Half-yearly financial report 2024

Breaking new ground

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Key figures of the LBBW Group

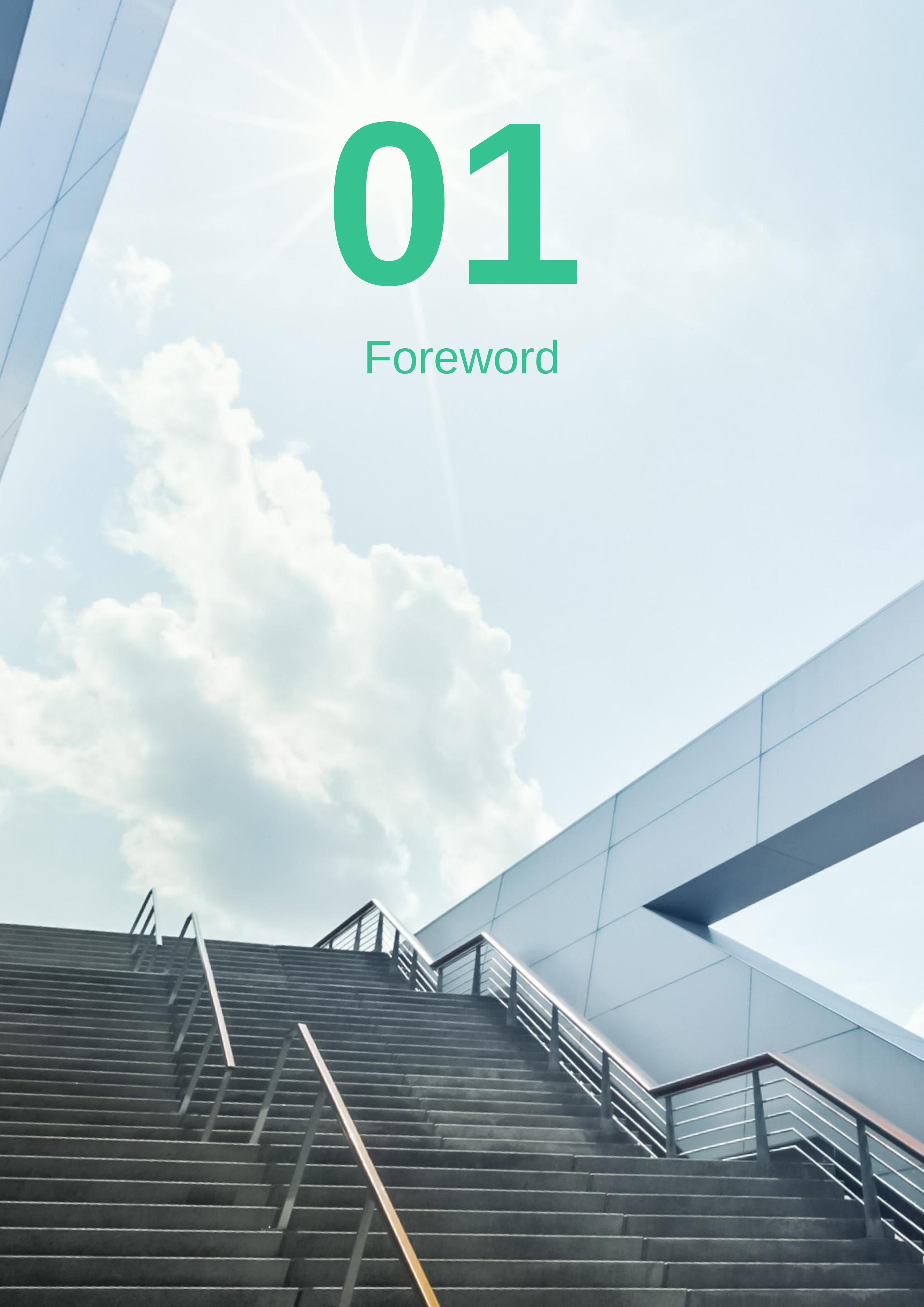
Income statement (EUR million)	**01/01–30/06/2024**	**01/01–30/06/2023**
Net interest income	1,295	1,417
Net fee and commission income	320	305
Net gains/losses on remeasurement and disposal	248	81
of which allowances for losses on loans and securities	-118	-86
Other operating income/expenses	71	120
Total operating income/expenses	*1,934*	*1,923*
Administrative expenses	-1,148	-1,043
Expenses for bank levy and deposit guarantee system	-52	-188
Net income/expenses from restructuring	-3	-0
Consolidated profit/loss before tax	*731*	*691*
Income taxes	-222	-203
Net consolidated profit/loss	*509*	*488*
Key figures in %	**01/01–30/06/2024**	**01/01–30/06/2023**
Return on equity (RoE)	9.3	9.1
Cost/income ratio (CIR)	58.6	61.3
Balance sheet figures (EUR billion)	**30/06/2024**	**31/12/2023**
Total assets	360.4	333.3
Equity	16.2	16.1
Ratios in accordance with CRR II/CRD V (after full implementation)	**30/06/2024**	**31/12/2023**
Risk-weighted assets (EUR billion)	94.1	92.1
Common equity Tier 1 (CET 1) capital ratio (in %)	14.6	14.6
Total capital ratio (in %)	19.7	20.1
Employees	**30/06/2024**	**31/12/2023**
Group	10,603	10,434

Rating	**Moody's**	**Rating**	**Fitch**	**Rating**	**DBRS**
Long-term Issuer Rating	Aa2, stable	Long-term Issuer Default Rating	A+, stable	Long-term Issuer Rating	A (high), stable
Long-term Bank Deposits	Aa2, stable	Long-term Deposit Rating	AA-	Long-term Deposits	A (high), stable
Senior Unsecured Bank Debt	Aa2, stable	Long-term Senior Preferred Debt Rating	AA-	Long-term Senior Debt	A (high), stable
Junior Senior Unsecured Bank Debt	A2	Long-term Senior Non-Preferred Debt Rating	A+	Senior Non-Preferred Debt	A, stable
Short-term Ratings	P-1	Short-term Issuer Default Rating	F1+	Short-term Ratings	R-1 (middle), stable
Baseline Credit Assessment (financial strength)	baa2	Viability Rating (financial strength)	bbb+	Intrinsic Assessment (financial strength)	A
Public-sector covered bonds	Aaa	Public-sector covered bonds	-	Public-sector covered bonds	-
Mortgage-backed covered bonds	Aaa	Mortgage-backed covered bonds	-	Mortgage-backed covered bonds	-

(As at 30 July 2024)

01

Foreword



Foreword by the Board of Managing Directors

Dear Readers,

2024 remains a year of pronounced change and considerable uncertainty. Geopolitical conflicts, elections in Europe and the US that will shape future development, and interest rate decisions by the ECB and the Fed are combining to create a highly volatile environment for our customers and for us as a bank.

Pressing ahead with the sustainable transformation of the German economy without being hindered by excessive bureaucracy is a major challenge in itself. This is reflected in the fact that demand for loans remains muted, for example. However, this is likely to be due more to the unfavorable investment environment than the current interest rate situation. It is hoped that conditions may turn around in the second half of the year as interest rates continue to fall and economic policy decisions begin to have the desired stimulating effect.

This makes it all the more pleasing that LBBW successfully built on its strong performance in the previous financial year even as interest rate momentum slowed. At EUR 731 million, pre-tax earnings for the first six months were up slightly on the record prior-year figure.

The encouraging course of business was driven by our strategic focus on growth and relevance. All four operating segments in our balanced business model contributed triple-digit million amounts to our consolidated profit, thereby underlining our position as a strong universal bank. In our business with corporate customers, we continued to expand our already strong position in the growth area of corporate finance even in the face of muted economic development. We remain well positioned in the difficult real estate market. Sustainable financing accounted for almost half of our new business, meaning we made a valuable contribution to the transformation of the industry. Financing digital infrastructure is one of the focal points in our growth area of project financing. In our capital markets business, we enjoy a strong position as the capital market bank of choice for savings banks. Earnings momentum in our business with private customers declined as expected due to falling interest income, but our asset management developed well. We also increased our deposit volumes, which serves to support our funding situation.

In light of the weak economy and the now-familiar turbulence on the real estate market, LBBW saw a slight increase in allowances for losses on loans and securities in the first half of 2024. In the previous year, this item mainly comprised additional allowances resulting from model adjustments. This year, however, the allowances are due in particular to specific cases in our real estate business. Nevertheless, allowances for losses on loans and securities remain at a moderate level on the whole. LBBW’s resilience is also underlined by a common equity Tier 1 capital ratio of 14.6 %.

The primary strategic objectives of growth and relevance remain at the heart of our strategy. These objectives are operationalized using five strategic levers. Investments in the future of our bank are crucial when it comes to realizing our strategy. This includes expanding the range of services for our customers, continuously developing a modern working environment in order to increase our attractiveness as an employer, and permanently enhancing IT with a view to cybersecurity and digitalization in particular. We are positioning ourselves for the future with our initiatives in connection with the »Innovative Solutions« strategic lever, like our internal generative AI chatbot blue.gpt and a partnership that allows us to offer crypto custody business to our corporate customers.

We intend to adopt a close focus on controlling profitability in the second half of the year. We will concentrate on the consistent implementation of planned growth initiatives and the realisation of our business potential. We are continuing to forecast a profit before tax in excess of EUR 1 billion for 2024 as a whole.

We would like to thank our employees for their continued commitment and dedication. They are the key to our strength and to LBBW's successful further development. We would also like to thank our owners for their support and our customers for the confidence they have placed in us. We intend to remain a reliable partner to all of them in the long term.

Sincerely,

The Board of Managing Directors

Rainer Neske
Chairman

Anastasios Agathagelidis

Joachim Erdle

Andreas Götz

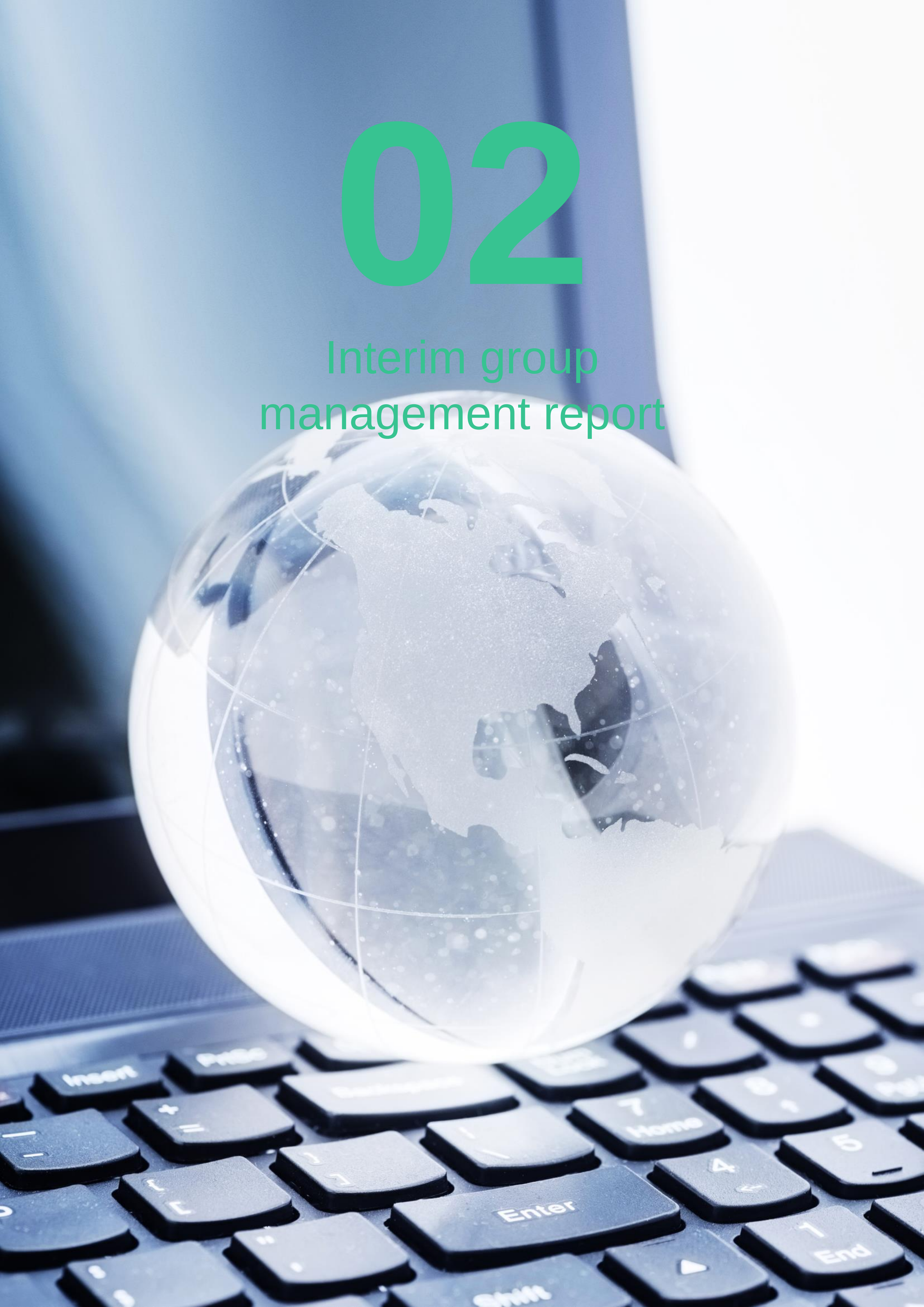
Dirk Kipp

Stefanie Münz

Thorsten Schönenberger

02

Interim group management report



Business report for the Group

Economic development in the first half of 2024

The first half of the year was characterized by muted economic development. Although the first three months saw quarter-on-quarter GDP growth of 0.2 %, which was higher than in the previous quarters, the Q2 data published to date suggests that economic momentum has since slowed again. This is clearly illustrated by the figures for industry. Following a good start to the year with growth in January and February, manufacturing output declined by a total of 2.8 % in the year to May. The order situation saw even weaker performance, with new orders falling every single month from January to May. Hopes have been pinned on private consumer demand for some time now, but these have yet to be fulfilled. In the first three months of the year, consumer demand fell by 0.4 % compared with the previous quarter. While the available income of private households increased by 4.8 % quarter on quarter, the savings ratio among private households rose by 14.9 % in the same period, reaching its highest level since the second quarter of 2021. The initial estimate for the second quarter of 2024 suggests that German GDP fell by 0.1 % compared with the previous quarter. Economic development in the eurozone was generally more favorable, with both quarters in the first six months seeing year-on-year GDP growth of 0.3 %. GDP growth rates in the other major EMU member states – France, Italy and Spain – were higher than in Germany, in some cases considerably so.

The prolonged economic weakness in Germany is having an impact on the employment market. Having come in at just 5.5 % at the beginning of 2023, the unemployment rate was 5.9 % at the start of this year and 6.0 % at the end of the first six months. However, this increase is relatively modest compared with past economic cycles. This likely also reflects the demographic situation. Although demand for labor has declined slightly due to the weak economic situation, the skills shortage remains one of the most pressing concerns for companies, which are seeking to retain existing employees in order to ensure that they can cope with a future upturn in demand.

As previously, baseline effects from falling energy prices in some cases and the slowdown in food price inflation helped to ease consumer price pressure to a certain extent. In December 2023, inflation (based on the national consumer price index) was still at 3.7 %. It had fallen to 2.2 % by March, and this figure was repeated in June.

The eurozone saw a similar trend, with inflation declining from 2.9 % (December 2023) to 2.5 % (June 2024). This represents a significant improvement, especially compared with the highs of over 10 % that were recorded in late 2022. However, the European Central Bank (ECB) has issued several warnings about the difficulty of the »last mile« in recent months. In particular, the ECB says it could take some time for inflation to remain at its target level of 2 % on a sustained basis. This reflects the wage and salary growth that could serve to fuel inflation, but also the expectations of interest rate cuts that have become widespread on the market in the meantime. At the beginning of the year, the market expected interest rates to fall by 175 basis points across 2024 as a whole. At the midway point of the year, two further cuts of 25 basis points were forecast by the end of the year. The ECB had previously lowered its key interest rates by 25 basis points in June 2024. This meant the deposit rate, the interest rate on the main refinancing operations and the interest rate on the marginal lending facility were cut from 4.00 % to 3.75 %, from 4.50 % to 4.25 %, and from 5.00 % to 4.75 %, respectively. The ECB cited the slowdown in inflation as the reason behind the move. This marked the first interest rate cut since 2019, when only the deposit rate was lowered by 10 basis points (from 0.50 % to 0.40 %).

The US economy delivered a positive surprise in the reporting period. The consensus forecast for GDP growth in the US was just 0.5 % in June 2023, rising to 1.2 % in December 2023. The consensus forecast has now reached 2.3 %. US GDP growth in the first three months appeared to justify these expectations, increasing by 0.4 % on the previous quarter and by 2.9 % year on year. The pace picked up further in the second quarter, with the growth rate rising by 3.1 % year on year or by 0.7 % compared with the previous quarter. However, inflation proved to be persistent, coming in at or above 3.0 % year on year in each of the first six months. In light of this stronger GDP growth and elevated inflation, the US Federal Reserve maintained its restrictive monetary policy. Instead of making the rapid interest rate cuts that had been anticipated at the start of the year, the Federal Open Market Committee (FOMC) adopted a wait-and-see approach. At between 5.25 % and 5.50 %, the federal funds target range at the end of the first six months was just as high as at the start of the year.

GDP growth in China slowed slightly in the second quarter of 2024, with the year-on-year growth rate coming in at 4.7 % compared with 5.3 % in the previous quarter. In the first six months, China recorded year-on-year GDP growth of 5.0 %.

Bond yields were on the rise in the first half of the year. Yields on 10-year Bunds increased from 2.00 % at the end of 2023 to 2.46 % at the reporting date. Yields on US Treasuries with matching maturities came in at 3.87 % at the end of 2023 and 4.37 % at the end of the first half of 2024. Share prices also saw positive development, with the DAX rising from 16,751 points at the end of 2023 to 18,235 points in mid-2024. In the US, the S&P 500 rose from 4,769 points to 5,460 points in the same period. On the currency market, the euro lost value during the first half of the year. Having started the year at just over USD 1.10, it was worth USD 1.07 by the end of the first six months.

Residential and office real estate prices in Germany continued to fall in the first quarter of 2024, albeit at a slower pace than in previous quarters. Commercial real estate prices also declined at the start of the year. All three segments of the real estate market saw higher rents for new contracts. In the US, the vacancy rate for office properties continued to rise in the first quarter. House prices in the US increased in the first few months of 2024, although the growth rate was slower than in the previous year. In the UK, office vacancy rates in the core London market increased. Office prices in the first months of the year were lower than in the final quarter of 2023. However, the downturn was slower than one year previously. House prices in the UK rose slightly at the start of the year.

Business performance of the LBBW Group in the first half of 2024 – Results of operations, net assets and financial position

LBBW successfully increased its profit in the first half of 2024 despite the difficult environment. All four operating segments again made a positive contribution to the bank's business success.

Strategic direction

Despite the difficult environment, LBBW closed the first half of the 2024 financial year with a further improvement in profit before tax compared with the previous year. At an operating level, contributions to consolidated profit before tax of EUR 731 million ran into the hundreds of millions for all customer segments, thereby reinforcing the strength of the business model. The results of operations remained positive even as interest rate momentum slowed, while we also made important investments in our future.

As a medium-sized universal bank with a focus on the long-term Group objectives of **growth and relevance**, LBBW's strategic orientation remains unchanged. At its core is a clear focus on profitable earnings growth, risk management and active cost control. We are also a relevant partner to our customers when it comes to supporting the transformation of the economy and society.

Our continuous growth and our strengthened position in relevant markets serve to underline the success of our strategic orientation. Cross-segment collaboration within the universal bank model allows us to offer a competitive product range and is a key element of the holistic support we provide to our customers. This has enabled LBBW to reinforce its status as a strategic partner and the capital market bank of choice for savings banks. At the same time, the acquisition and successful integration of Berlin Hyp are helping us to meet our aspiration of being the largest commercial real estate financier in Germany. Among other things, we have reinforced our market leadership when it comes to Schuldschein loans, thereby underlining our market penetration in the area of corporate finance. In our business with corporate customers, we were again highly rated in the 2024 edition of the Finance bank survey.

Complex challenges resulting from continuously changing environmental factors require us to permanently review our business model and focus and fine-tune individual aspects of our strategy. In light of the large number of geopolitical conflicts and the accompanying economic challenges, resilience as a balance between growth and relevance is becoming increasingly important. Our diversified risk profile combined with further investments in infrastructure, e.g. in cyber resilience, are crucial elements of our pronounced resilience to volatile environmental influences. One key aspect is the careful controlling of relevant Group KPIs such as the common equity Tier 1 capital ratio.

The overarching objectives of growth and relevance are operationalized with the help of five strategic levers that address the demands and opportunities of the bank's challenging environment.

The aim of the **Sustainable Transformation** lever is to meet and support changing customer demands over the next few years. In this way, LBBW ensures that it is providing appropriate support for its customers' sustainable business models and digital transformation as well as the remodeling of their value chains. LBBW again helped to drive the energy transition in the first half of 2024 as a relevant partner to its customers by providing sustainable transformation financing, among other things. LBBW's efforts in the area of transformation financing were rewarded with first place at the ESG Transformation Awards.

Reflecting the increased need for transformation on the part of its customers, LBBW has developed the ESG dashboard, a tool that customers can use to track their own ESG targets. This is helping to raise the level of transparency at customer and bank level alike.

Sustainability aspects are also reflected in the form of more comprehensive reporting. The Corporate Sustainability Reporting Directive (CSRD) requires the affected companies to significantly expand their sustainability reporting and make it more transparent in the future.

In addition to existing expertise, the increasing complexity of customer requests requires **Innovative Solutions** and ideas. As a universal bank, LBBW is meeting this demand by expanding and improving its product range and processes. At customers and internally, digitalization is being harnessed as a means of enabling more efficient processes.

Emphasizing its focus on the future, artificial intelligence (AI) became a part of everyday working life at LBBW when blue.gpt – an internal generative AI chatbot – went live. LBBW has also opted to enable and gradually expand cryptocurrency purchasing and custody services for its customers in partnership with Bitpanda. The roll-out of the venture clienting concept has also been initiated with the launch of the first pilot projects aimed at the efficient promotion of innovation.

In a challenging environment, it is becoming increasingly important to continuously optimize the business model and make it even stronger. **Enhanced Resilience** is LBBW's response to a landscape that is changing increasingly rapidly. It focuses on the further expansion of the risk function and improved management to make LBBW more resilient and easier to manage in times of macroeconomic and global turbulence.

One central element is the Capital Management Unit (CMU), which aims to support new business ambitions by freeing up risk-weighted assets (RWA). Sustainable funding instruments are also playing an increasingly important role for LBBW. For example, LBBW incl. Berlin hypo have issued additional green bonds, thereby expanding their sustainable funding structure even further.

LBBW has also strengthened its cyber resilience through targeted investments as part of various IT projects.

Demographic change and the resulting shortage of skilled workers and management personnel are making it increasingly difficult to recruit and retain employees. The aim of the **Inspire Employees** strategic lever is to build and maintain a long-term dynamic workforce – LBBW's most important resource – for the long term.

Attracting new talent is one of the most important ways of combating demographic change. LBBW welcomed a total of 46 new trainees in the first half of 2024, including following the launch of a new marketing campaign aimed at attracting trainee candidates. Along with its focus on junior talent, LBBW is actively promoting the career development of female employees with a view to appointing them to management and decision-making roles. The bank is also investing in existing employees and supporting their careers as they develop into future specialists and managers. Meanwhile, the new »keep in touch« model is aimed at ensuring a healthy work-life balance. It gives employees on parental leave the opportunity to remain in contact with the bank in order to further strengthen their career opportunities.

Social Contribution is essential for an active player in the transformation. As well as managing cash flows responsibly and taking on social responsibility, the aim here is to increase our positive impact on employees and customers and thus enhance LBBW's relevance in social discourse.

As part of corporate volunteering initiatives, LBBW made it possible for its employees to participate in selected social projects. LBBW has also been contributing to society for many years via the LBBW Foundation, which supports a wide range of projects aimed at assisting the development of young people, conserving indigenous fauna and flora, and promoting culture and the arts in Baden-Württemberg. As part of its contribution to society, LBBW also made donations to the victims of flooding in southern Germany. Additionally, LBBW helped dedicated employees who were volunteering in the flood-hit areas by granting paid leave for them to participate in reconstruction work and providing on-site support.

Business development

Although the prevailing conditions remained difficult and environmental factors played a considerable role, the strategy focusing on **growth and relevance** continued to prove effective and all operating segments enjoyed considerable successes in the strategic target visions:

In a challenging economic environment, important success was achieved within the **Corporate Customers** segment. This was driven by the integrated cooperation within the universal bank, which again resulted in an encouraging number of lead mandates for various corporate and acquisition finance engagements. Among other things, LBBW acted as the lead for a wholesale revolving credit facility in the automotive industry and a bridge finance facility in the pharmaceutical industry in the first half of 2024, as well as supporting acquisition finance with a subsequent bond takeout for a telecommunications company. In corporate finance advisory, LBBW supported an M&A deal in the IT industry and a number of IPOs, including the largest Swiss IPO in the first half of 2024. LBBW also reinforced its market leadership in the area of Schuldschein loans.

Despite the challenging real estate environment, the **Real Estate / Project Finance** segment developed positively in the first half of 2024 as a whole.

The transaction volume on the market for commercial real estate finance is continuing to feel the effect of high interest rates, inflation-driven price rises and high construction costs. Despite this, LBBW is well positioned in a difficult real estate market. One particularly positive development is the steady growth in sustainable financing, which LBBW believes is making a significant contribution to the sustainable transformation of the real estate industry. Underlining its excellent reputation on the market, Berlin Hyp was recognized as the strongest brand at the Real Estate Brands Award for the third time in a row. Berlin Hyp's Treasury also received the »Best Asset-backed/Asset-based Green Bond of the Year« award at the Environmental Finance Sustainable Debt Awards.

The transaction volume of LBBW Immobilien for development finance was lower than in previous years due to the deterioration in financing conditions, high construction costs and the fact that the pricing phase between buyers and sellers is still ongoing. Investments in the existing project portfolio were made selectively and with a view to leveraging optimization potential.

Project finance activities in the first half of the year included financing the transformation of society, especially in Germany, France and the UK, through renewable energy and digital infrastructure projects like the expansion of the fiber-optic network and data centers.

The **Capital Markets Business** segment benefited in particular from the development of certificates and primary markets business and LBBW's positioning as the capital market bank of choice for savings banks. In addition to lively money market and repo business, there was strong demand for payment products.

In the first half of 2024, the export finance business area was crowned the »Top Performing Export Finance Bank« by the renowned London-based market intelligence provider Trade & Export Finance (TXF) for the sixth time. LBBW took second place globally, thereby successfully defending its leading position in export finance. Along with this award, the LBBW delegation received two »Deals of the Year« awards at the TXF Global Conference in Athens on 12 June.

LBBW again demonstrated its covered bonds expertise by securing the »Best Euro House« award from »The Covered Bond Report«. LBBW (Bank) successfully placed seven benchmark issues in the first half of 2024, including being the only provider worldwide to place a USD covered bond.

Although the growth in customer deposits in the **Private Customers / Savings Banks** segments continued in the first half of the year, the competitive market environment is increasingly having an impact on the margin earned on deposits. In lending, the funding program for climate-friendly new construction achieved a sales volume of almost half a billion euros, allowing LBBW to significantly expand its market share in the relevant core markets.

LBBW's foundation management and the performance of its asset management business area were acknowledged once again. LBBW was recognized as the best foundation manager in Germany (Fuchs Award) for the sixth time in succession and the eleventh time overall. BW-Bank's asset management received the top score (5 stars) in Capital magazine's ranking of »Sustainable Asset Managers«. In addition to a significant increase in the number of asset management mandates, the area of wealth management saw growth in the number of customers.

Key performance indicators

The **key financial performance indicators** confirm LBBW's successful business performance in the first half of 2024.

Profit before tax amounted to EUR 731 million, which was up on the prior-year figure (EUR 691 million) and ahead of expectations. In addition to higher income, this was due to lower expenses for the bank levy and deposit guarantee system.

Driven by earnings performance in particular, the **cost/income ratio (CIR)** improved by 2.7 percentage points year on year, from 61.3 % to 58.6 %.

LBBW calculates its cost/income ratio (CIR) as the ratio of total administrative expenses, expenses for the bank levy and deposit guarantee system and net income/expenses from restructuring to total net interest income, net fee and commission income, net gains/losses on remeasurement and disposal before allowances for losses and other operating income/expenses.

The **return on equity (RoE)** also increased from 9.1 % in the previous year to 9.3 % as a result of the improved earnings situation in particular.

RoE is calculated on the basis of (annualized) consolidated profit/loss before tax and average equity on the balance sheet. This figure is adjusted for the unappropriated profit for the current period.

Both CIR and RoE exceeded expectations; this was mainly due to earnings performance, but also because expenses are still lower than forecast.

The LBBW Group's **common equity Tier 1 capital ratio** as at the end of the reporting period remained considerably higher than the regulatory capital requirements (CRR II / CRD V »fully loaded«). At 14.6 %, the ratio was essentially unchanged as against the end of the previous year (14.6 %) and hence met expectations, with an increase in RWA due to operational business development being offset by an improvement in the capital base.

Pillar 2 **capital requirements** have amounted to 1.87 % since 1 January 2024 (2023: 1.83 %), of which 1.05 % (2023: 1.03 %) must be backed by common equity Tier 1. The German Federal Financial Supervisory Authority (BaFin) left the capital buffer for other systemically important institutions in accordance with Section 10g German Banking Act (Kreditwesengesetz, KWG) unchanged at 0.75 %. The capital conservation buffer under Section 10c of the German Banking Act was unchanged at 2.50 %. LBBW is therefore required to maintain a common equity Tier 1 capital ratio of 8.80 % of its total risk-weighted assets. It also required to maintain common equity Tier 1 capital for two components of risk-weighted assets specified by the supervisory authority. These are firstly the countercyclical capital buffer in accordance with section 10d KWG, which was extended to domestic receivables in the amount of 0.75 % by way of a BaFin general ruling effective 1 February 2023 and also a share of international receivables. Secondly, another BaFin general ruling relates to introducing a systematic buffer of 2.0 %, also effective 1 February 2023, but limited to receivables secured by German residential property. The ECB's capital recommendation, which goes beyond the mandatory requirement and must also comprise CET1 capital, continues to apply. In addition, a partial amount of CET1 capital is held to meet the Tier 1 capital requirements that go beyond this.

Other LBBW Group financial indicators developed as follows:

Risk-weighted assets (RWA) increased as against the previous year to EUR 94.1 billion in the reporting period (31 December 2023: EUR 92.1 billion). This was primarily due to business growth with corporate customers and in capital markets business, especially financial markets.

LBBW's **leverage ratio** was 4.2 % at the end of the reporting period (fully loaded in accordance with CRR II/CRD V); this was lower than at the end the previous year (4.6 %). The current regulatory minimum of 3.0 % was again significantly exceeded.

Results of operations

Despite a difficult environment and slowing interest rate momentum, **consolidated profit before tax** rose by EUR 40 million year on year to EUR 731 million in the first half of 2024. This was driven by healthy operating business performance in all customer segments, including good positioning in corporate finance, strong certificates business, growth in deposits and the expansion of asset management in particular. The subsidiary Berlin Hyp developed extremely well, delivering a significant increase in income. However, deposit revenue came under pressure as expected given the competitive environment. Financing business was also impacted by a reluctance to invest, especially in the first quarter. Increased resilience, which was driven by investments in IT infrastructure and growth areas in particular, went hand in hand with higher expenses. The economic situation and turbulence on the real estate market are increasingly also reflected in allowances for losses on loans and securities, which increased compared with the previous year. However, the quality of the credit portfolio remains high.

The condensed income statement for the LBBW Group is presented below:

	01/01/2024–30/06/2024	01/01/2023–30/06/2023	Change	
	EUR million	EUR million	EUR million	in %
Net interest income	1,295	1,417	-122	-8.6
Net fee and commission income	320	305	15	4.9
Net gains/losses on remeasurement and disposal	248	81	167	>100
of which allowances for losses on loans and securities	-118	-86	-32	37.0
Other operating income/expenses	71	120	-50	-41.2
Total operating income/expenses	*1,934*	*1,923*	*11*	*0.6*
Administrative expenses	-1,148	-1,043	-104	10.0
Expenses for bank levy and deposit guarantee system	-52	-188	136	-72.1
Net income / expenses from restructuring	-3	-0	-2	>100
Consolidated profit/loss before tax	*731*	*691*	*40*	*5.8*
Income taxes	-222	-203	-19	9.5
Net consolidated profit/loss	*509*	*488*	*21*	*4.2*

Figures may be subject to rounding differences. Percentages are based on the exact figures.

Net interest income declined by EUR -122 million compared with the previous year but remained at a high level of EUR 1,295 million. As expected, deposit revenue decreased on the back of slowing interest rate momentum and an increasingly competitive market environment in particular. Although corporate business developed extremely well, financing business with corporate customers was impacted by a reluctance to invest, with income falling slightly as a result. Net interest income at the subsidiary Berlin Hyp developed extremely well, meaning that net interest income in the Real Estate / Project Finance segment increased compared with the previous year. Earnings continued to be impacted by the shift to net gains/losses on remeasurement and disposal as a result of hedge accounting in connection with interest management.

Net fee and commission income increased by EUR 15 million in the first half of the year to EUR 320 million. The development of the individual types of commission varied. Income from asset management rose to EUR 46 million (previous year: EUR 40 million) thanks to further mandates agreed and higher volumes in the reporting period. Income from securities and custody business, which is a key income pillar, also increased slightly, by EUR 7 million, to EUR 130 million (previous year: EUR 123 million) thanks to higher income from flat-rate custody account pricing models in particular. Commission from guarantee business and financial guarantees also developed positively, rising by EUR 3 million. By contrast, commission from brokerage business fell below expectations slightly, declining by EUR - 2 million. This was due in particular to the lower level of real estate brokerage.

Net gains/losses on remeasurement and disposal enjoyed a substantial EUR 167 million upturn to EUR 248 million and was characterized by the effects described below.

Allowances for losses on loans and securities increased by EUR -32 million to EUR -118 million (previous year: EUR -86 million) but remained moderate compared with the long-term average. The current economic situation and turbulence on the real estate market are increasingly reflected in the higher level of allowances for losses on loans and securities. This development was mainly attributable to individual cases in real estate business, but there were also isolated defaults in corporate customer business.

Model adjustments were unchanged compared with year-end 2023, whereas significant additions of EUR -83 million were recognized at the end of the first half of the previous year. The existing model adjustments mean that LBBW enjoys a resilient position in the difficult current market situation.

LBBW continues to enjoy good portfolio quality, as demonstrated by the very high exposure share in the investment grade range and a consistently low default rate of 0.5 % as at 30 June 2024 (30 June 2023: 0.4 %). Further information on portfolio quality can be found under »Portfolio quality« in the section of the risk report covering the risk situation of the LBBW Group.

Net gains/losses from financial instruments measured at fair value through profit or loss (FVPL) increased significantly, by EUR 217 million, to EUR 380 million (previous year: EUR 163 million). This was driven by the development of certificates and primary markets business as well as LBBW's positioning as the capital market bank of choice for savings banks. In addition to lively money market and repo business, there was strong demand for payment products.

At the level of the FVPL item, a positive contribution from banking book transactions in connection with hedge accounting was accompanied by negative offsetting effects in net interest income.

Other operating income/expenses decreased by EUR -50 million, to EUR 71 million (previous year: EUR 120 million). The substantial decline was due in particular to the one-time effect from the sale of the subsidiary targens GmbH to the IT service provider GFT in the previous year. The sale/deconsolidation generated non-recurring income in the mid-eight figures.

Net income from development projects in the LBBW Immobilien sub-group increased slightly, to EUR 16 million (previous year: EUR 10 million). However, high interest rates, inflation-driven price rises and high construction costs meant the transaction volume was low.

Provisions developed in the other direction to a moderate extent with net reversals of EUR 11 million (previous year: EUR 13 million).

Administrative expenses rose by EUR -104 million year on year, to EUR -1,148 million (previous year: EUR - 1,043 million). **Staff costs** climbed by EUR -48 million, to EUR -604 million (previous year: EUR -556 million). This was mainly due to the workforce expansion as a result of investments in growth areas and to combat demographic development, as well as pay rises under collective bargaining agreements. The increase in **other administrative expenses** by EUR -60 million, to EUR -482 million (previous year: EUR -422 million), primarily reflects the sustained high level of investment in growth initiatives and the IT infrastructure, with a particular focus on cyber resilience.

Depreciation, amortization and write-downs were largely unchanged, at EUR -61 million (previous year: EUR - 65 million). The slight reduction is mainly due to the change in write-downs of property and equipment.

Following many years with some significant increases, **expenses for the bank levy and deposit guarantee system** fell significantly, by EUR 136 million year on year, to EUR -52 million (previous year: EUR -188 million).

Within this figure, the **bank levy** decreased by EUR 112 million year on year to EUR 0 million. In 2024, the Single Resolution Board decided that the build-up phase of the Single Resolution Fund had been completed at the end of 2023. Even after the build-up phase, the target size of the Fund is set at 1 % of the covered deposits of all authorized banks in all participating Member States, meaning that contributions to the Fund will be required in the event of an increase in the volume of covered deposits.

Contributions to the **deposit guarantee system** also declined significantly, by EUR 24 million year on year, to EUR -52 million (previous year: EUR -77 million). The preliminary target volume for this scheme was also reached in 2024.

At EUR 731 million, **consolidated profit before tax** was EUR 40 million higher than the previous year’s figure of EUR 691 million. Income tax expenses were correspondingly higher, increasing by EUR -19 million to EUR -222 million (previous year: EUR -203 million).

Consolidated profit after tax rose slightly, by EUR 21 million, to EUR 509 million (previous year: EUR 488 million).

Results of operations in the segments

The following description of changes in earnings in the segments is based on the segment structure described in the Group overview in the 2023 annual report. Further information can be found in the notes to the consolidated interim financial statements in the segment report in section C.

The LBBW Group segments' contributions to the consolidated profit before tax of EUR 731 million in the first half of 2024 (previous year: EUR 691 million) were as follows:

	01/01/2024–30/06/2024	01/01/2023–30/06/2023[1]	Change	
	EUR million	EUR million	EUR million	in %
Corporate Customers	307	412	-105	-25.5
Real Estate / Project Finance	190	115	74	64.6
Capital Markets Business	144	134	10	7.3
Private Customers / Savings Banks	105	149	-45	-30.0
Corporate Items / Reconciliation / Consolidation	-14	-120	105	-88.2
Consolidated profit/loss before tax	*731*	*691*	*40*	*5.8*

Figures may be subject to rounding differences. Percentages are based on the exact figures.
1 Restatement of prior-year amounts due to methodology changes that resulted in more detailed segment allocation.

In a challenging economic environment, the **Corporate Customers segment** achieved a high profit before tax of EUR 307 million, although this was down on the prior-year figure as expected (previous year: EUR 412 million). The return on equity amounted to 12.3 % (previous year: 16.8 %). Having benefited from a sharp rise in deposit revenue in the previous year, the segment is now feeling the impact of growing competitive pressure in deposit business. However, corporate finance business performed extremely well. Administrative expenses increased slightly on the back of growth initiatives and inflationary effects. Overall, the cost/income ratio climbed moderately, to 52.8 % (previous year: 46.0 %), as a result of both income and cost factors. Although allowances for losses on loans and securities increased in response to the more difficult environment, they remained at a low level thanks to the suitability of LBBW's risk policy.

The **Real Estate / Project Finance segment** achieved marked earnings growth in the first half of 2024. Profit before taxes increased to EUR 190 million (previous year: EUR 115 million) on the back of higher income and the positive impact of the discontinuation of the bank levy. This is also reflected in the return on equity, which improved considerably by 4 percentage points year on year to 11.1 %. However, the market for commercial real estate finance is continuing to feel the effect of high interest rates, inflation-driven price rises and high construction costs. Although the turbulence on the real estate market resulted in some cases where allowances for losses were utilized, LBBW managed the situation well. Administrative expenses increased slightly, largely as a result of investments in the expansion of project / transformation financing as well as inflation-related price effects. The segment's earnings growth more than offset this development, however, meaning that the cost/income ratio improved from 50.3 % to 44.4 %.

The **Capital Markets Business segment** recorded further growth in income from customer business across the board, resulting in a profit before taxes of EUR 144 million in the first half of 2024 (previous year: EUR 134 million). Certificates business and LBBW's good positioning as the capital market bank of choice for savings banks and institutional investors were key factors in this development. The segment also benefited from strong demand for payment products. In addition, Treasury performed well in money market and repo business and was able to fund LBBW at attractive conditions with a high level of investor demand despite the challenging nature of the market. In line with these developments, the return on equity improved to 12.7 % (previous year: 11.8 %) and the cost/income ratio to 67.2 % (previous year: 71.8 %). Expenses remained unchanged as against the previous year despite growth initiatives and inflationary effects; this was due in part to the discontinuation of the bank levy.

The profit before tax of the **Private Customers / Savings Banks segment** declined to EUR 105 million in the first half of 2024 (previous year: EUR 149 million). Among other things, this was due to the expected decline in deposit revenue. Contrary to the market trend, however, the deposit volume increased further. Asset management solutions also performed extremely well. In the competitive environment of private construction loans, pressure on margins continued and demand was muted. Expenses increased slightly due to targeted growth in asset and wealth management as well as inflationary effects. The cost/income ratio climbed to 70.6 % (previous year: 63.4 %) due to both cost and income factors. All in all, these developments resulted in a return on equity of 18.5 % (previous year: 26.2 %).

Profit/loss before tax in **Corporate Items/Reconciliation/Consolidation** (EUR -14 million) improved substantially year on year in the first half of 2024 (EUR -120 million). This was mainly due to the positive impact of the discontinuation of the bank levy.

Net assets and financial position

Assets	30/06/2024 EUR million	31/12/2023 EUR million	Change EUR million	Change in %
Cash and cash equivalents	12,073	12,026	48	0.4
Financial assets measured at amortized cost	263,099	238,565	24,533	10.3
Loans and advances to banks	101,829	82,241	19,588	23.8
Loans and advances to customers	157,264	152,883	4,381	2.9
Debentures and other fixed-income securities	4,005	3,441	564	16
Financial assets measured at fair value through other comprehensive income	36,336	37,015	-679	-1.8
Financial assets designated at fair value	966	856	110	12.8
Financial assets mandatorily measured at fair value through profit or loss	41,171	36,317	4,854	13.4
Shares in investments accounted for using the equity method	196	203	-7	-3.2
Portfolio hedge adjustment attributable to assets	-375	-237	-138	58.1
Non-current assets held for sale and disposal groups	0	2	-2	-83
Intangible assets	210	211	-1	-0.3
Investment property	787	781	5	0.7
Property and equipment	855	836	20	2.3
Income tax assets	1,094	1,086	8	0.8
Current income tax assets	131	63	68	>100.0
Deferred income tax assets	963	1,023	-60	-5.9
Other assets	4,030	5,646	-1,616	-28.6
Total assets	*360,442*	*333,305*	*27,137*	*8.1*

Equity and liabilities	30/06/2024 EUR million	31/12/2023 EUR million	Change EUR million	Change in %
Financial liabilities measured at amortized cost	316,241	287,371	28,870	10.0
Deposits from banks	76,607	73,138	3,469	4.7
Deposits from customers	139,268	127,361	11,907	9.3
Securitized liabilities	95,898	82,264	13,634	16.6
Subordinated capital	4,468	4,608	-140	-3.0
Financial liabilities designated at fair value	3,161	3,229	-68	-2.1
Financial liabilities mandatorily measured at fair value through profit or loss	22,449	23,758	-1,309	-5.5
Portfolio hedge adjustment attributable to liabilities	-1,994	-1,892	-102	5.4
Provisions	1,805	1,881	-76	-4.0
Liabilities from disposal groups	0	0	0	
Income tax liabilities	160	118	41	35.0
Current income tax liabilities	134	95	39	40.9
Deferred income tax liabilities	26	23	3	10.8
Other liabilities	2,421	2,773	-352	-12.7
Equity	16,199	16,067	131	0.8
Share capital	3,484	3,484	0	0.0
Capital reserve	8,240	8,240	0	0.0
Retained earnings	3,422	2,854	568	19.9
Other comprehensive income	-223	-276	53	-19.1
Unappropriated profit / accumulated loss	508	999	-490	-49.1
Additional equity components	745	745	0	0.0
Non-controlling interests	22	21	1	6.0
Total equity and liabilities	*360,442*	*333,305*	*27,137*	*8.1*
Guarantee and surety obligations	9,752	9,902	-150	-1.5
Irrevocable loan commitments	39,286	36,409	2,877	7.9
Business volume	*409,480*	*379,616*	*29,865*	*7.9*

Figures may be subject to rounding differences. Percentages are based on the exact figures.

Increase in total consolidated assets

Total assets rose by EUR 27.1 billion, to EUR 360.4 billion, as at 30 June 2024, in line with LBBW's strategic focus on growth and relevance. Despite muted new business development at the start of the year and slowing interest rate momentum, LBBW succeeded in reinforcing its good position on the market. The growth in customer deposits continued thanks to the steady expansion of the product portfolio and attractive offers.

At the same time, the **business volume** (consolidated total assets including off-balance-sheet surety and guarantee agreements and irrevocable loan commitments) increased by EUR 29.9 billion, to EUR 409.5 billion.

Lending

Cash and cash equivalents were essentially unchanged as against the end of the previous year, amounting to EUR 12.1 billion as at 30 June 2024.

Financial assets measured at amortized cost increased by EUR 24.5 billion, to EUR 263.1 billion. This was due to the growth in loans and advances to banks and customers.

Loans and advances to banks saw the biggest change on the asset side of the statement of financial position, increasing by EUR 19.6 billion to EUR 101.8 billion. This was mainly due to deposits at central banks, which rose by EUR 17.2 billion to EUR 44.8 billion. Securities repurchase transactions increased by EUR 1.7 billion, to EUR 11.9 billion, while public-sector loans rose by EUR 0.5 billion, to EUR 40.2 billion.

Loans and advances to customers increased by EUR 4.4 billion, to EUR 157.3 billion. Securities repurchase agreements rose by EUR 3.2 billion, to EUR 12.3 billion, current account receivables by EUR 0.9 billion, to EUR 3.7 billion, and mortgage-backed loans by EUR 0.7 billion, to EUR 69.2 billion. This was offset by a EUR -0.5 billion decrease in overnight and term money to EUR 5.2 billion.

Financial assets measured at fair value through other comprehensive income declined by EUR -0.7 billion to EUR 36.3 billion. Sales of securities from portfolios in order to manage the LCR led to a reduction in bonds and debentures of EUR -0.5 billion, to EUR 33.0 billion. Money market instruments decreased by EUR -0.1 billion to EUR 0.9 billion.

Financial assets mandatorily measured at fair value through profit or loss climbed by EUR 4.9 billion to EUR 41.2 billion. Receivables from securities repurchase agreements rose by EUR 4.6 billion, other trading asset receivables by EUR 0.7 billion and debentures and other fixed-income securities by EUR 1.1 billion. Asset-side derivatives declined by EUR -1.6 billion to EUR 14.4 billion due to changes in market value and changes in inventories.

The **portfolio hedge adjustment attributable to assets** changed by just EUR -0.1 billion, amounting to EUR -0.4 billion.

Other assets fell by EUR -1.6 billion, to EUR 4.0 billion, largely as a result of the debentures due that were reported in this item in the previous year. Sales of securities that had not yet been settled (cash received) were temporarily reported in other assets as at 31 December 2023.

Funding

In line with the development on the asset side of the statement of financial position, **financial liabilities measured at amortized cost** was the item that saw the biggest year-on-year change, increasing by EUR 28.9 billion to EUR 316.2 billion.

Deposits from banks increased by EUR 3.5 billion, to EUR 76.6 billion. Overnight and term money rose by EUR 4.6 billion, to EUR 22.7 billion, with the majority of this development attributable to deposits from private and commercial banks. Securities repurchase transactions increased by EUR 2.3 billion, to EUR 2.5 billion, while current account liabilities rose by EUR 1.6 billion, to EUR 3.1 billion. By contrast, liabilities to central banks fell by EUR - 3.9 billion, to EUR 6.3 billion. The repayment of deposits in connection with participation in the ECB's tender program (TLTRO III) was partially offset by new term deposits. Other deposits from banks declined by EUR -1.1 billion to EUR 3.3 billion.

At EUR 139.3 billion, **deposits from customers** were up EUR 11.9 billion compared with 31 December 2023. Here, too, there was an increase in the volume of overnight and term money, resulting in a change of EUR 8.9 billion to EUR 63.0 billion. Securities repurchase transactions and savings deposits again increased by EUR 2.4 billion, to EUR 2.8 billion, and by EUR 1.3 billion, to EUR 10.0 billion, respectively. This was offset by the EUR -0.6 billion reduction in current account liabilities and the EUR -0.3 billion reduction in registered covered bonds issued.

The volume of securitized liabilities rose by EUR 13.6 billion, to EUR 95.9 billion, in the reporting period. In February, LBBW issued its second EUR senior non-preferred floater with a volume of EUR 1.5 billion, which represented the bank's biggest issue to date. This was followed by at least one further benchmark issue every month, meaning that more covered bonds were issued in the first half of 2024 than in the whole of 2023. Overall, issued covered bonds and other debentures increased by EUR 7.3 billion, to EUR 71.7 billion. Money market transactions rose by EUR 6.3 billion, to EUR 24.2 billion.

With a change of EUR -0.1 billion, **subordinated capital** remained at the previous year's level as repayments were offset by interest-related measurement effects and exchange rate fluctuations.

With maturities and new business effectively offsetting each other in the first half of 2024, **financial liabilities designated at fair value** were also unchanged year on year, at EUR 3.2 billion.

Financial liabilities mandatorily measured at fair value through profit or loss fell by EUR -1.3 billion, to EUR 22.4 billion. Negative fair values from derivatives declined by EUR -0.7 billion, to EUR 13.0 billion, as a result of measurement effects and portfolio reductions. Liabilities from securities repurchase agreements fell by EUR -0.5 billion, to EUR 0.3 billion.

In line with its asset-side counterpart, the **portfolio hedge adjustment attributable to liabilities** declined by EUR -0.1 billion to EUR -2.0 billion.

At EUR 1.8 billion, **provisions** also remained largely unchanged compared with the previous year (EUR 1.9 billion).

Equity

LBBW's **equity** amounted to EUR 16.2 billion as at 30 June 2024, up EUR 0.1 billion on the previous year's EUR 16.1 billion. The consolidated net profit of EUR 0.5 billion for 2024 served to increase equity. This was offset by a distribution to shareholders of EUR -0.4 billion.

Financial position

The funding strategy at LBBW is proposed by the Asset Liability Committee (ALCo) and determined by management. The Group focuses on ensuring a balanced overall structure in terms of the groups of products and investors used. The first half of 2024 was characterized by sustained inflation at above the target level and policy efforts on the part of central banks to lower inflation again. Even in this phase, LBBW successfully presented itself to investors and was able to raise the cash funds required at all times. The LBBW Group's sources of funding are extremely stable in terms of volume and diversification. CRR banks have been required to maintain a liquidity coverage ratio (LCR) of 100 % since 1 January 2018. The Group LCR ratio was satisfied at the calculation dates throughout the reporting period and amounted to 141.1 % as at 30 June 2024. The net stable funding ratio (NSFR) requirements that have been in force since June 2021 were also met at all times and were exceeded at 112.2 % as at 30 June 2024.

Risk report

Risk management systems

The risk management methods and processes presented in the combined management report as at 31 December 2023 are still applied by the LBBW Group as at 30 June 2024. There were no material changes in the first half of 2024.

Risk types

Detailed notes on the definition of risks and on the risk management system as a whole can be found in the combined management report for 2023.

Regulatory conditions

LBBW is assigned to the Directorate General within the ECB, which supervises special banks and less significant banks.

The ECB has set medium-term priorities based on the key vulnerabilities it has identified and has assigned strategic objectives and potential regulatory measures to these priorities. The banking regulator aims to encourage banks to increase their resilience to macro-financial and geopolitical risks, accelerate the remediation of shortfalls in the governance and management of climate and environmental risks, and make further progress with regard to the digital transformation and the establishment of robust frameworks for operational resilience (cyber resilience). This includes the medium-term priorities of thoroughly examining climate and environmental risks, cyber risks, credit risks, interest rate and refinancing risks and developments in the context of digitalization.

The ECB stress test formed a key part of supervisory activities to date in 2024, the aim of which was to assess banks' stability in view of cyber risks in order to identify potential risks and any banking supervisory action required and to improve market discipline. The supervisory authorities also continued to focus on the impact on banks of the rapid rise in interest rates and a potential economic slowdown.

The future design of the regulatory framework will depend, to a large extent, on further macroeconomic and geopolitical developments and the impact these have on the banking sector.

Risk situation of the LBBW Group

LBBW manages its risks from two mutually complementary perspectives. To ensure adequate capitalization from an economic point of view, a Group-wide compilation of risks across all material risk types and subsidiaries is carried out, and the comparison of these with the capital is calculated from an economic perspective (aggregate risk cover). In addition to the economic perspective, LBBW's risk appetite and management concept includes the regulatory steering group. This steering group is responsible for ensuring compliance with regulatory capital and risk parameters at all times. To this end, internal targets are set above the minimum regulatory requirements and compliance is ensured by way of an ongoing monitoring process. Details on the regulatory key figures can be found in the report on results of operations, net assets and financial position, the notes and in the section on liquidity risks.

The economic capital commitment has decreased by around EUR 0.2 billion in total since the end of 2023. This is due in particular to portfolio developments in counterparty and market price risks.

In the first half of 2024, aggregate risk cover (ARC) increased by around EUR 0.4 billion compared to the end of 2023. This is mainly due to the development of consolidated profit in the current financial year.

In summary, the risk-bearing capacity of the LBBW Group was maintained at every reporting date in the first half of 2024. The permanent viability required in line with regulations was guaranteed. To test this, specific scenarios were simulated detailing the further development of various crises in light of current geopolitical issues. The bank retained its risk-bearing capacity even in the severe scenario.

The economic capital limit was maintained at Group level at all reporting dates. The utilization of aggregate risk cover was 45 % as at 30 June 2024.

LBBW Group – Risk-bearing capacity

	30/06/2024		31/12/2023	
EUR million	Absolute[1]	Utilization	Absolute[1]	Utilization
Aggregate risk cover	14,108	45 %	13,700	47 %
Economic capital limit[2]	11,050	57 %	11,050	59 %
Correlated total economic capital	6,306		6,475	
of which inter-risk correlations	-802		-817	
of which counterparty default risks	3,767		3,848	
of which market price risks	1,816		1,928	
of which investment risks	22		22	
of which operational risks	830		803	
of which development risks	119		132	
of which real estate risks	143		150	
of which other risks[3]	409		409	

1 Confidence level 99.9 % / 1-year holding period.
2 The individual risk types are capped by economic capital limits.
3 Especially reputation, business and model risks.

Other potential effects of geopolitical conflicts, supply chain bottlenecks, inflation and the development of interest rates on LBBW's economic and regulatory key performance indicators are regularly analyzed and investigated in stress scenarios. Given the dynamic pace of developments, however, the ability to provide an exact forecast is very limited.

Risk types

Counterparty risk

Risk situation of the LBBW Group

The description of the risk situation is based on the credit risk management methods and instruments described in the combined management report for 2023. Statements on the risk situation are based on the management approach. Differences compared to the accounting valuations are due to the reasons described in the 2023 risk report.

The primary parameter in the following comments is gross/net exposure. In this context, gross exposure is defined as the fair value or utilization plus outstanding external loan commitments. Net exposure also takes risk-mitigating effects into account. These include netting and collateral agreements, the hedging effect of credit derivatives or the inclusion of classic credit collateral such as real estate liens, financial collateral, guarantees or bonds.

In addition to the following tables, Note 19 (»Counterparty risk«) contains additional detailed overviews broken down by rating classes, sectors and regions in accordance with IFRS 7.

Development of exposure

The following table shows the performance of the two exposure variables and the risk-mitigating effects on the respective reporting date.

Default risk and effect of risk-mitigating measures

EUR million	30/06/2024	31/12/2023
Gross exposure	*548,444*	*505,836*
Netting/collateral	163,545	140,837
Credit derivatives (protection buy)	7,359	7,168
Classic credit collateral	74,942	74,848
Net exposure	*302,599*	*282,984*

Figures may be subject to rounding differences.

Gross exposure amounted to EUR 548 billion as at 30 June 2024, up by around EUR 43 billion at the end of 2023. The simultaneous increase in the risk-mitigating effects of netting and collateral agreements meant this development was not fully reflected in net exposure. Net exposure rose by around EUR 20 billion, or 7 %, to EUR 303 billion, mainly driven by the main Financials sector.

The following information on portfolio quality, sectors and regions provide an overview of the aspects relevant to LBBW’s risk situation on the basis of its net exposure.

Portfolio quality

Rating cluster (internal rating class)

Net exposure	EUR million 30/06/2024	in % 30/06/2024	EUR million 31/12/2023	in % 31/12/2023
1(AAAA)	77,067	25.5	59,426	21.0
1(AAA)–1(A-)	139,149	46.0	136,474	48.2
2–5	60,194	19.9	62,584	22.1
6–8	14,133	4.7	13,823	4.9
9–10	4,765	1.6	4,099	1.4
11–15	3,127	1.0	2,523	0.9
16–18 (default)[1]	1,519	0.5	1,370	0.5
Other[2]	2,645	0.9	2,684	0.9
Total	*302,599*	*100.0*	*282,984*	*100.0*

Figures may be subject to rounding differences. Percentages are based on the exact figures.
1 »Default« refers to exposure for which a default event as defined in Article 178 CRR has occurred, e.g. improbability of repayment or 90-day default.
The net exposure is presented before accounting for allowances for losses on loans and securities.
2 Non-rated transactions – in particular, rating waivers.

The share of investment grade (ratings 1(AAAA) to 5, 91.3 % (previous year: 91.3 %)) and non-investment grade (ratings 6 to 15, 7.3 % (previous year: 7.2 %)) was stable. The top rating class 1 (AAAA) mainly includes the German public sector and central banks. The net exposure on default accounts for 0.5 % of the entire portfolio.

The economic environment and its future development remain uncertain in light of geopolitical conflicts, weak economic performance, the turnaround in interest rate policy and the digital and sustainable transformation.

Sectors

The presentation of the sectors by net exposure, credit value at risk (CVaR) and default portfolio also provides information on the scope of business activities and the risk situation in the respective sector. The sector classification is based on LBBW’s internal risk-oriented industry code.

Sectors

EUR million	Net exposure 30/06/2024	CVaR 30/06/2024	Net exposure on default 30/06/2024	Net exposure 31/12/2023	CVaR 31/12/2023	Net exposure on default 31/12/2023
Financials	*156,599*	*804*	*23*	*140,303*	*856*	*23*
Corporates	*103,039*	*1,893*	*824*	*100,213*	*1,860*	*798*
Automotive	10,883	305	299	10,591	313	293
Construction	10,052	253	77	9,988	248	55
Chemicals and commodities	7,567	128	37	7,853	137	37
of which chemicals	3,699	65	23	3,703	65	23
of which commodities	3,868	63	15	4,151	72	14
Retail and consumer goods	15,722	260	181	15,168	234	162
of which consumer goods	11,195	138	44	10,654	130	27
of which durables	4,527	122	137	4,515	104	135
Industry	11,564	214	104	11,133	215	105
Pharmaceuticals and healthcare	5,876	83	24	5,502	83	31
TM and electronics/IT	11,894	261	32	11,080	233	38
Transport and logistics	7,388	123	8	7,164	119	6
Utilities and energy	12,994	176	45	13,027	193	56
of which utilities	7,978	85	40	8,205	103	51
of which renewable energies	5,016	91	4	4,822	90	5
Other	9,099	89	17	8,706	84	15
Real estate	*18,684*	*678*	*649*	*19,699*	*719*	*529*
Commercial real estate (CRE)	12,714	521	647	13,443	547	527
Housing	5,970	156	2	6,256	172	2
Public sector	*19,154*	*107*	*0*	*17,412*	*111*	*0*
Private individuals	*5,123*	*102*	*22*	*5,358*	*111*	*20*
Total	*302,599*	*3,584*	*1,519*	*282,984*	*3,658*	*1,370*

Figures may be subject to rounding differences.

Financials represent the largest of the five main sectors with net exposure of about EUR 157 billion as at 30 June 2024. The increase of EUR 16 billion as against the end of 2023 is due in particular to the increased exposure to central banks.

In the corporates portfolio, the consumer goods, industry, pharmaceuticals & healthcare, and TM & electronics / IT sectors in particular contributed to the EUR 3 billion increase in net exposure to EUR 103 billion in the first half of 2024.

By contrast, the net exposure in real estate decreased by around EUR 1 billion year on year to around EUR 19 billion as a result of a decline in various exposures.

Public-sector net exposure increased by around EUR 2 billion as against the end of 2023 to EUR 19 billion.

With a net exposure of around EUR 5 billion, the portfolio of private individuals is in line with the previous year and has a particularly high level of granularity.

Most customers have exposures with a net exposure of up to EUR 10 million. Other exposures also include a few with a net exposure in excess of EUR 500 million. As at 30 June 2024, the portfolio also included three large exposures (individual exposures with a net exposure of over EUR 2 billion). Two of them have very good credit ratings in rating class 1 (AAAA), while the other is rated 1 (A).

Regions

Geographic breakdown

Net exposure in %	Share 30/06/2024	Share 31/12/2023
Germany	68.4	67.3
Western Europe (excluding Germany)	18.1	19.1
North America	8.0	7.7
Asia/Pacific	3.3	3.5
Other[1]	2.3	2.4
Total	*100.0*	*100.0*

Figures may be subject to rounding differences. Percentages are based on the exact figures.
1 Other regions and transactions not allocated to a particular country (e.g. transactions with supranational institutions).

The share of domestic business in net exposure was 68.4 % as at 30 June 2024. The basic distribution by region was largely constant. The focus on the core markets in private, SME and large customer business, as well as the function as a central bank for the savings banks, will ensure a dominant German share in the future as well. Foreign exposure is spread across Western Europe and North America in particular.

Market price risks

Risk situation of the LBBW Group

The LBBW-Group's market price risk increased slightly in the first half of 2024. The following table shows the composition of the value at risk (99 % / 10 days) by risk type at LBBW Group level. Details of the development of market price risk in the LBBW Group's risk-bearing capacity can be found in the section on the risk situation of the LBBW Group.

VaR 99 % / 10 days

EUR million	Average	Maximum	Minimum	30/06/2024	31/12/2023
LBBW Group	*183*	*217*	*164*	*170*	*166*
Interest rate risk	205	246	166	174	199
Credit spread risk	137	160	111	111	157
Equity risks	11	13	8	10	11
FX- Risk[1]	6	10	3	4	5

1 Including commodity risks.

The risk at Group level increased slightly due to a position change. The lower level of risk in the sub-risk types of interest rate risk and credit spread risk is mainly attributable to the lower volatility of the parameters included in the risk calculation. For example, market data from the US regional banking and Credit Suisse crisis in the first half of 2023, was no longer included in the relevant observation period. Correlation effects between the sub-risk types and the resulting change in hedging effects mean there is no material risk impact at Group level.

The following table shows the composition of the value at risk (99 % / 10 days) by risk type at trading book level. Berlin Hyp does not have a trading book.

VaR 99 % / 10 days

EUR million	Average	Maximum	Minimum	30/06/2024	31/12/2023
Trading book	*14*	*19*	*10*	*10*	*14*
Interest rate risk	11	16	6	8	12
Credit spread risk	9	13	8	8	8
Equity risks	3	5	3	3	3
FX-Rrisk[1]	6	10	3	4	5

1 Including commodity risks.

The decrease in risk in the trading book essentially results from position and market changes in actively managed trading book portfolios.

The market risk model used by the LBBW Group is subject to an extensive validation program in which the potential model risks are identified in the stochastics of the market factors (including distribution model, risk factor model), in the implemented valuation procedures (valuation model) and in the relevant market data (market data model), and are measured in terms of their materiality using tailor-made validation analyses. The validation analyses are conducted within Risk Controll by the Independent Validation unit, which is organizationally independent from the model development. Daily backtesting plays a particularly important role within the validation program. As part of this, a statistical backward comparison of risk forecasts compared to hypothetical changes in the value of the portfolio (clean backtesting) and actual changes in the value of the portfolio (dirty backtesting) is performed. If the validation indicates material model risks, these are made transparent to model developers and those who receive reports so that necessary model optimization measures can be promptly initiated.

Up to and including the last reporting date of 28 June 2024, the internal risk model shows one outlier for the Clean P/L for the preceding 250 trading days in the CRR portfolio, the portfolio relating to capital adequacy.

Additional backtesting on the basis of dirty P/L is performed on account of regulatory requirements. On this basis, there were no outliers in the CRR portfolio up to and including 28 June 2024.

The outlier was due to a market movement in response to news from the ECB regarding future interest rate development.

Liquidity risks

Risk situation of the LBBW Group

Excess liquidity on the market decreased in 2023 as a result of central banks' efforts to tackle inflation, while interest rates remained elevated in first half of 2024. Even in this environment, LBBW maintained consistently good liquidity. The LBBW Group's capital market placements attracted lively interest among national and international investors, and the sources of funding meet the target level of stability in terms of volume and diversification.

Funding requirements and counterbalancing capacity broke down as follows as at 30 June 2024:

Overview of funding requirements and counterbalancing capacity

	3 months		12 months	
EUR billion	**30/06/2024**	**31/12/2023**	**30/06/2024**	**31/12/2023**
Funding requirement from the business portfolio (deterministic cash flow)[1]	9.9	11.7	19.3	17.1
Funding requirement from material call risks (stochastic cash flow)	24.0	30.7	43.4	62.3
Funding potential from free liquidity reserves	35.2	37.0	35.5	37.9
Funding potential on the market	91.7	86.7	118.4	108.7
Surplus	*93.0*	*81.3*	*91.2*	*67.3*

1 Comparative figures are negative as liquidity inflows from the business portfolio exceed the funding requirements over a period of three or twelve months as at year-end.

The call risks determined using the respective models have fallen considerably compared with year-end 2023. This is due, in particular, to a decline in call risks from demand and savings deposits, which increased significantly at various points in 2023 in response to interest rate developments. LBBW's deterministic cash flow, which reflects the legal maturities of the existing transactions assuming no borrowings are extended, is essentially unchanged. In the shorter term in particular, the cash flow continues to be characterized by net inflows in EUR (excess liquidity) that are offset by net outflows in USD and GBP (funding requirements). Taken together with the funding potential from eligible free liquidity reserves and the assumed options for unsecured borrowing on the market, LBBW is in a position to offset significant liquidity outflows even at short notice. All in all, the surplus as at 30 June 2024 was EUR 93.0 billion based on a three-month horizon and EUR 91.2 billion based on a twelve-month horizon.

The results of the economic liquidity risk stress scenarios for a rating downgrade, a financial market crisis and a combination of the two, structured in accordance with the guidelines of MaRisk (BTR 3.2), showed that the funding potential on the market plus the free liquidity buffer exceeded the potential funding requirements under stress scenarios in the case of every stress test in the first half of 2024. During this period, sufficient surpluses were also available at all times and for every account in all foreign currency stress tests and in the EUR stress test for intraday liquidity. The – in some cases substantial – reduction in the funding requirement in the stress scenarios presented here is also due, in particular, to the lower call risks from demand and savings deposits contained in the model assumptions as compared with year-end 2023.

Results of the economic stress scenarios

	Funding requirement (3 months)		Funding potential (3 months)	
EUR billion	**30/06/2024**	**31/12/2023**	**30/06/2024**	**31/12/2023**
Rating downgrade scenario	45.2	47.4	56.1	60.9
Financial market crisis scenario	42.9	51.8	67.4	71.3
Combined scenario of market crisis plus downgrade	43.3	51.8	65.9	70.0

The required minimum of 100 % for the European liquidity coverage ratio (LCR) was complied with. The Group's LCR was 141.1 % as at 30 June 2024 (31 December 2023: 150.5 %). The net stable funding ratio (NSFR) guidelines were also complied with. At 112.2 % the requirement was again exceeded as at 30 June (31 December 2023: 109.7 %).

Non-financial risks

Risk situation of the LBBW Group

The comments on the risk situation as at the end of 2023, particularly with regard to legal risks, continue to apply. The banking landscape continues to face legal risks from the further development of consumer protection and legal risks related to tax law. LBBW takes this into account by monitoring the legal situation on an ongoing basis. On the basis of current knowledge, adequate provision has been made to cover legal risks.

IT risk management continues to focus on risks arising from cyberspace threats in particular. These risks are addressed with risk-mitigating measures aimed at prevention, detection and response.

In turn, as a result of the Ukraine conflict, there has been an increase in the number of entries on sanctions lists and the sanctions have become more complex. LBBW is continuing to focus on the issue of sanctions evasion via third countries. It is assumed that risk-based audit procedures to ensure compliance with sanctions will remain elevated in the long term. LBBW's compliance risk management also continues to focus on the other compliance sub-risk types that are deemed material.

Other material risks

Regarding the other material risks, namely

Financial risks
- Real estate risks
- Development risks
- Investment risks

Non-financial risks
- Operational risks in the narrower sense
- Outsourcing risks
- Model risks
- Business risks
- Reputation risks

Interdisciplinary risks
- ESG risks (environmental, social, governance)
- Concentration risks
- Pandemic risks

the statements made in the risk report in the LBBW Group's combined management report for 2023 still apply.

Forecast and opportunity report

Anticipated economic performance

The German economy is set to remain largely unchanged in the second half of the year, with the underlying data showing no signs of a rapid upturn. The downturn in monthly new orders has eaten into the order backlog in the manufacturing industry. Although the ECB's interest rate cut in the first half of the year is expected to be followed by a further two cuts in the second half of the year, the full expansionary effect of these moves will only be felt from next year onward. Exports are typically the key driver of German industry, but demand from overseas is likely to be relatively muted. As a result, we are forecasting year-on-year GDP growth of 0.3 % for 2024 as a whole. Economic output will then pick up slightly in 2025 with a growth rate of 1.0 %. The situation in the eurozone looks a little better overall. Eurozone GDP is expected to rise by 0.8 % year on year in the current year, and LBBW is currently forecasting growth of 1.2 % in 2025.

Inflation in Germany is set to remain at around the current level of 2.5 % for the rest of the year. Due to baseline effects, inflation will be slightly lower in fall 2024 before increasing slightly toward the end of the year. The 2.0 % target is only likely to be achievable on a sustained basis from 2025 onward – providing this is not thwarted by wage growth. Eurozone inflation is expected to see similar development. The discrepancy between Germany and the eurozone is set to be less pronounced than in the recent past, when inflation calculated on the basis of the German national CPI and eurozone inflation based on the harmonized consumer price index differed by more than two percentage points.

Economic growth in the US is expected to slow in the second half of 2024, with the sustained high level of interest rates posing a particular burden. The role of fiscal policy remains to be determined. US national debt has reached a new all-time high, which would typically lead to fiscal policy becoming more restrictive; instead, it is expected to remain expansionary. However, this ultimately depends on the outcome of the US presidential election in November, which is set to be the most significant economic policy event in the second half of the year. Although the winner will not take office until the start of next year, the election result will already have an impact in 2024. For many eurozone investors, the return of former President Donald Trump to the White House would mean increased uncertainty concerning the future direction of US economic and trade policy.

Sluggish consumer demand and excessive reliance on the export sector are making the Chinese economy susceptible to setbacks. Chinese exports could suffer as a result of the recent intensification of the trade conflict between China on the one hand and the US and the European Union on the other – including punitive tariffs for imports of Chinese electric vehicles to the EU and the US – as well as the potential for a further escalation in the trade conflict if President Donald Trump succeeds in his bid to be re-elected. At the same time, recent measures to support the Chinese real estate market are yet to have the desired effect. LBBW expects China to record GDP growth of 3.5 % across 2024 as a whole.

Bunds should benefit from the prospect of further interest rate cuts in the eurozone. Yields on 10-year Bunds are expected to fall slightly from their current level, to 2.30 %, as at the end of 2024. By contrast, LBBW expects yields on US Treasuries with matching maturities to increase to 4.50 % as the market expectations for the US Federal Reserve's key interest rates currently appear to be excessively optimistic.

This environment should be positive for equities. The year-end forecast for the DAX is 19,000 points, while the S&P 500 is projected to close the year at 5,700 points. Given the above factors, the euro can be expected to lose ground against the US dollar. The euro will likely be worth USD 1.03 at the end of the year.

LBBW expects residential real estate prices in Germany to stabilize. The July results of Deutsche Bundesbank's Bank Lending Survey for Germany show that the majority of banks expect demand for residential real estate lending to continue to increase in the third quarter. LBBW is anticipating a further upturn in vacancy rates and another drop in prices for office properties in Germany, although the pace of the decline is likely to be slower than in the previous year. LBBW expects residential real estate prices in the US to decrease slightly over the coming quarters, with office prices also set to fall. A sideways movement is forecast for UK house prices, while the downward trend in office prices in London is set to come to an end as the year progresses.

Industry and competitive situation

LBBW Research considers the operating environment for European banks to be challenging on account of persistent economic risks and continued geopolitical uncertainty. This is likely to be broadly detrimental where banks' asset quality is concerned. According to data from the statistical office of the European Union, Eurostat, the number of insolvencies has increased in most sectors in recent times. These two aspects – the macroeconomic environment and credit quality – were also central to the decision by the US rating agency Moody's to revise its outlook for numerous European banking systems from »stable« to »negative« this spring. This also included the German banking system.

With regard to asset quality, there is a particular focus on the fundamentally diverse commercial real estate portfolio. According to the ECB's most recent Financial Stability Review, commercial properties in particular are more susceptible to economic downturns. However, data from the European Banking Authority (EBA) shows that commercial real estate exposures account for no more than around 7 % of the total credit volume at a Europe-wide level. Meanwhile, Moody's states that two-thirds of the exposures have a loan-to-value ratio of less than 60 %, which LBBW Research considers to represent an extremely good buffer.

In addition to concerns about asset quality, which could lead to a slight increase in risk costs, the ECB Financial Stability Review notes that muted growth in lending could serve to weaken banks' earnings capacity. Although the EBA points out that the average return on equity is still at a historically high level, the overall profitability of the sector is expected to decline if the ECB continues to lower interest rates as forecast.

However, the European banking system enjoys a strong equity and liquidity position. LBBW Research agrees with the ECB's assessment of the situation. The buffers for the regulatory capital requirements are still comfortable and the liquidity indicators are well in excess of the minimum requirements. All in all, this means that European banks are fundamentally well positioned even in a challenging environment.

Company forecast

General conditions

As expected, the first half of 2024 was characterized by major geopolitical and economic uncertainties that are set to continue. The current environment is also being shaped by important elections around the world and upcoming interest rate decisions. Meanwhile, the turbulence on the real estate market is not yet to ease notably, with high construction costs, the slump in construction activity and high interest rates continuing to impact the sector. All in all, Germany is expected to see a slight economic recovery in 2024, with growth of 0.3 %. However, the aforementioned factors are making it increasingly difficult to issue precise forecasts.

Outlook for LBBW

The statements in the 2023 annual report regarding the company forecast were based on the planning prepared at the end of 2023, which itself was derived from the conditions outlined above. LBBW's current estimates regarding the development of its key financial performance indicators and other indicators are discussed below.

All in all, LBBW achieved healthy operating business performance in the first half of 2024 even as the environment became more difficult and interest rate momentum slowed. At EUR 731 million, consolidated profit before tax was up on the previous year and higher than forecast. Deposit revenue came under pressure as expected in the first half of the year, whereas allowances for losses on loans and advances remained at a moderate level despite the difficult economic situation. All of the customer segments made a considerable contribution to the Group's profitability, thereby reinforcing LBBW's strategic orientation as a universal bank once again.

LBBW expects the operating environment to remain volatile and challenging in the second half of the year. However, the planned earnings target for 2024 that was set at the end of 2023 is likely to be exceed perceptibly, with a figure in excess of EUR 1 billion being forecast. Alongside the continued strength of its operating performance, LBBW will benefit from lower expenditure for the bank levy and the deposit guarantee system in the 2024 financial year. Thanks to its balanced risk policy, LBBW expects to maintain its risk costs at the forecast level. With earnings developing positively, the return on equity is likely to exceed the budgeted figure measurable. The cost/income ratio should similarly benefit from the development in income while administrative expenses are not significantly higher than expected and end up slightly better than planned.

LBBW expects the common equity Tier 1 capital ratio (fully loaded) to be broadly in line with planning. The regulatory requirements are set to be exceeded considerably in the 2024 forecast period.

Compared to its original planning, LBBW assumes that the operating segments will develop as follows over the rest of the 2024 financial year:

The first half of the year was challenging for the Corporate Customers segment, with a decline in deposit revenue and a tricky economic environment with muted demand for loans. Due to these factors in particular, the segment's profit before tax is expected to be down on the good prior-year figure and slightly lower than forecast. This is also set to be reflected in a lower-than-expected return on equity. However, the cost/income ratio at the end of the year should be broadly in line with expectations.

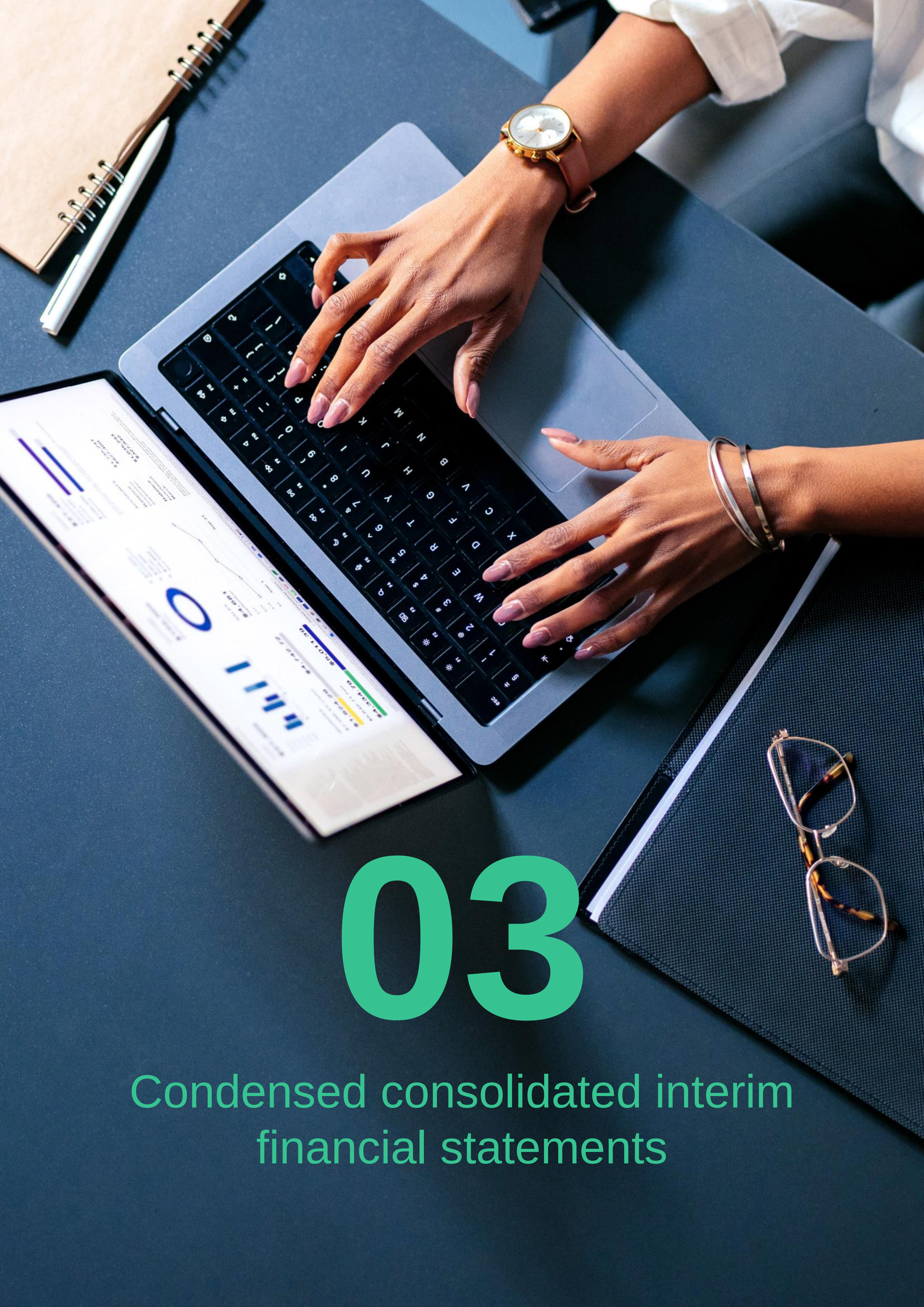
LBBW expects the Real Estate / Project Finance segment to achieve profit before tax well in excess of planning. Although the conditions on the real estate market remain challenging, the segment should be able to maintain its stable operating performance throughout the rest of the year by being selective in terms of transactions and generating further growth in project finance. This earnings performance is likely to have a positive impact on both the cost/income ratio and the return on equity at the end of 2024, with both set to be slightly better than originally forecast.

LBBW expects the Capital Markets Business segment to achieve profit before tax that is moderately in excess of the defined target, thanks in particular to its good positioning as the capital market bank of choice for savings banks, renewed strong certificates business and higher-than-expected income from payment products. With earnings performance set to be even better than forecast in the previous year, the return on equity and the cost/income ratio are likely to develop slightly more positively than originally anticipated.

The Private Customers / Savings Banks segment is expected to moderately exceed expectations for 2024 as a whole. Thanks to good competitive positioning, income from asset management solutions and deposit revenue in particular is set to be higher than expected. This will ensure healthy operating performance even as the pressure on the market for construction loans remains in place. In line with this earnings performance, the return on equity and the cost/income ratio are also likely to be slightly better than planned.

Opportunities and risks

The opportunities and risks for business performance in 2024 described in the company forecast in the 2023 annual report are generally still valid. The current environment continues to be dominated by a number of geopolitical conflicts. At the same time, the outcome of the important elections around the world that are scheduled for this year, especially in the US, could have a pronounced impact on future economic development. Political stability in Europe is also likely to generate uncertainty as 2024 continues. If the central banks delay plans to lower interest rates because inflation risks have not yet been fully eliminated, this could curb investment activity on the part of companies and private customers for some time to come. As an economic location, Germany is suffering considerably from the unstable geopolitical and economic environment and additional factors such as the skills shortage, bureaucracy and companies choosing to relocate overseas. As the year continues, however, the risks outlined above could also be accompanied by earnings opportunities due to increased market volatility in response to unforeseeable events, leading to increased hedging requirements on the part of customers. In addition to posing challenges, generative AI and digitalization offer huge opportunities in terms of process efficiency and offsetting the risks arising from demographic change. If developments in these areas progress more quickly than expected, this could have a direct positive impact on LBBW’s cost and income situation.



03

Condensed consolidated interim financial statements

Condensed consolidated interim financial statements

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Income statement

for the period 1 January to 30 June 2024

EUR million	Notes	01/01–30/06/2024	01/01–30/06/2023
Net interest income	7	1,295	1,417
Interest income and current income from equity instruments		22,961	20,234
of which interest income from financial assets measured at amortized cost		5,567	4,436
of which interest income from financial assets measured at fair value through other comprehensive income		386	296
Interest expenses and current expenses from equity instruments		-21,665	-18,818
of which interest expenses from financial liabilities measured at amortized cost		-4,949	-3,741
Net fee and commission income	8	320	305
Fee and commission income		421	397
Fee and commission expenses		-100	-92
Net gains/losses on remeasurement and disposal	9	248	81
of which allowances for losses on loans and securities		-118	-86
Other operating income/expenses	10	71	120
Administrative expenses	11	-1,148	-1,043
Expenses for bank levy and deposit guarantee system	12	-52	-188
Net income / expenses from restructuring	13	-3	-0
Consolidated profit/loss before tax		*731*	*691*
Income taxes	14	-222	-203
Net consolidated profit/loss		*509*	*488*
of which attributable to shareholders after tax		508	488

Statement of comprehensive income

for the period 1 January to 30 June 2024

EUR million	Notes	01/01–30/06/2024	01/01–30/06/2023
Net consolidated profit/loss		*509*	*488*
Items that will not be transferred subsequently to the income statement			
Retained earnings	36	12	-5
Actuarial gains/losses before tax		17	-7
Income taxes	14, 33	-5	2
Measurement gains/losses from own credit rating	36	-16	10
Measurement gains/losses from own credit rating before tax		-23	15
Income taxes	14, 33	7	-4
Measurement gains/losses from equity instruments (financial assets measured at fair value through other comprehensive income)	36	-3	-10
Measurement gains/losses before tax		-3	-10
Measurement gains/losses from investments accounted for using the equity method (financial assets measured at fair value through other comprehensive income)	36	2	1
Measurement gains/losses before tax		2	1
Items that will be transferred subsequently to the income statement when specific conditions are met			
Measurement gains/losses from debt instruments (financial assets measured at fair value through other comprehensive income)	36	69	4
Measurement gains/losses before tax		85	3
Change in allowances for losses on loans and securities		1	-2
Transferred to income statement		11	-4
Income taxes	14, 33	-28	6
Currency translation differences	36	2	-2
Changes before tax		2	-2
Net consolidated profit/loss in equity		*64*	*-1*
Net consolidated total comprehensive income		*573*	*487*
of which attributable to shareholders after tax		573	486

Statement of financial position

as at 30 June 2024

Assets

EUR million	Notes	30/06/2024	31/12/2023
Cash and cash equivalents	16	12,073	12,026
Financial assets measured at amortized cost	17	263,099	238,565
Loans and advances to banks		101,829	82,241
Loans and advances to customers		157,264	152,883
Debentures and other fixed-income securities		4,005	3,441
Financial assets measured at fair value through other comprehensive income	18	36,336	37,015
Financial assets designated at fair value	21	966	856
Financial assets mandatorily measured at fair value through profit or loss	22	41,171	36,317
Shares in investments accounted for using the equity method	6	196	203
Portfolio hedge adjustment attributable to assets		-375	-237
Non-current assets and disposal groups held for sale	29	0	2
Intangible assets	30	210	211
Investment property	31	787	781
Property and equipment	32	855	836
Current income tax assets	33	131	63
Deferred income tax assets	33	963	1,023
Other assets	34	4,030	5,646
Total assets		*360,442*	*333,305*

Equity and liabilities

EUR million	Notes	30/06/2024	31/12/2023
Financial liabilities measured at amortized cost	23	316,241	287,371
Deposits from banks		76,607	73,138
Deposits from customers		139,268	127,361
Securitized liabilities		95,898	82,264
Subordinated capital		4,468	4,608
Financial liabilities designated at fair value	24	3,161	3,229
Financial liabilities mandatorily measured at fair value through profit or loss	25	22,449	23,758
Portfolio hedge adjustment attributable to liabilities		-1,994	-1,892
Provisions	35	1,805	1,881
Current income tax liabilities	33	134	95
Deferred income tax liabilities	33	26	23
Other liabilities	34	2,421	2,773
Equity	*36*	*16,199*	*16,067*
Share capital		3,484	3,484
Capital reserve		8,240	8,240
Retained earnings		3,422	2,854
Other comprehensive income		-223	-276
Net consolidated profit/loss		508	999
Shareholders' equity		*15,432*	*15,302*
Additional equity components		745	745
Equity attributable to non-controlling interests		22	21
Total equity and liabilities		*360,442*	*333,305*

Statement of changes in equity

for the period 1 January to 30 June 2024

EUR million	Share capital	Capital reserve	Retained earnings[1]	Valuation reserve for equity instruments	Valuation reserve for debt instruments	Measurement gains/losses from investments accounted for using the equity method	Measurement gains/losses from own credit rating	Currency translation reserve	Net consolidated profit/loss	Shareholders' equity	Additional equity components	Equity attributable to non-controlling interests	Total
Equity as at 1 January 2023	*3,484*	*8,240*	*1,665*	*-36*	*-280*	*0*	*40*	*38*	*1,517*	*14,669*	*745*	*28*	*15,442*
Allocation to retained earnings	0	0	1,517	0	0	0	0	0	-1,517	0	0	0	0
Distribution to shareholders	0	0	-240	0	0	0	0	0	0	-240	0	-0	-240
Net consolidated profit/loss in equity	0	0	-5	-10	4	1	10	-2	0	-1	0	0	-1
Net consolidated profit/loss	0	0	0	0	0	0	0	0	488	488	0	0	488
Net consolidated total comprehensive income	0	0	-5	-10	4	1	10	-2	488	486	0	0	487
Servicing of additional equity components	0	0	-30	0	0	0	0	0	0	-30	0	0	-30
Other changes in equity	0	0	-1	0	0	0	0	0	0	-1	0	1	0
Equity as at 30 June 2023	*3,484*	*8,240*	*2,906*	*-46*	*-275*	*1*	*51*	*36*	*488*	*14,884*	*745*	*30*	*15,658*
Net consolidated profit/loss in equity	0	0	-52	5	-36	0	5	-16	0	-94	0	0	-94
Net consolidated profit/loss	0	0	0	0	0	0	0	0	511	511	0	-3	508
Net consolidated total comprehensive income	0	0	-52	5	-36	0	5	-16	511	417	0	-3	414
Equity as at 31 December 2023	*3,484*	*8,240*	*2,854*	*-41*	*-311*	*1*	*56*	*20*	*999*	*15,302*	*745*	*21*	*16,067*
Equity as at 1 January 2024	*3,484*	*8,240*	*2,854*	*-41*	*-311*	*1*	*56*	*20*	*999*	*15,302*	*745*	*21*	*16,067*
Allocation to retained earnings	0	0	999	0	0	0	0	0	-999	0	0	0	0
Distribution to shareholders	0	0	-400	0	0	0	0	0	0	-400	0	-0	-400
Net consolidated profit/loss in equity	0	0	12	-3	69	2	-16	2	0	64	0	0	64
Net consolidated profit/loss	0	0	0	0	0	0	0	0	508	508	0	0	509
Net consolidated total comprehensive income	0	0	12	-3	69	2	-16	2	508	573	0	0	573
Servicing of additional equity components	0	0	-30	0	0	0	0	0	0	-30	0	0	-30
Other changes in equity	0	0	-13	0	0	0	0	0	0	-13	0	1	-12
Equity as at 30 June 2024	*3,484*	*8,240*	*3,422*	*-45*	*-243*	*3*	*40*	*22*	*508*	*15,432*	*745*	*22*	*16,199*

1 Profit and loss carryforwards from prior periods are also reported in retained earnings.

Condensed cash flow statement

for the period 1 January to 30 June 2024

EUR million	Notes	01/01–30/06/2024	01/01–30/06/2023
Cash and cash equivalents at the beginning of the period	*16*	*12,026*	*10,569*
Cash flow from operating activities		950	7,045
Cash flow from investing activities		-80	3
Cash flow from financing activities		-551	-616
Changes to cash and cash equivalents owing to exchange rates, basis of consolidation and measurement		-270	213
Cash and cash equivalents at the end of the period	*16*	*12,073*	*17,215*

In addition to the cash change in equity (dividends paid, issuing and servicing additional equity components), cash flow from financing activities includes the cash flows from the silent partners’ contributions and additional subordinated capital. In the period under review, the volume of subordinated capital held decreased by EUR -140 million compared to the previous year. In addition to the cash reduction of EUR -121 million, the change results from remeasurement effects of EUR -14 million and changes in deferred interest of EUR -22 million. Furthermore, changes in exchange rates of EUR 16 million affected the amount of subordinated capital.

Selected notes to the consolidated interim financial statements

for the first half of the 2024 financial year

A. Principles and material changes

1. Basis of accounting

Landesbank Baden-Württemberg (LBBW (Bank)), as the parent company of the Group (LBBW), is a public law institution (rechtsfähige Anstalt des öffentlichen Rechts) with four registered offices in Germany: in Stuttgart (Am Hauptbahnhof 2, 70173 Stuttgart), Karlsruhe (Ludwig-Erhard-Allee 4, 76131 Karlsruhe), Mannheim (Augustaanlage 33, 68165 Mannheim) and Mainz (Rheinallee 86, 55120 Mainz). The commercial register numbers at the responsible district court in Germany are as follows: district court of Stuttgart HRA 12704, district court of Mannheim HRA 104440 (for Karlsruhe) and HRA 4356 (for Mannheim) and district court of Mainz HRA 40687.

The LBBW Group operates locally in its regional core markets of Baden-Württemberg, Rhineland-Palatinate and Saxony and selectively takes advantage of growth opportunities in selected economic areas.

LBBW offers the full range of products and services throughout Germany that a medium-sized universal bank provides. In the state capital Stuttgart, BW-Bank fulfills the role of a savings bank as LBBW's customer bank. LBBW also assists its corporate customers and those of the savings banks in their international operations. Subsidiaries specializing in specific areas of business, such as leases, factoring, asset management, real estate development/financing or equity finance, diversify and supplement LBBW's portfolio of services within the Group.

The condensed interim consolidated financial statements of LBBW as at 30 June 2024 were prepared in accordance with Section 115 of the Wertpapierhandelsgesetz (WpHG – German Securities Trading Act) in conjunction with Section 117 no. 2 WpHG in accordance with the International Financial Reporting Standards (IFRS) as adopted in the European Union. The standards and interpretations published at the time of preparation of the financial statements, adopted by the European Union and relevant and binding for the Group, are authoritative. In particular, the requirements set out in IAS 34 Interim Financial Reporting were taken into account.

2. Accounting principles

The reporting period for the consolidated interim financial statements covers the period from 1 January to 30 June 2024. The consolidated interim financial statements as at 30 June 2024 do not contain all the information and disclosures required of the consolidated financial statements and should therefore be read in conjunction with the consolidated financial statements as at 31 December 2023. Unless explicitly stated, the interim financial statements use the same accounting policies as the 2023 consolidated financial statements. In addition, for information on major changes, please refer to the commentary in the report on the results of operations, net assets and financial position in the interim Group management report.

The consolidated interim financial statements are based on the going concern principle.

In accordance with IFRS 10.19 and IAS 28.35, financial statements at LBBW are prepared using uniform accounting policies across the Group. These were applied consistently to the reporting periods shown, unless stated otherwise. The financial statements of the consolidated companies or investments accounted for using the equity method are prepared as at the date of the consolidated interim financial statements of LBBW.

The functional currency and the reporting currency of LBBW is the euro (EUR). The amounts in these consolidated interim financial statements are generally rounded to EUR millions in accordance with commercial principles. This may result in marginal aggregation differences, though these do not have any adverse effect on the quality of reporting.

The reporting year is the calendar year.

3. Changes and estimates

The section below provides an explanation of IFRS relevant to LBBW that are to be applied for the first time in the financial year or that are to be applied in the future.

IFRS applied for the first time

The following IFRS were applied for the first time in the 2024 financial year:

- Amendments to IAS 1: Classification of Liabilities as Current or Non-Current
  The amendment has no material effect on the LBBW consolidated interim financial statements.
- Amendments to IAS 1: Classification of Liabilities as Current or Non-Current – Deferral of Effective Date
  The amendment has no material effect on the LBBW consolidated interim financial statements.
- Amendments to IAS 1: Non-current Liabilities with Covenants
  The amendment has no material effect on the LBBW consolidated interim financial statements.
- Amendments to IAS 7 and IFRS 7: Supplier Finance Arrangements
  The amendment has no material effect on LBBW's consolidated interim financial statements; see descriptions below.
- Amendments to IFRS 16: Lease Liability in a Sale and Leaseback
  The amendment has no material effect on LBBW's consolidated interim financial statements; see descriptions below.

Amendments to IAS 7 and IFRS 7: Supplier Finance Arrangements

Supplier finance arrangements, also known as reverse factoring, are arrangements in which trade payables in respect of suppliers are combined through the purchase of receivables by third parties. This means that suppliers are paid early, while the debtor bundles its obligations with a single creditor.

The amendment addresses the accounting consequences of such transactions from the debtor's perspective. The amendment is not relevant for LBBW, as it only participates in reverse factoring transactions as the buyer.

Amendments to IFRS 16: Lease Liability in a Sale and Leaseback

The amendments expand the standard to include guidance on the subsequent measurement of the lease liability arising in a sale and leaseback transaction.

The amendment addresses the accounting treatment of lease liabilities arising in sale and leaseback transactions and states that the seller-lessee must subsequently measure the lease liability in a way that it does not recognize any amount of the gain or loss that relates to the right of use it retains.

As there are no applicable use cases under sale and leaseback transactions, the amendment has no effect on LBBW.

IFRS to be applied in the future

The following IFRS are not yet effective, no or only immaterial effects are expected and LBBW does not intend to apply them early on a voluntary basis:

Title of IFRS	First-time adoption expected in	Endorsement (yes/no)	IFRS subject matter
Amendments to IAS 21: Lack of Exchangeability	2025 financial year	No	The amendment defines when a currency is considered to be »not exchangeable« and how items can be measured at the reporting date in the absence of exchange rates on active markets. It also introduces disclosure requirements concerning the exchange rates used and, where applicable, their derivation.
Annual Improvements Volume 11	2026 financial year	No	Various predominantly editorial amendments and clarifications to various IFRSs
Amendments to IFRS 9 and IFRS 7: Amendments to the Classification and Measurement of Financial Instruments	2026 financial year	No	The amendments relate to the settlement of financial liabilities via (electronic) payment systems and the assessment of the SPPI criterion for financial assets, including those linked to ESG factors.
IFRS 18 Presentation and Disclosure in Financial Statements	2027 financial year	No	This standard replaces the previous IAS 1 and sets out requirements for the presentation and disclosure of information in the statement of financial position and the income statement.
IFRS 19 Subsidiaries without Public Accountability: Disclosures	2027 financial year	No	This standard enables subsidiaries without public accountability that are included in the IFRS consolidated financial statements of the parent to apply IFRS accounting standards in their own financial statements with reduced disclosure requirements in the notes.

Adjustments

As a result of technical improvements, some disclosures in the notes were determined in greater detail or re-determined in the financial year, in particular in Note 27 and 28. The relevant prior-year figures were restated accordingly to improve clarity and transparency. This only affects disclosures in the notes and has no impact on figures in the statement of financial position or earnings in the income statement.

4. Events after the reporting period

There were no events after the end of the reporting period.

B. Group of companies

5. Basis of consolidation

In addition to LBBW (Bank) as the parent company, 85 subsidiaries (31 December 2023: 86 subsidiaries), including four structured entities (unchanged from the previous year), were included in the consolidated financial statements.

The consolidated subsidiary LBBW Immobilien Romania S.R.L. was deleted from the commercial register effective 27 March 2024.

Five joint ventures and five associates (unchanged from the previous year) were accounted for using the equity method in the consolidated financial statements.

Some 40 subsidiaries in total (31 December 2023: 40 subsidiaries) were not included in the consolidated financial statements because their individual and aggregate influence on the net assets, financial position and results of operations of the LBBW Group is not significant. These are predominantly property and shelf companies.

6. Shares in investments accounted for using the equity method

Investments in associates, joint ventures and subsidiaries that are not incorporated in the consolidated financial statements on account of their immaterial importance are reported in financial assets mandatorily measured at fair value through profit or loss.

EUR million	30/06/2024	31/12/2023
Associates	196	203
Total	*196*	*203*

C. Segment reporting

LBBW's segment reporting for the first half of 2024 has been prepared in accordance with the provisions of IFRS 8. Under the management approach, segment reporting is therefore based on internal management reporting to the Group's Board of Managing Directors, which, in its function as the chief operating decision-maker, regularly makes decisions on the allocation of resources and the assessment of the performance of the segments on this basis.

Segment definition

The segments presented below are based on the organizational structures, taking into account customer and product responsibilities. Subsidiaries and equity investments are assigned to the individual segments according to their business orientation.

There have been no changes to LBBW's segment structure since 2023. The description of the individual segments can be found in the 2023 Annual Report.

Measurement methods

Segment information is based on LBBW's internal control data, which combines external financial reporting methods and economic measurement methods. The resulting differences in measurement and reporting compared to the IFRS Group figures are presented in the reconciliation statement.

LBBW's income and expenses are allocated to the individual segments in which they arise, meaning there is no significant income resulting from transactions between the segments.

Net interest income is calculated at segment level using the market interest method. Interest income and expense are netted and shown as net interest income. This also includes the capital benefit, i.e. investment income from restricted equity.

Besides direct personnel and material expenses, the administrative expenses of a segment also include expenses assigned on the basis of intragroup cost allocation.

The assets on the statement of financial position are reported as segment assets. They are allocated to the segments on the basis of internal management reporting.

The average restricted capital in the segments is calculated on the basis of calculated risk-weighted assets and an imputed Tier 1 capital backing ratio. A segment's return on equity is calculated as the ratio of (annualized) consolidated profit/loss before tax to the average restricted equity in the reporting period.[1]

1 For definition of return on equity (RoE) Group and definition of cost/income ratio (CIR), see report on the results of operations, net assets and financial position.

Segment results

01/01–30/06/2024 EUR million	Corporate Customers	Real Estate / Project Finance	Capital Markets Business	Private Customers / Savings Banks	Corporate Items / Reconciliation / Consolidation	LBBW Group
Net interest income	552	478	12	237	16	1,295
Net fee and commission income	110	4	64	142	1	320
Net gains/losses on remeasurement and disposal	-11	-102	348	-6	18	248
of which allowances for losses on loans and securities	-10	-106	1	-7	4	-118
Other operating income/expenses	11	47	13	-1	1	71
Total operating income/expenses	*662*	*426*	*438*	*373*	*35*	*1,934*
Administrative expenses	-346	-230	-279	-262	-30	-1,148
Expenses for bank levy and deposit guarantee system	-9	-4	-14	-6	-20	-52
Net income / expenses from restructuring	0	-2	-0	0	0	-3
Consolidated profit/loss before tax	*307*	*190*	*144*	*105*	*-14*	*731*
Income taxes						-222
Net consolidated profit/loss						*509*
Assets (EUR billion)	71.4	70.0	181.3	42.6	-4.8	360.4
Risk-weighted assets[1] (EUR billion)	38.0	26.2	17.5	8.6	3.8	94.1
Tied-up equity[1] (EUR billion)	5.0	3.4	2.3	1.1	3.9	15.7
Return on equity (RoE) (in %)	12.3	11.1	12.7	18.5		9.3
Cost/income ratio (CIR) (in %)	52.8	44.4	67.2	70.6		58.6

1 In accordance with CRR II / CRD V.

01/01–30/06/2023 EUR million	Corporate Customers[2]	Real Estate / Project Finance[2]	Capital Markets Business[2]	Private Customers / Savings Banks[2]	Corporate Items / Reconciliation / Consolidation[2]	LBBW Group
Net interest income	580	412	210	266	-52	1,417
Net fee and commission income	113	5	60	134	-7	305
Net gains/losses on remeasurement and disposal	52	-124	161	4	-13	81
of which allowances for losses on loans and securities	5	-109	16	2	-0	-86
Other operating income/expenses	13	49	4	-0	54	120
Total operating income/expenses	*758*	*342*	*437*	*404*	*-17*	*1,923*
Administrative expenses	-315	-196	-260	-251	-21	-1,043
Expenses for bank levy and deposit guarantee system	-32	-30	-42	-3	-81	-188
Consolidated profit/loss before tax	*412*	*115*	*134*	*149*	*-120*	*691*
Income taxes						-203
Net consolidated profit/loss						*488*
Assets (EUR billion)	70.2	69.8	181.1	43.0	0.3	364.4
Risk-weighted assets[1] (EUR billion)	37.5	26.1	17.8	8.5	3.9	93.8
Tied-up equity[1] (EUR billion)	4.9	3.4	2.3	1.1	3.4	15.2
Return on equity (RoE) (in %)	16.8	6.7	11.8	26.2		9.1
Cost/income ratio (CIR) (in %)	46.0	50.3	71.8	63.4		61.3

1 In accordance with CRR II / CRD V.
2 Restatement of prior-year amounts due to methodology changes that resulted in more detailed segment allocation.

Corporate Items, Reconciliation and Consolidation

EUR million	Corporate Items		Reconciliation/Consolidation		Corporate Items / Reconciliation / Consolidation	
	01/01–30/06/2024	01/01–30/06/2023[2]	01/01–30/06/2024	01/01–30/06/2023[2]	01/01–30/06/2024	01/01–30/06/2023[2]
Net interest income	17	18	-1	-69	16	-52
Net fee and commission income	0	-2	0	-5	1	-7
Net gains/losses on remeasurement and disposal	10	-20	8	7	18	-13
of which allowances for losses on loans and securities	4	-0	-0	0	4	-0
Other operating income/expenses	1	54	0	0	1	54
Total operating income/expenses	*28*	*50*	*8*	*-68*	*35*	*-17*
Administrative expenses	-30	-21	0	-0	-30	-21
Expenses for bank levy and deposit guarantee system	-20	-81	0	0	-20	-81
Consolidated profit/loss before tax	*-22*	*-52*	*8*	*-68*	*-14*	*-120*
Assets (EUR billion)	1.9	8.5	-6.6	-8.2	-4.8	0.3
Risk-weighted assets[1] (EUR billion)	4.5	4.5	-0.8	-0.6	3.8	3.9
Tied-up equity[1] (EUR billion)	4.0	3.5	-0.1	-0.1	3.9	3.4

1 In accordance with CRR II / CRD V.
2 Restatement of prior-year amounts due to methodology changes that resulted in more detailed segment allocation.

Reconciliation of segment results to the consolidated income statement

In the first half of 2024, the total of »Reconciliation/Consolidation« in consolidated profit/loss before tax was EUR 8 million (previous year: EUR -68 million) and was essentially due to the following factors:

- In internal management reporting, net interest income is calculated on the basis of the market interest method. Differences compared to the income statement therefore result from prior-period net interest income and measurements specific to IFRS not included in internal management reporting.
- Consolidation adjustments are also included in order to adequately present internal reporting.

D. Income statement

7. Net interest income

EUR million	01/01–30/06/2024	01/01–30/06/2023
Interest income and current income from equity instruments	*22,961*	*20,234*
Interest income	22,951	20,210
Trading derivatives	11,388	10,900
Lending and money market transactions	5,996	4,809
Hedging derivatives	3,999	3,063
Fixed-income securities and debentures	517	364
Early termination fees[1]	10	1
Leasing business	181	132
Other	858	935
Positive interest expenses from financial liabilities	3	6
Current income from equity instruments	10	25
Equities and other non-fixed-income securities	9	22
Equity investments and affiliates	1	3
Interest expenses and current expenses from equity instruments	*-21,665*	*-18,818*
Interest expenses	-21,666	-18,818
Trading derivatives	-11,602	-10,755
Hedging derivatives	-3,822	-2,954
Deposits	-3,460	-2,737
Securitized liabilities	-1,470	-1,054
Leasing business	-17	-12
Lease liabilities	-1	-1
Subordinated capital	-90	-93
Other	-1,200	-1,193
Negative interest income from financial assets	-3	-18
Total	*1,295*	*1,417*

1 The offsetting effect from refinancing costs is included in interest expenses.

Net interest income includes net interest expense/income from pension obligations and interest expenses from unwinding the discount on non-current provisions and other liabilities recognized at present value.

Other interest income/expenses include amortization on purchase price allocations of EUR 272 million (previous year: EUR 313 million) / EUR -294 million (previous year: EUR -323 million).

8. Net fee and commission income

EUR million	01/01–30/06/2024	01/01–30/06/2023
Fee and commission income	*421*	*397*
Securities and custody business	185	174
Payments business	69	68
Brokerage business	21	24
Loans and guarantees	81	79
Lending business fee and commission income	40	40
Fee and commission income from financial guarantees	8	8
Fee and commission income from guarantee business	33	30
Fee and commission income from factoring business	9	9
Fee and commission income from asset management	46	40
Other	10	3
Fee and commission expenses	*-100*	*-92*
Securities and custody business	-55	-51
Payments business	-13	-13
Loans and guarantees	-22	-21
Lending business fee and commission expense	-6	-5
Fee and commission expense from guarantee business	-16	-16
Brokerage business	-2	-3
Leasing business	-1	-1
Other	-7	-2
Total	*320*	*305*

Income from payment transactions, securities and custody business are recognized on a pro rata basis over the performance period. The transaction price is determined on the basis of the agreed payment and is recognized in the amount at which no reimbursement is anticipated. These services include providing credit and debit cards and services as part of portfolio management and custodian business. Fees within the context of credit transactions and the guarantee business are recognized on a pro rata basis over the performance period. Services are billed either during the year or at the end of the year depending on the type of service provided.

Net fee and commission income resulted mainly from financial assets and financial assets measured at fair value through profit or loss.

9. Net gains/losses on remeasurement and disposal

EUR million	01/01–30/06/2024	01/01–30/06/2023
Net income/expenses from investments accounted for using the equity method	-4	0
Net gains/losses from financial assets measured at amortized cost	-117	-88
Net gains/losses from financial instruments measured at fair value through other comprehensive income	-11	5
Net gains/losses from financial instruments measured at fair value through profit or loss	380	163
Total	*248*	*81*

Net income/expenses from investments accounted for using the equity method

EUR million	01/01–30/06/2024	01/01–30/06/2023
Net gains/losses on measurement	*-4*	*0*
Net gains/losses from investments in associates	-4	0
Current expenses	-3	0
Current income	10	7
Impairment	-11	-7
Total	*-4*	*0*

Net gains/losses from financial assets measured at amortized cost

EUR million	01/01–30/06/2024	01/01–30/06/2023
Net gains/losses on remeasurement (allowances for losses on loans and securities)	*-117*	*-88*
Reversal of / disposals from allowances for losses on loans and securities	198	176
Net gains/losses from provisions for lending business	18	34
Recoveries on loans and securities previously written off	3	5
Direct loan write-offs	-1	-1
Gains/losses from financial assets that were already impaired when purchased or originated	1	31
Additions to allowances for losses on loans and securities	-332	-330
Other expenses for the lending business	-3	-3
Total	*-117*	*-88*

For more details on changes in allowances for losses on loans and securities, see Notes 17 and 19.

Net gains/losses from financial instruments measured at fair value through other comprehensive income

EUR million	01/01–30/06/2024	01/01–30/06/2023
Net gains/losses on remeasurement (allowances for losses on loans and securities)	*-1*	*2*
Reversal of / disposals (from allowances for losses on loans and securities)	1	4
Additions to allowances (for losses on loans and securities)	-2	-2
Realized gains/losses	*-11*	*4*
Net gains/losses on disposal	-11	4
Total	*-11*	*5*

Net gains/losses from financial instruments measured at fair value through profit or loss

EUR million	01/01–30/06/2024	01/01–30/06/2023
Net gains/losses from hedging transactions	*-8*	*15*
Portfolio fair value hedge	-11	6
of which hedged items	-187	55
of which hedging instruments	176	-49
Micro fair value hedge	3	8
of which hedged items	-46	-24
of which hedging instruments	49	32
Group fair value hedge	-0	-0
of which hedged items	0	50
of which hedging instruments	-0	-50
Net trading gains/losses	*331*	*151*
Lending business	9	-4
Equity transactions	99	258
Foreign exchange transactions	17	73
Economic hedging derivatives	78	95
Interest rate transactions	127	-269
Gains/losses from foreign exchange / commodity products	2	-3
Net gains/losses from financial instruments designated at fair value	*32*	*-47*
Realized gains/losses	-1	31
Unrealized gains/losses	32	-78
Net gains/losses from financial instruments measured at fair value through profit or loss not classified as held for trading and financial investments in equity instruments	*25*	*45*
Net gains/losses from bills	6	3
Net gains/losses from credits and loans	7	-11
Net gains/losses from equity investments	-2	1
Net gains/losses from investments in affiliates	0	1
Net gains/losses from shares and other equity instruments	14	51
Total	*380*	*163*

Interest income and interest expenses in connection with trading transactions are reported in net interest income.

In net gains/losses from hedging transactions, micro and portfolio fair value hedges are used only to avoid income statement volatility from interest rate risks. Group fair value hedges are intended to avoid income statement volatility from basis risks for foreign currency transactions.

Within net trading gains/losses, the main shifts between trading transactions in the context of economic hedges are between issues and (interest rate) derivatives.

Economic hedges also result in shifts between net gains/losses from financial instruments measured at fair value through profit or loss and net interest income.

10. Other operating income/expenses

EUR million	01/01–30/06/2024	01/01–30/06/2023
Other operating income	*134*	*190*
Disposal of inventories	34	24
Reversal of other provisions	11	16
Revenue from property services	8	9
Income from cost refunds by third parties	12	12
Operating leases	13	8
Property and equipment and intangible assets	0	5
Lease income from investment property	27	26
Net income from the fair value measurement of investment property	0	3
Foreign currency translation on investment property	3	0
Miscellaneous operating income	26	87
Other operating expenses	*-63*	*-70*
Disposal of inventories	-18	-14
Addition to other provisions	-1	-3
Operating leases	-5	-6
Operating expenses for leased properties	-5	-7
Net losses from the fair value measurement of investment property	-1	-1
Foreign currency translation on investment property	0	-5
Miscellaneous operating expenses	-33	-33
Total	*71*	*120*

The sub-item income and expenses from the disposal of inventories includes revenues from girder fabrication, revenues from real estate business, revenues from the sale of new properties, revenues from construction services, revenues from development measures and revenues from the sale of undeveloped land in accordance with IFRS 15. Sale proceeds from projects completed in the reporting period contributed to earnings.

Miscellaneous operating income and miscellaneous operating expenses primarily consist of income and expenses not relating to banking operations.

11. Administrative expenses

EUR million	01/01–30/06/2024	01/01–30/06/2023
Staff costs	*-604*	*-556*
Wages and salaries	-437	-395
Expenses for pensions and benefits	-45	-44
Social security contributions	-74	-69
Other staff costs	-48	-49
Other administrative expenses	*-482*	*-422*
IT costs	-249	-222
Legal and consulting expenses	-69	-54
Expenses from leases	-2	-2
Cost of premises	-55	-47
Association and other contributions	-28	-25
Advertising, public relations and representation costs	-19	-15
Audit costs	-6	-5
Miscellaneous administrative expenses	-53	-53
Depreciation, amortization and write-downs[1]	*-61*	*-65*
Amortization and write-downs of intangible assets	-26	-27
Depreciation and write-downs of property and equipment	-17	-20
Depreciation and write-downs on right-of-use assets	-18	-19
Total	*-1,148*	*-1,043*

1 This includes scheduled and unscheduled write-downs.

12. Expenses for bank levy and deposit guarantee system

EUR million	01/01–30/06/2024	01/01–30/06/2023
Expenses for bank levy	0	-112
Expenses for deposit guarantee system	-52	-77
Total	*-52*	*-188*

The bank levy decreased by EUR 112 million year on year, to EUR 0 million. In 2024, the Single Resolution Board decided that the build-up phase of the Single Resolution Fund had been completed at the end of 2023. Even after the build-up phase, the target size of the Fund is set at 1 % of the covered deposits of all authorized banks in all participating Member States, meaning that contributions to the Fund will be required in the event of an increase in the volume of covered deposits.

At the same time, contributions to the deposit guarantee system declined significantly, by EUR 24 million year on year, to EUR -52 million. The preliminary target volume for this scheme was also reached in 2024.

13. Net income / expenses from restructuring

EUR million	01/01–30/06/2024	01/01–30/06/2023
Additions to restructuring provisions	-2	-0
Total	*-3*	*-0*

14. Income taxes

EUR million	01/01–30/06/2024	01/01–30/06/2023
Income taxes from previous years	2	-0
Income taxes from the reporting period	-188	-188
Deferred income taxes	-36	-15
Total	*-222*	*-203*

The notional effective tax rate for the Group was 30 % in the reporting period (previous year: 29 %).

E. Financial instruments

Accounting policies

15. Determining fair value

General information

Fair value is the price at which an asset could be bought and sold at the measurement date in an orderly transaction between market participants.

When determining the fair value, a company specifies the preferred (i.e. the principal) market for the asset or liability or, in the absence thereof, the most advantageous market. LBBW defines the principal market as the market with the highest trading volume and highest level of market activity for the cash-generating unit. This is not necessarily the market on which LBBW’s trading activity is the highest. LBBW sees the most advantageous market as that market on which – taking transaction and transport costs into account – the maximum proceeds can be achieved or the lowest amount must be paid when transferring a liability.

When calculating fair values, LBBW uses prices (if available) from the principal market, provided these represent prices used within the scope of regular and current transactions. These are reviewed on the basis of the following criteria: timely availability, amount, executability and bid-offer spreads.

If prices quoted in active markets are not available, measurement methods, prices for similar assets or liabilities on active markets, prices for identical or similar assets or liabilities on non-active markets are used. Input parameters used for measurement methods are based on inputs observable on the markets if available. The application of these models and the use of these parameters requires assumptions and assessments on the part of the management, the extent of which depends on price transparency with regard to the financial instrument and its market and the complexity of the instrument. A significant amount of subjective assessment is necessary, particularly if there are no inputs observable on the markets.

The aim of applying the measurement methods is to determine the price at which a transaction for a financial asset or liability could take place between knowledgeable third parties at the end of the reporting period. Measurement methods therefore have to include all factors which market participants would take into account when determining prices.

The measurements of holdings measured at fair value are subject to the LBBW Group’s internal controls and processes that set out the standards for the independent review or validation of fair values. These controls and procedures are monitored by the Independent Valuation organizational unit within Risk Controlling. The models, the data used in them and the resulting fair values are regularly reviewed by the Risk Methods Markets organizational unit.

The following table contains an overview of the measurement models used for financial instruments:

Financial instruments	Measurement models	Material inputs
Interest rate swaps and options	Net present value method, Black-Scholes, replication and Copula-based models, Markov functional model and Libor market models	Yield curves, swaption volatility, cap volatility, correlations, mean reversion
Forward rate agreements	Net present value method	Yield curves
Forward commodity agreements, currency forwards	Net present value method	Commodity rates / exchange rates, yield curves
Stock/index/dividend options, equity/index/dividend futures	Black-Scholes, local volatility model, present value method	Equity prices, share volatility, dividends, interest rates (swap, repo)
Currency options	Garman-Kohlhagen (modified Black-Scholes)	FX rates, yield curves, FX volatility
Commodity options	Garman-Kohlhagen (modified Black-Scholes)	Commodity rates, yield curves, commodity volatility
Credit derivatives	Intensity model	Credit spreads, yield curves
Money market transactions	Net present value method	Credit spreads, yield curves
Securities repurchase transactions	Net present value method	Yield curves
Schuldschein loans, loans	Net present value method	Credit spreads, yield curves
Securities, forward security transactions	Net present value method	Securities prices, credit spreads, yield curves
Own bearer notes and Schuldschein loans issued	Net present value method	Yield curves, own credit spread
Investments and shares in affiliates	Net asset value method, discounted cash flow method, income value method	Capitalization rate, projected figures
Securitized transactions	Net present value method	Liquidity spreads, yield curves, prepayments, arrears and default rates, loss severity

The valuation and the use of material parameters for non-current assets and disposal groups held for sale and liabilities from disposal groups is performed in line with the original statement of financial position items.

The following table shows how financial instruments are assigned to product classes:

Product class	Financial instruments
Financial assets measured at fair value	
Derivatives	Currency options, currency forwards, interest rate swaps and interest rate options, interest forwards, credit derivatives, equity/index options, equity index / dividend futures, commodity options, forward commodity agreements, interest rate swaps
Equity instruments	Investment units, equities, equity investments, shares in affiliates
Debentures and other fixed-income securities	Securities, money market transactions, bonds and debentures
Receivables	Schuldschein loans, money market transactions, loans, forwards, securities repurchase transactions
Financial assets measured at amortized cost	
Cash and cash equivalents	Cash, balances with central banks
Debentures and other fixed-income securities	Securities, money market transactions, bonds and debentures
Receivables	Schuldschein loans, money market transactions, loans, forwards, securities repurchase transactions
Financial liabilities measured at fair value	
Derivatives	Currency options, currency forwards, interest rate swaps and interest rate options, interest forwards, credit derivatives, equity/index options, equity index / dividend futures, commodity options, forward commodity agreements, interest rate swaps
Delivery obligations from short sales of securities	Delivery obligations from short sales of securities
Securitized liabilities	Issued debentures, subordinated bonds
Deposits	Subordinated deposits, Schuldschein loans, money market transactions
Financial liabilities measured at amortized cost	
Securitized liabilities	Issued debentures, subordinated bonds
Deposits	Subordinated deposits, Schuldschein loans, money market transactions

Securities

As far as possible, the securities in the trading portfolio are measured using market prices or liquid prices of the relevant OTC market. If no active market price is available, fixed-income securities are measured using the discounted cash flow method based on yield curves dependent on the rating or sector and credit spreads derived from market data.

Derivatives

Exchange-traded derivatives are measured using market prices. The fair values of equity-based and raw materials-based derivatives are calculated uniformly using models on the basis of the portfolio approach.

The fair value of OTC derivatives is calculated using measurement models. A distinction is made between simple derivatives traded on liquid markets (such as interest rate swaps, cross-currency interest rate swaps and currency options) and complex derivatives that are traded on illiquid markets.

Simple derivatives traded on active markets are valued using recognized valuation measures that resort, at most, to non-observable parameters on a minor scale.

Derivatives whose fair value is calculated on the basis of complex methods using non-observable parameters with a material influence on the valuation are classified in Level III of the measurement hierarchy. In order to reduce price uncertainty from the unobservable parameters as far as possible, these are calibrated so that measurements from observed transactions or offers for comparable instruments, consensus prices of price service agencies or valuations of other market participants from matching processes match LBBW's own measurements to the extent possible.

LBBW uses the portfolio exception in accordance with IFRS 13.48 to measure derivatives in the following cases:

- The adjustment amount is calculated on the basis of the net risk positions for some fair value adjustments (e.g. closeout costs).
- When measuring counterparty risks in relation to OTC derivatives, for which netting agreements were entered into with the counterparty, the credit value adjustments (hereinafter referred to as CVA) were calculated on net positions.

The fair value of securitizations for which the market prices of market services providers are available is measured on the basis of these prices and classified as Level II (see fair value hierarchy). The fair values of securitization transactions for which current market prices are not sufficiently available (Level III) are calculated using measurement models. These are standard market models based on the discounted cash flow method.

If the fair value of a financial instrument calculated using measurement methods does not sufficiently take into account factors such as bid-offer spreads or close-out costs, liquidity, model, credit or counterparty risk, the Bank calculates valuation adjustments. In some cases, the methods used take into account parameters that are not observable on the market. Valuation adjustments are currently made within LBBW for the following issues in particular:

- Recognition of counterparty default risks from OTC derivatives (CVA/DVA)
- Adjustment to mid-price-based valuations on the use of bid/ask prices, for example, as close-out valuation adjustments for OTC interest rate and credit derivatives
- Weaknesses in the models or inputs used – for example, model valuation adjustments for specific equities, interest rate and credit derivatives
- Day one profit or loss on specific complex derivatives and loans measured at fair value.

Refinancing effects represent a price component for unsecured derivatives and are included in the fair value measurement as a funding valuation adjustment (FVA). At LBBW, refinancing effects are taken into account in the measurement when calculating the present value by way of premiums on the discount rates. The DVA is adjusted accordingly to avoid overlaps regarding the Bank's own default risk between the FVA and DVA calculation (valuation adjustment for FVA-DVA overlap).

Equity instruments

If available, quoted prices on active markets are used to calculate the fair value of listed equity investments assigned to the category »Financial assets mandatorily measured at fair value through profit or loss« or »Financial assets measured at fair value through other comprehensive income«. For non-listed equity investments or if prices traded on an active market are not available, the fair value is measured using a measurement method. In these cases, LBBW essentially measures fair value using the net income value, the discounted cash flow or the net asset value method. The valuation method is selected on the basis of a fixed decision tree. The fair value of real estate leasing special purpose vehicles is measured on the basis of the DCF method. The net income value approach is used to measure all other major equity investments. If the application of the net income value approach entails considerable uncertainty or is not reliable due to a lack of data, the net asset value method is used, provided the equity investment's business activities are stable.

Receivables

The fair value of assets and liabilities measured at amortized cost is calculated by discounting the future cash flows, taking into account rating-dependent spreads (exception: repurchase transactions). If rating-dependent spreads are derived from rating information obtained from external sources, this constitutes Level II classification. Rating information obtained from internal sources constitutes Level III classification. The fair values of receivables with a default rating are determined on the basis of expected future cash flows. The carrying amount is stated as the fair value of current assets and liabilities (e.g. current account assets and liabilities).

Determining rating-induced changes in fair value

At LBBW, a rating-induced change in fair value is calculated as the difference between the following two amounts:

- Fair value based on the current credit spread at the reporting date
- Fair value based on the current credit spread at the time of comparison

To be able to take into account the instrument-specific credit risk that is decisive for the rating-induced changes in fair value, a spread curve appropriate to the risk profile is used. Primary market prices are used to form the spread curves; in the absence of primary market activity, secondary market prices and approximation methods based on liquid market prices of comparable bonds may be employed.

Financial assets

16. Cash and cash equivalents

EUR million	30/06/2024	31/12/2023
Balances with central banks	11,931	11,870
Cash	142	155
Total, gross	*12,073*	*12,026*
Allowances for losses on loans and securities	-0	-0
Total, net	*12,073*	*12,026*

Balances with central banks included balances with Deutsche Bundesbank of EUR 630 million (previous year: EUR 3,145 million).

17. Financial assets measured at amortized cost

Loans and advances to banks

EUR million	30/06/2024	31/12/2023
Public-sector loans	40,219	39,686
Current account claims	581	576
Securities repurchase transactions	11,919	10,206
Other loans	1,378	1,226
Schuldschein loans	76	25
Overnight and term money	1,904	2,063
Deposits at central banks	44,844	27,616
Other receivables	942	877
Total, gross	*101,863*	*82,275*
Allowances for losses on loans and securities	-33	-35
Total, net	*101,829*	*82,241*

Public-sector loans include gross transmitted loans of EUR 27,882 million (previous year: EUR 27,975 million).

Loans and advances to customers

EUR million	30/06/2024	31/12/2023
Other loans	28,801	28,896
Mortgage loans	70,003	69,163
Public-sector loans	13,379	13,481
Receivables from finance leases	6,301	6,320
Transmitted loans	4,061	4,146
Securities repurchase transactions	12,311	9,091
Current account claims	3,841	2,915
Overnight and term money	5,174	5,694
Schuldschein loans	7,701	7,905
Other receivables	7,472	6,913
Total, gross	*159,044*	*154,524*
Allowances for losses on loans and securities	-1,779	-1,641
Total, net	*157,264*	*152,883*

In addition to the transmitted loans shown in the table, the sub-item of mortgage loans also includes gross transmitted loans of EUR 3,322 million (previous year: EUR 3,289 million).

Public-sector loans also include gross transmitted loans of EUR 652 million (previous year: EUR 748 million).

Debentures and other fixed-income securities

EUR million	30/06/2024	31/12/2023
Money market instruments	60	0
Government bonds and government debentures	212	216
Other bonds and debentures	3,741	3,233
Total, gross	*4,012*	*3,448*
Allowances for losses on loans and securities	-7	-7
Total, net	*4,005*	*3,441*

Development of allowances for losses on loans and securities and gross carrying amounts

The following table shows the allowances for losses on loans and securities deducted from assets:

EUR million	Stage 1	Stage 2	Stage 3 Impairment after recognition	Credit impairment at recognition	Total
Balance as at 1 January 2024	*510*	*488*	*683*	*2*	*1,683*
Changes	-33	54	91	-0	112
Transfer to Stage 1	49	-48	-1	0	-0
Transfer to Stage 2	-50	52	-2	0	0
Transfer to Stage 3	-0	-4	5	0	0
Additions	18	105	162	0	285
Reversals	-50	-50	-60	-0	-160
Utilization	0	0	-14	0	-14
Additions	17	7	24	0	47
Disposals	-5	-9	-24	-0	-38
Other changes	0	1	15	0	17
Balance as at 30 June 2024	*489*	*540*	*789*	*2*	*1,820*

EUR million	Stage 1	Stage 2	Stage 3 Impairment after recognition	Credit impairment at recognition	Total
Balance as at 1 January 2023	*503*	*328*	*607*	*3*	*1,441*
Changes	-17	147	75	-0	205
Transfer to Stage 1	33	-32	-1	0	0
Transfer to Stage 2	-80	82	-2	0	-0
Transfer to Stage 3	-4	-8	13	0	0
Additions	94	188	199	0	482
Reversals	-59	-83	-46	-0	-188
Utilization	0	0	-88	0	-88
Additions	35	23	58	0	115
Disposals	-11	-9	-72	-2	-94
Other changes	-0	-1	15	0	15
Balance as at 31 December 2023	*510*	*488*	*683*	*2*	*1,683*

Calculating the allowances for losses on loans and securities remains extremely challenging in light of the current economic and geopolitical uncertainties. Statistical allowances for losses on loans and securities, which are based on normal economic situations and calibrated in line with cyclical averages, do not provide unlimited reliability in the current situation. For this reason, LBBW again determined allowances for losses on loans and securities in the 2024 half-year financial statements using a multi-scenario approach that adequately represents the many possible economic developments. The single and multi-year PDs were initially forecast using statistical macro-models on the basis of macro-factor projections and sector-specific profitability projections in line with these. A qualitative adjustment was also made to the LGD to suitably account for the effects of structural change. Additionally, a cyclical adjustment of the stage transfer was implemented using macro-adjusted lifetime PDs. Allowances for losses on loans and securities to quantify the effects of structural change towards e-mobility were reduced slightly. Model adjustments remained essentially unchanged year on year overall. This includes components recognized in lending business provisions.

For more details on changes in allowances for losses on loans and securities see Note 19.

The gross carrying amount of financial assets measured at amortized cost was EUR 264,918 million as at 30 June 2024 (previous year: EUR 240,248 million) and broke down as follows: EUR 29,620 million Stage 1 (previous year: EUR 208,493 million), EUR 33,014 million Stage 2 (previous year: EUR 29,818 million), EUR 2,266 million Stage 3 (previous year: EUR 1,918 million) and EUR 18 million credit impaired on recognition (previous year: EUR 19 million).

Allowances on loans and securities were offset by expected refunds on guarantees for synthetic securitization in the amount of EUR 2 million (previous year: EUR 2 million). These transactions are reported in other assets.

Sensitivity analysis

The cyclically adjusted allowances for losses on loans and securities are determined using a multi-scenario model based on macro factor projections by LBBW Research. Four scenarios were considered at the end of the first half of 2024 that appropriately represent the possible economic developments:

(1) a baseline scenario;
(2) a negative scenario in which Donald Trump wins the US presidential election and instigates a trade conflict between the US, China and Europe resulting in a sharp rise in import duties, prompting a moderate recession in Europe (negative geopolitics);
(3) a negative scenario in which inflation falls more slowly than anticipated and key interest rates remain elevated (negative inflation); and
(4) a positive scenario.

Following on from the macro factor projections in the scenarios, the PD and LGD parameters contingent on these are forecast using macro models with a qualitative overlay if applicable and aggregated to form the expected credit loss in the respective scenario. The expected credit loss of a financial instrument is the probability-weighted average of the expected credit losses in the four scenarios.

German GDP growth is the most significant macro factor in the quantitative macro model to calculate allowances for losses on loans and securities. As at the end of the first half of 2024, the average GDP growth across the four macro scenarios considered was 0.2 % for 2024, 0.1 % for 2025 and 0.4 % for 2026. If GDP were to decline by 1.5 percentage points p.a. in the first three forecast years, allowances for losses on loans and securities would increase by around EUR 260 million. This is around EUR 110 million higher than the additional allowances for losses on loans and securities that would result in the negative geopolitical scenario. A GDP rise of one percentage point p.a. compared to the figure expected at the end of the half-year would reduce allowances for losses on loans and securities by around EUR 170 million, provided the level of the model adjustments otherwise remained unchanged.

Modifications

Stage 2 and Stage 3 financial assets for which adjustments were made to the contract during the reporting period and that were not derecognized were as follows:

30/06/2024 EUR million	Stage 2	Stage 3 Impairment after recognition	Credit impairment at recognition	Total
Amortized cost before contract amendment in the current financial year	1,495	413	1	1,908

31/12/2023 EUR million	Stage 2	Stage 3 Impairment after recognition	Credit impairment at recognition	Total
Amortized cost before contract amendment in the current financial year	1,329	475	1	1,804

In the reporting period, Stage 2 or 3 financial assets of EUR 11 million were allocated to Stage 1 after adjustments were made (previous year: EUR 8 million).

18. Financial assets measured at fair value through other comprehensive income

EUR million	30/06/2024	31/12/2023
Equity instruments	*37*	*39*
Equity	34	36
Shares in affiliates	3	3
Debentures and other fixed-income securities	*33,839*	*34,438*
Money market instruments	882	999
Bonds and debentures	32,957	33,438
Receivables	*2,460*	*2,538*
Total	*36,336*	*37,015*

Development of allowances for losses on loans and securities and gross carrying amounts

Allowances for losses on loans and securities for financial assets mandatorily measured at fair value through other comprehensive income developed as follows:

EUR million	Stage 1	Total
Balance as at 1 January 2024	*5*	*5*
Changes	-1	-1
Reversals	-1	-1
Additions	1	1
Balance as at 30 June 2024	*6*	*6*

EUR million	Stage 1	Total
Balance as at 1 January 2023	*8*	*8*
Changes	-4	-4
Reversals	-4	-4
Additions	2	2
Balance as at 31 December 2023	*5*	*5*

The gross carrying value of financial assets mandatorily measured at fair value through other comprehensive income as at 30 June 2024 was EUR 36,299 million (previous year: EUR 36,975 million) and broke down as follows: EUR 36,293 million Stage 1 (previous year: EUR 36,969 million) and EUR 6 million Stage 2 (previous year: EUR 6 million).

Further information on equity instruments voluntarily measured at fair value through other comprehensive income can be found in Note 20.

19. Counterparty risk

The quantitative information on credit risk is based on the management approach. By contrast to the basis of consolidation for accounting purposes under IFRS, only the SüdLeasing Group, LBBW México Sofom and Berlin Hyp are included in consolidation under the management approach. In line with internal risk management, the primary parameter in the information below is gross/net exposure.

Collateral

LBBW has high standards for collateral. Guidelines and collateral strategy requirements ensure that collateral is of a high quality. In addition to the individual measurement of collateral, its carrying amount is also subject to LGD modeling haircuts (recovery rates).

The following table shows the maximum counterparty risk (equal to gross exposure) and the effect of risk-mitigating measures:

30/06/2024 EUR million	Gross exposure	Netting / collateral	Credit derivatives (protection buy)	Credit collateral	Net exposure
Financial assets measured at fair value					
Financial assets measured at fair value through other comprehensive income	38,808	0	0	0	38,808
Equity instruments	1,240	0	0	0	1,240
Debentures and other fixed-income securities	35,243	0	0	0	35,243
Receivables	2,325	0	0	0	2,325
Financial assets designated at fair value	950	0	0	0	950
Debentures and other fixed-income securities	44	0	0	0	44
Receivables	906	0	0	0	906
Financial assets mandatorily measured at fair value through profit or loss	127,781	106,176	7,359	760	13,486
Trading assets	111,389	90,903	7,359	724	12,402
Derivatives	73,323	65,511	5,174	96	2,543
Equity instruments	800	730	0	0	69
Debentures and other fixed-income securities	11,523	5,399	1,330	162	4,632
Receivables	25,743	19,263	855	467	5,158
Financial instruments measured at fair value through profit or loss, not classified as held for trading, and equity instruments	1,142	171	0	36	935
Equity instruments	278	0	0	0	278
Debentures and other fixed-income securities	534	171	0	0	363
Receivables	330	0	0	36	294
Positive fair values from derivative hedging instruments	15,251	15,102	0	0	149
Financial assets measured at amortized cost					
Cash and cash equivalents	12,046	0	0	0	12,046
Financial assets measured at amortized cost	289,924	57,368	0	69,486	163,070
Loans and advances to banks	127,158	39,045	0	704	87,408
Loans and advances to customers	159,091	18,323	0	68,782	71,986
Debentures and other fixed-income securities	3,676	0	0	0	3,676
Total	*469,509*	*163,545*	*7,359*	*70,246*	*228,360*
Loan commitments and other agreements	78,935	0	0	4,696	74,239
Total exposure	*548,444*	*163,545*	*7,359*	*74,942*	*302,599*

31/12/2023 EUR million	Gross exposure	Netting / collateral	Credit derivatives (protection buy)	Credit collateral	Net exposure
Financial assets measured at fair value					
Financial assets measured at fair value through other comprehensive income	39,289	0	0	0	39,289
Equity instruments	1,264	0	0	0	1,264
Debentures and other fixed-income securities	35,691	0	0	0	35,691
Receivables	2,334	0	0	0	2,334
Financial assets designated at fair value	829	0	0	0	829
Debentures and other fixed-income securities	38	0	0	0	38
Receivables	792	0	0	0	792
Financial assets mandatorily measured at fair value through profit or loss	122,234	101,601	7,168	655	12,810
Trading assets	104,508	85,142	7,168	613	11,586
Derivatives	77,076	68,446	5,290	157	3,182
Equity instruments	378	348	0	0	30
Debentures and other fixed-income securities	5,480	974	962	162	3,383
Receivables	21,574	15,374	916	294	4,991
Financial instruments measured at fair value through profit or loss, not classified as held for trading, and equity instruments	1,156	163	0	42	951
Equity instruments	284	0	0	0	284
Debentures and other fixed-income securities	527	161	0	0	366
Receivables	344	2	0	42	301
Positive fair values from derivative hedging instruments	16,570	16,297	0	0	273
Financial assets measured at amortized cost					
Cash and cash equivalents	8,765	0	0	0	8,765
Financial assets measured at amortized cost	256,566	39,235	0	69,825	147,505
Loans and advances to banks	102,336	27,761	0	658	73,917
Loans and advances to customers	150,851	11,474	0	69,168	70,209
Debentures and other fixed-income securities	3,378	0	0	0	3,378
Total	*427,682*	*140,837*	*7,168*	*70,480*	*209,198*
Loan commitments and other agreements	78,154	0	0	4,368	73,787
Total exposure	*505,836*	*140,837*	*7,168*	*74,848*	*282,984*

The combined effect of netting and collateral agreements, credit derivatives (protection buy) and credit collateral (risk mitigation) in relation to the maximum counterparty risk of EUR 548 billion as at 30 June 2024 is EUR 246 billion or 44.8 % in total (previous year: 44.1 %). Nonetheless, there are differences between segments – for example, credit collateral is higher for real estate financing than for corporate customers.

In exceptional cases (<1 % of the portfolio), the securities cover the gross exposure in full, meaning that no impairment losses are recognized.

Of the total portfolio of EUR 548 billion of gross exposures and EUR 303 billion of net exposures as at 30 June 2024, transactions of EUR 407 billion of gross exposures and EUR 282 billion of net exposures are within the scope of the provisions of IFRS 9 on allowances for losses on loans and securities.

Credit-impaired assets

Credit-impaired assets in accordance with IFRS 9 are financial instruments in default (rating classes 16 to 18). These rating classes accounted for gross exposure of EUR 2.3 billion and net exposure of EUR 1.4 billion as at 30 June 2024.

The table below shows the maximum counterparty risk and the effect of risk-mitigating measures on credit-impaired assets:

30/06/2024

EUR million	Gross exposure	Credit collateral	Net exposure
Financial assets measured at amortized cost			
Financial assets measured at amortized cost	2,209	878	1,330
Loans and advances to banks	23	1	22
Loans and advances to customers	2,186	877	1,309
Total	*2,209*	*878*	*1,330*
Loan commitments and other agreements	122	4	118
Total exposure	*2,331*	*883*	*1,448*

31/12/2023

EUR million	Gross exposure	Credit collateral	Net exposure
Financial assets measured at amortized cost			
Financial assets measured at amortized cost	1,851	755	1,096
Loans and advances to banks	25	3	22
Loans and advances to customers	1,826	752	1,074
Total	*1,851*	*755*	*1,096*
Loan commitments and other agreements	205	8	197
Total exposure	*2,056*	*763*	*1,293*

Default risk and concentrations

The following information is based on the tables in the risk report for counterparty risk. However, unlike those tables, only financial instruments subject to the scope of the impairment provisions of IFRS 9 are presented here.

Gross exposure by rating cluster (internal rating class)

30/06/2024

EUR million	Stage 1	Stage 2	Stage 3 Impairment after recognition	Credit impairment at recognition	Total
1(AAAA)	75,724	0	0	0	75,724
1(AAA)–1(A-)	195,289	2,504	0	1	197,793
2–5	70,171	20,098	0	0	90,269
6–8	11,365	11,562	0	9	22,936
9–10	1,995	5,249	0	0	7,244
11–15	1,845	5,404	0	0	7,249
16–18 (default)[1]	0	0	2,291	40	2,331
Other[2]	3,497	25	0	0	3,523
Gross exposure	*359,886*	*44,842*	*2,291*	*50*	*407,069*

1 »Default« refers to exposure for which a default event as defined in Article 178 CRR has occurred, e.g. improbability of repayment or 90-day default. The gross exposure is presented before accounting for allowances for losses on loans and securities.
2 Non-rated transactions – in particular, rating waivers.

31/12/2023 EUR million	Stage 1	Stage 2	Stage 3 Impairment after recognition	Credit impairment at recognition	Total
1(AAAA)	57,040	1	0	0	57,040
1(AAA)–1(A-)	182,227	969	0	1	183,197
2–5	73,631	17,125	0	9	90,765
6–8	11,371	11,434	0	0	22,805
9–10	1,435	5,070	0	0	6,504
11–15	1,722	4,764	0	0	6,486
16–18 (default)[1]	0	0	2,015	41	2,056
Other[2]	3,682	164	0	0	3,846
Gross exposure	*331,107*	*39,528*	*2,015*	*51*	*372,701*

1 »Default« refers to exposure for which a default event as defined in Article 178 CRR has occurred, e.g. improbability of repayment or 90-day default. The gross exposure is presented before accounting for allowances for losses on loans and securities.
2 Non-rated transactions – in particular, rating waivers.

Gross exposure by sector

30/06/2024 EUR million	Stage 1	Stage 2	Stage 3 Impairment after recognition	Credit impairment at recognition	Total
Financials	*193,489*	*2,243*	*26*	*0*	*195,758*
Corporates	*93,711*	*19,623*	*1,254*	*40*	*114,628*
Automotive	8,847	1,784	297	31	10,959
Construction	7,901	3,062	83	0	11,046
Chemicals and commodities	6,259	1,691	282	0	8,233
of which chemicals	3,077	778	250	0	4,105
of which commodities	3,182	913	32	0	4,127
Retail and consumer goods	14,573	4,617	299	0	19,489
of which consumer goods	11,045	1,994	133	0	13,174
of which durables	3,527	2,622	166	0	6,315
Industry	10,009	2,438	112	7	12,567
Pharmaceuticals and healthcare	5,178	1,346	33	2	6,560
TM and electronics / IT	11,385	1,093	43	0	12,522
Transport and logistics	8,242	935	29	0	9,206
Utilities and energy	11,139	1,928	52	0	13,119
of which utilities	6,643	1,129	47	0	7,820
of which renewable energies	4,495	799	5	0	5,299
Other	10,177	728	24	0	10,930
Real estate	*45,465*	*21,522*	*971*	*10*	*67,968*
Commercial real estate (CRE)	27,540	18,131	960	9	46,640
Housing	17,925	3,391	11	1	21,328
Public sector	*18,190*	*20*	*0*	*0*	*18,210*
Private individuals	*9,031*	*1,435*	*39*	*0*	*10,505*
Gross exposure	*359,886*	*44,842*	*2,291*	*50*	*407,069*

31/12/2023 EUR million	Stage 1	Stage 2	Stage 3 Impairment after recognition	Credit impairment at recognition	Total
Financials	*163,362*	*696*	*27*	*0*	*164,085*
Corporates	*88,862*	*22,097*	*1,246*	*41*	*112,246*
Automotive	7,739	2,831	293	31	10,895
Construction	7,450	3,552	63	0	11,065
Chemicals and commodities	6,427	1,740	277	0	8,443
of which chemicals	2,999	832	252	0	4,084
of which commodities	3,428	908	24	0	4,360
Retail and consumer goods	14,678	4,403	301	0	19,383
of which consumer goods	11,254	1,662	138	0	13,054
of which durables	3,424	2,742	163	0	6,329
Industry	9,338	2,706	118	7	12,169
Pharmaceuticals and healthcare	4,696	1,511	39	2	6,249
TM and electronics / IT	10,432	1,134	40	0	11,606
Transport and logistics	7,697	1,360	28	0	9,085
Utilities and energy	10,779	1,931	67	0	12,777
of which utilities	6,367	1,207	62	0	7,636
of which renewable energies	4,412	724	5	0	5,141
Other	9,625	929	20	0	10,573
Real estate	*52,394*	*15,173*	*705*	*1*	*68,273*
Commercial real estate (CRE)	34,169	12,701	694	0	47,564
Housing	18,225	2,472	11	1	20,709
Public sector	*16,877*	*161*	*0*	*0*	*17,038*
Private individuals	*9,613*	*1,400*	*37*	*9*	*11,059*
Gross exposure	*331,107*	*39,528*	*2,015*	*51*	*372,701*

The exposures in financials and the public sector (and the German public sector in particular) generally have very good, stable credit quality with a low exposure share in Stage 2.

In relative terms, there is a higher share of Stage 2 exposure in the corporates and real estate portfolio. This is due to the fact that the credit rating in the two customer groups is more volatile and reacts more to negative economic stimuli. Such stimuli currently include consistently elevated energy prices, the turnaround in interest rate policy and weak economic performance; in the case of real estate, they also include the current structural change.

Gross exposure by region

30/06/2024 EUR million	Stage 1	Stage 2	Stage 3 Impairment after recognition	Credit impairment at recognition	Total
Germany	230,610	25,454	1,354	50	257,468
Western Europe (excluding Germany)	78,164	9,851	145	0	88,160
North America	33,894	5,587	364	0	39,845
Asia/Pacific	9,560	1,378	23	0	10,961
Other[1]	7,658	2,572	405	0	10,635
Gross exposure	*359,886*	*44,842*	*2,291*	*50*	*407,069*

1 Other regions and transactions not allocated to a particular country (e.g. transactions with supranational institutions).

31/12/2023 EUR million	Stage 1	Stage 2	Stage 3 Impairment after recognition	Credit impairment at recognition	Total
Germany	210,749	23,588	1,279	51	235,667
Western Europe (excluding Germany)	78,504	7,695	79	0	86,278
North America	25,204	3,765	206	0	29,176
Asia/Pacific	9,759	1,403	11	0	11,172
Other[1]	6,892	3,076	440	0	10,408
Gross exposure	*331,107*	*39,528*	*2,015*	*51*	*372,701*

1 Other regions and transactions not allocated to a particular country (e.g. transactions with supranational institutions).

The risk report contains further information on impairment on the portfolio and qualitative disclosures.

Forbearance

As at 30 June 2024, LBBW held assets with a net carrying amount of EUR 4,467 million (31 December 2023: EUR 2,471 million) for which forbearance measures were adopted. Concessions to terms and conditions were essentially granted. A sub-portfolio of the assets for which forbearance measures of EUR 837 million have been adopted (31 December 2023: EUR 698 million) comprises credit-impaired assets.

LBBW has received guarantees of EUR 192 million (31 December 2023: EUR 206 million) for assets with forbearance measures.

The risk report contains further information on impairment on the portfolio and qualitative disclosures.

20. Equity instruments voluntarily measured at fair value through other comprehensive income

For some financial investments in equity instruments, LBBW makes use of the option under IFRS 9.5.7.5 to measure at fair value through other comprehensive income (fair value OCI option). These essentially comprise equity investments in a real estate company held with no intention to sell.

Equity instruments measured voluntarily at fair value through other comprehensive income amounted to EUR 37 million as at 30 June 2024 (previous year: EUR 39 million; see Note 18).

Dividends of EUR 1 million (previous year: EUR 1 million) for equity instruments measured voluntarily at fair value through other comprehensive income were recognized in the reporting period. As in the previous year, these relate entirely to equity instruments still held as at 30 June 2024.

21. Financial assets designated at fair value

EUR million	30/06/2024	31/12/2023
Debentures and other fixed-income securities	*45*	*38*
Bonds and debentures	45	38
Receivables	*920*	*818*
Total	*966*	*856*

22. Financial assets mandatorily measured at fair value through profit or loss

EUR million	30/06/2024	31/12/2023
Trading assets	38,506	33,794
Financial instruments measured at fair value through profit or loss, not classified as held for trading, and financial investments in equity instruments	1,251	1,232
Positive fair values from derivative hedging instruments	1,414	1,291
Total	*41,171*	*36,317*

Trading assets

EUR million	30/06/2024	31/12/2023
Positive fair values from derivative financial instruments	*14,369*	*15,978*
Equity instruments	*508*	*373*
Equities	452	333
Investment fund units	56	40
Debentures and other fixed-income securities	*5,910*	*4,814*
Money market instruments	234	47
Bonds and debentures	5,675	4,767
Receivables	*17,720*	*12,629*
Schuldschein loans	2,713	3,150
Other money market transactions	3,161	2,957
Receivables from securities repurchase agreements	9,797	5,148
Other receivables	2,049	1,374
Total	*38,506*	*33,794*

Financial instruments measured at fair value through profit or loss, not classified as held for trading, and financial investments in equity instruments

EUR million	30/06/2024	31/12/2023
Equity instruments	*433*	*416*
Equities	7	8
Investment fund units	162	147
Equity investments	223	223
Shares in affiliates	41	38
Debentures and other fixed-income securities	*533*	*527*
Debentures	533	527
Receivables	*285*	*289*
Loans and advances to customers	285	289
Total	*1,251*	*1,232*

Positive fair values from derivative hedging instruments

EUR million	30/06/2024	31/12/2023
Positive fair values from portfolio fair value hedges	1,262	1,072
Positive fair values from micro fair value hedges	152	211
Positive fair values from group fair value hedges	0	8
Total	*1,414*	*1,291*

Financial liabilities

23. Financial liabilities measured at amortized cost

Deposits from banks

EUR million	30/06/2024	31/12/2023
Securities repurchase transactions	2,456	176
Transmitted loans	35,625	35,876
Schuldschein loans	2,192	2,025
Overnight and term money	22,673	18,074
Public-sector registered covered bonds issued	320	379
Current account liabilities	3,093	1,454
Mortgage-backed registered covered bonds issued	287	253
Liabilities from central banks	6,326	10,242
Other liabilities	3,635	4,658
Total	*76,607*	*73,138*

The increase in overnight and term money was mainly attributable to deposits from private and commercial banks. The repayment of deposits in connection with participation in the ECB’s tender program (TLTRO III) was partially offset by new term deposits.

In addition to the transmitted loans shown in the table, other liabilities also include transmitted loans of EUR 44 million (previous year: EUR 47 million).

Deposits from customers

EUR million	30/06/2024	31/12/2023
Current account liabilities	51,667	52,218
Overnight and term money	63,006	54,111
Schuldschein loans	4,171	4,340
Securities repurchase transactions	2,827	456
Public-sector registered covered bonds issued	2,681	2,753
Savings deposits	10,015	8,683
Mortgage-backed registered covered bonds issued	1,469	1,571
Other liabilities	3,430	3,228
Total	*139,268*	*127,361*

Other liabilities included transmitted loans of EUR 241 million (previous year: EUR 250 million).

Securitized liabilities

EUR million	30/06/2024	31/12/2023
Issued debentures	*71,650*	*64,306*
Mortgage-backed covered bonds	27,240	24,027
Public-sector covered bonds	8,312	7,244
Other debentures	36,098	33,035
Other securitized liabilities	*24,248*	*17,958*
Total	*95,898*	*82,264*

In February, LBBW issued its second EUR senior non-preferred floater with a volume of EUR 1.5 billion, which represented the bank’s biggest issue to date. This was followed by at least one further benchmark issue every month, meaning that more covered bonds were issued in the first half of 2024 than in the whole of 2023.

Further information on issuing activities can be found in Note 26.

Subordinated capital

EUR million	30/06/2024	31/12/2023
Typical silent partners' contributions	863	893
Subordinated liabilities	3,605	3,715
Total	*4,468*	*4,608*

24. Financial liabilities designated at fair value

EUR million	30/06/2024	31/12/2023
Securitized liabilities	*1,635*	*1,709*
Other securitized liabilities	1,268	1,333
Junior bonds	367	376
Deposits	*1,526*	*1,520*
Schuldschein loans	564	554
Subordinated deposits	14	14
Money market transactions	107	104
Other	841	849
Total	*3,161*	*3,229*

25. Financial liabilities mandatorily measured at fair value through profit or loss

EUR million	30/06/2024	31/12/2023
Trading liabilities	21,302	22,370
Negative fair values from derivative hedging instruments	1,147	1,388
Total	*22,449*	*23,758*

Trading liabilities

EUR million	30/06/2024	31/12/2023
Negative fair values from derivatives	*13,036*	*13,701*
Other trading liabilities	*8,266*	*8,669*
Delivery obligations from short sales of securities	760	530
Securitized liabilities	6,874	6,939
Schuldschein loans	255	348
Liabilities from securities repurchase agreements	286	786
Money market transactions	88	62
Other	3	5
Total	*21,302*	*22,370*

Negative fair values from derivative hedging instruments

EUR million	30/06/2024	31/12/2023
Negative fair values from portfolio fair value hedges	806	1,015
Negative fair values from micro fair value hedges	341	372
Total	*1,147*	*1,388*

26. Issuing activities

EUR million	30/06/2024	31/12/2023
Securitized liabilities	95,898	82,264
Securitized liabilities designated at fair value	1,268	1,333
Securitized liabilities mandatorily measured at fair value through profit or loss	6,874	6,939
Total	*104,040*	*90,536*

New issuances, essentially short-dated and medium-dated money market / capital market papers, with a nominal volume of EUR 1,797,327 million (previous year: EUR 2,999,733 million) were issued in the period under review. Initial sales may fall substantially short of the issued nominal volume if the entire issue volume is not acquired by a counterparty. Over the same period, the volume of buybacks was nominally EUR 573 million (previous year: EUR 422 million) and the volume of repayments was nominally EUR 1,295,817 million (previous year: EUR 2,215,874 million).

Other disclosures about financial instruments

27. Fair value and carrying amounts of financial instruments

The following table compares the carrying amounts and fair values of financial instruments measured at amortized cost:

Assets

	30/06/2024		31/12/2023	
EUR million	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets measured at amortized cost				
Cash and cash equivalents	12,073	12,070	12,026	12,020
Financial assets measured at amortized cost	263,099	259,067	238,565	235,554
Loans and advances to banks	101,829	99,584	82,241	80,043
Loans and advances to customers	157,264	155,461	152,883	152,042
Debentures and other fixed-income securities	4,005	4,022	3,441	3,469

Equity and liabilities

	30/06/2024		31/12/2023	
EUR million	Carrying amount	Fair value	Carrying amount	Fair value
Financial liabilities measured at amortized cost				
Financial liabilities measured at amortized cost	316,241	310,543	287,371	282,372
Deposits from banks	76,607	73,440	73,138	70,375
Deposits from customers	139,268	139,019	127,361	127,044
Securitized liabilities	95,898	93,886	82,264	80,698
Subordinated capital	4,468	4,197	4,608	4,256

28. Fair value hierarchy

The fair values used when measuring financial instruments are assigned to a three-level fair value hierarchy, taking into account the measurement methods and parameters used to carry out this measurement. If parameters from different levels are used to determine the fair value, the resulting fair value is assigned to the next level whose parameters have a material effect on fair value measurement.

The three-level fair value hierarchy with Level I, Level II and Level III – the terminology provided for in IFRS 13 – is specified as follows at LBBW:

- All financial instruments with unadjusted prices quoted on active markets are assigned to the first group (Level I).
- Derivatives measured using models, tradable credits, structured Group debt instruments designated at fair value, units in investment funds and certain corporate/financial and government bonds with automatic provision from market information systems (observable parameters) and liquid asset-backed securities are assigned to the second group (Level II).
- Level III comprises financial instruments for which one or more parameters are not based on observable market data and this data has a more than immaterial effect on the fair value of an instrument. These include complex OTC derivatives, certain private equity investments, certain high-grade structured bonds including illiquid asset-backed securities and structured securitizations.

The following table shows the breakdown of the classifications by measurement method:

Assets

EUR million	Prices traded on active markets (Level I)		Measurement method – on the basis of externally observable parameters (Level II)		Measurement method – on the basis externally unobservable parameters (Level III)	
	30/06/2024	31/12/2023	30/06/2024	31/12/2023	30/06/2024	31/12/2023
Financial assets measured at fair value						
Financial assets measured at fair value through other comprehensive income	29,675	29,647	6,658	7,364	3	3
Equity instruments	34	36	0	0	3	3
Debentures and other fixed-income securities	29,641	29,611	4,198	4,826	0	0
Receivables	0	0	2,460	2,538	0	0
Financial assets designated at fair value	20	20	819	836	127	0
Debentures and other fixed-income securities	20	20	25	18	0	0
Receivables	0	0	794	818	127	0
Financial assets mandatorily measured at fair value through profit or loss	2,778	1,645	35,822	33,830	2,571	842
Trading assets	2,771	1,639	33,517	31,671	2,218	485
Derivatives	0	0	14,331	15,952	38	26
Equity instruments	452	333	56	40	0	0
Debentures and other fixed-income securities	2,317	1,305	2,933	3,509	660	0
Receivables	2	1	16,198	12,169	1,520	458
Financial instruments measured at fair value through profit or loss, not classified as held for trading, and equity instruments	7	6	890	869	354	357
Equity instruments	7	6	162	147	265	263
Debentures and other fixed-income securities	0	0	533	527	0	0
Receivables	0	0	196	195	89	95
Positive fair values from derivative hedging instruments	0	0	1,414	1,291	0	0

Equity and liabilities

EUR million	Prices traded on active markets (Level I)		Measurement method – on the basis of externally observable parameters (Level II)		Measurement method – on the basis externally unobservable parameters (Level III)	
	30/06/2024	31/12/2023	30/06/2024	31/12/2023	30/06/2024	31/12/2023
Financial liabilities measured at fair value						
Financial liabilities designated at fair value	0	0	3,022	3,132	139	97
Securitized liabilities	0	0	1,572	1,637	63	72
Deposits	0	0	1,450	1,495	76	25
Financial liabilities mandatorily measured at fair value through profit or loss	672	507	21,720	23,189	57	62
Trading liabilities	672	507	20,573	21,802	57	62
Derivatives	0	0	12,979	13,639	57	62
Delivery obligations from short sales of securities	671	505	89	24	0	0
Securitized liabilities	0	0	6,874	6,939	0	0
Deposits	1	1	630	1,199	0	0
Negative fair values from derivative hedging instruments	0	0	1,147	1,388	0	0

Transfers between levels

If the main parameters used in fair value measurement change, the classification in the fair value hierarchy is also adjusted. At the end of the reporting period, the necessary reclassifications between Levels I–III are carried out using quality criteria for the market data used in the valuation that are defined by Risk Controlling. Prompt availability, volume, executability and bid-offer spreads of the market data used play a particular role.

For financial instruments measured using models, Risk Controlling identifies the model parameters necessary for the fair value measurement. The models are subject to a regular validation process and the observability of the necessary model inputs is monitored in Risk Controlling’s price review process. This allows those financial instruments to be identified that must be transferred between Levels II and III of the measurement hierarchy.

The following transfers were made between Levels I and II in the fair value hierarchy since the last reporting date:

Assets

EUR million	Reclassification from Level I to Level II		Reclassification from Level II to Level I	
	30/06/2024	31/12/2023	30/06/2024	31/12/2023
Financial assets measured at fair value				
Financial assets measured at fair value through other comprehensive income	153	0	142	3,272
Debentures and other fixed-income securities	153	0	142	3,272
Financial assets designated at fair value	0	0	0	20
Debentures and other fixed-income securities	0	0	0	20
Financial assets mandatorily measured at fair value through profit or loss	18	18	51	217
Trading assets	18	18	51	217
Equity instruments	0	1	0	69
Debentures and other fixed-income securities	18	16	51	148

Equity and liabilities

EUR million	Reclassification from Level II to Level I 30/06/2024	31/12/2023
Financial liabilities measured at fair value		
Financial liabilities mandatorily measured at fair value through profit or loss	0	5
Trading liabilities	0	5
Delivery obligations from short sales of securities	0	5

In the first half of 2024, LBBW reclassified instruments from Level I to II of the fair value hierarchy, as there were no longer quoted prices from active markets for the corresponding financial instruments. Instruments were also reclassified in the other direction as quoted prices from active markets became available again.

Development of Level III

The development of the portfolios of financial instruments measured at fair value, which were calculated using valuation models which include material non-observable parameters (Level III), is shown in the tables below. The unrealized gains/losses on Level III financial instruments are based on both observable and unobservable parameters. Many of these financial instruments are hedged for economic purposes by financial instruments assigned to other hierarchical levels. The compensating gains and losses from these hedges are not included in the above tables, as IFRS 13 stipulates that only unrealized gains and losses on Level III financial instruments must be reported.

Assets

EUR million	Financial assets measured at fair value through other comprehensive income	Financial assets designated at fair value	Financial assets mandatorily measured at fair value through profit or loss						Total
	Equity instruments	Receivables	Trading assets			Financial instruments measured at fair value through profit or loss, not classified as held for trading, and financial investments in equity instruments			
			Derivatives	Debentures and other fixed-income securities	Receivables	Equity instruments	Debentures and other fixed-income securities	Receivables	
Carrying amount as at 1 January 2024	*3*	*0*	*26*	*0*	*458*	*263*	*0*	*95*	*845*
Gains and losses recognized in net consolidated profit/loss	0	0	-0	-730	754	-3	0	2	23
Net interest income and current net income from equity instruments	0	0	2	0	10	0	0	1	13
Net gains/losses from financial instruments measured at fair value through profit or loss	0	0	-2	-730	743	-3	0	1	10
Additions through acquisitions	0	0	0	923	371	8	0	0	1,302
Disposals through sales	0	0	0	0	-20	-4	0	0	-24
Repayments/offsetting	0	0	-2	0	-43	0	0	-8	-52
Reclassification to Level III	0	127	14	467	0	0	0	0	607
Carrying amount as at 30 June 2024	*3*	*127*	*38*	*660*	*1,520*	*265*	*0*	*89*	*2,701*
of which unrealized gains and losses recognized in net consolidated profit/loss for financial instruments held as at the reporting date	0	0	-1	-730	747	-3	0	1	15
Net interest income and current net income from equity instruments	0	0	2	0	3	0	0	0	5
Net gains/losses from financial instruments measured at fair value through profit or loss	0	0	-2	-730	744	-3	0	1	10

	Financial assets measured at fair value through other comprehensive income	Financial assets designated at fair value	Financial assets mandatorily measured at fair value through profit or loss						Total
	Equity instruments	Receivables	Trading assets			Financial instruments measured at fair value through profit or loss, not classified as held for trading, and financial investments in equity instruments			
EUR million			Derivatives	Debentures and other fixed-income securities	Receivables	Equity instruments	Debentures and other fixed-income securities	Receivables	
Carrying amount as at 1 January 2023	*3*	*0*	*28*	*0*	*432*	*232*	*2*	*126*	*822*
Gains and losses recognized in net consolidated profit/loss	0	0	-12	0	20	27	0	-24	11
Net interest income and current net income from equity instruments	0	0	0	0	13	0	0	2	15
Net gains/losses from financial instruments measured at fair value through profit or loss	0	0	-13	0	7	27	0	-25	-4
Additions through acquisitions	0	0	0	0	378	31	0	0	409
Disposals through sales	0	0	0	0	-234	-27	-2	0	-263
Repayments/offsetting	0	0	0	0	-151	0	0	-7	-158
Reclassification to Level III	0	0	11	0	14	0	0	0	25
Carrying amount as at 31 December 2023	*3*	*0*	*26*	*0*	*458*	*263*	*0*	*95*	*845*
of which unrealized gains and losses recognized in net consolidated profit/loss for financial instruments held as at the reporting date	0	0	-12	0	7	9	0	-25	-22
Net interest income and current net income from equity instruments	0	0	0	0	2	0	0	0	2
Net gains/losses from financial instruments measured at fair value through profit or loss	0	0	-13	0	5	9	0	-25	-25

Equity and liabilities

EUR million	Financial liabilities designated at fair value		Financial liabilities mandatorily measured at fair value through profit or loss	Total
	Securitized liabilities	Deposits	Trading liabilities	
			Derivatives	
Carrying amount as at 1 January 2024	*72*	*25*	*62*	*159*
Gains and losses recognized in net consolidated profit/loss	-9	-0	-15	-24
Net interest income and current net income from equity instruments	-1	-0	4	3
Net gains/losses from financial instruments measured at fair value through profit or loss	-8	-0	-19	-27
Additions through acquisitions	0	24	0	24
Repayments/offsetting	0	0	-2	-2
Reclassification to Level III	0	27	12	39
Carrying amount as at 30 June 2024	*63*	*76*	*57*	*196*
of which unrealized gains and losses recognized in net consolidated profit/loss for financial instruments held as at the reporting date	-9	-0	-16	-25
Net interest income and current net income from equity instruments	-1	-0	4	3
Net gains/losses from financial instruments measured at fair value through profit or loss	-8	-0	-20	-27

EUR million	Financial liabilities designated at fair value		Financial liabilities mandatorily measured at fair value through profit or loss	Total
	Securitized liabilities	Deposits	Trading liabilities	
			Derivatives	
Carrying amount as at 1 January 2023	*81*	*25*	*115*	*221*
Gains and losses recognized in net consolidated profit/loss	-10	0	-60	-69
Net gains/losses from financial instruments measured at fair value through profit or loss	-10	0	-60	-69
Reclassification to Level III	0	0	7	7
Carrying amount as at 31 December 2023	*72*	*25*	*62*	*159*
of which unrealized gains and losses recognized in net consolidated profit/loss for financial instruments held as at the reporting date	-10	0	-59	-68
Net gains/losses from financial instruments measured at fair value through profit or loss	-10	0	-59	-68

As parameters observable on the market in the first half of the financial year were no longer available or these were now considered to have a material influence on fair value, LBBW made reclassifications from Level II to Level III.

Level III sensitivity analysis

If the model value of financial instruments is based on unobservable market parameters, alternative parameters are used to determine the potential estimation uncertainty. For most of the securities and derivatives classified as Level III, only one non-observable parameter is included in the fair value calculation, preventing any interactions between Level III parameters. The overall sensitivity of the products whose fair value calculation includes more than one non-observable parameter is immaterial. A calculation of the interactions between these parameters has therefore been dispensed with.

For the investments classified as Level III, sensitivities are essentially calculated by shifting the individual beta factors up or down. If no beta factors are used in measurement, the sensitivities are calculated on the basis of the average percentage change in fair value. This is based on the upward/downward shift of the investments whose measurement is based on a beta factor.

The information is intended to show the potential effects of the relative uncertainty in the fair values of financial instruments, the measurement of which is based on unobservable parameters:

Assets

	Positive changes in fair value		**Negative changes in fair value**	
	Net gains / losses from financial instruments measured at fair value and valuation reserve		**Net gains / losses from financial instruments measured at fair value and valuation reserve**	
EUR million	**30/06/2024**	**31/12/2023**	**30/06/2024**	**31/12/2023**
Financial assets measured at fair value				
Financial assets mandatorily measured at fair value through profit or loss	21.0	14.8	-21.1	-13.5
Trading assets	14.8	9.2	-15.5	-9.5
Derivatives	3.4	2.0	-4.0	-2.6
Debentures and other fixed-income securities	0.4	0.0	-0.4	0.0
Receivables	11.0	7.2	-11.0	-7.0
Financial instruments measured at fair value through profit or loss, not classified as held for trading, and equity instruments	6.1	5.6	-5.6	-3.9
Equity instruments	5.0	4.2	-4.5	-2.6
Receivables	1.1	1.4	-1.1	-1.3
Total	*21.0*	*14.8*	*-21.1*	*-13.5*

Equity and liabilities

	Positive changes in fair value		**Negative changes in fair value**	
	Net gains / losses from financial instruments measured at fair value and valuation reserve		**Net gains / losses from financial instruments measured at fair value and valuation reserve**	
EUR million	**30/06/2024**	**31/12/2023**	**30/06/2024**	**31/12/2023**
Financial liabilities measured at fair value				
Financial liabilities mandatorily measured at fair value through profit or loss	2.7	3.6	-1.9	-2.5
Trading liabilities	2.7	3.6	-1.9	-2.5
Derivatives	2.7	3.6	-1.9	-2.5
Total	*2.7*	*3.6*	*-1.9*	*-2.5*

Significant unobservable Level III parameters

The significant unobservable parameters of the financial instruments measured at fair value and classified as Level III are shown in the following tables.

The range shown below depicts the highs and lows in the non-observable parameters on which the valuations in the Level III category were based. As the financial instruments in question differ significantly, the range of certain parameters can be considerable.

The parameter shifts in the table depict the changes in the unobservable parameters that are tested in the sensitivity analysis. They thus provide information on the range of alternative parameters selected by LBBW for its calculation of fair value.

The statements also apply correspondingly to financial instruments held for sale.

Assets

30/06/2024 EUR million	Measurement methods	Significant unobservable parameters	Range	Parameter shift
Financial assets measured at fair value				
Financial assets measured at fair value through other comprehensive income				
Equity instruments	Net asset value method	n/a	n/a	n/a
	Discounted cash flow method	n/a	n/a	n/a
	Net income value method	n/a	n/a	n/a
Financial assets designated at fair value				
Receivables	Option price models	Interest rate correlation	54 %–100 %	Relative – 20 %/+10 %
Financial assets mandatorily measured at fair value through profit or loss				
Trading assets				
Derivatives	Option price models	Interest rate correlation	21 %–100 %	Relative – 20 %/+10 %
	Option price models	Volatility	6 %–10 %	Relative – 25 %/25 %
	TRS model	Gap risk	10 %–19 %	Relative – 30 %/30 %
Debentures and other fixed-income securities	Discounted cash flow method	Gap risk	9 %–17 %	Relative – 30 %/30 %
Receivables	Net present value method	Credit spread (bp)	56–557	Relative - 10 %–30 %/ +10 %–30 %
Financial instruments measured at fair value through profit or loss, not classified as held for trading, and equity instruments				
Equity instruments	Net asset value method	n/a	n/a	n/a
	Discounted cash flow method	n/a	n/a	n/a
	Net income value method	Beta factor	1.00–1.27	Relative +5 %/-5 %
Receivables	Net present value method	Credit spread (bp)	168–313	Relative – 30 %/30 %

31/12/2023 EUR million	Measurement methods	Significant unobservable parameters	Range	Parameter shift
Financial assets measured at fair value				
Financial assets measured at fair value through other comprehensive income				
Equity instruments	Net asset value method	n/a	n/a	n/a
	Discounted cash flow method	n/a	n/a	n/a
	Net income value method	n/a	n/a	n/a
Financial assets mandatorily measured at fair value through profit or loss				
Trading assets				
Derivatives	Option price models	Interest rate correlation	21 %–100 %	Relative – 20 %/+10 %
	Option price models	Volatility	5 %–11 %	Relative – 25 %/25 %
Receivables	Net present value method	Credit spread (bp)	49–327	Relative - 10 %–30 %/ +10 %–30 %
Financial instruments measured at fair value through profit or loss, not classified as held for trading, and equity instruments				
Equity instruments	Net asset value method	n/a	n/a	n/a
	Discounted cash flow method	n/a	n/a	n/a
	Net income value method	Beta factor	1.00–1.27	Relative +5 %/-5 %
Receivables	Net present value method	Credit spread (bp)	190–353	Relative – 30 %/30 %

Equity and liabilities

30/06/2024 EUR million	Measurement methods	Significant unobservable parameters	Range	Parameter shift
Financial liabilities measured at fair value				
Financial liabilities designated at fair value				
Securitized liabilities	Option price models	Interest rate correlation	54 %–100 %	Relative – 20 %/+10 %
Deposits	Option price models	Interest rate correlation	54 %–100 %	Relative – 20 %/+10 %
Financial liabilities mandatorily measured at fair value through profit or loss				
Trading liabilities				
Derivatives	Option price models	Interest rate correlation	21 %–100 %	Relative – 20 %/+10 %
	Option price models	Volatility	6 %–10 %	Relative – 25 %/25 %

31/12/2023 EUR million	Measurement methods	Significant unobservable parameters	Range	Parameter shift
Financial liabilities measured at fair value				
Financial liabilities designated at fair value				
Securitized liabilities	Option price models	Interest rate correlation	54 %–100 %	Relative – 20 %/+10 %
Deposits	Option price models	Interest rate correlation	54 %–100 %	Relative – 20 %/+10 %
Financial liabilities mandatorily measured at fair value through profit or loss				
Trading liabilities				
Derivatives	Option price models	Interest rate correlation	-81 %–100 %	Relative – 20 %/+10 %
	TRS model	Discount curve (bp)	34–96	Relative – 30 %/30 %

Day one profit or loss

The use of unobservable parameters for the measurement of financial instruments can lead to differences between the transaction price and the fair value. This deviation is referred to as day one profit or loss, which is distributed throughout the term of the financial instrument through profit or loss.

Credit spreads, certain volatilities in option price models and correlations between interest rates, currency exchange rates and default risks of different asset classes are not consistently observable on the market or cannot be derived from prices observed on the market. As the market participants may have different opinions about the characteristics of the unobservable parameters used in these models, the transaction price may deviate from what LBBW considers to be the fair value.

LBBW recognizes day one profits for trading portfolios of derivatives.

The table below shows the changes in day one profits for the first half of the 2024 financial year as against the end of 2023, which were deferred as a result of applying material non-observable parameters for financial instruments carried at fair value:

EUR million	**2024**	**2023**
Balance as at 1 January	*6*	*0*
New transactions (additions)	0	6
Income recognized in the income statement in the reporting period (reversals)	-0	-1
Balance as at 30 June / 31 December	*5*	*6*

F. Other

29. Non-current assets and disposal groups held for sale

In the course of the constant optimization of its portfolio, LBBW held or concluded negotiations for the sale of non-current assets held for sale and disposal groups in the period under review.

Compared with the previous year, the following changes arose in relation to the non-current assets and disposal groups classified as held for sale:

- One property reported as property and equipment was sold in the first half of 2024. This relates to the »Corporate Items« segment.
- One investment property was sold in the first half of 2024. This relates to the »Corporate Items« segment.
- Sales negotiations were conducted for one property reported as property and equipment. The contract for this property has been signed. This relates to the »Corporate Items« segment.

The main groups of assets and liabilities held for sale were as follows:

EUR million	30/06/2024	31/12/2023
Assets		
Total	*0*	*2*

30. Intangible assets

EUR million	30/06/2024	31/12/2023
Purchased software	96	87
Goodwill	10	10
Advance payments and cost for development and preparation	56	61
Internally generated intangible assets	14	15
Other purchased intangible assets	34	39
Total	*210*	*211*

The goodwill of EUR 10 million relates to Acteum Investment GmbH (»Acteum«), which was acquired in 2022.

31. Investment property

Property leased out to third parties for purposes of generating profit is reported separately in the balance sheet under investment property according to IAS 40 as long as it is held to earn rental income and/or for capital appreciation. Where mixed-use properties exist and the non-owner-occupied parts can be sold separately or leased out separately, these parts are accounted for separately. Mixed-use properties with a leased portion of over 80 % of the total area are classified in their entirety as »Investment property«.

Investment property is measured initially at cost including transaction costs. Remeasurement is at fair value on the closing date. This is primarily determined from model-based valuations. Regular actuarial reports are obtained for material investment properties to validate the fair value from the model-based valuations.

In the measurement of investment property, the estimating uncertainties are based on the assumptions used to calculate future cash flows. Changes in parameters such as the inflation rate, interest rate, anticipated cost trends and leasing, market conditions and vacancy rates affect future cash flows and, consequently, the fair value.

The value of investment property is assessed based on cash calculated per property on the basis of the discounted cash flow method. The contributions to earnings determined by this method are checked for plausibility and verified by means of reference figures from broker associations, past experience from LBBW’s own disposals and appraisals by external experts. In order to ensure that the appraisals are available at the time the financial statements are drawn up, the management team responsible decides for which properties external appraisals are to be commissioned in the second half of the year. In line with internal provisions, it must be ensured that an appraisal of the main properties is conducted at least once every three years by an independent expert.

Fair value is calculated using the discounted cash flow method based on the following assumptions. As a valuation object, the respective building serves as an independent, strategic cash-generating unit. The expected cash flows generated per cash-generating unit are calculated assuming income from property management. For a detailed planning period of ten years, the cash generated is calculated as the net amount of payments received and payments made in connection with management of the property. A residual value for the cash-generating unit is forecast for the end of the planning period by capitalizing the cash generated in the tenth year as a perpetual annuity.

The following table illustrates the changes in carrying amounts:

EUR million	Investment property	Rights of use from leases	Total
Carrying amount as at 1 January 2024	*756*	*25*	*781*
Additions	5	0	5
Currency translation differences	1	0	2
Changes in fair value from assets (through profit or loss)	0	-1	-1
Carrying amount 30 June 2024	*762*	*25*	*787*

EUR million	Investment property	Rights of use from leases	Total
Carrying amount as at 1 January 2023	*765*	*27*	*791*
Additions	0	1	1
Reclassification to non-current assets held for sale or disposal groups	-17	0	-17
Currency translation differences	-3	-0	-3
Changes in fair value from assets (through profit or loss)	11	-2	8
Carrying amount as at 31 December 2023	*756*	*25*	*781*

Investment property included capitalized modernization costs of EUR 5 million in the year under review (previous year: EUR 0 million).

Investment property and property held for sale carried at fair value is measured on the basis of externally unobservable parameters (Level III). The table below shows the development of portfolios, which was calculated using valuation models including material non-observable parameters:

EUR million	Investment property	Property held for sale
Carrying amount as at 1 January 2024	*781*	*2*
Gains and losses recognized in net consolidated profit/loss	2	0
Other earnings items	2	0
Additions through acquisitions	5	0
Disposals through sales	-0	-2
Other changes	-1	0
Carrying amount 30 June 2024	*787*	*0*
of which unrealized gains and losses recognized in net consolidated profit/loss for financial instruments held as at the reporting date	2	0
Other earnings items	2	0

The tables below show the significant unobservable parameters of the investment property. The statements also apply to real estate portfolios held for sale.

30/06/2024 EUR million	Measurement methods	Significant unobservable parameters	Range	Parameter shift
Investment property	Discounted cash flow method	Rent dynamization / indexing	2.00 %	n/a
		Discount rate	1.50 %–10.20 %	
		Risk of loss of rent	0.75 %–5.00 %	
		Basic maintenance costs	0.00–23.80 EUR/m^2	
		Administration costs (% of target rent)	1.00 %–6.50 %	

31/12/2023 EUR million	Measurement methods	Significant unobservable parameters	Range	Parameter shift
Investment property	Discounted cash flow method	Rent dynamization / indexing	1.50 %	n/a
		Discount rate	1.60 %–10.90 %	
		Risk of loss of rent	0.75 %–5.00 %	
		Basic maintenance costs	0.00–24.20 EUR/m^2	
		Administration costs (% of target rent)	1.00 %–6.50 %	

Corresponding statements on financial instruments (see Note 28) also apply.

32. Property and equipment

Depreciation and write-downs (both scheduled and unscheduled) are reported in the »Depreciation and write-downs of property and equipment« item in administrative expenses. Reversals of impairment losses and gains and losses on the disposal of property and equipment are reported in »Other operating income/expenses«.

EUR million	30/06/2024	31/12/2023
Land and buildings	312	320
Leased assets under operating leases	175	177
Operating and office equipment	97	110
Technical equipment and machinery	10	11
Rights of use from leases	162	168
Advance payments and assets under construction	99	50
Total	*855*	*836*

33. Income taxes

Income tax assets

EUR million	30/06/2024	31/12/2023
Current income tax assets	131	63
Domestic	60	43
Abroad	71	20
Deferred income tax assets	963	1,023
Total	*1,094*	*1,086*

Income tax liabilities

EUR million	30/06/2024	31/12/2023
Current income tax liabilities	134	95
Deferred income tax liabilities	26	23
Total	*160*	*118*

34. Other assets and other liabilities

Other assets

EUR million	30/06/2024	31/12/2023
Inventories	512	480
Receivables from tax authorities	28	34
Other miscellaneous assets	3,490	5,131
Total	*4,030*	*5,646*

Other assets mainly decreased as a result of the debentures due that were reported in this item in the previous year. Sales of securities that had not yet been settled (cash received) were temporarily reported in other assets as at 31 December 2023.

Receivables from guarantees for synthetic securitization of EUR 2 million (previous year: EUR 2 million) were reported in other assets.

Other liabilities

EUR million	30/06/2024	31/12/2023
Liabilities from		
Other taxes	252	152
Employment	21	13
Trade payables	79	99
Non-controlling interests	2	2
Leasing	201	208
Advances received	47	34
Other miscellaneous liabilities	1,820	2,266
Total	*2,421*	*2,773*

35. Provisions

EUR million	30/06/2024	31/12/2023
Provisions for pensions	1,014	1,002
Provisions for litigation and recourse risk	146	149
Provisions for lending business	266	285
Other personnel-related provisions	187	237
Other provisions	192	208
Total	*1,805*	*1,881*

The following table shows the development of provisions in lending business:

EUR million	Stage 1	Stage 2	Stage 3 Impairment after recognition	Total
Balance as at 1 January 2024	*131*	*100*	*54*	*285*
Changes	-15	4	-0	-12
Transfer to Stage 1	10	-10	0	0
Transfer to Stage 2	-11	11	0	0
Additions	3	16	15	35
Reversals	-18	-13	-16	47
Additions	4	1	1	6
Disposals	-1	-4	-7	-12
Balance as at 30 June 2024	*118*	*102*	*47*	*266*

36. Equity

EUR million	30/06/2024	31/12/2023
Share capital	3,484	3,484
Capital reserve	8,240	8,240
Retained earnings	3,422	2,854
Other comprehensive income	-223	-276
Net consolidated profit/loss	508	999
Shareholders' equity	*15,432*	*15,302*
Additional equity components	745	745
Equity attributable to non-controlling interests	22	21
Total	*16,199*	*16,067*

Retained earnings included cumulative actuarial gains/losses after tax of EUR -825 million (previous year: EUR -836 million). Profit and loss carryforwards from prior periods are also reported in retained earnings.

As at the end of the current reporting period, a measurement effect after deferred taxes of EUR 40 million (previous year: EUR 56 million) in connection with the measurement of LBBW's own credit rating was included in other comprehensive income.

Equity includes taxes recognized in other comprehensive income of EUR 395 million (previous year: EUR 421 million).

The detailed development of the individual components of equity is shown in the statement of changes in equity.

37. Own funds and total amount at risk

The following table shows the structure of the LBBW Group's own funds and the total amount of risk under current supervisory law (phase-in) as at 30 June 2024:

EUR million	30/06/2024	31/12/2023
Own funds	*18,584*	*18,535*
Tier 1 capital	14,559	14,412
of which common equity Tier 1 capital (CET 1)	13,815	13,669
of which additional Tier 1 capital (AT 1)	744	744
Supplementary capital (Tier 2)	4,025	4,123
Total amount at risk	94,031	91,840
Total capital ratio (in %)	19.8	20.2
Tier 1 capital ratio (in %)	15.5	15.7
Common equity Tier 1 (CET 1) capital ratio (in %)	14.7	14.9

The common equity Tier 1 (CET 1) capital of the LBBW Group is virtually unchanged as against the end of the previous year. This is essentially because a majority of the unappropriated profit for 2023 was already taken into account. This was offset by the change in the transitional provisions for IFRS 9. The decline in supplementary capital (Tier 2) results in particular from the amortization of supplementary capital instruments based on the number of days that have passed in the last five years of their term.

The total risk exposure increased slightly compared with the end of the previous year due to business performance and the changes to operational risk in the course of the preparation of the annual financial statements. This had a corresponding impact on the related ratios.

LBBW publishes further information in accordance with Article 435 et seq. CRR, including on own funds and own funds requirements under Article 437 and 438 CRR, in its disclosure report pursuant to Section 26a of the German Banking Act (Kreditwesengesetz – KWG). The disclosure report is updated each quarter and can be found on LBBW's website under »Disclosure report«. Unlike the annual report, the disclosure report as at 31 December 2023 contained the figures following the approval of the annual financial statements by the Supervisory Board. This involved a slight increase in regulatory equity due to full profit retention as well as a slight increase in total risk exposure due to the changes to operational risk compared with the annual report as at 31 December 2023.

38. Off-balance-sheet transactions

Contingent liabilities

EUR million	30/06/2024	31/12/2023
Sureties and guarantee agreements	9,752	9,902
Other contingent liabilities	333	305
Total	*10,085*	*10,207*

Contingent liabilities are dominated by sureties and guarantee agreements.

- In accordance with Section 765(1) of the German Civil Code (BGB), a surety is a contractual obligation by the guarantor to the creditor of a third party to be responsible for the third party's obligation. This does not include financial guarantees.
- Guarantee agreements are all contractual commitments that do not qualify as a surety and that concern the responsibility for a certain success or performance or for the non-occurrence of a certain disadvantage or damage.
- A documentary letter of credit is a promise given by a bank to make payment on presentation of specific documents.

In the event of objective indications of impairment, any loss is to be calculated using probability-weighted scenarios. The amount of the provision is determined by the present-value amount at which the Bank expects the beneficiary under a guarantee to make a claim against it, minus expected inflows e.g. from rights (rights of recourse, securities etc.). It is recognized under provisions for lending business.

In addition to legal risks, other contingent liabilities also include payment obligations towards the restructuring fund (bank levy), payable in part or in full on first demand in the event of resolution measures and for which cash collateral has been provided.

The LBBW Group did not enter into any new irrevocable payment obligations in connection with the European bank levy in the 2024 financial year because the Single Resolution Board (SRB) did not stipulate a new annual contribution (cumulative amount since 2015: EUR 151 million). These obligations are recognized as contingent liabilities. Receivables for cash collateral provided were capitalized in the same amount.

The German Deposit Guarantee Act (Einlagensicherungsgesetz – EinSiG), which became effective on 3 July 2015, governs the future financial resources of statutory and bank-related guarantee systems, including the bank-related guarantee system of the Sparkassen-Finanzgruppe. LBBW makes an irrevocable commitment to the owner of the bank-related guarantee system, German Savings Bank Association (Deutscher Sparkassen- und Giroverband – DSGV), to make further payments on first demand, e.g. in the compensation case pursuant to Section 10 EinSiG in addition to the annual contribution. In this context, other contingent liabilities include payment obligations towards the deposit guarantee system to achieve the statutory target level.

In connection with the bank-related guarantee system of the Sparkassen-Finanzgruppe, the LBBW Group also entered into irrevocable payment obligations of EUR 29 million in the 2024 financial year (cumulative amount since 2015: EUR 153 million). These obligations are recognized as contingent liabilities. Collateral in the same amount was pledged for these payment obligations in the form of low-risk securities at the Bundesbank.

Contingent claims

EUR million	30/06/2024	31/12/2023
Legal disputes	7	7
Total	*7*	*7*

39. Related party disclosures

The LBBW Group performs related party transactions in the ordinary course of business. The extent of these transactions is shown in the table below:

30/06/2024 EUR million	Shareholders	Members of the Board of Managing Directors and Supervisory Board	Non-consolidated subsidiaries	Associates	Joint ventures	Other related parties
Financial assets measured at amortized cost	526	4	0	43	2	979
Financial assets measured at fair value through other comprehensive income	381	0	23	146	0	0
Financial assets designated at fair value	18	0	0	0	0	0
Financial assets mandatorily measured at fair value through profit or loss	523	0	19	165	0	165
Total assets	*1,448*	*4*	*42*	*354*	*2*	*1,145*
Financial liabilities measured at amortized cost	1,674	10	32	148	2	13,383
Financial liabilities mandatorily measured at fair value through profit or loss	415	0	0	32	0	196
Other liabilities	0	0	0	27	0	0
Total equity and liabilities	*2,089*	*10*	*32*	*207*	*2*	*13,579*
Off-balance-sheet transactions	331	0	4	67	1	1,642

31/12/2023 EUR million	Shareholders	Members of the Board of Managing Directors and Supervisory Board	Non-consolidated subsidiaries	Associates	Joint ventures	Other related parties
Financial assets measured at amortized cost	529	4	1	48	2	1,001
Financial assets measured at fair value through other comprehensive income	395	0	23	146	0	0
Financial assets designated at fair value	18	0	0	0	0	0
Financial assets mandatorily measured at fair value through profit or loss	425	0	19	176	0	172
Total assets	*1,368*	*4*	*42*	*370*	*2*	*1,173*
Financial liabilities measured at amortized cost	820	10	30	123	2	13,868
Financial liabilities mandatorily measured at fair value through profit or loss	373	0	0	28	0	285
Provisions	0	0	0	0	3	0
Other liabilities	0	0	0	26	0	0
Total equity and liabilities	*1,192*	*10*	*30*	*177*	*5*	*14,153*
Off-balance-sheet transactions	327	1	3	67	3	1,294

Related party transactions resulted in material income and expenses in net interest income of EUR -325 million (previous year: EUR -150 million).

04

Further information

Responsibility statement

To the best of our knowledge, and in accordance with the applicable framework for half-yearly financial reporting, the consolidated interim financial statements give a true and fair view of the net assets, financial position and results of operations of the Group, and the interim group management report gives a true and fair view of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected future development of the Group in the remainder of the financial year.

Stuttgart, Karlsruhe, Mannheim and Mainz, 7 August 2024

The Board of Managing Directors

Rainer Neske
Vorsitzender

Anastasios Agathagelidis

Joachim Erdle

Andreas Götz

Dirk Kipp

Stefanie Münz

Thorsten Schönenberger

Review report

To Landesbank Baden-Württemberg, Stuttgart, Karlsruhe, Mannheim and Mainz/Germany

We have reviewed the condensed consolidated interim financial statements of Landesbank Baden-Württemberg, Stuttgart, Karlsruhe, Mannheim and Mainz/Germany, which comprise the statement of financial position as at 30 June 2024, the income statement and the statement of comprehensive income, the statement of changes in equity, the condensed cash flow statement as well as selected explanatory notes to the consolidated interim financial statements, and the interim group management report for the period from 1 January to 30 June 2024, that are part of the half-year financial report under Section 115 German Securities Trading Act (WpHG). The preparation of the condensed interim consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS) applicable to interim financial reporting as adopted by the EU and of the interim group management report in accordance with the requirements of the WpHG applicable to interim group management reports is the responsibility of the executive directors of the Company. Our responsibility is to issue a review report on the condensed interim consolidated financial statements and on the interim group management report based on our review.

We conducted our review of the condensed interim consolidated financial statements and of the interim group management report in compliance with the German Generally Accepted Standards for Reviews of Financial Statements promulgated by the Institut der Wirtschaftsprüfer (IDW). Those standards require that we plan and perform the review to obtain a certain level of assurance to preclude through critical evaluation that the interim consolidated financial statements have not been prepared, in material respects, in accordance with the IFRS applicable to interim financial reporting as adopted by the EU, or that the interim group management report has not been prepared, in material respects, in accordance with the requirements of the WpHG applicable to interim group management reports. A review is limited primarily to inquiries of company personnel and to analytical procedures applied to financial data and thus provides less assurance than an audit. Since, in accordance with our engagement, we have not performed an audit, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the condensed interim consolidated financial statements of Landesbank Baden-Württemberg, Stuttgart, Karlsruhe, Mannheim and Mainz/Germany, have not been prepared, in material respects, in accordance with the IFRS applicable to interim financial reporting as adopted by the EU or that the interim group management report has not been prepared, in material respects, in accordance with the requirements of the WpHG applicable to interim group management reports.

Stuttgart/Germany, 9 August 2024

Deloitte GmbH

Wirtschaftsprüfungsgesellschaft

Signed:	Signed:
Herbert Apweiler Wirtschaftsprüfer	Stefan Trenzinger Wirtschaftsprüfer
(German Public Auditor)	(German Public Auditor)

Note regarding forward-looking statements

This half-yearly financial report contains forward-looking statements. Forward-looking statements are identified by the use of words such as »expect«, »intend«, »anticipate«, »plan«, »believe«, »assume«, »aim«, »estimate«, »will«, »shall«, »forecast« and similar expressions. These statements are based on the current estimates and forecasts by the Board of Managing Directors and on currently available information. Forward-looking statements are not deemed to be guarantees of the future developments and results set out therein and involve a number of risks and uncertainties. If any of these or other risks or uncertainties occur, or if the assumptions underlying any of these statements prove incorrect, the actual results may differ materially from those expressed or implied by such statements.

LBBW assumes no obligation to continuously update any forward-looking statements, as these are based solely on the circumstances valid on the day of publication.

LBBW

Breaking new ground

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