

Interim Report as at 30 June 2010

in accordance with International Financial Reporting Standards (IFRSs)

Key Figures for the Group

English translation

	1 Jan.–30 June 2010 € million	1 Jan.–30. June 2009 € million	€ million	Change %
Income Statement				
Net interest income	120.5	95.2	25.3	26.6
Allowance for losses on loans and advances	– 33.0	– 21.0	– 12.1	– 57.5
Net interest income after allowance for losses on loans and advances	87.5	74.2	13.3	17.9
Net fee and commission income	5.1	13.9	– 8.8	– 63.5
Net trading income	4.9	11.0	– 6.0	– 54.9
Net income from non-current financial assets	– 1.3	– 11.0	9.7	88.6
Administrative expenses	49.0	44.0	5.1	11.5
Net other operating income and expenses	– 11.8	– 0.1	– 11.7	> – 100
Profit before tax	35.5	44.1	– 8.6	– 19.5
Income taxes/Deferred taxes	10.7	13.3	– 2.6	– 19.5
Consolidated profit for the period	24.8	30.8	– 6.0	– 19.6

	30 June 2010 € million	31 Dec. 2009 € million	€ million	Change %
Balance Sheet				
Total assets	28,168.3	26,889.5	1,278.8	4.8
Equity	871.5	905.9	– 34.4	– 3.8

	30 June 2010 %	31 Dec. 2009 %		Change %
Key Figures				
BIS core capital ratio (in %)	8.6	8.2	0.4	4.9
Cost/income ratio	41.3	37.7	3.6	9.5
Return on Equity before taxes	7.2	7.9	– 0.7	– 8.9

	Number	Number	Number	%
Employees				
Employees (annual average)	481	479	2	0.4

Rating

Standard & Poor's rating for Westdeutsche ImmobilienBank AG

– long-term	BBB+
– short-term	A-2
Mortgage Pfandbriefe	AAA
Public-sector Pfandbriefe	AAA

Dear Clients,

English translation

in the first half of 2010, there were growing signs that the global economy is recovering from the severe crisis more quickly than expected. In terms of prices and transaction volumes in the important commercial real estate markets as well, the bottom seems either to have been reached or is visible. Growth is being recorded again in individual markets.

Nevertheless, the state of the financial markets and the situation in the real economy remain fragile and there is still a danger of setbacks. After all, it is not even six months since the European Union member states had to make unprecedented efforts to protect Greece from financial collapse, thus protecting the international financial system from another serious crisis. Confidence is only returning slowly to the markets. One result of this is that it appears that unsecured refinancing in particular continues to be difficult for banks.

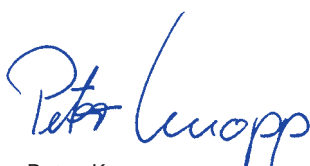
In light of this, demonstrating heightened risk-awareness is more than appropriate. The volume of new business generated by WestImmo in the first half of 2010 should be seen in this context. At €2.1 billion, it was nearly one-third below the figure for the prior-year period. This is mainly a reflection of our requirements for the risk/return ratio in the new and existing business, which we continuously adhere to. This development is attributable not only to the significantly more intensive competition in the markets relevant to WestImmo, but also to the more difficult capital market conditions, in particular for unsecured refinancing.

WestImmo performed well in its core operating business. Net interest income, which rose by approximately 27% to €120.5 million, and the expanded activities involving club deals, in which the Bank took over the role of the arranger and agent, are particularly noteworthy. We increased the volume by more than 50% year-on-year here. In the lending business, we expanded our product range with the successfully launched Fresh Start Programme. This form of complex financing demands the expertise of a specialist with comprehensive real estate and financial know-how such as WestImmo.

The economic transfer of our portfolio of private construction financing to WestLB's Erste Abwicklungsanstalt (EAA) was an important strategic move. This allows us to take a major step towards focusing on the financing of commercial real estate.

Our most important task at WestImmo is to ensure that the Bank continues to operate successfully on the market on behalf of its customers. Our employees master this task every day. I would like to take this opportunity to thank them for their commitment. I would equally like to extend my thanks to customers and business partners for their consistently positive cooperation and trust. As a "partner right from the beginning", we aspire to support you in the realisation of your projects. This is the challenge we have to and want to live up to.

Yours sincerely,



Peter Knopp



Peter Knopp
Chairman of the Managing Board

Key Figures for the Group

1	Foreword by the Managing Board
4	Interim Management Report of the Westdeutsche ImmobilienBank Group
4	At a Glance
4	Corporate Strategy and Implementation
5	Market Environment
8	Business Performance
9	Exit and portfolio management
14	Outlook
16	Statement of Comprehensive Income
17	Consolidated Balance Sheet
18	Condensed Statement of Changes in Equity
18	Condensed Cash Flow Statement
20	Notes
20	Accounting Policies
20	1. Basis of preparation
20	2. Changes in presentation and accounting policies, material items
22	3. Items accounted for in accordance with IFRS 5
22	4. Adjustments in accordance with IAS 8
24	5. Consolidated Group
24	6. Issuing activities
25	Income Statement Disclosures
25	7. Net interest income
26	8. Allowance for losses on loans and advances
26	9. Net fee and commission income
26	10. Net trading income
27	11. Net income/net loss from non-current financial assets
27	12. Administrative expenses
27	13. Net other operating income and expenses
28	Segment Reporting

31	Balance Sheet Disclosures
31	14. Loans and advances to banks
31	15. Loans and advances to customers
31	16. Loan volume
32	17. Allowance for losses on loans and advances/Provisions for contingent liabilities
32	18. Financial assets held for trading
32	19. Fair values of derivative hedging instruments
32	20. Financial assets designated at fair value through profit or loss
33	21. Non-current financial assets
33	22. Property and equipment
33	23. Intangible assets
33	24. Tax receivables
34	25. Deposits from banks
34	26. Deposits from customers
34	27. Securitised liabilities
34	28. Financial liabilities held for trading
35	29. Liability recognised for fair value changes of hedged items in portfolio hedge of interest rate risk
35	30. Financial liabilities designated at fair value through profit or loss
35	31. Provisions
35	32. Tax liabilities
36	33. Subordinated capital
36	34. Non-current assets held for sale and liabilities associated with non-current assets held for sale (IFRS 5)
37	Supplementary Disclosures
37	35. Derivative financial instruments
37	36. Contingencies and commitments
38	37. Securities repurchase agreements
38	38. Selected disclosures in accordance with IFRS 7
38	39. Letter of comfort
38	40. Disclosures in accordance with section 28 of the Pfandbriefgesetz
39	41. Members of the Supervisory Board and the Managing Board
40	42. Events after the reporting date
41	Responsibility Statement

At a Glance

Westdeutsche ImmobilienBank (WestImmo) stabilised its net interest income and thus its operating profitability at a high level in the first half of 2010 in a market environment that was again characterised by intense competition in many regions and segments, as well as a persistently difficult refinancing situation.

Profit before taxes was €35.5 million and consolidated profit for the period amounted to €24.8 million. At 41.3%, the CIR was within the Bank's planned target corridor.

The Bank reinforced its good position as an arranger and agent in portfolio and exit management. Approximately 50% of the volume of arranged loans amounting to €1.14 billion was placed with banks.

In the first half of 2010, an important step was taken for this area of WestImmo, which is no longer part of our core business, by the economic transfer of a portfolio of private construction financing to WestLB AG's Erste Abwicklungsanstalt (EAA).

Corporate Strategy and Implementation

WestImmo specialises in commercial real estate finance and structured real estate transactions in Germany and abroad. As a member of the savings bank group, it is also intensifying cooperation with partners in the group. The core elements of its strategy are its proactive, risk-driven loan portfolio management and its portfolio and exit management.

WestImmo successfully developed its business model, product range and corporate structure further in the first half of 2010. It is focusing on its core competencies in commercial real estate financing, and is divesting non-strategic activities.

Effective 30 April 2010, WestImmo transferred private construction finance loans totalling approximately €500 million to Erste Abwicklungsanstalt (EAA) retroactively as at 1 January 2010. The transfer was carried out as part of a split-off. The portion of the private customer portfolio remaining with WestImmo amounting to approximately €3.7 billion is secured by an EAA financial guarantee.

The responsible departments at WestImmo are continuing to manage financing for the portfolio that was split off as well as for the guaranteed portfolio. The borrowers of the transferred loans have been informed in detail by the Bank. WestImmo discontinued the new business in the area of private construction financing as at 1 January 2009.

The Bank increased its focus on commercial real estate financing through a silent sub-participation by EAA in a corporate portfolio of approximately €400 million.

The EAA is an organisationally and economically independent public-law institution with limited legal personality. WestLB has provided it with equity of €3 billion as part of the split-off. The EAA is also secured by guarantees of the owners of WestLB.

As a wholly-owned subsidiary of WestLB AG, WestImmo is closely integrated into its group refinancing arrangements. To enable the sale of the Bank, which was a condition imposed by the European Commission, an application for the assumption of a guarantee was made to the Financial Market Stabilisation Fund (SoFFin); among other things, this should ensure a solid basis for refinancing if WestImmo leaves the WestLB group. Against this background, the guarantee will only be used in the case of a change in ownership.

Market Environment

Economic Environment

In the first half of 2010, the economies of the major industrialised countries began to show signs of recovery from the impact of the crisis in 2008/2009, although no sustainable trend reversal is evident at present. In the European Union, gross domestic product (GDP) grew by 0.5% overall in the first quarter of 2010 (half-yearly figures were not available at the time of preparation of this report). While economic output increased in Germany, France and the United Kingdom, it declined further in some Southern European countries (including Spain and Greece). The US economy grew by 2.4% and Japanese GDP increased by 4.2%. All in all, the situation of the global economy at the middle of the year was still fragile.

Public finances have deteriorated significantly worldwide. High, and in some cases extreme, levels of public debt have seriously damaged the trust of investors in the credit quality of individual governments. As a result, they were only able to borrow on the capital markets with great difficulty and at a high cost. Greece, for example, had to accept a premium of approximately 800 basis points on its bonds at the height of the crisis. To prevent another crisis of confidence in the global financial system, the IMF, the ECB and the EU have put together comprehensive stabilisation packages imposing strict conditions on countries with refinancing problems.

However, the coordinated intervention by public sector agencies also created opportunities to allow specific stabilisation measures to expire. The European Central Bank's programme to purchase covered bonds, for example, ended as planned on 30 June 2010. Since it was launched in July 2009, securities with a volume of approximately €60 billion had been purchased.

Markets for commercial real estate

The trend towards a stabilisation of the commercial real estate investment market seen in certain submarkets at the end of 2009 continued in the first half of 2010. Both the number of transactions and average volumes picked up again. In the first half of 2010, the volume of commercial properties traded in Germany was up one-and-a-half times on the prior-year period to €9.4 billion (H1 2009: €3.8 billion).

The net present values of real estate also began to recover in the reporting period in some of WestImmo's markets. At mid-year, the rental cycle was close to bottoming out, or had already done so, in many major cities. Nevertheless, the economic slump preceding this recovery is only hitting the rental markets after a delay. Irrespective of this, investors are anticipating the recovery on the real estate markets and are now prepared to pay higher purchase prices again, which is depressing initial yields. These lower yields are leading to a renewed increase in NPVs in many locations.

The increasingly strong recovery in the German economy – which has received significant support from federal government stimulus programs – has eased the situation in the German retail sector, among other things, thus stabilising the real estate markets concerned. Equally, demand for office space declined only moderately in the course of the crisis. Germany recorded a relatively small drop in rents compared with the office real estate markets in London, New York or Tokyo.

Although the economy in the United Kingdom has not yet recovered from the recession, demand for office properties rose towards the middle of the year. London was the first European office rental market to bottom out, with rental growth being recorded again in the prime segment. However, vacancy rates remained at a relatively high level and it will be some time before the market absorbs this space.

The French economy has been on the road to recovery for a year, a fact that had a positive effect on the real estate markets in the first half of 2010. Although office vacancy rates remained high, completions are not set to rise in the immediate future.

The situation on the Spanish real estate markets remained difficult. The ongoing recession and the associated rise in unemployment – the current jobless rate is 20% – severely impacted demand for office space, leading to a rise in vacancies. The vacancy rate in core areas of Madrid and Barcelona at the end of the first half of the year was approximately 10%, while the figure for peripheral areas was up to 40%. The broad-based decline in disposable incomes led to a sharp drop in retail sales, which adversely affected demand for, and the prices of, the properties concerned.

In the United States, the positive impact of the economic recovery was overshadowed by fears of a renewed deterioration in the situation regarding commercial mortgage-backed securities (CMBSs) and of a possible “double dip” recession. The clear drop in employment figures now being seen led to falling demand for office space and rising vacancy rates.

The economic recovery in Asia is particularly robust. In addition to China, whose economy looks set to grow by 9% in 2010, Japan returned to positive growth rates in recent months. The country’s real estate market cycle did not touch bottom in the first half of 2010, since the Japanese market was hit by the financial and economic crisis considerably later than the markets in Europe and North America. Instead rents, property prices and property values all continued to decline in the first half of the year. However, towards the middle of the year there were increasing signs that, here too, the bottom is in sight, assuming that the economic outlook does not deteriorate again. Transaction volumes increased slightly, with the focus shifting from the regional markets to the Greater Tokyo Area.

Markets for real estate financing

Competition picked up again in almost all of WestImmo's markets in the first half of 2010. Players who were largely sidelined last year by a lack of financing opportunities returned to the market in increasing numbers during the first half of the year. The significant increase in competition year on year put renewed pressure on credit margins, especially for the simple financing structures known as "plain vanilla" finance.

Overall, however, new business is at a level that is far removed from the boom years of 2006/2007.

In most markets, both the average size of loan inquiries and loan-to-value ratios were up in comparison to 2009. Most of the transactions executed on the various markets involved core properties with comparatively long durations.

In Germany, the savings banks and cooperative banks were particularly active in the area of relatively small transactions. Equally, other continental European countries and the United Kingdom saw increased activity by national and regional players. The Netherlands, where national banks took an extremely cautious approach to competing for new business, are an exception to this trend, with German banks, among others, attempting to fill the gap.

Refinancing and exit markets

The refinancing situation for real estate banks was mixed in the first half of 2010. Unsecured refinancing via the capital markets remained difficult for banks across the board, and was only obtainable on unattractive terms. Fears that the public-sector debt crisis could lead to further negative consequences for financial institutions, and of loan losses, consistently depressed investor sentiment.

In contrast, the market for German mortgage Pfandbriefe remained robust. Yields payable by Pfandbrief issuers declined in the course of the first half of the year. Spreads against the highest-quality government bonds remained low, although significant variations were seen among individual Pfandbrief issuers. New issues were generally placed with investors without any trouble and at good conditions. However, the volume of new mortgage Pfandbrief issues was down year on year in the first half of 2010 due to the decline in new business throughout the sector.

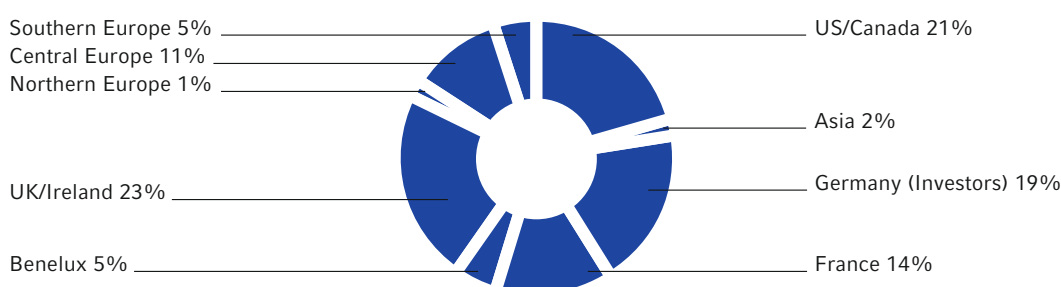
It remains to be seen whether the signs of a gradual recovery in the securitisation markets that were to be seen at the end of 2009 prove to be sustainable. Despite this, initial transactions were executed again for selected asset classes.

Business Performance

Real estate financing – new business

In the first half of 2010, WestImmo entered into new business worth €2.1 billion. This represents a decline of approximately 32% on the prior-year period (€3.1 billion) and is due to a number of reasons. Firstly, the Bank has maintained its standards of quality and profitability, which has had a correspondingly positive effect on the risk/return ratio in its new and existing business. Secondly, capital market conditions for unsecured refinancing by real estate banks deteriorated. In other words, the greater restraint in the new business area reflects the prudent management necessary in an environment that continues to be unstable. In addition, the tougher competition impacted the volume of new business conducted with German institutional clients in particular.

Approvals 6/2010 by property region



WestImmo was able to demonstrate its expertise as an agent and arranger in a number of large, high-profile transactions, thus enhancing its position and visibility on the market.

The volume of finance extended in Germany in the first half of the current year declined, after a clear year-on-year increase was seen in the first half of 2009. This was mainly due to the trends in the market environment that have already been mentioned.

Following a reorganisation, the Bank now also offers subordinated loans with profit-sharing components in the Real Estate Joint Ventures area. Since few other real estate financiers offer comparable products, this generated keen interest from clients.

WestImmo succeeded in improving its market penetration in Central and Eastern Europe. In Poland and the Czech Republic, the Bank successfully defended its position as one of the leading players.

In the United Kingdom, WestImmo raised its profile as a provider of complex finance solutions, acting as the arranger for the refinancing of a well-known shopping centre. The seven-year loan, which has a volume of GBP 525 million, was furnished by a consortium of seven banks and at the time was the largest real estate financing transaction in Europe for three years.

Also in the United Kingdom, WestImmo executed the first financing deal under its newly introduced Fresh Start Programme by providing a senior/junior loan package to buy 50% of the shares in another high-profile shopping centre. In doing so, it extended its product range to include subordinated loans for classic prior-ranking loans with loan-to-value ratios of up to 75% (Junior Debt Programme).

Exit and portfolio management

In the first half of 2010 as in the previous year, the Bank continued to step up its club deals business, in which it acts as the arranger and agent. All in all, it arranged loans totalling €1.14 billion in the first six months of the year (H1 2009: €731 million). Of this amount, WestImmo placed €565 million with banks, an increase of 58% as against the prior-year figure of €358 million.

The majority of the amount placed (74%) went to Pfandbrief banks and central savings banks in Germany; the remaining 26% went to international institutions, predominantly in the USA.

At the same time, the Bank established key milestones for the future dynamic growth of its syndications business for savings banks in Germany. Despite the somewhat more restrained trend with respect to new business – the result of market conditions – WestImmo expects to exceed its strong prior-year result in the savings bank syndications business for the year as a whole.

One critical success factor here is the continued national expansion of our cooperation with the savings banks. This positive trend demonstrates the high level of trust that the savings banks have in WestImmo and its business model.

Results of Operations

WestImmo generated profit before tax of €35.5 million in the first half of 2010, a decline of 19.6% in comparison to the figure for the prior-year period (€44.1 million). This drop in profit is due among other things to non-recurring charges taken in connection with the economic transfer of the private construction finance portfolio to the EAA and the ongoing selling process for WestImmo.

Adjusted for these effects, operating earnings figures are up on the comparable period of the previous year, thus confirming the Bank's profitability. Consolidated net profit for the first half of 2010 amounted to €24.8 million (previous year: €30.8 million).

Interest income and interest expense were down on the figure for the previous year, due to lower interest rates. At €120.5 million, net interest income climbed 26.6% as against the first half of 2009 (€95.2 million) due to the increase in the loan portfolio and higher margins.

At €5.1 million, net fee and commission income declined from the €13.9 million recorded in the previous year. This trend was due primarily to exceptional factors relating to the economic transfer of the private construction finance portfolio to the EAA.

Net trading income (€4.9 million) declined significantly from the €11.0 million recorded in the first half of 2009. However, the prior-year figure was the result of non-recurring income from the remeasurement of items designated as at fair value performed at that time.

Net income from non-current financial assets amounted to €-1.3 million as at 30 June, 2010 (previous year: €-11.0 million). The prior-year figure was impacted by the restructuring of loan commitments.

Administrative expenses rose from €44.0 million in the first half of 2009 to €49.0 million in the first half of 2010. This increase must be seen in the context of the ongoing selling process and the expenses associated with this. Overall, administrative expenses were in line with expectations.

The net other operating income and expenses of €-11.7 million (2009: €-0.1 million) are due to exceptional factors resulting from the transfer of the private construction finance portfolio to the EAA. The expenses recognised are offset by income in the same amount.

At €33.0 million, the allowance for losses on loans and advances in the first half of 2010 was almost in line with the budgeted amount, although it was higher than the previous year.

The non-recurring expenses in connection with the economic transfer of the private construction finance portfolio to the EAA and expenses associated with the selling process were also reflected in the Bank's earnings ratios. Thus the cost/income ratio (CIR) for the first half of 2010 amounted to 41.3% (H1 2009: 36.6%).

The return on equity (RoE) was 7.2%, following 9.3% in the first half of 2009. The RoE is the ratio of profit before tax to the annual averages for the equity components subscribed capital, capital reserves, and retained earnings.

Financial Position and Net Assets

WestImmo's total assets as at 30 June 2010 amounted to €28,168 million, an increase of 4.8% compared with the figure as at 31 December 2009.

Loans and advances to customers rose by a clear 27.8% as against the 2009 reporting date to €21,727 million, due to the fact that €3.7 billion of this amount was still recognised as "discontinued operations" in 2009 in accordance with IFRS 5.

Due to the economic transfer of the private construction finance portfolio to the EAA, the "discontinued operations and non-current assets held for sale" item in the balance sheet declined significantly, falling from €4,198 million at year-end 2009 to €17 million as at 30 June 2010.

The core capital (Tier 1) ratio as of the reporting date rose to 8.58%, up from 8.29% as at 30 June 2009 and 8.24% as at 31 December 2009.

Refinancing

At €2,185 million, WestImmo's issuing volume in the first half of 2010 was down slightly on the figure for the first half of 2009 (€2,230 million). €1,590 million (2009: €1,565 million) of the issuing volume for the current year related to covered bonds (mainly Pfandbriefe) and €595 million (2009: €665 million) to unsecured debt instruments.

Refinancing opportunities were determined by general market trends and by the continuing market caution with respect to unsecured financing.

On 26 May 2010, rating agency Standard & Poor's (S&P) confirmed its top AAA rating for WestImmo's mortgage Pfandbriefe (outlook negative). Standard & Poor's also confirmed its AAA rating (outlook negative) for public-sector Pfandbriefe on 23 March 2010.

Human Resources

On the reporting date of 30 June 2010, the WestImmo Group employed 484 people. This represents a slight increase compared with the figure of 476 for 31 December 2009.

Risk Report

Risk management is a core function of the lending and other processes in the WestImmo Group and a significant component of its end-to-end strategic and operational management. The Bank's risk management and monitoring processes are based on concrete risk/return targets, as well as on identifying risk at an early stage and mitigating it to a large extent. Implementation takes the form of appropriately designed risk management structures and processes at the Bank and in the Group.

The Bank has implemented the Advanced Internal Rating Based Approach in accordance with the *Solvabilitätsverordnung* (SolvV – German Solvency Regulation) in order to measure the risk associated with all exposures and to determine regulatory capital requirements. Before being approved, the processes were subjected to extensive examination by the *Bundesanstalt für Finanzdienstleistungsaufsicht* (BaFin – Federal Financial Supervisory Authority) and the Deutsche Bundesbank. The Bank uses internally developed credit quality or transaction rating procedures for real estate financing in all customer and product segments; these are continually reviewed to ensure their suitability for, and compliance with, regulatory standards and are adjusted if required.

The increased level of loan losses to be expected in light of the ongoing uncertainty surrounding the macroeconomic environment, among other things, was reflected in a generally more cautious budget for fiscal year 2010.

In the course of the current fiscal year, the Bank made provision for credit risks by increasing its specific valuation allowances and provisions relating to loans and advances to customers from €243.4 million as at 1 January 2010 to €283.5 million as at 30 June 2010. This figure also includes impairment losses charged at WIB Japan.

WestImmo uses the economic capital concept to measure its risk-bearing capacity and for internal management purposes. This allows it to capture the risks and rewards of its business activities.

At the end of the first half of 2010, the economic capital used by WestImmo amounted to €313.2 million, €71.0 million less than the Bank's internal limit (€384.2 million). 82.8% or €259.4 million of the capital utilised relates to credit risk (counterparty credit risk).

Additional information on our risk management and capital management, which are basically unchanged, is given in our 2009 Financial Report.

Report on Post-balance Sheet Date Events

The deadline for the submission of offers to acquire the shares in WestImmo expired on 21 July 2010. The current owner, WestLB AG, received a number of offers. The Managing Board of WestLB AG is examining the offers and will make a proposal to the Supervisory Board of WestLB AG as to how to proceed. No final decision on a sale had been taken by the date of preparation of the interim consolidated financial statements.

Outlook

Expected developments in the market environment

Economic environment

The signals to date suggest that the real economy will continue to recover in the course of the year from the severe crisis it experienced in 2008/2009. Economists expect global economic growth of approximately 4.3% for 2010 as a whole.

According to the current forecasts by the European Commission, economic output in the European Union will increase by 1.0% in 2010. Germany and France are expected to see above-average growth, while the economic situation in Southern Europe, and especially in Spain and Greece, will remain strained.

In the USA, the trend towards economic recovery is forecast to continue, with estimated growth in 2010 of 3.2%. The economic situation in the Asia-Pacific countries will also probably continue to improve, with the Japanese economy estimated to grow at a surprisingly high rate of 3.0%.

Markets for commercial real estate

A number of rental markets such as Paris and London will bottom out by the end of 2010 and a recovery on the German real estate markets is also coming into view. Investors are anticipating the market recovery and looking for properties in extremely good locations that are let for the long term to solvent tenants. Investor concentration on prime core properties, coupled with tight demand, will lead to yields continuing to decline in this segment. The yield spread between prime locations and secondary markets will increase.

In the USA, the office rental market will remain under pressure, although the economic recovery will lead to an upturn in the course of the year. Japan is likely to have to wait longest for the recovery to take hold.

Markets for real estate financing

Competition for plain vanilla finance for core properties will remain fierce in all markets in the second half of the year. As a result, we expect a further decline in margins in this business area.

Demand for larger, more complex financing structures is likely to recover in the future, since prospects for the economy as a whole and for many real estate markets are brightening. For banks with specialist expertise – such as that offered by WestImmo – this opens up a market segment with attractive risk/return constellations. Nevertheless, the Bank will strictly maintain its high standards for new business and will rank quality and security higher than quantity.

Refinancing markets

The situation on the international capital markets remains fragile, with all players adopting a security-driven approach. Ongoing discussions on stricter bank regulation could change the overall framework. The situation with respect to refinancing will gradually stabilise.

WestImmo expects the Pfandbrief market to turn in a stable performance. Since many real estate financiers are taking a cautious approach to new business, there is less of a need to raise new funds; as a result, the issuing volume for mortgage Pfandbriefe in the current year is likely to reach 2009 levels at best.

Expected developments at WestImmo

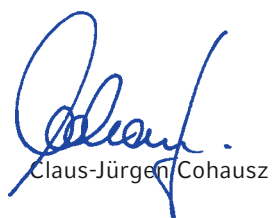
The Bank is expecting full-year results in line with its planning. New business will be down significantly on the previous year, but will nevertheless continue to make the Bank one of the leaders in the field of German real estate financing.

The Bank will maintain its business model as a specialist for commercial real estate financing and transaction structuring in Germany and abroad, and as a partner in the savings bank group, as well as continuing its intensive focus on the markets in which it has been active to date. Expanding its activities in the field of portfolio and exit management also remains a key priority.

Mainz, 20 August 2010



Dr. Peter Knopp



Claus-Jürgen Cohausz



Rainer Spielmann

Statement of Comprehensive Income

Income Statement

Note	1 Jan.–30 June 2010	1 Jan.–30 June 2009		Change	
	€	€	€	€	%
Interest (and similar income)	813,173,134.45	952,969,822.70	-139,796,688.25	-14.7	
Interest (and similar expense)	692,670,600.09	857,795,700.52	-165,125,100.43	-19.2	
Net interest income	(7) 120,502,534.36	95,174,122.18	25,328,412.18	26.6	
Allowance for losses on loans and advances	(8) -33,031,604.08	-20,967,917.64	-12,063,686.44	-57.5	
Net interest income after allowance for losses on loans and advances	87,470,930.28	74,206,204.54	13,264,725.74	17.9	
Fee and commission income	18,689,464.74	19,960,658.37	-1,271,193.63	-6.4	
Fee and commission expense	13,599,996.03	6,029,127.69	7,570,868.34	> 100	
Net fee and commission income	(9) 5,089,468.71	13,931,530.68	-8,842,061.97	-63.5	
Net trading income	(10) 4,939,319.09	10,956,464.34	-6,017,145.25	-54.9	
Net income from non-current financial assets	(11) -1,253,168.20	-10,956,191.94	9,703,023.74	88.6	
Administrative expenses	(12) 49,022,033.70	43,965,673.56	5,056,360.14	11.5	
Net other operating income and expenses	(13) -11,748,490.13	-59,606.00	-11,688,884.13	> 100	
Profit before Tax	35,476,026.05	44,112,728.06	-8,636,702.01	-19.6	
Current income taxes	221,125.02	112,897.22	108,227.80	95.9	
Deferred taxes	10,483,213.20	13,176,731.59	-2,693,518.39	-20.4	
Consolidated profit for the period	24,771,687.83	30,823,099.25	-6,051,411.42	-19.6	
of which:					
attributable to WIB shareholders	24,926,701.16	30,440,621.95	-5,513,920.79	-18.1	
losses attributable to minority interest	-155,013.33	382,477.30	-537,490.63	> -100.0	

Reconciliation of consolidated profit for the period to total comprehensive income for the period

	30 June 2010 € million	30 June 2009 ¹ € million
Consolidated profit for the period	24.8	30.8
Other comprehensive income	-90.4	14.6
Change in revaluation reserve	-130.5 ²	19.5
Change in currency translation reserve	2.1	-1.7
Change in actuarial gains and losses	-4.1	2.4
Deferred taxes on changes recognised in other comprehensive income	42.1	-5.6
Total comprehensive income	-65.6	45.4
of which:		
attributable to WestImmo shareholders	-65.4	45.7
attributable to non-controlling interests	-0.2	-0.3

¹ Adjusted on the basis of IAS 8. For details, please refer to Note 4 "Adjustments in accordance with IAS 8".

² The change in the revaluation reserve relates mainly to the negative capital market situation at the reporting date (further deterioration of credit spreads for bonds) and its effect on the securities portfolio. The negative changes in value of the securities are not viewed as permanent. Changes in the value of securities are compensated in some cases by offsetting effects from deferred taxes.

Consolidated Balance Sheet

English translation

Assets

	Note	30 June 2010 €	31 Dec. 2009 €	Change €	%
Cash and balances with central banks		13,475,249.66	22,238,569.59	- 8,763,319.93	- 39.4
Loans and advances to banks	(14)	1,249,061,626.59	691,587,858.02	557,473,768.57	80.6
Loans and advances to customers	(15)	21,727,103,147.07	16,994,581,574.74	4,732,521,572.33	27.8
Allowance for losses on loans and advances	(17)	- 287,189,883.22	- 262,643,714.85	- 24,546,168.37	- 9.3
Financial assets held for trading	(18)	1,406,474,177.52	952,586,380.93	453,887,796.59	47.6
Positive fair values of derivative hedging instruments	(19)	287,227,333.02	144,107,821.16	143,119,511.86	99.3
Financial assets designated at fair value through profit or loss	(20)	410,752,007.71	586,193,256.12	- 175,441,248.41	- 29.9
Non-current financial assets	(21)	2,847,435,487.55	3,091,365,133.87	- 243,929,646.32	- 7.9
Property and equipment	(22)	2,732,873.31	3,205,308.78	- 472,435.47	- 14.7
Intangible assets	(23)	3,543,423.00	4,289,846.46	- 746,423.46	- 17.4
Tax receivables	(24)	396,394,274.98	366,824,295.02	29,569,979.96	8.1
Other assets		94,044,807.82	97,043,621.22	- 2,998,813.40	- 3.1
Non-current assets held for sale	(34)	17,252,693.14	4,198,092,877.47	- 4,180,840,184.33	- 99.6
Total assets		28,168,307,218.15	26,889,472,828.53	1,278,834,389.62	4.8

Equity and Liabilities

	Note	30 June 2010 €	31 Dec. 2009 €	Change €	%
Deposits from banks	(25)	6,423,644,730.20	6,360,417,379.50	63,227,350.70	1.0
Deposits from customers	(26)	7,157,769,552.21	6,863,745,394.08	294,024,158.13	4.3
Securitised liabilities	(27)	8,541,880,500.11	8,189,950,484.74	351,930,015.37	4.3
Financial liabilities held for trading	(28)	1,482,058,257.04	856,843,095.27	625,215,161.77	73.0
Negative fair values of derivative hedging instruments	(19)	386,685,619.45	228,994,916.34	157,690,703.11	68.9
Liability recognised for fair value changes of hedged items in portfolio hedge of interest rate risk	(29)	882,505.05	1,014,368.96	- 131,863.91	- 13.0
Financial liabilities designated at fair value through profit or loss	(30)	2,340,547,104.33	2,335,218,316.91	5,328,787.42	0.2
Provisions	(31)	94,101,299.89	56,348,411.16	37,752,888.73	67.0
Tax liabilities		343,077,418.18	346,559,902.87	- 3,482,484.69	- 1.0
Other liabilities		42,990,044.89	103,495,413.38	- 60,505,368.49	- 58.5
Subordinated capital	(33)	480,994,088.77	476,909,270.70	4,084,818.07	0.9
Non-current assets held for sale	(34)	2,214,092.78	164,075,235.33	- 161,861,142.55	- 98.7
Equity		871,462,005.25	905,900,639.29	- 34,438,634.04	- 3.8
- Subscribed capital		400,000,000.00	400,000,000.00	0.00	0.0
- Capital reserves		443,370,114.07	443,370,114.07	0.00	0.0
- Retained earnings		168,127,231.52	123,414,415.55	44,712,815.97	36.2
- Revaluation reserve		- 166,771,830.12	- 76,495,851.07	- 90,275,979.05	> - 100.0
- Actuarial gains and losses on pension obligations		1,506,972.53	3,637,297.59	- 2,130,325.06	- 58.6
- Currency translation reserve		3,706,044.48	1,611,837.26	2,094,207.22	> 100
- Distribution to shareholders		0.00	- 69,522,968.35	69,522,968.35	100.0
- Consolidated profit for the period		24,771,687.83	83,389,375.34	- 58,617,687.51	- 70.3
Total equity before non-controlling interests		874,710,220.31	909,404,220.39	- 34,694,000.08	- 3.8
- Non-controlling interests		- 3,248,215.06	- 3,503,581.10	255,366.04	7.3
Total equity and liabilities		28,168,307,218.15	26,889,472,828.53	1,278,834,389.62	4.8

Condensed Statement of Changes in Equity

	2010 € million	2009 ¹ € million
Equity at 1 January	905.9	861.0
Changes		
– Appropriation of net retained profits/retention	– 83.4	– 96.7
– Distribution to owner	69.5	56.8
– Appropriation to retained earnings	44.7	38.3
– Revaluation reserve (change in AfS financial instruments)	– 130.5	19.5
– Actuarial gains and losses on pension obligations	– 4.0	2.5
– Currency translation reserve	2.1	– 1.7
– Gains and losses recognised directly in equity on non-current assets held for sale and non-current liabilities associated with non-current assets held for sale	0.0	0.0
– Deferred taxes on items recognised directly in equity	42.1	– 5.6
– Consolidated profit for the period	24.8	30.8
– Non-controlling interests	0.3	– 0.7
Equity at 30 June	871.5	904.2

¹ Adjusted on the basis of IAS 8. For details, please refer to Note 4 “Adjustments in accordance with IAS 8”.

Condensed Cash Flow Statement

Continuing operations

	1 Jan.–30 June 2010 € million	1 Jan.–30 June 2009 € million
Cash and cash equivalents at 1 January	61.3	30.2
Cash flows from operating activities	– 153.2	89.9
Cash flows from investing activities	193.9	– 51.5
Cash flows from financing activities	– 74.1	– 56.8
Change in cash and cash equivalents from exchange rate movements, changes in Group structure and remeasurement	– 0.7	– 1.6
Cash and cash equivalents at 30 June	27.2	10.2

Discontinued operations

	1 Jan.–30 June 2010 € million	1 Jan.–30 June 2009 € million
Cash flows from operating activities	25.3	0.0
Cash flows from investing activities	0.0	0.0
Cash flows from financing activities	0.0	0.0
Change in cash and cash equivalents from changes in Group structure	0.0	0.0
Change in cash and cash equivalents from exchange rate movements	0.0	0.0
Changes in cash and cash equivalents	25.3	0.0

The cash flow statement shows the composition of and changes in cash and cash equivalents during the first six months of 2010. Cash flows are classified by operating, investing and financing activities. The cash flow statement was prepared using the indirect method and in accordance with IAS 7.

The reported cash and cash equivalents correspond to the "Cash and balances with central banks" balance sheet item and only comprise balances with central banks.

Cash flows from operating activities primarily comprise payment transactions (inflows and outflows) relating to receivables and liabilities, portfolios designated at fair value through profit or loss and other assets and liabilities. Interest and dividends received as well as interest and income taxes paid are also reported in cash flows from operating activities.

Cash flows from investing activities relate mainly to proceeds from the disposal of and/or payments to acquire non-current financial assets and/or property and equipment.

In addition to cash payments to the owner, cash flows from financing activities comprise proceeds from and payments to acquire subordinated capital. In 2010, cash flows from financing activities reflected the cash outflow from the distribution to the owner in the amount of €69.5 million (previous year: €56.8 million).

Continuing operations and the discontinued private customers business, which was previously accounted for in accordance with IFRS 5, have been presented separately in the cash flow statement. Because of the retrospective change in items accounted for in accordance with IFRS 5, the prior-period amounts for the discontinued operation have been reclassified in full to continuing operations. The changes resulting from IFRS 5 also affect the amount of cash and cash equivalents reported as at 1 January 2010.

The decision-usefulness of the cash flow statement for banks must be regarded as low because the cash flow statement does not replace liquidity or financial planning and is not used as a control instrument. Please refer to the disclosures in the Risk Report contained in the Management Report for information on liquidity risk management in the Westdeutsche ImmobilienBank Group.

Accounting Policies

1. Basis of preparation

We prepared this condensed interim consolidated financial report as at 30 June 2010 on the basis of the International Financial Reporting Standards (IFRSs) adopted and issued by the International Accounting Standards Board (IASB) in accordance with the *Transparenzrichtlinie-Umsetzungsgesetz* (TUG – Transparency Directive Implementing Act) that entered into force in Germany on 20 January 2007, and in accordance with Regulation (EC) No. 1606/2002 of the European Parliament and of the Council of 19 July 2002 (IAS Regulation). In accordance with section 37w(2) of the *Wertpapierhandelsgesetz* (WpHG – German Securities Trading Act) governing half-yearly financial reports, a half-yearly financial report must at a minimum contain condensed financial statements, an interim management report and a responsibility statement in accordance with section 264(2) sentence 3 and section 289(1) sentence 5 of the *Handelsgesetzbuch* (HGB – German Commercial Code). In accordance with section 37w(5) of the WpHG, WestImmo has not had the condensed financial statements and the interim management report as at 30 June 2010 either reviewed or audited by an auditor. They should be read in conjunction with WestImmo's audited consolidated financial statements financial for fiscal year 2009.

Preparation of IFRS financial statements requires management to make estimates and assumptions relating to the measurement of assets and liabilities. Actual results may differ from management's estimates. The published results are not necessarily to be seen as an indication of the expected results of the Group for fiscal year 2010.

2. Changes in presentation and accounting policies, material items

WestImmo applied the same accounting policies as were applied in the consolidated financial statements as at 31 December 2009.

IFRSs that were amended effective 1 January 2010 did not affect the interim financial statements as at 30 June 2010.

To enhance transparency for users of these financial statements, the presentation of certain tables has been modified, including the prior-period comparative figures.

Mathematical rounding rules have been applied to the preparation of the amounts presented in these financial statements. In certain cases, this may result in rounding differences affecting amounts presented in more than one table.

In the comparative period ended 30 June 2009 and as at 31 December 2009, the private customers business was accounted for in accordance with IFRS 5 in WestImmo's financial statements. Following transactions with Erste Abwicklungsanstalt¹ (EAA), the private customers portfolio was reduced, but not fully eliminated. The one-year extension period for the application of IFRS 5 has now been exceeded.

¹ The Erste Abwicklungsanstalt (EAA) is an organisationally and economically independent public-law institution with limited legal personality.

The remaining Private customers business was therefore reclassified from a discontinued operation to continuing operations. In accordance with IFRS 5, we have adjusted the prior-period income statement amounts, while the balance sheet amounts remain unchanged. To ensure the comparability of our financial statements, the necessary reconciliation for the prior-period income statement is presented in the following:

Consolidated income statement – reclassification in accordance with IFRS 5

	Note	1 Jan.–30 June 2009 before reclassification €	Reclassification in accordance with IFRS 5 €	1 Jan.–30 June 2009 after reclassification €
Interest (and similar income)		855,502,957.90	97,466,864.80	952,969,822.70
Interest (and similar expense)		768,641,488.20	89,154,212.30	857,795,700.50
Net interest income	(8)	86,861,469.70	8,312,652.50	95,174,122.20
Allowance for losses on loans and advances	(9)	– 18,285,286.60	– 2,682,631.00	– 20,967,917.60
Net interest income after allowance for losses on loans and advances		68,576,183.10	5,630,021.50	74,206,204.60
Fee and commission income		18,825,497.10	1,135,161.30	19,960,658.40
Fee and commission expense		2,880,233.10	3,148,894.60	6,029,127.70
Net fee and commission income	(10)	15,945,264.00	– 2,013,733.30	13,931,530.70
Net trading income	(11)	10,956,464.30	0.00	10,956,464.30
Net income from non-current financial assets	(12)	– 10,956,191.90	0.00	– 10,956,191.90
Administrative expenses	(13)	41,484,261.70	2,481,411.90	43,965,673.60
Net other operating income and expenses	(14)	– 226,206.00	166,600.00	– 59,606.00
Profit before Tax		42,811,251.80	1,301,476.30	44,112,728.10
Current income taxes		112,897.20	0.00	112,897.20
Deferred taxes		13,176,731.60	0.00	13,176,731.60
Profit/loss from continuing operations		29,521,623.00	1,301,476.30	30,823,099.30
Profit/loss from discontinued operations and non-current assets held for sale		1,301,476.30	– 1,301,476.30	0.00
Consolidated profit for the period		30,823,099.30	0.00	30,823,099.30
of which:				
attributable to WIB shareholders		30,440,622.00	0.00	30,440,622.00
attributable to non-controlling interests		382,477.30	0.00	382,477.30

The following items arose in the first six months of 2010 in the course of the transactions between WestImmo and the EAA regarding the private customers business previously held for sale:

- Spin-off of a part-portfolio from the private customers business amounting to €0.5 billion, including liabilities amounting to €0.5 billion.
- Guarantee for a part-portfolio from the private customers business amounting to €3.8 billion by way of a first demand guarantee by the EAA.
- Transfer of risk exposures from a part-portfolio of commercial loans no longer regarded as strategic and amounting to €0.4 billion by way of a sub-participation.

The EAA transactions were implemented retrospectively as at 1 January 2010 with an execution date of 30 April 2010. The components recognised in profit or loss until this date were eliminated by off-setting items in other operating expenses.

3. Items accounted for in accordance with IFRS 5

Discontinued operations, assets held for sale and liabilities associated with assets held for sale are presented separately in the balance sheet in accordance with IFRS 5.

The following items are accounted for in accordance with IFRS 5 in the half-yearly financial statements as at 30 June 2010:

- a. Management decided in October 2009 to sell the agriculture portfolio, which was not regarded as strategic. The agricultural portfolio comprises loans to agricultural companies that were previously part of the Investors segment. The sale negotiations concerning the portfolio remaining after the initial sales are at an advanced stage.
- b. EPM Assetis GmbH, an associate, is due to be sold in 2010. The sales negotiations are in the final stages.

4. Adjustments in accordance with IAS 8

The accompanying interim consolidated financial statements include corrections in the statement of comprehensive income and the statement of changes in equity relating to the comparative period ended 30 June 2009. The correction of the prior-period amounts is attributable to the incorrect allocation of data.

The changes made are shown in the following.

Condensed statement of changes in equity

	2010 € million	2009 € million	2009 € million	2009 € million
		after adjustments in accordance with IAS 8	Adjustments in accordance with IAS 8	before adjustments in accordance with IAS 8
Equity at 1 January	905.9	861.0	0.0	861.0
Changes				
- Appropriation of net retained profits/retention	- 83.4	- 96.7	- 41.8	- 54.9
- Distribution to owner	69.5	56.8	0.0	56.8
- Appropriation to retained earnings	44.7	38.3	1.9	36.4
- Revaluation reserve (change in AfS financial instruments)	- 130.5	19.5	39.9	- 20.4
- Actuarial gains and losses on pension obligations	- 4.0	2.5	0.8	1.7
- Currency translation reserve	2.1	- 1.7	0.0	- 1.7
- Gains and losses recognised directly in equity on non-current assets held for sale and non-current liabilities associated with non-current assets held for sale	0.0	0.0	0.0	0.0
- Deferred taxes on items recognised directly in equity	42.1	- 5.6	- 0.8	- 4.8
- Consolidated profit for the period	24.8	30.8	0.0	30.8
- Non-controlling interests	0.3	- 0.7	0.0	- 0.7
Equity at 30 June	871.5	904.2	0.0	904.2

Statement of comprehensive income

	30 June 2010 € million	30 June 2009 € million	30 June 2009 € million	30 June 2009 € million
		after adjustments in accordance with IAS 8	Adjustments in accordance with IAS 8	before adjustments in accordance with IAS 8
Consolidated profit for the period	24.8	30.8	0.0	30.8
Other comprehensive income	- 90.4	14.6	46.4	- 31.8
Change in revaluation reserve	- 130.5	19.5	48.2	- 28.7
Change in currency translation reserve	2.1	- 1.7	- 1.7	0.0
Change in actuarial gains and losses	- 4.1	2.4	0.7	1.7
Deferred taxes on changes recognised in other comprehensive income	42.1	- 5.6	- 0.8	- 4.8
Total comprehensive income	- 65.6	45.4	46.4	- 1.0
of which:				
attributable to WestImmo shareholders	- 65.4	45.7	46.0	- 0.3
attributable to non-controlling interests	- 0.2	- 0.3	0.4	- 0.7

5. Consolidated Group

The following subsidiaries, joint ventures and associates were included in WestImmo's interim consolidated financial statements as at 30 June 2010:

Subsidiaries in accordance with IAS 27

Westdeutsche ImmobilienHolding GmbH, Mainz

WestGkA Management Gesellschaft für kommunale Anlagen mbH, Düsseldorf

WestProject & Consult Gesellschaft für Projektentwicklung und Consulting mbH, Düsseldorf

WIB Real Estate Finance Japan K. K., Tokyo, Japan

WMO Erste Entwicklungsgesellschaft mbH & Co. KG, Bonn

Subsidiaries in accordance with SIC-12

Wire 2008-1 GmbH, Frankfurt am Main

Joint ventures accounted for using the equity method*

FEN Fachmarktzentrum ehem. Eisstadion Nürnberg GmbH & Co. KG, Berlin (FEN GmbH & Co. KG)

Associates accounted for using the equity method

EMG Projekt Gewerbepark Ludwigsfelde/Löwenbruch GmbH, Berlin (EMG GmbH)

* Joint ventures accounted for using the equity method in accordance with IAS 31.38 in conjunction with IAS 28.

There has been no change in the consolidated Group compared with the year-end financial statements as at 31 December 2009.

6. Issuing activities

In the period under review, WestImmo performed issuing activities for mortgage and public-sector Pfandbriefe, bearer debt securities and borrower's note loans with a total issuing volume of €2.2 billion (previous year: €2.2 billion).

Income Statement Disclosures

7. Net interest income

	30 June 2010 € million	30 June 2009 € million
Interest income from		
– Lending and money market operations	410.1	417.9
– Bonds and other fixed-income securities	42.3	70.2
– Trading derivatives	286.3	374.3
– Derivatives included in hedge accounting	73.5	86.6
– Other transactions	1.0	0.5
Interest income	813.2	949.5
Current income from		
– Other investees	0.0	0.3
– Investments in associates	0.0	– 0.2
Current income	0.0	0.1
Interest expense from		
– Deposits	229.7	247.2
– Securitised liabilities	107.8	147.1
– Subordinated capital	13.7	16.2
– Trading derivatives	255.1	351.9
– Derivatives included in hedge accounting	82.0	94.8
– Other transactions	0.1	0.6
Interest expense	688.4	857.8
Loss from hedges (hedge accounting)	– 4.3	3.4
Net interest income	120.5	95.2

The profit/loss from hedges (IAS 39) is composed of the following items:

	1 Jan.–30 June 2010 € million	1 Jan.–30 June 2009 € million
Profit/loss from hedging derivatives from	– 3.3	18.8
– of which: micro fair value hedge accounting	– 3.3	18.8
Profit/loss from hedged items from	– 1.0	– 15.4
– of which: micro fair value hedge accounting	– 1.0	– 15.4
Total	– 4.3	3.4

The profit/loss from hedges includes measurement gains and losses on effective hedging relationships under micro fair value hedge accounting. Interest income and expense from hedging derivatives that qualify for hedge accounting in accordance with IAS 39 are also reported in net interest income.

8. Allowance for losses on loans and advances

	1 Jan.–30 June 2010 € million	1 Jan.–30 June 2009 € million
Additions		
– Write-downs of receivables	– 61.5	– 49.0
– Provisions for credit risks	– 21.9	– 3.2
Reversals		
– Write-downs of receivables	47.0	29.1
– Provisions for credit risks	2.9	0.2
Recoveries on loans previously written off	0.6	2.2
Direct write-downs of receivables	– 0.1	– 0.3
Total	– 33.0	– 21.0

9. Net fee and commission income

	1 Jan.–30 June 2010 € million	1 Jan.–30 June 2009 € million
Lending business	6.3	10.2
Securities and custody business	0.3	0.6
Guarantees	0.3	3.6
Other	– 1.8	– 0.5
Total	5.1	13.9

10. Net trading income

	1 Jan.–30 June 2010 € million	1 Jan.–30 June 2009 € million
Net loss from sale of trading portfolios	– 0.6	0.5
Net loss from remeasurement of trading portfolios	105.1	43.8
Foreign exchange gain/loss	– 0.9	– 1.7
Net income from sale of financial instruments designated at fair value through profit or loss	0.0	0.0
Net income on remeasurement of financial instruments designated at fair value through profit or loss	– 98.7	– 31.7
Total	4.9	11.0

11. Net income/net loss from non-current financial assets

	1 Jan.–30 June 2010 € million	1 Jan.–30 June 2009 € million
Net income from sale of AfS financial assets	0.2	0.2
Net loss from remeasurement of AfS financial assets	0.4	– 11.9
Net income from financial investments	– 1.9	0.7
Total	– 1.3	– 11.0

12. Administrative expenses

	1 Jan.–30 June 2010 € million	1 Jan.–30 June 2009 € million
Employee expenses		
– Wages and salaries	24.7	21.0
– Social security contributions	2.6	2.5
– Expenses for pensions and other employee benefits	2.1	2.8
Other administrative expenses	17.9	15.7
Depreciation and amortisation of property and equipment, software and intangible assets	1.7	2.0
Total	49.0	44.0

13. Net other operating income and expenses

	1 Jan.–30 June 2010 € million	1 Jan.–30 June 2009 € million
Other operating income	13.5	6.6
Other operating expenses	25.2	6.6
Total	– 11.7	– 0.1

Other operating expenses increased in particular due to effects relating to the EAA transactions.

Segment Reporting

The WestImmo Group forecasts and manages its results on the basis of profit centre accounting at business area level. The portfolios, results and resources of the individual departments or profit centres are combined into the segments that represent the WestImmo Group's areas of business and activity.

Segment reporting was prepared in accordance with IFRS 8 using the simplification options allowed under IAS 34. The segments are recognised on the basis of the Westdeutsche ImmobilienBank Group's internal management system and reflect the business strategy and market presence of the departments and the functional cooperation between the organisational units.

The allowance for losses on loans and advances includes additions to and reversals of impairment losses on receivables, provisions for credit risks and direct write-offs of receivables, as well as recoveries on loans previously written off.

Administrative expenses include employee and non-employee expenses. As part of internal allocation, administrative expenses are distributed across the other business areas on the basis of actual costs, depending on their origin.

There were no measurement differences compared with the consolidated balance sheet.

Segments in the Group

Investors

National/international loans
Real estate joint ventures

Discontinued operations

Private customers

Services

Treasury
Income and expenses not directly attributable

Investments/Consolidation

Equity Investments department
Reconciliation of internal performance indicators to external financial reporting data

The following table (primary segment reporting) shows the contribution by the individual segments to consolidated profit (profit before tax) for the first six months of fiscal years 2010 and 2009. The segment results are based on internal management data that can be reconciled with data from the financial accounting system.

Consolidated income statement (IFRS) in € million	Investors	Private Customers	Services	Investments/Consolidation	Profit/loss from continuing operations	Profit/loss from discontinued operations	Group
Net interest income							
1 Jan.–30 June 2010	99.6	11.4	10.3	– 0.8	120.5	0.0	120.5
1 Jan.–30 June 2009	72.6	9.6	14.3	– 1.3	95.2	0.0	95.2
Allowance for losses on loans and advances							
1 Jan.–30 June 2010	– 43.9	10.9	0.0	0.0	– 33.0	0.0	– 33.0
1 Jan.–30 June 2009	– 18.7	– 2.7	0.0	0.4	– 21.0	0.0	– 21.0
Net fee and commission income							
1 Jan.–30 June 2010	14.0	– 9.2	0.3	0.0	5.1	0.0	5.1
1 Jan.–30 June 2009	15.0	– 2.0	0.8	0.1	13.9	0.0	13.9
Net trading income							
1 Jan.–30 June 2010	0.0	0.0	4.9	0.0	4.9	0.0	4.9
1 Jan.–30 June 2009	2.1	0.0	8.9	0.0	11.0	0.0	11.0
Net income from non-current financial assets							
1 Jan.–30 June 2010	0.0	0.0	0.9	– 2.2	– 1.3	0.0	– 1.3
1 Jan.–30 June 2009	– 10.1	0.0	0.1	– 1.0	– 11.0	0.0	– 11.0
Administrative expenses							
1 Jan.–30 June 2010	– 21.9	– 1.6	– 23.3	– 2.2	– 49.0	0.0	– 49.0
1 Jan.–30 June 2009	– 18.2	– 2.5	– 21.5	– 1.8	– 44.0	0.0	– 44.0
Net other operating income and expenses							
1 Jan.–30 June 2010	– 9.7	– 2.3	– 0.9	1.2	– 11.7	0.0	– 11.7
1 Jan.–30 June 2009	0.3	0.2	– 2.2	1.7	0.0	0.0	0.0
Profit before tax							
1 Jan.–30 June 2010	38.1	9.2	– 7.8	– 4.0	35.5	0.0	35.5
1 Jan.–30 June 2009	43.0	2.6	0.4	– 1.9	44.1	0.0	44.1
Segment assets							
30 June 2010	18,686.7	3,505.3	5,805.2	153.8	28,151.0	17.3	28,168.3
31 Dec. 2009	17,050.8	0.0	5,498.3	142.3	22,691.4	4,198.1	26,889.5
Segment liabilities							
30 June 2010	371.4	152.0	26,645.9	125.3	27,294.6	2.2	27,296.8
31 Dec. 2009	276.2	0.0	25,441.3	102.0	25,819.5	164.1	25,983.6
RoE in %							
30 June 2010	9.8%	> 100%	< 0%	< 0%	7.2%	0.0	7.2%
31 Dec. 2009	12.1%	5.2%	0.9%	< 0%	9.3%	0.0	9.3%
CIR in %							
30 June 2010	21.1%	> 100%	> 100%	> 100%	41.3%	0.0	41.3%
31 Dec. 2009	20.2%	32.1%	98.6%	> 100%	36.6%	0.0	36.6%

Notes on the segment reporting:

- As in the annual financial statements as at 31 December 2009, the non-attributable items in segment assets and liabilities were recognised under Services.
- Segment liabilities are reduced by equity.
- Variations from the income statement may occur due to rounding differences.
- Return on equity (RoE) corresponds to the ratio of profit before tax (before addition to reserves) to the average of the relevant equity components
- The cost/income ratio (CIR) corresponds to the ratio of administrative expenses to total income (before the allowance for losses on loans and advances)

There are no measurement differences between the segment reporting and the items in the consolidated balance sheet and the consolidated income statement.

As a result of reclassifications (see Note 2) relating to the IFRS 5 disclosures, the adjustments made are presented in the following table:

Consolidated income statement (IFRSs) in € million 1 Jan. 2009–30 June 2009	Profit/loss from discontinued operations before reclassification	IFRS 5 reclassifications	Profit/loss from discontinued operations after reclassification
Net interest income	8.3	– 8.3	0.0
Allowance for losses on loans and advances	– 2.7	2.7	0.0
Net fee and commission income	– 2.0	2.0	0.0
Net trading income	0.0	0.0	0.0
Net income from non-current financial assets	0.0	0.0	0.0
Administrative expenses	– 2.5	2.5	0.0
Net other operating income and expenses	0.2	– 0.2	0.0
Profit before tax	1.3	– 1.3	0.0

The profits/losses from discontinued operations reported as at 30 June 2009 were reclassified to the Private Customers segment.

Balance Sheet Disclosures

14. Loans and advances to banks

	30 June 2010 € million	31 Dec. 2009 € million
Loans and advances to banks		
– Loans	557.2	393.4
– Other receivables	691.9	298.2
Total	1,249.1	691.6
of which:		
– to banks in Germany	923.2	551.9
– to banks abroad	325.9	139.7

15. Loans and advances to customers

By counterparty:

	30 June 2010 € million	31 Dec. 2009 € million
Loans and advances to customers		
– Corporate customers	15,504.3	14,148.5
– Public sector entities	1,320.3	1,569.0
– Private customers	4,902.5	1,277.1
Total	21,727.1	16,994.6
of which:		
– to customers in Germany	9,471.6	6,213.0
– to customers abroad	12,255.5	10,781.6

16. Loan volume

	30 June 2010 € million	31 Dec. 2009 € million
Continuing operations		
– Loans and receivables	1,019.6	641.0
– Assets designated as at fair value through profit or loss	133.4	149.1
Loans to customers		
– Loans and receivables	21,727.1	16,994.6
– Assets designated as at fair value through profit or loss	222.2	384.5
Contingent liabilities	874.5	845.7
Loan volume before allowance for losses on loans and advances	23,976.8	19,014.9
Allowance for losses on loans and advances	– 311.8	– 265.7
Loan volume after allowance for losses on loans and advances	23,665.0	18,749.2

The loan volume is composed of loans to customers, loans to banks and contingent liabilities. In contrast to loans and advances to banks, the loan volume does not include money market transactions. There were no money market transactions with customers.

17. Allowance for losses on loans and advances/Provisions for contingent liabilities

	30 June 2010 € million	31 Dec. 2009 € million
Allowance for losses on loans and advances	287.2	262.6
Provisions for contingent liabilities	24.6	3.1
Total	311.8	265.7

18. Financial assets held for trading

	30 June 2010 € million	31 Dec. 2009 € million
Positive fair values of derivative financial instruments	1,222.8	765.6
Other trading portfolios	183.7	187.0
Total	1,406.5	952.6

Financial assets held for trading comprise positive fair values from derivative financial instruments that do not qualify for hedge accounting in accordance with IAS 39, as well as other trading portfolios containing loans subject to syndication requirements.

19. Fair values of derivative hedging instruments

	30 June 2010 € million	31 Dec. 2009 € million
Positive fair values from Micro fair value hedge accounting	287.2	144.1
Positive fair values from Portfolio (macro) fair value hedge accounting	386.7	229.0

This item comprises positive and negative fair values of derivatives that are deployed for hedging and qualify for use in hedge accounting in accordance with IAS 39. The Bank almost exclusively uses interest rate swaps as hedging instruments.

20. Financial assets designated at fair value through profit or loss

	30 June 2010 € million	31 Dec. 2009 € million
Loans and advances to customers	222.2	384.5
Loans and advances to banks	133.4	149.1
Bonds and other fixed-income securities		
Bonds and notes	55.2	52.6
of which:		
– publicly traded	55.2	52.6
– issued by other issuers	55.2	52.6
Total	410.8	586.2

21. Non-current financial assets

	30 June 2010 € million	31 Dec. 2009 € million
AfS non-current financial assets		
Bonds and other fixed-income securities	2,821.3	3,068.9
of which:		
– publicly traded	2,821.2	3,068.8
Shares and other non-fixed-income securities	19.0	15.4
Other investees	3.3	3.3
Shares in companies accounted for using the equity method	1.0	1.0
Investment property	2.8	2.8
Total	2,847.4	3,091.4

22. Property and equipment

	30 June 2010 € million	31 Dec. 2009 € million
Land and buildings	1.0	1.0
Office and operating equipment	1.7	2.2
Total	2.7	3.2

23. Intangible assets

	30 June 2010 € million	31 Dec. 2009 € million
Software		
– Internally generated	0.2	0.3
– Purchased	3.3	4.0
Total	3.5	4.3

24. Tax receivables

	30 June 2010 € million	31 Dec. 2009 € million
Current tax receivables	0.7	0.7
Deferred tax assets	395.7	366.1
Total	396.4	366.8

25. Deposits from banks

	30 June 2010 € million	31 Dec. 2009 € million
Deposits from German banks	6,300.9	6,346.0
Deposits from foreign banks	122.7	14.4
Total	6,423.6	6,360.4

26. Deposits from customers

By counterparty:

	30 June 2010 € million	31 Dec. 2009 € million
Corporate customers	7,056.5	6,754.3
Public sector entities	101.1	104.2
Private customers	0.2	5.2
Total	7,157.8	6,863.7
of which:		
– customers in Germany	6,944.1	6,839.6
– customers abroad	213.7	24.1

27. Securitised liabilities

	30 June 2010 € million	31 Dec. 2009 € million
Bonds issued	8,541.9	8,190.0
Total	8,541.9	8,190.0

28. Financial liabilities held for trading

	30 June 2010 € million	31 Dec. 2009 € million
Negative fair values of derivative financial instruments	1,482.1	856.8
Total	1,482.1	856.8

Financial liabilities held for trading exclusively comprise negative fair values from derivative financial instruments that do not qualify for hedge accounting in accordance with IAS 39 (economic hedging relationships).

29. Liability recognised for fair value changes of hedged items in portfolio hedge of interest rate risk

	30 June 2010 € million	31 Dec. 2009 € million
Liability recognised for fair value changes of hedged items in portfolio hedge of interest rate risk	0.9	1.0

This balance sheet item contains the amortisation of hedged liability items that were previously allocated to portfolio fair value hedge accounting. Portfolio hedge accounting was discontinued in November 2008.

30. Financial liabilities designated at fair value through profit or loss

	30 June 2010 € million	31 Dec. 2009 € million
Deposits from banks	84.7	81.6
Deposits from customers	2,057.2	2,051.2
Securitised liabilities	198.7	202.4
Total	2,340.6	2,335.2

31. Provisions

	30 June 2010 € million	31 Dec. 2009 € million
Provisions for pensions and similar obligations	26.0	21.3
Other provisions	68.1	35.0
Total	94.1	56.3

32. Tax liabilities

	30 June 2010 € million	31 Dec. 2009 € million
Current tax payables	2.5	3.3
Deferred tax liabilities	340.6	343.3
Total	343.1	346.6

33. Subordinated capital

	30 June 2010 € million	31 Dec. 2009 € million
Subordinated liabilities	237.1	240.8
of which:		
– deferred interest	6.9	6.1
Profit participation certificates outstanding	243.9	236.1
of which:		
– deferred interest	22.9	15.3
Total	481.0	476.9

34. Non-current assets held for sale and liabilities associated with non-current assets held for sale (IFRS 5)

	30 June 2010 € million	31 Dec. 2009 € million
Non-current assets held for sale		
– Loans and advances to customers	14.5	4,203.9
– Allowance for losses on loans and advances	– 1.4	– 10.0
– Non-current financial assets	4.2	4.2
Total	17.3	4,198.1
Non-current liabilities associated with non-current assets held for sale		
– Deposits from banks	2.0	161.4
– Deposits from customers	0.2	0.2
– Provisions	0.0	2.5
Total	2.2	164.1

For details, please refer to Note 3 “Items accounted for in accordance with IFRS 5”.

Supplementary Disclosures

35. Derivative financial instruments

The portfolio of derivative financial instruments is composed of the following items:

Presentation of volumes at reporting date

€ million	Notional amounts		Positive fair values		Negative fair values	
	30 June 2010	31 Dec. 2009	30 June 2010	31 Dec. 2009	30 June 2010	31 Dec. 2009
Interest rate products						
Interest rate swaps	30,446.2	27,408.8	1,478.3	877.2	1,201.6	784.1
Interest rate options	2,062.3	1,674.7	6.7	6.8	282.4	183.9
– Calls	(210.9)	(208.5)	(6.7)	(6.8)	(0.0)	(0.0)
– Puts	(1,851.4)	(1,466.2)	(0.0)	(0.0)	(282.4)	(183.9)
Caps, floors	1,739.0	1,504.1	6.8	8.3	6.8	8.3
Interest rate products Total	34,247.5	30,587.6	1,491.8	892.3	1,490.8	976.3
Currency products						
Currency forwards	5,066.0	4,523.0	15.7	16.8	353.3	90.2
Currency swaps	203.0	75.8	2.5	0.6	12.1	0.7
Currency products Total	5,269.0	4,598.8	18.2	17.4	365.4	90.9
Cross-currency products						
Cross-currency swaps	71.6	65.9	0.0	0.0	12.5	18.6
Cross-currency products Total	71.6	65.9	0.0	0.0	12.5	18.6
Derivative transactions Total	39,588.1	35,252.3	1,510.0	909.7	1,868.7	1,085.8

36. Contingencies and commitments

Contingencies and commitments are potential future liabilities and obligations of the WestImmo Group resulting from the lending business and from limited-term lines of credit extended to our customers but not yet drawn down.

	30 June 2010 € million	31 Dec. 2009 € million
Contingent liabilities		
– from guarantees and warranty agreements	874.5	845.7
Other commitments		
– irrevocable loan commitments	677.0	912.8

Recognised provisions take adequate account of contingent liabilities in connection with risks related to the lending business.

37. Securities repurchase agreements

	30 June 2010 € million	31 Dec. 2009 € million
Borrower under securities repurchase agreements (repos)		
Deposits from banks	1,614.5	1,690.7
Deposits from customers	199.9	0.0
Total	1,814.4	1,690.7

Deposits from banks amounting to €215.0 million (previous year: €1,409.2 million) relate to WestLB AG.

38. Selected disclosures in accordance with IFRS 7

	1 Jan.–30 June 2010 € million	1 Jan.–30 June 2009 € million
Interest income from		
– Loans and receivables (LaR)	422.2	400.9
– Financial assets at fair value through profit or loss:		
– classified as held for trading	272.7	464.3
– designated upon initial recognition	15.2	15.2
– available-for-sale financial assets (AFS)	103.1	72.6
Total	813.2	953.0
Interest expenses from		
– Financial liabilities at fair value through profit or loss:		
– classified as held for trading	341.4	446.7
– designated upon initial recognition	46.5	46.5
– Financial liabilities measured at amortised cost (FLAC)	304.8	364.6
Total	692.7	857.8
Net interest income	120.5	95.2

39. Letter of comfort

Apart from political risk, WestImmo ensures in the amount of its 100% interest that WIB Real Estate Finance Japan K. K., Tokyo, is able to meet its obligations. The total amount for which it is liable is unlimited.

40. Disclosures in accordance with section 28 of the Pfandbriefgesetz

The disclosures to be published each quarter in accordance with section 28 of the *Pfandbriefgesetz* (German Pfandbriefe Act) are available on our website at www.westimmo.com under “Investor Relations”.

41. Members of the Supervisory Board and the Managing Board

Supervisory Board

Hubert Beckmann Chairman
Deputy Chairman of the Managing Board
WestLB AG

Dr. Hans-Jürgen Niehaus Deputy Chairman
Member of the Managing Board
WestLB AG

Raimund Bär
Chairman of the Staff Council
Westdeutsche ImmobilienBank AG

Michael Breuer
President
Savings Banks and Giro Association of the Rhineland

Dr. Rolf Gerlach
President
Savings Banks and Giro Association of Westphalia-Lippe

Thomas Groß
Member of the Managing Board
WestLB AG

Gerhard Heilgenberg
Senior Principal
Finance Ministry of the State of North Rhine-Westphalia

Hendrik Hering
Minister
Ministry for Economics, Transport, Agriculture and Viticulture of Rhineland-Palatinate

Matthias Wargers
Head of Group Development
WestLB AG
(until 15 February 2010)

Peter Minhorst
Head of Group Development
WestLB AG
(since 10 May 2010)

Managing Board

Dr. Peter Knopp

Chairman of the Managing Board

Claus-Jürgen Cohausz

Member of the Managing Board

Member of the Managing Board for Front Office

Rainer Spielmann

Member of the Managing Board

Member of the Managing Board for Credit Management, Risk Management, Property Valuation and Research, Accounting and Financial Reporting

42. Events after the reporting date

There were no events of particular significance after the half-yearly reporting date of 30 June 2010.

Responsibility Statement


English translation

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

Mainz, 20 August 2010



Dr. Peter Knopp



Claus-Jürgen Cohausz



Rainer Spielmann



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