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Westdeutsche ImmobilienBank AG

Consolidated Financial Statements as at 31 December 2009 in accordance with International Financial Reporting Standards (IFRSs)

Consolidated Income Statement

	Note	2009 €	2008 €	Change €	%
Interest (and similar income)		1,626,005,722 48	2,196,580,335 16	– 570,574,612 68	– 26 0
Interest (and similar expense)		1,427,327,722 37	2,017,515,418 45	– 590,187,696 08	– 29 3
Net interest income	(22)	198,678,000 11	179,064,916 71	19,613,083 40	11 0
Allowance for losses on loans and advances	(24)	– 66 196,788 61	– 27,317,509 66	– 38,879,278 95	> 100
Net interest income after allowance for losses on loans and advances		132 481,211 50	151,747,407 05	– 19,266,195 55	– 12 7
Fee and commission income		39,976,188 17	31,314,904 29	8,661,283 88	27 7
Fee and commission expense		7,569,196 89	5,394,703 28	2,174,493 61	40 3
Net fee and commission income	(25)	32,406,991 28	25,920,201 01	6,486,790 27	25 0
Net trading income	(26)	4,267,526 11	17,448,822 57	– 13 181 296 46	– 75 5
Net income from non-current financial assets	(27)	– 10,181,536 55	4,990,136 48	– 15,171,673 03	> – 100
Administrative expenses	(28)	87,724,017 77	80,722,717 82	7,001,299 95	8 7
Net other operating income and expenses	(29)	3,538,274 07	1,855,908 27	1,682,365 80	90 6
Profit before tax		74,788,448 64	121,239,757 56	– 46,451,308 92	– 38 3
Current income taxes	(30)	2,036,136 55	– 633,608 15	2,669,744 70	> – 100
Deferred taxes	(30)	650,400 84	13,160,483 39	– 12,510,082 55	– 95 1
Profit from continuing operations		72,101,911 25	108,712,882 32	– 36,610,971 07	– 33 7
Loss after tax from discontinued operations and assets held for sale	(31)	11,287,464 09	– 11,977,379 56	23,264,843 65	> – 100
Consolidated profit for the period		**83,389,375 34**	**96,735,502 76**	**– 13,346,127 42**	**– 13 8**
of which					
– attributable to WestImmo shareholders		83,091,783 73	97,465,001 32	– 14,373,217 59	– 14 7
– losses attributable to minority interest		297,591 61	– 729,498 56	1,027,090 17	> – 100

Consolidated statement of comprehensive income

	Note	2009 € millions	2008 € millions
Consolidated profit for the period		83 4	96 7
Other comprehensive income		31 3	– 98 0
Change in revaluation reserve (net of deferred taxes)	(62)	31 8	– 101 5
Unrealised gain or loss on available-for-sale financial assets		44 4	– 148 1
Gain on disposal of available-for-sale financial assets transferred to income statement		2 1	0 2
Net income from permanent impairment losses or reversals of impairment losses on available-for-sale financial assets transferred to income statement		1 1	0 0
Deferred taxes relating to change in revaluation reserve		– 15 8	46 4
Change in the currency translation reserve (net of deferred taxes)		– 0 5	2 1
Unrealised currency translation differences		– 0 5	2 1
Currency translation differences transferred to income statement		0 0	0 0
Deferred taxes relating to change in currency translation reserve		0 0	0 0
Change in actuarial gains and losses (net of deferred taxes)	(58)	0 0	1 4
Actuarial gains and losses		0 7	1 6
Deferred taxes relating to change in actuarial gains and losses		– 0 7	– 0 2
Total comprehensive income		**114 7**	**– 1 3**
of which			
– attributable to WestImmo shareholders		114 4	– 0 6
– attributable to minority interest		0 3	– 0 7

The statement of comprehensive income in accordance with IAS 1 81, which replaces the statement of recognised income and expense (SORIE), is presented using the two statement approach (IAS 1 81 b)

Permanent impairment losses recognised in profit or loss amounting to €2 2 million and reversals of impairment losses amounting to €1 1 million were reclassified from the revaluation reserve before deferred taxes in the reporting period

Consolidated Balance Sheet

Assets

	Note	31 Dec 2009 €	31 Dec 2008 €	Change €	%
Cash and balances with central banks	(34)	22,238,569 59	30,200,251 87	− 7,961,682 28	− 26 4
Loans and advances to banks	(36)	691,587,858 02	1,364,042,939 30	− 672,455,081 28	− 49 3
Loans and advances to customers	(37)	16,994,581,574 74	14,933,208,909 89	2,061,372,664 85	13 8
Allowance for losses on loans and advances	(39)	− 262,643,714 85	− 217,538,714 05	− 45,105,000 80	− 20 7
Financial assets held for trading	(35)	952,586,380 93	861,845,315 99	90,741,064 94	10 5
Positive fair values of derivative hedging instruments	(41)	144,107,821 16	118,560,232 89	25,547,588 27	21 5
Financial assets designated at fair value through profit or loss	(42)	586,193,256 12	830,082,835 27	− 243,889,579 15	− 29 4
Non-current financial assets	(43)	3,091,365,133 87	3,437,097,927 64	− 345,732,793 77	− 10 1
Property and equipment	(45)	3,205,308 78	4,072,341 53	− 867,032 75	− 21 3
Intangible assets	(46)	4,289,846 46	5,913,698 86	− 1,623,852 40	− 27 5
Tax receivables	(48)	366,824,295 02	420,807,748 75	− 53,983,453 73	− 12 8
Other assets	(49)	97 043,621 22	88,781,796 77	8,261,824 45	9 3
Non-current assets held for sale	(50)	4,198,092,877 47	4,293,871,262 56	− 95,778,385 09	− 2 2
Total assets		**26,889,472,828 53**	**26,170,946,547 27**	**718,526,281 26**	**2 7**

Equity and Liabilities

	Note	31 Dec 2009 €	31 Dec 2008 €	Change €	%
Deposits from banks	(52)	6,360,417 379 50	6,825,826,390 13	− 465,409,010 63	− 6 8
Deposits from customers	(53)	6,863,745,394 08	5,756,043,582 30	1,107,701,811 78	19 2
Securitised liabilities	(54)	8 189,950,484 74	8,306,744,971 29	− 116,794,486 55	− 1 4
Financial liabilities held for trading	(57)	856,843,095 27	896,798,867 55	− 39,955,772 28	− 4 5
Negative fair values of derivative hedging instruments	(41)	228,994,916 34	264,510,033 14	− 35,515,116 80	− 13 4
Liability recognised for fair value changes of hedged items in portfolio hedge of interest rate risk	(55)	1 014,368 96	1,243,168 04	− 228,799 08	− 18 4
Financial liabilities designated at fair value through profit or loss	(56)	2,335,218,316 91	2,005,473,145 01	329,745,171 90	16 4
Provisions	(58)	56,348,411 16	57,876,013 49	− 1,527,602 33	− 2 6
Tax liabilities	(59)	346,559,902 87	379,696,777 54	− 33,136,874 67	− 8 7
Other liabilities	(61)	103,495,413 38	96,231,957 64	7,263,455 74	7 5
Subordinated capital	(60)	476,909,270 70	563,030,347 42	− 86,121,076 72	− 15 3
Non-current liabilities associated with non-current assets held for sale	(50)	164,075,235 33	156,439,664 31	7,635,571 02	4 9
Equity	(62)	905,900,639 29	861,031,629 41	44,869,009 88	5 2
− Subscribed capital		400,000,000 00	400,000,000 00	0 00	0 0
− Capital reserves		443,370,114 07	443,370,114 07	0 00	0 0
− Retained earnings		123,414,415 55	83,200,670 25	40,213,745 30	48 3
− Revaluation reserve		− 76,495,851 07	− 108,299,403 72	31,803,552 65	29 4
− Actuarial gains and losses on pension obligations		3,637,297 59	3,642,505 89	− 5,208 30	− 0 1
− Currency translation reserve		1,611,837 26	2,064,995 73	− 453,158 47	− 21 9
− Distribution to shareholders		− 69,522,968 35	− 56,801,163 32	− 12,721,805 03	− 22 4
− Consolidated profit for the period		83 389 375 34	96,735,502 76	− 13,346,127 42	− 13 8
Total before minority interest		909,404,220 39	863,913,221 66	45,490,998 73	5 3
− Minority interest		− 3,503,581 10	− 2,881,592 25	− 621,988 85	− 21 6
Total equity and liabilities		**26,889,472,828 53**	**26,170,946,547 27**	**718,526,281 26**	**2 7**

English translation

Changes in Equity

Statement of changes in equity

€ million	Subscribed capital	Capital reserves	Retained earnings	Revaluation reserve		Actuarial gains and losses on pension obligations	
				Excluding deferred taxes	Deferred taxes	Excluding deferred taxes	Deferred taxes
Equity at 1 January 2008	**400 0**	**443 4**	**29 6**	**- 9 9**	**3 1**	**3 9**	**0 0**
Adjustments (in accordance with IAS 8)	0 0	0 0	0 0	0 0	0 0	0 0	0 0
Change in consolidated profit for the period	0 0	0 0	0 0	0 0	0 0	0 0	0 0
Consolidated profit for the period	0 0	0 0	0 0	0 0	0 0	0 0	0 0
Appropriations to retained earnings provided for by the articles of association	0 0	0 0	0 0	0 0	0 0	0 0	0 0
Appropriations to other retained earnings	0 0	0 0	49 2	0 0	0 0	0 0	0 0
Distribution to shareholders for fiscal year 2007	0 0	0 0	0 0	0 0	0 0	0 0	0 0
Distribution to shareholders for fiscal year 2008	0 0	0 0	0 0	0 0	0 0	0 0	0 0
Appropriations to losses attributable to minority interest in 2007	0 0	0 0	0 0	0 0	0 0	0 0	0 0
Capital increase/reduction	0 0	0 0	0 0	0 0	0 0	0 0	0 0
Changes in consolidated Group	0 0	0 0	- 0 2	0 0	0 0	0 0	0 0
Change in the revaluation reserve (excluding deferred taxes)	0 0	0 0	0 0	- 147 9	0 0	0 0	0 0
Change in deferred taxes on the revaluation reserve	0 0	0 0	0 0	0 0	46 4	0 0	0 0
Change in actuarial gains and losses on pension obligations (excluding deferred taxes)	0 0	0 0	0 0	0 0	0 0	1 6	0 0
Change in deferred taxes on actuarial gains and losses on pension obligations in 2008	0 0	0 0	0 0	0 0	0 0	0 0	- 0 2
Reclassification of the change in deferred taxes on actuarial gains and losses on pension obligations in 2007	0 0	0 0	1 7	0 0	0 0	0 0	- 1 7
Changes due to assets and liabilities held for sale	0 0	0 0	0 0	0 0	0 0	0 0	0 0
Change in currency translation reserve	0 0	0 0	0 0	0 0	0 0	0 0	0 0
Other changes	0 0	0 0	2 9	0 0	0 0	0 0	0 0
Equity at 31 December 2008/ Carried forward 1 January 2009	**400 0**	**443 4**	**83 2**	**- 157 8**	**49 5**	**5 5**	**- 1 9**

Currency translation reserve	Gains and losses on non-current assets held for sale recognised directly in equity	Distribution to shareholders	Consolidated profit for the period	Total before minority interest	Minority interest	Total equity
0 0	**0 0**	**− 43 7**	**92 0**	**918 4**	**− 2 5**	**915 9**
0 0	0 0	0 0	0 0	0 0	0 0	0 0
0 0	0 0	0 0	0 0	0 0	0 0	0 0
0 0	0 0	0 0	96 7	96 7	0 0	96 7
0 0	0 0	0 0	0 0	0 0	0 0	0 0
0 0	0 0	0 0	− 49 2	0 0	0 0	0 0
0 0	0 0	43 7	− 43 7	0 0	0 0	0 0
0 0	0 0	− 56 8	0 0	− 56 8	0 0	− 56 8
0 0	0 0	0 0	0 9	0 9	− 0 9	0 0
0 0	0 0	0 0	0 0	0 0	0 0	0 0
0 0	0 0	0 0	0 0	− 0 2	0 0	− 0 2
0 0	0 0	0 0	0 0	− 147 9	0 0	− 147 9
0 0	0 0	0 0	0 0	46 4	0 0	46 4
0 0	0 0	0 0	0 0	1 6	0 0	1 6
0 0	0 0	0 0	0 0	− 0 2	0 0	− 0 2
0 0	0 0	0 0	0 0	0 0	0 0	0 0
0 0	0 0	0 0	0 0	0 0	0 0	0 0
2 1	0 0	0 0	0 0	2 1	0 0	2 1
0 0	0 0	0 0	0 0	2 9	0 5	3 4
2 1	**0 0**	**− 56 8**	**96 7**	**863 9**	**− 2 9**	**861 0**

€ million	Subscribed capital	Capital reserves	Retained earnings	Revaluation reserve		Actuarial gains and losses on pension obligations	
				Excluding deferred taxes	Deferred taxes	Excluding deferred taxes	Deferred taxes
Equity at 31 December 2008/ Carried forward 1 January 2009	**400 0**	**443 4**	**83 2**	**- 157 8**	**49 5**	**5 5**	**- 1 9**
Adjustments (in accordance with IAS 8)	0 0	0 0	0 0	0 0	0 0	0 0	0 0
Change in consolidated profit for the period	0 0	0 0	0 0	0 0	0 0	0 0	0 0
Consolidated profit for the period	0 0	0 0	0 0	0 0	0 0	0 0	0 0
Appropriations to retained earnings provided for by the articles of association	0 0	0 0	0 0	0 0	0 0	0 0	0 0
Appropriations to other retained earnings	0 0	0 0	40 6	0 0	0 0	0 0	0 0
Distribution to shareholders for fiscal year 2008	0 0	0 0	0 0	0 0	0 0	0 0	0 0
Distribution to shareholders for fiscal year 2009	0 0	0 0	0 0	0 0	0 0	0 0	0 0
Appropriations to losses attributable to minority interest in 2008	0 0	0 0	0 0	0 0	0 0	0 0	0 0
Capital increase/reduction	0 0	0 0	0 0	0 0	0 0	0 0	0 0
Changes in consolidated Group	0 0	0 0	0 0	0 0	0 0	0 0	0 0
Change in the revaluation reserve (excluding deferred taxes)	0 0	0 0	0 0	47 6	0 0	0 0	0 0
Change in deferred taxes on the revaluation reserve	0 0	0 0	0 0	0 0	- 15 8	0 0	0 0
Change in actuarial gains and losses on pension obligations (excluding deferred taxes)	0 0	0 0	0 0	0 0	0 0	0 7	0 0
Change in deferred taxes on actuarial gains and losses on pension obligations in 2009	0 0	0 0	0 0	0 0	0 0	0 0	- 0 7
Changes due to assets and liabilities held for sale	0 0	0 0	0 0	0 0	0 0	0 0	0 0
Change in currency translation reserve	0 0	0 0	0 0	0 0	0 0	0 0	0 0
Other changes	0 0	0 0	- 0 4	0 0	0 0	0 0	0 0
Equity at 31 December 2009	**400 0**	**443 4**	**123 4**	**- 110 2**	**33 7**	**6 2**	**- 2 6**

Currency translation reserve	Gains and losses on non-current assets held for sale recognised directly in equity	Distribution to shareholders	Consolidated profit for the period	Total before minority interest	Minority interest	Total equity
2 1	0 0	− 56 8	96 7	863 9	− 2 9	861 0
0 0	0 0	0 0	0 0	0 0	0 0	0 0
0 0	0 0	0 0	0 0	0 0	0 0	0 0
0 0	0 0	0 0	83 4	83 4	0 0	83 4
0 0	0 0	0 0	0 0	0 0	0 0	0 0
0 0	0 0	0 0	− 40 6	0 0	0 0	0 0
0 0	0 0	56 8	− 56 8	0 0	0 0	0 0
0 0	0 0	− 69 5	0 0	− 69 5	0 0	− 69 5
0 0	0 0	0 0	0 7	0 7	− 0 7	0 0
0 0	0 0	0 0	0 0	0 0	0 0	0 0
0 0	0 0	0 0	0 0	0 0	0 0	0 0
0 0	0 0	0 0	0 0	47 6	0 0	47 6
0 0	0 0	0 0	0 0	− 15 8	0 0	− 15 8
0 0	0 0	0 0	0 0	0 7	0 0	0 7
0 0	0 0	0 0	0 0	− 0 7	0 0	− 0 7
0 0	0 0	0 0	0 0	0 0	0 0	0 0
− 0 5	0 0	0 0	0 0	− 0 5	0 0	− 0 5
0 0	0 0	0 0	0 0	− 0 4	0 1	− 0 3
1 6	0 0	− 69 5	83 4	909 4	− 3 5	905 9

Cash Flow Statement

Continuing operations

	2009 € million	2008 € million
Profit from continuing operations	**72 1**	**108 7**
Adjustments for non-cash items included in profit and reconciliation to cash flow from operating activities		
Depreciation, amortisation, impairment losses and reversals of impairment losses on receivables and additions to provisions for credit risks	68 5	27 3
Depreciation, amortisation and impairment losses net of reversals of impairment losses on		
– Property and equipment	1 4	1 6
– Non-current financial assets	25 0	– 95 4
– Intangible assets	2 6	2 3
Change in other non-cash items	– 24 5	– 24 6
Gain on disposal of non-current assets (net)	0 7	– 0 2
Other adjustments (primarily income taxes paid, interest received less interest paid and dividends received)	– 209 6	– 225 9
Subtotal	**– 63 8**	**– 206 2**
Change in working capital after adjustment for non-cash transactions		
Financial assets held for trading	– 8 3	496 9
Loans and advances to banks	672 5	51 5
Loans and advances to customers	– 1,986 4	– 1,385 7
Financial assets and liabilities designated at fair value through profit or loss	499 6	2 9
Other operating assets	– 30 1	– 30 3
Deposits from banks	– 455 3	2,004 0
Deposits from customers	1,111 0	638 6
Securitised liabilities	– 116 8	– 1,456 5
Financial liabilities held for trading	– 40 0	– 496 4
Other operating liabilities	– 38 9	407 4
Income taxes paid	– 1 4	4 2
Interest received	1,789 0	2,049 5
Interest paid	– 1,580 8	– 1,514 8
Dividends received	2 6	0 4
Cash flows from operating activities	**– 247 1**	**565 5**
Proceeds from disposal of		
– Property and equipment	0 0	0 0
– Non-current financial assets	631 3	263 6
– Intangible assets	0 1	0 0
Payments to acquire		
– Property and equipment	– 0 6	– 1 0
– Non-current financial assets	– 267 3	– 782 2
– Intangible assets	– 1 0	– 1 0
Cash flows from investing activities	**362 5**	**– 520 6**
Payments to owner and minority shareholders		
– Dividends paid	– 56 8	– 43 7
Change in cash and cash equivalents from subordinated capital	– 81 0	2 2
Cash flows from financing activities	**– 137 8**	**– 41 5**
Cash and cash equivalents at end of prior period	28 7	29 0
Cash flows from operating activities	– 247 1	565 5
Cash flows from investing activities	362 5	– 520 6
Cash flows from financing activities	– 137 8	– 41 5
Change in cash and cash equivalents from exchange rate movements	– 0 1	– 3 7
Cash and cash equivalents at end of period	**6 2**	**28 7**

Discontinued operations

	2009 € million	2008 € million
Cash flows from operating activities	14 5	1 5
Cash flows from investing activities	0 0	0 0
Cash flows from financing activities	0 0	0 0
Change in cash and cash equivalents from changes in Group structure	0 0	0 0
Change in cash and cash equivalents from exchange rate movements	0 0	0 0
Change in cash and cash equivalents	**14 5**	**1 5**

Total

	2009 € million	2008 € million
Cash and cash equivalents at end of prior period	30 2	29 0
Cash flows from operating activities	– 232 6	567 0
Cash flows from investing activities	362 5	– 520 6
Cash flows from financing activities	– 137 8	– 41 5
Change in cash and cash equivalents from exchange rate movements	– 0 1	– 3 7
Cash and cash equivalents at end of period	**22 2**	**30 2**

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

The reported cash and cash equivalents correspond to the "cash and balances with central banks" balance sheet item (Note 34) and only comprise balances with central banks

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

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

In addition to cash payments to the owner, cash flows from financing activities comprise proceeds from and payments to acquire subordinated capital In 2009, cash flows from financing activities reflected the cash outflow from the distribution to the owner in the amount of €56 8 million (previous year €43 7 million)

Continuing operations and discontinued operations have been presented separately in the cash flow statement The operations presented in accordance with IFRS 5 solely comprise cash flows from operating activities, which is why a condensed form of presentation was chosen

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

Notes

Accounting Policies

1 Basis of accounting

Westdeutsche ImmobilienBank AG (WestImmo), headquartered in Große Bleiche 46, 55116 Mainz, is the centre of competence for real estate financing and structured real estate transactions within the WestLB Group WestImmo is a specialist bank and a wholly owned subsidiary of WestLB AG

The consolidated financial statements of WestImmo as at 31 December 2009 were prepared in accordance with International Financial Reporting Standards (IFRSs) and the supplementary provisions of German commercial law required to be applied under section 315 a (1) of the Handelsgesetzbuch (HGB – German Commercial Code) on the basis of Regulation (EC) No 1606/2002 of the European Parliament and the Council of 19 July 2002 (IAS Regulation) WestImmo only uses the IFRSs endorsed by the EU It does not elect to apply early Standards that have been adopted but are not yet required to be applied

The Standards and Interpretations published collectively as the IFRSs by the International Accounting Standards Board (IASB) comprise the International Financial Reporting Standards (IFRSs), International Accounting Standards (IASs) and their Interpretations by the former Standing Interpretations Committee (SIC) and the International Financial Reporting Interpretations Committee (IFRIC)

The consolidated financial statements comprise the consolidated income statement, the statement of comprehensive income, the consolidated balance sheet, the statement of changes in equity, the cash flow statement, the notes and the segment reporting contained in the notes The Group Management Report that must also be prepared in accordance with section 315a of the HGB in conjunction with section 315 of the HGB also contains the report on the risks and opportunities of future development (Risk Report) The consolidated financial statements are published by the operator of the electronic Bundesanzeiger (German federal gazette – www ebundesanzeiger de) in accordance with sections 325 and 328 of the HGB

WestImmo's financial reporting is based on uniform Group accounting policies The reporting currency of the consolidated financial statements is the euro, and the reporting year is the calendar year

2 IFRSs applied

The consolidated financial statements as at 31 December 2009 are based on the IASB Framework and the following IASs/IFRSs and Interpretations

IAS 1	Presentation of Financial Statements
IAS 2	Inventories
IAS 7	Cash Flow Statements
IAS 8	Accounting Policies, Changes in Accounting Estimates and Errors
IAS 10	Events after the Balance Sheet Date
IAS 11	Construction Contracts
IAS 12	Income Taxes
IAS 16	Property, Plant and Equipment
IAS 17	Leases
IAS 18	Revenue
IAS 19	Employee Benefits
IAS 21	The Effects of Changes in Foreign Exchange Rates
IAS 23	Borrowing Costs
IAS 24	Related Party Disclosures
IAS 27	Consolidated and Separate Financial Statements
IAS 28	Investments in Associates
IAS 31	Interests in Joint Ventures
IAS 32	Financial Instruments Presentation
IAS 36	Impairment of Assets
IAS 37	Provisions, Contingent Liabilities and Contingent Assets
IAS 38	Intangible Assets
IAS 39	Financial Instruments Recognition and Measurement
IAS 40	Investment Property
IFRS 3	Business Combinations
IFRS 5	Non-current Assets Held for Sale and Discontinued Operations
IFRS 7	Financial Instruments Disclosures
IFRS 8	Operating Segments
SIC-12	Consolidation – Special Purpose Entities

The following standards were not applied because they are not relevant for WestImmo or are not yet required to be applied IAS 20, 26, 29, 33, 34, 41, IFRS 1, 2, 4 and 6

The improvements process 2009

In April 2009, the IASB issued amendments to 12 standards as part of the Annual Improvements Project (AIP) The goal of the project is to amend existing standards and eliminate inconsistencies and ambiguities in the rules Amendments required to be applied under the Annual Improvements Project dated May 2008 that were effective from 1 January 2009 were applied in the year under review

The amendment to IFRS 5 clarifies that the disclosure requirements for non-current assets (or disposal groups) held for sale and discontinued operations are governed solely by IFRS 5 Disclosure requirements from other standards only apply if they relate explicitly to assets (or disposal groups) held for sale and discontinued operations (e g IAS 33 68) The amendment also specifies that disclosures about measurement of assets and liabilities within a disposal group that are not within the scope of the measurement requirement of IFRS 5 continue to be mandatory (IFRS 5 5B[b]) The amendment is required to be applied for the first time for fiscal years beginning on or after 1 January 2010 It is not expected to have a significant effect on WestImmo's consolidated financial statements

The amended IFRS 8 is designed to clarify the necessary disclosures on segment assets for each reportable segment An entity must only present a measure of total segment assets if the specified amount is part of the regular reporting to the entity's chief operating decision maker

The amendment is required to be applied for the first time for fiscal years beginning on or after 1 January 2010 It is not expected to have a significant effect on WestImmo's consolidated financial statements

The revision of IAS 38 took the form of additional consequential amendments arising from the revised IFRS 3 IAS 38 governs the measurement of the fair value of an intangible asset acquired in a business combination The amendments required to be applied from 1 July 2009 are not expected to have any effects on WestImmo's reporting

The amended IAS 39 is required to be applied from 1 January 2010 The amendments relate mainly to the exemption of business combination contracts from the scope of IAS 39, the recognition of cash flow hedges and the treatment of loan prepayment penalties as closely related embedded derivatives The new rules are required to be applied from 1 January 2010

None of the amended standards were applied prior to their effective date

The improvements process 2008

In January 2008, phase II of the Business Combinations project ended with the publication of the revised versions of IFRS 3 (Business Combinations) and IAS 27 (Consolidated and Separate Financial Statements) The amendments primarily address gaps arising from changed shareholdings in the consolidated financial statements Application is expected to be effective for fiscal years beginning on or after 1 July 2009

IFRS 3 (Revised) essentially contains changes to the recognition and measurement of assets acquired and liabilities assumed, as well as the recognition of business combinations achieved in stages In addition, non-controlling interests at the acquisition date can now be alternatively measured either at fair value or at the non-controlling interest's proportionate share of the acquiree's revalued net assets Depending on the method chosen, existing goodwill is measured proportionately or in full This option can be exercised for each transaction individually

Significant changes in IAS 27 (Revised) include changes to the provisions on recognising increases or decreases in non-controlling interests between non-controlling and controlling shareholders Effects from transactions that lead to a change in the equity interest with no change in control are recognised directly in equity, for example By contrast, transactions that result in a loss of control are recognised in profit and loss The provisions governing deconsolidation and the reclassification of consolidated entities (for example as associates or equity investments at cost) were also enhanced This was the first time that the standard-setter provided guidance for the calculation method as well as for the accounting treatment of a residual investment

Segment reporting in accordance with IFRS 8 uses the management approach, whereby segments are identified and disclosures made for the segments based on the information management uses internally for evaluating segment performance and deciding how to allocate resources The Standard is required to be applied for fiscal years beginning on or after 1 January 2009 The management approach used at WestImmo complies with IAS/IFRS accounting requirements

IAS 1 (Revised 2007) "Presentation of Financial Statements" contains new rules on the presentation of financial reporting One major change involves the separate consideration of owner and non-owner changes in equity Changes in equity attributable to shareholders are thus presented separately in the statement of changes in equity, while all changes affecting profit or loss and comprehensive income will be presented in a statement of comprehensive income The statement of comprehensive income is prepared according to the two statement approach using the gross presentation Entities are also required to report opening balance sheet figures for the comparative period in cases where retrospective adjustments, restatements or reclassifications are made

The previous option of recognising borrowing costs for qualifying assets as an expense in the period in which they are incurred was dropped Borrowing costs that are directly attributable to the acquisition, construction, or production of a qualifying asset form part of the cost of that asset A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale The revised Standard is required to be applied for fiscal years beginning on or after 1 January 2009 The new rule was applied and did not have a significant effect on the consolidated financial statements

The revised standards IAS 32 (Financial Instruments Presentation) and IAS 1 (Presentation of Financial Statements) issued by the IASB in February 2008 contain changes to the distinction between equity and debt, amongst other things As a result, puttable financial instruments must be classified as equity instruments under certain circumstances The amendments became effective on 1 January 2009 and did not have any significant effect on WestImmo's consolidated financial statements

In March 2009, the IASB issued amendments to financial instruments accounting under IFRS 7 that require enhanced disclosures on fair value measurement and liquidity risk In particular, they call for a three-level hierarchy for measuring fair value Disclosures on reclassifications between the levels are also required, as are maturity analyses for derivative financial liabilities The amendments were applied in the year under review Prior-year figures are not given in the first year of application

The amendments to IAS 39 and IFRS 7 that were resolved and adopted into European law by a fast-track procedure in October 2008 allow financial assets classified as held for trading and available for sale to be reclassified to the loans and receivables category under certain conditions WestImmo again did not exercise the reclassification option in its 2009 annual financial statements The IASB issued amendments to IFRIC 9 and IAS 39 in December 2008 The aim is to fill a gap in connection with the question of whether an entity is required to assess at the reclassification date whether or not it has embedded derivatives that may require separation The clarification is in keeping with WestImmo's current accounting policies

IFRIC 13 (Customer Loyalty Programmes) is effective for fiscal years beginning after 1 July 2008 It was not necessary to modify existing accounting policies as a result of applying this Interpretation

The IFRIC issued IFRIC 15 (Agreements for the Construction of Real Estate) in July 2008 This Interpretation provides guidance on the recognition of real estate sales where agreements are entered into with the buyer before construction is complete, in particular, IFRIC 15 clarifies whether the provisions of IAS 11 or IAS 18 are applicable to the recognition of revenue from the sale of real estate IFRIC 15, which is effective from 1 January 2009, corresponds to WestImmo's existing accounting policies

IFRIC 16 (Hedges of a Net Investment in a Foreign Operation) was issued on 3 July 2008 and applies to fiscal years beginning on or after 1 October 2008 This Interpretation essentially defines which risk position can be considered for the recognition of a hedge in accordance with IAS 39, which entity holds the hedge and the accounting treatment in the event of a sale of the net investment The clarification corresponds to the approach taken by WestImmo group up to now

In November 2009, the IASB issued the first part of IFRS 9, Financial Instruments Part 1 governs the classification and measurement of financial assets All financial assets – including hybrid contracts with a financial asset as the host – are measured at fair value on initial recognition Debt instruments and equity instruments must be treated separately for the purpose of subsequent measurement IFRS 9 is required to be applied from 1 January 2013 The first phase of IFRS 9 has not yet been adopted into European law as part of the endorsement process

Any other new pronouncements by the IASB or the IFRIC not cited separately are not relevant or are not required to be applied at present, they are also unlikely to have a significant effect on future financial statements

3 Changes in presentation and accounting policies

The same accounting policies were applied in preparing the consolidated financial statements and comparative figures for the prior-year period as were applied in the consolidated financial statements as at 31 December 2008

4 Presentation in accordance with IFRS 5

In accordance with IFRS 5, discontinued operations and non-current assets held for sale, as well as the associated liabilities, are presented separately in the balance sheet as "non-current assets held for sale" and "non-current liabilities associated with non-current assets held for sale" The income and expenses relating to the sale of the private customer business are also presented separately in an income statement item as "profit/loss from discontinued operations and non-current assets held for sale, net of tax" a The decision to sell and report WestImmo's private customer business in accordance with IFRS 5 has now exceeded the one-year period specified by the Standard This is due in particular to the deterioration in the economic environment (financial market crisis) The circumstances behind the delay in the planned sale are therefore beyond WestImmo's control The Bank remains committed to the disposal of its private customer business WestImmo took into account the change in the overall conditions by adjusting its disposal strategy for the Private Customers segment to reflect the market situation At present, it is actively conducting negotiations with a German bank on the sale of this segment Other possible exit strategies that WestImmo is discussing include hiving off a subportfolio to the workout entity established by WestLB AG

b In October 2009, management decided to sell the agricultural portfolio, which comprises loans to agricultural companies that were previously part of the Investors segment The sales negotiations are at an advanced stage and are expected to be completed in the first half of 2010

c EPM Assetis GmbH, an associate, is due to be sold in the first half of 2010 The sales negotiations began at the end of 2009 and further details will be established at the beginning of 2010

The adjustments are shown in the tables below

Consolidated income statement

	Note	2009 before reclassification €	Reclassification in accordance with IFRS 5 €	2009 after reclassification €	2008 before reclassification €	Reclassification in accordance with IFRS 5 €	2008 after reclassification €
Interest (and similar income)		1 818 371 529 00	– 192 365 806 52	1 626 005,722 48	2,386 967,552 02	– 190,387,216 86	2 196 580 335 16
Interest (and similar expense)		1 600 488,422 32	– 173 160 699 95	1 427 327 722 37	2 190 012 742 71	– 172 497 324 26	2,017,515 418 45
Net interest income	(22)	217 883 106 68	– 19 205 106 57	198 678 000 11	196,954,809 31	– 17,889,892 60	179 064 916 71
Allowance for losses on loans and advances	(24)	– 65 445 324 46	– 751 464 15	– 66 196 788 61	– 32 631,049 46	5 313,539 80	– 27 317 509 66
Net interest income after allowance for losses on loans and advances		152 437 782 22	– 19 956 570 72	132 481 211 50	164,323,759 85	– 12 576,352 80	151 747 407 05
Fee and commission income		41 761 448 92	– 1 785 260 75	39 976 188 17	33,427,947 43	– 2 113,043 14	31 314 904 29
Fee and commission expense		13 914 811 75	– 6 345 614 86	7,569,196 89	13 125 486 53	– 7,730,783 25	5 394 703 28
Net fee and commission income	(25)	27 846,637 17	4,560,354 11	32,406 991 28	20 302 460 90	5 617 740 11	25 920,201 01
Net trading income	(26)	4 767 576 11	0 00	4 767 576 11	17 448 822 57	0 00	17 448 822 57
Net income from non-current financial assets	(27)	– 10 181 536 55	0 00	– 10 181 536 55	4 990 136 48	0 00	4 990 136 48
Administrative expenses	(28)	93,113,212 63	– 5,389 194 86	87 724 017 77	99 206 744 65	– 18 484 026 83	80,722,717 82
Net other operating income and expenses	(29)	3 771 085 41	– 232 811 34	3 538 274 07	1 855 908 27	0 00	1 855,908 27
Profit before tax		85 028 281 73	– 10 239 833 09	74 788 448 64	109 714 343 42	11 525 414 14	121,239 757 56
Current income taxes	(30)	2 036,136 55	0 00	2 036 136 55	– 633 608 15	0 00	– 633 608 15
Deferred taxes	(30)	– 397 230 16	1,047,631 00	650 400 84	13 612 448 81	– 451 965 42	13 160 483 39
Profit from continuing operations		83 389 375 34	– 11,287 464 09	72 101 911 25	96 735 502 76	11 977 379 56	108,712,882 32
Loss after tax from discontinued operations and assets held for sale	(31)	0 00	11 287 464 09	11 287 464 09	0 00	– 11 977 379 56	– 11 977,379 56
Consolidated profit for the period		83,389 375 34		83,389,375 34	96,735,502 76		96,735,502 76
of which							
– attributable to WestImmo shareholders		83 091 783 73	0 00	83,091 783 73	97,465,001 32	0 00	97 465 001 32
– losses/gains attributable to minority interest		297 591 61	0 00	297 591 61	– 729 498 56	0 00	– 729 498 56

Consolidated balance sheet

Assets

	Note	31 Dec 2009 before reclassification €	Reclassification in accordance with IFRS 5 €	31 Dec 2009 after reclassification €
Cash and balances with central banks	(34)	22,238,569 59	0 00	22,238,569 59
Loans and advances to banks	(36)	691,587,858 02	0 00	691,587,858 02
Loans and advances to customers	(37)	21,198,494,048 69	– 4,203,912,473 95	16,994,581 574 74
Allowance for losses on loans and advances	(39)	– 272 685,603 41	10,041,888 56	– 262,643,714 85
Financial assets held for trading	(35)	952,586,380 93	0 00	952,586,380 93
Positive fair values of derivative hedging instruments	(41)	144,107 821 16	0 00	144 107 821 16
Financial assets designated at fair value through profit or loss	(42)	586,193,256 12	0 00	586,193,256 12
Non-current financial assets	(43)	3,095 587,425 95	– 4,222,292 08	3,091,365 133 87
Property and equipment	(45)	3,205,308 78	0 00	3,205,308 78
Intangible assets	(46)	4,289,846 46	0 00	4,289,846 46
Tax receivables	(48)	366,824 295 02	0 00	366,824,295 02
Other assets	(49)	97,043,621 22	0 00	97,043,621 22
Non-current assets held for sale	(50)	0 00	4,198,092,877 47	4,198,092,877 47
Total assets		26,889,472,828 53		26,889,472,828 53

Equity and Liabilities

	Note	31 Dec 2009 before reclassification €	Reclassification in accordance with IFRS 5 €	31 Dec 2009 after reclassification €
Deposits from banks	(52)	6 521,827,880 60	– 161,410,501 10	6,360 417 379 50
Deposits from customers	(53)	6 863 942,721 16	– 197,327 08	6,863,745,394 08
Securitised liabilities	(54)	8,189,950,484 74	0 00	8,189,950,484 74
Financial liabilities held for trading	(57)	856,843 095 27	0 00	856,843,095 27
Negative fair values of derivative hedging instruments	(41)	228,994,916 34	0 00	228,994 916 34
Liability recognised for fair value changes of hedged items in portfolio hedge of interest rate risk	(55)	1,014,368 96	0 00	1,014,368 96
Financial liabilities designated at fair value through profit or loss	(56)	2 335,218,316 91	0 00	2 335,218,316 91
Provisions	(58)	58,815,818 31	– 2,467,407 15	56,348,411 16
Tax liabilities	(59)	346,559,902 87	0 00	346,559,902 87
Other liabilities	(61)	103,495,413 38	0 00	103,495,413 38
Subordinated capital	(60)	476,909,270 70	0 00	476,909 270 70
Non-current liabilities associated with non-current assets held for sale	(50)	0 00	164,075,235 33	164,075,235 33
Equity	(62)	905,900 639 29		905,900 639 29
– Subscribed capital		400,000,000 00		400,000,000 00
– Capital reserves		443,370,114 07		443,370,114 07
– Retained earnings		123 414,415 55		123,414,415 55
– Revaluation reserve		– 76 495,851 07		– 76,495,851 07
– Actuarial gains and losses on pension obligations		3,637,297 59		3 637 297 59
– Currency translation reserve		1 611,837 26		1,611,837 26
– Distribution to shareholders		– 69,522,968 35		– 69,522,968 35
– Consolidated profit for the period		83,389 375 34		83,389,375 34
Total before minority interest		909,404,220 39		909,404,220 39
– Minority interest		– 3,503,581 10		– 3 503 581 10
Total equity and liabilities		26,889,472,828 53		26,889,472,828 53

5 Consolidation principles

Subsidiaries, i e companies in which WestImmo holds more than one half of the voting rights either directly or indirectly or in relation to which it otherwise has the power to govern the financial and operating policies within the meaning of IAS 27 in conjunction with SIC 12, are included in the consolidated Group The existence and effect of potential voting rights that could be exercised or converted at the balance sheet date are also taken into account in determining whether WestImmo has control over another company in this sense

Subsidiaries are initially consolidated from the date on which WestImmo obtains the power to control the acquiree A company is deconsolidated as soon as WestImmo loses the power to control it

Acquisition accounting uses the purchase method The cost of the acquiree is eliminated against the Group's share of the acquiree's revalued equity at the acquisition date This equity is the residual of the acquiree's assets and liabilities measured at fair value at the date of initial consolidation In subsequent periods, the realised hidden reserves and hidden liabilities are treated in accordance with the applicable Standards Any excess of cost over the acquirer's share of the acquiree's revalued equity must be reported as goodwill under intangible assets in the balance sheet Goodwill from associates is reported in non-current financial assets in the balance sheet Under IAS 36, goodwill is not amortised but tested for impairment at least once a year on the basis of cash-generating units

Receivables and liabilities as well as income and expenses from transactions between Group companies are eliminated as part of the consolidation of intercompany balances or the consolidation of income and expenses respectively Intercompany profits between the consolidated companies are also eliminated

Subsidiaries whose fiscal year differs from that of WestImmo are consolidated in accordance with IAS 27 27 taking into account the significant transactions with a different date of up to three months from WestImmo's reporting date WIB Real Estate Finance K K , Tokyo is included in WestImmo's IFRS consolidated financial statements with a reporting date of 30 November

Associates and joint ventures are included in the consolidated financial statements using the equity method These companies are reported under non-current financial assets If a company accounted for using the equity method uses accounting policies other than those of the investor, adjustments are made in a separate account to reflect IFRS Group accounting requirements

The minority interest in the equity of subsidiaries that is not attributable to the parent is reported as minority interest in the Group's equity

In accordance with IAS 39, other investees are reported at fair value or, if this cannot be reliably determined, at amortised cost under non-current financial assets

6 Consolidated Group

The following subsidiaries, joint ventures and associates were included in WestImmo's consolidated financial statements as at 31 December 2009

Subsidiaries in accordance with IAS 27
Westdeutsche ImmobilienHolding GmbH, Mainz
WestGkA Management Gesellschaft fur kommunale Anlagen mbH, Dusseldorf
WestProject & Consult Gesellschaft fur Projektentwicklung und Consulting mbH, Dusseldorf
WIB Real Estate Finance Japan K K , Tokyo, Japan
WMO Erste Entwicklungsgesellschaft mbH & Co KG, Bonn

Subsidiaries in accordance with SIC-12
Wire 2008-1 GmbH, Frankfurt am Main

Joint ventures accounted for using the equity method*
FEN Fachmarktzentrum ehem Eisstadion Nurnberg GmbH & Co KG, Berlin (FEN GmbH & Co KG)

Associates accounted for using the equity method
EMG Projekt Gewerbepark Ludwigsfelde/Lowenbruch GmbH, Berlin (EMG GmbH)

Joint ventures accounted for using the equity method in accordance with IAS 31 38 in conjunction with IAS 28

EMG Zweite Projektgesellschaft Ludwigsfelde/Lowenbruch GmbH was merged with another Group company in fiscal year 2009 EPM Assetis GmbH is reported separately in accordance with IFRS 5 because WestImmo intends to sell the company Wire 2008-1 GmbH was included in the consolidated Group for the first time This entity relates to a securitisation transaction comprising receivables used to create securities

No gains or losses on deconsolidation were recognised in the income statement during the year under review

The following disclosures in accordance with IAS 31 54ff relate to the joint venture (FEN GmbH & Co KG) that was included in the consolidated financial statements using the equity method in accordance with IAS 31 38 in conjunction with IAS 28

	FEN GmbH & Co KG 50 0%	
	31 Dec 2008 € million	31 Dec 2007 € million
Total current assets	2 5	2 0
Total non-current assets	0 3	0 3
Total current liabilities	0 3	0 0
Total income	0 7	0 2
Total expenses	0 3	0 1

The following disclosures in accordance with IAS 28 37ff relate to associates accounted for using the equity method

	EMG GmbH 47 50%	
	31 Dec 2008 € million	31 Dec 2007 € million
Assets*	12 5	12 8
Liabilities	12 5	12 8
Income	1 3	1 8
Profit for the period	−0 6	0 3

* Assets correspond to total assets

Cumulatively, the unrecognised share of losses of companies accounted for using the equity method amounted to €0 7 million as at 31 December 2009 (previous year €0 4 million)

There were no contingencies and commitments resulting from obligations entered into jointly

7 Accounting estimates and assumptions

In certain circumstances, the application of IFRSs requires management to make estimates and assumptions that are based on subjective assessments of future developments and inevitably entail forecast uncertainty Actual future results may differ from estimates even though WestImmo has used available information, historical experience and other assessment factors when making such estimates This may have a not insignificant effect on the net assets, financial position and results of operations

Estimates and assumptions are primarily required in

- determining the fair value of certain derivatives and other financial instruments, particularly structured financial instruments,
- measuring the allowance for losses on loans and advances (impairment),
- calculating deferred taxes,
- calculating pension and other provisions,
- estimating the risk/reward profiles of special-purpose vehicles

The estimates and assumptions themselves and the underlying assessment factors and estimation techniques are regularly reviewed and compared with actual results WestImmo believes the parameters used to be appropriate and reasonable

8 Issuing activities

In the period under review, WestImmo performed issuing activities for mortgage and public-sector Pfandbriefe, bearer debt securities and borrower's note loans with a total issuing volume of €4 3 billion (previous year €2 0 billion)

9 Financial instruments

a) Application of IFRS 7 – Financial Instruments

The disclosure requirements under IFRS 7 enable users of the financial statements to better evaluate the following

- the significance of financial instruments for the entity's net assets, financial position and performance,
- the nature and extent of risks arising from financial instruments to which the entity is exposed during the period and at the reporting date, and how the entity manages those risks

The risk disclosures required by IFRS 7 31 ff are presented in the Risk Report contained in the Group Management Report with the exception of IFRS 7 37–7 38 If it appeared to WestImmo that the nature and extent of risks arising from financial instruments could be better disclosed in the notes explaining the balance sheet and income statement, the disclosures were made at the relevant point

On account of the Bank's business structure, the categories of financial instruments correlate to the balance sheet items Impairment losses per class of financial instruments correspond to the relevant items reported for impairment losses

In March 2009, the IASB issued amendments to reporting on financial instruments that require enhanced disclosures on fair value measurement and liquidity risk Each asset class is allocated to a particular level as part of a new fair value hierarchy A statement of changes also shows the reclassifications between the levels Maturity analyses are also presented for derivative financial liabilities

b) Financial instruments in accordance with IAS 39

The following section explains the categories used in accordance with IAS 39 to measure the Bank's financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity Under IAS 39, all assets and liabilities (including all derivative financial instruments) must be recognised in the balance sheet, allocated to one of the following categories and measured in accordance with this classification

- Financial assets and liabilities at fair value through profit or loss, broken down into
  - Financial assets and liabilities held for trading (HfT)
  - Financial assets and liabilities designated at fair value through profit or loss upon initial recognition (DuiR)
- Loans and receivables (LaR)
- Held-to-maturity (HtM) financial assets
- Available-for-sale (AfS) financial assets
- Financial liabilities measured at amortised cost (FLAC)

Financial assets and liabilities held for trading (FA/FLaFVtPL – HfT)

Financial instruments on both the assets and liabilities side may be classified as held for trading (HfT) All hedging derivatives that are used in internal risk management but do not qualify for hedge accounting in accordance with IAS 39 are reported at their positive or negative fair values under financial assets and liabilities held for trading In addition, loans subject to syndication requirements are reported under financial assets held for trading

Financial assets and liabilities held for trading are measured at fair value, measurement gains or losses are recognised in the income statement Where available, (quoted) market prices are used for measurement If (quoted) market prices do not exist or cannot be reliably determined, the fair values are determined on the basis of standard market pricing models or discounted cash flows

All realised and unrealised income components from HfT assets and liabilities resulting from measurement are reported in net trading income Interest-related measurement components and current interest are presented in net interest income Fee and commission income and expense related to HfT assets and liabilities are reported in (net fee and commission income)

Financial assets and liabilities designated at fair value through profit or loss (FA/FLaFVtPL – DuiR)

Financial assets and financial liabilities designated at fair value through profit or loss are measured at fair value

The fair value option allows any financial instrument to be designated upon initial recognition at fair value through profit or loss (DuiR) provided certain criteria are met The decision to use the fair value option must be taken irrevocably on initial recognition of the financial instrument

The fair value option may generally be used in accordance with IAS 39 in the case of the following

- Material measurement or recognition inconsistencies resulting from mixed model accounting in accordance with IAS 39
- Groups of financial assets and/or liabilities that are managed together on a portfolio basis and whose performance is evaluated on a fair value basis as part of risk management and internal reporting
- Structured financial instruments that contain embedded derivatives that must be separated

WestImmo mainly applies the first criterion for use of the fair value option In line with this, and to avoid measurement inconsistencies, the fair value option is used for individual hedged items so as to enter into an economic hedging relationship with the recognised derivatives

Financial instruments designated at fair value through profit or loss are initially measured and also subsequently measured at fair value Where available, (quoted) market prices are used for measurement If (quoted) market prices do not exist or cannot be reliably determined, the fair values are determined on the basis of standard market pricing models or discounted cash flows

Measurement gains or losses on financial instruments designated at fair value through profit or loss are reported in net trading income In the balance sheet, these instruments are reported in "financial assets designated at fair value through profit or loss" or "financial liabilities designated at fair value through profit or loss"

Loans and receivables (LaR)

Loans and receivables are non-derivative financial instruments with fixed or determinable payments, provided that there is no active market for them on initial recognition

Financial instruments classified as LaR are reported in the "loans and advances to banks" and "loans and advances to customers" balance sheet items, they are carried at amortised cost unless they are the hedged items in a recognised micro fair value hedge Premiums and discounts are amortised over their term and recognised in net interest income The allowance for losses on loans and advances is reported separately

Held-to-maturity (HtM) financial assets

Non-derivative financial assets with determinable terms may be classified as HtM provided that the holder has the positive intention and ability to hold the assets until maturity WestImmo does not use the HtM category

Available-for-sale (AfS) financial assets

The AfS category comprises all non-derivative financial assets that have not been allocated to any of the above-mentioned categories It mainly includes WestImmo's portfolio of non-current financial assets consisting of bonds and other investees AfS assets are reported under non-current financial assets

AfS financial instruments are measured at cost on initial recognition and are generally subsequently measured at fair value Measurement gains or losses are taken directly to a separate equity item (revaluation reserve) after adjustment for deferred taxes If the financial asset is sold, the cumulative measurement gain or loss reported in the revaluation reserve is reversed and the total measurement gain or loss from the sale recognised in net income from non-current financial assets

Permanent impairment, gains or losses on disposal and from assets that have fallen due are recognised directly in net income from non-current financial assets If the reasons for impairment no longer apply, the impairment loss is reversed through profit or loss up to the amount of amortised cost that must be recognised in the income statement for interest rate products and directly in equity for equity products If a revaluation reserve has already been recognised prior to impairment losses, it must be reduced by the amount of the impairment loss and recognised in the income statement

If the fair value of an AfS financial instrument cannot be reliably determined, the instrument is measured at amortised cost Premiums or discounts are amortised to profit or loss over their term using the effective interest method and recognised in net interest income

In addition, equity interests resulting from debt-to-equity swaps are reported under AfS financial instruments

Financial liabilities measured at amortised cost (FLAC)

This category comprises all financial liabilities that are neither held for trading nor accounted for as financial liabilities designated at fair value through profit or loss

These liabilities are carried at amortised cost unless they are the hedged items in a recognised micro fair value hedge Premiums or discounts are amortised to profit or loss over their term using the effective interest method and reported in net interest income

c) Embedded derivatives

IAS 39 also governs the accounting treatment of derivatives that are embedded in primary financial instruments or related to these (embedded derivatives) These structures are also referred to as hybrid financial instruments

Under IAS 39, embedded derivatives must be recognised at fair value provided that they are derivatives within the meaning of IAS 39 and their economic characteristics and risks are not closely related to those of the host contract To this end, either the entire hybrid financial instrument must be recognised at fair value in profit or loss (classification as HfT or use of the fair value option), or the derivative must be separated from the host contract and recognised separately as a stand-alone derivative at fair value (separation requirement)

In the event of separation, the embedded derivative must be regarded as part of the trading portfolio, however, the host contract is accounted for in accordance with the requirements for the relevant category of financial instrument

If the economic characteristics and risks of the embedded derivative are closely related to those of the host contract, the derivative is not separated and the hybrid financial instrument is recognised in accordance with the general requirements

Embedded derivatives at WestImmo take the form of call and put options under structured issues An assessment as to whether an embedded derivative exists is made on initial recognition of a financial instrument A fresh assessment is made in the event of significant changes to the contract

d) Repurchase agreements and securities lending

Repurchase (repo) agreements and reverse repo agreements are combinations of spot purchases or sales of securities and a simultaneous forward sale or repurchase with the same counterparty Securities purchased with a commitment to sell (reverse repo agreements) and securities sold with a commitment to repurchase (repo agreements) are usually regarded as collateralised financial transactions

Securities sold under repo agreements (spot sale) continue to be included in the securities portfolio in the consolidated balance sheet The cash contribution received under the repo agreement, including accrued interest, is recognised as a liability

Under reverse repo agreements, a corresponding receivable is recognised including accrued interest The securities purchased under reverse repo agreements (spot purchase), on which the cash transaction is based, are not recognised in the balance sheet

Securities lending transactions are accounted for in the same way as securities purchased or sold under repo agreements and reverse repo agreements Loaned securities continue to be included in the securities portfolio, borrowed securities, however, are not recognised in the balance sheet Cash collateral provided by WestImmo for securities lending transactions is reported as a receivable and cash collateral received as a liability

These agreements are measured and any gains or losses are reported in accordance with the classification under IAS 39

Securities lending transactions are currently only entered into with the Group parent At present, WestImmo has exclusively entered into securities repurchase agreements and securities lending transactions

e) Hedge accounting

WestImmo uses fair value hedge accounting on an individual transaction basis (micro hedges) to hedge interest rate risk relating to fixed-interest loans, available-for-sale fixed-income securities and fixed-interest liabilities Certain requirements must be met in order to account for hedges in accordance with IAS 39, these requirements mean that hedge accounting may not be used for all economic hedging relationships

The relationship between the hedging instrument(s) and the hedged item(s), the entity's risk management objectives and strategies for undertaking the hedge and the methods used to measure the effectiveness of the hedging relationship must be documented at the time of designation In compliance with the established hedging strategy, an assessment is made at each balance sheet date as to whether the designated hedges are highly effective at offsetting the changes in the value of the hedged items A hedge is only regarded as highly effective if the ratio of the fair value changes in the hedged item to the fair value changes in the hedging instrument is within a range of 80% to 125% A presumption is made as to the hedge's effectiveness when the hedge is entered into and at least at each balance sheet date during its term (prospective effectiveness test) This presumption is retrospectively confirmed on a regular basis during the term of the hedge (retrospective effectiveness test)

If hedging instruments are used to hedge interest rate risk from fixed-interest assets and liabilities under hedge accounting in accordance with IAS 39, they are reported separately at fair value in the balance sheet under "positive" or "negative fair values of derivative hedging instruments" Derivatives that do not qualify for hedge accounting in accordance with IAS 39 remain in the balance sheet under "financial assets held for trading" or "financial liabilities held for trading"

In the case of fair value hedges, changes in the fair value of the hedging derivative and the hedged item relating to the hedged risk are recognised in net interest income and largely offset each other In the case of micro hedges, the carrying amounts of the hedged items that are recognised at amortised cost without hedge accounting are adjusted in the amount of the changes in fair value relating to the hedged risk When hedging interest rate risk on a portfolio basis, changes in the fair value of hedged assets and liabilities that must be allocated to the hedged interest rate risk are reported separately in the "asset" or "liability recognised for fair value changes of hedged items in portfolio hedge of interest rate risk" item The reporting of a net amount exclusively on the assets or liabilities side is not permitted

Separate maturity ranges are recognised for assets and liabilities and the differences in the amounts are recorded separately for assets and liabilities, the resulting "asset" or "liability recognised for fair value changes of hedged items in portfolio hedge of interest rate risk" may therefore be negative. No such item is recognised if AfS hedged items are hedged under portfolio hedges, because the balance sheet already contains the fair value.

Hedge accounting is discontinued in the following cases:

- The hedging instrument falls due or is sold, terminated, or exercised
- The hedged item falls due or is sold or repaid
- The hedge no longer meets the necessary criteria under IAS 39, in particular the effectiveness criteria

In the case of micro hedges, if a hedge is terminated without the disposal of the hedged item, the adjustment of the carrying amount of an interest-bearing hedged item that was made during the hedge is amortised to net interest income over the remaining term.

In the case of portfolio hedges, the change in the fair value of the hedged items up to the termination of the hedge – which is reported in the "asset" or "liability recognised for fair value changes of hedged items in portfolio hedge of interest rate risk" balance sheet item – is amortised to net interest income over the remaining term. If a hedged item that used to be a component of a portfolio hedge is disposed of, the relevant portion of the "asset" or "liability recognised for fair value changes of hedged items in portfolio hedge of interest rate risk" is eliminated in full against net interest income at the date of disposal. At WestImmo, only hedged liability items were included in portfolio hedge accounting. Portfolio hedge accounting was discontinued in November 2008 and the corresponding transactions were transferred to micro hedge accounting where possible. The remaining items are being amortised over their residual terms.

f) Valuation allowances and provisions for credit risks

WestImmo reflects identifiable risks in the lending business by recognising specific, collective and portfolio-based valuation allowances for loans and advances to customers and banks classified as LaR and by recognising provisions. This ensures that all identifiable credit risks are covered. Valuation allowances are reported as a separate item on the asset side after loans and advances. Risks arising from contingent liabilities, irrevocable loan commitments and other financial obligations are recognised on the liabilities side in the form of provisions. Any specific valuation allowances required to be charged on foreign-currency receivables are also recognised in the relevant currency. These are translated into the reporting currency in accordance with the methods described in Note 10.

WestImmo uses objective indicators, such as a borrower's financial and economic situation, the fulfilment of interest and principal repayment obligations and the existence of collateral, to review on a case-by-case basis whether there are signs of credit-related impairment that suggest that the borrower may be unable to meet its payment obligations or may be unable to meet them in full.

The specific valuation allowances are calculated as the difference between the carrying amount of the receivable and the present value of estimated future cash flows in the form of interest and principal repayments, cash flows from restructuring discounted at the original effective interest rate, and the discounted, expected proceeds from the liquidation of collateral Future developments with regard to the amount and the expected timing of the cash flows are reflected at the next measurement date by adjusting the corresponding cash flows and valuation allowances Both the recognition of and the change in a valuation allowance are recognised in profit or loss

If a borrower's financial position improves to the extent that the reasons for the valuation allowance no longer apply, the reversal of the valuation allowance is recognised in profit or loss up to the amount of amortised cost

Unrecoverable receivables are charged to the specific valuation allowance or directly to the income statement Non-performing loans are written down directly if they are clearly unrecoverable Recoveries on loans previously written off are also reported in the allowance for losses on loans and advances

In the case of carrying amounts for which the contract terms were renegotiated, the present value at the balance sheet date is calculated on the basis of the renegotiated expected cash flows and discounted using the original effective interest rate

As part of a portfolio-based analysis, collective valuation allowances are recognised for certain receivables in homogeneous subportfolios of loans that are not individually assessed for impairment In the case of potential risks associated with business that is not individually assessed for impairment, a portfolio-based valuation allowance is also calculated for homogeneous subportfolios in accordance with IAS 39

g) Accounting for the acquisition and disposal of financial assets and liabilities

WestImmo recognises the acquisition of financial assets either at the trade date or at the settlement date, depending on the item in question Cash transactions are accounted for at the settlement date regardless of their classification, while derivative transactions are generally recognised at the trade date

In accordance with the disposal requirements in IAS 39, financial assets are derecognised if the contractual rights under these assets expire, are exercised, or are transferred in full or almost in full A particularly important factor relating to derecognition due to a transfer is that the risks and rewards associated with the assets are passed on in full or almost in full If this is not the case, the assets transferred are not derecognised In the case of transactions in which WestImmo neither transfers (almost) in full nor retains the risks and rewards incidental to owning the financial assets, the assets are derecognised if control has been transferred If WestImmo retains control, the financial assets must be recognised to the extent of the Bank's continuing involvement This is the extent to which WestImmo is exposed to changes in the value of the transferred assets

Financial liabilities are derecognised if the contractual obligations are settled or repaid or have expired Repurchased own bonds are deducted from the corresponding liabilities

h) Securitisation

WestImmo securitises various financial assets from its lending business It performs synthetic securitisation using true sale activities

In the case of synthetic securitisation, the assets remain in WestImmo's balance sheet, the assets are accounted for in accordance with IAS 39

10 Currency translation

Monetary assets and liabilities denominated in foreign currency, non-monetary assets measured at fair value, and open foreign currency cash contracts are translated at the ECB reference rates as at 31 December 2009 (last trading day), open currency forwards are translated at the forward rate at the same date Non-monetary items measured at cost are recognised at historical exchange rates Income and expenses denominated in foreign currency were translated at the closing rate valid at the end of the relevant month

Exchange rate differences are reflected in the income statement, in the case of non-monetary assets, unrealised exchange rate differences form part of the change in the overall fair value and are recognised in the same way

In the case of subsidiaries and branches that do not prepare their financial statements in euros, balance sheet items are translated at the ECB reference rates as at 31 December 2009

A currency translation reserve is reported in equity The currency translation reserve contains currency translation differences in accordance with IAS 21 that arose for a foreign subsidiary in the course of consolidation

11 Property and equipment

Owner-occupied land and buildings reported as property and equipment as well as office and operating equipment are recognised at cost, less straight-line depreciation according to the expected useful life Impairment losses are charged in the case of permanent impairment

Property and equipment are depreciated over the following periods

	Expected useful life in years
Office and operating equipment	3–25

12 Intangible assets

Intangible assets mainly comprise purchased or internally developed software Purchased intangible assets are initially measured at cost Internally developed software is recognised at cost provided that the recognition criteria defined by IAS 38 are met The capitalised costs primarily include expenses for internal and third parties involved in development Intangible assets are subsequently measured using straight-line amortisation over their expected useful life of three to ten years and are reported in the income statement under administrative expenses There are no indefinite-lived intangible assets Write-downs are charged if a future benefit is no longer expected

13 Leasing business

Under IAS 17, leases must be accounted for as operating leases or finance leases An operating lease exists if the lessor retains substantially all the risks and rewards incidental to beneficial ownership of the leased asset A finance lease exists if substantially all the risks and rewards pass to the lessee

WestImmo only acts as a lessee under operating leases The assets underlying these operating leases are primarily limited to owner-occupied buildings, office and operating equipment, and business vehicles

The lease instalments paid under operating leases are recognised as administrative expenses

14 Other assets

In particular, the business activities of subsidiaries are reported under other assets These include inventories recognised and measured in accordance with IAS 2, trade receivables, and finished goods and work in progress Inventories are measured at cost

The assets from long-term construction contracts (work in progress) are measured at cost less cumulative depreciation, amortisation and impairment losses In addition to the expenses for unfinished contracts and the cost of purchased services, own work in progress is recognised on the basis of internal cost accounting

Borrowing costs are included in the calculation of total cost when determining production cost

WestImmo uses this item to report properties acquired as a result of the liquidation of collateral Rescue acquisitions are generally held as part of a short-term exit strategy and reported under other assets, if an exit strategy takes into account fair value increases that result in the acquisition having the characteristics of an investment in accordance with IAS 40, the acquisition is reported as investment property under non-current financial assets

In the case of short-term exit strategies, properties are measured at cost less impairment Under IAS 40, rescue acquisitions with an exit strategy that takes into account fair value increases are measured at cost at the acquisition date, including any directly attributable transaction costs Fair values are subsequently calculated on the basis of valuations by real estate experts and on realisable market prices Income and expenses from rescue acquisitions that are presented as investment property in non-current financial assets are reported in the income statement under net income from non-current financial assets The effect of the rescue acquisitions on the income statement, which is reported in other assets, is reflected in net other operating income and expenses

15 Provisions for pensions and similar obligations

In accounting for pensions in accordance with IAS 19, WestImmo elects to recognise changes in the measurement of pension obligations directly in equity

All changes in value in the period that are recognised in profit or loss or in other comprehensive income are presented in the statement of comprehensive income

Independent actuaries calculate the present values of obligations under defined benefit pension plans using the projected unit credit method in accordance with IAS 19, taking into account future salary and pension increases

Changes in the calculation parameters, unexpected changes in the group of beneficiaries and differences between the expected and actual return on plan assets result in actuarial gains or losses that are recognised directly in equity

16 Other provisions

In accordance with IAS 37, other provisions are recognised for liabilities of uncertain timing or amount Such provisions are recognised where the WestImmo Group has a present obligation (legal or constructive) as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation

17 Financial guarantee contracts

Under IAS 39, a financial guarantee contract is a contract that requires the issuer of the guarantee to make specified payments to reimburse the holder of the guarantee for a loss it incurs because a specified debtor fails to make payment when due under the original or modified terms of a debt instrument

At the inception of a contract, the financial guarantee is measured at fair value This comprises the present value of expected payments and the offsetting present value of future premiums

The financial guarantee contract is subsequently measured in accordance with IAS 37, which requires a provision to be recognised for the losses expected to result from settlement of the obligation If the holder of the guarantee pays the premium in advance, the amount initially recognised is adjusted for amortisation of the premium received to the extent that the net carrying amount is higher than a provision required to be recognised under IAS 37

18 Subordinated capital

This item comprises subordinated liabilities and outstanding profit participation certificates Subordinated liabilities are recognised at amortised cost Premiums or discounts are amortised to profit or loss over their term using the effective interest method and reported in net interest income

19 Income taxes

Income taxes are recognised and measured in accordance with IAS 12 Current tax receivables or payables are calculated using the tax rates enacted at the time of reimbursement by or payment to the tax authorities

Deferred taxes are calculated using the balance sheet method for all temporary differences between the tax base of assets and liabilities and their carrying amounts in the IFRS balance sheet Deferred tax assets and liabilities are only offset if the requirements for set-off are met Deferred taxes on unused tax loss carryforwards are only recognised if it is probable that the loss carryforward is expected to be used in future Deferred taxes are measured and recognised in profit or loss or directly in equity using the expected tax rates Current tax receivables and payables and deferred tax assets and liabilities are reported under the separate "tax receivables" and "tax liabilities" items

20 Employee remuneration plans

There are no employee remuneration plans in accordance with IFRS 2

21 Non-current assets held for sale and discontinued operations

Non-current assets or disposal groups that are held for sale or will be discontinued in accordance with IFRS 5, as well as the associated liabilities, are reported in separate items under assets and liabilities With the exception of financial instruments in accordance with IAS 39, they are measured at the lower of carrying amount and fair value less costs to sell Non-current assets held for sale and non-current liabilities in the 2009 fiscal year are reported separately in the balance sheet, income statement, cash flow statement and segment reporting Because there are no items required to be offset directly in equity, separate presentation in the statement of changes in equity is not necessary

Income Statement Disclosures

22 Net interest income

	2009 € million	2008 € million
Interest income from		
– lending and money market operations	638 5	833 5
– bonds and other fixed-income securities	128 0	158 0
– trading derivatives	681 0	1,003 4
– derivatives included in hedge accounting	173 5	196 9
– other transactions	0 6	3 6
Interest income	1,621 6	2,195 4
Current income from		
– other investees	2 8	1 6
– investments in associates	– 0 4	– 0 4
Current income	2 4	1 2
Interest expense from		
– deposits	311 1	421 9
– securitised liabilities	272 1	340 1
– subordinated capital	31 5	32 6
– trading derivatives	629 9	988 6
– derivatives included in hedge accounting	182 3	227 0
– other transactions	0 4	2 4
Interest expense	1 427 3	2,012 7
Profit/loss from hedges (hedge accounting)	2 0	– 4 9
Net interest income	**198 7**	**179 1**

The disclosures were adjusted to reflect the presentation in accordance with IFRS 5 See Note 4 "Presentation in accordance with IFRS 5" for details

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

	2009 € million	2008 € million
Profit from hedging derivatives	27 1	– 21 7
– of which from micro fair value hedge accounting	27 1	– 26 5
– of which from portfolio (macro) fair value hedge accounting	0 0	4 9
Loss from hedged items	– 25 1	16 8
– of which from micro fair value hedge accounting	– 25 1	21 9
– of which from portfolio (macro) fair value hedge accounting	0 0	– 5 0
Total	**2 0**	**– 4 9**

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

23 Additional disclosures about financial instruments in accordance with IFRS 7

Interest income and interest expense calculated using the effective interest method for financial instruments that are classified in accordance with IAS 39 9 and are not measured at fair value through profit or loss can be broken down as follows (IFRS 7 20 [b])

	2009 € million	2008 € million
Interest income from		
– loans and receivables (LaR)	627 7	798 2
– available-for-sale financial assets (AfS)	125 5	147 2
Total	753 2	**945 4**
Interest expense from		
– financial liabilities measured at amortised cost (FLAC)	424 4	716 1
Total	**424 4**	**716 1**

The disclosures were adjusted to reflect the presentation in accordance with IFRS 5 See Note 4 "Presentation in accordance with IFRS 5" for details

Interest income of €14 0 million was recognised for impaired financial assets (previous year €17 5 million)

In the year under review, €38 0 million (previous year €30 8 million) of the €40 0 million fee and commission income relates to financial assets not measured at fair value through profit or loss As in the previous year, fee and commission expense amounting to €7 6 million is attributable in full to financial assets and financial liabilities not measured at fair value through profit or loss

The following table of carrying amounts within the meaning of IFRS 7 8 shows net gains and net losses on financial assets and financial liabilities classified in accordance with IAS 39 9 (IFRS 7 20 [a])

			Net gains/losses for financial instruments in fiscal year 2009 on carrying amounts in accordance with IFRS 7 B2			
			Amortised cost	Fair value		Financial instruments not falling within the scope of IAS 39
			Impairment losses recognised in profit or loss (IFRS 7 20 [e])	Fair value changes recognised in profit or loss (IFRS 7 20 [a])	Fair value changes recognised directly in equity (IFRS 7 20 [a])	
Assets	Category* in accordance with IAS 39 9	31 Dec 2009 € million				
Loans and advances to banks	LaR	691 6	0 0	0 4	0 0	0 0
Loans and advances to customers	LaR	16,994 6	65 4	2 1	0 0	0 0
Financial assets held for trading	FAaFVtPL – HfT	952 6	0 0	40 6	0 0	0 0
Positive fair values of derivative hedging instruments	FAaFVtPL – DuiR	144 1	0 0	0 6	0 0	0 0
Financial assets designated at fair value through profit or loss	FAaFVtPL – DuiR	586 2	0 0	– 0 3	0 0	0 0
Non-current financial assets**	AfS	3,091 4	0 0	– 8 9	44 4	0 2
Equity and Liabilities		31 Dec 2009 € million				
Deposits from banks	FLAC	6,360 4	0 0	– 1 6	0 0	0 0
Deposits from customers	FLAC	6,863 7	0 0	– 24 5	0 0	0 0
Securitised liabilities	FLAC	8,190 0	0 0	7 5	0 0	0 0
Financial liabilities held for trading	FLaFVtPL – HfT	856 8	0 0	37 9	0 0	0 0
Negative fair values of derivative hedging instruments	FLaFVtPL – DuiR	229 0	0 0	26 5	0 0	0 0
Financial instruments hedged in the portfolio	FLaFVtPL – DuiR	1 0	0 0	0 0	0 0	0 0
Financial liabilities designated at fair value through profit or loss	FLaFVtPL – DuiR	2,335 2	0 0	– 73 7	0 0	0 0
Subordinated capital	FLAC	476 9	0 0	– 0 2	0 0	0 0

* Categories of financial instruments in accordance with IAS 39 9 loans and receivables (LaR) financial assets/liabilities at fair value through profit or loss – classified as held for trading (FA/FLaFVtPL – HfT) financial assets/liabilities at fair value through profit or loss – designated upon initial recognition (FA/FLaFVtPL – DuiR) available-for-sale financial assets (AfS) financial liabilities measured at amortised cost (FLAC)

** In the case of financial instruments not falling within the scope of IAS 39 equity-accounted carrying amounts are subsequently measured in profit or loss in accordance with IAS 28

			Net gains/losses for financial instruments in fiscal year 2008 on carrying amounts in accordance with IFRS 7 B2			
			Amortised cost	Fair value		Financial instruments not falling within the scope of IAS 39
			Impairment losses recognised in profit or loss (IFRS 7 20 (e))	Fair value changes recognised in profit or loss (IFRS 7 20 (a))	Fair value changes recognised directly in equity (IFRS 7 20 (a))	
Assets	Category* in accordance with IAS 39 9	31 Dec 2008 € million				
Loans and advances to banks	LaR	1,364 0	0 0	4 2	0 0	0 0
Loans and advances to customers	LaR	14,933 2	32 5	67 1	0 0	0 0
Financial assets held for trading	FAaFVtPL – HfT	861 8	0 0	797 0	0 0	0 0
Positive fair values of derivative hedging instruments	FAaFVtPL – DuiR	118 6	0 0	157 9	0 0	0 0
Financial assets designated at fair value through profit or loss	FAaFVtPL – DuiR	830 1	0 0	23 0	0 0	0 0
Non-current financial assets**	AfS	3,437 1	0 0	123 0	– 147 9	– 4 4
Equity and Liabilities		31 Dec 2008 € million				
Deposits from banks	FLAC	6,825 8	0 0	– 3 9	0 0	0 0
Deposits from customers	FLAC	5,756 0	0 0	– 31 2	0 0	0 0
Securitised liabilities	FLAC	8,306 7	0 0	– 32 3	0 0	0 0
Financial liabilities held for trading	FLaFVtPL – HfT	896 8	0 0	– 707 3	0 0	0 0
Negative fair values of derivative hedging instruments	FLaFVtPL – DuiR	264 5	0 0	– 255 0	0 0	0 0
Liability recognised for fair value changes of hedged items in portfolio hedge of interest rate risk	FLaFVtPL – DuiR	1 2	0 0	– 5 0	0 0	0 0
Financial liabilities designated at fair value through profit or loss	FLaFVtPL – DuiR	2,005 5	0 0	– 91 4	0 0	0 0

Categories of financial instruments in accordance with IAS 39 9 loans and receivables (LaR), financial assets/liabilities at fair value through profit or loss – classified as held for trading (FA/FLaFVtPL – HfT) financial assets/liabilities at fair value through profit or loss – designated upon initial recognition (FA/FLaFVtPL – DuiR) available for sale financial assets (AfS), financial liabilities measured at amortised cost (FLAC)

** In the case of financial instruments not falling within the scope of IAS 39 equity-accounted carrying amounts are subsequently measured in profit or loss in accordance with IAS 28

No interest income or interest expense and no current income or current expense is included in presenting net gains and net losses on financial instruments Net gains and net losses include realised and unrealised income components

24 Allowance for losses on loans and advances

	2009 € million	2008 € million
Additions		
– impairments of receivables	– 108 3	– 77 4
– provisions for credit risks	– 3 2	0 0
Reversals		
– impairments of receivables	40 5	48 0
– provisions for credit risks	0 8	0 1
Recoveries on loans previously written off	7 3	2 6
Direct write-downs of receivables	– 3 3	– 0 6
Total	**– 66 2**	**– 27 3**

The disclosures were adjusted to reflect the presentation in accordance with IFRS 5 See Note 4 "Presentation in accordance with IFRS 5" for details

The additions do not include any collective valuation allowances recognised for homogeneous subportfolios (previous year €3 9 million) However, the reversals comprise collective valuation allowances of €2 9 million (previous year €1 5 million) An addition of €– 10 3 million (previous year €1 5 million) and a reversal of €2 2 million (previous year €0 9 million) were recognised for the portfolio-based valuation allowance

25 Net fee and commission income

	2009 € million	2008 € million
Lending business	28 7	20 5
Securities and custody business	0 9	– 0 4
Guarantees	6 0	7 1
Other	– 3 2	– 1 3
Total	**32 4**	**25 9**

The disclosures were adjusted to reflect the presentation in accordance with IFRS 5 See Note 4 "Presentation in accordance with IFRS 5" for details

Net fee and commission income comprises fee and commission income of €40 0 million (previous year €31 3 million) and fee and commission expense of €7 6 million (previous year €5 4 million)

26 Net trading income

	2009 € million	2008 € million
Net loss from sale of trading portfolios	– 4 0	– 0 5
Net income/loss from remeasurement of trading portfolios	82 5	90 0
Foreign exchange gain	– 0 3	– 3 7
Net income from sale of financial instruments designated at fair value through profit or loss	0 0	– 2 9
Net loss on remeasurement of financial instruments designated at fair value through profit or loss	– 74 0	– 65 5
Total	**4 2**	**17 4**

The net loss from the sale of trading portfolios comprises close-out payments for swaps

27 Net income from non-current financial assets

	2009 € million	2008 € million
Net income from sale of AfS financial assets	−0 3	3 1
Net loss from remeasurement of AfS financial assets	−8 0	−27 9
Net income from financial investments	−1 9	29 8
Total	**−10 2**	**5 0**

The net loss from remeasurement of AfS financial assets mainly comprises impairment losses on a closed-end real estate fund amounting to €6 3 million (previous year €0 0 million)

28 Administrative expenses

	2009 € million	2008 € million
Employee expenses		
– wages and salaries	38 0	38 5
– social security contributions	4 6	3 7
– expenses for pensions and other employee benefits	3 6	2 5
Other administrative expenses	37 4	32 0
Depreciation and amortisation of property and equipment, software and intangible assets	4 1	4 0
Administrative expenses	**87 7**	**80 7**

The disclosures were adjusted to reflect the presentation in accordance with IFRS 5 See Note 4 "Presentation in accordance with IFRS 5" for details

29 Net other operating income and expenses

	2009 € million	2008 € million
Other operating income		
– income from the reversal of provisions	0 9	1 4
– miscellaneous	18 1	14 1
Total other operating income	**19 0**	**15 5**
– Other operating expenses		
– miscellaneous	15 5	13 6
Total other operating expenses	**15 5**	**13 6**
Net other operating income and expenses	**3 5**	**1 9**

The disclosures were adjusted to reflect the presentation in accordance with IFRS 5 See Note 4 "Presentation in accordance with IFRS 5" for details

In accordance with IAS 2 (Inventories) and IAS 11 (Construction Contracts), other operating income and expenses mainly comprise income of €7 4 million (previous year €8 6 million) and materials expenses of €5 8 million (previous year €5 1 million) from the construction projects of fully consolidated subsidiaries The €4 0 million increase in miscellaneous other operating income to €18 1 million (previous year €14 1 million) is chiefly attributable to a rise in miscellaneous other operating income at a consolidated subsidiary The €1 9 million increase in miscellaneous other operating expenses to €15 5 million (previous year €13 6 million) is primarily attributable to higher expenses relating to rescue acquisitions

30 Income taxes

	2009 € million	2008 € million
Current income taxes	2 0	-0 6
Deferred taxes	0 7	13 1
Total	2 7	12 5

The disclosures were adjusted to reflect the presentation in accordance with IFRS 5 See Note 4 "Presentation in accordance with IFRS 5" for details

The current taxes of €2 0 million (previous year €-0 6 million) recorded in the year under review consist of additions to provisions resulting from a tax audit, income from tax refunds on the basis of tax returns submitted and assessed, and tax expense incurred by the Japanese subsidiary

The tax expense incurred in connection with deferred taxes is due to the origination or reversal of temporary differences

The following table shows the reconciliation from the expected to the reported tax expense

	2009 € million	2008 € million
Profit before tax	74 8	121 2
Applicable tax rate (in %)	30	30
Expected income tax expense	**22 4**	**36 4**
Effect of different tax rates in the case of deferred taxes recognised in profit or loss	1 3	2 4
Effect of prior-period taxes recognised in the fiscal year	− 0 8	− 0 1
Effect of change in tax rate	0 0	− 0 3
Effect of non-deductible operating expenses	1 6	1 2
Effects of non-imputable income taxes (withholding taxes and foreign taxes)	0 0	0 3
Effect of tax-free income	− 0 6	− 2 9
Permanent effects relating to the balance sheet	0 0	− 0 2
Effect of income taxed at different rates	2 4	− 3 5
Effect of write-downs/adjustments of carrying amounts	− 0 1	− 0 1
Effect of transfers of basis of measurement	− 26 4	− 22 6
Other effects	1 9	2 4
IFRS 5 items	1 0	− 0 5
Income taxes	**2 7**	**12 5**

The rounded income tax rate of 30% applicable for the year under review is composed of the 15% corporation tax rate currently valid in Germany (previous year 15%), the solidarity surcharge levied at 5 5% of the corporation tax and the effective trade tax rate of 15 40% for current taxes

Loss carryforwards

	Corporation tax € million	Trade tax € million
2006	79 9	81 1
2007	79 9	81 1
2008	79 9	81 1
2009	79 9	81 1

Loss carryforwards from the period prior to the consolidated tax group changed due to the filing and assessment of WestImmo's tax return for fiscal year 2006

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

	1 1 -31 12 2009 € million	1 1 -31 12 2008 € million
Income statement total	11 3	– 12 0
Interest income	192 4	190 4
Interest expense	– 173 2	– 172 5
Allowance for losses on loans and advances	0 8	– 5 3
Fee and commission income	1 8	2 1
Fee and commission expense	– 6 3	– 7 7
Administrative expenses (including wages, salaries and social security contributions)	– 5 4	– 18 5
Other operating income	0 2	0 0
Deferred tax expense	1 0	– 0 5

The substantial improvement in the overall figure for 2009 compared with 2008 is due mainly to the reduction in administrative expenses by €13 1 million to €5 4 million and to the change in the allowance for losses on loans and advances

The profit/loss from non-current assets held for sale is attributable in full to WestLB AG and not to minority interest

Segment Reporting

32 Primary segment reporting

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

The segment reporting was prepared for the first time in accordance with IFRS 8, the prior-year figures were adjusted accordingly The segments are recognised on the basis of the Westdeutsche ImmobilienBank Group's internal management system and reflect the business strategy and market presence of the departments and the functional cooperation between the organisational units

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

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

There were no measurement differences compared with the consolidated balance sheet

Segments in the Group

Investors	Discontinued operations
Loans national/international Real estate joint ventures	Private Customers

Services	Investments/Consolidation
Treasury Income and expenses not directly attributable	Equity investments department Reconciliation of internal performance indicators to external financial reporting data

The following tables show the contribution by the individual segments to consolidated profit (profit before tax) for fiscal years 2009 and 2008

Consolidated income statement (IFRS) € million		Investors[6]	Services	Equity Investments/ Consolidation[7]	Profit/loss from continuing operations	Profit/loss from discontinued operations	Group
Net interest income[1]							
	2009	160 6	39 0	− 0 5	199 1	19 2	218 3
	2008	132 1	47 7	− 0 4	179 4	17 9	197 3
Allowance for losses on loans and advances							
	2009	− 66 2	0 0	0 0	− 66 2	0 8	− 65 4
	2008	− 29 1	0 0	1 8	− 27 3	− 5 3	− 32 6
Net fee and commission income							
	2009	31 0	1 2	0 2	32 4	− 4 6	27 8
	2008	25 5	0 1	0 3	25 9	− 5 6	20 3
Net trading income							
	2009	0 0	4 3	0 0	4 3	0 0	4 3
	2008	0 0	17 6	− 0 2	17 4	0 0	17 4
Net income from non-current financial assets							
	2009	− 5 3	0 8	− 5 7	− 10 2	0 0	− 10 2
	2008	4 0	2 1	− 1 1	5 0	0 0	5 0
Administrative expenses[2]							
	2009	− 37 8	− 35 5	− 10 5	− 83 8	− 5 3	− 89 1
	2008	− 34 5	− 37 8	− 4 4	− 76 7	− 18 4	− 95 1
Depreciation and amortisation							
	2009	− 0 2	− 3 7	0 0	− 3 9	− 0 1	− 4 0
	2008	− 0 2	− 3 8	0 0	− 4 0	− 0 1	− 4 1
Net other operating income and expenses							
	2009	− 0 5	− 3 3	7 3	3 5	0 2	3 7
	2008	− 1 2	− 2 1	5 2	1 9	0 0	1 9
Profit before tax							
	2009	81 6	2 8	− 9 2	75 2	10 2	85 4
	2008	96 6	23 8	1 2	121 6	− 11 5	110 1
Income taxes[3]							
	2009	–	–	–	− 2 7	1 0	− 1 7
	2008	–	–	–	− 12 5	− 0 5	− 13 0
Share of profit or loss of equity-accounted investments							
	2009	0 2	0 0	− 0 6	− 0 4	0 0	− 0 4
	2008	0 0	0 0	− 0 4	− 0 4	0 0	− 0 4
Profit after tax							
	2009	81 8	2 8	− 9 8	72 1	11 2	83 4
	2008	96 6	23 8	0 8	108 7	− 12 0	96 7
Carrying amount of equity-accounted investments							
	2009	1 0	0 0	0 0	1 0	4 2	5 2
	2008	0 8	0 0	0 0	0 8	4 8	5 6
Segment assets							
	2009	17,050 8	5,498 3	142 3	22,691 4	4,198 1	26,889 5
	2008	14,586 7	7,120 9	169 4	21,877 0	4,293 9	26 170 9
Segment liabilities							
	2009	276 2	25,441 3	102 0	25,819 5	164 1	25,983 6
	2008	382 0	24,710 6	60 9	25,153 5	156 4	25,309 9
Allocated capital							
	2009	696 7	94 1	1 1	791 9	87 1	879 0
	2008	637 8	98 6	1 1	737 5	110 5	848 0
ROE in %[4]							
	2009	11 4	2 9	–	7 9	11 0	9 0
	2008	14 4	23 0	–	13 5	< 0 0	12 2
CIR in %[5]							
	2009	20 5	95 1	–	37 7	36 5	37 6
	2008	22 0	63 7	–	35 5	> 100 0	41 4

The cost/income ratio and return on equity for the Equity Investments/Consolidation segment were not disclosed as they do not provide decision-useful information

[1] Net interest income (excl share of profit or loss of equity accounted investments)

[2] Administrative expenses (excl depreciation and amortisation)

[3] Income taxes (incl deferred taxes)

[4] Return on equity (RoE) corresponds to the ratio of profit before tax (before addition to reserves) to the average of the relevant equity components

[5] The cost/income ratio (CIR) corresponds to the ratio of administrative expenses to total income (before the allowance for losses on loans and advances)

[6] The Investors segment includes the agricultural portfolio

[7] The Equity Investments/Consolidation segment includes EPM Assetis GmbH

33 Secondary segment reporting

The secondary segment reporting shows the regional breakdown of the Group's key portfolio and earnings figures as at 31 December 2009 and 31 December 2008 The various components of the Group's secondary segment reporting are allocated to regions by the domicile of the branches and subsidiaries that report the portfolios

€ million by region		EU	EU excluding DE	DE	America	APAC	Group
Profit before tax*							
	2009	51 2	−8 8	60 0	23 2	11 0	85 4
	2008	75 5	3 4	72 1	22 8	11 8	110 1
Segment assets							
	2009	23,151 6	6,447 4	16,704 2	2,544 9	1,193 0	26 889 5
	2008	23,213 0	5,357 9	17,855 1	2,067 7	890 2	26,170 9

* For the first time profit before tax excludes the share of profit or loss of equity accounted investments amounting to €−0 4 million (previous year €−0 4 million)

The EU column comprises the profit from discontinued operations of €10 2 million (previous year loss of €11 5 million) and the segment assets of the discontinued operations of €4,198 1 million (previous year €4,293 9 million)

Balance Sheet Disclosures

34 Cash and balances with central banks

	31 Dec 2009 € million	31 Dec 2008 € million
Balances with central banks	22 2	30 2
Total	22 2	30 2

35 Financial assets held for trading

	31 Dec 2009 € million	31 Dec 2008 € million
Positive fair values of derivative financial instruments	765 6	861 8
Other trading portfolios	187 0	0 0
Total	952 6	861 8

Financial assets held for trading mainly comprise positive fair values from derivative financial instruments that do not qualify for hedge accounting in accordance with IAS 39 Other financial assets held for trading comprise loans subject to syndication requirements

36 Loans and advances to banks

	31 Dec 2009 € million	31 Dec 2008 € million
Loans and advances to banks		
Loans	393 4	1,065 6
Other receivables	298 2	298 4
Total	**691 6**	**1,364 0**
of which		
– banks in Germany	551 9	1,270 0
– banks abroad	139 7	94 0

The reduction in loans and advances to banks is attributable primarily to the decline in short-term money market transactions that were mainly placed within the WestLB Group

37 Loans and advances to customers

By counterparty

	31 Dec 2009 € million	31 Dec 2008 € million
Loans and advances to customers		
Corporate customers	14 148 5	11,889 1
Public sector entities	1,569 0	1,808 4
Private customers	1,277 1	1,235 7
Total	**16,994 6**	**14,933 2**
of which		
– customers in Germany	6,213 0	6,641 2
– customers abroad	10,781 6	8,292 0

By transaction type

	31 Dec 2009 € million	31 Dec 2008 € million
Loans and advances to customers		
Loans	16 994 6	14,933 2
Total	**16,994 6**	**14,933 2**
of which		
– municipal loans	1,565 6	1,786 8
– loans secured by mortgages	6,321 7	4,035 9

The disclosures were adjusted to reflect the presentation in accordance with IFRS 5 See Note 4 "Presentation in accordance with IFRS 5" for details

38 Loan volume

	31 Dec 2009 € million	31 Dec 2008 € million
Loans to banks		
– Loans and receivables (LaR)	641 0	669 4
– Financial assets designated at fair value through profit or loss (FAaFVtPL)	149 1	258 2
Loans to customers		
– Loans and receivables (LaR)	16,994 6	14,933 2
– Financial assets designated at fair value through profit or loss (FAaFVtPL)	384 5	520 4
Contingent liabilities	845 7	846 1
Loan volume before allowance for losses on loans and advances	19,014 9	17,227 3
Allowance for losses on loans and advances/provisions	– 265 7	– 218 2
Loan volume after allowance for losses on loans and advances	**18,749 2**	**17,009 1**

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

The disclosures were adjusted to reflect the presentation in accordance with IFRS 5 See Note 4 "Presentation in accordance with IFRS 5" for details

39 Allowance for losses on loans and advances/ Provisions for contingent liabilities

The allowance for losses on loans and advances reported in the balance sheet is composed of the following items

	31 Dec 2009 € million	31 Dec 2008 € million
Allowance for losses on loans and advances	262 6	217 5
Provisions for contingent liabilities	3 1	0 7
Total	**265 7**	**218 2**

The following table shows the valuation allowances for loans and advances to customers that are classified as LaR

	31 Dec 2009 € million	31 Dec 2008 € million
Specific valuation allowances*	238 8	198 7
Collective valuation allowances	1 9	4 8
Portfolio-based valuation allowances	21 9	14 0
Total	**262 6**	**217 5**

* of which for loans and advances abroad €124 9 million (previous year €61 6 million)

The disclosures were adjusted to reflect the presentation in accordance with IFRS 5 See Note 4 "Presentation in accordance with IFRS 5" for details

The allowance for losses on loans and advances changed as follows in the year under review and in the previous year

	Valuation allowances for loans and advances to customers		Provisions for contingent liabilities		Total	
	2009 € million	2008 € million	2009 € million	2008 € million	2009 € million	2008 € million
Balance at 1 Jan	217 5	205 6	0 7	3 3	218 2	208 9
Changes recognised in profit or loss						
– Additions	108 3	83 3	3 2	0 8	111 5	84 1
– Reversals	– 40 5	– 48 9	– 0 8	– 0 6	– 41 3	– 49 5
Changes recognised directly in equity						
– Reclassifications in accordance with IFRS 5	– 0 1	– 13 6	0 0	– 2 5	– 0 1	– 16 1
– Reclassifications from provisions	8 6	0 0	0 0	0 0	8 6	0 0
– Utilisation of existing valuation allowances	– 34 8	– 11 3	0 0	– 0 3	– 34 8	– 11 6
Changes in fair value	3 6	2 4	0 0	0 0	3 6	2 4
Balance at 31 Dec	262 6	217 5	3 1	0 7	265 7	218 2

40 Loan volume exposed to default risk

The loan volume exposed to default risk in the lending business for which payments are past due and for which the terms have been revised is as follows

	31 Dec 2009 € million	31 Dec 2008 € million
Carrying amount of lending business (LaR) with payments past due but not impaired	11 3	6 2
of which		
– loans past due over 90 to 180 days	0 1	0 0
– loans past due over 180 days to 1 year	5 0	0 0
– loans past due over 1 year	6 2	6 2
Carrying amount of lending business (LaR) with adjusted terms	10 9	29 6
Total	22 2	35 8

The disclosures were adjusted to reflect the presentation in accordance with IFRS 5 See Note 4 "Presentation in accordance with IFRS 5" for details

Loan volume exposed to default risk of the IFRS 5 portfolio

	31 Dec 2009 € million	31 Dec 2008 € million
Carrying amount of lending business (LaR) with payments past due but not impaired	10 4	4 8
of which		
– loans past due over 90 to 180 days	4 4	0 9
– loans past due over 180 days to 1 year	2 4	1 8
– loans past due over 1 year	3 6	2 1
Carrying amount of lending business (LaR) with adjusted terms	3 0	5 3
Total	**13 4**	**10 1**

For continuing operations, financial assets with a carrying amount of €588 1 million (previous year €481 3 million) were written down for impairment for credit-related reasons In the operation held for sale, financial assets with a carrying amount of €21 9 million (previous year €19 3 million) were written down for impairment for credit-related reasons

41 Fair values of derivative hedging instruments

	31 Dec 2009 € million	31 Dec 2008 € million
Positive fair values from micro fair value hedge accounting	144 1	118 6
Negative fair values from micro fair value hedge accounting	229 0	264 5

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

42 Financial assets designated at fair value through profit or loss

	31 Dec 2009 € million	31 Dec 2008 € million
Loans and advances to customers	384 5	520 4
Loans and advances to banks	149 1	258 3
Bonds and other fixed-income securities		
Bonds and notes	52 6	51 4
of which		
– publicly traded	52 6	51 4
– issued by public issuers	52 6	51 4
Total	**586 2**	**830 1**

Disclosures on the maximum potential default amount for financial assets designated at fair value through profit or loss

	31 Dec 2009 € million	31 Dec 2008 € million
Maximum potential default amount for financial assets designated at fair value through profit or loss	586 2	830 1

Financial assets are those of prime-rated counterparties Credit derivatives were not entered into to reduce credit risks relating to financial assets designated at fair value through profit or loss The maximum potential default amount is the gross carrying amount of the financial instruments

On account of the prime-rated customer base, there was no credit risk-related change in the value of loans and advances designated at fair value, apart from market-related changes in credit spreads

43 Non-current financial assets

	31 Dec 2009 € million	31 Dec 2008 € million
AfS non-current financial assets		
Bonds and other fixed-income securities	3,068 9	3,408 5
of which		
– publicly traded	3 068 8	3,408 4
Shares and other non-fixed-income securities	15 4	17 0
of which		
– publicly traded	0 0	0 0
Other investees	3 3	3 3
Shares in companies accounted for using the equity method	1 0	5 6
Investment Property	2 8	2 7
Total	**3,091 4**	**3,437 1**

44 Statement of changes in non-current financial assets

The following table shows the changes in non-current financial assets in fiscal years 2009 and 2008

€ million	Bonds and other fixed-income securities	Shares and other non-fixed-income securities	Other investees	Shares in companies accounted for using the equity method	Investment property	Total
Historical cost						
Balance at 1 Jan 2009	**3,424 4**	**19 2**	**46 1**	**13 6**	**4 5**	**3,507 8**
Additions during fiscal year	261 7	2 5	2 6	0 4	0 1	267 3
Disposals during fiscal year	– 623 5	0 0	0 0	– 0 8	0 0	– 624 3
Reclassifications/changes in consolidated Group	0 0	0 0	0 0	– 11 1	0 0	– 11 1
Balance at 31 Dec 2009	**3,062 6**	**21 7**	**48 7**	**2 1**	**4 6**	**3,139 7**
Fair value changes/impairment						
Balance at 1 Jan 2009	**– 15 9**	**– 2 2**	**– 42 8**	**– 8 0**	**– 1 8**	**– 70 7**
Change in revaluation reserve	45 4	2 2	0 0	0 0	0 0	47 6
Remeasurement of amortised cost or fair value during fiscal year	– 17 3	– 6 3	– 2 6	0 0	0 0	– 26 2
of which						
– write-downs	0 0	– 6 3	– 2 6	0 0	0 0	– 8 9
Reversals of write-downs during fiscal year	1 1	0 0	0 0	0 0	0 0	1 1
Disposals during fiscal year	– 7 0	0 0	0 0	0 0	0 0	– 7 0
Reclassifications/changes in consolidated Group	0 0	0 0	0 0	6 9	0 0	6 9
Balance at 31 Dec 2009	**6 3**	**– 6 3**	**– 45 4**	**– 1 1**	**– 1 8**	**– 48 3**
Carrying amount at 31 Dec 2009	**3,068 9**	**15 4**	**3 3**	**1 0**	**2 8**	**3,091 4**
Historical cost						
Balance at 1 Jan 2008	**2,905 8**	**0 3**	**45 4**	**13 6**	**2 7**	**2,967 8**
Additions during fiscal year	782 2	18 9	0 8	0 0	1 8	803 7
Disposals during fiscal year	– 263 6	0 0	– 0 1	0 0	0 0	– 263 7
Balance at 31 Dec 2008	**3,424 4**	**19 2**	**46 1**	**13 6**	**4 5**	**3,507 8**
Fair value changes/impairment						
Balance at 1 Jan 2008	**4 5**	**0 0**	**– 42 0**	**– 7 5**	**– 1 8**	**– 46 8**
Change in revaluation reserve	– 112 1	– 2 2	0 0	0 0	0 0	– 114 2
Remeasurement of amortised cost or fair value during fiscal year	– 16 9	0 0	– 0 8	– 0 8	0 0	– 18 5
Reversals of write-downs during fiscal year	112 3	0 0	0 0	0 3	0 0	112 6
Disposals during fiscal year	– 3 7	0 0	0 0	0 0	0 0	– 3 7
Balance at 31 Dec 2008	**– 15 9**	**– 2 2**	**– 42 8**	**– 8 0**	**– 1 8**	**– 70 7**
Carrying amount at 31 Dec 2008	**3,408 5**	**17 0**	**3 3**	**5 6**	**2 7**	**3,437 1**

45 Property and equipment

	31 Dec 2009 € million	31 Dec 2008 € million
Land and buildings	1 0	1 2
Office and operating equipment	2 2	2 9
Total	3 2	4 1

46 Intangible assets

	31 Dec 2009 € million	31 Dec 2008 € million
Software		
– internally generated	0 3	0 6
– purchased	4 0	5 4
Total	4 3	6 0

Internally developed software is capitalised if the criteria defined in IAS 38 are met Intangible assets are amortised over a period of three to five years

47 Statement of changes in non-current assets (property and equipment and intangible assets)

The following table shows the changes in property and equipment and intangible assets in fiscal years 2009 and 2008

	Property and equipment		Intangible assets	
€ million	Land and buildings	Office and operating equipment	Internally generated	Purchased
Historical cost				
Balance at 1 Jan 2009	2 9	15 0	1 2	30 8
Additions during fiscal year	0 0	0 6	0 0	1 0
Disposals during fiscal year	0 0	– 2 0	0 0	– 5 0
Exchange differences	0 0	0 0	0 0	0 0
Balance at 31 Dec 2009	2 9	13 6	1 2	26 8
Depreciation, amortisation and impairment losses				
Balance at 1 Jan 2009	– 1 7	– 12 1	– 0 6	– 25 4
Depreciation, amortisation and impairment losses during fiscal year	– 0 2	– 1 3	– 0 3	– 2 3
Reversals of impairment losses during fiscal year	0 0	0 0	0 0	0 0
Disposals during fiscal year	0 0	2 0	0 0	4 9
Exchange differences	0 0	0 0	0 0	0 0
Balance at 31 Dec 2009	– 1 9	– 11 4	– 0 9	– 22 8
Carrying amount at 31 Dec 2009	1 0	2 2	0 3	4 0

€ million	Property and equipment: Land and buildings	Property and equipment: Office and operating equipment	Intangible assets: Internally generated	Intangible assets: Purchased
Historical cost				
Balance at 1 Jan 2008	**2 9**	**14 2**	**1 2**	**29 6**
Additions during fiscal year	0 0	1 0	0 0	1 0
Disposals during fiscal year	0 0	− 0 2	0 0	0 0
Exchange differences	0 0	0 0	0 0	0 0
Balance at 31 Dec 2008	**2 9**	**15 0**	**1 2**	**30 8**
Depreciation, amortisation and impairment losses				
Balance at 1 Jan 2008	**− 1 5**	**− 10 9**	**− 0 4**	**− 23 2**
Depreciation, amortisation and impairment losses during fiscal year	− 0 2	− 1 4	− 0 2	− 2 1
Reversals of impairment losses during fiscal year	0 0	0 0	0 0	0 0
Disposals during fiscal year	0 0	0 2	0 0	0 0
Exchange differences	0 0	0 0	0 0	0 0
Balance at 31 Dec 2008	**− 1 7**	**− 12 1**	**− 0 6**	**− 25 4**
Carrying amount at 31 Dec 2008	**1 2**	**2 9**	**0 6**	**5 4**

48 Tax receivables

	31 Dec 2009 € million	31 Dec 2008 € million
Current tax receivables	0 7	2 4
Deferred tax assets	366 1	418 4
Total	**366 8**	**420 8**

Deferred tax assets were recognised for the following balance sheet items

	31 Dec 2009 € million	31 Dec 2008 € million
Financial assets and liabilities held for trading	132 4	163 8
Non-current financial assets	40 0	53 8
Pension provisions	3 6	3 2
Other provisions	3 0	3 2
Other balance sheet items	187 1	194 4
of which		
– derivative hedging instruments (fair value hedges)	150 4	163 9
Total	**366 1**	**418 4**

Deferred taxes were calculated using the 15 0% corporation tax rate (previous year 15 0%), the solidarity surcharge levied at 5 5% of the corporation tax and the effective trade tax rate of 15 4% (previous year 15 54%) Minor differences in the trade tax rate resulted from the different rates levied by local authorities

€15 8 million in tax receivables (previous year €46 4 million) was charged to the revaluation reserves via deferred taxes in the fiscal year under review, while €- 0 7 million (previous year €- 0 2 million) was recognised for changes in deferred taxes for actuarial gains and losses on pension obligations

49 Other assets

	31 Dec 2009 € million	31 Dec 2008 € million
Prepaid expenses	0 1	0 2
Other assets		
- work in progress relating to long-term construction contracts	34 7	31 4
- trade receivables	6 7	35 3
- inventories	39 1	13 8
- miscellaneous other assets	16 4	8 1
Total	**97 0**	**88 8**

Other assets as at 31 December 2009 increased by €8 2 million year-on-year This was due mainly to higher inventories combined with a decline in trade receivables Prepaid expenses relate mainly to prepayments from syndicated loans Miscellaneous other assets primarily comprise rescue acquisitions

Borrowing costs amounting to €1 2 million were capitalised in the period under review

50 Non-current assets held for sale and liabilities (IFRS 5)

	31 Dec 2009 € million	31 Dec 2008 € million
Non-current assets held for sale		
- loans and advances to customers	4,203 9	4,307 5
- allowance for losses on loans and advances	- 10 0	- 13 6
- Financial assets	4 2	0 0
Total	**4,198 1**	**4,293 9**
Non-current liabilities associated with non-current assets held for sale		
- deposits from banks	161 4	153 3
- deposits from customers	0 2	0 0
- provisions	2 5	2 5
- other liabilities	0 0	0 7
Total	**164 1**	**156 4**

Non-current assets held for sale in accordance with IFRS 5 relate to the private customer and agricultural business designated for sale and the shares in EPM Assetis GmbH See Note 4 "Presentation in accordance with IFRS 5" for details

	31 Dec 2009 € million	31 Dec 2008 € million
Contingent liabilities		
– from guarantees and warranty agreements	127 0	160 0
Other commitments		
– irrevocable loan commitments	48 7	191 5

51 Subordinated assets

	31 Dec 2009 € million	31 Dec 2008 € million
Loans and advances to customers		
– corporate customers	0 0	35 9
– private customers	0 6	0 7
Total	0 6	36 6

The "private customers" item reported here does not relate to transactions designated for sale

52 Deposits from banks

	31 Dec 2009 € million	31 Dec 2008 € million
Deposits from domestic banks	6,346 0	6,730 1
Deposits from foreign banks	14 4	95 7
Total	6,360 4	6,825 8

The disclosures were adjusted to reflect the presentation in accordance with IFRS 5 See Note 4 "Presentation in accordance with IFRS 5" for details

53 Deposits from customers

	31 Dec 2009 € million	31 Dec 2008 € million
Corporate customers	6,754 3	5,718 8
Public sector entities	104 2	36 0
Private customers	5 2	1 2
Total	6,863 7	5,756 0
of which		
– customers in Germany	6,839 6	5,739 3
– customers abroad	24 1	16 7

The "private customers" item reported here does not relate to transactions designated for sale

54 Securitised liabilities

	31 Dec 2009 € million	31 Dec 2008 € million
Bonds issued	8,190 0	8,306 7
Total	8,190 0	8,306 7

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

	31 Dec 2009 € million	31 Dec 2008 € million
Liability recognised for fair value changes of hedged items in portfolio hedge of interest rate risk	1 0	1 2

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

56 Financial liabilities designated at fair value through profit or loss

	31 Dec 2009 € million	31 Dec 2008 € million
Deposits from banks	81 6	83 6
Deposits from customers	2,051 2	1,649 8
Securitised liabilities	202 4	272 0
Financial liabilities designated at fair value through profit or loss	2,335 2	2,005 5

Additional disclosures about financial liabilities designated at fair value through profit or loss

	31 Dec 2009 € million	31 Dec 2008 € million
Difference between carrying amounts and agreed settlement amounts on maturity of financial liabilities designated at fair value through profit or loss	70 5	11 9
Cumulative net income from credit risk-related changes in value of financial liabilities designated at fair value through profit or loss	3 3	3 3

There were no credit risk-related changes in the value of receivables and liabilities designated at fair value that are otherwise categorised as loans and receivables except for the effects attributable to market conditions, such as changes in market interest rates and the widening of credit spreads observed on the market Market-related changes in the credit spread of own liabilities designated at fair value gave rise to positive effects of around €3 6 million (previous year €23 4 million)

57 Financial liabilities held for trading

	31 Dec 2009 € million	31 Dec 2008 € million
Negative fair values of derivative financial instruments	856 8	896 8
Total	**856 8**	**896 8**

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

58 Provisions

Presented by type of provision

	31 Dec 2009 € million	31 Dec 2008 € million
Provisions for pensions and similar obligations	21 3	19 1
Provisions for credit risks	3 1	0 7
Provisions for employee expenses	4 9	6 9
Restructuring provisions	9 3	10 0
Provisions for investment risks	11 7	18 4
Other provisions	6 0	2 8
Total	**56 3**	**57 9**

Restructuring provisions contain an addition of €3 7 million (previous year €9 5 million) in connection with the Private Customers department designated for sale

Provisions for investment risks chiefly comprise provisions for project risks at subsidiaries and investees The decrease is primarily attributable to the reversal of provisions

The majority of the Bank's current and former employees are covered by defined benefit pension plans that provide for old age pensions as well as surviving dependent and permanent disability benefits The benefits to be provided are usually based on the employee's length of service and remuneration Pension obligations are financed by recognising provisions

The following calculation parameters and assumptions were used to determine the present value of obligations under defined benefit pension plans and the expected return on plan assets included in pension costs

	31 Dec 2009 in %	31 Dec 2008 in %
Discount rate	6 10	5 75
Salary trend	2 50	3 50
Pension trend	2 00	1 70
Staff turnover rate	3 00	4 00
Expected return on plan assets (in € million)	0 00	0 04

The following amounts were recognised in the balance sheet for defined benefit pension obligations

	31 Dec 2009 € million	31 Dec 2008 € million
Fair value of plan assets	0 0	1 2
Present value of obligations funded by provisions	21 3	20 3
Net obligation reported in the balance sheet	**21 3**	**19 1**

The changes in the present value of pension obligations and in plan assets, including the relevant calculation parameters, were as follows

	2009 € million	2008 € million
Changes in present value of obligations		
Present value of obligations at 1 Jan	**20 3**	**21 5**
Current service cost	1 1	1 3
Interest cost	1 2	1 2
Employee contributions/employer contributions	0 0	0 0
Pension payments from plan assets	0 0	−0 1
Pension payments from provisions	−0 6	−0 7
Actuarial gains and losses	−0 7	−2 9
Other changes/changes in consolidated Group	0 0	0 0
Present value of obligations at 31 Dec	**21 3**	**20 3**

	2009 € million	2008 € million
Changes in plan assets		
Fair value of plan assets at 1 Jan	**1 2**	**1 3**
Employer contributions	0 0	0 0
Pension commitments	0 0	0 0
Other changes	−1 2	−0 1
Fair value of plan assets at 31 Dec	**0 0**	**1 2**

The plan assets were reversed in full at the end of the fiscal year

The cost of defined benefit pension plans recognised in the income statement and other pension expenses are composed of the following items

	2009 € million	2008 € million
Current service cost	−1 1	−1 3
Interest cost	−1 2	−1 2
Total	−2 3	−2 5

The investment of the plan assets resulted in an actual return of €0 01 million (previous year €0 04 million)

The plan assets had the following portfolio structure at the respective balance sheet dates

	31 Dec 2009 € million	31 Dec 2008 € million
Asset category Income from fund investments	0 0	100 0
Total	0 0	100 0

The income from fund investments was reversed in full in 2009

The following overview shows the changes in the present value of obligations, plan assets, the net obligation reported in the balance sheet and actuarial gains and losses in relation to the present value of obligations and plan assets

	31 Dec 2009 € million	31 Dec 2008 € million
Present value of obligations	21 3	20 3
Plan assets	0 0	1 2
Net obligation reported	21 3	19 1
Actuarial gains and losses	0 7	2 9

Other provisions changed as follows in the 2009 fiscal year

€ million	Provisions for credit risks	Provisions for employee expenses	Restructuring provisions	Provisions for investment risks activities	Other provisions	Total
Balance at 1 Jan 2009	**0 7**	**6 9**	**10 0**	**18 4**	**2 7**	**38 7**
Additions	3 2	3 6	3 9	5 6	4 3	20 6
Reversal	– 0 8	– 4 8	– 0 5	– 3 7	– 0 7	– 10 5
Reclassifications in accordance with IFRS 5	0 0	0 0	0 0	0 0	0 0	0 0
Other reclassifications	0 0	0 0	0 0	– 8 6	0 0	– 8 6
Utilisation	0 0	– 0 8	– 4 1	0 0	– 0 3	– 5 2
Balance at 31 Dec 2009	**3 1**	**4 9**	**9 3**	**11 7**	**6 0**	**35 0**

Provisions for employee expenses comprise provisions for bonuses, severance payments and early retirement Other provisions relate mainly to provisions for litigation risks, jubilee provisions and leases

The expected maturities in accordance with IAS 37 85 are a maximum of two years for provisions for litigation costs, a maximum of six years for provisions for equity investments and a maximum of three years for provisions for employee expenses Provisions for pensions and similar obligations have an average duration of 15 years All other provisions are due within one year

The disclosures were adjusted to reflect the presentation in accordance with IFRS 5 See Note 4 "Presentation in accordance with IFRS 5" for details

59 Tax liabilities

	31 Dec 2009 € million	31 Dec 2008 € million
Current tax payables	3 3	0 3
Deferred tax liabilities	343 3	379 4
Total	346 6	379 7

Current tax payables are attributable to taxes for the Japanese subsidiary and the recognition of a provision relating to a tax audit

Deferred tax liabilities were recognised in connection with the following items

	31 Dec 2009 € million	31 Dec 2008 € million
Financial assets and liabilities held for trading	167 9	207 6
Allowance for losses on loans and advances	1 0	5 3
Non-current financial assets	45 4	46 4
Other balance sheet items	129 0	120 1
of which derivative hedging instruments (fair value hedges)	71 8	68 8
Total	343 3	379 4

60 Subordinated capital

	31 Dec 2009 € million	31 Dec 2008 € million
Subordinated liabilities	240 8	327 2
of which		
– deferred interest	6 1	6 6
Profit participation certificates outstanding	236 1	235 8
of which		
– deferred interest	15 3	15 3
Total	**476 9**	**563 0**

The following subordinated liability accounts for more than 10 0% of all subordinated liabilities

Currency	Carrying amount € million	Principal amount € million	Interest rate	Maturity
EUR	126 5	125 0	4 8	2003–2013

There is no early repayment obligation The conversion of these funds into capital or another form of debt is neither agreed nor planned

The subordinated liabilities issued by WestImmo itself or via its subsidiaries comply with the requirements of section 10 (5a) of the Kreditwesengesetz (KWG – German Banking Act) Subordinated liabilities with a notional value of €10 0 million have a residual maturity of less than two years, which means that only 40% are reported as own funds as defined by the German Banking Act No extraordinary call rights have been agreed Interest expenses of €16 1 million (previous year €17 2 million) relating to subordinated liabilities were incurred in the year under review

The original maturities of the subordinated liabilities are between 10 and 20 years (average 13 2 years)

The following profit participation certificates account for more than 10 0% of all profit participation certificates outstanding

Currency	Carrying amount € million	Principal amount € million	Interest rate	Maturity
EUR	26 8	25 0	7 30	2000–2011
EUR	26 7	25 0	6 87	2001–2011
EUR	26 6	25 0	6 85	2001–2012

Profit participation certificates with a notional value of €165 0 million must be repaid by 1 July 2011 These are no longer reported as own funds within the meaning of the German Banking Act

Interest expenses of €15 4 million (previous year €15 4 million) relating to profit participation certificates outstanding were incurred in the year under review

61 Other liabilities

	31 Dec 2009 € million	31 Dec 2008 € million
Deferred income	3 3	5 7
Liabilities from profit/loss transfer agreements	69 5	56 8
Miscellaneous liabilities	30 7	33 7
Total	**103 5**	**96 2**

"Other liabilities" includes the liability resulting from the transfer of HGB net income under the profit/loss transfer agreement entered into between Westdeutsche ImmobilienBank AG and WestLB AG as at 1 January 2007 Miscellaneous liabilities relate primarily to trade payables and current liabilities to employees

The disclosures were adjusted to reflect the presentation in accordance with IFRS 5 See Note 4 "Presentation in accordance with IFRS 5" for details

62 Equity

The subscribed capital of WestImmo as at 31 December 2009 amounted to €400 0 million (previous year €400 0 million) It is composed of 4 0 million registered shares WestLB AG, Dusseldorf, is the sole shareholder, with a 100 0% interest

Equity is composed of the following items

	2009 € million	2008 € million
Subscribed capital	400 0	400 0
Capital reserves	443 4	443 4
Retained earnings	123 4	83 2
Revaluation reserve (after deferred taxes)	– 76 5	– 108 3
Actuarial gains and losses on pension obligations (after deferred taxes)	3 6	3 6
Currency translation reserve	1 6	2 1
Distribution to shareholders	– 69 5	– 56 8
Consolidated profit for the period	83 4	96 7
Total before minority interest	909 4	863 9
Minority interest	– 3 5	– 2 9
Total after minority interest	**905 9**	**861 0**

The capital reserves contain additional capital contributions by the sole shareholder WestLB AG

Unrealised gains and losses on the remeasurement of AfS financial instruments in the amount of €–110 2 million (previous year €–157 8 million) are reported as at 31 December 2009 Offsetting effects from deferred taxes for the revaluation reserve amounting to €33 7 million (previous year €49 5 million, see statement of changes in equity) were recognised as at 31 December 2009 Actuarial gains and losses on pension obligations in the amount of €6 2 million (previous year €5 5 million) are reported as at 31 December 2009 Offsetting effects from deferred taxes for actuarial gains and losses amounting to €–2 6 million (previous year €–1 9 million, see statement of changes in equity) were recognised as at 31 December 2009

WestImmo complies with the criteria set out in IAS 1 135 (A-C) by implementing legal and company-specific requirements WestImmo's capital requirements are subject to the provisions of the German Banking Act and the Solvabilitatsverordnung (SolvV – Solvency Regulation), which require banks to hold capital covering at least 8% of their risk-weighted assets A bank's capital (own funds) includes its share capital, general reserves, the fund for general banking risks in accordance with section 340g of the HGB, as well as Tier II capital in the form of profit participation certificates and subordinated liabilities, less any deductible items WestImmo's profit participation certificates and subordinated liabilities included in the regulatory capital meet the requirements for eligibility pursuant to the German Banking Act

During the year under review, WestImmo's capital adequacy was consistently well in excess of the figure stipulated by law, amounting to 10 7% as at 31 December 2009 (annual low 10 6%, annual high 11 1%)

Starting with the minimum regulatory capital requirements and taking into account the strategic capital requirements defined by the Bank with a total capital ratio of at least 9 5%, the Bank's short-term and medium-term capital requirements are planned as part of the annual budgeting process and adjusted as required The Board Administrative Staff/Controlling and Treasury departments are responsible for managing the Bank's capital requirements These requirements are monitored continuously as part of the regular reporting to the Bank's governing bodies

Please refer to the Risk Report contained in the Management Report for information on risk management within the framework of WestLB AG's uniform Group risk tolerance process and on economic capital as a standard measure of the overall bank risk with the relevant risk types

Retained earnings are composed of the following items

	2009 € million	2008 € million
Reserves provided for by the articles of association	11 7	11 7
Other retained earnings	111 7	71 5
Total	123 4	**83 2**

Other retained earnings contain the Group's retained profits including cumulative amounts from consolidation adjustments recognised in profit or loss and taken directly to equity, as well as measurement effects from the transition to IFRSs at 1 January 2005 that were reported for the first time in accordance with IFRSs

Consolidated profit for the period was, or will be, appropriated as follows

	2009 € million	2008 € million	Change € million	 %
Consolidated profit for the period	83 4	96 7	– 13 3	– 13 8
Reserve for general banking risks recognised in accordance with section 340g of the HGB	0 0	– 7 2	7 2	– 100 0
Gains (–)/losses (+) attributable to minority interest	– 0 3	0 7	– 1 0	– 142 9
Distribution to shareholders	– 69 5	– 56 8	– 12 7	22 4
Consolidated net retained profits	**13 6**	**33 4**	**– 19 8**	**– 59 3**

In fiscal year 2007, a profit/loss transfer agreement was entered into between the shareholder WestLB AG and WestImmo On the basis of this agreement, €69 5 million (previous year €56 8 million) will be transferred from WestImmo to WestLB AG This corresponds to a dividend of €17 38 per share (previous year €14 20)

The appropriations to reserves provided for by the articles of association were discontinued following conclusion of the profit/loss transfer agreement Profits and losses attributable to minority interest relate to minority interest in the profit and loss for the period of fully consolidated subsidiaries

Please refer to the statement of changes in equity for more information on equity transaction data

63 Maturity structure

For the first time, the maturity structure is presented on the basis of IFRS 7 39 in 2009 The Bank opted not to voluntarily adjust the prior-year figures As a result, comparison of the 2009 and 2008 figures is only possible to a limited extent

In the 2009 maturity structure, financial assets and liabilities held for trading exclusively comprise non-derivative financial instruments

Please see Note 69 for information on maturities relating to derivative financial instruments

The undiscounted future repayment and interest cash flows from assets (excluding other investees, investments in associates and investments in subsidiaries) and liabilities are broken down as follows

	Residual maturities as at 31 December 2009				
€ million	**Payable on demand**	**up to 3 months**	**3 months to 1 year**	**1 to 5 years**	**more than 5 years**
Loans and advances to banks	323 0	50 5	83 7	175 1	102 1
Loans and advances to customers	43 0	1,057 3	2,635 1	11,699 7	3,928 3
Financial assets held for trading	0 0	0 7	3 0	49 1	194 1
Financial assets designated at fair value through profit or loss	0 0	104 0	168 1	334 8	0 0
Non-current financial assets	0 0	123 7	370 2	1,287 9	2,228 9
Total	**366 0**	**1,336 2**	**3,260 1**	**13,546 6**	**6,453 4**
Deposits from banks	20 0	2,202 5	1,570 5	1,856 0	1,067 5
Deposits from customers	59 9	150 0	382 5	3,528 8	4,702 0
Securitised liabilities	0 0	643 1	961 6	5,853 7	1,679 3
Financial liabilities held for trading	0 0	0 0	0 0	0 0	0 0
Financial liabilities	0 0	45 7	56 9	694 2	3,070 6
Subordinated capital	0 0	3 8	46 0	477 2	18 2
Total	**79 9**	**3,045 1**	**3,017 5**	**12,409 9**	**10,537 6**

€ million	Payable on demand	up to 3 months	3 months to 1 year	1 to 5 years	more than 5 years
	Residual maturities as at 31 December 2008				
Loans and advances to banks	345 0	638 0	85 8	204 4	115 6
Loans and advances to customers	148 1	1,465 9	1,979 1	7,424 6	3,873 5
Financial assets held for trading*	104 7	807 9	23 9	0 0	28 1
Financial assets designated at fair value through profit or loss	22 2	155 2	80 0	474 2	74 0
Non-current financial assets	38 3	85 0	530 0	654 5	2,168 5
Total	**658 3**	**3,152 1**	**2,698 9**	**8,757 7**	**6,259 6**
Deposits from banks	45 6	3,319 9	1,424 6	972 4	1,175 2
Deposits from customers	216 9	134 1	230 8	1,655 2	3,498 3
Securitised liabilities	95 8	392 7	2,001 7	3,362 7	2,432 5
Financial liabilities held for trading*	96 4	693 8	5 0	23 0	0 3
Financial liabilities designated at fair value through profit or loss	37 7	108 8	85 0	277 2	1,543 7
Subordinated capital	21 9	7 0	81 0	437 8	15 5
Total	**514 3**	**4,656 3**	**3,828 1**	**6,728 4**	**8,665 5**

* Financial assets and liabilities held for trading include the positive and negative fair values from derivative hedging instruments

The disclosures were adjusted to reflect the presentation in accordance with IFRS 5 See Note 4 "Presentation in accordance with IFRS 5" for details

€ million	Payable on demand	up to 3 months	3 months to 1 year	1 to 5 years	more than 5 years
Possible outflow of liquidity from					
– financial guarantee contracts	971 3	0 0	0 0	0 0	0 0
– irrevocable loan commitments	0 0	484 8	491 4	0 0	0 0

The disclosures were adjusted to reflect the presentation in accordance with IFRS 5 See Note 4 "Presentation in accordance with IFRS 5" for details

64 Securities repurchase agreements

	31 Dec 2009 € million	31 Dec 2008 € million
Borrower under securities repurchase agreements (repos)		
Deposits from banks	1,690 7	880 5
Total	1,690 7	880 5

Deposits from banks amounting to €1,409 2 million (previous year €805 9 million) relate to WestLB AG Of the deposits from banks, €1,491 9 million has a residual maturity of "up to 3 months" (previous year €601 9 million) and €200 8 million a residual maturity of "3 months to 1 year" (previous year €270 9 million) €0 0 million (previous year €7 7 million) is payable on demand

65 Securities lending

As at the balance sheet date, securities worth €600 8 million (previous year €369 2 million) were loaned and no securities borrowed (previous year €0 0 million) under securities lending transactions

66 Exposure to default risk from financial instruments

Where available, the maximum exposure to default risk from financial instruments – without taking into account any collateral or other arrangements that reduce the risk – is shown for each balance sheet item after deduction of the allowance for losses on loans and advances

	31 Dec 2009 € million	31 Dec 2008 € million
Cash and balances with central banks	22 2	30 2
Loans and advances to banks	691 6	1,364 0
Loans and advances to customers	16,731 9	14,715 7
Financial assets held for trading	952 6	861 8
Positive fair values of derivative hedging instruments	144 1	118 6
Financial assets designated at fair value through profit or loss	586 2	830 1
Non-current financial assets	3,091 4	3,437 1
Contingent liabilities from guarantees	845 7	846 1
Other commitments (irrevocable loan commitments)	912 8	1,217 2

67 Collateral received for financial instruments

WestImmo was provided with the following assets as collateral for loans and advances to customers and banks

	31 Dec 2009 € million	31 Dec 2008 € million
Assets hold as collateral		
– Financial collateral	90 2	27 4
– Real estate collateral	13 602 6	11,193 9
– Assignments	765 7	790 7
Collateral received for financial instruments that are past due but not impaired		
– Real estate collateral	10 4	5 3
Collateral received for financial instruments for which specific valuation allowances have been charged		
– Financial collateral	1 0	4 0
– Real estate collateral	560 4	455 3
– Assignments	1 9	3 2

Collateral is liquidated in accordance with the contractual conditions following an event of default (credit event)

There is no loan collateral that could be sold or liquidated without default by the collateral provider

The disclosures were adjusted to reflect the presentation in accordance with IFRS 5 See Note 4 "Presentation in accordance with IFRS 5" for details

68 Collateral transferred for own liabilities

Assets were transferred as collateral for the following liabilities

	31 Dec 2009 € million	31 Dec 2008 € million
Deposits from banks	2,950 7	3,284 4
Total	2,950 7	**3,284 4**

The following assets were transferred as collateral for the above liabilities

	31 Dec 2009 € million	31 Dec 2008 € million
Non-current financial assets	981 2	1,182 6
Total	**981 2**	**1,182 6**

Non-current financial assets comprise securities deposited with Deutsche Bundesbank Assets recognised in the balance sheet as a result of the liquidation of collateral amounted to €17 5 million in 2009 (previous year €2 7 million) Collateral received relates exclusively to rescue acquisitions

Supplementary Disclosures

69 Derivative financial instruments

Derivative financial instruments are financial instruments whose value is derived from changes in the value of one or more underlying assets (underlyings) As a rule, the underlying is an interest rate, commodity price, index, equity or bond price, or an exchange rate

Derivatives can be entered into as contracts on an exchange with standardised notional amounts and settlement dates, or OTC (over-the-counter) with individually agreed notional amounts, terms and prices (OTC derivatives)

The companies of the Westdeutsche ImmobilienBank Group enter into the following types of derivative transaction in the course of their business activities

- Interest rate forward transactions/derivative products
  Interest rate swaps, interest rate options, swaptions, interest rate caps, interest rate floors, interest rate collars, interest rate futures

- Currency forward transactions/derivative products
  Currency forwards, currency swaps

- Combined interest rate and currency forward transactions/derivative products
  Cross-currency forwards, forward cross-currency swaps

The notional amount denotes the contract volume traded by the Group It generally serves as a basis for determining the change in the fair value of the derivative and as a reference parameter for the mutually agreed cash settlements (e g interest payments from interest rate swaps), but does not represent any recognisable asset or liability Derivatives are carried at their positive or negative fair values in the balance sheet The fair values correspond to the costs that the Group or the counterparty would incur to replace the transactions

The fair values of the individual contracts are the gross replacement costs excluding any netting effects

The Group uses derivatives for hedging purposes The derivatives entered into for hedging purposes are mainly used to manage and limit interest rate, credit, currency and other price risks Due to the provisions of IAS 39 the economic hedging relationships cannot be recognised in full in the IFRS consolidated financial statements either by using hedge accounting or by applying the fair value option

Hedging derivatives for which hedge accounting under IAS 39 is used are reported in the balance sheet items "Positive" or "Negative fair values of derivative hedging instruments", and all others are reported as "Financial assets held for trading" or "Financial liabilities held for trading" Changes in the fair value of derivatives are recognised in net trading income with the exception of derivatives that meet the criteria for hedge accounting under IAS 39, whose changes in fair value are recognised in net interest income As at 31 December 2009, recognised hedging relationships under IAS 39 consisted almost exclusively of interest rate swaps with a notional amount of €6,984 1 million (previous year €5,098 4 million) and were reported in positive fair values of derivative hedging instruments (€3,132 2 million, previous year €1,830 3 million) and negative fair values of derivative hedging instruments (€3,851 9 million, previous year €3,268 1 million)

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

Presentation of volumes at reporting date

	Notional amounts		Positive fair values		Negative fair values	
€ million	**31 Dec 2009**	**31 Dec 2008**	**31 Dec 2009**	**31 Dec 2008**	**31 Dec 2009**	**31 Dec 2008**
Interest rate products						
Interest rate swaps	27 408 8	24,127 9	877 2	771 0	784 1	675 8
Interest rate options	1,674 7	1,620 8	6 8	10 6	183 9	337 5
– Calls	(208 5)	(249 0)	(6 8)	(10 6)	(0 0)	(0 0)
– Puts	(1,466 2)	(1,371 8)	(0 0)	(0 0)	(183 9)	(337 5)
Caps, floors	1,504 1	1,069 8	8 3	5 4	8 3	5 4
Interest rate products total	**30,587 6**	**26,818 5**	**892 3**	**787 0**	**976 3**	**1,018 7**
Currency products						
Currency forwards	4,523 0	2,575 1	16 8	172 3	90 2	119 2
Currency swaps	75 8	118 2	0 6	21 1	0 7	0 0
Currency products total	**4,598 8**	**2,693 3**	**17 4**	**193 4**	**90 9**	**119 2**
Cross-currency products						
Cross-currency swaps	65 9	61 4	0 0	0 0	18 6	23 4
Cross-currency products total	**65 9**	**61 4**	**0 0**	**0 0**	**18 6**	**23 4**
Derivative transactions total	35,252 3	29,573 2	909 7	980 4	1,085 8	1,161 3

Derivative transactions – Counterparty structure

	Notional amounts		Positive fair values		Negative fair values	
€ million	**31 Dec 2009**	**31 Dec 2008**	**31 Dec 2009**	**31 Dec 2008**	**31 Dec 2009**	**31 Dec 2008**
OECD banks	30,494 5	26,086 9	697 7	786 9	1,074 5	1,141 9
Customers (incl exchange-traded contracts)	4 757 8	3,486 3	212 0	193 5	11 3	19 4
Total	**35,252 3**	**29,573 2**	**909 7**	**980 4**	**1,085 8**	**1,161 3**

Derivative transactions (notional amounts) – Maturity structure

Notional amounts	Interest rate products		Currency products		Cross-currency products	
€ million	**31 Dec 2009**	**31 Dec 2008**	**31 Dec 2009**	**31 Dec 2008**	**31 Dec 2009**	**31 Dec 2008**
up to 3 months	1,056 2	578 3	2,152 6	2,308 7	0 0	0 0
3 months to 1 year	2,710 3	2,863 4	2,227 4	244 0	0 0	0 0
1 to 5 years	13,580 5	10,472 2	116 8	48 2	65 9	61 4
more than 5 years	13,240 6	12,904 6	102 0	92 4	0 0	0 0
Total	30,587 6	26,818 5	4,598 8	2,693 3	65 9	61 4

Maturity structure of derivatives

€ million	Payable on demand	up to 3 months	3 months to 1 year	1 to 5 years	more than 5 years
Possible inflow (+)/outflow (-) of funds from derivative financial instruments					
of which based on undiscounted cash flows (swaps)	0 0	17 9	– 65 2	36 1	115 1
of which based on fair values (other derivatives)	0 0	– 8 3	– 19 7	– 22 2	– 126 6

The disclosures in accordance with IFRS 7 39 b on the liquidity risk associated with financial instruments were made for the first time in 2009 The Bank opted not to voluntarily disclose the comparative prior-year figures

70 Fair value of financial instruments

In accordance with IAS 32, fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction

If there is an active market, WestImmo estimates the fair value of financial instruments using market prices or other price quotations This applies principally to exchange-traded securities and derivatives and to exchange-traded debt instruments WestImmo calculates the fair value of the majority of OTC derivatives and unlisted financial instruments for which no quoted prices on active markets are available using standard discounted cash flow or other valuation techniques using data based on quoted market prices In the case of a small number of financial instruments – in particular structured financial instruments – fair value cannot be estimated directly using quoted market prices or indirectly using valuation techniques supported by observable market prices or other price quotations In such cases, fair value is estimated using realistic estimates and assumptions based on market conditions

All valuation techniques are rigorously examined before they are used as a basis for financial reporting The techniques used are also tested regularly over time

WestImmo is satisfied that the fair values both of financial instruments measured at fair value and of financial instruments accounted for at amortised cost, for which fair value serves merely as a comparative measure, are appropriate and correspond to the underlying economic circumstances

€ million	Fair value 31 Dec 2009	Fair value 31 Dec 2008	Carrying amount 31 Dec 2009	Carrying amount 31 Dec 2008	Difference 31 Dec 2009	Difference 31 Dec 2008
Assets						
Cash and balances with central banks	22 2	30 2	22 2	30 2	0 0	0 0
Loans and advances to banks	701 3	1,377 1	691 6	1,364 0	9 7	13 1
Loans and advances to customers	16,955 8	14,754 3	16,994 6	14,933 2	– 38 8	– 178 9
Loans and advances to customers (IFRS 5)	4,358 8	4,429 7	4,203 9	4,307 5	154 9	122 2
Financial assets held for trading	952 6	861 8	952 6	861 8	0 0	0 0
Positive fair values of derivative hedging instruments	144 1	118 6	144 1	118 6	0 0	0 0
Financial assets designated at fair value through profit or loss	586 2	830 1	586 2	830 1	0 0	0 0
Non-current financial assets	3,091 4	3,437 1	3,091 4	3,437 1	0 0	0 0
Non-current financial assets (IFRS 5)	6 0	0 0	4 2	0 0	1 8	0 0
Total	**26,818 4**	**25,839 0**	**26,690 8**	**25,882 5**	**127 6**	**– 43 6**
Liabilities						
Deposits from banks	6,370 2	6,837 6	6 360 4	6,825 8	9 8	11 8
Deposits from banks (IFRS 5)	159 2	149 4	161 4	153 3	– 2 2	– 3 8
Deposits from customers	7,049 3	5,793 6	6,863 7	5,756 0	185 6	37 5
Deposits from customers (IFRS 5)	0 2	0 0	0 2	0 0	0 0	0 0
Securitised liabilities	8,200 6	8,296 0	8 190 0	8,306 7	10 6	– 10 8
Financial liabilities held for trading	856 8	896 8	856 8	896 8	0 0	0 0
Negative fair values of derivative hedging instruments	229 0	264 5	229 0	264 5	0 0	0 0
Liability recognised for fair value changes of hedged items in portfolio hedge of interest rate risk	1 0	1 2	1 0	1 2	0 0	0 0
Financial liabilities designated at fair value through profit or loss	2,335 2	2,005 5	2,335 2	2,005 5	0 0	0 0
Subordinated capital	491 4	568 9	476 9	563 0	14 5	5 8
Total	**25,692 9**	**24,813 5**	**25,474 6**	**24,772 9**	**218 3**	**40 6**

The net difference between the carrying amounts and full fair values of all items as at 31 December 2009 amounted to a negative €90 7 million (unrealised negative fair value increment or "hidden liability"), previous year hidden liability of €84 2 million

Financial instruments measured at fair value can be allocated to the following categories

	31 Dec 2009 Quoted market prices € million	31 Dec 2009 Measurement methods based on market data € million	31 Dec 2008 Quoted market prices € million	31 Dec 2008 Measurement methods based on market data € million
Assets				
Financial assets held for trading	0 0	952 6	0 0	861 8
Positive fair values of derivative hedging instruments	0 0	144 1	0 0	118 6
Financial assets designated at fair value through profit or loss	52 6	533 6	51 4	778 6
Available-for-sale financial assets	3,068 9	15 4	3,408 4	17 1
Total	**3,121 5**	**1,645 7**	**3,459 8**	**1,776 1**
Liabilities				
Financial liabilities held for trading	0 0	856 8	0 0	896 8
Negative fair values of derivative hedging instruments	0 0	229 0	0 0	264 5
Liability recognised for fair value changes of hedged items in portfolio hedge of interest rate risk	0 0	1 0	0 0	1 2
Financial liabilities designated at fair value through profit or loss	202 4	2,132 8	272 0	1,733 4
Total	**202 4**	**3,219 6**	**272 0**	**2,895 9**

Effects of day-one gains and losses on the income statement

WestImmo estimates the fair value of financial instruments that are not traded in an active market using established valuation techniques and methods on the basis of observable, independent market data As a rule, the best evidence of fair value at initial recognition is the transaction price Any difference between the transaction price and the value calculated using a technique must be recognised in the income statement Differences between the transaction price and the valuation still to be made at the trade date arise primarily as a result of intraday market fluctuations between the time of the transaction and the time at which the market data are collected As a rule, differences between the transaction price and the fair values estimated on the basis of market data are insignificant and balance out statistically Day-one gains and losses do not have a significant effect on the income statement

71 Fair value hierarchy

In accordance with IFRS 7 27A, the level of the measurement hierarchy at which the fair value was determined – graded by the relevance of the inputs – must be disclosed using quantitative information for each class of financial instrument (= balance sheet items) that is recognised in the balance sheet at fair value This enables the significance of the input to be assessed in relation to the fair value in its entirety

- Level 1 – quoted price in an active market for the instrument in question
- Level 2 – quoted price in an active market for similar assets or liabilities or other valuation techniques for which significant inputs are based on observable market data
- Level 3 – valuation techniques for which significant inputs are not based on observable market data

The financial instruments measured at fair value at WestImmo are primarily in Levels 1–2 Level 3 measurement is used for financial instruments to be syndicated and externally valued fund units

In the year under review, there were no changes in the methods used to determine the fair value of financial instruments measured at fair value in the balance sheet

Balance sheet item	Level 1	Level 2	Level 3	Total
Financial assets held for trading (non-derivative)	0 0	0 0	187 0	187 0
Financial assets held for trading (derivative)	0 0	765 6	0 0	765 6
Positive fair values of derivative hedging instruments	0 0	144 1	0 0	144 1
Financial assets designated at fair value through profit or loss	52 6	533 6	0 0	586 2
Available-for-sale financial assets	3,046 7	22 2	15 4	3,084 3
Total	**3,099 3**	**1,465 5**	**202 4**	**4,767 2**
Financial liabilities held for trading (derivative)	0 0	856 8	0 0	856 8
Liabilities under repurchase agreements (repos)	0 0	0 0	0 0	0 0
Negative fair values of derivative hedging instruments	0 0	229 0	0 0	229 0
Financial liabilities designated at fair value through profit or loss (incl subordinated capital)	202 4	2,132 8	0 0	2,335 2
Total	**202 4**	**3,218 6**	**0 0**	**3,421 0**

72 Reconciliation of Level 3 securities

Information in accordance with IFRS 7 27B

Balance sheet item	FV as at 1 Jan 2009	Purchases	Additions to Level 1	Additions to Level 2	Additions/ disposals due to reclassifi-cations	Additions/ disposals due to changes in consoli-dated Group	Sales	Disposals from Level 1	Disposals from Level 2	Net income from permanent impairment losses or reversals of impairment losses on available-for-sale financial assets transferred to the income statement	Gains and losses reported in the income statement	Fair value changes reported in the income statement	FV as at 31 Dec 2009
Financial assets held for trading	0 0	192 3	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	−5 3	187 0
Positive fair values of derivative hedging instruments	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0
Financial assets designated at fair value through profit or loss	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0
Available for-sale financial assets	17 0	2 6	0 0	0 0	0 0	0 0	0 0	0 0	0 0	2 1	0 0	−6 3	15 4
Total	**17 0**	**194 9**	**0 0**	**0 0**	**0 0**	**0 0**	**0 0**	**0 0**	**0 0**	**2 1**	**0 0**	**−11 6**	**202 4**
Financial liabilities held for trading	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0
Liabilities under repurchase agreements (repos)	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0
Negative fair values of derivative hedging instruments	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0
Financial liabilities designated at fair value through profit or loss (incl subordinated capital)	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0
Summe	**0 0**	**0 0**	**0 0**	**0 0**	**0 0**	**0 0**	**0 0**	**0 0**	**0 0**	**0 0**	**0 0**	**0 0**	**0 0**

The financial instruments reported under Level 3 comprise loans subject to syndication requirements and a fund unit in a closed-end real estate fund

The closed-end real estate fund is measured using a net present value method The sale of fund units in the short term is contractually prohibited

A sensitivity analysis (+/− 1 bp) of the loans to be syndicated revealed a fair value change of less than €10 thousand The fair value of the unit in the closed-end real estate fund is determined by the fund management company on the basis of the fund assets A sensitivity analysis is therefore not possible here

73 Contingencies and commitments

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

	31 Dec 2009 € million	31 Dec 2008 € million
Contingent liabilities		
– from guarantees and warranty agreements	845 7	846 1
Other commitments		
– irrevocable loan commitments	912 8	1,217 2

The disclosures were adjusted to reflect the presentation in accordance with IFRS 5 See Note 4 "Presentation in accordance with IFRS 5" for details

Recognised provisions (Note 58) take adequate account of contingent liabilities in connection with risks related to the lending business

74 Other financial obligations

The WestImmo Group has other financial obligations of €72 8 million (previous year €73 6 million)

Annual rental and leasing obligations amount to €8 4 million (previous year €8 8 million), of which €0 7 million (previous year €0 7 million) is owed to affiliated unconsolidated companies The agreements have a remaining term of up to 11 years

The following table shows the aggregate future minimum lease payments attributable to non-cancellable operating leases in which WestImmo is the lessee

	31 Dec 2009 € million	31 Dec 2008 € million
Minimum lease payments		
– up to 1 year	6 9	6 6
– 1 to 5 years	32 0	27 4
– more than 5 years	24 4	30 7
Total	63 3	64 7

The following other obligations do not relate to operating leases

	31 Dec 2009 € million	31 Dec 2008 € million
Other obligations		
– up to 1 year	7 3	7 4
– 1 to 5 years	2 0	1 2
– more than 5 years	0 2	0 2
Total	9 5	8 9

Annual rental and leasing obligations include minimum lease payments of €6 9 million (previous year €6 6 million) and contingent rent of €1 2 million per annum (previous year €1 7 million) Subleases generated proceeds of €0 8 million (previous year €0 8 million)

Significant leases with side agreements have not been entered into, with the exception of an option to purchase a property used by the Group at the end of the agreed lease period in 2019

75 Deposit protection

WestImmo is affiliated with the Guarantee Fund of the Central Savings Banks/Central Giro Institutions in the Deutscher Sparkassen- und Giroverband (German Savings Bank Association) The Bank had an additional funding requirement of €36 7 million (previous year €38 1 million) at the balance sheet date

With effect from 20 September 2007, WestImmo, as a Group company of WestLB AG, was also admitted to the Reservefonds (Reserve Funds) of the Westfalisch-Lippischer Sparkassen- und Giroverband (WLSGV – Savings Banks and Giro Association of Westphalia-Lippe) and of the Rheinischer Sparkassen- und Giroverband (RSGV – Savings Banks and Giro Association of the Rhineland) with a share of 4 875% in each case The funds each comprise cash funds of €250 0 million and an additional funding requirement in the same amount

In connection with the measures implemented to support WestLB AG in 2008, to which the Reserve Funds of the Savings Banks Associations also contributed, the member institutions of these associations were informed of their proportionate additional funding requirements In this context, the WLSGV does not classify WestImmo as a risk unit with WestLB AG, despite the fact that WestImmo is a contractually defined member of the Group, but as an independent member and therefore concludes that WestImmo has an unlimited payment obligation In addition to ongoing contributions, this would also entail an obligation to make additional payments to the Reserve Funds, such an obligation cannot be ruled out The resulting potential total payment obligation is €73 8 million

To obtain final clarification on this matter, the WLSGV brought an action against WestImmo at the Mainz Administrative Court in October 2009 The WLSGV is claiming the contributions for 2008 and 2009 of €1 5 million in each case, as well as receivables arising from a share attributable to WestImmo of €12 0 thousand relating to a savings bank that is exempted from the additional funding requirement The Bank has now responded to the action and, on the basis of legal opinions that it has obtained, believes that it is not liable for any payment obligations or additional funding requirements

76 Letter of comfort

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

77 Trust activities

Trust assets relate primarily to trustee loans to customers In such cases, the Bank acts in its own name for third-party account The trust assets are offset by trustee liabilities in the same amount

The following table shows the volume of off-balance-sheet trust activities

	31 Dec 2009 € million	31 Dec 2008 € million
Loans and advances to customers	26 6	34 2
Trust assets	**26 6**	**34 2**
Deposits from banks	21 6	34 2
Deposits from customers	5 0	0 0
Trustee liabilities	**26 6**	**34 2**

78 Managed assets

	31 Dec 2009 € million	31 Dec 2008 € million
Loans and advances to customers	1 2	1 5
Total	**1 2**	**1 5**

Managed assets relate solely to loans and advances to customers The loans are extended in the name and for the account of third parties

79 Related party disclosures

Transactions with associates, joint ventures and other investees are shown in the following tables

Transactions with consolidated companies, associates and other investees

	31 Dec 2009 € million	31 Dec 2008 € million
Loans and advances to customers		
– affiliated unconsolidated companies	0 2	0 0
– associates, joint ventures and other investees	37 2	7 0
Non-current financial assets		
– affiliated unconsolidated companies	0 7	0 5
– associates, joint ventures and other investees	1 6	0 2

	31 Dec 2009 € million	31 Dec 2008 € million
Deposits from customers		
– affiliated unconsolidated companies	0 6	0 0
– associates, joint ventures and other investees	3 4	0 0

No guarantees were issued

Transactions with our owner are as follows

	31 Dec 2009 € million	31 Dec 2008 € million
Loans and advances to banks	23 7	573 3
Financial assets held for trading	248 9	300 9
Total	**272 6**	**874 2**

	31 Dec 2009 € million	31 Dec 2008 € million
Deposits from banks	1,873 9	1,452 1
Securitised liabilities	2,363 9	2,162 7
Financial liabilities held for trading	264 2	271 9
Other liabilities	0 0	1 3
Total	**4,502 0**	**3 888 0**

There are contingent liabilities to the owner of €38 5 million, WestLB AG is the beneficiary of this transaction

The above loans and advances, non-current financial assets and liabilities to related parties mainly comprise intragroup financing transactions

Related party transactions are carried out at arm's length conditions

80 Remuneration of executive body members

	31 Dec 2009 € million	31 Dec 2008 € million
Aggregate remuneration of the Managing Board	1 8	2 3
– of which fixed salary	1 1	1 6
– of which performance-related	0 7	0 7
Aggregate remuneration of former Managing Board members and their surviving dependents	0 3	0 3
Pension provisions for former Managing Board members and their surviving dependents	4 8	4 8

The remuneration of the Managing Board in 2009 amounted to €1 8 million (previous year €2 3 million) Former Managing Board members received €0 3 million (previous year €0 3 million) The members of the Supervisory Board received remuneration amounting to €0 3 million (previous year €0 3 million) Pension obligations for former Managing Board members amount to €4 8 million (previous year €4 8 million)

Members of key management personnel consist of all members of the Managing Board

81 Loans to executive body members

In fiscal year 2009, the members of the Managing Board were granted loans amounting to €0 2 million (previous year €0 3 million) The term of the loans ends in fiscal year 2022 at the latest The nominal rates of interest range from 3 96% to 4 8% In fiscal year 2009, members of the Supervisory Board received loans amounting to €0 1 million (previous year €0 1 million) The term of the loans ends in fiscal year 2019 at the latest The nominal rate of interest is 4 66%

No contingent liabilities were entered into in favour of executive body members in either 2009 or 2008

82 Auditors' fee in accordance with section 314 (1) no 9 of the HGB

	31 Dec 2009 € million	31 Dec 2008 € million
Financial statement audits	0 8	1 6
Other assurance and valuation services	0 2	0 1
Tax advisory services	0 0	0 0
Other services	0 0	0 0
Total	1 0	1 7

83 Securitisation of loans

No loans and advances to customers were securitised as at 31 December 2009 (previous year €0 million)

84 Number of staff

The following table shows the average number of employees during the year

	Male	Female	Total 2009	Total 2008
German Group companies/branches	232	195	427	467
Foreign Group companies/branches	27	25	52	48
Total	259	220	479	515

There were no vocational or similar apprentices in either 2009 or 2008

85 Date of approval of the consolidated financial statements for publication

The accompanying consolidated financial statements will be approved for publication by the Managing Board on 10 May 2010 and submitted to the Supervisory Board for approval

86 Members of the Supervisory Board and the Managing Board

Supervisory Board

Hubert Beckmann — Chairman
Deputy Chairman of the Managing Board
WestLB AG

Dr Hans-Jurgen Niehaus — Deputy Chairman
Member of the Managing Board
WestLB AG

Raimund Bar
Chairman of the Staff Council
Westdeutsche ImmobilienBank AG

Michael Breuer
President
Savings Banks and Giro Association of the Rhineland

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

Thomas Groß
Member of the Managing Board
WestLB AG

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

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

Matthias Wargers
Head of Group Development
WestLB AG

Managing Board

Dr Peter Knopp
Chairman of the Managing Board

Claus-Jurgen Cohausz
Member of the Managing Board
Member of the Managing Board for Front Office

Rainer Spielmann
Member of the Managing Board
Member of the Managing Board for Credit Management, Risk Management, Finance and Accounting

Members of the Supervisory Board held the following offices in accordance with section 340 a (4) no 1 of the HGB

Raimund Bar
Westdeutsche ImmobilienBank AG, Mainz
WestLB AG, Dusseldorf

87 Appointments of Managing Board members to statutory supervisory bodies

No members of the Managing Board held offices in accordance with section 340 a (4) no 1 of the HGB

88 Appointments of employees to statutory supervisory bodies

The following employees hold the following offices or exercise the following functions at the companies listed below

Family name	First name(s)	Name and legal form of company in which office was held	Office/Function	Private or Bank appointment
Adler	Marcus	Allvaris GmbH	Management	Bank
Adler	Marcus	WestProjekt & Consult Gesellschaft fur Projektentwicklung und Consulting mbH	Management	Bank
Adler	Marcus	Sevens Dusseldorf GbR	Management	Bank
Bar	Raimund	Westdeutsche ImmobilienBank AG	Supervisory Board	Bank
Bar	Raimund	WestLB AG	Supervisory Board	Bank
Bergmann	Michael	UFW-Greven	President	Private
Chapman	Nigel	The Association of Property Bankers Limited	Director	Private
Cohausz	Claus-Jurgen	Deutsch-Britische Industrie- und Handelskammer	Hesse Regional Committee	Bank
Engler	Uwe	Westdeutsche ImmobilienHolding GmbH	Management	Bank
Figgen	Frank	Stadt Hamm	Council	Private
Figgen	Frank	HAM TEC GmbH-Technologiezentrum, Grunderzentrum fur Unternehmen in Hamm	Shareholders' Meeting	Private
Fohrmann	Andreas	Fischerinsel Beteiligungs GmbH	Management	Bank
Fohrmann	Andreas	WMO Entwicklungsgesellschaft mbH	Management	Bank
Forrest	Madeleine	The Association of Property Bankers Limited	Director	Private
Dr Ghaemmaghami	Mike	WIB Real Estate Finance Japan K K	Management	Bank
Hilgemann	Rainer	Projektentw -Ges Gartenstadt Wildau Rothegrund II mbH	Management	Bank
Hilgemann	Rainer	Projektgesellschaft Klosterberg mbH	Management	Bank
Lukas	Friedrich	Wohnungsverein 1893 eG, Munster	Supervisory Board	Private
Menke	Ulrich	West Zwanzig GmbH	Management	Bank
Menke	Ulrich	Allvaris GmbH	Management	Bank
Menke	Ulrich	WestProjekt & Consult Gesellschaft fur Projektentwicklung und Consulting mbH	Management	Bank
Neumann	Ewald	Zimbal Grundstucksverwaltungsgesellschaft mbH i L	Management	Bank
Plagemann	Thomas	Fischerinsel Beteiligungs GmbH	Management	Bank
Santen	Anne	Gewerbegebiet Munster Loddenheide mbH	Management	Bank
Santen	Anne	Dalberger Hof GmbH (ehemals West Neunzehn GmbH)	Management	Bank
Schweikert	Ludwig	WPW Immobilienentwicklungsgesellschaft Nr 1 mbH	Management	Bank
Weber	Martin	Westdeutsche ImmobilienHolding GmbH	Management	Bank

89 Events after the balance sheet date

There were no events of particular significance after the balance sheet date

90 List of shareholdings

Investments/shares in affiliated companies (section 285 no 11 of the HGB, section 313 [2] of the HGB, section 340a [4] no 2 of the HGB) (as at 31 December 2009)

No	Name/town or city	Equity interest %	Voting power if different	Currency code	Equity in € thousands	Profit/loss in € thousands	Total asset € thousands
I	Companies included in the consolidated financial statements						
1	Consolidated subsidiaries						
a	Subsidiaries in accordance with IAS 27						
1	Westdeutsche ImmobilienHolding GmbH Mainz[5]	94 60		EUR	5 539	0	48 257
2	WestGkA Management Gesellschaft fur kommunale Anlagen mbH, Dusseldorf[5]	89 87	95 00	EUR	642	0	123,378
3	WestProject & Consult Gesellschaft fur Projektentwicklung und Consulting mbH Dusseldorf[5]	94 60	100 00	EUR	1,559	0	7 059
4	WIB Real Estate Finance Japan K K Tokyo, Japan[5]	100 00		JPY	10,798	4,439	945,346
5	WMO Erste Entwicklungsgesellschaft mbH & Co KG, Bonn[5]	47 54	50 25	EUR	− 7,498	556	20 280
b	Subsidiaries in accordance with SIC-12						
6	Wire 2008-1 GmbH, Frankfurt am Main	0 00	0 00	EUR	-	-	-
2	Joint ventures accounted for using the equity method						
7	FEN Fachmarktzentrum ehemaliges Eisstadion Nurnberg GmbH & Co KG Berlin[4]	50 00		EUR	1,304	389	2 794
3	Associates accounted for using the equity method						
8	EMG Projekt Gewerbepark Ludwigsfelde/Lowenbruch GmbH Berlin[4]	47 50		EUR	− 1 452	− 636	12,546
II	Companies not included in the consolidated financial statements						
1	Unconsolidated subsidiaries						
a	Subsidiaries in accordance with IAS 27						
9	Allvaris GmbH, Dusseldorf[4]	94 92	100 00	EUR	870	− 41	977
10	BfP Beteiligungsgesellschaft fur Projekte mbH Dusseldorf[4]	75 68	80 00	EUR	25	0	28
11	Fischerinsel Beteiligungs-GmbH, Mainz[3]	100 00		EUR	24	− 1	27
12	Fischerinsel Vermietungs-GmbH & Co KG, Mainz[4]	100 00		EUR	− 354	− 1,185	1 037
13	GkA Gesellschaft für kommunale Anlagen mbH, Dusseldorf[4]	89 87	100 00	EUR	133	50	803
14	GkA Grundstucksgesellschaft Hilden mbH Hilden[4]	43 14	60 00	EUR	58	5	6 776
15	Infrastrukturentwicklungsgesellschaft Hilden mbH, Hilden[4]	46 73	52 00	EUR	61	1	16,846
16	ITCM Immobilien Consulting und Management GmbH & Co KG i L, Hamburg[1]	94 60	100 00	EUR	-	-	-
17	ITCM Immobilien Consulting und Management Verwaltungsgesellschaft mbH i L Hamburg[1]	94 60	100 00	EUR	-	-	-
18	LIFE VALUE Construction GmbH Dusseldorf[4]	89 87	100 00	EUR	554	8	1,502
19	LIFE VALUE GmbH & Co Building 1 KG, Dusseldorf[4]	82 72	100 00	EUR	− 1 843	− 750	5 786
20	LIFE VALUE GmbH & Co LivingLofts KG, Düsseldorf[4]	82 72	100 00	EUR	− 319	− 135	1,267
21	LIFE VALUE GmbH & Co Loft 1 KG Dusseldorf[4]	82 72	100 00	EUR	− 1,287	− 515	4,185
22	LIFE VALUE GmbH & Co Palace 1 KG, Düsseldorf[4]	82 72	100 00	EUR	− 2 735	− 992	8 717
23	LIFE VALUE GmbH & Co 10 Broome KG Dusseldorf[4]	82 72	100 00	EUR	− 500	− 127	2 121
24	LIFE VALUE GmbH & Co 11/14 Centre KG, Düsseldorf[4]	82 72	100 00	EUR	− 324	− 166	1 933
25	LIFE VALUE GmbH & Co 2 Sullivan KG Dusseldorf[4]	82 72	100 00	EUR	− 412	− 245	3 150
26	LIFE VALUE GmbH & Co 3 Thompson KG, Düsseldorf[4]	82 72	100 00	EUR	− 233	− 198	3 074
27	LIFE VALUE GmbH & Co 4 Wooster KG, Dusseldorf[4]	82 72	100 00	EUR	− 178	− 245	1,724
28	LIFE VALUE GmbH & Co 5 Greene KG Dusseldorf[4]	82 72	100 00	EUR	− 266	− 232	655
29	LIFE VALUE GmbH & Co 6 Houston KG, Dusseldorf[4]	82 72	100 00	EUR	− 448	− 110	1,778
30	LIFE VALUE GmbH & Co 7/8 Prince KG Düsseldorf[4]	82 72	100 00	EUR	− 1 438	− 347	5 915

No	Name/town or city	Equity interest %	Voting power if different	Currency code	Equity in € thousands	Profit/loss in € thousands	Total asset € thousands
31	LIFE VALUE GmbH & Co 9 Spring KG, Dusseldorf[4]	82 72	100 00	EUR	– 563	– 140	2 365
32	LIFE VALUE Properties GmbH, Dusseldorf[4]	82 78	100 00	EUR	155	23	169
33	Objekt Marktpassage Frechen GmbH & Co KG Dusseldorf[4]	94 92	100 00	EUR	– 232	– 338	15 191
34	PE Projekt Entwicklungsgesellschaft mbH, Dusseldorf[4]	94 92	100 00	EUR	25	0	371
35	PM Portfolio Management GmbH Dusseldorf[4]	94 92	100 00	EUR	100	38	127
36	Projekt Carree am Bahnhof GmbH & Co Burozentrum KG, Bad Homburg[2]	45 83	51 00	EUR	–	–	–
37	Projekt Carree am Bahnhof Verwaltungs GmbH, Bad Homburg[2]	45 83	51 00	EUR	–	–	–
38	Projektentwicklungsgesellschaft Gartenstadt Wildau Rothegrund II mbH, Wildau[4]	94 00		EUR	– 6,337	– 73	7 267
39	Projektgesellschaft Klosterberg mbH, Munster[4]	94 00		EUR	– 402	–112	1 103
40	RI Rheinische Immobiliengesellschaft mbH & Co Funfte Verwaltungs KG Dusseldorf[4]	94 92	100 00	EUR	43	– 6	47
41	West Zwanzig GmbH Mainz[4]	100 00		EUR	25	1	25
42	WIP Westdeutsche Immobilien Portfolio Management GmbH, Dusseldorf[4]	100 00		EUR	601	24	862
43	WMO Entwicklungsgesellschaft mbH Bonn[4]	47 54	100 00	EUR	30	1	32
2	Joint venture						
44	FEN Fachmarktzentrum ehemaliges Eisstadion Nurnberg Verwaltungs GmbH, Berlin[4]	50 00		EUR	47	3	52
45	Frankonia Eurobau Max-Viertel GmbH, Nettetal[4]	25 00		EUR	– 16 525	– 1 576	356 817
46	GID Gesellschaft fur Innenstadtentwicklung in Duisburg mbH, Hamburg[4]	45 00		EUR	– 17	4	18
47	Grundstucksentwicklungsgesellschaft Krohnstieg Sud mbH, Bremen[4]	45 00		EUR	– 2 698	– 288	4 567
48	Kampnagel 3 Grundstucksentwicklungsgesellschaft mbH i L , Hamburg[1]	33 60		EUR	–	–	–
49	Kampnagel 4 Grundstucksentwicklungsgesellschaft mbH i L Hamburg[1]	33 60		EUR	–	–	–
50	Objektgesellschaft KAP am Sudkai mbH i L , Koln[1]	25 00		EUR	–	–	–
3	Associates						
51	BBT Wohnungsbeteiligungs GmbH & Co KG i L , Stuttgart[1]	21 59		EUR	–	–	–
52	Entwicklungsgesellschaft Wohnpark Unna Sud mbH Unna[4]	33 33		EUR	285	64	2 564
53	EPM Assetis GmbH, Frankfurt/M [4]	28 38	30 00	EUR	25,756	2 693	54 144
54	EVIS Euro Vertano Investment Services Sp z o o , Warszawa Polen[3]	33 33		PLN	12	4	55
55	GML Gewerbepark Munster-Loddenheide GmbH, Munster[4]	33 33		EUR	10 032	– 347	21,365
56	Projekt Zeppelin-Center Friedrichshafen Verwaltungs GmbH i L , Bonndorf[1]	25 00		EUR	–	–	–
57	Reschop Carre Hattingen GmbH, Dusseldorf[4]	40 00		EUR	– 906	– 468	22,314
58	Reschop Carre Marketing GmbH Dusseldorf	40 00		EUR	–	–	–
59	Retail Property Development GmbH, Hamburg[4]	50 00		EUR	18	– 2	19
60	RI Rheinische Immobiliengesellschaft mbH, Dusseldorf[4]	37 97	40 00	EUR	26	0	551
61	RI Rheinische Immobiliengesellschaft mbH & Co Erste Verwaltungs KG Dusseldorf[4]	37 97	40 00	EUR	6,604	575	7 212
62	RPD Management GmbH, Hamburg[4]	50 00		EUR	22	– 1	23
63	StadtGalerie Witten GmbH, Dusseldorf[4]	40 00		EUR	– 1,012	– 1,103	18 916
64	StadtGalerie Witten Marketing GmbH, Dusseldorf	40 00		EUR	–	–	–
65	WPW Immobilienentwicklungsgesellschaft Nr 1 GmbH, Trier[4]	33 33		EUR	329	8	331

1) In liquidation
2) No information available
3) Only available data relates to 31 December 2007
4) Only available data relates to 31 December 2008
5) Preliminary 2009 financial statements

Mainz, 9 March 2010

Dr Peter Kropp

Claus-Jurgen Cohausz

Rainer Spielmann

Audit opinion

We have audited the consolidated financial statements prepared by Westdeutsche ImmobilienBank AG, Mainz – comprising the income statement, the statement of comprehensive income, the balance sheet, the statement of changes in equity, the cash flow statement, the notes to the financial statements and the segment reporting – together with the group management report for the fiscal year from 1 January 2009 to 31 December 2009 The preparation of the consolidated financial statements and the group management report in accordance with IFRSs as adopted by the EU, and the additional requirements of German commercial law pursuant to Sec 315a (1) HGB ["Handelsgesetzbuch" German Commercial Code] are the responsibility of the Company's management Our responsibility is to express an opinion on the consolidated financial statements and the group management report based on our audit

We conducted our audit of the consolidated financial statements in accordance with Sec 317 HGB ["Handelsgesetzbuch" German Commercial Code] and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprufer [Institute of Public Auditors in Germany] (IDW) Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the consolidated financial statements in accordance with the applicable financial reporting framework and in the group management report are detected with reasonable assurance Knowledge of the business activities and the economic and legal environment of the Group and expectations as to possible misstatements are taken into account in the determination of audit procedures The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the consolidated financial statements and the group management report are examined primarily on a test basis within the framework of the audit The audit includes assessing the annual financial statements of those entities included in consolidation, the determination of entities to be included in consolidation, the accounting and consolidation principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements and the group management report We believe that our audit provides a reasonable basis for our opinion

Our audit has not led to any reservations

In our opinion, based on the findings of our audit, the consolidated financial statements comply with IFRSs as adopted by the EU, the additional requirements of German commercial law pursuant to Sec 315a (1) HGB and give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with these requirements The group management report is consistent with the consolidated financial statements and as a whole provides a suitable view of the Group's position and suitably presents the opportunities and risks relating to future development

Eschborn/Frankfurt am Main, 12 March 2010

Ernst & Young GmbH
Wirtschaftsprufungsgesellschaft

Dombek
Wirtschaftspruferin
[German Public Auditor]

Hunkel
Wirtschaftsprufer
[German Public Auditor]

Responsibility Statement

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

Mainz, 9 March 2010

Dr Peter Kropp | Claus-Jurgen Cohausz | Rainer Spielmann

Report of the Supervisory Board

2009 was another extremely difficult year for the banking sector due to the ongoing financial market crisis coupled with one of the most severe recessions in the past 100 years Nevertheless, WestImmo generated a strong result in the last fiscal year, expanding its business model and its business strategy as a supplier of commercial real estate finance in its core market with local expertise on the international markets

The success of the Bank's strategy is based on the dedication of its Managing Board and employees, as well as on consistently constructive cooperation with the Staff Council The Supervisory Board would like to thank them all for their hard work

Cooperation between the Managing Board and the Supervisory Board

During the course of 2009, the Supervisory Board examined in detail the effects of the financial market crisis on the Bank, its business development and its strategic focus The Managing Board informed the Supervisory Board on both a regular and an ad hoc basis in writing and verbally of relevant issues concerning business development, planning, the risk position and risk management, as well as business strategy and compliance Ensuring the flow of information is perceived as a responsibility affecting both boards and is defined in greater detail in these bodies' bylaws Above and beyond this, the Chairman of the Managing Board and the Chairman of the Supervisory Board in particular are in constant contact and discuss strategy, business development and risk management, as well as other current developments The Supervisory Board supports the Bank's strategic development

Supervisory Board Meetings

The Supervisory Board held four ordinary meetings in the fiscal year under review One member of the Supervisory Board attended less than half of the meetings of the full Board, with justifiable reasons being given for his absence

At the meeting on 6 March 2009, the Supervisory Board took note of the Managing Board's report on the effects of the financial market crisis on WestImmo in particular This report stated that WestImmo had been able to issue Pfandbriefe again at the beginning of the year and that spreads were also increasing The Managing Board reported on developments both in the strategic portfolio and in the other holdings that do not belong to this In the process it focused in particular on the current status of the discontinued Private Customers segment

At the meeting on 11 May 2009, the Managing Board reported on the effects of the economic crisis on the real estate markets and the Bank's portfolio It outlined both the negative trend in gross domestic product in Europe, the USA and Japan and the decline in real estate prices, rents and commercial real estate transactions In addition, the Managing Board informed the Supervisory Board of various scenarios for the economic crisis and the knock-on efffects on WestImmo, especially with respect to the need for allowances for losses on loans and advances

At the meeting on 27 August 2009, the Managing Board reported among other things on the current status of the Private Customers segment, which is intended for sale, and on the liquidity risks arising from the economic crisis

Additions and updates to this report were provided at the meeting on 26 November 2009 In addition, the Managing Board informed the Supervisory Board of the current status of the sale process for WestImmo Consequently, the sale was also taken as the basis for the planning for 2010, which the Supervisory Board took note of together with the forecast for 2011 and 2014 In addition, an update of the report on the Reserve Fund was provided, as was information on the current status of the planned sale of EPM Assetis

The Supervisory Board again discussed the consolidated financial statements as at 31 December 2007 and the Group management report for fiscal year 2007, both in the versions dated 10 December 2008, which it approved in their amended form by circulating written documents In addition, it took note of the amended condensed consolidated financial statements as at 30 June 2008 and the amended condensed Group management report for the first half of 2008, both in the versions dated 10 December 2008

Changes in the Composition of the Supervisory Board

Matthias Wargers resigned from the Supervisory Board effective 15 February 2010 The Supervisory Board would like to thank Mr Wargers for his consistent support and advice

Committees

The Supervisory Board has established three expert committees the Main Committee, the Risk Committee and the Audit Committee

The Risk Committee held four meetings in the fiscal year under review, at each of which it discussed in detail the overall bank risk, risk management and the risk situation in relation to the individual risk types (credit, market, liquidity and operational risk) The Risk Committee also discussed separate analyses of loan subportfolios, the implementation and application of Basel II, the new version of the MaRisk, the audit reports and analyses of the securities portfolio At the same time, the Risk Committee is the highest decision-making authority for loan approvals and decided on the loan exposures presented to it by the Managing Board by circulating written documents

The Audit Committee held two meetings in the year under review At its meeting on 27 April 2009, the Committee took note of the annual report by the Internal Audit department for 2008 At its meeting on 19 November 2009, it took note of the key audit findings for 2009 and Internal Audit planning for 2010

Furthermore, the Managing Board reported at both meetings on the situation regarding internal and external audits At its meeting on 27 April 2009, the Audit Committee took note of the annual financial statements prepared as at 31 December 2008, including the management report, and the consolidated financial statements prepared as at 31 December 2008, including the management report, as well as the external audit reports and the unqualified audit opinions

The audit reports were discussed with the auditors and the financial statements and management reports prepared were discussed with the Managing Board As a result, the Audit Committee obtained its own view of the situation and did not raise any objections It recommended that the Supervisory Board adopt the annual financial statements and approve the consolidated financial statements

In addition, at its meeting on 19 November 2009, the Audit Committee took note of the legislative changes resulting from the Bilanzrechtsmodernisierungsgesetz (BilMoG – German Accounting Law Modernization Act)

The Main Committee met once in the year under review, on 6 March 2009, when it dealt mainly with Managing Board issues In addition, the Committee discussed the determination of the variable remuneration for Managing Board members, among other things

The chairs of the expert committees reported regularly to the Supervisory Board on the committees' work

Annual/consolidated financial statements 2008

Following the statutory audit and its own examination by the Audit Committee and the full Supervisory Board, the Supervisory Board adopted the Bank's annual financial statements as at 31 December 2008 and its management report for fiscal year 2008 on 11 May 2009 It also approved the consolidated financial statements as at 31 December 2008, including the Group management report for fiscal year 2008

Annual/consolidated financial statements 2009

In accordance with the resolution by the Annual General Meeting on 11 May 2009, Ernst & Young, Eschborn, audited the annual financial statements prepared as at 31 December 2009, including the management report, and the consolidated financial statements prepared as at 31 December 2009, including the Group management report Following their audits, the auditors issued unqualified audit opinions on each set of financial statements, including the management reports

The annual financial statements were prepared in accordance with the accounting principles laid down in the Handelsgesetzbuch (HGB – German Commercial Code) and the consolidated financial statements were prepared in accordance with the International Financial Reporting Standards (IASs/IFRSs)

At its meeting on 14 April 2010, the Audit Committee took note of the prepared financial statements and the management reports as well as the audit reports Following discussion of the audit reports with the auditors and subsequent discussion with the Managing Board, the Audit Committee raised no objections and recommended that the Supervisory Board adopt the annual financial statements and approve the consolidated financial statements

At its meeting on 22 April 2010, the Supervisory Board took note of the prepared financial statements and the management reports as well as the audit reports, the unqualified audit opinions and the report of the Chairman of the Audit Committee The financial statements, including the management reports, the audit reports and the audit findings were made available to the Supervisory Board members in good time There was a telephone link to the auditor during the Supervisory Board meeting

Following its examination and discussion, the Supervisory Board adopted the annual financial statements as at 31 December 2009 and approved the consolidated financial statements as at 31 December 2009

Mainz, 22 April 2010

Hubert Beckmann
Chairman of the Supervisory Board

Corporate Governance at Westdeutsche ImmobilienBank AG

WestImmo is committed to ensuring trust-based and sustainable corporate management for customers and business partners, as well as other stakeholders This is why the Company has voluntarily adopted the recommendations and suggestions of the German Corporate Governance Code (the Code) The current version of the Code dated 18 June 2009 serves as the benchmark for WestImmo's actions

Annual General Meeting

The Supervisory and Managing Boards provide information on the adopted financial statements and the management report, on the approved consolidated financial statements and group management report as well as on the implementation of the Code at the Annual General Meeting In addition, the Supervisory Board reports on its activities in the past fiscal year

In particular, the Annual General Meeting resolves the election of Supervisory Board members and the auditors, and approves the actions of the governing bodies It is not required to decide on the appropriation of net profit due to the existing profit/loss transfer agreement with WestLB AG

WestImmo has issued 4,000,000 no-par value registered shares each conveying one voting right, which are all held by WestLB AG The members of WestLB AG's Managing Board responsible for its Savings Banks and Middle Market Business, Finance and Controlling, the Spin-off Unit, Risk Management and the Portfolio Exit Group are also members of WestImmo's Supervisory Board

This ensures open and transparent communication with the shareholder The Managing Board and the Supervisory Board believe that certain recommendations of the Code do not offer any substantial added value due to the concrete ownership structure, for example, the Bank dispenses with the publication of convening documents for third parties, their electronic transmission and the broadcasting of the Annual General Meeting on the Internet, as well as the publication of a financial calendar The convening of the Annual General Meeting is addressed exclusively to the sole shareholder

Cooperation between the Managing Board and the Supervisory Board

The Managing Board and the Supervisory Board work together closely and in an open dialogue in the interests of the Company, the employees and the shareholder The Managing Board coordinates the strategic approach with the Supervisory Board and regularly reports to it on the status of its implementation Fundamental decisions and measures affecting the net assets, financial position and results of operations are made with the involvement of the Supervisory Board The basis for the co-operation is stipulated in the Articles of Association and the governing bodies' bylaws The Chairman of the Managing Board and the Chairman of the Supervisory Board regularly exchange information

Managing Board

The Managing Board consists of two members and a Chairman The areas of responsibility are governed separately on the basis of the authorization in the Managing Board's bylaws

The Managing Board is directly responsible for corporate management It develops the strategic approach with a view to the Company's best interests and to a sustainable increase in enterprise value It also ensures compliance with legal provisions and the Group's internal policies Appropriate risk management and risk control are of particular significance in the Company's internal policies, please refer to the Risk Report in this respect

Supervisory Board

The Supervisory Board consists of nine members No co-determination rights need to be taken into account by the Annual General Meeting for the election of Supervisory Board members In order to promote cooperation between the Company and the Staff Council, the sole shareholder appointed the Chairman of WestImmo's Staff Council to the Supervisory Board The Supervisory Board has established three expert committees the Main Committee, whose tasks largely correspond to the requirements for the Nomination Committee, the Audit Committee, and the Risk Committee, which was established due to the detailed nature of risk management activities The flow of information about risk management to the Audit Committee is primarily ensured by the Chairman of the Audit Committee being a member of the Risk Committee, and the Chairman of the Risk Committee being the Deputy Chairman of the Audit Committee

Directors' Dealings (conflicts of interest)

Managing Board or Supervisory Board members do not directly or indirectly hold shares or related financial instruments This means that there are no transactions subject to mandatory reporting in accordance with either the recommendations of the Code or with section 15 a of the WpHG

Transparency and Accounting

WestImmo publishes its consolidated financial statements and the Management Report of the Group in an Annual Report It also publishes condensed half-yearly financial statements and a condensed Interim Management Report in accordance with International Financial Reporting Standards (IFRSs) As WestImmo is not a listed company, it does not publish half-yearly financial statements within the accelerated timeframe and does not prepare quarterly reports The Bank reports each quarter to the shareholder using a predefined reporting package

Before recommending the auditors for election, the Supervisory Board obtains a statement of independence from the auditors and issues the engagement letter once the Annual General Meeting has reached a decision The Supervisory Board agrees with the auditors that they will immediately report any findings and issues that emerge during the audit and that are material for the tasks of the Supervisory Board

Remuneration Report

The shareholder of WestImmo is represented in the bodies that deal with remuneration issues This ensures transparency and the full flow of information to the shareholder WestImmo considers the cumulative disclosure of remuneration by third parties to be sufficient in order to judge the appropriateness of the remuneration Certain disclosures on remuneration must also be made in the notes to the consolidated financial statements These are presented in Notes 80 (Remuneration) and 81 (Loans) to the consolidated financial statements

Remuneration of the Managing Board

In accordance with its bylaws, the Supervisory Board had assigned responsibility for determining the remuneration paid to the Managing Board to its Main Committee As part of the amendments to the bylaws to comply with the new statutory requirements laid down in the Gesetz zur Angemessenheit der Vorstandsvergutung (VorstAG – German Act on the Appropriateness of Executive Board Remuneration), the Supervisory Board now determines the salaries and other remuneration components, including pension commitments Corresponding contracts of service have been concluded with the members of the Managing Board These include both fixed remuneration and variable remuneration components in the form of year-end remuneration

The ability to limit the variable remuneration in response to exceptional or unforeseen circumstances was introduced in the wake of the statutory amendments By contrast, severance pay caps are not contractually regulated

The fixed, non-performance-related basic remuneration is paid as a monthly salary This is reviewed at the latest when contracts are extended The Supervisory Board deals with Managing Board issues every year The fixed benefits include non-cash remuneration components on a customary scale

Following a reduction in fiscal year 2008, the pension provisions for members of the Managing Board were increased by €236 thousand in fiscal year 2009

Remuneration of the Supervisory Board

Following the end of the fiscal year, the Supervisory Board members receive appropriate non-performance-related remuneration, which is resolved by the Annual General Meeting In the interests of the independence of the controlling body, the Bank does not pay performance-related remuneration for members of the Supervisory Board as recommended by the Code

Declaration of Conformity 2009

The Managing Board and Supervisory Board of WestImmo declare in accordance with section 161 of the AktG that the recommendations of the Government Commission on the German Corporate Governance Code (the Code) in the version dated 18 June 2009 with the following exceptions, and were and are complied with, with the following exceptions

- Because of its shareholder structure, the Bank departs from the recommendations in sections 2 3 1, 2 3 2, 5 3 3 and 6 7 of the Code with regard to Annual General Meeting formalities
- To ensure maximum flexibility as recommended in section 4 2 1 of the Code, WestImmo does not allocate fixed responsibilities among Managing Board members in the bylaws However, responsibilities have been resolved in the form of a schedule of responsibilities that the Managing Board draws up for itself
- The Bank departs from the recommendations in sections 4 2 3 to 4 2 4 and 5 4 6 of the Code, as detailed in the Remuneration Report In particular, the Bank does not comply with the recommendation to publish the total remuneration of each of the members of the Managing Board, divided into fixed and variable remuneration components This is because the sole shareholder is represented on the bodies that deal with issues relating to remuneration and this fulfils the purpose behind the recommendation
- The Bank does not observe the age restrictions recommended in sections 5 1 2 and 5 4 1, as it sees no suitable quality advantages in having a maximum age
- Westdeutsche ImmobilienBank AG does not comply with the recommendations for interim management statements to third parties in accordance with section 7 1 1 of the Code or with the recommendation on the publication of half-yearly financial statements within an accelerated timeframe in accordance with section 7 1 2 of the Code due to its group membership

The Declaration of Conformity and the Corporate Governance Reports are available on the Bank's web-site at www westimmo com in the Investor Relations portal, under "Corporate Governance"

Mainz, 22 April 2010

For the Supervisory Board	For the Managing Board
Hubert Beckmann	Dr Peter Knopp
Chairman of the Supervisory Board	Chairman of the Managing Board