

Wüstenrot & Württembergische AG

Interim Report as at 30 June 2021

W&W Group

13 August 2021



Agenda

Overview of the first half of 2021

Segment development

Outlook

Overview of the first half of 2021:

Record results thanks to positive capital market development

W&W enjoys strong growth in its core segments of Housing and Insurance.

Record consolidated net income of EUR 196.2 million due to high measurement result and low loss ratio.

Reinsurance programme extensively limits negative impact of high natural disaster claims in June.

W&W Besser!: Continuous progress in the strategic initiatives in all divisions.

Consolidated net income forecast confirmed at EUR 280 to 330 million despite claims due to storm damage in the summer months.

Substantial improvement in consolidated net income on the back of the economic recovery

196.2

EUR million
Net profit for the
year

+13.9%

Construction
financing
y-o-y

+8.8%

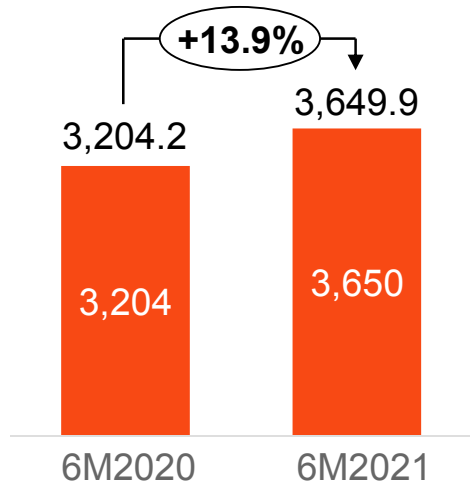
Gross premiums of the
insurance companies
y-o-y

6.7

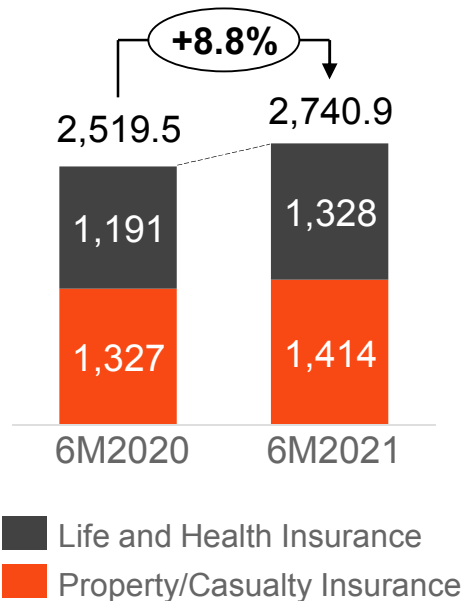
million
W&W customers

Strong growth in W&W's core business

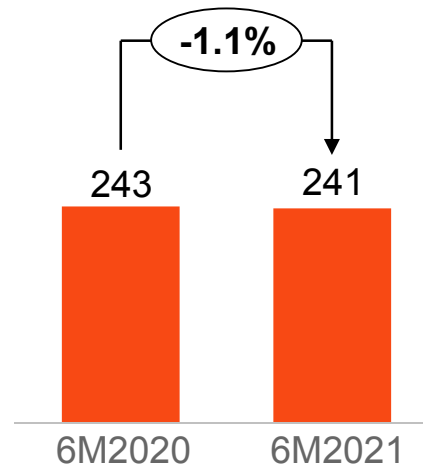
Construction financing
in EUR millions



Gross premiums
in EUR millions



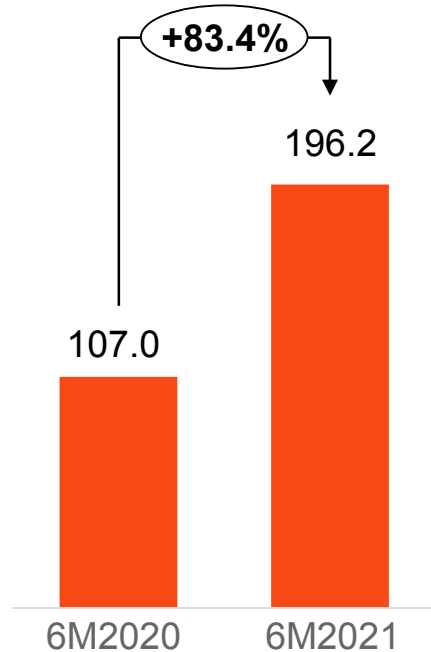
New customers
in EUR thousands



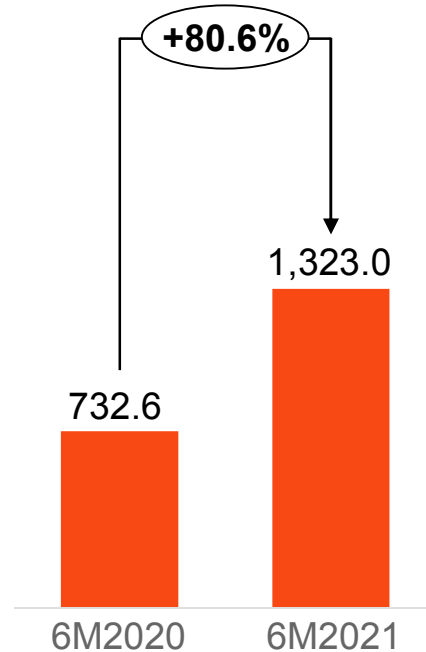
- **Substantial growth in construction financing and gross premiums of the insurance companies** (Property/Casualty Insurance and Life and Health Insurance)
- **Positive development of new customers in the Housing and Insurance segments.** Since the treefin subsidiary has been closed, comparisons to prior year results are of limited significance.

Record results thanks to capital market recovery and stable costs

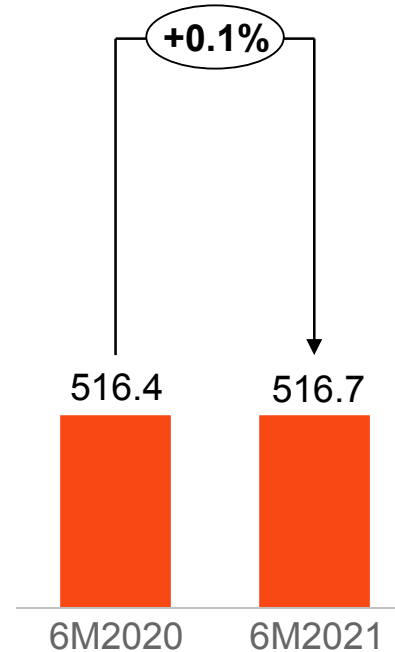
Net profit
in EUR millions



Net financial result
in EUR millions



General administrative
expenses
in EUR millions



- Substantial rise in consolidated net income due to **recovery** on the capital markets and favourable claims development
- Net financial result: Measurement result improves thanks to **positive stock market development** in particular
- **Systematic cost management** and lower travel and consulting costs offset the higher personnel expenses due to salary increases under collective bargaining agreements.

IFRS income statement: Record results despite conservative accounting

Consolidated income statement (in EUR millions)	6M 2021	12M 2020	Change
Net financial result	1,323	733	590
<i>Current net income</i>	525	560	-35
<i>Net expense from risk provision</i>	-8	-54	46
<i>Net measurement gain/loss</i>	355	-438	793
<i>Net income from disposals</i>	452	664	-212
Earned premiums (net)	2,361	2,173	188
Insurance benefits	-2,643	-1,995	-648
Net commission expense	-253	-240	-13
General administrative expenses	-517	-516	-1
Net other operating income/expense	11	10	1
Consolidated earnings before income taxes	283	164	119
Income taxes	-86	-57	-29
IFRS consolidated net profit	196	107	89

- Net financial result: Prior-year figure dominated by market upheaval due to the coronavirus pandemic. The course of business in 2021 to date has been characterised by positive capital market performance. Measurement gains on equities, alternative investments, investment funds and ULIP*
- Premium growth in both Life and Health Insurance and Property/Casualty Insurance
- Insurance benefits: Increase largely attributable to Life and Health Insurance. Measurement gains on the capital investments were credited to customers via the ULIP

IFRS consolidated balance sheet: Decline in total assets and equity due to interest rate development

Consolidated balance sheet (in EUR millions)	6M 2021	12M 2020	Change
Financial assets at fair value <u>through profit or loss</u>	9,857	8,800	1,057
Financial assets at fair value <u>through other comprehensive income</u>	35,987	38,863	-2,876
Financial assets at amortised cost	25,583	25,174	409
Investment property	1,870	1,874	-4
Other assets	1,842	1,777	65
Liabilities	27,489	27,826	-337
<i>thereof deposits</i>	24,627	24,676	-48
Technical provisions	38,804	39,402	-598
Other provisions	2,857	3,135	-278
Other liabilities	1,096	1,040	56
Equity	4,894	5,085	-191
Total assets	75,139	76,488	-1,349

- Measurement gains on equities and ULIP* assets as well as structured products
- Measurement losses on fixed-income securities following the interest rate rise in the first half of the year
- Overview of asset-side development:
 1. Decline in provision for premium refunds reflects impact of interest rate rise on fixed-income securities
 2. Opposing increase in provision for unit-linked life insurance policies due to positive stock market development

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Outlook

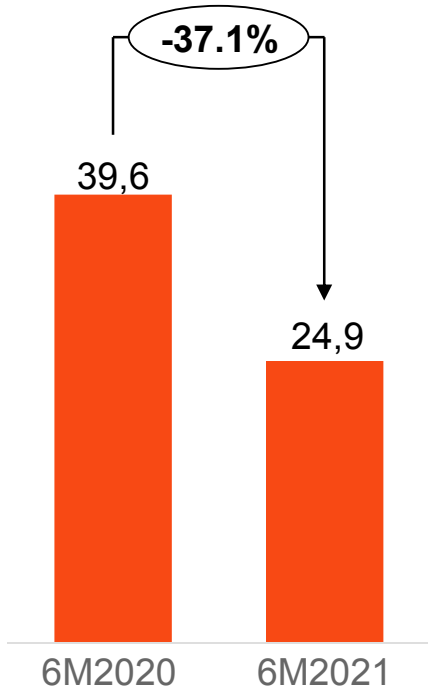
Segment overview – Strong results in Property/Casualty Insurance in particular

Reportable segments (in EUR millions)	6M 2021	12M 2020	Change
Housing segment	24.9	39.6	-14.7
Life and Health Insurance segment	28.3	10.7	17.6
Property/Casualty Insurance segment	133.4	62.4	71.0
All other segments/consolidation	9.6	-5.7	15.3
Consolidated net income	196.2	107.0	89.2
<i>Net income before taxes</i>	<i>282.6</i>	<i>163.6</i>	<i>119.0</i>
<i>Taxes</i>	<i>-86.4</i>	<i>-56.6</i>	<i>-29.8</i>

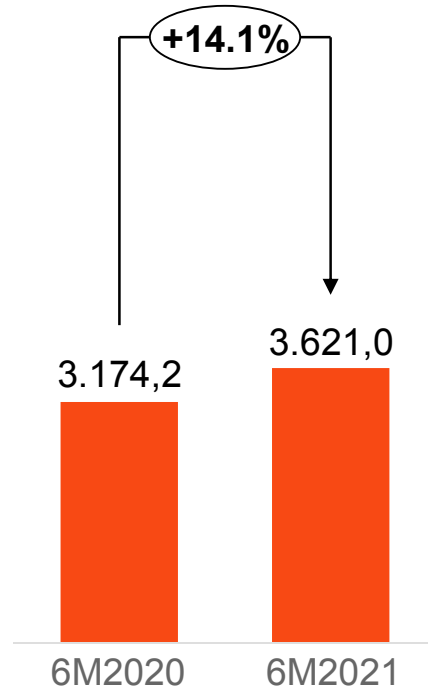
- Consolidated net income at record level
- This was mainly driven by positive claims development in Property/Casualty Insurance despite the natural disaster claims in June
- Positive capital market development resulting in measurement gains

Housing segment: Operating result at prior-year level

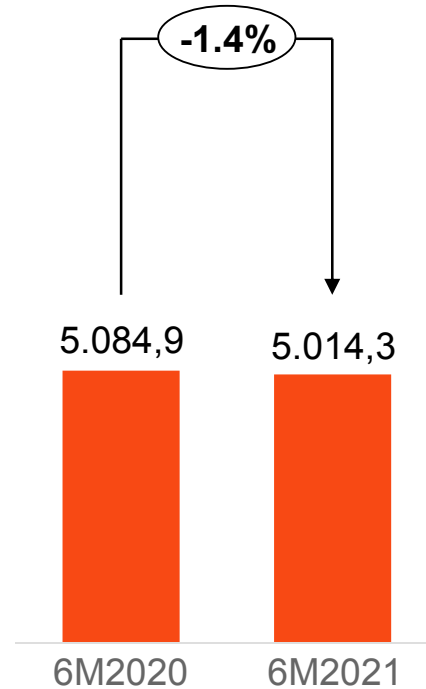
Segment net income in EUR millions



Construction financing in EUR millions



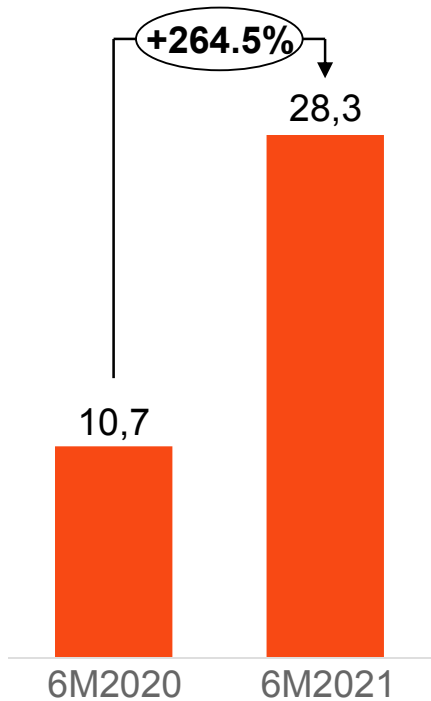
New home loan savings business (net) in EUR millions



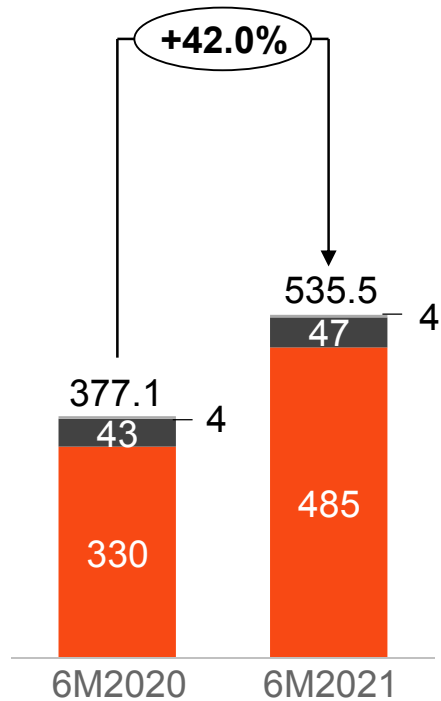
- Net income in the Housing segment declined in H1 2021 in particular because the prior-year figure included non-recurring income from the first-time consolidation of Aachener Bausparkasse AG
- The net financial result rose slightly to EUR 193.2 (previous year: 190.2) million
- General administrative expenses amounted to EUR 168.2 (previous year: 162.9) million. Materials costs increased largely as a result of higher contributions to the bank levy and deposit guarantee
- Net new home loan savings business was down slightly on the previous year but outperformed the market as a whole

Life and Health Insurance segment: Encouraging development in new life insurance business in particular

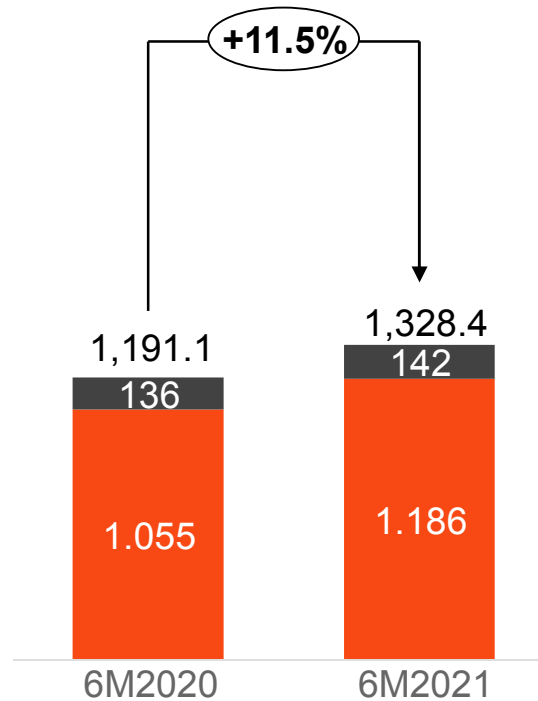
Segment net income
in EUR millions



New business premiums
in EUR millions



Gross premiums written
in EUR millions



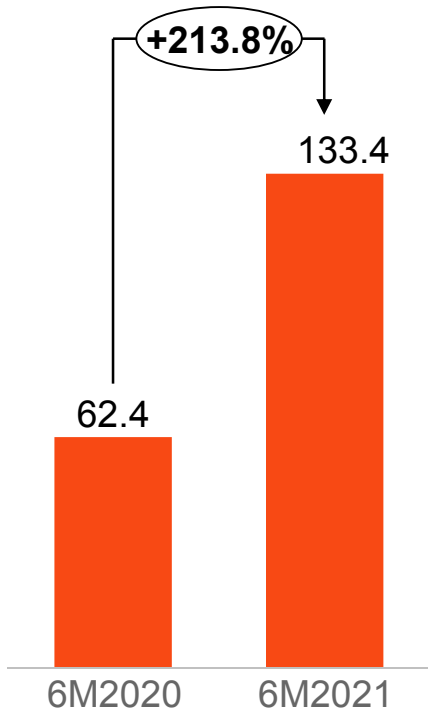
Health insurance
 Regular premiums, life
 Single premiums, life

Health
 Life

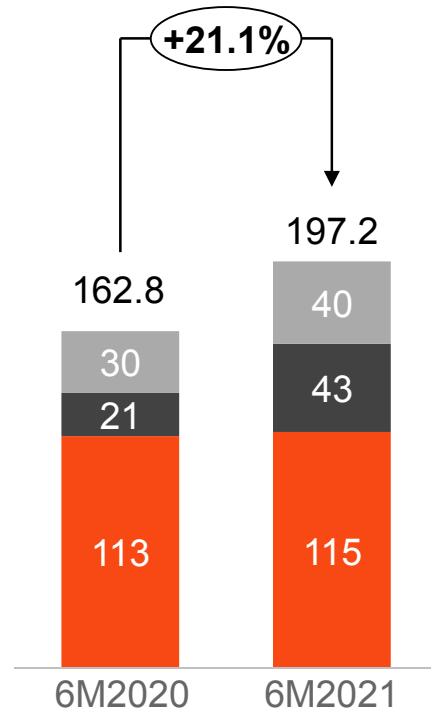
- The net financial result rose significantly to EUR 1,052.2 (previous year: 510.5) million; this was attributable in particular to the sharp rise in the measurement result thanks to measurement gains on alternative investments and equities as well as the positive development of ULIP* capital investments
- Insurance benefits amounted to EUR 2,165.5 (previous year: 1,520.9) million. Among other things, this increase was due to higher additions to the provision for ULIP*
- Higher personnel expenses more than offset by lower materials costs
- Increase in gross premiums written largely attributable to higher level of single premiums

Property/Casualty Insurance segment: Consistently strong growth and record net income

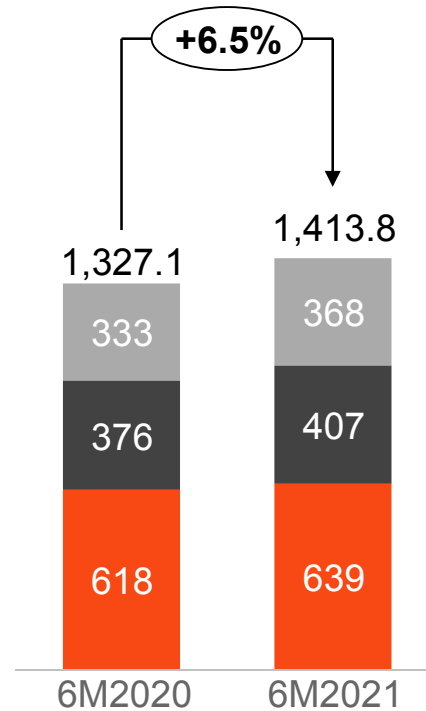
Segment net income
in EUR millions



New business
in EUR millions



Gross premiums written
in EUR millions



Corporate customers
 Retail customers
 Motor

- The net financial result amounted to EUR 61.4 (previous year: 3.0) million; here, too, the main driver was the higher measurement result
- Although the storms in June led to substantial expenses due to mid-eight-digit natural disaster claims (net), the impact on earnings was limited by the reinsurance programme. The loss ratio (net) was reduced to a low 58.1% (previous year: 60.4%) thanks to our extremely strong portfolio. The cost ratio (net) declined to 24.3% (previous year: 24.9%). The combined ratio (net) amounted to 82.4% (previous year: 85.3%)
- New business grew significantly, with our digital brand Adam Riese also enjoying sales success
- Growth in gross premiums written in all business segments

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Raised forecast for net income for 2021 confirmed despite cost and impact of storms

Forecast for 2021

In light of the positive trends on the capital markets in the first half of the year and favourable claims development up until that point, in June 2021 we **raised the expected range for consolidated net income for the financial year from EUR 280 to 330 million**. In particular, this is based on net income from the Property/Casualty Insurance segment, which we expect to be higher than in the previous year.

The increased forecast is subject to the proviso that there are no new negative effects due to the coronavirus pandemic, no upheaval on the capital markets and no major unforeseen loss events in the second half of the year. Despite the substantial claims due to storm damage in June and July 2021, the W&W Group remains optimistic that it will achieve the forecast range for consolidated net income.

The other forecasts presented in the 2020 Group Annual Report remain valid without change for 2021.

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12 November 2021

Quarterly Statement as at
30 September 2021

22-24 November 2021

Virtual Equity Forum in Frankfurt

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- 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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