



LBBW

28/8/2019 - Result as of 30 June 2019

# LBBW Group

Result as of 30 June 2019

**LBBW**  
Bereit für Neues

# Important notice

This presentation serves general information purposes only. It has not been prepared in accordance with legal requirements designed to promote the independence of investment research, and it is not subject to any prohibition on dealing ahead of or after the dissemination of investment research. This presentation does not constitute an investment recommendation or information recommending or suggesting an investment strategy. It does not constitute information which, directly or indirectly, expresses a particular investment proposal in respect of a financial instrument or an issuer or which proposes a particular investment decision; and it does not constitute information recommending or suggesting an investment strategy, explicitly or implicitly, concerning one or several financial instruments or issuers.

This presentation and the information therein were prepared and provided for information purposes only. They are not (directly or indirectly) intended or to be construed as and do not constitute a direct or indirect offer, recommendation or solicitation to buy, hold or sell any securities or other financial instrument, or an invitation to make an offer to buy, to subscribe for or otherwise acquire any securities or other financial instrument or to provide or obtain any financial services.

The information contained herein does not claim to be comprehensive or complete. This presentation is not a prospectus or sales prospectus or a comparable document or a comparable information and therefore does not contain all material information which is necessary for making an investment decision. Any offer of securities, other financial instruments or financial services would be made pursuant to offering materials to which prospective investors would be referred.

This presentation contains information and statements, taken or derived from generally available sources (other than LBBW). This applies especially (but is not limited) to market and industry data and reports. LBBW believes such sources to be reliable. LBBW is not able to verify the information from such sources, however, and has not verified it. Therefore LBBW does not give any warranty or guarantee, makes no representation and does not assume or accept any responsibility or liability with regard the accuracy or completeness of such information, which was taken or derived from such sources.

This presentation contains forward-looking statements. Forward-looking statements are all statements, information and data which are not statements, information and data of historical facts. They include in particular (but are not limited to) statements, information and data relating to plans, objectives or expectations, relating to future results or developments, or relating to assumptions in connection with such statements, information or data, with regard to LBBW, LBBW Group, products, services, industries or markets. Forward-looking statements are based on plans, estimates, projections, objectives and assumptions as and to the extent they are available to the management of LBBW in advance to and for such statements. Forward-looking statements are only valid on such basis and only as of the date they are made. LBBW undertakes no obligation to update or revise any forward-looking statement (e.g. in case of new information or events).

Forward-looking statements, by their very nature, are subject to risks and uncertainties. A number of factors could cause actual developments and results to differ materially from the forward-looking statements and in particular in a materially negative way. Such factors include, but are not limited to, changes in the conditions on the financial markets in Germany, Europe or other countries or regions in which LBBW operates, holds substantial assets or from which it derives substantial revenues; developments of assets prices and market volatility, potential defaults of borrowers and trading counterparties, implementation of strategic initiatives, effectiveness of policies and procedures, regulatory changes and decisions, political or economic developments in Germany or elsewhere. Therefore this presentation does make any statement or prediction in relation to any actual development or result (in particular (but not limited to) values, prices, portfolios, financial items or other figures or circumstances). Changes in underlying assumptions have a material impact on expected or calculated developments. Earlier or later presentations may differ from this presentation in relation to forward-looking statements, in particular in relation to developments and results as well as assumptions. LBBW undertakes no obligation to notify recipients of this presentation with regard to such differences or presentations.

Past performance is not a reliable indicator for future performance. Exchange rates, volatility of financial instruments and other factors can have a negative affect on it. The presentation of data and performance related to the past or the depiction of awards for the performance of products are thus not a reliable indicator for the future performance.

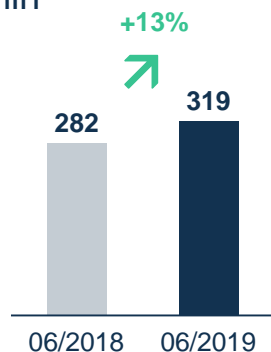
All information in this presentation relates to the date of preparation of this document only; and historic information to its respective relevant date and is subject to change at any time, without such change being announced or published and without the recipient of this presentation being informed thereof in any other way. There is no representation, guarantee or warranty or other statement for or in respect of the continuing accuracy of the information. The information herein supersedes any prior versions hereof and any prior presentation and will be superseded by any subsequent versions hereof, any subsequent presentations, and any offering materials. LBBW has no obligation to update or periodically review the presentation. LBBW has no obligation to inform any recipient of any subsequent presentation or subsequent versions hereof.

This presentation does not constitute investment, legal, accounting or tax advice. It is no assurance or recommendation that a financial instrument, investment or strategy is suitable or appropriate for the individual circumstances of the recipient. Any investment should only be effected after an own assessment by the investor of the investor's individual financial situation, the suitability for the investor and the risks of the investment. This presentation can not replace personal advice. It does not consider the individual situation of the investor. Each recipient should, before making an investment decision, make further enquiries with regard to the appropriateness of investing in any financial instruments and of any investment strategies, and with regard to further and updated information with respect to certain investment opportunities and should seek the advice of an independent investment adviser for individual investment advice and the advice of a legal and tax advisor. To the extent that this Presentation contains indications with regard to tax effects it is noted that the actual tax effects are subject to the individual circumstances of the investor and subject to any future changes.

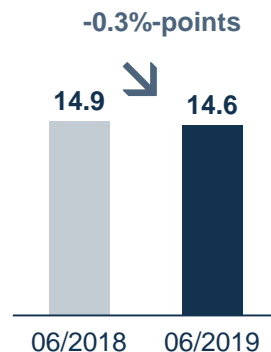
This presentation and its contents must not be further published, reproduced, redistributed, disclosed or passed on to any third party, in whole or in part, for any purpose, without the prior consent of LBBW. Please note that the distribution of Information relating to issuers of financial instruments, and offer and sale of financial instruments may not be permitted in all countries, in particular not in the U.S.A. or to U.S. persons. Persons who obtain possession of this document have to inform themselves about national restrictions and have to comply with them.

# Positive development in the first half of 2019 confirms LBBW's strategic direction

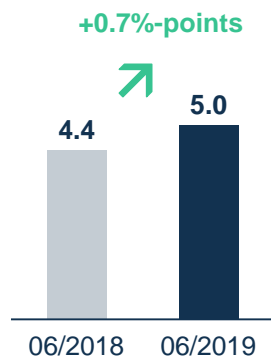
**Consolidated profit bef. tax**  
€ mln



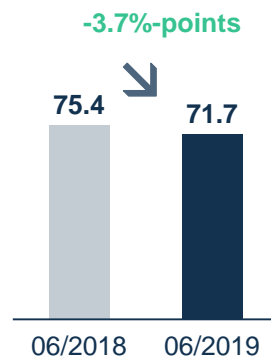
**CET1 capital ratio**  
%



**Return on Equity**  
%



**Cost/income ratio**  
%



Consolidated profit bef. tax increased by 13% despite the challenging environment

Successful continuation of the profitable growth course in the customer business

Due to growth, methodological adjustments and capital consumption resulting from the low interest rates slightly declining CET1 capital ratio – but continued solid capitalization and clearly above requirements

Simultaneous improvement of capital profitability and cost efficiency

LBBW well-positioned on the market and with unchanged strong base for LBBW's further improvement and continuation of the strategic direction

Differences due to rounding

# LBBW as a Mittelstand-minded universal bank with strong customer base and clear strategic focus

## Mittelstand-minded universal bank

What makes us Mittelstand-minded

**Long standing customer relationships**

**Owners with long term orientation**

**Unique corporate identity**

**Deep regional roots**

**Strong capital base**

**Innovations and process excellence**

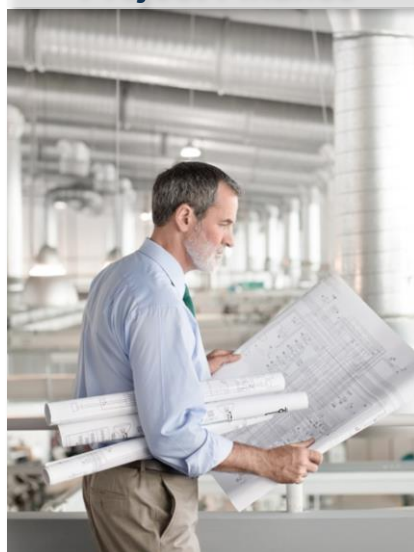
**High quality standards**

Our customers

**Corporate Customers**



**Real Estate / Project Finance**



**Capital Markets Business**



**Private Customers / Savings Banks**



Our strategic cornerstones

**Business focus**



**Digitalization**



**Sustainability**



**Agility**



# LBBW with its strategy well-positioned in the market – further stringent implementation of the strategy in 2019

 <p><b>Business focus</b></p>	<p>Continuation of the <b>profitable growth course</b> in customer business – result improved</p>	<p><b>Focus on profitability</b> and <b>efficiency</b> shows in improved ratios <b>RoE</b> and <b>CIR</b></p>	<p><b>FINANCE</b> survey 2019: <b>TOP 2 bank for SMEs</b> and <b>TOP 5</b> in German corporate customer business</p>
 <p><b>Digitalization</b></p>	<p>First transactions realized on international trade finance network <b>Marco Polo</b></p>	<p>Implementation of further <b>E2E processes</b> based on digital enabler</p>	<p>Schuldschein<sup>1</sup> platform <b>DEBTVISION</b> now with more than 30 transactions</p>
 <p><b>Sustainability</b></p>	<p>Growth of <b>green credit portfolio</b> of more than 15%<sup>2</sup></p>	<p>Growth in <b>sustainable asset investments</b> of more than 10%<sup>3</sup></p>	<p>Further improvements in <b>sustainability ratings</b> with top positions</p>
 <p><b>Agility</b></p>	<p>First enlargement to <b>agile organizational forms</b></p>	<p>High number of <b>optimization processes</b> triggered by employees</p>	<p>Change of further projects to <b>agile project methods</b></p>

<sup>1</sup> Schuldschein = borrower's note loan

<sup>2</sup> adjusted definition: green promotional loan business, Green Bond eligible real estate financings, project financings renewable energies

<sup>3</sup> including assets under management of LBBW Asset Management

# LBBW Group: Profitable growth course in customer business and improvement of cost efficiency

€ mln	06/2018	Δ %	06/2019
Net interest income	796	2%	811
Net fee and commission income	262	7%	279
Net gains/losses on remeasurement and disposal	135	7%	144
of which allowances for losses on loans and securities <sup>1</sup>	-33	87%	-62
Other operating income/expenses	58	-10%	52
<b>Total operating income/expenses</b>	<b>1,250</b>	<b>3%</b>	<b>1,286</b>
Expenses	-967	0%	-967
<b>Consolidated profit/loss before tax</b>	<b>282</b>	<b>13%</b>	<b>319</b>
Income taxes	-77	30%	-100
<b>Net consolidated profit/loss</b>	<b>206</b>	<b>6%</b>	<b>219</b>

.....  
**Consolidated profit bef. tax increased** by 13% despite the challenging environment  
 .....

.....  
**Profitable growth course** in customer business, with expansion of the financing and deposit volumes as well as increase of the cross-selling  
 .....

.....  
 Persistently **low interest rates**, intense competition, volatility on the capital markets and persistent regulatory pressure have a negative effect  
 .....

.....  
 Risk provisioning after previous year's low level returned to a normal level, mainly due to individual cases – overall **portfolio quality ongoing very good**  
 .....

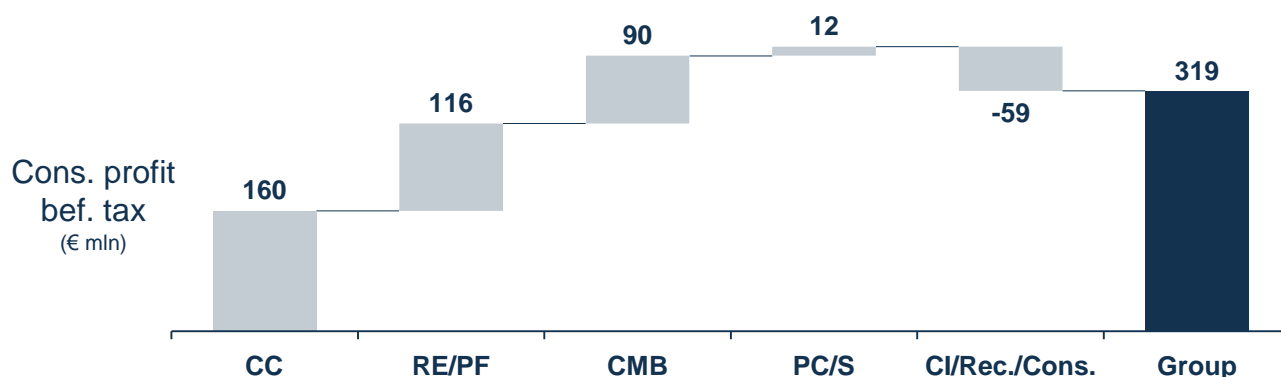
.....  
 Positive contributions from **sale of securities** in connection with the management of the LCR portfolio  
 .....

.....  
 Expenses constant in spite of higher bank levy/deposit guarantee system – **improved cost efficiency**  
 .....

Differences due to rounding

<sup>1</sup> Relates only to the category "Financial assets measured at amortized cost". In addition, a net allocation of € -1 mln in the current year (previous year € 0 mln) relates to the category "Financial assets measured at fair value through other comprehensive income"

# All customer segments with positive earnings contribution



	CC	RE/PF	CMB	PC/S	CI/Rec./Cons.	Group
RWA (€ bn)	38.2	12.9	16.6	8.2	6.3	82.2
RoE (%)	6.5	13.6	7.2	2.2	<0	5.0

## Corporate Customers (CC):

Continuation of growth and expansion of cross-selling with reduced expenses – stable earnings contribution

## Real Estate/Project Finance (RE/PF):

Increase in earnings in real estate and project financings – clear increase in profit

## Capital Markets Business (CMB):

Positive effects due to primary markets and certificates business as well as sale of securities – profit above PY

## Private Customers/Savings Banks (PC/S):

Expansion of volumes and good brokerage business – profit almost at PY's level

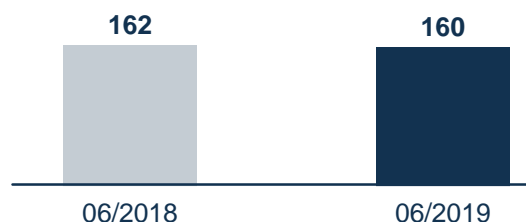
Differences due to rounding

CC=Corporate Customers / RE/PF=Real Estate/Project Finance / CMB=Capital Markets Business / PC/S=Private Customers/Savings Banks / CI/Rec./Cons.=Corporate Items/Reconciliation/Consolidation

# CC: Continued growth and expansion of cross-selling with reduced expenses – stable earnings contribution



Cons. profit bef. tax  
€ mln



€ mln	06/2018	Δ %	06/2019
Total operating income/expenses	482	-2%	470
of which allowances for losses on loans and securities <sup>1</sup>	-24	64%	-39
Expenses	-320	-3%	-311
<b>Consolidated profit/loss before tax</b>	<b>162</b>	<b>-2%</b>	<b>160</b>
<b>Total assets (€ bn)</b>	<b>56.7</b>	<b>10%</b>	<b>62.4</b>

**Profit bef. tax** stable at **PY's level** despite higher risk provisioning

**Continuation** of the **growth course** with ~10% increase in financing volume with mid-sized and large corporates

**Expansion** of the **new focus sectors** Utilities & Energy, TM & Electronics/IT and pharmaceuticals & Healthcare

**Cross-selling** clearly **expanded**, mainly corporate finance, hedging transactions, financial commissions

**Individual cases** of **risk provisioning** lead to an increase – nevertheless unchanged good portfolio quality

**Expenses below PY**



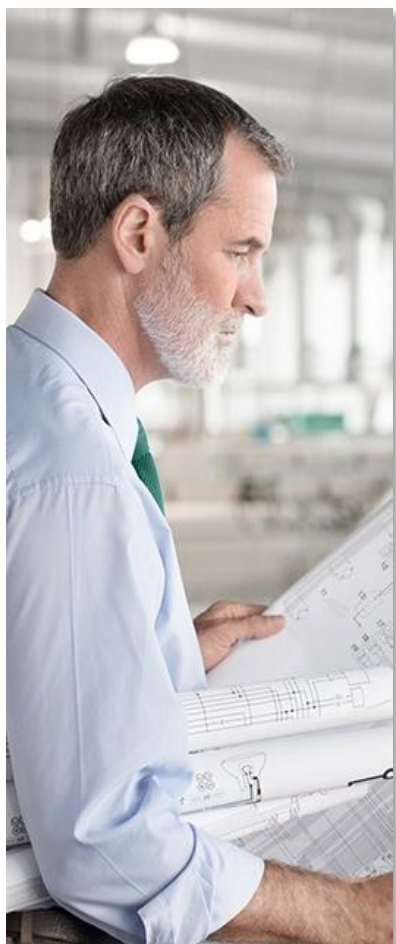
Strategic focus: Further **expansion** of **customer relationships** and expansion of **cross-selling** as well as digitalization of essential customer processes

Differences due to rounding

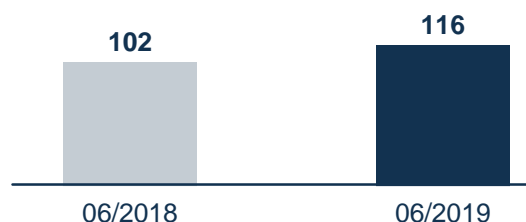
<sup>1</sup> Relates only to the category "Financial assets measured at amortized cost"



# RE/PF: Increase in earnings in real estate and project financings – clear increase in profit



**Cons. profit bef. tax**  
€ mln



€ mln	06/2018	Δ %	06/2019
Total operating income/expenses	180	9%	197
of which allowances for losses on loans and securities <sup>1</sup>	-10	4%	-11
Expenses	-79	3%	-81
<b>Consolidated profit/loss before tax</b>	<b>102</b>	<b>14%</b>	<b>116</b>
<b>Total assets (€ bn)</b>	<b>24.9</b>	<b>15%</b>	<b>28.7</b>

**Cons. profit bef. tax** thus in spite of the intense competition **clearly above PY**

**Further growth** with **>15% increase in financing volume**

Once again **strong new business** in commercial real estate financing with € 4.1 bn

**Project financings** mainly in the sectors infrastructure and renewable energies

Unchanged **good portfolio quality** and thus only limited negative impacts due to risk provisioning

**Expenses** despite growth almost at **PY's level**



Strategic focus is on selective **growth** at **home and abroad**

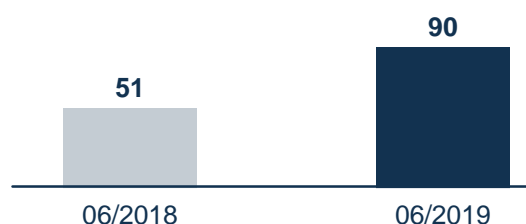
Differences due to rounding

<sup>1</sup> Relates only to the category "Financial assets measured at amortized cost"

# CMB: Positive effects due to primary markets and certificates business as well as sale of securities – profit above PY



**Cons. profit bef. tax**  
€ mln



€ mln	06/2018	Δ %	06/2019
Total operating income/expenses	307	11%	340
of which allowances for losses on loans and securities <sup>1</sup>	1	-28%	1
Expenses	-256	-2%	-250
<b>Consolidated profit/loss before tax</b>	<b>51</b>	<b>77%</b>	<b>90</b>
<b>Total assets (€ bn)</b>	<b>134.9</b>	<b>-3%</b>	<b>131.5</b>

**Cons. profit bef. tax above PY** despite the challenging environment

Strong position in **primary markets and certificates business**

**Strong execution capacity in Green Bonds** – Green Senior non-preferred bond (€ 750 mln) and first green USD Mortgage Pfandbrief (USD 750 mln)

In customer business increasing **restraint in interest-bearing products** due to low interest rate level

Positive contributions due to **sale of securities** as part of the management of the LCR portfolio

**Expenses slightly below PY**



Strategic focus is on optimized **customer service** by expanding the portfolio of **platform solutions** as well as expansion of the **customer business abroad**

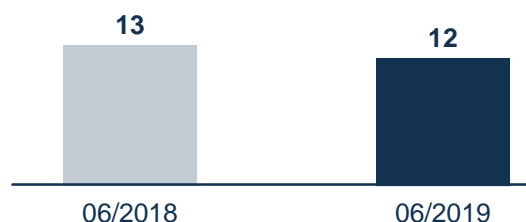
Differences due to rounding

<sup>1</sup> Relates only to the category “Financial assets measured amortized cost”. In addition, a net allocation of € -1 mln in the current year (previous year € 0 mln) relates to the category “Financial assets measured at fair value through other comprehensive income”

# PC/S: Expansion of volumes and good brokerage business – profit almost at PY’s level



**Cons. profit bef. tax**  
€ mln



€ mln	06/2018	Δ %	06/2019
Total operating income/expenses	276	-3%	268
of which allowances for losses on loans and securities <sup>1</sup>	-3	>100	-16
Expenses	-263	-2%	-256
<b>Consolidated profit/loss before tax</b>	<b>13</b>	<b>-9%</b>	<b>12</b>
<b>Total assets (€ bn)</b>	<b>33.2</b>	<b>3%</b>	<b>34.2</b>

**Cons. profit bef. tax** almost at **PY’s level**

**Further expansion** of **financing and deposit volumes** mainly of high net-worth private clients

**Low interest rate level** still **has a negative effect**, mainly margins in deposit business

**Positive development** of the **brokerage business**, mainly real estate brokerage, insurances

**Individual case** of **risk provisioning** impacts profit

**Expenses** slightly **below PY**



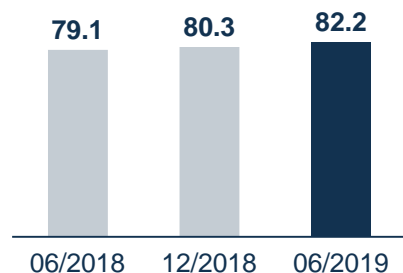
Strategic focus is on **strong on-site personal advice** and simultaneously consistent **further development of digital offers**

Differences due to rounding

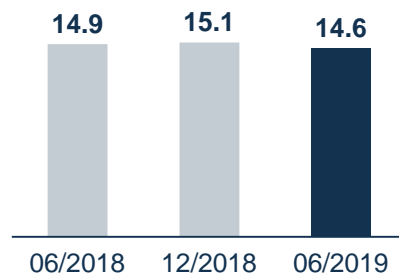
<sup>1</sup> Relates only to the category “Financial assets measured at amortized cost”

# Continued solid capitalization – clearly above requirements and thus base for further growth

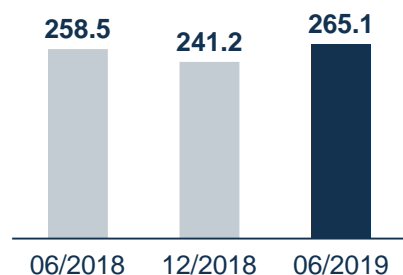
**RWA**  
€ bn



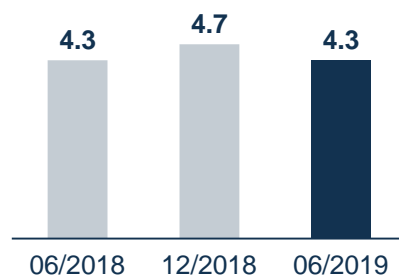
**CET1 capital ratio**  
%



**Total assets**  
€ bn



**Leverage ratio**  
%



**RWA at € 82.2 bn**

- Increase mainly due to growth in customer business as well as methodological adjustments

**CET1 capital ratio at 14.6%**

- As expected slight decline due to growth in customer business and capital consumption resulting from the low interest rates
- However continued **solid capitalization**
- **SREP requirement** in 2019 of 9.75% **clearly exceeded**
- **Total capital ratio at 21.9%**

**Total assets at € 265.1 bn**

- Increase mainly due to growth in customer business and due to repo transactions

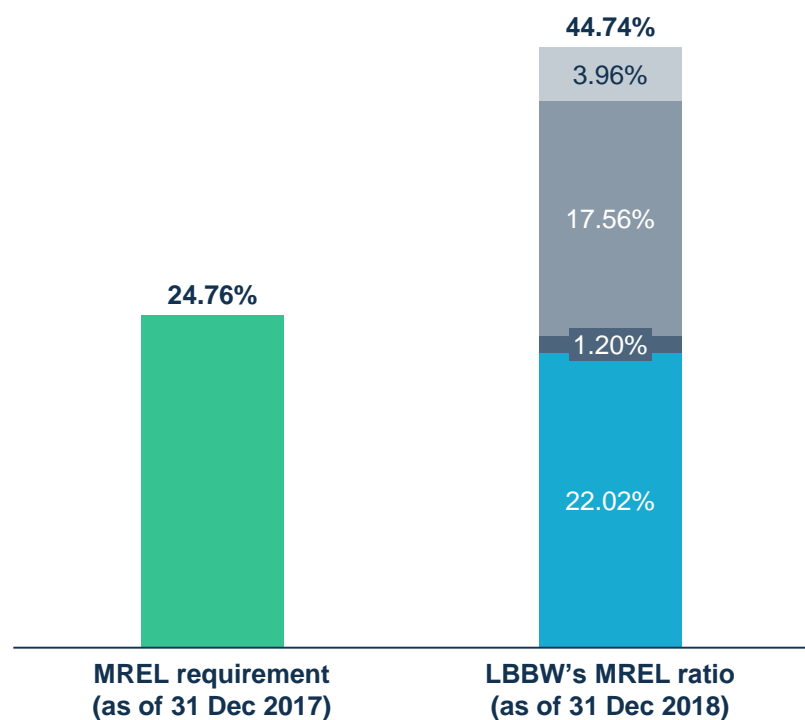
**Leverage ratio at 4.3%**

- As expected slight decline due to expansion of business activities
- **Minimum requirement** of 3.0% **clearly exceeded**

Differences due to rounding

# MREL requirements clearly exceeded

**MREL requirement and MRE ratio of LBBW**  
in % of RWA



- Senior preferred
- Senior non-preferred
- Subordinated capital
- Regulatory capital of CET1, AT1, T2
- Requirement

**MREL requirement based on 31 Dec 2017**

- In relation to the **Total Liabilities and Own Funds ("TLOF")** at **8.66%**
- In relation to the **RWA** at **24.76%**

**LBBW's MREL ratio based on 31 Dec 2018**

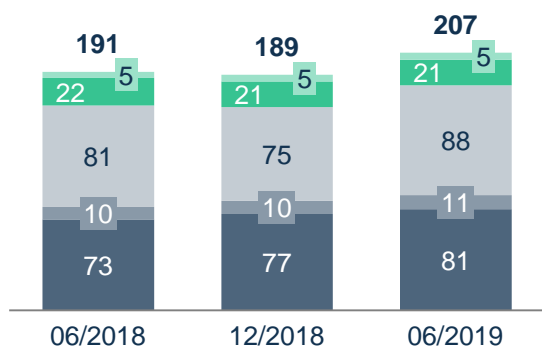
- In relation to the **RWA LBBW's ratio** is at **44.74%**
- **MREL requirements thus clearly exceeded**

**High quality of own funds and eligible liabilities**

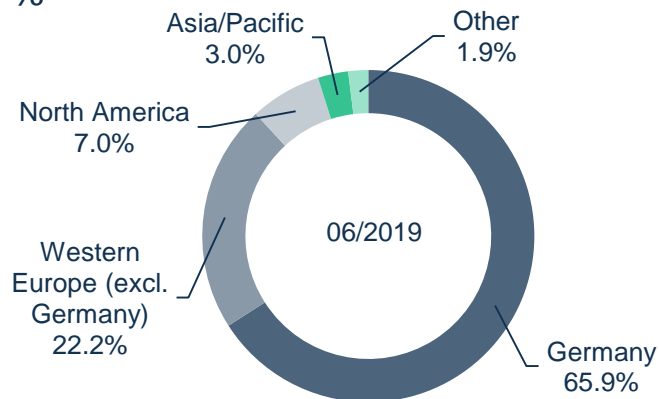
- MREL requirement can be **essentially fulfilled with own funds**
- In addition, the **eligible liabilities** consist to a **high share of subordinated liabilities**

# Further expansion of the exposure with ongoing very good portfolio quality

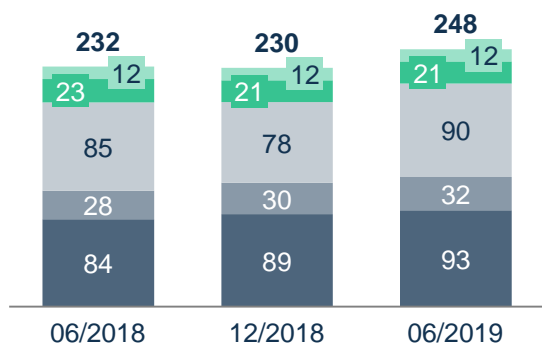
**Net exposure by sector**  
€ bn



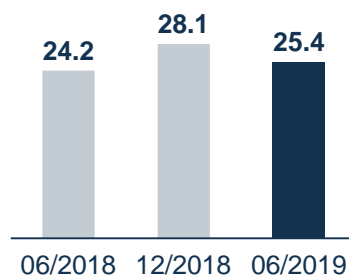
**Breakdown of net exposure by regions**  
%



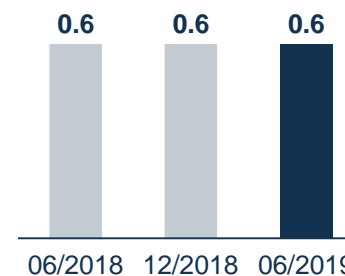
**Exposure by sector**  
€ bn



**Ø PD net exposure**  
bp



**NPL ratio<sup>1</sup>**  
%



**Net exposure with increase to € 207 bn**

- **Corporates:** almost all sectors with increase
- **Financial Institutions:** Increase at half-year 2019 after reduction at year-end 2018

**Ø PD net exposure again at PY's level after increase at year-end 2018**

- **90%** of the net exposure in investment grade area

**NPL ratio<sup>1</sup> unchanged at low 0.6%**

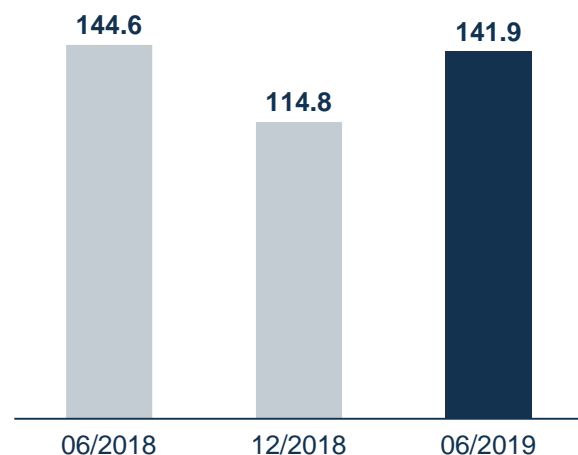
- underpins good portfolio quality

Differences due to rounding

<sup>1</sup> NPL ratio acc. to EBA definition based on Finrep; share of non-performing exposure in relation to all loans and advances to customers and banks

# LCR above minimum requirement – high and diversified liquidity reserve of LBBW with good quality

**Liquidity coverage ratio (LCR)**  
%



**LCR ratio at 141.9%**

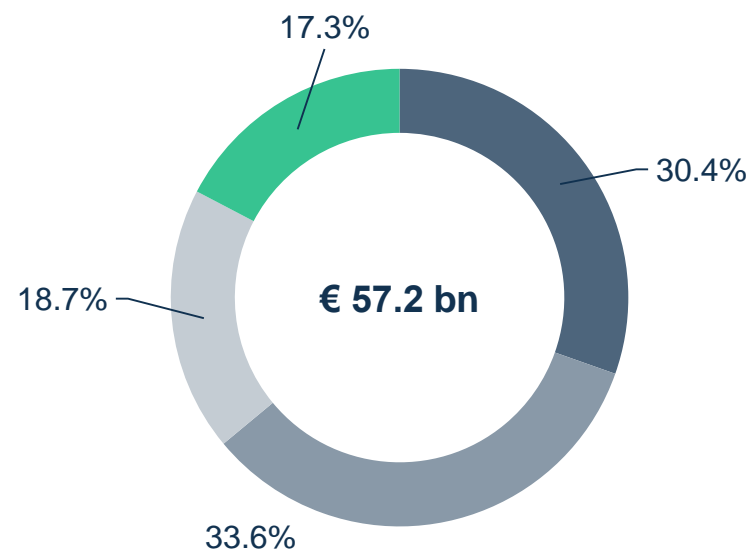
- thus significantly above regulatory requirement
- Increase compared to year-end mainly due to higher volumes reverse repos and increase net cash inflows

**NSFR > 100%**

Differences due to rounding

<sup>1</sup> Includes mainly level 2a sovereigns, corporate bonds and stocks

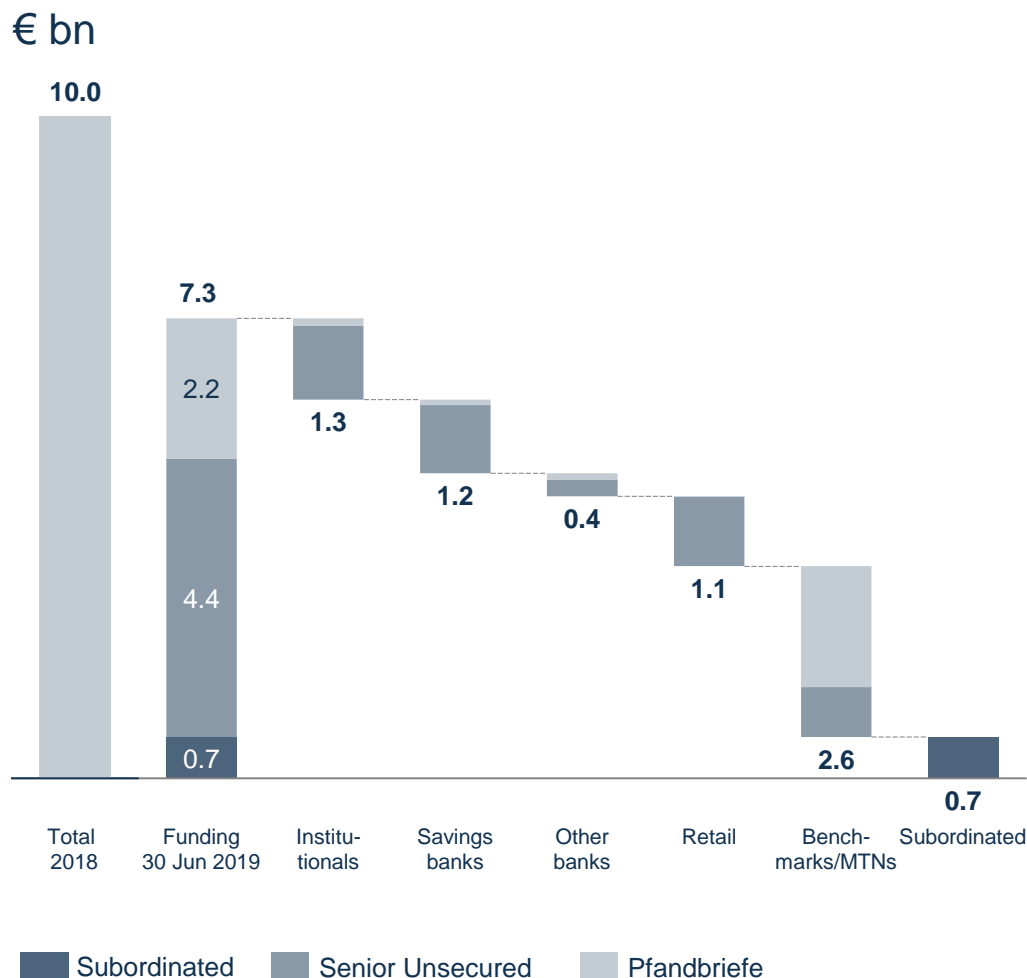
**Structure of the liquidity reserve**



- Balances with central banks
- Supras / Central and regional governments / Agencies
- Financials
- Other <sup>1</sup>

# LBBW's strong funding base further broadened – sustainable funding further expanded

## Funding structure as of 30 June 2019<sup>1</sup>



### Active issuer in all asset classes

- Tier 2 / Subordinated
- Senior Non-Preferred and Senior Preferred
- Pfandbriefe (Public Sector Pfandbriefe/Mortgage Pfandbriefe)

### Extension of LBBW's EUR "Credit Curve"

- Via liquid benchmark issues in Senior Non-Preferred format

### Pioneer on the Green Bond market

- Award: First USD Green Covered Bond worldwide (The Covered Bond Report 2019 Award Deal of the Year – Dollars)
- Largest order book for a covered issue in USD in RegS format with more than USD 2 bn

### Senior Preferred

- Primarily successful private placements and retail issues

### Subordinated

- € 500 mln Tier 2 benchmark issue
- Private placements in EUR, AUD and JPY

Differences due to rounding

<sup>1</sup> Funding raised on the capital markets and renewals; ECB's exchange rates as at reporting date 28 Jun 2019 are underlying; initial maturities > 1 year are mentioned



# Strategic targets of LBBW are long-term profitability and solid capitalization

Targets	Key figure	Long-term target
Long-term profitability	Return on equity before tax	~6%
Sustained good rating	External rating	A area
Solid capitalization	CET1 capital ratio	~13%
	Total capital ratio	~18%
	Leverage ratio	>4%
	MREL ratio	Supervision
Solid liquidity position	Liquidity coverage ratio	>110%
	Net stable funding ratio	≥ 105%
Improving the efficiency	Cost/income ratio	<60%

# Outlook<sup>1</sup> LBBW 2019 – further development of LBBW and continuation of the strategic direction



.....

Further **tightening** of the **environment**

Low interest rate level, competition, deteriorating economic environment, geopolitical tensions

.....

LBBW as a **Mittelstand-minded universal bank well-positioned** on the market

Strong customer base with a customer-oriented business model

.....

Unchanged **strong base**

Solid capitalization, very good portfolio quality, comfortable funding and liquidity situation

.....

**Further developments** of LBBW along the **strategic cornerstones**

Further progress in business focus, digitalization, sustainability and agility

.....

**Continuation** of the **strategic direction**

Profitable growth in customer business by diversification of the portfolio and by maintaining the very good portfolio quality

.....

LBBW expects for the **fiscal year 2019** a consolidated **profit bef. tax** in **mid three-digit EUR million range**

.....

<sup>1</sup> Based on management calculations and expectations

## Your experts and contact persons

### Asset & Liability Management

Patrick Steeg

Managing Director

Head of Asset & Liability Management

+49 711 127-78825

Patrick.Steeg@LBBW.de

### Funding & Debt Investor Relations

Andreas Wein

Head of Funding & Debt Investor Relations

+49 711 127-28113

Andreas.Wein@LBBW.de

### Funding & Debt Investor Relations

Peter Kammerer

Head of Investor Relations

+49 711 127-75270

Peter.Kammerer@LBBW.de

### Funding & Debt Investor Relations

Sabine Weilbach

Investor Relations

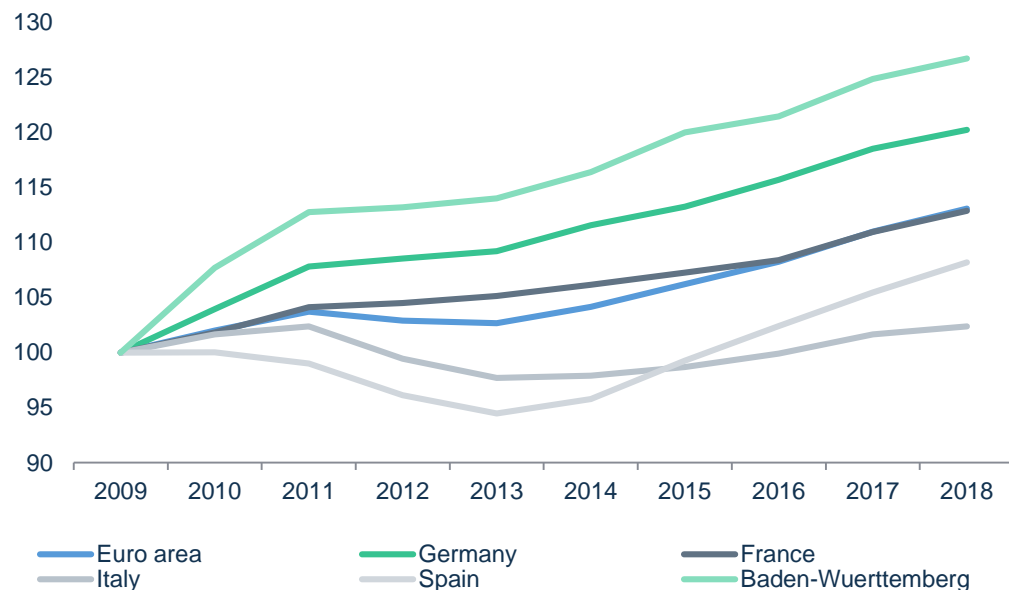
+49 711 127-75103

Sabine.Weilbach@LBBW.de

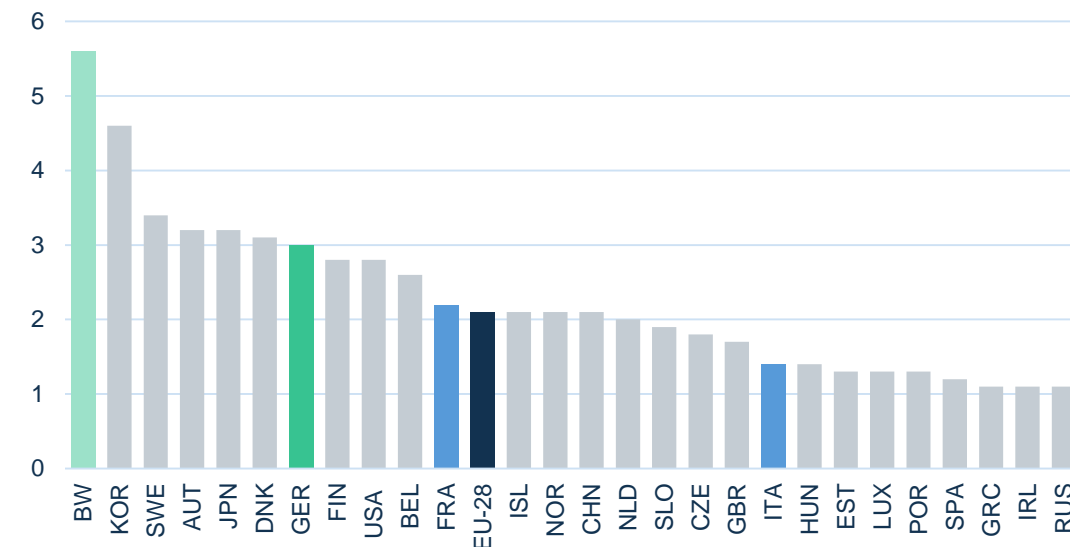
# Appendix

# Baden-Württemberg is innovation region number 1 in Europe

**GDP of selected Euro area countries**  
indexed to 100 points in 2009



**Intensity of R&D<sup>1</sup>**  
%



## Germany with strong growth

### Baden-Württemberg further on a strong business location

- Economic output clearly above EU average

## High future security in Baden-Württemberg

- R&D investments in Baden-Württemberg with increase and ongoing the highest
- Baden-Württemberg is among the leading research-intensive states both regarding universities as well as corporates in the area of Artificial Intelligence

Sources: Thomson Reuters, Statistical Office of Baden-Württemberg  
<sup>1</sup> Expenses allocated for R&D in relation to nominal GDP (2017)

# LBBW Group: Result and KPI improved – all operating segments with positive earnings contribution

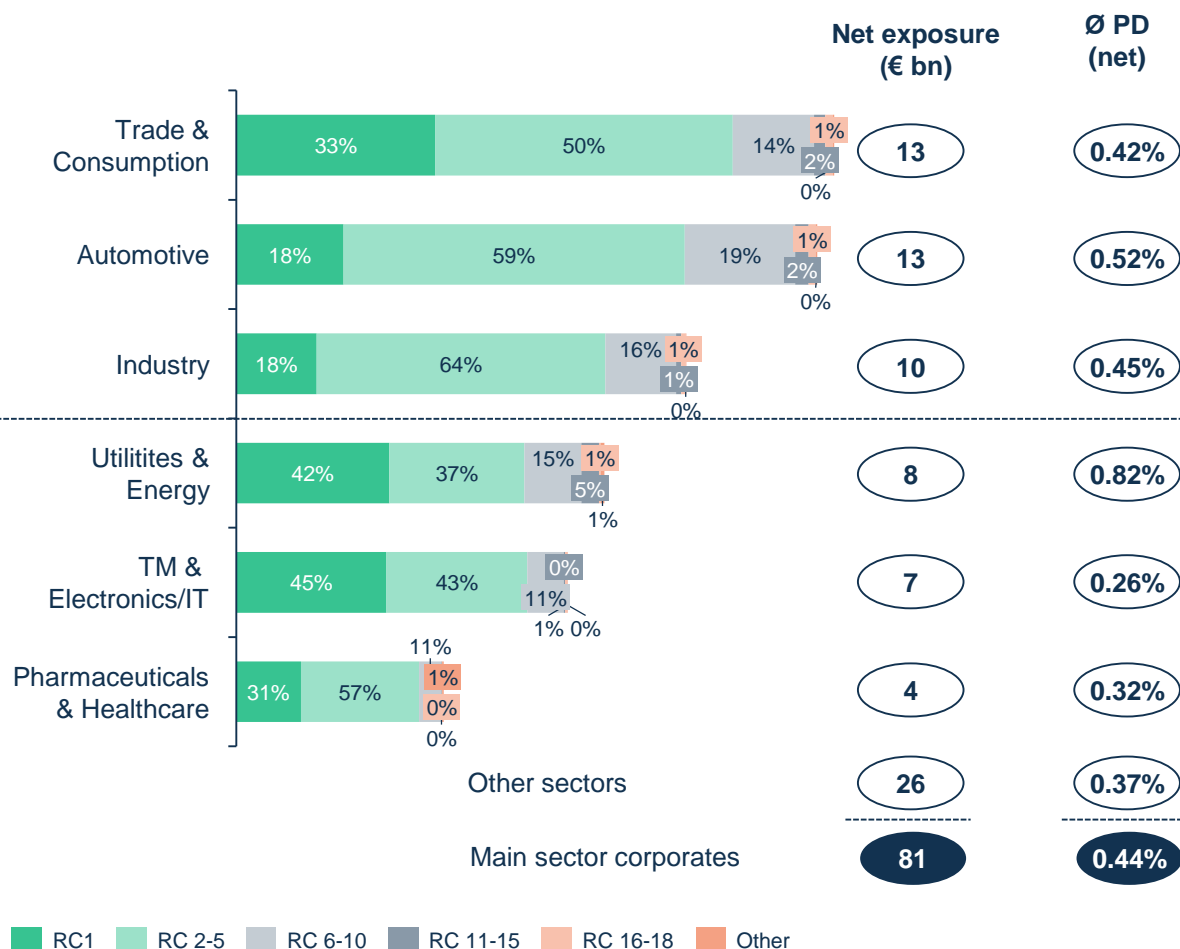
Group				Corporate Customers			Real Estate/ Project Finance			Capital Markets Business			Private Customers/ Savings Banks			Corporate Items/ Reconciliation/Consolidatio		
06/2018	Δ %	06/2019	€ mln	06/2018	Δ %	06/2019	06/2018	Δ %	06/2019	06/2018	Δ %	06/2019	06/2018	Δ %	06/2019	06/2018	Δ %	06/2019
796	1.9	811	Net interest income	386	2.0	393	136	12.9	153	127	-23.3	97	161	-3.5	155	-13	-	12
262	6.5	279	Net fee and commission income	80	5.1	85	7	43.3	11	64	6.1	68	116	3.8	121	-7	-22.4	-5
135	6.8	144	Net gains/losses on remeasurement and disposal	11	-	-12	-8	28.7	-11	116	56.9	182	1	-	-13	15	-	-3
-33	87.4	-62	of which allowances for losses on loans and securities <sup>1</sup>	-24	63.9	-39	-10	3.9	-11	1	-28.2	1	-3	>100	-16	3	-7.2	3
58	-9.6	52	Other operating income/expenses	5	-19.1	4	46	-4.3	44	0	-	-7	-3	-	4	10	-27.8	7
<b>1,250</b>	<b>2.9</b>	<b>1,286</b>	<b>Total operating income/expenses</b>	<b>482</b>	<b>-2.4</b>	<b>470</b>	<b>180</b>	<b>9.1</b>	<b>197</b>	<b>307</b>	<b>10.8</b>	<b>340</b>	<b>276</b>	<b>-2.8</b>	<b>268</b>	<b>5</b>	<b>&gt;100</b>	<b>10</b>
-967	0.0	-967	Expenses	-320	-2.8	-311	-79	2.6	-81	-256	-2.4	-250	-263	-2.4	-256	-50	37.8	-69
<b>282</b>	<b>12.9</b>	<b>319</b>	<b>Consolidated profit/loss before tax</b>	<b>162</b>	<b>-1.6</b>	<b>160</b>	<b>102</b>	<b>14.1</b>	<b>116</b>	<b>51</b>	<b>76.8</b>	<b>90</b>	<b>13</b>	<b>-9.2</b>	<b>12</b>	<b>-45</b>	<b>29.7</b>	<b>-59</b>
06/2018	Δ p.p.	06/2019	%	06/2018	Δ p.p.	06/2019	06/2018	Δ p.p.	06/2019	06/2018	Δ p.p.	06/2019	06/2018	Δ p.p.	06/2019	06/2018	Δ p.p.	06/2019
4.4	0.7	5.0	RoE	7.4	-0.9	6.5	14.4	-0.7	13.6	3.7	3.5	7.2	2.2	-0.1	2.2	<0	-	<0
75.4	-3.7	71.7	CIR	63.0	-2.1	61.0	41.3	-2.4	39.0	84.0	-10.4	73.6	94.4	-4.0	90.4	>100	-	>100
06/2018	Δ %	06/2019	€ bn	06/2018	Δ %	06/2019	06/2018	Δ %	06/2019	06/2018	Δ %	06/2019	06/2018	Δ %	06/2019	06/2018	Δ %	06/2019
79.1	3.9	82.2	RWA	35.6	7.2	38.2	10.7	20.9	12.9	18.3	-9.2	16.6	8.1	1.2	8.2	6.4	-1.8	6.3
258.5	2.5	265.1	Total assets	56.7	10.1	62.4	24.9	15.1	28.7	134.9	-2.5	131.5	33.2	3.0	34.2	8.8	-6.2	8.3

Differences due to rounding

<sup>1</sup> Relates only to the category “Financial assets measured at amortized cost”. In addition, a net allocation of € -1 mln in the current year (previous year € 0 mln) relates to the category “Financial assets measured at fair value through other comprehensive income” for the LBBW Group and the segment Capital Markets Business

# Average PD for Corporates slightly improved – portfolio unchanged in investment grade area

**Corporates: Breakdown by rating classes (selected sectors)**  
in % of the net exposure 06/2019



## Entire sector Corporates

- Ø PD (net) slightly improved by +2bp compared to 06/2018

## New focus sectors expanded since 06/2018

- Utilities & Energy € +1.0 bn
- TM & Electronics/IT € +1.5 bn
- Pharmaceuticals & Healthcare € + 0.4 bn

## Sector Automotive further intensively monitored

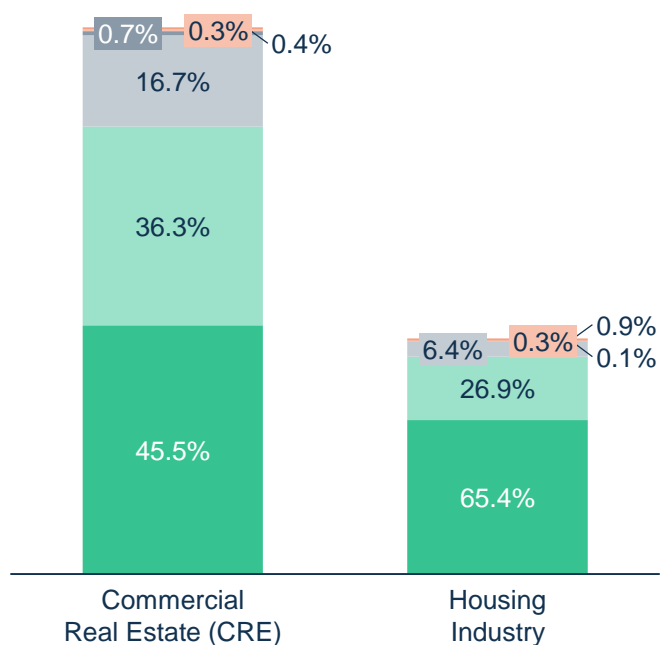
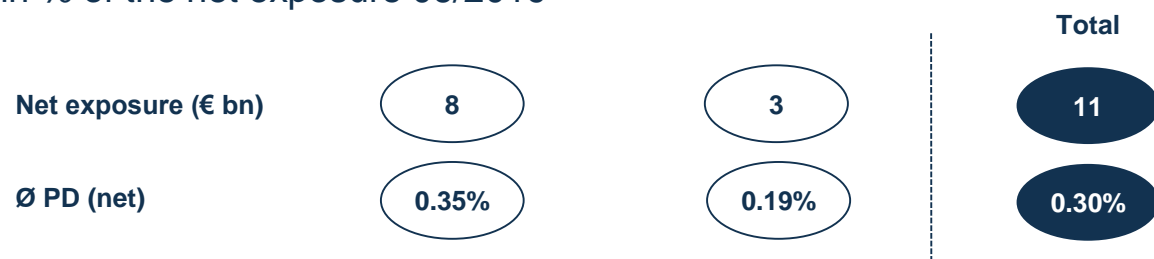
- The net exposure corresponds to
  - 46% to suppliers
  - 23% to manufacturers with focus on German OEMs<sup>1</sup>
  - 31% to other sub sectors
- Share of investment grade at 77%
- Portfolio is further intensively monitored as part of the process of managing sector concentrations

Differences due to rounding  
<sup>1</sup> Original Equipment Manufacturers

# Unchanged good portfolio quality in Real Estate Portfolio

## Real Estate: Breakdown by rating classes

in % of the net exposure 06/2019



RC1 RC 2-5 RC 6-10 RC 11-15 RC 16-18 Other

Differences due to rounding

## Entire sector Real Estate

- Ø PD (net) increased by +6 bp compared to 06/2018
- Regional focus is on Germany, abroad on selected cities in Great Britain and in the USA
- Types of use: Office, residential, trade, logistics
  - In Germany the type of use residential is dominant
  - In foreign markets mainly office buildings are financed

## Further real estate financings

- Further real estate financings are inter alia included in the main sector Private Individuals (approx. 45% of the net exposure amounting to € 5.4 bn are allotted to home loans)



# Glossary

## Explanations

<b>Expenses</b>	Administrative expenses + Expenses for bank levy and deposit guarantee system + Guarantee commission for the State of BW + Net income/expenses from restructuring
<b>RoE</b>	Return on Equity Group: (Annualized) consolidated profit/loss before tax / average equity on the balance sheet adjusted for the unappropriated profit for the current reporting period Segmente: (Annualized) consolidated profit/loss before tax / maximum planned average restricted equity and average tied-up equity in the current reporting period
<b>CIR</b>	Cost Income Ratio (Total administrative expenses + expenses for the bank levy and deposit guarantee system + guarantee commission for the State of Baden-Württemberg + net restructuring income) / (total net interest income + net commission income + net gains on remeasurement and disposal less allowances for losses on loans and securities + other operating income)
<b>RWA</b>	Risk weighted assets
<b>Capital ratios</b>	Fully Loaded, that is after full implementation of CRR (basis IFRS)
<b>SREP ratio</b>	CET 1 ratio, phase-in; this ratio includes the Pillar II capital requirement as well as the common equity Tier 1 capital to be held as a capital conservation buffer in accordance with § 10c KWG of the German Banking Act (KWG) and as a capital buffer in accordance with § 10g KWG for other systemically important financial institutions; in addition, a countercyclical capital buffer in accordance with § 10d KWG must be held and the Pillar II guidance of the ECB
<b>Leverage Ratio</b>	As of January 2015 the calculation of the leverage ratio was switched to the system of the delegated act for internal purposes. Until then the actual value was based on the current announcement
<b>Rating classes</b>	Investment grade: RC 1: PD $0.00\% \leq 0.10\%$ ; RC 2-5: PD $> 0.10\% \leq 0.48\%$ Non-investment grade: RC 6-8: PD $> 0.48\% \leq 1.61\%$ ; RC 9-10: PD $> 1.61\% \leq 3.63\%$ ; RC 11-15: PD $> 3.63\% < 100\%$ Default: RC 16-18: PD = 100% Default refers to exposure for which a default event as defined in Art. 148 CRR has occurred The net exposure is shown before allowances for losses on loans and advances/impairments Rating waived, not rated: Other Especially publicly guaranteed business or business secured by savings banks as well as credit cards