy sources and compensation of the remaining CO_2 emissions

Society

Promotion of cultural, sporting, social and regional offers

Expansion of our regional educational networks

E S G

Organisation

Strengthen awareness for sustainability and anchor it across the Group

Expansion of responsible corporate governance

Employees

Developing the future of work and work culture

Increase employer attractiveness and employee satisfaction

Promote diversity

Signatory of: 13 May 2020

PRI Principles for Responsible Investment

UNEP FINANCE INITIATIVE

PSI Principles for Sustainable Insurance

charta der vielfalt UNTERZEICHNET

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

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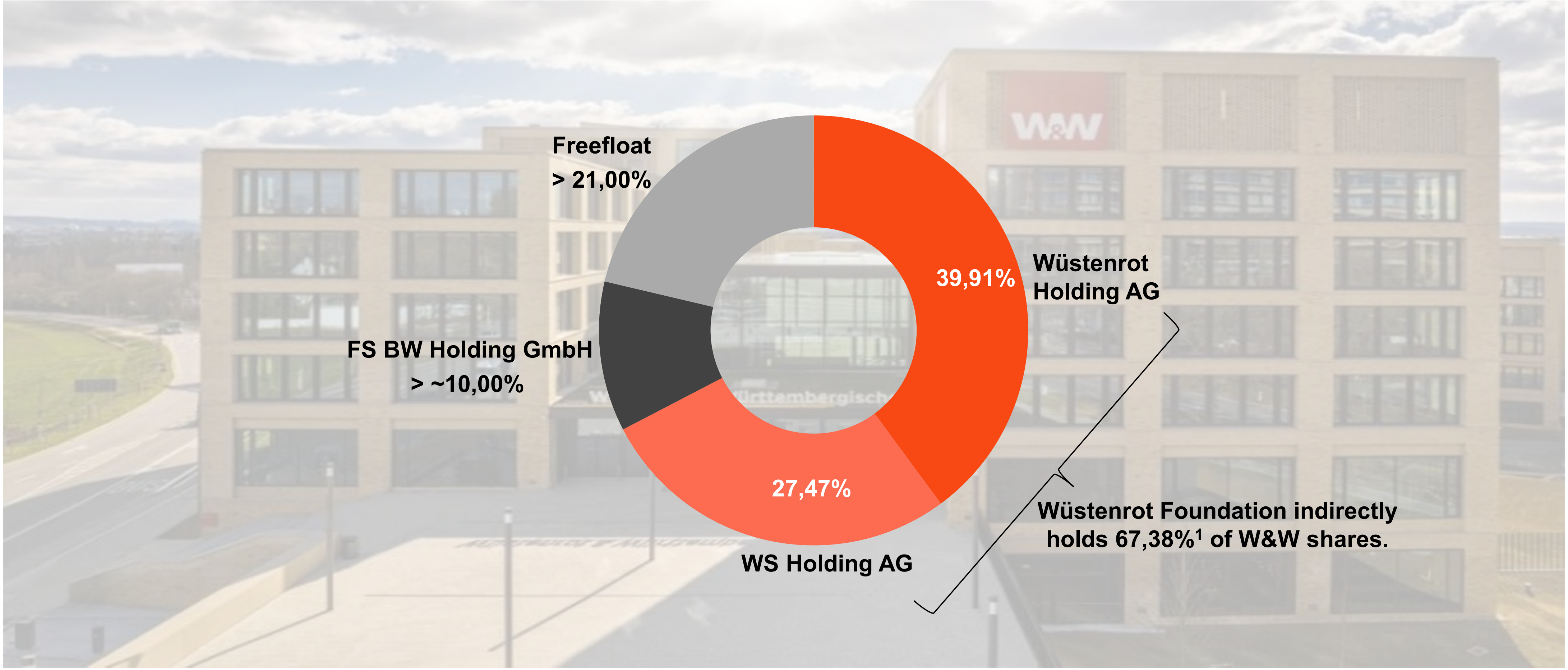
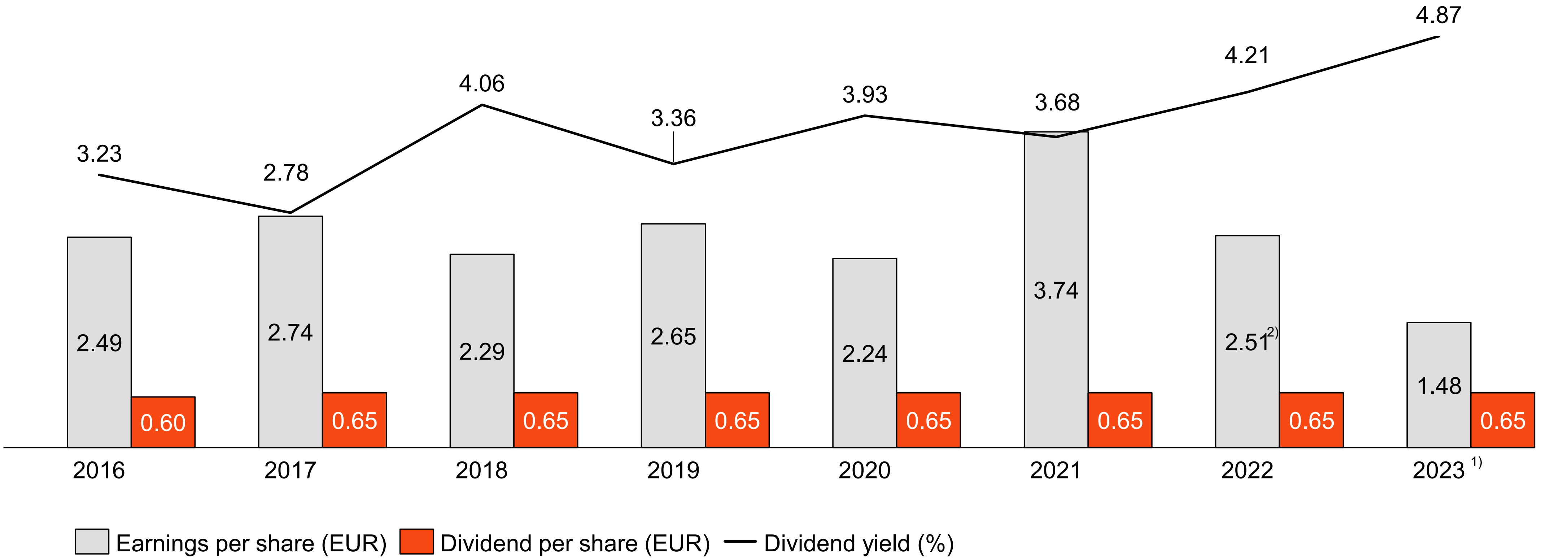
W&W Group structure



Note: 1) Own shares are not taken into account due to insignificance.

The W&W AG share – stable and reliable dividend as a quality feature

W&W has a constant dividend level



Notes: 1) Dividend proposal subject to approval by the general meeting. 2) Deviation in Q3/2023 due to first-time application effect of IFRS 17.

Current analyst recommendations at a glance

Analyst	Date	Recommendation	Comment
Metzler	23/11/01	**Buy** **Price target: 22.00 EUR**	**„Ironically, the profit warning might result in more generous dividends.”**
Montega	23/12/07	**Buy** **Price target: 23.00 EUR**	„After the forecast adjustment on October 25th, Q3 was in line with our expectations. **Due to the fundamentally very favorable valuation, the solid equity base and the structurally intact business model, we confirm our buy recommendation and our price target.**“
LBBW	23/11/24	**Hold** **Price target: 15.00 EUR**	„The third quarter numbers were as weak as ever we do this after the profit warning from October 25th. had expected. However, its competitor Allianz has now also reported operating losses in the German property and casualty business this quarter, so that, **contrary to our initial assumption, Württembergische's high claims burden does not appear to have predominantly company-specific causes.**“

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Overview of the 2023 financial year

In view of the continuing challenging economic conditions, the W&W Group achieved a consolidated net profit of EUR 140.5 million (previous year: EUR 237.7 million). In particular, the claims trend in the second half of the year, which was characterised by an increase in severe weather events and therefore a higher number of claims and claims expenses, had a negative impact on the consolidated result.

Although the volume of new business in the Housing segment remained below the previous year's very high figure, it outperformed the sector as a whole.

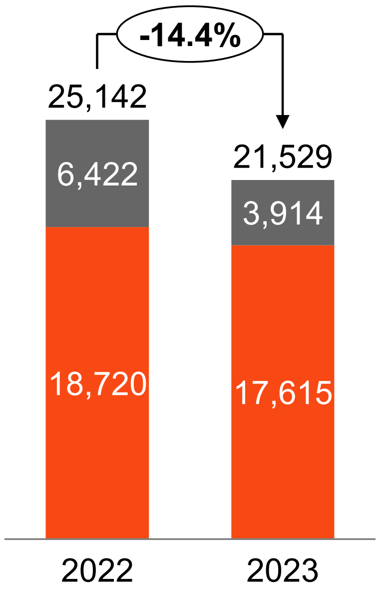
Total premiums in new life insurance business increased. Both single premiums and regular premiums contributed to this growth. In health insurance, annual new premiums increased for both full-coverage premium and supplementary rates. In the Property/Casualty insurance segment, new and replacement business also increased significantly.

A net profit of EUR 131.7 million was achieved in the separate financial statements according to HGB, thus exceeding the original forecast. As a result, W&W is also able to maintain dividend continuity for 2023.

With "W&W Besser!", strategic projects were continued in 2023 and further implementation successes were achieved in both the Housing and Insurance segments.

W&W core business mixed in an overall volatile market environment

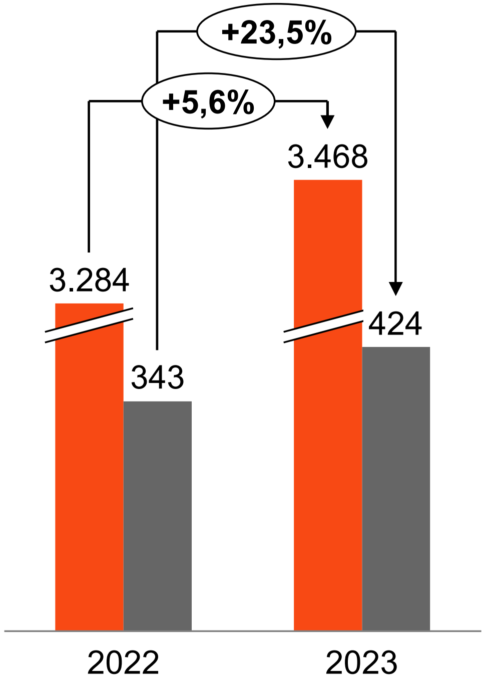
New business volume[1,2] Housing
in EUR millions



New lending business

Gross new home loan savings business

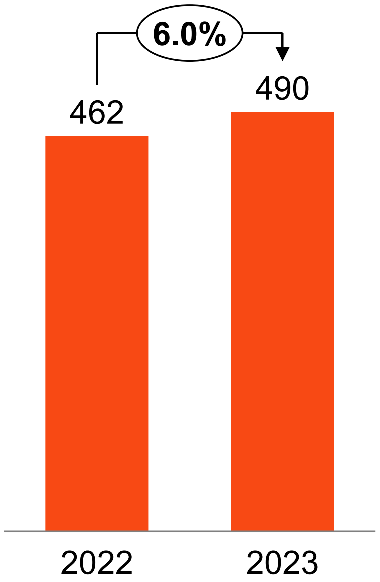
New business[2]
in EUR millions



Total premiums for new life insurance

Annual contribution to the portfolio (new and replacement business) P/C

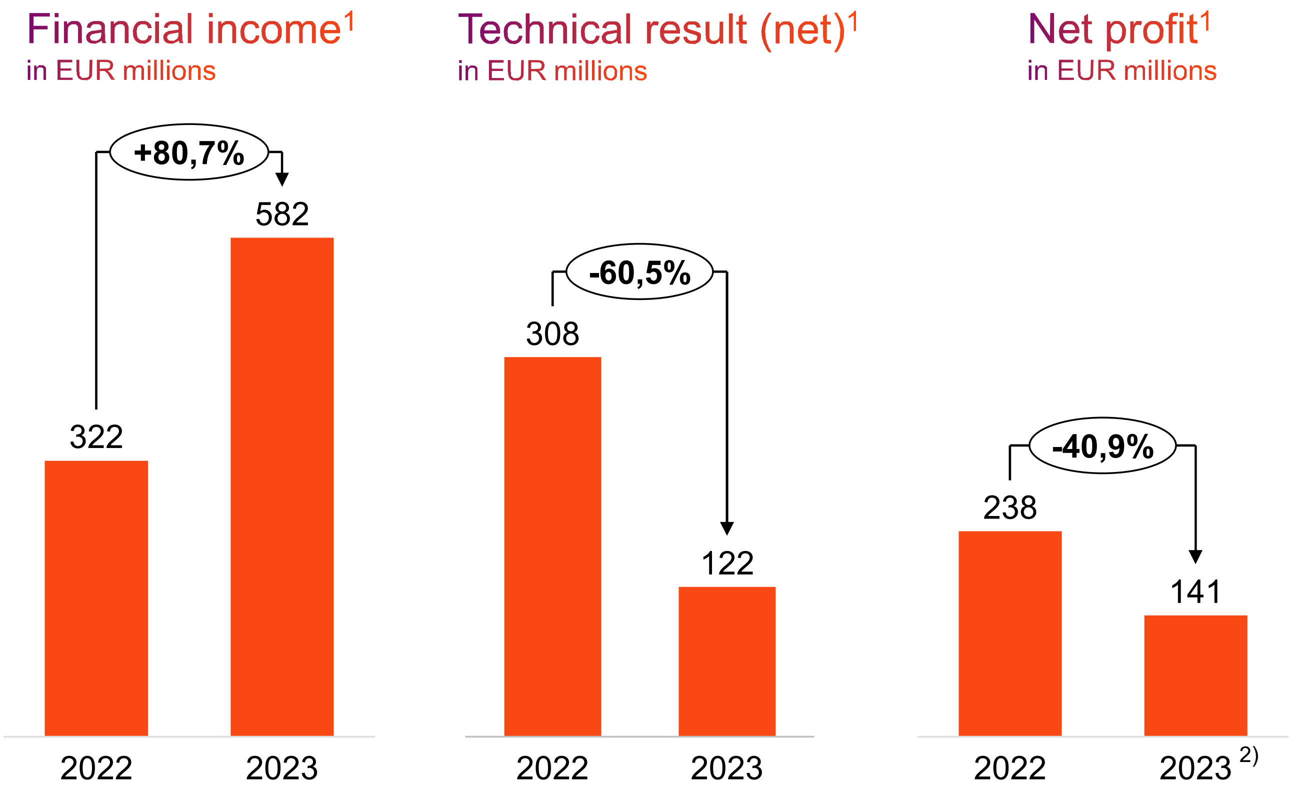
New customers[2]
in thousands



- Although the new business volume in the Housing segment remained below the previous year's very high figure, it outperformed the sector as a whole
- In Life and Health insurance, the total premium for new business was increased. The growth course was also continued in Property/Casualty insurance
- Further pleasing increase in the number of new customers

Notes: 1) New lending & new home loan savings business (incl. third party business). 2) Numbers rounded commercially.

Decrease in consolidated net income due to unfavorable claims development



- Financial result characterised by a significantly better valuation result, which is attributable to more stable capital markets compared to the previous year
- Underwriting result significantly below previous year due to claims development (major claims and automotive insurance). Life and Health insurance also below previous year
- The decline in consolidated net income is mainly due to the claims trend in the second half of the year, caused by an increase in severe weather events, combined with a higher number of claims and claims expenses

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Notes: 1) Numbers rounded commercially. 2) Retroactive adjustment due to the introduction of IFRS 17.

IFRS consolidated income statement[1]

in EUR millions		AS 2023	AS 2022	Delta
Net financial income	1	582	322	260
Current net income		1,320	1,195	125
Net expense from risk provision		-25	-16	-9
Net measurement gain/loss		283	-1,188	1,471
Net income from disposals		98	144	-46
Insurance finance result		-1,094	186	-1,280
Technical result (net)	2	122	308	-186
Property/Casualty Insurance segment		21	179	-158
Life and Health insurance segment		101	130	-29
Net commission expense		-43	-2	-41
General administrative expenses (net)	3	-520	-495	-25
General administrative expenses (gross)		-1,150	-1,094	-56
General administrative expenses attributable to the technical result		630	599	31
Net other operating income/expense	4	60	184	-124
Consolidated net income before income taxes		**201**	**317**	**-116**
Income taxes		-61	-80	19
IFRS consolidated net profit		**141**	**238**	**-97**

1 In the previous year, the rise in interest rates and, in particular, falling stock markets in the first half of the year had a negative impact on the market values of securities, while valuation gains normalised again in 2023. Decline in net income from disposals due to lower realisations. Non-recurring special effect in the Housing segment in the current net income

2 Decline in particular due to increased claims expenses from natural hazards and major losses as well as in the automotive insurance in the Property/Casualty sector

3 Increase in administrative expenses due to higher operating expenses, particularly for investments in IT infrastructure

4 The reasons for the decline included lower income from settlement transactions in connection with home loan savings deposits

Note: 1) Numbers rounded commercially.

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Consolidated balance sheet 2023 and previous year[1]

in EUR millions		AS 2023	AS 2022	Delta
Financial assets at fair value through profit or loss		10,630	10,276	354
Financial assets at fair value through other comprehensive income	1	23,687	22,878	809
Financial assets at amortised cost	2	28,461	26,707	1,753
Investment property		2,569	2,440	129
Assets from insurance business		357	345	12
Insurance contracts issued that are assets		37	71	-34
Reinsurance contracts held that are assets		320	273	47
Other assets		1,812	2,628	-816
Liabilities		28,576	27,299	1,277
thereof deposits		25,698	25,630	68
Technical provisions	3	31,900	30,299	1,601
Property/Casualty Insurance segment		2,295	1,962	333
Life and Health Insurance segment		29,605	28,336	1,269
Other provisions		1,871	1,906	-35
Other liabilities		707	1,484	-777
Equity	4	4,961	4,894	67
Total equity and liabilities		**68,681**	**66,589**	**2,092**

1. Interest-related increase in the market values of fixed-interest securities

2. Increase in building loans portfolio, particularly from bridging loans. New commitments still exceed repayments

3. Property/Casualty: Increase compared to previous year due to portfolio growth and in particular higher claims.
Life and Health: Increase in the provision due to slightly lower interest rates in 2023

4. Increase in equity: consolidated net profit for 2023 will not be more than offset by declining OCI and dividend payment

Note: 1) Numbers rounded commercially.

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Segment overview

Reported segments[1] (in EUR millions)	**IFRS 17 AS 2023**	**IFRS 17 AS 2022**	**Delta**
Housing segment	54.6	61.5	-6.9
Life and Health Insurance segment	40.8	62.8	-22.0
Property/Casualty Insurance segment	8.3	130.3	-122.0
All other segments/consolidation	36.8	-16.9	53.7
Consolidated net income	**140.5**	**237.7**	**-97.2**
Net income before taxes	*201.2*	*317.3*	*-116.1*
Taxes	*-60.7*	*-79.6*	*18.9*

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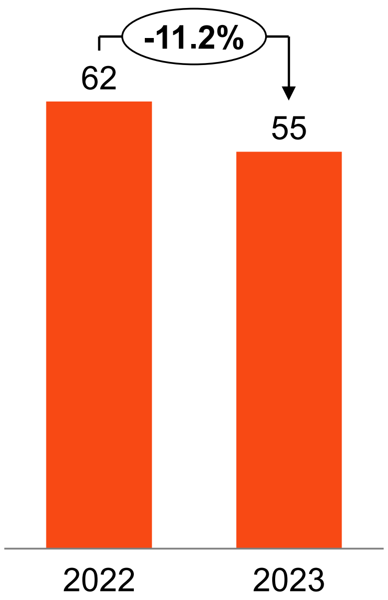
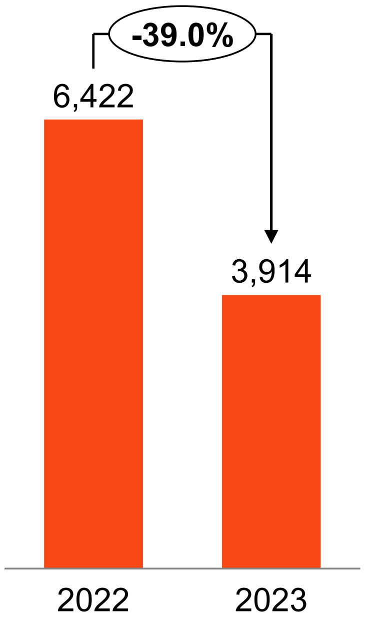
Note: 1) Numbers rounded commercially.

Segment Housing

Segment net income[2]
in EUR millions



New lending business[1,2]
in EUR millions



New home loan savings business (gross)[2]
in EUR millions

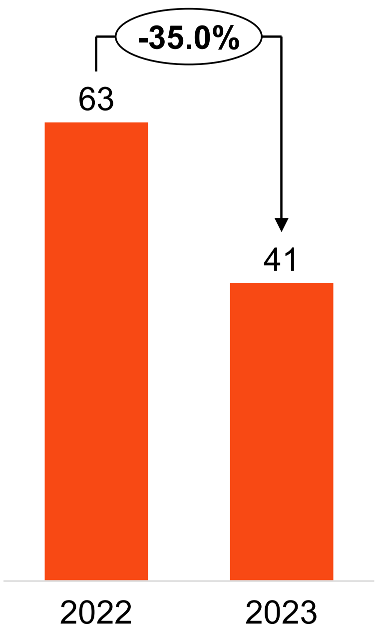
- Decline in segment result compared to the previous year
- Due to the difficult economic conditions, the volume of new lending business developed in line with the market and was below the previous year's very strong figure
- Gross new home loan savings business was slightly below the record result of the previous year, while net new business in terms of total home loan savings contracts achieved the best result in the company's history

Notes: 1) Incl. third party business. 2) Numbers rounded commercially.

Segment Life and Health insurance (1/2)

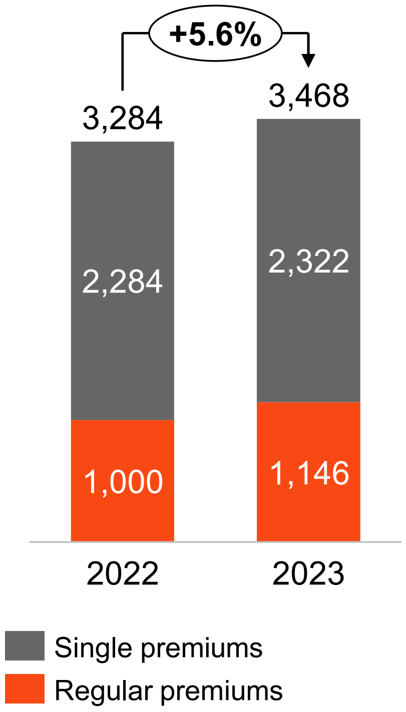
Segment net income[1]

in EUR millions



New business premiums[1]

in EUR millions



- Segment result below previous year, in particular due to special effects in underwriting in 2022
- New business premiums increased. Both single premiums and regular premiums contributed to growth

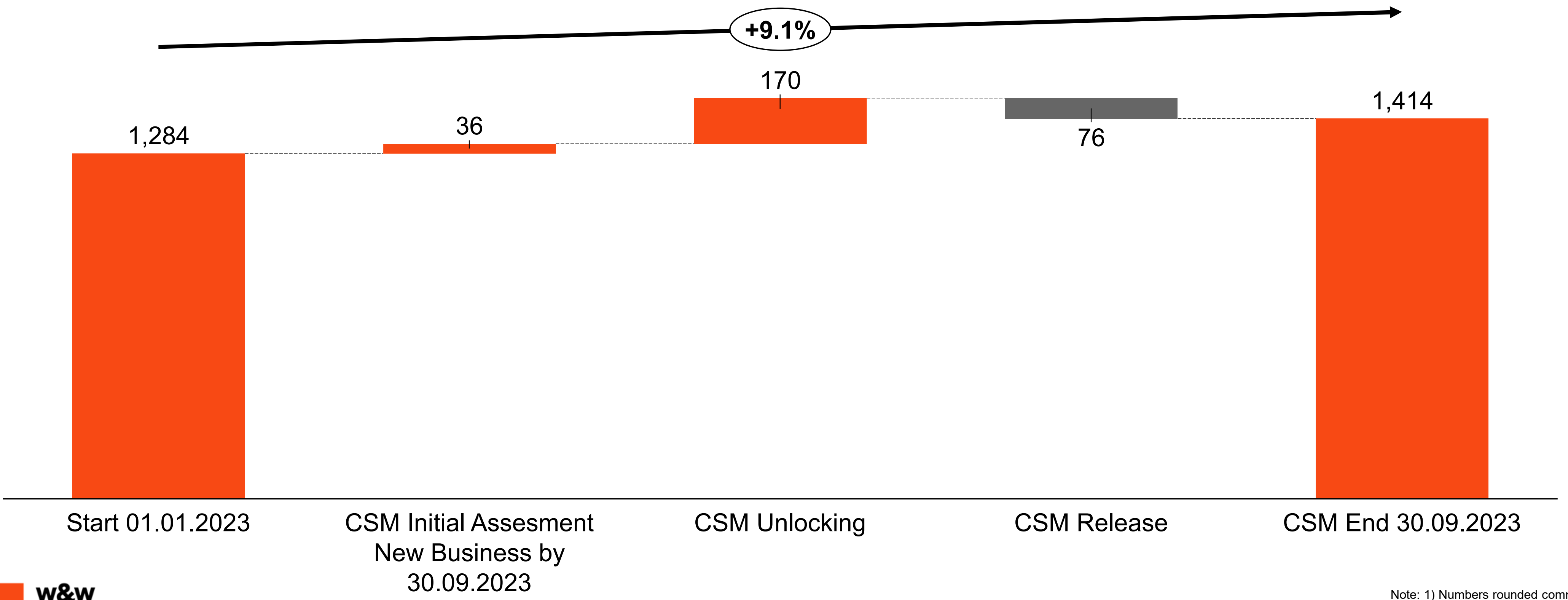
Note: 1) Numbers rounded commercially.

Update: Hr. Earnshaw

Segment Life and Health insurance (2/2)

Issued insurance contracts according to assessment components of personal insurance Contractual Service Margin (CSM) Gross 2023[1]

in EUR millions



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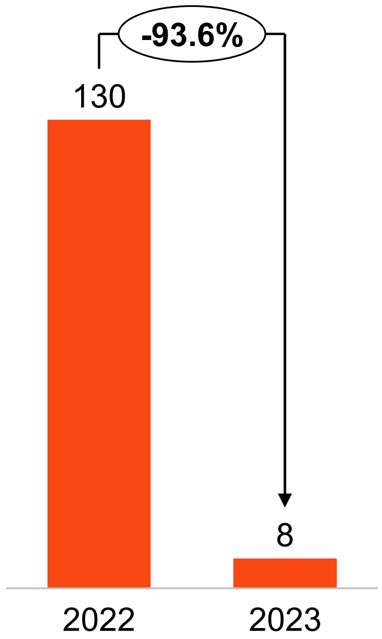
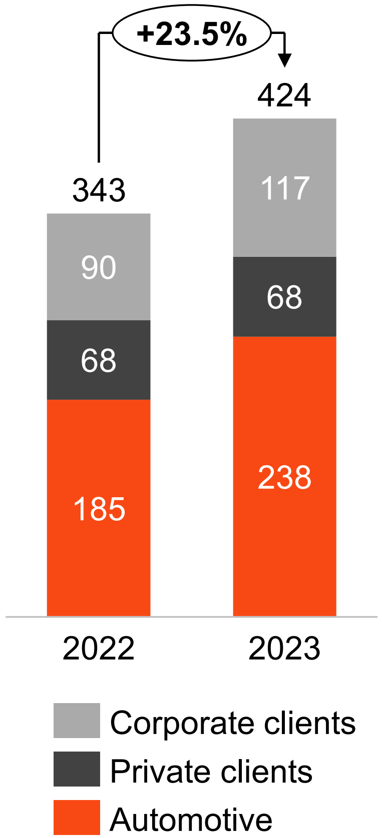
Note: 1) Numbers rounded commercially.

Segment Property/Casualty insurance

Segment net income[2]
in EUR millions



Gross premiums written[2]
in EUR millions



Combined Ratio[1,2] (net)
in %

- Segment result significantly below previous year, in particular due to lower underwriting result due to higher losses and increased administrative expenses
- Both brand new business and replacement business increased compared to the previous year. The corporate clients and automotive businesses grew significantly. The private clients business, on the other hand, remained almost constant compared to previous year

Notes: 1) DAV definition, future changes possible. 2) Numbers rounded commercially.

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Agenda

Forecast for the 2024 financial year

Due to the uncertainties outlined above, we expect **consolidated net profit** in the 2024 financial year to be above the previous year and below our previous medium to long-term target corridor of **EUR 220 million to EUR 250 million**.

The forecast reflects the aforementioned general conditions. The requirements of IFRS 17 and IFRS 9 also pose risks in terms of potential profit volatility.

We will continue our digital transformation in 2024. Despite the associated investments and the predicted inflation trend, **we expect administrative expenses in the Group for the 2024 financial year to come in at the level of the reporting year.**

We **plan to add at least 450 thousand new customers** in 2024.

For 2024, we expect **net profit in accordance with HGB to remain at the previous year's level**.

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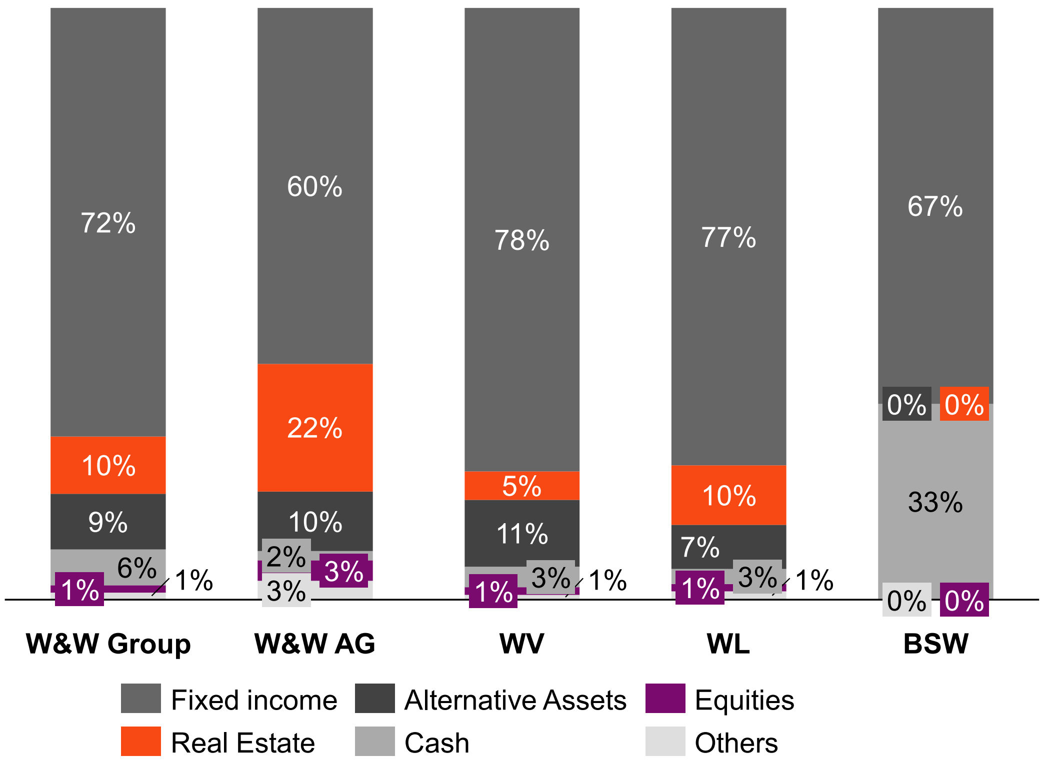
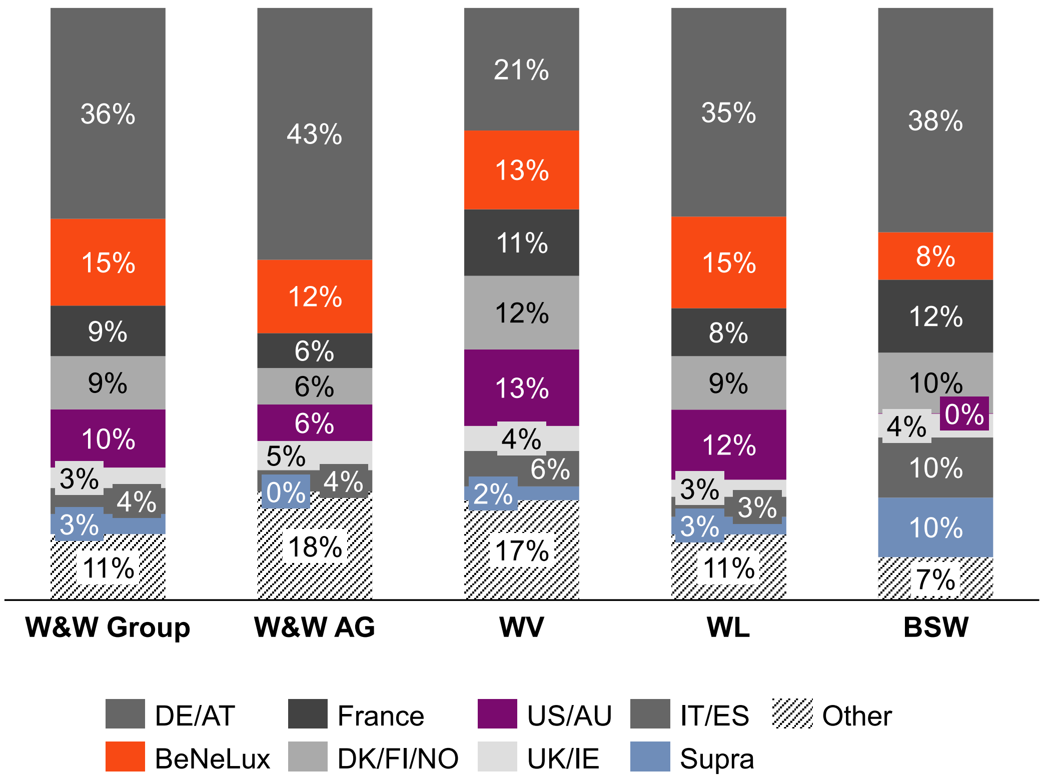
Investment of the W&W Group and the individual companies as of 31 Dec 2023

Investment by asset class



Investment by geography



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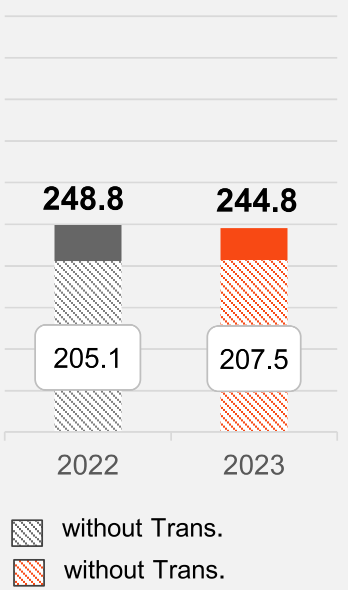
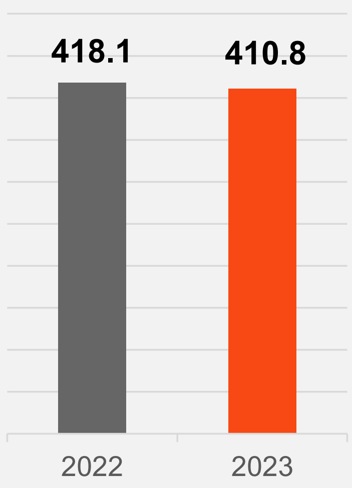
Overview regulatory capital of group key entities

Regulatory capital of group key entities in %
(Solvency II ratios for insurance entities)

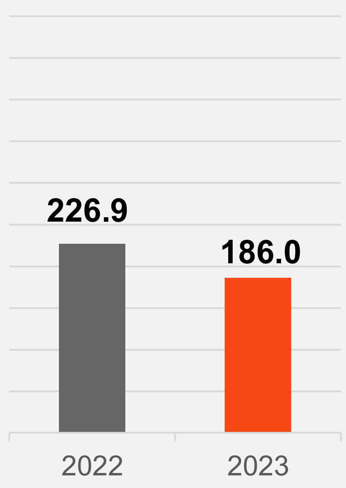
W&W Group



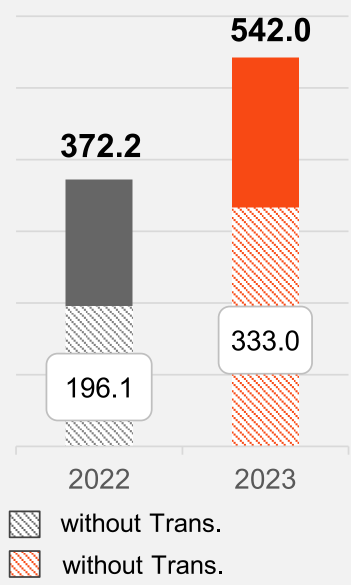
W&W AG
(solo)



Württembergische Vers. AG (P&C)

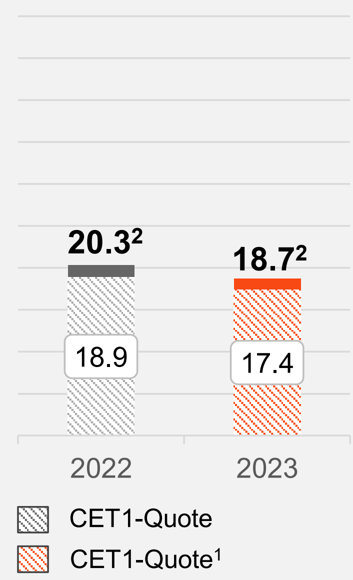


Württembergische LV AG (Life)



Capital ratios Bausparkasse in %

Wüstenrot Bausparkasse AG



Notes: 1) Common Equity Tier 1 capital. 2) Total capital ratio.

Introduction of IFRS 17

Implications on the W&W Group

Equity

Positive Implications:

- Compared to the previous accounting according to the superseded accounting standard IFRS 4, the Group's equity increases at the transition date.

Balance Sheet

Positive Implications:

- Previously existing valuation mismatches are expected to be reduced in the future. This means that the asset and liability sides of our consolidated balance sheets will be harmonised.

Earnings

Negative Implications:

- Higher earnings volatility cannot be ruled out.

There is no change in our profitability or financial strength, only in the presentation of our results.

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IR contact

Be sure to keep in touch with us

14 May 2024	Virtual Annual General Meeting
17 May 2024	Quarterly statement as of 31/3/2024
30 Aug 2024	Interim report as of 30/6/2024
15 Nov 2024	Quarterly statement as of 30/9/2024

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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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