

Wüstenrot & Württembergische AG

Quarterly Statement Q1 2024

W&W Group

17 May 2024



Agenda

W&W – Overview & Strategy

Group and Segment Developments Q1 2024

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
Bausparen¹⁾



Segment Insurance

- Service insurer in the Life and Health as well as Property/Casualty lines.
- Adam Riese: Direct and broker brand for private customers

Adam Riese



12
Lebens-
versicherung²⁾

10
Schaden- &
Unfallversicherung²⁾



Service and Central Functions

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



6.4 Mio. customers, 6.6 ths. 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. 2024.

Excellent client base with growth potential

~6.4m
Customers



On average three contracts per customer



High client retention (low churn rate)



Solvent customer base



Increasing digital affinity

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 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 verdi

55 Mn.
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 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

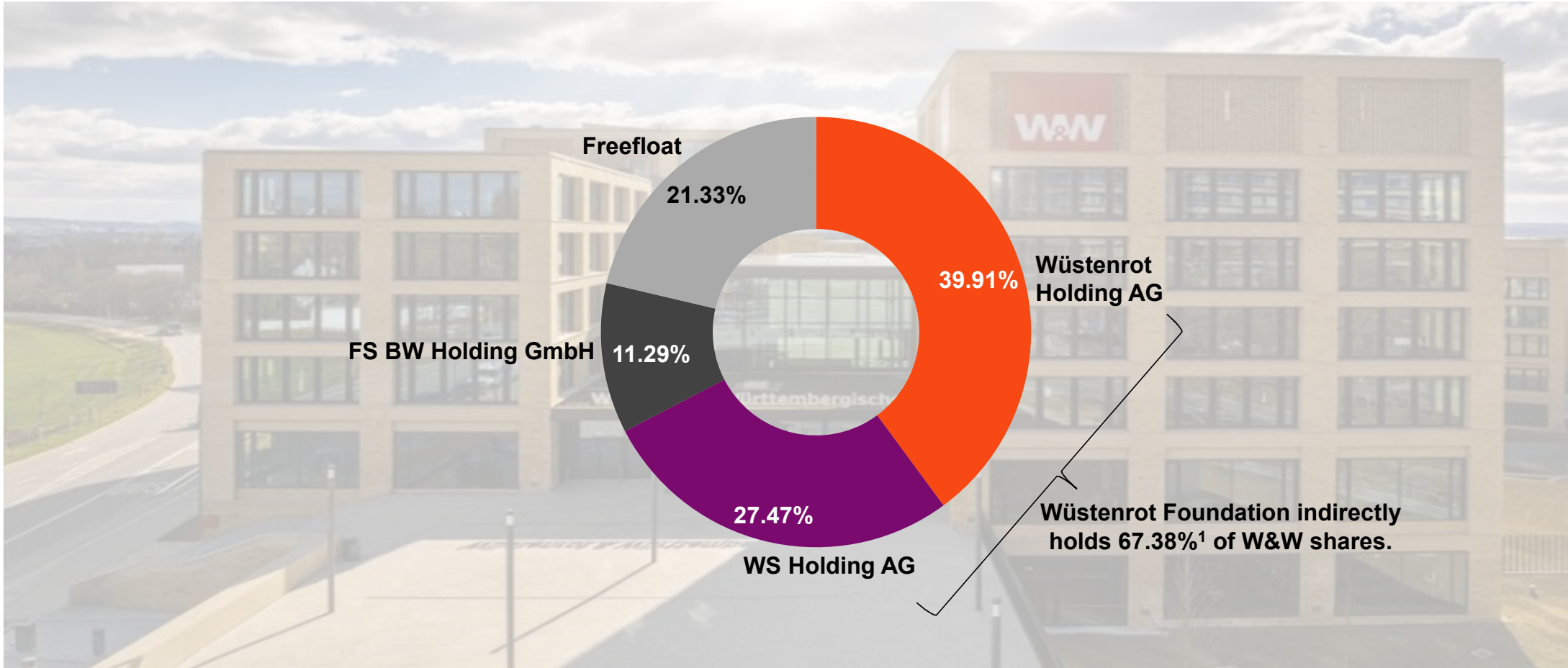
Promote diversity

Signatory of: 13 May 2020



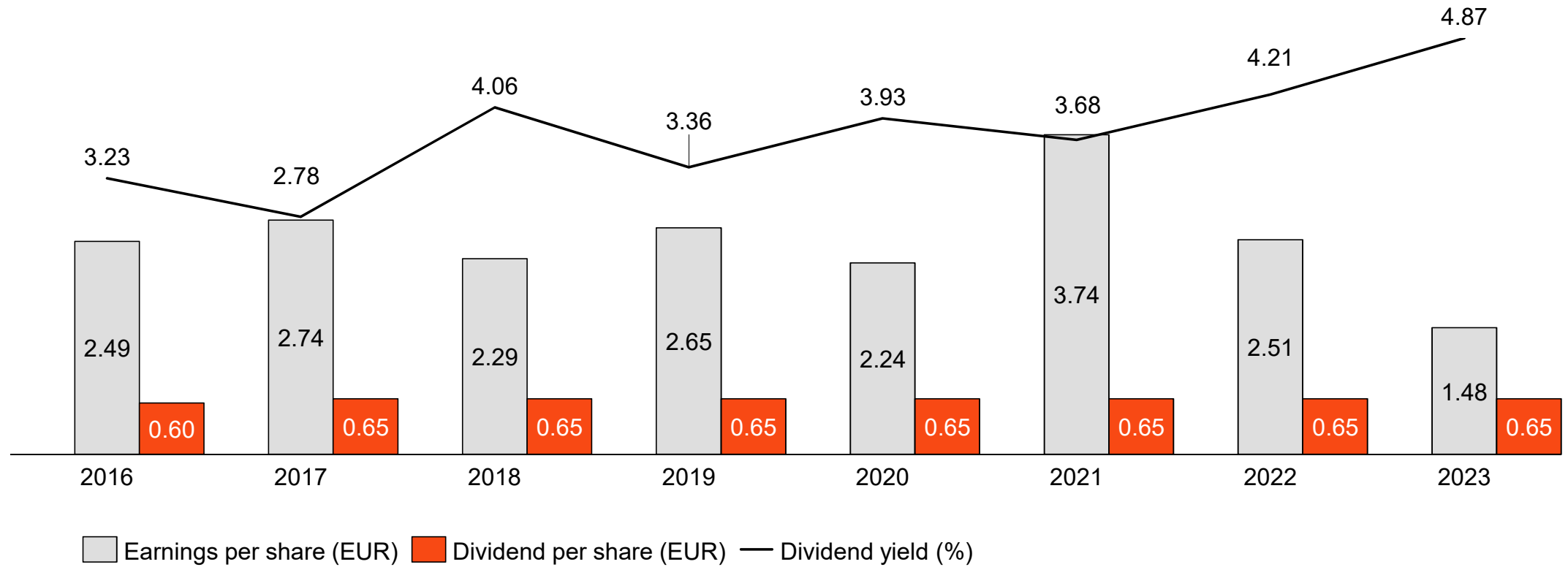
W&W Group is implementing these goals as part of a new sustainability strategy

W&W Group structure






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

W&W has a constant dividend level



Current analyst recommendations at a glance

Analyst	Date	Recommendation	Comment
Metzler	23/11/01	Buy Price target: 22.00 EUR 	„Ironically, the profit warning might result in more generous dividends.“
Montega	15/04/07	Buy Price target: 23.00 EUR 	„Although W&W only achieved a marginal profit in the most important segment in terms of earnings, EPS amounted to EUR 1.48 and would have left scope for a higher dividend (payout ratio 44%). As the business model remains intact in our view and inflation-driven premium increases can be implemented in the market, we believe a return to normalized profit levels by 2025 is visible. “
LBBW	27/03/24	Hold Price target: 15.00 EUR 	„The risk profile of the W&W Group is basically conservative. This is due to the good diversification of the business segments, the low-risk investment strategy and the relatively stable environment in the domestic market. In the years 2011 to 2022, property & casualty insurance was the growth driver and main earnings contributor. The W&W share is valued very favorably according to our sum-of-the-parts model. However, it has a low free float and a relatively low dividend yield, which weighs noticeably on the share.“

Agenda

W&W – Overview & Strategy

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Outlook

Appendix

Overview Q1 2024

Despite the ongoing challenging economic conditions, the W&W Group is well on track to achieve its earnings target for the 2024 financial year with consolidated net income after taxes of EUR 51.1 million (previous year: EUR 64.1 million).

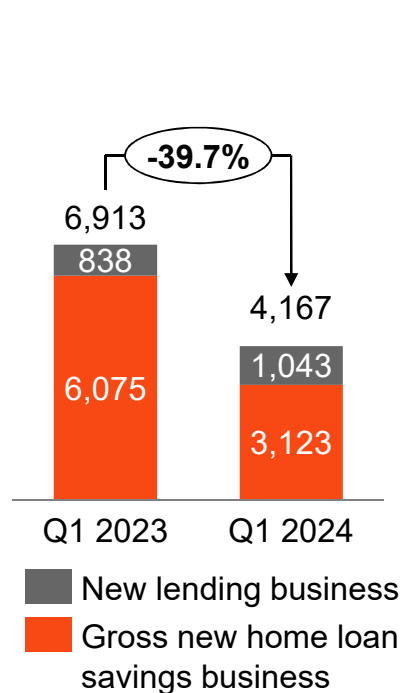
Compared to the previous year, the continuing challenging claims situation in the Property/Casualty segment had a negative impact. In the Life and Health segment, on the other hand, the higher contractual service margin over the course of 2023 led to an increase in earnings.

New business shows a varied picture compared to the previous year. In the Housing segment, the record level of the previous year was not achieved. In Life and Health segment, current new premiums rose slightly. Health insurance contributed to this growth. Single premiums declined. In Property/Casualty segment, the growth trend of recent years continued.

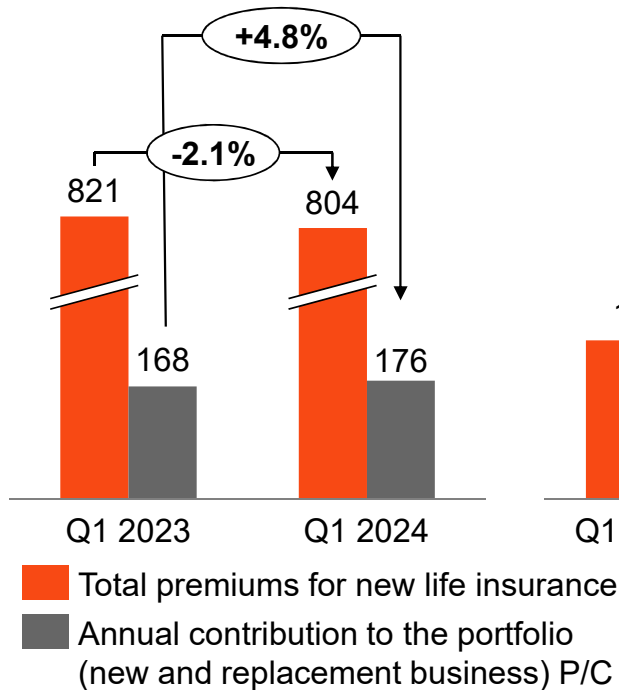
With “W&W Besser!”, strategic projects were continued in 2023 and further implementation successes were achieved in both the Housing segment and the Insurance segment.

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

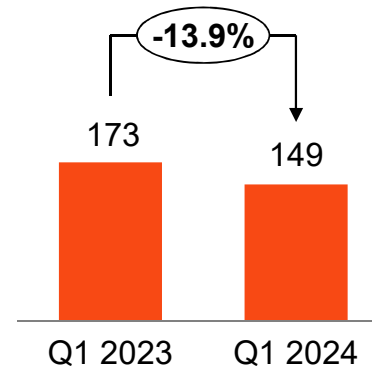
New business volume^{1,2}
Housing
 in EUR millions



New business²
 in EUR millions



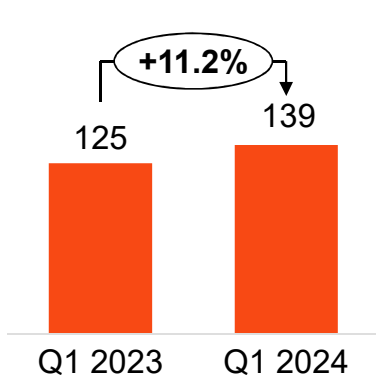
New customers²
 in thousands



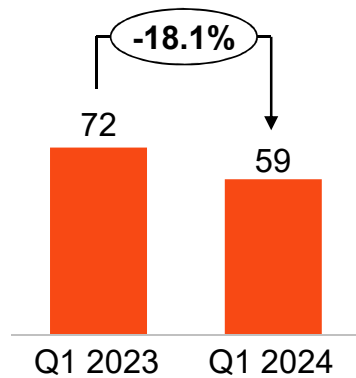
- As expected, the new business volume Housing remained below the very strong figure from the previous quarter, while the volume of new lending business increased despite the continuing difficult economic conditions
- The reason for the decline in total premium for new life insurance is the weaker result of single-premium insurance. Regular premiums remained at the previous year's level
- New customers below previous year: deliberate decline in new customers for mopeds/e-scooters at Adam Riese due to management decision

Decline in consolidated net profit, but still in line with full-year target

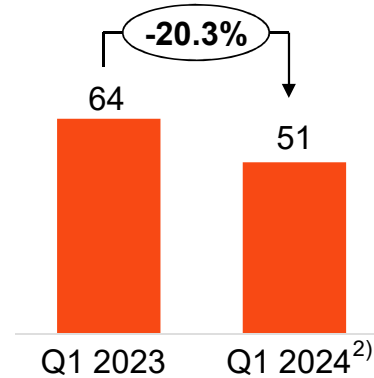
Financial income¹
in EUR millions



Technical result (net)¹
in EUR millions



Net profit¹
in EUR millions



- The main reasons for the increase in the financial result were a better valuation result and higher net interest income
- The technical result (net) decreased. While the underwriting result fell in Property/Casualty segment, it increased in Life and Health segment
- Decline in consolidated net income, but well on track to achieve the earnings target for FY 2024

IFRS consolidated income statement¹

in EUR millions	Q1 2024	Q1 2023	Delta
Net financial income 1	139	125	13
<i>Current net income</i>	335	285	50
<i>Net expense from risk provision</i>	-7	-8	1
<i>Net measurement gain/loss</i>	381	89	292
<i>Net income from disposals</i>	-24	44	-68
<i>Insurance finance result</i> 2	-547	-284	-263
Technical result (net) 3	59	72	-13
<i>Property/Casualty Insurance segment</i>	30	48	-18
<i>Life and Health insurance segment</i>	29	24	5
Net commission expense	-5	-11	6
General administrative expenses (net)	-143	-155	12
<i>General administrative expenses (gross)</i> 4	-299	-311	12
<i>General administrative expenses attributable to the technical result</i>	156	156	0
Net other operating income/expense 5	20	53	-33
Consolidated net income before income taxes	70	84	-14
Income taxes	-19	-20	1
IFRS consolidated net profit	51	64	-13

- 1 Higher current net income due to higher interest rates and more dividend distributions. More positive stock market performance in the financial year led to higher valuation gains on securities. Lower net income from disposals due to lower realisations.
- 2 Participation of the policyholder in the financial result and compounding of the claims provision.
- 3 Composite underwriting result below previous year, partly due to inflation-related additional reserving and lower RV result. Life and Health segment above previous year: higher VSM income due to higher interest rates.
- 4 Operating expenses down, in particular due to lower consulting and advertising expenses as well as lower contributions to the bank levy. Personnel expenses at the previous year's level, contrary to the inflation trend.
- 5 Collection of immovable accounts by BSW included in previous year's figure.

Note: 1) Numbers rounded commercially.

Consolidated balance sheet¹

in EUR millions	Q1 2023	Q1 2022	Delta
Financial assets at fair value <u>through profit or loss</u>	10,997	10,630	367
Financial assets at fair value <u>through other comprehensive income</u>	23,503	23,687	-184
Financial assets at amortised cost	28,892	28,461	431
Investment property	2,621	2,569	52
Assets from insurance business	325	357	-32
Insurance contracts issued that are assets	40	37	3
Reinsurance contracts held that are assets	285	320	-35
Other assets	2,974	2,977	-3
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Liabilities	28,694	28,576	118
<i>thereof deposits</i>	25,824	25,698	126
Technical provisions	32,357	31,900	457
Property/Casualty Insurance segment	2,643	2,295	348
Life and Health Insurance segment	29,731	29,605	126
Other provisions	1,801	1,871	-70
Other liabilities	1,439	1,372	67
Equity	5,021	4,961	60
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Total equity and liabilities	69,312	68,681	631

1 Increase in market values, particularly for alternative investments

2 Increase in building loan portfolio, particularly from bridging loans. New commitments still exceed repayments

3 Property/Casualty: Increase compared to the previous year, in particular due to portfolio growth.
Life and Health: Higher provision due to increased fair values of the underlying investments to cover insurance obligations

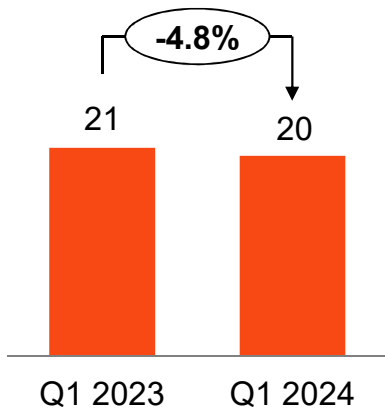
4 Increase in equity. Consolidated net profit Q1 2024 (EUR +51 million) and higher OCI (EUR +9 million)

Segment overview

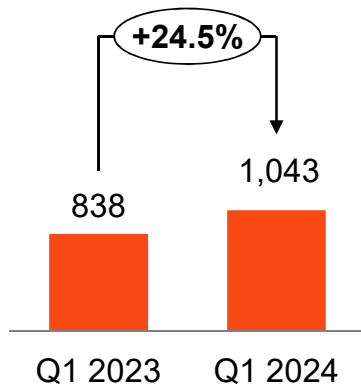
Reported segments ¹ (in EUR millions)	IFRS 17 Q1 2024	IFRS 17 Q1 2023	Delta
Housing segment	20.1	20.9	-0.8
Life and Health Insurance segment	14.7	12.4	2.3
Property/Casualty Insurance segment	10.5	23.9	-13.4
All other segments/consolidation	5.8	6.9	-1.1
Consolidated net income	51.1	64.1	-13.0
<i>Net income before taxes</i>	<i>70.0</i>	<i>84.2</i>	<i>-14.2</i>
<i>Taxes</i>	<i>-18.9</i>	<i>-20.2</i>	<i>1.3</i>

Segment Housing

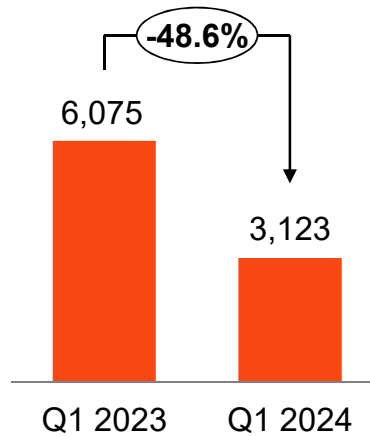
Segment net income²
in EUR millions



New lending business^{1,2}
in EUR millions



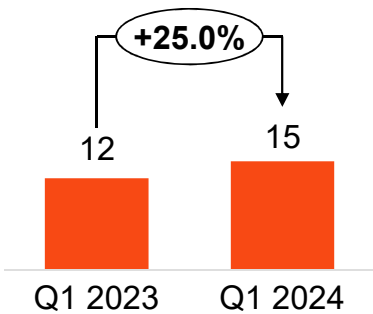
New home loan savings
business (gross)²
in EUR millions



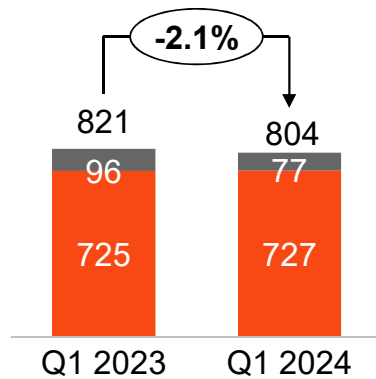
- The segment result after taxes was almost at the previous year's level
- The volume of new lending business was increased despite the continuing difficult economic conditions
- Gross new home loan savings business was below the record result of the previous quarter

Segment Life and Health insurance (1/2)

Segment net income¹
in EUR millions

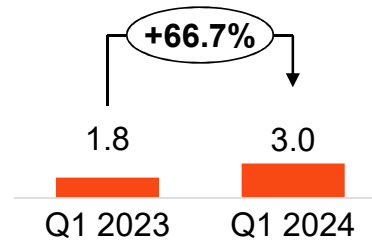


New business premiums¹
in EUR millions



■ Single premiums
■ Regular premiums

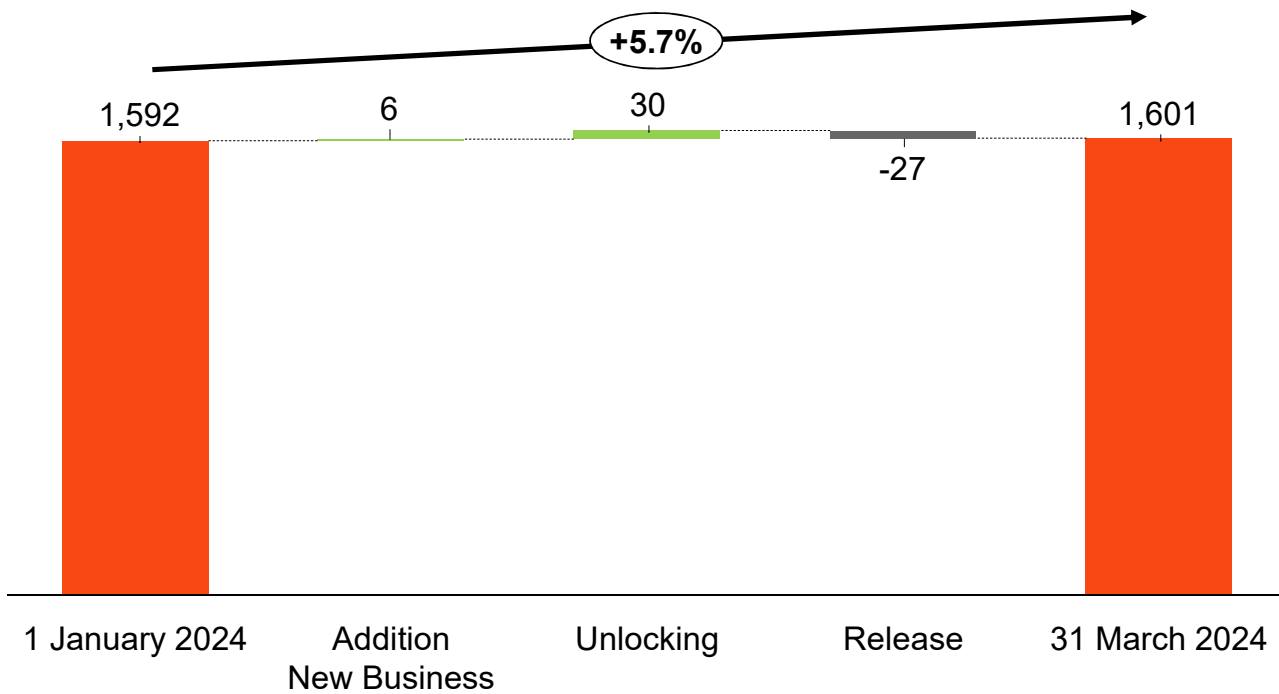
Annual new Health insurance premiums¹
in EUR millions



- The segment result after taxes increased significantly
- The new business premiums was roughly on a par with the previous year. The decline in single-premium policies was almost offset by a slight increase in regular premiums
- New business grew in particular in company health insurance

Segment Life and Health insurance (2/2)

Contractual Service Margin (CSM) Q1 2024, net^{1,2}
in EUR millions



- New business: + EUR 6 million

Newly concluded insurance contracts increase the VSM

- Unlocking: + EUR 30 million

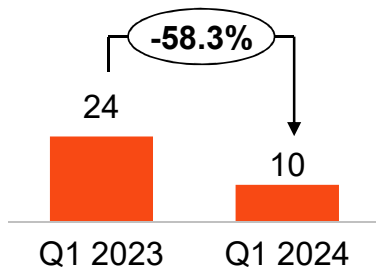
As the interest rate environment has hardly changed, the unlocking (revaluation of the VSM) is very low

- Release: - EUR 24 million

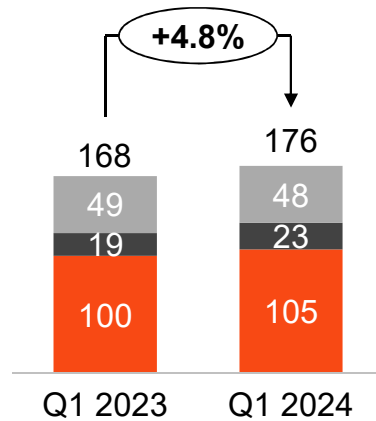
The VSM release represents the collection in the income statement

Segment Property/Casualty insurance

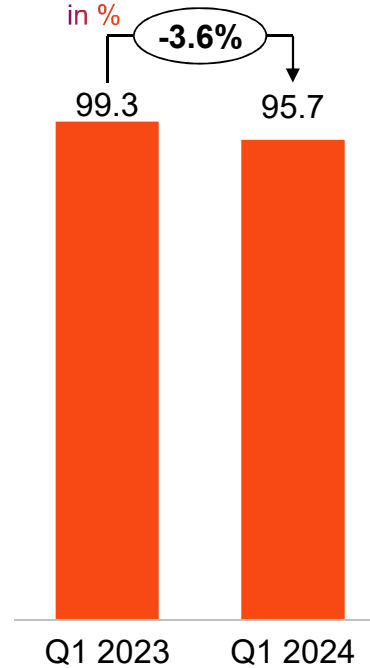
Segment net income²
in EUR millions



Gross premiums written²
in EUR millions



Combined Ratio^{1,2} (net)
in %



Corporate clients
 Private clients
 Automotive

IFRS 17

- Segment result significantly below previous year, in particular due to lower underwriting result
- Both pure new business and replacement business increased compared to the same quarter of the previous year. The automotive and private clients segments grew significantly. The corporate clients segment was slightly below the previous year's level and above plan
- Following the challenging financial year 2023, the combined ratio (net) in accordance with IFRS 17 improved in the first quarter of 2024

Agenda

W&W – Overview & Strategy

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Outlook

Appendix

Forecast for the 2024 financial year

The first quarter was characterised by the renewed rise in inflation, continued high interest rates and geopolitical tensions, as well as generally gloomy conditions.

Looking at the year as a whole, we still expect to achieve our forecast of a consolidated net profit above the previous year and below our previous medium to long-term target corridor of EUR 220 million to EUR 250 million.

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

Agenda

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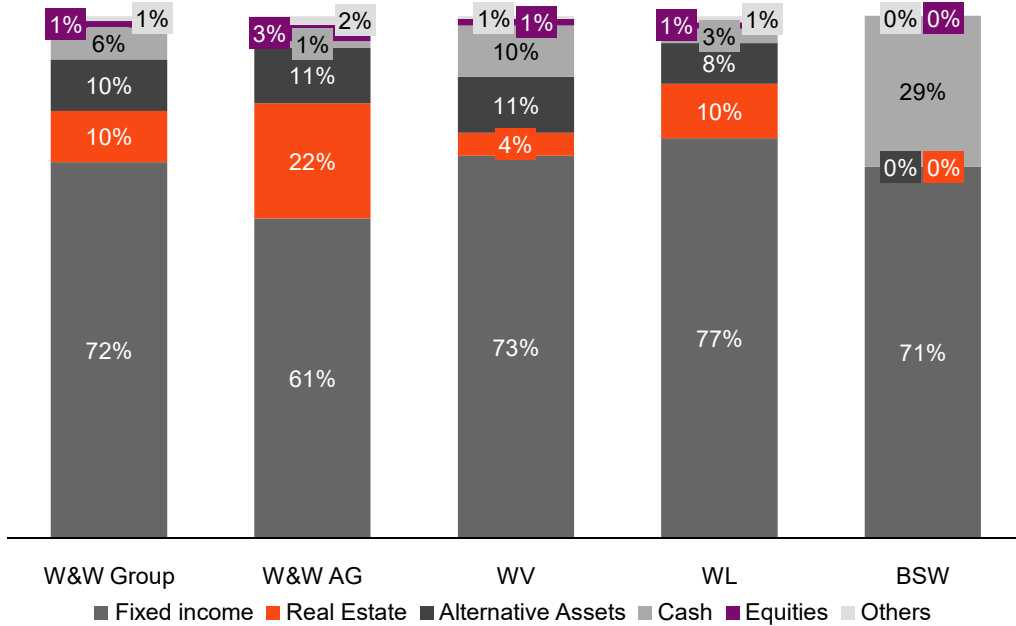
Group and Segment Development Q1 2024

Outlook

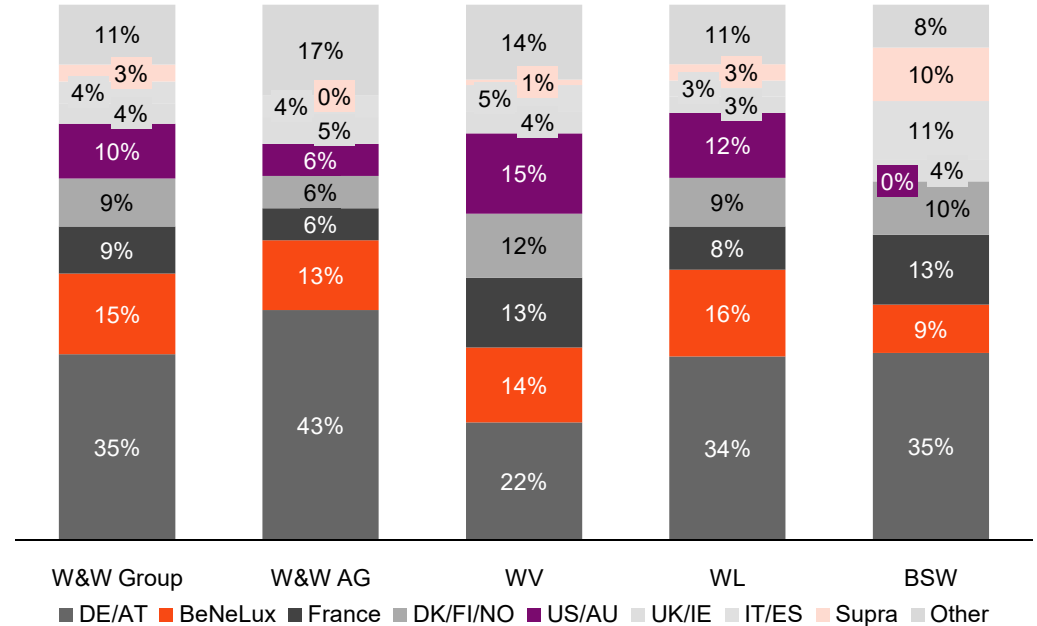
Appendix

Investment of the W&W Group and the individual companies as of 31 Mar 2024

Investment by asset class

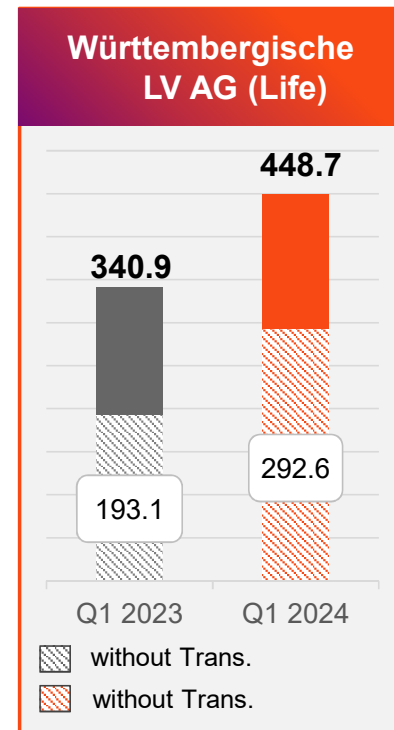
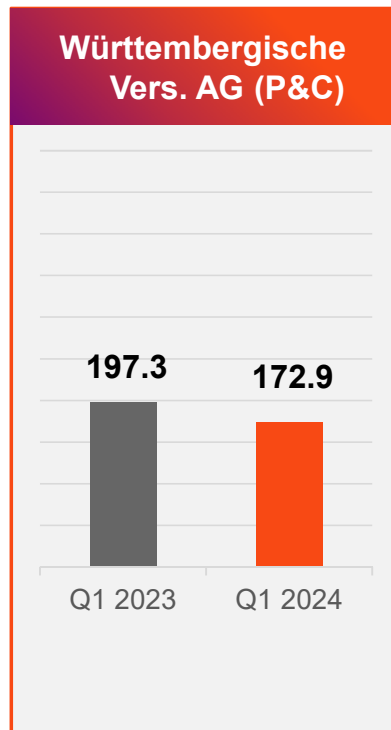
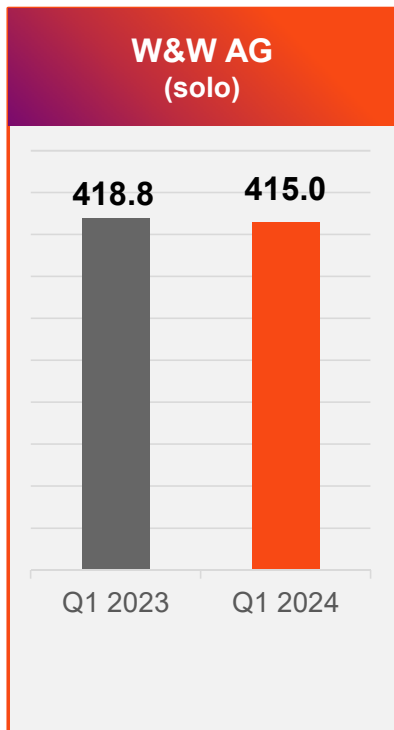
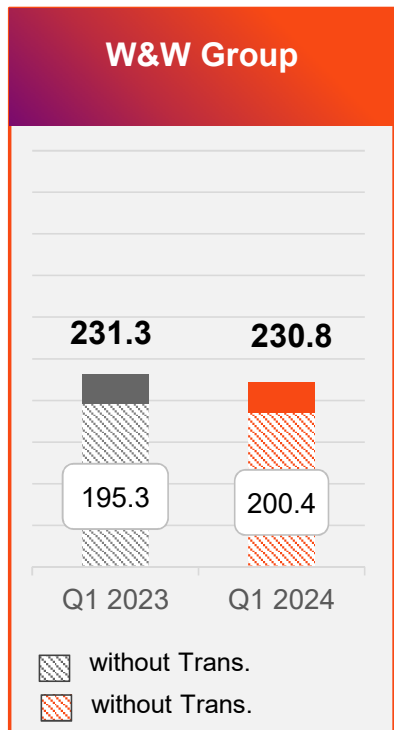


Investment by geography

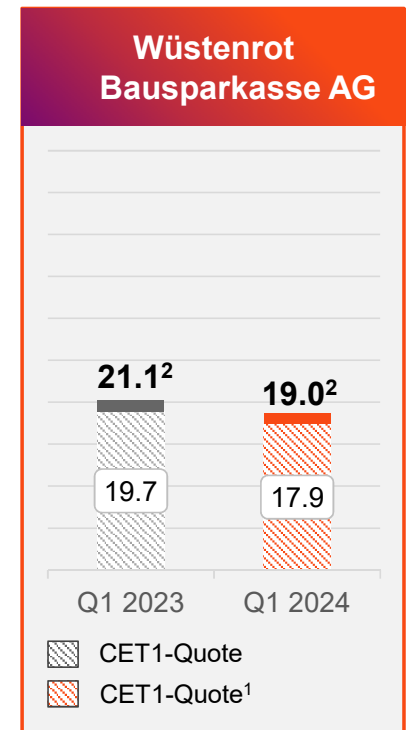


Overview regulatory capital of group key entities

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 contact

Be sure to keep in touch with us

30 Aug 2024

Interim report as of 30/6/2024

15 Nov 2024

Quarterly statement as of 30/9/2024

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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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