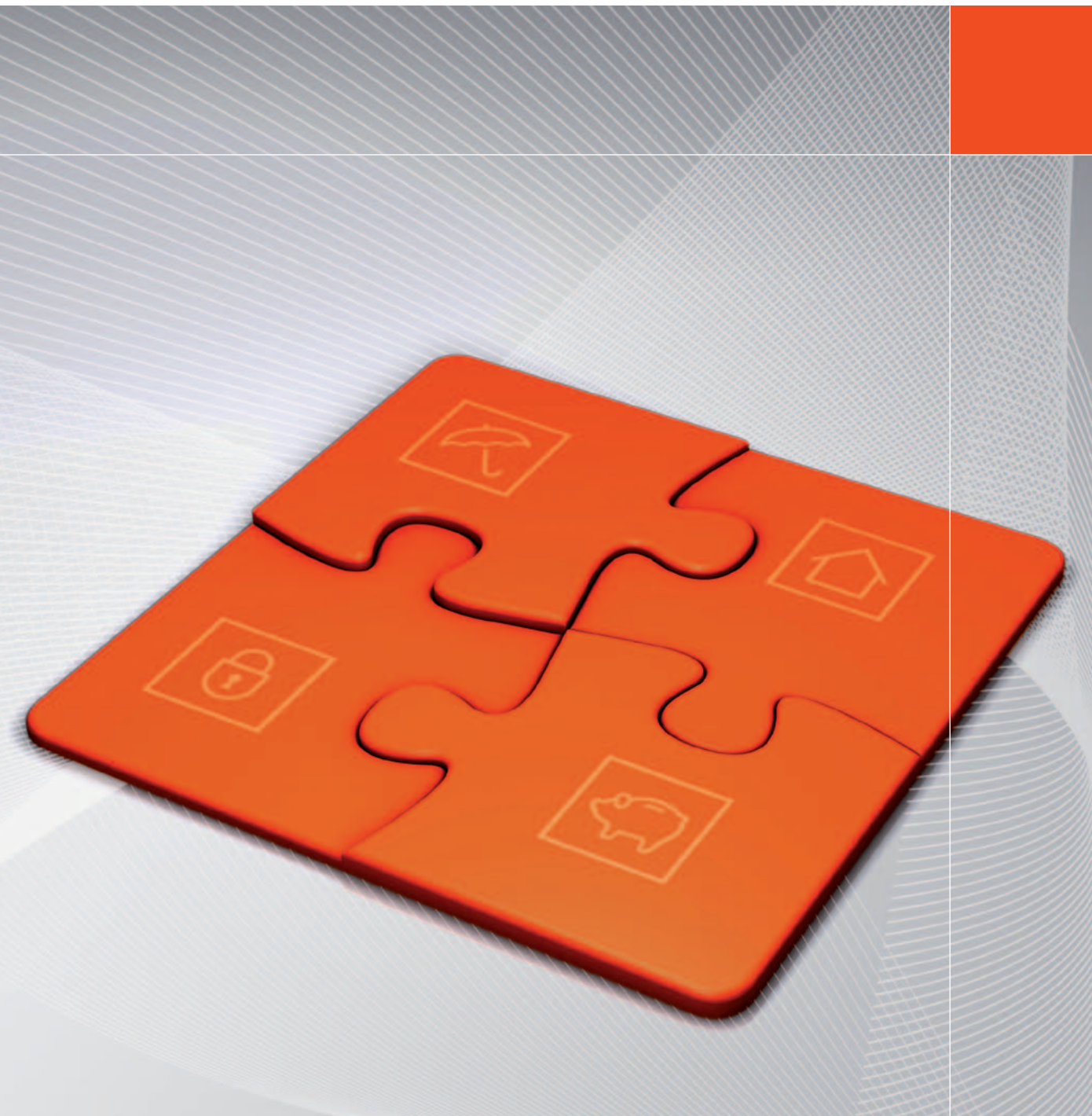


Half-yearly financial report as at 30 June 2010

Wüstenrot & Württembergische AG



KEY FIGURES OF W&W GROUP

W&W GROUP (ACCORDING TO IFRS)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION		30 Jun 2010	31 Dec 2009
Available-for-sale financial assets	€ bn	17.8	16.9
Loans and advances to banks	€ bn	15.1	15.1
Loans and advances to customers	€ bn	31.2	30.6
Liabilities to customers	€ bn	24.1	23.8
Technical provisions	€ bn	29.8	29.1
Equity	€ bn	2.8	2.6
Net asset value per share	€	28.93	28.01
Total assets	€ bn	71.8	69.5
CONSOLIDATED INCOME STATEMENT		1 Jan to 30 Jun 2010	1 Jan to 30 Jun 2009
Net financial result (after allowance for credit losses)	€ mn	869.9	661.8
Premiums/contributions earned (net)	€ mn	1 895.0	1 821.5
Insurance benefits (net)	€ mn	1 939.5	1 684.7
Earnings before income taxes from continued operations	€ mn	156.2	188.2
Consolidated net income	€ mn	100.9	134.7
Earnings per share	€	1.02	1.48
OTHER DISCLOSURES		1 Jan to 30 Jun 2010	1 Jan to 30 Jun 2009
Employees ¹		8 250	8 267
Employees ²		9 810	9 819
Assets under management	€ bn	28.1	25.0
Sales of own and third-party investment funds	€ mn	162.7	88.8
New home loans business	€ mn	2 639.3	2 393.2
SEGMENT OVERVIEW		1 Jan to 30 Jun 2010	1 Jan to 30 Jun 2009
Home Loan and Savings Bank			
New home loan savings business (paid in)	€ mn	4 248.8	3 595.3
New home loan savings business (gross)	€ mn	5 822.5	4 601.1
Property/Casualty Insurance			
New premiums/contributions (measures in terms of annual contributions to the portfolio)	€ mn	118.6	112.3
Gross premium/contribution income	€ mn	833.3	820.3
Life and Health Insurance			
Annual Premium Equivalent (APE)	€ mn	110.0	94.2
Gross premium/contribution income	€ mn	1 282.0	1 142.3

¹ Full-time equivalent head-count as at 30 June 2010 (previous year's figure as at 31 Dec 2009).

² Number of employment contracts as at 30 June 2010 (previous year's figure as at 31 Dec 2009).

KEY FIGURES OF W&W AG

W&W AG (ACCORDING TO THE GERMAN COMMERCIAL CODE)

		1 Jan to 30 Jun 2010	1 Jan to 30 Jun 2009
Net profit for the period	€ mn	121.6	103.9
Share price as at 30 June	€	19.50	15.19
Market capitalisation as at 30 June	€ mn	1 793.9	1 310.0

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INTERIM GROUP MANAGEMENT REPORT

Economic situation

DEVELOPMENTS IN THE ECONOMY AS A WHOLE

The German economy made a somewhat reserved start to 2010. There were, however, signs of a tangible improvement during the second quarter, with an increase in order levels and production output. Growing demand for exports, meanwhile, was a further source of positive momentum. The industrial sector recorded growth, helping to support the labour market. Consumption levels, in contrast, remained subdued, hampered by only a small rise in wage levels and the uncertainty surrounding the future economic and financial situation.

CAPITAL MARKETS

Interest rates continue to fall

Interest rates fell further on the German bond market during the first half of 2010. The yield on ten-year government bonds had fallen from 3.4% at the end of 2009 to a record low of just 2.6% by the end of June 2010. Over the same period the interest return on two-year Bunds dropped from 1.3% to 0.6%. Whilst the economic figures for the second quarter were more gratifying than those recorded at the start of the year, the risk of a renewed weakening in the economy has yet to be eliminated. Against this background, the European Central Bank stressed on several occasions that it would be letting key rates remain at their historically low level for some time to come. Ultimately, the financial problems facing the peripheral eurozone countries, such as Greece for example, meant that investors were increasingly seeking out low-risk federal bonds.

Equity markets under strong pressure

The debt crisis further intensified during the first half of 2010, particularly in the southern European countries of the eurozone, placing a burden on the equity markets as a result. Many investors shied away from risk and parted company with the financial stocks affected. Even the improvement in the economic statistics evident since the spring, and promising company reports on their progress made during 2010 to date, were not enough to brighten the mood on the stock markets. The Euro Stoxx 50 shed 13.2% between January and June 2010, to end on 2,573 points.

W&W share on the upwards trend

In contrast the Wüstenrot & Württembergische AG share put in a much more gratifying performance during the first six months of the year, rising from € 16.75 to € 19.50, a price increase of 16.4%. This upward trend reflects the stock market's recognition of W&W AG's good performance in 2009, and its successful start to the current financial year.

SECTOR PERFORMANCE

Home loan savings and home loans

Home loan savings and home finance experienced different developments at the start of the year. According to figures from the German Association of Private Building Societies, gross new business in the home loan and savings sector, measured in terms of volume, rose by 14.4% during the first half of 2010, to reach approximately € 52 billion (€ 45.5 billion). Meanwhile, over the same period, and based on German Bundesbank figures, home finance business declined by 16.0% to total € 84.5 billion (€ 100.6 billion).

The ongoing trend towards secure and predictable forms of investment, the continued level of demand for modernisation work (particularly in relation to energy-saving measures) and the new Riester products have all had a very positive impact on the home loan and savings sector. Overall, a good level of new business is expected for 2010 as a whole, although it will not be possible to maintain the levels of growth recorded during the first six months. Gross new business is expected to reach or even exceed € 100 billion. The number of building projects being completed, and the number of successful planning applications, is expected to rise slightly whilst remaining at a low level by long-term comparison. The fact that interest rates remain low is expected to be a positive factor with regard to house-building.

The low level of home finance business recorded across the industry as a whole during the first half of 2010 can be attributed to the fact that many finance providers acted before the end of last year to take advantage of low interest rates for mortgage loan products for residential projects.

Insurance business

Overall, new life insurance business measured in terms of new premiums rose by 53.4% during the first half of 2010 to reach € 16.8 billion (€ 11.0 billion). The Annual Premium Equivalent or APE (new regular premiums plus one tenth of one-off premiums) improved by 17.8% to € 3.9 billion (€ 3.3 billion). Gross premiums written grew by 14.9% to € 43.7 billion (€ 38.1 billion). The way in which new business recorded by life insurance undertakings and pension funds generally has developed shows far-reaching structural changes. One-off contributions are becoming increasingly common, whilst a slight decline in sales of policies with regular premium payments has been recorded. The General Association of the German Insurance Industry (GDV) also expects this trend to continue throughout the current financial year.

There are as yet no actual figures available for the property/casualty insurance sector for the first half of the year. The GDV expects to see gross premium income rise by around 0.5% compared with the previous year's figure of € 54.6 billion, although the emerging trend for the year as a whole is a downward one. At the same time, it is anticipated that claim expenses for the year as a whole will rise by 1.9% compared with last year's figure of € 42.4 billion. With regard to motor vehicle third-party liability insurance, premium income is now expected to fall for the sixth year in succession. This is another area in which a clear rise in claim expenses is anticipated.

The current situation in terms of healthcare is dominated by upheaval, as both the users and providers of health services are being granted greater freedom and flexibility. Overall, competition should play a greater role in future. The aim is for the dual existence of private and statutory health insurance to be strengthened. However, the realisation of this plan has yet to evolve beyond statements of intent from the Federal Government. The number of Germans with private full-cost insurance rose by some 40,000 people during the first five months of the financial year to 8.8 million insured persons. As a result of new business and on the basis of premium adjustments, premium income increased by 5% compared with the same period of the previous year, to reach € 13.8 billion. Spending on insurance benefits totalled € 8.8 billion.

Business development

The W&W Group recorded consolidated net income of € 100.9 million (€ 134.7 million) during the first half of 2010. This meant that the target of € 70 million for the first six months was significantly exceeded. The planning target takes account of the integration costs associated with the acquisition in 2009 of Vereinsbank Victoria Bauspar AG (VVB), and investment in the modernisation programme "W&W 2012", and is thus lower than the target set for 2009. The "W&W 2012" programme aims to ensure that, as of 2012, the Group is in a position to generate a consolidated net income of € 250 million per year on a sustained basis.

The first half of 2010 saw the W&W Group continue along its growth path, growing organically and as a result of a further acquisition. Following the successful takeover of VVB, W&W entered into an agreement with Commerzbank AG during the reporting period concerning the acquisition of Allianz Dresdner Bauspar AG. The transaction was concluded on 7 July, with the result that the figures for this newly added company will be included in the consolidated financial statements from the third quarter onwards. In conjunction with the acquisition, Wüstenrot is entering into a long-term cooperation agreement with Commerzbank AG, the Allianz Group and Oldenburgische Landesbank AG in the area of home loan and savings, and will be these companies' exclusive product partner.

TOTAL COMPREHENSIVE INCOME

Consolidated income statement

W&W's net income as reported in the consolidated income statement, totalling € 100.9 million (€ 134.7 million), can be broken down as follows:

Net financial result

The W&W Group's net financial result improved by € 208.1 million as at 30 June 2010, reaching € 869.9 million (€ 661.8 million). The following effects should be taken into account in this regard:

Net income from available-for-sale financial assets rose by a considerable € 401.3 million to € 477.6 million (€ 76.3 million). Lower impairments in relation to securities and

an improved result from disposals were the main contributory factors.

Net income from financial assets and liabilities at fair value through profit or loss totalled –€ 129.3 million (€ 90.3 million). This fall can be primarily attributed to derivatives used for economic hedges in the life and health insurance segment.

Net income from receivables, liabilities and subordinated capital remained practically unchanged compared with the same period of 2009, at € 546.6 million compared with € 548.9 million. Lower impairments meant that the net expense for allowances for credit losses fell by € 26.8 million to € 24.2 million (€ 51.0 million).

Premiums and contributions earned

Premiums and contributions earned as at 30 June 2010 had grown by € 73.5 million to € 1,895.0 million (€ 1,821.5 million). This increase was mainly due to a rise in new life and health insurance business.

Insurance benefits

Insurance benefits rose to € 1,939.5 million (€ 1,684.7 million). In the property/casualty insurance segment, a higher level of claims had a noticeable impact. In life and health insurance, in contrast, higher allocations were made to the technical provisions on the basis of the expansion in new business during the first six months and the significantly improved net financial result.

General administrative expenses

General administrative expenses totalled € 517.6 million (€ 479.4 million). The W&W Group incurred higher administrative costs than in the previous year, in connection with the acquisition of Vereinsbank Victoria Bauspar AG. Investments made in the “W&W 2012” modernisation programme also had an impact.

Condensed consolidated statement of comprehensive income

Not yet realised income recognised directly in equity rose by € 130.5 million to € 77.8 million (–€ 52.7 million). The main reasons for this increase were the significant rise in the revaluation reserve for cash flow hedges and the re-

valuation reserve for investments accounted for using the equity method. Actuarial losses from pension provisions had the opposite effect, due to the lower discounting rate.

Total comprehensive income, comprising consolidated net income plus income recognised directly in equity, totalled € 178.7 million as at 30 June 2010 (€ 82.1 million).

EQUITY

As at 30 June 2010, the equity of the W&W Group was € 2,763.3 million, compared with € 2,647.3 million as at 31 December 2009. This development can be attributed to the total comprehensive income of € 178.7 million minus the dividend distribution totalling € 58.9 million. Other effects reduced equity by € 3.8 million.

Income situation of the individual segments

A table showing a breakdown of the segments and further information on the composition of the segments can be found in the Notes.

HOME LOAN AND SAVINGS BANK

Whilst new business rose in terms of both home loan and savings and lending, the segment's net income developed less impressively during the first half of 2010 due to a lower net financial result and higher general administrative expenses. The net profit recorded by the segment was € 34.4 million compared with € 83.4 million during the first half of 2009.

New business

Gross new business, measured in terms of the volume of contracts, grew by 26.6%, up from € 4.6 billion to € 5.8 billion. It should be noted, however, that Vereinsbank Victoria Bauspar AG is not included in the previous year's figure.

New lending business was up 10.9% to reach € 1,748,9 million (€ 1,577.5 million). Loan extensions accounted for € 185.0 million (€ 363.2 million), with newly concluded lending business rising to € 1,563.9 million (€ 1,214.3 million).

Across the segments, new home loan financing business in the entire W&W Group totalled € 2,639.3 million (€ 2,393.2 million). The Czech building society and mortgage bank, whose business activities are reported under

“All other segments” contributed € 213.0 million (€ 182.8 million). The total figure also includes mortgage loans granted by Württembergische Lebensversicherung AG in the amount of € 182.9 million (€ 162.1 million) and disbursements from home loan and savings contracts in the amount of € 494.5 million (€ 470.8 million).

Income situation in the segment

The net financial result recorded by the Home Loan and Savings Bank segment as at 30 June 2010 was € 224.7 million (€ 248.2 million) and is primarily composed of the following effects.

Net income from available-for-sale financial assets fell slightly, at € 95.0 million (€ 98.0 million). This was partly due to a fall in income from variable-rate securities. Additionally, new investments earned a lower return due to low interest rate levels. Lower interest income contrasted with a rise in income from disposals, with lower interest rates having a positive impact on the market values of fixed-income bonds held in the investment portfolio.

Net income from financial assets and liabilities at fair value through profit or loss increased slightly to € 25.9 million (€ 19.0 million), primarily as a result of higher measurement gains from derivative financial instruments. The hedge result totalled € 4.6 million (– € 3.8 million).

Net income from receivables, liabilities and subordinated capital fell from € 149.5 million to € 115.2 million. Lower refinancing costs were not enough to offset the burden of higher expenditure for interest and bonus provisions caused by lower discounting rates as a result of market developments.

The net expense for allowances for credit losses rose by € 1.4 million to € 16.0 million (€ 14.6 million) as a result of direct write-offs. A new harmonised process for allowances for credit losses has been in place since October of last year.

General administrative expenses increased to € 175.1 million (€ 140.6 million). This clear rise is attributable to the takeover of the VVB operations, additional integration costs in conjunction with VVB’s IT systems, and the expansion of capacity to deal with the rise in new business. Additionally, as part of the “W&W 2012” modernisation programme, further investments were made in the name of long-term growth.

LIFE AND HEALTH INSURANCE

The Life and Health Insurance segment recorded a gratifying level of growth during the first half of 2010, in terms of both new business and income levels. The segment’s net profit as at 30 June 2010 had risen considerably, from € 2.1 million twelve months ago to € 12.7 million.

New business

New life and health insurance premiums (one-off and regular premiums) rose to € 436.5 million (€ 280.0 million) as at 30 June 2010, which equates to a year-on-year increase of 55.9%. One of the main factors behind this increase was a rise in one-off contributions, up from € 206.4 million to € 362.9 million. When selling new policies based on one-off contributions, care is taken to guarantee the collective compatibility of the policies. € 41.6 million of the one-off contributions related to reinsurance cover to protect the W&W Group’s partial retirement agreements against insolvency. At € 73.8 million, new regular premiums were on a par with the previous year (€ 73.6 million).

Measured in terms of the Annual Premium Equivalent (APE), new business totalled € 110.0 million (€ 94.2 million). This indicator includes new regular premiums in their full amount but only includes one-off contributions at 10% of their value, with the result that the rise in the APE was less marked.

Income situation in the segment

The net financial result of the Life and Health Insurance segment rose by € 184.1 million to € 553.8 million (€ 369.7 million). This rise is primarily attributable to the improvement in net income from available-for-sale financial assets, which rose by € 350.4 million to € 329.9 million (– € 20.5 million). A significant rise in income from disposals was the main contributory factor in this regard.

Net income from financial assets and liabilities at fair value through profit or loss moved in the other direction, however, dipping to – € 133.0 (€ 66.5 million). This figure is influenced by derivative financial instruments used as economic hedges, particularly in relation to available-for-sale financial assets. Net expense for allowances for credit losses fell from € 35.1 million to € 6.4 million. This was primarily due to lower impairment of fixed-income securities.

Fee and commission expenses incurred by the Life and

Health Insurance segment increased as a result of a rise in new business. The overall net fee and commission result was – € 64.6 million (– € 61.7 million).

Net premiums and contributions earned developed positively compared with the same period of the previous year, growing by € 104.8 million to € 1,298.4 million (€ 1,193.6 million). The higher level of business involving one-off contributions was responsible for this development.

Insurance benefits paid totalled € 1,646.2 million (€ 1,382.2 million). The allocation to the provision for future policy benefits increased during the first half of 2010 due to the rise in one-off premium business. Additionally, the positive development in the net financial result also meant an increase in the provision for premium refunds.

General administrative expenses in the Life and Health Insurance segment were slightly higher than during the previous year, at € 128.4 million (€ 125.0 million). Net other income/expense in the segment improved by € 3.1 million to – € 7.5 million (– € 10.6 million).

PROPERTY/CASUALTY INSURANCE

Business in the Property/Casualty Insurance segment was characterised by positive development in terms of both new business and the net financial result. The segment's net profit totalled € 44.9 million, compared with € 46.9 million during the previous year.

New business

New business, measured in terms of the contribution to the annual portfolio, had risen by € 6.3 million as at 30 June 2010 to reach € 118.6 million (€ 112.3 million). Motor vehicle insurance was a source of positive impetus for growth.

Income situation in the segment

The net financial result benefited from the recovery on the capital markets, improving considerably to reach € 66.1 million (€ 31.3 million). Net income from available-for-sale financial assets was the main driving force, growing by € 43.0 million to € 44.1 million (€ 1.1 million). This development can be explained by exchange rate gains in relation to investments, a higher level of net income from disposals, and lower impairment losses compared with the same period of 2009.

This result was partly offset by net income from financial assets and liabilities at fair value through profit or loss, which had been dominated in 2009 by a higher level of income from disposals in the trading portfolio and duly fell during the first half of 2010 to – € 8.5 million (€ 6.7 million).

Income from disposals contributed to a rise of € 10.3 million in net income from receivables, liabilities and subordinated capital, which totalled € 34.0 million (€ 23.7 million).

Net fee and commission result remained unchanged at – € 80.3 million. Additional revenue from brokerage activities for other segments contrasted with higher fee and commission expenses emanating from the expansion of new business.

The positive development in net premiums and contributions earned continued, with an increase of € 4.7 million to € 531.6 million (€ 526.9 million) based on new business.

Insurance benefits paid rose due to a higher volume of claims. The biggest single event was Hurricane Xynthia, resulting in a total claims bill of some € 14 million. Overall, claims expenditure reached € 267.3 million (€ 251.1 million).

General administrative expenses were maintained at the previous year's level, at € 162.6 million (€ 162.5 million).

The fall in net other income/expense of € 6.2 million to – € 16.9 million was primarily due to exchange rate losses affecting technical provisions, which were nevertheless offset by currency gains in the net financial result.

ALL OTHER SEGMENTS

"All other segments" comprises those areas of business that cannot be allocated to any other segment, including W&W AG, W&W Asset Management GmbH and the Czech subsidiaries.

Income situation in the segment

Income after taxes was € 133.3 million (€ 85.4 million), primarily composed of the following results: W&W AG € 129.4 million (€ 75.7 million), W&W Asset Management GmbH € 2.4 million (€ 5.2 million) and the Czech companies, accounting for € 8.9 million (€ 7.0 million).

The net financial result in particular improved during the

period under review, up by € 43.1 million to € 175.4 million (€ 132.3 million). This improvement is mainly attributable to higher investment income from W&W AG, which is consolidated under total comprehensive income.

Insurance benefits paid rose to € 71.5 million (€ 56.0 million). The previous year's figure included a higher settlement result from active refinancing business, which has now ceased. General administrative expenses were down by € 3.8 million to € 41.5 million (€ 45.3 million) as a result of higher intra-Group service income. Net other income/expense fell by € 2.4 million to € 5.8 million (€ 8.2 million) due to lower sales from the property development business of Wüstenrot Haus- und Städtebau GmbH (WHS).

Related Party Disclosures

Details on business relationships with related companies and persons can be found in the Notes under "Other disclosures".

Risk report

RISK MANAGEMENT

The aims and principles of risk management as described in the 2009 Annual Report continued to be applied within W&W Group up to the reporting date of 30 June 2010. The way in which our risk management is organised basically corresponds to the structures described in the 2009 Annual Report. The components of the risk management processes and the definitions and quantification methods for the individual risk areas are described in the 2009 Annual Report.

BUSINESS ENVIRONMENT

The development of the economy as a whole is described on page 4 of this Interim Management Report.

MATERIAL RISKS

We have identified the following risk areas as material risks facing W&W Group:

- market price risks
- counterparty risks
- actuarial risks
- collective risks
- operational risks

- strategic risks
- liquidity risks
- concentration risks.

Compared with the situation described in the Risk Report in the 2009 Group Management Report, we consider there to be material changes and/or new basic parameters as a result of internal and external influences in the following risk areas:

Market price risks

Interest rates have continued to fall and are currently at a historically low level. In terms of our life insurance and home loan and savings business, our active approach to risk management has seen us successively extend maturities on the assets side as a means of further reducing the risk that could potentially arise from a prolonged period of low interest rates.

Counterparty risks

The subject dominating the financial markets during the first half of the year was the creditworthiness of such states as Portugal, Italy, Ireland, Greece and Spain. The high levels of government borrowing in many EU member states, and the dramatic budget situation facing Greece in particular, placed considerable pressure on the bond market. The W&W Group's exposure in these states was below average for the sector, and the W&W companies will be maintaining this position as part of their wider strategic approach.

Operational risks

The integration project for the takeover of Allianz Dresdner Bauspar AG and the integration of Vereinsbank Victoria Bauspar AG demand high levels of personnel and IT capacity. They also entail risks at project and results level.

With regard to the other areas of risk, there have been no material changes compared with the situation described in the Risk Report in the 2009 Group Management Report.

Strategic risks/liquidity risks

The plans of the new Czech coalition government to reduce state support for home loan and savings schemes could weaken levels of new home loan and savings busi-

ness in the Czech Republic, and also could result in a greater outflow of customer deposits.

FURTHER DEVELOPMENTS IN RISK MANAGEMENT

The further development of the risk-bearing capacity model has resulted in greater improvements to management control. The W&W Group ensures it is well equipped with Group-wide projects and initiatives that are launched at an early stage to deal with forthcoming regulatory requirements. During the period under review, measures for the further development of the compliance function were initiated, along with activities in relation to the new consultation draft on the Minimum Requirements for Risk Management (MaRisk) for banks. The Solvency II cross-section project is progressing on schedule.

SUMMARY AND OUTLOOK

The W&W Group has a risk management and risk controlling system that is perfectly designed to identify and evaluate existing and foreseeable risks in good time. The Group's risk-bearing capacity, in line with our in-house model, is stable and solid. Overall, our active approach to risk management has meant that, despite difficult environmental conditions, we have been able to expand the Group's risk-bearing capacity.

We have implemented an emerging risk management system geared around our strategic focus on being *the* expert for savings, investment and risk protection. This system can be used to pick up – at an early stage – new developments that might otherwise be difficult to identify, and that could have a long-term impact on our business aims. As at the reporting date, there were no discernible risks capable of jeopardising the continued existence of the W&W Group. We will continue during the second half of 2010 to work to ensure that our Group-wide risk culture is consistently reinforced and that our systems are further integrated and optimised, doing so on the basis of Group-wide measures and projects along the entire risk management process.

Report on Expected Developments

This report on expected developments is based on the statements made in the consolidated financial statements for 2009.

EXPECTED ECONOMIC ENVIRONMENT

We expect to see a temporary weakening in Germany's economic recovery over the remainder of 2010. Exports and corporate investment will be the main sources of impetus for growth. Fiscal policy, in contrast, will tend to take the pace out of economic development across Europe as a whole. Economic growth throughout the eurozone will be hampered by the policy of consolidation that is so necessary in the southern European states in particular, and eurozone growth levels will be markedly lower than German growth over the coming months.

In terms of interest rates we are not expecting any major changes over the short term, given that expectations on key rates and the development of the economy are firmly rooted in the bond markets. We anticipate a limited rise in yields by the year-end at the earliest, if investors become more willing to assume risk and if there is greater speculation regarding interest rate hikes.

There is some potential for improvement on the European equity markets over the rest of the year if companies can announce promising results. Investors lack an attractive alternative with interest rates being so exceptionally low. In the event that the economy develops favourably again over the course of the year, we can expect investors to become more willing to assume risks and demand for equities to rise as a result.

FINANCIAL POSITION, AND PROFIT AND LOSS OF THE W&W GROUP

Opportunities for the W&W Group

Following the successful completion of the "W&W 2009" restructuring programme last year, we are now working on the "W&W 2012" modernisation programme designed to secure a high level of long-term growth. The Group's aim is thus to achieve a consolidated income of € 250 million after taxes as of 2012. To achieve this aim, additional investments in the region of € 280 million will be required between now and 2012. This will impact on the levels of consolidated net income recorded in 2010 and 2011. Consequently, the consolidated net income for 2010, as already mentioned in the 2009 financial statements, will be down on the previous year's figure.

The acquisition of Allianz Dresdner Bauspar AG (ADB) meant that W&W Group was able to capture further stra-

tegitically important sales channels for its home loan and savings business. From a legal perspective, the purchase by Wüstenrot Bausparkasse AG was completed on 7 July 2010. The transaction will have an impact on the balance sheet and income statement, although only with effect from the third quarter. For the year as a whole, we expect a clearly positive effect on the consolidated result due to the fair value measurement upon the first-time consolidation of ADB in accordance with IFRS 3. Further information is provided in the Notes under "Business combinations".

Development of new business

In terms of the Home Loan and Savings Bank segment we continue to expect new business to rise compared with the previous year in relation to home loans and savings, and home finance business. The ADB will generate additional impetus for new home loans and savings business, with the result that we expect to see further growth in our market share during 2010. Additionally, we are also successfully expanding customer deposit levels, with an attractive product bundle comprising a free current account, and cash and term deposit accounts.

Similarly, with regard to our insurance business, we are on course to generate the predicted growth in new business.

As far as life and health insurance is concerned, the share of one-off contributions continues to grow. In the form of our Genius private pension, a product introduced in 2009 that has won several awards, we can offer our customers a product innovation that combines security with return opportunities and flexibility. This is evident from the product's growing share of new business.

In relation to property/casualty insurance we have raised our new business levels, despite very intensive competition. The broker sales channel has made a particularly strong contribution in this regard.

In the Other segments, gross fund sales have exceeded our expectations, and this is a development that we assume will continue throughout the year.

Meanwhile, we are also on course to achieve our new business targets in the Czech Republic.

OVERALL VIEW

Based on the investments required for "W&W 2012", our original forecast for the year assumed a consolidated net income for 2010 of no less than € 140 million. In light of how well business has progressed, we can now envisage a net income after taxes in excess of € 160 million after the first-time consolidation of ADB. This forecast is based on the assumption that there will be no unexpected claim, credit or capital market events capable of impacting on the result under IFRS.

CAUTIONARY FORWARD-LOOKING STATEMENT

This half-yearly financial report, and the Outlook in particular, contain forward-looking statements and information. These forward-looking statements are estimates based on all of the information available at the current time. They may involve known or unknown risks, or uncertain or unknown factors, or may also be associated with opportunities. The high number of different factors that could influence the W&W Group's business activity means that the actual results could differ from those currently expected. The company cannot, therefore, give any guarantee with regard to the forward-looking statements. There is no obligation to adjust and update forward-looking statements on the basis of subsequent events.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

ASSETS

€ 000's	Note #	30 Jun 2010	31 Dec 2009	1 Jan 2009
A. Cash reserve		303 670	110 322	146 484
B. Non-current assets held for sale and disposal groups	1	27 916	8 997	14 890
C. Financial assets at fair value through profit or loss	2	2 176 586	1 966 968	1 525 188
D. Available-for-sale financial assets	3	17 811 971	16 888 671	12 733 841
E. Receivables	4	46 527 196	45 903 234	45 564 984
I. Loans and advances to banks		15 057 023	15 103 954	16 684 549
II. Receivables from reinsurance business		85 416	103 799	103 732
III. Loans and advances to customers		31 185 692	30 624 338	28 631 462
IV. Portfolio hedge adjustment		88 265	- 11 772	-
V. Other receivables		110 800	82 915	145 241
F. Allowance for credit losses	5	- 231 258	- 240 813	- 246 595
G. Positive market value of hedges		368 573	239 523	10 724
H. Investments accounted for using the equity method		193 120	141 064	130 173
I. Investment property	6	1 361 062	1 262 590	1 296 792
J. Reinsurers' share of technical provisions		1 805 403	1 818 778	1 898 407
K. Other assets		1 431 013	1 439 330	1 373 267
I. Intangible assets		212 642	218 592	234 108
II. Property, plant and equipment, and inventories		347 190	349 279	360 074
III. Current tax assets		101 786	102 747	136 944
IV. Deferred tax assets		733 629	646 664	567 043
V. Miscellaneous assets		35 766	122 048	75 098
TOTAL ASSETS		71 775 252	69 538 664	64 448 155

EQUITY AND LIABILITIES

€ 000's	Note #	30 Jun 2010	31 Dec 2009	1 Jan 2009
A. Financial liabilities at fair value through profit or loss		703 524	496 451	507 002
B. Liabilities	7	34 736 174	33 850 121	30 195 743
I. Certificated liabilities		1 490 510	1 293 492	2 043 322
II. Liabilities to banks		7 096 894	6 740 072	5 210 199
III. Liabilities from reinsurance business		1 606 129	1 592 859	1 602 442
IV. Liabilities to customers		24 143 904	23 769 784	20 865 770
V. Other liabilities		398 737	453 914	474 010
C. Negative market value of hedges		542 408	378 892	141 348
D. Technical provisions	8	29 784 728	29 123 203	28 477 505
E. Other provisions	9	1 898 137	1 772 143	1 589 852
F. Other liabilities		941 761	839 844	730 872
I. Current tax liabilities		325 834	339 646	243 009
II. Deferred tax liabilities		582 439	482 674	475 093
III. Miscellaneous liabilities		33 488	17 524	12 770
G. Subordinated capital	10	405 229	430 686	468 198
H. Equity		2 763 291	2 647 324	2 337 635
I. Share in paid-in capital attributable to shareholders of W&W AG		1 460 195	1 460 195	1 374 105
II. Share in retained earnings attributable to shareholders of W&W AG		1 229 067	1 115 485	906 536
III. Non-controlling interests		74 029	71 644	56 994
TOTAL EQUITY AND LIABILITIES		71 775 252	69 538 664	64 448 155

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

CONSOLIDATED INCOME STATEMENT

€ 000's	Note #	1 Jan 2010 to 30 Jun 2010	1 Jan 2009 to 30 Jun 2009
Income from available-for-sale financial assets		538 911	371 113
Expenses for available-for-sale financial assets		61 355	294 776
1. Net income from available-for-sale financial assets	11	477 556	76 337
Income from investments accounted for using the equity method		996	2 880
Expenses for investments accounted for using the equity method		6 237	1 674
2. Net income from/net expense for investments accounted for using the equity method		- 5 241	1 206
Income from financial assets and liabilities at fair value through profit or loss		744 191	998 018
Expenses for financial assets and liabilities at fair value through profit or loss		873 472	907 719
3. Net income from/net expense for financial assets and liabilities at fair value through profit or loss	12	- 129 281	90 299
Income from hedges		187 291	48 084
Expenses for hedges		182 722	51 987
4. Hedge result		4 569	- 3 903
Income from receivables, liabilities and subordinated capital		1 057 085	1 067 325
Expenses for receivables, liabilities and subordinated capital		510 530	518 451
5. Net income from receivables, liabilities and subordinated capital	13	546 555	548 874
Income from allowances for credit losses		61 686	46 898
Expenses for allowances for credit losses		85 928	97 928
6. Net expense for allowances for credit losses	14	24 242	51 030
7. NET FINANCIAL RESULT		869 916	661 783
Income from investment property		43 647	44 530
Expenses for investment property		27 829	28 984
8. NET INCOME FROM INVESTMENT PROPERTY		15 818	15 546
Fee and commission income		109 177	95 685 ¹
Fee and commission expenses		270 248	256 440 ¹
9. NET FEE AND COMMISSION RESULT	15	- 161 071	- 160 755
Premiums/contributions earned (gross)		1 979 487	1 907 352
Premiums ceded to reinsurers		- 84 498	- 85 869
10. PREMIUMS/CONTRIBUTIONS EARNED (NET)	16	1 894 989	1 821 483
Insurance benefits (gross)		1 991 318	1 756 864
Claim recoveries from reinsurers		- 51 820	- 72 184
11. INSURANCE BENEFITS (NET)	17	1 939 498	1 684 680
AMOUNT CARRIED FORWARD		680 154	653 377

€ 000's	Note #	1 Jan 2010 to 30 Jun 2010	1 Jan 2009 to 30 Jun 2009
AMOUNT BROUGHT FORWARD		680 154	653 377
Personnel expenses		296 672	269 856
Other administrative expenses		193 952	183 887
Amortisation, depreciation and impairment		27 008	25 653
12. GENERAL ADMINISTRATIVE EXPENSES		517 632	479 396
13. MEASUREMENT GAIN/LOSS FOR NON-CURRENT ASSETS AND DISPOSAL GROUPS CLASSIFIED AS HELD FOR SALE		—	985
Miscellaneous other operating income		123 984	95 522
Other expenses		130 276	82 255
14. NET OTHER INCOME/EXPENSE		— 6 292	13 267
15. EARNINGS BEFORE INCOME TAXES FROM CONTINUED OPERATIONS		156 230	188 233
16. TAXES ON INCOME	18	55 309	53 494
17. CONSOLIDATED NET INCOME		100 921	134 739
Result attributable to shareholders of W&W AG		94 206	127 263
Result attributable to non-controlling interests		6 715	7 476
18. EARNINGS PER SHARE IN €	19	1.02	1.48
of which: attributable to continued operations (in €)		1.02	1.48
1 Adjustment of previous year's figures (see page 24).			

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

€ 000's	1 Jan 2010 to 30 Jun 2010	1 Jan 2009 to 30 Jun 2009
Consolidated net income	100 921	134 739
Recognised in equity	19 862	– 39 575 ¹
Reclassified to the income statement	– 12 225	39 933 ¹
Measurement gains/losses from available-for-sale financial assets	7 637	358
Measurement gains/losses from investments accounted for using the equity method	32 471	222
Recognised in equity	86 263	– 45 005
Reclassified to the income statement	1 257	1 715
Measurement gains/losses from cash flow hedges	87 520	– 43 290
Currency translation differences of independent foreign operations	3 182	2 961
Actuarial gains and losses from defined benefit plans	– 52 989	– 12 916
Other comprehensive income, net of tax	77 821	– 52 665
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	178 742	82 074
Attributable to shareholders of W&W AG	169 080	70 393
Attributable to non-controlling interests	9 662	11 681

1 Adjustment of previous year's figures (see page 24).

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	ATTRIBUTABLE TO SHAREHOLDERS OF W&W AG		
	SUBSCRIBED CAPITAL	CAPITAL RESERVE	RETAINED EARNINGS
€ 000's			
Equity as at 1 Jan 2010	481 068	979 127	1 259 391
Changes in the scope of consolidation	—	—	—
Consolidated net income	—	—	94 206
Measurement gains/losses			
from available-for-sale financial assets	—	—	—
from investments accounted for using the equity method	—	—	—
from cash flow hedges	—	—	—
Currency translation differences of independent foreign operations	—	—	—
Actuarial gains and losses from defined benefit plans	—	—	—
Total comprehensive income for the period	—	—	94 206
Dividends paid to shareholders	—	—	– 55 196
Other	—	—	– 302
Equity as at 30 Jun 2010	481 068	979 127	1 298 099

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	ATTRIBUTABLE TO SHAREHOLDERS OF W&W AG		
	SUBSCRIBED CAPITAL	CAPITAL RESERVE	RETAINED EARNINGS
€ 000's			
Equity as at 1 Jan 2009	451 001	923 104	1 093 688
Retrospective adjustment due to IAS 8 ¹	—	—	– 10 786
Equity (adjusted) as at 1 Jan 2009	451 001	923 104	1 082 902
Changes in the scope of consolidation	—	—	—
Consolidated net income	—	—	127 263
Measurement gains/losses			
from available-for-sale financial assets	—	—	—
from investments accounted for using the equity method	—	—	—
from cash flow hedges	—	—	—
Currency translation differences of independent foreign operations	—	—	—
Actuarial gains and losses from defined benefit plans	—	—	—
Total comprehensive income for the period	—	—	127 263
Dividends paid to shareholders	—	—	– 43 122
Other	—	—	2 760
Equity as at 30 Jun 2010	451 001	923 104	1 169 803

1 Previous year's figure adjusted due to amendment to IAS 18 (see page 77 of 2009 Annual Report).

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

The consolidated statement of cash flows shows the changes in cash and cash equivalents in the W&W Group. For this purpose, three types of cash flows are determined: cash flows from operating activities, investing activities and financing activities.

The consolidated statement of cash flows from operating activities are determined using the indirect method. Accordingly, consolidated net income is adjusted by non-cash items such as measurement gains or losses and changes in provisions as well as changes from receivables and liabilities.

Cash flows from investing activities primarily comprise changes in financial assets, in particular available-for-sale financial assets and investment property as well as cash receipts and cash payments in connection with the acquisition and the sale of consolidated companies, or of investments accounted for using the equity method.

Cash flows from financing activities include dividend payments as well as interest payments and changes in subordinated capital, i.e. profit-participation certificates and subordinated liabilities.

The definition of the composition of cash and cash equivalents corresponds to that used for the consolidated financial statements for the financial year 2009, and comprises the item "Cash reserve" of the statement of financial position as well as deposits at banks and savings banks payable on demand included in loans and advances to banks.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

€ 000's	1 Jan 2010 to 30 Jun 2010	1 Jan 2009 to 30 Jun 2009
I. NET CASH FLOWS FROM OPERATING ACTIVITIES	1 626 518	3 229 280
II. NET CASH FLOWS FROM INVESTING ACTIVITIES	- 843 295	- 3 270 944
III. NET CASH FLOWS FROM FINANCING ACTIVITIES	- 95 883	- 105 323
	2,010	2,009
<i>Cash and cash equivalents as at 1 Jan</i>	691 864	969 403
Net change in cash and cash equivalents (I.+II.+III.)	687 340	- 146 987
Effects of exchange rate changes on cash and cash equivalents	418	59
CASH AND CASH EQUIVALENTS AS AT 30 JUNE	1 379 622	822 475

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

General notes

The Management Board of Wüstenrot & Württembergische AG authorised the Group's half-yearly financial report for publication on 11 August 2010.

BASIS OF THE CONSOLIDATED FINANCIAL STATEMENTS

Financial reporting standards

INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS) APPLIED

Pursuant to the provisions stipulated by section 37w in conjunction with section 37y No. 2 of the German Securities Trading Act (Wertpapierhandelsgesetz, "WpHG"), the half-yearly financial report of Wüstenrot & Württembergische AG comprises the interim consolidated financial statements, an interim Group management report as well as the Responsibility Statement in accordance with section 297 (2) sentence 4 and section 315 (1) sentence 6 of the German Commercial Code (Handelsgesetzbuch, "HGB"). The requirements of German Accounting Standard (GAS) 16, Interim Financial Reporting, were complied with.

All International Financial Reporting Standards (IFRS) that had been issued by the International Accounting Standards Board (IASB) and endorsed by the European Commission for application in the EU have been complied with, to the extent required to be applied by and relevant for the W&W Group. The interim consolidated financial statements as at 30 June 2010 have been prepared taking into consideration IAS 34, and are presented accordingly in a condensed form in comparison to the consolidated financial statements as at 31 December 2009.

The half-yearly financial report was subject to a review.

INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS) REQUIRED TO BE APPLIED FOR THE FIRST TIME IN THE PERIOD UNDER REVIEW

- IFRS 1 (rev. 2008) First-time Adoption of International Financial Reporting Standards
- IFRS 2 (rev. 2009) Share-based Payments
- IFRS 3 (rev. 2008) Business Combinations and IAS 27 (rev. 2008) Consolidated and Separate Financial Statements
- IFRS 5 (Annual Improvements Project 2008) Non-current Assets Held for Sale and Discontinued Operations
- Improvements to IFRSs (April 2009) within the framework of the IASB's annual improvements project:
- IAS 39 (rev. 2008) Financial Instruments: Recognition and Measurement – Eligible Hedged Items

The first-time application of IFRS IFRS 3 (rev. 2008) had an impact in the period under review on the disclosures related to the acquisition of Allianz Dresdner Bauspar AG. The adoption of the other International Financial Reporting Standards required to be applied for the first time did not result in any material effects on the half-yearly financial report of the W&W Group.

Presentation of financial statements

The interim consolidated financial statements are prepared in euros (€). The amounts disclosed in the financial statements are rounded to € thousand. For the sake of transparency, amounts included in the notes to the consolidated financial statements are stated in € million or € billion. Rounding differences may occur compared to the unrounded amounts reported in the financial statements.

Adjustments to previous year's figures

The previous year's figures related to net fee and commission result have been adjusted. The reason for this was that expenses and income from fees and commissions in the amount of € 11.3 million – each resulting from one intragroup transaction – were not envisaged for inclusion in the consolidation of expenses and income. The adjustment had no effects on the reported amount for the net fee and commission result.

Measurement gains/losses from available-for-sale financial assets are allocated to the items "Recognised in equity" and "Reclassified to the income statement". These two sub-items were increased by € 36.3 million in accordance with IAS 8.42 as a result of an adjusted calculation. The amount reported for measurement gains/losses from available-for-sale financial assets remains unchanged. This has no effect on consolidated net income, earnings per share, total comprehensive income for the period, or total equity.

Comparative information

Unless otherwise noted, comparative information in the copy text with respect to income statement items refers to the period from 1 January 2009 to 30 June 2009, whilst comparative information with respect to items of the statement of financial position refers to 31 December 2009.

Taxes on income

The current income tax expense as reported in the interim consolidated financial statements is generally determined using the expected income tax rate for the full financial year.

Accounting policies and consolidation methods

Generally, the same accounting policies and consolidation methods were applied for these interim consolidated financial statements as for the consolidated financial statements as at 31 December 2009, taking into account the International Financial Reporting Standards applied for the first time in the current financial year.

Please refer to the notes to the consolidated financial statements as at 31 December 2009 for additional information.

The interim financial statements of the parent company, the consolidated subsidiaries, the mutual and special funds – as well as of the associates – have all been prepared as of the reporting date (30 June 2010). All financial statements of the consolidated subsidiaries, the and mutual and special funds are prepared in accordance with IFRS-based accounting policies. Options with respect to accounting and measurement are used on a Group-wide basis.

Accounting estimates and assumptions

Estimates and assumptions required for recognition and measurement under IFRS are made in line with the relevant standard. These estimates are updated on a continuing basis. They are based on experience and expectations with respect to future events deemed to be reasonable on the basis of the current situation. Existing uncertainties are taken into appropriate consideration for measurement. However, actual results may differ from these estimates. In case estimates were necessary to a greater extent, we provide relevant information in connection with the items concerned and in the notes of individual items.

The main estimates relate to fair values and impairment of financial instruments, allowance for credit losses, provisions for loss and loss adjustment expenses, provisions for future policy benefits, provisions for pensions and similar obligations, as well as deferred taxes.

SCOPE OF CONSOLIDATION

The interim consolidated financial statements comprise the financial statements of Wüstenrot & Württembergische AG and of all material subsidiaries, mutual and special funds as well as material associates.

	GERMANY	OTHER COUNTRIES	MUTUAL AND SPECIAL FUNDS	TOTAL
<i>Subsidiaries</i>				
Included as at 31 December 2009	18	7	23	48
Included as at 30 June 2010	18	6	23	47
<i>Investments in associates accounted for using the equity method</i>				
Included as at 31 December 2009	5	2	0	7
Included as at 30 June 2010	5	2	0	7

Changes to the scope of consolidation

During the first quarter of 2010, the special fund LBBW AM-WV P&F, Stuttgart was included for the first time in the scope of consolidation.

The subsidiary W&W Asset Management AG, Luxembourg, which had been included by way of full consolidation, left the group of consolidated companies in the first quarter of 2010 as a result of it being liquidated. The special fund DEVIF-Fonds Nr. 13, Frankfurt, was dissolved and thus left the consolidated group during the second quarter of 2010.

BUSINESS COMBINATIONS

Effective 7 July 2010, Wüstenrot Bausparkasse AG (BSW), Ludwigsburg, acquired 100% of the voting shares in Allianz Dresdner Bauspar AG (ADB) from Commerzbank AG, Frankfurt/Main, thus obtaining control over the company. ADB, with its registered office in Bad Vilbel, is a private-sector home loan and savings institution.

The acquisition of ADB comprises a multi-year sales cooperation with Commerzbank AG and the Allianz Group. This cooperation will result in further growth and strengthen the market position of BSW.

The acquisition-date fair value of the total consideration transferred amounts to € 127.9 million, and comprises a cash consideration in the amount of € 130 million and a fair value of the contingent consideration (clawback) of € 2.1 million. The amount of the contingent consideration, which depends on the performance against certain sales targets for the calendar years 2010 to 2012, may amount to between € 0 million and € 30 million.

Acquisition-related costs amount to € 1.5 million and are recognised in the consolidated income statement in the item "General administrative expenses".

The following classes of assets, liabilities and contingent liabilities were acquired/assumed within the framework of the business combination and recognised with the following amounts according to provisional valuation:

ASSETS

	FAIR VALUE
€ 000's	7. 7.2010
<i>Cash funds</i>	13 915
<i>Available-for-sale financial assets</i>	1 457 027
<i>Receivables</i>	2 370 597
Loans and advances to banks	811 398
Loans and advances to customers	1 587 310
Allowance for credit losses	– 28 111
<i>Other assets</i>	53 635
Intangible assets	8 189
Property, plant and equipment, and inventories	10 692
Deferred tax assets	21 383
Miscellaneous assets	13 371
TOTAL ASSETS	3 895 174

EQUITY AND LIABILITIES

	FAIR VALUE
€ 000's	7.7.2010
Liabilities	3 433 591
Liabilities to banks	3 180
Liabilities to customers	3 366 241
Other liabilities	64 170
Other provisions	165 682
Provisions for pensions and other long-term employee benefits	26 052
Other provisions	139 630
Other liabilities	47 335
Deferred tax liabilities	28 798
Miscellaneous liabilities	18 537
Subordinated capital	22 838
Equity	225 728
TOTAL EQUITY AND LIABILITIES	3 895 174

The difference between the acquired net assets of ADB, i.e. the net amount of assets acquired and liabilities and contingent liabilities assumed, and the total consideration transferred, represents a provisional surplus of € 97.8 million. The negative goodwill is due to various reasons: on the one hand, falling interest rates as at the acquisition date led to the disclosure of hidden reserves with respect to financial instruments. On the other hand, the security reserve of the building society – as well as valuation allowances and the special fund for general banking risks (sections 340f and 340g of the HGB) – are classified as equity. Moreover, expenses for migrations in the IT sector, capital expenditure for marketing and sales, as well as integration costs, may not be capitalised within the scope of purchase price allocation in accordance with IFRS 3.11. The negative goodwill is recorded as income in net other income/expense.

A contingent liability in connection with pending consumer protection claims due to the collection of acquisition and loan fees was recognised in the amount of € 20.9 million. Uncertainties with regard to the amount of the obligation primarily result from the underlying probability for the uncertain outcome of the suit in terms of reason and time as well as from the underlying probabilities for refund claims of customers.

The receivables acquired consist of the classes loans and advances to banks and loans, and advances to customers:

RECEIVABLES ACQUIRED

	FAIR VALUE OF CONTRACTUAL RECEIVABLES	GROSS AMOUNT OF CONTRACTUAL RECEIVABLES	ESTIMATED CONTRACTUAL CASH FLOWS EXPECTED TO BE UNCOLLECTIBLE
€ 000's	7. 7.2010	7. 7.2010	7. 7.2010
<i>Loans and advances to banks</i>	811 398	898 603	868
<i>Loans and advances to customers</i>	1 587 310	1 730 380	8 137
TOTAL	2 398 708	2 628 983	9 005

Segment reporting

Segment information was determined in accordance with IFRS 8 Operating Segments on the basis of our internal management reporting as regularly used by the “chief operating decision maker” to assess the performance of the segments and to make decisions about resources to be allocated to the individual segments (so-called “management approach”). The chief operating decision maker within the W&W Group is the Management Board.

The reportable segments were identified on the basis of products and services as well as regulatory requirements. In this context, individual operating segments were combined within the Life and Health Insurance segment and the Property/Casualty Insurance segment. The following section lists the products and services through which revenue is generated by the reportable segments. There is no dependence on individual major accounts.

HOME LOAN SAVINGS BANK

The Home Loan Savings Bank Division includes a broad range of home loan savings as well as banking products primarily for private customers, e.g. home loan and savings contracts, bridging loans, savings and investment products, current accounts, overnight deposit accounts, Maestro and credit cards, mortgage loans as well as bank loans.

LIFE AND HEALTH INSURANCE

The Life and Health Insurance segment offers a variety of life and health insurance products for individuals and groups, including classic and unit-linked life and annuity assurance, term assurance, classic and unit-linked “Riester” and basic pensions, permanent health insurance as well as full and supplementary private health insurance and nursing care insurance.

PROPERTY/CASUALTY INSURANCE

The Property/Casualty Insurance segment offers a comprehensive range of insurance products for private and corporate customers, including general liability, casualty, motor, household, residential building, legal protection, transport and technical insurance.

As in the previous years, the success of each segment is determined based on the segment result. Transactions between the segments are carried out on an arm’s length basis.

All other business activities of the W&W Group such as central corporate functions, asset management activities, property development as well as the marketing of home loan savings, banking and insurance products outside Germany were subsumed under “Other segments”.

The column “Consolidation/Reconciliation” includes consolidation adjustments required to reconcile segment figures to Group figures. The measurement principles for segment reporting correspond to the accounting policies applied to the IFRS consolidated financial statements.

SEGMENT INCOME STATEMENT

€ 000's	HOME LOAN SAVINGS BANK		LIFE AND HEALTH INSURANCE	
	1 Jan 2010 to 30 Jun 2010	1 Jan 2009 to 30 Jun 2009	1 Jan 2010 to 30 Jun 2010	1 Jan 2009 to 30 Jun 2009
1. Net income from/net expense for available-for-sale financial assets	95 012	98 000	329 881	- 20 461
2. Net income from/net expense for investments accounted for using the equity method	—	—	- 2 813	1 583
3. Net income from/net expense for financial assets and liabilities at fair value through profit or loss	25 947	19 044	- 132 953	66 502
4. Hedge result	4 589	- 3 781	- 20	- 122
5. Net income from receivables, liabilities and subordinated capital	115 180	149 525	366 041	357 335
6. Net expense for allowances for credit losses	16 031	14 559	6 358	35 100
7. NET FINANCIAL RESULT	224 697	248 229	553 778	369 737
8. NET INCOME FROM INVESTMENT PROPERTY	—	1	14 123	13 601
9. NET FEE AND COMMISSION RESULT	- 4 782	- 4 906	- 64 576	- 61 736
10. PREMIUMS/CONTRIBUTIONS EARNED (NET)	—	—	1 298 374	1 193 604
11. INSURANCE BENEFITS (NET)	—	—	1 646 248	1 382 216
12. GENERAL ADMINISTRATIVE EXPENSES¹	175 138	140 611	128 405	125 029
13. MEASUREMENT GAIN/LOSS FOR NON-CURRENT ASSETS AND DISPOSAL GROUPS CLASSIFIED AS HELD FOR SALE	—	—	—	—
14. NET OTHER INCOME/EXPENSE	9 496	9 792	- 7 471	- 10 614
15. SEGMENT RESULT FROM CONTINUED OPERATIONS BEFORE INCOME TAXES	54 273	112 505	19 575	- 2 653
16. TAXES ON INCOME	19 865	29 115	6 902	- 4 780
17. SEGMENT RESULT AFTER TAXES	34 408	83 390	12 673	2 127
<i>Other information</i>				
Total revenue ²	994 548	1 113 207	1 843 532	1 737 499
of which: with other segments	18 025	18 864	58 379	17 937
of which: with external customers	976 523	1 094 343	1 785 153	1 719 562
Segment assets ³	35 727 240	34 442 683	30 512 071	29 971 703
Segment liabilities ³	34 371 391	33 120 593	30 335 782	29 801 032
Investments accounted for using the equity method ³	—	—	91 430	66 258
Investments in non-current assets	367	595	139 715	24 227

¹ Including service revenues and rental income with other segments.

² Interest, fee and commission, as well as rental income and premiums/contributions earned (net) from insurance business.

³ Amounts as at 30 June 2010 and 31 December 2009.

⁴ Includes amounts from proportional profit transfers eliminated during consolidation.

	PROPERTY/ CASUALTY INSURANCE		SUM TOTAL OF ALL REPORTABLE SEGMENTS		OTHER SEGMENTS ⁴		CONSOLIDATION/ RECONCILIATION		GROUP	
	1 Jan 2010 to 30 Jun 2010	1 Jan 2009 to 30 Jun 2009	1 Jan 2010 to 30 Jun 2010	1 Jan 2009 to 30 Jun 2009	1 Jan 2010 to 30 Jun 2010	1 Jan 2009 to 30 Jun 2009	1 Jan 2010 to 30 Jun 2010	1 Jan 2009 to 30 Jun 2009	1 Jan 2010 to 30 Jun 2010	1 Jan 2009 to 30 Jun 2009
	44 090	1 068	468 983	78 607	163 713	123 276	- 155 140	- 125 546	477 556	76 337
	- 3 110	—	- 5 923	1 583	682	- 377	—	—	- 5 241	1 206
	- 8 518	6 650	- 115 524	92 196	- 13 754	- 1 897	- 3	—	- 129 281	90 299
	—	—	4 569	- 3 903	—	—	—	—	4 569	- 3 903
	34 027	23 677	515 248	530 537	26 224	12 504	5 083	5 833	546 555	548 874
	396	126	22 785	49 785	1 457	1 245	—	—	24 242	51 030
	66 093	31 269	844 568	649 235	175 408	132 261	- 150 060	- 119 713	869 916	661 783
	1 096	1 243	15 219	14 845	592	463	7	238	15 818	15 546
	- 80 290	- 80 295	- 149 648	- 146 937	- 17 280	- 20 318	5 857	6 500	- 161 071	- 160 755
	531 560	526 852	1 829 934	1 720 456	109 159	104 971	- 44 104	- 3 944	1 894 989	1 821 483
	267 330	251 055	1 913 578	1 633 271	71 529	56 000	- 45 609	- 4 591	1 939 498	1 684 680
	162 551	162 483	466 094	428 123	41 472	45 305	10 066	5 968	517 632	479 396
	—	—	—	—	—	985	—	—	—	985
	- 16 940	6 232	- 14 915	5 410	5 790	8 230	2 833	- 373	- 6 292	13 267
	71 638	71 763	145 486	181 615	160 668	125 287	- 149 924	- 118 669	156 230	188 233
	26 709	24 828	53 476	49 163	27 334	39 876	- 25 501	- 35 545	55 309	53 494
	44 929	46 935	92 010	132 452	133 334	85 411	- 124 423	- 83 124	100 921	134 739
	658 522	645 342	3 496 602	3 496 048	205 399	192 288	- 174 332	- 130 488	3 527 669	3 557 848
	- 39 637	- 42 321	36 767	- 5 520	137 565	136 008	- 174 332	- 130 488	—	—
	698 159	687 663	3 459 835	3 501 568	67 834	56 280	—	—	3 527 669	3 557 848
	3 914 838	3 728 749	70 154 149	68 143 135	5 267 708	5 123 356	- 3 646 605	- 3 727 827	71 775 252	69 538 664
	3 357 516	3 228 077	68 064 689	66 149 702	3 257 625	3 181 067	- 2 310 352	- 2 439 429	69 011 962	66 891 340
	73 053	46 477	164 483	112 735	28 637	28 329	—	—	193 120	141 064
	834	668	140 916	25 490	15 408	18 678	—	—	156 324	44 168

DISCLOSURES BY REGION (GROUP)

€ 000's	REVENUE WITH EXTERNAL CUSTOMERS ¹		NON-CURRENT ASSETS ²	
	1 Jan 2010 to 30 Jun 2010	1 Jan 2009 to 30 Jun 2009	30 Jun 2010	30 Jun 2009
	Germany	3 468 957	3 510 569	1 750 508
Czech Republic	56 524	45 622	18 269	16 808
Other countries	2 188	1 657	4	4
TOTAL	3 527 669	3 557 848	1 768 781	1 676 702

1 Revenues were allocated to the operating units based on the country of incorporation.

2 Non-current assets include investment property, intangible assets except capitalised insurance portfolios, as well as property, plant and equipment.

Notes to the consolidated statement of financial position

(1) NON-CURRENT ASSETS HELD FOR SALE AND DISPOSAL GROUPS

In the period under review, commercial properties used by third parties (included in Property/Casualty Insurance and Other segments) at a carrying amount of € 18.9 million were classified as non-current assets held for sale and disposal groups. Measures initiated to sell the properties are expected to ultimately lead to a sale within one year.

The property assets of the CSWV-Immofonds (Life and Health Insurance segment) in the amount of € 9.0 million continue to be intended for sale. As a result of the difficult market environment, the sale will be delayed to the second half of 2010. The sale is now intended to be effected via a project development company on the basis of a concept study to redesign the property. The Company confirms its intention to sell the property.

The sale transactions are primarily due to aspects relating to the Group's strategy.

(2) FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

€ 000's	30 Jun 2010	31 Dec 2009
<i>Financial assets classified as held for trading</i>	586 945	405 816
Equities, shares in investment funds and other non-fixed-income securities	384	268
Fixed-income securities	7 890	61 980
Derivative financial instruments	578 671	343 568
<i>Financial assets designated as at fair value</i>	1 589 641	1 561 152
Equities, shares in investment funds and other non-fixed-income securities	61 618	79 058
Investments for the account and risk of life insurance policyholders	773 214	731 813
Interest rate products	321 761	321 991
Currency-related products	91 450	80 865
Structured equity/index products	311 625	317 399
Other structured products	29 973	30 026
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS	2 176 586	1 966 968

(3) AVAILABLE-FOR-SALE FINANCIAL ASSETS

€ 000's	AMORTISED COST		UNREALISED GAINS		UNREALISED LOSSES		FAIR VALUE	
	30 Jun 2010	31 Dec 2009	30 Jun 2010	31 Dec 2009	30 Jun 2010	31 Dec 2009	30 Jun 2010	31 Dec 2009
Equity investments	471 996	431 477	61 517	27 325	11 390	1 132	522 123	457 670
Equities, shares in investment funds and other non-fixed-income securities	1 367 659	1 113 538	166 649	150 327	50 861	21 353	1 483 447	1 242 512
Fixed-income securities and receivables	15 825 371	15 248 044	309 629	193 352	328 599	252 907	15 806 401	15 188 489
Public-sector issuers	5 953 348	4 915 076	160 531	62 334	139 132	53 209	5 974 747	4 924 201
Other issuers	9 872 023	10 332 968	149 098	131 018	189 467	199 698	9 831 654	10 264 288
AVAILABLE-FOR-SALE FINANCIAL ASSETS	17 665 026	16 793 059	537 795	371 004	390 850	275 392	17 811 971	16 888 671

(4) RECEIVABLES

€ 000's	CARRYING AMOUNT		FAIR VALUE	
	30 Jun 2010	31 Dec 2009	30 Jun 2010	31 Dec 2009
Loans and advances to banks	15 057 023	15 103 954	15 894 172	15 621 439
Receivables from reinsurance business	85 416	103 799	85 416	103 799
Loans and advances to customers	31 185 692	30 624 338	32 586 715	31 570 179
Portfolio hedge adjustment ¹	88 265	- 11 772	88 265	- 11 772
Other receivables	110 800	82 915	110 800	82 915
RECEIVABLES	46 527 196	45 903 234	48 765 368	47 366 560

¹ The related hedged items are included in loans and advances to customers.

€ 000's	30 Jun 2010	31 Dec 2009
Loans and advances to banks	15 057 023	15 103 954
Registered bonds	9 510 666	9 532 249
Promissory note loans	3 751 588	3 973 298
Other loans and advances to banks	1 794 769	1 598 407
of which: Balances with banks and savings banks payable on demand	1 075 952	581 542
of which: Term deposits	406 753	621 684
Receivables from reinsurance business	85 416	103 799
Accounts receivable from reinsurance business	44 924	62 955
Deposits retained	40 492	40 844
Loans and advances to customers	31 185 692	30 624 338
Building loans	25 462 463	25 377 387
Loan from savings and home financing institution	3 714 014	3 811 404
Loans for prefinancing and interim financing purposes	9 834 521	9 500 081
Other building loans	11 913 928	12 065 902
Loans to local authorities	4 644 445	4 170 314
Other loans and advances to customers	1 078 784	1 076 637
Portfolio hedge adjustment¹	88 265	– 11 772
Other receivables	110 800	82 915
RECEIVABLES	46 527 196	45 903 234

¹ The related hedged items are included in loans and advances to customers.

(5) ALLOWANCE FOR CREDIT LOSSES

€ 000's	30 Jun 2010	31 Dec 2009
Loans and advances to banks	65	65
Receivables from reinsurance business	2 539	2 539
Loans and advances to customers	224 915	231 754
Other receivables	3 739	6 455
ALLOWANCE FOR CREDIT LOSSES	231 258	240 813

(6) INVESTMENT PROPERTY

The fair value of investment properties amounts to € 1,629.4 million (H1 2008: € 1,528.9 million).

(7) LIABILITIES

	CARRYING AMOUNT		FAIR VALUE	
	30 Jun 2010	31 Dec 2009	30 Jun 2010	31 Dec 2009
€ 000's				
Certificated liabilities	1 490 510	1 293 492	1 506 845	1 302 521
Liabilities to banks	7 096 894	6 740 072	7 091 570	6 773 982
Liabilities from reinsurance business	1 606 129	1 592 859	1 606 129	1 592 859
Liabilities to customers	24 143 904	23 769 784	24 423 377	23 980 829
Other liabilities	398 737	453 914	366 382	453 914
LIABILITIES	34 736 174	33 850 121	34 994 303	34 104 105
€ 000's			30 Jun 2010	31 Dec 2009
<i>Certificated liabilities</i>			1 490 510	1 293 492
Mortgage bonds (Hypothekendarlehen)			1 348 914	1 127 367
Other debt securities			141 596	166 125
<i>Liabilities to banks</i>			7 096 894	6 740 072
Home loan and savings deposits			3 975	4 678
Other liabilities to banks			7 092 919	6 735 394
<i>Liabilities from reinsurance business</i>			1 606 129	1 592 859
Accounts payable from reinsurance business			91 552	60 116
Deposits retained by W&W on ceded business			1 514 577	1 532 743
<i>Liabilities to customers</i>			24 143 904	23 769 784
Deposits from home loan and savings business, and savings deposits			16 092 107	15 893 789
Other deposits from customers			7 395 791	7 220 506
Liabilities from direct insurance business			656 006	655 489
<i>Other liabilities</i>			398 737	453 914
LIABILITIES			34 736 174	33 850 121

(8) TECHNICAL PROVISIONS

	GROSS	
	30 Jun 2010	31 Dec 2009
€ 000's		
Unearned premiums	446 438	294 895
Provisions for future policy benefits	25 085 070	24 694 771
Provisions for loss, and loss adjustment expenses	2 324 605	2 368 331
Provisions for premium refunds	1 903 957	1 740 258
Other technical provisions	24 658	24 948
TECHNICAL PROVISIONS	29 784 728	29 123 203

(9) OTHER PROVISIONS

	30 Jun 2010	31 Dec 2009
€ 000's		
Provisions for pensions and other long-term employee benefits	1 270 112	1 178 960
Miscellaneous provisions	628 025	593 183
OTHER PROVISIONS	1 898 137	1 772 143

In the year under review, the actuarial assumptions underlying the pension obligations with respect to actuarial interest rate were adjusted to take account of the market circumstances and the inflation trend.

The interest rate was reduced from 5.0% to 4.5%.

(10) SUBORDINATED EQUITY

	CARRYING AMOUNT		FAIR VALUE	
	30 Jun 2010	31 Dec 2009	30 Jun 2010	31 Dec 2009
€ 000's				
Subordinated liabilities	333 100	356 249	316 890	334 461
Profit-participation rights	72 129	74 437	76 200	85 314
SUBORDINATED CAPITAL	405 229	430 686	393 090	419 775

Notes to the Consolidated Income Statement

(11) NET INCOME FROM AVAILABLE-FOR-SALE FINANCIAL ASSETS

€ 000's	1 Jan 2010 to 30 Jun 2010	1 Jan 2009 to 30 Jun 2009
<i>Income from available-for-sale financial assets</i>	538 911	371 113
Interest income	225 826	231 374
Dividend income	22 797	37 172
Gains from disposals	176 762	62 160
Income from reversals of impairment losses	2 594	2 523
Income from currency translation	110 932	37 884
<i>Expenses for available-for-sale financial assets</i>	61 355	294 776
Losses from the termination of fair value hedges	634	43
Losses from disposal	30 280	224 078
Expenses from impairment losses	25 544	50 585
Expenses from currency translation	4 897	20 070
NET INCOME FROM AVAILABLE-FOR-SALE FINANCIAL ASSETS	477 556	76 337

**(12) NET INCOME FROM/NET EXPENSE FOR FINANCIAL ASSETS AND LIABILITIES AT
FAIR VALUE THROUGH PROFIT OR LOSS**

€ 000's	1 Jan 2010 to 30 Jun 2010	1 Jan 2009 to 30 Jun 2009
<i>Income from financial assets and liabilities at fair value through profit or loss</i>	744 191	998 018
Income from assets and liabilities held for trading	634 510	920 044
Interest income	273 206	381 571
Dividend income	—	1
Income from fair value measurement	282 251	180 159
Gains from disposals	51 864	249 798
Income from currency translation	27 189	108 515
Income from financial assets and liabilities designated as at fair value through profit or loss	109 681	77 974
Interest income	3 404	2 523
Income from fair value measurement	45 472	32 012
Gains from disposals	5 680	3 386
Income from investments for the account and risk of life insurance policyholders	53 554	39 981
Income from currency translation	1 571	72
<i>Expenses for financial assets and liabilities at fair value through profit or loss</i>	873 472	907 719
Expenses from assets and liabilities held for trading	823 870	886 925
Interest expense	304 930	388 746
Expenses from fair value measurement	281 147	216 928
Losses from disposal	178 678	164 025
Expenses from currency translation	59 115	117 226
Expenses from financial assets and liabilities designated as at fair value through profit or loss	49 602	20 794
Expenses from fair value measurement	11 787	10 132
Losses from disposal	1 025	336
Expenses from investments for the account and risk of life insurance policyholders	36 009	9 391
Expenses from currency translation	781	935
NET INCOME FROM FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS	- 129 281	90 299

(13) NET INCOME FROM RECEIVABLES, LIABILITIES AND SUBORDINATED CAPITAL

<i>€ 000's</i>	1 Jan 2010 to 30 Jun 2010	1 Jan 2009 to 30 Jun 2009
<i>Income from receivables, liabilities and subordinated capital</i>	1 057 085	1 067 325
Interest income from receivables	978 906	983 002
Gains from the sale of receivables	48 115	38 260
Gains from the disposal of liabilities and subordinated capital	5	6 355
Income from the termination of fair value hedges	2 460	247
Income from financial instruments reclassified from available-for-sale financial assets	—	15
Income from currency translation	27 599	39 446
<i>Expenses for receivables, liabilities and subordinated capital</i>	510 530	518 451
Interest expenses from liabilities	480 808	470 767
Interest expenses from subordinated capital	11 477	13 021
Losses from the sale of receivables	1 310	1 444
Losses from the disposal of liabilities and subordinated capital	4	182
Expenses from the termination of fair value hedges	8 501	2 044
Expenses from financial instruments reclassified from available-for-sale financial assets	1 933	3 905
Expenses from currency translation	6 497	27 088
NET INCOME FROM RECEIVABLES, LIABILITIES AND SUBORDINATED CAPITAL	546 555	548 874

(14) NET EXPENSE FOR ALLOWANCES FOR CREDIT LOSSES

<i>€ 000's</i>	1 Jan 2010 to 30 Jun 2010	1 Jan 2009 to 30 Jun 2009
<i>Income from allowances for credit losses</i>	61 686	46 898
Reversal of allowances for credit losses	48 639	39 784
Recoveries on receivables previously written off	13 047	7 114
<i>Expenses for allowances for credit losses</i>	85 928	97 928
Additions to allowances for credit losses	58 966	59 969
Direct write-offs	26 962	37 959
NET EXPENSE FOR ALLOWANCES FOR CREDIT LOSSES	24 242	51 030

(15) NET FEE AND COMMISSION RESULT

€ 000's	1 Jan 2010 to 30 Jun 2010	1 Jan 2009 to 30 Jun 2009
<i>Fee and commission income</i>	109 177	95 685
from concluding home loan and savings contracts	43 734	38 471
from banking business	17 709	14 874
from reinsurance business	8 701	8 925
from agency business	12 306	14 362 ¹
from investment business	20 207	13 100
from other business	6 520	5 953
<i>Fee and commission expenses</i>	270 248	256 440
from insurance business	179 622	177 541 ¹
from home loan savings/banking business	64 159	56 944
from agency business	10 770	11 042
from investment business	10 884	6 640
from other business	4 813	4 273
NET FEE AND COMMISSION RESULT	- 161 071	- 160 755

¹ Adjustment of previous year's figures (see page 24).

(16) PREMIUMS/CONTRIBUTIONS EARNED (NET)**LIFE/HEALTH INSURANCE**

€ 000's	1 Jan 2010 to 30 Jun 2010	1 Jan 2009 to 30 Jun 2009
Gross premiums written	1 246 930	1 143 321
Changes in unearned premiums	27 791	59 164
Amounts transferred from the provision for premium refunds	45 073	54 301
Premiums/contributions earned (gross)	1 319 794	1 256 786
Premiums ceded to reinsurers	– 56 051	– 61 722
PREMIUMS/CONTRIBUTIONS EARNED (NET)	1 263 743	1 195 064

PROPERTY-CASUALTY INSURANCE, REINSURANCE

€ 000's	1 Jan 2010 to 30 Jun 2010	1 Jan 2009 to 30 Jun 2009
Gross premiums written	838 984	823 481
Direct insurance business	833 310	819 521
Reinsurance assumed	5 674	3 960
Changes in unearned premiums	– 179 291	– 172 915
Premiums/contributions earned (gross)	659 693	650 566
Premiums ceded to reinsurers	– 28 447	– 24 147
PREMIUMS/CONTRIBUTIONS EARNED (NET)	631 246	626 419

(17) INSURANCE BENEFITS (NET)**LIFE/HEALTH INSURANCE**

€ 000's	1 Jan 2010 to 30 Jun 2010	1 Jan 2009 to 30 Jun 2009
Payments for insured events	971 529	1 040 663
Gross amount	1 036 406	1 116 010
less: Share of reinsurers	– 64 877	– 75 347
Change in the provision for loss and loss adjustment expenses	– 12 345	– 34 987
Gross amount	– 12 345	– 34 960
less: Share of reinsurers	–	– 27
Change in the provision for future policy benefits	405 922	326 814
Gross amount	389 268	319 064
less: Share of reinsurers	16 654	7 750
Change in the provision for premium refunds (gross)	243 060	48 490
Change in other technical provisions (gross)	– 5	– 65
INSURANCE BENEFITS	1 608 161	1 380 915
Total gross amount	1 656 384	1 448 539
less (total): Share of reinsurers	– 48 223	– 67 624

PROPERTY-CASUALTY INSURANCE, REINSURANCE

€ 000's	1 Jan 2010 to 30 Jun 2010	1 Jan 2009 to 30 Jun 2009
Payments for insured events	379 497	370 082
Gross amount	398 456	386 893
less: Share of reinsurers	– 18 959	– 16 811
Change in the provision for loss and loss adjustment expenses	– 48 160	– 65 617
Gross amount	– 63 522	– 77 868
less: Share of reinsurers	15 362	12 251
Change in other technical provisions (gross)	–	– 700
INSURANCE BENEFITS	331 337	303 765
Total gross amount	334 934	308 325
less (total): Share of reinsurers	– 3 597	– 4 560

(18) TAXES ON INCOME

€ 000's	1 Jan 2010 to 30 Jun 2010	1 Jan 2009 to 30 Jun 2009
Current taxes on income in the period under review	55 395	55 791
Current taxes referring to previous years	3 435	– 7 379
Deferred taxes	– 3 521	5 082
TAXES ON INCOME	55 309	53 494

(19) EARNINGS PER SHARE

Basic earnings per share are calculated by dividing consolidated net income for the year by the weighted average number of shares:

		1 Jan 2010 to 30 Jun 2010	1 Jan 2009 to 30 Jun 2009
Result attributable to shareholders of W&W AG	€ 000's	94 206 013	127 263 409
Number of shares at the beginning of the financial year	No.	91 992 622	86 243 084
Issue of new shares / conversion of options	No.	—	—
Weighted average number of shares	No.	91 992 622	86 243 084
BASIC (DILUTED) EARNINGS PER SHARE	€ 000's	1.02	1.48

Basic earnings per share correspond to diluted earnings per share, as there are no potentially dilutive shares issued at the moment.

[20] APPROPRIATION OF DISTRIBUTABLE PROFIT

The Annual General Meeting of W&W AG held on 10 June 2010 resolved to use the net retained profit as reported under German commercial law (HGB) for the financial year 2009 in the amount of € 65.7 million (2008: € 43.6 million) to pay a dividend of € 0.50 (2008: € 0.50) per share as well as a dividend bonus of € 0.10 (2008: € 0) per share. This equates to a pay-out of € 55.2 million (2008: € 43.1 million) in relation to participating shares. Of the remaining amount, € 10.0 million (2008: € 0) were transferred to other reserves and € 0.5 million (2008: € 0.5 million) were carried forward to new account.

The dividend was distributed on 11 June 2010.

Other disclosures

(21) CONTINGENT LIABILITIES

€ 000's	30 Jun 2010	31 Dec 2009
Contingent liabilities from banking business	1 478 749	1 268 633
Contingent liabilities from insurance business	248 336	248 301
Other contingent liabilities	25 132	29 278
CONTINGENT LIABILITIES	1 752 217	1 546 212

(22) RELATED PARTY DISCLOSURES

Controlling Group company

The main shareholder of Wüstenrot & Württembergische AG is Wüstenrot Holding AG, Ludwigsburg, which owns 67.19% of the share capital of Wüstenrot & Württembergische AG. Other shareholders include Landesbank Baden-Württemberg, Stuttgart (9.37%), UniCredit S.p.A., Milan (7.54%), Schweizerische Rückversicherungs-Gesellschaft AG, Zurich (4.67%) as well as Landeskreditbank Baden-Württemberg-Förderbank (L-Bank), Stuttgart (4.99%). The remaining 6.24% of the shares are held in free float.

Receivables from and liabilities to related companies

The companies of the W&W Group maintain various business relationships with related companies.

An agreement has been concluded between Wüstenrot Holding AG and W&W AG on the assignment and use of trademarks. W&W AG pays an annual fee of € 2.5 million plus VAT for the use of Wüstenrot trademarks to Wüstenrot Holding AG. The agreement on the assignment and use of trademarks results in a financial liability of € 29.0 million (2008: € 30.1 million) to Wüstenrot Holding AG as at 30 June 2010.

In addition, the business relationships with Wüstenrot Holding AG entirely relate to banking services rendered by Wüstenrot Bank AG Pfandbriefbank. The transactions were carried out at an arm's length basis.

Receivables from and liabilities to the other related companies are also based on banking services received and, to a lesser extent, other services received, which were also carried out at an arm's length basis. The balances of receivables and liabilities as at the reporting date are as follows:

€ 000's	30 Jun 2010	31 Dec 2009
Loans and advances to customers	207	188
Affiliated companies	207	188
Other receivables	8 181	17 005
Wüstenrot Holding AG	42	233
Affiliated companies	8 139	16 772
Receivables from related companies	8 388	17 193
Liabilities to customers	27 616	19 757
Wüstenrot Holding AG	6 011	3 430
Affiliated companies	21 605	16 327
Other liabilities	39 029	47 910
Wüstenrot Holding AG	30 112	30 094
Affiliated companies	8 917	17 816
Liabilities to related companies	66 645	67 667

(23) NUMBER OF EMPLOYEES

The W&W Group employed 9,840 (2008: 9,752) employees (based on the legal concept). This average figure is calculated as the arithmetic mean of the end-of-quarter per capita figures between 30 September 2009 and 30 June 2010 as well as in the relevant prior-year period.

On 30 June 2010, the W&W Group employed 8,250 (2008: 8,267) employees (full-time equivalents). The number of employees per capita as at the balance sheet date was 9,810 (31 December 2009: 9,816).

The number of employees increased by 210 compared to 30 June 2009. The increase is mainly attributable to the acquisition of Vereinsbank Victoria Bauspar AG in the third quarter of 2009.

(24) EVENTS AFTER THE BALANCE SHEET DATE

Effective 7 July 2010, Wüstenrot Bausparkasse AG, Ludwigsburg, acquired 100% of the shares in Allianz Dresdner Bauspar AG, Bad Vilbel (see section on business combinations on page 26 et seq.).

In order to further improve regulatory capital, Württembergische Versicherung AG, Stuttgart, issued subordinated capital at a nominal volume of € 30 million in the second half of 2010. The interest coupon of the bond amounts to 5.87% and will impact interest expenses accordingly.

RESPONSIBILITY STATEMENT

To the best of our knowledge, and in accordance with the applicable reporting principles for interim financial reporting, the interim consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the interim management report of the Group includes a fair review of the development and performance of the business and the position of the Group, together with a description of the material opportunities and risks associated with the expected development of the Group for the remaining months of the financial year.

Stuttgart, 11 August 2010

The Management Board



Dr Alexander Erdland



Klaus Peter Frohmüller



Dr Michael Gutjahr



Wicke

REVIEW REPORT

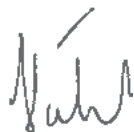
We have reviewed the condensed interim consolidated financial statements, comprising the statement of financial position, the statement of comprehensive income, the condensed statement of cash flows, the statement of changes in equity as well as selected notes, and the interim group management report of Wüstenrot & Württembergische AG, Stuttgart, for the period from 1 January to 30 June 2010, which are part of the half-yearly financial report pursuant to section 37w of the WpHG [*Wertpapierhandelsgesetz*: German Securities Trading Act]. The preparation of the condensed interim consolidated financial statements in accordance with the IFRS applicable to interim financial reporting, as required to be applied in the EU, and the interim Group management report in accordance with the regulations of the German Securities Trading Act is the responsibility of the Company's Management Board. Our responsibility is to issue a report, based on our review, regarding the condensed interim consolidated financial statements and the interim Group management report.

We conducted our review of the condensed interim consolidated financial statements and the interim Group management report in accordance with the generally accepted German principles for the review of financial statements, as laid down by the Institute of Public Auditors in Germany (IDW). These standards require that we plan and perform the review to enable us to preclude with a reasonable level of certainty, having carried out a critical assessment of material aspects, that the condensed interim consolidated financial statements have not been prepared in accordance with applicable provisions of IFRS on interim financial reporting (as adopted by the EU), and that the interim Group management report has not been prepared in accordance with the applicable provisions of the German Securities Trading Act. The primary focus of a review is on conducting interviews with the company's employees, together with analytical assessments; therefore, a review cannot provide the level of certainty that is attainable with an audit. In accordance with our engagement, we have not performed an audit and, accordingly, we do not express an audit opinion.

Based on our review, we have not identified any facts that would indicate that the condensed interim consolidated financial statements have not been prepared materially in accordance with applicable provisions of IFRS on interim reporting (as adopted by the EU), and that the interim Group management report has not been prepared materially in accordance with the applicable provisions of the German Securities Trading Act.

Stuttgart, 12 August 2010

PricewaterhouseCoopers
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft



Werner Hölzl
Wirtschaftsprüfer
(German Public Auditor)



Reinhard Knüdeler
Wirtschaftsprüfer
(German Public Auditor)

PUBLICATION AND CONTACT DETAILS

This half-yearly financial report is published in English and German. Both versions, as well as additional financial reports published by W&W Group entities, are available for download at www.ww-ag.com/finanzberichte.

Please do not hesitate to contact us to discuss any specific financial issues – we look forward to talking with you.

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**wüstenrot
württembergische**