

Wüstenrot & Württembergische AG

Annual Report 2022

W&W Group

21 April 2023



Agenda

W&W – Overview & Strategy

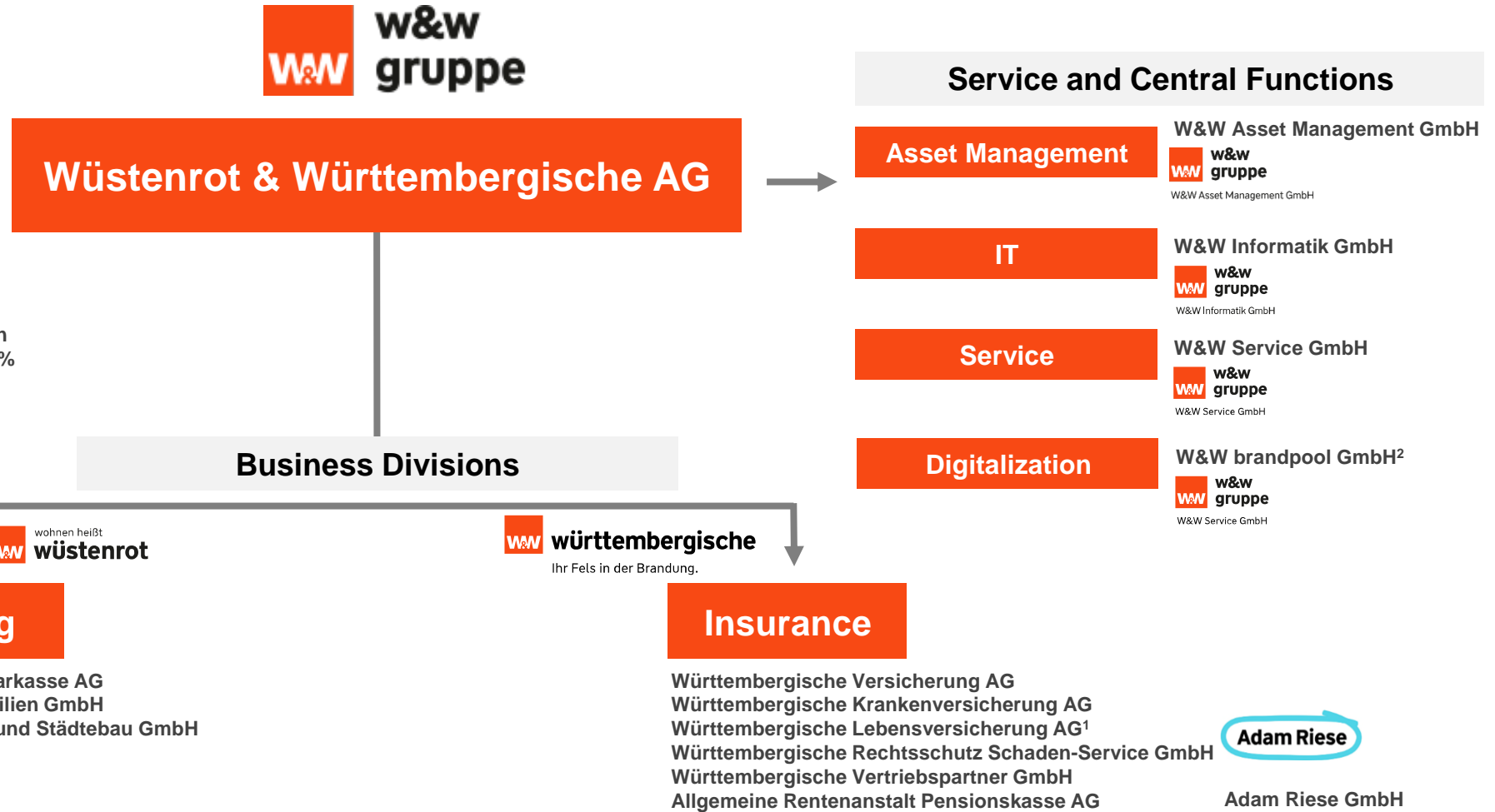
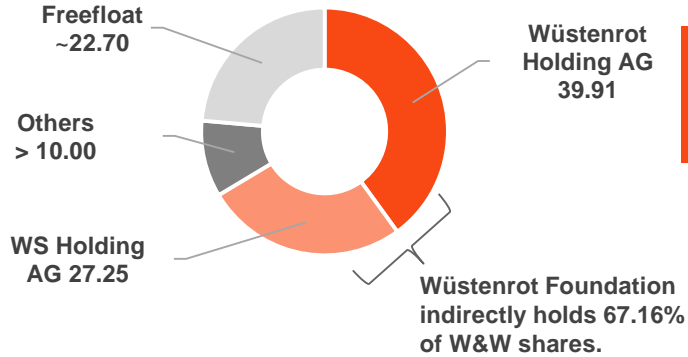
Group and Segment Details 2022

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Appendix

W&W Group structure

Shareholder Structure W&W AG in %



Leading banking and insurance group in Germany

2

„Bausparen“⁽¹⁾

12

Life Insurance⁽²⁾

10

Property and
Casualty Insurance⁽²⁾

~6.5m

Customers¹

>6,000

Sales Agents

~6,400

Employees

Notes: 1) Comparison of Annual Reports German Bausparkassen, Gross new business by home loan savings 2) GDV, Feb. 2023

Excellent client base with growth potential

~**6.5m**
Customers¹



On average three contracts per customer



High client retention (low churn rate)



Solvent customer base



Increasing digital affinity

Note: 1) as of Feb. 2023

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



Partnerships and cooperations

Banks



Insurance companies



Financial sales networks



Brokers

10,000
brokers

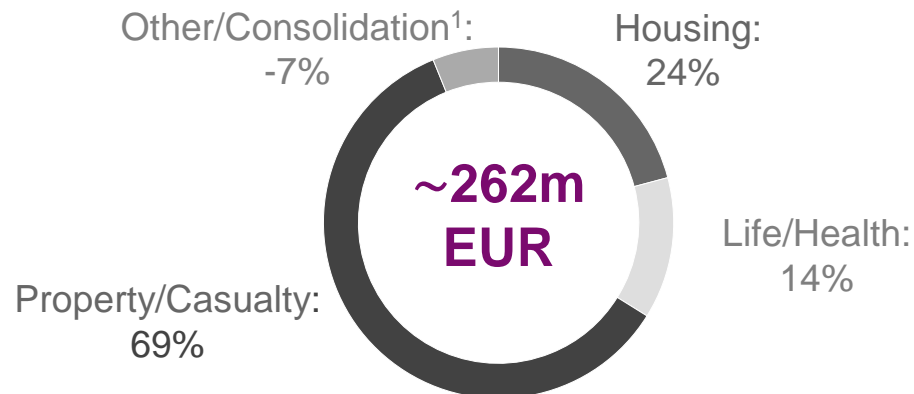
Others



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

Group IFRS net profit (FY 2022)

in EUR millions



Focus on domestic business

W&W Group operates almost exclusively in Germany²

Split of insurance GWP (FY2022)



Split of housing business (FY2022)



Consolidated balance sheet (IFRS)	31 Dec 2021 in EUR billions	31 Dec 2022 in EUR billions
Total assets	75.2	65.5
Capital investments	48.8	36.9
Building loans	23.8	25.4
Technical provisions	38.4	30.9
Equity	4.9	3.7

Regulatory capital of group key entities ³	31 Dec 2021 (in %)	31 Dec 2022 (in %)
W&W Group	243.3	248.8
W&W AG (solo)	407.9	418.1
Württembergische Vers. AG (P&C)	206.2	226.9
Württembergische LV AG (Life)	409.0	372.2

Regulatory capital of group key entities	31 Dec 2021 (in %)	31 Dec 2022 (in %)
Wüstenrot Bausparkasse AG ⁴	19.4	18.8

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

E **S** **G**

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 CO₂ emissions towards climate-neutral capital investments by 2050

Own operations

CO₂-neutral operation of own buildings and vehicle fleet through the use of ecological energy sources and compensation of the remaining CO₂ emissions

Society

Promotion of cultural, sporting, social and regional offers

Expansion of our regional educational networks

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

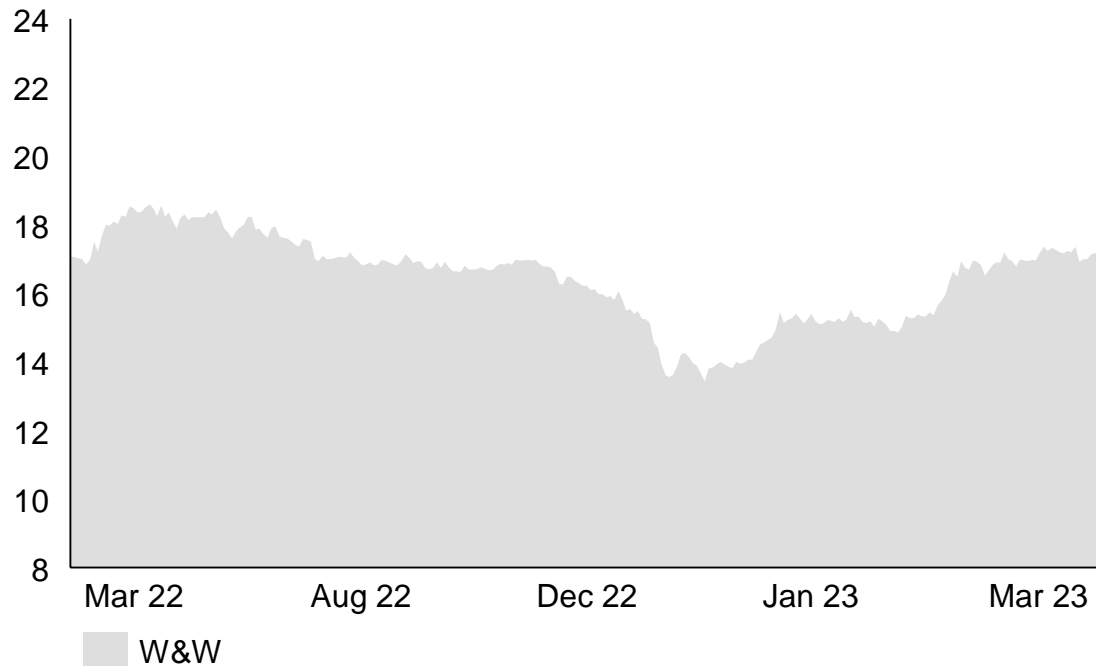
Signatory of: 13 Mai 2020



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

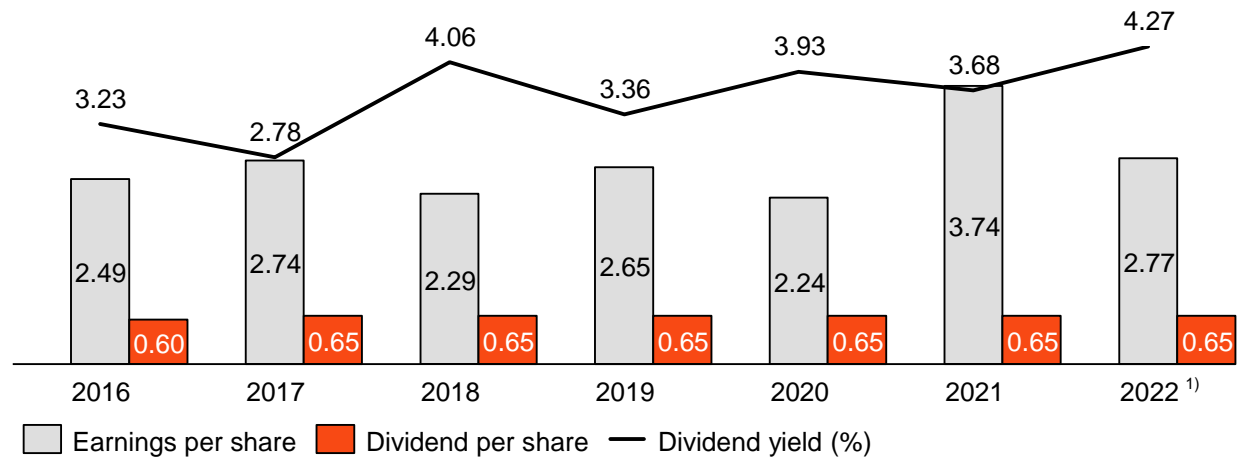
The W&W AG share - inclusion into the SDAX on March 20, 2023

W&W share stable in adverse capital market environment



Analyst opinions

Metzler	03/04/23	buy / price target: 24.00 EUR
Montega	05/04/23	buy / price target: 23.00 EUR
LBBW	31/03/23	buy / price target: 22.00 EUR



Stable and reliable dividend at least at the previous year's level as a quality feature of the W&W share

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Overview 2022

IFRS group result of EUR 261.5 million above plan (EUR 248 million), but below record previous year (EUR 352.2 million). The result was stable despite very challenging capital market conditions.

Business segments Housing, Life/Health and Property/Casualty insurance with strong growth, especially with new business volume in Housing (+35.2%) and W&W new customers (+10.6%).

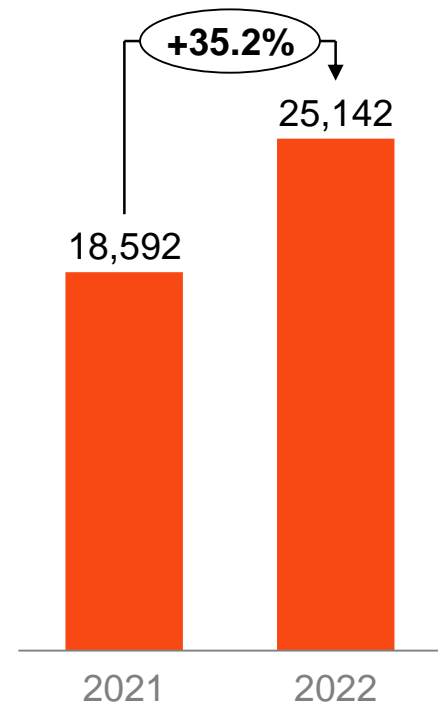
Significantly lower financial result of EUR 130 million (previous year: EUR 2,509 million) due to the challenging capital market. On the other hand, relief in benefits from insurance contracts.

Very good underwriting result in Property/Casualty insurance. Net combined ratio at 87.1% (previous year: 87.7%).

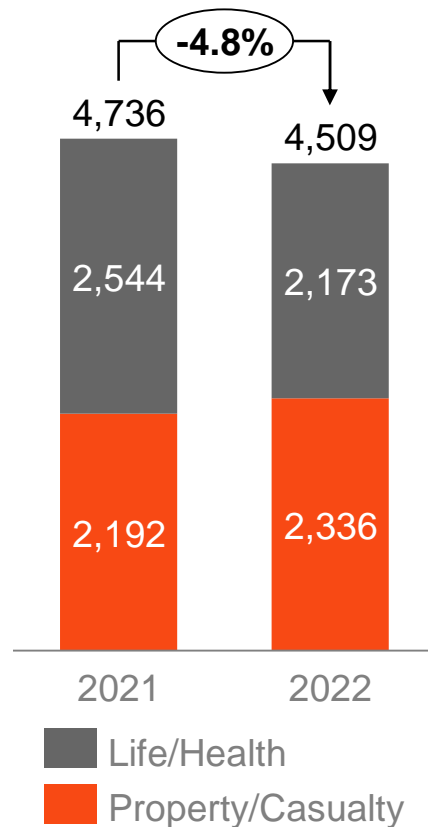
Administrative expenses slightly above previous year at EUR 1,085 (previous year: 1,037) million. Increase of approx. 4.7% significantly lower than the inflation rate despite including special effects.

Overview of key figures in the financial year 2022

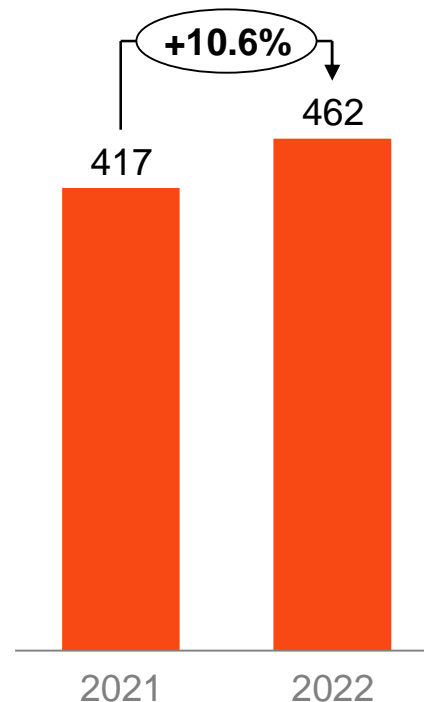
New business volume¹ Housing in EUR millions



Gross premiums in EUR millions



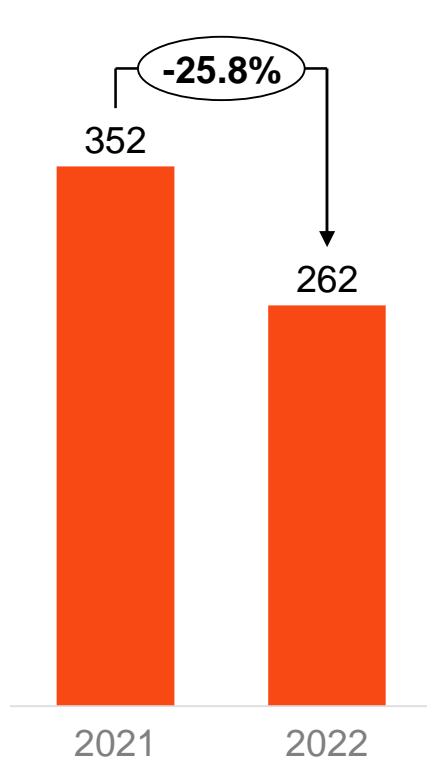
New customers in thousands



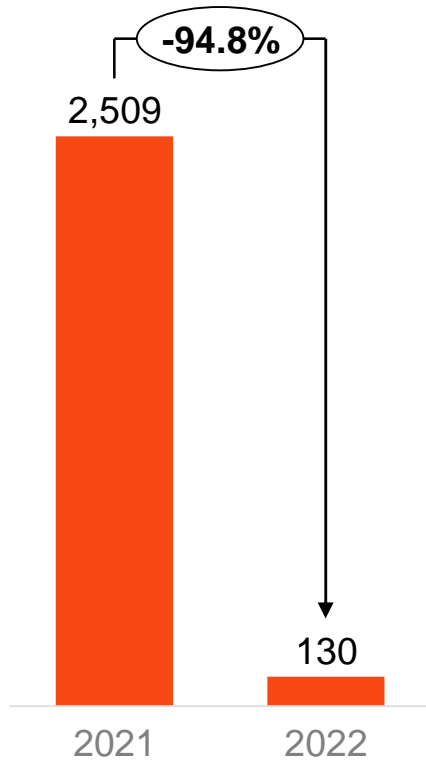
- New business volume in housing increased sharply by 35.2% to EUR 25,142 million (previous year: EUR 18,592 million).
- Gross premiums in Property/Casualty insurance again increased; decrease in Life/Health segment due to lower single premiums in Life insurance.
- The number of new customers increased significantly to 462 thousand (previous year: 417 thousand).

Solid annual result after an extraordinarily positive previous year

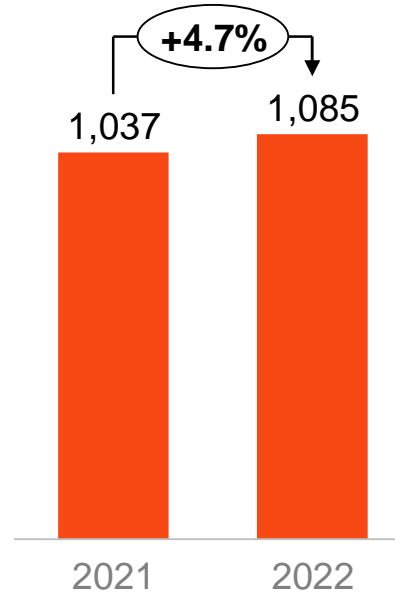
Net profit
in EUR millions



Financial income
in EUR millions



General administrative expenses
in EUR millions



- The result was above the forecast of around EUR 250 million, making 2022 a satisfying year for the W&W Group.
- The financial result fell significantly to EUR 129.8 million (previous year: EUR 2,509.2 million), in particular due to negative valuation effects as a result of high inflation and the sharp rise in interest rates.
- Slight increase in administrative expenses, but below inflation development.

IFRS income statement: Profit above expectations – despite negative valuation effects

Consolidated income statement (in EUR millions)	2022	2021	Change
Net financial income	130	2,509	-2,379
<i>Current net income</i>	1,124	1,153	-29
<i>Net expense from risk provision</i>	-13	1	-14
<i>Net measurement gain/loss</i>	-1,343	506	-1,849
<i>Net income from disposals</i>	362	849	-487
Earned premiums (net)	4,376	4,638	-262
Insurance benefits	-2,692	-5,150	2,458
Net commission expense	-560	-535	-25
General administrative expenses	-1,085	-1,037	-48
Net other operating income/expense	185	56	129
Consolidated net income before income taxes	354	481	-127
Income taxes	-92	-129	37
IFRS consolidated net profit	262	352	-90

- Strong decline in financial result essentially due to valuation result: soaring interest rates and declining stock markets had a negative impact on the market values of securities.
- Negative valuation effects were also evident in investments for the account and risk of policyholders (FLV¹). These had a congruently reducing effect on the benefits from insurance contracts.

IFRS consolidated balance sheet: Adverse market conditions led to decrease in total assets

Consolidated balance sheet (in EUR millions)	2022	2021	Change
Financial assets at fair value <u>through profit or loss</u>	10,276	10,722	-446
Financial assets at fair value <u>through other comprehensive income</u>	22,878	34,493	-11,615
Financial assets at amortised cost	28,100	26,171	1,929
Investment property	1,829	1,909	-80
Other assets	2,567	1,918	649
Liabilities	28,023	27,964	59
<i>thereof deposits</i>	25,630	24,734	896
Technical provisions	30,915	38,423	-7,508
Other provisions	1,906	2,720	-814
Other liabilities	1,096	1,232	-136
Equity	3,710	4,874	-1,164
Total assets/liabilities	65,650	75,213	-9,563

- Significant impact of the rise in interest rates on the market values of fixed-income securities on the asset side and in equity (OCI).
- Decrease in technical provisions reflects impact of interest rate rise on fixed income securities and decrease in provision for FLV¹ as a result of market developments.

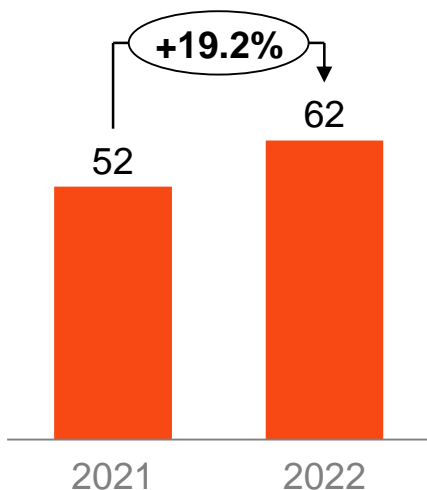
Segment overview: Solid results in all operating segments

Reported segments (in EUR millions)	2022	2021	Change
Housing segment	61.6	52.1	9.5
Life/Health Insurance segment	38.4	40.4	-2.0
Property/Casualty Insurance segment	179.9	207.0	-27.1
All other segments/consolidation	-18.4	52.6	-71.0
Consolidated net income	261.5	352.2	-90.7
<i>Net income before taxes</i>	<i>353.5</i>	<i>480.7</i>	<i>-127.2</i>
<i>Taxes</i>	<i>-92.0</i>	<i>-128.5</i>	<i>36.5</i>

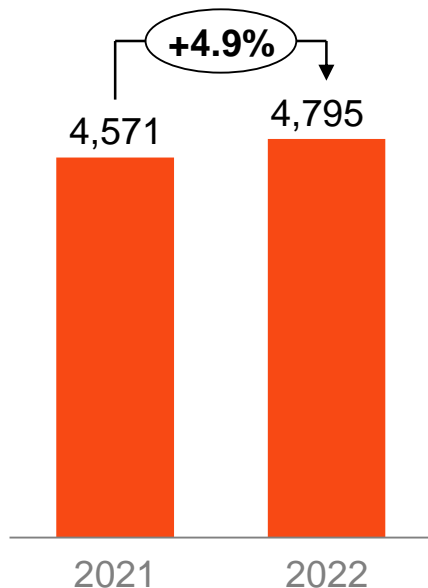
- Significant growth in Housing segment in gross new home savings business.
- In the Life/Health insurance segment an increase in Health insurance premiums was achieved.
- Increase in premiums in the Property/Casualty insurance segment.
- The premiums written in Life insurance fell, in particular due to a year-on-year decline in new single premium business.

Segment Housing: Double-digit growth in earnings

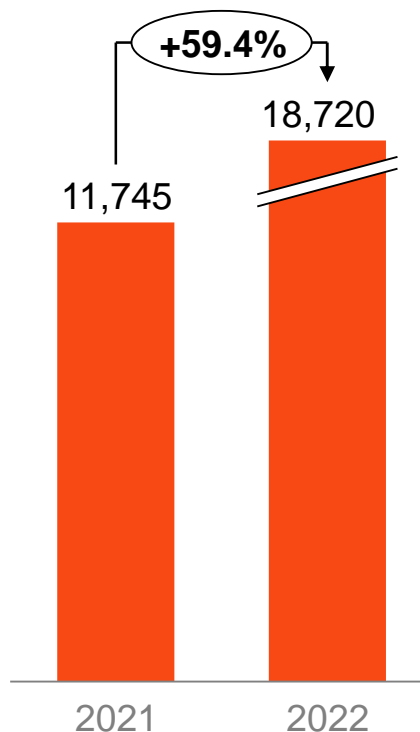
Segment net income
in EUR millions



Construction financing¹
in EUR millions



New home loan savings business (gross)
in EUR millions



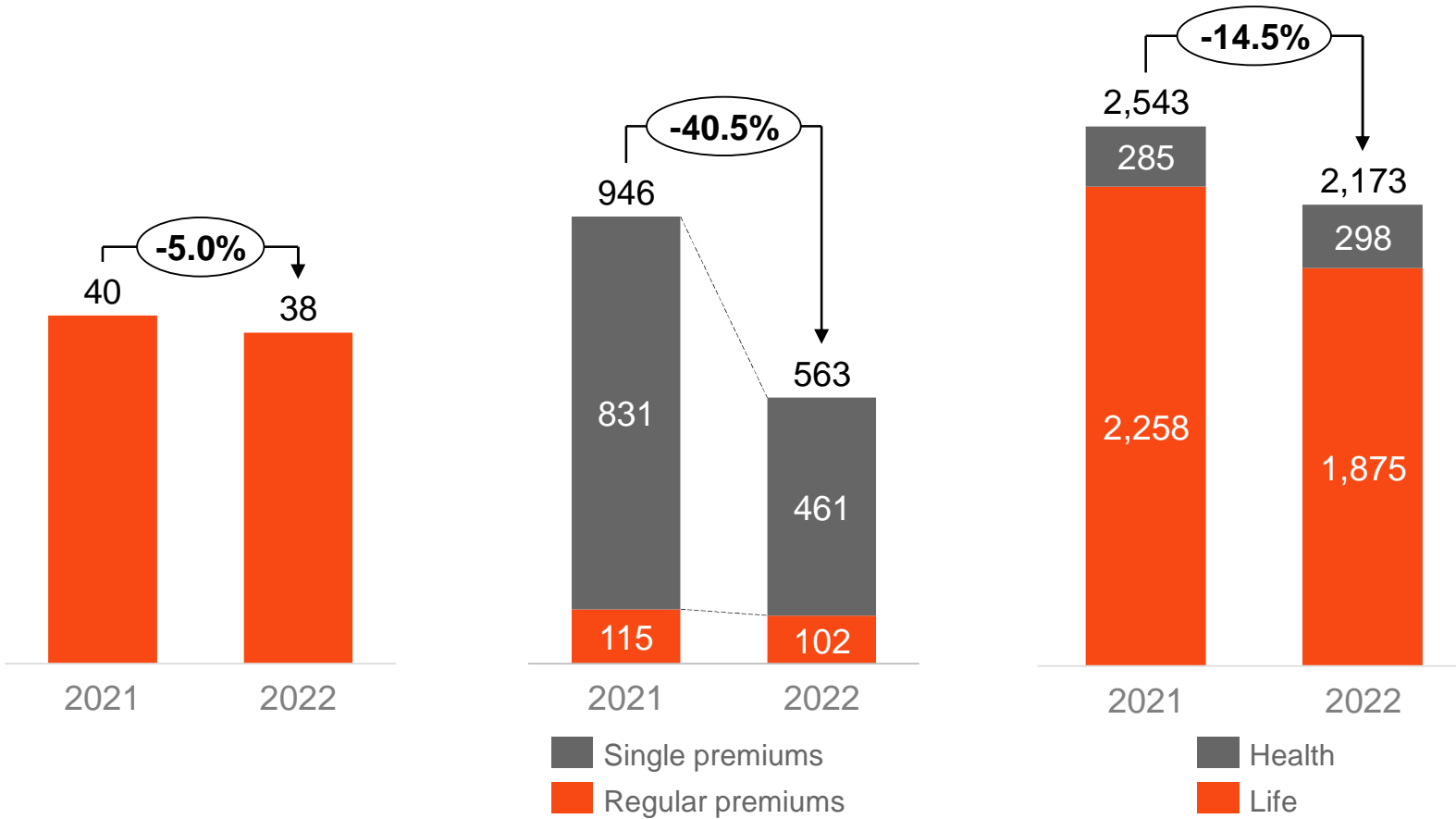
- Wüstenrot Bausparkasse AG continued its path of growth and thus developed significantly better than the market.
- At EUR 4,795 million (previous year: EUR 4,571 million), new business in building finance acceptances in the own book was higher than in the previous year.
- The best result in the company's history was achieved in gross new home loan savings business totaling EUR 18,720 million (previous year: EUR 11,745 million).

Life and Health insurance segment: Slightly declining result

Segment net income
in EUR millions

New business premiums
in EUR millions

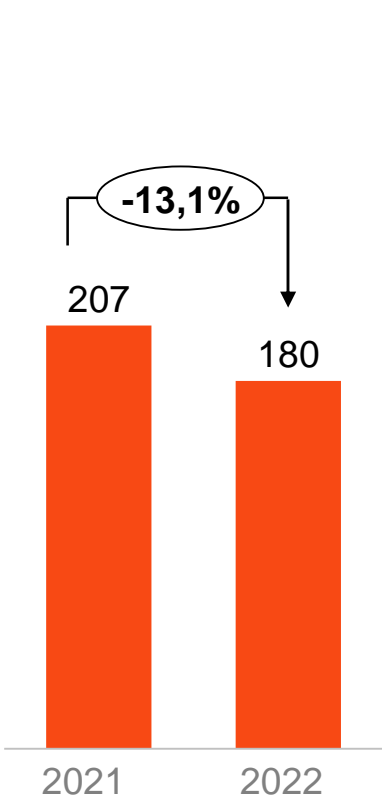
Gross premiums written
in EUR millions



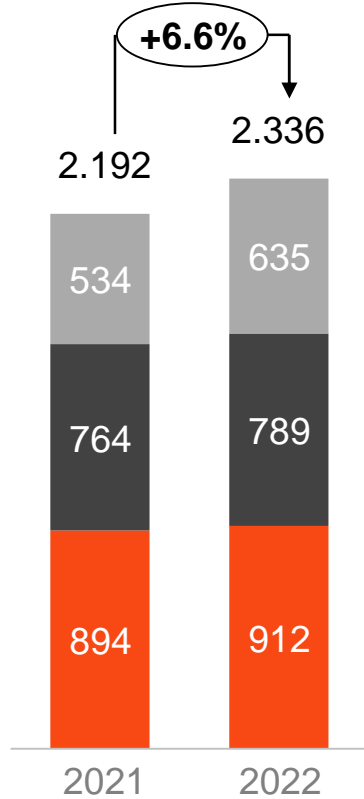
- The segment result after tax was EUR 38.4 million (previous year: EUR 40.4 million).
- The gross premiums written fell essentially due to the lower one-off premiums.
- In Health insurance, gross premiums written increased.

Property and Casualty insurance segment: Profitable growth continues

Segment net income
in EUR millions



Gross premiums written
in EUR millions



Combined Ratio
in %



- The segment result after tax fell to EUR 180 million (previous year: EUR 207 million).
- The gross premiums written continued to increase above the market average.
- The net combined ratio remained good at 87.1% (previous year: 87.7%).

Corporate Clients
 Private Clients
 Automotive

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IFRS 17: Main effects on W&W



Business model

Introduction of IFRS 17 **without any significant impact** on W&W's business models and their **economic profitability** and **growth**



Transparency

- **Significantly higher transparency** for investors compared to IFRS 4
 - In particular by disclosing the "**Contractual Service Margin (CSM)**" profit storage
 - Future **profit potentials** become **transparent** through the dissolution of CSM over future periods
- Better **comparability** within the industry is established



Reporting

- The first IFRS 17 financial statement as of **March 31, 2023** is a milestone for the accounting of insurers
- **Closing process** (result management) **becomes more technical** through actuarial evaluation of the technical provisions
- **Valuation margins** are becoming significantly smaller



Conclusion

Earning power of the W&W Group **becomes more visible** ... however, **steering** towards the target corridor is **becoming more challenging**

Current events in the banking system without a direct impact on W&W AG

- The current US regional banking crisis and the emergency sale of Credit Suisse to UBS are causing continued uncertainty on the capital markets.
- W&W reacted very quickly to the current market situation; there are only very small holdings in shares in SVB Financial Group, Signature Bank and First Republic Bank (cumulatively < EUR 100 thousand) and no holdings in Credit Suisse shares. W&W holds Credit Suisse bonds with a value of < EUR 25 million, but no subordinated bonds.¹⁾

Outlook for the financial year 2023

In 2023 we are expecting to reach a consolidated net profit in the range of **EUR 220 million to EUR 250 million** for the W&W Group within our medium- to long-term target range.

We will also continue the digital transformation in 2023. Because of the associated investments and the predicted inflation trend, we expect **general administrative expenses** in the Group for the 2023 financial year to come in **moderately above the level of the reporting year**.

The W&W Besser! initiative will be continued in 2023. We will continue to rigorously ensure that products, services and processes are aligned with customer benefits throughout the entire W&W Group, which should result in increased efficiencies. In line with our strategic objective, we will service **more than 6.5 million customers** in 2023.

Opportunities and risks include, in particular, trends on the capital markets, as well as in claims. Furthermore, economic developments or the political environment could have a positive or negative effect on the W&W group.

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

Key figures (in EUR millions)	2016	2017	2018	2019	2020	2021	2022
Gross written premiums	3,988.8	3,873.4	4,065.4	4,319.7	4,491.0	4,718.5	4,495.3
Construction financing	5,388.5	5,517.5	6,280.2	6,347.7	6,748.8	7,459.7	7,059.3
P&C combined ratio (gross)	90.1%	90.7%	89.5%	89.4%	90.6%	105.4%	87.7%
P&C combined ratio (net)	89.8%	88.9%	88.1%	89.5%	89.0%	87.7%	87.1%
Consolidated net income	235.3	258.0	215.2	249.1	210.8	352.2	261.5
Total assets (EUR bn)	72.3	72.0	72.0	75.2	76.5	75.2	65.5
Group IFRS Equity (EUR bn)	3.8	4.0	4.2	4.8	5.1	4.9	3.7
Solvency II (incl. Transitional measures)	194%	201%	255%	238%	233%	243%	Q2/2023
W&W Group Financial Strength Rating (S&P)	A- stable	A- stable	A- stable	A- stable	A- stable	A- stable	A- stable

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

Selected figures for financial years 2021 / 2022

P&L and Balance Sheet (in EUR millions)	2021	2022	Change
Gross written premiums ¹	4,718.5	4,495.3	-4.7%
o/w L&H insurance	2,543.0	2,173.0	-14.5%
o/w P&C insurance	2,192.0	2,336.2	6.6%
Construction financing	6,898.0	6,489.0	-5.9%
Sales of own and 3rd party investment funds	671.3	488.1	-27.3%
Net financial result ²	2,509.2	129.8	-94.8%
General administrative expenses	1,036.7	1,085.4	4.7%
Consolidated net income	352.2	261.5	-25.8%
o/w Housing net income	52.1	61.6	18.2%
o/w L&H net income	40.4	38.4	-5.0%
o/w P&C net income	207.0	179.9	-13.1%
(in EUR billions)			
Total assets	75.2	65.5	-12.9%
Financial assets	48.8	36.9	-24.4%
Technical provisions	38.4	30.9	-19.5%
Group IFRS Equity	4.9	3.7	-20.4%

Note: 1) Includes effects of consolidation between segments. 2) After credit risk adjustment
Source: Annual Report 2022

Our background– 200 years of experience in financial topics



1828 Württembergische Privat-Feuerversicherungsgesellschaft 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 Württembergische

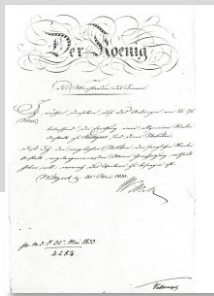
2005 Acquisition of Karlsruher Versicherungsgruppe

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



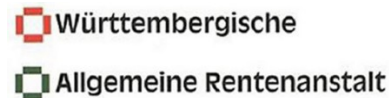
1991 Württembergische Feuerversicherung and Allgemeine Rentenanstalt merged into Württembergische Versicherung AG

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



Be sure to keep in touch with us

23 May 2023

Annual General Meeting W&W AG

31 May 2023

Quarterly Statement 31 March

tba

Interim Report 30 June

tba

Quarterly Statement 30 September

For further information please refer to

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- die Auswirkungen der politischen und wirtschaftlichen Entwicklungen in Deutschland und anderen Ländern, in denen die Gruppe tätig ist;
- die Auswirkungen von Wechselkurs- und Zinsschwankungen; und
- die Fähigkeit der Gruppe, den erwarteten Ertrag aus den Investitionen und Kapitalaufwendungen zu erzielen, die sie in Deutschland und im Ausland getätigt hat.

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