



17/08/2021

LBBW Group

Results as of 30 June 2021

LBBW
Bereit für Neues

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LBBW continues its successful course – Strategic development and significant increase in profit



Proven strategic orientation as **best mittelstand-minded universal bank** plays to its strengths even in a challenging environment – LBBW with **significant increase in profit to € 428 mln – profitability and cost efficiency improved**



Customer focus makes a **strong operating development** in the segments possible – At the same time, **focus on balance between growth, costs and risk** pays off



Digitalization initiatives used for **active development** of processes and products – **Sustainability activities further driven forward** with own CO2 neutrality and by assisting clients in their transformation – **Agility further implemented in everyday life** with focus on management culture and new work



Capital and liquidity situation continues to be comfortable and significantly above the requirements with **CET1 ratio of 14.9%** and **LCR of 131.6%** – **Still good quality of the credit portfolio** with **NPL ratio of 0.7%**



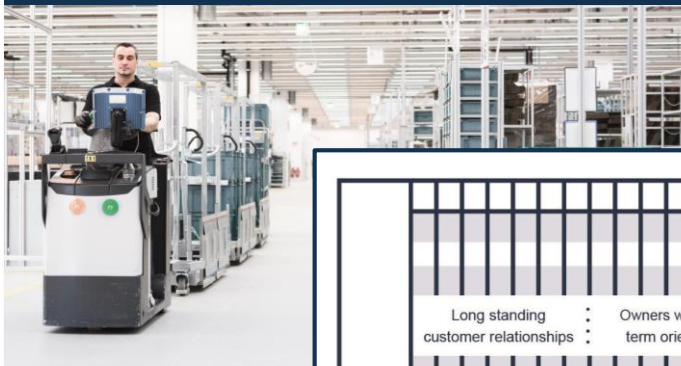
Future **development of Business focus** by taking advantage of **selective growth opportunities**, consistent **focus on profitability**, stricter **focus on costs** and a sharpened **risk policy** – LBBW also seeks to reach a **consistent development** of the strategic cornerstones **Digitalization and Sustainability**

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With its strategic orientation as best mittelstand-minded universal bank, LBBW operates successfully on the market

Corporate Customers

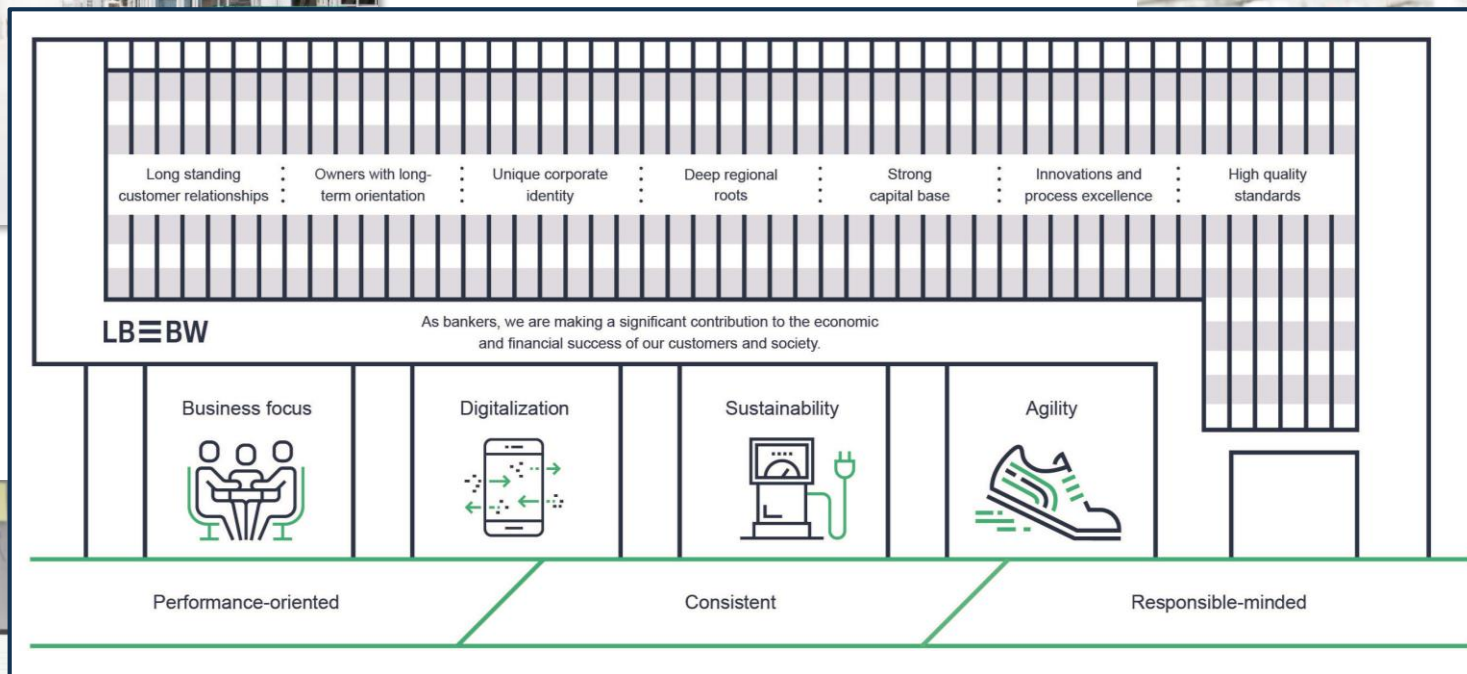


Real Estate/Project Finance



LBBW

the best mittelstand-minded universal bank



Capital Markets Business

Customer-oriented and well diversified business model proves its worth

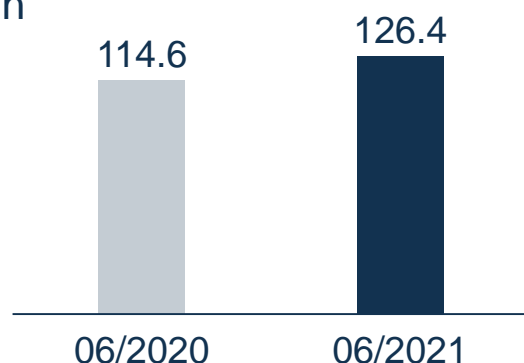


Private Customers/Savings Banks

Diversified positioning leads to good performance and fair balance between growth, costs and risk

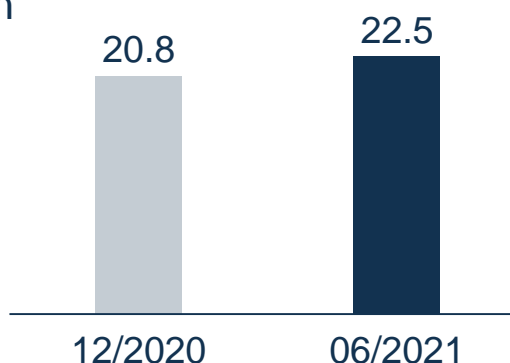
+10% Expansion of Corporate Finance business

Income
€ mln



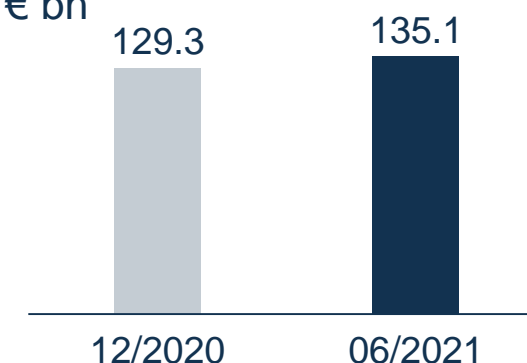
+8% Expansion of growth sectors¹

Net exposure
€ bn



+4% Increase in total assets in Asset and Wealth Management

Total assets
€ bn



Costs

- **CIR improved** to 67.2% (strategic target: < 60%)
- Agreement concluded for **cutback of 700 jobs**
- Increase in efficiency due to **use of digital solutions**
- **Building measures** initiated to reduce costs

Risk

- **Portfolio diversification** due to cutback of automotive exposure and **expansion of growth sectors¹**
- More flexibility of **RWA management** reached due to synthetic securitizations
- Still very low **NPL** ratio with 0.7%

¹ Pharmaceutical and Healthcare / TM and Electronics/IT / Utilities and Energy

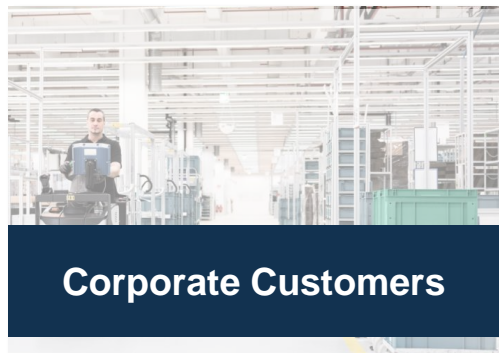
Business focus

Success of the segments reflects customer focus



LBBW

the best mittelstand-minded universal bank



Corporate Customers

- 1st place Finance study: **LBBW is the best bank for sustainable finance**
- LBBW awarded with the **"Industry Choice Award"** as **worldwide top export financier**
- Defending the title as **"Quality Leader Award"** as part of "Greenwich Large Corporate Banking 2020"



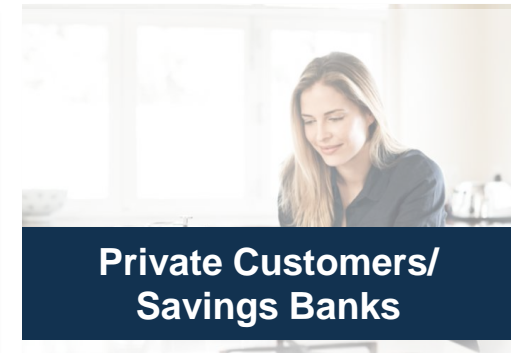
Real Estate/ Project Finance

- Real Estate: **Strong new business with € 4.3 bn**
- Project Finance: continued focus on **renewable energies, digital infrastructure**
- Share of **sustainable project financings** in the new business increased to **69%**



Capital Markets Business

- Growth **Asset and Wealth Management**
- LBBW with **€ 6.7 bn largest ESG issuer** among European commercial banks
- **Joint lead manager of EU's SURE program Social Bonds**
- Takeover of **interest rate, currency & commodity management** with corporate customers of savings banks from HCOB



Private Customers/ Savings Banks

- Transition of customers to the **online advice** due to branch closures
- **Foundation Award** in Fuchs-Report received

We use **Digitalization** for the development of our products and the optimization of internal and customer processes



H1 2021

- Cooperation to develop a **digital solution for currency hedging** for corporate customers
- First completely **digital trade finance transaction** in the banking market
- Development of digital ecosystem for corporate customers, e.g. scaling of **digital guarantees**
- Development of a **digital advisory center** for private customers
- Digitalization **KYC process**

treasurUp



Cora-X

Outlook

- Further **digital product offers** are added in our **digital customer platforms**
- Further **automation steps** in core processes due to intelligent use of digital enablers
- Development of the **technical infrastructure** to permanently enable work independent of location e.g. due to a one device strategy

Own CO2 neutrality in 2021 already achieved – future focus on **Sustainability** on transformation of credit portfolio



H1 2021

- **Top ESG bond issuer** among European commercial banks with € 6.7 bn
- Joint lead manager of EU's **SURE** program
- Lead manager **first sustainability-linked bond** of a financial institution **worldwide**
- First issuance of a **social bond for retail customers**
- Lead manager of the **first green bond of the State of Baden-Württemberg**
- **More than € 500 mln new ESG business** with corporates
- **Best sustainability advisory** of German banks for corporate customers according to a study by Finance
- **Balance funds** completely converted to **sustainability**
- **Guideline on coal adopted / coal requirement significant above benchmark**
- **Still top sustainability ratings**
- Development of **transparency about financed CO2 emissions** of credit portfolio

Outlook

- Definition of **sector targets in line with Paris agreement** for our portfolio and **implementation of the steering logic**
- Improvement of the **transparency/ data granularity** related to **sustainability risks** and **financed CO2 emissions**

Sustainability ratings show convincing results

Periodically the sustainable commitment of LBBW in all business areas is analysed by independent rating agencies. Convincing results show: We are on the right track.

ISS ESG



ISS ESG has assessed LBBW on a scale from A+ to D- with an **overall rating of C+**.

With these results LBBW is among the **industry leaders** and reaches the highest transparency level from ISS ESG: „**Transparency Level: very high (80-100%)**“.

(as of: 11/2020)

Sustainalytics



In the sustainability rating update 2020 from Sustainalytics LBBW receives **82 of 100 points**.

(as of: 07/2020)

In ESG risk rating LBBW receives an assessment of **19.1 (low risk)** on a scale from 0 (insubstantial risk) to 40+ (serious risk).

(as of: 08/2021)

imug



From imug|Rating LBBW receives the overall rating “**positive**“ (**BB**).

In addition, LBBW was assessed as **issuer of Public-Sector Covered Bonds** “**very positive**“ (**A**) and as **issuer of Mortgage-backed Covered Bonds** “**positive**“ (**BBB**).

(as of: 03/2020)

MSCI



In the rating update 2021 LBBW receives a rating of **AA** on a scale from AAA to CCC.

(as of: 03/2021)

Development of the cornerstone **Agility** with focus on management culture and change to New Work



H1 2021

- **Employee training** in agile working methods and collaboration tools
- **Agile deal teams:** customer focused approach in market and back office
- **Manager training** in agile cooperation
- Use of modern **collaboration tools** to facilitate collaboration over distance
- Implementation of **agile customer projects** & agile realization of internal plans

Outlook

- Optimal use of our employee resources in a **hybrid world of work**
- Focus on **networked knowledge**
- **In the medium term** transformation of our head office into **more open office concepts**

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LBBW Group: Significant increase in profit due to strong operating performance and good portfolio quality

Profit substantially increased to € 428 mln

despite a continued challenging market environment

Significant increase in income

due to strong operating performance in customer business and TLTRO III bonus payments

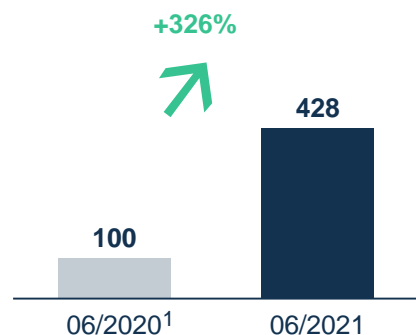
Expenses with slight increase

partly due to substantially higher expenses for bank levy/deposit guarantee system

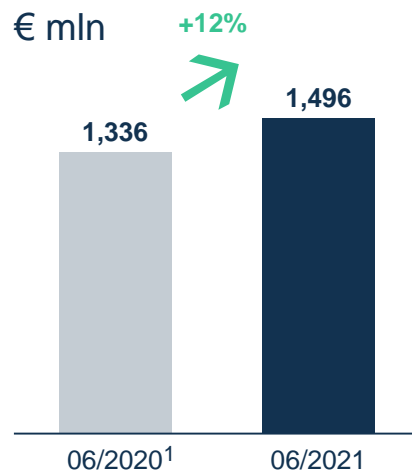
CIR substantially improved to 67.2%

due to strong operating performance – significant increase in income offsets slightly higher expenses

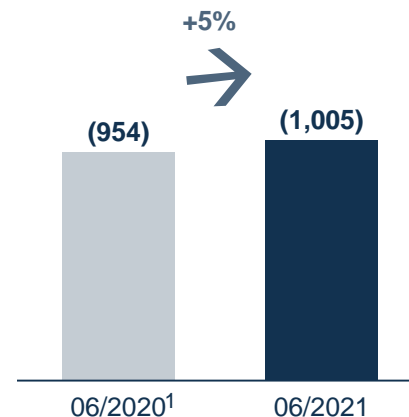
Profit before tax
€ mln



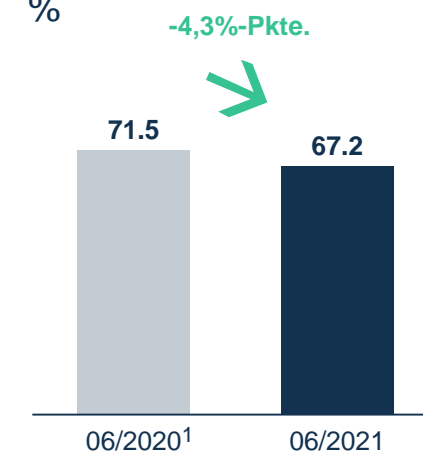
Income
€ mln



Expenses
€ mln



Cost/income ratio (CIR)
%



Differences due to rounding
¹ PY incl. adjustments

LBBW Group: Cost efficiency and profitability markedly improved with ongoing comfortable capitalization

CET1 ratio increased to 14.9%

due to slight increase in the capital base with almost unchanged RWA – capitalization thus remains comfortable and clearly above the requirements

Low level of risk provisioning requirements

due to good portfolio quality, essentially as adjustments

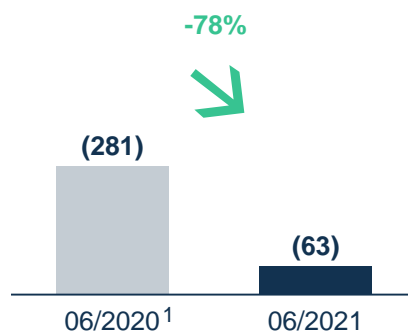
RoE with 6.3% substantially above PY

corresponding to the substantial increase in profit

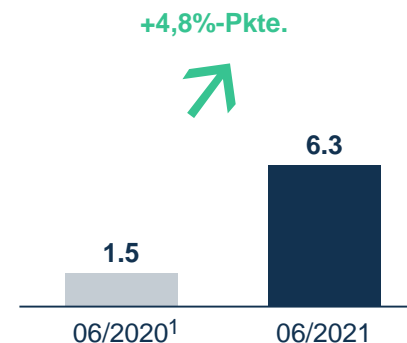
CET1 ratio
Fully loaded, %



Risk provisioning
€ mln

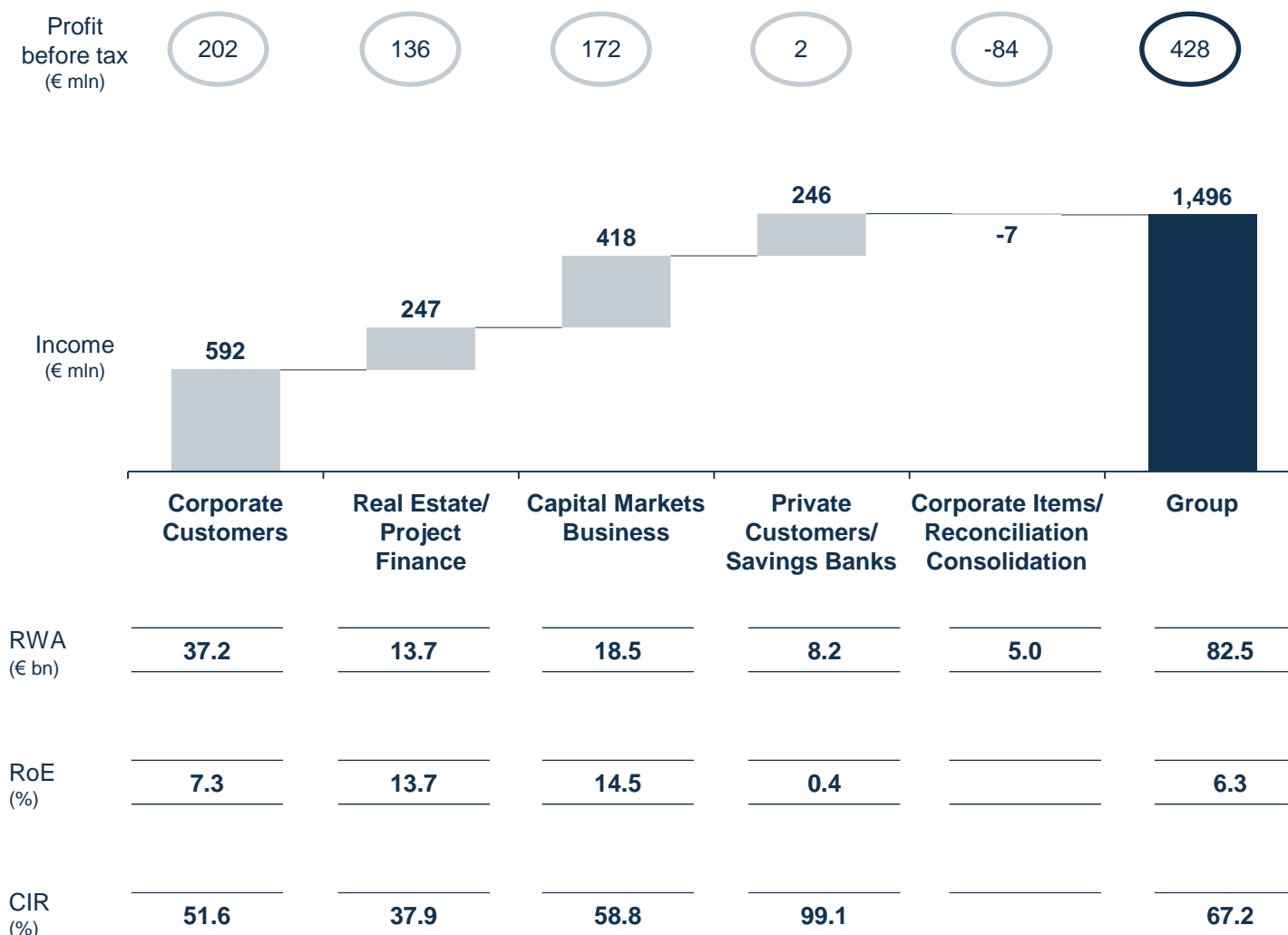


Return on Equity (RoE)
%



Differences due to rounding
¹ PY incl. adjustments

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



Corporate Customers

Strong operating development and good portfolio quality

Real Estate/Project Finance

Increase in income at stable costs despite growth course

Capital Markets Business

Strong customer business and successful cost reduction

Private Customers/Savings Banks

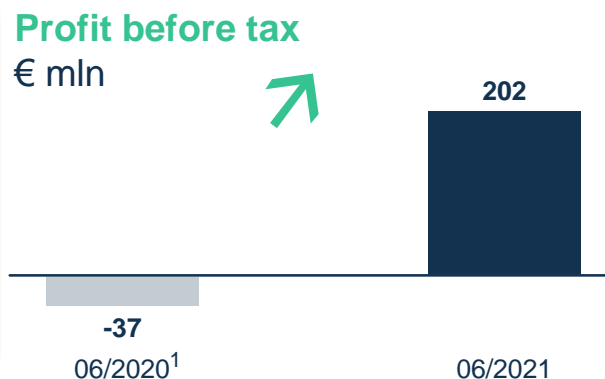
Difficult market environment and current court rulings have a particularly negative impact

Corporate Items

Release of risk provisioning has a positive effect

Differences due to rounding

Corporate Customers: Strong operating development and good portfolio quality – Profit significantly increased



Profit before tax due to good **operating development** and substantially lower need for risk provisioning significantly increased

Increase in income in competitive environment – **Successful development of Corporate Finance and Export Financing**

TLTRO III bonus payments support profitability

Growth sectors Pharma and Health Care, TM and Electronics/IT, Utilities and Energy could be **expanded** further by € 1.7 bn to **€ 22.5 bn** in the first half of the year 2021

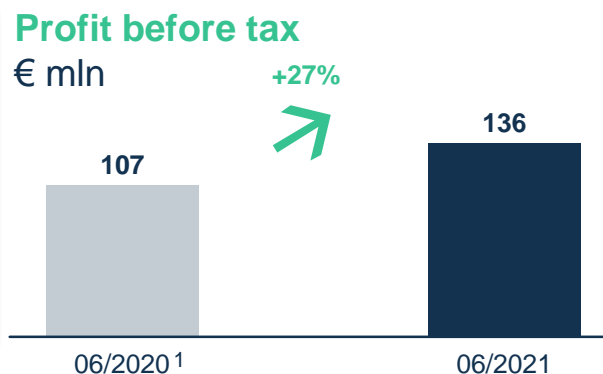
Costs further reduced

Lower risk provisioning despite further adjustments, previous year characterized by individual events

€ mln	06/2020 ¹	Δ %	06/2021
Total operating income/expenses	273	86%	507
of which income	507	17%	592
of which allowances for losses on loans and securities	-234	-64%	-85
Expenses	-310	-2%	-306
of which administrative expenses	-294	-3%	-285
Consolidated profit/loss before tax	-37	-	202

Differences due to rounding
¹ PY incl. adjustments

Real Estate/Project Finance: Increase in income at stable costs despite growth course – Profit increased



€ mln	06/2020 ¹	Δ %	06/2021
Total operating income/expenses	198	16%	230
of which income	202	22%	247
of which allowances for losses on loans and securities	-4	>100	-17
Expenses	-91	2%	-93
of which administrative expenses	-82	2%	-84
Consolidated profit/loss before tax	107	27%	136

Differences due to rounding
¹ PY incl. adjustments

Profit before tax with significant increase

Strong new business in commercial real estate with € 4.3 bn – Focus on sustainable and crisis resilient exposures

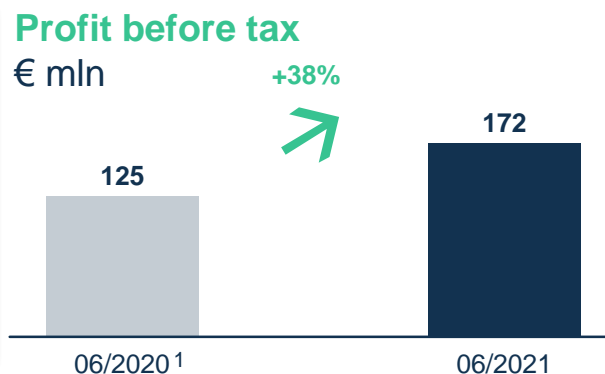
Project Finance with focus on Renewable Energy and social infrastructure – 69% of the new business

In addition, segment benefits from **TLTRO III bonus payments**

Expenses held stable despite continued growth initiatives

Compared to previous year **higher risk provisioning due to further adjustments**, but overall still at low level on the whole

Capital Markets Business: Strong customer business and successful cost reduction – Profit substantially increased



Profit before tax due to targeted expansion of customer-oriented capital markets business significantly above PY

On the whole, **increased income** partly due to **strong retail-targeted structured notes business** and large individual mandates in **primary markets**

Cost reduction due to successfully implemented optimization measures

Increase of total assets of LBBW Asset Management by around +3% to € 89 bn compared to the previous year

€ mln	06/2020 ¹	Δ %	06/2021
Total operating income/expenses	370	13%	418
of which income	370	13%	418
of which allowances for losses on loans and securities	0		0
Expenses	-245	0%	-246
of which administrative expenses	-218	-2%	-213
Consolidated profit/loss before tax	125	38%	172

Differences due to rounding
¹ PY incl. adjustments

Private Customers/Savings Banks: Profit negatively impacted by difficult market environment and current court rulings



€ mln	06/2020 ¹	Δ %	06/2021
Total operating income/expenses	265	-7%	246
of which income	263	-7%	246
of which allowances for losses on loans and securities	1	-91%	0
Expenses	-246	-1%	-244
of which administrative expenses	-246	-1%	-244
Consolidated profit/loss before tax	19	-88%	2

Differences due to rounding
¹ PY incl. adjustments

Profit before tax positive, but substantially impacted by difficult market environment

Successful expansion of lending volume of private customers by further +8% compared to the previous year, above all with **high net worth clients**

Further considerable expansion of development loan business with savings banks by +12% to € 25.6 bn

Increase in **securities business** income (+10%)

Declining income in payments business **on account of the crisis** and brokerage business still at low level, declining income in deposit business **due to level of interest rates**

In addition, **setting up provisions as a precautionary measure** due to the ruling of the Federal Court of Justice (BGH) regarding the approval from clients in the case of price changes has a negative impact

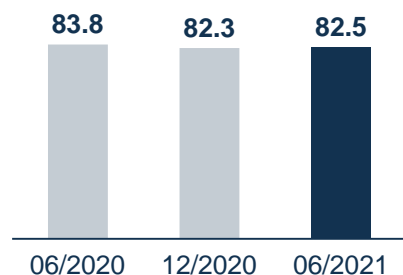
Expenses further reduced

Agenda

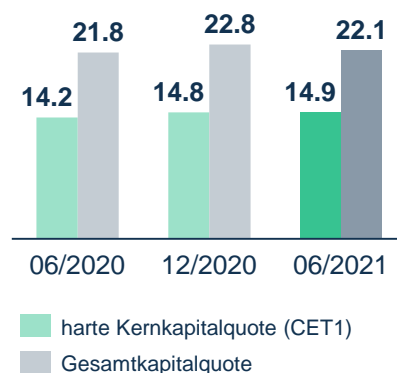
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Sustained comfortable capitalization despite growth and regulatory effects

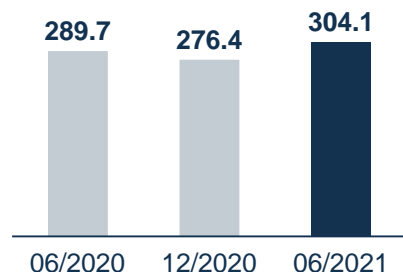
RWA
€ bn



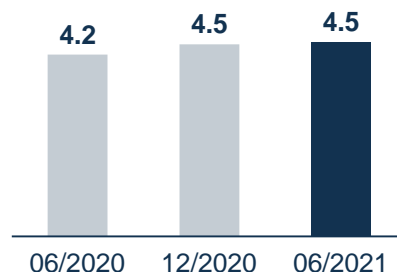
Capital ratios
Fully loaded, %



Total assets
€ bn



Leverage ratio
%



RWA almost unchanged at € 82.5 bn

- Increase primarily due to **selective qualitative growth** in customer business and **regulatory effects**
- **Offsetting effects**, i.a. by **active RWA management**

CET1 ratio with increase to 14.9%

- **Capital base slightly improved** primarily from interest-related measurement of pension obligations
- Therefore sustained **comfortable capitalization** and **requirements clearly exceeded**

Total assets with increase to € 304.1 bn

- Apart from **growth in customer business increase** primarily due to **rise in central bank balances** by participation in ECB's TLTRO III program with € 28 bn in total

Leverage ratio unchanged at 4.5%

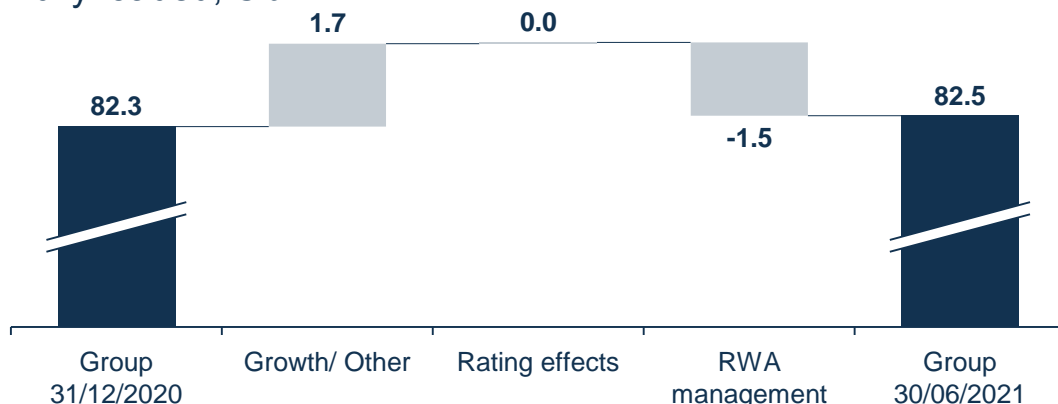
- **Rise in total assets** is offset by **changeover effects from CRR II**
- **Minimum requirements clearly exceeded**, even without using temporarily possible relief measures

Differences due to rounding

RWA development characterized by growth and regulatory effects – nevertheless, CET1 ratio slightly improved

RWA

Fully loaded, € bn

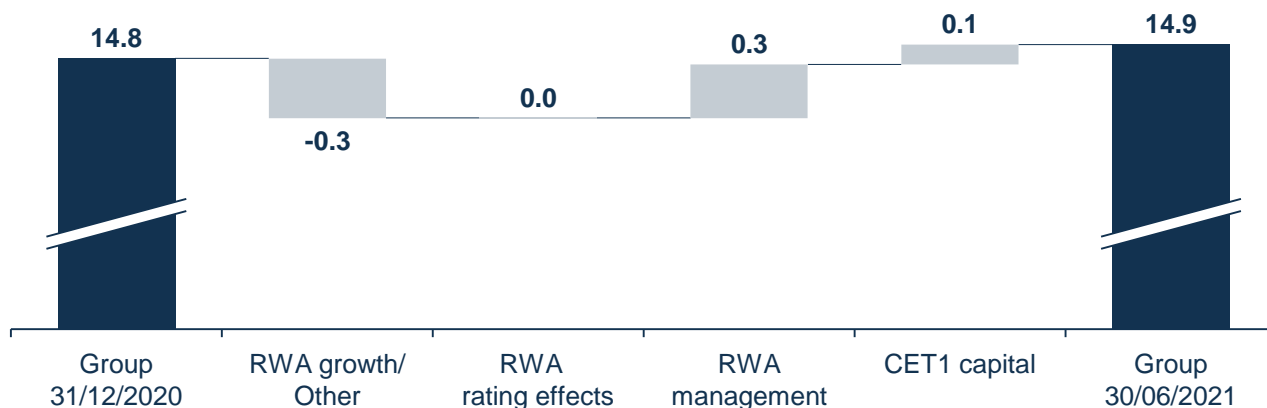


RWA almost unchanged at € 82.5 bn

- **Selective qualitative growth** in customer business and **regulatory effects**
- **Only isolated rating effects** due to the coronavirus crisis observable
- **Active RWA management** due to **focus on core activities** (inter alia synthetic securitizations) and **focus on RWA profitability** compensating

CET1 capital ratio (CET1)

Fully loaded, %



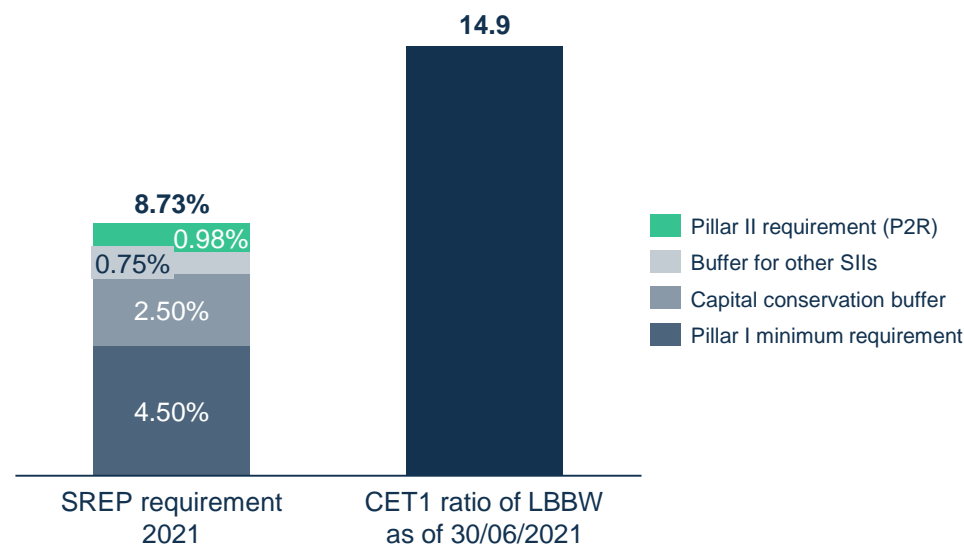
CET1 ratio with increase to 14.9%

- **Slightly improved capital base** primarily from interest-related measurement of pension obligations

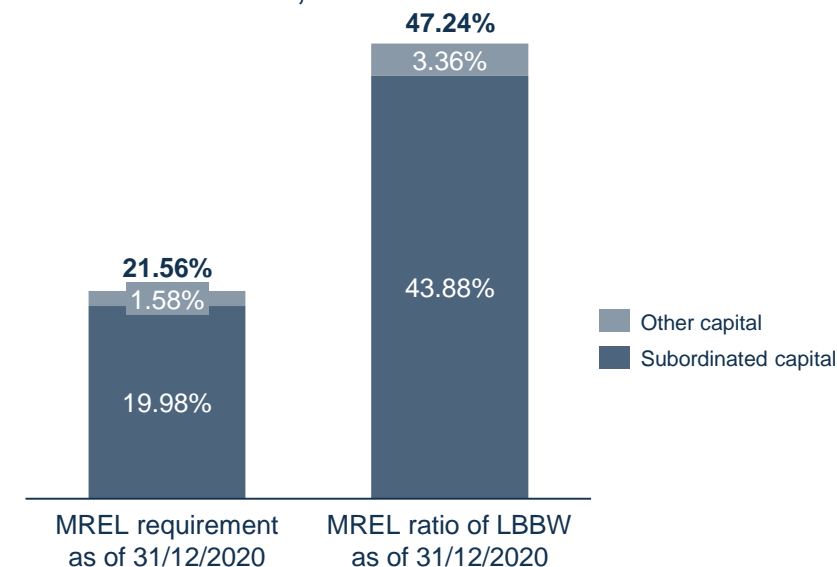
Differences due to rounding

CET1 SREP- and MREL requirements still clearly exceeded

CET1 SREP requirement and CET1 ratio of LBBW
Fully loaded, %



MREL requirement and MREL ratio of LBBW
related to TREA¹, %



LBBW clearly exceeds SREP requirement

- Also taking into account the **countercyclical capital buffers** and existing **AT1 shortfalls**
- As well as the **pillar II guidance (P2G)** on top of the mandatory pillar II requirement

LBBW substantially exceeds MREL requirement

- Also related to **LRE¹** the **requirements are clearly exceeded:**
MREL requirement at 7.00% (thereof subordinated 7.00%),
MREL ratio of LBBW at 13.42% (thereof subordinated 12.46%)

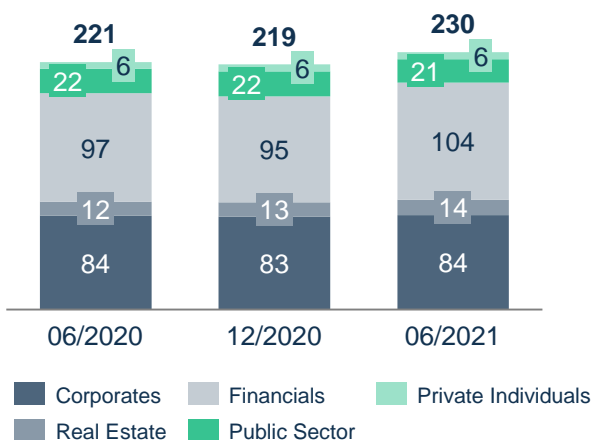
Differences due to rounding

¹ TREA: Total Risk Exposure Amount; LRE: Leverage Ratio Exposure

Further expansion of net exposure with unchanged regional focus in Germany and Western Europe

Net exposure by sector

€ bn

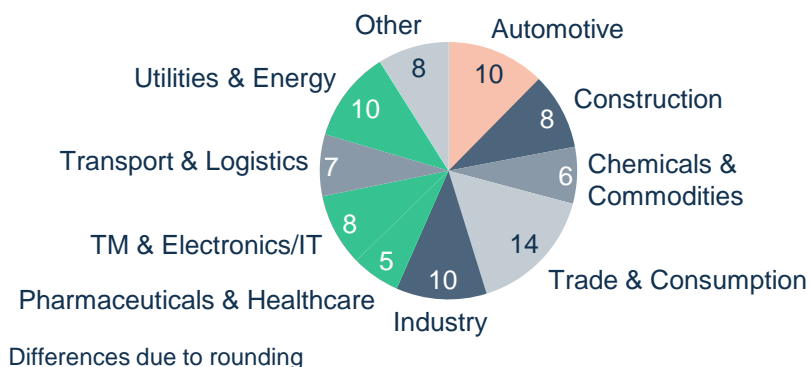


Net exposure in 2021 with increase by + € 11 bn to € 230 bn

- In **Corporates** only **slight increase**, but further progress made in **diversification** – Continued **expansion of growth sectors** (€ +1.7 bn) combined with additional **reduction of automotive portfolio** (€ -0.5 bn)
- In **Financials** significant increase, primarily with **central banks**
- **Regional focus** primarily on **Germany** (63%) and **Western Europe** (20%)

Sector Corporates

€ bn



Sector Corporates

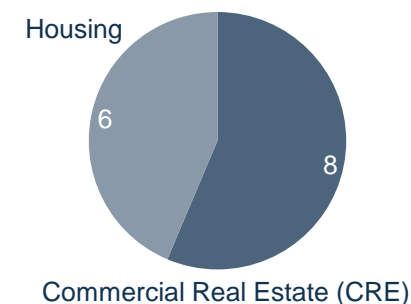
- Corporates portfolio **well diversified** across many sectors

Sector Real Estate

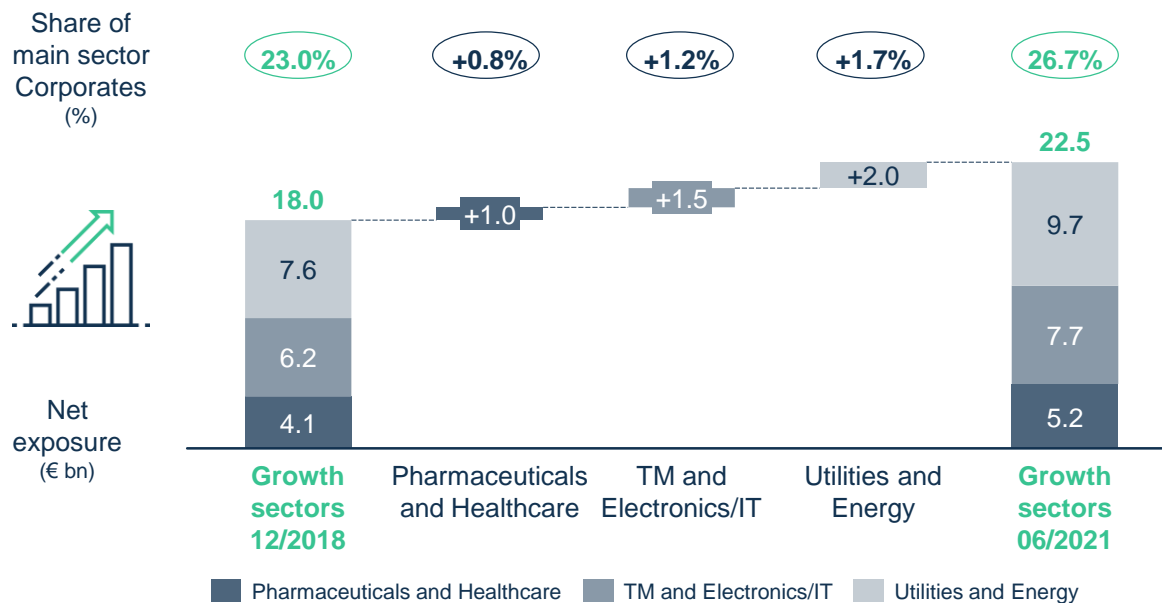
- **Commercial Real Estate (CRE)** contains type of use office – in total **share of Germany >50%**
- **Commercial Housing** with **share of Germany >90%**

Sector Real Estate

€ bn

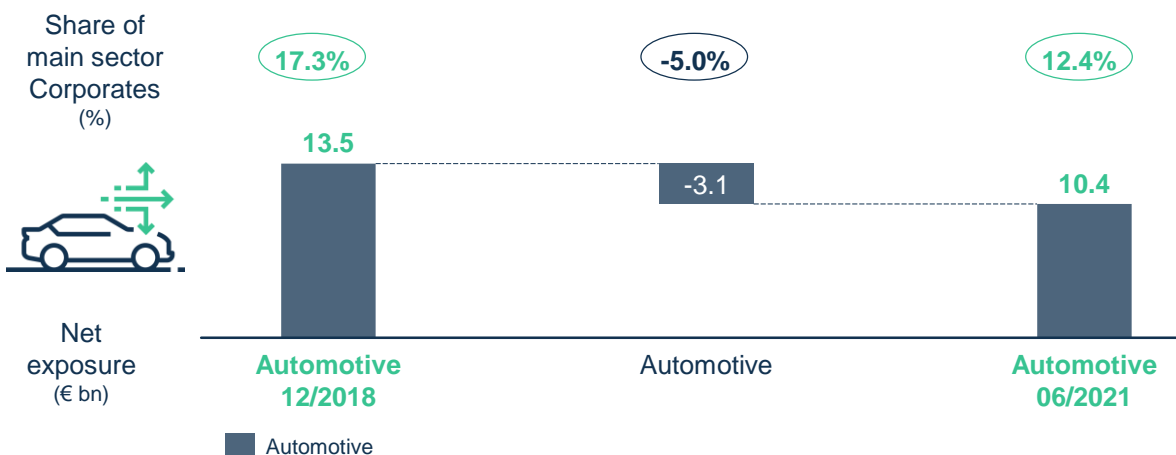


Portfolio diversification driven further – Growth sectors greatly expanded, automotive further reduced



Growth sectors Pharmaceuticals and Healthcare / TM and Electronics/IT / Utilities and Energy

- Also in 2021 further expanded by € +1.7 bn
- Since 12/2018 thus expansion by € +4.5 bn



Automotive

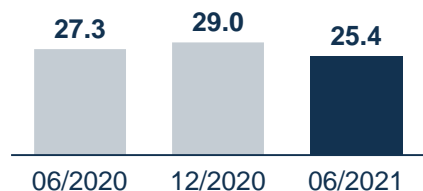
- Also in 2021 further reduced by € -0.5 bn
- Since 12/2018 thus reduction by € -3.1 bn
- Broadly diversified portfolio with low share of combustion vehicles, active transformation with customers towards Future Mobility

Differences due to rounding

Risk indicators show the continuously good quality of the credit portfolio

Ø PD net exposure

bp

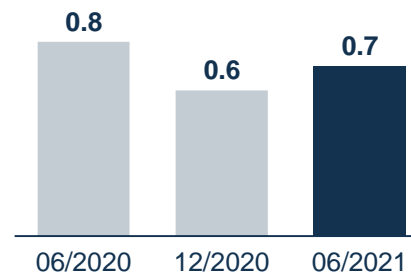


Ø PD net exposure reduced to 25.4 bp

- 91% of the net exposure in investment grade area

NPL ratio

%

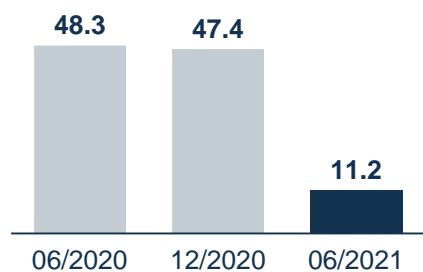


NPL ratio with 0.7% still at low level

- NPLs still low despite coronavirus pandemic
- Reflects stable credit portfolio

Risk costs

bp

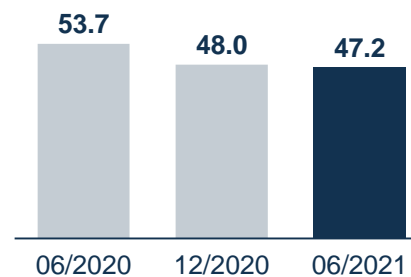


Risk costs significantly reduced to 11.2 bp

- In the PY high level from adjustments primarily due to anticipated effects of the coronavirus pandemic and due to a significant single exposure

Coverage ratio

%



Coverage ratio with 47.2% at end of PY's level

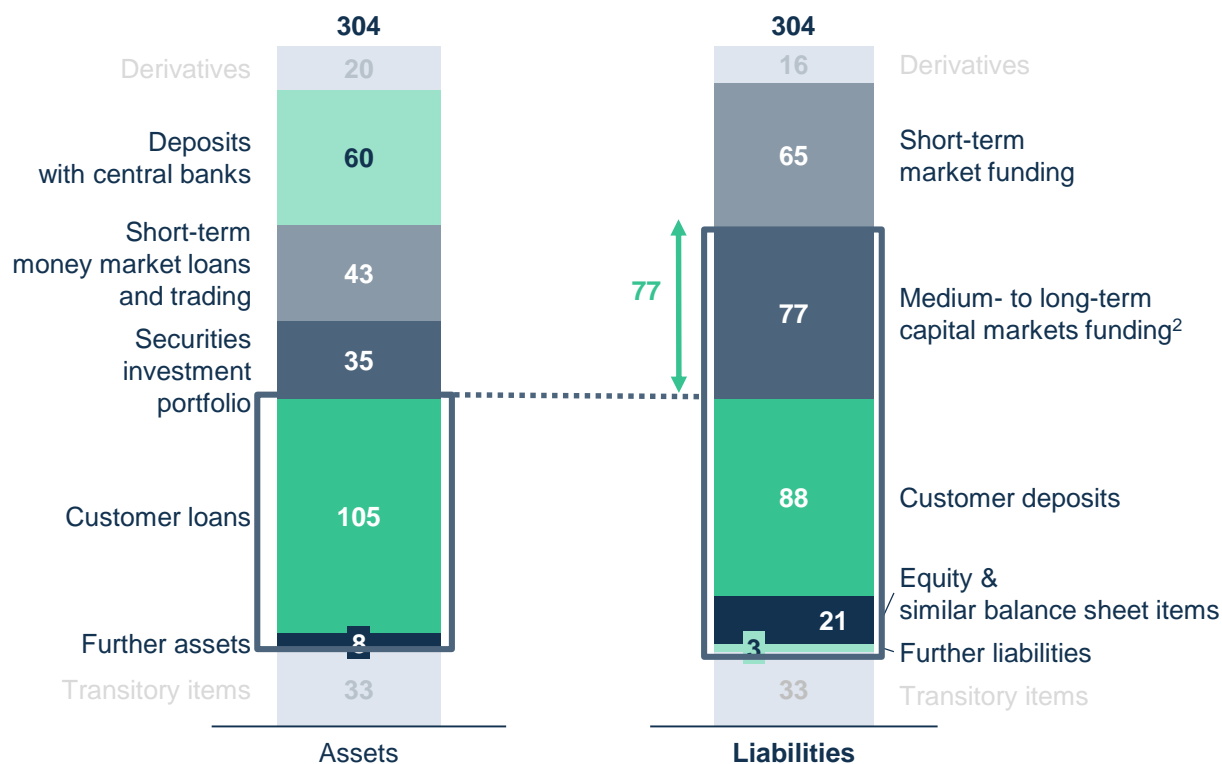
- In the PY additional risk provisions for anticipated effects of the coronavirus pandemic were made

Differences due to rounding

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

LBBW balance sheet as of 30/06/2021

€ bn



Stable funding sources

- LBBW’s funding comes **predominantly 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 **€ 77 bn**

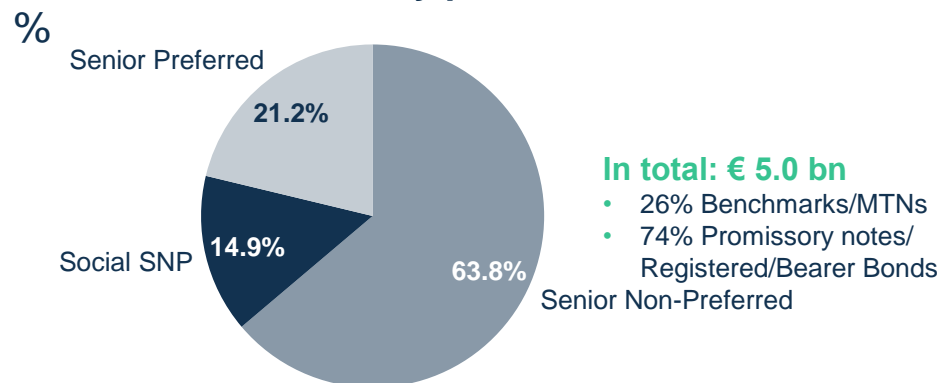
Differences due to rounding

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

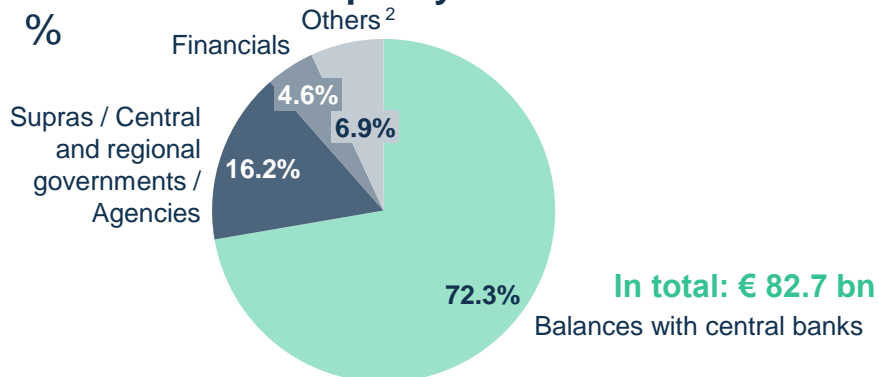
² Thereof € 28 bn from participation in targeted longer-term refinancing operations with the central bank (TLTRO-III)

Primary market issues in 2021 across a broad product base – high and well diversified liquidity reserve of LBBW

New issues¹ H1 2021 by products



Structure of the liquidity reserve



Differences due to rounding

¹ Funding raised on the capital markets and renewals; ECB's exchange rates as at reporting date 30 June 2021 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

Pfandbriefe

- In H1 2021 no benchmark issue due to **TLTRO III**

Senior Preferred

- **Tailor-made private placements** for retail customers and institutional clients

Senior Non-Preferred

- 74% promissory notes, registered and bearer bonds especially for German investors and 26% benchmarks/MTNs for international investors
- **One social benchmark in EUR** (EUR 750 mln)
- **19% of all SNP issues are ESG bonds** (in H1 2021 only social)

LCR at 131,6%; NSFR > 100%³

- **Comfortably above regulatory requirement**
- **Liquidity reserve primarily HQLA category 1 and well balanced** due to high liquidity and good diversification

Ratings reflect the good creditworthiness

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

FitchRatings

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

Agenda

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| 03 | Capital, risk and liquidity | Page 20 |
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Outlook 2021 – LBBW with its strategic orientation and comfortable capitalization in a good position



Strategic positioning of **LBBW** as **best mittelstand-minded universal bank** with **four strategic cornerstones** has proven itself – **universal bank model** plays to its strengths

In the ongoing development of our business focus the following points are in the foreground: Use of selective **growth opportunities**, consistent **focus on profitability**, stricter **focus on costs** and a sharpened **risk policy**



The other **strategic cornerstones** have gained even more relevance. We **consistently work on the strategic development of Sustainability and Digitalization**

In doing so, **LBBW secures a sustainably stable positioning for customers, owners and employees** and – combined with its **comfortable capitalization** – sees itself **well positioned** also for the ongoing challenges

For the **whole year 2021** LBBW is expecting – based on current assumptions with continuing uncertainties related to the coronavirus – a **consolidated profit before tax in the three digit million range and above the previous year**

LBBW focusses its strategic targets on long-term profitability, solid capitalization and efficiency increase



Strategic company
targets of LBBW

Targets	Key figure	Long-term target
Long-term profitability	Return on equity before tax (ROE)	~6%
Solid capitalization	Common equity tier 1 capital ratio (CET 1)	13%
Efficiency increase	Cost/income ratio (CIR)	<60%

Agenda

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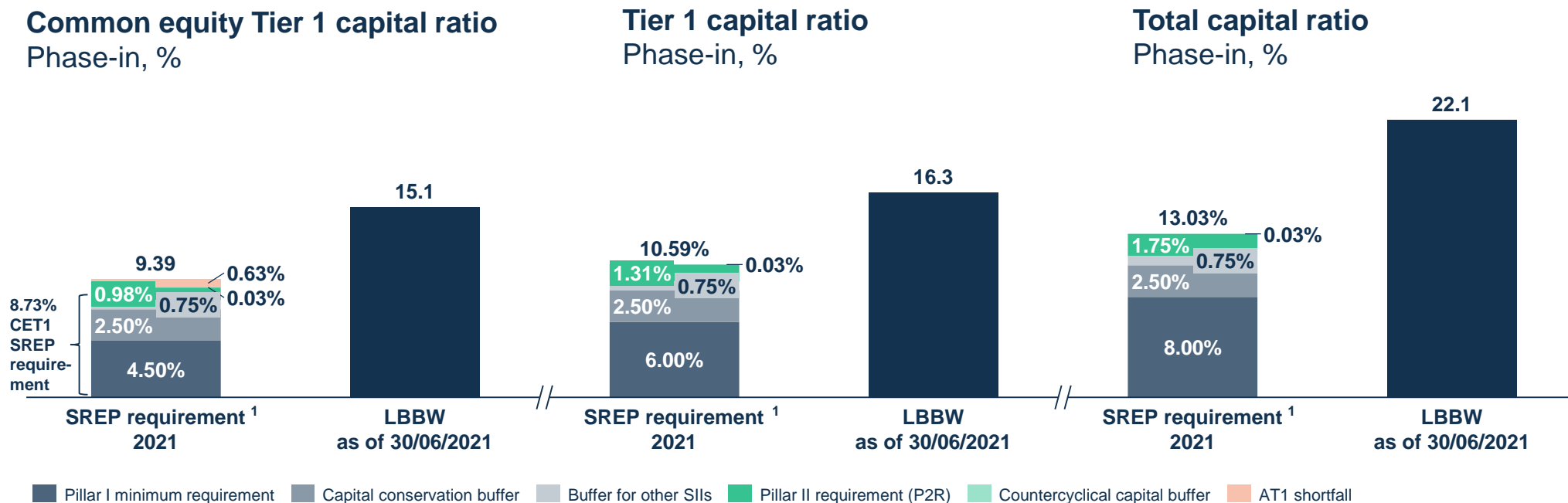
Customer-oriented and well diversified business model continues to be stable basis for strong operational development

Group			Corporate Customers			Real Estate/ Project Finance			Capital Markets Business			Private Customers/ Savings Banks			Corporate Items/ Reconciliation/Consolidation		
06/2020 ¹	Δ %	06/2021	06/2020 ¹	Δ %	06/2021	06/2020 ¹	Δ %	06/2021	06/2020 ¹	Δ %	06/2021	06/2020 ¹	Δ %	06/2021	06/2020 ¹	Δ %	06/2021
€ mln																	
872	17.6	1,026	414	18.6	491	152	32.3	201	176	33.0	234	146	-9.4	132	-16	>100	-33
274	7.3	294	112	-25.1	84	10	-32.6	7	48	34.6	65	124	1.7	126	-20	-	12
-182	-	51	-253	-68.0	-81	-9	82.1	-16	145	-20.5	115	-1	-	1	-63	-	32
90	-31.2	62	0	-	13	45	-15.5	38	1	>100	4	-4	>100	-13	48	-59.6	19
1,055	35.8	1,433	273	85.7	507	198	15.9	230	370	13.0	418	265	-7.0	246	-51	-	32
1,336	12.0	1,496	507	16.8	592	202	21.7	247	370	13.0	418	263	-6.6	246	-7	-4.2	-7
-281	-77.5	-63	-234	-63.7	-85	-4	>100	-17	0	-	0	1	-91.1	0	-44	-	38
-954	5.3	-1,005	-310	-1.5	-306	-91	2.5	-93	-245	0.4	-246	-246	-0.8	-244	-62	86.5	-116
-837	3.7	-868	-294	-3.0	-285	-82	1.6	-84	-218	-2.0	-213	-246	-0.5	-244	3	-	-41
-118	15.7	-137	-16	25.1	-20	-9	11.5	-10	-27	20.0	-32	0	-	0	-66	13.4	-75
1	-94.4	0	0	-	0	0	-	0	0	-	0	0	-	0	1	-94.9	0
100	>100	428	-37	-	202	107	27.3	136	125	37.7	172	19	-88.0	2	-113	-25.5	-84
%																	
06/2020 ¹	Δ p.p.	06/2021	06/2020 ¹	Δ p.p.	06/2021	06/2020 ¹	Δ p.p.	06/2021	06/2020 ¹	Δ p.p.	06/2021	06/2020 ¹	Δ p.p.	06/2021	06/2020 ¹	Δ p.p.	06/2021
1.5	4.8	6.3	<0	-	7.3	11.1	2.6	13.7	10.4	4.2	14.5	3.5	-3.0	0.4			
71.5	-4.3	67.2	61.2	-9.6	51.6	45.0	-7.1	37.9	66.2	-7.4	58.8	93.4	5.7	99.1			
€ bn																	
83.8	-1.5	82.5	39.1	-4.8	37.2	13.9	-1.5	13.7	17.6	4.7	18.5	8.1	0.2	8.2	5.0	-0.5	5.0
289.7	5.0	304.1	64.4	-6.9	59.9	31.3	-0.2	31.2	152.4	10.3	168.1	36.1	9.5	39.5	5.6	-4.3	5.4

Differences due to rounding

¹ PY incl. adjustments

All current SREP capital requirements still clearly exceeded



LBBW clearly exceeds SREP capital requirements even in the year of crisis

- LBBW’s CET1 requirement of 9.39% clearly exceeded – consisting of the SREP requirement of 8.73% plus countercyclical capital buffer and AT1 shortfall
- At the same time there was no need for utilizing temporary relief measures such as falling below the capital conservation buffer and the Pillar II Guidance

Differences due to rounding

¹ For the sustainable capital management in the following years, the ECB’s supervision furthermore expects the availability of further common equity Tier 1 capital according to Pillar II Guidance (P2G)

Stage 2 in part characterized by uncertainties in Automotive and economic risks from the corona pandemic, but declining again

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

€ bn	Stage 1 12-month expected credit loss	Stage 2 Life-time expected credit loss	Stage 3 Credit impairment after recognition	Credit impairment at recognition	Total
Financials	128.7	1.1	0.0	0.0	129.8
Corporates	66.0	27.1	1.2	0.1	94.3
Automotive	5.6	4.9	0.5	0.0	11.1
Construction	7.4	1.5	0.1	0.0	8.9
Chemicals and Commodities	3.5	2.9	0.0	0.0	6.4
Trade and Consumption	11.5	5.1	0.2	0.0	16.9
Industry	7.6	3.0	0.2	0.0	10.8
Pharmaceuticals and Healthcare	4.4	1.2	0.0	0.0	5.6
TM and Electronics/IT	5.6	2.2	0.0	0.0	7.8
Transport and Logistics	5.0	3.1	0.0	0.0	8.2
Utilities and Energy	7.8	2.0	0.1	0.0	9.9
Other	7.6	1.2	0.0	0.0	8.8
Real Estate	25.9	8.7	0.0	0.0	34.6
Commercial Real Estate (CRE)	15.4	7.5	0.0	0.0	22.9
Housing	10.5	1.2	0.0	0.0	11.7
Public Sector	16.7	0.1	0.0	0.0	16.7
Private Individuals	10.3	1.2	0.0	0.0	11.6
LBBW Group	247.5	38.2	1.3	0.1	287.1

- **Financials and Public Sector:** very stable and with low share of stage 2
- **Corporate and Real Estate portfolio:** Stage 2 in part due to uncertainties regarding change in the automotive industry and economic risks from the coronavirus pandemic, but declining since year-end

Differences due to rounding

Glossary

Expenses	Administrative expenses + Expenses for bank levy and deposit guarantee system + Net income/expenses from restructuring
Income	Net interest income + net fee and commission income + net gains/losses on remeasurement and disposal before allowances for losses on loans and securities + other operating income/expenses
RoE	Return on Equity Group: (Annualized) consolidated profit/loss before tax / average equity on the balance sheet adjusted for the unappropriated profit for the current reporting period Segments: (Annualized) consolidated profit/loss before tax / maximum planned average restricted equity and average tied-up equity in the current reporting period
CIR	Cost Income Ratio Group/segments: Expenses / Income
CET1 / AT1 / T2	CET1: Core Equity Tier 1; AT1: Additional Tier 1; T2: Tier 2
RWA	Risk weighted assets
Capital ratios	Phase-In: In consideration of transitional rules of CRR Fully Loaded: Without consideration of transitional rules of CRR
SREP	Supervisory Review and Evaluation Process
P2R	Pillar 2 Requirement / Institution-specific additional capital requirement to cover risks which are not already covered by the general regulatory requirements (CRR, Pillar 1), set by the competent authority
P2G	Pillar 2 Guidance / 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
SREP ratio	Capital ratio requirement set by ECB based on the Supervisory Review and Evaluation Process (SREP); This ratio includes the Pillar I capital requirement, the Pillar II capital requirement (Pillar 2 Requirement (P2R)), the common equity Tier 1 capital to be held as a capital conservation buffer in accordance with German Banking Act (KWG) and as a capital buffer for other systemically important financial institutions in accordance with § 10g KWG; in addition, a countercyclical capital buffer in accordance with § 10d KWG must be held, the Pillar II Guidance (P2G) of the ECB and potential shortfalls from the other capital classes
MREL	Minimum Requirement for own funds and Eligible Liabilities; TREA: Total Risk Exposure Amount; LRE: Leverage Ratio Exposure measure
Net exposure	Drawdown plus free external credit lines less capital market-related collateral (collateral, netting, etc.) less loan collaterals
Gross exposure (IFRS 9)	Drawdown plus free external credit lines; in this presentation only related to financial instruments under the scope of application of the impairment rules of IFRS 9
Ø PD	Average Probability of Default
Cost of risk	(Annualized) Allowances for losses on loans and securities related to categories "Financial assets measured at amortized cost" and "Financial assets measured at fair value through other comprehensive income" / Average net balance-sheet figure of loans and advances to customers based on quarterly average figures
NPL ratio	NPL ratio according to the EBA definition based on Finrep: Non-performing loans and advances / Total gross loans and advances
Coverage Ratio	Coverage ratio of non-performing loans and advances according to the EBA definition based on Finrep: Accumulated impairment and accumulated negative changes in fair value due to credit risk for non-performing loans and advances / Total gross non-performing loans and advances
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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