

## Press release

Alexander Braun  
Press officer

Landesbank Baden-Württemberg  
Am Hauptbahnhof 2  
70173 Stuttgart  
Phone +49 711 / 127-76400  
Fax +49 711 / 127-74861  
alexander.braun@LBBW.de  
www.LBBW.de

20 April 2011

### **LBBW releases preliminary figures for the first quarter of 2011**

*Landesbank Baden-Württemberg (LBBW) has had a good start to the year. Based on preliminary figures, the consolidated profit before taxes amounted to EUR 455 million in the first quarter of 2011. Profit after taxes rose to EUR 352 million, a significant increase compared to the previous year's figure of EUR 136 million.*

In addition to a solid operating customer business, valuation gains of around EUR 200 million in the investment portfolios due to a narrowing of spreads on the capital markets and non-recurring effects from the sale of equity holdings contributed to the favorable results trend. LBBW has remained resolutely on track in the reduction of its risk-weighted assets. Compared to the start of the year they decreased from EUR 121 billion to EUR 116 billion. In the first three months of this year the Credit Investment Portfolio was reduced by a further EUR 9 billion to the current level of EUR 45 billion. This is almost exclusively attributable to the reduction of highly volatile credit default swaps (CDS). The Credit Investment Portfolio was thus cut by more than half in comparison with the reading at the end of 2008 (approx. EUR 95 billion). The Tier 1 capital ratio improved further. At 31 March 2011 it was 11.7 percent.

Page 2

Press release

20 April 2011

Due to the reduction in risk-weighted assets, **net interest income** decreased slightly year-on-year, falling by EUR 22 million to EUR 533 million.

Due to the traditionally low level of **allowances for losses on loans and advances** in Q1 due to the recognition of all potential risks and losses, LBBW, in order to show a more realistic picture of its business performance, estimated a quarter of the expected allowances for losses on loans and advances for the whole year in its preliminary quarterly report, i.e. EUR 167 million. The actual amount of allowance for losses on loans and advances in Q1 was substantially less.

**Net fee and commission income** was up slightly year-on-year, i.e. by EUR 6 million, to EUR 148 million.

**Net trading income** came to EUR 331 million and thus recorded a significant increase in comparison with the first quarter of the previous year (EUR 59 million). The good performance is attributable mainly to the reversal of valuation losses as a result of tighter spreads on the capital markets.

**Other operating income** decreased slightly to EUR 38 million (previous year: EUR 44 million).

**Administrative expenses** fell to EUR 423 million and were thus EUR 19 million below the previous year's figure. In the context of its restructuring, the Bank realized cuts in both other administrative expenses and staff costs.

Page 3

Press release

20 April 2011

**Net income from investment securities** more than doubled in comparison with the previous year's quarter (EUR 35 million). Due to, among other things, income from the sale of equity holdings, it came to EUR 86 million.

**Operating income** totaled EUR 546 million and has thus more than doubled in comparison with last year's figure of EUR 258 million. After deducting EUR 74 million in commission costs for the risk shield provided by the state of Baden-Württemberg and other expenses of EUR 17 million, **consolidated profit before tax** came to EUR 455 million (previous year: EUR 156 million). The **tax expense** in the first quarter of 2011 was EUR -103 million. LBBW is reporting a preliminary **consolidated profit after tax** of EUR 352 million for the first quarter of 2011.

**Preliminary figures  
of the LBBW Group for the first quarter of 2011**

	Q1 2011 in EUR million	Q1 2010 in EUR million	Change	
			in EUR million	in %
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</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 profit before tax</b>	<b>455</b>	<b>156</b>	<b>299</b>	<b>&gt;100.0</b>
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>

	31.3.2011 in EUR billion	31.12.2010 in EUR billion	Change	
			in EUR billion	in %
Risk-weighted assets	116	121	5	4.2
Total assets	378.2	374.4	3.8	1.0

	31.3.2011 in %	31.12.2010 in %
Tier 1 capital ratio	11.7	11.4

<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.

Differences result from rounding. The percentage changes are based on the exact figures.