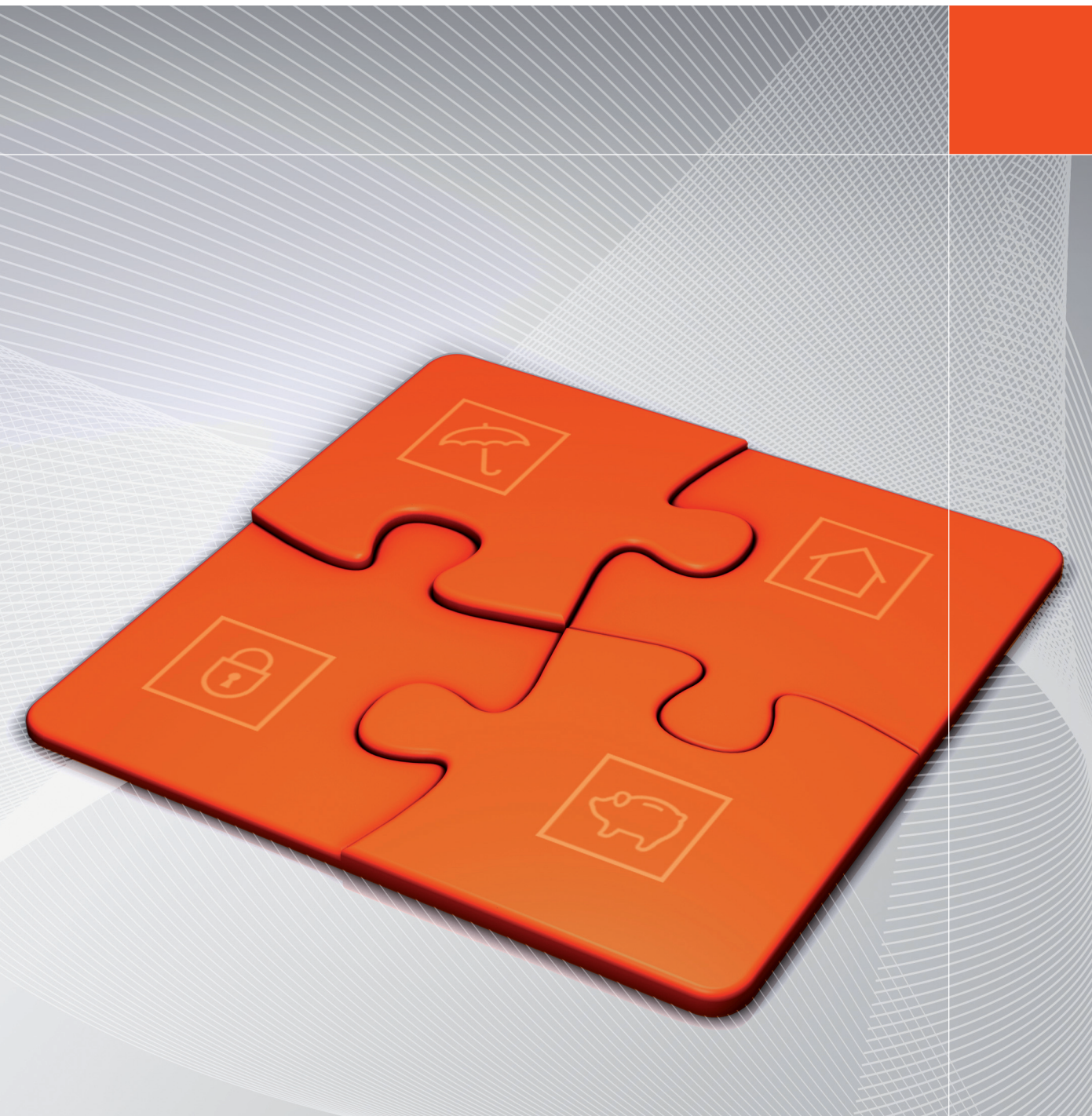


# Interim Management Statement as at 31 March 2010

Wüstenrot & Württembergische AG



# KEY FIGURES OF W&W GROUP

## W&W GROUP (ACCORDING TO IFRS)

<b>CONSOLIDATED STATEMENT OF FINANCIAL POSITION</b>		31 Mar 2010	31 Dec 2009
Available-for-sale financial assets	€ bn	17.8	16.9
Loans and advances to banks	€ bn	15.2	15.1
Loans and advances to customers	€ bn	30.9	30.6
Liabilities to customers	€ bn	24.1	23.8
Technical provisions	€ bn	29.7	29.1
Equity	€ bn	2.8	2.6
Net asset value per share	€	29.76	28.71
Total assets	€ bn	71.0	69.5
<b>CONSOLIDATED INCOME STATEMENT</b>		1 Jan 2010 to 31 Mar 2010	1 Jan 2009 to 31 Mar 2009
Net financial result (after allowance for credit losses)	€ mn	448.3	169.2
Premiums/contributions earned (net)	€ mn	950.5	908.2
Insurance benefits (net)	€ mn	985.1	670.9
Earnings before income taxes from continued operations	€ mn	79.3	78.2
Consolidated net income	€ mn	48.4	53.7
Earnings per share	€	0.49	0.65
<b>OTHER DISCLOSURES</b>		1 Jan 2010 to 31 Mar 2010	1 Jan 2009 to 31 Mar 2009
Employees <sup>1</sup>		8,272	8,267
Employees <sup>2</sup>		9,858	9,819
Assets under management	€ bn	27.5	24.9
Sales of own and third-party investment funds	€ mn	101.1	43.5
New home loans business	€ mn	1,190.7	1,075.5
<b>SEGMENT OVERVIEW</b>		1 Jan 2010 to 31 Mar 2010	1 Jan 2009 to 31 Mar 2009
<b>Home Loan and Savings Bank</b>			
New home loan savings business (paid in)	€ mn	1,964.1	1,881.5
New home loan savings business (gross)	€ mn	2,834.4	2,396.3
<b>Property/Casualty Insurance</b>			
New premiums/contributions (measures in terms of annual contributions to the portfolio)	€ mn	78.3	72.2
Gross premium/contribution income	€ mn	613.8	601.0
<b>Life and Health Insurance</b>			
Annual Premium Equivalent (APE)	€ mn	57.1	46.4
Gross premium/contribution income	€ mn	675.1	580.6

<sup>1</sup> Full-time equivalent head count as at 31 March 2010 (previous year's figure as at 31 December 2009)

<sup>2</sup> Number of employment contracts as at 31 March 2010 (previous year's figure as at 31 December 2009).

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# KEY FIGURES OF W&W AG

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

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		1 Jan 2010 to 31 Mar 2010	1 Jan 2009 to 31 Mar 2009
Net income for the period	€ mn	99.4	26.6
Share price on 31 March	€	20.40	14.75
Market capitalisation as at 31 March	€ mn	1,876.6	1,272.1

This interim management statement as at 31 March 2010 has been prepared in line with the IFRS principles pursuant to Section 37x of the German Securities Trading Act (WpHG). This management statement is not an interim statement as defined in IAS 34 and does not take the form of financial statements as defined in IAS 1.



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## REPORT ON ASSETS, LIABILITIES, FINANCIAL POSITION, AND PROFIT OR LOSS

### Economic situation

#### DEVELOPMENTS IN THE ECONOMY AS A WHOLE

The German economy became markedly less dynamic during the final months of 2009/early 2010. The main cause was the prolonged period of bad weather conditions during the winter, hampering an already weak level of economic activity.

However, the economic mood brightened during the first quarter of 2010. The ifo business climate index, a leading indicator, prompted hopes of an upturn in economic activity again during the second quarter. Foreign trade lent positive momentum to the German economy, with rising demand from the emerging markets in particular contributing to the recovery. Domestic demand, in contrast, was (and remains) currently reserved. Overall, positive rates of GDP growth are expected again over the rest of the year. However, as the impact of fiscal policy measures wanes, the state of the economy can only be expected to undergo moderate improvement.

#### CAPITAL MARKETS

##### Interest rates continue to fall

Interest rates continued to fall on the German bond market during the first quarter of 2010. Yields on ten-year federal bonds fell from 3.39% in late 2009 to 3.09% by the end of March 2010. Over the same period the interest return on two-year Bunds dropped from 1.33% to 0.96%. There were several reasons for this, one of which was the exceptionally hard winter, which resulted in sobering economic headlines. Against this background, the European Central Bank stressed on several occasions that it intended to leave key rates at their historically low levels for some time to come. This passive approach by the ECB meant that yields on short-term bonds in particular became stuck at very low levels. Additionally, participants on the bond market judged the risk of inflation to be low for the time being, given the slowing in economic development. Ultimately, the intensification of the financial problems facing some of the peripheral eurozone countries, primarily Greece, meant that

investors increasingly turned to low-risk federal bonds. In the short-term, with economic and key interest rate expectations on the bond markets practically set in stone, we do not envisage any major changes to interest rates. Any limited rise in yields cannot be expected until the end of the year at the earliest, given that there is some speculation of the ECB possibly introducing interest rate hikes again in 2011.

##### W&W share enjoys substantial growth

The W&W share price rose from € 16.75 to € 20.40 during the first quarter of 2010, which represents an increase of 21.8%. This growth, well in excess of the market average, reflects the stock market's very positive assessment of the progress made by W&W AG in 2009. In contrast, the Dow Jones Euro Stoxx 50 ended the first quarter of 2010 with a slight loss of 1.1%, at 2,931 points.

## Sector performance

The new business figures for the first quarter of 2010 showed divergence between home loan savings business and home finance business. According to the figures produced by the German Association of Private Building Societies, gross new business in the home loan and savings sector rose by 18% to € 26.1 billion. Meanwhile, based on figures from the German Bundesbank, new home finance business fell by 15% over the same period to total € 41 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 positive impact on the home loan and savings sector to date in 2010. Overall, new home loan and savings business will put in a positive performance for 2010. However, it will not be possible to maintain the high rate of growth seen in the first quarter across the year as a whole. Gross new business is expected to reach € 100 billion (€ 95 billion).

Meanwhile, new home financing business in 2010 is expected to remain below the level recorded in 2009, a year in which a very good performance defied expectations, with home loans totalling € 195 billion. Last year's figure can be attributed to many providers of finance taking advantage of the low interest rates to offer mortgage products. However, the decline in new business seen during the first three months of 2010 is set to slow over the rest of the year.

The number of house-building projects being completed and approved planning applications is likely to increase somewhat again, whilst remaining at a low level over the long term. It is promising to note that households are still making use of low interest rates to invest heavily in property and protect themselves against the risk of inflation.

## INSURANCE BUSINESS

Many consumers have been left with a feeling of uncertainty by the ongoing yet unpredictable economic fall-out from the financial crisis, and by the threat of possible setbacks on the international capital markets. Consequently, they are continuing to shy away from long-term commitments. One result of this was a continuation of the trend in evidence for some time now in the life insurance sector, with only a slight increase of 0.7% in current new premiums during the first quarter, yet a strong increase in one-off contributions, which grew by 62.0%. Looking at 2010 as a whole, the General Association of the German Insurance Industry (GDV) expects total gross premiums written to fall by around 3%.

In terms of property/casualty insurance, the GDV anticipates that premium income in 2010 will be 0.5% down on the previous year's figure. With their real incomes barely rising, households will be reviewing their spending on insurance cover – or refraining from taking out any new policies altogether. With regard to motor vehicle insurance, a further fall in premiums is expected in response to continued levels of intense competition in the sector.

## Business development

Wüstenrot & Württembergische (W&W), the experts for savings, investment, and risk protection, have successfully concluded their "W&W 2009" modernisation programme. The aim now is to make W&W even more competitive. With this in mind, the Group has launched its growth programme "W&W 2012", which is targeted at achieving sustainability and maintaining value.

As demonstrated by the Q1 results in 2010, the financial services group is on the right track. Consolidated net income as at 31 March 2010 was a solid € 48.4 million, clearly exceeding the pro-rata 2010 target of € 35 million.

W&W is therefore continuing along its growth path. Alongside the good developments in new business in home loan and savings, home finance, life insurance and property insurance, the Group has also taken the opportunity to acquire Allianz Dresdner Bauspar AG. W&W has agreed with Commerzbank that it will take over the building society later this year, subject to the approval of the relevant authorities. In this way, the W&W Group will gain an additional sales potential of € 2.5 billion (in terms of funds saved) in home loan and savings business.

### NET FINANCIAL RESULT

The W&W Group's net financial result as at 31 March 2010 improved by € 279.1 million to € 448.3 million (€ 169.2 million)<sup>1</sup>. The following effects should be taken into account:

- Net income from available-for-sale financial assets grew by € 334.5 million during the reporting period. The previous year had been dominated by extraordinary impairments in relation to securities and by higher losses from disposals following the financial market crisis.
- Net income from financial assets and liabilities at fair value through profit or loss totalled –€ 4.4 million (€ 99.5 million). The previous year's figure included income from disposals in the context of hedges. Net income from receivables, liabilities and subordinated

capital remained constant, at € 263.0 million compared with € 262.2 million in the same period of 2009. Lower impairments meant that the net expenses for allowances for credit losses fell by € 42.5 million to € 17.7 million (€ 60.2 million).

### PREMIUMS AND CONTRIBUTIONS EARNED

Premiums and contributions earned as at 31 March 2010 grew by € 42.3 million to € 950.5 million (€ 908.2 million). The main factor responsible for this growth was the rise in new business in the form of one-off contributions in the life and health insurance sector.

### INSURANCE BENEFITS

Insurance benefits climbed during the first three months of the year, up by € 314.2 million to € 985.1 million (€ 670.9 million). Claims relating to acts of God accounted for a particularly significant share in the property/casualty insurance segment. In contrast, the life and health insurance segment was characterised by a rise in allocations to technical provisions as a result of the high level of one-off contributions during Q1 of 2010, and also the rise in the net financial result.

### GENERAL ADMINISTRATIVE EXPENSES

General administrative expenses rose by € 10.0 million to reach € 257.4 million (€ 247.4 million). The size of the W&W workforce increased compared with the previous year due to the takeover of Vereinsbank Victoria Bauspar AG (VVB). A further factor was the commencement of the investment phase of the "W&W 2012" modernisation programme.

### EQUITY

As at 31 March 2010, the consolidated equity of the W&W Group was € 2,778.5 million, compared with € 2,647.3 million as at 31 December 2009. The rise of € 131.2 million can be broken down into the consolidated net income as at 31 March 2010 of € 48.4 million, and from the rise in the revaluation reserve. The higher revaluation reserve can be attributed to available-for-sale financial assets (+ € 39.6 million) and cash flow hedges (+ € 39.6 million).

<sup>1</sup> Unless otherwise specified, the figures in brackets represent the corresponding values as at 31 March 2009.

## Segment reporting

### HOME LOAN AND SAVINGS BANK

Whilst business increased in terms of home loan and savings and lending, the net income recorded for the segment developed less convincingly, particularly as a result of one-off effects related to administrative expenses and taxes. The segment's net income was € 15.4 million compared with € 41.3 million during the first three months of 2009.

#### New business

Gross new business, measured in terms of the volume of contracts, rose by 9.0% from € 2.6 billion to € 2.8 billion. The new business in the amount of € 204.0 million recorded by VVB, which was acquired in early July 2009, has also been included in the previous year's figure.

New lending business also grew, by 9.7% to € 762.4 million (€ 694.8 million). Loan extensions accounted for € 92.1 million (€ 181.4 million), with newly concluded lending business rising to € 670.3 million (€ 513.4 million).

Overall, new home loan financing business across the entire W&W Group totalled € 1,190.7 million (€ 1,075.5 million). The Czech building society and mortgage bank, the business activities of which are reported under "All other segments" contributed € 87.1 million (€ 68.8 million). The total figure also includes mortgage loans granted by Württembergische Lebensversicherung AG and disbursements from home loan and savings contracts.

#### Income situation

The net financial result recorded by the Home Loan and Savings Bank segment was € 112.4 million (€ 122.5 million) as at 31 March 2010, comprised mainly of the following elements.

Net income from available-for-sale financial assets fell by € 8.6 million to € 41.7 million (€ 50.3 million). This decrease was due to a fall in income from variable-rate securities and the lower rate of interest earned on new investments as a result of falling interest rates.

Net income from financial assets and liabilities at fair value through profit or loss dropped slightly to € 20.8 million (€ 23.1 million) based on a fall in the interest result for the trading portfolio. The almost balanced hedge result reflects just how effective hedging proved to be during the reporting period.

Net income from receivables, liabilities and subordinated capital rose by € 2.4 million from € 58.7 million to € 61.1 million. A fall in the expenses associated with refinancing more than offset the fall in income from lending.

The net expense for allowances for credit losses rose by € 4.4 million to € 11.0 million (€ 6.6 million) as a result of direct write-offs. The change in the risk provisioning method means that the previous year's figures can only be compared with current figures to a limited extent.

The net fee and commission result increased to € 0.2 million (–€ 5.3 million), as a result of higher income from account fees in conjunction with the takeover of the VVB portfolios and a positive development in provisions for completion fee refunds.

General administrative expenses rose to € 90.2 million (€ 77.4 million). This rise is primarily attributable to the expansion of capacity to handle new business in lending and to the takeover of VVB staff. The task of migrating VVB's IT systems also resulted in higher expenses, although this migration was also used as an opportunity for process optimisation.

Allocations to the tax provisions resulted in a higher tax ratio in the Home Loan and Savings Bank segment.

### LIFE AND HEALTH INSURANCE

The Life and Health Insurance segment recorded growth in terms of both income and premiums/contributions. The segment's net profit as at 31 March 2010 improved to € 4.5 million compared with –€ 4.9 million during the previous year.

#### New business

New premiums in life and health insurance rose considerably as at 31 March 2010 to reach € 232.7 million (€ 121.3 million). This equates to a 91.8% increase year-on-year. One of the main factors in this rise was the increase

of € 83.2 million in one-off contributions, an increase well above the market average that took the total up to € 195.1 million. Of this, € 41.6 million related to the reinsurance cover to protect the W&W Group's partial retirement agreements against insolvency. The rise in one-off contributions made up for the slight fall in new regular premiums, totalling € 37.6 million (€ 38.1 million).

Measured in terms of the Annual Premium Equivalent (APE), new business totalled € 57.1 million (€ 46.4 million). The rise in the APE is less marked, given that this indicator takes account of the full amount of new regular premiums but only includes one-off contributions at 10% of their value.

#### Income situation

The net financial result as at 31 March 2010 improved by € 251.9 million to reach € 288.4 million (€ 36.5 million). This significant improvement is primarily attributable to the rise in net income from available-for-sale financial assets, up from –€ 159.6 million to € 143.0 million. Lower disposal losses and a fall in impairments had a key impact. In contrast, however, net income from financial assets and liabilities at fair value through profit or loss fell from € 67.2 million to –€ 14.5 million. A key factor in this regard was the fall in net disposal income, which could not be offset by an improvement in the valuation result. Net expense for allowances for credit losses fell considerably, due to lower impairments in relation to fixed-income stocks, down from € 52.9 million to € 5.4 million.

Net income from investment property rose by € 2.4 million to € 7.1 million (€ 4.7 million). This can be attributed to lower current expenses.

In terms of premiums and contributions earned, the Life and Health Insurance segment was able to grow further compared with the same period of the previous year, up from € 595.0 million to € 671.5 million. Once again, the strong rise in one-off contributions played a key role.

Insurance benefits paid increased by € 319.1 million to € 850.8 million (€ 531.7 million). This was mainly due to allocations being made to provisions for future policy benefits in response to the rise in one-off contributions. Additionally, provisions for unit-linked life insurance were increased as a result of the recovery on the capital market. Furthermore, the higher net financial result compared

with the first three months of 2009 resulted in a higher allocation to the provisions for premium refunds. General administrative expenses in Life and Health Insurance, at € 64.0 million, were on a par with the previous year.

#### PROPERTY/CASUALTY INSURANCE

Business in the Property/Casualty Insurance segment was characterised by gratifying developments with regard to new business and the net financial result. The segment's income totalled € 22.1 million, compared with € 28.3 million in the previous year.

#### New business

New business, measured in terms of the contribution to the annual portfolio, climbed by € 6.1 million as at 31 March 2010 to reach € 78.3 million (€ 72.2 million). Württembergische Vertriebservice GmbH für Makler und freie Vermittler made a significant contribution in this regard, growing its new business from € 18.1 million to € 28.0 million, of which € 23.6 million related to motor vehicles insurance.

#### Income situation

The net financial result benefited from the development on the capital markets and, at € 35.1 million (€ 18.0 million), was a clearly positive result. Net income from available-for-sale financial assets was one of the main drivers behind this result, rising by € 23.9 million from –€ 6.2 million to € 17.7 million, having been affected by a high level of impairments in relation to equities during the previous year. This result was partly offset by net income from financial assets measured at fair value through profit or loss. Having benefited from an improved disposal and valuation result for the trading portfolio last year, it fell by € 10.5 million from € 8.4 million to –€ 2.1 million during Q1.

The net fee and commission result fell by 7.9% to –€ 42.4 million (–€ 39.3 million). The fall in reinsurance commissions received was the main contributory factor.

The positive development in net premiums earned continued at the beginning of 2010. A rise of € 2.6 million was recorded, up from € 262.7 million to € 265.3 million, primarily on the basis of increases in new business.

The claims situation deteriorated due to higher expenses for damage caused by the elements, and motor vehicle claims. The biggest single event was Hurricane Xynthia, resulting in total claims worth approximately € 14 million. The total claim expenditure was up by € 21 million to € 138.7 million (€ 117.7 million).

General administrative expenses in the Property/Casualty Insurance segment fell by € 6.4 million from € 87.3 million to € 80.9 million. This was primarily due to lower other administrative expenses, as well as a lower level of purchased IT services within the Group and lower consultancy costs.

Despite the pre-tax result remaining practically constant at € 37.0 million (€ 36.8 million), there was a considerable rise in tax expenses, at € 14.9 million. This was due to a one-off effect in 2009. The non-taxable results of the suspended operations of the UK branch resulted in a lower tax ratio during the first quarter of 2009.

#### **ALL OTHER SEGMENTS**

"All other segments" comprises those areas of business that cannot be allocated to any other segment.

Performance is primarily determined by the results of W&W AG, W&W Asset Management GmbH and the Czech companies (building society, life insurance and mortgage bank). The segment's income after taxes totalled € 104.5 million, compared with € 17.4 million during the previous year. This rise can mainly be attributed to the net financial result, which was influenced by higher intra-Group dividend income collected by W&W AG.

## **Outlook**

With the successful conclusion last year of its "W&W 2009" restructuring programme aimed at achieving greater growth, efficiency and profitability, the W&W Group has withstood the financial crisis whilst also creating stability for the Group and opening up potential for the future. The foundations for the next strategic step "W&W 2012" have thus been laid. "W&W 2012" is a modernisation programme designed to achieve sustainable growth and maintain value. The Group's aim is to achieve an annual result under IFRS of € 250 million after taxes by the year 2012.

The "W&W 2012" programme encompasses additional investment in order to realise W&W's image as the experts for savings, investment, and risk protection with a highly attractive price/performance ratio. Our aim is to embrace – and fully exploit – the market opportunities that have been opened up to us. We will be investing a total of more than € 280 million during the period from 2010 to 2012 to achieve these targets. As a consequence of this investment volume, our results for 2010 and 2011 will be lower. In our 2009 Annual Report we set ourselves a target for 2010 of recording consolidated net income under IFRS of at least € 140 million. Given the positive manner in which business has progressed so far this year, we should however be able to achieve a result in the region of € 160 million. This forecast is based on the assumption that there will be no unexpected claim, credit or capital market events with a detrimental impact on the IFRS result.

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

### ASSETS

€ 000's	31 Mar 2010	31 Dec 2009
<b>A. Cash reserve</b>	63,247	110,322
<b>B. Non-current assets held for sale and disposal groups</b>	8,997	8,997
<b>C. Financial assets at fair value through profit or loss</b>	2,066,760	1,966,968
<b>D. Available-for-sale financial assets</b>	17,760,746	16,888,671
<b>E. Receivables</b>	46,395,790	45,903,234
I. Loans and advances to banks	15,239,264	15,103,954
II. Receivables from reinsurance business	76,594	103,799
III. Loans and advances to customers	30,933,019	30,624,338
IV. Portfolio hedge adjustment	39,542	– 11,772
V. Miscellaneous receivables	107,371	82,915
<b>F. Allowance for credit losses</b>	– 242,340	– 240,813
<b>G. Positive market value of hedges</b>	297,231	239,523
<b>H. Investments accounted for using the equity method</b>	141,750	141,064
I. Investment property	1,310,908	1,262,590
<b>J. Reinsurers' share of technical provisions</b>	1,822,941	1,818,778
<b>K. Other assets</b>	1,413,678	1,439,330
I. Intangible assets	215,935	218,592
II. Property, plant and equipment, and inventories	349,114	349,279
III. Current tax assets	120,890	102,747
IV. Deferred tax assets	654,539	646,664
V. Miscellaneous assets	73,200	122,048
<b>TOTAL ASSETS</b>	<b>71,039,708</b>	<b>69,538,664</b>

## LIABILITIES

€ 000's	31 Mar 2010	31 Dec 2009
<b>A. Financial liabilities at fair value through profit or loss</b>	574,327	496,451
<b>B. Liabilities</b>	34,382,860	33,850,121
I. Certificated liabilities	1,322,246	1,293,492
II. Liabilities to banks	6,967,310	6,740,072
III. Liabilities from reinsurance business	1,588,952	1,592,859
IV. Liabilities to customers	24,057,549	23,769,784
V. Other liabilities	446,803	453,914
<b>C. Negative market value of hedges</b>	453,568	378,892
<b>D. Technical provisions</b>	29,735,282	29,123,203
<b>E. Other provisions</b>	1,794,523	1,772,143
<b>F. Other liabilities</b>	902,271	839,844
I. Current tax liabilities	343,070	339,646
II. Deferred tax liabilities	521,957	482,674
III. Miscellaneous liabilities	37,244	17,524
<b>G. Subordinated capital</b>	418,396	430,686
<b>H. Equity</b>	2,778,481	2,647,324
I. Share in paid-in capital attributable to shareholders of W&W AG	1,460,195	1,460,195
II. Share in retained earnings attributable to shareholders of W&W AG	1,236,952	1,115,485
III. Non-controlling interests	81,334	71,644
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>71,039,708</b>	<b>69,538,664</b>

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

### CONSOLIDATED INCOME STATEMENT

€ 000's	1 Jan 2010 to 31 Mar 2010	1 Jan 2009 to 31 Mar 2009
Income from available-for-sale financial assets	226,539	211,124 <sup>1</sup>
Expenses for available-for-sale financial assets	19,443	338,574 <sup>1</sup>
<b>1. Net income from/net expense for available-for-sale financial assets</b>	<b>207,096</b>	<b>- 127,450</b>
Income from investments accounted for using the equity method	621	503
Expenses for investments accounted for using the equity method	297	2,340
<b>2. Net income from/net expense for investments accounted for using the equity method</b>	<b>324</b>	<b>- 1,837</b>
Income from financial assets and liabilities at fair value through profit or loss	392,182	770,491 <sup>1</sup>
Expenses for financial assets and liabilities at fair value through profit or loss	396,617	671,004 <sup>1</sup>
<b>3. Net income from/net expense for financial assets and liabilities at fair value through profit or loss</b>	<b>- 4,435</b>	<b>99,487</b>
Income from hedges	89,221	14,168
Expenses for hedges	89,269	17,096
<b>4. Hedge result</b>	<b>- 48</b>	<b>- 2,928</b>
Income from receivables, liabilities and subordinated capital	509,907	547,788 <sup>1,2</sup>
Expenses for receivables, liabilities and subordinated capital	246,870	285,622 <sup>1</sup>
<b>5. Net income from receivables, liabilities and subordinated capital</b>	<b>263,037</b>	<b>262,166</b>
Income from allowances for credit losses	33,446	30,887
Expenses for allowances for credit losses	51,160	91,095
<b>6. Net expense for allowances for credit losses</b>	<b>17,714</b>	<b>60,208</b>
<b>7. NET FINANCIAL RESULT</b>	<b>448,260</b>	<b>169,230</b>
Income from investment property	20,596	21,324
Expenses for investment property	12,727	15,833
<b>8. NET INCOME FROM INVESTMENT PROPERTY</b>	<b>7,869</b>	<b>5,491</b>
Fee and commission income	53,317	47,724 <sup>4</sup>
Fee and commission expenses	134,948	138,628 <sup>2,4</sup>
<b>9. NET FEE AND COMMISSION RESULT</b>	<b>- 81,631</b>	<b>- 90,904</b>
Premiums/contributions earned (gross)	992,177	950,269
Premiums ceded to reinsurers	41,665	42,109
<b>10. PREMIUMS/CONTRIBUTIONS EARNED (NET)</b>	<b>950,512</b>	<b>908,160</b>
Insurance benefits (gross)	1,015,752	705,817
Claim recoveries from reinsurers	30,694	34,882
<b>11. INSURANCE BENEFITS (NET)</b>	<b>985,058</b>	<b>670,935</b>
<b>AMOUNT CARRIED FORWARD</b>	<b>339,952</b>	<b>321,042</b>

€ 000's	1 Jan 2010 to 31 Mar 2010	1 Jan 2009 to 31 Mar 2009
<b>AMOUNT BROUGHT FORWARD</b>	<b>339,952</b>	<b>321,042</b>
Personnel expenses	151,672	140,239
Other administrative expenses	92,410	94,145
Amortisation, depreciation and impairment	13,283	13,054
<b>12. GENERAL ADMINISTRATIVE EXPENSES</b>	<b>257,365</b>	<b>247,438</b>
Other income	39,400	33,251 <sup>1</sup>
Other expenses	42,647	28,643 <sup>1,3</sup>
<b>13. NET OTHER INCOME/EXPENSE</b>	<b>- 3,247</b>	<b>4,608</b>
<b>14. EARNINGS BEFORE INCOME TAXES FROM CONTINUED OPERATIONS</b>	<b>79,340</b>	<b>78,212</b>
<b>15. TAXES ON INCOME</b>	<b>30,981</b>	<b>24,499<sup>2,3</sup></b>
<b>16. CONSOLIDATED NET INCOME</b>	<b>48,359</b>	<b>53,713</b>
Result attributable to shareholders of W&W AG	45,344	56,143
Result attributable to non-controlling interests	3,015	- 2,430
<b>17. Earnings per share in EUR<sup>5</sup></b>	<b>0.49</b>	<b>0.65</b>
of which attributable to continued operations	0.49	0.65

1 Previous year's figure adjusted due to a change in presentation of income and expenses from currency translation.

2 Previous year's figure adjusted due to amendment to IAS 18.

3 Previous year's figure adjusted due to a change in presentation of expenses for other taxes.

4 Previous year's figure adjusted in accordance with IAS 8.42.

5 Basic earnings per share correspond to diluted earnings per share.

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

€ 000's	1 Jan 2010 to 31 Mar 2010	1 Jan 2009 to 31 Mar 2009
<b>Consolidated net income</b>	48,359	53,713
Recognised in equity	24,448	– 22,710
Reclassified to the income statement	15,190	– 45,946
<b>Measurement gains/losses from available-for-sale financial assets</b>	39,638	– 68,656
<b>Measurement gains/losses from investments accounted for using the equity method</b>	351	708
Recognised in equity	39,399	– 13,024
Reclassified to the income statement	206	744
<b>Measurement gains/losses from cash flow hedges</b>	39,605	– 12,280
<b>Currency translation differences of independent foreign operations</b>	4,365	– 1,519
<b>Actuarial gains and losses from defined benefit plans</b>	– 2,583	– 1
<b>Other comprehensive income, net of tax</b>	81,376	– 81,748
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>129,735</b>	<b>– 28,035</b>
Attributable to shareholders of W&W AG	121,910	– 22,315
Attributable to non-controlling interests	7,825	– 5,720



## SEGMENT INCOME STATEMENT

€ 000's	HOME LOAN SAVINGS BANK		LIFE AND HEALTH INSURANCE	
	1 Jan 2010 to 31 Mar 2010	1 Jan 2009 to 31 Mar 2009	1 Jan 2010 to 31 Mar 2010	1 Jan 2009 to 31 Mar 2009
1. <i>Net income from/net expense for available-for-sale financial assets</i>	41,652	50,328	142,968	- 159,568
2. <i>Net income from/net expense for investments accounted for using the equity method</i>	—	—	18	- 400
3. <i>Net income from/net expense for financial assets and liabilities at fair value through profit or loss</i>	20,795	23,097	- 14,512	67,231
4. <i>Hedge result</i>	- 56	- 2,999	8	71
5. <i>Net income from receivables, liabilities and subordinated capital</i>	61,055	58,738	165,371	182,101
6. <i>Net expense for allowances for credit losses</i>	11,048	6,624	5,445	52,921
7. NET FINANCIAL RESULT	112,398	122,540	288,408	36,514
8. NET INCOME/NET EXPENSE FROM INVESTMENT PROPERTY	—	—	7,136	4,650
9. NET FEE AND COMMISSION RESULT	195	- 5,261	- 34,726	- 39,097
10. PREMIUMS/CONTRIBUTIONS EARNED (NET)	—	—	671,487	594,950
11. INSURANCE BENEFITS (NET)	—	—	850,785	531,683
12. GENERAL ADMINISTRATIVE EXPENSES <sup>1</sup>	90,194	77,431	64,044	64,089
13. NET OTHER INCOME/EXPENSE	6,014	14,788	- 11,110	- 7,887
14. SEGMENT RESULT FROM CONTINUED OPERATIONS BEFORE INCOME TAXES	28,413	54,636	6,366	- 6,642
15. TAXES ON INCOME	12,977	13,319	1,842	- 1,754
16. SEGMENT RESULT AFTER TAXES	15,436	41,317	4,524	- 4,888

<sup>1</sup> Including service revenues and rental income with other segments

PROPERTY/CASUALTY INSURANCE		SUM TOTAL OF ALL REPORTABLE SEGMENTS		OTHER SEGMENTS		CONSOLIDATION/ RECONCILIATION		GROUP	
1 Jan 2010 to 31 Mar 2010	1 Jan 2009 to 31 Mar 2009	1 Jan 2010 to 31 Mar 2010	1 Jan 2009 to 31 Mar 2009	1 Jan 2010 to 31 Mar 2010	1 Jan 2009 to 31 Mar 2009	1 Jan 2010 to 31 Mar 2010	1 Jan 2009 to 31 Mar 2009	1 Jan 2010 to 31 Mar 2010	1 Jan 2009 to 31 Mar 2009
17,676	- 6,181	202,296	- 115,421	119,247	25,960	- 114,447	- 37,989	207,096	- 127,450
- 144	-	- 126	- 400	450	- 1,437	-	-	324	- 1,837
- 2,137	8,424	4,146	98,752	- 7,369	735	- 1,212	-	- 4,435	99,487
-	-	- 48	- 2,928	-	-	-	-	- 48	- 2,928
19,979	15,799	246,405	256,638	12,193	4,993	4,439	535	263,037	262,166
309	44	16,802	59,589	912	619	-	-	17,714	60,208
35,065	17,998	435,871	177,052	123,609	29,632	- 111,220	- 37,454	448,260	169,230
613	615	7,749	5,265	325	226	- 205	-	7,869	5,491
- 42,380	- 39,286	- 76,911	- 83,644	- 7,660	- 10,326	2,940	3,066	- 81,631	- 90,904
265,342	262,690	936,829	857,640	53,010	53,019	- 39,327	- 2,499	950,512	908,160
138,686	117,671	989,471	649,354	35,069	24,633	- 39,482	- 3,052	985,058	670,935
80,864	87,296	235,102	228,816	17,144	16,799	5,119	1,823	257,365	247,438
- 2,104	- 248	- 7,200	6,653	1,581	2,792	2,372	- 4,837	- 3,247	4,608
36,986	36,802	71,765	84,796	118,652	33,911	- 111,077	- 40,495	79,340	78,212
14,853	8,529	29,672	20,094	14,165	16,480	- 12,856	- 12,075	30,981	24,499
22,133	28,273	42,093	64,702	104,487	17,431	- 98,221	- 28,420	48,359	53,713



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## PUBLICATION AND CONTACT DETAILS

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This interim report is available in both German and English. Both versions, as well as additional financial reports published by W&W Group entities, are available for download at [www.ww-ag.com/finanzberichte](http://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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