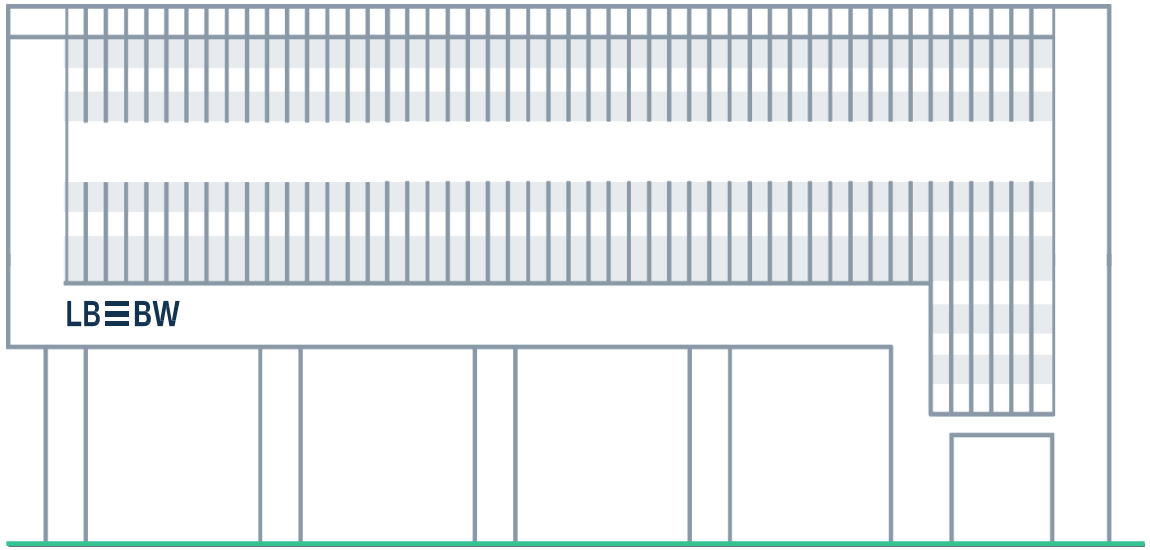
Breaking new ground

Result as of 31 December 2024

LBBW posts another strong result despite challenging environment

12.03.2025

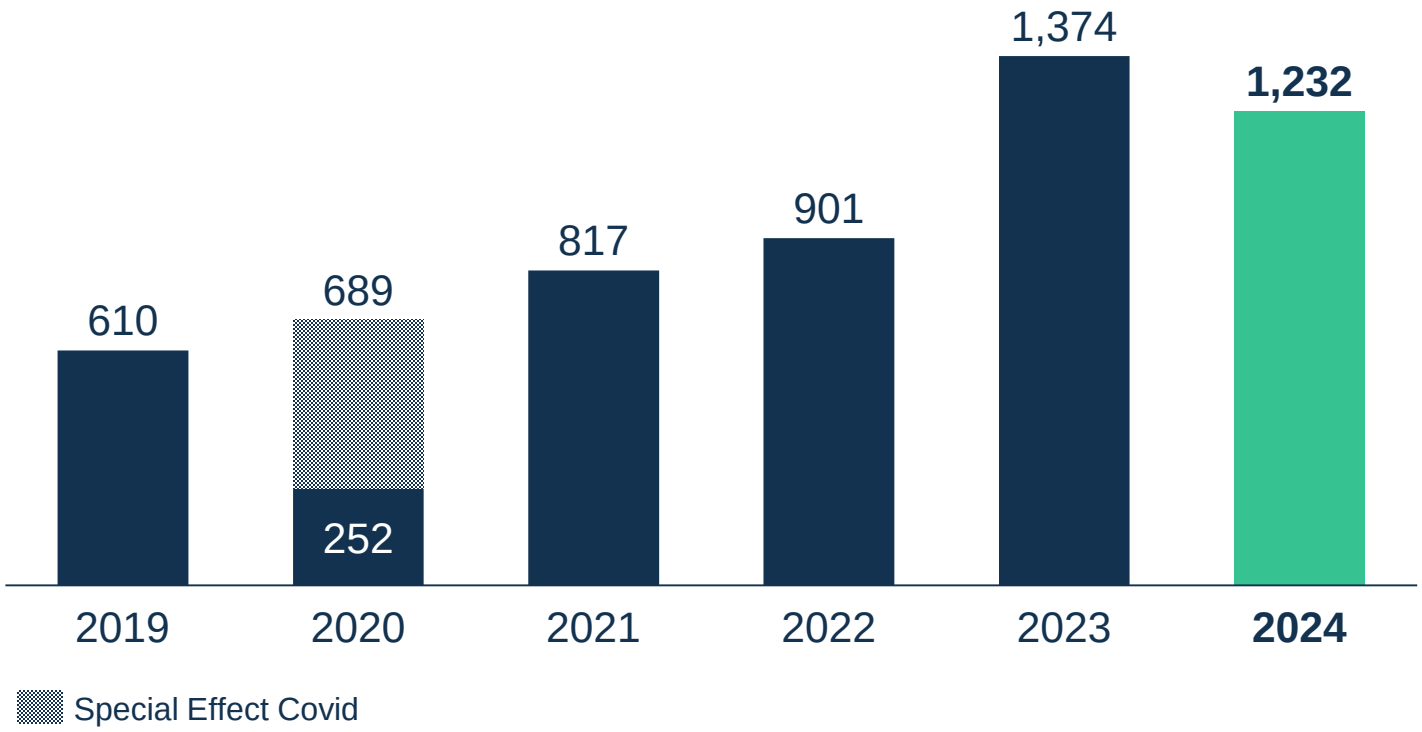
Successful despite challenges
Second best consolidated result in the Bank's history



- All segments with profits in the triple-digit million range
- Strategic investments: Growth and resilience further strengthened
- Capital and liquidity well managed
- Integration Berlin Hyp launched
- Forecast 2025: Result remains above € 1 billion

LBBW with strong result of over EUR 1.2 billion

Profit before tax
million €



7.8% Return on equity

60.4% Cost income ratio

14.4% CET1 ratio

All segments with earnings in the triple-digit million range

€ 449 million
Corporate Customers

- Financing volumes and margin vs. VJ expanded
- 10 years #1 in the German Schuldschein market

€ 456 million
Real Estate/ Project Finance

- 13 billion in new real estate business
- Top 2 under dt. Banks for Project Finance/Digital Infrastructure

€ 217 million
Capital Markets Business

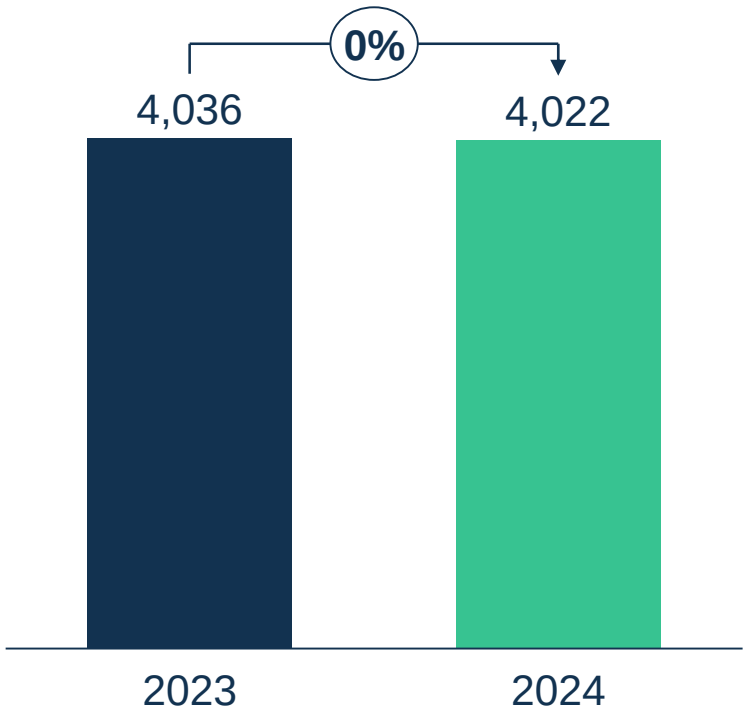
- "Best Certificate Issuer ESG" at the Scope Awards and German Certificate Award 2024
- Debut on the Australian bond market (AUD 750 million)

€ 194 million
Private Customers/ Savings Banks

- Deposit volumes expanded by ~ 10%
- Increase in investment volume for asset management solutions ~ 15%

Earnings at the level of the very successful previous year

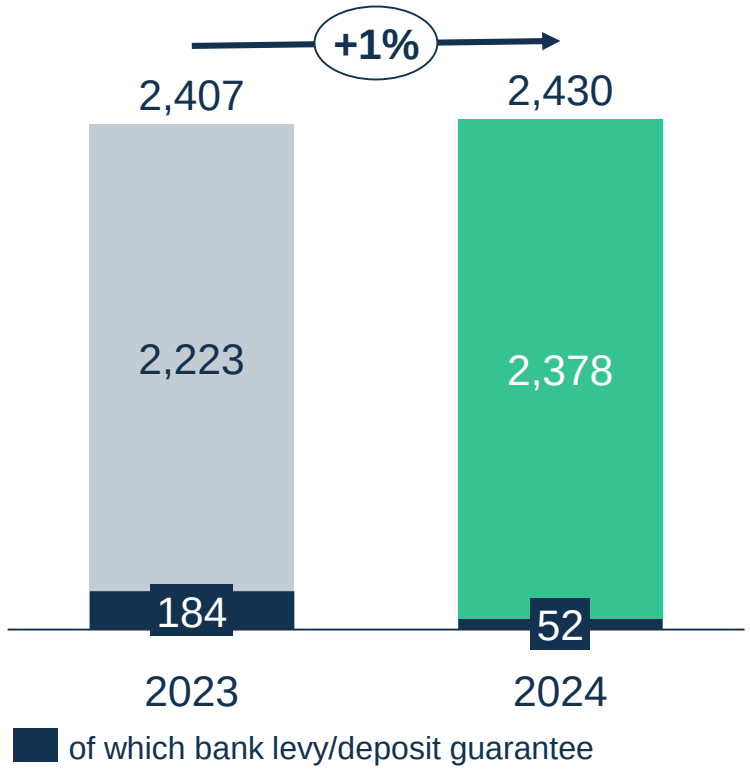
Income
million €



- **Decrease in income due to deposits** was successfully compensated
- Successful development at **Corporate Finance, Asset Management** and **Real Estate financing**
- **Increase in new business volume** supports growth course in all segments

Reduced bank levy used for investments

Expenses
million €



Resilience

Important investments in IT

10% of IT costs in cyber security

Growth

Expansion of growth areas such as internationalization and Project Finance

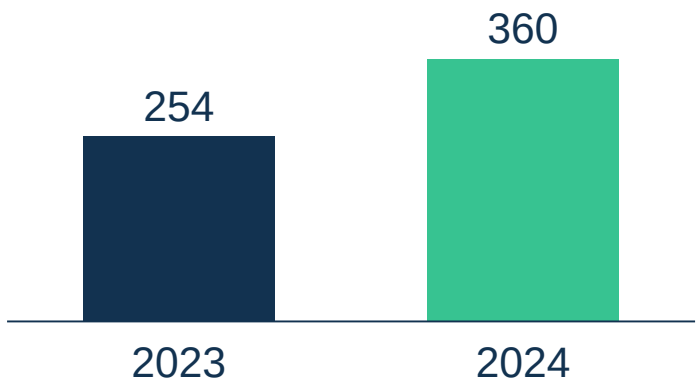
Business model

Integration Berlin Hyp

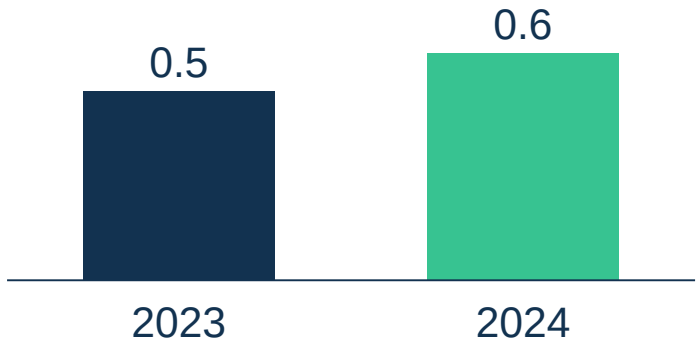
€ 100 million synergy effects p.a. in the target picture

Risk provisions increase due to economic conditions

Risk provisioning
million €



NPE ratio
%



- Increase in risk provisioning from **individual cases** resulting in a higher level due to **economic environment**
- **Adjustment portfolio** of **€ 880 million** continues to strengthen resilience
- **Portfolio quality** remains at **good level with risk costs**[1] of **23 bp,** despite volatile environment **solid NPE ratio**

Differences due to rounding
[1] Risk costs as at 12/2024 at 23 bp, as at 12/2023 at 17 bp; additional definition: Risk costs (net exposure) as at 12/2024 at 14 bp, as at 12/2023 at 10 bp

Strategic orientation successfully developed further

Growth and relevance

Sustainable transformation

- **49% new business comes from sustainable assets** in real estate financing
- Berlin Hyp with **AAA sustainability rating**
- BW Bank awarded top marks as "sustainable asset manager"[1]

Innovative solutions

- Partnership with **bitpanda** and thus entry into **crypto** securities
- Placement of a bond via **SWIAT**/Blockchain
- LBBW's internal **GenAI tool** with **high usage rate**

More Resilience

- **Resilience KPIs still on track:** CET1 ratio 14.4%, LCR 149%, NSFR 114%
- Over 10% of IT costs are invested in cyber security
- **High share** of **model adjustments**

Inspire employees

- New **employer branding** and **recruiting strategy** to successfully accompany the growth course
- **Keep-in-touch program** for employees on parental leave[2]

Social contribution

- 7,000 hours Corporate volunteering
- 40 years of the LBBW Foundation - **12,000 projects** with a total of € **28 million**

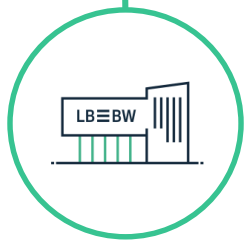
[1] Award from Capital magazine

[2] Awarded the German Personnel Management Prize

Strategy creates a good basis for further growth

€ 1,232 million
Profit before tax

Growth
and Relevance



Best Mittelstands-minded universal bank

Corporate Customer

Consolidation of market position as **top SME bank** in Germany

Real Estate/ Project Finance

No. 1 CRE financier in Germany
and top bank for Project Finance

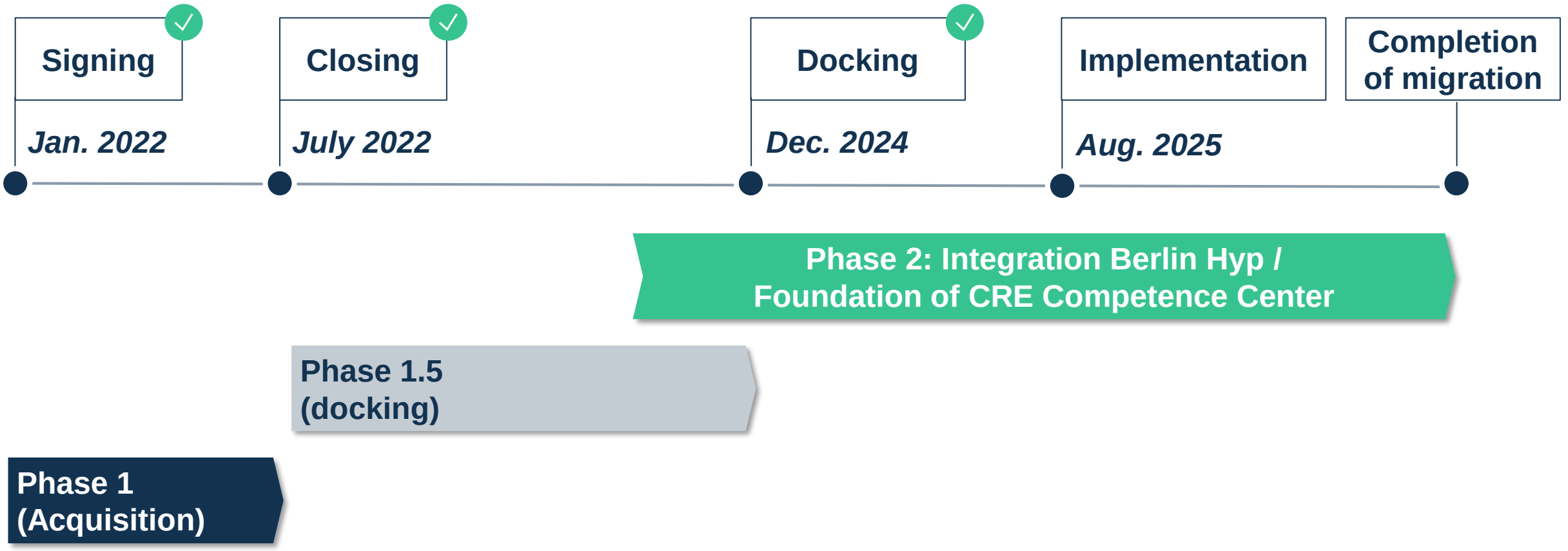
Capital Markets Business

Leading
capital market house
of the **savings banks**

Private Customers/ Savings Banks

Omnichannel bank
with an attractive product range

Bundling CRE activities under the Berlin Hyp brand



Foundation laid for a successful 2025

Functioning business model	Established customer relationships	Making the right investments	Necessary resilience	Strong team

For the **forecast period 2025**, LBBW expects profit before tax **to remain above € 1 billion**

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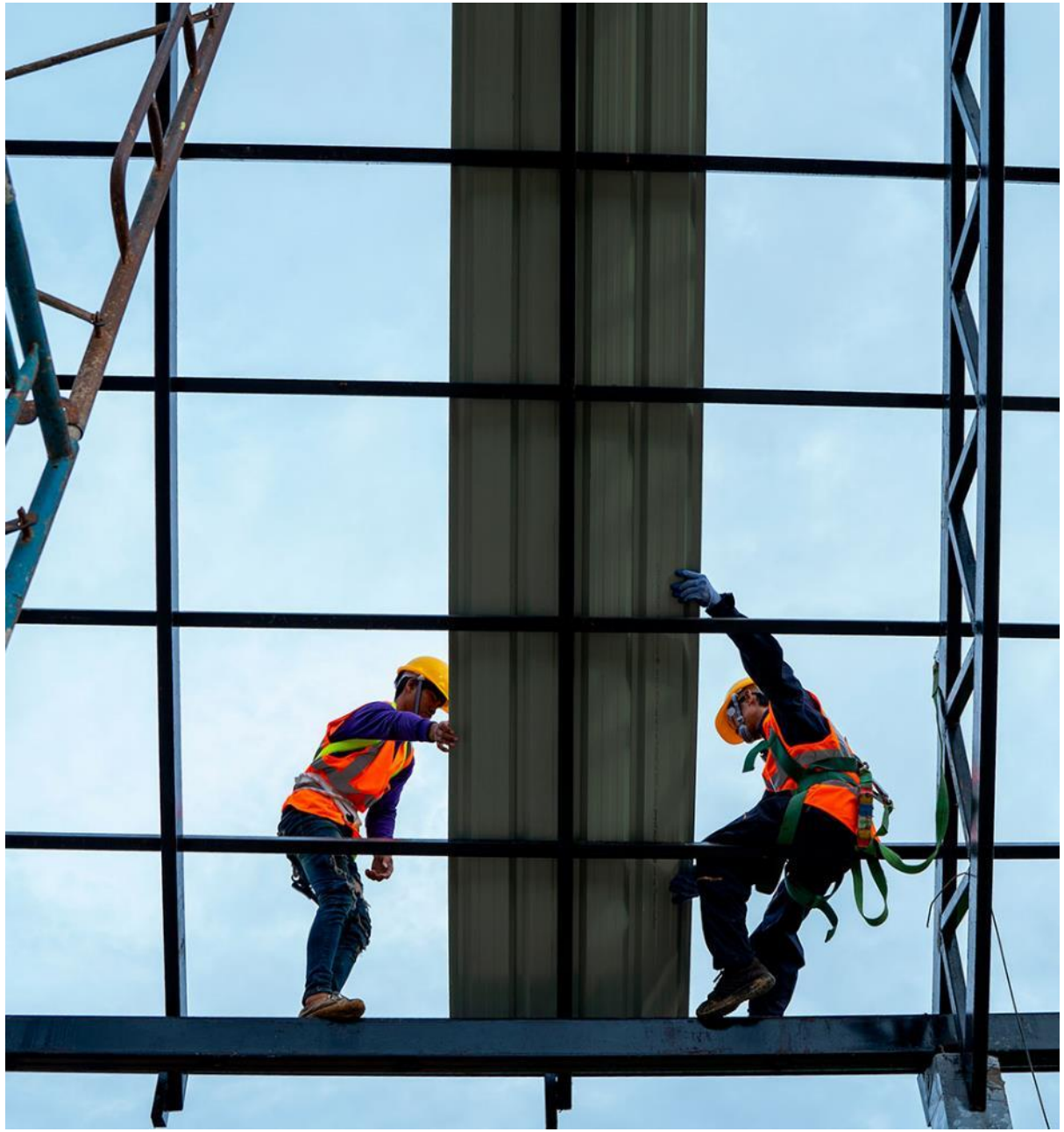
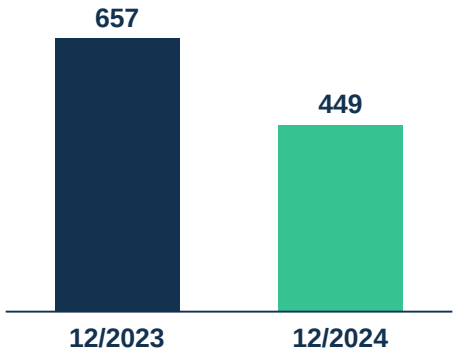


Corporate Customers
Result impacted by economic environment

Profit before tax
million €



€ mln	12/23	Δ %	12/24
Total operating income/expenses	**1,382**	**-15%**	**1,180**
of which income	1,481	-7%	1,380
of which allowances for losses on loans and securities	-98	>100	-200
Expenses	**-726**	**1%**	**-731**
of which administrative expenses	-669	7%	-718
Consolidated profit/loss before tax	**657**	**-32%**	**449**
RoE	**13.5%**	-4.5 p.p.	**8.9%**
CIR	**49.0%**	3.9 p.p.	**52.9%**

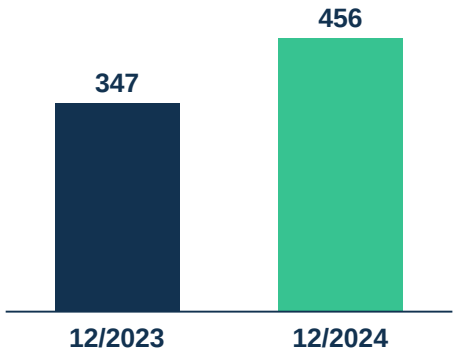
Differences due to rounding / PY incl. adjustments

Profit down as expected

- Declining but persistently high result
- Continued pleasing corporate finance business and regional growth
- Weakening interest rate momentum is reflected in falling deposit income
- Risk provisioning characterized by an increase in individual cases due to the economic situation, nevertheless portfolio quality remains at a good level
- Growth initiatives and inflation effects are reflected in increased expenses

Real Estate/Project Finance
Significant increase in profit thanks to stable core business

Profit before tax
million €



€ mln	12/23	Δ %	12/24
Total operating income/expenses	**820**	**13%**	**925**
of which income	1,000	7%	1,074
of which allowances for losses on loans and securities	-180	-17%	-150
Expenses	**-472**	**-1%**	**-469**
of which administrative expenses	-430	8%	-467
Consolidated profit/loss before tax	**347**	**31%**	**456**
RoE	**10.2%**	2.8 p.p.	**13.0%**
CIR	**47.2%**	-3.6 p.p.	**43.6%**

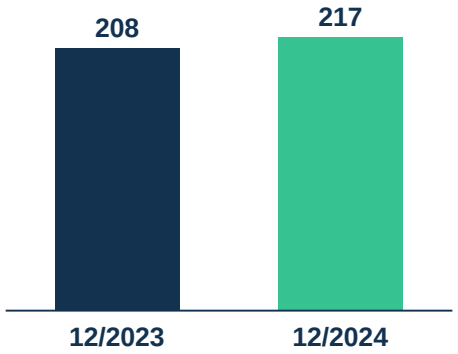
Differences due to rounding / PY incl. adjustments

Strong income growth

- Income driven expansion of the result despite challenging market situation
- Real Estate in both brands as well as Project Finance with profit growth, also successful Treasury Berlin Hyp
- New business with positive development in a difficult market environment
- Administrative expenses increase due to investments in growth and inflation effects

Capital Markets Business
Stable profit level due to payment products and treasury

Profit before tax
million €



€ mln	12/23	Δ %	12/24
Total operating income/expenses	**831**	**0%**	**829**
of which income	816	1%	828
of which allowances for losses on loans and securities	14	-96%	1
Expenses	**-623**	**-2%**	**-611**
of which administrative expenses	-554	6%	-588
Consolidated profit/loss before tax	**208**	**5%**	**217**
RoE	**9.1%**	0.7 p.p.	**9.8%**
CIR	**76.3%**	-2.5 p.p.	**73.8%**

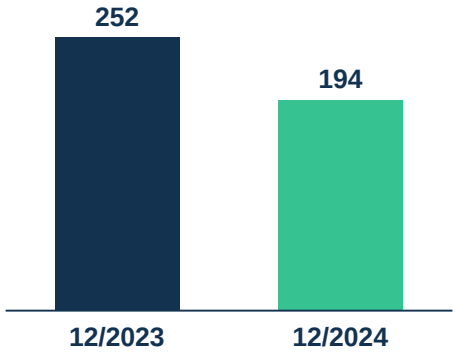
Differences due to rounding / PY incl. adjustments

Stable result

- Positive profit trend for payment products, with certificate business remaining an important earnings pillar
- Successful support for customers as a capital market house of the savings banks in a volatile market environment
- Increase in earnings in the money market and repo business and in securities
- Increase in administrative expenses due to investments in growth initiatives and inflation effects

Private Customers/Savings Banks
Strong growth in Asset Management, expansion of deposit portfolios

Profit before tax
million €



€ mln	12/23	Δ %	12/24
Total operating income/expenses	**798**	**-6%**	**752**
of which income	787	-2%	768
of which allowances for losses on loans and securities	11	-	-16
Expenses	**-546**	**2%**	**-559**
of which administrative expenses	-535	3%	-549
Consolidated profit/loss before tax	**252**	**-23%**	**194**
RoE	**22.7%**	-5.7 p.p.	**17.0%**
CIR	**69.3%**	3.4 p.p.	**72.7%**

Differences due to rounding / PY incl. adjustments

Declining result as expected

- Result with expected decline due to falling deposit income
- Offsetting significant growth in asset management and business with high-net-worth private clients
- Deposit volumes further expanded from € 34.0 billion as at 12/23 to € 37.8 billion as at 12/24 in a competitive market environment
- Market situation for mortgage loans recovered slowly towards the end of the year
- Increase in administrative expenses due in part to tariff effects

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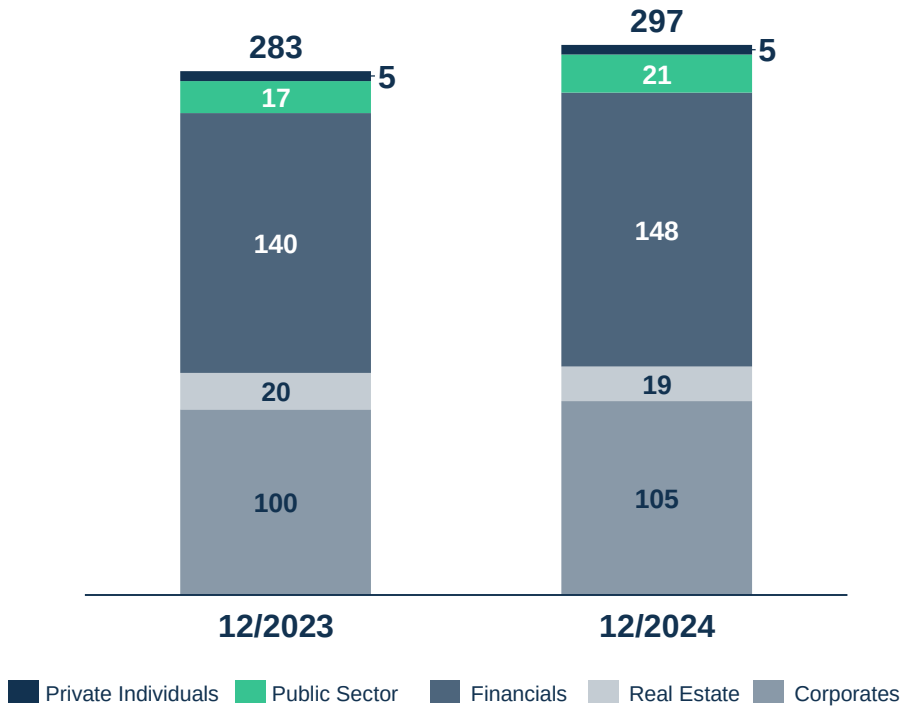
Stable corporate and real estate portfolio

Slight year-on-year increase in net exposure

- Increase in the main sectors Corporates, Financials and Public Sector
- In the corporate portfolio, the Retail & Consumer Goods and TM & Electronics/IT sectors were the main contributors to the increase. In addition, Utilities & Energy will remain highly important in the future
- Increase in the main sector Financials mainly results from an increase in central banks
- Regional focus primarily on Germany (68%) and Western Europe[1] (20%)

Net exposure by main sectors

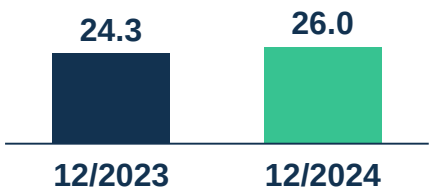
billion €



Differences due to rounding / [1] excluding Germany

Portfolio quality remains at a high level compared to the previous year despite increased risk ratios

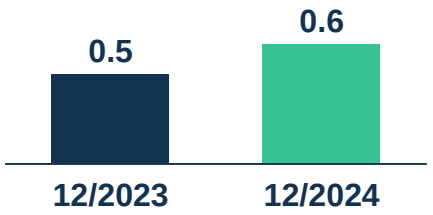
Ø-PD net exposure
bp



Ø-PD net exposure increased

Distribution between investment grade and non-investment grade ratings stable: 91.1% of net exposure in the investment grade segment (12/23: 91.3%)

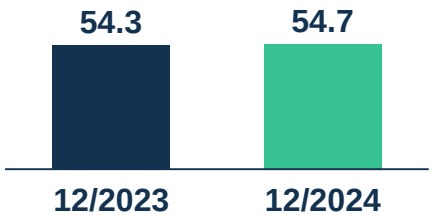
NPE ratio
%



NPE ratio increased

Net exposure in the default rating classes (RK16 -18) increased

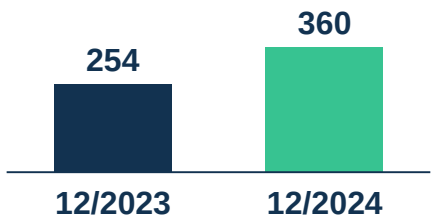
Coverage Ratio
%



Adequate risk provisioning cover

Coverage ratio hardly changed, takes into account impairment-relevant transactions with partly high individual collateralization

Risk provisioning
million €



Risk provisioning increased

Increase characterized by individual cases

Risk costs[1] as at 12/2024 at 23bp

Differences due to rounding / [1]Risk costs as at 12/2023 at 17 bp

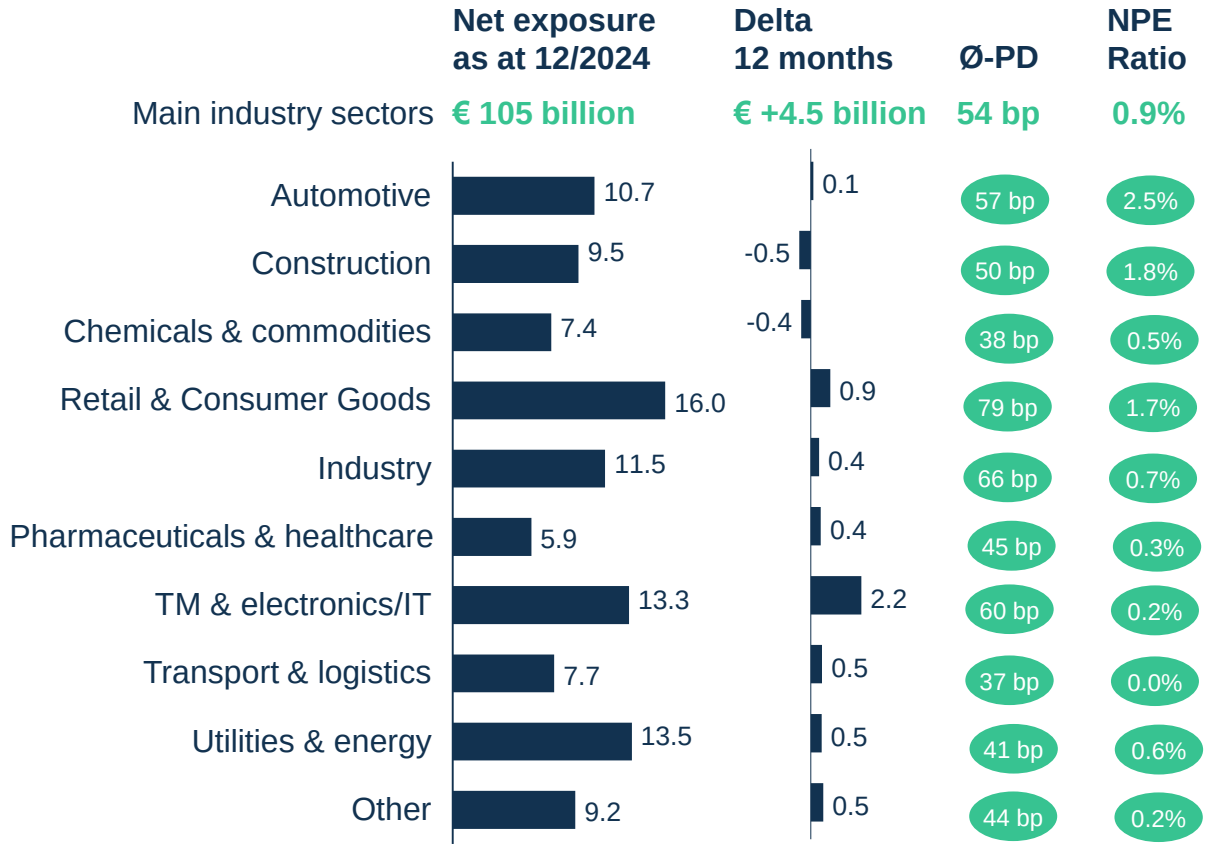
Resilient company portfolio through broad diversification

NPE ratio up only slightly

- Net exposure to companies increases by € 4.5 billion as at 31.12.2024 compared to the previous year - growth driver is in particular the TM & Electronics/IT sector
- Sector distribution in the company portfolio remains balanced (no sector > 16 %)
- Ø- Corporate portfolio PD increased to 54 bp (previous year 48 bp) due to the ongoing recession in the German economy
- In the same period, the NPE ratio in the corporate portfolio rose from 0.8% to 0.9%

Main sector Corporates

billion €

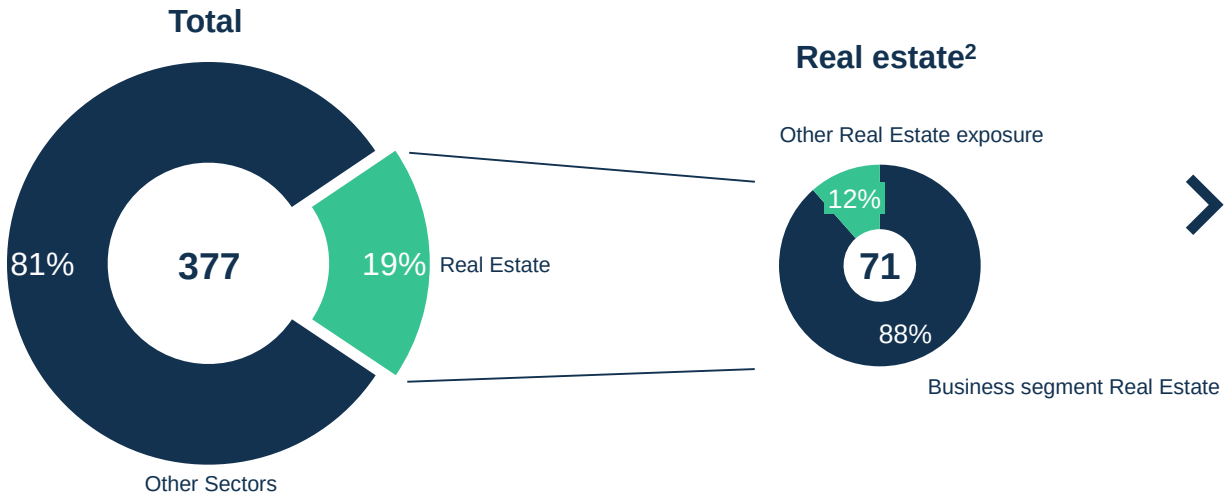


Differences due to rounding

Institutional real estate business in the LBBW Group in established asset classes and core markets

Exposure[1] as at 12/2024

billion €



Real estate exposure

- Real estate accounts for 19% of the total exposure
- Real estate exposure in the IPF segment[3] (incl. Berlin Hyp) with focus on CRE and the housing industry
- Other real estate commitments include wealth management clients and decentrally managed, small-volume regional business

Commercial Real Estate (CRE)

- Commercial real estate financing important pillar of income supplemented by RWA-neutral commission business with advisory services
- Focus on established asset classes and core markets with unchanged risk and return standards
- Underwriting standards: Ability to service debt, LTV, occupancy rate, ESG status, sponsor quality

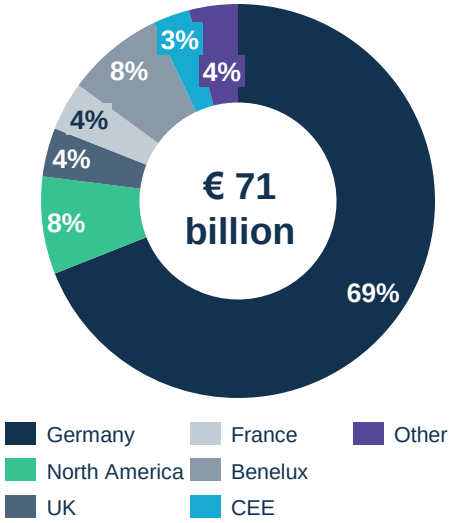
Housing industry

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

Differences due to rounding / [1] In contrast to the net exposure, the exposure shows values before taking loan collateral into account / [2] Real estate exposure excluding private construction financing of around € 6.7 billion
[3] Real Estate/Project Finance segment

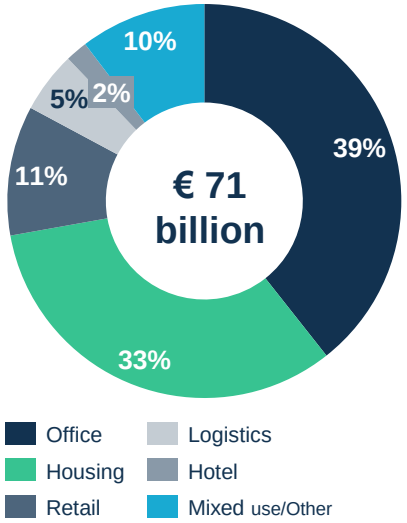
Real Estate: Good diversification with a focus on core regions and core types of use as the basis for a resilient portfolio

Portfolio by location



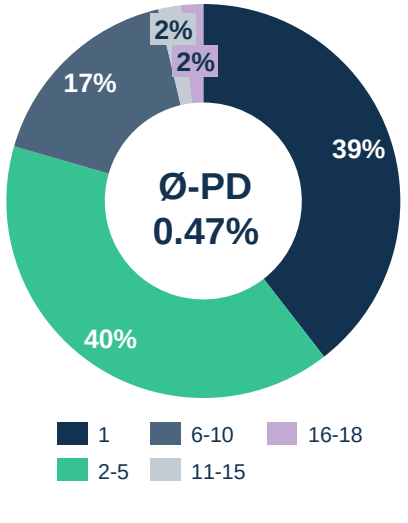
Focus on core market in Germany with approx. 2/3 of the exposure. Good diversification of international markets

Portfolio by type of use



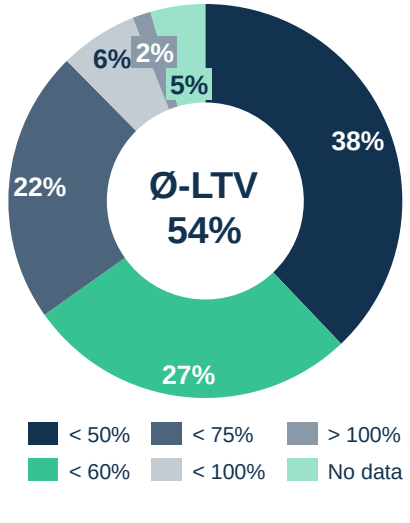
Approx. 80% of the exposure in the asset classes office/housing/retail

Portfolio by rating class[1]



Approx. 80% of the portfolio is rated investment grade (classes 1 to 5). The slight increase in average PD (06/2024: 0.45%) is due to rating downgrades in individual cases, particularly in the German office and North American portfolios

Portfolio by LTV



Moderate, constant LTV level (06/2024: 54%). Approx. 65% of the portfolio has an LTV < 60%

Differences due to rounding / [1] Investment grade: RK 1: PD 0.00% - 0.10%; RK 2-5: PD 0.10% - 0.48% Non-investment grade: RK 6-10: PD 0.48% - 3.63%; RK 11-15: PD 3.63% - <100%; Default: RK 16-18: PD 100%

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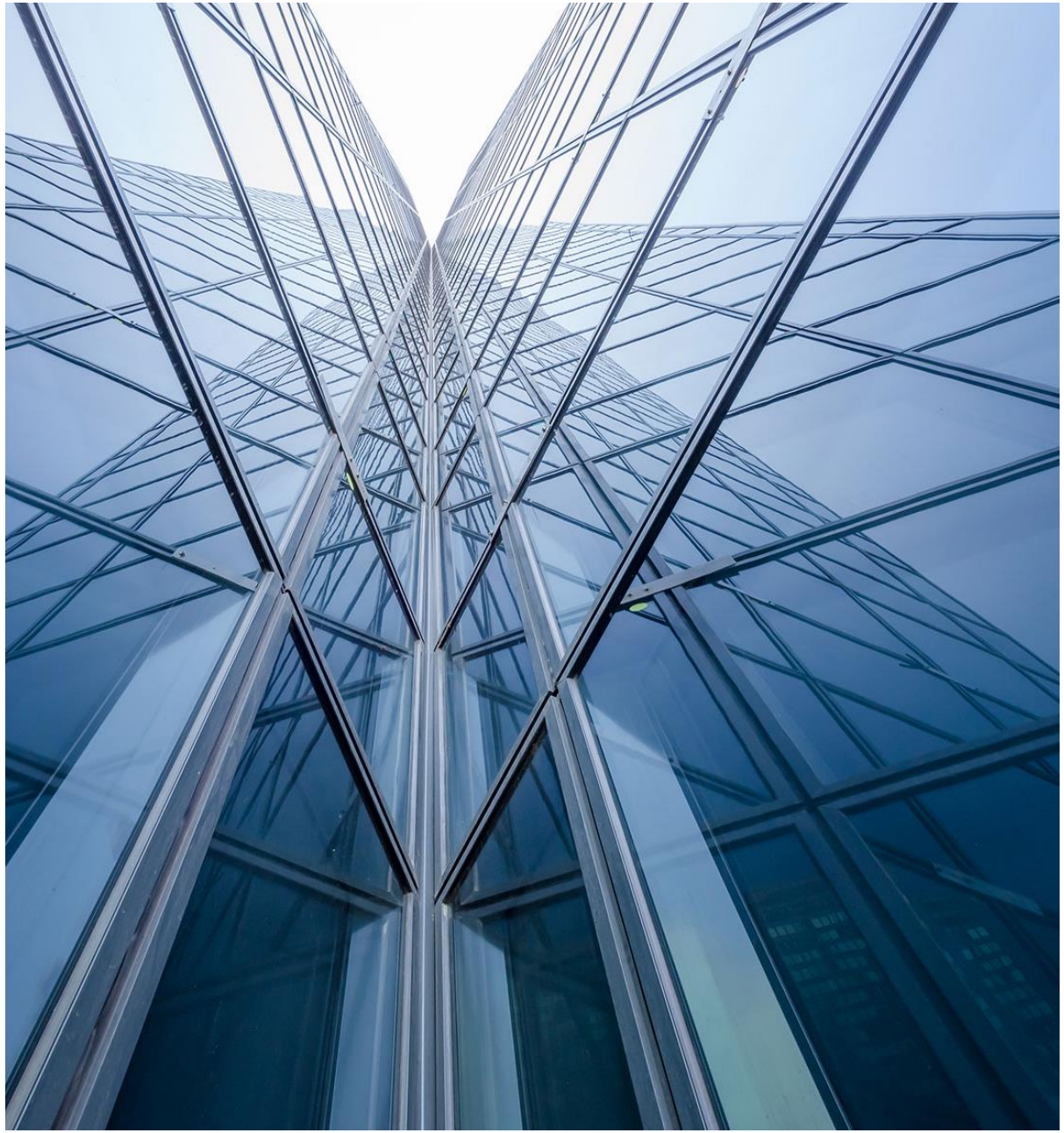
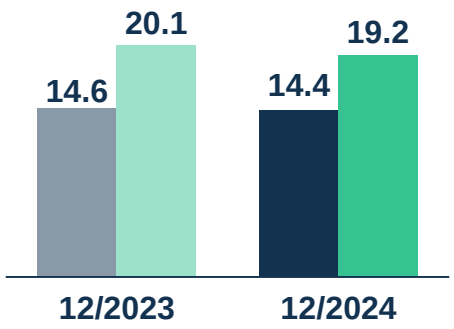


Continued solid capitalization

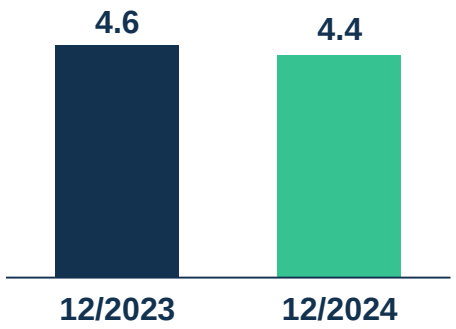
Capital ratios
Fully Loaded, %



CET1 ratio almost constant
slightly below the previous year's figure

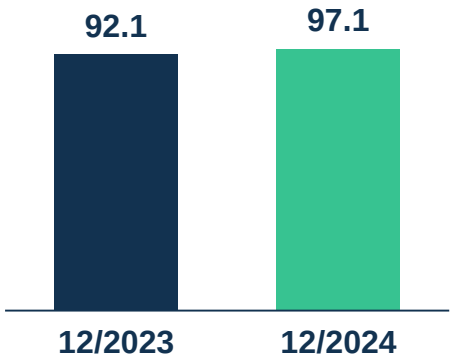
Common Equity Tier 1 ratio (CET1)
Total capital ratio

Leverage ratio
Fully Loaded, %



Leverage ratio down
Increase in exposure to repos and central banks and expansion of business volume

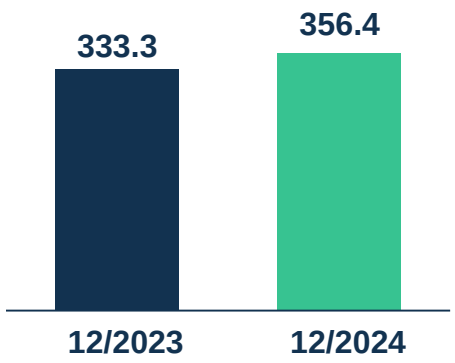
RWA
Fully loaded, billion €



Differences due to rounding

RWA increased
- Expansion of the business volume
- Re-rating effects due to the economic situation
- Two synthetic securitization transcations placed in 2024 have the opposite effect

Total assets
billion €



Balance sheet total increased
- Balance sheet development follows the long-term Group goals of growth and relevance
- Successful refinancing through additional deposits and expansion of capital market funding

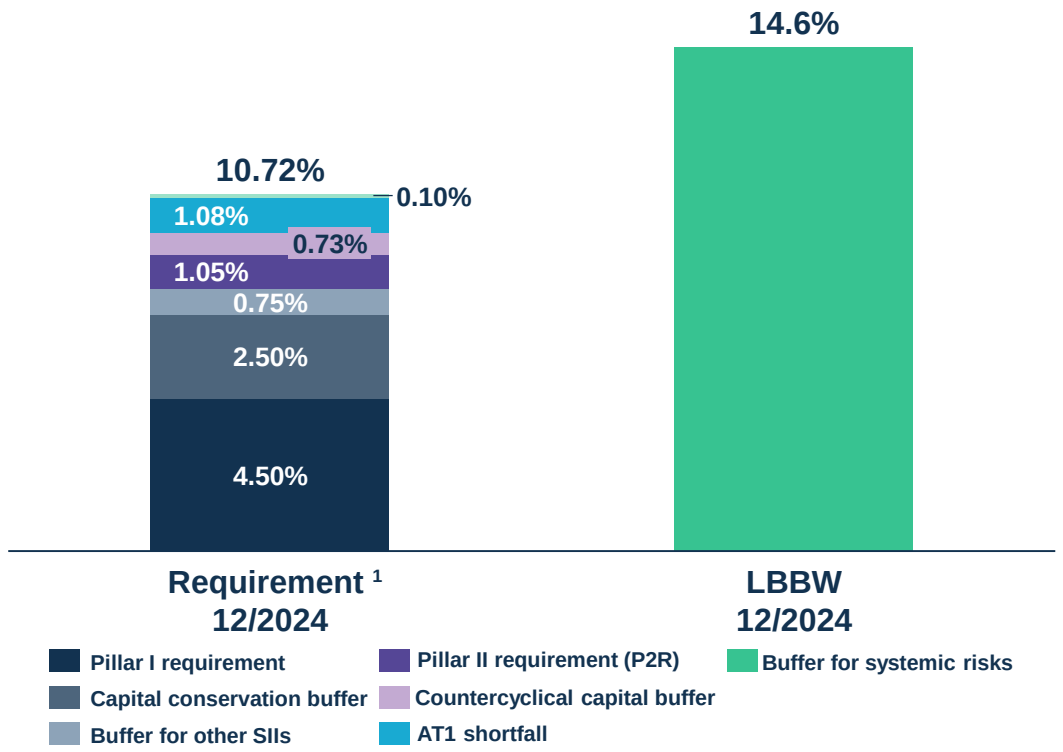
Regulatory capital requirements still clearly exceeded

LBBW continues to significantly exceed CET1 capitalization requirements

- CET1 requirement of 10.72% as at 31.12.2024 clearly exceeded - also taking into account the Pillar II recommendation (P2G), which exceeds the mandatory requirement
- Total Pillar II requirement (P2R): 1.87%
- When the CRR3 comes into force from 2025, LBBW's capital ratio (phase-in) will temporarily improve during the transition phase for regulatory reasons
- The current level of the capital ratio is targeted in the medium to long term

Common equity tier 1 ratio (CET1 ratio)

Phase-In



[1]The capital buffer and the current AT1 shortfall must be held from common equity tier 1 capital. In addition, the ECB supervisory authority expects further common equity tier 1 capital to be held available in subsequent years for sustainable capital management.

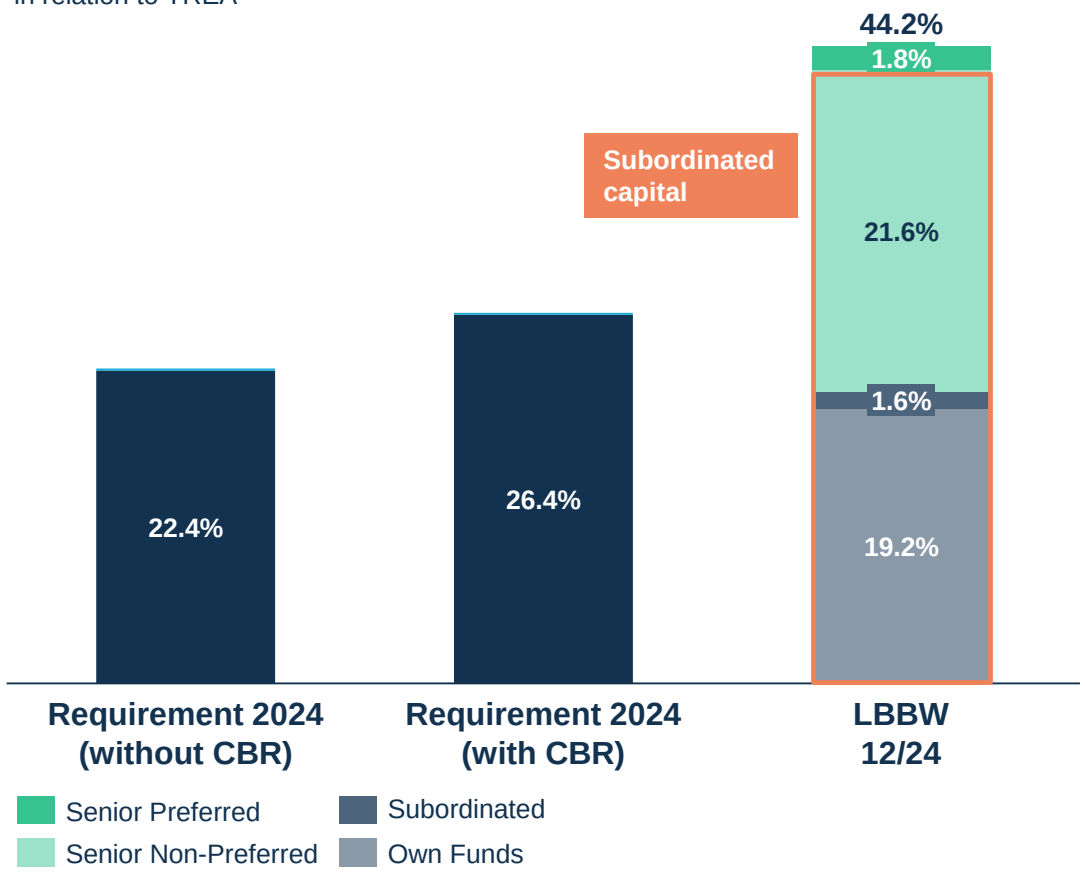
Differences due to rounding

LBBW continues to exceed regulatory MREL requirements

LBBW continues to significantly exceed MREL requirement

- MREL-eligible liabilities in the amount of € 42.8 billion
- 96.06 % of all MREL-eligible liabilities are subordinated liabilities
- Subordinated liabilities account for 42.43 % of total RWA
- **LRE requirement** of **8.76 %** was comfortably exceeded at 12.64 % as at 12/2024
- LBBW as single point of entry (also for Berlin Hyp)

MREL ratio
in relation to TREA



Differences due to rounding

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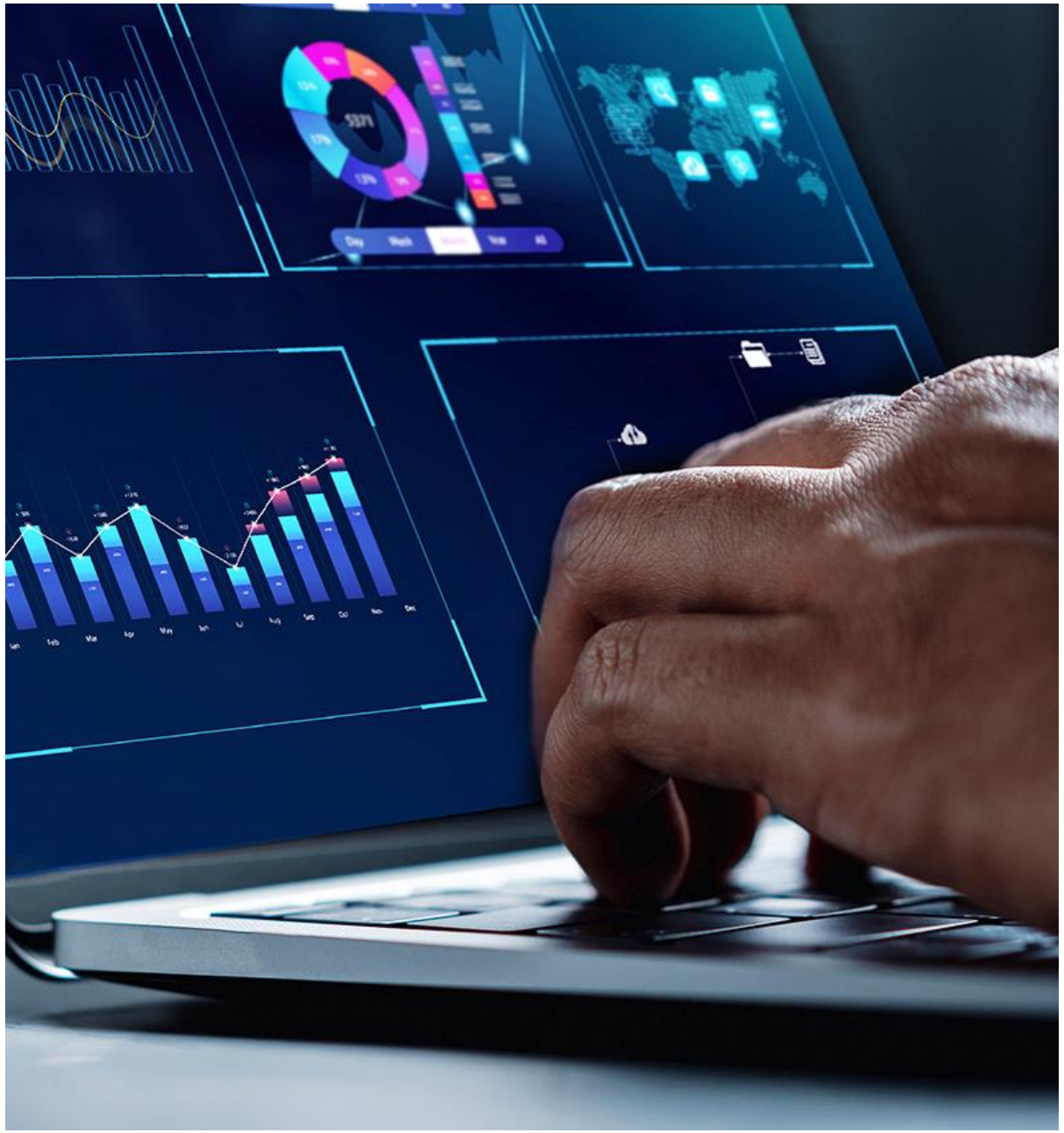


LBBW balance sheet with broad refinancing structure from stable refinancing sources

Stable refinancing sources

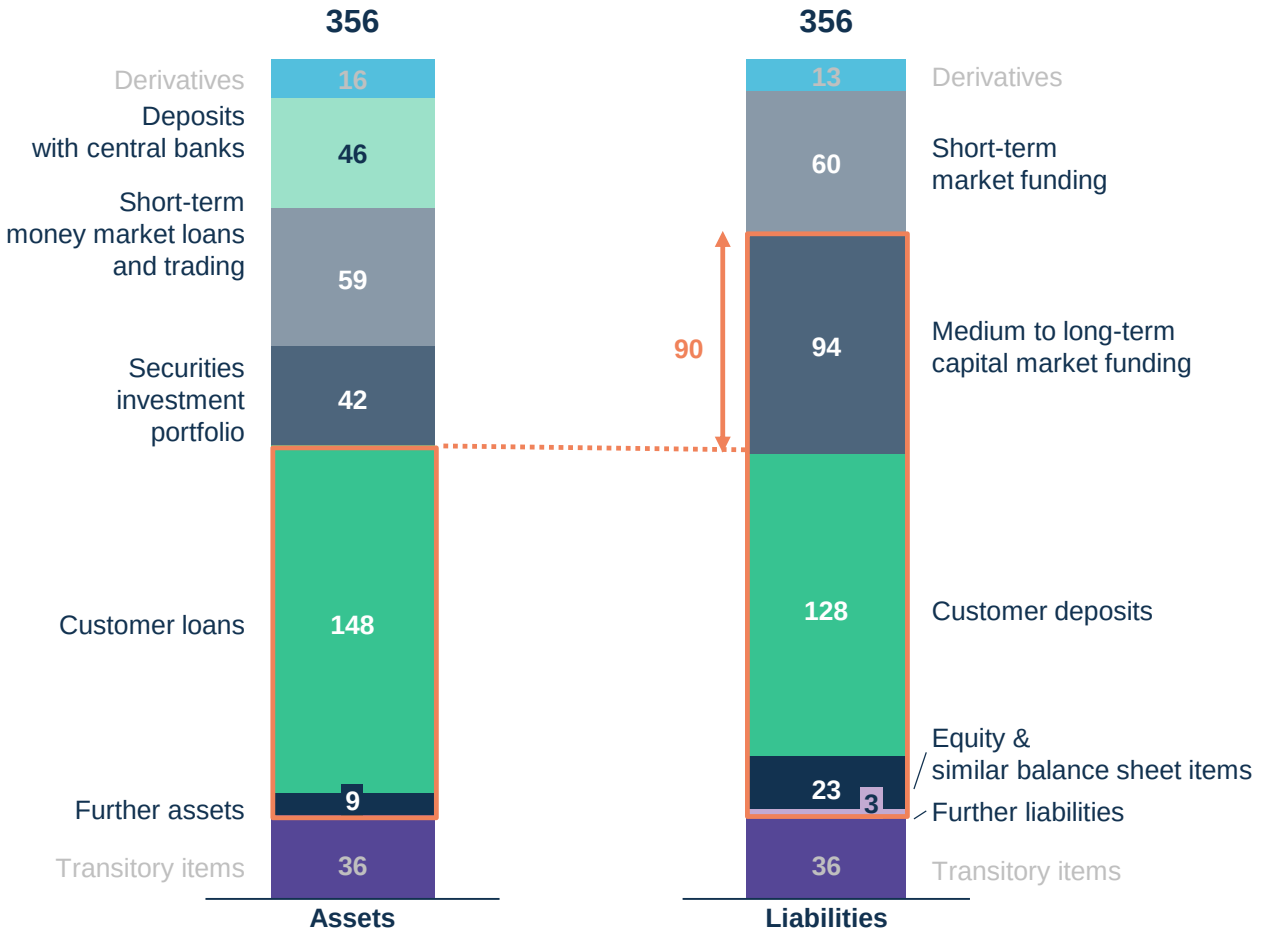
- Most of LBBW's funding comes from stable refinancing sources[1]
- Securities portfolio consists mainly of "high quality liquid assets" (HQLA)
- Short-term money market loans and trading mainly customer-related

Structural liquidity surplus

- Stable or medium to long-term liabilities exceed medium to long-term assets by € 90 billion

Balance sheet 12/2024

billion €



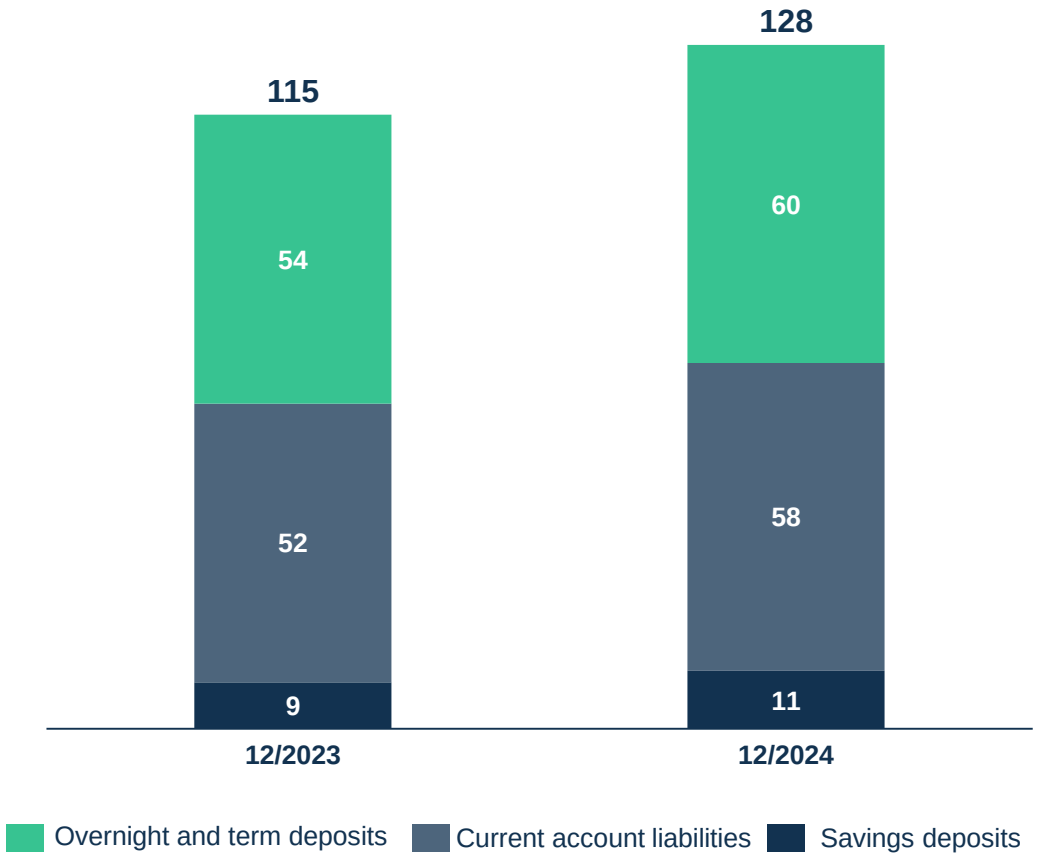
Differences due to rounding / [1] Equity, customer deposits, medium to long-term capital market funding and other liabilities

LBBW with increased and diversified customer deposits

Customer deposits are a key source of refinancing

- Continued customer demand for short-term and longer-term investment products leads to an increase in overnight and term deposits and current account liabilities
- Savings deposits increased by € 2.2 billion to € 10.9 billion

Deposits[1]
billion €

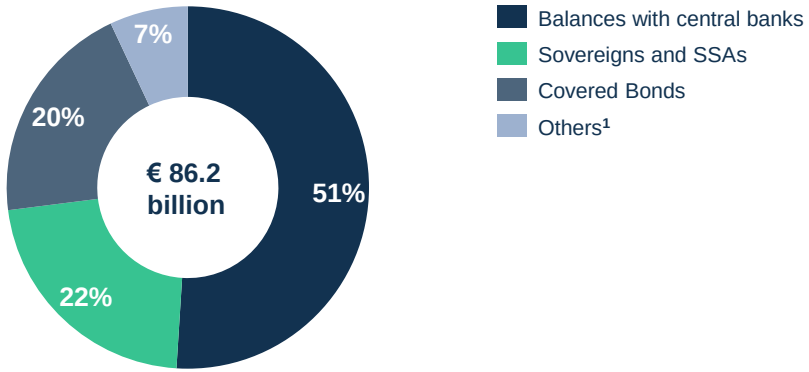


Differences due to rounding/ [1] In addition, deposits from financials

LBBW's high and diversified liquidity reserve

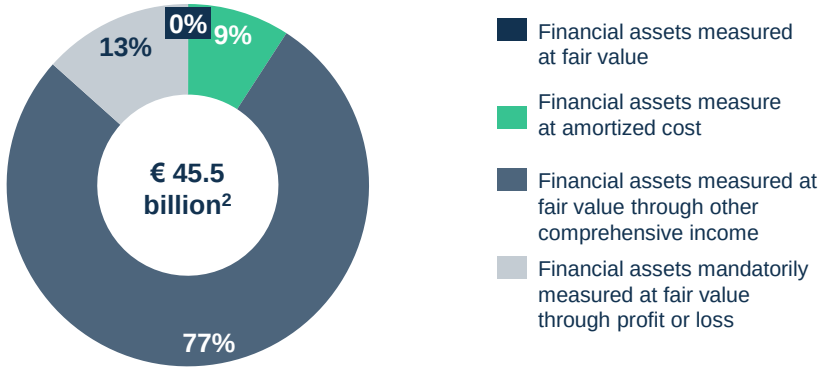
Regulatory liquidity reserve 12/2024

%



Securities portfolio 12/2024

%



Differences due to rounding / [1] other HQLA securities / [2] of which € 39.4 billion in the banking book

LCR at 149.0%; NSFR at 113.9%

- Regulatory requirements fulfilled
- Liquidity reserve characterized by central bank balances and diversified securities holdings

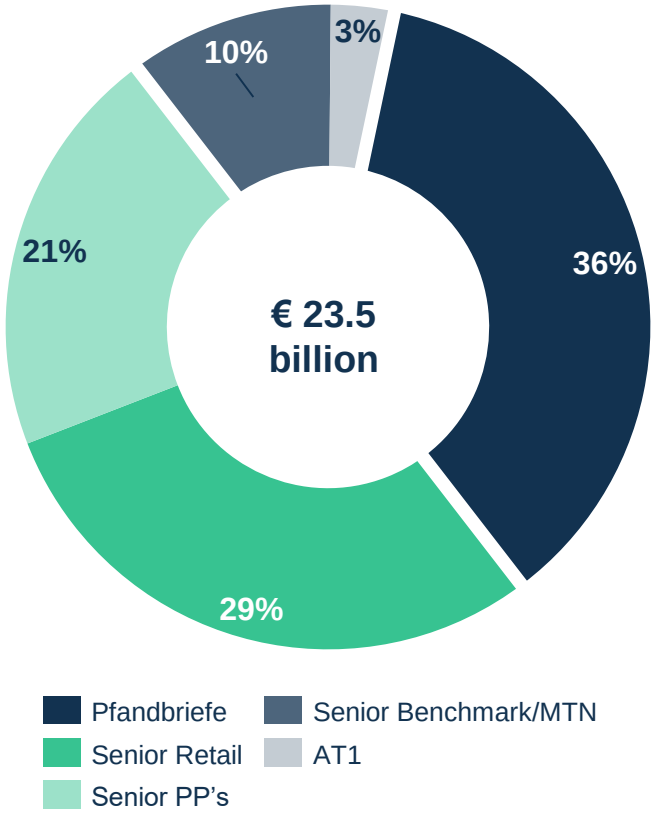
Portfolio hedged against interest rate changes - valuation changes recognized directly in equity or already in the income statement

- Fixed-interest securities in the banking book hedged against interest rate changes with interest rate swaps, i.e. valuation changes exclusively credit spread-induced
- For the majority of securities in the banking book, valuation results from changes in credit spreads are recognized directly in retained earnings (12/2024: € -99 million)
- Assuming that there are no permanent impairments, the valuation result will decrease until maturity

LBBW with stable funding sources

New issues[1] 12/2024 by product

%



LBBW Group with diversified funding mix

- LBBW uses a broadly diversified product range to address a large number of different investors in Germany and abroad

Pfandbriefe

- Mostly issued in benchmark format in EUR and USD and widely placed with investors in Germany and abroad

Senior Preferred and Non-Preferred

- Senior PPs were placed with savings banks and other domestic investors
- Retail customers play an important role in Senior Funding
- Benchmark issues/MTN in non-EUR currencies (AUD, CHF, USD) to appeal to international investors
- Senior preferred around € 6.0 billion, senior non-preferred around € 8.9 billion

Green bonds and social bonds

- Around 18% of funding in ESG format
- Green & Social new issue volume of € 4.2 billion

AT1 capital

- Replacement of the € 750 million AT1 2024

Differences due to rounding

[1]Funding raised on the capital market; FX rates as at 31.12.2024; original maturities > 1 year / senior: Senior preferred and senior non-preferred / Retail: Bonds for private customers and savings certificates / PP/MTN: Private placements and medium-term notes

Good ratings confirm LBBW's stability and strong credit standing

Moody's Investors Service	
Long-term Issuer Rating	Aa2, stabil
Senior Unsecured Bank Debt	Aa2, stabil
Junior Senior Unsecured Bank Debt	A2
Subordinate Rating	Baa1
Short-term Ratings	P-1
Öffentliche Pfandbriefe	Aaa
Hypothekenpfandbriefe	Aaa

FitchRatings	
Long-term Issuer Default Rating	A+, stabil
Long-term Senior Preferred Debt Rating	AA-
Long-term Senior Non-Preferred Debt Rating	A+
Non-guaranteed Tier 2 Subordinated Debt Rating	A-
Short-term Issuer Default Rating	F1+
Öffentliche Pfandbriefe	-
Hypothekenpfandbriefe	-

Morningstar DBRS	
Long-Term Issuer Rating	A (high), stabil
Long-Term Senior Debt	A (high), stabil
Senior Non-Preferred Debt	A, stabil
Subordinated Debt	A (low), stabil
Short-Term Ratings	R-1 (middle), stabil
Öffentliche Pfandbriefe	-
Hypothekenpfandbriefe	-

Ratings as at: 12.03.2025; Current ratings at: www.lbbw.de

ESG ratings confirm stability of our sustainability performance

ISS ESG	MSCI	SUSTAINALYTICS a Morningstar company	Sustainable Fitch
C+	**A**	**16.6**	**65**
"Prime"	**"average"**	**"low risk"**	**"good"**
Scale A+ to D-	Scale AAA to CCC	Scale 0 to 100 insignificant to serious	Scale 100 to 0 excellent to weak
(Status: 08/2022)	(Status: 01/2025)	(Status: 01/2025)	(as at: 02/2025)

Ratings as at: 11.03.2025; Current ratings at: www.lbbw.de/nachhaltigkeit

The ratings we publish are publicly available information. The presentation serves only as an additional service. Explanations regarding the significance of a rating must be obtained exclusively from the relevant agency. LBBW does not endorse this information. Nor should they be construed as a recommendation to buy LBBW securities. LBBW assumes no liability for the completeness, timeliness, accuracy and selection of the information. Further information on the methodologies of the ESG rating agencies can be found at: ISS ESG Ratings & Rankings | ESG Corporate Rating (issgovernance.com); Ratings - MSCI; Company ESG Risk Ratings and scores - Sustainalytics; ESG Investing: ESG; ESG Ratings, Data & Analysis; Sustainable Fitch;

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LBBW: A brief overview

As a Mittelstands-minded universal bank and Germany's largest Landesbank we are a reliable partner for companies and private customers, institutional clients and savings banks

80 locations nationwide and 16 worldwide

10,777 (12/2024)

€ 360 billion

Group subsidiaries complement the broad product range

Berlin Hyp
Süd Leasing
SüdBG
Süd Factoring
LBBW Asset Management
LBBW Immobilien
MMV Bank

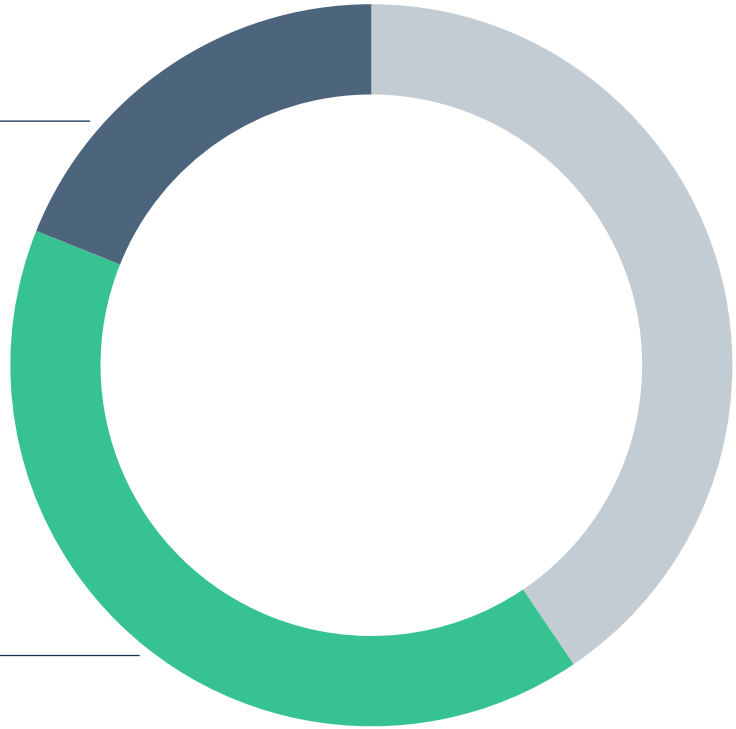
LBBW's owners form a solid foundation

City of Stuttgart

18.93 %

State of Baden-Württemberg[1]

40.53 %



Sparkassenverband Baden-Württemberg

Savings Banks Association of Baden-Württemberg

40.53 %

[1] The State of Baden-Württemberg holds a direct interest of 24.988 % in LBBW and an indirect interest of 15.546 % via Landesbeteiligungen Baden-Württemberg GmbH.

LBBW's international network: 16 locations in 15 countries

All customer segments with earnings contributions well into the triple-digit millions

Group				Corporate Customers			Real Estate/ Project Finance			Capital Markets Business			Private Customers/ Savings Banks			Corporate Items/ Reconciliation/Consolidation		
12/23	Δ %	12/24	€ mln	12/23	Δ %	12/24	12/23	Δ %	12/24	12/23	Δ %	12/24	12/23	Δ %	12/24	12/23	Δ %	12/24
2,826	-7	2,631	Net interest income	1,149	-2	1,123	930	9	1,010	290	-89	32	506	-7	469	-49	-93	-3
589	8	635	Net fee and commission income	225	-1	224	8	-6	8	112	15	129	267	7	287	-23	-50	-11
162	94	315	Net gains/losses on remeasurement and disposal	-17	>100	-192	-217	-36	-138	413	55	640	14	-	-13	-31	-	18
205	-60	81	Other operating income/expenses	25	0	25	99	-55	45	15	82	28	11	-10	10	55	-	-26
3,781	**-3**	**3,662**	**Total operating income/expenses**	**1,382**	**-15**	**1,180**	**820**	**13**	**925**	**831**	**0**	**829**	**798**	**-6**	**752**	**-49**	**-53**	**-23**
4,036	0	4,022	of which income	1,481	-7	1,380	1,000	7	1,074	816	1	828	787	-2	768	-49	-41	-29
-254	42	-360	of which allowances for losses on loans and securities	-98	>100	-200	-180	-17	-150	14	-96	1	11	-	-16	-1	-	5
-2,407	**1**	**-2,430**	**Expenses**	**-726**	**1**	**-731**	**-472**	**-1**	**-469**	**-623**	**-2**	**-611**	**-546**	**2**	**-559**	**-40**	**51**	**-61**
-2,227	7	-2,388	of which administrative expenses	-669	7	-718	-430	8	-467	-554	6	-588	-535	3	-549	-38	74	-66
-184	-72	-52	of which expenses for bank levy and deposit guarantee system	-57	-75	-14	-41	-86	-6	-69	-67	-22	-10	-9	-9	-8	-86	-1
4	>100	10	of which net income/expenses from restructuring	0	>100	1	-1	-	4	0	-	-1	0	-	0	5	10	6
1,374	**-10**	**1,232**	**Consolidated profit/loss before tax**	**657**	**-32**	**449**	**347**	**31**	**456**	**208**	**5**	**217**	**252**	**-23**	**194**	**-89**	**-6**	**-84**

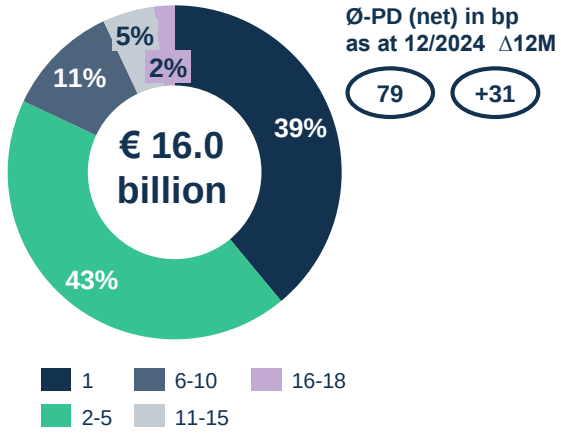
12/23	Δ %	12/24	€ mln	12/23	Δ %	12/24	12/23	Δ %	12/24	12/23	Δ %	12/24	12/23	Δ %	12/24	12/23	Δ %	12/24
9.1	-1.3	7.8	RoE	13.5	-4.5	8.9	10.2	2.8	13.0	9.1	0.7	9.8	22.7	-5.7	17.0			
59.6	0.8	60.4	CIR	49.0	3.9	52.9	47.2	-3.6	43.6	76.3	-2.5	73.8	69.3	3.4	72.7			

12/23	Δ %	12/24	€ mln	12/23	Δ %	12/24	12/23	Δ %	12/24	12/23	Δ %	12/24	12/23	Δ %	12/24	12/23	Δ %	12/24
333.3	7	356.4	Total assets	71.0	3	73.4	68.7	3	70.9	148.8	15	170.5	42.7	1	43.2	2.0	-	-1.6
92.1	5	97.1	RWA	37.2	7	40.0	25.9	7	27.8	17.1	-1	16.9	8.2	7	8.8	3.5	2	3.6

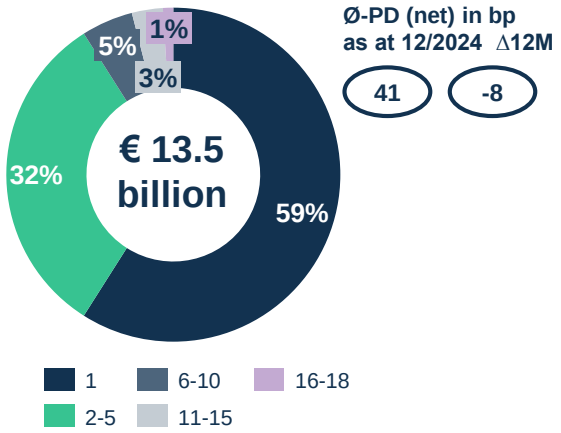
Differences due to rounding / PY incl. adjustments

Business sectors (1/2)

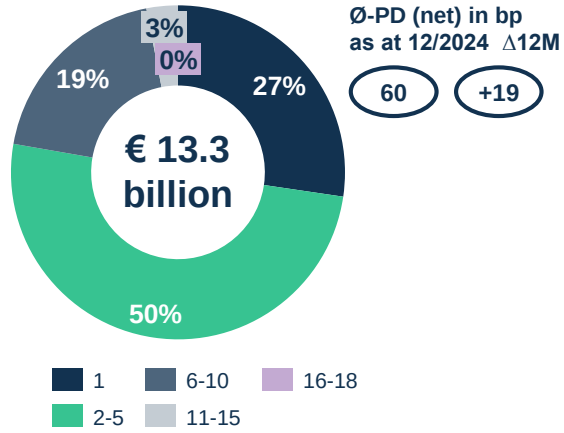
Retail & consumer goods
Rating classes[1] 12/2024



Utilities & Energy
Rating classes[1] 12/2024



TM & Electronics/IT
Rating classes[1] 12/2024

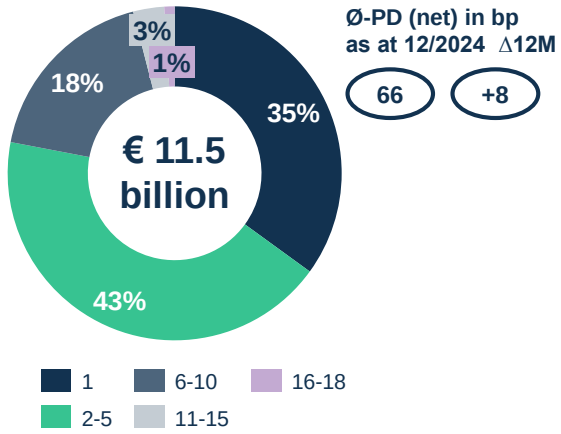


- **Retail & Consumer Goods:** Environment for consumption remains weak, while price sensitivity remains high. High competitive pressure in the food retail sector with the strategic importance of discounters. In the consumer goods sector, strong brands are well positioned for positive development when the consumer climate recovers. Uncertainties remain with regard to geopolitical risks. Portfolio share of consumer goods (mainly food retail and food production) remains dominant at 71 %.
- **Utilities & Energy:** Dependence on imports of fossil fuels requires resilient repositioning without dependence on individual supplier countries. Security of supply in the area of conflict between climate targets and grid stability with major challenges for established suppliers, among others. Opportunities: RE expansion and rising demand for electricity as an ongoing megatrend. Sustainability is an important differentiating feature. There is also considerable growth potential in the area of low-CO_2 generation and energy storage systems. Portfolio share of renewable energies 35 %.
- **TM & Electronics/IT:** Data volumes and demand for (fast) (broadband) data transmission capacities are growing. EU regulation does not allow consolidation on the European market. Media usage behavior strengthens digital offerings. Television, like print, is under pressure in terms of advertising revenue, and the trend is towards online advertising. In IT, significant growth expected in the software segment. Cyber security is becoming increasingly important. A fragmented IT market promotes M&A and buy & build strategies. Portfolio share of project financing increased significantly to 24% (mainly fiber optic networks and data centers).

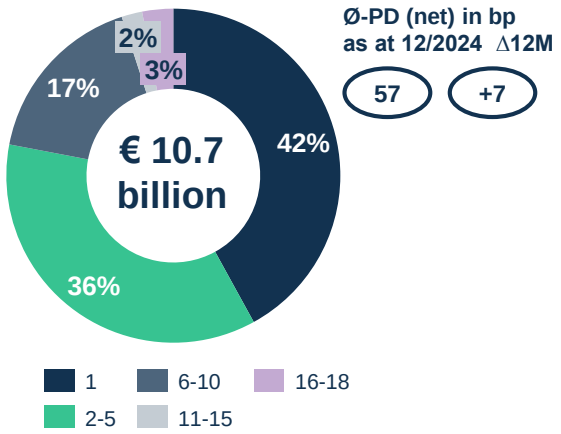
Differences due to rounding / [1] Investment grade: RK 1: PD 0.00% - 0.10%; RK 2-5: PD 0.10% - 0.48%; non-investment grade: RK 6-10: PD 0.48% - 3.63%; RK 11-15: PD 3.63% - <100%; Default: RK 16-18: PD 100%

Business sectors (2/2)

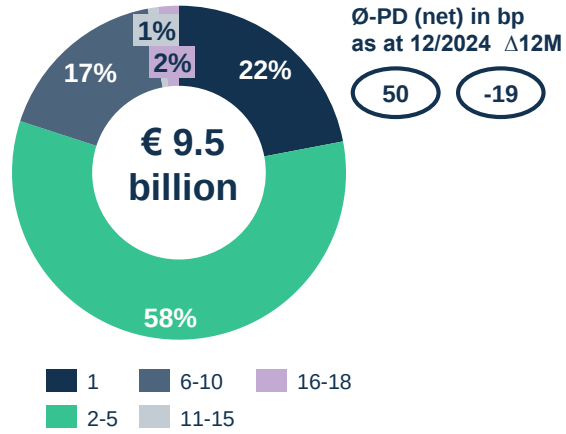
Industry
Rating classes[1] 12/2024



Automotive
Rating classes[1] 12/2024



Construction industry
Rating classes[1] 12/2024

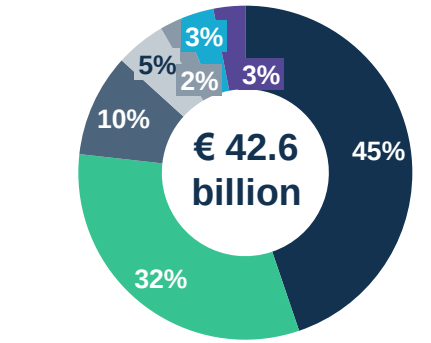


- **Industry:** Very heterogeneous sector overall, generally highly dependent on exports. Opportunities through decarbonization of the economy in conjunction with investment incentives. Extensive state economic stimulus in China and subsidies for Chinese companies. Currently relatively weak economy in China. USA is an important export country, tariffs have an impact. Mechanical engineering still under pressure in 2025 after significant decline in production in 2024 The paper sector is suffering from sluggish consumption and overcapacity, and high energy prices can only be passed on to a limited extent. Packaging manufacturers are benefiting from the partial substitution of plastic and online retail.
- **Automotive:** German OEMs are coming under increasing pressure. Restructuring programs are necessary due to the loss of market share and sales volume in China and overcapacity in Europe. These are also a burden on suppliers. The pace of transformation in Europe and North America has slowed compared to the original plans. This will be problematic for suppliers who have made high upfront investments in BEV-relevant components, which are currently not being fully utilized. Software expertise is becoming a differentiating factor. Portfolio share (mainly German) OEMs 29%, suppliers 43%, rest 28%.
- **Construction industry:** Companies with regional and sectoral diversification are currently showing increased resilience in the weak sector environment. The outlook for 2025 is also without any real growth impetus, with the exception of railroad and pipeline construction. This also affects sawmills and the timber industry. The cement industry in Germany is waiting for a political decision on CO_2 capture and storage. Investments for the decarbonization of production are on hold. Highest granularity and highest proportion of secured lease financing compared to other sectors.

Differences due to rounding / [1] Investment grade: RK 1: PD 0.00% - 0.10%; RK 2-5: PD 0.10% - 0.48%; non-investment grade: RK 6-10: PD 0.48% - 3.63%; RK 11-15: PD 3.63% - <100%; Default: RK 16-18: PD 100%

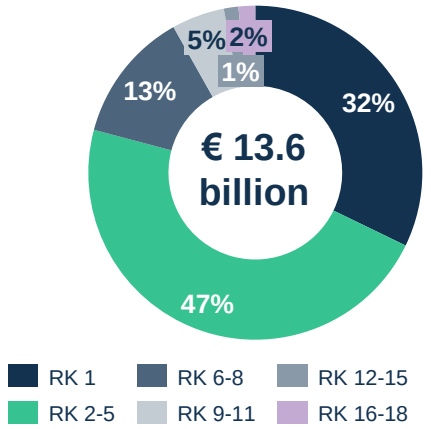
Real Estate division[1] - Germany: Good ratings and balanced portfolio distribution underline stable portfolio

Residential and office use types dominate with 77% in the Germany sub-portfolio

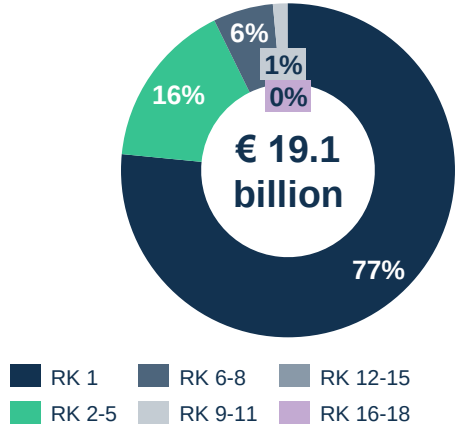


* Hotel usually only with recourse or additional collateral

Office Germany
79% investment grade ratings;
LTV at a very good 53



Housing Germany
93% investment grade ratings;
LTV at a very good 47.3%



Core types of use, housing and office in Germany show clear focus on quality

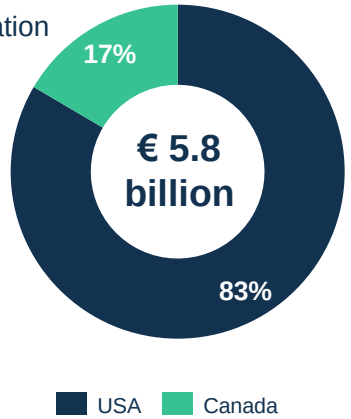
- Very good average LTV of 51% in the German sub-portfolio as the basis for a resilient portfolio
- Around 50% of the German office portfolio are green bond investments
- Vacancy rates of 4.6% in the German sub-portfolio, 3.1% in the residential portfolio and 6.7% in the office portfolio confirm the focus on buildings in good locations with continued stable demand
- Selected properties in other core usage types, retail (focus on local suppliers) and attractive logistics properties complement and diversify the portfolio
- Over 90% of market values have been updated/reviewed since the beginning of the real estate crisis

[1] Excluding "Other real estate exposures" (mainly decentrally managed regional and private customer business)

Real Estate division[1] - USA/Canada: High occupancy rate and good Ø-LTV & Ø-debt yield prove portfolio quality

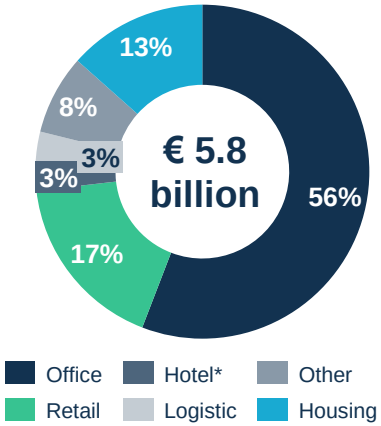
North America's share of total exposure in the division low (9.3%); US share only 7.8%

Portfolio allocation North America



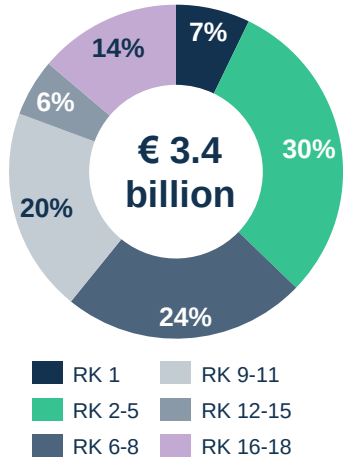
Office dominated in North America; portfolio well diversified with 44% other types of use

46% (€1.6 billion) of the office portfolio greenbondable



*Hotel usually only with recourse or as an admixture

Office sub-portfolio 61% in good rating classes 1-8; LTV 60%, letting at 90%



Main type of use in North America is office - good Ø-LTV of 60% and Ø-debt yield of 8.9% and high in comparison to the overall market - occupancy rates of 92% across all use types - confirm focus on modern properties in prime locations

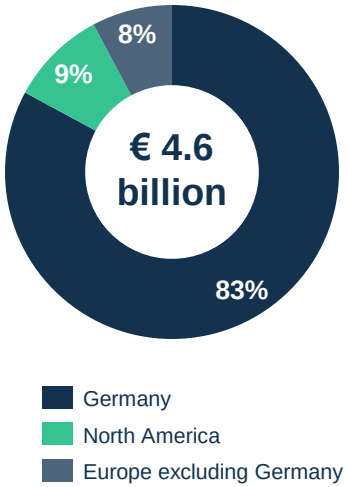
- Focus on modern, energy-efficient buildings in good locations is proving particularly successful in the current cycle, as demand for precisely these properties remains comparatively high (flight-to-quality). Almost half of the buildings in the office portfolio are greenbond-capable (46%)
- North America portfolio further stabilized through geographic diversification (in core markets within the USA and Canada) and other types of use such as residential, retail and logistics
- Portfolio increase due in particular to exchange rate effects and Canadian business
- The key regions of the investments are 70% in the metropolitan areas of New York, Washington, Toronto, Montreal and Vancouver
- In the medium term, a consolidation of market values is expected for the main segment in the "US office" portfolio due to falling inflationary pressure, declining interest rates and a weakening of the home office trend among tenants
- Appropriate risk provisions were recognized for the portfolio

Note: Key figures occupancy rate/LTV/debt yield relate to exposures in RC 1-15

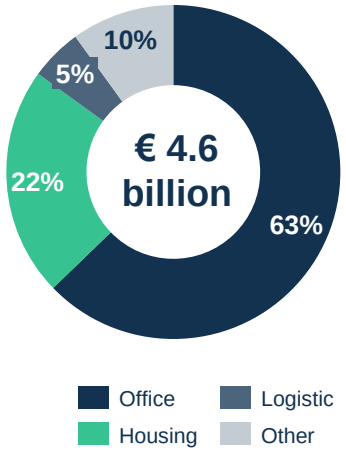
[1]Excluding "Other real estate exposures" (mainly decentrally managed regional and private customer business)

Real Estate business division - project developments with a small portfolio share

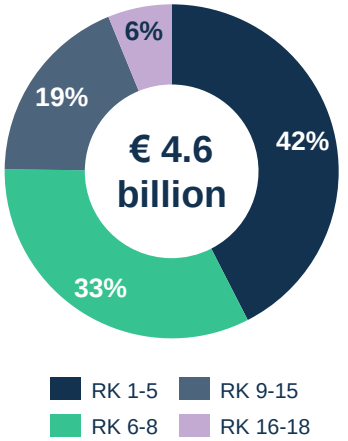
Regional distribution
83% Germany



Types of use
primarily Office with 63% ahead of residential (22%)



Rating distribution
75% in good rating classes 1-8



Project developments with only 7% porfolio share in the Real Estate business division

- Project developments are only financed very selectively; the portfolio has been reduced by around 30% (€ 2 billion) since 2022
- 83% of project developments are located in Germany
- Office and residential use dominates
- 75% of the project development portfolio is in rating classes 1-8. RK 16-18 includes around € 280 million, which corresponds to less than 0.5% of the exposure of the Real Estate business division
- Risks in the project development portfolio - as for the entire real estate portfolio - are covered by appropriate risk provisions

Gross exposure (IFRS 9) with low level 3 share

Gross exposure of financial instruments within the scope of the impairment requirements of IFRS 9

EUR billion	Stage 1 12/2024	Stage 2 12/2024	Stage 3 Impairment after recognition 12/2024	Credit impairment at recognition 12/2024	Total 12/2024
Financials	**168.2**	**0.6**	**0.0**	**0.0**	**168.8**
Corporates	**94.3**	**23.8**	**1.4**	**0.0**	**119.5**
Automotive	7.5	3.0	0.3	0.0	10.8
Construction	7.5	3.7	0.2	0.0	11.4
Chemicals and commodities	6.2	1.6	0.2	0.0	8.1
Retail and consumer goods	15.1	4.8	0.4	0.0	20.4
Industry	8.9	4.0	0.1	0.0	13.0
Pharmaceuticals and healthcare	5.8	0.9	0.0	0.0	6.7
TM and electronics / IT	12.2	2.0	0.0	0.0	14.2
Transport and logistics	8.8	1.0	0.0	0.0	9.8
Utilities and energy	11.5	1.9	0.1	0.0	13.5
Other	10.8	0.8	0.0	0.0	11.6
Real estate	**48.4**	**18.7**	**1.3**	**0.0**	**68.3**
Commercial real estate (CRE)	30.2	15.6	1.3	0.0	47.1
Housing	18.2	3.1	0.0	0.0	21.3
Public sector	**19.9**	**0.0**	**0.0**	**0.0**	**19.9**
Private individuals	**9.0**	**1.3**	**0.0**	**0.0**	**10.3**
LBBW Group	**339.7**	**44.4**	**2.7**	**0.0**	**386.9**

Differences due to rounding

Mortgage Pfandbriefe LBBW (Bank): Commercial and residential real estate business

Commercial assets

- Concentration on core markets North America, UK and open-ended funds
- Focus on residential, office and selective logistics use
- Established locations and selected sites in metropolitan regions
- Preferred objects: High-quality, long-term leased properties with good tenant credit ratings

Residential assets

- Concentration on **Germany for residential portfolios**
- For private customers, focus on single-family and two-family houses as well as multi-family houses with a focus on in Baden-Württemberg
- Cost efficiency by expanding standardization (product and processes)

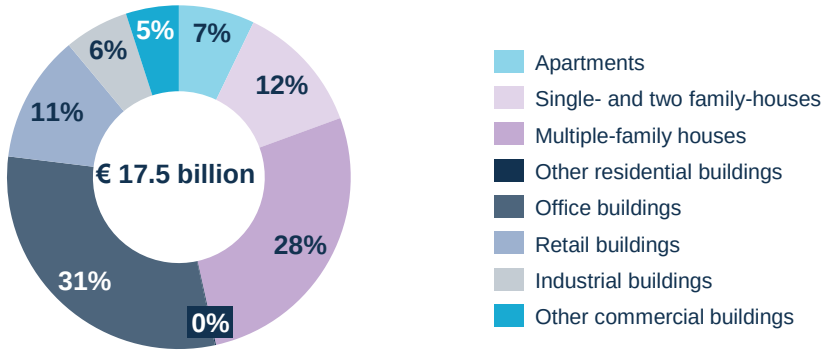
Mortgage cover pool

- **Volume** of the mortgage cover pool decreased slightly in the 2023 financial year
- **Balanced mix of residential and commercial assets**; share of residential assets at least 30%
- **Focus on Germany**, domestic share at over 80% (as at 12/2024)
- No receivables in arrears in the cover pool

Mortgage cover assets LBBW (Bank): Allocation of loans

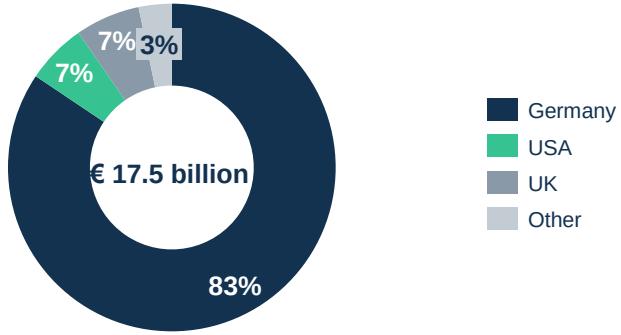
Breakdown by loan type[1] 12/2024

%



Breakdown by country[1] 12/2024

%



Residential cover assets

- Almost exclusively in Germany
- Apartments, single-family and two-family houses, apartment buildings

Commercial cover assets

- Focus on the core markets of Germany, USA, UK and open-ended real estate funds, Canada and France
- Office buildings, commercial buildings, industrial buildings and other commercial buildings

Further cover values

- Further cover assets of around € 2,700 million as at 31 December 2024
- Mainly SSAs

Differences due to rounding / [1] Without further cover values. Further information on the mortgage cover assets can be found in the publication pursuant to section 28 (1) sentence 1 nos. 1, 3 PfandBG: Pfandbriefe of LBBW

Mortgage Pfandbriefe and cover pool LBBW (Bank)

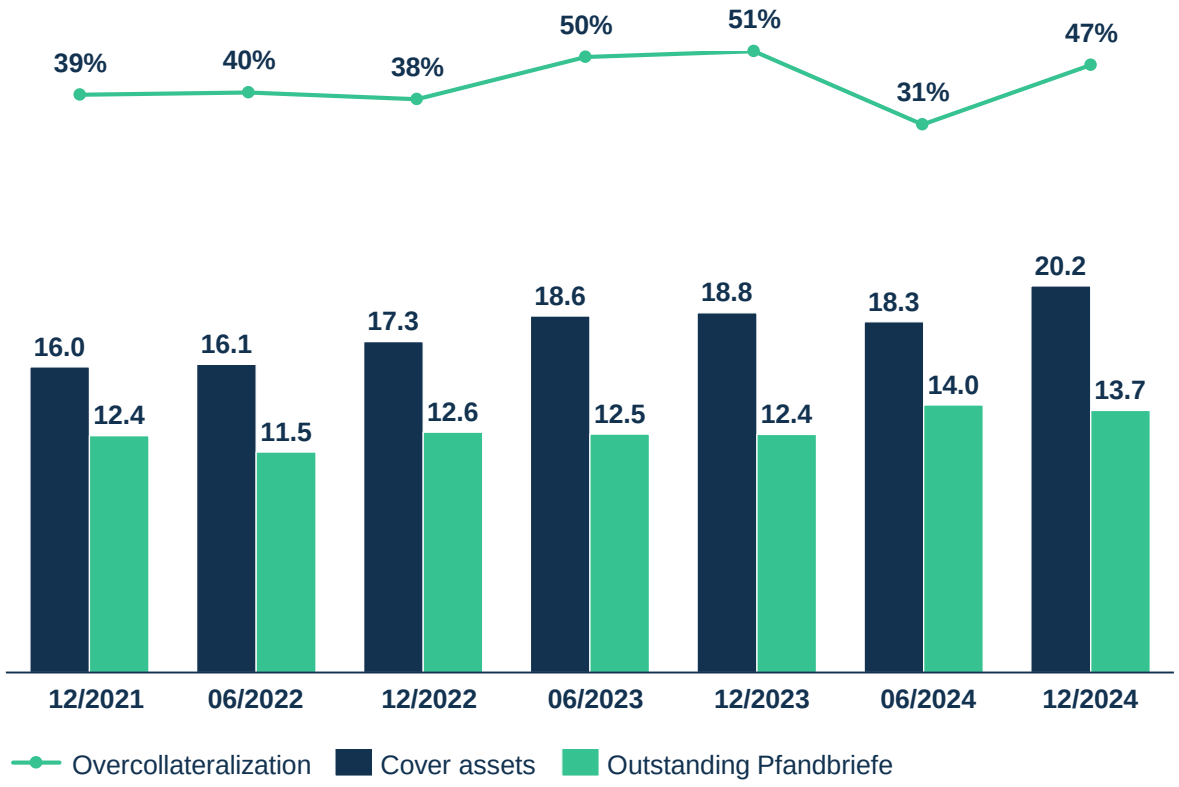
Positive development of cover assets

- Stable overlap
- Aaa rating from Moody's
- Average elapsed term since the loan was granted - Seasoning 5.9 years
- Share of fixed-interest cover assets: 83.3%
- Share of fixed-interest Pfandbriefe: 86.2%
- The Pfandbrief Act requires that real estate financing may only be used as cover up to a lending limit of 60% of the mortgage lending value
- As a rule, the mortgage lending value is well below the market value - even in the event of a sustained downturn in the real estate market

Differences due to rounding

Mortgage cover pool 12/2024

€ billion



Further information on the mortgage cover assets can be found in the publication pursuant to section 28 (1) sentence 1 nos. 1, 3 PfandBG: Pfandbriefe of LBBW

Public Pfandbriefe LBBW (Bank): Support for customer business in municipal and export financing

Municipal Finance

- The **focus** is on **traditional municipal financing in our core markets** Baden-Württemberg, Free State of Saxony and Rhineland-Palatinate
  - The **municipal loan** is the **anchor product**
  - There is a cooperation with the **regional savings banks**
- **Management** of the **portfolio quality** via an internal cluster procedure, control of the **maturity structure** via key figures
- Public sector portfolio as a basis for Social bonds with a view to sustainable financing

Export financing

- LBBW active in over **30 markets**
- **Expansion of ECA financing** – primarily exports from Europe, also in the large-volume sector, supplemented by untied loans from various ECAs (in Germany for commodities and key industries in the interests of the German economy) with a focus on transformation
- Resulting from **Diversification** in the ECA portfolio (ECA cover providers) with approx. 2/3 DACH region, rest of Europe, supranational covers and Asian ECAs
- LBBW is among the world's best export finance banks for the sixth time in 2024[1]
- 2024: further expansion of the portfolio in terms of size and diversification (ECA/multilaterals; products; regions; sectors)

Cover pool

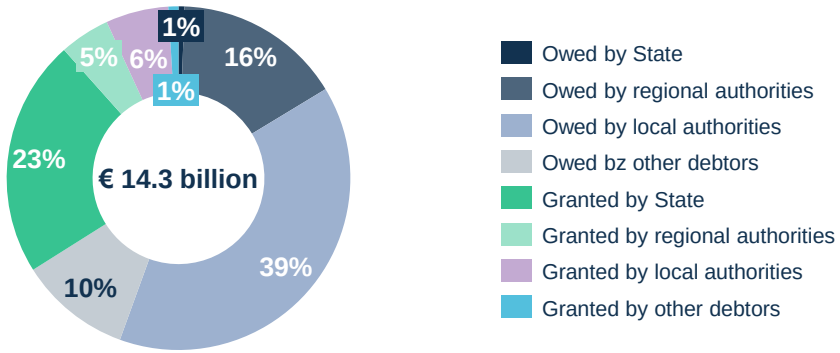
- **Volume** of the public cover pool increased in 2024
- **Focus on Germany,** domestic share currently at more than 90%

[1] Result of the TXF Export Finance Research Report 2023. Further information on the public cover assets can be found in the publication pursuant to section 28 (1) sentence 1 nos. 1, 3 PfandBG: Pfandbriefe of LBBW

Public cover assets LBBW (Bank): Breakdown of loans

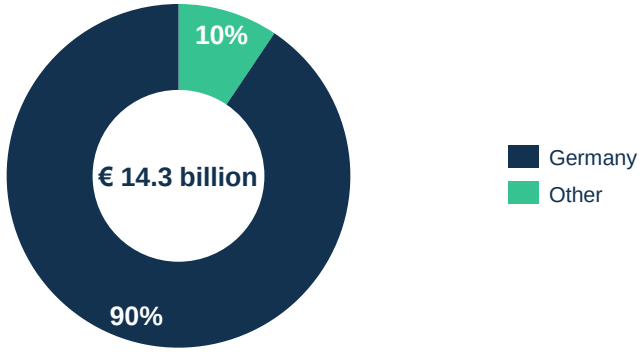
Breakdown by loan type[1] 12/2024

%



Breakdown by country[1] 12/2024

%



States

- Mainly export financing guaranteed by Euler Hermes and other export credit insurers

Regional authorities

- German federal states (owed)
- Regional rail transport (granted)

Local authorities

- Mainly German cities, municipalities and districts (owed)
- Public and municipal utilities in private legal form (granted)

Other

- Special-purpose associations, municipal utilities and other public-sector companies (e.g. university hospitals) in public legal form and development banks

Differences due to rounding / [1] Without further cover values. Further information on the public cover assets can be found in the publication pursuant to section 28 (1) sentence 1 nos. 1, 3 PfandBG: Pfandbriefe of LBBW

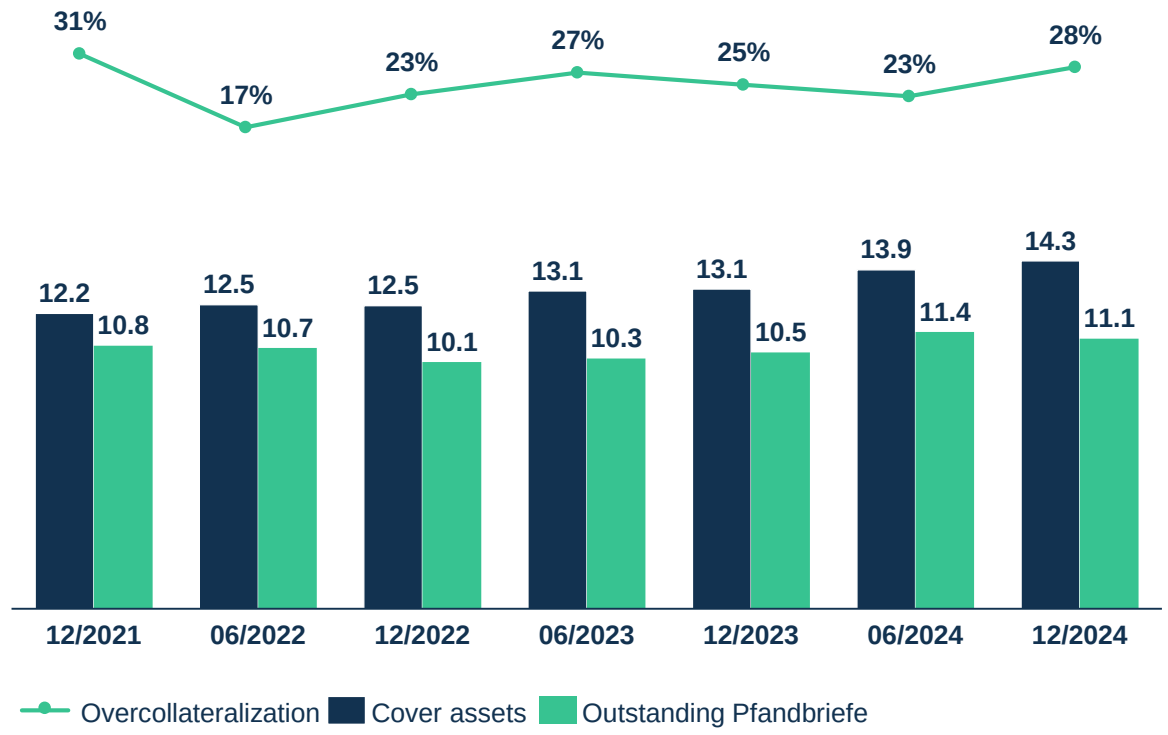
Public Pfandbriefe and cover pool LBBW (Bank)

Positive development of cover assets

- 89.9 % of the receivables relate to Germany
- High overcollateralization
- Aaa rating from Moody's
- Share of fixed-interest cover assets: 74.3%
- Share of fixed-interest Pfandbriefe: 89.0%

Public cover pool 12/2024

€ billion



Further information on the public cover assets can be found in the publication pursuant to section 28 (1) sentence 1 nos. 1, 3 PfandBG: Pfandbriefe of LBBW

Differences due to rounding

Glossary 1/2

Expenses	Administrative expenses + Expenses for bank levy and deposit guarantee system + Net income/expenses from restructuring
Gross exposure	Drawdown plus unutilized external creditlines
CET1 / AT1 / T2	CET1: Common Equity Tier 1 Capital; AT1: Additional Tier 1 capital; T2: Supplementary capital (Tier 2 capital)
CIR	Cost Income Ratio Group/segments: Expenses / Income
Coverage Ratio	Accumulated impairment stage 3 + POCI (in default) / Non-performing exposure related to Net exposure (IFRS 9)
Debt Yield	Net operating income / mortgage loan amount
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
Exposure	Drawdown plus free external credit lines less capital market-related collateral (collateral, netting, etc.)
LCR	Liquidity Coverage Ratio; HQLA: High Quality Liquid Assets
LTV	Loan-to-Value: Ratio of the outstanding loan amount to the market value of the mortgaged properties
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 unutilized external credit lines less capital market-related collateral (collateral, netting, etc.) less loan collaterals
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
NPE ratio	Non-performing exposure related to Net exposure (IFRS 9) / Net exposure (IFRS 9)

Glossary 2/2

NSFR	Net stable funding ratio
Ø-PD	Average probability of default (probability of default)
P2G	Pillar 2 Guidance / In addition, the ECB supervisory authority expects further Common Equity Tier 1 capital to be held in the following years as part of a Pillar II recommendation for sustainable capital management
P2R	Pillar 2 Requirement / Additional capital requirement determined by the competent supervisory authority for each individual institution for risks that are not already covered by the generally applicable regulatory requirements (CRR, Pillar 1)
Phase-In / Fully Loaded	Phase-In: Taking into account the transitional provisions of the CRR Fully Loaded: Without taking into account the transitional provisions of the CRR
Rating classes	Investment grade: RK 1: PD 0.00% - 0.10%; RK 2-5: PD 0.10% - 0.48% Non-investment grade: RK 6-10: PD 0.48% - 3.63%; RK 11-15: PD 3.63% - 100%; Default: RK 16-18: PD 100% Rating waiver or not-rated: Miscellaneous
Rating classes	Investment grade: RK 1: PD 0.00% - 0.10%; RK 2-5: PD 0.10% - 0.48% Non-investment grade: RK 6-8: PD 0.48% - 1.61%; RK 9-11: PD 1.61% - 3.63%; RK 11-15: PD 3.63% - <100%; Default: RK 16-18: PD 100% Rating waiver or not-rated: Miscellaneous
Risk costs (balance sheet) **Risk costs (net exposure)**	(Annualized) risk provisions / average net carrying amount of loans and advances to customers on the basis of quarterly averages (Annualized) risk provisioning / average net exposure (IFRS 9)
RoE	Return on equity Group: (Annualized) consolidated net income p.a. / Average balance sheet equity adjusted for retained earnings for the current reporting period Segments: (Annualized) earnings per share / Average equity tied up in the current reporting period
RWA	Risk-weighted assets
SREP	Supervisory Review and Evaluation Process / Aufsichtslicher Überprüfung und Bewertungprozess
SREP ratio	Capital ratio requirement of the ECB based on the Supervisory Review and Evaluation Process (SREP): This ratio takes into account the Pillar I minimum requirement, the Pillar II requirement (Pillar 2 Requirement (P2R)), the Common Equity Tier 1 capital to be held as a capital conservation buffer in accordance with Section 10c KWG and the Common Equity Tier 1 capital to be held as a capital buffer for other systemically important institutions in accordance with Section 10g KWG; in addition, a countercyclical capital buffer must be held in accordance with Section 10d KWG, if applicable. existing shortfalls from the respective other capital classes and the ECB's Pillar II recommendation (Pillar 2 Guidance (P2G))

Addition

Share of impaired loans	Determined on the basis of FinRep; portfolio of risk provisions and negative fair value changes due to credit risks for non-performing loans / credit volume

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