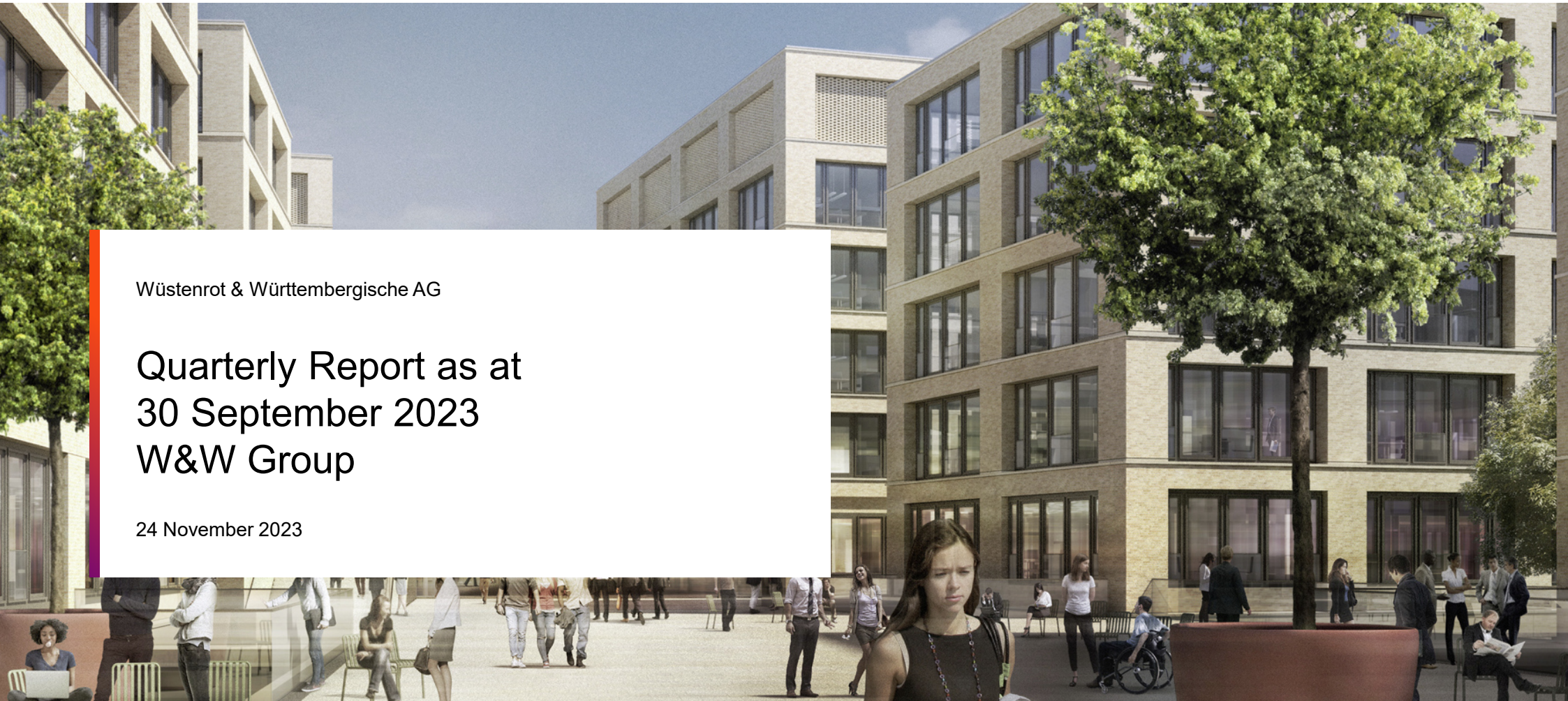


Wüstenrot & Württembergische AG

# Quarterly Report as at 30 September 2023 W&W Group

24 November 2023



# Agenda

W&W – Overview & Strategy

Group and Segment Development Q3 2023

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, health and property/casualty lines.
- Adam Riese: Direct and broker brand for private customers



**# 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



**6.5 Mio. customers, 6,500 employees, one common location in Kornwestheim: the W&W-Campus**



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**  
Customers<sup>1</sup>



On average three contracts per customer



High client retention (low churn rate)



Solvent customer base



Increasing digital affinity

Note: 1) as of September 2023



# 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**  
Allianz ERGO ARAG HUK-COBURG Gothaer uniVersa WVK NÜRNBERGER VERSICHERUNG LVMS VERSICHERUNG VPV Barmenia Westfälische VERSICHERUNGSGESellschaft
- Banks and financial distributors**  
CreditPlus COMMERZBANK OLB BANK Santander HypoVereinsbank
- Sales networks & Brokers**  
SwissLife Select OVB MLP Over 20.000 brokers
- Partnerships**  
dbb vorsorgewerk günstig • fair • nah verdi

**55 Mio.**  
potential customers

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



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

**E S G**

**E S G**

## Customers and products

## Capital investments and refinancing

## Own operations

## Society

## Organisation

## Employees

"Green" product lines and components in the business areas

Sustainable and resource-saving customer communication

Continuous reduction of CO<sub>2</sub> emissions towards climate-neutral capital investments by 2050

CO<sub>2</sub>-neutral operation of own buildings and vehicle fleet through the use of ecological energy sources and compensation of the remaining CO<sub>2</sub> emissions

Promotion of cultural, sporting, social and regional offers

Expansion of our regional educational networks

Strengthen awareness for sustainability and anchor it across the Group

Expansion of responsible corporate governance

Developing the future of work and work culture

Increase employer attractiveness and employee satisfaction

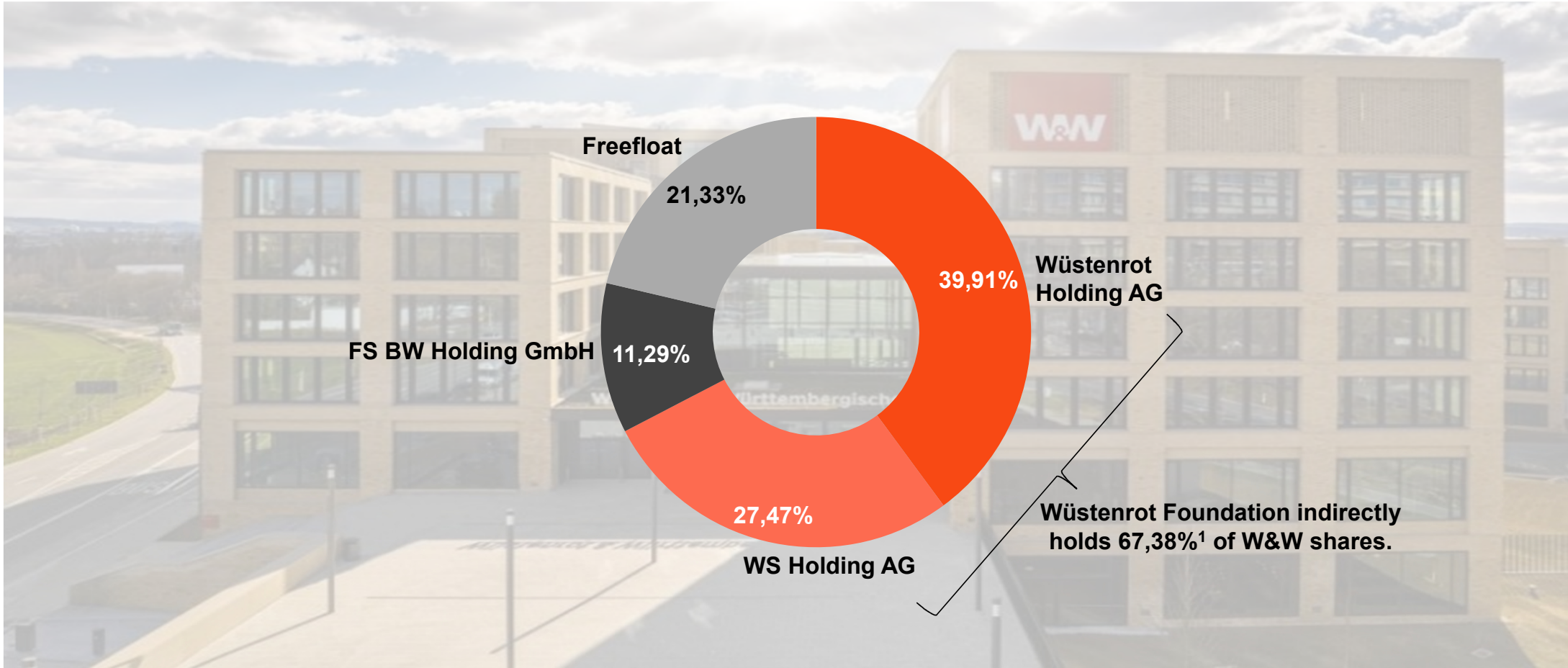
Promote diversity

Signatory of: 13 Mai 2020



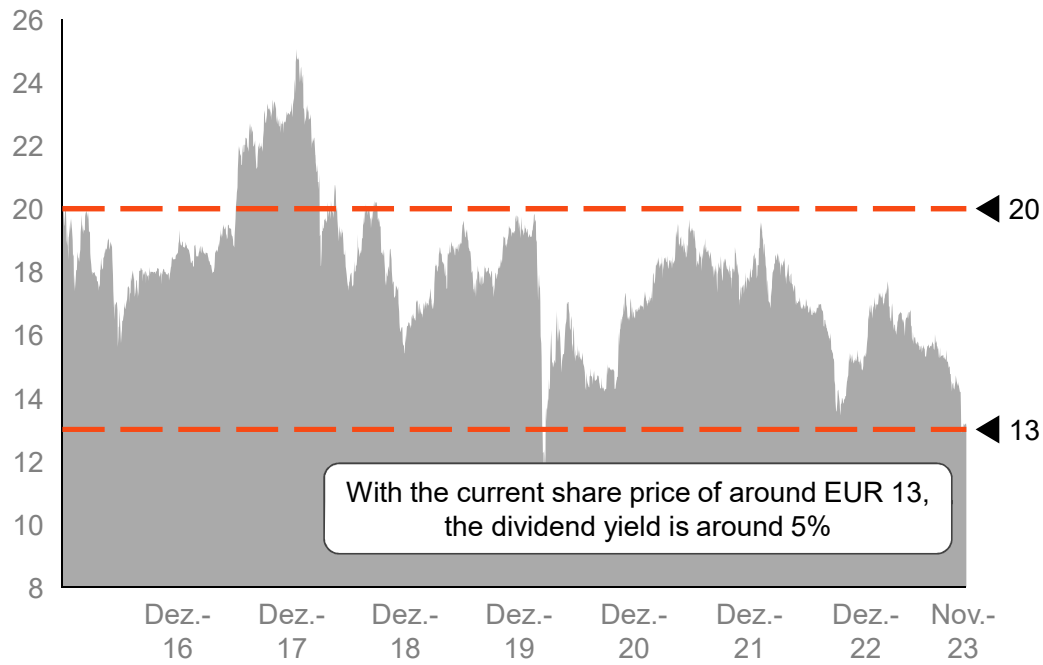
**W&W Group is implementing these goals as part of a new sustainability strategy**

# W&W Group structure

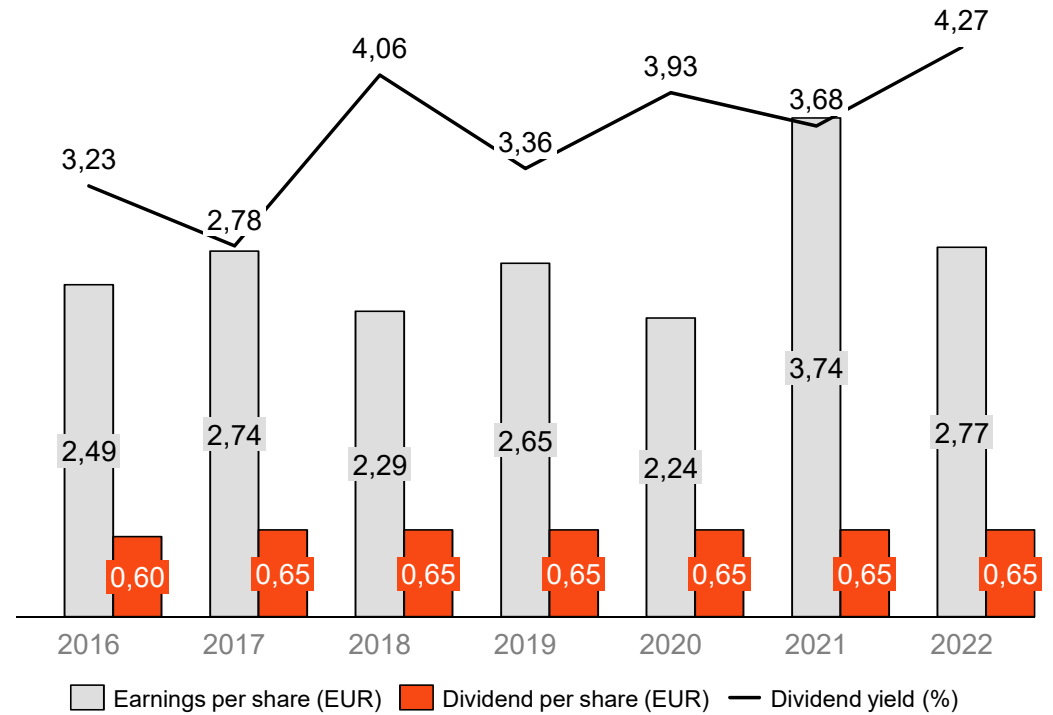


# The W&W AG share – stable and reliable dividend as a quality feature

Share price currently at the lower end of the historical range



W&W has a constant dividend level



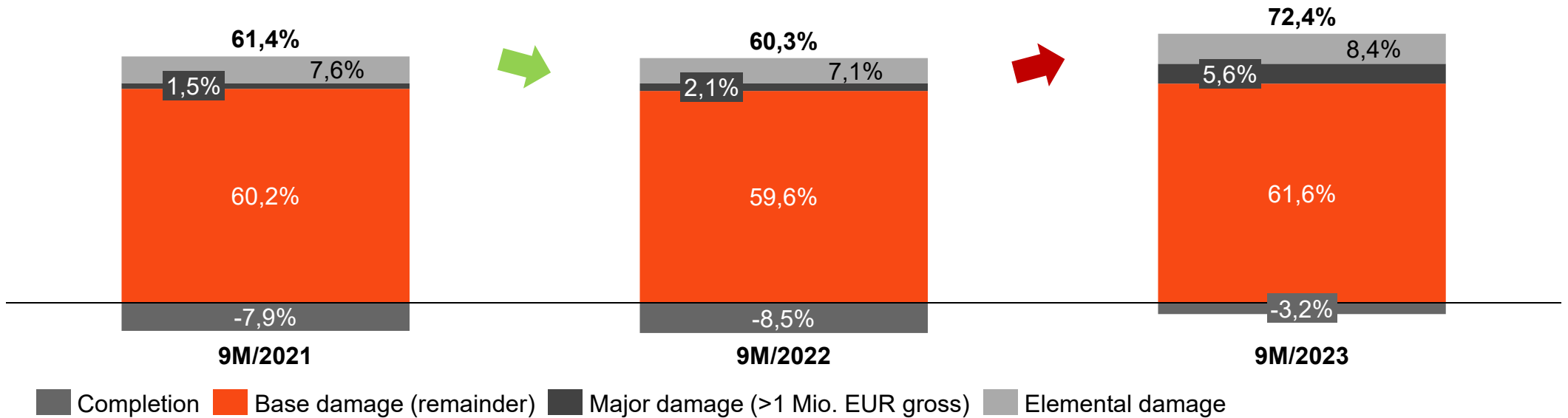


## Current analyst recommendations at a glance

Analyst	Date	Recommendation	Comment
Metzler	23/11/01	Buy Price target: EUR 22,00 	„Ironically, the profit warning might result in more generous dividends”
Montega	23/11/01	Buy Price target: EUR 23,00 	“In our opinion, the forecast adjustment is partly a consequence of the new IFRS standard. With a balance sheet equity of around EUR 5.0 bn, W&W is currently trading at 0.25x book value. As of November 24, 2023, we no longer expect any increase in the dividend for FY 2023, so the dividend yield on March 27, 2024 should be 5.0%. <b>We confirm our buy recommendation and our price target.</b> ”
LBBW	23/10/25	Hold Price target: EUR 15,00 	“The main reason for the revision of the earnings targets is apparently greater damage caused by <b>storms and fires</b> . In addition: While the HGB earnings forecast for W&W AG and, in this context, the planned dividend continuity were confirmed, the accounting rule IFRS 17, which has been applicable since the beginning of 2023, no longer offers any scope for earnings buffers. [...] <b>In connection with the clouded earnings outlook, we are therefore lowering our recommendation for the stock from “Buy” to “Hold” (price target: EUR 15).</b> ”

## Significant reasons for adjusting the IFRS earnings forecast

Net loss ratio burdened more heavily compared to previous years



- Increase in general claims burden, driven by automotive, among other things due to a significant increase in claims in 2023

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## Overview Q3 2023

The third quarter was characterized by a declining gross domestic product in Germany and increased financing costs, which had a particularly negative impact on residential construction. The stock markets also continued to be volatile due to ongoing concerns about inflation and interest rates. The development of claims, particularly in the third quarter, was characterized by an increase in severe weather events and therefore by a higher number of claims and claims expenses, especially in motor insurance. This resulted in a declining consolidated profit for the W&W Group of EUR 101.1 (previous year: 179.7) million.

The W&W Group continued to record successes in new business. A record level was achieved in gross new home loan savings business. However, new lending business declined due to increased financing costs. In personal and life insurance, the premium amount for new business increased. The growth path also continued in property and casualty insurance.

The W&W Group has been applying the new standard IFRS 17 “Insurance Contracts” since January 1, 2023. The previous year's figures were adjusted accordingly. IFRS 17 completely replaces the standard IFRS 4 “Insurance Contracts”, which has been in force since January 1, 2005, and for the first time creates uniform requirements for the recognition, measurement, presentation and notes to insurance contracts and reinsurance contracts.

The W&W Group is committed to W&W Besser! the digital transformation process. The strategic projects were also further developed in the third quarter of 2023.



# Introduction of IFRS 17

## Implications on the W&W Group

### Equity

#### Positive Implications:

- Compared to the previous accounting according to the superseded accounting standard IFRS 4, the Group's equity increases at the transition date.

### Balance Sheet

#### Positive Implications:

- Previously existing valuation mismatches are expected to be reduced in the future. This means that the asset and liability sides of our consolidated balance sheets will be harmonized.

### Earnings

#### Negative Implications:

- Higher earnings volatility cannot be ruled out.

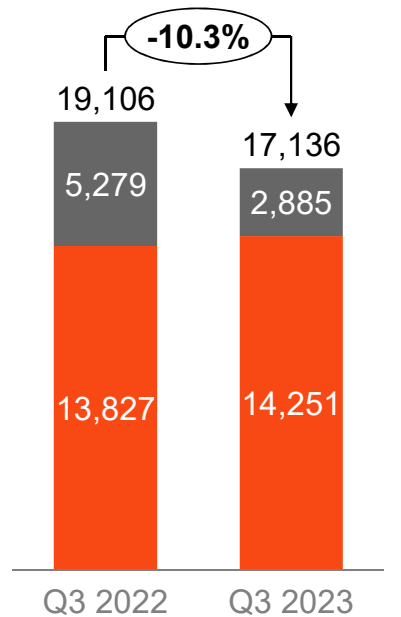
**There is no change in our profitability or financial strength, only in the presentation of our results. As a result transparency increases and our earning power becomes more visible.**

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

### New business volume<sup>1,2</sup>

#### Housing

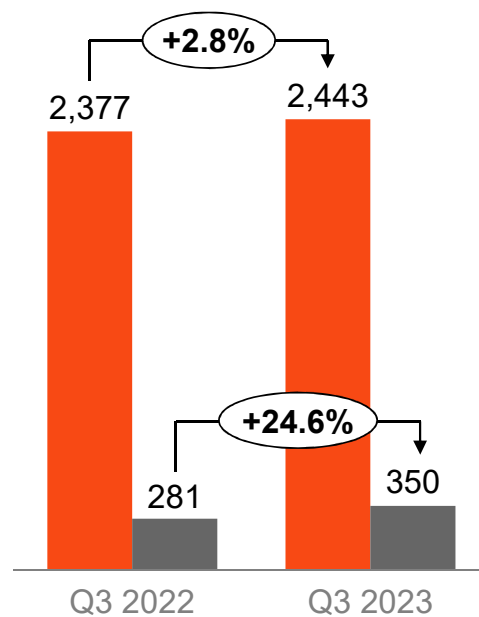
in EUR millions



■ New lending business  
 ■ Gross new home loan savings business

### New business<sup>2</sup>

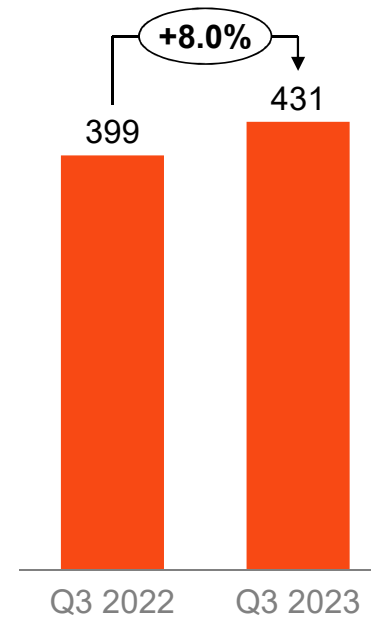
in EUR millions



■ Total premiums for new life insurance  
 ■ Annual contribution to the portfolio (new and replacement business) P&C

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

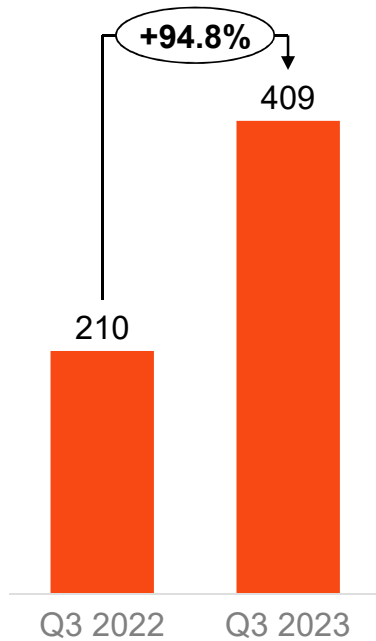
in thousands



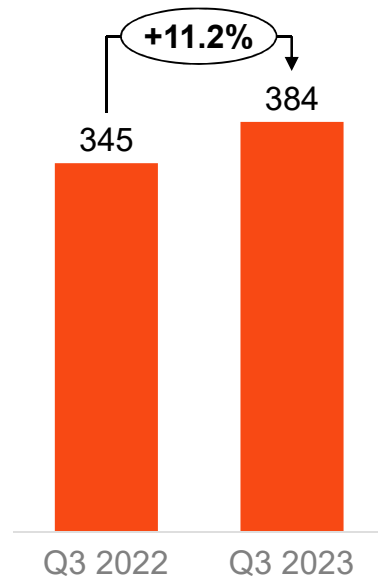
- A record level was achieved in gross new home loan savings business. However, new lending business declined due to increased financing costs
- In life insurance, the premium amount for new business increased. The growth path also continued in property and casualty insurance
- Continued encouraging increase in the number of new customers

## Decrease in consolidated net income due to unfavorable claims development

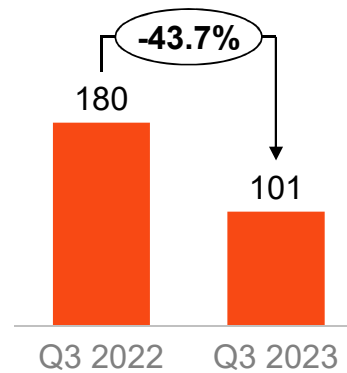
**Financial income<sup>2</sup>**  
in EUR millions



**General administrative expenses<sup>1,2</sup>**  
in EUR millions



**Net profit<sup>2</sup>**  
in EUR millions



- Financial result characterized by a significantly better valuation result, which can be attributed to more stable capital markets compared to the previous year
- Increase in administrative expenses through increased material expenses, including marketing initiatives and investments in IT infrastructure
- The decline in consolidated net income is primarily due to the development of claims and higher claims expenses, particularly in motor insurance

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

in Mio. EUR		Q3 2023	Q3 2022	Delta
Net financial income	1	409	210	199
<i>Current net income</i>		965	888	77
<i>Net expense from risk provision</i>		-20	-18	-2
<i>Net measurement gain/loss</i>		46	-1,188	1,232
<i>Net income from disposals</i>		92	209	-117
<i>Insurance finance result</i>	2	-674	319	-993
Technical result (net)	3	77	230	-153
<i>Property/Casualty Insurance segment</i>		14	154	-140
<i>Life and health insurance segment</i>		65	72	-7
Net commission expense		-21	-2	-19
General administrative expenses (net)		-384	-345	-39
<i>General administrative expenses (gross)</i>		-828	-777	-51
<i>General administrative expenses attributable to the technical result</i>		444	431	13
Net other operating income/expense		60	140	-80
<b>Consolidated net income before income taxes</b>		<b>141</b>	<b>233</b>	<b>-92</b>
Income taxes		-40	-53	13
<b>IFRS consolidated net profit</b>		<b>101</b>	<b>180</b>	<b>-79</b>

1 In the previous year, the rise in interest rates and declining stock markets had a negative impact on the market values of securities, while valuation gains were able to return to normal in Q3 2023. Declining sales result due to lower realizations. Non-periodic special effect in the residential segment included in the current result

2 Reclassification of the financial result of personal insurance into the underwriting result

3 Underwriting result due to loss development (major losses and automotive) significantly below previous year, personal and life insurance below previous year

Note: 1) Numbers rounded commercially.



## Consolidated balance sheet Q3 2023 and previous year<sup>1</sup>

in EUR millions	Q3 2023	AS 2022	Delta
Financial assets at fair value <u>through profit or loss</u>	10,297	10,276	21
Financial assets at fair value <u>through other comprehensive income</u> <span style="color: red; font-weight: bold;">1</span>	22,011	22,878	-867
Financial assets at amortised cost <span style="color: red; font-weight: bold;">2</span>	28,533	27,791	742
Investment property	2,510	2,440	70
Assets from insurance business	394	345	49
Insurance contracts issued that are assets	71	71	0
Reinsurance contracts held that are assets	323	274	49
Other assets	2,771	2,628	143
-----	-----	-----	-----
Liabilities	27,514	27,299	215
<i>thereof deposits</i>	25,361	25,630	-269
Technical provisions <span style="color: red; font-weight: bold;">3</span>	30,038	30,299	-261
Property/Casualty Insurance segment	2,320	1,963	357
Life and Health Insurance segment	27,717	28,336	-619
Other provisions	1,843	1,906	-63
Other liabilities	1,592	1,484	108
Equity <span style="color: red; font-weight: bold;">4</span>	4,806	4,894	-88
-----	-----	-----	-----
<b>Total equity and liabilities</b>	<b>66,674</b>	<b>66,589</b>	<b>85</b>

**1** Interest-related decline in market values for fixed-interest securities

**2** Increase in construction loan portfolio, particularly from interim loans. New commitments are still higher than repayments

**3** For property and casualty insurance, the usual increase in provisions compared to end of year (“carried forward premiums”) and higher claims volume. For personal and life insurance, provisions increased due to a slight decline in interest rates in Q3 2023

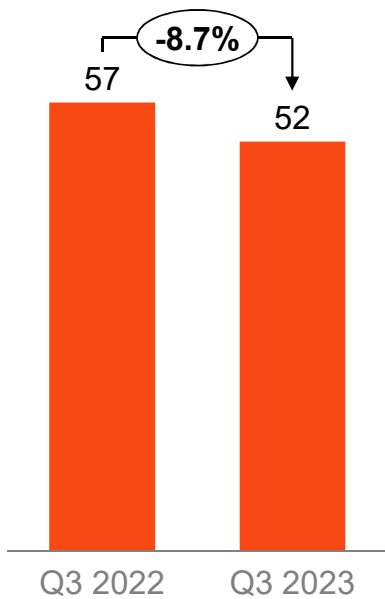
**4** Decrease in equity: Consolidated profit Q3 2023 is overcompensated by declining OCI and dividend distribution

## Segment overview

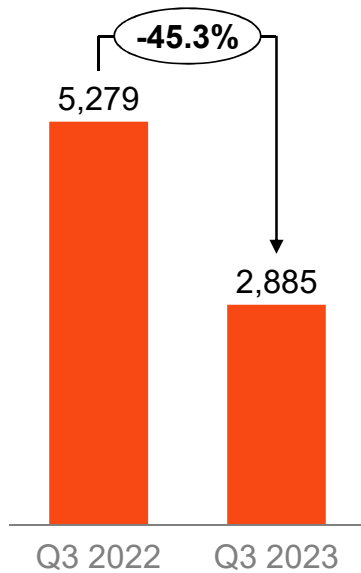
Reported segments <sup>1</sup> (in EUR millions)	IFRS 17 Q3 23	IFRS 17 Q3 22	Delta
Housing segment	51.7	56.6	-4.9
Life/Health Insurance segment	22.2	31.7	-9.5
Property/Casualty Insurance segment	9.9	97.9	-88.0
All other segments/consolidation	17.3	-6.5	23.8
<b>Consolidated net income</b>	<b>101.1</b>	<b>179.7</b>	<b>-78.6</b>
<i>Net income before taxes</i>	<i>141.1</i>	<i>232.6</i>	<i>-91.5</i>
<i>Taxes</i>	<i>-40.0</i>	<i>-52.9</i>	<i>12.9</i>

## Segment Housing

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



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



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



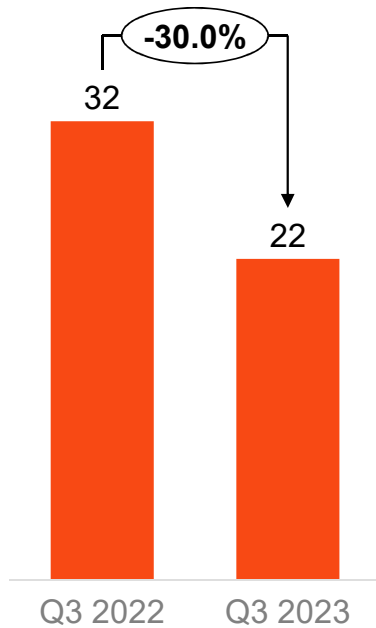
- Declining segment result compared to the previous year

- Due to the difficult economic conditions, the volume of new lending business developed in line with the market and was below the very strong previous year's figure

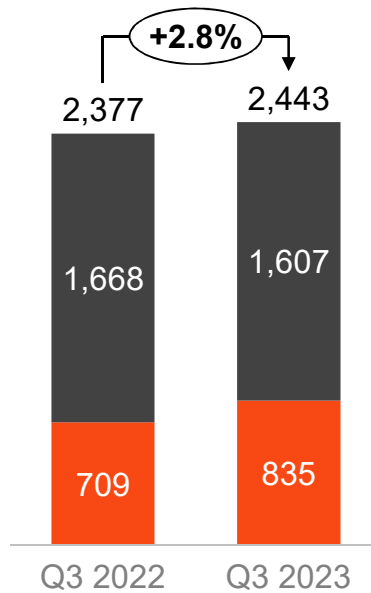
- Gross new home loan savings business amount and net new business (new business redeemed) achieved the best nine-month results in the company's history

## Life and Health insurance segment

Segment net income<sup>1</sup>  
in EUR millions



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



■ Single premiums  
■ Regular premiums

- Segment result below previous year, in particular due to special effects in insurance technology in 2022 and higher administrative expenses (net)
- The premium amount for new business increased. The growth in company pension schemes made a significant contribution to this

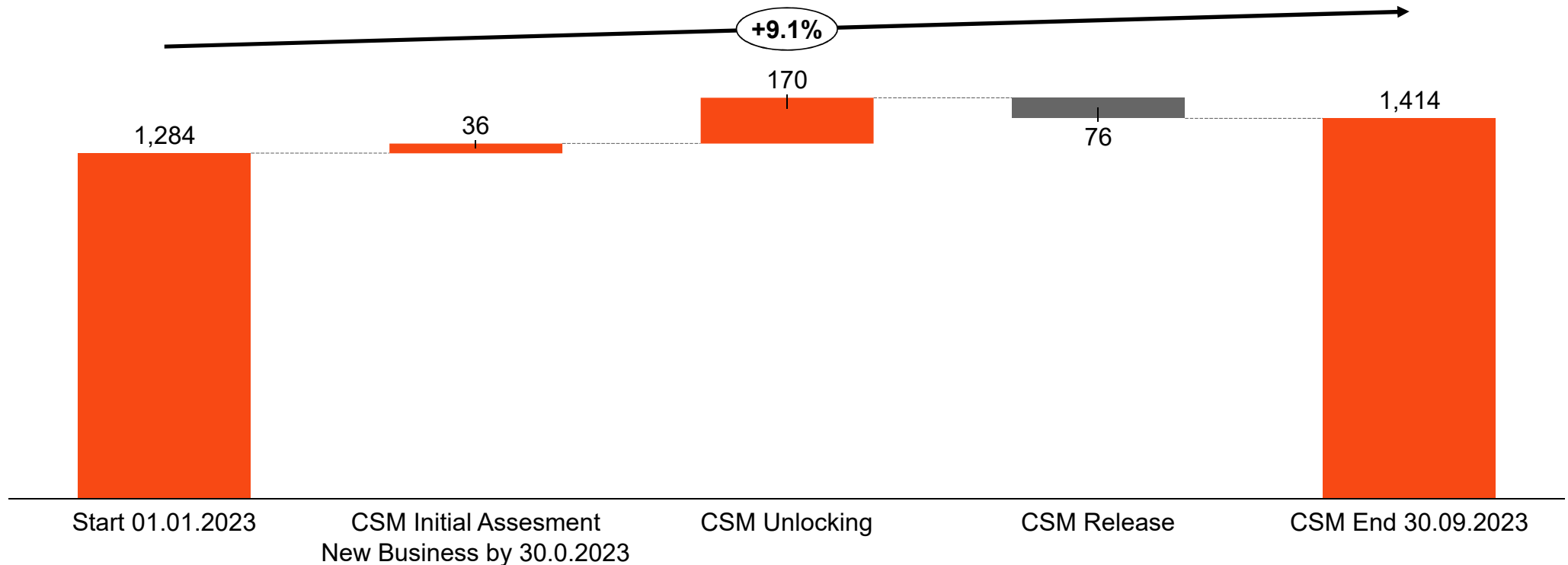


## Life and Health insurance segment

Issued insurance contracts according to assessment components of personal insurance

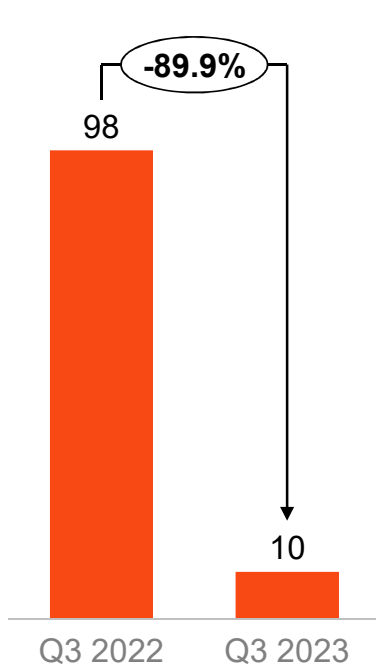
Contractual Service Margin (CSM) Gross 2023<sup>1</sup>

in EUR millions

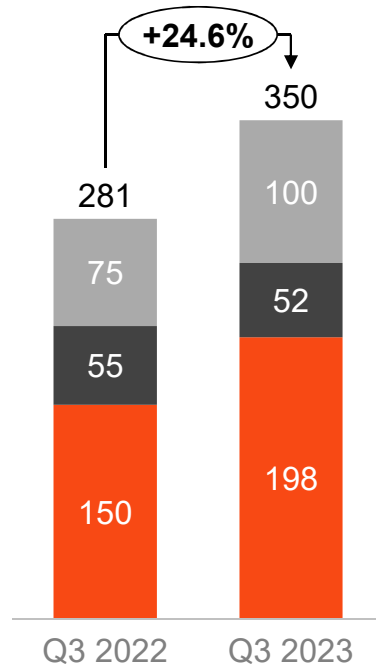


# Property and Casualty insurance segment

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



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



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



Corporate clients  
 Private clients  
 Automotive

IFRS 17

- Segment result significantly below previous year, particularly due to increased claims expenses, lower actuarial result and increased administrative expenses
- Both pure new business and replacement business increased compared to the previous year. The corporate and automotive clients segments grew significantly. However, the private clients sector declined compared to the previous year

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## Outlook for 2023 as a whole

Given the extraordinary burdens, we have adjusted our expectations for the 2023 financial year. The increase in severe weather events and higher claims expenses, particularly in automotive insurance, mean that the IFRS consolidated result will be below our previous forecast of EUR 220 to 250 million.

We now expect a consolidated result in the range of EUR 130 to 160 million.

At the same time, we are sticking to the forecast for W&W AG's HGB result of around EUR 120 million.

The forecast is subject to the proviso that there are no capital market upheavals, economic downturns or unforeseeable major loss events in the remainder of the year.



# Agenda

W&W – Overview & Strategy

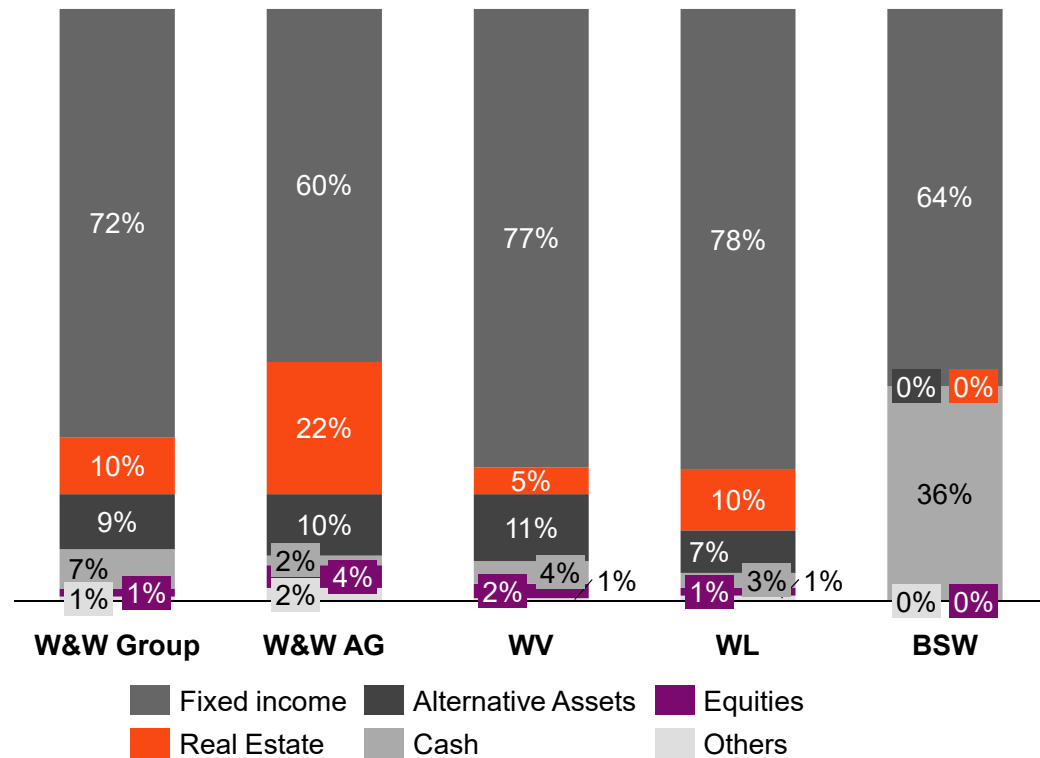
Group and Segment Development Q3 2023

Outlook

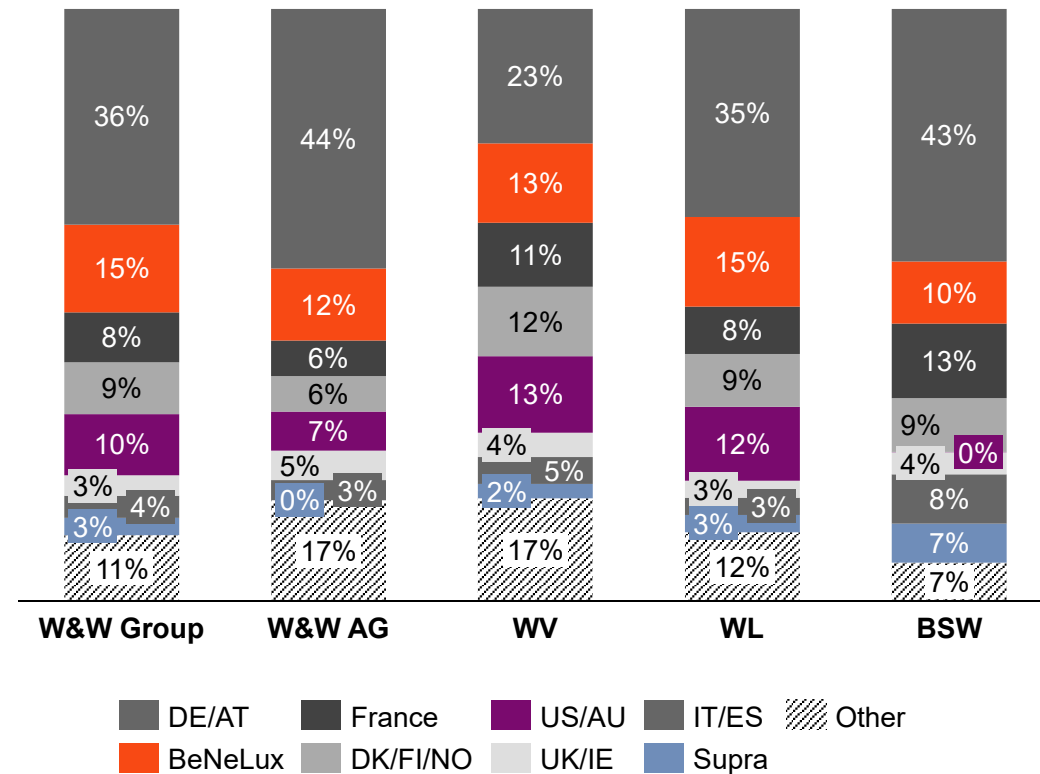
Appendix

# Investment of the W&W Group and the individual companies as of June 30, 2023

Investment by asset class

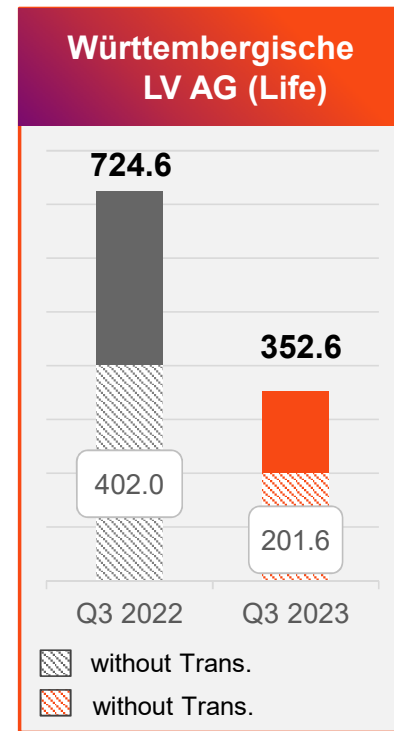
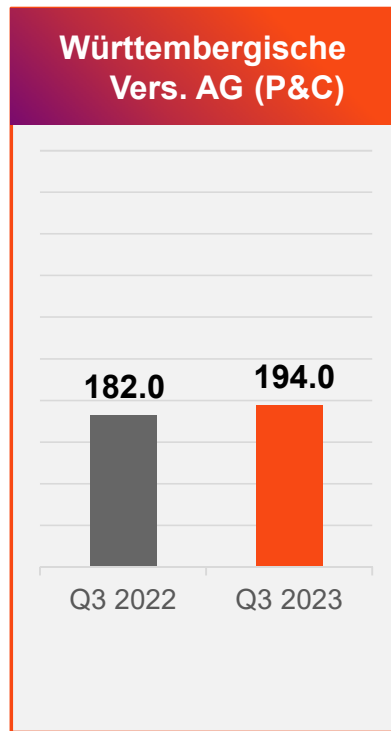
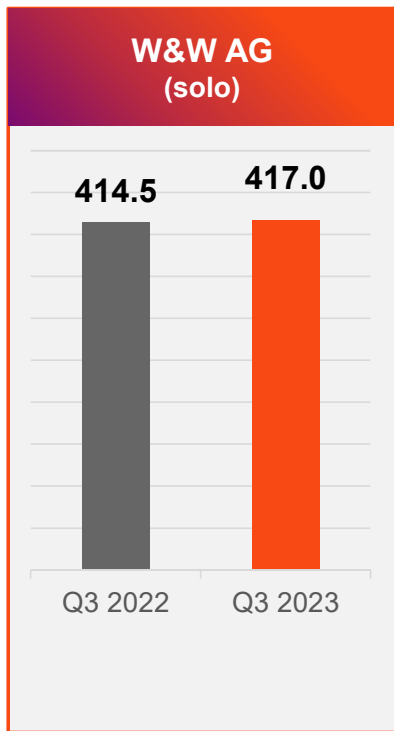
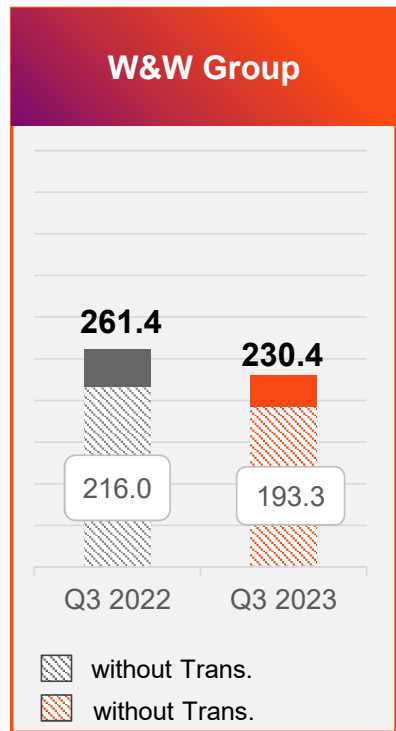


Investment by geography

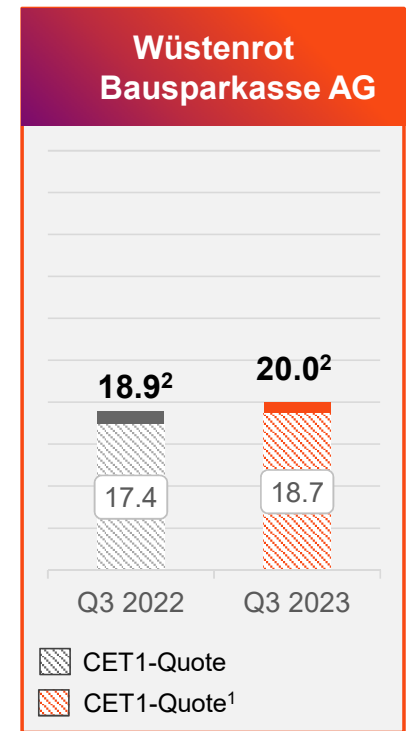


# Overview regulatory capital of group key entities

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



## Capital ratios Bausparkasse in %



Notes: 1) Common Equity Tier 1 capital 2) Total capital ratio

IR kontakt

Be sure to keep in touch with us

27.11.2023

Eigenkapitalforum, Frankfurt am Main

27.03.2024

Annual Financial Report W&W Group

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Please visit our IR website: <https://www.ww-ag.com/en/investor-relations>

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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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