

Interim Report

March 31, 2009



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Key Figures

Financial Data January 1 – March 31, 2009

	1. 1. – 31. 3. 2009	1. 1. – 31. 3. 2008*	Change	
			absolute	%
Performance Figures in € millions				
Net interest income	394	240	154	64
Impairment charge for credit losses	-174	-57	-117	> -100
Net interest income after impairment charge for credit losses	220	183	37	20
Net fee and commission income	73	83	-10	-12
Net trading result	212	733	-521	-71
Result from financial investments	10	106	-96	-91
Administrative expenses	280	363	-83	-23
Other operating income and expense	15	279	-264	-95
Profit before income tax	250	1,021**	-771	-76
Income taxes	-38	25	-63	> -100
Profit/loss after income tax	212	1,046	-834	-80

	31. 3. 2009	31. 12. 2008	Change	
			absolute	%
Balance Sheet Figures in € billions				
Total assets	273.1	288.1	-15.0	-5
Equity	4.0	3.8	0.2	5
Bank Regulatory Capital Ratios (SolvV)				
Core capital in € billions	5.5	5.7	-0.2	-4
Own funds in € billions	8.4	8.9	-0.5	-6
Risk-weighted assets in € billions	92.9	88.5	4.4	5
Core capital ratio in %	5.9	6.4	-	-
Overall ratio in %	9.0	10.1	-	-
Employees				
Number of employees	5,816	5,957	-141	-2
Full-time employees	5,532	5,663	-131	-2

Current Ratings	Short Term	Long Term	Public Pfandbrief
Moody's Investors Service	P-1	A2	Aaa
Standard & Poor's	A-2	BBB+	AAA
Dominion Bond Rating Service	R-1 (middle)	A (high)	(-)

* Previous year's figures restated (IAS 8)

** € 947 million thereof attributable to the ring-fence gain from the risk shield

Chairman's Statement

Dear partners and clients,

Despite the crisis in the financial markets, WestLB ended the past quarter with its best first-quarter result since 2002. Group profit before income tax at March 31, 2009 amounted to € 250 million, an increase of € 176 million compared with the adjusted result for the same period of the previous year. The positive result is primarily attributable to significantly higher net interest income and to the net trading result. In addition, the Bank reduced administrative expenses by roughly a quarter, marking a further sustainable improvement in the cost basis.

The highly promising start to the year confirms that WestLB remains on course in the financial market crisis. In operating and strategic terms it is in a much stronger position than a year ago. This is all the more encouraging as the figures result above all from our business operations in the core segments and from the progress achieved in the restructuring of the Bank; unlike in the previous year the figures do not include any special effects from the ring-fencing of risks off the balance sheet under the Phoenix risk shield.

Despite the sudden and unexpected resignation of our Chairman Heinz Hilgert, we will press ahead along the path we have chosen, focusing systematically on our core competencies and on providing direct benefits to our customers. My colleagues on the Managing Board and I can assure you of one thing: the successful work carried out by my predecessor in streamlining WestLB further and removing incrustations will continue to be the guiding principle of our work – let there be no doubt about this. In challenging times predictability and stability will be our common yardstick.

These elements are equally evident following the expected decision of the European Commission bringing the WestLB aid proceedings to a close. As a result the Bank now has the legal and planning certainty it requires to proceed further with the restructuring programme that is now under way. This envisages a reduction in total assets and risk-weighted assets by 50% by March 31, 2011. This is to be largely achieved – also in the opinion of the European Commission – by the planned ring-fencing of non-strategic activities totalling roughly € 80 billion. Moreover, the Commission's decision provides for a majority change of ownership at WestLB by the end of 2011 within the framework of a non-discriminatory bidding procedure. This explicitly includes the possibility of WestLB playing an integrative role in the Landesbank consolidation process.

The conditions which have been imposed are in line with what we expected and which have been imposed on other banks or will be imposed on those of our competitors whose aid proceedings in Brussels are still pending. What is important for our customers, employees and owners is that the Bank's strong and solid core remains intact. This includes, above all, our international capital market expertise, our acknowledged structuring and project financing know-how, our outstanding position in transaction banking and, last but not least, our close cooperation with the savings banks and mid-caps.

Notwithstanding the successes we have achieved, we will not ease up in our efforts towards strengthening the Bank. The quarterly result should not be extrapolated to the full year, because our profitability continues to be influenced significantly by the disruptions caused by the financial market crisis. In our endeavours to improve the Bank's risk profile on a sustainable basis, we have the full and unequivocal support of our owners. This involves the transfer of non-strategic activities to a separate unit. The Managing Board firmly believes that the separation of these assets is preferable to other options such as capital increases; if this does not occur, the Bank's regulatory capital will be eroded to a disturbing degree as the crisis goes on, because IFRS accounting and the Basel II regulations will have a pro-cyclical and hence destabilising effect. We do not wish to be part of such a development. Moreover, the separation of further assets complies with a central requirement stipulated by the European Commission. We share the view of the Supervisory Board that the required guarantee for this will be provided in a timely manner within the framework of the planned amendment to the Financial Markets Stabilisation Act (FMStG). WestLB has already implemented an important precondition for this with the establishment of the Omega division on January 1, 2009, in which the non-strategic activities of the Bank have now been pooled.

It is our shared aim to ensure that the expertise, jobs and client relationships of WestLB have a secure future. With your support we will continue to work resolutely towards this goal. We will press ahead with implementing the conditions imposed by the European Commission and align the business model for the core bank closely with the needs of our customers. This means that we will continue to support our customers with our customary high degree of professionalism and competence. After all, close and productive customer relationships are ultimately the foundation on which we will secure our future viability.

2009 remains a challenging year for the entire banking sector. The Managing Board is convinced, however, that the chosen way forward – improving efficiency and reducing risk – is the right one for WestLB. Going forward, my colleagues on the Managing Board and I view the challenges that lie ahead as a shared opportunity to shape the future of the Bank for the well-being of its customers, investors and employees – and hence ultimately of its owners. Thank you for your continued trust and confidence along the path we have chosen.

Yours sincerely



Dietrich Voigtländer
Acting Chairman of the Managing Board

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Group Interim Statement of Financial Condition

Economic Setting

The world economy is in the throes of the worst recession since World War II, with the crisis in the credit and financial markets, now almost two years old, exacerbating the sharp downturn in economic activity. Governments and central banks the world over have responded to the turmoil with extensive rescue and stimulus packages. In February 2009, for example, the new administration in the U.S. introduced the largest recovery plan in history, which is in addition to other measures designed to prop up the financial sector. Germany's federal government also took action early this year, passing further measures designed to cushion the impact of the faltering economy. Several central banks, including in the U.S., UK and Switzerland, adopted what for all intents and purposes is a zero interest rate policy in the first quarter. They also are employing other unconventional monetary policy tools to support the real economy and credit system, including the purchase of corporate and government bonds. The ECB likewise continued to cut interest rates, reducing its key reference rate to 1.5% by the end of the first quarter of 2009, the lowest level since the launch of monetary union.

Despite these efforts, in many countries the economy continued to plunge nearly unchecked in the first three months of the year. Exports and capital spending plummeted worldwide at alarming rates, leaving Japan, Germany and other countries heavily dependent on international trade particularly hard hit by the economic slump. Germany's gross domestic product shrank by 3.8%, a much steeper contraction than in the previous quarter. The economy of the entire euro area contracted by 2.5% as exports collapsed. U.S. output was also down sharply again. However, in contrast to the fourth quarter of 2008, private consumption notched slight gains.

Inflationary pressure weakened further across the globe. Germany's inflation rate dropped to 0.5% in March 2009, its lowest level since the summer of 1999. Long-term government bonds could no longer benefit from this environment. The yield on the 10-year Bund hovered closely around 3% for the first three months of the year, after slipping to that level at the end of 2008.

Recessive forces are poised to keep the upper hand for the time being throughout the world. Likewise, no quick end to the credit and financial market crisis is yet in sight. We do believe, however, that the economy will at least stabilise in the second half of 2009 due to the considerable stimulus provided by fiscal and monetary policy. Even if the crisis in the financial markets dampens the effect of monetary measures and it takes a while before the rescue plans bite in the real economy, the stimulus is too big to fall completely flat. What is more, the substantial decline in oil prices will provide additional strong stimulus to oil-importing countries. Many of the leading indicators have made a clean break from their lows recently and are signalling a gradual improvement in the economy. Nevertheless, the recovery on this occasion will be far flatter and more tentative than that which follows conventional recessions, because the lingering problems in the financial sector will continue to limit lending to businesses and private households. For the year as a whole, we still expect the economy to shrink by the widest margin since World War II. World GNP will contract for the first time since 1945. We expect Germany's GDP to fall by 5%. Whilst many central banks have exhausted the opportunities to prop up their countries' economies and financial markets through interest rate policy, the ECB still has some scope for cuts. It made use of this flexibility at the beginning of May, reducing

its principal refinancing rate to 1%. We do not believe that the central monetary authority will pursue a zero interest rate policy, which seems to limit the potential for price gains in the bond market. The risks of a setback are high in the medium term, when, as improvement sets in and the need to fund the numerous economic and financial sector rescue measures becomes apparent, the issue of inflation will resurface for the financial markets.

Developments in the Banking Sector

The first quarter of 2009 was dominated by a marked upturn in the capital markets business. Many areas of the fixed income business, in particular, produced very good results, as spreads widened and volumes were solid. Write-downs on toxic securities were still necessary, but their amounts were much lower due to earlier adjustments. In addition, the market distortions which continued to spawn sizeable trading losses in the fourth quarter of 2008 had all but disappeared. However, the need for risk provisioning rose, in some cases quite considerably, because of the sharp downturn in economic activity.

Structural Changes in the WestLB Group

In the ongoing EU aid proceedings on approval of the risk shield introduced in the spring of 2008, one of the pledges WestLB's owners made to the European Commission was to give up their voting and capital majority in WestLB permanently. Fervent attempts to find a solution in the context of the intended consolidation in the Landesbank sector have been unsuccessful so far given that the crisis in the financial markets has further complicated such efforts. A progress report on Landesbank consolidation was submitted to the European Commission via the German federal government on February 27, 2009.

Starting in March 2009, the owners, Bank and European Commission increasingly steered their constructive dialogue towards an alternative strategy which would satisfy the Commission's requirements whilst at the same time ensuring a sustainable and viable solution for WestLB's core businesses. The hope was that the European Commission would move quickly to give the Phoenix risk shield its final approval. As in other aid proceedings, the Bank fully expected the Commission's decision to be made contingent on conditions which, in addition to the sale of the Bank within the framework of a non-discriminatory, transparent bidding procedure that was proposed to the Commission, would include a reduction in total assets and risk-weighted assets, the closure of branches and the sale of participating interests. Details of the agreement reached with the European Commission is included in the section "Events Occurring after March 31, 2009" (Page 11).

Both a Landesbank consolidation and a successful bidder transaction hinge on the separation and winding down of activities which are not in conformity with the strategy and the accompanying reduction in total assets. Back in August 2008, the Managing Board pooled significant non-strategic business activities into a Portfolio Exit Group. To create the desired level of transparency, we have discussed the results of these activities in our segment report under the separate segment "Omega" (Page 9).

High-risk securities portfolios were transferred to an independent special purpose vehicle ("Phoenix") at the end of the first quarter of 2008. The special purpose vehicle is secured by a guarantee from the owners of up to € 5 billion to cover actual payment defaults (risk shield). Additional information is available in our consolidated financial statements as of December 31, 2008.

Business Review

Performance

We are reporting a Group profit before income tax of € 250 million (Q1 2008: € 1,021 million) and a profit after income tax of € 212 million (Q1 2008: € 1,046 million). The result of the prior-year quarter was heavily influenced by the ring-fence gain from the risk shield in the amount of € 947 million, € 774 million of which was reflected in the net trading result, € 63 million in the impairment charge for credit losses and € 110 million in the result from financial investments. Adjusted for this effect, we improved on the previous year's first-quarter result before taxes by € 176 million and achieved our best first-quarter operating result since WestLB's inception in 2002.

Net interest income, in particular, rose substantially from the year earlier, as did the net trading result when adjusted for the ring-fence gain from the risk shield. Net fee and commission income, by contrast, receded slightly as the market environment remained extremely challenging. The adjusted result from financial investments edged higher, but the impairment charge for credit losses also increased due to the economic slowdown. We reduced administrative expenses by a considerable 23% as compared with the first quarter of 2008.

Net Interest Income

Net interest income rose substantially, reaching € 394 million, following € 240 million in the first quarter of 2008. The money market business drove this growth, despite the adverse effects of the challenging market environment and higher costs of refinancing. Higher margins in new business with real estate and corporate clients also had a positive effect.

Impairment Charge for Credit Losses

Our impairment charge for credit losses for the first three months of 2009 reflects a net allocation of € 174 million versus a net allocation of € 57 million in the first quarter of 2008. The figure for the year-earlier quarter included a reversal of € 63 million in charges previously taken on commitments which were ring-fenced off the balance sheet as part of the risk shield. However, net allocations still rose year on year when adjusting for this effect, especially because of the rating downgrades attributable to the global recession. We have taken due account of all discernible risks.

Net Fee and Commission Income

Net fee and commission income decreased by € 10 million, or 12%, from the first quarter of 2008 to € 73 million. We kept our results in the lending and syndicated lending business as well as from payment transactions at the prior-year quarter's level despite the ongoing financial market crisis, but suffered declines in the securities and custody business given the slump in the markets for equity products and securitised debt instruments as well as muted performance in private banking and the certificates business.

Net Trading Result

The net trading result amounted to € 212 million, following € 733 million in the first three months of the previous year, a figure which was entirely attributable to the ring-fence gain from the risk shield. Our debt markets (interest rate products) business was particularly successful in the first three months of this year, whilst our equity markets (equity products) business receded slightly.

The government bonds and similar assets in our portfolio, i.e. top-rated securities, lost € 260 million in value, with some € 200 million of that amount attributable to bonds issued by European governments and municipal bonds. Measurement mismatches related to the application of IAS 39 drove the trading result up by around € 90 million (Q1 2008: around € 160 million). We recorded positive effects of around € 290 million from market-induced credit spread changes with own liabilities for which we apply the fair value option.

On the whole the trading result, and therefore the overall result, is influenced by special effects and cannot be extrapolated for the full year.

Result from Financial Investments

We are reporting income of € 10 million as our result from financial investments, compared with € 106 million for the first quarter of 2008. The previous year's figure is largely attributable to the transfer of portfolios to Phoenix, which generated income of € 110 million. The sale of participating interests factored heavily into the first-quarter result from financial investments for 2009.

Administrative Expenses

We reduced administrative expenses by a considerable 23%, or € 83 million, from the first quarter of 2008 to € 280 million. Personnel expenses were especially lower, having decreased by € 64 million, or 33%, to € 131 million. The headcount reductions built into the restructuring plan and lower non-linear salary components drove this decrease. The number of full-time employees dropped by 131 to 5,532 in the first quarter of 2009; compared with the first quarter of the previous year, headcount is down by 578. By keeping a tight rein on operating costs, we also lowered our other administrative expenses from € 150 million to € 130 million, a drop of 13%. IT expenses and consulting fees, in particular, declined.

Other Operating Income and Expense

The net figure for other operating income and expense stood at € 15 million. The year-earlier figure of € 279 million was largely the result of € 304 million in income generated from the deconsolidation of various structured investment vehicles in connection with the risk shield.

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 2009:

Verbund & Real Estate

The Verbund & Real Estate segment covers all activities in the area of real estate as well as the business with savings banks, the public sector, retail clients and mid-cap corporate clients. Organisationally, the sales units for the Verbund business with the savings banks 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 € 31 million in the first quarter of 2009, an improvement of € 20 million on the year-earlier figure.

This increase in earnings is predominantly attributable to a € 19 million increase in net interest income, which itself stems largely from higher margins in the business of Westdeutsche ImmobilienBank AG (WestImmo). The impairment charge for credit losses showed an € 8 million improvement due to the reversal of allowances.

Net fee and commission income in this segment fell by € 4 million, mainly because of the lower volume of new real estate business as well as decrease in assets under management in the private banking business (Weberbank Actiengesellschaft) because of the situation on the stock markets.

Administrative expenses, at € 41 million, were down 2% from a year earlier. Savings were achieved in other administrative expenses, in particular.

Corporates & Structured Finance

The Corporates & Structured Finance segment captures the results from standardised and structured finance activities in the business with corporate clients and from the joint venture in asset management.

Operating income rose sharply in the business with corporate clients despite the ongoing crisis in the financial markets. The corporates business developed favourably both in and outside Germany. Of particular note was the successful placement of several promissory note transactions, the engagement as mandated lead arranger in important acquisition finance deals, the strengthening of our leading position in international project finance and our strong position in corporate bonds.

Fuelled by the structured finance and syndicated lending businesses in particular, net interest income, net fee and commission income and the net trading result increased by a total of € 19 million compared with the first quarter of 2008.

The segment's impairment charge for credit losses jumped to € 63 million due to the slowdown in economic activity. Distortions in the U.S. renewable energy market played a major role in this regard.

The result from financial investments includes proceeds on sales made in the equity investments business.

Administrative expenses, at € 30 million, were sharply lower than the year before (€ 37 million) thanks to strict cost management.

Capital Markets

The Capital Markets segment comprises the activities in debt markets, equity markets, treasury and research.

Despite the unchanged highly challenging market conditions, we succeeded in realising a profit of € 271 million in this segment, which is far and above the loss of € 43 million posted for the year-earlier period. The extremely positive course of the debt markets business factored heavily into this improvement, with all areas reporting a better result than in the year-earlier quarter. The money market business and sale of structured interest rate products were particularly strong.

Weak and volatile markets adversely affected the customer-focused equity markets business and drove trading volumes down sharply. The business unit closed the quarter under review in negative territory.

Administrative expenses in the Capital Markets segment were well below their previous year's level at € 26 million (Q1 2008: € 48 million) due to improved efforts to control costs.

Transaction Banking

The Transaction Banking segment combines the activities of the payments business and the consumer credit business, which is run via readybank ag.

Falling interest rates took their toll on income in the payments business, as evidenced, in particular, in the interest income from demand deposits and securities paying a variable rate of interest. The average interest rate dropped significantly, from 3.9% in the first quarter of 2008 to 1.1% in the first quarter of 2009. Customer sales in currency and precious metal trading remained robust and offset this trend slightly by having a positive effect on the segment's net fee and commission income.

With growth in new business from its automotive and savings banks distribution channels, readybank ag posted an appreciable gain in earnings; overall, new business was up 81% from a year earlier. The upturn at readybank ag has been driven in large measure by its repositioning as a supplementary service provider to the savings banks.

The impairment charge for credit losses at readybank ag in the first quarter of 2009 was a product of the solid increase in its new business and the severe economic downturn.

Omega

The Omega segment pools all of the results from portfolios which the Bank has identified as non-strategic and plans to wind down.

Despite the global financial market crisis and continued upheaval in the capital markets, the segment's pre-tax result of € – 151 million is far better than the € – 275 million reported in the year-earlier period.

Further credit spread widening played a significant part in this result. The declining value of bonds issued by European governments and municipal bonds (down some € 140 million) as well as of debt instruments issued by financial institutions (down some € 40 million) hit earnings. At around € 70 million, valuation gains on own issues assigned to this segment offset some of the losses. When securities markets become inactive, we measure paper with excellent credit quality on the basis of models. This helped us avoid additional charges to earnings in the period under review.

Only limited year-on-year comparisons of the individual earnings components are possible, since the charges from structured investment vehicles reflected in the net interest income and net trading result for the first quarter of 2008 were offset by positive deconsolidation effects in connection with the risk shield, which were reported in that period's net figure for other operating income and expense.

Given the developments in the real economy, the impairment charge for credit losses was higher in the quarter under review; the allowances in the previous year had their origin in the real estate crisis.

Administrative expenses decreased considerably compared to the previous year, from € 22 million to € 14 million, because of strict cost management and the above-mentioned deconsolidation of special investment vehicles in the previous year.

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 the IT & Services, Corporate Center, Risk Management as well as Finance & Controlling functions.

Administrative expenses in the Corporate Center units continued to drop because of the various cost-cutting and restructuring programmes already introduced in previous years. At € 139 million, they were a total of € 46 million, or 25%, below their previous year's level. Headcount reductions, which proceeded according to plan, a sharp decrease in non-linear salary components and structural operating cost reductions contributed to this improvement. Reduced outlays for consulting services, which in the previous year were often needed in connection with the Bank's strategic realignment, also kept administrative expenses lower than the year before.

The decrease in net interest income is attributable to one-time effects related to the refinancing of participating interests in 2008. The previous year's first-quarter net figure for other operating income and expense was also favourably affected by non-recurring factors.

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 (some € 90 million) and portions of the valuation results from own liabilities (some € 100 million). In the year-earlier quarter, the ring-fence gain from the risk shield (€ 947 million) was reported here.

Financial Status

WestLB Group's **total assets** were below their level at the end of 2008, decreasing by € 15.0 billion, or 5%, to € 273.1 billion. This decrease is predominantly attributable to the ongoing systematic reduction in non-customer-related assets as well as lower positive and negative fair values of derivative financial instruments. Our goal remains to reduce assets which are not in conformity with the strategy and to strengthen the customer business.

The total volume of loans and advances as of the end of the first quarter of 2009 was nearly unchanged from year's end at € 123.7 billion. **Loans and advances to banks** fell slightly, down € 0.3 billion to € 11.5 billion, whilst **loans and advances to customers** drew level with their volume at December 31, 2008, at € 112.2 billion.

Receivables under **reverse repurchase agreements** decreased by € 4.2 billion from the end of 2008 to € 25.8 billion as of March 31, 2009.

The items trading assets and trading liabilities reflect the value of the securities, derivatives and other positions we hold for trading purposes. The volume of **trading assets** at March 31, 2009 was € 79.8 billion, or € 8.4 billion below the volume at December 31, 2008. The primary reasons for the decrease were a drop in money market assets and lower positive fair values from derivative financial instruments.

Financial assets designated at fair value decreased by € 1.3 billion to € 24.9 billion.

Financial investments, most of which are attributable to the available-for-sale category, edged slightly lower, down € 0.3 billion to € 11.0 billion.

On the refinancing side, **liabilities to banks** stood at € 23.6 billion and **liabilities to customers** at € 25.6 billion, which corresponds to decreases of € 12.1 billion and € 4.2 billion, respectively, from the end of 2008.

Certificated liabilities rose by € 0.9 billion to € 36.2 billion.

Liabilities under repurchase agreements increased by € 3.2 billion to € 44.7 billion in the first three months of 2009.

Trading liabilities dropped by a total of € 2.7 billion in the first quarter of 2009 to € 65.2 billion, primarily because of lower negative fair values from derivative financial instruments.

Financial liabilities designated at fair value decreased by € 2.0 billion to € 60.4 billion. Whilst the liabilities to banks included here dropped by € 5.4 billion, the liabilities to customers and certificated liabilities climbed by a total of € 3.4 billion in the first quarter of 2009.

Risk-Weighted Assets and Capital Ratios

Pursuant to the provisions of the Solvency Regulation (SolvV), our risk-weighted assets totalled € 92.9 billion at March 31, 2009, which represents an increase of € 4.4 billion from the amount reported as of December 31, 2008. Rating downgrades in the securitisation portfolio and effects from the USD/EUR exchange rate were the chief contributors to this change.

Own funds decreased by € 0.5 billion in the same period, chiefly on account of subordinated issues which were reaching their maturity or were no longer eligible for inclusion as well as year-end accounting effects in the subordinated enterprises.

The overall capital ratio dropped to 9.0% from 10.1%, and the core capital ratio dropped to 5.9% from 6.4%.

Liquidity

WestLB weathered the turbulence on the money and capital markets in the first quarter of 2009 thanks to a forward-looking liquidity management. 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 2009 averaged 1.12.

Events Occurring after March 31, 2009

On May 6, 2009, Standard & Poor's (S&P) reviewed the ratings of all Landesbanks. The long-term rating of several institutions was downgraded. Some also saw their short-term ratings decline. WestLB's long-term rating was lowered from A-/Credit Watch Negative to BBB+/Negative Outlook. S&P confirmed the Bank's short-term rating at A-2. There are no indications at this time that WestLB's ability to refinance its business in the market has suffered to any significant degree, which confirms that WestLB's funding strategy is sustainably diversified.

On May 12, 2009, the European Commission announced a formal decision bringing the WestLB proceedings to a close. The risk shield of € 5 billion guaranteed by WestLB's owners for the Phoenix portfolio, which the Bank removed from the balance sheet in spring 2008, has therefore been accepted. The decision gives WestLB the planning and legal certainty which it requires. The basis of the decision is an extended restructuring plan agreed with the Commission, which the Commission also believes will ensure a viable business model. It is the shared aim of the owners, the Bank and the Commission to strengthen the Bank's core competencies on this basis in a sustainable way. WestLB will thus remain a

strong partner for its customers. The Bank will phase out activities which do not conform to its strategy and reduce total assets as well as risk-weighted assets by 50% by March 31, 2011. At the same time the Commission's decision includes a majority change of ownership within the framework of a non-discriminatory bidding procedure of WestLB by the end of 2011. This explicitly does not preclude the possibility of WestLB playing an integrative role in the Landesbank consolidation. The owners had already given a commitment to the Commission to make a sustainable reduction in total assets and to reorganise the ownership structure in an agreement of August 8, 2008. In addition, the extended restructuring plan approved by the Commission provides for the sale of participations and a streamlining of the domestic and foreign branch network.

The Managing Board has discussed the possibility of ring-fencing non-strategic assets off the balance sheet at length and also consulted with the Supervisory Board regularly on this matter. The Bank will continue the necessary talks with the supervisory authorities and coordinate with the owners on taking the steps which are necessary to effect a removal of the assets. A final decision is pending. The legislative provisions to be expected at federal level will be taken into account in the planning and structuring of the separation.

On May 14, 2009, WestLB announced the sale of Weberbank Actiengesellschaft to Mittelbrandenburgische Sparkasse. With the sale of Weberbank Actiengesellschaft, the Bank will continue to focus on its core competencies and at the same time take account of the framework conditions imposed in connection with the decision of the European Commission.

On May 18, 2009, Heinz Hilgert announced his resignation from the office of Chairman and as a member of the Managing Board of WestLB AG. At an extraordinary meeting of the Supervisory Board on May 18, 2009, the Supervisory Board of WestLB AG appointed Dietrich Voigtländer as the Acting Chairman of the Managing Board of WestLB AG with immediate effect.

Outlook

Around the globe, the economy continued to plunge almost unchecked in the first three months of this year. As an export nation, Germany has been badly hit. In addition to wrestling with the uncertainty which still surrounds future developments in the financial markets, the banking sector can expect an increase in defaults in the lending business because of the economic slowdown. Banks must also work to adapt to regulatory changes which require higher capital and liquidity buffers and a sharp reduction in total assets.

WestLB is meeting the challenges of the current market climate by strengthening its customer business, continuing to rein in costs and pressing ahead with the efforts launched back in mid-2008 to improve the risk structure. We are also involved in extensive deliberations with our owners about removing non-strategic assets from the balance sheet and placing them in a new entity. These discussions are being conducted in close cooperation with the European Commission and with due awareness of the concept still to be formulated by SoFFin.

Additional downgrades issued by or to be expected from rating agencies in 2009 have caused the anticipated losses on the securities portfolio transferred to Phoenix to increase. Against the backdrop of the existing risk shield, future negative consequences cannot be excluded. WestLB is weighing the need for additional protection with its owners in order to avoid further potential adverse effects for the Bank.

The uncertainty surrounding the future course of the credit and financial market crisis as well as the nature and terms of a removal of non-strategic activities from the balance sheet makes it impossible to make a reliable earnings projection for the full year 2009. Thus, given what we know at this time, we cannot assume that the solid result for the first quarter will carry over into the remaining quarters.

Group Statement of Income

	Notes	1. 1. – 31. 3. 2009 € millions	1. 1. – 31. 3. 2008* € millions	Change	
				€ millions	%
Interest income		2,724	2,708	16	1
Interest expense		2,330	2,468	- 138	- 6
Net interest income	(3)	394	240	154	64
Impairment charge for credit losses	(4)	- 174	- 57	- 117	> - 100
Net interest income after impairment charge for credit losses		220	183	37	20
Fee and commission income		128	128	0	0
Fee and commission expense		55	45	10	22
Net fee and commission income	(5)	73	83	- 10	- 12
Net trading result	(6)	212	733	- 521	- 71
Result from financial investments	(7)	10	106	- 96	- 91
Administrative expenses	(8)	280	363	- 83	- 23
Other operating income and expense	(9)	15	279	- 264	- 95
Profit before income tax		250	1,021**	- 771	- 76
Current income taxes		- 22	- 35	13	37
Deferred income taxes		- 16	60	- 76	> - 100
Profit after income tax		212	1,046	- 834	- 80
Attributable to:					
- Shareholders of WestLB		212	1,046	- 834	- 80
- Minority interests		0	0	0	-

* Previous year's figures restated (IAS 8)

** € 947 million thereof attributable to the ring-fence gain from the risk shield

Group Balance Sheet

Assets

	Notes	31. 3. 2009 € millions	31. 12. 2008 € millions	Change € millions	%
Cash and balances with central banks		519	2,125	-1,606	-76
Loans and advances to banks	(10)	11,474	11,768	-294	-2
Loans and advances to customers	(11)	112,224	112,233	-9	0
Allowances for losses on loans and advances	(12)	-1,405	-1,219	-186	15
Receivables under reverse repo transactions		25,780	29,959	-4,179	-14
Trading assets	(13)	79,848	88,222	-8,374	-9
Positive fair values from derivative hedging instruments		1,934	1,322	612	46
Separate line item for hedged financial instruments resulting from portfolio hedge accounting		238	227	11	5
Financial assets designated at fair value	(14)	24,906	26,226	-1,320	-5
Financial investments	(15)	11,018	11,330	-312	-3
Property and equipment	(16)	469	480	-11	-2
Intangible assets	(17)	149	155	-6	-4
Current income tax assets		297	286	11	4
Deferred income tax assets		178	185	-7	-4
Other assets		677	529	148	28
Assets held for sale	(27)	4,755	4,294	461	11
Total assets		273,061	288,122	-15,061	-5

Liabilities and Equity

	Notes	31. 3. 2009 € millions	31. 12. 2008 € millions	Change € millions	%
Liabilities to banks	(18)	23,558	35,619	-12,061	-34
Liabilities to customers	(19)	25,555	29,722	-4,167	-14
Certificated liabilities	(20)	36,179	35,237	942	3
Liabilities under repurchase agreements		44,680	41,455	3,225	8
Trading liabilities	(21)	65,242	67,945	-2,703	-4
Negative fair values from derivative hedging instruments		869	881	-12	-1
Separate line item for hedged financial instruments resulting from portfolio hedge accounting		1,122	746	376	50
Financial liabilities designated at fair value	(22)	60,350	62,325	-1,975	-3
Provisions	(23)	1,557	1,629	-72	-4
Current income tax liabilities		427	475	-48	-10
Deferred income tax liabilities		21	3	18	> 100
Other liabilities		2,061	1,772	289	16
Liabilities held for sale	(27)	1,713	156	1,557	> 100
Subordinated debt	(24)	5,718	6,336	-618	-10
Equity		4,009	3,821	188	5
- Share capital		2,270	2,270	0	0
- Capital reserve		2,031	2,031	0	0
- Silent contributions to capital		469	469	0	0
- Retained earnings		-103	-314	211	67
- Foreign currency translation reserve		-58	-47	-11	-23
- Revaluation reserve		-657	-581	-76	-13
- Actuarial gains and losses from defined benefit obligations		57	-7	64	> 100
Total liabilities and equity		273,061	288,122	-15,061	-5

Changes in Shareholders' Equity

Statement of Changes in Shareholders' Equity

€ millions	Share capital	Paid-in contribution for agreed capital increase	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	Minority interests	Group equity
Balance at December 31, 2007	2,243	0	1,861	666	-204	65	-134	-33	4,464	0	4,464
Balance at January 1, 2008	2,243	0	1,861	666	-204	65	-134	-33	4,464	0	4,464
Distribution to shareholders					-8				-8		-8
Capital increase/reduction											0
Allocations for paid-in contribution for agreed capital increase and for silent contributions											0
Withdrawals from paid-in contribution for agreed capital increase and from silent contributions											0
Other changes in shareholders' equity					39				39		39
Total recognised income and expense for the period					1,046	-36	45	18	1,073		1,073
Balance at March 31, 2008	2,243	0	1,861	666	873	29	-89	-15	5,568	0	5,568
Balance at January 1, 2009	2,270	0	2,031	469	-314	-47	-581	-7	3,821	0	3,821
Distribution to shareholders					-8				-8		-8
Capital increase/reduction											0
Allocations for paid-in contribution for agreed capital increase and for silent contributions											0
Withdrawals from paid-in contribution for agreed capital increase and 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	0	189
Balance at March 31, 2009	2,270	0	2,031	469	-103	-58	-657	57	4,009	0	4,009

Statement of Recognised Income and Expense

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. 2009 € millions	1. 1. – 31. 3. 2008 € millions
Profit after income tax	212	1,046
Net income recognised directly in equity	- 23	27
Change in revaluation reserve	- 97	76
Change in foreign currency translation reserve	- 11	- 36
Actuarial gains and losses from defined benefit obligations	92	18
Tax on items taken directly to or transferred from equity	- 7	- 31
Total recognised income and expense for the period	189	1,073
Attributable to:		
- Shareholders of WestLB	189	1,073
- Minority interests	0	0

Cash Flow Statement

	1. 1. – 31. 3. 2009 € millions	1. 1. – 31. 3. 2008 € millions
Cash and balances with central banks at the end of the previous period	2,125	2,471
Cash flow from operating activities	– 1,279	– 354
Cash flow from investing activities	310	467
Cash flow from financing activities	– 626	54
Changes in cash due to changes in scope of consolidation	0	– 637
Changes in cash due to changes in exchange rates	– 11	– 47
Cash and balances with central banks at the end of the period	519	1,954

Additional information about the liquidity management practices of WestLB Group is contained in the Risk Report of the Annual Report 2008.

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 § 315a (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, 2008. We have taken account of all developments up to the Managing Board's preparation of the interim financial statements on May 18, 2009.

We used the same accounting policies to prepare the interim financial statements as were used to prepare the 2008 Group financial statements.

In the second quarter of 2008, we stopped reporting the amortisation of the principal from zero coupon bond structures held for trading, which is performed at a constant effective interest rate, in the net trading result and started to capture the relevant amounts in net interest income. The figures for the year-earlier quarter have been adjusted accordingly.

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.

The interim report was not 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	
Weberbank Actiengesellschaft, Berlin	
WestLB (Italia) Finanziaria S.p.A., Milan, Italy	
WestLB Asia Pacific Ltd., Singapore, Singapore	
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 Hungaria Bank ZRt., Budapest, Hungary	
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 Bank 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 12 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.

Compass Variety Funding 5 Limited, Dublin, Ireland, was removed from the scope of consolidation as of February 28, 2009. Its business operations were discontinued in connection with the refinancing of the securitisation vehicles of the Compass programme, which resulted in a loss of control.

The funds Orsay Sécurité SICAV and Orsay Euribor Plus SICAV, Paris, France, were also removed from the scope of consolidation effective February 12, 2009 and February 28, 2009, respectively, because of the loss of control following WestLB AG's return of all shares it previously held.

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.

The Omega segment is a new addition to the segment reporting. The Omega segment pools the results from portfolios which the Bank has identified as non-strategic, intends to wind down and for which no additional new business is planned. The year-earlier figures have been adjusted to reflect this restructuring. Other adjustments were made on the basis of IAS 8.

Group Segments

<u>Verbund & Real Estate</u>	<u>Corporates & Structured Finance</u>	<u>Capital Markets</u>	<u>Transaction Banking</u>
Verbund Weberbank Actiengesellschaft Westdeutsche ImmobilienBank AG	Corporates Structured Finance Corporate & Structured Finance Products Asset Management	Equity Markets Debt Markets Research Treasury	Transaction Services readybank ag
<u>Omega</u>	<u>Corporate Center</u>	<u>Other</u>	
Investment Management/ Portfolio Exit Group	Chairman Risk Management Finance & Controlling Human Resources Information Technology Organisation & Services Operations	Consolidations/ Netting	

The following table depicts the contributions which the individual segments made to the consolidated result for the first quarter of fiscal years 2008 and 2009. 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 to pass on funds internally, allocate maturity structure and net interest margin contributions and support 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 & Real Estate	Corporates & Structured Finance	Capital Markets	Transaction Banking	Omega	Corporate Center	Other	WestLB Group
Net interest income								
1. 1. – 31. 3. 2009	60	103	125	14	66	- 9	35	394
1. 1. – 31. 3. 2008	41	155	72	24	- 88	- 3	39	240
Impairment charge for credit losses								
1. 1. – 31. 3. 2009	5	- 63	- 1	- 6	- 90	0	- 19	- 174
1. 1. – 31. 3. 2008	- 3	- 3	- 30	- 2	- 68	0	49	- 57
Net fee and commission income								
1. 1. – 31. 3. 2009	11	64	- 16	12	12	- 4	- 6	73
1. 1. – 31. 3. 2008	15	57	1	9	14	- 5	- 8	83
Net trading result								
1. 1. – 31. 3. 2009	- 3	- 4	255	0	- 114	0	78	212
1. 1. – 31. 3. 2008	8	- 68	28	0	- 251	0	1,016	733
Result from financial investments								
1. 1. – 31. 3. 2009	- 1	12	0	0	0	0	- 1	10
1. 1. – 31. 3. 2008	- 4	1	0	0	0	0	109	106
Administrative expenses								
1. 1. – 31. 3. 2009	41	30	26	15	14	139	15	280
1. 1. – 31. 3. 2008	42	37	48	21	22	185	8	363
Other operating income and expense								
1. 1. – 31. 3. 2009	1	2	- 6	- 1	- 1	7	13	15
1. 1. – 31. 3. 2008	3	7	1	- 1	154	15	100	279
Internal charging								
1. 1. – 31. 3. 2009	- 1	- 44	- 60	- 12	- 10	145	- 18	0
1. 1. – 31. 3. 2008	- 7	- 54	- 67	- 10	- 14	178	- 26	0
Profit before income tax								
1. 1. – 31. 3. 2009	31	40	271	- 8	- 151	0	67	250
1. 1. – 31. 3. 2008	11	58	- 43	- 1	- 275	0	1,271**	1,021**

* Previous year's figures restated (IAS 8)

** € 947 million thereof attributable to the ring-fence gain from the risk shield

Notes to the Group Statement of Income

3. Net Interest Income

	1. 1. – 31. 3. 2009 € millions	1. 1. – 31. 3. 2008* € millions
Interest income from		
– Loans and advances to banks and customers	1,455	1,280
– Financial assets available for sale	93	179
– Financial assets held to maturity	9	0
Current income from		
– Financial assets available for sale	3	20
– Interests in associates and joint ventures	0	3
Net interest and dividend income from		
– Instruments held for trading	498	461
– Instruments designated as at fair value	– 439	– 448
Interest expenses for		
– Liabilities to banks and customers	893	864
– Certificated liabilities	310	302
– Subordinated debt (excluding designated holdings)	75	99
Net income from hedging relationships	– 42	0
Net income from other transactions	95	10
Net interest income	394	240

* Previous year's figures restated (IAS 8)

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.

4. Impairment Charge for Credit Losses

	1. 1. – 31. 3. 2009 € millions	1. 1. – 31. 3. 2008 € millions
Allocations		
– to allowance for losses on loans and advances	– 188	– 140
– to provisions for lending operations	– 1	– 1
Write-backs		
– from allowance for losses on loans and advances	10	74
– from provisions for lending operations	3	6
Income from written-off loans and advances	5	4
Direct write-offs of loans and advances	– 3	0
Impairment charge for credit losses	– 174	– 57

A € 63 million portion of the ring-fence gain from the risk shield was attributable to the reversal of allowances on loans and receivables in the year-earlier quarter.

5. Net Fee and Commission Income

	1. 1. – 31. 3. 2009 € millions	1. 1. – 31. 3. 2008* € millions
Lending and syndicated lending business	69	70
Securities and deposit business	- 11	7
Payment transactions	10	10
Other	5	- 4
Net fee and commission income	73	83

* Previous year's figures restated (IAS 8)

6. Net Trading Result

	1. 1. – 31. 3. 2009 € millions	1. 1. – 31. 3. 2008* € millions
Result from sale and measurement of trading instruments	211	827
Result from foreign currency translation	93	- 14
Result from sale and measurement of financial instruments designated at fair value	- 92	- 80
Net trading result	212	733

* Previous year's figures restated (IAS 8)

A € 774 million portion of the ring-fence gain from the risk shield was attributable to the results from sales captured in the year-earlier quarter's net trading result.

7. Result from Financial Investments

	1. 1. – 31. 3. 2009 € millions	1. 1. – 31. 3. 2008 € millions
Result from sale and measurement of available-for-sale assets	10	106
Result from sale and measurement of held-to-maturity assets	0	0
Result from financial investments	10	106

A € 110 million portion of the ring-fence gain from the risk shield was attributable to the results from sales captured in the year-earlier quarter's result from financial investments.

8. Administrative Expenses

	1. 1. – 31. 3. 2009 € millions	1. 1. – 31. 3. 2008 € millions
Personnel expenses	131	195
– Wages and salaries	103	167
– Compulsory social security contributions	13	13
– Expenses for pensions and other employee benefits	15	15
Other administrative expenses	130	150
Depreciation and amortisation	19	18
– of property and equipment	10	11
– of software and other intangible assets	9	7
Administrative expenses	280	363

9. Other Operating Income and Expense

	1. 1. – 31. 3. 2009 € millions	1. 1. – 31. 3. 2008 € millions
Other operating income	39	333
Other operating expense	24	54
Other operating income and expense	15	279

Notes to the Group Balance Sheet

10. Loans and Advances to Banks

	March 31, 2009 € millions	Dec. 31, 2008 € millions
Banks in Germany	3,765	3,384
Banks in other countries	7,709	8,384
Loans and advances to banks	11,474	11,768

11. Loans and Advances to Customers

	March 31, 2009 € millions	Dec. 31, 2008 € millions
Corporate clients	103,317	102,496
Public-sector clients	5,527	6,195
Private clients	3,380	3,542
Loans and advances to customers	112,224	112,233

12. Risk Provisions in the Lending Business

	March 31, 2009 € millions	Dec. 31, 2008 € millions
Allowances for losses on loans and advances	1,405	1,219
– Allowances for specific risks	1,215	1,053
– Allowances for portfolio risks	190	166
Provisions for contingent liabilities	49	51
– Provisions for specific risks	44	45
– Provisions for portfolio risks	5	6
Risk provisions in the lending business	1,454	1,270

13. Trading Assets

	March 31, 2009	Dec. 31, 2008
	€ millions	€ millions
Bonds and other interest-bearing securities	10,806	11,261
Shares and other non-interest-bearing securities	929	1,137
Positive fair values from derivative financial instruments	63,806	66,956
Other trading assets	4,307	8,868
Trading assets	79,848	88,222

14. Financial Assets Designated at Fair Value

	March 31, 2009	Dec. 31, 2008
	€ millions	€ millions
Bonds and other interest-bearing securities	17,452	18,484
Shares and other non-interest-bearing securities	144	359
Loans and advances to banks	3,164	3,420
Loans and advances to customers	4,146	3,963
Financial assets designated at fair value	24,906	26,226

15. Financial Investments

	March 31, 2009	Dec. 31, 2008
	€ millions	€ millions
Financial investments available for sale	10,020	10,310
Financial investments held to maturity	927	944
Interests in companies reported at equity	68	68
Investment property	3	8
Financial investments	11,018	11,330

16. Property and Equipment

	March 31, 2009	Dec. 31, 2008
	€ millions	€ millions
Land and buildings	373	376
Office equipment	86	93
Other property and equipment	10	11
Property and equipment	469	480

17. Intangible Assets

	March 31, 2009 € millions	Dec. 31, 2008 € millions
Goodwill	9	9
Software	140	146
Intangible assets	149	155

18. Liabilities to Banks

	March 31, 2009 € millions	Dec. 31, 2008 € millions
Banks in Germany	16,315	25,736
Banks outside Germany	7,243	9,883
Liabilities to banks	23,558	35,619

19. Liabilities to Customers

	March 31, 2009 € millions	Dec. 31, 2008 € millions
Corporate clients	23,408	24,729
Public-sector clients	1,815	3,098
Private clients	332	1,895
Liabilities to customers	25,555	29,722

20. Certificated Liabilities

	March 31, 2009 € millions	Dec. 31, 2008 € millions
Bonds and notes issued	22,948	21,164
Money market instruments	13,231	14,064
Own acceptances and promissory notes outstanding	0	9
Certificated liabilities	36,179	35,237

21. Trading Liabilities

	March 31, 2009 € millions	Dec. 31, 2008 € millions
Negative fair values from derivative financial instruments	62,872	64,651
Delivery obligations on short sales of securities	1,978	2,601
Other trading liabilities	392	693
Trading liabilities	65,242	67,945

22. Financial Liabilities Designated at Fair Value

	March 31, 2009	Dec. 31, 2008
	€ millions	€ millions
Liabilities to banks	18,109	23,486
Liabilities to customers	25,040	21,787
Certificated liabilities	17,201	17,052
Financial liabilities designated at fair value	60,350	62,325

23. Provisions

	March 31, 2009	Dec. 31, 2008
	€ millions	€ millions
Provisions for pensions and similar obligations	766	817
Provisions in the lending business	49	51
Provisions for personnel expenses	482	505
Other provisions	260	256
Provisions	1,557	1,629

24. Subordinated Debt

	March 31, 2009	Dec. 31, 2008
	€ millions	€ millions
Subordinated liabilities	3,124	3,656
Profit participation capital	1,597	1,597
Hybrid capital	869	869
Deferred interest	129	211
Measurement effects (IAS 39)	- 1	3
Subordinated debt	5,718	6,336

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, 2009 € millions	Dec. 31, 2008 € millions
Products based on interest rates	2,177,395	1,968,323
Products based on exchange rates	249,936	255,010
Products based on share prices and other prices	53,322	53,786
Credit derivatives	140,420	139,411
Derivative transactions	2,621,073	2,416,530

26. Contingent Liabilities and Other Commitments

	March 31, 2009 € millions	Dec. 31, 2008 € millions
Contingent liabilities from guarantees and indemnity agreements	9,528	9,764
Other commitments from irrevocable loan commitments	63,328	65,642

Purchase and liquidity commitments which are still available for use by the structured investment vehicles Greyhawk and Harrier have been reported under other commitments from irrevocable loan commitments. As part of the risk shield, the independent special purpose vehicle will assume all of the financial instruments acquired under purchase and liquidity commitments, freeing WestLB entirely from the related economic risks. In return, any fees and commissions earned on these commitments will be passed on to the special purpose vehicle.

27. Assets and Liabilities Held for Sale

WestImmo intends to sell the retail arm of its operations. As a result of the decision to concentrate on commercial real estate transactions, new residential lending was ceased as of January 1, 2009. The criteria for being classified as a disposal group within the meaning of IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations" were first met as of June 30, 2008. Depending on the market situation and the needs of a potential buyer, WestImmo hopes to put its retail business on the market in 2009. The relevant items are captured in our segment reporting as part of the Verbund & Real Estate segment.

As part of the strategic realignment of the Bank, preparations were completed in the first quarter of 2009 for the sale of subsidiary Weberbank Actiengesellschaft, which is treated as part of the Verbund & Real Estate segment in our segment reporting. WestLB announced the sale of Weberbank Actiengesellschaft to Mittelbrandenburgische Sparkasse on May 14, 2009. The criteria of IFRS 5 for a separate presentation of the company as a disposal group were first met as of March 31, 2009.

The planned sales chiefly involve loans and advances to banks and customers in the amount of € 4,502 million and liabilities to banks and customers in the amount of € 1,668 million. Income of € 7 million was captured directly in WestLB's equity. The consolidation measures mainly involve assets in the amount of € 1,201 million, which were eliminated in the process of debt consolidation.

28. Restatements Pursuant to IAS 8

In the wake of the financial market crisis and resulting liquidity squeeze, we decided with respect to refinancing the asset-generating operations of ABCP conduits to purchase that portion of the commercial paper issued in the Compass Programme which could not be placed with third parties rather than to inject liquidity.

As a result, the issuing securitisation vehicles Compass Securitisation Limited, Dublin, Ireland, and Compass Securitization LLC, Wilmington/Delaware, USA, were consolidated for the first time in the Group financial statements as of December 31, 2008, with retroactive effect from October 17, 2007 and December 21, 2007, respectively. The previous year's figures have been restated at the appropriate places in the Notes.

There was no impact on the consolidated result or on equity. The difference in reporting constitutes the primary change. The purchased notes had been reported as trading assets (held-for-trading category). With the consolidation, they are now reported as loans and advances to customers (loans and receivables category).

In the course of a restatement pursuant to IAS 8, the brokerage fees and commissions on loans and advances made in the retail business of Westdeutsche ImmobilienBank AG, which is for sale, were capitalised and amortised starting in the second quarter of 2008. Previously, these items had been expensed immediately. We have shown the resulting restatement of the first-quarter figures for 2008 in the following table:

	Published Group Financial Statements 1. 1. – 31. 3. 2008*	Restatement Pursuant to IAS 8		Restated Group Financial Statements 1. 1. – 31. 3. 2008
	€ millions	WestImmo € millions	Compass € millions	€ millions
Interest income	2,660	0	48	2,708
Interest expense	2,464	0	4	2,468
Net trading result	777	0	- 44	733
Fee and commission income	127	1	0	128
Fee and commission expense	44	1	0	45

* Reporting change, see Note 1

29. 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 reclassified as loans and receivables, increased the profit before income tax in the first quarter of 2009 by € 91 million. The reclassifications of available-for-sale assets as loans and receivables decreased the equity capital in the first quarter of 2009 by € 289 million.

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

	Carrying Value as of Reclassification € billions	Carrying Value March 31, 2009 € billions	Fair Value March 31, 2009 € billions
Trading assets reclassified as loans and receivables	1.6	1.5	1.0
Available-for-sale assets reclassified as loans and receivables	3.9	3.8	3.5
Total	5.5	5.3	4.5

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 € 47 million to the profit before income tax in the quarter under review.

30. Market Price Risk

The value at risk (VaR) is determined in accordance with the quantitative guidelines of the 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, 2008.

Confidence level 99%/1-day holding period	Total Utilisation		thereof Trading Book	
	1. 1. – 31. 3. 2009 € millions	1. 1. – 31. 12. 2008 € millions	1. 1. – 31. 3. 2009 € millions	1. 1. – 31. 12. 2008 € millions
Value at risk on reporting date	241	253	16	17
Minimum value at risk	192	105	14	11
Maximum value at risk	254	264	20	35
Average value at risk	221	159	17	20

Without the Phoenix portfolio, the VaR in the consolidated trading book and banking book rose throughout the first quarter of 2009 by approximately € 50 million, due to the developments in the financial markets and resulting increase in market volatility as well as the continued appreciation of the U.S. Dollar. However, total VaR changed by only an insignificant amount from year's end. There was a slight increase in the interest rate risk with Euro and U.S. Dollar holdings, with a simultaneous reduction in the net credit spread risk.

A change was made in the calculation methodology applied to the Phoenix portfolio in the first quarter of 2009, from a static value-at-risk premium of € 65 million to a dynamic approach based on updated exposure data from the portfolio manager PIMCO. Because of the sharp increase in market volatility in this segment, its value at risk tripled to € 213 million. Of course, the new measurement methodology no longer recognises the risk-mitigating effect of the risk shield. In future, the value at risk for the Phoenix portfolio will be calculated on a monthly basis and starting this year will no longer be included in the above table.

Without a fresh round of excessive market movements and assuming the exposures remain the same, we expect the value at risk to remain stable or recede slightly in the second quarter of 2009.

31. Members of the Managing Board and Supervisory Board

WestLB Managing Board

Dietrich Voigtländer, Acting Chairman (from May 18, 2009)

Hubert Beckmann, Vice Chairman

Klemens Breuer, Deputy Member

Thomas Groß

Dr. Hans-Jürgen Niehaus

Werner Taiber

Heinz Hilgert, Chairman (until May 18, 2009)

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 (WestImmo)

Dietmar P. Binkowska (from February 18, 2009)

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 and Giro Association of Westphalia-Lippe

Cornelia Hintz

Secretary

ver.di Vereinte Dienstleistungsgewerkschaft

[Sigrid Janetzko](#)

Bank Director
WestLB AG Düsseldorf

[Dr. Wolfgang Kirsch](#)

Regional Director
Regional Association of Westphalia-Lippe

[Christiane Kutil-Bleibaum](#)

Director
WestLB AG Düsseldorf

[Dr. Gerhard Langemeyer](#)

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

[Heinz-Günter Sander](#)

Director
WestLB AG Düsseldorf

[Hans-Georg Vogt](#)

Chairman of the Managing Board
Sparkasse Bielefeld

[Harry Voigtsberger](#)

Regional Director
Regional Association of the Rhineland

[Alexander Wüerst](#)

Chairman of the Managing Board
Kreissparkasse Köln

Financial Calendar

August 13, 2009 Publication of Group Financials June 30, 2009

November 12, 2009 Publication of Group Financials September 30, 2009

Subject to changes

Publications

The Interim Report and the Annual Report 2008 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.

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.

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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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