Landesbank Baden-Wuerttemberg

Key Rating Drivers

Support Drives IDRs: Landesbank Baden-Wuerttemberg's (LBBW) Shareholder Support Rating (SSR) is aligned with the Long-Term Issuer Default Rating (IDR) of Sparkassen-Finanzgruppe (Sparkassen) (SFG; A+/Stable/F1+), reflecting Fitch Ratings' view of the very high probability that SFG, which owns about 40% of LBBW, would provide support if needed, as LBBW is part of SFG's institutional protection scheme (IPS). The Long-Term IDR is one notch above the SSR to reflect LBBW's very large resolution debt buffer. The uplift from its SSR anchor is limited to one notch to reflect support already factored into LBBW's SSR due to its membership in the IPS.

We believe that support would also be available from the bank's other owners, the State of Baden-Wuerttemberg (40.5% stake) and the City of Stuttgart (18.9%). Fitch uses SFG's Long-Term IDR as the anchor rating because support would need to be forthcoming from SFG and its public owners to avoid triggering state aid considerations and resolution under the German Recovery and Resolution Act if LBBW fails. The Stable Outlook on LBBW's Long-Term IDR mirrors that on SFG.

Large German Corporate Bank: LBBW's Viability Rating (VR) reflects its wholesale-driven business model with a focus on corporate clients and commercial real estate (CRE) lending, with high sector concentrations, and weaker profitability than higher-rated peers. The VR also reflects good asset quality, adequate capitalisation, and access to the savings banks' excess liquidity.

Significant Sector Concentrations: LBBW has a good nationwide corporate banking franchise and is the market leader in domestic CRE lending. Its business model leads to concentrations on cyclical industries and large borrowers, particularly in CRE. Intense competition in most of LBBW's products limits its pricing power and weighs on profitability, as for its German peers. Its asset management and expanding project finance activities add revenue diversification.

Resilient Asset Quality: The impaired loans ratio declined to 2.1% at end-1H26 from 2.3% at end-2025. The deterioration in 2025 was driven by defaults in CRE and infrastructure financing. The US CRE exposure (6% of CRE loans at end-1H26) had the lowest proportion of defaults among peers in the past two years. We expect the impaired loans ratio to increase on defaults in the corporate portfolio in the next two years, but to remain below 3%.

Moderate Profitability: LBBW's profitability remains lower than at higher-rated peers because of lower margins and higher costs, with an operating profit/risk-weighted assets (RWAs) ratio of 1.6% at end-1H26. Profitability has been broadly stable over the past three years and benefits from LBBW's nationwide presence and larger scale than most of its Landesbanken peers. We forecast the operating profit/RWAs ratio to remain above 1% over the next two years, well above the long-term average.

Adequate Capitalisation: The common equity Tier 1 (CET1) ratio of 16.1% at end-1H26 is adequate, considering LBBW's business model and risk profile. We expect the ratio to remain broadly stable over the next two years, as it should benefit from earnings retention and RWA optimisation.

Sound Funding and Liquidity: LBBW is primarily wholesale-funded, as reflected in its moderately higher loans/deposits ratio (end-1H26: 118.6%) than commercial bank peers. It benefits from moderate capital market funding requirements, due to its reliable placement capacity within the savings bank sector. LBBW's liquidity is sound, based on a large portfolio of cash and liquid securities.

Rating Sensitivities

Factors that Could, Individually or Collectively, Lead to Negative Rating Action/Downgrade

A downgrade of SFG's IDRs would likely lead to a downgrade of LBBW's IDRs and SSR.

LBBW's VR would likely be downgraded if we expected the bank's impaired loans ratio to rise to and remain above 3%, if the CET1 ratio falls durably below 13%, or if the operating profit declines below 0.7% of RWAs on a sustained basis without clear recovery prospects.

Factors that Could, Individually or Collectively, Lead to Positive Rating Action/Upgrade

An upgrade of SFG's IDRs would likely lead to an upgrade of LBBW's IDRs.

An upgrade of the bank's VR would require a stronger business profile that benefits from economies of scale leading to a further structural improvement of LBBW's profitability, with an operating profit/RWAs ratio sustainably close to 2%. An upgrade would also be contingent on LBBW maintaining a moderate risk profile and an impaired loans ratio below 2%, while keeping the CET1 ratio consistently at or above current levels.

Other Debt and Issuer Ratings

Rating Level	Rating
Deposits	AA-/F1+
Senior preferred	AA-/F1+
Senior non-preferred	A+
Guaranteed senior and subordinated	AAA
Subordinated Tier 2	A-

Source: Fitch Ratings

LBBW's 'F1+' Short-Term IDR is the only option mapping to its Long-Term IDR and is equalised with SFG's Short-Term IDR.

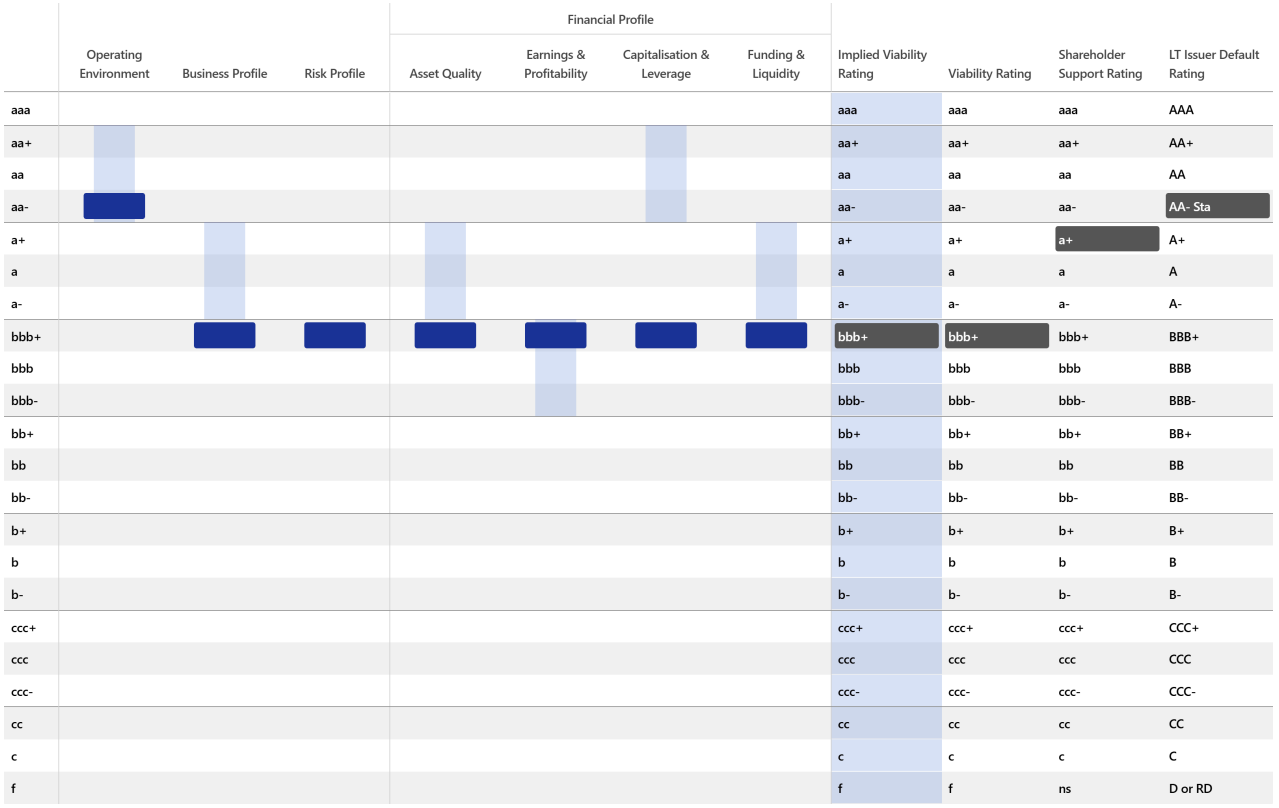
LBBW's Derivative Counterparty Rating, long-term deposit rating and long-term senior preferred debt (senior unsecured debt under Fitch's *Bank Rating Criteria*) rating are one notch above the bank's SSR. This reflects the protection of preferred creditors arising from the bank's very large resolution buffers, including senior non-preferred and more junior debt. This buffer was about 27% of RWAs at end-1H26. The senior non-preferred and legacy senior unsecured debt ratings are in line with the bank's SSR.

LBBW's short-term deposit and senior preferred debt ratings are the only short-term ratings mapping to the long-term deposit and senior preferred ratings, respectively.

The 'AAA' rating of LBBW's grandfathered state-guaranteed senior unsecured and Tier 2 subordinated notes reflects our view of the creditworthiness of the State of Baden-Wuerttemberg, which is closely linked to that of Germany (AAA/Stable), and our expectation that Baden-Wuerttemberg will honour its guarantee. Fitch believes that the senior and subordinated instruments are equally protected because the guarantee does not differentiate between seniorities.

The rating of LBBW's non-guaranteed Tier 2 subordinated debt is notched down twice from its SSR to reflect poor recoveries in case of non-performance. We use LBBW's SSR rather than its VR as the anchor rating because we expect shareholder support from SFG to be extended to the bank's Tier 2 instruments under the IPS statutes, which we believe has reduced the likelihood of regulatory resolution measures at LBBW.

Ratings Navigator



The Key Rating Driver (KRD) weightings used to determine the implied VR are shown as percentages at the top. In cases where the implied VR is adjusted upwards or downwards to arrive at the VR, the KRD associated with the adjustment reason is highlighted in red. The shaded areas indicate the benchmark-implied scores for each KRD.

Factor Outlook

Stable Evolving Positive Negative

VR - Adjustments to Key Rating Drivers

The business profile score of 'bbb+' is below the 'a' category implied score due to the following adjustment reason: business model (negative).

The asset quality score of 'bbb+' is below the 'a' category implied score due to the following adjustment reason: concentrations (negative).

The capitalisation and leverage score of 'bbb+' is below the 'aa' category implied score due to the following adjustment reason: risk profile and business model (negative).

The funding and liquidity score of 'bbb+' is below the 'a' category implied score due to the following adjustment reason: deposit structure (negative).

Company Summary and Key Qualitative Factors

Business Profile

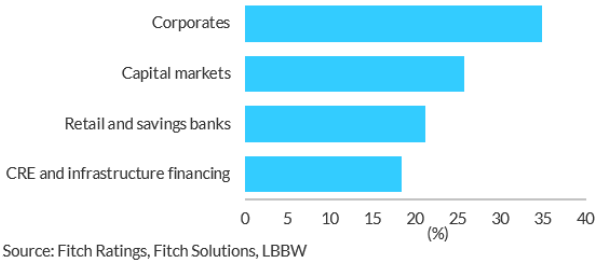
LBBW is a public-sector-owned wholesale bank that focuses on corporate and asset-based finance in addition to its statutory roles as the core bank for Baden-Wuerttemberg's public sector and central institution for the savings banks in Baden-Wuerttemberg, Rhineland-Palatinate and Saxony. The size and profit contribution of its retail activities, which are concentrated in Stuttgart and Baden-Wuerttemberg, are smaller than those of universal banks of a similar size, although their profit contribution has increased in recent years. LBBW has also expanded its asset and wealth management in recent years as part of its nationwide growth strategy.

LBBW has a nationwide corporate banking franchise, with a focus on the federal state of Baden-Wuerttemberg, which has an economy similar in size to Belgium's. The bank offers traditional commercial banking products to large multinational customers and SMEs, including corporate finance, asset management, trade finance, leasing and factoring. The strong competition in German corporate banking limits LBBW's pricing power. Its regional focus leads to concentrations in cyclical industries. LBBW's international franchise is largely concentrated in western Europe but supports its corporate clients in key international financial centres.

The bank's client-driven capital markets business is complementary to its corporate business and is a sizeable but volatile revenue source. LBBW's acquisitions of activities from other Landesbanken in recent years have strengthened its role as the main centre of competence and infrastructure provider for market activities within SFG. LBBW plans to increase and diversify its revenue by gaining market shares in debt capital markets and corporate finance, while leveraging its knowledge base to service asset- and wealth-management customers.

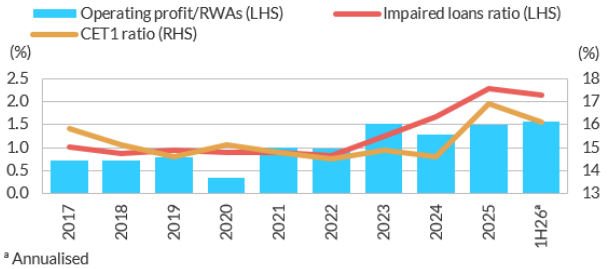
LBBW became Germany's largest CRE lender after taking over the specialist CRE bank Berlin Hyp AG from SFG in 2022. Berlin Hyp is now a fully integrated business unit and brand within LBBW.

Income Split by Segment
1H26



Source: Fitch Ratings, Fitch Solutions, LBBW

Performance Through the Cycle



[a] Annualised
Source: Fitch Ratings, Fitch Solutions, LBBW

Risk Profile

LBBW's risk profile is dominated by credit risk. The bank has expanded its loan book based on prudent underwriting standards and low appetite for higher-risk subsectors such as leveraged finance. The group's risk monitoring and reporting are good and in line with those of domestic peers, resulting in sound asset quality. This is reflected in LBBW's high and stable proportion of internally investment grade-rated exposure of 89% at end-1H26.

The bank's corporate loan book is less diversified than those of large universal peers and has higher exposure to cyclical industries, in particular the industrial goods, consumer and automotive sectors. However, we consider the reduction of LBBW's exposure to combustion engine-focused automotive suppliers and its previous expansion into sectors where it had been less active – such as pharmaceuticals or healthcare; technology, media and telecoms; electronics and utilities – as credit positive, as this has increased diversification.

Market risk is driven by interest rate and credit spread risk, while FX, commodity and equity risks are not material.

Financial Profile

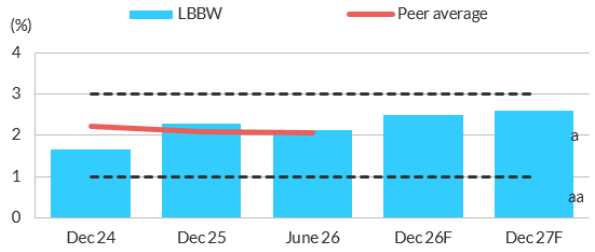
Asset Quality

LBBW's impaired loans ratio increased to 2.3% at end-2025 (end-2024: 1.7%), but since declined to 2.1% at end-1H26, mainly due to a decline in impaired loans since end-2025. The increase in 2025 was driven by the continued challenging CRE market conditions, particularly in the US office space. In 2027, pressure on asset quality could arise from the bank's exposure to cyclical corporates, which are sensitive to global trade and weak economic activity, and from idiosyncratic defaults in asset-based finance. We expect LBBW's impaired loans ratio to rise but to remain below 3%.

Loan loss allowances cover almost 60% of impaired loans, including model adjustments. High-quality collateral also mitigates risks. The bank's Stage 2 gross exposure ratio was about 20% at end-1H26 (end-2025: 22%); however, this indicates conservative loan classification rather than heightened risk, as the majority of the exposure classified as Stage 2 was internally rated at investment grade.

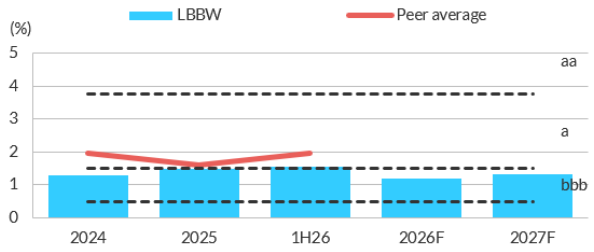
LBBW's EUR68 billion CRE exposure (4.6x CET1), in particular office and retail properties (39% and 10% of the CRE portfolio at end-1H26, respectively), are vulnerable to structural changes and a weaker economy. In total, 67% of the CRE portfolio had a loan-to-value (LTV) ratio of below 60% at end-1H26, and the portfolio average LTV ratio was broadly stable at 55%. The CRE Stage 3 exposure ratio was 2.3% at end-1H26 (3.2% excluding residential real estate), outperforming the Landesbanken peer average (6.2%). There is still headroom against asset-quality deterioration, which will be partially absorbed by the bank's precautionary provisions. Stage 1 and Stage 2 loan loss allowances accounted for almost 60bp of LBBW's gross loans at end-1H26.

Impaired Loans/Gross Loans



Source: Fitch Ratings, Fitch Solutions, banks

Operating Profit/Risk-Weighted Assets



Source: Fitch Ratings, Fitch Solutions, banks

Earnings and Profitability

LBBW's 1H26 result benefitted from resilient operating income and broadly stable costs, while loan impairment charges (LICs) increased by 13% year-on-year. Net interest income rose by 21% on lower refinancing costs, while net fee income was broadly stable. Trading income fell significantly, in part on a shift between net interest income and fair value positions related to derivatives and structured financial products.

The year-on-year increase in LICs was driven by defaults in LBBW's CRE and corporate portfolios. Nevertheless, LICs remained moderate at 16bp of gross loans in 1H26 (2025: 22bp). LBBW also released EUR43 million of its still-substantial management overlays of EUR794 million at end-1H26. We expect LICs to increase to 29bp in 2026, due to further corporate defaults, before falling in the medium term. These charges are well covered by LBBW's pre-impairment profit, which remains above its long-term average.

Personnel expenses increased by 2% in 1H26, due to higher salaries. These were broadly balanced by other operating expenses, which declined by 3% as integration costs for Berlin Hyp fell away and despite continued investments in LBBW's growth and IT strategy, leading to broadly stable total costs.

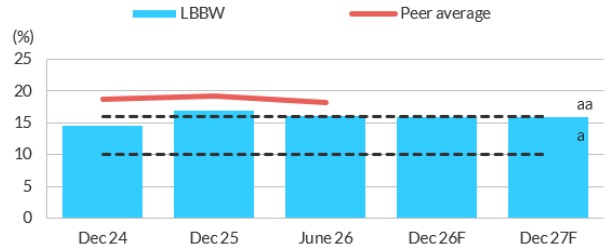
LBBW's cost/income ratio of 61% remained stable in 1H26 (1H25: 61%) and is reasonable for the bank's wholesale business model. However, maintaining this ratio will depend on the bank's ability to contain cost inflation and to generate adequate new business volumes. The latter will remain under pressure in the next 6-12 months, as growth in the CRE and corporate customer segments will remain sluggish due to continued limited demand.

We expect the operating profit/RWAs ratio to remain above 1% over the medium term, due to increasing income coupled with only mildly rising costs.

Capitalisation and Leverage

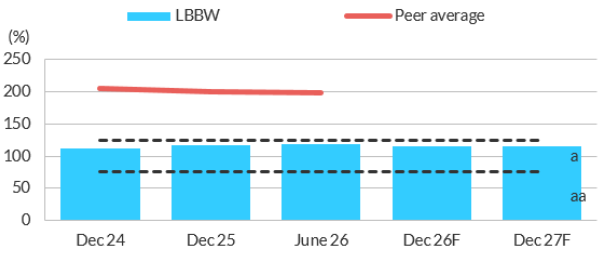
LBBW's phase-in CET1 ratio (end-1H26: 16.1%) has buffers over the regulatory requirement (10.64%) to absorb cyclical performance swings. We expect the CET1 ratio to decline but remain above 15% in the next two years. We expect RWAs to increase due to rating migration, loan growth and effects from the phasing in of final Basel III rules, which are likely to put pressure on the CET1 ratio. These effects will be in part balanced by earnings retention. The bank's total capital ratio of 19.9% benefits from the large Tier 2 debt buffer. Its Basel leverage ratio (end-1H26: 4.5%) is adequate and broadly stable.

CET1 Ratio



Source: Fitch Ratings, Fitch Solutions, banks

Gross Loans/Customer Deposits



Source: Fitch Ratings, Fitch Solutions, banks

Funding and Liquidity

LBBW's reliance on wholesale deposits and market funding is mitigated by its membership of SFG's IPS. This ensures nationwide privileged access to the savings banks' excess liquidity. At the same time, 44% of LBBW's deposits from banks are pass-through funding from development banks. LBBW has a well-established capital market franchise, and its large stock of legacy senior non-preferred debt means it greatly exceeds its minimum requirement for own funds and eligible liabilities (including combined buffer requirements) of 26.6% of RWAs at end-1H26. As legacy senior non-preferred debt matures, the resolution buffers will decline gradually, but they will remain comfortably above required levels.

LBBW's mortgage and public covered pools (about EUR48.7 billion at end-1H26, of which EUR36 billion encumbered) also ensure a source of stable funding and liquidity if market conditions worsen. The bank also issues green and social bonds. Its cash and liquidity portfolios of EUR80.8 billion at end-1H26 provide substantial headroom to withstand outflows. The liquidity coverage ratio fell to 139% at end-1H26 (end-2025: 180%) but remained robust. The decline was driven by the opportunistic use of short-term money funding instruments.

Additional Notes on Charts

Black dashed lines represent boundaries for indicative quantitative ranges and implied scores for Fitch's core financial metrics for banks operating in the environments that Fitch scores in the 'aa' category. Peer average includes Aareal Bank AG (VR: bbb), Bayerische Landesbank (bbb+), IKB Deutsche Industriebank AG (bbb-), Landesbank Hessen-Thueringen Girozentrale (bbb), Landesbank Saar (bbb-), NIBC Bank N.V. (bbb+), Norddeutsche Landesbank Girozentrale (bbb), UniCredit Bank GmbH (a-). Unless otherwise stated, financial year end is 31 December for all banks in this report.

Financials

Financial Statements

	31 Dec 23 12 months (EURm)	31 Dec 24 12 months (EURm)	31 Dec 25 12 months (EURm)	30 Jun 26 1st half (EURm)	31 Dec 26F 12 months (EURm)	31 Dec 27F 12 months (EURm)
Summary income statement						
Net interest and dividend income	2,826	2,631	2,730	1,549	-	-
Net fees and commissions	589	636	689	353	-	-
Other operating income	620	792	840	208	-	-
Total operating income	4,035	4,059	4,259	2,110	4,209	4,314
Operating costs	2,397	2,455	2,634	1,283	2,621	2,655
Pre-impairment operating profit	1,638	1,604	1,625	827	1,588	1,659
Loan and other impairment charges	254	360	332	121	454	345
Operating profit	1,384	1,244	1,293	706	1,133	1,313
Other non-operating items (net)	-10	-12	-9	2	-	-
Tax	378	368	342	229	-	-
Net income	996	864	942	479	850	985
Other comprehensive income	-95	28	225	49	-	-

Fitch comprehensive income	901	892	1,167	528	-	-
Summary balance sheet						
Assets						
Gross loans	145,722	153,270	153,899	153,532	154,668	159,309
– of which impaired	1,826	2,548	3,509	3,284	-	-
Loan loss allowances	1,641	1,943	2,004	1,944	-	-
Net loans	144,081	151,327	151,895	151,588	-	-
Interbank	72,035	82,162	52,769	58,599	-	-
Derivatives	17,032	16,121	14,362	14,370	-	-
Other securities and earning assets	80,352	89,105	108,149	113,544	-	-
Total earning assets	313,500	338,715	327,175	338,101	-	-
Cash and due from banks	12,026	10,336	14,357	14,818	-	-
Other assets	7,779	7,304	5,756	5,975	-	-
Total assets	333,305	356,355	347,288	358,894	347,989	358,381
Liabilities						
Customer deposits	122,581	137,116	132,314	129,492	133,637	137,646
Interbank and other short-term funding	73,852	70,777	73,777	87,802	-	-
Other long-term funding	94,060	105,804	97,679	98,067	-	-
Trading liabilities and derivatives	21,080	20,355	21,019	20,840	-	-
Total funding and derivatives	311,573	334,052	324,789	336,201	-	-
Other liabilities	4,772	4,690	4,341	4,428	-	-
Preference shares and hybrid capital	1,638	1,853	1,599	1,580	-	-
Total equity	15,322	15,760	16,559	16,685	-	-
Total liabilities and equity	333,305	356,355	347,288	358,894	347,989	358,381
Exchange rate	USD1 = EUR0.9127	USD1 = EUR0.9622	USD1 = EUR0.8511	USD1 = EUR0.8777	-	-

Source: Fitch Ratings, Fitch Solutions, LBBW

Key Ratios

(%; annualised as appropriate)	31 Dec 23	31 Dec 24	31 Dec 25	30 Jun 26	31 Dec 26F	31 Dec 27F
Profitability						
Operating profit/risk-weighted assets	1.5	1.3	1.5	1.6	1.2	1.3
Net interest income/average earning assets	0.9	0.8	0.8	0.9	0.9	0.9
Non-interest expense/gross revenue	59.5	60.4	62.1	60.6	62.3	61.5
Net income/average equity	6.7	5.6	5.9	5.8	-	-
Asset quality						
Impaired loans ratio	1.3	1.7	2.3	2.1	2.5	2.6
Growth in gross loans	3.4	5.2	0.4	-0.2	0.5	3.0
Loan loss allowances/impaired loans	89.9	76.3	57.1	59.2	53.6	52.7

Loan impairment charges/average gross loans	0.2	0.2	0.2	0.2	0.3	0.2
Capitalisation						
Common equity Tier 1 ratio	14.9	14.6	16.9	16.1	15.9	15.9
Fully loaded common equity Tier 1 ratio	14.6	14.4	-	-	-	-
Tangible common equity/tangible assets	4.5	4.4	4.5	4.4	-	-
Basel leverage ratio	4.6	4.4	4.7	4.5	-	-
Net impaired loans/common equity Tier 1	1.4	4.3	10.2	9.1	-	-
Funding and liquidity						
Gross loans/customer deposits	118.9	111.8	116.3	118.6	115.7	115.7
Gross loans/customer deposits + covered bonds	91.8	86.7	90.9	94.6	-	-
Liquidity coverage ratio	150.5	149.0	180.0	139.1	-	-
Customer deposits/total non-equity funding	40.9	42.4	42.1	39.7	-	-
Net stable funding ratio	109.7	113.9	115.0	113.0	-	-

Source: Fitch Ratings, Fitch Solutions, LBBW

Support Assessment

Shareholder Support

Shareholder		Sparkassen-Finanzgruppe (Sparkassen)
Shareholder Long-Term Issuer Default Rating	●	A+/Stable
Total adjustment (notches)		0
Shareholder Support Rating		a+
Shareholder ability to support		
Shareholder regulation	●	Equalised
Relative size	●	1 notch
Country risks	●	Equalised
Shareholder propensity to support		
Role in group	●	1 notch
Reputational risk	●	Equalised
Integration	●	2+ notches
Support record	●	Equalised
Subsidiary performance and prospects	●	1 notch
Legal commitments	●	Equalised

The colours indicate the influence of each support factor in our assessment. Influence: Blue = neutral; Red = higher

Source: Fitch Ratings

LBBW's SSR reflects our view of very high support propensity and ability from its owners. Fitch uses SFG's Long-Term IDR, the lower of the owners' ratings, as the anchor rating for determining LBBW's support-driven ratings. This is because Fitch believes support would need to be forthcoming from both SFG and the State of Baden-Wuerttemberg to avoid triggering state aid considerations and resolution under the German Recovery and Resolution Act if LBBW fails. Fitch believes that the State of Baden-Wuerttemberg would participate in any support measures for the bank, but LBBW's SSR does not factor in such support.

Fitch's assumptions on support from SFG are underpinned by the provisions contained in the statutes of the IPS of SFG and the Landesbanken, which govern decision-making, members' risk monitoring and available funds.

The IPS's governance clearly defines the responsibilities and timelines in a potential support scenario. The IPS's central body determines recovery and support measures, including the raising of required funds from its members, with a simple majority within two weeks of the receipt of the request for intervention. This should avoid a protracted decision-making process.

The members' risk-monitoring system is based on quantitative triggers combined with qualitative assessments, allowing for early identification of a member with a deteriorating financial profile and enabling early intervention measures. This is also supported by an internal audit unit within the IPS. We therefore believe that the IPS would provide support to a member in need in a timely manner.

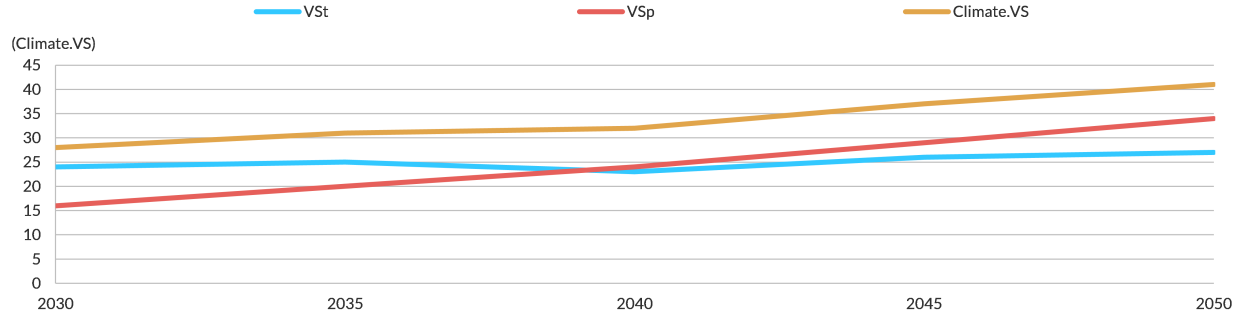
The creation of an additional support fund as part of the IPS reform implemented in 2024, which we estimate will reach EUR5 billion to EUR6 billion by 2033, also improves the IPS's ability to support a larger number of members that may require capital support at the same time. This is in addition to SFG's sound profitability, strong capitalisation and excess liquidity, which already provide it with sufficient financial flexibility to support the Landesbanken. Fitch's support assumptions are also underpinned by LBBW's focus on its statutory roles.

Climate Vulnerability Considerations

Fitch uses Climate Vulnerability Signals (Climate.VS) as a screening tool to identify issuers whose credit profiles have a higher potential exposure to climate-related risks, and to subject those ratings to additional analysis and consideration in rating reviews. Climate.VS range from 0 (lowest risk) to 100 (highest risk).

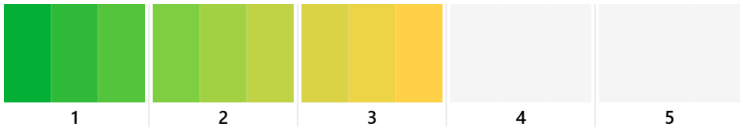
The Climate.VS for LBBW for 2035 is 31, which indicates that climate risk factors are not expected to materially affect the credit profile, but some adaptation may be needed. This reflects a transition risk (VSt) component signal of 25 and a physical risk (VSp) component signal of 20. Any potential effect on the rating may differ from the illustrative rating impact in the Climate.VS framework.

Climate Vulnerability Signals for Landesbank Baden-Wuerttemberg



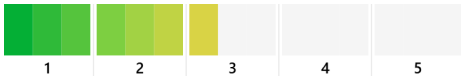
Source: Fitch Ratings

Environmental, Social and Governance Considerations



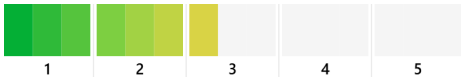
Environmental Relevance Scores

General issues	Score	Sector-specific issues	Reference
GHG Emissions & Air Quality	3	Regulatory risks, emissions fines or compliance costs related to owned, financed or managed assets, which could impact asset prices, profitability, etc.	Operating Environment; Business Profile; Risk Profile; Asset Quality
Energy Management	1	n.a.	n.a.
Water & Wastewater Management	1	n.a.	n.a.
Waste & Hazardous Materials Management; Ecological Impacts	1	n.a.	n.a.
Exposure to Environmental Impacts	2	Impact of extreme weather events on assets and/or operations and corresponding risk appetite & management; catastrophe risk; credit concentrations	Business Profile; Risk Profile; Asset Quality



Social Relevance Scores

General issues	Score	Sector-specific issues	Reference
Human Rights, Community Relations, Access & Affordability	2	Services for underbanked and underserved communities: SME and community development programs; financial literacy programs	Business Profile; Risk Profile
Customer Welfare - Fair Messaging, Privacy & Data Security	3	Compliance risks including fair lending practices, mis-selling, repossession/foreclosure practices, consumer data protection (data security)	Operating Environment; Business Profile; Risk Profile
Labor Relations & Practices	2	Impact of labor negotiations, including board/employee compensation and composition	Business Profile
Employee Wellbeing	1	n.a.	n.a.
Exposure to Social Impacts	2	Shift in social or consumer preferences as a result of an institution's social positions, or social and/or political disapproval of core banking practices	Business Profile; Financial Profile



Governance Relevance Scores

General issues	Score	Sector-specific issues	Reference
Management Strategy	3	Operational implementation of strategy	Business Profile
Governance Structure	3	Board independence and effectiveness; ownership concentration; protection of creditor/stakeholder rights; legal /compliance risks; business continuity; key person risk; related party transactions	Business Profile; Earnings & Profitability; Capitalisation & Leverage
Group Structure	3	Organizational structure; appropriateness relative to business model; opacity; intra-group dynamics; ownership	Business Profile
Financial Transparency	3	Quality and frequency of financial reporting and auditing processes	Business Profile



ESG Scoring	Credit-Relevant ESG Scale		
ESG relevance scores range from '1' to '5' based on a 15-level colour gradation. Red (5) is most relevant to the credit rating and green (1) is least relevant. The Environmental (E), Social (S) and Governance (G) tables break out the general and the sector-specific issues that are most relevant to each industry group. Relevance scores are assigned to each sector-specific issue, signalling the credit relevance of the sector-specific issues to an issuer's overall credit rating. The Reference column highlights the factor(s) within which the corresponding ESG issues are captured in Fitch's credit analysis. The panels underneath the relevance scores tables are visualisations of the frequency of occurrence of the highest ESG relevance scores across the combined E, S and G categories. The Score columns summarise rating relevance and impact to credit from ESG issues. The column on the far left identifies any ESG relevance sub-factor issues that are drivers or potential drivers of an issuer's credit rating (corresponding with scores of '3', '4' or '5'). All scores of '4' and '5' are assumed to reflect a negative impact unless indicated with a '+' sign for positive impact. Classification of ESG issues has been developed from Fitch's sector ratings criteria. The general and sector-specific issues draw on the classification standards published by the UN Principles for Responsible Investing, the Sustainability Accounting Standards Board and the World Bank.		5	Highly relevant, a key rating driver that has a significant impact on the rating on an individual basis. Equivalent to 'Higher' relative importance within the Navigator.
		4	Relevant to rating, not a key rating driver but has an impact on the rating in combination with other factors. Equivalent to 'Moderate' relative importance within the Navigator.
		3	Minimally relevant to rating, either very low impact or actively managed in a way that results in no impact on the entity rating. Equivalent to 'Lower' relative importance within the Navigator.
		2	Irrelevant to the entity rating but relevant to the sector.
		1	Irrelevant to the entity rating and irrelevant to the sector.

The highest level of ESG credit relevance is a score of '3', unless otherwise disclosed in this section. A score of '3' means ESG issues are credit neutral or have only a minimal credit impact on the entity, either due to their nature or the way in which they are being managed by the entity. Fitch's ESG Relevance Scores are not inputs in the rating process; they are an observation on the relevance and materiality of ESG factors in the rating decision. For more information on Fitch's ESG Relevance Scores, visit www.fitchratings.com/topics/esg/products#esg-relevance-scores.

Ratings

Foreign Currency	
Long-Term IDR	AA-
Short-Term IDR	F1+
Derivative Counterparty Rating	AA-(dcr)
Viability Rating	bbb+
Shareholder Support Rating	a+
Sovereign Risk (Germany)	
Long-Term Foreign-Currency IDR	AAA
Long-Term Local-Currency IDR	AAA
Country Ceiling	AAA
Outlooks	
Long-Term Foreign-Currency IDR	Stable
Sovereign Long-Term Foreign-Currency IDR	Stable

Sovereign Long-Term Local-Currency IDR	Stable

ESG and Climate

Highest ESG Relevance Scores

Environmental	3
Social	3
Governance	3

Climate Vulnerability

2035 Climate Vulnerability Signal	31
Transition (VSt)	25
Physical (VSp)	20

Applicable Criteria

Bank Rating Criteria (May 2026)

Related Research

Fitch Affirms LBBW at 'AA-'; Outlook Stable (October 2026)
Fitch Affirms Sparkassen-Finanzgruppe at 'A+'; Outlook Stable (January 2026)
Global Economic Outlook (September 2026)
German Landesbanken - Peer Credit Analysis (September 2025)

Analysts

Marco Diamantini
+49 69 768076 114
marco.diamantini@fitchratings.com

Caroline Herper, CFA
+49 69 768076 176
caroline.herper@fitchratings.com

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