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LBBW expects a total volume of approx. EUR 20 billion for the year 2020

Recovery of Schuldschein market after Corona shutdown with record transaction

The German Schuldschein market has picked up steam after weeks of a mandatory break during the Corona shutdown at the end of the second quarter and returned to the road of success with a record transaction. "The market had collapsed abruptly but has seen a surprisingly fast recovery now," says Christoph Zender, LBBW's leading Schuldschein expert. Despite a difficult environment, the bank was able to expand its traditional role as market leader in Schuldschein loans (SSD) in terms of number and total volume.

The total value of all Schuldschein transactions in the first half of 2020 was approx. EUR 10 billion, according to an LBBW count. That volume may rise to around EUR 20 billion by the end of the year if we do not face a second wave of infections and demand shows a further recovery, Zender believes. That would be a drop of EUR 7 billion each compared to the record years of 2019, 2017 and 2016. In view of the present mood in the capital market, risk awareness of Schuldschein investors is expected to increase in comparison with previous years.

The first six months ended with a billion-euro bang of Bosch group. The Stuttgart based technology group placed a two billion Euro Schuldschein loan at the end of June. That Schuldschein loan is thus one of the three largest ever in the history of the Schuldschein market. LBBW further expands role as market leader

LBBW is again leader of the League Table, a ranking list of top banks. The bank with its two dozen Schuldschein loans outperformed the second player by seven transactions. It also expanded its traditional leadership role in terms of total volume. The volume rose to EUR 2.6 billion in the first six months, which is an increase of one billion above that of the second-ranked institution.

The SSD market was, other than in the previous year, clearly dominated by German corporates (78%). They were followed by corporates from Austria with 8%, Switzerland with 6% and Luxembourg with 4%. The distribution of corporate transactions outside the German-speaking area is beginning to pick up slowly. Volumes and number of transactions in the first two quarters were clearly below those of the previous year. The total of 50 SSDs amounted to EUR 10 billion which is approx. a third each below the value of the previous-year period. "If we consider the mean value of the years 2010 to 2019, the first half of 2020 showed a higher-than-average result despite the Corona break", the Schuldschein expert Christoph Zender emphasized.

Building up strategic liquidity cushions was the main focus of borrowers in the second quarter. The funding of acquisitions or classic refinancing became less significant. ESG-linked Schuldschein loans, where part of the margin is linked to the sustainability rating of the company, remained highly popular with corporates and investors despite all the turmoil.

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LBBW supports that development by its Sustainability Advisory department advising corporates on sustainable financing. The bank thus completes its range of Schuldschein services, of which the Schuldschein platform DebtVision forms part of the digitalization process.