



LBBW

28/8/2020

LBBW Group

Result as of 30 June 2020

LBBW
Bereit für Neues

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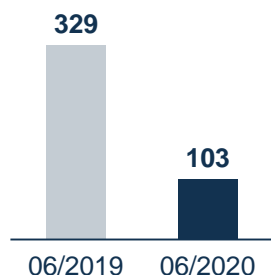
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LBBW's strategy has proven itself in the crisis – Successful crisis management and customer support

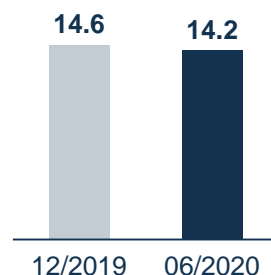
- Approach of universal bank and customer-oriented business model have proven itself in the current Corona crisis – LBBW with its very comfortable capitalization and liquidity situation acted as strong partner for its customers
- Capitalization with a CET1 ratio of 14.2% continues to be very comfortable and distinctly above the requirements – risk situation still very solid in spite of individual figures displaying a deterioration – liquidity situation still comfortable and also above the requirements
- LBBW in the first half-year 2020 with good development in the operating business – Continuation of growth course pursued before Corona – Consolidated profit before tax with € 103 mln however substantially below PY due to considerable loan loss provisions
- Earnings remained almost stable during the crisis along with rapidly reduced costs in spite of considerably higher bank levy – though considerable negative impacts from loan loss provisions
- Challenging environment of low interest rates and high level of competition – in addition, dramatic effects due to the Corona crisis especially on the economy – with its strategic positioning and its comfortable capitalization, LBBW sees itself well equipped also for worsening developments

LBBW also in the crisis with good development in the operating business and still very comfortable capitalization

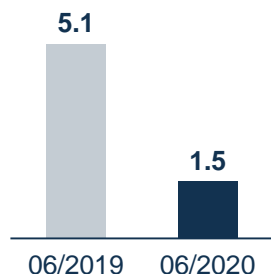
Profit before tax
€ mln



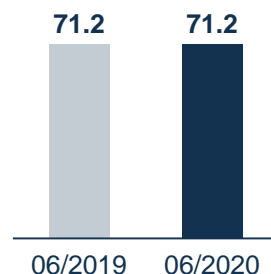
CET1 capital ratio
Fully loaded, %



Return on Equity
%



Cost/income ratio
%



LBBW in the first half-year 2020 with **good development in the operating business** – **Continuation of growth course** pursued before Corona

Earnings remained **almost stable** during the crisis – **rapidly reduced costs** in spite of clearly higher bank levy – **CIR thus at PY's level**

Considerable negative impacts of loan loss provisions – besides individual case not linked to Corona also adjustments related to Corona

Profit before tax with **€ 103 mln** thus **substantially below PY** – **RoE thus also below PY**

Capitalization with a **CET1 ratio of 14.2%** continues to be **very comfortable** also during the crisis and **distinctly above the requirements** – Decrease mainly due to re-ratings, but also due to growth in the customer business

Differences due to rounding

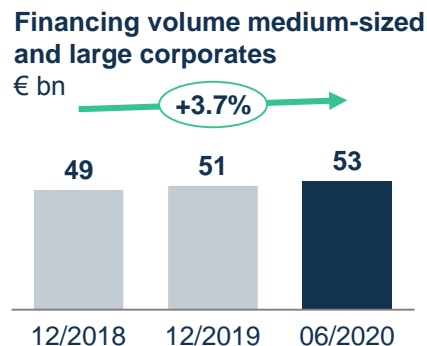
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LBBW is a strong partner for its customers – Customer business as decisive success factor during the Corona crisis

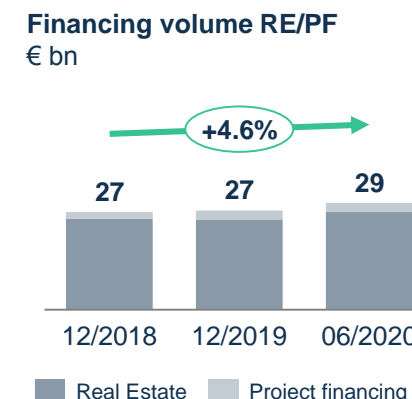
Corporate Customers

- Provide liquidity
- Grant selective suspensions of repayment
- Cope with massively higher demand for promotional loans



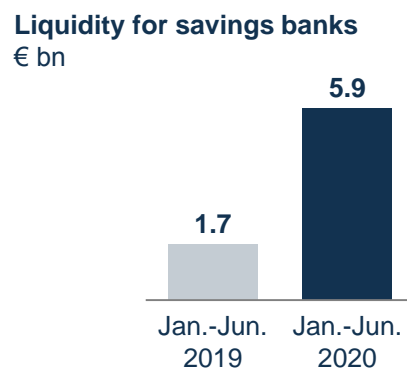
Real Estate/Project Finance (RE/PF)

- Allow deferrals of debt service
- Enable higher flexibility related to payments due and covenants



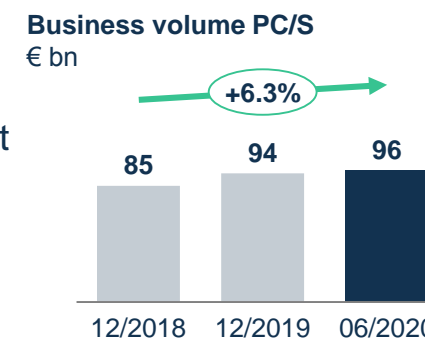
Capital Markets Business

- Meet the higher demand for hedging products
- Ensure liquidity of the savings banks and fulfill the role of the central institute
- Comprehensive advisory and research-offerings in volatile markets



Private Customers/Savings Banks (PC/S)

- Ensure availability via multichannel processing
- Grant suspensions for credit and insurance products
- Distinct increase in cash supply



We continued to drive forward our strategic cornerstones – they will remain an integral part of our DNA



Business focus

- Support of the customers during the crisis – LBBW as strong partner
- Continuation of growth course in the customer business
- Further expansion of cross-selling for corporate customers
- Market leadership in Schuldschein loans further expanded – volume € 2.6 bn
- Strong new business in real estate and project financing

- Inaugural transaction of a completely digital Schuldschein loan
- Continuous development of the online portal for corporate customers
- Implementation of a digital document management system
- Further digitalization of internal processes

Digitalization

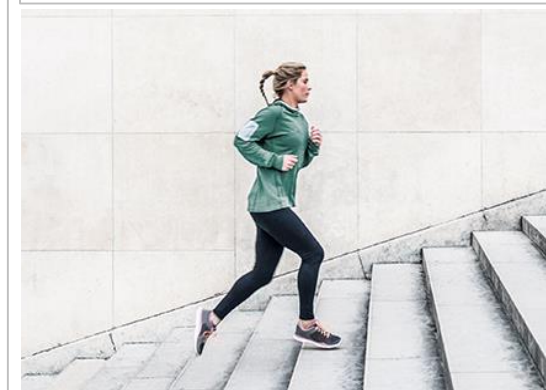


Sustainability

- Signing of the Climate Commitment of the German banking sector
- Top Rankings in the WWF bank rating (among the Top 3)
- Further expansion of the sustainable business: loans, investments and new issues
- Development of Sustainability Advisory
- Issue of the second Social Bond (volume € 1 bn)

- Further implementation of agile operations and increased use of collaboration tools
- Working time flexibility and switch to durably increased home office ratio
- Increased use of interdisciplinary teams to develop innovative solutions

Agility



LBBW identified the strategic cornerstones for 2020 even before Corona – crisis shows high relevance



Increase capital efficiency

Further improvement of profitability of customer relations
Consistent capital management with a clear focus on profitability
Active management of capital and RWA



Enhance internal process efficiency

Ensure flexible reactions to customer and market requirements
Increase quality and customer benefit of internal processes
Further increase in efficiency also due to cost measures



Consolidate the progress made with regard to the strategic levers digitalization, sustainability and agility

Increase the rates of utilization of in-house digital solutions
Organic growth of sustainable assets and liabilities
Result-driven realization of projects with measurable (customer)benefit

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LBBW Group: Good development in the operating business and continuation of growth course in customer business

€ mln	06/2019 ¹	Δ %	06/2020
Net interest income	811	8%	872
Net fee and commission income	279	-2%	274
Net gains/losses on remeasurement and disposal	154	-	-182
of which allowances for losses on loans and securities ²	-62	>100	-280
Other operating income/expenses	52	73%	90
Total operating income/expenses	1,296	-19%	1,055
Expenses	-967	-2%	-952
of which administrative expenses	-864	-4%	-834
of which expenses for bank levy and deposit guarantee system	-102	16%	-118
Consolidated profit/loss before tax	329	-69%	103
Income taxes	-103	-51%	-51
Net consolidated profit/loss	226	-77%	52

Profit before tax in the first half-year 2020 **substantially below PY** – impacted by considerable loan loss provisions

Good development in the operating business with continuation of growth course in customer business and further acceleration of cross selling, mainly hedging products – **earnings almost stable**

Expenses reduced in spite of a clearly higher bank levy

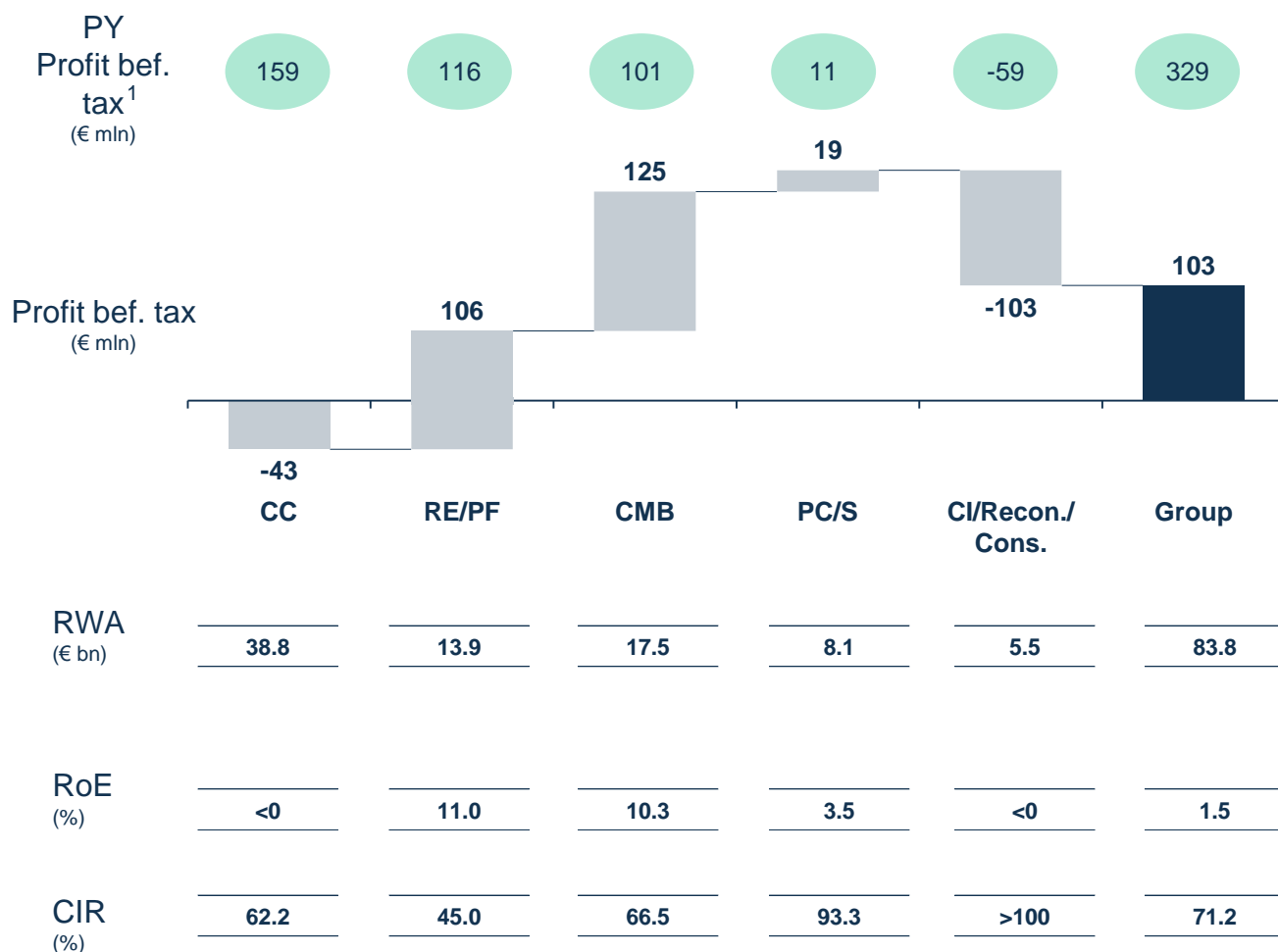
Considerable additions to risk provisioning have a negative effect – besides individual case not linked to Corona also adjustments related to Corona

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 € 0.6 mln in the current year and in the previous year a net allocation of € 0.6 mln relates to the category “Financial assets measured at fair value through other comprehensive income“

Customer segments: Crisis support for customers – Continued growth and further promotion of cross-selling



Corporate Customers (CC)
Continued growth impacted by considerable loan loss provisions

Real Estate/Project Finance (RE/PF)
Solid result in spite of high early repayments of loans in the PY

Capital Markets Business (CMB)
Strong customer business with hedging and investment products

Private Customers/Savings Banks (PC/S)
Expansion of the financing volume and strong securities business

Corporate Items (CI/Recon./Cons.)
Impacted by adjustments related to Corona and considerable increase in bank levy

Differences due to rounding
¹ PY incl. adjustments

Corporate Customers: Continued growth impacted by considerable loan loss provisions



Profit before tax
€ mln

	159		-43
	06/2019 ¹		06/2020
€ mln	06/2019 ¹	Δ %	06/2020
Total operating income/expenses	469	-43%	268
of which income	509	-2%	501
of which allowances for losses on loans and securities ²	-39	>100	-233
Expenses	-310	0%	-311
Consolidated profit/loss before tax	159	-	-43
Total assets (€ bn)	62.4	-1%	62.0

Profit before tax in spite of **strong operational development** distinctly **below PY** due to considerable loan loss provisions

Continuation of **growth course** related to medium-sized and large corporates – financing volume increased by 3% to € 53 bn

Further **expansion** of **focus sectors** Utilities and Energy, TM & electronics/IT and Pharmaceuticals and healthcare

Cross-selling expanded, mainly corp. finance and hedging transactions

Considerable additions to risk provisioning due to an individual case not linked to Corona

Expenses stable due to cost discipline

Strategic focus

Expansion of **focus sectors** and **cross-selling**; **diversification** of the portfolio, **digitalization** and **sustainability initiatives** in the customer business

Differences due to rounding

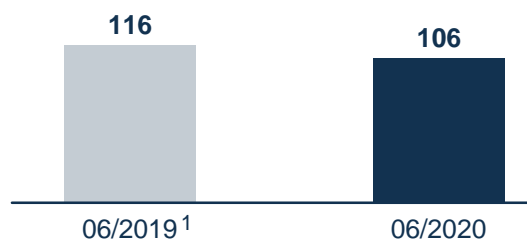
¹ PY incl. adjustments

² Relates only to the category "Financial assets measured at amortized cost"

Real Estate/Project Finance: Solid result in spite of high early repayments of loans in the PY



Profit before tax
€ mln



€ mln	06/2019 ¹	Δ %	06/2020
Total operating income/expenses	197	-1%	196
of which income	208	-4%	200
of which allowances for losses on loans and securities ²	-11	-58%	-4
Expenses	-81	11%	-90
Consolidated profit/loss before tax	116	-9%	106
Total assets (€ bn)	28.7	8%	31.0

Profit before tax slightly **below PY** due to knock-on effects related to high early repayments of loans in the PY

Further growth in real estate and project financing business – financing volume increased to more than € 29 bn

High and profitable new business in **commercial real estate financing** with € 4.1 bn

Also in **project financing high and profitable new business** with € 0.9 bn, thereof approximately 50% related to renewable energies

Expenses increased due to continued growth initiatives

Strategic focus

Continuation of **growth strategy** considering profitability and risk perspectives

Differences due to rounding

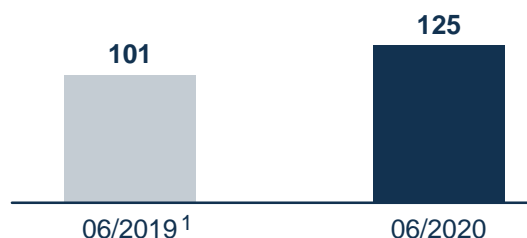
¹ PY incl. adjustments

² Relates only to the category "Financial assets measured at amortized cost"

Capital Markets Business: Strong customer business with hedging and investment products



Profit before tax
€ mln



€ mln	06/2019 ¹	Δ %	06/2020
Total operating income/expenses	351	6%	372
of which income	351	6%	372
of which allowances for losses on loans and securities ²	1	-5%	1
Expenses	-250	-1%	-248
Consolidated profit/loss before tax	101	23%	125
Total assets (€ bn)	132.6	17%	155.0

Profit before tax due to **strong operational development** distinctly above PY

Strong customer business with hedging and investment products

Overall, **increased earnings** along with **reduced expenses**

Opposite valuation effects inter alia due to market turbulences of the Corona crisis

Share of sustainable assets under management of LBBW Asset Management at **approximately 28%**

Funding more and more in the **Green and Social area**: Green Senior Non-Preferred (GBP 500 mln) and second Social Bond (€ 1.0 bn)

Strategic focus

Broadening the customer base via savings bank business and institutional clients – further **automatization**

Differences due to rounding

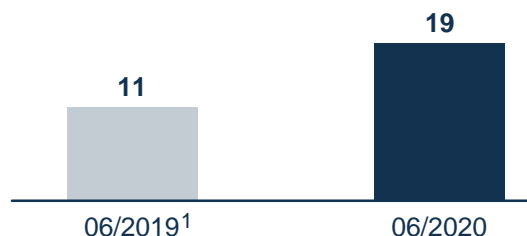
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Private Customers/Savings Banks: Expansion of the financing volume and strong securities business



Profit before tax
€ mln



€ mln	06/2019 ¹	Δ %	06/2020
Total operating income/expenses	268	-2%	263
of which income	284	-8%	262
of which allowances for losses on loans and securities ²	-16	-	1
Expenses	-257	-5%	-244
Consolidated profit/loss before tax	11	69%	19
Total assets (€ bn)	34.2	6%	36.1

Profit before tax clearly above **PY**

Expansion of the financing volume mainly in the promotional loan business with savings banks and high net-worth private clients

Increase in earnings due to **securities business** are offset by declining earnings in the brokerage business

Risk provisioning below PY which was impacted by large individual cases and with net release

Expenses distinctly **reduced**

Strategic focus

Offering **on-site personal advice** and **digital channels**; continuous **optimization** of the **customer interface** also with regard to cost efficiency

Differences due to rounding

¹ PY incl. adjustments

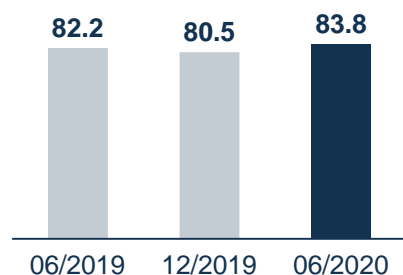
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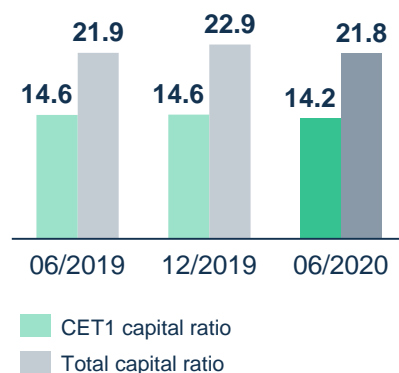
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Continued comfortable capitalization in spite of first impacts due to the Corona crisis – all requirements clearly fulfilled

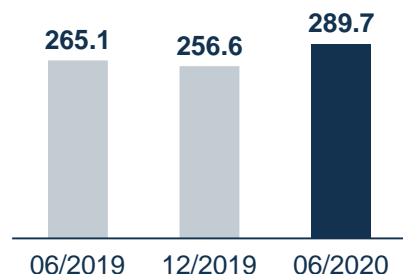
RWA
€ bn



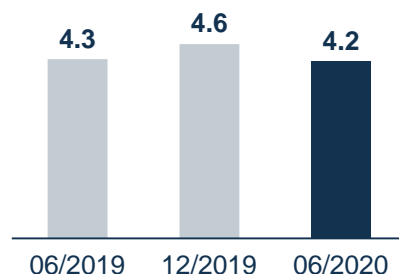
Capital ratios
Fully loaded, %



Total assets
€ bn



Leverage ratio
%



RWA with increase to € 83.8 bn

- Increase mainly due to re-ratings, but also due to growth in customer business, apart from operating effects partially also Corona related developments
- Inter alia optimization measures have an opposing effect

CET1 capital ratio with decline to 14.2%

- Decline especially due to RWA development
- In contrast, relief due to increase in common equity Tier 1, mainly from retained earnings
- Regardless of the crisis still comfortable capitalization and **requirement of 8.98% clearly exceeded**

Total assets with increase to € 289.7 bn

- Increase apart from growth in customer business and strengthening of the liquidity portfolio especially due to the increase of central bank assets with the participation in ECB's tender program (TLTRO-III) with € 20 bn

Leverage ratio with decline to 4.2%

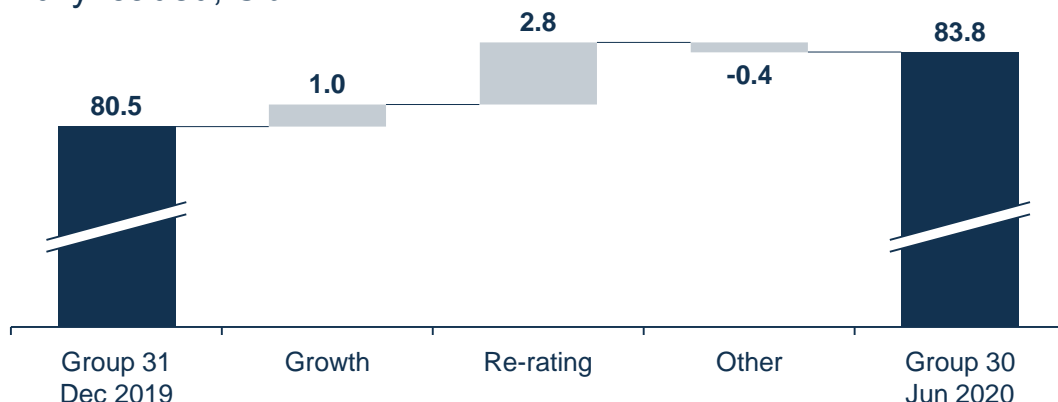
- Decline due to increase in total assets
- **Minimum requirement of 3.0% distinctly exceeded**

Differences due to rounding

Impacts of Corona on RWA and capital ratios moderate so far – Growth and first re-ratings as drivers

RWA

Fully loaded, € bn



RWA with increase to € 83.8 bn

- Apart from operational effects, initial impacts of the Corona crisis already noticeable
- Growth also due to Corona related support for customers
- Re-rating also due to first Corona related customer developments
- In contrast, diverse effects with reducing effect, inter alia due to optimization measures

CET1 capital ratio

Fully loaded, %



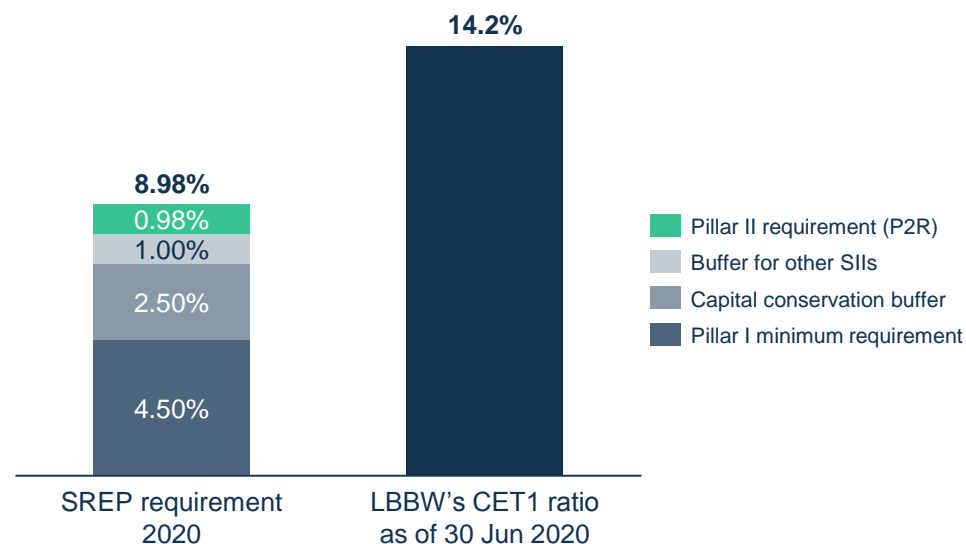
CET1 capital ratio with decline to 14.2%

- Increase in RWA due to first re-ratings and growth as essential drivers
- Relief inter alia due to RWA optimization measures
- In addition, positive effect due to increase in common equity Tier 1, mainly from retained earnings

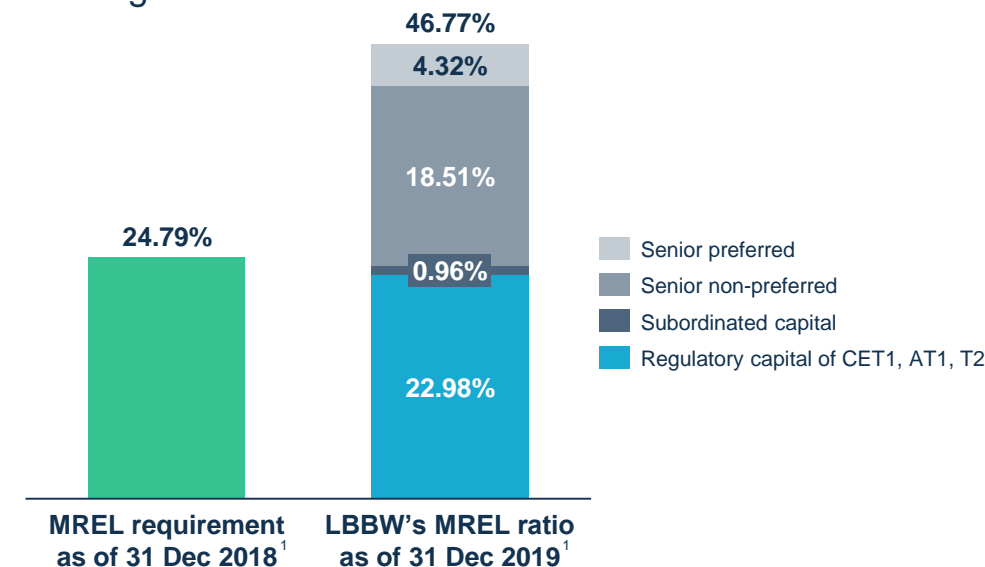
Differences due to rounding

LBBW clearly exceeds CET1 SREP requirement and MREL requirements

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



MREL requirement and MREL ratio of LBBW
with regard to RWA



LBBW clearly exceeds SREP requirement

- Also taking into consideration the counter-cyclical capital buffer which has to be provided additionally
- As well as Pillar II Guidance (P2G) which is beyond the obligatory requirement

LBBW substantially exceeds MREL requirement

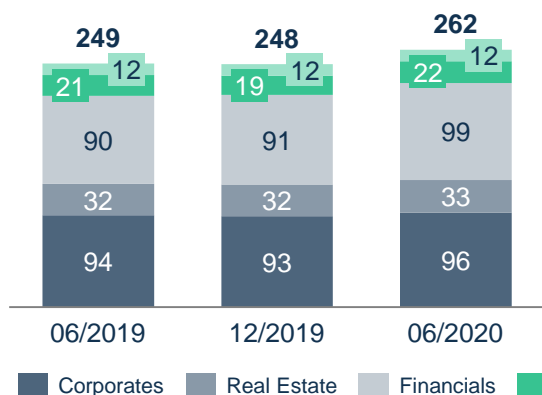
- Requirement with regard to Total Liabilities and Own Funds (“TLOF“) at 8.98%
- High quality of own funds and eligible liabilities – requirement essentially fulfilled by own funds

Differences due to rounding

¹ More current requirement or ratio not yet available

Further expansion of the exposure

Exposure by sector
€ bn

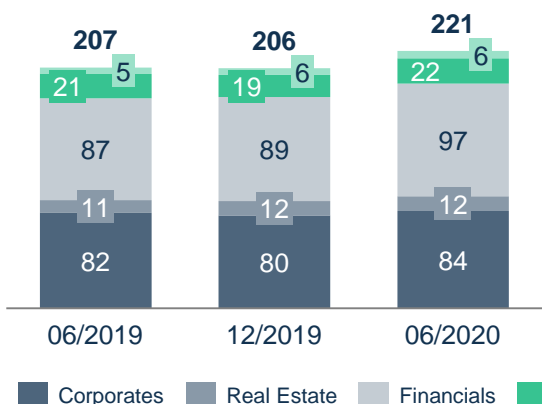


Exposure with **increase** to € 262 bn

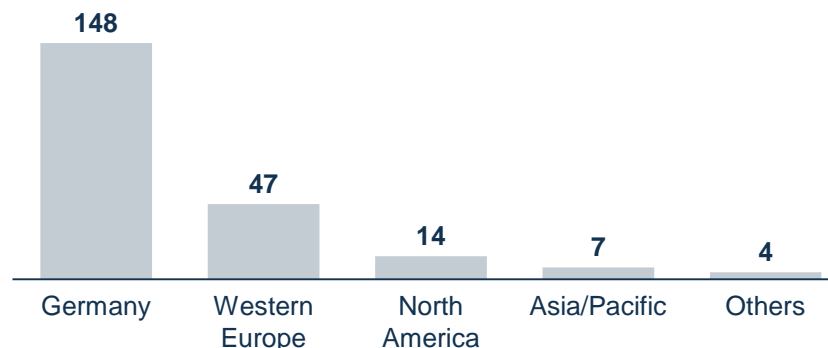
- **Corporates:** almost all sectors with increase, especially Transport and logistics, Retail and consumer goods as well as TM and electronics/IT
- **Financials:** Increase mainly due to savings banks and central banks

Net exposure (after deduction of credit collateral) with a similar trend; increase essentially **in the regions** Germany and North America

Net exposure by sector
€ bn



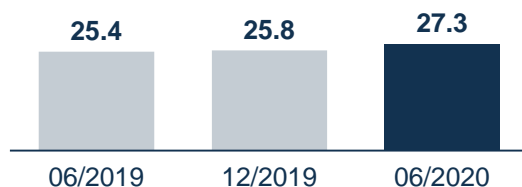
Net exposure by region as of 30 June 2020
€ bn



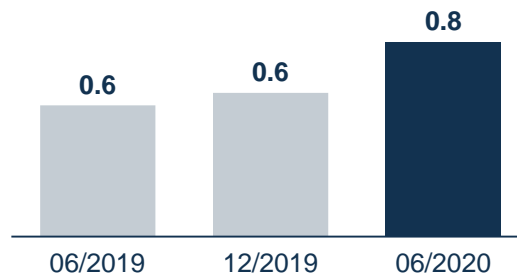
Differences due to rounding

LBBW with sustained high quality of the credit portfolio

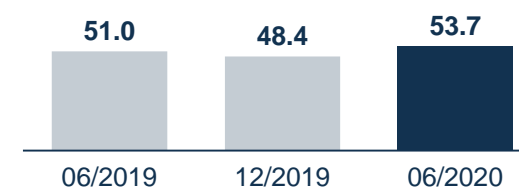
Ø PD net exposure
bp



NPL ratio¹
%



Coverage ratio¹
%



Ø PD net exposure increased, but still low with 27.3 bp

- About 91% of the net exposure in investment grade area

NPL ratio with distinct increase to **0.8%** but further at low level

- Increase of NPL mainly due to individual case; decrease of loan volume due to change in methodology

Coverage ratio increases to **53.7%**

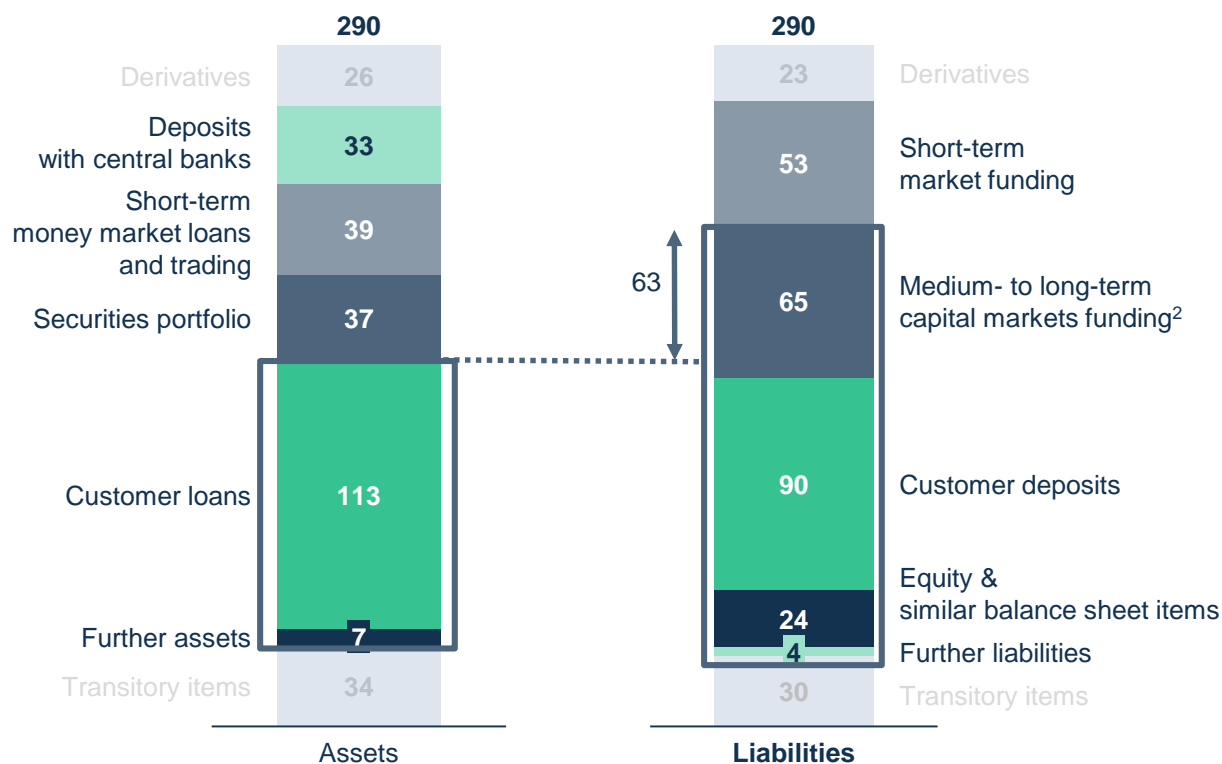
- Total loan loss provisions (only NPL) with a similar increase like NPL due to individual case

Differences due to rounding
¹ acc. to EBA definition

Strong LBBW balance sheet with conservative funding structure

LBBW balance sheet as of 30 June 2020

€ bn



Stable funding sources

- 63% of LBBW's funding come from stable funding sources¹
- 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 € 63 bn

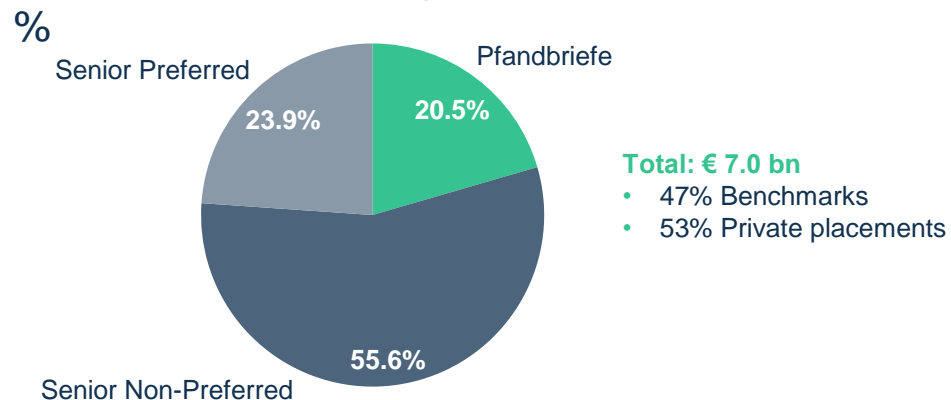
Differences due to rounding

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 € 20 bn from longer-term refinancing operations with the central bank (TLTRO-III)

Capital markets funding 2020 on a broad product base – High and diversified liquidity reserve of LBBW

Capital markets funding¹ by products 30 June 2020



Pfandbriefe

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

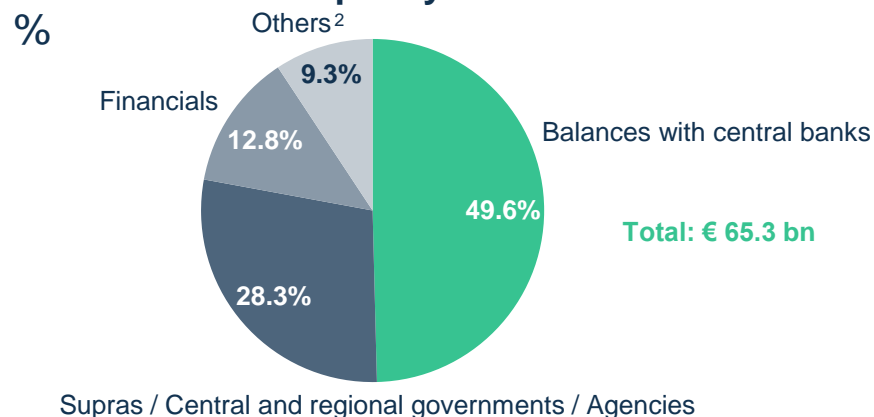
Senior Preferred

- Private placements for retail (structured notes) and institutionals

Senior Non-Preferred

- 49% private placements in Germany and 51% benchmark issues for international investors

Structure of the liquidity reserve



LCR at 142.3%; 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 30 June 2020 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

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-, negative
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	-



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

- internationally rank 4 of 209
- Germany rank 2



82 of 100 points

- internationally rank 19 of 362



Overall rating "positive" (BB)

- In Europe rank 2 in the Landesbanks sector
- Germany rank 1 of 10 in the Landesbanks/ Saving banks sector



Assessment "AA"

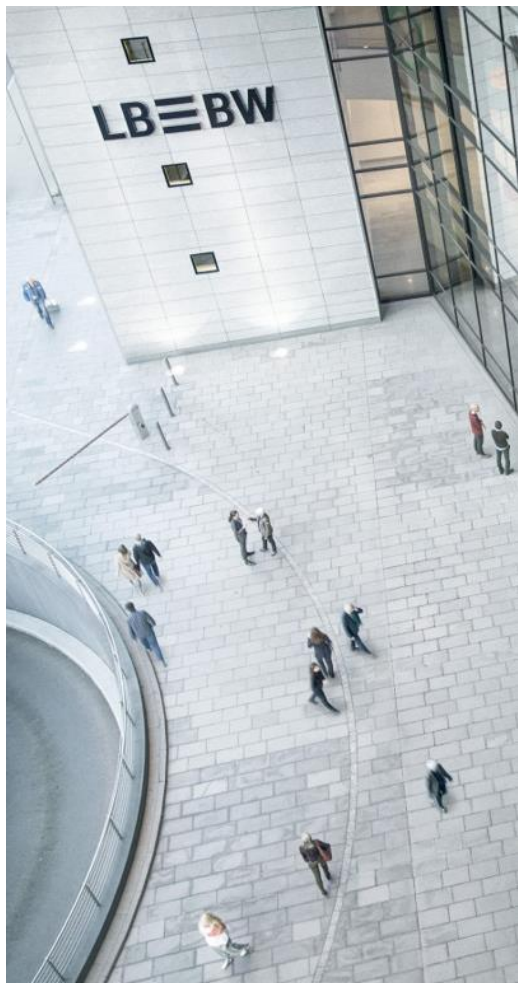


Ratings as of: 28/08/2020

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Outlook¹ LBBW 2020 – LBBW is well equipped with its strategic positioning and comfortable capitalization



Good development in the operating business in the crisis confirms **LBBW's strategic positioning** as **universal bank with the Mittelstand-Mindset** and a **customer-oriented business model**

Capitalization even during the crisis **still very comfortable** – thus, LBBW was able to act unchanged as **strong partner of its customers** and concurrently continue to pursue its **implemented growth course**

Further push of the **portfolio diversification** – Strengthening of the focus sectors and reduction of sector concentrations

Challenging environment with low interest rates, intense competition and dramatic impacts of the Corona crisis – **Further tightening expected** during the further course of the year 2020






Relevance of the defined **strategic cornerstones capital efficiency** and **process efficiency** assured during the crisis

Further push and consolidation of the progress made regarding the **strategic cornerstones: Business focus, Digitalization, Sustainability, Agility**

Reliable earnings forecast still **difficult** – but **LBBW** expects for the **business year 2020 a positive profit before tax**

¹ Based on management calculations and expectations

Strategic targets of LBBW are unchanged – 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%

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LBBW Group: Profit distinctly below PY – negative impacts are reflected mainly in the Corporates segment

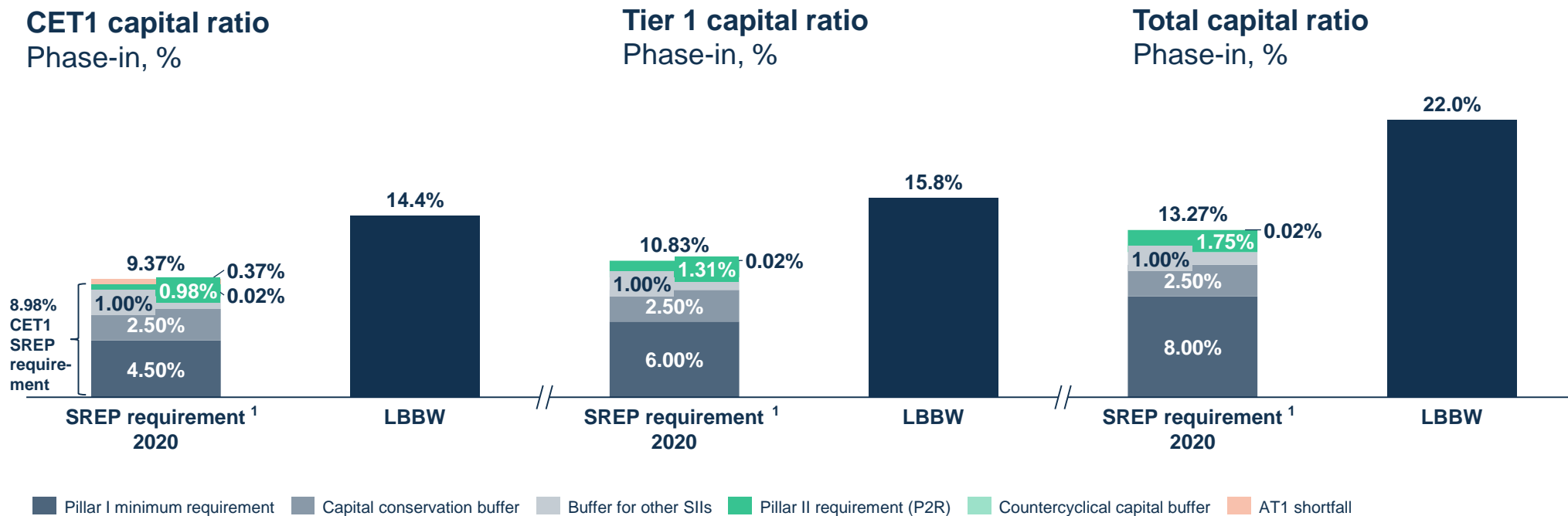
Group				Corporate Customers			Real Estate/ Project Finance			Capital Markets Business			Private Customers/ Savings Banks			Corporate Items/ Reconciliation/Consolidatio		
06/2019 ¹	Δ %	06/2020	€ mln	06/2019 ¹	Δ %	06/2020	06/2019 ¹	Δ %	06/2020	06/2019 ¹	Δ %	06/2020	06/2019 ¹	Δ %	06/2020	06/2019 ¹	Δ %	06/2020
811	7.6	872	Net interest income	394	4.1	410	154	-3.2	149	97	81.5	177	155	-6.0	146	11	-	-9
279	-1.6	274	Net fee and commission income	84	5.4	89	11	-4.7	10	67	8.1	73	120	1.9	122	-4	>100	-20
154	-	-182	Net gains/losses on remeasurement and disposal	-13	>100	-230	-11	-27.7	-8	193	-36.9	122	-13	-88.7	-1	-3	>100	-64
-62	>100	-280	of which allowances for losses on loans and securities ²	-39	>100	-233	-11	-58.0	-4	1	-5.1	1	-16	-	1	3	-	-45
52	72.7	90	Other operating income/expenses	4	-	-1	44	2.6	45	-7	-	1	5	-	-4	6	>100	49
1,296	-18.6	1,055	Total operating income/expenses	469	-42.9	268	197	-0.7	196	351	6.1	372	268	-1.9	263	10	-	-45
1,358	-1.7	1,336	of which income	509	-1.5	501	208	-3.6	200	351	6.1	372	284	-7.7	262	8	-92.4	1
-967	-1.6	-952	Expenses	-310	0.5	-311	-81	10.6	-90	-250	-0.8	-248	-257	-4.9	-244	-69	-15.5	-58
-864	-3.5	-834	of which administrative expenses	-294	0.2	-295	-75	8.9	-82	-227	-2.8	-221	-255	-4.5	-244	-13	-	7
-102	15.5	-118	of which expenses for bank levy and deposit guarantee system	-15	5.1	-16	-7	29.5	-9	-23	18.8	-27	-2	-75.8	0	-56	18.0	-66
329	-68.7	103	Consolidated profit/loss before tax	159	-	-43	116	-8.6	106	101	23.2	125	11	69.1	19	-59	75.5	-103
06/2019 ¹	Δ p.p.	06/2020	%	06/2019 ¹	Δ p.p.	06/2020	06/2019 ¹	Δ p.p.	06/2020	06/2019 ¹	Δ p.p.	06/2020	06/2019 ¹	Δ p.p.	06/2020	06/2019 ¹	Δ p.p.	06/2020
5.1	-3.6	1.5	RoE	6.7	-	<0	13.6	-2.6	11.0	8.1	2.2	10.3	2.1	1.4	3.5	<0	-	<0
71.2	0.1	71.2	CIR	60.9	1.3	62.2	39.2	5.8	45.0	71.2	-4.6	66.5	90.6	2.7	93.3	>100	-	>100
06/2019	Δ %	06/2020	€ bn	06/2019	Δ %	06/2020	06/2019	Δ %	06/2020	06/2019	Δ %	06/2020	06/2019	Δ %	06/2020	06/2019	Δ %	06/2020
82.2	1.9	83.8	RWA	37.5	3.4	38.8	13.0	7.1	13.9	15.9	10.5	17.5	8.2	-0.5	8.1	7.8	-29.0	5.5
265.1	9.3	289.7	Total assets	62.4	-0.7	62.0	28.7	8.1	31.0	132.6	16.9	155.0	34.2	5.6	36.1	7.2	-22.9	5.6

Differences due to rounding

¹ PY incl. adjustments

² Relates only to the category “Financial assets measured at amortized cost”. In addition, for LBBW group a net allocation of € 0.6 mln in the current year and a net allocation of € 0.6 mln in the previous year relates to the category “Financial assets measured at fair value through other comprehensive income”, which relates almost exclusive to the segment Capital Markets Business with a net allocation of € 0.5 mln in the current year and a net allocation of € 0.6 mln in the previous year

Current SREP capital requirements for LBBW clearly exceeded



LBBW clearly exceeds SREP capital requirements also during the Corona crisis

- LBBW’s CET1 requirement of 9.37% clearly exceeded – consisting of the SREP requirement of 8.98% plus counter-cyclical capital buffer and AT1 shortfall
- It was not necessary to make use of the temporary relief such as the shortfall of the capital conservation buffer and of the Pillar II Guidance

Differences due to rounding

¹ 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 focus on growth in focus sectors and cutback of Automotive to diversify the portfolio

€ mln	12/2018		12/2019		06/2020		
	Net exposure	Share of main sector in %	Net exposure	Share of main sector in %	Net exposure	Share of main sector in %	Share of group in %
Corporates	77,956	100%	79,846	100%	83,715	100%	38%
Automotive	13,525	17%	11,862	15%	12,101	14%	5%
Construction	6,637	9%	7,262	9%	7,646	9%	3%
Chemicals and commodities	5,945	8%	6,942	9%	6,826	8%	3%
Retail and consumer goods	13,038	17%	12,812	16%	13,245	16%	6%
Industry	9,350	12%	9,920	12%	10,182	12%	5%
Pharmaceuticals and healthcare	4,139	5%	4,468	6%	4,712	6%	2%
TM and electronics/IT	6,168	8%	6,541	8%	6,949	8%	3%
Transport and logistics	5,862	8%	5,790	7%	6,664	8%	3%
Utilities and energy	7,644	10%	8,060	10%	8,267	10%	4%
Other	5,649	7%	6,189	8%	7,124	9%	3%
Real estate	10,409	100%	12,223	100%	12,444	100%	6%
Commercial real estate (CRE)	7,005	67%	8,883	73%	8,138	65%	4%
Housing	3,404	33%	3,340	27%	4,306	35%	2%

Differences due to rounding

Focus sectors

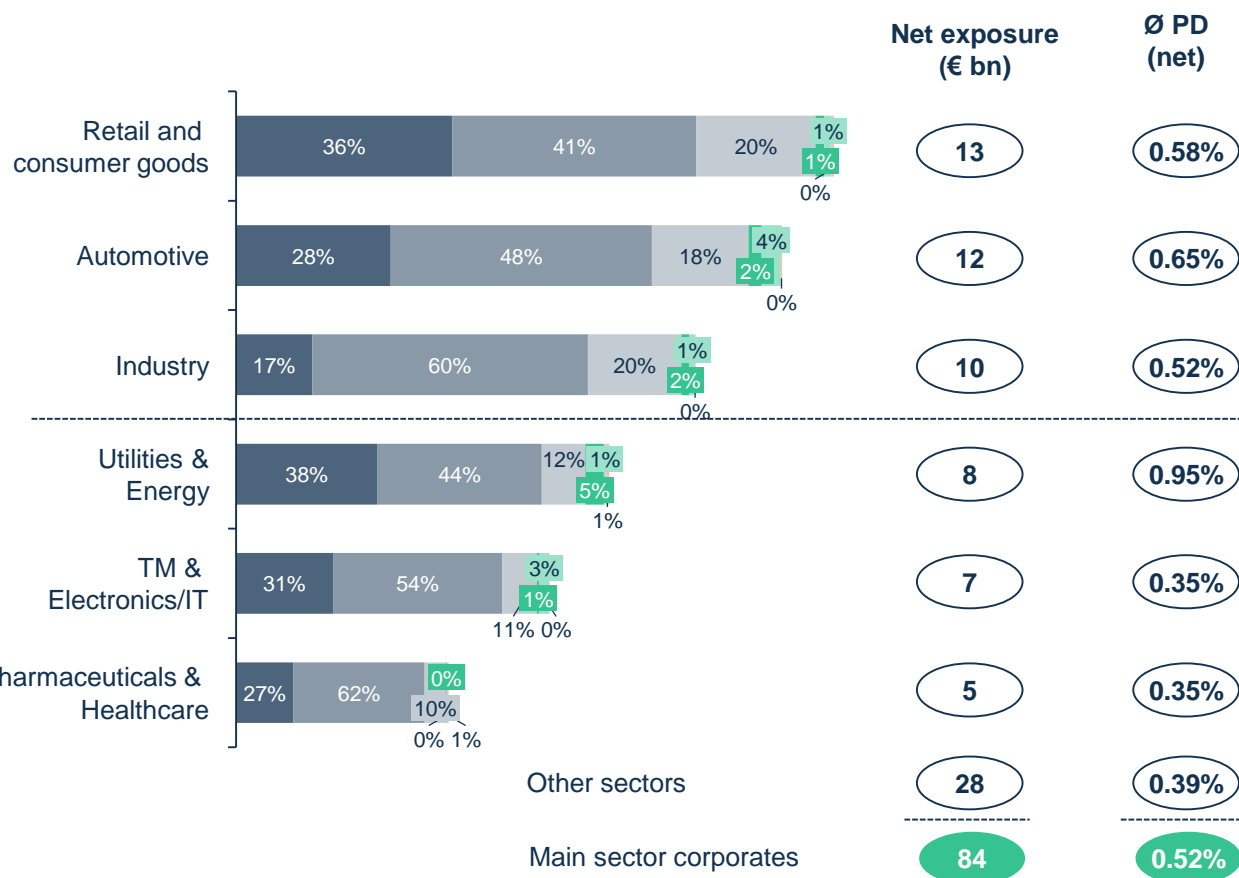
- Also in the first half-year 2020 further increase of the net exposure in total by € +0.9 bn
- In spite of the crisis-driven support service in other sectors, the share within the corporate portfolio was held constant with 24% in the first half year 2020
- Thus, since 12/2018 overall with distinct increase of € +2.0 bn
- Growth course will be continued

Automotive

- Cutback started in the first half-year 2020 was temporarily forced to slow down due to Corona related new business (net exposure € +0.2 bn)
- However, share within the corporate portfolio reduced slightly to 14% in the first half year 2020 and thus diversification of the portfolio further pushed forward
- Thus since 12/2018 in total with cutback of € -1.4 bn
- We stick to the fundamental strategy of cutback and diversification targets

Portfolio quality in Corporates slightly decreased in difficult economic environment

Corporates: Breakdown by rating classes (selected sectors)
in % of the net exposures 06/2020



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) decreased by 8 bp compared to 12/2019
- Development across all sectors

Focus sectors

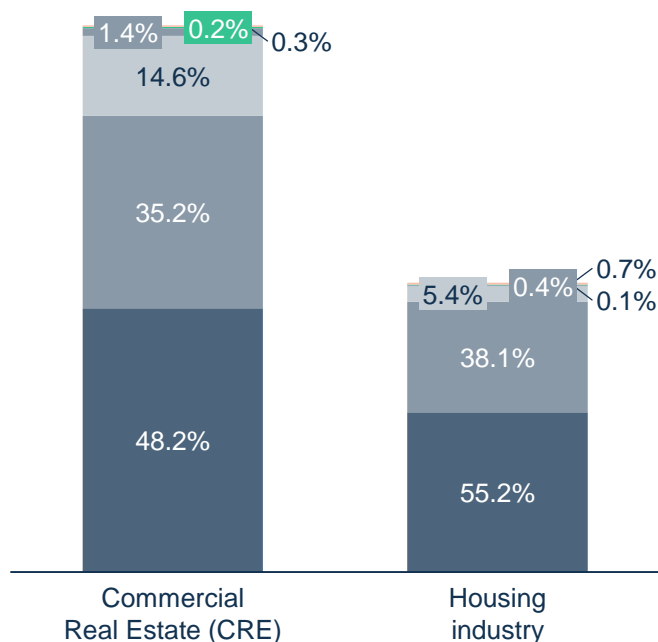
- Share of investment grade for each sector >80%
- TM & electronics/IT as well as Pharmaceuticals & healthcare with very low Ø PD (net)

Automotive

- Share of investment grade at 76%
- The net exposure comprises
 - 46% suppliers
 - 26% manufacturers with focus on German OEMs¹
 - 27% other sub sectors

Unchanged good portfolio quality in Real Estate portfolio

Real Estate: Breakdown by rating classes in % of the net exposure 06/2020



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

Differences due to rounding

Entire sector Real Estate

- Ø PD (net) unchanged compared to 12/2019
- Regional focus is on Germany, abroad on selected cities in Great Britain and in the USA
- Types of use: Office, residential, trade, logistics

Further real estate financings

- Further real estate financings are inter alia included in the main sector Private Individuals (approx. 52% of the net exposure amounting to € 6.2 bn are allotted to home loans)

Impact of Corona

- Types of use particularly affected by the Corona pandemic (inter alia hotels) are in the portfolio usually only included in addition
- Conservative financing structures mitigate the risks induced by Corona

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
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
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 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
Rating classes	Investment grade: RC 1: PD $0.00\% \leq 0.10\%$; RC 2-5: PD $> 0.10\% \leq 0.48\%$ Non-investment grade: RC 6-8: PD $> 0.48\% \leq 1.61\%$; RC 9-10: PD $> 1.61\% \leq 3.63\%$; 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 occurred 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 / 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 and current reliefs in reaction to coronavirus 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
Countercyclical capital buffer	Additionally a countercyclical capital buffer has to be maintained, which is to be covered by Common Equity Tier 1
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
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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