



# LBBW REDUCED RESOLUTION PLAN

## Public Section

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## 1 Public Section

Landesbank Baden-Württemberg (“LBBW”), a public law institution in the Federal Republic of Germany, is a foreign-based covered company for purposes of (i) section 165(d) of the Dodd-Frank Wall Street Reform and Consumer Protection Act, 12 U.S.C. § 5365(d) (the “Dodd-Frank Act”) and (ii) the implementing regulation jointly issued on November 1, 2019 to implement the Economic Growth, Regulatory Relief and Consumer Protection Act (the “EGRRCPA”) by the Board of Governors of the Federal Reserve System (the “Board”) and the Federal Deposit Insurance Corporation (the “FDIC”) and, together with the Board, the “Agencies”) (“Regulation QQ”). LBBW filed its initial resolution planning submission on December 31, 2013 (the “Initial Plan”). Prior to the revisions of Regulation QQ released on November 1, 2019, LBBW submitted updates to its initial plan identifying any material changes to the Initial Plan, and any actions taken to strengthen the effectiveness of that plan. LBBW submitted such updates to the Initial plan in 2014, 2015, 2016 and 2018 (the Initial Plan as so updated, the “Existing Plan”).

LBBW is now eligible to file a reduced resolution for the submission year 2022 pursuant to section 243.4(c) of Regulation QQ.<sup>1</sup> The Agencies preliminarily identified that LBBW would be expected to be eligible for filing a triennial reduced plan pursuant to the release of the amended Regulation QQ.<sup>2</sup> As of December 31, 2021 and consistent with the Agencies’ expectations, LBBW remains a reduced plan filer for the 2022 submission (this “Reduced Plan”). As a result, this Reduced Plan focuses on the informational requirements as set forth in Part 243.7 of Regulation QQ and includes this Public Section, which describes the business of LBBW as the covered company, and includes, to the extent material to an understanding of LBBW, an executive summary of the Existing Plan in accordance with Part 243.11(c)(3) of Regulation QQ.

### 1.1 Material Entities

LBBW is a foreign banking organization with a US branch located in New York (the “New York Branch”) and is treated as a bank holding company. LBBW additionally is a financial holding company and is considered the covered company for purposes of Regulation QQ.

In preparing this Reduced Plan, LBBW identified its New York Branch as the only “material entity” based on the criteria set forth in Regulation QQ. The following section provides an overview of LBBW’s business managed out of its head office in Stuttgart (“LBBW Head Office”) and the New York Branch.

#### **LBBW (Covered Company)**

LBBW is an institution incorporated under public law with its registered office in Germany. It has four registered offices in Stuttgart, Karlsruhe, Mannheim and Mainz. Its owners are the Savings Bank Association of Baden-Württemberg (*Sparkassenverband Baden-Württemberg*) with 40.53%, the state capital Stuttgart with 18.93% and the State of Baden-Württemberg with 40.53% of the share capital. The State of Baden-Württemberg holds its share directly and indirectly through the German limited liability company Landesbeteiligungen Baden-Württemberg GmbH.

LBBW’s business model focuses on customer business in four business segments, Corporate Customers, Real Estate/Project Finance, Capital Markets Business and Private Customers/Savings Banks. LBBW operates locally in its regional core markets of Baden-Württemberg, Rhineland-Palatinate and Saxony and takes advantage of growth opportunities in selected economic areas.

LBBW’s private customer business and asset management as well as small- and mid-sized corporate customers business in Baden-Württemberg operate under the name BW Bank. Outside Baden-Württemberg, LBBW operates corporate customer business under the LBBW brand. LBBW’s subsidiaries

<sup>1</sup> See 12 C.F.R. § 243.4(c)(3) (Board) *Triennial Reduced Filers*.

<sup>2</sup> See Resolution Plans 84 Fed. Reg. 59198 (November 1, 2019)

for special products (leasing, factoring, asset management, real estate and equity investment finance) supplement the LBBW's portfolio of services.

In addition, a network of international locations and German Centers is also available to support customers with country-specific expertise and financial solutions as well as with market entry solutions. These services are provided through seventeen international branches, representative offices and additionally four German Centers. Foreign locations include banking branches located in New York, London, Singapore and Seoul, which generally offer support to LBBW's corporate customers and savings bank partners by providing regional and local expertise, market know-how, and financial solutions.<sup>3</sup>

### **New York Branch**

LBBW acquired a license from the State of New York Banking Department in 1998 to maintain a branch in New York, New York. The New York Branch operates under the New York Banking Law (the "NYBL") and is supervised by the New York State Department of Financial Services (the "NYDFS") and the Board using the Federal Reserve Bank of New York (the "FRBNY") examiners. The New York Branch is part of LBBW's global branch network and is managed out of its New York location. As an extension of LBBW in the US, the New York Branch falls under the governance and oversight of LBBW's principal officers and relevant LBBW Head Office divisions.

LBBW maintains the New York Branch to:

- Achieve regional diversification for LBBW's real estate portfolio with its real estate and project finance loan business in the US;
- Fund local customer activity through deposits and borrowings in the financial markets;
- Support the financial needs of US subsidiaries of German, Swiss, Austrian and selective European corporate customers;
- Provide local expertise on the US financial markets to LBBW's non-US operations.

## **1.2 Core Business Lines**

LBBW has identified three core business lines for its US operations as the term is defined in Regulation QQ. For purposes of this Reduced Plan, the core business lines are (i) Real Estate/Project Finance, (ii) Treasury & Capital Markets and (iii) Corporate & Institutional Banking. In the US, these three core business lines operate out of the New York Branch. The following section provides an overview of the core business lines.

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<sup>3</sup> Further information on LBBW can be found in the 2021 Annual Report, available here:

[https://www.lbbw.de/konzern/investor-relations/finanzberichte/geschaeftsberichte/2021/lbbw\\_annual\\_report\\_ifrs\\_2021\\_aeip6ihqnu\\_m.pdf](https://www.lbbw.de/konzern/investor-relations/finanzberichte/geschaeftsberichte/2021/lbbw_annual_report_ifrs_2021_aeip6ihqnu_m.pdf)

**Real Estate/Project Finance** (“Real Estate Finance” or “Project Finance” respectively)

Real Estate Finance provides commercial real estate financing for office, retail, multifamily, and logistics properties located in major markets throughout the U.S. and Canada. Real Estate Finance originates, underwrites, and executes primarily senior mortgage financings, including term and construction loans.

Project Finance provides financing for infrastructure and energy projects, with a particular focus on financing projects aimed at generating renewable energies. Financings are concentrated in North America, and typical customers are project developers, industry and operators.

**Treasury & Capital Markets** (“Treasury & Capital Markets”)

Treasury & Capital Markets offers a variety of products to customers of the New York Branch, including repurchase agreements, deposits, loans, commercial paper, certificates of deposits, foreign exchange (“FX”) spot, swaps and forward transactions and standby letter of credits mainly to Corporate & Institutional Banking and Real Estate Finance customers. Treasury & Capital Markets also manages the New York Branch’s interest rate and spread widening risk with hedging activities with LBBW Head Office, as part of its LBBW’s asset/liability management.

**Corporate & Institutional Banking** (“Corporate & Institutional Banking”)

Corporate & Institutional Banking focuses on advising and assisting subsidiaries of German, Swiss and Austrian companies operating in the US, Canada and Mexico. Banking products offered to these customers include loans, working capital lines, standby letters of credit, hedging solutions and deposits. Hedging solutions provided by the New York Branch are limited FX forward, spot and swap transactions.

### 1.3 Summary of Financial Information, Capital and Major Funding Sources

#### Balance Sheet

The following balance sheet summarizes the New York Branch's assets and liabilities as of December 31, 2021.

**Table 1.1 Year End Financial Position of the NY Branch (IFRS)**

IFRS NET Balance Sheet position	LBBW_NY 12.2021
Cash reserve	14,111,753,054.78
Financial assets measured at amortized cost	6,460,356,577.11
Financial assets measured at fair value through OCI	2,169,381,837.10
Financial assets designated under the FVO	-
Financial assets measured at fair value through P&L (mandatory)	605,643,719.51
Investments accounted for using the equity method	-
Portfolio hedge adjustment attributable to assets	-
Non-current assets and disposal groups held for sale	-
Intangible assets	1,025,128.22
Investment property	-
Property and equipment	14,701,351.16
Income tax assets	37,448,043.07
Remaining assets	2,816,241.08
<b>ASSETS</b>	<b>23,403,125,952.03</b>
Financial liabilities measured at amortized cost	23,295,202,177.68
Financial liabilities designated under the FVO	-
Financial assets measured at fair value through profit&loss(mandatory)	13,147,568.14
Portfolio hedge adjustment attributable to liabilities	-
Provisions	6,722,541.11
Liabilities from disposal groups	-
Income tax liabilities	3,292,292.19
Other liabilities	37,504,440.12
Equity	47,256,932.79
<b>LIABILITIES</b>	<b>23,403,125,952.03</b>

The New York Branch has the benefit of being part of LBBW's global network, for which capital is managed centrally out of the LBBW Head Office. The New York Branch receives its "working capital" from LBBW Head Office in accordance with the periodic approval of the board of managing directors of LBBW (the "Board of Managing Directors"). The New York Branch receives from time to time an interoffice memorandum stating the date and the amount of any increase or decrease in the net capital amount owed to LBBW Head Office.

#### Major Funding Sources

The New York Branch's primary source of funding is client deposits and issuance of commercial paper and certificate of deposits. The New York Branch Treasury & Capital Markets business also raises funding through its repurchase agreement and securities lending activities. LBBW Head Office is also a funding source for the New York Branch.

In terms of liquidity, the New York Branch has an account at the FRBNY where excess liquidity is deposited and is callable daily. The New York Branch also has access to the Federal Reserve Discount Window, and the New York Branch has pledged collateral to the FRBNY available to cover any overnight liquidity needs. The collateral is comprised of securities pledged via the Depository Trust & Clearing Corporation ("DTCC") and Clearstream and real estate loans.

## 1.4 Memberships in Material Payment, Clearing and Settlement Systems

The New York Branch utilizes Financial Market Utilities (the “FMUs”) for day-to-day operations including payment, clearing and settlement activities. The table below highlights the FMUs utilized by the New York Branch.

**Table 1-1: FMU Memberships**

FMU	Description
DTCC (includes Fixed Income Clearing Corporation (FICC))	Payment and book-entry Government securities processing services
SWIFT	Payment messaging services
CLS	Foreign Exchange settlement and clearing services
Fedwire	Clearing, settlement and information services for money market instruments

## 1.5 Material Supervisory Authorities

The US supervisory authorities responsible for supervision of the New York Branch are the NYSDFS and the Board, using the examiners from the FRBNY. LBBW’s primary (home country) supervisory authorities are the German Federal Financial and Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht (BaFin)*), the Central Bank for the Federal Republic of Germany (*Die Deutsche Bundesbank*) and the European Central Bank. LBBW Head Office is also subject to the supervision of bank supervisors in host countries in which it maintains a branch or representative office.

## 1.6 Corporate Governance Structure and Processes Related to Resolution Planning

Resolution Planning for LBBW’s U.S. operations is integrated into LBBW’s governance framework for recovery and resolution planning. As such, authority and responsibility of LBBW’s Resolution Plan rests with the Board of Managing Directors. Updates and revisions are prepared by LBBW’s New York Branch, in coordination with the organizational unit responsible for LBBW’s recovery and resolution planning and approved by the Board of Managing Directors.

## 1.7 Material Management Information Systems

The New York Branch, including the identified core business lines, uses Management Information Systems (“MIS”) to support business activities. MIS provides the information required to understand and evaluate financial information, risk management and performance and to enable management to strategically plan.

LBBW recognizes the importance of producing information in a timely manner. The New York Branch relies on reports that are both automatically and manually generated.

LBBW also has a business continuity plan and procedures for data backup for the New York Branch.

In the event of a resolution or periods leading up to a possible resolution, LBBW and the New York Branch have procedures in place for providing its supervisory authorities with pertinent information in a timely manner.

## 1.8 Principal Officers

The table below identifies LBBW’s principal officers.

**Table 1-2: LBBW Principal Officers as of December 31, 2021**

Name	Role	Responsibilities
Rainer Neske	Chairman of the Board of Managing Directors	Central Divisions
Anastasios Agathagelidis	Member of the Board of Managing Directors	Risk Management and Compliance
Andreas Götz	Member of the Board of Managing Directors	Private and Business Customers/Savings Bank (starting January 1, 2022)
Karl Manfred Lochner	Member of the Board of Managing Directors	Corporate Customers
Stefanie Münz	Member of the Board of Managing Directors	Finance and Operations
Dr. Christian Ricken	Member of the Board of Managing Directors	Capital Markets business and Asset Management / International Business
Thorsten Schönenberger	Member of the Board of Managing Directors	Real Estate/Project Finance

### 1.9 High Level Description of the Covered Company's Resolution Strategy

The strategies proposed in the Existing Plan, as well as this Reduced Plan aim to achieve resolution of the New York Branch to maximize recovery to creditors and avoid any significant adverse effects on US financial stability. To best meet these objectives, the overall resolution strategy assumes the New York Branch's operations would gradually be reduced until it is desirable or necessary to resolve the New York Branch in an orderly manner, which would mainly involve maintaining minimally necessary operations to facilitate the sale/liquidation of all of the New York Branch's assets, including its core business lines.

Pursuant to NYBL, the Resolution Plan assumes that the Superintendent of the NY SDFS would take possession of the New York Branch, "ring-fence" all assets of LBBW in the State of New York and proceed with a rapid and orderly resolution of the New York Branch.