Breaking new ground

Disclosure report for the first half of 2022

Disclosure report H1 2022

1 General provisions (Article 431 – 434 a CRR)

As a »large institution«, LBBW also discloses information on a quarterly or semi-annual basis, as required, in addition to the annual disclosure 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).

CRR II (Capital Requirements Regulation – Regulation (EU) No. 2019/876) and CRD V (Capital Requirements Directive V – Directive (EU) 2019/878) took effect in stages from 27 June 2019. Further significant amendments took effect on 28 June 2021, and LBBW implemented them in the disclosure report accordingly. Hereinafter, for the purposes of this report, Regulation (EU) No 575/2013 is supplemented by the revisions of Regulation (EU) No 2019/876 and defined as "CRR".

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

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)

Common Equity Tier 1 capital, Tier 1 capital and total capital are virtually unchanged as against the previous quarter. Due to the increased risk-weighted exposure amounts, the Common Equity Tier 1 ratio declined by 0.2 percentage points to 13.9%, the Tier 1 ratio by 0.3 percentage points to 14.7% and the total capital ratio from 20.2% to 19.7%.

The leverage ratio on the basis of the CRR transitional provisions (phase-in) came to 4.3% as at 30 June 2022 (as at 31 December 2021: 5.1%). The leverage ratio exposure (phase-in) was EUR 310.6bn as at 30 June 2022 (EUR 261.8bn as at 31 December 2021). The increase in the leverage ratio exposure in comparison with 31 December 2021 is primarily characterized by an increase in cash balances at central banks, exposures to institutions and exposures to companies.

There are currently no additional own funds requirements to address the risk of excessive leverage or leverage ratio buffer requirements for LBBW.

The decrease in the average liquidity coverage ratio to 134% is primarily attributable to the successive decline of the monthly LCR ratio in the last twelve months.

The decline of the LCR and the net stable funding ratio (NSFR) in the second quarter of 2022 resulted in particular from the planned reduction of the excess liquidity from the participation in TLTRO III. New lending business in 2022 was refinanced both via funding activities on the liabilities side and through excess liquidity, so the ratios decreased in a controlled manner and as planned in the second quarter of 2022.

The following table shows various key metrics and their prior-period values.

EUR million	30/06/2022	31/03/2022	31/12/2021	30/09/2021	30/06/2021
Available own funds (amounts)					
Common Equity Tier 1 (CET1) capital	12,644	12,581	12,473	12,478	12,454
Tier 1 capital	13,387	13,325	13,456	13,462	13,439
Total capital	17,966	17,974	18,090	18,101	18,204
Risk-weighted exposure amounts					
Total risk-weighted exposure amount	91,154	89,096	84,416	83,260	82,357
Capital ratios (as a percentage of risk-weighted exposure amount)					
Common Equity Tier 1 ratio (%)	13.9	14.1	14.8	15.0	15.1
Tier 1 ratio (%)	14.7	15.0	15.9	16.2	16.3
Total capital ratio (%)	19.7	20.2	21.4	21.7	22.1
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 (%)	1.88	1.88	1.75	1.75	1.75
of which: to be made up of CET1 capital (percentage points)	1.06	1.06	0.98	0.98	0.98
of which: to be made up of Tier 1 capital (percentage points)	1.41	1.41	1.31	1.31	1.31
Total SREP own funds requirements (%)	9.88	9.88	9.75	9.75	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	0.03	0.03	0.03	0.03
Systemic risk buffer (%)					
Global Systemically Important Institution buffer (%)					
Other Systemically Important Institution buffer	0.75	0.75	0.75	0.75	0.75
Combined buffer requirement (%)	3.28	3.28	3.28	3.28	3.28
Overall capital requirements (%)	13.16	13.16	13.03	13.03	13.03
CET1 available after meeting the total SREP own funds requirements (%)	7.28	7.55	8.63	8.86	9.01
Leverage ratio					
Total exposure measure	310,645	305,997	261,816	295,492	287,847
Leverage ratio (%)	4.31	4.35	5.14	4.56	4.67
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 requirements (%)					
Liquidity Coverage Ratio					
Total high-quality liquid assets (HQLA) (Weighted value - average)	88,768	86,594	82,086	80,510	76,407
Cash outflows - Total weighted value	86,383	82,039	76,816	74,420	72,511
Cash inflows - Total weighted value	19,810	18,743	18,129	18,267	20,066
Total net cash outflows (adjusted value)	66,572	63,295	58,687	56,153	52,446
Liquidity coverage ratio (%)	134.0	137.2	140.2	143.7	146.3
Net Stable Funding Ratio					
Total available stable funding	140,261	153,118	142,536	148,293	144,858
Total required stable funding	126,169	130,794	131,322	127,632	124,278
NSFR ratio (%)	111.2	117.1	108.5	116.2	116.6

Figure 1: EU KM1 - Key metrics template

2.2 Overview of risk weighted 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.

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	Risk weighted exposure amounts (RWEAs)		Total own funds require-ments
	30/06/2022	31/03/2022	30/06/2022
Credit risk (excluding CCR)	*68,468*	*67,696*	*5,477*
Of which the standardized approach	11,377	10,801	910
Of which the foundation IRB (FIRB) approach	54,189	54,031	4,335
Of which: slotting approach	59	69	5
Of which: equities under the simple risk-weighted approach	1,613	1,564	129
Of which the advanced IRB (AIRB) approach			
Counterparty credit risk - CCR	*5,900*	*5,946*	*472*
Of which the standardized approach	2,821	2,718	226
Of which internal model method (IMM)			
Of which exposures to a CCP	143	112	11
Of which credit valuation adjustment - CVA	1,217	1,189	97
Of which other CCR	1,719	1,927	137
Settlement risk	*1*	*38*	*0*
Securitization exposures in the non-trading book (after the cap)	*1,754*	*1,664*	*140*
Of which SEC-IRBA approach	199	234	16
Of which SEC-ERBA (including IAA)	873	828	70
Of which SEC-SA approach	132	144	11
Of which 1250%/ deduction	550	458	44
Position, foreign exchange and commodities risks (Market risk)	*10,382*	*9,011*	*831*
Of which the standardized approach	4,949	4,979	396
Of which IMA	5,433	4,032	435
Large exposures			
Operational risk	*5,199*	*5,199*	*416*
Of which basic indicator approach			
Of which standardized approach	5,199	5,199	416
Of which advanced measurement approach			
Amounts below the thresholds for deduction (subject to 250% risk weight)	*2,897*	*2,966*	*232*
Total	*91,704*	*89,555*	*7,336*

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

The total risk exposure amount increased slightly as against the previous quarter.

Credit risk exposure increased slightly. This was primarily due to the fact that new transactions exceeded the expiring transactions, and existing business relationships were expanded. In addition, the volatility on the markets increased the capital charges for market price risks.

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 con-solidation« 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	
of which: paid-in capital	3,484	j
of which: capital reserves	8,240	k
of which: other		
Retained earnings	1,408	l
Accumulated other comprehensive income (and other reserves)	56	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	*13,188*	
Common Equity Tier 1 (CET1) capital: regulatory adjustments		
Additional value adjustments (negative amount)	- 216	
Intangible assets (net of related tax liability) (negative amount)	- 170	a + b
Not applicable		
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)	- 56	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	- 17	
Defined-benefit pension fund assets (negative amount)	- 1	
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 1250%, where the institution opts for the deduction alternative	- 44	
of which: qualifying holdings outside the financial sector (negative amount)		
of which: securitization positions (negative amount)	- 44	
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	- 34	
Total regulatory adjustments to Common Equity Tier 1 (CET1)	- 544	
Common Equity Tier 1 (CET1) capital	12,644	
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		
Amount of qualifying items referred to in Article 494a (1) subject to phase out from AT1		
Amount of qualifying items referred to in Article 494b (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	*744*	
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	*744*	
Tier 1 capital (T1 = CET1 + AT1)	*13,387*	
Tier 2 (T2) capital: instruments		
Capital instruments and the related share premium accounts	4,496	
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	368	
Tier 2 (T2) capital before regulatory adjustments	4,864	e + f + g + h + i
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	- 260	
Total regulatory adjustments to Tier 2 (T2) capital	*- 285*	
Tier 2 (T2) capital	*4,579*	
Total capital (TC = T1 + T2)	*17,966*	
Total risk exposure amount	91,154	
Capital ratios and requirements including buffers		
Common Equity Tier 1 (as a percentage of total risk exposure amount)	13.9	
Tier 1	14.7	
Total capital	19.7	
Institution CET1 overall capital requirements	8.83	
of which: capital conservation buffer requirement	2.50	
of which: countercyclical capital 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 requirement	0.75	
of which: additional own funds requirements to address the risks other than the risk of excessive leverage	1.06	
Common Equity Tier 1 capital (as a percentage of risk exposure amount) available after meeting the minimum capital requirements	7.28	
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)	550	
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)	339	
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)	819	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	144	
Credit risk adjustments included in T2 in respect of exposures subject to internal ratings-based approach (prior to the application of the cap)	533	
Cap for inclusion of credit risk adjustments in T2 under internal ratings-based approach	368	

Figure 3: EU CC1 - Composition of regulatory own funds

In accordance with requirements, the changes in regulatory own funds are commented on in comparison with 31 December 2021.

The Common Equity Tier 1 (CET1) of the LBBW Group increased marginally as against the end of the previous year. This is a result chiefly of the inclusion of the annual profit and of actuarial gains. The revaluation reserve for securities developed in the opposite direction. Additional Tier 1 (AT1) capital decreased due to expiring transitional provisions, which mean that silent partners' contributions are no longer counted as AT1 but as Tier 2 (T2) capital. The reclassified silent partners' contributions were almost neutralized by a repaid issue, so T2 remained virtually unchanged.

Due to the aforementioned facts and the slight increase in the total risk exposure amount, LBBW's CET1 ratio, T1 ratio and total capital ratio decreased moderately compared with the previous period. Explanations regarding the change in the total risk exposure amount can be found in section »2.2 Overview of total risk exposure amounts«.

No restrictions are applied to the calculation of own funds in accordance with CRR (point (e) of Article 437 CRR). The calculation of capital ratios does not include any elements of own funds calculated on a basis other than that stipulated in the CRR (point (f) of Article 437 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 scopes 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	**157**	**147**	
of which goodwill			a
of which other intangible assets	157	147	b
Deferred income tax assets	**983**	**1,027**	
of which from unused tax losses	56	48	c
of which from temporary differences	927	979	d
Equity and liabilities			
Financial liabilities designated at fair value	**3,682**	**3,682**	
of which subordinated liabilities	377	377	e
of which capital generated from profit-participation rights	25	25	f
Subordinated capital	**4,981**	**4,981**	
of which subordinated liabilities	4,079	4,079	g
of which typical silent partners' contributions	880	880	h
of which capital generated from profit-participation rights	22	22	i
Equity	**14,249**	**14,270**	
of which share capital	3,484	3,484	j
of which capital reserve	8,240	8,240	k
of which retained earnings	1,585	1,408	l
of which other income	-156	96	
of which revaluation reserve	-234	40	
of which revaluation reserve for equity investments	-25	249	m
of which revaluation reserve for debt instruments	-209	-209	n
of which currency translation reserve	38	15	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

The deviation in the revaluation reserve for equity investments is primarily attributable to the real estate subgroup, which is only part of the scope of consolidation under commercial law (IFRS).

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 %	30/06/2022	31/03/2022	31/12/2021	30/09/2021	30/06/2021
Available capital (amounts)					
Common Equity Tier 1 (CET1) capital	12,644	12,581	12,473	12,478	12,454
Common Equity Tier 1 (CET1) capital not applying transitional provisions for IFRS 9 or similar expected credit losses	12,375	12,314	12,252	12,248	12,217
Tier 1 capital	13,387	13,325	13,456	13,462	13,439
Tier 1 capital not applying transitional provisions for IFRS 9 or similar expected credit losses	13,118	13,058	13,235	13,233	13,202
Total capital	17,966	17,974	18,090	18,101	18,204
Total capital not applying transitional provisions for IFRS 9 or similar expected credit losses	17,957	17,965	18,078	18,089	18,192
Risk-weighted assets					
Total amount of risk-weighted assets	91,154	89,096	84,416	83,260	82,357
Total amount of risk-weighted assets not applying transitional provisions for IFRS 9 or similar expected credit losses	91,434	89,374	84,641	83,494	82,599
Capital ratios					
CET1 capital (as a percentage of the total risk exposure amount)	13.9	14.1	14.8	15.0	15.1
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	13.5	13.8	14.5	14.7	14.8
Tier 1 capital (as a percentage of the total risk exposure amount)	14.7	15.0	15.9	16.2	16.3
Tier 1 capital (as a percentage of the total risk exposure amount) not applying transitional provisions for IFRS 9 or similar expected credit losses	14.3	14.6	15.6	15.8	16.0
Total capital (as a percentage of the total risk exposure amount)	19.7	20.2	21.4	21.7	22.1
Total capital (as a percentage of the total risk exposure amount) not applying transitional provisions for IFRS 9 or similar expected credit losses	19.6	20.1	21.4	21.7	22.0
Leverage ratio					
Leverage ratio total exposure measure	310,645	305,997	261,816	295,492	287,847
Leverage ratio	4.3	4.4	5.1	4.6	4.7
Leverage ratio not applying transitional provisions for IFRS 9 or similar expected capital losses	4.2	4.3	5.1	4.5	4.6

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%.

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 2022 are shown in the following table.

The ‘Other countries’ item groups 102 countries whose share in the weighted own funds requirements is less than 9%. These are therefore regarded as non-material and not listed individually in accordance with Article 432 (1) CRR.

	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 CRSA**	**Exposure value IRB**	**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	18,502	78,463	4,211		4,864	106,040	3,489	71	80	3,640	45,495	66.15	
France	14	1,401	902		151	2,466	62	29	4	95	1,189	1.73	
United Kingdom	177	2,221	1,462		38	3,899	109	41	1	151	1,889	2.75	
Ireland	20	562	330			912	26	29		55	687	1.00	
Canada	4	754	388			1,146	40	1		41	516	0.75	
Luxembourg	69	4,922	309			5,300	161	14		175	2,187	3.18	0.50
Netherlands	71	3,580	380			4,032	126	16		142	1,780	2.59	
Austria	47	2,882	151		92	3,171	126	6	2	134	1,673	2.43	
Switzerland	90	2,649	500		29	3,269	89	9	1	99	1,237	1.80	
USA	152	12,956	716		167	13,991	395	34	7	437	5,457	7.93	
Bulgaria	0					0	0			0	0	0.00	0.50
Hong Kong	1	464	16			481	18	0		18	222	0.32	1.00
Norway	5	2,198	94			2,297	20	1		21	259	0.38	1.50
Slovakia	2		2			3	0	0		0	2	0.00	1.00
Czech Republic	4	33	7			44	1			1	18	0.03	0.50
Other countries	853	11,390	4,884		69	17,196	365	127	2	493	6,163	8.96	
Total	*20,013*	*124,474*	*14,351*		*5,410*	*164,247*	*5,027*	*378*	*96*	*5,502*	*68,775*	*100.00*	

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	30/06/2022
Total risk exposure amount (EUR million)	91,154
Institution specific countercyclical capital buffer rate (%)	0.03
Institution specific countercyclical capital buffer requirements (EUR million)	23

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*	*329,432*
2	Adjustment for entities which are consolidated for accounting purposes but are outside the scope of prudential consolidation	-1,816
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 banks (if applicable))	
5	(Adjustment for fiduciary assets recognized on the balance sheet pursuant to the applicable accounting framework but excluded from the total exposure measure in accordance with point (i) of Article 429a(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	-1,634
9	Adjustment for securities financing transactions (SFTs)	4,013
10	Adjustment for off-balance sheet items (i.e. conversion to credit equivalent amounts of off-balance sheet exposures)	27,407
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 total exposure measure in accordance with point (c) of Article 429a(1) CRR)	
EU-11b	(Adjustment for exposures excluded from the total exposure measure in accordance with point (j) of Article 429a(1) CRR)	
12	Other adjustments	-46,757
13	*Total exposure measure*	*310,645*

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)

EUR million		CRR leverage ratio exposures 30/06/2022	31/12/2021
On-balance sheet exposures (excluding derivatives and SFTs)			
1	On-balance sheet items (excluding derivatives, SFTs, but including collateral)	289,147	241,129
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)	-7,776	-8,826
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)	-9	-324
7	Total on-balance sheet exposures (excluding derivatives and SFTs)	281,362	231,979
Derivative exposures			
8	Replacement cost associated with SA-CCR derivatives transactions (i.e. net of eligible cash variation margin)	11,548	9,914
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	11,090	9,299
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)	-6,526	-1,968
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	6,427	4,699
12	(Adjusted effective notional offsets and add-on deductions for written credit derivatives)	-4,871	-2,680
13	Total derivatives exposures	17,668	19,265
Securities financing transaction (SFT) exposures			
14	Gross SFT assets (with no recognition of netting), after adjustment for sales accounting transactions	28,129	25,894
15	(Netted amounts of cash payables and cash receivables of gross SFT assets)	-3,864	-4,238
16	Counterparty credit risk exposure for SFT assets	2,687	2,570
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	26,953	24,226
Other off-balance sheet exposures			
19	Off-balance sheet exposures at gross notional amount	70,962	68,030
20	(Adjustments for conversion to credit equivalent amounts)	-43,555	-42,822
21	(General provisions deducted in determining Tier 1 capital and specific provisions associated with off-balance sheet exposures)		
22	Off-balance sheet exposures	27,407	25,208
Excluded exposures			
EU-22a	(Exposures excluded from the total exposure measure in accordance with point (c) of Article 429a(1) CRR)	-14,632	-11,791
EU-22b	(Exposures exempted in accordance with point (j) of Article 429a (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))	-25,194	-24,333

EUR million		CRR leverage ratio exposures 30/06/2022	31/12/2021
EU-22f	(Excluded guaranteed parts of exposures arising from export credits)	-2,918	-2,738
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 429a(1) CRR)		
EU-22i	(Excluded CSD related services of designated institutions in accordance with point (p) of Article 429a(1) CRR)		
EU-22j	(Reduction of the exposure value of pre-financing or intermediate loans)		
EU-22k	(Total exempted exposures)	-42,745	-38,862
Capital and total exposure measure			
23	Tier 1 capital	13,387	13,456
24	Total exposure measure	310,645	261,816
Leverage ratio			
25	Leverage ratio	4.31	5.14
EU-25	Leverage ratio (excluding the impact of the exemption of public sector investments and promotional loans) (%)	4.31	5.14
25a	Leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves) (%)	4.31	5.14
26	Regulatory minimum leverage ratio requirement (%)	3.00	3.00
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	26,993	25,583

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 4.3% as at 30 June 2022 (as at 31 December 2021: 5.1%). The leverage ratio exposure (phase-in) was EUR 310.6bn as at 30 June 2022 (EUR 261.8bn as at 31 December 2021).

In comparison with 31 December 2021, the leverage ratio exposure is primarily characterized by an increase in cash balances at central banks (EUR +32.3bn), exposures to institutions (EUR +3.3bn) and exposures to companies (EUR +1.7bn).

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:	242,760
EU-2	Trading book exposures	20,771
EU-3	Banking book exposures, of which:	221,989
EU-4	Covered bonds	12,849
EU-5	Exposures treated as sovereigns	90,207
EU-6	Exposures to regional governments, MDB, international organizations and PSE not treated as sovereigns	943
EU-7	Institutions	12,607
EU-8	Secured by mortgages of immovable properties	26,436
EU-9	Retail exposures	6,134
EU-10	Corporates	66,968
EU-11	Exposures in default	773
EU-12	Other exposures (e.g. equity, securitizations, and other non-credit obligation assets)	5,071

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 451 a (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 required minimum of 100%.

EUR million	Total unweighted value				Total weighted value			
Quarter ending on	**30/06/22**	**31/03/22**	**31/12/21**	**30/09/21**	**30/06/22**	**31/03/22**	**31/12/21**	**30/09/21**
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)					88,768	86,594	82,086	80,510
Cash outflows								
Retail deposits and deposits from small business customers, of which:	22,884	22,582	22,175	21,704	1,679	1,663	1,640	1,616
Stable deposits	9,900	9,558	9,220	8,824	495	478	461	441
Less stable deposits	8,892	8,865	8,789	8,715	1,183	1,184	1,179	1,174
Unsecured wholesale funding	99,381	95,452	90,472	87,494	63,173	59,434	55,123	52,172
Operational deposits (all counterparties) and deposits in networks of cooperative banks	26,291	26,044	25,878	25,371	6,559	6,455	6,386	6,221
Non-operational deposits (all counterparties)	56,874	55,211	52,309	51,118	40,398	38,782	36,452	34,946
Unsecured debt	16,216	14,197	12,285	11,005	16,216	14,197	12,285	11,005
Secured wholesale funding					2,630	2,561	2,508	2,444
Additional requirements	35,199	33,281	32,382	32,083	9,409	8,749	8,477	8,499
Outflows related to derivative exposures and other collateral requirements	4,064	3,850	3,919	4,209	3,070	2,928	2,933	3,012
Outflows related to loss of funding on debt products								
Credit and liquidity facilities	31,135	29,431	28,463	27,874	6,339	5,821	5,544	5,487
Other contractual funding obligations	6,987	7,140	6,740	7,359	6,758	6,925	6,527	7,152
Other contingent funding obligations	35,450	35,338	34,800	34,318	2,734	2,707	2,541	2,537
TOTAL CASH OUTFLOWS					*86,383*	*82,039*	*76,816*	*74,420*
Cash inflows								
Secured lending (e.g. reverse repos)	13,913	13,160	13,281	13,863	1,420	1,147	1,290	1,312
Inflows from fully performing exposures	16,236	15,329	14,953	15,223	9,895	9,366	9,165	9,480
Other cash inflows	9,928	9,565	9,075	8,836	8,495	8,230	7,673	7,475
(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	*40,077*	*38,054*	*37,309*	*37,922*	*19,810*	*18,743*	*18,128*	*18,267*
Fully exempt inflows								
Inflows subject to 90% cap								
Inflows subject to 75% cap	34,355	32,586	32,038	32,517	19,810	18,743	18,129	18,267
Total adjusted value								
LIQUIDITY BUFFER					88,768	86,594	82,086	80,510
TOTAL NET CASH OUTFLOWS					66,572	63,295	58,687	56,153
LIQUIDITY COVERAGE RATIO					134.0%	137.2%	140.2%	143.7%

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 2022, the LCR remained stable in a corridor between 123% and 126% 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 of 2021. 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 Commission Delegated Regulation (EU) 2017/208. As at 30 June 2022, 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 scope 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 and semi-annual disclosures therefore present two quarters – the quarter as at the reference date of disclosure and the preceding quarter.

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 decline of the NSFR in the second quarter of 2022 resulted in particular from the planned reduction of the excess liquidity from the participation in TLTRO III. New lending business in 2022 was refinanced both via funding activities on the liabilities side and through excess liquidity, so the ratio decreased in a controlled manner and as planned in the second quarter of 2022.

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 38,768m each as at 30 June 2021 (as at 31 December 2021: EUR 36,836m), of which EUR 35,207m (as at 31 December 2021: EUR 34,187m) from promotional business and EUR 3,562m (as at 31 December 2021: EUR 2,649m) from derivative clearing activities.

30/06/2022 EUR million	Unweighted value by residual maturity				Weighted value
	No maturity	< 6 months	6 months to < 1yr	≥ 1yr	
Available stable funding (ASF) Items					
Capital items and instruments	13,993			5,386	19,379
Own funds	13,993			5,386	19,379
Other capital instruments					
Retail deposits		22,927	24	85	21,396
Stable deposits		13,108	2	47	12,501
Less stable deposits		9,820	22	38	8,895
Wholesale funding:		147,080	28,694	49,793	97,092
Operational deposits		26,755	0	0	4,270
Other wholesale funding		120,324	28,694	49,793	92,822
Interdependent liabilities		3,261	1,774	33,733	0
Other liabilities:		5,629	2	2,393	2,394
NSFR derivative liabilities					
All other liabilities and capital instruments not included in the above categories		5,629	2	2,393	2,394
Total available stable funding (ASF)					*140,261*
Required stable funding (RSF) Items					
Total high-quality liquid assets (HQLA)					6,414
Assets encumbered for a residual maturity of one year or more in a cover pool		476	421	17,412	15,563
Deposits held at other financial institutions for operational purposes		0	0	0	0
Performing loans and securities:		54,037	15,144	80,410	93,674
Performing securities financing transactions with financial customers collateralized by Level 1 HQLA subject to 0% haircut		9,447	876	0	489
Performing securities financing transactions with financial customer collateralized by other assets and loans and advances to financial institutions		20,957	7,538	15,828	21,422
Performing loans to non- financial corporate clients, loans to retail and small business customers, and loans to sovereigns, and PSEs, of which:		17,366	3,834	32,599	46,424
With a risk weight of less than or equal to 35% under the Basel II Standardized Approach for credit risk		452	384	997	4,710
Performing residential mortgages, of which:		368	183	4,845	
With a risk weight of less than or equal to 35% under the Basel II Standardized Approach for credit risk		368	183	4,845	
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		4,259	1,578	15,453	15,919
Interdependent assets		3,261	1,774	33,733	0
Other assets:		24,910	125	3,758	7,521
Physical traded commodities				303	257
Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs		682	91	138	775
NSFR derivative assets		0			0
NSFR derivative liabilities before deduction of variation margin posted		14,222			711
All other assets not included in the above categories		10,007	34	3,317	5,778

30/06/2022 EUR million	Unweighted value by residual maturity				Weighted value
	No maturity	< 6 months	6 months to < 1yr	≥ 1yr	
Off-balance sheet items		28,942	4,886	34,060	2,997
Total RSF					*126,169*
Net Stable Funding Ratio (%)					111.2%

31/03/2022 EUR million	No maturity	Unweighted value by residual maturity < 6 months	6 months to < 1yr	≥ 1yr	Weighted value
Available stable funding (ASF) Items					
Capital items and instruments	13,883			5,376	19,259
Own funds	13,883			5,376	19,259
Other capital instruments					
Retail deposits		22,947	12	49	21,368
Stable deposits		13,129	1	40	12,514
Less stable deposits		9,818	10	9	8,855
Wholesale funding:		145,783	10,855	71,906	110,151
Operational deposits		27,937	0	0	3,783
Other wholesale funding		117,846	10,855	71,906	106,368
Interdependent liabilities		2,689	2,270	32,557	0
Other liabilities:		7,595	16	2,332	2,339
NSFR derivative liabilities					
All other liabilities and capital instruments not included in the above categories		7,595	16	2,332	2,339
Total available stable funding (ASF)					*153,118*
Required stable funding (RSF) Items					
Total high-quality liquid assets (HQLA)					12,466
Assets encumbered for a residual maturity of one year or more in a cover pool		342	445	16,063	14,322
Deposits held at other financial institutions for operational purposes		0	0	0	0
Performing loans and securities:		49,696	13,587	83,021	94,234
Performing securities financing transactions with financial customers collateralized by Level 1 HQLA subject to 0% haircut		9,342	701	24	561
Performing securities financing transactions with financial customer collateralized by other assets and loans and advances to financial institutions		20,148	5,196	17,675	21,924
Performing loans to non- financial corporate clients, loans to retail and small business customers, and loans to sovereigns, and PSEs, of which:		15,487	4,454	31,517	44,774
With a risk weight of less than or equal to 35% under the Basel II Standardized Approach for credit risk		461	494	2,262	5,351
Performing residential mortgages, of which:		291	218	4,490	
With a risk weight of less than or equal to 35% under the Basel II Standardized Approach for credit risk		291	218	4,490	
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		2,924	1,593	15,823	16,282
Interdependent assets		2,689	2,270	32,557	0
Other assets:		20,354	123	4,351	7,875
Physical traded commodities				605	514
Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs		668	54	599	1,123
NSFR derivative assets		730			730
NSFR derivative liabilities before deduction of variation margin posted		9,256			463

31/03/2022 EUR million	Unweighted value by residual maturity No maturity	< 6 months	6 months to < 1yr	≥ 1yr	Weighted value
All other assets not included in the above categories		9,700	69	3,146	5,045
Off-balance sheet items		28,936	4,410	32,647	1,897
Total RSF					*130,794*
Net Stable Funding Ratio (%)					*117.1%*

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	74,073	74,025	48	0	0	0
Loans and advances	*173,422*	*110,796*	*60,936*	*1,183*	*0*	*1,160*
Central banks	613	613	0	0	0	0
General governments	10,230	8,359	887	0	0	0
Credit institutions	49,715	44,711	4,955	70	0	70
Other financial corporations	20,021	15,491	3,921	9	0	9
Non-financial corporations	80,840	33,027	47,772	1,048	0	1,025
Of which: SMEs	25,648	9,894	15,751	225	0	218
Households	12,003	8,593	3,400	56	0	55
Debt securities	*31,632*	*31,484*	*92*	*6*	*0*	*6*
Central banks	555	555	0	0	0	0
General governments	4,071	3,964	86	0	0	0
Credit institutions	23,289	23,274	0	0	0	0
Other financial corporations	3,363	3,342	0	0	0	0
Non-financial corporations	354	348	6	6	0	6
Off-balance sheet exposures	*77,904*	*61,879*	*7,299*	*230*	*1*	*105*
Central banks	0	0	0	0	0	0
General governments	2,713	2,565	20	0	0	0
Credit institutions	13,459	12,465	35	1	0	0
Other financial corporations	7,563	6,224	322	0	0	0
Non-financial corporations	50,270	37,017	6,642	227	1	104
Households	3,900	3,609	279	1	0	1
Total	*357,031*	*278,184*	*68,375*	*1,419*	*2*	*1,271*

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	0	0	0		0	0
	-880	*-55*	*-825*	*-554*	*0*	*-551*	*-266*	*48,635*	*299*
	0	0	0	0	0	0	0	0	0
	-3	-1	-2	0	0	0	0	330	0
	-14	-5	-9	-55	0	-55	0	643	0
	-37	-7	-30	-3	0	-3	-4	5,119	6
	-772	-35	-737	-473	0	-470	-244	35,701	269
	-129	-14	-115	-75	0	-69	0	16,523	112
	-54	-7	-47	-24	0	-24	-17	6,842	24
	-5	*-4*	*-2*	*-6*	*0*	*-6*	*0*	*0*	*0*
	0	0	0	0	0	0	0	0	0
	-2	-1	-2	0	0	0	0	0	0
	-2	-2	0	0	0	0	0	0	0
	-1	-1	0	0	0	0	0	0	0
	0	0	0	-6	0	-6	0	0	0
	-108	*-15*	*-93*	*-95*	*0*	*-39*		*1,552*	*24*
	0	0	0	0	0	0		0	0
	0	0	0	0	0	0		314	0
	0	0	0	-1	0	0		1	0
	-2	-1	-1	0	0	0		216	0
	-103	-13	-90	-94	0	-39		998	24
	-3	-1	-2	0	0	0		22	0
	-993	*-74*	*-919*	*-656*	*0*	*-597*	*-266*	*50,186*	*323*

The increase in the share of stage 2 carrying amounts compared with the previous period relates to economic downside risks, resulting among other things from a potential cut-off of gas supplies from Russia, the shortage of raw materials and intermediate products, disruption in global supply chains, the persistently high inflation rate, interest rate increases, and geopolitical tensions.

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 amount 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	*8,227*	*48,411*	*61,889*	*54,643*	*0*	*173,171*
Debt securities	*0*	*7,007*	*12,400*	*12,219*	*0*	*31,626*
Total	*8,227*	*55,419*	*74,289*	*66,863*	*0*	*204,798*

Figure 14: EU CR1-A - Maturity of exposures

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

The following table shows the stock of non-performing loans and advances as at 30 June 2022 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 was immaterial as at 30 June 2022.

EUR million	Gross carrying amount
Initial stock of non-performing loans and advances	*1,101*
Inflows to non performing portfolios	274
Outflows from non-performing portfolios	-192
Outflows due to write-offs	-1
Outflow due to Other Situations	-191
Final stock of non-performing loans and advances	*1,183*

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	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*
Loans and advances	*1,135*	*480*	*478*	*475*	*-10*	*-193*	*1,015*	*155*
Central banks	0	0	0	0	0	0	0	0
General governments	0	0	0	0	0	0	0	0
Credit institutions	0	0	0	0	0	0	0	0
Other financial corporations	25	6	6	6	0	-1	31	6
Non-financial corporations	1,104	467	467	464	-10	-190	979	147
Households	5	6	5	5	0	-2	5	2
Debt securities	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*
Loan commitments given	201	47	47	47	-8	-14	0	0
Total	*1,336*	*527*	*525*	*522*	*-18*	*-207*	*1,015*	*155*

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. The 15 largest countries in terms of »gross carrying amounts of on balance sheet exposures« and the 10 largest countries in terms of »nominal amounts of off balance sheet exposures« are classified as significant. The countries shown represent more than 90% of the total gross carrying amounts of on balance sheet exposures and more than 90% of the nominal amounts of off balance sheet exposures. The other countries as well as supranational organizations are shown under »Others/supranational organizations«.

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	*206,243*	*1,189*	*-1,441*		*-5*
Germany	108,901	889	-1,199		-5
USA	20,872	91	-68		
United Kingdom	17,605	0	-22		
France	9,509	1	-8		
Luxembourg	5,862	9	-14		
Canada	5,096	0	-3		
Netherlands	3,513	7	-7		
Singapore	3,139	0	-1		
Austria	2,899	12	-7		
Republic of Korea	2,660		0		
Norway	2,154		0		
Australia	1,993		0		
Sweden	1,856		-1		
Switzerland	1,753	2	-4		
Denmark	1,411		0		
Others/supranational organizations	17,018	178	-104		
Off-balance sheet exposures	*78,134*	*228*		*-203*	
Germany	54,155	215		-183	
France	7,277	0		0	
Ireland	3,167			0	
Switzerland	2,251			-1	
USA	2,157			-2	
Austria	1,793	12		-10	
Netherlands	1,211	0		-1	
Luxembourg	589			0	
United Kingdom	508			-2	
Singapore	497			0	
Others/supranational organizations	4,529	1		-4	
Total	*284,377*	*1,418*	*-1,441*	*-203*	*-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 amount - of which non-performing - 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	111	2	-1	0
Mining and quarrying	400	0	-1	0
Manufacturing	16,211	539	-600	-5
Electricity, gas, steam and air conditioning supply	6,304	37	-55	0
Water supply	2,236	0	-2	0
Construction	1,488	25	-24	0
Wholesale and retail trade	5,854	128	-112	0
Transport and storage	2,853	26	-40	0
Accommodation and food service activities	48	1	-1	0
Information and communication	2,881	6	-12	0
Real estate activities	0	0	0	0
Financial and insurance activities	29,955	122	-143	0
Professional, scientific and technical activities	6,901	102	-98	0
Administrative and support service activities	4,295	52	-126	0
Public administration and defense, compulsory social security	0	0	0	0
Education	196	0	-1	0
Human health services and social work activities	1,064	5	-13	0
Arts, entertainment and recreation	278	1	-2	0
Other services	812	2	-8	0
Total	*81,888*	*1,048*	*-1,240*	*-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 f CRR)

EUR million	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	*199,745*	*48,933*	*40,175*	*8,759*	*0*
Debt securities	*31,638*	*0*	*0*	*0*	
Total	*231,383*	*48,933*	*40,175*	*8,759*	*0*
Of which non-performing exposures	891	299	166	133	0
Of which defaulted	890	299			

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

The EUR 41bn increase in the unsecured carrying amounts as against the previous period is primarily due to the EUR 33bn increase in on-demand or current receivables, especially cash and cash equivalents.

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.

EUR million	Exposures before CCF and before CRM		Exposures post CCF and post CRM		RWAs and RWA density	
Exposure class	**On-balance sheet exposures**	**Off-balance sheet exposures**	**On-balance sheet exposures**	**Off-balance sheet exposures**	**RWAs**	**RWA density (%)**
Central governments or central banks	9	0	393	1		
Regional government or local authorities	47	114	818	24	1	0.18
Public sector entities	269	904	60	332	74	18.96
Multilateral development banks				80		
International organizations						
Institutions	36,165	5,168	36,719	2,530	364	0.93
Corporates	8,868	2,499	7,172	379	5,063	67.04
Retail underlying	6,133	3,368	5,810	383	4,209	67.96
Secured by mortgages on immovable property	4,205	21	4,205	13	1,471	34.87
Exposures in default	74	1	66	0	83	125.676
Exposures associated with particularly high risk	2		2		3	150.00
Covered bonds	13		13			
Institutions and corporates with a short-term credit assessment		0				
Unit or shares in collective investment undertakings	33		33		34	102.69
Equity						
Other items	78		78		74	94.21
Total	*55,895*	*12,076*	*55,370*	*3,742*	*11,377*	*19.25*

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	394						
Regional government or local authorities	834				7		
Public sector entities	21				372		0
Multilateral development banks	80						
International organizations							
Institutions	37,505				1,699		44
Corporates	581				1,489	108	708
Retail							
Secured by mortgages on immovable property						4,035	183
Exposures in default							
Exposures associated with particularly high risk							
Covered bonds	13						
Institutions and corporates with a short-term credit assessment							
Unit or shares in collective investment undertakings	0				0		
Equity							
Other items	5						
Total	*39,432*				*3,568*	*4,143*	*935*

Figure 21: EU CR5 – standardized approach

	Risk weight									
	70%	75%	100%	150%	250%	370%	1250%	Others	Total	Of which unrated
									394	169
									842	816
			0						392	21
									80	80
			2				0		39,249	39,133
	224		4,438	2			2		7,552	4,280
		6,192							6,192	5,159
									4,218	4,218
			32	34					66	53
				2					2	2
									13	13
			0					33	33	21
			74						78	0
	224	*6,192*	*4,546*	*38*			*2*	*33*	*59,113*	*53,964*

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 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	88,986	1,739	0.41	89,700	0.00	2,057	45.03	3	444	0.00	0	0
0.00 to <0.10	88,703	1,739	0.41	89,417	0.00	2,056	45.03	3	345	0.00	0	0
0.10 to <0.15	282			282	0.12	1	45.00	3	99	0.35	0	0
0.15 to <0.25	183			183	0.17	2	45.00	3	78	0.43	0	0
0.25 to <0.50	51			51	0.39	1	45.00	3	33	0.66	0	0
0.50 to <0.75	42	20		42	0.59	1	45.00	3	4	0.10	0	0
0.75 to <2.50	86			86	0.88	2	45.00	3	80	0.93	0	-1
0.75 to <1.75	86			86	0.88	2	45.00	3	80	0.93	0	-1
1.75 to <2.5												
2.50 to <10.00	99	101	0	163	5.16	5	45.00	3	23	0.14	0	0
2.5 to <5	64	78	0	111	4.44	3	45.00	3	23	0.20	0	0
5 to <10	36	23	0	53	6.67	2	45.00	3	0	0.00	0	0
10.00 to <100.00		452	0.17	77	10.00	3	45.00	3	6	0.08	0	0
10 to <20		452	0.17	77	10.00	3	45.00	3	6	0.08	0	0
20 to <30												
30.00 to <100.00												
100.00 (Default)												
Subtotal	*89,446*	*2,312*	*0.37*	*90,301*	*0.02*	*2,071*	*45.03*	*3*	*668*	*0.01*	*1*	*-2*
Exposure class Institutions												
0.00 to <0.15	23,826	1,236	0.61	24,579	0.07	277	27.74	3	4,315	0.18	5	-2
0.00 to <0.10	18,858	899	0.59	19,388	0.05	189	27.08	3	3,014	0.16	3	-1
0.10 to <0.15	4,968	337	0.66	5,191	0.12	88	30.21	3	1,301	0.25	2	-1
0.15 to <0.25	471	127	0.34	514	0.20	24	41.17	3	248	0.48	0	0
0.25 to <0.50	151	71	0.35	175	0.30	25	34.26	3	96	0.55	0	0
0.50 to <0.75	4	15	0.44	11	0.68	9	45.00	3	12	1.06	0	0
0.75 to <2.50	95	44	0.49	116	1.04	10	45.00	3	146	1.25	1	0
0.75 to <1.75	92	43	0.49	113	1.01	5	45.00	3	142	1.25	1	0
1.75 to <2.5	3	1	0.20	4	2.02	5	45.00	3	4	1.24	0	0

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 supporting factor	Density of risk-weighted exposure amount	Expected loss amount	Value adjustments and provisions
2.50 to <10.00												
2.5 to <5												
5 to <10												
10.00 to <100.00	87	50	0.31	102	11.51	10	45.00	3	19	0.19	0	0
10 to <20	87	50	0.32	102	11.50	9	45.00	3	19	0.19	0	0
20 to <30		0	0.20	0	23.00	1	45.00	3	0	2.92	0	
30.00 to <100.00												
100.00 (Default)	1			1	100.00	2	45.00	3			0	-1
Subtotal	*24,634*	*1,544*	*0.56*	*25,499*	*0.12*	*357*	28.21	3	4,836	0.19	7	-4
Exposure class Corporates – SMEs												
0.00 to <0.15	2,299	1,923	0.21	2,706	0.08	1,808	34.99	3	409	0.15	1	-1
0.00 to <0.10	1,795	1,609	0.20	2,123	0.07	1,370	33.34	3	279	0.13	0	0
0.10 to <0.15	503	315	0.25	584	0.13	438	40.99	3	131	0.22	0	0
0.15 to <0.25	643	583	0.32	825	0.18	600	43.27	3	242	0.29	1	0
0.25 to <0.50	1,229	918	0.24	1,446	0.30	1,128	39.48	2	584	0.40	2	-2
0.50 to <0.75	328	232	0.23	382	0.44	421	32.88	2	183	0.48	1	-1
0.75 to <2.50	869	462	0.19	957	1.27	801	36.20	2	575	0.60	5	-4
0.75 to <1.75	530	383	0.21	608	0.87	624	34.82	2	370	0.61	3	-2
1.75 to <2.5	339	79	0.13	349	1.97	177	38.59	2	205	0.59	2	-2
2.50 to <10.00	313	125	0.19	335	4.04	312	40.98	2	216	0.64	4	-4
2.5 to <5	240	90	0.15	252	3.54	245	42.34	2	152	0.61	3	-3
5 to <10	73	34	0.31	84	5.55	67	36.89	2	63	0.75	2	-1
10.00 to <100.00	196	49	0.34	212	13.71	118	44.04	2	94	0.44	4	-3
10 to <20	169	44	0.35	184	12.43	71	44.60	2	67	0.36	2	-2
20 to <30	21	4	0.23	21	19.54	23	41.64	2	19	0.87	1	0
30.00 to <100.00	6	1	0.05	6	31.23	24	35.62	2	8	1.28	1	0
100.00 (Default)	94	71	0.42	123	100.00	64	43.20	3	3	0.03	39	-24
Subtotal	*5,971*	*4,364*	*0.24*	*6,988*	*2.69*	*5,252*	*37.65*	*2*	*2,306*	*0.33*	*56*	*-39*
Exposure class Corporates – Specialized lending												
0.00 to <0.15	2,471	228	0.83	2,656	0.13	54	39.08	3	756	0.28	1	-1
0.00 to <0.10	292	65	0.74	339	0.07	21	43.37	3	84	0.25	0	0

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 supporting factor	Density of risk-weighted exposure amount	Expected loss amount	Value adjustments and provisions
0.10 to <0.15	2,179	162	0.86	2,317	0.13	33	38.45	3	672	0.29	1	0
0.15 to <0.25	1,008	17	0.76	1,020	0.20	20	41.22	3	413	0.40	1	-2
0.25 to <0.50	2,293	677	0.75	2,799	0.39	40	39.24	2	1,523	0.54	4	-4
0.50 to <0.75	1,383	223	0.65	1,526	0.52	25	33.47	2	1,155	0.76	4	-7
0.75 to <2.50	1,097	127	0.72	1,187	1.27	19	37.74	2	1,083	0.91	6	-4
0.75 to <1.75	981	124	0.72	1,070	1.24	17	38.35	2	956	0.89	5	-3
1.75 to <2.5	116	3	0.64	117	1.58	2	32.19	2	127	1.09	1	-1
2.50 to <10.00	206	52	0.79	247	3.66	4	44.56	2	362	1.46	4	-14
2.5 to <5	206	52	0.79	247	3.89	4	45.00	3	362	1.46	4	-14
5 to <10												
10.00 to <100.00	238	4	0.75	241	17.33	4	40.57	2	428	1.77	15	-11
10 to <20	119	4	0.75	122	10.83	2	43.97	2	172	1.41	4	-4
20 to <30	119			119	23.98	2	37.08	2	256	2.14	11	-7
30.00 to <100.00												
100.00 (Default)	81			81	100.00	1	45.00	3			36	-25
Subtotal	*8,776*	*1,328*	*0.74*	*9,757*	*1.75*	*167*	*38.53*	*2*	*5,719*	*0.59*	*72*	*-68*
Exposure class Corporates – Other												
0.00 to <0.15	14,206	22,795	0.43	24,017	0.09	2,854	42.61	3	6,905	0.29	10	-5
0.00 to <0.10	8,507	14,378	0.38	13,998	0.07	1,912	41.26	3	3,275	0.23	4	-1
0.10 to <0.15	5,699	8,417	0.51	10,018	0.13	942	44.51	3	3,630	0.36	6	-3
0.15 to <0.25	7,583	7,985	0.51	11,643	0.19	1,016	44.72	3	5,284	0.45	10	-10
0.25 to <0.50	7,643	7,923	0.47	11,290	0.32	1,618	43.32	2	6,406	0.57	16	-17
0.50 to <0.75	1,904	1,498	0.51	2,668	0.60	482	42.36	2	2,006	0.75	7	-8
0.75 to <2.50	2,967	2,064	0.47	3,938	1.44	911	43.06	2	3,623	0.92	21	-30
0.75 to <1.75	1,963	1,376	0.48	2,627	1.11	683	42.75	2	2,407	0.92	12	-19
1.75 to <2.5	1,004	689	0.44	1,311	2.11	228	43.67	2	1,217	0.93	9	-11
2.50 to <10.00	1,489	608	0.41	1,738	5.38	325	43.21	2	1,590	0.91	22	-22
2.5 to <5	825	343	0.48	990	4.00	225	42.01	2	787	0.80	9	-12
5 to <10	663	264	0.32	748	7.20	100	44.80	2	803	1.07	13	-10
10.00 to <100.00	1,148	328	0.56	1,325	16.59	248	41.94	2	1,203	0.91	40	-35

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 supporting factor	Density of risk-weighted exposure amount	Expected loss amount	Value adjustments and provisions
10 to <20	612	138	0.49	674	11.61	102	43.72	2	488	0.72	12	-8
20 to <30	528	187	0.61	642	21.63	79	40.34	2	703	1.10	27	-28
30.00 to <100.00	8	3	0.45	9	29.19	67	23.38	2	12	1.32	1	0
100.00 (Default)	804	143	0.48	870	100.00	274	42.15	3			327	-289
Subtotal	*37,744*	*43,344*	*0.46*	*57,488*	*2.33*	*7,728*	*43.19*	*2*	*27,018*	*0.47*	*452*	*-416*
Total (all exposures classes)	*166,571*	*52,892*	*0.45*	*190,033*	*0.92*	*15,575*	*41.61*	*2*	*40,547*	*0.21*	*587*	*- 529*

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

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 not used any credit derivatives for credit risk mitigation, the amounts in the two columns do not differ from each other.

EUR million Exposure class	Pre-credit derivatives risk-weighted exposure amount	Actual risk-weighted exposure amount
Exposures under F-IRB	*52,993*	*52,993*
Central governments and central banks	2,772	2,772
Institutions	4,918	4,918
Corporates	45,304	45,304
Of which Corporates – SMEs	3,747	3,747
Of which Corporates – Specialized lending	10,487	10,487
Exposures under A-IRB		
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 F-IRB exposures and A-IRB exposures)	*52,993*	*52,993*

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	95,513						
Institutions	25,431	0.08					
Corporates	102,649	0.72	20.78	20.1		0.68	0.04
Of which Corporates – SMEs	12,087	1.74	29.59	29.54		0.05	0.02
Of which Corporates – Specialized lending	22,121	0.24	47.99	46.19		1.79	0.03
Of which Corporates – Other	68,441	0.7	10.43	10		0.43	0.04
Total	*223,593*	*0.34*	*9.54*	*9.23*		*0.31*	*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)
				1.01			2,772
				1.42			4,918
				5.97			45,304
				6.1			3,747
				2.33			10,487
				7.12			31,070
				3.33			*52,993*

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 2022 and 30 June 2022.

EUR million	Risk-weighted exposure amount
Risk-weighted exposure amount as at the end of the previous reporting period	*56,623*
Asset size (+/-)	1,414
Asset quality (+/-)	-1,573
Model updates (+/-)	-22
Methodology and policy (+/-)	
Acquisitions and disposals (+/-)	
Foreign exchange movements (+/-)	445
Other (+/-)	-71
Risk weighted exposure amount as at the end of the reporting period	*56,814*

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

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. 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 Regulatory categories	Specialized lending : Project finance (Slotting approach)						
	Remaining maturity	On-balance sheet exposure	Off-balance sheet exposure	Risk weight	Exposure value	Risk-weighted exposure amount	Expected loss amount
Category 1	Less than 2.5 years		4	50%	2	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		90%	3	2	0
Category 3	Less than 2.5 years	0	0	115%	0	0	0
	Equal to or more than 2.5 years	3		115%	3	3	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*	*0*	*4*		*2*	*1*	*0*
	Equal to or more than 2.5 years	*6*	*0*		*6*	*5*	*0*

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)

	Specialized lending : Income-producing real estate and high volatility commercial real estate (Slotting approach)						
EUR million Regulatory categories	**Remaining maturity**	**On-balance sheet exposure**	**Off-balance sheet exposure**	**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	8		70%	8	5	0
Category 2	Less than 2.5 years			70%			
	Equal to or more than 2.5 years			90%			
Category 3	Less than 2.5 years			115%			
	Equal to or more than 2.5 years	8		115%	8	8	0
Category 4	Less than 2.5 years			250%			
	Equal to or more than 2.5 years	7		250%	7	16	1
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	*24*			*24*	*29*	*1*

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 Regulatory categories	Remaining maturity	On-balance sheet exposure	Off-balance sheet exposure	Risk weight	Exposure value	Risk-weighted exposure amount	Expected loss amount
	Specialized lending : Object finance (Slotting approach)						
Category 1	Less than 2.5 years			50%			
	Equal to or more than 2.5 years			70%			
Category 2	Less than 2.5 years	2	0	70%	2	1	0
	Equal to or more than 2.5 years	29	0	90%	30	23	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*	*2*	*0*		*2*	*1*	*0*
	Equal to or more than 2.5 years	*29*	*0*		*30*	*23*	*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 2022.

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

Categories	On-balance sheet exposure	Off-balance sheet exposure	Risk weight	Exposure value	Risk-weighted exposure amount	Expected loss amount
	Equity exposures under the simple risk-weighted approach					
Private equity exposures	711	55	190%	766	1,456	6
Exchange-traded equity exposures	54		290%	54	157	0
Other equity exposures	0		370%	0	0	0
Total	*766*	*55*		*820*	*1,613*	*7*

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)

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

EUR million	Replace-ment 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)	3,507	4,169		1.4	18,833	10,746	10,709	2,821
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)					33,162	30,562	30,562	1,189
VaR for SFTs								
Total					*51,996*	*41,308*	*41,271*	*4,010*

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	3,017	1,217
Transactions subject to the Alternative approach (Based on the Original Exposure Method)		
Total transactions subject to own funds requirements for CVA risk	*3,017*	*1,217*

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.

EUR million Exposure classes	Risk weight 0%	2%	4%	10%	20%	50%	70%	75%	100%	150%	Others	Total exposure value
Central governments or central banks												
Regional government or local authorities	7											7
Public sector entities					-							-
Multilateral development banks												
International organizations												
Institutions	912				-	-						912
Corporates					-		-		120	18	-	139
Retail								6				6
Institutions and corporates with a short-term credit assessment												
Other items											-	-
Total exposure value	*919*				*0*	*0*	*0*	*6*	*120*	*18*	*0*	*1,064*

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 obli-gors	Exposure weighted average LGD (%)	Exposure weighted average maturity (years)	RWEA	Density of risk weighted expo-sure amount
Exposure class Central governments and central banks							
0.00 to <0.15	3,205	0.00	124	36.71	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	*3,205*	*0.00*	*124*	*36.71*	*2*	*0*	*0.00*
Exposure class Institutions							
0.00 to <0.15	24,997	0.10	177	11.88	1	1,464	5.86
0.15 to <0.25	2,739	0.20	22	10.10	1	223	8.16
0.25 to <0.50	4	0.35	9	45.00	3	3	74.10
0.50 to <0.75	32	0.68	4	4.77	1	3	9.50
0.75 to <2.50	232	1.63	6	8.99	1	23	9.92
2.50 to <10.00							
10.00 to <100.00	57	23.00	1		1		
100.00 (Default)							
Subtotal	*28,060*	*0.16*	*219*	*11.65*	*1*	*1,717*	*6.12*
Exposure class Corporates							
0.00 to <0.15	9,995	0.10	740	26.17	1	1,147	11.48
0.15 to <0.25	1,910	0.16	284	22.55	1	523	27.40
0.25 to <0.50	968	0.33	414	44.21	2	582	60.14
0.50 to <0.75	225	0.65	120	44.97	2	175	77.69
0.75 to <2.50	318	1.29	183	19.64	1	151	47.48
2.50 to <10.00	484	7.32	54	4.44	1	68	14.02
10.00 to <100.00	15	20.92	14	33.64	3	31	200.59
100.00 (Default)	17	100.00	16	45.00	3		
Subtotal	*13,932*	*0.55*	*1825*	*26.36*	*1*	*2,677*	*19.22*
Total (all CCR relevant expo-sure classes)	*45,197*	*0.27*	*2168*	*17.96*	*1*	*4,394*	*9.72*

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.

	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	
EUR million	Segregated	Unsegregated	Segregated	Unsegregated	Segregated	Unsegregated	Segregated	Unsegregated
Cash – domestic currency		15,183		10,126				
Cash – other currencies		1,554		585				
Domestic sovereign debt						1,740		
Other sovereign debt	95	118				11,768		
Government agency debt	-	52				516		
Corporate bonds	18	693				1,905		5,182
Equity securities						8,021		1,566
Other collateral		919	793			2,371		15,543
Total	*114*	*18,521*	*793*	*10,711*		*26,321*		*22,291*

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 2022.

EUR million	Protection bought	Protection sold
Single-name credit default swaps	6,018	4,245
Index credit default swaps		
Total return swaps	2,725	
Credit options		
Other credit derivatives	4,083	2,325
Total notionals	*12,827*	*6,570*
Fair values		
Positive fair value (asset)	*188*	*38*
Negative fair value (liability)	*-544*	*-131*

Figure 35: EU CCR6 - Credit derivatives exposures

The above table (EU CCR6) divides credit derivatives by protection bought and protection sold. Fair values are shown separately as positive and negative values. There is no distinction between types of credit derivative.

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)		*143*
Exposures for trades at QCCPs (excluding initial margin and default fund contributions); of which	2,324	46
(i) OTC derivatives	816	16
(ii) Exchange-traded derivatives		
(iii) SFTs	1,508	30
(iv) Netting sets where cross-product netting has been approved		
Segregated initial margin		
Non-segregated initial margin	37	
Prefunded default fund contributions	262	97
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.

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 remaining exposure after deduction of the risk retention is tranched in line with the securitization structure. The total risk-weighted exposure amount of the mezzanine tranche is placed in the market.

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.

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					**1,361**	**1,361**	**1,361**
Retail (total)							
residential mortgage							
credit card							
other retail exposures							
re-securitization							
Wholesale (total)					*1,361*	*1,361*	*1,361*
loans to corporates					1,361	1,361	1,361
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	
2,692	**273**		**2,965**	**994**	**7**		**1,001**
2,692	*273*		*2,965*	*994*	*7*		*1,001*
				414			414
2,692	273		2,965	580	7		587

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)

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
	Exposure values (by RW bands/deductions)					Exposure values (by regulatory approach)			
Total exposures	**2,095**	**2,023**	**208**		**37**	**1,324**	**2,587**	**378**	**37**
Traditional transactions	**711**	**2,023**	**208**				**2,587**	**378**	
Securitization	771	2,023	208				2,587	378	
Retail underlying									
Of which STS									
Wholesale	711	2,023	208				2,587	378	
Of which STS	636	1,952	104				2,323	370	
Re-securitization									
Synthetic transactions	**1,324**				**37**	**1,324**			**37**
Securitization	1,324				37	1,324			37
Retail underlying									
Wholesale	1,324				37	1,324			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	1,250% RW	SEC-IRBA	SEC-ERBA (including IAA)	SEC-SA	1,250% RW
	199	**837**	**45**		**16**	**67**	**4**	
		837	**45**			**67**	**4**	
		837	45			67	4	
		837	45			67	4	
		737	37			59	3	
	199				**16**			
	199				16			
	199				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	**986**	**15**					**348**	**654**	
Traditional transactions	986	15					348	654	
Securitization	986	15					348	654	
Retail underlying									
Of which STS									
Wholesale	986	15					348	654	
Of which STS	979	15					341	654	
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	1,250% RW	SEC-IRBA	SEC-ERBA (including IAA)	SEC-SA	1,250% RW
		36	**87**			**3**	**7**	
		36	87			3	7	
		36	87			3	7	
		36	87			3	7	
		36	87			3	7	

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

EUR million	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
		Of which exposures in default	
Total exposures	**1,581**	**0**	
Retail (total)			
residential mortgage			
credit card			
other retail exposures			
re-securitization			
Wholesale (total)	**1,581**	**0**	
loans to corporates	1,509		
commercial mortgage			
lease and receivables	73	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)	3,492
Equity risk (general and specific)	463
Foreign exchange risk	795
Commodity risk	95
Options	
Simplified approach	0
Delta-plus approach	104
Scenario approach	0
Securitization (specific risk)	*0*
Total	*4,949*

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)	**959**	**77**
Previous day's VaR (VaRt-1)		17
Multiplication factor (mc) x average of previous 60 working days (VaRavg)		77
SVaR (higher of values a and b)	**4,474**	**358**
Latest available SVaR (SVaRt-1)		66
Multiplication factor (ms) x average of previous 60 working days (sVaRavg)		358
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	*5,433*	*435*

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 2022.

EUR million	VaR	SVaR	IRC	Comprehensive risk measure	Other	Total RWAs	Total own funds requirements
RWAs at previous period end	*526*	*3,505*				*4,032*	*323*
Regulatory adjustment	351	2,393				2,744	220
RWAs at the previous quarter-end (end of the day)	*176*	*1,112*				*1,288*	*103*
Movement in risk levels	20	-282				-261	-21
Model updates/changes							
Methodology and policy							
Acquisitions and disposals							
Foreign exchange movements							
Other	14					14	1
RWAs at the end of the reporting period (end of the day)	*210*	*831*				*1,041*	*83*
Regulatory adjustment	748	3,643				4,392	351
RWAs at the end of the reporting period	*959*	*4,474*				*5,433*	*435*

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 increased on the previous quarter. RWEAs from VaR before regulatory adjustment increased due to changes in the position and changed market data (in the table under Other). In addition, the regulatory adjustment increased because of older, lower values falling out of the relevant 60-day average. The higher regulatory addend (in accordance with Article 366 CRR), which increased due to several outliers in the backtesting of the internal risk model, also contributed to the higher averages.

In contrast to the analysis in standard VaR, RWEAs from stressed VaR before regulatory application decreased due to position changes, as the market data were based on different observation periods. Here, too, there was an increase in the regulatory adjustment for the same reasons as for the RWEAs from VaR.

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	23
Average value	14
Minimum value	6
Period end	17
sVaR (10 day 99%)	
Maximum value	96
Average value	78
Minimum value	60
Period end	66
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 implemented within Risk Control by the Independent Validation Unit, which is organizationally independent of model development. In this validation program, the potential model risks are identified in the stochastics of the market factors (distribution model, risk factor selection), in the implemented valuation procedures (measurement model) and in the relevant market data (market data model), and are measured in terms of their materiality using tailor-made analyses. These analyses comprise benchmarking and backtesting. Benchmarking compares the productive model against benchmark models that are (objectively) improved in one or more model components in order to quantify incorrect VaR forecasts (from one or more model weakness(es)). In contrast, backtesting constitutes statistical backtesting of risk predictions with hypothetical (clean backtesting) and actual changes in portfolio value (dirty backtesting, excluding fees, commission and credit, debit and additional valuation adjustments). In this context, the hypothetical changes in portfolio value are so separate that backtesting allows not only a statement on the forecast quality of the model as a whole, but also isolated statements on the quality of the distribution model, the risk factor model and the measurement model. If the validation indicates material model risks, these are made transparent to the model developers and recipients of the reports so that necessary model optimization measures can be initiated promptly.

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 twelve outliers in the past 250 trading days for the clean P/L. On the basis of the dirty P/L, there were three outliers for the CRR portfolio. In backtesting, models representing 52.3% of total own funds requirements for market price risks are compared backwards.

The table below gives an overview of the outliers in clean backtesting:

Date	Excess amount in EUR m	Cause
27/10/2021	2.2	Change in credit spreads, interest rate movement
29/10/2021	0.6	Change in credit spreads, interest rate movement
17/11/2021	1.4	Change in credit spreads
26/11/2021	5.3	Change in credit spreads, interest rate movement
15/02/2022	2.7	Change in credit spreads
21/02/2022	0.1	Change in credit spreads, interest rate movement
24/02/2022	5.4	Change in credit spreads, interest rate movement
03/03/2022	1.4	Change in credit spreads, interest rate movement
20/04/2022	0.7	Change in credit spreads
27/05/2022	1.7	Change in credit spreads
24/06/2022	1.8	Change in credit spreads
30/06/2022	3.1	Change in credit spreads, interest rate movement

The table below gives an overview of the outliers in dirty backtesting:

Date	Excess amount in EUR m	Cause
04/11/2021	0.4	Change in credit spreads, interest rate movement
26/11/2021	2.1	Change in credit spreads, interest rate movement
27/05/2022	2.0	Change in credit spreads

The outliers occurred due to sharp market movements. In the backtesting observation period, there were unusually high fluctuations on the capital market caused by reports on the development of inflation, the expectation of an interest rate turnaround by the ECB, the beginning of the Ukraine crisis and later the resulting fear of an energy crisis and recession in Europe.

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

Clean backtesting CRR portfolio for the period 8 July 2021 – 30 June 2022 in EUR million

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

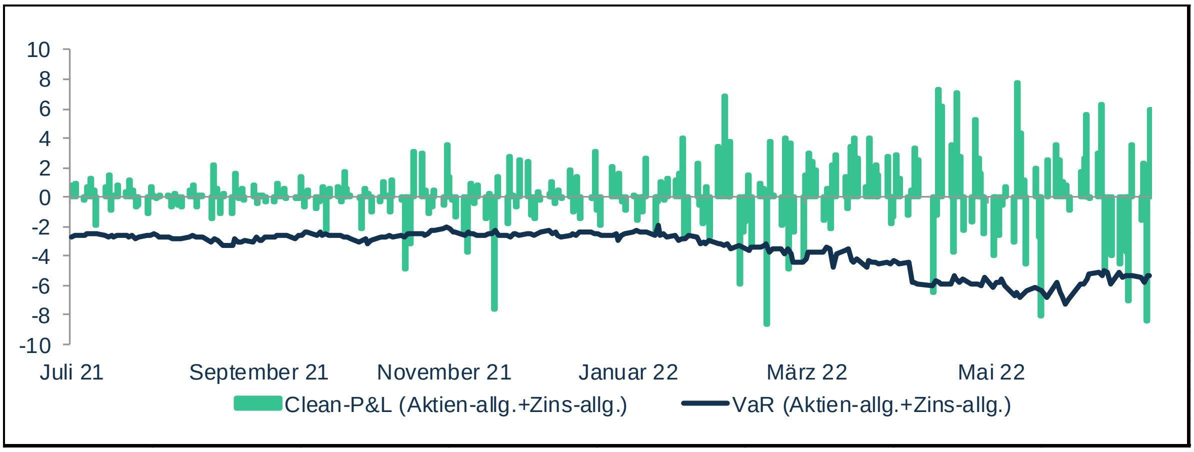

Figure 45: EU MR4 - Comparison of VaR estimates with gains/losses (1)

Dirty backtesting CRR portfolio for the period 8 July 2021 – 30 June 2022 in EUR million

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

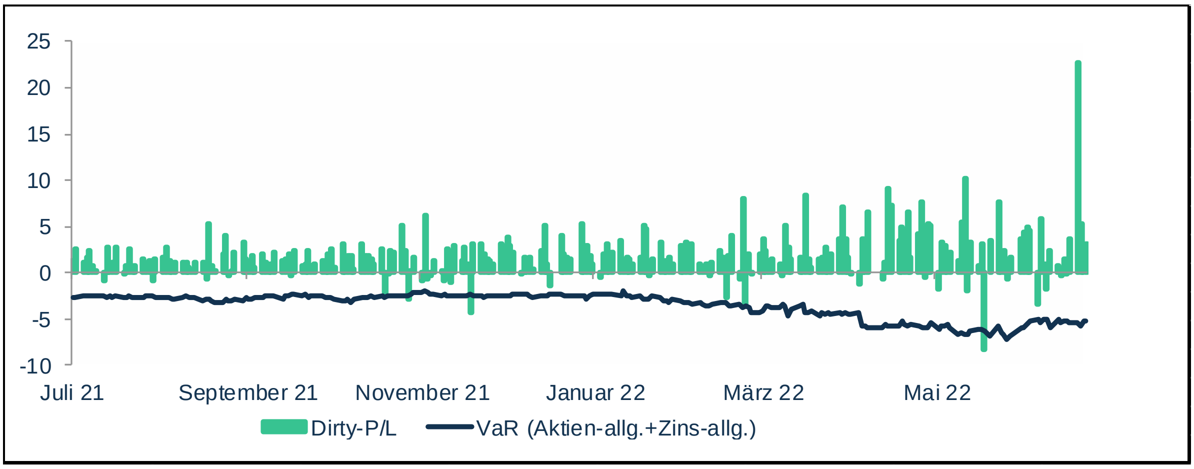

Figure 46: EU MR4 - Comparison of VaR estimates with gains/losses (2)

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 non-trading 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 non-trading 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 non-trading 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 non-trading 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.

	Changes of the economic value of equity		Changes of the net interest income	
EUR million **Supervisory shock scenarios**	**Current period**	**Last period**	**Current period**	**Last period**
Parallel up	-1,106	-1,303	277	292
Parallel down	1,019	277	-131	-102
Steepener	-38	-74		
Flattener	-194	-306		
Short-term shock up	-502	-574		
Short-term shock down	446	345		

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

Present value perspective

Due to the very high inflation and the resulting significant rise in interest rates, the lower interest limit has become much less important, and the absolute stress results for the increasing interest rate and declining interest rate scenario are converging.

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)

As *COVID-19 template 1 - Information on loans and advances subject to legislative and non-legislative moratoria* is a zero report for both the current and the previous period (31 December 2021), the template is not presented.

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

		Gross carrying amount							
	Number of obligors		Of which: legislative moratoria	Of which: expired	Residual maturity of moratoria				
EUR million					<= 3 months	> 3 months <= 6 months	> 6 months <= 9 months	> 9 months <= 12 months	> 1 year
Loans and advances for which moratorium was offered	*1,287*	*510*							
Loans and advances subject to moratorium (granted)	*1,230*	*510*	*154*	*510*					
Of which: households		219	143	219					
Of which: collateralized by residential immovable property		177	118	177					
Of which: non-financial corporations		290	11	290					
Of which: small and medium-sized enterprises		130	3	130					
Of which: collateralized by commercial immovable property		209	11	209					

Figure 48: 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.

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	*727*	*20*	*609*	
Of which: households	17			
Of which: collateralized by residential immovable property	1			
Of which: non-financial corporations	710	20	593	
Of which: small and medium-sized enterprises	320			
Of which: collateralized by commercial immovable property	74			

Figure 49: 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

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

Attestation by the Board of Managing Directors pursuant to Article 431 CRR

With approval granted by the responsible member of the Board of Managing Directors Stefanie Münz, it is hereby attested that this disclosure has been made in accordance with the formal policies adopted by Landesbank Baden-Württemberg and internal processes, systems and controls.

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
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
CRR	Capital Requirements Regulation
CRSA	Credit risk standardized approach
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
EEA	European Economic Area
EEPE	Effective expected positive exposure
EIF	European Investment Fund
EL	Expected loss
ERBA	External ratings-based approach
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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