

Wüstenrot & Württembergische AG

Q3 2021 Financial Report W&W Group

12 November 2021



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Where we come from – 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 Wohnwelt started

1833 Allgemeine Rentenanstalt, the first pension insurance in Germany was established



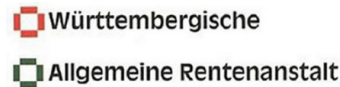
1991 Württembergische Feuerversicherung and Allgemeine Rentenanstalt merged into Württembergische Versicherung AG

2001 Acquisition of Leonberger Bausparkasse AG

2009 Acquisition of Vereinsbank Victoria Bauspar AG

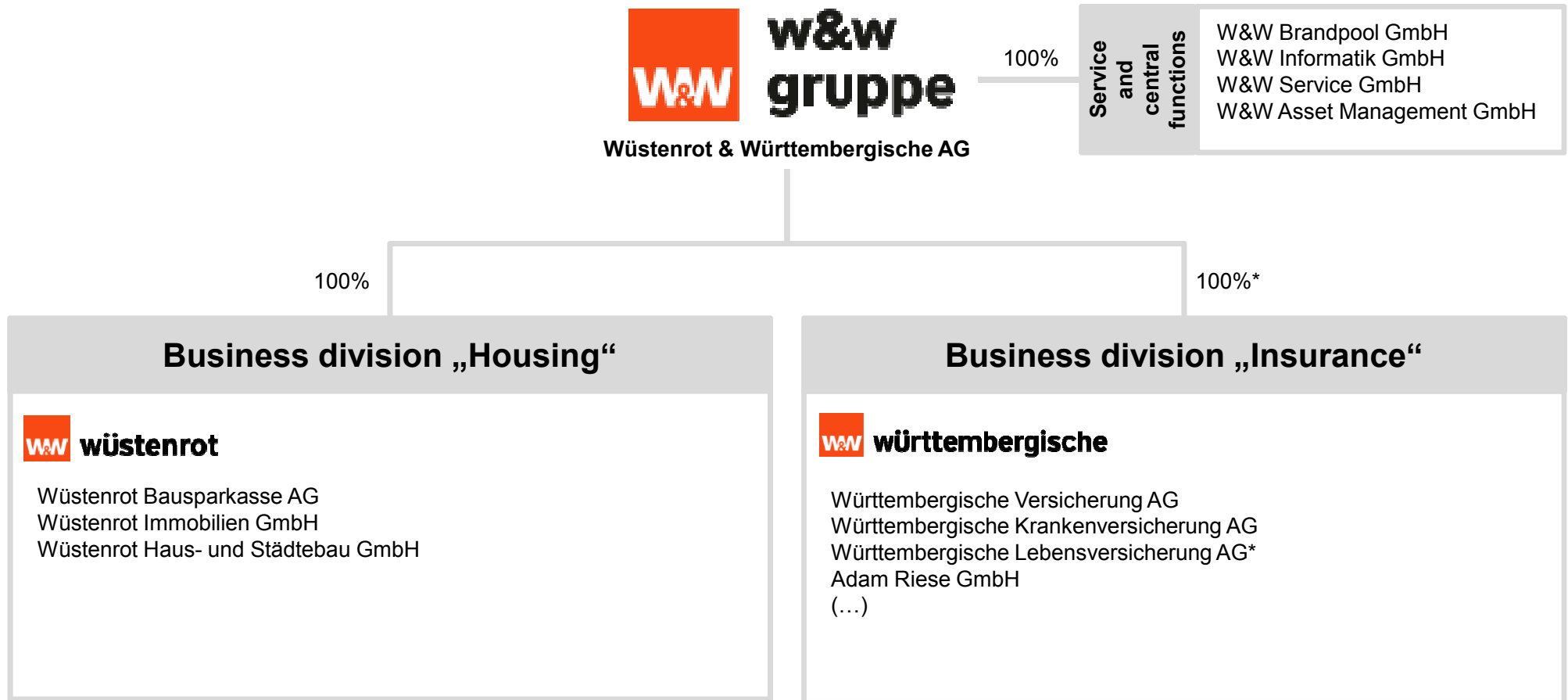
2017 Participation in treefin GmbH; creating "W&W FinanzGuide-App"

2018 Acquisition of Aachener Bausparkasse AG



<https://www.ww-ag.com/en/about-us/history>

W&W Group structure



Leading banking and insurance group in Germany

2

“Bausparen”

12

Life Insurance

9

Property and
Casualty Insurance

~6.7 mn

Customers

>6,000

Sales agents

~6,400

Employees

Excellent client base with growth potential

~6.7 mn
Customers



Multiple contracts per customer



High client retention (low churn rate)



Solvent customer base



Increasing digital affinity

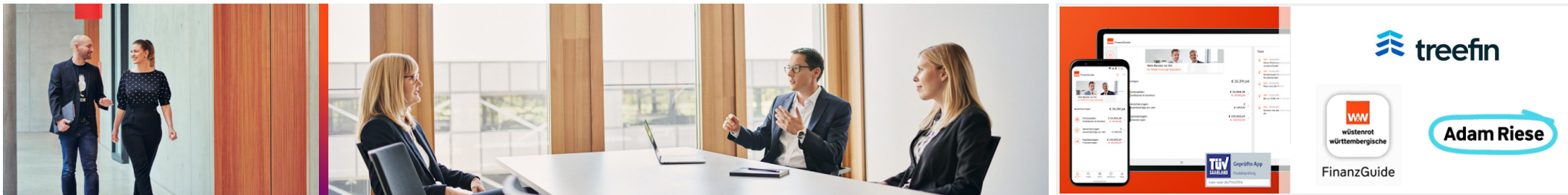
Our strong sales force is broadly positioned to capture further growth

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

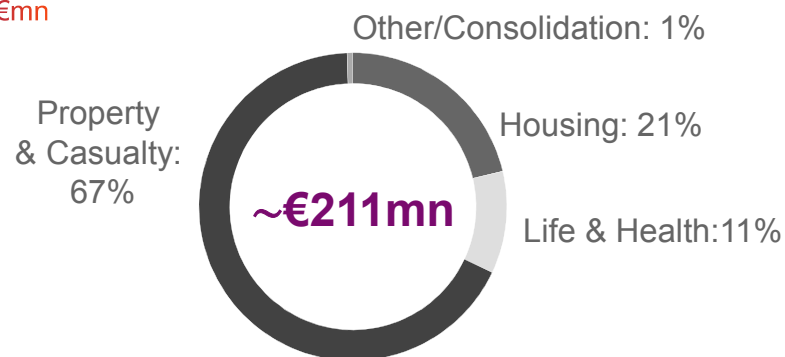
Others



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

Group IFRS net profit (FY 2020)

in €mn



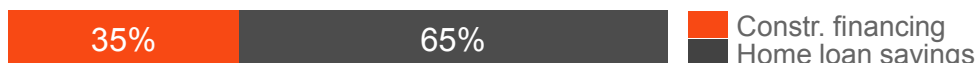
Focus on domestic business

W&W Group operates almost exclusively in Germany¹

Split of insurance GBB (FY2020)



Split of housing business (FY2020)



Consolidated balance sheet (IFRS)

	31 Dec 2019 in €bn	31 Dec 2020 in €bn
Total assets	75,2	76,5
Capital investments	49,0	51,3
Building loans	21,5	22,8
Technical provisions	37,4	39,4
Equity	4,8	5,1

Regulatory capital of group key entities²

(in %)	31 Dec 2019 (in %)	31 Dec 2020 (in %)
W&W Group	238,4	232,8
W&W AG (solo)	395,3	404,7
Württembergische Vers. AG (P&C)	181,1	201,4
Württembergische LV AG (Life)	521,8	421,5
Wüstenrot Bausparkasse AG	16,8	16,2

W&W Group’s sustainability goals in a nutshell

Implementation of "green" product features and components in all business areas

Increased consideration of social and environmental considerations into the investment strategy, ongoing reduction of the capital investments’ carbon emissions

Reduction of printing and consumption, goal of making the own operations emission-free

Increasing employer attractiveness and employee satisfaction through the “Future of Work” package and the Diversity Charter (flexible work and diversity)

We will continue to be a strong sponsor of cultural, sporting, social and regional offerings as well as expanding educational partnerships

Organizational implementation of sustainability¹ through a Sustainability Board as well as a sustainability officer

Signatory of: May 13, 2020



August 4, 2020



PSI
Principles
for Sustainable
Insurance

W&W Group is implementing these goals as part of a new sustainability strategy in 2021

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Overview of Q3 2021:

Record results owing to positive trends on the capital markets

Positive premium development in the insurance division as well as high sales growth in construction financing.

As at 30 September 2021, consolidated after-tax net profit rose to EUR 236.9 million (previous year: EUR 170.4 million).

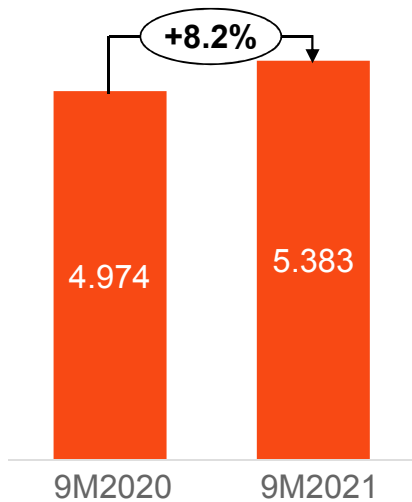
Negative effects from high natural disaster losses in June and July limited through reinsurance programme.

The Group continued its digital transformation process with W&W Besser!

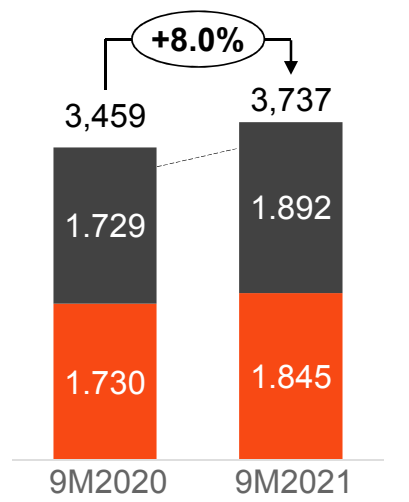
Forecast confirmed for net income in 2021 in the range of EUR 280 to 330 million.

Strong growth in W&W core business

Construction financing
in EUR millions

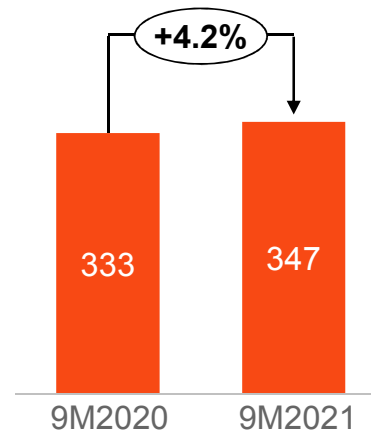


Gross premiums
in EUR millions



■ Life and health insurance
■ Schaden-/Unfallversicherung

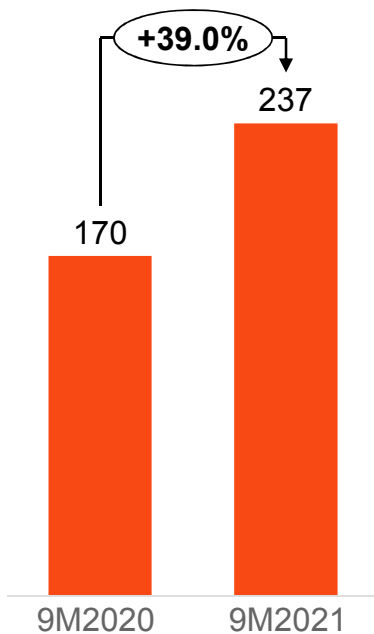
New customers
in EUR thousands



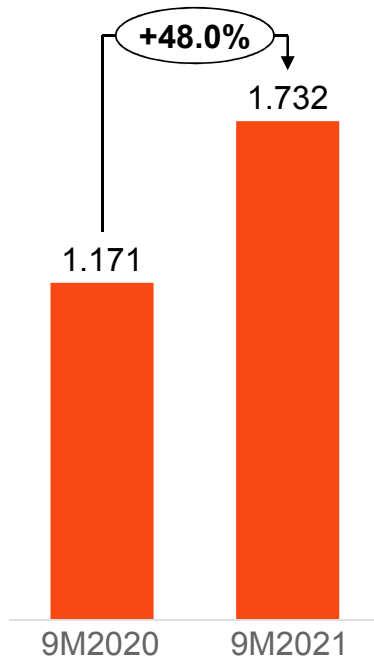
- **Clear plus with construction financing and gross insurance premiums** (property/casualty insurance and life and health insurance)
- **Positive trends in new customers.** Because treefin shut down, comparison with previous year of limited significance

Record results through recovery of the capital markets and stable costs

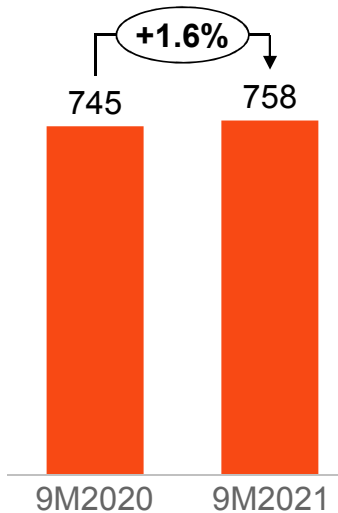
Net profit
in EUR millions



Net financial income
in EUR millions



General administrative expenses
in EUR millions



- Rise in consolidated net income through **recovery** of the capital markets and positive claims development
- Net financial income: In particular, **positive trends on the equity markets** led to increases in the net measurement gain
- **Rigorous cost management:** compensation of collectively bargained salary increases in personnel costs

IFRS consolidated income statement: Record results despite conservative accounting

Consolidated income statement (in EUR millions)	9M 2021	9M 2020	Change
Net financial income	1,732	1,171	561
<i>Current net income</i>	820	809	11
<i>Net expense from risk provision</i>	-10	-51	41
<i>Net measurement gain/loss</i>	370	-312	682
<i>Net income from disposals</i>	552	726	-174
Earned premiums (net)	3,477	3,225	252
Insurance benefits	-3,732	-3,026	-706
Net commission expense	-388	-369	-19
General administrative expenses	-758	-745	-13
Net other operating income/expense	14	12	2
Consolidated net income before income taxes	346	268	78
Income taxes	-109	-97	-12
IFRS consolidated net profit	237	170	67

- Net financial income: marked by positive trends on the capital markets. Measurement gains with equities, alternative investments, investment funds and ULIP*
- Premium increase both in life and health insurance and in property/casualty insurance
- Insurance contribution benefits: Rise resulted mainly from life and health insurance. Measurement gains in net financial income were credited to customers here. In addition, higher benefits paid in property/casualty insurance due to natural disaster losses

IFRS consolidated balance sheet: Total assets and equity fell due to interest rate trends

Consolidated balance sheet (in EUR millions)	9M 2021	12M 2020	Change
Financial assets at fair value <u>through profit or loss</u>	10,172	8,800	1,372
Financial assets at fair value <u>through other comprehensive income</u>	35,494	38,863	-3,369
Financial assets at amortised cost	25,921	25,174	747
Investment property	1,908	1,874	34
Other assets	1,949	1,777	172
Liabilities	27,507	27,826	-319
<i>thereof deposits</i>	24,784	24,675	109
Technical provisions	38,900	39,402	-502
Other provisions	2,815	3,135	-320
Other liabilities	1,363	1,040	323
Equity	4,859	5,085	-226
Total assets/liabilities	75,444	76,488	-1,044

- Fin. assets at fair value through profit or loss: Measurement gains with equities and ULIP assets and with structured products
- Fin. assets at fair value through other comprehensive income: Measurement losses with fixed-income securities as a result of the rise in interest rates over the course of the year
- Techn. provisions: mirror image of the development of the assets side.
 1. Decline in the provision for premium refunds shows impact of interest rate rise on fixed-income securities
 2. Rise in the provision for unit-linked life insurance policies as a result of positive trends on the equity markets

Segment overview – Strong results particularly for property/casualty insurance

Reportable segments (in EUR millions)	9M 2021	9M 2020	Change
Housing segment	44.0	44.6	-0.6
Life and Health Insurance segment	41.2	22.2	19.0
Property/Casualty Insurance segment	133.6	107.1	26.5
All other segments/consolidation	18.1	-3.5	21.6
Consolidated net income	236.9	170.4	66.5
<i>Net income before taxes</i>	346	268	78
<i>Taxes</i>	-109	-97	-12

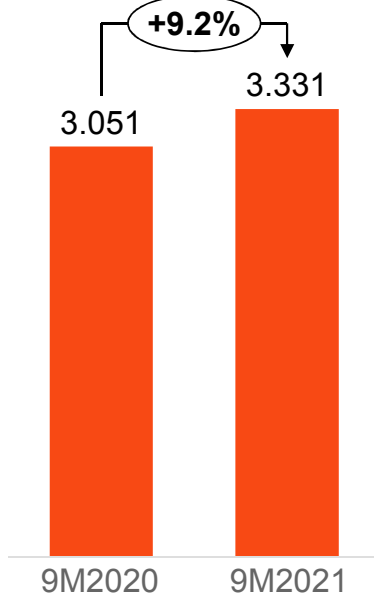
- Consolidated net income at record level
- Main driver is good claims development in property/casualty insurance, despite natural disaster losses in June and July
- Positive trends on the capital markets, which led to measurement gains

Housing segment: Operational results on the level of the previous year

Segment net income
in EUR millions



Construction
financing
in EUR millions



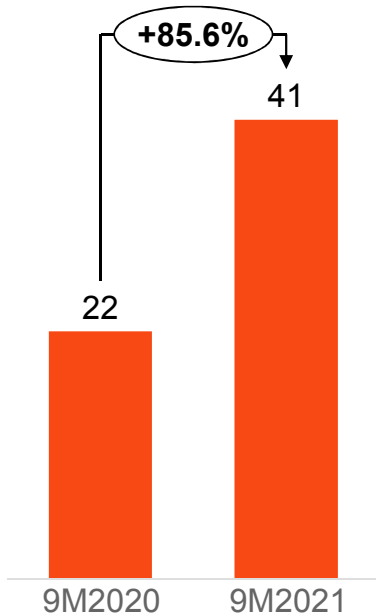
New home loan savings
business (net)
in EUR millions



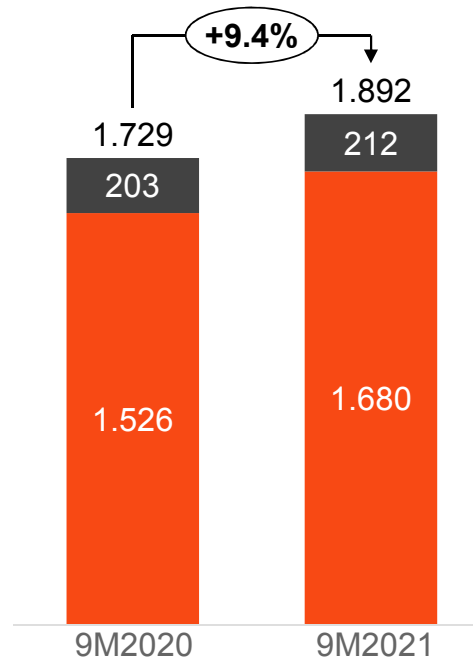
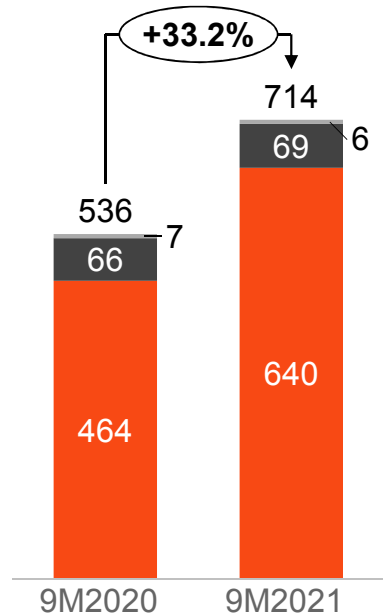
- Segment net income nearly on the level of the previous year despite the fact that one-off income from the initial consolidation of Aachener Bausparkasse AG was included in the previous year
- Net financial income increased to EUR 294.9 million (previous year: EUR 273.4 million)
- Moderately increased general administrative expenses of EUR 247.0 million (previous year: EUR 234.8 million) as a result of higher association contributions and higher personnel expenses
- Net new home loan savings business came in tightly below the previous year but outperformed the market

Life and Health Insurance segment: Solid new business development, particularly in life insurance

Segment net income
in EUR millions



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



Health insurance
 Laufende Beiträge Leben
 Einmalbeiträge Leben

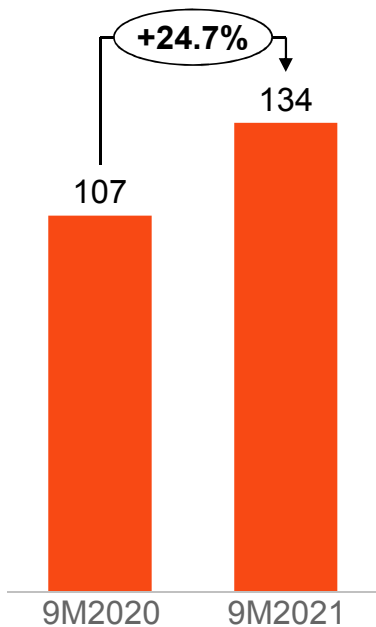
Kranken
 Leben

- Net financial income in the Life and Health Insurance segment rose to EUR 1,322.0 million (previous year: EUR 843.3 million), due in particular to the sharp rise in the net measurement gain as a result of measurement gains with alternative investments and equities, as well as positive trends with capital ULIP* investments
- Net insurance benefits stood at EUR 2,919.4 million (previous year: EUR 2,295.2 million). This rise was connected with, inter alia, higher additions to the provision for ULIP*
- General administrative expenses fell to EUR 184.4 million (previous year: EUR 189.4 million). Higher personnel expenses were able to be more than offset by lower materials costs
- Gross premiums written increased mainly as a result of higher single-premium income

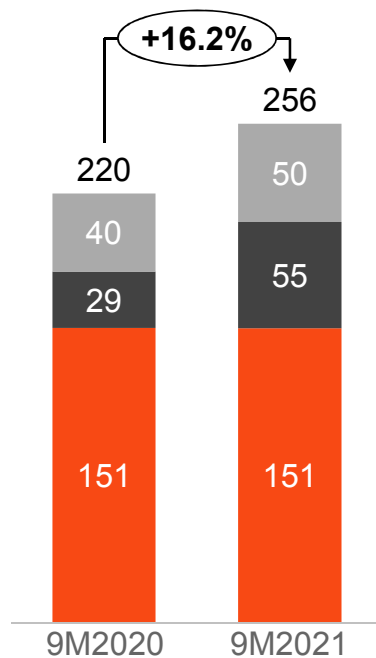
*Unit-linked life insurance policies

Property/Casualty Insurance segment: Consistently strong growth and record results

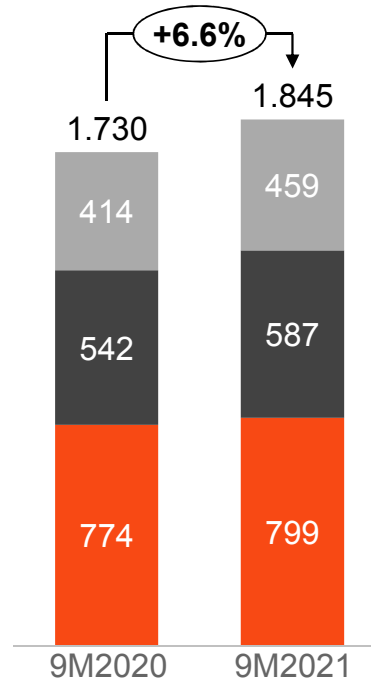
Segment net income
in EUR millions



New business
in EUR millions



Gross premiums written
in EUR millions



■ Firmenkunden ■ Privatkunden ■ Motor

- Net financial income stood at EUR 91.0 million (previous year: EUR 22.2 million) and was also driven in this segment by the higher net measurement gain
- Storms in June and July caused high expenses for natural disaster losses in the mid-nine figure range (net). However, the impact on results was limited due to the reinsurance programme. As a result, the loss ratio (net) rose only slightly to 63.0% (previous year: 60.6%). The expense ratio (net) stood at 25.8% (previous year: 24.5%). The combined ratio (net) amounted to 88.8% (previous year: 85.1%).
- New business developed positively, and our digital brand Adam Riese also posted strong sales.
- In terms of gross premiums written, all business segments were up.

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Higher forecast for net income in 2021 confirmed despite adverse impact of storms

Forecast for 2021

In June 2021, as a result of the positive trends on the capital markets in the first half of the year, as well as favourable claims development to that point, we announced that consolidated net income for the financial year was expected to come in in the range of EUR 280 to 330 million.

Despite the high natural disaster losses in June and July 2021, we continue to expect that the result for the Property/Casualty segment this year will come in above the previous year's level.

For the W&W Group, we expect to achieve the forecast range for the current financial year.

The higher forecasts this year continue to be subject to the proviso that the coronavirus pandemic does not have any new negative effects in the fourth quarter and that there are no upheavals on the capital markets or unforeseen major loss events.

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

Key figures last 5 years In EUR mn	2016	2017	2018	2019	2020
Gross written premiums	3,988.8	3,873.4	4,065.4	4,319.7	4,491.0
Construction financing	5,388.5	5,517.5	6,280.2	6,347.7	6,748.8
P&C combined ratio (gross)	90.1%	90.7%	89.5%	89.4%	90.6%
Consolidated net income	235.3	258.0	215.2	249.1	210.8
Total assets (EUR bn)	72.3	72.0	72.0	75.2	76.5
Group IFRS Equity (EUR bn)	3.8	4.0	4.2	4.8	5.1
Solvency II (incl. Transitional measures)	194%	201%	255%	238%	233%
W&W Group Financial Strength Rating (S&P)	A- stable	A- stable	A- stable	A- stable	A- stable

Selected figures for financial years 2019 / 2020

Key P&L and Balance Sheet figures In EUR mn		2019	2020	change
Gross written premiums ¹	in EUR mn	4,319.7	4,491.0	4.0%
o/w L&H insurance	in EUR mn	2,372.7	2,445.7	3.1%
o/w P&C insurance	in EUR mn	1,954.4	2,054.7	5.1%
Construction financing	in EUR mn	6,347.7	6,748.8	6.3%
Sales of own and 3rd party investment funds	in EUR mn	481.7	530.2	10.1%
Net financial result ²	in EUR mn	2,353.5	1,812.5	-23.0%
General administrative expenses	in EUR mn	1,080.5	1,014.0	-6.2%
Consolidated net income	in EUR mn	249.1	210.8	-15.4%
o/w Housing net income	in EUR mn	38.3	44.9	17.2%
o/w L&H net income	in EUR mn	26.4	22.6	-14.4%
o/w P&C net income	in EUR mn	143.6	142.0	-1.1%
Total assets	in EUR bn	75.2	76.5	1.7%
Financial assets	in EUR bn	49.0	51.3	4.7%
Technical provisions	in EUR bn	37.4	39.4	5.3%
Group IFRS Equity	in EUR bn	4.8	5.1	6.3%

Note: 1) Includes effects of consolidation between segments. 2) After credit risk adjustment
Source: Company Annual Reports 2020

IR contact

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22.-24. Nov 2021

Virtual Equity Forum

31. Mar 2022

Annual Report W&W-Group

13. May 2022

Quarterly Statement W&W AG

12. Aug 2022

Interim Reports

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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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