

# 2016: W&W on the Path to Growth - Focusing on Customers

Analyst Conference Call  
Annual Report 2016 W&W AG

31th March 2017



# Agenda

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**1. Overview Group Financial Results**

2. Segment Details

3. Group Strategy and Outlook

# Highlights 2016

## Consolidated Earnings €235 million

- At €235 million, the **consolidated net profit in 2016 was above plan** (>€220 million). Especially noteworthy are excellent underwriting income in property/casualty insurance and lower general administrative expenses.

## Market Share Increased

- In the **new home loan and savings business**, the market share increased up to 14.2% (gross). While BSW recorded a steady performance, the home loan and savings market declined.
- In the **life insurance** sector, the market share (by total premiums) went up to 2.45%\* despite difficult market conditions (e.g. interest levels, Life Insurance Reform Act). The new IndexClever product performed well.

## BGH Decision in Favour of BSW

- On 21th February 2017, the **German Federal Court of Justice (BGH)** handed down a decision **in favour of BSW** with regard to the termination of home loan and savings contracts reaching a maturity of more than 10 years. The Federal Court of Justice thus confirmed the decisions of many lower courts.

## Baufinanzierung (Construction Financing) Reorganisation Moving Forward

- Within the framework of our W&W@2020 programme, we make use of the revised Building Society Act, bundling the processing of the **construction financing business at BSW**.
- Henceforth, **WBP** will concentrate entirely on its role as a **digital bank** for private customers – with a product offer comprising accounts, card services, fund brokerage and online activities.

## Digital Offer Expanded

- Digitalisation has made progress**: Expansion of the online sale of core products, introduction of a robo-advisor ("Wüstenrot ETF Managed Custody Account"), acquisition of 75% of the interests in treefin AG and its "digital financial assistant,, etc.

\* according to preliminary information from GDV

## Results 2017 – Overview and Outlook

Group Segments	2016 (in €mn)	2015 (in €mn)	Δ Delta
Segment Home Loan and Savings Bank	58.7	57.0	+ 1.7
Segment Life and Health Insurance	49.7	40.3	+ 9.4
Segment Property/Casualty Insurance	108.3	114.9	- 6.6
Others/Consolidation	18.6	62.1	- 43.5
<b>Group Net Profit</b>	<b>235.3</b>	<b>274.3</b>	<b>- 39.0</b>
<i>Earnings before income taxes</i>	291.6	323.6	- 32.0
<i>Income taxes</i>	- 56.3	- 49.3	+ 7.0

- In 2016, consolidated net profit came in at €235.3mn, which is above forecast (>€220mn).
- Especially, the underwriting income from property/casualty insurance was excellent again. Moreover, general administrative expenses were further reduced. The lower financial result together with a reduced tax income in the segment “Others” had negative impact on the Group net profit.

# Agenda

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1. Overview Group Financial Results

2. **Segment Details**

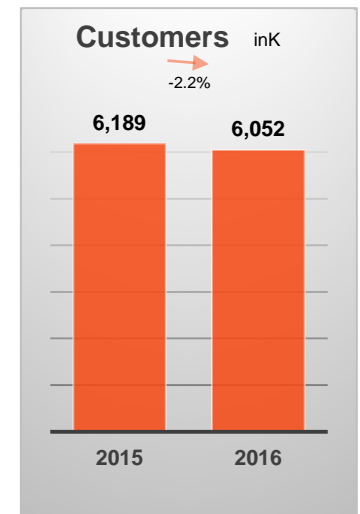
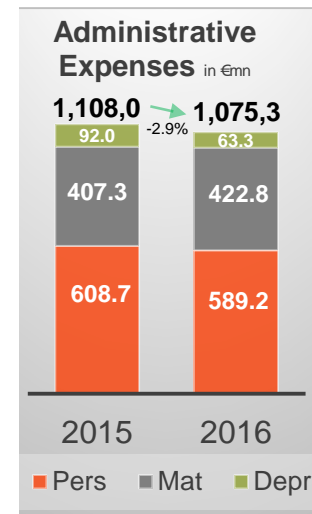
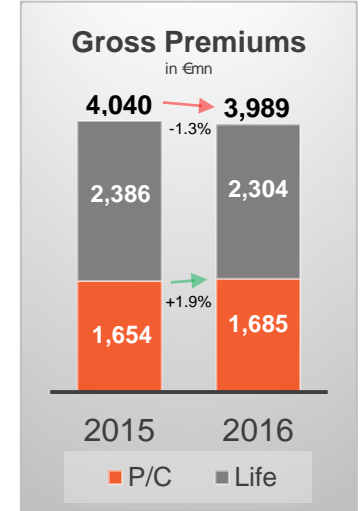
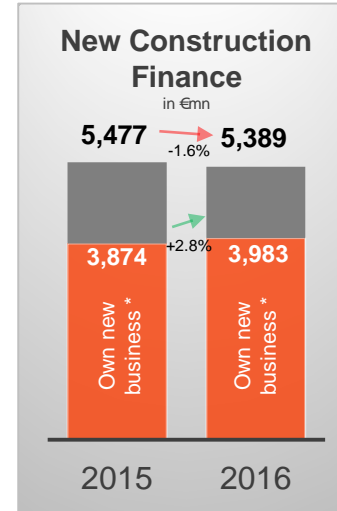
3. Group Strategy and Outlook

# W&W Consolidated Results



- ↓ Reduced financial result (- €13.7mn before taxes)
- ↓ Lower premiums earned (- €50.0mn before taxes)
- ↑ Less insurance benefits (+ €204.0mn before taxes)
- ↑ Less administrative expenses (+ €32.7mn)
- ↓ Other positions (- €12.0mn)

➔ As expected, 2016 result is slightly above plan and below previous year's level

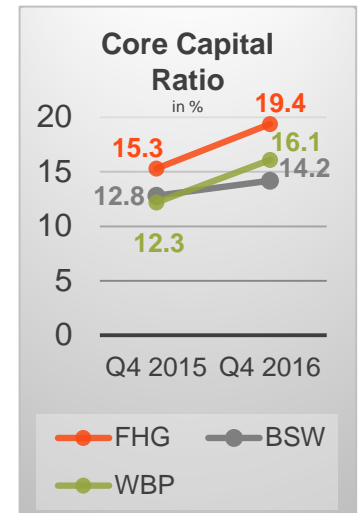
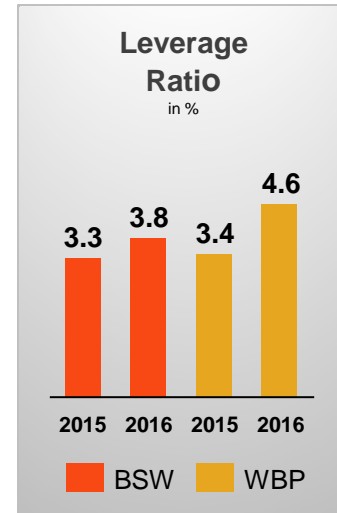
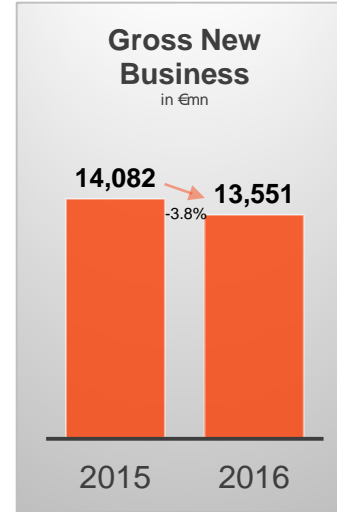


# Home Loan and Savings Bank



- ↑ Higher net financial result (+ €18.6mn before taxes)
- ↑ Net commission income (+ €2.2mn before taxes)
- ↑ Less administrative expenses (+ €5.8mn before taxes)
- ↓ Reduced other operating income (- €16.5mn before taxes)
- ↓ Higher taxes (- €8.4mn)

**Result slightly above plan and previous year's level**

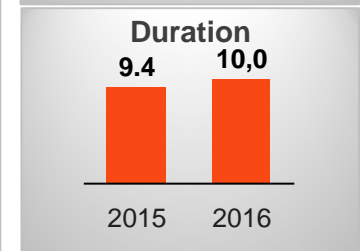
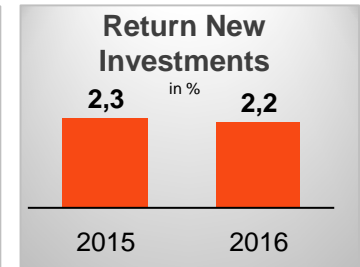
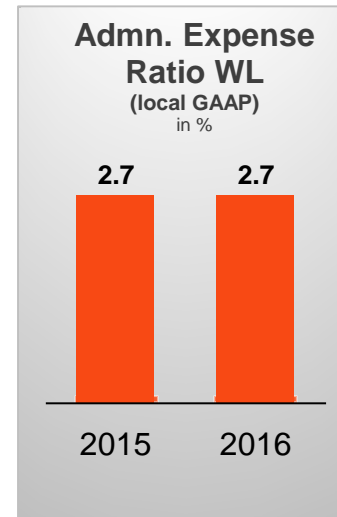
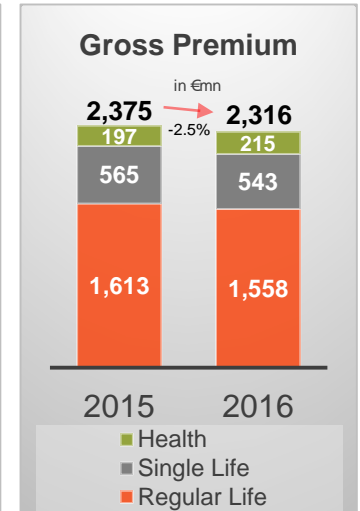
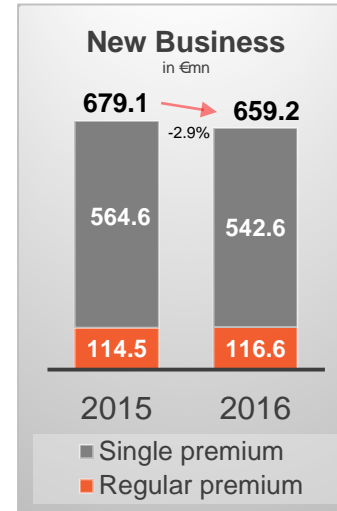


# Life and Health Insurance



- ↓ Lower financial result (- €196.4mn before taxes)
- ↓ Reduced net earned premiums (- €58.0mn before taxes)
- ↑ Less insurance benefits (+ €187.5mn before taxes)
- ↑ Less administrative expenses (+ €16.5mn before taxes)
- ↑ Other positions (+ €19.8mn before taxes)
- ↑ Income tax (+ €40.0mn)
- ↑ Group SII-Ratio roughly 200%

**Result markedly above plan and previous year's level**



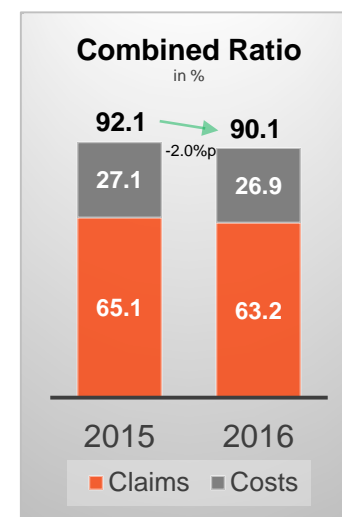
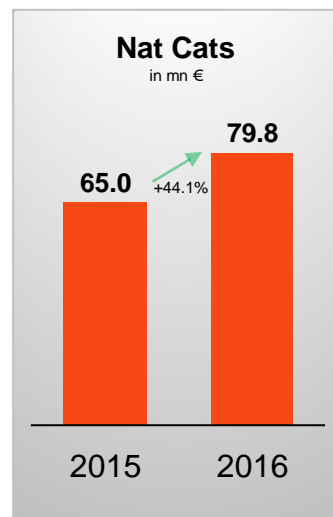
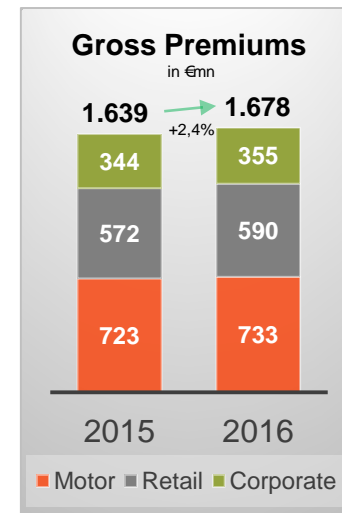
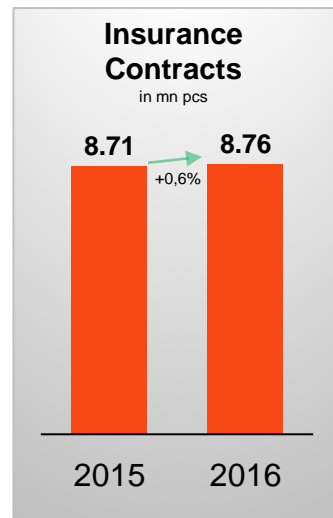


# Property and Casualty Insurance



- ↓ Lower financial result (- €27.2mn before taxes)
- ↓ Reduced commission income (- €9.1mn before taxes)
- ↑ Higher earned premiums (+ €35.mn before taxes)
- ↑ Less insurance benefits (+ €1.7mn before taxes)
- ↓ Higher administrative expenses (€1.6mn before taxes)
- ↓ Other positions (- €5.7mn)

**Result above plan and below previous year's level**



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# Our Priorities for 2017

## Customers and Growth



1 | **Holistic customer management** throughout all sales channels

2 | Introduction of a **new digital brand** and a new, **third division: "Digital"**

3 | Development of new subject areas for the benefit of customers: Development of new **digital business areas for new income potential** in "Living"

4 | **W&W Campus** with modern, future-oriented workplaces

## Efficiency and Earning Power








5 | **Competitive cost structures** and further increase in **productivity**

6 | Simplification of **governance** to enable more efficient management of the Group

 **Strengthening of core business activities and development of digital channels by installing a comprehensive multichannel strategy**

## 2017 - Focus on Future Growth

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New Business	Will rise in all segments	
Number of Customers	Slight increase	
Consolidated Net Profit	Roughly same level as 2016	
Net Profit of W&W AG (local GAAP)	Earnings to rise significantly	
Dividend Policy	Dividend at least equal to last year`s level (€ 0,60 in 2016)	

 **Ensure future growth with ambitious growth targets**

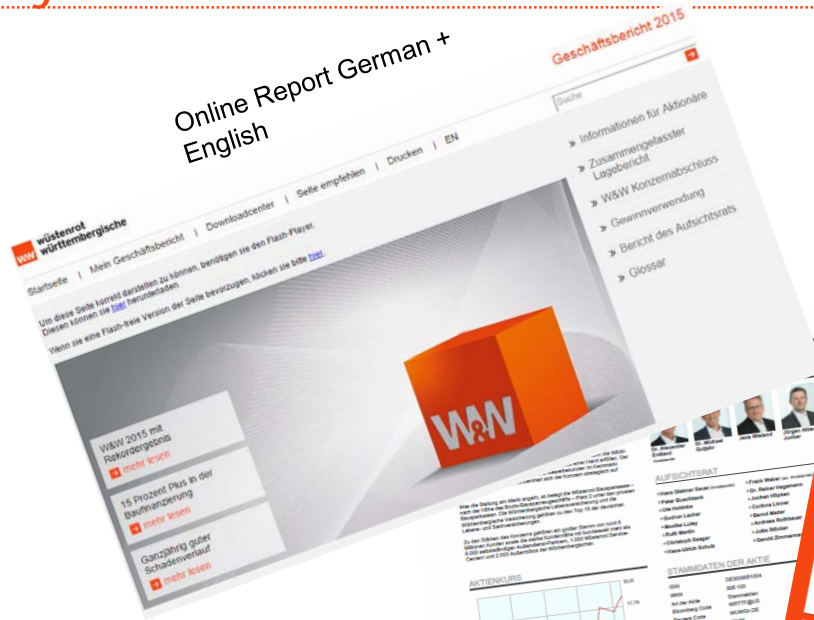
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# 2017 Financial Calendar of W&W AG

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<b>31/03/2017</b>	<b>Annual Report 2016</b>
	Accounts Press Conference
	Analysts Call
27.-28/04/2017	Commerzbank Roadshow, London
12/05/2017	Quarterly Statement
01/06/2017	Annual General Meeting
11/08/2017	Interim Statement
19.-20/09/2017	Berenberg und Goldman Sachs Corporate Conference, Munich
14/11/2017	Quarterly Statement
16/11/2017	LBBW German Company Day, London
27.-28/11/2017	Eigenkapitalforum, Frankfurt

# Thank you for your kind attention!



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Fact Sheet German + English

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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 currency exchange and interest rates; and
- the Group’s ability to achieve the expected return on the investments and capital expenditures it has made in Germany and in foreign countries.

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