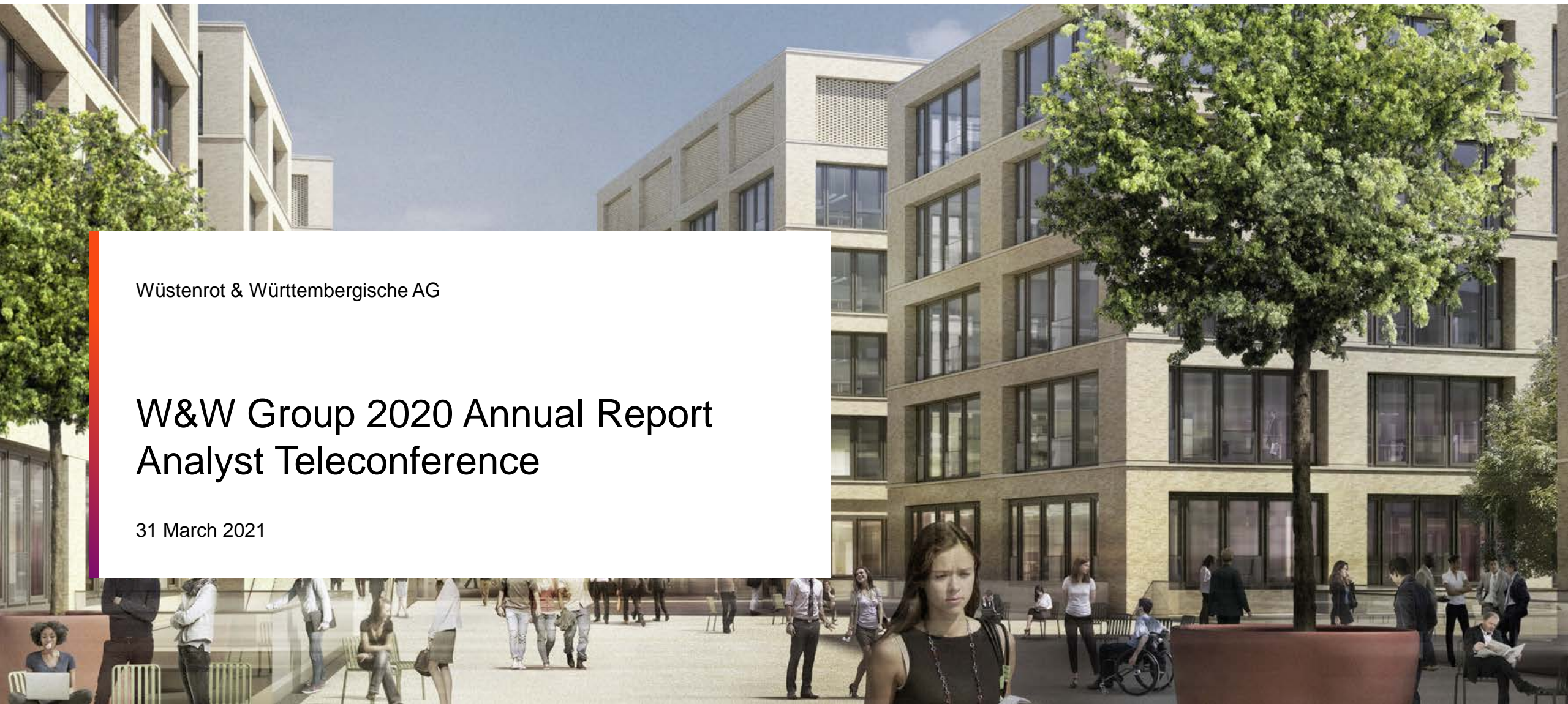


Wüstenrot & Württembergische AG

W&W Group 2020 Annual Report Analyst Teleconference

31 March 2021



Agenda

Overview of the 2020 financial year

Segment development

Outlook

Overview of the 2020 financial year:

We have grown and become even more resilient

W&W is growing and proving to be crisis-resistant, with stable operational development as a result of a high digitalisation standard

Solid IFRS consolidated net income at EUR 210.8 million, which was below plan due to the coronavirus but recovered considerably over the course of the year. Annual net income for the year calculated in accordance with the German Commercial Code (HGB) at EUR 100.3 million, which was above the previous year and on plan.

W&W is adhering to a reliable dividend policy and will propose a stable dividend of EUR 0.65 EUR per share to the Annual General Meeting (dividend yield of 3.9%)

COVID-19 effects: **New business(+)** **Net financial income (-)** **Claims (-)** **General administrative expenses (-)**
(compared with strong net financial income in 2019)

Strategic initiative “W&W Besser!” expedited and digital transformation of the W&W Group further accelerated by the pandemic

Solid net income for the year, with increased operational business

211^{IFRS}

100^{HGB}

EUR million
Net income for the year

+6.3%

Construction financing
y-o-y

+4.0%

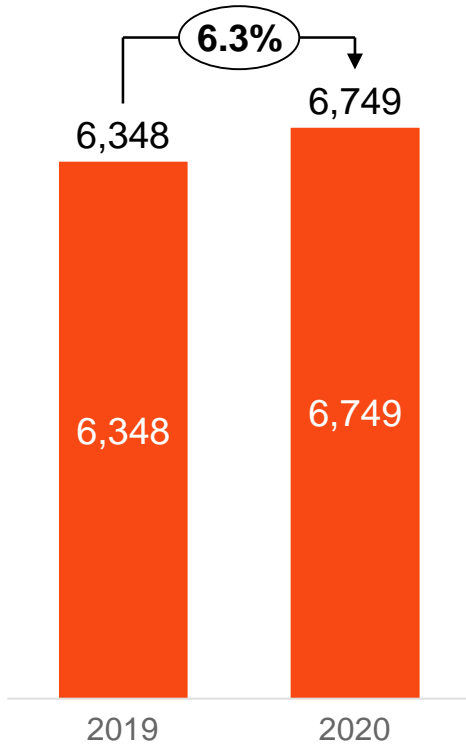
Gross premiums
of the insurance companies
y-o-y

+5.9%

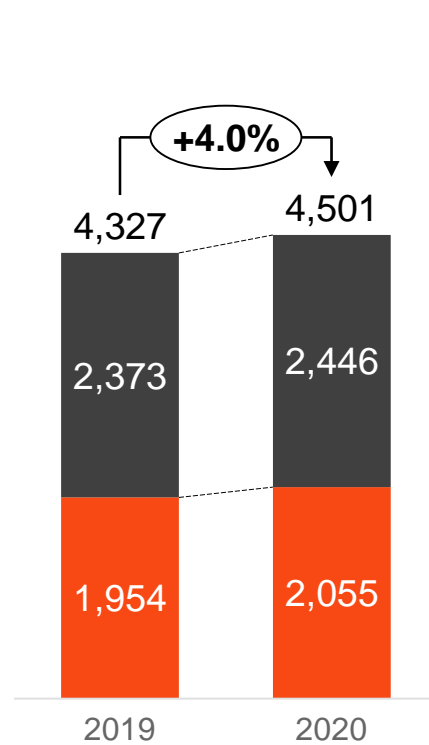
New customers
y-o-y

W&W Group is proving to be crisis-resistant – operational business continues to grow

Construction financing in EUR millions

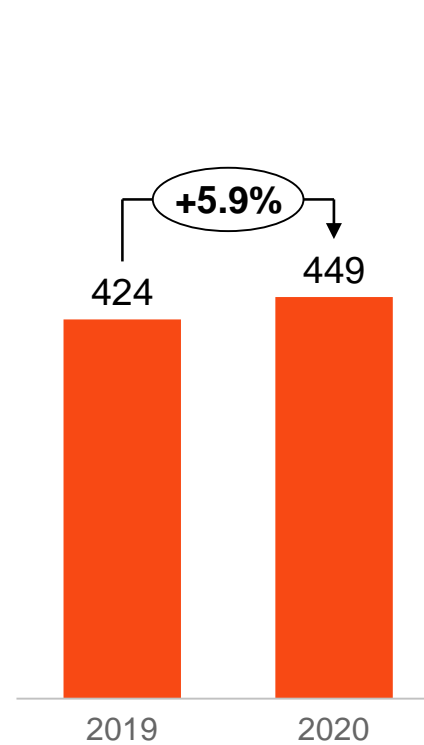


Gross premiums in EUR millions



■ Life and Health Insurance
■ Schaden-/Unfallversicherung

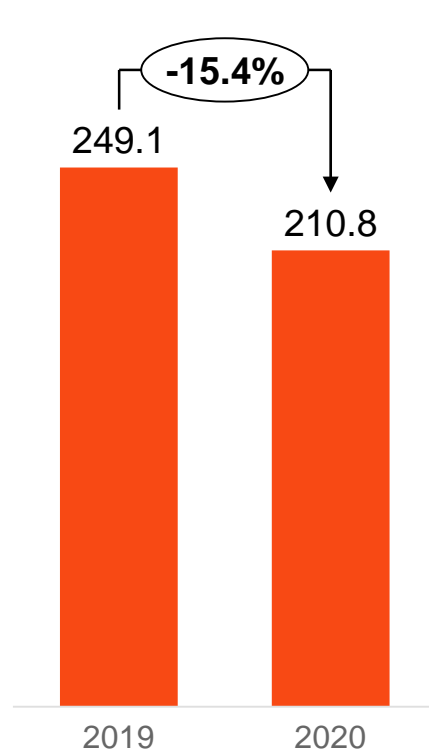
New customers in EUR thousands



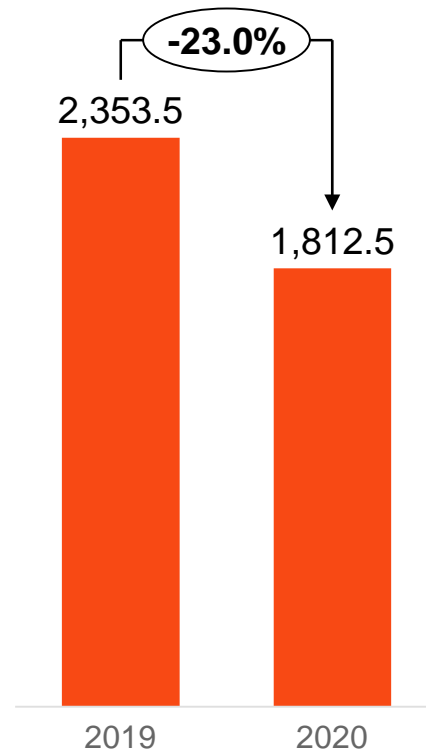
- **Net premiums** earned rose to EUR 4,415.1 million (+3.9% y-o-y) despite the coronavirus pandemic, with an increase in both property/casualty insurance and life and health insurance.
- Stable **customer base** of >6.5 million
- **Strong pandemic resistance** as a result of high digitalisation standard.

Consolidated net income impacted by COVID-19 effects and deconsolidation

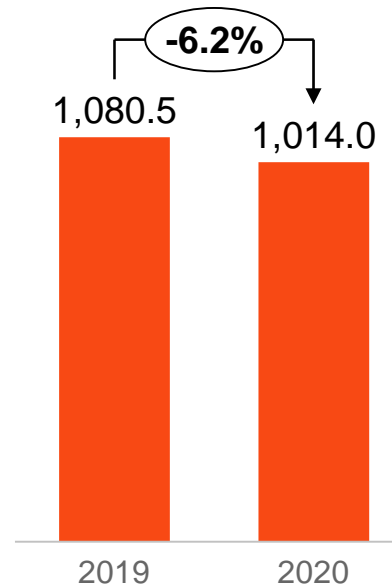
Net income in EUR millions



Net financial income in EUR millions



General administrative expenses in EUR millions



- **Solid 2020 financial year: Consolidated net income** Below the previous year due to the coronavirus and the deconsolidation of the Czech subsidiaries, but considerably recovered over the course of 2020.
- **Lower net financial income** compared with the strong figure for the previous year. Negative COVID-19 effects nearly completely offset.
 - Effects felt particularly on the risk provision result and measurement result. Net disposal income higher.
- Lower **general administrative expenses** through rigorous continuation of cost management.
- Other **extraordinary P&L effects**: EUR +25 million (“bad will” from the takeover of Aachener Bausparkasse AG), as well as, working in the opposite direction here, created restructuring provisions of EUR -11 million.

IFRS consolidated net profit benefited from rigorous cost management

in EUR millions	2020	2019	Change
Net financial income	1,813	2,353	-540
Current net income	1,097	1,153	-56
Net expense from risk provision	-55	-4	-51
Net measurement gain/loss	-55	613	-668
Net income from disposals	826	592	234
Earned premiums (net)	4,415	4,249	166
Insurance benefits	-4,455	-4,650	195
Net commission expense	-497	-490	-7
General administrative expenses	-1,014	-1,080	66
Net other operating income/expense	46	-29	75
Consolidated earnings before income taxes	307	353	-46
Income taxes	-96	-104	8
IFRS consolidated net profit	211	249	-38

▶ **Decline in net financial income** due to market upheavals as a result of the coronavirus pandemic. Effects felt particularly on the risk provision result and measurement result (thereof EUR -438 million ULIP*) By contrast, net disposal income higher.

▶ **Net underwriting income** (see below) on a good level despite increases made to reserves (combined ratio at 90.6%).

▶ Substantial decline in **general administrative expenses** by nearly 6%. Rigorous cost management continued. Lower personnel expenses also through immediate measures. Lower materials expenses as a result of the coronavirus (e.g. in connection with travel costs).

IFRS consolidated balance sheet as at 31.12.2020 - Further strengthening of equity achieved

in EUR millions	2020	2019	Change	
Non-current assets held for sale	0	2,637	-2,637	Disposal of Czech subsidiaries
Financial assets at fair value <u>through profit or loss</u>	8,800	8,300	500	
Financial assets at fair value <u>through other comprehensive income</u>	38,863	36,809	2,054	Particularly through an increase in construction loans as a result of the acquisition of ABAG (see also change in deposits).
Financial assets at amortised cost	25,174	23,984	1,190	
Investment property	1,874	1,855	19	
Other assets	1,777	1,566	211	
Total assets	76,488	75,151	1,337	
Non-current assets held for sale	0	2,428	-2,428	
Liabilities	27,826	26,320	1,506	Pfandbrief benchmark emission BSW.
thereof liabilities evidenced by certificates	1,413	948	465	
thereof deposits	24,675	23,874	801	Associated with the increase in capital investments (see change in financial assets), which policyholders share in.
Technical provisions	39,402	37,429	1,973	
Other provisions	3,135	2,955	180	
Other liabilities	1,040	1,184	-144	
Equity	5,085	4,835	250	
Total liabilities	76,488	75,151	1,337	

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Segment development

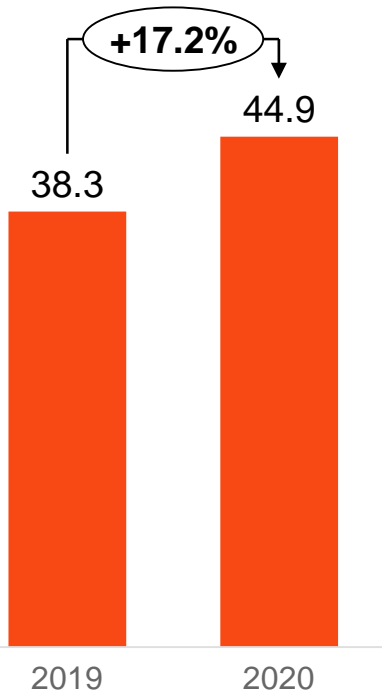
Outlook

Segment overview

Reportable segments	31.12.2020 (in EUR millions)	31.12.2019 (in EUR millions)	Δ Delta (in EUR millions)
Housing segment	44.9	38.3	6.6
Life and Health Insurance segment	22.6	26.4	-3.8
Property/Casualty Insurance segment	142.0	143.6	-1.6
All other segments/consolidation	1.3	40.8	-39.5
Consolidated net income	210.8	249.1	-38.3
<i>Net income before taxes</i>	<i>306.9</i>	<i>353.0</i>	<i>-88.0</i>
<i>Taxes</i>	<i>-96.1</i>	<i>-104.0</i>	<i>7.9</i>

The Housing segment generated considerably higher segment net income despite risk provision

Segment net income
in EUR millions



Construction financing
in EUR millions



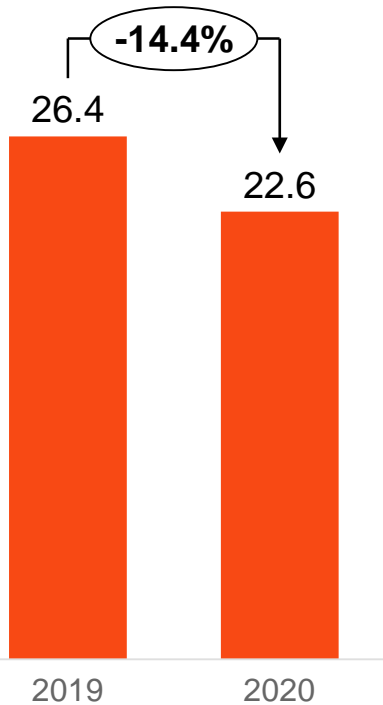
New home loan savings business (net)
in EUR millions



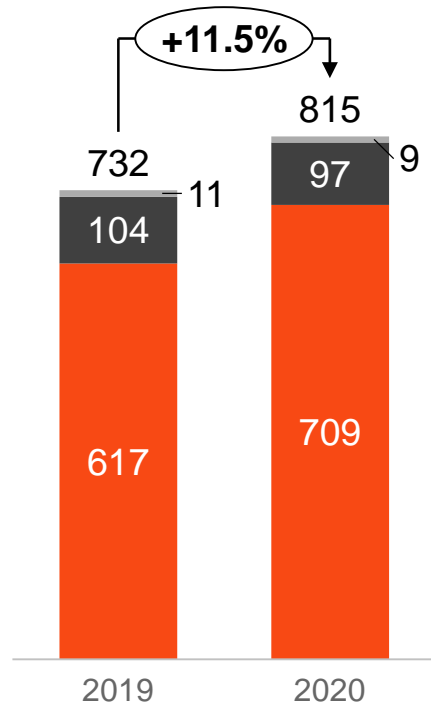
- **Lower net financial income** due to lower measurement result and higher special risk provision (EUR 34 million).
 - Interests expenses reduced considerably.
 - Continued portfolio management having an effect.
- **Lower general administrative expenses** due to general improvement in materials costs despite rising personnel costs (ABAG-related).
- **Net other operating income rose** by EUR 10.2 million and includes bad will from the sale of Aachener Bausparkasse AG.
- **Strong Tier 1 capital ratio** of 17.7% (Group level) and 16.2% (Wüstenrot Bausparkasse AG).

Life and Health Insurance segment with strong new business and solid Solvency II ratios

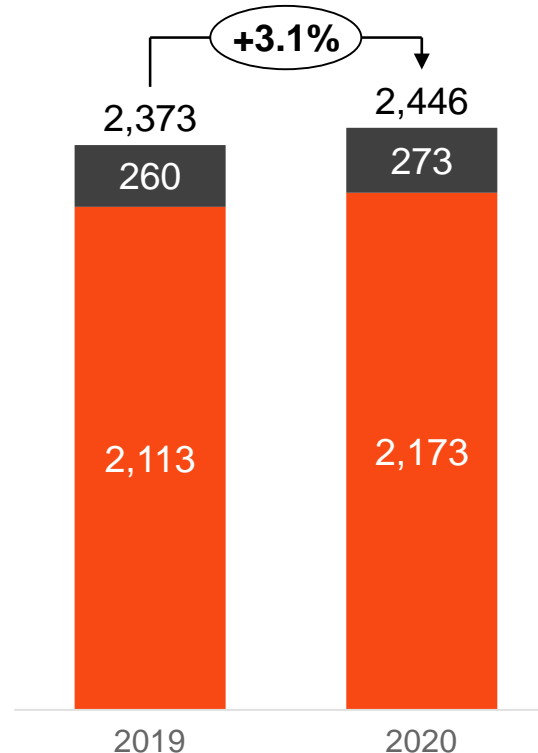
Segment net income
in EUR millions



New business premiums **Gross premiums written**
in EUR millions



Health insurance
 Regular premiums, life
 Single premiums, life



Health
 Life

- **Decline in net financial income** due to lower measurement result from capital investments in all asset classes as a result of the coronavirus pandemic.
- **Interest income** fell again due to low interest rates.
- **Lower net insurance benefits:**
 - Release of provision for unit-linked life insurance policies
 - Lower additions to the provision for premium refunds
- Increase of the **additional interest reserve** ("ZZR") by EUR 352 million
- **Lower general administrative expenses** through cost management and coronavirus-related savings.
- **Solid SII ratio. Group** (excl. trans.): 185%, **WL:** SII ratio (excl. trans.): 251.9%*

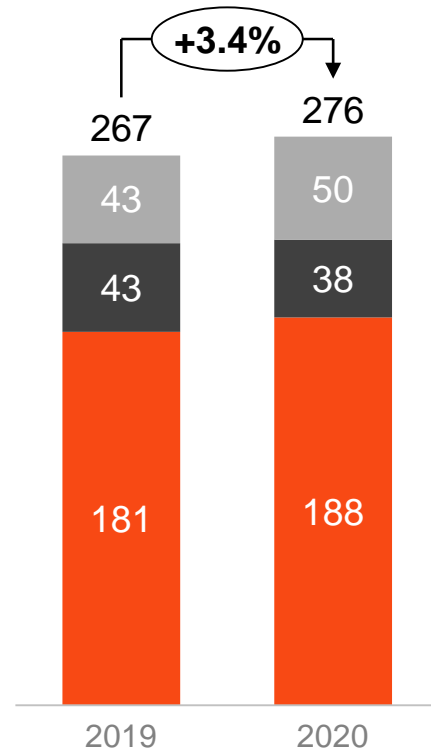
* Despite significant decline in the 10-year interest rate swap by 47 basis points in 2020.

The Property/Casualty Insurance segment posted strong growth and stable segment net income despite reserve strengthening

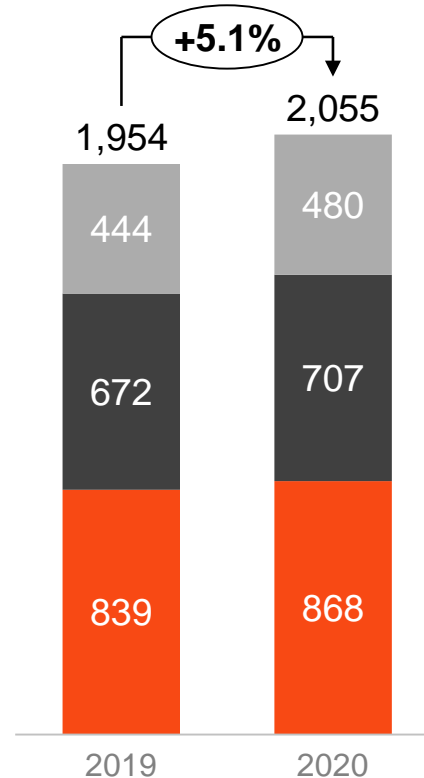
Segment net income
in EUR millions



New business
in EUR millions



Gross premiums written
in EUR millions



Corporate customers
 Retail customers
 Motor

- **Decline in net financial income** due to weaker measurement results for equities, fund units and participations.
- **Higher insurance benefits** due to the considerably larger insurance portfolio. As a consequence of COVID-19, claims expenses fell, particularly in motor insurance, whereas expenses from business closure insurance policies rose.
- Strengthening of the **loss reserves** (EUR 60 million) through lowering of the interest rate factor for long-term losses and the provisions for future annuity benefits.
 - Loss ratio (gross) of 64.2% (previous year: 62.2%)
 - Expense ratio of 26.4% (previous year: 27.2%)
 - Combined ratio (gross) rose to 90.6%* (previous year: 89.4%).
- **Lower general administrative expenses** due to cost discipline and COVID-19 relief.

* Combined ratio of 87.1% excludes measures to strengthen reserves

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W&W Group remains on stable path for growth, earnings and dividends

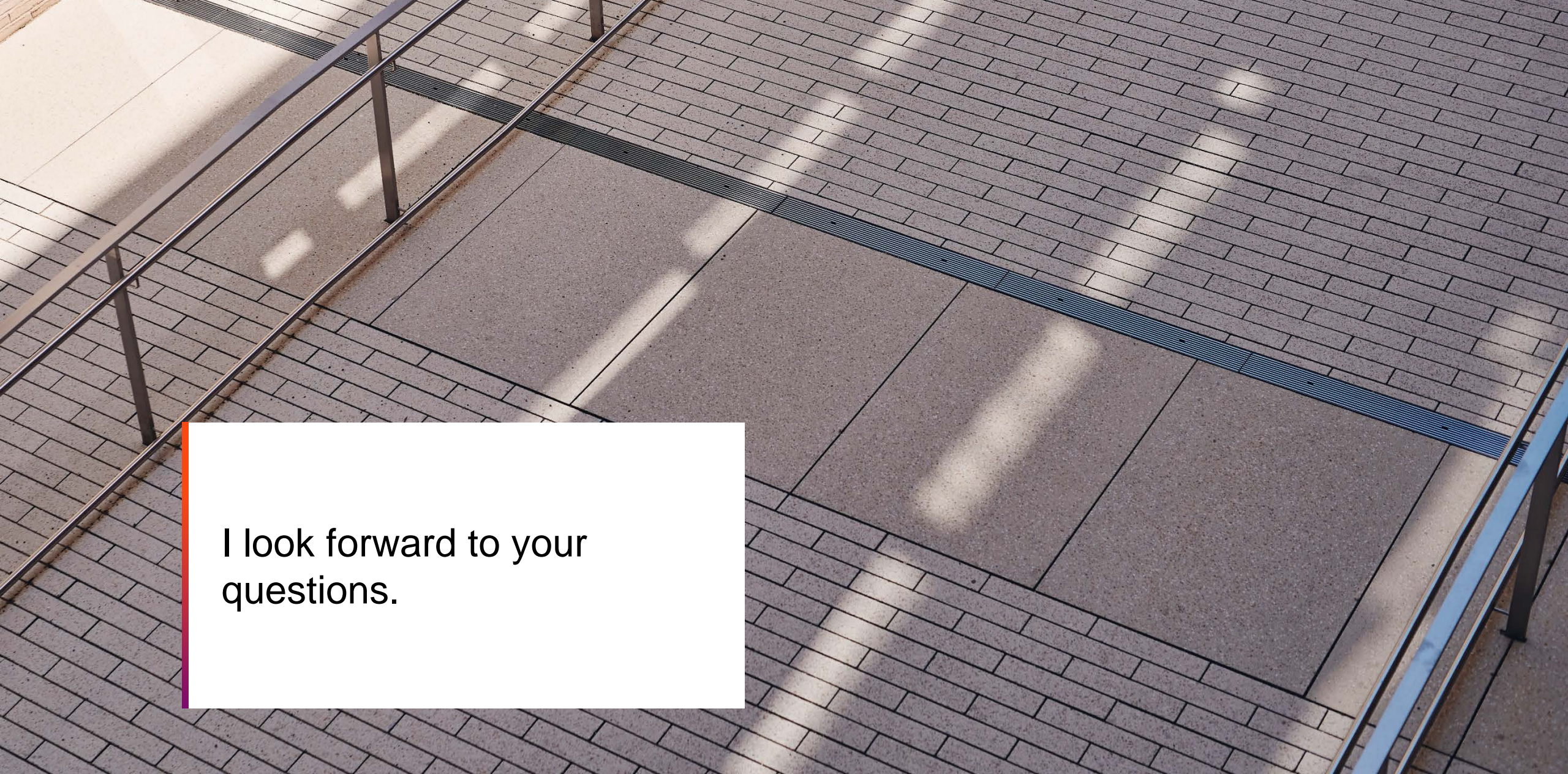
Results for 2021

Assuming that the macroeconomic recovery takes hold and the described developments occur on the capital markets, we are optimistic that we will post **consolidated net profit within the medium- to long-term target corridor of EUR 220 to 250 million**. However, because significant economic and political uncertainties persist, it is possible that consolidated net profit will come in outside of this target corridor.

Under these basic conditions, it is **currently not possible to make a well-founded forecast of consolidated net profit**. In any event, we are adhering to our medium- to long-term target corridor.

Capital expenditures

W&W will continue to invest in digital transformation and in new, innovative business models.



I look forward to your
questions.

Be sure to keep in touch with us

12 May 2021

Quarterly Statement as at 31 March 2021

20 May 2021

Virtual Annual General Meeting

13 August
2021

Interim Report as at 30 June 2021

12 November
2021

Quarterly Statement as at 30 September
2021

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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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