

Statement by LBBW on the EBA Stress Test

On 1 August 2025, the European Banking Authority (EBA) published the results of the bank stress test conducted in collaboration with the European Central Bank (ECB). The stress test assessed how banks across the European Union would perform under both a baseline and an adverse scenario over a three-year horizon, from 2025 to 2027. The starting point for this assessment was their end-2024 baseline figures.

The stress test was based on severe macroeconomic assumptions, which placed particular strain on LBBW's core business areas. The maximum stress scenario included a series of external shocks, such as:

- A cumulative GDP decline of 7.5% in Germany,
- In addition, a sharp downturn in specific sectors of the manufacturing industry,
- A drop in commercial real estate values in Germany, the USA and UK, and
- Interest rates higher than in 2024, driven by assumed inflationary pressures.

Furthermore, the stress test was carried out under the theoretical assumption of a static balance sheet based on the 2024 financial year, covering the period from 2025 to 2027. As such, it does not factor in any countermeasures the bank might have taken in response to potential adverse developments over those three years.

For its capital management, LBBW uses the currently applicable transitional rules for capital requirements from the CRR/III regulatory framework ("phased-in"). Under these transitional rules, LBBW achieved a common equity tier 1 capital ratio of 6.8% in the adverse stress test scenario.

With a common equity tier 1 ratio of 16.6% based on the CRR/III requirements as of 30 June 2025, and additional allowances in form of model adjustments totaling EUR 880 million, LBBW regards itself as well positioned.

In view of the scenarios and the necessary methodological assumptions, LBBW considers the results to confirm its strategic direction and overall resilience.

The full stress test results are available on the European Banking Authority (EBA) website.