

# Investor Presentation

Results 2010

Hans-Joachim Strüder

Member of the Board of Managing Directors

April 20, 2011

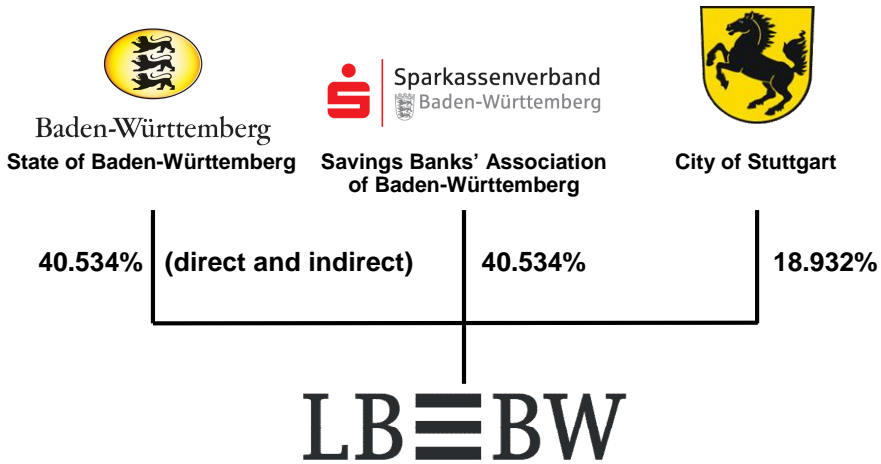


# LBBW at a glance



- **Fourth largest German bank with total assets of about EUR 374 bn (as of December 31, 2010)**
  - **Universal bank with over 200 branches/offices in Germany and abroad**
  - **Some 13 thousand employees in the Group**
- 
- **Distinct increase in operating income of the three operating customer business segments by 64.4% to EUR 1.3 bn**
  - **Tier I ratio rose to 11.4 per cent as of December 31, 2010**
  - **RWA reduced to EUR 121 bn far more than planned**
  - **Reduction of the administrative expenses by almost 8%**
  - **Volatility due to losses on sovereign exposures in the portfolio to be reduced led to a loss according to IFRS**

# Stability due to unchanged strong ownership structure



Moody's Analytics

FitchRatings

## Unguaranteed obligations

Long-term rating	Aa2	A+
Short-term rating	P-1	F1+
Outlook	negative	stable

## Financial Strength

C-	C/D
----	-----

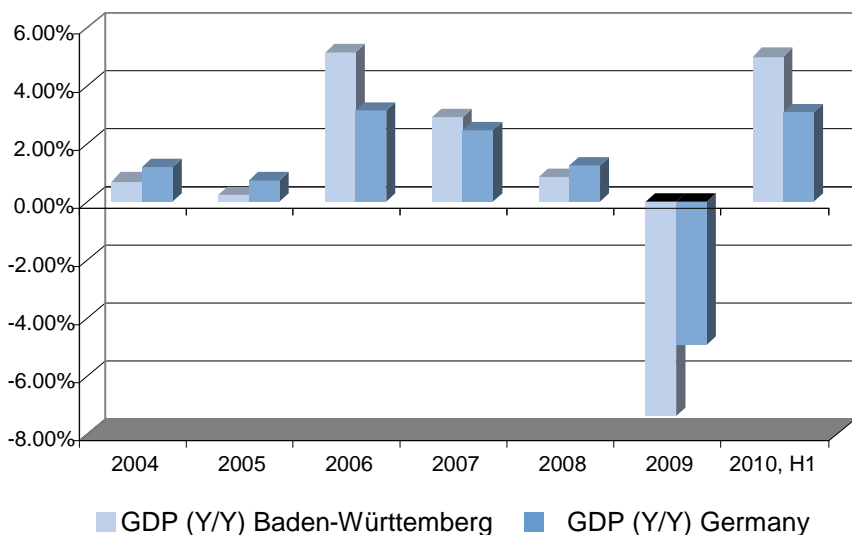
## Pfandbriefe

Public Sector Pfandbriefe	Aaa	AAA
Mortgage Pfandbriefe	Aaa	-

## Guaranteed obligations

Long-term rating	Aaa	AAA
Outlook	stable	stable

# Economic strength of the region of Baden-Württemberg



## Baden-Württemberg is one of Europe's wealthiest regions

- Per-capita Gross Domestic Product (GDP) in purchasing power standards in 2009: 126.2 / European Union (27 countries): 100.0
- Growth forecast for GDP Germany in 2011: 2.5% (LBBW Research)
- Low unemployment rate (4.3% in December 2010)

## Baden-Württemberg is home to:



# Business performance of LBBW Group as of December 31, 2010

	Jan. 1 – Dec. 31, 2010 EUR mln	Jan. 1 – Dec. 31, 2009 EUR mln	Change	
			EUR mln	%
Net interest income	2 163	2 778	-615	-22.1
Allowances for losses on loans and advances	-471	-1 527	1 056	-69.2
Net fee and commission income <sup>1)</sup>	630	814	-184	-22.6
Net trading income/loss <sup>2)</sup>	-629	748	-1 377	---
Other operating income <sup>3)</sup>	163	-217	380	---
<b>Total operating income (after allowances for losses on loans &amp; advances)</b>	<b>1 856</b>	<b>2 596</b>	<b>-740</b>	<b>-28.5</b>
Administrative expenses	-1 764	-1 909	145	-7.6
Net income/loss from investment securities	22	-733	755	---
Net income/loss from investments accounted for using the equity method and from profit/loss transfer agreements	-58	-124	66	-53.2
<b>Operating result</b>	<b>56</b>	<b>-170</b>	<b>226</b>	<b>---</b>
Impairment of goodwill	0	-519	519	---
Restructuring expenses	-67	-368	301	-81.8
Guarantee commission <sup>1)</sup> for the State of Baden-Württemberg	-306	-157	-149	94.9
<b>Consolidated loss before tax</b>	<b>-317</b>	<b>-1 214</b>	<b>897</b>	<b>-73.9</b>
Taxes on income	-30	-268	238	-88.8
<b>Consolidated loss for the period</b>	<b>-347</b>	<b>-1 482</b>	<b>1 135</b>	<b>-76.6</b>

<sup>1)</sup> For reasons of transparency, net fee and commission income is shown without guarantee commission for the State of Baden-Württemberg. It is displayed as a separate item in the income statement

<sup>2)</sup> In addition to net trading income/loss, this item also includes net income/loss from financial instruments designated at fair value and the net income/loss from hedging transactions

<sup>3)</sup> In addition to other operating income/expenses, this item also includes net income from investment property

# LBBW Group shaped by market environment and restructuring

## **Net interest income remained one of the cornerstones of earnings**

- Decline to EUR 2,163 mln
- Easing of the previous year from the payments not yet made for silent partners' contributions and profit participation rights was no longer felt
- Decline in interest income and expenses due to the reduction in total assets and risk assets
- Development supported by widening margins in the corporate customer business and perceptible easing in connection with liquidity procurement
- Given these conditions, net interest income was almost at the pre-crisis level

## **Net trading income/loss evinced considerable negative effects**

- Deterioration to EUR -629 mln
- Market movements associated with the European debt crisis and the resulting sovereign problem among states on the European periphery
- In some cases considerable spread widening in all credit classes
- This led to significant total measurement losses of approximately EUR -700 mln on the reporting date, mainly in CIP credit derivatives
- Income from interest rate and equity transactions showed contrasting positive development

## **Net fee and commission income did not continue on from 2009**

- Amounted to EUR 630 mln
- Previous year was marked by individual transactions
- Fees for individual transactions (arrangement fees) were not recognized to the same extent
- Declined earnings from the brokerage business and increased expenses in connection with the securities and custody business led to a decline in this income item
- Guarantee fee for the risk shield was recognized separately as guarantee commission for the State of Baden-Württemberg

## **Other operating income far above the previous year's result**

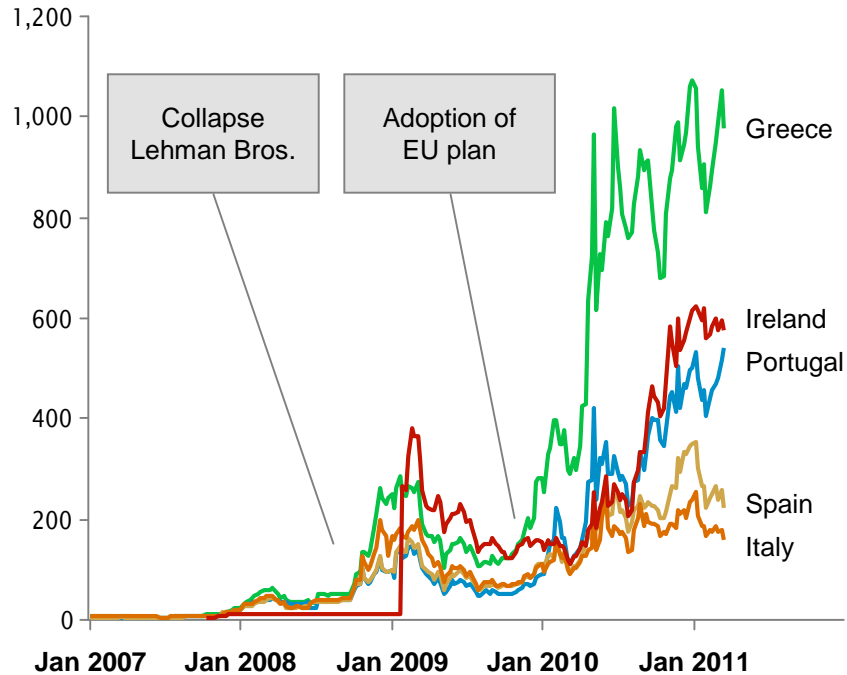
- Was at EUR 163 mln far above the previous year's result, which was subject to negative non-recurring effects
- Lapse of these non-recurring effects from the write-down of the development business in 2009 and market-related reversals in the subsidiary LBBW Immobilien GmbH
- Profits from the deconsolidation of former subsidiaries
- Income from investment property also contributed to the positive development, with an increase of EUR 20 mln (25%) to EUR 101 mln

# Volatility in the income statement due to CIP

## Very volatile CDS spreads

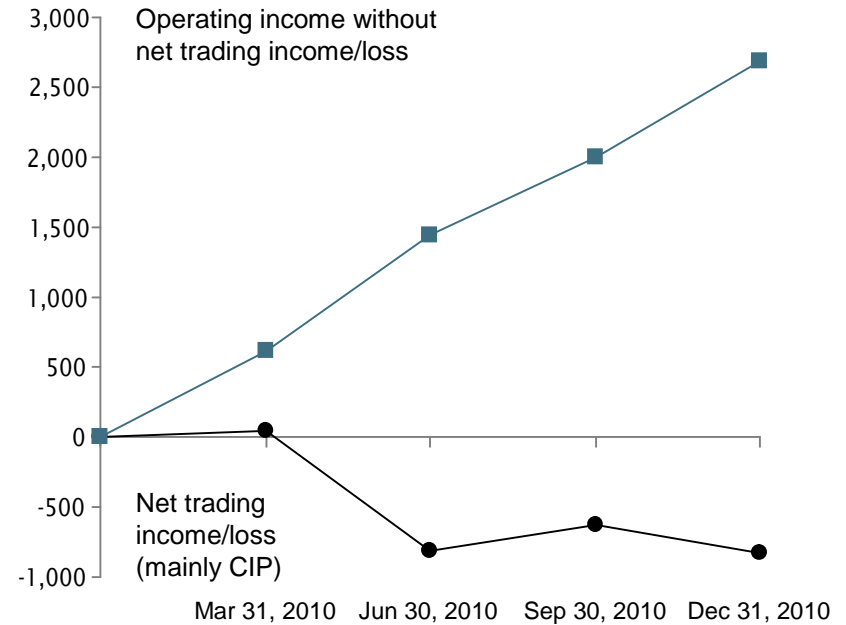
### Market for credit risk ...

CDS spreads in basis points (5y.)



### ... leads to strong fluctuations in the net trading result (mainly CIP)

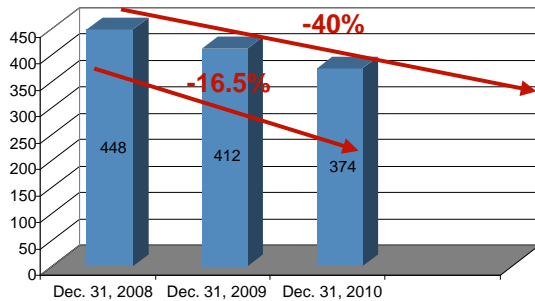
Income statement (IFRS) 2010 accumulated  
EUR mln



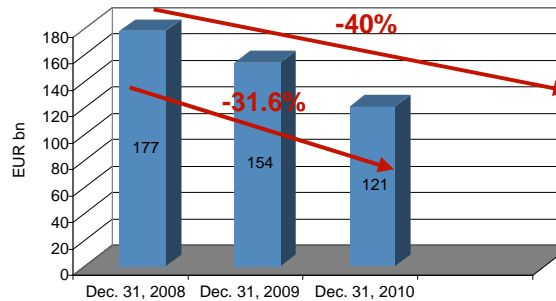
**Operating segments with steady growth,  
during the fiscal year high volatility in the trading business**

# Restructuring targets of LBBW

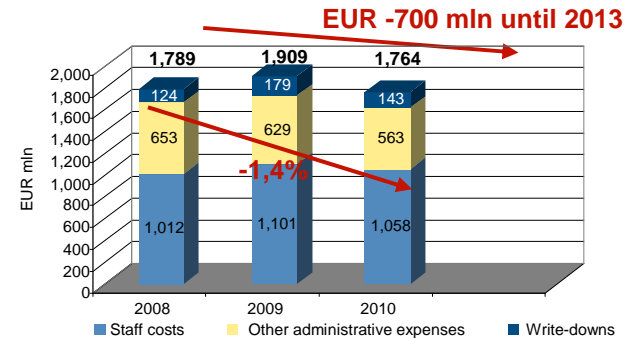
Total assets



Risk-weighted assets



Administrative expenses



- Cutback of the total assets by approximately 40% compared to year-end 2008

- Growth in core business areas

- Cutback of the RWA by approximately 40% compared to year-end 2008

- Focus on customer driven business

- Cost reductions are in line with the plan and will be continued

- Staff costs were reduced based on scheduled staff cuts

- Savings were also realized in other administrative expenses due to a reduction in IT costs as well as in legal and consultancy services

# Corporates – Striking year-on-year growth in the operating result

## Target customers:

- Medium-sized corporate customers as well as business with the public sector in the core markets
- Also assigned to this segment are commercial property financing and the customer business of LBBW Immobilien GmbH
- Significant assigned subsidiaries: SüdKB, SüdLeasing, MKB und SüdFactoring

## Core competence:

- Sustainable customer relations: Reliable partner with main bank function, also in the year of crisis 2009

## Strategic Targets:

- Moderate growth to strengthen the activities in the core markets
- Intensify business with large corporates in German-speaking countries

März 2011



**SÜDZUCKER**

EUR 400 Mio.

Eu robon d

2018

**Joint Bookrunner**

Feb 2011



**Aurubis**

EUR 450 Mio.

Schuldschein darlehen

2015/2017

**Joint Lead Manager**

April 2011



**HEIDELBERG**

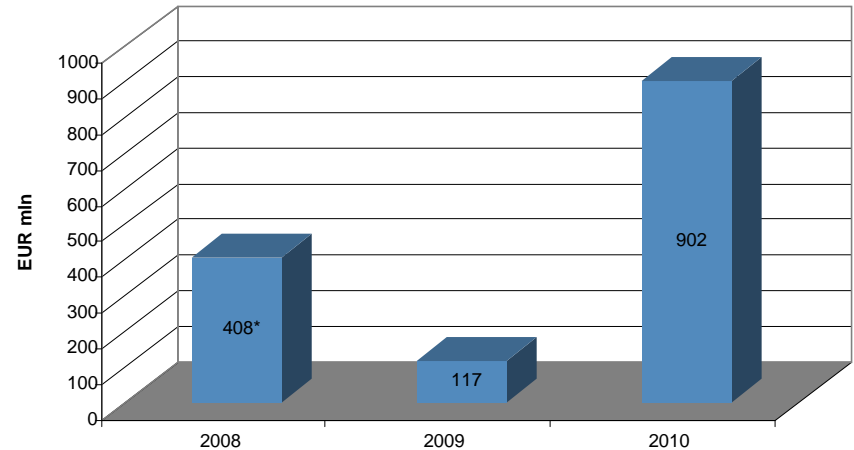
EUR 304 Mio.

Eu robon d

2018

**Joint Bookrunner**

Operating result



\*not directly comparable

Annotation refers to the change 2009 to 2010

- Operating income reached the previous year's level again, despite the non-recurring effects in 2009
- Improvement in net interest income compensated for the decline in net fee and commission income due to widening margins in the financing business and positive developments in the deposit banking
- Reduction in allowances for losses on loans and advances by more than half due to the economic recovery, but there were negative effects from the property sector in the English-speaking world
- RoE: 16.8% (previous year: 2.1%)
- CIR: 31.3% (previous year: 31.5%)

# Retail Clients – Operating result was almost doubled

## Target customers:

- Retail customers, private investors, high net-worth private clients in the core markets
- LBBW acts as a savings bank in the area of Stuttgart

## Core competence:

- Integrated advisory service for the customers

## Strategic target:

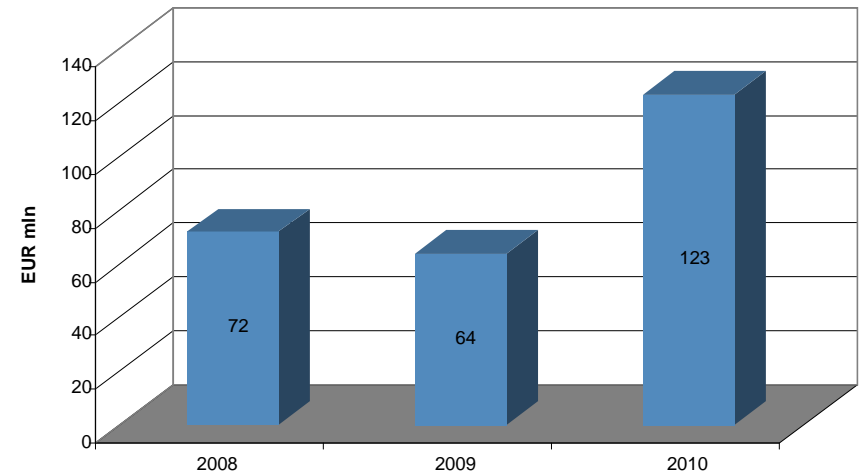
- Moderate growth in the business with high net-worth private clients
- Gradual expansion of wealth management

## Stable, attractive funding source for LBBW Group



TÜV SÜD-certified advisory service

Operating result



Annotation refers to the change 2009 to 2010

- Improvement in the operating result amongst others due to the operating income
- Significant drivers were the expansion of volumes and margins in deposit banking and growth in income in wealth management
- Low allowances for losses on loans and advances thanks to the economic recovery
- Administrative expenses slightly below the previous year's level
- RoE: 13.5% (previous year: 6.8%)
- CIR: 78.1% (previous year: 82.8%)

# Financial Markets – Satisfactory result

## Target customers:

- Credit institutions/savings banks, institutional investors, sovereigns, cross-selling support for private and corporate customers

## Core competence:

- Structuring, sale and trading of interest rate, money market, currency, credit and equity products
- Leading position in the market for borrower's note loans and the Pfandbrief business

## Strategic target:

- Concentration on customer oriented business activities
- Considerable reduction of the positions and risks in the trading books envisaged

mtn-i

“The Institutional Performance Award Euro MTN Execution”



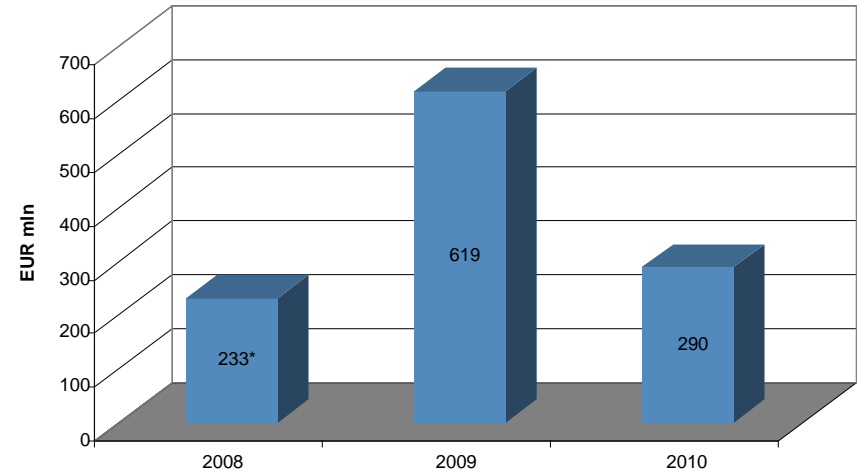
Euroweek

“Covered Bond House 2009”



“LBBW, which proved more capable than any other bank at finding opportunities for issuance in the market's darkest days, came out on top as overall best bank for covered bonds (...)”

Operating result



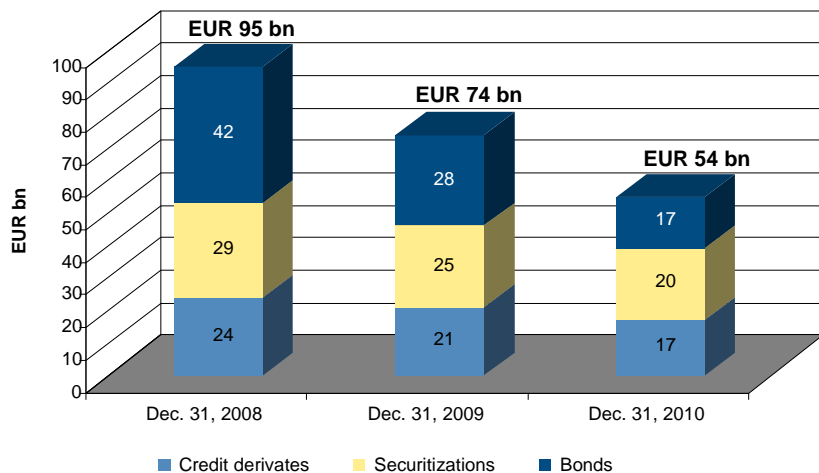
\*not directly comparable

Annotation refers to the change 2009 to 2010

- Did not match the previous year's extraordinary result in particular due to general market restraint, declining volatility, spread-widening for sovereigns largely due to the crisis in the peripheral states and earnings in money market transactions normalizing again
- Stabilizing effect on earnings in the operating capital markets business due to the consistent focus on the customer business
- Allowances for losses on loans and advances eased the situation, no appreciable defaults in 2010
- RoE: 23.9% (previous year: 40.0%)
- CIR: 55.2% (previous year: 33.7%)

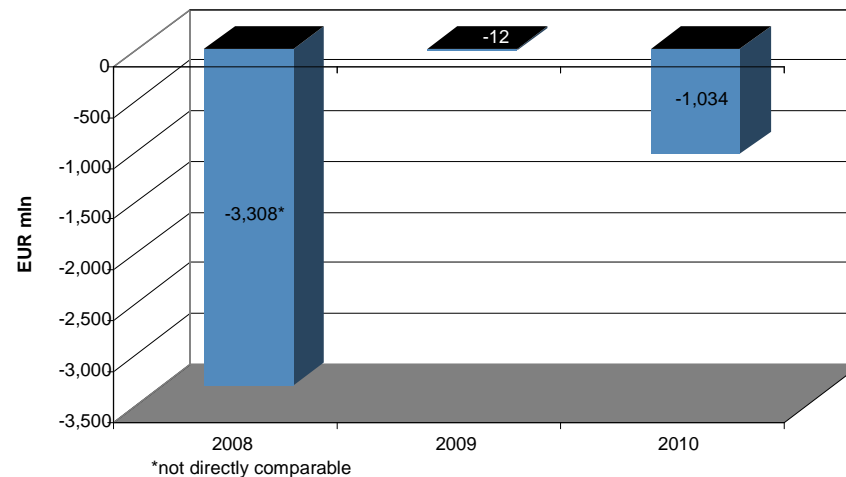
# Credit Investment Portfolio/Treasury – CIP reduced more than planned

Development of the volume of the credit investment portfolio (CIP)



- Reduction target 2010 outperformed by EUR 9 bn
- Due to partly repayments in ABS positions, sale of bonds, redemptions

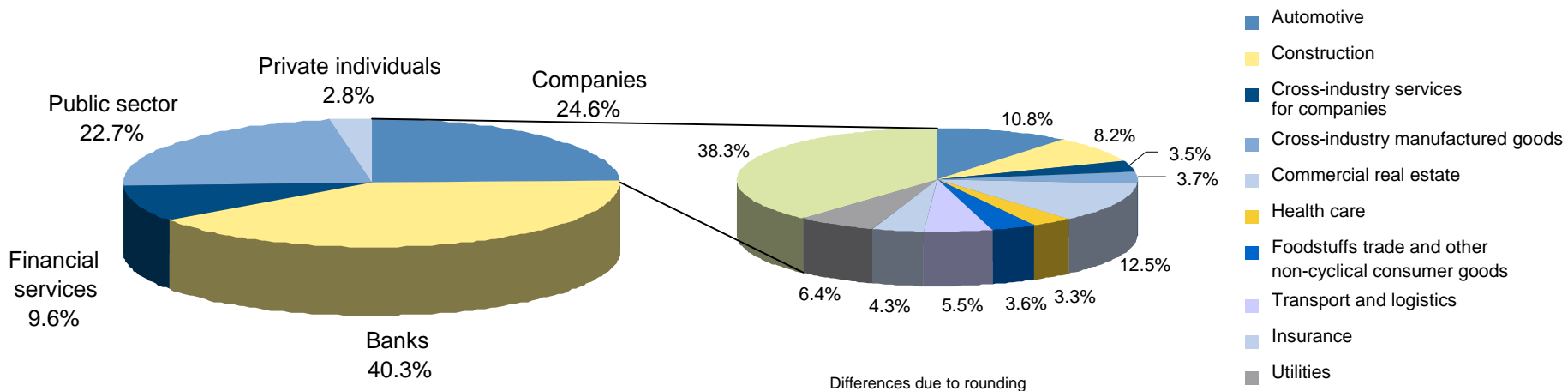
Consolidated profit before tax



Annotation refers to the change 2009 to 2010

- Negative operating income was marked primarily by massive widening among sovereign spreads leading to a considerable trading loss, especially from credit derivatives
- As a result of asset portfolio management leading to a drop in volume of approximately EUR 20 bn, there was also a corresponding reduction in net interest income
- Improved allowances for losses on loans and advances compared with the previous year
- Positive net income from investment securities from gains on disposals of securities
- Guarantee commission is a strain

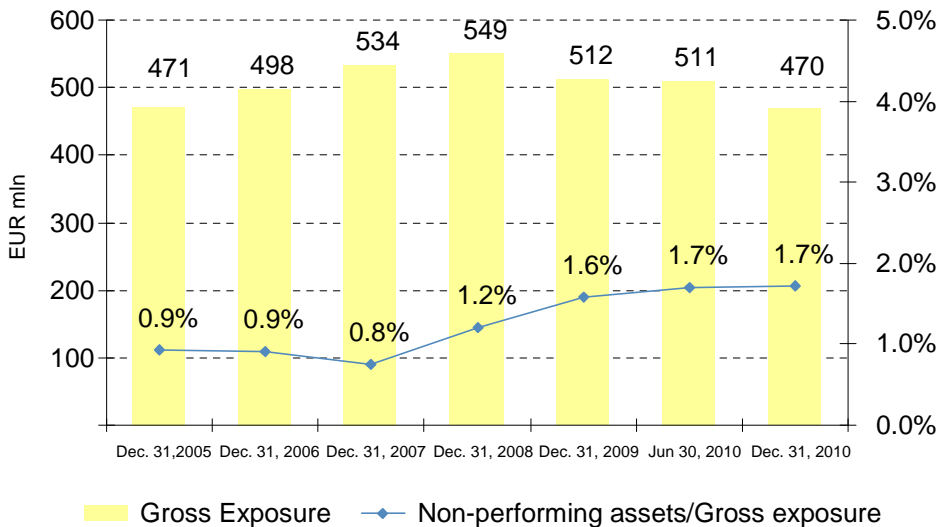
# Net exposure by industry



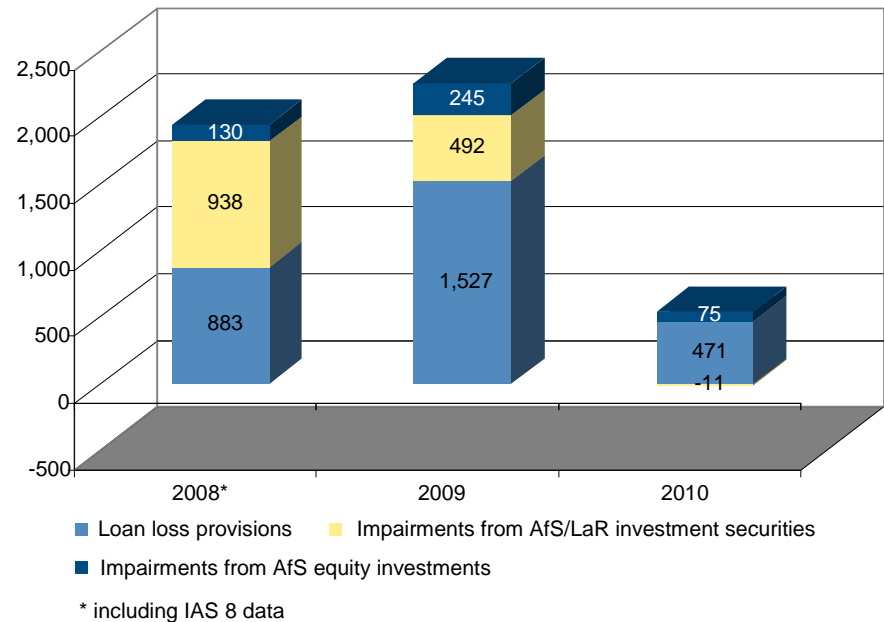
- Gross exposure amounts to EUR 470 bn as of year-end 2010 (Dec. 31, 2009: EUR 511 bn)
- As of December 31, 2010, net exposure amounts to EUR 346 bn after deduction of collaterals
- Decrease of net exposure by EUR 53 bn compared to Dec. 31, 2009 due to
  - intentional reduction in capital markets business
  - targeted exposure reductions in business areas no longer considered part of LBBW's core business
- Banks are the largest partial portfolio, of this largest partial portfolio, savings banks and landesbanks represent more than half of the net exposure
- Diversification of industries in place

# Non-performing assets and risk provisioning

**Non-performing assets**  
quota in per cent



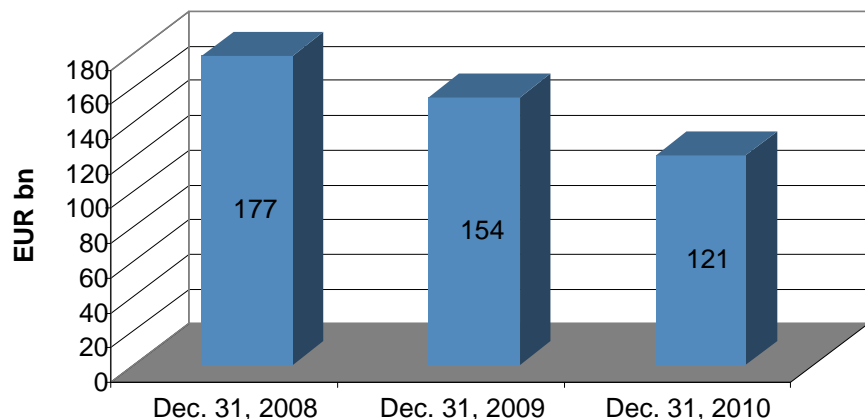
**Impairments**  
in EUR mln



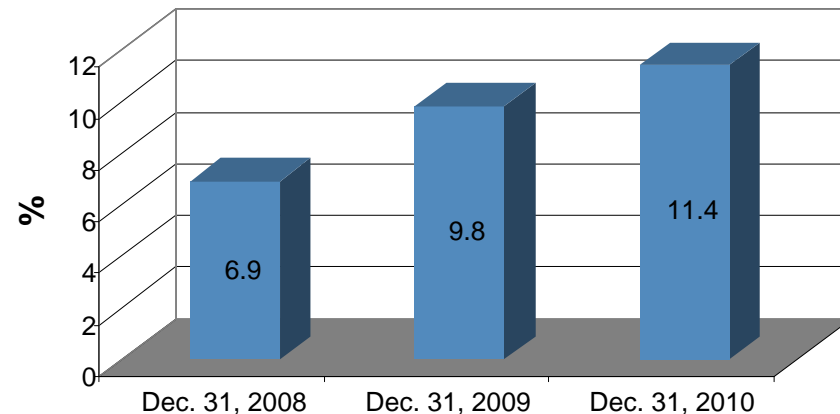
- Share of the portfolio accounted for non-impaired and non-past due commitments amounts to 98.3%
- Distinct easing in the risk situation in the corporate customer area due to the upward trend in the real economy
- By contrast, the real estate business in the English-speaking economic area had a negative effect

# Distinct improvement of the Group's capital ratios

Risk weighted assets



Tier 1 ratio



Tier 1 ratio as at 31.12.2010 was extremely solid at 11.4% (previous year: 9.8%)

Overall ratio rose from 13.3% in the previous year to 15.3%

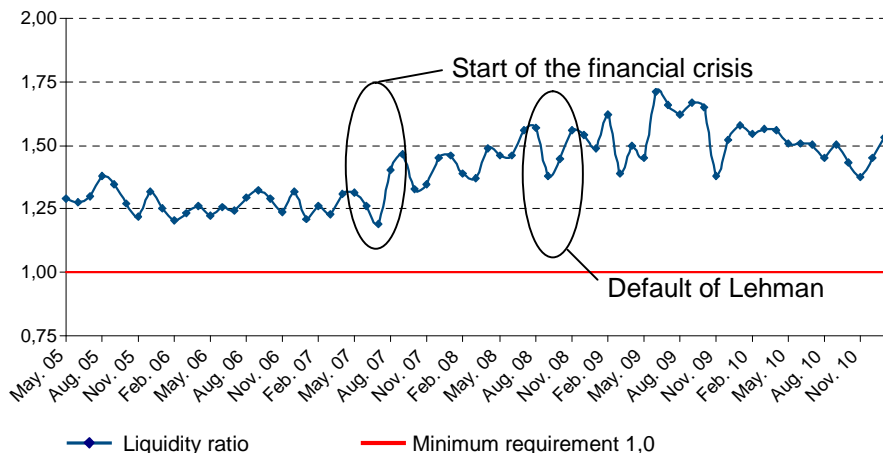
As of December 31, 2010, Tier 1 capital amounted to EUR 13.8 bn

Major progress in reducing risks:

- Volume of the credit-substitute business was cut again by approximately EUR 20 bn to approximately EUR 54 bn (as of December 31, 2010)
- Overall, risk-weighted assets in the Group were reduced by EUR 33 bn to EUR 121 bn

# Sound liquidity position

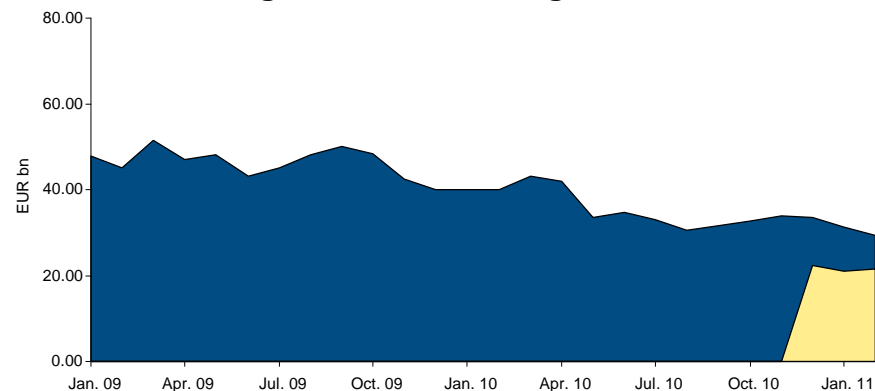
## Liquidity ratio\*



- In addition to a well-balanced term-funding, LBBW successfully manages its short-term liquidity
- Increased liquidity buffer since start of the financial crisis, even after Lehman collapse a high liquidity ratio could be maintained
- The liquidity ratio as of February 28, 2011 was 1.44

\* Liquidity ratio measures inflow of funds versus outflow of funds for one month on every end of the month

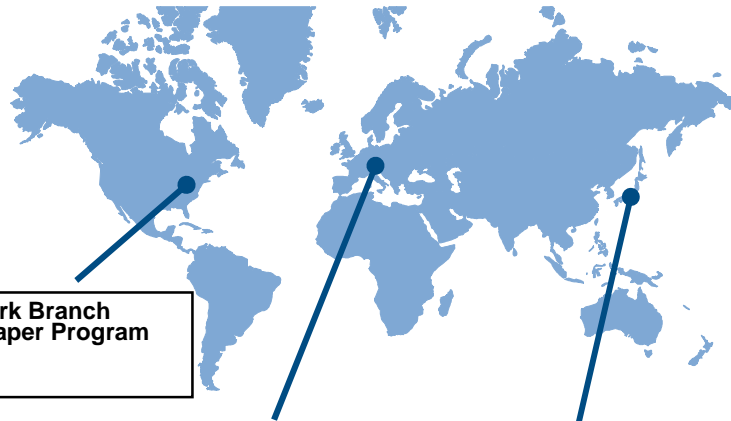
## Assets eligible for refinancing with central banks



\*disclosed for the first time on Dec. 31, 2010

- High holding of assets eligible for refinancing with central banks
- Decrease in line with the reduction of the total assets
- According to MaRisk BTR 3.2 high holding of saleable, liquid assets
- LBBW already has implemented standards according to MaRisk since March 1, 2011
- Liquidity requirements defined in the Liquidity Ordinance (LiqV) were exceeded at all times without relying on longer-term refinancing operations with ECB

# International funding programs

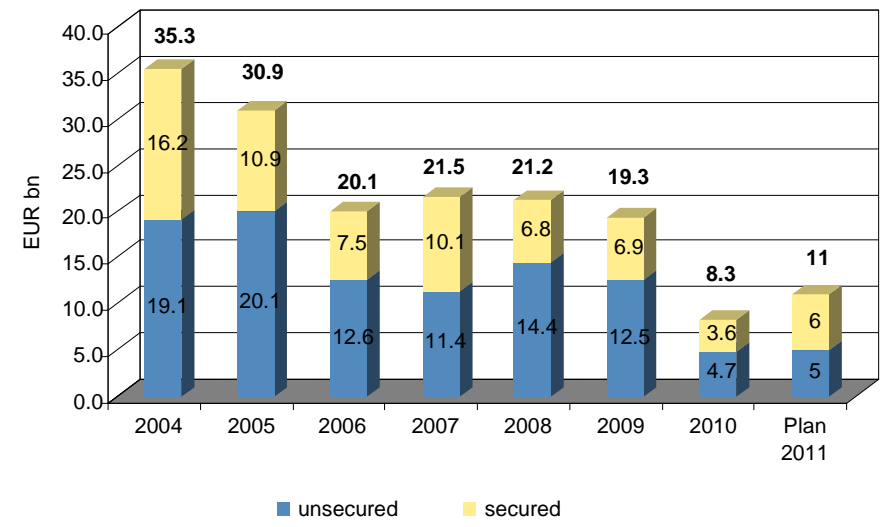


**LBBW New York Branch  
Commercial Paper Program  
(USA) –  
USD 10 bn**

**Euro-Commercial Paper Programme  
– EUR 20 bn  
Euro Certificats de Dépôts (French CD  
Programme)  
– EUR 5 bn  
Programme for the Issuance of Debt  
Instruments  
– EUR 50 bn  
Basisprospekt für  
Schuldverschreibungen, derivative  
Schuldverschreibungen und Pfandbriefe  
(Inlandsprogramm)**

**Shelf Registration Statement  
for Secondary Distribution –  
JPY 200 bn  
Shelf Registration Statement  
for Public Offering – JPY 200  
bn**

Total volume of funding



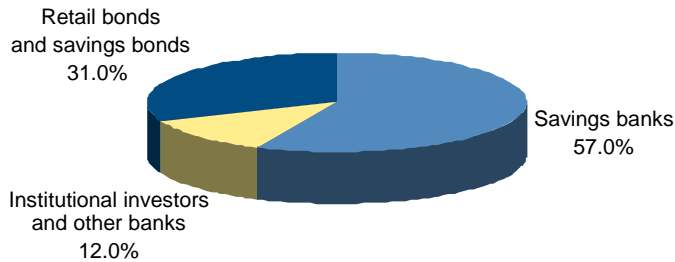
- Policy of matched funding: funding needs basically driven by new asset business
- Cutback of credit investment portfolio reduces new business
- Broad retail access directly via own retail business and indirectly via savings banks
- Diversification of funding sources is of utmost importance to LBBW
- LBBW is a frequent issuer of public sector Jumbo Pfandbriefe
- In July 2010 and February 2011 successful issuance of a USD 500 mln public sector Pfandbrief RegS

# Successful term-funding in 2010

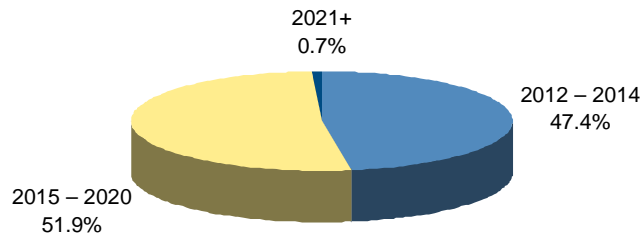
## Unsecured term-funding: EUR 4.7 bn

January 1 – December 31, 2010

### Breakdown by investors



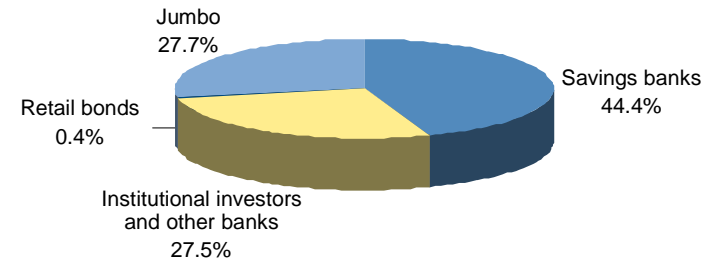
### Breakdown by maturity



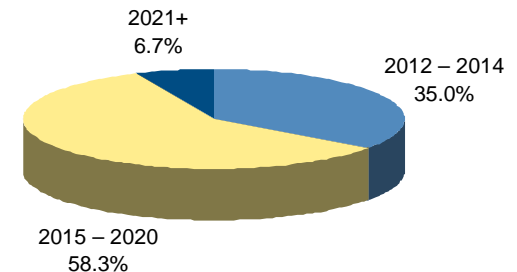
## Covered term-funding: EUR 3.6 bn

January 1 – December 31, 2010

### Breakdown by investors



### Breakdown by maturity



- Distinct lower funding needs in 2010
- Funding could be achieved without government guaranteed bond issuance
- About ½ senior unsecured and ½ in Pfandbriefe
  - Thereof ¾ Public Sector Pfandbriefe and ¼ Mortgage Pfandbriefe
- More than ½ of the funding with maturities longer than 5 years
- LBBW expects increased funding in 2011

# Outlook and results for Q1 2011

- LBBW's main focus also in 2011:
  - Expanding customer business
  - Systematic continuation of the Group's repositioning
- Milestone in streamlining its portfolio of equity holdings: LBBW will sell its shares in Deka
- LBBW is preparing the sale of the residential housing portfolio of LBBW Immobilien GmbH
- Potential outsourcing of LBBW's IT unit to the savings bank service provider Finanz Informatik is examined
- Underlying economic conditions will remain challenging, situation on the international financial markets is still proving to be unstable and crisis-prone
- LBBW makes every possible effort to further reduce its risk weighted assets and its credit investment portfolio in a systematic manner
- All in all, LBBW is confident with regard to 2011
- Strong start to the year in the operating business
- LBBW expects to make a profit both pursuant to IFRS and in accordance with HGB

# LBBW has had a good start to the year 2011

## **Significant increase in consolidated profit after tax**

- Consolidated profit before tax in Q1 2011 amounted to EUR 455 mln
- In Q1 2011, consolidated profit after tax amounted to EUR 352 mln compared to EUR 136 mln in Q1 2010
- Solid operating customer business, valuation gains of around EUR 200 mln in the investment portfolios

**Net interest income decreased slightly by EUR 22 mln to EUR 533 mln due to cutback of risk weighted assets**

**Allowances for losses on loans and advances estimated a quarter of the expected allowances for losses on loans and advances for the whole year: EUR 167 mln**

The actual amount of allowances for losses on loans and advances was substantially less

**Net fee and commission income slightly up by EUR 6 mln to EUR 148 mln**

**Net trading income recorded a significant increase and amounted to EUR 331 mln (+ EUR 59 mln compared to Q1 2010)**

Increase mainly due to the reversal of valuation losses as a result of tighter spreads

Further reduction of the CIP by EUR 9 bn to EUR 45 bn (March 31, 2011), almost exclusively due to the reduction of highly volatile CDS

**Administrative expenses fell to EUR 423 mln, LBBW realized cuts in both other administrative expenses and staff costs**

**Operating income totaled EUR 546 mln and has thus more than doubled in comparison with last year's figure**

**LBBW remained resolutely on track in the reduction of its risk weighted assets from EUR 121 bn at the start of the year to EUR 116 bn (March 31, 2011)**

**Tier 1 capital ratio improved further to 11.7% as of March 31, 2011**

# Preliminary figures for LBBW Group for Q1 2011

	Q1 2011 EUR mln	Q1 2010 EUR mln	Change	
			EUR mln	%
Net interest income	533	555	-22	-4.0
Allowances for losses on loans and advances <sup>1)</sup>	-167	-135	-32	23.7
Net fee and commission income <sup>2)</sup>	148	142	6	4.2
Net trading income	331	59	272	> 100.0
Other operating income	38	44	-6	-13.6
<b>Total operating income</b>	<b>883</b>	<b>665</b>	<b>218</b>	<b>32.8</b>
Administrative expenses	-423	-442	19	-4.3
Net income/loss from investment securities	86	35	51	> 100.0
<b>Operating income/loss</b>	<b>546</b>	<b>258</b>	<b>288</b>	<b>&gt; 100.0</b>
Restructuring expenses	0	-25	25	-
Guarantee commission state of Baden-Württemberg <sup>2)</sup>	-74	-77	3	-3.9
Other	-17	0	-17	-
<b>Consolidated loss/profit before tax</b>	<b>455</b>	<b>156</b>	<b>299</b>	<b>&gt; 100.0</b>
Tax income (+) / tax expense (-)	-103	-20	-83	> -100.0
<b>Consolidated profit</b>	<b>352</b>	<b>136</b>	<b>216</b>	<b>&gt; 100.0</b>

	March 31, 2011 EUR bn	Dec. 31, 2010 EUR bn	Change	
			EUR bn	%
Risk weighted assets	116	121	-5	-4.2
Total assets	378.2	374.4	3.8	1.0

<sup>1)</sup> In terms of allowances for losses on loans and advances, a quarter of the figure expected for the full year 2011 was estimated as an imputed value for the first quarter

<sup>2)</sup> Net fee and commission income is shown without the guarantee commission of the state of Baden-Württemberg. The latter is reported in a separate item

# APPENDIX

# Segment reporting of LBBW Group as of Dec. 31, 2010

EUR mn	Corporates		Retail Clients		Financial Markets		Credit Investment Portfolio/ Treasury		Corporate Items/Reconciliation/Consolidation		LBBW Group	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
Net interest income	1,608	1,455	397	384	582	611	-180	-40	-245	367	2,163	2,778
Net fee and commission income	370	497	226	222	62	84	6	27	-35	-16	630	814
Net trading income/loss <sup>1)</sup>	-38	-12	0	1	-14	373	-708	819	132	-432	-629	748
Other operating income <sup>2)</sup>	164	161	11	1	14	-3	14	1	-40	-376	163	-217
<b>Operating income</b>	<b>2,104</b>	<b>2,101</b>	<b>634</b>	<b>608</b>	<b>645</b>	<b>1,065</b>	<b>-867</b>	<b>807</b>	<b>-188</b>	<b>-457</b>	<b>2,327</b>	<b>4,123</b>
Allowance for losses on loans and advances	-523	-1,136	-16	-40	1	-75	16	-190	50	-86	-471	-1,527
Net income/loss from investment securities and other items <sup>3)</sup>	-20	-186	0	0	0	-12	31	-463	-47	-195	-36	-857
Administrative expenses	-659	-662	-495	-503	-356	-359	-74	-93	-179	-292	-1,764	-1,909
<b>Operating loss/profit</b>	<b>902</b>	<b>117</b>	<b>123</b>	<b>64</b>	<b>290</b>	<b>619</b>	<b>-893</b>	<b>61</b>	<b>-365</b>	<b>-1,030</b>	<b>56</b>	<b>-170</b>
Impairment of goodwill	0	-519	0	0	0	0	0	0	0	0	0	-519
Restructuring expenses	0	0	0	0	0	0	0	0	-67	-368	-67	-368
Guarantee commission for the state of BW	0	0	0	0	0	0	-141	-73	-166	-84	-306	-157
<b>Consolidated profit before tax</b>	<b>902</b>	<b>-402</b>	<b>123</b>	<b>64</b>	<b>290</b>	<b>619</b>	<b>-1,034</b>	<b>-12</b>	<b>-598</b>	<b>-1,482</b>	<b>-317</b>	<b>-1,214</b>
Income tax income/-expense											-30	-268
<b>Consolidated loss/profit for the period</b>											<b>-347</b>	<b>-1,482</b>
Segment assets <sup>4)</sup>	100,299	112,376	38,012	36,742	153,602	164,232	63,928	80,998	18,572	17,345	374,413	411,694
Positions for which capital changes are required (balance sheet date)	70,793	80,642	13,011	13,100	15,188	19,439	20,546	35,721	1,175	5,012	120,713	153,913
<b>Tied-up equity</b>	<b>5,368</b>	<b>5,701</b>	<b>914</b>	<b>944</b>	<b>1,215</b>	<b>1,548</b>	<b>1,573</b>	<b>2,939</b>	<b>1,861</b>	<b>-996</b>	<b>10,930</b>	<b>10,136</b>
<b>RoE (in %) <sup>5)</sup></b>	<b>16.8%</b>	<b>2.1%</b>	<b>13.5%</b>	<b>6.8%</b>	<b>23.9%</b>	<b>40.0%</b>	<b>&lt;0%</b>	<b>2.1%</b>			<b>0.5%</b>	<b>&lt;0%</b>
<b>CIR (in %)</b>	<b>31.3%</b>	<b>31.5%</b>	<b>78.1%</b>	<b>82.8%</b>	<b>55.2%</b>	<b>33.7%</b>	<b>&lt;0%</b>	<b>11.6%</b>			<b>75.8%</b>	<b>46.3%</b>

<sup>1)</sup> The net loss from hedging transactions and the net loss from financial instruments designated at fair value are shown as part of the net trading income/loss.

<sup>2)</sup> The net income from investment property is reported as part of the other operating income.

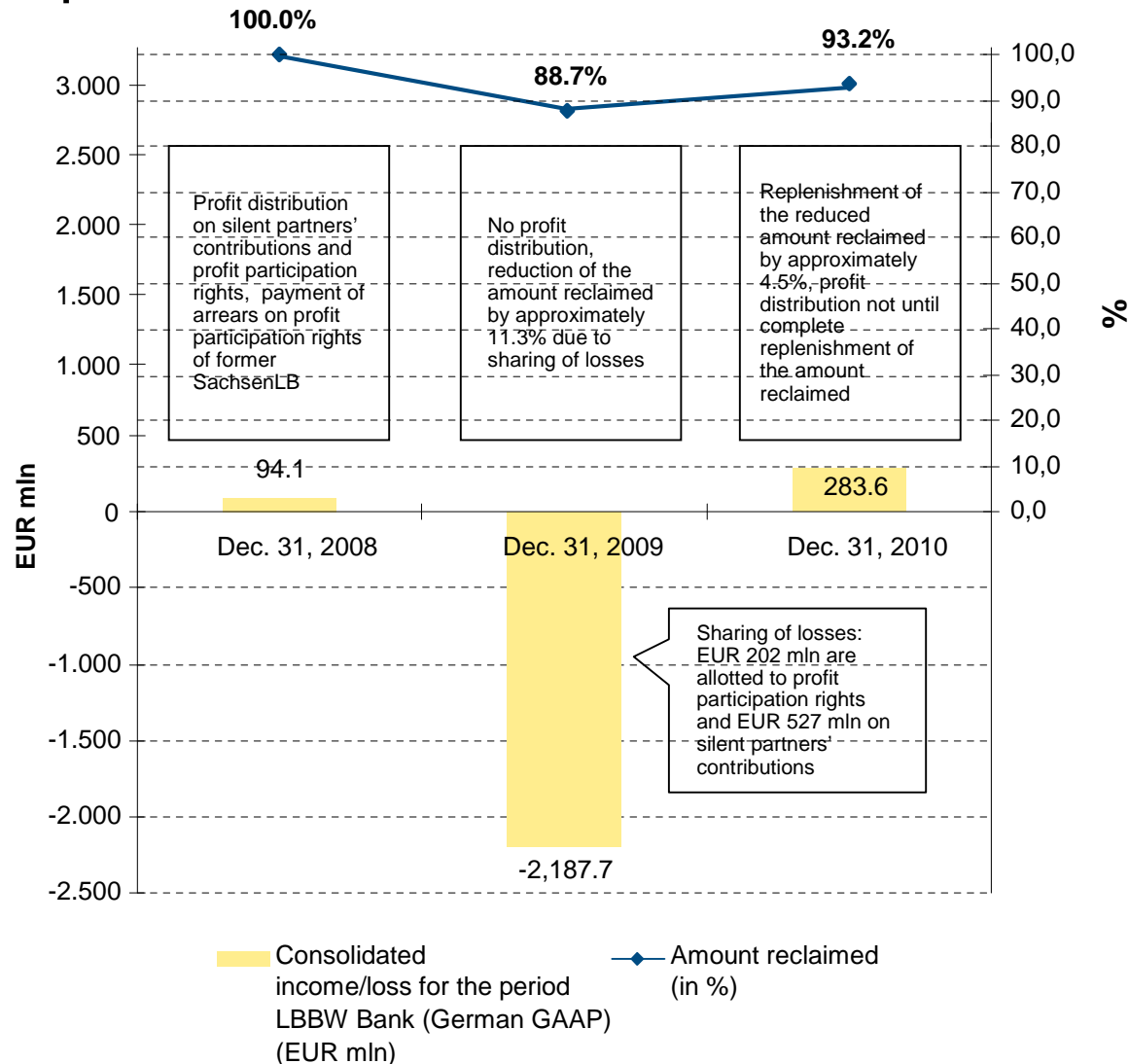
<sup>3)</sup> Includes the following income statement items: net loss from investment securities, net loss from profit/transfer agreements and net income from investments accounted for using the equity method.

In 2010, the income statement results from investments accounted for using the equity method allocated to the segments totalled EUR 2 mln (previous year: EUR -51 mln) for the Corporates segment, and EUR -60 mln (previous year: EUR -72 mln) for the Corporate items segment.

<sup>4)</sup> In 2010, shares in investments accounted for using the equity method allocated to the segments totalled EUR 55 mln (previous year: EUR 54 mln) for the Corporates segment and EUR 267 mln (previous year: EUR 255 mln) for the Corporate items segment.

<sup>5)</sup> Excluding goodwill impairment, restructuring expenses and guarantee commission for the state of Baden-Württemberg.

# Connection between amount reclaimed of profit participation rights/Silent partners' contributions and annual result

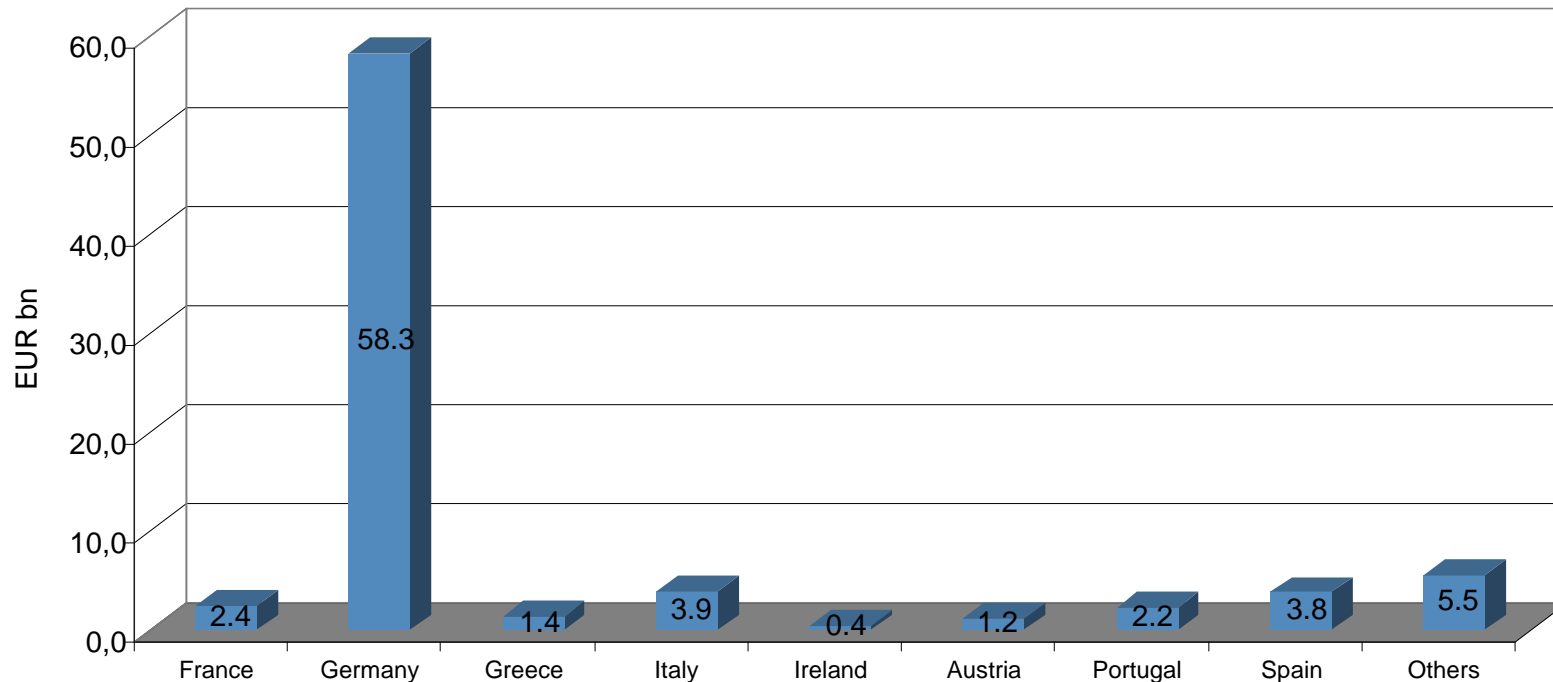


# Result of LBBW Bank according to German GAAP

	Jan 1 – Dec 31, 2010 EUR mln	Jan 1 – Dec 31, 2009 EUR mln	Change	
			EUR mln	%
Net interest income	2 361	2 172	189	8.7
Net fee and commission income	256	437	-181	-41.4
<i>thereof net fee and commission income without guarantee commission</i>	553	594	-41	-6.8
<i>thereof guarantee commission for the state of Baden-Württemberg</i>	-297	-156	-141	90.4
Net trading income/loss	15	313	-298	-95.2
Administrative expenses	-1 350	-1 545	195	-12.6
Other operating income/loss	17	-18	35	-
<b>Operating income before allowances for losses on loans and advances</b>	<b>1 299</b>	<b>1 359</b>	<b>-60</b>	<b>-4.4</b>
Allowances for losses on loans and advances	-822	-3 037	2 215	-72.9
<b>Operating income (Profit/loss on ordinary activities)</b>	<b>477</b>	<b>-1 678</b>	<b>2 155</b>	<b>-</b>
Extraordinary income/expenses	-160	-470	310	-66.0
<b>Consolidated profit before tax</b>	<b>317</b>	<b>-2 148</b>	<b>2 465</b>	<b>-</b>
Taxes on income and earnings	-33	-40	7	-17.5
<b>Consolidated income/loss for the period</b>	<b>284</b>	<b>-2 188</b>	<b>2 472</b>	<b>-</b>

# EU stress test 2010

Net exposure

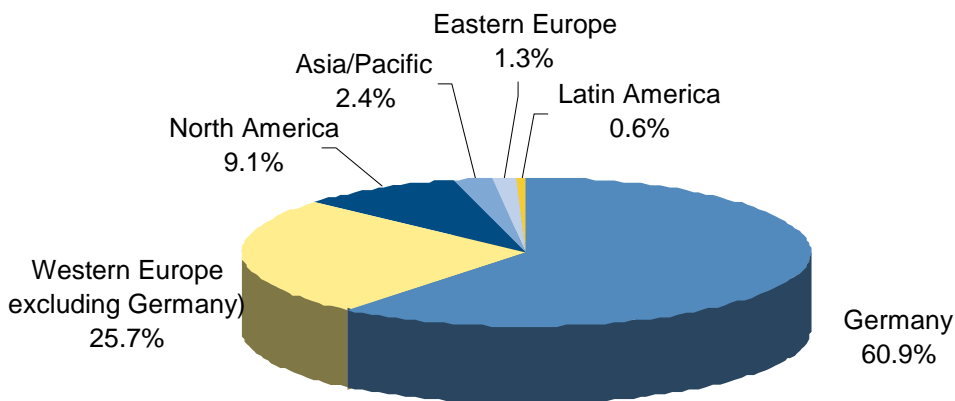


as of March 31, 2010

- **LBBW with good result in the stress test**
- **Total net exposure: EUR 79.0 bn**
- **Net exposure in the peripheral states: EUR 11.6 bn**
- **Tier 1 ratio in the regression scenario still at 8.1%**

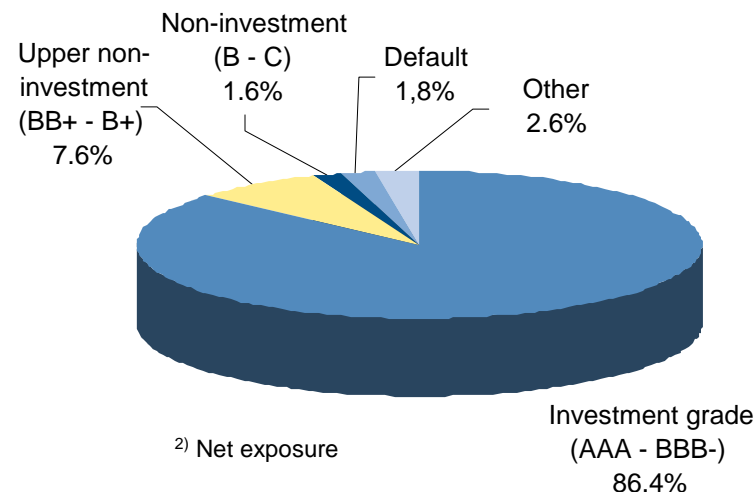
# Exposure according to region and rating

Breakdown according to region<sup>1)</sup>



<sup>1)</sup> Gross exposure

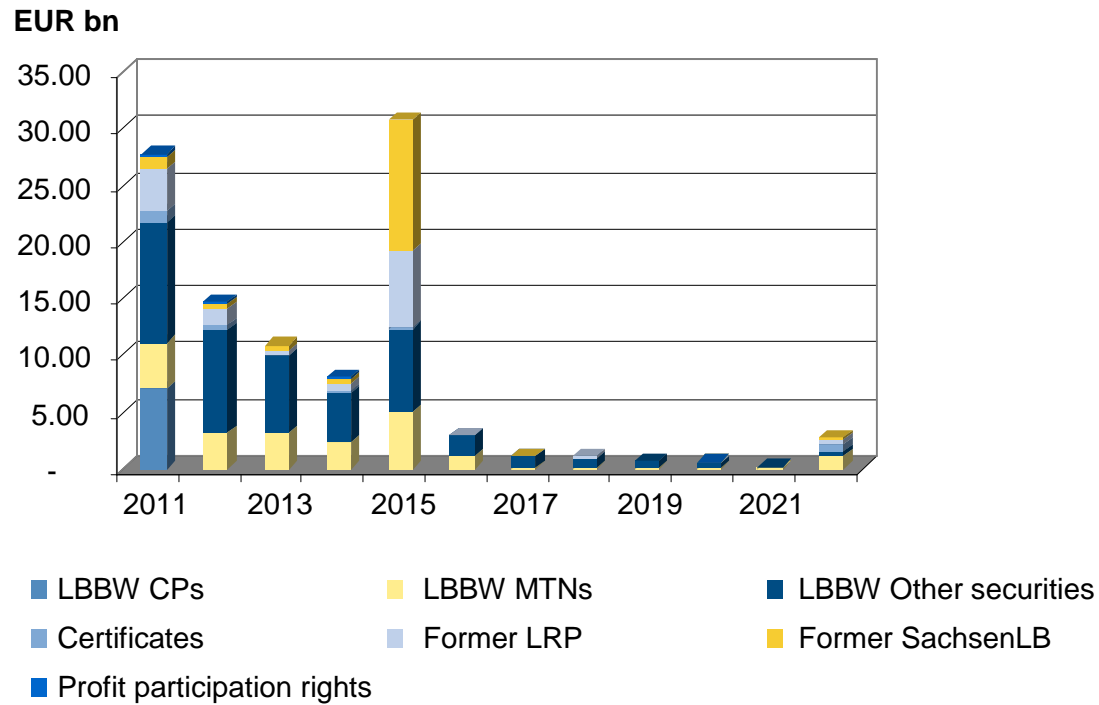
Breakdown according to rating<sup>2)</sup>



<sup>2)</sup> Net exposure

- **Focus on core markets in Baden-Württemberg, Rhineland-Palatinate and Saxony**
- **61% of gross exposure in Germany / 89% of foreign commitments are distributed across Western Europe and North America (no or very low transfer risks)**
- **Portfolio share of all investments in the peripheral states < 5% and will be further reduced in future**
- **Share of good to very good credit ratings (investment grade) compared to net exposure: 86.4%**
- **Share of commitments for which there has been a default on payment on net exposure only 1.8%**
- **Other column: transactions with customers where rating has not been carried out and for which there is no default (e.g. for reasons of risk relevance)**

# Maturity profile for outstanding bonds



- **Volume of total outstanding bonds amounts to EUR 102 bn\***
- **In general, policy of matched funding for new business**
- **Outlier in 2015 mainly due to pre-funding of former SachsenLB and LRP**

\* before offsetting according to IFRS