Breaking new ground

Disclosure report for the first half of 2021

Disclosure report H1 2021

1 General provisions (Article 431 – 434a CRR)

Due to the CRR II (Capital Requirements Regulation – Regulation (EU) No. 2019/876), which took effect in stages from 27 June 2019, and the CRD V (Capital Requirements Directive V – Directive (EU) 2019/878/EU), banks must prepare a disclosure report. Further significant amendments took effect on 28 June 2021, and LBBW implemented them in the disclosure report accordingly.

As a »large institution«, LBBW also discloses information on a quarterly or semi-annual basis, as required, in addition to the annual report. LBBW fulfills its obligation to prepare the disclosure report in aggregate form at group level in its function as a parent company. The basis for the figures given in this report is the regulatory basis of consolidation. Figures are calculated in accordance with the International Financial Reporting Standards (IFRS).

This report provides information required as at the end of the reporting period regarding:

- Key metrics and overview of risk-weighted exposure amounts
- Own funds
- Countercyclical capital buffers
- Leverage ratio
- Liquidity requirements
- Credit and dilution risk and credit quality
- Use of credit risk mitigation techniques
- Use of the standardized approach
- Use of the IRB approach to credit risk
- Specialized lending and equity exposure under the simple risk-weighted approach
- Exposure to counterparty credit risks
- Exposure to securitization positions
- Use of the standardized approach and of the internal models for market risk
- Exposures to interest rate risk on positions not held in the trading book
- COVID-19 disclosures

As required by EBA/GL/2016/11, changes to figures are commented on at the time the tables in question are published. There are thus various observation periods for comments.

Because of the CRR II amendments that took effect on 28 June 2021, no prior-period values can be shown in some tables as a result of an adjusted calculation method or the first-time disclosure of various key figures.

The figures published in the disclosure report have been rounded to the next million in accordance with commercial principles. Amounts under EUR 500,000 are therefore shown as »0«. Accordingly, rounding differences may arise through aggregation.

2 Disclosure of key metrics and overview of risk-weighted exposure amounts (Articles 438, 447 CRR)

2.1 Key metrics (Articles 438b, 447 a-g CRR)

As a result of the entry into force of CRR II on 28 June 2021, various key metrics are disclosed for the first time in the disclosure report for the first half of 2021, so prior-period values cannot be shown for these key metrics, as they were not disclosed in the past (e.g. net stable funding ratio (NSFR)).

EUR million	30/06/2021	31/03/2021	31/12/2020	30/09/2020	30/06/2020
Available own funds (amounts)					
Common Equity Tier 1 (CET1) capital	12,454	12,472	12,415	12,111	12,026
Tier 1 capital	13,439	13,457	13,641	13,337	13,252
Total capital	18,204	18,816	18,741	18,419	18,433
Risk-weighted exposure amounts					
Total risk exposure amount	82,357	84,888	82,112	81,477	83,678
Capital ratios (as a percentage of risk-weighted exposure amount)					
Common Equity Tier 1 ratio (%)	15.1	14.7	15.1	14.9	14.4
Tier 1 ratio (%)	16.3	15.9	16.6	16.4	15.8
Total capital ratio (%)	22.1	22.2	22.8	22.6	22.0
Additional own funds requirements to address risks other than the risk of excessive leverage (as a percentage of risk-weighted exposure amount)					
Additional own funds requirements to address risks other than the risk of excessive leverage (%)	1.75				
of which: to be made up of CET1 capital (percentage points)	0.98				
of which: to be made up of Tier 1 capital (percentage points)	1.31				
Total SREP own funds requirements (%)	9.75				
Combined buffer requirement (as a percentage of risk-weighted exposure amount)					
Capital conservation buffer (%)	2.50	2.50	2.50	2.50	2.50
Conservation buffer due to macro-prudential or systemic risk identified at the level of a Member State (%)					
Institution specific countercyclical capital buffer (%)	0.03	0.02	0.02	0.02	0.02
Systemic risk buffer (%)					
Global Systemically Important Institution buffer (%)					
Other Systemically Important Institution buffer	0.75	0.75	0.75	1.00	1.00
Combined buffer requirement (%)	3.28	3.27	3.27	3.52	3.52
Overall capital requirements (%)	13.03				
CET1 available after meeting the total SREP own funds requirements (%)	9.01				
Leverage ratio					
Total exposure measure	287,847	320,544	289,880	305,035	299,324
Leverage ratio (%)	4.67	4.20	4.71	4.37	4.43
Additional own funds requirements to address the risk of excessive leverage (as a percentage of total exposure measure)					
Additional own funds requirements to address the risk of excessive leverage (%)					
of which: to be made up of CET1 capital (percentage points)					
Total SREP leverage ratio requirements (%)					
Leverage ratio buffer and overall leverage ratio requirement (as a percentage of total exposure measure)					
Leverage ratio buffer requirement (%)					
Overall leverage ratio requirement (%)					
Liquidity coverage ratio					
Total high-quality liquid assets (HQLA) (Weighted value - average)	76,407	71,492	66,494	61,731	58,819
Cash outflows - Total weighted value	72,511				
Cash inflows - Total weighted value	20,066				
Total net cash outflows (adjusted value)	52,446	49,155	46,814	44,889	44,994
Liquidity coverage ratio (%)	146.3	145.5	141.9	137.4	131.0
Net Stable Funding Ratio					
Total available stable funding	144,858				
Total required stable funding	124,278				
NSFR ratio (%)	116.6				

Figure 1: EU KM1 - Key metrics template

2.2 Overview of total risk exposure amounts (Article 438 d CRR)

The qualitative obligation to explain, in the narrative accompanying the template EU OV1, the effect that applying capital floors and not deducting items from own funds has on the calculation of own funds and risk exposure amounts, does not apply to LBBW.

The following table sets out the total risk exposure amounts and own funds requirements for risk types that are relevant from a prudential point of view. On the basis of the amended disclosure requirements as of this quarter, the *of which items* are only indicated for the previous quarter if the values are calculated by the same method as in the previous period.

Significant investments in financial sector entities to which a 250% risk weight must be applied along with deferred taxes resulting from temporary differences are reported in the line »Amounts below the thresholds for deductions«.

A breakdown by exposure class is provided as follows:

- Disclosure of the use of the standardized approach, section 9
- Disclosure of the use of the IRB approach to credit risk, section 10
- Disclosure of exposures to counterparty credit risk, section 12

EUR million	Total risk exposure amounts (TREA) 30/06/2021	31/03/2021	Total own funds requirements 30/06/2021
Credit risk (excluding CCR)	*60,322*	*66,059*	*4,826*
Of which the standardized approach	10,004	10,072	800
Of which the foundation IRB (FIRB) approach	48,672	54,492	3,894
Of which: slotting approach	108		9
Of which: equities under the simple risk-weighted approach	1,538	1,495	123
Of which the advanced IRB (AIRB) approach			
Counterparty credit risk - CCR	*6,842*	*4,002*	*547*
Of which the standardized approach	3,200		256
Of which internal model method (IMM)			
Of which exposures to a CCP	351		28
Of which credit valuation adjustment - CVA	1,611		129
Of which other CCR	1,681		134
Settlement risk	*1*	*4*	*0*
Securitization exposures in the non-trading book (after the cap)	*1,163*	*1,029*	*93*
Of which SEC-IRBA approach	195		16
Of which SEC-ERBA (including IAA)	754		60
Of which SEC-SA approach	213		17
Of which 1250%/ deduction			
Position, foreign exchange and commodities risks (Market risk)	*6,286*	*5,941*	*503*
Of which the standardized approach	4,015	3,368	321
Of which IMA	2,271	2,573	182
Large exposures			
Operational risk	*4,815*	*4,815*	*385*
Of which basic indicator approach			
Of which standardized approach	4,815	4,815	385
Of which advanced measurement approach			
Amounts below the thresholds for deduction (subject to 250% risk weight)	*2,929*	*3,037*	*234*
Total	*82,357*	*84,888*	*6,589*

Figure 2: EU OV1 – Overview of total risk exposure amounts

The total risk exposure amount decreased immaterially as against the previous quarter.

Credit risk exposure declined slightly. The main reasons for this development were the application of the expanded SME factor in accordance with CRR II, the business performance and rating changes for receivables measured in accordance with the internal rating approach. Counterparty credit risk developed in the opposite direction. The increase resulted primarily from the new method to determine the counterparty credit risk of derivatives in accordance with CRR II and the change in fair values. In addition, LBBW previously exercised the option to recognize securities financing transactions (SFTs) in credit risk. With the introduction of CRR II, these transactions must be recognized in counterparty credit risk.

3 Disclosure of own funds (Article 437 CRR and EBA/GL/2018/01)

3.1 Composition of regulatory own funds (Article 437 a, d-f CRR)

The following table shows the composition of regulatory own funds. The table also includes regulatory adjustments, regulatory ratios and relevant capital buffers.

The »Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation« column in Figure 3 reconciles the components of the Bank's own funds under CRR with the balance sheet. Figure 4 shows the relevant items of the balance sheet with figures according to IFRS and FINREP (Financial Reporting).

EUR million Capital instruments	Amounts	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
Common Equity Tier 1 (CET1) capital: instruments and reserves		
Capital instruments and the related share premium accounts	11,724	j + k
of which: paid-in capital	3,484	
of which: capital reserves	8,240	
of which: other		
Retained earnings	1,004	l
Accumulated other comprehensive income (and other reserves)	328	m + n + o
Funds for general banking risk		
Amount of qualifying items referred to in Article 484 (3) and the related share premium accounts subject to phase out from CET1		
Minority interests (amount allowed in consolidated CET1)		
Independently reviewed interim profits net of any foreseeable charge or dividend		
Common Equity Tier 1 (CET1) capital before regulatory adjustments	*13,056*	
Common Equity Tier 1 (CET1) capital: regulatory adjustments		
Additional value adjustments (negative amount)	- 240	
Intangible assets (net of related tax liability) (negative amount)	- 191	a + b
Empty set in the EU		
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability where the conditions in Article 38 (3) are met) (negative amount)	- 90	c
Fair value reserves related to gains or losses on cash flow hedges of financial instruments that are not valued at fair value		
Negative amounts resulting from the calculation of expected loss amounts	- 7	
Any increase in equity that results from securitized assets (negative amount)		
Gains or losses on liabilities valued at fair value resulting from changes in own credit standing	- 10	
Defined-benefit pension fund assets (negative amount)	- 0	
Direct and indirect holdings by an institution of own CET1 instruments (negative amount)		
Direct, indirect and synthetic holdings of the CET1 instruments of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)		
Direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)		
Direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)		
Exposure amount of the following items which qualify for a RW of 1,250%, where the institution opts for the deduction alternative	- 37	
of which: qualifying holdings outside the financial sector (negative amount)		
of which: securitization positions (negative amount)	- 37	
of which: free deliveries (negative amount)		
Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability where the conditions in Article 38 (3) are met) (negative amount)		
Amount exceeding the 17.65% threshold (negative amount)		
of which: direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities		
of which: deferred tax assets arising from temporary differences		
Losses for the current financial year (negative amount)		
Foreseeable tax charges relating to CET1 items except where the institution suitably adjusts the amount of CET1 items insofar as such tax charges reduce the amount up to which those items may be used to cover risks or losses (negative amount)		

EUR million Capital instruments	Amounts	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
Qualifying AT1 deductions that exceed the AT1 items of the institution (negative amount)		
Other regulatory adjustments	- 28	
Total regulatory adjustments to Common Equity Tier 1 (CET1)	- 602	
Common Equity Tier 1 (CET1) capital	12,454	
Additional Tier 1 (AT1) capital: instruments		
Capital instruments and the related share premium accounts	744	
of which: classified as equity under applicable accounting standards	744	p
of which: classified as liabilities under applicable accounting standards		
Amount of qualifying items referred to in Article 484 (4) CRR and the related share premium accounts subject to phase out from AT1	241	Sub-amount h
Amount of qualifying items referred to in Article 494 a(1) subject to phase out from AT1		
Amount of qualifying items referred to in Article 494 b(1) subject to phase out from AT1		
Qualifying Tier 1 capital included in consolidated AT1 capital (including minority interests not included in row 5) issued by subsidiaries and held by third parties		
of which: instruments issued by subsidiaries subject to phase out		
Additional Tier 1 (AT1) capital before regulatory adjustments	985	
Additional Tier 1 (AT1) capital: regulatory adjustments		
Direct, indirect and synthetic holdings by an institution of own AT1 instruments (negative amount)		
Direct, indirect and synthetic holdings of the AT1 instruments of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)		
Direct, indirect and synthetic holdings of the AT1 instruments of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)		
Direct, indirect and synthetic holdings by the institution of the AT1 instruments of financial sector entities where the institution has a significant investment in those entities (net of eligible short positions) (negative amount)		
Qualifying T2 deductions that exceed the T2 items of the institution (negative amount)		
Other regulatory adjustments to AT1 capital		
Total regulatory adjustments to Additional Tier 1 (AT1) capital		
Additional Tier 1 (AT1) capital	985	
Tier 1 capital (T1 = CET1 + AT1)	13,439	
Tier 2 (T2) capital: instruments		
Capital instruments and the related share premium accounts	4,668	e + f + g + i + sub-amount h
Amount of qualifying items referred to in Article 484 (5) and the related share premium accounts subject to phase out from T2 as described in Article 486 (4) CRR		
Amount of qualifying items referred to in Article 494a (2) subject to phase out from T2		
Amount of qualifying items referred to in Article 494b (2) subject to phase out from T2		
Qualifying own funds instruments included in consolidated T2 capital (including minority interests and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third parties		
of which: instruments issued by subsidiaries subject to phase out		
Credit risk adjustments	347	
Tier 2 (T2) capital before regulatory adjustments	5,015	
Tier 2 (T2) capital: regulatory adjustments		
Direct, indirect and synthetic holdings by an institution of own T2 instruments and subordinated loans (negative amount)	- 25	
Direct, indirect and synthetic holdings of the T2 instruments and subordinated loans of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)		

EUR million Capital instruments	Amounts	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
Direct, indirect and synthetic holdings of the T2 instruments and subordinated loans of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)		
Direct, indirect and synthetic holdings by the institution of the T2 instruments and subordinated loans of financial sector entities where the institution has a significant investment in those entities (net of eligible short positions) (negative amount)		
Qualifying eligible liabilities deductions that exceed the eligible liabilities items of the institution (negative amount)		
Other regulatory adjustments to T2 capital	- 225	
Total regulatory adjustments to Tier 2 (T2) capital	*- 250*	
Tier 2 (T2) capital	*4,765*	
Total capital (TC = T1 + T2)	*18,204*	
Total risk exposure amount	82,357	
Capital ratios and requirements including buffers		
Common Equity Tier 1 (as a percentage of total risk exposure amount)	*15.1*	
Tier 1 (as a percentage of total risk exposure amount)	16.3	
Total capital (as a percentage of total risk exposure amount)	22.1	
Institution CET1 overall capital requirements	8.76	
of which: capital conservation buffer requirement	2.50	
of which: countercyclical buffer requirement	0.03	
of which: systemic risk buffer requirement		
of which: Global Systemically Important Institution (G-SII) or Other Systemically Important Institution (O-SII) buffer	0.75	
of which: additional own funds requirements to address the risks other than the risk of excessive leverage	0.98	
Common Equity Tier 1 available to meet buffer (as a percentage of risk exposure amount)	9.01	
Amounts below the thresholds for deduction (before risk weighting)		
Direct and indirect holdings of own funds and eligible liabilities of financial sector entities where the institution does not have a significant investment in those entities (amount below 10% threshold and net of eligible short positions)	565	
Direct and indirect holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount below 17.65% thresholds and net of eligible short positions)	317	
Deferred tax assets arising from temporary differences (amount below 17.65% threshold, net of related tax liability where the conditions in Article 38 (3) are met)	854	d
Applicable caps on the inclusion of provisions in Tier 2		
Credit risk adjustments included in T2 in respect of exposures subject to standardized approach (prior to the application of the cap)		
Cap on inclusion of credit risk adjustments in T2 under standardized approach	126	
Credit risk adjustments included in T2 in respect of exposures subject to internal ratings-based approach (prior to the application of the cap)	354	
Cap for inclusion of credit risk adjustments in T2 under internal ratings-based approach	347	
Capital instruments subject to phase-out arrangements (only applicable between 1 Jan 2014 and 1 Jan 2022)		
Current cap on CET1 instruments subject to phase out arrangements		
Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)		
Current cap on AT1 instruments subject to phase out arrangements	241	
Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)	-609	
Current cap on T2 instruments subject to phase out arrangements		
Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)	0	

Figure 3: EU CC1 - Composition of regulatory own funds

The changes in regulatory own funds are commented on in comparison with 31 March 2021, as this was the last date at which disclosures on own funds were made, albeit in a different format.

The Common Equity Tier 1 (CET1) and Additional Tier 1 (AT1) capital of the LBBW Group was virtually unchanged as against the last quarter.

Tier 2 (T2) capital declined in the second quarter of 2021 due to the repayment of a subordinated bond and the amortization to the day of Tier 2 capital components.

Due to the aforementioned facts and the slight reduction in risk-weighted assets, LBBW's CET1 ratio and T1 ratio increased slightly as against the previous quarter. The total capital ratio was virtually unchanged due to the repayment of a subordinated issue. Explanations regarding the reduction of risk-weighted assets can be found in section »2.2 Overview of total risk exposure amounts«.

The calculation of capital ratios does not include any elements of own funds calculated on a basis other than that stipulated in the CRR (Article 437 (1) (f) CRR).

3.2 Reconciliation of regulatory own funds to balance sheet in the audited financial statements (Article 437 a CRR)

The following table compares the components of the Bank's own funds relevant for the CRR report on the basis of the accounting and regulatory bases of consolidation. It includes only those items of the balance sheet which are relevant for the calculation of the Bank's own funds in accordance with CRR. Accordingly, it does not show all the components reported on the face of the balance sheet.

The disclosure of the shareholders' equity rows in the following templates EU CC2 Reconciliation of regulatory own funds to balance sheet in the audited financial statements is not relevant for LBBW, as LBBW has no shareholders' equity.

EUR million	Balance sheet as in published financial statements (IFRS)	Under regulatory scope of consolidation (FINREP)	Reference
		As at period end	
Assets – Breakdown by asset classes according to the balance sheet in the published financial statements			
Intangible assets	**162**	**161**	
of which goodwill	0	0	a
of which other intangible assets	162	161	b
Deferred income tax assets	**1,021**	**1,048**	
of which from unused tax losses	90	81	c
of which from temporary differences	931	968	d
Equity and liabilities			
Financial liabilities designated at fair value	**5,193**	**5,193**	
of which subordinated liabilities	677	677	e
of which capital generated from profit-participation rights	27	27	f
Subordinated capital	**5,021**	**5,021**	
of which subordinated liabilities	4,098	4,098	g
of which typical silent partners' contributions	897	897	h
of which capital generated from profit-participation rights	27	27	i
Equity	**14,306**	**14,386**	
of which share capital	3,484	3,484	j
of which capital reserve	8,240	8,240	k
of which retained earnings	1,443	1,274	l
of which other income	76	331	
of which revaluation reserve	53	322	
of which revaluation reserve for equity investments	-33	235	m
of which revaluation reserve for debt instruments	87	87	n
of which currency translation reserve	19	6	o
of which additional equity components (Additional Tier 1)	745	745	p

Figure 4: EU CC2 - Reconciliation of regulatory own funds to balance sheet in the audited financial statements

3.3 Comparison of own funds and capital and leverage ratio applying and not applying transitional provisions for IFRS 9 in conjunction with Article 473 a CRR II (EBA/GL/2018/01)

The calculation of capital ratios does not include any elements of own funds calculated on a basis other than that stipulated in the CRR (Article 437 (1) (f) CRR).

LBBW has been phasing in IFRS 9 since March 2020, which is causing a temporary increase in common equity Tier 1 capital. LBBW is therefore required to disclose the following values both applying and not applying the transitional provisions.

Ratios in %	30/06/2021	31/03/2021	31/12/2020	30/09/2020	30/06/2020
Available capital (amounts)					
Common Equity Tier 1 (CET1) capital	12,454	12,472	12,415	12,111	12,026
Common Equity Tier 1 (CET1) capital not applying transitional provisions for IFRS 9 or similar expected credit losses	12,217	12,235	12,140	12,032	11,918
Tier 1 capital	13,439	13,457	13,641	13,337	13,252
Tier 1 capital not applying transitional provisions for IFRS 9 or similar expected credit losses	13,202	13,219	13,366	13,258	13,144
Total capital	18,204	18,816	18,741	18,419	18,433
Total capital not applying transitional provisions for IFRS 9 or similar expected credit losses	18,192	18,804	18,724	18,410	18,325
Risk-weighted assets					
Total amount of risk-weighted assets	82,357	84,888	82,112	81,477	83,678
Total amount of risk-weighted assets not applying transitional provisions for IFRS 9 or similar expected credit losses	82,599	85,131	82,390	81,544	83,777
Capital ratios					
CET1 capital (as a percentage of the total risk exposure amount)	15.1	14.7	15.1	14.9	14.4
Common Equity Tier 1 capital (as a percentage of the total risk exposure amount) not applying transitional provisions for IFRS 9 or similar expected credit losses	14.8	14.4	14.7	14.8	14.2
Tier 1 capital (as a percentage of the total risk exposure amount)	16.3	15.9	16.6	16.4	15.8
Tier 1 capital (as a percentage of the total risk exposure amount) not applying transitional provisions for IFRS 9 or similar expected credit losses	16.0	15.5	16.2	16.3	15.7
Total capital (as a percentage of the total risk exposure amount)	22.1	22.2	22.8	22.6	22.0
Total capital (as a percentage of the total risk exposure amount) not applying transitional provisions for IFRS 9 or similar expected credit losses	22.0	22.1	22.7	22.6	21.9
Leverage ratio					
Leverage ratio total exposure measure	287,847	320,544	289,880	305,035	299,324
Leverage ratio	4.67	4.20	4.71	4.37	4.43
Leverage ratio not applying transitional provisions for IFRS 9 or similar expected capital losses	4.59	4.12	4.61	4.35	4.39

Figure 5: Comparison of own funds and capital and leverage ratio applying and not applying

4 Disclosure of countercyclical capital buffers (Article 440 CRR)

4.1 Geographical distribution of credit exposures relevant for the calculation of the countercyclical buffer (Article 440 (a) CRR)

The composition of the institution-specific countercyclical capital buffer must be disclosed on a semi-annual basis. The CET1 capital cover of the total countercyclical capital buffer of all relevant countries is capped at 2.5%. In conjunction with the COVID-19 pandemic, many European states reduced their capital buffers that were already valid or planned.

The countries with the greatest risk exposure in accordance with the guidelines for the countercyclical buffer and those that imposed a countercyclical capital buffer in 2021 are shown in the following table.

	General credit exposures		Relevant credit exposures – Market risk		Securitization exposures Exposure value for non-trading book	Total exposure value	Own fund requirements			Total	Risk-weighted exposure amounts	Own fund requirements weights (%)	Countercyclical buffer rate (%)
EUR million Breakdown by country:	Exposure value under the standardised approach	Exposure value under the IRB approach	Sum of long and short positions of trading book exposures for SA	Value of trading book exposures for internal models			Relevant credit risk exposures - Credit risk	Relevant credit exposures – Market risk	Relevant credit exposures – Securitization positions in the non-trading book				
Germany	17,999	72,144	5,440		4,608	100,190	3,309	86	79	3,475	43,434	69.24	
France	16	1,060	785		98	1,959	41	23	3	67	833	1.33	
United Kingdom	97	2,353	1,406		32	3,888	96	34	1	131	1,634	2.60	
Ireland	35	441	579			1,055	16	53		69	857	1.37	
Canada	1	690	374			1,065	34	2		36	450	0.72	
Luxembourg	43	4,371	628			5,042	154	17		171	2,139	3.41	0.02
Netherlands	65	3,154	378			3,596	107	15		122	1,527	2.43	
Austria	26	2,079	224			2,329	81	5		85	1,067	1.70	
Switzerland	77	1,865	494		45	2,481	73	6	1	81	1,011	1.61	
USA	67	11,300	486		130	11,983	344	13	7	363	4,543	7.24	
Bulgaria	0	0				0	0			0	0	0.00	0.00
Hong Kong	2	259	76			337	13	5		18	228	0.36	0.00
Norway	5	2,729	94			2,827	29	1		30	370	0.59	0.01
Slovakia	1	0	4			5	0	0		0	2	0.00	0.00
Czech Republic	11	31	6			48	2			2	25	0.04	0.00
Other countries	500	9,884	3,148		71	13,603	300	67	2	369	4,611	7.35	
Total	*18,944*	*112,359*	*14,123*		*4,984*	*150,410*	*4,599*	*327*	*93*	*5,018*	*62,731*	*100.00*	*0.03*

Figure 6: EU CCyB1 - Geographical distribution of credit exposures relevant for the calculation of the countercyclical buffer

4.2 Amount of institution-specific countercyclical capital buffer (Article 440 (b) CRR)

The amount of LBBW's institution-specific countercyclical capital buffer is shown in the following figure.

Amount of institution-specific countercyclical capital buffer	30/06/2021
Total risk exposure amount (EUR million)	82,357
Institution specific countercyclical capital buffer rate (%)	0.03
Institution specific countercyclical capital buffer requirements (EUR million)	22

Figure 7: EU CCyB2 - Amount of institution-specific countercyclical capital buffer

5 Disclosure of the leverage ratio (Article 451 CRR)

5.1 Summary reconciliation of accounting assets and leverage ratio exposures (Article 451 (1) b CRR)

		Applicable amount EUR million
1	*Total assets as per published financial statements*	*304,140*
2	Adjustment for entities which are consolidated for accounting purposes but are outside the scope of prudential consolidation	-2,819
3	(Adjustment for securitized exposures that meet the operational requirements for the recognition of risk transference)	
4	(Adjustment for temporary exemption of exposures to central bank (if applicable))	
5	(Adjustment for fiduciary assets recognized on the balance sheet pursuant to the applicable accounting framework but excluded from the leverage ratio total exposure measure in accordance with point (i) of Article 429 a(1) CRR)	
6	Adjustment for regular-way purchases and sales of financial assets subject to trade date accounting	
7	Adjustment for eligible cash pooling transactions	
8	Adjustments for derivative financial instruments	8,678
9	Adjustment for securities financing transactions (SFTs)	3,309
10	Adjustment for off-balance sheet items (i.e. conversion to credit equivalent amounts of off-balance sheet exposures)	23,858
11	(Adjustment for prudent valuation adjustments and specific and general provisions which have reduced Tier 1 capital)	
EU-11a	(Adjustment for exposures excluded from the leverage ratio total exposure measure in accordance with point (c) of Article 429 a(1) CRR)	
EU-11b	(Adjustment for exposures excluded from the leverage ratio total exposure measure in accordance with point (j) of Article 429 a(1) CRR)	
12	Other adjustments	-49,318
13	*Total exposure measure*	*287,847*

Figure 8: EU LR1 - LRSum: Summary reconciliation of accounting assets and leverage ratio exposures

5.2 Leverage ratio common disclosure (Article 451 (1) a-b, c, (2), (3) CRR)

The disclosure as at 30 June 2021 is made without a comparative period due to the revision of the leverage ratio as part of the CRR II implementation of 28 June 2021.

EUR million		CRR leverage ratio exposures 30/06/2021	31/12/2020
On-balance sheet exposures (excluding derivatives and SFTs)			
1	On-balance sheet items (excluding derivatives, SFTs, but including collateral)	257,164	
2	Gross-up for derivatives collateral provided where deducted from the balance sheet assets pursuant to the applicable accounting framework		
3	(Deductions of receivables assets for cash variation margin provided in derivatives transactions)	-7,165	
4	(Adjustment for securities received under securities financing transactions that are recognized as an asset)		
5	(General credit risk adjustments to on-balance sheet items)		
6	(Asset amounts deducted in determining Tier 1 capital)	-324	
7	Total on-balance sheet exposures (excluding derivatives and SFTs)	249,675	
Derivative exposures			
8	Replacement cost associated with SA-CCR derivatives transactions (i.e. net of eligible cash variation margin)	14,376	
EU-8a	Derogation for derivatives: replacement costs contribution under the simplified standardized approach		
9	Add-on amounts for potential future exposure associated with SA-CCR derivatives transactions	15,541	
EU-9a	Derogation for derivatives: Potential future exposure contribution under the simplified standardized approach		
EU-9b	Exposure determined under Original Exposure Method		
10	(Exempted CCP leg of client-cleared trade exposures) (SA-CCR)	-3,773	
EU-10a	(Exempted CCP leg of client-cleared trade exposures) (simplified standardized approach)		
EU-10b	(Exempted CCP leg of client-cleared trade exposures) (original exposure method)		
11	Adjusted effective notional amount of written credit derivatives	4,225	
12	(Adjusted effective notional offsets and add-on deductions for written credit derivatives)	-2,169	
13	Total derivatives exposures	28,199	
Securities financing transaction (SFT) exposures			
14	Gross SFT assets (with no recognition of netting), after adjustment for sales accounting transactions	28,216	
15	(Netted amounts of cash payables and cash receivables of gross SFT assets)	-5,469	
16	Counterparty credit risk exposure for SFT assets	2,666	
EU-16a	Derogation for SFTs: Counterparty credit risk exposure in accordance with Article 429 e(5) and Article 222 CRR		
17	Agent transaction exposures		
EU-17a	(Exempted CCP leg of client-cleared SFT exposure)		
18	Total securities financing transaction exposures	25,414	
Other off-balance sheet exposures			
19	Off-balance sheet exposures at gross notional amount	66,718	
20	(Adjustments for conversion to credit equivalent amounts)	-42,860	
21	(General provisions deducted in determining Tier 1 capital and specific provisions associated with off-balance sheet exposures)		
22	Off-balance sheet exposures	23,858	
Excluded exposures			
EU-22a	(Exposures excluded from the total exposure measure in accordance with point (c) of Article 429 a(1) CRR))	-13,091	
EU-22b	(Exposures exempted in accordance with point (j) of Article 429 a (1) CRR (on and off balance sheet))		
EU-22c	(Excluded exposures of public development banks (or units) – Public sector investments)		
EU-22d	(Excluded exposures of public development banks (or units) – Promotional loans)		
EU-22e	(Excluded passing-through promotional loan exposures by non-public development banks (or units))	-23,561	

EUR million		CRR leverage ratio exposures 30/06/2021	31/12/2020
EU-22f	(Excluded guaranteed parts of exposures arising from export credits)	-2,647	
EU-22g	(Excluded excess collateral deposited at triparty agents)		
EU-22h	(Excluded CSD related services of CSD/institutions in accordance with point (o) of Article 429 a(1) CRR)		
EU-22i	(Excluded CSD related services of designated institutions in accordance with point (p) of Article 429 a(1) CRR)		
EU-22j	(Reduction of the exposure value of pre-financing or intermediate loans)		
EU-22k	(Total excluded exposures)	-39,299	
Capital and total exposure measure			
23	Tier 1 capital	13,439	
24	Total exposure measure	287,847	
Leverage ratio			
25	Leverage ratio (%)	4.67	
EU-25	Leverage ratio (excluding the impact of the exemption of public sector investments and promotional loans) (%)	4.67	
25a	Leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves) (%)	4.67	
26	Regulatory minimum leverage ratio requirement (%)		
EU-26a	Additional own funds requirements to address the risk of excessive leverage (%)		
EU-26b	of which: to be made up of CET1 capital		
27	Leverage ratio buffer requirement (%)		
EU-27a	Overall leverage ratio requirement (%)		
Choice on transitional arrangements and relevant exposures			
EU-27b	Choice on transitional arrangements for the definition of the capital measure		
Disclosure of mean values			
28	Mean of daily values of gross SFT assets, after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables		

Figure 9: EU LR2 - LRCom: Leverage ratio common disclosure

Row EU-22e entirely comprises exposures arising from passing-through promotional loans to other credit institutions, if the promotional loans were granted by an entity set up by the central government, regional government or local authority of a Member State through an intermediate credit institution.

The promotional loans are granted in order to promote the public policy objectives of the central government, regional government or local authority in a Member State. These are stipulated in the respective articles of association of the promotional institutions. At LBBW, promotional loans are passed through both to other credit institutions and to customers.

The leverage ratio on the basis of the CRR transitional provisions (phase-in) came to 4.7% as at 30 June 2021 (as at 31 December 2020: likewise 4.7%). The leverage ratio exposure (phase-in) was virtually unchanged at EUR 287.8bn as at 30 June 2021 (EUR 289.9bn as at 31 December 2020).

In comparison with 31 December 2020, the leverage ratio exposure is characterized by an increase in cash balances at central banks (EUR +28.2bn), which is compensated for by a decline in exposures to institutions (first-time privileging of intra-group exposures EUR -30.1bn).

5.3 Breakdown of on-balance sheet exposures (excluding derivatives, SFTs, and exempted exposures) (Article 451 (1) b CRR)

		CRR leverage ratio exposures EUR million
EU-1	Total on-balance sheet exposures (excluding derivatives, SFTs, and exempted exposures), of which:	218,297
EU-2	Trading book exposures	16,167
EU-3	Banking book exposures, of which:	202,130
EU-4	Covered bonds	12,445
EU-5	Exposures treated as sovereigns	83,955
EU-6	Exposures to regional governments, MDB, international organizations and PSE not treated as sovereigns	725
EU-7	Institutions	9,913
EU-8	Secured by mortgages of immovable properties	25,318
EU-9	Retail exposures	6,288
EU-10	Corporates	58,926
EU-11	Exposures in default	747
EU-12	Other exposures (e.g. equity, securitizations, and other non-credit obligation assets)	3,812

Figure 10: EU LR3 - LRSpl: Split-up of on balance sheet exposures (excluding derivatives, SFTs and exempted exposures)

The »Exposures treated as sovereigns« item mainly includes exposures to central banks.

6 Disclosure of liquidity requirements (Article 451 a CRR)

With Commission Implementing Regulation (EU) 2021/637 of 15 March 2021, the European Commission laid down implementing technical standards with regard to public disclosures by institutions of the information referred to in Titles II and III of Part Eight of Regulation (EU) No 575/2013 of the European Parliament and of the Council with respect to liquidity risk. In addition, the Regulation includes specifications and requirements as to which information institutions must disclose with regard to the liquidity coverage ratio (LCR).

The LCR shows the short-term resilience of the liquidity profile within the next 30 days and is thereby defined as the ratio of liquid assets (liquidity buffer) to total net cash outflows.

6.1 Quantitative information of LCR (Article 451a (2) CRR)

LCR disclosure

Levels and components of LCR

In line with Annex XIII of Commission Implementing Regulation (EU) 2021/637, LBBW is required to disclose quantitative information on the components of LCR.

The average liquidity coverage ratio is calculated by taking the average liquidity coverage ratios of the last twelve months before the end of each quarter. Based on LCR data collated as the end of each month, the unweighted and weighted values (simple average values over twelve month-values before the end of each quarter) look as follows.

The LCR over the entire disclosure period was consistently above the minimum ratio of 100% required for 2021.

EUR million	Total unweighted value				Total weighted value			
Quarter ending on	**30/06/21**	**31/03/21**	**31/12/20**	**30/09/20**	**30/06/21**	**31/03/21**	**31/12/20**	**30/09/20**
Number of data points used in the calculation of averages	**12**	**12**	**12**	**12**	**12**	**12**	**12**	**12**
High-quality liquid assets								
Total high-quality liquid assets (HQLA)					76,407	71,492	66,494	61,731
Cash outflows								
retail deposits and deposits from small business customers, of which:	21,125	20,650	19,268	17,780	1,571	1,528	1,497	1,448
Stable deposits	8,461	8,276	8,070	7,900	423	414	403	395
Less stable deposits	8,494	8,238	8,075	7,788	1,147	1,113	1,093	1,053
Unsecured wholesale funding	84,396	81,990	79,839	78,336	49,926	48,612	48,504	48,703
Operational deposits (all counterparties) and deposits in networks of cooperative banks	24,748	23,892	22,686	21,883	6,035	5,821	5,483	5,260
Non-operational deposits (all counterparties)	49,256	48,199	46,713	45,327	33,499	32,892	32,581	32,317
Unsecured debt	10,392	9,899	10,440	11,126	10,392	9,899	10,440	11,126
Secured wholesale funding					2,115	2,114	2,160	2,252
Additional requirements	31,959	32,090	31,539	31,345	8,646	8,811	8,809	8,975
Outflows related to derivative exposures and other collateral requirements	4,571	4,899	5,081	5,030	3,138	3,239	3,357	3,329
Outflows related to loss of funding on debt products		61	64	129		61	64	129
Credit and liquidity facilities	27,388	27,130	26,394	26,186	5,508	5,511	5,388	5,517
Other contractual funding obligations	7,957	7,679	8,140	7,722	7,760	7,493	7,957	7,541
Other contingent funding obligations	33,410	32,511	31,865	31,113	2,493	2,493	2,594	2,558
TOTAL CASH OUTFLOWS					*72,511*	*71,051*	*71,521*	*71,477*
Cash inflows								
Secured lending (e.g. reverse repos)	15,983	18,350	20,100	20,853	1,825	3,164	4,438	5,341
Inflows from fully performing exposures	16,142	16,667	17,245	17,787	10,343	10,913	11,846	12,724
Other cash inflows	9,231	9,169	9,726	9,872	7,898	7,818	8,422	8,525
(Difference between total weighted inflows and total weighted outflows arising from transactions in third countries where there are transfer restrictions or which are denominated in non-convertible currencies)								
(Excess inflows from a related specialized credit institution)								
TOTAL CASH INFLOWS	*41,356*	*44,186*	*47,071*	*48,512*	*20,066*	*21,895*	*24,706*	*26,590*
Fully exempt inflows								
Inflows subject to 90% cap								
Inflows subject to 75% cap	35,848	38,684	41,768	43,438	20,066	21,895	24,706	26,590
Total adjusted value								
LIQUIDITY BUFFER					76,407	71,492	66,494	61,731
TOTAL NET CASH OUTFLOWS					52,446	49,155	46,814	44,889
LIQUIDITY COVERAGE RATIO					146.3%	145.5%	141.9%	137.4%

Figure 11: EU LIQ1 - Quantitative information of LCR

6.2 Qualitative information on LCR, which complements template EU LIQ1 (EU LIQB – Article 451 a(2) CRR)

The LCR is shaped by a diversified funding mix across various maturities (short and long), product groups (secured and unsecured), and investor groups (private customers, corporate customers, public sector, and financial customers). It offers all the usual liability products on a secured and unsecured basis in various maturity segments. In addition, the open-market transactions offered by central banks can be used if necessary.

The short-term maturities from the funding mix and potential additional liquidity outflows are countered by an adequate buffer of highly liquid assets and expected incoming payments from maturing exposures. The structural funding requirements are derived from the expected business performance (funding planning) on the basis of economic planning and complemented by short-term fine-tuning measures for the purposes of LCR management.

In the second quarter of 2021, the LCR remained stable in a corridor between 132% and 142% as at the reporting dates.

The high liquidity in the market, triggered among other things by the central banks' open-market transactions, is also reflected at LBBW in the form of a high liquidity buffer, significant parts of which are held as cash balances at central banks. LBBW also repeatedly participated in the ECB's longer-term tender (TLTRO III) at the end of the first quarter. In addition, LBBW has a good standing in the market and can obtain the necessary amount of unsecured funding.

As well as participating in the ECB's longer-term tender, the main sources of funding are currently deposits from private and corporate customers and investments by affiliated savings banks and German institutional investors. Potential concentrations are monitored by way of investor lists.

In addition, the long-term funding requirement is covered by Pfandbriefe and unsecured issues, which are highly attractive to investors due to the bank's good market standing and the partial configuration as green or social bonds.

The bank's liquidity buffer comprises a strategic buffer aligned to the requirements of the business model (e.g. call risks from non-maturity deposits, loan commitments, intended maturity transformation), supplemented by buffer stocks that can be adjusted at short notice.

For the strategic buffer, the bank manages a stock of highly liquid securities that are funded structurally. In addition, short-term liquidity buffers are held in the form of cash balances at central banks or in connection with securities received via repurchase agreements and lending transactions.

LBBW enters into derivative exposures at customer request and to hedge risks from its own business portfolio (e.g. interest rate risks). In the event of adverse market conditions, a portion of these derivative exposures has to be secured with cash on the basis of collateralization agreements. LBBW calculates these outflows using the "historical look-back approach" (HLBA) as defined in the Commission Delegated Regulation (EU) 2017/208. As at 30 June 2021, the average share of outflows calculated based on the HLBA amounted to around 3% of total net outflows.

LBBW manages compliance with the LCR across all currencies. At the moment, the US dollar is a significant currency in the sense of Article 415 (2) CRR.

All LBBW Group liquidity risks classified as material, including subsidiaries which are material for the liquidity risk, are managed centrally by LBBW Treasury. The impact of the subsidiaries on the LCR was generally marginal during the disclosure period.

LBBW sees no further positions that might be relevant for its liquidity profile which are not included in the figures or in the text of the present disclosure report.

6.3 Disclosure of net stable funding ratio (NSFR) (Article 451 a(3) CRR)

The net stable funding ratio (NSFR) as defined by Regulation (EU) No 575/2013) in conjunction with Regulation (EU) 2019/876 is a structural liquidity ratio that took effect as at 28 June 2021 to ensure that the institution has a stable funding structure. Compliance with the ratio requires that the amount of permanently available weighted liabilities and own funds – available stable funding (ASF) – at least matches the amount of the permanent funding requirement from weighted assets and off-balance sheet exposures – required stable funding (RSF).

The regulatory requirement of a minimum requirement is binding for LBBW, including the subsidiaries within the Group, from 28 June 2021.

At LBBW, disclosures on the NSFR are based on the regulatory basis of consolidation within the meaning of CRR.

The disclosure presents the figures as at the end of each quarter of the relevant disclosure period. The annual disclosure presents the last and the three preceding quarters; the semi-annual disclosure presents the last and the preceding quarter. In deviation from this, this disclosure shows only the last quarter due to the entry into force of the NSFR as at 28 June 2021.

The management of the NSFR is embedded into the management of LBBW balance-sheet structure. Permanent fulfillment of the NSFR requirement is a core requirement in economic and funding planning (five-year perspective). The ratio is this a significant influencing factor on the definition of the funding requirement on the liabilities side. The aim of the funding mix strategy is to achieve balanced diversification in relation to product and investor groups. To this end, all the usual liability products are offered on a secured and unsecured basis in various maturity segments.

As well as long-term capital market issues, NSFR management is supplemented by active daily management of short-term deposits and loans of non-finance customers. When necessary or in the case of favorable opportunities, open-market transactions offered by central banks can also be used.

The interdependent assets and liabilities included in the NSFR currently comprise promotional business in the form of pass-through and transmitted loans and derivative clearing activities for customers. For the transmitted promotional loans, LBBW recognizes both a liability to the development bank and a receivable in the same amount from the final borrower, public savings banks. Derivative clearing activities for customers are also recognized as interdependent. In total, the volume of interdependent assets and liabilities was EUR 36,294m each as at 30 June 2021.

EUR million	Unweighted value by residual maturity: No maturity	< 6 months	6 months to < 1yr	≥ 1yr	Weighted value
Available stable funding (ASF) Items					
Capital items and instruments	14,069			5,471	19,540
Own funds	14,069			5,471	19,540
Other capital instruments					
Retail deposits		21,868	11	55	20,343
Stable deposits		11,935	3	42	11,383
Less stable deposits		9,933	8	13	8,960
Wholesale funding:		121,129	8,943	71,280	103,194
Operational deposits		29,339	0		2,804
Other wholesale funding		91,790	8,943	71,280	100,390
Interdependent liabilities		2,749	1,690	31,855	
Other liabilities:		10,963	226	1,780	1,781
NSFR derivative liabilities					
All other liabilities and capital instruments not included in the above categories		10,963	226	1,780	1,781
Total available stable funding (ASF)					*144,858*
Required stable funding (RSF) Items					
Total high-quality liquid assets (HQLA)					14,972
Assets encumbered for a residual maturity of one year or more in a cover pool		766	825	14,435	13,622
Deposits held at other financial institutions for operational purposes		1			0
Performing loans and securities:		42,941	13,438	72,121	82,209
Performing securities financing transactions with financial customers collateralized by Level 1 HQLA subject to 0% haircut		5,446	831	22	839
Performing securities financing transactions with financial customer collateralized by other assets and loans and advances to financial institutions		19,733	5,124	10,443	14,496
Performing loans to non- financial corporate clients, loans to retail and small business customers, and loans to sovereigns, and PSEs, of which:		13,566	5,323	42,750	52,141
With a risk weight of less than or equal to 35% under the Basel II Standardized Approach for credit risk		390	616	2,251	6,393
Performing residential mortgages, of which:		341	223	5,610	
With a risk weight of less than or equal to 35% under the Basel II Standardized Approach for credit risk		341	223	5,610	
Other loans and securities that are not in default and do not qualify as HQLA, including exchange-traded equities and trade finance on-balance sheet products		3,855	1,938	13,297	14,732
Interdependent assets		2,749	1,690	31,855	
Other assets:		32,792	96	3,270	11,792
Physical traded commodities				322	273
Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs		397	50	83	451
NSFR derivative assets		5,126			5,126

	Unweighted value by residual maturity				Weighted value
EUR million	No maturity	< 6 months	6 months to < 1yr	≥ 1yr	
NSFR derivative liabilities before deduction of variation margin posted		13,414			671
All other assets not included in the above categories		13,856	46	2,866	5,271
Off-balance sheet items		15,555	3,785	43,341	1,683
Total RSF					*124,278*
Net Stable Funding Ratio (%)					116.6%

Figure 12: EU LIQ2 - Disclosure of net stable funding ratio (NSFR)

7 Disclosure of exposures to credit risk and dilution risk and of credit quality (Article 442 CRR)

The following figure shows the credit quality of performing and non-performing exposures and related provisions. Further on, there is a breakdown by maturity, sector and country. The disclosure is based on the values of the FINREP report.

7.1 Performing and non-performing exposures and related provisions (Article 442 c, e CRR)

	Gross carrying amount/nominal amount					
	Performing exposures			Non-performing exposures		
EUR million		of which: stage 1	of which: stage 2		of which: stage 2	of which: stage 3
Cash balances at central banks and other demand deposits	*65,164*	*65,144*	*20*			
Loans and advances	*158,145*	*131,913*	*24,567*	*1,162*	*12*	*1,110*
Central banks	354	354				
General governments	14,872	13,274	19			
Credit institutions	43,843	43,466	325	18		18
Other financial corporations	17,905	16,146	1,756	0		0
Non-financial corporations	68,904	47,978	20,893	1,059	10	1,022
Of which: SMEs	14,490	10,851	3,638	183	1	173
Households	12,268	10,694	1,573	85	3	70
Debt securities	*31,392*	*31,231*	*100*	*6*		*6*
Central banks	656	656				
General governments	4,842	4,726	93			
Credit institutions	22,928	22,913				
Other financial corporations	2,630	2,608				
Non-financial corporations	336	328	7	6		6
Off-balance sheet exposures	*71,079*	*55,138*	*8,117*	*262*	*0*	*178*
Central banks	0					
General governments	2,494	2,355	4			
Credit institutions	10,961	10,221	56			
Other financial corporations	6,022	4,866	275			
Non-financial corporations	47,921	34,275	7,538	261		177
Households	3,681	3,420	244	1	0	1
Total	*325,780*	*283,425*	*32,804*	*1,431*	*12*	*1,294*

Figure 13: EU CR1 - Performing and non-performing exposures and related provisions

	Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions							Collaterals and financial guarantees received	
	Performing exposures - Accumulated impairment and provisions			Non-performing exposures – Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions			Accumulated partial write-off	On performing exposures	On non-performing exposures
		of which: stage 1	of which: stage 2		of which: stage 2	of which: stage 3			
	0	*0*	*0*						
	-658	*-73*	*-584*	*-548*	*0*	*-542*	*-213*	*47,092*	*300*
	0	0							
	-2	-1	-1					702	
	-9	-8	-1	-15		-15		578	
	-20	-4	-16	0		0	-4	6,279	
	-604	-53	-552	-502	0	-497	-189	32,167	264
	-43	-13	-30	-73	0	-67	-33	10,920	67
	-23	-7	-16	-31	0	-29	-20	7,365	36
	-4	*-3*	*-1*	*-6*		*-6*			
	0	0							
	-2	-1	-1						
	-2	-2							
	0	0							
	0	0	0	-6		-6			
	-102	*-14*	*-88*	*-107*	*0*	*-82*		*1,468*	*4*
	0	0	0					343	
	-1	-1	0					19	
	-1	0	0					37	
	-98	-12	-85	-107	0	-82		1,052	4
	-2	0	-2	0	0	0		16	0
	-763	*-90*	*-673*	*-662*	*0*	*-630*	*-213*	*48,560*	*304*

7.2 Residual maturity of exposures (Article 442 g CRR)

The following table shows net exposure values by maturity. Net value is the gross carrying value less allowances/impairments.

	Net exposure value					
EUR million	**On demand**	**<= 1 year**	**> 1 year <= 5 years**	**> 5 years**	**No stated maturity**	**Total**
Loans and advances	*6,118*	*38,054*	*42,647*	*71,283*	-	*158,101*
Debt securities		*4,760*	*17,360*	*9,268*	-	*31,388*
Total	*6,118*	*42,814*	*60,007*	*80,550*	-	*189,489*

Figure 14: EU CR1-A - Maturity of exposures

7.3 Changes in the stock of non-performing loans and advances (Article 442 g CRR)

The following table shows the stock of non-performing loans and advances as at 30 June 2021 in accordance with FINREP.

The difference between the disclosed non-performing values and the values as if the definition of defaulted in accordance with Article 178 CRR was applied amounts to EUR 12.3m. This value is therefore included in both »Initial stock of non-performing loans and advances« and »Final stock of non-performing loans and advances«.

EUR million	**Gross carrying amount**
Initial stock of non-performing loans and advances	*1,124*
Inflows to non-performing portfolios	344
Outflows from non-performing portfolios	-306
Outflows due to write-offs	-5
Outflow due to other situations	-301
Final stock of non-performing loans and advances	*1,162*

Figure 15: EU CR2 - Changes in the stock of non-performing loans and advances

Disclosure of template EU CR2a - Changes in the stock of non-performing loans and advances and related net accumulated recoveries is not relevant for LBBW, as LBBW's NPL ratio is currently below 5%.

7.4 Credit quality of forborne exposures (Article 442 c CRR)

EUR million	Gross carrying amount/nominal amount of exposures with forbearance measures				Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions		Collateral received and financial guarantees received on forborne exposures	
		Non-performing forborne						
	Performing forborne		Of which defaulted	Of which impaired	On performing forborne exposures	On non-performing forborne exposures		Of which: Collateral and financial guarantees received on non-performing exposures with forbearance measures
Cash balances at central banks and other demand deposits								
Loans and advances	*877*	*530*	*517*	*517*	*-9*	*-205*	*837*	*175*
Central banks								
General governments	17				0		10	
Credit institutions								
Other financial corporations	25	0	0	0	0	0	25	
Non-financial corporations	830	517	505	505	-9	-201	791	167
Households	5	13	12	12	0	-4	11	8
Debt Securities								
Loan commitments given	168	35	35	35	-2	-20	0	0
Total	*1,045*	*565*	*552*	*552*	*-11*	*-225*	*837*	*175*

Figure 16: EU CQ1: Credit quality of forborne exposures

Disclosure of template EU CQ2 - Quality of forbearance is not relevant for LBBW, as LBBW's NPL ratio is currently below 5%.

7.5 Quality of non-performing exposures by geography (Article 442 c, e CRR)

The following table breaks down exposure by country and geographic area. Significant countries are listed separately.

Disclosure of columns b (Gross carrying/nominal amount - of which non-performing) and d (Gross carrying/nominal amount - of which subject to impairment) of the following template EU CQ4 - Quality of non-performing exposures by geography is not relevant for LBBW, as LBBW's NPL ratio is currently below 5%.

EUR million	Gross carrying/nominal amount	of which: non-performing and defaulted	Accumulated impairment	Provisions on off-balance sheet commitments and financial guarantees given	Accumulated negative changes in fair value due to credit risk on non-performing exposures
On balance sheet exposures	*190,705*	*1,156*	*-1,211*		*-5*
Total Europe	*158,209*	*1,064*	*-1,097*		*-5*
Germany	100,821	989	-1,007		-5
United Kingdom	18,684	0	-11		
France	9,403	1	-5		
Luxembourg	5,502	0	-25		
Netherlands	3,357	3	-8		
Austria	3,001	13	-2		
Norway	2,767	0	0		
Sweden	2,060		-1		
Denmark	1,430		-1		
Switzerland	1,369	1	-1		
Finland	1,233		-1		
Poland	1,140	5	-4		
Other countries Europe	7,443	52	-30		
Total America	*22,046*	*73*	*-95*		
USA	16,526	8	-67		
Canada	4,640	0	-7		
Other countries – America	880	65	-20		
Total Asia/Pacific	*8,981*	*19*	*-16*		
Singapore	2,343	0	-2		
Republic of Korea	1,839		0		
Other countries – Asia/Pacific region	4,798	19	-13		
Total other countries	*1,469*	*0*	*-4*		
Other countries – Other	1,469	0	-4		
Off-balance sheet exposures	*71,341*	*262*		*-209*	
Total Europe	*67,114*	*257*		*-199*	
Germany	50,927	238		-177	
France	6,055	0		0	
Ireland	3,424			0	
Switzerland	1,870	0		-2	
Austria	1,668	12		-10	
Netherlands	1,108			-2	
Luxembourg	450			-2	
Turkey	355			0	
Spain	287	3		0	
United Kingdom	246			-2	
Russia	193			0	
Denmark	97			0	
Other countries Europe	434	4		-4	
Total America	*2,377*	*5*		*-9*	
USA	1,756	3		-8	
Mexico	459	2		0	
Other countries – America	162			-1	
Total Asia/Pacific	*1,738*			*0*	

EUR million	Gross carrying/nominal amount	of which: non-performing and defaulted	Accumulated impairment	Provisions on off-balance sheet commitments and financial guarantees given	Accumulated negative changes in fair value due to credit risk on non-performing exposures
Republic of Korea	364			0	
Singapore	352			0	
Other countries – Asia/Pacific region	1,022			0	
Total other countries	***112***			***0***	
Other countries – Other	112			0	
Total	*262,046*	*1,418*	*-1,211*	*-209*	*-5*

Figure 17: EU CQ4 - Quality of non-performing exposures by geography

7.6 Credit quality of loans and advances to non-financial corporations by industry (Article 442 c, e CRR)

In the following table, the loans and advances to non-financial corporations are grouped by industry using the NACE code on the basis of the principal activity of the business partner.

Disclosure of columns b (Gross carrying amount - of which non-performing) and d (Gross carrying - of which loans and advances subject to impairment) of the following template EU CQ5 - Credit quality of loans and advances to non-financial corporations by industry is not relevant for LBBW, as LBBW's NPL ratio is currently below 5%.

EUR million Industry sector	Gross carrying amount	of which: non-performing and defaulted	Accumulated impairment	Accumulated negative changes in fair value due to credit risk on non-performing exposures
Agriculture, forestry and fishing	95	2	-1	
Mining and quarrying	135	0	-1	
Manufacturing	14,406	588	-599	-5
Electricity, gas, steam and air conditioning supply	4,841	38	-43	
Water supply	761	1	-1	
Construction	1,286	18	-13	
Wholesale and retail trade	4,744	144	-109	
Transport and storage	2,918	24	-26	
Accommodation and food service activities	44	1	-1	
Information and communication	2,894	6	-17	
Real estate activities				
Financial and insurance activities	26,470	30	-113	
Professional, scientific and technical activities	6,463	138	-105	
Administrative and support service activities	2,580	47	-55	
Public administration and defense, compulsory social security				
Education	175	0	-1	
Human health services and social work activities	768	3	-5	
Arts, entertainment and recreation	256	2	-2	
Other services	1,124	4	-11	
Total	*69,962*	*1,046*	*-1,101*	*-5*

Figure 18: EU CQ5 - Credit quality of loans and advances to non-financial corporations by industry

Disclosure of template EU CQ6 - Collateral valuation - loans and advances is not relevant for LBBW, as LBBW’s NPL ratio is currently below 5%. Disclosure of template EU CQ7 - Collateral obtained by taking possession and execution processes is not relevant for LBBW, as LBBW currently has no such collateral. Disclosure of template EU CQ8 - Collateral obtained by taking possession and execution processes – vintage breakdown is not relevant for LBBW, as LBBW’s NPL ratio is currently below 5%.

8 Disclosure of the use of credit risk mitigation techniques (Article 453 a-f CRR)

8.1 CRM techniques overview: Disclosure of the use of credit risk mitigation techniques (Article 453 a-f CRR)

EUR million Exposure class	Unsecured carrying amount	Secured carrying amount	Of which secured by collateral	Of which secured by financial guarantees	Of which secured by credit derivatives
Loans and advances	*177,079*	*47,392*	*38,282*	*9,110*	
Debt securities	*31,398*				
Total	*208,477*	*47,392*	*38,282*	*9,110*	
Of which non-performing exposures	868	300	139	161	
Of which defaulted	858	298			

Figure 19: EU CR3 – CRM techniques overview: Disclosure of the use of credit risk mitigation techniques

A structural adjustment was made to table EU CR3 as part of the successive implementation of CRR II as at 28 June 2021. It is therefore presented in the new structure for the first time as at 30 June 2021.

9 Disclosure of the use of the standardized approach (Articles 444, 453 g-i CRR)

9.1 Standardized approach – Credit risk exposure and CRM effects (Articles 444 e, 453 g-i CRR)

The following table shows exposures to be reported before and after credit conversion factor and credit risk mitigation as well as RWA and RWA density. RWA density is the ratio of risk-weighted assets to exposures after taking into account credit conversion factors and credit risk mitigation.

	Exposures before CCF and before CRM		Exposures post CCF and post CRM		RWAs and RWAs density	
EUR million Exposure class	**On-balance sheet exposures**	**Off-balance sheet exposures**	**On-balance sheet exposures**	**Off-balance sheet exposures**	**RWEAs**	**RWEA density (%)**
Central governments or central banks	6		154		0	0.00
Regional government or local authorities	30	101	1,014	7	0	0.03
Public sector entities	463	904	58	317	71	18.79
Multilateral development banks				79		0.00
International organizations						0.00
Institutions	28,333	4,093	28,905	1,997	84	0.27
Corporates	7,012	1,737	5,900	257	3,978	64.60
Retail underlying	6,288	3,289	5,931	296	4,204	67.51
Secured by mortgages on immovable property	4,065	17	4,065	12	1,414	34.68
Exposures in default	100	3	89	2	115	126.45
Exposures associated with particularly high risk	1		1		1	150.00
Covered bonds	15		15			0.00
Institutions and corporates with a short-term credit assessment		0		0	0	150.00
Collective investment undertakings	53	0	53	0	51	94.87
Equity						0.00
Other items	91		91		86	94.90
Total	*46,457*	*10,145*	*46,278*	*2,966*	*10,004*	*20.32*

Figure 20: EU CR4 – standardized approach – Credit risk exposure and CRM effects

9.2 Standardized approach (Article 444 e CRR)

EUR million	Risk weight						
Exposure classes	**0%**	**2%**	**4%**	**10%**	**20%**	**35%**	**50%**
Central governments or central banks	154						
Regional government or local authorities	1,020				1		
Public sector entities	23				353		
Multilateral development banks	79						
International organizations							
Institutions	30,558				298		45
Corporates	646				973	124	681
Retail							
Secured by mortgages on immovable property						3,937	140
Exposures in default							
Exposures associated with particularly high risk							
Covered bonds	15						
Institutions and corporates with a short-term credit assessment							
Unit or shares in collective investment undertakings	0						
Equity							
Other items	5						
Total	*32,500*				*1,626*	*4,061*	*865*

Figure 21: EU CR5 – standardized approach

	Risk weight									
	70%	75%	100%	150%	250%	370%	1250%	Others	Total	Of which unrated
			0						154	128
									1,021	1,020
			0						375	28
									79	79
			1				0		30,903	30,830
	228		3,505	0					6,157	5,852
		6,227							6,227	6,227
									4,077	4,077
			43	48					91	91
				1					1	1
									15	15
				0					0	
								53	53	53
			86						91	78
	228	*6,227*	*3,635*	*49*			*0*	*53*	*49,244*	*48,479*

10 Disclosure of the use of the IRB approach to credit risk (Articles 438, 452, 453 g-j CRR)

The following section shows credit risk exposures reported under the IRB approach, excluding counterparty credit risks. The following table shows IRB credit risk exposures by exposure class and PD ranges set by the regulator.

A distinction between F-IRB and A-IRB is not currently relevant for LBBW.

10.1 IRB approach – Credit risk exposures by exposure class and PD range (Article 452 g CRR)

The column »Number of obligors« shows the number of obligors of individual PDs listed in the table. The column »Density of risk-weighted exposure amount« refers to the ratio of risk-weighted assets to exposures post credit conversion factors and credit risk mitigation.

F-IRB EUR million PD range	On-balance sheet exposures	Off-balance sheet exposures pre-CCF	Exposure weighted average CCF	Exposure post CCF and post CRM	Exposure weighted average PD (%)	Number of obligors	Exposure weighted average LGD (%)	Exposure weighted average maturity (years)	Risk-weighted exposure amount after SME supporting factor	Density of risk-weighted exposure amount	Expected loss amount	Value adjustments and provisions
Exposure class Central governments and central banks												
0.00 to <0.15	82,351	2,351	0.53	83,591	0.00	2,088	45.04	3	684	0.01	1	-1
0.00 to <0.10	81,693	2,351	0.53	82,933	0.00	2,087	45.04	3	454	0.01	0	0
0.10 to <0.15	659			659	0.12	1	45.00	3	230	0.35	0	0
0.15 to <0.25	119			119	0.17	1	45.00	3	51	0.43	0	0
0.25 to <0.50	132			132	0.32	2	45.00	3	79	0.59	0	0
0.50 to <0.75	118	38		118	0.59	2	45.00	3	79	0.67	0	-1
0.75 to <2.50	0			0	1.98	1	45.00	3	0	1.21	0	0
0.75 to <1.75												
1.75 to <2.5	0			0	1.98	1	45.00	3	0	1.21	0	0
2.50 to <10.00	81	38	0	109	5.42	3	45.00	3	10	0.09	0	0
2.5 to <5	54	9	0	61	4.44	1	45.00	3	10	0.16	0	0
5 to <10	27	29	0	48	6.67	2	45.00	3	0	0.00	0	0
10.00 to <100.00		250	0.00	0	10.00	2	45.00	3	0	2.05	0	
10 to <20		250	0.00	0	10.00	2	45.00	3	0	2.05	0	
20 to <30												
30.00 to <100.00												
100.00 (Default)												
Subtotal	*82,802*	*2,677*	*0.47*	*84,070*	*0.01*	*2,099*	*45.04*	*3*	*902*	*0.01*	*1*	*-2*
Exposure class Institutions												
0.00 to <0.15	19,711	1,127	0.63	20,418	0.07	204	27.08	3	3,690	0.18	4	-2
0.00 to <0.10	16,922	1,113	0.63	17,624	0.07	174	27.76	3	3,091	0.18	3	-1
0.10 to <0.15	2,789	14	0.38	2,794	0.13	30	22.83	3	599	0.21	1	0
0.15 to <0.25	3,140	341	0.49	3,305	0.18	65	25.20	3	772	0.23	1	-1
0.25 to <0.50	75	46	0.28	88	0.36	15	44.99	3	60	0.68	0	0
0.50 to <0.75	8	46	0.38	25	0.55	10	45.00	3	25	0.98	0	0
0.75 to <2.50	35	109	0.16	53	1.06	25	45.00	3	66	1.25	0	0
0.75 to <1.75	35	109	0.16	53	1.08	21	45.00	3	66	1.25	0	0
1.75 to <2.5						4				1.23		

F-IRB EUR million PD range	On-balance sheet exposures	Off-balance sheet exposures pre-CCF	Exposure weighted average CCF	Exposure post CCF and post CRM	Exposure weighted average PD (%)	Number of obligors	Exposure weighted average LGD (%)	Exposure weighted average maturity (years)	Risk-weighted exposure amount after SME supporting factor	Density of risk-weighted exposure amount	Expected loss amount	Value adjustments and provisions
2.50 to <10.00	1	3	0.20	2	3.62	6	45.00	3	2	1.62	0	0
2.5 to <5	1	3	0.20	2	3.62	6	45.00	3	2	1.62	0	0
5 to <10												
10.00 to <100.00	57	13	0.32	62	15.03	7	45.00	3	28	0.45	1	-1
10 to <20	53	13	0.33	57	14.00	6	45.00	3	16	0.28	0	-1
20 to <30	4	1	0.27	5	28.00	1	45.00	3	12	2.63	1	0
30.00 to <100.00												
100.00 (Default)	1			1	100.00	2	45.00	3			0	-1
Subtotal	*23,027*	*1,686*	*0.55*	*23,953*	*0.14*	*334*	27.00	3	4,643	0.19	7	-4
Exposure class Corporates – SMEs												
0.00 to <0.15	4,388	1,649	0.21	4,727	0.07	3,162	39.02	3	706	0.15	1	-1
0.00 to <0.10	3,552	1,318	0.20	3,811	0.06	2,454	38.70	3	514	0.13	1	0
0.10 to <0.15	836	330	0.24	917	0.12	708	40.37	3	192	0.21	0	0
0.15 to <0.25	1,038	299	0.26	1,114	0.17	818	41.27	3	286	0.26	1	0
0.25 to <0.50	2,057	692	0.27	2,244	0.32	1,829	40.19	3	760	0.34	3	-2
0.50 to <0.75	884	311	0.25	961	0.60	757	40.20	3	431	0.45	2	-2
0.75 to <2.50	1,667	433	0.25	1,775	1.32	1,404	39.84	3	978	0.55	7	-9
0.75 to <1.75	1,210	337	0.25	1,293	1.06	1,110	39.82	3	683	0.53	4	-6
1.75 to <2.5	457	96	0.26	481	2.01	294	39.90	3	295	0.61	3	-3
2.50 to <10.00	341	136	0.27	378	4.31	389	41.84	3	210	0.56	4	-5
2.5 to <5	264	104	0.24	289	3.48	318	42.12	3	170	0.59	3	-3
5 to <10	77	31	0.37	89	7.02	71	40.95	3	40	0.46	1	-2
10.00 to <100.00	172	53	0.27	187	16.11	196	40.94	3	112	0.60	5	-4
10 to <20	122	47	0.29	136	13.33	97	41.19	3	74	0.54	2	-2
20 to <30	45	5	0.06	45	21.40	65	40.78	3	30	0.67	1	-1
30.00 to <100.00	6	1	0.14	6	40.50	34	36.31	3	8	1.32	1	-1
100.00 (Default)	155	76	0.58	199	100.00	151	44.68	3			72	-58
Subtotal	*10,702*	*3,648*	*0.24*	*11,585*	*2.48*	*8,706*	*39.91*	*3*	*3,483*	*0.30*	*95*	*-81*
Exposure class Corporates – Specialized lending												
0.00 to <0.15	7,803	807	0.70	8,368	0.08	362	39.53	3	1,805	0.22	3	-2
0.00 to <0.10	4,695	373	0.77	4,982	0.06	247	39.72	3	909	0.18	1	-1

F-IRB EUR million PD range	On-balance sheet exposures	Off-balance sheet exposures pre-CCF	Exposure weighted average CCF	Exposure post CCF and post CRM	Exposure weighted average PD (%)	Number of obligors	Exposure weighted average LGD (%)	Exposure weighted average maturity (years)	Risk-weighted exposure amount after SME supporting factor	Density of risk-weighted exposure amount	Expected loss amount	Value adjustments and provisions
0.10 to <0.15	3,108	435	0.64	3,386	0.12	115	39.26	3	896	0.26	2	-1
0.15 to <0.25	1,720	231	0.76	1,896	0.18	64	41.16	3	717	0.38	1	-2
0.25 to <0.50	5,455	429	0.68	5,745	0.34	130	38.48	3	2,753	0.48	7	-10
0.50 to <0.75	1,188	345	0.71	1,431	0.62	41	41.23	3	1,026	0.72	4	-6
0.75 to <2.50	1,646	135	0.72	1,744	1.18	65	39.92	3	1,555	0.89	8	-6
0.75 to <1.75	1,488	124	0.74	1,579	1.10	54	39.61	3	1,365	0.86	7	-5
1.75 to <2.5	158	12	0.53	164	2.00	11	42.99	3	191	1.16	1	-1
2.50 to <10.00	982	55	0.75	1,024	3.82	21	36.54	3	1,142	1.12	12	-22
2.5 to <5	845	45	0.76	879	3.35	19	36.27	3	991	1.13	9	-22
5 to <10	138	10	0.75	145	6.67	2	38.16	3	151	1.04	3	0
10.00 to <100.00	472	1	0.52	472	14.77	17	40.86	3	644	1.37	19	-10
10 to <20	306			306	11.94	11	41.37	3	374	1.22	10	-8
20 to <30	166	1	0.52	166	20.00	7	39.91	3	270	1.63	10	-2
30.00 to <100.00												
100.00 (Default)	36			36	100.00	2	45.00	3			16	-10
Subtotal	*19,303*	*2,004*	*0.70*	*20,715*	*0.99*	*702*	*39.43*	*3*	*9,643*	*0.47*	*70*	*-69*
Exposure class Corporates – Other												
0.00 to <0.15	20,292	20,786	0.41	28,847	0.08	1,726	40.34	3	7,199	0.25	10	-4
0.00 to <0.10	15,623	13,347	0.39	20,883	0.07	998	39.60	3	4,472	0.21	5	-2
0.10 to <0.15	4,669	7,439	0.44	7,964	0.13	728	42.26	3	2,727	0.34	4	-2
0.15 to <0.25	7,280	7,658	0.38	10,164	0.18	967	44.32	3	4,459	0.44	8	-5
0.25 to <0.50	9,281	8,542	0.46	13,172	0.34	1,479	44.02	3	7,692	0.58	19	-21
0.50 to <0.75	1,596	1,906	0.45	2,451	0.63	432	43.94	3	1,730	0.71	6	-7
0.75 to <2.50	4,037	2,949	0.43	5,300	1.39	865	43.94	3	4,386	0.83	24	-36
0.75 to <1.75	3,131	2,215	0.44	4,115	1.17	651	44.07	3	3,273	0.80	16	-23
1.75 to <2.5	905	734	0.38	1,186	2.15	214	43.47	3	1,113	0.94	8	-13
2.50 to <10.00	1,301	1,120	0.51	1,873	5.04	314	44.31	3	1,835	0.98	24	-20
2.5 to <5	871	850	0.52	1,316	3.78	228	44.22	3	1,364	1.04	16	-15
5 to <10	429	269	0.48	557	8.01	86	44.52	3	472	0.85	8	-4
10.00 to <100.00	923	332	0.46	1,074	15.27	189	42.06	3	924	0.86	30	-32

F-IRB EUR million PD range	On-balance sheet exposures	Off-balance sheet exposures pre-CCF	Exposure weighted average CCF	Exposure post CCF and post CRM	Exposure weighted average PD (%)	Number of obligors	Exposure weighted average LGD (%)	Exposure weighted average maturity (years)	Risk-weighted exposure amount after SME supporting factor	Density of risk-weighted exposure amount	Expected loss amount	Value adjustments and provisions
10 to <20	586	278	0.49	723	11.97	91	44.82	3	393	0.54	11	-6
20 to <30	330	51	0.27	344	21.52	53	36.62	3	523	1.52	19	-26
30.00 to <100.00	7	3	0.43	8	45.00	45	26.49	3	8	1.05	1	0
100.00 (Default)	811	188	0.50	904	100.00	264	44.79	3	0	0.00	361	-299
Subtotal	*45,520*	*43,481*	*0.42*	*63,787*	*2.10*	*6,236*	*42.38*	*3*	*28,227*	*0.44*	*481*	*-423*
Total (all exposures classes)	*181,354*	*53,496*	*0.43*	*204,109*	*0.92*	*18,077*	*41.30*	*3*	*47,008*	*0.23*	*655*	*- 579*

Figure 22: EU CR6-B – IRB approach – Credit risk exposures by exposure class and PD range

An increase in cash balances at central banks led to an increase in exposures reported under the IRB exposure class »central governments and central banks« as against the previous period. The decline in the exposure class »institutions« resulted from lower business volume.

10.2 IRB approach – Effect on the risk-weighted exposure amounts of credit derivatives used as CRM techniques (Article 453 g, j CRR)

The following section shows credit risk exposures reported under the IRB approach, excluding counterparty credit risks.

The following table shows the effect on RWAs of credit derivatives used for credit risk mitigation. Since LBBW has used credit derivatives for credit risk mitigation, the amounts in the two columns differ from each other.

EUR million Exposure class	Pre-credit derivatives risk-weighted exposure amount	Actual risk-weighted exposure amount
Exposures under FIRB	*49,413*	*49,277*
Central governments and central banks	3,083	3,083
Institutions	4,812	4,812
Corporates	41,517	41,381
Of which Corporates – SMEs	3,474	3,474
Of which Corporates – Specialized lending	9,767	9,767
Exposures under AIRB		
Central governments and central banks		
Institutions		
Corporates		
Of which Corporates – SMEs		
Of which Corporates – Specialized lending		
Retail		
of which Retail – SMEs - Secured by immovable property collateral		
of which Retail – non-SMEs - Secured by immovable property collateral		
of which Retail – Qualifying revolving		
of which Retail – SMEs - Other		
of which Retail – Non-SMEs- Other		
Total (including FIRB exposures and AIRB exposures)	*49,413*	*49,277*

Figure 23: EU CR7: IRB approach – Effect on the risk-weighted exposure amounts of credit derivatives used as CRM techniques

10.3 IRB approach – Disclosure of the extent of the use of CRM techniques (Article 453 g, j CRR)

Disclosure of the following template EU CR7A - Changes in the stock of non-performing loans and advances and related net accumulated recoveries for A-IRB is not relevant for LBBW, as LBBW is not an A-IRB institution.

F-IRB	Total exposures EUR million	Credit risk mitigation techniques – Funded credit Protection (FCP): Part of exposures covered by Financial Collaterals (%)	Part of exposures covered by Other eligible collaterals (%)	Part of exposures covered by Immovable property Collaterals (%)	Part of exposures covered by Receivables (%)	Part of exposures covered by Other physical collateral (%)	Part of exposures covered by Other funded credit protection (%)
Central governments and central banks	89,469						
Institutions	24,578	0.08					
Corporates	91,628	0.69	21.8	21.14		0.65	0.05
Of which Corporates – SMEs	10,917	1.25	40.34	39.99		0.35	0.28
Of which Corporates – Specialized lending	20,449	0.14	48.45	47.01		1.44	0.02
Of which Corporates – Other	60,261	0.77	9.39	8.95		0.44	0.01
Total	*205,674*	*0.32*	*9.71*	*9.42*		*0.29*	*0.02*

Figure 24: EU CR7-A – IRB approach – Disclosure of the extent of the use of credit risk mitigation techniques

Credit risk mitigation techniques					Credit risk Mitigation methods in the calculation of RWEAs EUR million	
Funded credit Protection (FCP)			Unfunded credit Protection (UFCP)			
Part of exposures covered by Cash on deposit (%)	Part of exposures covered by Life insurance policies (%)	Part of exposures covered by Instruments held by a third party (%)	Part of exposures covered by guarantees (%)	Part of exposures covered by credit derivatives (%)	RWEA without substitution effects (reduction effects only)	RWEA with substitution effects (both reduction and substitution effects)
			0.5			3,083
			1.53			4,812
			6.67	0.06		41,381
			6.66			3,474
			2.22			9,767
			8.18	0.09		28,141
			3.37	*0.03*		*49,277*

10.4 RWEA flow statements of credit risk exposures under the IRB approach (Article 438 h CRR)

The following table shows the development of RWEAs of risk exposures under the IRB approach between 31 March 2021 and 30 June 2021.

EUR million	Risk-weighted exposure amount
Risk-weighted exposure amount as at the end of the previous reporting period	*58,738*
Asset size (+/-)	-4,085
Asset quality (+/-)	-725
Model updates (+/-)	1,389
Methodology and policy (+/-)	-2,236
Acquisitions and disposals (+/-)	
Foreign exchange movements (+/-)	-91
Other (+/-)	2
Risk-weighted exposure amount as at the end of the reporting period	*52,993*

Figure 25: EU CR8 – RWEA flow statements of credit risk exposures under the IRB approach

"Risk-weighted exposure amount as at the end of the previous reporting period" still includes securities financing transactions (SFTs). With the introduction of CRR II, these transactions must be recognized in counterparty credit risk.

The decline in RWEA is primarily attributable to the »Asset size« item. The »Asset size« item shows the organic change in the journal, including new business and outstanding receivables.

The »Asset quality« item shows the changes in the measured quality of the investments resulting from changes to the obligor risk such as changes to the ratings or similar effects. The »Model updates« item shows changes resulting from implementing models, changes to the scope of the model and model improvements. The »Methodology and policy« item shows changes caused by adjustments to calculation methods resulting from changes to regulatory policies. This includes securities financing transactions (SFTs), which are no longer recognized in credit risk. The »Acquisitions and disposals« item shows changes to the size of the book resulting from acquisitions or disposals of companies. The »Foreign exchange movements« item shows changes arising from fluctuating exchange rates. The »Other« item shows all further changes which cannot be explicitly allocated to one of the exposures listed.

11 Disclosure of specialized lending and equity exposure under the simple risk weight approach (Article 438 e CRR)

11.1 Specialized lending: Project finance (Slotting approach) (Article 438 e CRR)

EUR million	Specialized lending : Project finance (Slotting approach)						
Regulatory categories	**Remaining maturity**	**On-balance sheet exposures**	**Off-balance sheet exposures**	**Risk weight**	**Exposure value**	**Risk-weighted exposure amount**	**Expected loss amount**
Category 1	Less than 2.5 years		2	50%	1	1	
	Equal to or more than 2.5 years		0	70%	0	0	0
Category 2	Less than 2.5 years	0		70%	0	0	0
	Equal to or more than 2.5 years	3	0	90%	3	2	0
Category 3	Less than 2.5 years	1	0	115%	1	1	0
	Equal to or more than 2.5 years	40		115%	40	45	1
Category 4	Less than 2.5 years			250%			
	Equal to or more than 2.5 years			250%			
Category 5	Less than 2.5 years			-			
	Equal to or more than 2.5 years			-			
Total	*Less than 2.5 years*	*1*	*2*		*2*	*1*	*0*
	Equal to or more than 2.5 years	*43*	*0*		*43*	*47*	*1*

Figure 26: EU CR10.1 - Specialized lending : Project finance (Slotting approach)

11.2 Specialized lending: Income-producing real estate and high volatility commercial real estate (Slotting approach) (Article 438 e CRR)

EUR million	**Specialized lending : Income-producing real estate and high volatility commercial real estate (Slotting approach)**						
Regulatory categories	**Remaining maturity**	**On-balance sheet exposures**	**Off-balance sheet exposures**	**Risk weight**	**Exposure value**	**Risk-weighted exposure amount**	**Expected loss amount**
Category 1	Less than 2.5 years			50%			
	Equal to or more than 2.5 years	11		70%	11	8	0
Category 2	Less than 2.5 years			70%			
	Equal to or more than 2.5 years	8		90%	8	7	0
Category 3	Less than 2.5 years			115%			
	Equal to or more than 2.5 years	9		115%	9	10	0
Category 4	Less than 2.5 years			250%			
	Equal to or more than 2.5 years			250%			
Category 5	Less than 2.5 years			-			
	Equal to or more than 2.5 years			-			
Total	*Less than 2.5 years*						
	Equal to or more than 2.5 years	*28*			*28*	*25*	*0*

Figure 27: EU CR10.2 - Specialized lending: Income-producing real estate and high volatility commercial real estate (Slotting approach)

11.3 Specialized lending: Object finance (Slotting approach) (Article 438 e CRR)

EUR million	**Specialized lending : Object finance (Slotting approach)**						
Regulatory categories	**Remaining maturity**	**On-balance sheet exposures**	**Off-balance sheet exposures**	**Risk weight**	**Exposure value**	**Risk-weighted exposure amount**	**Expected loss amount**
Category 1	Less than 2.5 years			50%			
	Equal to or more than 2.5 years			70%			
Category 2	Less than 2.5 years	14	0	70%	14	10	0
	Equal to or more than 2.5 years	25	4	90%	28	25	0
Category 3	Less than 2.5 years			115%			
	Equal to or more than 2.5 years			115%			
Category 4	Less than 2.5 years			250%			
	Equal to or more than 2.5 years			250%			
Category 5	Less than 2.5 years			-			
	Equal to or more than 2.5 years			-			
Total	*Less than 2.5 years*	*14*	*0*		*14*	*10*	*0*
	Equal to or more than 2.5 years	*25*	*4*		*28*	*25*	*0*

Figure 28: EU CR10.3 - Specialized lending: Object finance (Slotting approach)

Template EU CR10.4 - Specialized lending: Commodities finance (Slotting approach) is not presented as it is a zero report as at 30 June 2021.

11.4 Equity exposures under the simple risk-weighted approach (Article 438 e CRR)

EUR million	**Equity exposures under the simple risk-weighted approach**					
Categories	**On-balance sheet exposures**	**Off-balance sheet exposures**	**Risk weight**	**Exposure value**	**Risk-weighted exposure amount**	**Expected loss amount**
Private equity exposures	714	53	190%	767	1,458	6
Exchange-traded equity exposures	28		290%	28	80	0
Other equity exposures	0		370%	0	0	0
Total	*741*	*53*		*795*	*1,538*	*6*

Figure 29: EU CR10.5 - Equity exposures under the simple risk-weighted approach

12 Disclosure of exposures to counterparty credit risk (Article 438 h, 439 CRR)

The introduction of CRR II and the associated, new method for calculating counterparty credit risk (SA-CCR) is a significant change compared with the previous disclosure. The application of SA-CCR also resulted in an increase in the RWEA. This increase is primarily attribute to the multiplier introduced in connection with SA-CCR, which increases the sum of the replacement cost (RC) and potential future exposure (PFE) by 40%. In addition, securities financing transactions are no longer shown as credit risk but as counterparty credit risk.

12.1 Analysis of CCR exposure by approach (Article 439 f-g, k, m CRR)

EUR million	Replacement cost (RC)	Potential future exposure (PFE)	EEPE	Alpha used for computing regulatory exposure value	Exposure value pre-CRM	Exposure value post-CRM	Exposure value	RWEA
EU - Original Exposure Method (for derivatives)				1.4				
EU - Simplified SA-CCR (for derivatives)				1.4				
SA-CCR (for derivatives)	7,617	6,049		1.4	25,667	18,198	19,076	3,200
IMM (for derivatives and SFTs)				1.4				
Of which securities financing transactions netting sets								
Of which derivatives and long settlement transactions netting sets								
Of which from contractual cross-product netting sets								
Financial collateral simple method (for SFTs)								
Financial collateral comprehensive method (for SFTs)					27,451	26,172	26,172	1,045
VaR for SFTs								
Total					*53,119*	*44,370*	*45,248*	*4,245*

Figure 30: EU CCR1 – Analysis of CCR exposure by approach

12.2 Transactions subject to own funds requirements for CVA risk (Article 439 h CRR)

The following table shows the RWAs for the credit valuation adjustment (CVA) capital charge by approach.

EUR million	Exposure value	RWEA
Total transactions subject to the Advanced method		
(i) VaR component (including the 3× multiplier)		
(ii) stressed VaR component (including the 3× multiplier)		
Transactions subject to the Standardized method	3,469	1,611
Transactions subject to the Alternative approach (Based on the Original Exposure Method)		
Total transactions subject to own funds requirements for CVA risk	*3,469*	*1,611*

Figure 31: EU CCR2 - Transactions subject to own funds requirements for CVA risk

12.3 Standardized approach – CCR exposures by regulatory exposure class and risk weights (Article 439 l CRR)

The following table shows the counterparty credit risk exposures reported in the CRSA by exposure class and risk weight.

	Risk weight											
EUR million Exposure classes	0%	2%	4%	10%	20%	50%	70%	75%	100%	150%	Others	Total exposure value
Central governments or central banks												
Regional government or local authorities	21											21
Public sector entities					0							0
Multilateral development banks												
International organizations												
Institutions	5,232				1							5,233
Corporates					1		0		88	10	1	100
Retail underlying								14				14
Institutions and corporates with a short-term credit assessment						0			1			1
Other items											0	0
Total exposure value	*5,253*				*1*	*0*	*0*	*14*	*89*	*10*	*1*	*5,368*

Figure 32: EU CCR3 – Standardized approach – CCR exposures by regulatory exposure class and risk weights

12.4 IRB approach – CCR exposures by exposure class and PD scale (Article 439 l CRR)

The following table provides all relevant parameters used for the calculation of counterparty credit risk capital requirements in the IRB approach. The presentation is by exposure class and by fixed PD ranges, as set by the regulator. The column »Number of obligors« shows the number of obligors of individual PDs listed in the table. The column »Density of risk-weighted exposure amount« refers to the ratio of risk-weighted assets to exposures post credit conversion factors and credit risk mitigation.

EUR million /PD scale	Exposure value	Exposure weighted average PD (%)	Number of obligors	Exposure weighted average LGD (%)	Exposure weighted average maturity (years)	RWEA	Density of risk-weighted exposure amount
Exposure class Central governments and central banks							
0.00 to <0.15	7,116		131	42.73	2	0	0.00
0.15 to <0.25							
0.25 to <0.50							
0.50 to <0.75							
0.75 to <2.50							
2.50 to <10.00							
10.00 to <100.00							
100.00 (Default)							
Subtotal	*7,116*		*131*	*42.73*	*2*	*0*	*0.00*
Exposure class Institutions							
0.00 to <0.15	22,351	0.09	155	13.46	1	1,563	6.99
0.15 to <0.25	1,366	0.19	57	33.01	2	466	34.11
0.25 to <0.50	242	0.36	6	10.30	1	23	9.66
0.50 to <0.75	1	0.55	1	45.00	3	1	100.14
0.75 to <2.50	128	0.96	12	5.97	1	19	14.67
2.50 to <10.00	38	4.14	2	5.32	1	6	16.10
10.00 to <100.00	0	14.00	3	45.00	3	0	229.93
100.00 (Default)							
Subtotal	*24,127*	*0.11*	*236*	*14.49*	*1*	*2,079*	*8.62*
Exposure class Corporates							
0.00 to <0.15	6,614	0.23	667	97.06	6	880	50.22
0.15 to <0.25	2,134	0.51	240	97.31	6	449	80.30
0.25 to <0.50	1,059	0.94	424	127.71	7	558	145.57
0.50 to <0.75	180	1.83	104	130.27	8	134	206.82
0.75 to <2.50	410	3.57	240	113.72	7	378	237.58
2.50 to <10.00	651	12.80	68	93.42	6	214	258.61
10.00 to <100.00	71	46.39	27	104.44	8	88	453.37
100.00 (Default)	13	300.00	17	132.15	7		
Subtotal	*11,134*	*2.16*	*1787*	*100.97*	*6*	*2,702*	*106.15*
Total (all CCR relevant exposure classes)	*42,377*	*0.26*	*2154*	*21.98*	*1.24*	*4,781*	*11.28*

Figure 33: EU CCR4 – IRB approach – CCR exposures by exposure class and PD scale

12.5 Composition of collateral for CCR exposures (Article 439 e CRR)

The following table gives a breakdown of all types of collateral posted or received by banks to reduce counterparty credit risk. »Segregated« means collateral that is held in a bankruptcy-remote manner within the meaning of Article 300 CRR. »Unsegregated« refers to collateral that is not held in a bankruptcy-remote manner.

EUR million	Collateral used in derivative transactions				Collateral used in SFTs			
	Fair value of collateral received		Fair value of posted collateral		Fair value of collateral received		Fair value of posted collateral	
	Segregated	Unsegregated	Segregated	Unsegregated	Segregated	Unsegregated	Segregated	Unsegregated
Cash – domestic currency		6,570		5,228				
Cash – other currencies		390		76				
Domestic sovereign debt						1,372		
Other sovereign debt						9,224		
Government agency debt						265		
Corporate bonds						2,898		4,304
Equity securities						9,988		
Other collateral						1,118		15,977
Total		*6,959*		*5,304*		*24,863*		*20,281*

Figure 34: EU CCR5 - Composition of collateral for CCR exposures

12.6 Credit derivatives exposures (Article 439 j CRR)

The following table sets out the notional amounts and fair values of the credit derivatives bought and sold for the Bank's own credit portfolio and for the trading portfolio by type of credit derivative (based on notional value). Credit derivatives from brokering activities were not traded by LBBW in the first half of 2021.

EUR million	Protection bought	Protection sold
Single-name credit default swaps	**5,685**	**4,152**
Index credit default swaps	0	0
Total return swaps	1,218	0
Credit options	0	0
Other credit derivatives	379	390
Total notionals	*7,282*	*4,543*
Fair values		
Positive fair value (asset)	*19*	*95*
Negative fair value (liability)	*-189*	*-7*

Figure 35: EU CCR6 - Credit derivatives exposures

The above table (EU CCR6) only differentiates between protection bought and protection sold in the case of credit derivative hedges. LBBW interprets the credit derivatives to be shown in these columns as those used for hedging purposes for credit risks in the banking book.

Disclosure of template EU CCR7 - RWEA flow statements of CCR exposures under the IMM is not relevant for LBBW, as there is no internal model for counterparty credit risks.

12.7 Exposures to CCPs (Article 439 i CRR)

The following table shows exposures to central counterparties (CCPs), broken down by qualifying and non-qualifying CCPs and by exposure class.

EUR million	Exposure value	RWEA
Exposures to QCCPs (total)		*351*
Exposures for trades at QCCPs (excluding initial margin and default fund contributions); of which	6,907	138
(i) OTC derivatives	1,234	25
(ii) Exchange-traded derivatives	2,159	43
(iii) SFTs	3,515	70
(iv) Netting sets where cross-product netting has been approved		
Segregated initial margin	1,339	
Non-segregated initial margin		
Prefunded default fund contributions	364	213
Unfunded default fund contributions		
Exposures to non-QCCPs (total)		
Exposures for trades at non-QCCPs (excluding initial margin and default fund contributions); of which		
(i) OTC derivatives		
(ii) Exchange-traded derivatives		
(iii) SFTs		
(iv) Netting sets where cross-product netting has been approved		
Segregated initial margin		
Non-segregated initial margin		
Prefunded default fund contributions		
Unfunded default fund contributions		

Figure 36: EU CCR8 - Exposures to CCPs

13 Disclosure of exposures to securitization positions (Article 449 CRR)

LBBW is the originator of a synthetic securitization for the first time in the 2021 reporting year. The securitization covers loans to companies in LBBW's non-trading book that remain on the balance sheet of the originator due to the synthetic structure. The significant risk is transferred by way of a financial guarantee granted by the European Investment Fund (EIF) to the mezzanine tranche. The significant risk transfer is based on Article 245 (2)(a) CRR, as the total risk-weighted exposure amount of the mezzanine tranche is placed in the market. This reduces LBBW's RWA. The efficiency of the transaction is substantiated by new business enabled by the reduced own funds requirements of the securitized portfolio. Because of the synthetic structure, it is not an STS securitization.

LBBW meets the risk retention obligation by holding an originator share of at least 5% of the nominal value of each securitized exposure in accordance with Article 6 (3) b) of the Securitization Regulation. The total risk-weighted exposure amount of the mezzanine tranche – taking the risk retention into account – is placed in the market. The remaining exposure after deduction of the risk retention is tranched in line with the securitization structure.

The securitization is divided by seniority into the first loss tranche (EUR 32 million; 2.30%), the mezzanine tranche (EUR 78 million; 5.60%), and the senior tranche (EUR 1,296 million; 92.10%). The transaction also includes a synthetic excess spread of 0.28% and is subordinate to the first loss tranche. LBBW deducts both the first loss tranche and the excess spread from CET1 in accordance with Article 36 (1) k) ii). Due to the guarantee, the mezzanine tranche has a risk weight of 0%. The senior tranche is assigned a risk weight of 15.0%.

The securitized exposures are assigned exclusively to the IRB, so the internal ratings-based approach (SEC-IRBA) applies to the calculation of risk-weighted exposure amounts. The selected corporate customer portfolio has exclusively good to first-class ratings.

Because of the synthetic structure, the exposures remain on LBBW's balance sheet. The individual loans, whose classification is unaffected by the securitization, therefore remain units of account. Defaults in the portfolio are borne by LBBW in the amount of the excess spread and the first loss tranche. For greater default events, LBBW has claims to payment from the guarantor up to a total of the mezzanine tranche less its risk retention. For this reason, LBBW considers the guarantee an integral contract component of the loans of the securitization pool and takes the effect of the guarantee into account when determining the loan loss allowance in the three-stage impairment model in accordance with IFRS 9.

13.1 Securitization exposures in the non-trading book (Article 449 j CRR)

As part of the traditional securitizations, LBBW acts as sponsor in the Weinberg ABCP program. The volume of the corresponding ABCP transactions is shown in table EU SEC1 under »Institution acts as sponsor« / »Traditional«.

	Institution acts as originator						
	Traditional				Synthetic		Subtotal
	STS		Non-STS				
EUR million		**of which SRT**		**of which SRT**		**of which SRT**	
Total exposures					**1,338**	**1,338**	**1,338**
Retail (total)							
residential mortgage							
credit card							
other retail exposures							
re-securitization							
Wholesale (total)					*1,338*	*1,338*	*1,338*
loans to corporates					1,338	1,338	1,338
commercial mortgage							
lease and receivables							
other wholesale							
re-securitization							

Figure 37: EU-SEC1 - Securitization exposures in the non-trading book

Institution acts as sponsor				Institution acts as investor			
Traditional			Subtotal	Traditional			Subtotal
STS	Non-STS	Synthetic		STS	Non-STS	Synthetic	
1,909	**588**		**2,497**	**1,070**			**1,070**
1,909	*588*		*2,497*	*1,070*			*1,070*
				404			404
1,909	588		2,497	667			667

Disclosure of template EU SEC2 - Securitization exposures in the trading book is not relevant for LBBW, as LBBW currently has no trading book exposures in its portfolio.

Furthermore, LBBW does not have any retained or assumed re-securitization positions from this.

13.2 Securitization exposures in the non-trading book and associated regulatory capital requirements - institution acting as originator or as sponsor (Article 449 k CRR)

	Exposure values (by RW bands/deductions)					Exposure values (by regulatory approach)			
EUR million	**≤20% RW**	**>20% to 50% RW**	**>50% to 100% RW**	**>100% to <1250% RW**	**1250% RW/ deductions**	**SEC-IRBA**	**SEC-ERBA (including IAA)**	**SEC-SA**	**1250% RW / deductions**
Total exposures	**1,673**	**1,925**	**191**	**8**	**37**	**1,301**	**2,100**	**397**	**37**
Traditional transactions	**372**	**1,925**	**191**	**8**			**2,100**	**397**	
Securitization	372	1,925	191	8			2,100	397	
Retail underlying									
Of which STS									
Wholesale	372	1,925	191	8			2,100	397	
Of which STS	246	1,602	61				1,733	176	
Re-securitization									
Synthetic transactions	**1,301**				**37**	**1,301**			**37**
Securitization	1,301				37	1,301			37
Retail underlying									
Wholesale	1,301				37	1,301			37
Re-securitization									

Figure 38: EU-SEC3 - Securitization exposures in the non-trading book and associated regulatory capital requirements - institution acting as originator or as sponsor

	RWEA (by regulatory approach)				Capital charge after cap			
	SEC-IRBA	SEC-ERBA (including IAA)	SEC-SA	1250% RW / deductions	SEC-IRBA	SEC-ERBA (including IAA)	SEC-SA	1250% RW / deductions
	195	**715**	**114**		**16**	**57**	**8**	
		715	**114**			**57**	**8**	
		715	114			57	8	
		715	114			57	8	
		562	18			45	1	
	195				**16**			
	195				16			
	195				16			

13.3 Securitization exposures in the non-trading book and associated regulatory capital requirements - institution acting as investor (Article 449 k CRR)

	Exposure values (by RW bands/deductions)					Exposure values (by regulatory approach)			
EUR million	≤20% RW	>20% to 50% RW	>50% to 100% RW	>100% to <1250% RW	1250% RW/ deductions	SEC-IRBA	SEC-ERBA (including IAA)	SEC-SA	1250% RW / deductions
Total exposures	**1,060**		**10**				**349**	**721**	
Traditional transactions	1,060		10				349	721	
Securitization	1,060		10				349	721	
Retail underlying									
Of which STS									
Wholesale	1,060		10				349	721	
Of which STS	1,060		10				349	721	
Re-securitization									
Synthetic transactions									
Securitization									
Retail underlying									
Wholesale									
Re-securitization									

Figure 39: EU-SEC4 - Securitization exposures in the non-trading book and associated regulatory capital requirements - institution acting as investor

RWEA (by regulatory approach)				Capital charge after cap			
SEC-IRBA	SEC-ERBA (including IAA)	SEC-SA	1250% RW / deductions	SEC-IRBA	SEC-ERBA (including IAA)	SEC-SA	1250% RW / deductions
	39	**107**			**3**	**9**	
	39	107			3	9	
	39	107			3	9	
	39	107			3	9	
	39	107			3	9	

13.4 Exposures securitized by the institution - Exposures in default and specific credit risk adjustments (Article 449 l CRR)

	Exposures securitized by the institution - Institution acts as originator or as sponsor		
	Total outstanding nominal amount		Total amount of specific credit risk adjustments made during the period
EUR million		Of which exposures in default	
Total exposures	**3,914**	**6**	**0**
Retail (total)			
residential mortgage			
credit card			
other retail exposures			
re-securitization			
Wholesale (total)	**3,914**	**6**	**0**
loans to corporates	1,417		
commercial mortgage			
lease and receivables	2,497	6	0
other wholesale			
re-securitization			

Figure 40: EU-SEC5 - Exposures securitized by the institution - Exposures in default and specific credit risk adjustments

14 Disclosure of the use of the standardized approach and of the internal models for market risk (Articles 445, 455 CRR)

14.1 Market risk under the standardized approach (Article 445 CRR)

LBBW calculates the capital requirements for market price risks for general interest rate and equity risk including option price risks using the Internal Model Method. Specific risks along with currency and commodity risks are calculated using the Standardized Approach.

EUR million	RWEAs
Outright products	
Interest rate risk (general and specific)	2,874
Equity risk (general and specific)	169
Foreign exchange risk	834
Commodity risk	71
Options	
Simplified approach	0
Delta-plus approach	67
Scenario approach	0
Securitization (specific risk)	*0*
Total	*4,015*

Figure 41: EU MR1 - Market risk under the standardized approach

14.2 Market risk under the internal Model Approach (IMA) (Article 455 e CRR)

EUR million	RWEAs	Own funds requirements
VaR (higher of values a and b)	**405**	**32**
Previous day's VaR (VaRt-1)		9
Multiplication factor (mc) x average of previous 60 working days (VaRavg)		32
SVaR (higher of values a and b)	**1,866**	**149**
Latest available SVaR (SVaRt-1)		54
Multiplication factor (ms) x average of previous 60 working days (sVaRavg)		149
IRC (higher of values a and b)		
Most recent IRC measure		
12 weeks average IRC measure		
Comprehensive risk measure (higher of values a, b and c)		
Most recent risk measure of comprehensive risk measure		
12 weeks average of comprehensive risk measure		
Comprehensive risk measure - Floor		
Other		
Total	*2,271*	*182*

Figure 42: EU MR2-A - Market risk under the Internal Model Approach (IMA)

14.3 RWEA flow statements of market risk exposures under the IMA (Article 438 h CRR)

The following table shows the holdings of VaR and of the stressed VaR as at 30 June 2021.

EUR million	VaR	SVaR	IRC	Comprehensive risk measure	Other	Total RWAs	Total own funds requirements
RWAs at previous period end	*654*	*1915*				*2569*	*206*
Regulatory adjustment	507	1360				1867	149
RWAs at the previous quarter-end (end of the day)	*147*	*555*				*702*	*56*
Movement in risk levels	118	124				242	19
Model updates/changes							
Methodology and policy							
Acquisitions and disposals							
Foreign exchange movements							
Other	-134					-134	-11
RWAs at the end of the reporting period (end of the day)	*131*	*679*				*810*	*65*
Regulatory adjustment	274	1187				1461	117
RWAs at the end of the reporting period	*405*	*1866*				*2271*	*182*

Figure 43: EU MR2-B – RWEA flow statements of market risk exposures under the IMA

The values for RWEAs including regulatory adjustments calculated in accordance with the internal model declined on the previous quarter. RWEAs from VaR before regulatory adjustment declined (in the table under Other) due to lower volatility of the parameters used in the risk calculation. This decline was greater than the increase in RWEAs due to position changes. The regulatory adjustment also declined. The reason for this is that the 60-day average used for the calculation is lower because higher, older values fell out of the observation period. RWEAs from stressed VaR before regulatory application increased due to position changes. Here, too, there was a decline in the regulatory adjustment for the same reason as for the RWEAs from VaR.

The MR2-A table shows the figures reported at the end of the year. In accordance with the requirements of the EBA, these are determined by taking the figures of the penultimate working day. The figures shown in table MR2-B for RWEAs at the end of the reporting period (end of the day) from VaR are calculated based on the last working day.

14.4 IMA values for trading portfolios (Article 455 d CRR)

The following table shows the normal VaR and stressed VaR for the trading book (99%/10 days) at institution level.

EUR million	
VaR (10 day 99%)	
Maximum value	19
Average value	12
Minimum value	7
Period end	9
sVaR (10 day 99%)	
Maximum value	54
Average value	43
Minimum value	36
Period end	54
IRC (99.9%)	
Maximum value	
Average value	
Minimum value	
Period end	
Comprehensive risk measure (99.9%)	
Maximum value	
Average value	
Minimum value	
Period end	

Figure 44: EU MR3 - IMA values for trading portfolios

14.5 Comparison of VaR estimates with gains/losses (Article 455 g CRR)

Backtesting and validation

LBBW's market risk model is subject to an extensive validation program in which potential model risks in the stochastics of the market factors (including distribution model, risk factor selection and mapping), in the implemented measurement models and in the relevant market data (especially market data calibrated within the Bank) are identified and their materiality assessed using customized validation analyses. The validation analyses are performed by the Independent Validation unit within Group Risk Control, which is independent of model development in organizational terms. The analyses are guided by the materiality of the model risks and performed at regular intervals (at least twice yearly) and on an ad hoc basis in the event of material structural changes occurring in the model design, on the market or in the portfolio composition.

Backtesting analysis is a particularly important part of the validation program. This constitutes statistical backtesting of risk predictions with hypothetical changes in portfolio value (clean backtesting) and actual changes in the portfolio value (dirty backtesting). According to regulatory requirements, it is based on changes in portfolio value excluding new business, intraday trades, net interest income, commissions, fees and all valuation adjustments (clean P/L) and on changes in portfolio value excluding commissions, fees and credit valuation adjustments (dirty P/L), which are derived directly from economic P/L (profit and loss). If the backtesting or validation analyses indicate material model risks, these are made transparent to everyone integrated into the market risk management process (model developers, model users (operating market risk controlling) and recipients of the model results (Executive Risk Committee, Trading)) so that the necessary model optimization measures can be efficiently initiated. The model optimization measures are carried out according to the »model change policy« and communicated to the regulatory authorities.

The CRR portfolio, which comprises trading transactions whose own funds requirements for general equity and general interest rate risks takes place via the internal risk model, shows no outliers in the past 250 trading days for the clean P/L. On the basis of the dirty P/L, there were likewise no outliers for the CRR portfolio. In backtesting, models representing 36.1% of total own funds requirements for market price risks are compared backwards.

For a better overview, clean backtesting and dirty backtesting are illustrated in two charts (1) and (2).

Clean backtesting CRR portfolio for the period 6 July 2020 – 30 June 2021 in EUR million

VaR parameters: 99% confidence level, 1-day holding period

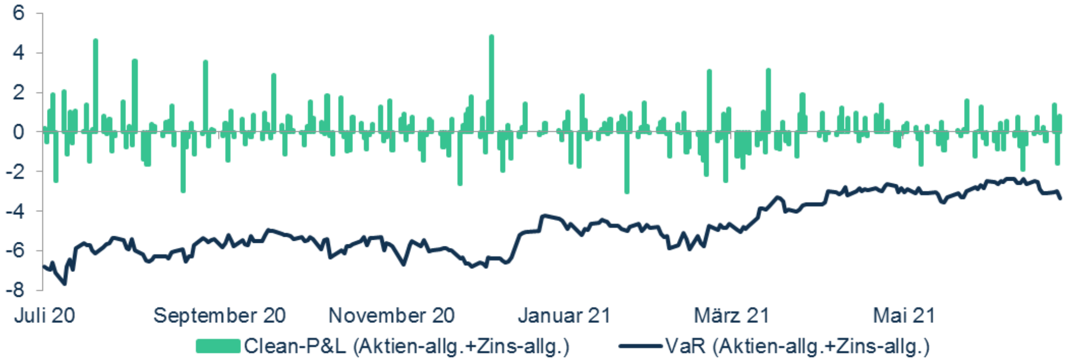

Figure 45: EU MR4 - Comparison of VaR estimates with gains/losses (1)

Dirty backtesting CRR portfolio for the period 6 July 2020 – 30 June 2021 in EUR million

VaR parameters: 99% confidence level, 1-day holding period

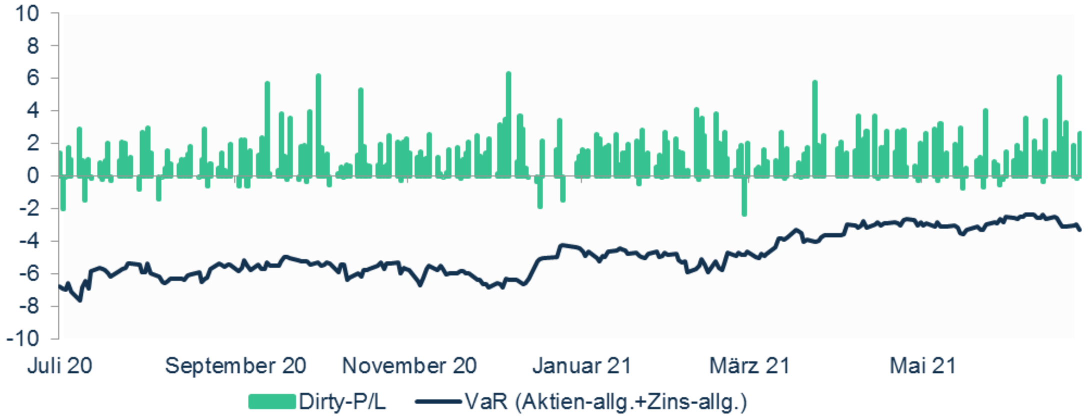

Figure 46: EU MR4 - Comparison of VaR estimates with gains/losses (2)

15 Disclosure of exposures to interest rate risk on positions not held in the trading book (Article 448 CRR)

15.1 Exposures to interest rate risk on positions not held in the trading book (Article 448 CRR)

As a matter of principle, all new customer exposures are funded on a matching maturities basis with minimum delay, based on their legal maturities. Treasury accepts further strategic positions in a framework established by the Board of Managing Directors as a whole on the basis of LBBW's business strategy. These items include risks in the form of cash flow incongruities (structural risks) and risks from leveraging interest rate gaps between individual market segments (basic risk).

Quantification

All relevant interest-bearing and/or interest-sensitive positions in the banking book are included in measurements of potential changes in economic value in accordance with LBBW's own procedures for measuring interest rate risks. These also include definitions for handling loans that mature early. The effect of hedges against interest rate risks, including internal hedges that meet the requirements of Article 106 (3), is also taken into account.

The daily valuation is on an individual-transaction and portfolio basis respectively. For deposit transactions with private and corporate customers, behavior-based records are taken into account by using the deposit base theory in conjunction with the concept of moving averages. These records are updated on a monthly basis.

Interest rate risks are measured daily according to value-at-risk (VaR) on the basis of a Monte Carlo simulation. Here, changes in the value of the banking book as a whole or even for individual portfolios are specified for each currency using randomly selected interest rate scenarios. Together with the confidence level, the distribution arising from this serves to determine the VaR (confidence level of 99% and holding period of one trading day). The VaR expresses the potential loss which with 99% probability will not be exceeded within a trading day. The calculated risks of the banking book are taken into account in risk-bearing capacity on the basis of the relevant parameterization.

In addition to daily reporting, further stress and worst-case scenarios are calculated on a weekly basis. All scenarios help to show the future effects of extreme events on the financial markets which are not sufficiently presented in the VaR normal impact event on the respective book. Extreme historic market fluctuations and self-defined scenarios are used in this respect. Scenarios that specifically quantify the effects of interest rate changes on the economic value of positions in the banking book are also included.

In order to measure the influence of interest rate changes on net interest income, projections for interest income and expenses are calculated in various scenarios. The scenarios are divided between scenarios with a constant balance sheet (balance sheet with new business to replace expiring transactions) and scenarios with a dynamic balance sheet. In addition to the interest projections for a constant balance sheet in combination with parallel shifts, interest projections are also calculated for a constant balance sheet in combination with the four other regulatory scenarios.

The quarterly ICAAP looks at multi-period scenarios (5 years) based on a dynamic balance sheet. These scenarios include both cross-risk type and interest-specific scenarios. The interest-specific scenarios comprise a scenario in which interest rates increase and a scenario with constant interest rates.

The interest projections relate to the complete external interest rate. The interest projections require assumptions on the development of market data as well as assumptions on the development of the balance sheet. A distinction is drawn between a constant and a dynamic balance sheet. For a constant balance sheet, expiring transactions are replaced by similar new transactions. This approach is also applied to the hedges. Further assumptions on balance sheet development are not required.

For the dynamic balance sheet, assumptions must be made regarding balance sheet development. These assumptions are part of the definition of the respective scenario.

Net interest income is part of monthly reporting. In addition, effects of shock scenarios (see disclosures iii) are calculated and reported on a quarterly basis for the constant balance sheet and the effects of dynamic interest rate developments ascertained in the ICAAP.

Modeling for ancillary agreements and non-maturity deposits is based on specific models.

Ancillary agreements

The scope of the analysis for modeling ancillary agreements includes all fixed-rate euro loans with material ancillary agreements. For materiality reasons, other currencies are not currently in the focus of ancillary agreement modeling. This overall portfolio is divided by type of termination right and into the customer groups retail and non-retail. In the case of termination rights, a distinction is made – as far as possible – between BGB and contractual termination rights.

In the modeling of special repayments, the starting nominal of a transaction is selected as the reference value for the modeled prepayment rate. As special repayment rights' dependence on interest rates is historically limited, especially in the current low interest rate environment, they are covered by a non-interest model. The basic assumption of the modeling is always that the expected prepayment rate for active special repayment rights (in relation to the starting nominal) is independent of time and interest rates. A standard expected prepayment rate is assumed for all transactions whose special repayment right is active at time t; a prepayment rate of zero is assumed for all other transactions.

In the modeling of Section 489 BGB special termination rights until the end of margin pegging (margin pegging here is the same as interest rate pegging), only the next possible termination right is relevant for this portfolio segment. The modeling uses a prepayment model, which seems particularly reasonable in light of the special termination character of the Section 489 BGB special termination rights. Interest-based models are used as the interest rate environment has considerable influence on the termination decision. The starting nominal is of subordinate importance for special termination rights. Ignoring partial terminations, the central parameter is the termination rate, i.e. the probability of termination. In a portfolio view, the termination rate corresponds to a prepayment rate in relation to the current outstanding nominal. It therefore stands to reason to select the currently outstanding capital balance $K(t)$ as the reference value for the modeled prepayment rate. The basic assumption of the modeling is that the expected prepayment rate for active special termination rights comprises two components: an interest-based, one-time rate and a non-interest, periodic core deposit rate. Both prepayment rates relate to the outstanding capital balance.

Non-maturity deposits

Non-maturity deposits are presented using a core deposit model in combination with a replication model.

In the quantification of interest rate risk, the stock of non-maturity deposits (NMD stock) is broken down into the stable portion, the core deposits, and a complementary and directly interest-sensitive volatile portion due to transactions in NMD accounts that fluctuate due to regular deposits and withdrawals. The volatile portion is expressed by a fluctuation range. The method selected to obtain a constant, specific behavior-based term for NMDs is the creation of a replication portfolio, which allocates the volume of the core deposits to long-term investments and generates a moving average return. The method of compiling a replication portfolio is intended to create a portfolio of products of differing terms that replicates the cash flows of the NMDs sufficiently closely and has a constant average term, on which the NMDs are based.

The creation of the portfolio does not account for all potentially possible mix ratios, but only those that can practically be used and can meaningfully be used under the given term restrictions.

Interest rate risks in the non-trading book

In accordance with Article 448 (1) a) and b), the result of changes in the net interest income and changes in the value of equity under the shock scenarios in accordance with EBA/GL/2018/02 must be disclosed.

EUR million	Changes of the economic value of equity		Changes of the net interest income	
Supervisory shock scenarios	Current period	Last period	Current period	Last period
Parallel up	-1,213	-716	295	
Parallel down	133	298	-92	
Steepener	-88	360		
Flattener	-249	-357		
Short-term shock up	-488	-741		
Short-term shock down	260	294		

Figure 47: EU IRRBB1 - Interest rate risks of non-trading book activities

First-time disclosure of table EU IRRBB1 (Interest rate risks of non-trading book activities) as at 30 June 2021.

Present value perspective

Given the still very low interest rates in EUR and the lower interest rate limit depending on the maturity, there is still a difference between the absolute stress results for the increasing interest rate and declining interest rate scenario.

The changes on the previous period arise from the active management of the pension obligations by way of a pension fund from the start of the year.

Periodic perspective

The changes in net interest income (NII) in a 12-month analysis for the shock scenarios result primarily from the non-maturity deposits (NMDs).

16 Disclosures on COVID-19 (EBA/GL/2020/07)

The following section discloses the information on the effects of the COVID-19 crisis as required by EBA/GL/2020/07 of 2 June 2020.

16.1 Information on loans and advances subject to legislative and non-legislative moratoria (EBA/GL/2020/07)

	Loans and advances subject to moratorium					
EUR million		**Of which: households**	**Households: Of which: collateralized by residential immovable property**	**Of which: non-financial corporations**	**Non-financial corporations: Of which: small and medium-sized enterprises**	**Non-financial corporations: Of which: collateralized by commercial immovable property**
Gross carrying amount – 30/06/2021						
Performing						
Of which: exposures with forbearance measures						
Of which: instruments with significant increase in credit risk since initial recognition but not credit-impaired (stage 2)						
Non-performing						
Of which: exposures with forbearance measures						
Of which: unlikely to pay that are not past due or are past due <= 90 days						
Gross carrying amount – 31/12/2020	*27*	*24*	*14*	*3*	*3*	*2*
Accumulated impairment, accumulated negative changes in fair value due to credit risk – 30 June 2021						
Performing						
Of which: exposures with forbearance measures						
Of which: instruments with significant increase in credit risk since initial recognition but not credit-impaired (stage 2)						
Non-performing						
Of which: exposures with forbearance measures						
Of which: unlikely to pay that are not past due or are past due <= 90 days						
Gross carrying amount						
Inflows to non-performing exposures						
Accumulated impairment, accumulated negative changes in fair value due to credit risk – 31 December 2020	*0*	*0*	*0*	*0*	*0*	*0*

Figure 48: COVID-19 template 1 - Information on loans and advances subject to legislative and non-legislative moratoria

16.2 Breakdown of loans and advances subject to legislative and non-legislative moratoria by residual maturity of moratoria (EBA/GL/2020/07)

EUR million	Number of obligors	Gross carrying amount	Of which: legislative moratoria	Of which: expired	Residual maturity of moratoria: <= 3 months	> 3 months <= 6 months	> 6 months <= 9 months	> 9 months <= 12 months	> 1 year
Loans and advances for which moratorium was offered	*1,301*	*602*							
Loans and advances subject to moratorium (granted)	*1,301*	*602*	*181*	*602*					
Of which: households		278	180	278					
Of which: collateralized by residential immovable property		213	144	213					
Of which: non-financial corporations		310	1	310					
Of which: small and medium-sized enterprises		188	1	188					
Of which: collateralized by commercial immovable property		229	1	229					
Loans and advances for which moratorium was offered – 31 December 2020	*1,315*	*648*							
Loans and advances subject to moratorium (granted) – 31 December 2020	*1,315*	*648*	*199*	*621*	*24*	*3*			

Figure 49: COVID-19 template 2 - Breakdown of loans and advances subject to legislative and non-legislative moratoria by residual maturity of moratoria

In addition to the legislative moratorium for consumers, LBBW also used private moratoria of DSGV (Deutscher Sparkassen- und Giroverband), VdP (Verband der Pfandbriefbanken) and VÖB (Bundesverband Öffentlicher Banken Deutschlands) during the COVID-19 pandemic. The KfW private moratorium for development loans was also used.

LBBW thereby allowed customers affected by the COVID-19 crisis to defer the loan repayments due for up to six months, or nine months for KfW development loans. As at 30 June 2021, there are no more forbearance agreements made on the basis of the moratoria up to 30 September 2020.

16.3 Information on newly originated loans and advances provided under newly applicable public guarantee schemes introduced in response to COVID-19 crisis (EBA/GL/2020/07)

	Gross carrying amount		Maximum amount of the guarantee that can be considered	Gross carrying amount
EUR million		**Of which: forborne**	**Public guarantees received**	**Inflows to non-performing exposures**
Newly originated loans and advances subject to public guarantee schemes	*875*	*8*	*731*	
Of which: households	27			
Of which: collateralized by residential immovable property	1			
Of which: non-financial corporations	848	8	731	6
Of which: small and medium-sized enterprises	301			
Of which: collateralized by commercial immovable property	89			
Newly originated loans and advances subject to public guarantee schemes – 31 December 2020	*659*	*3*	*553*	

Figure 50: COVID-19 template 3 - Information on newly originated loans and advances provided under newly applicable public guarantee schemes introduced in response to COVID-19 crisis

Newly originated exposures subject to public guarantee schemes essentially comprise KfW (Kreditanstalt für Wiederaufbau) loans with indemnity.

List of abbreviations

ABCP	Asset-backed commercial paper
ASF	Available stable funding
AT1	Additional Tier 1 capital
BaFin	Bundesanstalt für Finanzdienstleistungsaufsicht (German Federal Financial Supervisory Authority)
BCBS	Basel Committee on Banking Supervision
CCF	Credit conversion factor
CCP	Central counterparty
CCR	Counterparty credit risk
CDS	Credit default swap
CET1	Common Equity Tier 1
CLN	Credit linked note
COREP	Common solvency ratio reporting
CR	Credit risk
CRD	Capital Requirements Directive
CRM	Credit risk mitigation
CRSA	Credit risk standardized approach
CRR	Capital Requirements Regulation
CSD	Central securities depository
CVA	Credit valuation adjustment
DSGV	Deutscher Sparkassen- und Giroverband (German Savings Banks Finance Group)
EAD	Exposure at default
EBA	European Banking Authority
EEPE	Effective expected positive exposure
EIF	European Investment Fund
EL	Expected loss
ERBA	External ratings-based approach
EEA	European Economic Area
FBE	Forborne exposure
FCP	Funded credit protection
FINREP	Financial reporting
FX	Foreign exchange
GL	Guideline
HLBA	Historical look-back approach
IAA	Internal assessment approach
ICAAP	Internal capital adequacy assessment process
IFRS	International Financial Reporting Standards
IMA	Internal model approach
IMM	Internal model method
IRBA	Internal ratings-based approach
IRC	Incremental default and migration risk charge
KWG	Kreditwesengesetz (German Banking Act)
LCR	Liquidity coverage ratio
LGD	Loss given default
MTN	Medium term notes

NACE	Nomenclature Générale des Activités Économiques
NII	Net interest income
NMD	Non-maturity deposits
NPL	Non-performing loans
NSFR	Net stable funding ratio
O-SII	Other systemically important institutions
OTC	Over the counter
P/L	Profit and loss
PD	Probability of default
PFE	Potential future exposure
RC	Replacement cost
RSF	Required stable funding
RWA	Risk-weighted assets
RWEA	Risk-weighted exposure amount
SA-CCR	Standardized approach for counterparty credit risk
SFT	Securities financing transaction
SME	Small and medium-sized enterprises
SREP	Supervisory review and evaluation process
SRT	Significant risk transfer
STS	Simple, transparent and standardized securitizations
sVaR	Stressed value-at-risk
sVaRavg	Average stressed value-at-risk
T1	Tier 1 capital
T2	Tier 2 capital
TC	Total capital
TLTRO	Targeted longer-term refinancing operations
VaR	Value-at-risk
VdP	Verband deutscher Pfandbriefbanken (Association of German Pfandbrief Banks)
VÖB	Bundesverband Öffentlicher Banken Deutschlands (Association of German Public Banks)

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Breaking new ground

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