



**LandesBank  
Berlin**

## Landesbank Berlin Overview



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## General Information

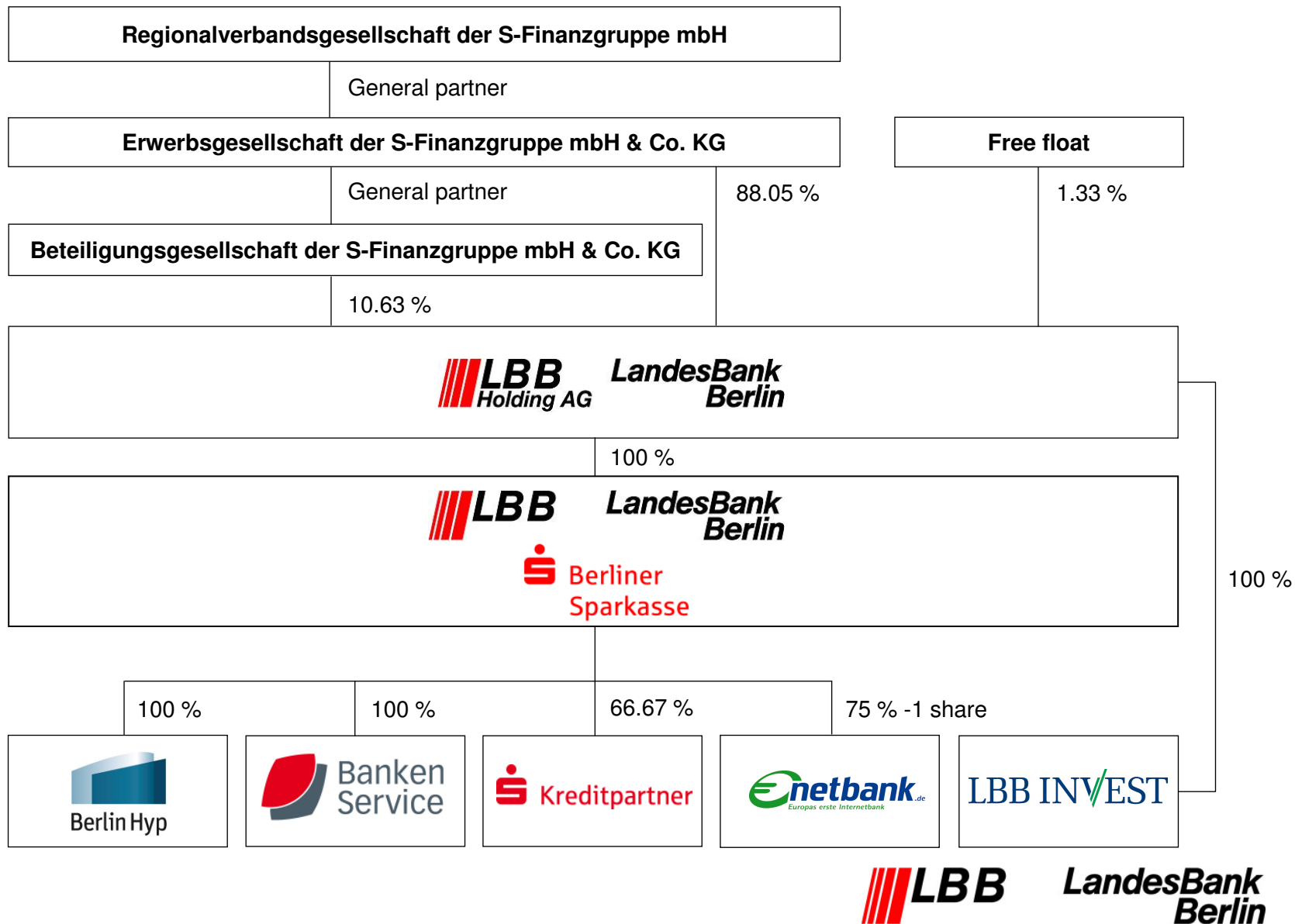
- ▶ LBB Areas of Activity
  - ▶ Retail Banking
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## Almost 200 Years at the Heart of Berlin

### History of Landesbank Berlin and Berliner Sparkasse

- ▶ 1818 Formation of Berliner Sparkasse
- ▶ 1990 Reunification of Berliner Sparkasse West and East within the newly formed Landesbank Berlin
- ▶ 1994 Formation of Bankgesellschaft Berlin AG
- ▶ 2001 Crisis of Bankgesellschaft Berlin
- ▶ 2006 Group restructuring successfully completed and change of name to Landesbank Berlin Holding AG
- ▶ 2007 Acquisition by German savings banks

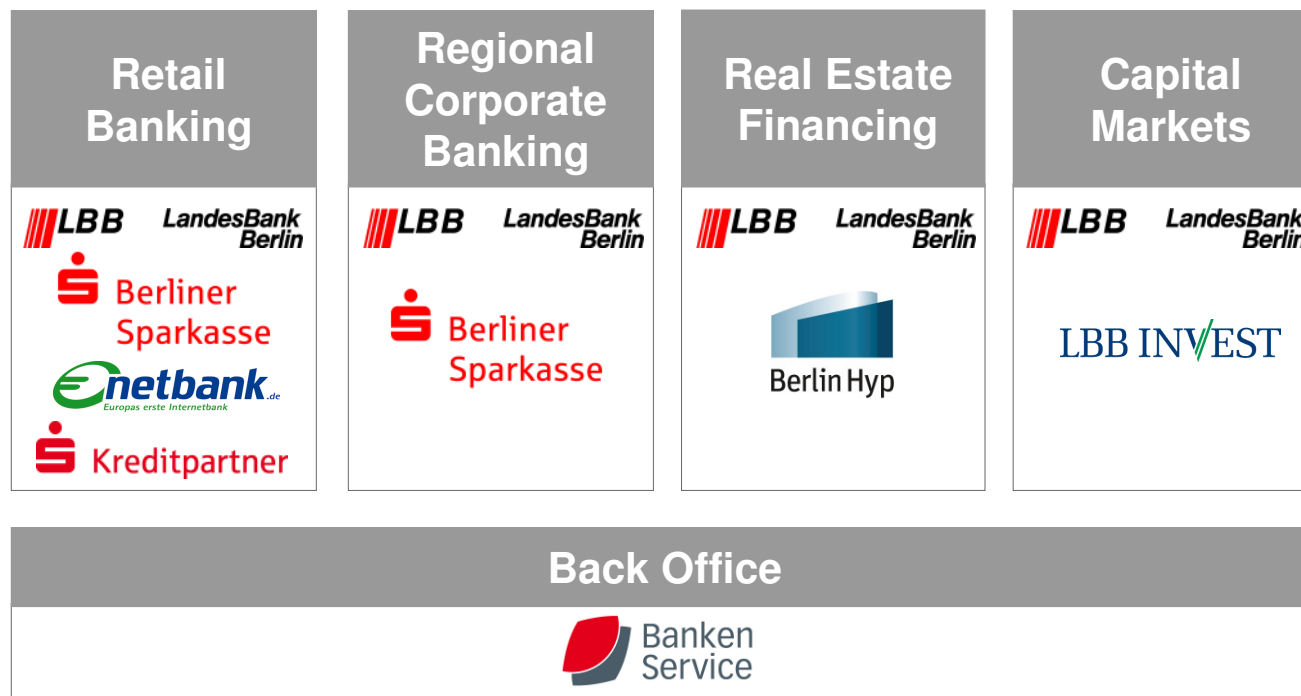
# LBBH Group Overview



## Landesbank Berlin Holding key figures

		First half of 2011	First half of 2010
Net interest income		436	348
Allowance for losses on loans and advances	€ million	23	78
Net commission income	€ million	127	126
Net gain from financial instruments rec. at fair value through profit/loss	€ million	88	169
Administrative expense	€ million	493	486
Earnings after bank levy	€ million	97	127
Earnings after taxes	€ million	81	107
		First half of 2011	First half of 2010
Total assets	€ billion	129	131
Return on equity	%	7.0	9.4
Cost-income ratio	%	78.5	69,8
Tier 1 capital ratio	%	14.89	15.24
Employees	FTE	5,980	5,985

# LBB Areas of Activity



# LBB has certified quality and satisfied customers



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# Retail Banking

## Facts about the Business Area

- ▶ Berliner Sparkasse is the market leader in Berlin (approx. 2 million customers)
- ▶ 1.1 million current accounts
- ▶ Comprehensive and needs-oriented branch network in Berlin
- ▶ LBB largest issuer of credit cards in Germany

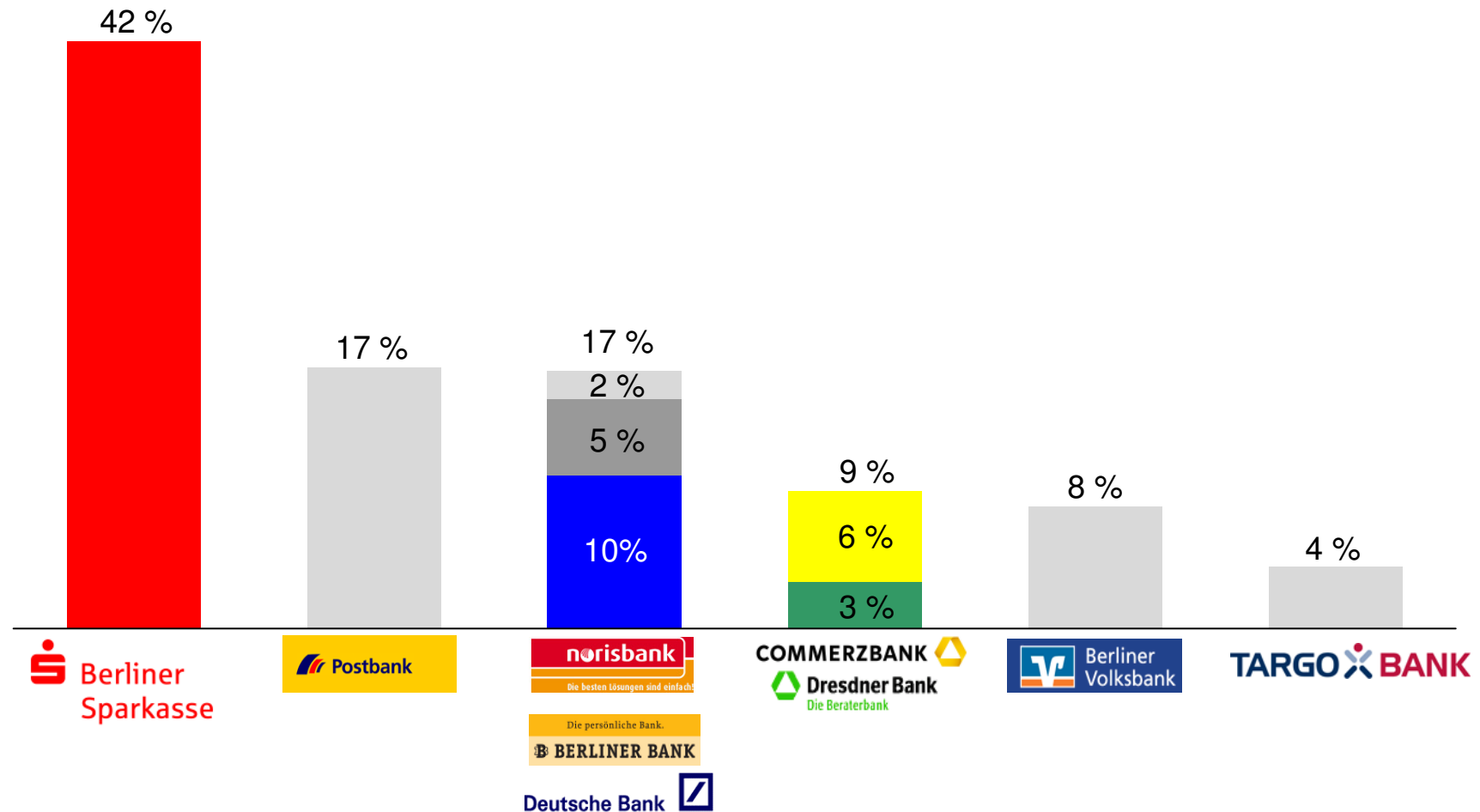
## Strategic priorities

- ▶ Expanding activities of joint venture S-Kreditpartner GmbH for car and consumer finance
- ▶ Adaptation of sales channels to changed customer needs
- ▶ Quality leadership in terms of advice, products and processes
- ▶ Further expand of nationwide credit card business

## Successes

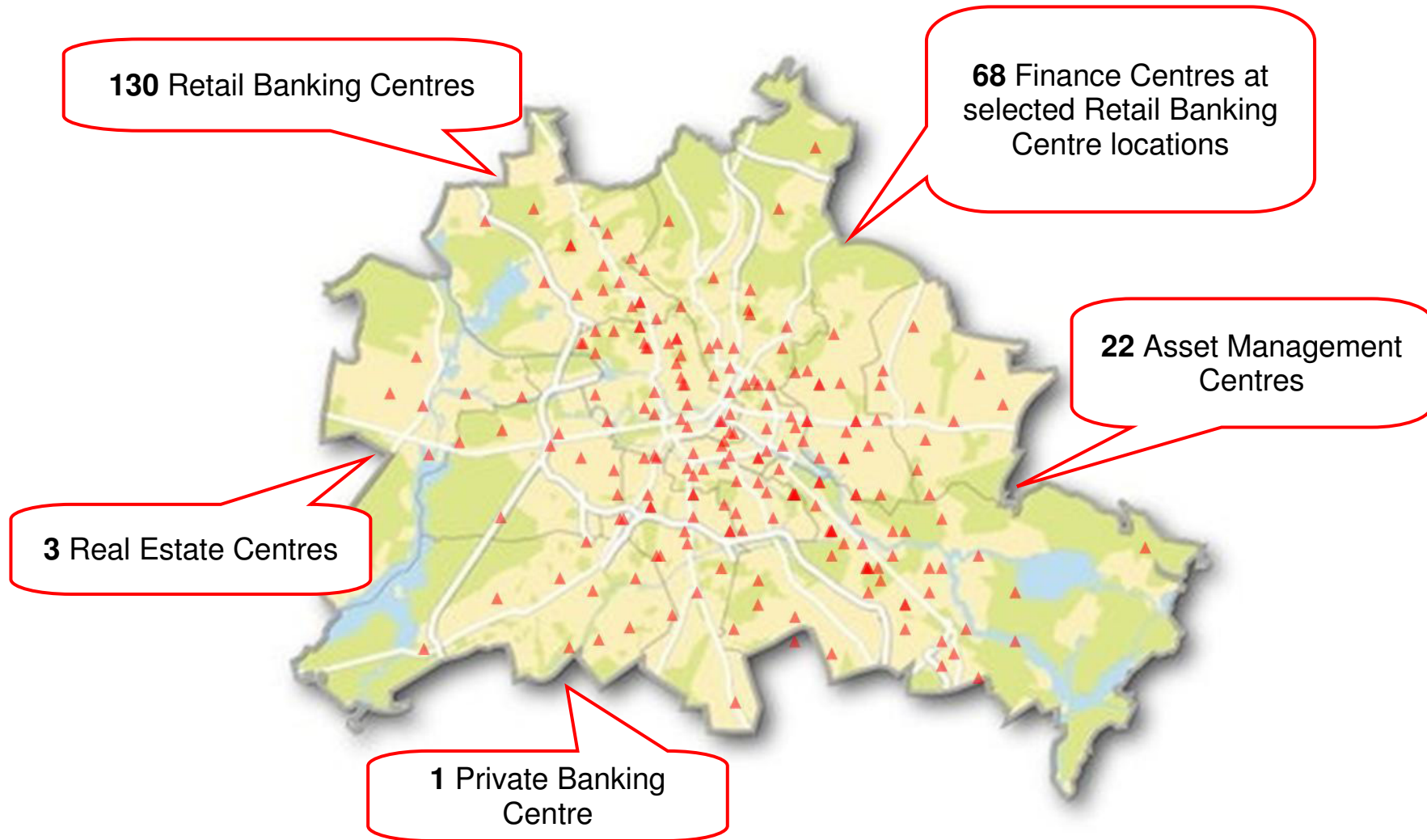
- ▶ Net +16,000 new current accounts in first half of 2011
- ▶ Significant increase in earnings and customer deposits
- ▶ Sales of insurance policies expanded
- ▶ 2.2 million credit cards issued

# Market share of retail banking market in Berlin (most important current account)



Source: TNS Infratest survey of Retail Banking clients as per July 2010

# Creation of new structure for sales locations in Berlin by 2012



# Direct sales through netbank



## Facts about netbank

- ▶ High-performance Internet bank with over 165,000 customers
- ▶ Core products: current accounts, call money and instalment loans
- ▶ Top-ranked in several comparisons of direct banking and online banking providers

## Strategic priorities

- ▶ Strengthening of customer relations with co-branding credit card customer base through referrals to netbank
- ▶ Strengthening of product range for co-branding programmes

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# Regional Corporate Banking

## Facts about the Business Area

- ▶ Largest market reach in Berlin
- ▶ More than 66,000 corporate clients
- ▶ BusinessLine direct telephone banking for commercial clients
- ▶ 12 Regional Corporate Banking Centres, four management units for medium and large-sized corporate clients
- ▶ Value-oriented customer segmentation and sales management

## Strategic priorities

- ▶ Quality leadership, measurable in terms of certification
- ▶ Better customer retention through loyalty management
- ▶ Consolidation of cooperation with customers

## Successes

- ▶ Operating profit on previous years' level
- ▶ Increase in new lending for loans compared with 2010
- ▶ More than 2,000 business start-ups supported since 2000
- ▶ Loyalty and customer satisfaction again increased in almost all performance areas

# Our sales channels

**Commercial clients  
(annual sales < EUR 2.5m)**

**Small and medium-sized  
corporate clients  
(annual sales > EUR 2.5m)**



BusinessLine



12 Regional Corporate Banking Centres



4 management units for corporate clients



Telephone support

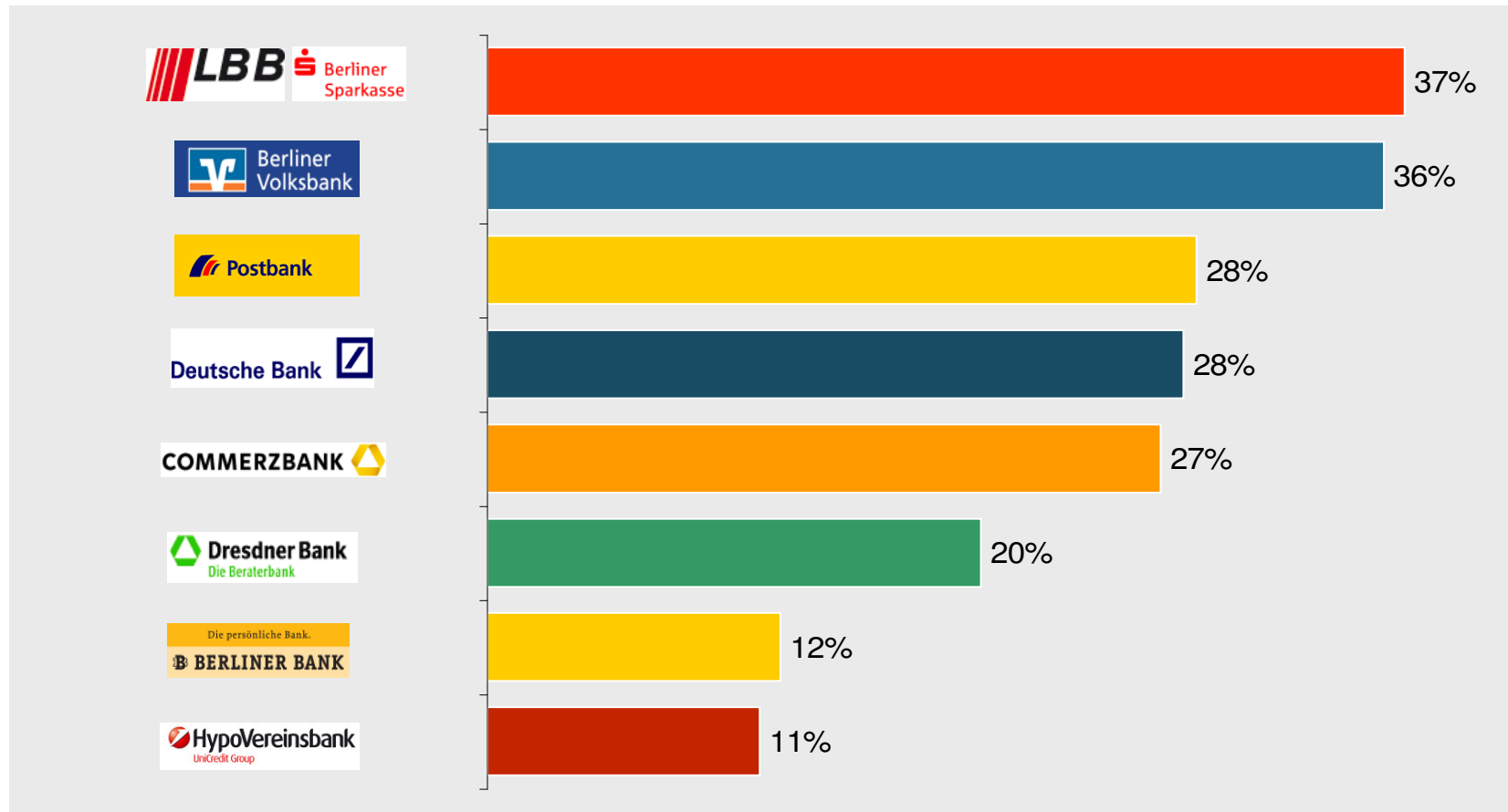
Individual support

Approx. 31,900 clients

Approx. 24,100 clients

Approx. 8,100 clients

# Market reach in the regional corporate banking sector in Berlin



Source: TNS Infratest corporate banking study in Berlin and surrounding 2010

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# Real Estate Financing

## Facts about the Business Area

- ▶ Five locations in Germany, five representative offices in neighbouring European countries
- ▶ Around 2,100 customers
- ▶ Real estate lending volume: EUR 26.2 billion

## Strategic priorities

- ▶ Properties: apartments, office/commercial premises, retail premises
- ▶ Customers: professional investors, housing companies, asset management companies
- ▶ Expansion of the business in German metropolitan areas
- ▶ Moderate expansion of international business

## Successes

- ▶ One of the five largest financers of commercial real estate in Germany
- ▶ EUR 2.2 billion of new business contracted without extensions
- ▶ Over 90 % of new business to borrowers with a good or very good risk class

# Locations in Germany and Europe



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# Capital Markets

## Facts about the Business Area

- ▶ Client trading with direct (electronic) market access to the key trading centres
- ▶ Broad product range for securities account A and B
- ▶ Mutual and special funds, incorporation of external expertise
- ▶ Trading and export finance
- ▶ Customers: internal customers, savings bank and institutional customers

## Strategic priorities

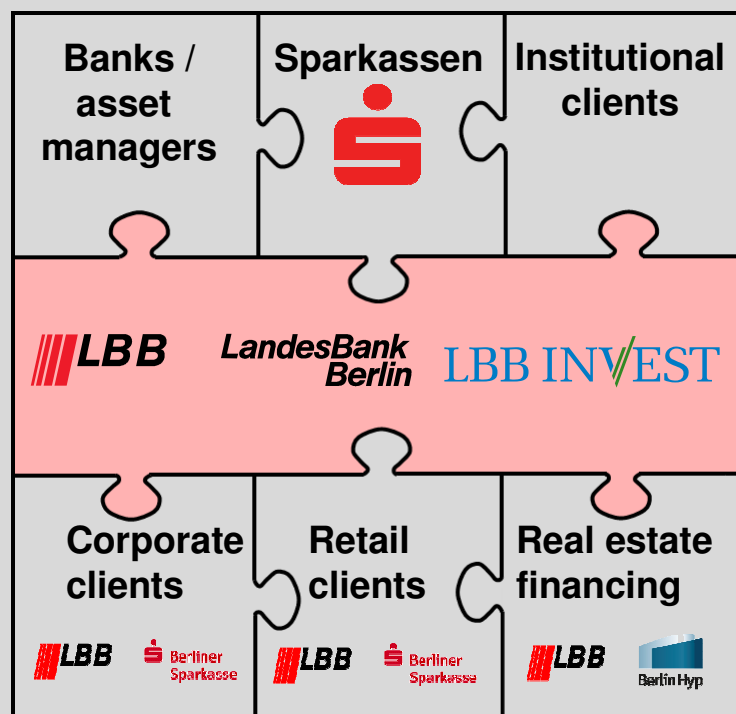
- ▶ Rigorous customer-aligned target strategy:
  - ▶ Expansion of customer business, resulting in income stabilisation and lower result volatility
  - ▶ Focus on customers and products with competitive advantages and full risk transparency
- ▶ Adding to the existing product range to establish a complete range – from classical securities to customised solution

## Successes

- ▶ Active business relationships with 80 % of German savings banks
- ▶ Range of products adjusted to changed risk awareness of private and institutional customers
- ▶ Outstanding certificate volume increased

# Capital Markets: an Integrated Component of the Bank

## Integrated component of LBB



## Main tasks

- ▶ Sales
- ▶ Product development
- ▶ Asset management
- ▶ Refinancing
- ▶ Trading driven by customers
- ▶ Support of the Asset Liability Committee

# LBB-INVEST: a Provider of Boutique Investment Funds

LBB INVEST

## Business model

- ▶ Premium provider with boutique approach
- ▶ Targeted incorporation of external advisors with innovative strength and market proximity
- ▶ 41 mutual funds and 41 special funds

## Strategic priorities

- ▶ High proportion of third-party sales (over 50 %) – a sign of LBB-INVEST's strong sales orientation
- ▶ Expansion of the boutique and niche approach

## Successes

- ▶ Cooperation with four multiple award-winning top advisors (Acatis, Führ, Keppler, Lingohr)
- ▶ Top ranking in 'Top fund company' among 100 providers in the German magazine *Capital*

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# BankenService GmbH: a Full-Service Provider for Back Office Services



## Facts about BankenService GmbH

- ▶ Full-service provider with over 1,100 employees
- ▶ Three locations (Berlin, Brandenburg, Bavaria)
- ▶ Complete range of back office services
  - ▶ Payment services
  - ▶ Credit business
  - ▶ Deposit business/ account management
  - ▶ Securities services
  - ▶ Management and controlling
  - ▶ Compliance / money laundering (Bavaria)

## Strategic priorities

- ▶ Expansion of business with savings banks
- ▶ Targeted co-operation within Savings Banks Financial Group, e.g. with Bad Homburger Inkasso GmbH
  - ▶ All-in-one solutions and individual services, e.g. Pfändungsschutzkonto (protection attachment acc.), analysis of annual financial statements
  - ▶ Regional Back Office Centres (SDZ) with savings banks
  - ▶ Saving bank potential analysis for the back office

## Successes

- ▶ Formation of SDZ Südbayern with Kreissparkasse Augsburg
- ▶ Certified processes in accordance with DIN EN ISO 9001
- ▶ “Recognised for Excellence 3 Stars” in line with EFQM\* assessment



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