

20/04/2023

LBBW Group

Results as of 31 December 2022

LBBW

Breaking new ground

Updated
version



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LBBW achieved with 901 million Euros operating profit the best Group result since 2006



The robust and diversified **business model as mittelstand-minded universal bank** has proven itself as an **anchor of stability** in a turbulent political and economic environment – consolidated profit before tax again clearly increased compared to the already very good previous year's result



Operating profit expanded to €901 mln, driven by successful customer business in all segments; profit incl. one-time special effect from takeover of Berlin Hyp (badwill €972 mln) increased to €1,873 mln; **operating Return on Equity (RoE)** improved to 6.2%, **operating Cost/income ratio (CIR)** stable at 65.6%



Risk situation very solid with NPE ratio of 0.4%. Risk provisioning further increased and with €-239 mln at high previous year's level due to recognition of further adjustments amounting to €-206 mln to maintain the resilience



Capitalization continues to be solid, CET1 ratio with very good 14.1% clearly above the regulatory requirements in spite of takeover of Berlin Hyp, business growth and market volatilities; **liquidity** at high level



The further development of the strategy brings **Growth and Relevance** into the center of action. Leading role in the Savings Banks Finance Group as capital market institution and expansion of competence center real estate due to the acquisition of Berlin Hyp. To support the four customer segments **five levers within the bank** were defined. These levers contribute comprehensively to develop the universal bank's full potential

Agenda

Strategic orientation	4
Development of results	12
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Successful growth course confirms the existing business model of the best mittelstand-minded universal bank as strong basis

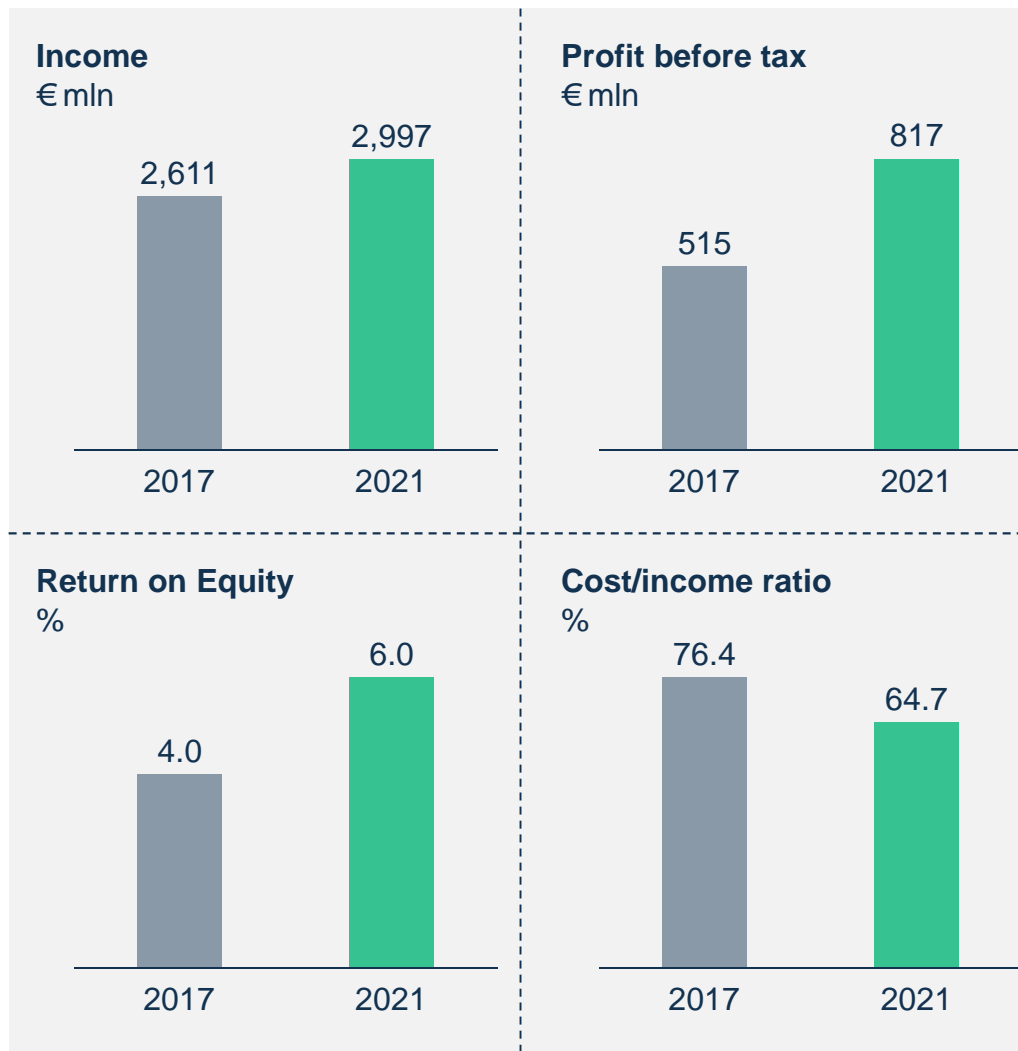
2017-2021



”Best mittelstand-minded universal bank“ as **strategic business culture** in the relationship to our customers and employees firmly established

Four cornerstones business focus, digitalization, sustainability and agility **support the success**

Steady improvement of the performance confirms viability of the strategy, also in times of crisis



Based on the successful business model LBBW continues to develop its strategy with the aims of growth and relevance

as of 2022

Growth and Relevance



Strong positioning Corporate Finance

Corporate Schuldschein loans and structured financings

Market leader commercial real estate financing

Two strong brands: LBBW and Berlin Hyp

Capital market institution of the savings banks

Clear USP¹: Interest rate, currency and commodity business and retail-targeted private placements

Expansion of market position

Strengthening of the positioning of the business segments

Customers in focus

LBBW as strategic partner

Competent solution provider

Product range of the universal bank from a single source

Supporter of the transformation

Contributor to topics regarding the future

¹ Unique Selling Proposition

LBBW's success in the fiscal year 2022 is based on its internal strength as universal bank with four customer segments

 Corporate Customers (CC)	 Real Estate / Project Finance (RE/PF)	 Capital Markets Business (CMB)	 Private Customers / Savings Banks (PC/SB)
<p>Top 3 bank in corporate customer business in Germany – moreover, leading in advisory of sustainable financings / ESG¹ (FINANCE Banking Survey)</p> <p>Strengthening Corporate Finance – further expansion of longtime market leadership in Corporate Schuldschein loans, strong position in ABS and structured corporate financings</p> <p>Corporate Schuldschein loans - longtime market leadership expanded</p>	<p>Acquisition of Berlin Hyp makes LBBW Group the market leader in commercial real estate financing in Germany</p> <p>Sustainable financings Substantial increase of volumes to support the sustainable transformation of our customers</p> <p>Expansion of future fields in project finance, e.g. digital infrastructure and glass fiber</p>	<p>Product excellence Increase in hedging and investment products</p> <p>Integration interest rate, currency and commodity business Takeover of interest rate, currency and commodity business from Helaba for corporate customers of the savings banks</p> <p>Attractive issuances e.g. leading role in the placement of two bonds of the EU Commission with €8.5 bn</p>	<p>Asset management Award as “Germany’s best sustainable asset management“ (Capital)</p> <p>Promotional loans New business of €6.8 bn Focus investment measures sustainable buildings</p> <p>Foundation management For the fourth time in a row winner of the “Fuchs Professional Rating“</p>
<p>Corporate Finance financing volume</p> <p>+25%</p>	<p>Green Bond eligible business</p> <p>+30%</p>	<p>Sales volume retail targeted private placements</p> <p>+26%</p>	<p>Asset management number of mandates</p> <p>+10%</p>

¹ Environmental, Social, Governance

Takeover of Berlin Hyp speeds up growth course and strengthens LBBW's positioning

Berlin Hyp



Successful real estate bank with high portfolio quality

#High market penetration in Germany strengthens LBBW's core business



Real estate competence center in the Savings Banks Finance Group

#Two-brand strategy combines broad range of products and flexibility



Improvement of the profitability of the universal bank

#Income is stable and predictable with adequate risk profile



Sustainability as self-image

#Excellent ratings (MSCI: AAA; ISS ESG: B-; Sustainalytics: 7.1) confirm strong positioning – first bank with Sustainability Linked Bond

Five strategic levers contribute to growth and relevance and develop the universal bank's full potential



Sustainable transformation: Managing the economic and social change through individual advice on sustainable business models, digital transformation and the long-term modification of value chains. The lever bundles key initiatives from sustainable product range through the Sustainability Advisory, LBBW's own CO₂ emissions and sustainability ratings.

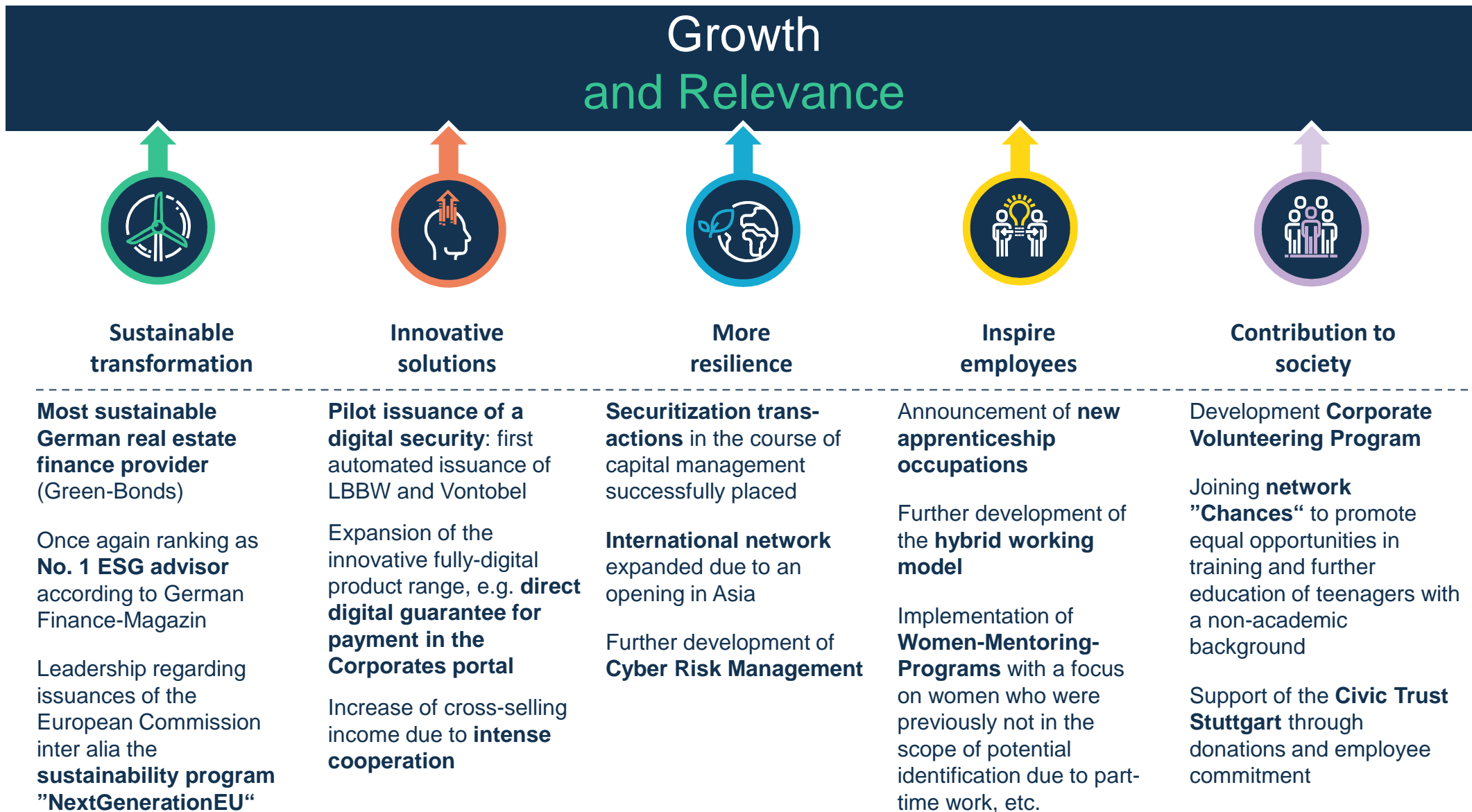
Innovative solutions: Through the use of the range of the universal bank the product development together with the clients will be substantially intensified further and thereby enables an optimized positioning as holistic solution provider. Innovation and its development in the area of products and processes are even better promoted due to this lever.

More resilience The extraordinary challenging economic and political environment directs the focus on strengthening LBBW's resilience and flexibility. Apart from the ongoing diversification of the business model and an active risk control, aspects of the capital and process efficiency are incorporated.

Inspire employees Demographic developments are increasing the demands on employers to be able to develop and retain competitive skilled workers. The desire for meaningful work is not only guiding the youngest generation of employees. The lever bundles initiatives and promotes the identification with LBBW.





Contribution to society: LBBW sees itself not only as a responsible market participant, but also understands the importance for the society – and this both in the area of commitments of employees and the Bank itself as well as by active participation in social developments, discourses and initiatives.

Successes of the cross-segment levers strengthen the potential of the universal bank for customers, employees and society




Positive increase in value in sustainability is confirmed for the year 2022



	2021	2022
 Sustainable business volume¹	€ bn 150	€ bn 220
 thereof Sustainable financing volume¹	€ bn 38	€ bn 57
 thereof Total volume of arranged sustainable customers issues managed by LBBW	€ bn 90	€ bn 147
 thereof Sustainable AuM	€ bn 33	€ bn 32

Target until 2025
(incl. Berlin Hyp)

€ 300 bn sustainable business volume,
thereof **€ 75 bn** sustainable financings

 As a signatory to the collective climate commitment of the financial sector LBBW is committed to the **1.5°C target**. In order to achieve this target, **sector pathways and targets for CO₂-intense sectors** are defined. So far, targets for the sectors **Energy Generation, Automotive Manufacturing and Automotive Suppliers, Cement Producers, Iron & Steel, Aircraft Financing² and Commercial Real Estate** were defined. Moreover, the **directive on Oil and Gas** was tightened.

¹ including Berlin Hyp's green real estate portfolio; ² excl. freight

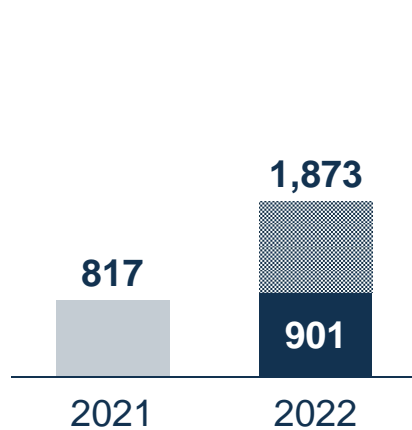
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LBBW Group: Continuation of the positive business development across all customer segments

Profit before tax
€ mln

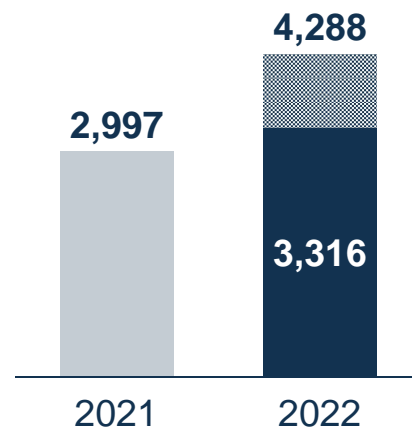


▨ In total (incl. badwill)
■ Operating

Increase in profit continues

- Increase in income offsets higher expenses

Income
€ mln

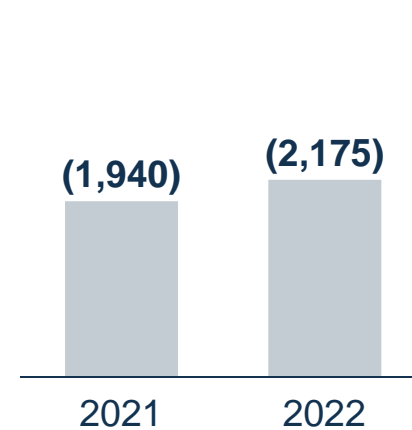


▨ In total (incl. badwill)
■ Operating

Income once again significantly increased

- In all customer segments operating income successfully further increased

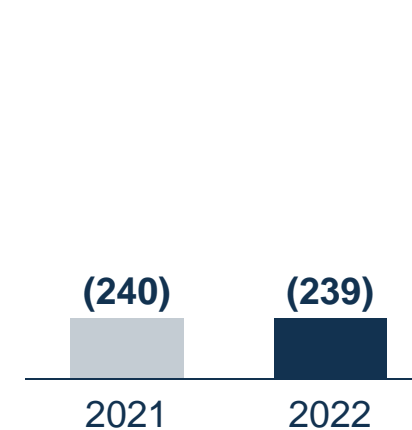
Expenses
€ mln



Expenses with slight increase

- Significantly higher bank levy/deposit guarantee system
- Investments in growth initiatives and IT infrastructure
- In addition, Berlin Hyp for the first time

Risk provisions
€ mln



Risk provisions further increased

- Intrinsic risk provisioning unremarkable
- Further adjustments to maintain resilience
- Cost of risk (balance sheet)¹ at low 18 bp

Differences due to rounding

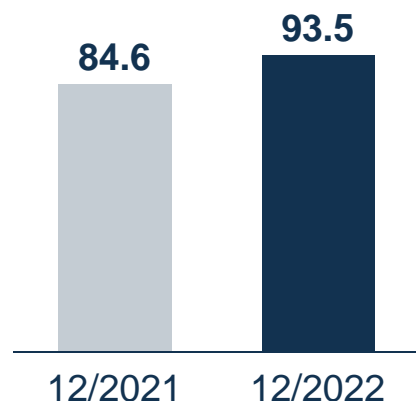
¹ Cost of risk balance sheet as of 12/2021 at 21 bp, as of 12/2022 at 18 bp

Additional definition: Cost of risk (net exposure) as of 12/2021 at 12 bp, as of 12/2022 at 10 bp

LBBW Group: CET1 ratio well above requirements, operating RoE improved and operating CIR stable

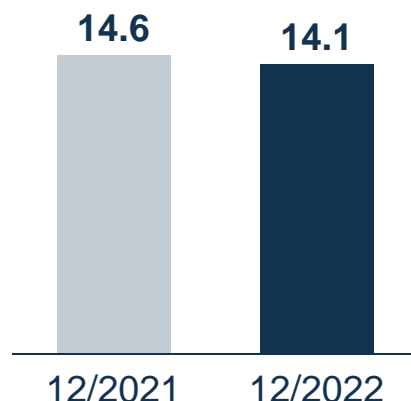
RWA

Fully loaded, €bn



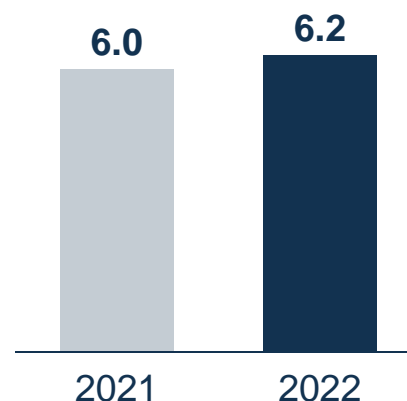
CET1 capital ratio

Fully loaded, %



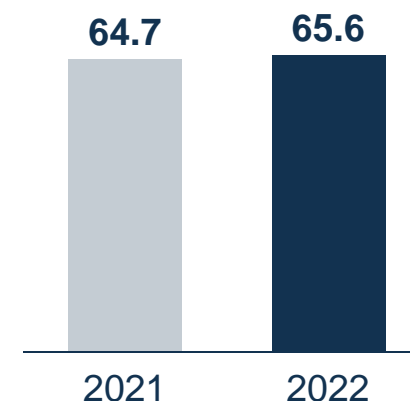
RoE

%



CIR

%



■ Operativ

Increase of RWA

- Drivers mainly takeover of Berlin Hyp, business growth and market volatilities

CET1 ratio well above requirements

- Capital strengthening due to retention of earnings counteracts the increase of RWA

RoE improved

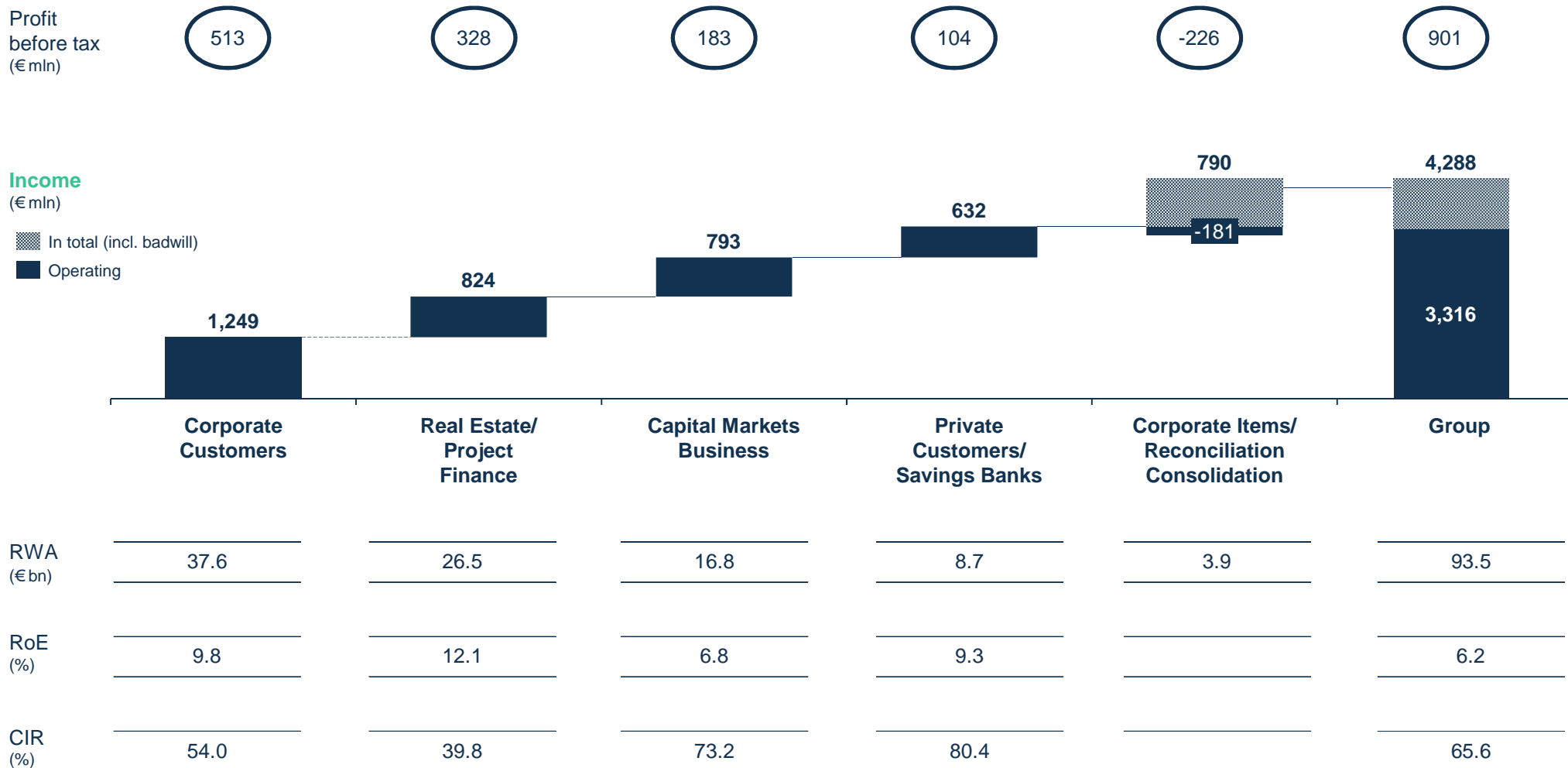
- Profit growth and increased equity

CIR stable

- Expansion of income offsets slightly higher expenses

Differences due to rounding

Viable and balanced business model as stable basis for positive business development



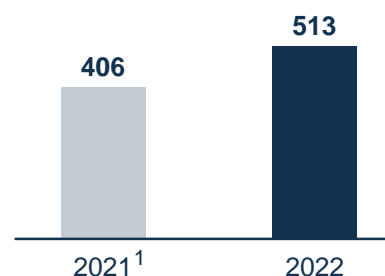
Differences due to rounding

Corporate Customers: Profit significantly increased due to continued expansion of income and lower risk provisioning



Profit before tax

€ mln



Profit before tax significantly increased

- **Further expansion of income**

- Strong operating development in primarily cross-sell proceeds from hedging products and growth area Corporate Finance
- Deposit business benefits from interest rate development
- Thus distinctly lower contribution from TLTRO III more than offset; expansion in income excl. TLTRO III effect at good +9%
- Customer credit volume expanded to more than €61 bn (PY: €59 bn)

- **Lower risk provisioning**

- Continued good portfolio quality, intrinsic risk provisioning still unremarkable
- Risk provisioning characterized by further adjustments

- **Increase in expenses**

- Higher bank levy/deposit guarantee system
- Investments in IT infrastructure and expansion of business

€ mln	2021 ¹	Δ %	2022
Total operating income/expenses	1,041	14%	1,188
of which income	1,231	1%	1,249
of which allowances for losses on loans and securities	-190	-68%	-61
Expenses	-635	6%	-675
of which administrative expenses	-595	4%	-618
Consolidated profit/loss before tax	406	26%	513

Differences due to rounding

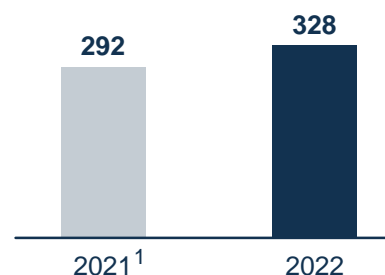
¹ PY incl. adjustments

Real Estate/Project Finance: Profit increased due to substantial increase in income



Profit before tax

€ mln



Profit before tax increased

- **Substantial increase in income**

- Increase in income both in real estate and project financings
- Moreover, good operating contribution of Berlin Hyp in the second half of the year
- Thus lower contribution from TLTRO III more than offset
- Customer credit volume primarily due to Berlin Hyp expanded to more than € 60 bn (PY: € 31 bn)

- **Risk provisioning significantly increased**

- Continued good risk profile and unremarkable intrinsic risk provisioning
- Risk provisioning characterized by recognition of further and again distinctly increased adjustments, moreover, effects of first-time consolidation of Berlin Hyp

- **Increase in expenses**

- Higher bank levy/deposit guarantee system
- In addition, Berlin Hyp and project costs for the takeover

€ mln	2021 ¹	Δ %	2022
Total operating income/expenses	493	33%	655
of which income	587	40%	824
of which allowances for losses on loans and securities	-94	78%	-168
Expenses	-201	63%	-328
of which administrative expenses	-182	65%	-300
Consolidated profit/loss before tax	292	12%	328

Differences due to rounding

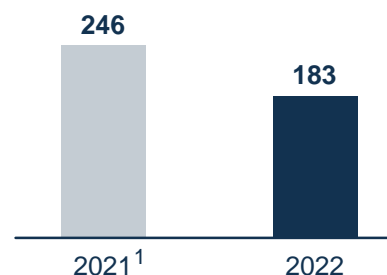
¹ PY incl. adjustments

Capital Markets Business: Growth in income cannot fully offset higher risk provisions due to Russia-Ukraine war



Profit before tax

€ mln



Growth in income cannot fully offset higher risk provisions due to Russia-Ukraine war

- **Income further expanded**
 - Continuation of successful development in customer business primarily with investment and hedging products and retail targeted structured notes
 - Successful positioning in volatile market environment
- **Increase in risk provisioning**
 - Driven by allowances for losses on loans and securities for effects of the Russia-Ukraine war
- **Increase in expenses**
 - Higher bank levy/deposit guarantee system
 - Investments in IT infrastructure

€ mln	2021 ¹	Δ %	2022
Total operating income/expenses	769	-1%	763
of which income	769	3%	793
of which allowances for losses on loans and securities	0	>100	-30
Expenses	-522	11%	-580
of which administrative expenses	-457	8%	-492
Consolidated profit/loss before tax	246	-26%	183

Differences due to rounding

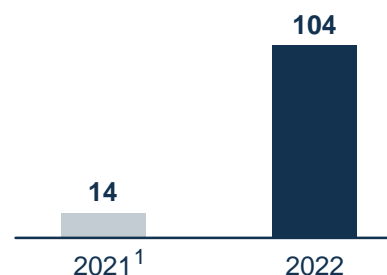
¹ PY incl. adjustments

Private Customers/Savings Banks: Growth in income, particularly from deposit business due to interest rate development



Profit before tax

€ mln



Profit before tax clearly above PY

- **Significant growth in income**
 - Growth in income particularly in deposit business due to interest rate development, but also financing and investment business with positive development
 - Customer credit volume expanded to more than €42 bn (PY: €41 bn)
 - Customer deposit volume held stable at high level of more than €32 bn (PY: €32 bn)
- **Increase in risk provisioning**
 - Intrinsic risk provisioning unremarkable
 - Characterized by adjustments
- **Expenses almost stable**
 - Higher bank levy/deposit guarantee system
 - Continuation of growth in Asset and Wealth Management
 - Thanks to successful cost optimizations almost held stable

€ mln	2021 ¹	Δ %	2022
Total operating income/expenses	519	18%	612
of which income	519	22%	632
of which allowances for losses on loans and securities	0	>100	-20
Expenses	-504	1%	-508
of which administrative expenses	-505	0%	-505
Consolidated profit/loss before tax	14	>100	104

Differences due to rounding

¹ PY incl. adjustments

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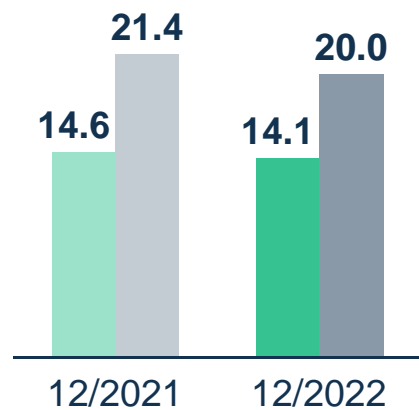
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Capitalization still solid in spite of business growth, takeover of Berlin Hyp and market volatilities

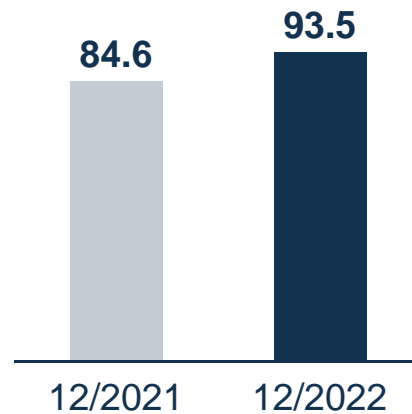
Capital ratios

Fully loaded, %



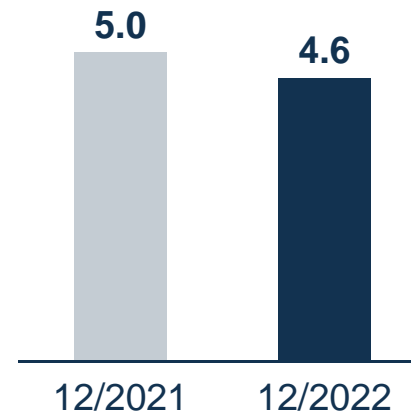
RWA

Fully loaded, €bn



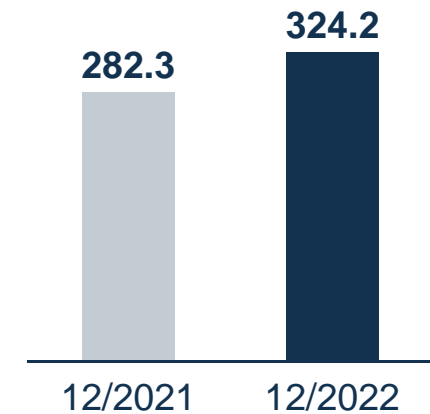
Leverage ratio

Fully loaded, %



Total assets

€bn



Common equity Tier 1 capital ratio (CET1)
Total capital ratio

CET1 ratio with slight decrease

- Increase in RWA primarily due to takeover of Berlin Hyp, business growth and market volatilities
- Capital strengthening through profit retention and optimization measures can partially offset the increase in RWA

Leverage ratio at good level

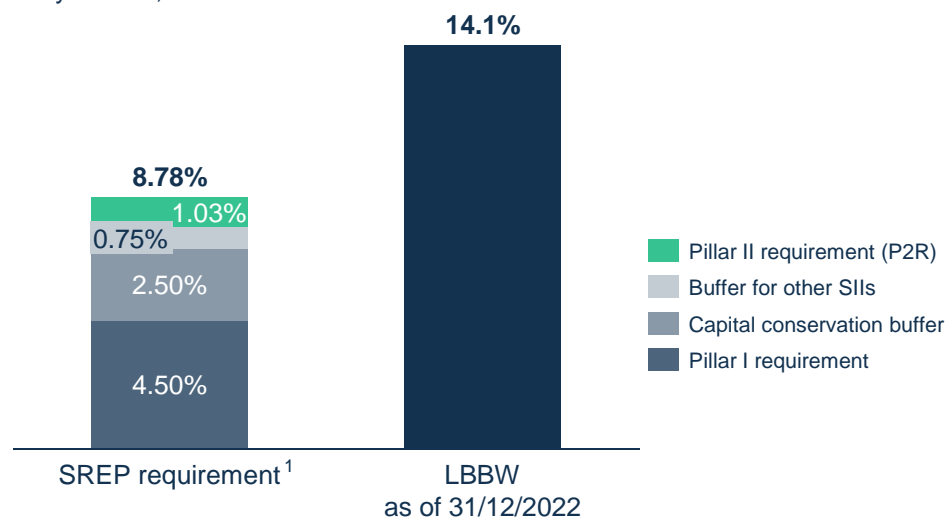
- Slight decrease due to increase of total assets primarily due to takeover of Berlin Hyp

Differences due to rounding

Regulatory requirements regarding CET1 and MREL clearly exceeded

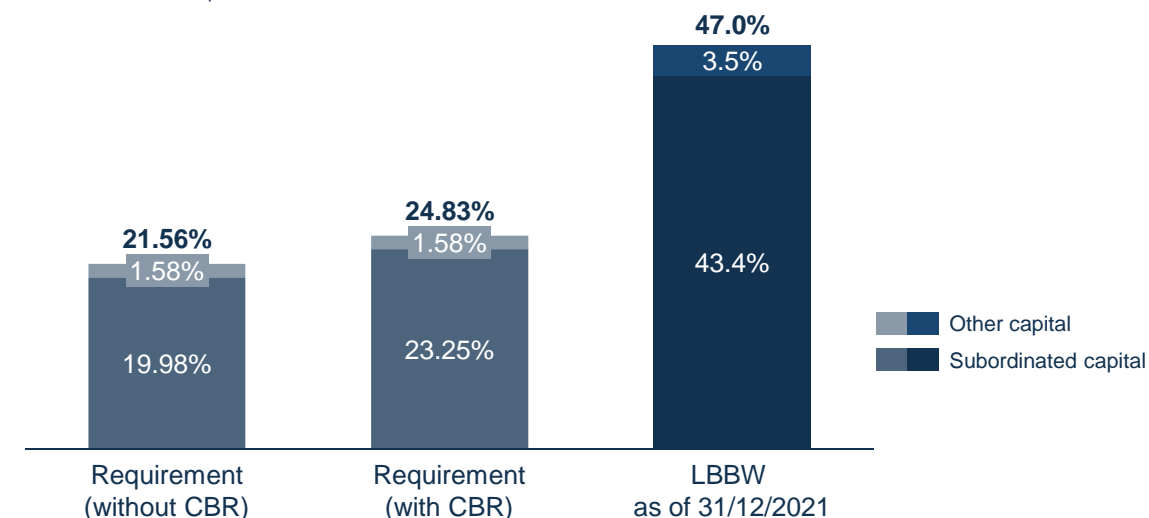
CET1 capital ratio

Fully loaded, %



MREL ratio

related to TREA, %



LBBW clearly exceeds SREP requirement¹

- Even taking into account all other capital requirements¹
- Pillar II requirement (P2R) reduced by ECB from 1.88% to 1.83% (share of CET1 reduced from 1.06% to 1.03%)

LBBW substantially exceeds MREL requirements

- Also related to LRE the requirement of 7.00% (thereof Subordinate 7.00%) with 15.1% (thereof Subordinate 14.0%) substantially exceeded

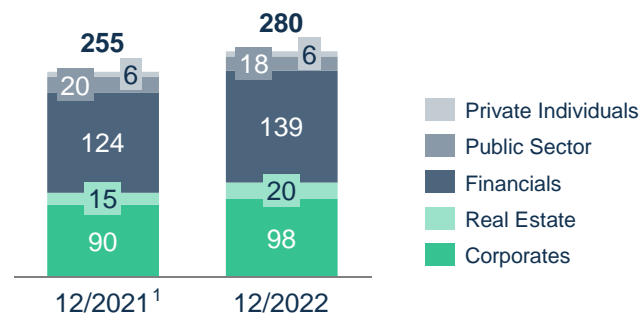
Differences due to rounding

¹ In addition, a countercyclical capital buffer and the current AT1 shortfall must be held as common equity Tier 1 capital. Furthermore, the ECB's supervision expects the provision of further common equity Tier 1 capital for the viable capital management in the following years

Continued high quality of the diversified portfolio is reflected in good risk indicators

Net exposure by sector

€ bn

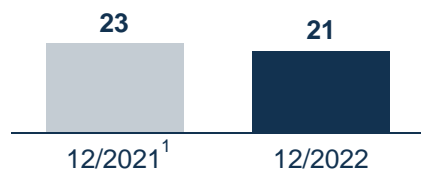


Net exposure in 2022 significantly expanded

- **Corporates:** Diversification further advanced with further expansion of growth sectors
- **Real Estate:** Increase primarily due to integration of Berlin Hyp
- **Financials:** Increase especially with central and private banks
- Regional focus mainly on Germany (about 69%) and Western Europe² (about 18%)

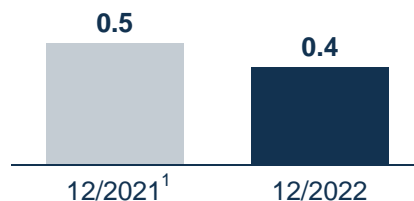
Ø PD net exposure

bp



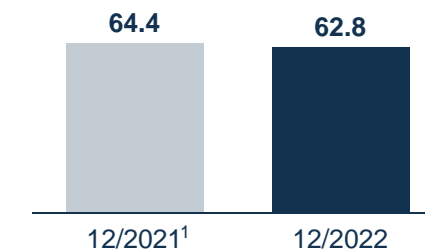
NPE ratio

%



Coverage ratio

%



Further improved

- 91% of the net exposure in investment grade area (PY 92%)

Once again improved

- Reflects continued high quality of the credit portfolio

Still good coverage

- Decline, among other things, due to slight increase in NPE because of the significant expansion of the net exposure

Differences due to rounding

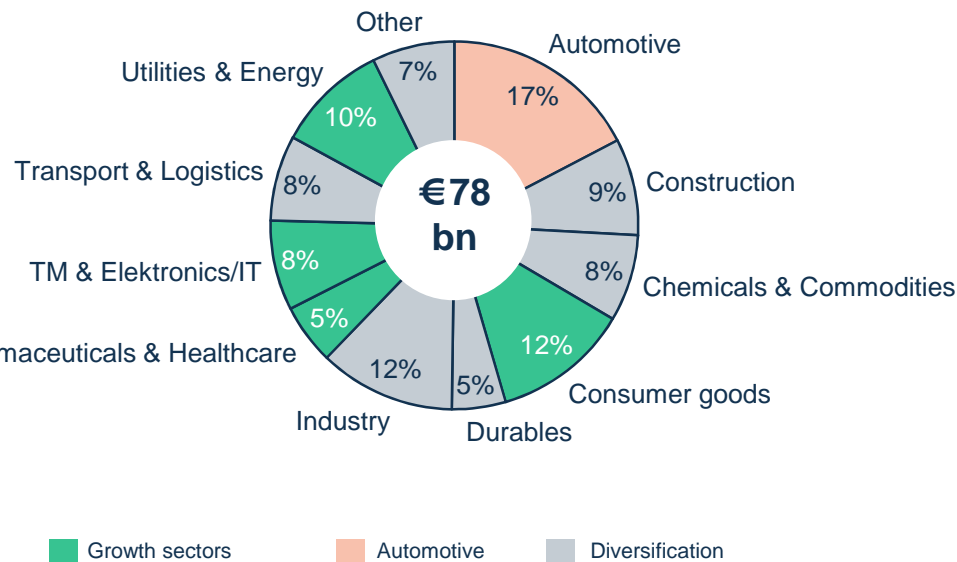
¹ Adjustment of previous year's figures due to methodological development in the mapping of deposits with central banks

² without Germany

Corporates: Since 2018 portfolio diversification successfully driven forward – growth sectors expanded

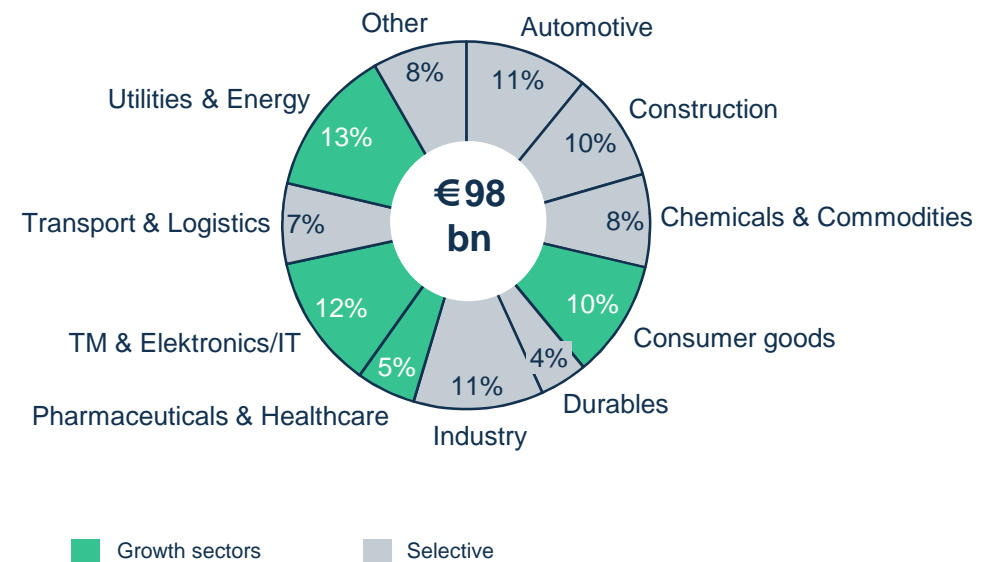
Corporates as of 31/12/2018

Share of sector Corporates in %



Corporates as of 31/12/2022

Share of sector Corporates in %



Regarding Corporates broad diversification across all sectors achieved

- Since 2018 substantial and targeted expansion of the portfolio by € +20 bn
- While at the same time portfolio developed to a balanced sector mix with single shares <15%
- Share of Automotive gradually reduced to target level (current share only 11% with optimized customer structure)
- Growth sectors since 2018 constantly expanded to already good levels (current share in sum at good 40%)

Differences due to rounding

Corporates: As of 2023 further selective growth across all sectors under clear management principles

2018-2022

Successful portfolio development to a balanced sector mix



Substantial and targeted expansion of the exposure
+ €20 bn



Balanced portfolio with sector single share
<15%



Share of customers with TOP future viability
>60%

As of 2023

Further selective growth across all sectors under consideration of customer specifics



Clear management of growth via customer specifics



Sector leader

Orientation towards creditworthiness, future viability and sustainability



Future viability

Assessment of business models of our customers in a sector comparison



ESG / Transformation pathways

Use of customer-specific ESG data and derivation of concrete goals as well as transformation pathways



Profitability cluster

Selection of single customers by means of possible future profitability profiles



Growth potentials

Focus on sectors resp. customers with above average growth and transformation potential

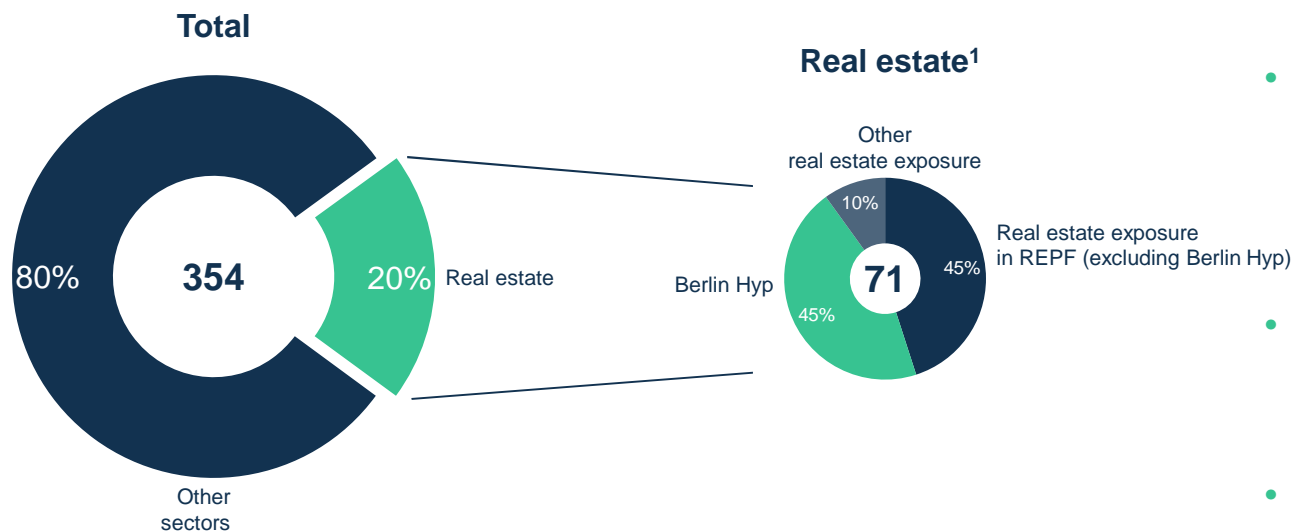


While maintaining a balanced sector mix

Real estate exposure in the LBBW Group in established asset classes and core markets

LBBW exposure as of 31/12/2022

€ bn



Real Estate Exposure

- Real estate **20% of total exposure** (incl. Berlin Hyp)
- Real estate exposure in the **segment REPF² excluding Berlin Hyp in the amount of €32 billion** includes large-volume commercial real estate financing (CRE) and housing, focus on **Germany** with foreign markets in **North America and UK**
- Real estate exposure of **Berlin Hyp in the amount of €32 billion** with focus on **Germany** and foreign markets in **France, Benelux, Poland**, focus on CRE and housing
- **Other real estate exposure** includes among others **equity investments** (in particular in LBBW Immobilien Holding), **wealth management** customers and decentrally managed, **small-volume regional business**

Commercial Real Estate (CRE)



- Non-recourse financing important earnings pillar supplemented by RWA neutral fee business with consulting services
- Focus on established asset classes and core markets with unchanged risk and return standards
- Underwriting Standards: Debt service capacity, LTV, occupancy rate, ESG status, sponsor quality

Housing

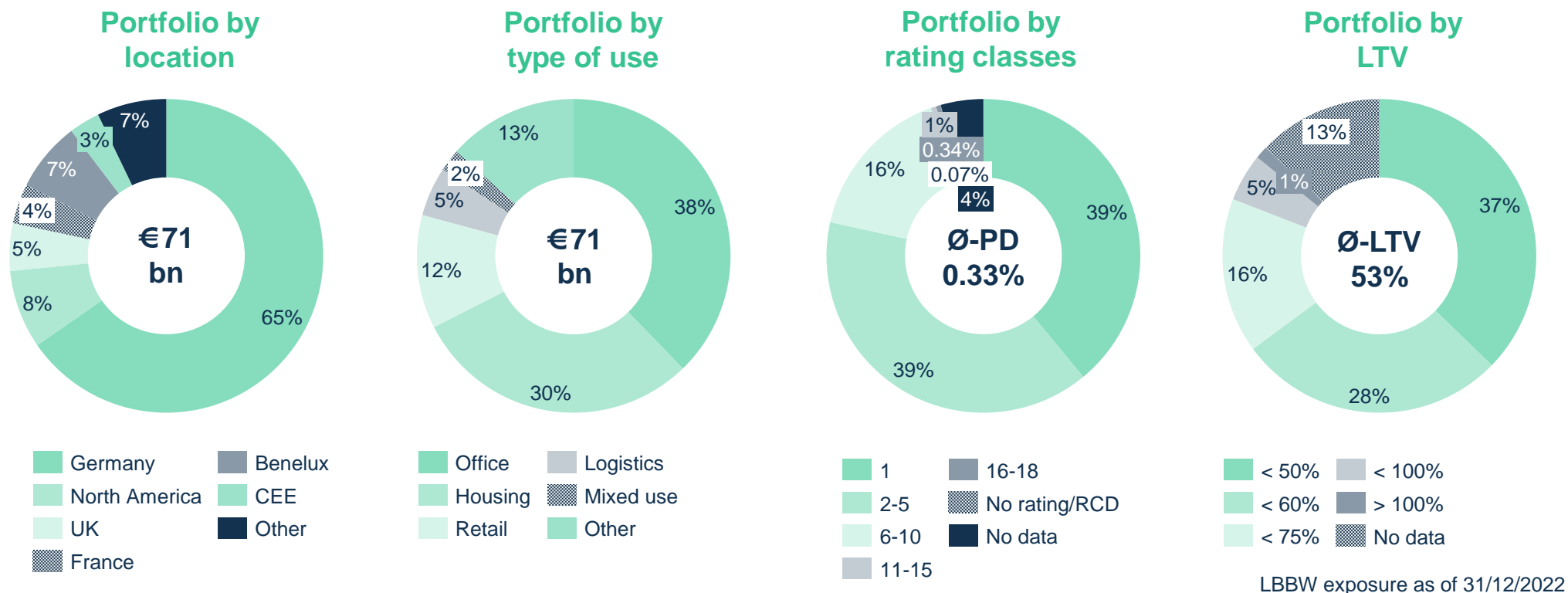


- Focus on German residential portfolios (public-sector housing associations, cooperatives and private investors) with historically low default rates

Differences due to rounding

¹ Real estate exposure excluding mortgage lending for private customers of around €8 billion / ² Real Estate/Project Finance segment

Real estate: Portfolio well diversified and with high portfolio quality



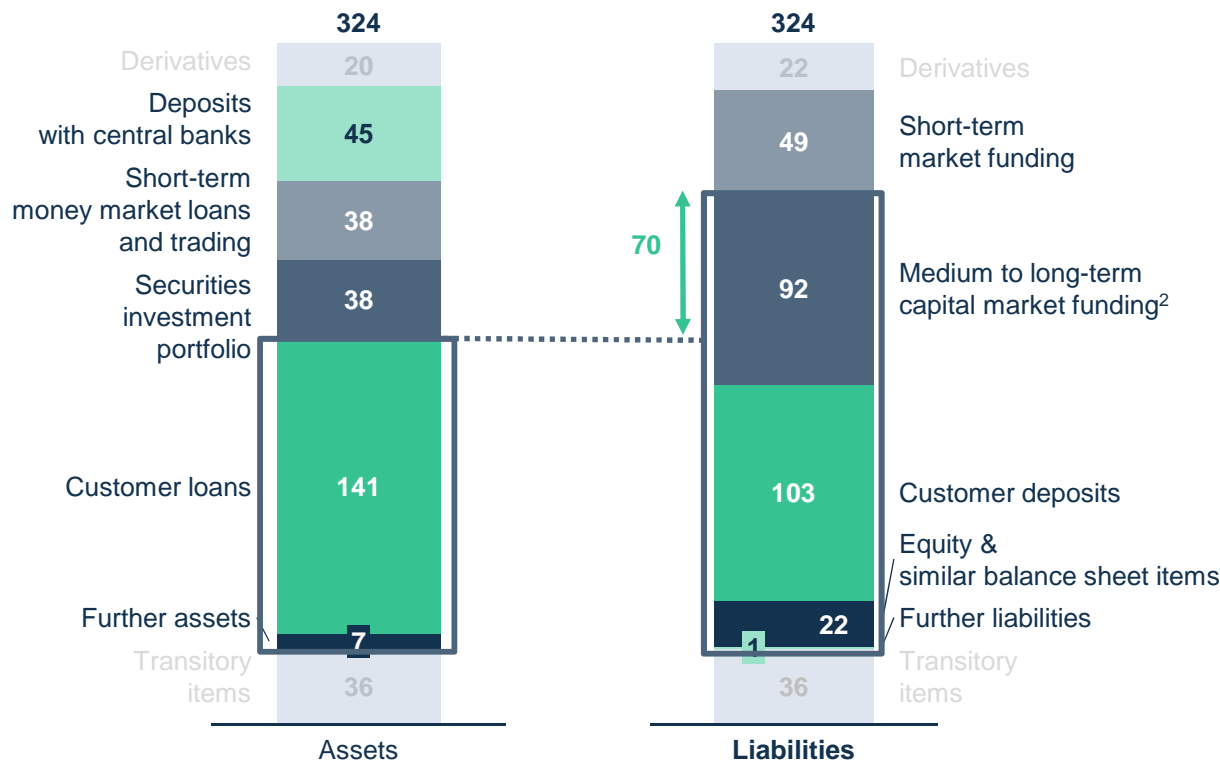
Portfolio well diversified across locations and types of use with high portfolio quality

- **Locations:** Focus on core market Germany with approx. 2/3 of exposure. Good diversification of international markets
- **Types of use:** Approx. 80% of the exposure in the asset classes office/housing/retail
- **Rating:** Approx. 78% of the portfolio has a rating in the investment grade area (rating classes 1 to 5). Only 0.34% in default (rating classes 16-18). The Ø-PD underlines the risk-conscious management and high quality of the portfolio
- **LTV:** Moderate LTV level with more than 80% of the portfolio with LTV < 75%

Strong LBBW balance sheet with broad funding structure from stable funding sources

Balance sheet as of 31/12/2022

€ bn



Stable funding sources

- LBBW’s funding comes predominantly from stable funding sources¹
- Securities portfolio consists mainly of “high quality liquid assets“ (HQLA)
- Short-term money market loans and trading primarily customer-focused

Structural liquidity surplus

- Stable medium- to long-term liabilities exceed medium- to long-term assets by €70 bn

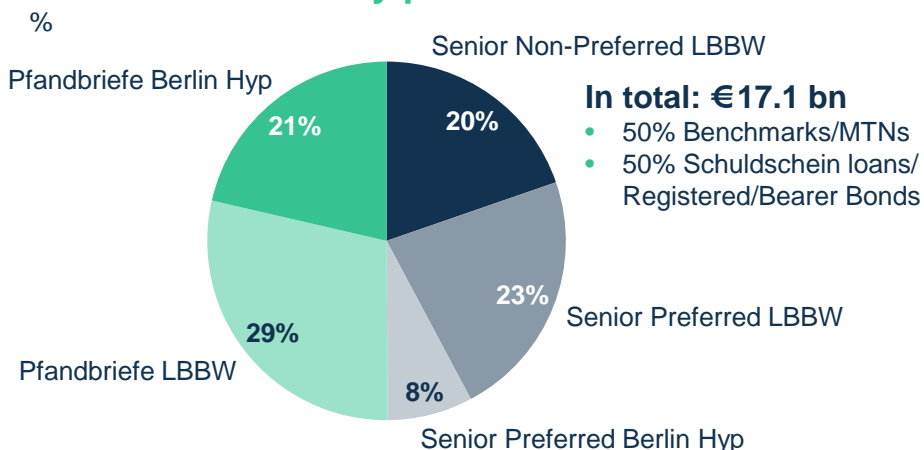
Differences due to rounding

¹ Equity, customer deposits, medium- to long-term capital markets funding and further liabilities / liabilities without short-term market funding, derivatives and transitory items. Customer deposits have proven to be a stable funding source in the past

² Thereof €20.5 bn from participation in targeted longer-term refinancing operations with the central bank (TLTRO III)

Berlin Hyp and LBBW: Two active issuers on the capital market – high and diversified liquidity reserve of LBBW Group

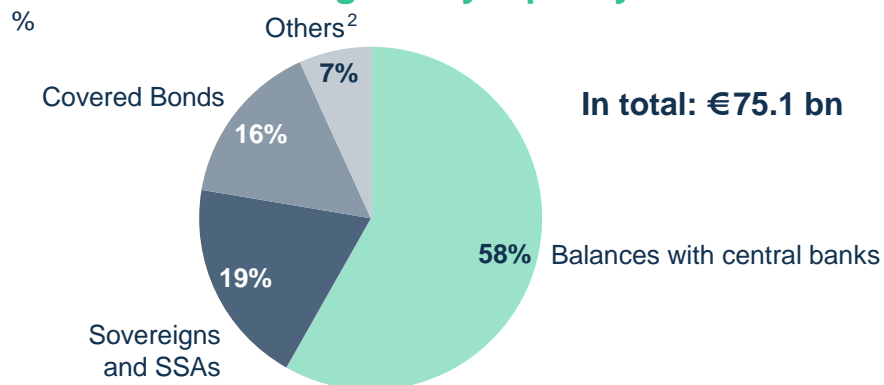
New issues¹ 2022 by products



Both issuers of LBBW Group established on the market for many years

- LBBW and Berlin Hyp active with regular issuance of benchmarks and private placements
- In 2022 in total € 17.1 bn were raised on the capital market, thereof 50% through Benchmarks and 50% through private placements
- In addition, LBBW offers also tailor-made issues for retail customers
- In 2022 more than 50% of the funding of Berlin Hyp was issued in form of ESG issuance products
- LBBW as key issuer for MREL liabilities in the Group

Structure of the regulatory liquidity reserve³



Pfandbriefe

- LBBW and Berlin Hyp with very successful issuance of Pfandbrief benchmarks in € and USD, partially also as Green Bonds
- First Social Pfandbrief of Berlin Hyp with focus on affordable housing

LCR³ at 144.2%; NSFR³ at 111.3%

- Good fulfillment of regulatory requirements
- Liquidity reserve characterized by central banks balances and diversified securities holdings

Differences due to rounding

¹ Funding raised on the capital market; FX exchange rates as of 30/12/2022; initial maturities > 1 year

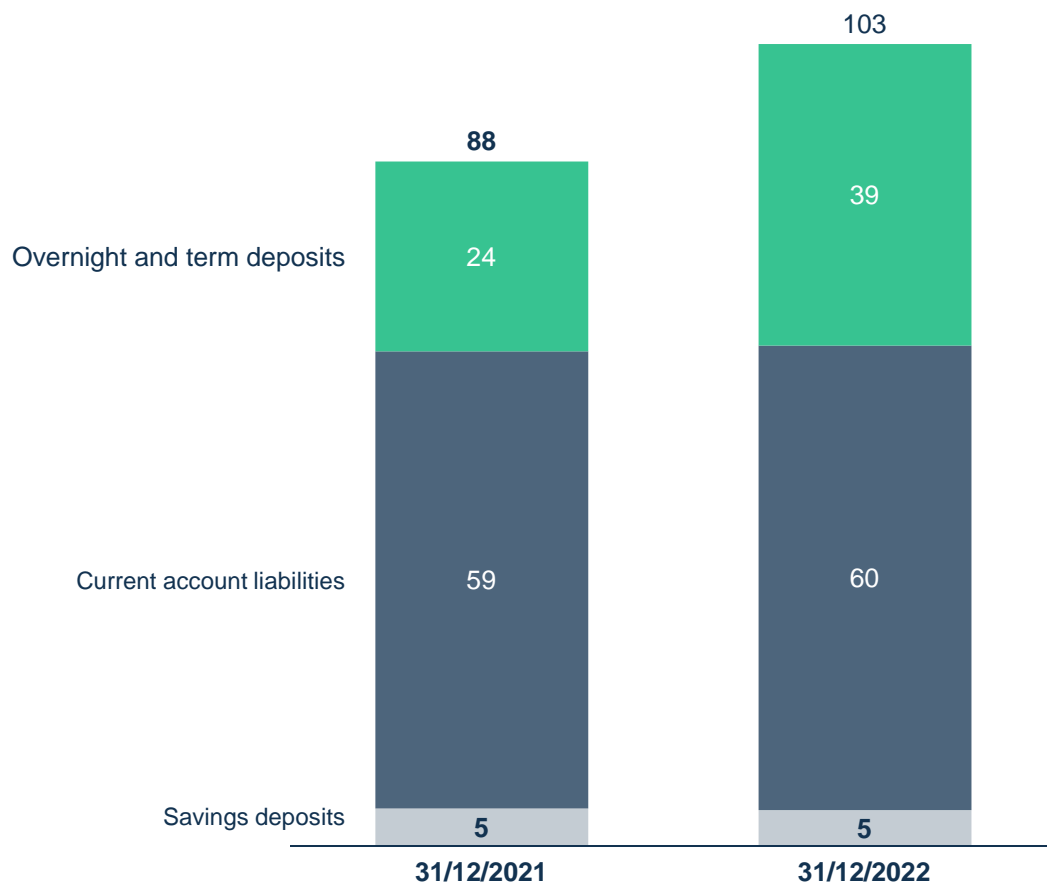
² other HQLA securities

³ As of: 31/12/2022

LBBW with stable and diversified customer deposits

Deposits as of 31/12/2022

€bn



Stable deposits

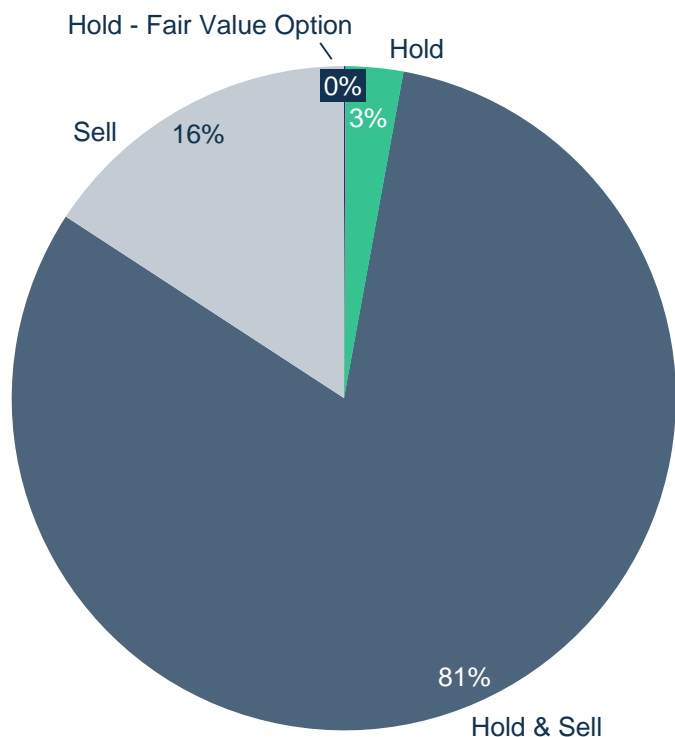
- Stable deposit base from private customers in the region of Stuttgart (savings bank function)
- Stable deposit base from corporate customers with focus on Baden-Württemberg ("house bank" function)
- Acquisition of Berlin Hyp with minor impact on deposit volume, i.e. growth in deposits mainly organic

Differences due to rounding

LBBW with conservative valuation of its own securities portfolio

Securities portfolio as of 31/12/2022

%



Total securities portfolio: €41.2 billion, of which €34.7 billion in the banking book

Portfolio hedged against interest rate changes – valuation changes recognized in equity or in the income statement

- As an internal standard, fixed-income securities in the banking book are hedged against interest rate changes using interest rate swaps
- Consequently, valuation changes are exclusively credit spread-induced
- The majority of securities in the investment book are categorized as "hold and sell". As a result, valuation results from changes in credit spreads are recognized directly in retained earnings
- Assuming that there are no permanent impairments, the valuation result will reverse by the time it matures
- Securities in the "hold" category account for only 3% of the securities portfolio. The unrealized valuation result for 2022 is of minor significance
- Valuation changes in the trading portfolio (category: "sell") are recognized immediately in the income statement

Differences due to rounding

Agenda

Strategic orientation	4
Development of results	12
Capital, risk and liquidity	20
Outlook and strategic targets	32
Appendix	34



Outlook 2023 – LBBW with viable business model and a further developed strategy well prepared



The sustainable business model of the **”Best mittelstand-minded universal bank“** with **four strong customer segments** remains the basis for the positioning in the market.

The further development of the strategy sharpens the direction towards **Growth and Relevance**. Levers across segments strengthen thereby the universal bank.

Thanks to the **conservative risk policy** and corresponding provisioning, LBBW considers itself well equipped for ongoing challenging times.

LBBW expects for the **forecast horizon 2023** a clearly positive profit before tax in the upper three-digit million range, which is - in view of the economic and geopolitical uncertainties - expected to be slightly below the previous year's level.

In the long-term, LBBW pursues the following **strategic goals**:

CET1 ratio 13%

RoE ~ 6%

CIR ~ 65%

Agenda

Strategic orientation	4
Development of results	12
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LBBW aligns credit portfolios with Paris – sector pathways show sustainable way into the future

Sector	Unit	Emissions	Actual 2021	Target 2030	Comment
Energy production	kgCO ₂ /MWh	Scope 1+2	224	110	<ul style="list-style-type: none"> LBBW as member of NZBAG² is committed to develop its credit and investment portfolio climate neutral and in accordance with the Paris climate goals Until the end of 2022 sector specific climate targets for the credit and investment portfolio had to be formulated and published Implementation of so-called “sector pathways“ in order to measure and manage CO₂ emissions in 7 especially CO₂ relevant sectors has taken place, in addition to a directive on Oil & Gas Thus currently more than 40% of CO₂ emissions (Scope 1 and Scope 2) financed by the bank covered with sector pathways Implementation of a sector pathway for Chemicals in Q3 2023 increases the coverage of the financed emissions to more than 50% Commercial real estate (CRE) sector pathway considers specifics of real estate. CRREM³ as reference pathway chosen. Methodology of CRE pathway also usable for Berlin Hyp in the future
Automotive OEM	gCO ₂ /vkm	Scope 3	153	95	
Cement producers	kgCO ₂ /t cement	Scope 1+2	565	480 New	
Iron & Steel	kgCO ₂ /t steel	Scope 1+2	1,074	860 New	
Aircraft financing ¹	gCO ₂ /pkm	Scope 1	88	66 New	
Commercial real estate	kgCO ₂ /m ²	Scope 1+2	51	22 New	
Automotive suppliers	Share of turnover with combustion components		25%	17%	
Oil & Gas	Regulation about directive for general corporate financings of upstream activities and exclusion of controversial extraction methods				

¹ Passenger planes

² Net Zero Banking Alliance Germany

³ Carbon Risk Real Estate Monitor

Customer-oriented and well diversified business model as stable basis for strong operating development of income

Group			€ mln	Corporate Customers			Real Estate/ Project Finance			Capital Markets Business			Private Customers/ Savings Banks			Corporate Items/ Reconciliation/Consolidation		
2021	Δ %	2022		2021 ¹	Δ %	2022	2021 ¹	Δ %	2022	2021 ¹	Δ %	2022	2021 ¹	Δ %	2022	2021 ¹	Δ %	2022
2,031	13	2,305	Net interest income	965	6	1,024	437	53	667	409	-9	371	267	30	347	-47	>100	-104
598	5	628	Net fee and commission income	198	22	241	16	8	18	118	-15	100	262	6	277	4	-	-8
35	58	55	Net gains/losses on remeasurement and disposal	-150	-44	-84	-92	40	-129	231	24	286	1	-	-17	44	-	-1
93	>100	1,061	Other operating income/expenses	27	-71	8	132	-24	99	11	-51	5	-12	-	5	-65	-	943
2,757	47	4,048	Total operating income/expenses	1,041	14	1,188	493	33	655	769	-1	763	519	18	612	-64	-	830
2,997	43	4,288	of which income	1,231	1	1,249	587	40	824	769	3	793	519	22	632	-109	-	790
-240	0	-239	of which allowances for losses on loans and securities	-190	-68	-61	-94	78	-168	0	>100	-30	0	>100	-20	46	-12	40
-1,940	12	-2,175	Expenses	-635	6	-675	-201	63	-328	-522	11	-580	-504	1	-508	-78	9	-84
-1,802	10	-1,985	of which administrative expenses	-595	4	-618	-182	65	-300	-457	8	-492	-505	0	-505	-64	11	-70
-137	37	-188	of which expenses for bank levy and deposit guarantee system	-40	41	-57	-19	47	-28	-65	36	-88	1	-	-3	-14	-12	-12
-1	>100	-2	of which net income/expenses from restructuring	0	-	0	0	-	0	-1	-73	0	0	-	0	0	-	-1
817	>100	1,873	Consolidated profit/loss before tax	406	26	513	292	12	328	246	-26	183	14	>100	104	-141	-	746
			For information:															
2,997	11	3,316	Operating income (excl. badwill)													-109	66	-181
817	10	901	Operating consolidated profit/loss before tax (excl. badwill)													-141	60	-226
2021	Δ p.p.	2022	%	2021 ¹	Δ p.p.	2022	2021 ¹	Δ p.p.	2022	2021 ¹	Δ p.p.	2022	2021 ¹	Δ p.p.	2022	2021 ¹	Δ p.p.	2022
6.0	7.0	13.0	RoE	8.1	1.7	9.8	16.1	-4.0	12.1	10.6	-3.7	6.8	1.4	8.0	9.3			
64.7	-14.0	50.7	CIR	51.6	2.5	54.0	34.2	5.6	39.8	67.9	5.3	73.2	97.2	-16.8	80.4			
			For information:															
6.0	4.7	6.2	Operating RoE (excl. badwill)															
64.7	1.3	65.6	Operating CIR (excl. badwill)															
12/2021	Δ %	12/2022	€ bn	12/2021 ¹	Δ %	12/2022	12/2021 ¹	Δ %	12/2022	12/2021 ¹	Δ %	12/2022	12/2021 ¹	Δ %	12/2022	12/2021 ¹	Δ %	12/2022
282.3	15	324.2	Total assets	64.7	6	68.3	32.7	>100	67.9	138.9	4	144.9	40.6	4	42.4	5.5	-90	0.5
84.6	11	93.5	RWA	39.4	-5	37.6	14.8	79	26.5	17.5	-4	16.8	8.2	7	8.7	4.6	-17	3.9

Differences due to rounding

¹ PY incl. adjustments

Regulatory capital requirements as of 31/12/2022 clearly exceeded

Common Equity Tier 1 capital ratio (CET1 ratio)

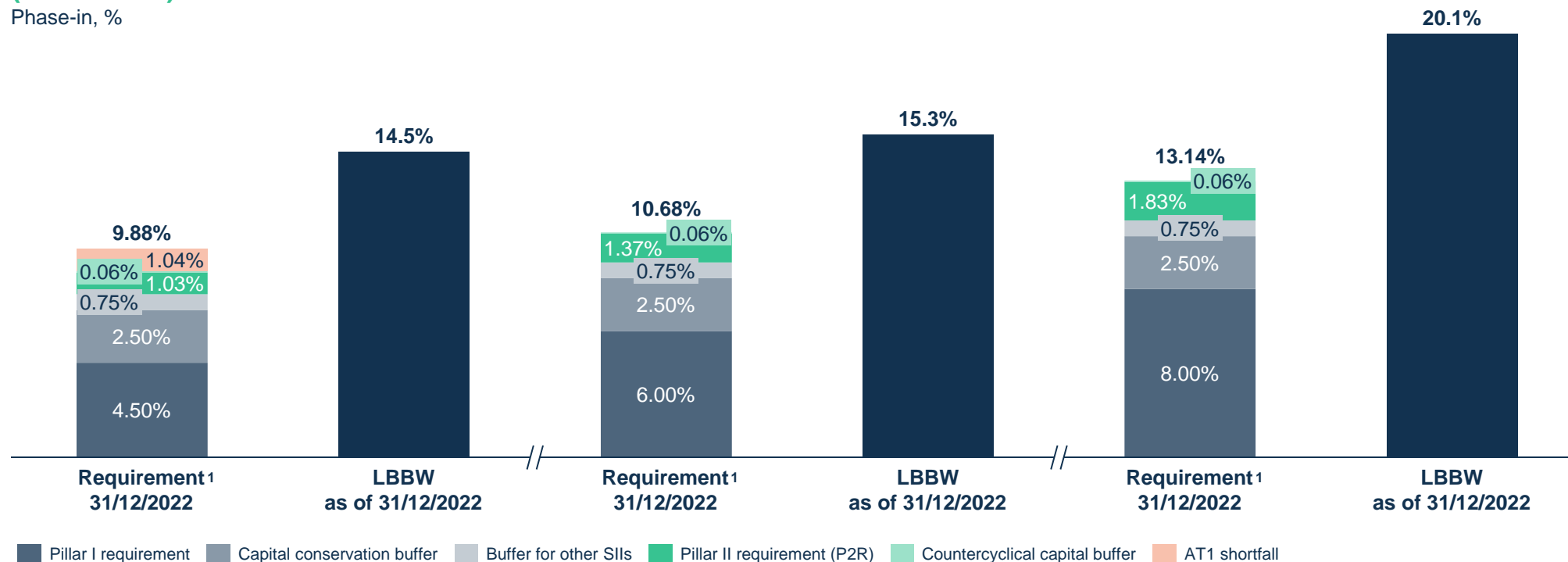
Phase-in, %

Tier 1 capital ratio

Phase-in, %

Total capital ratio

Phase-in, %



LBBW clearly exceeds capital requirements as of 31/12/2022

- CET1 requirement as of 31/12/2022 of 9.88% clearly exceeded – also taking into account the Pillar II Guidance (P2G) exceeding the mandatory requirement
- Pillar II requirement (P2R) reduced from 1.88% to 1.83% by ECB

Differences due to rounding

¹ Furthermore, the ECB's supervision expects the provision of further common equity Tier 1 capital for the viable capital management in the following years

Gross exposure (IFRS 9) with low share of level 3

Gross exposure or financial instruments under the scope of application of the impairment rules of IFRS 9

€ bn	Stage 1	Stage 2	Stage 3	POCI	Total
Financials	160.1	1.1	0.1	0.0	161.3
Corporates	92.2	15.3	1.0	0.1	108.6
Automotive	7.9	2.5	0.5	0.0	10.9
Construction	9.5	0.7	0.1	0.0	10.2
Chemicals and Commodities	7.5	1.1	0.0	0.0	8.7
Trade and Consumption	14.9	2.9	0.2	0.0	17.9
Industry	10.2	1.7	0.1	0.0	12.1
Pharmaceuticals and Healthcare	4.9	0.7	0.0	0.0	5.6
TM and Electronics/IT	11.0	0.7	0.0	0.0	11.7
Transport and Logistics	6.2	2.2	0.0	0.0	8.4
Utilities and Energy	10.9	2.4	0.1	0.0	13.3
Other	9.2	0.5	0.0	0.0	9.7
Real Estate	61.7	7.0	0.2	0.0	68.9
Commercial Real Estate (CRE)	43.2	5.5	0.2	0.0	48.9
Housing	18.5	1.5	0.0	0.0	19.9
Public Sector	17.2	0.1	0.0	0.0	17.3
Private Individuals	10.1	1.7	0.0	0.0	11.7
LBBW group as of 12/2022	341.3	25.0	1.3	0.1	367.7

Differences due to rounding

Stage 1: 12-month expected credit loss; Stage 2: Life-time expected credit loss; Stage 3: Credit impairment after recognition; POCI: Credit impairment at recognition

Ratings reflect the good creditworthiness and the comprehensive sustainability activities of LBBW



Long-term Issuer Rating	Aa3, stable
Senior Unsecured Bank Debt	Aa3, stable
Junior Senior Unsecured Bank Debt	A2
Subordinate Rating	Baa2
Short-term Ratings	P-1
Public-Sector Covered Bonds	Aaa
Mortgage-backed Covered Bonds	Aaa



Long-term Issuer Default Rating	A-, stable
Long-term Senior Preferred Debt Rating	A
Long-term Senior Non-Preferred Debt Rating	A-
Non-guaranteed Tier 2 Subordinated Debt Rating	BBB-
Short-term Issuer Default Rating	F1
Public-Sector Covered Bonds	-
Mortgage-backed Covered Bonds	-



Long-Term Issuer Rating	A (high), stable
Long-Term Senior Debt	A (high), stable
Senior Non-Preferred Debt	A, stable
Subordinated Debt	A (low), stable
Short-Term Ratings	R-1 (middle), stable
Public-Sector Covered Bonds	-
Mortgage-backed Covered Bonds	-

Investor ratings



In the **ESG rating** from ISS ESG, LBBW achieves an **overall rating of C+ (Prime Status)** on a scale from A+ to D-.

(As of: 08/2022)

C+



In its **ESG risk rating**, Sustainalytics assesses a **low ESG Risk** for LBBW (18.7) on a scale from 0 to 100 (negligible to severe).

(As of: 01/2023)

low



In the MSCI **ESG rating** 2023, LBBW achieved a rating of **A** on a scale from AAA to CCC.

(As of: 01/2023)

A



Solicited ratings



In the **first solicited ESG rating** from Sustainable Fitch, LBBW achieved 63 points on a scale from 0 to 100. This corresponds to the rating category **category 2 "good"**.

(As of: 09/2022)

2



In the second **solicited ESG rating** with imug, LBBW scores **70 points** on a scale of 0 to 100 (excellent to weak), which corresponds to the rating category **"good"**.

(As of: 01/2023)

good



Ratings as of: 08/03/2023; current ratings under: www.lbbw.de

Ratings as of: 08/03/2023; current ratings under: www.lbbw.de/sustainability; The rating information we publish is publicly available information. The presentation serves only as an additional service.

Explanations regarding the significance of a rating are to be obtained exclusively from the relevant agency. LBBW does not adopt this information as its own. They are also not to be understood as a recommendation for the purchase of LBBW securities. LBBW assumes no liability for the completeness, timeliness, accuracy and selection of the information.

Glossar

Expenses	Administrative expenses + Expenses for bank levy and deposit guarantee system + Net income/expenses from restructuring
Income	Net interest income + net fee and commission income + net gains/losses on remeasurement and disposal before allowances for losses on loans and securities + other operating income/expenses
RoE	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 Segments: (Annualized) consolidated profit/loss before tax / Average tied-up equity in the current reporting period
CIR	Cost Income Ratio Group/segments: Expenses / Income
Sustainable financing volume	On-balance-sheet, sustainable financing volume (incl. irrevocable credit commitments). Includes sustainability-related promotional loans, sustainable project financing, financing of energy-efficient real estate, social bond-eligible financing in the corporate customer segment and green financing or financing with an ESG link
Total volume of arranged sustainable customer issues	Includes inter alia sustainable bonds, Schuldschein loans and syndicated loans. Accumulated volume from 2021
Sustainable AuM	AuM: Assets under Management; Includes investments pursuant to Article 8 and/or Article 9 of the Disclosure Regulation and sustainable retail-targeted structured notes
Sustainable business volume	Sum of sustainable financing volume, total volume of accompanied sustainable customer issues and sustainable investment products; less intersections
CET1 / AT1 / T2	CET1: Core Equity Tier 1; AT1: Additional Tier 1; T2: Tier 2
RWA	Risk weighted assets
Phase-In / Fully Loaded	Phase-In: In consideration of transitional rules of CRR Fully Loaded: Without consideration of transitional rules of CRR
SREP	Supervisory Review and Evaluation Process
P2R	Pillar 2 Requirement / Institution-specific additional capital requirement to cover risks which are not already covered by the general regulatory requirements (CRR, Pillar 1), set by the competent authority
P2G	Pillar 2 Guidance / In addition, the ECB Supervision expects, to ensure a sustainable capital management in the subsequent years, the maintenance of further Common Equity Tier 1 in line with a Pillar II Guidance
SREP ratio	Capital ratio requirement set by ECB based on the Supervisory Review and Evaluation Process (SREP): This ratio includes the Pillar I capital requirement, the Pillar II capital requirement (Pillar 2 Requirement (P2R)), the common equity Tier 1 capital to be held as a capital conservation buffer in accordance with German Banking Act (KWG) and as a capital buffer for other systemically important financial institutions in accordance with § 10g KWG; in addition, a countercyclical capital buffer in accordance with § 10d KWG must be held, the Pillar II Guidance (P2G) of the ECB and potential shortfalls from the other capital classes
MREL	Minimum Requirement for own funds and Eligible Liabilities; TREA: Total Risk Exposure Amount; LRE: Leverage Ratio Exposure measure; CBR: Capital Buffer Requirement
Net exposure	Drawdown plus free external credit lines less capital market-related collateral (collateral, netting, etc.) less loan collaterals
Exposure	Drawdown plus free external credit lines less capital market-related collateral (collateral, netting, etc.)
Gross exposure	Drawdown plus free external credit lines
Net exposure (IFRS 9) / Gross exposure (IFRS 9)	Net exposure/Gross exposure only related to financial instruments under the scope of application of the impairment rules of IFRS 9
Ø PD	Average Probability of Default
NPE ratio	Non-performing exposure related to Net exposure (IFRS 9) / Net exposure (IFRS 9)
Coverage Ratio	Accumulated impairment stage 3 + POCI (in default) / Non-performing exposure related to Net exposure (IFRS 9)
Cost of risk (balance sheet)	(Annualized) Allowances for losses on loans and securities / Average net balance-sheet figure of loans and advances to customers based on quarterly average figures
Cost of risk (net exposure)	(Annualized) Allowances for losses on loans and securities / Average Net exposure (IFRS 9)
LCR	Liquidity Coverage Ratio; HQLA: High Quality Liquid Assets
NSFR	Net Stable Funding Ratio

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