

30.
06

January 1 – June 30, 2004

Interim Report

Overview of the WestLB Group

RATIOS

	1.1.–30.6.2004 %	1.1.–30.6.2003 %	Change € millions
Return on equity before taxes	11.7	– 12.2	n.a.
Cost-income ratio*	87.5	74.8	n.a.

* measured against the operating results

PERFORMANCE FIGURES

	1.1.–30.6.2004 € millions	1.1.–30.6.2003 € millions	Change € millions
Operating result before risk provisions/result of evaluation	128.0	311.6	– 183.6
Operating result after risk provisions/result of evaluation	241.1	– 288.1	529.2
Profit/loss for the year before taxes	209.7	– 347.8	557.5
Profit/loss for the year after taxes	167.4	– 377.9	545.3

BALANCE SHEET FIGURES

	30.6.2004 € billions	31.12.2003 € billions	Change € billions
Total assets	281.9	256.2	25.7
Business volume	389.5	365.2	24.3
Credit volume	259.0	234.4	24.6
Borrowed refinancing funds	260.1	231.3	28.8
Capital and reserves	11.2	11.0	0.2

BANK REGULATORY CAPITAL RATIOS (BIS)

	30.6.2004	31.12.2003	Change € billions
Core capital (€ billions)	6.729	6.677	0.1
Total capital (€ billions)*	14.567	14.356	0.2
Core capital ratio (%)	6.2	5.7	n.a.
Total capital ratio (%)	10.9	10.3	n.a.

* after deduction of unused Tier III capital eligible for inclusion

STAFF

	30.6.2004	31.12.2003	Change
Staff	7,280	7,738	– 458

RATINGS

	Short Term	Long Term
Moody's	P-1	Aa2
Standard & Poor's	A-1+	AA
Fitch Ratings	F1+	AAA

Chairman's Statement

Dear shareholders and clients,

WestLB in mid-2004 is a bank that has undergone profound reform and now has profitable business operations. From being an institution in deep crisis, it has emerged within the space of only a few months as a company geared towards growth, with rising profitability and a viable future. Our customers and owners are rewarding this by placing growing confidence in WestLB's ability to deliver. The rating agencies have already acknowledged our capital market eligibility for the period after state guarantees are eliminated in July 2005 by upgrading our rating to the "A" category, not least as a result of the additional support agreements with our owners.

Never before has WestLB provided its investors, business partners and the media with such detailed and transparent business information. We will maintain this approach. It underlines the fact that the new WestLB will continue to extend and develop the trust placed in the bank by its stakeholders. At the same time, our new openness is an indication of the confidence which we ourselves have in our strategy and potential.

WestLB Group reported good results in the first half of 2004 despite difficult market conditions and a phase of internal restructuring. At approximately € 210 million, pre-tax profit is above half of our budgeted figure for the whole of 2004. The comprehensive elimination of all risks from the balance sheet in 2003 has begun to bear fruit in the form of significantly lower risk provisioning expenditure and positive results from the equity investment business. We are reducing expenses at WestLB systematically. The earnings side of our business continues to reflect the drag effect of the strategy reversal at the turn of the year 2003/2004, but with each month that passes we are gradually returning to normality.

During the last few months the owners, Managing Board and employees of the Bank have laid the foundations for the future of WestLB as a profitable commercial bank centred on North Rhine-Westphalia. The agreed capital increase will ensure that the core capital ratio is clearly above the target figure of seven per cent. The framework agreement with the savings banks in North Rhine-Westphalia and the agreements signed with individual savings banks place our alliance with the Savings Banks Finance Group, with its roughly 11.5 million customers in North Rhine-Westphalia and Brandenburg, on a firm footing.

We are making good progress in positioning the Bank to attract new corporate customers at home and abroad. Preparations for restarting private banking operations in Germany are proceeding as planned. In the capital markets business WestLB is more than ever a dynamic and innovative player with a much improved risk structure.

Despite all these successes, there is no room for complacency. For WestLB, the year 2004 is only one small but important step along the way to becoming a financially strong and growing bank, which fully exploits its business potential with the savings banks, companies, capital markets and private clients to achieve its ambitious targets. The first of these is a profit for 2004 that is in line with our budgeted figure. Only a profitable WestLB can be an active force in the ongoing process of restructuring taking place in the German financial sector. We are determined to live up to these expectations.

Sincerely yours,



Dr. Thomas R. Fischer
Chairman of the Managing Board

Contents

- 4 WestLB Takes a New Direction
- 6 Business Review
- 11 Group Statement of Income
January 1 – June 30, 2004
- 12 Details of Group Statement of Income
- 14 Segment Report
- 16 Group Balance Sheet as at June 30, 2004
- 17 Details of Group Balance Sheet
- 18 Details of Derivatives Business
- 19 Governing Bodies of WestLB AG

WestLB Takes a New Direction

In the past few months, the owners and Managing Board of WestLB have taken important decisions about the Bank's future strategic direction. These decisions have had a direct impact on the Bank's operations and will continue to do so in the future.

New Business Model

In May, the Managing Board officially adopted the new business model agreed with the Bank's owners. WestLB will position itself as a European commercial bank with a presence in the major international financial centres and strong roots in North Rhine-Westphalia (NRW).

The new business model focuses on a close partnership with the savings banks in NRW and Brandenburg. This partnership will provide clients with the services of a universal bank as well as expertise in specialist fields of activity. It aims to exploit hitherto untapped market opportunities (e.g. with larger medium-sized companies and high net worth private clients) through a coordinated and integrated market approach. WestLB's activities in the second half of 2004 will focus on implementing the new business model.

Managing Board Now Complete

WestLB's organisational structure has been aligned with the new business model and two new members have been appointed to the Managing Board, bringing its total membership to eight. Robert M. Stein, an investment banker with extensive international experience, has assumed responsibility for Private Banking. Dr. Hans-Jürgen Niehaus, a respected financial expert, will join the Managing Board as CFO with effect from January 1, 2005.

Agreements on Closer Cooperation with the Savings Banks

The joint business model with the savings banks is based on a framework agreement between the two North Rhine-Westphalian savings banks associations, the savings banks themselves and WestLB, as well as on bilateral agreements between the individual savings banks and WestLB. Cornerstones of the framework agreement include the key strategic objectives of the partnership and the joint business segments, the definition of WestLB's role as the central institution and the rules for the joint market approach.

€ 1.5 Billion Capital Increase

On June 29, 2004, the Shareholders' Meeting of WestLB AG decided to increase the Bank's capital by € 1.5 billion by the end of September 2004. The Savings Banks and Giro Association of the Rhineland (RSGV) and the Savings Banks and Giro Association of Westphalia-Lippe (WLSGV) will each contribute half of that amount. The two savings banks associations also exercised their direct investment option and acquired a direct interest in WestLB with effect from July 1, 2004. As a result RSGV and WLSGV now have shareholdings of approximately 30.6% each, making them majority owners of WestLB. The State of North Rhine-Westphalia remains a major individual shareholder of WestLB via NRW.BANK.

The new capital injection will increase share capital by € 810.74 million (reflecting an offering premium of 185%) to € 1,794.6 million, and will raise WestLB Group's core capital ratio to 7.3%.

Alongside the capital increase, the owners signed a new shareholder agreement. This agreement ensures that an appropriate capitalisation of the Bank will be guaranteed irrespective of the decision by the European Commission in the pending Wfa state aid proceedings. It also ensures that RSGV and WLSGV will jointly retain the majority of the capital and voting rights in WestLB.

Reserve Funds

On July 21, 2004, the two North Rhine-Westphalian savings banks associations and WestLB AG decided to establish two reserve funds with a volume of € 500 million each. The funds are designed to support member savings banks or WestLB in the event of their getting into financial difficulties. Existing support facilities will remain unaffected.

The total volume of each reserve fund is made up of € 250 million in cash and additional funding obligations of the same amount. The two associations and WestLB will make the cash contributions in the form of annual payments of € 12.5 million each until the total amount is reached.

Rating Improvement

In July 2004 Standard & Poor's (S&P), Fitch Ratings and Moody's Investors Service each upgraded various WestLB ratings. As a result of the establishment of the new reserve funds in conjunction with the savings banks, S&P raised its so-called "shadow rating" for WestLB (i. e. the theoretical rating without the state guarantees which are due to be abolished on July 18, 2005) to "A-". This rating would secure WestLB's access to the capital market. Fitch has also rated WestLB "A-"; while Moody's upgraded WestLB's financial strength rating by two notches to "D-".

The publication of a "shadow rating" does not imply a downgrading of the rating for existing liabilities of WestLB AG and its subsidiaries. On the contrary, the current ratings of "AA" (S&P), "AAA" (Fitch) and "Aa2" (Moody's) for WestLB's long-term liabilities were confirmed.

Business Review

Basis of the Interim Reporting

The interim report of the WestLB Group at June 30, 2004 was prepared in accordance with the provisions of the German Commercial Code (HGB), the Ordinance Regarding Accounting for Banks and Financial Services Institutions and the relevant provisions of the German Stock Corporation Act (AktG). The scope of consolidation includes 74 companies; as compared with the scope of consolidation at December 31, 2003, WestLB Basinghall (formerly WestLB Panmure Ltd., London) is no longer included because it was sold.

Return to Profitability

After two years with heavy losses, WestLB has returned to profitability in the first six months of 2004. Before taxes the Group earned approximately € 210 million and thus after six months achieved considerably more than half

of the planned profit for fiscal year 2004 of € 357 million. The systematic realignment of our loan and investment portfolio as of year-end 2003 made significant contributions in this regard in the form of a positive result of provisions/evaluation. We reduced administrative expenses by approximately € 30 million. However, income also declined more sharply than in the previous year. As a result, the cost-income ratio experienced a noticeable increase. The reduced income from operating activities in the first six months clearly reflects the weak economy in Germany and the drag effect of the strategy reversal at the beginning of 2004 towards acting with greater risk awareness. Nevertheless, WestLB also returned to a sound footing in its operating activities in the first six months of the year. At € 88.1 million in the second quarter of 2004, the operating result before risk provisions and evaluation was more than double that of the first quarter.

GROUP STATEMENT OF INCOME

JANUARY 1 – JUNE 30, 2004

	1. 1.–30. 6. 2004 € millions	1. 1.–30. 6. 2003 € millions	Change € millions
Net interest income	877.8 ¹	959.6 ²	– 81.8
Net commission income	169.8	264.6	– 94.8
Net income from trading operations	– 140.8	– 124.8	– 16.0
Personnel expenses	– 504.0	– 493.8	– 10.2
Other administrative expenses	– 392.6	– 432.9	40.3
Other operating result	117.8	138.9	– 21.1
Operating result before risk provisions/ result of evaluation	128.0	311.6	– 183.6
Risk provisions/result of evaluation	113.1	– 599.7	712.8
Operating result after risk provisions/ result of evaluation	241.1	– 288.1	529.2
Extraordinary result	– 31.4	– 59.7	28.3
Profit/loss for the year before taxes	209.7	– 347.8	557.5
Taxes on income and revenues	– 42.3	– 30.1	– 12.2
Profit/loss for the year after taxes	167.4	– 377.9	545.3
For information:			
Increase in market value reserves in the trading portfolios not yet included in income	91.7	164.7	– 73.0
Profit/loss for the year after taxes on a marked-to-market basis	259.1	– 213.2	472.3

¹ Net interest income includes interest income of € 336.5 million from portfolios of the trading book.

² Net interest income includes interest income of € 367.1 million from portfolios of the trading book.

Earnings Mixed

Net interest income of € 877.8 million in the first six months of 2004 was € 81.8 million less than the previous year's figure of € 959.6 million. This decrease is primarily attributable to reduced income from money market transactions, which contributed significantly to the increase in net interest income in the first six months of 2003. Net interest income includes € 336.5 million in interest income from portfolios of the trading book (June 30, 2003: € 361.7 million).

Net commission income was € 169.8 million in the first six months of 2004, down € 94.8 million on the previous year. The principal reason for this was the restrained pace of new business in structured products because of higher risk sensitivity in lending policy.

Net income from trading operations was € -140.8 million in the first six months of 2004. This amount includes the realised results of price movements and the unrealised results of evaluation in the trading portfolios carried on the balance sheet, as well as all realised and unrealised profit components of the derivative financial instruments assigned to the trading portfolios. Only the unrealised gains that can be netted within the macro portfolios are recognised. The marked-to-market result in trading of € -49.1 million is considerably better than the result reported under the German Commercial Code (HGB). The € 91.7 million difference corresponds to the increase in market value reserves, which stood at € 326.3 million at June 30, 2004 (December 31, 2003: € 234.6 million). If the interest income from trading operations is included, the trading result is clearly positive at € 195.7 million (June 30, 2003: € 242.3 million).

Costs under Control

Because of the rigorous cost management, **administrative expenses** were reduced by € 30.1 million to € 896.6 million in the first six months of 2004. At € 504.0 million,

personnel expenses remained almost constant year-on-year. The reduction in the number of employees led to significant savings in salary payments; however, these savings were offset in particular by higher allocations to provisions for performance-related compensation. In contrast, other administrative expenses were reduced by € 40.3 million to € 392.6 million through additional cost savings in IT.

Other operating income and expenses fell by € 21.1 million to € 117.8 million. This year-on-year decrease is primarily attributable to lower sales revenues at WestLB Systems as a result of the partial business transfer to WestLB.

Positive Risk Result

The risk provisions/result of evaluation stood at € 113.1 million and is made up as follows:

The improvement in the **result of provisions for credit risks** to € 2.2 million in the first half of 2004 in comparison to € -523.8 million in the first half of the previous year is attributable to the portfolio realignment in the lending business and the coverage of all risks discernible in the Group as of year-end 2003.

The **result of participations** stood at € 46.4 million in the first six months of 2004, marking an improvement of € 87.7 million in comparison to the first six months of 2003 (€ -41.3 million). Proceeds from the sale of participations contributed to the improved result.

The reduced need for write-downs in comparison to the previous year and increased income from the sale of shares and bonds held in the investment portfolio had a positive effect on the **result of securities**.

The **extraordinary result** stood at € -31.4 million and was thus € 28.3 million better than the previous year's result.

RISK PROVISIONS/RESULT OF EVALUATION

	30. 6. 2004 € millions	30. 6. 2003 € millions	Change € millions
Result of provisions for credit risks	2.2	- 523.8	526.0
Result of participations	46.4	- 41.3	87.7
Result of securities	64.5	- 34.6	99.1
Risk provisions/result of evaluation	113.1	- 599.7	712.8

Lending Business and Equity Investments Increase

The following is a comparison of the segment results for the first six months of 2004 and the first six months of 2003 on the basis of net income before income taxes.

The first six months of 2004 saw considerably fewer defaults in the Lending segment than in the same period in 2003. The segment result increased from € -55.6 million (first six months of 2003) to € 85.8 million in the first six months of 2004.

In the first half of 2004, WestLB posted a result of € 143.8 million in the **Special Finance** segment because of successes in the ongoing risk management and in spite of a lower volume of new business. Special Finance followed the strategy of refocusing its business on core competencies, a strategy that was introduced in 2003.

The **Trading** segment posted a result of € 149.5 million in the first six months of 2004. Equities trading performed better than in the year-earlier period. The unusually strong first six months of 2003 should be taken into account when evaluating the lower segment result for the first six months of 2004.

The **Services** segment posted a segment result of € -7.9 million in the first six months of 2004. The activities in Global Asset Management were particularly responsible for the € 6.2 million improvement in comparison to the first six months of 2003.

The **Equity Investments** segment captures the results of the Equity Investments and residual Principal Finance businesses, the equity results of Landesbank Rheinland-Pfalz Girozentrale and HSH Nordbank AG and the results of other Group companies. Because of the improved earnings situation with reduced expenditures, the operating result in this segment increased € 339.2 million over the first six months of 2003 to € 133.1 million.

The **Internal Service Units** provide services for the Group's client and product units. The services are charged to the business units that request them on the basis of internal prices. The internal prices correspond to market prices, or where this is not possible, they reflect fair prices. This segment posted a profit before income taxes of € -100.9 million in the first six months of 2004.

The main items included in the **Other Units** segment are the consolidations between the other segments. These include the netting of income and expenses, the elimination of intra-group results, as well as the netting of internally generated income and expenses necessary for creating an accurate picture of the segment results. The expenses of the client business units, which represent a large part of the Group's selling expenses, are also captured here.

The contribution of the individual segments to the consolidated result for the first six months of 2004 and 2003 is shown in the primary segment report on Page 14. The trading results reflect marked-to-market values; the adjustments made for purposes of the published accounts are captured under Other Units/Consolidations. The expenses and income generated internally between the segments and netted are shown as separate line items.

The secondary segment report shows the regional distribution of the key balance sheet items of the WestLB Group for the first six months of 2004. The allocation to specific regions was determined on the basis of the domicile of the branch or subsidiary on whose account the relevant transaction was carried.

Total Assets and Credit Volume Higher

The total assets of the WestLB Group grew by € 25.7 billion to € 281.9 billion in the first six months of 2004. Following a decrease in total assets last year because of disposals, the items on the balance sheet are again on the increase in 2004.

The credit volume carried on the balance sheet increased to € 259.0 billion, as compared with € 234.4 billion at year-end. If the credit risk equivalents for derivative transactions are included, the credit volume increased to € 265.7 billion.

Claims on banks and customers increased by € 26.0 billion to € 181.2 billion. In contrast, the off-balance-sheet components of the credit volume decreased by € 1.4 billion. Irrevocable credit commitments fell by around € 0.8 billion, which is primarily attributable to the decline in irrevocable credit commitments at WestLB's New York branch.

Securities and equalisation claims increased by € 6.5 billion to € 74.9 billion. Bonds and other securities stood at € 74.6 billion. Securities holdings increased at WestLB AG and WestLB Covered Bond Bank plc, in particular, where they were up € 3.6 billion and € 1.9 billion, respectively; the trading portfolio increased by a total of € 6.0 billion at WestLB AG, whereas the investment portfolio decreased by € 2.4 billion.

The carrying value of the equity investments in associated, affiliated and non-affiliated companies fell by € 0.4 billion to € 5.1 billion. This is primarily attributable to partial sales of equity investments in non-affiliated companies and reclassifications within the Group.

At € 126.1 billion, liabilities to banks constitute the largest refinancing source of the WestLB Group. Liabilities to customers stood at € 82.3 billion. The increase of € 20.0 billion in liabilities to banks and € 12.2 billion in liabilities to customers is chiefly due to the increase in repo transactions and overnight and term money borrowings.

Certificated liabilities decreased by approximately € 3.4 billion to € 51.7 billion.

Capital and Reserves Higher

The Bank's capital and reserves have increased slightly in advance of the capital increase that will take effect in September 2004. This trend is shown in the table below. It includes the effects of the conversion of portions of the silent contribution to capital and anticipates the capital increase to be implemented in the second half of the year.

In the "post capital increase" scenario the subordinated liabilities were translated at the exchange rate in effect on June 30, 2004.

Rigorous Enhancement of Risk Management

In the first six months of 2004, WestLB AG further strengthened its risk management by optimising its organisational structure, further clarifying its risk strategies and introducing Basle II-compliant rating procedures.

As part of the new Group structure, the four types of risk (credit risk, market risk, operational risk and asset liability management) were each concentrated in a risk pillar. The new "Group Risk" unit was also created. It is responsible for managing the risk-bearing potential of the Group as a whole across the various types of risk

WESTLB AG GROUP: CAPITAL AND RESERVES

	after capital increase at September 30, 2004 € millions	30. 6. 2004 € millions	31. 12. 2003 € millions
Subscribed capital	1,794.6	983.8	950.5
Capital reserves	2,416.7	1,727.6	1,510.9
Reserves from retained earnings	0.0	0.0	0.0
Asset contributions of silent partners	587.1	587.1	837.1
Group reserves	261.4	261.4	287.2
Equalising items for shares of other shareholders	1.8	1.8	5.9
Equity capital pursuant to the German Commercial Code (HGB)	5,061.6	3,561.7	3,591.6
Fund for general bank risks	259.2	259.2	260.9
Subordinated liabilities	4,702.2	4,702.2	4,506.7
Profit participation capital	2,633.7	2,633.7	2,644.9
Other capital and reserves	7,595.1	7,595.1	7,412.5
Total capital and reserves	12,656.7	11,156.8	11,004.1

and will also ensure that the methods used throughout the Bank are compatible with each other and that there is uniformity in reporting to the Managing Board and other committees.

WestLB has further fine-tuned its credit risk strategy and adapted it to the new business strategy. It was developed with the product and customer approach and with optimisation of the risk-reward profile in mind and is used to manage all counterparty default risks in the WestLB Group. It is supplemented by individual risk strategies for specific customer and product groups. The credit risk strategy is adopted by the Managing Board of WestLB AG and reviewed annually.

In preparation for Basle II, WestLB went live with its new ratings database at the beginning of 2004. Taking its portfolio structure into account, WestLB AG reviewed its current rating systems for Basle II-compliance and developed additional customer and transaction-specific rating procedures in order to ensure that the entire portfolio could be rated. This means that in 2004 the WestLB portfolio will be rated using the new procedures for the first time, so as to meet the minimum data history requirements of Basle II.

Outlook

The continuing sluggish economy in Germany and the weak state of the international financial markets in mid-2004 have curbed the upswing in profits in the German banking sector. This trend has affected WestLB as well. Nevertheless, we expect that the Bank's earnings will increasingly stabilise, because our partners within the savings banks organisation and our corporate clients in Germany and abroad are increasingly regaining confidence in WestLB's new strategy and the quality of its products and services. Now that the Bank has made significant strategic decisions in the first half of 2004, and WestLB's ratings have improved to capital market levels, we will concentrate our efforts in the second half of the year on the successful implementation of the new business model, working closely with the savings banks and keeping the customer and the needs of the market in mind.

Rigorous cost controls, particularly in the areas of human resources and IT, and efficient risk management will bolster this process, with the goal of further improving results and profitability. In so doing we will stick to our strategy of active management of our industrial investments without time pressure. Any changes in our investment portfolio will be made in the interests of strengthening the Bank's results. All in all, we are confident on the basis of the data available at the time of this interim report that we will achieve our targeted profit for the whole of 2004.

Group Statement of Income

January 1–June 30, 2004

GROUP STATEMENT OF INCOME

QUARTERLY COMPARISON

	1st Quarter 2004 € millions	2nd Quarter 2004 € millions	Change € millions	1st Half-Year 2004 € millions
Net interest income	450.2 ¹	427.6 ²	– 22.6	877.8
Net commission income	90.4	79.4	– 11.0	169.8
Net result from trading operations	– 115.9	– 24.9	91.0	– 140.8
Personnel expenses	– 237.4	– 266.6	– 29.2	– 504.0
Other administrative expenses	– 194.7	– 197.9	– 3.2	– 392.6
Other operating result	47.3	70.5	23.2	117.8
Operating result before risk provisions/ result of evaluation	39.9	88.1	48.2	128.0
Risk provisions/result of evaluation	21.8	91.3	69.5	113.1
Operating result after risk provisions/ result of evaluation	61.7	179.4	117.7	241.1
Extraordinary result	– 15.8	– 15.6	0.2	– 31.4
Profit/loss for the year before taxes	45.9	163.8	117.9	209.7
Taxes on income and revenues	– 21.1	– 21.2	– 0.1	– 42.3
Profit/loss for the year after taxes	24.8	142.6	117.8	167.4

¹ Net interest income includes interest income of € 184.2 million from portfolios of the trading book.

² Net interest income includes interest income of € 152.3 million from portfolios of the trading book.

Details of Group Statement of Income

NET INTEREST INCOME		
	1. 1.–30. 6. 2004 € millions	1. 1.–30. 6. 2003 € millions
Lending	141.8	137.0
Special finance	120.2	126.3
Trading*	472.8	527.4
Other	143.0	168.9
Net interest income	877.8	959.6

* Net interest income at June 30, 2004 includes € 336.5 million from portfolios of the trading book. At June 30, 2003, it included € 367.1 million from portfolios of the trading book.

INTEREST MARGIN		
	1. 1.–30. 6. 2004 %	1. 1.–30. 6. 2003 %
Based on the average risk-weighted assets (BIS)	1.27	1.26
Based on the average business volume	0.47	0.50

NET COMMISSION INCOME		
	1. 1.–30. 6. 2004 € millions	1. 1.–30. 6. 2003 € millions
Lending business	76.2	122.3
Securities business	68.8	92.4
Other business	24.8	49.9
Net commission income	169.8	264.6

TRADING RESULT		
	1. 1.–30. 6. 2004 € millions	1. 1.–30. 6. 2003 € millions
Foreign currency business	53.4	33.4
Interest rate business	– 188.3	– 33.6
Equities business	62.2	59.5
Other business	23.6	– 19.4
Net income from trading operations (marked to market)	– 49.1	39.9
Change in unutilised market value reserves	– 91.7	– 164.7
Net income from trading operations (HGB)	– 140.8	– 124.8

OTHER OPERATING RESULT

	1. 1.–30. 6. 2004 € millions	1. 1.–30. 6. 2003 € millions
Other operating income	235.9	291.1
Other operating expenses	– 112.6	– 142.5
Other taxes	– 5.5	– 9.7
Other operating result	117.8	138.9

ADMINISTRATIVE EXPENSES

	1. 1.–30. 6. 2004 € millions	1. 1.–30. 6. 2003 € millions
Personnel expenses	– 504.0	– 493.8
Other administrative expenses	– 349.8	– 379.9
Depreciation and value adjustments on tangible fixed assets	– 42.8	– 53.0
Administrative expenses	– 896.6	– 926.7

EXTRAORDINARY RESULT

	1. 1.–30. 6. 2004 € millions	1. 1.–30. 6. 2003 € millions
Extraordinary income	0.0	4.0
Restructuring expenses	– 31.4	– 63.7
Extraordinary result	– 31.4	– 59.7

Segment Report

PRIMARY SEGMENT REPORT

€ millions	Lending	Special Finance	Trading	Services	Equity Investments	Internal Service Units	Other Units	WestLB AG Group
Net interest income								
1st half-year 2004	141.8	120.2	472.8	24.6	71.0	- 5.7	53.1	877.8
1st half-year 2003	137.0	126.3	527.4	19.7	28.9	21.7	98.6	959.6
Net commission income								
1st half-year 2004	24.1	48.8	54.7	36.5	3.4	1.6	0.7	169.8
1st half-year 2003	46.0	80.6	86.8	41.6	11.5	1.2	- 3.1	264.6
Trading result								
1st half-year 2004	0.1	3.9	- 49.3	5.5	- 0.9	- 0.3	- 99.8	- 140.8
1st half-year 2003	1.0	4.7	49.3	4.2	- 4.0	0.0	- 180.0	- 124.8
Personnel expenses								
1st half-year 2004	- 55.5	- 44.2	- 152.8	- 49.8	- 7.9	- 114.0	- 79.8	- 504.0
1st half-year 2003	- 52.8	- 42.0	- 158.2	- 35.4	- 8.6	- 114.4	- 82.4	- 493.8
Other administrative expenses								
1st half-year 2004	- 42.1	- 32.4	- 90.0	- 18.2	- 10.0	- 224.3	24.4	- 392.6
1st half-year 2003	- 26.7	- 26.7	- 87.0	- 8.0	- 8.3	- 233.8	- 42.4	- 432.9
Other operating result								
1st half-year 2004	33.0	39.4	3.2	- 0.8	6.4	50.2	- 13.6	117.8
1st half-year 2003	12.5	44.1	- 0.5	- 3.8	10.9	49.7	26.0	138.9
Internally generated income (ILV)								
1st half-year 2004	11.5	0.7	125.6	0.0	2.2	291.4	- 431.4	0.0
1st half-year 2003	14.6	0.3	112.4	0.2	1.2	319.1	- 447.8	0.0
Internally generated expenses (ILV)								
1st half-year 2004	- 21.6	- 21.9	- 214.6	- 16.8	- 4.4	- 87.8	367.1	0.0
1st half-year 2003	- 29.3	- 22.7	- 231.6	- 25.0	- 4.1	- 77.4	390.1	0.0
Operating result before risk provisions/result of evaluation								
1st half-year 2004	91.3	114.5	149.6	- 19.0	59.8	- 88.9	- 179.3	128.0
1st half-year 2003	102.3	164.6	298.6	- 6.5	27.5	- 33.9	- 241.0	311.6
Risk provisions/result of evaluation								
1st half-year 2004	- 5.1	31.1	4.0	16.3	74.2	- 1.3	- 6.1	113.1
1st half-year 2003	- 146.8	- 166.5	- 78.6	2.7	- 257.4	1.2	45.7	- 599.7
Operating result after risk provisions/result of evaluation								
1st half-year 2004	86.2	145.6	153.6	- 2.7	134.0	- 90.2	- 185.4	241.1
1st half-year 2003	- 44.5	- 1.9	220.0	- 3.8	- 229.9	- 32.7	- 195.3	- 288.1
Extraordinary result								
1st half-year 2004	- 0.4	- 1.8	- 6.6	- 5.2	- 0.9	- 10.7	- 5.8	- 31.4
1st half-year 2003	- 11.3	- 2.2	- 26.8	- 10.3	0.3	- 6.6	- 2.8	- 59.7
Other netting								
1st half-year 2004	0.0	0.0	2.5	0.0	0.0	0.0	- 2.5	0.0
1st half-year 2003	0.2	4.6	2.9	0.0	23.5	0.0	- 31.2	0.0
Profit/loss for the year before taxes								
1st half-year 2004	85.8	143.8	149.5	- 7.9	133.1	- 100.9	- 193.7	209.7
1st half-year 2003	- 55.6	0.5	196.1	- 14.1	- 206.1	- 39.3	- 229.3	- 347.8

SECONDARY SEGMENT REPORT

€ millions

	Germany	Europe	North America	South America	Asia/ Australia	Adjustment	WestLB AG Group
Net interest income							
1st half-year 2004	381.8	441.2	85.0	16.6	50.8	- 97.6	877.8
1st half-year 2003	344.7	541.1	79.1	48.2	60.0	- 113.5	959.6
Net commission income							
1st half-year 2004	63.8	26.9	71.1	0.2	7.9	- 0.1	169.8
1st half-year 2003	79.8	77.8	92.2	1.3	14.6	- 1.1	264.6
Trading result							
1st half-year 2004	38.6	- 100.0	26.5	- 5.0	- 8.7	- 92.2	- 140.8
1st half-year 2003	67.1	- 15.4	30.5	- 31.1	- 11.2	- 164.7	- 124.8
Personnel expenses							
1st half-year 2004	- 273.5	- 142.0	- 62.0	- 6.7	- 19.8	0.0	- 504.0
1st half-year 2003	- 277.0	- 119.7	- 64.6	- 6.6	- 23.2	- 2.7	- 493.8
Other administrative expenses							
1st half-year 2004	- 275.8	- 170.5	- 46.9	- 2.6	- 14.4	117.6	- 392.6
1st half-year 2003	- 315.1	- 196.2	- 44.6	- 3.2	- 15.9	142.1	- 432.9
Other operating result							
1st half-year 2004	157.4	50.3	23.4	- 0.1	4.0	- 117.2	117.8
1st half-year 2003	216.5	61.8	38.8	3.9	5.8	- 187.9	138.9
Operating result before risk provisions/result of evaluation							
1st half-year 2004	92.3	105.9	97.1	2.4	19.8	- 189.5	128.0
1st half-year 2003	116.0	349.4	131.4	12.5	30.1	- 327.8	311.6
Risk provisions/result of evaluation							
1st half-year 2004	20.0	73.1	45.8	0.1	11.0	- 36.9	113.1
1st half-year 2003	- 145.7	- 309.6	- 195.9	2.6	- 28.1	77.0	- 599.7
Operating result after risk provisions/result of evaluation							
1st half-year 2004	112.3	179.0	142.9	2.5	30.8	- 226.4	241.1
1st half-year 2003	- 29.7	39.8	- 64.5	15.1	2.0	- 250.8	- 288.1
Extraordinary result							
1st half-year 2004	- 7.0	- 16.3	- 6.4	- 0.2	- 1.5	0.0	- 31.4
1st half-year 2003	- 38.6	- 10.3	- 1.0	0.0	- 9.8	0.0	- 59.7
Profit/loss for the year before taxes							
1st half-year 2004	105.3	162.7	136.5	2.3	29.3	- 226.4	209.7
1st half-year 2003	- 68.3	29.5	- 65.5	15.1	- 7.8	- 250.8	- 347.8

Group Balance Sheet

as at June 30, 2004

ASSETS			
	30. 6. 2004 € billions	31. 12. 2003 € billions	Change € billions
Cash/liquid debt issues	8.8	17.2	- 8.4
Claims on banks	89.6	70.3	19.3
Claims on customers	91.6	84.9	6.7
Securities/equalisation claims	74.9	68.4	6.5
Equity investments in affiliated and non-affiliated companies	5.1	5.5	- 0.4
Trust assets	0.5	0.5	0.0
Fixed assets	2.5	2.1	0.4
Other assets	8.9	7.3	1.6
Total assets	281.9	256.2	25.7

LIABILITIES			
	30. 6. 2004 € billions	31. 12. 2003 € billions	Change € billions
Liabilities to banks	126.1	106.1	20.0
Liabilities to customers	82.3	70.1	12.2
Certificated liabilities	51.7	55.1	- 3.4
Trust liabilities	0.5	0.5	0.0
Other liabilities	10.1	13.4	- 3.3
Subordinated liabilities/ Profit participation capital	7.4	7.1	0.3
Equity capital/Fund for general bank risks	3.8	3.9	- 0.1
Total liabilities	281.9	256.2	25.7
Contingent liabilities	13.6	14.2	- 0.6
Other commitments/Credit commitments	64.2	65.0	- 0.8
Administered funds	29.8	29.8	0.0
Business volume	389.5	365.2	24.3

Details of Group Balance Sheet

BUSINESS VOLUME

	30. 6. 2004 € billions	31. 12. 2003 € billions	Change € billions
Total assets	281.9	256.2	25.7
Contingent liabilities	13.6	14.2	- 0.6
Other commitments/Credit commitments	64.2	65.0	- 0.8
Administered funds	29.8	29.8	0.0
Business volume	389.5	365.2	24.3

CREDIT VOLUME

	30. 6. 2004 € billions	31. 12. 2003 € billions	Change € billions
Claims on banks	89.6	70.3	19.3
Claims on customers	91.6	84.9	6.7
Contingent liabilities	13.6	14.2	- 0.6
Other commitments/ Irrevocable credit commitments	64.2	65.0	- 0.8
Credit volume carried on the balance sheet	259.0	234.4	24.6
Derivatives (credit risk equivalents)	6.7	6.5	0.2
Total credit volume	265.7	240.9	24.8

PROVISIONS FOR CREDIT RISKS

	1. 1. - 30. 6. 2004 € millions	1. 1. - 30. 6. 2003 € millions	Change € millions
Allocations	- 133.7	- 585.4	451.7
Write-backs	132.1	72.4	59.7
Bad debts recovered	3.8	- 10.8	14.6
Provisions for credit risks	2.2	- 523.8	526.0

Details of Derivatives Business

DERIVATIVES					
AS AT JUNE 30, 2004					
	Interest- Rate Risks € millions	Currency Risks € millions	Other Risks € millions	Netting Effect ¹ € millions	Total ² € millions
1. Total volume	3,051,366.1	261,167.3	78,880.4		3,391,413.8
of which swaps	1,360,803.3	177,308.1			1,538,111.4
FRAs	131,407.0				131,407.0
interest-rate forward contracts	209,528.3				209,528.3
forward exchange transactions		68,923.0			68,923.0
credit derivatives			58,057.3		58,057.3
2. Credit equivalents according to Principle I	35,663.8	13,720.4	2,652.1	- 29,327.6	22,708.7
3. Credit risk equivalents according to Principle I (counterparty-weighted)	9,312.7	3,860.4	713.0	- 7,191.0	6,695.1
of which OECD banks	5,666.6	1,987.0	408.0	- 4,981.9	3,079.7
customers	3,609.9	1,813.2	304.0	- 2,209.1	3,518.0
public-sector entities	12.2	5.0	0.0	0.0	17.2
4. Share of total risk-weighted assets according to Principle I	7.2%	3.0%	0.5%	- 5.5%	5.2%

¹ Netting by individual products not possible

² Items 2, 3 and 4 after netting

Governing Bodies of WestLB AG

Members of the Supervisory Board

Dr. Rolf Gerlach

Chairman of the Supervisory Board
President
Savings Banks and Giro
Association of Westphalia-Lippe
Münster

Gerd-Uwe Löschmann

Deputy Chairman
Director
WestLB AG, Düsseldorf

Dr. Karlheinz Bentele

President
Savings Banks and Giro
Association of the Rhineland
Düsseldorf

Jochen Dieckmann

Finance Minister
Ministry of Finance of
North Rhine-Westphalia
Düsseldorf

Thorsten Ellwanger

Prokurist
WestLB AG, Hamburg

Bernd Fiegler

Deputy State Director
ver.di Vereinte
Dienstleistungsgewerkschaft
Regional District of
North Rhine-Westphalia
Düsseldorf

Horst-Wolfgang Klophaus

Manager
WestLB AG, Düsseldorf

Hans-Peter Krämer

Chairman of the Managing Board
Kreissparkasse Köln, Cologne

Joachim Krämer

Bank Director
WestLB AG, Düsseldorf

Manfred Matthewes

Prokurist
WestLB AG, Düsseldorf

Udo Molsberger

Regional Director
Regional Association of
the Rhineland, Cologne

Hans Pixa

District Administrator
Coesfeld District, Coesfeld

Dr. Hans-Ulrich Predeick

Regional Councillor
Regional Association of
Westphalia-Lippe, Münster

Dr. Dietrich Rümker

Former Chairman of the
Managing Board of Landesbank
Schleswig-Holstein, Kiel

Heinz-Günter Sander

Bank Employee
WestLB AG, Düsseldorf

Gustav Adolf Schröder

Chairman of the Managing Board
Stadtsparkasse Köln, Cologne

Franz-Georg Schröermeyer

Secretary, Financial Services
ver.di Vereinte
Dienstleistungsgewerkschaft
Münster Regional Office, Münster

Christiane Stascheit

Deputy Director for the
Düsseldorf Region
ver.di Vereinte
Dienstleistungsgewerkschaft
Düsseldorf Regional Office,
Düsseldorf

Hans-Georg Vogt

Chairman of the Managing Board
Sparkasse Bielefeld, Bielefeld

Elisabeth Weber

Prokuristin
WestLB AG, Düsseldorf

Members of the Managing Board

Dr. Thomas R. Fischer
Chairman

Dr. Matthijs van den Adel

Dr. Norbert Emmerich

Klaus-Michael Geiger

Dr. Hans-Jürgen Niehaus
– from January 1, 2005

Dr. Manfred Puffer

Rainer Schmitz
Deputy Member

Robert M. Stein
– since July 1, 2004

Publications

The Interim Report 2004 and Annual Report 2003 are also available in German.

Our Annual and Interim Reports as well as company presentations can be inspected and downloaded at www.westlb.com/ir.

If you have any questions on the Annual Report and WestLB AG, our Press Department and Investor Relations Department will be pleased to help you.

WestLB AG
Group Communications &
Investor Relations
Herzogstraße 15
D-40217 Düsseldorf

Tel. + 49 211 826-01
Fax + 49 211 826-6121

presse@westlb.de
ir@westlb.de



WestLB AG
Herzogstraße 15
D-40217 Düsseldorf
www.westlb.com