

Wüstenrot & Württembergische AG

Interim Report as at 30 June 2022

W&W Group

12 August 2022



Agenda

Overview H1 2022

Segment Development

Outlook

Significant developments in the first half of 2022

The economic outlook for 2022 deteriorated in the first half year, particularly due to the war in Ukraine. Rising inflation rates, higher interest rates and increasing volatility on the financial markets influenced the business development of the W&W Group.

Significantly higher interest rates and the negative stock market development weighed on the valuation of investments and led to lower group and segment results.

In addition, increased elementary damage from winter storms was recorded in the first half of the year, with proportionally still low premium income.

At the Annual General Meeting of W&W AG on May 25, 2022, the shareholders elected their successors to the Supervisory Board, effective as of September 1, 2022: Edith Weymayr, Dr. Michael Gutjahr (Chair) and Dr. Wolfgang Salzberger.

The W&W Group is continuing the digital transformation process as part of "W&W Besser!".

Leading banking and insurance group in Germany

2

“Bausparen”

12

Life Insurance

10

Property and
Casualty Insurance

~6.5 mn

Customers

>6,000

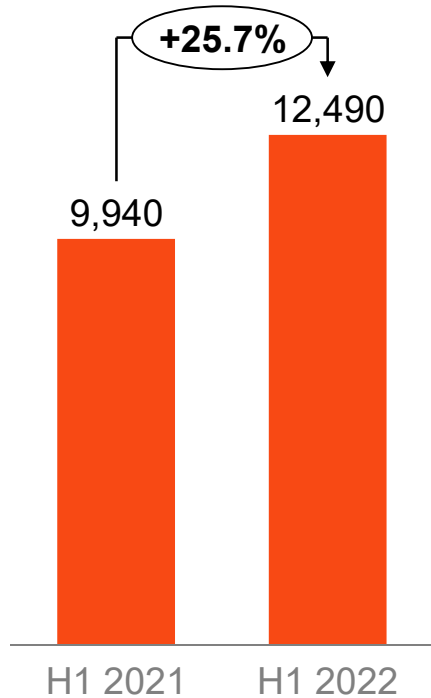
Sales agents

~6,300

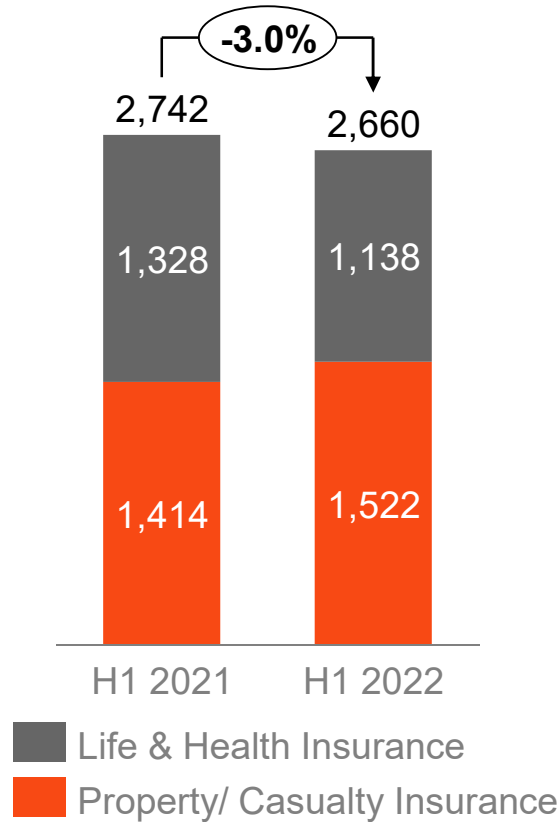
Employees

W&W Group: Strong operational first half of 2022

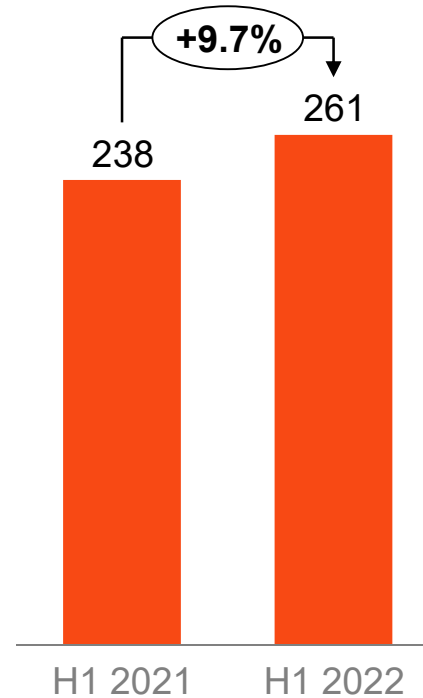
New Business Volume¹
in EUR millions



Gross premiums
in EUR millions



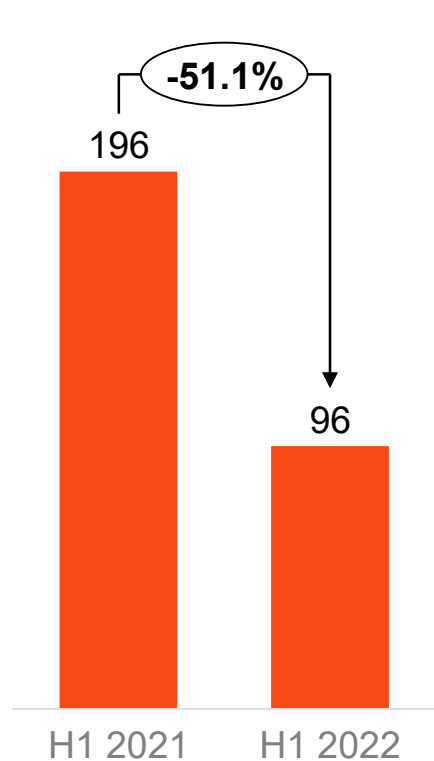
New customers
in EUR thousands



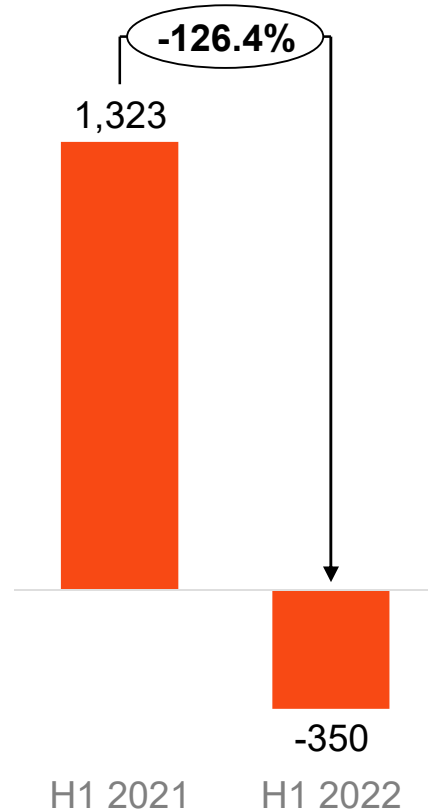
- Growth well above the market level for new business in terms of gross home savings sum from EUR 9.94 billion to EUR 12.49 billion (+25.7%).
- Gross premiums:
 - Property/Casualty insurance continues profitable growth course (+7.7%).
 - Life & Health insurance with declines, mainly due to a targeted reduction in single premiums (-14.3%).
- Increase in new customers, especially in our Adam Riese digital brand.

Declining development as a result of the dynamic rise in interest rates

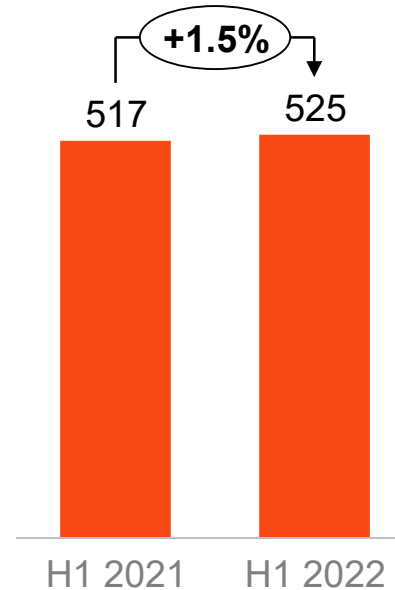
Net profit
in EUR millions



Financial income
in EUR millions



General administrative expenses
in EUR millions



- The consolidated net profit was strongly influenced by developments on volatile capital markets.
- Lower financial result vs. comparatively high prior-year figure due to valuation effects. Higher interest rates and declining stock markets with negative impact on market values of shares, fund investments and fixed-income securities.
- Slight increase in administrative expenses well below inflation rate due to slightly higher material costs, e.g. as part of our digitization strategy.

IFRS consolidated income statement

Consolidated income statement (in EUR millions)	H1 2022	H1 2021	Change
Net financial result	-350	1,323	-1,673
<i>Current net income</i>	569	525	44
<i>Net expense from risk provision</i>	-7	-8	1
<i>Net measurement gain/loss</i>	-1,139	355	-1,494
<i>Net income from disposals</i>	226	452	-226
Earned premiums (net)	2,226	2,361	-135
Insurance benefits	-1,095	-2,643	1,548
Net commission expense	-269	-253	-16
General administrative expenses	-525	-517	-8
Net other operating income/expense	137	11	126
Consolidated net income before income taxes	124	283	-159
Income taxes	-28	-86	58
IFRS consolidated net profit	96	196	-100

- Higher current net income: Previous year included a special supplemental repayment to the WürttPK (Württembergische Pensionskasse) of EUR 40 million.
- Valuation result: soaring interest rates and declining stock markets had a negative impact on market values of securities.
- Benefits from insurance contracts: Decrease resulted mainly from Life & Health insurance. The valuation losses of the financial result have an impact on customer provisions.
- Other operating result: First-time income from billing campaigns in connection with home saving deposits (EUR 103 million).

IFRS consolidated balance sheet

Consolidated balance sheet (in EUR millions)	H1 2022	H1 2021	Change
Financial assets at fair value <u>through profit or loss</u>	10,216	10,722	-506
Financial assets at fair value <u>through other comprehensive income</u>	25,307	34,493	-9,186
Financial assets at amortised cost	27,920	26,171	1,749
Investment property	1,876	1,909	-33
Other assets	2,462	1,918	544
Liabilities	27,591	27,964	-373
<i>thereof deposits</i>	25,295	24,734	561
Technical provisions	32,855	38,423	-5,568
Other provisions	2,060	2,720	-660
Other liabilities	1,348	1,232	116
Equity	3,927	4,874	-947
Total assets/liabilities	67,781	75,213	-7,432

- Total assets and equity reduced due to interest rate developments.
- Effects of the dynamic rise in interest rates on market values of fixed-income securities on the asset side.
- Increased home loans. Continued growth in BSW's (Wüstenrot Bausparkasse) new lending business. Increased liquidity reserve in current market environment.
- Decrease in RfB¹ and FLV² due to negative impact of higher interest rates on fixed-income securities.

Agenda

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Outlook

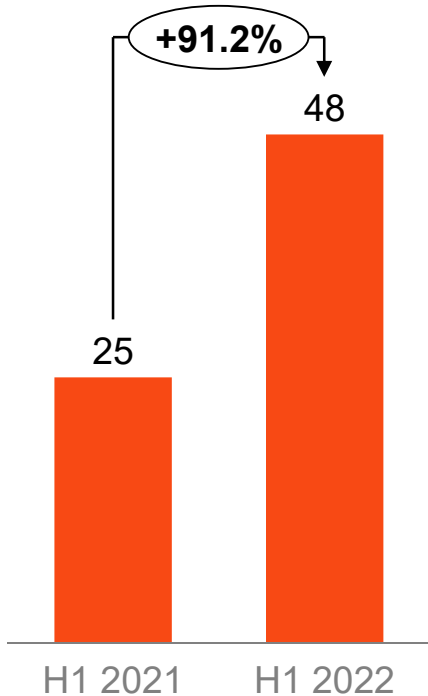
Segment overview

Reportable segments (in EUR millions)	H1 2022	H1 2021	Change
Housing segment	47.6	24.9	22.7
Life and Health Insurance segment	-26.8	28.3	-55.1
Property/Casualty Insurance segment	77.9	133.4	-55.5
All other segments/consolidation	-2.7	9.6	-12.3
Consolidated net profit	96	196.2	-100.2
<i>Net income before taxes</i>	124	283	-159
<i>Taxes</i>	-28	-86	58

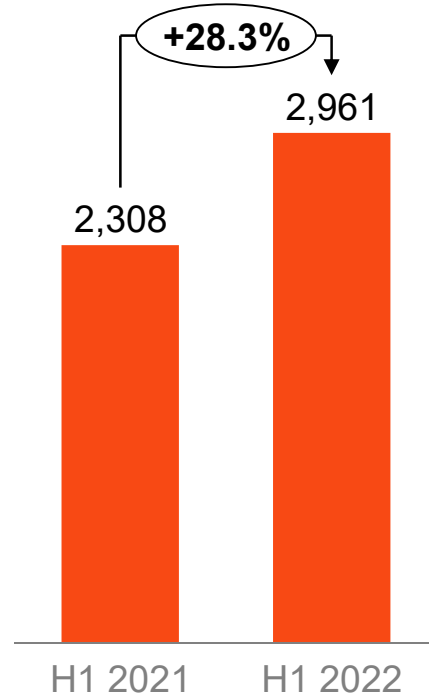
- Housing segment well above pro rata plan. Construction financing business remains very profitable.
- Declining development due to valuation effects on investments in the Life & Health insurance segment.
- Continued very positive underwriting result in the Property/Casualty insurance segment. Burdens from valuation effects on investments.

Housing segment

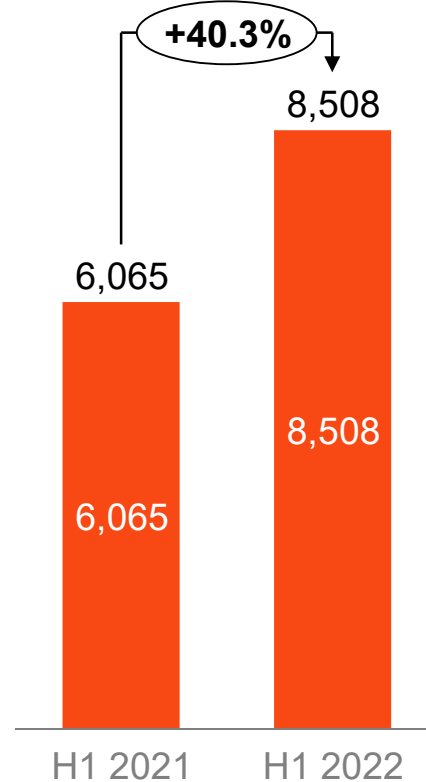
Segment net income
in EUR millions



Construction financing¹
in EUR millions



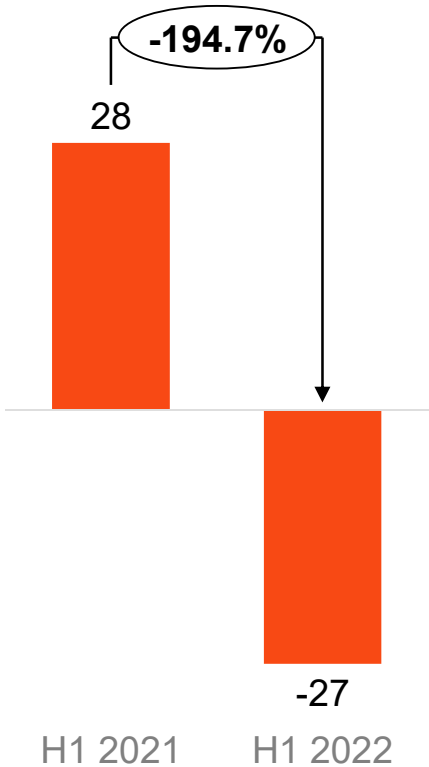
New home loan savings business (gross)
in EUR millions



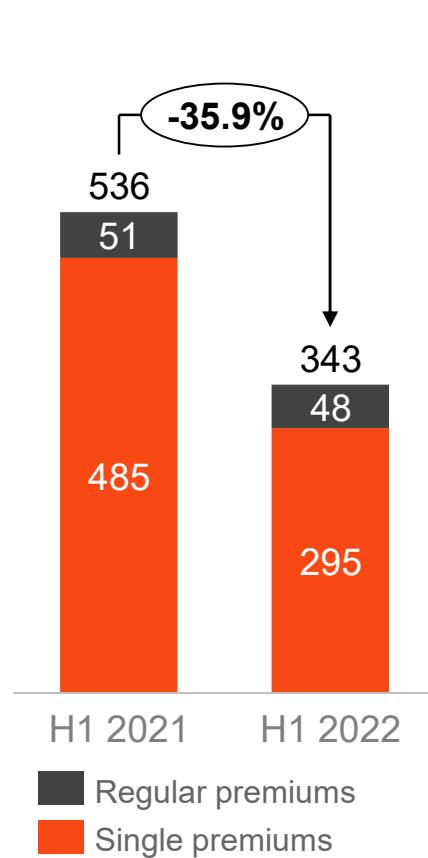
- Continuation of sustainable growth path leads to above-average development compared to the market and to a renewed expansion of market share.
- Continued significant increase in segment result compared to the previous year.
- New home loan and savings business increased significantly despite challenging framework conditions.

Life & Health insurance segment

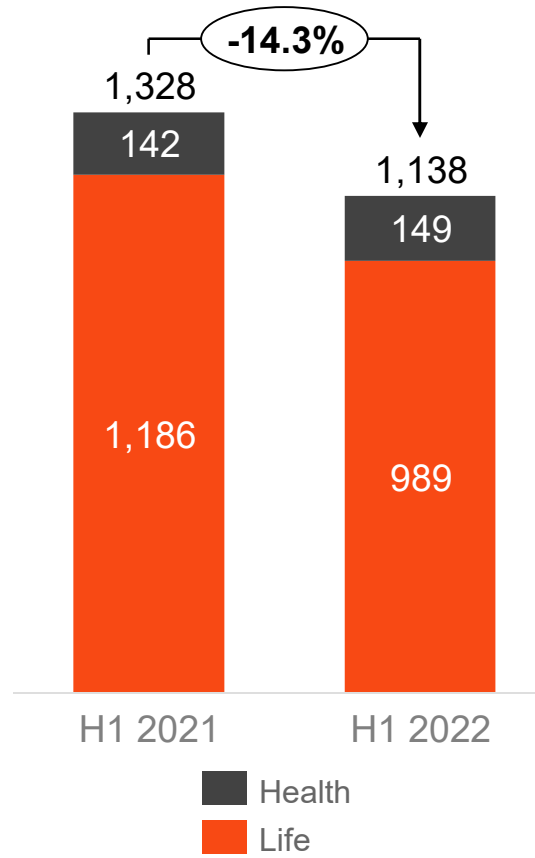
Segment net income
in EUR millions



New business premiums
in EUR millions



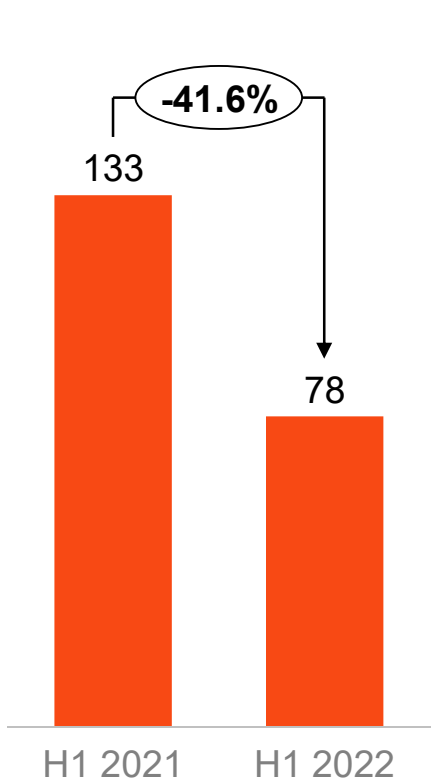
Gross premiums written
in EUR millions



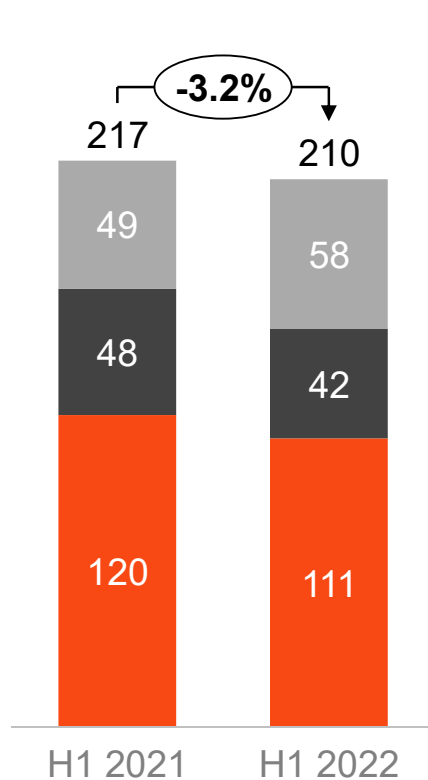
- Depressed segment result due to negative valuation effects from investments.
- Decrease in total premiums in life insurance, mainly due to the targeted reduction in single premiums.
- Gross premiums written also declining, mainly due to lower single premiums.

Property/Casualty insurance segment

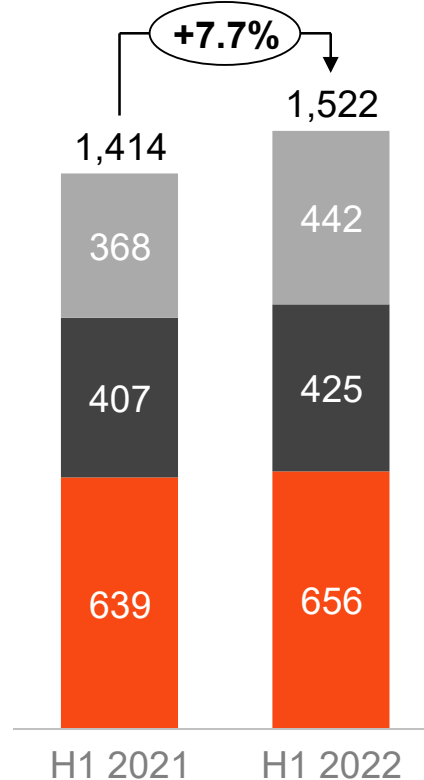
Segment net income
in EUR millions



New business
in EUR millions



Gross premiums written
in EUR millions



Corporate
 Retail
 Motor

- Segment result still below previous year's level due to negative valuation result due to rise in interest rates and price declines on stock market. Underwriting result remains very positive (CR gross: 85.5%).
- New business down slightly compared to the very strong previous year. Strong growth (+18%) was achieved in the corporate customers segment.
- Gross premiums written show continuation of solid and profitable growth in all business segments.

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Outlook full year 2022

The first half of 2022 continued to be characterized by high levels of uncertainty in connection with the war in Ukraine, significantly rising inflation and interest rates and increased fluctuations on financial markets.

The Executive Board is maintaining its target of consolidated net profit of around EUR 250 million for 2022 as a whole. This assumes a capital market level at the end of the year similar to that at the end of the first half of the year. We also assume that there will not be any additional turbulence on capital and financial markets or an economic downturn. Nonetheless, this outlook is subject to higher uncertainty than at the beginning of the financial year.

We expect net income in the Life & Health Insurance and Property/Casualty Insurance segments to be in line with guidance on the whole, with net income for the year as a whole in the Life & Health Insurance segment likely lower than the half-year result. We expect net income in the Property/Casualty Insurance segment to be up on the previous year in 2022. Previous negative capital market effects may be largely offset by expected opposing effects on income, for example for capital investments and in underwriting, by the end of the year.

Furthermore we expect that the housing segment will make a significant contribution to the W&W Group's success with strong business and earnings development.

Be sure to keep in touch with us

11 Nov 2022

Quarterly Statement 30 September

28 - 30
Nov 2022

Eigenkapitalforum in Frankfurt/Main

31 March 2023

Annual Financial Report W&W Group

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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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