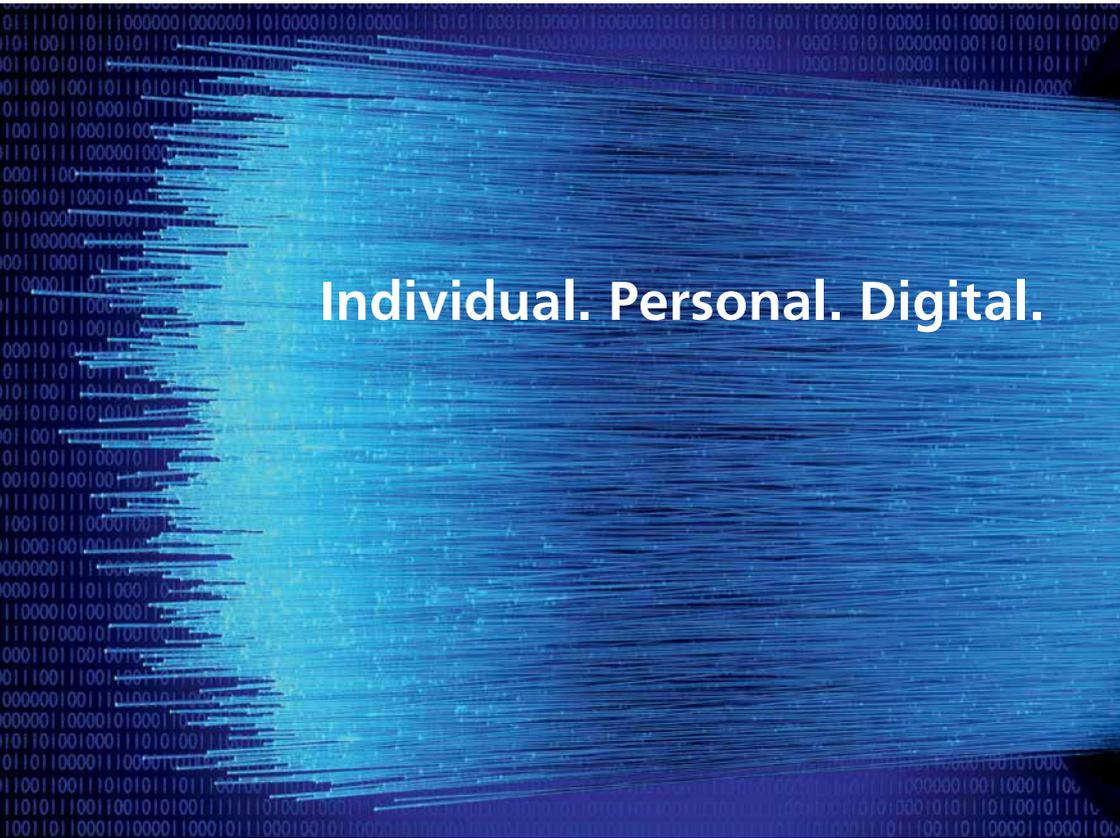
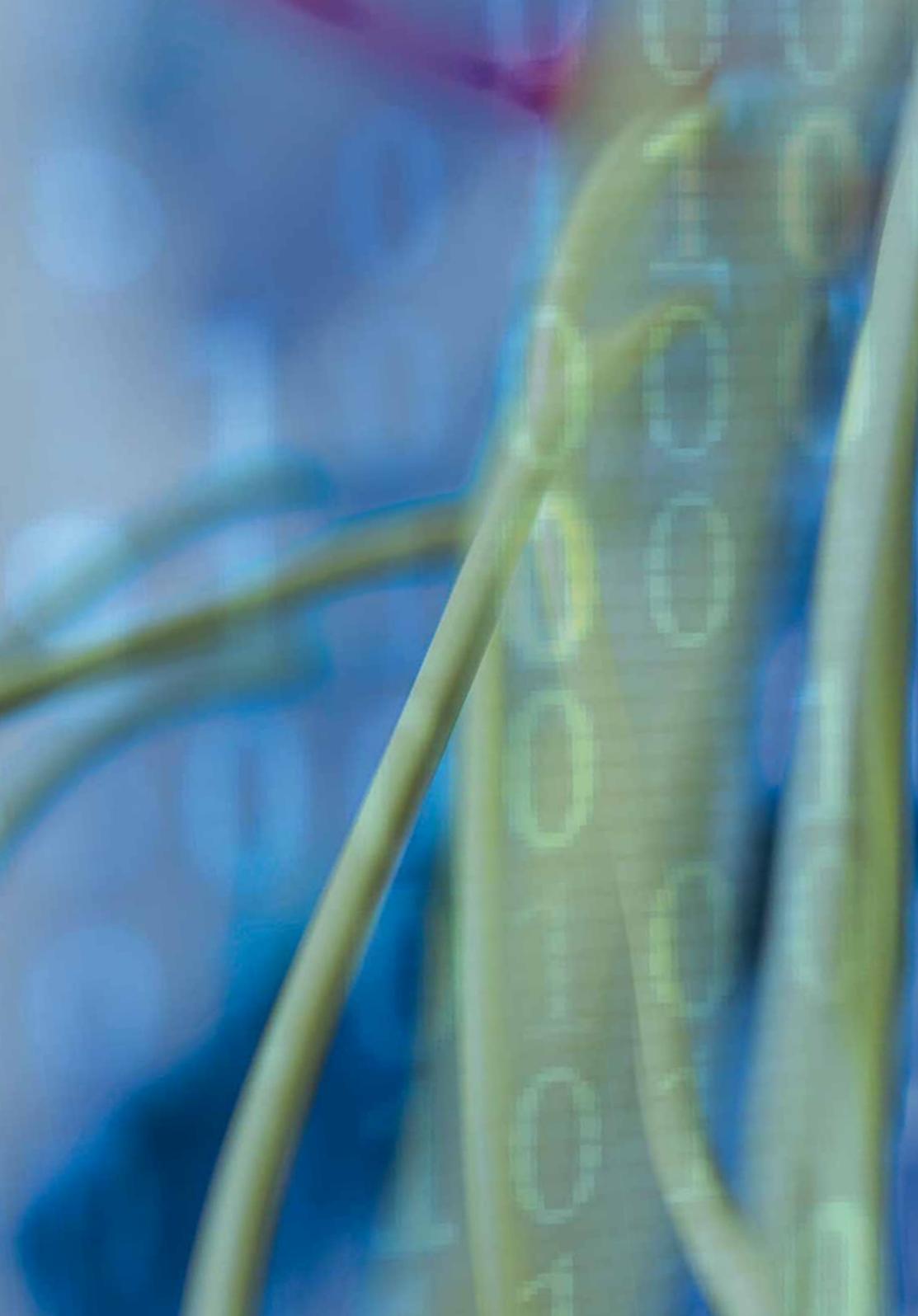


Semi-Annual Financial Report 2016

30 June 2016

A large graphic background for the lower half of the page. It features a dark blue field with horizontal streaks of lighter blue and white, resembling a digital signal or data stream. Faint binary code (0s and 1s) is visible in the background.

Individual. Personal. Digital.



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Foreword by the Management Board

Dear shareholders and business partners,

Refugee influx, terrorist attacks, Brexit vote – also in the first half of 2016, Europe resembled a huge construction site in need of much attention and energy. In addition, near-zero interest rates and the ECB's challenging fiscal policy contributed to the persistently difficult overall conditions in the banking sector.

Nevertheless, in the first six months of 2016, WL BANK continued its successful business trend of 2015. Demand for real estate as a financial investment remained strong, which supported our mutual business with our partners in the cooperative financial services group. We were able to build on stable customer relationships and trusted partnerships in all fields of business. We used our deep integration into the cooperative data world for substantial further developments, as evidenced by continuous process optimisation and product innovations such as our WL InvestorenExpress®.

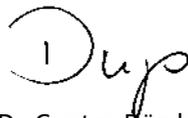
As a result of the merger of the cooperative central banks, we have become a part of the DZ BANK Group, and we look forward to the challenges of the future with great confidence. The upcoming changes are a motivation for us to continue to work with the highest level of commitment for the joint success of the cooperative financial services group.

We thank you for your support and partnership in these efforts!

With best regards,



Frank M. Mühlbauer
(Chairman)



Dr. Carsten Duerkop



Dr. Carsten Dürkop, Frank M. Mühlbauer
Management Board of WL BANK



Condensed Management Report as of 30 June 2016

Macroeconomic development in the first half of 2016

The German economy started the first half of the year with much momentum – bolstered at first by the further decline in energy prices and a very mild winter. However, economic activity slowed down due to the increasingly fierce debate over the UK's EU referendum and the resulting uncertainties among European neighbours. Nevertheless, even after the decision for Brexit, German companies are relatively optimistic about the further course of the year.

Private and government consumer spending continued to be the engines of growth in the first half of 2016, whereas foreign trade had a rather dampening effect on economic growth. The positive trend in the construction industry also continued, because low interest rates and investors' search for investment opportunities further pushed up the demand for real estate. From January to May 2016, 30.6 % or almost 34,800 more building permits for apartments were issued than in the first five months of 2015.

WL BANK's business development

During the first half of the year, WL BANK's new customer business reached a value of EUR 3,557.9 million, exceeding the level of the record year 2015. Of this amount, EUR 1,847.5 million was accounted for by the real estate lending business and EUR 1,710.4 million by the public sector business including short-term loans during the year. In the same period of the previous year, the customer business amounted to EUR 3,060.7 million (real estate lending business EUR 1,968.7 million, public sector business EUR 1,092.0 million).

New business brokered by the Volksbanken and Raiffeisenbanken in the real estate lending business amounted to EUR 1,053.1 million for the first six months of 2016, compared to EUR 1,089.3 million as of 30 June 2015. The share in new business (real estate financing) was 57.0 % (55.3 % as of 30 June 2015).

Direct business with the housing sector and with investors accounted for EUR 794.4 million, compared to EUR 879.4 million at the previous year's balance sheet date. This corresponds to a share of 43.0 % in the total real estate financing business (44.7 % as of 30 June 2015).

The volume of financing of commercial property amounted to EUR 305.3 million (EUR 198.0 million as of 30 June 2015). Thus, the share in new business was 16.5 %, after 10.1 % as of 30 June 2015.

The total volume due for adjustments in the first half of 2016 in the real estate loan business of EUR 329.9 million was extended by EUR 230.9 million (EUR 233.5 million as of 30 June 2015).

The volume of new business in the public sector business of EUR 1,710.4 million is divided into short-term loans of EUR 1,320.7 million (previous year: EUR 594.8 million) and public sector loans of EUR 389.7 million (previous year: EUR 497.2 million). Of the latter amount, EUR 231.0 million was accounted for by the brokerage business of the Volksbanken and Raiffeisenbanken and EUR 158.7 million by direct business.

In the securities and promissory note loan business, the volume of new business amounted to EUR 463.0 million as of 30 June 2016, compared to EUR 269.0 million at the previous year's balance sheet date.

The customer business portfolio (real estate financing and public sector business) amounted to EUR 26,677.6 million as at the balance sheet date of 30 June 2016, compared to EUR 25,270.8 million as of 31 December 2015. While the loan portfolio for real estate financing increased by EUR 1,057.5 million to EUR 18,993.5 million as compared to 31 December 2015, the public sector loan portfolio grew by EUR 349.4 million to EUR 7,684.1 million (EUR 7,334.7 million as of 31 December 2015).

Securities were mainly used to cover our public sector Pfandbriefe. The securities and promissory note loan portfolio decreased by EUR 607.3 million to EUR 8,790.7 million compared to 31 December 2015.

Funding

In the first half of 2016, a total of EUR 3.3 billion (previous year: EUR 2.8 billion) was issued on the capital market. In line with our strategy, the focus was on mortgage Pfandbriefe, which accounted for 71 %, including two new issues in benchmark format as well as several increases in existing benchmark issues. Another 12 % of the volume was placed as public sector Pfandbriefe, the remaining 17 % as uncovered funding capital.

As part of our market support operations, we also repurchased own bonds in the first half of 2016. The portfolio amounted to EUR 114.7 million as of the end of the first half year, compared to EUR 21.3 million as of 31 December 2015.

Rating

The top AAA ratings by S&P for our mortgage Pfandbriefe and our public sector Pfandbriefe were confirmed on the basis of the regularly provided data and were assigned a stable outlook. Likewise, WL BANK's AA-/A-1+ rating has remained unchanged, which shows that the Bank's core function for, and its deep integration in, the Volksbanken Raiffeisenbanken cooperative financial network is being appreciated. Rating agency Fitch also assigned an AA- long-term rating for the cooperative financial network and left its stable outlook unchanged.

Derivatives

In addition to the on-balance-sheet business, WL BANK also carried out derivative transactions. Overall, interest-related transactions to hedge interest rate risks amounted to EUR 23,836 million on the assets side and EUR 20,147 million on the liabilities side.

Financial situation

We permanently met the legal and supervisory own funds requirements. WL BANK announced the application of the waiver rule pursuant to Section 2a (1) of the German Banking Act (Kreditwesengesetz, KWG) (subsidiary waiver) as at 11 December 2013 to the supervisory authority.

The equity capital amounts to EUR 355.1 million. Besides the share capital of EUR 85.4 million, this includes capital reserves of EUR 153.1 million and revenue reserves of EUR 116.6 million.

EUR 59.6 million of the subordinated liabilities were included in the liable equity capital. In addition, the Articles of Association provided a general authorisation to increase the share capital by up to EUR 41.0 million in the period to 6 June 2021.

As of 30 June 2016, the aggregated capital ratio was 11.98% (12.24% as of 31 December 2015), which is above the legally required minimum of 8.625%. With a legally required tier 1 capital ratio of 6.625%, the tier 1 capital ratio was 10.47% at the end of the first half year (31 December 2015: 10.28%).

The balance sheet total increased again from EUR 36.7 billion as at 31 December 2015 to EUR 38.2 billion. This is mainly due to the further increase in the real estate loan portfolio, which more than offset the declines from the reduction of the foreign securities portfolio.

Earnings situation

The effects from the ongoing expansion of the customer business, particularly the continuous increase in the volume of new business in the real estate lending business, are becoming increasingly noticeable in net interest income and have more than

offset the loss of interest income due to the strategic reduction of foreign government bonds. At EUR 91.9 million, net interest income was about 8.4 % above the comparative value of the previous year (EUR 84.8 million) and slightly above the target figure of EUR 90.0 million.

Analogous to net interest income, commission expenses increased further, which is due to the new business brokered and higher loan disbursements, so that net commission income rose to EUR -24.9 million for the first six months of 2016 (previous year: EUR -21.8 million). The majority of commissions are still being paid for brokerage services to the Volksbanken and Raiffeisenbanken of the cooperative financial network.

At EUR 67.0 million, net interest and net commission income exceeded the comparable prior-year figure by around EUR 4.0 million.

The balance of other operating income and expenses amounted to EUR 0.8 million (EUR -0.3 million as of 30 June 2015); this improvement on the previous year and on the target figure is particularly due to the law change concerning the prolongation of the average period for the discount rate for pension provisions.

Due to the scheduled increase in the number of employees as well as the already calculated standard and non-standard pay adjustments, personnel costs (EUR -15.1 million) were about EUR 1.6 million higher than in the previous year, but EUR 0.2 million below the pro rata budgeted figure. Other administrative expenses include expenses in the amount of EUR 12.5 million for the European bank levy. With regard to the payment of the contribution for 2016, we made use of the 85 %/15 % regulation, so that apart from the above-mentioned EUR 12.5 million, another EUR 2.2 million of the total amount of EUR 14.7 million was deposited as cash collateral with Deutsche Bundesbank. General administrative expenses including scheduled depreciation (EUR 42.3 million) declined by EUR 3.6 million year-on-year (previous year: EUR 45.9 million). However, a notification about the contribution to the European bank levy was not yet available when last year's half-year financial statements were prepared, so that the calculation was then done on the basis of a contribution in the amount of EUR 20.0 million.

Including the above-mentioned charges from the European bank levy, the cost-income ratio amounted to 62.5 % (73.3 % in the first half of 2015). Adjusted for the European bank levy, the cost-income ratio was 44.1 %.

The risk result was mainly influenced by the following three effects: the continued low default rates in the real estate loan business, earnings effects from the sale of municipal promissory note loans as well as expenses from the repurchase of Pfandbriefe. Apart from allocations to reserves pursuant to Section 340f of the German Commercial Code (Handelsgesetzbuch, HGB) from the current financial year, reserves pursuant to Section 340f HGB from previous years in the amount of EUR 42.0 million were released and transferred to the fund for general banking risks (reserves pursuant to Section 340g HGB) in the risk result in the first half of 2016.

The net positive effects from the sale of securities valued like fixed assets amounted to EUR 13.6 million. In total, the balance of risk result and financial investments result as well as allocations to the fund for general banking risks amounted to EUR -12.0 million, compared to EUR -1.9 million as of 30 June 2015.

The result from ordinary business activities amounted to EUR 13.5 million as of 30 June 2016, compared to EUR 14.8 million at the previous year's balance sheet date.

Risk management

In 2016, the focus in the further development of risk management will be in particular on the counterparty default risk and the liquidity risk.

Against the background of the merger between WGZ BANK and DZ BANK into one cooperative central bank, our activities are especially focused on integrating WL BANK as the new control unit in the new cooperative central bank. Projects concerning supervisory issues, focusing in particular on management aspects, will be pursued according to plan. Moreover, in April 2016, WL BANK started a project for the implementation of the requirements of BCBS 239 (principles for risk reporting and risk data aggregation) as well as of the current new Minimum Requirements for Risk Management (MaRisk).

As a consequence of the announcement of the waiver to the supervisory authority in December 2013, the risk-bearing ability does not have to be guaranteed at the individual bank level any longer, but has to be guaranteed at the Group level. At WL BANK, risks are limited through sublimits provided by the WGZ BANK Group, which, in turn, are derived from the Group limits. As of 30 June 2016, the sublimits for the going concern case could be matched by WL BANK's risk cover assets.

Opportunities and risks

On the market side, we expect a stable continuation of the previous business development. We believe that growth will mainly be driven by the brokerage business with the Volksbanken and Raiffeisenbanken, by the business with the institutional housing sector and by the business with investors. We do not expect any loan losses or other defaults in our securities portfolio. The UK's decision to leave the EU and the increasing weakness of Italian banks had no material impact on WL BANK's earnings situation and business development in the first half of 2016, and we do not expect any negative effects from this on the future course of business, either.

Balance Sheet as of 30 June 2016



Balance Sheet as of 30 June 2016

ASSETS

	in EUR 30.06.2016	in EUR '000 31.12.2015
1. Cash reserves	3,576,424.76	269
a) Cash on hand	120,517.09	68
b) Balances with central banks	3,455,907.67	201
2. Claims on banks	2,854,205,997.09	2,368,833
a) Mortgage loans	4,402,943.20	4,427
b) Public sector loans	340,185,166.38	463,838
c) Other claims	2,509,617,887.51	1,900,568
3. Claims on customers	29,297,928,428.05	28,227,294
a) Mortgage loans	18,989,089,478.75	17,931,596
b) Public sector loans	10,299,706,018.95	10,261,921
c) Other claims	9,132,930.35	33,777
4. Bonds and other fixed-interest securities	5,949,601,203.85	6,028,496
a) Bonds and notes	5,834,912,461.53	6,007,235
b) Bonds issued by the bank	114,688,742.32	21,261
5. Equity investments in affiliated companies	387,512.60	387
6. Trust assets	1,475,708.01	1,771
7. Intangible assets		
a) Acquired concessions, industrial property rights and similar rights and assets, as well as licences to such rights and assets	295,686.55	299
8. Tangible fixed assets	13,242,395.26	13,074
9. Other assets	27,065,422.72	33,664
10. Deferred items	85,635,304.76	63,740
a) From issuing and loan business	84,988,351.42	63,374
b) Other	646,953.34	366
Total assets	38,233,414,083.65	36,737,827

LIABILITIES

	in EUR 30.06.2016	in EUR '000 31.12.2015
1. Liabilities to banks	8,991,162,381.28	7,237,947
a) Registered mortgage Pfandbriefe issued	1,236,646,196.85	1,239,898
b) Registered public sector Pfandbriefe issued	560,073,748.35	554,698
c) Other liabilities	7,194,442,436.08	5,443,351
2. Liabilities to customers	14,899,513,947.42	14,729,455
a) Registered mortgage Pfandbriefe issued	5,339,079,102.55	5,089,996
b) Registered public sector Pfandbriefe issued	7,897,320,203.80	7,979,443
c) Other liabilities	1,663,114,641.07	1,660,016
3. Securitised liabilities	13,633,654,719.01	14,085,090
a) Bonds and notes issued	13,633,654,719.01	14,085,090
4. Trust liabilities	1,475,708.01	1,771
5. Other liabilities	32,341,778.72	39,946
6. Deferred items	69,633,694.37	65,885
a) From issuing and loan business	69,601,750.63	65,854
b) Other	31,943.74	31
7. Provisions	48,748,142.03	47,849
a) Pensions and similar commitments	30,592,317.50	30,457
b) Tax provisions	116,402.37	155
c) Other provisions	18,039,422.16	17,237
8. Subordinated liabilities	137,000,000.00	152,000
9. Fund for general banking risks	64,800,000.00	22,800
10. Equity capital	355,083,712.81	355,084
a) Subscribed capital	85,376,000.00	85,376
b) Capital reserves	153,107,712.81	153,108
c) Revenue reserves	116,600,000.00	116,600
d) Profit for the year	0.00	0
Total liabilities	38,233,414,083.65	36,737,827

Liabilities from guarantees and indemnity agreements amounted to EUR 36,413,995.64 as at the balance sheet date compared with EUR 26,464 thousand as of 31 December 2015. Irrevocable credit commitments amounted to EUR 2,313,020,535.78 at mid-year (31.12.2015: EUR 2,162,452 thousand).

Profit and Loss Account as of 30 June 2016

		in EUR		in EUR '000	
		01.01.–30.06.2016		01.01.–30.06.2015	
1. Interest income from	536,103,562.10			582,824	
a) Lending and money market transactions	469,829,838.85			490,781	
b) Fixed-income interest securities and government-inscribed debt	66,273,723.25			92,043	
2. Interest paid	444,222,033.23	91,881,528.87		498,029	84,795
3. Commission income	493,145.06			647	
4. Commissions paid	25,391,658.49	-24,898,513.43		22,478	-21,831
5. Other operating income		1,121,900.50			1,302
6. General administrative expenses		41,902,389.96			45,544
a) Personnel expenses	15,078,948.01			13,527	
b) Other administrative expenses	26,823,441.95			32,017	
7. Depreciation and value adjustments on intangible and tangible fixed assets		423,545.16			358
8. Other operating expenses		339,726.31			1,637
9. Write-downs and value adjustments on loans and certain securities as well as allocations to loan loss provisions		0.00			15,281
10. Income from write-ups to claims and certain securities as well as from the release of loan loss provisions		16,436,335.76			0
11. Allocation to the fund for general banking risks		42,000,000.00			0
12. Income from write-ups to investments, holdings in affiliated companies and securities treated as fixed assets		13,613,987.91			13,350
13. Result from ordinary business activities		13,489,578.18			14,796
14. Taxes on income and profit	11,252,474.94			12,566	
15. Other taxes not shown under item 8	102,703.24	11,355,178.18		96	12,662
16. Profits transferred under a profit transfer agreement		2,134,400.00			2,134
17. Net profit		0.00			0
18. Profit for the year		0.00			0



"Mutual trust pays off – also and especially when it comes to digital applications."

Nadine Loddenkötter

Credit analyst renewals

"My task is to digitise generic processes.
This accelerates decisions and optimises procedures."

David Schenke

Application development and support specialist



Condensed Notes as of 30 June 2016

General information

In accordance with § 37w of the Securities Trading Act (Wertpapierhandelsgesetz, WpHG), the semi-annual financial statements of WL BANK AG Westfälische Landschaft Bodenkreditbank (in short WL BANK) as of 30 June 2016 were prepared according to the accounting rules of the German Commercial Code (Handelsgesetzbuch, HGB) and the specific legal form requirements and sectoral regulations of the German Stock Corporation Act (Aktiengesetz, AktG), the German Banking Act (Kreditwesengesetz, KWG), the German Pfandbrief Act (Pfandbriefgesetz, PfandBG) as well as the German Accounting Directive for Banks and Financial Services Providers (Verordnung über die Rechnungslegung der Kredit- und Finanzdienstleistungsinstitute, RechKredV).

We have used the same accounting and valuation methods as in the annual financial statements as of 31 December 2015. We have not conducted an audit in accordance with §§ 340k and 317 of the German Commercial Code or an examination by the auditor.

At their respective Annual General Meetings in June 2016, WGZ BANK AG Westdeutsche Genossenschafts-Zentralbank, Düsseldorf (in short WGZ BANK), and DZ BANK AG, Deutsche Zentral-Genossenschaftsbank, Frankfurt am Main (in short DZ BANK), decided to merge the two banks into one combined central bank. The merger is to be registered in the commercial register at the end of July 2016. The majority stake WGZ BANK still held in WL BANK as at 30 June 2016 will be transferred to the legal successor (DZ BANK) with effect from the time when the merger is entered in the commercial register.

Notes to the balance sheet

Breakdown according to residual terms of validity

ASSETS		
in EUR '000	30.06.2016	31.12.2015
Claims on banks	2,854,206	2,368,833
Payable on demand	2,253,470	1,630,435
Up to three months	209,907	283,496
More than three months and up to one year	67,695	32,690
More than one year and up to five years	228,751	268,752
Longer than five years	94,383	153,460
Claims on customers	29,297,928	28,227,294
Payable on demand	48,031	25,388
Up to three months	537,047	694,561
More than three months and up to one year	1,848,041	1,439,384
More than one year and up to five years	6,157,965	6,068,605
Longer than five years	20,706,844	19,999,356
Bonds and other fixed-interest securities	5,949,601	6,028,496
Amounts falling due in the year after the balance sheet date	389,713	457,697

LIABILITIES

in EUR '000	30.06.2016	31.12.2015
Liabilities to banks	8,991,162	7,237,947
Payable on demand	789,817	1,362
Up to three months	2,262,540	1,828,407
More than three months and up to one year	1,748,673	623,930
More than one year and up to five years	1,988,915	2,506,606
Longer than five years	2,201,217	2,277,642
Liabilities to customers	14,899,514	14,729,455
Payable on demand	35,521	43,995
Up to three months	414,602	465,912
More than three months and up to one year	647,912	483,450
More than one year and up to five years	3,052,488	3,181,638
Longer than five years	10,748,991	10,554,460
Securitised liabilities	13,633,655	14,085,090
Amounts falling due in the year after the balance sheet date	1,809,787	2,546,378

Claims on and liabilities to affiliated companies

As the required entry of the merger between WGZ BANK and DZ BANK in the commercial register will be made after the balance sheet date of the semi-annual financial statements and WL BANK is therefore still part of the WGZ BANK Group as at 30 June 2016, the following notes on affiliated companies refer to matters in the WGZ BANK Group.

in EUR '000	30.06.2016	31.12.2015
Claims on banks	47,814	134,961
Other assets	164	175
Liabilities to banks	1,151,574	864,148
Other liabilities	15,873	27,821
Subordinated liabilities	90,000	90,000
Other provisions	185	0

Claims and liabilities denominated in foreign currencies

Assets include EUR 156,591 thousand (31.12.2015: EUR 150,534 thousand) and liabilities include EUR 103,067 thousand (31.12.2015: EUR 115,932 thousand) in foreign currencies.

Securities and investments marketable on the stock exchange

in EUR '000	30.06.2016 listed on the stock exchange	30.06.2016 not listed on the stock exchange	31.12.2015 listed on the stock exchange	31.12.2015 not listed on the stock exchange
Bonds and other fixed-interest securities	5,878,275	71,326	5,957,099	71,397
Equity investments in affiliated companies	0	0	0	0

Of the bonds and other fixed-interest securities which have been allocated to the portfolio valued like fixed assets and are clearly identified in the inventory system, a book value of EUR 649,727 thousand is not valued with the lower fair value as of the balance sheet date. The fair value of these securities amounts to EUR 545,083 thousand.

Unscheduled depreciation has not been carried out, because on the basis of the results available at the time of the preparation of these annual financial statements, we do not expect a permanent decline in value. Hidden losses from fixed-interest securities issued by European countries that have been hit particularly hard by the European sovereign debt crisis (so-called PIIGS countries) are of minor significance. WL BANK will continue with its efforts to reduce the portfolio of these securities at corresponding market conditions.

In our securities portfolio – which does not include any securities in connection with securitisation transactions – we do not expect any loan losses or other defaults. It is generally intended to keep bonds and other fixed-interest securities which have been allocated to the portfolio valued like fixed assets in the portfolio until their final maturity. At the moment, WL BANK is not aware of any circumstances that are opposed to its intention to hold the securities.

Other assets/Other liabilities

Other assets (EUR 27,065 thousand) consist mainly of the contra entry to the income from positive translation differences of particularly hedged foreign currency and forward transactions in the amount of EUR 17,179 thousand as well as cash deposits with Deutsche Bundesbank in the amount of EUR 6,236 thousand. In accordance with § 12 (5) of the Act for the Establishment of a Restructuring Fund for Credit Institutions (Gesetz zur Errichtung eines Restrukturierungsfonds für Kreditinstitute, RStruktFG), WL BANK has been given permission to make parts of the stipulated 2015 and 2016 annual contribution to the restructuring fund by means of cash deposits.

Other liabilities (EUR 32,342 thousand) mainly include tax liabilities due to the tax compensation agreement concluded with WGZ BANK in the amount of EUR 12,034 thousand, the contra entry to the expenses from negative translation differences of particularly hedged foreign currency and forward transactions in the amount of EUR 6,597 thousand, EUR 4,231 thousand in premiums earned as well as the liability in the amount of EUR 2,134 thousand resulting from the profit and loss transfer agreement of the half-year result as of 30 June 2016.

Assets pledged as security

Within the framework of open-market transactions with the European Central Bank (EUR 100,000 thousand) as well as general collateral pooling transactions with Eurex Clearing AG (EUR 449,538 thousand), securities and loan receivables were pledged or assigned. Furthermore, within the framework of real securities repurchase agreements (repo transactions), securities with a book value of EUR 1,804,305 thousand (31.12.2015: EUR 1,310,605 thousand) were sold. As security for loans raised from banks, claims under loan agreements amounting to EUR 1,080,953 thousand (31.12.2015: EUR 1,103,288 thousand) were assigned. In addition, cash deposits amounting to EUR 2,130,735 thousand (31.12.2015: EUR 1,536,992 thousand) were provided within the framework of collateral agreements for financial futures.

Subordinated assets

The balance sheet item "Other claims on banks" includes subordinated assets in the amount of EUR 2,000 thousand (31.12.2015: EUR 2,000 thousand).

Contingent liabilities

Contingent liabilities contain guarantees made within the framework of the lending business in the amount of EUR 35,614 thousand (31.12.2015: EUR 25,677 thousand).

Other commitments

The irrevocable credit commitments shown are commitments for:

in EUR '000	30.06.2016	31.12.2015
Mortgage loans	2,264,895	2,094,600
Public sector loans	48,126	61,608
Guarantee credits	0	6,244
Total	2,313,021	2,162,452

Subordinated liabilities

	Nominal amount in EUR '000	Interest rate in % p. a.	Maturity	Expenses 30.06.2016 in EUR '000
up to 10 % of the aggregate amount	47,000	4.00–6.25	from 19.10.2016 to 29.09.2021	1,259
more than 10 % of the aggregate amount	90,000	3.874	04.01.2018	1,734
Total	137,000			2,993

According to the terms of the contract, no early repayment obligations may arise for the subordinated liabilities. A conversion into another type of debt or into equity capital is not planned. The expenses item in the first half of 2016 refers to payments and pro rata interests reported under other liabilities.

Capital with participation rights

As of 30 June 2016, WL BANK had no participation rights in its portfolio. The Management Board is authorised in the period until 6 June 2021 to issue participation rights of up to EUR 130,000 thousand, on one or several occasions, at usual market terms in accordance with Article 52 (1) CRR.

Subscribed capital and reserves

The share capital is divided into 166,750 registered individual share certificates. The Management Board is authorised, with the consent of the Supervisory Board, to increase the share capital on one or several occasions in the period to 6 June 2021 by up to a total of EUR 40,960 thousand against cash contributions by issuing 80,000 new registered individual share certificates.

Notes to the profit and loss account

Other operating income (EUR 1,122 thousand) mainly includes rental income (EUR 552 thousand) as well as interest from tax receivables for pre-fiscal unity tax payments (EUR 409 thousand). In addition, other operating income includes income from the currency translation in the amount of EUR 2 thousand.

Other administrative expenses include expenses in the amount of EUR 12.5 million for the European bank levy. With regard to the payment of the contribution for 2016, we made use of the 85 %/15 % regulation, so that apart from the above-mentioned EUR 12.5 million, another EUR 2.2 million of the total amount of EUR 14.7 million was deposited as cash collateral with Deutsche Bundesbank.

Other operating expenses (EUR 340 thousand) mainly include expenses for interest added back to provisions (EUR 111 thousand), interest on pre-fiscal unit tax payments for prior years (EUR 124 thousand) as well as expenses for non-performing loans in the amount of EUR 63 thousand.

In the first half of 2016, the fund for general banking risks (reserves pursuant to Section 340g of the German Commercial Code) was increased by EUR 42,000 thousand. Contingency reserves pursuant to § 340f of the German Commercial Code made in previous years in the same amount were released to the P&L item "Income from write-ups to claims and certain securities as well as from the release of loan loss provisions".

Due to the tax compensation agreement concluded between WL BANK and WGZ BANK on 23/30 December 2013, taxes on income and profit include WL BANK's corporation tax and trade tax liabilities for the first half of 2016 (EUR 12,034 thousand). In addition, this balance sheet item includes tax expenses on a pro rata basis for compensation payments to minority shareholders in the amount of EUR 39 thousand taxable to WL BANK itself under the fiscal unity scheme pursuant to § 16 of the German Corporation Tax Act (Körperschaftsteuergesetz, KStG), and, with the opposite effect, tax refunds from previous years in the amount of EUR 821 thousand.

In accordance with the existing profit and loss transfer agreement, the remaining profit for the first half year (EUR 2,134 thousand) is recognised in the balance sheet as other liabilities to WGZ BANK. The annual net income of EUR 0.00 corresponds to the profit for the year.

Notes according to § 28 of the German Pfandbrief Act (Pfandbriefgesetz, PfandBG)

The information to be disclosed quarterly according to § 28 of the German Pfandbrief Act is published on our home page www.wlbank.de.

Other notes

Forward transactions

At the balance sheet date, there are still unsettled, interest-related and currency-related forward transactions that have been concluded in order to hedge interest rate risks and currency risks. The counterparties are OECD banks. In connection with loan agreements, borrowers as well as a public-law institution that operated as a financial institution at the time the transaction was completed also act as counterparties (positive fair value EUR 144.7 million, negative fair value EUR 95.0 million). The products are exclusively OTC products.

in EUR m	Nominal amount by residual maturity				Fair value	
	≤ 1 year	1–5 years	> 5 years	Total	positive	negative
Interest-related contracts						
Interest rate swaps (same currency)	1,995	11,872	29,658	43,525	2,294.4	4,335.1
Interest rate options – sales	0	0	163	163	0.0	81.3
Other interest rate contracts	50	0	0	50	0.1	0.0
Currency-related contracts						
Forward exchange contracts	9	0	0	9	0.2	0.1
Cross-currency swaps	37	48	151	236	27.6	32.2
Total	2,091	11,920	29,972	43,983	2,322.3	4,448.7

The counterparty risk is calculated according to the current exposure method. Under the current exposure method, the loan equivalent exposure is the current replacement cost (positive market value), taking into account counterparty netting agreements, plus an add-on amount for potential future increases in exposure. The value thus determined is subject to counterparty weighting according to the rules of the German Solvency Regulation (Solvabilitätsverordnung). The weighted counterparty risk before inclusion of netting agreements amounted to EUR 460.7 million as of 30 June 2016 (31.12.2015: EUR 317.8 million). Including netting agreements, the counterparty risk has declined by EUR 417.0 million to EUR 43.7 million (31.12.2015: EUR 47.6 million). In addition, a part of the remaining counterparty risk has been secured by cash contributions.

Interest rate swaps are valued according to the discounted cash flow method, using the current interest rate curves at the balance sheet date. Under this method, cash flows are discounted with the market interest rate including adequate consideration of risk and maturity. Structured products are broken down into their component parts. Option price models are used for the valuation of options. They are used on the basis of the generally acknowledged basic assumptions, according to which the value of an option is determined, in particular, by the value of the underlying transaction and its volatility, the agreed basic price, basic interest rate or basic index, the risk-free interest rate at matching maturities and the remaining term of the contract.

Option premiums received with a book value of EUR 4.2 million are included in other liabilities. The pro rata interests from derivative transactions are reported under claims on banks (EUR 169.0 million), claims on customers (EUR 7.9 million), liabilities to banks (EUR 245.2 million) as well as liabilities to customers (EUR 8.1 million). Compensation payments paid (EUR 6.6 million) are shown under deferred items on the assets side. Compensation payments received (EUR 18.1 million) are shown under deferred items on the liabilities side. Adjustment items from the foreign currency valuation of swaps are included in other assets (EUR 17.2 million) as well as in other liabilities (EUR 6.6 million). Moreover, liabilities to banks include EUR 9.6 million for the pro rata establishment of a repayment obligation as part of a hedging transaction. Since derivative transactions are used to hedge interest rate risks and exchange rate fluctuations, negative fair values in derivatives are offset by valuation reserves in balance sheet transactions.

Number of employees

In the period under review, the average number of WL BANK's employees amounted to 371, 181 of whom were female and 190 of whom were male. The average number of apprentices amounted to 12.

Executive bodies

Supervisory Board

Hans-Bernd Wolberg (Chairman of the Supervisory Board) – Chairman of the Management Board of WGZ BANK (until: 29.07.2016); Deputy Chairman of the Management Board of DZ BANK (as from: 29.07.2016)

Dr. Wolfgang Baecker (Deputy Chairman of the Supervisory Board) – Chairman of the Management Board of VR-Bank Westmünsterland eG

Karl-Michael Dommès – Spokesman of the Management Board of Volksbank im Märkischen Kreis eG

Gerd Hüsken – Member of the Management Board of Volksbank Rhein-Lippe eG

Anja Niehues* – Authorised agent of WL BANK

Rainer Peters – Chairman of the Management Board of Volksbank Halle/Westf. eG

Matthias Rammrath* – Authorised agent of WL BANK

Johannes Röring – President of the Westfälisch-Lippischer Landwirtschaftsverband e. V.

Rolf Schönherr* – Authorised agent of WL BANK

Werner Schulze Esking – Deputy Chairman of the Management Board of Stiftung Westfälische Landschaft

Stefanie Silge* – Authorised agent of WL BANK

Michael Speth – Member of the Management Board of WGZ BANK (until: 29.07.2016); Member of the Management Board of DZ BANK (as from: 29.07.2016)

*) Representatives of the employees

Management Board

Frank M. Mühlbauer (Chairman of the Management Board) – Full-time Member of the Board

Dr. Carsten Düerkop – Full-time Member of the Board

Trustees

Michael Führer

Michael Nonhoff, Deputy

Statement of Shareholders' Equity as of 30 June 2016

in EUR '000	Subscribed capital	Capital reserve	Statutory reserve	Other revenue reserve	Profit for the year	Equity capital
as of 01.01.2015	85,376	153,108	700	115,900	0	355,084
Net income						
01.01.2015–30.06.2015					0	0
Allocation to/withdrawal from the statutory reserve					0	0
Allocation to/withdrawal from other revenue reserves					0	0
Dividends paid					0	0
as of 30.06.2015	85,376	153,108	700	115,900	0	355,084
as of 01.07.2015	85,376	153,108	700	115,900	0	355,084
Net income						
01.07.2015–31.12.2015					0	0
Allocation to/withdrawal from the statutory reserve					0	0
Allocation to/withdrawal from other revenue reserves					0	0
Dividends paid					0	0
as of 31.12.2015	85,376	153,108	700	115,900	0	355,084
as of 01.01.2016	85,376	153,108	700	115,900	0	355,084
Net income						
01.01.2016–30.06.2016					0	0
Allocation to/withdrawal from the statutory reserve					0	0
Allocation to/withdrawal from other revenue reserves					0	0
Dividends paid					0	0
as of 30.06.2016	85,376	153,108	700	115,900	0	355,084

Condensed Cash Flow Statement as of 30 June 2016

in EUR '000	01.01.–30.06.2016	01.01.–30.06.2015
Cash funds as of 01.01.	269	22
Cash flow from current business activities	12,002	-870,449
Cash flow from investment activities	30,625	895,906
Cash flow from financing activities	-39,320	-25,182
Cash funds as of 30.06.	3,576	297

The cash funds correspond to the cash reserves item, which contains cash on hand and the balances with central banks.

Assurance by the Legal Representatives

“We assure that, to the best of our knowledge and in accordance with the applicable accounting principles for interim reporting, the semi-annual financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of WL BANK AG Westfälische Landschaft Bodenkreditbank, and that the interim management report includes a fair review of the development and performance of the business and the position of the company, together with a description of the principal opportunities and risks associated with the expected development of the company during the rest of the financial year.”

Münster, August 2016

WL BANK AG
Westfälische Landschaft Bodenkreditbank



Frank M. Mühlbauer
(Chairman of the
Management Board)



Dr. Carsten Düerkop



"Being available and having access to relevant information when on the go is essential for me. How good that there are mobile phones and laptops!"

Matthias Brauner

Regional director Real Estate Loan Business, Sales and head of representative office Berlin

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Imprint

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Edited by: WL BANK, Marketing

Photographs: Matthias Hubert, Dortmund
Cover Photo: xiaoliangge - Fotolia.com
Design Concept: EGENOLF DESIGN, Wiesbaden
Design: serres, design. Hattingen
Text: WL BANK, Marketing

This Semi-Annual Financial Report is available in German and English languages. Please follow the link: www.wlbank.de/reports

The print version of our 2016 Semi-Annual Financial Report contains all required components according to Section 37w of the German Securities Trading Act (Wertpapierhandelsgesetz, WpHG) as well as additional voluntary information. The latter is not fully identical with the version published in the electronic Federal Gazette (Elektronischer Bundesanzeiger).

We thank Fiducia & GAD IT AG for letting us use their innovation centre as a photo location and our employees for their support at the photo shoots!

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