12/3/2020

LBBW
Bereit für Neues

LBBW Group

Preliminary Result as of 31 December 2019

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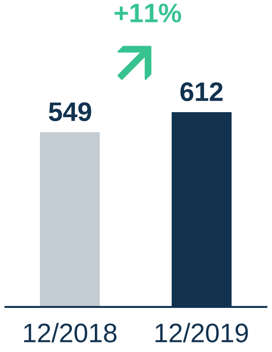
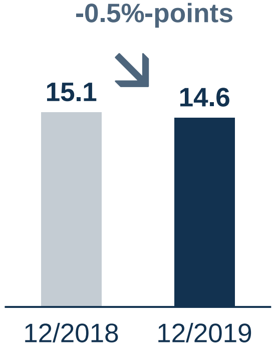
Customer-oriented business model paying off – Increase in profit in persistently challenging environment

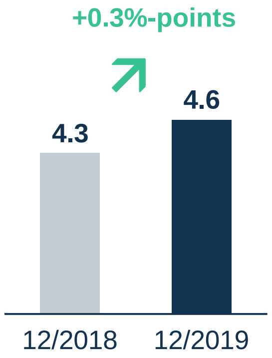
Consolidated profit bef. tax
€ mln



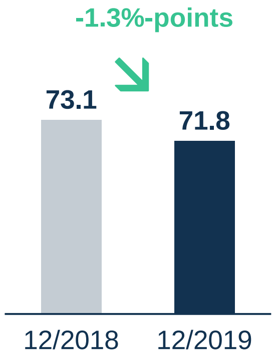
CET1 capital ratio
%



Return on equity
%



Cost/income ratio
%



Consolidated profit bef. tax in 2019 **increased** by 11% in spite of persistently challenging environment – **Customer-oriented business model** and **strategic development** paying off

Profitable growth course in customer business with **increase in earnings** in all customer segments

Capitalization continously solid and distinctly above requirements – Lower common equity Tier 1 capital ratio due to growth, methodological adjustments as well as capital consumption due to low interest rate level

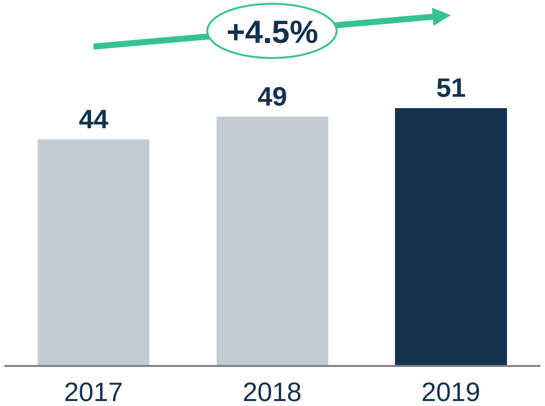
Achieved increases in earnings lead to **improved return on equity** and **cost/income ratio**

Environment remains challenging – **Strong starting position** as well as **further development of the strategic levers** to provide a setting for the successful future development of LBBW

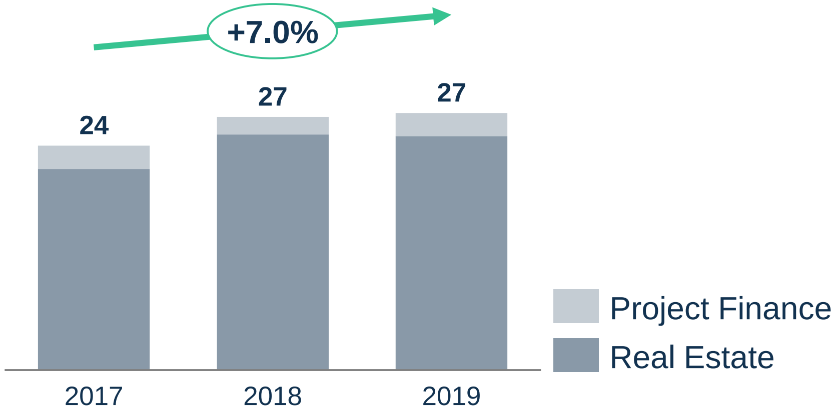
Differences due to rounding

Profitable growth course in customer business as decisive success factor

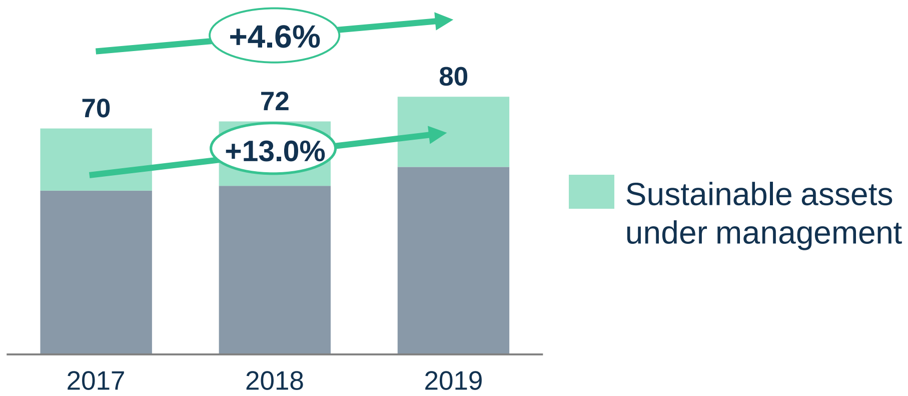
Financing volume medium-sized and large companies
€ bn



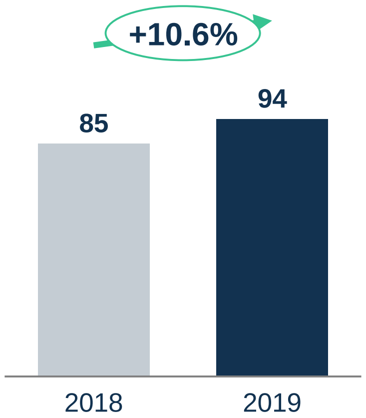
Financing volume Real Estate and Project Finance
€ bn



Total assets LBBW Asset Management
€ bn



Business volume Private Customers/ Savings Banks[1]
€ bn

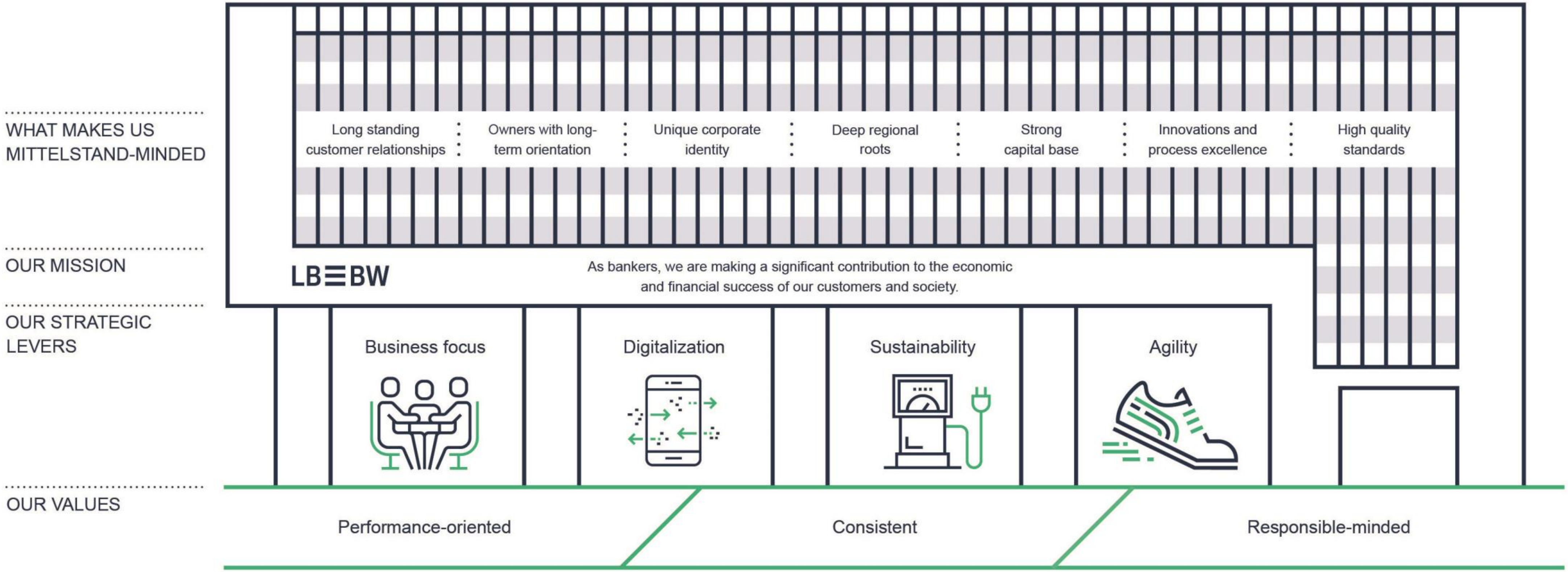


[1] 2017 due to insufficient comparability not included

Agenda

LBBW as universal bank with the Mittelstand-Mindset with strong customer base and clear strategic direction

LBBW – a Mittelstand-minded universal bank



In 2019 LBBW achieved significant successes along all strategic levers (I/II)

Business focus

- LBBW among TOP 5 **market leaders in German corporate customer business** and TOP 2 Mittelstandsbank[1]
- **Diversification of credit portfolio** successfully pushed due to growth in the focus sectors and reduction of existing sector concentrations
- Increase of **cross-selling revenues** in corporate customer business
- Successful continuation of **growth in Project Finance**
- Engagement in **international markets** expanded
- Successful **AT1 issue** of € 750 mln

- Commercial transactions realized on **trade finance network Marco Polo** based on **Blockchain**
- **Online portal for corporate customers** and digital solution for the **management of guarantees** introduced
- **Digital signature** introduced
- **Use of robotics** to optimize processes
- Digital Schuldschein platform Debtvision with further increasing deal flow – by now more than **40 transactions** and almost 300 registered investors
- **Increase of active mobile banking users by approx. 35%**

Digitalization

[1] FINANCE Banks Survey 2019

In 2019 LBBW achieved significant successes along all strategic levers (II/II)

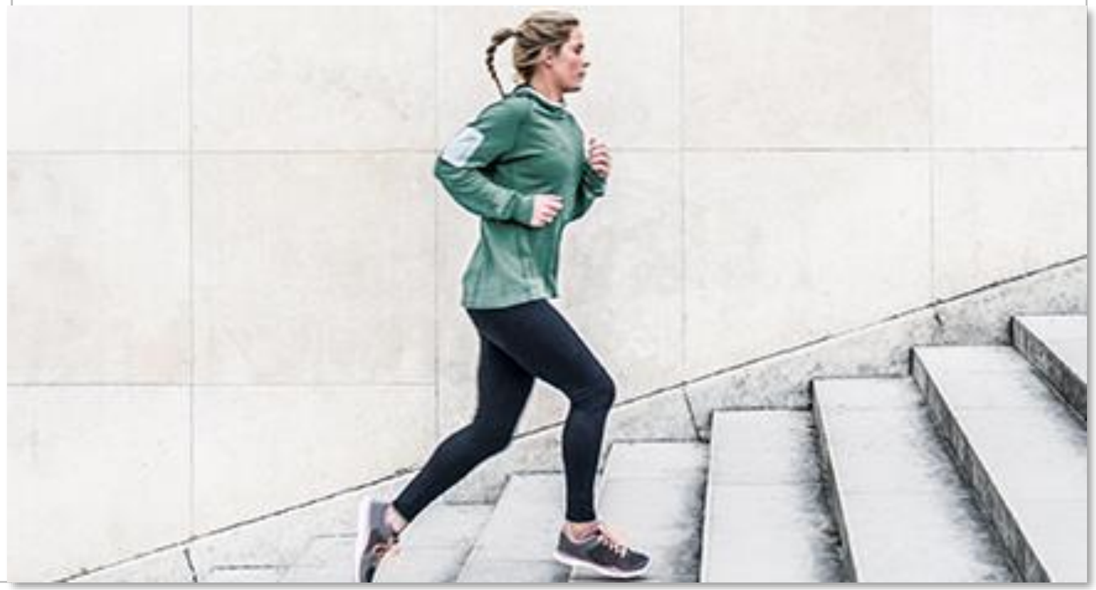
Sustainability

- **Very good sustainability ratings** – Second place in a comparison of German banks (ratings: ISS ESG: ”C+ Prime“ and Sustainalytics: ”83/100 points“)
- Offerings in the area of **sustainability advisory** strengthened
- **Sustainable AuM +10%** and top mark by PRI Association[1] in ”Strategy and Governance“
- **Green refinancing volume of LBBW** (Green & Social Bonds) **tripled** compared to the previous year
- Further development of the **sustainable human resources management** inter alia via **talent programs**

[1] PRI Association (Principles for Responsible Investment)

- **Collaborative formats to develop customer solutions**, implementation of Ideathons
- **BeWoman**: overarching project team develops **new products and sales concepts for the female target group**
- **Interdisciplinary team** modernizes **communication in private customer business**
- **Comprehensive training and development activities** for agile project management methods

Agility



LBBW is convinced of its strategic focuses and maintains them also in 2020

Increasing capital efficiency

Further improvements of profitability of customer relations

Sustainable cross-selling

Consistent capital management

Improving internal process efficiency

Further development of management of operations

Improved quality and customer benefit of internal processes

Guarantee of flexible reactions to customer and market requirements

Consolidating progress regarding the strategic levers digitalization, sustainability and agility

Improve the rate of actual use of in-house digital solutions

Organic growth of sustainable assets and liabilities

Result oriented realization of projects with quantifiable use (for the customer)

Agenda

LBBW Group: Successful customer business and improved cost efficiency

€ mln	12/2018[1]	Δ %	12/2019
Net interest income	1,558	8%	1,676
Net fee and commission income	513	9%	558
Net gains/losses on remeasurement and disposal	213	-20%	169
of which allowances for losses on loans and securities[2]	-142	6%	-151
Other operating income/expenses	140	6%	148
Total operating income/expenses	**2,424**	5%	**2,551**
Expenses	-1,875	3%	-1,939
Consolidated profit/loss before tax	**549**	11%	**612**
Income taxes	-136	23%	-167
Net consolidated profit/loss	**413**	7%	**444**

Consolidated profit bef. tax increased by 11% in 2019 despite persistently challenging environment

Continued **profitable growth course** in customer business and deepened customer relationships by **expansion of cross-selling**

Environment with low interest rates, intense competition, geopolitical tensions and economic risks **partially has a distinct negative impact**

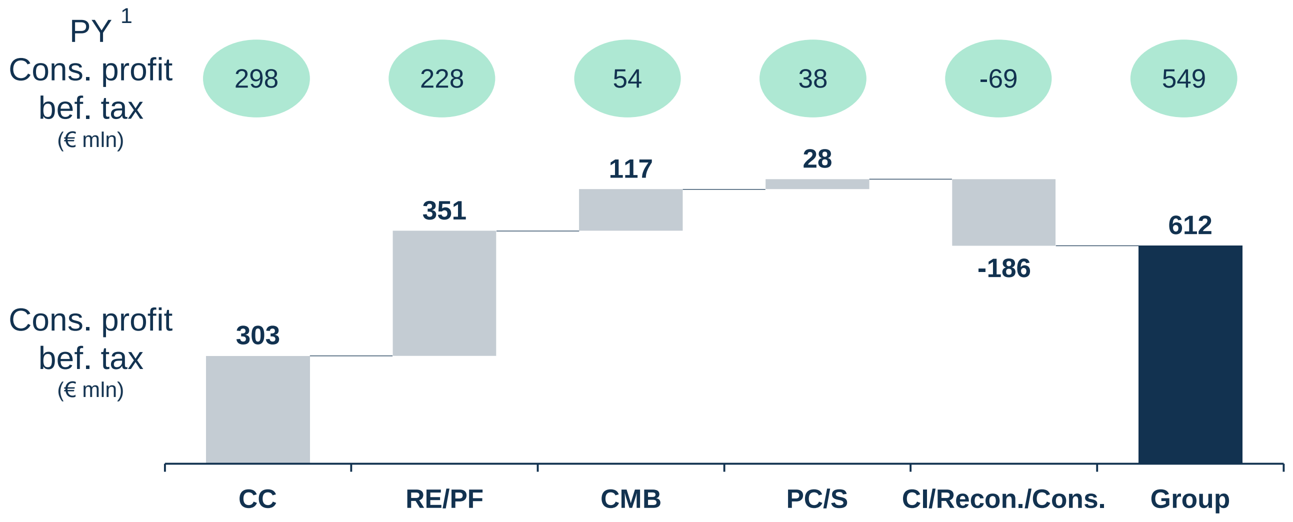
Risk provisioning in spite of individual cases and economic slowdown only with slight increase – overall **still good portfolio quality**

Higher expenses inter alia due to bank levy/ deposit guarantee system and further future efficiency measures

However **cost efficiency** due to increase in earnings **improved** – **return on equity** also **higher**

Differences due to rounding
[1] PY incl. adjustments
[2] Relates only to the category "Financial assets measured at amortized cost". In addition, a net allocation of € 0.5 mln in the current year relates to the category "Financial assets measured at fair value through other comprehensive income" and in the previous year a net release of € 0.8 mln

Customer segments: Profitable growth course with continuous increase in earnings



	CC	RE/PF	CMB	PC/S	CI/Recon./Cons.	Group
RWA (€ bn)	36.7	12.6	16.8	8.5	5.8	80.5
RoE (%)	6.2	20.9	4.7	2.6	<0	4.6

Corporate Customers (CC)
Growth in financing business and further expansion of cross-selling while reducing expenses

Real Estate/Project Finance (RE/PF)
Volume growth related to real estate and project financing as well as revenues from early loan redemptions

Capital Markets Business (CMB)
Increase in profit due to reorganization and changes in risk management approach of securities

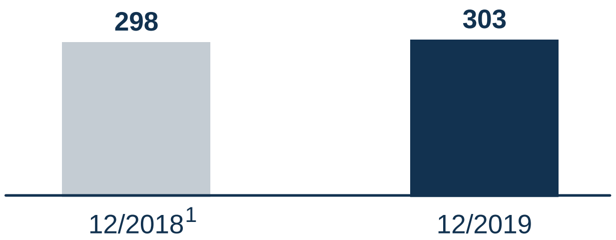
Private Customers/Savings Banks (PC/S)
Increase in earnings due to securities and brokerage business, contrarily margin pressure and investments in the business model

Corporate Items (CI/Recon./Cons.)
Negative effects from Funding valuation adjustments related to unsecured derivatives, support of NordLB and financing of efficiency measures, PY non-recurring positive profit surplus due to liquidation of Sealink structure

Differences due to rounding
[1] PY incl. adjustments

Corporate Customers: Continued growth in financings and further expansion of cross-selling

Cons. profit bef. tax
€ mln



€ mln	12/2018[1]	∆ %	12/2019
Total operating income/expenses	941	0%	941
of which allowances for losses on loans and securities[2]	-88	46%	-128
Expenses	-642	-1%	-638
Consolidated profit/loss before tax	**298**	1%	**303**
Total assets (€ bn)	**60.1**	4%	**62.5**

Cons. profit bef. tax slightly **above PY** in spite of higher risk provisioning

Continuation of **growth course** related to medium-sized and large corporates and increase of financing volume to € 51 bn

Further **expansion** of **focus sectors** Utilities & Energy, TM & Electronics/IT and Pharmaceuticals & Health Care

Cross-selling further **expanded**, mainly corporate finance and hedging business

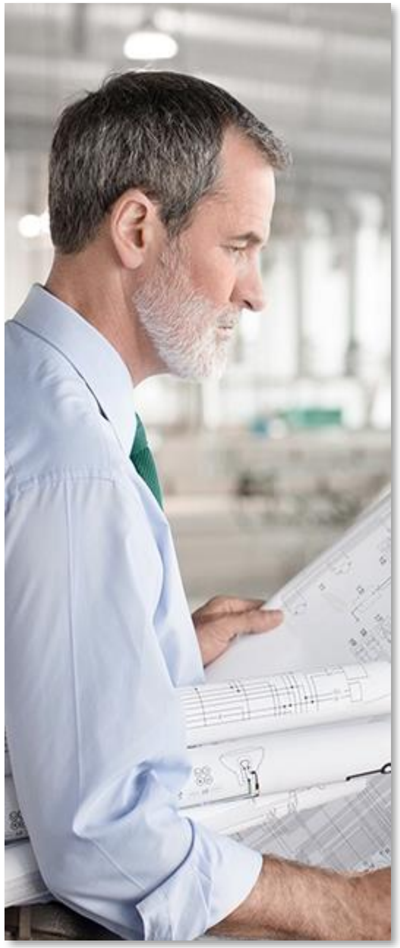
Unchanged **good portfolio quality** in spite of increase in risk provisioning due to individual cases

Expenses slightly below PY

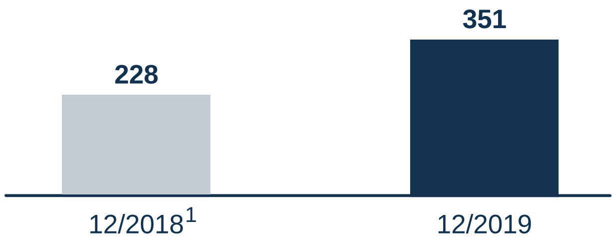
Strategic focus — Selective expansion of **focus sectors**, intensified **cross-selling**, further **digitalization** of customer interface, expansion of know-how, **green** & **social finance**

Differences due to rounding
[1] PY incl. adjustments
[2] Relates only to the category “Financial assets measured at amortized cost”

Real Estate/Project Finance: Growth successfully continued and good portfolio quality maintained



Cons. profit bef. tax
€ mln



€ mln	12/2018[1]	Δ %	12/2019
Total operating income/expenses	391	33%	520
of which allowances for losses on loans and securities[2]	-6	-	21
Expenses	-162	4%	-169
Consolidated profit/loss before tax	**228**	54%	**351**
Total assets (€ bn)	**28.0**	2%	**28.6**

Cons. profit bef. tax due to operational growth and one-off effect due to early loan redemptions **distinctly above PY**

With € 7.8 bn once again **high** and **profitable new business** in **commercial real estate financing**

Project financings with **strong new business** of € 2.1 bn, thereof approx. 40% related to renewable energies

Unchanged **good portfolio quality** leads to net releases of risk provisioning

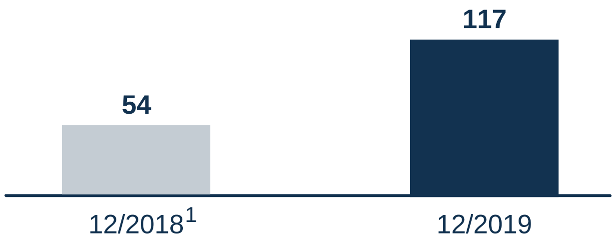
Expenses due to growth initiatives related to infrastructure and project financings **slightly above PY**

Strategic focus: Continuation of **growth strategy** with risk and profitability focus and **strengthening of market presence** in the defined target markets

Differences due to rounding
[1] PY incl. adjustments
[2] Relates only to the category "Financial assets measured at amortized cost"

Capital Markets Business: Increase in profit due to reorganization and modified risk management approach

Cons. profit bef. tax
€ mln



€ mln	12/2018[1]	Δ %	12/2019
Total operating income/expenses	569	10%	624
of which allowances for losses on loans and securities[2]	2	-38%	1
Expenses	-515	-2%	-507
Consolidated profit/loss before tax	**54**	>100	**117**
Total assets (€ bn)	**113.9**	11%	**126.0**

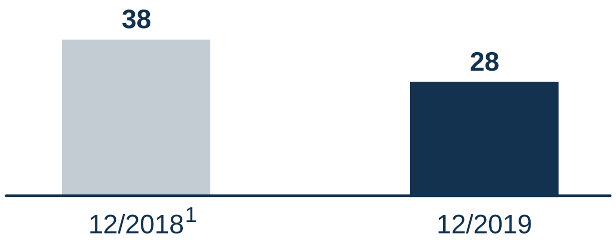
- **Cons. profit bef. tax above PY** in spite of challenging environment
- **Optimized sales approach** is helping to **strengthen the customer business**
- Positive effect due to modified risk management approach of **fixed-income securities**
- **Strong execution capacity in Green Bonds further expanded** – record green Schuldschein of more than € 1 bn for Porsche AG
- LBBW Asset Management increases assets under management (AuM) to **about € 80 bn** for the first time, thereof already approx. **€ 22 bn sustainable AuM**
- **Expenses below PY** after successful reorganization

Strategic focus — Further expansion of **digital platform solutions** and of **Green** and **Social Bond Programs**, broadening of **international customer base**

Differences due to rounding
[1] PY incl. adjustments
[2] Relates only to the category "Financial assets measured at amortized cost". In addition, a net allocation of € 0.5 mln in the current year relates to the category "Financial assets measured at fair value through other comprehensive income" and in the previous year a net release of € 0.8 mln

Private Customers/Savings Banks: Increase in earnings while investing into business model

Cons. profit bef. tax
€ mln



€ mln	12/2018[1]	Δ %	12/2019
Total operating income/expenses	558	0%	558
of which allowances for losses on loans and securities[2]	6	-	-4
Expenses	-520	2%	-531
Consolidated profit/loss before tax	**38**	-27%	**28**
Total assets (€ bn)	**33.7**	4%	**35.0**

Cons. profit bef. tax below **PY**

Persistent **high margin pressure** mainly in **deposit business** has a negative effect

Increase in earnings related to **securities and brokerage business**

Ongoing **expansion of volume** with **high net-worth clients**, thereby mainly in the products equities and investment funds

Individual cases of risk provisioning have a negative effect on profit

Expenses slightly **above PY,** driven by investments in expansion of personal service and development of digital offerings

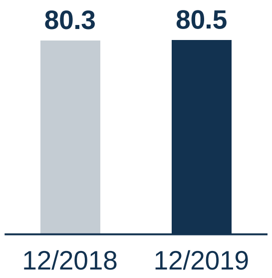
Strategic focus | **Strong personal service** locally and consistent **further development** of **digital offerings** at the same time

Differences due to rounding
[1] PY incl. adjustments
[2] Relates only to the category "Financial assets measured at amortized cost"

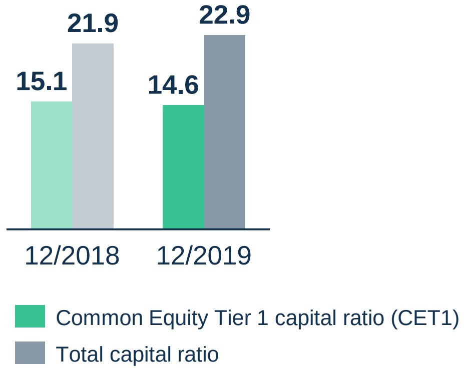
Agenda

Continued solid capitalization as good starting position for further development – Capitalization structurally optimized

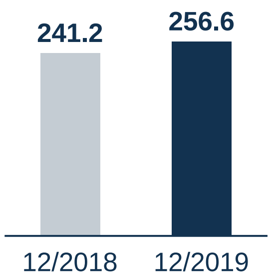
RWA
€ bn



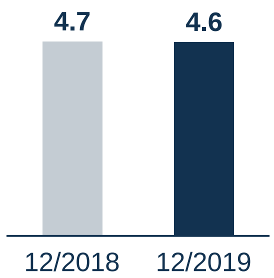
Capital ratios
%



Total assets
€ bn



Leverage ratio
%



RWA at **€ 80.5 bn**

- Increase mainly due to growth in customer business and methodological adjustments; compensating optimization measures implemented

Common equity Tier 1 capital ratio at **14.6%**

- Slight decline inter alia due to capital consumption resulting from low interest rate level
- However continued **solid capitalization**
- **Capitalization structurally optimized** due to successful AT1 issue of € 750 mln
- **Total capital ratio** at **22.9%**

Total assets at **€ 256.6 bn**

- Increase mainly due to growth in customer business

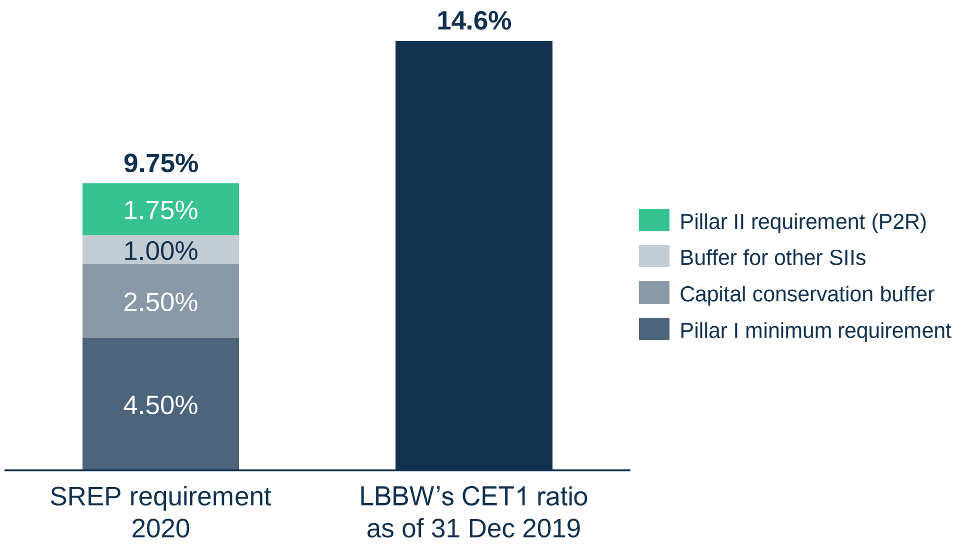
Leverage ratio at **4.6%**

- As expected slight decline due to expansion of business activities
- **Minimum requirement** of 3.0% **distinctly exceeded**

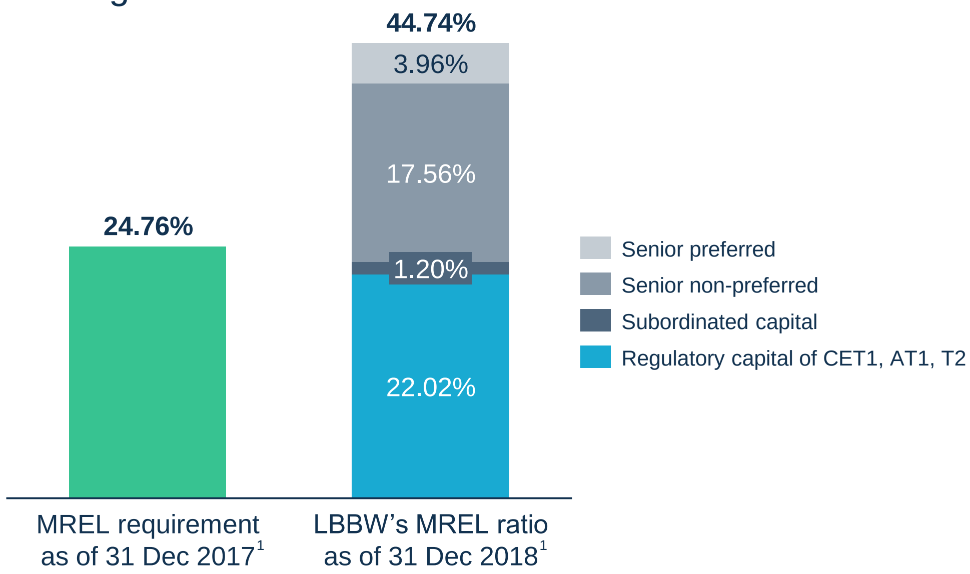
Differences due to rounding

LBBW distinctly exceeds CET1 SREP requirement and MREL requirements

CET1 SREP requirement and CET1 ratio of LBBW
%



MREL requirement and MREL ratio of LBBW
with regard to RWA



LBBW distinctly exceeds SREP requirement

- Also considering the **countercyclical capital buffer** which must be held in addition
- And the Pillar II Guidance (P2G) exceeding the mandatory requirements

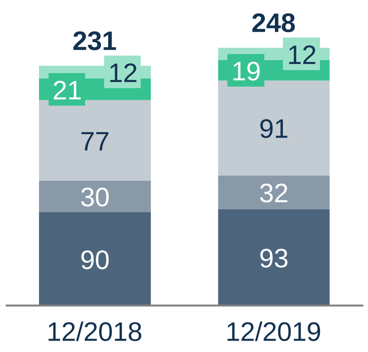
LBBW clearly exceeds MREL requirement

- Requirement in relation to the Total Liabilities and Own Funds **(”TLOF“)** at **8.66%**
- **High quality of own funds and eligible liabilities** – requirement essentially fulfilled with own funds

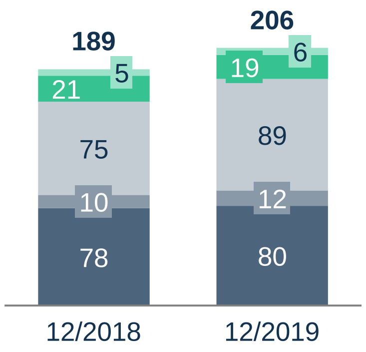
Differences due to rounding
[1] More current requirement or ratio is not yet available

Further exposure expansion

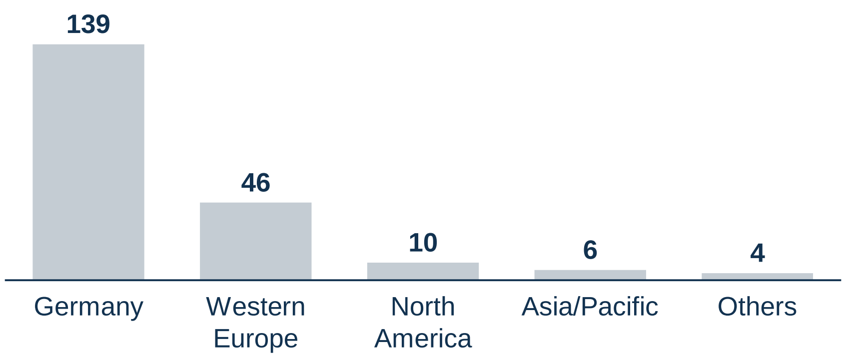
Exposure by sector
€ bn



Net exposure by sector
€ bn



Net exposure by region as of 31 Dec 2019
€ bn



Exposure with **increase** to € 248 bn

- **Corporates**: Almost all sectors with growth
- **Financial Institutions**: Increase in 2019 mainly due to growth in savings banks and private banks

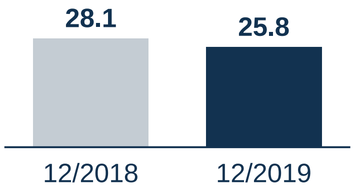
Net exposure (after deduction of loan collaterals) shows a similar trend as exposure

Distribution of **net exposure by region** largely constant compared to PY

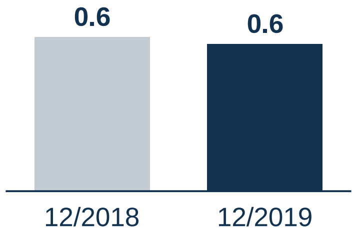
Differences due to rounding

LBBW with ongoing high quality of the credit portfolio

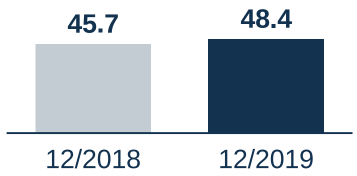
Ø PD net exposure
bps



NPL ratio[1]
%



Coverage ratio[1]
%



Ø PD net exposure reduced to **low 25.8 bp** compared to PY

- Approx. 90% of the net exposure in investment grade area

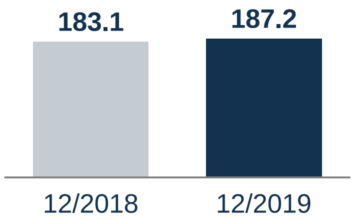
NPL ratio slightly lower at **low 0.6%**

- Lower volume of NPL in spite of higher credit volume

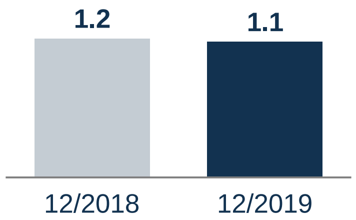
Coverage ratio increased to **48.4%**

- Total loan loss provisions (only NPL) slightly higher with lower NPLs at the same time

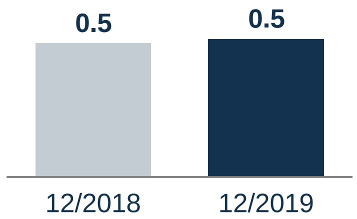
Credit volume (total loans)[1]
€ bn



Non-performing loans (NPL)[1]
€ bn



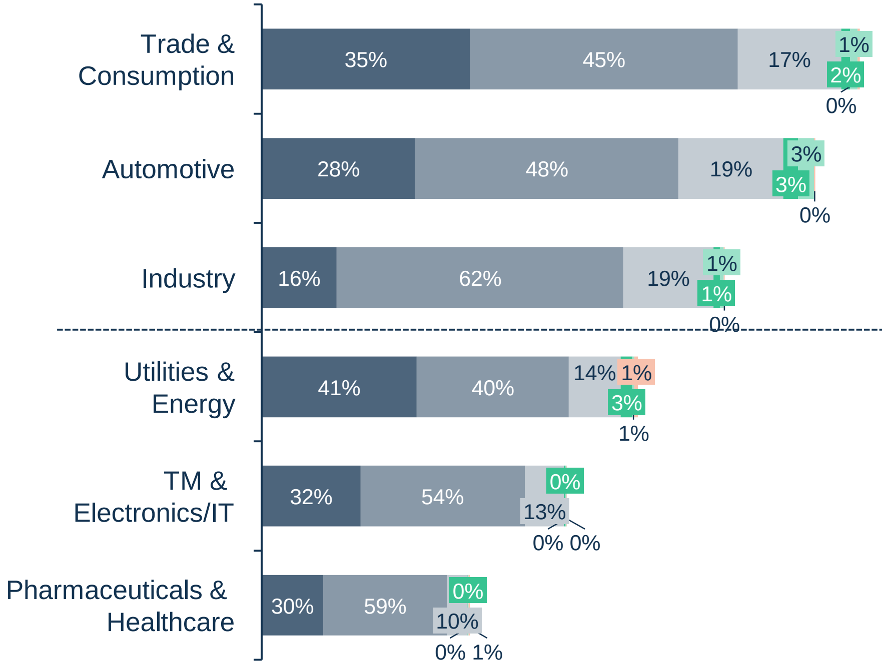
Total loan loss provisions (only NPL)[1]
€ bn



Differences due to rounding
[1] according to EBA definition

Average PD for Corporates slightly improved – Portfolio unchanged investment grade quality

Corporates: Breakdown by rating classes (selected sectors)
in % of the net exposure 12/2019



	Net exposure (€ bn)	Ø PD (net)
Trade & Consumption	13	0.45%
Automotive	12	0.59%
Industry	10	0.48%
Utilities & Energy	8	0.63%
TM & Electronics/IT	7	0.31%
Pharmaceuticals & Healthcare	5	0.32%
Other sectors	26	0.33%
Main sector corporates	80	0.45%

RC1 RC 2-5 RC 6-10 RC 11-15 RC 16-18 Other

Differences due to rounding;
[1] Original Equipment Manufacturers

Entire sector Corporates

- Ø PD (net) slightly improved (-1 bp) compared to 12/2018

Focus sectors since 12/2018 further expanded

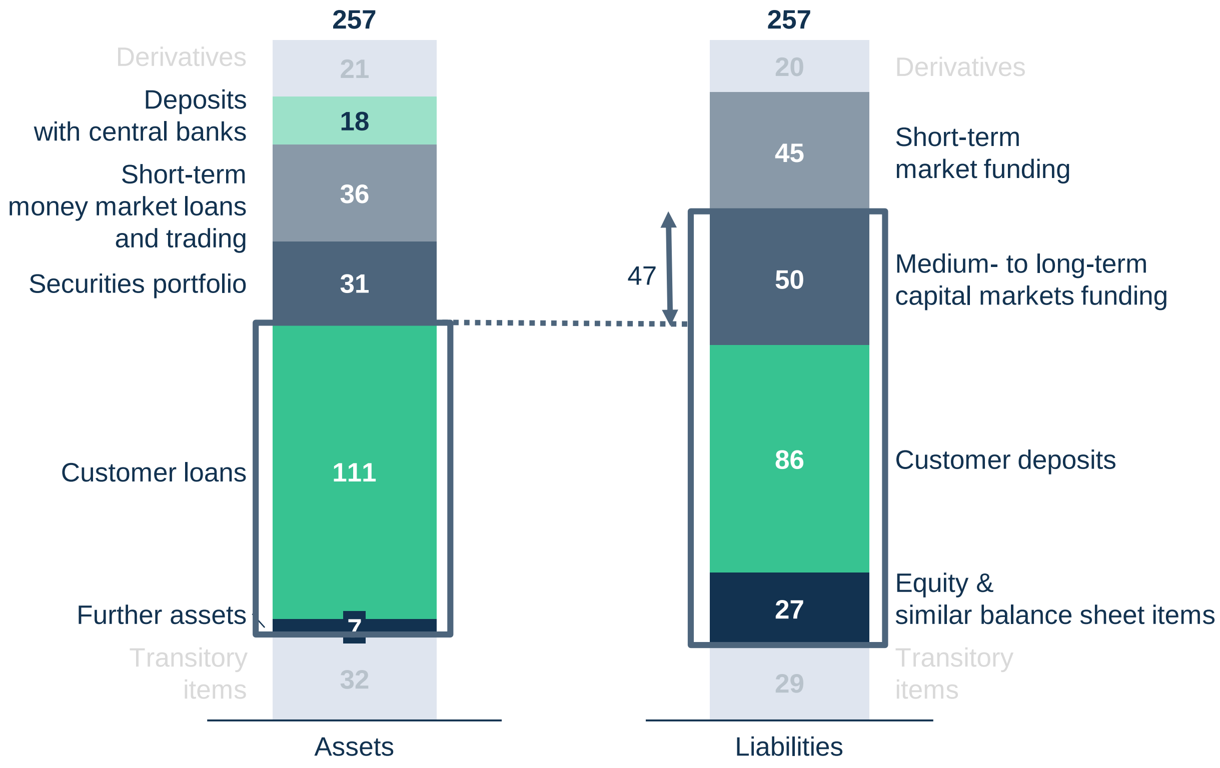
- Utilities & Energy € +0.4 bn
- TM & Electronics/IT € +0.4 bn
- Pharmaceuticals & Health Care € +0.3 bn

Sector Automotive distinctly reduced

- The net exposure comprises
  - 44% to suppliers
  - 27% to manufacturers with focus on German OEMs[1]
  - 29% to other sub sectors
- Share of investment grade at approx. 75%
- Portfolio further intensively monitored as part of sector concentrations management

Strong LBBW balance sheet with conservative funding structure

LBBW balance sheet as of 31 Dec 2019
€ bn



Stable funding sources

- 77% of LBBW's funding comes from stable funding sources[1]
- Structural surplus on the liabilities side
- Securities portfolio mainly consists of "high quality liquid assets" (HQLA)
- Short-term money market loans and trading primarily customer-focused

Structural liquidity surplus

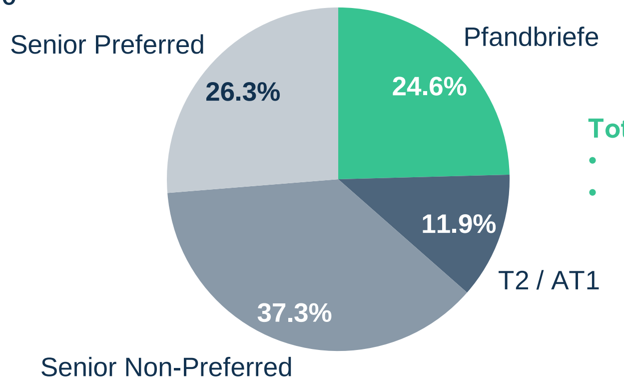
- Stable and medium- to long-term liabilities exceed medium- to long-term assets by € 47 bn

Differences due to rounding
[1] Equity, customer deposits and medium-/long-term capital markets funding / Liabilities without derivatives and transitory items

Capital markets funding 2019 on a broad product base – High and diversified liquidity reserve of LBBW

Capital markets funding[1] by products 2019

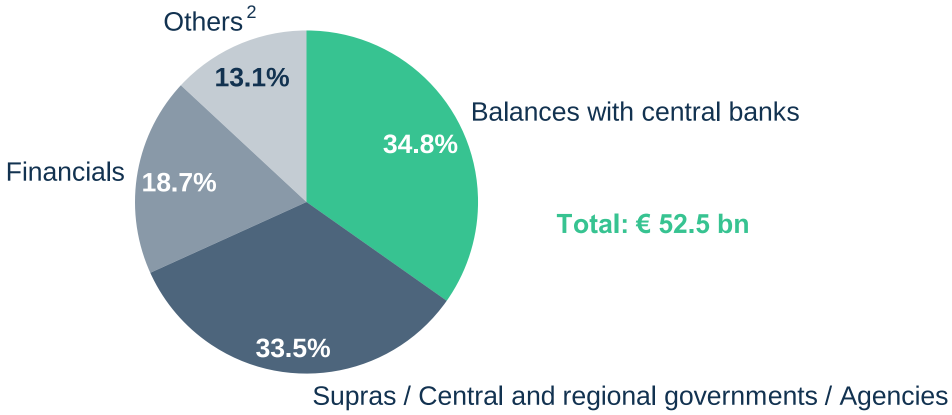
%



Total: € 11.8 bn
- 37% Benchmarks
- 63% Private placements

Structure of the liquidity reserve

%



Total: € 52.5 bn

Pfandbriefe
- Due to regulatory requirements mainly in benchmark format (usable as HQLA at other banks)

Senior Preferred
- Private placements for retail (structured notes) and institutionals

Senior Non-Preferred
- 60% private placements in Germany and 40% benchmark issues for international investors

T2 / AT1
- Mainly placed internationally – in addition, use of favorable funding conditions in foreign currency

LCR at 123.6%; NSFR > 100%[3]
- Thus comfortably above regulatory requirement
- Liquidity reserve primarily HQLA category 1 and very balanced due to high liquidity and good diversification

Differences due to rounding
[1] Funding raised on the capital markets and renewals; ECB's exchange rates as at reporting date 31 Dec 2019 are underlying; initial maturities > 1 year are mentioned
[2] Includes mainly level 2a sovereigns, corporate bonds and stocks
[3] Both according to current Short-Term Exercise (STE) and according to future CRR II criteria

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

LBBW

Moody's Investors Service

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

Fitch Ratings

Long-term Issuer Default Rating	A-, stable
Long-term Senior Preferred Debt Rating	A-[1]
Long-term Senior Non-Preferred Debt Rating	A-
Non-guaranteed Tier 2 Subordinated Debt Rating	BBB[2]
Short-term Issuer Default Rating	F1
Public-sector covered bonds	-
Mortgage-backed covered bonds	-

ISS ESG

Overall rating C+ – all standards fulfilled – ranking "Prime"

- Internationally rank 4 of 209
- Germany rank 2

SUSTAINALYTICS

83 of 100 points

- Internationally rank 12 of 338
- Germany rank 2

imug

Overall rating "positive" (BB)

- In Europe rank 7 of 159
- Rank 1 of 27 in the Landesbanks and saving banks sector

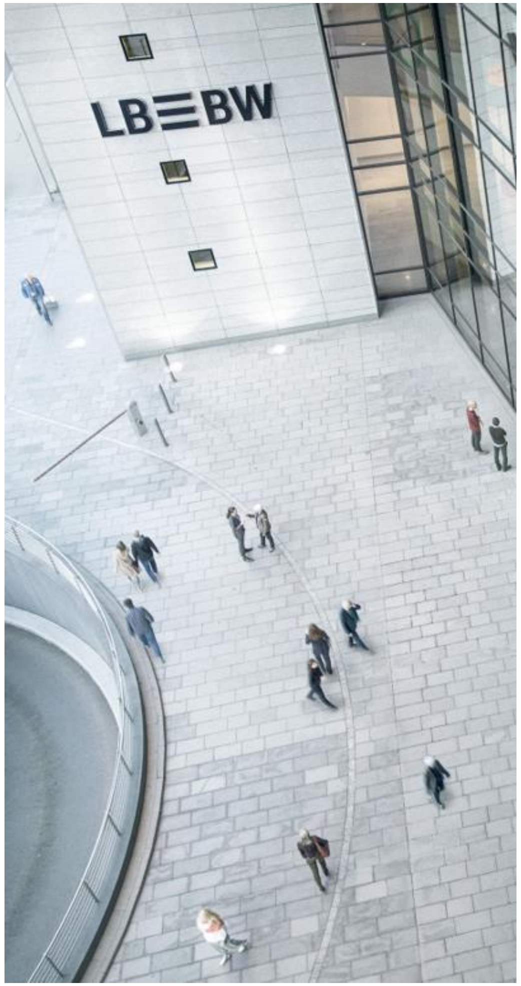
MSCI ESG RATINGS

Assessment "AA"

Ratings as of: 4 Mar 2020
[1] Under Criteria Observation (possible upgrade); [2] Under Criteria Observation (possible downgrade)

Agenda

Outlook[1] LBBW 2020 – Strong starting position and strategic levers as setting for a successful future development



Positive development confirms **the customer-oriented business model** and the **strategic development** of **LBBW** as **universal bank with the Mittelstand-Mindset**

Unchanged challenging environment: Prolonged low interest rate level, intense competition, geopolitical tensions and economic risks

Unchanged good starting position for further development: Solid capitalization, good portfolio quality, comfortable funding and liquidity situation

Future development of the strategic levers as setting for the successful future development of LBBW

Focus on **profitable and capital-efficient growth in customer business** as well as **further increases in efficiency**

Maintaining the **conservative risk policy** and promoting the **portfolio diversification** to strengthen the **solid risk situation**

LBBW expects for the **business year 2020** a **consolidated profit before tax** in **mid three-digit million range**

[1] Based on management calculations and expectations

Strategic targets of LBBW are long-term profitability and solid capitalization

		Long-term target
Long-term profitability	Return on equity (before tax)	~6%
Sustained good rating	External rating	A range
Solid capitalization	CET1 capital ratio	~13%
	Total capital ratio	~18%
	Leverage ratio	>4%
	MREL ratio	under observation
Solid liquidity position	Liquidity coverage ratio	>110%
	Net stable funding ratio	≥ 105%
Improving the efficiency	Cost/income Ratio	<60%

Agenda

LBBW Group: Profit and KPI improved – all customer segments with positive earnings contribution

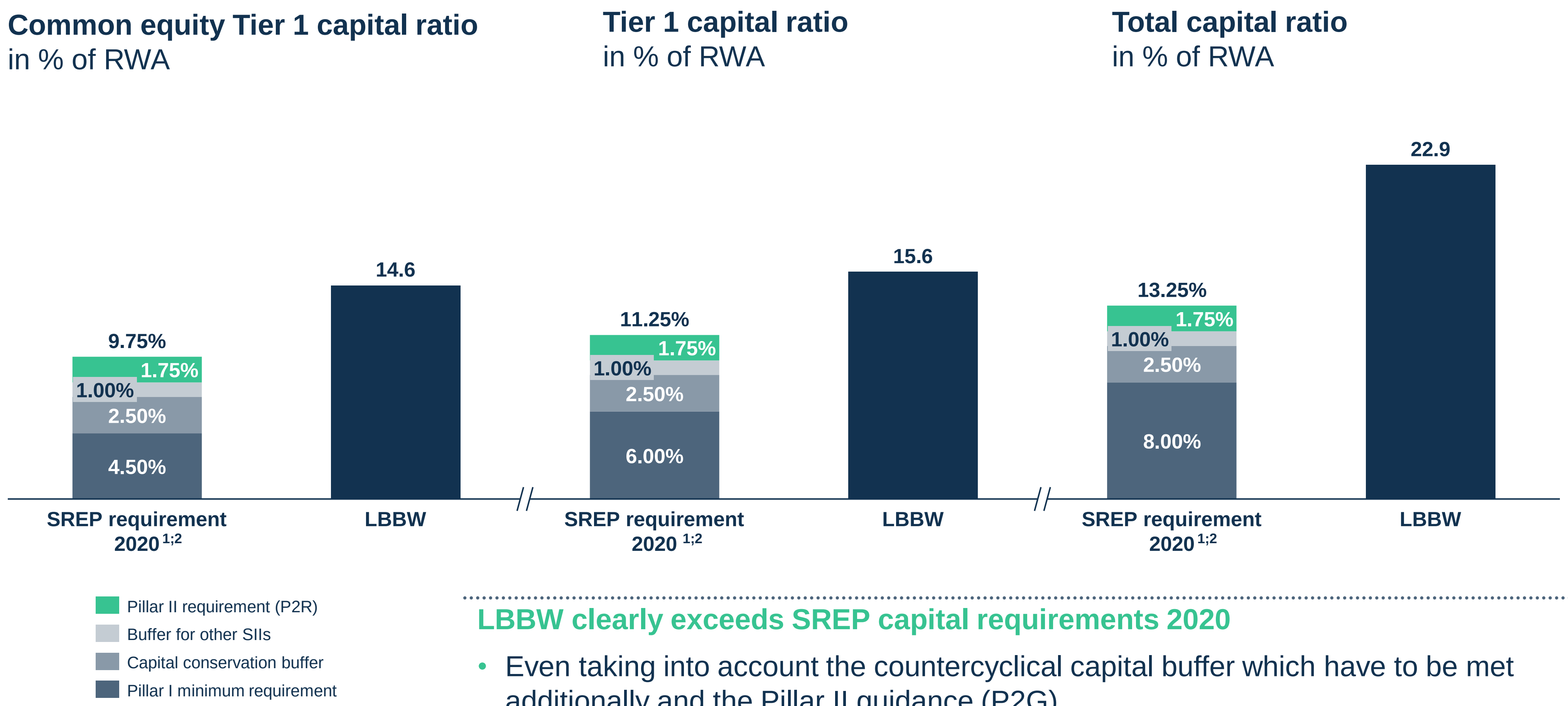
Group				Corporate Customers			Real Estate/ Project Finance			Capital Markets Business			Private Customers/ Savings Banks			Corporate Items/ Reconciliation/Consolidatio		
12/2018[1]	**Δ %**	**12/2019**	€ mln	**12/2018[1]**	**Δ %**	**12/2019**	**12/2018[1]**	**Δ %**	**12/2019**	**12/2018[1]**	**Δ %**	**12/2019**	**12/2018[1]**	**Δ %**	**12/2019**	**12/2018[1]**	**Δ %**	**12/2019**
1,558	7.5	1,676	Net interest income	789	2.2	806	278	35.7	376	158	30.5	207	316	-3.1	306	18	-	-19
513	8.7	558	Net fee and commission income	169	4.9	177	15	30.6	20	117	11.1	130	230	6.1	244	-18	-27.4	-13
213	-20.3	169	Net gains/losses on remeasurement and disposal	-37	51.5	-56	-3	-	26	290	-3.8	279	14	-99.8	0	-51	54.7	-80
-142	6.2	-151	of which allowances for losses on loans and securities[2]	-88	45.6	-128	-6	-	21	2	-38.5	1	6	-	-4	-56	-25.3	-42
140	5.9	148	Other operating income/expenses	20	-33.4	13	101	-2.8	98	3	>100	8	-1	-	9	17	19.0	20
2,424	**5.2**	**2,551**	**Total operating income/expenses**	**941**	**0.0**	**941**	**391**	**33.1**	**520**	**569**	**9.7**	**624**	**558**	**0.0**	**558**	**-34**	**>100**	**-92**
-1,875	3.4	-1,939	Expenses	-642	-0.7	-638	-162	4.3	-169	-515	-1.6	-507	-520	2.0	-531	-35	>100	-94
549	**11.4**	**612**	**Consolidated profit/loss before tax**	**298**	**1.4**	**303**	**228**	**53.5**	**351**	**54**	**>100**	**117**	**38**	**-26.7**	**28**	**-69**	**>100**	**-186**
12/2018[1]	**Δ p.p.**	**12/2019**	%	**12/2018[1]**	**Δ p.p.**	**12/2019**	**12/2018[1]**	**Δ p.p.**	**12/2019**	**12/2018[1]**	**Δ p.p.**	**12/2019**	**12/2018[1]**	**Δ p.p.**	**12/2019**	**12/2018[1]**	**Δ p.p.**	**12/2019**
4.3	0.4	4.6	RoE	6.6	-0.4	6.2	15.9	5.0	20.9	2.0	2.7	4.7	3.3	-0.7	2.6	<0	-	<0
73.1	-1.3	71.8	CIR	62.4	-2.7	59.7	40.8	-6.9	33.9	91.0	-9.7	81.4	94.2	0.2	94.4	>100	-	<0
12/2018[1]	**Δ %**	**12/2019**	€ bn	**12/2018[1]**	**Δ %**	**12/2019**	**12/2018[1]**	**Δ %**	**12/2019**	**12/2018[1]**	**Δ %**	**12/2019**	**12/2018[1]**	**Δ %**	**12/2019**	**12/2018[1]**	**Δ %**	**12/2019**
80.3	0.2	80.5	RWA	36.1	1.7	36.7	13.1	-3.2	12.6	16.7	0.5	16.8	8.3	2.2	8.5	6.2	-5.2	5.8
241.2	6.4	256.6	Total assets	60.1	3.9	62.5	28.0	2.3	28.6	113.9	10.7	126.0	33.7	4.0	35.0	5.5	-18.9	4.5

Differences due to rounding

[1] PY incl. adjustments

[2] Relates only to the category "Financial assets measured at amortized cost". In addition, a net allocation of € 0.5 mln in the current year relates to the category "Financial assets measured at fair value through other comprehensive income" and in the previous year a net release of € 0.8 mln

SREP requirements 2020 for LBBW clearly exceeded



LBBW clearly exceeds SREP capital requirements 2020

- Even taking into account the countercyclical capital buffer which have to be met additionally and the Pillar II guidance (P2G)

Differences due to rounding

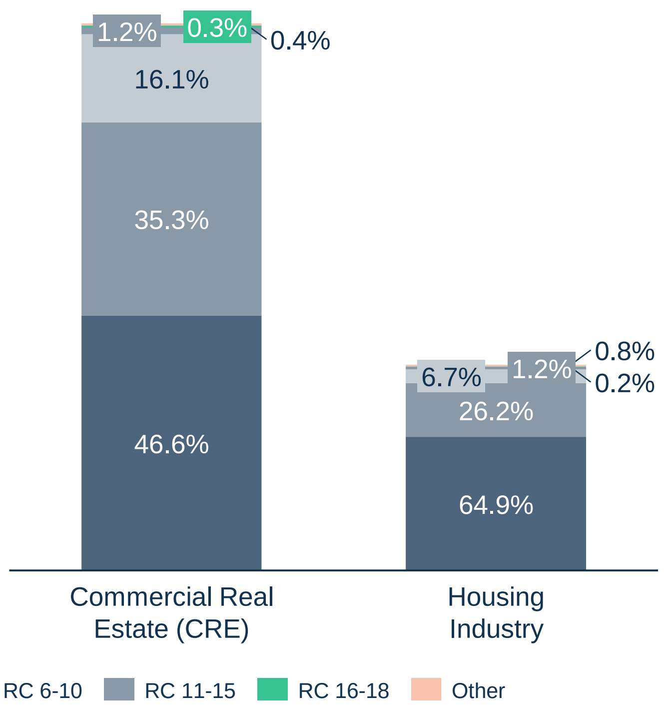
[1] In addition, a countercyclical buffer must be held which has to be covered by common equity Tier 1 capital. After the implementation of this buffer amounting to 0.25% as of 1 July 2020 for claims in Germany the bank-specific requirement for LBBW is expected to total approx. 0.23%

[2] For the sustainable capital management in the following years, the ECB supervision furthermore expects the availability of further common equity Tier 1 capital according to a Pillar II guidance (P2G)

Unchanged good portfolio quality in Real Estate portfolio

Real Estate: Breakdown by rating classes
in % of the net exposure 12/2019

	Commercial Real Estate (CRE)	Housing Industry	Total
Net exposure (€ bn)	9	3	12
Ø PD (net)	0.42%	0.29%	0.38%



Differences due to rounding

Entire sector Real Estate

- Ø PD (net) increased by +9 bp compared to 12/2018
  - still predominant share of exposures in investment grade
- Regional focus is on Germany, abroad on selected cities in Great Britain and in the USA
- Types of use: Office, residential, trade, logistics
  - In Germany type of use residential is dominant
  - In foreign markets mainly office buildings are financed

Further real estate financings

- Further real estate financings are inter alia included in the main sector Private Individuals (approx. 48% of the net exposure amounting to € 5.7 bn are allotted to home loans)

Glossary

Segments of LBBW Group	CC = Corporate Customers; RE/PF = Real Estate/Project Finance; CMB = Capital Markets Business; PC/S = Private Customers/Savings Banks; CI/Recon./Cons. = Corporate Items/Reconciliation/Consolidation
Expenses	Administrative expenses + Expenses for bank levy and deposit guarantee system + Net income/expenses from restructuring
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 / maximum planned average restricted equity and average tied-up equity in the current reporting period
CIR	Cost Income Ratio (Expenses) / (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.)
Net exposure	Exposure less loan collaterals
Ø PD	Average Probability of Default
NPL ratio	NPL ratio according to the EBA definition; share of non-performing loans and advances in relation to the gross carrying amount of loans and advances
Coverage Ratio	Coverage ratio according to the EBA definition; share of accumulated impairment and accumulated negative changes in fair value due to credit risk for non-performing loans and advances in relation to the non-performing loans and advances
Rating classes	Investment grade: RC 1: PD 0.00% ≤ 0.10%; RC 2-5: PD > 0.10% ≤ 0.48% Non-investment grade: RC 6-8: PD > 0.48% ≤ 1.61%; RC 9-10: PD > 1.61% ≤ 3.63 %; RC 11-15: PD > 3.63% < 100% Default: RC 16-18: PD = 100% Default refers to exposure for which a default event as defined in Art. 148 CRR has occured The net exposure is shown before allowances for losses on loans and advances/impairments Rating waived, not rated: Other Especially publicly guaranteed business or business secured by savings banks as well as credit cards
CET1	Core Equity Tier 1
AT1	Additional Tier 1
T2	Tier 2
RWA	Risk weighted assets
Capital ratios	Fully Loaded, that is after full implementation of CRR (basis IFRS)
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 / To ensure a sustainable capital management in the subsequent years the ECB Supervision expects the maintenance of further Common Equity Tier 1 in line with a Pillar II Guidance
Countercyclical capital buffer	Additionally a countercyclical capital buffer has to be maintained, which is to be covered by Common Equity Tier 1. The introduction of a buffer requirement in Germany amounting to 0.25% on 07/01/2020 will presumably cause an institution-specific buffer for LBBW of approximately 0.23 %
SREP ratio	Capital ratio requirement (phase-in) set by ECB based on the Supervisory Review and Evaluation Process (SREP): This ratio includes the Pillar I capital 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 and the Pillar II Guidance (P2G) of the ECB
MREL	Minimum Requirement for own funds and Eligible Liabilities
LCR	Liquidity Coverage Ratio HQLA: High Quality Liquid Assets
NSFR	Net Stable Funding Ratio STE: Short Term Exercise; CRR II: Capital Requirements Regulation II

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