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Investor Relations Release

WestLB Posts First-Half Profit of € 114 Million

- Net interest income increased by 6%, costs reduced by 4%
- € 42 million profit in second quarter despite substantial special charges
- Net trading result influenced by measurement effects
- Risk provisioning sharply reduced
- Core capital ratio strengthened considerably to 10.1%

WestLB Group posted a profit before income tax of € 114 million for the first half of 2010. The result is largely attributable to the stable income from the customer business. The Bank also made further progress on the cost front. Following the spin-off of risk positions and non-essential strategic assets to Erste Abwicklungsanstalt (EAA) at the end of April, the Bank has achieved a sustainable improvement in its risk profile and strengthened its capital base. The core capital ratio stood at 10.1% at the end of June. Despite substantial charges incurred from the EAA transfer and the challenging market conditions, there was a positive result of € 42 million before tax in the second quarter. In the core bank WestLB achieved a pre-tax profit of € 304 million in the first six months of the year. The first-half result in the previous year (Group: € 302 million, core bank: € 375 million) had benefited considerably from very favourable money market conditions and positive measurement effects.

Dietrich Voigtländer, Chairman of the Managing Board, said: "WestLB posted a satisfactory result which is above our expectations. The figures show that we are on the right track. The Bank is adequately capitalised and has a robust risk profile. And, most importantly, our customers are counting on us."

Net Interest Income Up Further

In the first half of 2010 net interest income in the WestLB Group rose by € 57 million, or 6%, compared with the year-earlier period, to € 946 million. The impairment charge for credit losses amounted to € 137 million (H1 2009: € 368 million). The Bank took adequate account of all discernible credit risks.

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Net fee and commission income stood at € 128 million (H1 2009: € 140 million). The portfolios transferred to EAA lost € 36 million in net fee and commission income compared with the first half of 2009. The increase of € 24 million in net fee and commission income in the core bank resulted from growth in the lending and syndicated lending business and in the payments business. Sales commissions totalling € 45 million (H1 2009: € 27 million) from a very solid certificate business with savings banks led to a substantial increase in fee and commission expense, which was offset by higher income in the net interest and net trading result.

The net trading result of € -334 million (H1 2009: € 249 million) was heavily influenced by measurement effects, in particular from the transferred portfolio, in the first four months of the year. Government bonds and similar assets, for example, lost a net € 321 million in value (H1 2009: € -67 million). There were positive effects of € 158 million from measurement mismatches due to the application of IAS 39 (H1 2009: € -92 million) and € 38 million from credit spread changes with own liabilities (H1 2009: € 204 million). The net trading result of the core bank totalled € 89 million.

The result from financial investments of € -64 million (H1 2009: € -2 million) primarily reflects the reversal of the negative revaluation reserve from transferred items in the amount of € -92 million.

Cost Discipline Has Sustainable Impact

The tight rein on costs is having a sustainable impact: Administrative expenses decreased by a further € 24 million (-4%) to € 549 million in the first half of 2010. The number of full-time employees dropped by 191 to 4,780 at the end of June compared with the end of 2009. The net figure for other operating income and expense stood at € 154 million, compared with € -33 million in the same period a year ago, and is attributable to effects from the portfolios transferred to EAA. A total of € 30 million in restructuring expenses was incurred in the first half of the year, mostly to satisfy conditions set by the European Commission.

Segment Results: Income from Customer Business Expanded

WestLB's firm footing in the market is evidenced by the development in the customer segments. Profit before income tax in the Corporates & Structured Finance segment doubled to € 228 million (H1 2009: € 115 million). In particular, WestLB cemented its strong position in asset based finance business, international project and structured trade finance, corporate bond issuance and standard and syndicated loans. The Capital Markets segment reported a pre-tax profit of € 64 million. The result in the first half of 2009 (€ 431 million) had profited from the exceptionally

favourable money market conditions. Pre-tax profit in the Verbund & Mittelstand segment improved to € 6 million (H1 2009: € -9 million), and in Transaction Banking to € 4 million (H1 2009: € -3 million). The PEG/Unbundling segment, which reflects the effects from the transferred portfolios and the subsidiaries to be sold, showed a pre-tax result of € -190 million (H1 2009: € -73 million).

Capital Base Strengthened – Sustainable Improvement in Risk Profile

The transfer of risk positions and non-essential strategic assets with an aggregate volume of € 77 billion to EAA was completed on April 30, 2010 with retroactive effect from January 1, 2010. As a result, WestLB has been freed since May 2010 from market value fluctuations and rating migrations from the spun-off portfolios. There has thus been a sustainable improvement in the Bank's risk profile and a strengthening of its capital base. A core capital ratio of 10.1% and an overall ratio of 14.6% at June 30, 2010 are clear evidence of this. The adequate capitalisation of the Bank was confirmed by the stress tests of European banks carried out in July. The Bank's improved risk profile is also seen in the sharp reduction of risk-weighted assets, which totalled € 53.4 billion at the end of June (December 31, 2009: € 83.0 billion). Total assets on the reporting date stood at € 251.2 billion (December 31, 2009: € 242.3 billion).

On June 22, 2010, the European Commission extended the deadline for its final decision in the current aid proceedings relating to the EAA, stating that it needed more time to complete its examination on account of the complexity of the transaction. The owners, the German government, Special Fund Financial Market Stabilisation (SoFFin) and WestLB are working very hard to bring these proceedings to a timely conclusion.

By systematically reducing risk and concentrating on its customer business, WestLB took important strategic decisions in the first half of 2010. The owners and SoFFin expressly support the Bank's strategic course. With the appointment of Friedrich Merz to oversee the divestiture of WestLB, the Bank has fulfilled an important prerequisite for the change in ownership demanded by the European Commission.

Dietrich Voigtländer added: "With the EAA solution, WestLB has assumed a pioneering role that is viewed positively by the market. The smooth implementation shows that the Bank keeps its promises. We have now created a solid basis for the further expansion of our customer business. The Bank is likewise well prepared for the upcoming change in ownership. Our overriding priority remains unchanged: to integrate WestLB fully into the process of consolidation among the Landesbanks."

Enclosures

Group Statement of Income January 1 - June 30, 2010

Group Balance Sheet as at June 30, 2010

If you have any questions on the above, please do not hesitate to contact our Investor Relations team:

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Statement of Income for the Period January 1 – June 30, 2010 for the WestLB Group

€ millions	1.1 – 30.06.2010	1.1. – 30.06.2009	Change
Net interest income	946	889	57
Impairment charge for credit losses	-137	-368	231
Net interest income after impairment charge for credit losses	809	521	288
Net fee and commission income	128	140	-12
Net trading result	-334	249	-583
Result from financial investments	-64	-2	-62
Administrative expenses	549	573	-24
Other operating income and expense	154	-33	187
Restructuring expenses	30	0	30
Profit before income tax	114	302	-188
Income taxes	-47	-78	31
Profit after income tax	67	224	-157

Balance Sheet as at June 30, 2009 for the WestLB Group

Assets, € billions	30.06.2010	31.12.2009	Change
Cash and balances with central banks	0.4	2.0	-1.6
Loans and advances to banks	18.9	10.4	8.5
Loans and advances to customers	87.6	96.9	-9.3
Allowances for losses on loans and advances	-0.9	-1.7	0.8
Receivables under reverse repurchase agreements	43.6	31.0	12.6
Trading assets	82.8	59.9	22.9
Financial assets designated at fair value	9.7	22.3	-12.6
Financial investments	5.2	8.5	-3.3
Other assets	3.5	4.1	-0.6
Assets held for sale	0.4	8.9	-8.5
Total assets	251.2	242.3	8.9

Liabilities, € billions			
Liabilities to banks	27.8	36.2	-8.4
Liabilities to customers	27.9	27.6	0.3
Certificated liabilities	23.4	31.6	-8.2
Liabilities under repurchase agreements	48.5	36.4	12.1
Trading liabilities	64.4	47.3	17.1
Financial liabilities designated at fair value	44.4	48.4	-4.0
Subordinated debt	4.5	4.6	-0.1
Equity	4.2	3.7	0.5
Other liabilities	6.1	6.5	-0.4
Total liabilities and equity	251.2	242.3	8.9