

Report as of June 30, 2011

Financial Stability Board (FSB) Report

1. Introduction

With a view to strengthening the resilience of the financial institutions and markets, the Financial Stability Board and the Senior Supervisors Group (SSG) recommended that market transparency should be improved through additional disclosure of special portfolio data. With this in mind, WestLB has been publishing its FSB Report on a half-yearly basis since June 30, 2008. The current report provides updated information as of June 30, 2011. It contains information on the following special portfolios which were not transferred as part of the spin-off of risk positions and non-essential strategic assets into Erste Abwicklungsanstalt:

ABCP Conduit Sponsored by WestLB

The following description refers to the Compass programme, which is the sole remaining ABCP conduit sponsored by WestLB after termination of the Paradigm programme. WestLB provides credit facilities to Compass and acts as the programme administrator.

Exposure to Monoline Insurers

This portfolio consists of WestLB's direct exposures to US bond insurers (monoline insurers) as well as exposures to third parties insured by these companies.

Leveraged Finance

This portfolio comprises commitments to finance or refinance company takeovers with a high leverage ratio.

As in prior publications, the following sub-portfolios are not part of the reporting:

- WestLB's project and acquisition financing portfolio, where most of the loans are granted to SPVs which are not members of the Group. This portfolio is part of the standard lending business of the WestLB Group.
- A large portion of the structured credit trading portfolio has been sold. WestLB fully secures the remaining exposure by means of single and multi-name credit default swaps as well as derivatives on credit indices.
- Hedge fund exposure, since its risk level is not significant given its small volume as well as secured and thus low risk structure.
- The financial institutions portfolio, since it is considered a standard sub-portfolio of the Bank which represents a normal part of the business and therefore is discussed as part of other disclosure requirements.

2. ABCP Conduit Sponsored by WestLB

The ABCP conduit Compass described hereafter is administered by WestLB. Since July 16, 2010, credit facilities have been made available to the conduit by the Bank, enabling a continued issuance of cash-backed commercial paper with a rating of A1/P-1. The volume of cash collateral fully covers the volume of CPs issued (including transaction costs).

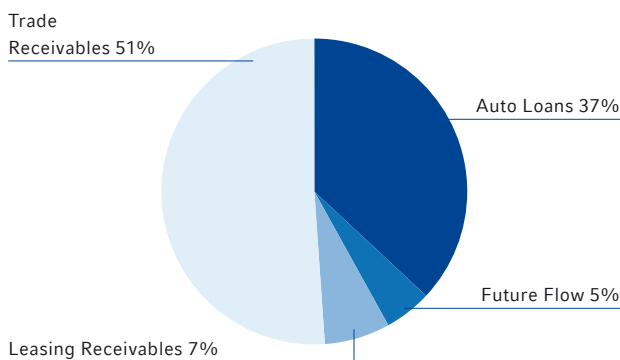
As per June 30, 2011, the volume of the commercial paper issued by Compass amounted to € 931 million (US\$ 1.344 billion); the total refinanced volume based on purchased receivables was € 2.3 billion, refinanced by issued commercial paper (as of June 30, 2011: € 0.9 billion) and drawings on the credit facilities provided by WestLB. A total of 37 transactions are part of the Compass Programme. The expected loss is covered multiple times by credit enhancements provided by the receivables' sellers or third parties.

Due to the continued challenging situation in the commercial paper market, WestLB refinances a major part of the Compass programme (European pools) via credit facilities. The US pools are refinanced by issuance of commercial paper.

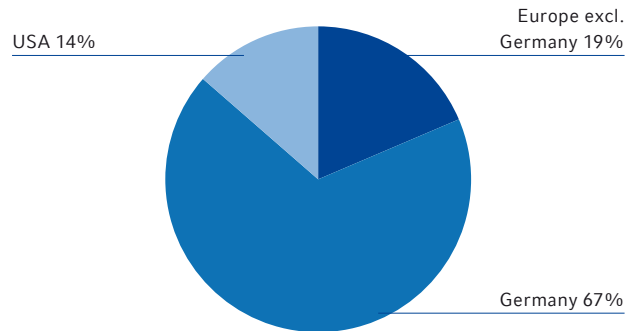
€ billions	Programme Volume	Total Volume of Issued CP	CP Purchased by WestLB
31/12/2010	2.4	0.3	0
30/6/2011	2.3	0.9	0.6

The charts below show the significant characteristics of the underlying portfolios in the programme.

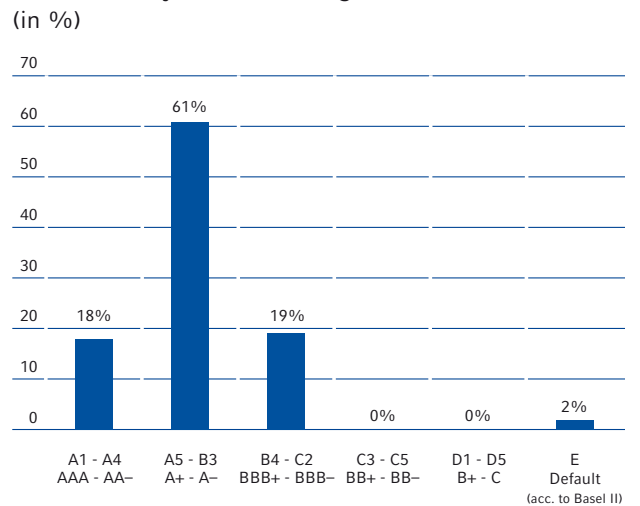
Breakdown by Asset Classes



Breakdown by Regions



Breakdown by Internal Ratings



Following the more favourable economic situation, particularly in Germany, the portfolio quality improved so far in 2011. The underlying assets are broadly diversified, predominantly among debtors in Germany and Europe and to a lesser degree in the US. Over three quarters of the assets carry a rating which corresponds to an external rating of "A" or higher. The portion of the assets with ratings in the sub-investment grade range is only 2%.

3. Exposure to Monoline Insurers

Direct Exposure to Monoline Insurers

The direct exposure to monoline insurers, which consists of securities, increased by around € 2.2 million to € 5.7 million as of June 30, 2011 due to higher market values (as of December 31, 2010: € 3.5 million). One hundred percent of the exposure is in the sub-investment grade range.

Indirect Exposure to Monoline Insurers

As of June 30, 2011, the indirect exposure to monoline insurers amounted to approximately € 96 million (December 31, 2010: € 127 million). This exposure represents receivables the Bank is owed by third parties which are insured by monoline insurers. The indirect exposure decreased by € 31 million in the first half of 2011 due to amortisation. From today's perspective, the underlying transactions, which have maturities in 2012 and 2013, remain of sufficient quality even without monoline insurance. The Bank does not expect any defaults at this time. When viewing the risk in isolation, i.e. without accounting for monoline guarantees, 48.4% of the transactions carry a rating in the AAA to A- range and 51.6% are in the BBB+ to BBB- range.

The indirect exposure no longer includes any purchase commitments for securities issued by US municipalities and guaranteed by monoline insurers.

4. Leveraged Finance

The table below shows the Bank's exposure resulting from loans and loan commitments for the financing or refinancing of company takeovers which are highly leveraged.

€ millions	31/12/2010	30/6/2011
Undrawn lines	105	137
Drawn lines	543	572
Total	648	709

The exposure in leveraged loans rose by 9% in the first half of 2011 mainly because of new business in the Verbund sector.

The portfolio has a solid sectoral and regional diversification (Europe 75%, Asia-Pacific 18%, America 7%). The single-name concentrations are appropriate, especially given the sharp reduction in the size of the portfolio and total number of transactions (Top 5: 41% of the total exposure). The transactions carry ratings in the sub-investment grade range, which is typical of this type of business, with most ratings (approximately 77%) in the BB to B+ range. Individual allowances of € 3 million were in place for this portfolio as of June 30, 2010 (December 31, 2010: € 0).

List of Abbreviations

ABCP	Asset Backed Commercial Paper
SPV	Special Purpose Vehicle
US	United States

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