

Template for bank specific publication of the stress test outputs

Name of bank: LBBW

Actual results

At December 31, 2009	mIn EUR
Total Tier 1 capital	13.914
Total regulatory capital	19.670
Total risk weighted assets	142.525
Pre-impairment income (including operating expenses)	783
Impairment losses on financial assets in the banking book	-770
1 yr Loss rate on Corporate exposures (%) ¹	0,8%
1 yr Loss rate on Retail exposures (%) ¹	0,1%
Tier 1 ratio (%)	9,8 %

Outcomes of stress test scenarios

The stress test was carried out under a number of key common simplifying assumptions (e.g. constant balance sheet, uniform treatment of securitisation exposures). Therefore, the information relative to the benchmark scenarios is provided only for comparison purposes and should in no way be construed as a forecast.

Benchmark scenario at December 31, 2011²	mIn EUR
Total Tier 1 capital after the benchmark scenario	14.283
Total regulatory capital after the benchmark scenario	20.399
Total risk weighted assets after the benchmark scenario	146.165
Tier 1 ratio (%) after the benchmark scenario	9,8 %

Adverse scenario at December 31, 2011²	mIn EUR
Total Tier 1 capital after the adverse scenario	13.912
Total regulatory capital after the adverse scenario	20.018
Total risk weighted assets after the adverse scenario	164.988
2 yr cumulative pre-impairment income after the adverse scenario (including operating expenses) ²	796
2 yr cumulative impairment losses on financial assets in the banking book after the adverse scenario ²	-1.119
2 yr cumulative losses on the trading book after the adverse scenario ²	-460
2 yr Loss rate on Corporate exposures (%) after the adverse scenario ^{1, 2}	0,9%
2 yr Loss rate on Retail exposures (%) after the adverse scenario ^{1, 2}	1,0%
Tier 1 ratio (%) after the adverse scenario	8,4 %

Additional sovereign shock on the adverse scenario at December 31, 2011	mIn EUR
Additional impairment losses on the banking book after the sovereign shock ²	-186
Additional losses on sovereign exposures in the trading book after the sovereign shock ²	-579
2 yr Loss rate on Corporate exposures (%) after the adverse scenario and sovereign shock ^{1, 2, 3}	0,9%
2 yr Loss rate on Retail exposures (%) after the adverse scenario and sovereign shock ^{1, 2, 3}	1,0%
Tier 1 ratio (%) after the adverse scenario and sovereign shock	8,1 %
Additional capital needed to reach a 6 % Tier 1 ratio under the adverse scenario + additional sovereign shock, at the end of 2011	-

¹ Impairment losses as a % of corporate/retail exposures in AFS, HTM, and loans and receivables portfolios

² Cumulative for 2010 and 2011

³ On the basis of losses estimated under both the adverse scenario and the additional sovereign shock

Approach to the stress test

- Landesbank Baden-Württemberg (LBBW) was subject to the 2010 EU-wide stress testing exercise coordinated by the Committee of European Banking Supervisors (CEBS), in cooperation with the European Central Bank, and Deutsche Bundesbank and Bundesanstalt für Finanzdienstleistungsaufsicht (BaFin).
- LBBW takes note of the outcomes of the EU-wide stress tests.
- This stress test complements the risk management procedures and regular stress testing programmes set up in LBBW under the Pillar 2 framework of the Basel II and CRD¹ requirements as well as the German Minimum Requirements on Risk Management (MaRisk).
- Given that the stress test was carried out under a number of key common simplifying assumptions (e.g. constant balance sheet) the information on benchmark scenarios is provided only for comparison purposes and should in no way be construed as a forecast.
- In the interpretation of the outcome of the exercise, it is imperative to differentiate between the results obtained under the different scenarios developed for the purposes of the EU-wide exercise. The results of the adverse scenario should not be considered as representative of the current situation or possible present capital needs. A stress testing exercise does not provide forecasts of expected outcomes since the adverse scenarios are designed as "what-if" scenarios including plausible but extreme assumptions, which are therefore not very likely to materialise. Different stresses may produce different outcomes depending on the circumstances of each institution.
- **Background**

The objective of the 2010 EU-wide stress test exercise conducted under the mandate from the EU Council of Ministers of Finance (ECOFIN) and coordinated by CEBS in cooperation with the ECB, national supervisory authorities and the EU Commission, is to assess the overall resilience of the EU banking sector and the banks' ability to absorb further possible shocks on credit and market risks, including sovereign risks.

The exercise has been conducted on a bank-by-bank basis for a sample of 91 EU banks from 20 EU Member States, covering at least 50% of the banking sector, in terms of total consolidated assets, in each of the 27 EU Member States, using commonly agreed macro-economic scenarios (benchmark and adverse) for 2010 and 2011, developed in close cooperation with the ECB and the European Commission.

More information on the scenarios, methodology, aggregate and detailed individual results is available from CEBS². Information can also be obtained from the website of Deutsche Bundesbank or Bundesanstalt für Finanzdienstleistungsaufsicht (BaFin).

¹ Directive EC/2006/48 - Capital Requirements Directive (CRD)

² See: <http://www.c-ebs.org/EU-wide-stress-testing.aspx>

Exposures to central and local governments

Banking group's exposure on a consolidated basis

Amount in million reporting currency

Name of bank	LBBW
Reporting date	31 March 2010

	Gross exposures	of which Banking book	of which Trading book	Net exposures
Austria	1.347	1.151	196	1.201
Belgium	782	760	22	768
Bulgaria	57	18	39	21
Cyprus	65	65	0	65
Czech Republic	210	194	16	210
Denmark	393	353	40	391
Estonia	0	0	0	0
Finland	420	313	107	419
France	2.454	2.302	152	2.365
Germany	64.029	55.745	8.284	58.266
Greece	1.444	1.357	87	1.389
Hungary	509	382	127	509
Iceland	64	64	0	64
Ireland	602	577	25	408
Italy	4.032	3.571	461	3.903
Latvia	147	142	5	147
Liechtenstein	0	0	0	0
Lithuania	110	105	5	110
Luxembourg	200	200	0	200
Malta	2	2	0	2
Netherlands	451	325	126	421
Norway	616	615	1	616
Poland	676	599	77	669
Portugal	2.243	2.086	157	2.169
Romania	47	5	42	47
Slovakia	245	242	3	245
Slovenia	19	19	0	19
Spain	4.212	4.095	117	3.778
Sweden	367	320	47	365
United Kingdom	214	24	190	192