

Reporting Under the Equator Principles

Under the revised Equator Principles of 2006, the Equator Principles Finance Institutions (EPFI) have committed themselves to publishing annual compliance reports. WestLB fulfilled this requirement voluntarily already in prior years.

Project Finance by Risk Categories

Under the Equator principles, each project finance transaction has to be categorised as being "high" (A), "medium" (B) or "low" (C) risk. A total of 125 transactions were submitted for review by the Sustainability Management unit in 2007. This fig-

ure was clearly higher than in the preceding years, reflecting the early and comprehensive involvement of the Sustainability Management unit in the credit approval process. With a view to categories "A" and "B", both the project statistic and the experience from the category assignment are indicative of the fact that climate change and bio fuels issues are increasingly being included in project finance risk assessments. At the same time, category "A" reflects the undiminished sustainability relevance of mining projects which account for approximately one third of all projects in this category.

2007 PROJECTS BY SECTORS

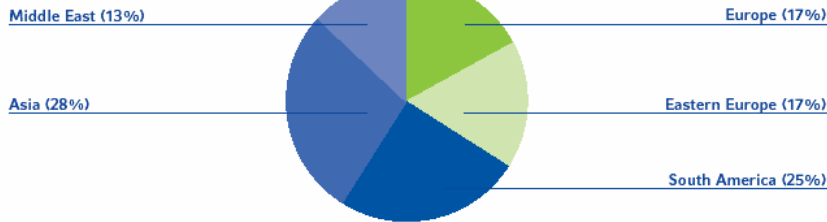
		Projects assessed	Accepted without conditions	Accepted subject to conditions
Category A		42	13	29
Metals and mining	2005	3	0	3
	2006	4	0	4
	2007	8	3	5
Oil and Gas	2005	7	3	4
	2006	1	0	1
	2007	4	2	2
Power generation	2006	1	0	1
	2007	3	1	2
Energy technology*	2007	3	1	2
Infrastructure	2006	2	0	2
	2007	5	3	2
Hotels/resorts**	2007	1	0	1
Category B		157	102	55
Metals and mining	2005	6	4	2
	2006	2	2	0
	2007	4	3	1
Oil and Gas	2005	13	8	5
	2006	6	2	4
	2007	10	7	3
Power generation	2005	16	13	3
	2006	17	10	7
	2007	27	19	8
Energy technology*	2007	14	6	8
Infrastructure	2005	8	3	5
	2006	10	8	2
	2007	13	10	3
Hotels/resorts**	2007	11	7	4
Category C		50	31	19
Metals and mining	2007	1	0	1
Power generation	2007	4	3	1
Energy technology*	2007	6	6	0
Infrastructure	2005	15	1	14
	2006	3	3	0
Hotels/resorts**	2007	11	8	3
Telecommunications	2005	7	7	0
	2006	3	3	0
Total		249	146	103

* until 2006: energy technology and power generation included in energy sector

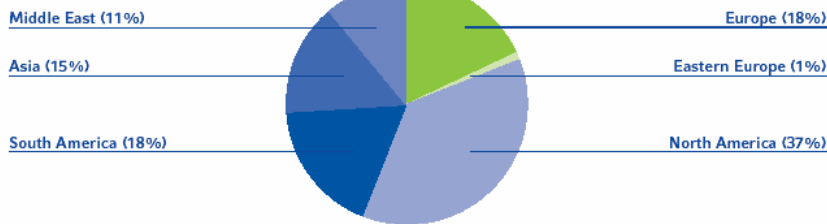
** until 2006: included in infrastructure sector

2007 PROJECTS BY REGIONS

Category A: 24 projects



Category B: 79 projects



Category C: 22 projects



No proposed project was declined solely based on a negative vote by the Sustainability Management department during the reporting period. In several cases, however, the latter's assessment of environmental and social risks resulted in the Bank as a whole taking a cautious view of proposed lending transactions. Three such transactions were declined by WestLB in 2007. These included two project finance deals - a gold mine project in Mainland South East Asia and the exploration of a natural gas field in the Indonesian archipelago - as well as an export finance arrangement for nuclear facilities in Eastern Europe.