

# Interim Report

March 31, 2010



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# Key Figures

## Financial Data January 1 – March 31, 2010

	1. 1. – 31. 3. 2010	1. 1. – 31. 3. 2009	Change	
			absolute	%
<b>Performance Figures in € millions</b>				
Net interest income	511	394	117	30
Impairment charge for credit losses	- 142	- 174	32	18
Net interest income after impairment charge for credit losses	369	220	149	68
Net fee and commission income	63	73	- 10	- 14
Net trading result	- 130	212	- 342	> - 100
Result from financial investments	13	10	3	30
Administration expenses	270	280	- 10	- 4
Other operating income and expense	29	15	14	93
Restructuring expenses	2	0	2	-
<b>Profit/loss before income tax</b>	<b>72</b>	<b>250</b>	<b>- 178</b>	<b>- 71</b>
Income taxes	- 33	- 38	5	13
<b>Profit/loss after income tax</b>	<b>39</b>	<b>212</b>	<b>- 173</b>	<b>- 82</b>
	<b>31. 3. 2010</b>	<b>31. 12. 2009</b>	<b>Change</b>	
			<b>absolute</b>	<b>%</b>
<b>Balance Sheet Figures in € billions</b>				
Total assets	238.9	242.3	- 3.4	- 1
Equity	5.2	3.7	1.5	40
<b>Bank Regulatory Capital Ratios (SolvV)</b>				
Core capital in € billions	6.9	5.3	1.6	30
Own funds in € billions	9.1	7.6	1.5	20
Risk-weighted assets in € billions	83.3	83.0	0.3	0
Core capital ratio in %	8.3	6.4	-	-
Overall ratio in %	10.9	9.1	-	-
<b>Employees</b>				
Number of employees	5,150	5,214	- 64	- 1
Full-time employees	4,905	4,971	- 66	- 1
<b>Current Ratings</b>				
	<b>Short Term</b>	<b>Long Term</b>	<b>Public Pfandbrief</b>	
Moody's Investors Service	P-1	A3	Aaa	
Standard & Poor's	A-2	BBB+	AAA	
Dominion Bond Rating Service	R-1 (middle)	A (high)	(-)	

## Chairman's Statement

*Dear partners and clients,*

WestLB began the new financial year with a positive result. In persistent challenging market conditions we posted a solid pre-tax profit of € 72 million for the first quarter of 2010. The result does, however, contain both positive and negative elements. Positive factors include a sharp rise in net interest income from our customer business and a further drop in administrative expenses. On the other hand, the decline in the net trading result is particularly striking. The market distortions stemming from the debt crisis in Southern Europe are clearly having an impact.

Going forward our profit and loss account should be far less volatile. The contracts for ring-fencing the main portfolio of non-essential strategic activities were signed at the end of April and the entry in the commercial register took place as planned on April 30, 2010. This means that, from May onwards, the Bank is now freed from fluctuations in the market value of the ring-fenced assets. The main portfolio with a volume of approximately € 71 billion was spun off to Erste Abwicklungsanstalt with retroactive effect from January 1, 2010. In a first step, a sub-portfolio of roughly € 6 billion was transferred in December 2009. As a result, the total ring-fenced portfolio amounts to approximately € 77 billion.

The transfer of non-essential strategic activities to Erste Abwicklungsanstalt is a milestone in the sustainable stabilisation of the Bank. The transaction brings us a good deal nearer to fulfilling the conditions imposed by the European Commission regarding a reduction in our total assets and risk-weighted assets. Moreover, the transaction leads to the creation of a focused, efficient bank with a clearly improved risk profile.

The most recent escalation of the debt crisis in Southern Europe shows us in no uncertain terms that there is a considerable danger of significant fluctuations in the market value of hitherto low-risk government bonds. In view of the requirement under IFRS to value assets on the basis of current market prices, valuation losses have a direct negative impact on equity capital or the net profit for the year. In addition, the procyclical effect of Basel II is having an adverse impact: If the ratings of assets are downgraded, the required equity collateral and volume of risk-weighted assets increases, which in turn weighs on the core capital ratio. By radically streamlining its balance sheet, WestLB has broken through this vicious circle and freed itself from market value fluctuations and rating migrations of the ring-fenced assets. The benefits are obvious: less volatility in the profit and loss account, reduced total assets and risk-weighted assets and consequently a freeing up of equity capital and management capacities for the core business activities. And that means more time for our clients.

We need this time for our broad client base. The core bank has four main pillars: “Verbund” clients including public-sector clients, corporate clients, specialised finance clients and institutional clients. Thanks to our strong product platforms we are able to offer our clients comprehensive financing solutions.

The loyalty demonstrated by our clients even in challenging times proves that WestLB remains a much-sought-after partner. Companies in North Rhine-Westphalia and in other regions not only require global players or local institutions. They need credit institutions which maintain both regional and international links – a combination that is characteristic of Landesbanks in particular and makes them attractive from a customer point of view. Current polls indicate that clients seek a counterpoint to private commercial banks.

By systematically freeing its balance sheet from risks and non-customer business, WestLB has fulfilled a decisive prerequisite for necessary structural changes in the Landesbank sector. The pressure to adapt remains strong. I am all the more delighted that, in addition to the silent capital contribution from the SoFFin, the German government has emphasised its commitment to WestLB by naming two appointees to the Bank’s Supervisory Board. The Managing Board interprets these two measures as clear evidence that the German government has moved from being an outside observer to a creative partner. We are fully committed to the necessary process of consolidation among Germany’s Landesbanks. For both our owners and management this is at the same time our guiding principle and our challenge for the future.

My colleagues on the Managing Board and I accept this challenge and will resolutely seize the opportunities that lie ahead. We are grateful to you, our clients, business partners, investors, employees and owners, for your unstinting support and we remain fully committed to earning this support anew in the months ahead. The achievements of the past months in terms of strengthening the Bank on a sustainable basis give us every reason to believe that we will be successful in this regard.

Sincerely yours



Dietrich Voigtländer  
Chairman of the Managing Board

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# Group Interim Statement of Financial Condition

## Economic Setting

The global economy continued to recover from the deep recession early this year. If nothing else, it has been the sweeping programmes adopted by governments and central banks to shore up financial institutions and the economy which have brought about this result. However, the spotlight is increasingly falling on the consequences of this extremely expansive fiscal policy. Public budgets throughout the world have taken a beating, and national debts are skyrocketing. The sudden soar in the debt level of some EU member states, which was sparked by more than just their bailout measures, has made for considerable unrest in the financial markets. Topping the list of troubled economies is Greece, whose ability to fund itself dramatically worsened in the wake of growing doubt about the long-term viability of its public finances. The yield spread between Greek government bonds and German Bunds shot up sharply as did premiums for credit default swaps on Greek sovereign debt. In order to keep the country from collapsing into bankruptcy, the euro area countries and IMF have since approved the Greek government's application for rescue aid. In addition, the EU agreed on a massive € 750 billion bailout package to assist any other euro area economies which get into financial trouble. The European Central Bank (ECB) flanked these efforts by purchasing government bonds on the secondary market and initiating various money market operations.

Whilst German Bunds were in demand as a safe haven and have posted sizeable price gains since the beginning of the year, the euro has come under growing pressure as a result of Greece's looming insolvency. International investors increasingly lost confidence in the stability of the European Monetary Union (EMU).

Global economic performance was more mixed in the first few months of this year than prior to the outbreak of the financial and economic crisis. Currently, the emerging markets are leading the recovery. Led by China, economic output is growing the fastest in the Emerging Asia region, followed within the emerging market regions by Latin America and, at a considerable distance, Central and Eastern Europe.

Economic momentum in the industrialised countries was far weaker by comparison. After a significant increase in output as of year-end, growth in the USA slowed again in the first quarter. We do not expect a broad resurgence in the US economy this year. With only a gradual decline in the number of jobless, high unemployment is hitting private consumption. The real estate correction is not yet complete, and commercial construction, in particular, is expected to suffer a further, sharp contraction. There is still no self-sustaining upturn in sight for the euro area. Some countries have already taken measures to consolidate their budgets, a process which can stifle economic growth. Thus, the expansion of GDP, estimated at just under 1%, is likely to remain moderate this year.

In Germany, GDP edged slightly higher in the first quarter, with exports, machinery and equipment investments and government spending providing positive momentum. Private consumption and construction spending, by contrast, noticeably suppressed growth. Expiration of the scrapping bonus made the difference in consumer spending, whilst the lower output in construction was weather-related. Even with signs pointing to greater GDP growth in the second quarter, we expect the upswing to lose steam once fiscal stimulus runs out. The pressure on companies to cut costs continues to weigh on private incomes, leaving little headroom for growth in consumption. With utilisation of existing capacity very low, companies are likely to remain cautious with investments. Only capital expenditure on replacement and modernisation programmes is expected to expand. The best hope for a solid boost to the economy is exports, though the effects on growth will not be as strong as before the financial and economic crisis. This is based on the expectation that economic growth in the euro area as a whole – other EMU countries are Germany's main trading partners – will be moderate due to the extensive savings measures many countries will be taking this and next year. All in all, we expect GDP growth in Germany to average 1.3% for 2010. A return to pre-crisis levels is still a long way off.

Given the uncertainty surrounding economic developments and underutilisation of production capacity, inflation has been more or less minimal in most industrialised nations. This development has given the major central banks scope for embarking on a gradual reduction in their supply of liquidity to the banking system, without at the same time having to crank up interest rates. The ECB, for example, left its central reference rate at 1% and initially reinstated the three-month upper limit in its refinancing operations. However, it did deviate from this course of action in conjunction with the rescue package adopted for the euro area economies and announced a new 6-month tender for mid-May. In all probability, inflation risks will stay manageable, which means the ECB is not expected at this point to raise key rates in the near future. That being the case, the low-interest-rate climate is expected to remain intact for the time being, especially if the crisis of confidence in the European Monetary Union continues.

## Developments in the Banking Sector

Conditions improved in the capital markets business in the first quarter of 2010, especially in the area of fixed income products. However, after an increase in customer activity in January, concerns about Greece's budget deficit and a potential spill-over into other countries adversely affected all capital markets activity in February. The high volume of the prior-year quarter was not achieved in the first quarter of 2010. Increased volatility in the foreign exchange markets and with government bonds cast a dark cloud over what was otherwise a positive climate, especially in the euro area. Due to fresh uncertainty about the extent of the economic recovery, the stock markets also failed to return to a normal level of activity.

In addition, competition in the lending business for customers with higher credit quality intensified once more. This, coupled with the low level of interest rates, makes it likely that margins in general took a hit. Moreover, volumes declined, at least in Germany.

Talk of additional bank taxes intensified the regulatory uncertainty surrounding equity capital requirements. What is more, drops in corporate ratings threaten to tie up further equity resources.

Banks are not yet in the clear with respect to risk provisions. The economy may have rebounded from the crisis faster than many expected, but experience shows that there is a high volume of loan defaults during the transition from downturn to nascent upturn. In terms of costs, the numerous restructuring measures adopted in the course of the financial crisis are gradually starting to take full effect.

## Structural Changes in the WestLB Group

In the first quarter of 2010, WestLB continued along the path chosen for implementing the agreement reached with the European Commission. On January 8, 2010, the Bank began the selling process for Westdeutsche ImmobilienBank AG by placing advertisements in print media with nationwide circulation. The goal is to sell Westdeutsche ImmobilienBank AG in an open, transparent and non-discriminatory bidding process. Numerous expressions of interest from strategic investors and financial investors were received in January 2010 within the time frame stipulated. In April WestLB received several offers from the bidders involved. The Bank is currently analysing and evaluating the offers available.

The Special Fund Financial Market Stabilisation (SoFFin) paid the second tranche of its silent contribution to capital, which totalled € 1.5 billion, on January 4, 2010. From 2010, this amount will constitute equity capital pursuant to the German Commercial Code (HGB) and regulatory core capital. On December 23, 2009, the establishment of Erste Abwicklungsanstalt and the spin-off of the initial sub-portfolio consisting of approximately € 5.9 billion in structured securities was recorded in the Düsseldorf commercial register. On that same date, the first tranche of SoFFin's silent contribution to capital in the amount of € 672 million was paid. Details about the spin-off and the effect on both WestLB's and Erste Abwicklungsanstalt's capitalisation are provided in the 2009 Annual Report as well as the in the section "Events Occurring after March 31, 2010" in this interim report.

As a result of changes in the shareholder structure of NRW.BANK, the portion of WestLB held by the State of North Rhine-Westphalia, directly and indirectly, has increased from 37.75% to 48.2% since the beginning of 2010, with the direct and indirect portions held by the Regional Association of the Rhineland and the Regional Association of Westphalia-Lippe each falling correspondingly to 0.87%. The two savings banks associations (the Savings Banks and Giro Association of the Rhineland and the Savings Banks Association of Westphalia-Lippe) each still hold 25.03% of WestLB.

## Business Review

### Performance

We achieved a profit before income tax of € 72 million in the first quarter of 2010 (Q1 2009: € 250 million), with € 117 million of that attributable to the core bank (Q1 2009: € 480 million) and € – 45 million (Q1 2009: € – 230 million) to the Portfolio Exit Group – PEG/Unbundling segment. The PEG/Unbundling segment consists of the portfolios transferred to Erste Abwicklungsanstalt after the reporting date as well as the subsidiaries to be sold, namely Westdeutsche ImmobilienBank AG, readybank ag and WestLB International S.A., Luxembourg (private banking activities).

Income decreased by a total of € 218 million to € 486 million. This decrease affected the core bank, in particular, and was partly the result of far fewer positive effects related to the application of IAS 39, especially from the measurement of own liabilities. Another reason was the extremely positive money market business which buoyed first-quarter income in the previous year. The trend with the transfer portfolios was the opposite given the far higher measurement losses and lower net interest income posted in the prior-year quarter compared to the quarter under review.

The impairment charge for credit losses receded by € 32 million to € 142 million.

We succeeded once again in keeping a tight rein on costs in the first quarter of 2010 and achieved another slight reduction in our administrative expenses.

Taking into account our tax expense, we are reporting a net profit for the quarter of € 39 million (Q1 2009: € 212 million), which is in line with our planning.

### WestLB Group Statement of Income from January 1 to March 31, 2010

	1. 1. – 31. 3. 2010 € millions	1. 1. – 31. 3. 2009 € millions	Change € millions	%
Net interest income	511	394	117	30
Impairment charge for credit losses	– 142	– 174	32	18
Net interest income after impairment charge for credit losses	369	220	149	68
Net fee and commission income	63	73	– 10	– 14
Net trading result	– 130	212	– 342	> – 100
Result from financial investments	13	10	3	30
Administrative expenses	270	280	– 10	– 4
Other operating income and expense	29	15	14	93
Restructuring expenses	2	0	2	–
<b>Profit/loss before income tax</b>	<b>72</b>	<b>250</b>	<b>– 178</b>	<b>– 71</b>
Current income taxes	– 21	– 22	1	5
Deferred income taxes	– 12	– 16	4	25
<b>Profit/loss after income tax</b>	<b>39</b>	<b>212</b>	<b>– 173</b>	<b>– 82</b>
Attributable to:				
– Shareholders of WestLB	39	212	– 173	– 82
– Non-controlling interests	0	0	0	–

The following pro forma statement shows the quarterly results before taxes of the core bank and the transfer portfolios (PEG/Unbundling) on a separate basis, taking into account the internal netting process, but excluding consolidation adjustments.

	1. 1. – 31. 3. 2010	1. 1. – 31. 3. 2009	Change absolute	%
<b>Performance Figures in € millions</b>				
Net interest income	309	240	69	29
Impairment charge for credit losses	- 64	- 27	- 37	> - 100
Net interest income after impairment charge for credit losses	245	213	32	15
Net fee and commission income	40	49	- 9	- 18
Net trading result	- 9	394	- 403	> - 100
Result from financial investments	14	11	3	27
Administration expenses	219	220	- 1	0
Other operating income and expense	27	16	11	69
Restructuring expenses	2	0	2	-
Netting with "Transfer Portfolio"	21	17	4	24
<b>Profit before income tax "Core Bank"</b>	<b>117</b>	<b>480</b>	<b>- 363</b>	<b>- 76</b>
Net interest income	202	154	48	31
Impairment charge for credit losses	- 78	- 147	69	47
Net interest income after impairment charge for credit losses	124	7	117	> 100
Net fee and commission income	23	24	- 1	- 4
Net trading result	- 121	- 182	61	34
Result from financial investments	- 1	- 1	0	0
Administrative expenses	51	60	- 9	- 15
Other operating income and expense	2	- 1	3	> 100
Restructuring expenses	0	0	0	-
Netting with "Core Bank"	- 21	- 17	- 4	- 24
<b>Profit before income tax "Transfer Portfolio"</b>	<b>- 45</b>	<b>- 230</b>	<b>185</b>	<b>80</b>
Income taxes	- 33	- 38	5	13
<b>Profit/loss after income tax</b>	<b>39</b>	<b>212</b>	<b>- 173</b>	<b>- 82</b>

Taking into account the market-induced credit spread changes with government bonds, similar assets and own liabilities placed under the fair value option, the measurement mismatches from the application of IAS 39 as well as non-recurring income from the net reversal of provisions for potential litigation expenses in the quarter under review, WestLB Group had an adjusted profit before income tax of € 108 million (Q1 2009: € 130 million), whilst the core bank had an adjusted pre-tax profit of € 64 million (Q1 2009: € 261 million).

### Net Interest Income

Net interest income rose substantially, reaching € 511 million, following € 394 million in the first quarter of 2009. In the core bank net interest income increased by € 69 million to € 309 million. This was due in large measure to a stable capital markets business as well as sustainable successes in the business with corporate clients and in international project finance.

Depending on our risk steering activities, the income components of interest rate instruments and accompanying interest rate derivatives are reported either in net interest income or in the net trading result. Consequently, these two income statement items are closely linked.

### Impairment Charge for Credit Losses

Our impairment charge for credit losses for the first three months of 2010 reflects a net allocation of € 142 million versus a net allocation of € 174 million in the first quarter of 2009. The € 32 million, or 18%, decrease in net allocations is attributable to the transfer portfolios. Expenditure on risk provisioning in the core bank rose to € 64 million (Q1 2009: € 27 million). We have taken due account of all discernible risks.

### Net Fee and Commission Income

Net fee and commission income decreased by € 10 million, or 14%, to € 63 million compared with the same quarter a year ago. This decrease predominantly concerned the core bank and was attributable on the income side to the securities and custody business, which remained weak because of market conditions. At the same time, the considerable expansion of the savings banks' certificate business and € – 22 million in related sales commissions (Q1 2009: € – 11 million) led to a substantial increase in fee and commission expense and, against that, higher net interest income and higher income in the net trading result. The results in the lending and syndicated lending business as well as in the payments business were well above the previous year.

### Net Trading Result

The net trading result amounted to € – 130 million, following € 212 million in the previous year.

The government bonds and similar assets in our portfolio lost € 95 million in value in the first three months of this year upon remeasurement, after having lost € 260 million in the same period of 2009. We recorded negative effects of € 18 million (Q1 2009: income of € 290 million) from market-induced credit spread changes with own liabilities for which we apply the fair value option. Measurement mismatches, which despite having positions that are economically hedged are unavoidable because of the application of IAS 39, had a positive effect of € 53 million on the net trading result (Q1 2009: positive effect of € 90 million). Overall, the measurement effects mentioned added up to € – 60 million (Q1 2009: € + 120 million), of which € + 29 million was attributable to the core bank (Q1 2009: € + 219 million) and € – 89 million to the PEG/Unbundling segment (Q1 2009: € – 99 million).

From an operating standpoint, in the core bank the contributions which the Debt Markets unit (interest rate products) made to the net trading result receded considerably given the extremely favourable conditions in the money markets business in the prior-year quarter. However, in conjunction with the contributions from net interest income and with risks down further, they were in line with our planning. The result in the Equity Markets unit (equity products) improved slightly, but lagged behind our expectations given the ongoing difficult market conditions.

### Result from Financial Investments

The € 13 million result from financial investments is comparable to the result achieved in the same period in 2009 (€ 10 million) and was chiefly attributable to the sale of an investment.

### Administrative Expenses

Administrative expenses decreased by 4% to € 270 million in the first three months of the current fiscal year.

By keeping a tight rein on costs, we once again generated savings in our other administrative expenses, in particular, which decreased by € 20 million, or 15%, to € 110 million.

By contrast, personnel expenses rose slightly, up € 11 million to € 142 million. The number of full-time employees dropped by 66 to 4,905 in the first quarter.

### Other Operating Income and Expense

The net figure for other operating income and expense stood at € 29 million, compared with € 15 million in the same quarter a year ago. The increase is largely attributable to income from the reversal of provisions for potential litigation expenses in the core bank.

### Restructuring Expenses

A total of € 2 million (Q1 2009: € 0 million) was spent in the first quarter of this year for restructuring measures related to satisfying the conditions set by the European Commission.

### Segment Results

The front office and Corporate Center units made the following contributions to WestLB Group's result before taxes for the first quarter of 2010:

## Verbund & Mittelstand

Formed on the basis of product stewardship, the Verbund & Mittelstand segment pools the credit business with SMEs, the savings banks and their customers and public-sector clients as well as the business with fund companies. Organisationally, the sales units for the Verbund business are also assigned to this segment. However, these units' costs and the related income are reported in either the Capital Markets or Transaction Banking segment, depending on the nature of the sale made.

The result before taxes in this segment amounted to € 3 million in the first quarter of 2010, compared with a break-even result in the comparable period a year ago. As explained above, this result only partially reflects the segment's sales performance.

The income from the lending business exceeded the year-earlier level, with an increase in net interest income, in particular. Administrative expenses were below the previous year's figure.

## Corporates & Structured Finance

The Corporates & Structured Finance segment captures all results from standard and structured lending to corporate clients as well as the result from the joint venture in asset management.

With a profit before income tax of € 85 million in this segment (Q1 2009: € 71 million), we succeeded in continuing the solid performance which we already achieved in the prior-year quarter.

The corporates business developed favourably both in and outside Germany. Of particular note beyond the standard lending business were the successful placement of several promissory note transactions, the cementing of our leading position in international project finance and our strong position in the issuance of corporate bonds.

Net interest income increased by € 23 million to € 101 million. All of the segment's operating units contributed to this improvement. The segment also posted net fee and commission income which was on a par with the previous year.

The impairment charge for credit losses increased by € 37 million to € 45 million compared to the year-earlier period. The relatively low level of net allocations in the previous year, which stood at € 8 million, was attributable to the transfer of non-essential strategic investments to the PEG/Unbundling segment.

The segment's net figure of € 36 million for other operating income and expense (Q1 2009: € 3 million) is primarily the result of the reversal of a provision for potential litigation expenses which was no longer needed.

In addition, the € 7 million result from financial investments reflects our portion of the gain on the sale of a participating interest.

The segment's administrative expenses, at € 34 million, were slightly above the previous year's € 30 million, in part because of higher personnel expenses.

### Capital Markets

The Capital Markets segment comprises the Equity Markets, Debt Markets, Research and Treasury business units.

We achieved a profit before income tax of € 71 million in this segment for the quarter under review. Whilst it is well under the previous year's result of € 342 million, it is nevertheless above our expectations. The performance of our Debt Markets business was the primary source of this decrease, with income in the foreign exchange, money markets and fixed income units lagging far behind the prior-year quarter because of lower market volatility and narrower bid/ask spreads. The market conditions in the first quarter of 2009 were much more favourable in these areas. The business with corporate clients in structured and non-structured interest rate and money market products continued to do well. In addition, we notched a considerable increase in our income from primary market activities for financial institutions as well as for public-sector and corporate clients.

The change in income was also favourable in the interest rate certificate business with savings banks and their clients, which posted a further improvement from the previous period. By offering products which are tailored more closely to the needs of customers, we increased our market share in the certificate market considerably. In the capital-guaranteed product segment, WestLB became market leader for the first time at the end of 2009, with a market share of 21% in terms of volume.

The result of the Equity Markets business clearly surpassed that of the previous year, but still fell short of our expectations. The customer business with stocks, derivatives and stock certificates suffered from weak trading in the relevant markets and the preference among investors for interest rate products. Conversely, the placement of three primary market transactions, the implementation of structured solutions for corporate clients and encouraging performance in the area of customer acquisition testify to the success of our business model.

The segment's net fee and commission income, at € – 27 million, decreased by € 11 million from the year-earlier quarter, chiefly because of sales commissions in the certificate business, which was expanded again. This fee and commission expense was more than offset by the corresponding income which was generated, but that income is reported in net interest income and the net trading result.

Administrative expenses in the Capital Markets segment were € 4 million higher than the year before at € 28 million, predominantly because of an increase in personnel expenses.

### Transaction Banking

The Transaction Banking segment pools the activities in the Transactions Services business. The product portfolio consists of a full range of account maintenance services, settlement services for euro and foreign payment transactions from the savings banks and direct clients, CashManagement (liquidity management), development and marketing of customer loyalty, credit and Verbund card programmes as well as foreign exchange, precious metals and traveller's cheque services.

Despite the financial market crisis, the transaction volume in the Transaction Services business unit rose further. Float and demand deposit volume was around the same level as in the comparable period a year ago. The operating interest result was largely unchanged. Net fee and commission income including the net trading result was slightly below the previous year due to irregular settlement dates. Administrative expenses were higher than in the same period the year before because of an increase in project expenses for Payback activities.

### Corporate Center

The Corporate Center units provide services for the front-office and sales units and carry out central management functions in the Group, including IT and Services, central staff functions, Risk Management as well as Finance & Controlling.

The various cost-cutting and restructuring programmes introduced in previous years are reflected in the administrative expenses. The increase in administrative expenses shown in the segment reporting is due exclusively to non-recurring, one-time effects. Excluding these effects, the administrative expenses of the Corporate Center units fell by roughly 10% compared with the previous year.

The negative performance in net fee and commission income was driven above all by lower income from custody and custodian bank monitoring fees.

All expenses and income of the Corporate Center units were allocated among the remaining divisions as part of the internal netting process.

### Other

This segment captures consolidations, adjustments made for reconciliation to Group figures and profit contributions which do not fall within the scope of the other segments' responsibilities, such as allocations to provisions for retirees and donations.

Two of the main items captured here are measurement mismatches related to the application of IAS 39 (€ 53 million; Q1 2009: € 90 million) and the € – 34 million (Q1 2009: € 100 million) in measurement results from own liabilities which are not attributable to the Capital Markets and PEG/Unbundling segments.

### Portfolio Exit Group – PEG/Unbundling

The Portfolio Exit Group – PEG/Unbundling segment pools all the portfolios and subsidiaries which were classified as not being in conformity with the strategy as a result of the agreement reached with the European Commission in 2009 and therefore earmarked for transfer to Erste Abwicklungsanstalt or for sale or discontinuation.

With the credit and capital markets showing normalising trends, the segment's € – 45 million pre-tax result for the first quarter of 2010 was far better than the € – 230 million result for the same quarter a year ago.

The chief reason for this improvement was the narrowing of credit spreads with OTC derivatives and secondary market portfolios, which produced positive measurement effects. The measurement of government bonds and similar assets in the prior-year quarter resulted in expenses of € 175 million, whilst the same measurement in the quarter under review returned a loss of € 105 million. The measurement of own liabilities assigned to this segment resulted in income of € 16 million in the quarter under review (Q1 2009: € 76 million).

In addition, through Westdeutsche ImmobilienBank AG, in particular, there was considerable income growth in the real estate business, in part because of higher margins.

The segment posted an impairment charge for credit losses of € 78 million, which was lower than in the first quarter of 2009 (€ 147 million).

Administrative expenses, at € 51 million, were sharply lower than the total administrative expenses for the year-earlier period (Q1 2009: € 60 million) because of the sale of Weberbank as of June 30, 2009 and prudent cost management.

## Financial Status

WestLB Group's **total assets** were down slightly from the end of last year, decreasing by € 3.4 billion, or 1%, to € 238.9 billion, predominantly because of fluctuations in market value and currency effects. The balance sheet for the first quarter of 2010 was largely shaped by further implementation of the agreement reached with the European Commission. For example, on March 12, 2010 the sale of our subsidiary WestLB Bank Polska S.A was announced; the criteria for a separate presentation of the company as a disposal group pursuant to IFRS 5 were first met as of March 31, 2010. The portfolio transferred to Erste Abwicklungsanstalt on April 30, 2010 with retroactive effect from January 1, 2010 was also first eligible for treatment under IFRS 5 as of March 31, 2010. Because of this and other measures taken to implement the restructuring plan, the corresponding assets and liabilities were removed from the line items under which they were previously reported and reclassified as **assets held for sale (€ 58 billion)** and **liabilities held for sale (€ 28 billion)**. The predominant portion of the reclassifications involved loans and advances to customers (€ 39 billion), financial assets designated at fair value (€ 13 billion) and financial investments (€ 4 billion) and, on the liabilities side, liabilities to banks (€ 4 billion), liabilities to customers (€ 4 billion), certificated liabilities (€ 11 billion) and financial liabilities designated at fair value (€ 6 billion). In this respect, there is only limited comparability with the previous year's figures. Additional information is provided in Note 27.

Adjusted for positive fair values from derivative financial instruments which are reported as trading assets as well as from derivative hedging instruments and exchange rate fluctuations since the end of 2007, total assets decreased to approximately € 190 billion as of the end of March 2010, which is only slightly above the reduction to € 187 billion by March 31, 2010 stipulated by the European Commission. Factoring in the retroactive transfer to Erste Abwicklungsanstalt, we more than met the reduction target and are on track to accomplish the second phase of downsizing within the time frame stipulated (total assets down to € 125 billion by March 31, 2011).

The volume of **subordinated debt** as of the end of the first quarter of 2010 was nearly unchanged from year's end at € 4.5 billion.

**Equity capital** increased by € 1.5 billion due to payment of the second tranche of SoFFin's silent contribution to capital.

### Risk-Weighted Assets and Capital Ratios

Pursuant to the provisions of the Solvency Regulation (SolvV), our risk-weighted assets (RWA) totalled € 83.3 billion at March 31, 2010, which represents an increase of € 0.3 billion from the amount reported as of December 31, 2009. A system switch to a new IT platform resulted in improvements in the way non-securitisation assets are captured, which, in turn, reduced the volume of risk-weighted assets by € 1.1 billion. In addition, the charge for market price risks edged down by € 0.4 billion. However, rating downgrades more than negated these positive developments. Charges from securitisation transactions rose by some € 1 billion, and currency effects caused risk-weighted assets to increase by € 0.8 billion. Factoring in the retroactive transfer of the main portfolio to Erste Abwicklungsanstalt on April 30, 2010, we clearly surpassed the targeted reduction in risk-weighted assets set by the European Commission (€ 78 billion by March 31, 2010).

Taking into account WestLB AG's result for the year and including the € 1.5 billion silent contribution to capital, the core capital ratio rose slightly by 0.1% from 8.2% to 8.3% at March 31, 2010 compared with December 31, 2009, whilst the overall ratio remained unchanged at 10.9%.

Own funds were largely constant, as the higher volume of deductions (shortfalls, allowances for specific risks formed during the year), which reduce own funds, was offset in full by write-downs on the book values of participating interests.

### Liquidity

WestLB further cemented its structural liquidity position in the first quarter of 2010 through higher-than-expected issuance of long-dated bonds. As our regulatory liquidity ratio proves, we have access to sufficient liquid resources. A bank's liquidity is evaluated for regulatory purposes using the liquidity ratio determined pursuant to the German Liquidity Regulation (LiqV), which sets the cash available within a given month in relation to the payment obligations which may be called in during the same period. A bank's liquidity is considered sufficient if this ratio is at least 1.0. At WestLB AG, the ratio for the period from January to March 2010 averaged 1.21.

## Events Occurring after March 31, 2010

Several bidders involved in the selling process for Westdeutsche ImmobilienBank AG underpinned their interest in purchasing the company by submitting offers in April 2010 within the time frame stipulated. The review of these offers is not yet complete.

At a shareholders' meeting held in April 2010, WestLB's owners approved the agreements on the ring-fencing of the main portfolio of non-essential strategic activities with a volume of approximately € 71 billion. The spin-off into an existing entity pursuant to § 123 (2) No. 1 and § 131 (1) of the German Transformation Act (UmwG) in conjunction with § 8a (8) of the Financial Market Stabilisation Fund Act (FMStFG) was recorded in the Düsseldorf commercial register on April 30, 2010. As a result, the main portfolio was transferred to Erste Abwicklungsanstalt with retroactive effect from January 1, 2010. Following the spin-off of the first sub-portfolio with a volume of approximately € 6 billion on December 23, 2009, the total volume of the ring-fenced portfolio stands at roughly € 77 billion. Where domestic taxes are concerned, tax questions relating to the transfer of the main portfolio were largely addressed in the context of a binding ruling from the tax authorities. Provisions have been formed for any remaining tax risks, particularly abroad.

The spin-off also included the transfer of around € 26 billion in liabilities which qualified for the grandfathering of guarantor liability. The payment obligations under these liabilities will continue to be covered by guarantor liability even after completion of the spin-off.

WestLB AG's shareholders elected Hildegard Müller and Dr. Annette Messemer as new members of the Supervisory Board at their meeting on April 30, 2010. As representatives of the federal government, they succeeded Supervisory Board members Dr. Wolfgang Kirsch and Harry Voigtsberger, who left the Supervisory Board as of April 30, 2010.

Payment of the third tranche of SoFFin's silent contribution to capital in the amount of approximately € 828 million was also made on April 30, 2010, topping up the silent contribution to capital to a total of € 3 billion. Through the spin-off of capital items of WestLB, Erste Abwicklungsanstalt received an equity injection totalling roughly € 3 billion. In the course of the transfer of the main portfolio, the share capital of WestLB AG was reduced by € 1,303 million, from € 2,270 million to € 967 million, pursuant to a shareholders' resolution adopted on April 23, 2010 (simplified procedure for capital reduction pursuant to § 145 of the German Transformation Act (UmwG) in conjunction with § 229 et seq. of the German Stock Corporation Act (AktG). The capital reserve stands at € 97 million.

The Managing Board was authorised by the extraordinary shareholders' meeting held on April 23, 2010 to grant the Special Fund Financial Market Stabilisation (SoFFin) the option of converting all or part of the silent contribution to capital into shares of WestLB AG. To this end, a new class of shares (Class C) was created, with a preferred dividend of 10%, a preferred stake in any proceeds from the sale of divisions and subsidiaries and senior ranking in the event of liquidation. SoFFin's stake may not exceed 49.9% of the share capital. The share capital was conditionally raised by € 967 million pursuant to § 7a of the FMStFG in conjunction with § 192 et seq. of the AktG. The agreement on the granting of the conversion right was executed in April 2010.

On May 4, 2010, Moody's lowered its long-term rating for WestLB from A2 to A3. The downgrade occurred as the result of a fundamental recalibration of the rating agency's methodology. Moody's already made an announcement at the turn of the year that it would be thoroughly reviewing the various levels of support which are factored into the long-term rating of banks. Because Moody's concluded that the probability of future support for the Bank from its savings bank owners has deteriorated, the agency reduced the support factor in its long-term rating for WestLB by one notch. At the same time, Moody's changed its outlook on WestLB's bank financial strength rating to "stable", in response to the positive effects the spin-off was having on the risk profile, funding and capitalisation.

## Outlook

The transfer of non-essential strategic assets and the further focussing will have a lasting impact on WestLB's net assets, financial position and results of operations. In addition, the years 2010 and 2011 will be largely shaped by the consequences of implementing the agreement reached with the European Commission. The lending business will remain challenging due to increasing regulatory requirements and existing uncertainty about the timing and extent of recovery. In addition, the debt crisis in southern European countries reminds us that the era of increased volatility in market prices and credit spreads is not yet over, even in the case of government bonds. This has corresponding effects on the financial instruments we measure at fair value and, thus, on the susceptibility of our results to fluctuations, although the vast majority of our exposures to central governments and to regional and local authorities in Southern Europe has been transferred to Erste Abwicklungsanstalt. The chief reason is that, pursuant to IFRS rules, changes in the value of these instruments must be shown in the income statement until their transfer to Erste Abwicklungsanstalt is recorded on April 30, 2010, whilst the contrary effect from the

retroactive application of the spin-off, i. e. the contractually agreed transfer of beneficial ownership as of January 1, 2010, is reflected in the IFRS equity. Hence, the market distortions caused by the debt crisis in Southern Europe up to and including April 2010 will adversely affect the after-tax result for the second quarter.

On December 22, 2009, the European Commission gave its provisional approval for the establishment of Erste Abwicklungsanstalt and the recapitalisation measure by SoFFin as rescue aid and initiated a formal investigation procedure. Under the aegis of the federal government, the owners, SoFFin and WestLB are continuing to work to achieve a positive outcome from these proceedings.

WestLB is meeting the challenges of the unfavourable market climate by strengthening its customer business and reining in costs. We already have sustainably improved the Bank's risk structure with the completed spin-off. Our goal remains unchanged: to achieve a double-digit return on equity before taxes in the Group by 2013 on the basis of the measures that have been introduced.

## Group Statement of Income

	Notes	1. 1. – 31. 3. 2010 € millions	1. 1. – 31. 3. 2009 € millions	Change € millions	%
Interest income		1,926	2,724	- 798	- 29
Interest expense		1,415	2,330	- 915	- 39
Net interest income	(3)	511	394	117	30
Impairment charge for credit losses	(4)	- 142	- 174	32	18
Net interest income after impairment charge for credit losses		369	220	149	68
Fee and commission income		127	128	- 1	- 1
Fee and commission expense		64	55	9	16
Net fee and commission income	(5)	63	73	- 10	- 14
Net trading result	(6)	- 130	212	- 342	> - 100
Result from financial investments	(7)	13	10	3	30
Administrative expenses	(8)	270	280	- 10	- 4
Other operating income and expense	(9)	29	15	14	93
Restructuring expenses		2	0	2	-
<b>Profit before income tax</b>		<b>72</b>	<b>250</b>	<b>- 178</b>	<b>- 71</b>
Current income taxes		- 21	- 22	1	5
Deferred income taxes		- 12	- 16	4	25
<b>Profit after income tax</b>		<b>39</b>	<b>212</b>	<b>- 173</b>	<b>- 82</b>
Attributable to:					
- Shareholders of WestLB		39	212	- 173	- 82
- Non-controlling interests		0	0	0	-

## Statement of Comprehensive Income

The total results of WestLB for the period comprise the income and expenses shown in the statement of income and those directly captured in equity.

	1. 1. – 31. 3. 2010 € millions	1. 1. – 31. 3. 2009 € millions
<b>Profit after income tax</b>	<b>39</b>	<b>212</b>
<b>Net income and expenses recognised directly in equity</b>	<b>- 78</b>	<b>- 23</b>
Change in revaluation reserve	- 58	- 97
Change in foreign currency translation reserve	26	- 11
Change in defined benefit obligations	- 74	92
Deferred taxes on items taken directly to or transferred from equity	28	- 7
<b>Total recognised income and expense for the period</b>	<b>- 39</b>	<b>189</b>
Attributable to:		
- Shareholders of WestLB	- 39	189
- Non-controlling interests	0	0

## Group Balance Sheet

### Assets

	Notes	31. 3. 2010 € millions	31. 12. 2009 € millions	Change	
				€ millions	%
Cash and balances with central banks		2,286	2,048	238	12
Loans and advances to banks	(10)	13,082	10,376	2,706	26
Loans and advances to customers	(11)	61,611	96,897	- 35,286	- 36
Allowances for losses on loans and advances	(12)	- 993	- 1,667	674	- 40
Receivables under reverse repurchase agreements		28,543	31,031	- 2,488	- 8
Trading assets	(13)	57,156	59,945	- 2,789	- 5
Positive fair values from derivative hedging instruments		1,607	2,198	- 591	- 27
Separate line item for hedged financial instruments resulting from portfolio hedge accounting		178	123	55	45
Financial assets designated at fair value	(14)	9,831	22,349	- 12,518	- 56
Financial investments	(15)	5,586	8,541	- 2,955	- 35
Property and equipment	(16)	445	448	- 3	- 1
Intangible assets	(17)	154	156	- 2	- 1
Current tax assets		344	334	10	3
Deferred tax assets		227	185	42	23
Other assets		688	491	197	40
Assets held for sale	(27)	58,118	8,856	49,262	> 100
<b>Total assets</b>		<b>238,863</b>	<b>242,311</b>	<b>- 3,448</b>	<b>- 1</b>

### Liabilities and Equity

	Notes	31. 3. 2010 € millions	31. 12. 2009 € millions	Change	
				€ millions	%
Liabilities to banks	(18)	23,105	36,213	- 13,108	- 36
Liabilities to customers	(19)	21,710	27,643	- 5,933	- 21
Certificated liabilities	(20)	21,425	31,639	- 10,214	- 32
Liabilities under repurchase agreements		34,079	36,379	- 2,300	- 6
Trading liabilities	(21)	49,702	47,322	2,380	5
Negative fair values from derivative hedging instruments		902	867	35	4
Separate line item for hedged financial instruments resulting from portfolio hedge accounting		999	717	282	39
Financial liabilities designated at fair value	(22)	44,396	48,446	- 4,050	- 8
Provisions	(23)	2,007	1,998	9	0
Current tax liabilities		421	416	5	1
Deferred tax liabilities		19	2	17	> 100
Other liabilities		2,144	2,082	62	3
Liabilities held for sale	(27)	28,228	295	27,933	> 100
Subordinated debt	(24)	4,490	4,559	- 69	- 2
<b>Equity</b>		<b>5,236</b>	<b>3,733</b>	<b>1,503</b>	<b>40</b>
- Share capital		2,270	2,270	0	0
- Capital reserve		1,259	1,259	0	0
- Silent contributions to capital		2,613	1,113	1,500	> 100
- Retained earnings		- 432	- 513	81	16
- Foreign currency translation reserve		- 52	- 79	27	34
- Revaluation reserve		- 374	- 320	- 54	- 17
- Actuarial gains and losses from defined benefit obligations		- 48	3	- 51	> - 100
<b>Total liabilities and equity</b>		<b>238,863</b>	<b>242,311</b>	<b>- 3,448</b>	<b>- 1</b>

## Changes in Shareholders' Equity

### Statement of Changes in Shareholders' Equity

€ millions	Share capital	Capital reserve	Silent contributions to capital	Retained earnings	Foreign currency translation reserve	Revaluation reserve	Actuarial gains and losses from defined benefit obligations	Equity before minority interests	Non-controlling interests	Group equity
Balance at January 1, 2009	2,270	2,031	469	- 314	- 47	- 581	- 7	3,821	0	3,821
Distribution to shareholders				- 8				- 8		- 8
Capital increase/reduction										0
Allocations for silent contributions										0
Withdrawals from silent contributions										0
Other changes in shareholders' equity				7				7		7
Total recognised income and expense for the period				212	- 11	- 76	64	189		189
Balance at March 31, 2009	2,270	2,031	469	- 103	- 58	- 657	57	4,009	0	4,009
Balance at January 1, 2010	2,270	1,259	1,113	- 513	- 79	- 320	3	3,733	0	3,733
Distribution to shareholders										0
Capital increase/reduction										0
Allocations for silent contributions			1,500					1,500		1,500
Withdrawals from silent contributions										0
Changes due to spin-off										0
Other changes in shareholders' equity				42				42		42
Total recognised income and expense for the period				39	27	- 54	- 51	- 39		- 39
Balance at March 31, 2010	2,270	1,259	2,613	- 432	- 52 <sup>1</sup>	- 374 <sup>2</sup>	- 48 <sup>3</sup>	5,236	0	5,236

<sup>1</sup> includes € 5 million from assets held for sale

<sup>2</sup> includes € - 390 million from assets held for sale

<sup>3</sup> includes € 3 million from assets held for sale

## Cash Flow Statement

	1. 1. – 31. 3. 2010 € millions	1. 1. – 31. 3. 2009 € millions
Cash and balances with central banks at the end of the previous period	2,048	2,125
Cash flow from operating activities	– 1,388	– 1,279
Cash flow from investing activities	154	310
Cash flow from financing activities	1,431	– 626
Changes in cash due to changes in scope of consolidation	0	0
Changes in cash due to changes in exchange rates	41	– 11
Cash and balances with central banks at the end of the period	2,286	519

Additional information about the liquidity management practices of WestLB Group is contained in the Risk Report of the Annual Report 2009.

# Notes to the Group Financial Statements

## Accounting Policies

### 1. Basis of Preparation

Based on the "IAS Regulation", we have prepared the interim financial statements in accordance with the International Financial Reporting Standards (IFRS), as well as additional regulations applicable under § 315 a (1) of the German Commercial Code (HGB), which we were required to apply as of the reporting date. The condensed financial statements meet in particular the requirements of IAS 34 (Interim Financial Reporting).

The information contained in these interim financial statements should be read in conjunction with the information contained in the published and certified Group financial statements as of and for the year ended December 31, 2009. We have taken account of all developments up to the Managing Board's preparation of the interim financial statements on May 18, 2010.

We used the same accounting policies to prepare the interim financial statements as were used to prepare the 2009 Group financial statements.

The use of IFRS requires that management make certain estimates and assumptions which can have a not insignificant impact on the statement of income, the recognition and carrying value of assets and liabilities as well as the disclosure of contingent assets and liabilities. Even when our estimates are based on available information, past experience and other criteria, including expectations concerning future events, actual, future results may still vary from our estimates.

This interim report was reviewed by our external auditors.

## 2. Scope of Consolidation

WestLB Group specifically includes the following companies and sub-groups:

### **WestLB Group (companies, directly consolidated)**

WestLB AG, Düsseldorf	
Bank WestLB Vostok (ZAO), Moscow, Russia	
Banque d'Orsay S.A., Paris, France	
Basinghall Finance plc, London, UK	
Clavis Securities plc, London, UK	
Compass Securitisation Limited, Dublin, Ireland	
Compass Securitization LLC, Wilmington/Delaware, USA	
GOD Grundstücksverwaltungsgesellschaft & Co. KG, Mainz	
GOH Grundstücksverwaltungsgesellschaft & Co. KG, Mainz	
International Leasing Solutions Japan KK, Tokyo, Japan	
readybank ag, Berlin	
Universal Factoring GmbH, Essen	
WestLB Asset Management (US) LLC, New York, USA	
WestLB Bank Polska S.A., Warsaw, Poland	
WestLB Covered Bond Bank plc, Dublin, Ireland	
WestLB Europa Holding GmbH, Düsseldorf	
WestLB Europe (UK) Holdings Ltd., London, UK	
WestLB Finance Curaçao N.V., Willemstad, Netherlands Antilles	
WestLB Fund Investments Ltd., London, UK	
WestLB International S.A., Luxembourg, Luxembourg	
WestLB Ireland plc, Dublin, Ireland	
WestLB Mellon Asset Management Holdings Ltd., London, UK	
WestLB New York Capital Investment Ltd., Jersey, Channel Islands	
WestLB Securities Inc., Dover/Delaware, USA	
WestLB Securities Pacific Ltd., Hong Kong, People's Republic of China	
WestLB UK Ltd., London, UK	
West Merchant Ltd., London, UK	
WLB Funding S.A. de C.V., SOFOM, Mexico City, Mexico	
Banco WestLB do Brasil S.A., São Paulo, Brazil	Subgroup with 2 companies
Westdeutsche ImmobilienBank AG, Mainz	Subgroup with 9 companies

WestLB Mellon Asset Management Holdings Ltd. (WMAM), London, UK, is included in the Group financial statements as a joint venture and is reported at equity.

With acquisition of 100% of the voting capital, Universal Factoring GmbH was consolidated for the first time as of January 1, 2010. The purpose of the company is to buy and sell receivables. The acquisition was made in order to enhance the existing factoring business.

## Segment Reporting

Profit is accounted for and managed within WestLB Group at business unit level on the basis of WestLB's profit centre accounting. The portfolios, results and resources of the specific business units are combined into segments which represent the businesses and areas in which WestLB Group is active.

The segment reporting is prepared in accordance with IFRS 8. The segments are formed on the basis of WestLB Group's internal management practices and reflect the focus and market presence of the business units as well as the functional synergies among organisational units.

### Group Segments

<u>Verbund &amp; Mittelstand</u>	<u>Corporates &amp; Structured Finance</u>	<u>Capital Markets</u>	<u>Transaction Banking</u>
Verbund	Corporates Structured Finance Corporate & Structured Finance Products Asset Management	Equity Markets Debt Markets Research Treasury	Transaction Services
<u>Portfolio Exit Group – PEG/Unbundling</u>	<u>Corporate Center</u>	<u>Other</u>	
Investment Management/ Portfolio Exit Group readybank ag Westdeutsche ImmobilienBank AG Private Banking WestLB International S.A.	Chairman Risk Management Finance & Controlling Human Resources Information Technology Organisation & Services Group Operations	Consolidations/ Netting	

The Verbund & Mittelstand segment combines the business with savings banks, the public sector as well as retail clients and small and medium-sized enterprises in North Rhine-Westphalia. Organisationally, the sales units for the Verbund business are assigned to this segment. However, large portions of the income related to them are reported in the Capital Markets and Transaction Banking segments.

The Corporates & Structured Finance segment captures the results from standard and structured lending to corporate clients. The results from the joint venture in asset management are also shown here.

All WestLB's activities in the international capital markets are pooled in the Capital Markets segment. The segment's focus is customer-based trading in Europe. The segment's Treasury business unit is responsible for the Group's capital, funding and liquidity management. The products offered by the Research business unit support our target customers.

The Transaction Banking segment combines our activities in the domestic and international payments business.

The Portfolio Exit Group – PEG/Unbundling segment captures the results from portfolios which the Bank identified as non-strategic and spun off into Erste Abwicklungsanstalt on April 30, 2010, with retroactive effect from January 1, 2010. It also captures the results of major participations which the Bank has pledged to sell as part of the agreement reached with the European Commission: readybank ag, Westdeutsche ImmobilienBank AG and private banking operations in Luxembourg.

The Corporate Center units provide services for the front-office and sales units and carry out central management functions. The Corporate Center units are managed on the basis of reported expenses. An internal charging procedure attributes the units' services to the remaining divisions on the basis of actual cost, consistently with how the associated income and expenses are occasioned.

The Other segment captures consolidations, adjustments made for reconciliation to the Group result and profit contributions which do not fall within the scope of other segments' responsibilities.

In order to make a distinction between the segments of the core bank and the transfer portfolios of the PEG/Unbundling segment, we added a sub-total column with the heading "Core Bank" to the segment reporting table.

The following table depicts the contributions which the individual segments made to the consolidated result for the first quarter of fiscal years 2009 and 2010. The segment results are derived from internal management data, which can be reconciled with our financial accounting data. As part of internal management, there are internal transactions between the individual segments which serve a variety of purposes, including passing on funds internally, allocating maturity structure and net interest margin contributions and supporting risk management. As a result, determining the income each segment generates with external customers could be obtained only at high expense or effort. Any net results from internal transactions are eliminated in the Other segment.

There are no measurement differences to the Group balance sheet.

€ millions	Verbund & Mittelstand	Corporates & Structured Finance	Capital Markets	Transaction Banking	Corporate Center	Other	Core Bank	Portfolio Exit Group – PEG/Unbundling	WestLB Group
Net interest income									
1. 1. – 31. 3. 2010	5	101	188	6	-9	18	309	202	511
1. 1. – 31. 3. 2009	3	78	126	6	-9	36	240	154	394
Impairment for credit losses									
1. 1. – 31. 3. 2010	0	-45	-1	0	0	-18	-64	-78	-142
1. 1. – 31. 3. 2009	0	-8	1	0	0	-20	-27	-147	-174
Net fee and commission income									
1. 1. – 31. 3. 2010	2	61	-27	10	-6	0	40	23	63
1. 1. – 31. 3. 2009	2	62	-16	11	-4	-6	49	24	73
Net trading result									
1. 1. – 31. 3. 2010	0	4	17	0	0	-30	-9	-121	-130
1. 1. – 31. 3. 2009	0	-5	321	0	0	78	394	-182	212
Result from financial investments									
1. 1. – 31. 3. 2010	0	7	7	0	0	0	14	-1	13
1. 1. – 31. 3. 2009	0	12	0	0	0	-1	11	-1	10
Administrative expenses									
1. 1. – 31. 3. 2010	5	34	28	5	149	-2	219	51	270
1. 1. – 31. 3. 2009	6	30	24	4	136	20	220	60	280
Other operating income and expense									
1. 1. – 31. 3. 2010	0	36	-2	0	-5	-2	27	2	29
1. 1. – 31. 3. 2009	0	3	-6	-1	4	16	16	-1	15
Restructuring expenses									
1. 1. – 31. 3. 2010	0	0	0	0	0	2	2	0	2
1. 1. – 31. 3. 2009	0	0	0	0	0	0	0	0	0
Internal charging									
1. 1. – 31. 3. 2010	1	-45	-83	-10	169	-11	21	-21	0
1. 1. – 31. 3. 2009	1	-41	-60	-12	145	-16	17	-17	0
Profit before income tax									
1. 1. – 31. 3. 2010	3	85	71	1	0	-43	117	-45	72
1. 1. – 31. 3. 2009	0	71	342	0	0	67	480	-230	250

## Notes to the Group Statement of Income

### 3. Net Interest Income

	1. 1. – 31. 3. 2010 € millions	1. 1. – 31. 3. 2009 € millions
Interest income from		
– Loans and advances to banks and customers	888	1,455
– Financial assets available for sale	40	93
– Financial assets held to maturity	1	9
Current income from		
– Financial assets available for sale	6	3
– Interests in associates and joint ventures	0	0
Net interest and dividend income from		
– Instruments held for trading	266	498
– Instruments designated as at fair value	– 171	– 439
Interest expenses for		
– Liabilities to banks and customers	425	893
– Certificated liabilities	177	310
– Subordinated debt (excluding designated holdings)	49	75
Net income from hedging relationships	– 4	– 42
Net income from other transactions	136	95
<b>Net interest income</b>	<b>511</b>	<b>394</b>
Net interest income Core Bank	309	240
Net interest income Transfer Portfolio	202	154

The net income from other transactions primarily comprises interest income and interest expense from hedging derivatives which meet the requirements for hedge accounting under IAS 39, and from amortisation entries made in connection with the portfolio hedge accounting. It also captures the interest expense from the measurement of IFRS pension obligations and the interest effect from unwinding (accrued interest on allowances and provisions for credit risks).

### 4. Impairment Charge for Credit Losses

	1. 1. – 31. 3. 2010 € millions	1. 1. – 31. 3. 2009 € millions
Allocations		
– to allowance for losses on loans and advances	– 137	– 188
– to provisions for lending operations	– 8	– 1
Write-backs		
– from allowance for losses on loans and advances	10	10
– from provisions for lending operations	6	3
Income from written-off loans and advances	1	5
Direct write-offs of loans and advances	– 14	– 3
<b>Impairment charge for credit losses</b>	<b>– 142</b>	<b>– 174</b>
Impairment charge for credit losses Core Bank	– 64	– 27
Impairment charge for credit losses Transfer Portfolio	– 78	– 147

## 5. Net Fee and Commission Income

	1. 1. – 31. 3. 2010 € millions	1. 1. – 31. 3. 2009 € millions
Lending and syndicated lending business	82	69
Securities and deposit business	- 30	- 11
Payment transactions	13	10
Other	- 2	5
<b>Net fee and commission income</b>	<b>63</b>	<b>73</b>
Net fee and commission income Core Bank	40	49
Net fee and commission income Transfer Portfolio	23	24

## 6. Net Trading Result

	1. 1. – 31. 3. 2010 € millions	1. 1. – 31. 3. 2009 € millions
Result from sale and measurement of trading instruments	61	211
Result from foreign currency translation	15	93
Result from sale and measurement of financial instruments designated at fair value	- 206	- 92
<b>Net trading result</b>	<b>- 130</b>	<b>212</b>
Net trading result Core Bank	- 9	394
Net trading result Transfer Portfolio	- 121	- 182

## 7. Result from Financial Investments

	1. 1. – 31. 3. 2010 € millions	1. 1. – 31. 3. 2009 € millions
Result from sale and measurement of available-for-sale assets	14	10
Result from the sale of consolidated subsidiaries	0	0
Other result from financial investments	- 1	0
<b>Result from financial investments</b>	<b>13</b>	<b>10</b>
Result from financial investments Core Bank	14	11
Result from financial investments Transfer Portfolio	- 1	- 1

## 8. Administrative Expenses

	1. 1. – 31. 3. 2010 € millions	1. 1. – 31. 3. 2009 € millions
Personnel expenses	142	131
– Wages and salaries	113	103
– Compulsory social security contributions	15	13
– Expenses for pensions and other employee benefits	14	15
Other administrative expenses	110	130
Depreciation and amortisation	18	19
– of property and equipment	9	10
– of software and other intangible assets	9	9
Administrative expenses	270	280
Administrative expenses Core Bank	219	220
Administrative expenses Transfer Portfolio	51	60

## 9. Other Operating Income and Expense

	1. 1. – 31. 3. 2010 € millions	1. 1. – 31. 3. 2009 € millions
Other operating expense	25	24
Other operating income	54	39
Other operating income and expense	29	15
Other operating income and expense Core Bank	27	16
Other operating income and expense Transfer Portfolio	2	– 1

## Notes to the Group Balance Sheet

### 10. Loans and Advances to Banks

	March 31, 2010 € millions	Dec. 31, 2009 € millions
Banks in Germany	3,190	2,699
Banks in other countries	9,892	7,677
<b>Loans and advances to banks</b>	<b>13,082</b>	<b>10,376</b>

### 11. Loans and Advances to Customers

	March 31, 2010 € millions	Dec. 31, 2009 € millions
Corporate clients	53,893	87,885
Public-sector clients	4,579	5,193
Private clients	3,139	3,819
<b>Loans and advances to customers</b>	<b>61,611</b>	<b>96,897</b>

### 12. Risk Provisions in the Lending Business

	March 31, 2010 € millions	Dec. 31, 2009 € millions
<b>Allowances for losses on loans and advances</b>	<b>993</b>	<b>1,667</b>
– Allowances for specific risks	815	1,482
– Portfolio allowances	178	185
<b>Provisions for contingent liabilities</b>	<b>66</b>	<b>63</b>
– Provisions for specific risks	66	63
– Provisions for portfolio risks	0	0
<b>Risk provisions in the lending business</b>	<b>1,059</b>	<b>1,730</b>

### 13. Trading Assets

	March 31, 2010 € millions	Dec. 31, 2009 € millions
Bonds and other interest-bearing securities	9,229	7,179
Shares and other non-interest-bearing securities	1,353	1,321
Positive fair values from derivative financial instruments	43,627	43,669
Other trading assets	2,947	7,776
<b>Trading assets</b>	<b>57,156</b>	<b>59,945</b>

### 14. Financial Assets Designated at Fair Value

	March 31, 2010 € millions	Dec. 31, 2009 € millions
Bonds and other interest-bearing securities	3,769	14,618
Shares and other non-interest-bearing securities	58	64
Loans and advances to banks	2,831	3,192
Loans and advances to customers	3,173	4,475
<b>Financial assets designated at fair value</b>	<b>9,831</b>	<b>22,349</b>

### 15. Financial Investments

	March 31, 2010 € millions	Dec. 31, 2009 € millions
Financial investments available for sale	5,275	8,195
Financial investments held to maturity	251	288
Interests in companies reported at equity	55	55
Investment property	5	3
<b>Financial investments</b>	<b>5,586</b>	<b>8,541</b>

### 16. Property and Equipment

	March 31, 2010 € millions	Dec. 31, 2009 € millions
Land and buildings	361	365
Office equipment	74	73
Other property and equipment	10	10
<b>Property and equipment</b>	<b>445</b>	<b>448</b>

## 17. Intangible Assets

	March 31, 2010 € millions	Dec. 31, 2009 € millions
Goodwill	0	0
Software	154	156
<b>Intangible assets</b>	<b>154</b>	<b>156</b>

## 18. Liabilities to Banks

	March 31, 2010 € millions	Dec. 31, 2009 € millions
Banks in Germany	20,362	31,309
Banks outside Germany	2,743	4,904
<b>Liabilities to banks</b>	<b>23,105</b>	<b>36,213</b>

## 19. Liabilities to Customers

	March 31, 2010 € millions	Dec. 31, 2009 € millions
Corporate clients	19,882	25,690
Public-sector clients	1,694	1,731
Private clients	134	222
<b>Liabilities to customers</b>	<b>21,710</b>	<b>27,643</b>

## 20. Certificated Liabilities

	March 31, 2010 € millions	Dec. 31, 2009 € millions
Bonds and notes issued	18,086	23,600
Money market instruments	3,339	8,039
<b>Certificated liabilities</b>	<b>21,425</b>	<b>31,639</b>

## 21. Trading Liabilities

	March 31, 2010 € millions	Dec. 31, 2009 € millions
Negative fair values from derivative financial instruments	45,077	44,268
Delivery obligations from securities transactions	3,511	2,165
Other trading liabilities	1,114	889
<b>Trading liabilities</b>	<b>49,702</b>	<b>47,322</b>

## 22. Financial Liabilities Designated at Fair Value

	March 31, 2010 € millions	Dec. 31, 2009 € millions
Liabilities to banks	7,299	8,217
Liabilities to customers	19,788	19,143
Certificated liabilities	17,309	21,086
<b>Financial liabilities designated at fair value</b>	<b>44,396</b>	<b>48,446</b>

## 23. Provisions

	March 31, 2010 € millions	Dec. 31, 2009 € millions
Provisions for pensions and similar obligations	864	829
Provisions in the lending business	66	63
Provisions for personnel expenses	346	338
Restructuring provisions	519	528
Other provisions	212	240
<b>Provisions</b>	<b>2,007</b>	<b>1,998</b>

## 24. Subordinated Debt

	March 31, 2010 € millions	Dec. 31, 2009 € millions
Subordinated liabilities	2,527	2,633
Profit participation capital	982	982
Hybrid capital	869	869
Deferred interest	123	88
Measurement effects (IAS 39)	- 11	- 13
<b>Subordinated debt</b>	<b>4,490</b>	<b>4,559</b>

The measurement effects associated with IAS 39 pertain to changes in fair value resulting from the application of micro fair value hedge accounting and the fair value option.

## Other Information

### 25. Derivative Financial Instruments

The breakdown of derivative financial instruments is as follows (nominal values):

	March 31, 2010 € millions	Dec. 31, 2009 € millions
Products based on interest rates	2,372,243	2,040,949
Products based on exchange rates	239,990	234,242
Products based on share prices and other prices	63,445	54,508
Credit derivatives	79,360	114,960
<b>Derivative transactions</b>	<b>2,755,038</b>	<b>2,444,659</b>

### 26. Contingent Liabilities and Other Commitments

	March 31, 2010 € millions	Dec. 31, 2009 € millions
Contingent liabilities from guarantees and indemnity agreements	9,082	8,546
Other commitments from irrevocable loan commitments	40,377	38,526

Irrevocable credit commitments involve external credit lines which have not yet been utilised.

The credit risks associated with contingent liabilities and other commitments have been covered by forming sufficiently large provisions.

### 27. Assets and Liabilities Held for Sale

As part of the strategic realignment of the Bank, preparations were completed in the first quarter of 2010 for the sale of subsidiary WestLB Bank Polska S.A., which is predominantly treated as part of the Capital Markets segment in our segment reporting. On March 12, 2010, WestLB announced the sale of WestLB Bank Polska S.A. to Abris Capital Partners and IDMSA. The criteria of IFRS 5 for a separate presentation of the company as a disposal group were first met as of March 31, 2010.

The portfolio transferred to Erste Abwicklungsanstalt on April 30, 2010 with retroactive effect from January 1, 2010 was also first eligible for treatment under the amended IFRS 5 as of the reporting date. In addition to business and transactions identified as non-essential from a strategic point of view and unconsolidated participations of WestLB AG, the transfer

portfolio includes fully consolidated subsidiaries, most notably WestLB Covered Bond Bank plc and WestLB Ireland plc. The disposal groups mentioned form part of the Portfolio Exit Group – PEG/Unbundling segment.

Westdeutsche ImmobilienBank AG, which is also assigned to the Portfolio Exit Group – PEG/Unbundling segment, still intends to sell portions of the retail arm of its operations and is striving to close a deal in 2010, bearing in mind the market situation and the needs of potential buyers. The decision to sell parts of the retail operations, which were not transferred to Erste Abwicklungsanstalt, was made more than a year ago, which means that the one-year time limit pursuant to IFRS 5 has now been exceeded. This is largely because of the worsening economic conditions. In this respect, the delay of the planned sale has been caused by events beyond the control of Westdeutsche ImmobilienBank AG. In October 2009, the Managing Board of Westdeutsche ImmobilienBank AG decided to divest the company's agro-portfolio, which consists of loans and advances made to enterprises active in agriculture. A portion of this portfolio was already sold in the first quarter of 2010. The remaining items will continue to be reported pursuant to IFRS 5. EPM Assetis GmbH, Frankfurt am Main, a former associated company of Westdeutsche ImmobilienBank AG, is to be sold in the first half of 2010; negotiations for the sale commenced at the end of 2009.

	March 31, 2010 € millions	Dec. 31, 2009 € millions
Loans and advances to banks	1,312	109
Loans and advances to customers	39,226	5,007
Allowances for losses on loans and advances	– 813	0
Trading assets	1,481	1,916
Financial assets designated at fair value	13,044	723
Financial investments	3,831	1,101
Other	37	0
<b>Assets held for sale</b>	<b>58,118</b>	<b>8,856</b>

	March 31, 2010 € millions	Dec. 31, 2009 € millions
Liabilities to banks	3,883	164
Liabilities to customers	3,945	0
Certificated liabilities	10,563	0
Liabilities under repurchases agreements	4,023	0
Trading liabilities	255	131
Financial liabilities designated at fair value	5,525	0
Other	34	0
<b>Liabilities held for sale</b>	<b>28,228</b>	<b>295</b>

## 28. Amendments to IAS 39 and IFRS 7 “Reclassification of Financial Assets”

In conformity with the amendments to IAS 39 and IFRS 7, we reassigned certain trading assets and available-for-sale assets to the loans and receivables category in the second half of 2008. The assets reassigned were ones which, as of their effective date of reclassification, we no longer intended to sell or trade in the short term, but to hold for the foreseeable future because of inactive markets. The reclassifications occurred at the respective fair values determined on the reclassification date and, in the case of trading assets, caused the € 62 million these assets had recovered in value not to be captured in the income statement and, in the case of available-for-sale assets, the € 68 million these assets had gained in value not to be captured in equity.

No more reclassifications were made after the fourth quarter of 2008.

The following table shows the cumulative carrying values and fair values of the reclassified assets:

	Carrying Amount as of Reclassification € billions	Carrying Amount March 31, 2010 € billions	Fair Value March 31, 2009 € billions
Trading assets reclassified to loans and receivables	1.6	0.4	0.4
Financial investments available for sale reclassified to loans and receivables	3.9	3.9	3.9
<b>Total</b>	<b>5.5</b>	<b>4.3*</b>	<b>4.3*</b>

This includes assets held for sale with a total book value of € 3.1 billion and a total fair value of € 3.2 billion.

At the time of reclassification, the effective interest rates on the reclassified assets were between 1.3% and 14.4%, with expected obtainable cash flows of € 8.3 billion.

The reclassified financial assets contributed € 23 million to the profit before income tax in the quarter under review.

The decrease in the carrying values was largely the result of repayments as well as the spin-off of financial instruments to Erste Abwicklungsanstalt in 2009.

## 29. Market Price Risk

The value at risk (VaR) is determined in accordance with the quantitative guidelines of the German Solvency Regulation (SolvV) for the internal measurement of market risks approved by the Bundesanstalt für Finanzdienstleistungsaufsicht (BaFin). These assume a confidence level of 99% as well as a holding period of one trading day and an observation period of 250 trading days. For a detailed description of the methodology we use and the organisation of the Risk Management division, please refer to the Annual Report for the year ended December 31, 2009.

Confidence level 99%/1-day holding period	Total Utilisation		thereof Trading Book	
	1. 1.–31. 3. 2010 € millions	1. 1.–31. 12. 2009 € millions	1. 1.–31. 3. 2010 € millions	1. 1.–31. 12. 2009 € millions
Value at risk on reporting date	136	140	8	9
Minimum value at risk	124	137	6	9
Maximum value at risk	143	268	13	22
Average value at risk	134	224	8	14

The VaR continued to drop over the course of the first quarter of 2010 because of decreasing volatility and credit risk premiums. By the middle of March it had reached its year-to-date low of € 124 million. The difference between maximum and minimum VaR is very slight. The trend towards VaR reduction began as early as the middle of the third quarter of 2009 and was driven by the gradual removal of high volatilities from the calculation model.

VaR in the trading book was also down slightly. The amplitude between minimum and maximum VaR dropped considerably in this case, too.

In some respects, total VaR changed slightly in the first quarter of 2010 through the transfer of non-essential strategic portfolios to Erste Abwicklungsanstalt. However, the sale and transfer were nearly risk-neutral with respect to VaR, i. e. the structure of the market price risk hardly changed and credit spread risk remains the chief risk driver. The interest rate risk is low compared with the previous quarters and mainly driven by euro and U.S. Dollar positions.

### 30. Members of the Managing Board and Supervisory Board

#### WestLB Managing Board

Dietrich Voigtländer  
Chairman

Hubert Beckmann  
Vice Chairman

Klemens Breuer

Thomas Groß

Dr. Hans-Jürgen Niehaus

Werner Taiber

#### WestLB Supervisory Board

Michael Breuer, Chairman  
President  
Savings Banks and Giro Association of the Rhineland

Doris Ludwig, Vice Chairwoman  
Director  
WestLB AG Düsseldorf

Raimund Bär  
Chairman of the Staff Council  
Westdeutsche ImmobilienBank AG

Dietmar P. Binkowska  
Chairman of the Managing Board  
NRW.BANK

Rolf Finger  
Secretary for Financial Services  
ver.di Vereinte Dienstleistungsgewerkschaft

[Dietmar Fischer](#)

Director  
WestLB AG Düsseldorf

[Dr. Rolf Gerlach](#)

President  
Savings Banks Association of Westphalia-Lippe

[Volker Goldmann](#)

Chairman of the Managing Board  
Sparkasse Bochum

[Cornelia Hintz](#)

Secretary  
ver.di Vereinte Dienstleistungsgewerkschaft

[Sigrid Janetzko](#)

Bank Director  
WestLB AG Düsseldorf

[Dr. Wolfgang Kirsch](#) (until April 30, 2010)

Regional Director  
Regional Association of Westphalia-Lippe

[Christiane Kutil-Bleibaum](#)

Director  
WestLB AG Düsseldorf

[Dr. Gerhard Langemeyer](#)

Former Lord Mayor  
City of Dortmund

[Dr. Helmut Linssen](#)

Finance Minister  
State of North Rhine-Westphalia

[Annette Lipphaus](#)

Regional Head of Legal Protection  
ver.di Vereinte Dienstleistungsgewerkschaft

[Dr. Siegfried Luther](#)

Former Vice Chairman of the Executive Board  
Bertelsmann AG

[Manfred Matthewes](#)

Director  
WestLB AG Düsseldorf

[Dr. Annette Messemer](#) (from April 30, 2010)

Frankfurt am Main

[Hildegard Müller](#) (from April 30, 2010)

Chief Executive Officer  
German Federal Energy and Water Association (BDEW)

[Heinz-Günter Sander](#)

Director  
WestLB AG Düsseldorf

[Harry Voigtsberger](#) (until April 30, 2010)

Regional Director  
Regional Association of the Rhineland

[Alexander Wüerst](#)

Chairman of the Managing Board  
Kreissparkasse Köln

## Review Report

We have reviewed the interim condensed consolidated financial statements, comprising the group statement of income, statement of comprehensive income, group balance sheet, changes in shareholders' equity, cash flow statement and selected explanatory notes to the group financial statements, and the interim group statement of financial condition of WestLB AG, Düsseldorf, for the period from January 1, 2010 to March 31, 2010, which are part of the quarterly financial report pursuant to Sec. 37x (3) 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 European Union and of the group statement of financial condition in accordance with the requirements of the WpHG applicable to interim group statements of financial condition 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 statement of financial condition based on our review.

We conducted our review of the interim condensed consolidated financial statements and the interim group statement of financial condition 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 are not prepared, in all material respects, in accordance with IFRSs on interim financial reporting as adopted by the European Union and that the interim group statement of financial condition has not been prepared, in all material respects, in accordance with the applicable provisions of the WpHG. 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 are not prepared, in all material respects, in accordance with IFRSs on interim financial reporting as adopted by the European Union and that the interim group statement of financial condition has not been prepared, in all material respects, in accordance with the provisions of the WpHG applicable to interim group statements of financial condition.

Eschborn/Frankfurt am Main, May 18, 2010

Ernst & Young GmbH  
Wirtschaftsprüfungsgesellschaft

Werthmann  
Wirtschaftsprüfer  
(German Public Auditor)

Lösken  
Wirtschaftsprüfer  
(German Public Auditor)

## Financial Calendar

August 12, 2010 Publication of Group Financials June 30, 2010

November 18, 2010 Publication of Group Financials September 30, 2010

Subject to changes

## Publications

The Interim Report and the Annual Report 2009 are also available in German. In case of doubt the German version shall be binding.

Our annual reports and interim reports as well as company presentations can be inspected and downloaded at [www.westlb.com/ir](http://www.westlb.com/ir).

Our Press Department and our Investor Relations Department will be pleased to answer your questions concerning the Interim Report and WestLB AG.

Our interim reports are printed on FSC-certified paper.

## WestLB AG

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## Disclaimer

### Reservation regarding forward-looking statements

This interim report contains forward-looking statements on our business and earnings performance, estimates, forecasts and expectations. The statements entail risks and uncertainties, as there are a variety of factors which influence our business and to a great extent lie beyond our sphere of influence. Above all, these include the economic situation, the state of the financial markets worldwide and possible loan losses. Actual results and developments may, therefore, diverge considerably from our current assumptions, which, for this reason, are valid only at the time of publication. We undertake no obligation to revise our forward-looking statements in the light of either new information or unexpected events.



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