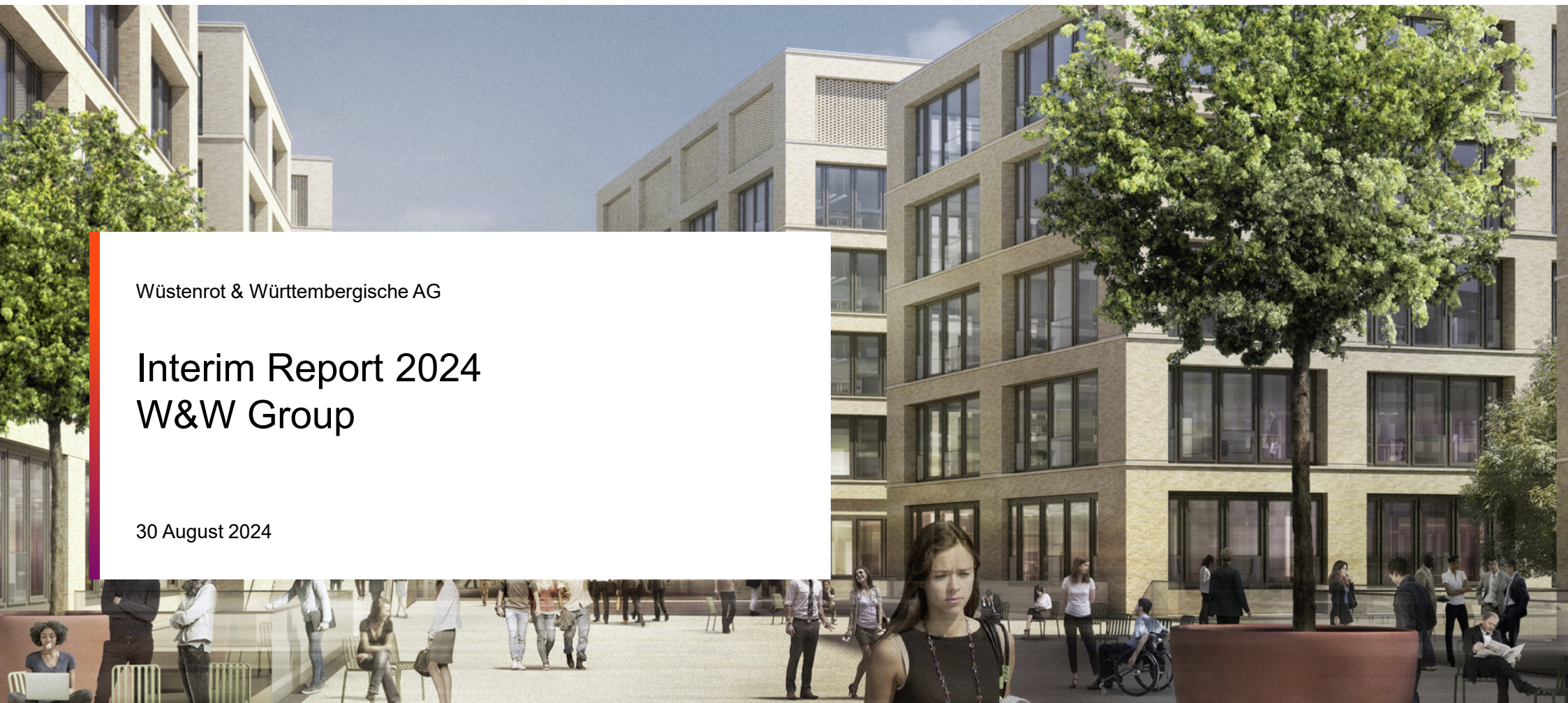


Wüstenrot & Württembergische AG

# Interim Report 2024 W&W Group

30 August 2024



# Agenda

W&W – Overview & Strategy

Segment and Group Development H1 2024

Outlook

Appendix

## Our business areas are supported by strong partners across the group



### Segment Housing

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



# 2

Bausparen<sup>1)</sup>



### 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



# 12

Lebens-  
versicherung<sup>2)</sup>

# 10

Schaden- &  
Unfallversicherung<sup>2)</sup>



### Service and Central Functions

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



6.4 Mio. customers, 6.4 ths. employees, one common location in Kornwestheim: the W&W-Campus

## Excellent client base with growth potential

**~6.4m**  
Customers



On average three contracts per customer



High client retention (low churn rate)



Solvent customer base



Increasing digital affinity

# 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

**Partnerships and cooperations**

**Insurances**

**Banks and financial distributors**

**Sales networks & Brokers**

   Over 20.000 brokers

**Partnerships**

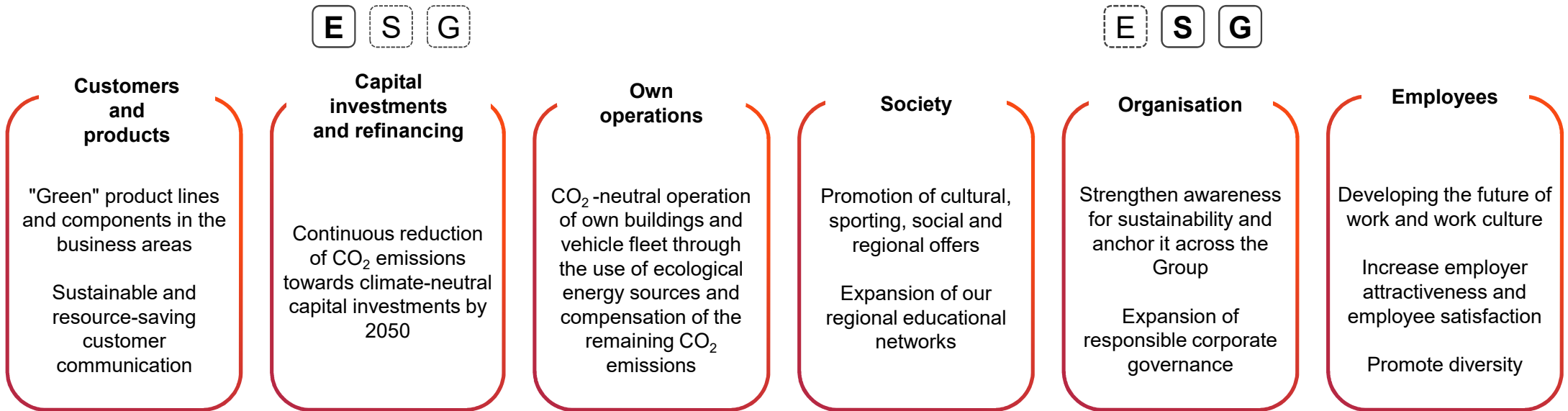
 

55 Mn.

potential customers

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

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



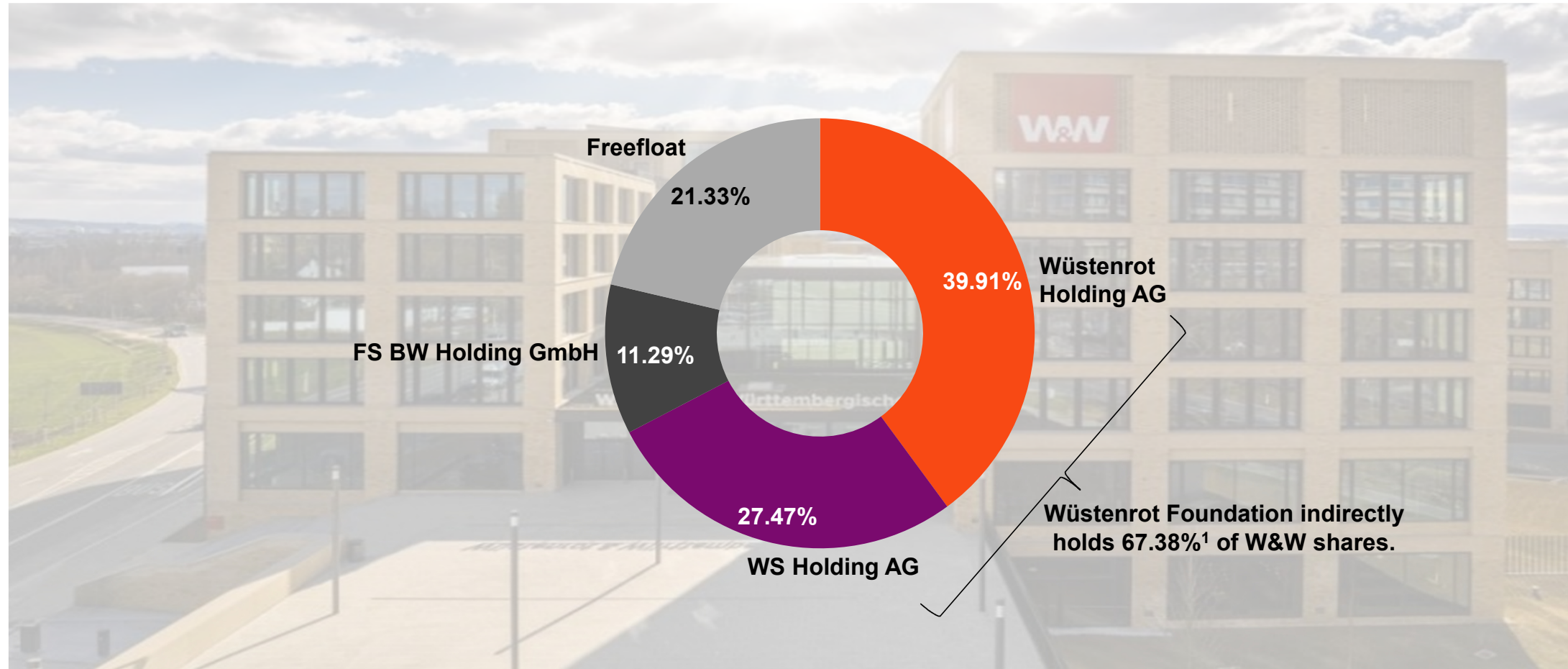
Signatory of: 13 May 2020



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



## W&W Group structure



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## Overview H1 2024

In the second quarter of 2024, the W&W Group's regional core insurance area in particular suffered some massive losses due to storms. In particular, the so-called “Orinoco” natural hazard event and various regional storms had a negative impact on the industry and also led to a significant decline in the W&W Group's consolidated net income in IFRS accounting in the first half of 2024. It fell to EUR -14 million (previous year: EUR 181 million).

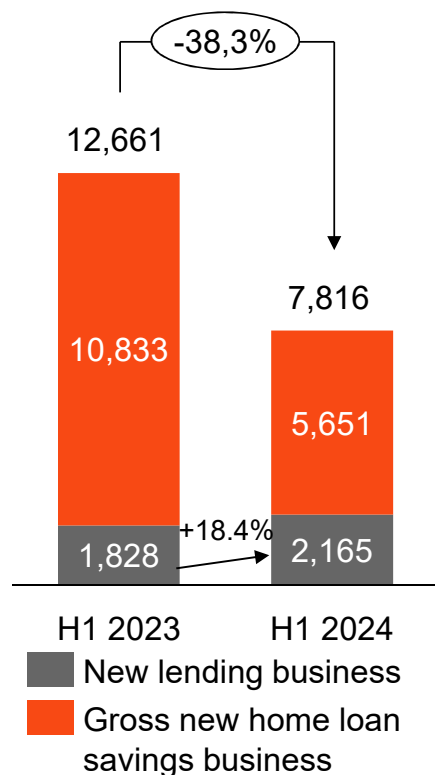
Key figures (e.g. new lending business volume, annual new health insurance premiums) increased compared to the previous year. Other key figures showed a mixed picture. In the housing segment, the previous year's record result in home loan savings was not matched, while new business in life insurance declined slightly. The growth in annual contribution to the portfolio in Property/Casualty insurance continued.

At the end of June 30, 2024, W&W's Chief Risk Officer and Labour Director Jürgen Steffan left the Executive Board of W&W AG. This will result in changes to the allocation of responsibilities on the Executive Board from July 1, 2024, as the Executive Board positions will be reduced from four to three. (Details on the allocation of responsibilities in the appendix)

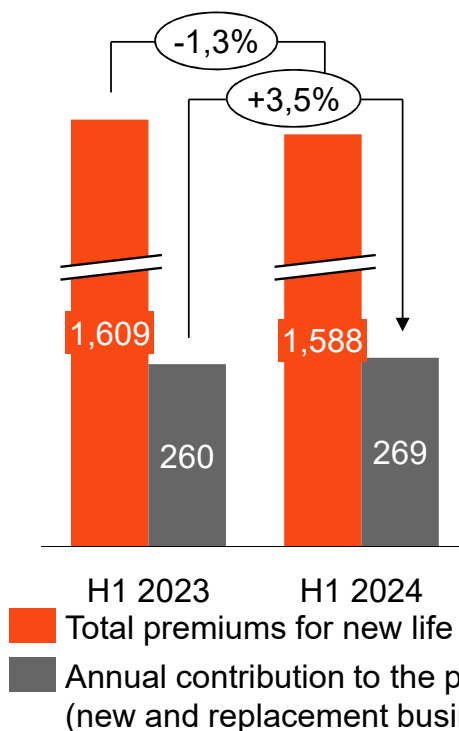
With “W&W Besser!”, strategic projects were successfully continued in the first half of 2024. The W&W Group is strengthening its commitment to artificial intelligence (AI) and establishing the new “Data, Processes and AI” department.

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

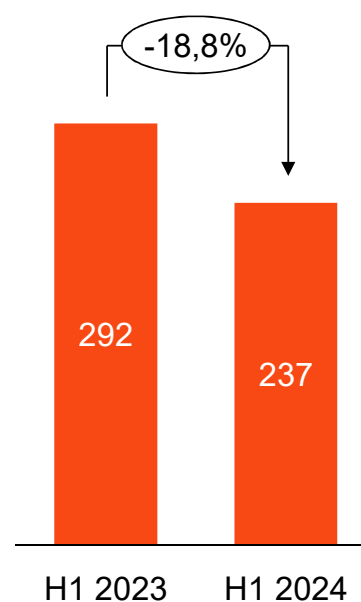
### New business volume<sup>1,2</sup> Housing in EUR millions



### New business<sup>2</sup> in EUR millions



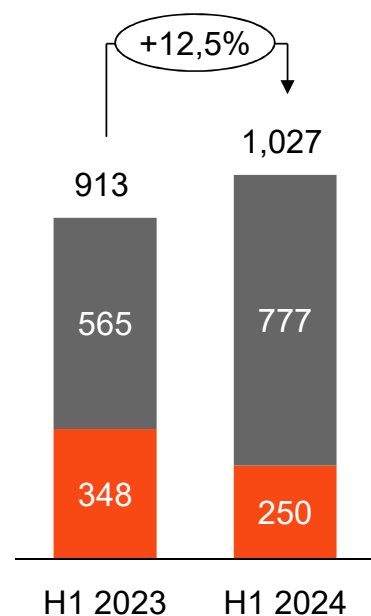
### New customers<sup>2</sup> in thousands



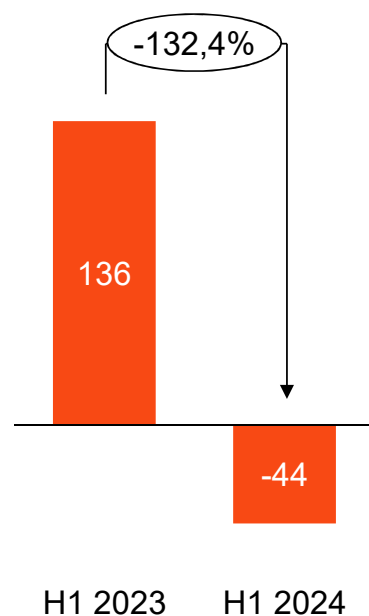
- New business showed a mixed picture. As expected, the previous year's record result for gross new home loan savings business was not matched in the housing segment
- New business in Life and Health insurance declined slightly. The growth in annual contribution to the portfolio in Property/Casualty insurance
- New customers below previous year: deliberate decline in new customers for mopeds/e-scooters at Adam Riese due to management decision

## Decline in consolidated net income due to significant storm damage

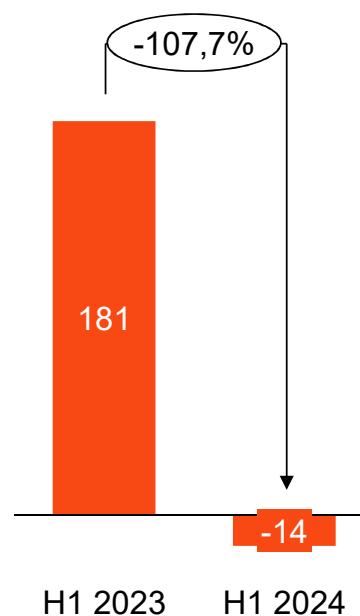
**Financial income<sup>1</sup>**  
in EUR millions



**Technical result (net)<sup>1</sup>**  
in EUR millions



**Net profit<sup>1</sup>**  
in EUR millions



- The financial income amounted to EUR 250 million. With the IFRS 17 accounting standard, a significant portion of the Group financial result is attributable to insurance contracts with direct profit participation in Life and Health insurance. Before the corresponding policyholder participation, the financial income rose to EUR 1,027 million (previous year: EUR 913 million)
- The net technical result fell significantly due to the high level of natural hazard claims in Property/Casualty insurance and general claims inflation

IFRS consolidated income statement<sup>1</sup>

in EUR millions	HJ 2024	HJ 2023	Delta
Net financial income <sup>1</sup>	250	348	-98
<i>Current net income</i>	692	639	53
<i>Net expense from risk provision</i>	-13	-13	0
<i>Net measurement gain/loss</i>	377	183	194
<i>Net income from disposals</i>	-29	104	-133
<i>Finanzergebnis (brutto)</i>	1,027	913	114
<i>Insurance finance result</i> <sup>2</sup>	-777	-565	-212
Technical result (net) <sup>3</sup>	-44	136	-180
<i>Property/Casualty Insurance segment</i>	51	43	8
<i>Life and Health insurance segment</i>	-95	93	-188
Net commission expense	4	-25	29
General administrative expenses (net)	-256	-262	6
<i>General administrative expenses (gross)</i> <sup>4</sup>	-559	-560	1
<i>General administrative expenses attributable to the technical result</i>	303	298	5
Net other operating income/expense <sup>5</sup>	28	62	-34
<b>Consolidated net income before income taxes</b>	<b>-18</b>	<b>259</b>	<b>-277</b>
Income taxes	4	-78	82
<b>IFRS consolidated net profit</b>	<b>-14</b>	<b>181</b>	<b>-195</b>

<sup>1</sup> Higher current result (despite positive one-off effect from residential property in the previous year) due to higher interest rates and more dividend distributions. More positive stock market performance in the financial year led to higher valuation gains on securities. Lower net income from disposals due to lower realizations (residential) & reallocations (personal)

<sup>2</sup> Policyholder participation in the financial result and compounding of the claims provision

<sup>3</sup> Property/casualty: Claims expenditure significantly increased due to massive losses caused by an accumulation of severe weather events. In addition, high claims inflation. Individual events within deductible, therefore lower relief for reinsurers. Persons: higher CSM income due to higher interest rates

<sup>4</sup> Personnel expenses at the previous year's level, contrary to the inflation trend. Lower consulting and advertising costs, but higher IT expenses. Previous year included depreciation on owner-occupied property

<sup>5</sup> Previous year included sale of own properties no longer used in Stuttgart city center and higher collection of immovable accounts by BSW. Lower result from property development activities

# Consolidated balance sheet<sup>1</sup>

in EUR million	HJ 2024	2023	Delta
Financial assets at fair value <u>through profit or loss</u>	11,051	10,630	421
Financial assets at fair value <u>through other comprehensive income</u>	22,893	23,687	-794
Financial assets at amortised cost	29,479	28,461	1,018
Investment property	2,581	2,569	12
Assets from insurance business	332	357	-25
Insurance contracts issued that are assets	56	37	19
Reinsurance contracts held that are assets	276	320	-44
Other assets	2,047	1,812	235
Liabilities	29,082	28,576	506
<i>thereof deposits</i>	26,179	25,698	481
Technical provisions	32,041	31,900	141
Property/Casualty Insurance segment	2,723	2,294	429
Life and Health Insurance segment	29,317	29,605	-288
Other provisions	1,706	1,871	-165
Other liabilities	840	707	133
Equity	4,846	4,961	-115
<b>Total equity and liabilities</b>	<b>69,232</b>	<b>68,681</b>	<b>551</b>

1 Increase in alternative investments and assets for unit-linked life insurance policies (FLV).

2 Interest-related decline in the market values of fixed-interest securities

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

4 Significant increase in term and overnight deposits due to more attractive conditions for customers

5 Decrease in equity. Consolidated net profit for FY 24 (EUR -14 million), additional decline in OCI (EUR -37 million) and the dividend payment (EUR -61 million)

## Segment overview

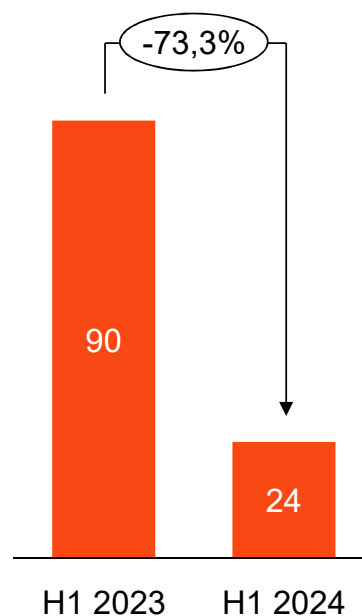
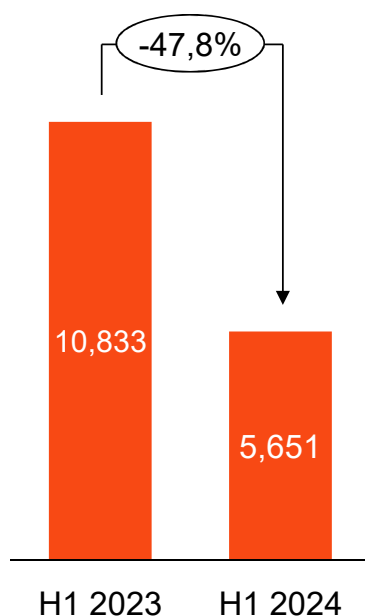
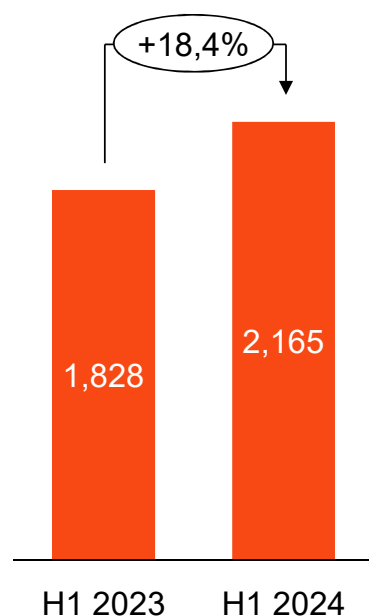
Reported segments <sup>1</sup> (in EUR millions)	IFRS 17 H1 2024	IFRS 17 H1 2023	Delta
Housing segment	24	90	-66
Life and Health Insurance segment	21	15	6
Property/Casualty Insurance segment	-79	60	-139
All other segments/consolidation	20	16	4
<b>Consolidated net income</b>	<b>-14</b>	<b>181</b>	<b>-195</b>
<i>Net income before taxes</i>	<i>-18</i>	<i>259</i>	<i>-277</i>
<i>Taxes</i>	<i>4</i>	<i>-78</i>	<i>-82</i>

## Segment Housing - Segment result down on the previous year's level

New lending business<sup>1,2</sup>  
in EUR millions

New home loan savings  
business (gross)<sup>2</sup>  
in EUR millions

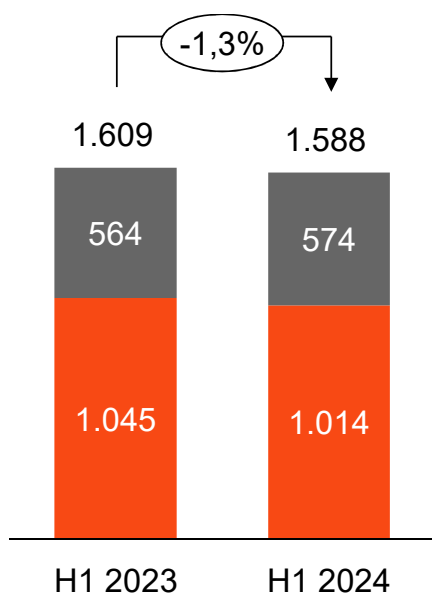
Segment net income<sup>2</sup>  
in EUR millions



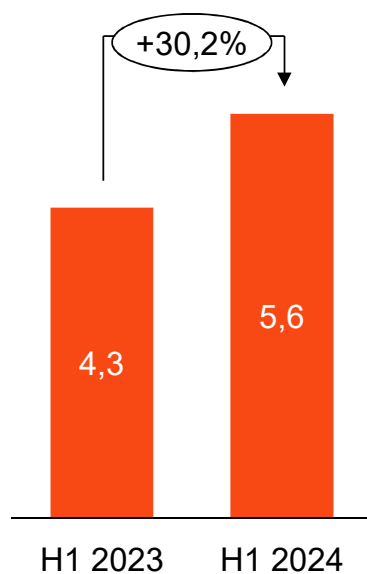
- Despite continuing difficult economic conditions, the volume of new lending business increased more strongly than in the sector as a whole
- Gross new business was below the record result of the same period of the previous year, which was characterized by the sharp rise in mortgage interest rates

## Segment Life and Health Insurance – Segment result increased (1/2)

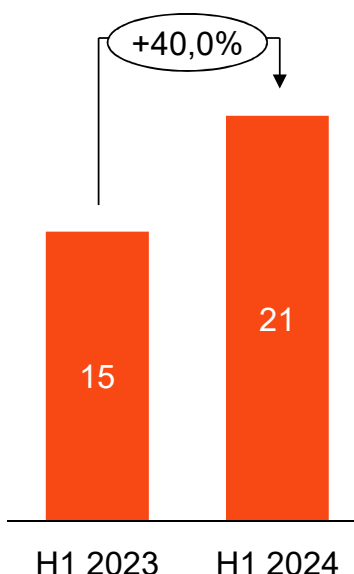
**New business premiums<sup>1</sup>**  
in EUR millions



**Annual new health insurance premiums<sup>1</sup>**  
in EUR million



**Segment net income<sup>1</sup>**  
in EUR million

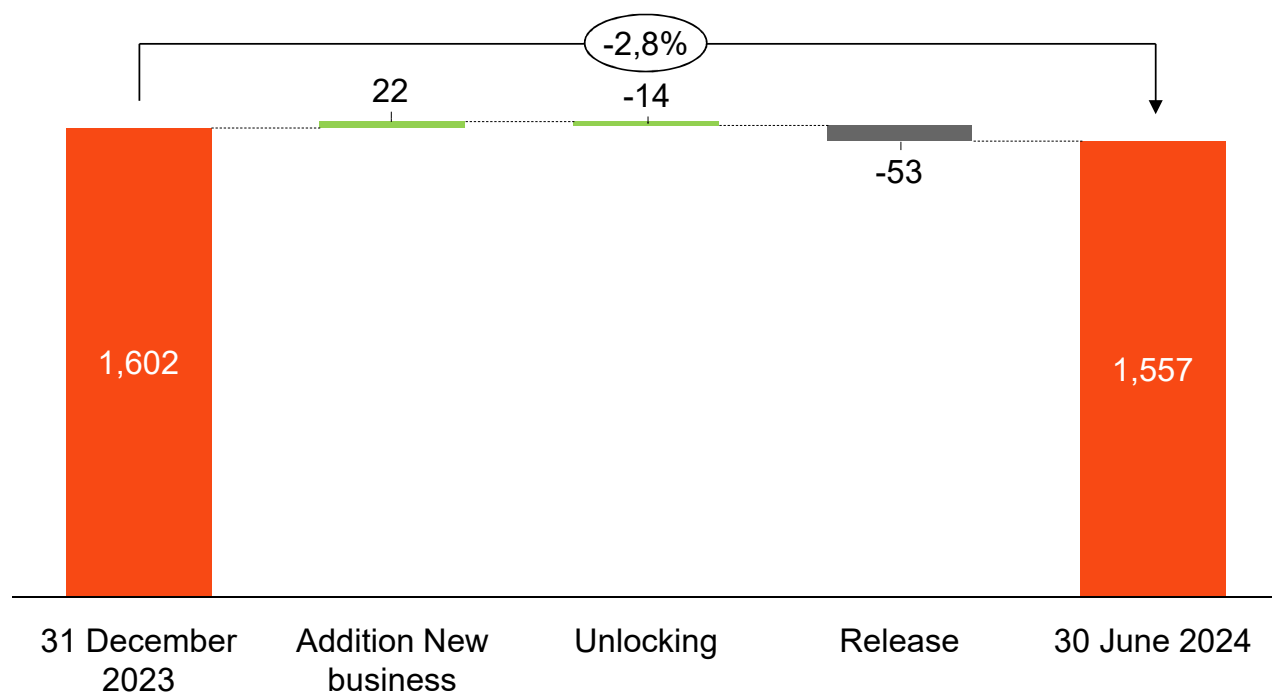


- Total premiums in new business (not incl. Company pension schemes)
- Total premiums in new business for company pension schemes

- The premium volume of new life insurance business was roughly on a par with the previous year. As in the industry as a whole, single premium life insurance policies declined
- New business grew in particularly in company health insurance

## Segment Life and Health Insurance (2/2)

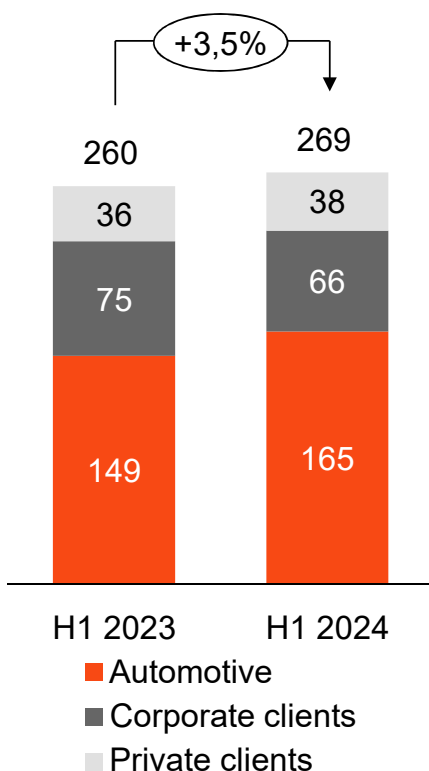
Contractual Service Margin (CSM) Q1 2024, net<sup>1,2,3</sup>  
in EUR millions



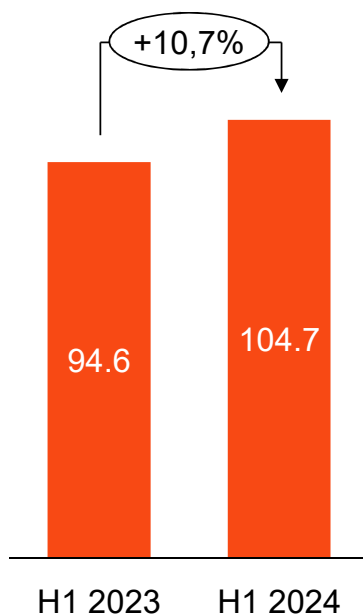
- **New business:** + EUR 22 million  
Newly concluded insurance contracts increase CSM
- **Unlocking:** - EUR 14 million  
At WL, the termination of the WL subordinated bond led to an increase in the cost of capital. As a result, the risk adjustment increased, while the CSM decreased in the first half of 2024. At ARA and WK, on the other hand, there was an increase in the CSM in unlocking
- **Release:** - EUR 53 million  
The CSM release represents the collection in the income statement

## Segment Property/Casualty insurance – Segment result significantly below previous year

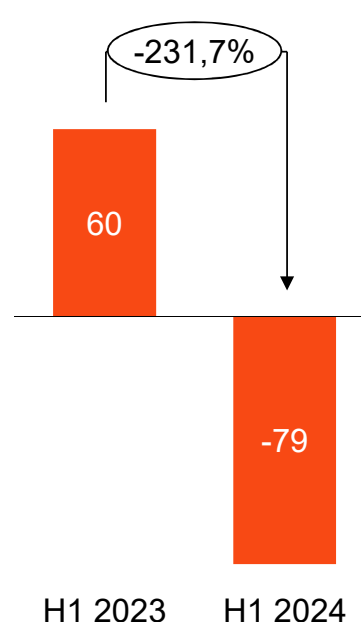
**Gross premiums written<sup>2</sup>**  
in EUR millions



**Combined Ratio<sup>1,2</sup> (gross)**  
in %



**Segment net income<sup>2</sup>**  
in EUR millions



- New business, measured in terms of the annual portfolio premium, increased. While pure new business declined slightly compared to the same quarter of the previous year, replacement business increased disproportionately. The motor and private clients segments grew. The corporate clients segment was below the previous year's level
- Following the significant storm damage in the current financial year, the combined ratio (gross) in accordance with IFRS 17 deteriorated in the first half of 2024
- Reinsurance result reduced, as accumulation losses due to natural hazards were not compensated by reinsurance to the same extent as in the previous year.

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## Forecast for the 2024 financial year

Against the backdrop of extraordinary burdens from the natural disaster “Orinoco” and various regional storms, we adjusted our expectations for the 2024 financial year on July 25, 2024 on an ad hoc basis. In addition to these events, the impact of claims inflation continues. As a result of these developments, we expect the segment result in Property/Casualty insurance to be significantly lower than in 2023 (EUR 8 million). **Overall, we expect consolidated net income for the 2024 financial year to be significantly below the previous year's figure of EUR 141 million.**

We expect W&W AG's net income for the year in accordance with the German Commercial Code (HGB) to remain stable, as planned. The other outlooks for 2024 communicated in the forecast section of the 2023 Annual Report remain unchanged.

The forecast is subject to the proviso that there are no further extraordinary natural events in the further course of the year. The further development of the economy, inflation and capital markets, the further course of the war in Ukraine and the general claims trend also represent risk factors.

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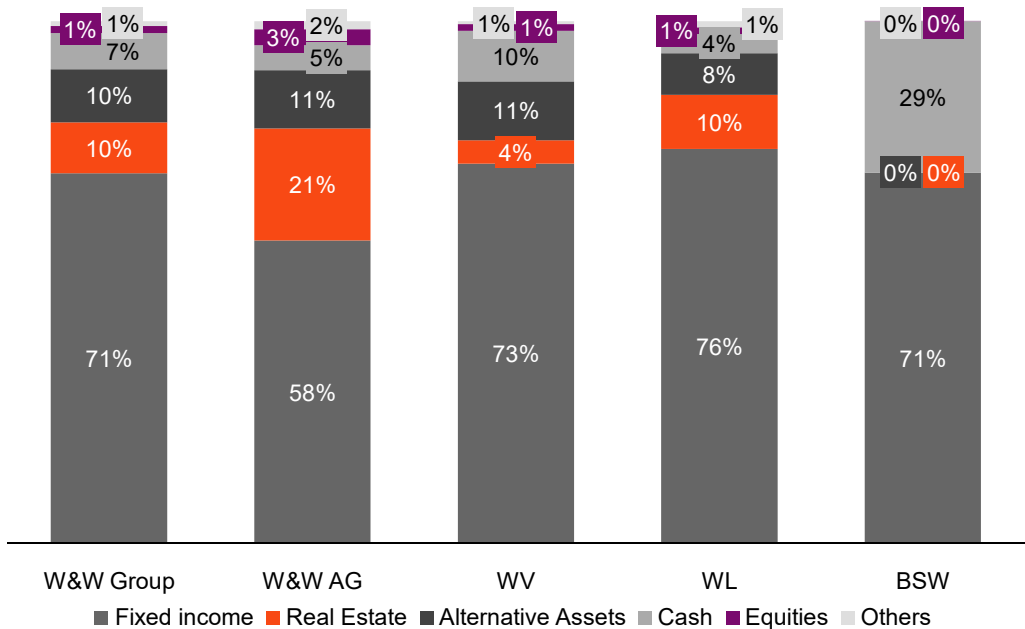
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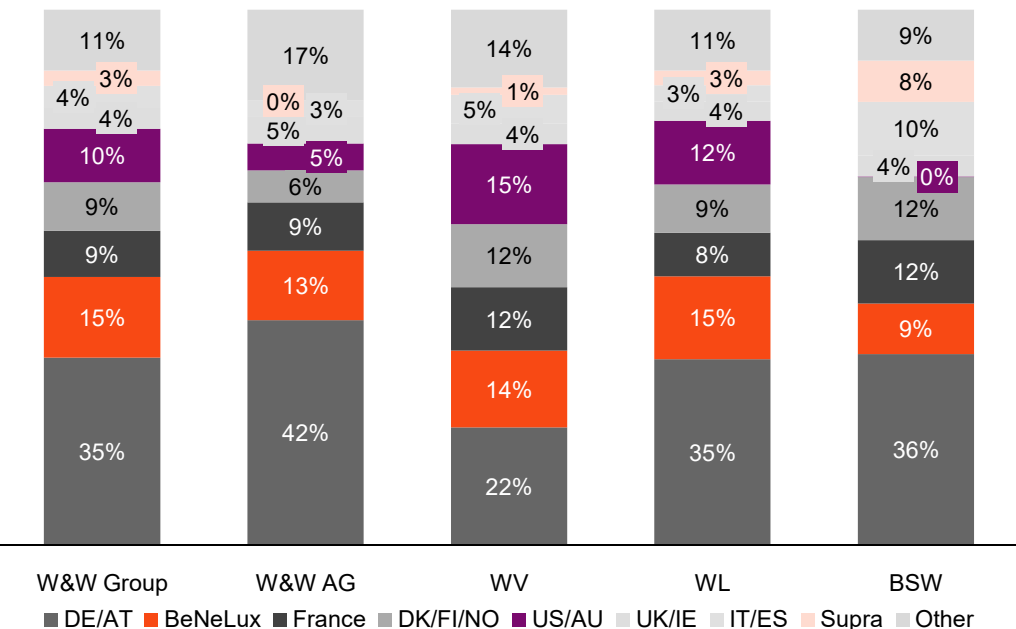
Appendix

# Investment of the W&W Group and the individual companies as of 30 Jun 2024

Investment by asset class

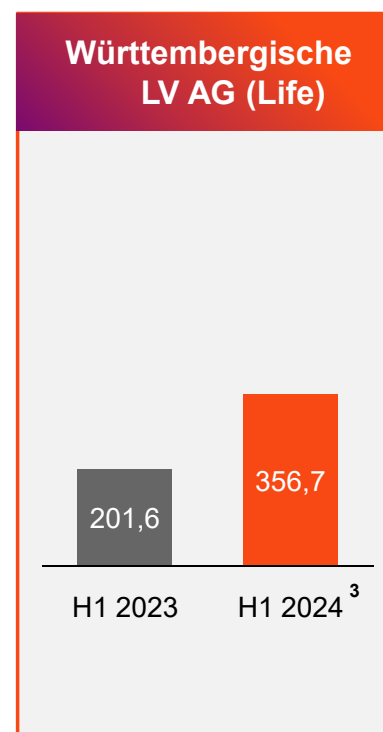
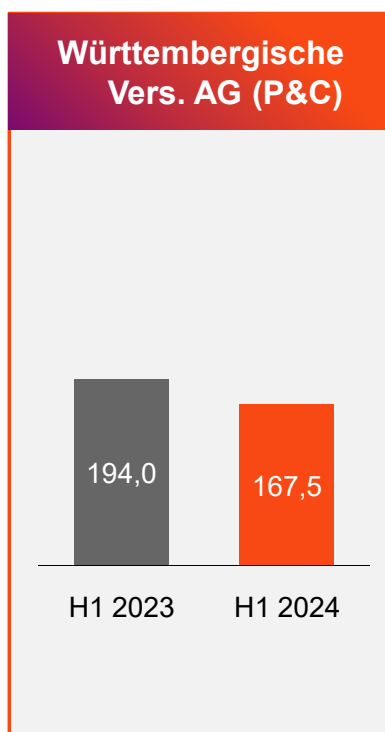
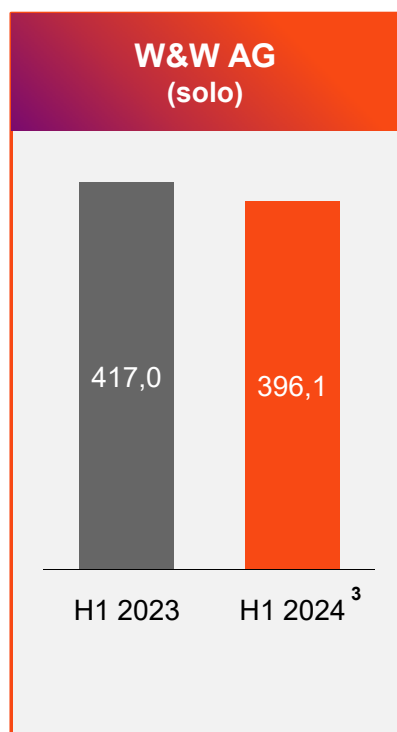
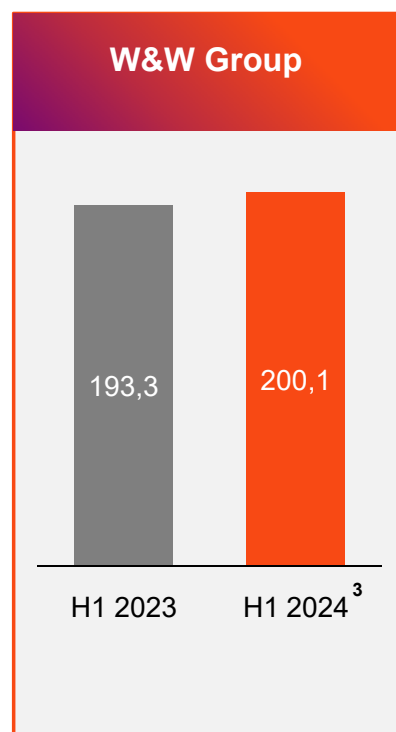


Investment by geography

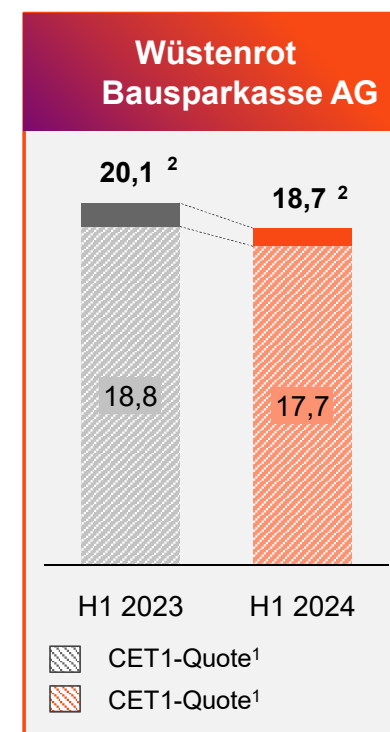


# Overview regulatory capital of group key entities

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



## Capital ratios Bausparkasse in %



## Allocation of business

W&W CEO Jürgen A. Junker takes over responsibility for Human Resources from Jürgen Steffan and thus also becomes Labor Director. Jürgen A. Junker will also be responsible for setting up the AI Competence Center from July 1, 2024.

W&W CFO Alexander Mayer will take over the Risk, Compliance, Group Controlling/Cost Controlling and Group Board Risk units from Jürgen Steffan.

Jens Wieland, W&W Board Member for Operations/IT, will be assigned responsibility for financial management/asset allocation and reinsurance from Alexander Mayer's previous area of responsibility.

## Be sure to keep in touch with us

15 Nov 2024

Quarterly statement as of 30/9/2024

25 Nov 2024

Eigenkapitalforum, Frankfurt am Main

For further information, please  
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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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