

Interim Report as at 30 June 2008

in accordance with International Financial Reporting Standards (IFRSs)

Restated Key Figures for the Group

English translation

	1 Jan.–30 June 2008 € million	1 Jan.–30 June 2007 € million	Change € million	%
Income Statement				
Net interest income	84.4	77.1	7.3	9.5
Allowance for losses on loans and advances	- 10.0	28.7	- 38.7	< 100.0
Net interest income after allowance for losses on loans and advances	74.4	105.8	- 31.4	- 29.7
Net fee and commission income	18.8	9.1	9.8	> 100.0
Net trading income	9.5	4.7	4.7	> 100.0
Net income from non-current financial assets	1.5	- 5.8	7.3	< 100.0
Administrative expenses	40.9	38.0	2.9	7.6
Profit before tax	60.6	80.9	- 20.3	- 25.1
Income taxes	0.1	26.1	- 26.0	- 99.5
Profit/loss from discontinued operations and non-current assets held for sale, net of tax	0.5	- 0.7	1.1	< 100.0
Consolidated profit for the period	51.0	46.1	5.0	10.8

	30 June 2008 € million	31 Dec. 2007 € million	Change € million	%
Balance Sheet				
Total assets	23,784.9	23,827.1	- 42.2	- 0.2
Loan volume after allowance for losses on loans and advances***	20,379.6	20,267.1	112.5	0.6
Equity	941.9	915.9	26.0	2.8

	30 June 2008	31 Dec. 2007	Change € million	%
Key Figures				
BIS core capital (in € million)	906.3	865.9	40.4	4.7
BIS core capital ratio (in %)	7.4	6.7	0.7	10.4

	30 June 2008 %	30 June 2007 %	Change € million	%
Cost/income ratio**	36.6	37.1	- 0.5	- 1.3
Return on equity before taxes*/**	13.6	19.6	- 6.0	- 30.6
Return on equity after taxes*/**	11.4	11.3	0.1	0.9

	30 June 2008	31 Dec. 2007	Change	%
Employees				
Total	518	499	19	3.8

* The return on equity figures were calculated on the basis of the Bank's balance sheet equity.

** Extrapolated for the year as a whole.

*** including discontinued operations, non-current assets held for sale and non-current liabilities associated with non-current assets held for sale

Proven continuity in a volatile market environment

Dear Clients,

Westdeutsche ImmobilienBank AG – WestImmo – continued its successful path in the first six months of 2008, with Group profit up 11% year-on-year to €51.0 million.

The Bank systematically exploited opportunities in its core markets and again demonstrated continuous growth in the first half of 2008 against the background of the global economic slowdown, which is mainly due to the effects of the financial market crisis and increased commodities prices. Net interest income rose by 9.5% to €84.4 million, while net fee and commission income doubled to €18.8 million. As expected, profit before tax of €60.6 million exceeded forecasts but was below the previous year's figure, which contained the reversal of an allowance for losses on loans and advances in the amount of €28.7 million. Like all other market players, WestImmo has been impacted by the financial market crisis, which had led to an overall change in the financial market environment. The Bank was not affected by the subprime market, as it had neither direct nor indirect investments in this segment.

As an experienced partner for real estate investments, WestImmo uses its country-specific expertise to help its customers enter the markets in Europe, America and Asia that are relevant to them. In this context, the continued expansion of our international presence at a local level has proven particularly useful: for example, we expanded the volume of commercial real estate financing in Central and Eastern Europe via our branches in Warsaw and Prague, which were founded in 2007. These countries in particular are still benefiting from above-average economic growth and offer attractive investment conditions.

The Bank's business in Asia, which is managed by the Tokyo subsidiary founded at the end of 2007, also experienced a significant boost.

At the same time, we improved our market position in our important German core market. Cooperation with the savings banks was especially encouraging, and collaboration with these institutions will be strengthened in the second half of 2008 using additional measures such as expanding our refinancing offering and participating in loan transactions.



Dr. Peter Knopp
Chairman of the Managing Board

However, the economic slowdown is also having a significant impact on the real estate markets. WestImmo adjusted to the changed market environment and responded to the situation by pursuing a conservative risk policy. In addition, the Bank's financial activities focus on prime commercial real estate in good locations.

WestImmo committed €3.3 billion (previous year: €3.8 billion) in new real estate loans despite the deterioration in the market environment. At 68%, loans again focused on international commercial real estate (previous year: 59%). We recorded growth in Central Europe, Japan and the USA in particular. In contrast, our activities in Great Britain, Spain and France were dampened by the weak markets there and by the deterioration in market conditions. National commercial financing accounted for 23% (previous year: 32%), while private residential financing accounted for 9% of new business, as in the previous year.

We improved our management tools for new business and enhanced our measures to optimise our loan portfolio in the first half of 2008. The introduction of an interdisciplinary Portfolio Management Committee at the beginning of 2008 has already proven to be the right decision. The Bank's increased agent and arranger activities in the syndication business in the first half of 2008 also led to increased loan placement using the corresponding exit channels by the Capital Markets unit.

At €23.8 billion, total assets matched the prior-year level, while the core capital ratio amounted to 7.4%. WestImmo is on course with a return on equity of 13.6% and a cost/income ratio of 36.6%.

Although the ongoing effects of the financial market crisis on the economy of the individual countries and the end of these difficult times cannot be foreseen with certainty, we expect WestImmo's performance to be in line with forecasts at the end of the year. We are confident that we will meet the targets we have set ourselves for full-year 2008 due to our good market positioning, our commitment and our focus on commercial real estate financing.

Yours sincerely,



Peter Knopp

Chairman of the Managing Board

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Amended Interim Management Report of the Westdeutsche ImmobilienBank Group

The Interim Management Report of the Westdeutsche ImmobilienBank Group dated 22 August 2008 was amended subsequently due to the correction of errors in accordance with IAS 8. The amendments relate to the results of operations and to net assets and refinancing. The corresponding prior-period amounts were restated.

Stable Business Development

In the first half of 2008, Westdeutsche ImmobilienBank AG (WestImmo) pursued its business model while adapting to the changed environment in the financial and real estate markets. In addition to further expanding its market position in Germany and Central European EU member states, the Bank significantly extended its business in the Asia-Pacific region via its Japanese subsidiary, which it founded at the end of 2007. Exit management was stepped up and cooperation within the savings bank group strengthened. The Bank's profit for the first six months of €51.0 million (previous year: €46.1 million) met its earnings forecasts.

The Bank continued its conservative risk policy in the first half of 2008 due to the global economic slowdown and the overheating of specific major real estate markets. Higher margins were implemented in new business, while fee and commission income rose significantly due to the Bank's activities as an arranger and agent.

On 1 January 2008, the Bank received approval to apply the IRBA approach in accordance with Basel II to its German and foreign investor business. This represented regulatory approval for the risk and price measurement systems introduced by the Bank in recent years. The Group's business activities are largely dominated by the Bank. The remaining subsidiaries' activities are not material for the Group's results.

Economic and Market Trends

The economic trend in the euro zone was positive at first, driven primarily by strong growth in Germany, but slowed in the second quarter of 2008 due to the effects of the financial market crisis, the strong euro and the impact of the sharp increase in commodities prices. At mid-year, the inflation rate in Germany had reached its highest point since 1993.

In this macroeconomic environment, the situation on the European real estate markets is also starting to cloud over. Whereas the German, French and Central European markets are seeing significant declines in transaction volumes and initial price corrections, but no signs of a crisis yet, the sharp price correction in residential real estate in the United Kingdom and Spain also negatively impacted the commercial real estate market in those countries. The price corrections have already largely run their course in the United Kingdom, whereas they have only been partially implemented in Spain to date. If economic fundamentals continue to deteriorate, we expect declining rental prices and increasing vacancies in both

countries. For the other European commercial real estate markets, we are anticipating moderate rental growth at best and stable or slightly recovering real estate returns. The real estate markets in Central and Eastern Europe in particular are still benefiting from economic growth that is significantly above the EU average. Decreasing vacancy rates, increasing rents and improved investment opportunities in regional submarkets outside the capital cities are ensuring continued high levels of investor interest.

The US economy slowed significantly over the first half of 2008. Falling house prices, weak stock markets and increased energy costs had a negative impact on consumer behaviour. Although established office locations have not yet experienced declining rents, the collapse of the CMBS (commercial mortgage-backed securities) market and the reluctance of American banks to grant new real estate loans led to lower transaction volumes, meaning the previous top prices could no longer be obtained. Equity-rich investors in particular are taking advantage of the improved investment conditions, thereby stabilising the market for prime commercial real estate.

The Japanese economy is also slowing due to the financial market crisis and increased commodities prices. Although the commercial real estate market is not considered to be overheated, initial price corrections were seen – especially in non-central locations. By contrast, international investors' demand for high-quality Japanese real estate remains high.

Despite the ongoing financial market crisis, the Bank was able to obtain sufficient liquidity at all times by placing Pfandbriefe with a AAA rating and unsecured bonds, although refinancing costs were significantly higher.

Focused New Business and Exit Management

WestImmo adapted to the changed market environment in the first half of 2008, reducing its volume of new loan commitments to €3.3 billion (previous year: €3.8 billion). At the same time, the quality and profitability of its new business improved further compared to the previous year, leading to a positive impact on the Bank's loan portfolio. Commercial real estate financing in Germany, Central Europe, Japan and the USA recorded significant year-on-year increases. The Bank reduced its new business in Spain and the United Kingdom due to the weak markets there. This also applies to the French market, where the Bank's return targets were only partially achieved due to ongoing tough competition among banks. New business in the USA and Japan was expanded, significantly improving the risk/return ratios to the Bank's benefit.

The Bank also successfully structured and placed consortium finance deals in the market in the first half of 2008. At the same time, the management tools for both new business and portfolio optimisation were enhanced. The Bank is not planning any new securitisation transactions in the current market environment.

WestImmo expanded its cooperation with the savings banks in the first half of 2008. As the mortgage bank within the savings bank group, it positions itself as the reliable partner for the joint financing of commercial real estate deals brokered by both parties. Both the number of savings banks that collaborate actively with WestImmo and the volume brokered by both sides have increased encouragingly.

The German market for private residential financing via brokers, the Internet and direct banking continues to be dominated by aggressive price competition. In spite of this, the Bank's new business of €306 million remained at approximately the same level as the previous year, and profitability requirements were also met, due to its attractive product offering in line with market conditions as well as to its efficient settlement platform. The profit generated by the Real Estate Joint Ventures department, through which the Bank is involved in its customers' development projects, exceeded forecasts slightly due to successful property sales in the first half of 2008. At the same time, three new development projects were started and cooperation with the savings banks was strengthened.

All in all, international financing accounted for a majority of new business, at 68% (previous year: 59%). National commercial real estate financing accounted for 23% and private residential construction for 9% of total new business.

Investments

After the planned consolidation of its strategic investments in previous years, the Bank still has the following companies grouped under the umbrella of Westdeutsche ImmobilienHolding GmbH: WestGkA Management Gesellschaft für kommunale Anlagen mbH, WestProject & Consult Gesellschaft für Projektentwicklung und Consulting mbH and Alvaris GmbH. The development projects that are still part of the investees' portfolio are being wound up according to plan and gradually sold off. This allowed the Bank to further streamline its investment portfolio and concentrate on its core business areas in the first half of 2008.

Results of Operations

WestImmo increased its net interest income by 9.4% year-on-year to €84.4 million. Net fee and commission income doubled compared with the previous year due to the significant increase in fee and commission income from the lending business. Administrative expenses amounted to €40.9 million, a moderate increase over the prior-year figure. Net other operating income and expenses amounted to €-2.6 million, following €5.2 million in the previous year, mainly due to the drop in subsidiaries' sales. The allowance for losses on loans and advances as at 30 June 2008 amounted to €10.0 million, whereas a reversal of €28.7 million was recorded as at this date in the previous year. All identifiable risks were taken into account adequately.

In the first half of 2008, the Bank made a decision regarding the planned sale of its Private Customers business area. This achieved a net profit of €0.5 million, while a net figure of €-0.7 million was generated in the prior-year period.

The WestImmo Group recorded a profit before tax of €60.6 million as at 30 June 2008, down 25.1% year-on-year due mainly to higher risk costs. The Bank met its strategic targets by generating a return on equity of 13.6% and a cost/income ratio of 36.6%.

Net Assets and Refinancing

At €23.8 billion, the Group's total assets remained at the prior-year level. €4.2 billion is attributable to non-current assets held for sale and €143.0 million to liabilities associated with non-current assets held for sale. The reduction in loans and advances to customers is largely due to the separate presentation of the assets held for sale. The Bank's issuing activities were up year-on-year in the first half of 2008 despite the impact of the financial market crisis. In addition to issuing mortgage Pfandbriefe, the Bank once again issued a significant volume of unsecured paper in the amount of €873 million for the first time since the Gewährträgerhaftung (Guarantee Obligation) was abolished.

Risk Report

The Group utilised €444.6 million in economic capital as at the reporting date, €51.2 million below the specified limit of €495.8 million. In line with the Bank's business strategy, 84.8% or €377.2 million of this capital utilisation relates to credit risks (counterparty risk).

The value-at-risk (VaR) limit for WestImmo's market risk remained unchanged at €7.7 million in the period under review, based on a confidence level of 99% and an assumed holding period of one day. Utilisation averaged 51.2% in the reporting period. The VaR limit was reduced to €6.9 million as at the end of the first half of 2008. The limits for market, investment and operational risk were complied with in the first half of the year.

Report on Post-balance Sheet Date Events

There were no events having a material affect on the Group's results or position in the first half of 2008 in the period from 1 July to 22 August 2008.

Outlook

Almost all of the Bank's target countries have experienced an economic downturn due to the financial market crisis and the sharp increase in commodities prices. We are expecting a noticeable economic slowdown for Germany and the rest of the euro zone in the second half of 2008 and in 2009, but no slide into recession.

We are also predicting weak economic development, but no strong negative growth, in the USA. We expect the Fed to start raising interest rates slightly in the second half of 2008 in light of the high inflation rate.

WestImmo will continue to focus its new business in Germany and abroad on transactions with an appropriate risk/return profile, and will look to increase its overall profitability rather than merely pursue volume growth. The Bank does not plan to enter new international markets above and beyond its existing target countries in 2008. It will expand its cooperation with the savings banks by providing a greater range of package syndications, pooled issues and additional process improvements in the syndicated loan business.

In consultation with WestImmo's Supervisory Board, the Managing Board has resolved to reposition the Private Customers business area; as far as possible, this should take place within the savings bank group. This department has been unable to fully utilise its potential at WestImmo due to a lack of cross-selling opportunities with the Bank's other departments and the inability to refinance itself through deposits. The goal is to make this possible by providing for a suitable group of owners. WestImmo's strategic orientation going forward will focus on the commercial investor business in Germany and abroad.

We are expecting to see positive and stable development at the Group and to achieve our targets as at the end of the year.

Mainz, 10 December 2008



Peter Knopp



Claus-Jürgen Gohausz



Rainer Spielmann

Restated Interim Condensed Consolidated Financial Statements

English translation

Restated Income Statement

	Note	1 Jan.–30 June 2008 €	1 Jan.–30 June 2007 €	Change €	%
Interest (and similar income)		1,072,136,713.79	922,902,441.55	149,234,272.24	16.2
Interest (and similar expense)		987,733,429.30	845,761,511.34	141,971,917.96	16.8
Net interest income	(10)	84,403,284.49	77,140,930.21	7,262,354.28	9.4
Allowance for losses on loans and advances	(11)	- 9,989,978.59	28,699,566.78	- 38,689,545.37	< 100.0
Net interest income after allowance for losses on loans and advances		74,413,305.90	105,840,496.99	- 31,427,191.09	- 29.7
Fee and commission income		21,239,153.23	11,135,387.21	10,103,766.02	90.7
Fee and commission expense		2,420,166.11	2,082,594.60	337,571.51	16.2
Net fee and commission income	(12)	18,818,987.12	9,052,792.61	9,766,194.51	> 100.0
Net trading income	(13)	9,467,359.26	4,724,062.53	4,743,296.73	> 100.1
Net income from non-current financial assets	(14)	1,496,177.88	- 5,822,721.05	7,318,898.93	< 100.0
Administrative expenses	(15)	40,941,480.84	38,046,167.11	2,895,313.73	7.6
Net other operating income and expenses	(16)	- 2,644,677.79	5,176,115.87	- 7,820,793.66	< 100.0
Profit before tax		60,609,671.53	80,924,579.84	- 20,314,908.31	- 25.1
Current income taxes		139,367.96	26,107,028.23	- 25,967,660.27	- 99.5
Deferred taxes		9,909,694.83	8,095,525.73	1,814,169.10	22.4
Profit/loss of WestImmo		50,560,608.74	46,722,025.88	3,838,582.86	8.2
Profit/loss from discontinued operations and non-current assets held for sale, net of tax	(37)	482,047.64	- 659,104.40	1,141,152.04	< 100.0
Consolidated profit for the period		51,042,656.38	46,062,921.48	4,979,734.90	10.8
of which:					
- attributable to WestImmo shareholders		51,448,761.58	46,842,724.29	4,606,037.29	9.8
- losses attributable to minority interest		- 406,105.20	- 779,802.81	373,697.61	- 47.9

Restated Balance Sheet

English translation

Assets

	Note	30 June 2008 €	31 Dec. 2007 €	Change €	%
Cash and balances with central banks		2,659,932.85	29,030,187.77	- 26,370,254.92	- 90.8
Loans and advances to banks	(17)	1,157,024,186.13	1,312,550,053.36	- 155,525,867.23	- 11.8
Loans and advances to customers	(18)	13,809,757,095.11	17,855,040,996.37	- 4,045,283,901.26	- 22.7
Allowance for losses on loans and advances		- 199,410,942.76	- 205,582,003.19	6,171,060.43	- 3.0
Financial assets held for trading	(21)	398,407,267.90	302,921,811.94	95,485,455.96	31.5
Positive fair values of derivative hedging instruments	(22)	56,512,477.64	34,583,163.11	21,929,314.53	63.4
Financial assets designated at fair value through profit or loss	(23)	1,129,525,874.72	1,261,946,940.45	- 132,421,065.73	- 10.5
Non-current financial assets	(24)	2,885,571,587.96	2,920,991,304.31	- 35,419,716.35	- 1.2
Property and equipment	(25)	4,336,943.73	4,625,087.30	- 288,143.57	- 6.2
Intangible assets	(26)	6,281,742.37	7,238,874.28	- 957,131.91	- 13.2
Tax receivables	(27)	178,321,207.78	189,546,172.59	- 11,224,964.81	- 5.9
Other assets		111,012,333.76	114,160,865.19	- 3,148,531.43	- 2.8
Discontinued operations and non-current assets held for sale	(38)	4,244,877,830.85	0.00	4,244,877,830.85	-
Total assets		23,784,877,538.04	23,827,053,453.48	- 42,175,915.44	- 0.2

Equity and Liabilities

	Note	30 June 2008 €	31 Dec. 2007 €	Change €	%
Deposits from banks	(28)	4,960,600,283.49	4,821,644,366.29	138,955,917.20	2.9
Deposits from customers	(29)	5,419,094,942.70	5,119,985,028.85	299,109,913.85	5.8
Securitised liabilities	(30)	8,926,416,237.63	9,763,276,661.11	- 836,860,423.48	- 8.6
Financial liabilities held for trading	(31)	535,072,451.73	400,390,093.07	134,682,358.66	33.6
Negative fair values of derivative hedging instruments	(22)	124,674,136.76	126,206,507.92	- 1,532,371.16	- 1.2
Liability recognised for fair value changes of hedged items in portfolio hedge of interest rate risk	(32)	- 6,344,813.93	- 4,668,707.99	- 1,676,105.94	35.9
Financial liabilities designated at fair value through profit or loss	(33)	1,879,303,494.51	1,789,475,491.02	89,828,003.49	5.0
Provisions	(34)	78,817,744.99	83,426,224.61	- 4,608,479.62	- 5.5
Tax liabilities	(35)	173,900,122.04	178,213,588.87	- 4,313,466.83	- 2.4
Other liabilities		37,849,377.44	72,378,870.67	- 34,529,493.23	- 47.7
Subordinated capital	(36)	570,569,559.57	560,816,577.34	9,752,982.23	1.7
Non-current liabilities associated with discontinued operations and non-current assets held for sale	(38)	143,011,937.12	0.00	143,011,937.12	-
Equity		941,912,063.99	915,908,751.72	26,003,312.27	2.8
- 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		76,968,650.68	29,667,439.43	47,301,211.25	> 100.0
- Revaluation reserve		- 32,134,448.56	- 6,803,756.10	- 25,330,692.46	> 100.0
- Actuarial gains and losses on pension obligations		5,565,184.93	3,860,791.69	1,704,393.24	44.1
- Distribution to shareholders		0.00	- 43,726,318.85	43,726,318.85	- 100.0
- Consolidated profit for the period		51,042,656.38	92,053,710.92	- 41,011,054.54	- 44.6
Total before minority interest		944,812,157.50	918,421,981.16	26,390,176.34	2.9
- Minority interest		- 2,900,093.51	- 2,513,229.44	- 386,864.07	15.4
Total equity and liabilities		23,784,877,538.04	23,827,053,453.48	- 42,175,915.44	- 0.2

1. Condensed statement of changes in equity

	2008 € million	2007 € million
Equity at 1 January*	915.9	867.6
Changes***		
– Retained earnings	47.3	– 0.4
– Revaluation reserve (change in AfS financial instruments)	– 36.8	– 4.8
– Actuarial gains and losses on pension obligations	2.3	0.0
– Gains and losses on non-current assets held for sale and non-current liabilities associated with non-current assets held for sale recognised directly in equity	0.0	9.2
– Deferred taxes on items recognised directly in equity	11.0	1.9
– Appropriation of net retained profits/retention	– 92.1	– 4.6
– Distribution to shareholders	43.7	0.0
– Consolidated profit for the period**/*****	51.0	46.1
– Minority interest****	– 0.4	0.0
Restated Equity at 30 June	941.9	915.0

* As part of the restatements in accordance with IAS 8, the opening balance of equity as at 1 January 2008 was increased by €23.9 million and the opening balance of equity as at 1 January 2007 was reduced by €20.0 million.

** Based on Westdeutsche ImmobilienBank AG's share capital of €400 million, which is composed of 4.0 million registered no-par value shares, notional earnings per share amounted to €12.76. All shares are held by WestLB AG.

*** Unchanged items are not presented.

**** Changes in minority interest from the attribution of the profit for the period are included in consolidated profit for the period.

***** Consolidated profit for the first half of 2007 and 2008 was restated to reflect the restatements in the income statement (see also Note 5 "Correction of errors in accordance with IAS 8").

Further corrections of errors are presented in Note 4 „Correction of errors in accordance with IAS 8.

2. Condensed statement of recognised income and expense

	1 Jan.–30 June 2008 € million	1 Jan.–30 June 2007 € million
Consolidated profit for the period	51.0	46.1
Net income and expense recognised directly in equity*	– 23.5	– 2.9
Change in the revaluation reserve (change in AfS financial instruments)	– 36.8	– 4.8
Change in actuarial gains and losses on pension obligations	2.3	0.0
Change in deferred taxes on items recognised directly in equity	11.0	1.9
Income and expense recognised for the period of which:	27.5	43.2
– attributable to WestImmo shareholders	27.9	44.0
– losses attributable to minority interest	– 0.4	– 0.8

* The change in the revaluation reserve (change in AfS financial instruments) is due primarily to the adverse situation on the capital markets at the balance sheet date and its effect on the securities portfolio. The negative changes in value of the securities are not considered to be permanent. The changes in the value of securities are partly counteracted by offsetting effects from deferred taxes.

Condensed Cash Flow Statement

Continuing operations

	1 Jan.–30 June 2008 € million	1 Jan.–30 June 2007 € million
Cash and cash equivalents at 1 January	29.0	11.9
Cash flows from operating activities	133.7	251.6
Cash flows from investing activities	– 28.1	– 16.0
Cash flows from financing activities	– 55.8	– 15.1
Change in cash and cash equivalents from exchange rate movements, changes in Group structure and remeasurement	– 1.8	5.5
Cash and cash equivalents at 30 June	77.0	237.9

Discontinued operations

	1 Jan.–30 June 2008 € million	1 Jan.–30 June 2007 € million
Cash flows from operating activities	– 74.3	– 226.3
Cash flows from investing activities	0.0	0.0
Cash flows from financing activities	0.0	0.0
Changes in cash and cash equivalents	– 74.3	– 226.3

The cash flow statement shows the composition of and changes in cash and cash equivalents during the first half of 2008. Cash flows are classified by operating, investing and financing activities. The reported cash and cash equivalents correspond to the “cash and balances with central banks” balance sheet item and comprise the “cash” and “balances with central banks” balance sheet accounts. The cash and cash equivalents of €2.7 million in the balance sheet as at 30 June 2008 can be broken down between continuing operations (€77.0 million) and discontinued operations (€– 74.3 million).

In the presentation of the cash flow statement as at 30 June 2008, amounts were subdivided on the basis of IFRS 5 (continuing operations and discontinued operations including non-current assets held for sale).

The decision-usefulness of the cash flow statement for banks must be regarded as low. The cash flow statement does not replace liquidity or financial planning for us and is not used as a management instrument.

Accounting Policies

3. Basis of accounting

We prepared the interim report as at 30 June 2008 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) on the basis of the International Financial Reporting Standards (IFRSs) adopted and published by the International Accounting Standards Board (IASB). In accordance with section 37w (half-yearly financial report) (2) of the *Wertpapierhandelsgesetz* (WpHG – German Securities Trading Act), a half-yearly financial report must contain at least 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). The report complies with the requirements of IAS 34 for interim reports. The reporting currency is the euro. In accordance with section 37w (5) of the WpHG, WestImmo has utilised the option of having its condensed consolidated financial statements and interim management report reviewed by an auditor.

4. Correction of errors in accordance with IAS 8

Because of the identification of accounting errors, the Managing Board resolved, with the approval of the Supervisory Board, to restate the interim consolidated financial statements as at 30 June 2008. The original interim consolidated financial statements and interim management report of the Group were prepared on 22 August 2008. Following the restatements, which were made retrospectively in accordance with IAS 8, the restated interim consolidated financial statements and the amended interim management report of the Group were prepared and issued on 25 November 2008. The restated interim consolidated financial statements and the amended interim management report of the Group were the subject of a supplementary review. The restatements and their effects are described in the following. Notes 5–7 relate to adjustments that had already been made in the original interim consolidated financial statements prepared on 22 August 2008.

The identified errors related in particular to the following items:

- Structured products, borrower's note loans carried as assets and a bearer debt security carried as a liability that were entered into in fiscal year 2005 were initially measured incorrectly for hedge accounting purposes.
- The necessary interest amortisation was not accounted for in the case of zero bonds carried as liabilities in hedge accounting.
- The amount of profit transferred under the terms of a profit/loss transfer agreement that was deducted from consolidated profit for period in the income statement for fiscal year 2007 is now presented separately in equity as a "distribution to the shareholder". As a result, consolidated profit for the period includes the amount to be distributed.
- In the fiscal year ended 31 December 2007, amounts – recognised partly in profit or loss and partly directly in equity – relating to additions included in the computation of deferred taxes for pension provisions were misstated.

As a result of the corrections, the opening balance of equity as at 1 January 2008 was reduced by €23.9 million and the opening balance of equity as at 1 January 2007 by €20 million.

Adjustments were also made as a result of the corrections to the "Services" segment reporting.

The following restatements result for the balance sheets and income statements as at the half-yearly reporting date 30 June 2008, including the corresponding prior-year comparatives:

	Note	1 Jan.–30 June 2008 € Before changes	In accordance with IAS 8 € Total Changes
Interest (and similar income)		1,072,097,314.81	39,398.98
Interest (and similar expense)		984,579,469.71	3,153,959.59
Net interest income	(10)	87,517,845.10	- 3,114,560.61
Allowance for losses on loans and advances		- 9,989,978.59	
Net interest income after allowance for losses on loans and advances		77,527,866.51	- 3,114,560.61
Fee and commission income		21,239,153.23	
Fee and commission expense		2,420,166.11	
Net fee and commission income	(12)	18,818,987.12	
Net trading income	(13)	9,211,464.85	255,894.41
Net income from non-current financial assets	(14)	1,496,177.88	
Administrative expenses	(15)	40,941,480.84	
Net other operating income and expenses	(16)	- 2,644,677.79	
Profit before tax		63,468,337.73	- 2,858,666.20
Current income taxes		139,367.96	
Deferred taxes*		11,207,145.42	- 1,297,450.59
Profit/loss of WestImmo		52,121,824.35	- 1,561,215.61
Profit/loss from discontinued operations and non-current assets held for sale, net of tax	(37)	482,047.64	
Consolidated profit for the period		52,603,871.99	- 1,561,215.61
of which:			
– attributable to WestImmo shareholders		53,009,977.19	- 1,561,215.61
– losses attributable to minority interest		- 406,105.20	

* The reported change to deferred taxes relates to products included in hedge accounting and amortisation of zero bonds.

Assets	Note	30 June 2008 € After changes	30 June 2008 € Before changes
Cash and balances with central banks		2,659,932.85	2,659,932.85
Loans and advances to banks	(17)	1,157,024,186.13	1,155,669,920.15
Loans and advances to customers		13,809,757,095.11	13,809,757,095.11
Allowance for losses on loans and advances		- 199,410,942.76	- 199,410,942.76
Financial assets held for trading		398,407,267.90	398,407,267.90
Positive fair values of derivative hedging instruments		56,512,477.64	56,512,477.64
Financial assets designated at fair value through profit or loss		1,129,525,874.72	1,129,525,874.72
Non-current financial assets		2,885,571,587.96	2,885,571,587.96
Property and equipment		4,336,943.73	4,336,943.73
Intangible assets		6,281,742.37	6,281,742.37
Tax receivables*	(27)	178,321,207.78	177,571,122.57
Other assets		111,012,333.76	111,012,333.76
Non-current assets held for sale		4,244,877,830.85	4,244,877,830.85
Total assets		23,784,877,538.04	23,782,773,186.85

* The reported change to tax receivables relates to products included in hedge accounting and amortisation of zero bonds.

In accordance with IAS 8 € of which deferred taxes	In accordance with IAS 8 € of which P/L transfer	In accordance with IAS 8 € of which structured products in hedges	In accordance with IAS 8 € of which amortisation of zero bonds	1 Jan.–30 June 2008 € After IAS 8 changes
		39,398.98		1,072,136,713.79
		- 108,844.37	3,262,803.96	987,733,429.30
0.00	0.00	148,243.35	- 3,262,803.96	84,403,284.49
				- 9,989,978.59
0.00	0.00	148,243.35	- 3,262,803.96	74,413,305.90
				21,239,153.23
				2,420,166.11
				18,818,987.12
		255,894.41		9,467,359.26
				1,496,177.88
				40,941,480.84
				- 2,644,677.79
0.00	0.00	404,137.76	- 3,262,803.96	60,609,671.53
				139,367.96
		- 1,297,450.59		9,909,694.83
0.00	0.00	1,701,588.35	- 3,262,803.96	50,560,608.74
				482,047.64
0.00	0.00	1,701,588.35	- 3,262,803.96	51,042,656.38
				51,448,761.58
				- 406,105.20

€ Total changes	€ of which deferred taxes	€ of which P/L transfer	€ of which structured products in hedges	€ of which amortisation of zero bonds	%
0.00					0.0%
1,354,265.98			1,354,265.98		0.1%
0.00					0.0%
0.00					0.0%
0.00					0.0%
0.00					0.0%
0.00					0.0%
0.00					0.0%
0.00					0.0%
0.00					0.0%
750,085.21			750,085.21		0.4%
0.00					0.0%
0.00					0.0%
2,104,351.19	0.00	0.00	2,104,351.19	0.00	0.0%

Equity Liabilities	Note	30 June 2008 € After changes	30 June 2008 € Before changes
Deposits from banks	(28)	4,960,600,283.49	4,960,554,735.11
Deposits from customers	(29)	5,419,094,942.70	5,382,098,821.90
Securitised liabilities	(30)	8,926,416,237.63	8,924,328,135.80
Financial liabilities held for trading		535,072,451.73	535,072,451.73
Negative fair values of derivative hedging instruments		124,674,136.76	124,674,136.76
Liability recognised for fair value changes of hedged items in portfolio hedge of interest rate risk		- 6,344,813.93	- 6,344,813.93
Financial liabilities designated at fair value through profit or loss		1,879,303,494.51	1,879,303,494.51
Provisions		78,817,744.99	78,817,744.99
Tax liabilities*	(35)	173,900,122.04	185,399,154.08
Other liabilities		37,849,377.44	37,849,377.44
Subordinated capital		570,569,559.57	570,569,559.57
Non-current assets associated with non-current assets held for sale		143,011,937.12	143,011,937.12
Equity	(1)	941,912,063.99	967,438,451.77
- Subscribed capital		400,000,000.00	400,000,000.00
- Capital reserves		443,370,114.07	443,370,114.07
- Retained earnings		76,968,650.68	100,933,822.85
- Revaluation reserve		- 32,134,448.56	- 32,134,448.56
- Actuarial gains and losses on pension obligations		5,565,184.93	5,565,184.93
- Gains and losses on non-current assets held for sale recognised directly in equity		0.00	0.00
- Distribution to shareholders		0.00	0.00
- Consolidated profit for the period		51,042,656.38	52,603,871.99
Total before minority interest		944,812,157.50	970,338,545.28
- Minority interest		- 2,900,093.51	- 2,900,093.51
Total equity and liabilities		23,784,877,538.04	23,782,773,186.85

* The reported change to tax liabilities relates to products included in hedge accounting and amortisation of zero bonds.

	Note	1 Jan.–30 June 2007 € Before changes	In accordance with IAS 8 € Total Changes
Interest (and similar income)		921,833,140.10	1,069,301.45
Interest (and similar expense)		845,201,426.04	560,085.30
Net interest income	(10)	76,631,714.06	509,216.15
Allowance for losses on loans and advances		28,699,566.78	
Net interest income after allowance for losses on loans and advances		105,331,280.84	509,216.15
Fee and commission income		11,135,387.21	
Fee and commission expense		2,082,594.60	
Net fee and commission income	(12)	9,052,792.61	
Net trading income	(13)	445,662.61	4,278,399.92
Net income from non-current financial assets	(14)	- 5,822,721.05	
Administrative expenses	(15)	38,046,167.11	
Net other operating income and expenses	(16)	5,176,115.87	
Profit before tax*		76,136,963.77	4,787,616.07
Current income taxes		26,107,028.23	
Deferred taxes*		7,763,624.00	331,901.73
Profit/loss of Westlmmo		42,266,311.54	4,455,714.34
Profit/loss from discontinued operations and non-current assets held for sale, net of tax	(37)	- 659,104.40	
Consolidated profit for the period		41,607,207.14	4,455,714.34
of which:			
- attributable to Westlmmo shareholders		42,387,009.95	4,455,714.34
- losses attributable to minority interest		- 779,802.81	0.00

* The reported change to deferred taxes relates to products included in hedge accounting and amortisation of zero bonds.

€ Total changes	€ of which deferred taxes	€ of which P/L transfer	€ of which structured products in hedges	€ of which amortisation of zero bonds	%
45,548.38			45,548.38		0.0%
36,996,120.80			20,432,358.03	16,563,762.77	0.7%
2,088,101.83			2,088,101.83		0.0%
0.00					0.0%
0.00					0.0%
0.00					0.0%
0.00					0.0%
0.00					0.0%
- 11,499,032.04			- 11,499,032.04		- 6.2%
0.00					0.0%
0.00					0.0%
0.00					0.0%
- 25,526,387.78	0.00	0.00	- 8,962,625.01	- 16,563,762.77	- 2.6%
0.00					0.0%
0.00					0.0%
- 23,965,172.17	0.00		- 10,664,213.36	- 13,300,958.81	- 23.7%
0.00					0.0%
0.00					0.0%
0.00					0.0%
- 1,561,215.61	0.00	0.00	1,701,588.35	- 3,262,803.96	- 3.0%
- 25,526,387.78	0.00	0.00	- 8,962,625.01	- 16,563,762.77	- 2.6%
0.00					0.0%
2,104,351.19	0.00	0.00	2,104,351.19	0.00	0.0%

In accordance with IAS 8 € of which deferred taxes	In accordance with IAS 8 € of which P/L transfer	In accordance with IAS 8 € of which structured products in hedges	In accordance with IAS 8 € of which amortisation of zero bonds	1 Jan.-30 June 2007 € After IAS 8 changes
		1,069,301.45		922,902,441.55
		- 1,764,794.93	2,324,880.23	845,761,511.34
0.00	0.00	2,834,096.38	- 2,324,880.23	77,140,930.21
				28,699,566.78
0.00	0.00	2,834,096.38	- 2,324,880.23	105,840,496.99
				11,135,387.21
				2,082,594.60
				9,052,792.61
		4,278,399.92		4,724,062.53
				- 5,822,721.05
				38,046,167.11
				5,176,115.87
0.00	0.00	7,112,496.30	- 2,324,880.23	80,924,579.84
				26,107,028.23
		331,901.73		8,095,525.73
0.00	0.00	6,780,594.57	- 2,324,880.23	46,722,025.88
				- 659,104.40
0.00	0.00	6,780,594.57	- 2,324,880.23	46,062,921.48
				0.00
				46,842,724.29
				- 779,802.81

Assets	Note	31 Dec. 2007 € After changes	31 Dec. 2007 € Before changes
Cash and balances with central banks		29,030,187.77	29,030,187.77
Loans and advances to banks	(34)	1,312,550,053.36	1,310,804,905.81
Loans and advances to customers		17,855,040,996.37	17,855,040,996.37
Allowance for losses on loans and advances		– 205,582,003.19	– 205,582,003.19
Financial assets held for trading		302,921,811.94	302,921,811.94
Positive fair values of derivative hedging instruments		34,583,163.11	34,583,163.11
Financial assets designated at fair value through profit or loss		1,261,946,940.45	1,261,946,940.45
Non-current financial assets		2,920,991,304.31	2,920,991,304.31
Property and equipment		4,625,087.30	4,625,087.30
Intangible assets		7,238,874.28	7,238,874.28
Tax receivables*	(46)	189,546,172.59	190,093,537.97
Other assets		114,160,865.19	114,160,865.19
Non-current assets held for sale		0.00	0.00
Total assets		23,827,053,453.48	23,825,855,671.31

* The reported change to tax receivables relates to products included in hedge accounting and amortisation of zero bonds.

Equity Liabilities	Note	31 Dec. 2007 € After changes	31 Dec. 2007 € Before changes
Deposits from banks		4,821,644,366.29	4,821,580,925.24
Deposits from customers	(51)	5,119,985,028.85	5,085,425,132.44
Securitised liabilities	(52)	9,763,276,661.11	9,761,238,012.19
Financial liabilities held for trading		400,390,093.07	400,390,093.07
Negative fair values of derivative hedging instruments		126,206,507.92	126,206,507.92
Liability recognised for fair value changes of hedged items in portfolio hedge of interest rate risk		– 4,668,707.99	– 4,668,707.99
Financial liabilities designated at fair value through profit or loss		1,789,475,491.02	1,789,475,491.02
Provisions		83,426,224.61	83,426,224.61
Tax liabilities	(57)	178,213,588.87	189,712,620.91
Other liabilities	(59)	72,378,870.67	72,378,870.67
Subordinated capital		560,816,577.34	560,816,577.34
Non-current assets associated with non-current assets held for sale		0.00	0.00
Equity	(60)	915,908,751.72	939,873,923.89
– Gezeichnetes Kapital		400,000,000.00	400,000,000.00
– Capital reserves		443,370,114.07	443,370,114.07
– Retained earnings		29,667,439.43	52,080,045.09
– Revaluation reserve		– 6,803,756.10	– 6,803,756.10
– Actuarial gains and losses on pension obligations		3,860,791.69	3,860,791.69
– Gains and losses on non-current assets held for sale recognised directly in equity		0.00	0.00
– Distribution to shareholders		– 43,726,318.85	0.00
– Consolidated profit for the period		92,053,710.92	49,879,958.58
Total before minority interest		918,421,981.16	942,387,153.33
– Minority interest		– 2,513,229.44	– 2,513,229.44
Total equity and liabilities		23,827,053,453.48	23,825,855,671.31

* The reported change to tax liabilities relates to products included in hedge accounting and amortisation of zero bonds.

5. Changes in presentation and accounting policies/IAS 8 adjustments

The same accounting policies were applied in preparing the interim consolidated financial statements and comparative figures for the prior-year period as were applied in the consolidated financial statements as at 31 December 2007. Changes were made in the consolidated financial statements as at 31 December 2007 that affect the interim consolidated financial statements required to be published in 2007. The prior-year figures were adjusted accordingly.

In fiscal year 2008, the Bank subsequently recognised and amortised paid loan brokerage commissions previously taken directly to profit or loss as transaction costs for the relevant assets. The adjustment was applied retrospectively in accordance with IAS 8.22 and the prior-period information adjusted in accordance with IAS 8.26. The individual changes are explained under the relevant balance sheet and income statement items.

6. Presentation in accordance with IFRS 5

Discontinued operations, non-current assets held for sale and non-current liabilities associated with non-current assets held for sale are presented separately in the balance sheet in accordance with IFRS 5. The income and expenses relating to those items are presented separately in the income statement as “profit/loss from discontinued operations and non-current assets held for sale, net of tax”. The IFRS 5 items mainly include the following:

- At its meeting on 5 May 2008, the Supervisory Board authorised the Managing Board to take every action necessary to dispose of the Private Customers business area, which is no longer regarded as strategic. The Private Customers business area comprises mortgage loans with private individuals.
- At the balance sheet date, we also reported shares in LIFE.VALUE GMBH & Co. 1 Mac Dougal KG. The shares are presented within the separate IFRS 5 disclosures under non-current financial assets.

The relevant balance sheet and income statement items are explained in further detail in notes 37 and 38.

7. Presentation of IAS adjustments and IFRS 5 items

The following table is a synoptic presentation of IAS 8 and IFRS 5 items.

Income and expenses	Note	1 Jan.–30 June 2007 € Before changes	In accordance with IAS 8 € Changes	1 Jan.–30 June 2007 € After IAS 8 changes	In accordance with IFRS 5 € Changes	1 Jan.–30 June 2007 € After changes
Interest (and similar income)		552,023,579.09	464,151,938.16	1,016,175,517.25	- 94,342,377.15	921,833,140.10
Interest (and similar expense)		459,601,276.25	469,314,590.12	928,915,866.37	- 83,714,440.33	845,201,426.04
Net interest income	(10)	92,422,302.84	- 5,162,651.96	87,259,650.88	- 10,627,936.82	76,631,714.06
Allowance for losses on loans and advances		24,699,566.78		24,699,566.78	4,000,000.00	28,699,566.78
Net interest income after allowance for losses on loans and advances		117,121,869.62	- 5,162,651.96	111,959,217.66	- 6,627,936.82	105,331,280.84
Fee and commission income		12,891,303.00		12,891,303.00	- 1,755,915.79	11,135,387.21
Fee and commission expense		9,339,281.78	- 1,960,730.17	7,378,551.61	- 5,295,957.01	2,082,594.60
Net fee and commission income	(12)	3,552,021.22	1,960,730.17	5,512,751.39	3,540,041.27	9,052,792.61
Net trading income	(13)	1,976,591.61	- 1,530,929.00	445,662.61		445,662.61
Net income from non-current financial assets	(14)	- 5,822,721.05		- 5,822,721.05		- 5,822,721.05
Administrative expenses	(15)	41,793,167.11		41,793,167.11	- 3,747,000.00	38,046,167.11
Net other operating income and expenses	(16)	5,176,115.87		5,176,115.87		5,176,115.87
Profit before tax		80,210,710.16	- 4,732,850.79	75,477,859.37	659,104.40	76,136,963.77
Current income taxes		26,107,028.23		26,107,028.23		26,107,028.23
Deferred taxes		6,266,592.00	1,497,032.00	7,763,624.00		7,763,624.00
Profit/loss of WestImmo		47,837,089.93	- 6,229,882.79	41,607,207.14	659,104.40	42,266,311.54
Profit/loss from discontinued operations and non-current assets held for sale, net of tax	(37)				- 659,104.40	- 659,104.40
Consolidated profit for the period		47,837,089.93	- 6,229,882.79	41,607,207.14	0.00	41,607,207.14
of which:				0.00		
- attributable to WestImmo shareholders		48,616,892.74	- 6,229,882.79	42,387,009.95	0.00	42,387,009.95
- losses attributable to minority interest		- 779,802.81	0.00	- 779,802.81	0.00	- 779,802.81

For information on the adjustments to the comparative figures in accordance with IAS 8 in the balance sheet as at 31 December 2007, see WestImmo's IFRS consolidated financial statements as at 31 December 2007 and note 1 "Condensed statement of changes in equity", note 18 "Loans and advances to customers" and note 35 "Tax liabilities".

8. Consolidated Group

The following subsidiaries, joint ventures and associates were included in WestImmo's interim consolidated financial statements as at 30 June 2008:

Subsidiaries

Germany

Seeperle am Kurpark GmbH & Co. KG, Düsseldorf

Westdeutsche ImmobilienHolding GmbH, Mainz

WestGkA Management Gesellschaft für kommunale Anlagen mbH, Düsseldorf

WestProjekt & Consult Gesellschaft für Projektentwicklung und Consulting mbH, Düsseldorf

WMO Erste Entwicklungs GmbH & Co. KG, Bonn

Other countries

WIB Real Estate Finance Japan K.K., Tokyo

Joint ventures accounted for using the equity method

EMG Zweite Projektgesellschaft Ludwigsfelde/Löwenbruch mbH, Berlin

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

Associates accounted for using the equity method

BBT Wohnungsbeteiligungs GmbH & Co. KG, Stuttgart

EMG Projekt Gewerbepark Ludwigsfelde/Löwenbruch GmbH, Berlin

EPM Assetis GmbH, Frankfurt/Main

There were no changes to the consolidated Group as against 31 December 2007.

9. Issuing activities

In the period under review, WestImmo performed issuing activities for mortgage and public-sector Pfandbriefe, borrower's note loans and bearer debt securities worth €1,546.2 million.

Income Statement Disclosures

The following explanatory notes on the income statement and balance sheet refer to WestImmo's continuing operations. The discontinued operations, non-current assets held for sale and non-current liabilities associated with non-current assets held for sale that are required to be presented in accordance with IFRS 5 are presented separately in notes 37 and 38.

10. Net interest income

	1 Jan.–30 June 2008 € million	1 Jan.–30 June 2007 € million
Interest income from		
– Lending and money market operations	405.1	387.7
– Bonds and other fixed-income securities	74.8	67.5
– Other transactions	2.7	0.6
– Derivative financial instruments in the trading portfolio	588.5	465.5
Interest income	1,071.1	921.3
Current income from		
– Other investees	0.2	0.0
– Investments in associates	0.8	0.5
Current income	1.0	0.5
Interest expense from		
– Deposits	204.9	152.1
– Securitised liabilities	172.6	203.2
– Subordinated capital	16.3	16.0
– Other transactions	2.6	2.6
– Derivative financial instruments in the trading portfolio	591.3	471.3
Interest expense	987.7	845.2
Loss from hedges (IAS 39)	0.0	0.5
Total	84.4	77.1

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

	1 Jan.–30 June 2008 € million	1 Jan.–30 June 2007 € million
Profit/loss from hedging derivatives from		
– Micro fair value hedge accounting	– 10.0	21.5
– Portfolio (macro) fair value hedge accounting	– 2.0	– 4.4
Total	– 12.0	17.1
Profit/loss from hedged items from		
– Micro fair value hedge accounting	9.9	– 21.2
– Portfolio (macro) fair value hedge accounting	2.1	4.6
Total	12.0	– 16.6
Loss from hedges (IAS 39)	0.0	0.5

11. Allowance for losses on loans and advances

	1 Jan.–30 June 2008 € million	1 Jan.–30 June 2007 € million
Additions		
– Write-downs of receivables	– 37.0	– 16.3
– Provisions for credit risks	– 0.2	– 1.3
Reversals		
– Write-downs of receivables	25.7	42.3
– Provisions for credit risks	0.2	2.3
Recoveries on loans previously written off	1.3	1.7
Total	– 10.0	28.7

12. Net fee and commission income

	1 Jan.–30 June 2008 € million	1 Jan.–30 June 2007 € million
Lending business	14.4	7.7
Securities and custody business	– 0.3	– 1.7
Guarantees	4.2	2.6
Trust activities	0.0	0.4
Other	0.5	0.1
Total	18.8	9.1

13. Net trading income

	1 Jan.–30 June 2008 € million	1 Jan.–30 June 2007 € million
Net loss from sale of trading portfolios	– 1.1	– 0.7
Net loss from remeasurement of trading portfolios	– 15.9	– 53.2
Foreign exchange gain/loss	1.7	– 1.1
Net income from sale of financial instruments designated at fair value through profit or loss	– 3.0	0.0
Net income on remeasurement of financial instruments designated at fair value through profit or loss	27.8	59.7
Total	9.5	4.7

14. Net income from non-current financial assets

	1 Jan.–30 June 2008 € million	1 Jan.–30 June 2007 € million
Net income from sale of AfS financial assets	0.8	6.9
Net loss from remeasurement of AfS financial assets	–0.2	–12.7
Net income from investment property	0.9	0.0
Total	1.5	–5.8

15. Administrative expenses

	1 Jan.–30 June 2008 € million	1 Jan.–30 June 2007 € million
Employee expenses		
– Wages and salaries	21.9	17.4
– Social security contributions	2.2	2.0
– Expenses for pensions and other employee benefits	0.2	0.5
Other administrative expenses	14.7	16.7
Depreciation and amortisation of property and equipment, software and intangible assets	1.9	1.4
Total	40.9	38.0

16. Net other operating income and expenses

	1 Jan.–30 June 2008 € million	1 Jan.–30 June 2007 € million
Other operating income	6.3	14.3
Other operating expenses	8.9	9.1
Total	–2.6	5.2

Restated Segment Reporting

The WestImmo Group forecasts and manages its results on the basis of profit centre accounting at departmental 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 is prepared in accordance with IAS 14. The segments are recognised on the basis of the WestImmo Group's internal management system and reflect the business strategy and market presence of the departments and the functional cooperation between the organisational units.

Segments

Investors

National/international loans
Real estate investment banking
Real estate joint ventures

Private Customers

Private residential construction
"ImmoBank direkt"

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 half of fiscal years 2008 and 2007. The segment results are based on internal management data that can be reconciled with data from financial accounting.

In accordance with the requirements of IFRS 5, the discontinued operations comprising the Private Customers department are presented in the segment report separately from continuing operations.

Income statement by segment in € million	Investors	Services	Investments/Consolidation	Profit/loss from continuing operations	Profit/loss from discontinued operations	Group
Net interest income						
1 Jan.–30 June 2008	66.5	18.2	- 0.3	84.4	9.1	93.5
1 Jan.–30 June 2007	56.3	21.8	- 1.0	77.1	10.6	87.7
Allowance for losses on loans and advances						
1 Jan.–30 June 2008	- 12.1	0.0	2.1	- 10.0	- 0.2	- 10.2
1 Jan.–30 June 2007	28.7	0.0	0.0	28.7	- 4.0	24.7
Net fee and commission income						
1 Jan.–30 June 2008	18.6	0.0	0.2	18.8	- 2.6	16.2
1 Jan.–30 June 2007	8.4	0.0	0.7	9.1	- 3.5	5.6
Net trading income						
1 Jan.–30 June 2008	0.0	9.5	0.0	9.5	0.0	9.5
1 Jan.–30 June 2007	0.0	4.7	0.0	4.7	0.0	4.7
Net income from non-current financial assets						
1 Jan.–30 June 2008	1.2	0.0	0.3	1.5	0.0	1.5
1 Jan.–30 June 2007	- 5.4	3.0	- 3.4	- 5.8	0.0	- 5.8
Administrative expenses						
1 Jan.–30 June 2008	- 17.0	- 20.7	- 3.2	- 40.9	- 5.8	- 46.7
1 Jan.–30 June 2007	- 12.3	- 21.5	- 4.2	- 38.0	- 3.8	- 41.8
Net other operating income and expenses						
1 Jan.–30 June 2008	- 0.2	- 2.1	- 0.4	- 2.7	0.0	- 2.7
1 Jan.–30 June 2007	0.0	1.7	3.5	5.2	0.0	5.2
Profit before tax						
1 Jan.–30 June 2008	57.0	4.9	- 1.3	60.6	0.5	61.1
1 Jan.–30 June 2007	75.7	9.7	- 4.4	81.0	- 0.7	80.3
Segment assets						
30 June 2008	12,856.4	6,484.4	199.2	19,540.0	4,244.9	23,784.9
31 Dec. 2007	12,845.7	6,484.8	328.5	19,659.0	4,168.1	23,827.1
Segment liabilities						
30 June 2008	255.9	22,242.5	201.6	22,700.0	143.0	22,843.0
31 Dec. 2007	306.9	22,114.5	326.0	22,747.4	163.8	22,911.2

Notes:

- the segment assets and liabilities of discontinued operations as at 31 December 2007 correspond to the figures for the Private Customers area as at 31 December 2007
- as in the annual financial statements as at 31 December 2007, the non-attributable items in segment assets and liabilities were recognised under Services
- segment liabilities are reduced by equity
- deviations from the income statement may occur due to rounding differences

Balance Sheet Disclosures

17. Loans and advances to banks

	30 June 2008 € million	31 Dec. 2007 € million
Loans and advances to banks		
– Loans	892.1	1,214.0
– Other receivables	264.9	98.6
Total	1,157.0	1,312.6
of which:		
– to banks in Germany	949.5	930.2
– to banks abroad	207.5	382.4

18. Loans and advances to customers

	30 June 2008 € million	31 Dec. 2007 € million
Loans and advances to customers		
– Corporate customers	11,000.2	10,904.1
– Public sector entities	2,000.4	2,384.4
– Private customers	809.2	4,566.5
Total	13,809.8	17,855.0
of which:		
– to customers in Germany	7,475.6	11,812.2
– to customers abroad	6,334.2	6,042.8

The change in accounting treatment for loan brokerage commissions led to a €34.4 million increase in carrying amounts relating to private customers in 2007. Please see note 38 for details of the changes in carrying amounts relating to Private Customers as at 30 June 2008.

19. Loan volume

	30 June 2008 € million	31 Dec. 2007 € million
Continuing operations		
Loans to banks		
– Category: loans and receivables (LaR)	295.6	268.1
– Category: fair value option (FVO)	451.0	545.9
Loans to customers		
– Category: loans and receivables (LaR)	13,809.8	17,820.6
– Category: fair value option (FVO)	629.9	667.3
Contingent liabilities	1,148.6	1,174.1
Loan volume before allowance for losses on loans and advances	16,334.9	20,476.0
Allowance for losses on loans and advances	– 200.2	– 208.9
Loan volume after allowance for losses on loans and advances	16,134.7	20,267.1

The loan volume is composed of loans to customers, loans to banks and contingent liabilities. In contrast to loans and advances, the loan volume does not include money market transactions.

20. Allowance for losses on loans and advances

	30 June 2008 € million	31 Dec. 2007 € million
Valuation allowances for loans and advances to customers	199.4	205.6
Provisions for contingent liabilities	0.8	3.3
Total	200.2	208.9

21. Financial assets held for trading

	30 June 2008 € million	31 Dec. 2007 € million
Positive fair values of derivative financial instruments	398.4	302.9
Total	398.4	302.9

Financial assets held for trading exclusively comprise positive fair values from derivative financial instruments that do not qualify for hedge accounting in accordance with IAS 39.

22. Fair values of derivative hedging instruments

	30 June 2008 € million	31 Dec. 2007 € million
Positive fair values from		
– Micro fair value hedge accounting	56.5	34.6
– Portfolio (macro) fair value hedge accounting	0.0	0.0
Total	56.5	34.6
Negative fair values from		
– Micro fair value hedge accounting	120.3	123.7
– Portfolio (macro) fair value hedge accounting	4.4	2.5
Total	124.7	126.2

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

	30 June 2008 € million	31 Dec. 2007 € million
Bonds and other fixed-income securities		
– Bonds and notes	48.6	48.7
Total	48.6	48.7
of which:		
– publicly traded	48.6	48.7
– issued by other issuers	48.6	48.7
Loans and advances to banks	451.0	545.9
Loans and advances to customers	629.9	667.3
Total	1,129.5	1,261.9

24. Non-current financial assets

	30 June 2008 € million	31 Dec. 2007 € million
AfS non-current financial assets		
– Bonds and other fixed-income securities	2,873.3	2,910.3
of which:		
– publicly traded	2,873.2	2,910.2
Shares and other non-fixed-income securities	1.2	0.3
of which:		
– publicly traded	0.0	0.0
Other investees	3.3	3.4
Shares in companies accounted for using the equity method	6.9	6.1
Investment property	0.9	0.9
Total	2,885.6	2,921.0

25. Property and equipment

	30 June 2008 € million	31 Dec. 2007 € million
Land and buildings	1.2	1.3
Office and operating equipment	3.1	3.3
Total	4.3	4.6

26. Intangible assets

	30 June 2008 € million	31 Dec. 2007 € million
Software		
– Internally generated	0.7	0.8
– Purchased	5.6	6.4
Total	6.3	7.2

27. Tax receivables

	30 June 2008 € million	31 Dec. 2007 € million
Current tax receivables	2.0	13.4
Deferred tax assets	176.3	176.2
Total	178.3	189.6

28. Deposits from banks

	30 June 2008 € million	31 Dec. 2007 € million
Deposits from German banks	4,802.8	4,816.3
Deposits from foreign banks	157.8	5.3
Total	4,960.6	4,821.6

29. Deposits from customers

	30 June 2008 € million	31 Dec. 2007 € million
Corporate customers	5,328.3	5,103.2
Public sector entities	84.9	10.8
Private customers	5.9	6.0
Total	5,419.1	5,120.0
of which:		
– customers in Germany	5,396.4	5,100.4
– customers abroad	22.7	19.6

30. Securitised liabilities

	30 June 2008 € million	31 Dec. 2007 € million
Bonds issued	8,926.4	9,763.3
Total	8,926.4	9,763.3

31. Financial liabilities held for trading

	30 June 2008 € million	31 Dec. 2007 € million
Negative fair values of derivative financial instruments	535.1	400.4
Total	535.1	400.4

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.

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

	30 June 2008 € million	31 Dec. 2007 € million
Liability recognised for fair value changes of hedged items in portfolio hedge of interest rate risk	- 6.3	- 4.7

This balance sheet item (liability item) contains the interest rate-related fair value changes in the hedged items on the liabilities side that are allocated to Portfolio (macro) fair value hedge accounting.

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

	30 June 2008 € million	31 Dec. 2007 € million
Deposits from banks	50.8	110.9
Deposits from customers	1,536.7	1,381.7
Securitised liabilities	291.8	296.9
Total	1,879.3	1,789.5

34. Provisions

	30 June 2008 € million	31 Dec. 2007 € million
Provisions for pensions and similar obligations	18.8	20.2
Other provisions	60.0	63.2
Total	78.8	83.4

35. Tax liabilities

	30 June 2008 € million	31 Dec. 2007 € million
Current tax payables	4.6	7.9
Deferred tax liabilities	169.3	170.3
Total	173.9	178.2

The subsequent recognition of loan brokerage commissions led to an increase of €10.8 million in the carrying amounts of deferred tax liabilities in 2007.

36. Subordinated capital

	30 June 2008 € million	31 Dec. 2007 € million
Subordinated liabilities	327.6	324.7
of which:		
– deferred interest	9.4	6.6
Profit participation certificates outstanding	243.0	236.1
of which:		
– deferred interest	22.9	15.3
Total	570.6	560.8

37. Profit/loss from discontinued operations and non-current assets held for sale, net of tax

	1 Jan.–30 June 2008 € million	1 Jan.–30 June 2007 € million
Total reported in income statement	0.5	– 0.7
Interest income	97.5	94.3
Interest expense	– 88.3	– 83.7
Allowance for losses on loans and advances	– 0.2	– 4.0
Fee and commission income	1.4	1.8
Fee and commission expense	– 4.0	– 5.3
Administrative expenses	– 5.9	– 3.8

The change in accounting treatment for loan brokerage commissions led to a €2.0 million reduction in fee and commission expense in 2007.

38. Discontinued operations, non-current assets held for sale and non-current liabilities associated with non-current assets held for sale

	30 June 2008 € million	31 Dec. 2007 € million
Discontinued operations and non-current assets held for sale		
Non-current financial assets	0.0	0.0
Loans and advances to customers	4,254.6	0.0
Allowance for losses on loans and advances	– 9.7	0.0
Total	4,244.9	0.0
Non-current liabilities associated with discontinued operations and non-current assets held for sale		
Deposits from customers	138.8	0.0
Provisions	2.4	0.0
Other liabilities	1.8	0.0
Total	143.0	0.0

A change in accounting treatment for loan brokerage commissions led to a €35.0 million increase in loans and advances to customers in 2008.

Supplementary Disclosures

39. Derivative financial instruments

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

€ million	Notional amounts		Credit risk equivalents		Positive fair values		Negative fair values	
	30 June 2008	31 Dec. 2007	30 June 2008	31 Dec. 2007	30 June 2008	31 Dec. 2007	30 June 2008	31 Dec. 2007
Interest rate products	28,822.7	27,656.6	252.8	103.5	350.5	269.2	637.7	517.6
Currency products	2,750.1	2,487.4	27.7	19.8	104.4	66.8	7.1	1.9
Cross-currency products	73.9	92.8	0.7	1.1	0.0	1.5	14.9	7.1
Derivative transactions	31,646.7	30,236.8	281.2	124.4	454.9	337.5	659.7	526.6

40. Contingencies and commitments

	30 June 2008 € million	31 Dec. 2007 € million
Contingent liabilities		
– from guarantees and warranty agreements	1,148.6	1,007.8
Other commitments		
– irrevocable loan commitments	1,486.4	2,011.7

WestImmo is a member of the Guarantee Fund of the Central Savings Banks and Central Giro Institutions in the Deutscher Sparkassen- und Giroverband (German Savings Bank Association).

Since September 2007, WestImmo has also been a member of the Reserve Fund of the Westfälisch-Lippischer Sparkassen- und Giroverband (WLSGV – Savings Banks and Giro Association of Westphalia-Lippe) and the Reserve Fund of the Rheinischer Sparkassen- und Giroverband (RSGV – Savings Banks and Giro Association of the Rhineland). The funds each comprise cash funds of €250 million and an additional funding requirement in the same amount.

In connection with the risk shield for WestLB AG, the Reserve Funds issued notification of a separate proportional funding requirement, which was reflected by recognising a provision.

41. Securities repurchase agreements

	30 June 2008 € million	31 Dec. 2007 € million
Borrower under securities repurchase agreements (repos)		
Deposits from banks	1,193.0	1,240.8
Total	1,193.0	1,240.8

Deposits from banks include liabilities to the Group parent in the amount of €424.3 million.

42. Additional disclosures in accordance with IFRS 7

	1 Jan.–30 June 2008 € million	1 Jan.–30 June 2007 € million
Interest income from		
– Loans and receivables (LaR)	387.4	356.8
– Financial assets at fair value through profit or loss:		
classified as held for trading	589.4	466.1
designated upon initial recognition	26.5	36.3
– Available-for-sale financial assets (AFS)	68.8	62.6
Total	1,072.1	921.8
Interest expenses from		
– Financial liabilities at fair value through profit or loss:		
classified as held for trading	591.5	476.1
designated upon initial recognition	44.0	26.1
– Financial liabilities measured at amortised cost (FLAC)	352.1	342.5
Total	987.7	844.7
Net interest income	84.4	77.1

43. Letter of comfort

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

44. 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”.

45. Members of the Supervisory Board and the Managing Board

Supervisory Board

Dr. Norbert Emmerich

Chairman

(until 5 May 2008)

Deputy Chairman of the Managing Board

WestLB AG

Hubert Beckmann

Chairman

(since 1 June 2008)

Deputy Chairman of the Managing Board

WestLB AG

Dr. Wolfgang Nickels

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

Gerhard Heiligenberg

Senior Principal

Finance Ministry of the state of North Rhine-Westphalia

Hendrik Hering

Minister

Ministry for Economics, Transport, Agriculture and Viticulture
of the state of Rhineland-Palatinate

Dr. Hans-Jürgen Niehaus

Member of the Managing Board

WestLB AG

Matthias Wargers

Head of Department

Strategic Special Projects

WestLB AG

Managing Board

Hubert Beckmann

Chairman of the Managing Board

(until 31 May 2008)

Westdeutsche ImmobilienBank AG

Dr. Peter Knopp

Chairman of the Managing Board

(since 1 June 2008)

Member of the Managing Board

(until 31 May 2008)

Westdeutsche ImmobilienBank AG

Claus-Jürgen Cohausz

Member of the Managing Board

Westdeutsche ImmobilienBank AG

Rainer Spielmann

Member of the Managing Board

Westdeutsche ImmobilienBank AG


46. Events after the half-yearly reporting date

There were no events of particular significance after the balance sheet date of 30 June 2008.

Mainz, 10 December 2008



Peter Knopp



Claus-Jürgen Gohausz



Rainer Spielmann

Review Report

To Westdeutsche ImmobilienBank AG, Mainz, Germany

We have reviewed the condensed interim consolidated financial statements prepared by Westdeutsche ImmobilienBank AG, Mainz, Germany, comprising the income statement, balance sheet, condensed statement of changes in equity, condensed cash flow statement and selected explanatory notes, together with the interim group management report for the period from 1 January 2008 to 30 June 2008, which make up the half-year financial report pursuant to Sec. 37w WpHG [“Wertpapierhandelsgesetz”: German Securities Trading Act]. The preparation of the interim condensed consolidated financial statements in accordance with IFRSs on interim financial reporting as adopted by the EU and of the group management report in accordance with the requirements of the German Securities Trading Act [“Wertpapierhandelsgesetz”: WpHG] applicable to interim group management reports is the responsibility of the Company’s management. Our responsibility is to issue an attestation on the interim condensed consolidated financial statements and the interim group management report based on our review.

We conducted our review of the interim condensed consolidated financial statements and the interim group management report in accordance with German generally accepted standards for the review of financial statements promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Those standards require that we plan and perform the review to obtain a certain level of assurance in our critical appraisal to preclude that the interim condensed consolidated financial statements have not been prepared, in all material respects, in accordance with IFRSs on interim financial reporting as adopted by the EU and that the interim group management report has not been prepared, in all material respects, in accordance with the applicable provisions of the German Securities Trading Act. A review is limited primarily to making inquiries of company personnel and applying analytical procedures and thus does not provide the assurance that we would obtain from an audit of financial statements. In accordance with our engagement, we have not performed an audit and, accordingly, we do not express an audit opinion.

Based on our review nothing has come to our attention that causes us to believe that the interim condensed consolidated financial statements have not been prepared, in all material respects, in accordance with IFRSs on interim financial reporting as adopted by the EU and that the interim group management report has not been prepared, in all material respects, in accordance with the provisions of the German Securities Trading Act applicable to interim group management reports.

We have issued this report on the basis of our review performed in accordance with professional standards and concluded on 25 August 2008 and our supplementary review relating the following matters:

- Correcting the measurement of structured products, certain borrowers' note loans carried as assets and a bearer debt security carried as a liability for hedge accounting purposes;
- Correction of the interest amortization incorrectly accounted for in the case of the zero bonds carried as liabilities in hedge accounting;
- Change in disclosure of the profit to be transferred under a profit/loss transfer agreement;
- Correction of deferred taxes on the additions to pension accruals that were incorrectly recognized in the balance sheet as of 31 December 2007.

We refer to the presentation of the effect on the condensed interim consolidated financial statements in the interim group management report and the company's explanation of the changes in the amended notes to the financial statements, No. 4.

Eschborn/Frankfurt am Main, Germany, 25 August 2008 and 11 December 2008

Ernst & Young AG
Wirtschaftsprüfungsgesellschaft
Steuerberatungsgesellschaft

Dombek
Wirtschaftsprüferin
[German Public Auditor]

Trierweiler
Wirtschaftsprüferin
[German Public Auditor]

Responsibility Statement

English translation

To the best of our knowledge, and in accordance with the applicable reporting principles for interim financial reporting, the restated 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 amended 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 principal opportunities and risks associated with the expected development of the Group for the remaining months of the fiscal year.

Mainz, 10 December 2008



Peter Knopp



Claus-Jürgen Kohausz



Rainer Spielmann



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