Interim Report as at 30 June 2015

Wüstenrot & Württembergische AG

This is a translation of the German Report. In case of any divergences, the German original is legally binding.

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6M2015: Key Figures

W&W Group (according to IFRS)

Consolidated balance Sheet		6M2015	FY2014
Total assets	€ bn	77.2	78.5
Capital investments	€ bn	49.1	49.7
Financial assets available for sale	€ bn	25.2	25.6
First tier loans and advances to institutional investors	€ bn	16.1	16.5
Building loans	€ bn	24.6	25.1
Liabilities to customers	€ bn	25.7	25.7
Technical provisions	€ bn	33.2	32.9
Equity	€ bn	3.6	3.7
Net asset value per share	in €	36.04	34.49

Consolidated Income Statement		6M2015	6M2014
Net financial result (after risk provison)	€ mn	1,173.1	1,095.4
Premiums/contributions earned (net)	€ mn	1,900.6	1,902.7
Insurance benefits (net)	€ mn	2,156.0	2,108.9
Earnings before income taxes from continued operations	€ mn	184.1	194.1
Consolidated net profit	€ mn	144.1	130.6
Total comprehensive income	€ mn	14.6	255.8
Earnings per share	in €	1.51	1.37

Other Information	6M2015	FY2014
Employees[1]	7,537	7,670
Employees[2]	8,988	9,140

Key Sales Figures		6M2015	6M2014
Group			
Gross premiums written	€ mn	2,172.2	2,165.5
New construction financing business (including brokering for third parties)	€ mn	2,751.2	2,247.2
Sales of own and third-party investment funds	€ mn	169.6	132.2
Home loan and savings bank			
New home loan savings business (gross)	€ mn	7,294.6	7,017.5
New home loan savings business (net)	€ mn	5,311.6	5,531.4
Life and Health Insurance			
Gross premiums written	€ mn	1,116.4	1,148.3
New premiums	€ mn	292.3	324.6
Property/Casualty Insurance			
Gross premiums written	€ mn	1,044.6	1,066.0
New premiums (measured in terms of annual contributions to the portfolio)	€ mn	124.7	122.5

1 Full-time equivalent head count.
2 Number of employment contracts.

W&W AG (According to the German Commercial Code)

		6M2015	6M2014
Net profit	€ mn	56.3	56.4
Share price as at 30 June	in €	16.22	19.20
Market capitalisation as at 30 June	€ mn	1,520.2	1,766.3

Group Interim Management Report

Business report

Business environment

Macroeconomic environment

The economic prospects for Germany remain positive, since private consumption will continue to benefit from above-average income growth. Low interest rates and the resulting high demand for real estate will continue to support the construction sector. Owing to the weaker euro and gradually rising demand from the U.S. and EMU partner countries, exports are likely to grow over the course of the year. Corporate investments, which have been very modest to date, are expected to increase. Most experts anticipate that the German economy will experience GDP growth in 2015 in the region of 1.5% to 2.0%. This means that the W&W Group will continue to meet with a favourable macroeconomic environment in 2015.

Capital markets

Bond markets

After reaching record-low levels of less than 10 basis points, yields on the 10-year Bund began to rise rapidly in late April. The U.S. posted significantly improved economic data. This caused speculation that the Federal Reserve might soon raise the base rate, which led to downward pressure on the bond markets. The selling spree also affected Bunds, since investors were aware that, with yields approaching zero, they were clearly over-valued. Yields then promptly jumped, with that for the 10-year Bund even reaching more than 1%. Thereafter, with the crisis in Greece intensifying again, investors once again showed greater interest in Bunds, such that the 10-year yield fell back to 0.76% by the end of June. Interest rates rose moderately after the start of the year by 22 basis points. The 10-year swap rate increased during the first half-year by 34 basis points to 1.15%. In view of stable base rates, yields on short-term bonds also remained comparatively stable. For instance, yields on the 2-year Bund improved slightly to -0.23%. The two-year swap rate fell to 0.13%.

Persistently low yields are expected on the European bonds markets for the second half of 2015. If, as expected, the U.S. Federal Reserve raises the base rate this year, this will signal a rise in interest rates. Moreover, in Germany the inflation rate will climb over the course of the year. However, an increase in yields on bond markets in core European countries is likely to be limited as a result of extensive bond purchases by the European Central Bank and persistent political uncertainties in peripheral EMU countries.

Equities markets

After an energetic start to the year on European equities markets, consolidation began in mid-April. In particular, the political uncertainty about further developments in Greece and a significant rise in interest rates resulted in profit-taking and price corrections on the exchanges. As a result of the marked rise in prices since the start of the year, the DAX was up a substantial 11.6%. The Euro STOXX 50 rose by 8.8% over the same period.

In the second half of 2015, the positive economic environment is likely to result in higher corporate profits. In addition, we expect that the extremely expansive monetary policy will remain in place for the EMU. The environment of low interest rates resulting from this should continue to keep investors highly interested in equities. Some markets in Europe are registering high prices. This suggests that most of the positive outlook is already reflected in stock prices. Moreover, constantly flaring geopolitical tensions might reduce the risk tolerance of investors, at least temporarily. Higher price fluctuations should be expected for the remainder of the year. Nevertheless, European equities markets are likely to continue their upward trend.

W&W shares

For W&W AG, the first half of 2015 was characterised by a significant increase in the number of shares in free float. During the reporting period, L-Bank and UniCredit Bank sold their shares in W&W AG. For both banks, the investment no longer had any strategic relevance. At the same time, however, HypoVereinsbank, a subsidiary of UniCredit Bank, took this opportunity to expressly confirm its sales partnership with Wüstenrot Bausparkasse AG. Both shareholders, UniCredit as well as L-Bank, were able to place their entire shareholdings into free float, which now amounts to 20.27%. Our key shareholders are the Wüstenrot Foundation, which holds 66.31% of W&W AG through Wüstenrot Holding, and Horus Finanzholding, with a holding of 13.42%.

In the course of these sales, with heavy trading volumes, the W&W share price proved to be highly volatile in the first half-year. In the first half of May, it reached its high for the year at € 18.99, before falling by late June to € 16.22 in the course of the trading. The overall performance was -6.1%, including the dividend payment of € 0.50/share.

It is already clear that interest in our shares is rising considerably as a result of the larger number of shares in free float and improved negotiability. The increase in the number of shares in free float will continue to have a positive effect on the liquidity of the shares, thus opening them up to new investor groups. Also contributing to this were our own activities on the capital markets, which we significantly intensified. We are represented at road shows and capital market conferences throughout Germany, as well as in Vienna, Zurich, Luxembourg and London.

Industry trends

In the first half of 2015, the volume of new business on the home loan and savings market came in at approximately € 56 billion gross, which was ahead of the comparable prior-year period (previous year: around € 55 billion).

New business in private home financing increased dynamically in the first half of 2015, with private households obtaining approximately € 122 billion (previous year: approximately € 98 billion) in home building loans, for a year-on-year increase of 27%. The main drivers of private home building financing are very low mortgage rates, which are enabling many people to fulfil their dream of owning their own home. This is reflected in rising figures for new construction. The good financing conditions also promote continued high transaction volumes for existing properties, as well as positive trends on the refurbishment and renovation market. A greater number of loans and significantly higher property prices have contributed to the growth in financing volume. Overall, at the end of the year construction financing business in the industry should once again clearly surpass the previous year's result, which was already at a high level.

According to calculations by the German Insurance Association (GDV), life insurance companies and pension funds saw new premiums increase during the first half of 2015 by 4.5% to € 16.4 billion (previous year: € 15.7 billion). Both new business against a single premium and new business with payment of regular premiums increased year on year.

Gross premiums written rose year on year by 1.8%, reaching € 45.5 billion (previous year: € 44.7 billion).

The positive trend in premium income for non-life and accident insurance continued moderately after strong growth in previous years. An increase of approximately 2.5% over the previous year is expected as at year-end.

Ratings

In July, Standard & Poor's (S&P) again confirmed all ratings of the W&W Group with a stable outlook. Thus the core companies of the W&W Group continue to have a rating of A-, while the holding company Wüstenrot & Württembergische AG has a BBB+ rating.

In addition, risk management was reviewed. S&P increased its rating for the W&W Group's risk management by one level, placing it in the category "strong".

In June, the valuation of the mortgage covered bonds of Wüstenrot Bank AG Pfandbriefbank was confirmed with the top rating of AAA and a stable outlook.

Development of business and Group position

Development of business

The W&W Group boosted its profit in the first half of 2015. Consolidated net profit came in at € 144.1 million, which was greater than in the previous year.

The challenges posed by persistently low interest rates and tighter regulations were met by the W&W Group at an early stage. The gratifying development of business shows that the company's principles of sustainability, retention of value and reliability are paying off. Implementation of the strategic programme "W&W 2015" has placed us in an even better competitive position. The W&W Group is prevailing on the market with sales that are closely aligned with customers. The aim is to build on this success.

Focus on the customer – this is the premise on which the W&W Group launched its new strategic programme "W&W@2020", an innovation and investment programme for new techniques and improved market orientation. As a result, even greater focus will be placed on issues concerning markets, products and customers in order to position the entire Group successfully for the future. This is because the increasingly dynamic environment, low interest rates and high regulatory requirements continue to demand great efforts, innovative power and willingness to change on the part of the W&W Group. This also includes further increases in terms of efficiency.

The W&W subsidiary Württembergische Lebensversicherung AG filed an application with the securities exchange Baden-Württembergische Wertpapierbörse in Stuttgart to revoke the admission of all shares of Württembergische Lebensversicherung AG for trading on the regulated market (delisting). In connection with the delisting, W&W AG made a voluntary public tender offer to the minority shareholders of its subsidiary to purchase their shares. Revocation of the admission of the shares became effective on 7 July 2015. The reason for the decision to delist was that the economic benefits of having Württembergische Lebensversicherung AG listed on the exchange no longer justified the effort and expense associated with this.

In the first half of 2015, Wüstenrot & Württembergische AG decided to discontinue its Czech property and life insurance business in order to continue to rigorously streamline and optimise the Group structure. The premium volume of the companies concerned amounts to less than 1% of the Group's total premium revenues. In connection with the process of selling the two Czech subsidiaries, binding purchase offers were received from various interested parties after the reporting date. The definitive sale of the companies is expected to take place during the second half of the year.

Financial performance

Consolidated income statement

As at 30 June 2015, consolidated net profit after taxes rose to € 144.1 million (previous year: € 130.6 million).

Composition of consolidated net profit

in € million	1.1.2015 to 30.6.2015	1.1.2014 to 30.6.2014
Home Loan and Savings Bank segment	20.0	30.4
Life and Health Insurance segment	18.9	22.6
Property/Casualty Insurance segment	73.3	79.6
All other segments	94.8	71.0
Consolidation across all sectors	-62.9	-73.0
Consolidated net profit	144.1	130.6

Included therein is a net financial result in the amount of € 1,173.1 million (previous year: € 1,095.4 million). In this regard, the following effects are to be considered:

- Net income from financial assets available for sale amounted to € 896.9 million (previous year: € 389.1 million). This significant increase was mainly attributable to disposal gains on fixed-income securities in order to secure obligations to our customers. Moreover, it also included a strong rise in currency gains for capital investments in foreign currency, which was attributable to weak trends in the euro rate during the first half of 2015.

- The net income from financial assets at fair value through profit or loss amounted to € -238.4 million, a year-on-year decline of € 344.6 million (previous year: € 106.2 million). In particular, net income from derivatives used to hedge exchange rate risks was down significantly.

- Net income from receivables, liabilities and subordinated capital amounted to € 440.0 million (previous year: € 594.9 million). Net income from disposals was considerably lower than in the previous year. Net interest income increased as a result of the sharp rise in interest rates in the second quarter. This caused the discount rate to rise for the interest bonus provision for home loan and savings contracts. In addition, net currency income was higher.

Net premiums earned amounted to € 1,900.6 million (previous year: € 1,902.7 million). Whereas premiums increased for Property/Casualty Insurance, those for Life and Health Insurance declined.

Net insurance benefits increased to € 2,156.0 million (previous year: € 2,108.9 million). On the one hand, continued allocations to additional reserves for risks associated with low interest rates had an impact. On the other, provisions for unit-linked life-insurance policies increased due to developments on the equities markets during the first half of the year.

General administrative expenses amounted to € 541.7 million (previous year: € 535.4 million). Despite collectively bargained salary increases, personnel expenses fell as a result of a lower headcount. Material costs increased on account of higher contributions to the bank resolution fund and for deposit guarantee activities, as well as increased investments in marketing measures.

Income tax expenses fell to € 39.9 million (previous year: € 63.5 million). Tax expenses for the reporting half-year were positively impacted by, in particular, deferred tax effects and by the release of provisions following an audit.

Consolidated statement of comprehensive income

As at 30 June 2015, total comprehensive income stood at € 14.6 million (previous year: € 255.8 million). It consists of consolidated net profit and other comprehensive income (OCI). The W&W Group's total comprehensive income is greatly affected by changes in interest rates.

The following shows the effects after allocations to deferred provisions for premium refunds and to deferred taxes:

Actuarial gains from defined-benefit plans for pension schemes amounted to € 98.4 million (previous year: € -119.7 million). Compared with the end of the previous year, the discount rate rose to 2.25% (previous year: 1.75%). In the comparative 2014 period, it fell from 3.25% to 2.50%.

The unrealised net income from financial assets available for sale amounted to € -211.3 million (previous year: € 262.1 million). The loss was the result of interest rates, which have increased since the start of the year, and the associated decline in prices for bearer instruments. In the prior-year period, interest rates had continued to fall. In addition, disposals resulted in a decline in reserves.

Measurement losses recognised directly in equity mainly reflect the interest rate sensitivity of the assets side of the balance sheet. Interest rate changes affect the liabilities side as well and would generate gains from underwriting and deposits. However, they are not shown in total comprehensive income in keeping with IFRS.

Home Loan and Savings Bank segment

New business remained high in the first half-year. The segment's total assets amounted to € 36.9 billion (previous year: € 38.6 billion). Segment net income stood at € 20.0 million (previous year: € 30.4 million).

New business

Gross new business by contract volume came in at € 7.3 billion (previous year: € 7.0 billion), up 3.9% compared with the previous year, and thus developed better than for the home loan and savings industry as a whole, which registered an increase of 2.8%. At € 5.3 billion (previous year: € 5.5 billion), net new business (paid-in new business) did not quite reach the prior-year level.

Despite focusing on offers that generate large earnings, new construction financing business in the segment grew by 30.3% to € 1,456.0 million (previous year: € 1,117.0 million). The follow-on lending included in this figure amounted to € 271.6 million (previous year: € 242.0 million). New lending business came in at € 1,184.4 million (previous year: € 875.0 million). The company succeeded in making disproportionately strong use of the overall positive trends on the construction financing market.

New construction financing business across all the segments in the entire W&W Group stood at € 2,751.2 million (previous year: € 2,247.2 million). This figure includes mortgage loans of Württembergische Lebensversicherung AG in the amount of € 159.6 million (previous year: € 149.8 million) and loan disbursements under home loan and savings contracts in the amount of € 390.8 million (previous year: € 469.5 million). Brokering for third parties, which includes, among other things, brokering via the construction financing portal, amounted to € 549.4 million (previous year: € 362.4 million). The Czech home loan and savings bank and mortgage bank, whose business activities are reported under "All other segments", placed loans totalling € 195.6 million (previous year: € 148.4 million).

New business key figures

	1.1.2015 to 30.6.2015	1.1.2014 to 30.6.2014	Change
	in € million	in € million	in %
Gross new business	7,294.6	7,017.5	3.9
Net new business	5,311.6	5,531.4	-4.0
New lending business	1,456.0	1,117.0	30.3
Group construction financing business (including brokering for third parties)	2,751.2	2,247.2	22.4

Financial performance

As at 30 June 2015, the net financial result in the Home Loan and Savings Bank segment stood at € 209.3 million (previous year: € 223.1 million). It was mainly influenced by the following effects:

- Because of higher gains from disposals, net income from financial assets available for sale trended in a predominantly positive direction, increasing to € 113.9 million (previous year: € 101.8 million).

- Net income from financial assets at fair value through profit or loss fell by € 126.4 million, resulting in a net loss of € -105.6 million (previous year: € 20.8 million). It primarily depicts changes in the value of derivatives that are used as hedges but do not meet the requirements for hedge accounting under IFRS. In this regard, hedges are entered into in order to cover interest rate risks for financial instruments and for the interest bonus provision in connection with managing the interest book. Whereas interest rates continued to fall in the first half of 2014, they began to rise in the first half of 2015. Because of this trend in interest rates, the measurement result for free-standing derivatives was negative. Likewise, net interest income from derivatives fell as a result of lower current interest income.

- The hedge result of € 51.5 million (previous year: € 13.0 million) is mainly attributable to the partial ineffectiveness of the offsetting measurement of underlying transactions and derivatives in fair value hedge relationships. In addition, the pro rata temporis release of reserves from cash flow hedge relationships had an impact.

- Net income from receivables, liabilities and subordinated capital increased to € 147.5 million (previous year: € 95.6 million). Current net interest income rose slightly. Due to an allocation to the provision for loan savings business in the previous year, current interest expenses fell to a somewhat greater degree than did interest income.
  As a result of the rise in interest rates during the second quarter of the financial year, the discounting of the interest bonus provision at € 62.9 million provided substantial relief, such that net interest income rose significantly overall. In connection with management of the interest book, net income from disposals was likewise up year on year. By contrast, net income fell due to instalment amortisation of hedge adjustments at the request of customers in the fair value hedge portfolio.

- Net income from risk provision improved to € 2.0 million (previous year: € -8.1 million). The improvement is based, on the one hand, on the still low level of loans in default and, on the other, mainly on higher reversals of impairments as a result of reviewing risk parameters, including in connection with the introduction of IRBA.

Net commission income amounted to € -5.3 million (previous year: € 4.7 million). The decline was mainly the result of a lower effect on net income from the capitalisation of transaction costs and lower income from commission reversals. In addition, net commission income from the sale of investment funds also fell.

General administrative expenses increased by € 1.7 million to € 188.2 million (previous year: € 186.5 million). Although personnel expenses fell by € 3.2 million, material costs were up sharply by € 6.6 million. This was mainly attributable to having made fully recognised annual contributions to the bank resolution fund and deposit guarantee activities, as well as to increased investments in marketing measures.

Net other operating income improved to € 8.5 million (previous year: € 3.8 million), mainly as a result of lower additions to other reserves.

Tax expenses in the segment fell to € 4.3 million (previous year: € 14.7 million). The decline was due to deferred tax effects, as well as to lower segment net income before taxes compared with the previous year.

Life and Health Insurance segment

Segment net income came in at € 18.9 million (previous year: € 22.6 million). New premiums in Life and Health Insurance were lower than in the previous year. The segment's total assets amounted to € 33.8 billion (previous year: € 33.9 billion).

New business

As at 30 June 2015, new premiums for the Life and Health Insurance segment stood at € 292.3 million (previous year: € 324.6 million). New regular premiums rose to € 52.2 million (previous year: € 50.2 million). This was attributable to backlogs from strong year-end business in 2014. Single-premium income stood at € 240.1 million (previous year: € 274.4 million). In terms of single-premium business, the W&W Group continues to pursue a conservative underwriting policy.

Gross premiums written fell to € 1,116.4 million (previous year: € 1,148.3 million), due to lower single premiums and a reduction in regular premiums under existing policies.

New business key figures

	1.1.2015 to 30.6.2015	1.1.2014 to 30.6.2014	Change
	in € million	in € million	in %
New premium	292.3	324.6	-10.0
Single premium, life	240.1	274.4	-12.5
Regular premium, life	47.6	46.2	3.0
Annual new premium, health	4.6	4.0	15.0

Financial performance

The net financial result in the Life and Health Insurance segment rose to € 862.4 million (previous year: € 792.4 million). This was due to the following effects:

- Net income from financial assets available for sale increased significantly by € 481.8 million to € 720.2 million (previous year: € 238.4 million). The scope of the gains realised on securities was significantly larger year on year. This also served to secure obligations to our customers. In addition, impairment expenses for fund investments were lower. Also making itself felt was a large increase in net currency income from capital investments not denominated in euros, which benefited from the low euro rate.

- Net income from financial assets accounted for using the equity method went up by € 10.0 million to € 10.9 million (previous year: € 0.9 million). This was due to the sale of an equity investment of an associated company.

- The net income from financial assets at fair value through profit or loss fell to € -114.1 million (previous year: € 85.9 million). In view of the weak euro, a large part of this was due to a significant decline in the net income from currency derivatives obtained for hedging purposes. Net investment income for the purpose of backing unit-linked insurance products benefited mainly from positive trends on the equities market.

- Net income from receivables, liabilities and subordinated capital amounted to € 246.8 million (previous year: € 467.6 million). Net income from disposals declined significantly, owing to fewer sales of securities compared to the previous year. In addition, extremely low interest rates for new investments and reinvestments and a decline in the portfolio had an impact.

Net income from investment property increased by € 1.7 million to € 29.2 million (previous year: € 27.5 million). This was mainly attributable to increased rental income and higher write-ups. Net income from disposals had the opposite effect, since in comparison to the previous year only modest transactions were undertaken.

Net premiums earned fell year on year. They amounted to € 1,121.5 million (previous year: € 1,153.0 million). The lower amount of new business involving insurance policies with single premiums led to this development.

Net insurance benefits stood at € 1,731.1 million (previous year: € 1,724.8 million). Benefits to customers continued to be secured through the regular increase of the additional interest reserve and interest rate reinforcement. At € 191.3 million (previous year: € 144.8 million), the expense exceeded the prior-year level, which was already high. Consequently, these reserves now total € 1,104.4 million. In addition, the provision for unit-linked life insurance policies increased as a result of good performance by the underlying capital investments. By contrast, the addition to the provision for premium refunds declined.

General administrative expenses in the Life and Health Insurance segment amounted to € 129.1 million (previous year: € 126.7 million). The prior-year figure for personnel expenses benefited from a one-off effect resulting from the cross-segment transfer of pension provisions. Material costs also increased, whereas depreciation/amortisation was lower than in the previous year.

The other operating income was € -56.2 million (previous year: € -25.0 million). Making itself felt here was, among other things, lower capitalisation of acquisition costs owing to the requirements of the German Life Insurance Reform Act (*Lebensversicherungsreformgesetz*), as well as reduced profit participation from reinsurance.

Property/Casualty Insurance segment

Segment net income fell to € 73.3 million (previous year: € 79.6 million). New business in the Property/Casualty Insurance segment rose slightly. The segment's total assets amounted to € 4.4 billion (previous year: € 4.1 billion).

New business/premium development

New business increased slightly to € 124.7 million (previous year: € 122.5 million). The decline in the corporate customers business line was able to be offset by growth in the motor business line.

Quarter on quarter, the portfolio increased as a result of by and large gratifying net sales performance, taking into account pure new business, replacement business and cancellation figures. Accordingly, gross premiums written increased strongly by € 38.6 million to € 1,044.6 million (previous year: € 1,006.0 million).

New business key figures

	1.1.2015 to 30.6.2015	1.1.2014 to 30.6.2014	Change
	in € million	in € million	in %
New business	124.7	122.5	1.8
Motor vehicle	96.4	92.2	4.6
Corporate customers	14.8	16.6	-10.8
Retail customers	13.5	13.7	-1.5

Financial performance

The net financial result exceeded the prior-year figure, coming in at € 68.5 million (previous year: € 54.3 million). It consists of the following components:

- Net income from financial assets available for sale increased by € 15.3 million to € 57.7 million (previous year: € 42.4 million). This rise was attributable to higher dividend income and higher net currency income. In addition, the prior-year figure was negatively affected by impairment expenses for investments in emerging markets.
- Net income from financial assets accounted for using the equity method went up by € 10.6 million to € 10.9 million (previous year: € 0.3 million). This was due to the sale of an equity investment of an associated company.
- The net income from financial assets at fair value through profit or loss amounted to € -25.4 million (previous year: € -3.1 million). This item is influenced by the result from currency derivatives used to hedge financial assets available for sale.
- Net income from receivables, liabilities and subordinated capital increased by € 10.7 million to € 25.5 million (previous year: € 14.8 million). In light of trends in currency rates, net currency income from time deposits improved. These deposits are used to congruently cover technical provisions in foreign currency.

Net commission income amounted to € -103.6 million (previous year: € -100.7 million). The insurance portfolio grew year on year, which also raised portfolio commissions. In addition, sales commissions increased slightly as a result of a higher volume of new business.

Net premiums earned continued to trend positively. They grew by € 25.5 million to € 651.7 million (previous year: € 626.2 million). As a result of the gratifying sales performance, earned premiums were significantly above the prior-year figure.

Net insurance benefits stood at € 348.0 million (previous year: € 314.0 million). The development in claims was somewhat more negative than in the previous year, which had an unusually low number of claims. In the current year, there were once again a greater number of accumulation events, such as the storm Niklas, as well as major losses in the corporate customers area. On whole, however, a good loss ratio of 71.3% (previous year: 67.3%) was achieved for the financial year.

General administrative expenses increased by € 4.1 million to € 172.3 million (previous year: € 168.2 million). The increase is attributable, among other things, to higher advertising expenses to strengthen the "Württembergische" brand, as well as to increased IT expenses.

Other operating income amounted to € 2.3 million (previous year: € 11.7 million). This figure includes currency rate losses under technical provisions, which were offset by gains in the net financial result.

All other segments

"All other segments" covers the divisions that cannot be allocated to any other segment. This includes W&W AG, W&W Asset Management GmbH and the Czech subsidiaries. The total assets of all other segments amounted to € 6.0 billion (previous year: € 6.0 billion). After-tax net income amounted to € 94.8 million (previous year: € 71.0 million). This was composed, among other things, of the following: W&W AG, € 64.0 million (previous year: € 62.6 million); W&W Asset Management GmbH, € 11.0 million (previous year: € 7.3 million); Czech subsidiaries, € 6.8 million (previous year: € 4.3 million); Wüstenrot Haus- und Städtebau GmbH, € 3.5 million (previous year: € 0.9 million).

The net financial result fell year on year to € 128.2 million (previous year: € 138.6 million). This was mainly due to a decline in investment income from within the Group received by W&W AG, which is included in net income from financial assets available for sale. Dividend income from fully consolidated subsidiaries is eliminated in the consolidation/reconciliation column in order to obtain values for the Group. By contrast, the trend was positive for net currency income as well as for the measurement of derivative financial instruments with regard to net income from financial assets at fair value through profit or loss.

Earned premiums rose by € 3.7 million to € 136.0 million (previous year: € 132.3 million). This was mainly attributable to the higher volume ceded by Württembergische Versicherung AG to W&W AG for reinsurance within the Group. Net insurance benefits increased to € 88.2 million (previous year: € 85.6 million) owing to poorer development in claims.

General administrative expenses fell by € 3.4 million to € 44.9 million (previous year: € 48.3 million). This was primarily attributable to higher service income and lower personnel expenses. Depreciation of property, plant and equipment increased.

Net other operating income increased year on year to € 10.1 million (previous year: € 5.1 million). This was mainly due to higher income from property development business.

Tax expenses in the segment fell to € 25.0 million (previous year: € 49.7 million). In this regard, the reporting half-year was positively influenced by the settlement of prior-year taxes. In addition, provisions were able to be released following an audit.

Net assets

Asset structure

The consolidated total assets of the W&W Group amounted to € 77.2 billion (previous year: € 78.5 billion), consisting primarily of building loans in the amount of € 24.6 billion (previous year: € 25.1 billion) and capital investments in the amount of € 49.1 billion (previous year: € 49.7 billion).

Valuation reserves

Valuation reserves are formed if the current fair value of an asset is higher than the value at which it is carried in the balance sheet (carrying amount). Valuation reserves declined due to higher interest rates in the first half-year. The W&W Group maintains valuation reserves primarily for building loans in the amount of € 767.9 million (previous year: € 920.9 million), for first-rate receivables from institutional investors in the amount of € 2,861.4 million (previous year: € 3,438.1 million), and for investment properties in the amount of € 421.9 million (previous year: € 383.0 million).

In the first half-year, we made pro rata disbursements from the valuation reserves to our policyholders totalling € 20.2 million for expiring policies.

Financial position

Capital structure

The W&W Group being a financial services group, the liabilities side is dominated by technical provisions and liabilities to customers.

Technical provisions – including those for unit-linked life insurance policies in the amount of € 1.6 billion (previous year: € 1.6 billion) – totalled € 33.2 billion (previous year: € 32.9 billion). This includes € 28.0 billion (previous year: € 27.5 billion) for the provision for future policy benefits, € 2.2 billion (previous year: € 2.6 billion) for the provision for premium refunds, and € 2.5 billion (previous year: € 2.5 billion) for the provision for outstanding insurance claims. The liabilities are primarily liabilities to customers amounting to € 25.7 billion (previous year: € 25.7 billion). They largely consist of savings deposits and deposits from home loan savings business amounting to € 18.8 billion (previous year: € 18.8 billion).

Liquidity

W&W AG and its subsidiaries always had sufficient liquidity. We obtain liquidity from our insurance, banking and home loan savings business and from financing activities.

The cash flow statement shows inflows of cash amounting to € 117.5 million (previous year: € 985.4 million) from operating activities and outflows of cash amounting to € -57.4 million (previous year: € -1,582.1 million) for investing activities, including capital investments. Financing activities resulted in an outflow of cash of € -81.8 million (previous year: € 199.5 million). This resulted in a net change in cash of € -21.7 million in the reporting year.

Equity

As at 30 June 2015, the W&W Group's equity stood at € 3,616.8 million, compared with € 3,674.2 million as at 31 December 2014. This primarily includes consolidated net profit as at 30 June 2015 and net income included in equity, which together amounted to € 14.6 million. Equity was reduced by the dividend commitment totalling € 46.9 million and by the purchase of Württembergische Lebensversicherung AG shares in the amount of € 25.1 million.

Related party disclosures

Detailed related party disclosures are found in the Notes under "Other disclosures".

Opportunity and risk report

Opportunity report

As a strategic management holding company, the objective of W&W AG for the W&W Group is to identify, analyse and evaluate opportunities as early as possible and to initiate suitable measures for their realisation.

Opportunity management is part of our integrated entrepreneurial governance approach. It is closely aligned with our business strategy, which focuses on customer-oriented operations and sustainable value orientation. For this purpose, we evaluate market and environment scenarios and examine the internal orientation of our product portfolio, cost drivers and other critical success factors. By balancing risks and opportunities, we exploit our market opportunities in order to increase the added value for our stakeholders.

The opportunities depicted in our 2014 Annual Report did not change materially during the first six months of 2015, such that we make reference to these in this context.

Risk report

Risk reporting in the W&W Group's Half-Year Financial Report is carried out in accordance with IAS 34 and in compliance with Section 37w of the German Securities Trading Act (*Wertpapierhandelsgesetz*) and German Accounting Standard 16.

Risk management

As the parent company of the financial conglomerate and the mixed financial holding group, W&W AG is responsible for compliance with supervisory requirements concerning risk management. The objectives and principles of risk management described in the 2014 Annual Report continued to apply in the W&W Group as at 30 June 2015. The organisational and operational structure of our risk management system corresponds to that described in the 2014 Annual Report.

Basic conditions

Macroeconomic developments are described in the chapter "Business environment" in this Half-Year Financial Report.

Current risk situation

We have uniformly identified the following risk areas as material for the W&W Group:

- Market price risks
- Counterparty risks
- Underwriting risks
- Pool risks
- Operational risks
- Strategic risks
- Liquidity risks

Risk factors may develop more positively than was calculated or predicted. Such positive developments of course represent opportunities for the company.

Compared with the risk report contained in the 2014 Group Management Report, we see material changes or changed basic conditions due to internal and external influences in the following risk areas:

MARKET PRICE RISKS

Interest rate change risks. Economic trends to date and the macroeconomic prospects for the further course of the year mean an overall positive environment for the W&W Group. Whereas yields on the 10-year Bund were still at an all-time low at the start of the year, they quickly rose during the second quarter. It remains to be seen whether this represents the start of rising interest rates or is merely an expression of a short-term positive mood. Nevertheless, under a multi-year comparison, current interest rates are still extremely low and pose a challenge in the area of capital investment policy. The re-emergence of the crisis in Greece during the further course of the first half of the year led to renewed interest in German Bunds, with 10-year yields falling somewhat towards the end of the reporting period. We expect yields to continue to remain low for the remainder of the year, including on European bond markets.

Low interest rates continue to pose great challenges for the industry's life insurance companies and home loan savings banks and thus also for the W&W Group, with its long-term customer guarantees and predominantly interest-rate-dependent capital investments.

These external developments may lead to declining income components and higher risk capital requirements. Our asset liability management controls market price risks in close coordination with risk management in order to comply with important internal target parameters and regulatory requirements.Compared with the end of 2014, the W&W Group's risk capital requirements increased for the risk area "market price risk" due to greater volatility in interest rates.

COUNTERPARTY RISKS

Counterparty default risk. As a strategic hedge against default risks in financial investments, the credit rating structure of the capital investment portfolio in the W&W Group is primarily geared to the conservative investment-grade area. Default risks from customer credit and reinsurance business are limited through careful selection of issuers and reinsurance partners. Customer credit business mainly focuses on construction financing business for private customers that is secured with in-rem collateral.

Compared with the end of 2014, the W&W Group's risk capital requirements for the risk area "counterparty risk" rose only insignificantly.

UNDERWRITING RISKS

Accumulation risks. Despite several natural catastrophes and isolated larger losses, claims have developed favourably thus far in 2015. We expect claims to rise in the second half of the year. Compared with the previous year, we anticipate that the loss ratio will improve slightly by year-end.

In light of recently rising interest rates, the W&W Group's risk capital requirements for the risk area "underwriting risks" fell slightly as at the reporting date compared with the end of 2014.

STRATEGIC RISKS

Business risks. With the new strategy course W&W@2020, the W&W Group is addressing the challenge of meeting revenue targets under basic conditions that are increasingly unfavourable for financial services companies, along with the risks associated with this (such as persistently low interest rates), as well as the challenge posed by the growing influence of digitalisation on customer behaviour. We have defined five strategic action areas in order to implement it: market – customers – sales; digitalisation; profitability; efficiency; and expertise.

The other risk areas did not experience any material changes compared with the risk report in the 2014 Group Management Report.

Summary

The EMU debt crisis, which has yet to be permanently resolved, entails considerable indirect risks for the entire financial industry and thus also for the companies of the W&W Group.

The W&W Group has a risk management system in place that is capable of identifying existing and foreseeable future risks early on and evaluating them.

In connection with rating the company, the rating agency S&P also rates the W&W Group's risk management (so-called enterprise risk management (ERM)). S&P currently rates the W&W Group's ERM as "strong", which represents an upgrade from the rating at the end of 2014 ("adequate with strong risk controls"). In this respect, S&P emphasises the great importance of ERM for the W&W Group.

In the context of its risk strategy, the W&W Group aims for a risk-bearing capacity ratio of over 125%. As at 30 June 2015, the calculations made on the basis of the internal risk-bearing capacity model at Group level show that there are sufficient financial resources to cover our risks.

At the time the report was prepared, no direct risks were discernible that jeopardise the existence of the W&W Group as a going concern. However, as a result of the EMU debt crisis and the continuing low interest rates, the risk situation for the entire European financial sector is expected to remain tense.

OUTLOOK

This Half-Year Financial Report is based on the outlook for the W&W Group made in the 2014 Annual Report. In the following, we update our estimates for 2015 as a whole to the extent that we deviate from the prior outlook based on business development during the first half of the year.

In terms of future performance, persistently low interest rates, high expenses for implementing additional statutory and regulatory requirements, and rising capital requirements continue to pose a great challenge for the entire financial services industry. With "W&W 2015", we further enhanced our stability and strengthened the competitiveness and independence of the W&W Group.

With the new programme W&W@2020, we are adopting an ambitious product and growth strategy. The key basis are the sales guidelines enacted in June, which are aimed at systematically exploiting customer potential in the W&W Group. Other core elements are investments in digital orientation and infrastructure, but also employee expertise, so as to continue to operate successfully on the market.

In July 2015, we raised the forecast for consolidated IFRS after-tax net income to € 200 million to € 240 million, which we continue to adhere to. We did so on account of the positive development of business in the first half of 2015, an unscheduled income contribution from an associated company, and favourable development in claims, particularly in motor business.

The Group's general administrative expenses are on the whole at the forecast level. Some segments have experienced slight shifts. Compared with the previous forecast, we expect general administrative expenses for the Life and Health Insurance segment to come in slightly under the previous year.

In addition to the risks, opportunities and challenges for the W&W Group outlined above, these forecasts may still fluctuate considerably due to the developments described below:

An improvement of the capital market environment, particularly further gradually rising interest rates, would have a positive effect on our financial performance. On the other hand, extreme events on capital markets, a renewed intensification of the sovereign debt crisis in Europe and associated counterparty defaults, or other changes in the political environment would negatively impact our Group. Delays in implementing strategic measures could likewise constitute risks for financial performance. In addition, unusually high claims could influence income performance significantly.

Proviso concerning forward-looking statements

This Half-Year Financial Report of Wüstenrot & Württembergische AG and, in particular, the outlook contain forward-looking statements and information.

These forward-looking statements represent estimates based on all information that is available at the present time. They can be associated with known and unknown risks and uncertainties, but also with opportunities. Because of the number of factors that influence the W&W Group's business operations, actual results may differ from those currently anticipated.

Therefore the company can assume no liability for the forward-looking statements. There is no obligation to adjust forward-looking statements to conform to actual events or to update them.

Consolidated interim financial statements

CONSOLIDATED BALANCE SHEET

ASSETS

in € thousands		cf. Note no.[1]	30.6.2015	31.12.2014
A.	***Cash reserve***		155,905	339,053
B.	***Non-current assets classified as held for sale and discontinued operations***	1	185,272	14,090
C.	***Financial assets at fair value through profit or loss***	2	3,498,546	3,463,943
D.	***Financial assets available for sale***	3	25,174,912	25,613,428
	thereof sold under repurchase agreements or lent under securities lending transactions		2,505,860	2,304,793
E.	***Receivables***	4	43,621,272	44,316,001
I.	Subordinated securities and receivables		93,323	96,354
II.	First tier loans and advances to institutional investors		16,138,720	16,520,286
III.	Building loans		24,568,997	25,127,273
IV.	Other receivables		2,820 232	2,572,088
F.	***Risk provision***	5	–207,166	–214,566
G.	***Positive market values from hedges***		33,715	51,104
H.	***Financial assets accounted for under the equity method***		130,675	184,192
I.	***Investment property***	6	1,734,849	1,769,358
J.	***Reinsurers' portion of technical provisions***		1,384,119	1,353,969
K.	***Other assets***		1,503,220	1,645,487
I.	Intangible assets		109,031	116,633
II.	Property, plant and equipment		227,443	238,048
III.	Inventories		65,567	67,815
IV.	Current tax assets		81,119	72,835
V.	Deferred tax assets		905,599	1,042,313
VI.	Other assets		114,461	107,843
TOTAL ASSETS			**77,215,319**	**78,536,059**

1 See numbered explanations in the notes to consolidated financial statements..

Liabilities

in € thousands		cf. Note no.	30.6.2015	31.12.2014
A.	***Liabilities under non-current assets classified as held for sale and discontinued operations***	1	81,320	–
B.	***Financial liabilities at fair value through profit or loss***		1,037,058	1,012,030
C.	***Liabilities***	7	34,674,816	35,647,143
I.	Liabilities evidenced by certificates		1,032,928	1,165,708
II.	Liabilities to credit institutions		5,679,755	6,401,409
III.	Liabilities to customers		25,691,351	25,710,869
IV.	Finance lease liabilities		30,424	32,433
V.	Miscellaneous liabilities		2,240,358	2,336,724
D.	***Negative market values from hedges***		364,657	608,751
E.	***Technical provisions***	8	33,155,658	32,908,709
F.	***Other provisions***	9	2,786,478	2,944,398
G.	***Other liabilities***		872,830	1,124,310
I.	Current tax liabilities		150,841	199,245
II.	Deferred tax liabilities		713,315	916,040
III.	Other liabilities		8,674	9,025
H.	***Subordinated capital***	10	625,680	616,498
I.	Equity		3,616,822	3,674,220
I.	Share in paid-in capital attributable to shareholders of W&W AG		1,487,576	1,487,576
II.	Share in retained earnings attributable to shareholders of W&W AG		2,057,131	2,072,948
	Retained earnings		2,038,437	1,940,540
	Other reserves (other comprehensive income)		18,694	132,408
III.	Non-controlling interests in equity		72,115	113,696
Total equity and liabilities			**77,215,319**	**78,536,059**

CONSOLIDATED INCOME STATEMENT

in € thousands	cf. Note no.	1.1.2015 to 30.6.2015	1.1.2014 to 30.6.2014
Income from financial assets available for sale		989,429	492,952
Expenses from financial assets available for sale		92,573	103,849
1. Net income from financial assets available for sale	11	896,856	389,103
Income from financial assets accounted for using the equity method		23,701	2,863
Expenses from financial assets accounted for using the equity method		–	–
2. Net income from financial assets accounted for using the equity method		23,701	2,863
Income from financial assets/liabilities at fair value through profit or loss		1,001,769	736,287
Expenses from financial assets/liabilities at fair value through profit or loss		1,240,164	630,129
3. Net income from financial assets/liabilities at fair value through profit or loss	12	–238,395	106,158
Income from hedges		134,233	221,298
Expenses for hedges		82,774	208,277
4. Hedge result		51,459	13,021
Income from receivables, liabilities and subordinated capital		834,509	1,092,352
Expenses from receivables, liabilities and subordinated capital		394,478	497,461
5. Net income from receivables, liabilities and subordinated capital	13	440,031	594,891
Income from risk provision		68,936	61,935
Expenses for risk provision		69,499	72,531
6. Net income from risk provision	14	–563	–10,596
7. NET FINANCIAL RESULT		1,173,089	1,095,440
Income from investment property		66,002	59,763
Expenses from investment property		34,398	29,952
8. Net income from investment property		31,604	29,811
Commission income		109,180	108,864
Commission expenses		305,245	294,582
9. Net commission income	15	–196,065	–185,718
Earned premiums (gross)		1,979,044	1,982,587
Premiums ceded to reinsurers		–78,446	–79,875
10. Earned premiums (net)	16	1,900,598	1,902,712
Insurance benefits (gross)		2,252,541	2,189,337
Received reinsurance premiums		–96,500	–80,464
11. Insurance benefits (net)	17	2,156,041	2,108,873
CARRYOVER		753,185	733,372

in € thousands	cf. Note no.	1.1.2015 to 30.6.2015	1.1.2014 to 30.6.2014
Carryover		753,185	733,372
Personnel expenses		302,515	305,718
Material costs		203,658	195,270
Depreciation/amortisation		35,557	34,371
12. General administrative expenses		541,730	535,359
Other operating income		109,311	100,066
Other operating expenses		136,687	103,987
13. Net other operating income		–27,376	–3,921
14. Earnings before income taxes from continued operations		184,079	194,092
15. Income taxes	18	39,936	63,495
16. Consolidated net profit		144,143	130,597
Result attributable to shareholders of W&W AG		142,024	126,031
Result attributable to non-controlling interests		2,119	4,566
17. Basic (= diluted) earnings per share in €	19	1.51	1.37
Thereof from continued operations in €		1.51	1.37

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

in € thousands	1.1.2015 to 30.6.2015	1.1.2014 to 30.6.2014
Consolidated net profit	144,143	130,597
Other comprehensive income		
Elements not reclassified to the consolidated income statement:		
Actuarial gains/losses (-) from defined-benefit plans (gross)	152,428	–187,683
Provision for deferred premium refunds	–10,635	11,735
Deferred taxes	–43,357	56,209
Actuarial gains/losses (-) from defined-benefit plans (net)	98,436	–119,739
Elements subsequently reclassified to the consolidated income statement:		
Unrealised gains/losses (-) from financial assets available for sale (gross)	–797,326	984,168
Provision for deferred premium refunds	491,478	–600,813
Deferred taxes	94,512	–121,239
Unrealised gains/losses (-) from financial assets available for sale (net)	–211,336	262,116
Unrealised gains/losses (-) from financial assets accounted for using the equity method (gross)	–734	–1,110
Provision for deferred premium refunds	–	–
Deferred taxes	11	17
Unrealised gains/losses (-) from financial assets accounted for using the equity method (net)	–723	–1,093

in € thousands	1.1.2015 to 30.6.2015	1.1.2014 to 30.6.2014
Unrealised gains/losses (-) from cash flow hedges (gross)	–28,486	–18,963
Provision for deferred premium refunds	–	–
Deferred taxes	8,710	3,190
Unrealised gains/losses (-) from cash flow hedges (net)	–19,776	–15,773
Foreign exchange differences of separate foreign entities	3,826	–304
Total other comprehensive income gross	–670,292	776,108
Total provision for deferred premium refunds	480,843	–589,078
Total deferred taxes	59,876	–61,823
Total other comprehensive income net	–129,573	125,207
COMPREHENSIVE INCOME FOR THE PERIOD	14,570	255,804
Attributable to shareholders of W&W AG	13,892	238,510
Attributable to non-controlling interests	678	17,294

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

		Share in paid-in capital attributable to shareholders of W&W AG	
		Share capital	Capital reserve
in € thousands	cf. Note no.		
Equity as at 1 January 2015		490,311	997,265
Comprehensive income for the period			
Consolidated net profit		–	–
Other comprehensive income			
Actuarial gains/losses (-) from defined-benefit plans		–	–
Unrealised gains/losses (-) from financial assets available for sale		–	–
Unrealised gains/losses (-) from financial assets accounted for using the equity method		–	–
Unrealised gains/losses (-) from cash flow hedges		–	–
Foreign exchange differences of separate foreign entities		–	–
Total other comprehensive income		–	–
Comprehensive income for the period		–	–
Dividends to shareholders	20	–	–
Changes in ownership interests without loss of control		–	–
Other		–	–
Equity as at 30 June 2015		490,311	997,265

							Equity attributable to W&W shareholders	Non-controlling interests in equity	Total equity
	Share in retained earnings attributable to shareholders of W&W AG								
	Retained earnings	Other reserves							
		Reserve for pension commitments	Reserve for financial assets available for sale	Reserve for financial assets accounted for using the equity method	Reserve for cash flow hedges	Reserve for currency translation			
	1,940,540	–539,149	592,552	6,877	69,998	2,130	3,560,524	113,696	3,674,220
	142,024	–	–	–	–	–	142,024	2,119	144,143
	–	97,853	–	–	–	–	97,853	583	98,436
	–	–	–208,386	–	–	–	–208,386	–2,950	–211,336
	–	–	–	–662	–	–	–662	–61	–723
	–	–	–	–	–19,776	–	–19,776	–	–19,776
	–	–	–	–	–	2,839	2,839	987	3,826
	–	97,853	–208,386	–662	–19,776	2,839	–128,132	–1,441	–129,573
	142,024	97,853	–208,386	–662	–19,776	2,839	13,892	678	14,570
	–46,875	–	–	–	–	–	–46,875	–	–46,875
	2,789	–	14,418	–	–	–	17,207	–42,259	–25,052
	–41	–	–	–	–	–	–41	–	–41
	2,038,437	–441,296	398,584	6,215	50,222	4,969	3,544,707	72,115	3,616,822

Consolidated statement of changes in equity

		Share in paid-in capital attributable to shareholders of W&W AG	
		Share capital	Capital reserve
in € thousands	cf. Note no.		
Equity as at 1 January 2014		481,121	979,127
Changes to the scope of consolidation		–	–
Comprehensive income for the period			
Consolidated net profit		–	–
Other comprehensive income			
Actuarial gains/losses (-) from defined-benefit plans		–	–
Unrealised gains/losses (-) from financial assets available for sale		–	–
Unrealised gains/losses (-) from financial assets accounted for using the equity method		–	–
Unrealised gains/losses (-) from cash flow hedges		–	–
Foreign exchange differences of separate foreign entities		–	–
Total other comprehensive income		–	–
Comprehensive income for the period		–	–
Dividends to shareholders	20	–	–
Other		–	–
Equity as at 30 June 2014		481,121	979,127

Share in retained earnings attributable to shareholders of W&W AG						Equity attribut-able to W&W share-holders	Non-controll-ing interests in equity	Total equity
Retained earnings	Other reserves							
	Reserve for pension commitments	Reserve for financial assets available for sale	Reserve for financial assets accounted for using the equity method	Reserve for cash flow hedges	Reserve for currency translation			
1,750,081	–288,625	150,725	7,133	84,298	4,185	3,168,045	84,973	3,253,018
3,161	–	–3,161	–	–	–	–	–	–
126,031	–	–	–	–	–	126,031	4,566	130,597
–	–119,523	–	–	–	–	–119,523	–216	–119,739
–	–	249,103	–	–	–	249,103	13,013	262,116
–	–	–	–1,093	–	–	–1,093	–	–1,093
–	–	–	–	–15,773	–	–15,773	–	–15,773
–	–	–	–	–	–235	–235	–69	–304
–	–119,523	249,103	–1,093	–15,773	–235	112,479	12,728	125,207
126,031	–119,523	249,103	–1,093	–15,773	–235	238,510	17,294	255,804
–45,996	–	–	–	–	–	–45,996	–266	–46,262
–42	–	–	–	–	–	–42	–	–42
1,833,235	–408,148	396,667	6,040	68,525	3,950	3,360,517	102,001	3,462,518

Condensed consolidated cash flow statement

Cash flow from operating activities is determined using the indirect method.

The balance of cash and cash equivalents in the financial year consists of the item "Cash reserve" in the amount of € 155.9 million (previous year: € 300.7 million), bank deposits payable on demand in the amount of € 537.6 million (previous year: € 409.3 million) that are reported under the item "Other receivables", and bank deposits payable on demand in the amount of € 1.1 million (previous year: € 0) that were reclassified to the item "Non-current assets classified as held for sale and discontinued operations". The cash reserve consists of cash on hand, deposits with central banks, deposits with foreign postal giro offices and debt instruments issued by public authorities with an original term of up to three months.

The W&W Group can freely dispose of its cash and cash equivalents.

As at 30 June 2015, the legally mandated balances with national central banks that are subject to reserve requirements amounted to € 76.1 million (previous year: € 81.4 million).

Condensed consolidated cash flow statement

in € thousands	1.1.2015 to 30.6.2015	1.1.2014 to 30.6.2014
I. Cash flow from operating activities	**117,500**	**985,416**
II. Cash flow from investing activities	**–57,415**	**–1,582,075**
III. Cash flow from financing activities	**–81,780**	**199,537**

in € thousands	2015	2014
Cash and cash equivalents as at 1 January	715,053	1,093,098
Net change in cash and cash equivalents (I.+II.+III.)	–21,695	–397,122
Change in cash and cash equivalents attributable to the effects of exchange rates and the scope of consolidation	1,241	13,951
Cash and cash equivalents as at 30 June	**694,599**	**709,927**

Notes to the consolidated financial statements

General accounting principles and application of IFRS

General information

Wüstenrot & Württembergische AG is a publicly traded company with its registered office in Stuttgart (Gutenbergstraße 30, 70176 Stuttgart, Germany) and is the parent company of the W&W Group. The business of Wüstenrot & Württembergische AG as an individual company consists of reinsurance business for the insurance companies of the W&W Group, as well as the control of the W&W Group. The ultimate parent company of Wüstenrot & Württembergische AG is Wüstenrot Holding AG, Ludwigsburg, which is wholly owned by the non-profit Wüstenrot Stiftung Gemeinschaft der Freunde Deutscher Eigenheimverein e.V., Ludwigsburg.

The W&W Group is "The financial planning specialist" for modern financial planning, offering customised, innovative and attractive products in the following areas:

- Financial coverage
- Residential property
- Risk protection
- Savings and investment

The Executive Board of Wüstenrot & Württembergische AG authorised publication of the consolidated half-year financial report on 4 August 2015.

In accordance with the provisions of Section 37w in conjunction with Section 37y, no. 2, of the German Securities Trading Act (WpHG), the half-year financial report of Wüstenrot & Württembergische AG consists of condensed consolidated interim financial statements, an interim group management report and the responsibility statement required under Section 297, para. 2, fourth sentence, and Section 315, para. 1, sixth sentence, of the German Commercial Code (HGB). The interim group management report is prepared in accordance with the applicable provisions of the WpHG and GAS 16.

The condensed consolidated interim financial statements of Wüstenrot & Württembergische AG – consisting of the consolidated balance sheet, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the condensed consolidated cash flow statement and select notes – are presented in conformity with IAS 34 "Interim Financial Reporting", were drawn up on the basis of Section 315a HGB in conformity with the International Financial Reporting Standards (IFRS), as adopted by the European Union (EU), and have a condensed scope of reporting compared with the consolidated annual financial statements as at 31 December 2014.

In conformity with IFRS 4 "Insurance Contracts", insurance-specific business transactions for which IFRS do not include any specific rules are recognised for domestic Group companies in accordance with the relevant rules of commercial law pursuant to Sections 341 et seq. HGB and the regulations based on them and for foreign Group companies in accordance with the respective local accounting rules.

The consolidated financial statements of the Wüstenrot & Württembergische Group are based on the principle of a going concern.

Presentation of the financial statements

These consolidated interim financial statements are drawn up in euros (€). The amounts shown have been rounded to € thousands. For ease of readability, the notes generally refer to € millions or billions. Rounding may result in discrepancies when compared with the non-rounded amounts shown.

Comparative information

Unless indicated otherwise, comparative information about items in the consolidated income statement relates to the period 1 January 2014 to 30 June 2014, whereas comparative information about items in the consolidated balance sheet relates to 31 December 2014.

International Financial Reporting Standards (IFRSs) to be applied for the first time in the reporting period

Starting with the 2015 financial year, the W&W Group for the first time applied the following new or changed standards whose application is mandatory:

ACCOUNTING RULES TO BE APPLIED FOR THE FIRST TIME IN THE FINANCIAL YEAR

	PUBLICATION BY IASB/IFRIC	MANDATORY FOR FINANCIAL YEARS BEGINNING ON OR AFTER	EU ENDORSEMENT
IFRIC 21 "Levies"	May 2013	17 June 2014	June 2014
Annual Improvements to IFRSs 2011–2013 Cycle	December 2013	1 January 2015	December 2014

IFRIC 21 "LEVIES"

IFRIC 21 is an interpretation relating to IAS 37 "Provisions, Contingent Liabilities and Contingent Assets", and it clarifies that a company may not recognise a levy imposed by public authorities until the activity occurs that triggers the payment of the levy, as identified by the legislation. This does not include income taxes within the meaning of IAS 12.

In particular, IFRIC 21 clarifies when obligations to pay such levies are to be recognised in the financial statements as liabilities or provisions.

For the W&W Group, this did not result in any changes in the presentation of net assets, financial position and financial performance.

ANNUAL IMPROVEMENTS TO IFRSS 2011–2013 CYCLE

In connection with the Annual Improvements project, amendments were made to four IFRSs. The wording of IAS 40, IFRS 1, IFRS 3 and IFRS 13 was modified in order to clarify existing rules.

For the W&W Group, this did not result in any changes in the presentation of net assets, financial position and financial performance.

Consolidation

Scope of consolidation

W&W AG is the parent company of the W&W Group. As at the reporting date, the scope of consolidation was as follows:

	Domestic	Foreign	Total
Subsidiaries			
Included as at 30 June 2015	23	7	30
Included as at 31 December 2014	23	7	30
Structured companies (public and special funds)			
Included as at 30 June 2015	15	5	20
Included as at 31 December 2014	16	6	22
Associated companies accounted for using the equity method			
Included as at 30 June 2015	2	1	3
Included as at 31 December 2014	2	1	3

Voluntary public tender offer of W&W AG to the shareholders of Württembergische Lebensversicherung AG

On 19 January 2015, W&W AG published a voluntary public tender offer to purchase up to 1,398,227 shares of Württembergische Lebensversicherung AG at a price of EUR 17.75 per share. The acceptance deadline expired on 27 February 2015. The offer was accepted for a total of 1,397,340 shares of Württembergische Lebensversicherung AG. That corresponds to about 11.47% of the share capital. The acceptance rate was 99.58% with respect to shares of Württembergische Lebensversicherung AG that were the subject of the offer. W&W AG now holds 94.89% of Württembergische Lebensversicherung AG. The remaining 5.11% are in free float.

Changes to the scope of consolidation

Additions to the scope of consolidation

No new companies were added to the scope of consolidation in the first half year of 2015.

Disposals from the scope of consolidation

In the first quarter of 2015, the W&W Global Strategies Asset-backed Securities Fund and the LBBW AM-130 fund were eliminated from the scope of consolidation.

These changes had no material influence on the net assets, financial position and financial performance of the W&W Group.

Accounting policies: remarks concerning the consolidated balance sheet

Basic information

Taking into consideration the changes to IFRSs applied for the first time in the 2015 financial year, essentially the same accounting and consolidation policies were applied in these consolidated interim financial statements as in the consolidated annual financial statements as at 31 December 2014.

The interim financial statements of the parent company, consolidated subsidiaries and associated companies were drawn up as at 30 June 2015. All financial statements of the subsidiaries and associated companies consolidated in the consolidated financial statements were drawn up uniformly in accordance with IFRS accounting principles. Recognition and measurement options were exercised uniformly in the Group.

For further information, please see the notes to the consolidated annual financial statements as at 31 December 2014.

Accounting estimates and assumptions

Principles

In drawing up the consolidated financial statements according to IFRS, estimates and assumptions have to be made that affect the carrying amount of assets, liabilities, income and expenses, as well as the disclosure of contingent liabilities. The application of several of the accounting principles described in the chapter "General accounting principles and application of IFRS" presupposes material estimates that are based on complex, subjective evaluations and assumptions and may relate to issues that exhibit uncertainties.

The estimating methods used and the decision about the suitability of the assumptions require management to exercise good judgment and decision-making power in order to determine the appropriate values. Estimates and assumptions are moreover based on experiences and expectations with respect to future events that appear reasonable under the given circumstances. In so doing, carrying amounts are determined carefully and, taking into account all relevant information, as reliably as possible. In determining values, existing uncertainties are suitably taken into account in conformity with the relevant standards. However, actual results may vary from estimates, since new findings have to be taken into account when determining values. Estimates and their underlying assumptions are therefore continuously reviewed. The effects of changes in estimates are accounted for in the period in which the estimate changes.

In the reporting period just ended, no adjustments needed to be made to the methods used for estimation.

If estimates were necessary to a greater extent, these are explained comprehensively and in detail in the depiction of the accounting policies, in the relevant items and in the disclosures made in the notes to individual items.

The W&W Group has identified the following accounting principles, whose application is based to a considerable extent on estimates and assumptions, to be material.

Determining the fair value of financial instruments

The principles described in the following are used to determine the fair value of financial instruments, regardless of whether the fair value so determined is used for measurement purposes or for information in the notes.

Fair value is a market-based measurement, not an entity-specific measurement. For some assets and liabilities, observable market transactions or market information might be available. For other assets and liabilities, they might not be available. However, the objective of fair value measurement in both cases is the same: to estimate the price at which an orderly transaction to sell the asset or to transfer the liability would take place between market participants at the measurement date.

When no observable market transactions or market information are available, fair value is measured using another valuation technique that maximises the use of relevant observable inputs.

To increase the consistency, comparability and quality of fair value measurements, IFRS establishes a fair value hierarchy that categorises into three levels the inputs to valuation techniques used to measure fair value. This hierarchy gives the highest priority to quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1 inputs) and the lowest priority to unobservable inputs (Level 3 inputs).

If fair value cannot be reliably determined, the carrying amount is used as an approximate value to measure fair value. This essentially relates to loans under home loan savings contracts from collective business due to the special features of home loan savings products and the variety of rate constructions. Loans under home loan savings contracts are allocated to the item "Receivables" and are accordingly measured for accounting purposes at amortised cost.

Level classification is to be used for all assets and liabilities that are measured regularly, once or for the purposes of preparing disclosures about fair value. The identical aforementioned standards and principles apply to this.

Only a few estimates by management are necessary in order to determine the fair value of assets and liabilities whose prices are quoted on an active market. Similarly, only a few subjective measurements or estimates are needed for assets and liabilities that are measured using models customary in the industry and all of whose inputs are quoted on active markets.

The required degree of subjective measurement and estimates by management has a higher weight for those assets and liabilities that are measured using special, complex models and for which some or all inputs are not observable. The values determined in this way are significantly influenced by the assumptions that have to be made.

Financial instruments that are traded on an active market are measured at the unadjusted quoted or market price for identical assets and liabilities (Level 1). If pricing is not available on active markets, fair value is derived from comparable financial instruments or determined through application of recognised measurements models using parameters that are directly or indirectly observable on the market (e.g. interest rate, exchange rate, volatility) (Level 2). If measurement is impossible, or not fully possible, using quoted or market prices or by means of a measurement model using input factors that are directly or indirectly observable on the market, factors based on non-observable market data (non-observable input factors) are used to measure financial instruments (Level 3).

Unadjusted quoted or market prices (Level 1) are used to measure securities – equity instruments as well as debt-financing instruments – under the items "Financial assets at fair value through profit or loss", "Financial liabilities at fair value through profit or loss", "Financial assets available for sale", "Positive market values from hedges" and "Negative market values from hedges". Derivatives traded on exchanges or on the market are likewise measured at their quoted or market price.

The measurement methods used for Levels 2 and 3 consist of generally accepted measurement models, such as the present-value method, under which anticipated future cash flows are discounted at current interest rates applicable to the relevant residual term to maturity, credit risks and markets. This method is used to measure securities with agreed cash flows under the items "Financial assets at fair value through profit or loss", "Financial liabilities at fair value through profit or loss" and "Financial assets available for sale". Furthermore, it is used to measure interest rate swaps and non-optional forward transactions (e.g. currency forwards), which are depicted under the items "Financial assets at fair value through profit or loss", "Financial liabilities at fair value through profit or loss", "Positive market values from hedges" and "Negative market values from hedges".

Determining the fair value of investment property

In the W&W Group, investment property is recognised pursuant to the cost model. Property fair values are determined using the discounted cash flow method. In connection with the discounted cash flow method, expected deposits (rents, other revenues) and disbursements (maintenance, non-apportionable operating expenses, vacancy costs, costs for re-leasing) are discounted to present value, as are sales proceeds expected in the last forecast year. The interest rate of a risk-free financial investment, plus a risk premium, is used as the internal interest rate.

Impairment and reversal of impairment losses

With the exception of financial assets at fair value through profit or loss and financial liabilities at fair value through profit or loss, all financial and non-financial assets are tested at regular intervals for objective evidence of impairment. Impairment losses are generally recognised in the income statement if the W&W Group believes that the relevant comparable value (e.g. present value of future cash flows) is lower than the carrying amount of this asset. Impairment is also tested where events or changed underlying conditions indicate that the value of this asset might have declined.

In addition, assets that are already impaired are regularly tested again for whether there is objective evidence of further impairment. If there is a need to take a further impairment loss, this is determined in accordance with the rules that depend on the relevant asset. Impairment losses are reversed if there are sufficiently objectifiable criteria indicating permanent value recovery and this is moreover permissible pursuant to the applicable standard. For instance, impairment losses to goodwill may not be reversed.

Uncertainties in estimates relate in particular to forecasts concerning the amount and timing of the underlying cash flows, as well as discounting factors.

Creation of provisions

Technical provisions

Among technical provisions, the following types of provisions in particular are materially influenced by estimates and assumptions:

- Provision for future policy benefits

The provision for future policy benefits essentially relates to life and health insurance. It is estimated according to actuarial methods as the present value of future obligations less the present value of future premiums. The amount of the provision for future policy benefits is dependent on forward-looking assumptions about trends in investment yields achievable on the capital market, life expectancy, and other statistical data, as well as the costs incurred in connection with management of the contracts. Necessary adjustments to forward-looking assumptions have material effects on the amount of the provision for future policy benefits.

- Provision for outstanding insurance claims

The provision for outstanding insurance claims is created primarily in property and casualty insurance for future payment obligations that result from insurance claims that occurred on or before the reporting date but have not yet been settled. In determining the amount of the provision, forward-looking assumptions are necessary, such as about claim trends, claim adjustment costs, claim inflation and premium adjustments. Necessary adjustments to forward-looking assumptions have material effects on the amount of the provision for outstanding insurance claims.

Other provisions

- Provisions for pensions and other long-term employee benefits

In calculating provisions for pensions and other long-term employee benefits, assumptions and estimates are necessary concerning the underlying conditions, such as actuarial interest rate, salary increases, future pension increases and mortality.

- Miscellaneous provisions

Provisions are created if there is a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. If the impact of the interest effect is material, provisions are created pursuant to IAS 37 in the amount of the present value of the expected use.

The amount recognised as a provision constitutes the best possible estimate of the expenditure needed to settle the current obligation as at the reporting date. The measurement and recognition of provisions are determined by the assumptions made with respect to probability of occurrence, expected payments and the underlying discount rate.

If the aforementioned criteria for creating provisions are not met, the corresponding obligations are recognised as contingent liabilities.

Segment reporting

In conformity with IFRS 8 "Operating Segments", segment information is generated on the basis of internal reports that are regularly reviewed by the entity's chief operating decision maker in order to allocate resources to the segment and assess its performance (so-called "management approach"). In the W&W Group, the chief operating decision maker is the Management Board.

The reportable segments are identified on the basis of both products and services and according to regulatory requirements. In this context, individual operating segments are 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 and Savings Bank

The Home Loan and Savings Bank segment includes a broad range of home loan savings as well as banking products primarily for private customers, e.g. home loan savings contracts, bridging loans, savings and investment products, current accounts, call money accounts, Maestro and credit cards, and mortgage and 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 insurance, term insurance, classic and unit-linked "Riester" and basic pensions, and occupational disability 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 previous years, the performance of each segment was measured based on the segment result under IFRS. Transactions between the segments were carried out on an arm's length basis.

All other business activities of the W&W Group, such as central Group functions, asset management activities, property development and the marketing of home loan savings, banking and insurance products outside of Germany, were subsumed under "All 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

in € thousands		Home Loan and Savings Bank 1.1.2015 to 30.6.2015	Home Loan and Savings Bank 1.1.2014 to 30.6.2014	Life and Health Insurance 1.1.2015 to 30.6.2015	Life and Health Insurance 1.1.2014 to 30.6.2014
1	Net income from financial assets available for sale	113,853	101,797	720,188	238,398
2.	Net income from financial assets accounted for using the equity method	–	–	10,886	933
3	Net income from financial assets/liabilities at fair value through profit or loss	–105,555	20,820	–114,074	85,918
4	Hedge result	51,459	13,021	–	–
5	Net income from receivables, liabilities and subordinated capital	147,487	95,627	246,803	467,637
6	Net income from risk provision	2,025	–8,147	–1,354	–460
7	**Net financial result**	**209,269**	**223,118**	**862,449**	**792,426**
8	**Net income from investment property**	**–**	**–**	**29,226**	**27,487**
9	**Net commission income**	**–5,264**	**4,660**	**–67,771**	**–69,884**
10	**Earned premiums (net)**	**–**	**–**	**1,121,536**	**1,152,976**
11.	**Insurance benefits (net)**	**–**	**–**	**1,731,129**	**1,724,765**
12	**General administrative expenses[3]**	**188,238**	**186,512**	**129,096**	**126,687**
13	**Net other operating income**	**8,521**	**3,830**	**–56,210**	**–24,982**
14	**Segment net income from continued operations before income taxes**	**24,288**	**45,096**	**29,005**	**26,571**
15	**Income taxes**	**4,297**	**14,718**	**10,119**	**3,967**
16	**Segment net income after taxes**	**19,991**	**30,378**	**18,886**	**22,604**
Other information					
Total revenue[4]		762,938	832,673	1,590,774	1,641,195
Thereof with other segments		14,776	16,997	20,535	18,482
Thereof with external customers		748,162	815,676	1,570,239	1,622,713
Segment assets[6]		36,940,131	38,593,449	33,843,704	33,871,763
Segment liabilities[6]		35,197,573	36,738,639	33,403,875	33,399,551
Financial assets accounted for using the equity method[6]		–	–	54,259	82,346
Investments in non-current assets		180	379	59,876	96,337

1 Includes amounts from proportional profit transfers eliminated in the Consolidation column.
2 The column Consolidation/reconciliation includes the effects of consolidation between segments.
3 Includes service revenues and rental income with other segments.
4 Interest, commission and rental income and earned premiums (net) from insurance business.
5 Includes cross-segment premiums ceded to reinsurers.
6 Values as at 30 June 2015 and 31 December 2014, respectively.

Property/Casualty Insurance		Total for reportable segments		All other segments[1]		Consolidation/reconciliation[2]		Group	
1.1.2015 to 30.6.2015	1.1.2014 to 30.6.2014	1.1.2015 to 30.6.2015	1.1.2014 to 30.6.2014	1.1.2015 to 30.6.2015	1.1.2014 to 30.6.2014	1.1.2015 to 30.6.2015	1.1.2014 to 30.6.2014	1.1.2015 to 30.6.2015	1.1.2014 to 30.6.2014
57,712	42,421	891,753	382,616	103,689	122,659	–98,586	–116,172	896,856	389,103
10,886	263	21,772	1,196	1,929	1,667	–	–	23,701	2,863
–25,364	–3,083	–244,993	103,655	5,468	3,127	1,130	–624	–238,395	106,158
–	–	51,459	13,021	–	–	–	–	51,459	13,021
25,454	14,830	419,744	578,094	18,215	13,022	2,072	3,775	440,031	594,891
–153	–127	518	–8,734	–1,081	–1,862	–	–	–563	–10,596
68,535	**54,304**	**1,140,253**	**1,069,848**	**128,220**	**138,613**	**–95,384**	**–113,021**	**1,173,089**	**1,095,440**
1,133	**1,021**	**30,359**	**28,508**	**215**	**184**	**1,030**	**1,119**	**31,604**	**29,811**
–103,591	**–100,748**	**–176,626**	**–165,972**	**–21,651**	**–21,755**	**2,212**	**2,009**	**–196,065**	**–185,718**
651,720	**626,238**	**1,773,256**	**1,779,214**	**136,045**	**132,341**	**–8,703**	**–8,843**	**1,900,598**	**1,902,712**
348,014	**314,024**	**2,079,143**	**2,038,789**	**88,233**	**85,550**	**–11,335**	**–15,466**	**2,156,041**	**2,108,873**
172,341	**168,196**	**489,675**	**481,395**	**44,883**	**48,257**	**7,172**	**5,707**	**541,730**	**535,359**
2,312	**11,677**	**–45,377**	**–9,475**	**10,140**	**5,145**	**7,861**	**409**	**–27,376**	**–3,921**
99,754	**110,272**	**153,047**	**181,939**	**119,853**	**120,721**	**–88,821**	**–108,568**	**184,079**	**194,092**
26,427	**30,658**	**40,843**	**49,343**	**25,031**	**49,729**	**–25,938**	**–35,577**	**39,936**	**63,495**
73,327	**79,614**	**112,204**	**132,596**	**94,822**	**70,992**	**–62,883**	**–72,991**	**144,143**	**130,597**
748,681	720,517	3,102,393	3,194,385	222,821	223,645	–117,983	–113,693	3,207,231	3,304,337
–90,164[5]	–91,814[5]	–54,853	–56,335	172,836	170,028	–117,983	–113,693	–	–
838,845	812,331	3,157,246	3,250,720	49,985	53,617	–	–	3,207,231	3,304,337
4,413,454	4,145,175	75,197,289	76,610,387	5,995,178	6,035,086	–3,977,148	–4,109,414	77,215,319	78,536,059
3,517,353	3,359,927	72,118,801	73,498,117	3,765,384	3,865,521	–2,285,688	–2,501,799	73,598,497	74,861,839
74,063	102,149	128,322	184,495	22,156	19,500	–19,803	–19,803	130,675	184,192
410	961	60,466	97,677	27,506	16,071	–	–	87,972	113,748

Information by region (Group)

in € thousands	Revenue from external customers[1]		Non-current assets[2]	
	1.1.2015 to 30.6.2015	1.1.2014 to 30.6.2014	30.6.2015	31.12.2014
Germany	3,146,871	3,238,255	2,027,179	2,072,504
Czech Republic	58,995	64,251	10,089	13,349
Other countries	1,365	1,831	9	11
Total	**3,207,231**	**3,304,337**	**2,037,277**	**2,085,864**

1 Revenues were allocated to the operating units based on the country of registration, and they consist of interest, commission and rental income, and earned premiums (net) from insurance business.
2 Non-current assets include investment property, intangible assets with the exception of capitalised insurance portfolios, and property, plant and equipment.

Notes concerning the consolidated balance sheet

(1) Non-current assets held for sale and discontinued operations

Non-current assets held for sale and discontinued operations consist of the assets of two Czech subsidiaries, as well as various properties.

Investment property to be disposed of as at 30 June 2015 consists of a commercial property in third-party use in Leipzig, a commercial property in third-party use in Cologne, a commercial property in third-party use in Nuremberg, a commercial property in third-party use in Potsdam, a group of residential properties in third-party use in Karlsruhe and a group of residential properties in third-party use in Griesheim, Hannover, Mettmann, Munich and Ratingen, all of which are allocated to the Life and Health Insurance segment.

It also includes an own-use commercial property in Bad Vilbel and a residential property in third-party use in Leonberg that are allocated to the Home Loan and Savings Bank segment.

Of the investment property to be disposed of as at 31 December 2014, a commercial property in third-party use in Münster in the Life and Health Insurance segment and a residential property in third-party use in Leipzig in the Property/Casualty Insurance segment were disposed of.

In addition, following the balance sheet date, a commercial property in third-party use in Munich and a commercial property in third-party use in Hamburg in the Life and Health Insurance segment were classified as to be disposed of.

Properties are disposed of, among other things, for reasons of diversification and thus serve to further optimise the asset portfolio in the W&W Group.

The Czech subsidiaries to be disposed of as at 30 June 2015 have to do with a life insurer and a property and casualty insurer that are being disposed of as a group. Their assets consist mainly of financial instruments, and their liabilities mainly of technical provisions. This disposal group is allocated to "Other segments".

They are being disposed of, among other things, for reasons of a changed strategy on the Czech market.

Impairments totalling € 2.7 million were taken for non-current assets held for sale and discontinued operations.

(2) Financial assets at fair value through profit or loss

in € thousands	30.6.2015	31.12.2014
Designated as financial assets at fair value	2,471,211	2,296,872
Equity instruments	41,061	1,811
Senior fixed-income securities	235,666	239,546
Structured products	634,447	661,058
Capital investments for the account and risk of holders of life insurance policies	1,560,037	1,394,457
Financial assets held for trading	1,027,335	1,167,071
Equity instruments	3,204	12,047
Senior fixed-income securities	–	480
Derivative financial instruments	1,024,131	1,154,544
Financial assets at fair value through profit or loss	**3,498,546**	**3,463,943**

(3) Financial assets available for sale

	Amortised cost		Unrealised gains (gross)		Unrealised losses (gross)		Fair value/carrying amount	
in € thousands	30.6.2015	31.12.2014	30.6.2015	31.12.2014	30.6.2015	31.12.2014	30.6.2015	31.12.2014
Equity instruments	3,087,276	2,805,351	602,780	499,249	129,933	99,765	3,560,123	3,204,835
Investments	865,031	821,918	285,471	223,346	19,218	15,787	1,131,284	1,029,477
Equities	689,646	629,725	187,062	177,495	33,524	27,435	843,184	779,785
Fund units	1,532,599	1,353,708	130,247	98,408	77,191	56,543	1,585,655	1,395,573
Subordinated securities and receivables	1,198,278	1,034,752	24,280	42,147	21,997	5,018	1,200,561	1,071,881
Senior fixed-income securities	19,680,148	19,760,354	1,024,289	1,636,271	290,209	59,913	20,414,228	21,336,712
Financial assets available for sale	**23,965,702**	**23,600,457**	**1,651,349**	**2,177,667**	**442,139**	**164,696**	**25,174,912**	**25,613,428**

(4) Receivables

in € thousands	Carrying amount 30.6.2015	Carrying amount 31.12.2014	Fair value 30.6.2015	Fair value 31.12.2014
Subordinated securities and receivables	93,323	96,354	97,688	102,232
First tier loans and advances to institutional investors[1, 2]	16,138,720	16,520,286	19,000,109	19,958,373
Building loans[2]	24,568,997	25,127,273	25,336,855	26,048,175
Other receivables	2,820,232	2,572,088	2,820,404	2,573,268
Other loans and advances[3]	2,366,320	2,131,894	2,366,496	2,133,074
Other receivables[4]	453,912	440,194	453,908	440,194
Receivables	**43,621,272**	**44,316,001**	**47,255,056**	**48,682,048**

1 Includes senior debenture bonds and registered debt securities.
2 Includes portfolio hedge adjustment.
3 Receivables that constitute a class pursuant to IFRS 7.
4 Receivables that do not constitute a class pursuant to IFRS 7 and essentially contain receivables from insurance business with disclosure requirements pursuant to IFRS 4.

To enable a better understanding of the information, the following table provides a detailed breakdown of receivables:

in € thousands	30.6.2015	31.12.2014
Subordinated securities and receivables	93,323	96,354
First tier loans and advances to institutional investors[1]	16,138,720	16,520,286
Banks	11,506,552	11,760,527[4]
Other financial companies	373,974	377,053
Other companies	198,268	198,814
Public authorities	4,065,562	4,183,892[4]
Portfolio hedge adjustment	–5,636	–
Building loans	24,568,997	25,127,273
Loans under home loan savings contracts	2,809,641	3,025,731
Preliminary and interim financing loans	11,269,403	11,233,095
Other building loans	10,302,888	10,631,115
Portfolio hedge adjustment	187,065	237,332
Other receivables	2,820,232	2,572,088
Other loans and advances[2]	2,366,320	2,131,894
to customers	506,774	412,317
to credit institutions	1,859,546	1,719,577
Other receivables[3]	453,912	440,194
Receivables from reinsurance business	83,085	90,619
Receivables from insurance agents	103,834	68,816
Receivables from policyholders	261,528	274,300
Sundry other receivables	5,465	6,459
RECEIVABLES	**43,621,272**	**44,316,001**

1 Includes senior debenture bonds and registered debt securities.
2 Receivables that constitute a class pursuant to IFRS 7.
3 Receivables that do not constitute a class pursuant to IFRS 7 and essentially contain receivables from insurance business with disclosure requirements pursuant to IFRS 4.
4 Previous year's figure adjusted.

The carrying amount of receivables as a whole less impairments in the form of risk provision amounts to € 43,414.1 million (previous year: € 44,101.4 million).

(5) Risk provision

in € thousands	30.6.2015	31.12.2014
Subordinated securities and receivables	24	22
First-rate receivables from institutional investors	1,432	1,552
Building loans	163,984	173,008
Other loans and advances	13,760	12,351
Other receivables	27,966	27,633
Risk provision	**207,166**	**214,566**

(6) Investment property

The fair value of investment property amounts to € 2,156.7 million (previous year: € 2,152.3 million).

(7) Liabilities

	Carrying amount		Fair value	
in € thousands	30.6.2015	31.12.2014	30.6.2015	31.12.2014
Liabilities evidenced by certificates	1,032,928	1,165,708	1,054,501	1,194,018
Liabilities to credit institutions	5,679,755	6,401,409	5,752,419	6,493,881
Liabilities to customers	25,691,351	25,710,869	25,926,130	26,019,155
Finance lease liabilities	30,424	32,433	30,202	33,333
Miscellaneous liabilities	2,240,358	2,336,724	2,238,752	2,337,583
Other liabilities[1]	329,250	379,738	327,689	380,316
Sundry liabilities[2]	1,911,108	1,956,986	1,911,063	1,957,267
Liabilities	**34,674,816**	**35,647,143**	**35,002,004**	**36,077,970**

1 Liabilities that constitute a class pursuant to IFRS 7.

2 Liabilities that do not constitute a class pursuant to IFRS 7 and essentially contain liabilities from insurance business with disclosure requirements pursuant to IFRS 4.

To enable a better understanding of the information, the following table provides a detailed breakdown of liabilities:

in € thousands	30.6.2015	31.12.2014
Liabilities evidenced by certificates	1,032,928	1,165,708
Liabilities to credit institutions	5,679,755	6,401,409
Liabilities to customers	25,691,351	25,710,869
Deposits from home loan savings business and savings deposits	18,757,855	18,766,507
Other liabilities	6,909,439	6,921,563
Down payments received	24,057	22,799
Finance lease liabilities	30,424	32,433
Miscellaneous liabilities	2,240,358	2,336,724
Other liabilities	329,250	379,738
Sundry liabilities	1,911,108	1,956,986
Liabilities from reinsurance business	1,178,149	1,136,172
Liabilities from direct insurance business	641,990	711,946
Other sundry liabilities	90,969	108,868
LIABILITIES	**34,674,816**	**35,647,143**

1 Liabilities that constitute a class pursuant to IFRS 7.
2 Liabilities that do not constitute a class pursuant to IFRS 7 and essentially contain liabilities from insurance business with disclosure requirements pursuant to IFRS 4.

(8) TECHNICAL PROVISIONS

	GROSS	GROSS
in € thousands	30.6.2015	31.12.2014
Provision for unearned premiums	476,854	267,611
Provision for future policy benefits	27,977,930	27,543,707
Provision for outstanding insurance claims	2,500,895	2,492,761
Provision for premium refunds	2,166,350	2,571,001
Other technical provisions	33,629	33,629
TECHNICAL PROVISIONS	**33,155,658**	**32,908,709**

(9) Other provisions

in € thousands	30.6.2015	31.12.2014
Provisions for pensions and other long-term employee benefits	1,780,197	1,939,986
Miscellaneous provisions	1,006,281	1,004,412
Other provisions	**2,786,478**	**2,944,398**

The assumptions underlying the pension commitments that concern the actuarial interest rate were adjusted during the reporting period to conform to market conditions. As a result, the actuarial interest rate used to measure pension commitments rose from 1.75% as at 31 December 2014 to 2.25%. The adjustment of the interest rate is recognised as an actuarial gain, taking into account deferred taxes and the provision for deferred premium refunds, in the reserve for pension commitments and forms a part of other comprehensive income.

(10) Subordinated Capital

	Carrying amount		Fair Value	
in € thousands	30.6.2015	31.12.2014	30.6.2015	31.12.2014
Subordinated liabilities	597,875	587,872	618,974	612,034
Profit participation certificate	27,805	28,626	31,943	32,749
Subordinated Capital	**625,680**	**616,498**	**650,917**	**644,783**

Notes concerning the consolidated income statement

(11) Net income from financial assets available for sale

in € thousands	1.1.2015 to 30.6.2015	1.1.2014 to 30.6.2014
Income from financial assets available for sale	**989,429**	**492,952**
Interest income	258,227	251,644
Dividend income	60,550	43,914
Income from sales	444,408	169,574
Income from the reversal of impairment losses	–	1,818
Income from currency translation	223,386	24,475
Income from repurchase agreements and securities lending transactions	–	33
Income from the ending of fair value hedges	2,508	555
Receipts on written-down bonds and other fixed-income securities	350	939
Expenses from financial assets available for sale	**92,573**	**103,849**
Expenses from sales	44,263	35,039
Expenses from impairments	8,922	52,468
Expenses from currency translation	18,940	4,888
Expenses from the ending of fair value hedges	20,448	11,454
Net income from financial assets available for sale	**896,856**	**389,103**

(12) Net income from financial assets/liabilities at fair value through profit or loss

in € thousands	1.1.2015 to 30.6.2015	1.1.2014 to 30.6.2014
Income from financial assets/liabilities at fair value through profit or loss	1,001,769	736,287
Income from assets/liabilities designated as financial assets/liabilities at fair value through profit or loss	237,239	141,948
Interest income	7,298	4,880
Dividend income	102	23
Income from measurement at fair value	39,619	64,339
Income from sales	4,970	1,083
Income from capital investments for the account and risk of holders of life insurance policies	137,148	57,063
Income from currency changes	48,102	14,560
Income from financial assets/liabilities held for trading	764,530	594,339
Interest income	130,822	158,692
Dividend income	–	91
Income from measurement at fair value	336,192	338,254
Income from sales	41,880	37,575
Income from currency changes	255,636	59,727
Expenses from financial assets/liabilities at fair value through profit or loss	1,240,164	630,129
Expenses from assets/liabilities designated as financial assets/liabilities at fair value through profit or loss	61,638	32,161
Expenses from measurement at fair value	40,971	20,943
Expenses from sales	1,099	1,450
Expenses from capital investments for the account and risk of holders of life insurance policies	1,748	566
Expenses from currency changes	17,820	9,202
Expenses from financial assets/liabilities held for trading	1,178,526	597,968
Interest expenses	192,091	210,025
Expenses from measurement at fair value	384,737	276,543
Expenses from sales	38,223	37,007
Expenses from currency changes	563,475	74,393
Net income from financial assets/liabilities at fair value through profit or loss	**–238,395**	**106,158**

(13) Net income from receivables, liabilities and subordinated capital

in € thousands	1.1.2015 to 30.6.2015	1.1.2014 to 30.6.2014
Income from receivables, liabilities and subordinated capital	834,509	1,092,352
Interest income from receivables	737,597	823,174
Income from sales of receivables	6,925	247,752
Income from the disposal of liabilities and subordinated capital	–	370
Income from the ending of fair value hedges	1,670	7,038
Income from currency translation	88,317	14,018
Expenses from receivables, liabilities and subordinated capital	394,478	497,461
Interest expenses for liabilities	311,177	434,269
Interest expenses for subordinated capital	17,026	13,135
Expenses from sales of receivables	525	276
Expenses from the disposal of liabilities	2	1,798
Expenses from the ending of fair value hedges	39,355	28,921
Expenses from the reversal of the other comprehensive income of financial assets reclassified as available for sale	–	1,608
Expenses from currency translation	26,393	17,454
Net income from receivables, liabilities and subordinated capital	440,031	594,891

Interest expenses for subordinated capital contain € 1.8 million (previous year: € 1.9 million) for profit participation certificates and € 15.3 million (previous year: € 11.2 million) for subordinated liabilities.

(14) Net income from risk provision

in € thousands	1.1.2015 to 30.6.2015	1.1.2014 to 30.6.2014
Income from risk provision	68,936	61,935
Release of risk provision	53,666	42,926
Release of provisions in lending business, for irrevocable loan commitments, for financial guarantees	305	1,213
Receipts on written-down receivables	14,965	17,796
Expenses for risk provision	69,499	72,531
Additions to risk provision	62,072	61,557
Additions to provisions in lending business, for irrevocable loan commitments, for financial guarantees	–	26
Direct write-downs	7,427	10,948
Net income from risk provision	**–563**	**–10,596**

(15) Net commission income

in € thousands	1.1.2015 to 30.6.2015	1.1.2014 to 30.6.2014
Commission income	109,180	108,864
from the conclusion of building savings contracts	49,815	53,057
from banking business	18,376	18,522
from reinsurance	8,936	11,692
from brokering activities	9,637	6,411
from investment business	18,346	15,947
from other business	4,070	3,235
Commission expenses	305,245	294,582
from insurance	198,145	195,399
from banking business	82,808	78,351
from reinsurance	12	34
from brokering activities	4,201	2,883
from investment business	11,331	10,715
from other business	8,748	7,200
Net commission income	**–196,065**	**–185,718**

(16) Earned premiums (net)

Life/health insurance

in € thousands	1.1.2015 to 30.6.2015	1.1.2014 to 30.6.2014
Gross premiums written	1,111,924	1,144,546
Change in the provision for unearned premiums	21,933	23,935
Premiums from the provision for premium refunds	25,465	22,708
Earned premiums (gross)	1,159,322	1,191,189
Premiums ceded to reinsurers	–42,268	–42,065
Earned premiums (net)	**1,117,054**	**1,149,124**

Property/casualty insurance and reinsurance

in € thousands	1.1.2015 to 30.6.2015	1.1.2014 to 30.6.2014
Gross premiums written	1,060,226	1,020,948
Direct	1,056,536	1,016,825
Reinsurance	3,690	4,123
Change in the provision for unearned premiums	–240,504	–229,550
Earned premiums (gross)	819,722	791,398
Premiums ceded to reinsurers	–36,178	–37,810
Earned premiums (net)	**783,544**	**753,588**

(17) Insurance benefits (net)

Benefits under insurance contracts from direct business are shown without claim adjustment expenses. These are contained in general administrative expenses. Insurance benefits under reinsurance and the reinsurers' portion of insurance benefits may consist of both claim payments and adjustment expenses.

Shown under the item "Change in the provision for premium refunds" are additions to the provision for premium refunds, as well as the change in the provision for deferred premium refunds recognised in the income statement.

Life/health insurance

in € thousands	1.1.2015 to 30.6.2015	1.1.2014 to 30.6.2014
Payments for insurance claims	1,100,674	1,101,046
Gross amount	1,156,718	1,156,854
Thereof to: reinsurers' portion	–56,044	–55,808
Change in the provision for outstanding insurance claims	6,855	16,029
Gross amount	7,059	16,859
Thereof to: reinsurers' portion	–204	–830
Change in the provision for future policy benefits	447,820	348,907
Gross amount	476,600	345,201
Thereof to: reinsurers' portion	–28,780	3,706
Change in the provision for premium refunds	167,196	246,718
Gross amount	167,196	246,718
Thereof to: reinsurers' portion	–	–
Change in other technical provisions	–	–800
Gross amount	–	–800
Thereof to: reinsurers' portion	–	–
Insurance benefits	**1,722,545**	**1,711,900**
Gross amount, total	1,807,573	1,764,832
Thereof to (total): reinsurers' portion	–85,028	–52,932

Property/casualty insurance and reinsurance

in € thousands	1.1.2015 to 30.6.2015	1.1.2014 to 30.6.2014
Payments for insurance claims	416,716	394,837
Gross amount	441,476	475,646
Thereof to: reinsurers' portion	–24,760	–80,809
Change in the provision for outstanding insurance claims	16,658	2,018
Gross amount	3,370	–51,259
Thereof to: reinsurers' portion	13,288	53,277
Change in the provision for premium refunds	123	–
Gross amount	123	–
Thereof to: reinsurers' portion	–	–
Change in other technical provisions	–1	118
Gross amount	–1	118
Thereof to: reinsurers' portion	–	–
Insurance benefits	**433,496**	**396,973**
Gross amount, total	444,968	424,505
Thereof to (total): reinsurers' portion	–11,472	–27,532

(18) Income taxes

in € thousands	1.1.2015 to 30.6.2015	1.1.2014 to 30.6.2014
Current income taxes paid for the reporting period	49,482	65,205
Current taxes paid for other periods	–4,463	4,512
Deferred taxes	–5,083	–6,222
Income taxes	**39,936**	**63,495**

(19) Earnings per share

Basic earnings per share are determined by dividing the consolidated net profit by the weighted average number of shares:

		1.1.2015 to 30.6.2015	1.1.2014 to 30.6.2014
Result attributable to shareholders of W&W AG	in €	142,024,483	126,031,039
Number of shares at the beginning of the financial year	#	93,749,720	91,992,622
Weighted average number of shares	#	93,749,720	91,992,622
Basic (= diluted) earnings per share	in €	**1.51**	**1.37**

There currently are no potential shares that would have a diluting effect. Diluted earnings per share thus correspond to basic earnings per share.

(20) Appropriation of profit

On 11 June 2015, the Annual General Meeting of W&W AG resolved to distribute the dividend from the unappropriated surplus for the 2014 financial year as calculated in accordance with the HGB, which amounted to € 56.9 million (previous year: € 51.8 million), in the amount of € 0.50 (previous year: € 0.50) per share in cash.

Dividends totalling € 46,874,860.00 were distributed on 12 June 2015.

Notes concerning financial instruments and fair value

(21) Disclosures concerning the measurement of fair value

Regroupings between levels generally take place as at the reporting date.

There were no reclassifications between Level 1 and Level 2 during the reporting year or the previous year.

Measurement hierarchy in 2015 (items that were measured at fair value)

in € thousands	Level 1 30.6.2015	Level 2 30.6.2015	Level 3 30.6.2015	Fair value/carrying amount 30.6.2015
Financial assets at fair value through profit or loss	26,399	3,472,147	–	3,498,546
Designated as financial assets at fair value through profit or loss	–	2,471,211	–	2,471,211
Equity instruments	–	41,061	–	41,061
Fund units	–	41,061	–	41,061
Senior fixed-income securities	–	235,666	–	235,666
Other companies	–	25,112	–	25,112
Public authorities	–	210,554	–	210,554
Structured products	–	634,447	–	634,447
Interest-rate-based structured products	–	222,456	–	222,456
Equity- and index-based structured products	–	411,991	–	411,991
Capital investments for the account and risk of holders of life insurance policies	–	1,560,037	–	1,560,037
Financial assets held for trading	26,399	1,000,936	–	1,027,335
Equity instruments	–	3,204	–	3,204
Fund units	–	3,204	–	3,204
Derivative financial instruments	26,399	997,732	–	1,024,131
Interest-rate-based derivatives	607	972,758	–	973,365
Currency-based derivatives	–	21,894	–	21,894
Equity- and index-based derivatives	25,792	2,497	–	28,289
Loan-based derivatives	–	583	–	583
Financial assets available for sale	796,498	23,129,051	1,249,363	25,174,912
Equity instruments	796,498	1,546,373	1,217,252	3,560,123
Investments, excluding alternative investments	–	–	257,337	257,337
Banks	–	–	22,463	22,463
Other financial companies	–	–	4,162	4,162
Other companies	–	–	230,712	230,712

Measurement hierarchy in 2015 (items that were measured at fair value) (continuation)

	Level 1	Level 2	Level 3	Fair value/carrying amount
in € thousands	30.6.2015	30.6.2015	30.6.2015	30.6.2015
Alternative investments, including private equity	–	–	873,947	873,947
Other financial companies	–	–	839,874	839,874
Other companies	–	–	34,073	34,073
Equities	796,498	–	46,686	843,184
Banks	84,061	–	35,467	119,528
Other financial companies	83,248	–	11,219	94,467
Other companies	629,189	–	–	629,189
Fund units	–	1,546,373	39,282	1,585,655
Subordinated securities and receivables	–	1,168,450	32,111	1,200,561
Banks	–	439,500	–	439,500
Other financial companies	–	368,753	32,111	400,864
Other companies	–	360,197	–	360,197
Senior fixed-income securities	–	20,414,228	–	20,414,228
Banks	–	7,798,795	–	7,798,795
Other financial companies	–	1,367,122	–	1,367,122
Other companies	–	1,881,225	–	1,881,225
Public authorities	–	9,367,086	–	9,367,086
Positive market values from hedges	–	33,715	–	33,715
TOTAL ASSETS	**822,897**	**26,634,913**	**1,249,363**	**28,707,173**
Financial liabilities at fair value through profit or loss	5,674	1,031,384	–	1,037,058
Financial liabilities held for trading	5,674	1,031,384	–	1,037,058
Derivative financial instruments	5,674	1,031,384	–	1,037,058
Interest-rate-based derivatives	386	989,217	–	989,603
Currency-based derivatives	–	34,124	–	34,124
Equity- and index-based derivatives	5,245	8,043	–	13,288
Other derivatives	43	–	–	43
Negative market values from hedges	–	364,657	–	364,657
TOTAL EQUITY AND LIABILITIES	**5,674**	**1,396,041**	**–**	**1,401,715**

Measurement hierarchy in 2014 (items that were measured at fair value)

in € thousands	Level 1 31.12.2014	Level 2 31.12.2014	Level 3 31.12.2014	Fair value/carrying amount 31.12.2014
Financial assets at fair value through profit or loss	19,618	3,444,325	–	3,463,943
Designated as financial assets at fair value through profit or loss	–	2,296,872	–	2,296,872
Equity instruments	–	1,811	–	1,811
Fund units	–	1,811	–	1,811
Senior fixed-income securities	–	239,546	–	239,546
Other financial companies	–	–[1]	–	–[1]
Other companies	–	26,449	–	26,449
Public authorities	–	213,097[1]	–	213,097[1]
Structured products	–	661,058	–	661,058
Interest-rate-based structured products	–	228,499	–	228,499
Equity- and index-based structured products	–	432,559	–	432,559
Capital investments for the account and risk of holders of life insurance policies	–	1,394,457	–	1,394,457
Financial assets held for trading	19,618	1,147,453	–	1,167,071
Equity instruments	–	12,047	–	12,047
Fund units	–	12,047	–	12,047
Senior fixed-income securities	–	480	–	480
Other companies	–	95	–	95
Public authorities	–	385	–	385
Derivative financial instruments	19,618	1,134,926	–	1,154,544
Interest-rate-based derivatives	22	1,094,247	–	1,094,269
Currency-based derivatives	–	25,941	–	25,941
Equity- and index-based derivatives	19,596	13,807	–	33,403
Loan-based derivatives	–	931	–	931
Financial assets available for sale	733,312	23,735,363	1,144,753	25,613,428
Equity instruments	733,312	1,358,881	1,112,642	3,204,835
Investments, excluding alternative investments	–	–	260,666	260,666
Banks	–	–	22,422	22,422
Other financial companies	–	–	4,979	4,979
Other companies	–	–	233,265	233,265

Measurement hierarchy in 2014 (items that were measured at fair value) (continuation)

	Level 1	Level 2	Level 3	Fair value/carrying amount
	31.12.2014	31.12.2014	31.12.2014	31.12.2014
Alternative investments, including private equity	–	–	768,811	768,811
Other financial companies	–	–	737,926	737,926
Other companies	–	–	30,885	30,885
Equities	733,312	–	46,473	779,785
Banks	68,621	–	35,467	104,088
Other financial companies	70,823	–	11,006	81,829
Other companies	593,868	–	–	593,868
Fund units	–	1,358,881	36,692	1,395,573
Subordinated securities and receivables	–	1,039,770	32,111	1,071,881
Banks	–	437,668	–	437,668
Other financial companies	–	358,980	32,111	391,091
Other companies	–	243,122	–	243,122
Senior fixed-income securities	–	21,336,712	–	21,336,712
Banks	–	8,382,036[1]	–	8,382,036[1]
Other financial companies	–	1,336,924[1]	–	1,336,924[1]
Other companies	–	1,743,825	–	1,743,825
Public authorities	–	9,873,927[1]	–	9,873,927[1]
Positive market values from hedges	**–**	51,104	–	51,104
TOTAL ASSETS	**752,930**	**27,230,792**	**1,144,753**	**29,128,475**
Financial liabilities at fair value through profit or loss	**6,071**	**1,005,959**	**–**	**1,012,030**
Financial liabilities held for trading	6,071	1,005,959	–	1,012,030
Derivative financial instruments	6,071	1,005,959	–	1,012,030
Interest-rate-based derivatives	1,488	927,024	–	928,512
Currency-based derivatives	–	75,736	–	75,736
Equity- and index-based derivatives	4,583	3,199	–	7,782
Negative market values from hedges	–	608,751	–	608,751
TOTAL EQUITY AND LIABILITIES	**6,071**	**1,614,710**	**–**	**1,620,781**

1 Previous year's figure adjusted.

The following depicts the changes in the fair value of financial instruments classified in Level 3 for both the reporting year and the comparable period in the previous year:

Changes in Level 3 in 2015

	Investments, excluding alternative investments		
	Banks	Other financial companies	Other companies
in € thousands	2015	2015	2015
As at 1 January	22,422	4,979	233,265
Comprehensive income for the period	41	25	–1,526
Net income from financial assets available for sale	–	–	–161
Unrealised gains/losses (-) from financial assets available for sale (gross)	41	25	–1,365
Purchases	–	–	22
Sales	–	–842	–4,284
Transfers to Level 3	–	–	3,235
As at 30 June	22,463	4,162	230,712
Income statement as at 30 June[1]	–	–	–151

1 The net income from financial assets available for sale includes period income and expenses for assets still in the portfolio at the end of the reporting period.

						Financial assets available for sale	Total
					Equity instruments	Subordinated securities and receivables	
	Alternative investments, including private equity			Equities	Fund units		
	Other financial companies	Other companies	Banks	Other financial companies		Other financial companies	
	2015	2015	2015	2015	2015	2015	2015
	737,926	30,885	35,467	11,006	36,692	32,111	1,144,753
	52,726	3,188	–	213	1,728	–	56,395
	–4,799	–	–	–	–332	–	–5,292
	57,525	3,188	–	213	2,060	–	61,687
	128,153	–	–	–	–	–	128,175
	–78,931	–	–	–	–	–	–84,057
	–	–	–	–	862	–	4,097
	839,874	34,073	35,467	11,219	39,282	32,111	1,249,363
	–4,799	–	–	–	–332	–	–5,282

The transfer to Level 3 results from the use of non-observable measurement parameters due to the lack of directly or indirectly observable market data in comparison to the previous reporting period.

CHANGES IN LEVEL 3 IN 2014

	INVESTMENTS, EXCLUDING ALTERNATIVE INVESTMENTS		
	BANKS	OTHER FINANCIAL COMPANIES	OTHER COMPANIES
in € thousands	2014	2014	2014
As at 1 January	16,899	4,987	252,306
Comprehensive income for the period	–628	6	3,293
Net income from financial assets available for sale	–	–	–719
Unrealised gains/losses (-) from financial assets available for sale (gross)	–628	6	4,012
Purchases	–	–	22
Sales	–	–	–12,451
Transfers to Level 3	–	–	1,221
As at 30 June	16,271	4,993	244,391
Income statement as at 30 June[1]	–	–	–719

1 The net income from financial assets available for sale includes period income and expenses for assets still in the portfolio at the end of the reporting period.

							Financial assets available for sale	Total
						Equity instruments	Subordinated securities and receivables	
	Alternative investments, including private equity				Equities	Fund units		
	Other financial companies	Other companies	Banks	Other financial companies	Other companies		Other financial companies	
	2014	2014	2014	2014	2014	2014	2014	2014
	600,970	34,650	35,073	–	7	–	29,673	974,565
	13,441	–	–	–	–1	–	–	16,111
	–4,808	–	–	–	–	–	–	–5,527
	18,249	–	–	–	–1	–	–	21,638
	77,104	–	–	–	–	–	–	77,126
	–28,702	–600	–	–	–6	–	–	–41,759
	–	–	–	10,724	–	45,683	–	57,628
	662,813	34,050	35,073	10,724	–	45,683	29,673	1,083,671
	–4,808	–	–	–	–	–	–	–5,527

Realised gains and losses in the individual classes of financial instruments are shown in the net income from financial assets available for sale.

Effects of alternative assumptions for financial instruments in Level 3

Nearly all of the securities in Level 3 consist of unquoted interests of investments, alternative investments and private equity funds in the direct portfolio that are not fully consolidated or not accounted for using the equity method. Their fair values are normally determined by each company's management, primarily (2015: € 728.0 million; previous year: € 652.8 million) on the basis of net asset value. Of this, € 24.9 million (previous year: € 25.5 million) was attributable to "Investments, excluding alternative investments", and € 703.1 million (previous year: € 616.4 million) to "Alternative investments, including private equity". They were determined on the basis of specific information that is not publicly available, to which the W&W Group does not have access. Thus, it was not possible to subject them to a sensitivity analysis.

In the W&W Group, net asset values (2015: € 168.9 million; previous year: € 166.3 million) are measured for Group property investments that are assigned to "Investments, excluding alternative investments". These are based on discount rates that essentially determine the property's fair value. A change in discount rates by + 100 basis points in connection with a sensitivity analysis leads to a reduction in fair value to € 157.7 million (previous year: € 154.8 million), while a change in discount rates by -100 basis points leads to an increase to € 181.1 million (previous year: € 178.4 million).

All changes in fair value are reflected in "Other comprehensive income".

The most significant measurement parameter for interests measured using the capitalised earnings method (2015: € 62.3 million; previous year: € 59.1 million) is the risk-adjusted discount rate. A material increase in the discount reduces fair value, whereas a decline in the discount rate increases fair value. However, a change by 10% has only a minor influence on the presentation of the net assets, financial position and financial performance of the W&W Group.

In addition, for certain interests, fair value is either deemed to be approximated by the amount of invested capital or is determined by outside appraisers. In this case as well, a sensitivity analysis is not possible due to lack of the specific parameters used.

The measurement methods used are listed in the following table "Quantitative information about the measurement of fair value in Level 3".

Quantitative information about the measurement of fair value in Level 3

in € thousands	Fair value 30.6.2015	Fair value 31.12.2014	Measurement method	Non-observable input factors	Range, in % 30.6.2015	Range, in % 31.12.2014
Financial assets available for sale	1,249,363	1,144,753				
Equity instruments	1,217,252	1,112,642				
Investments, excluding alternative investments	257,337	260,666				
	28,626	28,584	Capitalised earnings method	Discount rate	6.50-11.00	6.50-11.00
	41,734	38,726	Approximation method	n/a	n/a	n/a
	186,977	193,356	Net asset value	Discount rate	5.77-6.55	5.50-6.55
Alternative investments, including private equity	873,947	768,811				
	33,723	30,535	Capitalised earnings method	Discount rate	5.60	5.60
	137,161	118,258	Approximation method	n/a	n/a	n/a
	703,063	620,018	Net asset value	n/a	n/a	n/a
Equities	46,686	46,473				
	35,467	35,467	Approximation method	n/a	n/a	n/a
	11,219	11,006	Net asset value	n/a	n/a	n/a
Fund units	39,282	36,692				
	38,685	36,692	Approximation method	n/a	n/a	n/a
	597	–	Net asset value	n/a	n/a	n/a
Subordinated securities and receivables	32,111	32,111				
	32,111	32,111	Approximation method	n/a	n/a	n/a

Other information

(22) Contingent liabilities and other liabilities

in € thousands	30.6.2015	31.12.2014
Contingent liabilities	738,223	701,306
from deposit protection funds	346,177	346,054
from sureties and warranties	3,245	3,249
from capital contributions calls not yet made	387,782	351,335
Other contingent liabilities	1,019	668
Other liabilities	977,495	992,417[1]
Irrevocable loan commitments	951,712	958,326[1]
Financial guarantees	25,783	34,091
TOTAL	**1,715,718**	**1,693,723**[1]

1 Previous year's figure adjusted.

The nominal value of irrevocable loan commitments corresponds to the potential remaining obligations under loans and credit lines that have been granted but not yet drawn down or fully drawn down. It constitutes a reasonable approximation of fair value.

(23) Related party disclosures

Group parent company

The parent company of Wüstenrot & Württembergische AG is Wüstenrot Holding AG, Ludwigsburg, which is wholly owned by the non-profit Wüstenrot Stiftung Gemeinschaft der Freunde Deutscher Eigenheimverein e.V., Ludwigsburg.

Transactions with related persons

Natural persons considered to be related parties pursuant to IAS 24 are members of the key management personnel (the Management Board and Supervisory Board of W&W AG), the members of the Executive Board and Supervisory Board of the parent company, and their close family members.

Transactions with related persons of W&W AG were carried out in connection with the normal business activity of Group companies. This mainly had to do with business relationships in the areas of home loan and savings business, banking business, and life, health and property insurance.

All transactions were at arm's length and took place at preferential terms customary in the industry.

As at 30 June 2015, receivables from related persons amount to € 364.8 thousand (previous year: € 367.8 thousand), and liabilities to related persons amount to € 2,116.4 thousand (previous year: € 2,559.0 thousand). In the first half year of 2015, the interest income from related persons that results from granted loans amounts to € 1.1 thousand (previous year: € 6.1 thousand), and the interest expenses for savings deposits from related persons amount to € 1.7 thousand (previous year: € 2.2 thousand). In the first half year of 2015, premiums in the amount of € 36.6 thousand (previous year: € 43.0 thousand) were paid by related persons for insurance policies in the areas of life, health and property insurance.

Transactions with related companies

Wüstenrot Holding AG

Wüstenrot Holding AG as parent company and W&W AG are parties to a brand name transfer and use agreement. As at 30 June 2015, a financial liability is owed to Wüstenrot Holding AG under this agreement in the amount of € 22.2 million (previous year: € 23.7 million). W&W AG makes fixed annual amortisation payments (principal and interest) to Wüstenrot Holding AG in the amount of € 2.5 million, plus value-added tax.

In addition, business relations between the W&W Group and Wüstenrot Holding AG are essentially limited to making use of the banking services of Wüstenrot Bank AG Pfandbriefbank and services in the areas of IT and other services.

The transactions were at arm's length.

Sister companies

Business relations with W&W AG sister companies are limited to making use of the banking services of Wüstenrot Bank AG Pfandbriefbank. The transactions were at arm's length.

Unconsolidated subsidiaries of W&W AG and other related companies

The W&W Group is a party to various services agreements with unconsolidated W&W AG subsidiaries and other related W&W AG companies. In addition, unconsolidated W&W AG subsidiaries and other related W&W AG companies made use of banking services. Pensionskasse der Württembergischen VVaG is recognised under "Other related companies" as the post-employment benefit plan for the benefit of employees.

The transactions were at arm's length.

As at the reporting date, the open balances from transactions with related companies are as follows:

in € thousands	30.6.2015	31.12.2014
Unconsolidated subsidiaries	260	259
Other related companies	24,301	24,953
Loans and advances to customers	24,561	25,212
Wüstenrot Holding AG	48	56
Unconsolidated subsidiaries	43,964	37,162
Other related companies	1,335	18
Other receivables	45,347	37,236[1]
Receivables from related companies	69,908	62,448[1]
Wüstenrot Holding AG	10,392	6,999
Sister companies	5	–[1]
Unconsolidated subsidiaries	35,325	28,762
Other related companies	16,993	17,034
Liabilities to customers	62,715	52,795
Wüstenrot Holding AG	22,184	23,764
Unconsolidated subsidiaries	24,259	18,649
Other related companies	139	2,067
Miscellaneous liabilities	46,582	44,480[1]
Liabilities to related companies	109,297	97,275[1]

1 Previous year's figure adjusted.

Income and expenses from transactions with related companies are as follows:

in € thousands	1.1.2015 to 30.6.2015	1.1.2014 to 30.6.2014
Wüstenrot Holding AG	120	56
Unconsolidated subsidiaries	16,199	15,738
Associated companies	–	15
Other related companies	886	761
Income from transactions with related companies	17,205	16,570
Wüstenrot Holding AG	1,463	1,554
Unconsolidated subsidiaries	17,755	17,722
Other related companies	6,546	7,484
Expenses from transactions with related companies	25,764	26,760

(24) Number of employees

In terms of full-time equivalents, the number of employees of the W&W Group as at 30 June 2015 was 7,537 (previous year: 7,670). On the reporting date, the number of employees was 8,988 (previous year: 9,140).

The average headcount in the last 12 months was 9,113 (previous year: 9,325). This average is calculated as the arithmetic mean of the end-of-quarter headcounts as at the reporting date between 30 September 2014 and 30 June 2015 and during the corresponding prior-year period and is distributed over the individual segments as follows:

Number of employees by segment on annual average

	30.6.2015	31.12.2014
Home Loan and Savings Bank	2,656	2,760
Life and Health Insurance	972	968
Property/Casualty Insurance	3,869	3,936
All other segments	1,616	1,661
Total	**9,113**	**9,325**

(25) Events after the balance sheet date

Delisting of Württembergische Lebensversicherung AG

On 17 December 2014, with the approval of the Supervisory Board, the Executive Board of Württembergische Lebensversicherung AG filed an application with the securities exchange Baden-Württembergische Wertpapierbörse in Stuttgart to revoke the admission of all shares of Württembergische Lebensversicherung AG for trading on the regulated market (delisting). The Baden-Württembergische Wertpapierbörse granted the application, effective 7 July 2015.

Closing of W&W Europe Life

On 6 July 2015, the Executive Board of Wüstenrot & Württembergische AG resolved to discontinue the business operations of the Irish subsidiary W&W Europe Life and close the subsidiary.

Subordinated bonds called by Württembergische Versicherung AG

On 27 July 2015, Württembergische Versicherung AG called bonds issued in July 2005 in the amount of € 60 million. An amount of € 16.4 million was subscribed to internally within the W&W Group.

Sale of the properties Sapporobogen and Glockengießerwall

Following the effective date of the half-year financial report, the Executive Board of Württembergische Lebensversicherung AG resolved to sell an office and business building in Hamburg and an office building in Munich. The sales will take place in the 3rd quarter of 2015 and serve to further optimise the asset portfolio in the W&W Group.

Disposal of Wüstenrot pojist'ovna a.s. and Wüstenrot zivotní pojist'ovna a.s.

In connection with the process of selling the two Czech subsidiaries, binding purchase offers were received from various interested parties after the reporting date. The definitive sale of the companies is expected to take place sometime in the second half of the year.

Responsibility statement

To the best of our knowledge, and in accordance with the applicable accounting principles for interim reporting, the consolidated interim financial statements present a true and accurate view of the Group's net assets, financial position and financial performance, and the interim group management report provides a true and accurate presentation of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group in the financial year remaining.

Stuttgart, 4 August 2015

Dr Alexander Erdland

Dr Michael Gutjahr

Jens Wieland

Auditor’s review report

To Wüstenrot & Württembergische AG, Stuttgart

We have reviewed the condensed consolidated interim financial statements – consisting of the consolidated balance sheet, consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity, condensed consolidated cash flow statement, and select notes – and the interim group management report of Wüstenrot & Württembergische AG, Stuttgart, for the period from 1 January to 30 June 2015, which form part of the half-year financial report pursuant to Section 37w German Securities Trading Act (WpHG). The preparation of the condensed consolidated interim financial statements in accordance with IFRS applicable to interim reporting, as adopted by the EU, and of the interim group management report in accordance with the provisions of the WpHG applicable to interim group management reports is the responsibility of the company's management. Our responsibility is to issue a review report on the condensed consolidated interim financial statements and on the interim group management report based on our review.

We conducted our review of the condensed consolidated interim financial statements and the interim group management report in accordance with generally accepted German standards for the review of financial statements promulgated by the Institute of Public Auditors in Germany (IDW). Those standards require that we plan and perform the review in such a way that we can preclude through critical evaluation, with moderate assurance, that the condensed consolidated interim financial statements were not prepared in all material respects in accordance with the IFRSs applicable to interim reporting, as adopted by the EU, and that the interim group management report was not prepared in all material respects in accordance with the provisions of the WpHG applicable to interim group management reports. A review is limited primarily to the questioning of company employees and analytical procedures and therefore does not provide the assurance attainable through an audit of financial statements. Since, in accordance with our engagement, we have not performed an audit of financial statements, we cannot express an audit opinion.

Based on our review, no matters have come to our attention that cause us to presume that the condensed consolidated interim financial statements were not prepared in all material respects in accordance with the IFRSs applicable to interim reporting, as adopted by the EU, or that the interim group management report was not prepared in all material respects in accordance with the provisions of the WpHG applicable to interim group management reports.

Stuttgart, 14 August 2015

KPMG AG
Wirtschaftsprüfungsgesellschaft

Dr Ellenbürger	Dr Hasenburg
Wirtschaftsprüfer (Auditor)	Wirtschaftsprüfer (Auditor)