1 December 2023

Sovereign and Public Sector

Landeskreditbank Baden-Württemberg – Förderbank – (L-Bank)
Rating Report

SCOPE AAA STABLE OUTLOOK

Credit strengths

- Explicit guarantee from the Federal State of Baden-Württemberg
- Supportive legal framework
- High strategic importance to Baden-Württemberg
- Sound asset quality and high capitalisation
- Strong liquidity and funding profile

Credit weaknesses

- Modest but stable profitability, driven by mandate
- Sectoral and geographical concentration of loan portfolio, driven by regional development mandate

Rating rationale and Outlook

The AAA rating of Landeskreditbank Baden-Württemberg – Förderbank – (L-Bank) is equalised with the AAA/Stable rating of the German Federal State of Baden-Württemberg (Baden-Württemberg), given the state's explicit, unconditional, unlimited, statutory, direct, and irrevocable guarantee for L-Bank's existing and future obligations with respect to money borrowed, bonds issued and derivative transactions entered into by the bank.

This is further underpinned by i) a mature and very supportive legal set-up, which makes changes to L-Bank's business model or guarantee structure unlikely; ii) the bank's high strategic importance to the Federal State as a key government-related entity implementing economic and social policies with a countercyclical role, supported by the stability of its resources; iii) high capitalisation and asset quality, and iv) a strong liquidity and funding profile with strong capital market access.

Challenges are modest, stable profitability, and concentration of the bank's exposure to the financial sector and the regional economy, as foreseen by the public policy mandate.

Figure 1: Our approach to rating L-Bank

L-Bank		
Public sponsor	Baden-Württemberg (AAA/Stable)	
Step 1: Integration with the public sponsor (QS1)	Rating approach	Top-down
Step 2: Equalisation factor	Rating equalisation?	Yes (AAA)
Final rating	**AAA/Stable**	

Note: For further details, please see Scope's Government Related Entities Rating Methodology.

Source: Scope Ratings

The Stable Outlook reflects our assessment that the risks L-Bank faces are balanced.

Positive rating-change drivers

- Not applicable

Negative rating-change drivers

- Downgrade of the Federal State of Baden-Württemberg
- Changes to guarantee framework, leading to weaker government support

Ratings & Outlook

Local and foreign currency

Long-term issuer rating	AAA/Stable
Senior unsecured debt	AAA/Stable
Short-term issuer rating	S-1+/Stable

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Integration with the Federal State of Baden-Württemberg

Strong integration with Baden-Württemberg

L-Bank is the promotional bank of the Federal State of Baden-Württemberg, with total assets of EUR 93.2bn at YE 2022, making it the fourth largest development bank in Germany. It operates out of its headquarters in Karlsruhe and a branch in Stuttgart with 1,386 staff on average in 2022.

L-Bank is an institution under public law and delivers essential, competition-neutral services, making it a GRE as defined[1] by our GRE methodology. Its key area of promotion is the regional economy, to which it delivers services which are instrumental to the Federal State's implementation of policy objectives. Further details on L-Bank's business and financial profile are provided in the section on the bank's **stand-alone fundamentals**.

Top-down approach for rating analysis

We have used a 'top-down' approach to assign L-Bank's ratings, with Baden-Württemberg's AAA rating as the starting point. This is driven by our assessment of L-Bank's 'strong' integration with Baden-Württemberg (see **Qualitative Scorecard 1** in **Appendix I**) based on the following considerations:

- L-Bank's public legal status as an 'Anstalt des öffentlichen Rechts' (public law institution) legally exempts it from insolvency procedures and German income tax, in line with most other German regional development banks. Any changes to the bank's legal form are only permissible via a legal act of Baden-Württemberg which we deem an unlikely scenario.
- L-Bank's operating activities are performed on behalf of Baden-Württemberg and are governed and regulated by the L-Bank Act[2].

  The bank's activities have a 'high' strategic importance for its public sponsor. It fulfils a central role in supporting key regional economic and social objectives by financing economic development, housing developments and infrastructure projects, and providing financial aid. L-Bank's strategic relevance and ability to adapt to new challenges has been highlighted in the recent crises since 2020. Between 2020 and June 2022, the bank paid out Covid-19 emergency funds from the central and state government to businesses in Baden-Württemberg amounting to over EUR 10bn. Since the energy and cost-of-living shock in early 2022, the bank set up special programmes to support municipalities and businesses, and to further support investments in renewable energy production to increase energy resilience.

  Risks to L-Bank's position as the Federal State's development bank and its provision of competition-neutral activities (underpinned by a stable and supportive legal framework on national and European levels[3]) are remote.
- The Federal State of Baden-Württemberg is L-Bank's sole owner and exerts comprehensive operational and financial control.

Rating equalisation with the Federal State of Baden-Württemberg

Equalisation with Baden-Württemberg's AAA rating

L-Bank's rating is equalised with Baden-Württemberg's AAA/Stable rating. This is because the Federal State provides an explicit, unconditional, unlimited, statutory, direct and irrevocable guarantee for existing and future obligations with respect to money

[1] See point 1.1 of our Government Related Entities Rating Methodology for the definition of a GRE.
[2] L-Bank Act, a specific law governing L-Bank.
[3] An agreement called 'Verständigung II' in 2002 between the European Commission and the German federal government defines regulations for legally independent development banks engaging in competition-neutral infrastructure and development business. This ensures that German development banks will continue to benefit from state support. We therefore do not expect changes in the bank's ownership status, business model, policy role or guarantee structure that would be subject to amendments in the respective laws.

borrowed, bonds issued and derivative transactions entered into by the bank. As the guarantee is set in public law, it can only be amended, revoked or restricted through a parliamentary act of the Federal State of Baden-Württemberg, which would only apply to future transactions entered into after the act is enacted. Any such change is unlikely.

Extensive guarantee framework provided by Baden-Württemberg

As is the case with other German regional development banks, L-Bank benefits from two additional ownership liability support mechanisms:

- an 'Anstaltslast' (maintenance liability), requiring Baden-Württemberg (and entitling the bank, but no third party, to demand from its owner) to safeguard the bank's economic basis at all times, to keep it in a position to pursue its operations and to enable it in case of financial difficulties, through the allocation of funds or in some other appropriate manner, to perform its obligations when due; and
- a 'Gewährträgerhaftung' (guarantor liability), which comprises Baden-Württemberg's unlimited legal liability for all obligations of L-Bank. However, creditors of the bank can assert claims against the federal state of Baden-Württemberg only after not having been satisfied from the bank's assets. The guarantor liability is only relevant in certain and unlikely circumstances as L-Bank is exempt from insolvency procedures as it is chartered under public law and benefits from the maintenance liability described above.

Stand-alone fundamentals

Business profile determined by public policy mandate

L-Bank is a credit institution subject to the German Banking Act as well as prudential regulation and supervision by German Federal Financial Supervisory Authority BaFin and the German Bundesbank. Since the implementation of CRD V in June 2019, which includes an explicit exemption for all German development banks, L-Bank is no longer subject to the Single Supervisory Mechanism.

The bank's business model is driven by its regional development banking, non-profit-maximising mandate leading to modest profitability, earnings concentrated on net interest and some sectoral and regional concentration of its exposures. L-Bank is self-supporting and funds itself via capital markets and credit facilities from other development banks, including Germany's KfW, as it does not take private-sector retail deposits. The bank's funding costs are low, underpinned by the extensive guarantee framework. L-Bank has never required financial support and we do not consider that financial support will be needed. Other strengths are its high capitalisation, prudent risk management, strong asset quality, and high liquidity buffers with excellent market access.

Business model and earnings

L-Bank's business focused on regional economy, housing

L-Bank's promotional banking focuses on the regional economy and housing market and is grouped into four development pillars. Across these pillars, L-Bank is placing an increasing focus on fostering the green and digital transition of the regional economy and society, in line with the federal state's agenda.

- First, the bank provides development loans for regional economic development, renewable energy and energy efficiency, the promotion of affordable housing and home ownership, and municipal infrastructure development. Loans are either on-lent to businesses via commercial banking partners or lent directly to public sector borrowers or for housing-related loans.
- L-Bank offers equity participations and guarantee products;
- The bank invests in and manages technology parks to promote the business location; and

- L-Bank acts as the Land's agent for financial assistance, such as parental allowance.

Record-high business volume in 2022…

In 2022, the bank's overall activities amounted to EUR 16.1bn, up from EUR 15.2bn in 2021 and EUR 12.1bn in 2020. The bank's business volumes have been elevated over the last three years given its role in combating the effects of the Covid-19 and cost-of-living shocks, including via balance sheet-neutral distribution of financial aid. The volume of traditional development loans has been broadly stable over the last years, averaging around EUR 5.3bn, with 57% allocated towards economic development and 39% for housing (**see Figure 2**).

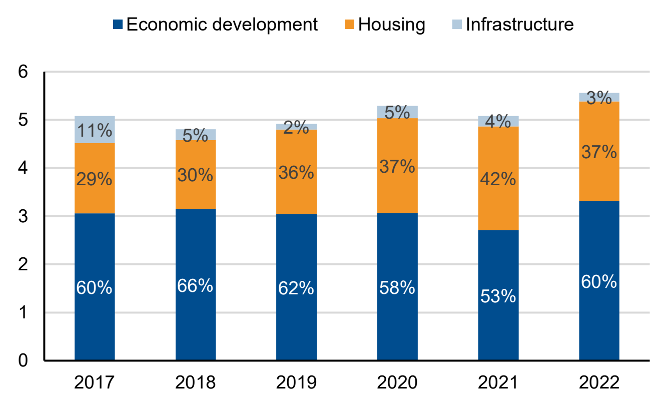
… to decline in 2023; mostly due to phase-out of Covid-19 support

For 2023, we expect a drop in business volumes from the very high levels seen in 2022. During the first half of the year, economic development activity stood at around EUR 2.3bn, down EUR 1.2bn (or 34%) over the same period in 2022. The drop can be explained by the withdrawal of Covid-19 related financial aid, which was phased out in July 2022, and to a lesser extent to moderating demand for loans for investing purposes or for start-ups.

Demand for the bank's loan products held up robustly despite rapidly rising interest rates and recessionary economic dynamics, which can be attributed to high and stable demand for the bank's housing loans as well as L-Bank's innovative loan products aimed to foster energy efficiency, renewable energy and carbon reduction. New programmes aimed to address liquidity shortages during the energy crisis also contributed to higher business volume, such as the liquidity credit (plus), which was offered over the winter 2022/23, as well as hardship financial aid offered to enterprises affected by the energy shock.

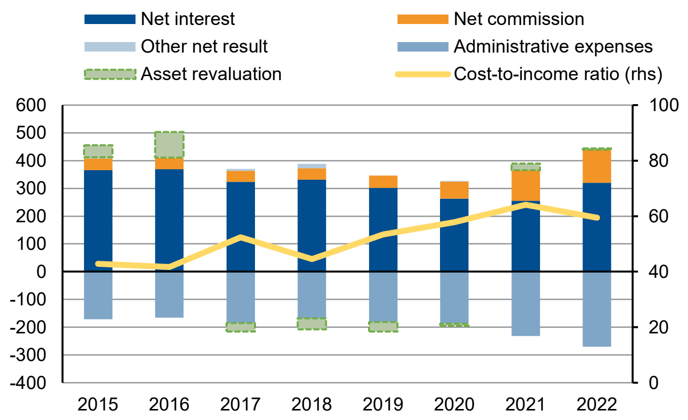
Through its product adjustments and innovations, L-Bank continues to demonstrate an ability to adapt to current needs of the economy and society, and its public sponsor's longer-term green and digital policy agenda, underpinning its high strategic relevance to the federal state.

Figure 2: Development loan volume
EUR bn; % of total



Source: L-Bank, Scope Ratings

Figure 3: Operating result
EUR m; % (rhs)



Source: L-Bank, Scope Ratings

Net interest is main income source, supported by high interest rates in euro area

L-Bank's earnings are stable but relatively undiversified, reflecting its mandate. Net interest income is the primary source of revenue, at around 80% of total operating income on average. It stood at EUR 320m in 2022, having increased for the first time since 2019 driven by the higher-interest-rate environment as well as net interest earned on central bank facilities (**Figure 3**). We expect the bank's net interest income to continue to benefit from the elevated interest rates prevailing in the euro area.

In addition, net interest income relative to total assets over the past five years has been around 0.3%. The bank benefits from relatively stable credit volumes, but net interest margins on loans are low.

Net commission income, which mainly comprises compensation for the management of payments by Baden-Württemberg for the distribution of family benefits and financial aid, totalled EUR 119.4m in 2022. This is up from a longer-term average of around EUR 45m over 2015-2020, mainly due to compensation by Baden-Württemberg for the implementation of Covid-19 related programmes.

Cost pressures, aim to achieve EUR 21m annual cost savings

L-Banks's administrative expenses increased by 18% to EUR 269.9m in 2022 due to higher expenses for external personnel for processing Covid-19 financial support requests and pension revaluations. L-Bank's cost-to-income ratio stood at 59.5% in 2022, around 5pps above its long-term average, which is relatively high compared to its regional development bank peers. We expect cost pressures to persist amid the inflationary environment, such as on staff and other expenses, and ongoing investments in IT infrastructure and digitalisation to modernise the bank's services. To reduce its cost base, the bank has committed to an efficiency programme that aims to cut around EUR 21m in annual expenditure, or around 10% of its average annual administrative expenditure.

Overall, net income improved to EUR 42.6m in 2022, from EUR 37.3m in 2021, due to the marked improvement in net interest income more than offsetting higher administrative expenses, and a positive, moderate, contribution of valuation changes and provisions.

Profitability and capitalisation

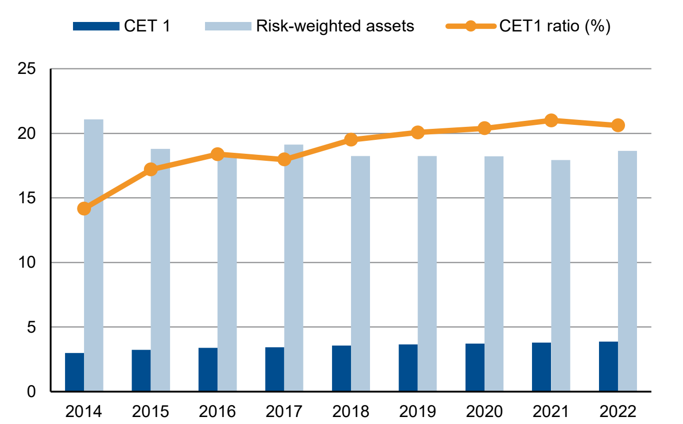
Modest profitability due to public policy mandate

We deem L-Bank's profitability as modest, reflecting its public development banking mandate. Profitability benefits from L-Bank's excellent access to capital markets, itself underpinned by the explicit state guarantee. In past years, net profits have been retained, in line with the bank's statutes that at least half of annual net profits must be retained.

Rising capitalisation, backed by earnings retention

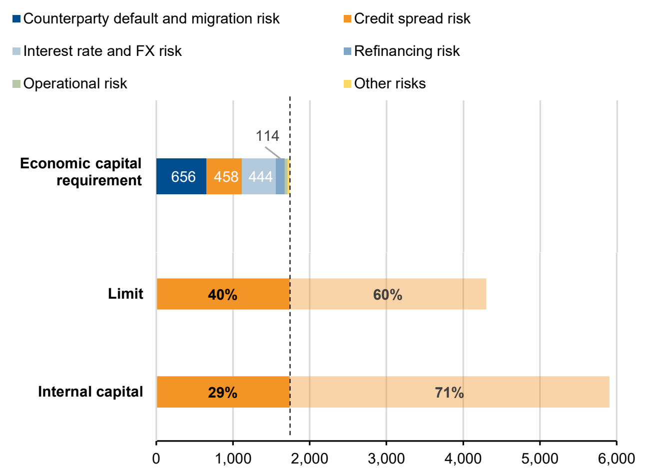
Continued earnings retention supports L-Bank's capitalisation. It's Common Equity Tier 1 (CET1) capital of EUR 3.8bn against risk-weighted assets (RWAs) of EUR 18.6bn results in a 20.6% CET1 capital ratio as of end-2022 (**Figure 4**). In the last five years to YE 2022, risk-weighted assets were broadly stable while the CET1 ratio increased from 18.6% to 20.6%, backed by earnings retention. L-Bank's average risk weight is relatively low at 20%. The bank's leverage ratio stood at 7.1% in 2022, up from 4.6% in 2020 due to changes in the Capital Requirements Regulation 2 and L-Bank's high exposure to promotional loans.

Figure 4: CET1 ratio
EUR bn; % of RWA



Source: L-Bank, S&P Capital IQ, Scope Ratings

Figure 5: L-Bank's risk-bearing capacity, YE 2022
EUR m; %



Source: L-Bank, Scope Ratings

Prudent risk management ensures capital adequacy

The bank's risk management follows national prudential regulation, including BaFin's MaRisk requirements. L-Bank manages its capital according to the Internal Capital Adequacy Assessment Process, which is equivalent to the risk-bearing concept as defined in Article 25a of the German Banking Act.

Significant capital buffers

Under the economic capital requirement approach, L-Bank ensures sufficient internal capital to meet risks stemming from activities that may entail economic losses. At YE 2022, the bank identified around EUR 1.7bn of value-at-risk, comprised mostly of credit and interest rate risk (**Figure 5**). L-Bank retains ample buffers both to internal limits (40% utilised at YE 2022) and its capital (29%). In response to increasing interest rates, the bank increased the limit for interest-rate and exchange-rate risks to EUR 600m from EUR 200m in 2022, while concurrently reducing the credit-spread risk limit to EUR 1.1bn from EUR 1.5bn, and the refinancing risk limit to EUR 600m, from EUR 700m.

In addition to the economic capital requirement approach, the bank sets limits for its risk-weighted assets per business unit to ensure compliance with minimum regulatory capital requirements. For 2023, the aggregate RWA limit was reduced to EUR 22.5bn, from EUR 25bn, implying a CET1 ratio of around 17% under maximum utilisation and given current capitalisation, against the actual ratio of 20.6% at YE 2022.

Portfolio risks and asset quality

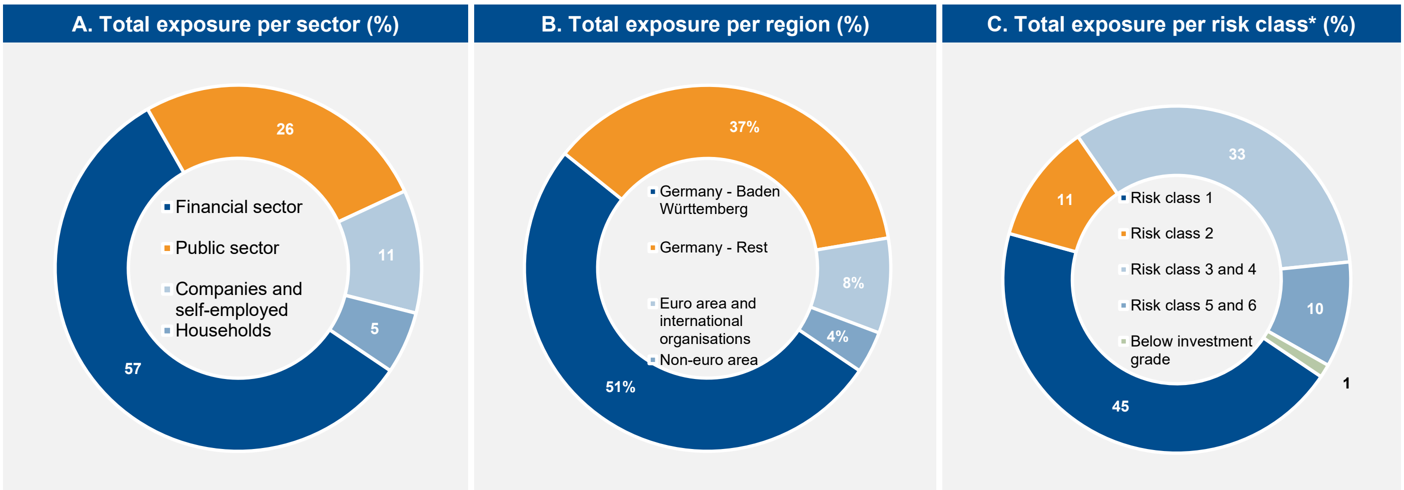
Portfolio concentrated on financial and public sectors

L-Bank's aggregate exposure is mostly towards financial institutions (57% of total exposure) and public sector entities (26%) (**Figure 6**). L-Bank's portfolio is geographically concentrated, with 88% attributable to Germany and 51% to Baden-Württemberg. The high degree of sectoral and geographical concentration is a direct consequence of L-Bank's mandate and prudently managed via single obligor and concentration limits.

Most loans benefit from double-recourse protection

Most of L-Bank's exposure towards financial institutions are loans for on-lending to businesses at around EUR 21.8bn (21.8% of total exposure). Here, commercial banks assume the credit risk on the ultimate borrower (i.e. the 'house-bank principle'). L-Bank's double-recourse loan protection – that is, its direct claim against the ultimate borrower as well as the intermediary bank to whom it provided the initial loan – shields L-Bank's asset quality from the pandemic's and energy shock's impact on certain corporate segments. In addition to on-lent funds, exposure to financial institutions includes central bank deposits of EUR 22.7bn, unsecured claims on banks of EUR 6.6bn and other development business with companies in the financial sector of EUR 6.2bn.

Figure 6: Exposure concentration and asset quality, YE 2022



* Risk class 1 corresponds to a AAA rating, class 2 to the AA category, classes 3 and 4 to the A category and classes 5 and 6 to the BBB category.
Source: L-Bank, S&P Capital IQ, Scope Ratings

Direct lending also well protected

In addition to on-lent funds via intermediary commercial banks, L-Bank's other, direct exposures also benefit from strong asset quality and protection. First, around EUR 26.4bn of total exposure was towards public sector entities of high credit quality. Second, the Bank's mortgage lending benefits from security of the underlying real estate.

Strong asset quality with low non-performing exposures

As a consequence of its conservative lending practices, L-Bank's loan book benefits from strong asset quality and a low share of non-performing exposures. Non-performing exposures of EUR 138m at YE 2022 represented 0.1% of L-Bank's total exposure, slightly down from EUR 153m (0.2%) in 2021. The strong average borrower quality is also reflected by the large share of exposures internally rated as risk class 1 or 2, i.e. AA- or above, of 56%, while only around 1% was internally assigned non-investment grade, i.e. grade 7 (BB+) or below.

Overall conservative risk profile supports resilience to shocks

The bank's asset quality has proved resilient to the Covid-19 and energy shocks from 2020-23 due to conservative lending and sizeable federal and state government financial support for the real economy. The bank has held its risk provisions at prudent levels since the outbreak of the Covid-19 crisis, including via management adjustments to account for increased uncertainty. For its general provisioning, L-Bank adopted the simplified approach under IDW RS BFA 7 as of 2022, in line with peers, which did not result in a material change to the level of provisions. This approach relies on the calculation of the 12-month expected loss for most performing exposures. It underscores the bank's commitment to sound risk management practices.

In addition to its development-banking related assets, L-Bank's holds a conservatively managed portfolio of fixed-income securities worth EUR 25bn. Investments are usually held until maturity and derivative use is limited.

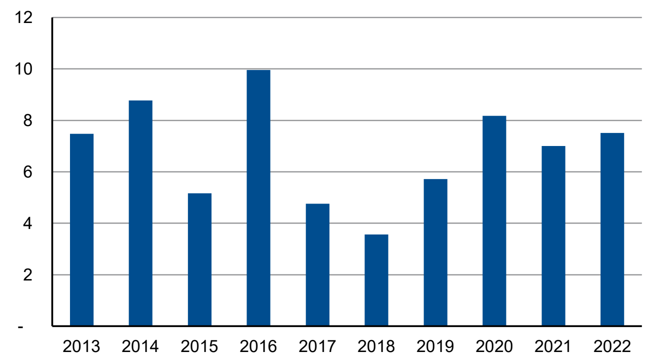
Funding and liquidity

Favourable financing conditions

Equipped with the explicit liability support from the Federal State of Baden-Württemberg, L-Bank benefits from strong market access and the preferential regulatory treatment of its debt obligations. The bank predominantly funds its operations by issuing short- and long-term debt securities. L-Bank has a long-term debt issuance programme with an authorised size of EUR 30bn (of which EUR 20.1bn was utilised at YE 2022), as well as a commercial paper programme with a limit of EUR 20bn (utilisation at YE 2022: EUR 12.6bn). In line with other German development banks, refinancing conditions are very favourable. Funding volumes averaged around EUR 7.5bn in the last three years (**Figure 7**) and the bank's bond redemption profile is smooth (**Figure 8**).

Figure 7: Annual market funding

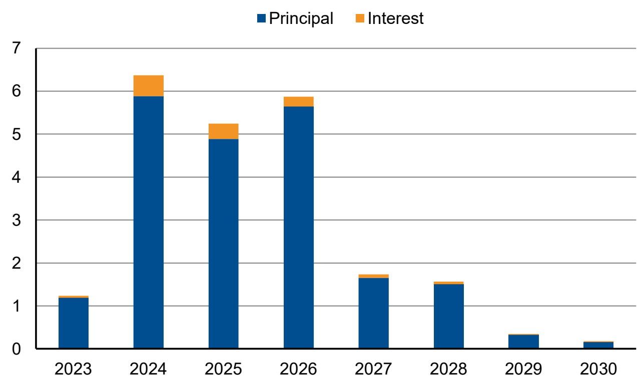
EUR bn



Source: L-Bank, Scope Ratings

Figure 8: Bond redemption profile

EUR bn, as of 22 November 2023



Source: Bloomberg Financial L.P, Scope Ratings

L-Bank's debt securities carry a 0% regulatory risk weight, are recognised as Level 1 high-quality liquid assets for liquidity coverage ratio requirements and are eligible for preferential treatment under Solvency II. The bank's bonds are also eligible for the ECB's monetary policy operations, including its asset purchase programmes. We expect L-Bank to continue to tap capital markets at very favourable rates.

In addition to debt capital markets, L-Bank has access to central bank facilities, with a stock of EUR 20.7bn available in securities that can be pledged as collateral with the ECB. Additionally, L-Bank had EUR 3.7bn of funding outstanding via the ECB's targeted longer-term refinancing operations (TLTRO III) at YE 2022.

Assured liquidity

The bank's established capital market access with a diversified investor base and its treasury portfolio of highly liquid securities ensure that liquidity is sufficient. Liquidity adequacy is ensured from a value-at-risk perspective as well as via liquidity coverage ratios and survival horizons under stressed scenarios.

Factoring of Environment, Social and Governance (ESG)

ESG factors material to L-Bank's credit quality are captured by Scope's rating approach through several analytical areas.

Governance and social considerations

Governance and social considerations are material to L-Bank's credit rating and were included in Scope's assessment of: i) L-Bank's level of integration with the public sponsor, highlighting the supportive legal framework that requires the bank to comply with its statutes and fulfil its role as a competition-neutral public-law institution, including the provision of key services to support regional economic and social objectives, including the financing of social housing; and ii) L-Bank's standalone fundamentals, highlighting its conservative risk profile and management.

L-Bank supports the federal state's climate agenda

Environmental considerations include the bank's role in fostering and enabling the public sponsor's climate protection agenda. The Federal State of Baden-Württemberg's Climate Protection and Climate Change Adaptation Act (Climate Act) envisages a reduction in greenhouse gas emissions of 65% versus 1990 levels, and net neutrality by 2040, five years earlier than the German central government. To this end, the bank introduced several initiatives and set up a dedicated team to streamline and operationalise its sustainability strategy. This includes: i) updating its sustainability strategy; ii) introducing L-ESG, the bank's holistic approach to managing all relevant sustainability-related topics; iii) establishing a sustainable finance team, which reports directly to the executive board; and iv) establishing a bank-wide ESG-database project.

As regards its development activity, L-Bank reports on their impact in relation to the UN's Sustainable Development Goals. The bank's activities positively impact 13 out of the 17 goals, with a particular focus on "decent work and economic growth", "industry, innovation and infrastructure" and "sustainable cities and communities". Further, as part of the federal state's Climate Act, any new, renewed or altered development programme has to undergo a compatibility check with the Climate Act.

The bank is expanding its development loan products to support its public sponsor's sustainability agenda, for example via adding an 'Energiefinanzierung' loan product targeted at funding sustainable investments. Further, the bank introduced a 'sustainability bonus', i.e. interest-rate deductions to businesses with CO_2 reporting and/or emissions reduction plans.

Finally, the bank produces non-financial reports, including on its efforts to be climate-neutral by 2030 for its own operations, and by 2040 for its overall banking activities, taking into account the impact of its lending, investing and refinancing operations.

Appendix I. Qualitative scorecard

Qualitative Scorecard 1: L-Bank’s level of integration with the Federal State of Baden-Württemberg (AAA/Stable)

Analytical component	Assessment (score)	Analytical rationale
Legal status (40%)	High (100)	L-Bank’s public legal status as an ‘Anstalt des öffentlichen Rechts’ (public law institution) legally exempts it from insolvency procedures, in line with most other German state development banks. Any changes to the bank’s legal form are permissible only via a legal act of the Federal State of Baden-Württemberg. In addition, as is the case with its peers, L-Bank can only be dissolved by law and is not directly subject to the Capital Requirement Regulation (CRR), the Single Resolution Mechanism, the Recovery and Resolution Act and the Restructuring Fund Act. This releases the bank from the obligation to draw up recovery plans. L-Bank is not subject to the German Deposit Guarantee Act.
Purpose & activities (20%)	High (100)	L-Bank is the promotional bank of the German Federal State of Baden-Württemberg (AAA/Stable) and delivers essential, competition-neutral services. Its key area of promotion is the regional economy. The bank's promotional activity takes the form of subsidised loans and grants, generally funded with state subsidies and contributions from its own profits. L-Bank tends to channel its promotional lending through commercial banks, which as intermediaries carry associated credit risk related to end borrowers.
Shareholder structure (20%)	High (100)	The German Federal State of Baden-Württemberg is L-Bank’s sole owner.
Financial interdependencies (20%)	High (100)	L-Bank provides a substantial volume of direct loans to municipalities in Baden-Württemberg, thereby directly supporting the public sponsor’s related entities. L-Bank is financially self-sustaining and does not depend on regular contributions from the public sponsor for its operations, investments, or debt service.

Approach adopted	Top-Down

Source: Scope Ratings

Appendix II. Statistics

In EUR m

	2014	2015	2016	2017	2018	2019	2020	2021	2022
Balance sheet summary									
Assets									
Cash and interbank assets	20,809	21,097	22,501	23,995	23,508	28,966	37,216	43,062	44,286
Total net customer loans	23,475	25,670	26,894	24,168	22,645	22,862	22,941	21,571	22,042
Total securities	22,562	23,027	22,513	21,147	22,024	24,396	25,491	22,955	25,248
Other assets	3,344	3,502	3,167	1,360	1,432	1,398	1,112	2,009	1,650
Total assets	**70,190**	**73,295**	**75,075**	**70,670**	**69,609**	**77,623**	**86,760**	**89,597**	**93,227**
Liabilities									
Deposits from banks	21,113	23,063	24,718	25,269	25,863	25,988	28,812	30,216	35,727
Deposits from customers	7,096	8,097	7,623	8,009	9,013	10,757	10,133	10,593	14,021
Total debt	36,917	36,314	36,783	30,837	28,657	34,830	40,051	42,605	37,189
thereof: Senior debt	35,983	35,584	36,226	30,383	28,278	34,450	39,822	42,376	36,959
Other liabilities	1,820	2,425	2,507	3,040	2,412	2,334	3,999	2,341	2,356
Total liabilities	**66,945**	**69,900**	**71,631**	**67,155**	**65,945**	**73,909**	**82,995**	**85,755**	**89,292**
Equity									
Fund for general banking risk	530	630	630	650	700	700	700	740	790
Common equity	2,715	2,765	2,815	2,865	2,964	3,014	3,064	3,102	3,144
Share capital	250	250	250	250	250	250	250	250	250
Other common equity	2,465	2,515	2,565	2,615	2,714	2,764	2,814	2,852	2,894
Total liabilities and equity	**70,190**	**73,295**	**75,075**	**70,670**	**69,609**	**77,623**	**86,760**	**89,597**	**93,227**
Common equity tier 1 capital	2,986	3,232	3,384	3,438	3,556	3,659	3,712	3,761	3,839
Income statement summary									
Net interest income	375.5	365.4	368.9	323.4	331.4	302.0	263.2	254.8	320.0
Net fee and commission income	42.4	42.4	40.9	40.0	41.4	44.7	61.2	110.4	119.4
Net result from other income/expenses	-4.9	4.7	1.1	6.6	16.1	-1.4	2.5	-2.0	-0.8
Administrative expenses	165.6	171.2	165.3	184.8	167.9	180.0	187.1	229.6	269.9
Operating result before risk provisions	**247.4**	**241.3**	**245.6**	**185.2**	**221.0**	**165.3**	**139.8**	**133.6**	**168.7**
Net income from asset revaluation	61.0	42.6	92.9	-31.7	-39.9	-35.1	-8.8	24.2	4.4
Operating result	**308.4**	**283.9**	**338.5**	**153.5**	**181.1**	**130.2**	**131.0**	**157.8**	**173.1**
Taxes on income	0.9	4.7	1.5	0.3	0.9	0.2	0.6	0.5	0.5
Expenses for subsidies and contribution to road construction	128.3	128.6	127.7	2.6	0.0	0.0	0.0	0.0	0.0
Addition to development funds	0.0	0.0	160.0	80.0	80.0	80.0	80.0	80.0	80.0
Addition to general banking risk funds	130.0	100.0	0.0	20.0	50.0	0.0	0.0	40.0	50.0
Net income	**49.2**	**50.6**	**49.3**	**50.6**	**50.2**	**50.0**	**50.4**	**37.3**	**42.6**
Profit carried forward	1.1	0.3	0.9	0.2	0.8	1.0	1.0	1.4	0.7
Net profit	**50.3**	**50.9**	**50.2**	**50.8**	**51.0**	**51.0**	**51.4**	**38.7**	**43.3**

Source: L-Bank, S&P Capital IQ, Scope Ratings

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