

Wüstenrot & Württembergische AG

Interim Report as of 30 June 2023

W&W Group

15 September 2023



Agenda

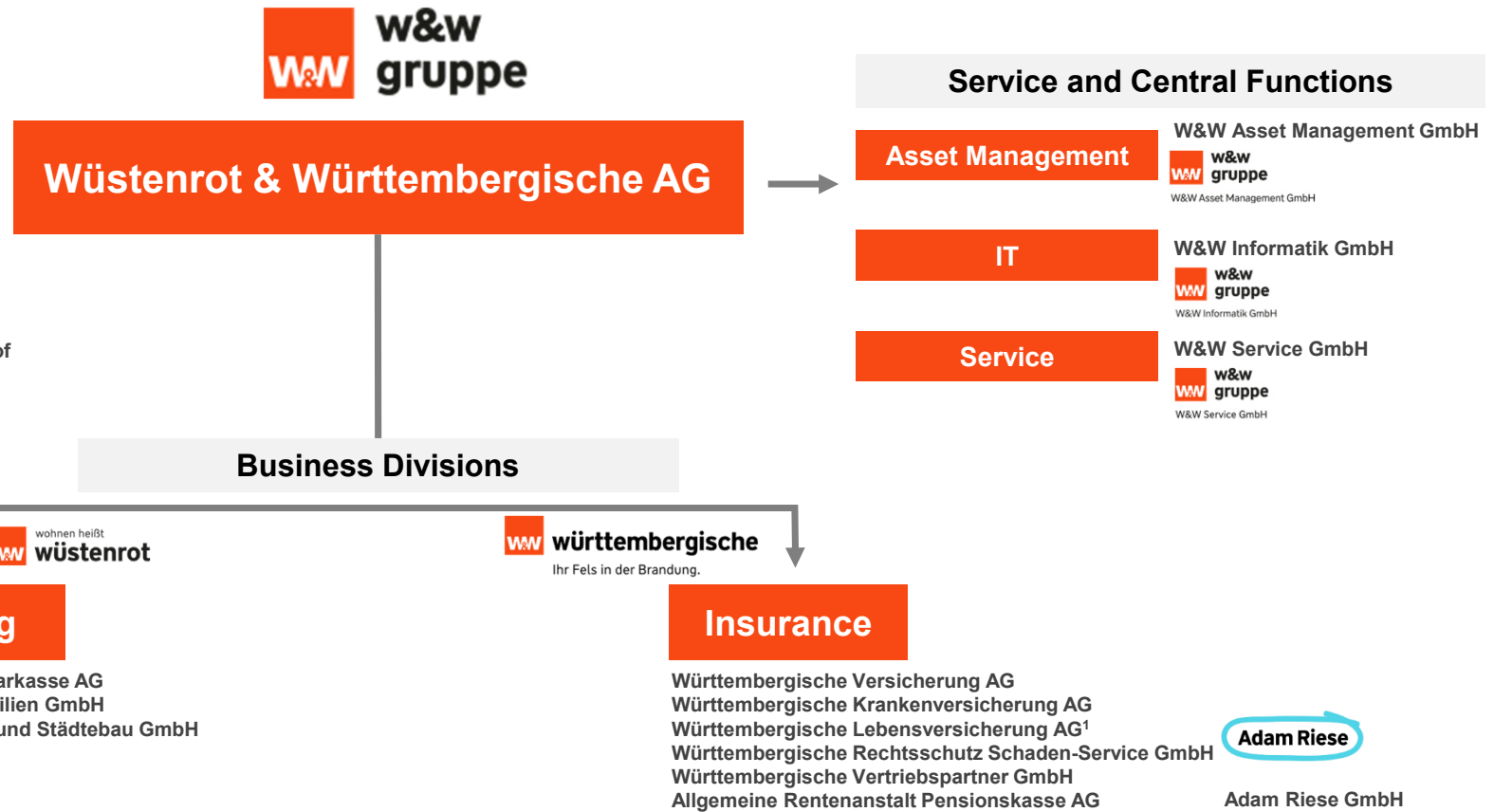
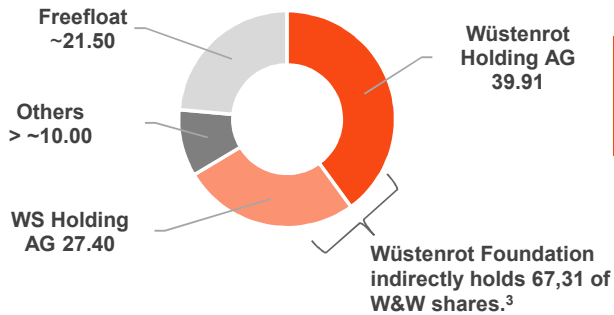
W&W – Overview & Strategy

Group and Segment Development H1 2023

Outlook

W&W Group structure

Shareholder Structure W&W AG in %



Notes: 1) 94.89% stake in Württembergische Lebensversicherung AG
 2) as of 30.06.2023
 3) Own shares are not taken into account due to insignificance

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“⁽¹⁾



Service and Central Functions

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

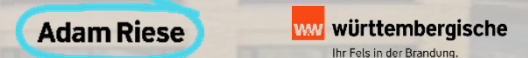


W&W gruppe
W&W Informatik GmbH



Segment Insurance

- Service insurer in the life, health and property/casualty lines.
- Adam Riese: Direct and broker brand for private customers



12
Life Insurance⁽²⁾

10
Property and Casualty Insurance⁽²⁾

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
Customers¹



On average three contracts per customer



High client retention (low churn rate)



Solvent customer base



Increasing digital affinity

Note: 1) as of June 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

55 Mio.

potential customers

Partnerships and cooperations

Insurances

- Allianz ERGO ARAG
- HUK-COBURG Gothaer uniVersa WVK
- NÜRNBERGER VERSICHERUNG LVMS VPV Barmenia Mecklenburgische

Banks and financial distributors

- CreditPlus COMMERZBANK OLB BANK
- Santander HypoVereinsbank

Sales networks & Brokers

- SwissLife Select OVB MLP Over 20.000 brokers

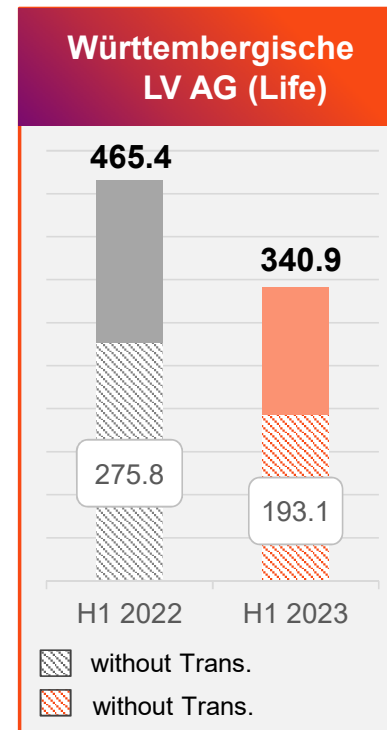
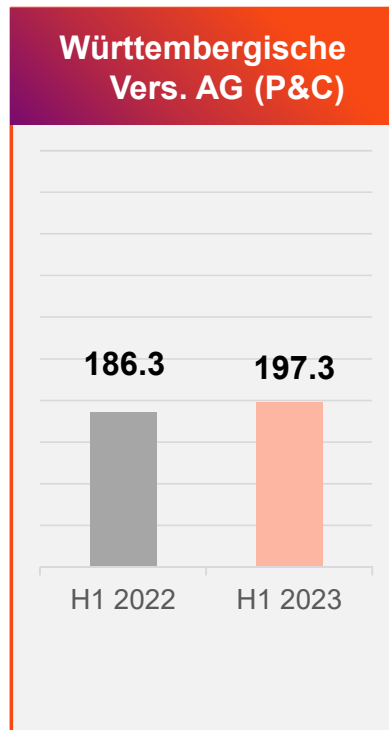
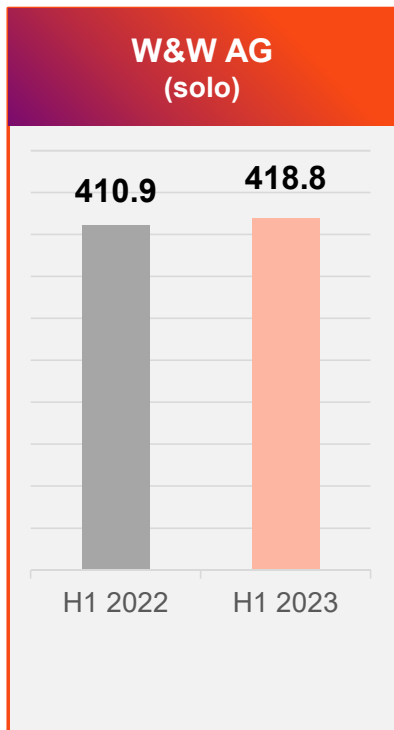
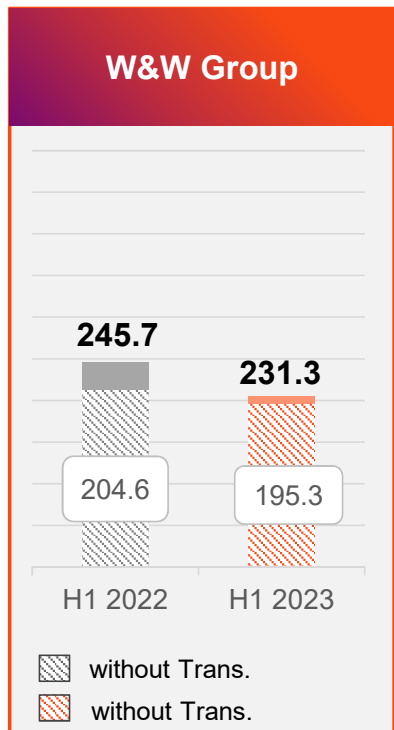
Partnerships

- dbb vorsorgewerk günstig • fair • nah
- ver di

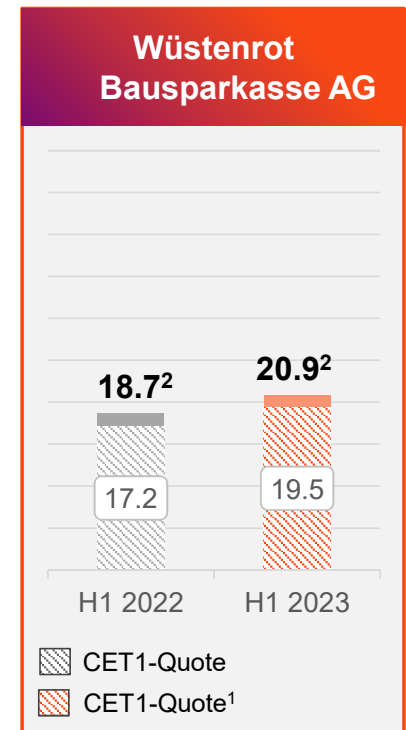
Comprehensive multi-channel distribution approach opens up access to 55 million customers

Overview regulatory capital of group key entities

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



Capital ratios Bausparkasse in %



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

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 CO₂ emissions towards climate-neutral capital investments by 2050

CO₂-neutral operation of own buildings and vehicle fleet through the use of ecological energy sources and compensation of the remaining CO₂ 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

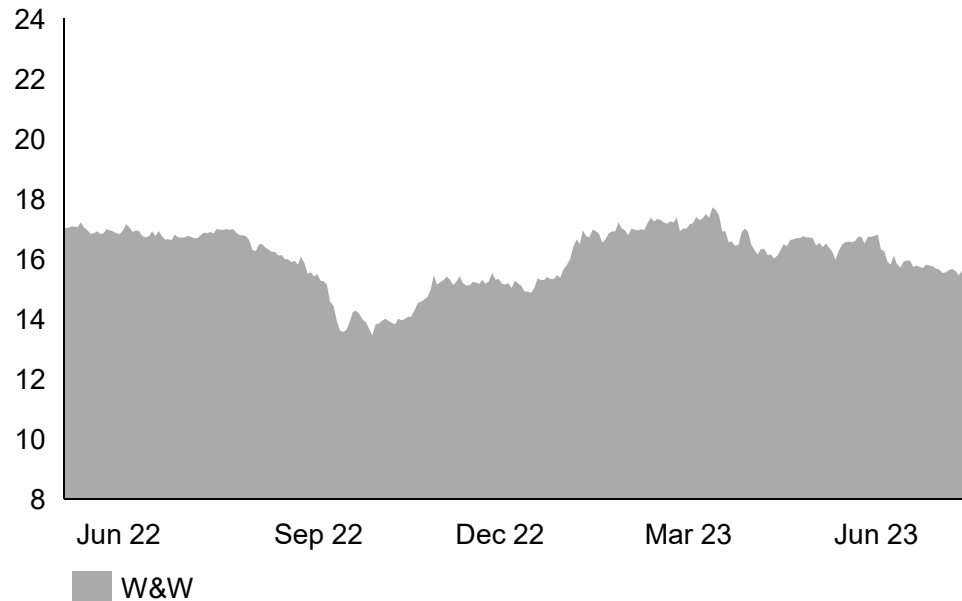
Signatory of: 13 Mai 2020



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

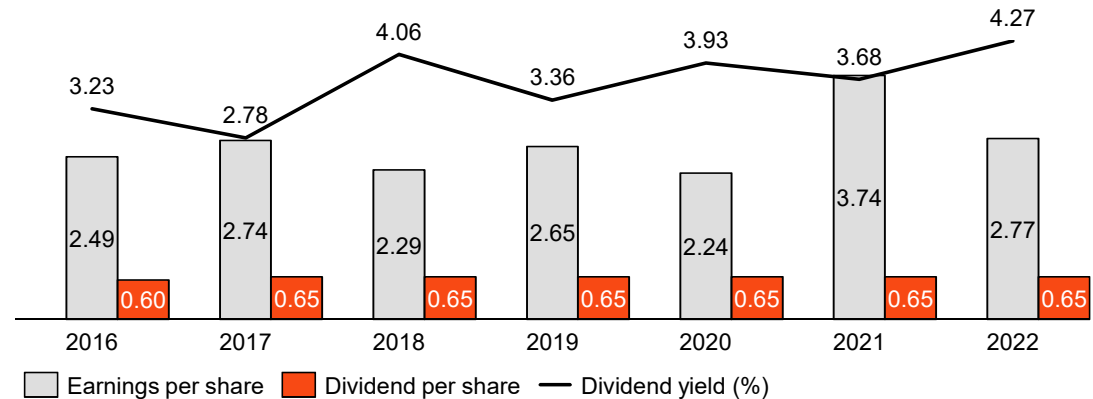
The W&W AG share - inclusion into the SDAX on March 20, 2023

W&W share



Analyst opinions

Metzler	03/04/23	buy / price target: 24.00 EUR
Montega	01/06/23	buy / price target: 23.00 EUR
LBBW	13/07/23	buy / price target: 22.00 EUR



Stable and reliable dividend at least at the previous year's level as a quality feature of the W&W share

Agenda

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Group and Segment Development H1 2023

Outlook

Overview H1 2023

The economic environment remained challenging in the first half of 2023 on account of high inflation, rising interest rates and geopolitical tensions. Equity markets performed surprisingly well and bond markets were calm. In addition, a special effect in the housing segment had an impact. In this environment, the W&W Group increased its IFRS earnings to EUR 180.7 (previous year: 145.7) million

The W&W Group also saw continued success in new business. In gross new home loan savings business, it achieved the best half-year figure in the company's history. The decline in life insurance was due among other things to lower single-premium business. In property/casualty and health insurance, the growth trajectory continued

The W&W Group has applied the new standard IFRS 17 Insurance Contracts since 1 January 2023. The previous year's figures have been restated accordingly. IFRS 17 replaces IFRS 4 Insurance Contracts, which had been in effect since 1 January 2005, in full and for the first time introduces standardised requirements for the recognition, valuation, presentation and notes on insurance contracts and reinsurance contracts issued or held by the W&W Group's insurance companies

The W&W Group is continuing its digital transformation process with "W&W Besser!". The strategic projects were successfully advanced in the first half 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

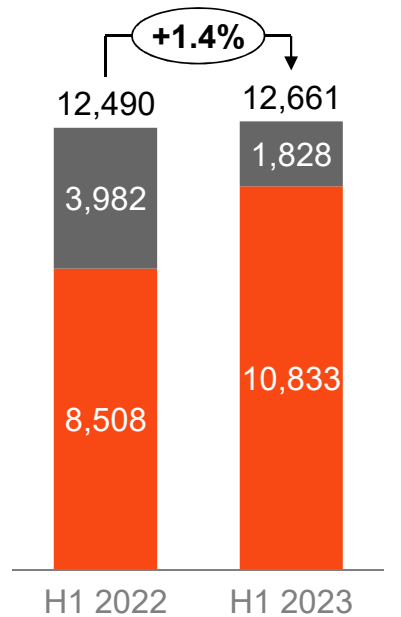
Negative Implications:

- Higher earnings volatility cannot be ruled out.

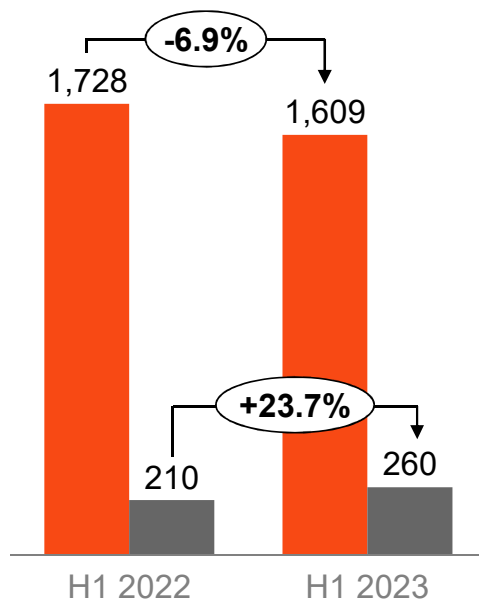
There is no change in our profitability or financial strength, only in the presentation of our results. As a result transparency increases and our earning power becomes more visible.

Further growth in W&W's core business in a more stable market environment

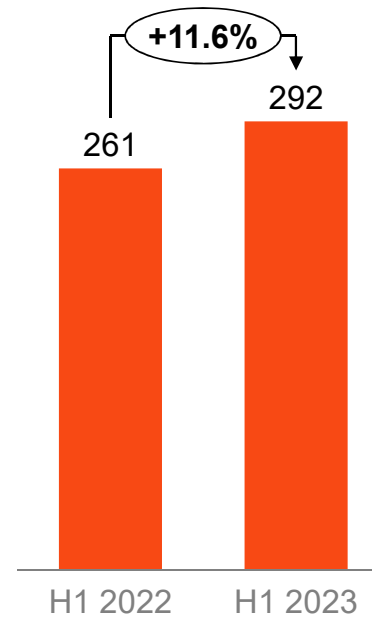
New business volume¹
Housing
 in EUR millions



New business
 in EUR millions



New customers
 in thousands



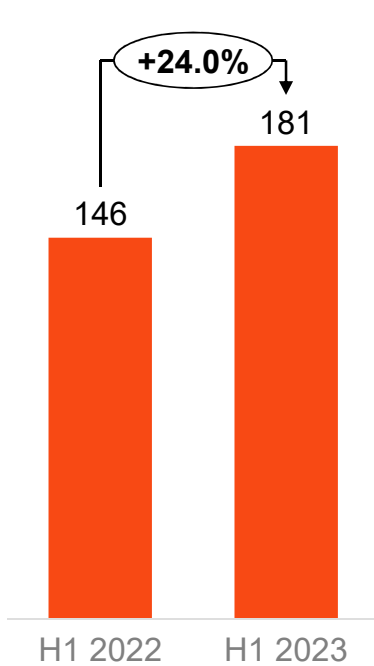
- In gross new home loan savings business, W&W achieved the best half-year figure in the company's history
- The decline in life insurance was due among other things to lower single-premium business. In property/casualty insurance, the growth trajectory continued
- Continued encouraging increase in the number of new customers

New lending business
 Gross new home loan savings business

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

More stable capital market conditions led to good results

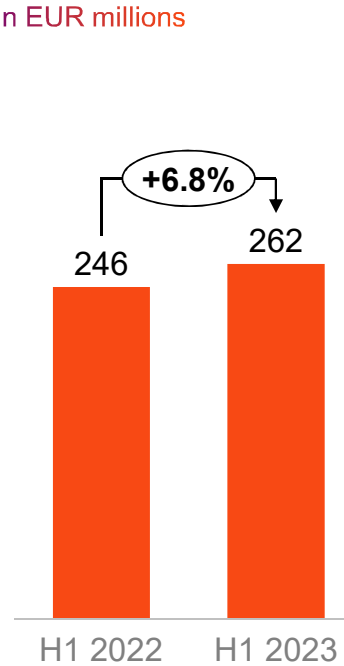
Net profit
in EUR millions



Financial income
in EUR millions



General administrative expenses¹
in EUR millions



- The increase in consolidated net income is essentially due to an aperiodic special effect in the housing segment, which will be balanced out over the course of the year
- The significantly better valuation result benefited from the capital markets, which were more stable compared to the previous year
- Increase in administrative expenses through higher material costs, including marketing initiatives and investments in IT infrastructure

IFRS consolidated income statement

in Mio. EUR		H1 2023	H1 2022	Delta
Net financial income	1	348	150	198
<i>Current net income</i>		639	601	38
<i>Net expense from risk provision</i>		-13	-7	-6
<i>Net measurement gain/loss</i>		183	-1,009	1,192
<i>Net income from disposals</i>		104	209	-105
<i>Insurance finance result</i>	2	-565	355	-920
Technical result (net)	3	136	160	-24
<i>Property/Casualty Insurance segment</i>		94	97	-3
<i>Life and health insurance segment</i>		44	59	-15
Net commission expense		-25	-7	-18
General administrative expenses (net)		-262	-246	-16
<i>General administrative expenses (gross)</i>		-561	-529	-32
<i>General administrative expenses attributable to the technical result</i>		298	283	15
Net other operating income/expense		62	135	-73
Consolidated net income before income taxes		259	192	67
Income taxes		-78	-47	-31
IFRS consolidated net profit		181	146	35

1 In the previous year 2022, 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 H1 2023. Declining sales result due to lower realizations. Aperiodic special effect in the residential segment will be balanced out over the course of the year

2 Reclassification of the financial result of life/health insurance into the underwriting result

3 Underwriting result in property/casualty insurance at the previous year's level despite increased major losses thanks to reinsurance, life/health insurance slightly below the previous year

Consolidated balance sheet H1 2023 and previous year

in EUR millions	H1 2023	JA 2022	Delta
Financial assets at fair value <u>through profit or loss</u>	10,211	10,276	-65
Financial assets at fair value <u>through other comprehensive income</u>	23,004	22,878	126
Financial assets at amortised cost 1	28,818	27,791	1,027
Investment property	2,496	2,440	56
Assets from insurance business	391	345	46
Insurance contracts issued that are assets	84	71	13
Reinsurance contracts held that are assets	307	273	34
Other assets	2,358	2,628	-270
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Liabilities	27,475	27,299	176
<i>thereof deposits</i>	25,237	25,630	-393
Technical provisions 2	31,056	30,299	757
Property/Casualty Insurance segment	2,329	1,963	366
Life and Health Insurance segment	28,727	28,336	391
Other provisions	1,883	1,906	-23
Other liabilities	1,297	1,484	-187
Equity 3	4,994	4,894	100
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Total equity and liabilities	67,422	66,589	833

1 Increase in overnight deposits on the one hand due to an inflow of liquidity from customer time deposits not yet invested at the reporting date and on the other hand sales of investment portfolios. Further increase in construction loan portfolio

2 Property/casualty insurance showed usual increase in provisions compared to End of year (“carried forward contributions”). For life/health insurance, provisions increased due to a slight decline in interest rates in H1 2023

3 Increase in equity primarily as a result of the consolidated profit for H1 2023. The OCI and the dividend distribution had an opposing effect

Segment overview

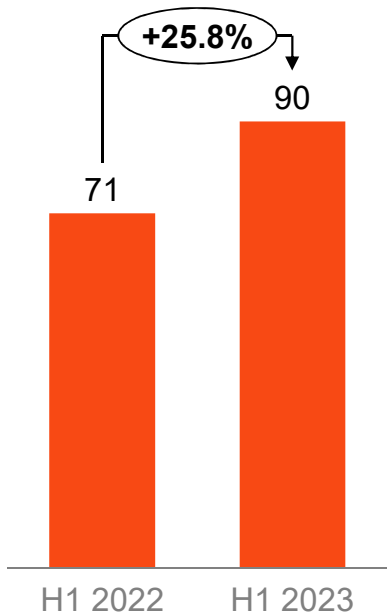
Reported segments (in EUR millions)	IFRS 17 H1 23	IFRS 17 H1 22	Delta	IFRS 4 H1 22
Housing segment	1 89.6	71.2	18.4	47.6
Life/Health Insurance segment	14.5	28.5	-14.0	-26.8
Property/Casualty Insurance segment	2 60.4	49.8	10.6	77.9
All other segments/consolidation	16.2	-3.8	20.0	-2.7
Consolidated net income	180.7	145.7	35.0	96.0
<i>Net income before taxes</i>	258.6	192.4	66.2	124
<i>Taxes</i>	-77.9	-46.7	-31.2	-28

1 The housing segment benefited from the reversal of the additional liabilities recognized as part of the purchase price allocation of the former Aachener Bausparkasse AG for acquired contracts with customers in the home loan and savings pool, which ran into the double-digit millions

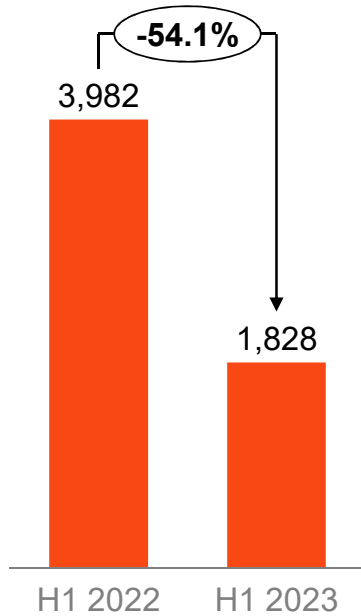
2 Both brand new business and replacement business increased compared to the previous year

Segment Housing

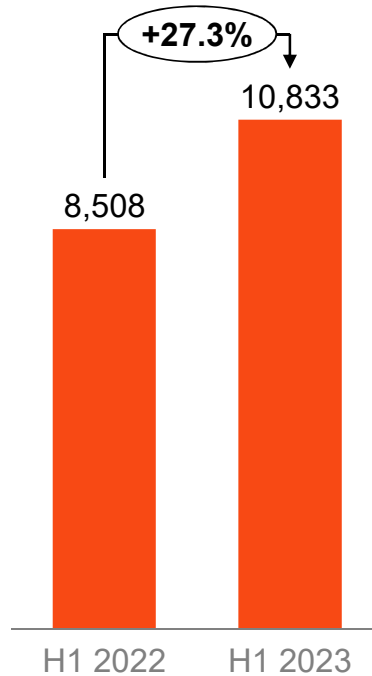
Segment net income
in EUR millions



New lending business¹
in EUR millions



New home loan savings business (gross)
in EUR millions

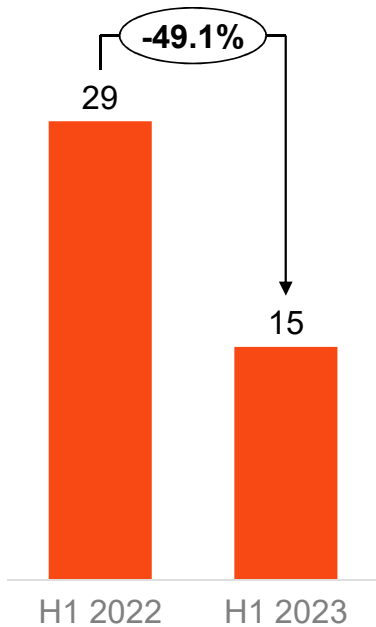


- Significant increase in segment result compared to the previous year
- Due to the difficult economic conditions, the volume of new lending business developed in line with the market and was below the very strong previous year's figure
- Gross new home loan business reached the best half-year value in the company's history

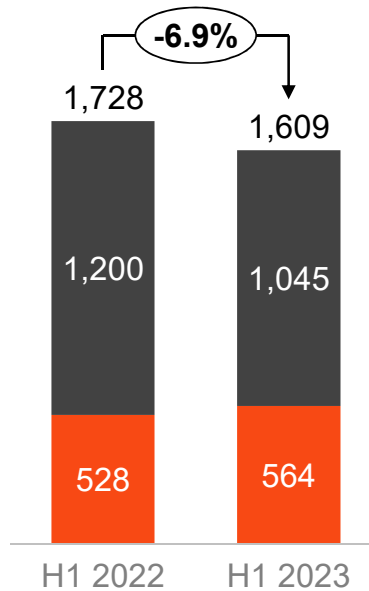
Note: 1) Incl. third party business.

Life and Health insurance segment

Segment net income
in EUR millions



New business premiums
in EUR millions



■ Single premiums
■ Regular premiums

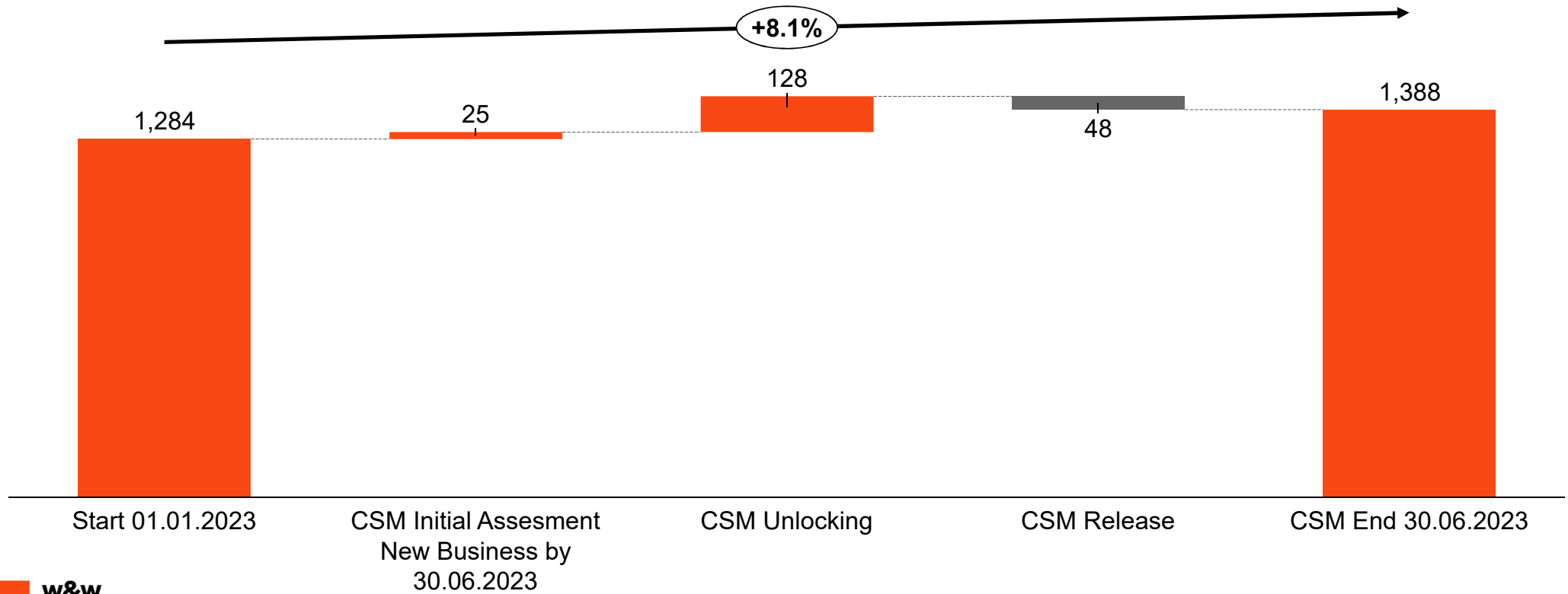
- Segment result below previous year, particularly due to special effects in underwriting business
- The decline in new business premiums was due, among other things, to lower single premium insurance

Life and Health insurance segment

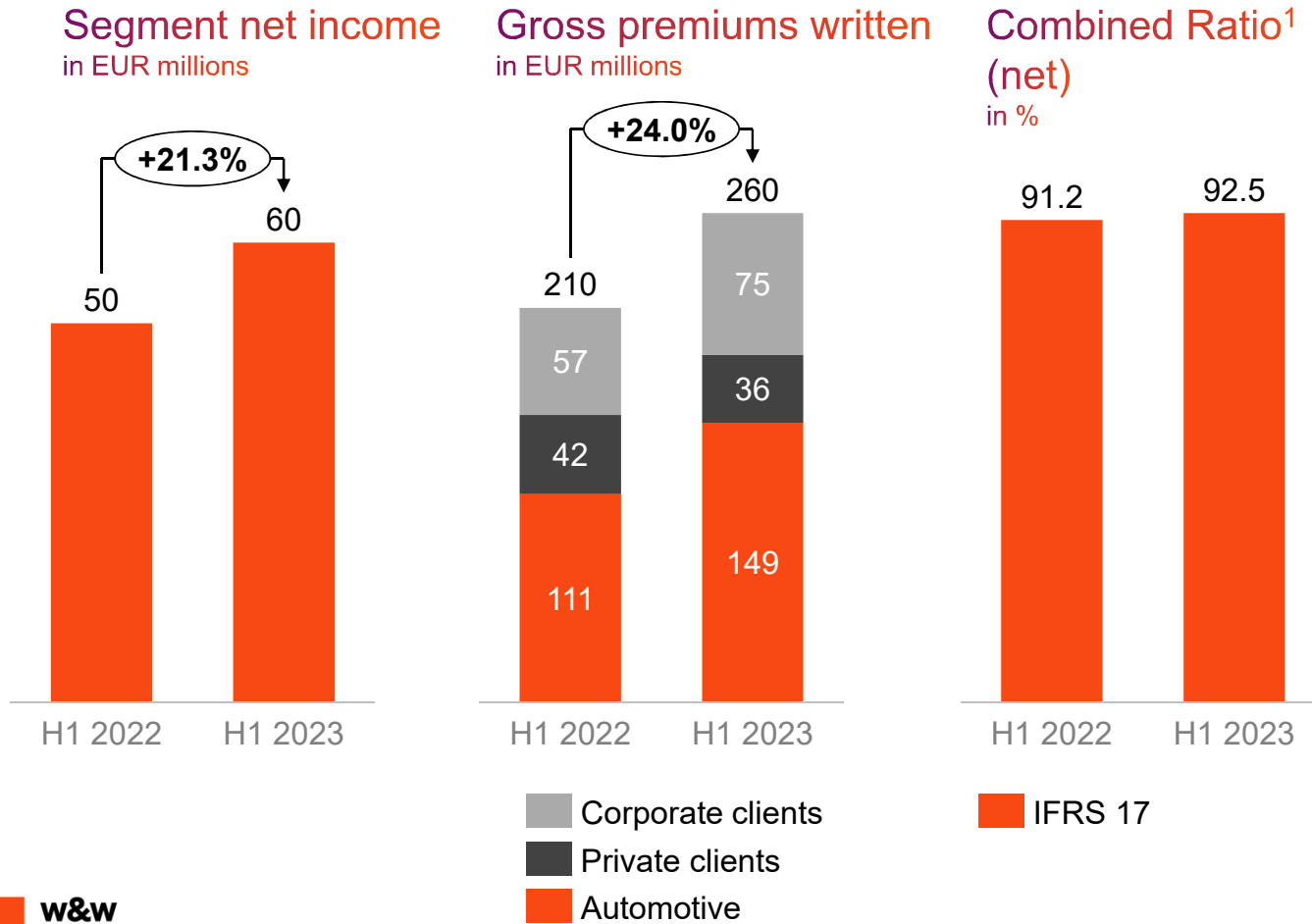
Issued insurance contracts according to assessment components of personal insurance

Contractual Service Margin (CSM) Gross 2023

in EUR millions



Property and Casualty insurance segment



- Property/casualty insurance with a significant increase over the previous year thanks to continued good underwriting and the absence of capital market distortions
- Both brand new business and replacement business increased compared to the previous year. The corporate clients and automotive sectors grew significantly

Note: 1) DAV definition, future changes possible.

Agenda

W&W – Overview & Strategy

Group and Segment Development H1 2023

Outlook

Outlook for 2023 as a whole

In the first half of the year, persistent inflation, rising key interest rates and geopolitical tensions continued to lead to volatile developments on the financial markets

Despite the non-recurring effect in the Housing segment, we still expect consolidated net profit to be within the target range of between EUR 220 million and EUR 250 million for 2023 as a whole.

The Group's general administrative expenses are expected to see a moderate year-on-year increase. In new construction financing business (assumptions), we anticipate a significantly lower level compared to the previous year, while we think that net new home loan and savings business will exceed the previous year substantially. Contrary to the planned increase, we expect total premiums for life business to remain on par with the previous year in 2023. In the Property/Casualty Insurance segment, we anticipate significant growth in new and replacement business (annual contribution to the portfolio) in 2023. We are standing by our forecast for W&W AG's net profit after taxes in accordance with HGB and expect this to be around EUR 120 million

The outlook is subject to future economic, inflation and capital market trends, high uncertainty regarding further developments in the war in Ukraine, and further claims performance, especially for natural disasters

IR kontakt

Be sure to keep in touch with us

24.11.2023

Quarterly Statement as at 30. Sept

27.11.2023

Eigenkapitalforum, Frankfurt am Main

27.03.2024

Annual Financial Report W&W Group

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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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